

**PHA BOARD MEETING**  
**June 16, 2006**  
**MINUTES**

**DIRECTORS PRESENT**

Luis R. Lomba  
Jaime Morgan-Stubbe  
Manuel Morales  
Edd Siler  
Salvador Ramos  
Julio Bagué  
Luis Rodriguez  
Félix Santoni  
Rita Molinelli  
Raúl Rivera  
Walter Fournier

**DIRECTORS EXCUSED**

Daniel Vasse  
Joseph Maqueda

**OTHERS PRESENT**

Antonio Maldonado  
Daisy Díaz  
Dr. Alfredo Torruellas  
Shirley Morales

**I. Call to order**

Meeting was called to order at 8:50 am by Mr. Luis Lomba, President. Mr. Lomba gave a warm welcome to the PHA Board of Directors to Ms. Rita Molinelli and Mr. Joseph Maqueda who have been elected by their respective Voting Districts to replace Mrs. Lilliam Morales and Mr. Alfonso Lozada at the PHA Board. Mrs. Morales resigned from the PHA Board due to her move out of her Voting District. Mr. Lozada resigned due to business corporate commitments that keep him away from Puerto Rico and unable him to fullfil his duties with the PHA Board.

**II. Approval of Minutes**

Minutes of the April 21, 2006 meeting were approved upon a motion by Mr. Julio Bagué seconded by Mr. Raúl Rivera.

**III. President's Report**

A. **Artificial Reef** – Mr. Luis Lomba introduced Dr. Alfredo Torruellas from Caribbean Oceanography Group to present a status report and a summary of his work on the Artificial Reef Project for Palmas del Mar.

Dr. Torruellas presented the following executive draft summary of the studies and design for Punta Candelerero and surrounding beach.

## *Executive Summary*

Coral reefs are one of nature's most efficient ways of protecting shorelines from the impact of waves. Often coastal features, such as a sandy point, form due to the very presence of coral reefs and their sheltering effects. This is the case with Punta Candelero in Humacao, Puerto Rico. The reef off Punta Candelero (which occupies an area of approximately 150,000 square meters) was, at a given time, a thriving coral reef, and was the reason for the formation of the point itself.

Unfortunately, due to various factors the reef is no longer healthy and has made the shift from being coral dominated to being algae dominated. A negative consequence of this shift is that the reef is no longer able to rebuild itself after suffering damage from any given source, since it is the corals' skeletons that form the "foundation" of the reef. No corals, no new reef formation. This investigator believes that the beach erosion being seen today at Punta Candelero and its surrounding beaches is a direct consequence of the degradation of the coral reef in front of it.

Palmas del Mar Properties, Inc. estimates that approximately \$200,000 per year in coastal land is being lost because of beach erosion. Completely apart from its monetary value, the beach itself plays an integral role in the "Palmas del Mar experience", and as such its protection is of the utmost importance.

In addition to the beach erosion problem, there are dangerous rip currents at Punta Candelero and the surrounding beaches. The safety of the residents is a real concern and in fact drowning is a very real hazard in this area.

Caribbean Oceanography Group has carried out a hydrodynamic analysis of Punta Candelero and its surrounding beaches. One of the most sophisticated hydrodynamic numerical modeling systems available (MIKE 21 from the Danish Hydraulic Institute) was used to model the waves, currents and sand movements of the site in an effort to understand the causes of the aforementioned problems. In addition, the state of the art software was used to design the optimal shape for an artificial reef that should alleviate the situation.

The reef in front of Punta Candelero, responsible for the creation of the point, has not become a major factor in its erosion. The reef naturally causes incoming waves to bend towards it, a process known as refraction. It has been found that these waves generate strong currents (of over 40 cm/s for 2 meter waves) when they break. The models show that these currents impact the point directly, carrying sand away and causing beach erosion. In the past, thanks to active reef growth and lower water levels, the waves would have broken further out and the currents they generated would not have impacted the point nearly as severely. The reef's phase shift from being coral dominated to being algae dominated, coupled with rising sea levels and other factors, have left this natural barrier unable to protect the Punta Candelero from Erosional wave-driven currents.

It has also been found that the short and deep configuration of the bay between Punta Candelero and the Palmas del Mar marina causes the currents generated by the waves breaking at either end to run into each other, resulting in a dangerous rip current. This effect was more than likely enhanced by the construction of the marina breakwater, which forces a clockwise circulation at the southern end of the bay. It is this flow that combines with the opposing flow coming from Punta Candelero to form the dangerous rip currents mentioned earlier.

Numerous designs of artificial reefs to solve the problems at Punta Candelero and surrounding beaches have been tested (47 to be exact). Of these, design number 42 was found to be the most efficient, both in terms of erosion control and in terms of current reduction.

Reef 42 is to be constructed using Dolos, a concrete form that is known for its interlocking properties and ability to withstand the impacts of large waves (we recommend using 10 (metric) ton Dolosse). The reef itself is an average of 400 meters off shore, and is approximately 914 meters long, by 10 meters wide. The reef is designed so that the reef crest is approximately 1 foot (0.30 meters) beneath the surface during spring low tides, thus ensuring that it will always be submerged. In order to meet these requirements, the structure will have a mean height off the bottom of about 3.4 meters, the highest being approximately six (6.0) meters. The slope of the reef should be as steep as possible (1.5H:1V), as the interlocking of the Dolosse is gravity dependent. The reef is not expected to damage any sensitive marine organisms, in particular the sea grass thalassia and the creatures that on it, as confirmed by the survey carried out by Oikos Environmental Services.

Simulations show that Reef 42 will bring about significant reductions in current magnitudes throughout the area, in some cases of over 80%. In addition, all major erosion hotspots are eliminated and accretion is expected to take place virtually everywhere from the Beach Club to the marina. In addition to the deposition of sand and the reduction of currents, it is expected that water clarity will increase and marine life will rapidly proliferate within and around the new structure. This investigator is confident that the implementation of Reef 42 would signify a great improvement to the dangerous and deteriorating conditions at Punta Candelero and the surrounding beaches and that it would set an important precedent in the fight against beach erosion in Puerto Rico. *End of Summary*

Following Dr. Torruellas presentation and additional discussion on the project the Board agreed to review the draft summary and to provide feedback. Dr. Torruellas will finish his report for presentation and a detailed review by the Artificial Reef Project Committee. The Committee will review the report and will outline the next steps to be followed. The Artificial Reef Committee consists of Luis Lomba, Jaime Morgan, Luis Rodríguez, Julio Bagué, Raúl Rivera, Gabriel Espasas and Tony Maldonado.

## **B. Beach Restoration Project**

In coordination with the Department of Natural Resources, PHA has began the process of cleaning and restoring the beach areas in the South District. Specifically, the beach cove in Surfside (behind Ramon Lugo's House) and the cove in Shell Castle behind Manny Fox House. The green areas and the approaches to the beach are totally abandoned and covered with vegetation and large deposits of dead vegetation and trash. As part of this effort, PHA has surveyed and re-established the property limits and the nearby neighbors have been notified.

This initiative is consonant with the conceptual green area master plan developed several years ago by PDMPI. As PHA constantly hears from Palmas residents, the community wants access to the beach and often they express that future developments may limit such access. PHA should try to improve what is available and make it accessible to the residents. Through these actions PHA can demonstrate it is being responsive to their concerns and reduce to some extent the tensions on the beach access issue.

The clean up of the areas will be conducted under the supervision of the Department of Natural Resources. Once the clean up is complete, PHA will re-establish the accesses to these areas and parkings for golf carts. There are some small bridges that must be built to ease the access and, step by step, continue to improve these areas. These measures will require exercising better security control specially at night to preclude other potential problems.

PHA has already received proposals for the clean up phase of these areas which may be as high as \$45,000. Additional funds will be needed to provide adequate access and install minimum facilities such as small bohios.

This item was discussed at the Delegates Committee and they welcomed this initiative with open arms. Also, it was discussed at the Executive Committee and the Executive Committee endorses the initiative and recommends that the funds now identified in the 2006 budget for restoration of the forest be assigned to this new project in view that completion of the forest project this year may not be possible.

Upon a motion by Walter Fournier seconded by Julio Bagué, The Board passed a resolution approving this project and the transfer of the funds from the forest project in the 2006 budget to support this initiative. The actual expenditures of any funds will be subject to an evaluation of proposals for the clean up phase and subsequent phases of the project.

Ms. Rita Molinelli recommended that funds be identified in next year's budget to continue to pursue the restoration of the Forest as a joint effort with PDMPI. Also, she

recommends that funds be added to the budget for the maintenance of these areas. The Board concurred with Ms. Molinelli's recommendation.

### **C. Legal Case Against Mr. Fox**

Somewhat related to the restoration of the beach areas in the South District, PHA is proceeding with a lawsuit against Mr. Manny Fox, the owner of the house and lot number 31 adjacent to the Shell Castle Beach, for illegally taking over green areas next to his property on Shell Castle 31.

According to PHA's legal research, Mr. Fox built a wall and a patio in the green area between his property and PDMU access to pump house. He filled this area and raised it in some spots as high as ten feet. The wall and the filling area has completely altered the flow of storm water and the natural drainage of the area causing severe erosion which now threatens the stability of the wall and the surrounding area. The wall is falling down and has become a safety hazard for PDMU employees and for beach visitors to the area. It can also break the primary electrical lines which supply power to the PDMU pump house.

The lawsuit is asking Mr. Fox to eliminate the wall and to restore the area to its original condition. To some extent, the final configuration of the beach project will depend on the resolution of this issue. The initial plans for the beach restoration project will stay away from the affected area until this issue is resolved.

The PHA Board will be kept informed on this matter.

### **D. Palmanova Park Initiative**

For quite sometime PHA has been pursuing with Joaquin Soler the possible transfer of a parcel of land of approximately 1.3 acres located between the tennis center and Oliva's Restaurant. This parcel had been originally designated for community facilities for the Palmanova development and a segregation permit was issued by ARPE on May 17, 1985.

On May 30, 2006, PHA received a letter of offer from Mr. Soler, developers of the Palmanova Development expressing their willingness to sell to PHA at a minimal price (\$50,000). The sale is restricted for the sole purpose of constructing a park with recreational facilities for the entire Palmas del Mar Community.

PHA considered Mr. Soler's offer very timely as the community needs adequate recreational facilities for its residential families. PHA has the funds to acquire the parcel and has sent a letter of intent to Mr. Soler, subject to the approval by referendum of the Type "A" membership as represented by the PHA Delegates and the PHA Board.

As required by the Covenants for the acquisition of "Purchased Common Property", a referendum was sent to the Delegates and the response by the overwhelming majority of

the Delegates have been in favor of the acquisition. Approval of two thirds or 2026 of the Type “A” members (3040) as represented by the Delegates is required. A total of 2303 in favor have been received which exceeds the minimum required for approval.

In view of the consistent cry from homeowners for adequate park facilities in Palmas and the recent controversies regarding this topic, PHA needs to undertake initiatives of this type on its own to try to satisfy the community needs and, just as we are doing with its beach recovery initiative, reduce the tension and the community concerns on this issue. PHA has already received from Mr. Soler copy of ARPE’s segregation permit and plot plan as well as a letter certifying proof of title to the parcel. An insured title study will be required as part of the deal.

Mr. Jaime Morgan indicated that he is not objecting to the initiative; however, he feels that there are other green areas available that should be considered for this type of project instead of investing \$50,000 in a parcel of land that has no other value. PHA should try to negotiate the best possible deal or try to get it free. He suggested that the \$50,000 perhaps could be used to develop those green areas. Mr. Edd Siler added that there are encroaching issues with the neighbors, and flooding and drainage problems associated with this parcel that need to be addressed and fixed prior to investing any money.

Mr. Julio Bagué pointed out that the location of this parcel is ideal for a park development. It is centrally located and is easily accessible to all Palmas residents. Ms. Molinelli added that PHA should negotiate the best possible deal and also reach an agreement with Mr. Soler to fix the drainage problems prior to closing the deal. As part of the due diligence associated with the negotiations, PHA needs to ascertain that there are no constraints from ARPE regarding the segregation permit or any title restrictions that may preclude achieving the desired objective.

Mr. Lomba indicated that most of these issues have already been addressed with Mr. Soler and, as part of the negotiation process, they will be resolved before any deal is closed. He will also work with Mr. Soler to get the best possible deal.

Upon a motion by Julio Bagué seconded by Rita Molinelli the Board passed a resolution to approve the negotiations to acquire the Palmanova Parcel 10-B-a-1 for \$50,000 or less after conducting the appropriate title search and due diligence that will show that the parcel is free and clear from any liens and encumbrances and solving any problems associated with said parcel such as drainage and any others that may exist. The PHA President will keep the Board informed of all the proceedings and will obtain final Board approval before closing the deal.

Finally, Mr. Lomba asked Mr. Morgan to consider transferring to PHA those green areas that could be developed into community parks. Mr. Morgan indicated he will consider such a request.

#### **IV. TREASURERS REPORT**

Financial statements for the month of May were considered. The statements reflect that the Association continues on solid financial footing and is being well managed. Mr. Salvador Ramos also distributed to the Board an Investment Policy draft document for evaluation by each Director. Such a document details PHA investment guidelines, securities purchases custody, recordkeeping and performance reporting. Board members are to provide feedback to the PHA Treasurer so the Investment Policy can be put on its final form and submitted for approval of the Board at its next meeting. The PHA Board approved the Treasurer's Report upon a motion by Ms. Rita Molinelli seconded by Mr. Raúl Rivera.

#### **V. EXECUTIVE DIRECTOR'S REPORT – ANTONIO MALDONADO**

##### **A. Security**

A negative trend is being observed in the number of illegal appropriations and burglaries taking place in Palmas del Mar. Meetings have been held with the police area and district commanders and they have assigned additional personnel to Palmas. The police expressed concern with the attitude of the District Attorney (DA) of not processing people apprehended to lesser crimes. PHA has stepped up patrols and vigilance in all areas. As recommended by the Security Committee, PHA is also implementing crime-watch programs within individual residential areas and considering other measures such as installing electronic monitoring systems in certain public areas most sensitive to crime activity.

Year to date there have been no homicides, sexual aggressions, robberies or car thefts registered in Palmas. During the month of May there were two (2) burglaries (Shell Castle and Beach Villa) and nineteen (19) illegal appropriations. Five (5) of the Nineteen (19) illegal appropriations took place in residential areas, seven (7) in parking lots (mainly hub caps) two (2) in commercial areas, two (2) in construction sites, one (1) in a private office and two (2) in public areas. Two individuals were detained and turned over to the police but subsequently refused to be processed by the DA.

##### **B. PHA Projects**

1. **PHA Building** - Mr. Raúl Rivera reported that construction of the PHA building is proceeding on schedule and without problems. Contracts with individual equipment suppliers and sub-contractors are being coordinated. Sub-contract for the air conditioning system was signed. There is a good certification process in place and working well. Coordination is being effected with PDMU for the connection of sanitary lines and potable water. Similar coordination is being effected with PRTC for telephone services.
2. **923 Project**- Project has been awarded to HST Construction and is scheduled to commence by end of June.

3. **Main Gate upgrade-** Illumination phase is complete. Minor items remain in the landscaping phase. Upgrade of the AVI system is in progress.
4. **Studies** – The traffic and electrical update studies are nearly complete. Reports are due by the end of the month. Once reports are received they will be passed to the Infrastructure Committee for evaluation.

### C. **Hurricane Contingency Plan**

The PHA Hurricane Contingency Plan has been updated and coordinated with supporting agencies. The Plan is implemented upon notice that a Tropical Storm or Hurricane may affect Puerto Rico.

## VI. **OTHER BUSINESS**

### A. **Old Business**

1. Mandarin- Mr. Jaime Morgan informed that project costs are being revised since construction costs have increased significantly since the project began.
2. Shopping Mall- Approval from the Planning Board is expected by year end.
3. Palmas Drive Circle – Presentations for the art feature to be installed in the fountain are being reviewed. Once the right feature is identified it will be brought to the Board for feedback so the community has a saying on what is installed at this location.
4. Cart Path Safety- PHA has under consideration a proposal to alter the cart-path at the corner of Palmas Drive and Palmas Inn Intersection by the big tree. This item was brought up to the Board attention at a previous meeting. The idea is to direct the cart-path behind the tree if feasible. There is money remaining in the budget for paving of car-paths that can be used for this project.

Also, PHA is considering building a cart between Club Cala and Las Villas de Palmas to connect the cart-path along Palmas Inn Drive with Harbourside. Several years ago a dirt cart path existed in this area but it was closed by the Las Villas developer during construction of that project. Coordination is being conducted with the Las Villas developer to obtain his approval to rebuild the cart-path in the area. The cart path should run close to the Club Cala back wall. Once it is built, the cart-path access leading to the upper deck of Club Cala parking will be closed.

5. Illumination of cart path areas- An evaluation of all areas was conducted and proposals for the installation of solar luminaries were requested. Proposals will

be evaluated and, if feasible, they will be brought up to the Board for consideration and inclusion on next year budget. Particular areas requiring attention include cart-paths along Candelerero Road from Palmas Drive to Casillas de Palmas Project, the cart path along Palmas Inn Drive and certain spots in Palmas Drive near Harbor Lights and Surfside intersections.

6. Palmas Inn Parcel- A preliminary project has been presented at the ARB. Project consists of a 70 units condo-hotel. Concerns of Palmanova residents have been taken into consideration. Structures will not exceed three floors. A meeting was held at the ARB between the developer and neighboring residents.

## **B. New Business**

1. Delegates Committee Inputs – Mr. Julio Bagué reported on the Outer Marina and Candelerero Point presentations made by Eng. Luis Muñíz at the Delegates Committee held on June 13, 2006. Regarding the Candelerero Point presentation, concern was expressed by the Delegates on beach access through this area during the construction and post-construction phase of the project. Mr. Muñíz was sympathetic to the concerns brought up by the Delegates and assured them they will be taken under consideration during the project's development. He assured the Delegates that beach access to this area will be granted in full compliance with the law and the regulations governing these requirements. A suggestion was made that at least one beach access in this area should be wide enough to accommodate emergency and beach cleaning equipment.

A motion was presented by Mr. Michael Shulevitz requesting that the PHA Board takes independent appropriate action to insure adequate beach access is provided in the Candelerero Point area within the framework of existing law and regulations. Such a motion was approved by the Delegates Committee with the sole opposition of Mr. Muñíz.

Mr. Walter Fournier pointed out that the Candelerero Point Project is one of great Importance to Palmas and that varying points of view regarding beach access need t o be reconciled. Thus, he recommends that the Board creates a Special Committee to study this matter and to work with Mr. Muñíz to solve or come to terms on any issues regarding future beach access. Every effort should be exhausted to solve any differences to prevent external attention on this situation which may only complicate things.

Mr. Bagué and Mr. Morgan concurred with Mr. Fournier's observations and recommendations. Mr. Luis Lomba proceeded to appoint a Committee consisting of Ms. Rita Molinelli, Mr. Walter Fournier and Mr. Raúl Rivera to review all aspects of the issue and to meet with Mr. Muñíz to resolve any differences in the best interest of the community and of the developer.

Mr. Julio Bagué also reported that the change in density in the Punta Candelero project was discussed. Originally a 700-room hotel plus tourist units or residential units was contemplated in the area. The committee should also look into this matter. Mr. Jaime Morgan indicated that a change in density was made in the Master Plan. Through a conversion formula done at PDMPI the project now allows construction up to 375 units.

Mr. Walter Fournier indicated that the Committee should look at all issues regarding this project to include density, parking, beach access etc. and report back to the Board. Committee should also report on any agreements reached with the Candelero Point developer.

2. Green Area Master Plan – A letter was received from Mr. Jaime Morgan inquiring if PDMPI's Green Belt strategic plan had been formally adopted by the PHA Board.

To refresh the Board's memory, Mr. Maldonado presented PDMPI's renderings of the conceptual Green Belt Master Plan that had been forwarded to PHA about three years ago. This plan consisted of artistic renderings of conceptual developments of green areas throughout Palmas. Areas considered for possible development included Surfside, Harbor Lights, Port Road, the Forest, the Wetlands and others. Plan illustrated how these areas could be possibly connected by cart-paths, walking trails and lineal parks. Renderings were presented at previous Annual Meeting and previous Board meeting for information.

Mr. Maldonado explained that other than these artistic renderings there was no formal master plan detailing how, when and who will develop the areas. PHA did adopt the concept of developing green areas so as to be consistent with any major future plans to be implemented in those lands. The clean up of the area at the end of Port Road, the refurbishment of the lake between Harbourlights and Port Road and the beach recovery initiatives being undertaken in the South District area are being done to be consistent with the conceptual green-belt Master Plan.

Mr. Morgan confirmed that there is no formal Green Area Development Master Plan. The conceptual plan illustrated by the renderings is all that exists. Mr. Morgan indicated he is pleased that PHA has adopted this conceptual plan to guide the initiatives being implemented in green areas throughout Palmas.

## **VII. ADJOURN**

The PHA Board adjourned at 11:00 am upon a motion by Mr. Julio Bagué seconded by Mr. Jaime Morgan.