

**PHA BOARD MEETING
OCTOBER 12, 2007
MINUTES**

Members Present

Julio Bagué
Jaime Morgan-Stubbe
Edd Siler
Manuel Morales, Jr.
Walter Fournier
Rita Molinelli
Daniel Vasse
Luis Rodríguez
Félix Santoni

Other Present

Antonio Maldonado
Shirley Morales
Daisy Díaz

Members Absent/Excused

Raúl Rivera
Victor Nieto
Servando Díaz
Salvador Ramos

I. CALL TO ORDER

Mr. Julio Bagué, President, called the meeting to order at 8:50 a.m. Mr. Bagué congratulated Mr. Daniel Vasse on his 25th Anniversary at Palmas del Mar.

II. APPROVAL OF MINUTES

Minutes of the August 17,2007 meeting were unanimously approved upon a motion by Mr. Luis Rodríguez seconded by Mr. Manuel Morales, with the following corrections:

-Page 4, first paragraph, last line, change phrase “a major investment” to read “any investment”.

-Page 4, third paragraph, second line change phrase “between Solarea and the Beach Club” to read “between Solarea and the parcel next to the Beach Club”.

Minutes of the extraordinary PHA Board meeting held on September 26, 2007 were unanimously approved upon a motion by Mr. Luis Rodríguez seconded by Mr. Walter Fournier with the following correction:

Page 4, third paragraph, last line, eliminate phrase “for information only”.

III. PRESIDENT'S REPORT

A. Marbella Park Negotiations

No inputs have been received from Candelero Point Partners on the Marbella Club regarding the negotiated terms outlined in the draft Memorandum of Understanding. On October 15, 2007 the Judge, presiding over the case requested evidence of a transaction otherwise the case will proceed with its discovery phase.

On September 26, 2007, a meeting was held between Mr. Jaime Morgan, Mr. Julio Bagué and the Sub Secretary of the Puerto Rico Treasury (Hacienda) Mr. Carlos Serrano to discuss, on a preliminary basis, PHA qualification as a conservation trust recipient of the donation of the Forest and PDMPI qualification to receive a tax exemption from such a donation. On October 9, 2007, a letter was received from Mr. Serrano indicating that under paragraph 9, Section 9 of Law 183, PHA will not qualify as a Conservation Trust to receive the donation because such a donation will not be eligible for a tax exemption or deduction by the donor. Although in accordance with its statutes PHA appears to qualify for as a Conservation Trust, the tax exemption status granted by Hacienda to PHA during incorporation was under a "Social Club" clause. Under this clause, donations received by PHA are not deductible by the donors.

PHA is reviewing its tax exemption documents to validate the information given by Mr. Serrano. If possible, as an option, PHA will look into amending its tax-exempt status under another section of the law to qualify as an institution eligible as a Conservation Trust and consequently, able to receive tax exempt donations. Mr. Jaime Morgan offered the services of PDMPI attorney Bauzá to review PHA original document and advice on possible options. According to Mr. Morgan, it is possible that at the time when PHA tax-exemption status was obtained, the only applicable existing clause for tax-exempt eligibility may have been that of a "Social Club".. Therefore, it is important to review PHA tax-exempt paperwork versus the current law to determine if a tax-exempt application change is appropriate in order for PHA to qualify as a Conservation Trust under the law.

B. Traffic Study

PDMPI finally provided Engineer Parejo with the needed information to update the traffic study. PHA has received from Engineer Parejo a cost proposal and a scope of work for the update of the study totaling \$16,000. The study will require eight (8) weeks to complete. The PHA position is that PDMPI should pay for or share in the cost of this study update since it was the lack of timely information from the part of PDMPI that resulted in a study not acceptable to PDMPI. PHA does not have the funds to pay for the study. At the Executive Committee meeting held on October 10, 2007, Mr. Jaime Morgan expressed PDMPI position not to pay or share the cost of the study.

Mr. Jaime Morgan explained the reason he feels the burden to pay for such a study should not be placed on PDMPI. According to Mr. Morgan, the study was based on

certain wrong assumptions and when Mr. Parejo was invited to discuss the preliminary study at PDMPI offices the meeting was cancelled by PHA. Mr. Morgan added that had Mr. Parejo met with PDMPI the assumptions would have been corrected. As examples of bad assumptions, Mr. Morgan pointed out the timing for the development of Palmas del Mar, did not consider some of the road infrastructure to be built such as the Candelerio River Parkway and the changes to the location of the proposed hospital shown in the Master Plan. According to Mr. Morgan, had Mr. Parejo received this information, as well as other PDMPI data, the conclusions of his study in terms of the timing for the improvements suggested would have been different. . He also recommended that Mr. Maldonado meets with Engineer Parejo and tries to renegotiate the fees for the study update.

Mr. Antonio Maldonado, PHA Executive Director, expressed for the record that there is no record or evidence at PHA that a meeting was ever coordinated with PHA by PDMPI when the preliminary study was rendered for clarifying assumptions, or to provide additional information to Mr. Parejo that would have changed the outcome of his study. Mr. Maldonado added that since the inception of the initiative to accomplish the study, cooperation was requested from PDMPI in terms of Master Plan data and in the favor of previous traffic studies or evaluations previously accomplished by PDMPI. As the Executive Committee and PHA Board minutes reflect, PDMPI was originally agreeable to share this information; however, during the course of the study it changed its position and refused to participate. According to Mr. Maldonado, when the study was originally presented, a full copy of the study to include all the back up data was given to PDMPI. Several attempts were made to meet with PDMPI consultants to obtain their comments/questions to the study. Subsequently, and upon Mr. Morgan's concurrence to provide information a meeting was held in his office. Mr. Chris Squires, Mr. Parejo, Mr. Carlos García, Mr. Danny Torruellas, Mr. Jaime Morgan and Mr. Antonio Maldonado attended this meeting. It was agreed to exchange information and to clarify data and assumptions but several months elapsed before any information was actually provided to Mr. Parejo. Finally, fifteen (15) months after the initial study was issued, PDMPI provided Mr. Parejo with usable data to include specific information about the Candelerio River Parkway. Regarding the Candelerio Rivera Parkway, Mr. Maldonado clarified that this information was never available to Mr. Parejo. The information shown in the Master Plan rendering is only illustrative of its location but lacks specific data in terms of its construction, usage and traffic details.

Mr. Julio Bagué again asked Mr. Morgan to reconsider his position and to consider sharing the cost. Mr. Morgan again declined to participate based on principle for the reasons previously stated and due to budgetary constraints. He added that he had recently written a letter to PREPA waiving PHA contribution resulting from the PHA building construction which is tied to the Palmas del Mar electrical sub-station. He suggests this money be taken into consideration and used for the study.

Mr. Maldonado stated that the contribution to PREPA came as a surprise and PHA was not aware that PDMPI could wave such charges. The payment (\$21,300) was made from the construction loan proceeds. Based on Mr. Morgan's letter a reimbursement (\$18,000)

was requested from PREPA; however, PREPA has not made a determination to return this money yet.

Finally the Board unanimously agreed to let Mr. Maldonado explore with Mr. Parejo the possibility of reducing the costs of the study update and to leave a final decision and the course of action to be followed to the President of PHA.

C. PHA Building

PHA offices moved to the new building and services are being rendered from these facilities. Trailers were removed and the construction of the front parking lot is in progress. An open house is being planned for Saturday, November 10, 2007.

D. Traffic Circle Fountain

There are no new developments relative to the selection of the art piece to be placed in the water fountain at the Palmas Drive traffic circle. PDMPI continues to look at possible options.

E. Artificial Reef

Mr. Antonio Maldonado informed that there has been an exchange of technical information between Dr. Alfredo Torruellas and Mr. José (Checa) Agrelot for the borings and structure settlement analysis that is being considered. A cost estimate for this study is expected by next week.

Mr. Luis Rodríguez informed that a recommendation was made by the Department of Natural Resources (DNR) administrator to present the project again before the Tourism Company, as new key players have arrived at that agency. After its inception, the study was first presented to the Tourism Company and they recommended that the study be taken to DNR as they should be the proponent agency for a project of this nature. Based on this recommendation the project was presented to the DNR Secretary and Administrator. A formal request was submitted to DNR asking that they be the proponent agency to request the Categorical Exclusion. The project remains at DNR pending the technical evaluation by that agency. Presenting the project again to new key players in the Tourism Company is important in obtaining their support in helping move DNR forward through the technical phase of the project. Mr. Rodríguez will coordinate this presentation. Ideally, the DNR Secretary and its Administrator will be invited to this presentation.

Mr. Jaime Morgan informed that he has been in touch with the Moffet & Nichols representatives to have them evaluate the project and to give a second option regarding its viability, complexity and cost. Coordination for this evaluation is pending. Mr. Morgan also indicated that he has seen the installation of T-Groins on the way to Rincón. Mr. Rodríguez will look into it to assess the scope of these projects and the Corps of Engineers' involvement.

Mr. Walter Fournier asked about the possibility of tapping into funds from the Corps of Engineers (COE) to support this project. It was explained that the COE get specific-project funds through the congressional appropriation process. Projects must be clearly delineated, designed and supported by the COE before congressional consideration is obtained. The COE must request this funding support among other COE projects with their corresponding priorities. PHA has requested through the good offices of Mr. Morgan congressional lobbying support from Mr. Charles Hurwitz to explore the possibility of a congressional assignment through the COE for the Palmas del Mar Artificial Reef Project.

Also, Mr. Julio Bagué informed that four (4) years ago, PHA requested support from the COE to deal with the beach erosion problem at Palmas del Mar. An inspector from the COE Jacksonville headquarters visited Palmas and toured the damaged areas with Mr. Bagué and Mr. Maldonado. At that time, the COE representative informed PHA that the COE funding available to deal with problems such as the one seen at Palmas was very limited. In addition, to qualify for such funds there must be a demonstrated public interest such as public housing or public school projects that could be affected by the problem. The COE Jacksonville office opinion was that since Palmas del Mar was a private development it will not qualify for discretionary COE funds.

Mr. Félix Santoni indicated he recently met with Mr. John Woodly, Assistant Secretary of the Army for construction. Mr. Woodly has visited Puerto Rico and has shown interest in the island projects. Mr. José Martínez Laboy also knows this gentleman and suggested that perhaps a meeting could be established to get Mr. Woodly up to date on the Artificial Reef Project. This contact may be helpful in getting support elsewhere and in getting correct information about federal funding for this type of project.

Mr. Walter Fournier suggested that now is a good time to disseminate information of the condition of the beach following the serious damage caused by Hurricane Dean.

F. ARB Matters

The ARB Ad-hoc Committee reviewing the rates has rendered its recommendations to the ARB. According to Mr. Luis Rodríguez, the ARB considered the recommendations and opted not to increase the fees for multi-family projects but rather considered the review of single-family homes. The ARB also adopted the recommendation to include language in the ARB documents and codes in order to recover violation fines and legal costs associated with these fines through the enforcement of the PHA Covenants.

Mr. Maldonado underscored the importance of outlining violation enforcement actions and their relationship to the PHA Covenants in the new ARB Design Guidelines document. Since the PHA Covenants consider a violation of the Design Guidelines a violation of the PHA Covenants, it is important that such a relationship be clearly spelled out in the guidelines as well as other governing ARB documents and application forms.

Regarding the new ARB Design Guidelines document, Mr. Rodríguez indicated that a second version was sent out that requires PHA review. The codes are in the process of being updated to reflect previously approved but not reflected changes in the official code guidance booklet as well as requirements spell out in applicable Covenants. PHA will convene a committee comprised of Raúl Rivera, Gabriel Espasas, Walter Fournier, Julio Bagué and Antonio Maldonado to perform such a review.

Mr. Walter Fournier referred to a motion approved at the PHA Delegates Committee related to renewable and alternate energy. This motion requested that the ARB adopts a program to analyze and develop options in the ARB codes to allow construction opportunities such as flat roof areas to install systems that will accommodate alternate energy options. This matter should be included in the review of the new design guidelines soon to be published.

Mr. Manuel Morales asked why there is such a reticence from the ARB or from PDMPI to approve the South District Access Control facilities. The ARB has been delaying its decision waiting for PDMPI approval or a decision on this project. According to Mr. Morales, if the project meets the ARB Design Guidelines criteria and has the required government permits, there is no reason for the ARB to continue to withhold its approval. Particularly, at a time when the South District has been the subject of a significant increase in criminal activity and the neighbors in that area feel such facilities will help to deter the criminal activity.

Mr. Jaime Morgan replied that PDMPI primary objections stem from the following reasons:

1. The control point will be located at a primary artery.
2. The Southeast Area was not designed as a sub-division or a closed community.
3. At a meeting with Mr. Parejo, he (Mr. Parejo) told Mr. Morgan he does not advise placing a guardhouse at the proposed site because it will affect the free-flow of traffic.
4. It creates a negative precedent because it opens up the possibility for other areas such as Candeleró to attempt to do the same.
5. PDMPI owns property in the South District in addition to land in Guayanés and he (Mr. Morgan) has never been invited to a Southeast District meeting for discussion of the Access Control facilities.

Mr. Morales replied that the subject of the South District Control Point or gate goes back several years and was addressed at the PHA Board on several occasions. Mr. Morales added that every time the Board addressed this subject, including during its budget process, the Board has endorsed and supported the establishment of the South District gate.

Mr. Julio Bagué reminded the Board that at the extraordinary meeting held on September 26, 2007 Mr. Maldonado was tasked to research the topic of the South District Control Point and to prepare a report or background paper for review at the October 12, 2007

Board Meeting. Mr. Bagué then asked Mr. Maldonado to present his report. Mr. Maldonado presented the following report:

*BACKGROUND OF SOUTH DISTRICT CONTROL POINT
AS REQUESTED AT THE LAST EXTRAORDINARY
BOARD MEETING*

- This information was extracted from PHA records to include Board minutes, studies, letters, etc. on file at PHA.
- Actions to reshape the Palmas del Mar Security and Access Control system began early in 1994.
- On April 7, 1994, the PHA Board contracted the Transportation Consulting Group to define a plan for the control of vehicular access addressing the community needs during its build-up.
- An Access Control Committee was formed to direct, provide input and review the product of this study. Members were Mr. Edd Siler, Carlos García, Cándido Neris, Kevin Ryan, Héctor Lavergne and Pat Wangen.
- The study identified the need for effective controls not only at main entrances to Palmas, but also to the establishment of controls in several neighborhood areas. This study specifically recommended a control point for the Hills District (now the South District) by reconstructing and activating a manned gate in Palmas Drive. In addition, the study recommended closing the road providing access to the Marina Area coming from Harborview. Also, the study recommended building a new road for direct access to the Marina from Palmas Drive without having to go through the South District (Harborview). Eventually, this road was built and is now known as Coral Way.
- The PHA Board approved the Transportation Group Study for implementation in October 1994.
- Also in 1995 Palmas del Mar contracted the Borders Corporation to conduct a vulnerability analysis of Palmas del Mar to include the development of an overall access control and security plan for Palmas del Mar. This report was rendered in November 29, 1995.
- As part of their report (Section 3), the Borders consultants identified 23 neighborhood areas in need of access controls. These specifically included, among others, the Southeast Area, Harbor Lights and Shell Castle Club.
- The studies outlined above became the basis for the Access Control Agreements signed in 1996 for the construction of the Main Gate and Service facilities between PHA and PDMPI.

Guard services in the South District were deactivated in December 1999 until full implementation of the Access Control study recommendations. On an interim basis, guard services were provided during weekends until May 2003 when they were reinstated on a full time basis.

- The South District Control Point was originally established in 1974 at the intersection of Port Road and Palmas Drive as part of the original Palmas del Mar Development. The main entrance to Palmas was Port Road.
- The Southeast Association was established in 1997 in accordance with Section J of the PHA Covenants for the stated purpose of renovating and maintaining the South District Access Control (as recommended by the studies) to stop the flow of unwanted visitors to that sector of Palmas. Eighty-eight (88%) percent of the property owners voted in favor through ballots. The Association has By-laws approved by its membership and is duly incorporated.
- Also, in 1997, a referendum was concluded in the South District to include Harbor Lights Regime for the purpose of providing funds to pay for the operation of the South District Access Control. Finally, this initiative was implemented in June 2003 with the opening of Coral Way and the closing of the Harbor View/Anchors Village Road.
- In 1997, the Main Gate Project facility was completed, but the installation of the Southeast Control Point was delayed awaiting for the construction of Coral Way, which was needed to give direct access to the Marina before the closing of Harbor View /Anchor's Village Access, as recommended by the studies.
- In 2000, the PHA Board assigned \$100,000 in funds to assist the South District in the design and construction of its access control facilities. This designation was increased to \$150,000 in 2001.
- With the completion of Coral Way and the closing of Harbor View, in June 2003 the operation of the South District Control Point was reestablished. The operation of the gate is sustained from an annual assessment paid by all South District property owners as determined by the Presidents of the three Associations that comprise the South District.
- In November 14, 2003, the PHA Board ratified the decision to assign funds and to approve the establishment of the Southeast Control Point and to move the point to a location just short of the entrance to Harbor Lights as conceived in the studies made in the mid 90's.
- In October 2005, at a general assembly of the South District, the construction of the South District guardhouse facilities were unanimously approved as well as a \$500 special assessment to pay for the project.

- At a meeting held in September 2006 the Presidents of the South District again notified and resolved to proceed with the construction of the new facilities. Design renderings were sent to all S.D. homeowners on September 26, 2006.
- Parallel with these actions, in November 2005, a series of meetings were held with the Municipal Legislature to approve the construction of the new South District Gate. At that time PHA was requested by the Legislature to submit a list of all the access control facilities established at Palmas del Mar using the following criteria:
 - I. Gates established prior to the enactment of the Access Control Law of PR that went into effect in 1987. The South District Control Point is in this category since it was established before 1987.
 - II. Gates established after 1987 as part of new developments. This included Horizontal Property Developments such as Crescent Beach and Non-Horizontal Property Developments such as Palmas Plantation/Palmas Reales.
 - III. Gates established after 1987 on developments where non-existed before the requirements of the law and of the municipal requirements (Plaza Mayor).
- Design plans were submitted to the ARB and preliminary approval was given on November 14, 2006 subject to a letter of approval from PDMPI, payment of ARB fees and plans stamped by an architect. These requirements were met except the letter from PDMPI. An engineer traffic consultant submitted subsequent ARB requirements such as certifications on safety and turning circles.
- On November 10, 2006 at 8:00 am, a meeting was held at the Municipal Legislature to discuss the project and answer questions. A special commission visited Palmas the same afternoon to see the construction site and recommended plans be submitted to ARPE. Thereafter, plans were submitted to ARPE.
- Of the PHA funds, \$126,000 remain unspent and another \$250,000 have been collected from the Special Assessment for the project. Construction estimates are approximately \$250,000-\$300,000, well within the funds available .
- At a General Assembly of the SD held in April 3, 2007 the annual assessment for the operation of the South Gate was increased from \$180 to \$235. This decision along with the minutes was communicated to al the homeowners of the SD on April 27, 2007.
- On May 22, 2007, the endorsement of the Mayor of Humacao was received.
- On June 11, 2007, the construction permit was received from ARPE Office of Permits, Humacao.

- The bid process was completed and a construction company has been selected.

This concludes my report as requested at the extraordinary PHA Board meeting held on September 26, 2007.

Following Mr. Maldonado's presentation Mr. Edd Siler made the following statement:

"I would like to make a statement since I was there in the Committee mentioned by Tony. So let me just go back in time when we decided to do access control. You have to remember that at that time we had one gate, one entrance to Palmas. The guard could sit in his gate and give a pass and take a pass basically at the same time. That was the entry way to Palmas at the time.

We went through a lot of consultants to come up with our access control. Our access control center was going to be at the Main Gate. What we have now at the PHA facilities is what we were going to have at the Main Gate. I will not bore you with a lot of issues but the point I want to make is how things changed from conception. Through this access control and the study that Tony brought up, we thought about beach access and several other things.

The Border Group was strictly to come and tell us what kind of gates, what type of access controls and what type of systems were needed. The Border Group had nothing to do with local controls. Access Control was one gate and we did a whole study on one gate. I was in Orlando with the guy who did this, Tom Biggs, and all of the sudden we said "that is not going to work we need a back gate" and we started designing a back gate. So we came back to the PHA Board because we had several agreements with PHA, a Committee and bank accounts. But the point is that the situation kept changing and we went from one gate to two gates. We went from one access control and one parking and all things at the front gate to the back gate. We had gates designed at Villa Franca but now we don't have gates at Villa Franca. We had gates where the Southeast Gate was before it was moved to where it is at now.

And the main reason for the Southeast Gate was because there were a lot of commercial entities such as the Fishermen Village and the Marina and we had a lot of people driving around that neighborhood. If we established the gate we could limit to those people to those places and keep them from wandering around. But to do that we had to close the way from Anchor's Village to Harborview, which we did; and we were going to make Coral Way, which was done also. All these things kept changing. So before you say everything was approved; everything was designed, including Villa Franca gates, but things changed as we went through to this point.

As a member of the ARB and as a member of the Board I want to make a comment regarding the proposed South District gate. The designed gate is not a safe gate. You have cars turning around in the cart path".

Mr. Jaime Morgan pointed out that, although he has stated his objections to the South East Control Point project, he understands this is an issue that affects a significant portion of Palmas del Mar homeowners. In this regard, Mr. Morgan further indicated, he is prepared to suggest alternatives to the residents in this area at a forthcoming meeting with the District presidents. These alternatives include installing elegant gates (Marbella style) at each street entrance in the SD with cameras and intercom systems.

G. Beach Access

An agreement has been signed with Muñiz & Zavala outlining the conditions and improvements for the beach access between Solarea and Crescent Beach. Improvements include enlarging the turn-around circle, replacing rocks with bollards at the end of the access, and installing a permanent dividing wall and landscaping.

The PHA Board thanked Ms. Rita Molinelli for the many hours and excellent work she dedicated to this effort.

H. Equestrian Center

Mr. Morgan indicated he has given instructions to PDMPI attorneys to prepare the deed placing this parcel in the PHA Covenants. He will follow up on the status.

I. Palmanova Park

The clean-up of the parcel is in progress. The drawing drainage plan is being coordinated through Mr. Danny Torrellas from PDMPI. City Parks has submitted various equipment proposals.

Ms. Rita Molinelli explained in detail the different proposals presented by City Parks. The options comply with all safety requirements. The total cost of the equipment options being considered total approximately \$63,000 plus installation charges. PHA will approach Architect Raúl Rivera to ask him for his assistance in laying out a design for the placement of the equipment within the parcel. The concept contemplates installation of benches, trashcans, cart-path access and golf cart parking.

J. Meeting with Developers and the PHA Executive Committee

This initiative is oriented toward joining forces and help to advance each other's interests so that PHA meets the main objective of the Association to improve the property values while helping developers to be successful in pushing their products. PHA needs to help make projects successful. This initiative is good for everyone, particularly in the slow down of sales we have seen this past year. The meeting is scheduled for November 2, 2007. Mr. Morgan and Mr. Bagué will send a joint invitation letter.

IV. TREASURER'S REPORT

The PHA Board reviewed the PHA financial statements as of end of August 2007. The overall financial position looks solid and PHA should be within budget by year-end.

Regarding collection efforts of past due receivables recently referred to Attorney José Gonzalez, of the \$120,000 initially referred to him in May 2007, \$76,000 have been collected as of October 11, 2007. Of 123 cases, 73 have been favorably resolved. Ninety Five (95) additional cases have been referred to attorney González.

In regard to the PHA Building finances and loan disbursements, Mr. Maldonado distributed and discussed a comprehensive schedule detailing the status of this account. As of October 11, 2007, the account reflects that the project will be completed within the \$2.3 million extended loan approved by the PHA Board.

V. EXECUTIVE DIRECTOR'S REPORT

A. Security Update

Five burglaries were reported during the month of September. Two of these burglaries took place in Harbor Lights, one in Sunrise, one in Shell Castle and one in Port Road. There were three illegal appropriations reported. One in Port Road (electric cable reel), one in a golf cart at Maralago and one at the hotel (electric cable reel). There have been no homicides, sexual aggressions, aggravated assaults reported. Three empty houses were subject to vandalism in the area of Sunrise, someone went behind these homes, next to each other, and threw rocks through the windows.

Security continues to find an inordinate number of houses with open doors and windows. Often, these houses belong to people who do not reside in Palmas permanently and when contracted, in many cases several days elapse before they come to check on their property. The P.R. Police has been conducting weekly operatives in Palmas del Mar intervening with construction and service vehicles exiting Palmas del Mar. Police Patrols are also present in the community on a daily basis. Also, the CIC has assigned two special agents to work exclusively Palmas cases. Good progress is being achieved in these investigations, particularly the burglaries that took place in the South District during August and September. Daily meetings are being held with these agents and follow up meetings are being coordinated with victims and CIC agents. PHA has added another security patrol vehicle and six bike patrols. Also, special security teams have been deployed to these areas. Critical perimeter areas, particularly in Harbor Lights, have been illuminated. Concertina wire has been deployed in possible areas of penetration by foot. Perimeters are being cleaned. Emphasis is being given to clean up lots abandoned by owners. Special surveillance equipment proposals are being considered focusing on areas hardest hit by burglars.

Regarding the abandoned house at the end of Port Road, a meeting with the security commission of the municipal legislature has been set up for the 15th of the month. PHA and Harbor Lights representatives will attend this meeting.

B. Sunset in Los Lagos

This is a community event being planned and organized between PHA and the Los Lagos developer. This event is consonant with PHA initiative to work with developers in promoting projects and enhancing property values. This will be an evening of high fashion where the Christian Dior Anniversary Collection will be showcased. Also, there will be music, food, wine and cheese tasting with Sommelier Amanda Díaz of V. Suarez. This activity is programmed for November 17, 2007. Information will be mailed to homeowners.

C. Letter from Dr. Iván Aponte

Mr. Maldonado read to the Board a letter received from Dr. Iván Aponte requesting PHA support for an Optimist Class Regatta and Clinics to be held at Palmas del Mar November 22-25, 2007. Mr. Julio Bague exhorted the PHA Board and the entire community to support this unique event. Mr. Daniel Vasse echoed Mr. Bague's comments urging maximum support for this program.

D. Appointment of PHA Security Committee

In accordance with Article 53 of the Palmas del Mar Homeowners Association (PHA) and in an effort to obtain new participation of community members, Mr. Julio Bague, as PHA President restructured the Security Committee as follows:

Reappointments:

- Edd Siler
- Erasmo Reyes
- Agapito Cosme
- Michael Shulevitz
- Agustin Cabrer, Jr.
- Daniel Vasse
- Mary Jo Espasas

New Appointments:

- David Frazier
- Victor Nieto
- José Colón
- Norberto Rodríguez

Additionally, Mr. Bague appointed Mr. Erasmo Reyes as Chairman of the committee.

E. Golf Cart Driving Age

The Security Committee addressed a homeowner and Academy requests to review the age limit for students driving golf carts to the Palmas Academy during school hours. The Committee took in consideration the Puerto Rico Transit Law, the Municipal Code, the Laws in other States such as Florida and the practice being followed at other communities in Puerto Rico. The Puerto Rico Transit Law does not address the driving of golf carts or age limits for driving this type of vehicle. The law does prohibit the driving of unlicensed vehicles on public roads but does not establish age limits either. In the State of Florida, the law established 14 years as the minimum age for driving golf carts on public roads or streets. Also, communities such as Dorado Beach allow 14-year olds to drive golf carts.

In general terms, the Security Committee felt the change offers the opportunity for youngsters to assume higher responsibilities and to develop their maturity. Although favorably inclined to formalize the practice of allowing 14 year old and older to drive golf carts to and from the Academy during the school hours, before implementing such a change the following steps must be taken or be included in the process of such an authorization:

1. Obtain a legal opinion to determine the extent, legality and liability for such an authorization or program.
2. Consult insurance brokers to determine insurance coverage requirements.
3. Develop a golf-cart driver's education program and test in coordination with the Palmas Academy. Education program should include all golf-cart restrictions, rules and regulations.
4. Establish clear guidelines on the extent of driving authorization. This guidance should be part of the education program. For example, driving will be authorized only during school hours when school is in session.
5. Parents must request that students be placed in this program and the Palmas Academy must endorse such a request.
6. PHA Security will develop a special I.D. permit with a picture of the student, birth date, home address and emergency contact number and person.

7. Parents will be responsible for obtaining appropriate insurance coverage specifying the student driving the golf-cart. Evidence of such insurance must be submitted to PHA and to the Academy.
8. Parents will be required to sign a document releasing and holding PHA and the Palmas Academy harmless from any responsibility, accidents or incidents involving students driving golf carts.
9. In addition to the appropriate fines, permits will be cancelled for violations of golf cart rules, or upon the recommendation of the Academy.
10. Upon recommendation by the Security Committee, approval of the final program will be required from the PHA Board of Directors and by the Palmas Academy Board of Directors.

F. South District Access Control Rules

At the request of representatives from the South District, a set of Access Control Rules were implemented to control traffic and access to that residential sector. Such rules call for limiting access to Palmas residents only from 6:00 pm to 6:00 am. Non-residents gaining access to this area during these hours must be guests of residents. Also, residents of that area without the sticker letter “A” affixed to the windshield accrediting them as residents of the South District must identify and register themselves at the South District Control Gate.

There have been some problems in implementing the access control rules of the SD. Problems include residents not having the “A” sticker or no PHA registration stickers at all. Also, the long lines at the South District guardhouse will be created since the new guardhouse and extra lanes have not been built. Some residents have requested that these rules be set aside until they can be fully implemented.

The Security Committee recommended that until the new guardhouse with appropriate telephone and the required number of lanes is built, the access rules should take in consideration the current limitations and the potential problems that may be created. Also, until all SD residents acquire their credentials such as the “A” letter these rules should be relaxed. On October 4, 2007, Mr. Maldonado contacted Mr. Eric Grafals, Mr. Ben Bravo and Mr. Gabriel Espasas, presidents of the South District, to review this matter. All of them agreed on the relaxation of the rules until a full implementation is possible. Instructions were issued to St. James Security along these lines.

VI. NEW BUSINESS

A. Letter from Luis Lomba

The PHA Board took note of a letter from Mr. Luis Lomba circulated and read at the PHA Delegates meeting held on November 9, 2007. In his letter, Mr. Lomba addressed what he considers key points for the development of Palmas. These points include security, transit, the loss of beach areas and the financial challenge posed by the transfer of properties between PDMPI and PHA. Following a review of Mr. Lomba's letter, Mr. Bagué requested Mr. Maldonado to draft reply clarifying Mr. Lomba's statements. To set the record straight and to conclude with this matter, the reply will be presented at the next Delegates meeting and at the next PHA Board meeting.

B. Next Board Meeting

The next PHA Board meeting will be held on November 16, 2007 for the special purpose of reviewing and approving the 2008 PHA Budget.

VII. ADJOURN

The PHA board adjourned at 11:55 am upon a motion by Mr. Manuel Morales seconded by Ms. Rita Molinelli.