

**PHA DELEGATES COMMITTEE MEETING**  
**APRIL 18, 2006**  
**MINUTES**

**ATTENDANCE:**

Julio Bague`	Casillas de Palmas & PHA Board
Agapito Cosme	Sunrise
Luis Lomba	Plaza Resort & PHA Board
Gordon MacDonald	San Miguel Island
Ricardo Collazo	Beach Village I
Agripino Lugo	Villa Franca
Néctor Robles	Crescent Beach
José Beauchamp	Harbourlights
Héctor Robles	Montesol
Manuel Morales	PHA Board & Southeastern Area
Felix Santoni	La Jolla
Miguel Santiago	Fairlakes Village
Isabel Maisonet	Harbourside
Mercedes Villar	Palmanova Plaza (alt.)
Rand Marsters	Palmanova
Denise Love	Beach Village III & Seacape (alt.)

**Others Present**

Edd Siler	PHA Board
Cándido Neris	PHA Security
Antonio Maldonado	PHA Executive Director
Alfonso Lozada	PHA Board
John Orta	Casillas de Palmas

**Delegates Absent/Excused**

Manuel Lebrón	Club Villa
Jose Andreu	Península de San Juan
Joseph Barlia	Las Villas I
Jaime Fernandez	Las Villas II
Delfín Lorenzo	Palmas Doradas
José Bacardi	San Marcos
Ivonne Cruz	Haciendas de Palmas
Rita Molinelli	Beach Village II & V
Felix Aviles	Fairlakes Village III
Marie Silvia Rivera	Maralago

Victor Nieto  
Gladys Fornaris  
Miguel Guiot  
Marcos Comas  
Ruben Chamorro  
Jorge Claudio  
Daniel Vasse  
Michael Shulevitz  
Juan Walker  
Luis Muñíz  
Frances Olivieri

Fairway Courts  
Palladio  
Crescent Cove  
Beach Village III  
Palmas Reales  
Palmas Plantation  
Anchor's Village  
Bahia del Sur  
Palmarina & PHA Board  
Plaza del Puerto  
Shell Castle Club

**I. Call to Order**

First call to order was made by Mr. Julio Bagué, President, at 6:30 p.m. but there was no quorum. A second call was made at 7:00 p.m. Quorum was established at 41% with sixteen of thirty nine (39) Delegates present in accordance with the approved PHA Delegates Committee Rules and Regulations. Mr. John Orta was introduced as the Alternate Delegate from Casillas de Palmas while Ms. Mercedes Villar was introduced as the alternate Delegate from Palmanova Plaza.

**II. Approval of Minutes**

Minutes of the April 18, 2006 meeting were approved upon a motion by Agapito Cosme seconded by Miguel Santiago.

**III. Chair's /Executive Committee Report**

**A. Forest**

PDMPI has informed PHA that it does not have any funds in the 2006 Budget dedicated to this project. Nevertheless PDMPI will continue to monitor their capital expenditures budget to see if there are any funds that could be used for this project. Also, PDMPI will consider the possibility of transferring the Forest to a trust under the P.R. Conservation Trust Law. This is an item of high interest to the community and the Delegates Committee will continue to monitor its progress and to push to make this project a reality.

**B. PRASA Rates**

PDMU continues to work with PRASA to change the commercial rate applied to Palmas to an industrial rate, which is 10% lower. PDMU request was denied. Consequently, PDMU has requested PRASA reconsideration. The ase has been assigned to an administrative judge for a hearing scheduled on May 2, 2006.

**C. Artificial Reef**

The study and design phase should be completed in thirty days. The Thalsia study being conducted by Dr. Héctor Quintero is nearly complete. Initial results reflect that existing Thalsia banks will not interfere with the foot-print of the Artificial Reef as originally envisioned. Therefore, no mitigation will be required which will make the permit process less .irksome.

Once the study and design phases are complete the permit process will begin. A presentation to the Delegates on the study and design results will take place at its meeting scheduled for June 2006.

**D. Antenna Parcel**

The Antenna Parcel located at the entrance of the beach easement between Crescent Cove and Crescent Beach was transferred by PDMPI to PHA. PHA is completing the golf-cart parking area this week to be followed by cleanup and landscaping. The parking will accommodate approximately 30 golf carts.

**E. 923 Entrance**

Access Control equipment for the new entrance has been ordered. The project is scheduled to commence by May 15, 2006. A conflict between the PHA Building and the Community Church parcels was resolved. Contract is being awarded to the same contractor who built the Country Club road.

**F. PHA Building**

The construction of the new PHA building is already underway. The project should take another 14 months to complete.

**G. Candelerio River Community Park**

The temporary golf cart access to the park was finally opened to the public on April 15, 2006. Unfortunately, there is only parking for three (3) golf carts and then you must walk quite a distance to get to the park or to the beach. Even when the construction trailers that block the normal entrance to the park are removed, there is uncertainty as to how the park will be finally be configured.

PHA will continue to address this matter with the Marbella developer and PDMPI to insure that adequate and sufficient access is available to the entire community. However, it seems at this point that three golf cart parkings for a community of the size of Palmas, particularly for a park that will be opened to the general public, will be insufficient. Also, the type and number of facilities and equipment, that is, one Bohio and one set of children playground equipment, coupled with a lack of sanitary or toilet facilities, seems completely inadequate for a community park.

Mr. Miguel Santiago from Fairlakes Village made the following statement and motion:

“It seems that the Candelero Park issue is getting complicated. From what we have seen this past week-end once temporary access was finally given to the community, the park is inadequate and does not serve the community needs. Also, it appears there are related problems of access, size and, what I feel that in accordance with the Covenants, should have been transferred to PHA instead of an individual regime. At the last Delegates meeting, Mr. Walter Fournier suggested that a sub-committee be formed to address this matter. As a result, the PHA Board passed the Deed transferring the park to the Marbella Club to its legal counsel for review and action as appropriate.

Therefore, I move that the PHA Board passes a resolution instructing its legal counsel not only to review the Deed of Transfer, but also, to consider all aspects of this transfer against the backdrop of what is contained in the Covenants, the Master Plan and the resolutions of the Puerto Rico Planning Board regarding size, accessibility, beach access, facilities,, etc.. And, if it is deem necessary, go before the court of law to insure the interests of the homeowners and of the public in general are protected on this manner”.

The motion was seconded by Alfonso Lozada and was unanimously approved by the Delegates in attendance and referred to the PHA Board for appropriate action. Since Mr. Julio Bagué will not be present at the next PHA Board, Mr. Lozada agreed to sponsor the motion before the PHA Board.

#### **H. Main Gate Upgrade**

Landscaping upgrade is nearly complete. Illumination of the cascade area is yet to be installed. The replacement of lamps and poles is complete. Upgrading of the access control system is pending. The new system is on order and should be installed by mid-May. It is anticipated that all the upgrades to the main gate should be finished by the end of May.

#### **I. Graffiti**

PHA cleaned up and painted the electrical switching units that had been painted with graffiti. PREPA provided the paint and PHA the labor. Following the Easter holidays, again graffiti was observed in the back of some switching units, in the Aquabella wall, in the side walk entering the Country Club, at PREPA unit next to PDMU pump no. 10 and at the golf.-course pump-house across from Casillas de Palmas. Mr. Bagué indicated that Casillas de Palmas community is committed to maintain the switching units next to Casillas as long as they are provided the paint. He suggests that other communities, such as Aquabella, that has graffiti in its area, go ahead and clean such an eyesore. Each regime should assume responsibility for their immediate vicinity. Also, the community needs to be more vigilant of this type of delinquency behavior and report it to security immediately.

## **J. Annual Meeting**

Formatted: Bullets and Numbering

Delegates were reminded that, in accordance with the PHA Covenants, they are required to attend this meeting, as their presence is what constitutes quorum in order to conduct the assembly. The Saturday 22<sup>nd</sup> order of business was reviewed with the Delegates.

## **IV. Security Report**

Mr. Cándido Neris distributed the security statistics among the PHA Delegates and presented a comprehensive report outlining criminal and delinquent activity within Palmas del Mar for the month of March. Mr. Neris noted that no major crimes such as homicides, rapes, robberies or vehicle thefts took place in the community. However, twenty three illegal appropriations and eight burglaries were reported during March. Only six (6) of these illegal appropriations and three (3) of the burglaries reported took place in residential areas. Most of this delinquency activity took place in construction sites and associated parking, as well as in commercial areas.

PHA Security intervened with twenty three (23) individuals and one was arrested and turned over to the Puerto Rico Police. This individual was caught in the act of stealing an electrical power plant in the Harbourlakes Construction project. This same individual was suspected of committing two burglaries in Sunrise in March. Unfortunately, the individual was released by the Police after the District Attorney failed to take the case before a magistrate.

Overall, according to PHA Security Department Statistics and the information provided by the Puerto Rico police, Palmas remains a relatively safe and secure community.

Mr. Félix Santoni inquired into drug operative in Palmas Plantation that received media-wide attention. Mr. Santoni indicated that he felt that this incident had left a negative public perception of Palmas del Mar. He was surprised that there had been no response from PDMPI or from Palmas Realty to counter this negative impression. This is an aspect of public relations that PDMPI as the Master Developer should take on behalf of the entire community.

## **V. OLD BUSINESS**

### **A. PDMU Issues**

Mr. Julio Bagué proceeded to inform the Delegates on a situation that has recently emerged at PDMU. That situation involves a formal complaint in representation of the community by four subscribers presented before the Public Service Commission, three of which are members of the PDMU Board of Directors. The complaint requests that the PDMU franchise be modified to allow the company's subscribers to elect all PDMU Board members... Currently the PDMU Board has seven (7) Directors, four of which are appointed by the Master Developer, Palmas del Mar Properties, Inc.(PDMPI), and three are elected by the company's subscribers. Of the four Directors appointed by PDMPI,

none are Palmas homeowners. Three of the four do not reside in Palmas and, out of these three; two reside in Houston, Texas. Therefore, there is a majority at the Board of none residents making decisions on behalf of the subscribers on matters that affect the entire community.

Mr. Edd Siler responded that PDMPI finances the PDMU infrastructure and thus as the community Master Developer PDMPI must be in control of certain operations such as PDMU. In his view, if homeowners choose to change that situation they will be imposing on themselves a burden that is not necessary. He believes the existing arrangement is the best for Palmas del Mar and for the entire community. Mr. Siler indicated that when this information is presented to the community it must bear in mind that there are always two sides to a story.

Mr. Luis Lomba pointed out that the “Class A” members representing the community at the PDMU Board had no choice in going forward on this matter. This has been an action brought about by the dictatorial abuse of power which is being imposed upon the PDMU Board by PDMPI representatives in detriment of the company subscribers as a whole.. He feels this situation is not an issue that should be debated at the Delegates Committee forum but one to be decided by the Puerto Rico Public Service Commission on its merits.

Mr. Manuel Morales pointed out that there is no such thing as a Palmas Master Developer anymore. What we have is someone that acquired all Palmas properties from its predecessor and is selling land for others to develop. However, having control of an approved Master Plan, and a process for changing such Master Plan at the Planning Board makes things a lot easier for PDMPI to establish the terms for said developments. Mr. Morales also pointed out that, in terms of infrastructure, there is no reason why the community cannot elect a Board to oversee such an operation, since the operational criteria and how the infrastructure for new developments gets finance is well defined in the franchise.

Mr. Siler responded that PDMPI is the Master Developer. Being Master Developer means more than just selling parcels of land. What happens in every parcel of land is decided by the Master Developer until the development is complete. PDMPI wants to do things in harmony with the Palmas community and the Homeowners Association.

Mr. Morales responded that the Planning Board has given PHA a role as interventors in proposed changes to the Palmas Master Plan. The Candelero Park issue raised before, points out how PDMPI continues to make changes to the Master Plan without consulting the community. According to the Planning Board resolutions this was a park for the general community not for a private regime. Thus you have a change to the Master Plan that was not ever consulted with the Planning Board or the community.

Mr. Edd Siler pointed out that the Candelero Park, in reality, was part of the Access Control Program and asked Mr. Maldonado to comment on this aspect.

Mr. Maldonado proceeded to inform that the Candelero Park has nothing to do with the access control of Palmas. However, the municipal ordinance that requires a parking at the service entrance so that outside beach visitors may park their vehicles and be taken to the beach, was used as a reason to eliminate the 40-car parking requirement for the park that had been dictated earlier by the Planning Board. That's the only connection between the park and the access control. However, this connection does not explain how a Palmas resident is supposed to gain access to the park. Is he supposed to go to the Service Gate entrance and be transported to that park? He reminded the Committee that such a portion of the Municipal Ordinance only dealt with parking for outside beach visitors only.

Mr. Néctor Robles wanted to know about the issue involving the PDMU's General Manager's position. He understands that PDMU Board members have a fiduciary responsibility and, according to what he has heard, PDMU has offered a substantially higher salary than it has been paying for years, to a person it wants to hire as the PDMU General Manager.

Mr. Lomba explained that this is just one aspect of the whole situation at PDMU. In this specific case, it was the trigger point that eventually led to the complaint before the PSC. In spite of the efforts by the Class A members, the majority Class B directors forced the decision to hire a person at an extraordinary compensation (salary and benefits) level that is not in the best interest of the corporation or its membership. This induce the "Class A" members to seek an injunction relief before the court of law. As a result of that action, the PDMU Board adjusted downward the compensation offer considerably.

Mr. Siler indicated that he would like the homeowners to look at all the aspect of this PDMU issue. Regarding the claim of overpaying the management at PDMU, he pointed out that in 2004 PDMU paid \$162,000 and in 2005 it was \$142,000. He further indicated that following initial hearings with the judge of Humacao the PDMU Board met and established a salary not to exceed \$100,000 and a bonus from 0 to \$12,000. This package was unanimously agreed by all PDMU Board members. He wanted to make sure that homeowners understood that PDMPI did not shove something down the throat of subscribers as far as salary but that all Board members voted in favor of such a proposal.

Mr. Maldonado, in his capacity as a PDMU Board member, pointed out that what was described by Mr. Siler was the end result of a long period of negotiations and agreements between PDMU Class A and Class B Directors, as mandated by the Judge of the Court of Humacao. What triggered this entire action was the fact that an unauthorized and unproportioned salary offer (\$120,000 salary plus \$20,000 bonus, club membership, car, insurance, medical benefits, etc.) was made by the company's president that caused the Class A Directors to seek injunctive relief from the court. It was not until de court ordered the PDMU Board to reach an agreement on this matter that the Class B Directors sat on the table with the Class A Directors and worked out the salary package described by Mr. Siler. It was indeed the action of trying to shove something unacceptable down the throat of the homeowners by the PDMPI representatives at the PDMU Board that caused the injunction reaction by the Class A Directors representing the community. This happening was the last straw that forced them to go to the PSC to stop, once and for

all, the abuse of power that Class B Directors have exercised for years in PDMU at the expense of the subscribers and for the benefit of PDMPI.

Mr. Bagué indicated that this was a very long and complicated issue. If someone needs additional information, they should contact a PDMU Class A Board member.

### **B. Recycling**

Mr. John Orta inquired into the status of the recycling program. Mr. Maldonado indicated that PHA has been working with the municipality trying to get the Palmas program restarted. However, the municipality has dismantled its recycling program and as such, it cannot support the Palmas program. In order for the Palmas program to function, it requires a contract with the municipality of Humacao so that the collection center gets paid for picking up the recyclable material. Mrs. Ivonne Cruz is assisting PHA in trying to get the program reestablished.

### **C. Infrastructure Committee**

Work continues with the traffic study and the electrical study update. Both projects have been contracted and the results are expected in six (6) weeks. The Committee will meet to review the results of these studies as well as to discuss other infrastructure topics.

## **VI. NEW BUSINESS**

### **A. Illumination at Golf Cart Paths**

Mr. Victor Nieto brought up by a written request the need to illuminate the cart paths along Candeler Road to allow people to walk from communities in that area to the hotel.

Any possibilities for doing this must rely on solar illumination since there is no electrical infrastructure along the cart paths. Such an initiative should not be limited to the Candeler area but all cart path areas must be considered. A proposal will be sought for the installation of a solar system to illuminate all the cart-path areas in Palmas.

### **B. Landfill Odors**

Mr. Hector Robles from Montesol pointed out that the smell of offensive odors coming from the Humacao landfill area can be smelled all the way to Palmas del Mar. He would like for the community to address this problem with the municipality to see what can be done, if anything, and what is the future for the landfill.

Mr. Bagué suggested that the Delegates invite a representative from the Waste Management Company to address these matters at a future meeting.

### **C. Horses in Cart Paths**

Mr. Agapito Cosme brought up the issue of horses riding in cart paths. This is a concern because it presents a hazardous situation to all cart path users. Mr. Cosme wants the PHA Board to express themselves over this issue and to establish a clear policy regarding this matter.

Mr. Maldonado explained that the PHA Security Committee has addressed this concern and is making specific recommendations to the PHA Board. He explained that cart-paths are specifically designed for golf carts and other non-vehicle uses. The cart path system is owned and maintained by Palmas homeowners through a system of golf-cart registration fees charged annually to cart owners. These fees are used to maintain and upgrade the cart-paths.

PHA has already written a letter to Mr. José Benítez, who operates the horse stables, outlining PHA concerns and restrictions on use golf-cart paths. This matter will be addressed by the PHA Board at its next meeting.

### **VII. ADJOURN**

The PHA Delegates Committee adjourned at 8:35 pm upon a motion by Miguel Santiago seconded by Ricardo Collazo.