

**MEETING OF THE “COMMITTEE OF NEIGHBORS OF PALMETTO BAY,”
FEBRUARY 14, 2007**

Board President Gary Chamer called to order the 2007 annual meeting of the “Committee of Neighbors of Palmetto Bay,” on Wednesday February 14, 2007 at 9:37 a.m. Present were 18 members representing 43.5 votes.

President’s Report:

Gary Chamer presented the President’s report:

New Board Members

Two new members are being proposed for addition to the Board of Directors: Phil Buck as a “Vocal” member, and Joel Moskowitz as Secretary.

Internet Service

Gary reviewed the problems with availability of internet service at Palmetto Bay, beginning with the seizing of Palmetto’s tower equipment and the demise of TTI. Palmetto will shortly be served by a new company, Navega. While that company deals only with large business clientele, by pooling their accounts and buying a block of bandwidth, all those residents that wish internet service can be provided with it, at a range of prices reflecting the speed of transmission requested.

Pest Control

A major issue at is the chronic presence of “bugs.” Surveys of departing guests uniformly raise insects as the major drawback to a stay at Palmetto. Permethrin 10% has been installed under the restaurant and at some houses, with good reviews. A new source has been located for the material at greatly reduced cost. The Association will become a source of the material for the homeowners. In addition, a committee of the Association, led by Joel Moskowitz, will continue to research into and make suggestions concerning this problem.

Security

Both the quality and level of security has been an issue this past year, particularly given recent incidents of theft. Members of the Board have held meetings with the company presently providing Palmetto security and are conducting interviews with other security companies. The issues are both the quantity and quality of personnel assigned to Palmetto. Upgrading either or both will require a significant increase in costs.

Legal

Joel Moskowitz has agreed to serve on the Legal Committee and as liaison to the Association's outside legal counsel.

Vice President's Report:

Phil Weir read excerpts from an article regarding how to promote a positive relationship between homeowner association board members and association members. A discussion was held regarding providing a written statement to vacationing guests at PBP to welcome them and encourage prudent behavior, such as locking their doors and informing them that there is a secure safe/lock box in the office. Further discussion has held regarding communication amongst the security staff. A VHF radio will be placed in the guard shack.

Discussion was held regarding the impending paving of exterior roads and the costs to the HOA. Approximately \$100,000 will be required once that project is under way.

Discussion was held regarding the need to update the electrical grid in the Villa Lot area due to the present system being 10 years old and being inadequate for supplying the present and the future. Vegas Electric has submitted an updated bid of \$81,000 and Mathew Harper at Green Hills came in with a bid of \$77,000.00. Harper's bid included additional space in the conduit to facilitate cable TV, and internet. After consulting the CCR&E's it was concluded that this expense is the responsibility of the Association. It was concluded that management should attempt to lock in the bid for a 6-month period.

General Manager's Report:

Leon Feldbrill gave the General Manager's report.

We are 10 years down the road and need to get into the 21st Century to keep PBP on the map.

The dock was replaced due to Hurricane Wilma damage. It has been re-insured for a greater amount utilizing both Arlie Thompson and Gio Sivestri.

The deck and the pool area have been power washed and refinished with a reddish tint sealer. The hot tub is under repair after a new control was purchased.

Lounge chairs have been ordered (10) from Harlan Busch in La Ceiba. There are new umbrellas in the pool area.

We now have window stickers for vehicles to identify homeowners at the main gate. Visitors will have to sign-in with a clipboard sign-up sheet.

We have worked with Marcos Nelson and the Municipalidad about external road grading during the rainy season. The Mud Hole road is excellent and the French Harbor road is now being graded.

The financial assessments of 2006 were successful and fully collected, except as to some properties that are perennially unpaid, which will be addressed by legal action. As Gary implied there has been a great deal of research into insect control. We have begun to work with Univar to obtain the Permethrin 10% at \$47 per gallon as opposed to \$150 per gallon from Bob Kable. There are other products available also that we are looking into.

We have researched water meters for each individual home, but have found that the cost to install, maintain, read, and account for them is not worth our time.

Cleanup of walkways and cleanup, and trimming and chopping is now done by Carlos Rito and his crew. We looked into the expenses of paying Carlos for trash hauling, beach cleaning and hauling of seaweed, and employee transportation. They seemed excessive. Gary and I sat down with Carlos and evaluated the expenses and the use of his truck. We had considered buying our own resort truck. After considering the expenses involved with purchase, insurance, gas, maintenance, it made more sense to pay Carlos and have him beat up his truck.

We are anticipating the purchase of a 4WD "all terrain vehicle" to do the beach raking and aid in the road grading with the purchase of a DR Power Grader (60") to rake and repair the roads on a constant basis. The presence of "bugs" in West Bay has diminished to practically zero due to the constant raking with an ATV and some spraying. It is a great idea to have an ATV which can also be utilized with an assortment of trailers for many other projects in PBP. The Power Grader is an incredible item.

The sewage pump is being repaired, to be followed by the hot tub.

Treasurer's Report:

Jim Steinman reported on the budget. We had a budget of \$132,300 with \$108,000 in collected fees. This required a 25 % assessment. The actual expenditure was \$125,148. Some difference was made up by insurance coverage for the replacement of the dock. Not funding certain items in the budget compensated for the difference also.

There has been a continual increase in salary for the employees like Carlos Rito. We now have a bid for a new improved security staff of \$58,000. The cost for electricity from RECO has almost doubled. The need for an ATV and the Power Grader will add \$5,000 and \$1,300, respectively, to the budget. There is a need for upgrade in the site lighting which will require an assessment of from \$77-81,000. Solar lights have proved to be inadequate. We have been using Leslie's Pool Supplies on the internet to purchase pool equipment and supplies to avoid the expensive cost by buying on the island from Guy Mueller.

There is a perpetual donation for gasoline to the French Harbor police to occasionally patrol the roads around Palmetto.

The budget for 2007 is projected to be \$181,750. With a division of 60 assessments there will be a flat rate of \$2650.00 per share. The 23.5 units of C2 are being assessed at their usual rates.

The services of a "Honduran CPA," Salvador Diaz Ramirez, will be utilized periodically to review in-house bookkeeping and to prepare annual tax returns. He also will be available to individual homeowners for council on Honduran tax laws and for the preparation and filing of annual tax returns.

Mike Carter had questions about the Julio Garcia security group. They are used almost universally in West Bay where he has an office. He would like to speak to him on behalf of Palmetto and be part of the PBP Security Committee.

Motion detector lights were discussed and were not thought to be useful.

Approval of Budget:

The budget was approved with 2 dissenting.

Election of Board, appointment of committee members:

A motion was made and seconded and unanimously approved that the 2007 PBP Homeowners Board is elected as follows.

President: Gary Chamer
Vice President: Phil Weir
Treasurer: Jim Steinman
Secretary: Joel Moskowitz
Vocal: Phil Buck

Mike Carter was appointed to the Security Committee.
Joel Moskowitz was appointed to the Committee on Insects and the Legal Committee
Philip Buck was appointed to the Committee for Internet Service.

CCR&E Amendments:

Chopping and Cutting:

Chopping and cutting is usually necessary 10-12 times per year. Some owners do not maintain their property, requiring the Association to perform this work.

A motion was made, seconded and carried unanimously that the CCR&Es are amended to provide that if an owner does not maintain property adequately in the opinion of the General Manager then the General Manager will give notice to the lot owner that cutting, chopping, cleaning or other maintenance is needed and that the owner must have that service performed on the lot within seven days. The General Manager will also give notice of the estimated cost and necessity of the work. If the work is not performed within the prescribed period, then the General Manager is authorized to have the work performed and the cost thereof will be a lien on the property. The precise language of this amendment and those below will be drafted by the Legal Committee in consultation with the Association's legal counsel.

General Manager Compensation:

The present compensation of the General Manager is \$150 per week or \$600 per month. A motion was made, seconded, and unanimously approved to raise that amount by \$25 per week or \$700 per month total.

Air Conditioning:

At present, air conditioners are not allowed in the beach area. The renters would like air-conditioning in the summer months. Air-conditioners with compressors beneath the house have not proven to be noisy where installed in identical houses outside of the beach area and should be acceptable.

A motion was made, seconded and unanimously approved to remove the prohibition of air conditioners in the beach area so long as the compressor is under the house. Any other placement must be approved by the architectural review committee for placement.

Generators:

RECO (Roatan Electric Company) is no longer providing dependable electrical service to Roatan customers. Starting in mid-January, outages of increasing length occurred daily. This was attributed to bad management. The Honduran President placed Roatan on a "national emergency status", assumed control, and replaced RECO management with N. A., the Honduran National Electric Company. Conditions have improved somewhat, but we continue to be plagued with power outages. No short term solution available because current demand exceeds capacity of the generators. As the temperature increases so will outages. This situation has disrupted internet communications and has been very detrimental to the rental program.

At present, individual generators are not allowed in the beach area. The purpose of the prohibition was to limit noise. This can be accomplished by maintaining the prohibition on gasoline and diesel generators, while allowing liquefied petroleum generators. To avoid multiplying these generators, individual installations would still be banned. Further, any new generators, anywhere in Palmetto would be approved by the

design review committee. This includes additions and replacements, as well as new installations. Further existing generators need to be muffled or otherwise limited to acceptable decibel levels.

A motion was made, seconded, and carried unanimously to eliminate the prohibition on generators in the beachfront area. Instead, communal generators, powered by liquid petroleum, will be allowed upon approval of the design review committee. Existing generators anywhere in Palmetto must be muffled or otherwise limited to acceptable dB levels. Any new generators, anywhere in Palmetto must be approved by the design review committee.

Limitation of buildable square footage:

The limitation on square footage of home size was a relic of the prior developers of Palmetto. It serves no obvious purpose, while limiting the value of homes that may be built here, which is the opposite of what we should encourage. The possibility of construction that is disproportionate to the size of its lot will be controlled by the requirement of the design review committee.

A discussion ensued concerning what guidelines, if any, should be used by the Design Review Committee in deciding whether to approve square footage. This could be done by limiting the ratio of square foot to lot size to, for example 50% coverage. No conclusion was reached on this however, and the Design Review Committee was encouraged to develop new guidelines for approvals. Pending that development, designs of any square footage are approvable in the discretion of the Design Review Committee.

A motion was approved, seconded, and carried unanimously to eliminate the limitation of square footage in the CCR&Es.

Pets and other CC&R violations:

The existing CCR&Es state that each home can only have 2 pets. There are long term renters that are violating this rule. Enforcement should be directed to the owner of the home. The board will issue warnings to the owners regarding this situation.

A motion was made, seconded and carried unanimously that the CCR&Es require that owners that rent long term need to add to the lease the provisions of the CCR&Es that apply and require that the renter abide by all rules of the CCR&Es. The General Manager will have the authority to levy a fine upon owners upon approval of the Board for violation of the CCR&Es; including the new lease provision of up to \$100 per day after a warning has been given of 10 days if a renter violates any applicable requirement of the CCR&Es.

Appointment to Design Review Committee:

A motion was made, seconded and carried unanimously to appoint Mike Chapman to replace Steve Helm on the Design Review Committee. The committee now consists of Gary Chamer, Phil Weir, Leon Feldbrill, Susan Greenberg, and Mike Chapman.

Approval of Budget:

Opposing views were expressed as to whether it is better to approve a budget with a likely required amount and limit the need to impose mid-year appropriations, or to make a low assessment and require additional funds during the year, to control more money being spent due to more being available.

Gary Chamer and Leon Feldbrill will send out a quarterly spread sheet of receivables and payables with the help of Emily Schiffman. Uncertain items such as the eventually anticipated \$100,000 assessment for external road paving will be assessed when and as required.

The all-terrain vehicle and DR Power Grader will be included in the budget along with gasoline. The use of this vehicle will reduce labor costs by and manpower provided by Carlos Rito.

A motion was made, seconded and approved with three opposing votes for an overall budget of \$181,750 with an assessment to each individual unit of \$, 2650 per person with the developer paying its usual share on undeveloped property.

Submitted by:
Joel S. Moskowitz, Secretary of the Board