

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOC. INC.
Board of Directors meeting March 14, 2009

March 14, 2009 at 10:30 a.m. at the Clubhouse

**Present: André Mongrain, President
Gaby Bélanger, Vice President
Claude A. Comtois, Secretary
Roch Massicotte, Director
André Bergeron, Director
André Pellerin, Director
Marian Petrescu, Director**

1. Quorum

The Secretary confirmed that the quorum was achieved.

2. Approval of the Agenda:

Approval of the Agenda was moved by André Bergeron, seconded by Gaby Bélanger, and unanimously approved.

3. Approval of the minutes of the regular meeting held on January 24, 2009:

The approval of the minutes of the meeting held on January 24, 2009 was moved by Gaby Bélanger, seconded by Roch Massicotte, and unanimously approved.

4. Approval of the minutes of the Special meeting, held on January 24, 2009:

The approval of the minutes of the Special meeting held on January 24, 2009 was moved by Gaby Bélanger, seconded by Claude A. Comtois, and unanimously approved.

5. Vote on possible acquisition of the neighboring property on Miner Road, and the necessary amendment to the "condominium declaration" to include the additional property if it is obtained.

President Mongrain made a summary of the events since last summer, starting with representation by the Association to the Town of Hypoluxo for the clean-up of the lot and the demolition of the houses on the property on Miner road, west of the entrance to Waterside Village, and adjacent to the property of the Village on three sides.

The clean up and demolition of one of the two houses was done in November and December of 2008.

In late February 2009, the council of Hypoluxo considered to demolish the second house, and the possibility of requesting a foreclosure of the property.

While discussing these issues, the council suggested that Waterside would be the logical acquirer of this piece of land.

The 2006/2007 taxes were paid by two unknown companies, and if these two companies pay the 2008 taxes by May 2009, they will be in a position to own this piece of land.

A few days before this meeting, the Town of Hypoluxo, Waterside, and their respective lawyers debated this issue, noting that construction of this lot has to be residential.

The intent is for Waterside to acquire these parcels, build a fence along Miner Road, plant a ficus hedge and open an access alongside Building 27. The prime benefit will be a greater security for the Village, and control of the development of the site. There was no planning done for the use of these parcels if they are eventually acquired.

President Mongrain also added that the payment for this acquisition will be made within the limits of the Operating Account budget without needing a special assessment.

André Bergeron asked for a motion to ask unit owners for approval, using written consent in lieu of a meeting, that would authorize the Association to purchase the two parcels of land adjoining the existing property of Waterside Village of Palm Beach Condominium Association, Inc. The land is situated at 928 and 936 Miner Road, to the west of the main entrance of Waterside Village.

The purchase would be made from the Town of Hypoluxo or from other parties, as long as such purchase may be made from existing funds from the Operating Account budget. Voluntary contributions from owners will be accepted.

The motion was seconded by Gaby Bélanger and unanimously approved.

6. Rules and Regulations on dogs

President Mongrain reminded the board that, according to Article XXX, page 1620 of the condo docs, [the ruling about dogs] will be maintained, and the Board will continue to apply the rule with discretion.

7. Water heater replacement

President Mongrain reminded owners that water heaters should be replaced regularly and the Board reserves the right to take legal action against any owner for gross negligence for the cost of repair in case of a leak causing damages to neighboring owners. (Example: replacement of sheet rock to the walls at the cost of the Association.)

8. Opening and closing of Shutters

President Mongrain reminded the assembly that the shutters should be closed when the unit is vacated for any long periods of time, including during the hurricane season.

9. On-going projects

President Mongrain mentioned that almost all work undertaken is completed. Updating the sprinkler system and wet-checks are 50% done. The main entrance will soon be renovated and the photocells for exterior lighting will be installed.

10. Financial results

The comments made by President Mongrain on financial results are answered in these minutes as Appendix I. (See attached.)

11. Question period

President Mongrain answered questions asked by owners.

12. Meeting adjourned at 12:00 p.m.

CAC/ec

APPENDIX 1.

**COMMENTS ON FINANCIAL RESULTS AS OF THE END OF
FEBRUARY 2009**

Owners, please find attached the financial results as of February 28, 2009. We are 4 months into our budgetary year 2008/2009. This statement is the third one being published of the current fiscal year, and still shows a lot of variance of results due to a heavy concentration of budgeted work that took place during that period. The forecast for the total year does compensate when compared to the full year's budget, which is more meaningful and is a better management tool to ensure that total budgetary objectives will be achieved.

On the revenue side we have reduced our revenue expectation on "estoppels" as we estimate that 10 units will be sold this year due to the economic situation and the banking industry turmoil. Other revenue items compensate for the shortfall in the estoppels revenue; we expect our revenue to be favorable to budget by \$1,995.00. We do remain conservative on our revenue from screenings, as these tend to fluctuate on a seasonal basis. In regard to the expenses, most of the variance comes from one-time transactions like the painting program that was performed in November, the tennis payment that came in December, the shuffle board canopy that was paid in January, the front sign that was completed in February, and new trees and bushes all exceeded the budget. But owners can appreciate what has been done so far. It is a question of timing versus the budget figure that is spread out over a twelve-month period. The same is true for the property tax, licenses, and a portion of the satellite TV cost, as the payment for the French channels is due in November, but covers services for the full year.

We do forecast to be below budget in the following areas:

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOC. INC.
Board of Directors meeting March 14, 2009

- Electric: the price of oil is down substantially and FPL will not be authorized to increase its cost as planned back in September.
- Water and sewage: same explanation -- the City of Boynton will not be in a position to increase its rate as planned, and we may also benefit from a change in the billing rate structure, with more to the fixed monthly charge and less on the consumption variable component. Year-to-date actual is short by one month of billing from the City of Boynton.
- Propane gas: will be below budget as we managed to install the new heat pump in a more expeditious way than originally planned.
- Wi-Fi: will be below budget as mentioned at various Board meetings, as we have decided not to go ahead with the project for the current year, or at least until we find a solution to the cost of the project. The only expense that will be charged to that cost center will be the current cost for the WIFI at the Club House. We also have to remember that at the budget meeting this savings from the Wi-Fi budget estimate can only be used for TV system improvement or for bad debt.
- Security guards: we now forecast to be below budget for the total year. It does appear that we are benefitting from lesser costs of repairs to our gate or a more expeditious way to get them fixed when needs do occur. This then results in a lesser need for extra guard time.
- Landscaping: we have separated the landscaping contract from the fertilization contract. In order to compare to the budget we need to add the two. Savings resulted from a

contract re-negotiation for the fertilization and weed control. We will review again the situation in March.

- New trees & Bushes: will end up below budget due to bidding formality and the great help and contribution received from our volunteers. We managed to do more than the original plan at a lesser cost, and from comments received, it does appear to be appreciated by the vast majority of our owners. We will have planted close to 600 new trees and bushes during the current fiscal year; it is for sure a record year. Many owners have also invested a substantial amount of money to improve their surroundings, and many more are planning to do so.
- Interest cost: the current trend in interest rate reduction is also producing a positive impact and our need to borrow is also lower.

We currently estimate that we will be over budget in the following cost center:

- Building maintenance: This is an area of concern. We do expect to end up over budget due to major repairs that needed to be addressed due to our aging buildings.
- Miscellaneous administrative expense: Your Board is contributing to some activities of its owners. It did cost \$500.00 for the reception of our owners at the annual meeting and a further \$1,000.00 was for the "thank you day" to our volunteers.
- Sprinklers: will also exceed budget expectation. A complete and formal "wet check" is currently being conducted, and the project will hopefully be completed by the end of March.

- Tree trimming: will exceed budget. The current proposal we received to maintain a tree maintenance program indicates that we will be over budget and that we will not be in a position to do everything that is recommended by the experts. We will follow this file closely, as any postponement of tree maintenance may end up more costly in the long run.
- Shuffle Board Canopy: this improvement was planned over a 2-year period, and your Board decided to do it all during the current fiscal exercise.
- Entrance sign and fountain: will exceed budget, mainly due to engineering certificates required to obtain a permit and the fact that both signs were installed this year, which will produce a savings from next year's expected expenses.

We have maintained the budget figure for the contingency and for the insurance cost. We should be in a better position to predict the trend under those two items during the month of March. In total we now show that we will be better than budget by \$27,518.00. We have to remember that due to the WIFI we should achieve, at a minimum, a \$23,000.00 surplus. A major investment may have an impact on the result for the year.

RECEIVABLE

January saw a deterioration of our receivables due to owners as far as the total value is concerned. We went from a balance of \$ 62,910.00 at the end of November to \$64,860.00 at the end of December, to \$ 66,675.00 at the end of January and we were finally in better shape by the end of February as we went down to \$63,365.00. This improvement comes from the fact that two of our owners' units under foreclosure have paid completely their dues, and three more have made payment toward their dues. One of the owners under legal process has also made a substantial

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOC. INC.

Board of Directors meeting March 14, 2009

payment on his dues. The "hard cases" -- the seven owners who are delinquent and under foreclosure that do not make any

payments toward their dues -- will continue to negatively impact our performance in the receivable area. The foreclosure process is a cumbersome process and does take a lot of time. Let's hope we do see some court action soon. This is penalizing Waterside and its owners.

The total number of delinquent owners that were 44 at the end of November is now down to its normal level of 21. We have 12 units under foreclosure; five of them are making payments toward their dues.

CONCLUSION

After four months into our fiscal year (which does not make the full fiscal year) the current projections are encouraging, and as usual, your Board will continue to closely monitor the evolution of expenses.

Andre C. Mongrain, President

March 13, 2009