

MEMORANDUM

To: The Proprietors of The Palms Turks and Caicos Resort-Strata Plan No. 50

From: The Palms Executive Committee

Date: May 8, 2023

RE: Proposed Amendments to Strata Corporation By-laws

As you may recall, a subcommittee of the Palms Executive Committee was tasked long ago with proposing comprehensive amendments to the corporation's By-laws, which were last amended on January 1, 2005. It is the Executive Committee's intent to bring the amended set of By-laws before the entire Palms ownership group for consideration and adoption at a subsequently called Extraordinary General Meeting of the corporation. It intends to do this after it receives final comments on the proposed amendments from the proprietors and representatives of The Palms management company.

The By-law amendments now before you provide, most notably, for the restriction of unit rentals to guests who reserve rooms at The Palms through a "Designated Rental Manager" that is designated by the Executive Committee, and for the conduct of remote/electronic meetings of the strata proprietors. The amendments also add a few new restrictions on a proprietor's use of the strata lot, impose a handful of new obligations on all proprietors, and clarify some existing provisions in the By-laws.

Set forth below are the substantive By-law amendments being proposed by the Executive Committee for consideration by the proprietors:

1. Section 1.0 -- General

- a. A new definition is added for "*Designated Rental Manager*". The Designated Rental Manager means the manager appointed pursuant to By-law 3.1A(h) by the Corporation to manage Holiday Rental of strata lots.
- b. A new definition is added for "*Holiday Rental*". A Holiday Rental means any rental of a strata lot to which Hotel, Restaurant and Tourism (Taxation) Ordinance 2019, or equivalent legislation, applies.
- c. A new definition is added for the term "*In Good Standing*". In relation to a proprietor, the term "In Good Standing" means that at the relevant time the proprietor is not: (i) in breach of any of the By-laws or any rules or regulations made pursuant to the By-laws; (ii) in arrears in the payment of any money owed by the proprietor to the Corporation including any fines, penalties or legal expenses; or (iii) *permitting such proprietor's strata lot to be used other than for Residential Purposes or for Holiday Rental through the Designated Rental Manager*.
- d. A new definition is added for the term "*Residential Purposes*". The term "Residential Purposes" means occupation as a private dwelling and excludes occupancy or use of a Strata Lot for Holiday Rental for reward of any kind.

2. Section 2.0 -- Proprietors' Obligations

- a. A new Section 2.1(i) provides that a proprietor shall not use or permit such proprietor's strata lot to be used for any other purpose *other than Residential Purposes or for Holiday Rental through the Designated Rental Manager in accordance with these By-laws*, except that this provision shall not apply to the strata lot upon which the pool bar sits, as depicted on the strata plan, strata lots which contain garage units, and strata lots used by the Designated Rental Manager to operate or manage the Holiday Rental of strata lots pursuant to a written agreement with the corporation.
- b. The provisions of Section 2.1(q) are amended to provide that a proprietor shall not use or permit to be used such proprietor's strata lot or any part thereof for any illegal or immoral purpose, nor for the carrying on of any trade or business *other than Holiday Rental through the Designated Rental Manager in accordance with these By-laws*.
- c. The provisions of Section 2.1 are also amended to provide that a proprietor shall:
 - i. not have any waterbeds within their strata lot;
 - ii. not have any fish tanks within their strata lot without the written consent of the Corporation, which consent may not be unreasonably withheld;
 - iii. not use the common property for a private party or organized event for more than 10 invitees without the prior written consent of the Corporation. This provision clarifies that the Designated Rental Manager does not need to obtain corporation permission for its organized events at the resort;
 - iv. remain at all times In Good Standing; and
 - v. be liable for the legal costs of the Corporation of any court proceedings for the recovery and enforcement of any liability of the proprietor under these By-laws and such liability shall be added to the proprietor's statement of account.

3. Section 3.1A -- The Corporation. A new Section 3.1A(h) gives the Corporation the authority to appoint an exclusive Designated Rental Manager to manage Holiday Rental of Strata Lots. The Corporation has the right, but is not obligated, to appoint a Designated Rental Manager.

4. Section 4.0 -- The Executive Committee

- a. A new Section 4.2 provides that the Executive Committee shall consist of nine members or such other number of members as is established by either an amendment to the By-laws or by a majority vote of proprietors attending either an Annual General Meeting or an Extraordinary General Meeting called for such purpose.
- b. A new Section 4.3 provides that members of the Executive Committee shall: (a) be at least 18 years of age; (b) maintain a residence at the Development; and (c) be either (i) a proprietor or (ii) the spouse, domestic partner or adult child of a proprietor or (iii) a representative selected by an entity that owns two or more units in the Development so long as such representative is an executive officer who serves in a senior policy making position of such entity.

- c. A new Section 4.4 provides that, at the first meeting of the Executive Committee following an election of Executive Committee members, such members shall elect a chairman who shall serve as the chairman of the Executive Committee until a new chairman is duly elected by the members of the Executive Committee to serve in such capacity. It is also clarified that the chairman has the authority to act on behalf of the Executive Committee provided such actions are authorized by a majority vote or duly-adopted resolution of the Executive Committee.
 - d. A new Section 4.12 provides that the Executive Committee may determine that an Annual General Meeting or Extraordinary General Meeting shall be held entirely by means of electronic communication or partially in person and partially by electronic communication. The manner in which proprietors may attend and vote at either an Annual General Meeting or an Extraordinary General Meeting shall be determined in advance by the Executive Committee, which determination shall be sent to all proprietors by notice not less than 15 days prior to the meeting.
5. Section 5.0 – Notices. Sections 5.1 and 5.2 are amended to require every proprietor to provide an email address to the Corporation and to provide for the delivery of required notices to the proprietor's strata lot *and to the proprietor's email address*. The amendment states that an email address a proprietor provides the Corporation is not to be circulated by the Corporation without the written consent of the proprietor.
6. Section 6.0 – Amendment of By-laws. Section 6.1 is amended to clarify that a two-thirds vote of the total unit entitlement of the strata lots is required to amend or vary the By-laws.