

August 20, 2025

LETTER TO PALM WORTH SHAREHOLDERS

Hopefully this letter finds everyone in good health and enjoying the summer with family and friends.

It has been a very busy summer at Palm Worth with several projects completed or still in process. The lawn access project was completed in early June and will be a wonderful addition to our oceanside property. This project was completely financed outside of Palm Worth funds.

The east stairwell project, which was projected to take a month or so to complete, has finally wrapped up as of mid-August. Following Waterfront Services demolition on the lower stairs and landings, it was revealed the concrete had been compromised to the reinforcement bars in several areas. This had not been anticipated. The material needed to be removed and replaced with new concrete. The steps and landings from the first to fifth floors have been coated with an epoxy-like waterproofing system to ensure durability and protection. The decorative railings and wall surrounds have also been repainted. Kevin has redone the handrails and attached with stainless steel hardware. The lights along the stairwell have been trimmed out and painted. This area of the building, which sustains considerable weather abuse, should be in good shape for many years to come.

An upgrade in security will be initiated with additional camera coverage entering the mailroom spaces from the parking lot, maintenance room and tool cage area as well as recycling and the south side of the building. In an effort to improve the appearance and effectiveness of the sea grape screen between Palm Worth and the Tideline, an aggressive rejuvenation pruning along with additional Green Island Ficus planting is in process.

We've gone through our usual safety inspections. Kevin is continuing to build and replace the fire extinguisher cabinets along the walkways, focusing on those mentioned in inspection reports. Batteries for the alarm system were purchased and replaced in-house, generating savings for Palm Worth. A couple of the garbage chute doors were repaired, satisfying a flagged item.

The courtyard fountain pools were drained, cleaned, and given a fresh coat of paint. The recirculating pump for this water feature has also been replaced. This past year it was becoming more difficult to read the assignment numbers on the parking lot blocks. They have all been re-stenciled. Next step for the parking lot is to have it seal coated. This project will most likely occur next off-season.

A recap of our financial standing through June revealed we are over budget by approximately \$35,000. This is reflected in payroll expenses with

Andy's pay and an increase for Kevin earlier this year. More significantly it reflects \$42,000 from Waterfront's east stairwell project through June. The very good news is that for the same period, we were under budget \$23,000 from a reduction in insurance expenses over last year. Outside of payroll and Waterfront expenses, we've experienced inflation in several categories. Elevator maintenance and repair, landscaping categories and legal expenses are running higher than expected and we've needed to replace or repair some office equipment as well.

A similar trend is expected to continue through the end of the year. We should end up with a net positive in our cash position allowing us to absorb close to half of the Waterfront expense in our operating budget and the rest coming from reserves. This will help preserve our reserve funds while allowing us to handle this major, and necessary, stairwell project, retain key employees, upgrade landscaping and continue to maintain and improve our property.

Respectfully submitted,
Palm Worth Board of Directors