



**CONDOMINIO VILLAS AT EMBARC ZIHUATANEJO A.C.
August 20th 2020 VILLAS BOARD OF DIRECTORS MEETING**

In Vancouver, British Columbia, Canada at 11:00am (PST) on August 20th 2020

Present: Robert Reyes, (Via Telecom) Dolores Heisinger (Via Telecom), Scot Hein (via Telecom), Jorge Irra (via Telecom), Will Rogers (via Telecom). Francisco Gonzalez (via Telecom) Areli Fierro (via Telecom), Jaqueline Silva (via Telecom).

Meeting called to order at 11:01 am. Roll call: Dolores Heisinger, Scot Hein, Jorge Irra, and Robert Reyes. There is Quorum

Representing the management, Francisco Gonzalez, Areli Fierro, Will Rogers and Jaqueline Silva.

Robert asked for a motion to adopt the Agenda, moved by Dolores Heisinger, none opposed. Motion is carried

Robert asked Maritza to proceed with the review of the Financial Statements for July 2020.

Maritza noted revenues are in line with budget. Payroll is under budget due to savings during the closure.

Dolores asked, what portion of their salary did the staff receive?

Will Rogers asked Jorge to confirm if the portion of salary that the Team Member received during the closure was 60% to 80%.

Jorge commented that we made an agreement with the union. We agreed that in the first month we will discount 7 days out of the month salaries. The second month the discount was 6 days out of their month salaries. Also in security, as we stated in previous meetings we kept all the Team Members working so there was not any reduction.

Will continued with Operating expenses commenting that there are overall savings in operating expenses. Administration is showing a deficit that is entirely a result of our catch up audit fees.

Front desk is under budget, savings in some staff uniforms, we will see the cost spent in November – December.

Our maintenance line is in budget within 3%. Our Housekeeping is under Budget primarily due to the replacement of some of our in room items.

Security is under budget, this is also a timing issue. We will see a lot of that cost spent as the year progresses things like uniforms and recharge of the fire extinguishers.

Our Reserve expenses are not showing a cost at the moment. We just received some invoices and we are clarifying some allocations.

Will asked if there are any question before moving on to the other operating expenses.

Will commented there are savings in operating expenses and it is almost entirely our utilities line as it is the reduction in usage of electricity and gas during our closure through July 11th.

Will continued with the balance sheet, our assets are 13.6 million 4.1 of that is cash, 9 million in related parties receivables, that is 25 million less than what we saw at the beginning of the year. Regarding liabilities 9.5 million in total liabilities, AP and accruals 700 thousand, related parties payable at 4.5 million that is 27 million less than what we were seeing at the beginning of the year. Deferred revenues of 4.3 million.

Our fund balance is just about 4 million pesos. 3.3 million from prior years and the 688 thousand that carries over from the income statement that we were just looking at .

Scott Hein commented the he received a message from Diamond last week as a prompt to remind him to pay his last quarterly dues and he went and checked his financial records and noticed that Diamond had already cashed the cheque.

Dolores commented that this happened to her too. She had multiple conversations because she kept getting calls. She double checked and the cheque was cashed and processed but they were not able to locate it to apply it to her account.

Robert asked Areli to please take this as an action item, we need to find out what is happening.

Dolores offered to send the email received from Diamond to help with the follow up.

Robert commented on the new business, the first one is the No shows reservations and he asked Jorge to comment about this.

Jorge commented, the resort re-opened at July 11th and after that we noticed that some Owners were not coming and that they did not send any communication regarding why they were not coming.

Dolores commented it's been difficult getting information about what is happening in Zihuatanejo, specifically regarding the Covid situation and I think that may play in to it. I know that you are giving some information in the newsletter but it may not be enough to allay the fears of the Owners. I think people are very hesitant to travel in general and it may help to have a weekly update of what is open and what the percentage of Covid related cases are.

Robert commented, that we understand that the Villa Owners are hesitant, but I think the main reason that we mention it is that the Owners are not even communicating to us that they are not coming and think there is a feeling or assumption that we know that we should not expect them. The resort is open and they are able to occupy their Villas and it comes down to what happens to that week. Is the expectation that we will give them a week for their week that they missed? You all know the struggle with all of that, there are no weeks to give. This is not necessarily a board decision it is something that we are just informing to the board that is happening.

Dolores commented she has not received comments from any Owner and she did not recall receiving notification that the resort was reopened on July 11th.

Areli confirmed this information was included in the newsletter.

Scott asked how the occupancy has been for the domestic interest. Can an American or Canadian travel to Mexico and do they have to quarantine?

Jorge commented that hotels are allowed to have 40% occupancy and most of the tourism in Ixtapa and Zihuatanejo is mostly domestic, but there are flights coming from Los Angeles twice a week. At the resort we are actually receiving Members and Owners coming from the US. We also recently had a Villa Owner.

Robert mentioned the most important part in regard to this topic is requiring that the Villa Owner reach out the team to cancel, based on the cancellation guideline.

Jorge commented that to be proactive, since we noticed this situation we now have in our agenda to call or contact the Owner before their reservation and those that do not show up and see if there is anything we can do. Taking into consideration Dolores' comments we will be generating extra information regarding the COVID situation and it will be sent as needed.

Scott asked how the Covid situation in Zihuatanejo is.

Jorge commented there is more activity. Some restaurants have recently opened. Regarding the cases we have 1000 accumulated cases only 34 active cases and 72 death related to Covid.

Dolores asked if it is easy in Zihuatanejo to get a COVID test and if the staff is being regularly tested.

Jorge commented that you can get tested at the General hospital or IMSS. We are not testing staff .There is currently a campaign where city officials are going to neighborhoods to apply tests.

Robert states there are rules from the labor point of view so we are not allowed to test the staff.

Robert commented on the next item "Question from Villa Owner". Jorge received a question from one Villa Owner asking, why we were allowed to block Villa Owners from coming to their property when they owned it, even when there is a mandate for closure, condominium owners can occupy their property. We asked for legal opinion and the fact is that the Villas are a fractional ownership and we are part of a tourism accommodation, so it won't fall under that category, so we were mandated to be closed and that applied to the Villa Owners as well.

Dolores asked if this Owner had a reservation during the closure.

Robert confirmed yes he had a reservation and he wanted to come.

Robert asked Areli to continue with the next item, Destination Xchange.

Areli commented that she has received some emails from Villa Owners asking about the program. In communication with Darnecia, she explained that this will take some more time as they are still working on this. . However, the idea with this program is, that you will be able to login in to the destination exchange website and do everything on your own. You will soon receive information on how this will work as this will not be a points program, instead of that it will be a week for a week. While we have that ready, Darnecia who is in charge of the project is currently working in a short way to create reservations for those Owners that needs a reservation. She will receive some training sessions in order to be able to create reservations.

Robert also commented that the challenge that the programmers are facing is that the proposal was created thinking that all the Villa Owners were Extraordinary Escapes members and then we realized only a few of them were part of the program, which complicated the programing.

Scott mentioned that they are looking forward to booking something probably in BC so they would like to be informed when this is possible.

Scott mentioned that he is still getting the Know Your Customer notification from Deutsche Bank and that they are not comfortable with sharing this information especially if this is yearly.

Dolores commented that they think the same.

Robert mentioned that this a personal choice for the Villas Owners fi they do not want to complete the documentation. The only thing that we know and we have been informed by our legal counsel is that if you want to transact and you don't have updated information it may represent an issue. Deutsche Bank as well as all others trust companies are asking the same.

Robert asked Jorge if there are any updates.

Jorge commented that the transaction between Deutsch Bank and CI Bank has not been completed. They are pending the banking authorities' authorization.

Robert asked a motion to adjourn the meeting, moved by Scott Hein seconded by Dolores Heisinger

Meeting is adjourned