

CONDOMINIO VILLAS EMBARC ZIHUATANEJO, A.C.

Budget Meeting – November 16, 2023

Board Members

Robert Reyes, Dolores Heisinger, Scot Hein and Jorge Irra

Staff Members

Marc Neu, Alex Gomez, Pamela Bello, Cody Peters and Francisco Gonzalez

Determination of Quorum and Call to Order

Mr. Reyes stated that a majority of board members were present, therefore a quorum was established. The meeting was called to order at 12:02 pm ET.

Adopt Agenda

The board reviewed the presented meeting agenda. Ms. Heisinger made a motion to adopt the agenda. Seconded, *motion* carried.

Approval of Minutes

The minutes from the June 30, 2023 board meeting were provided for review. Mr. Hein made a motion to approve the minutes as presented. Seconded, *motion* carried.

Villa Board Member Update

Mr. Neu introduced himself as Vice President of Association Management Services. He helps facilitate all 'legacy' HGV association meetings across the US, Japan and Italy. Ms. Gomez introduced herself as Specialist of Association Management Services. She reports to Mr. Neu and is responsible for putting together all the board meeting materials for all HGV associations. Mr. Reyes noted that past board member Maritza de Leon has left the company and that her seat is up for election at the next annual meeting. This will be discussed further at that time.

Financial Reports

Mr. Peters presented the 2023 YTD financial statement as of October. He reported a surplus of 1.2 million Pesos. He reported that occupancy has been down but is showing signs that it is increasing and are hoping savings will offset some of the increased costs by the end of the year. He further reviewed some operating expenses including the HVAC reserve project. He noted overall that the budget is on track with some savings. Mr. Hein asked about insurance cost and Mr. Peters noted that with the HGV inclusion there were some savings in insurance.

Approve 2024 Villas Budget

Mr. Peters presented two options for the 2024 budget, one with an overall increase of 8.49%, the other with 5.83%. The options are based on a higher and lower seasonal occupancy. He then reviewed the variance report going through each department item. The resort is seeing some cost savings due to the solar panels installed previously.

Mr. Gonzalez discussed the reserve fund report and reviewed previously approved projects, based on 3,4 & 5 year completion plans, including A/C replacement, repair of rooftops on terraces, bathroom sink/shower head replacement and terrace furniture totaling \$1,144,789. He went on to discuss 'Priority 1' projects that included artwork replacement, kitchenette remodeling, additional bathroom fixture replacement funds, chiller replacement and kitchen sink replacement for a total of \$2,550,114.

Mr. Peters then shared the reserve summary report noting a starting balance forecast for 2024 at \$3,282,270.

Approve 2024 Budget Summary and Letter

Mr. Peters reviewed the letter and discussed the two proposed budgets again. After thorough discussion, Mr. Reyes asked for a motion to approve the capital reserve fund and expenditure for 2024, and to table the proposed 2024 operations budget and letter for further review by the board. Ms. Heisinger made a motion. Seconded, ***motion*** carried. Mr. Peters will circulate a revised operations budget to the board for their approval at a later date.

***A revised operational budget with an overall combined increase of 7.43% was unanimously approved by the board via DocuSign on December 8, 2023.**

Annual General Meeting

The next board meeting was tentatively scheduled for February 13, 2024 at 10am PT in Vancouver.

Board of Directors meeting Calendar for 2024

Mr. Reyes asked to circulate some dates around June 2024.

New business

- KYC update translation – Mr. Gonzalez added that they are still working on this translation and received a quote that would be about \$150/hour totaling around \$1,500.
- Housekeeping services – Dolores noted her housekeeping schedule proposal was prepared to save money and be more efficient.

Action Items

- Subcommittee for artwork meeting
- Based on the schedule proposed by Ms. Heisinger, base out the cost for housekeeping.

Motion to Terminate the Meeting

Mr. Reyes asked for a motion to adjourn. Ms. Heisinger made a motion to adjourn the meeting at 1:50 pm ET. Seconded, ***motion*** carried and meeting was adjourned.

Minutes prepared by Alex Gomez