

Condominio Villas Embarc Zihuatanejo, A.C. Board Meeting - August 20, 2024

Determination of Quorum and Call to Order

The meeting was held via video teleconference. Board members in attendance were Robert Reyes, Scot Hein, Dolores Heisinger, Marc Neu and Jorge Irra. Attending from the management company were Alex Canales, Jae Chung, Edgar Rodriguez, Enrique Vazquez, Pamela Bello, Francisco Gonzalez, Alex Gomez and Christine Riddle.

Mr. Reyes called the meeting to order at 3:27 p.m. ET. All of the board members were present; therefore, a quorum was established.

Approval of Agenda

Ms. Heisinger made a motion to approve the agenda as presented. Seconded, **Motion** carried.

Approval of Minutes

The minutes from the November 16, 2023 board meeting were presented to the board for their review. Mr. Hein made a motion to approve the November 16, 2023 board meeting minutes as presented. Seconded, **Motion** carried.

Action Items

The following action items were reviewed:

- Subcommittee for artwork meeting
 - Mr. Gonzalez noted management has received approval to use the original artist and that the on-site team has taken inventory of the condition of each piece of artwork. He stated there were a total of 63 pieces of artwork in the Villas. Of those 63 pieces, 54 pieces were found to have damage and require replacement. The board discussed various options and elected to move forward with replacing all 63 pieces of artwork in the Villas. Management will work with the original artist to source new options for artwork to be presented to the board for review.
- Based on the schedule proposed by Ms. Heisinger, base out the cost for housekeeping
 - Mr. Reyes stated the current Villa Owners minimum cleaning service is daily trash pick-up and a check-out clean. He noted the housekeeping costs are paid upon departure by the Villa owners. Ms. Heisinger voiced her concerns regarding how often certain areas were getting cleaned and how adjusting the cleaning schedule could help with the longevity of the products. The board reviewed the new proposed cleaning schedule and updated costs. It was noted that management will draft communication to the owners outlining the new schedule and updated costs.
 - Ms. Heisinger made a motion to approve new the cleaning schedule and the associated change in cleaning costs. Seconded, **Motion** carried.
- Review minute approval distribution process
 - Ms. Riddle stated after a review of the Association's Bylaws, the board meeting minutes are to be posted to the Owner site within 90-days of the date of the meeting. In order to remain compliant with this deadline, management is recommending that meeting minutes be approved via a unanimous resolution. The draft minutes and resolution would be sent to the board members via DocuSign for their review and approval. The board was in agreeance this new procedure would work.

Financial Report

2023 Financial Audit

Mr. Rodriguez stated that he has reviewed the 2023 draft audit completed by the new audit firm, BT CDMX, S.C. and read from the opinion letter which stated that the financial statements present fairly, in all material respects, the financial position of Condominio Villas Embarc Zihuatanejo, A.C., as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Mexican Financial Reporting Standards (MFRS). Mr. Rodriguez stated that this represents an unmodified or clean opinion of the association's financials.

Mrs. Heisinger made a motion to approve the 2023 Financial Audit. Seconded, **Motion** carried.

YTD Financials

Mr. Rodriguez presented the 2024 unaudited, year-to-date financial statement as of June 30, 2024. He was happy to report the period ended with an unaudited surplus of \$434,451 MXN. Mr. Rodriguez reviewed the variances to budget and noted the overall budget is on track with some savings in property operations and maintenance.

Operations Overview

Ms. Bello provided a brief operations update. She noted the 2025 reservation cycle has been completed and confirmation letters have been sent to all owners. Ms. Bello also added the 2025 space available calendar is now available on the website. Mr. Gonzalez noted the team has become the second round of preventative maintenance for this year. He also reviewed some updates to the villas, such as new vanity mirrors in the primary bathroom, all new ceiling fans and new sets of pots and pans in the full kitchens. Mr. Gonzalez provided a brief update to happenings around the resort, such as the purchase of two new courtesy carts and the installation of a new chiller, which has already shown a savings in costs. He also shared pictures of recent emergency preparedness training the team had with the local fire department. The board discussed the installation of new, larger televisions in units and the possibilities for casting services. Management noted they will look into possible options.

New Business

Revisit the Possibility of Buyback from Hilton

Mr. Reyes noted that management does not have a further update at this time. Ms. Heisinger stated she and Mr. Hein had a brief update as they previously floated a brief survey to the Villas owners. She noted the survey asked if any owners would be interested in selling their ownership either now or in the near future and she clarified they did not make any promises or guarantees that this would in any way come to fruition. Ms. Heisinger stated they received responses from at least nine owners who would be interested in selling their ownership in the near future; she noted this would be enough to dissolve one Villa and move it into the timeshare association. Ms. Heisinger stated she will send the details to management for further review and consideration.

Post Stay Evaluation Survey Forms

Mr. Gonzalez provided a brief update on the post stay surveys. He noted the surveys are randomly sent to a certain percentage of owners, as well as a mix of other guests at the resort. Mr. Gonzalez explained the process is automated, and the resort does not control who receives the survey. Mr. Canales noted this is in conformity with other HGV properties.

Update on Art Paintings Replacement Project

The update on the art painting replacement project was discussed during the earlier Action Items that were reviewed.

Status of KYC Form

Mr. Irra stated at this time management is not provided translation services for the KYC forms. He noted the bank will not provide the forms in English and they also must be completed in Spanish. The board discussed the costs and potential liability of translating the forms. It was noted TP Legal would be the firm used to translate the forms and a request could be made to include a legal disclaimer. The board decided to table the discussion until it can be determined how many owners still need the forms translated this year.

Villas Cleaning Service

The update on the Villas cleaning schedule and related cost was discussed during the earlier Action Items review.

Next Meeting Date

Mr. Reyes noted next board meeting was scheduled for September 3, 2024. He stated due to delay of this meeting, management has no new business to present at the September 3, 2024 meeting. The board was in agreeance to forgo the September meeting. The next board meeting will be held November 7, 2024 at 12:00 p.m. ET.

Action Item Review

- Provide the options for the new artwork to the board for their review.
- Draft a letter to the Villas owners regarding the change in cleaning schedule/cost - ensure language states that the larger intent is to help with upkeep of the units and longevity of the products. Include a chart showing the differences between the previous cleaning schedule and related costs, and the new cleaning schedule and related costs.
- Look into options for casting/streaming to the new TVs.
- Look into how many owners actually still need to submit/have their KYC forms translated

Adjourn

There being no further business, Mr. Hein made a motion to adjourn the meeting. Seconded, **Motion** carried to adjourn the meeting at 4:52 p.m. ET.

Meeting minutes prepared by Christine Riddle.