

CONSUMER COMMITTEE MEETING

October 24th, 2019

Telephone Conference: Called to Order

In Attendance:

Receiver:

Brick Kane
Val Miller
Anita Jen
Henry Jen

Committee Members:

Larry Grice
Craig Hibbert
Shryl Kirkbride
Linda Ozmindowski
JimBob Slocum
Leslie Thomas
Ted Wyberanec

Lisa Daniels was unable to attend due to a family emergency.

FTC Attorneys:

Benjamin Theisman

Brief Overview of the Receivers Trip to the Reserve

- The Receiver reported that the visit was productive on several levels. They inspected the entire property and noted the condition of the roads and the amount of construction remaining to be completed to provide basic access, utilities and internet services.
- The Receiver addressed several pending maintenance issues with Alfonso Bailey.
- They had a meeting with the homeowners. It was quite contentious toward the Receiver. There were a few homeowners who were upset – this minority was quite vocal. The majority who were present seemed to be more positive and expressed their hope that the Reserve could recover from the actions of the Defendants and progress in the future.
- The Receiver met with the Central Bank – this will be addressed in more detail later.

Follow up and updates RE:

Beach Club

- Given the financial information that showed the Beach Club was operating at a loss and in view of the language in the Interim Management Order that prohibits the Receiver from operating any commercial establishment at a loss, the Committee was invited to discuss possible resolutions. The Interim Management Order discussed the right of lot owners to form an “Organization of Lot Purchases” that could accept voluntary donations to keep various commercial ventures operational.
- Committee members noted that there is an increase in boat traffic and visits by lot owners starting in December, which is viewed as the opening of tourist season. The Committee will attempt to get a count on the number of owners planning to visit the Reserve in the coming months.
- There was a question as to who will run the Beach Club. A resolution has not been reached.
- There is still a question about what is happening with the electrical bill. Does the Receiver have any idea yet on why the bill is so high? Anita Jen has compared the bill to the pool usage; she surmises that other things are responsible for the high electric costs as she cannot see how the pool operations could be responsible. Although the Beach Club has been closed for a month, the bill cannot yet be analyzed regarding the impact of this closing on the total charges until the Receiver is able to view future billings.
- The Receiver will consider asking Belize Electric to investigate the electrical usage if the next few months of billing statements do not provide enough information to assess the problem fully.
- Ms. Jen stated that the electricity costs for the Internet Tower, which runs air conditioning regularly, have been separated from the Beach Club and the tower is on a separate billing. Those costs are not as exorbitant as expected – only a couple of hundred dollars per month thus far.

Marina

- The expected detailed Marina proposal has not yet come in. The Receiver briefly met Richard Mulvania at the Reserve, who has experience with marina construction issues. It was decided that when the proposal is received, it will be shared with Richard Mulvania for comment and input.

Equestrian Center

- The Receiver explained that the Equestrian Center currently has 18 horses, with 3 foals expected. There are only two employees to run the Equestrian Center and it becomes more difficult and expensive as there are more horses to care for. It has been determined that there is apparently a resale market for horses in Belize.

- It was the consensus by the Committee members that only 8-10 horses are needed at the current time to accommodate riders and still allow for a couple of extra horses in the event there are health issues within the stock.
- Most of the Committee agrees that any horses over the number of 10 should be considered for humane sale. Of those remaining, perhaps a couple of brood mares should remain so future foals can be sold to help with the costs incurred of maintaining the required horse population in good health. Later, when there are considerably more residents, a larger horse population and the extra employees required for their care may be considered and desirable.
- JimBob and his wife Valerie will arrive at the Reserve next week, so Val Slocum will be able to prepare a detailed analysis regarding care of the horses.

Gas Station/Mini Market

- The Receiver reports that there has been no progress in communicating with the current manager. Alfonso has a meeting with a potential new manager next week. If a suitable replacement can't be found, the Receiver will consider taking the responsibility of managing this operation.
- The consensus is that the gas station/mini market is a necessity, particularly for those visiting who need to stock up on grocery supplies.
- Until this point, the stock availability and selection has been determined by the current operator. It was the consensus of the Committee that there should be better communication between the new vendor/manager and management at the Reserve regarding the number and dates of visitors expected. This would hopefully result in a better selection of the type of goods to keep in inventory at reasonable prices.
- Gasoline is not always available as it should be – that is a problem that needs to be addressed as it is a problem at both the marina and the mini market station.
- The Receiver has appointed Henry Jen to deal with the overall management and stock problem and work on a viable solution.

Internet

- The Internet is a continuing problem: unfortunately, the Defendants did not obtain permits from the Public Utilities Commission, and so everything currently in place is not properly licensed.
- Henry Jen is working on this issue and will know in a couple of weeks if there is a suitable resolution.

Modification of SRWR Articles of Association

- The goal is to make sure that every lot owner is a Member of SRWR with voting rights.

- Everyone expressed thanks to Larry Grice, who has worked diligently to provide a new framework and draft of SRWR Articles of Association and RCC&E's.
- This is a work in progress and the final draft will not be completed for a number of weeks. After further revision and review, the draft will be provided to the Consumer Committee for comment and consideration.

Transfer of Real and Personal Property and Contracts from EFB to SRWR

- The Receiver spent considerable time addressing this issue with local counsel. Investigation concerning "land mines" and other issues are ongoing as this is a very complicated matter.
- Thus far, it seems clear that the property transfers from SRWR to EFB may not have been done correctly, so any illegalities and improprieties need to be further addressed and resolved.

Restructure of the ARB

- As a result of the recent termination of the Board members of SRWR and the POA, the Receiver disbanded the ARB. There is no longer a \$900 fee for the review of home building plans.
- The Receiver met with and interviewed Kendis Kelly and Erwin Contreras. Both are very qualified and are working on a simplified checklist of building requirements. They will also be the primary participants with the Receiver as part of the new Design Review Group (DRG), which will do all inspections and reviews as needed. Kendis and Erwin are both long-time salaried employees and will not be charging separate, per inspection fees.

Streamlined Process for Obtaining Property Titles

- The Receiver and its local attorney had a positive meeting with representatives of the Central Bank. The Central Bank representatives were cordial, and the Receiver is hopeful that they will not hold the Defendant's "sins of the past" against innocent lot purchasers for violations of the Exchange and Control Act. It was a long meeting and the Receiver assured the Central Bank that the goal is to continue operations at the Reserve and make it viable. The Central Bank was pleased with this information. The Central Bank promised to send a letter to outline the submission required by the Receiver to try and resolve past concerns. The Receiver reported that it received the letter one hour before the Consumer Committee meeting and have not been able to study it in depth. Early indications are that while the process will be complicated and require a lot of work, it is likely that the Receiver will be able to prepare the submission requested by the Central Bank that meets their requirements.
- The Receiver stated that approximately 30 owners had paid off their lots and not received title. Resolving problems encountered in the transfer of title

should increase the value of the asset. It is anticipated that once sales start again and the rules are followed, obtaining titles should be an easier process.

- The Receiver noted that the majority of those awaiting title are the only owners of their lots and ownership is not contested. Those titles will be dealt with first; titles of lots with potential duplicate claims will be dealt with later.
- The Receiver stated that potential claimants/owners number between 1100-1300. The majority of these have been silent about all proceedings thus far.
- The Receiver was told that several years ago there was meeting with Central Bank, Andrew Usher and others. The Central Bank requested information regarding property sales, which Andrew Usher had access to and promised to provide. However, within several days of that meeting, Andrew was allegedly terminated by the Defendants.

The meeting was adjourned.