

In re Sanctuary Belize Litigation

Consumer Committee Meeting

Virtual Teleconference

May 26, 2022 | 3:30pm – 5:00pm ET

| Attendees | |
|-------------------------|---------------------------|
| Name | Affiliation |
| Craig Hibbert | Consumer Committee Member |
| James (Jimbob) Slocum | Consumer Committee Member |
| Jodi Vance | Consumer Committee Member |
| Leslie Thomas | Consumer Committee Member |
| Lisa Daniels | Consumer Committee Member |
| Michele Weslander Quaid | Consumer Committee Member |
| Shawna Arop | Consumer Committee Member |
| Shryl Kirkbride | Consumer Committee Member |
| Benjamin Theisman | FTC |
| Marc Ferzan | Receivership Team |
| Rachel Woloszynski | Receivership Team |
| Terry Brody | Receivership Team |

Agenda

- I. Receivership Administration Update
- II. Consumer Committee Member Feedback / Questions

Current Status of Proposed Redress Plan:

- The FTC's proposed redress plan is pending before the Court for approval.
 - The Receivership Team currently does not have any indication when the Court may rule on the proposed redress plan.
 - The Receivership Team is working to ensure that there are foundational processes in place to efficiently administer the redress plan once it is approved.
 - Consistent with past practices, Consumers will be provided with material updates as they become available.
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Meeting called to order at 3:30pm ET

I. Receivership Administration Update

Receivership Team Priorities:

- As described more fully in the Receiver's quarterly report of activities for the period January 1, 2022 to March 31, 2022, the Receivership Team is gearing up for marketing and sale of the properties in anticipation of redress plan approval. As part of these efforts, the Receivership Team continues to, among other things:
 - Engage with the Belize management team and staff on a regular basis;
 - Administer process controls for Belize development area operations and maintenance responsibilities;
 - Evaluate operations and maintenance efficiencies, while managing limited estate resources, in line with court mandates;¹
 - Collect and consolidate available consumer information and documentation to facilitate consumer decision making once a redress plan is finalized;
 - Meet with qualified brokerage firms and local realtors to understand the current marketplace; and
 - Engage with local government to validate land records in order to facilitate marketing and sales processes.
- With respect to efforts undertaken to validate land records, the Receivership Team has, among other things, collected and reviewed historical title records in order to substantiate chain of title. The Receivership Team also has engaged third party title researchers to update those title searches and provide opinions on marketability. It is anticipated that this information will be included in a data room for prospective developers as part of a due diligence process once the Belize properties are marketed, and is also expected to facilitate efforts to obtain title insurance as part of post-redress plan sales transactions.

Insurance:

- The prior receiver secured general liability insurance for both properties. The Kanantik policy expires on June 22, 2022 and the Sanctuary Belize policy expires on September 11, 2022. The Receivership Team is working with Marsh USA, an international broker, as well as a local broker, to procure replacement coverage for when the policies expire.
- The prior receiver had previously determined that cost-reasonable property insurance was not available to insure structures that are part of the receivership estate. The Receivership Team has asked its brokers to evaluate the current marketplace for property insurance. The brokers surveyed the relevant receivership assets with structures and are in the process of soliciting proposals from eligible carriers.

¹ As discussed in the March 2022 Consumer Committee meeting, the Receivership Team worked with local management to right-size the Belize workforce with the dual goals of delivering comparable levels of service while reducing operating costs. This led to an approximate 10% reduction in headcount. Based on the Receivership Team's ongoing engagement with staff, to date no lapses in service or responsiveness have been identified.

Follow-ups from Receivership Team Visit to Belize / Town Hall:

- *Roads*
 - The Receivership Team, Sanctuary Belize staff, and officials from the Ministry of Works met during site visits at the end of April, 2022, to discuss maintenance issues on All Pines Road. Ministry Officials confirmed that both All Pines Road and the wooden bridge spanning Cabbage Haul Creek are on the Ministry's infrastructure maintenance schedule. However, due to limited resources, it likely will be some time before the government will address related projects.
 - At the meeting with the Ministry of Works officials, the Receivership Team pointed out that All Pines Road is the only way in and out of the development, and that the deteriorating conditions on the road may create health and safety concerns, particularly in emergency situations requiring rapid entry and/or egress. The officials confirmed that the Receivership Team is permitted to undertake targeted emergency repairs on the public roadway as necessary to mitigate these concerns. The Receivership Team directed Sanctuary Belize management to send a confirming letter following the meeting to memorialize the understanding.
 - The Receivership Team and local management will continue to communicate with government officials so that longer term solutions and ongoing maintenance issues relative to All Pines Road may be addressed. In the meantime, the Receivership Team will implement a plan to ensure a certain level of road conditions are maintained to accommodate health and safety considerations. As All Pines Road is the first landmark that prospective developers will see when they visit the Sanctuary Belize development area properties, it is recognized that maintenance also will be a relevant consideration in connection with marketing efforts once anticipated site visits commence.
- *Security*
 - Lighting at Security Booths – Residents who participated in a Town Hall hosted by members of the Receivership Team, along with members of the local management team, during the April 2022 site visits raised for consideration that the lighting of security booths during evening hours may not be sufficient. The Receivership Team engaged with management and security staff to develop a cost-effective plan to add lighting at the booths, which is expected to be implemented in the coming weeks. It is expected that this initiative will not only serve to enhance security, but may also add value in marketing and sales efforts.
 - Care of Security Dogs – Residents raised issues regarding the care of the security dogs. The Receivership Team engaged with staff to further evaluate conditions, and subsequently sent a written directive regarding care for the dogs to maintain proper treatment. Among other things, regular, on-site veterinary services will be provided for the dogs every six months, and new food and water bowls have been purchased to facilitate nutritional needs. The dogs will also be provided with longer leashes at the security booths while on duty so that they may be comfortable and move around more freely. The Receivership Team is continuing to evaluate the sheltering accommodations for the dogs, as well as the cost of adding covered areas at or near the security to booths as may be necessary.

- Renters on the Property – The Receivership Team recently worked with local staff to implement a more robust policy for when residents rent out their homes. The policy was distributed to all homeowners last week. The policy requires homeowners to provide the security team with information related to renters, and reminds homeowners of their responsibility to register their accommodations with the Belize Tourism Board, among other things. This policy has been implemented, in part, in response to concerns articulated by residents who participated in the Town Hall relative to renters who have not respected shared amenities, and concerns articulated by Consumer Committee members relative to compliance with requirements set forth by the Government of Belize, including things such as registration and Covid-19 protocols. The Receivership Team will continue to coordinate with staff and security to track rental / leased properties and to monitor that only permitted individuals are granted access to the property and amenities.
- *Maintenance Projects Under Consideration*

Under U.S. Court directives, the Receiver must generally conserve development area assets and prevent amenities from falling into disrepair, as well as undertake efforts to limit certain material degradation of the Sanctuary Belize development area’s environmental conditions. Accordingly, the Receivership Team is evaluating the necessity and cost of certain maintenance projects.

 - Marina Docks – The Sanctuary Belize marina docks have experienced significant wear and tear over the years. The prior receiver obtained maintenance estimates, but work was not initiated. Local engineering staff confirmed if the condition of the marina docks is not addressed, greater structural issues may arise. The Receivership Team is seeking additional guidance from staff and an external vendor with relevant expertise to consider appropriate action.
 - Beach Replenishment – There is significant erosion at the beachfront near the entrance of the Sanctuary Belize Beach Club. The Receivership Team is assessing options and has recently sought guidance from coastal engineers to update a plan that would support beach replenishment and potential erosion mitigation strategies. The Receivership Team plans to leverage in-house staff, equipment, and materials as appropriate to accomplish the work in an effort to contain related project costs.
- *Assets for Use/Rent/Sale*
 - Ambulance and Emergency Services Solution – At the Town Hall, residents inquired whether the ambulance may be made available to transport residents in the event of a health emergency. Sanctuary Belize does not have employees on staff with the appropriate training and certification to operate the ambulance and/or provide medical care. Moreover, there are no plans in place to provide such 24-hour healthcare-related services. However, the Receivership Team is exploring an arrangement with the Southern Emergency Service located approximately ten minutes up Southern Highway on Hopkins Road, which may be able to provide emergency transport services to the Sanctuary Belize community at minimal cost. The Receivership Team is also in the process of considering whether the sale of the ambulance may be appropriate.
 - Gym Equipment – At the Town Hall, residents asked if they could use the gym equipment, which is in the garage of the property that formerly belonged to Peter

Baker. The Receivership Team considered a variety of factors, including security, safety, and insurance, and ultimately determined it will not open the gym to residents. The Receivership Team is, however, in the process of determining whether the sale of the gym equipment in the near term, whether separately or as part of the anticipated sale of the residence, may be appropriate.

- *Constitution of Consumer Committee*
 - At the Town Hall, residents expressed interest in joining the Consumer Committee. The Receivership Team intends to reevaluate the composition of the Consumer Committee in third quarter of 2022. Residents were reminded that they may continue to engage with the Receivership Team directly on issues by emailing info@sanctuarybelizereceivership.com.

II. Consumer Committee Member Feedback / Questions

- Status of Litigation and Redress Plan – Consumer Committee members inquired whether there has been any movement by the Court or updates in the litigation. The FTC noted that there are no updates in the litigation at this time and appeals are still pending.
- Status of Kanantik – A Consumer Committee member inquired about the status of the Kanantik property. During the Receivership Team’s April 2022 site visit, the property appeared to be suitably maintained. The Receivership Team is optimistic that the substantial stretch of beachfront property should be desirable for qualified developers. The Consumer Committee member highlighted that she believes additional explanation regarding Kanantik consumer compensation and future decision making will be necessary once a redress plan is approved. The Receivership Team reaffirmed that it will make resources available to support impacted consumers in the claim application and decision-making stages of the process.
- Bridge Construction – A Consumer Committee member inquired about the agreement with the Government of Belize to build a bridge across the Sittie River near Hopkins Village. The Receivership Team indicated that it understands the importance of maintaining open lines of communication with the government on such matters to enable potential future dialogue in order to address the interests of the Court, the FTC, qualified developers, and consumers / development area residents.
- Beach Club Access – A Consumer Committee member inquired about boaters being restricted from accessing the Beach Club. The Receivership Team understands that historically, a policy restricted use to only lot purchasers. While that policy may not always have been followed, the Receivership Team believes it is appropriate to continue this policy in light of security and insurance considerations, as well as other related costs. Lot owners are permitted to host guests at the Beach Club so long as they are present. The Receivership Team will continue to work with local staff to ensure that the Beach Club is appropriately maintained, and that only permitted individuals are granted access.

Meeting adjourned at 5:00pm ET