

In re Sanctuary Belize Litigation

Consumer Committee Meeting

Virtual Teleconference

March 31, 2022 | 3:30pm – 5:00pm ET

Attendees	
Name	Affiliation
Craig Hibbert	Consumer Committee Member
James (Jimbob) Slocum	Consumer Committee Member
Leslie Thomas	Consumer Committee Member
Linda Ozminkowski	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
Rachel Woloszynski	Receivership Team
Terry Brody	Receivership Team

Agenda

- I. Consumer Committee Meeting Follow Up
 - II. Receivership Administration Update
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Important reminders regarding the role of the Consumer Committee:

- Consumer Committee members are not representatives of the Receivership Team. Consumer Committee members provide agenda topics for discussion during the monthly meetings and may also serve as conduits of information to lot owners. They are not expected to act on behalf of the Receiver or to address concerns expressed by other consumers.
- Consumer Committee meetings are intended to provide transparency and information to all lot owners through the minutes made available via email and on the Receivership website at www.SanctuaryBelizeReceivership.com.
- Consumers who have questions regarding court proceedings and the Receivership estate should email info@SanctuaryBelizeReceivership.com.

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 information updates as they become available.
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Meeting called to order at 3:30pm ET

I. Consumer Committee Meeting Follow Up

Roads:

- On March 11, 2022, the Receivership Team directed management at the property to send a second letter to government authorities to request that All Pines Road, a public road within the jurisdiction of the Ministry of Works, be repaired. Alternatively, authorization was requested to permit the Receivership Team to perform some of the repair work if local government does not have any near-term plans to address the deteriorating road conditions. No response has been received from government authorities to date, but the Receivership Team will continue outreach efforts requesting action be taken to address road conditions. Consumers are also encouraged to contact local officials requesting action, and can do so using the following contact information:

Mr. Miguel Guerra, District Technical Supervisor, Stann Creek District
midh.stanncreek@midh.gov.bz
+501-614-2290

Contact information for Ministry of Works:
chief.engineer@mow.gov.bz
tristan.usher@mow.gov.bz

- The Receivership Team has continued to evaluate road conditions and make necessary repairs across the estate. Phase I of road repairs were completed in March 2022, including work on Estate Road, Savannah Road, Marina Road, and the section of road between All Pines Road and Equestrian Road. Maintenance on a section of All Pines Road also was completed.
- The Receivership Team is in the process of evaluating with staff the timing and costs for Phase II repairs.

Beach Club:

- The Receivership Team was previously asked whether WiFi will be made available at the Beach Club. After coordination with staff, the Receivership Team agreed that it was appropriate and cost reasonable to provide WiFi at the Beach Club for security and connectivity reasons. Wireless setup for the Beach Club area was completed in March 2022.
- The Receivership Team was made aware that staff may not have received pool maintenance supplies in recent months. The Receivership Team coordinated with staff and confirmed that all pool maintenance supplies that were purchased were received. The Receivership team also obtained photos of the pool and staff indicated that the pool has been maintained daily, including water treatment, analysis, scrubbing, and skimming.

Grounds Keeping:

- The Receivership Team was informed that Northridge Park grounds have not been adequately maintained. The Receivership Team corresponded with staff regarding maintenance and upkeep in Northridge Park and grounds keepers will work to address the matter.

II. Receivership Administration Update

Redress Plan Preparation:

- There is still no update regarding when the FTC's motion for approval of the proposed redress plan will be decided by the Court. However, the Receivership Team has continued preparations for administering the redress plan, as the proposed plan is quite complex and includes quick turnaround times.
- The Receivership Team began drafting required consumer notifications and are developing detailed workflows that will inform how claims move through the anticipated redress plan adjudication process. The Receivership Team also is in the process of completing a comprehensive consumer database and will continue preparing for redress plan administration so that the Receivership Team will be in a position to efficiently and effectively implement once the Court rules on the plan.

Estate Marketing Considerations:

- The proposed redress plan contemplates the Receiver will market and sell the properties to qualified developer(s), who will be responsible for maintaining the property, making certain infrastructure improvements, and undertaking further development activities. In anticipation of that process, the Receivership Team has been undertaking preparations, including among other things, evaluating qualified brokers with requisite expertise and experience, beginning to put together a data room to facilitate due diligence, creating financial modeling to facilitate marketing and validate offers, and performing a range of pre-marketing assessments.

Operations and Maintenance at the Properties:

- The Receivership Team continues to work closely with the staff at Sanctuary Belize and Kanantik on the day-to-day management of the properties. As discussed in previous Consumer Committee meetings, the costs to operate the properties are significant and there are minimal revenues coming in to the receivership estate. Therefore, the

Receivership Team has continuously looked for opportunities to realize greater operational efficiencies.

- Among other things, the Receivership Team has worked with local management to right-size the workforce with the dual goals of delivering comparable levels of service while reducing operating costs. This has led to an approximate 10% reduction in headcount. The overall monthly expenses associated with running the properties, separate and apart from employee salaries, also has been reduced over the past few months.

Land Taxes:

- As described in the Receiver's Land Tax Notice dated March 3, 2022, the Receiver has endeavored to pay land taxes on all lots and parcels where title remains in the name of a Receivership entity. To do this, the Receivership Team engaged a local consultant to liaise directly with the government in order to secure land tax statements and make payments before the March 31, 2022 deadline.
- Notably, this year was the first time the Receiver has paid land taxes on many of the parcels, including Kanantik. The Receivership Team determined it was necessary to address all arrearages in advance of marketing the properties to qualified developers.
- The Receiver's Land Tax Notice prompted more than 100 inquiries from consumers. The most common question received related to whether title had been formally transferred to the lot purchaser, which would require such lot purchaser to pay taxes. In most cases, title had not been transferred, and the Receivership Team confirmed with the lot purchaser that the Receiver would satisfy the land taxes.

Marina Rates:

- In February 2022, management at the property suggested consideration of an increase in the dockage rates at the marina for non-lot owners only. The dockage rates have not been increased since the marina has been in operation. Working with management, the Receivership Team performed an analysis and determined an increase in the electricity, water, maintenance, and dockage fee **for non-lot owners only** was appropriate for several reasons.
- Among other things, the Receivership Team evaluated rates associated with nearby marinas, which validated that the proposed increases were comparable. While the marina generates some revenue, the costs associated with normal operations – including electricity, water, and personnel costs – are not insignificant. On top of this, there are regular maintenance and repair costs that are necessitated by the regular wear and tear of marina facilities. The Receivership Team will maintain the current rate structure for lot owners and the new rate structure for non-lot owners will become effective on May 1, 2022.

Quarterly Reports:

- The Receiver will continue to issue quarterly reports to apprise the Court, lot purchasers, FTC, and other stakeholders of the status of material court proceedings and the Receivership estate. The next report is expected to be issued by the end of April and will cover the first quarter of 2022.
- Lot purchasers are encouraged to read the Consumer Committee meeting minutes and quarterly reports, which provide helpful information for all stakeholders.

Litigation Update:

- The FTC also provided a briefing on the recent settlement agreement with defendant Luke Chadwick and related entities. On March 23, 2022, the US District Court in Maryland entered a Stipulated Order, which, among other things, provided that Luke Chadwick and related entities turnover to the Receiver any and all legal or equitable interests in any property or entity associated with Sanctuary Belize and Kanantik. The Stipulated Order is available on the Receivership website at www.SanctuaryBelizeReceivership.com.

Meeting adjourned at 4:15pm ET