

Master &  
General  
Forum

February 24, 2022



**VIVO RESORTS**

OAXACAN BEACHFRONT LIVING

# Introductions

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- Cary Mullen – President of the Master Association
- Patricia Simpson – GM & HOA Consultant
- Alma Angulo – Condo Manager
- Luis Arvizu - Director of Maintenance
- Edgar Rodriguez – Director of Finance

# Agenda

Introduction of Key Staff and Officers

Meeting Rules and Procedures

Introduction by Cary

- Developer Update

Structure Overview

Reports

- Management
- Leadership Council

Open Forum

Reference Material:

- 2021 Financial Overview
- Review of 2022 Budget



# Meeting Rules and Procedures

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Any Rental, Resort or Master Association matters will be discussed at a later forum

Please be respectful and courteous

The Board requested questions in advance, and they will be grouped and if similar combined, then answered in this presentation before other questions are taken.

Please only speak at times when there are open questions or during the Owner open forum

Please speak only when recognized by the President or other presenter.

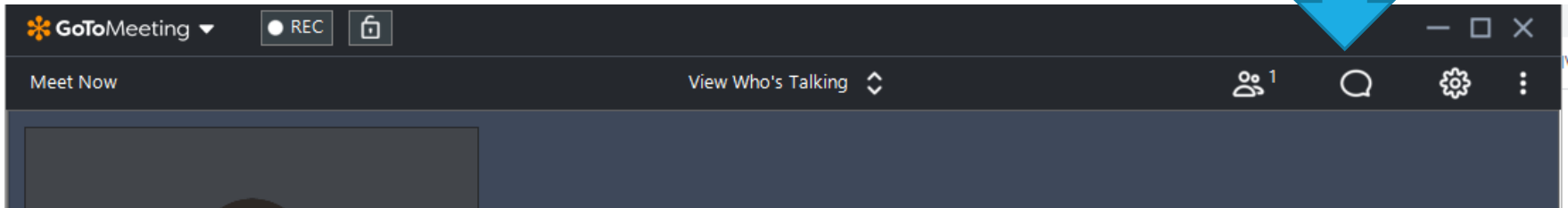


# Meeting Rules and Procedures Web

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## Web Participation

- Please enter your questions in the chat feature.
- A moderator will queue up questions for the Board.





# “VIVO RESORTS”

VIVO means ALIVE!



Developer  
Update &  
President's  
Report



**VIVO RESORTS**

OAXACAN BEACHFRONT LIVING

## Goal from this presentation

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To provide our owners with a very brief recap of 2021, and then will discuss current challenges, and 2022 initiatives.

- I'll share some of the challenges from my seat and what we're planning to do about it as a team, and what I request of you as our owners.



## **SAFE HARBOUR STATEMENT**


The following presentation may include certain "forward-looking statements" within the meaning of the United States Private Litigation Reform Act of 1995 and applicable Canadian Securities Laws. All statements other than statements of historical fact, included in the presentation, including without limitation, statements regarding potential results and future plans are forward-looking statements. Words such as "expect", "anticipate", "estimate", "may", "will", "should", "intend", "believe" and other similar expressions are forward-looking statements.

Forward-looking statements are not guarantees of future results and conditions but rather reflect our current views with respect to future events and are subject to risks, uncertainties, assumption and other factors, and actual results and future events could differ materially from those anticipated in such statements.


There can be no assurance that such forward-looking statements will prove to be accurate. We base our forward-looking statements on information currently available to us and we do not assume any obligation to update them, except as required by law.

# Appreciation & Gratitude

## I'd like to start with gratitude

- Our Team members: Over 100 team members striving to serve our owners, guests and the associations
  - You our Owners
  - The communities we are part of
  - Our Association Board member volunteers, Committee member volunteers, Leadership Council member volunteers, & the expert service providers we've attracted. It's easier for any of us to complain that serve & help solve.
  - Our Vivo Foundation Board volunteers, and the many owners and team members that contribute and serve to help us be good neighbors and good stewards in the community and of the environment.
  - Our head start as the market leader, physical proofs of completion (>20 Villas, >150 Condominiums built, 55,000 sq ft Clubhouse with amenities, 3 pools, tennis and pickle ball courts. Puerto is now being discovered.
  - That new guests, including industry experts are genuinely impressed with what we have built and accomplished here in Oaxaca with Vivo Resorts.
  - Full services available & open (56% of hospitality companies closed completely)
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# 5 Focus areas for our team in 2022

- Get our construction going with more accurate and predictable construction schedules, and with enhanced quality assurance procedures. (And more cleanly sites.)
  - Boost our owners' rental occupancy and revenues in 2022 for our owner's condo and villa rentals.
  - Continue to sell re-sales for our owners, & more developer sales. (Expand new avenues.)
  - Build off the many improvements Pat has brought to our HOA's, striving for even greater efficiencies on costs for the Associations. (Recruiting & Onboarding for this.)
  - Continue to have our team deliver delicious food and beverages, while improving our brand service consistency and speed, and our onsite activation (programs, activities, entertainment etc).
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# Vivo Resorts Revised Purpose Statement

(With input from the Vivo Leadership Council)

*Create beautiful living & recreational spaces where enhanced relationships, joy & health can happen with purpose & meaning.*



# Vivo Resorts Onboarding (Team & Owners)

## Beautiful Resorts (Product, Service, Experience)

- **An atmosphere/environment of happiness, positivity and community**
- Amenities and services fostering a happier, healthier more connected life
- Professional and comfortable rental experience

## Enhancing People's Lives (Why)

- We strive to enhance the lives of our guests, owners, team members and local communities.
  - **We have a mission to improve perceptions, preconditioned judgments, and bring North Americans together. To love and befriend all, with positive, friendliness and caring attitudes.**
  - **Our support of the Vivo Foundation is grounded in striving to be good neighbors and help enhance the lives of individuals & families in the local communities.**
  - **We enhance the local economy as the Vivo Resorts community has become the largest employer in Chila & Puerto Escondido and these team members then support local vendors, shops and education. We care about this.**
  - We encourage people to live their legacy AND leave a legacy.
  - We strive to produce environments to share life's greatest moments together.
- 

# Moving Forward for Success

- I need to recruit the team & external experts to help this development be successful and sustainable. I & our team need to on-board these new team members and experts.
- As much as I want to, I can't engage personally in each owners request for me to meet or get involved. I need to be able to empower people. When an owner brings a topic to me to solve, it disempowers the team member, and it will take me 1.5 hours to get up to speed on a topic, half an hour to consider solutions, and half an hour to communicate that +++ the ongoing rebuttals. I can't do that. 60 to 120 hours a week every week would be this, and it would multiply. That is not sustainable. I care. This is my legacy. This project has grown to where I can't be part of everything.
- I will share a presentation here. During the Q&A portion, if I've already addressed that topic then I've addressed it. We can't keep asking the same questions over and over again, otherwise we won't get to address other people's questions.
- I'm not sitting still. I'm investing in recruiting talent & experts. I'm focused, I'm working, I'm / we're adapting.



# Vivo 2021 Initiatives

- Further trained the team on safety protocols & continued practice.
- The onsite team followed ever changing COVID legal protocols utilizing PPE's, cleaning materials & equipment. The team was trained on COVID protocols, and the municipal inspection agency certified & recognized Vivo as the best COVID protocols in the area.
- Pat mentored and worked with our finance and accounting team & leadership to ensure our financial reporting is accurate, timely & transparent.
- Fiber Optic Project: Assembled budgets, contractors, scope of works and contracts. Then secured approval from all Association Boards and the Developer and undertook this project in 2021.

# Vivo 2021 Initiatives

- Vivo was awarded SafeTravel by Oaxacan Tourism Ministry designation. Vivo was honored with the TripAdvisor Travelers Choice Award. And Trip Advisors + Status.
- Completed the cement pouring of all floors, walls & ceilings in Building Nautico & continue to work on the finishing & carpentry elements.
- Constructed 3 stories of Botanica A6 Condo Building.
- Completed 3 villas.
- Shared Master Association budget with our Owners.
- Chef Herman & the kitchen Team have vastly improved our food
- Started new move in ready resale's program.



# Vivo 2021 Initiatives

- Designed and launched a new Vivo Resorts Website in 2021 that combines Rentals & Real Estate
- Invested in and finished a construction & service road to reduce construction traffic on the Vivo blvd and within the resort.
- Continued meetings with the Vivo Community Leadership Council with representatives from the Condo Associations Boards, The Villas, Commercial, & the Master Association.



# Challenges

- Covid has obviously affected the world, including our Vivo team, you our Vivo Owners, guests, the community AND the world at large. Omicron spike in late 2021 and early 2022. Most businesses have been negatively impacted by Covid.
- As a result of Covid:
  - We unfortunately had to keep some of our outlets or activities closed at certain times due to restrictions or only open based on occupancy. (Increasing team size fast enough is a challenge.)
  - Rental occupancy was better in 2021 than 2020, but was lower than we wanted in 2021 and continues modestly better in Q1 2022.
  - With lingering Covid supply chain & labor force, our pace of construction has been far slower than norms. Please note with more projects being done locally, there is more local demand for construction jobs so we're competing for skilled talent. Lack of accurate Construction schedule timing. Slow progress with construction. Dirty construction sites and beside sites.
  - Inflation globally and in Mexico, thus increasing many prices
  - Resort outlets occupancy has been low.
- Many of our team members spending a lot of time on owner requests that aren't within the scope of Condo Association, Master Association, Rental Management or Commercial

# Challenges – Resale's

- We have a higher **number of resale's** listed than average. This is important. A norm for a 2<sup>nd</sup> home resort development is around 10%. We are at 20% so that is much higher than we want and is a concern for me and our team.
  - Due to:
    - Inflation around the globe increasing costs and thus fees. **Cost of ownership increases.**
    - Travel restrictions or “fear of being stuck” resulting in **low rental income in 2020 and 2021**. And lack of DT guests for less resales.
    - Due to Covid restrictions and uncertainty, many Owners have not travelled to use their homes.
    - Owners upgrading to other properties at Vivo (this is the good news).
    - Volume of new sales and re-sales is lower than our historic numbers as a result of prospective owners unable to fulfill Discovery Tour reservations.
    - The Canadian market has typically been strong for Vivo, but with Covid travel restrictions, this market has travelled way less.
    - Owners being so negative that it's hurting other owners positive experience of Vivo. They don't want to be around negative talkers.

# Resale's

- Resale's ACTIONS being taken and to be taken:
  - New website being optimized by consultants to increase rentals
  - External Brokerages and agents and referral sources. **We welcome external brokers and agents** and want to work with them. Listing agent, or buyers agent. Who brings the buyer?
  - Hesperus brought on Board to also help identify efficiencies and possible savings due to scale and relationships.
  - Attracted Rental Marketing & Sales experts in Mexico and the US to help boost 2022 rental revenue & occupancy
  - New GM / Operations Manager
    - Expertise and focus more on marketing and sales of rentals
    - More on consistent and timely service for enhanced owner experience, and enhanced guest experience for return rentals and also to convert some to owners.
  - Believe Bank loans after each condo individualized
  - \*\*David Foster
    - Open Houses for Move in Ready homes
    - In suite listing sheets
    - Featuring in our marketing to our Database
    - Bilingual onsite sales personnel
    - Increase in walk in traffic to the Discovery Center (real estate sales office)



# Challenges

- Our General Manager being asked to be involved in owners requests and Association requests that take time away from focus on rental marketing and sales, and hospitality improvement initiatives.
- Numerous Condo Board meetings for Condo Manager & GM & support managers
- Fiber Optic project completed but not the higher bandwidth level yet. (Any week)
- Not enough Developer & Construction Communication. And not executed as per forecasted.
- Inconsistent service speed and anticipation in the restaurant, pool bar and pool deck area.
- Our Brand standards not being consistently followed.

# Challenges from my seat

- A few select disgruntled owners seeking out discovery tour guests, external brokers, rental guests, and recruits: to complain about everything they see wrong with Vivo Resorts and that these people should stay away. This hurts return rentals, hurts resale's, hurts us recruiting talent that can help us go to the next level of improvement. Hurts recruiting external resale brokerages. Hurting the vibe.
- A few select owners yelling at our team members. We've had some very good team members quit for this reason.
- A few select owners treating guests disrespectfully. Please note that rental guests are the guests of the owners.
- Owners going to the next level up when they don't like the answer provided from a team member. This takes more management time and also disempowers our team members. We've had some very good team members quit for this reason.

# Challenges from my seat

- Construction Administration: Fausto identified a lack of thorough budgets because there were always extras/extras. Also the construction schedules weren't being achieved, nor with optimal sequencing or quality assurance processes. Lacking accountability. (We've been slow due to Covid and due to this. Fausto said hold. We need to take time to establish all encompassing budgets & schedules. And a change in construction leadership admin. A transition time to new leadership.) Some owners not paying for construction milestones so this makes our cash flow model more difficult. **We will finish our projects.**
  - We will finish Nautico. We have a redone thorough budget now, and a schedule and they are working on site and also back in the carpentry and aluminum providers.
  - We will finish our villas. We have new thorough budgets for each, and a schedule and are executing.
  - Where I'm unsure about timing, and where Fausto and Jesus are unsure about timing are on three of our projects:
    - Botanica, We need a thorough budget and schedule and for owners to pay. We also want to sell one more as we build, or we need to subsidize.
    - The 4<sup>th</sup> pool, We need a thorough budget and schedule and define how much can we pay
    - BLVD hardscape surface. Decide what. Create budget. Decide when we can pay.
    - We need Jesus to do thorough budgets on these, schedules on these, and match them to cash flow projections and **accounts receivable**. With those three timing is unclear.

# Ownership

- Titles, Corporate Trust / Mandato / Irrevocable Power of Attorney:
  - Over the past 10 years we've had 5 to 6 different Notario's conduct HUNDREDS of closings for new sales and resale's at Vivo. Very straight forward, and they even come to Vivo. We've had owners that have bought elsewhere in Mexico previously thank us profusely for the ease, lack of pain and time in that process.
  - Our sales operations team typically **sets up closings and the closing process weeks or months in advance**. This allows sufficient time in case there is a question or a concern from the Notario or their assistant, they notify us, and we then provide the Notario with the answer, a clause, additional information, documentation, signatures or other. It's been how we've done hundreds of closings.
  - Recently 2 different owners tried to conduct a resale closing without Vivo or our legal team as part of the process. You need to prepare 4-8 weeks in advance.
  - As reference, if you had a fideicomiso / bank trust ownership and you went to resell your property, you would need to notify the bank 6-12 weeks in advance and the bank would need to sign all sorts of documentation before you can finalize the closing with the Notario.
  - For those wanting to close with or sell to a fideicomiso or escritura, we have a new Notario working to have these all individualized and dove tail for all of the condo regimes and each individual condominium. We've been working on this for months yet there are Notario's involved, & government workers involved, & politicians. With the Omicron spike in November in Mexico many government offices closed, and remained closed and only reopened February 15<sup>th</sup>. Striving for Bankable resales.

# We've had challenges before

- No road, no power, no condos, no villas, no restaurant or bar, no front desk, no external experts,
- Construction stoppage
- Team member change overs
- Most people are afraid of change, EVEN when they want improvement
  
- We've have doubters before, & we always will. People who do things have doubters. The doubters get to be right until you finish it. Then the doubt the next thing.

# Memory Lane vs Track Record

What Worriers, Doubters, and Rumors have said along the way:

(Owners, gringos, locals, prospective buyers, team members)

- Vivo will never buy all the pieces of property for an access road
- Vivo will never pay to put in a road for over 5 km
- Vivo will never sell one condo waaaay out there
- Vivo will never have electricity because they will never pay to put electricity in for over 5km
- Vivo will never start construction because they are out of money
- Vivo will never finish the first building because they are going to steal the money
- They don't have building permits
- They are out of money and will never finish the first building
- They are doing damage by creating a marina
- They want 146 boats and jetskis on the lagoon
- No one will ever be able to move in and take possession
- They are closed for construction by the government forever
- They are closed and will never be able to build again



# Memory Lane vs Track Record

What Worriers, Doubters, Nay sayers, and Rumors have said along the way:

(Owners, gringos, locals, prospective buyers, team members)

- They will never be given a business license for occupancy
- They were built with inferior quality and the very first earthquake and the buildings will fall down
- The first hurricane will wipe it out
- They will never build the clubhouse because it is too expensive
- They are closed on the CH and will never open it
- They are out of money and will never finish the Clubhouse
- There are no workers working because they are out of money
- They aren't paying the workers
- They laid off workers because they don't have any money
- They are firing local workers because they don't care about them
- They aren't paying their workers enough money and are paying under local norms
- They are late paying their workers
- No one will ever rent a condo waaay out there

# Memory Lane vs Track Record

What Worriers, Doubters, Nay sayers, and Rumors have said along the way:

(Owners, gringos, locals, prospective buyers, team members)

- They won't be able to ever resell a condo or villa
- Kristina Mullen is divorcing Cary because Cary has a Mexican girlfriend and he's leaving his wife.
- They will never build the Clubhouse because it is too big and too expensive.
- They aren't making any progress on the palapa of the CH because we can't see any progress (4 weeks later when the palapa roof was finally visible, we were heroes. Meanwhile we had been working the entire time. Some stages are visible and others are not.)
- They won't finish Building F because they don't have enough workers and they are out of money
- They're opening a Billion dollar casino
- They opened a casino and are taking millions from the local poor people because they locals are gambling in the casino
- The foundations of their buildings are horrible and they will sink in the sand
- Now that Building H is 5 stories, they all of a sudden took almost all the workers off of it, because we can't see any workers

# Memory Lane vs Track Record

What Worriers, Doubters, Nay sayers, and Rumors have said along the way:

(Owners, gringos, locals, prospective buyers, team members)

- On Building H we want a headcount because they went from 200 workers to 5
- They are using inferior construction practices
- They are out of money and won't be able to finish Build H
- They are out of money and won't finish the 3<sup>rd</sup> pool and pool bar
- We can't see enough workers on Marino so they are out of money and won't finish Marino

(ALL DELIVERED)

2022:

- Nautico is slow with not enough workers, and they won't ever finish Nautico.
- Nautico & Botanica stalled after Christmas so they must be out of money and won't finish Nautico or Botanica.
- Pat the GM is moving on and they won't be able to get a GM to transition well.
- There have been 2 owners that tried to do closings without Vivo involved and the Notario couldn't conclude it. What's wrong?

\*We just keep focused, keep working hard, and keep adapting,...and keep finishing.

# Owners Concerns

- Owner's rights to their property; concerns about the Corporate Trust and Title to individual properties (escritura, title insurance)
- Protection of the value of people's property.
- Number of resales
- Lack of Developer communication with Condo owners
- Lack of interactions/visibility when at Vivo. Why not be present at Superbowl, when on the Vivo premises? (Social please. Potential Operations Manager meeting. Superbowl Pat)
- Vivo Nuevo development is considered a financial drain
- Rumors of financial issues due to stoppages in construction
- What happened with Coral Tree?
- Pat's leaving as GM, maintaining the legacy knowledge and keep the momentum

# Owners concerns

- Why will the Hesperus Group be an improvement? (Mexico experience and numerous properties expertise. Brand identification. Community Development. Construction. Home ownership within a branded resort community. Consistent delivery of service on brand standards through processes, training, recruiting, developing & tracking. High rental revenue rates & occupancy.)
- View of the Hesperus Group and new GM position, including good transition.
- Long term viability of Vivo Resorts under current developer.
- Are there financial challenges?
- Cary should have Direct owners intervention in villa construction, when guidelines seemingly not followed.

New fees/restrictions for sales: Have the 'rules of engagement' changed with regards to selling our units? I'm hearing that new admin fees and failure to transfer contractual expectations are coming up (Condos and Lots). It would be good to understand the current sales leaderships strategy on engaging with potential sellers.


Sales strategy: Now that we're coming out of COVID slowdown (where there were very few discovery tours), and with the upcoming introduction of Oceana (new units to sell) what is the sales strategy and intention for resale units? This is important if you want to consider Vivo sales or potentially third party realtors.



# What am I worried about?

- Founder & President (Cary) requests to focus on not long term initiatives, but weekly fires that are urgent for certain owners.
- Volume & ratio of “vocalized upset & urgent”, vs silence of what’s good or great. Impact on team, impact on other owners, and impact on myself.
- A few select owners consciously going out of their way to find DT guests, rental guests, owners, external broker agents, or new recruits to tell them not to come here because of A-Z are bad. External resale company was one example.
- Resale’s volume and being able to establish and scale new avenues to help sell these: Rental Guests, External agents, referrals from all sources (owners, rental guests, community, bulk investors).
- New Sales volume: Please help us too

# 2022 Initiatives

- Vivo Brand customer experiences defined, and clearly documented, assessed and gap analysis conducted. From these, gap processes being developed to deliver on these customer experiences more consistently. Then training these processes and tracking them, and with accountability.
  - New Agency with Mexico, US and Canada marketing experience for rentals & real estate & resale's.
  - Sales & Marketing is putting effort and focus on external broker program to leverage additional market depth for sales.
  - We are embarking on a US & Mexico Sales & Marketing strategy to attract prospective buyers who are still willing to travel.
  - We are updating the Vivo Master Plan and will be introducing product mixes with anticipation of increased demand to Vivo.
  - Adaptability to updated Covid restrictions will continue.
  - Striving to penetrate rental markets and the right rates that will help boost rentals in 2022 (Mexico & US).
- 

# 2022 Initiatives

- The Hesperus Group was recruited & has joined Vivo Resorts as Master Developer & will be overseeing both the Resort side & the Real Estate side.
  - New Construction leader Jesus Flores for improvements in thorough budgets, schedules, ensure quality assurance process, training, tracking, accountability, cleanliness, solution finding, & communication
  - We have recruited new experts to assist marketing & sales of rentals with Mexico & US expertise & website rental booking optimization
  - Recruiting for General Manager or Operations Manager & striving to have them onsite in March to work with Pat on a smooth transition maintaining the legacy knowledge striving for even better brand service levels.
  - 2 Deep Leadership & team member development plans to deepen skill sets for team members to move laterally or vertically within the organization.
  - Recruited Mexico marketing person to help with real estate sales and resale's for the Mexican market
- 


# 2022 Initiatives

- Currently continuing working on construction of Nautico Residences.
- Pricing & sourcing road surfacing materials for the Vivo blvd to reduce dust. Budgeting & schedule for assessment.
- Construction pace ramp up on Nautico, Botanica and Villas
- Finish the Fiber project that was undertaken in 2021. This should help rentals & resale's & new sales. (Bandwidth from provider is the last piece.)
- Master Association AGM forum sharing the last years financials and 2022 budgets & initiatives
- Considering new Forest Cabana product offering
- Considering a beach palapa area in the SW corner of Vivo

# Master Association Firsts

- This is the first ever Master Association AGM, and sharing last years budget, last years actuals, and the new year budget
- This year our team met with the Vivo Leadership Council to have them review and see the budgets and actuals.
- I Propose we do an Owners Survey each year to garner feedback from the owners as to which areas they'd like us to consider reductions, and which areas to consider investments for the Master Association.
- I will task/request the Hesperus Group, the new General Manager / Operations Manager, and the Association Manager with finding greater efficiencies with the goal of reducing costs of particular high ticket line items such as utilities, labor, maintenance etc.
- All of the associations are considering having a third party audit of the Master Association financials. There's nothing to hide.

# What am I optimistic about?

- The Associations have specifically defined SOP's, accurate financial reporting, with sufficient funding and reserves. (Pat helped do a turnaround in this category.)
  - The majority of guests that come to Vivo are very impressed.
  - When tenured experts from the hospitality industry come to Vivo, they think it's fabulous. The location, the setting, the architecture, the amenities.
  - The Hesperus Group joining Vivo as Master Developer.
  - Eager Candidates for General Manager or Operations Manager. **AND they see all sorts of opportunities for improvements.**
  - Eager Experts to help us with marketing & sales of rentals.
  - Direct Flights to the US (when?)
- 

# Opportunities

## COVID accelerated trends

Technology is allowing and now proving that people can work from any location.

Recreational properties demand is on the rise due to Covid “Cabin fever”.

There is a pent up demand to travel, adventure and recreate.

With the pandemic on people’s minds, people are looking to move out of highly populated cities.

With the the pandemic now forefront, people are looking to vacation in less densely populated areas, thus increasing the attraction of Vivo.

# What am I optimistic about?

- Vivo is set up and well positioned outside of town with the clubhouse, pools and amenities.
- We offer a social distancing beach experience, open air restaurant, bar and event space. Open air hallways and stairs are also a positive.
- Based on these trends, we anticipate an increase in demand coming to Vivo for rentals and also for real estate sales of re-sales and new sales.
- People are looking to vacation in the NON busy locations.
- People are looking for authentic cultural experiences.
- Puerto Escondido is more in demand than previously.





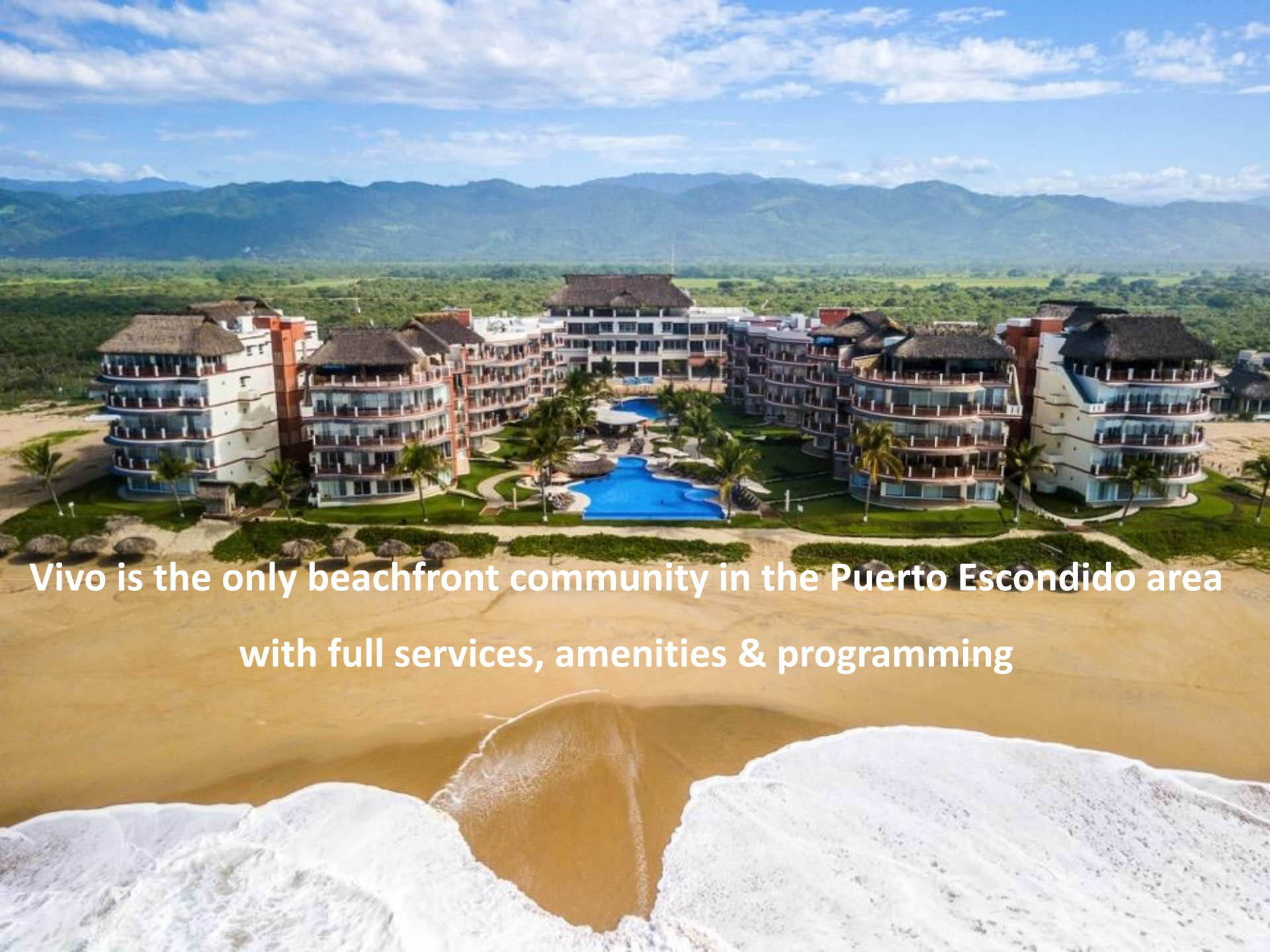
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  - Continue to sell re-sales for our owners, & more developer sales.
  - Build off the many improvements Pat Simpson has brought to our HOA's, striving for even greater efficiencies on costs for the Associations.
  - Continue to have our team deliver delicious food and beverages, while improving our brand service consistency and speed resort wide, and our onsite activation (programs, activities, entertainment etc).
- 

# My request to you

- Please consciously guard your mind from negativity. Please ask someone to not spread their fears or unhappiness on to you. Please ask them to go and discuss it with the department that can address it.
- Please help us foster the Vivo Vibe. “Make it a great day!”. This helps us ALL.
- Please help our team efforts to:
  - rent, recruit, onboard (welcome),
  - resell and with new sales
  - Help rental guests have a positive experience for rental return visits. Strive to enjoy the guests and meeting new people.





**Vivo is the only beachfront community in the Puerto Escondido area  
with full services, amenities & programming**





# “VIVO RESORTS”

Oaxacan Beachfront Living

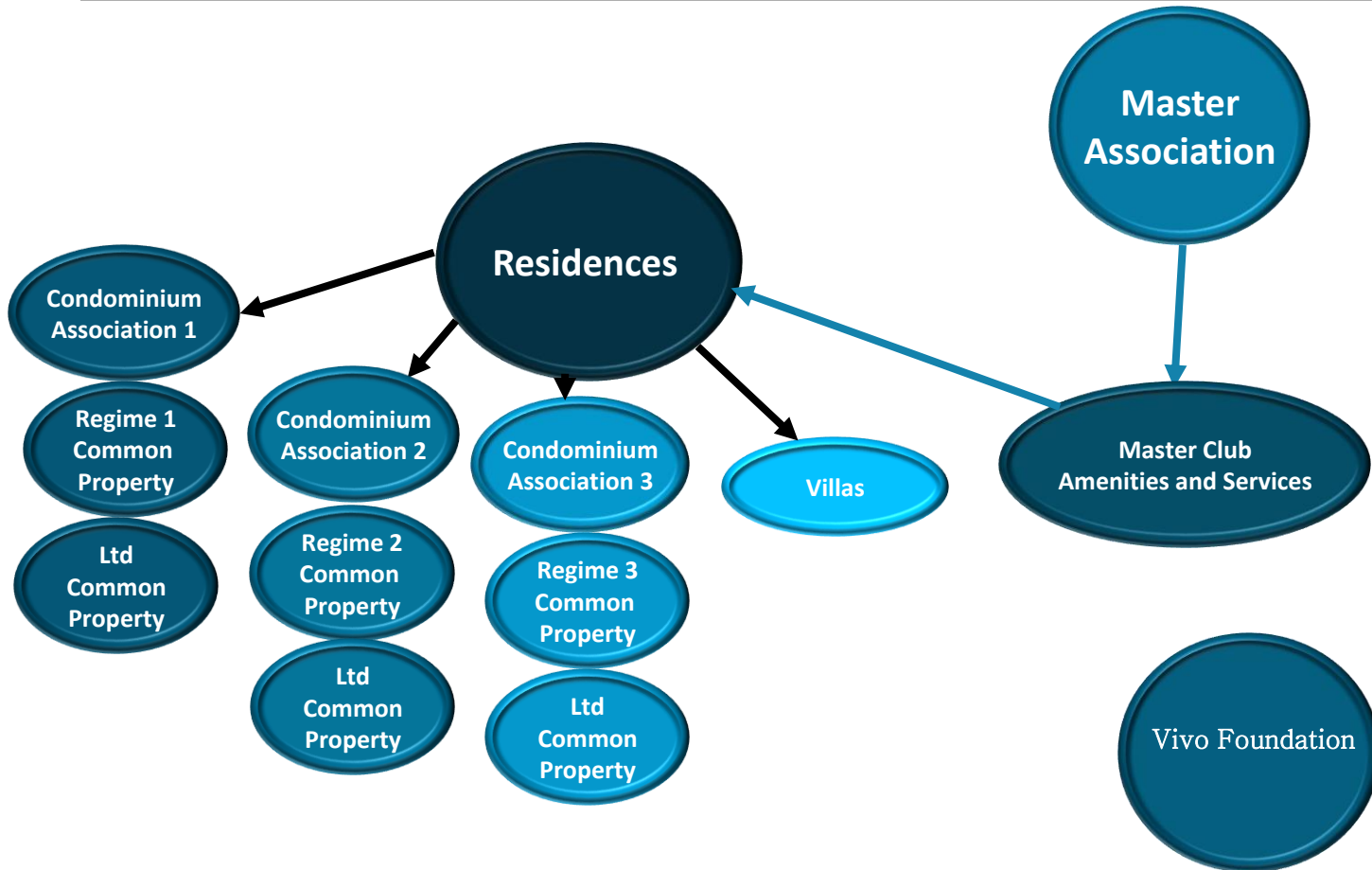
Structure



**VIVO RESORTS**

OAXACAN BEACHFRONT LIVING

# Vivo Resorts Association Overview



# Vivo Resorts Hospitality

## Hospitality Pays and Manages

Coco Bar

Grand Palapa

Back of House

Ernesto's

Kids' Club

Laundry

Mezcalina's

RE Sales Center

Development

Pool Bar

The Market

Beach Palapa

Kitchen

Spa

Rental Program



# Vivo Master Association

## MEMBERS

VIVO CONDO OWNERS

Regime 1 Condos

Regime 2 Condos

Regime 3 Condos

Villas



# Vivo Master Club Amenities

Monument Signs

Signage

Music System

Pool Furniture

Beach Furniture

Master Area Irrigation

Master Landscaping

Beach Services Lifeguards

Tennis Courts

BBQ Area/Equipment

Sports Courts

BBQ Area Bathrooms

Fitness Center

Library

Pool Bathrooms

Master Lighting

Master Walkways

Entrance Fountains

Security Entrance

Road from Security Gate

Entry Road from Highway

First Aid

Related labor, tools, utilities, reserves and supplies for housekeeping, administration and maintenance of this area

Shared expenses and reserve contributions


2021  
Year in  
Review



**VIVO RESORTS**

OAXACAN BEACHFRONT LIVING

# Year in Review - Accomplishments

- Financial Statements were completed with backup. They will be reviewed by the Leadership Council
  - New pickleball court fencing
  - Replaced water dependent plants with native vegetation
    - Relandscaped the boulevard center
    - Enhanced the Clubhouse monument area
    - Planted native plants in bare sandy areas
  - Replaced Treadmill in fitness center
  - Purchased a glass recycling machine as part of the Leadership Council initiative for recycling
  - Placed down payments on pool furniture which was delayed until March 2022. (Unfortunately)
  - Telephone system installed
  - Fiber Internet installed in Common areas (Commercial areas paid separately)
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2022  
Looking  
Forward



**VIVO RESORTS**

OAXACAN BEACHFRONT LIVING

# Looking Forward - Projects

- Prepared and provided Owners with a detailed budget and Scope of Work narrative.
- Improve the entrance experience with more trees and plantings.
- Continued participation in the resort-wide Leadership Council
  - Leadership Council to assist with Master Financial Review.
  - Look into hiring an independent auditor for all Regimes and Master.
- Enhance Vivo Community Website with specific Regime information
- Participation in a new recycling program that could bring revenue to the Master Association.
- Continue and enhance safety training for all Owners and staff.
- Replacement of tennis court fencing & repairs to court surfaces.
- Purchase of more high-quality pool chairs and umbrellas
- Purchase of treadmill and spin bike
- Repairs to pool tiles and pool deck – Adult Pool

Leadership  
Council  
Update



**VIVO RESORTS**

OAXACAN BEACHFRONT LIVING

# Members

Representatives:

Richard Brown – Regime 1

Carl Browning– Regime 2 Residential

Pat Simpson – Regime 2 Commercial

Jim Suggett– Regime 3

Cary Mullen – Master Association Club

Sandra Irvine – Villas



# Objectives

Informed and developed in alignment with and support of Vivo Resorts' Mission and Vision

## **Vivo Resorts Vision (forward looking)**

*To be a globally recognized brand of beautiful resorts and residences that enhances the lives of people.*

## **Vivo Resorts Mission (how we get there)**

*Create beautiful living and recreational spaces where enhanced relationships, joy, and health can happen with purpose and meaning.*

## **Leadership Council Purpose**

The purpose of this Council is to act in concert to recommend unified goals, cost efficiencies, initiatives, rules, regulations and policies that apply to and benefit all Regimes, the Master and the Community and to keep all Boards informed of issues, events and policies that may be of relevance to the Community and that in turn, the Council is kept informed by individual Boards of issues of relevance to the Owners within the Community.

## **Objectives**

Our SMART objectives fall within four broad areas for 2021. These are Communication, Safety, Fiscal, and Land Stewardship



# 2021 Accomplishments

## Land stewardship

### **Objective#1**

Work with management and the Vivo Foundation to identify two recycling projects in 2021 that will begin to create a community culture of recycling and introduce opportunities for Owners to get engaged with the community. *The Resort currently recycles 80% of all waste with a general recycling program and now a glass crusher to recycle bottles. A composting program is planned.*

## Fiscal

### **Objective #1**

Provide a quarterly overview of fiscal matters across regimes with a clear view for fairness, transparency, efficiency with the objective of optimizing costs and processes across the site by working with the Vivo Boards. *Management optimizes contracts through group buys getting good rates for all Regimes and the Master.*

### **Objective #2**

In 2021, the Leadership Council, with management, will support and assist as needed with the Fibre installation project providing regular communication with the appropriate Boards and Owners, including cost summaries and project timing. The Leadership Council will work with Management on any training or instructions Owners may require to fully utilize the new equipment. *The Leadership Council participated through development of several resort-wide communications*

# 2021 Accomplishments

## Communication

### Objective #1

Create a communication roadmap that delivers clear, respectful, and timely communications to the parties represented by the leadership council. The roadmap will include how feedback and/or questions from Owners (and guests), can be effectively managed.

- Management created and distributed a survey that was edited and approved by the leadership Council. Results on following slides.
- Management prepares and distributes a biweekly Update for all owners and future owners.

## Safety and Security

### Objective #1

Work with management to identify areas of safety & security that are deemed most relevant to the community and communicate them efficiently and precisely to the members.

- Management prepared and developed a risk management plan to supplement the existing plan that was in Spanish so that it was in a format more familiar to American and Canadians. This was a 30 plus hour combined staff project. It was presented to the Council.
- Management arranged for programs for safety training for Owners and Staff including special fire training for Villa fire preparedness.

# 2021 Accomplishments

## Objective #2

Establish a program to garner feedback from the community concerning their understanding of the safety program and what they need to do in the event of an emergency. Perform practical tests of knowledge as needed. Due to low Owner occupancy with Covid, this was not accomplished. Owners were trained on use of AED.

## Objective #3

Work with Management and the Boards to review community related safety incidents quarterly with the intent to ensure there is a culture of continuous improvement and learning. Few incidents, fortunately, in 2021.

# Overview Risk Management

**Purpose:** The purpose of implementing a Risk Management program is to assure Homeowners that the Boards of Directors are committed to ensuring that every effort has been made to mitigate exposure to risk for the Association.

**Objectives:** Prevention or limitation of losses and the financial burdens that can be placed on the Association as a result of such a loss.




**Scope:** Risk Management is a comprehensive management decision making and execution process implemented to help minimize adverse effects of accidental losses.





# Process of Risk Assessment

<b>Risk Control</b> Select activities to reduce risk or the impact of risk		
		Exposure Avoidance- Remove object of risk (Not usually possible)
		Loss Prevention Actions to reduce frequency – maintenance programs, employee training, safety inspections, emergency evacuation plan available
		Loss Reduction Minimize the severity of loss , sprinklers, prepare for severe weather
		Segregation of Exposures Computer back up, records stored off premises.
		Contractual Transfer – transfer of risk (insurance, vendors etc)
<b>Selection of methods of controlling risk,</b>		

# Risk Identification and Control Methods in Buildings

Risk Area	Sub Area	Event Cause	Event	Frequency	Impact	Loss Prevention/Loss Reduction	Contractual transfer	
	Foundations	Major Earthquake	Structural Damage	L	HH	Inspections	Insurance	
						Frequency inspection	Third party inspection every 3 years	
		Mechanical Failure	Mechanical Damage	L	HH	Structural engineer		
		Tsunami/Flood	Water Intrusion & Damage	L	M	Immediately inspections and repairs		
		Minor Earthquake	Crackings	H	L			
	Cistern	Earthquake	Structural Damage	L	H		Insurance	
			Structure Failure	Water leak & Damage	L	H		
			Filter system Failure	Medical	ML	MH	Spare Parts for repair Daily inspection Preventive Maintenance Safety equipment	Third party water analysis laboratory
			Carelessness	Contamination	ML	M	Radio	
				Drowning	LL	HH	Training	
	Roof	Earthquake	Structural Damage	ML	M		Insurance	
				Water Intrusion & Damage	ML	M	Water seal	
		Mechanical Failure		Mechanical Damage	ML	M	Brigade	
				Gas Leak	ML	H	Preventive Maintenance	
			Slip and Fall	Injury/ death	L	H	Safety Equipment Cleaning the Roof	Third Party IMSS Employees
	Roof access	Slip and Fall	Injury/ death	M	M	Marine Grade Ladder		

# Risk Identification and Control Methods in Recreational Areas


Risk Area	Sub Area	Event Cause	Event	Frequency	Impact	Loss Prevention/Loss Reduction	Contractual transfer
	Pools	Carelessness	Water Contamination	ML	MH	Daily log Protocol and immediate reaction Immediate evacuation	Third party water analysis laboratory
			Drowning	LL	HH	Training & certification Lifeguards & Signage	
		Lightning	Injury/ death	ML	H	Evacuation protocol	
		Earthquake	Structural Damage	L	H		Insurance
		Structural Failure					
		Wind Storm	Damage to furniture	M	M	Secure loose object before the storm	
		Slip and Fall	Injury/ death	MH	H	Blood borne pathogenes training First Aid Training Brigade	
	Mechanical Rooms	Carelessness		Injury/Death	LL	HH	Training & Protocols PPE MSDS Training
				Electrocution	LL	HH	GFI
		Mechanical Failure	Mechanical Damage	ML	M	Preventive Maintenance	
<b>Recreation Areas</b>							
	Sport Courts		Slip and Fall	Injury	L	MH	First Aid Brigade
							Blood borne pathogenes training Instruction posted
							Secure loose object before the storm
			Windstorm	Property Damage	M	L	
			Mechanical Failure	Equipment Failure	L	L	Supervision
	BBQ Area						



# **Vivo Owners' Survey 2022**

The Leadership Council will review and respond to this survey and share.

Tuesday, February 22, 2022





# High Points

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A large majority of Owners want more rentals including more weddings and special events

A large majority of Owners want a smoother entrance road

Owners want food & beverage prices to remain reasonable.

Owners love tennis, pickleball, water aerobics and yoga.

More details to follow




Owner  
Forum



**VIVO RESORTS**

OAXACAN BEACHFRONT LIVING

# Owner Questions

- 1) when will an independent forensic audit be completed on the MA financials and results available for all owners? *All Regimes are discussing having an independent audit next year.*
  - 2) I requested to see financials on several occasions and was refused. why aren't the financials available to all owners to see upon request? *Financial statements are available when reviewed and approved by the Board not upon the request of any individual.*
  - 3) Who reviews the financials and how often? *The Master Board but now the Leadership Council has volunteered to review the monthly receipts.*
  - 4) Who is currently on the Board, how are expenditure decisions made and by whom? *Cary Mullen, Kristen Mullen & Walter Guillermo. Basically, the reserve components are scheduled through the advice of a third-party reserve study and operations are based on the past years' expenses, estimates on price, rate and occupancy increases. The Budget has very little room for discretionary spend but rather it is what it takes to maintain the assets.*
  - 5) Who voted to spend our money on a glass crusher (recycling machine) and for what end purpose is the product good for? *It was part of the recycling initiative of the Leadership Council. In the presentation.*
  - 6) MA funds, approximately \$700,000. U.S. a year comes from owners, why isn't there any input from owners, on how that money is spent? *That is not how the governance was set up. Since 2020, the budgets and Scopes of Work have been shared with all the owners and they have been able to make comments. From a practical standpoint, the budgets reflect the basic costs of maintaining the recreational amenities and Owner Services. This is a very large community with many amenities which cost a large sum of money. Since we hire employees legally, paying taxes and benefits, the payroll cost is greater.*
- 

# Owner Questions

7) Why did management spend our money on Coleman camping lounge chairs and plastic lounge chairs so hard they are unbearable to sit on? *As I disclosed in my Updates, there was an issue with our supplier and the very nice chairs originally ordered last July, were cancelled by one vendor and we reordered in December anticipating delivery in February, now March, we got what we could get. Not satisfactory but we needed chairs.*

8) After at least 11 years of paying into the MA why is the reserve fund so low? *The reserve fund is not low, it is adequately funded with normal contributions to cover all replacements in the next 30 years.*

9) Why isn't there a two-tier fee structure, one for owners who rent and one for owners who don't rent? Renters are much harder on property and assets and as such, deterioration is accelerated. *Actually, that is not what we have observed to be the case. The recreation amenities and services are more utilized by Owners than by rental guests. Since there is more annual occupancy by Owners, it would seem that the opposite would apply. Front desk, bell boys and administrative salaries and benefits are largely to accommodate renters than what would be required for just owners. There is essentially a two-tiered system because after the base for Owner Services, hospitality picks up all the salaries for any additional employees knowing that they are basically needed for rental guests.*

10) Why should owners bear higher MA fees and additional expenditures for assets and maintenance around building structures which the developer decides to build? *The people in these building also contribute to the Master.*

11). Why aren't minutes of MA meetings publicly posted? *They are on the website. I need to update 2021.*

# Owner Questions

- 1). If we can not submit a motion to add one representative from each regime onto the MA Board, how can the current structure be changed? *The structure of the organization was described in the documents you signed at closing. It is typical in a developing that the developer controls the Master until the majority of the project is built out. The Leadership council is a good vehicle for transparency and since they represent all Regimes, it should be a good choice of representation.*
- 2) Every budget has expenses for Management; break this down and provide a list of specificity who by title and or name gets paid from this expense item and how much. *This is confidential information about payroll. And as anyone who has operated a business knows that it is more than salaries and benefits in the expense of running an operation. This is usually referred to as desk cost which is computers, phones, AC, maintenance of office spaces, supplies, an allowance for future replacement of office supplies and furniture, the effective “rental” of space. The most unusual aspect of Vivo is that the budgeted payroll is at cost without profit. No other management company would do this.*

# Owner Questions

Why are the Marino pool front Palm trees not being watered on a regular basis?  
*This is being done but moderately to acclimatize them, so they are not too water dependent.*

Why weren't the tiles replaced in the adult pool during last summer.  
*The pool was being used for Owners only during Covid and then the Resort had high occupancy in July and August, we also experienced high Delta covid cases with staff and other service providers.*

What is the status of the road?  
*The road surfacing is still be researched.*

Do the 2022 fees include the pool in front of Marino?  
*The Budget did not include the pool at Marino, but the budget savings from 2021 and additional contributors should make it so that fees will not increase.*



2021  
Financial  
Reports



**VIVO RESORTS**

OAXACAN BEACHFRONT LIVING

# Financial Snapshot – Balance Sheet

CLUB PALMARITO ADMINISTRACION VIVO AC		
Master Association		
as of December 31, 2021		
		Total
		December
<b>ASSETS</b>		
Operating Account		\$118,205
Reserve account		1,944,756
Accounts receivable - Intercompany		6,671
Accounts receivable - Reserve Account		-
Receivable - Vivo Owner Accounts		-
Receivable - Owners		2,603,258
Receivable - CE Service Account Q1 Q2 Q3 Q4 2020		-
Pool Supplies Inventory		107,791
Prepaid Expenses		-
		<hr/>
Total assets		4,780,682
		<hr/>
Liabilities and fund balance		
Current liabilities		
Accounts Payable -Vendors		142,607
Accounts Payable - Accrued		-
A/P - Intercompany Costa Esmeralda SOW 2021		750,541
A/P - Intercompany Regime 1		
A/P - Intercompany Regime 3		-
A/P -Other Related Parties		-
Payable Expenses Reserves		-
Prepaid owners assessments		364,598
Current liabilities		1,257,746
		<hr/>
Fund balance/Equity		
Prior years fund balance (cumulative)		1,770,179
Current years fund balance		1,752,757
Fund balance		3,522,936
		<hr/>
Total liabilities and fund balance		4,780,682



# 2021 Financial Snapshot – Year End P&L

YTD Actuals	YTD Budget	Variance
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## Administration

Insurance	599,384	1,745,550	1,146,166
Property Tax	0	100,000	100,000
Banking Fees	10,631	30,000	19,369
Legal	0	10,000	10,000
Contract Services	12,757	57,750	44,993
Management Fee	1,155,000	1,155,000	0
Technical Services	50,721	202,752	152,031
Stationary and Office Supplies	30,000	30,000	0
<b>Total Administration</b>	<b>1,858,494</b>	<b>3,331,052</b>	<b>1,472,558</b>

## Payroll and Benefits

Reception	1,319,485	1,299,485	-20,000
Security and Safety	1,549,817	1,549,817	0
Lifeguards, Beach Services, Life Safety	1,005,582	1,005,582	0
Public/Common Areas - Custodial	463,373	463,373	0
Public/Common Areas - Maintenance	87,252	87,252	0
Fitness	200,469	200,469	0
Library	113,217	113,217	0
Tennis & Sports Courts	145,230	145,230	0
BBQ Area with Bathrooms	56,655	56,655	0
Botanical Garden	0	0	0
Building Maintenance	321,488	321,488	0
Pool Maintenance	884,145	884,145	0
Landscaping	833,086	833,086	0
Parking Maintenance	0	0	0
Other Payroll	0	0	0
<b>Total Payroll and Benefits</b>	<b>6,979,799</b>	<b>6,959,799</b>	<b>- 20,000</b>

# Narrative for Expenses

## **Administration**

**Insurance** - Savings due to renegotiation of policy to recognize assets as mostly recreation rather than buildings

**Property Tax** - Nothing billed

**Banking Fees** - Savings due to renegotiation of fees

**Legal** - No expense

**Contract Services** - Managed or reduced copier and other leases.

**Management Fee** - Per Scope of Work. This includes both Management of the Master and the Leadership Council. Approximate 9% fee is below industry standard of 15%

**Technical Services** - Cancelled Property maintenance software and developed an inhouse system

**Stationery and Office Supplies** -Paper, toner, etc. \$125 USD per month, staff assignment sheets, etc.

**Other expenses** - No expenses

# Payroll

Note: FTE based on staffing 7 days per week with effective 40 hours per employee

Payroll and Benefits				Staff	
					Payroll offset by Hospitality contribution/All staffing above base coverage paid by hospitality
Reception & Administration	1,319,485	1,299,485	-20,000	6	
Security and Safety	1,549,817	1,549,817	0	7	24/7 shifts
Lifeguards, Beach Services, Life Safety	1,005,582	1,005,582	0	4	Actually 5 but adjusted for Covid shut down
Public/Common Areas - Custodial	463,373	463,373	0	2.87	Entry, common areas, sidewalks, smoking areas
Public/Common Areas - Maintenance	87,252	87,252	0	0.05	Fix tiles, concrete, road divots, etc.
Fitness	200,469	200,469	0	1.18	Custodial and maintenance of facilities
Library	113,217	113,217	0	0.68	Custodial and maintenance of facilities
Tennis & Sports Courts	145,230	145,230	0	0.85	Custodial and maintenance of facilities
BBQ Area with Bathrooms	56,655	56,655	0	0.3	Housekeepers and carpenter
Building Maintenance	321,488	321,488	0	1.75	Prorate clubhouse, guard facilities, public bathrooms
Pool Maintenance	884,145	884,145	0	4.77	Maintenance and housekeeping
Landscaping	833,086	833,086	0	4.5	Boulevard, areas by pool, tennis, entrance, fountain areas
<b>Total Payroll and Benefits</b>	<b>6,979,799</b>	<b>6,959,799</b>	<b>- 20,000</b>	<b>33.95</b>	

# 2021 Financial Snapshot – Year End P&L

YTD Actuals	YTD Budget	Variance
-------------	------------	----------

## Operations Expenses

Reception	0	0	0
Security and Safety	33,893	16,013	-17,880
Lifeguards and Beach Services	73,393	92,796	19,402
Public/Common Areas - Custodial	0	0	0
Public Common Area - Maintenance	83,380	60,000	-23,380
Fitness	47,980	0	-47,980
Building Maintenance	256,546	120,000	-136,546
Pool Maintenance	764,185	961,122	196,937
Landscaping	45,713	59,137	13,424
Cleaning Supplies	295,524	557,678	262,154
<b>Total Operations Expenses</b>	<b>1,600,614</b>	<b>1,866,745</b>	<b>266,131</b>

## Outside Services and Contracts

Elevator	16,102	26,449	10,347
Elevator Other Services	0	3,950	3,950
Exterior Paint Building - Minor	3,107	11,736	8,629
Fire extinguisher Maintenance	2,974	2,400	-574
Fumigation	0	29,000	29,000
Roof Maintenance - Upkeep	0	41,100	41,100
IT / Technology	12,226	0	-12,226
Signs Maintenance	4,698	50,000	45,302
Water Analysis	4,653	825	-3,828
Civil Protection and Safety Training	2,268	48,063	45,795
Road Maintenance	83,417	91,000	7,583
Other	873	0	-873
<b>Total Outside Services Expenses</b>	<b>130,318</b>	<b>304,523</b>	<b>174,205</b>

# Budget Narrative & Variances

## **Operating Expenses:**

Based on actual purchases.

**Safety & Security** – Safety training for all staff and owners (15K) and unexpected radio maintenance.

**Lifeguards** - Extra life saving equipment, First Aid equipment replenishment

**Public Areas** - Covid chemicals, Cleaning supplies

**Fitness** - Covid chemicals, equipment repairs and painting

**Tennis & Sports Courts** -Equipment purchases, repairs

**BBQ Area with Bathrooms** –repairs to equipment, drainage, refinished tables

**Building Maintenance** – *Countertop repairs BBQ, replace fountain & pool pumps, lights, refinish small tables at the pools(\$70K should have been coded to pool expenses)*

**Pool Maintenance** – *Chemicals, sand for filters, cleaning equipment. Less occupancy = savings. Many pool expenses coded to building maintenance.*

**Landscaping** – Enhancement of landscaping, additional palms at tennis

**Road Maintenance** - Renegotiated rate for road work

# Budget Narrative & Variances

## **Outside Services & Contracts:**

Based on actual expenses.

***Elevator*** – Covid credit negotiated.

***Roof Maintenance*** – Not needed

***Fumigation*** – Luis negotiated free service due to large resort wide contract and commercial contract. No expense.

***IT Technology*** - Antennas

***Civil protection*** – Training recognized in Security expenses.



# 2021 Financial Snapshot – Year End P&L

YTD Actuals	YTD Budget	Variance
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## Utility Services

Trash Removal	91,000	91,000	0
Propane	19,013	12,000	-7,013
Electricity	594,816	650,000	55,184
Water Treatment	70,257	12,000	-58,257
Waste Water Treatment	5,518	5,300	-218
TV Cable (Sky)	9,053	9,000	-53
Internet	14,198	18,000	3,802
Telecommunications	9,502	6,511	-2,991
<b>Total Utilities</b>	<b>813,357</b>	<b>803,811</b>	<b>- 9,546</b>

<b>Total Operating Expenses</b>	<b>11,382,582</b>	<b>13,265,930</b>	<b>1,883,348</b>
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## Other

Extraordinary Expenses	0	0	0
Prior year Adjustments	46,902	0	-46,902
Other Expenses General	0	0	0
<b>Total Other Expenses</b>	<b>46,902</b>	<b>- -</b>	<b>46,902</b>

<b>Total Expenses</b>	<b>11,429,484</b>	<b>13,265,930</b>	<b>1,836,446</b>
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# Budget Narrative & Variances

## Utilities

Based on consumption. Slight overage for the year.

**Water** - Corrected billing error for 2020 years, irrigation raw water was not charged. Metered water charged going forward.

**Telecommunications** – Speaker system & repairs.

### ***Prior year adjustment***

Credit to Regime 1. A pool pump was mistakenly connected to one the meters.



# Financial Snapshot – Capital Expenditures

Date	Description	Cost
Jan 21 -	Pump Landscaping	10,123
Feb 21 -	Mow er	14,950
Feb 21 -	Signs	11,312
Mar 21 -	Blow ing machine & String trimmer	18,783
Apr 21 -	Lifeguard Chair	28,090
Jun 21 -	Glass mill	55,039
Jun 21 -	Treadmill	93,500
Jul 21 -	Reserve Study	24,911
Aug 21 -	Travel expenses reserves study 52%	28,599
Sep 21 -	Glass Mill	82,385
Sep 21 -	Pickleball Fence	53,822
Sep 21 -	Fiber Payment 1	91,163
Nov 21 -	50% Pool Umbrellas	52,599
Nov 21 -	Pickle Ball Fence Installation	53,822
Nov 21 -	Reflectors on Tennis Court	8,932
Nov 21 -	Fiber Payment 2	61,464
Dec 21 -	Fiber Payment 3	40,976
Dec 21 -	Deposit on Pool Furniture	26,456
	Total	756,926

2022 Budget



**VIVO RESORTS**

OAXACAN BEACHFRONT LIVING

# Budget & Assessment Overview

Note: There is an increase in scope, facilities and contributors.  
Corrections from prior year .

Area	# Units
Regime 1	97
Regime 2	14
Regime 3	51
Bulding N	24
Villas	21
CE	3
<b>Total</b>	<b>210</b>
2021	187
Increase in Contributors	23

12% increase in contributors  
Effective 7% increase in assessments

# 2021 Operations Budget

## **Condo Fee Revenue**

Regime 1	7,079,424	7,157,081	77,657
Regime 2	1,032,416	1,032,981	565
Regime 3	3,760,944	3,763,001	2,057
Building N	0	590,275	590,275
Villas	1,474,880	1,254,334	-220,546
Day Passes	27,900	180,000	152,100
Hospitality Contribution	180,000	0	-180,000
Hospitality Subsidy	20,000	0	-20,000
Other Income	363,603	0	-363,603
<b>Total Revenue</b>	<b>13,939,167</b>	<b>13,977,671</b>	<b>38,504</b>

Nautico – Was not finished so no contributors.

# 2021 Operations Budget

	2022 Total	2021 Actuals	2021 Budget
<b>EXPENSES</b>			
<b>Administration</b>			
Insurance	661,619	599,384	1,745,550
Property Tax	50,000	-	100,000
Banking Fees	12,000	11,562	30,000
Legal	10,000	10,000	10,000
Contract Services	10,000	12,757	57,750
Management Fee	1,235,850	1,155,000	1,155,000
Technical Services	78,000	58,363	202,752
Stationary and Office Supplies	32,100	30,000	30,000
Other expenses	-	-	-
<b>Total Payroll and Benefits</b>	<b>2,089,569</b>	<b>1,877,067</b>	<b>3,331,052</b>
<b>Payroll and Benefits</b>			
Reception & Administration	2,196,385	1,319,485	1,299,485
Security and Safety	1,936,336	1,549,817	1,549,817
Lifeguards, Beach Services, Life Safety	1,412,451	1,005,582	1,005,582
Public/Common Areas - Custodial	650,655	463,373	463,373
Public/Common Areas - Maintenance	98,123	87,252	87,252
Fitness	479,761	200,469	200,469
Library	95,403	113,217	113,217
Tennis & Sports Courts	153,392	145,230	145,230
BBQ Area with Bathrooms	115,719	56,655	56,655
Botanical Garden	-	-	-
Building Maintenance	392,491	321,488	321,488
Pool Maintenance	913,794	884,145	884,145
Landscaping	1,073,826	833,086	833,086
Parking Maintenance	-	-	-
Other Payroll	-	-	-
<b>Total Payroll and Benefits</b>	<b>9,518,336</b>	<b>6,979,799</b>	<b>6,959,799</b>

# 2021 Operations Budget

	2022 Total	2021 Actuals	2021 Budget
<b>Operations Expenses</b>			
Security and Safety	19,425	35,295	16,013
Lifeguards and Beach Services	117,532	75,935	92,796
Building Maintenance Supplies	350,000	428,017	180,000
Pool Maintenance	1,257,926	750,380	\$ 961,122
Landscaping	66,498	40,345	\$ 59,137
Cleaning Supplies	333,395	304,398	557,678
-	<b>2,144,776</b>	<b>1,634,370</b>	<b>846,486</b>
<b>Outside Services and Contracts</b>			
Elevator	27,841	14,162	26,449
Elevator Other Services	3,950	-	3,950
Exterior Paint Building - Minor	11,736	3,107	11,736
Fire extinguisher Maintenance	4,156	3,748	2,400
Fumigation	6,032	29,000	29,000
Power Distribution Maintenance	7,373	-	-
Roof Maintenance - Upkeep	-	-	41,100
IT / Technology	12,000	12,226	-
Signs Maintenance	10,000	7,830	50,000
Water Analysis	10,665	4,653	825
Civil Protection and Safety Training	50,000	48,063	48,063
Road Maintenance	108,976	83,417	91,000
Fitness Center	62,208	-	-
Other	-	873	-
<b>Total Outside Services Expenses</b>	<b>314,938</b>	<b>207,079</b>	<b>304,523</b>

# 2021 Operations Budget

	2022 Total	2021 Actuals	2021 Budget
<b>Utility Services</b>			
Trash Removal	97,370	91,000	91,000
Propane	21,055	19,678	12,000
Electricity	650,000	582,723	650,000
Water Treatment	67,233	62,835	12,000
Waste Water Treatment	5,926	5,538	5,300
TV Cable (Sky)	9,414	8,798	9,000
Internet	34,800	13,998	18,000
Telecommunications	4,560	9,502	6,511
Other Utility Expenses	-	-	-
<b>Total Utility Expenses</b>	<b>890,358</b>	<b>794,072</b>	<b>803,811</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>14,957,976</b>	<b>11,492,386</b>	<b>12,245,671</b>
<b>Reserves</b>			
Contributions to Reserves	1,650,000	1,650,000	1,650,000
Contingency		82,000	82,000
<b>TOTAL EXPENSES</b>	<b>16,607,976</b>	<b>13,224,386</b>	<b>13,977,671</b>

# Budget & Assessment Comments

Note: There is an increase in scope, facilities and contributors and corrections from prior year .

## **Administration**

Insurance is based on the current reduced rate with a slight increase for inflation and currency exchange.

Management Fee is very low.

## **Payroll**

Added employees and raised salaries and benefits to be competitive in the workforce.

## **Operating Expenses**

Are only paid as consumed but anticipating greater occupancy with addition of N. The primary increase is in pool chemicals to have a higher level of cleanliness and part year beachfront pool.

## **Outside Vendors**

Negotiated contracts to keep the same or with slight increase from prior year.

Will lose COVID credit on elevator.

Fumigation – There will still be a reduced fee

## **Utilities**

Utilities are based on 2021 budget which assumed total recovery from Covid. Water consumption based on 2021 actuals.

**Reserves** – Based on third party Reserve Study



# Payroll Summary

<b>Department</b>	<b>2022</b>	<b>2021</b>	<b>Var</b>
Reception & Administration	6.5	6	0.5
Security and Safety	9	7	2
Lifeguards, Beach Services, Life Safety	6	4	2
Public/Common Areas - Custodial	3.4	2.87	0.53
Public/Common Areas - Maintenance	0.5	0.05	0.45
Fitness	1.33	1.18	0.15
Library	0.49	0.68	-0.19
Tennis & Sports Courts	0.81	0.85	-0.04
BBQ Area with Bathrooms	0.56	0.3	0.26
Building Maintenance	2	1.75	0.25
Pool Maintenance	4.5	4.77	-0.27
Landscaping	5.2	4.5	0.7
<b>Total Payroll</b>	<b>40</b>	<b>34</b>	<b>6</b>

# Payroll Summary

- Reception and Administration – Increased pay rates and added ½ a person for telephone coverage. Covers base staff for Owner needs. Additional staff is paid for by hospitality. 24/7 Coverage
- Security - 3 employees, 24 hours/day. 9 minimum. Vacations & sick time covered by overtime. 2021 only billed Master for 7.
- Lifeguards- Actual staffing 2021 was 4 lifeguards need 2 more to be fully staffed. Under charged.
- Custodial & Maintenance - Staff will expand with the addition of Nautico there is added sidewalk, litter pickup, additional bathrooms, maintenance, trash and recycling generated to be picked up and sorted.
- Landscaping Regimes only maintain 2 meters from the building so increased staff due to more Master areas with Nautico both in front and in back. Marino increased landscaped areas in 2021 which is partial Master.
- Some line items adjusted based on recording of time and motion.

# Budget– Capital Expenditures

Vivo Resort - Clubhouse - Master									
Five-Year Expenditure Report by Category									
5Y Filter	TRUE								
Category	Component	Location	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	5 YR Total	
AV System	Common Areas	Pool Deck	45,917	-	-	-	-	45,917	
	Sound System - Bose	Recreation	-	-	-	-	27,906	27,906	
	Tennis Court	Tennis and BBQ	-	-	-	-	15,503	15,503	
<b>AV System Total</b>			<b>45,917</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,410</b>	<b>89,326</b>	
Decking	Deck Sealer - Sun Reflective	Pool Deck	38,816	-	-	44,934	-	83,750	
<b>Decking Total</b>			<b>38,816</b>	<b>-</b>	<b>-</b>	<b>44,934</b>	<b>-</b>	<b>83,750</b>	
Electrical	Ceiling Fans	Yoga Room	18,367	-	-	-	-	18,367	
	Landscape Lighting	Entrance Gate	-	-	8,775	-	-	8,775	
	Light Fixtures	Library	-	6,428	-	-	-	6,428	
	Solar Lighting	Exterior	464,271	-	-	537,451	-	1,001,722	
	Solar Panels	Exterior	127,547	-	-	-	-	127,547	
<b>Electrical Total</b>			<b>610,184</b>	<b>6,428</b>	<b>8,775</b>	<b>537,451</b>	<b>-</b>	<b>1,162,839</b>	
Equipment	Glass Mill	Trash Area	-	-	-	-	148,833	148,833	
	Pickleball net systems	Pickleball Court	32,268	-	-	-	39,222	71,491	
	Tennis net systems	Tennis Courts	40,560	-	-	-	49,301	89,861	
	Trash Cans Dual	Recreation	-	-	630,022	-	-	630,022	
	Trash Cans General	Recreation	60,202	-	-	69,692	-	129,894	
<b>Equipment Total</b>			<b>133,030</b>	<b>-</b>	<b>630,022</b>	<b>69,692</b>	<b>237,356</b>	<b>1,070,100</b>	
Exercise Equipment	Adjust able Crossover Cable - Open Gym	Gym	-	-	-	61,853	-	61,853	
	Leg Extension - Body Solid	Gym	-	-	-	44,949	-	44,949	
	Rower - Concept 2	Gym	37,456	-	-	-	-	37,456	
	Seated Row/Lat Pull Down - Body Solid	Gym	-	-	-	94,293	-	94,293	
	Sit Ups - Body Solid	Gym	-	-	-	51,577	-	51,577	
	Smith Machine	Gym	-	-	-	91,174	-	91,174	
	Spin Bike	Gym	17,518	-	-	-	-	17,518	
	Strength Equipment	Gym	-	-	-	112,742	-	112,742	
	Stretch Equipment, balls, etc.	Gym	-	-	-	35,438	-	35,438	
	Treadmill - BH	Gym	59,182	-	-	-	-	59,182	
	Vertical Row - Open Gym	Gym	23,941	-	-	-	-	23,941	
<b>Exercise Equipment Total</b>			<b>138,097</b>	<b>-</b>	<b>-</b>	<b>492,026</b>	<b>-</b>	<b>630,122</b>	
Fencing	Fencing Allowance	Tennis Courts	234,686	-	-	-	-	234,686	
<b>Fencing Total</b>			<b>234,686</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>234,686</b>	
Flooring	Flooring Allowance	Yoga Room	-	-	-	55,519	-	55,519	
<b>Flooring Total</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>55,519</b>	<b>-</b>	<b>55,519</b>	
Furniture	Chairs and Table	Library	30,611	-	-	-	-	30,611	
<b>Furniture Total</b>			<b>30,611</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,611</b>	
HVAC	Air Conditioning Unit - Lenox 36KBTU	Library	33,672	-	-	-	-	33,672	
	Air Conditioning Unit - Lenox 36KBTU	Yoga Room	-	35,355	-	-	-	35,355	
<b>HVAC Total</b>			<b>33,672</b>	<b>35,355</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,027</b>	

## Budget– Capital Expenditures

Landscape	Landscaping - Trees	Exterior	-	-	44,121	-	-	44,121
	Retaining Walls Stucco Repair & Painting	0	25,013	-	-	-	-	25,013
	Trash Enclosure Repair & Maintenance	0	-	-	1,655	-	-	1,655
	Trash Enclosure Replacement	0	-	-	16,545	-	-	16,545
<b>Landscape Total</b>			<b>25,013</b>	<b>-</b>	<b>62,320</b>	<b>-</b>	<b>-</b>	<b>87,334</b>
Ligthing	Waterfall	Foundation Garden	11,020	-	-	-	-	11,020
<b>Ligthing Total</b>			<b>11,020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,020</b>
Outdoor Furniture	Lounge Chairs	Foundation Garden	-	-	-	33,075	-	33,075
<b>Outdoor Furniture Total</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>33,075</b>	<b>-</b>	<b>33,075</b>
Outside Furniture	Beach chaise	Beach	-	-	-	-	163,362	163,362
	Chairs, & Chaise Phase 1	Pool Deck	-	220,164	-	242,731	-	462,895
	Chairs, & Chaise Phase 2	Pool Deck	-	176,131	-	-	203,894	380,025
	Chairs, & Chaise Phase 3	Pool Deck	279,583	-	-	-	-	279,583
	Tables Phase 1	Pool Deck	32,652	-	-	-	-	32,652
	Tables Phase 2	Pool Deck	-	34,283	-	-	-	34,283
	Umbrellas	Pool Deck	-	-	-	-	61,534	61,534
	Umbrellas Phase 1	Pool Deck	101,180	-	-	-	-	101,180
	Umbrellas Phase 2	Pool Deck	-	106,236	-	-	-	106,236
<b>Outside Furniture Total</b>			<b>413,415</b>	<b>536,815</b>	<b>-</b>	<b>242,731</b>	<b>428,790</b>	<b>1,621,751</b>
Paint	Painting Allowance	Ladies Locker Room	-	12,856	-	-	-	12,856
	Painting Allowance	Library	-	-	13,500	-	-	13,500
	Painting Allowance	Mens Locker Room	-	12,856	-	-	-	12,856
<b>Paint Total</b>			<b>-</b>	<b>25,713</b>	<b>13,500</b>	<b>-</b>	<b>-</b>	<b>39,213</b>
Pool Equipment	infinity Pump	Pool Deck	-	-	-	27,454	-	27,454
	Recirculating Pump	Pool Deck	79,253	-	-	82,363	-	161,616
<b>Pool Equipment Total</b>			<b>79,253</b>	<b>-</b>	<b>-</b>	<b>109,818</b>	<b>-</b>	<b>189,070</b>
Pool Furnitue	Lounge Chair Fabric	Roads	15,306	16,071	16,874	17,718	18,604	84,573
<b>Pool Furnitue Total</b>			<b>15,306</b>	<b>16,071</b>	<b>16,874</b>	<b>17,718</b>	<b>18,604</b>	<b>84,573</b>
Pump	1/6HP in waterfall	Foundation Garden	3,061	-	-	-	-	3,061
<b>Pump Total</b>			<b>3,061</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,061</b>
Signage	Information signs	Various	10,204	-	11,250	-	12,403	33,856
<b>Signage Total</b>			<b>10,204</b>	<b>-</b>	<b>11,250</b>	<b>-</b>	<b>12,403</b>	<b>33,856</b>
Structural	Guard Shack & Palapa	Entrance Gate	68,365	-	-	-	-	68,365
	Lifeguard Station	Beach	-	51,425	-	-	-	51,425
	Palapas	Beach	-	-	243,008	-	-	243,008
<b>Structural Total</b>			<b>68,365</b>	<b>51,425</b>	<b>243,008</b>	<b>-</b>	<b>-</b>	<b>362,799</b>
Tile	Ceramic Tile Allowance	Pool Deck	306,309	-	-	-	283,092	589,401
<b>Tile Total</b>			<b>306,309</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>283,092</b>	<b>589,401</b>
TV	TV	Gym	13,265	-	-	-	16,124	29,388
	TV	Yoga Room	13,265	-	-	-	16,124	29,388
<b>TV Total</b>			<b>26,530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,247</b>	<b>58,777</b>
<b>Grand Total</b>			<b>2,223,490</b>	<b>671,807</b>	<b>985,751</b>	<b>1,602,963</b>	<b>1,055,902</b>	<b>6,539,912</b>

Cual es la actualización del camino

Porque es muy alto el presupuesto comparado con el 2021

Cuanto tiempo las personas de ventas estarán en vivo

Los fees incluyen la alberca del regimen 3 y si no esta incluida  
cuanto aumentaran los fees

Porque ha cambiado el objetivo de vivo de tener solo adultos y  
ahora se enfoca en jobenes

Los niveles de la musica siempre son mas altos de lo que se  
espera

La visión de vivo, recordar a los huéspedes las reglas y el respeto  
a las cosas de los dueños.