

**CONDOMINIO VILLAS AT CLUB INTRAWEST ZIHUATANEJO, A.C.
FEBRUARY 6, 2015.
ANNUAL ASSOCIATES MEETING**

In Vancouver, British Columbia, at 10:01hrs. on February 6, 2015 at 375 Water Street, Vancouver, BC, there met at the offices of Intrawest Resort Club Group, the associates of **CONDOMINIO VILLAS AT CLUB INTRAWEST ZIHUATANEJO, A.C.** (the "Association"), whose names and signatures appear in the attendance list attached to the file of these minutes, to hold a **ANNUAL ASSOCIATES' MEETING** (the "Meeting") of the Association, to which they were duly called. Debbie Blucke was also present as a special guest of the Meeting.

By unanimous vote of those present, the Meeting was presided over by Mr. Robert Reyes and Sandra Ruff acted as Secretary.

The Chairman appointed Debbie Blucke as examiner who, after accepting her office, reviewed the Associates Registry Book of the Association and the proxy letters provided by the representatives of the associates, certified that in accordance with Clause 10.6 of the corporate by-laws of the Association, the required quorum was present at the Meeting, and proceeded to prepare the attendance list attached to the file of this minutes.

Based on the certification of the Examiner, the Chairman declared the Meeting legally installed and proceeded to give lecture to the following:

AGENDA

- I. Call to Order
- II. Approve Agenda
- III. Election and Appointment of the members of the Board of Directors.
- IV. Approve expenditure from the Capital Replacement Fund.
- V. Approve expenditure from the Contingency Fund.
- VI. Appointment of special delegates to carry our and formalize the resolutions adopted by the meeting.
- VII. New Business
 1. Review of 2015 Budget
 2. Wi-Fi & Ethernet connection
 3. Housekeeping Charges

APPROVAL OF AGENDA

MOVED by Dolores Heisinger SECONDED by Gregory Lee THAT the Agenda be approved as presented.

CARRIED

ITEM ONE. In connection with the first item of the Agenda, the Chairman explained to those present, the requirement to elect one member to the Board of Directors of the Association due to the fact that Enrique Vazquez Romero has reached the end of his term. Enrique Vazquez Romero stated his desire to run for re-election.

RESOLUTION

"MOVED by Gregory Lee and SECONDED by Sandra Ruff "As there was only one nominee and if there is no objection we will adopt a motion to elect Enrique Vazquez Romero by acclamation. Since there is no objection the appointment of each of the members of the Board of Directors of the Association is hereby ratified."

CARRIED

Based on the foregoing resolution, the administration of the Association will continue to be entrusted to the following persons:

BOARD OF DIRECTORS

<u>MEMBERS</u>	<u>POSITION</u>
Robert Reyes	President
Sandra Ruff	Secretary
Enrique Vazquez Romero	Treasurer
Gregory Lee	Director
Dolores Heisinger	Director

ITEM TWO. In connection with the second item of the Agenda, the Meeting adopted the following:

RESOLUTION

"MOVED by Gregory Lee and SECONDED by Dolores Heisinger that the owners of Condominio Villas at Club Intrawest Zihuatanejo A.C. hereby authorize the expenditure not to exceed the amount of \$744,050 pesos from the Capital Replacement fund for the following:

1. Thermostats
2. Kitchen Shelving Replacement
3. Dip Pool Refinishing
4. Telephone Replacement
5. Mini Fridge Replacement
6. Chilled Water Line Insulation
7. Handrail Wood Replacement
8. Sliding Door & Window Replacement
9. Bathroom Sink Refinishing
10. Kitchen Counter Refinishing/Replacement
11. Kitchen Roof & 2nd Bedroom

Discussion notes:

Dolores Heisinger: In the Capital list there is the telephone replacement and in the Contingency there is the phone system upgrade, is the capital just to replace the actual phones?

Robert Reyes: Yes, that is correct. The phone system for the entire resort is now 10 years old and needs to be replaced and with the new system the old phones will not work so we need to purchase new phones that will work with the new system.

Dolores Heisinger: Will the mini fridge replacement be on an as needed basis?

Marie Cummings: No, we will be replacing all of the mini fridges but only in the 3 bedrooms. Also, some weren't sure if fridge design would be changed and just removed completely but owners do use the fridges.

ITEM THIRD. In connection with the third item of the Agenda, the Meeting adopted the following:

RESOLUTION

"MOVED by Gregory Lee and SECONDED by Dolores Heisinger that the owners of Condominio Villas at Club Intrawest Zihuatanejo A.C. hereby authorize the expenditure not to exceed the amount of \$582,500 pesos from the Contingency Reserve fund for the following:

1. Fitness Equipment Replacement & Upgrades
2. Phone System upgrade
3. Maintenance Cart Replacement
4. Fire System Pumps & Control Board
5. Fuel Tank Replacement
6. Server Room Updates

Discussion:

Gregory Lee: Server or Wi-Fi room?

Robert Reyes: It's the Server room that needs to be updated. We need to look at the Wi-Fi as well but this is separate topic that we will discuss later in the meeting. The Server room supports the IT infrastructure of all of our front desk terminals and computer terminals to operate the building and the resort. That's the server room that needs updating. Similar to the phone system it is also close to 10 years old and needs to be replaced.

Dolores Heisinger: Quick question. How does that place us in both contingency and capital reserve?

Enrique Vazquez Romero: In 2015 basically in order to improve the fund the Board agreed to provide an additional contribution to the Capital reserve of \$200,000 plus VAT. When you take this additional contribution along with the regular contribution and subtract the expenditures this year we will have a closing balance in the Capital fund of \$120,984 pesos. The Contingency fund is healthier than the Capital with a closing balance in 2015 of \$1,310,329 pesos.

ITEM FOUR. In connection with the fourth item of the Agenda, the Meeting adopted the following:

RESOLUTION

"MOVED by Sandra Ruff and SECONDED by Dolores Heisinger that Messrs. Aarón Levet Velasco, Isaac Zatarain V and Miguel Beltrán are hereby appointed special delegates of the Meeting in order for any of them, indistinctly, if they consider it advisable, to appear before the notary public of their choice to notarize these Minutes and to carry out any other act that may be required or necessary in order for the resolutions herein contained to become legally effective."

CARRIED

ITEM FIVE.

NEW BUSINESS

Review of 2015 Budget

Discussion (led by Enrique Vazquez Romero):

Onsite Transportation (bell person)

A decrease of \$14,497 or 30.3% is estimated for the 2015 budget. Continued review of operations for efficiencies has resulted in the reduction of costs.

Cable/Satellite

An increase of \$16,110 or 26.6% is estimated for the 2015 budget due to forecasted increase from cable provider.

Owner Services

The budget reflects a reduction of \$120,222 MXP as result of the administrative changes the Club has done compared to the 2014 Budget.

Capital Replacement -2015 additional contribution

An additional contribution of \$200,000 has been included in 2015 Budget to the capital replacement fund to maintain and grow the fund.

Utilities - Water

An increase of 43% or \$92,771 MXP has been estimated for the 2015 budget. The reason for this increase is due to the inability of the Zihuatanejo Government water supplier to provide enough water in 2014. We are purchasing water from another supplier as required.

No questions or discussion items were brought up regarding the 2015 budget.

Wi-Fi & Ethernet connection

Discussion (led by Robert Reyes):

Robert Reyes: The original Wi-Fi set up is in working order but the challenge is the influx of electronic devices that are now being used at the resort at a given time. In one analysis our Wi-Fi provider indicated that they documented 100 devices being logged in at the same time. This many devices slows down the speed as we do not have enough bandwidth to handle this amount of devices at one time. We will need additional bandwidth. Marie and her team have been investigating this and are gathering information and quotes on the various options.

Marie Cummings: We have been talking to Telmex and Mega Cable. Improvement would be to install a better modem. Both companies are coming in next week. We currently have 3

megabytes and we could improve it to 20 megabytes. Should take 2 days to come out and install modem and configure. Cost is approx. \$2000 - \$5000 for Modem only but we are getting more information about a complete package.

Robert Reyes: You don't have the exact costing yet but is that \$2,000 – 5,000 a one-time cost?

Marie Cummings: Yes a one-time cost. Estimate for Modem depending on megabyte requirements and access points.

Robert Reyes: This cost would be shared by the Club, Intrawest and the Villas. Need to make sure that this is the right solution as I first heard that it is a bandwidth problem and not a modem problem but maybe it is a combination. We need to make sure we test everything before we finalize or pay for anything. Find out from Intello if it this will solve the issue.

Ethernet:

Robert Reyes: The other point that was brought up was with regards to the ethernet jack that is in the Villas. When we first opened these jacks were active and working but they were connected to the Intrawest Server which for company security and safety had to be disconnected. In order for this to be activated again the Villas would need to purchase and support a separate server. I'm not sure what the Owners' and Board's appetite would be to purchase a separate server. We would have to look into the cost and see if there is an appetite to do this.

Gregory Lee: That really only works for a laptop and I use my iPad when I am here so Wi-Fi works for me.

Dolores Heisinger: If Wi-Fi works, ethernet is a moot point.

Robert Reyes: We will look at all of our options. We will also look at the access points to ensure that we have good visibility throughout the resort. We are also looking at a load balancer that will distribute the bandwidth more effectively within the resort.

Gregory Lee: Viceroy gets a good signal. I can see it from my Villa.

Marie Cummings: I have spoken with the Viceroy and they are having the same issues. This is the biggest complaint they have from their guests and owners. Biggest issue is speed of Wi-Fi.

Dolores Heisinger: What is the relation between this issue and the telephone issue?

Robert Reyes: They are separate. The phone system is old and needs to be replaced. This is not a Telmex issue.

Enrique Vazquez Romero: Telmex intranet service is main company. That area is a challenge.

Gregory Lee: Telephone system from analog to digital?

Robert Reyes: Yes.

Robert Reyes: Will follow up and work towards a solution. It's an important issue.

Housekeeping Charges

Discussion (led by Robert Reyes):

Robert Reyes: Before we discuss the suggestion to put Housekeeping into the budget I wanted to remind everyone that at the Annual General Meeting in 2012 we discussed and voted to remove this expense from the budget to an owner paid system. This reduced the budget and made it fair for all owners as some were happy to just receive the minimum service and those that wanted more service could pay extra to purchase more.

The other point that was asked was why when someone exchanges does the Villa owner pay for the Housekeeping service? If you trade out your week so that you can use it to exchange into another property you do not pay for housekeeping service at that other property as the owner that you are exchanging with has already paid for the service. Consequently, when someone comes in to the Villas to use the week that you exchanged you as the Villa owner of that week that was exchanged are responsible for the costs of the housekeeping service for that week.

Dolores Heisinger: Only time owners don't pay housekeeping is when they don't exchange their week and just let the week go.

Robert Reyes: Yes, that is correct and that is the benefit of the owner pay system. If it is included in the budget and you do not use your week you would still pay the housekeeping costs as it is already pre-paid as it is in the budget. This includes paying for other owner weeks that are not used. With the owner pay system you only pay for what you use. Also, it was stated that the Club must be making money on fees that are paid for housekeeping. Firstly, it is not the Club that is responsible for the services as it is Intrawest that is the Manager. Secondly, when you convert the fees at today's exchange rate the cost of a Daily Trash at \$70 pesos converts to \$4.75 US. The Manager is not making any money on this.

Gregory Lee: Can we get a breakdown of all elements of housekeeping? Labor is cheap in Mexico so there is a feeling that why is it so expensive or that we should get more service for this money?

Robert Reyes: Labor is only one piece of this cost. Included in this cost is tax, cleaning supplies, benefits, union dues, staff meal, uniforms, etc.

Gregory Lee: Can we please give a list of expenses and what is done so everyone can understand. We don't see what is associated with cleaning at the end of the week. No one sees that and the associated costs.

Robert Reyes: It is described in the Villa Owner website but we can do an itemized list of what is done and all the associated costs. It's interesting that what is being asked is to provide more services for what is being paid while we are actually reviewing the rates as we should be approving an increase to the fees. The fees have not increased since 2012 while wages with the union have gone up 9% during that time and inflation has gone up 2.4% each year for the last two years. So management is not making money on this and in fact has been absorbing some costs.

Dolores Heisinger: Took out of budget in 2012 because overall increase was going to be high. If we did not treat separately the budget that year would have been more.

Robert Reyes: The other comment that was made was that the Villa owners should get the same service that you receive when staying at the Club but at the price that you are currently paying. That is not possible. While the Club Members are getting more service as per their required standards the Club Members are paying for this service in their dues. The cost is covered; it's not a free service. We can provide the same service but we will have to charge accordingly for this. The Manager has no preference on whether it is in the budget or an owner pay system as no matter what the costs need to be covered. That is why Intrawest as the Manager will abstain from the vote. We do feel though that the owner pay system is better for

the owners. If it is in the budget and you are not using your week or something comes up that prevents you from using it you are still paying for that week. With the owner pays you only pay for what you use and owners that want more can pay more.

Rocky Barilla: If brought back as a line item in the budget is there more transparency?

Sandra Ruff: Doesn't change anything as costs just need to be covered. We can just list what is included in the cost.

Robert Reyes: We will need to go for a vote and as mentioned Intrawest will abstain from voting.

Dolores Heisinger: Propose that instead of voting, what we do is simply develop a point list of explanations to the questions posed and a list of expenses that are included in the cleaning as Gregory requested.

Robert Reyes: We can provide a description document of how exchanges are handled, etc. We are upfront with costs there are no hidden costs. I understand that there is some question based on the costs and the service that the owners are receiving but you also have to remember that a big portion of this cost is the checkout/final clean.

Scot Hein: Does Brandt have a breakdown of a final clean?

Robert Reyes: It is listed in the Villas website. But we can lay out in a document for all owners.

Scot Hein: Compliments to staff – they are terrific!

Robert Reyes: Marie and team want to do what they can to make owners happy.

Robert Reyes: Will put document together and distribute.

Scot Hein: Pay as you go is great.

Robert Reyes: Does anyone have any other new business?

No

There being no other matter to discuss, the Meeting was suspended for the time necessary to prepare these Minutes

MOVED by Gregory Lee, SECONDED by Scot Hein that the meeting be terminated.

CARRIED

To the file of these minutes, there are attached:

- a) Attendance list;
- b) Certification of the Examiner; and
- c) Proxy letters.
- d) Capital and Contingency Reserve document

The Meeting adjourned at 11:01 a.m. on February 6, 2015.