

**CONDOMINIO VILLAS AT CLUB INTRAWEST ZIHUATANEJO, A.C.  
JANUARY 13, 2014.  
ANNUAL ASSOCIATES MEETING**

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In Vancouver, British Columbia, at 10:00 hrs. on January 13, 2014 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. Jessica Robinson 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 Jessica Robinson 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. Election and Appointment of the members of the Board of Directors.
- II. Approve expenditure from the Capital Replacement Fund.
- III. Approve expenditure from the Contingency Fund.
- IV. Appointment of special delegates to carry our and formalize the resolutions adopted by the meeting.
- V. New Business
  1. Review of 2014 Budget
  2. Ability to pay quarterly payments with credit card in Zihuatanejo

**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 two new members to the Board of Directors of the Association due to the fact that Dolores Heisinger and Sandra Ruff have both reached the end of their term. Dolores Heisinger and Sandra Ruff stated their desire to run for re-election.

**Elected by acclamation.**

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## RESOLUTION

“As there was only one nominee for each position and if there is no objection we will adopt a motion to elect Dolores Heisinger and Sandra Ruff 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 Dolores Heisinger and SECONDED by Burke Corbet that the owners of Condominio Villas at Club Intrawest Zihuatanejo A.C. hereby authorize the expenditure not to exceed the amount of \$629,943 pesos from the Capital Replacement fund for the following:

1. Ceiling fans with lights – *a light kit for the existing fans for extra lighting in common areas and bedrooms. 43 kits in total they will be installed on site. It is equipped with energy efficient lighting.*
2. Replacement televisions- as required replace approximately 10 in 2014. Flat Screens for 2<sup>nd</sup> and 3<sup>rd</sup> bedrooms as they are rendered inoperable.
3. Laundry Equipment: 2 replacement sets of washer-dryer machines
4. Plant pots – deck – *replace existing cracked clay plant pots 15 required*
5. Entry light fixtures – *Replace entry way decorative light ( 2 year project -5 per year)*

Discussion:

Gregory Lee – What are the entry light fixtures?

Robert Reyes – The copper fixture inside the entrance.

Marie Cummings – The copper that holds them together is starting to deteriorate so it doesn't hold the glass in properly.

Burke Corbet – The laundry equipment replacement is in building 4?

Robert Reyes – Yes, all of these items are in building 4.

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

#### **RESOLUTION**

"MOVED by Gregory Lee and SECONDED by Burke Corbet that the owners of Condominio Villas at Club Intrawest Zihuatanejo A.C. hereby authorize the expenditure not to exceed the amount of \$ 174,288 pesos from the Contingency Reserve fund for the following:

1. Cart replacement – *replace motorized cart used by Vacation Home Quality for movement of laundry supplies and equipment.*
2. Laundry facilities replacement – *Motors and parts for the dryers and mangler*
3. Fitness equipment repairs and upgrades
4. Replacement of air conditioning – *of the 129 A/C Turbines and 50 motors in Bldg. 4 we will need to replace 30 Turbines and 12 motors as they age.*
5. Member Reception office repairs

Discussion:

Rocky Barilla – Is there a percentage allotted to Villas?

Robert Reyes – Yes, 25%.

Dolores Heisinger – Are they true air conditioning or are they swamp coolers?

Robert Reyes – True air conditioning.

Burke Corbet – Are the door sensors connected to the air conditioning checked regularly?

Marie Cummings – Yes they are checked regularly. Will add to a weekly check list.

Robert Reyes – Can that be added to the checklist for the owner services so it's checked before Villa Owners check-in?

Marie Cummings – Yes, it will be updated.

Burke Corbet – Surprised that so many turbines and motors are required this early.

Robert Reyes – It's been 8-9 years and with the humidity and the conditions things degrade.

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

#### **RESOLUTION**

"MOVED by Burke Corbet and SECONDED by Dolores Heisinger that Messrs. Aarón Levet Velasco, Alberto Solís Martínez, 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 2014 Budget**

Discussion (led by Enrique Vazquez Romero):

Enrique – The 2014 Villas Association budget reflects a 0.0% increase over the 2013 budget. The items with significant variance when compared to 2013 Budget are:

#### **Front Desk:**

Budget 2014 includes front desk salary and benefits expenses of \$215,485 based on 53% occupancy compared to 50% considered in 2013 Budget. Therefore, an increase of \$45,015 is reflected in the financial statements provided. It also includes inflation projected of 5.2%.

#### **Capital Replacement -2014 additional contribution:**

An additional contribution of \$117,450 has been included in 2014 Budget to the capital replacement fund to be able to keep Villas premises in high quality standards.

#### **Electricity:**

An expense of \$864,201 has been estimated for 2014 which represents a 12.4% or \$95,544 increase when compared to 2013 Budget.

#### **Gas:**

A 32% or \$59,899 increase has been estimated for 2014 Budget.

#### **Loss Recovery:**

2013 dues included a 2012 deficit recovery of \$400,000 due to increased labor and supplies to complete the repairs and maintenance of the Villas required to bring the standards back to the high quality expected. According to 2013 financial projections, no additional loss recovery is needed to include in 2014 budget.

Burke – Under electricity you speak of energy reform, can you explain?

Enrique – There were initiatives in 2013 to look into energy conservation, these were passed into law at the end of last year. As a result of this we expect to see a reduction in our electricity and gas expenses. Mexico is going to expand the market allowing foreign companies. So far we have seen some US and English companies come to Mexico.

Robert – Any timing?

Enrique – Due to companies having to establish in Mexico there isn't an exact date. The good news is that there will be new options.

Burke – Notwithstanding that you're showing a 32% increase in gas costs.

Enrique – Yes, we are currently incurring monthly increases. The budget covers the increases we've seen over the last year. Based on the new reform we're expecting to see increases to stop.

Robert – We took the approach to cover the past increases in the budget. Currently there's a monopoly and there is really only one gas company to go to.

Dolores – Are utilities government owned?

Enrique – Technically yes

#### **Ability to pay quarterly payments by credit card in Zihuatanejo.**

Discussion (led by Robert Reyes):

Robert – There was a request from 2 Villa owners to be able to pay the quarterly payment in Zihuatanejo when they are there by credit card.

Enrique – Currently the process is that cheques are sent here to the office. We have analyzed if

Villa owners can pay through the bank machines in Mexico. We've found that it will be around a 6% fee to pay with credit card in Zihuatanejo. We would also need to make some changes internally. How many Villa owners actually want to see this change? The other question is would all Villa owners be responsible for paying the credit card fees?

Robert – We would have to add it to our budget as we are not legally able to charge the individual the fee.

Dolores – The Villa owners that requested it wanted to pay while they're in Zi?

Marie – Yes, they were just thinking of it out of convenience.

Burke – Hanneke does find it a challenge as the quarterly dues are payable in US dollars. She has to get a bank draft as we don't have a US account.

Enrique – We can look into providing the amount in US dollars and Canadian dollars so it can be paid either in US or Canadian.

Burke – Hanneke gets an invoice and pays it and then receives another a month or 2 later. She contacts Carlos and has to satisfy him that she's paid.

Dolores – I know you can pay your Club Intrawest Membership dues by credit card, I had wondered why we weren't able to pay our Villas fees by credit card. I wonder if it might balance out as there's a time from when the cheque is mailed and cleared where Intrawest is not earning interest on the money. If we paid by credit card on the 1st you would start earning interest immediately.

Robert – We could look at what the net effect of what the fees are if that were to be done globally for all owners.

Sandra – We would need to set up an online payment for owners to pay that way. We need to look at the cost of getting that setup. As well it would be fairer that it was incorporated into the budget as all owners would have access online instead of just those owners in Zi.

Robert – Why don't we analyze that and then send out the communication.

Sandra – As to paying by Canadian cheque: We don't have any Canadian banks in those entities so we do need the cheque in US dollars. You used to be able to just write US Dollars on your Canadian cheque, you could cheque with your bank. We bank in US dollars as we are a US entity located in Canada.

Robert - Review cc fees and see if we can provide that options as well as take a look to see if there's an easier way for Canadian owners to pay.

Sandra Ruff came in at 10:32

### **Additional Discussion**

Dolores – While we're all here I'd like to revisit the episode we had in November with the rash of owners wanting to sell. The letter that you (Robert) sent out was very helpful. I don't see that this is going to go away.

Burke – Have there been any resales by Villa Members (of fractional ownership) since day one?

Robert – No there hasn't been.

Robert – I think as I've stated in the letter there just hasn't been any move in real estate since 2008. The realtor we consulted with only gets 1-2 purely exploratory calls a month right now. Would Club facilitate the sale of the Villas? – We can't facilitate the sale but we can provide a step by step process of what owners need to do. We're working on reviewing the document and process and then we need to have our lawyers review to ensure it is what is required to facilitate a sale in Mexico.

Develop a process for owners to exchange and sell weeks within the owner group – needs to be programmed into the website, or create a Facebook page like what Club Members currently

use. Will go through Gregory and Dolores to determine the best way with the least amount of cost. Those were the only 2 items outstanding, hope to have them ready by mid-February.

Gregory – Could we add 2 items to the checklist for prior to arrival: check that salt and pepper are full as well as ensure the knives are sharp.

Marie – I have noted that, will be done.

Dolores – The new restaurant menu is great and the prices are reasonable. It seems to be full as well.

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

MOVED by Dolores Heisinger, SECONDED by Gregory Lee 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 10:47 on January 13, 2014.

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Robert Reyes  
Chairman

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Sandra Ruff  
Secretary