

**CONDOMINIO VILLAS AT CLUB INTRAWEST ZIHUATANEJO, A.C.
JANUARY 10, 2011.
ANNUAL ASSOCIATES MEETING**

In Vancouver, British Columbia, at 10:00 hrs. on January 10, 2010 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. Kate Lollar 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 Enrique Vazquez Romero acted as Secretary.

The Chairman appointed Kate Lollar 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. Appointment of special delegates to carry our and formalize the resolutions adopted by the meeting.
- IV. New Business
 1. Review of 2011 Budget
 2. Villas at Club Intrawest Zihuatanejo A.C. Association structure
 3. Airline flights – concern with reduced flights to Zihuatanejo
 4. Money Exchange – banks in Zihuatanejo are not exchanging US dollars

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.

Sandra Ruff was elected by majority vote.

Dolores Heisinger was elected by majority vote.

RESOLUTION

“The appointment of each of the members of the Board of Directors of the Association is hereby ratified.”

MOVED by Gregory Lee, SECONDED by Burke Corbett that the Meeting hereby admits the following persons as partners of the Association.

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 Burke Corbett and SECONDED by Patrick that the owners of Condominio Villas at Club Intrawest Zihuatanejo A.C. hereby authorize the expenditure from the Capital Replacement fund to replace all mattresses at the Villas.

Discussion:

Burke Corbett: Will this replace all mattresses?

Robert: Yes.

Gregory: What type of mattress?

Robert: Serta Presidential Sleeper with a pillow top for a platform bed.

Gregory: Without a box spring?

Robert – Yes, it is a combined mattress box spring. We have received excellent feedback from the ones that we have replaced at the Club.

Pat – The ones that we have implemented in the Club, have they held up?

Pablo- They are holding up very.

Pat – I think we have changed one or two in the three-bedroom units. It is more of a question of how these are holding up. Pillow tops are notorious for wearing out.

Robert – It is Serta’s commercial line, which is more durable than retail.

Dolores – This action is to replace all of the mattresses in all of the villas, not just the ones owned by the villas?

Robert – Yes, Intrawest also pays fees and dues that contribute to the Reserve Fund, so this would be for all of building 4.

Burke – What happens to mattresses that are being replaced?

Robert – They are first offered to the staff in Zihuatanejo then to a charity. They certainly still can be used and we will see that they find a useful home.

Burke – Great.

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

RESOLUTION

"MOVED by Rocky Barilla and SECONDED by Michael Mylett that Messrs. Aarón Levet Velasco, Alberto Solís Martínez, Susana Cann Llamosa, Lorena García Pérez-Gavilán and Liliana de la Vega Navarro 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 FOUR.

NEW BUSINESS

Review of 2011 Budget

Discussion (led by Enrique Vazquez Romero)

The 2011 Villas Association budget reflects a 1.9% increase over the 2010 budget. Please find below a summary explaining any significant variances from 2010:

Onsite Transportation/Front Desk

These two expense lines have to be reviewed in combination as they work in conjunction as the two teams work cohesively together as one department. Optimization of resources and operative changes in such departments, have generated a decrease of \$56,538 when compared to 2010.

Repairs and Maintenance

2011 maintenance activities related to normal usage conditions and ongoing preventative maintenance at Home Owner Association level have generated an increase of \$34,554 from last year.

Repairs and maintenance at Shared Facilities Operating Expenses level increased \$90,151 as consequence of inflation effect and other operating requirements.

Common Area Cleaning and security

Operating Equipment and security supplies needed to comply with requirement at Villas Association have increased \$97,582 when compared to previous year.

Insurance

As result of looking for expense reductions in operating costs with our main vendors and brokers, successful negotiations carried out during 2010 and low incident records have generated a decrease of \$381,950 when compared to 2010.

General Administration

Inflation effect projected in main Administration expenses as back office supplies, employee uniforms, staff training generated a combined increase of \$57,959 when compared to 2010.

Utilities

Electricity, and Water combined reflects an overall increase of \$67,237 from last year. Club Intrawest continues to maximize on its Energy Efficiency initiatives which have produced

significant savings. However, current Mexican government policies regarding electricity consumption are generating substantial increases.

Contingency Reserve Fund

Projection of future expenses related to this fund and improvement of the financial position of the Villas association has motivated the increase from 10% to 15% to the contingency fund for 2011. Therefore, \$209,071 increase from 2010 is projected in the 2011 Villas Association Budget.

Inflation projection of 5.2%. Every year there is inflation in Mexico of between 4-5%.

Any questions?

Scott: Onsite transportation and the normal wear and tear conversation. Personal ownership versus hotel like stays. No sense of protection for "hotel-like" guests. Is there intense frequency of use, more calls for bell captains, and more trips to the airport?

Robert – Clarification, the Club is not a hotel. There is a sense of ownership. 80% of our visitors are in fact owners. All of our visitors stay 5-7 days. In terms of our Members average length of stay it is 5.6 days. I don't think there is a disparity there. We took your comment to heart and we analyzed the usage and dropped the allocated cost as appropriate. In terms of usage, I think the pattern hasn't really changed over the 5 years. The service is being used by Villa Owners no different than by Club Members.

Pat: I have heard this now for the last 3 years. The Villas owners do have questions on not this one expense item but all expenses. Maybe allowing one of the owners that have an auditing or accounting background to ensure the validity of these numbers. More of just a request out of courtesy – I know we have an excellent accounting staff but could we once and for all have an audit to go through it and put it to rest?

Robert – We would be willing to go through this with you again Pat as you may remember that we did spend an hour and a half in 2006 to discuss these same allocations. The allocations have not changed since then.

Michael: Brandt emailed me, he has good knowledge of the area and on a square-ft basis, our dues are substantially higher than the other properties in Zihuatanejo. I was asked to bring that forward. Maybe this would satisfy the owners.

Robert – I asked Pablo to confirm these numbers for me. I spoke with Tides. The numbers they gave me were for their new building – fractional. I agree with you, we will go through the diligence.

Robert: Pablo looked and spoke with Tides and they do have fractional and their fees are \$6500 for year for ownership. They also have to pay their federal zone fees in addition. Most other properties don't reflect all cost in their fees as there is plus, plus, plus? We agreed that we would have just one payment and include everything. We have the transparency and we have spent time in the past to explain this but we will do the research and present comparables to the owners.

Enrique – two comments, in Mexico there is a problem where other companies will sell products like a fractional or a timeshare but they are actually selling a leasing agreement for 25 years. We get 3 quotes from every single vendor; we have financial statements audited by KPMG, Price Waterhouse not just in Mexico but in Canada as well. I can understand the concerns and we are open to clarify and are available.

Scott: I appreciate the transparency. The length of stay is interesting. Good to know the Villas average length of stay is comparable with the different offerings by the Club. The Club does appear to be more transient. It may be in part due to Club Members ability to give to their friends. A feeling of ownership versus not. It would be interesting to know what their cost per day is versus the Villas \$160 per day. The point is there are some variables and it is a complex conversation.

Dolores: I have shared some of those concerns regarding the transiency. Club Intrawest is now available on Interval International and will bring in people who are not Club Intrawest Members. This will affect maintenance costs over time, if these individuals are not careful. Not that they shouldn't happen, obvious benefits from an economic point of view.

Robert – In our bylaws for the Members, if they send a friend and if we feel that there is more wear and tear – we have authority and we have exercised it – to pay for this which offsets any additional costs to The Club or Villas.

Michael – Brandt brought up, per square foot analysis fractional ownership in Zihuatanejo. Just to make sure we are comparable.

Robert – we need to make sure that we are comparing apples to apples.

Jim – I just want to clarify, it is RCI not Interval International. In fairness, the diligence that the staff go through. I think it should be clear that the RCI or Hilton Members that both use the Villas and the Club are accessing it by exchanges from Villas owners, not just Club Members.

Scott – For the Villas that are remaining in the Intrawest Trust, is the reservation reserved minimum week stays.

Robert – Yes. In general principle. It is hard to market to go for a couple of days.

Pat – leading up to the airline flight problem. Advantage – ITW has flex, high season, your staff can talk about arriving on a Friday instead of a Saturday.

Robert – Let's finish off on budget first. Enrique and I can meet with a committee and we can analyze a comparison.

Pat - I look at the projection for the two reserve funds. It concerns me that the projections start at 3.2million pesos almost on an annual basis. Is that a blip or reality? If we went out farther would it be zero?

Robert – it is a cycle based on the number of the items reaching its useful life. This is a forecast of expenditures coming up.

Scott: Given the Club entity and the economy of scale – with the overall facility. An observation we noticed at Whistler – when it came time to turnover, particularly to the aesthetic was compromised. I would want to ensure that this doesn't happen in Zihuatanejo. Like things like lamps, design touches, etc. Continue forward the kind of design quality we see.

Robert: I will answer that in 3 points. For Whistler, there was a designer involved. I can tell you that as far as the four walls of your unit that with any new design idea we will bring this to the Board for approval.

Villas at Club Intrawest Zihuatanejo A.C. Association Structure

Discussion (led by Robert Reyes)

Rocky – Whose idea or request was this?

Robert – The general consensus was from the Villas owners but I am not certain of the need to do this especially based on the cost to the owners.

Michael – What benefit is this?

Robert – The benefit is you wouldn't have the 327 votes from Intrawest, in terms of control, you would have the structure and power passed more to the Villas Owners. When I look at that from a benefit, in the 5 years since we have operated, Intrawest has always abstained from a vote that affected you as Villas Owners.

Pat – This is my reaction and not representative of the entire group. It comes back to this basic issue of allocation and expense.

Robert – Intrawest also currently owns a large amount of fractions in that building and carry those associated expenses, so it is in our best interest as well.

Dolores – There is the issue of usage. We have a vested, financial interest. Take care of the property. If we could somehow compromise and leave the partnership and consolidated usage of the Villas as we were going to before. Then I think that would be helpful. Owners would still be using certain ones of the Villas and would not be open to trade through RCI.

Robert – a couple of challenges. For example, if Pat wants to exchange then someone would come in and stay.

Pat – We are very diligent about maintaining our Villas and share an equal attitude. It doesn't seem like there is any discretion to take care of only the trust Villas.

Robert – For us, it is very much one property. I think the one point there, regarding usage. There are Villa Owners that exchange and travel within our offered exchange network. Also, with the weeks we still own. There are also some owners who are not as diligent as you may be. But our focus and priority is that our standard is always maintained.

Pat – If I exchanged and that exchange guest damages during our time, I am responsible?

Robert – No, that would be the exchange guest who is responsible, but if it was your friend then it would be you that would be responsible.

Scott – With the two-bedroom owners it is a little different. 402/403 might be preferred and assigned over the years. There is some economy of scale perhaps with the Club and an advantage and a reason to stay. I am also anxious as we are not there all the time so want a partner.

Jim – My experience is that no one has complained and this is something that we could talk about forever, so let's wait until there is one.

Everyone agreed to leave the structure as it currently stands.

Airline Flights – concern with reduced flights to Zihuatanejo

Discussion (led by Robert Reyes)

Rocky – It is a Member/Owner accessibility issue. As the economy gets worse, this will be a problem, especially if we have an orphan week. For long term, strategic analysis will be needed.

Robert – To look at moving your arrival to the day that the flights come in, we can go through this exercise but we will need to change the bylaw. My hesitation is if the airlines change again then we would be back to where we started. Just to clarify, when moving to low-season, Alaska only flies Tues/Friday.

Robert – Another option is to lobby the airlines (which we are doing and will continue to do). Pablo is part of tourism board and together they will lobby the airlines. We are doing our part. The airlines will dictate what happens.

Robert – There is also the option of exchange for arrival.

Pat – It is a difficult process.

Pat – Not changing anything legally, but an accommodation that would help owners out. Can we arrive on a Friday and stay in the Club accommodations using Member Services? No new formal program, just a case-by-case basis. It would be nice to be able to do this within 4 months.

Jim – I think we are at a disadvantage here in Mexico as we do not know if this is a consensus or is this two people?

Robert – It has been voiced as a concern from the entire group in formal attendance at the meeting in Vancouver. In peak season, the airlines are flying everyday from Vancouver, but not in the low season. We will look at solutions.

Money Exchange – banks in Zihuatanejo are not exchanging in US dollars

Discussion (led by Robert Reyes)

Rocky - The accessibility and as the US dollar keeps going down. What is our next step? The banks will not accept.

Robert - Pablo has done some research. Banamex and Scotiabank will exchange US dollars. All you need to take is a piece of ID and the banks will exchange up to \$300.

Rocky - That is not the case, there are limits.

Robert - Use Visa or MC and they charge a fair exchange rate. There is a limit on an ATM. Only issue pesos and it varies from bank to bank. At the Club, Member Reception will change Canadian and US.

Pat – what is the limit at Club Intrawest?

Enrique – \$100 per day.

Jim – My concern is the front desk shouldn't be turned into a bank.

Established that money exchange was not an issue.

Other – New Business

Scott – Another question, the violence in Acapulco, is there any threat of that heading north to Zihuatanejo? In terms of gang related and drug related issues?

Pablo – I am very aware of this but there are no concerns. No casualties from any tourists. The area here is very safe. We are constantly monitoring this and if anything does occur we will inform you.

Rocky – I want to personally thank Pablo and his team for keeping the beach clean.

Burke – I am a 2-bedroom owner and my understanding is 402 is the only two bedroom in the trust?

Robert – no, 403 as well.

Robert – Intrawest owns 3 fractions in 403.

Rocky - It would be helpful to have an FAQ as a lot of Owners do not necessarily read the minutes. I think there is confusion around consolidation of Villas. Some way of educating all the owners on a case by case.

Robert – We can do an FAQ on the website; however you are also welcome to call Pablo, Carlos, Itzel and myself

Scott – The difficulty of one 2-bedroom, having 2 options gives you more availability options.

Rocky – Continued efforts in establishing transparency.

Scott – Has anyone tried to sell a villa?

Robert – A few. But no one has sold.

Dolores – Have any owners defaulted?

Robert – We are working with one owner.

Scott – Can we send the communication for dues one week earlier?

Sandra – We are very generous/forgiving on receipt of payment.

Pat – Rental/exchange/ Club program – has that been successful? Do Resort to Resort owners use the Villas?

Robert – We did not see and request or interest in Resort to Resort so it was removed as an offer for exchange. In its place we have provide a better exchange program with online capability.

Burke – Is Intrawest still attempting to sell Villas?

Robert – No, the market is soft.

Pat – Who would make that call?

Robert - That would have to be a call from Rene, our new President.

Robert – We are paying dues on these unsold Villas.

Pat – But earning revenue?

Robert – The revenue we make does not offset the costs that we are incurring.

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

MOVED by Rocky Barilla, 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 11:20 on January 18, 2011.

Robert Reyes
Chairman

Enrique Vazquez Romero
Secretary