



**VILLAS AT CLUB INTRAWEST ZIHUATANEJO, A. C.
June 16th, 2011 VILLAS BOARD OF DIRECTORS MEETING**

In Vancouver, British Columbia, Canada at 10:03 AM on Thursday June 16th, 2011 at the Offices of the Intrawest Resort Club Group at 326 - 375 Water Street, Vancouver BC.

Present were: Robert Reyes, Enrique Vázquez, Sandra Ruff, Dolores Heisinger (vía Telecom), Gregory Lee (vía Telecom) & Carlos Irra (vía Telecom).

Absent: Pablo Contreras

Called to Order

Robert Reyes chaired the meeting and the Villas Board of Directors Meeting was called to order by Robert Reyes at 10:06 AM. Robert proceeded with the details of the meeting. Participants were introduced by the chair.

Adopt Agenda

MOVED BY Dolores Heisinger, SECONDED BY Gregory Lee THAT the agenda is adopted as presented. Motion carried.

Notice of Motion:

1.- Review the 2010 Audited Financial Statement Annual Report.

Discussion:

Enrique Vazquez, Club Intrawest Director of Finance - Mexico, mentioned that the report of the independent auditors (issued by Pricewaterhousecoopers, S.C.), highlights that the 2010 Audited Financial Statement Annual Report presents fairly in all material respects the financial position of Condominio Villas at Club Intrawest Zihuatanejo, A.C. ("the association) as of December 31, 2010 and the results of its activities and cash flows, according to the Mexican Financial Reporting Standards.

Enrique explained the Balance Sheets, Statements of Activities and the Statements of Cash Flows of 2010 in comparison with 2009.

Regarding the balance sheets, it was explained that total assets of the association increased from \$5,237,604 MXP to \$6,542,712 MXP.

It was mentioned that the reserve funds are held in an investment account as it was recommended by the Owners at the 2009 Annual General Meeting.

Additionally, it was explained that current liabilities of the association increased to \$2,515,093 MXP from \$808,336 MXP. Main reason of such variation was the increase in accounts payable coming from the Manager of the association – Extraordinary Escapes Corporation (Mexican Branch) which is considered a related party in accordance with legislation in Mexico.

Dolores Heisinger questioned that if December 31 is the cut off for this every year, in the Balance Sheet, current assets (cash and cash equivalents) and Related Parties accounts there was a big difference between 2009 with 2010. Why did that happen? Enrique Vazquez explained that the association made all efforts to collect everything from everyone. Such items do not mean increases of expenses, they just represent collections.

It was mentioned that as of December 31, 2010 net assets decreased \$401,649MXP as result of the change from \$4,429,268 MXP to \$4,027,619 MXP. Such change represents the effect of reserve expenditures carried out during the 2010 fiscal year. Additional explanation was given when the statement of activities was reviewed.

Enrique also explained the statement of the activities in detail. It was mentioned that some of the Operating Expenses decreased such as Utilities, Insurance, Property Taxes, Trust Fees and Other Expenses, also some of the operating expenses increased such as Management Fees, Owner Services, and General and Administration expenses.

It was explained that current Mexican Financial Reporting Standards require the association to disclose in the statement of activities, the expenditures coming from the contingency and capital replacement fund. However, it is important to mention that this requirement needs to be clarified for better understanding of the statement. As an association, the statement of activities discloses fees paid by members that are billed during the fiscal year and are intended to cover the normal operating expenses for that year. However, such fees include a portion of resources for future expenses required in the contingency and capital replacement funds (“the funds”) which will not be expensed or used in the year that is paid into the fund by the owners. The funds are in place to cover expenses that for its nature would only impact the finance of the Villa owners when the work is required and paid. Such funds increase the net assets of the association during the years that are collected by the association and decrease the net assets when funds are used.

As the Villas are now six years old there is a need to provide maintenance to larger projects such as dip pools, painting, and the roofs. As shown in the 2010 statement of activities, fees paid by members and interests generated were \$8,146,992 MXP and total Operating Expenses plus loss in foreign exchange of \$8,548,641 MXP was generated. Therefore, a decrease of net assets of \$401,649 MXP was recognized. However, total Operating Expenses include the Contingency and Capital Replacement fund of \$1,231,515 MXP.

Sandra Ruff explained that in typical Club Statements, for Club Intrawest the Operating Statements and Reserve Expenditures are presented in two separate statements which enable you to accurately reflect the expenses incurred in the Reserve funds against and monies in the Reserve fund account. What is required in Mexico is that all of your expenditures (operating and reserve) must be presented in your Operating Statement which only reflects that fees received that year but does not account for the funds being utilized from the Reserve Fund account.

Finally Enrique explained the Statements of Cash Flows. In summary, the association collected as of December, 2010 the majority of its Accounts Receivable having the resources in its Cash Accounts.

MOVED BY Gregory Lee, SECONDED BY Dolores Heisinger THAT the 2010 Audited Financial Statement Annual Report was approved as presented. Motion carried.

2.- New Business: Update on Villas maintenance projects

Robert Reyes mentioned that mattresses were only approved in January 2011 at the Annual General Meeting. The plan is to purchase them and have them installed by the high season.

Carlos Irra explained briefly all of the Villas Maintenance Projects. The specific type of mattresses that we need has been identified and now we are looking at quotations for the best quality and price. Other projects include painting the inside of the Villas, living room cushion replacement and maintenance of the Dip pools. We are also looking at potentially replacing some dishwashers, refrigerators and some of the home theaters in specific villas that are about to break. There is an out of service calendar that has been created to track all of the projects. Robert Reyes mentioned that the Villas do need some maintenance but the larger projects can only be done once it has been approved by owners at the Annual General meeting.

3.- Next Meeting: Robert Reyes will communicate the date for the next meeting that will be held probably by the end of October 2011.

Termination of the meeting: MOVED BY Gregory Lee SECONDED BY Dolores Heisinger, THAT the Board of Directors meeting be terminated at 10:56 AM Motion carried.