

**PACIFIC SHORES OWNER ENTERPRISES LTD.
ANNUAL GENERAL MEETING
OCTOBER 17, 2015; 1:00 P.M. (PDT)
PARKSVILLE COMMUNITY CENTRE**

MINUTES

A. CALL TO ORDER

Kate Britton, Chair, called to order the Annual General Meeting on behalf of the Pacific Shores Owner Enterprises, Ltd. at 1:03 p.m. (PDT). Ms. Britton welcomed all the owners present and explained that a microphone had been set up so that owners would have an opportunity to ask questions throughout the meeting.

The following board members, resort staff, management staff and guests attended:

Board of Directors

Kate Britton	Chair
Stuart Allen	Vice Chair
Johann “Harry” Felsing	Secretary
Dave Hillmer	Director of Finance
Leonard Aylward	Director
Doug Alexander	Director
Ken Chew	Director
Claus Flemming	Director

Trading Places International Management – Canada, Inc. (TPIMC)

Doug Wilcox	Sr. Vice President, Resort Management
Joanne Hallert	Director of Resort Operations
Gail Turner	Sr. Vice President, HOA Accounting
Tricia Ciaccio	Director of Executive Services
Kristen Makinen	Administrative Assistant Resort Management

Resort Staff

Nikii Morrison	Executive Assistant
Ajit Parhar	Front Desk Manager

Other Guests

Terry Kerr	The Kerr Group, Strata
Janie Beall	Interval International
Patricia Murphy	RCI
Wendy Miron	RCI
Ryan Patberg	RCI

B. ADOPTION OF AGENDA

A motion was made by Alan Britton and seconded by Brian Scarfe to approve the agenda as presented

The motion was carried unanimously.

C. CALLING OF THE ROLL, CERTIFICATION OF PROXIES, VOTING CARDS, AND PROOF OF NOTICE – JOANNE HALLERT

Kate Britton requested the head table introduce themselves.

Joanne Hallert announced that the quorum requirement stipulated by the Articles and Bylaws governing documents had been satisfied with at least 5% of the membership represented. The 5% requirement, or 173.25 members out of 3465 active members, was represented by receipt of 252 proxies combined with 191 active members in attendance, or a total of 12.78% participating. Given the previous information, Kate Britton declared this an official meeting of the owners.

The proof of notice was also provided for record.

D. MINUTES OF THE OCTOBER 18, 2014 ANNUAL GENERAL MEETING

A motion was made by Harry Felsing and seconded by Brian Scarfe to approve the minutes of the October 18, 2014 Annual General Meeting with the following amendments:

- *F.1. where it states “The Strata Corporation consists of three sub-components: the common or joint section, the residential and the commercial sections, such as the roofs” Place a period after the commercial sections and add “Some of the common property is limited property within the residential section,” before such as roofs.*
- *J.1. change Gardner to Gardiner*
- *J.4. remove “Strata Council” change to “PSOE Council”*

The motion was approved unanimously.

E. MINUTES OF THE SEPTEMBER 7, 2013 SPECIAL GENERAL MEETING

A motion was made by Harry Felsing and seconded by Leonard Aylward to approve the minutes of the September 7, 2013 Special General Meeting.

The motion was approved unanimously.

F. MINUTES OF THE DIRECTORS' MEETINGS

Minutes of Previous Board of Directors Meetings:

October 19, 2013
October 17, 2014
January 17, 2015
April 18, 2015
June 20, 2015
July 22, 2015 Special Meeting

A motion was made by Kate Britton to acknowledge receipt and review of the minutes of the previous Board of Directors meetings as submitted.

The motion was approved unanimously.

G. STRATA BUSINESS

Strata Informational Session

Terry Kerr reported on Strata. PSRS is a sectioned strata corporation. The Owners' Strata VIS2036 is the parent corporation, governed by your Strata Council, who looks after all the common assets beneficial to both the joint as well as the residential section which include things like the sewage and the water treatment plants, landscaping throughout the community and the insurance policy. The Kerr Group is the manager of the parent strata corporation which is responsible for the Joint and Residential section while the Commercial section is the responsibility of the owner of SL 77-84. The Strata Council consists of members elected at the strata AGM which was held on October 16, 2015.

The 2014 Special Assessment included work to be done on the water treatment plant and sewage lift stations. The water system has been upgraded and the sewage system work is slated to begin in November.

Some work that has been done this year, or is ongoing, for the Joint & Residential sections are:

- 417 & 418 have had water issues with the solariums in their units and these have been repaired
- Replacing roofs and decks
- The well water line from the lot to the community had a substantial break which caused a loss of three-million gallons of water per month. This caused hydro to increase. With the repairs, hydro costs have reduced by approximately half.

Terry Kerr noted that over the past two years, Strata Management and Council have saved the corporation roughly \$100,000.00 by changing and fine-tuning the insurance policy with a new insurance provider.

Q1: Rick Dewolf asked if one of the reasons for strata assessments going down this year was a result of the Hydro decreasing.

Gail Turner advised the 2014 Strata AGM had a Special Assessment included in the strata assessment budgeted in the PSOE number for 2015, while at the 2015 Strata AGM, strata had not applied a Special Assessment and therefore the PSOE number budgeted for 2016 is less.

Q2: Wally Funk had noticed that there were a number of trees against buildings and vines growing along the walls which are devastating to cedar siding. Mr. Funk wanted to know what the plan was for dealing with them.

Terry Kerr advised that over the past year, there has been an immense amount of landscaping, which included a number of trees and vines being removed. Strata is tackling the key issues and not touching other areas until they know they can also deal with the potential new issues that could arise from removing the trees and vines off of the buildings.

Q3: Merville Hall was wondering about the irrigation system. Last year it was stated that it would be thoroughly analyzed, sorted out and some new stuff put in.

Terry Kerr stated a number of the areas around the community have been addressed. There is a large amount of land and an immense irrigation system. Considering that water conservation was implemented this year, the Strata Council decided to be prudent good neighbours and the entire community reduced water use when water conservation went to level 4, even though not required to do so, being on our own system. This had hampered the ability to monitor the system areas of concern. A number of heads had been capped where issues were found. The irrigation system is underground and strata does not have a blue print of it. The landscapers do check the entire community a couple times each year and attend to any challenges that arise.

Q4: Tom France asked what is happening with regards to the maintenance of the garden areas. At this time of year, leaves are falling down and getting wet, making it slippery and dangerous.

Terry Kerr stated that there are landscapers under contract to maintain the community. The leaves are being removed; however, winds keep the leaves from being completely absent at all times. As this is a contract that is not managed by the onsite manager, the landscapers are not on site every day.

H. REPORT BY MANAGEMENT

TPIMC Resort Management Report

Joanne Hallert presented the resort management report on behalf of Paul Dodds, Resort Manager, who sends his regrets.

Ms. Hallert advised that she joined Pacific Shores in December 2014 as the Director and thanked the Board and Resort Staff for their tremendous welcome and support with the changes that have been implemented. She shared that Paul Dodds joined Pacific Shores as Resort Manager in February of 2015. This came about when she had reevaluated the management

team and it was decided that the association could save some money and streamline operations while still providing the level of satisfaction that the owners are used to.

The summer season was very busy with PSOE unit occupancy increasing by about 6% over last year. This created some challenges for the housekeeping team. Mr. Dodds had requested that Ms. Hallert publically thank Blake Bridges, Housekeeping Manager, and his department for doing a tremendous job. They are striving to obtain a strong core housekeeping team to meet the standards that owners and guests expect.

I. BUSINESS ARISING FROM THE 2014 AGM

Collections Report

Joanne Hallert reported that Trading Places manages the collections for the association. In the past, Doug Alexander was handling collections and small claims which have since been turned over to Trading Places. New collections are run through a collections company used by Trading Places, Continental Central Credit. Some old accounts are still being collected through James McMillan. Any accounts which are in arrears are placed in the rental pool; the rental income goes directly to the association to help offset expenses.

Q1: Margaret Gardiner asked for some clarification on the arrears owners. It has been stated that there are 300 accounts in collections or delinquent, but at roll call it was stated that there are 986 not in good standing.

Joanne Hallert advised that the 300 accounts were accounts that have only become delinquent within 2015.

Q2: Margaret Gardiner provided some calculations and asked if the delinquency is 18%.

Joanne Hallert stated that the forecasted delinquency rate for year end is 16%.

Q3: Margaret Gardiner stated that something needs to be done about the delinquency rate. There has been talk in the past, but nothing has happened so far. She informed those in attendance that 1 in 5 owners are delinquent. Ms. Gardiner was very concerned that the association is becoming something that is not wanted citing the increase of these numbers as an indication.

Kate Britton answered that the industry standard was approximately 13% and that PSOE was not too far off. The Board has been discussing this at each meeting and have made this a high priority. The Board welcomes any owner's suggestions. A committee has been created, through Ken Chew, to address resales or ways to give owners a way out of their timeshare.

Q4: Tom France asked if the bad debt that was budgeted was \$42,000.00 and has now been forecasted at \$414,000.00.

Harry Felsing clarified that the bad debt is \$406,000.00, which is \$42,000.00 more than what was budgeted for.

Brian Scarfe shared three options, with regard to delinquencies, that another timeshare he owns implements:

- 1) Board contacting owners as soon as they fall into arrears to work with them and limit the amount that goes into collections
- 2) Working with a legal company to handle foreclosures
- 3) Leaseholds, which can be of any length of time, to acquire paying owners

Q5: Rick DeWolf asked for an explanation of the difference between the 986 and 300 delinquencies.

Joanne Hallert advised that the 300 are the accounts newly delinquent this year. There are 331 in collections right now, as well as more in bankruptcy, being HOA owned, maintenance weeks, suspended status accounts, and accounts that have gone through collections and have been returned. These all make up the number of non-active members.

Q6: Colleen Cossette let the board know that she had received a cold call asking if she wanted to get out of her management fee and advising her that her timeshare is worthless.

Kate Britton clarified that owner information is not given out. These companies make money off of trying to get owners out of their contracts. Usually, they are dealing with owners who are still attached to a developer and will attack the developer for false sales promises or misrepresentation, but as we are an association, it does not apply to us. They are trying to get your money and we do not advise any one to give money up front in order to relinquish or sell their timeshare.

Q7: Fiona Millard asked if someone hadn't paid their maintenance fees, does that mean that their unit cannot be deposited with RCI and therefore is not available for exchange.

Kate Britton verified that Fiona was correct. If they have an RCI Points contract wherein it is already ceded, it cannot be pulled out; however, if somebody has not paid their fees, that inventory can be rented and any income is that of the association.

Refurbishment Report

Joanne Hallert presented the refurbishment report in conjunction with the resort management report. Comment cards from Wufoo and RCI were hard on the B units. In response, LED bulbs in seventeen B units have been installed and seven B units have been painted. Other items that have been addressed are: ten new sofa beds have been placed in units, new carpet and vinyl flooring have been placed in the 500 block and the VING card system has been reinstalled. Some plans for the coming year include: further carpet replacement, replacement of furniture and replacing damaged or missing window screens.

Comment Cards & Summary Sheets

Ken Chew reported that the Wufoo comment cards are Trading Places comment cards that are sent to every guest upon check out.

Mr. Chew reported that although there was an increase in RCI rating through the summer, there were a number of complaints regarding the air conditioning and the B units. As a result, within the unit maintenance category, PSOE was 0.1 under Silver Crown status. This meant that PSOE was now Resort Hospitality status. All other categories had received a Silver Crown rating.

Under Resort Hospitality, the point values for owners will remain the same and the trading power on the RCI Weeks side should not decrease by much due to supply and demand. PSOE faces the same issues that a lot of other resorts are facing. Mr. Chew has been reviewing the comment cards since around 2006 and during that time, PSOE has never met the Gold Crown standard. The goal will be to be the best Resort Hospitality resort and thus ratings may improve as guest's expectations will be different.

Q1: Angela Oakley wanted to make sure that housekeeping had a checklist that documented any maintenance issues that needed to be addressed and to make sure it is passed onto maintenance.

Ken Chew let Angela know that this information will be shared with Blake Bridges, Housekeeping Manager.

Joanne Hallert advised that Blake was overseeing both housekeeping and maintenance and was developing strategies to prevent maintenance issues from being overlooked.

Merville Hall advised that she has stayed at older resorts in the past and had to sign documentation that stated that she was staying at an older resort and was aware of the implications associated with age. She also wanted to let everyone know that she had called Ajit Parhar, Front Desk Manager, and complained that she had been put into the wrong unit because after 27 years she had never seen her unit so clean and therefore it must be the wrong unit!

Q2: Margaret Gardiner stated that over a year ago owners were told that there was going to be a rental program, excluding the B units as a separate entity. This raised the question of why the B units can be in the exchange program as a separate entity, considering they are likely to receive negative comments.

Ken Chew clarified that the 300, 400 & 500 block units could go into the RCI Weeks program as only 1 or 2 bedroom units. When those units are converted to Points, RCI can do whatever they want with them and have chosen to allow 1 or 2 bedroom exchanges as well as hotel exchanges. If RCI was told to change this and only allow 1 or 2 bedroom units, it would risk a devaluation of the points for those units and owners.

Wally Funk stated that he loves the bones of Pacific Shores and this year he had maintenance go through the unit with him and noted issues with Rob. A few things that he noticed that are simple fixes are: replacing closet door guides, having fridge handles in stock and replaced when scuffed, turning down the hot water, removing the bar fridges from the cabinets because they have been scratching up the cabinets and switching all the lights to LED lights.

J. OTHER BUSINESS

The Commercial Centre

Stuart Allen reported that about a year ago the commercial centre was purchased by Pacific Shores Owner Enterprises LTD (PSOE) and PS Fractional Residences Association (PSFRA) under the company name of Pacific Shores Resort Centre (PSRC). As of October 15, 2015, PSFRA sold all their titled fractions, which meant PSOE no longer had a partner in owning PSRC. At some point, PSRC will disappear and PSOE will be required to re-negotiate with Fisgard, the mortgage company. In fact, these negotiations had already begun over the summer and more will continue.

Transtide Investment Limited Partnership now owns the 200 block and wishes to run it as a hotel. Transtide will need the Resort Centre to run, which provides PSOE with an opportunity and a challenge to resolve with Fisgard the high expenses that have been incurred in association with the commercial centre in the past year. Expenses were due to some unforeseen repair and maintenance costs in the commercial centre and the failure of businesses whose income the association had been counting on to supply revenue. Fisgard has sufficient funds to make an investment in the commercial centre. Fisgard will be working with PSOE to structure the commercial centre operations in a way which should be affordable to all and at the same time will allow owners, guests and renters to have an outstanding vacation experience at Pacific Shores.

Merville Hall commented that PSRC's biggest issue was a lack of marketing.

Q1: Brian Scarfe asked if the August 2015 financial amount of \$189,000.00 for the PSRC deficit was a cumulative loss carried forward or if it was in addition to the \$153,000.00 year end loss from 2014.

Gail Turner clarified that both PSOE and PSFRA paid \$90,000.00 each to cover the 2014 PSRC operating loss in 2015. As of October of 2015, PSOE had put into the resort centre \$234,000.00 above what was budgeted for 2015, including the \$90,000.00 for the 2014 year end operating loss. There may be additional funds required by year end 2015, but that cannot be estimated until the transition with the PSFRA sales have finalized.

Stuart Allen wanted to clarify that the PSRC was structured so that the mortgage application does not flow through to PSOE, so that a default or delinquency does not become a default or delinquency of PSOE unless the board chooses to make it so.

Q2: Margaret Gardiner asked who owns the laundry area and holds the 99 year lease.

Kate Britton clarified that Strata owns the laundry area and the 99 year lease was leased for \$10 to strata lot 77-84, which is the commercial centre.

Q3: Margaret Gardiner asked if the board had a backup plan for a laundry facility and check in centre?

Stuart Allen advised that currently Plan B is to work with Fisgard, with the understanding that PSOE has limited funds to contribute to the resort centre, thus allowing PSOE to have access to laundry and the commercial centre.

Margaret Gardiner suggested that PSRC should charge the guests a resort fee to access the facility and not the association. If needed, convert a garage to a laundry area.

TPIMC Presentation

Joanne Hallert gave a presentation on services that TPI offers owners:

- Online Services: www.pacific-shores.com
 - o Owners Corner provides: Board mailings, Governing Documents, Newsletters, Resort Updates, Financials; owners may also update contact information and pay maintenance fees.
- Reservations: 800.365.6480 ext 1; if you call the resort and choose reservations, you will be forwarded to TPI reservations.
- Owner Services: 800.365.6480 ext 1, ownerservices@tradingplaces.com
- Exchanges: 800.365.6480 ext 2, exchange@tradingplaces.com
- Rentals: 800.365.6480 ext 3, rentals@tradingplaces.com
- Travel: 800.365.6480 ext 4, travel@tradingplaces.com

Greetings from RCI

Patricia Murphy, Director of RCI, reported that she had not seen a turn out this large for an AGM before. Ms. Murphy thanked everyone for working with RCI. She clarified that RCI doesn't rate the resort, but the guests do through the comment cards. Resort Hospitality was a status created for resorts just like Pacific Shores; resorts that are older, but have great amenities and hospitality. With the change in rating, owners will not see a change in the RCI experience.

PSOE has been with RCI since 1996 and to date, with the average travel party being 2 people, PSOE has had 4,262 exchange guests through the resort. Ms. Murphy wanted to thank the staff for taking care of the RCI members coming to the resort.

K. NOMINATIONS AND ELECTIONS

Appointment of Electoral Officer

Ken Chew was appointed as the Electoral Officer and Wendy Miron was requested to be a voting scrutineer.

Election of Four Board Members – 2 Year Terms;

It was explained that the Board of Directors consists of 8 members and now requires four Board members for a 2 year term to be elected.

Each candidate present was provided an opportunity to present his/her views and reasons for desiring to serve on the board of directors.

Leonard Aylward
Rick Dewolf
April Robinson
Dave Hillmer
Kate Britton

L. AUTHORIZATION TO THE BOARD TO SELECT AND NOMINATE FOR ELECTION REPRESENTATIVES TO STRATA COUNCIL

No Objections.

Ken Chew called three times for nomination from the floor:

A motion was made by Ken Chew and seconded by Alan Britton that Leonard Aylward be nominated as a Director.

Leonard Aylward agreed to let his name stand.

A motion was made by Ken Chew and seconded by Alan Britton that Rick Dewolf be nominated as a Director.

Rick Dewolf agreed to let his name stand.

A motion was made by Ken Chew and seconded by Alan Britton that April Robinson be nominated as a Director.

April Robinson agreed to let her name stand.

A motion was made by Ken Chew and seconded by Alan Britton that Dave Hillmer be nominated as a Director.

Dave Hillmer agreed to let his name stand.

A motion was made by Ken Chew and seconded by Alan Britton that Kate Britton be nominated as a Director.

Kate Britton agreed to let her name stand.

Q1: Margaret Gardiner asked if there was anyone holding more than 20 proxies.

Joanne Hallert answered yes.

M. CONSIDERATION OF ACCOUNTS AND APPROVAL OF BUDGET

2014 Financial Statements

Harry Felsing presented the 2014 financial statements and the revenues, expenses and shortfalls were reviewed and discussed.

Current Interim Statements

Harry Felsing reviewed the current interim statements, noting a deficit of \$111,646.00.

Proposed 2016 Budget

Harry Felsing reviewed the January 1, 2016 – December 31, 2016 proposed budget and answered owner's questions.

Q1: Rick DeWolf asked if the \$120,000.00 amenities access fees anticipated for 2016 would be used towards the commercial centre.

Harry Felsing advised that Mr. Dewolf was correct.

Brian Scarfe clarified for everyone that the budget had no special assessment this year.

A Motion was made by Harry Felsing and seconded by Leonard Aylward that the proposed 2016 Budget be approved.

The motion was approved unanimously.

M. NEW BUSINESS

Greetings from Interval International – Janie Beall

Janie Beall gave a presentation on Interval International (II). II was founded in 1976 with offices in 16 countries. It has approximately 3000 resorts in 80 nations with 1.8 million members. II is part of Interval International Leisure Group (IILG). Included in their list of resorts are leading brand developers and leading independent developers. Owners can view II resorts by going to intervalworld.com and are not required to be II members to do so.

N. ANNOUNCEMENTS

Kate Britton thanked the Board of Directors for all the hard work that they have done over the last year.

Doug Alexander resigned from the Board. Ms. Britton acknowledged that Doug Alexander had been on the Board for about 6 years, thanked him for his time and presented him with a gift.

Following the Inspection of Election, Ken Chew explained the total number of votes cast at the meeting, combined with all valid proxies and those proxies awarded to the Board of Directors, had combined to determine the outcome of the voting of the association and that that would be the total recorded for the election.

The total voting count results determined that the four (4) candidates with the highest number of votes who would be the four (4) directors for the 2016 – 2017 (2-year) terms were:

Leonard Aylward, Rick Dewolf, Dave Hillmer and Kate Britton.

O. ADJOURNMENT

Kate Britton thanked Nikii Morrison & Ajit Parhar for all their hard work; she also thanked Wendy Miron (RCI) and Janie Beall (II), the TPI staff and resort staff as well as all the owners who took the time to join them.

A motion was made by Alan Britton and seconded by Rolinda Alexander that the PSOE Annual General Meeting be adjourned at 4:08 p.m.(PDT).

Motion was carried unanimously.