

**PACIFIC SHORES OWNER ENTERPRISES, LTD
SPECIAL MEETING**

**SATURDAY, JULY 15, 2017; 12:00 P.M. (PDT)
VICTORIA CONFERENCE CENTRE**

MINUTES

I. CALL TO ORDER

Chair, Kate Britton, called the meeting to order at 12:08 p.m. (PDT). Ms. Britton welcomed the owners, board members, staff, management and the owners and guests in attendance to the meeting.

Board of Directors

Kate Britton	Chair
Stuart Allen	Vice Chair
Harry Felsing	Treasurer
Claus Flemming	Secretary
Dave Hillmer	Director
Leonard Aylward	Director
Rick DeWolf	Director

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

Joanne Hallert	Director of Resort Operations
Kristen Makinen	Administrative Assistant
Casey Clayson	Administrative Assistant

Resort Staff

Nikii Morrison	General Manager & Recording Secretary
----------------	---------------------------------------

Conduct of Business

The special meeting was called to put a resolution before the Pacific Shores Owners Enterprises LTD. (PSOE) owners to authorize the sale of Pacific Shores Resort. This is the only substantive motion that could be acted upon at the meeting. The meeting was conducted in accordance with Robert's Rules of Order.

A motion was made by Harry Felsing and seconded by Leonard Aylward to adopt a special rule of order limiting each speaker to three minutes if another shareholder is waiting to speak.

The motion was approved unanimously.

II. APPROVAL OF AGENDA

A motion was made by Leonard Aylward and seconded by Claus Flemming to approve the agenda as presented.

The motion was approved unanimously.

III. CALLING OF THE ROLL, CERTIFICATION OF PROXIES, VOTING CARDS, AND PROOF OF NOTICE

Verification of Quorum – Certification of Proxies

Joanne Hallert stated that the quorum requirement stipulated within the Articles and Bylaws had been satisfied and had met at least 5% representation. The 5% requirement, or 201 intervals represented out of 4013 total intervals, was exceeded by receipt of 1059 proxies combined with 566 members in attendance, or 40% participating. Given the previous information, Kate Britton declared this an official meeting of the owners.

Voting Card Explanation

As there were no minutes to approve at the meeting, no voting cards were issued. Ballots or proxies were used to determine the outcome of the motion for the resolution.

Proof of Notice of Meeting

The notice of the Special Meeting and proxy form were mailed and emailed to owners of record on June 20, 2017. A copy of the notice is on file with the meeting records.

IV. NEW BUSINESS

Reports of the Board

Kate Britton informed the audience of the challenges present when she joined the board, the three most significant being collections, solving deed and title in perpetuity, and dissatisfaction with incomplete renovations.

Ms. Britton advised the board had addressed these major concerns by ensuring a professional collection agency had been hired to assist with collections, creating guidelines for those owners in hardship so that the association had control of delinquent weeks and had the option to rent them to generate income to support the budget and by creating a budget to renovate the units at the resort with a plan of action to complete the renovations.

The Strata depreciation report and the renovation budget were both provided online for owners' review. Funding the projects outlined within these reports would require multi-year special assessments.

Ms. Britton stated the question being posed to the owners was: is there virtue in significant renovation and completion of a large back-log of refurbishments, maintenance and repairs, or would it be wiser to explore a possible sale before matters get worse?

Stuart Allen then advised that the board felt that the question was one that the owners should decide upon. The cost to repair and renovate the facilities was going up while the number of owners to cover these costs was going down; there was no feasible plan to replace the declining owner base. The board had to consider if a sale was possible as there was no clear way to value each piece individually, only an appraisal of the property as a whole. Mr. Allen also noted that the distribution grade with Transtide was broken into parameters; he explained that the percentage breakdown was per parameter and not one percentage split overall.

Mr. Allen advised that if the vote was in favour of the resolution, they would then need approval from a judge for the sales process to allow the association to sell all the deeded weeks as one. If approved through the Supreme Court, they would engage a broker and market the property. In the event of a sale, the board would return to court for final approval of the sale and information would be sent to the owners to make them aware of the court date and they would thus have the chance to address to the court.

Approval of Resolution

A motion was made by Claus Flemming and seconded by Rick DeWolf to approve the following resolution as presented to the owners:

**PACIFIC SHORES OWNER ENTERPRISES, LTD.
SPECIAL MEETING OF SHAREHOLDERS
RESOLUTION – JULY 15, 2017**

The owners of Pacific Shores Owners Enterprises Ltd. (“PSOE”), having met in a Special Meeting on July 15, 2017, have adopted and passed by a majority exceeding 67% of those voting in person or by proxy, the following resolutions as of July 15, 2017 pursuant to the provisions of the *Business Corporations Act* (British Columbia):

WHEREAS the Board of Directors (“Board”) of PSOE has reviewed the financial viability and renovation needs of Pacific Shores Resort, Parksville, BC Canada (“Resort”);

WHEREAS the Board has called the Special Meeting of Shareholders for the owners to consider the Board’s recommendation that the shareholders approve a process for seeking offers to purchase the PSOE interests in the Resort;

WHEREAS the shareholders have received information about the depreciation reports for Pacific Shores Resort (the “Resort”), including both for PSOE and the Strata Corporation; the anticipated costs of fulfilling the requirements of the depreciation reports; other ancillary costs for repair and maintenance of the Resort which are not part of the depreciation reports; and the significant delinquency among existing owners; and the high likelihood of significant increases in such delinquency if the costs of renovation, repair and maintenance are imposed upon the owners;

WHEREAS the Board and Transtide, an owner of 40 strata lots at the Resort, have jointly proposed the potential sale of the combined interests at the Resort held by PSOE according to a Memorandum of Understanding (“MOU”) between PSOE and Transtide; and

WHEREAS the PSOE shareholders at a Special Meeting have approved this resolution by a two-thirds majority; and

NOW THEREFORE BE IT RESOLVED that the PSOE shareholders direct and authorize the PSOE management and staff as follows: The chair or, with the chair's consent, another officer of the Company is authorized, for and on behalf of the Company, to do all such acts and things and to execute and deliver all such other documents as in such director or officer's opinion may be necessary or desirable to pursue the sale of PSOE's interests in the Resort, including without limitation such court actions as deemed necessary and appropriate; execution of marketing agreements; execution of purchase and sale agreements and notification to PSOE shareholders of a hearing on the final sale to be consummated.

A fax or electronic transmission of this resolution signed by any officer of PSOE will be sufficient to establish the signature of that person and to constitute the consent in writing of that person to these resolutions.

Dated July 15, 2017.

OFFICER:

OFFICER:

The floor was opened for discussion of the motion at hand.

Q1: How are we able to guarantee that all titles would be clear in order to sell the property?

A1: The intention is to ask the Supreme Court for a process that would remove titles for all the PSOE strata lots if there is an approved sale.

Q2: How long would it take to obtain clear title and how much would it cost?

A2: Transtide is advancing PSOE \$150,000 for legal proceedings to facilitate the removal of titles. At this time, we do not know how long it will take to clear title. We will know more as we take the next steps.

Q3: 265413 Are we to have 67% in favour for the resolution to be passed?

A3: Yes.

Q4: 265160 The number of owners in default is high. What is the percentage?

A4: 22% as listed on the financial statements that are listed on the website.

Q5: 265160 what courses of action have been considered prior to taking this course?

A5: The Board of Directors studied the costs to bring the resort to industry standards and what effect it would have on the ownership base. There is not enough rental income to cover the delinquent accounts.

Q6: 265004 Does it mean 67% of those attending is required to pass the resolution?

A6: Yes, those here in person or by proxy.

Q7: Why isn't there an option on the table that doesn't include Transtide?

A7: We had mixed reviews from owners and guests when we had no access to the resort centre. The Board of Directors has put this resolution forward for the owners to decide. If the answer is no, we will move on from there.

Q8: 265108 What percentage of the vote does the Board of Directors hold?

A8: We don't have the percentage at this time. The Board holds a little more than 1300 proxy votes. Considering the large number of people in the room may give you an idea.

Q9: 265108 The delinquency rate was 15% at the last AGM in October and now it is 22%? That has really gone up!

A9: Yes, you are correct.

Q10: 264939 Strata majority is 80%; why is PSOE's majority 67%?

A10: PSOE bylaws state 67%. PSOE is not proceeding under the Strata Property Act as they are selling the real property and the buyer would fall subject to the Strata guidelines.

Q11: 264939 Maintenance fees are due at the end of December. If all those owners have paid their fees and there is a sale in June, would all those owners up to and including June have usage of their week and anyone in August or later be out of luck?

A11: The Board plans to have the answers to this type of question for the 2017 AGM where the 2018 budget will be presented. We hope by then we will have a good idea of how the sales process is proceeding and what the chances are of a sale closing in 2017 or 2018.

Q12: 264939 Could a year end closing date be requested?

A12: This is something we can look into with the buyer.

Q13: 265918 Will assessments increase as the delinquent rate increases?

A13: That is what the past has shown us.

Q14: 264431 With regards to putting this resolution forward: If the payment of the annual maintenance fees were so problematic why didn't the Board take action years ago to solve the problem?

A14: The Board has looked at what the costs will be in order to fix the property up and keep it within industry standards. What we have identified is that those costs will put a burden on those owners left within the declining ownership. The vote today will determine how we will proceed.

Q15: 264431 Other timeshares must be having the same issues as we are. Did we explore other options that other timeshares use?

A15: Unless they are able to have a sales program to replenish their owner base, they are facing the same problem.

Q16: 264431 Why doesn't Pacific Shores have a sales team?

A16: There is no value to sell a week so how are you going to get a real estate agent who works on commission to come and do resales? There also is not enough visitation to Pacific Shores and Parksville to get people in for a sale presentation.

Q17: 272020 Could we have it stated in the sales document that allows those in good standing to get right of first refusal on how the property is used and can we get a deal if on a purchase if the buyer sells off any of the units?
A17: Our intention is to explore all facets.

Q18: 264424 What will happen to those owners who are in default if sold?
A18: The sales proceeds will be divided among all the owners. For those owners in arrears, the proceeds will first go towards the arrears account and any balance would be distributed to them.

Q19: 264424 Can we not just foreclose on the delinquent owners as a group as opposed to transferring the titles individually.
A19: We could look at this, however it does not solve the delinquency rate.

Q20: 265108 A 400 block whole unit sold for over \$400,000 recently. Why can't we sell the units as whole units.
A20: There is a zoning restriction at Pacific Shores that has the property zoned as vacation ownership, which means an owner can only live there 180 days a year. A buyer may not have realized this at the time of sale.

Q21: 265108 Would it be feasible to sell some units and keep the rest for a smaller owner group?
A21: With 52-104 deeded interests on a unit, it is complicated to facilitate. Also, dropping the timeshare owner base so drastically isn't feasible to manage.

Q22: Why haven't we been able to get into the resort through Bonus Time? We used to come up quarterly and now we can't seem to be able to get in.
A22: Bonus Time is a special rate provided to owners and, although we may have space available, it may not be bonus time availability. We have an obligation to the owners who are renting to get the best possible rate we can for their unit. This means that we have to leave a set number of units available at regular rates or our rental income overall would decrease. The information is available on the owners' website under Owner Perks.

Q23: I don't see marketing on the resort locally or through facebook. Should we not increase marketing to attract more people to the resort?
A23: The facebook page was managed on behalf of PSRC (the resort centre) to drive income to the restaurant and the spa which PSFRA and PSOE benefited from. PSRC is no longer using the page and is no longer in existence. TPI has a marketing team who works hard to keep PSOE at the top of all the OTA channels, which drives rentals to PSOE. The rental generated for the HOA only covers about 50% of the maintenance fees that are not being paid by owners. Pacific Shores has been doing really well this year regarding rentals.

Q24: Why is Element's estimate higher than the appraisal?
A24: The Board of Directors believes that HVS, the appraiser, underestimates the cost of actual work required.

Q25: Why does the cost share escalate for Transtide as the price goes up?

A25: It was negotiated this way to encourage Transtide to get the highest price possible and in turn, more money for our owners.

Q26: Why go to court to release the sublease? Why not just get a declaration from those in arrears and rent the units and use that income towards renovations?

A26: We don't wait for foreclosure to rent the units; they are placed up for rent as soon as they are in arrears.

Q27: 265263 Do we get to keep the 2018 points if sold?

A27: If you keep your RCI Points up to date, and your points haven't expired, you will have access for any points where RCI was able to use the inventory. It will depend on when the resort is sold.

Q28: 265263 Why would everyone get the same amount from a sale when some own blue or white weeks and others red weeks?

A28: At the time of purchase, you may have paid more for a red week; however, the assessments have been straight-lined since then.

Q29: 264811 Who at Colliers was the appraiser? Was it the residential or international hotel group?

A29: It was the International Hotel Group.

Q30: 264677 Can we not vote on using one unit as our resort check in and thus not work out of the resort centre?

A30: This will be considered when determining the 2018 Budget that we will be bringing to the October AGM regardless of the outcome of this meeting.

Q31: Why was there only 3 weeks' notice for the meeting, and not advertised that it would be voted on at the AGM?

A31: The Bylaws outline that at least 21 days' notice is provided for a Special Meeting. The Board is looking for direction from the owners so that we can prepare for 2018. If we waited until October, it would push the process back and possibly exacerbate the situation.

Q32: If the vote is yes to sell, are we stuck with the MOU percentage breakdown?

A32: The MOU is set.

Q33: 266299 What did BC Assessment value the land and buildings at?

A33: The units were valued at about \$195K-\$210K per unit which is roughly comparable to the HVS appraisal.

Q34: 266777 \$5.2 million for renovations; isn't that a wish list?

A34: It isn't a wish list. We weren't planning on doing the work all at once. We were looking at doing it over 3, 4 or 5 years completing, about 10 units a year.

Q35: 264669 When is the AGM?

A35: October 14, 2017, at the Port Theatre in Nanaimo.

Q36: 264669 When will we find out the outcome of the vote?

A36: Today.

Q37: 266338 Would it be possible to pose a resolution to sell without Transtide?

A37: If the vote fails that would be something to look at.

Q38: 266917 Did strata drop the property assessments last year?

A38: No. It was a PSOE decision which was made in order to save the owners money on the property taxes for that year.

Two volunteers served as scrutineers to certify the ballot count:

Patricia Brown

Paul Donovan

The motion was approved with 2448 votes in favour and 89 votes against.

V. ADJOURNMENT

A motion was made by Allan Britton to adjourn the meeting at 3:07 p.m. (PDT).