

**PACIFIC SHORES OWNER ENTERPRISES LTD.
ANNUAL GENERAL MEETING**

**SATURDAY, OCTOBER 27, 2018; 11:00 A.M. PDT
PARKSVILLE COMMUNITY AND CONFERENCE CENTRE
PARKSVILLE, BC**

MINUTES

I. CALL TO ORDER

Kate Britton, Chair, called to order the Annual General Meeting (AGM) on behalf of Pacific Shores Owner Enterprises, LTD (PSOE) at 11:01 a.m. (PDT). Ms. Britton welcomed all the owners present and explained that a microphone had been set up so that owners would have the opportunity to ask questions during the question and answer period.

Kate Britton introduced the head table.

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

Board of Directors

Kate Britton	Chair
Stuart Allen	Vice Chair
Johann "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	Director of Resort Operations Assistant
Nicole Decasas	Director of Resort Operations Assistant

Resort Staff

Nikii Morrison	General Manager
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Kate Britton started the meeting by thanking the Board of Directors for their hard work as well as thanking Nikii Morrison and Joanne Hallert.

II. ADOPTION OF AGENDA

A motion was made by Al Britton and seconded by Mireille Chiasson to approve the agenda as circulated.

The motion was carried unanimously.

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

Kate Britton announced that the quorum requirement stipulated within the Articles and Bylaws had been satisfied; the governing documents state that at least 5% of the membership must be represented. The 5% requirement, or 197 of the 3930 active intervals, were represented by the receipt of 75 intervals by proxies combined with 515 intervals in attendance, or 15% participating. Given the previous information, Kate Britton declared this an official meeting of the owners.

The proof of notice was also provided for record.

IV. MINUTES OF THE OCTOBER 14, 2017 ANNUAL GENERAL MEETING

A motion was made by Al Britton and seconded by Gunther Bauer to accept the October 14, 2017 Annual General Meeting Minutes with the following changes:

- 1. First paragraph CHANGE Pacific Shores Enterprises, Ltd TO Pacific Shores Owner Enterprises, LTD*
- 5. First motion CHANGE Motions TO Motion*

The motion was approved unanimously.

V. MINUTES OF THE DIRECTORS' MEETINGS

Minutes of previous Board of Director's Meetings were reviewed.

A motion was made by Al Britton and seconded by Carol Baker to receive, acknowledge and review the minutes of the Board of Directors for October 13, 2017.

The motion was approved unanimously.

A motion was made by Al Britton and seconded by Carol Baker to receive, acknowledge and review the minutes of the Board of Directors for January 26, 2018.

The motion was approved unanimously.

A motion was made by Al Britton and seconded by Carol Baker to receive, acknowledge and review the minutes of the Board of Directors for April 13, 2018.

The motion was approved unanimously.

A motion was made by Al Britton and seconded by Carol Baker to receive, acknowledge and review the minutes of the Board of Directors for May 17, 2018.

The motion was approved unanimously.

A motion was made by Al Britton and seconded by Carol Baker to receive, acknowledge and review the minutes of the Board of Directors for July 14, 2018.

The motion was approved unanimously.

VI. PSOE UPDATE

Pacific Shores Sale Update

Stuart Allen reminded owners that in July of 2017 there had been a Special General Meeting which resulted in 96% of owners participating voting in favour of placing PSOE up for sale. The request then went to Supreme Court, and once approval was granted from the courts, PSOE enlisted a commercial realtor to market the property.

Mr. Allen advised there was an offer on the table; however, there was also a privacy and confidentiality agreement in place. As such, the board was not able to provide information on the offer. The interested party was doing their due diligence.

If a sale was agreed upon moving forward, and thus the privacy and confidentiality agreement was waived, a Town Hall meeting would be organized, and all owners would be invited to attend. At that time, owners would be provided more information and a presentation of an option for those owners who still wished to belong to a timeshare would be given. Owners would be welcomed to ask questions during the Town Hall meeting as well.

TPIMC Resort Management Report

Nikii Morrison, General Manager, summarized the events of the past year at Pacific Shores. The summary included the following:

- A number of appliances and mattresses were replaced due to failure
- Removed damaged furniture and replaced items as needed
- Continued to refinish wooden furniture
- Found alternative products
 - o New coffee pots
 - o New in suite laundry soap
- Strata started new maintenance contracts
 - o The new snow removal company was efficient
- Strata work:
 - o Replaced decks
 - o Painted 500 block
 - o Finished 600 block rooves
 - o Completed most of the 500 block rooves
 - o New catch basin at 200/300 block area
- Staffing had been challenging, but having survived the Peak Season, things are slowing down

- Owners Website log in has changed
 - o You can still use **psoe** to log in and **craigbay** for the zip code
 - o OR you can use your owner number and your postal/zip code

VII. STRATA BUSINESS

Kate Britton advised that there were four PSOE Directors on the Strata Council; Leonard Aylward, Stuart Allen, Harry Felsing, who was the Strata Treasurer, and Kate Britton.

Strata's focus over the last six years had been re-enforcing infrastructure, changing out posts, rooves, and decks, as well as fixing several leaks. Strata completed these with a few special assessments, but mostly with funding already in place. Strata will be trying to be more proactive as opposed to reactive going forward.

Some additional Strata projects not listed in the Manager's Report include:

- New fencing at the water pump station
- New butterfly valve for the water pump
- 500 & 600 block skylights were replaced at the same time the rooves were completed

With the structural work done on the 700 block last year and with Strata completing the projects this year, the Residential Contingency Reserve has been used up and therefore the 2019 Strata Fiscal year will have a Special Assessment to help build it back up again.

VIII. Q&A SESSION

Q1: 266665 Why is the bad debt higher in the 2019 Proposed Budget?

A1: The maintenance fees for 2019 have been budgeted at an increase of 9.1%. We have estimated the 2019 bad debt allowance to be 22% of the budgeted maintenance fees that would be billed. For 2018, we had followed the same formula but at 19%.

Q2: OWNER Should I pay my maintenance fees for 2019? What is the intent?

A2: Our intention is to sell by the end of 2018. We will invoice only if we can assure the owners that they can have accommodation in 2019.

Q3: 264847 Can you please clarify the increase in bad debt? When compared to the number of people in bad debt in 2018, 2019 estimates that 15.7% more owners will not be paying in 2019. Is that what we are expecting?

A3: The number we are estimating looks a lot larger due to the increase in maintenance fees. We base the increase on a dollar value as opposed to the number of people.

Q4: 264847 I know you can't tell us who the potential buyer is, but what is the amount it is being sold for?

A4: We are not able to provide that information. Once we are able to provide more information we will call a Town Hall Meeting and be able to answer all of your questions.

Q5: 265400 I was under the understanding that this years' maintenance fees would be the last year of maintenance fees. If the deal does not go through how will we proceed?

A5: If the deal goes through then 2018 will be the last year of maintenance fees. If the deal does not come to fruition, either because the buyer has backed out, because some other problem has arisen, or the court decides that it doesn't approve the deal, there are provisions in law that our legal counsel has advised us about that would allow us to apply to the court again for a different sale process. That could be undertaken without six months' marketing and a lot of lead time, but which would presumably result in a sale. Your board would be looking at that possibility also.

Q6: 265400 Is there the possibility of a bankruptcy sale? Is that on the table as a last resort?

A6: Yes, it is an option; however, you are not technically bankrupt in Canada until you don't have enough cash to pay your current bills. On a balance sheet basis, PSOE is far from bankrupt. You may be asking if the PSOE board would consider its options in insolvency proceedings to proceed with the wind up of the business and the board is prepared to look at that, but only as a last resort.

Q7: 265400 The board is asking the owners to pay maintenance fees but not get anything back.

A7: The board would only invoice the owners for maintenance fees as long as they can assure you accommodations at Pacific Shores in 2019.

Q8: 265400 What about for those owners who don't plan to use 2019, have too many points and can't use them. We don't want to pay our 2019 bill and have no use.

A8: The board will only invoice for 2019 if we have exhausted all other options.

Q9: 266388 If they sale goes through there will be no fees for 2019.

A9: Correct.

Q10: 266388 If a sale doesn't go through and all options have been exhausted, 2019 maintenance fees will go out.

A10: Correct.

Q11: 266388 What is involved in wrapping up PSOE?

A11: There is a list of things that we will have to do, but there is a corporation that is up and running. We have CRA obligations that need to be completed and we have other legal obligations as a corporation and business that need to be wrapped up. We are trying to do the whole process in an orderly way which is satisfactory to all government agencies at all levels and all potential creditors at all levels. We want to be transparent to the owners and treat our employees with the upmost fairness under these difficult circumstances as they have excelled at their duties.

Q12 266388 My RCI account says I have points in 2019. If the resort does sell in 2018 do I kiss those points goodbye?

A12: You won't lose points for inventory from 2018 and prior. Any future points that would be generated from 2019 inventory you would not have access to as there is no inventory to back it up.

Q13: 264406 What will happen to the week I have with TPI that I moved forward.

A13: If you have a week banked with TPI or any other exchange company, you will still have access to the week as long as you keep your account with them up to date and the week doesn't expire.

Q14: 266406 can we use that week at Pacific Shores?

A14: You would not be able to use the week at Pacific Shores in 2019 if PSOE is no longer open. It would not belong to a timeshare program.

Q15: 264406 If the current sale does not go through, the board will continue to see if there is another form of sale, not including bankruptcy or anything, is that the boards plan moving forward?

A15: Correct.

Q16: 266406 If the sale does not go through, you said something about not operating as a timeshare. Does this mean the Pacific Shores would not be open?

A16: The plan is to sell Pacific Shores by December 31st, 2018.

Q17: 265801 If a sale goes through we will no longer have titles?

A17: That is a process that the lawyers are working on. A buyer will want to make sure that they have all titles free and clear.

Q18: 265801 If the sale goes through will we be able to continue our relationship with RCI by paying our RCI fees?

A18: **RCI Points:** if you have current or past RCI points in your account you will have access to those points as long as your RCI account is paid up to date and the points have not been used or expired. Once the points are used or expired you would no longer have an RCI Points account. No future inventory points will go into your account.

RCI Weeks and other exchanges: if you have deposited inventory you can use that inventory within the exchange system as long as the deposit hasn't expired, and your exchange account is paid up to date.

Part of what the PSOE board has been working on is the possibility of bringing to the PSOE membership an offer to join another timeshare entity independent of PSOE and independent of the buyer. That would give you an opportunity essentially to continue being a part of a timeshare organization.

Q19: 264647 Thanked the board for doing their due diligence.

Stuart Allen replied that normally Kate Britton would stand up and thank everyone for their work, but really where would they be without Kate Britton. Stuart Allen thanked Kate Britton for all her work.

IX. NOMINATIONS AND ELECTIONS

Election of Three Board Members – 2 Year Term

It was explained that the Board of Directors consists of 7 Board Members and each year it requires half the Board members, each for a 2 year term, be elected. Claus Flemming, Stuart Allen & Harry Felsing chose to stand for re-election.

Kate Britton called three times for nominations from the floor. No other nominations were made.

Claus Flemming, Stuart Allen and Harry Felsing were re-elected to the Board of Directors by acclamation.

Authorization to the Board to Select and Nominate of election Representative to Strata Council

A motion was made by Dick Roberts and seconded by Jim Parker to authorize the board to select their representatives to Strata Council.

The motion was approved unanimously.

X. CONSIDERATION OF ACCOUNTS AND APPROVAL OF BUDGET

2017 Financial Statements

Harry Felsing reviewed the 2017 Financial Statements as presented to the owners.

A motion was made by Harry Felsing to accept the 2017 Financial Statements.

Current Interim Statements

Harry Felsing reviewed the current interim statement for month ending August 2018. He advised that forecasting includes a surplus that will assist with the closing of the resort if a sale goes through.

A motion was made by Harry Felsing to accept the August 2018 financials.

Proposed 2019 Budget

Nikii Morrison presented the January 1, 2019 – December 31, 2019 proposed Budget.

A motion was made by Al Britton and seconded by Mireille Chiasson to approve the 2019 Budget.

The motion was approved unanimously.

XI. ANNOUNCEMENTS

Joanne Hallert drew three tickets for 3 bonus weeks that TPI Exchange provided for the AGM.

Kate Britton presented a card to Joanne Hallert, on behalf of the Board of Directors and owners, for all her hard work.

Kate Britton presented a card and flowers to Nikii Morrison, on behalf of the Board of Directors and owners, for all her hard work and many years with Pacific Shores.

XII. ADJOURMENT

Kate Britton adjourned the meeting at 12:15 p.m.

DRAFT