



**EMBARC MEMBERS ASSOCIATION
MINUTES OF BOARD OF DIRECTORS MEETING**

Location: Diamond Resorts Canada Office
326-375 Water Street
Vancouver, British Columbia
Held on: September 18, 2018
Directors Present: Robert Reyes, James Orr, Mark Nuzzo, Konrad
Kawalec, Maria Kalber
Invited Attendees: Michael Marti (representing the Manager), James McBeath (Recording
Secretary)

There being a quorum present, the meeting was called to by the Chair, Robert Reyes, at 1:30 p.m.

The meeting was open to Members via telephone. At the start of the meeting no members were in attendance.

It was moved by James Orr, seconded by Konrad Kawalec to approve the Agenda for the meeting as presented. Robert Reyes advised that a new business item regarding the member survey had been added. Motion passed unanimously.

AGENDA

1. It was moved by James Orr and seconded by Konrad Kawalec to approve the July 23, 2018 Embarc Members Association Board of Directors Meeting minutes as presented. Motion passed unanimously.

2. Finance and Audit Committee (FACOM) Report - To approve the Operating and Reserve Budget for the Embarc Members Association for the year ending December 31, 2019.

James Orr advised that the committee met this morning to review budgets. The committee recommends that the budgets be approved as presented.

The committee also met with Fulcrum capital regarding the Club's investments and received report on the current investments. There was discussion on the financial situation worldwide to review strategies and recommend keeping current strategies but review again following NAFTA situation.

It was moved by Mark Nuzzo and seconded by James Orr that the Operating and Reserve Budget for the Embarc Members Association for the year ending December 31, 2019 be approved as presented.

Maria Kalber asked whether the capital reserves are good.

James Orr stated yes, and they are increasing. James noted that there are some concerns with long term interest rates, but the committee will monitor. Currently the capital reserves are in a good position.

Maria Kalber asked what the reason for the fees increase was.

Robert Reyes indicated that the increase was due to labour costs mainly, as a result of an increase in the cost of living at many of the resort areas. Robert also noted that housing issues for employees at resorts are compounding the cost of living increases. As well, competitor pressure on employee retention is also affecting the employee costs.

James Orr noted that municipal taxation on properties increased as well.

Maria Kalber asked if there has been any increase in employee turn-over.

Robert Reyes stated that it had not in the core team. For new employees, yes there is a higher attrition.

Robert Reyes also indicated that fees increase was impacted by increases in property taxes and GST. Robert noted that general administration costs had gone down as centrally done through DRI. The decrease is about 4.5%.

Motion passed unanimously.

3. Review Member mail-out material.

Robert Reyes identified that these mail-outs are the resort dues letter, budget summary, 2019 budget, invoices, assessment, billing and collections policy.

Robert summarized these materials for the Board. There was discussion at the FACOM meeting, and it was recommended that we provide more detail on the note regarding the decrease of General Administration.

Robert noted that for the "ABC policy", the dates and timelines for the process, and the charges applicable were kept the same as last year, but he noted it is up to the board to determine if there should be any increase or decrease.

Konrad Kawalec asked how many forfeitures the Club is looking at this year.

Robert Reyes stated that it is a two year cycle, so the Club is dealing with 2017 foreclosures next. The Board will know what the 2018 forfeitures are looking like in April 2019.

Konrad Kawalec stated that last year that the Board said that it would create a narrative around FACOM and that the Board should continue to do so. So, Konrad would like to release a narrative of what was discussed at the FACOM meeting.

James Orr agreed with that and said he would include it in the "Did You Know" again.

Robert Reyes wanted it noted for the minutes that the "Did You Know" is supplemental to the mail-out materials.

Robert Reyes summarized the action items to change the budget summary to give detail on the General Administration and to provide a separate document on FACOM discussion.

It was moved by Mark Nuzzo and seconded by James Orr to approve the member mail out approval with the requested additions to the budget summary. Motion passed unanimously.

4. New Business:

a. Update from Task Force on communication

James Orr reviewed the report received with the Board.

Robert Reyes asked if there was anything else that the Board thinks it should expand on in respect of communications with members. Robert suggested that the e-blasts usage becomes less as the click rate decreases the more this is used. Robert suggested that communications be put in a "What's New" and

the newsletter. Robert also suggested that more on-resort activities are conducted as these are well received by the members

Maria Kalber advised that 40% of survey participants said that they were aware of resale piece after reading the What's New. 12% read. So this is good and we should continue to use the What's New. Maria also indicated her agreement to increase on-resort activities.

Maria Kalber indicated that she will get a list of what DRI teams are already doing on resort to see if the Board can use their buying power.

James Orr suggested that the board should canvass the advisory committee regarding on-resort events.

Maria Kalber stated that she will approach DRI's EU event planner (that DRI has used for 11 years) to get a sense of how he can help to provide on resort activities.

b. Operations mid-year report

Robert Reyes gave a presentation on 2018 Service Report.

Post departure surveys year to date

- Members full survey average results was 91.4% – all categories above 90% except everything in working order at 84.3%.
- Exchange guest full survey average results was 93.4%
- Hotel guest full survey average results was 92%
- Total full survey average results was 92.3%

Everything in working order is a bit of a catchall (e.g. lift lines, rain, and batteries in remotes) so hard to get above 90%. Our target is 88%. So with 84.2% for members, 89.9% and 89.8% for exchange and hotel guests respectively, the overall total is 88%.

Year over year survey results:

Members up in all categories over 2017.

All guest types – up in all categories over 2017.

Robert suggested that the results should be posted on the website. Konrad Kawalec cautioned about only posting positive results, but Robert Reyes noted that it was all increases in all categories, so nothing to hide.

Robert advised the Board that Diamond Resorts (not just Embarc) won the ARDA 2018 Circle of Excellence (ACE) Award, which is an industry-wide award for excellence in customer service. It is one of the largest awards in the industry. Competing against Starwood, Marriott, Hyatt, and Disney.

Robert also advised that all Club resorts except two are TripAdvisor Certificate of Excellence, and TripAdvisor Hall of Fame for Whistler and Zihuatanejo.

On Interval International all 9 resorts are Elite resorts, and on RCI all are Gold.

Robert summarized for the Board each resorts 2018 community service activities.

Robert also summarized the 2018 reserve fund projects and noted that the shower tile replacement in Vancouver planned in 2018 was deferred as a shower redesign is planned for 2019.

c. Member Services mid-year report

Maria Kalber gave a presentation to the Board on Member Services mid-season report.

It was reported that there were some changes in stats. To date in 2018, the total calls received 37,776 with a 72.59% service level (combination of abandoned and how quickly answered). 41 second average answer rate. This is within range, but Member Services is not happy with overall service level even though it is above industry standards. The speed of calls was higher by about 10 seconds as had a large turnover of staff, so some knowledge and experience was lost.

Regarding the post call survey, it is an optional survey but 52% of callers do the survey. Overall, the 91% satisfaction rate is down by 2% from 2017 (which was a good year) but still higher than 2016 (88%).

Maria noted that the largest proportion of inquiries come via the Web.

Konrad Kawalec noted that members will dial the French line even though they speak in English because it is believed that the French call centre staff are more knowledgeable. Konrad suggested that may also result in the increase in answer time because there are fewer French speaking agents.

Maria agreed that does happen, but she noted that all calls are answered in Vancouver regardless of whether the caller is looking for French or English, unless all agents are busy then the call is routed to Vegas or UK.

Maria advised that online booking statistics are still very consistent from 2015 at about 71% to date. Online getaway bookings have steadily increased since 2012

Maria advised that a couple more member benefits have been added, e.g. Airmiles (Members can use points to buy Airmiles). There have also been additions to the Extraordinary Escapes Luxury Selection, with luxury river cruising and ultra-luxury cruising.

Maria also noted that exchanges are increasing.

Konrad provided some suggestions to consider publishing Extraordinary Escapes and Interval International booking statistics to assuage the feeling that Interval International members gets preferential treatment.

Maria also reported on the member survey. The survey was sent out to 21,244 members on September 5th. 4 questions had been added to the survey sent out in 2012 for 39 questions in total. As of last week, 2585 responses has been received, which is a 12% return. Up to today we have received over 3000 responses.

d. Discussion regarding member survey

Konrad Kawalec raised two items:

1. Konrad stated that the Board talked about in April how we would determine the interest in an AGM. He noted that the Club Intrawest Owners Group ("CIOG") has indicated that they would like to have an AGM. Robert had looked into costs of doing so. Konrad looked into teleconference options, but he now realizes any AGM has to be in person. He recognizes that the Club can't have a minority of members cause the club to spend a lot of money to hold an AGM if the attendance won't be there. Konrad indicated that he couldn't figure out how to get this information in time for the survey, but he would still like to come up with something. The reason is that in 2016 the CIOG felt the lack of an AGM was an issue so they requisitioned a Special General Meeting. The CIOG got 7% of members which was

sufficient for the calling of the SGM but the SGM didn't get the required quorum of members present. At that time the CIOG was about 1500 members. Konrad's suggestion is that rather than waiting for the now approximately 4000 CIOG members (according to CIOG) to request an AGM, the Board should be proactive in looking into it. That way, if the Board gets sufficient members to say they don't want the AGM this could off-set any new CIOG request for another meeting. Konrad called on the manager to try and figure out a way of doing that.

Robert agreed that it is probably right to be proactive, but the challenge will continue to be the engagement of members. Robert considers that the member survey will give a good sense of potential membership engagement levels. The Board would need to figure out what the level of support would need to be to get proper representation. Robert advised that of the members he knows, which is a lot, there are a lot of different opinions to those expressed by the CIOG and many just consider them very negative. So the Board needs to establish what the ultimate outcome of an SGM or AGM that will cost \$300,000 to hold is beneficial to the majority of members, and is not just serving the agenda of a small group.

James Orr stated that the CIOG members he has spoken to are simply trying to better understand the Club operations, and once he has spoken with them they change their position. Communication with members is key. James considers that spending \$300,000 to hold an AGM when only the CIOG will turn up is not beneficial. Communication to membership as a whole seems to be more beneficial.

Konrad Kawalec stated that at the time of the SGM there was a very strong us vs. them mentality. The dismissive attitude of past members was part of that. Konrad noted he was elected as the person to try and fix that. Konrad stated that the board is essential to increasing the communication and information, and the Board needs to get the input of more members. He is not suggesting that the Board pander to a minority but that the Board has not been clear in what the majority want or how it is going to get their opinion. Konrad feels that sending ideas to the advisory board is not sufficient as only 8 members, but rather the Board should be engaging the CIOG as it has 4000 members that want to give input.

Robert stated that it has been almost three years since DRI came in, and in that time, has the CIOG aggressively marketed their organization? Yes. Has everyone experienced bumps on the road? Yes. All 22,000 members have experienced the same bumps as CIOG. But if the rest of the membership has not reached out to the board that means either the bumps don't bother them or they can't be bothered. Robert stated that members that have spoken to him say that as long as it doesn't impact their vacation, they don't care about it, and that if service levels don't change they are not bothered. The Board has reached out to members. The Board is doing the survey now. Last November the Board sent out reports on services and marketing but the only response it got from the CIOG was it was all marketing speak. So Robert questions the need to continue to speak with the CIOG if it is not productive? Robert noted that the advisory board is balanced and that there are three CIOG members on that board so the CIOG can have significant input.

James Orr also noted that the Board can't move forward on good ideas if it has to run them by 4000 people. That is just not practical. It is the Board's and manager's jobs to come up with and implement the ideas. James

notes that what the Board is doing is focused. He also reiterated that there are three CIOG members on the advisory board, and that he is happy to speak with them if he is not going to get attacked. James speaks with CIOG members at the clubs and they start out a bit antagonistic, but once he has spoken with them for an hour they are more reasonable. James' question to the CIOG is, where were you when Fortress was running the Club? All Fortress wanted to do was to break up the Club and sell it off. But now the Club has a professional organization running it this is an issue.

Maria Kalber noted that everyone at this table needs to weigh in on communications. As a service-centric person, Maria would love to meet with the CIOG group. She supports being proactive but it is a good question as to how to do that and get a good majority opinion. Maria noted that industry wide, this is an issue. Maria also stated that she is still not sure what the CIOG is concerned about. She has asked before but has not been able to figure it out. For example, the survey was not an issue three years ago, but it is now. Maria indicated that how the Board can communicate for the greater good is the question. Maria also would ask where the middle ground is, noting that the Club is doing more now than ever before.

James Orr stated that he doesn't think all 4000 CIOG members are angry. Half are simply hearing things and are trying to find out why. As large groups become a mob it is better to discuss in small groups.

Mark Nuzzo stated that he made his comments earlier. The CIOG says we are not transparent; we are. The CIOG say we don't communicate, but we communicate more than any other group. Our advisory group is volunteer, not appointed. We are open with members when they ask us questions. We have a responsibility to be transparent and communicate with members, but we have a lot of people who don't look at what we put out. We have a large number who don't open communications and ones that do who don't spend a lot of time analyzing it. We have to remember that DRI as the Declarant has a major investment in this club and running this business, and all it wants to do is run this business to the best of its ability. If the membership is not happy, or fees are too high, or the organization doesn't work well, or if you make the papers, who is going to buy your product. DRI is still selling memberships so we must be doing something right.

Mark asked what is it that we can do for the CIOG? Is there something we are not doing operationally, or fixing units, or servicing on front desk, what are we not being transparent about?

Robert said that stripping down the issue, in his mind, is the voting power. Ronan was emphatic in prior discussions with the CIOG that DRI is not going to vote to change that. DRI has too much at stake to agree to that.

Mark Nuzzo stated that he empathizes with the group, but if they can give a constructive list of what can make Embarc better, then he would be happy to look at it. The Board is going to continue to do the best job it can. Konrad got elected from the group and has had made efforts to be productive and has been constructive. If the CIOG can be as constructive and productive as Konrad, Mark would readily sit down with them. Mark feels that they are playing the strings of all the members and are trying to influence them, and he can't stand that. Mark is stating that he is telling all this from the heart. Mark stated that he respects Konrad and the way he has acted and represented that group.

Konrad noted that the original CIOG has split into two factions, and now he has two groups telling him what he should do. Konrad doesn't think it is effective to simply go back to the group and say you are seeing it wrong. He needs to provide support for that. There is lots of opportunity for mistrust and for a power play, but Konrad is with Mark and doesn't think that is what is required. What a lot of people want is for the declarant not to have its voting power when it only holds 4% of the membership.

Robert noted that if DRI puts more property into the club then that percentage ownership could increase. Equally, if it doesn't put more property into the club then its percentage ownership could decrease. That possible decrease and the loss of the 15-1 voting power is the incentive for the Declarant to continue to grow the club. This has been set out for the CIOG before.

Robert stated that what he resents is that when the Board and DRI does everything by the bylaws regarding the election, what we get from the CIOG is that it is a scam.

Konrad stated that he concurs with that resentment as it was not a scam, and the CIOG members who made that have rescinded those comments, but it does increase the heat of the conversation.

Konrad noted that he listens to what the CIOG is up to and what the other group is up to, but he is not an insider any longer. He considers his role is to influence the board to communicate better. Konrad would like to see a point where the Board can address the entire membership.

Mark stated that he is willing to consider any requests the CIOG has as to what we can do to improve deficiencies in servicing members, but if it is anything regarding what can be done to have the minority control the majority, he is not interested.

Robert circled back to the original question as to how the Board gets the opinion of the membership as a whole. Robert stated that he is not sure what else the Board can do, and he is not sure what an AGM meeting can do that the Board can't do with the mechanisms that it is currently using.

Konrad thanked the Board for a good discussion on this topic. He said that the Board should just wait to see how the survey moves this conversation along.

Mark thanked Konrad for his candor.

e. Canadian legalization of marijuana and it's use on Club property

Robert noted that October 17 is the date marijuana becomes legal in Canada. Currently club members can smoke on the decks. Members have complained about smoking cigars on the decks and the Manager's response has been that they are entitled to do so. So, with legalization members can smoke marijuana on the decks. The Board has to consider how it will address this issue when the bylaws say members can smoke on the decks. Robert asked the board if it wants the Manager to proactively try and find solutions to avoid conflict.

James Orr suggested that in respect for other members, particularly families with kids, the Board request that members don't smoke marijuana on the decks but find somewhere else outside to smoke it that won't impact the families.

Mark Nuzzo agreed, but noted that it is going to be hard to enforce without changing the bylaws.

James McBeath stated that it is going to be hard for the Manager and the Board to say that members can smoke this legal substance but not that legal substance. James McBeath asked what the Manager has done if members have asked for cigar smokers to be stopped.

Robert stated that we can merely ask the members to stop but we cannot demand them to as the bylaws allow them to.

James Orr suggest that a compromise may be to wait and see what happens and whether any provincial legislation (similar to what Quebec is proposing) impacts this ability to smoke marijuana on the decks.

Konrad stated that Robert has indicated that the club general managers are concerned, so the Board needs to advise them somehow. Konrad asked if it reasonable for the Board to tell the general managers that we talked about this but couldn't make a decision.

Mark Nuzzo noted that generally the general managers like rules to be able to enforce.

Konrad noted that the Club documents have provisions about not causing a nuisance to other members and asked how we used in this in the past?

Robert indicated that those rules have been applied in the past and the Club has sent letters to members saying that the behavior will be an issue if it continues.

Robert also noted that the Manager has already been in discussions with general managers and is further along in its discussions than the Board is. His feeling is that the Board just needs to consider whether it should be considering a guideline change.

Mark asked how other resorts are dealing with it.

Robert said that he will be at a conference next week and will be talking with other groups about this. To close the discussion on this point, Robert let the Board know that the Hotel Associations that the general managers belong to are going to be discussing this and the Manager will bring this up.

Mark Nuzzo summarized to say that the message is that members have to abide with current rules, but the board is going to work on some communication with members.

f. Letter received from member regarding corporate governance

It was moved by Mark Nuzzo and seconded by James Orr that the Board go into executive session for this agenda item. Motion passed unanimously. The Board went into Executive Session at 4:40 p.m.


There being no further business, it was moved by James Orr and seconded by Konrad Kawalec that the meeting be adjourned. Motion passed unanimously. The meeting was adjourned at 4:58pm.

UNANIMOUS RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
EMBARC MEMBERS ASSOCIATION

The undersigned, being all of the members of the Board of Directors of Embarc Members Association present at the September 18, 2018 Board of Directors meeting, hereby resolve to approve the Minutes of the Meeting of the Board of Directors dated September 18, 2018, as presented and attached as Schedule "A" hereto.

This resolution may be executed in counterparts and delivered via fax or email, and each such counterpart will constitute an original document and such counterparts, taken together, will constitute one and the same resolution.

Dated this 10th day of December, 2018.



Robert Reyes

Mark Nuzzo

Konrad Kawalec

James Orr

Maria Kalber

UNANIMOUS RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
EMBARC MEMBERS ASSOCIATION

The undersigned, being all of the members of the Board of Directors of Embarc Members Association present at the September 18, 2018 Board of Directors meeting, hereby resolve to approve the Minutes of the Meeting of the Board of Directors dated September 18, 2018, as presented and attached as Schedule "A" hereto.


This resolution may be executed in counterparts and delivered via fax or email, and each such counterpart will constitute an original document and such counterparts, taken together, will constitute one and the same resolution.

Dated this 10th day of December, 2018.

Mark Nuzzo

Robert Reyes

Konrad Kawalec



James Orr

Maria Kalber

UNANIMOUS RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
EMBARC MEMBERS ASSOCIATION

The undersigned, being all of the members of the Board of Directors of Embarc Members Association present at the September 18, 2018 Board of Directors meeting, hereby resolve to approve the Minutes of the Meeting of the Board of Directors dated September 18, 2018, as presented and attached as Schedule "A" hereto.

This resolution may be executed in counterparts and delivered via fax or email, and each such counterpart will constitute an original document and such counterparts, taken together, will constitute one and the same resolution.

Dated this 10th day of December, 2018.

Robert Reyes

James Orr

Mark Nuzzo


Konrad Kawalec

Maria Kalber

13th Dec 2018

UNANIMOUS RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
EMBARC MEMBERS ASSOCIATION

The undersigned, being all of the members of the Board of Directors of Embarc Members Association present at the September 18, 2018 Board of Directors meeting, hereby resolve to approve the Minutes of the Meeting of the Board of Directors dated September 18, 2018, as presented and attached as Schedule "A" hereto.

This resolution may be executed in counterparts and delivered via fax or email, and each such counterpart will constitute an original document and such counterparts, taken together, will constitute one and the same resolution.

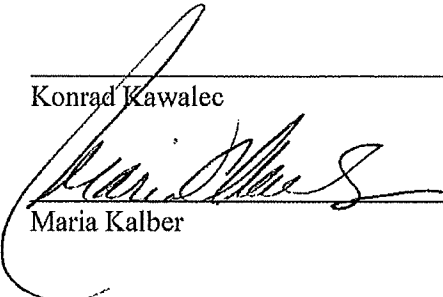
Dated this 10th day of December, 2018.

Mark Nuzzo

Robert Reyes

Konrad Kawalec

James Orr



Maria Kalber

UNANIMOUS RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
EMBARC MEMBERS ASSOCIATION

WHEREAS The Board approved the Audited Financial Statements of Embarc Members Association for the year ending December 31, 2017 at its May 25, 2018 Board Meeting; and

WHEREAS it has come to the Board's attention that a clarification in the disclosure of the number of units held in trust for the Club at the Whistler location in the table in informational Note 1 to the approved financial statements;

NOW THEREFORE the undersigned, being all of the members of the Board of Directors of Embarc Members Association hereby approve the memorandum clarifying Note 1 attached as Schedule "A" hereto, and further resolve that the audited financial statements for the Embarc Members Association for the year ending December 31, 2017 as amended by the attached memorandum be distributed to the membership.

This resolution may be executed in counterparts and delivered via fax or email, and each such counterpart will constitute an original document and such counterparts, taken together, will constitute one and the same resolution.

Dated this 22nd day of June, 2018.

Robert Reyes

Mark Nuzzo

Mark Nuzzo

Konrad Kawalec

James Orr

Maria Kalber