



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

Location: Diamond Resorts Canada
The Landing, 326 – 375 Water Street, Vancouver, B.C.
Vancouver, B.C. V6B 5C6

Held on: January 29, 2018

Directors Present: James Orr Ronan O'Gorman
Konrad Kawalec Robert Reyes
Maria Kalber

Invited Attendees: James McBeath – Recording Secretary - Owen Bird
Randy Davidson (representing the Manager)
Mark Nuzzo (representing the Manager)

A quorum was established and the meeting was called to order at 1:02 p.m.

6 members in attendance via telephone.

AGENDA:

1. Approval of the November 29, 2017 Embarc Members Association Board of Directors Meeting Minutes

It was moved by James Orr and Seconded by Konrad Kawalec to approve the minutes of the November 29, 2017 meeting as presented.

Motion passed unanimously.

2. Discussion of the Annual General Meeting

Discussion was had on whether holding the 2018 Annual General Meeting should be dispensed with as permitted by and pursuant to Section 3.9 of the Bylaws. Robert and Ronan noted that historically the Club has dispensed with holding the Annual General Meeting due to the number of members that would need to attend to reach quorum, the worldwide spread of the membership, and the cost of holding an annual general meeting given the number of required attendees. It was noted that 3,200 to 3,500 members (the number would vary depending on the points held by each member in attendance) would likely need to be present in person or by proxy to reach quorum. The Club had investigated the approximate cost to find a venue space large enough to accommodate that many members, and to have Computershare manage the meeting registration, scrutineering and vote taking. This would cost in the region of \$300,000.

Konrad Kawalec indicated that this is clearly a very expensive proposition, but from some members he has spoken to, the lack of an in-person Annual General Meeting is of concern. Konrad asked that the Board explore again the possibility of holding the meeting via telephone conference.

James Orr noted that with a telephone meeting it is hard to determine quorum and who is voting. Konrad noted that Computershare issues a unique ID for ballot voting.

Robert noted that for certain non-trivial agenda items it would be important that all members in attendance have the ability to properly discuss the items in question, and this would be very difficult to manage with a telephone conference.

Discussion was had on the use of the current member advisory committee or other mechanism to explore expanding the communication with the membership. James Orr noted that the Task Force is currently putting a survey together for the membership, and that it is possible to use the survey to determine the desire of the whole membership to incur the cost of holding an annual general meeting, likely attendance at an annual general meeting, and other mechanisms for increasing the communication with the membership.

Robert Reyes noted that timing is an issue for this year if we want to delay the decision on whether to dispense with the annual general meeting for this year as the board needs to make a decision on this imminently and before the survey could be conducted.

Following the discussion, it was moved by James Orr and seconded by Konrad Kawalec that:

In accordance with Section 3.9 of the Club Bylaws the holding of an in-person meeting for the 2018 Annual General Meeting be dispensed with, and the business to be conducted at the 2018 Annual General Meeting of the Club be conducted by way of electronic voting and that the Board:

- a. Set guidelines for the submission of nomination biographies to information only pertinent to that individual's skill and knowledge as a candidate for the position of a Director of the Club. Any biographies submitted that do not fit the criteria will not be accepted;
- b. Set Friday, March 9, 2018 as the last day for accepting nominations for a Director of the Club;
- c. Set Friday April 13, 2018 as the record date for the purposes of determining members of the Club who are eligible to vote;
- d. Set Friday June 1, 2018 as the last day for Members to cast their vote electronically;
- e. Instructs the Manager of the Club to retain Nordis Direct to oversee the electronic voting process and follow the requirements of Section 3.9 of the Bylaws;
- f. Instruct the Manager of the Club to do all other things as reasonably necessary to give effect to this resolution.

Motion passed unanimously.

3. Finance and Audit Committee Report:

Review of Payments and Confirmation of Cancellations

James Orr advised the Board that the Finance and Audit Committee (the "FAC") is made up of the two independent, non-management employee, voting members, and the President, Ronan O'Gorman. The FAC meets quarterly and met this morning, but also does a lot of work on a monthly basis.

It was also noted that the Club is the only club or homeowners' association in the Diamond fold that has an independent Finance and Audit Committee.

James Orr noted to the Board that the FAC had reviewed the Club's currency exchange purchasing practice in late 2017. To that date the Club would buy Peso's on an annual basis. James Orr had recommended that the Club switch to a quarterly purchasing strategy and noted that in the first quarter in which this practice was used the Club had saved approximately US\$40,000 in exchange fees, meaning that the projected annual savings by purchasing quarterly would be US\$150,000 to US\$170,000 for the Club.

James Orr also noted that the FAC hopes to be able to put out a quarterly report to the membership on its activities.

The Board received a report on the membership Resort Dues payments received and outstanding, and the recommendations for foreclosure and cancellation of certain identified memberships for non-payment of Resort Dues in 2017. It was noted that as historically done by Intrawest, all foreclosed points are purchased by the Declarant, Diamond Resorts International, who pays all outstanding fees for those points, resulting in savings of approximately \$500,000 to \$600,000 in dues not having to be covered by the membership.

It was noted that the Manager has started a program of calling delinquent members to help them stay active in the Club. This program has already started to reduce delinquencies and thus dues collection costs.

It was moved by Konrad Kawalec and seconded by James Orr that the Board confirm the cancellation of those memberships identified to the Board for the non-payment of Resort Dues in 2017.

Motion passed unanimously.

Audit Plan

It was noted by James Orr that the FAC had reviewed the draft Audit plan prepared by KPMG and that the two independent members of the FAC had also reviewed and discussed with KPMG its proposal for remaining the auditor for the Club, which proposal included a three-year cost projection.

4. Next Board of Directors Meeting

It was agreed by the Board that the next Board meeting will be April 16, 2018 for the purposes of approving the audited financial statements.

5. New Business

It was moved by James Orr and seconded by Konrad Kawalec that the meeting goes into executive session. Motion passed unanimously. The meeting went into executive session at 1:51 p.m.

Following the executive session and there being no further new business, the meeting was adjourned at 5:05 p.m.

Questions 1 – 7 submitted via letter to the Board by Gwyneth Edwards, Doug Cliff and Graham Cramm, the balance came via email from members

1) According to the Tax Court of Canada case, Club Intrawest versus Her Majesty the Queen (Docket 2012-3401(GST)G; judgement attached), and the subsequent Federal Court of Appeal case (Docket A-249-16; judgement attached), based on the evidence provided by Club Intrawest, to include the Original Trust Agreement, no principal-agency relationship exists between the Club and its members. Additionally, both the Tax Court and Federal Court of Appeal found no evidence that members possess beneficial ownership of the real property (e.g. land and title) identified in the trusts. Our questions as it relates to ownership are as follows:

a) Do individual members of The Club (not The Club itself as a separate legal entity) possess beneficial ownership of the real property identified in the trusts?

THE CLUB IS THE BENEFICIAL OWNER PURSUANT TO THE VARIOUS TRUST DECLARATIONS, AND THE MEMBERS HAVE A BENEFICIAL INTEREST IN ALL CLUB RIGHTS THROUGH THE CLUB INSTRUMENTS.

b) If the members possess beneficial ownership of real property, do the members own the real property outright? If so, what specific assets (legal title) do they own and where is this documented?

THE TRUSTEE IS THE REGISTERED OWNER OF THE REAL PROPERTY AND THE CLUB IS THE BENEFICIAL OWNER UNDER THE TRUST AGREEMENTS.

c) If members do not have beneficial ownership of the real property:

- I. What do members own, if anything at all?
- II. Who has beneficial ownership of the real property?
- III. Who owns the real property itself?

d) As it relates to documentation, please provide the following:

- I. The documents indicating that the developer transferred ownership of the initial resort accommodation directly to the club itself (e.g. the transfer agreement between Intrawest and The Club)

AS DESCRIBED ABOVE AND IN THE TRUST DECLARATION, THE REGISTERED OWNER IS THE RESPECTIVE TRUSTEES WHICH HOLD IN TRUST FOR THE CLUB. THE TRANSFER DOCUMENTS FROM THE DEVELOPER TO THE TRUSTEE ARE A MATTER OF PUBLIC RECORD AND CAN BE OBTAINED FROM THE RESPECT LAND TITLE OFFICES.

- II. The documents indicating that The Club transferred ownership of the initial resort accommodation to the trustee (e.g. the transfer agreement between The Club and the trustees)

THIS IS THE TRUST DECLARATION.

- III. The documents indicating that The Club transferred ownership of the initial resort accommodation to the members (e.g. the trust agreement between The Club and its members).

THERE WAS NO TRANSFER FROM THE CLUB TO THE MEMBERS. THE DECLARATION SETS OUT THE MEMBER RIGHTS TO THE CLUB PROPERTY.

- IV. Note we are not referring here to The Club Instruments (i.e., the certificate of incorporation, the master declaration, the trust agreement; the bylaws and the guidelines), as none of these documents show evidence to the above transactions.

THESE ARE THE RELEVANT DOCUMENTS THAT DEFINE THE RIGHTS OF THE TRUSTEE, MEMBERS AND THE CLUB REGARDING THE CLUB PROPERTIES.

- 2) In line with the above questioning, we have specific questions on the Initial Resort Accommodations (see Original Trust Agreement) that established The Club, that is: Whistler:
- a) Why does this asset (Whistler land) not appear on the club's audited financial statements?

THE CLUB'S AUDITED FINANCIAL STATEMENTS ARE PREPARED BY THE CLUB'S ACCOUNTING PROFESSIONALS.

- b) Was the transaction as reported in the Original Trust ever completed?

YES

- c) Who owns the Whistler land?

THE TRUSTEE IS THE REGISTERED OWNER AS PER THE ABOVE.

- d) Has the Whistler property been transferred to some other entity other than The Club? If yes:

THE WHISTLER PROPERTY IS REGISTERED IN THE NAME OF THE TRUSTEE

- I. Why and who authorized the transfer?
II. How and when was this disclosed to The Club membership?

THESE TWO QUESTIONS WILL TAKE TIME AND EXPENSE TO INVESTIGATE, WHICH THE BOARD IS NOT PREPARED TO EXPEND GIVEN THE COST TO RESEARCH THE QUESTION IS MUCH GREATER THAN THE BENEFIT TO THE MEMBERSHIP AND THEIR USE OF THE CLUB PROPERTIES TODAY. THE BOARD HAS A RESPONSIBILITY TO MANAGE OUTSIDE LEGAL COSTS.

- 3) As reported in the 2003 Financials (note 6; attached), a fire at Whistler resort caused damages of approximately \$600,000, which was to be covered entirely by the Club's insurance provider, except for a \$5000 deductible.

- a) To whom did the insurance provider issue the cheque?

CLUB INTRAWEST WAS THE ULTIMATE RECIPIENT OF THE INSURANCE PROCEEDS.

- b) Who is currently named as the beneficiary of any proceeds that may be paid out on any insurance claim?

THE CLUB IS A CERTIFICATE HOLDER UNDER THE MANAGER'S UMBRELLA INSURANCE POLICY, AND PAYOUTS IN RESPECT OF CLUB PROPERTIES WILL GO TO THE CLUB AS A CERTIFICATE HOLDER.

- 4) In the trust agreement, there is reference to the term Resort Accommodation.
- a) Does Resort Accommodation, as referred to in the trust, directly equate to real property and, if so, what are the specific components of the real property (including legal title)?
- b) If Resort Accommodation does not directly equate to real property, what does it represent specifically (beyond the definition provided, which defines Resort Accommodation in numerous ways).

THE TERM "RESORT ACCOMMODATION" IS DEFINED IN SECTION 1.50 OF THE MASTER DECLARATION TO BE "a portion of a Project (including the Equipment), consisting of either personal property (such as a motor home or a houseboat), or a leasehold, fee simple or other interest in real property, including a condominium suite or, unit, a hotel suite, a cabin, a house or other facility or interest, including a timeshare interval or interest, which is owned or leased by the Club or by the Trustee on behalf of the Club for the use of the Members and all rights and privileges belonging or in any manner appertaining thereto, now or hereafter submitted to this Declaration, as it may lawfully be amended or supplemented from time to time". IF YOU NEED FURTHER CLARITY PLEASE SEEK THE ADVICE OF YOUR LEGAL COUNSEL.

- 5) In 1996, eight (8) Resort Accommodations (RA) located in Kauai were transferred from the Developer to The Club. In June 2007 (as per the 2007 Financials; attached), ten (10) Kauai RAs were removed from The Club. We have the following questions on these transactions:

- a) Transfer
- I. When were the two additional Kauai RAs transferred from the Developer to The Club?
 - II. How many points were issued by The Club to the Developer?
 - III. What was the occupancy rate of the RAs?
 - IV. When were the Kauai RAs transferred from The Club to the Trustee?

THESE QUESTIONS WILL TAKE TIME AND EXPENSE TO INVESTIGATE, WHICH THE BOARD IS NOT PREPARED TO EXPEND GIVEN THE COST TO RESEARCH THE QUESTION IS MUCH GREATER THAN THE BENEFIT TO THE MEMBERSHIP AND THEIR USE OF THE CLUB PROPERTIES TODAY. THE BOARD HAS A RESPONSIBILITY TO MANAGE OUTSIDE LEGAL COSTS.

- b) Value
- I. What was the property value of the Kauai RAs when they were transferred to The Club, and then when they were transferred to the Trustee?
 - II. What was the value of the RAs for each year, while they remained in The Club?

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c) Ownership

- I. Who was the official owner of the Kauai RAs from 1996 to 2007?
- II. What was the name of the entity that took legal possession of the Kauai RAs throughout this period?

THESE QUESTIONS WILL TAKE TIME AND EXPENSE TO INVESTIGATE, WHICH THE BOARD IS NOT PREPARED TO EXPEND GIVEN THE COST TO RESEARCH THE QUESTION IS MUCH GREATER THAN THE BENEFIT TO THE MEMBERSHIP AND THEIR USE OF THE CLUB PROPERTIES TODAY. THE BOARD HAS A RESPONSIBILITY TO MANAGE OUTSIDE LEGAL COSTS.

d) Sale

- I. What was the property value of the Kauai RAs when they were sold?
- II. What legal entity reported the sale?
- III. What was the name of the entity that paid taxes on the capital gain incurred between 1996 and 2007 on the Kauai RAs?

THESE QUESTIONS WILL TAKE TIME AND EXPENSE TO INVESTIGATE, WHICH THE BOARD IS NOT PREPARED TO EXPEND GIVEN THE COST TO RESEARCH THE QUESTION IS MUCH GREATER THAN THE BENEFIT TO THE MEMBERSHIP AND THEIR USE OF THE CLUB PROPERTIES TODAY. THE BOARD HAS A RESPONSIBILITY TO MANAGE OUTSIDE LEGAL COSTS.

e) Replacement

- I. What RAs (described by location, units and occupancy rate) were added to the trust to replace the Kauai RAs?
- II. What was the number of resort points issued to the developer, if any, when the new RAs were transferred from the Developer to The Club?

THESE QUESTIONS WILL TAKE TIME AND EXPENSE TO INVESTIGATE, WHICH THE BOARD IS NOT PREPARED TO EXPEND GIVEN THE COST TO RESEARCH THE QUESTION IS MUCH GREATER THAN THE BENEFIT TO THE MEMBERSHIP AND THEIR USE OF THE CLUB PROPERTIES TODAY. THE BOARD HAS A RESPONSIBILITY TO MANAGE OUTSIDE LEGAL COSTS.

f) Benefit

- I. How did The Club benefit from the above transaction?
- II. Who else benefited from the transaction, and how?

THESE QUESTIONS WILL TAKE TIME AND EXPENSE TO INVESTIGATE, WHICH THE BOARD IS NOT PREPARED TO EXPEND GIVEN THE COST TO RESEARCH THE QUESTION IS MUCH GREATER THAN

THE BENEFIT TO THE MEMBERSHIP AND THEIR USE OF THE CLUB PROPERTIES TODAY. THE BOARD HAS A RESPONSIBILITY TO MANAGE OUTSIDE LEGAL COSTS.

- 6) The Embarc Members Association bylaws (Table 13, article 10.2a; attached) state the following

On a winding-up and dissolution of the Club, the Board of Directors or the Trustee shall liquidate all of the assets of the Club and convert them to cash and the balance, after making a provision for the payment of all debts, taxes (if any), and expenses associated with the winding-up and dissolution shall be distributed to the Members of the Club so that each Member receives a portion of the proceeds equal to a fraction composed of the total number of Resort Points owned by the Declarant, a Resort Points Member or allocated to a Advantage Member as the nominator and the total number of all Resort Points issued by the Club, to the Declarant, to Resort Points Members and allocated to Advantage Members.

- a) In the event of wind-up, which assets of The Club are to be liquidated? Please specify the type of assets and identify them.

AS STATED IN SECTION 10.2(A) OF THE BYLAWS, ALL ASSETS OF THE CLUB AT THAT TIME WILL BE LIQUIDATED.

- b) If the only assets to be liquidated are those listed on The Club's consolidated financials, please confirm that the assets do not, therefore, include the real property that forms the Resort Accommodations.

AS STATED IN SECTION 10.2(A) OF THE BYLAWS, ALL ASSETS OF THE CLUB AT THAT TIME WILL BE LIQUIDATED.

- c) Please identify who receives the real property, currently sitting in trust, upon wind-up of The Club.

AS STATED IN SECTION 10.2(A) OF THE BYLAWS, ALL ASSETS OF THE CLUB AT THAT TIME WILL BE LIQUIDATED. THIS WOULD REQUIRE THE TRUSTEE TO SELL THE REAL PROPERTY WHEN INSTRUCTED BY THE CLUB.

- 7) As you are aware, The Club has dispensed with the Annual General Meeting (AGM) since inception of The Club, contrary to the provisions of the law in Canada (NFP Act) and British Columbia (Societies Act), along with Delaware (Delaware Code, Title 8). Please explain why this AGM has been cancelled every year.

THE CLUB IS ACTING IN ACCORDANCE WITH ITS BYLAWS.

- 8) I am requesting a copy of Table 9. My request has nothing to do with past practices. Table 9 has been updated as it is required for the 2018 dues to be set. Please provide a copy of Table 9. If you believe I do not have a right for an updated copy of a table contained in the documents that I received when I purchased my points, please identify where in the club instruments that this right has been removed.

THIS IS A DOCUMENT PREPARED BY THE DEVELOPER NOT THE CLUB AND NOT WITHIN THE CONTROL OF THE CLUB TO GIVE TO YOU.

- 9) Can you please let me know who receives the revenue from late fees (annual service fee)? I am referring to all of the fees charged to members for paying late, including the one-time charges and the

2% monthly interest fee. Does this revenue go to the club or the manager? If its the club, can you confirm that the manager receives a management fee? If so, what is the percentage?

LATE FEES AND INTEREST GOES TO THE CLUB EXCEPT FOR AN ADMINISTRATION FEE PAID TO THE MANAGER OF \$50 FOR THE FIRST YEAR AND \$75 FOR THE SECOND YEAR.

10) I refer you to the following definitions in the Master Declaration (20th amendment) Table 1 – a club instrument.

1.17. "Club Instruments" means this Declaration, the Certificate of Incorporation, the By-Laws, the Trust Agreement, and the Guidelines together with each Member's Purchase and Membership Agreement, Membership Certificates, as each may lawfully be amended or supplemented from time to time.

1.45. "Project Instruments" means any declaration, articles of incorporation, by-laws, rules and regulations or other documentation pertaining to a Project, excluding the Club Instruments.

As you have indicated to me in a previous email, and as listed above, the club instruments include Table 1, the certificate of incorporation, Table 13, Table 2, Table 6 and Table 8. Can you please identify the project instruments by name – that is, which documents are included in the category of "Project Instruments?"

As indicated, this definition (above) is in the Club Instruments (Table 1). Therefore, as a member, I have a right to know what these documents are exactly.

PROJECT INSTRUMENTS ARE DEPENDENT ON THE NATURE OF EACH PROJECT. FOR EXAMPLE, THE STRATA CORPORATION BYLAWS FOR THE STRATA CORPORATION FOR THE UCLUELET PROJECT WOULD BE A PROJECT INSTRUMENT.

11) You are incorrect about the special vote. I agree that a vote is to occur annual only if the declarant receives the revenues.

EXCEPT in the case of year 2000.

Please read below. As you can see, 5.11(f) refers to the annual special vote.

Item (i) of that paragraph states that the first vote (no condition) is to occur in year 2000.

Etc...

As per the way that paragraph 5.11 is written, the vote in year 2000 comes first, regardless of who is getting the money. The condition that you refer to comes after.

Therefore, as per the declaration, there was to be a vote in year 2000 on who gets the funds. Please send me a copy of that resolution.

THIS WILL TAKE TIME AND EXPENSE TO INVESTIGATE, WHICH THE BOARD IS NOT PREPARED TO EXPEND GIVEN THE COST TO RESEARCH THE QUESTION IS MUCH GREATER THAN THE BENEFIT TO THE MEMBERSHIP AND THEIR USE OF THE CLUB PROPERTIES TODAY AS THE DECLARANT IS NOT RECEIVING RENTAL REVENUES AS PREVIOUSLY ADVISED. THE BOARD HAS A RESPONSIBILITY TO MANAGE OUTSIDE LEGAL COSTS.

12) Given the fed court of appeal decision (and regardless of any appeal by the CRA, as it wouldn't change the core decision, re: no principal agent relationship), we all know that GST is due on (at minimum) the amount equivalent to the Canadian operations. Can you please clarify the material impact of this decision on provincial taxes (eg Tremblant/ Quebec)?

THE BOARD HOPES TO FULLY AND FINALLY WRAP UP THE GST MATTER SOON AND WILL GIVE A STATEMENT ON THIS AT THAT TIME.

Is Revenue Quebec aware, for example? With operations in numerous provinces and based on Canadian tax law, I request an official statement from the board on this entire matter. The decision is public. The board has a duty to communicate to the members, as promised in your Dec 2016 email.

- 13) Table 12 is the schedule of total occupancy points. Right now it has the wrong total and wrong sub-totals for Tremblant and Whistler. This IS a club document.

THIS IS A DEVELOPER-PREPARED DOCUMENT NOT A CLUB DOCUMENT AND THE BOARD CANNOT PROVIDE ANY ADVICE AS TO WHAT THE DEVELOPER'S OBLIGATIONS MAY BE IN RESPECT OF ITS DISCLOSURE.

Who is responsible to provide purchasers updates of all of the Tables, given that they have changed?
Which documents does the developer update and issue?
Which documents does the club update and issue?
I would like a clear and concise answer. If you cannot answer on behalf of the developer (even though you actually are the developer), please advise ASAP.

- 14) Can you please explain why DRI, during the "member update," persistently claims that members have previous standing offers on the price of points, which is offered as an exception to the member during the sales pitch? DRI sales people are literally lying during the member update on what members own, the agreement to pitch a past point price etc...

THIS IS NOT A QUESTION THAT THE BOARD CAN ANSWER

The member update title should be changed to DRI Sales Meeting. There is minimal update occurring on the membership.

- 15) In your disclosure (enclosed), para 3.9 (c) (ii) – Voting for Directors – states that an independent director is defined as a director that is elected solely by the voting power of the resort point members. The two independent directors are listed as Mr. Kenneth Smith (now Konrad Kawalec) and Mr. James Orr.

Can you please confirm that you will not, in your role as declarant of the Embarc Members Association, vote in the upcoming election for the Mr. Orr's position, which will be open as of spring 2018? I look forward to a reply from the developer, Diamond Resorts Canada, Ltd., as declarant in the Embarc Members Association.

**Subsequently, the Embarc BOD email box has now received the following question from a large amount of members stating the following: "I am aware that there will be elections in the spring of 2018 for an independent member to the Board of Directors."*

THIS IS NOT A CLUB DOCUMENT NOR A QUESTION THAT THE BOARD CAN ANSWER

16) Who owns the "components" listed in the two documents posted on the website (the CAN doc, and the US/MEX doc). Are these officially club assets? Are they on the club books? If so, where? If not, who owns them? (Major Assets of the Club posted on Member website)

THE CLUB OWNS THE LISTED COMPONENTS.

17) Can you also tell me who pays the trustees to manage the trusts?

THE CLUB PAYS THE TRUSTEES AND THIS EXPENSE IS THEN RECOUPED FROM THE MEMBERS BY WAY OF ANNUAL DUES.

18) Can you please let me know the address of Embarc Members Association's official headquarters? Member Services indicated that it is in Las Vegas which led to questions to Marvin from KPMG as to the various entities and why the Canadian division of KPMG completed the audit.

THE LANDING, 326-375 WATER STREET, VANCOUVER, BC.

19) You have to show the GST/HST rate that applies to the supply and either:

- I. that the total amount paid or payable for a supply includes the GST/HST
- II. the amount of the GST/HST payable on the supply separately from the amount paid or payable for the supply

If HST applies to the supply, show the total HST rate. Do not show the federal and provincial parts of the HST separately."

Can the BOD please explain why the above information is not clearly stated on member invoices for the annual resort dues?

THE CLUB WILL COMPLY WITH WHAT MAY BE REQUIRED BY THE APPLICABLE LEGISLATION.

20) We were just informed that a large bulk bank of Embarc points has been deposited and made available to non-members (e.g., for reservations through Interval International or booking.com, etc.) MORE than 12 months out. If this is true, this practice significantly undermines and cheapens the value of being an Embarc member/owner.

MEMBERS GET BETTER VALUE WITH INTERVAL INTERNATIONAL EXCHANGES WHEN THE CLUB BULK BANKS UP TO 24 MONTHS IN ADVANCE. BULK BANKING IS REQUIRED UNDER THE INTERVAL INTERNATIONAL AGREEMENTS. BULK BANKED TIME IS NOT AVAILABLE TO THE GENERAL PUBLIC. ANY TIME AVAILABLE THROUGH BOOKING.COM ETC., IS FROM DEVELOPER-OWNED POINTS.

21) First, what entities or persons hold the deeds for the real estate and assets of the club as you state?

THE TRUSTEE IS THE REGISTERED OWNER OF THE REAL ESTATE AND HOLDS THE REAL PROPERTY IN TRUST FOR THE CLUB ON BEHALF OF ITS MEMBERS.

When we owned at Westgate Resorts, we DID HAVE a deed for the week that we owned, along with title insurance. This is what we were expecting when we purchased Intrawest in 2012 and when we subsequently added points.

Your response indicates that the Federal Appeals Court decision " does not change...the

fundamental nature of your ownership interest. We would respectfully disagree in that prior to the GST decision, we, and many other owners, were under the impression that we had a vested ownership interest in the physical assets of the Club. The GST showed us that all we have is a right to occupy when available. If this was the "fundamental nature of our ownership interest", then we, along with many other were misled by the sales representatives who represented this as deeded real estate. If all our interest was to begin with, why was it not stated clearly??

THE BOARD CANNOT COMMENT ON WHAT YOU WERE TOLD AT THE TIME OF YOUR PURCHASE.

- 22) If the board in 2012, elected to place the \$ 11,000,000 into reserves, what is the current amount of the reserve fund and should not it be used for the benefit of the owners to defray operating costs and reduce fees?? We still have a very hard time understanding this since the monies were collected under a different pretext. It is still a 37% increase in a line item.

THE BOARD HOPES TO FULLY AND FINALLY WRAP UP THE GST MATTER SOON AND WILL GIVE A STATEMENT ON THIS AT THAT TIME.

PLEASE SEE THE 2018 OPERATING BUDGET SUMMARIES PROVIDED TO ALL OF THE MEMBERS, WHEREIN IT INDICATES THAT THERE WAS A CORRESPONDING 37% REDUCTION IN THE TAXES, INSURANCE & LEVIES CATEGORY RESULTING FROM THE FINANCIAL STATEMENT RECLASSIFICATION DETAILED IN THE GENERAL ADMINSTRATIVE CATEGORY