

INTRODUCTION

The following is an outline of the mandate, structure and the principle activities of the Sun Peaks Mountain Resort Association doing business as Tourism Sun Peaks ("TSP"). The TSP bylaws provide the legal details and are the regulations under which TSP operates. This guide provides owners with a simple outline of the TSP activities.

Should any discrepancies occur between this guide and the bylaws, the bylaws should be taken as correct.

OBJECTIVE

Tourism Sun Peaks' objective is to coordinate the common interests of all property owners and businesses at Sun Peaks Resort.

MANDATE

Tourism Sun Peaks' primary role is to market Sun Peaks Resort to the world. In addition, the mandate is to promote and encourage Sun Peaks' tourism activities, to provide a central reservation and information system and correlate all the tourism related research and statistical information gathering processes.

TSP may assume additional functions and activities such as operations of recreational facilities and resort amenities as deemed advisable. Business alliances can be formed for the benefit of its membership such as shared telephone discount services, credit card discounts, resort transportation, resort security and village beautification programs.

All such activities and functions shall be considered by the Board of Directors if the activities seem to be in the best interest of the membership.

FUNCTIONS

The principle focus of TSP's activities is to market Sun Peaks in those target markets identified by the association's staff and various advisory committees and endorsed by the membership. Marketing will include media relations and market research. Initially, the prime marketing activities will be targeted at the Lower Mainland, Pacific Northwest and Eastern Canadian markets. Secondary target markets will be expanded to overseas markets such as Australia, New Zealand, Great Britain, Germany and Japan. Once the resort has a good variety of restaurants, bars and nightlife, a strong effort will be made to market Sun Peaks in the long haul US markets.

The marketing plan will develop consumer awareness of Sun Peaks and its products (and to a lesser extent, investment opportunities). In the area of sales activities, TSP has established a central reservation and information system with a toll free number (1 800 80 PEAKS) for the target markets.

As the summer resort product matures, TSP will develop activities and event programs to draw summer visitors to the resort. The preliminary summer markets will be the Tour Bus business, day visitors to the resort, Kamloops golf vacations and Pacific Northwest 'get-away' vacations. Some attention will be given to special groups such as small meetings, retreats, family reunions and weddings.

MEMBERS

The members of Tourism Sun Peaks are as follows:

1. Sun Peaks Resort Corporation
2. All property owners, tenants and business owners who own or operate within the resort areas (excluding the original Burfield condominiums and Burfield Drive subdivision) are mandatory members of the association. Prior to purchase, all property owners are informed of the compulsory membership to the association. If a property is further subdivided (strata subdivision or through fractional ownership), the property owner subdividing must inform its potential purchasers of their obligations under TSP bylaws and the Mountain Resort Association Act.

3. A person or corporation doing business within the Controlled Recreational Areas with a business office located outside of resort lands. These members are non-voting and pay a set annual fee.

Owners of resort land are members of the SPMRA. This feature of compulsory membership has been in place since the creation of the SPMRA in 1996. There are different classifications of resort land as follows:

Hotel Lodging Resort Lot
Non-Hotel Lodging Resort Lot
Single Owner Large Hotel Resort Lot
Residential Resort Lot
Commercial Resort Lot

Hotel Lodging Member (voting member)

The definitions of Hotel Lodging Members are set out in the bylaws. In summary, a hotel is determined to be a facility which provides accommodation to the public and has the services on its premises of a front desk continuously operated for a minimum of 6 hours a day for more than 120 days in any consecutive 365 day period.

An owner of a Hotel Lodging Resort Lot votes for the Hotel Directors and contributes to both the business and common cost centres.

Non-Hotel Member (voting member)

The definition of Non-Hotel Members are set out in the bylaws. Generally speaking, these are resort lots on which there is not a hotel facility but can be rented through a rental management service and make their unit available for nightly rental for 28 days or more per fiscal year or units that have an owner's use covenant.

An owner of a Non-Hotel Lodging lot votes for the Non-Hotel Lodging Director and contributes to both the business and common cost centres.

Single Owner Large Hotel Member (voting member)

The definition of Single Owner Large Hotel members are set out in the bylaws. These members are those that own a large hotel with more than 175 rooms and which provides accommodation to the public and has the services on its premises of a front desk continuously operated for a minimum of 6 hours a day for more than 120 days in any consecutive 365 day period.

An owner of a Single Owner Large Hotel Lot votes for the Single Owner Large Hotel Lodging Director.

Residential Members (voting members)

These lots are used as residential accommodation and are not made available for nightly rental.

Residential owners vote for the Residential Director and pay assessments only to the common cost centre.

Commercial Member (voting member)

Commercial lots are essentially the retail stores and restaurants located within resort lands.

Owners of Commercial lots vote for the Commercial Director and contribute to both the business and common cost centres.

Tenant/Independent Operator Member (voting member)

A person or corporation who has a written lease agreement with an owner of a Commercial Resort Lot for a term of not less than one year, who is in possession of the premises under that lease agreement and operates a business in the Controlled Recreation Area.

Tenant/Independent Operators vote for the Tenant/Independent Director and contribute to both the business and common cost centres.

Associate Member (non-voting member)

A person or corporation doing business within the Controlled Recreation Area with a business office located outside of resort lands. Associate members status is required to use the SPMRA's Central Reservations service (an agreement must be entered into between SPMRA's Central Reservations and the member).

Associate Members are non-voting and contribute \$350 annually.

Corporate Supporter (non-voting member)

A person or corporation doing business within the Controlled Recreational Area with an office located outside of resort lands. These Members do not wish to participate in Central Reservations but may wish to participate in resort collateral, advertising and the website.

Corporate Supporters are non-voting and contribute \$200 annually.

Corporate Sponsor (non-voting member)

A person or corporation doing business within the Controlled Recreational Area with an office located outside of resort lands that do not wish to participate in Central Reservations, nor in resort brochures and advertising but wish to communicate with members through newsletters etc.

Corporate Sponsors are non-voting and contribute \$50 annually.

THE BOARD OF DIRECTORS

The association is directed by a board of ten Directors, seven of whom (listed below) are elected at the Annual General Meeting by the various types of members. In addition, the Sun Peaks Resort Corporation appoints three Directors.

The elected Directors will represent the following interests:

<i>Director</i>	<i>Representing</i>
Commercial	Shops and retail businesses.
Hotel (2 Directors)	All hotel owners and condominium hotels.
Non-Hotel	Condominium or townhouse properties
Residential	Residential property owners. (Properties where the unit is not available for rent for more than 28 days per year and no owner use covenant is in place.)
Tenant/Independent	Tenants and businesses that are not represented by any other Director.

Single Owner Large Hotel Hotel lodging lot with at least 175 guest rooms owned by a single person or company.

The SPRC appointed Directors are:

Darcy L. Alexander

Joanne Foster

Francis Argouin

Voting Procedures for the Elected Directors

The procedures for electing the Directors of TSP are set out in the association's bylaws. In summary, those people who pay the Mountain Resort Association membership fees for the specific classification of Director are able to vote for that Director.

Commercial Director elected by the votes of those members who own a Commercial Resort Lot.

Hotel Director elected by the votes of those members who pay business and common fees and have a front desk, which operates for at least 6 hours per day for more than 120 days in any consecutive 365-day period.

Tenant/Independent Director elected by the votes of those members who have a written lease agreement for a Commercial Resort Lot and who operates a business within the Sun Peaks Controlled Recreation Area.

Non-Hotel Director elected by the votes of those members who pay business and common fees and are not a hotel but do make their unit available for rent for 28 days or more per year.

Residential Director elected by the votes of those members who do not pay business fees and only use their home or property

for residential use (not available for nightly rental for 28 days or more per year.)

Single Owner Large Hotel Lodging Director

Elected by the votes of those members who own Hotel lodging lot with at least 175 guest rooms owned by a single person or company.

ASSESSMENTS AND FUNDING

Membership assessments are divided into two cost centres; **business & common cost** centres. All members are assessed quarterly for their portion of the annual assessment.

Each year, the SPMRA Board of Directors approves an operating budget for the following fiscal year. At that time, the value of an assessment unit (see below) will be set for the following year.

The assessment unit for 2004/2005 fiscal was set at **\$38.50 for common cost** and **\$151.80 for business cost** per assessment unit ("AU").

The **common costs** include the Association's general administration and day to day management costs as well as any costs that are to the benefit of all members of the association. Property owners, who do not offer their unit(s) for rent for 28 days or more per year, will pay only the common portion of the assessment. All properties that have *owners use covenants* (rental units, with the exception of where there are year round residents or employees) or those properties that offer their property for rent for 28 days or more per year, will pay both the **business** and **common costs**.

To calculate the **common cost**, each sleeping room (bedroom or room capable of being used as a sleeping room), excluding employee housing, have 2 AU. A residential unit that is not made available for rent for 28 days or more per year could have a maximum of 8 AU for detached housing and a maximum of 6 AU for multifamily accommodation. For example, the **common cost** for a non-rented multifamily accommodation would be \$231 per year (6 AU x \$38.50 = \$231 per year) plus applicable taxes.

In calculating the **business cost** assessments, the formula is the same as the common cost, and with the exception of year round residential and employee use which are exempt from the business assessment. In other words properties with owners use covenant or those who make their unit available for rent for 28 days or more per year thus obtaining rental income, will pay in addition to the common cost, a **business assessment**. The total assessment will be the number of AU multiplied by \$190.30 (**\$38.50 common cost and \$151.80 business cost**). For example; a multifamily unit with three

sleeping rooms made available for nightly rental for 28 days or more per year, the assessment would be $\$38.5 + \$151.80 \times 6 \text{ AU} = \1141.8 per year, plus applicable taxes.

To calculate the assessments units for **commercial properties**, the number of AU's is obtained by taking the public commercial area in squared meters and dividing by 7.5, except restaurants and office space where the public commercial area in squared meters is divided by 15.

The Board of Directors of the association may increase these rates. Due to the projected growth of Sun Peaks, it is not foreseen that the assessment rates will increase above the inflation rate. The association's budget growth will be achieved primarily through new development and increased membership.

Sun Peaks Resort Corporation Assessment

Sun Peaks Resort Corporation ("SPRC") has agreed to contribute five percent (5%), of the gross lift revenue per fiscal year towards the budget of the SPMRA. In addition, the company will make other substantial voluntary contributions to 'kick start' the Mountain Resort Association during the first 10 years of operation. For the initial years, the SPMRA's budget will be in the \$450,000 to \$500,000 range and the SPRC will contribute approximately 80% of this total.

Relationship with the Sun Peaks Resort Corporation

The SPMRA is an independent association and the Board of Directors will set the tourism mandate and priorities of the SPMRA. During the initial years, Sun Peaks Resort Corporation will fund most of the SPMRA's budget and will therefore play a major role in the activities of the association. However, it is the Board of Directors who will direct the business of the SPMRA and the priorities of the association members may not always be those of the SPRC.

Relationship with the Sun Peaks Improvement District

The SPMRA is also independent of the **Sun Peaks Resort Improvement District** ("SPRID"). The SPRID is responsible for such public services as fire protection, garbage removal, snow removal, street lighting, and park and recreation facilities. The SPRID may in the future take on some other functions and responsibilities commonly undertaken by Villages or Municipalities.

If the SPMRA members decide that in a certain zone, such as the village centre, the SPMRA may wish to provide a higher level of service than that offered by the

Improvement District, then the SPMRA may provide such services as determined by the Board of Directors and its members.

At the present time, the Sun Peaks Utility Company Ltd. provides water and sewer services. The SPMRA, while interested in the provision of these services as they may impact upon the guest visitor experience, will not have a direct role with the Improvement District.