

October 15, 2018

RE: Notice of Board of Directors Meetings
Vacation Way Recreation Association, Inc.
Imperial Palm Villas Condominium Association, Inc.

Dear Marriott's Imperial Palm Villas Owner:

The Board of Directors Meetings for Vacation Way Recreation Association, Inc., and Imperial Palm Villas Condominium Association, Inc., will be held on October 30, 2018 at 9:45 a.m. Eastern time, and on October 31, 2018 at 9:45 a.m., Eastern time, respectively, at the Talent Experience Center, CONNECT Meeting Room, Marriott's Cypress Harbour, 6720 Captain's Way, Orlando, Florida 32821. The purpose of the meetings is to review and approve the proposed 2019 Maintenance Fee Budgets. The [meeting materials](#) are provided for your review.

Sincerely,

Evelyn Perez

Director of Finance
Marriott's Imperial Palm Villas

October 15, 2018

Dear Marriott's Imperial Palm Villas Owner:

A regular meeting of Imperial Palm Villas Condominium Association, Inc., Board of Directors will be held on October 31, 2018, at 9:45 a.m., Eastern time, at the Talent Experience Center, CONNECT Meeting Room, Marriott's Cypress Harbour, 6720 Captain's Way, Orlando, Florida 32821.

The Board of Directors reviews the Association's reserve funding needs on a regular basis and will do so again at this meeting. The goal has been and remains to maintain a balanced approach in reserve contributions versus projected expenditures for the Association.

Please pay particular attention to the Reserve Fee on the enclosed proposed budget. For further explanation, see item 2.A. of the Limited Proxy which was recently distributed to you in the Notice of Annual Meeting package.

Owners of Marriott's Imperial Palm Villas are also members of the Vacation Way Recreation Association, Inc. As a member of the Associations, your comments and presence are welcome at this meeting. Any comments will be considered by the Board of Directors prior to taking formal action on the proposed 2019 Budget.

As noted on the Agenda, open budget discussion with Association members is scheduled from 11:05 a.m. to 11:20 a.m., Eastern time.

The combined 2019 Maintenance Fee and Property Tax billing will be mailed to you in late November and will have a January due date.

If you have any questions regarding the enclosed material, please feel free to contact Evelyn Perez, Director of Finance, by phone at 407-238-6243 or by email at Evelyn.Perez@vacationclub.com.

Warmest regards,

George Gray
President

Frank Loyke
Vice President

Richard Eger
Secretary

Alexander L. Pollack
Treasurer

Richard "Nick" Veronda, Jr.
Director

Board of Directors
Imperial Palm Villas Condominium Association, Inc.

**Imperial Palm Villas Condominium Association, Inc.
Board of Directors Meeting**

October 31, 2018 at 9:45 a.m., Eastern Time

Talent Experience Center
CONNECT Meeting Room
Marriott's Cypress Harbour Resort
6720 Captain's Way
Orlando, Florida 32821

Agenda

- Call to Order
- Establishment of Quorum
- Approval of Agenda
- Appointment of Recording Secretary
- Proof of Notice of Meeting
- Investment Presentation
- Review and Approval of Meeting Minutes
 - April 24, 2018 Board of Directors Meeting Minutes
 - July 11, 2018 Nominating Committee Meeting Minutes
 - July 11, 2018 Board of Directors Meeting Minutes
- Vacation Way Meeting Recap
- Financial Report
 - Investment Policy Review
 - Current Financials
 - 2018 Year End Forecast
 - Proposed 2019 Maintenance Fee Discussion
- Meeting Open to Owners for 2019 Budget Discussion
(Open Budget Discussion with Owners: 11:05 a.m. – 11:20 a.m.)
- Financial Report – Continued
- Property Tax Discussion
- Accounts Receivable
- Lunch
- Financial Report – Continued
 - Reserve Discussion
 - 2018 Project Update
 - 2019 Project Review
 - Approval of 2019 Budget
- Resort Operations
 - Action Items Review
 - Guest Satisfaction Survey Scores Year in Review
 - Americans with Disabilities Act (ADA) Discussion
 - Reaffirm Expense Policy
- New Business
 - 2019 Meeting Dates
- Adjournment

Imperial Palm Villas Annual Meeting at 3:00 p.m.
Marriott's Royal Palms and Imperial Palm Villas Clubhouse

IMPERIAL PALM VILLAS CONDOMINIUM ASSOCIATION, INC.

2019 Estimated Operating Budget

For The Period Beginning January 1, 2019 And Ending December 31, 2019

	2018 BUDGETED EXPENSES 2,346 UNIT WEEKS (PER UNIT WEEK)	2019 PROPOSED BUDGET 2,346 UNIT WEEKS (PER UNIT WEEK)	2018 BUDGET VS 2019 BUDGET INCREASE/(DECREASE)		2019 PROPOSED BUDGET TOTAL \$
			\$	%	

Revenue					
SPECIAL (WEEKS 1 - 17,51 - 52)	1,623.56	2,673.85	1,050.29	64.7%	2,336,935
SPORT (WEEKS 18 - 23,34 - 50)	1,573.91	2,624.20	1,050.29	66.7%	2,655,679
SUMMER (WEEKS 24 - 33)	1,602.28	2,652.57	1,050.29	65.6%	1,220,177
Bank/Investment Interest	1.54	3.06	1.52	98.7%	7,175
Late Fees	6.61	6.31	(0.30)	(4.5%)	14,800
Maintenance Fee Interest Income	12.39	11.91	(0.48)	(3.9%)	27,950
Total Maintenance Fee Revenue					6,262,716

Expenses					
Accounting	21.80	22.53	0.73	3.4%	52,859
Administration	46.46	47.59	1.13	2.4%	111,650
Audit Fee	5.19	5.47	0.28	5.4%	12,825
Bad Debt Expense	17.06	17.06	0.00	0.0%	40,023
Billing and Collections	10.75	10.75	0.00	0.0%	25,220
Board of Directors	9.38	9.38	0.00	0.0%	22,000
Cable Television	7.68	7.68	0.00	0.0%	18,012
Credit Card Fee	25.29	24.93	(0.36)	(1.4%)	58,495
Division of the Condominium, Timeshare, and Mobile Homes Fee (FL)	2.00	2.00	0.00	0.0%	4,692
Electricity	45.07	46.51	1.44	3.2%	109,113
High Speed Internet	6.65	0.83	(5.82)	(87.5%)	1,949
Housekeeping ⁴	240.32	262.98	22.66	9.4%	616,945
Human Resources	12.09	13.22	1.13	9.4%	31,016
Income Tax	2.75	4.69	1.94	70.6%	10,995
Insurance	34.05	37.98	3.93	11.5%	89,092
Landscape / Grounds	21.45	21.26	(0.19)	(0.9%)	49,886
Legal	4.26	4.26	0.00	0.0%	10,000
Loss Prevention / Security	6.15	6.91	0.76	12.4%	16,217
Maintenance	128.17	135.92	7.75	6.1%	318,874
Management Fee	130.67	222.14	91.47	70.0%	521,145
Operating Capital	0.00	0.00	0.00	0.0%	0
Other Expenses	0.00	0.00	0.00	0.0%	0
Owner Services ³	43.58	44.89	1.31	3.0%	105,312
Pest Control	2.55	2.55	0.00	0.0%	5,976
Postage and Printing	8.31	7.78	(0.53)	(6.4%)	18,250
Refuse Collection	1.44	1.49	0.05	3.5%	3,487
Rent for Recreation	0.00	0.00	0.00	0.0%	0
Taxes upon Association Property	0.00	0.00	0.00	0.0%	0
Taxes upon Leased Areas	0.00	0.00	0.00	0.0%	0
Telephone	5.65	6.62	0.97	17.2%	15,530
Vacation Way Recreation Association, Inc	160.59	204.69	44.10	27.5%	480,192
Water and Sewer	24.09	25.89	1.80	7.5%	60,735
Operating Fee	1,023.45	1,198.00	174.55	17.1%	2,810,490

Total Net Operating	1,002.91	1,176.72	173.81	17.3%	2,760,565
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Reserve Fee ¹	429.84	1,306.32	876.48	203.9%	3,064,620
Operating And Reserve Fee	1,453.29	2,504.32	1,051.03	72.3%	5,875,110

Estimated Property Tax²					
SPECIAL (WEEKS 1 - 17,51 - 52)	190.81	190.81	0.00	0.0%	166,768
SPORT (WEEKS 18 - 23,34 - 50)	141.16	141.16	0.00	0.0%	142,854
SUMMER (WEEKS 24 - 33)	169.53	169.53	0.00	0.0%	77,984
Total Maintenance Fee Plus Property Tax					6,262,716

IMPERIAL PALM VILLAS CONDOMINIUM ASSOCIATION, INC.
2019 Estimated Operating Budget Notes
For The Period Beginning January 1, 2019 And Ending December 31, 2019

Notes to the 2019 Estimated Operating Budget

1) Florida Law requires the Association to maintain reserves for deferred maintenance and capital expenditures, based on the estimated useful life and replacement cost of each reserve item. The Association is accumulating funds for repairs and replacements over the remaining useful lives of the components based on estimates of current replacement costs. Actual expenditures may vary from the estimated replacement costs.

The components' actual replacement cost and useful lives may vary from the estimated amounts. If additional funds are needed, the Association has the right, subject to Board approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The itemized estimate of the remaining life and estimated replacement of the major components are listed below:

- * Roof Replacement – includes both unit roof replacement and common area.
- * Furniture and Fixtures – includes replacement of unit furnishings, equipment, and appliances.
- * Building Painting – includes unit building painting.
- * External Building Maintenance – includes unit building-related equipment items.
- * Pavement Resurfacing – includes pavement resurfacing and striping.
- * Common Area Rehabilitation – provides for site lighting, irrigation systems, and common area maintenance of Imperial Palms units.

Components	Estimated Useful Life In Yrs	Estimated Replacement Cost	Estimated Remaining Useful Years	Anticipated Beginning Fund Balance As Of January 1, 2019	Contribution For 2019
Roof Replacement	15	\$1,143,024	7	\$303,966	\$89,548
Furniture and Fixtures	14	\$11,710,642	6	(\$775,127)	\$2,812,319
Building Painting	8	\$492,411	5	\$426,777	\$9,807
External Building Maintenance	14	\$1,112,739	10	\$31,376	\$80,786
Pavement Resurfacing	15	\$94,049	10	\$22,684	\$5,331
Common Area Rehabilitation	13	\$1,082,674	7	\$456,492	\$66,829
TOTAL		\$15,635,539		\$466,168	\$3,064,620

As permitted by Florida Statute 721, reserve funds may be reallocated between the reserve components by the Board at a duly called meeting.

2) Florida law requires the Managing Entity hired by the Association to collect ad valorem taxes assessed by the Orange County Property Appraiser's Office. The exact amount of the taxes levied on each separate timeshare estate may vary depending on the value of the timeshare estate and will not be known for certain until approximately November (depending upon when the tax bill is sent out) of the year of the assessment. So as to meet the statutory requirement that the Tax Collector's Office only accept "full payment", and so as to have the necessary funds on hand to make payment as soon as possible once the tax bill is received by the Managing Entity in order to receive a discount for early payment, the Managing Entity will bill owners for their proportionate share of the taxes in January. Accordingly, the amount collected each year will be an estimate of the amount of ad valorem taxes that will be levied against individual timeshare estates. When the final bill is available, the amount collected for each timeshare estate will be adjusted accordingly, and overpayments, if any, may reduce the subsequent year's assessment, subject to other budgetary factors.

Estimated 2019 Ad Valorem Taxes	AVERAGE
SPECIAL (WEEKS 1 - 17,51 - 52)	\$190.81
SPORT (WEEKS 18 - 23,34 - 50)	\$141.16
SUMMER (WEEKS 24 - 33)	\$169.53

3) The Marriott Resorts Hospitality Corporation ("MRHC") has been delegated the authority to provide all services incidental to the management of the Condominium, including Owner Services and all property operations. In connection with the performance of those services, all operating expenses will be charged to and paid by the Association to MRHC, including some that may be incurred through affiliates of MRHC. Certain of the operating expenses charged to and paid by the Association to MRHC may reflect economies of scale associated with the number of projects managed by MRHC and the affiliated relationship between MRHC and the developer. The amounts charged for such operating expenses may reflect pricing that is lower than what equivalent services would cost if charged on an independent case-by-case basis.

4) Certain operating expenses are presented in the budget net of funds estimated to be reimbursed to the Association in 2019, including but not limited to: (i) funds received from MVC Trust Owners Association, Inc. and MVC Exchange Company to account for housekeeping expenses necessitated by nightly use of accommodations by MVC Trust members and Marriott Vacation Club Destinations Exchange Program members, and (ii) fees paid to the Association by transient guests who voluntarily elect to receive a daily room cleaning.

The 2019 Estimated Operating Budget is based on 2,346 timeshare estates of a one-week use period, being part of the condominium regime and timeshare plan, with 46 units having been part of the regime and plan on or before December 31, 2019 (2,346 timeshare estates reflects 51 weeks in each of the 46 units being sold).

Notes From 2017 Audit: Certain services, including off-site accounting and administration, and reservations, are provided by MRHC and allocated to the Association based on the number of unit weeks, as a percentage of total unit weeks the respective service covers. Marriott Vacations Worldwide Corporation ("MVWC"), the indirect parent company of MRHC, pays all invoices on behalf of the Association, subject to reimbursement by the Association. The net amount due from MVWC at December 31, 2017 and 2016 was \$4,621 and \$14,197, respectively.

MRHC collects annual maintenance fees on behalf of the Association. The amount of maintenance fees receivable due from MRHC at December 31, 2017 and 2016 was \$97,582 and \$228,365, respectively.

The amount due to Vacation Way Recreation Association, Inc. from the Association at December 31, 2017 and 2016 was \$1,280 and \$0, respectively.

October 15, 2018

Dear Vacation Way Recreation Association, Inc., Member:

A regular meeting of Vacation Way Recreation Association, Inc., Board of Directors will be held on October 30, 2018, at 9:45 a.m., Eastern time, at the Talent Experience Center, CONNECT Meeting Room, Marriott's Cypress Harbour, 6720 Captain's Way, Orlando, Florida 32821.

The Board of Directors reviews the Association's reserve funding needs on a regular basis and will do so again at this meeting. The goal has been and remains, to maintain a balanced approach in reserve contributions versus projected expenditures for the Association.

Please pay particular attention to the Reserve Fee on the enclosed proposed budget. For further explanation, see item 2.A. of the Limited Proxy which was recently distributed to you in the Notice of Annual Meeting package.

Owners of Imperial Palm Villas are also members of the Vacation Way Recreation Association, Inc. As a member of the Associations, your comments and presence are welcome at this meeting. Any comments will be considered by the Board of Directors prior to taking formal action on the proposed 2019 Budget.

As noted on the Agenda, open budget discussion with Association members is scheduled from 11:00 a.m. to 11:15 a.m., Eastern time.

The combined 2019 Maintenance Fee billing will be mailed to you in late November and will have a January due date.

If you have any questions regarding the enclosed material, please feel free to contact Evelyn Perez, Director of Finance, by phone at 407-238-6243 or by email at Evelyn.Perez@vacationclub.com.

Best regards,

Robert Gallagher
President

George Gray
Vice President

Alex Pollack
Secretary

Robert H. Adams
Treasurer

Kenneth Waddell
Director

Board of Directors
Vacation Way Recreation Association, Inc.

**Vacation Way Recreation Association, Inc.
Board of Directors Meeting**

October 30, 2018 at 9:45 a.m., Eastern Time

Talent Experience Center
CONNECT Meeting Room
Marriott's Cypress Harbour Resort
6720 Captain's Way
Orlando, Florida 32821

Agenda

- Call to Order
- Establishment of Quorum
- Approval of Agenda
- Appointment of Recording Secretary
- Proof of Notice of Meeting
- Review and Approval of Meeting Minutes
 - April 23, 2018 Board of Directors Meeting Minutes
 - July 10, 2018 Nominating Committee Meeting Minutes
 - July 10, 2018 Board of Directors Meeting Minutes
- Financial Report
 - Investment Policy Review
 - Current Financials
 - 2018 Year End Forecast
 - Proposed 2019 Maintenance Fee Discussion
- Meeting Open to Members for 2019 Budget Discussion
(Open Budget Discussion with Members: 11:00 a.m. – 11:15 a.m.)
- Lunch
- Financial Report – Continued
 - Reserve Discussion
 - 2018 Project Update
 - 2019 Project Review
 - Approval of 2019 Budget
- Resort Operations
 - Action Items Review
 - Activities Review
 - American's with Disabilities Act (ADA) Discussion
- New Business
 - 2019 Meeting Dates
- Adjournment

Vacation Way Annual Meeting at 1:00 p.m.
Marriott's Royal Palms and Imperial Palm Villas Clubhouse

VACATION WAY RECREATION ASSOCIATION, INC.

2019 Estimated Operating Budget

For The Period Beginning January 1, 2019 And Ending December 31, 2019

	2018 BUDGETED EXPENSES	2019 PROPOSED BUDGET	2018 BUDGET VS 2019 BUDGET INCREASE/(DECREASE)		2 BEDROOM Royal Palms Condominium 68.58%	3 BEDROOM Imperial Palms Condominium 31.42%
	\$	\$	\$	%		

Revenue						
Maintenance Fee	1,198,956	1,528,298	329,342	27.5%	1,048,106	480,192
Marketplace Express Net	19,309	22,318	3,009	15.6%	15,306	7,012
Miscellaneous Income	3,263	3,263	0	0.0%	2,238	1,025
Total Maintenance Fee Revenue	1,221,528	1,553,879	332,351	27.2%	1,065,650	488,229

Expenses						
Activities	74,815	78,681	3,866	5.2%	53,959	24,722
Audit Fee	9,750	12,950	3,200	32.8%	8,881	4,069
Electricity	47,260	48,132	872	1.9%	33,009	15,123
Front Desk	500,360	525,798	25,438	5.1%	360,592	165,206
Gas	2,902	4,411	1,509	52.0%	3,025	1,386
Income Tax	8,400	5,127	(3,273)	(39.0%)	3,516	1,611
Insurance	30,535	35,353	4,818	15.8%	24,245	11,108
Landscape / Grounds	42,225	45,430	3,205	7.6%	31,156	14,274
Maintenance	15,716	15,888	172	1.1%	10,896	4,992
Management Fee	108,996	138,936	29,940	27.5%	95,282	43,654
Operating Capital	0	0	0	0.0%	0	0
Other Expenses	0	0	0	0.0%	0	0
Pest Control	2,032	2,064	32	1.6%	1,415	649
Pool Maintenance	75,404	76,755	1,351	1.8%	52,639	24,116
Rent for Recreation	0	0	0	0.0%	0	0
Taxes upon Association Property	0	0	0	0.0%	0	0
Taxes upon Leased Areas	0	0	0	0.0%	0	0
Transportation / Garage / Parking	32,226	51,577	19,351	60.1%	35,372	16,205
Water and Sewer	6,543	6,560	17	0.3%	4,499	2,061
Operating Fee	957,164	1,047,662	90,498	9.5%	718,486	329,176

Reserve Fee ¹	264,364	506,217	241,853	91.5%	347,164	159,053
Operating and Reserve Fee	1,221,528	1,553,879	332,351	27.2%	1,065,650	488,229

Total Maintenance Fee	1,198,956	1,528,298	329,342	27.5%	1,048,106	480,192
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VACATION WAY RECREATION ASSOCIATION, INC.
2019 Estimated Operating Budget Notes
For The Period Beginning January 1, 2019 And Ending December 31, 2019

Notes to the 2019 Estimated Operating Budget

1) Florida Law requires the Association to maintain reserves for deferred maintenance and capital expenditures, based on the estimated useful life and replacement cost of each reserve item. The Association is accumulating funds for repairs and replacements over the remaining useful lives of the components based on estimates of current replacement costs. Actual expenditures may vary from the estimated replacement costs.

The components' actual replacement cost and useful lives may vary from the estimated amounts. If additional funds are needed, the Association has the right, subject to Board approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The itemized estimate of the remaining life and estimated replacement of the major components are listed below:

- * Roof Replacement – includes both unit roof replacement and common area.
- * Furniture and Fixtures – includes replacement of unit furnishings, equipment, and appliances.
- * Building Painting – includes unit building painting.
- * External Building Maintenance – includes unit building-related equipment items.
- * Pavement Resurfacing – includes pavement resurfacing and striping.
- * Common Area Rehabilitation – provides for site lighting, irrigation systems, and common area maintenance of Vacation Way.

Components	Estimated Useful Life In Yrs	Estimated Replacement Cost	Estimated Remaining Useful Years	Anticipated Beginning Fund Balance As Of January 1, 2019	Contribution For 2019
Roof Replacement	20	\$311,447	6	\$142,513	\$24,892
Building Painting	10	\$116,703	5	\$103,647	\$2,309
External Building Maintenance	17	\$600,524	11	\$208,317	\$31,522
Pavement Resurfacing	16	\$179,046	10	\$53,458	\$11,103
Common Area Rehabilitation	10	\$1,842,773	5	(\$58,681)	\$436,391
TOTAL		\$3,050,493		\$449,254	\$506,217

As permitted by Florida Statute 721, reserve funds may be reallocated between the reserve components by the Board at a duly called meeting.

The 2019 Estimated Operating Budget is based on 8,555 timeshare estates of a one-week use period, being part of the condominium regime and timeshare plan, with 169 units having been part of the regime and plan on or before December 31, 2019 (8,555 timeshare estates reflects 50.62 weeks in each of the 169 units being sold).

The total Operating and Reserve Fee will be assessed to the owners of timeshare interests in Royal Palms Condominium and Imperial Palm Villas Condominium in accordance with Article VII, Section 1 of the Bylaws of Vacation Way Recreation Association, Inc.

Notes From 2017 Audit: Marriott Vacations Worldwide Corporation ("MVWC"), the current indirect parent company of MRHC, pays all invoices on behalf of the Association, subject to reimbursement by the Association. The net amount due to MVWC at December 31, 2017 and 2016 was \$58,064 and \$5,882, respectively.

The amount due to Imperial Palm Villas Condominium Association, Inc. from the Association at December 31, 2017 and 2016 was \$1,280 and \$0, respectively.

The amount due to Royal Palms of Orlando Condominium Association, Inc. from the Association at December 31, 2017 and 2016 was \$2,668 and \$0, respectively.

The amount due to Sabal Palms of Orlando Condominium Association, Inc. from the Association at December 31, 2017 and 2016 was \$5,446 and \$0, respectively.