

November 1, 2018

Dear Marriott's Legends Edge Owner:

As you are aware, Hurricane Michael made landfall as a Category 4 storm near Panama City Beach on October 10, 2018 with winds in excess of 120 MPH. As a result of the storm's impact, significant remediation work will be required to restore Marriott's Legends Edge at Bay Point to its pre-storm condition. The Association is responsible for all expenses that fall below the resort's \$1.3 million insurance deductible for a named windstorm event.

Due to the need to incorporate expenses associated with the remediation efforts in the Association's 2019 budget, a regular meeting of the Board of Directors of Legends Edge Condominium Association, Inc. will be held at 1:00 p.m., Central time, on November 15, 2018 at Marriott's Legends Edge, Bay Point Community Association Board Room, 4000 Marriott Drive, Panama City Beach, Florida 32411. The purpose of the meeting is for the Board of Directors to approve an updated 2019 Budget.

As a member of the Association, your presence and comments are welcome at this meeting. Any comments will be considered by the Board of Directors prior to taking formal action on the proposed budget.

As noted on the Agenda, open budget discussion with Association members is scheduled from 1:15 p.m. to 1:35 p.m., Central time, on November 15, 2018.

In order to accommodate Owners who are unable to attend the meeting in person, please contact Gretchen McCurdy, General Manager, by phone at 850-236-4231 or by email at Gretchen.McCurdy@vacationclub.com by November 7, 2018 and a dial-in number will be provided to you.

If you have any questions or would like any additional information, please contact Ms. McCurdy by phone or via email.

Sincerely,

Sam Colmery

Secretary/Treasurer

Legends Edge Condominium Association, Inc.

**Legends Edge Condominium Association, Inc.
Board of Directors Meeting**

November 15, 2018 at 1:00 p.m., Central Time

Marriott's Legends Edge at Bay Point
Bay Point Community Association Board Room
4000 Marriott Drive
Panama City Beach, Florida 32411

Agenda

- Call to Order
- Establishment of Quorum
- Appointment of Recording Secretary
- Proof of Notice of Meeting
- Approval of Agenda
- Resort Operations Update
- Financial Report
 - Proposed 2019 Operating and Reserve Budget (Open Budget Discussion with Owners - 1:15 p.m.-1:35 p.m.)
 - Approval of 2019 Operating and Reserve Budget
- Adjournment

LEGENDS EDGE CONDOMINIUM ASSOCIATION, INC.

2019 Estimated Operating Budget

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

	2018 BUDGETED EXPENSES 4,275 UNIT WEEKS (PER UNIT WEEK)	2019 PROPOSED BUDGET 4,275 UNIT WEEKS (PER UNIT WEEK)	2018 BUDGET VS 2019 BUDGET INCREASE/(DECREASE)		2019 PROPOSED BUDGET TOTAL \$	Commercial Units ⁷ \$
			\$	%		

Revenue						
Association Fees - Commercial Units	0.00	0.00	0.00	0.0%	520	520
GOLD (WEEKS 7 - 8,45 - 48,51 - 52)	1,466.72	1,864.34	397.62	27.1%	1,237,924	0
PLATINUM (WEEKS 9 - 26,29 - 44)	1,485.47	1,883.09	397.62	26.8%	5,314,090	0
PLATINUM PLUS (WEEKS 27 - 28)	1,515.47	1,913.09	397.62	26.2%	317,574	0
SILVER (WEEKS 1 - 6,49 - 50)	1,451.72	1,849.34	397.62	27.4%	1,152,141	0
Bank/Investment Interest	2.47	6.37	3.90	157.9%	27,211	0
Late Fees	5.09	4.57	(0.52)	(10.2%)	19,551	0
Lease Income	0.00	2.45	2.45	100.0%	10,456	0
Maintenance Fee Interest Income	13.81	10.04	(3.77)	(27.3%)	42,931	0
Marketplace - Convenience Store	1.26	1.26	0.00	0.0%	5,380	0
Other Income	0.00	2.50	2.50	100.0%	10,680	0
Total Maintenance Fee Revenue					8,138,458	520

Expenses						
Accounting	37.07	35.75	(1.32)	(3.6%)	152,837	15
Activities	59.04	62.69	3.65	6.2%	267,998	0
Administration	74.46	81.17	6.71	9.0%	347,036	35
Audit Fee	3.48	3.48	0.00	0.0%	14,858	1
Bad Debt Expense	22.12	12.57	(9.55)	(43.2%)	53,753	0
Bay Point Community Association Easement Agreement	23.04	25.72	2.68	11.6%	109,975	11
Billing and Collections	9.26	9.26	0.00	0.0%	39,587	0
Board of Directors	1.16	1.80	0.64	55.2%	7,709	1
Cable Television	6.33	6.27	(0.06)	(0.9%)	26,803	0
Credit Card Fee	18.63	19.05	0.42	2.3%	81,442	0
Disaster Recovery	0.00	315.00	315.00	100.0%	1,346,625	0
Division of the Condominium, Timeshare, and Mobile Homes Fee (FL)	2.08	2.02	(0.06)	(2.9%)	8,632	1
Electricity	35.72	34.14	(1.58)	(4.4%)	145,984	15
Front Desk	114.42	117.98	3.56	3.1%	504,349	0
Gas	10.70	11.07	0.37	3.5%	47,314	5
High Speed Internet	5.49	6.03	0.54	9.8%	25,759	0
Housekeeping ⁶	209.41	226.95	17.54	8.4%	970,326	97
Human Resources	22.29	24.01	1.72	7.7%	102,660	10
Income Tax	3.82	8.38	4.56	119.4%	35,821	0
Insurance	48.01	52.90	4.89	10.2%	226,180	23
Landscape / Grounds	14.89	15.33	0.44	3.0%	65,537	7
Loss Prevention / Security	16.95	17.03	0.08	0.5%	72,804	7
Maintenance	122.76	153.45	30.69	25.0%	656,063	66
Management Fee	134.44	141.94	7.50	5.6%	606,875	61
Operating Capital	0.00	0.00	0.00	0.0%	0	0
Other Expenses	0.00	0.00	0.00	0.0%	0	0
Pest Control	1.67	3.10	1.43	85.6%	13,260	1
Pool Maintenance	13.07	14.19	1.12	8.6%	60,649	0
Postage and Printing	3.20	3.61	0.41	12.8%	15,427	0
Refuse Collection	4.04	3.73	(0.31)	(7.7%)	15,934	2
Rent for Recreation	0.00	0.00	0.00	0.0%	0	0
Taxes upon Association Property	0.00	0.00	0.00	0.0%	0	0
Taxes upon Leased Areas	0.00	0.00	0.00	0.0%	0	0
Telephone	6.00	6.00	0.00	0.0%	25,649	0
Water and Sewer	23.24	23.93	0.69	3.0%	102,292	10
Operating Fee	1,046.79	1,438.55	391.76	37.4%	6,150,138	367

Total Net Operating	1,024.16	1,411.36	387.20	37.8%	6,033,929	367
----------------------------	-----------------	-----------------	---------------	--------------	------------------	------------

Reserve Fee ⁴	348.81	359.23	10.42	3.0%	1,535,879	154
Operating And Reserve Fee	1,395.60	1,797.78	402.18	28.8%	7,686,017	520

Estimated Property Tax¹						
GOLD (WEEKS 7 - 8,45 - 48,51 - 52)	93.75	93.75	0.00	0.0%	62,250	0
PLATINUM (WEEKS 9 - 26,29 - 44)	112.50	112.50	0.00	0.0%	317,475	0
PLATINUM PLUS (WEEKS 27 - 28)	142.50	142.50	0.00	0.0%	23,655	0
SILVER (WEEKS 1 - 6,49 - 50)	78.75	78.75	0.00	0.0%	49,061	0
Total Maintenance Fee Plus Property Tax					8,138,458	520

Club Dues ²	4.00	4.00	0.00	0.0%	-----	-----
International Owners Surcharge ³	34.50	34.50	0.00	0.0%	-----	-----
Owner Service Fee ⁵	43.58	44.89	1.31	3.0%	-----	-----

LEGENDS EDGE 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 Managing Entity hired by the Association to collect ad valorem taxes assessed by the Bay 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 November 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
GOLD (WEEKS 7 - 8,45 - 48,51 - 52)	\$93.75
PLATINUM (WEEKS 9 - 26,29 - 44)	\$112.50
PLATINUM PLUS (WEEKS 27 - 28)	\$142.50
SILVER (WEEKS 1 - 6,49 - 50)	\$78.75

2) The Resort Affiliation Agreement (and thus membership in the Club for every Owner of a Unit Week in a Club Unit) is a Limited Common Element of each Club Unit. Costs assessed by the Club Manager or otherwise incurred by the Association pursuant to the Resort Affiliation Agreement constitute Multisite Timeshare Plan Common Expenses, to be apportioned only among Owners of Unit Weeks in Club Units.

3) International club fee of eighty three dollars and thirty nine cents (\$83.39), thirty four dollars and fifty cents (\$34.50) higher than domestic, includes additional costs for postage, personal delivery increased frequency of and costs associated with long-distance telephone calls, translation costs, telefacsimile communications and labor costs for additional, special support staff. The fee may, from time to time, be increased to reflect any increase in cost of providing services, provided, however, any such increase shall not exceed one hundred and fifteen percent (115%) of the immediately preceding year's fee, unless approved in advance by the majority of all Owners.

4) 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 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 Legends Edge 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	24	\$1,019,043	11	(\$31,720)	\$121,612
Furniture and Fixtures	12	\$9,958,694	6	\$2,644,632	\$881,142
Building Painting	7	\$504,487	5	\$213,955	\$42,001
External Building Maintenance	16	\$1,903,648	5	\$425,852	\$213,640
Pavement Resurfacing	20	\$109,777	5	\$27,695	\$11,866
Common Area Rehabilitation	11	\$2,373,784	6	\$168,986	\$265,617
TOTAL		\$15,869,433		\$3,449,400	\$1,535,879

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

5) 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.

6) 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.

7) There are two Commercial Units in the Condominium. The Owner of each Commercial Unit shall be liable for an equal share of the Condominium Common Expenses as set forth in Section 6.1 and Exhibit "D" to the Declaration.

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. The amount due from MRHC as of December 31, 2017 and December 30, 2016 was \$0 and \$4,805, respectively. 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 (to) from MVWC as of December 31, 2017 and December 30, 2016 was (\$97,147) and \$28,978, respectively.

MRHC collects annual maintenance fees on behalf of the Association. The amount of maintenance fees receivable due from MRHC as of December 31, 2017 and December 30, 2016 was \$216,094 and \$227,443, respectively.