

September 16, 2019

Dear Marriott's Legends Edge Owner:

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 September 30, 2019 and at 9:00 a.m., Central time, on October 1, 2019 at Marriott's Legends Edge, Bay Point Community Association Board Room, 4000 Marriott Drive, Panama City Beach, Florida 32411.

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.

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.

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 9:45 a.m. to 10:05 a.m., Central time, on October 1, 2019.

If you have any questions or would like any additional information, please contact Gretchen McCurdy, General Manager, by phone at 850-236-4231 or by email at Gretchen.McCurdy@vacationclub.com.

Sincerely,

Sam Colmery

Secretary/Treasurer

Legends Edge Condominium Association, Inc.

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

September 30, 2019 at 1:00 p.m., Central Time
and
October 1, 2019 at 9:00 a.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
- Approval of Previous Board of Directors Meeting Minutes
 - May 21, 2019 Board of Directors Meeting
- Action Item Review
- Financial Report
 - Accounts Receivable
 - 2019 Current Financials
 - 2019 Forecast
 - Reserves
- Recess
- Reconvene (October 1, 2019 at 9:00 a.m.)
- Financial Report (continued)
 - Proposed 2020 Operating, Property Tax and Reserve Budget (Open Budget Discussion with Owners - 9:45 a.m.-10:05 a.m. on October 1, 2019)
- Resort Operations Report
- New Business
 - Announcement of 2020 Meeting Dates
 - Establishment of 2021 Meeting Dates
- Recess
- Reconvene (October 1, 2019)
- Financial Report (continued)
 - Approval of 2020 Operating, Property Tax and Reserve Budget
- Adjournment

LEGENDS EDGE CONDOMINIUM ASSOCIATION, INC.

2020 Estimated Operating Budget

For The Period Beginning January 1, 2020 And Ending December 31, 2020

	2019 BUDGETED EXPENSES 4,275 UNIT WEEKS (PER UNIT WEEK)	2020 PROPOSED BUDGET 4,275 UNIT WEEKS (PER UNIT WEEK)	2019 BUDGET VS 2020 BUDGET INCREASE/(DECREASE)		2020 PROPOSED BUDGET TOTAL \$	Commercial Units ⁷ \$
			\$	%		
Revenue						
Association Fees - Commercial Units	0.00	0.00	0.00	0.0%	645	645
GOLD (WEEKS 7 - 8,45 - 48,51 - 52)	1,863.97	1,991.36	127.39	6.8%	1,322,259	0
PLATINUM (WEEKS 9 - 26,29 - 44)	1,882.72	2,008.36	125.64	6.7%	5,667,575	0
PLATINUM PLUS (WEEKS 27 - 28)	1,912.72	2,035.36	122.64	6.4%	337,869	0
SILVER (WEEKS 1 - 6,49 - 50)	1,848.97	1,978.36	129.39	7.0%	1,232,514	0
Bank/Investment Interest	6.37	8.59	2.22	34.9%	36,716	0
Late Fees	4.57	4.47	(0.10)	(2.2%)	19,111	0
Lease Income	2.45	2.45	0.00	0.0%	10,456	0
Maintenance Fee Interest Income	10.04	9.39	(0.65)	(6.5%)	40,161	0
Marketplace - Convenience Store	1.26	1.37	0.11	8.7%	5,843	0
Other Income	2.50	0.00	(2.50)	(100.0%)	0	0
Total Maintenance Fee Revenue					8,673,149	645
Expenses						
Accounting	35.75	37.45	1.70	4.8%	160,094	16
Activities	62.69	62.81	0.12	0.2%	268,503	0
Administration	81.17	75.30	(5.87)	(7.2%)	321,933	32
Audit Fee	3.48	3.48	0.00	0.0%	14,858	1
Bad Debt Expense	12.57	7.87	(4.70)	(37.4%)	33,645	0
Bay Point Community Association Easement Agreement	25.72	26.05	0.33	1.3%	111,361	11
Billing and Collections	9.26	10.14	0.88	9.5%	43,328	0
Board of Directors	1.80	1.80	0.00	0.0%	7,709	1
Cable Television	6.27	5.37	(0.90)	(14.4%)	22,962	0
Credit Card Fee	19.05	17.78	(1.27)	(6.7%)	76,002	0
Division of the Condominium, Timeshare, and Mobile Homes Fee (FL)	2.02	2.00	(0.02)	(1.0%)	8,550	1
Electricity	34.14	34.97	0.83	2.4%	149,500	15
Front Desk	117.98	129.71	11.73	9.9%	554,504	0
Gas	11.07	11.13	0.06	0.5%	47,592	5
High Speed Internet	6.03	6.52	0.49	8.1%	27,887	0
Housekeeping ⁶	226.95	244.25	17.30	7.6%	1,044,292	104
Human Resources	24.01	20.63	(3.38)	(14.1%)	88,221	9
Income Tax	8.38	9.37	0.99	11.8%	40,052	0
Insurance	52.90	74.19	21.29	40.2%	317,176	32
Landscape / Grounds	15.33	15.75	0.42	2.7%	67,337	7
Loss Prevention / Security	17.03	18.62	1.59	9.3%	79,618	8
Maintenance	153.45	159.83	6.38	4.2%	683,322	68
Management Fee	141.94	182.03	40.09	28.2%	778,260	78
Operating Capital	0.00	104.22	104.22	100.0%	445,529	0
Other Expenses	0.00	0.00	0.00	0.0%	0	0
Owner Services ⁵	0.00	46.24	46.24	100.0%	197,662	0
Pest Control	3.10	3.21	0.11	3.5%	13,741	1
Pool Maintenance	14.19	14.51	0.32	2.3%	62,023	0
Postage and Printing	3.61	3.58	(0.03)	(0.8%)	15,322	0
Refuse Collection	3.73	4.31	0.58	15.5%	18,435	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%	25,650	0
Water and Sewer	23.93	24.08	0.15	0.6%	102,957	10
Operating Fee	1,123.55	1,363.20	239.65	21.3%	5,828,025	402
Disaster Recovery	314.63	0.00	(314.63)	(100.0%)	0	0
Total Net Operating	1,410.99	1,336.93	(74.06)	(5.2%)	5,715,738	402
Reserve Fee ⁴	359.23	570.43	211.20	58.8%	2,438,845	244
Operating And Reserve Fee	1,797.41	1,933.63	136.22	7.6%	8,266,870	645
Estimated Property Tax¹						
GOLD (WEEKS 7 - 8,45 - 48,51 - 52)	93.75	84.00	(9.75)	(10.4%)	55,776	0
PLATINUM (WEEKS 9 - 26,29 - 44)	112.50	101.00	(11.50)	(10.2%)	285,022	0
PLATINUM PLUS (WEEKS 27 - 28)	142.50	128.00	(14.50)	(10.2%)	21,248	0
SILVER (WEEKS 1 - 6,49 - 50)	78.75	71.00	(7.75)	(9.8%)	44,233	0
Total Maintenance Fee Plus Property Tax					8,673,149	645
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	44.89	0.00	(44.89)	(100.0%)	-----	-----

LEGENDS EDGE CONDOMINIUM ASSOCIATION, INC.
2020 Estimated Operating Budget Notes
For The Period Beginning January 1, 2020 And Ending December 31, 2020

Notes to the 2020 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 2020 Ad Valorem Taxes	AVERAGE
GOLD (WEEKS 7 - 8,45 - 48,51 - 52)	\$84.00
PLATINUM (WEEKS 9 - 26,29 - 44)	\$101.00
PLATINUM PLUS (WEEKS 27 - 28)	\$128.00
SILVER (WEEKS 1 - 6,49 - 50)	\$71.00

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 four dollars and seventy four cents (\$84.74), 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, 2020	Contribution For 2020
Roof Replacement	24	\$910,550	11	\$299,312	\$55,567
Furniture and Fixtures	12	\$10,650,000	5	\$3,354,602	\$1,459,080
Building Painting	7	\$522,144	4	\$258,826	\$65,830
External Building Maintenance	16	\$1,829,600	5	\$221,973	\$321,525
Pavement Resurfacing	20	\$113,620	7	\$40,203	\$10,488
Common Area Rehabilitation	11	\$2,546,941	4	\$441,521	\$526,355
TOTAL		\$16,572,855		\$4,616,437	\$2,438,845

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 2020, including but not limited to: (i) funds received from MVC Exchange Company to account for housekeeping expenses necessitated by nightly use of accommodations by 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 2018 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 (to) MVWC as of December 31, 2018 and 2017 was \$2,567 and (\$97,147), respectively.

MRHC collects annual maintenance fees on behalf of the Association. The amount of maintenance fees receivable due from MRHC as of December 31, 2018 and 2017 was \$287,384 and \$216,094, respectively.

Effective January 1, 2010, the Association entered into a Foreclosed Inventory Purchase Agreement with Marriott Ownership Resorts, Inc. ("MORI"). Effective December 31, 2017, the original Foreclosed Inventory Purchase Agreement was terminated.

Effective January 1, 2018, the Association entered into a new Foreclosed Inventory Purchase Agreement with MORI. The agreement automatically renews for any number of additional one (1) year terms, unless either party terminates the agreement with a 45-day written notice. The agreement provides that MORI shall purchase the Association's foreclosed inventory subject to the terms of the agreement. Should either party terminate the agreement, there could be potential exposure regarding the allowance for doubtful accounts and bad debt expense.