

October 1, 2019

Dear Marriott's Lakeshore Reserve Owner:

A regular meeting of the Board of Directors of Lakeshore Reserve Condominium Association, Inc. will be held on October 16, 2019, at 8:30 a.m., Eastern Time, at Marriott's Lakeshore Reserve, Stanza Italia Meeting Room, 11248 Lakeshore Reserve Drive, Orlando, Florida 32837.

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 11:15 a.m. to 11:30 a.m., Eastern Time.

If you have any questions or would like any additional information, please contact Louise O'Leary, Director of Finance, by phone at 407-393-6452 or by email at Louise.O'Leary@vacationclub.com.

Sincerely,

Brad Bradford

Secretary/Treasurer

Lakeshore Reserve Condominium Association, Inc.

Lakeshore Reserve Condominium Association, Inc.
Board of Directors Meeting

October 16, 2019 at 8:30 a.m., Eastern Time

Marriott's Lakeshore Reserve
Stanza Italia Meeting Room
11248 Lakeshore Reserve Drive
Orlando, Florida 32837

Agenda

- Call to Order
- Establishment of Quorum and Roll Call
- Appointment of Recording Secretary
- Proof of Notice of Board Meeting
- Approval of Agenda
- Approval of Previous Meeting Minutes
 - April 30, 2019 Board of Directors Meeting
 - July 9, 2019 Nominating Committee Meeting
 - July 9, 2019 Board of Directors Meeting
 - August 22, 2019 Board of Directors Meeting
- Resort Operations Update
- Grande Lakes Update
- Unfinished Business
 - 2020 Volunteer Form
 - Construction Follow up
- Financial Report
 - Property Tax Appeal Update
 - Audit Firm Discussion & Selection
 - 2019 Year-to-date Financials and Forecast
 - Accounts Receivable
 - Reserves
 - 2019 Reserve Projects
 - 2020 Reserve Proposed Projects
 - 2020 Reserve Funding Discussion
 - Limited Subsidy Agreement
 - 2020 Proposed Maintenance Fee Discussion
(Open Budget Discussion with Owners: 11:15 a.m. – 11:30 a.m.)
 - Approval of 2020 Budget
- New Business
 - 2019 PNC Father/Son Tournament Parking
 - Announcement of 2020 Board and Annual Meeting Dates
 - Announcement of 2021 Board and Annual Meeting Dates
- Adjournment

LAKESHORE RESERVE CONDOMINIUM

2020 Estimated Timeshare Plan Common Expense Budget

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

UNIT WEEKS	2019	2020	2019 BUDGET		2020	2020 BUDGET BY VILLA TYPE				
	BUDGETED	PROPOSED	VS			2020	2 BEDROOM TIER	2 BEDROOM DLX	3 BEDROOM TIER	Commercial
	EXPENSES	BUDGET	2020 BUDGET				BUDGET TOTAL			
	4,429	4,429		INCREASE/(DECREASE)		2,214	1,185	1,030	Unit (9)	
	(PER UNIT WEEK)	(PER UNIT WEEK)	\$	%	\$	(PER UNIT WEEK)	(PER UNIT WEEK)	(PER UNIT WEEK)	(ANNUAL)	
Revenue										
Association Fees - Commercial Units	0.00	0.00	0.00	0.0%	1,012	0.00	0.00	0.00	1,012.12	
Platinum	2,090.05	2,485.00	394.95	18.9%	8,441,554	2,269.09	2,368.31	3,083.34	0.00	
Premier Platinum	2,092.73	2,487.36	394.63	18.9%	2,566,957	2,270.59	2,370.26	3,088.03	0.00	
Limited Developer Subsidy	138.12	112.20	(25.92)	(18.8%)	497,000	102.28	105.81	140.89	49.70	
Bank/Investment Interest	7.17	10.80	3.63	50.6%	47,832	9.84	10.18	13.56	4.92	
Late Fees	5.16	4.90	(0.26)	(5.0%)	21,684	4.46	4.62	6.15	2.17	
Maintenance Fee Interest Income	24.68	24.43	(0.25)	(1.0%)	108,204	22.27	23.04	30.67	10.82	
Total Maintenance Fee Revenue					11,684,243					
Expenses										
Accounting	47.15	46.65	(0.50)	(1.1%)	206,634	42.52	43.99	58.58	20.66	
Activities	79.44	81.18	1.74	2.2%	359,579	74.00	76.56	101.93	35.96	
Administration	126.97	116.66	(10.31)	(8.1%)	516,740	106.34	110.02	146.49	51.68	
Billing and Collections	11.94	10.13	(1.81)	(15.2%)	44,885	9.24	9.56	12.72	4.49	
Cable Television	5.01	5.93	0.92	18.4%	26,272	5.41	5.59	7.45	2.63	
Common Assessment	367.83	410.39	42.56	11.6%	1,817,800	374.09	387.02	515.31	181.78	
Credit Card Fee	30.07	30.63	0.56	1.9%	135,686	27.92	28.89	38.46	13.57	
Division of the Condominium, Timeshare, and Mobile Homes Fee (FL)	2.00	2.00	0.00	0.0%	8,858	1.82	1.89	2.51	0.89	
Electricity	74.69	75.88	1.19	1.6%	336,102	69.17	71.56	95.28	33.61	
Front Desk	137.44	149.34	11.90	8.7%	661,505	136.13	140.84	187.52	66.15	
Gas	14.03	16.79	2.76	19.7%	74,357	15.30	15.83	21.08	7.44	
High Speed Internet	8.15	8.15	0.00	0.0%	36,084	7.43	7.68	10.23	3.61	
Housekeeping ⁵	302.75	355.58	52.83	17.5%	1,575,016	324.12	335.33	446.49	157.50	
Human Resources	40.62	42.00	1.38	3.4%	186,033	38.28	39.61	52.74	18.60	
Income Tax	7.09	11.66	4.57	64.5%	51,631	10.63	10.99	14.64	5.15	
Insurance	10.91	14.82	3.91	35.8%	65,659	13.51	13.98	18.61	6.57	
Legal	7.90	0.00	(7.90)	(100.0%)	-	0.00	0.00	0.00	0.00	
Maintenance	107.39	114.62	7.23	6.7%	507,713	104.48	108.09	143.93	50.77	
Management Fee	150.51	177.59	27.08	18.0%	786,635	161.88	167.48	223.00	81.45	
Operating Capital	0.00	0.00	0.00	0.0%	-	0.00	0.00	0.00	0.00	
Other Expenses	0.00	0.00	0.00	0.0%	-	0.00	0.00	0.00	0.00	
Owner Services ⁴	44.89	46.23	1.34	3.0%	204,782	42.14	43.60	58.05	20.48	
Pool Maintenance	103.03	116.74	13.71	13.3%	517,091	106.41	110.09	146.59	51.71	
Postage and Printing	3.91	3.92	0.01	0.3%	17,355	3.57	3.69	4.92	1.74	
Rent for Recreation	0.00	0.00	0.00	0.0%	-	0.00	0.00	0.00	0.00	
Taxes upon Association Property	0.00	0.00	0.00	0.0%	-	0.00	0.00	0.00	0.00	
Taxes upon Leased Areas	0.00	0.00	0.00	0.0%	-	0.00	0.00	0.00	0.00	
Telephone	7.44	7.44	0.00	0.0%	32,968	6.78	7.02	9.35	3.30	
Transportation / Garage / Parking	14.33	16.60	2.27	15.8%	73,521	15.13	15.65	20.84	7.35	
Water and Sewer	25.17	26.45	1.28	5.1%	117,154	24.11	24.94	33.21	11.71	
Operating Fee	1,730.66	1,887.38	156.72	9.1%	8,360,060	1,720.41	1,779.90	2,369.93	838.80	
NET OPERATING FEE (Total Operating Fee less other income*)	1,555.53	1,735.05	179.52	11.5%	7,685,340	1,581.56	1,636.25	2,178.66	771.19	
Reserve Fee - Timeshare ³	233.25	422.32	189.07	81.1%	1,870,642	384.96	398.27	530.29	187.06	
Reserve Fee - Common	67.18	121.63	54.45	81.1%	538,737	110.87	114.70	152.72	53.87	
Operating And Reserve Fee	2,031.09	2,431.33	400.24	19.7%	10,769,439	2,216.24	2,292.87	3,052.94	1,079.73	
Estimated Property Tax¹										
Platinum	234.09	206.00	(28.09)	(12.0%)	699,779	191.70	219.09	221.67	0.00	
Premier Platinum	236.77	208.36	(28.41)	(12.0%)	215,025	193.20	221.04	226.36	0.00	
TOTAL MAINTENANCE FEE EXPENSE					11,684,243					
International Owner's Surcharge ²	34.50	34.50	0.00	0.0%	-----	34.50	34.50	34.50	-----	

LAKESHORE RESERVE CONDOMINIUM
2020 ESTIMATED CONDOMINIUM COMMON EXPENSE BUDGET
FOR THE PERIOD BEGINNING JANUARY 1, 2020 AND ENDING DECEMBER 31, 2020

	<u>Annual Total</u>	<u>Timeshare</u>	<u>Commercial</u>
Revenues			
Association Fees	\$ 2,356,537	\$ 2,356,301	\$ 236
Bank/Investment Interest	976	976	0
Total Revenue	<u>2,357,513</u>	<u>2,357,277</u>	<u>\$ 236</u>
Accounting	33,610	33,607	3
Administration	83,214	83,205	8
Audit Fee	14,250	14,249	1
Board of Directors	10,400	10,399	1
Electricity	54,533	54,527	5
Grande Lakes Property Owners Association, Inc	9,151	9,150	1
Housekeeping	89,906	89,897	9
Income Tax	1,090	1,090	0
Insurance	289,618	289,589	29
Landscape / Grounds	330,120	330,087	33
Loss Prevention / Security	379,027	378,989	38
Maintenance	217,591	217,569	22
Management Fee	214,231	214,210	21
Operating Capital	-	-	-
Other Expenses	-	-	-
Pest Control	30,557	30,554	3
Refuse Collection	44,400	44,396	4
Rent for Recreation	-	-	-
Taxes upon Association Property	-	-	-
Taxes upon Leased Areas	-	-	-
Water and Sewer	17,078	17,076	2
Operating Fee	<u>\$ 1,818,776</u>	<u>\$ 1,818,594</u>	<u>\$ 182</u>
External Building Maintenance	196,701	196,682	20
Common Area Rehabilitation	45,954	45,950	5
Roof Replacement	202,217	202,196	20
Building Painting	18,645	18,643	2
Pavement Resurfacing	75,220	75,212	8
Total Reserves	<u>\$ 538,737</u>	<u>\$ 538,683</u>	<u>\$ 54</u>
Total Expenses for Operating and Reserves	<u>\$ 2,357,513</u>	<u>\$ 2,357,277</u>	<u>\$ 236</u>

LAKESHORE RESERVE CONDOMINIUM
2020 Estimated Timeshare Plan Common Expense Budget Notes
PHASE 1A (86 RESIDENTIAL UNITS 4,429 UNIT WEEKS)
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 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 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	2 BEDROOM TIER	2 BEDROOM DLX	3 BEDROOM TIER
Platinum	\$206.00	\$191.70	\$219.09	\$221.67
Premier Platinum	\$208.36	\$193.20	\$221.04	\$226.36

2) International Owners of Timeshare Estates, in addition to other charges assessed pursuant to the Declaration, shall be charged an annual fee (the "International Owner's Surcharge"), which relates to the added costs for postage, personal delivery, increased frequency of and costs associated with long distance telephone calls, translation costs, additional costs for telefacsimile communications and labor costs for additional special support staff. Currently, the International Owner's Surcharge is \$34.50. The International Owner's Surcharge may, from time-to-time, be increased to reflect any increase in the cost of providing these services; provided, however, any such increase shall not exceed one hundred fifteen percent (115%) of the International Owner's Surcharge in the immediately preceding year, unless approved by a majority of all Owners.

3) 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.

- * 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 units.

The estimated lives and estimated replacement cost for each of the components are as follows:

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	23	\$2,768,009	15	\$732,803	\$135,694
Furniture and Fixtures	12	\$10,208,731	7	\$1,818,167	\$1,198,771
Building Painting	8	\$626,780	5	\$266,864	\$71,990
External Building Maintenance	21	\$3,227,060	17	\$577,438	\$155,876
Pavement Resurfacing	17	\$693,864	10	\$240,257	\$45,365
Common Area Rehabilitation	12	\$6,136,897	6	\$1,327,280	\$801,683
TOTAL		\$23,661,341		\$4,962,809	\$2,409,379

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

4) 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.

5) 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 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 amounts set forth in this budget are estimates only and may be modified prior to the actual commencement of the fiscal year. Insurance, energy and labor costs are calculated based on current rates, and such costs may substantially increase over a short period of time. The Developer cannot predict how changes in the economic, social and political conditions may impact such costs. Purchasers are aware and acknowledge that the budget and, as a result, each purchaser's overall assessment, may increase substantially due to increasing costs, including (without limitation) those described above.

The budget contained in this offering circular has been prepared in accordance with the condominium act and is a good faith estimate only and represents an approximation of future expenses based on facts and circumstances existing at the time of its preparation. Actual costs of such items may exceed the estimated costs, and such changes in cost do not constitute material adverse changes in the offering.

Two of the 86 Residential Units in Phase 1 will be used by Developer for sales models. Each of these two Residential Units will pay Condominium Common Expenses, but will not be liable for Timeshare Plan Common Expenses unless and until a deed is recorded to convey a Timeshare Interest in such Residential Units.

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 (to) from MVWC at December 31, 2018 and 2017 was (\$36,999) and \$25,461, respectively.

MRHC collects annual maintenance fees on behalf of the Association. The amount of Maintenance fees receivable due from MRHC at December 31, 2018 and 2017 was \$239,151 and \$274,037, respectively.