

September 18, 2019

Dear Marriott's Crystal Shores Owner:

A regular meeting of the Board of Directors of Crystal Shores Condominium Association, Inc. will be held on October 3, 2019, at 8:30 a.m., Eastern Time, at Marriott's Crystal Shores, Gulf Shore Room, 600 South Collier Boulevard, Marco Island, Florida 34145. At this meeting, the Board will consider the Association's budget and approve resulting assessments for the 2020 fiscal year.

Please see [attached](#) for complete meeting details.

If you have any questions or would like any additional information, please contact Pam Cooper, Senior Administrative Assistant, by telephone at 239-393-6760 or by email at [pam.cooper@vacationclub.com](mailto:pam.cooper@vacationclub.com).

Sincerely,

*William Love*

Secretary/Treasurer

Crystal Shores Condominium Association, Inc.

September 18, 2019

Dear Marriott's Crystal Shores Owner:

A regular meeting of the Board of Directors of Crystal Shores Condominium Association, Inc. will be held on October 3, 2019, at 8:30 a.m., Eastern Time, at Marriott's Crystal Shores, Gulf Shore Room, 600 South Collier Boulevard, Marco Island, Florida 34145. At this meeting, the Board will consider the Association's budget and approve resulting assessments for the 2020 fiscal year.

As you are aware, the total annual Maintenance Fee is based on three distinct and separately calculated components. First, the fee includes a budgeted estimate of the 2020 Operating Expenses. Second, the fee also includes a separate reserve component to provide funding for future capital expenditures and deferred maintenance. The third component is the applicable property taxes on your deeded property interest. This amount is not equal for all Owners due to the "seasonality" valuation (*i.e.*, Silver, Gold, Platinum and Platinum Plus). As a result, the total percentage increase or decrease for 2020 property taxes will vary accordingly.

A comparison of the average proposed Maintenance Fee by unit type for 2020 is provided below, and includes the operating, reserves and property tax portions. Additional detail regarding the proposed Maintenance Fee by season is provided within the enclosed proposed 2020 budget.

	Marriott's Crystal Shores: Maintenance Fee Comparison by Unit Type (per timeshare interest)								
	2020 (Proposed)			2019 (Approved)			Variance inc/(dec)		
	2 Bedroom	3 Bedroom	Penthouse	2 Bedroom	3 Bedroom	Penthouse	2 Bedroom	3 Bedroom	Penthouse
Gold	2,096.90	2,849.99	3,038.28	1,862.99	2,535.63	2,705.11	12.6%	12.4%	12.3%
Platinum	2,155.56	2,936.66	3,138.56	1,922.96	2,622.42	2,805.33	12.1%	12.0%	11.9%
Platinum Plus	2,170.60	2,958.88	3,162.15	1,938.31	2,644.63	2,828.92	12.0%	11.9%	11.8%
Silver	2,068.13	2,807.21	2,990.91	1,833.61	2,492.94	2,657.29	12.8%	12.6%	12.6%

There is a proposed increase from 2019 in the average Operating Expenses of \$117.13 or 8.1% per unit week. Additionally, property tax fees for all seasons are projected to be approximately flat to 2019.

In 2020, the proposed reserve funding increase is \$153.30 or 37.1% per unit week over 2019, as a result of the full funding of the reserves (as outlined in the recently mailed Limited Proxy). Should the members of the Association vote to approve a waiver or reduction of reserves at the upcoming Annual Meeting, the total budgeted reserves would be reduced according to the results of the vote. 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 to reserve contributions versus projected expenditures for the Association.

Finally, the management company has prepared a proposed Condominium Common Expense schedule, which is included with the enclosed budget, to indicate the allocation of Condominium Common Expenses to the different unit types in the Condominium.

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 10:45 a.m. to 11:00 a.m., Eastern Time.**

If you have any questions or would like any additional information, please contact Pam Cooper, Senior Administrative Assistant, by telephone at 239-393-6760 or by email at [pam.cooper@vacationclub.com](mailto:pam.cooper@vacationclub.com).

Sincerely,

*William Love*

Secretary/Treasurer

Crystal Shores Condominium Association, Inc.

**Crystal Shores Condominium Association, Inc.  
Board of Directors Meeting**

October 3, 2019 at 8:30 a.m., Eastern Time

Marriott's Crystal Shores  
Gulf Shore Room  
600 South Collier Boulevard  
Marco Island, Florida 34145

**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 Board of Directors Meeting Minutes
- Resort Operations Report
- Financial Report
  - Investment Update
  - Hurricane Irma Impact Update
  - 2019 Year-to-date Financials and Forecast
  - 2019 Reserves Update
  - 2020 Reserves Funding Discussion
  - Accounts Receivables
  - Proposed 2020 Budget
  - **(Open Budget Discussion with Owners 10:45 a.m. – 11:00 a.m.)**
  - Approval of 2020 Budget
- New Business
  - Establishment of 2020 Board and Annual Meeting Dates
  - 2020 Volunteer Form
- Adjournment

**CRYSTAL SHORES CONDOMINIUM ASSOCIATION, INC.**

2020 Estimated Common Expense Budget

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

PHASES 1 & 2 (219 Timeshare Units - 11,278 Unit Weeks, 4 Commercial Units)

	2019 BUDGETED EXPENSES 6,532 UNIT WEEKS (PER UNIT WEEK)	2020 PROPOSED BUDGET 11,278 UNIT WEEKS (PER UNIT WEEK)	2019 BUDGET VS 2020 BUDGET INCREASE/(DECREASE)		2020 PROPOSED BUDGET TOTAL \$	2020 BUDGET BY VILLA TYPE			Commercial Unit (4)
			\$	%		2 BEDROOM 9,526 UNIT WEEKS (PER UNIT WEEK)	3 BEDROOM 1,649 UNIT WEEKS (PER UNIT WEEK)	PENTHOUSE 103 UNIT WEEKS (PER UNIT WEEK)	

<b>Revenue</b>									
Association Fees - Commercial Units	0.00	0.00	0.00	0.0%	2,121	0.00	0.00	0.00	2,121
GOLD (WEEKS 18 - 33,44 - 50)	1,945.06	2,215.55	270.49	13.9%	11,159,861	2,096.90	2,849.99	3,038.28	0
PLATINUM (WEEKS 1 - 6,8 - 17)	2,008.41	2,278.69	270.28	13.5%	7,984,599	2,155.56	2,936.66	3,138.56	0
PLATINUM PLUS (WEEKS 7,51 - 52)	2,024.59	2,294.85	270.26	13.3%	1,507,734	2,170.60	2,958.88	3,162.15	0
SILVER (WEEKS 34 - 43)	1,914.02	2,184.58	270.56	14.1%	4,543,970	2,068.13	2,807.21	2,990.91	0
Bank/Investment Interest	5.34	18.58	13.24	247.9%	209,518	17.59	23.84	25.43	0
Late Fees	0.37	0.39	0.02	5.4%	4,391	0.37	0.50	0.53	0
Maintenance Fee Interest Income	0.86	0.48	(0.38)	(44.2%)	5,417	0.45	0.62	0.66	0
<b>Total Maintenance Fee Revenue</b>					<b>25,417,611</b>				<b>2,121</b>

<b>Expenses</b>									
Accounting	30.56	30.16	(0.40)	(1.3%)	340,171	28.56	38.70	41.28	34
Activities	54.75	56.76	2.01	3.7%	640,193	53.76	72.83	77.69	0
Administration	78.53	76.01	(2.52)	(3.2%)	857,288	71.98	97.52	104.03	86
Audit Fee	1.20	1.39	0.19	15.8%	15,700	1.32	1.79	1.91	2
Bad Debt Expense	6.89	3.28	(3.61)	(52.4%)	37,000	3.11	4.21	4.49	4
Billing and Collections	13.16	10.13	(3.03)	(23.0%)	114,304	9.60	13.00	13.87	11
Board of Directors	1.36	0.90	(0.46)	(33.8%)	10,146	0.85	1.15	1.23	1
Cable Television	6.30	5.00	(1.30)	(20.6%)	56,400	4.74	6.42	6.84	6
Credit Card Fee	7.34	3.65	(3.69)	(50.3%)	41,171	3.46	4.68	5.00	4
Division of the Condominium, Timeshare, and Mobile Homes Fee (FL)	2.00	0.65	(1.35)	(67.5%)	7,384	0.62	0.84	0.90	0
Electricity	54.81	52.53	(2.28)	(4.2%)	592,479	49.75	67.40	71.90	59
Front Desk	128.56	151.43	22.87	17.8%	1,707,883	143.41	194.30	207.27	0
Gas	7.56	4.68	(2.88)	(38.1%)	52,758	4.43	6.00	6.40	5
High Speed Internet	4.33	3.37	(0.96)	(22.2%)	37,968	3.19	4.32	4.61	4
Housekeeping <sup>1</sup>	349.58	407.32	57.74	16.5%	4,594,252	385.74	522.62	557.50	459
Human Resources	29.25	35.72	6.47	22.1%	402,906	33.83	45.83	48.89	40
Income Tax	6.37	16.53	10.16	159.5%	186,388	15.65	21.20	22.62	0
Insurance	69.47	123.07	53.60	77.2%	1,388,112	116.55	157.90	168.44	139
Landscape / Grounds	19.08	18.68	(0.40)	(2.1%)	210,721	17.69	23.97	25.57	21
Loss Prevention / Security	81.32	86.80	5.48	6.7%	978,978	82.20	111.36	118.80	98
Maintenance	153.92	178.08	24.16	15.7%	2,008,625	168.65	228.49	243.74	201
Management Fee	178.52	203.10	24.58	13.8%	2,290,753	192.34	260.58	277.98	229
Operating Capital	56.92	0.00	(56.92)	(100.0%)	0	0.00	0.00	0.00	0
Other Expenses	0.00	0.00	0.00	0.0%	0	0.00	0.00	0.00	0
Owner Services <sup>2</sup>	44.94	46.24	1.30	2.9%	521,457	43.79	59.32	63.28	0
Pest Control	3.60	3.11	(0.49)	(13.6%)	35,124	2.95	4.00	4.26	4
Pool Maintenance	23.95	24.00	0.05	0.2%	270,731	22.73	30.80	32.85	27
Postage and Printing	3.10	1.86	(1.24)	(40.0%)	20,977	1.76	2.39	2.55	2
Refuse Collection	7.28	11.48	4.20	57.7%	129,500	10.87	14.73	15.71	13
Rent for Recreation	0.00	0.00	0.00	0.0%	0	0.00	0.00	0.00	0
Taxes upon Association Property	0.00	0.00	0.00	0.0%	0	0.00	0.00	0.00	0
Taxes Upon Leased Areas	0.00	0.00	0.00	0.0%	0	0.00	0.00	0.00	0
Telephone	2.85	3.71	0.86	30.1%	41,848	3.51	4.76	5.08	0
Water and Sewer	31.86	29.74	(2.12)	(6.7%)	335,480	28.17	38.16	40.71	34
<b>Operating Fee</b>	<b>1,459.37</b>	<b>1,589.38</b>	<b>130.01</b>	<b>8.9%</b>	<b>17,926,697</b>	<b>1,505.21</b>	<b>2,039.27</b>	<b>2,175.40</b>	<b>1,483</b>

<b>Total Net Operating</b>	<b>1,452.80</b>	<b>1,569.93</b>	<b>117.13</b>	<b>8.1%</b>	<b>17,707,371</b>	<b>1,486.80</b>	<b>2,014.31</b>	<b>2,148.78</b>	<b>1,483</b>
----------------------------	-----------------	-----------------	---------------	-------------	-------------------	-----------------	-----------------	-----------------	--------------

Reserve Fee <sup>3</sup>	412.68	565.98	153.30	37.1%	6,383,810	536.00	726.19	774.66	638
<b>Operating And Reserve Fee</b>	<b>1,872.05</b>	<b>2,155.36</b>	<b>283.31</b>	<b>15.1%</b>	<b>24,310,507</b>	<b>2,041.21</b>	<b>2,765.46</b>	<b>2,950.06</b>	<b>2,121</b>

<b>Estimated Property Tax<sup>4</sup></b>									
GOLD (WEEKS 18 - 33,44 - 50)	79.58	79.64	0.06	0.1%	401,163	74.10	109.49	114.84	0
PLATINUM (WEEKS 1 - 6,8 - 17)	142.92	142.78	(0.14)	(0.1%)	500,287	132.76	196.16	215.12	0
PLATINUM PLUS (WEEKS 7,51 - 52)	159.11	158.94	(0.17)	(0.1%)	104,426	147.80	218.38	238.71	0
SILVER (WEEKS 34 - 43)	48.53	48.67	0.14	0.3%	101,228	45.33	66.71	67.47	0
<b>Total Maintenance Fee Plus Property Tax</b>					<b>25,417,611</b>				<b>2,121</b>

International Owner's Surcharge <sup>5</sup>	34.50	34.50	0.00	0.0%	-----	34.50	34.50	34.50	-----
--	-------	-------	------	------	-------	-------	-------	-------	-------

CRYSTAL SHORES CONDOMINIUM ASSOCIATION, INC.  
2020 Estimated Common Expense Budget Notes  
PHASES 1 & 2 (219 Timeshare Units - 11,278 Unit Weeks, 4 Commercial Units)  
For The Period Beginning January 1, 2020 And Ending December 31, 2020

Notes to the 2020 Estimated Common Expense Budget

1) 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.

2) 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.

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.

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.

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	20	\$1,858,204	11	\$289,506	\$142,623
Furniture and Fixtures	12	\$49,024,045	10	\$5,515,877	\$4,351,253
Building Painting	9	\$2,019,150	5	\$644,031	\$275,051
External Building Maintenance	17	\$12,422,207	16	\$191,546	\$764,493
Pavement Resurfacing	14	\$308,643	12	\$76,841	\$19,319
Common Area Rehabilitation	12	\$9,833,757	11	\$692,899	\$831,070
<b>TOTAL</b>		<b>\$75,466,006</b>		<b>\$7,410,700</b>	<b>\$6,383,810</b>

4) Florida Law requires the Managing Entity hired by the Association to collect Ad Valorem Taxes assessed by the Collier 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.

Ad Valorem Taxes are assessed directly to the Residential and Commercial unit owners by the Collier County Property Appraiser's Office.

Estimated 2020 Ad Valorem Taxes	AVERAGE	2 BEDROOM	3 BEDROOM	PENTHOUSE
GOLD (WEEKS 18 - 33,44 - 50)	\$79.64	\$74.10	\$109.49	\$114.84
PLATINUM (WEEKS 1 - 6,8 - 17)	\$142.78	\$132.76	\$196.16	\$215.12
PLATINUM PLUS (WEEKS 7,51 - 52)	\$158.94	\$147.80	\$218.38	\$238.71
SILVER (WEEKS 34 - 43)	\$48.67	\$45.33	\$66.71	\$67.47

5) 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.

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. The amount due to MRHC as of December 31, 2018 and 2017 was \$94,825 and \$7,164, respectively, which is included in the accompanying balance sheets. 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 as of December 31, 2018 and 2017 was \$98,313 and \$145,002, 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 \$139,664 and \$152,139, respectively.

Effective May 4, 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.

As of May 22, 2019, the new agreement is in full effect and neither party has opted to terminate the agreement.

Capitalized terms not defined in these footnotes have the meaning given to them in the Declaration of Condominium for Crystal Shores Condominium.