

September 24, 2018

RE: Notice of Budget Meeting
Notice of Annual Meeting
Monarch at Sea Pines Owners' Association, Inc.

Dear Marriott's Monarch Owner:

The Board of Directors of Monarch at Sea Pines Owners' Association Inc., will meet at 8:00 a.m., Eastern time, on October 23, 2018, to review the operations of the Association and to approve the Proposed 2019 Budget. The Board Meeting will be held at the offices of Marriott Vacation Club® International, Board Room, 1044 William Hilton Parkway, Hilton Head Island, South Carolina 29928.

The Proposed 2019 Budget, pending Board approval at the Board Meeting, is enclosed. Please contact Mark Heldt, Director of Finance, by phone at 843-686-7348 or by email at mark.heldt@vacationclub.com with any questions regarding the Proposed 2019 Budget.

The 2018 Annual Meeting of Monarch at Sea Pines Owners' Association, Inc., will be held later that same day, October 23, 2018, at 3:30 p.m., Eastern time, at the offices of Marriott Vacation Club® International, Board Room, 1044 William Hilton Parkway, Hilton Head Island, South Carolina 29928.

The purpose of the Annual Meeting is to review the operations of the Association, conduct any other business which may be presented at the meeting and to consider the following:

- Election of two (2) Members to the Board of Directors, each to serve a three-year term

The following Annual Meeting materials are enclosed for your review:

- **Candidate Profiles** of the candidates for election to the Board of Directors
- **Limited Proxy Submission Methods**
- **Limited Proxy**

If you are unable to attend in person, you may submit your Limited Proxy electronically through the internet at proxylvoting.com/MVCI by 11:59 p.m., Eastern time, on October 16, 2018. The internet procedures are designed to authenticate your electronic submission by use of a personal control number found on your Limited Proxy. Or submit your Limited Proxy by marking, signing, and dating your Limited Proxy and returning it in the prepaid envelope to: Proxy Services Corporation, P.O. Box 9001, Brentwood, New York 11717-9804 by October 23, 2018. If you submit your Limited Proxy on the internet, please do not also mail your Limited Proxy.

In connection with updating your records, a **Certificate of Voting** form is included. **If you previously completed and returned a Certificate of Voting form, you do not need to complete the form again unless you wish to designate a new voting member.** If completing the form, please designate one (1) voting member by writing their name on the enclosed form, sign, date and return with your Limited Proxy in the business return envelope provided. Or, you may complete the form electronically by entering the name of your designated voting member, signing and submitting online. Single, individual Owners do not need to complete a form. Please note, completing the Certificate of Voting is different from appointing a proxy holder. See your Limited Proxy for specific instructions on appointing a proxy holder if you are unable to attend the Annual Meeting.

If you have any questions regarding submitting your Limited Proxy electronically, please contact Morrow Sodali by email at mvci.info@morrrowsodali.com.

If you have any questions about your Limited Proxy or the information enclosed, please contact Birgit Koellner-Goetz, General Manager, by phone at 843-686-7104 or by email at birgit.koellner@vacationclub.com.

Whether or not you plan to attend the Annual Meeting, I encourage you to submit your Limited Proxy promptly. If the quorum requirement is not met, the Association will incur an additional expense to re-notice Owners in order to obtain the votes required to hold the Annual Meeting. Your vote and participation are important to the Association.

Sincerely,

Linda Wischnowski

Secretary

Monarch at Sea Pines Owners' Association, Inc.

MONARCH AT SEA PINES OWNERS' ASSOCIATION, INC.

2019 Estimated Operating Budget

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

	2018 BUDGETED EXPENSES 6,100 TIME-SHARE ESTATES (PER TIME-SHARE ESTATE)	2019 PROPOSED BUDGET 6,100 TIME-SHARE ESTATES (PER TIME-SHARE ESTATE)	2018 BUDGET VS 2019 BUDGET INCREASE/(DECREASE)		2019 PROPOSED BUDGET TOTAL \$	2019 BUDGET BY VILLA TYPE		
			\$	%		2 BEDROOM 6,050 TIME-SHARE ESTATES (PER TIME-SHARE ESTATE)	3 BEDROOM 50 TIME-SHARE ESTATES (PER TIME-SHARE ESTATE)	
Revenue								
Maintenance Fee	1,697.23	1,663.21	(34.02)	(2.0%)	10,145,666	1,649.70	3,299.40	
Antenna Income	5.98	5.99	0.01	0.2%	36,531	5.94	11.88	
Bank/Investment Interest	1.73	5.87	4.14	239.3%	35,793	5.82	11.64	
Float Time Income	3.44	3.44	0.00	0.0%	20,972	3.41	6.82	
Late Fees	2.45	2.63	0.18	7.3%	16,052	2.61	5.22	
Maintenance Fee Interest Income	4.95	5.69	0.74	14.9%	34,686	5.64	11.28	
Marketplace Express Net	2.50	2.71	0.21	8.4%	16,544	2.69	5.38	
Total Maintenance Fee Revenue	1,718.28	1,689.54	(28.74)	(1.7%)	10,306,244	1,675.81	3,351.62	
Expenses								
Accounting	21.00	21.50	0.50	2.4%	131,153	21.33	42.65	
Activities	23.54	24.44	0.90	3.8%	149,076	24.24	48.48	
Administration	69.66	71.63	1.97	2.8%	436,915	71.04	142.09	
Audit Fee	2.03	2.05	0.02	1.0%	12,485	2.03	4.06	
Bad Debt Expense	2.10	2.14	0.04	1.9%	13,038	2.12	4.24	
Billing and Collections	8.96	8.96	0.00	0.0%	54,656	8.89	17.77	
Board of Directors	3.19	3.29	0.10	3.1%	20,049	3.26	6.52	
Cable Television	8.14	8.72	0.58	7.1%	53,166	8.64	17.29	
Consulting Expense	1.10	1.15	0.05	4.5%	7,011	1.14	2.28	
Credit Card Fee	23.54	20.26	(3.28)	(13.9%)	123,615	20.10	40.20	
Disaster Recovery**	201.64	0.00	(201.64)	(100.0%)	0	0.00	0.00	
Easement Rights - Sea Pines Plantation*	21.18	21.63	0.45	2.1%	131,918	21.45	42.90	
Electricity	35.22	35.09	(0.13)	(0.4%)	214,020	34.80	69.60	
Front Desk	68.26	70.05	1.79	2.6%	427,302	69.48	138.96	
Gas	3.86	3.97	0.11	2.8%	24,231	3.94	7.88	
High Speed Internet	10.19	10.44	0.25	2.5%	63,714	10.36	20.72	
Housekeeping***	211.38	219.44	8.06	3.8%	1,338,609	217.66	435.32	
Human Resources	10.84	11.32	0.48	4.4%	69,065	11.23	22.46	
Income Tax	2.85	2.95	0.10	3.5%	18,020	2.93	5.86	
Insurance	39.42	46.11	6.69	17.0%	281,284	45.74	91.47	
Landscape / Grounds	28.65	25.09	(3.56)	(12.4%)	153,074	24.89	49.78	
Loss Prevention / Security	29.33	29.70	0.37	1.3%	181,179	29.46	58.92	
Maintenance	128.06	133.93	5.87	4.6%	816,966	132.84	265.68	
Management Fee	135.96	151.20	15.24	11.2%	922,333	149.97	299.95	
Owner Services****	11.47	11.82	0.35	3.1%	72,081	11.72	23.44	
Pest Control	2.77	2.84	0.07	2.5%	17,343	2.82	5.64	
Pool Maintenance	11.02	11.22	0.20	1.8%	68,450	11.13	22.26	
Postage and Printing	2.33	2.40	0.07	3.0%	14,637	2.38	4.76	
Property Taxes	122.96	126.65	3.69	3.0%	772,563	125.62	251.24	
Refuse Collection	2.82	2.94	0.12	4.3%	17,958	2.92	5.84	
Telephone	6.40	6.60	0.20	3.1%	40,283	6.55	13.10	
Water and Sewer	9.92	10.21	0.29	2.9%	62,300	10.13	20.26	
Operating Fee	1,259.79	1,099.74	(160.05)	(12.7%)	6,708,494	1,090.81	2,181.62	
Reserve Fee	458.49	589.80	131.31	28.6%	3,597,750	585.00	1,170.00	
Operating And Reserve Fee	1,718.28	1,689.54	(28.74)	(1.7%)	10,306,244	1,675.81	3,351.62	

* Pursuant to the terms of the Easement Agreement between Community Services Associates, Inc. and Marriott Ownership Resorts, Inc. for easement of roads, public facilities, bike paths and trails within the Sea Pines Plantation.

** Anticipated expenses to be incurred by the Association in connection with damage from the impact of Hurricane Irma, which includes costs, fees and expenses for debris removal, tree removal, remediation, water intrusion repair, roof repair, elevator repair, reconstruction, and repair and replacement of furniture, fixtures and equipment. Costs and expenses included in this line item are not anticipated to be reimbursable from the insurance company and would be applied to the Association's insurance deductible.

*** 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 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.

**** 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.

The resort consist of one hundred twenty-two (122) units. One hundred and twenty-one (121) units contain two (2) bedroom and two (2) bathrooms and have a per unit costs of \$82,485.00 One (1) unit, the Crown Suite Unit 3855, contains three (3) bedrooms and three (3) bathrooms and has a per unit costs of \$164,970.00.

Capitalized terms not defined in this budget have the meaning given to them in the Master Deed, Declaration of Interval Ownership or the Public Offering text.

**Monarch at Sea Pines Owners' Association, Inc.
2018 Annual Meeting**

Candidate Profiles

Candidates listed in alphabetical order

Name: Don Bailey
Home: Broadview Heights, Ohio
Occupation: Semi-Retired, Senior Industrial Business and Not-for-Profit Executive
Comments: "Seasoned, senior executive with a proven record of accomplishments through 25 years of technical, marketing and industry business management, plus 27 years creating successful public/private partnerships. Past Monarch Board Director (Secretary and Treasurer) focused on fiscally sound, value-added use of owner funds for continued improvement in our resort experience. Our family is thrilled to return every year and pleased with the ongoing accomplishments of Berg, her Management Team and the Board. I agree with the owner's desire for more transparency in the issues and decisions by the Board, however, will seek your input and work to assure feedback through open, clear communication. Member of 7 homeowner organizations, including 8 years as past President of my residential association where we significantly improved owner communications and implemented needed capital improvements through sound fiscal management. Meaningful communication is critical to the success of any organization. If re-elected to the Board, I will deliver on that promise to you."

Name: Paul Carlsen
Home: Sheboygan, Wisconsin
Occupation: College President
Comments: "Dr. Paul Carlsen currently serves as the President of Lakeshore Technical College (LTC). Located in Cleveland, WI, LTC serves over 11,000 students annually and has an operating budget of \$51 million. Dr. Carlsen is active in the community serving as a Board member for the Manitowoc County Chamber of Commerce and the United Way of Sheboygan. Prior to his appointment at LTC, Dr. Carlsen was the Chief Content Officer at the Louisiana Community and Technical College System, the Chief Workforce Economist for Louisiana Economic Development, and a Statistical and Research Analysts for the South Carolina Department of Commerce. Dr. Carlsen received his Doctorate from the University of Georgia, his Masters of Public Policy from the University of Denver, and his Bachelor's from the University of Colorado. Dr. Carlsen and his wife, Christina, have two young daughters. Dr. Carlsen has been coming to Monarch with his family since 1996."

Name: William Klein
Home: Philadelphia, Pennsylvania
Occupation: Oral and Maxillofacial Surgeon
Comments: "I am applying to serve on the Monarch at Sea Pines Board of Directors due to the fact that I have spent my summers growing up at the Monarch and the meaning the resort holds to both me and my family. I was born in 1983 and my parents got their first timeshare at the Monarch in 1985. They currently have three timeshare weeks and I bought my own timeshare at the Monarch last year. I cannot imagine a summer in which I am not at the Monarch and I would love to be part of the board to help make sure that the Monarch continues to be as important to future generations and families as it has become to me and my family."

Monarch at Sea Pines Owners' Association, Inc.
2018 Annual Meeting

Candidate Profiles
(continued)

Name: Ronald Patterson
Home: Simsbury, Connecticut
Occupation: Retired, Real Estate Executive
Comments: "My work experience encompasses over 35 years in commercial, industrial and office real estate. This includes property management, brokerage, corporate real estate globally, leasing, and negotiating real estate documents. I have an MBA in Finance and Business. I would like to be a Director to provide Marriott Monarch help and guidance in maintaining the quality facilities and value it has provided members over the years. I have been an owner for about 20 years there as well as having stayed at Marriott hotels and time shares worldwide. I think I can provide values guidance to the Board."

Name: Katherine Phillip
Home: Spotsylvania, Virginia
Occupation: Retired, consumer educator
Comments: "It was my pleasure to serve on the Marriott board for two terms in the past, and now I ask for your vote to represent you once again. Monarch is undergoing a major refurbishment project including window replacements, furnishings and unit redesign. My experience will benefit all owners as our Board of Directors oversees the project. As a Monarch pioneer (owner since 1982) I always look forward to a visit to my vacation home. Over the years I have been extremely pleased with Marriott's management and the high guest satisfaction scores our resort consistently receives. My expectations continue to be high, but it's important to monitor expenses as we make improvements to keep Monarch competitive with other newer timeshare properties on the island. Monitoring budgets, evaluating vendor proposals, and communication with management are crucial as we move forward. Please vote for me to represent you on the Monarch board."

Name: Jeffrey Voelkl
Home: Williamsville, New York
Occupation: Judge and Lawyer
Comments: "I have been coming to Monarch since it was constructed and have been a part of its evolution. I would like to return my time and skills to the place that has brought so many memories to my family. I sit on several boards as an active member."

Limited Proxy Submission Methods

The accompanying Notice of Annual Meeting describes important issues affecting the Association. To submit your Limited Proxy:

1. By Internet

- a. Log onto proxyvoting.com/MVCI, 24 hours a day, seven days a week by the deadline of 11:59 p.m., Eastern time, on October 16, 2018.
- b. Enter the control number that appears on your Limited Proxy.
- c. Follow the simple instructions.

2. By Mail

- a. Mark your selections on the enclosed Limited Proxy.
- b. Date and sign your name exactly as it appears on your Limited Proxy.
- c. If you will not be able to attend the Annual Meeting, please appoint a proxy holder to vote on your behalf. You may appoint the designated proxy holder named on your Limited Proxy, or you may write in the name of another person that you wish to act as your proxy holder. The person you designate must be in attendance at the Annual Meeting for your vote to be counted.
- d. Mail the Limited Proxy in the enclosed postage-paid envelope.

LIMITED PROXY

**Monarch at Sea Pines Owners' Association, Inc.
2018 Limited Proxy**

Date Signed: _____

Voting Member Signature

(X): _____

Voting Member Signature

(X): _____

Legal Name:

Note: All owners (or the designated voting member, if applicable) must sign and date the Limited Proxy for the vote(s) to be counted. Please sign and return your Limited Proxy on or before October 16, 2018. Please note, however, that votes will be counted if cast in person or otherwise properly received on or before October 23, 2018.

1. The above signed, as member(s) of **Monarch at Sea Pines Owners' Association, Inc.**, (the "Association"), do hereby appoint **EITHER** (indicate **one choice only** by filling in the circle at (1) or (2)):

(1) **David Eisenreich**, President of the Association, or any officer or director of the Association in attendance he so designates in his absence; **OR**

(2) _____
(Insert name of individual, who **MUST** be in attendance at the Annual Meeting in order for your vote(s) to be counted.)

as my true and lawful attorney-in-fact and proxy holder, revoking all previous proxies, to vote in my place and stead on my behalf, as though I myself were present, with power of substitution, at the Annual Meeting of **Monarch at Sea Pines Owners' Association, Inc.**, to be held at 3:30 p.m., Eastern time, on October 23, 2018, at the offices of Marriott Vacation Club® International, Board Room, 1044 William Hilton Parkway, Hilton Head Island, South Carolina 29928, except that my proxy holder's authority is limited as indicated below.

2. **AGENDA ITEM(S). (FOR YOUR VOTE TO BE COUNTED ON THE FOLLOWING ISSUES, YOU MUST MARK THE CIRCLE(S) PROVIDED BELOW. IF YOU LEAVE ANY ITEM IN THIS SECTION BLANK, YOUR PROXY HOLDER MAY NOT CAST A VOTE ON SUCH ITEM.)**

A. Election of two (2) members to the Board of Directors each to serve a three (3) year term. See the Candidate Profiles for a summary of the candidates. Please vote for no more than two (2) candidates. Selection of more than two (2) candidates will invalidate your vote.

- Don Bailey
- Paul Carlsen
- William Klein
- Ronald Patterson
- Katherine Phillip
- Jeffrey Voelkl

3. **GENERAL POWERS NON-AGENDA ITEM(S).**

A. You may choose to grant your proxy holder general powers. Please fill in the circle below if you want your proxy holder to vote on other issues which may come up at the meeting and for which a limited proxy is not required.

- I authorize and instruct my proxy holder to use his or her best judgment on all matters which properly come up before the meeting and for which a general power may be used.

THIS LIMITED PROXY IS REVOCABLE BY THE MEMBER IN ACCORDANCE WITH THE BYLAWS OF THE ASSOCIATION AND IS VALID ONLY FOR THE MEETING FOR WHICH IT IS GIVEN AND ANY LAWFUL ADJOURNMENT THEREOF. IN NO EVENT IS THIS LIMITED PROXY VALID FOR MORE THAN ELEVEN (11) MONTHS.

Owner ID/Villa/Week:

CERTIFICATE OF VOTING MEMBER – INDIVIDUALS

[This Certificate of Voting Member (Individuals) form should only be used for those Interests owned by multiple individuals. Partnerships, corporations, trusts, limited liability companies and other entity owners shall use the Certificate of Voting Member (Entity) form on page 2.]

The undersigned, being the owners (“each, an “Owner” and, collectively, the “Owners”), of ownership interest(s) (each, an “Interest”), in the program or property known as **Marriott’s Monarch** which is managed and administered by **Monarch at Sea Pines Owners’ Association, Inc.** (the “Association”), hereby designate the below-listed individual as the “Voting Member” to cast the vote, on Owners’ behalf, for each such Interest, in all matters pertaining to the Association, until this Certificate of Voting Member is revoked or suspended by written instrument executed by the Owners.

Each Owner hereby acknowledges and agrees that the execution and delivery of this Certificate of Voting Member shall automatically revoke, and shall entirely replace and supersede, any voting certificate(s) executed by the Owners relating to the Association prior to the dates set forth below.

In designating a Voting Member, all Owners must sign below.

VOTING MEMBER

_____ (type or print one (1) name; Voting Member must be on Deed)

OWNERS:

Signature: _____
Printed Name: _____
Date: _____

Signature: _____
Printed Name: _____
Date: _____

Signature: _____
Printed Name: _____
Date: _____

Signature: _____
Printed Name: _____
Date: _____

Signature: _____
Printed Name: _____
Date: _____

Owner ID/Villa/Week:

CERTIFICATE OF VOTING MEMBER - ENTITY

[This Certificate of Voting Member (Entity) form should only be used for Interests owned by entities (e.g. partnerships, corporations, trusts, limited liability companies). For Interests owned by multiple individuals, please use the Certificate of Voting Member (Individuals) form on page 1.]

The undersigned, being the owner (the "Owner"), of ownership interest(s) in the program or property known as **Marriott's Monarch** which is managed and administered by **Monarch at Sea Pines Owners' Association, Inc.** (the "Association"), hereby designates the below-listed individual as the "Voting Member" to cast the vote, on Owner's behalf, until this Certificate of Voting Member is revoked or suspended by written instrument executed by Owner.

Owner hereby acknowledges and agrees that the execution and delivery of this Certificate of Voting Member shall automatically revoke, and shall entirely replace and supersede, any voting certificate(s) executed by Owner for the Association prior to the date set forth below.

By the execution of this Certificate of Voting Member in the space provided below, the individual signing this Certificate of Voting Member, on behalf of Owner, represents that he/she is authorized to sign this Certificate of Voting Member on behalf of the Owner.

VOTING MEMBER

(type or print one (1) name)

ENTITY OWNER LEGAL NAME:

Signed By: _____

Printed Name: _____

As its (choose one):

President Vice President General Partner Other _____

Date: _____

ATTEST:

(Attest not required if entity is a Trust)

Signed By: _____

Printed Name: _____

As its (choose one):

Secretary Assistant Secretary