

October 28, 2019

Dear Marriott's Ocean Pointe Owner:

We are preparing once again for the fall meetings of the Ocean Pointe Finance Committee, the Board of Directors, and the Annual Meeting of the Members. Enclosed, please find more details about the days and times of these meetings, all of which you are welcome to attend! Also enclosed is the *proposed 2020 Maintenance Fee*, which is presented as required by Florida Statute, with the full funding of the Reserve Account. In years prior to 2014, the proposed budget document included a recommended Reserve Fee which assumed a majority of votes received to waive fully funding. The State of Florida requires the Association to submit a proposed budget to you with a Reserve Fee amount that represents the *fully funded amount*. Therefore, the Reserve Fee included on this proposed budget is \$985.83 but this is significantly higher than the range recommended by the Board of Directors of \$425 to \$500. Because of the method used to calculate and anticipate Reserve expenses, your Board of Directors has always recommended waiving the requirement to fully fund the Reserves. An asset management program is used that allows planning for asset replacements using estimated current costs with annual inflation factors, along with estimates for the length of each asset's useful life. With this method, annual reserve fund contributions are budgeted which will provide necessary funding for replacements at the time they are expected to be needed.

The enclosed budget also represents proposed amounts for the Operating Expenses and the Property Tax Fee. If the issue of waiving fully funding the reserves *passes*, the Reserve Fee will be lower than shown. The Management Fee will then also be reduced from the Operating Fee shown on this budget, and therefore the net proposed increase for the 2020 Maintenance Fee would be in the range of 10% to 15% instead of the 44% to 48% increase shown.

I am happy to report that once again, we expect to finish the current year very close to budget. At this point in our forecast, we anticipate ending 2019 less than two and a half percent over budgeted expenses. The overage is primarily due to higher than anticipated expenses in utilities, and in repairs and maintenance, as well as, General Administration, but we've managed to offset a good portion of those overages with savings in other areas. We will continue to look for cost reduction opportunities wherever possible.

As a member of the Association, your comments and/or presence are welcome at the Budget Meetings. The Board of Directors will consider comments from Owners prior to taking any formal action on the proposed budget. As noted on the enclosed proposed Agenda, open budget discussions with Members of the Association are scheduled from 11:00 a.m. until 11:15 a.m. on November 13, 2019. After it is approved, a copy of the final 2020 Budget will be mailed to Owners with the Maintenance Fee statements.

The Annual Meeting of Ocean Pointe at Palm Beach Shores Condominium Association, Inc. will be held on November 13, 2019 at 1:00 p.m., the same day as the Board of Directors Meeting. Please take note of the location of these Meetings; to be held at the West Palm Beach Marriott (see Reader Board for exact meeting room location), 1001 Okeechobee Boulevard, West Palm Beach, Florida 33401. In order to accommodate Owners planning to attend any of these meetings, please RSVP to Kristina Gregg, Executive Administrator, by phone at 561-882-3008 or via email at Kristina.Gregg@vacationclub.com by November 8, 2019. If you have any questions regarding the enclosed material, please contact me by phone at 561-882-3030 or via email at Clyde.Nau@vacationclub.com.

Very sincerely yours,

Dennis Nau
General Manager
Marriott's Ocean Pointe

**Ocean Pointe at Palm Beach Shores Condominium Association, Inc.
Finance Committee Meeting**

November 12, 2019, at 10:00 a.m., Eastern Time

Marriott's Ocean Pointe
Sailfish Lounge
71 Ocean Avenue
Palm Beach Shores, Florida 33404

Agenda

- Call to Order
- Establishment of Quorum and Roll Call
- Proof of Notice of Finance Committee Meeting
- Approval of Agenda
- Approval of Previous Finance Committee Meeting Minutes
- Investment Update
- Review of 2019 Financials and Forecast
 - Operating Fund
 - Reserve Fund
 - Property Tax Fund
 - Maintenance Fee Accounts Receivable
- Reserve Fund Projects Review
- Review of Proposed 2020 Maintenance Fee Budget
- New Business
 - Establishment of 2020 Finance Committee Meeting Dates
- Adjournment

**Ocean Pointe at Palm Beach Shores Condominium Association, Inc.
Board of Directors Meeting**

November 13, 2019, at 10:00 a.m., Eastern Time

West Palm Beach Marriott
(see Reader Board for exact meeting room location)
1001 Okeechobee Boulevard
West Palm Beach, Florida 33401

Agenda

- Call to Order
- Establishment of Quorum and Roll Call
- Proof of Notice of Board of Directors Meeting
- Appointment of Recording Secretary
- Approval of Agenda
- Approval of Previous Board of Directors Meeting Minutes
- Resort Operations Report
- Financial Report
 - Reserve Fund Projects Review
 - Proposed 2020 Maintenance Fee Discussion
(Open Budget Discussion with Owners: 11:00 a.m. – 11:15 a.m.)
 - Approval of 2020 Budget
- Unfinished Business
 - 2020 Online Volunteer Form
- New Business
 - Establishment of 2020 Board of Directors and Annual Meeting Dates
- Adjournment

OCEAN POINTE AT PALM BEACH SHORES CONDOMINIUM ASSOCIATION, INC.

2020 Estimated Operating Budget

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

	2019 BUDGETED EXPENSES 17,562 UNIT WEEKS (PER UNIT WEEK)	2020 PROPOSED BUDGET 17,562 UNIT WEEKS (PER UNIT WEEK)	2019 BUDGET VS 2020 BUDGET INCREASE/(DECREASE)		2020 PROPOSED BUDGET TOTAL \$	2020 BUDGET BY VILLA TYPE		Commercial Unit (1)
			\$	%		2 BEDROOM 15,914 UNIT WEEKS (PER UNIT WEEK)	3 BEDROOM 1,648 UNIT WEEKS (PER UNIT WEEK)	

Revenue								
Association Fees - Commercial Units	0.00	0.00	0.00	0.0%	3,515	0.00	0.00	3,515
GOLD (WEEKS 22 - 34)	1,650.50	2,420.27	769.77	46.6%	10,729,090	2,370.82	2,897.79	0
PLATINUM (WEEKS 1 - 17,51 - 52)	1,722.11	2,493.67	771.56	44.8%	16,156,538	2,443.46	2,978.53	0
SILVER (WEEKS 18 - 21,35 - 50)	1,632.09	2,401.40	769.31	47.1%	15,969,356	2,353.85	2,860.57	0
Bank/Investment Interest	5.24	10.02	4.78	91.2%	176,000	9.83	11.83	0
Late Fees	3.42	3.42	0.00	0.0%	60,000	3.35	4.03	0
Maintenance Fee Interest Income	5.69	5.69	0.00	0.0%	100,000	5.59	6.72	0
Miscellaneous Income	6.04	6.04	0.00	0.0%	106,000	5.92	7.13	0
Total Maintenance Fee Revenue					43,300,499			3,515

Expenses								
Accounting	19.28	19.55	0.27	1.4%	343,426	19.19	23.08	34
Activities ³	39.64	45.02	5.38	13.6%	790,695	44.18	53.15	0
Administration	62.07	63.00	0.93	1.5%	1,106,439	61.82	74.37	111
Audit Fee	0.85	0.85	0.00	0.0%	14,860	0.83	1.00	1
Bad Debt Expense	7.60	7.60	0.00	0.0%	133,467	7.46	8.97	0
Billing and Collections	9.86	10.13	0.27	2.7%	177,981	9.94	11.96	18
Board of Directors	1.11	1.11	0.00	0.0%	19,500	1.09	1.31	2
Cable Television	6.15	6.24	0.09	1.5%	109,500	6.12	7.36	0
Common Assessment ⁴	(3.59)	0.00	3.59	100.0%	0	0.00	0.00	0
Credit Card Fee	27.72	28.34	0.62	2.2%	497,760	27.81	33.46	0
Division of the Condominium, Timeshare, and Mobile Homes Fee (FL)	2.00	2.00	0.00	0.0%	35,124	1.96	2.36	0
Electricity	45.30	42.46	(2.84)	(6.3%)	745,691	41.66	50.12	75
Front Desk	91.21	109.59	18.38	20.2%	1,924,556	107.54	129.38	0
Gas	16.95	16.40	(0.55)	(3.2%)	287,969	16.09	19.36	29
High Speed Internet	2.93	2.93	0.00	0.0%	51,481	2.88	3.46	0
Housekeeping ⁸	237.49	242.25	4.76	2.0%	4,254,888	237.72	286.01	425
Human Resources	16.72	26.70	9.98	59.7%	468,937	26.20	31.52	47
Income Tax	5.24	5.24	0.00	0.0%	92,076	5.14	6.19	0
Insurance	64.23	97.16	32.93	51.3%	1,706,566	95.35	114.71	171
Landscape / Grounds	40.24	40.72	0.48	1.2%	715,177	39.96	48.07	72
Legal	0.57	0.57	0.00	0.0%	10,000	0.56	0.67	1
Loss Prevention / Security	54.68	60.60	5.92	10.8%	1,064,448	59.47	71.55	106
Maintenance	127.16	138.50	11.34	8.9%	2,432,526	135.91	163.51	243
Management Fee	151.81	221.83	70.02	46.1%	3,896,227	217.68	261.90	390
Operating Capital	0.00	0.00	0.00	0.0%	0	0.00	0.00	0
Other Expenses	0.00	0.00	0.00	0.0%	0	0.00	0.00	0
Owner Services ⁷	0.00	46.24	46.24	100.0%	812,009	45.37	54.59	0
Pest Control	2.23	3.51	1.28	57.4%	61,700	3.45	4.15	6
Pool Maintenance	22.06	20.94	(1.12)	(5.1%)	367,768	20.55	24.72	0
Postage and Printing	2.61	2.61	0.00	0.0%	45,899	2.56	3.09	0
Refuse Collection	2.99	3.06	0.07	2.3%	53,691	3.00	3.61	5
Rent for Recreation	0.00	0.00	0.00	0.0%	0	0.00	0.00	0
Taxes upon Association Property	0.00	0.00	0.00	0.0%	0	0.00	0.00	0
Taxes upon Leased Areas	0.00	0.00	0.00	0.0%	0	0.00	0.00	0
Telephone	4.35	4.48	0.13	3.0%	78,654	4.39	5.29	0
Water and Sewer	25.71	27.29	1.58	6.1%	479,392	26.78	32.22	48
Operating Fee	1,087.17	1,296.92	209.75	19.3%	22,778,407	1,272.66	1,531.14	1,784

Total Net Operating	1,066.78	1,271.75	204.97	19.2%	22,336,407	1,247.97	1,501.43	1,784
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Reserve Fee ⁶	425.00	985.83	560.83	132.0%	17,314,903	967.39	1,163.88	1,731
Operating And Reserve Fee	1,512.17	2,282.75	770.58	51.0%	40,093,310	2,240.05	2,695.02	3,515

Estimated Property Tax⁵								
GOLD (WEEKS 22 - 34)	158.72	162.69	3.97	2.5%	721,193	155.46	232.48	0
PLATINUM (WEEKS 1 - 17,51 - 52)	230.33	236.09	5.76	2.5%	1,529,613	228.10	313.22	0
SILVER (WEEKS 18 - 21,35 - 50)	140.31	143.82	3.51	2.5%	956,383	138.49	195.26	0
Total Maintenance Fee Plus Property Tax					43,300,499			3,515

Club Dues ¹	4.00	4.00	0.00	0.0%	-----	4.00	4.00	-----
International Owners Surcharge ²	34.50	34.50	0.00	0.0%	-----	34.50	34.50	-----
Owner Service Fee ⁷	44.89	0.00	(44.89)	(100.0%)	-----	0.00	0.00	-----

OCEAN POINTE AT PALM BEACH SHORES 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) The Resort Affiliation Agreement (and thus membership in the Club for every Owner of a Timeshare Estate in 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 Timeshare Estates in Club Units.

2) International Owners 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 the 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.

3) Pursuant to Article 4.4 of the Declaration the Developer has granted to the Association for the benefit of Owners a perpetual non-exclusive easement for use and enjoyment of the Recreation Area. Owners, through assessments imposed by the Association, shall pay all costs whatsoever related to use, operation, and management of the Recreation Area, to include setting aside reserves for capital expenditures, deferred maintenance, etc., as if this Recreation Area was part of the Common Elements. The estimated expenses for the Recreation Area have been included within the various line items of the above estimated operating budget.

4) Each residential Unit with the same number of bedrooms (i.e., either a two or three bedroom Unit) within the Condominium shall have an equal undivided percentage interest in the Common Elements and Common Surplus and an equal share of the Common Expenses of the Condominium (i.e., each two bedroom Unit shall have the same undivided percentage interest and same share as every other two bedroom Unit and similarly each three bedroom Unit shall likewise have the same undivided percentage interest and same share as every other three bedroom Unit). The undivided percentage interest in the Common Elements and Common Surplus and the share of the Common Expenses of the Condominium of the respective two and three bedroom classes of Units as a whole shall be based upon the total square footage of each separate class of residential Unit (i.e., two bedroom or three bedroom) in uniform relationship to the total square footage of each other separate class of residential Unit. As additional phases are added to the Condominium, the respective percentage interests in the Common Elements and Common Surplus and share of the Common Expenses of the Units already declared into the Condominium will be decreased accordingly.

5) Florida Law requires the Managing Entity hired by the Association to collect ad valorem taxes assessed by the Palm Beach 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 tax 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	3 BEDROOM
GOLD (WEEKS 22 - 34)	\$162.69	\$155.46	\$232.48
PLATINUM (WEEKS 1 - 17,51 - 52)	\$236.09	\$228.10	\$313.22
SILVER (WEEKS 18 - 21,35 - 50)	\$143.82	\$138.49	\$195.26

6) 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	23	\$3,826,216	8	\$343,759	\$415,683
Furniture and Fixtures	11	\$44,697,079	4	\$2,991,567	\$9,956,351
Building Painting	10	\$2,323,177	2	\$789,393	\$732,320
External Building Maintenance	16	\$15,610,332	7	(\$782,265)	\$3,658,781
Pavement Resurfacing	16	\$411,695	4	\$171,871	\$57,253
Common Area Rehabilitation	11	\$10,453,044	4	\$3,930	\$2,494,515
TOTAL		\$77,321,543		\$3,518,255	\$17,314,903

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

7) 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.

8) 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.

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 at December 31, 2018 and 2017 was \$0 and \$81,947, 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 amount due to MVWC at December 31, 2018 and 2017 was \$78,912 and \$417,957, 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 \$1,347,030 and \$1,701,682, respectively.