

October 11, 2019

Dear Marriott's Royal Palms Owner:

A regular meeting of the Royal Palms of Orlando Condominium Association, Inc., Board of Directors will be held on October 31, 2019, at 9:15 a.m., Eastern time, at the Marriott's Cypress Harbour, CONNECT Meeting Room, 6720 Captain's Way, Orlando, Florida 32821.

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.

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.

Owners of Marriott's Royal Palms are also members of the Vacation Way Recreation Association, Inc. As a member of the Associations, your comments and presence are welcome at this meeting. Any comments will be considered by the Board of Directors prior to taking formal action on the proposed 2020 Budget.

As noted on the Agenda, open Budget Discussion with Members is scheduled from 10:35 a.m. to 10:50 a.m., Eastern time.

The combined 2020 Maintenance Fee and Property Tax billing will be mailed to you in November and will have a January due date.

If you have any questions regarding the enclosed material, please feel free to contact Evelyn Perez, Director of Finance, by phone at 407-238-6243 or by email at Evelyn.Perez@vacationclub.com.

Warmest regards,

Katherine T. Hawes
President

Robert Gallagher
Vice President

Kenneth Waddell
Treasurer

Robert H. Adams
Secretary

Laura McMillan
Director

Board of Directors
Royal Palms of Orlando Condominium Association, Inc.

Royal Palms of Orlando Condominium Association, Inc.
Board of Directors Meeting

October 31, 2019 at 9:15 a.m., Eastern Time

Talent Experience Center
CONNECT Meeting Room
Marriott's Cypress Harbour Resort
6720 Captain's Way
Orlando, Florida 32821

Agenda

- Call to Order
- Establishment of Quorum
- Approval of Agenda
- Appointment of Recording Secretary
- Proof of Notice of Meeting
- Investment Presentation
- Review and Approval of Meeting Minutes
 - January 15, 2019 Board of Directors Meeting
 - April 24, 2019 Board of Directors Meeting
 - April 24, 2019 Executive Session
 - June 27, 2019 Board of Directors Meeting
 - July 16, 2019 Nominating Committee Meeting
- Vacation Way Meeting Recap
- Financial Report
 - Investment Policy Review
 - Current Financials
 - 2019 Year End Forecast
 - Proposed 2020 Maintenance Fee Discussion
 - Meeting Open to Owners for 2020 Budget Discussion
(Open Budget Discussion with Owners: 10:35 a.m. – 10:50 a.m.)
 - Property Tax Discussion
 - Accounts Receivable
 - Reserves Discussion
 - 2019 Reserves Project Update
 - 2020 Reserves Project Review
- Resort Operations
 - Action Items Review
 - Guest Satisfaction Survey Scores Year in Review
 - Reaffirm Expense Reimbursement Policy
 - 2022 Master Bathroom Refurbishment Discussion
 - Audit Firm
- Financial Report - Continued
 - Approval of 2020 Budget
- New Business
 - Announcement of 2020 Meeting Dates
- Adjournment

Royal Palms of Orlando Annual Meeting at 3:00 p.m.
Marriott's Royal Palms and Imperial Palm Villas Clubhouse

ROYAL PALMS OF ORLANDO CONDOMINIUM ASSOCIATION, INC.

2020 Estimated Operating Budget

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

	2019 BUDGETED EXPENSES 6,209 UNIT WEEKS (PER UNIT WEEK)	2020 PROPOSED BUDGET 6,209 UNIT WEEKS (PER UNIT WEEK)	2019 BUDGET VS 2020 BUDGET INCREASE/(DECREASE)		2020 PROPOSED BUDGET TOTAL \$
			\$	%	

Revenue					
BLUE (WEEKS 36 - 39)	1,394.61	1,829.87	435.26	31.2%	558,113
RED (WEEKS 1 - 17,24 - 35,50 - 52)	1,450.71	1,885.97	435.26	30.0%	7,423,213
WHITE (WEEKS 18 - 23,40 - 49)	1,424.33	1,859.59	435.26	30.6%	3,659,691
Bank/Investment Interest	3.09	6.10	3.01	97.4%	37,885
Late Fees	3.93	3.64	(0.29)	(7.4%)	22,575
Maintenance Fee Interest Income	8.26	7.86	(0.40)	(4.8%)	48,803
Total Maintenance Fee Revenue					11,750,280

Expenses					
Accounting	22.53	22.70	0.17	0.8%	140,970
Administration	46.54	46.43	(0.11)	(0.2%)	288,285
Audit Fee	2.07	1.65	(0.42)	(20.3%)	10,250
Bad Debt Expense	2.72	2.72	0.00	0.0%	16,899
Billing and Collections	9.55	10.13	0.58	6.1%	62,925
Board of Directors	3.22	3.22	0.00	0.0%	20,000
Cable Television	4.36	4.36	0.00	0.0%	27,048
Credit Card Fee	18.44	18.07	(0.37)	(2.0%)	112,175
Division of the Condominium, Timeshare, and Mobile Homes Fee (FL)	2.00	2.00	0.00	0.0%	12,418
Electricity	31.77	32.20	0.43	1.4%	199,942
High Speed Internet	0.84	0.84	0.00	0.0%	5,189
Housekeeping ⁴	243.16	278.90	35.74	14.7%	1,731,717
Human Resources	12.71	18.56	5.85	46.0%	115,233
Income Tax	2.72	6.13	3.41	125.4%	38,050
Insurance	31.92	42.00	10.08	31.6%	260,783
Landscape / Grounds	16.89	17.31	0.42	2.5%	107,477
Legal	0.81	0.32	(0.49)	(60.5%)	2,000
Loss Prevention / Security	5.50	5.46	(0.04)	(0.7%)	33,918
Maintenance	124.42	124.84	0.42	0.3%	775,107
Management Fee	118.15	153.44	35.29	29.9%	952,705
Operating Capital	0.00	0.00	0.00	0.0%	0
Other Expenses	0.00	0.00	0.00	0.0%	0
Owner Services ³	44.89	46.24	1.35	3.0%	287,084
Pest Control	3.40	3.51	0.11	3.2%	21,766
Postage and Printing	3.48	3.48	0.00	0.0%	21,630
Refuse Collection	1.97	3.20	1.23	62.4%	19,890
Rent for Recreation	0.00	0.00	0.00	0.0%	0
Taxes upon Association Property	0.00	0.00	0.00	0.0%	0
Taxes upon Leased Areas	0.00	0.00	0.00	0.0%	0
Telephone	6.62	7.00	0.38	5.7%	43,463
Vacation Way Recreation Association, Inc	139.93	187.03	47.10	33.7%	1,161,262
Water and Sewer	19.01	15.35	(3.66)	(19.3%)	95,295
Operating Fee	919.62	1,057.09	137.47	14.9%	6,563,481

Total Net Operating	904.34	1,039.49	135.15	14.9%	6,454,218
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Reserve Fee ¹	382.57	682.68	300.11	78.4%	4,238,791
Operating And Reserve Fee	1,302.19	1,739.77	437.58	33.6%	10,802,272

Estimated Property Tax²					
BLUE (WEEKS 36 - 39)	107.70	107.70	0.00	0.0%	32,848
RED (WEEKS 1 - 17,24 - 35,50 - 52)	163.80	163.80	0.00	0.0%	644,717
WHITE (WEEKS 18 - 23,40 - 49)	137.42	137.42	0.00	0.0%	270,443
Total Maintenance Fee Plus Property Tax					11,750,280

ROYAL PALMS OF ORLANDO 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 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 components' actual replacement cost and useful lives may vary from the estimated amounts. If additional funds are needed, the Association has the right, subject to Board approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

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 Royal Palms 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	18	\$2,715,247	6	\$468,322	\$372,603
Furniture and Fixtures	9	\$22,102,029	7	\$1,314,424	\$2,954,716
Building Painting	8	\$1,123,435	6	\$610,780	\$85,013
External Building Maintenance	14	\$2,117,429	7	\$576,374	\$219,043
Pavement Resurfacing	14	\$153,482	10	(\$21,328)	\$57,820
Common Area Rehabilitation	12	\$3,817,134	6	\$502,877	\$549,597
TOTAL		\$32,028,756		\$3,451,449	\$4,238,791

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

2) 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 approximately November (depending upon when the tax bill is sent out) 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
BLUE (WEEKS 36 - 39)	\$107.70
RED (WEEKS 1 - 17, 24 - 35, 50 - 52)	\$163.80
WHITE (WEEKS 18 - 23, 40 - 49)	\$137.42

3) 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.

4) 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 fees paid to the Association by transient guests who voluntarily elect to receive a daily room cleaning.

The 2020 Estimated Operating Budget is based on 6,209 timeshare estates of one-week use periods.

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 MVWC at December 31, 2018 and 2017 was \$32,867 and \$43,721, 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 \$315,587 and \$362,493, respectively.

The amount due from Sabal Palms of Orlando Condominium Association, Inc. to the Association at December 31, 2018 and 2017 was \$0 and \$2,215, respectively.

The amount due to Vacation Way Recreation Association, Inc. from the Association at December 31, 2018 and 2017 was \$0 and \$2,668, respectively.

October 11, 2019

Dear Vacation Way Recreation Association, Inc., Member:

A regular meeting of Vacation Way Recreation Association, Inc., Board of Directors will be held on October 29, 2019, at 9:15 a.m., Eastern time, at the Talent Experience Center, CONNECT Meeting Room, Marriott's Cypress Harbour, 6720 Captain's Way, Orlando, Florida 32821.

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.

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.

Owners of Royal Palms are also members of the Vacation Way Recreation Association, Inc. As a member of the Associations, your comments and presence are welcome at this meeting. Any comments will be considered by the Board of Directors prior to taking formal action on the proposed 2020 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.

The combined 2020 Maintenance Fee billing will be mailed to you in late November and will have a January due date.

If you have any questions regarding the enclosed material, please feel free to contact Evelyn Perez, Director of Finance, by phone at 407-238-6243 or by email at Evelyn.Perez@vacationclub.com.

Best regards,

Robert Gallagher
President

George Gray
Vice President

Alex Pollack
Secretary

Robert H. Adams
Treasurer

Laura McMillan
Director

Board of Directors
Vacation Way Recreation Association, Inc.

**Vacation Way Recreation Association, Inc.
Board of Directors Meeting**

October 29, 2019 at 9:15 a.m., Eastern Time

Talent Experience Center
CONNECT Meeting Room
Marriott's Cypress Harbour Resort
6720 Captain's Way
Orlando, Florida 32821

Agenda

- Call to Order
- Establishment of Quorum
- Approval of Agenda
- Appointment of Recording Secretary
- Proof of Notice of Meeting
- Review and Approval of Meeting Minutes
 - January 8, 2019 Board of Directors Meeting
 - April 22, 2019 Board of Directors Meeting
 - June 26, 2019 Board of Directors Meeting
 - July 9, 2019 Nominating Committee Meeting
- Financial Report
 - Investment Policy Review
 - Current Financials
 - 2019 Year End Forecast
 - Proposed 2020 Maintenance Fee Discussion
 - Meeting Open to Members for 2019 Budget Discussion
(Open Budget Discussion with Members: 10:45 a.m. – 11:00 a.m.)
 - Reserves Discussion
 - 2019 Reserves Project Update
 - 2020 Reserves Project Review
- Resort Operations
 - Action Items Review
 - Activities Review
 - 2020 Lobby Refurbishment Discussion
 - Audit Firm
- Financial Report – Continued
 - Approval of 2020 Budget
- New Business
 - Announcement of 2020 Meeting Dates
- Adjournment

Vacation Way Annual Meeting at 1:00 p.m.
Marriott's Royal Palms and Imperial Palm Villas Clubhouse

VACATION WAY RECREATION ASSOCIATION, INC.

2020 Estimated Operating Budget

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

	2019 BUDGETED EXPENSES	2020 PROPOSED BUDGET	2019 BUDGET VS 2020 BUDGET INCREASE/(DECREASE)		2 BEDROOM Royal Palms Condominium 68.58%	3 BEDROOM Imperial Palms Condominium 31.42%
			\$	%		

Revenue						
Maintenance Fee	1,266,903	1,693,297	426,394	33.7%	1,161,262	532,035
Bank/Investment Interest	0	99	99	100.0%	68	31
Marketplace Express Net	22,318	7,008	(15,310)	(68.6%)	4,806	2,202
Miscellaneous Income	3,263	3,263	0	0.0%	2,238	1,025
Total Maintenance Fee Revenue	1,292,484	1,703,667	411,183	31.8%	1,168,374	535,293

Expenses						
Activities	78,681	85,827	7,146	9.1%	58,860	26,967
Audit Fee	12,950	10,600	(2,350)	(18.1%)	7,269	3,331
Electricity	48,132	48,906	774	1.6%	33,540	15,366
Front Desk	533,828	676,598	142,770	26.7%	464,011	212,587
Gas	4,411	4,121	(290)	(6.6%)	2,826	1,295
Income Tax	8,682	7,368	(1,314)	(15.1%)	5,053	2,315
Insurance	35,353	52,626	17,273	48.9%	36,091	16,535
Landscape / Grounds	45,430	47,065	1,635	3.6%	32,277	14,788
Maintenance	15,888	15,888	0	0.0%	10,896	4,992
Management Fee	115,173	153,936	38,763	33.7%	105,569	48,367
Operating Capital	0	0	0	0.0%	0	0
Other Expenses	0	0	0	0.0%	0	0
Pest Control	2,064	2,126	62	3.0%	1,458	668
Pool Maintenance	76,755	88,108	11,353	14.8%	60,424	27,684
Rent for Recreation	0	0	0	0.0%	0	0
Taxes upon Association Property	0	0	0	0.0%	0	0
Taxes upon Leased Areas	0	0	0	0.0%	0	0
Transportation / Garage / Parking	44,213	45,603	1,390	3.1%	31,275	14,328
Water and Sewer	6,560	5,141	(1,419)	(21.6%)	3,526	1,615
Operating Fee	1,028,120	1,243,913	215,793	21.0%	853,075	390,838

Reserve Fee ¹	264,364	459,754	195,390	73.9%	315,299	144,455
Operating and Reserve Fee	1,292,484	1,703,667	411,183	31.8%	1,168,374	535,293

Total Maintenance Fee	1,266,903	1,693,297	426,394	33.7%	1,161,262	532,035
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VACATION WAY RECREATION 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 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 components' actual replacement cost and useful lives may vary from the estimated amounts. If additional funds are needed, the Association has the right, subject to Board approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

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 Vacation Way.

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	\$302,404	8	\$153,244	\$18,645
Building Painting	10	\$117,664	8	\$104,677	\$1,623
External Building Maintenance	17	\$433,913	14	\$177,534	\$18,313
Pavement Resurfacing	16	\$153,105	8	\$45,674	\$13,429
Common Area Rehabilitation	10	\$2,153,852	5	\$115,131	\$407,744
TOTAL		\$3,160,938		\$596,260	\$459,754

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

The 2020 Estimated Operating Budget is based on 8,555 timeshare estates of a one-week use period, being part of the condominium regime and timeshare plan, with 169 units having been part of the regime and plan on or before December 31, 2019 (8,555 timeshare estates reflects 50.62 weeks in each of the 169 units being sold).

The total Operating and Reserve Fee will be assessed to the owners of timeshare interests in Royal Palms Condominium and Imperial Palm Villas Condominium in accordance with Article VII, Section 1 of the Bylaws of Vacation Way Recreation Association, Inc.

Notes From 2018 Audit: Marriott Vacations Worldwide Corporation ("MVWC"), the current indirect parent company of MRHC, pays all invoices on behalf of the Association, subject to reimbursement by the Association. The net amount due to MVWC at December 31, 2018 and 2017 was \$70,560 and \$58,064, respectively.

The amount due from Imperial Palm Villas Condominium Association, Inc. to the Association at December 31, 2018 and 2017 was \$0 and \$1,280, respectively.

The amount due from Royal Palms of Orlando Condominium Association, Inc. to the Association at December 31, 2018 and 2017 was \$0 and \$2,668, respectively.

The amount due from Sabal Palms of Orlando Condominium Association, Inc. to the Association at December 31, 2018 and 2017 was \$0 and \$5,446, respectively.