

October 17, 2019

Dear Marriott's Sabal Palms Owner:

A regular meeting of the Sabal Palms of Orlando Condominium Association, Inc., Board of Directors will be held on November 1, 2019, at 9:45 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.

As a member of the Association, 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 11:00 a.m. to 11:15 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,

Donald R. Lee
President

Raymond C. Lantz, Jr.
Vice President

Ruth M. Schriefer
Secretary

Dennis Sobota
Treasurer

William Wergin
Director

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

**Sabal Palms of Orlando Condominium Association, Inc.
Board of Directors Meeting**

November 1, 2019 at 9:45 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 Previous Meeting Minutes
 - January 9, 2019 Board of Directors Meeting
 - April 25, 2019 Board of Directors Meeting
 - June 27, 2019 Nominating Committee Meeting
 - July 24, 2019 Board of Directors Meeting
- 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: 11:00 a.m. – 11:15 a.m.)
 - Property Tax Discussion
 - Accounts Receivable
 - Reserves Discussion
 - 2019 Reserves Project Update
 - 2020 Reserves Project Review
- Resort Operations
 - Action Items Review
 - Activities Update
 - Guest Satisfaction Survey Scores Review
 - Reaffirm Expense Reimbursement Policy
 - 2021 Villa Refurbishment Discussion
 - Audit Firm
- Financial Report – Continued
 - Approval of 2020 Budget
- New Business
 - Announcement of 2020 Meeting Dates
- Adjournment

Sabal Palms of Orlando Annual Meeting at 3:00 p.m.
Marriott's Sabal Palms Clubhouse

SABAL 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 4,000 UNIT WEEKS (PER UNIT WEEK)	2020 PROPOSED BUDGET 4,000 UNIT WEEKS (PER UNIT WEEK)	2019 BUDGET VS 2020 BUDGET INCREASE/(DECREASE)		2020 PROPOSED BUDGET TOTAL \$
			\$	%	

Revenue					
BLUE (WEEKS 36 - 39)	1,351.95	1,740.97	389.02	28.8%	278,557
PINK (WEEKS 1 - 6,34 - 35)	1,407.78	1,797.91	390.13	27.7%	1,150,672
RED (WEEKS 7 - 17,24 - 33,50 - 52)	1,428.86	1,819.42	390.56	27.3%	3,493,315
WHITE (WEEKS 18 - 23,40 - 49)	1,405.27	1,795.36	390.09	27.8%	2,298,080
Bank/Investment Interest	2.90	6.81	3.91	134.8%	27,245
Late Fees	3.88	3.27	(0.61)	(15.7%)	13,080
Maintenance Fee Interest Income	6.64	5.98	(0.66)	(9.9%)	23,927
Marketplace - Convenience Store	2.41	2.75	0.34	14.1%	10,987
Total Maintenance Fee Revenue					7,295,863

Expenses					
Accounting	22.53	22.71	0.18	0.8%	90,823
Activities	9.69	10.57	0.88	9.1%	42,276
Administration	46.87	46.50	(0.37)	(0.8%)	185,990
Audit Fee	3.21	2.34	(0.87)	(27.1%)	9,350
Bad Debt Expense	6.76	6.75	(0.01)	(0.1%)	27,000
Billing and Collections	9.55	10.13	0.58	6.1%	40,538
Board of Directors	5.00	5.00	0.00	0.0%	20,000
Cable Television	4.76	4.76	0.00	0.0%	19,044
Credit Card Fee	16.14	16.25	0.11	0.7%	65,000
Division of the Condominium, Timeshare, and Mobile Homes Fee (FL)	2.00	2.00	0.00	0.0%	8,000
Electricity	43.07	44.82	1.75	4.1%	179,288
Front Desk	56.28	71.25	14.97	26.6%	285,010
Gas	1.15	0.95	(0.20)	(17.4%)	3,816
High Speed Internet	0.84	0.84	0.00	0.0%	3,379
Housekeeping ⁴	238.97	269.18	30.21	12.6%	1,076,706
Human Resources	14.20	17.29	3.09	21.8%	69,151
Income Tax	5.13	10.59	5.46	106.4%	42,361
Insurance	36.01	48.06	12.05	33.5%	192,255
Landscape / Grounds	24.39	24.90	0.51	2.1%	99,591
Legal	1.25	0.50	(0.75)	(60.0%)	2,000
Loss Prevention / Security	5.79	6.00	0.21	3.6%	23,986
Maintenance	116.17	115.25	(0.92)	(0.8%)	460,983
Management Fee	128.62	164.10	35.48	27.6%	656,420
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%	184,947
Pest Control	4.39	4.52	0.13	3.0%	18,097
Pool Maintenance	9.90	10.82	0.92	9.3%	43,272
Postage and Printing	3.90	3.90	0.00	0.0%	15,600
Refuse Collection	1.05	1.60	0.55	52.4%	6,414
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 Lease Areas	0.00	0.00	0.00	0.0%	0
Telephone	6.62	7.00	0.38	5.7%	28,000
Transportation / Garage / Parking	5.24	4.55	(0.69)	(13.2%)	18,219
Water and Sewer	20.71	18.80	(1.91)	(9.2%)	75,213
Operating Fee	895.08	998.17	103.09	11.5%	3,992,729

Total Net Operating	879.25	979.36	100.11	11.4%	3,917,490
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Reserve Fee ¹	394.79	682.14	287.35	72.8%	2,728,570
Operating And Reserve Fee	1,289.87	1,680.31	390.44	30.3%	6,721,299

Estimated Property Tax²					
BLUE (WEEKS 36 - 39)	77.91	79.47	1.56	2.0%	12,715
PINK (WEEKS 1 - 6,34 - 35)	133.74	136.41	2.67	2.0%	87,302
RED (WEEKS 7 - 17,24 - 33,50 - 52)	154.82	157.92	3.10	2.0%	303,206
WHITE (WEEKS 18 - 23,40 - 49)	131.23	133.86	2.63	2.0%	171,341
Total Maintenance Fee Plus Property Tax					7,295,863

SABAL 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 Sabal 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	\$1,431,453	5	\$812,707	\$119,628
Furniture and Fixtures	12	\$14,505,089	6	\$2,867,640	\$1,874,987
Building Painting	8	\$184,606	5	\$143,835	\$7,883
External Building Maintenance	17	\$675,674	7	\$818,658	(\$19,746)
Pavement Resurfacing	15	\$92,993	5	(\$90,862)	\$196,678
Common Area Rehabilitation	13	\$3,465,523	6	\$57,178	\$549,141
TOTAL		\$20,355,338		\$4,609,156	\$2,728,570

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)	\$79.47
PINK (WEEKS 1 - 6,34 - 35)	\$136.41
RED (WEEKS 7 - 17,24 - 33,50 - 52)	\$157.92
WHITE (WEEKS 18 - 23,40 - 49)	\$133.86

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: (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 2020 Estimated Operating Budget is based on 4,000 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 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 \$17,017 and \$12,689, 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 \$200,717 and \$170,584, respectively.

The amount due to Royal Palms of Orlando Condominium Association, Inc. from 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 \$5,446, respectively.