

October 31, 2018

RE: Notice of Board of Directors Meeting
Oceana Palms Condominium Association, Inc.

Dear Marriott's Oceana Palms Owner:

A regular meeting of the Board of Directors of Oceana Palms Condominium Association, Inc. will be held at 9:00 a.m., Eastern time, on November 15, 2018, at the Palm Beach Marriott Singer Island Resort & Spa (See Reader Board for exact meeting room location), 3800 North Ocean Drive, Singer Island, Florida 33404.

The primary purpose of the meeting is to review and approve the enclosed Proposed Condominium Association 2019 Operating and Reserve Budget. As a member of the Association, your presence and participation during the budget review approval process is encouraged and welcomed at this meeting.

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 2019 Operating Fees, and is apportioned equally to all Owners. Second and based on the most current Reserves Study, the fee also includes a separate Reserves component to provide funding for future property replacement costs and capital maintenance. This Reserve Fee is also applied equally to all Owners. The third component is the applicable Real Estate Property Taxes on your deeded property interest and this amount is not equal to all Owners due to the "seasonality" valuation – for example: Gold, Platinum and Platinum-Plus categorization. Based on the above, the total percentage increase or decrease for 2019 will vary accordingly.

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.

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.

The proposed 2019 Maintenance Fee for Gold is \$2,009.56. For both Platinum and Platinum-Plus, the proposed 2019 Maintenance Fee would be \$2,104.66. See table below:

<u>2019 Proposed Maintenance Fee</u>	<u>Gold</u>	<u>Platinum</u>	<u>Platinum-Plus</u>
Net Operating Fee	\$1,232.67	\$1,232.67	\$1,232.67
Reserve Fee	\$551.37	\$551.37	\$551.37
Property Tax	\$225.52	\$320.62	\$320.62
Total	\$2,009.56	\$2,104.66	\$2,104.66

There is an increase from 2018 in the Operating Fee of \$60.59 largely attributed to the inflation of goods and services as well as an increase in Resort Activities in an effort to enhance the overall Resort Experience in a manner consistent with expectations of the Oceana Palms Owners. Many of the other increases throughout the budget were offset by efficiencies found within the operation, particularly within the overall reduced cost of the "Housekeeping" line item. In 2019 the Reserve Fee will be increased by \$250.02 over 2018, as a result of the proposed fully funding of the reserve outlined in section 2.A of the Limited Proxy which was recently distributed to you in the Notice of Annual Meeting package. Also in 2019 you will notice that there was an increase in the Property Tax fees of \$4.43 for Gold Owners and \$6.29 for Platinum and Platinum-Plus Owners.

The Board will consider Owner input prior to taking formal action on the proposed budget. **Open budget discussions with Owners are scheduled from 11:30 a.m. to 11:45 a.m.** If you have any questions or would like additional information, please contact Andy Mitchell, General Manager, by phone at 561-227-3606 or by email at Andrew.Mitchell@vacationclub.com. Inquires may also be sent to the Board of Directors email address at mvciohop@vacationclub.com.

In order to accommodate the Owners planning to attend the Board of Directors Meeting, please RSVP to Heather Smith, Executive Assistant, at 561-227-3608 or by email at heather.smith@vacationclub.com by November 8, 2018.

Sincerely,

Sally Rich

Secretary/Treasurer

Oceana Palms Condominium Association, Inc.

Board of Directors

**Oceana Palms Condominium Association, Inc.
Board of Directors Meeting**

November 15, 2018 at 9:00 a.m., Eastern Time

Palm Beach Marriott Singer Island Resort & Spa
(See Reader Board for exact meeting room location)
3800 North Ocean Drive
Singer Island, Florida 33404

Agenda

- Call to Order
- Establishment of Quorum and Roll Call
- Appointment of Recording Secretary
- Proof of Notice of Board of Directors Meeting
- Approval of Agenda
- Approval of Previous Meeting Minutes
 - May 2, 2018 Board of Directors Meeting
 - July 27, 2018 Nominating Committee Meeting
 - August 8, 2018 Board of Directors Meeting
- Resort Operations Report
- Financial Report
 - 2018 Year-to-Date Financials and Forecast
 - Reserve Update
 - Accounts Receivable
 - Proposed 2019 Budget Discussion
(Open Budget Discussion with Owners: 11:30 a.m. - 11:45 a.m.)
 - Approval of 2019 Budget
- New Business
 - Establishment of 2019 Board of Directors Meeting Dates
- Adjournment

Oceana Palms Condominium Association, Inc.

2019 ESTIMATED TIMESHARE PLAN COMMON EXPENSE BUDGET

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

PHASES 1, 2 (159 TIMESHARE UNITS – 8,193 UNIT WEEKS, 10 CONDOMINIUM UNITS, 4 COMMERCIAL UNITS)

	2019 PROPOSED BUDGET TOTAL \$	2019 PROPOSED TIMESHARE BUDGET	Condominium (Per Unit)	Commercial (Annual)
Revenues				
Assessments - Commercial	\$ 1,579	-	-	\$ 1,578.64
Assessments - Condominium	\$ 235,278	-	\$ 461.33	-
GOLD (WEEKS 20 - 44)	\$ 7,837,284	2,009.56	\$ -	-
PLATINUM (WEEKS 1 - 6,8 - 19,45 - 50)	\$ 8,031,383	2,104.66	\$ -	-
PLATINUM PLUS (WEEKS 7,51 - 52)	\$ 1,003,923	2,104.66	\$ -	-
Bank/Investment Interest	60,100	7.33	-	6.01
Late Fees	7,550	0.92	-	0.76
Maintenance Fee Interest Income	17,502	2.14	-	1.75
Other Income	915	0.11	-	0.09
Total Maintenance Fee Revenue	\$ 17,195,513		\$ 461.33	\$ 1,587.25

Expenses				
Accounting	182,113	22.23	-	21.43
Activities	839,823	102.49	-	83.98
Administration	677,189	82.64	-	79.68
Bad Debt Expense	4,104	0.50	-	0.41
Cable Television	48,000	5.86	-	4.80
Condominium Common Expenses	2,287,361	262.80	262.82	228.74
Credit Card Fee	65,166	7.95	-	6.52
Electricity	443,518	54.13	-	50.40
Front Desk	684,138	83.49	-	68.41
Gas	90,150	11.00	-	9.02
High Speed Internet	36,444	4.45	-	3.64
Housekeeping ⁽⁵⁾	1,709,918	208.68	-	179.99
Human Resources	208,580	25.46	-	24.54
Income Tax	60,302	7.36	-	6.03
Insurance	416,775	50.86	-	55.57
Legal	10,000	1.22	-	1.00
Maintenance	759,894	92.73	-	126.65
Management Fee	1,190,449	145.29	-	113.88
Operating Capital	-	-	-	-
Other Expenses	-	-	-	-
Owner Services ⁽⁴⁾	367,784	44.89	-	36.78
Pool Maintenance	212,980	25.99	-	21.30
Postage and Printing	4,387	0.54	-	0.44
Rent for Recreation	-	-	-	-
Taxes upon Association Property	-	-	-	-
Taxes Upon Leased Areas	-	-	-	-
Telephone	21,412	2.61	-	2.14
Total Expenses	\$ 10,320,487	\$ 1,243.17	\$ 262.82	\$ 1,125.35

Net Operating Fee	\$ 10,234,420	\$ 1,232.67	\$ 262.82	\$ 1,116.74
--------------------------	----------------------	--------------------	------------------	--------------------

Reserve Fee - Timeshare ⁽¹⁾	2,891,447	352.88	-	289.14
Reserve Fee - Common	1,727,629	198.49	198.51	172.76
Total Expenses for Operating and Reserves	\$ 14,939,563	\$ 1,794.54	\$ 461.33	\$ 1,587.25

Estimated Property Tax⁽²⁾				
GOLD (WEEKS 20 - 44)	879,528	225.52	-	-
PLATINUM (WEEKS 1 - 6,8 - 19,45 - 50)	1,223,486	320.62	-	-
PLATINUM PLUS (WEEKS 7,51 - 52)	152,936	320.62	-	-
Total Maintenance Fee Plus Property Tax	\$ 17,195,513		\$ 461.33	\$ 1,587.25

International Owner's Surcharge ⁽³⁾	-----	\$ 34.50	-----	-----
--	-------	----------	-------	-------

Oceana Palms Condominium Association, Inc.
2019 ESTIMATED CONDOMINIUM COMMON EXPENSE BUDGET
FOR THE PERIOD BEGINNING JANUARY 1, 2019 AND ENDING DECEMBER 31, 2019
PHASES 1, 2 (159 TIMESHARE UNITS – 8,193 UNIT WEEKS, 10 CONDOMINIUM UNITS, 4 COMMERCIAL UNITS)

	<u>Annual Total</u>	<u>Timeshare (Annual)</u>	<u>Condominium (Annual)</u>	<u>Commercial (Annual)</u>
Revenues				
Assessments	\$ 4,014,990	\$ 3,779,310	\$ 235,278	\$ 401
Other Income	-	-	-	-
Total Revenue	<u>\$ 4,014,990</u>	<u>\$ 3,779,310</u>	<u>\$ 235,278</u>	<u>\$ 401</u>
Expenses				
Accounting	32,138	30,251	1,883	3
Administration	119,589	112,569	7,008	12
Audit Fee	15,250	14,355	894	2
Billing and Collections	107,738	101,414	6,313	11
Board of Directors	14,400	13,555	844	1
Division of the Condominium, Timeshare, and Mobile Homes Fee (FL)	9,465	8,909	555	1
Electricity	60,482	56,932	3,544	6
Housekeeping	89,994	84,711	5,274	9
Human Resources	36,808	34,648	2,157	4
Insurance	138,930	130,774	8,141	14
Landscape / Grounds	118,940	111,958	6,970	12
Loss Prevention / Security	399,108	375,680	23,388	40
Maintenance	506,568	476,833	29,685	51
Management Fee	364,998	343,573	21,389	37
Operating Capital	-	-	-	-
Other Expenses	-	-	-	-
Pest Control	19,200	18,073	1,125	2
Refuse Collection	108,600	102,225	6,364	11
Rent for Recreation	-	-	-	-
Taxes upon Association Property	-	-	-	-
Taxes Upon Leased Areas	-	-	-	-
Water and Sewer	145,153	136,633	8,506	15
Total Expenses	<u>\$ 2,287,361</u>	<u>\$ 2,153,093</u>	<u>\$ 134,039</u>	<u>\$ 229</u>
Total Reserves	1,727,629	1,626,217	101,239	173
Total Expenses for Operating and Reserves	<u>\$ 4,014,990</u>	<u>\$ 3,779,310</u>	<u>\$ 235,278</u>	<u>\$ 401</u>

Oceana Palms Condominium Association, Inc.
 2019 Estimated Timeshare Plan Common Expense Budget Notes
 PHASES 1, 2 (159 TIMESHARE UNITS – 8,193 UNIT WEEKS, 10 CONDOMINIUM UNITS, 4 COMMERCIAL UNITS)
 For The Period Beginning January 1, 2019 And Ending December 31, 2019

Notes to the 2019 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 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 Oceana Palms Condominium units.

Components	Estimated Useful Life In Yrs	Estimated Replacement Cost	Estimated Remaining Useful Years	Anticipated Beginning Fund Balance As Of January 1, 2019	Contribution For 2019
Roof Replacement	23	\$792,116	14	\$213,449	\$34,574
Furniture and Fixtures	11	\$22,276,739	8	\$3,976,686	\$1,913,397
Building Painting	8	\$1,393,157	8	(\$840,507)	\$1,689,218
External Building Maintenance	16	\$5,760,662	13	\$497,016	\$338,677
Pavement Resurfacing	17	\$266,110	10	\$80,576	\$15,519
Common Area Rehabilitation	12	\$8,181,078	8	\$2,177,727	\$627,692
TOTAL		\$38,669,862		\$6,104,947	\$4,619,076

As permitted by Florida Law, 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 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 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 2019 Ad Valorem Taxes	AVERAGE
GOLD (WEEKS 20 - 44)	\$225.52
PLATINUM (WEEKS 1 - 6,8 - 19,45 - 50)	\$320.62
PLATINUM PLUS (WEEKS 7,51 - 52)	\$320.62

3) 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.

4) 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.

5) 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.

Notes From 2017 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 from MVWC at December 31, 2017 and December 30, 2016 was \$10,833 and \$71,583, respectively.

MRHC collects annual maintenance fees on behalf of the Association. The amount of Maintenance fees receivable due from MRHC at December 31, 2017 and December 30, 2016 was \$231,505 and \$175,454, respectively.

This page intentionally left blank

This page intentionally left blank