

October 22, 2019

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 6, 2019, 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 2020 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 2020 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 2020 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 2020 Maintenance Fee for Gold is \$2,089.08. For both Platinum and Platinum-Plus, the proposed 2020 Maintenance Fee would be \$2,188.93. See table below:

<u>2020 Proposed Maintenance Fee</u>	<u>Gold</u>	<u>Platinum</u>	<u>Platinum-Plus</u>
Net Operating Fee	\$1,339.14	\$1,339.14	\$1,339.14
Reserve Fee	\$513.14	\$513.14	\$513.14
Property Tax	\$236.80	\$336.65	\$336.65
Total	\$2,089.08	\$2,188.93	\$2,188.93

There is an increase from 2019 in the Operating Fee of \$129.40 largely attributed to the inflation of goods and services as well as an increase in insurance, utilities and costs consistent with remaining competitive in the labor market. Many of the other increases throughout the budget were offset by efficiencies found within the operation, particularly within the overall reduced cost of the Resort Activities line. In 2020 the Reserve Fee will be increased by \$196.13 over 2019, 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 2020 you will notice that there was an increase in the Property Tax fees of \$11.28 for Gold Owners and \$16.03 for Platinum and Platinum-Plus Owners.

The Board will consider Owner input prior to taking formal action on the proposed budget. **Open budget discussion with Owners is 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 1, 2019.

Sincerely,

Sally Rich

Secretary/Treasurer
Oceana Palms Condominium Association, Inc.
Board of Directors

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

November 6, 2019 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 8, 2019 Board of Directors Meeting
 - June 27, 2019 Board of Directors Meeting
 - July 12, 2019 Nominating Committee Meeting
 - July 16, 2019 Board of Directors Meeting
- Resort Operations Report
- Financial Report
 - 2019 Year-to-Date Financials and Forecast
 - Reserve Update
 - Accounts Receivable
 - Proposed 2020 Budget Discussion
(Open Budget Discussion with Owners: 11:30 a.m. - 11:45 a.m.)
 - Approval of 2020 Budget
- Unfinished Business
 - 2020 Sunrise Tower Villa and Lobby Renovation
- New Business
 - Turtle's Nest Renovation
 - Sunrise Pool Deck Expansion
 - Establishment of 2020 Board of Directors Meeting Dates
- Adjournment

Oceana Palms Condominium Association, Inc.

2020 ESTIMATED TIMESHARE PLAN COMMON EXPENSE BUDGET

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

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

	2020 PROPOSED BUDGET TOTAL \$	2020 PROPOSED TIMESHARE BUDGET	Condominium (Per Unit)	Commercial (Annual)
Revenues				
Assessments - Commercial	\$ 1,639	-	-	\$ 1,638.72
Assessments - Condominium	\$ 238,194	-	\$ 467.05	-
GOLD (WEEKS 20 - 44)	\$ 8,147,405	2,089.08	\$ -	-
PLATINUM (WEEKS 1 - 6,8 - 19,45 - 50)	\$ 8,352,950	2,188.93	\$ -	-
PLATINUM PLUS (WEEKS 7,51 - 52)	\$ 1,044,119	2,188.93	\$ -	-
Bank/Investment Interest	66,100	8.07	-	6.61
Late Fees	7,550	0.92	-	0.76
Maintenance Fee Interest Income	17,500	2.14	-	1.75
Total Maintenance Fee Revenue	\$ 17,875,456		\$ 467.05	\$ 1,647.84

Expenses				
Accounting	178,979	21.84	-	21.06
Activities	801,884	97.86	-	80.19
Administration	716,697	87.47	-	84.33
Bad Debt Expense	4,104	0.50	-	0.41
Cable Television	50,928	6.22	-	5.09
Condominium Common Expenses	2,531,691	290.87	290.90	253.17
Credit Card Fee	66,166	8.08	-	6.62
Division of the Condominium, Timeshare, and Mobile Homes Fee (FL)	9,464	1.16	-	-
Electricity	439,581	53.65	-	49.95
Front Desk	775,962	94.70	-	77.60
Gas	80,999	9.89	-	8.10
High Speed Internet	36,444	4.45	-	3.64
Housekeeping ⁵	1,911,727	233.31	-	201.23
Human Resources	191,757	23.40	-	22.56
Income Tax	60,302	7.36	-	6.03
Insurance	662,527	80.85	-	88.34
Legal	10,000	1.22	-	1.00
Maintenance	797,903	97.37	-	132.98
Management Fee	1,247,281	152.22	-	112.32
Operating Capital	-	-	-	-
Other Expenses	-	-	-	-
Owner Services ⁴	378,817	46.23	-	37.88
Pool Maintenance	210,564	25.70	-	21.06
Postage and Printing	4,388	0.54	-	0.44
Rent for Recreation	-	-	-	-
Taxes upon Association Property	-	-	-	-
Taxes Upon Leased Areas	-	-	-	-
Telephone	44,137	5.39	-	4.41
Total Expenses	\$ 11,212,303	\$ 1,350.28	\$ 290.90	\$ 1,218.41

Net Operating Fee	\$ 11,121,153	\$ 1,339.15	\$ 290.90	\$ 1,209.29
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Reserve Fee - Timeshare ¹	2,761,346	337.00	-	276.13
Reserve Fee - Common	1,533,049	176.14	176.15	153.30
Total Expenses for Operating and Reserves	\$ 15,506,698	\$ 1,863.42	\$ 467.05	\$ 1,647.84

Estimated Property Tax²				
GOLD (WEEKS 20 - 44)	923,520	236.80	-	-
PLATINUM (WEEKS 1 - 6,8 - 19,45 - 50)	1,284,656	336.65	-	-
PLATINUM PLUS (WEEKS 7,51 - 52)	160,582	336.65	-	-
Total Maintenance Fee Plus PropertyTax	\$ 17,875,456		\$ 467.05	\$ 1,647.84

International Owner's Surcharge ³	-----	\$ 34.50	-----	-----
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Oceana Palms Condominium Association, Inc.
2020 ESTIMATED CONDOMINIUM COMMON EXPENSE BUDGET ⁽⁶⁾
FOR THE PERIOD BEGINNING JANUARY 1, 2020 AND ENDING DECEMBER 31, 2020
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>
<u>Revenues</u>				
Assessments	\$ 4,064,740	\$ 3,826,140	\$ 238,194	\$ 406
Other Income	-	-	-	-
Total Revenue	\$ 4,064,740	\$ 3,826,140	\$ 238,194	\$ 406
<u>Expenses</u>				
Accounting	31,585	29,731	1,851	3
Administration	126,566	119,137	7,417	13
Audit Fee	15,250	14,355	894	2
Billing and Collections	83,031	78,157	4,866	8
Board of Directors	14,643	13,783	858	1
Electricity	59,945	56,426	3,513	6
Housekeeping	100,615	94,709	5,896	10
Human Resources	33,840	31,853	1,983	3
Insurance	220,850	207,886	12,942	22
Landscape / Grounds	117,940	111,017	6,911	12
Loss Prevention / Security	469,381	441,828	27,506	47
Maintenance	531,906	500,683	31,170	53
Management Fee	369,522	347,831	21,654	37
Operating Capital	-	-	-	-
Other Expenses	-	-	-	-
Pest Control	19,200	18,073	1,125	2
Refuse Collection	111,858	105,292	6,555	11
Rent for Recreation	-	-	-	-
Taxes upon Association Property	-	-	-	-
Taxes Upon Leased Areas	-	-	-	-
Water and Sewer	225,560	212,320	13,218	23
Total Expenses	\$ 2,531,691	\$ 2,383,081	\$ 148,357	\$ 253
Total Reserves	1,533,049	1,443,059	89,837	153
Total Expenses for Operating and Reserves	\$ 4,064,740	\$ 3,826,140	\$ 238,194	\$ 406

Oceana Palms Condominium Association, Inc.
 2020 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, 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 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, 2020	Contribution For 2020
Roof Replacement	23	\$815,879	13	\$231,388	\$45,926
Furniture and Fixtures	11	\$23,231,718	7	\$4,268,379	\$2,767,173
Building Painting	8	\$1,441,742	7	\$392,913	\$153,047
External Building Maintenance	16	\$6,074,751	12	\$598,321	\$466,161
Pavement Resurfacing	17	\$280,108	10	\$50,705	\$23,433
Common Area Rehabilitation	12	\$8,491,480	8	\$1,923,157	\$838,656
TOTAL		\$40,335,678		\$7,464,863	\$4,294,395

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 2020 Ad Valorem Taxes	AVERAGE
GOLD (WEEKS 20 - 44)	\$236.80
PLATINUM (WEEKS 1 - 6,8 - 19,45 - 50)	\$336.65
PLATINUM PLUS (WEEKS 7,51 - 52)	\$336.65

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 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.

6) Pursuant to Exhibit D of the Declaration, the percentage interest in the Common Elements and Common Surplus and a share of the Common Expenses of the Condominium allocated between the Commercial Units and Residential Units, each Residential Unit shall have a percentage interest equal to 99.99%, and each Commercial Unit shall have a percentage interest equal to .01%. The share of the Common Expenses of the Condominium of the respective classes of Residential Units based on bedroom type as a whole shall be based upon the total average square footage of each separate class of Residential Unit in uniform relationship to the total average square footage of each other separate class of Residential Unit.

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 from MVWC at December 31, 2018 and 2017 was \$49,966 and \$10,833, 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 \$263,005 and \$231,505, respectively.

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