

Final

VACATION VILLAS AT FANTASYWORLD TIMESHARE OWNERS' ASSOCIATION, INC. BOARD OF DIRECTORS MEETING

April 27, 2018

CALL TO ORDER AND QUORUM/NOTICE VERIFICATION

Board President Weinland called the Vacation Villas at FantasyWorld Timeshare Owners' Association, Inc. Board of Directors Meeting to order at 5:40 PM, and verified a quorum of Board Members was in attendance. Notice of the Meeting was properly given to or waived by each Director and the Notice of the Meeting was posted on the property as required by Florida statutes.

ATTENDANCE

Board of Directors in attendance included: Jeff Weinland, Jonathan Ejuwa, Jack Sladkey, Richard Furlong, and Arthur Washington.

Also present were HOA Board Member Dennis Miley and Association Legal Counsel Alex Costopoulos

Attendees from Fantasy World Management included: Jim Olson, Vice President of Resort Operations; Angel Delgado, Chief Financial Officer; Christina Moquin, Resort Manager; and Diana Cherveney, Associations Manager.

Owners and other attendees included Carol Anne Miley, Almeta Washington, John Price and Jane price.

APPROVAL OF MINUTES

A Motion was made by Jack Sladkey and seconded by Rich Furlong to approve the minutes from the 2018 BOD Meeting held on January 27, 2018. All were in favor and the Motion carried unanimously.

OPERATIONAL REVIEW

Jim Olson conducted a PowerPoint presentation highlighting the areas where the board approved improvements have been completed. This presentation included Soffit repairs in upper and lower roofs, Fascia repairs & replacements, roof cleaning, buildings painting, courtyard beautification and repairs to the gas grills. To date these projects have cost approximately \$62,500 which is an average of \$312.00 per unit.

Management will present a request for an additional \$37,500 which will bring the entire enhancement effort to \$99,000 or \$328.00 per townhome.

Roof Replacement Project

Our Reserve Study called for 60 roofs to be replaced from 2017 thru 2021. Hurricane Irma caused damage to 86 roofs. Starting in September of 2017 we have scheduled 85 roofs to be replaced. As the tiles are removed most of the units have structural damage that required varying degrees of repair. To date we have spent \$402,011.80 on roof replacement and we will need an additional \$70 to \$75,000 to complete this project.

Management will request funding to continue with roof replacements in the fall to complete an additional 60 roofs. Based on previous costs this project will require approximately \$330 to \$350,000.

ADMINISTRATIVE & FINANCIAL UPDATE

Angel Delgado reported that the search for an Assistant Controller has been extensive; the chosen candidates interviewed have not accepted the position based on salary constraints and or job responsibilities but offered their services as consultants. Ms. Laura Schepers has joined the accounting office as a consultant to assist with the creation of the Associations financials and produce the monthly statements.

The new charts of accounts have been set up as well as the actual financial statements format and layout. Our focus now is to close out 2017 and begin working with the outside auditors to produce the 2017 audited financial statements. During this process we will also be working towards producing the 2018 financials and preparing the 2019 budget for the BOD meeting in July.

Maintenance Fee collections are at 54% this is an increase of 11.5 points since January.

The Rental program is going strong with an increase of \$153,000 in revenues over the same period last year.

We are approaching the \$200,000 mark with revenues from the Wind down plan, Swap Out plan and Transfer Fees.

The 2018 property taxes have been paid in the amount of \$867,453.

I.T. & Systems Update

As of April 9, 2018 our Timeshare Management System (SPI) which manages all of our daily operations and data has migrated from the Patton server to our own server located at our resort. Only our resort has access to this system and we now have full control of all the modules.

Credit Card Processor. We are in the process of obtaining our own merchant services. When fully integrated we will be able to process credit card payments thru our own PMS.

PBX is now fully staffed and owners/guests calling in will now speak to a live person.

The audio alarm and visual display at the PBX console is now operational for 911 calls from any phone at the resort. The audio alarm will not shut off until PBX manually clears it.

INVENTORY UPDATE

506 Annual Intervals

318 Odd/Even Intervals

(Festiva dedeed 675 combined annual and biennial Intervals on 12/18/17)

ASSIGNMENT OF MORTGAGE FORECLOSURES

541Mortgage Accounts were transferred from ORDG to the TOA on 3/28/18.

The original mortgage notes are in the amount of \$4,528,318.64 with an outstanding maintenance fee balance of \$1,464,743.08.

OLD BUSINESS

VV2 PROGRESS

Alex Costopoulos reported that none of his efforts to contact VV2 for a progress report has been successful.

A Motion was made by Jonathan Ejuwa and seconded by Jack Sladkey for Alex Costopoulos to continue to pursue the VV2 matter and to attempt contact every other week until we get the information that we need. All were in favor and the Motion carried unanimously.

ADA ISSUES

Portions of this section are omitted due to Attorney-Client Privilege.

A lawsuit has been filed against the Association for alleged ADA violations. The claim was submitted to our insurance carrier under the D&O policy. The carrier has agreed to pay for the defense of the case but not any cost of remediation (subject to the policy deductible). Jim Olson, Alex Costopoulos, insurance-appointed counsel, and our ADA expert witness have toured the property and initial reports have been prepared.

Jim Olson identified 17 units that could potentially be modified to be more accessible. This plan was presented to the county permitting department and received a favorable response in terms of allowing construction.

A motion was made by Art Washington and seconded by Jonathan Ejuwa to explore the possibility of modifying 2 units for greater accessibility with an expenditure of \$125,000 to include architectural drawings for submission to Osceola County for approval and construction costs. All were in favor and the Motion carried unanimously.

NEW BUSINESS

MOVING THE FLOWRIDER

Based on our evaluation and subsequent review it is not recommended to move the Flowrider to another location within the property because of cost and too many other hidden cost factors.

A motion was made by Jack Sladkey and seconded by Art Washington to explore the sale of the Flowrider. All were in favor and the Motion carried unanimously.

GAME ROOM CONCEPT

Several ideas were discussed regarding the addition and location within the property of a game room modeled after the Dave and Busters Restaurant/Arcade. This concept will be discussed further at a future BOD meeting.

CONVENIENCE STORE

A proposal and costs were presented to add a convenience store in the bar area of the lobby. This will be of great benefit to guests to purchase basic items needed upon arrival.

A motion was made by Rich Furlong and seconded by Jack Sladkey to approve up to \$5,000 for the addition of a convenience store as presented. All were in favor and the Motion carried unanimously.

FOOD AND BEVERAGE CONCEPT

Ideas for a food and beverage concept were discussed including moving the bar and food operation to the activities building. The idea is to expand the food service and offer a larger game room such as the Mini Dave & Busters discussed earlier. Further discussions are needed and the advice of a conceptual food & beverage designer.

WELCOME PACKAGE FOR NEW OWNERS

For some time we have been exploring the appropriate welcome package/gift to send to new owners. One idea that may have some merit is an owner id card with the new active RFID jamming technology built into it. This card will block RFID signals from about 3" away from its location. Retail price is \$50, wholesale price is \$10 and blanks are \$8 each. Mr. Weinland will explore further.

NEWSLETTER

Mr. Weinland, Steven Hollis and Diana Cherveney will be working on content for a newsletter to be sent to the timeshare owners.

INTERNAL TRANSPORTATION

Golf Carts

A motion was made by Jack Sladkey and seconded by Rich Furlong to ratify the approval issued earlier in April to lease 3 additional golf carts at a cost of \$159.26 each for a total of \$477.79 monthly. All were in favor and the Motion carried unanimously.

A motion was made by Jack Sladkey and seconded by Art Washington to lease 3 additional golf carts at a cost of \$159.26 each for a total of \$477.79 monthly. All were in favor and the Motion carried unanimously.

Guest Internal Transportation

A motion was made by Jeff Weinland and seconded by Jack Sladkey to lease the 7 passenger golf cart if the ADA compliant attachment and the cover can be added for a monthly lease amount not to exceed \$350. All were in favor and the Motion carried unanimously.

A motion was made by Jeff Weinland and seconded by Rich Furlong to purchase the golf cart and trailer as presented if the 7 passenger cart/ADA compliant option is not available. The Cart and trailer price is not to exceed \$60,000. All were in favor and the Motion carried unanimously.

New pedestal charging stations have been installed for the golf carts.

UNIFORMS

Front Desk, Activities/Aquatics and Food & Beverage have been issued new shirt uniforms. Everyone has been directed to wear black or khaki trousers or shorts.

MATTRESSES

We are in the process of replacing the split king mattresses that were installed in previous years. This has been a major source of complaints. We are requesting to purchase 50 mattresses which will address the majority of the units needing them.

A motion was made by Jonathan Ejuwa and seconded by Rich Furlong to approve expenditure up to \$50,000 to complete the mattress upgrade. All were in favor and the Motion carried unanimously.

MEETING ATTENDANCE POLICY

A motion was made by Jeff Weinland and seconded by Rich Furlong to create a policy to establish how meetings are conducted and who is invited to attend. Timeshare members are invited to attend; anyone on the Executive committee can present to the Board. Employees may attend and speak as long as this has been cleared by Jim Olson. All were in favor and the Motion carried unanimously.

PROPERTY TAXES

A motion was made by Jack Sladkey and seconded by Rich Furlong to authorize CFO Angel Delgado to pay the 2018 property taxes in November of 2018. Paying early will demonstrate a large savings to the association. All were in favor and the motion carried unanimously.

2019 ADVANCE PAYS FOR 2019 MF'S

Lena Combs has suggested opening a new bank account for the deposits of future maintenance fees and reserves.

A Motion was made by Jeff Weinland and seconded by Art Washington to announce that there will not be an increase in maintenance fees in 2019. The 2019 billing will be a mirror image of the 2018 billing. All were in favor and the motion carried unanimously.

INTERVAL INTERNATIONAL

Alex Costopoulos reported that negotiations have resumed with Interval International regarding a new non-exclusive affiliation agreement. Consideration is given to adding RCI to give our owners more exchange flexibility.

MANAGEMENT CONTRACTS

Fantasy World Management Services (FWMS) is a wholly owned subsidiary of Vacation Villas at FantasyWorld Time-Share Owners Association, Inc. Alex Costopoulos conducted the vote to assign a Board Member to sign a contract on behalf of the Timeshare with FWMS.

Motion was made by Jack Sladkey and seconded by Art Washington to authorize Rich Furlong to sign the management contract with FWMS for \$375K/yr. plus 3% annual increase, 3 year contract retroactive to October 21, 2017, auto renew for consecutive 3 year terms, termination upon 60 days' notice or immediately if trust broken, 30% commission on rental program. Jeff Weinland abstained. All others were in favor and the motion carried unanimously.

OWNER CRUISE

Mr. Weinland stated that we joined and has been paying dues to be part of a travel agency for years. Recently Jeff, Diana and Catelin attended a conference in Los Angeles for training purposes. We are going to organize an owner cruise that will be promoted in the newsletter and with the 2019 billing.

ESTOPPEL LETTER AND TRANSFER FEE POLICY

A Motion was made by Jeff Weinland and seconded by Jack Sladkey to sign a Corporate Resolution on Estoppel Letters and Transfer Fees establishing rates of \$150 for Estoppel Letters and \$150 for Transfer Fees (payable to FWMS); Transfer Fee can be waived at management's discretion if a satisfactory new owner information form including photocopy of picture ID is provided. All were in favor and the motion carried unanimously.

ACTION ITEMS (From the 1-27-18 BOD)

Action Item #1- The Board directed Management to inspect newly acquired unit #3162 and advise what to do with the unit and a course of action.

The interior of the unit has been demolished and the wall between the kitchen and entry hallway has been removed. The unit is undergoing a complete renovation. Management is asking for funds to complete the renovation of this unit.



A motion was made by Jack Sladkey and seconded by Art Washington to approve funds up to \$45,000 to complete the renovation of unit 3162. All were in favor and the motion carried unanimously.

Action Item #2- The Board directed Management to provide weekly reports pertaining to operations, occupancy and collections. This action item is On Going.

Action Item #3- The Board directed Management to consider establishing a special check-in line distinguishing Owners, Rentals and Exchanges. This action item is deleted.

Action Item #4- The Board directed Alex Costopoulos to prepare an update regarding the purchase of VV2. This action item is On-Going.

Action Item #5- The Board directed management to obtain pricing to properly enclose the dumpsters. This action item is On-Going.

Action Item #6- The Board directed Management to obtain bids to improve the PBX-Phone system, hire additional staff as needed to assure that calls are answered by a person and not sent to voice mail. This action item is completed.

A motion was made by Jack Sladkey and seconded by Rich Furlong to approve an expenditure of \$15,000 to obtain a game room conceptual design. All were in favor and the motion carried unanimously.

A motion was made by Jack Sladkey and seconded by Rich Furlong to approve an expenditure of \$15,000 to obtain a Food & Beverage conceptual design. All were in favor and the motion carried unanimously.

ADJOURNMENT

There being no further business before the Board, President Weinland entertained a Motion to adjourn the meeting. Jack Sladkey made the motion to adjourn, seconded by Rich Furlong. The meeting was adjourned at 8:50 PM.

NEW ACTION ITEMS

The Board directed Management to explore the possibility of selling the Flowrider)

The board directed Alex Costopoulos to draft written Estoppel Letter and Transfer Fee policy for TOA

The board directed Alex Costopoulos to draft New Owner Information Form for TOA

The board directed Alex Costopoulos to draft TOA-FWMS management contract

The board directed Jim Olson to review the salaries and performance bonuses of all employees and present findings in time for the 2019 budget meeting scheduled for Saturday, July 14, 2018.