

Coconut Malorie Resort Timeshare Owners Association, Inc.
(the "Association")
Board of Directors Meeting
October 29, 2018

CALL TO ORDER

Kevin Blocker called the teleconference meeting to order at 10:31 a.m. Eastern Time. The following Board of Directors ("BOD") were in attendance: Kevin Blocker, Vice President and Jonathan Brooks, Secretary/Treasurer. Absent was Charles Herpen, President. Attendees from Festiva Management Services included Jon Konkell, Area Managing Director and Sydney Delp, General Manager. Present from Zealandia Holding Company, Inc. was Julie Orrender, Association Compliance Manager. Owners present were John and Vanessa Sealy; Cassandra Burkhalter; Andrea Hudson

MEETING NOTICE AND QUORUM

Proper notice of the meeting was provided in accordance with the Bylaws of the Association. Quorum was established with two (2) of three (3) Directors present, and Julie Orrender was appointed Acting Secretary to record the minutes.

APPROVAL OF AGENDA

Motion was made by Kevin Blocker to amend the agenda by removing approval of the June 20, 2019 BOD minutes. The motion was seconded by Jonathan Brooks and unanimously carried.

NEW BUSINESS

2019 Budget Discussion

Jon Konkell provided review of the 2019 Budget, which included a 17.5% or \$555.46 to \$652.67 increase over the 2018 Budget. Mr. Konkell shared the primary factor is to address bad debt and to provide enough funds to operate the resort in 2019. He stated this budget gives us total revenues at \$2,167,869 and total expenditures of the same amount. He explained that would give the Association a surplus of \$47K to go into reserves. The budget includes an interior refurbishment of \$47K for new locks on the doors. He further explained the current locks are so old, replacement parts are no longer available.

Owners expressed concerns over:

- (1) Bad Debt and why owners are not paying their maintenance fees and how to cure the problem;
- (2) promises made by previous Developer that did not come to be (i.e. indoor pool and onsite restaurant);
- (3) asked that fees be dropped \$200 less than presented to help those on a fixed income and those owners that are paying their fees;
- (4) shared disappointment with the condition of the resort;
- (5) timeshare owners are not reaping the benefits of what they are paying for (i.e. not being able to get reservations easily);
- (6) owners wanting to know why it is so hard to get their reservations and yet the place is packed often;
- (7) issues with having housekeeping running up and down the hallways all the time, but the owner can only get one pool towel per week;
- (8) Want the BOD to consider removing daily cleaning, Jonathan Brooks shared we need to check with local ordinances. Jon Konkell has it on a to do list to readdress prior to the next budget.

Jon Konkell shared that Festiva has been on property over the last 9-10 years, but inherited problems from previous developer. He added that the maintenance fees have not been enough to properly maintain the resort facility. Kevin Blocker explained bad debt in general, and that it is a common item in timeshare budgets. He shared that because owners drop out of paying their fees, the cost of doing business is still paid by the association members. He further explained that foreclosing on delinquent owners is costly and adds to the funds needed; and the secondary market to sell those unit weeks is not as marketable as it was before. He added that the Association rents the delinquent inventory, which helps offset some of the

expenses that are not passed onto the ownership. He further explained that it is the fiduciary responsibility of the BOD to create a budget to fund the needed expenditures of the association, which includes addressing bad debt.

Mr. Blocker also shared it is important to reserve as far in advance as you are permitted. He provided options to utilize an exchange company to keep from losing use or the time you need. He shared you can pre-pay your maintenance fee for the next year and book earlier, then you would only receive a bill for the difference. Lastly, he addressed the companies that call to get you out of your timeshare. He shared they ask for a processing fee and you may never hear back from them. He added there are some legitimate timeshare resale companies out there, who will not ask you for money up front, until they have sold your unit/week. He simply cautioned owners to be careful in dealing with those companies.

Jon Konkol responded to an owner's question regarding "other income" and where those funds come from. Kevin Blocker explained how Zealandia Capital adheres to the Assessment Billing and Collection Policy, and how they recover some of the bad debt through their collection efforts. Mr. Blocker explained the need to fund reserves to put towards then needed repairs and improvements to maintain and enhance the building and common areas.

John Sealy asked about deeding back his inventory, and Kevin Blocker agreed to check with Festiva to see if they have any interest. Kevin explained the goal is to get the budget approved by moving on with the agenda, and management will stay to answer remaining questions.

Motion was made by Kevin Blocker to approve the 2019 Budget, which includes a 17.5% increase. The motion was seconded by Jonathan Brooks and unanimously carried.

ADJOURNMENT

Motion was made by Kevin Blocker to adjourn the meeting at 11:35 a.m. Eastern Time. The motion was seconded by Jonathan Brooks and unanimously carried.

CERTIFICATION

I hereby certify the foregoing Minutes of the Board of Directors Budget Meeting held on October 29, 2018 were approved and duly adopted by the Board on the 29th day of January 2019.


Jonathan Brooks, Secretary/Treasurer