

Lago Vista

Vacation Resort

General Offices (407) 348-5246
Toll Free (800) 437-8124
FAX (407) 348-5083

My Fellow Owners,

Please review the enclosed information that includes the meeting information to adopt the 2018 proposed budget. Please note that the scheduled date of the meeting is December 5, 2017. Management needs to plan accordingly. Please let us know if you will be attending the meeting.

I wish my communication to all of you was upbeat with plenty of good news. However, no matter what the news is, it must be true, accurate, and informative. That is what we are all expecting and deserve.

The budget is understandably always the piece that is of the most interest to all owners. Although management was able to hold most expenses in place, owner's non-payment of fees and the inability to substantially increase short term vacation rental income resulted in another annual deficit for 2017. Lago Vista has had several years of deficits which need to be accounted for. Florida state regulators require management to recognize the deficits and budget accordingly.

The 2018 maintenance fee will increase from \$472.04 to \$686.04, a \$214.00 increase due to delinquent non paying owners. Notice on page 3, Other Expenses, Bad Debt increased from \$122.55 to \$327.37, that alone accounts for \$204.82 of the increase. Lago Vista owners are either deeding their units back to the association or are ignoring their responsibilities to pay their annual fees. Our 2018 budget for Reserve funding \$26.96, did not increase as we could not see increasing any other funding unless absolutely necessary. The owner billing for Real Estate taxes will increase to cover the owners who don't pay. That billing will come in a separate mailing.

Management did foresee this problem and made it a priority to increase rental income. Lago Vista contracted with several distribution networks including Expedia and their owned affiliates. Management contacted companies in the vacation ownership business investigating possibilities to contract discounts for bulk inventory use thru their owner programs. Management contracted with RCI offering deeply discounted rental rates that RCI marketed thru their numerous programs. The results were more than disappointing.

The Orlando/Kissimmee market is very competitive with large newer timeshare resorts offering rates of \$69 per night in more desirable locations. Several of the outlets that contracted with Lago Vista will not be renewing because they did not receive a reasonable return for the time and money they allocated to our property. Almost everyone we worked and spoke with offered the same point of view, our property is not competitive for vacation rentals, we should develop an annual unit rental program to generate income.

Management has begun to develop the necessary documentation and policies to implement an annual rental of units. The units to be rented will initially be in buildings 5, 8, and 9. Lago Vista Owners vacationing at the resort will be concentrated in the other buildings surrounding the pool area and in building seven (7). Owners with units in buildings 5, 8, and 9 will be placed in the other buildings as their vacation dates arrive. We recognize this is not what most of us want at Lago Vista however we do not see any other viable options that will generate a substantial amount of income

The challenges of our association are many. Management will need to work with state regulators how the prior year deficits will be dealt with. We currently have a board made up of five (5) however 2 board members are resigning. We are asking for owners to volunteer to be on the board. Some of other current board members are also willing to resign allowing for more owners to serve on the board. Up to this point we have had to rely on fellow industry professionals to be on the Board. We need owners. The more new ideas, the more potential for answers. Owners who have any comments or other input are invited to forward them to management. We will listen and consider the thoughts of all owners when making the decisions required to run our property. Your Board of Directors are and will continue to be committed to facing the issues at hand, communicating regularly to owners even if the news isn't the best, and operating an ethical resort providing the best possible service with the assets we have available.

If you would like to volunteer your time and serve on the Board of Directors, please forward your interest directly to the resort, attention BJ Franklin.

Thank you for taking the time to review the enclosed info and fulfilling your ownership responsibilities by paying your annual fees on a timely basis. Owners who may need assistance in paying their annual fees and want to consider a payment plan can contact BJ directly at the resort.

A handwritten signature in blue ink, appearing to read 'KM', is placed over a light gray rectangular background.

Kevin Mattoni
President Lago Vista Board of Directors

Lago Vista Condominium Association Inc.
Budget Board Meeting
December 5, 2017
10:00 A.M.

AGENDA

1. Call to Order
2. Roll Call
3. Proof of Meeting Notice
4. Secretary's Minutes
5. Owner Comments/Correspondence
6. New Business:
 - A. 2018 Budget
7. Old Business
8. Adjournment

AMENDED NOTICE

LAGO VISTA CONDOMINIUM ASSOCIATION, INC.

NOTICE OF BUDGET MEETING

TO: ALL MEMBERS OF THE ASSOCIATION AND BOARD OF DIRECTORS

NOTICE is hereby given that the Budget meeting of the Board and members of Lago Vista Condominium Association Inc. will be held at the date, hour and place noted below:

DATE: Tuesday, December 5, 2017

HOOR: 10:00 A.M.

PLACE: Lago Vista Condominium

PURPOSE: Budget Meeting

AGENDA: As required by law, the meeting agenda is included with this notice.

POSTING: This notice with attached agenda has also been posted on the condominium property at the place designated by the rule for the posting of such notices in accordance with the bylaws and statutory requirements.

Lago Vista Condominium Association, Inc.



DATED: 11/15/2017

BY: _____

Kevin Mattoni
President

Lago Vista Condominium Association INC
2018 Proposed Budget - Jan. 1,2018 to Dec. 31, 2018

40 Timeshare Units
2040 Timeshare Weeks

	2017 Budget	2018 Budget	2017 Unit/Wk	2018 Unit/Wk
INCOME				
4000 Maintenance Fees	962,960.00	1,399,523.00	472.04	686.04
4190 Interest Income	1,000.00		0.49	0.00
Other Income	15,000.00	19,400.00	7.35	9.52
Reserves	54,995.00	54,995.00	26.96	26.96
GROSS REVENUE	1,033,955.00	1,473,918.00	506.84	722.52
EXPENSES				
Admin/Managmt	262,560.00	290,536.00	128.71	142.42
Maintenance	131,400.00	151,480.00	64.40	74.25
Housekeeping	114,000.00	111,000.00	55.88	54.41
Utilities	120,600.00	105,000.00	59.11	51.47
Other Expense	350,400.00	760,907.00	171.76	372.99
Less Other Income		19,400.00		
TOTAL EXPENSES	978,960.00	1,399,523.00	479.86	686.04
Reserves	54,995.00	54,995.00	26.96	26.96
NET INCOME	0.00	0.00	0.00	0.01

	2017 Budget	2018 Budget	2017 Unit/Wk	2018 Unit/Wk
BUDGET RECAP				
Total Expenses	962,960.00	1,399,523.00	472.04	686.04
Reserves	54,996.37	54,995.00	26.96	26.96
Less Income		19,400.00		
TOTAL OWNERS	1,017,956.37	1,473,918.00	499.00	713.00

ESTIMATED AD VALOREM

Real Estate Taxes to be billed separately

	Estimated Useful Life	Est Remain Life	Esimated Replacement	Est Balance 1/1/18	2018 Funding
2590 Roof Replacement	20	1 to 15 yrs	103,000.00	9,340.00	7,504.00
2555 Building Painting	10	5	35,000.00	7,150.00	3,551.00
Pavement Resurfacing	8	0	39,350.00	39,350.00	
2550 Furniture & Fixtures	1 to 15 yrs	1 to 15 yrs	542,050.00	196,000.00	43,940.00
2520 Storm Contingency			0.00	32,000.00	0.00
Total Reserves			719,400.00	283,840.00	54,995.00

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	<u>2017</u> <u>Budget</u>	<u>2018</u> <u>Budget</u>	<u>2017</u> <u>Unit/Wk</u>	<u>2018</u> <u>Unit/Wk</u>
Administration				
6030 Postage/Printing	7,000.00	6,000.00	3.43	2.94
6050 Office Supplies	3,320.00	6,000.00	1.63	2.94
6070 Office Eqmt/Maint	2,000.00	2,000.00	0.98	0.98
6090 Salary - Mgmt	40,000.00	55,000.00	19.61	26.96
6100 Salary Office	85,240.00	91,206.00	41.78	44.71
6110 Consulting & Training	0.00	0.00	0.00	0.00
6120 Health Ins	40,000.00	20,000.00	19.61	9.80
6125 Workman's Comp	7,000.00	7,000.00	3.43	3.43
6130 Managemt Fees	32,000.00	49,980.00	15.69	24.50
6150 Annual Audit	8,500.00	7,750.00	4.17	3.80
6300 Credit Card Fees	0.00	4,400.00	0.00	2.16
6400 Bank Charges	0.00	0.00	0.00	0.00
6450 Telephone - Internet	12,500.00	19,200.00	6.13	9.41
6460 Payroll Taxes	25,000.00	22,000.00	12.25	10.78
Total	<u>262,560.00</u>	<u>290,536.00</u>	<u>128.71</u>	<u>142.42</u>
Maintenance				
6800 Sal Maint/Grounds	68,000.00	72,080.00	33.33	35.33
6830 Groundskeeping	16,000.00	24,000.00	7.84	11.76
6870 Tools/Maint Suppl	2,400.00	2,400.00	1.18	1.18
6890 Maint/Repair	25,000.00	26,000.00	12.25	12.75
6900 Equipment Repair	3,000.00	4,000.00	1.47	1.96
6930 Ext/Pest Control	3,000.00	3,000.00	1.47	1.47
6950 Pool	14,000.00	20,000.00	6.86	9.80
Total	<u>131,400.00</u>	<u>151,480.00</u>	<u>64.40</u>	<u>74.25</u>
Housekeeping				
6510 Hskg - Unit Care	74,000.00	38,000.00	36.27	18.63
6520 Linens	9,500.00	6,000.00	4.66	2.94
6550 Salary - Hskg	0.00	38,000.00	0.00	18.63
6570 Hskg Supplies	22,500.00	25,000.00	11.03	12.25
6580 Housewares	8,000.00	4,000.00	3.92	1.96
Total	<u>114,000.00</u>	<u>111,000.00</u>	<u>55.88</u>	<u>54.41</u>

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	<u>2017</u> <u>Budget</u>	<u>2018</u> <u>Budget</u>	<u>2017</u> <u>Unit/Wk</u>	<u>2018</u> <u>Unit/Wk</u>
Utilities				
7010 Cable TV/WIFI	11,800.00	10,200.00	5.78	5.00
7030 Electricity	70,000.00	56,000.00	34.31	27.45
7090 Water & Sewer	29,000.00	29,000.00	14.22	14.22
7100 Waste Removal	5,800.00	5,800.00	2.84	2.84
7150 Gas	4,000.00	4,000.00	1.96	1.96
Total	<u>120,600.00</u>	<u>105,000.00</u>	<u>59.11</u>	<u>51.47</u>
Other Expenses				
7430 Insurance	60,000.00	44,000.00	29.41	21.57
7440 Travel/Auto	6,000.00	8,000.00	2.94	3.92
7450 Legal & Accounting	14,300.00	34,680.00	7.01	17.00
7460 Advertising	1,000.00	1,000.00	0.49	0.49
7470 Collection Fees	1,000.00	0.00	0.49	0.00
7480 Interest Expense	400.00	400.00	0.20	0.20
7490 Fees Payable - St	5,000.00	5,000.00	2.45	2.45
7500 Bad Debt	250,000.00	667,827.00	122.55	327.37
7510 Dues/Subscrib	0.00	0.00	0.00	0.00
7520 Licenses & Fees	0.00	0.00	0.00	0.00
7530 RE Tax Exp	0.00	0.00	0.00	0.00
Rent - Facilities	4,700.00		2.30	0.00
Other Expenses	8,000.00		3.92	0.00
Total	<u>350,400.00</u>	<u>760,907.00</u>	<u>171.76</u>	<u>372.99</u>

Beginning November 1, 2016, the Association contracted with Lago Vista Management LLC, a