

**Notice of 2019 Annual Meetings
of the
Board of Directors and Members
Disney Vacation Club® Resorts Condominium Associations**

To: Terri A. Schultz, President and Director
Leigh Anne Nieman, Director
Mahmud Dhanani, Director

Shannon Sakaske, Director
Yvonne Chang, Director

To: Disney Vacation Development, Inc. ("DVD"), as Authorized Voting Representative for all units ("Units") declared as part of each project (the "DVC Resorts") for the following associations (the "Associations"):

Disney's Old Key West Resort Condominium Association, Inc.
Disney's Vero Beach Condominium Association, Inc.
Disney Vacation Club at Hilton Head Island Owners Association, Inc.
Disney's BoardWalk Villas Condominium Association, Inc.
The Villas at Disney's Wilderness Lodge Condominium Association, Inc.
Disney's Beach Club Villas Condominium Association, Inc.
Disney's Saratoga Springs Resort Condominium Association, Inc.
Disney's Animal Kingdom Villas Condominium Association, Inc.
Bay Lake Tower at Disney's Contemporary Resort Condominium Association, Inc.
Ali'i Nui Vacation Owners Association, Inc.
Ali'i Nui Villas Condominium Association, Inc.
Ali'i Nui Hotel Condominium Association, Inc.
The Villas at Disney's Grand Floridian Resort Condominium Association, Inc.
Disney's Polynesian Villas & Bungalows Condominium Association, Inc.
Copper Creek Villas & Cabins at Disney's Wilderness Lodge Condominium Association, Inc.
Disney's Riviera Resort Condominium Association, Inc.

Under the terms of the Master Cotenancy Agreements (the "Agreements") for each DVC Resort among DVD, Disney Vacation Club Management, LLC or Disney Vacation Club Hawai'i Management Company, LLC, as applicable, and each owner of an Ownership Interest in a Unit (the "Owners"), DVD has been designated as the Authorized Voting Representative for each Unit in each DVC Resort for any meeting of any of the Associations.

Pursuant to the Agreements and to the applicable provisions of the bylaws of each Association (the "Bylaws"), notice is hereby given to DVD, as the Authorized Voting Representative, the Owners and the members of each Board of Directors for each of the Associations (the "Boards") that **the 2019 Annual Meetings of the Board of Directors and the 2019 Annual Meetings of the Members will take place at 2:00 p.m. EST and 2:10 p.m. EST, respectively, on Thursday, December 12, 2019, at Disney's Contemporary Resort Convention Center**, located at 4600 North World Drive, Lake Buena Vista, Florida 32830. The purposes of the meetings are to conduct all business properly brought before the Boards and the Associations, including to elect the members of the Boards and to review and adopt the proposed 2020 Estimated Annual Budget for each Association (the "Budgets"). The meetings of each of the Boards and Associations will be jointly and simultaneously held.

The following items of business will be conducted at the meetings:

(1) Resolution to be Adopted. The following resolution will be presented for adoption for each Association:

(a) Excess Assessments. Any assessments collected by or paid to the Association in excess of operating expenses for the year ended December 31, 2019, shall be set aside for future major repairs and replacements and allocated to capital components as provided by the guidelines established by the Internal Revenue Code under IRC Section 118 and Revenue Rulings 75-370 and 75-371. Such amounts shall be deposited into insured interest-bearing accounts and shall be allocated to the various components at the discretion of the Board.

(2) 2020 Estimated Annual Operating and Reserves Budgets. The proposed 2020 Estimated Annual Operating and Reserves Budgets for each of the Associations will be reviewed and presented for adoption.

The resolution outlined above and the 2020 Estimated Annual and Operating Reserves Budgets will be presented at the Member Annual Meetings. As the authorized Voting Representative for each Unit of each DVC Resort, DVD has reviewed the proposed resolution and budgets and intends to cast each Unit's vote to approve the resolution and budgets when presented for approval at the Member Annual Meetings.

In addition to the matters listed above, an election will be held at the Member Annual Meetings to elect directors to each Board. DVD, as the authorized Voting Representative for each Unit of each DVC Resort, intends to elect the following individuals to each Board:

Terri A. Schultz
President and Director

Shannon Sakaske
Director

Leigh Anne Nieman
Director

Mahmud Dhanani
Director

Yvonne Chang
Director

Board of Directors Annual Meeting Agenda:

1. Call to Order
2. Declaration of Chairperson of the Meeting
3. Calling of the Roll
4. Verification of Quorum
5. Proof of Notice of Meeting
6. Approval of 2018 Minutes
7. New Business:
 - a. Presentation of Budgets
8. Adjournment

Members Annual Meeting Agenda:

1. Call to Order
2. Election of Chairperson of the Meeting
3. Calling of the Roll
4. Verification of Quorum
5. Proof of Notice of Meeting
6. Approval of 2018 Minutes
7. Election of Directors
8. New Business:
 - a. Presentation of Resolution for Approval
 - b. Presentation of Budgets
9. Adjournment

November 12, 2019

Disney's BoardWalk Villas Condominium Association, Inc.

The 2020 Budgets were calculated based on the Association's 2019 fiscal year operating experience and anticipated or known changes in costs for 2020. Please direct Annual Dues questions to Member Accounting at 800-800-9800 or 407-566-3800, Option 3.

Estimated Operating Budget For The Year January 1, 2020 Through December 31, 2020

383 Vacation Homes

<u>Revenue Components</u>	<u>2020 Annual Budget</u>	<u>2020 Annual Budget (Per Vacation Point)</u>
Member Late Fees and Interest	\$165,195	\$0.0338
Breakage Income	729,394	0.1492
Member Annual Dues Assessment	22,609,848	4.6249
Parking Revenue	84,545	0.0173
TOTAL REVENUES AND INCOME	\$23,588,982	\$4.8252

Cost Components

Administration and Front Desk	\$4,073,724	\$0.8333
Annual Audit	14,900	0.0030
DVC Reservation Component	29,725	0.0061
Fees to the Division	39,066	0.0080
Housekeeping	6,455,846	1.3205
Income Taxes	174,831	0.0358
Insurance	435,870	0.0892
Legal	1,000	0.0002
Maintenance	3,595,529	0.7355
Management Fee	2,774,249	0.5675
Member Activities	1,274,870	0.2608
Sales Tax on Support Facilities	333,397	0.0682
Security	545,196	0.1115
Transportation	2,553,390	0.5223
Utilities	1,287,389	0.2633
TOTAL OPERATING EXPENSES	\$23,588,982	\$4.8252

Estimated Operating Budget Notes

All capitalized terms not defined in these budget notes will have the same meanings ascribed to such terms in the Component Site Public Offering Statement for Disney Vacation Club at Disney's BoardWalk Villas ("Resort"). See also Additional Budget Notes.

Description of Revenue Components:

1. Member Late Fees and Interest - All delinquent Annual Dues payments are subject to a late fee of \$25 per Ownership Interest, plus interest at the maximum rate permitted by law (currently 18 percent) accrued on the amount outstanding from the original due date.

2. Breakage Income - As stated in the Condominium Documents, Disney Vacation Club Management, LLC ("DVCMC") rents, during the Breakage Period, certain accommodations that have not been reserved by Members. The Association is entitled to receive, as breakage income, the proceeds of such rentals not to exceed 2.5 percent of the aggregate of the Condominium Operating Budget (total operating expenses less the sum of interest income and Member late fees and interest) and Capital Reserve Budget in each calendar year.
3. Member Annual Dues Assessment - The amount assessed to Owners with an Ownership Interest in Disney's BoardWalk Villas.
4. Parking Revenue - The amount allocated to the Association that is derived from parking fees charged to renters of Vacation Homes.

Description of Cost Components:

1. Administration and Front Desk - Cost of front desk operations and resort management, including operating supplies and equipment rental. Also includes costs for operational and administrative support from the WALT DISNEY WORLD® Resort ("WDW").
2. Annual Audit - Fee for the independent audit of the Association's financial statements as required by Florida law.
3. DVC Reservation Component - Fee paid to Buena Vista Trading Company for providing the exchange component of the Club central reservation system.
4. Fees to the Division - Annual fee of \$2 per Vacation Home per seven days of annual use availability assessed by the State of Florida for regulation of the timeshare industry in Florida.
5. Housekeeping - Cost of cleaning Vacation Homes and public areas and replacement of disposable amenities in Vacation Homes. Also includes the purchase, replacement and cleaning of linens and towels.
6. Income Taxes - Federal income taxes. Timeshare condominium associations may not claim non-profit status for federal income tax purposes under current regulations.
7. Insurance - Cost of insurance premiums for property coverage, general liability, workers' compensation, crime and Director's and Officer's liability.
8. Legal - Cost of legal counsel regarding Association business.
9. Maintenance - Cost of interior and exterior maintenance and repairs not paid for out of replacement reserves. Also includes landscaping, pest control and fire alarm monitoring.
10. Management Fee - Fee paid to DVCMC for providing management services to the Association according to the Property Management Agreement. The fee is equal to 12 percent of the total Operating and Reserve Budget exclusive of real estate taxes, transportation fees, and the management fee, itself.
11. Member Activities - Cost of recreation operations, certain Member activities and events at the Resort. Cost of quarterly Member newsletter, annual Association meetings and printing and postage for Association legal mailings.
12. Sales Tax on Support Facilities - State sales tax paid on the Condominium's share of costs incurred in connection with the operation or maintenance of the Support Facilities in accordance with the Master Declaration of Covenants Conditions and Restrictions encumbering the Condominium property.

13. Security - Cost of guard coverage at the Resort.
14. Transportation - Cost of WDW transportation provided to the Resort.
15. Utilities - Cost of electricity, gas, water, sewer, solid waste disposal, cable television and telephone service at the Resort.

General Notes:

1. Property Management Subcontract - Certain of the variable and semi-variable expenses related to the provision of certain services to the Condominium as set forth in the 2020 Estimated Annual Operating Budget, including expenses for housekeeping, maintenance and front desk operations, may be lower than they otherwise would be if such services were being provided only to the Condominium instead of included in a property management subcontract that takes into account that the services are also being provided to adjacent accommodations that are not part of the Condominium.
2. Developer Guarantee - DVD has agreed to guarantee to each Purchaser and Owner that they will only be required to pay an assessment for operating expenses of \$4.6249 per Vacation Point through December 31, 2020, exclusive of ad valorem taxes which are billed separately. In consideration of this guarantee and pursuant to Florida law, DVD will be excused from the payment of its share of the expenses which otherwise would have been assessed against its unsold Ownership Interests during the term of the guarantee. As a consequence of this exemption, during the term of this guarantee, existing Owners and current Purchasers will not be specially assessed with regard to Common Expenses, except as hereinafter provided, if Common Expenses exceed the guarantee per Vacation Point amount and DVD will pay any difference between actual expenses and assessments collected from all Owners and income from other sources. Amounts expended for any insurance coverage required by law or the Condominium Documents to be maintained by the Association and depreciation expense related to real property shall be excluded from the calculation of the Developer obligation except that for real property used for the production of fees, revenue or other income depreciation expense shall be excluded only to the extent they exceed the net income from the production of such fees, revenue or other income. DVD will pay such expenses as needed to meet expenses as they are incurred. However, any expenses incurred during the guarantee period resulting from a natural disaster or an act of God, which are not covered by insurance proceeds from the insurance maintained by the Association, will be assessed against all Owners owning Ownership Interests on the date of such natural disaster or act of God, or their successors or assigns, including DVD as to its unsold Ownership Interest, provided that during any period of time DVD controls the Association pursuant to Section 718.301, Florida Statutes, the Association maintains all insurance coverages required by Section 721.165, Florida Statutes. DVD reserves the right, but is under no obligation, to extend and/or increase the amount of this guarantee for one (1) or more periods of one (1) year each after the expiration of this guarantee period on December 31, 2020, as permitted by Florida law.

See also Additional Budget Notes.

Estimated Capital Reserves Budget For January 1, 2020 Through December 31, 2020

Replacement Fund Components	383 Vacation Homes	
	2020 Annual Budget	2020 Annual Budget (Per Vacation Point)
Capital Reserves	\$6,282,308	\$1.2850
Interest Income	(445,771)	(0.0912)
TOTAL CAPITAL RESERVES BUDGET	\$5,836,537	\$1.1938

Capital Reserve Analysis For The Year Ended December 31, 2019

Replacement Fund Components	Estimated Fund Balance as of December 31, 2019	Estimated Useful Lives (Years)	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs (383 Vacation Homes)
Roof Replacement/Repair		7 - 40	1 - 19	\$5,936,147
Interior Refurbishment		1 - 28	1 - 10	52,188,855
External Building Painting		9	5	3,111,621
Common Element Renovation		1 - 30	1 - 19	23,211,609
Pavement Resurfacing		3 - 25	1 - 15	1,379,586
Capital Reserves	\$42,314,526			
TOTAL	\$42,314,526			\$85,827,818

Estimated Capital Reserves Budget Notes

All capitalized terms not defined in these budget notes will have the same meanings ascribed to such terms in the Component Site Public Offering Statement for Disney Vacation Club at Disney's BoardWalk Villas. See also Additional Budget Notes.

- Funds Covered** - The annual budget for Capital Reserves covers funds set aside, in accordance with Chapter 721, Florida Statutes, using the pooling accounting method, for the repair or replacement of major items pertaining to the Units and Common Elements with a useful life of greater than one year. The interest earned on these funds remains in the Capital Reserves account and is not absorbed into the Operating Budgets.
- Developer Guarantee** - DVD has agreed to guarantee to each Purchaser and Owner that they will only be required to pay an assessment for reserves expenses of \$1.1938 per Vacation Point through December 31, 2020, exclusive of ad valorem taxes, which are billed separately. In consideration of

this guarantee and pursuant to Florida law, DVD will be excused from the payment of its share of the Common Expenses which otherwise would have been assessed against its unsold Ownership Interests during the term of the guarantee. As a consequence of this exemption, during the term of this guarantee, DVD will pay any difference between actual expenses and assessments collected from all Owners and income from other sources. DVD will pay such expenses as needed to meet expenses as the expenses are incurred. However, any Common Expenses incurred during the guarantee period resulting from a natural disaster or an act of God, which are not covered by insurance proceeds from the insurance maintained by the Association, will be assessed against all Owners owning Ownership Interests on the date of such natural disaster or act of God, or their successors or assigns, including DVD, provided that during any period of time DVD controls the Association pursuant to Section 718.301, Florida Statutes, the Association maintains all insurance coverages required by Section 721.165, Florida Statutes. DVD reserves the right, but is under no obligation, to extend and/or increase the amount of this guarantee for one (1) or more periods of one (1) year each after the expiration of this guarantee period on December 31, 2020, as permitted by Florida law.

See also Additional Budget Notes.

Additional Budget Notes

1. 2020 Dollars - All costs are stated in 2020 dollars unless otherwise indicated.
2. Support Facilities - The use of certain facilities, including without limitation, general support and structural improvements, hotel check-in facility, back office facilities, telephone equipment rooms, etc., are being provided to the Resort pursuant to the terms of either the Property Management Agreement or as a support facility under the terms of the Master Declaration, the cost of operating and maintaining such facilities being apportioned among its users including Owners and are included in certain of the Cost Components in the 2020 Estimated Operating Budget, including Administration and Front Desk, Housekeeping, Maintenance, Utilities and Member Activities. If the Resort was required to provide such facilities within the Condominium Property and solely for the use and benefit of the Owners, the cost of operating the Condominium Property would increase.
3. Books and Records - The books and records for the Association are maintained at: 1390 Celebration Boulevard, Celebration, Florida 34747. The person responsible for the upkeep and custodianship of the books and records of the Association is the Treasurer of the Association, (407) 566-3000.
4. Related Party Transactions - DVD is a Florida corporation and a related entity of The Walt Disney Company ("TWDC"), a Delaware corporation. DVD acquired the property under a ground lease by and between Walt Disney Parks and Resorts U.S., Inc. ("WDPR"), a Florida corporation (formerly Walt Disney World Co.), its successors and assigns, as successor by merger to Walt Disney World Hospitality & Recreation Corporation ("WDWHRC"), and DVD. WDPR is also a subsidiary of TWDC. DVD developed the Condominium on the property located in Orange County, Florida, and sells ownership interests in condominium units as part of the vacation ownership plan. Unless otherwise extended, the ground lease will expire on January 31, 2042, and vest to the benefit of WDPR.

Certain directors or officers of DVD or DVCMC serve on the Board or as officers of the Association. Certain directors or officers of the Association are also employees of TWDC or its affiliates.

DVD retains no less than 2 percent of the total ownership interests in each unit declared in the Condominium and is responsible for annual dues with respect to its retained or unsold ownership interests. DVD has retained ownership interests equivalent to approximately 97,836 vacation points. In addition, DVD had unsold ownership interests equivalent to approximately 13,176 vacation points as of December 31, 2018. During the year ended December 31, 2018, DVD annual dues paid to the Association were \$472,973.

During the year ended December 31, 2018, DVD voluntarily subsidized the operations of the Association of the common expenses incurred in the amount of \$291,576.

The use of certain facilities, including without limitation, general support and structural improvements, hotel check-in facility, back office facilities, telephone equipment rooms, etc., are being provided to the Association pursuant to the terms of either the management agreement or as a support facility under the terms of the Master Declaration. The cost of operating and maintaining such facilities is being apportioned among its users, including owners, and are included in certain operating expenses of the Association. The Association's apportioned share is approximated at 25 percent of the operating expenses. As of December 31, 2018, \$258,524 was due to DVD primarily related to these support facilities and sales tax on the support facilities.

DVCMC, a Florida corporation, is the manager of the Association and is also a subsidiary of TWDC.

Management fees payable to DVCMC are 12 percent of the total annual operating and reserve budget exclusive of real estate taxes, transportation fees, and the management fee, itself. Management fees incurred during the year ended December 31, 2018, were \$2,431,231.

DVCMC has an agreement with the Association whereby DVCMC may operate a resort hotel with respect to the rental of unreserved accommodations in the Condominium. Proceeds, resulting from the rental of unreserved accommodations, are retained by the Association up to an amount equal to 2.5 percent of the adjusted operating and capital reserves budget, as defined, in each calendar year, as breakage revenue. During the year ended December 31, 2018, the Association received \$633,282 in breakage revenue.

Substantially all operating expenses have been allocated to the Association from DVCMC, and certain operating expenses have been rendered by or incurred through other TWDC entities.

Amounts due to or from DVCMC are payable in full and due on demand. As of December 31, 2018, the amount due to DVCMC of \$123,877 related to allocable expenses, net of annual dues collected but not yet remitted to the Association.

5. Management Agreement - The Association currently has a three-year management agreement ending June 27, 2020 with DVCMC. Thereafter, the management agreement automatically renews for successive periods of three (3) years each, upon its scheduled expiration, unless either party gives the other written notice of nonrenewal, as stipulated in the agreement. DVCMC provides on-site management and maintenance services, and off-site administrative and accounting services.

Pursuant to the management agreement, DVCMC has been delegated the authority by the Association to provide all services, through employees and experts retained by it, incidental to the management and operation of the Condominium. In connection therewith, substantially all operating expenses have been allocated to the Association from DVCMC. However, certain operating expenses may be incurred through other TWDC entities.

6. Vacation Homes - Wherever used throughout this budget, the term Vacation Home does not include studio or one bedroom accommodations that comprise part of a two bedroom lockoff Vacation Home.
7. Use Availability Periods - Pursuant to Section 721.13(3)(c)1, Florida Statutes, the total number of 7-day annual use availability periods currently registered with the State of Florida is 19,533.

Estimated Ad Valorem Taxes for January 1, 2020 through December 31, 2020

The amount of ad valorem taxes assessed against each Unit will be determined by the Orange County Property Appraiser's Office and the Reedy Creek Improvement District Appraiser, respectively. The estimated ad valorem tax assessments to be included on your 2020 Annual Dues billing statement will be \$1.5463 per Vacation Point. This is DVCMC's best estimate of the actual taxes which will be assessed for the tax year 2020. DVCMC does not certify this ad valorem tax estimate. Each Owner is responsible for his or her per Vacation Point share of the actual tax bill received each year from the tax collector's office. Any difference between the tax estimate and actual taxes paid on the Owner's behalf will be applied towards the Owner's subsequent year's tax assessment.

2020 Estimated Annual Dues Assessment

The estimated Annual Dues for the year January 1, 2020 through December 31, 2020 are \$7.3650 per Vacation Point, which is comprised of the estimated Annual Operating Budget (\$4.6249 per Vacation Point), the estimated Annual Capital Reserves Budget (\$1.1938 per Vacation Point) and the estimated ad valorem taxes (\$1.5463 per Vacation Point). Total amount of Annual Dues paid by a Purchaser or Owner is determined by multiplying the total number of Vacation Points represented by the Ownership Interest purchased by \$7.3650. For example, if the Ownership Interest is represented by 230 Vacation Points, the estimated Annual Dues would be \$1,693.95.

