



Proposed Renovation Project

01/11/2018

Dear Owner:

As you probably know, the Board of Directors has been contemplating a renovation project to the units at Kahlua Beach Club. The Board has wrestled with this decision for quite some time, particularly due to the impact it will have on the owners. However, the units are in desperate need of improvement and the Board has decided to proceed with the project. The Board has been working with an architect to assist in the process, but as of the date of this letter, no final decisions have been made and a contractor has not yet been hired. Nevertheless, the Board feels it is important to keep the Owners informed about the prospective timelines and details related to this project.

Due to the extensive nature of the modifications and upgrades to be made to each of the units, it was determined by the Board, through the advice of the architects and contractors, that the most cost effective and expeditious way to handle the renovations was to completely shut down Kahlua for an extended period of time. The Board realizes that this will be an inconvenience for the affected Owners and will try to minimize the impact, but the Owners of the weeks affected by the closure will not be able to use their units this year. Furthermore, due to safety considerations and requirements, the parking lot and all of Kahlua's amenities will be closed during the renovation project.

To mitigate the negative impact of the loss of usage, the Board will include funds in the construction loan to reimburse the affected owners for their maintenance fees, but not their property taxes. This reimbursement would not occur until after the construction loan is finalized and the funds are made available to the Board. In the interim, all Owners are required to pay their 2018 maintenance fees and taxes by the due date (i.e. January 31st, 2018), as required pursuant to the Declaration and other governing documents. Failure to pay the maintenance fees and taxes will result in late fees and interest being applied.

As discussed in the December 1st, 2017 President's Letter, we anticipate that Kahlua will close on June 2nd, 2018, (i.e. week 22). At present, we anticipate that the construction period will require a minimum of 18 weeks and potentially up to 24 weeks, we are advising all Owners of weeks 22-43 that they should not make plans to use their unit, rent it out or exchange it during 2018. While we are hopeful that the renovation project will be completed before the end of October, the architect has advised us that there is no guarantee that the work can be accomplished by that time.

We will continue to keep everyone apprised as the planning and preparation for the project continues.

Please refer to Kahlua's website for progress reports, design illustrations and other information regarding the renovation project.

www.kahluabeachclub.com or call the office: 239-463-5751

Sincerely,

A handwritten signature in black ink that reads "Eugene Jaster". The signature is written in a cursive, flowing style.

Eugene Jaster

Board President