

August 28, 2018

RE :Kahlua Renovation Status Report

Dear Owners:

The purpose of this letter is to let you know that the Kahlua Renovation Project will now be completed three weeks later than originally anticipated. The Project will be completed by November 23, 2018. If construction goes as planned, we will be open on Saturday, November 24, 2018, which is the start of week 47.

In my January 11, 2018 letter, it was our hope and plan that the Project could be completed by the end October, 2018. However, I also indicated that our architect advised us that this was a complicated project and that there could be no guarantee that the work could be accomplished by that time.

Our Project has fared extremely well given all of the building construction occurring this summer in Southwest Florida. We have an excellent general contractor with reliable and skilled subcontractors. Initially, we were on a six day a week schedule, but the past several weeks, we have moved to a seven day a week schedule. Integration of the various skills has been seamless. The number of workers on any given day ranges from ten to fifteen or more depending on skills required.

As we all know, we are renovating an old building and anticipated we might encounter situations where change orders would be required. There have been more than we initially expected and they have taken more time in terms of investigation, design, approval process and actual work involved. Some examples are updating unit plumbing, blocking up door openings discovered between units (the structure was initially built as a motel) and replacing all sheetrock. If you have looked at our website, you will have seen pictures of our units right down to the studs!

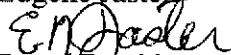
Your Board had a conference call meeting yesterday and approved the same reimbursement plan (\$615 per week) for owners during this additional three week closure period that was previously authorized for owners in the June through October period. The reimbursement checks will be sent out the first week in September.

The Board is not happy with this three week construction extension, but we understand the need and are very pleased with the overall Project so far. In two weeks or so, one unit will be completely finished and we will post pictures on the Kahlua website. We are confident you will be very impressed with the total unit transformation.

As I said in January, there is no guarantee, but we believe our revised schedule is a solid one barring a hurricane or some other unanticipated event. Keep watching the website for updates. Thank you for your patience and consideration.

Sincerely,

Eugene Jaster


Board President