

**Notice of 2017 Annual Meetings
of the
Board of Directors and Members
Disney Vacation Club® Resorts Condominium Associations**

- To: Kenneth M. Potrock, 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.

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 2017 Annual Meetings of the Board of Directors and the 2017 Annual Meetings of the Members will take place at 2:00 p.m. EST and 2:10 p.m. EST, respectively, on Thursday, December 7, 2017**, at Disney's Contemporary Resort Convention Center, located at 4600 N. 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 2018 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) Resolutions to be Adopted. The following resolutions 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, 2017, 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.
 - (b) Use of Reserve Funds. The amounts assessed to fund the Capital Reserves Budget are not payments for yearly Association operating services.

(2) 2018 Estimated Annual Operating and Reserves Budgets. The proposed 2018 Estimated Annual Operating and Reserves Budgets for each of the Associations will be reviewed and presented for adoption.

The resolutions outlined above and the 2018 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 resolutions and budgets and intends to cast each Unit's vote to approve the resolutions 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:

Kenneth M. Potrock
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 2016 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 2016 Minutes
7. Election of Directors
8. New Business:
 - a. Presentation of Resolutions for Approval
 - b. Presentation of Budgets
9. Adjournment

November 7, 2017

**Aulani, Disney Vacation Club® Villas, Ko Olina, Hawai'i
2018 Dues Assessments**

Association	Annual Dues Per Vacation Point (all amounts expressed in 2018 dollars)
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Ali'i Nui Vacation Owners Association, Inc.	
Operating	\$3.9445
Reserve	\$0.7231
Ali'i Nui Villas Condominium Association, Inc.	
Operating	\$2.1112
Reserve	\$0.2511
Ad Valorem Taxes	\$0.5053
TOTAL	<hr/> <hr/> \$7.5352

Ali'i Nui Vacation Owners Association, Inc.

The 2018 Budgets were calculated based on the Association's 2017 fiscal year operating experience and anticipated or known changes in costs for 2018. Please direct Annual Dues questions to Member Accounting at 800-800-9800 or 407-566-3800, Option 3.

Estimated Operating Budget For January 1, 2018 Through December 31, 2018

	251 Vacation Homes	
Revenue Components	2018 Annual Budget	2018 Annual Budget (Per Vacation Point)
Member Late Fees and Interest	\$150,528	\$0.0253
Breakage Income	1,514,600	0.2550
Member Annual Dues Assessment	23,430,781	3.9445
TOTAL REVENUES AND INCOME	\$25,095,909	\$4.2248
Cost Components		
Administration and Front Desk	\$6,027,792	\$1.0148
Annual Audit	15,153	0.0026
Master Association Fees	393,664	0.0663
DVC Reservation Component	34,045	0.0057
General Excise Tax	1,322,593	0.2227
Housekeeping	5,730,965	0.9647
Income Taxes	420,450	0.0708
Insurance	855,495	0.1440
Legal	1,045	0.0002
Maintenance	2,661,411	0.4480
Management Fee	3,094,975	0.5210
Member Activities	146,665	0.0247
Resort Access Fee	1,458,910	0.2456
Security	590,351	0.0994
Utilities	2,342,395	0.3943
TOTAL OPERATING EXPENSES	\$25,095,909	\$4.2248

Estimated Capital Reserves Budget For January 1, 2018 Through December 31, 2018

Replacement Fund Components	251 Vacation Homes	
	2018 Annual Budget	2018 Annual Budget (Per Vacation Point)
Capital Reserves	\$6,307,074	\$1.0619
Interest Income	(27,028)	(0.0046)
Developer Contribution	(1,985,000)	(0.3342)
TOTAL CAPITAL RESERVES BUDGET	\$4,295,046	\$0.7231

Capital Reserve Analysis For The Year Ended December 31, 2017

Replacement Fund Components	Estimated Fund Balance as of December 31, 2017	Estimated Useful Lives (Years)	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs (251 Vacation Homes)
Roof Replacement/Repair				\$ -
Interior Refurbishment		1 - 28	1 - 22	57,381,161
External Building Painting				-
Common Element Renovation				-
Pavement Resurfacing				-
Capital Reserves	\$23,235,848			
TOTAL	\$23,235,848			57,381,161

Ali'i Nui Villas Condominium Association, Inc.

The 2018 Budgets were calculated based on the Association's 2017 fiscal year operating experience and anticipated or known changes in costs for 2018. Please direct Annual Dues questions to Member Accounting at 800-800-9800 or 407-566-3800, Option 3.

Estimated Operating Budget For January 1, 2018 Through December 31, 2018

Revenue Components	Total	Air Space Units	Standard Commercial Units	251 Vacation Homes	
				Vacation Ownership Units	2018 Annual Budget (Per Vacation Point)
Condominium Commercial Facilities Revenue	\$4,911,885	\$44,113	\$227,797	\$4,639,975	\$0.4028
Shared Area Income	3,245,393	29,147	150,511	3,065,736	0.2661
Member Annual Dues Assessment	25,725,044	203,013	1,202,972	24,319,058	2.1112
TOTAL REVENUES AND INCOME	\$33,882,322	\$276,273	\$1,581,280	\$32,024,769	\$2.7801

Cost Components

Administration	\$909,998	\$8,173	\$42,203	\$859,623	\$0.0746
Annual Audit	15,153	136	703	14,314	0.0012
Master Association Fees	261,084	2,345	12,108	246,631	0.0214
General Excise Tax	367,078	3,297	17,024	346,757	0.0301
Custodial	2,181,029	7,169	106,226	2,067,634	0.1795
Income Taxes	564,861	5,073	26,196	533,592	0.0463
Insurance	1,034,939	9,295	47,997	977,647	0.0849
Legal	1,045	9	48	987	0.0001
Maintenance	2,363,641	9,767	113,315	2,240,559	0.1945
Management Fee	3,169,276	24,321	148,136	2,996,818	0.2602
Member Activities	12,866,561	115,553	596,709	12,154,299	1.0551
Security	352,187	3,163	16,333	332,691	0.0289
Utilities	1,402,196	12,593	65,029	1,324,574	0.1150
Hotel Condominium Assessment	368,716	3,311	17,100	348,305	0.0302
Shared Area Expenses	8,024,558	72,068	372,153	7,580,338	0.6581
TOTAL OPERATING EXPENSES	\$33,882,322	\$276,273	\$1,581,280	\$32,024,769	\$2.7801

Estimated Capital Reserves Budget For January 1, 2018 Through December 31, 2018

Replacement Fund Components	Total	Air Space Units	Standard Commercial Units	251 Vacation Homes	
				Vacation Ownership Units	2018 Annual Budget (Per Vacation Point)
Capital Reserves	\$3,571,893	\$22,997	\$166,078	\$3,382,818	\$0.2937
Hotel Condominium Assessment	17,488	157	811	16,520	0.0014
Shared Area Expense	265,694	2,386	12,322	250,986	0.0218
Interest Income	(16,731)	(150)	(776)	(15,805)	(0.0014)
Shared Area Income	(785,744)	(7,057)	(36,440)	(742,247)	(0.0644)
TOTAL CAPITAL RESERVES BUDGET	\$3,052,600	\$18,333	\$141,995	\$2,892,272	\$0.2511

Capital Reserve Analysis For The Year Ended December 31, 2017

Replacement Fund Components	Estimated Fund Balance as of December 31, 2017	Estimated Useful Lives (Years)	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Roof Replacement/Repair		20 - 40	14 - 33	\$13,344,319
Interior Refurbishment				-
External Building Painting		7 - 10	2 - 5	11,389,207
Common Element Renovation		3 - 30	1 - 25	42,309,952
Pavement Resurfacing		3 - 20	1 - 14	696,715
Shared Area Expenses		5 - 30	1 - 25	3,949,362
Capital Reserves	\$16,242,358			
TOTAL	\$16,242,358			\$71,689,555

Budget Notes For 2018 Estimated Operating And Reserve Budgets For

Ali'i Nui Vacation Owners Association ("Vacation Owners Association")
Ali'i Nui Villas Condominium Association, Inc. ("Vacation Ownership Condominium Association")

These budget notes are for the 2018 Estimated Operating and Reserve Budgets for Aulani, *Disney Vacation Club*® Villas, Ko Olina, Hawai'i Condominium (the "**Vacation Ownership Condominium**" or "**Condominium**"), and Aulani, *Disney Vacation Club Villas*®, Ko Olina, Hawai'i Vacation Ownership Plan ("**Vacation Ownership Plan**" or "**Plan**"). All capitalized terms not defined in these budget notes will have the same meanings ascribed to such terms in the Second Amended and Restated Declaration of Condominium Property Regime for Aulani, *Disney Vacation Club*® Villas, Ko Olina, Hawai'i Condominium (the "**Vacation Ownership Condominium Declaration**"), or the *Disney Vacation Club*® Villas, Ko Olina, Hawai'i Vacation Ownership Plan Declaration of Covenants, Conditions and Restrictions, and Grant and Reservation of Easements (the "**Vacation Ownership Plan Declaration**"), as applicable. The budgets have been prepared on an accrual basis. See also Additional Budget Notes.

Aulani Description

The overall property comprising the Aulani Resort is subject to an Amended and Restated Declaration of Covenants, Conditions, Easements and Restrictions (the "**Master Declaration**") and contains: (i) the Aulani, A Disney Resort & Spa, Ko Olina, Hawai'i Condominium (the "**Hotel Condominium**") and (ii) the Vacation Ownership Condominium which includes units subject to the Vacation Ownership Plan. In addition, the Hotel Condominium and Vacation Ownership Condominium include (i) properties that are subject to separate ownership and control (e.g., Commercial Units); and (ii) areas (e.g., support walls, roofs, building systems, sidewalks and amenities) that are commonly-used or integral to the structure, operation, use, or enjoyment of the Aulani Resort as a whole even though such areas are located on portions of the property that are under separate ownership and control (the "**Shared Areas**"). See Additional Budget Note 2.

Description of Revenue Components (applicable to both the Plan and Condominium Budgets except where noted):

1. Member Late Fees and Interest - All delinquent Annual Dues payments are subject to a late fee of \$25 per Ownership Interest, plus interest up to the maximum rate permitted by law (currently 12 percent) accrued on the amount outstanding from the original due date.
2. Breakage Income - As stated in the Plan Documents, Disney Vacation Club Hawai'i Management Company, LLC ("DVCHMC") rents, during the Breakage Period, certain accommodations that have not been reserved by Members. The Vacation Owners Association is entitled to receive, as breakage income, the proceeds of such rentals not to exceed 2.5 percent of the aggregate of (i) the Vacation Ownership Plan Estimated Operating Budget and Capital Reserve Budget less non-assessment revenue, plus (ii) the share of the Condominium Estimated Operating Budget and Capital Reserve Budget assessed to Owners in the Plan less non-assessment revenue. This revenue component is only included in the Plan Budget.
3. Condominium Commercial Facilities Revenue – The Common Elements of the Vacation Ownership Condominium include parking garages, cabanas and beach facilities that generate revenue. The revenue generated from these facilities (less a separate management fee to DVCHMC of 10% of the revenues, plus tax, as compensation for operating the facilities) is used to offset Common Expenses of the Vacation Ownership Condominium. This revenue component is only applicable to the Condominium Budget.
4. Shared Area Income - Shared Area income consist of funds received from the owners of interests or parcels in the Resort that are not part of the Vacation Ownership Condominium as their share of the Shared Area Expenses for the Shared Areas located as part of the Vacation Ownership Condominium. See Additional Budget Note 2. This revenue component is only applicable to the Condominium Budget.
5. Member Annual Dues Assessment - The amounts assessed to Owners under the Plan Budget or Condominium Budget, as applicable.

Description of Cost Components (applicable to both the Plan and Condominium Budgets except where noted):

1. Administration and Front Desk - Administrative costs of resort management, including operating supplies and equipment rental and operational, IT and administrative support, plus, in the case of the Vacation Ownership Plan, front desk operations and bell services.
2. Annual Audit - Fee for the independent audit of each of the Association's financial statements.
3. Master Association Fees - Fees paid to Ko Olina Community Association, Inc. and the Ko Olina Resort Operators Association, Inc. for security, maintenance, landscaping and other services for the Ko Olina Resort.
4. DVC Reservation Component - Fee paid to Buena Vista Trading Company for providing the exchange component of the Club central reservation system. This cost component is only applicable to the Plan Budget.
5. Custodial - Cost of cleaning public areas - only applicable to the Condominium Budget.
6. Housekeeping - Cost of cleaning Vacation Homes and cost of disposable amenities placed in each Vacation Home. Also includes the purchase, replacement and cleaning of linens and towels. This cost component is only applicable to the Plan Budget.
7. Income Taxes - Federal and state income taxes. Condominium and vacation owners associations may not claim non-profit status for federal income tax purposes under current regulations.
8. Insurance - Cost of insurance premiums for property coverage, general liability, workers' compensation, crime and Director's and Officer's liability.
9. Legal - Cost of legal counsel regarding Association business.
10. Maintenance - Cost of interior and exterior maintenance and repairs of the Common Elements of the Condominium and of Units included in the Vacation Ownership Plan not paid for out of replacement reserves. Also includes landscaping, pest control and fire alarm monitoring.
11. Management Fee - Fee paid to DVCHMC for providing management services to each of the Associations according to the Property Management Agreement for each Association. The fee is equal to 12 percent of the total Operating and Reserve Budget exclusive of non-assessment revenues, ad valorem taxes, and the management fee, itself.
12. Shared Area Expenses - The Member's share of the Shared Area Expenses charged through the Vacation Ownership Condominium Association, for the Shared Areas that are not included in the Vacation Ownership Condominium. This cost component is only applicable to the Condominium Budget.
13. Member Activities - Cost of recreation operations, certain Member activities and events at *Aulani, A Disney Resort & Spa, Ko Olina, Hawai'i Resort (the "Resort")*. Cost of quarterly Member newsletter, annual Association meetings and printing and postage for Association legal mailings.
14. Resort Access Fee - Fee paid to Ko Olina Club, LLC for providing to Members certain rights of access to and benefits associated with certain Ko Olina Resort entertainment facilities and services. This cost component is only applicable to the Plan Budget.
15. Security - Cost of security for the Resort.
16. Utilities - Cost of electricity, gas, water, sewer, solid waste disposal and cable television.

17. Hotel Condominium Assessment - The assessment billed to the Vacation Ownership Condominium Association by the Ali'i Nui Hotel Condominium Association, Inc. for the Vacation Ownership Condominium Association's share of the common expenses of the Aulani, A Disney Resort & Spa, Ko Olina, Hawai'i Condominium. See those Budgets for more details. This cost component is only applicable to the Condominium Budget.
18. General Excise Tax - State tax that is a privilege tax imposed on business activity in the State of Hawai'i and the City and County of Honolulu. The estimated total tax due to the State of Hawai'i and the City and County of Honolulu on the items of expenses and revenues that are subject to the tax.

General Notes:

Developer Subsidy (guarantee) for Plan Assessments - Pursuant to a Limited Subsidy Agreement between DVD and the Vacation Owners Association, DVD has agreed that each Purchaser and Owner will pay an annual assessment for operating expenses of the Vacation Ownership Plan of \$3.9445 per Vacation Point through December 31, 2018 (exclusive of ad valorem taxes). DVD will pay the difference between the actual costs incurred in operating the Plan (excluding ad valorem taxes) and the sum of the amount of operating assessments assessed to all Owners other than DVD with respect to such operating costs (excluding ad valorem taxes) and income from other sources. Provided DVD timely performs its obligation under the Limited Subsidy Agreement, DVD's payments thereunder to the Vacation Owners Association shall satisfy fully its obligation to pay assessments attributable to each Ownership Interest owned by DVD. Notwithstanding the foregoing, any expenses incurred as a result of (i) any new category of imposition that comes into effect after the date of the Limited Subsidy Agreement which is levied or assessed by any local, county, state or federal government, no matter how characterized, or (ii) any increase in transient accommodation taxes and any Special Assessments for capital expenditures, insurance policy deductibles, underinsured losses, or uninsured losses, will be assessed against all Owners owning Ownership Interests, their successors or assigns, including DVD as to its unsold Ownership Interest. The Limited Subsidy Agreement shall automatically be renewed for successive one-year periods with respect to the estimated annual operating expense assessment for the Plan (as it may be adjusted from year to year) for each such successive one-year period unless DVD elects to terminate the agreement upon thirty (30) days prior written notice. DVD reserves the right to discontinue offering this subsidized operating assessment in the future. This developer subsidy is limited to Plan assessments and does not apply to Condominium assessments.

See also Additional Budget Notes.

Budget Notes For Estimated Capital Reserves

1. Funds Covered - The annual budgets for Capital Reserves covers funds set aside for the repair or replacement of major items pertaining to the Vacation Homes and Common Elements with a useful life of greater than one year. The interest earned on these funds remains in the Capital Reserves accounts and is not absorbed into the Operating Budgets.
2. Shared Area Income - Shared Area income consist of funds received from the owners of interests or parcels in the Resort that are not part of the Vacation Ownership Condominium and is their share for Capital Reserves for the Shared Areas located in the Vacation Ownership Condominium. Shared Area Income reduces the amount of the reserve assessment payable by Owners. See Additional Budget Note 2.
3. Developer Reserves Contribution - Prorated share of reserves for 10 Vacation Homes, placed into service in 2013, that will become Active Units in the Plan during 2018.
4. Developer Subsidy (guarantee) for Plan Assessments - Pursuant to a Limited Subsidy Agreement between DVD and the Vacation Owners Association, each Purchaser and Owner will pay an annual assessment for Plan reserve expenses of \$0.7231 per Vacation Point through December 31, 2018. DVD will pay the difference between the actual amount budgeted for Plan reserve assessments and the sum of the amount of Plan reserves assessments collected from all Owners and income from other sources to be applied against reserve assessments. Notwithstanding the foregoing, any expenses incurred as a result of (i) any new category of imposition that comes into effect after the date of this Agreement which is levied or assessed by any local, county, state or federal government, no matter how characterized, or (ii) any increase in transient accommodation taxes and any Special Assessments for capital expenditures, insurance policy deductibles, underinsured losses, or uninsured losses, will be assessed against all Owners owning Ownership Interests, their successors or assigns, including DVD. The Limited Subsidy Agreement shall automatically be renewed for successive one-year periods with respect to the estimated annual reserve assessment for the Plan (as it may be adjusted from year to year) for each such successive one-year period unless DVD elects to terminate the agreement upon thirty (30) days prior written notice. DVD reserves the right to discontinue offering this subsidized reserves assessment in the future. This developer subsidy is limited to Plan assessments and does not apply to Condominium assessments.

Additional Budget Notes

1. 2018 Dollars - All costs are stated in 2018 dollars unless otherwise indicated.
2. Expenses Generally and Cost Sharing - As a general rule, each owner of a Unit in the Condominium or the Hotel Condominium (or the owners association's on such owner's behalf) must account for, and is liable to pay, expenses attributable to such owner's interest or parcel separate from owners of the other interests or parcels. However, pursuant to the Master Declaration each owner is responsible for a share of the expenses and reserves for Shared Areas ("**Shared Area Expenses**") whether or not such Shared Areas are part of the property owned by such owner. The Shared Area Expenses are allocated and shared pursuant to the Master Declaration. Further, pursuant to the Master Declaration and the Property Management Agreements, certain goods, materials, services, labor or operational or maintenance functions are or may be provided on a consolidated basis to the entire Resort ("**Shared Services**") and those expenses are allocated and shared by the various owners on the same basis that expenses are allocated and shared for the Shared Areas ("**Shared Service Expenses**"). If an Association was required to obtain such Shared Services solely for its members, the operating costs for that Association could increase. As an example, Administration, Insurance, Maintenance, Security and Utilities are Shared Service Expenses.

3. Books and Records - The books and records for the Associations are maintained at: 1390 Celebration Boulevard, Celebration, Florida 34747. The person responsible for the upkeep and custodianship of the books and records of each Association is the Treasurer of each Association (407) 566-3000.

4. Related Party Transactions -

Ali'i Nui Vacation Owners Association ("Vacation Owners Association" or "Association"):

DVD is a Florida corporation and a related entity of The Walt Disney Company ("TWDC"), a Delaware corporation. DVD acquired a term-of-years interest in certain property, located in Ko Olina, Hawai'i. DVD developed the Condominium on the property, and sells Ownership Interests in Condominium Units, as part of the Vacation Ownership Plan. Unless otherwise extended, the term-for-years interest will expire on January 31, 2062, and vest to the benefit of ABC, Inc., a New York corporation. ABC, Inc. is also a subsidiary of TWDC.

Certain directors or officers of DVD or DVCHMC 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.

During the year ended December 31, 2016, DVD annual dues paid to the Association were \$4,985,858.

As of December 31, 2016, the amount due from DVD of \$688,199 is primarily related to the annual dues.

DVCHMC, a Florida limited liability company, is the manager of each Association and is also a subsidiary of TWDC.

Management fees payable to DVCHMC are 12 percent of the total operating and reserve budget exclusive of non-assessment revenues, ad valorem taxes, and the management fee, itself. Management fees incurred during the year ended December 31, 2016, were \$2,416,167.

DVCHMC has entered into an agreement with the Association whereby DVCHMC may operate a resort hotel operation with respect to the rental of unreserved accommodations in the Condominium. Gross 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 reserve budget, as defined, in each calendar year, as breakage revenue. During the year ended December 31, 2016, the Association received \$1,247,828 in breakage revenues.

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

Amounts due to or from DVCHMC are payable in full and due on demand. As of December 31, 2016, the amount due to DVCHMC of \$577,393 related to allocable expenses, net of annual dues collected but not yet remitted to the Association.

Related Party Transactions -

Ali'i Nui Villas Condominium Association, Inc. ("Vacation Ownership Condominium Association"):

DVD is a Florida corporation and a related entity of The Walt Disney Company ("TWDC"), a Delaware corporation. DVD acquired a term-of-years interest in certain property, located in Ko Olina, Hawai'i. DVD developed the Condominium on the property, and sells Ownership Interests in Condominium Units, as part of the Vacation Ownership Plan. Unless otherwise extended, the term-for-years interest will expire on January 31, 2062, and vest to the benefit of ABC, Inc., a New York corporation. ABC, Inc. is also a subsidiary of TWDC.

Certain directors or officers of DVD or DVCHMC serve on the Board or as officers of the Vacation Ownership Condominium Association. Certain directors or officers of the Vacation Ownership Condominium Association are also employees of TWDC or its affiliates.

During the year ended December 31, 2016, DVD annual dues paid to the Association were \$16,149,690.

During the year ended December 31, 2016, DVD voluntarily subsidized the operations of the Association for common expenses incurred in the amount of \$483,903.

As of December 31, 2016, the amount due from DVD of \$1,241,482 is primarily related to the voluntary subsidy, annual dues and portion of real estate taxes.

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

Management fees payable to DVCHMC are 12 percent of the total operating and reserve budget exclusive of non-assessment revenues, ad valorem taxes, and the management fee, itself. Management fees incurred during the period ended December 31, 2016, were \$2,873,749.

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

Amounts due to or from DVCHMC are payable in full and due on demand. As of December 31, 2016, the amount due to DVCHMC of \$1,012,193 related to allocable expenses, net of annual dues collected but not yet remitted to the Association. In addition, DVCHMC is responsible for the management and operation of the Association's commercial facilities and the Association pays DVCHMC a management fee equal to 10% of all gross receipts received through or in connection with these services. Management fees incurred during the year ended December 31, 2016 related to commercial facilities was \$482,876 and are included in member activities.

5. Property Management Agreement – Each Association currently has a three-year management agreement with DVCHMC. Thereafter, each 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. DVCHMC provides on-site management and maintenance services, and off-site administrative and accounting services.

Pursuant to each management agreement, DVCHMC has been delegated the authority by each Association to provide all services, through employees and experts retained by it, incidental to the management and operation of each Association. However, certain operating expenses may be incurred through other TWDC entities.

6. Vacation Homes - Wherever used throughout the budgets or these notes, the term Vacation Home does not include studio or one bedroom accommodations that comprise part of a two bedroom lockoff Vacation Home.

Estimated Ad Valorem Taxes For January 1, 2018 Through December 31, 2018

The amount of ad valorem taxes assessed against each Unit and the Common Elements and Shared Areas of the Resort will be determined by the Real Property Assessment Division, City and County of Honolulu. Each Owner's share of the estimated ad valorem tax assessments to be included on each Owner's 2018 Annual Dues billing statement will be \$0.5053 per Vacation Point. This is an annual amount based in part on the actual ad valorem taxes assessed against the Resort for the first half of 2018 (January 1st to June 30th). This is DVCHMC's best estimate of the actual taxes which will be assessed for the tax year 2018. DVCHMC does not certify this ad valorem tax estimate. Each Owner is responsible for his or her per Vacation Point share of the actual ad valorem taxes billed each year by 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.

2018 Estimated Annual Dues Assessment

The estimated Annual Dues for the year January 1, 2018 through December 31, 2018 are \$7.5352 per Vacation Point, which is comprised of the estimated Annual Operating Budget (\$3.9445 per Vacation Point), and Capital Reserves Budget (\$0.7231 per Vacation Point) for the Vacation Owners Plan; plus the estimated Annual Operating Budget (\$2.1112 per Vacation Point) and Capital Reserves Budget (\$0.2511 per Vacation Point) for the Vacation Ownership Condominium and the estimated ad valorem taxes (\$0.5053 per Vacation Point). The total amount of Annual Dues (including estimated ad valorem taxes) for the Vacation Plan paid by a Purchaser or Owner is determined by multiplying the total number of Vacation Points represented by the Ownership Interest purchased by \$7.5352. For example, if the Ownership Interest is represented by 230 Vacation Points, the estimated Annual Dues would be \$1,733.10.

Developer Credit For Owners Who Purchased Before July 27, 2011: DVD has agreed to provide each Owner who entered into or received a purchase agreement for an Ownership Interest prior to July 27, 2011 with an annual credit. This credit will be provided to all such Owners and their successors in title every year until the earlier of the termination or expiration of the Vacation Ownership Plan or January 31, 2062. For 2018, the annual credit is equal to \$1.8708 per Vacation Point. As a result, in 2018, each such Owner's Annual Dues Assessment for Plan and Condominium Expenses (Operating and Capital Reserve Expenses) and ad valorem taxes shall be \$5.6644 per Vacation Point. The amount of the credit will be adjusted (increased or decreased) annually by an amount equal to the year over year change (increase or decrease) in the total dues assessment as a result of inflation or deflation. This credit shall only apply to those Ownership Interests for which a purchase agreement was entered into or received by a purchaser prior to July 27, 2011 and shall not apply to any Ownership Interests (including add-on Ownership Interests) purchased subsequent to that date. The obligation of DVD to pay this credit is a matter of private contract between DVD and Owners who entered into or received a purchase agreement prior to July 27, 2011. DVD does not offer this credit to Owners who enter into or receive purchase agreements on or after July 27, 2011.

Ali'i Nui Hotel Condominium Association, Inc.

The 2018 Budgets were calculated based on the Association's 2017 fiscal year operating experience and anticipated or known changes in costs for 2018. Please direct Annual Dues questions to Member Accounting at 800-800-9800 or 407-566-3800, Option 3.

Estimated Operating Budget For January 1, 2018 Through December 31, 2018

Revenue Components	Total	Hotel Units	251 Vacation Homes
			Vacation Support Units
Member Annual Dues Assessment	\$784,319	\$415,603	\$368,716
TOTAL REVENUES AND INCOME	\$784,319	\$415,603	\$368,716
Cost Components			
Administration	\$150,279	\$79,631	\$70,648
Annual Audit	15,153	8,029	7,123
Insurance	113,259	60,015	53,244
Legal	1,045	554	491
Maintenance	207,026	109,702	97,325
Management Fee	91,704	48,593	43,111
Security	41,324	21,897	19,427
Utilities	164,529	87,182	77,347
TOTAL OPERATING EXPENSES	\$784,319	\$415,603	\$368,716

The Owners' Share Of This Budget Is Included In The Vacation Ownership Condominium Budget.

Estimated Capital Reserves Budget For January 1, 2018 Through December 31, 2018

Replacement Fund Components	Total	Hotel Units	<u>251 Vacation Homes</u>
			Vacation Support Units
Capital Reserves	\$37,199	\$19,711	\$17,488
TOTAL CAPITAL RESERVES BUDGET	\$37,199	\$19,711	\$17,488

The Owners' Share Of This Budget Is Included In The Vacation Ownership Condominium Budget.

Capital Reserve Analysis For The Year Ended December 31, 2017

Replacement Fund Components	Estimated Fund Balance as of December 31, 2017	Estimated Useful Lives (Years)	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Roof Replacement/Repair				\$ -
Interior Refurbishment				-
External Building Painting				-
Common Element Renovation		3 - 30	1 - 25	847,930
Pavement Resurfacing		3 - 20	1 - 14	12,771
Capital Reserves	<u>\$417,757</u>			
TOTAL	<u>\$417,757</u>			<u>\$860,701</u>

Budget Notes For 2018 Estimated Operating and Reserve Budgets For
Ali'i Nui Hotel Condominium Association, Inc. ("Hotel Condominium Association")

These budget notes are for the 2018 Estimated Operating and Reserve Budgets for Aulani, A Disney Resort & Spa, Ko Olina, Hawai'i (the "**Hotel Condominium**"). All capitalized terms not defined in these budget notes will have the same meanings ascribed to such terms in the Amended and Restated Declaration of Condominium Property Regime for Aulani, A Disney Resort & Spa, Ko Olina, Hawai'i Condominium (the "**Hotel Condominium Declaration**"). The budgets have been prepared on an accrual basis. See also Additional Budget Notes.

Description of Revenue Components:

1. Member Annual Dues Assessment - The amounts assessed to Owners of units in the Hotel Condominium.

Description of Cost Components:

1. Administration - Administrative costs of resort management, including operating supplies and equipment rental and operational, IT and administrative support.
2. Annual Audit - Fee for the independent audit of the Hotel Condominium Association's financial statements.
3. Insurance - Cost of insurance premiums for property coverage, general liability, workers' compensation, crime and Director's and Officer's liability.
4. Legal - Cost of legal counsel regarding Hotel Condominium Association business.
5. Maintenance - Cost of interior and exterior maintenance and repairs of the Common Elements of the Hotel Condominium not paid for out of replacement reserves. Also includes landscaping, pest control and fire alarm monitoring.
6. Management Fee - Fee paid to DVCHMC for providing management services to the Hotel Condominium Association according to the Property Management Agreement for the Hotel Condominium Association. The fee is equal to 12 percent of the total Operating and Reserve Budget exclusive of non-assessment revenues, ad valorem taxes, and the management fee, itself.
7. Security - Cost of security for the Resort.
8. Utilities - Cost of electricity, gas, water, sewer, solid waste disposal and cable television.

See also Additional Budget Notes.

Budget Notes For Estimated Capital Reserves

1. **Funds Covered** - The annual budget for Capital Reserves covers funds set aside for the repair or replacement of major items pertaining to the Common Elements with a useful life of greater than one year. The interest earned on these funds remains in the Capital Reserves accounts and is not absorbed into the Operating Budget.

Additional Budget Notes

1. **2018 Dollars** - All costs are stated in 2018 dollars unless otherwise indicated.
2. **Books and Records** - The books and records for the Hotel Condominium 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 Hotel Condominium Association is the Treasurer of the Association (407) 566-3000.
3. **Related Party Transactions** - DVD is a Florida corporation and a related entity of The Walt Disney Company ("TWDC"), a Delaware corporation. DVD acquired a term-for-years interest in the property, located in Ko Olina, Hawai'i. DVD developed the Condominium on the property, and sells ownership interests in Condominium units, as part of the vacation ownership plan. Unless otherwise extended, the term-for-years interest will expire on January 31, 2062, and vest to the benefit of ABC, Inc., a New York corporation. ABC, Inc. is also a subsidiary of TWDC.

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

During the year ended December 31, 2016, DVD annual dues paid to the Association were \$230,179. As of December 31, 2016, the amount due from DVD of \$32,769 is primarily related to annual dues.

DVCHMC is the manager of the Association and is also a subsidiary of TWDC.

Management fees payable to DVCHMC are 12 percent of the total operating and reserve budget exclusive of non-assessment revenues, ad valorem taxes, and the management fee, itself. Management fees incurred during the year ended December 31, 2016, were \$87,215.

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

Amounts due to or from DVCHMC are payable in full and due on demand. As of December 31, 2016, the amount due to DVCHMC of \$17,169 related to allocable expenses, net of annual dues collected but not yet remitted to the Association.

4. **Property Management Agreement** - The Hotel Condominium Association currently has a five-year management agreement with DVCHMC. 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. DVCHMC provides on-site management and maintenance services, and off-site administrative and accounting services.

Pursuant to the Agreement, DVCHMC has been delegated the authority by the Hotel Condominium Association to provide all services, through employees and experts retained by it, incidental to the management and operation of the Hotel Condominium. However, certain operating expenses may be incurred through other TWDC entities.