

The Grand Beach Resort II Condominium Association, Inc.
c/o Nordis Proxy Processing Center
PO Box 9759
Coral Springs FL 33075-9759

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**GRAND BEACH RESORT II CONDOMINIUM ASSOCIATION, INC.
ANNUAL MEETING • AUGUST 28, 2019 PROXY / BALLOT**

Association members may cast votes or appoint an individual who will attend the meeting to act as their proxy. If no votes are cast, or if no individual acting as proxy is appointed, then the Board of Directors of the Association is assigned as the proxy holder. Your attendance or proxy is important so that quorum may be reached and Association business may be conducted. The undersigned member of the GRAND BEACH RESORT II CONDOMINIUM ASSOCIATION, INC. (the Association) hereby:

_____ casts votes below

OR

_____ appoints _____ who will be in attendance at the meeting;

OR

_____ appoints the Board of Directors of the Association (if the preceding space is left blank),

as nominee, and proxy, with powers of substitution for and in the name and place of the undersigned, to appear, represent and cast votes using his/her best judgment on all matters, or as specifically stated below, which properly come before the membership at the Annual Meeting of the members of the Association to be held Wednesday, August 28, 2019, at 4:00 p.m. Eastern Time in Orlando, Florida, and at any adjournment(s) thereof, according to the number of votes that the undersigned would be entitled to vote if then personally present.

The owner acknowledges that by granting this general proxy, the proxy holder is authorized to vote to waive full funding of reserves on behalf of the owner (per Florida Statute 718.112(2)(f)4.).

WAIVING OF RESERVES, IN WHOLE OR IN PART, OR ALLOWING ALTERNATIVE USES OF EXISTING RESERVES MAY RESULT IN UNIT OWNER LIABILITY FOR PAYMENT OF UNANTICIPATED SPECIAL ASSESSMENTS REGARDING THOSE ITEMS.

Scan this code with your tablet or smartphone and go straight to your voting site.



**THE GRAND BEACH RESORT II CONDOMINIUM ASSOCIATION, INC.
NOTICE OF ANNUAL MEETING**

July 2019

Dear Grand Beach Resort II Owner:

The Annual Meeting of the **GRAND BEACH RESORT II CONDOMINIUM ASSOCIATION, INC.** will be held on Wednesday, August 28, 2019 at 4 p.m. Eastern Time at an off-site location: Grande Villas Resort, 12118 Turtle Cay Circle, Orlando, Florida 32836.

The agenda for the Annual Meeting will be as follows:

- | | |
|---|---|
| I. Call to Order | VII. Treasurer's Report |
| II. Verification of Notice and Quorum | VIII. Continuing Business |
| III. Introductions | IX. New Business |
| IV. Approval of the 2018 Annual Meeting Minutes | A. Vote to Waive Full Funding of Reserves |
| V. Board of Directors Election | X. Outcome of Election |
| VI. Manager's Report | XI. Adjournment |

A Question and Answer Session will be held following adjournment of the meeting.

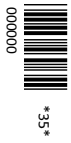
Florida law requires that timeshare condominium associations either assess an amount to fully fund the reserve account, or to waive full funding. The Board and management company have set the level of reserves that it believes is correct. A third-party, independent reserve study is used to project the reserve funds needed on an annual basis, and future reserve expenditures are considered and planned using an inflation factor for costs, and an industry average useful life that has been adjusted for resort-specific conditions and historical experience for each asset. The reserve fees required are calculated in order to collect what is necessary to fund the upcoming projects, while also maintaining a fund balance that will allow for unexpected or emergency replacements that occur from time to time. The Board recommends that you return your proxy with a vote to waive fully funding.

If you will be unable to attend the Annual Meeting, please sign and return the enclosed proxy. In order to conduct official business at the owners meeting, quorum must be reached. You may designate your proxy to an individual that will be in attendance at the meeting by writing that individual's name in the space provided. If you leave it blank, the Board of Directors of the Association will be designated as your proxy holder. Proxies are only valid for tabulating representation for quorum and items of business presented at the Annual Meeting. If enough proxies are not received and quorum is not met, another meeting must be convened, during which time additional proxies may be collected. Holding a reconvened meeting is an extra expense to your Association, so please return your proxy as soon as possible. **Your attendance or proxy is important so that quorum may be reached and Association business may be conducted.** All members in good standing as of the date of this meeting will have the opportunity to vote; however, all proxies must be received by Wednesday, August 21, 2019 at 5:00 p.m. Eastern Time. You may also return your proxy via the Internet by logging on to www.GB2vote.com and entering your e-mail address and password located on the upper right of your enclosed proxy. Note: If your e-mail address is not on file with Diamond Resorts, a temporary e-mail code has been provided in the upper right of your enclosed proxy.

Please call the resort at 1.407.238.2500 if you have any questions. We look forward to seeing you at this meeting. The Board appreciates your support and would like to hear from you with any comments you may have about the Association. Your participation is vital. If you cannot attend in person, **please return the signed and dated proxy in the enclosed envelope to: Nordis Proxy Processing Center, PO Box 9759, Coral Springs, FL 33075-9759.**

Sincerely,
DIAMOND RESORTS MANAGEMENT, INC.

Opt-In Request: Your association spends thousands of dollars annually to mail paper copies of the required meeting notices. Since all association expenses contribute to your maintenance fee, you can actually help to reduce the expense of printing and mailing these notices by opting in to receive them by (environmentally friendly) e-mail instead. To opt in for e-mail delivery of these required meeting notices, please go to www.GB2optin.com and enter your e-mail address and password located on the upper right of your enclosed proxy. Please note, this opt-in section only applies to the required notices mentioned and does not apply to your maintenance fee billing statements.



THE GRAND BEACH RESORT II CONDOMINIUM ASSOCIATION, INC.

BOARD OF DIRECTORS BUDGET MEETING NOTICE

July 2019

Dear Grand Beach II Owner,

The Board of Directors meeting to approve the proposed 2020 Operating and Reserve Budget will be held at 1:00 p.m. Eastern Time on Wednesday, August 28, 2019 at an off-site location: Grande Villas Resort, 12118 Turtle Cay Circle, Orlando, Florida 32836. Although owners do not vote on the budget, the meeting is open to all owners.

It is our pleasure to propose a budget with only a very small increase in the overall maintenance fee of approximately one percent. Operating costs are expected to increase slightly next year, including the cost of labor, insurance and property taxes. We've included modest payroll increases due to rapid growth in wage and salary rates in the Orlando area; we must budget to raise our pay scale in order to remain competitive as an employer of choice and to be able to fairly compensate our team members. Your management team and board will carefully review all operating and reserve expenditures, and look for opportunities to gain efficiencies and save money while maintaining the service and quality that you expect from your resort experience. A copy of the proposed budget with an average increase of just 1.2% is enclosed for your review and records.

We would like to remind you of the convenience and cost savings recognized when paying your maintenance fees online with the electronic funds transfer (EFT) option. Payments made on credit cards cost your association merchant fees which ultimately are passed back to owners through the association's operating costs, and checks require your time, paper products and postage!

Diamond Resorts Owner Services

Owner Services team members are available Monday through Saturday from 9:00 a.m. to 9:00 p.m. Eastern Time for assistance with payments, reservations, exchange services, and a variety of other services. Please note the following contact information for future reference. Offices are closed on Sundays and major holidays.

Phone: 1.800.463.7256 (toll free)
1.407.226.9500 (international)
E-mail: OwnerServices@diamondresorts.com

Sincerely,
DIAMOND RESORTS MANAGEMENT, INC.



Grand Beach Resort II Condominium Association, Inc.
Budget from 01/01/2020 to 12/31/2020

Rights 5,764,000
Units 38
Intervals 1,948

	2020 Budget	2019 Budget	Variance		2020 Total Assessment	
			20 Budget vs. 19 Budget \$S	20 Budget vs. 19 Budget %	Per Interval	Per Month
REVENUES						
Operating Fees	\$ 1,972,330	\$ 1,985,568	\$ (13,238)	-0.67%	\$ 1,012.75	\$ 164,361
Reserve Fees	467,122	436,563	30,559	7.00%	239.86	38,927
Real Estate Tax	230,496	215,894	14,602	6.76%	118.35	19,208
Developer Delinquency Contribution	75,327	80,534	(5,207)	-6.47%	38.68	6,277
Other Income	141,338	75,764	65,573	86.55%	72.57	11,778
TOTAL REVENUES	2,886,613	2,794,323	92,290	3.30%	1,482.21	240,551
EXPENSES						
PAYROLL AND RELATED						
Administration	34,656	40,829	6,173	15.12%	17.79	2,888
Front Desk	85,555	84,038	(1,516)	-1.80%	43.93	7,130
Maintenance	88,733	88,832	99	0.11%	45.56	7,394
Housekeeping	227,487	218,496	(8,992)	-4.12%	116.81	18,957
Grounds	22,184	21,766	(419)	-1.92%	11.39	1,849
Security	11,324	8,551	(2,773)	-32.42%	5.81	944
SUBTOTAL PAYROLL EXPENSES	469,939	462,512	(7,426)	-1.61%	241.29	39,162
OPERATING EXPENSES						
Administration	92,658	87,981	(4,677)	-5.32%	47.58	7,722
Activities	29,360	29,360	-	0.00%	15.08	2,447
Front Desk	4,336	4,244	(92)	-2.17%	2.23	361
Maintenance	79,686	59,193	(20,493)	-34.62%	40.92	6,640
Housekeeping	571,965	559,140	(12,825)	-2.29%	293.69	47,664
Store	6,218	6,219	0	0.00%	3.19	518
Grounds	48,719	66,434	17,716	26.67%	25.02	4,060
Security	26,525	25,632	(893)	-3.48%	13.62	2,210
Indirect Corporate Cost	229,512	229,513	1	0.00%	117.85	19,126
SUBTOTAL OPERATING EXPENSES	1,088,979	1,067,717	(21,263)	-1.99%	559.18	90,748
TOTAL OPERATING EXPENSES	1,558,918	1,530,229	(28,689)	-1.87%	800.47	129,910
NET OPERATING SURPLUS	1,327,695	1,264,094	63,601	5.03%	681.74	110,641
OTHER EXPENSES						
Utilities	97,295	96,668	(627)	-0.65%	49.96	8,108
Bad Debt	83,697	80,534	(3,163)	-3.93%	42.98	6,975
Occupancy / Accommodation Tax	3,948	3,948	-	0.00%	2.03	329
Real Estate Tax	230,496	215,894	(14,602)	-6.76%	118.35	19,208
Insurance Claims Expense	10,000	10,000	-	0.00%	5.13	833
Insurance Expense	86,883	76,398	(10,485)	-13.72%	44.61	7,240
Management Fees	348,254	344,090	(4,164)	-1.21%	178.82	29,021
Reserve Capital Funding	467,122	436,563	(30,559)	-7.00%	239.86	38,927
SUBTOTAL OTHER EXPENSES	1,327,695	1,264,094	(63,601)	-5.03%	681.74	110,641
NET SURPLUS (DEFICIT)	-	-	-	0.00%	-	-
Depreciation Expense	-	-	-	0.00%	-	-
NET SURPLUS (DEFICIT)	\$ -	\$ -	\$ -	0.00%	\$ -	\$ -

Maintenance Fees	Operating	Reserve	RE Taxes	Total
1 Bedroom Annual	\$ 791.01	\$ 187.28	\$ 85.42	\$ 1,063.71
1 Bedroom Biennial	\$ 395.51	\$ 93.64	\$ 42.71	\$ 531.86
2 Bedroom Annual	\$ 947.47	\$ 224.73	\$ 106.67	\$ 1,278.87
2 Bedroom Biennial	\$ 473.74	\$ 112.37	\$ 53.34	\$ 639.45
3 Bedroom Annual	\$ 1,107.40	\$ 262.19	\$ 133.07	\$ 1,502.66
3 Bedroom Biennial	\$ 553.70	\$ 131.10	\$ 66.54	\$ 751.34
UDI Base	\$ 627.09	\$ 148.47		\$ 775.56
UDI Right	0.04945	0.01171	0.01321	0.07437

The following information regarding each reserve item is provided pursuant to rule 61B-40.004, Florida Administrative Code:

DESCRIPTION	Estimated Life (Years)	Estimated Replacement Cost	Estimated Remaining Useful Life at 01/01/20	Estimated Balance Reserve Account at 01/01/20
Roof	1 - 25	\$ 202,271	20.76	\$ 5,253
Building & Equipment	1 - 25	746,497	3.20	184,297
Exterior Building & Siding	5 - 35	696,747	11.84	8,920
Pavement	7 - 15	28,258	6.72	454
Common Area	1 - 25	521,918	4.62	168,122
Unit Furnishings/Equipment	1 - 24	3,354,848	9.64	499,393
Mechanical & Electrical	1 - 25	80,747	11.17	18,375
Total		\$ 5,631,286		\$ 884,815

The current balance reserve account represents the estimated balance prior to funding for fiscal year 2020.

Books and records of the timeshare association are currently being maintained at 10600 W. Charleston Blvd., Las Vegas, NV 89135. The custodian of the books and records at that location is Diamond Resorts Management, Inc.