

## Marriott Vacation Club International of Aruba Cooperative Association

### Questions and Answer Session

#### Addendum

The following questions were presented on 3x5 cards by Owners that were in attendance at the Annual Meeting of the Marriott Vacation Club International of Aruba Cooperative Association which was held on Friday, May 21, 2010

- (Q) Please describe the process used in the disposal of the property replaced in the refurbishment. Was the property sold and were the proceeds used to offset the costs
- (A) *Yes, the old items in the villas and lobby were sold to a liquidator to help offset the cost of removal of the furniture and fixed assets.*
- (Q) Would it be possible to have a small desk in the guest rooms?
- (A) *The space in the guest room would be very limited with additional furniture. Management will review the need based on continued feedback provided by the resort management team from the weekly Owner Receptions and Guest Satisfaction Survey (GSS) comments.*
- (Q) Are the windows still being replaced at the resort?
- (A) *As you may have seen during visits to Aruba the past several years, some of the 1,300 double pane, energy efficient windows in the Ocean Club had become cloudy because of broken seals. The original window manufacturer provided replacement windows under warranty. Marriott Vacation Club International agreed to pay for the installation of the new window panes and to purchase an additional 500 window panes should they be needed in the future. To date, over 500 windows have been replaced at no cost to the Association (Marriott Vacation Club absorbed the cost) and the resort has sufficient windows on hand to replace others that might fail in the future... a benefit that was also paid for by Marriott Vacation Club.*
- (Q) Please elaborate on recent discussions with the government of Aruba regarding the removal of palapas.
- (A) *All beaches in Aruba are public and the government has had internal parliamentary discussions about removal of all structures (including beach huts/palapas) or cessation of any further building of structures or some regulation in between, on the beach. No other information has been received.*
- (Q) How much does the Tuesday cocktail reception cost the Owners?
- (A) *The cost per reception depends on the number of Owners present; based on average attendance the cost is approximately \$400 for each reception.*
- (Q) I would like to suggest that all proxies be presented by 8:00 a.m. the morning of the Annual Meeting so that the meeting can commence at 9:00 a.m.
- (A) *We appreciate your suggestion. We will continue to work on processes to improve and streamline the counting of proxies.*
- (Q) What companies are currently using the power being generated by the wind turbines located on the other side of the island?
- (A) *The power produced by the wind farm is purchased by Aruba's power and water utility provider WEB Aruba NV. WEB Aruba NV provides power to two customers – the oil refinery and to the country's distribution company NV Elmar for transmission and distribution to its electricity customers. The wind park will not initially reduce energy costs but does diversify the island's generation sources, representing a hedge against oil price volatility.*

- (Q) Can you explain the process by which the rooms are assigned to guests?  
(A) *The process for assigning villas is posted on the Association's website and is included in the Vacation Experience Planner (VEP) link Owners receive from the Vacation Planner prior to their arrival. The information on the website states the following:*

### ***Villa Assignments***

*Aruba Marriott Ocean Club enjoys one of the highest Homeowner occupancy rates of all Marriott Vacation Club resorts. As is true at every property, we place our Owners at the very top of the priority list in terms of requests for villa locations and preferences. Because of the high number of Owners that we welcome each week, we are often challenged with villa location requests that we are unable to always grant. Nonetheless, we strive to ensure that every Owner and Guest have a wonderful vacation experience!*

*Villas are assigned in advance and are based on the category you own and are prioritized in the following order:*

- 1. Ocean Club Homeowners using their owner week*
- 2. Ocean Club Homeowners exchanging into their home resort*
- 3. Other MVCI Owners exchanging into Ocean Club*
- 4. Any other reservations which includes other non-Marriott Exchangers, Preview Guests and Rentals*

*Assignments are made on the assumption that Owners prefer high to low floors and pool view to outside views. When there are more Owners than there are "preferred" villa views or locations, the Rooms Controller looks at each Owner's previous villa assignments to ensure fairness in the rotation from year to year. Specific villa/floor requests are considered within the general principles noted above.*

*We are unable to guarantee villa preference requests but will do our best to honor your requests based on availability and utilizing the established Villa Request Blocking Priority outlined above.*

- (Q) What is the percentage of occupancy by Owners vs. exchangers and renters?  
(A) *Over the course of a full year the property averages around a 45% to 50% Owner occupancy, 40% to 45% exchangers (could be Ocean Club Owners, other MVCI Owner exchangers and non-Marriott exchangers, 4% to 8% renters and ) and the remaining unassigned. Of course, depending on the season and time of the year the numbers can fluctuate dramatically.*
- (Q) What percent of Owners have not paid their 2010 Maintenance Fee and the March Special Assessment?  
(A) *As of May, roughly 7.8% of the 2010 Maintenance Fee is still unpaid and this includes Special Assessment.*
- (Q) What percent of Ownership changed in 2009-2010 due to Maintenance Costs?  
(A) *In 2010 approximately 137 weeks were proposed to be expelled from the Cooperative for failure to pay Maintenance Fee dues*
- (Q) What percent of the unit weeks are now for sale?  
(A) *Through May 21, 2010 there were 44 weeks for sale.*

- (Q) There should be no integration with Surf Club on our tennis courts.
- (A) *Aruba Surf Club, Aruba Ocean Club and the Marriott Hotel are parties to a binding integration agreement which provides for the sharing of many behind the scenes administrative and logistics functions (such as Accounting, Systems, Human Resources, storage and the Telephone Department) to help reduce expenses for all three properties. The purchase of supplies, linens and towels, and contracts for landscaping, security and garbage removal are also consolidated to gain economies and efficiencies which lowers the cost to Owners. Some more obvious front-of-the-house areas are shared as well such as the pool areas between the Resort and Ocean Club. Use of the Surf Club Kid's and Teen Clubs by Ocean Club Owners; use of the Hotel's Health Club by Ocean Club Owners; use of the Hotel's and/or Surf Club entrances/exits by Ocean Club Owners to allow us to get to our property; and use of the tennis courts by all three properties.*
- (Q) Will it be possible for the Ocean Club Owners to use the pool that is planned at the hotel?
- (A) *The hotel has removed the building that formerly housed the hotel's Kid's Club and food and beverage offices; in the interim this will be a landscaped area. The hotel owners have considered the possibility of constructing a pool but there are no definitive plans and dates at this time.*
- (Q) Does Marriott have an advantage with rental weeks? How do you take back the rental weeks and place them in priority for rentals over Owners weeks or vice versa?
- (A) *When an Owner lists their unit for rent, they have to secure a week first; they then have the option of signing a rental agreement with Marriott Vacation Club. Marriott Vacation Club pays the Owner the specified dollar amount for that time period prior to Marriott Vacation Club renting it. Marriott Vacation Club attempts to rent the unit to cover the cost of what Marriot Vacation Club paid to the Owner. Marriott Vacation Club does not take any inventory away from Owners. Listing for rent is one of the usage options Owners enjoy.*
- (Q) Can you elaborate on the pending law suit and the costs/legal fees?
- (A) *The Association is currently defending itself against a lawsuit instituted by an individual Aruba Ocean Club Owner seeking access to the personal contact information of other Owners. Attorney fees and expenses totaling approximately \$183,372 have been paid by the Association in connection with this lawsuit. Settlement by the Association has been offered but we expect that such legal fees and expenses will continue to accrue unless and until the individual Owner voluntarily dismisses the lawsuit or the individual agrees to the offers that have been already extended by the Association.*
- (Q) Why can't recycling be moved to a high priority?
- (A) *Recycling facilities on the island have not been in existence until recently and those facilities have very limited capacity. Our property and the management team, as well as Marriott in general, is very focused on the environment and conservation. The property's 'Green Team' mission is "To create, provide and manage the opportunities for the Aruba Marriott Resort associates to utilize, practice, and learn more about ecology and our environment through active participation in ecological and environmental activities to improve, implement, and maintain eco-friendly practices for their working and living environment, our community, and the world as a whole." It is very high on the agenda and behind the scenes there is a great deal of recycling, as far as present standards allow in Aruba, taking place.*
- (Q) Why is it necessary to have a parliamentarian, two lawyers and Marriott Corporate Vice Presidents in attendance at the Annual Meeting?
- (A) *Under the association's governing documents, representatives of the management company have the right to attend all meetings. Representatives from Marriott Vacation Club's corporate office have generally always been in attendance and provided support as our management company. As the Association is presently being sued by an individual Owner, the Association's lawyers were present on behalf of the Association, along with the independent, certified Parliamentarian to provide assistance in ensuring the meeting was conducted properly and all Owners were equally protected according to the governing documents and applicable law.*