

ASSESSMENT BILLING NOTICE

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If you have questions about your annual statement, call 877-465-3154.

For questions about your 2020 budget, contact your resort general manager at 702-697-2967 or lisa.asdikian@hgv.com.

Learn more about your maintenance fees with videos found on the Club website page titled "Understanding Your HOA Statement." my.hgv.com/HOAstatement

A MESSAGE FROM YOUR HOME RESORT

Hello from Las Vegas and the Hilton Grand Vacations Club at the Flamingo! It has been my team's pleasure to serve as caretakers of your vacation property this year. I would like to take this opportunity to highlight some of the notable property enhancements that have been completed or are currently underway, as well as those planned for the months ahead.

One of the larger projects we completed this year was a renovation of the roof. We have also remodeled the restrooms in both the lobby and in the fitness center. On a smaller scale, a new fire panel was installed.

We continue to identify ways to make our building more energy efficient. As part of that goal, we replaced all public area lighting with energy-efficient LED lights. For the remainder of the year our plan is to focus on a variety of small, previously-planned enhancement projects that will be ongoing.

Please take a moment to review some important budget information found in your 2020 Assessment Statement. In this area, you will find an explanation of the key factors impacting this year's assessment fees. Don't hesitate to reach out to me if you have any questions regarding this information.

We remain committed to providing the exceptional level of service you expect and look forward to welcoming you back to Hilton Grand Vacations Club at the Flamingo!

Warm regards,



Lisa Asdikian
General Manager



FHRC
SUITES OWNERS ASSOCIATION, INC.

ASSESSMENT BILLING NOTICE

2020 ASSESSMENT STATEMENT

Now available is the 2020 budget and statement for your association's assessment, real estate taxes and annual Club dues—due by Jan. 1, 2020. The operations portion of the budget supports the daily management of your resort, while the reserves portion funds property improvements. This year, the overall combined assessment for all unit types has increased by 3.59%.

Your board works hard to contain costs as much as possible. Steps we implement to counter-balance increases include operational cost reductions and postponing minor initiatives. However, despite our best efforts, the assessment fee can sometimes be influenced by factors beyond our control. We would like to break down these costs so that you can understand the external economic pressures impacting your association.

Properties in Las Vegas are experiencing a competitive job market. As we strive to provide our Owners with only the best in customer service, we have incurred significant wage increases as we seek to hire and retain top-level employees.

Healthcare expenses also continue to increase faster than other expenses. The country's low level of unemployment exacerbates this cost, as companies wishing to retain experienced talent must offer benefit packages that support employee retention. Significant costs have been incurred as a result.

On a larger scale, a record number of catastrophic natural disasters starting in 2017 and into 2019 have affected the insurance industry. The consequences of these disasters led to across-the-board increases in property insurance premiums in the hospitality industry. As a result, HGV properties experienced an average increase of 19% in insurance costs. Whenever significant insurance cost increases occur, we start the bidding process to ensure you pay the best price to keep your property secure and protected.

One of the advantages to vacation ownership is that your Home Resort team handles all necessary renovations for your vacation property. In 2021, it will be time for a major refurbishment of your property, which will include the interior of the guest suites and corridors. Reserves are currently being built up to address this project.

Your HOA board and resort management team remain committed in keeping costs down without compromising our service. If you have any questions regarding this year's budget, please contact your resort manager, Lisa Asdikian.

UNDERSTANDING YOUR STATEMENT

We have created a guide to help you familiarize yourself with the format of your annual billing statement and what each line item means. To access the guide online, including frequently asked questions about your maintenance fees, budget and reserve funding, visit my.hgv.com/HOAstatement

BOARD OF DIRECTORS UPDATE

At the last Annual Owners Meeting, the Ownership re-elected DiAnne Genrich and elected Ronald Eittreim to seats on the Board of Directors. We are pleased to have DiAnne and Ron on the Board and look forward to their distinctive contributions to your Owners' association. We extend our thanks to Richard Nepl for his service to the Board as well the rest of your Board Members, Charles Albers, Neil Hutchinson and Marc Neu, for their continued support and leadership.

Note: Your HOA's 2020 Annual Owners Meeting is scheduled to be held on March 17 at the HGVC Club at the Flamingo, 3575 Las Vegas Blvd. South, Las Vegas, NV. At that meeting, two (2) candidates will be elected to the Board of Directors. If you are interested in seeking a position on your association's board of directors send your request to ams@hgvc.com or call 407-613-3440. The deadline for submitting all required forms is January 15, 2020.

Approximately 30 days before the 2020 Annual Meeting, you will receive your meeting notice. Please watch for this material and reply as instructed — your feedback is important in ensuring the association's general operations.

NEW OPT-IN FOR ONLINE STATEMENTS

HGV Owners can opt-in to receive HOA communications electronically, including annual billing statements. If you haven't done so already, visit the "Manage Communications" page on the HGV Member website at my.hgv.com/ManageCommunications, and change your preferences to "Email or Print." Be sure to check the box in the "Consent to Electronic Communications" area and click on "Save Changes" to finish the process.

CONTRIBUTION TO ARDA-ROC

Your statement includes a voluntary contribution to the American Resort Development Association-Resort Owners' Coalition (ARDA-ROC). ARDA promotes the interest of vacation ownership legislation on local, state and federal levels, and has been particularly effective with tax-related issues. If you do not wish to contribute, simply subtract this fee from the total payment due.

EXIT COMPANY FRAUD ALERT

At HGV, our Owners' privacy is one of our top priorities. As a result, we ask that you please be cautious when receiving unsolicited calls from a third party claiming to be able to sell, rent or advertise your timeshare. Please know that HGV does not share your information with any third parties. We would also never solicit to rent your timeshare or hire a third party to sell or rent your timeshare on our behalf. For more information, visit my.hgv.com/fraud-alert.

FHRC SUITES OWNERS ASSOCIATION, INC.
ANNUAL ASSESSMENT BILLING BUDGET
JANUARY 1, 2020 THROUGH DECEMBER 31, 2020

(10,200 Unit/Weeks)	2020 BUDGET TOTAL	2020 Per Unit/Wk 1 BR	2020 Per Unit/Wk 2 BR
OPERATING REVENUE			
Association Fees	7,274,884	678.29	739.02
Late Fee Income	124,841	12.24	12.24
Interest Income	0	0.00	0.00
Support Area 1 Office	17,401	1.71	1.71
Support Area 2 Retail	7,308	0.72	0.72
Support Area 3 Pool Bar	3,000	0.29	0.29
Miscellaneous Income	9,600	0.94	0.94
Total Operating Revenue	7,437,034	694.19	754.92
EXPENSES			
<u>ADMINISTRATIVE</u>			
Annual Audit	8,500	0.83	0.83
Other Administration Expenses	349,230	34.22	34.25
Board Reimbursement	9,000	0.88	0.88
Financial Services/Data Processing	158,025	15.49	15.49
Postage, Printing, Newsletter	14,100	1.38	1.38
Management Fee	956,956	93.82	93.82
Total Administrative	1,495,811	146.62	146.65
<u>OPERATIONS EXPENSE</u>			
Office, Desk, Bell Service	1,427,940	126.35	150.08
Housekeeping, Laundry, Supplies	1,804,839	159.52	189.82
Security Provisions	354,089	31.28	37.25
Uniforms	46,700	4.20	4.86
Grounds & Landscaping	65,900	6.46	6.46
Penthouse	0	0.00	0.00
Pool & Spa	21,900	2.15	2.15
Recreation, Concierge, Retail	(8,400)	(0.82)	(0.82)
Total Operations Expense	3,712,968	329.14	389.80
<u>UTILITIES</u>			
Electric	349,208	34.24	34.24
Water, Sewer, Gas	184,852	18.12	18.12
Waste Disposal	32,528	3.19	3.19
Cable Television	48,451	4.75	4.75
Contract Services	49,784	4.88	4.88
Total Utilities	664,823	65.18	65.18
<u>BUILDING</u>			
Maintenance-Service, Equipment, Supplies	1,121,206	109.90	109.94
Building & Equipment Contracts	34,200	3.35	3.35
Telephone Contract	69,159	6.78	6.78
Elevator & Fire System Contracts	155,556	15.25	15.25
Garage Maintenance	15,240	1.49	1.49
Total Building	1,395,361	136.77	136.81
<u>INSURANCE & TAXES</u>			
Insurance	161,075	15.79	15.79
Income Tax	6,996	0.69	0.69
Total Insurance & Taxes	168,071	16.48	16.48
TOTAL OPERATING EXPENSES	7,437,034	694.19	754.92
OPERATING SURPLUS / (DEFICIT)	0	0	0

	2020 BUDGET TOTAL	2020 Per Unit/Wk 1 BR	2020 Per Unit/Wk 2 BR
<u>RESERVES</u>			
Reserve Revenue	2,955,121	261.05	310.90
Total Reserve Revenue	2,955,121	261.05	310.90
<u>RESERVE CONTRIBUTIONS</u>			
Reserve Cap Imp	877,327	77.50	92.30
Reserve Interior F F	1,850,897	163.51	194.73
Reserve Paving	3,442	0.30	0.36
Reserve Roof	15,814	1.40	1.66
Total Reserve Contributions	2,747,480	242.71	289.05
Reserve Painting	207,641	18.34	21.85
TOTAL RESERVES	2,955,121	261.05	310.90
RESERVE SURPLUS / (DEFICIT)	0	0.00	0.00

FHRC SUITES OWNERS ASSOCIATION, INC.
ANNUAL ASSESSMENT BILLING BUDGET
JANUARY 1, 2020 THROUGH DECEMBER 31, 2020

SUMMARY	2020 BUDGET TOTAL	2020 Per Unit/Wk 1 BR	2020 Per Unit/Wk 2 BR
OPERATING FEE	7,274,884	678.29	739.02
CAPITAL RESERVE	2,747,480	242.71	289.05
PAINTING RESERVE	207,641	18.34	21.85
REAL ESTATE TAX	354,877	31.35	37.34
TOTAL AMOUNT BILLED	10,584,882	970.69	1,087.26

RESERVE ANALYSIS FOR THE PERIOD
JANUARY 1, 2020 THROUGH DECEMBER 31, 2020

	Average Estimated Useful Life as of 1/1/2020 (in years)	Average Estimated Remaining Life (in years)	Estimated Replacement Cost as of 1/1/2020	Estimated Fund Balance as of 1/1/2020	2020 Proposed Reserve Funding	2020 Assigned Interest Earned	2020 Projected Expenses	Estimated Fund Balance as of 12/31/2020
<u>Replacement Fund</u>								
Interior	12.18	3.58	\$ 17,594,299	\$ 2,879,469	\$ 1,850,897	\$ 77,928	\$ 21,855	\$ 4,786,439
Roof	10.00	7.00	382,929	24,416	15,814	666	-	40,896
Painting Reserve	6.82	2.73	2,201,476	320,580	207,641	8,743	-	536,964
Paving	11.00	7.00	61,600	10,115	3,442	145	4,800	8,902
Capital Improvements	13.07	7.44	12,020,420	1,941,386	877,327	36,944	586,866	2,268,791
			<u>\$ 32,260,724</u>	<u>\$ 5,175,966</u>	<u>\$ 2,955,121</u>	<u>\$ 124,426</u>	<u>\$ 613,521</u>	<u>\$ 7,641,992</u>