



Magens Bay Villas Club

Dear Members,

As most of you are aware, the hurricane season this year has set new records for intensity and duration in the Caribbean and on the mainland. Hurricanes Irma and Maria were both category 5, and both hit the Virgin Islands days apart. While every year we make preparation for the hurricane season, it was impossible to account for the intensity of these two hurricanes.

Storm damage to the resort has exceeded, by a very large margin, damages we have received in any hurricane season in our history. At present, we are working with our insurance adjusters and their engineers to ascertain the total structural and collateral damages to the resort and what is covered by our policies.

The insurance process, based on what our adjusters tell us, will take 8 to 12 months before a settlement can be reached. While we have requested an advance from our insurance company to start repairs, given the damages in both the mainland and the Caribbean, we have been told it will take them longer than usual to obtain said advance. Meanwhile, we continue with the cleanup and the minimum repairs necessary to prevent further damages and we have received with Irma and Maria. At this time, our cash reserves are depleted, and we do not have the financial ability to self-fund more than the most basic cleanup and repairs. We will have to wait for our insurance settlement in order to determine if we will rebuild or permanently close.

Once we know the extent of the damages and what is covered by insurance we will be able to decide what we are going to do. If we decide to close, members who have paid their 2018 maintenance/operations fees or any other members who have paid in advance for stays will receive a refund. In the case of members who have signed up for the mini club, the club fee minus the original cancellation fee that was applied to the purchase of the mini club purchase will be refunded. The balance of the insurance proceeds, net of debt, will then be distributed to members in good standing and the resort and clubs closed permanently.

If the decision is to rebuild, net insurance proceeds will be applied to the reconstruction of the resort. If the net insurance proceeds we receive is insufficient, members will be assessed for the shortfall. If an assessment is required to rebuild the resort and members decided not to pay or hold off paying until after the reconstruction is finished, the resort and clubs will close. The effort to reconstruct must be done as a cooperative effort or not at all.

At present, the resort and clubs are closed until further notice. If everything comes together and the decision is made to rebuild we will do so as quickly as possible provided the materials

to do so are available on island. If we decided to rebuild, given the extent of damage to the Virgin Islands and Puerto Rico and the availability of resources in our area we do not feel that we will be open for club members and tourists until the end of 2018 or the beginning of 2019. Members who are not able to use their membership during this period will receive an extension of their contract.

In regard to member vacation plans, we apologize for the situation and will work with RCI to see what vacation alternatives are available for our members. We greatly appreciate your support while we move forward and will do our best to minimize the negative impact. Since our telephone lines, the internet and most of the cell towers are still down, please be patient when trying to communicate with us directly.

To date, communications to and from St. Thomas have been either nonexistent or extremely spotty. Also, many of our staff have lost their homes and are trying to cope with the enormity of the situation while still trying to help clear away the debris at the resort.

It is very difficult to predict the future of the resort until we have finish with the damage assessment and the insurance claim. We realize that some members will not want to have to cope with the situation and want out of their membership contracts. At their option, members in good standing who want to cancel their contracts may do so after sending us a notarized letter stating they are cancelling their contract along with the cancellation fee. If you want to discuss this alternative, please contact Viola Morton at 340-777-6000 or email viola@flamboyantresortvi.com. Until our communications are restored, you may also send your request to Oombaga at 941-684-1617 or info@magensbayvillaclub.com, and they will get it to us as soon as possible.

Sincerely,

Michael and Mercedes Shelby



Magens Bay Villas Club