

MARRIOTT'S CYPRESS HARBOUR NEWSLETTER

Spring 2019

Dear Marriott's Cypress Harbour Owners,

The Board of Directors had our spring meeting amongst all the new growth of flowers and trees at our "home away from home." Read on for updates fresh from our meetings.

OPERATIONS UPDATE

The 2018 guest satisfaction survey or "GSS", which tracks owners and guests' level of satisfaction in a multitude of areas, again surpassed the previous score. The year-end overall number was 96.8% or a .7% increase over 2017. In fact, the resort achieved "2018 MVW World Class achievement in Guest satisfaction" which is the highest score in our size class and second in the entire company! Thanks to the management team and each and every associate for outstanding dedication to our owners and guests and their quiet enjoyment of our home away from home.

The associate engagement score for 2018 was up by 7% over the previous year. Here as well, the resort achieved "2018 MVW World class achievement in Associate Engagement" and the highest score for our size resort and second highest in the entire company. As we've said before, happy associates make for happy owners and guests! The management team is commended for its commitment to ensure a rewarding, safe and productive workplace.

The third prestigious award achieved is "MVW 2018 World Class Resort". And finally, the "2018 Activities Top Performer" award was bestowed due to the highest Guest satisfaction scores in the entire company.

We have a lot to be proud of and celebrate!

FINANCIAL UPDATE



We are happy to share our year end 2018 results were even better than expected. The operating fund ended with a revenue surplus over expenditures totaling \$1,150,425. The primary reasons for this success story are:

- An excellent job by the management team in controlling expenditures.
- Unfilled positions for a period of time when management determined the results were not at risk.
- Unbudgeted non-member income of \$315,000.
- Significant energy savings from consumption reduction efforts.

As a result, \$315,000 was transferred to our reserves for future expenditures (from operating surplus) and we were also able to reduce the overall operating maintenance fee by \$260,100 (\$10 per unit week) by using surplus funds to offset operating expenses.

As of March 2019, we are \$174,242 ahead of budget. The current year is benefitting from a high occupancy rate and better than expected weather. These factors meant improved results from the Galley Grill and MarketPlace. In addition, the management team has maintained the largest expenditures under budget. Financial highlights for this period are:

- Lower than expected Housekeeping expenses.
- Energy savings due to our conservation efforts.
- Lower than expected insurance premiums.
- Non-member income of \$98,064, approximately 25% from interest income and 75% from the Galley Grill and MarketPlace.

We had a highly successful annual audit, conducted by PricewaterhouseCoopers LLP. That led to receiving the highest rating an audit of our kind can receive.

~~The auditors commented on the accuracy of our budget process during their presentation.~~

Should you wish to review the Audit, please contact Christopher.Cawthorne@vacationclub.com. Chris will provide a copy upon an Owner's request at the expense of the Association. ~~The auditors commented on the accuracy of our budget process during their presentation.~~

The property tax stayed flat last year, which was welcome news. However, our protest of the assessed property values, determined by the Orange County and used to determine our real estate tax rates, continues. The challenge has expanded to include 2017, 2018 and 2019. We hope we can expedite the mediation process into the fall and will have more news as the year progresses.

PROJECTS UPDATE



We completed the next phase of our Villa Refurbishment Project, impacting Buildings 69, 70, 71, and 72 earlier this year.

One of Engineering Department's major accomplishments in 2018 was implementing an inventory program for shop supplies. The program allows engineers to scan materials used for daily repairs and projects ensuring an accurate count of materials and parts.

A proposal was made for new furniture for the interior of the Activities center by the design team. The furniture needs replacement and the opportunity was seized to design a warm and fun atmosphere while providing useful and modular furniture. We are moving forward with pricing for this project.

The exterior of the Activities Center is in the spotlight. Last fall, approval was given for an as-built survey and schematic design. These have been completed and a full set of construction plans is the next step. Wood + Partners landscape architects presented specifics including materials and plans at the Spring Board meeting. We were enthusiastic about the fine work done so far and approved moving forward with final drawings and putting the project out to bid.

Last newsletter, we told you we were looking to build a prototype in 2020 for the conversion of the jetted tubs, which are at the end of their useful life. The design team presented again at the board meeting and will begin work on two mock up units for the board to examine at the fall 2019 meeting. We have identified additional cost savings and we want to have enough time to evaluate options.

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The Galley Grill restrooms are in the budget for refurbishment in 2019. The concepts proposed at this meeting by the design team were favorably received and approval was granted to begin work on September 3, 2019.

ASSOCIATE NEWS

It is always bittersweet to report that our terrific associates are moving on. We will surely miss them but are happy for their success.

Sarah Simmons, Senior Assistant Controller was promoted to an expanded scope of work on Hilton Head Island where she will be responsible for three Associations. In addition to 1 ¼ years at Cypress Harbour, she worked at Grand Chateau and Canyon Villas. The cats on property will also miss her as she frequently cared for them. Way to go, Sarah!

Her replacement is onboard. His name is Edward (Eddie) Hanks and he joins us from Oceana Palms where he spent the past year. Eddie brings a bachelor's degree in finance and an MBA and is looking forward to his new position.

Greg Moore has been promoted to Director of Rooms at Lakeshore Reserve. He has been with us for two plus years as Front Office Manager where he achieved many successes including achieving our highest level ever in problem resolution and overall satisfaction.

Jonathan Mills has been appointed Regional Manager Global Safety & Security, Florida, Caribbean and Mexico region. He began at Cypress Harbour as Director of Safety and Security in 2010. In the ensuing nine years, he made the team a role model for the company.

The senior management team at our resort gives three awards annually. Winners for 2018 were:

- Manager of the Year Joao Da Silva, Operations Manager
- Associate of the Year Gretchen Schmitt, Activity Operations Supervisor
- Department of the Year **"Safety and Security"**

The Safety and Security team finished 2017 with a Safety and Security score of 97.9%. In 2018, the team came together and had a connected vision of moving our score from 97.9% to 98.1% by December 31, 2018. With this vision for success, the Safety and Security score rose .6% to 98.5%. This was one of the top scores ever for the team.



Housekeeping has been focused on elevating the level of service provided to owners and guests. To assist us with this, photos have been added next to the elevator on the ground floor of each building of the Houseman and Team Leader responsible for that building, allowing guests to have a point of contact in their building. Thanks to this initiative, we have seen an increase in guest recognition for our team members.

Associates have continued to show their love for our community through volunteerism in “Spirit to Serve.” Highlights include donation of over 5,600 pounds of food (with participation of owners and guests as well) to Second Harvest Food Bank, over \$57,000 raised for Children’s Miracle Network and more.

NEW INITIATIVES

There are plans to offer a new enhancement to our communication with owners and guests after their arrival by using a text message service. You will be able to contact site operation team via text to request items for your villa, the Activities Guide, resort updates and much more.

The Board approved the management team’s recommendation to install stair treads on the lower portion of exposed stairs in each building. These will not only upgrade the appearance but also improve preventing trips and falls.

ACTIVITIES

For people looking to stay cool, our new “Blaster Boats” are the way to go! Up to three riders at a time can enjoy these electric boats that include a water blaster to soak others on the lake. These boats have been a huge hit with our guests looking to have fun and stay cool.



Family Field Day is fun for the entire family! Guests join us at the soccer field for an afternoon of activities including relay races, water balloons, music prizes and giant inflatable games for our guests of all ages. Family Field Day offers something for everyone and is the perfect way to spend your day on property. This activity is offered in season in good weather.

An addition to our wide variety of alcohol-related classes, our Wine & Chocolate Pairing is the perfect combination of sweetness. Guests 21 and over enjoy 4 different wines paired with a variety of gourmet chocolates.

clubTHRIVE Face Masks & Shavasana - This newest addition of our on-site Wellness Program has been a huge hit with our Owners and Guests. During this class, you will relax and rejuvenate with a do-it-yourself face mask workshop followed by a 30-minute meditation.

FOOD AND BEVERAGE

Our largest initiative in 2018 was changing our Galley Grill and Pavilion Bar menus. During this change, the Food and Beverage leadership focused on finding items which match our Owners and guests’ ever-evolving standards and tastes. We focused on creating a diverse menu to deliver quickly, while also focusing on the health-conscious consumer. We have expanded our vegetarian options, and are focused on using fresh, local products to help reduce our environmental footprint.



One item we are extremely excited about is our Impossible Burger. The Impossible Burger is a vegetarian burger made from plants which have the same taste and mouth feel of a beef burger. The Impossible Burger not only tastes great, but is also produced using 95% less land, 74% less water and 87% less greenhouse gas emissions. This burger is unlike any vegetarian burger option you have tried before! Be sure to stop by the Galley Grill and try one during your stay.

Along with the new menu at the Galley Grill, we have also added new sections to the Pavilion Bar menu including an "After 5" section which offers our guests another option for their dinner needs. Adding this menu helps us capture those guests who want to stay on property but would like a sit-down experience.

ALL THINGS 'GREEN'



Cypress Harbour has a "green champion committee" led by Joas Da Silva, Operations Manager. The team continues to look for ways to reduce our footprint and protect our environment. Some programs in place include:

- Recycling room RFID cards
- Recycling bins in every villa laundry room
- Diverting landfill deposits by recycling appropriate items
- Participating in "Clean the World" by donating soaps, etc for global hygiene

In 2018, Engineering installed four additional Camus boilers, (a reserve related project) bringing our total number of boilers replaced to 26 of the 44 total. In conjunction with the boiler replacement was the installation of circuit setters in Buildings 50 - 53. The circuit setters have improved the expedience of hot water reaching the villas in a timely manner. The decision was also made to replace all villa dishwashers with new Energy Star units.

Four new EV Connect car-charging stations have replaced the former Tesla charging stations. This has given the resort an opportunity to supplement electrical savings with a modest cost to our customer for using the stations.

EARTH DAY @ CYPRESS HARBOUR

Cypress Harbour was treated to a special Earth Day event with the assistance of our Landscaping Manager, Tristen Bowen. She informed us of the importance of pollinators and what we can do to help preserve their populations. We then planted flowers to help our pollinating friends. Thank you, Tristen!



END NOTES

Our next Board meeting will be at Cypress Harbour on Thursday and Friday, October 17 and 18. The annual meeting will be on Friday, October 18 at 4 PM at the Breakers Building. Hope to see many of you there!

Warm Regards,

Patti Soltys, for the Board of Directors

Deb Gammon, President
Patti Soltys, Vice-President
Gonzalo Ponce, Treasurer
Malcolm Seheult, Secretary
Mike DiGiovacchino, Director

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