

December 26, 2018

Dear Marriott's Cypress Harbour Owner:

It's my pleasure to introduce you to the [Winter 2018-2019 Newsletter](#) from your Board of Directors. In this issue, you'll learn about the latest developments taking place at your home away from home in Orlando, Florida.

Best regards,

Herbert Vogt
General Manager
Marriott's Cypress Harbour

Deb Gammon
President
Cypress Harbour Condominium Association, Inc.

MARRIOTT'S CYPRESS HARBOUR NEWSLETTER

Winter 2018 – 2019

Dear Marriott's Cypress Harbour Owners,

Welcome to your Winter 2018 – 2019 newsletter. We held our normal two-day Board of Directors meeting in late October, followed by the annual meeting on Friday, October 19. We were happy to have some Owners join us. There are many updates as well as news for you below.

OPERATIONS UPDATE

We are pleased to report the latest Guest Services Survey results are very positive for the resort. Overall satisfaction is rated at 96.7% which is 0.5% better than last year. All other measures are improved, and problem resolution satisfaction is significantly higher as well. Congrats to the team for continuing to surpass expectations for our Owners and guests!

In a previous newsletter, we stated the jetted tubs in the master bedroom of villas are nearing their end of life. Replacement parts are getting very scarce and additional labor is needed to keep them operational. We surveyed Owners and the highest number of votes was for an enhanced shower experience (there will continue to be a bathtub in the guest bathroom). After much discussion, your Board has approved a conceptual plan for this upgrade; however it does have a significant price attached. We will continue to repair the jetted tubs while we begin saving funds for the project. The plan is to build a prototype in 2020 and begin phasing it in with the next major renovation cycle starting in 2025.

FINANCIAL UPDATE

The Cypress Harbour team financials are forecasted to be very good again this year.

Our budget is built with a goal of having our revenues and expenses match, however the management team has historically been very successful in surpassing it which generates a surplus in the Operating Fund. This year is no exception, and the 2019 budget includes a surplus return of \$10 per unit week.

The budget for 2019 is estimated at about \$34.5 million, a 2.2% increase versus last year. As you know, the budget is comprised of three portions: Operating (62%), Reserves (28%) and Tax (10%).

The operating budget for next year has a slight increase. The largest of those increases in our controllable expenses in the 2019 budget are:

- Full staffing of the Front Desk and Loss Prevention departments.
- A 3.5% increase in electricity due to anticipated rate increase.
- Insurance rate increase as a consequence of the 2017 hurricane season.
- Legal expenses to continue with challenging the property tax assessments with Orange County for the years 2017 and 2018.
- A provision to maintain our hourly workers wages competitive, if necessary.

The reserve budget for next year has a 5% increase representing on average \$373 per unit week, or about \$18 more per unit week. In this reserve budget are funds needed to complete all the projects planned for next year, including the WIFI, TV and VOIP systems upgrades.

The annual assessment for 2019 per villa week is \$1,360.20 for Special weeks, \$1,292.58 for Sport weeks and \$1,328.57 for Summer weeks.

The Market Place & Grill is forecasting a profit of \$238,000. These profits are the primary funding source which has allowed us to complete resort upgrade projects over the past 15 years (2003-2018), in the amount of \$6.7 million, without increases in Owner's annual fees.

Finally, PricewaterhouseCoopers LLP reported the resort annual audit was passed without any comments. If you want a copy of this audit result, let us know.

PROJECT UPDATES

During 2018, the team completed a variety of projects; this included 73 reserve projects.

Refurbishment Phase 4 included Buildings 60, 62, 73, 74 was completed in May 2018. We will continue in January 2019 with the final Refurbishment of the buildings 69 to 72. After this refurbishment, all Villas will have the new design.

We continued with the **installation of energy efficient boilers**; at this stage 50% of the resort buildings have these new boilers.

Internet TV HDMI adapters

We have installed in all of our villas an HDMI switch located underneath the living room TV. This will give our guests the opportunity to plug additional devices to the living room TV without having to unplug any of the devices that are currently connected to the TV.

Hot water mixing valves and circuit setters

We are working on installing hot water circuit setters to all of our buildings hot water system. This will help increase the response time for hot water to reach the villa when needed. This project will take the better part of 2019 to be completed. Phase 1 and Phase 2 which includes the buildings from 50 to 57 and building 63 are already done.

Second lint trap installation

We installed in all of our villas a secondary lint trap located behind the dryers, to help decrease the amount of lint which accumulates in front of the villa entrances.

Shopping carts have been added to each building; this was a suggestion by Cypress Harbour Owners.

An installation of **Grab bars in the second bathroom** and in the **Master Bath Shower** will be completed by February 2019.



Emergency Resort Generator

The current single Dayton 40kW emergency generator runs on natural gas and is located near the Clubhouse Pool mechanical. It has limited capacity. The Board approved a 150kW generator at the current location, with minor adjustments to make it fit. This generator will be able to power up the lighting, electrical outlets and small air conditioning equipment in the Clubhouse, Galley Grill, Marketplace and Pavilion Bar. It will allow us to run resort operating systems during power outages and will also provide cell phone charging stations for guests in key locations during outages. Additionally, it will be capable of charging guests' life safety equipment in the Clubhouse. This project will be completed by Spring 2019.



WIFI

Our contract with the current provider is scheduled to expire on May 31, 2019. We have determined this is the time to upgrade our internet system to keep up with increased demand and security standards. We will be increasing Wi-Fi coverage in common areas and parking lot by adding access points (APS), allowing our guests and associates to maintain better connectivity as they move throughout the resort.



Phone

The current Cisco phone system has gradually started to decrease reliability and functionality for our resort staff. This is mainly due to Cisco Systems company stop supporting our aging equipment. We have been asked by the resort to upgrade the Cisco phone system in 2019 so they can better communicate with guests and staff. In 2019 the phone system will be upgraded to a cloud base system with better reliability and functionality for our resort.

TV

The contact with our current provider is scheduled to expire on June 17, 2019. We have decided to take this opportunity to upgrade our TV system. The new platform will

provide a smart TV concept, providing guests the option of accessing TV streaming applications like Netflix, Hulu, YouTube, etc. This system will be installed the later part of 2019.

SPIRIT TO SERVE

In 2017, record amounts of food and money were raised for the community. It is amazing that 2018 is even better. The Associates and Management Team at Cypress Harbour, led by Guest Relations Manager, Amanda Scott, demonstrate their commitment to the community by all they do. The volunteer hours, for example, are not paid hours, but are truly volunteered time of each and every associate.

2,040 lbs. of food were donated to Second Harvest Food Bank through September 2018.

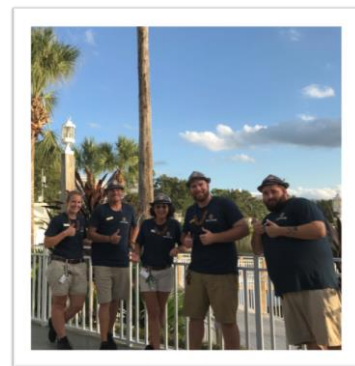
92 SERVE events were completed including: Hoops Challenge basketball tournament, Engineering Car Wash, Treadmill Challenge, and many more! These events raised almost \$55,000 for Children's Miracle Network. In addition, toiletries were collected, eyeglasses were gathered for the Lion's Club, and the team successfully completed a school supply drive.

YOU can help us help others: buy a wristband or brick or donate to Children's Miracle Network by dropping a contribution in the container at the Front Desk. Any unused, non-perishable food can be left in the reception area for the local food bank. Together, we can make a difference!



20 YEAR ASSOCIATE SERVICE RECOGNITION

Your Board once again had the honor to recognize Associates who achieved their 20-year milestone service anniversary. At the annual meeting, each was recognized with a framed, signed certificate, a letter of appreciation and \$1,000 added to their Marriott account. This year we celebrated a total of 10 anniversaries bringing the total, as listed on a wall plaque, to 37. Having so many long service employees says a lot about the Management team's ability to retain great Associates.



OKTOBERFEST AT CYPRESS HARBOUR

The fun never stops! The Cypress Harbour team celebrated Oktoberfest every weekend in October. Owners and guests enjoyed our accordion musician playing traditional Oktoberfest music as well as food and beverage specials including: bratwurst on pretzel rolls, German potato salad, pork loin and strudel. The Activities team also hosted pretzel necklace making with guests and we performed the "chicken dance" on the pool deck. There was also "Stein Holding" contests where guests attempted to hold a full stein for the longest period of time for their chance to win a prize!

GREEN INITIATIVES

Cypress Harbour diverted 68.04 tons of material from trash into recycling in 2018. This is more than two tons over last year. We thank all our Owners and guests for doing their part to be responsible stewards of our environment.

Cypress Harbour is also supporting Clean the World, a social enterprise with a mission to protect the environment and save millions of lives by leading the global hygiene revolution. It is the world's largest organization to recycle hotel soap and hotel amenities. It is also the first "benefit corporation," or "B" corporation established in Florida.

- Cypress Harbour is Number 1 in MVCI all time for bottles recycled through the program with 6,339 lbs.
- Cypress Harbour is Number 2 in MVCI all time for bars of soap recycled with 10,448.02 lbs.
- Cypress Harbour is Number 3 in MVCI year to date 2018 for recycling 791.92 lbs soap.

HOW TO ACCESS OUR ASSOCIATION INFORMATION ON-LINE

At the annual meeting, a question was raised about how Owners can go online for information about Cypress Harbour. We responded that budgets, minutes, and other information is there, and we would communicate it to all in this newsletter. Here is how to access:

Accessing Association Documents

- Log into Owners Website using login and password.
- Using dropdown at Education & Resources, click on Owners Association.

Accessing Budgets ** To access you must first register for eBilling**

- Log into Owners Website using login and password.
- Using dropdown at Account, click on Overview.
Under Pay Fees, click on View Maintenance Fee Package(s).

I READ IT ON THE INTERNET...is it true?

On another matter, we have recently received some emails from Cypress Harbour Owners who discovered Marriott information on non-Marriott Vacation Club websites. As you can imagine, it may or may not be true.

Your Board of Directors recommend owners either contact Owner Services or visit the official website to insure you are getting correct information related to your ownership. There are countless unauthorized websites which operate in the timeshare space and it would be unreasonable for all of them to be monitored. Therefore, we cannot guarantee

the accuracy of the numerous non-company sponsored websites which operate in that space.

END NOTES

Finally, on behalf of the Board of Directors, we would like to thank each of you for your continued support of our world class resort. This is the result of a dedicated and caring management team, happy and motivated associates and appreciative and involved Owners. We look forward to your next visit to “our home away from home”. Always feel free to reach out to any of us with questions or comments.

We hope you and yours have a wonderful holiday season.

Warm regards,

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