

Cypress Pointe Resort



June 2011

MESSAGE FROM YOUR BOARD OF DIRECTORS

Dear Cypress Pointe Owner:

Enclosed is the 2012 Presentation Budget for Cypress Pointe Resort. This budget was prepared by our General Manager and management company, Vacation Resorts International, and was reviewed during the last Board of Directors meeting held on Friday, May 20, 2011. This Presentation Budget is the first step of the annual budget process. Pursuant to Article 4, Section 9 of the Association Bylaws, the Board sends notice to all owners that it will conduct its Annual Budget Workshop Meeting on Friday, July 15, 2011 at 1:00 PM. The budget proposed by the Workshop will then be presented for approval at the Board of Director's regular meeting the following day, Saturday, July 16, 2011, which is scheduled to begin at 9:00 AM. Please check at the Clubhouse for the exact location of the Budget Workshop. The Board of Director's meeting will be held in the Clubhouse at the Resort.

The Presentation Budget is a preliminary budget that reflects the full estimated operating costs of the Resort at 100% funding, continuing at the same levels as 2011. The numbers reflect a conservative approach to maintain the current level of service and scheduled maintenance. During the last nine years, we have continuously improved our collections activity and offset a sizable portion of the bad debt through our rental programs. For 2012, the Presentation Budget anticipates an increase in operational costs as well as the previously scheduled increase for reserve funding put in place as part of our long-term resort financial plan of 2004.

As you may recall, we had put forth efforts to challenge our property tax bills and were successful in dramatically lowering our overall taxes. Then Orange County challenged those results and the Association/Board of Directors fought back. It has been a very long and sometimes frustrating process, however, we put forth a "best and final offer" to Orange County in March. As of very recently we were apprised that the County accepted our offer, which is great news! We are awaiting a final notice from Orange County, in writing, and a reconciliation of numbers so we do not have the net effect to share at this point. What we can tell you though is that the taxable values have been reduced significantly for previous years, along with the upcoming 2011 tax year, which in turn will have a positive impact on our tax bill. The initial taxable values for 2010 were almost \$27 million. We settled at \$22 million for 2010 and \$20 million for 2011.

The master plan for our capital budget also contains a 2% per interval increase to ensure that we have adequate funding for our capital budget in the future. This was a key part of the plan that was set in motion during the last special assessment designed to ensure that there would not be a need in the future for another special assessment. The third group of units for the first round of the 2010 renovation were started in January 2011 and will continue in groups of 32 units every six months. To date, we completed renovations to 96 units. This work has been fully documented in past newsletters and includes the bathroom doors, all cabinetry, floor tiles, granite countertops and much more. In September 2012, the second part of the 2010 renovation will begin. This will include new furnishings, carpet, paint colors, soft goods, select entertainment equipment and more. Watch for details both on the Resort website and in future newsletters. In addition, we are currently expanding the guest area behind the signature Volcano pool with an all new child's playground based on a Dinosaur theme complimenting the Volcano. As a family resort, the limited amount of kids playground equipment has been an issue. By expanding the popular guest area around the pool, relocating the sand volleyball court and installing expanded decking, we are maximizing the available guest area and utilizing previously restricted space. Completion is expected by mid-June 2011 and will be available to guests this summer.

There is a major operational change anticipated on or about May 1, 2012. At that time the two independent Associations that operate and maintain Cypress Pointe Resort, AKA Phase 1, and Cypress Pointe GrandeVillas – Cypress Pointe Resort II, AKA Phase 2, will discontinue the shared check-in desk in the Phase 1 Clubhouse and end the sharing of selected expenses. This change is being made as the GrandeVillas Association has decided to build their own check-in building on their property.

As part of the agreement to end the sharing of facilities and associated expenses, Grande Villas will be announcing a new name. The ability of guests to continue to use the common facilities at both resorts will not be changed. The change only involves splitting the front desk into two dedicated operations and the end of shared expenses between the two Associations. The presentation budget reflects that change.

The Board is committed to holding annual fees as low as possible while meeting all the goals of the 30 year maintenance and

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MESSAGE FROM YOUR BOARD CONTINUED...

upgrade plan as adopted in 2004. It is our hope to bring the 2012 operating budget in at a level that will be at or below the cost of living increase. The Presentation Budget would result in an average annual fee for 2012 in the amount of \$962.47 or a 7.8% increase. The Board, however, will strive to finalize a budget below that amount which will still include provisions for full payment of all taxes anticipated to be due as well as full funding for anticipated reserve needs.

We encourage all owners to communicate with the Board

regarding the budget. The Board welcomes your input in the discussion and all input is valuable in the process of establishing the budget and operation of the Resort. You may contact the Board through a variety of means including the general Board email which is cp1@cypresspointe.net, by fax at 707-924-2213 or by mail addressed to the Resort. The Board also encourages your participation in the Yahoo Group that allows the ownership to speak conveniently in a moderated forum with other owners and Board members. Finally, owners can get the latest information about the Resort at www.cypresspointe.net. For owners who are able to attend the Budget and/or Regular Board meetings, we look forward to seeing you in July.

Budget Meeting Notice

This is your notice that a Board of Director's meeting of the CYPRESS POINTE RESORT AT LAKE BUENA VISTA CONDOMINIUM ASSOCIATION, INC. will be held on **Saturday, July 16, 2011 at 9:00 a.m. at Cypress Pointe Resort**. Included in the business of the meeting is approval of the 2012 budget, which will determine the 2012 maintenance fees. Owners are welcome to attend the Board of Director's meetings and we encourage your participation. An agenda for the meeting is also included in this newsletter.

As in the past, the 2012 maintenance fees and real property taxes will be billed to all owners after the budget has been approved by the Board of Directors. It is imperative that all owners remit their payments in a timely manner, as non-payment of assessments by some owners creates an additional financial burden for the Association and all other owners. The expense incurred with a collection agency as well as the expense for professional fees for filing liens and possible foreclosure will be charged to any owner who becomes delinquent, in addition to late charges. The Association's Assessment Billing and Collection Policy will be mailed to you along with your annual assessment billing so as to clearly identify the procedures for collecting fees. Please remember that these procedures are not intended to harm or punish anyone. It is simply good business to take a serious business like approach to the collection of maintenance fees and it is in the best interest of all owners that the Association does so.

ARDA – RESORT OWNERS COALITION (ARDA-ROC)

The ARDA-Resort Owners Coalition (ARDA-ROC) is a non-profit program sponsored by the American Resort Development Association (ARDA). ARDA-ROC is the first line of defense against legislation that may negatively impact timeshare owners and their well-being. Through ARDA-ROC, owners can be part of an effective grassroots lobbying coalition of timeshare unit owners dedicated to preserving, protecting, and enhancing vacation ownership. ARDA-ROC is comprised of one-million plus timeshare owners across the country who voluntarily contribute to advocate for local, state and federal policies that are beneficial to timeshare owners. Collectively, through their contributions, they have saved timeshare owners millions of dollars through lobbying efforts that were made possible with these contributions.

On your 2012 maintenance fee bill, you will see a five dollar (\$5.00) voluntary ARDA-ROC contribution. Please note that this is VOLUNTARY. Include the \$5.00 contribution with your 2012 maintenance fee payment only if you so choose.

CAUTION! DON'T BE A VICTIM! CAUTION! SCAM ALERT!

While the title of this article may seem alarming, quite frankly, it's meant to be and here's why...

As the economy took a turn for the worse the number of timeshare resale, or "relief", companies began to sprout like weeds. We are sure you have all received both post card mailings and telephone solicitations making false representations of their ability to "sell" timeshare intervals for vast sums of money. Often times the solicitation invites owners to hotel meetings to make a presentation. Once there, owners typically find out THEY have to PAY to have these unscrupulous relief companies take ownership of the interval. The company takes your money and leaves a trail of false hope, unresolved promises, and possible liability in their wake, not to mention unpaid maintenance fees that now have to be absorbed by all of the other owners. This scheme impacts every owner! Sometimes the relief company never even transfers the ownership. This leaves the original owner still legally and financially responsible for the unit even after they paid the relief company to take it.

Some other "relief" companies practice similar tactics solely by telephone. The caller will make false representations that they work for Cypress Pointe. They probably don't even know where the Resort is, just ask them. They will tell you they have a buyer for your timeshare – someone who's willing to pay \$15,000 to \$20,000, BUT – you have to pay them some amount of money first. We've had owners tell us they paid anywhere from \$1,200 to over \$5,000 to these companies only to find out later they've been scammed.



Don't be a victim! Remember, if it sounds too good to be true, it usually is!!

**CYPRESS POINTE RESORT AT LAKE BUENA VISTA
CONDOMINIUM ASSOCIATION, INC.
BOARD OF DIRECTORS
BUDGET WORKSHOP MEETING AGENDA**

Staybridge Suites Lake Buena Vista
8751 Suiteside Drive, Orlando, FL 32836
Friday, July 15, 2011 at 1:00 p.m.

- I. CALL TO ORDER/ROLL CALL**
- II. NOTICE & QUORUM VERIFICATION**
- III. APPROVAL OF AGENDA**
- IV. NEW BUSINESS**
 - A. General discussion regarding proposed 2012 Association Budget
- V. ADJOURNMENT**

**Save the Association Money
and Help the Environment**

All Cypress Pointe Resort owners may elect to have general communications from the Association delivered to them electronically instead of in the mail. All such communications will be posted on the Association website. If you elect to receive these communications electronically, you will receive an email each time there is a new communication on the site, advising you exactly what the message is and where to find it. Most communications from the Association to the owners are contained in periodic newsletters, which are already available on the website to view, print and/or download. We have the opportunity to save substantial sums of money by potentially eliminating the printing and mailing costs of thousands of newsletters each and every year as well as the opportunity to do our part to slow the consumption of our natural resources. However, it is up to each owner individually to decide whether to take advantage of this opportunity.

For the Association to stop mailing newsletters to you in favor of electronic delivery as described above, you must give your consent. It's easy...just go to the Owners Section of the Association website www.cypresspointe.net and click on "Save the Association Money and Help the Environment". You may subsequently revoke your election to receive newsletters electronically at any time.

**CYPRESS POINTE RESORT AT LAKE BUENA VISTA
CONDOMINIUM ASSOCIATION, INC.
BOARD OF DIRECTORS MEETING AGENDA**

Cypress Pointe Resort
Saturday, July 16, 2011 at 9:00 a.m.

- I. CALL TO ORDER/ROLL CALL**
- II. NOTICE & QUORUM VERIFICATION**
- III. APPROVAL OF AGENDA**
- IV. APPROVAL OF PREVIOUS MEETING MINUTES (05/20/11)**
- V. FINANCIAL BUSINESS**
 - A. Financial Reports
 - B. Delinquency and Foreclosure Reports
 - C. Ratification of Transfers
- VI. REPORTS**
 - A. General Manager's Report
 - B. 2008, 2009 & 2010 Property Tax Appeals – Status
 - C. Customer Experience Enhancement Program - Status
- VII. OLD BUSINESS**
 - A. Renovation Project Update
 - B. Pool Area Playground Construction Update
 - C. IP Telephone System Update
 - D. Reserve Study Update
 - E. ARDA-ROC
- VIII. NEW BUSINESS**
 - A. Approval of 2012 Association Budget
 - B. Approval of 2012 Association Assessment Billing and Collection Policy
- IX. NEXT MEETING DATES**

Board Meeting, Saturday, 10/08/11 at 9:00 a.m. (VRI Hyannis, MA office)
Board Meeting, Saturday, 12/03/11 at 9:00 a.m.
Board Meeting, Saturday, 01/21/12 at 9:00 a.m.
Board Meeting, Friday, 03/16/12 at 4:00 p.m.
Annual Meeting, Saturday, 03/17/12 at 9:00 a.m.
Organizational Meeting, Saturday, 03/17/12 after the Annual Meeting
- X. ADJOURNMENT**

BEAT THOSE HOLIDAY AND YEAR END BILLS!!!

Tired of getting hit with all those holiday and year end bills at the same time in December? To help you alleviate this, you can start making payments now for your 2012 Cypress Pointe Resort maintenance fees.

It's easy as 1-2-3! Go to www.cypresspointe.net, click on "Owners Section" and then "Pay Your Account Online". Enter your owner information and make a payment. You can also go to www.vriresorts.com, click the "For Owners Only" section and then "Online Payments", hit the drop-down bar and select Cypress Pointe Resort. Enter your owner information and make a payment – you choose the amount! (minimum \$25.00 please).





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Orlando, FL 32836

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SERVICE DIRECTORY

Cypress Pointe Resort
8651 Treasure Cay Lane
Orlando, FL 32836
Telephone (407) 597-2700 or (407) 238-2300
Front Desk Fax (407) 238-2886
Owner Services Fax (407) 238-7501
Email: cp1@cypresspointe.net
Web-site: <http://cypresspointe.net>

MEMBERS OF THE BOARD

John Chase, President
Ralph Owen, Vice President
Don Wilks, Secretary
Stuart Schwartz, Treasurer
Michael Aliperti, Director
Chris Thimes, Director
Linda Riddle, Director

VACATION RESORTS INTERNATIONAL

271 Crockett Blvd.
Merritt Island, FL 32954
Corporate Service (321) 453-3300

VACATION RESORTS INTERNATIONAL

Reservations Direct (949) 859-2181
Central Reservations - Hours of Operations
Monday through Friday
6:00 a.m. to 6:00 p.m. (Pacific Time)
Saturday
8:30 a.m. to 4:00 p.m. (Pacific Time)
Sunday and Holidays - Closed

OWNER SERVICES (407) 597-3000

EXCHANGE INFORMATION

VRI*ety (888) 203-1044
Interval International (II) (800) 634-3415
Resort Condominiums International (RCI)
Special VRI Owner Line (877) 874-3334
The Club (877) 374-2582

DIAMOND RESORTS SERVICES

For Title Services, Deeds and Mortgage Issues

Mail Office (702) 804-8600
Mortgage Collections (877) 258-2786

Cypress Pointe Resort at Lake Buena Vista Condominium Association, Inc.

2012 - Presentation Budget

For the year: January 1 - December 31, 2012

Revenue:	Annual	Monthly	Weekly	Bi-Annual Weeks
Maintenance Fees	5,615,206	467,934	655.37	327.68
Real Estate Tax **	477,768	39,814	55.76	27.88
Reserve Fee	1,600,800	133,400	186.83	93.42
Roof Loan	552,636	46,053	64.50	32.25
Total Maintenance Fees	8,246,410	687,201	962.47	481.23
Member Interest Income	22,000	1,833	2.57	1.28
Bad Debt Recovery	25,000	2,083	2.92	1.46
Telephone Revenue	11,300	942	1.32	0.66
Cleaning Fees	12,000	1,000	1.40	0.70
Club House Reimbursement	47,007	3,917	5.49	2.74
Kiosk Income	-	-	-	-
Gift Shop Commission	-	-	-	-
Commercial Lease	17,400	1,450	2.03	1.02
Gift Shop Sales	120,000	10,000	14.01	7.00
Lottery Commission	1,320	110	0.15	0.08
Internet Revenue	38,600	3,217	4.51	2.25
Bonus/Vacation Time	10,000	833	1.17	0.58
Interest Income -Operations	12,000	1,000	1.40	0.70
Adm Hold Income	29,575	2,465	3.45	1.73
Split Fee Income	20,000	1,667	2.33	1.17
Miscellaneous Revenue	3,000	250	0.35	0.18
Games Room	40,000	3,333	4.67	2.33
Upgrade Fee Income	4,000	333	0.47	0.23
Front Desk Income	1,000	83	0.12	0.06
Miscellaneous	-	-	-	-
Safe Rental Revenue	14,700	1,225	1.72	0.86
Unit Sale	-	-	-	-
Prior Year Overage	-	-	-	-
COGS - Movies Games	-	-	-	-
COGS - Safe Rental	-	-	-	-
Insurance Reimbursement	-	-	-	-
Discounts	-	-	-	-
Total Revenue	8,675,312	722,943	1,012.52	506.26

Payroll & Benefits:	Annual	Monthly	Weekly	Bi-Annual Weeks
Payroll	2,130,380	177,532	248.64	124.32
Front Desk Commissions	1,200	100	0.14	0.07
Holidays	33,515	2,793	3.91	1.96
Less"Trf to PH2"	(96,741)	(8,062)	(11.29)	(5.65)
Net Payroll PH1	2,068,354	172,363	241.40	120.70
Payroll Taxes	165,686	13,807	19.34	9.67
FUI	5,366	447	0.63	0.31
SUI	2,584	215	0.30	0.15

Workmen's Compensation	78,440	6,537	9.15	4.58
Insurance	748,240	62,353	87.33	43.66
Retirement Plan	17,939	1,495	2.09	1.05
Sub Total	1,018,255	84,855	118.84	59.42
Less: Phase II trfd ben	(43,103)	(3,592)	(5.03)	(2.52)
Net Benefits	975,152	81,263	113.81	56.91
Total Payroll	3,043,506	253,626	355.22	177.61

Operating Expenses:	Annual	Monthly	Weekly	Bi-Annual Weeks
Building Repairs				
Repair and Maintenance Parts				
Furniture Repairs				
Total Building	110,400	9,200	12.89	6.44
	-	-	-	-
Pool Maintenance Contract	54,000	4,500	6.30	3.15
Other Pool Maintenance	7,200	600	0.84	0.42
Total Pool	61,200	5,100	7.14	3.57
	-	-	-	-
Cost of Merchandise - GS	55,200	4,600	6.44	3.22
Lottery Weekly Charges	520	43	0.06	0.03
Cable TV	41,780	3,482	4.88	2.44
Internet	-	-	-	-
Cleaning Supplies	51,480	4,290	6.01	3.00
Miscellaneous Supplies	-	-	-	-
Miscellaneous Supplies	12,585	1,049	1.47	0.73
Electricity	314,000	26,167	36.65	18.32
Elevator Maintenance	3,273	273	0.38	0.19
Electrical Repairs	13,920	1,160	1.62	0.81
Small Equipment	11,281	940	1.32	0.66
Household Items	39,400	3,283	4.60	2.30
TV Repairs	5,760	480	0.67	0.34
Telephone Repairs	25,200	2,100	2.94	1.47
Fire Control System	13,736	1,145	1.60	0.80
Appliances Repairs	21,360	1,780	2.49	1.25
Painting	9,000	750	1.05	0.53
Decorations	6,938	578	0.81	0.40
Aquarium/Bird	720	60	0.08	0.04
Flower Expense	-	-	-	-
Gas	130,680	10,890	15.25	7.63
Gas Pool Heating	-	-	-	-
Amenities Supplies	97,000	8,083	11.32	5.66
Guest Relations	2,345	195	0.27	0.14
HVAC	36,000	3,000	4.20	2.10
Grounds Maintenance	99,000	8,250	11.55	5.78
Electric Bulbs	6,660	555	0.78	0.39
Outside Laundry Service	-	-	-	-
Linen	45,280	3,773	5.28	2.64
Laundry Chemicals	24,600	2,050	2.87	1.44
Fuel	4,160	347	0.49	0.24

Carpet/Upholstery Cleaning	76,756	6,396	8.96	4.48
Outside Contract Labor	65,896	5,491	7.69	3.85
Pest Control	12,521	1,043	1.46	0.73
Plumbing	21,000	1,750	2.45	1.23
Refuse	30,150	2,513	3.52	1.76
Truck Maintenance	2,400	200	0.28	0.14
Water/Sewer	156,500	13,042	18.27	9.13
Telephone Cost	37,944	3,162	4.43	2.21
Reservation Telephone	3,960	330	0.46	0.23
Uniforms	20,119	1,677	2.35	1.17
Promotional - GS	-	-	-	-
Paper and Packaging - GS	-	-	-	-
Equipment Recreational	3,180	265	0.37	0.19
Equipment Repair	19,200	1,600	2.24	1.12
Total Operating Exp	1,693,104	141,092	197.61	98.80

Administrative Expense:	Annual	Monthly	Weekly	Bi-Annual Weeks
Payroll Processing	6,084	507	0.71	0.36
Advertising Employees	3,000	250	0.35	0.18
Credit Card Charges	56,920	4,743	6.64	3.32
Bank Charges	3,960	330	0.46	0.23
Audit Expenses	14,500	1,208	1.69	0.85
Computer Expenses	30,130	2,511	3.52	1.76
ACT Services	2,000	167	0.23	0.12
Assessment Billings	53,824	4,485	6.28	3.14
BOD Expenses	25,000	2,083	2.92	1.46
Equipment Lease	20,424	1,702	2.38	1.19
Legal Fees - Foreclosure	1,800	150	0.21	0.11
Prof/Legal Fees	36,000	3,000	4.20	2.10
Bad Debt	244,735	20,395	28.56	14.28
Management Fees	306,451	25,538	35.77	17.88
Accounting Fees	60,480	5,040	7.06	3.53
Reservation Fees	-	-	-	-
Office Supplies	23,770	1,981	2.77	1.39
Travel	2,100	175	0.25	0.12
Master Association Dues *	20,400	1,700	2.38	1.19
Storage	-	-	-	-
Income Tax	-	-	-	-
Education Training	11,789	982	1.38	0.69
Employee Relations	24,626	2,052	2.87	1.44
Postage	15,000	1,250	1.75	0.88
Newsletter	32,000	2,667	3.73	1.87
Printing & Stat - Admn.	28,782	2,399	3.36	1.68
Total Administrative	1,023,775	85,315	119.49	59.74

Fixed Costs:	Annual	Monthly	Weekly	Bi-Annual Weeks
Insurance Expense	260,910	21,743	30.45	15.23
Licenses	5,676	473	0.66	0.33
Division Fees	17,136	1,428	2.00	1.00

Real Estate Tax	477,768	39,814		55.76		27.88
Reserve Fee	1,600,800	133,400		186.83		93.42
Roof Loan	552,636	46,053		64.50		32.25
Settlement	-	-		-		-
Financial Charges - Loan	-	-		-		-
Total Fixed Costs	2,914,926	242,911		340.21		170.11
Total Operating	5,631,805	469,317	-	657.31	-	328.65
Total Expenses	8,675,312	722,943	-	1,012.52	-	506.26
NET INCOME	(0)	(0)	-	(0.00)	-	(0.00)

Total Number of Units	168
Total Number of Weeks	8,568

*The Association is a member of The Vinings at Cypress Pointe Property Owner's Association, Inc. (the "Master"). The Master is responsible for the operation of the common areas of the Cypress Pointe development. The Association is assessed for a share of the common expenses of the Master, based on acreage.

** Calculated based on the amount billed as assessed less estimated assessment adjustments, plus estimated increase for 2012. Records will be maintained at the resort and at the office of the management company.

Cypress Pointe Resort at Lake Buena Vista Condominium Association, Inc.

Replacement Reserve Budget

For the year: January 1 - December 31, 2012

	Estimated Useful Life	Estimated Replacement Cost	Estimated Remaining Life	Estimated Funds Existing	2011 Funding Calculation
RESERVE CALCULATIONS					
Painting	3-6	500,000	2	488,000	12,000
Furniture & Fixtures	2-12	4,150,000	1-12	2,300,000	1,240,633
Pavement	16	464,000	11	464,000	-
Roof	30	3,000,000	25	120,000	120,000
Building & Equipment	5-21	2,500,000	5	1,131,000	228,167
Reserve Funding		10,614,000		3,384,175	1,600,800

It is the policy of your Board of Directors and requirement of Florida Statute 718.113(2)(f)2 to set aside funds each year for the future replacement of major items that are part of the project and that will wear out during the useful life of the facilities. These funds are commonly referred to as 'replacement reserves'. Major items include all tangible property that will be replaced during the project's estimated useful life. Therefore, replacement reserves do not provide for tearing down and rebuilding structures, but do provide, for example, for recovering roofs as many times as may be necessary while the building lasts.

Funds to be set aside each year are included in each owners annual assessment. Therefore, your full and prompt payment or assessments each year will help to insure the future condition and value of your property.

Each year, the Board must determine the amount of replacement reserves to be assessed for the following year. In order to make this estimate, a calculation of the current replacement cost of the reserved items is made. Then, using a formula based on these figures, the estimated useful life, the estimated remaining life, and the amount currently set aside, a calculation is made to determine the amount which should be added to reserves annually based on the facts and assumptions at the time the calculations are made. Interest is assumed to equal inflation and will therefore remain in the reserve account as earned.

Recommendations made by Vacation Resorts International have been incorporated into the calculations so as to make them a useful management tool as well. The above summarizes those calculations.