
Cypress Pointe Resort



2006 Summer Edition

Budget Time Again

The 2007 budget workshops and budget adoption meeting are fast approaching. As is the case every year, it will not be easy to balance the never ending needs of our Resort against the equally important need to keep it affordable for owners.

As a short review, in 2001 the Board approved a one-time Special Assessment to clean up past debt and operational shortfalls. In 2003, the Board approved a reserve surcharge to fund the massive unit renovation and upgrade we now enjoy. An important part of that 2003 plan estimated needs of the Resort over the next 30 years, as identified in an outside reserve study that is updated every 3-5 years. That estimate, and the actual costs of the 2004-2005 renovation work, clearly showed a shortfall in the funds collected annually for reserve use. The Association currently collects \$71 per annual week for reserves while two studies, one in 1998 and another in 2002, showed a minimum requirement of \$100 per annual week. In years prior to 2005, the reserve collection rate was even lower. That shortfall in reserve money collected resulted in the Reserve Surcharge needed to fully fund the recent renovation. When the 2003 surcharge was put in place a plan was also established to increase the annual reserve contribution. The plan calls for a \$29 increase in reserve fees starting in 2007 and an annual increase of \$5 per annual week in 2008 with an additional \$5 every year thereafter. Based on that plan, we should have the money required for planned renovations in 2011, 2018, 2025 and 2032 (and beyond) in the bank when the work begins. It is a blueprint to protect Cypress Pointe Resort and keep it a viable vacation destination for current owners, their children and grandchildren for many years to come.

Even the best plans often fall victim to unforeseen circumstances and ours is no exception. The hurricanes of 2004 exposed a previously unknown design and construction defect issue with every roof on every building that makes up Cypress Pointe Resort. Suddenly, an expense for roof replacements that was projected for 2020 or later was needed yesterday. The only proper fix was a total roof replacement estimated at over \$3 million. Another assessment was simply not a realistic option after the 2004 surcharge, so the Board opted to obtain a construction loan from a major bank to cover the cost and get the work completed. That \$3.5 million loan will begin to be repaid in 2007 and payments will continue for up to 10 years. The estimated cost per annual week to repay this loan is \$65 per year.

A little math shows we are looking at a potential increase in the amount of \$94 per annual week (i.e., \$29 long-term reserve and \$65 roof loan amortization) for 2007 to remain on schedule with needed reserve funding. We cannot, by the covenants of our bank's loan agreement, fail to fully fund the reserves and the real estate taxes, or end any fiscal year with a deficit. We are also facing pressure from rising energy, insurance and employee expense on the operation's side. The presentation budget included with this newsletter sets the guideline that we will work from at the Budget Workshop. Every effort will be made to keep costs under control while working to assure that our Resort continues the rise back to the top we have seen over the past few years.

Fortunately, not everything is going up. The successful challenges to our real estate tax assessment in 2004 and 2005 have cut 48% off our annual tax bill. From 2001



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through 2005, we have had income positive to budget resulting in a prepayment of some reserve collections heading into 2007. Those surpluses and the tax savings can help to reduce the bottom line of total fees paid per week. A major part of the discussion for the 2007 budget will be on how to best utilize those savings to help keep fees relatively level going forward.

On August 4, 2006, every owner is invited to take part in the annual Budget Workshop. This open, informal session is used to help identify the key items that have the biggest effect on the annual fees collected. In the past, they have

been used to establish the 2003 renovation plan and associated reserve surcharge, the 30 year reserve plan to help avoid future surprise assessments and to decide how to handle the unexpected costs of roof replacements in 2006. In 2007, we will be revisiting the required funding for ongoing reserve requirements and how that fits in with the roofing loan repayment. Any owners who wish to take part are urged to attend or send your input to the Board members at cp1@cypresspointe.net prior to the meeting date. The Board and Management look forward to hearing your input as we work to continue making Cypress Pointe Resort affordable and better than ever.

Construction Update

2006 is a year of construction activity at Cypress Pointe Resort. In January, the roof replacements got underway beginning with the Clubhouse. Delivery delays of the new roofing tiles have temporarily delayed its completion until late June.

The residential buildings will also be getting new roofs. They will be changing from tile to white metal as a cost-saving measure. Construction on those roofs should begin in late spring or early summer. Completion will depend on the weather and the availability of work crews. The whole roof project is expected to be complete by fall 2006, but it could slip over into 2007 due largely to the unknowns of weather.

Final approval for construction of the new Storage/Maintenance/Laundry building was received in early May. The construction contract was awarded to the lowest of three qualified bidders. Work is expected to be underway by the time you read this newsletter, with a construction period of approximately 120 days. When complete, this custom designed structure will house our all new laundry, a full maintenance area, climate-controlled secure storage, staff break area and a new service entrance for deliveries. The new service entrance will reduce traffic on the Resort driveways and parking lots. Additionally, the new facility may also free up space in the Clubhouse for reuse or possible rental. After comple-

tion of the new structure the old laundry building next to building 5 will be demolished and the open, landscaped area restored next to that building.

In August, a total renovation of the lobby will begin. It will feature all new flooring in the public areas and restrooms, bright new colors and enhancement of our Caribbean theme. All restrooms will be gutted and remodeled to meet our gold crown quality. This is the first complete makeover of the lobby since the Clubhouse was built in 1992. It is an important, first impression made when owners and guests enter the Resort. Bringing it up to the level of the recent unit renovations will help create a warm greeting and get every visit off to a great start.

Also, in the late summer or fall of 2006, our new Café Pointe™ coffee house/deli should be completed, replacing the old snack shop/convenience store. It will feature fresh foods and Starbucks® coffee to enjoy at a table inside, by the pool or in your unit. It will continue on the Caribbean theme of the lobby with a small indoor seating area as well as outdoor tables. This is a long-awaited amenity that should appeal to many owners and guests.

During 2006, every effort will be made to minimize disruption to our guests as all these projects are completed to make Cypress Pointe Resort at Lake Buena Vista better than it's ever been before. Be sure to check them all out on your next visit.



Cypress Pointe Resort Reservations Procedures

We have put together an outline to help you with efficient, timely reservations and to make the most out of your vacation ownership here at Cypress Pointe Resort.

1. If you are a Club Sunterra member, you do not need to contact VRI for reservations. Please call Club Sunterra at (877) 258-2786 to request your reservations.
2. If you are not a Club Sunterra member and you want to use your week at your resort or exchange through one of the exchange companies, you must reserve a week at your resort first. You can confirm reservations by the following methods:
 - A. Using the enclosed Reservation Request Card – This is the preferred method.
 - B. By e-mailing the VRI Central Reservations Department at “reservations@vriresorts.com”. For reservations use only.
 - C. By calling the VRI Reservations Department at (949) 859-2181. Our office is open Monday through Friday from 6:00 a.m. to 6:00 p.m., and Saturday from 8:30 a.m. to 4:00 p.m., PT. We are closed on most holidays and on Sundays.
3. If you are planning on using your reservation at your resort then that is all there is to it. You will receive a confirmation in the mail within 7 to 10 business days, international owners slightly longer.
4. If you plan to exchange your reservation with Resort Condominiums International, you may call them at (877) 874-3334 in order to deposit your week.
5. If you plan to exchange your reservation with Interval International, you may call them at (800) 634-3415. Please review the information that was previously mailed to you by Interval International regarding their exchange program.

To further help you with your vacation planning, here are some of the existing policies that you may have forgotten or were unaware of:

1. Owners can confirm regular use week reservations up to 24 months in advance with pre-payment of your maintenance fees. You can also bank your reserved weeks with an exchange company up to 24 months in advance.
2. Owners can split their week by contacting VRI Central Reservations Department 180 days prior to the requested arrival date (Club Sunterra owners should contact Club Sunterra directly). You may have up to two use periods, one consisting of three (3) days and the other split consisting of four (4) days. Split week reservations cannot be deposited for exchange. There will be a Split Week Cleaning Fee charged at the time of booking of the second split reservation. ***The current Split Week Cleaning Fee is \$45.***
3. Owners can downgrade seasons (Diamond to Emerald time) by contacting the VRI Central Reservations Department 365 days prior to the requested arrival date. There are no fees for downgrading.
4. Owners can upgrade seasons (Emerald to Diamond time) by contacting the VRI Central Reservations Department up to 120 days prior to the requested arrival date. There are nightly fees involved based upon the type of upgrade confirmed. These fees are due at the time of booking.
5. Owners can upgrade unit types by contacting the VRI Central Reservations Department 30 days prior to the requested arrival date. There are nightly fees involved based on the type of upgrade confirmed. These fees are due at the time of booking.
6. Owners can split their units (2BR/Studio) by contacting the VRI Central Reservations Department. 2 Bedroom units can be deposited for exchange – Studio units cannot. There will be a Split Unit Cleaning Fee charged at the time of booking of the second split reservation. The current Split Unit Cleaning Fee is \$45. The unused split must be used or banked (2BR side only) within the current use year.

Vacation Resorts International Central Reservations Department has a fully trained staff available to assist you in confirming your well-deserved vacation. We are looking forward to assisting you with your plans. You may contact them at: 949-859-2181 – hours of operation are 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.





VACATION RESORTS
INTERNATIONAL

8651 Treasure Cay Lane
Orlando, FL 32836

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
Chris Thimes, Vice President
Don Wilks, Secretary
Stu Schwartz, Treasurer
Ralph Owen, Director
Michael Aliperti, Director
Amie Doetzer, Director

VACATION RESORTS INTERNATIONAL

271 Crockett Blvd.
Merritt Island, FL 32953
Corporate Service ... (321) 453-3300

Vacation Resorts International

Reservations Direct 949-859-2181

Central Reservations - Hours of Operations

Monday through Friday

6:00 am to 6:00 pm (Pacific Time)

Saturday

8:30 am to 4:00 pm (Pacific Time)

Sundays and Holidays - Closed

OWNER SERVICES 407-597-3000

EXCHANGE INFORMATION

Interval International (II) 800-634-3415

Resort Condominiums International (RCI)

Special VRI Owner Line 877-874-3334

Club Sunterra 877-258-2786

SUNTERRA FINANCIAL SERVICES

For Title Services, Deeds and Mortgage Issues

Main Office 702-804-8600

Mortgage Collections 877-258-2786