

Memo Regarding Resort Fee Increase

For 2020 the Management company has decided to raise the resort fee from \$9.95 to \$15.00 per night. This is not a decision we came to lightly; however, we did feel it was necessary to take this step. We have put this document together to address concerns we felt would arise and to add some context to our decision. The main reason we took this action was to help offset the rising costs we have been dealing with and not having to come to the owners with increased fee structures in a year when the association dues were already increased. This way we pass some of the operating costs directly onto the rental guests.

The Management Company: Wild Eagle Lodge, LLC like any management company, wants to operate a property at a profit. In reviewing the 2019 financials this has not happened nor is it going to in 2020, the cost of the resort operations exceeds the 50% that the company receives in income from the rentals and additional income it makes. Only by using the Wild Eagle, LLC rental income has the business continued to operate. This is not a functional operating plan. Both the Management company and Association should have the goal that the rental business here runs as a profitable business, otherwise you will never be able to keep a management company here. Making the rental business here profitable is good for the long-term stability of the Wild Eagle Lodge Condominium Association.

Why are we increasing the fee? For several years, the fees associated with renting here at the Wild Eagle have not been adjusted to reflect current costs and inflation. These fees in all reality should be adjusted annually to reflect current costs and wage levels. We are planning to work with the Board of Directors on a way to adjust these costs overtime, so they reflect current operations better, however we did not want to hit Owners with increases from every direction. Raising the resort fee is a way for us to increase revenue while delaying fee increases to Owners.

Why not just increase rates so the Owners benefit as well? Don't worry we are going that route as well. We have been developing and working on rate plans using a demand pricing model instead of static prices. We have also gotten rid of many of the discounts that were in place. The goal for this is to increase rates and room revenue, while in the short run this impact will be lightly felt, over the next 2-3 years these steps should start to pay more dividends. No good Management Company only looks for ways to affect its bottom line, we want to have a positive impact on yours as well.