

Rental Program Update

Dear Rental Owners,

We are contacting you today to say we have reworked the rental contract. This has been a process we have undertaken for several months and wanted to reach out to you all to know the changes we are making in the program, and to notify you that you will need to sign a new contract before the end of the year to maintain your position in the rental program.

Our goal with the changes is to create a fair program here for the owners who would like to participate in it, where rental operational costs are paid by the Management Company and unit costs the owner. At the beginning of this year the Management Company started paying all the credit card fees associated with the rental program as a step in this new direction. To continue the management company will also be taking 100% of the travel agent fees or any reservation related fee as well.

We are also going to take on costs on many of the standard inventory items including dishes, glasses, silverware, shower curtain liners, and blankets. We will maintain the standard inventory of these items in rental rooms at our cost – this is only applicable to items that are provided through the Management Company, any personal items added to the room inventory will not be maintained. Included in this will be common kitchen items that go missing as well, can openers, wine openers and similar items. Any kitchen item that needs to be replaced due to normal wear and use will still be charged to the owner. We do recommend owners move to the standard items that we do provide for the rental rooms and keep any extra inventory for their personal use.

As you know we are in a time of record inflation and in an area with a small workforce. These factors over the past few years have caused a steep rise in the labor and operating costs to the rentals. We are raising the unit cleaning fee, as well as the hourly rates for maintenance and housekeeping. The unit cleaning will be making a jump as well, as the management company has been subsidizing this cost, we are asking for \$15 plus the contract cleaning price for the unit as the owner charge. This fee does cover a majority of the unit cleaning cost, not all of it.

The \$15 is to offset costs on supplies, linens, and consumables for owner stays. Our actual cost to clean a unit is well over \$200 for a two bedroom. I have attached our contract rates to this letter for reference and the new rates are spelled out in the contract. Deep cleaning will be continued at cost as well, we are charged 3x the normal clean for a deep clean, this will be passed on at 0% markup. Deep cleaning will be billed as completed and not all at once in April, so many of you will be seeing charges this fall for deep cleaning.

We are also going to cap the amount due any owner can carry with us at \$750, if you do carry a balance larger than this, we do ask that it be paid off either in full or to the \$750 mark. There is also a new minimum number of nights that a unit needs to be available to rent during the peak season, if an owner uses their unit more than 70% of the nights in the peak summer season there will be an additional charge on rentals for that unit.

Sincerely,

Justin Behling
General Manager

Chris Grebe
Managing Partner

Proposal prepared for:

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For the last four years our company has fought the inevitable price increase. However, due to the rapid rise in labor, taxes and operating costs we find it necessary to increase the janitorial service charges. This will be the first increase since beginning the business relationship in 2018. Below you will find the respective unit cleaning fees:

Single Bedroom - \$105

Two Bedroom - \$135

Three Bedroom - \$150

We are dedicated to providing the best service possible and truly value your business and understanding.