

Creating Sustainability for Meadow Lake

Your gateway to good times in the Flathead Valley



What Owner's Want and Need

- ▶ Quality resort providing a fabulous vacation experience
- ▶ Sustainable affordable fees
- ▶ Options to downsize or exit ownership

Where Have We Been? Where Are We Now? Where Are We Going?

- ▶ Resort and Industry History
- ▶ Behind the Times - Cleanup Needed
- ▶ Bright Future
 - ▶ Revise Outdated Governing Documents
 - ▶ Cleaning up Delinquent and Unproductive Intervals
 - ▶ Creating Productive Inventory
 - ▶ Move to Points Based Model
 - ▶ ALL FOR OWNERS' BENEFIT

Goals for Today

- ▶ Provide Resort Update
- ▶ Outline Challenges
- ▶ Explore Opportunities
- ▶ Commence Dialogue

Challenge of Current Non-Standard Documents

- ▶ Mandate Unit Level Accounting
- ▶ No Independent HOA
- ▶ Status of Deeded Back Intervals

Challenges

- ▶ Owner Dues Delinquencies Create Untenable Financial Situation 2019 Projected
 - ▶ Resort Level: 89 percent owners current, with \$33,528 in cash reserves
 - ▶ Village Level: 3 of the 4 villages have sufficient reserves
 - ▶ Building Level: 46 percent of buildings have sufficient reserves
 - ▶ Unit Level: **55 percent of units have sufficient reserves**

Implications: Parchment Barriers to Progress

- ▶ Antiquated documents make it virtually impossible to resell the inventory through modern day market channels
- ▶ This limits exit options for current owners and undermines long-run value of your ownership

Implications

- ▶ Many units are insolvent even though resort is solid
- ▶ If we follow documents we can't maintain these units
- ▶ Will require unit level special assessments for regular maintenance
- ▶ Unit level special assessments will only exacerbate the issue

Implications

- ▶ If units aren't maintained we lose RCI Gold Crown status
- ▶ Erodes value of our shared ownership
- ▶ Erodes value of interval exchange values with RCI

Solution: Get with the Times

- ▶ Adopt New Documents that
 - ▶ Create separate village reserve pools
 - ▶ Allow for resale of inventory through current industry channels

Route to the Future

- ▶ Offer Deed in Lieu for certain delinquent owners
 - ▶ Un-locatable owners/Viking Ship Intervals
 - ▶ Owners financially unable to bring dues current
- ▶ Potentially others
- ▶ POA to MLDC to deal with delinquent owners by Deed in Lieu
 - ▶ Significant cost savings
 - ▶ Productive intervals much faster
- ▶ Continue to hold and manage inventory in the interest of owners
- ▶ MLDC has been bearing the cost - SUBSTANTIAL
- ▶ MLDC votes the shares of units that come back

End Goal for the Mutual Benefit of Owners and Resort

- ▶ Create and adopt modern, industry standard documents that provide for sustainability, flexibility and exit options for owners
- ▶ Conversion to Points Based Model from Fractional Ownership
 - ▶ Allows considerably more flexibility and options for Owners

GIVES OWNERS WHAT THEY WANT AND NEED

Thank you from *MLDC*

- ▶ Thank you for taking some more time out of your day to meet with us today!
- ▶ Thank you for all you do to make Meadow Lake special!
- ▶ It's our pleasure to serve you!

LET'S WORK TOGETHER TO MAKE THIS PLACE SPECIAL!