

IHVC PRESIDENT'S ANNUAL MESSAGE

Dear Owners,

We hope this message finds you well. As we prepare for the upcoming year, we want to inform you about the annual budget and the associated assessment increase for our timeshare community.

Overall, 2024 has been an excellent tourist year. The Imperial 2024 occupancy levels have remained high, and our hotel operations free independent traveler (FIT) revenue continues to be a vital part in funding resort operations. We anticipate this trend to continue in 2025, provided there are no unforeseen events like a global crisis or major economic downturn, both of which appear unlikely at this time. There remains a much pent-up demand for the "travel experience" utilizing discretionary personal income.

After careful consideration, the Board has approved a **2.5% increase** in assessments for the coming year. This adjustment is necessary to address several key factors:

- **Inflation:** The rising cost of goods and services, like utilities, maintenance, and housekeeping supplies, has affected our operating costs. Inflation is continuing at around 3% per year.
- **Taxes:** Property taxes, local taxes, and employer taxes are a big part of our yearly expenses, making up about 25% of each owner's fees.
- **Insurance:** All insurances have increased significantly in the last half of 2024 and will increase again midyear 2025. Insurance makes up about 2% of your fees, and we work with brokers to get the best rates from top insurers.
- **Wage Increases:** To ensure we continue to attract and retain skilled staff, we must adhere to the negotiated wage increases for our employees.
- **Capital Reserve:** After not adding to the capital reserve for a few years, we will now contribute \$250,000 to the IHVC reserve and \$500,000 to the AOA capital reserve. This is to ensure we have enough funds for future projects. These contributions make up about 3% of each owner's fees.

For the most part, these expenses are beyond The Imperial's control. However, our staff takes every opportunity to manage the factors that influence these costs, working with vendors, employee representatives, government agencies, and insurers. The Imperial's Board of Directors anticipates that local costs will continue to rise, even if actions by the Federal Reserve help reduce the high inflation rates from 2022-2024. To keep expenses in check, our staff remains disciplined in purchasing materials, using competitive bids and securing discounts whenever possible.

The IHVC Board of Directors has once again approved a 5% discount for payments made by cash, check, or money order received before November 30, 2024, and a 3% discount for payments received between November 30 and January 1, 2025. If you make your payment by November 30, 2024, the 5% discount could lower your 2025 assessment by \$50 to \$90, depending on the type of unit you own. Please refer to the back of your statement for the discount schedule.

To receive the discounts, please ensure all payments are made by the specified deadlines. If you have any questions, feel free to contact our accounting staff to discuss alternative payment options. Keep in mind that some payment arrangements may impact your ability to use your unit until the 2025 assessment is paid in full.

We understand that any increase can be challenging, and we remain committed to managing our resources efficiently while maintaining the high standards of our community. Thank you for your continued support and understanding, and I look forward to seeing you at the Annual IHVC Owners Meeting on March 11, 2025.

Aloha, Warm Regards, and Happy Travels,

J. Preston James- IHVC President