



ARROYO ROBLE RESORT COUNCIL OF CO-OWNERS
38th Annual General Membership Meeting
Minutes – November 2, 2022

The 38th Annual Meeting of the Membership of the Arroyo Roble Resort Council of Co-Owners, Inc., was held at 1:00 p.m., Wednesday, November 2, 2022, in the Rojo Roca Room of the resort's recreational building located at 100 Arroyo Roble Road, Sedona, Arizona.

Board members present were President - Mr. Dave Brown, Vice-President - Ms. Sharon Trischan, Treasurer - Mr. Scott Klarkowski, Secretary - Mr. Tom Canepa, and Director Randy McGrane.

Staff members present were Mr. Ralph Woellmer, General Manager/Director of Resort Operations; Department Heads: Ms. Diane Randel, Director of Accounting; Ms. Esther Goff, Director of Owner Services; Mr. Pat Craft, Director of Maintenance; Mr. Cesar Larrazolo, Director of Housekeeping; and Mr. Randall Richardson, Director of Grounds and Landscaping.

President of the Board of Directors, Mr. Dave Brown, called the meeting to order at 1:09 p.m. There were 14 owners present.

President Dave Brown gave a short introduction and "Thank You" to all the veterans in the audience and asked them to please stand so those in attendance could thank them for their time in service to the United States. Each veteran stood up and introduced themselves and their branch of service to much applause and humbleness for the veterans.

The minutes of the previous Annual Meeting held November 3, 2021, were reviewed and approved with no corrections.

Mr. Brown announced that the Board of Directors will serve as the nominating committee for the year 2023 election.

Mr. Brown - (on behalf of Nominating Committee) announced the results of the Board of Directors elections for the year 2022 – 2023:

There were three candidates on this year's ballot for two vacancies. Mr. Randy McGrane (incumbent) received the most votes and will serve a three-year term on the Board of Directors. Mr. Scott Klarkowski (incumbent) received the second highest number of votes and will serve a two-year term. Mr. Tom Canepa (homeowner) did not receive enough votes to be voted on the Board of Directors during this election. Mr. Brown thanked all that were willing to run for a position on the BOD.

Mr. Brown reminded all present that the Board of Directors is actively looking for owners who might be interested in running for a position on the Board of Directors. Any homeowner that might be interested in running for a position on the Board of Directors is asked to contact Mr. Ralph Woellmer, General Manager, at the resort. Please send a letter of interest prior to May 1, 2023 to be considered for the 2023 election process.

Mr. Dave Brown then continued the meeting by taking a moment to discuss the passing of Mr. Larry Hanken, an Arroyo Roble Resort Board of Directors member for 7 years. Mr. Hanken passed away unexpectedly in September of 2022. The Board of Directors – acting per the Arroyo Roble Resorts CCR's asked Mr. Tom Canepa (who was the third person running for a BOD position) to accept a position on the BOD and fill out the remainder of Mr. Hanken's term in office. Mr. Canepa accepted the position and also accepted the position as the Secretary of the Board of Directors.

Mr. Brown expressed the Board's profound sadness on the passing of Mr. Hanken and discussed the wonderful work and experience that Mr. Hanken brought to the Board of Directors over his years of service.

Mr. Dave Brown then gave an update on the many changes at the resort over the past year since the last homeowners meeting.

Mr. Brown then turned the meeting over to Mr. Ralph Woellmer, General Manager/Director of Operations, to discuss the manager's report.

Mr. Woellmer started the manager's report by introducing all the Arroyo Roble Resort Department Directors present.

Mr. Woellmer then discussed the year 2022 projected year-end financials. All categories overall are expected to finish the year within the overall budget with changes in individual categories as a result of the challenges in 2022 that everyone has been experiencing. Mr. Woellmer discussed a few of the biggest challenges to the resort for 2022/2023 which include:

1. The fire and property insurance costs to the resort increased unexpectedly in 2022 from approximately \$78k per year to over \$178k. This increase is across the board in all of Northern Arizona as a result of changes in the Federal Wildfire Risk Score change in 2022. The effective result of 4+ years of major insurance claims in the Western United States due to large fires and other insurance disasters. *Please note that the increases in insurance costs are all across every commercial and most private insurance policies in Northern Arizona.
2. The loss of income to the resort as a result of the Arroyo Roble Resort regaining ownership of 150+ intervals from a Canadian company for non-payment of maintenance fees (MF). The intervals are being sold currently and will also be part of a rental program to offset the MF loss in future years until the intervals are all resold.
3. Sedona area wage increases over 2022 were exceptional – most resorts starting hourly wages are in the \$20 range. The BOD approved a mid-year increase for all employees to keep the resort competitive in wages compared to the other Sedona area resorts.
4. Material and supply costs for almost every item used at the resort increase by 12% – 18% vs. 2021 depending on the item. Most supplies for the resort are still in short supply as well.
5. The resort suppliers, due to fuel increases are also adding a fuel delivery and surcharge to all deliveries up to \$75.00 per delivery.
6. The annual US CPI for year over year increased by a factor of 9.1% year over year.

These and other inflationary factors have caused the resort staff to look at other options on saving money for 2022 and we are very pleased to be able to come in at budget for 2022 overall. Some of the categories are higher than anticipated as a result of the items mentioned above, however the staff – under the direction of the Board of Directors postponed some of the Capital Expenditures to 2023 to offset the increased costs in this calendar year. We have built into the 2023 budget the anticipated revised costs of operations and believe that additional major unanticipated changes will not be a factor.

The Board of Directors has established that the maintenance fees for the year 2023 will be **\$970.50**, which is a \$80.50 increase from 2022, representing a 9.1% increase.

Mr. Woellmer then discussed the budget numbers for 2023. There will be a cost-of-living increase in resort staff wages and salaries and continuing capital expenditure changes as outlined below.

The major capital expenditures for 2023 include the following:

- ◆ Pool area upgrades (from 2022 Cap Exp.)
- ◆ Roca Room/Lobby Furniture (from 2022 Cap Exp.)
- ◆ Completion of a Reservation System for the resort (in Beta testing phase)
- ◆ Flooring in downstairs area of villas.
- ◆ Master bath and Guest bath vanity renovations

- ◆ Other items from the 2022 budget include:
 - ◆ Replacement of emergency property generator
 - ◆ Front Gate repair – potential electronic access
 - ◆ Miscellaneous property signage
 - ◆ Continuation of roof replacements – 6 budgeted for in 2023

Mr. Woellmer also discussed the preliminary plan for future renovations that the Board of Directors will be finalizing over the next few months

A question-and-answer session was then chaired by Mr. Dave Brown – President of the Board.

Suggestions by the attending homeowners present at the meeting will be looked at and addressed over the next year.

Mr. Brown then thanked all in attendance for their constructive comments. He assured all that the homeowner suggestions will be discussed and used as a basis for any changes during the upcoming year.

*Please remember that the billings for the **2023 Maintenance fee** will be sent out to all homeowners during November 2022 and are due by **January 1, 2023**. Maintenance fees are delinquent after January 25, 2023, and mandatory late fees will apply after that time, per the Arroyo Roble Resort CC&R's.*

The 2023 Maintenance fee will be \$970.50 per interval per the BOD.

The next annual meeting will be held on Wednesday, November 1, 2023 at 1:00 p.m. in the Rojo Roca Room.

There being no further business brought before the Board of Directors by the general membership, the meeting was adjourned at 2:39 p.m.

Submitted by:

Ralph Woellmer

Ralph Woellmer, General Manager

Approved by:

Dave Brown

Dave Brown, President