



ARROYO ROBLE RESORT COUNCIL OF CO-OWNERS  
BOARD OF DIRECTORS MEETING  
MINUTES – OCTOBER 2, 2024

This Board of Directors meeting was held in General Managers office of the Arroyo Roble Resort. The Board Members present: President Dave Brown, Sharon Trischan, Tom Canepa, Scott Klarkowski, and Randy McGrane.

**1. Old Business/Discussion:**

- a. Mr. Dave Brown opened the meeting at 11:00 am and asked the BOD members to please go to one of the villas that was recently renovated by Big Kahuna Construction. The BOD members reviewed and discussed all the aspects of the “test villas” completed work and will discuss additional items in the remainder of the meeting.
- b. There was no old business to discuss.
- c. Upon completion of the renovated villa inspection the BOD members returned to Ralph Woellmer’ office. Mr. Brown called the meeting to order for the remainder of the agenda items at 12 noon.

**2. Public Forum:**

There were no homeowners or visitors to the meeting.

**3. Updates:**

- a) Mr. Dave Brown provided some updates on the new Online Reservation system and why it was down. The developer was working with the existing system to resolve issues associated with double-booking that was occurring. The hope is to have the system operational again soon.

**4. Approval of Previous Minutes:**

- a. The minutes of the July 31, 2024, Board of Directors meeting was discussed, and Mr. Canepa noticed some errors in the minutes; specifically, he noted that Mr. Klarkowski was not at the July meeting and the verbiage of item #5 read as if Mr. Klarkowski was at the meeting. Mr. Woellmer will make the appropriate changes to the minutes and the BOD will formally approve them at the November 6, 2024 meeting.

**5. Financial Report:**

- a. Mr. Woellmer presented the BOD with the Y-t-D (January – September) financials report. The BOD discussed various G/L Accounts and reviewed the financials. There were some questions regarding large bank charges in January and August and Mr. Woellmer will find out exactly what those items were and pass the information on the BOD Treasurer. Mr. Woellmer anticipates that the items in the amount of ~\$12k and \$14k were miss-postings in the P & L and will follow up.
- b. Mr. McGrane discussed a “Reporting Improvements Initiative” in which the resort staff will give additional information to the BOD members in a consistent manner. Mr. Woellmer and the

BOD will develop a list of items along with the requested frequency to enable the BOD members to have a clearer understanding of the finances and operations of the resort at the end of each month.

- c. Mr. Woellmer also presented the Y-t-D Capital Expenditures. Mr. Woellmer reviewed with the BOD members that the ARR has essentially cut out any possible capital expenditures for this year and has redirected the monies to the “test villas renovations” as discussed at the July 31, 2024 BOD meeting. The following capital expense items were completed:
  - i) Living Room Flooring in the villas was completed in August.
  - ii) 6 villa roof replacements were completed by June.
  - iii) Property shut-off valve replacements are in process
  - iv) The 4 test villas were completed at the end of August.
- d. Mr. Woellmer reviewed the Y-t-D Balance Sheet provided as part of the financial package with the BOD members. The BOD questioned the 2015 – 2020 Accounts Receivables on the Balance Sheet and Mr. Woellmer discussed at great length the current displeasure of the information flow and responses from the accounting firm TFO (Tull Forsberg & Osborn) this firm is the auditing and oversight accounting firm for the resort for the past 25+ years. Mr. Woellmer mentioned that he and Diane Randall will be going down to the firm on Monday October 7<sup>th</sup> for a meeting with one of the partners to discuss the lack of response from the accounting firm's person in charge of the resort and options on moving forward.
  - i) *Postscript regarding the meeting: Mr. Woellmer and Ms. Randall met with Mr. Tim Fyan at TFO on Monday morning – October 7<sup>th</sup> and discussed the issues with communications back and forth with the resort and TFO. The original contact person at TFO is no longer employed with TFO and one of the partners (Mr. Tim Fyan) will work with ARR staff to respond immediately to questions and find immediate solutions to the situation. Mr. Tim Fyan, Partner at TFO will be working on the questions of the balance sheet and it will be completed within the next week or two. We anticipate doing a write-off of the old accounts receivables due to the debt being a part of the Non-Judicial Foreclosure process for the Waypoint bulk group. Mr. Fyan will also give us in writing a summary of the process to clean up the balance sheet of the accounts receivables as well as how to properly post all of the rental program income/expenses to be clearly identified on the books. Mr. Fyan was extremely apologetic about the lack of attention and seemed very interested in repairing the business relationship. Mr. Woellmer and Ms. Randall will work with Mr. Fyan over the next month and let the BOD know the results at the next BOD meeting.*
- e. The BOD instructed Mr. Woellmer to look at alternatives for auditing firms for the resort and report back at an upcoming BOD meeting.
- f. Mr. Woellmer reviewed the in-process “Reserve Study” at the resort and the BOD confirmed that the staff is instructed to complete the reserve study in the next few months in order to properly account for and develop appropriate reserves in the resort finances to complete future capital expenditures as outlined by the study. Ms. Sharon Trischan made a motion as stated above to do the reserve study.
- g. There was discussion about the Reserve Fund – currently targeted at \$350K. Discussion is that this should grow each year based on the findings of the reserve study.
  - i) Motion: Accept as presented – Ms. Sharon Trischan
  - ii) Second: - Mr. Scott Klarkowski
  - iii) Approval: Unanimous
- h. Mr. Tom Canepa made a motion to accept the financial report as noted.
  - i) Motion: Accept as presented – Mr. Dave Brown
  - ii) Second: - Ms. Sharon Trischan

- iii) Approval: Unanimous
- i. Mr. Woellmer will prepare a cash flow projection for the construction and operations budget for the next year and forward it to the BOD members by October 15, 2024. Mr. Woellmer discussed the current cash flow as a result of the 2022 – 2024 cash decrease from the Waypoint bulk ownership. He reminded the BOD members that immediately after the upcoming Annual Homeowners meeting the 2025 Maintenance Fee billing will go out to all homeowners and include the 2025 portion of the Special Assessment. This billing will give the resort the additional cash flow to complete the 2025 Renovations project (funded mostly by the Special Assessment). Mr. Woellmer also indicated that a portion of the anticipated capital improvements budgeted for in 2025 will be applied to the Renovations project as well.

**See below from the July 31, 2024 BOD meeting:**

- i) Mr. Woellmer reminded the BOD members that the resort is still working with short cash flow as a result of the previous three years of maintenance fee (MF) collections being short (Waypoint situation discussed at previous BOD meetings). As a result, the resort will be short operating funds at the end of year and into next year while the rental program continues to develop and bring in extra revenue. The special assessment monies collected will alleviate the immediate cash flow issue and we anticipate additional revenue income prior to the end of the year with the following:  
(1) Maintenance Fee billing for 2025  
(2) Rental Program income (~\$200k in 2024)  
(3) Special Assessment 2025 income*
- ii) Mr. Woellmer presented to the BOD the preliminary request for the 2025 Budget for the Arroyo Roble Resort. Mr. Woellmer is asking the BOD to consider a 4 – 6 % Maintenance Fee (MF) increase for the operational budget of the resort. Individual departmental cost increases and wages/salaries would be increased by 6% for the employees. Increases in utilities and operational costs being the majority of the increase. The BOD members after discussing the various cost increases and upcoming capital expenditures of the resort directed Mr. Woellmer to present them with a final budget at the November 6, 2024 meeting to include a 6% increase in the MF. This would mean a \$65.00 per interval increase for 2025. The 2025 MF would be \$1125 per interval vs. \$1060 in 2024. Mr. Woellmer is revising the budget to include the changes in staffing at the resort and anticipated cost increases. Final approval will be at the November 6, 2025 BOD meeting.  
(1) Motion: Set Maintenance Fees for 2025 at a 6% increase. – Mr. Tom Canepa.  
(2) Second: - Randy McGrane  
(3) Approval: Unanimous
- j. Mr. Woellmer reported to the BOD that the resort's banking partner, Chase Bank declined to provide a Line of Credit for the resort based upon the previous two years income/financial statements. (A direct result of the loss of income from the Waypoint foreclosure process). The bank will reconsider in 2025 once the cash shortfall is replaced with the rental program income.

**6. Special Assessment – Upcoming Changes and Capital Expenditures:**

- a. Mr. Woellmer reported to the BOD that the final cost for the 4 test villa renovations came in at \$65,772 per villa. This included all the original items approved at the previous BOD meeting as well as adjustments that were a result of unknown/unforeseen circumstances discovered during the renovations. Most of the unknown items were small items with the exception of the replacement of the front doors of the villas and Mr. Klarkowski showed an example of the issue

to the BOD members during the walk-thru of the villas. The BOD members agreed in the reasoning and need for the front door replacement moving forward. All other aspects of the renovation will be the same as the original plan.

- b. The Board acknowledged Big Kahuna Construction and thanked the team for the great work done on the four test villas.
- c. Mr. Klarkowski and Mr. Woellmer reviewed the scope of work for the rest of the villa's renovations. There were no additional items to include in the scope of work and Mr. Woellmer will ask Big Kahuna Construction for a final construction schedule and deposit schedule within the next week. Deposits for the 2025 work will be sent to Big Kahuna Construction during November.
- d. Mr. Woellmer updated the BOD on the Special Assessment collections to date with over \$1.4 million dollars received prior to September 30, 2024. There will be approximately \$800k in Special Assessment monies billed out in 2025 and 2026 to complete the Renovations project as outlined in the Special Assessment.
- e. The BOD discussed the Special Assessment related to the Best Western Arroyo Roble Hotel and Creekside Villas. The assessment amount was adjusted during conversations with the BOD members to reflect the actual amounts required by the contract with the hotel. The final amount for the Special Assessment for the hotel villas will be set at \$62,901 per the negotiations. Mr. Woellmer was instructed to bill that amount to the hotel for their portion of the Special Assessment.
  - i) Motion: Accept as presented – Mr. Tom Canepa.
  - ii) Second: - Ms. Sharon Trischan
  - iii) Approval: Unanimous

## **7. New/Unfinished Business:**

- a. Mr. Woellmer discussed the upcoming BOD elections and provided the Board members information on the final version of the ballot for the election. The BOD acting as the Nominating Committee approved the slate for the election. Mr. Woellmer will send out the ballot on October 8, 2024 and the homeowners have until the end of the month to return the ballot to be counted. Final results of the elections will be available by November 1<sup>st</sup>.
- b. The BOD discussed the timeline of the Election process for the ARR and Mr. Woellmer will adjust the timeline to start the process in June of each year instead of July in order to give additional time in the decision process. The BOD will continue to act as the Nominating Committee and will interview any interested parties for the potential BOD position election.
- c. The public rental program has been successful and the resort anticipates completing 2024 with over \$218,000 in net revenue. This amount will replace the lost MF revenue and we anticipate additional revenue in 2025 when we have a full year of rental income.
- d. The BOD and Mr. Woellmer reviewed the upcoming BOD meeting schedule for 2025 and subsequent years. Board member Sharon Trischan requested that we do future BOD meetings as follows: January, April, and July meetings be on the 3<sup>rd</sup> Wednesday of each month and the October meeting be on the 1<sup>st</sup> Wednesday. These may be adjusted as necessary but we will attempt to keep them as stated to help with BOD member planning etc. Please note that the Annual Homeowners meeting is required to be on the first Wednesday of November each year and is not able to be moved.

## **8. Adjournment:**

- a. Motion to adjourn: Ms. Sharon Trischan

- b. Second: Mr. Scott Klarkowski
- c. Approval: Unanimous. Meeting adjourned at 2:16 pm.

**Upcoming Board of Directors Meeting Schedule**  
**2025 Arroyo Roble Resort BOD Meeting Schedule – Tentative!**

All meetings are scheduled for 12 noon unless noted  
Wednesday – January 15, 2025 – (3<sup>rd</sup> Wednesday of January)  
Wednesday – April 16, 2025 – (3<sup>rd</sup> Wednesday of April)  
Wednesday – July 16, 2025 – (3<sup>rd</sup> Wednesday of July)  
Wednesday – October 1, 2025 – (1<sup>st</sup> Wednesday of October)  
Wednesday - November 5, 2025 – Annual Meeting – 1 pm

***\*Please check your calendars to confirm the dates/times will work for you\****

Submitted by:

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Mr. Ralph Woellmer, General Manager

Approved by:

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Mr. Tom Canepa, Secretary