

**CASCADAS DE BAJA ASSOCIATION
BOARD OF DIRECTORS MEETING
JANUARY 19, 2016
9:30 AM, PST
The Holiday Inn, Irvine Spectrum
Lake Forest, California**

MINUTES

I. CALL MEETING TO ORDER/ APPROVAL OF AGENDA

The meeting was called to order by Patricia Giddings at 9:51 a.m. Mrs. Giddings thanked the attendants for their participation and active involvement and asked David Giddings to conduct the meeting. In attendance were:

Board Members

Patricia Giddings	President
Marty Russell	Vice President
Richard Bort	Secretary
Larry Greenberg	Treasurer
David Giddings	Director
Greg Giddings	Director

Legacy Committee Members

Tom Lieb, Mark Gross

Management

Daniel Holzkan	General Manager - Club Cascadas
Reyna Gerhardus	Assistant General Manager - Club Cascadas
Loren Gallagher	President/CEO - VRI/TPI
Doug Wilcox	Sr. Vice President, Resort Management - TPI
Mauricio Quezada	Director of Resort Operations – VRI/TPI
Mark Giddings	Giddings Co. and Regional Director of Resort Operations – TPI
Gail Turner	Sr. Vice President and Chief HOA Accounting Officer - TPI
Luis Moran	Assistant Vice President, HOA Accounting – TPI

Guests

Jessica Kim	Advisor to the Board
Bob Fitzgerald	Club Cascadas Member
Mari Jo Betterley	Better Reserves Consultants
Scott McGinness	Gregory & Appel Insurance
Juan Buendia	MacAfee & Edwards Insurance

Marty Russell made a motion to approve the agenda and asked to move the Insurance presentation and matters before entering Financial matters, and it was seconded by Greg Giddings. The motion passed unanimously.

II. OPEN FORUM – MEMBER COMMENTS

Bob Fitzgerald, who has been an owner at Club Cascadas for 28 years, showed interest in applying for the Legacy Committee in the future.

Larry Greenberg mentioned that after staying for a period of 11 weeks at the resort he received positive feedback from the fellow owners.

III. APPROVAL OF MEETING MINUTES

A. September 9, 2015 Board Meeting Minutes

B. August 14, 2015 Board Meeting Minutes

A motion was made by David Giddings and seconded by Marty Russell to approve the September 9, 2015 board meeting minutes and a motion was made by Richard Bort and seconded by Marty Russell to approve the August 14, 2015 board meeting minutes. Both motions passed unanimously.

IV. INSURANCE PRESENTATION AND MATTERS

Scott McGinness and Juan Buendia joined the meeting and went over the changes made to the insurance policy last year after hurricane Odile including a reduction to the deductibles for FHM, increased building coverage, reduced coverage for contents, General Liability was moved from AXA to ACE for US and worldwide suits and an increase in coverage for salaries and fixed expenses.

Mr. Buendia explained certain aspects for insurance carriers in Mexico such as being unable to further reduce the deductible for certain perils, that not all carriers will insure beachfront properties and that Mexican carriers will use a third party adjuster for any large claims.

Mr. McGinness recommended buying a cyber policy for personal information stored at the property, Loren Gallagher will further review if this coverage is already provided by ILG (**Action Item**) and Luis Moran will review the process for storing credit card information for both Club and the restaurant (**Action Item**).

The Board asked Mr. McGinness to push the expiration date from the current policy package to April 15, 2016 in order to discuss at the following Board Meeting to be held on March 22, 2016. Mr. McGinness confirmed that the AXA and ACE package will be moved to the requested date. The auto policies must be renewed by expiration date but can be amended if needed, Gregory & Appel will submit several options before the March meeting through Mauricio Quezada (TPI).

There was additional discussion related to the insurance claim from hurricane Odile which has not yet been settled. The Board is not satisfied with the work of the current adjusters representing Club Cascadas and Juan Buendia will provide additional contact information for independent Mexican adjuster companies which can be hired in case of a future claim. Mr. Buendia said that he felt that the insurance claim was coming close to a conclusion. The Board will revisit this matter at the March meeting if it hasn't been resolved by then. The strategy was changed to present the information based on fixed expense and not pursue maintenance fee reimbursements per the terms of the policy at the time of the hurricane, current policy was modified to include this item.

The Board thanked Mr. McGinness & Mr. Buendia for participating and attending to the meeting.

V. FINANCIAL MATTERS

A. Financial Statements for the Period Ending November 30, 2015

Luis Moran reviewed the the balance sheet and income statement (US Dollars). He handed out an updated comparison for electricity consumption and cost in pesos for year end 2015. Mr. Moran further commented on the favorable variance of the Pesos to the Dollar and its impact on the budget.

Marty Russell moved to accept the Financial Statements as of November 30, 2015, Greg Giddings seconded the motion and motion passed unanimously.

B. Reserve Study

Mari Jo Betterley joined the meeting and presented an option for a reserve study that is customizable and offers different scenarios depending on how the needs change over time. TPI will review if there is a legal obligation to have a Reserve Study as a Delaware entity (**Action Item**). Mauricio Quezada from TPI will provide Mrs. Betterley information related to the resort in order to submit a proposal and a sample of her work to conduct a Reserve Study which will be submitted to the Board (**Action Item**).

The Board thanked Mari Jo Betterley for attending the meeting to do a presentation.

VI. COMMITTEE REPORTS

Mark Gross explained the need to have an annual evaluation for onsite management that is useful and effective. A format has been developed by Richard Bort and will be discussed during the Executive Session.

The Facilities committee is working on a plan to accelerate the remodeling program because at the current rate it may take up to 10-15 years to complete all units. Further options are being explored to enable maintenance periods to be extended in order to cover more work per year. Mark Giddings will provide costs and timeframes to do additional work per year in order to stay within available Capital and work within available timeframes. The resort needs additional storage space to have the materials ready for maintenance weeks and some materials undergo a process before they are installed. Daniel Holzkan will look into renting storage containers and talk to the owners of the lot across the street to lease space for the containers which could also be used as workshops for maintenance (**Action item**).

Larry Greenberg made a petition requesting the Board's permission to draft a letter reaching out to the Arco unit owners to do additional remodel work to the units at their own expense. After discussion, the petition was not accepted.

The comment card reports were reviewed. While the overall perception from guests is very positive, David Giddings further commented on repeated comments related to pots & pans, upholstery and one-bedroom units as areas of opportunity for improvement. Larry Greenberg mentioned that pool toys and loudness in the pools sometimes is a problem that could be related to exchange guests, Mr. Holzkan further mentioned enforcing rules for unsupervised children and unacceptable behavior as needed.

VII. MANAGEMENT REPORT

A. Quarterly Update

Daniel Holzkan expressed that the comments and feedback being received by the owners are mostly positive, that the resort is keeping up with the maintenance programs and service oriented staff. Mr. Holzkan announced the retirement of Sergio Carlon (Head of Security) and that a new Head of Security had been hired who was highly recommended and is well experienced. He is currently working on implementing additional compliance procedures for security and local Civil Protection regulations. As of early January a daily security report is now being presented to the GM for any incidents in the premises.

B. Maintenance Week

Mark Giddings provided an explanation of the proposed scope of work to be carried out during the 2016 maintenance weeks. He submitted a proposal for additional work to be conducted and he reviewed the possibility to remodel Building 4, where the roof palapa needs to be replaced. Mark Giddings also mentioned that he will be at the property for a week shortly after the meeting to do additional walkthroughs and determining extra work that needs

to be added to the proposal; furthermore, Mr. Giddings submitted a contractor proposal to be discussed at the Executive Session based on the time and amount of work he dedicates to the resort and gave a brief summary of his current role, his activities and actions for the last 3 years. The Board and management thanked Mark for his hard work, passion and enthusiasm.

C. Occupancy Report

The occupancy report was reviewed without discussion.

D. Review Action Items

Previous Action Items were reviewed and updated; the most relevant discussion was related to:

- Improving the fitness center for space and equipment to be followed up on by Mark Giddings.
- To create an evaluation form for the Management company to be drafted by Richard Bort.
- To eliminate “Pagadora” (payroll processing company) services for the staff and Luis Moran will include the additional payroll expense to the 2017 budget. To have a local audit in Mexico, currently being worked on by Luis Moran.
- To have an efficient inventory system, Mauricio Quezada went over a proposal from a vendor that would enable to retrieve purchase dates and relevant information from virtually any item at the resort which can create an inventory solution in terms of operation and would also save time during an insurance claim, no software required as it is a web based platform which can be customized by user and functions. The platform can read barcodes and QR codes through a smartphone or mobile device or enter information manually and access it from anywhere in the world. The implementation is subject to improving the internet connectivity at the resort.

VIII. CONTINUING BUSINESS

A. Owner’s Manual

David Giddings presented a proposal from a printer to do an Owner’s Manual for the members of Club, the Board held discussion on doing only an electronic format that can be downloaded or request a printed copy. A sample of the manual will be presented at the Board Meeting in March.

B. Performance Evaluations

Reviewed during Committee Reports – no further discussion

C. Internet Network Improvements

Mauricio Quezada provided an update on what is being done to improve the Wi-Fi system, the current equipment is running to its full capacity and becomes insufficient for the demand it has which is likely to continue increasing over the years. A Cisco Partner was contacted and currently conducting an onsite survey and working on submitting a proposal that can solve the current connectivity issues for both speed and connectivity and broad enough to withstand increases that are needed in the future. The proposal will be submitted at the March meeting.

Larry Greenberg made a motion to authorize Daniel Holzkan to increase salaries as needed to any employee of the staff as long as it remains within the approved budget. The motion was seconded by Greg Giddings. The motion carried unanimously.

IX. REVIEW OF NEWLY ASSIGNED ACTION ITEMS

Doug Wilcox gave a recap of the Action Items that derived from the meeting, which will be sent out to all parties involved.

X. EXECUTIVE SESSION

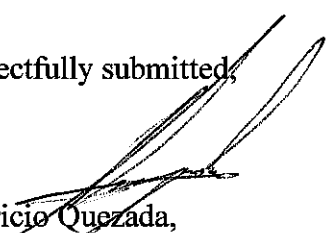
The board entered executive session at 3:37 pm and returned to regular session at 4:29 pm.

XI. ADJOURNMENT

With no further business to discuss, a motion to adjourn was made by Marty Russell and seconded by David Giddings. The meeting adjourned at 4:30 p.m. (PDT).

The next meeting is scheduled to take place on Tuesday, March 22, 2016 at 9:30 a.m., at The Holiday Inn, Lake Forest.

Respectfully submitted,


Mauricio Quezada,
Director of Resort Operations Mexico
Trading Places International

Approved by,


Richard Bort,
Cascadas de Baja Association Secretary