

**CASCADAS DE BAJA ASSOCIATION
BOARD OF DIRECTORS MEETING
January 31, 2017
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 9:41 a.m. (PST). In attendance were:

Board Members

Patricia Giddings	President
Marty Russell	Vice President
Richard Bort	Secretary
Larry Greenberg	Treasurer
David Giddings	Director
Mark Giddings	Director
Jessica Kim	Advisor to the Board

Legacy Committee Members

Mark Gross
Tom Lieb

Management

Miguel Torres	General Manager - Cascadas de Baja
Reyna Gerhardus	Assistant General Manager – Cascadas de Baja
Mauricio Quezada	Director of Resort Operations – VRI / TPI
Loren Gallagher	VRI / TPI CEO
Luis Moran	Assistant Vice President, HOA Accounting - TPI
Doug Wilcox	Sr. Vice President of Resort Operations

Guests

Dave Stoenner	Cascadas Legacy Sales Director
Earl Asbury	Cascadas de Baja Association Member
Erick Malm	Cascadas de Baja Association Member
Glenn Brush	Cascadas de Baja Association Member
Debbie Brush	Cascadas de Baja Association Member

Marty Russell made a motion to approve the agenda, and the motion was seconded by Larry Greenberg with the following amendments: To include Arroyo & Casa del Rey noise issues under new business (IX. D), to include Bank account signatures under Reports (VI. Biii) and move the Transition discussion from Reports to Financial Matters (VI. Di to V.B).

The motion passed unanimously as amended.

II. OPEN FORUM – MEMBER COMMENTS

There were no comments from Members attending the meeting.

III. APPROVAL OF MEETING MINUTES

A motion was made by Marty Russell and seconded by Richard Bort to approve the minutes of the September 8, 2016 Board meeting. The motion passed unanimously.

IV. REVIEW OF PREVIOUS ACTION ITEMS

The Action Items were reviewed and updated.

V. FINANCIAL MATTERS

A. Financial Statements for the Period Ended December 31, 2016

Luis Moran presented the December 31, 2016 Financial Statements. Richard Bort moved to accept the Financial Statements as of December 31, 2016 and Larry Greenberg seconded. The motion passed unanimously.

Richard Bort moved and Larry Greenberg seconded to reallocate the 2016 surplus to bring the Operating Fund to \$250,000 and to allocate the remainder of the 2016 surplus to Capital Reserves. The motion passed unanimously.

B. Transition

Jessica Kim reported the following:

- Week 53 policy: TPI charges an 18% fee if booked by a member/owner of either weeks 52 or week 1; if booked by a different member, rental policy applies. The balance is split equally between the Association and the Developer. The policy can be modified for 2020 when the next Week 53 occurs.
- The Developer has followed through, as agreed, to pay Club a 4% commission (instead of the previous 2%) on the sale of remodeled villas on the Las Palmas second floor.
- The Developer will not pay maintenance fees for delinquent inventory for the period January-May 2017 as these memberships expire due to being the last year of usage.
- CDR will turn over its inventory to the Association on December 31, 2017. Jessica is working with Jose Larroque from Baker McKenzie to structure the transition and she will relay the engagement letter to the Board.

A motion was made by Richard Bort and seconded by Larry Greenberg: Subject to terms and conditions of the engagement letter being acceptable to the Board, the Board approves engaging Jose Larroque (Baker McKenzie) to recommend a corporate configuration for post-Turnover at an hourly rate not to exceed \$600 and paying any required advanced fees. The motion passed unanimously.

VI. REPORTS

1. Quarterly Update

A motion was made by Richard Bort and seconded by Larry Greenberg to approve the travel and business expenses of Sergio Santinelli to meet at Club Cascadas with the onsite accountant and fiscal advisor for the purpose of resolving issues related to the ACB Registered Office and Mexican taxation matters. The motion passed unanimously.

Miguel Torres briefed the Board on his experience as the new General Manager.

2. Finance / Sales / Administration Committee

Dave Stoenner provided the Board with a summary or yearly comparisons of inventory reconciliation, Palmas building sales in 2016, bonus weeks and sales programs.

Larry Greenberg made a motion seconded by Richard Bort to approve the extension of the Bonus Week program beyond the Turnover date indefinitely. The motion passed unanimously.

Mauricio Quezada will provide the Board with monthly use week transfer logs and a report on 2016 owner rentals (**Action Item**).

Larry Greenberg made a motion seconded by Richard Bort to approve the renewal of the Directors & Officers insurance policy with a premium of \$6,886. The motion passed unanimously.

A motion was made by Richard Bort and seconded by Marty Russell to authorize execution documents required by Wells Fargo Bank to appoint Richard Bort, Larry Greenberg, Luis Moran and Stacey Shilling, any one acting alone, to engage in foreign exchange hedging contracts on behalf of the Association. The motion passed unanimously.

3. Facilities Committee

Marty Russell made a motion seconded by Richard Bort to conduct due diligence on the “Cielo Project” during 2017 with the anticipation to present a recommendation to the Board. The motion passed unanimously.

A motion was made by Larry Greenberg and seconded by David Giddings to increase the remodeling budget to meet the projected renovations for 2017 not to exceed \$350,000 in

addition to the amount approved at the September 8, 2016 Board meeting (\$1,042,000). The motion passed unanimously.

4. **Legacy Committee**

No further discussion.

5. **Member / Guest Experience Committee**

Comments and member feedback were reviewed. Suggestions are being turned over to the onsite management team to create instruction cards for operating new electric appliances in remodeled villas, and on the mini mart. TPI will follow up on complaints about the call center.

VII. MANAGEMENT REPORT

The Occupancy Report was reviewed, out-of-service units were inaccurate for 2016. A revised report will be provided to the Board (**Action Item**).

VIII. CONTINUING BUSINESS

A. **OTA Rental Letter**

Mark Giddings moved and Marty Russell seconded to accept the OTA Rental Letter, as revised since it was first presented. The motion passed unanimously.

IX. NEW BUSINESS

A. **Policies**

Miguel Torres will gather information from members and guests regarding smoking preferences and report back to the Board if a new policy needs to be enforced (**Action Item**).

The use of loud speakers for playing music is not allowed and the rule will be enforced as needed.

Mark Giddings will walk the area with the on-site team to determine if further action or Board involvement for beach Palapa distribution is needed (**Action Item**).

The noise coming from the Arroyo is an ongoing problem. A federal action is expected but there is no date as to when it may take place. Miguel Torres will communicate with the local Hotel Association with a proposal to pay for an attorney for group representation (**Action Item**).

A beach volleyball tournament that took place at Pueblo Bonito Rose led to noise complaints. Pueblo Bonito has been cooperative and communication with them is crucial on building a working relationship.

B. Annual Meeting

Location is secured and down payment was made. A timeline for this year's election has been established.

Review additional name for the hotel on the front of the building to avoid confusion and include it on any and all communications related to the Annual Meeting (**Action Item**).

C. IRS Mileage Rate

Larry Greenberg moved and Mark Giddings seconded to approve using the prevailing mileage rate as set by the IRS. The motion passed unanimously.

X. EXECUTIVE SESSION

The Board entered Executive Session at 3:56 p.m. (PST) and returned to Regular Session at 4:43 p.m. (PST).

XI. REVIEW OF NEWLY-ADDED ACTION ITEMS

No discussion.

XII. ADJOURNMENT

With no further business to discuss, Marty Russell made a motion to adjourn. The meeting adjourned at 4:43 p.m. (PST).

The next meeting is scheduled for Friday, June 23, 2016 at 2:00pm (PDT) at the Wyndham, Irvine-Orange County Airport; 17941 Von Karman Ave, Irvine, CA 92614.

Respectfully submitted,

Approved by,

Mauricio Quezada,
Director of Resort Operations Mexico
Trading Places International / VRI

Richard Bort,
Secretary
Cascadas de Baja Association