

**CASCADAS DE BAJA ASSOCIATION  
BOARD OF DIRECTORS BUDGET MEETING  
August 31, 2017  
10:00 AM (PDT)  
Wyndham Irvine / Orange County Airport Hotel  
Irvine, California**

**MINUTES**

**I. CALL MEETING TO ORDER/ APPROVAL OF AGENDA**

Patricia Giddings called the meeting to order at 10:06 a.m. (PDT). Mrs. Giddings thanked the board, the committee members, management, and especially the on-site team for their continued hard work and dedication to making Club Cascadas one of the most beautiful resorts in Cabo San Lucas. She then asked Mark Giddings to chair the meeting. The following people were in attendance:

**Board Members**

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

**Advisors to the Board**

Jessica Kim	Advisor to the Board
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**Legacy Committee Members**

Mark Gross	Chair
Earl Asbury	Member
Erick Malm	Member
Glenn Brush	Member

**Club Cascadas**

Mauricio Quezada	COO Cascadas de Baja Association
Miguel Torres	General Manager – Cascadas de Baja Association

**Management**

Asael Sandoval	Director of Resort Operations – VRI / TPI
Douglas L. Wilcox	Sr. Vice President of Resort Operations - TPI
Luis Moran	Assistant Vice President, HOA Accounting - TPI
Casey Clayson	Administrative Assistant - TPI

**Guests**

Dave Stoenner	Cascadas Legacy Sales Director
Debbie Brush	Cascadas de Baja Association Member

Marty Russell made a motion to approve the agenda with the inclusion of the COO Report under Reports (V.A.). The motion was seconded by Richard Bort and the motion passed unanimously.

## **II. OPEN FORUM – MEMBER COMMENTS**

Debbie Brush said it was a pleasure to attend the meeting and bring new ideas before the board.

## **III. APPROVAL OF MEETING MINUTES**

### **A. June 23, 2017 Board Meeting Minutes**

A motion was made by David Giddings and seconded by Marty Russell to approve the minutes of the June 23, 2017 board meeting. The motion passed unanimously.

### **B. June 24, 2017 Organizational Meeting Minutes**

A motion was made by Richard Bort and seconded by Larry Greenberg to approve the June 24, 2017 organizational meeting minutes. The motion passed unanimously.

## **IV. REVIEW OF PREVIOUS ACTION ITEMS**

The board reviewed, discussed and updated the action items.

Some of the action items completed included: providing the board with a copy of the 2018 budget, and providing a budget with several remodeling options. Several action items were still on-going and these include: updating the owner's manual, obtaining bids for wi-fi improvements, and adding the remodeling program to the member's information guide.

A motion was made by Marty Russell and seconded by David Giddings to accept the Hotspot wi-fi improvement proposal for 32 villas in the amount of \$23,716 plus applicable taxes and to task Miguel Torres to obtain a wi-fi proposal to retrofit all units that have been remodeled and do not have wi-fi. The motion passed unanimously.

## **V. REPORTS**

### **A. COO Report**

Mauricio Quezada reported that sales and the on-site operations of the resort were going well. He informed the board that he would be spending some time with sales team in the coming weeks. Mr. Quezada also reported that the new sales subsidiary, Cascadas Vacations Inc. (CVI), now has a set of by-laws and a bank account has been created within the United States.

## **B. Quarterly Update**

Miguel Torres reported to the board on updates from each of the departments of the Club. Mr. Torres informed the board of the upcoming training seminars for staff, the increase in the amount of members and guests filling out the pre-arrival forms and the remodel of the front desk manager's office. Mr. Torres also reported that security has recovered 93.69% of items that have been reported as lost or misplaced by members and guests.

The board requested that Miguel Torres promote the Palmas Express by putting a sign on the cart letting guests know about the service (**Action Item**).

## **C. 2016 State of the Industry Report**

Douglas L. Wilcox reviewed the 2016 state of the industry report with the board, which is one of the most recent reports available regarding timeshare sales. He reported that the timeshare industry continues to be a growing and active industry.

## **D. Finance / Sales / Administration Committee**

### **i. Sales Update**

Dave Stoenner informed the board that sales were going well and they may sell 80% of the inventory before January 1, 2018. Mr. Stoenner said that sales have been better than the past due to a great team working together effectively.

### **ii. Return & Refund Transactions**

Jessica Kim reviewed with the board the recommended process under which CVI should provide liquidity to members once the transition takes place. She thanked everyone for their help through the transition process.

*Marty Russell made a motion and David Giddings seconded the motion to recess for lunch at 12:34 p.m. (CDT). The motion passed unanimously.*

*At 12:55 p.m. (CDT) Marty Russell made a motion and Richard Bort seconded the motion to reconvene the meeting. The motion passed unanimously.*

### **iii. Ocho Cascadas Marketing at Club Cascadas**

The board discussed Ocho Cascadas continued marketing at Club Cascadas.

The board requested Mauricio Quezada to develop a proposal with Compania del Rey to continue using both the facilities of Club Cascadas and the Cascadas Vacations Inc. staff to continue marketing Ocho Cascadas at the resort (**Action Item**).

## **E. Facilities Committee**

The board reviewed and discussed 2017 remodeling and the 2018 enhancement program. Miguel Torres also informed the board of the refresh program that has been implemented which

includes painting, updating appliances, curtains and other cosmetic improvements in units that have not and are not scheduled for remodel until 2019 or after.

**F. Legacy Committee**

Mark Gross reviewed the roles and history of the legacy committee.

**G. Member / Guest Experience Committee**

The board reviewed and discussed member comments and feedback.

The board instructed Miguel Torres to look into replacing the sofa beds in Las Palmas (**Action Item**).

**VI. FINANCIAL MATTERS**

**A. Financial Statements for the Period Ended July 31, 2017**

Luis Moran presented the July 31, 2017 financial statements. Having reviewed the financial report, Larry Greenberg moved and Richard Bort seconded to accept the financial statements as of July 31, 2017. The motion passed unanimously.

**B. Proposed 2018 Budget**

Luis Moran reviewed the 2018 proposed budget with the board.

Richard Bort made a motion and Marty Russell seconded the motion to have no increase in the maintenance fees for 2018, to approve the 2018 budget as revised during the meeting, and approve the remodel of 2 buildings (buildings 22 and 24) instead of 3 not to exceed \$1 million USD including relocations and contingency. The buildings are to begin remodel in March of 2018 and must be completed by August 30<sup>th</sup>. The motion passed unanimously.

The board directed Luis Moran to circulate the revised 2018 budget with the board (**Action Item**).

**C. Foreign Exchange Hedging**

Larry Greenberg made a motion and David Giddings seconded the motion to hedge 75% of the association's peso exposure which is estimated at \$52 million pesos over 12 months of 2018. The motion passed unanimously.

**VII. MANAGEMENT REPORT**

**A. Occupancy Report**

The occupancy report was reviewed and discussed.

## **VIII. CONTINUING BUSINESS**

There was no continuing business discussed during this meeting.

## **IX. NEW BUSINESS**

### **A. Approval of the 2018 Maintenance Fee Mailer**

David Giddings made a motion and Marty Russell seconded the motion to approve the 2018 maintenance fee mailer documents, which includes the cover letter, the ABC policy, and the TPI marketing insert, as presented with the addition of a promotional piece from the sales team regarding the Palmas Villas. The motion passed unanimously.

### **B. 2017 Audit Engagement Letter**

Marty Russell made a motion and David Giddings seconded the motion to engage Schonwit & Associates for the review of the financial statements of Cascadas de Baja Association for the year ending December 31, 2017. The motion passed unanimously.

### **C. Approval of 2018 Meeting Dates & Locations**

David Giddings made a motion and Mark Giddings seconded the motion to approve the following meeting dates, but September/October meeting date for the year 2018: January 23<sup>rd</sup>, April 17<sup>th</sup>, June 22<sup>nd</sup>, and June 23<sup>rd</sup>. The September / October meeting is tentatively scheduled for October 2, 2018. The motion passed unanimously.

The board agreed to hold its January 23, 2017 board meeting at the Doubletree Club Hotel located at the Irvine / Orange County Airport.

## **X. EXECUTIVE SESSION**

The board recessed for a break at 4:42 p.m. and the following people exited the meeting: Glen Brush, Debbie Brush, Erick Malm, Earl Asbury, Jessica Kim, Dave Stoenner and Miguel Torres.

The board returned from break and entered executive session at 4:52 p.m. (PDT) for the purpose of approving the minutes of the June 23, 2017 meeting, discussing the Club organizational structure, and lease renewals.

Representative of TPI exited the meeting at 5:30 p.m. (PDT). The board exited executive session at 5:55 p.m. (PDT) and TPI representative re-entered the meeting.

**XI. REVIEW OF NEWLY-ADDED ACTION ITEMS**

No discussion.

**XII. ADJOURNMENT**

With no further business to discuss, the meeting adjourned at 5:55 p.m. (PDT).

*The next meeting is scheduled for Tuesday, November 28, 2017 at 1:00 p.m. (PDT) telephonically.*

Respectfully submitted,

Approved by,

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Asael Sandoval,  
Director of Resort Operations  
Trading Places International

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Richard Bort,  
Secretary  
Cascadas de Baja Association