

**CASCADAS DE BAJA ASSOCIATION  
ANNUAL MEETING  
JUNE 23, 2018  
10:00 A.M. (PDT)**

**Wyndham Irvine / Orange County Airport  
Irvine, California**

**MINUTES**

**I. CALL MEETING TO ORDER**

Marty Russell called the meeting to order at 10:16 a.m. (PDT) and introduced Patricia Giddings. Mrs. Giddings welcomed everyone to the 2018 Cascadas de Baja Annual Meeting and thanked everyone for their attendance and their dedication to Club Cascadas.

Marty Russell introduced the members of the Board, the Special Advisors, Advisory Committee members, resort staff, guests, and Douglas L. Wilcox. Mr. Wilcox expressed how TPI has valued their relationship with Club and thanked the membership for allowing TPI to manage them. He then introduced TPI staff in attendance. Officers, employees, management and guests in attendance were:

**Board Members Present**

Marty Russell	President
Larry Greenberg	Treasurer
Richard Bort	Secretary

**Special Advisors to the Board Present**

Patricia Giddings  
David Giddings  
Mark Giddings

**Advisory Committee Members Present**

Mark Gross  
Earl Asbury  
Erick Malm  
Glen Brush

**Cascadas de Baja Association Staff**

Mauricio Quezada	COO Cascadas de Baja Association / CVI
Miguel Torres	General Manager
Alberto Diaz	Controller

**Trading Places International Staff**

Douglas L. Wilcox	Sr. VP of Resort Operations
Asael Sandoval	Director of Resort Operations
Luis Moran	Assistant Vice President HOA Accounting

### **Trading Places International Staff Continued**

Casey Clayson	Administrative Assistant
Kristen Makinen	Administrative Assistant
Nicole De Casas	Administrative Assistant
Nick Burson	Exchange Specialist

### **Guests Present**

Dave Stoenner	Sales Director – Cascadas Vacations, Inc.
Barbara Montgomery	Cascadas Vacations, Inc.
Jessica Kim	Compania del Rey

The Board presented a bronze plaque to Patricia Giddings to honor her dedication to the Club, to be placed in the Casa Giddings building.

Douglas L. Wilcox announced that the notice of the 2018 annual meeting and proxy form were mailed to all owners of record on April 24, 2018.

A quorum was established with more than 35% of the owners represented in person or by proxy.

## **II. OVERVIEW OF 2017 & UPDATE FOR 2018**

### **A. Board of Directors**

Marty Russell provided a brief overview of the transition into the legacy membership. He explained that as of January 1, 2018 the Giddings family resigned from the Board of Directors as required in the by-laws, but the Board requested that the family should remain as Special Advisors to continue to provide guidance. On behalf of the Board, Marty Russell thanked the Giddings family for continuing as Special Advisors to the Board.

Mr. Russell explained that Mauricio Quezada was hired as the Chief Operating Officer for Club Cascadas to provide management expertise and to help ease the transition; Dave Stoenner has continued his role as the Director of Sales of the new sales subsidiary, Cascadas Vacations, Inc. He thanked Miguel Torres for his leadership as General Manager and Richard Bort and Larry Greenberg for their continued dedication to the Club as Board members. The Sales Director and General Manager report to the COO; the COO reports to the Board of Directors.

Mark Giddings played a video that detailed the “before,” “during,” and “after” of the 2018 remodel of the Villas in Building 24. He thanked everyone for their hard work and said he would continue to carry his father’s legacy at Club Cascadas.

On behalf of the Board, Marty Russell recognized Jessica Kim for her hard work, advice, and guidance through the legacy transition.

Richard Bort introduced himself as the secretary of Club Cascadas and provided the membership with a brief overview of a HOA non-profit membership corporation and the Cascadas de Baja Association corporate structure. He explained the creation of the for-profit

subsidiary, Cascadas Vacations, Inc (“CVI”), and some of the US and Mexican tax and legal implications.

## **B. Management Report**

Mauricio Quezada provided an overview of projects and accomplishments that have taken place over the last year including the creation and distribution of the Owners’ Information Guide, preparations for a redesign of the Club website, the registration and trademark of the Club Cascadas logos, receiving an international beach certification distinction, and the acquisition of a more cost-effective property and casualty insurance policy. Mr. Quezada also reported that the Club has joined forces with the Los Cabos Hotel Association to combat the arroyo problems. At this time, control of the arroyo is presently in dispute and being fought in court.

Miguel Torres gave a presentation on staff training and events, renovations, and member events. In his presentation, Mr. Torres reported that the resort was providing staff with basic English courses; and to reduce the educational lag of many employees, elementary education classes are also being taught to staff so they may obtain their education certificate. The presentation included images of the staff events including Mother’s Day, Christmas party, Father’s Day and pictures of Member events including the New Year’ Eve fireworks, the turtle release on the beach, and Dia de los Muertos. He also reported that new uniforms have been ordered for staff and the staff kitchen/cafeteria was remodeled.

## **III. UPDATE ON FINANCIAL STATUS OF CLUB**

Larry Greenberg presented a graph displaying the timeline of the Club Cascadas remodel. He reported that almost 50% of the remodeling has been completed and if Club continues with the current remodeling pace, full remodel may be achieved by 2024. Mr. Greenberg also provided Members with an overview of the annual budget process, financial procedures, and a description of the various accounting-related funds.

Luis Moran presented the 2017 Financial Statements review. After presenting the Balance Sheet, Mr. Moran reported an excess of revenues over expenses in the Operating Fund in the amount of \$910,391 and an excess of expenses over revenue in the Replacement Funds in the amount of (\$291,320). After a transfer from the Operating Fund to the Replacement Fund, per direction of the Board, the Operating Fund ended the year with a balance of \$250,000 and the Replacement Fund ended the year with a balance of \$1,397,411. In addition to the Operating and the Replacement Funds, accumulated Other Comprehensive Income totaled \$192,842.

## **IV. SALES UPDATE**

Dave Stoenner and Barbara Montgomery gave a presentation on the on-site sales program:

- CVI pays the maintenance fees for all unsold inventory at Club Cascadas, currently representing over \$900,000 annually.
- In 2017 there were a total of 285 weeks sold. 138 of these weeks were developer inventory and 147 weeks were member resales.

- Through May, 2018, there have been a total of 76 weeks of Club inventory sold and 51 weeks of members' return and refund transactions completed. At this rate, CVI will likely turn a profit after expenses (including Maintenance Fees) and income taxes.
- The onsite sales program has returned close to \$1,000,000 to members during 2018.

Barbara Montgomery provided a brief overview of the bonus week program. She announced that in 2017, the sales department confirmed 911 bonus weeks, reimbursing members \$934,336 in maintenance fees. She explained how the bonus week program rewards new buyers and members who refer buyers. The bonus week program brings new guests to the resort, creates income for the Club by filling unsold inventory, reduces delinquency through the reimbursement of dues to members who may have difficulty paying, and allows members, who may not be able to use their week, to get their dues reimbursed.

Dave Stoenner provided the meeting attendees with a brief overview of the rental program. He explained that if a member lists his/her villa for rent, the renter must pay the IVA tax; the member receives 65% of the net amount paid and CVI will earn 35%. He also informed the membership that rental rates are approved by the Board of Directors.

## V. OWNERS' INFORMATION GUIDE

Marty Russell informed the membership that the Board created an Owners' Information Guide to help answer questions the Members may have about Club, CVI, and their membership. A copy of the guide can be found under the Owners Corner on the Club Cascadas website.

## VI. ELECTION OF FIVE MEMBERS TO THE BOARD OF DIRECTORS

### A. Candidate's Statements

The following candidates were given the opportunity to make their statements:

- |                    |                       |
|--------------------|-----------------------|
| 1. Richard Bort    | 9. Malcom R. Dick Jr. |
| 2. Larry Greenberg | 10. Buck Dodson       |
| 3. Marty Russell   | 11. Mark Giddings     |
| 4. David Belanich  | 12. Dennis Herrick    |
| 5. John Bramer     | 13. David Loitterman  |
| 6. Glen Brush      | 14. Tom Ramar         |
| 7. Mark Cox        | 15. Carl Shields      |
| 8. Martha Calderon |                       |

The following 10 additional write-ins that were listed on the proxies were also given an opportunity to speak:

- |                      |                 |
|----------------------|-----------------|
| 1. Kathy Baker       | 6. Wayne Gunter |
| 2. Colleen Carapinha | 7. Barb Merrill |
| 3. John Carapinha    | 8. Joel Mitter  |
| 4. David Giddings    | 9. Lisa Vargas  |
| 5. Michelle Gunter   | 10. Don Minnis  |

Of these 10 write-in candidates, only David Giddings was in attendance, and he asked that his name be withdrawn.

**B. Call for Nominations from Floor**

Douglas L. Wilcox called for nominations from the floor three times.

**C. Close Nominations**

Douglas L. Wilcox closed nominations from the floor. With no further nominations from the floor, member Jeanette Cortez made a motion to close nominations and member Peter Cropsey seconded the motion. The motion passed unanimously.

**D. Turn in Ballots**

A final call for ballots was made by Douglas L. Wilcox.

**E. Volunteers for Inspectors of Election**

Douglas L. Wilcox asked for three volunteers to serve as inspectors of election. The three volunteers were members Paul Tompkins, Crossan W. Hays, and Barbara Booras.

**VII. DRAWING FOR PRIZES**

The winners of the drawing for a variety of prizes were as follows:

Presented by Asael Sandoval (*Contributed by Trading Places & Remi Mar*):

- 7-Night Vacation Stay – Mikail Roling
- 7-Night Vacation Stay – Cathryn King
- 7-Night Vacation Stay – John C. & Mary M. Ackerman
- 7-Night Vacation Stay – Laura Dietz
- 7-Night Vacation Stay – Toril Strand (proxy drawing)
- 50 Minute Massage - Melissa Galletti
- 50 Minute Massage - Mari Lou Fitzgerald
- 2 Mexican Fiesta Dinners - Lynn Cooper
- 2 Mexican Fiesta Dinners - Rick Eggan & Nicole Goudswaard

Presented by David Giddings (*Contributed by the Giddings Family*):

- 7-Night Ocho Cascadas Stay – Cynthia Hyink
- 7-Night Ocho Cascadas Stay – Keith & Julie Willard

Presented by Mauricio Quezada (*Contributed by Cascadas Vacations, Inc.*):

- 7-Night Club Cascadas Stay – Susan Ryan & Todd Gertsenberger
- 7-Night Club Cascadas Stay – Raymond & Katherine Proctor

## VIII. QUESTIONS AND ANSWERS

Following are the questions submitted to the Board, and answered at the annual meeting:

QUESTION	ANSWER
How many employees have worked for the Club over 20 years?	Currently there are 11 Staff Members that exceed 20 years working at Club Cascadas de Baja.
When is the restaurant closing for remodeling and what is the plan for food service during this time?	The restaurant kitchen will be remodeled upon remodeling the Arco building, date to be determined. Food service would operate under a reduced menu during this period and is being considered as part of the entire building remodel.
Please explain the renovation schedule. Who determines what units get renovated, when, and what determines unit priority? What about Perlitas? Which villas will be refurbished next year and what weeks are involved?	The Board determines and approves renovations, taking into consideration feasibility, schedules, cost, and logistics, with recommendations from the onsite team, COO, and Mark Giddings. Priorities are determined based on the collective benefit to the Association and responsible allocation of funds. There are six Perlitas yet to be remodeled where the Perla unit has already been remodeled, and they're considered within the renovation plan. The rest of the Perlitas are planned to be executed when it's time for their respective buildings to be renovated. The 2019 schedule and units to be renovated will be determined at the Budget meeting in early October based on available funds, construction impact, and cost-benefit.
What is our employee termination procedure? Was it followed with Aida Trujillo? If so, are you reevaluating the policy or if not, why wasn't the policy followed? Have you thought about offering Aida another position or working with her to transition back to sales?	Yes, procedure was followed, policy under review. Another position is a possibility but a transition back to sales, not at this time.
Please explain the difference between the Board and Management and their duties/roles in decision making.	Management supervises disbursements, prepares financial statements, keeps Association books and records, participates on the annual budget, coordinates meetings, property inspections, collection of assessments, membership transfers, owner roster, communications, website maintenance, etc. The Board hires and oversees management, approves budgets, special projects, insurance, approves renovations, discusses multiple affairs related to the Association. This is a general idea of the differences, you can find further information in the by-laws of the Association.
Can anything be done about the music from 11pm to 4am because it's very loud with the bass and vibrates through the Club. The sound carries from the	Multiple efforts are being made to this regard, including joining forces with the Hotel Association in Cabos and neighbor hotels. The land is presently in dispute and being fought in Court. Arroyos cannot be privately owned as they

arroyo and public beach. How can we combat noise in the arroyo? Who owns the arroyo? Are the \$20 massages from arroyo being offered affecting the spa?	belong to the nation as running water channels and cannot be built on. Same as beach concessions, no permanent structures can be placed on them. The \$20 massages are for a different type of client, the Cascadas spa operates in full compliance and to a high standard of quality for products, certified staff and hygiene.
Could Club build a solar parking structure?	It could. Club had a vendor come in to review the area but there are multiple complications as it is currently not allowed to connect into the grid. This would cause Club to either find a way to store the energy or create its own grid, which involves several challenges and investments.
How many times can one be contacted asking if we will be using our week even after we said we are attending? We are asked on our maintenance fee bill and two more additional emails.	After your first confirmation, you shouldn't be contacted again.
Will the financial reports of CVI be sent to the members?	CVI Financials are to be consolidated as part of Club's Annual Financial Review conducted by an independent CPA, which are available to the members. Additional documents may be examined at Trading Places' offices.

**IX. VOTING RESULTS**

Douglas L. Wilcox announced that the 2017 annual meeting minutes were approved. Mr. Wilcox then announced that Mark Giddings, Richard Bort, and Larry Greenberg had been elected to serve three-years terms and Marty Russell and Glen Brush were elected to serve two-year terms as Board members of the Cascadas de Baja Association.

**X. ADJOURNMENT**

The Board announced that a 2018 annual meeting recap report would be provided to the owners via e-blast containing a list of the questions and answers that they were not able to answer during the meeting. Donald Davis made a motion, and Keith Willard seconded the motion, to adjourn the meeting. The motion passed unanimously, and the 2018 Annual Club Cascadas de Baja Meeting adjourned at 1:28 p.m. (PDT).

Submitted by:  
Trading Places International  
Its: Managing Agent

Approved by:  
Cascadas de Baja Association

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Casey Clayson  
Administrative Assistant

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Richard Bort,  
Secretary