



Club Cascadas de Baja

ANNUAL MEETING JUNE 23, 2018 REPORT

This report summarizes the Annual Meeting of the Cascadas de Baja Association held at the Wyndham/Irvine Orange County Airport on June 23, 2018 that was attended by over 115 Members and their families. Formal minutes will be available to view on the Club Cascadas website later.

As Members checked in they picked up copies of the new “Owners’ Information Guide” that is available to view and print below. Copies will also be available on site in the sales office.

[Owners' Information Guide](#)

[Owners' Information Guide – Printable Version](#)

Welcome

Pat Giddings welcomed the Members with heartfelt and warmly-received remarks about how the Club legacy continues with a great management team and Board and with sound finances. She told everyone that the Giddings family will always be part of Club Cascadas even though their role as Developer is over.

Pat was presented with a bronze plaque honoring her years of dedicated service to the Club. The plaque will be permanently attached to Casa Giddings.

The board presented a gift to Jessica Kim, the long-time financial advisor to the Giddings family, for all the effort and guidance she provided in making the transition, from Developer management of the unsold Legacy inventory to management by the Association, go so smoothly.

Reports

Mauricio Quezada, the Association’s COO since June 2017, gave a report on the creation of Cascadas Vacations Inc. (CVI), a wholly owned subsidiary of the Club that operates the Sales Office and pays the Club the maintenance fees on the unsold inventory. He also reported on management’s efforts with the local authorities and business associations to address the arroyo problems, and he announced that the global Blue Flag Programme (www.blueflag.global) has awarded a Blue Flag to the Club Cascadas beach for high water quality, environmental management, and safety.

Miguel Torres, the Club's General Manager, provided a report on staff development and appreciation efforts at the Club. He reported on the Club's training programs in spoken English and elementary education for the staff. He described the many staff appreciation events throughout the year and showed pictures of the newly remodeled staff cafeteria. Miguel also reported on the refresh program in which 44 villas, still awaiting remodel, have been repainted, and new drapes, small appliances, and new fans have been installed. He reported that the interior equipale tables and chairs in all villas have been replaced.

Richard Bort provided the Members with an overview of the corporate structure and explained membership in a HOA, highlighting the differences between ownership of a typical business corporation and a non-profit, non-stock membership corporation where the Board is composed of volunteer members. He explained the rationale behind the creation of the for-profit subsidiary Cascadas Vacations, Inc. (CVI) of the non-profit Cascadas de Baja Association (CBA) and the Mexican and U.S. tax implications. He explained how CVI pays the club maintenance fees (more than \$900,000 in 2018) on the unsold inventory. These payments are tax deductible by CVI and non-taxable income to CBA. He related how the Board was initially uncertain about CVI's revenues when we started 2018, but now, five months later, the Board feels very comfortable that after paying expenses, the fees to the Club, and U.S. and Mexican income taxes CVI will show a profit and pay a dividend to the Club in 2019.

Mark Giddings reported on the ongoing remodeling efforts. He showed a video of the demolition and refurbishment of Building 24, the first of three buildings being remodeled this year. He explained how he was able to improve on his father's original design and enlarge the bedrooms and bathrooms by enclosing unused deck space. Throughout the construction, Mark has led hard-hat tours for the Members and received rave reviews.

Peter Cropsey, Pat Giddings' eldest son, gave an inspiring speech as to how his brother Mark had inherited the best traits for architectural vision and design from his parents and about the continuing dedication of the family to Club Cascadas.

Larry Greenberg showed a chart indicating the progress of the remodel program and projections for its completion in 2024 based on remodeling three buildings a year. Presently we are just about 50 percent completed, with more than half of the one-bedroom villas completed and somewhat fewer than half of the larger villas done.

Larry provided the Members with an overview of the annual budget process, of the sources of funds, and of their allocation to the needs of operations and capital improvements, including the major remodeling program. He described how the Board reviews monthly the detailed financial reports of CBA and CVI and may modify the budgets in response to needs of the Club. He described how financial oversight is provided by our staff controller in Cabo (Alberto Diaz), by TPI's Assistant Vice President for HOA Accounting (Luis Moran), and by CPAs in Cabo and the U.S. Our U.S. CPA prepares a formal annual review of the Club's yearly financial statements that is available to Members through TPI.

Luis Moran provided an overview of the 2017 financial performance of CBA. The results were excellent and show the continued strong financial condition of the Club.

Dave Stoenner, Sales Director of CVI, discussed the sales results from 2017 and the results through Week 23 of 2018. Sales were outstanding in 2017 and have continued in 2018 to be stronger than projections. The “Return and Refund” program has already refunded more than \$1 million this year to Members who no longer needed their memberships. Barbara Montgomery reviewed the Bonus Week program which remains very effective in offering Members additional time at Club Cascadas and in bringing guests who often become Members. If you have an expired Bonus Week certificate, contact Barbara in the sales office and she will make every effort to find a villa for you. Member loyalty under the Legacy Program has been outstanding and the small number of delinquent memberships relinquished to CVI in 2018 is nearly identical to last year and far below industry average.

Election of Board of Directors

Eleven of the 15 Members who submitted nomination forms for election to the Board were present and were given the opportunity to address the attendees. There were 10 additional write-in candidates; only David Giddings was in attendance and he withdrew the nomination.

All votes were counted, and Doug Wilcox, SR. VP of Resort Operations at TPI, announced that Mark Giddings, Larry Greenberg, and Richard Bort received the largest number of votes and will serve initial three-year terms. Marty Russell and Glen Brush were elected to two-year terms. There will be no Directors elected in 2019.

After the Annual Meeting, the newly elected Board met and elected Marty Russell to continue as President for the next year, with the president’s position rotating annually thereafter among the directors. In addition, the board elected Larry Greenberg to serve as Vice President and Treasurer, and Richard Bort as Secretary.

For updated Board information and expiring terms, please visit the Owners Corner.

Other Items

Many attendees submitted written questions, but the meeting ran long and there was time for only a few to be answered before the hotel had us clear the room. The questions and answers can be found by [clicking here](#).

During the meeting, the usual drawing for prizes was held, and various members were happy winners.

Communications

The Board and management are very interested in improving communications with Members. Please send us your questions and concerns at info@clubcascadas.com.