

**VILLAS OF CAVE CREEK OWNERS ASSOCIATION
BOARD OF DIRECTORS BUDGET MEETING**

**MONDAY, SEPTEMBER 18, 2017; 10:00 A.M. (PDT)
TRADING PLACES INTERNATIONAL
LAKE FOREST, CA**

MINUTES

I. CALL TO ORDER / ROLL CALL

The meeting was called to order at 10:09 a.m. (PDT) by Board President, Jeffrey Abramowitz. Mr. Abramowitz welcomed everyone to the meeting.

Board members and guests in attendance were:

Board of Directors:

Jeffrey Abramowitz	President
Bryan Dodd	Vice President (<i>via telephone</i>)
John Holwager	Treasurer
Rosemary Callard-Szulgit	Secretary
Daniel Shaffer	Director

Trading Places International:

Douglas Wilcox	Senior Director of Resort Operations
Joanne Hallert	Director of Resort Operations (<i>via telephone</i>)
Gary Frazier	HOA Accountant
Kristen Makinen	Administrative Assistant

Villas of Cave Creek:

Trish Dye	Manager
-----------	---------

Guests

Lorraine (Lolly) MacKenzie	reThink Interiors
Jake Shepard	Encompass Living (<i>via telephone</i>)
Mitch Behm	Merril Lynch
Tom Bruette	VRI Accounting

The guests joined and exited the meeting as noted throughout.

II. APPROVAL OF AGENDA

A motion to approve the agenda as presented was made by John Holwager and seconded by Daniel Shaffer. The motion was approved unanimously.

III. APPROVAL OF MINUTES

A motion was made by John Holwager and seconded by Daniel Shaffer to approve the minutes of the May 15, 2017 board meeting as well as the minutes of the May 15, 2017 organizational meeting. The motion was approved unanimously.

IV. BUDGET REVIEW

2018 Budget Proposal and Recommendations

Joanne Hallert began the presentation, noting the recommended four percent increase in maintenance fees for the 2018 fiscal year.

Gary Frazier and Trish Dye then went into further detail to review the proposed budget.

Trish Dye highlighted the increased income because of rentals. Ms. Dye stated that this had been the busiest summer for the resort since Trading Places had begun management.

Jeffrey Abramowitz commented on how Welk and GEO had a positive influence on the delinquency rate as they consistently paid maintenance fees for their large blocks of inventory.

The board asked questions and Mr. Frazier, Ms. Hallert and Ms. Dye addressed them. They discussed the reserve funding, employee wages and insurance, housekeeping, and maintenance.

Douglas Wilcox asked that Joanne Hallert and Trish Dye log the projects maintenance works on at the property.

Mr. Wilcox excused himself from the meeting at 10:45 a.m. (PDT).

ADA Compliance – Project Update

Due to the timing of the scheduled presentation, the board addressed ADA compliance, which appeared later on the agenda under Old Business.

At 11:00 a.m., Lorraine MacKenzie of reThink Interiors joined the meeting to present her ideas for the unit remodel.

Ms. MacKenzie gave a brief history of her experience and background, noting her staff's qualifications, including ADA compliance. The board was given a booklet to view the suggested ADA compliant floorplan remodel and furniture. In addition, she presented a few sample boards with textiles the board could consider. Ms. MacKenzie presented a theme for decorating which she referred to as Modern Hacienda.

Jake Shepard from Encompass Living dialed into the meeting at noon to answer questions regarding the costs and construction details for the remodel.

Bryan Dodd exited the meeting at 12:27; Jake Shepard exited the meeting at 12:29.

The board then discussed phase two, which would be the remodel of the non-ADA units. The plans and numbers for this phase were simply presented as food for thought because the board had not decided if or when they might consider phase two.

Ms. MacKenzie left the meeting at 12:49 p.m. (PDT).

Merril Lynch

The board elected to work through lunch as another presentation, which also was further down the agenda under New Business, was scheduled to begin at 1:00 p.m. Tom Bruette of Vacation Resorts International (VRI) and Mitch Behm of Merrill Lynch joined the meeting at that time.

The Merrill Lynch presentation was given by Mr. Behm, who discussed his background in the industry and with VRI.

Mr. Behm outlined the various investment propositions he would recommend for the board to consider and provided them with documents to review.

The board had several questions for Mr. Behm, which he answered.

Mr. Behm and Mr. Bruette left the meeting at 1:55 p.m. (PDT).

The board allowed for a five-minute bathroom break.

The board discussed if they should consider amending their documents to see if that might create the possibility for a different investment strategy.

2018 Budget Proposal and Recommendations – Continued

The board returned to the agenda at 2:10 p.m. (PDT) to continue discussion of the 2018 budget. It was agreed that a four percent increase of the maintenance fees would be implemented.

A motion to approve the 2018 budget as presented was made by Daniel Shaffer, seconded by Rosemary Callard-Szulgit and approved.

A motion to approve a holiday bonus for the resort staff was made by John Holwager, seconded by Daniel Shaffer and approved.

The board also discussed how the remodel would fit into the budget and what could be afforded.

Cover Letter, 2018 ABC Policy and Billing Inserts

Jeffrey Abramowitz stated he would write the cover letter for 2018.

No ARDA ROC letter shall be included in the billing mailer.

A motion to approve the cover letter as amended, the ABC Policy and the marketing inserts was made by Rosemary Callard-Szulgit, seconded by John Holwager and approved.

2017 Audit Engagement Letter

A motion to engage Fitzgerald and Associates to audit the 2017 financial statements and to direct Mr. Abramowitz to sign the engagement letter was made by Daniel Shaffer, seconded by Rosemary Callard-Szulgit and approved.

V. REPORTS

Financial

MONTHLY STATEMENTS

The board reviewed the financials through July 2017.

DELINQUENCY/COLLECTIONS REPORTS

The board reviewed the delinquency report and the collection report.

MARCH GROUP PORTFOLIO

The board reviewed the portfolio.

HOA Inventory

The board reviewed the HOA inventory report, noting that some inventory was currently in escrow to Welk.

Rental Report

The board reviewed the rental report with Joanne Hallert.

Occupancy Reports

Joanne Hallert reviewed and discussed the occupancy reports with the board.

The board discussed owners who utilized all five of the past five years and discussed a way to thank them for the usage. They also discussed surveying owners to see what might entice those who do not use their weeks to do so.

Property Operations

MANAGER'S REPORT

Trish Dye reviewed her Manager's report for the board.

ACTION ITEMS

The board reviewed the action items, noting all were completed.

The board looked at the pool conversion bids and discussed switching from chlorine to salt water.

A motion to move to a salt water pool system was made by Rosemary Callard-Szulgit. The motion was not seconded.

The board wished to research this more and discuss at their December meeting.

VI. NEW BUSINESS

Association Banking

MERRIL LYNCH

The board received a presentation earlier in the meeting from Merrill Lynch.

A motion to switch from Wells Fargo to Merrill Lynch was made by Rosemary Callard-Szulgit, seconded by Danial Shaffer and approved.

Reserve Study Approval

A motion to accept the reserve study was made by John Holwager, seconded by Daniel Shaffer and approved.

VII. OLD BUSINESS

ADA Compliance – Project Update

The board considered and discussed the ADA unit at 11:00 a.m. (PDT) with Lorraine MacKenzie.

The board discussed any additional steps that needed to be taken to continue moving forward towards ADA compliance. The budget was approved with a line item of \$5000 towards ADA in the reserves.

Doug Wilcox rejoined the meeting at 3:10 p.m. (PDT).

A motion to move forward with an ADA unit, paid from reserves, and to accept reThink Interiors proposal less furniture that was not required to become ADA compliant was made by John Holwager, seconded by Rosemary Callard-Szulgit and approved.

Pool Conversion

The pool conversion discussion will be tabled until the December meeting.

Window Blind Repair

Trish Dye presented her recommendation for blind replacement

The board discussed tinting the windows.

The board will revisit this in December.

VIII. EXECUTIVE SESSION

The board moved into executive session at 3:18 p.m. (PDT).

The board adjourned the executive session at 3:46 p.m. (PDT).

IX. ADJOURNMENT

The meeting was adjourned at 3:46 p.m. (PDT).

Next Meeting Date

<u>Day</u>	<u>Date</u>	<u>Time</u>	<u>Place</u>	<u>Type</u>
Monday	December 4, 2017	2:00 p.m.	Telephonic	Regular

Respectfully submitted,

Accepted by,

Joanne Hallert, Director of Resort Operations
Trading Places International

Rosemary Callard-Szulgit, Secretary
Villas of Cave Creek Owners Association