**MINUTES OF TRUSTEES MEETING OF**

**VALLES SUPER FUND**

**DATE:** 30/06/2019

**HELD AT:** Suite 1 270 Robinson Road East Geebung Qld 4034

**PRESENT:** Leslie Gunn & Valerie Gunn & Jim Cleave

**MINUTES:** The Chairperson reported that the minutes of the previous meeting had been signed as a true record.

**PURPOSE:** To address the loan between Valles Super Fund ans the Cairns South

Unit Trust and its performance.

**DISCUSSION:** The Valles Super Fundagreed to loan the Cairns South Unit Trust

$380,425.00 on the 1/7/2014, unsecured at an interest rate of 12.5%.

At this time, reasonable due diligence was undertaken in order to

establish the viability of the loan. Also, child care centres were in great demand, profitiblilty was around 25%, the demographics were there for growth and the trustees were comfortable with the loan.The trustees believe the loan was inline with the trust deed and the investment

strategy, in that it was for the sole purpose of providing retirement benefits to the members.

The trustees agreed to loan a further $120,000.00 on the 27/8/2017

Under the same conditions.

On the 30/6/2018, this loan was increased by $104,077.00 to allow for tax effect accounting in the Cairns South Unit Trust.

The trustees noted that prior to June 2018, there were some large repayements to the loan.

On the 30/6/2019, the trustees agreed to increase the loan by $31,187.16 to allow for the tax effect in the Cairns South Unit Trust and to clear the beneficiary loan. A new loan agreement was drawn up

for the consolidated new loan of $311,542.39 at the same interest rate and conditions.

**ACTION:** The trustees discussed the loan to Cairns South Unit Trust with their

Accountant. They noted that although there had been some principal

repayments, the majority of the interest had been capitialized since July 2018.

The trustees noted that this process was allowed as the current low trading position was out of the business managers control. Capitilizing the interest (short term) was agreed to on the basis that the business made drastic changes. These changes were made and included a change in management company and a change in the Centre Director.

The trustees were of the persuasion that calling in the loan at this stage

would be both unwise and foolhardy.

**CLOSURE:** There being no further business the meeting was closed.

**CONFIRMED:** --------------------------------------------------------------