

CAUSEWAY ON GULL
BOARD OF DIRECTORS MEETING
April 20, 2013

1. The meeting was called to order by Association President, Mark Nagel. Also present from the Board were Pat O'Hara, Gloria Williamson, Glen Johnson, Doug Johnson, Bob Edstrom, Daryl Luthens, and Steve Wagner. Dennis Nordstrand was absent. Ad Hoc Committee members present were Roy Jensen, Rob Hanson, Joe Lanz, and Chuck Standfuss. Laura Johnson was absent. Legal Counsel, Dick Hawke, and Narveson Management representatives Neal Narveson, Carrie Elling, Jim Sullivan, and LeAnne Rundhaug were also present.
2. A motion was made and seconded to approve the minutes of the Board Meeting held January 12, 2013. The motion carried.
3. Management Report – Neal reported on the following:
 - A. Minnesota Pools are scheduled to complete the pool refurbishment project by May 24th (weather permitting)
 - B. Johnson Landscaping is scheduled to seed the lawn at the 6-plex. The \$3,500 bid was approved in 2012.
 - C. Schneider Brother Construction has been contacted to replace the roof on 5/6. The project is scheduled to be completed this Spring (\$12,600).
 - D. The insurance company (Auto Owners) is requiring verification from a contractor that the shake roofs are being properly maintained and are structurally safe. This may be a reaction to the roof claim that was submitted on the Marina building. A contractor inspection could result in further claims if additional weather damage is found.
 - E. A bid is being obtained to replace the bad windows in units 15/16. Replacement will be scheduled if funds allow.
 - F. A bid for \$275 was obtained to cut another opening (the same size as the existing) into the front desk wall between the lobby and the office. This would make it easier for the front desk staff to assist owners. The Board approved the project.
 - G. Vacation Ownership For Less (VOFL) is doing well and is continuing to help the collection effort. There are approximately 500 listing between the three resorts; 84 of those are Causeway intervals. 17 Causeway intervals have been sold since VOFL began operating. \$10,900 was collected the first quarter of 2013 from owners who are on payment plans. In 2012 \$56,346 was collected, so the overall effort of starting this program is paying off. The highest interval listed is \$12,500, and the highest sold for \$7,000. The average interval lists for \$2,610. Title opinions are offered through Land Title. Deb commented that the only drawback to some of the units at Causeway is the amount of steps there are to get to get to the units.
 - H. Neal has been looking into various software options for e-mailing owners. It would increase, and hopefully improve, communication about rentals, bonus weeks, and sales.
 - I. Causeway is continuing to hold Gold Crown scores with RCI.
 - J. Bids are being sought for exterior staining. In addition to outside contractors, NMI will bid the project in-house with their painting crew. Bids may be e-mailed to the Board for approval if the project can be completed before summer.

4. Committee Reports:

- A. House and Grounds Committee - Gloria suggested that the Board get together to inspect the units. Anyone who is interested could meet over one or more weekends (Friday and Saturday) and hopefully, get through them all. She has met with Carmel (NMI Quality Control Manager) in the past and they were able to come up with inexpensive ways to improve the look of the units. It was also suggested that maintenance issues should be identified. Following discussion, Mark, Glen, Chuck, Roy, and Sylvia volunteered to come to Causeway to inspect the units.

Glen reported that he has been researching possibilities for installing wireless internet in the units. Having a DSL connection is not an option. He presented a detailed bid from On Systems for better quality equipment (mesh system - \$20,000 for all areas of the resort), and Charter Cable for service (\$2,500 - \$3,000/month). Charter's bid was based on the number of modems and/or antenna's that are used. The option of going with a Dish type service for wireless was mentioned but it was determined to not be a good option. Glen mentioned that Charter would also like the opportunity to bid the phone service. Neal mentioned that Charter had notified him that a new cable box was going to be required for each television to receive all available channels. There will be an added monthly cost for the new cable box. Following a lengthy discussion, management was directed to have On Systems install the wireless mesh system only in the main office at this time, and to contract with Charter Cable for monthly service. Management will continue to research pricing on the units for the 2014 budgeting process.

Regarding the tree replacement plan, Glen will meet with LeAnne to clarify where the new trees should be planted.

Owner, Mike Erickson, was present for this portion of the meeting and asked about the roof replacement plan. The current plan is to replace one roof each year in the Spring and Fall. The worst roofs have been scheduled first. Units 5/6 are scheduled to be replaced next. Mike asked for the roof on 21/22 to be scheduled next because he has noticed that it leaks down the insides of the walls. He invited the Board to come and look at his unit. Neal commented that ice dams have been a major problem this year because of the amount of snow there was this year. The Board will take the request into consideration.

It was noted that some of the exterior lights on the units are on all the time. Motion lights or lights with photo sensors should be installed on the units.

- B. Finance Committee – Neal reported that the first quarter financials reflect the short fall from 2012, however maintenance fee payments are coming in better than in 2012, and more prior year fees are being paid. This could be due to the implementation of VOFL. Although it appears more owners are paying, there are still a lot of outstanding receivables, any many of those will need to go through the foreclosure process, so he cautioned the Board about what projects should be approved for 2013.
- C. Communications Committee – Pat mentioned that Carrie put a video of the units on the Association's Facebook page. He is going to begin to work on the Spring Newsletter. It was mentioned that the web-site causewayongull.com no longer exists. Management was directed to contact the owner of the causewayongull.com domain name to see if they would want to sell it.

D. Policy Committee – Bob reported that the committee received copies of the existing policies from Dick. The policies haven't been reviewed for some time and there are some changes that need to be made. He suggested that management also review the policies to see if anything is being done differently. It was clarified that policy changes can be made by a vote of the Board. Following discussion, the committee was directed to send suggested changes to Dick. The committee hoped that a red-lined version could be ready to review and vote on at the October meeting.

5. Old Business:

A. Mark updated the Board on the status of the foreclosed inventory. Approximately 300 of the intervals are subject to Capital Source mortgage. The Executive Committee had been working on an agreement with Capital Source to obtain lien releases so the intervals could be sold. Neal reported that he was contacted recently by Capital Source because they have a company (Global Exchange) that is interested in taking control of the inventory. Global Exchange is a company that puts its entire inventory into the RCI Points system and then sells blocks of Points to its members. He explained that he met with Marc, Dick, Bob, and Steve the night before and discussed the subject at length. The Association wouldn't receive any money for the intervals, but if Global Exchange took all of the inventory available, they would pay about \$210,000 in maintenance fees in 2014. There was a lengthy discussion about the advantages, and concerns, of having one entity own a large block of inventory. The Board has been attempting to establish a dialogue and working relationship with Capital Source for some time to address the lien and other titling issues that the association and some of our owners have. Capital Source is seeking our co-operation in working with Global Exchange to assist in its plan to resolve Capital Source's own position as well as possibly helping the Association with maintenance fees. If Capital Source's efforts are successful, it may work to everyone's advantage for them to redefine their lien and record releases to weeks no longer covered and to foreclosed weeks. The Board agreed to support the general concept of the plan and to co-operate with Capital Source and also give Dick, Neal, and the Committee authorization to make any contingencies to the initial plan. Following discussion, a motion was made and seconded to move along with the current plan as discussed; only the current foreclosed mortgaged inventory should be used, and the Association would allow Global Exchange to make quarterly payment for the maintenance fees. The motion carried.

6. New Business:

A. It was noted that Dick's retainer agreement was approved via e-mail.

B. Neal reported that Gull Lake Marine would like to renew the building lease and have asked for two additional renewal options on the lease. They would like to some improvements and would like some security that they will have use of the building. Following discussion, a motion was made and seconded to approve the two additional renewal options. The motion carried. Dick will prepare the additional addendum options. It was noted that any new signage for Gull Lake Marine should be approved by the Board.

C. Frandsen Bank referred a potential renter that would like to rent one of the GLRC units for six weeks at \$500/week. The Board agreed to the rental, but if the occupant needs to extend the stay, it will be at a rate of \$2,000/week during the prime summer season.

D. Following discussion, a motion was made and seconded to allow unit 19, week 6 annual usage, to be deed to the Association as a hardship case, if the current owner pays the 2013 maintenance fees. The motion carried.

7. A motion was made and seconded to adjourn. The meeting adjourned.