

CAUSEWAY ON GULL
BOARD OF DIRECTORS MEETING
January 14, 2012

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, Terry Miller, Dennis Nordstrand, and Daryl Luthens. Ad Hoc Committee members present were Roy Jensen, Rob Hanson, Steve Wagner, Joe Lanz, Laura Johnson, and Chuck Standfuss. Legal Counsel, Dick Hawke, Kirsten Christopherson, associate attorney, Narveson Management representatives Neal Narveson and LeAnne Rundhaug were also present, as well as owner Sylvia Hanson.
2. A motion was made and seconded to approve the minutes of the Board Meeting Before the Annual Meeting, and of the Annual Meeting for distribution, both held November 20, 2011. The motion carried.
3. Committee Reports:
 - A. Finance Committee – Dennis reported that the Association ended the year about the same as the previous year. \$70,000 is still owed on the line of credit, but it will be paid off in January. The amount of outstanding receivables on the balance sheet is an ongoing concern because it hinders cash flow. There was discussion regarding the rental of delinquent owner weeks, as well as Association weeks.
 - B. House and Grounds Committee – Glen commented that if any money could be put aside for the tree replacement project it in 2012, it would be appreciated. LeAnne reported that the hot tubs in units 13 thru 20 should be up to Minnesota Department of Health codes (from the list of original violations) except for the hard covers. Maintenance will be working on bringing two more to code this Spring. She also reported that the Front Desk was tracking owner complaints from the comment cards by type of complaint, and unit number. A copy of that spreadsheet was given to the committee members. A bid to remove the wallpaper from the upstairs bathrooms in units 30 and 49, and paint the walls instead of re-wallpapering had also been e-mailed to the committee members. It was agreed that moving forward, if the wallpaper needs to be replaced, it should be removed and the walls painted. Following discussion, management was directed to replace the roof on units 7/8 as soon as possible. There was discussion regarding installing wireless internet in the units. It was identified as a common complaint on the comment cards. Until, or if, wireless is installed, it was suggested to have a list of options for wireless available to owners.
 - C. Communications Committee – there was nothing to report at this time.
 - D. Policy Committee – Discussion regarding the donations policy was deferred to the April meeting.
4. Management Report:
 - A. Neal reviewed a preliminary report showing the dollar value of the foreclosed inventory that is subject to CapitalSource's mortgage. Some adjustments need to be made to the report before it is forwarded to CapitalSource for their review. Once a price structure is agreed to, he suggested that Dick draft the eventual agreement with CapitalSource regarding selling the weeks because that is what will have to be submitted to the State for registering the intervals. These weeks along with the Association inventory can be sold with RCI Points, which will add about \$495 to the value. There was also discussion regarding implementing a referral promotion for selling the inventory.
 - B. Neal mentioned that he intends to test market some of the inventory at Breezy as RCI Points intervals to see if there is an interest.
 - C. Neal commented that the Board had previously asked him to report some facts on how the implementation of Vacation Ownership For Less (VOFL), and the Association's contribution to that effort, has benefited the Association. Before VOFL was operational, much effort went in to

contacting delinquent owners and explaining the concept of VOFL as an option to help sell their weeks. One requirement is that owners must be current, or on a viable payment plan to list their week. This effort brought in \$945 the first quarter from payment plans, or from owners who wanted to participate in the program. \$2,800 was collected the second quarter, \$7,800 in the third, and \$3,000 in the fourth quarter. So besides the resales that have occurred, VOFL has also been a valuable collection tool.

- D. Neal and Dick are continuing to work on implementing the agreement with Frandsen Bank for them to pay their share of the expenses on the GLRC units. The bank's representatives indicated that no rentals should be taken yet for the summer months. Neal will send the expense billings he has to the bank; also he will restructure the maintenance fee Budget for 2012 and assess the GLRC timeshare owners. Dick will contact the bank's attorney and see if he can help the process along.
- E. The Board reviewed the proposed reduced rental rates. Following discussion, they approved the rates and instructed management to post them on the Association's web-site.
- F. LeAnne reported that another owner has indicated that they would not pay maintenance fees until they receive a recorded deed from Causeway Development. Owners are unable to get a hold of anyone from Causeway Development to help with these issues. There was some indication from CapitalSource that they may eventually be able to help with some of these deed problems. LeAnne was directed to keep a list of owners who are having deed problems like this. It was noted that these owners are still responsible to pay their maintenance fees and if they are not paid, the usual late fees will be assessed to their account and access to the unit will be restricted.

5. Old Business:

- A. Dick reported that the title searches for the unmortgaged Association inventory should be complete by the next Board meeting. Those weeks can then be registered and sold. There are currently six Association weeks registered for sale.
- B. There was discussion regarding setting penalties for policy violations. It was agreed that a \$500 penalty should be set for any policy violation whether it be a violation of the pet policy, smoking policy, trailer policy, etc. Bob will get a list of all of the policies/rules put together and work on a format to explain to owners/guests what the policies are, and the penalty for violating, and get back to the rest of the Board for review. The policies and penalties will be communicated in the Spring newsletter, which may be mailed to the owners.

6. New Business:

- A. Laura reported that 17 gifts were given away during this past Annual Meeting. Owners were excited about the drawings. She noted that attendance at the Annual Meetings has increased over the years and she would like to continue with the drawings and suggested some other ideas to increase attendance next year.
- B. Glen suggested holding the Annual Meeting in October instead of November as a way to increase attendance. The weather has been an issue in the past and maybe owners would be more likely to attend if it was held in October. Management will put together a survey for owners to complete during check-in to see if they would be more likely to attend the meeting if it was held in October, rather than November.
- C. There was discussion on the use of facebook/twitter for raising awareness and enhancing experiences at the resort. Pat and Mark will investigate further.
- D. The committees were assigned as follows:
 - Finance: Dennis, Daryl, Steve, Joe
 - House and Grounds: Glen, Gloria, Roy, Laura
 - Communications: Pat, Rob
 - Policy: Bob, Doug, Chuck

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