

CAUSEWAY ON GULL ASSOCIATION, INC.
2017 ANNUAL OWNERS MEETING
November 11, 2017
The Arrowwood Lodge, Baxter MN

1. The meeting was called to order by Association President Steve Wagner. Also present from the Board were Doug Johnson, Roy Jensen, Daryl Luthens, Pat O'Hara, Shirley Mitchell, Doug Weber, George Deliduka, and Chuck Standfuss. Ad Hoc Committee member Rob Hanson was present. Dennis Steele. Gloria Williamson was absent. Legal Counsel, Dick Hawke, was also present. A sign-in sheet served as roll for the audience. With those in attendance at the meeting, along with the proxies that were received established a quorum for the meeting.
2. A motion was made and seconded to approve the minutes of the November 13, 2016. Annual Meeting. The motion carried.
3. The President's report was presented by Steve Wagner.
 - A. Steve thanked everyone for attending the meeting and asked the other members of the Board to introduce themselves. He mentioned that once again, the greatest challenge for the Board is dealing with is the Budget. Both the Board and staff are continually looking for ways to generate additional revenue for the Association. Rental rates for the golf carts were increased in 2017. This helped offset the purchase of 20 new golf carts which should also help availability. The most significant decisions made this year by the Board, to help keep up with ever rising costs, were to raise the maintenance fee by \$20.00, after 4 years of no increases. And to add a convenience charge of \$20.00 for covering the costs associated with owners wishing to pay by credit card.
 - B. Owners were encouraged to continue to take advantage of the Bonus week program. This is a way to make unproductive weeks productive, which is a goal of the Board. Several other RCI related programs are also being developed that will also make use of the unproductive inventory and generate revenue.
 - C. Necessary projects will be completed on a priority basis, and the staff will do as much in house as possible to reduce costs of expensive outside contractors.
 - D. Ad Hoc members are always needed. It is a great way to gain a better understanding of how the Association operates.
4. The Treasurer's report was presented by Doug Weber.
 - A. Doug reported that because the Association was able to cash flow, they were able to negotiate a positive reduction on the interest for the mortgage on our common properties by 2%.
 - B. There was no increase in management fees for 2018. This is the fourth year in a row with no increase from NMI.
 - C. The resort staff was thanked for the wonderful job they do and their efforts to help control costs.
 - D. The finance committee met and did a mini audit of the association books. Neal and LeAnne were thanked for their help to better understand the accounting procedures and all the work they do to help control costs.
 - E. The Association will have a positive cash balance in the capital reserve account at the end of the year.
 - F. Three duplexes were scheduled to have the roofs replaced over the fall/winter, but the project was put on hold until the insurance claim that was recently filed due to damage that occurred during a bad September storm can be fully inspected by the adjusters. Due to glass breakage, the carpet and living room furniture will be replaced in units 7 and 32 as a part of the insurance claim.

- G. A full year of maintenance fees was collected from Global Exchange (GE) in 2017. GE owns a large block of inventory and pays about \$150,000 annually in maintenance fees.
 - H. The Board has discussed the subject of levying a special assessment to get some projected completed but GE has expressed disapproval. GE has benefited the Association significantly and the Board doesn't want to risk losing that affiliation so they are looking into other ways to generate income.
 - I. In response to a question regarding the delay for the insurance company finalizing the claim, Neal explained that when the insurance adjuster was inspecting the roofs for wind damage that occurred during the September storm, he found hail damage from a prior storm, so a second claim was filed for hail damage. The insurance company has been working with the Association and the delay is probably due to the complexity of filing two different claims. There was damage to the roofs on several units as well as the maintenance building, storage building, and pool building. Some units had structural damage. Three units had interior damage and owners/guests have had to be moved to other units. The Board will try to keep the membership updated via Facebook and the Association web-site (www.causewayongull.org). It is anticipated that most of the repairs will occur next Spring.
 - J. There was discussion regarding the number and types of unproductive weeks there are, and ways to make them productive. Some of these weeks will need to have legal work done before they can be sold. Neal is looking into different sources besides GE, who could potentially use this inventory until the legal work can be completed and they can be sold.
 - K. Long term debt is the loan for Outlet A, which is the sales building, marina, and pool building that was acquired from the developer. Dick explained the history and reason for purchasing Outlet A.
 - L. An owner questioned the shortfall on the operating budget. The Board is aware that the operating reserve account will be used to cover any shortfalls due to delinquency. The goal is to have more money in both reserve accounts at the end of year. This can be accomplished by increasing rentals, use of bonus weeks, working with GE, and other available RCI programs.
5. Resort Operations – Neal Narveson (NMI) reported on the following:
- A. NMI currently manages Breezy Point Timeshare, North Beach Resort, Causeway on Gull, and will soon be managing The Village at Izatys. Neal has been involved for several years with both Causeway and Village at Izatys efforts to work through problem issues they inherited from their common former developer, including the formation of CGVI which is a jointly owned Holding Company owned and used by both resorts. CGVI is producing cash flow necessary for helping to pay for some of the work that is needed to clear titles. He doesn't want NMI to get too big, but big enough so entities like RCI will listen and work with him.
 - B. NMI staff has been trying to deal with many needed repairs on a tight budget. He encouraged owners to report problems but also understand that funds are somewhat limited right now. The staff really does want to make everyone happy and it is frustrating for them too when things can't be replaced as quickly as everyone would like.

C. Owner concerns over maintenance and other issues were discussed including:

- Problems crossing Lost Lake Road. It was suggested to talk to local authorities about putting marked crosswalks on the road, so drivers are more aware of people crossing the road.
- There is no lighting on the hill for overflow parking or in the parking area for the six-plex.
- Kids who are underage are driving the golf carts. This should be reported to the front desk.
- First impressions are important and the debris on the hill needs to be removed. Neal reported that much of it has been removed since summer.
- There are dead trees behind units 46 – 52. Management reported that they are located off the Association's property. It is uncertain if the owner intends to clean them up.
- Golf carts aren't available for everyone who would like them. More carts were purchased to try to help this problem. The Resort had 5 more carts available this past year, and all 20 were new.
- Grass needs to be planted behind the six plex.
- The outdoor hot tub is leaking. The leak is underground and will need to be researched for repair in the spring.

6. Election of Directors – Three Director positions were up for election in 2017. Incumbents Pat O'Hara and Shirley Mitchell, and Ad Hoc Committee member Rob Hanson were nominated. With three nominees for three Board positions, a motion was made and seconded to close nominations and cast a unanimous ballot. The motion carried. Pat, Shirley, and Rob were elected to the Board.

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