

**CAUSEWAY ON GULL ASSOCIATION, INC.**  
**2018 ANNUAL OWNERS MEETING**  
**November 11, 2018**  
**The Ramada Hotel and Conference Center, Plymouth MN**

1. The meeting was called to order by Association President Steve Wagner. Also present from the Board were Rob Hanson, Roy Jensen, Daryl Luthens, Pat O'Hara, Shirley Mitchell, George Deliduka, and Chuck Standfuss. Doug Weber was absent. Ad Hoc Committee members Dennis Steele, Gloria Williamson, and Doug Johnson were 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 12, 2017. 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. Steve reported that former Association President and longtime legal counsel, Dick Hawke, passed away this past August. He will be missed.
  - B. Steve reported on the progress of the repairs from the 2017 storm. All of the roofs have been replaced, some staining has been completed, many windows have been replaced, and the carpet was replaced in three units. These were all completed with the funds that were received from the insurance claim. Although the Association is still on a tight budget, he hopes that because they no longer need to worry about roof replacement, some of the funds that were previously allocated for that project can go towards other interior replacements.
  - C. The number of unproductive weeks (Association inventory and delinquent inventory) is still a concern and the need to find ways to generate revenue with this inventory is a priority as it will help cover the increasing operating costs of the resort. He encouraged owners to continue to let the Board know what is wrong in the units. Steve also mentioned that NMI did not take the 3% management fee increase that was previously approved, for a fifth year in a row. Some of the things that are being done to generate revenue for the Association are offering bonus weeks – this program has been expanded to all resorts managed by NMI, public rentals, and rentals through RCI and possibly Interval International (II). Neal explained how the RCI/II programs operate.
  - D. There was a brief discussion regarding the maintenance hot tubs, which are regulated by the State of Minnesota.
4. The Treasurer's report was presented by Neal Narveson.
  - A. Neal mentioned that although the current Treasurer, Doug Weber, was not able to attend this year's Annual Meeting, he is very involved in overseeing the finances of the Association.
  - B. There was no increase in maintenance fees for 2019. Although it might be challenging to operate within the same budget, the Board thought it was better to try to find ways to generate revenue using the unproductive weeks than raise fees. There are several constraints in trying to operate within the same budget. There are a number of get out of your timeshare exit programs that are attacking the timeshare industry. These have a significant negative impact on the Association financially. Neal explained that Global Exchange also owns a large block of inventory and did not want to see the maintenance fees increase again in 2019 (GE currently pays about \$150,000 annually in maintenance fees), so besides outside financial concerns, we have to be concerned about the Global Exchange relationship.

- C. Neal mentioned that it has taken considerable time to get the two insurance claims (wind and hail) processed. The Association did settle the two claims for 1.6 million. One of the biggest things the Association will have to deal with in 2019 is the \$40,000 increase in insurance costs. He also mentioned that the cable contract renews in February and may increase, however they may also have a more affordable option for installing Wi-Fi in the units.
5. Election of Directors – Three Director positions were up for election in 2018. Incumbents Steve Wagner, Doug Weber, and George Deliduka were nominated. A motion was made and seconded from the audience to close nominations. The motion carried. A motion was made and seconded elect Steve, Doug, and George. The motion carried. The Board encouraged owners to volunteer for the Ad Hoc Committee.
6. Meeting Business:
    - A. Neal mentioned that the software conversion for maintaining the owner data to Timeshare Ware is complete but like all new software, there are some ongoing issues.
    - B. Neal explained that Fairfield/Wyndham disaffiliated with Causeway. He also explained how some of the larger exchange companies are harming the timeshare industries with their membership programs.
    - C. There was discussion regarding public, Expedia, and RCI rentals. Neal explained how the association inventory is being deposited into the RCI system and is generating revenue for the Association. There was further discussion regarding RCI exchanges and if an in house exchange program could operate.
    - D. An owner raised concerns regarding maintenance issues. The membership was encouraged to report any housekeeping or maintenance issues to the front desk so they can be addressed. The House and Grounds Committee is addressing, and prioritizing, several issues.
    - E. It was reported that the units are being changed to LED lighting as lights fail.
    - F. There was discussion regarding levying a special assessment to get some projects completed, and the many problems associated with that process.
7. A motion was made and seconded to adjourn. The meeting adjourned.