

Minutes of Causeway on Gull Board of Directors Meeting
April 30, 2005

1. Dennis Steele, President, called the meeting to order at 9:00 a.m. Members present were Judy Nyssen, Tom Kraus, Bill Klingner, John Sweeney, Gerry Sakariason, John Herre, Dave Brainard, and Bob Edstrom. Ad Hoc Committee members present were Gloria Williamson, Pat O'Hara, Terry Miller and Dan Scharf. Dick Hawke, Legal Counsel, LeAnne Rundhaug, Management Company representative and Kristie Lacey-Hause, Developer Representative, were also present. Denny indicated that it was probable an additional Directors meeting might have to be held before the next scheduled meeting in July.

2. The House and Grounds Report was given by John Herre. John listed several concerns regarding the resort area, including:

- Landscaping – the woods and area around the pool building needs to be cleaned out
- Landscaping needs to be completed along the roads leading to new units.
- Commons area needs to be cleaned and construction materials removed. Developer representative was given this action.
- The sliding hill is being used and torn up by 4-wheelers. Suggestion was made to fence this area off.
- Moisture and other problems in pool building continue. Meetings are being planned with contractor to recommend course of action.

3. Communications Committee Report was given by Judy Nyssen:

- Spring newsletter is complete and should be mailed next week. LeAnne will ensure a copy is faxed to Judy for final approval prior to mailing.
- The Website is nearing completion. Board members names with contact information has been added, amenities, and shop-on-line are complete. Discussion held on how much financial information should be included on the website. Suggestion is to post 2005 budget as approved and possibly add quarterly financial summaries. Complete budget information would be available at the resort or would be sent to any owner requesting this information. Suggestion also made to post refurbishment schedule for 2005. Board of Directors meeting minutes will be posted after Board approval. Suggestion also made to include resort staff names and titles. Discussion held with Developer representative regarding Causeway on Gull domain name. Suggestion is to provide link on the resort website to the developer website for "sales", and link on the developer website to the resort website for "reservations". Question was asked on future communications with owners - - two newsletters are planned for this year.

4. Policy Committee – Bill Klingner indicated the committee would be looking at four policies,
 - 1.9 – Liability
 - 3.4 – Resale Program
 - 2.6 - Collection of Owner Association Fees
 - 4.2 – Finance Committee

The Policy Committee will meet in June to discuss changes and make recommendations at next Board meeting.

5. It was clarified from the January 22 minutes that Tim Vogel has resigned as an Ad Hoc Committee member due to other responsibilities. Motion made and seconded to accept this resignation. Motion carried.

6. Denny Steele noted that the annual meeting minutes had been received.

7. Finance Committee – Tom indicated that he would meet with the Management Company to reconcile the balance sheets. He also took action to meet with Midwest to clarify any open financial questions. Board members should e-mail any questions they may have to Tom.

8. Management company report was presented by LeAnne:

- Dina has left to take a position at Izatys. Two potential candidates have been identified and will be interviewed next week.
- Discussed comment cards and status of the resort. Need to plot trends and indicate problems/issues as year progresses. The Board was disappointed with the results, but acknowledged Narveson was only three months into the contract, and had many other distractions with the developer and changeover during that time period. Improvement over the next nine months is expected.
- Suggestion to install snow fencing on hill to preclude 4-wheeling.
- Concern about status of pool building and who has responsibility to determine and make repairs. It was suggested to involve Tom Balz in meetings with contractor to determine next steps.

9. Developer Report – Kristie Lacey Hause

- Kristie reviewed reorganization of development company, which now contains two business units: Solara (created to pursue fractional ownership) and the existing Midwest Resorts.
- Plan to start fall construction of remaining units. Six changes in construction plans have been identified to date; final construction meeting will be held late summer/early fall.
- Discussion on rescission of recent sales at Causeway for purchase at Breezy.
- Denny requested a more timely process for transfer of the RSVP units currently in developer inventory and a detailed list of current owners.

10. New Business

- Midwest Resort maintenance fees compromise agreement – need accounting of actual owners. RSVP transfers must happen. Meeting will be held between the two organizations.
- Compromise and Authorization for Final Agreement – Agreement has been prepared and remaining items should be reconciled by weekend. Motion was made and carried to go forward with the compromise and authorize the President to execute the final agreement.
- Discussed the letters received from Minnesota Health Department and the hot tub compliance issue. Suggestion made to restrict use of hot tubs by renters. Suggestion made to elevate issue to national associations. LeAnne to research costs to comply with Health Department recommendations.
- Insurance quote has been received by Management Company that appears to be \$20K less with more coverage. Motion made and seconded to accept the recommendation to change insurance carrier after review by Tom and Denny. Motion carried.
- Request from Neal Narveson to review the Management Company contract and potential two-year extension was discussed. The Finance Committee will address in June. Neal was asked to prepare report of what he feels critical items are at the resort, suggestions on how to fix, what do he and his company expect?
- Collection Agreement with Midwest Reports – Ron Zappa and Tom will agree on mutual termination letter. Neal Narveson will institute collection procedures. Motion made and seconded to authorize the Finance Committee to negotiate a collection agreement. Motion carried.
- LeAnne requested permission to change credit card companies due to the high rates of the current company. She and Tom will discuss and work out details.
- Motion made and seconded to allow the Management Company to open a new depository account to be used primarily for money deposits in Nisswa after hours. Motion carried.

- LeAnne asked if the 6-plexes would have dual affiliation with RCI as well as II. The 6-plexes must be consistent with resort and dual affiliation is required.

- An owner who is also a children's book author has written a book which illustrates the resort. Do we want to sell his books at the resort? Decision to invite him to picnic and suggest he sell the books there.

Old Business:

- Developer billings – Turn fees will be sent to Ron.

- Motion made and seconded to retain Richard Hawke as Legal Counsel. Motion carried.

- Landscaping around the resort office and along the road needs to be looked at. LeAnne will make contacts. Landscaping around the pool building was discussed. Tom will discuss with Ron.

Motion made and seconded for adjournment at 12:10. Motion carried.