

CAUSEWAY ON GULL ASSOCIATION, INC.

2010 ANNUAL OWNERS MEETING

November 21, 2010

The Kelly Inn, Plymouth MN

1. Association President, Tom Kraus called the meeting to order. Also present from the Board were Pat O'Hara, Gloria Williamson, Glen Johnson, Doug Johnson, and Mark Nagel. Bob Edstrom, Terry Miller, and Jim Kirkpatrick were absent. Ad Hoc Committee members present were Laura Johnson, Daryl Luthens, Dennis Nordstrand, and Rob Hanson. Chuck Standfuss was absent. Legal Counsel, Dick Hawke, was also present.
2. A motion was made and seconded to dispense with the reading of the November 22, 2009 Annual Meeting Minutes and approve as written. The motion carried.
3. The President's report was presented by Tom Kraus. Tom reviewed the agenda for the remainder of the meeting and reported on the following:
 - A. Causeway received an RCI Gold Crown Status for 2011 and thanked the management staff for their hard work during the past year.
 - B. The Association foreclosed on approximately 397 annual and biannual weeks owned by Causeway Development on November 10, 2010. He explained the foreclosure process and what might happen to those intervals.
 - C. The Fall Newsletter will continue to be mailed with the maintenance fee statements in October. The Spring Newsletter will be posted on the Association web-site www.causewayongull.org.
4. The Treasurer's report was presented by Mark Nagel and included the following:
 - A. Mark announced the Tom's term was up this year and because of the Association's three term limit, would not be seeking re-election. Mark thanked Tom for his hard work and dedication to the Association over the last nine years.
 - B. Members are paying higher maintenance fees mainly because the developer is not paying fees on the unsold inventory, which is why the foreclosure and resale process is so important.
 - C. The Replacement Fund was \$45 in 2010 and is \$30 for 2011. This fund has always been a part of the normal maintenance fee structure but by classifying it as such, the funds are transferred to a separate savings account and spent specifically on approved replacement expenses. The fund is a permanent part of the maintenance fee structure but the dollars allocated to it may change annually.
5. A House and Grounds report was presented by Glen Johnson and included the following:
 - A. The House and Grounds Committee spent time going through every unit in 2009 to help identify needed repairs and prioritize projects. All units are not the same and standardizing the resort was one of the items identified.

- B. Roofs have been replaced on five buildings and the plan is to continue replacement on two per year. They are also looking into staining and landscaping projects for the future.
 - C. New flat screen TV's were purchased for every unit. The goal was to try to do something in every unit.
 - D. Hot tub maintenance continues to be an expense to comply with the Minnesota Department of Health requirements. Modifications were needed to all hot tubs to comply with the state statutes.
 - E. A question was raised about the waterfall by the outdoor hot tub not working and concerns about the six plex wiring.
6. Resort Operations – Neal Narveson from Narveson Management reported on the following:
- A. A successful effort was made to re-attain a Gold Crown status with RCI; however, retaining that status will take even more effort as incoming exchange guest's expectations will increase because of it.
 - B. Causeway has partnered with the Breezy Associations in the development of an owner retention/resale program. The details of the program were reviewed. It should be available to owners mid-winter or early this next spring.
 - C. An internal exchange program cannot be developed because of contractual agreements made with the existing exchange companies.
 - D. The developer of the new five plex units has defaulted and that building is going back to the bank. Members of the Board have met with bank representatives to discuss how they might move ahead.
7. Election of Directors – Three Board positions were up for election in 2010. Nominees were incumbents Bob Edstrom and Glen Johnson, and Ad Hoc Committee members Daryl Luthens and Rob Hanson. With four nominees for three Board positions, the election was conducted by written ballot. Bob Edstrom, Glen Johnson, and Daryl Luthens were elected to the Board.
8. Old Business
- A. There was discussion regarding some specific maintenance issues and other concerns that were discussed with management and the Board.
9. A motion was made and seconded to adjourn. The meeting adjourned.