

CAUSEWAY ON GULL ASSOCIATION, INC.

2006 ANNUAL OWNERS MEETING

November 19, 2006

Sheraton Bloomington Hotel

The Annual Owners Meeting of the Causeway On Gull Association was called to order at 2:15 p.m. by Dennis Steele, President.

2. The current Directors and Ad Hoc Committee members were introduced to the Owners.

3. Motion was made and seconded to dispense with the reading of the 2005 meeting minutes. Motion was made and seconded to approve the 2005 Annual Members Meeting minutes. Motion carried.

4. The President's Report was presented by Dennis Steele. Items discussed were:

- Despite problems with collection of maintenance fees from developer, the Association still shows positive cash flow. The Association has positive net worth in excess of \$500,000.
- Some planned 2006 renovations were not completed due to unexpected expenditures with the outdoor hot tub and landscaping for the six-plex.
- \$181,000 planned spending for 2007 may be delayed if \$100,000 shortfall is not overcome.
- Management company is limited by budget we provide them. One time special \$100 assessment is being considered to allow for needed repairs.

The special assessment would raise \$250,000.

- Developer has been unable to pay maintenance fees for 2005 and 2006. We are currently foreclosing on the developer weeks. Cash flow should improve by the end of 2007/early 2008 when foreclosure proceedings are complete.
- Resort Operations
- RCI rating scores are improving.
- Staff turnover has declined
- More activities for owners
- Maintenance and upkeep is improving considering budget limitations.
- A number of questions were asked regarding the Solara and Midwest Resort Clubs. Many owners expressed concerns about the dealings of Solara, and many had complaints they gave up their week to the club only to get nothing in return. One member paid money and traded their unit for a week in the five plex that was never built. Others said they cannot find that their weeks were recorded. Denny reiterated that the Association is separate from the clubs and it has no control over its activities, and no responsibility or ability to fulfill promises made by the club. Another owner asked why the Association doesn't file a complaint with the Attorney General's Office. Denny replied we have had conversations with the Department of Commerce, which is the licensing authority. The Attorney General would be more interested in complaints of individual owners than it would with the association as an organization. The Commerce Department is investigating, and the developer has agreed to a May 2006 Consent Order that prohibits it from selling at Causeway. The Association will post current information on the website as it becomes available to us.

5. The Treasurer's Report was present by Thomas Kraus. Items reviewed included:

- Profit & Loss Statements
- Liability and Association Equity
- Operating Expenses
- Unit Renovations
- Proposed 2007 Budget.

6. Resort Operations – Neal Narveson of Narveson Management was introduced and discussed the operation of the resort. He urged owners to review what they currently own and to make appropriate contact with officials if they are concerned on what will be honored.

7. Election of Directors was convened. Three Directors have completed their terms. Current Ad Hoc Committee members were introduced, as well as Michael Martens, who is interested in running for the Board. New Board members elected are Gloria Williamson, Terry Miller, and James Kirkpatrick. Ad Hoc members will be decided at the January Board meeting.

8. Old Business:

- Dick Hawke, Legal Counsel, discussed the State Health Department regulation regarding hot tubs in a lodging establishment. Our position is that Causeway on Gull is not a hotel or lodging establishment, but is privately owned by its owners. An administrative hearing is pending, with the State Attorney General representing the Health Department. We will update the owner information on the website as it becomes available.

- Point-to-Point Resorts is master broker for RCI. Concerns or questions can be handled through Narveson Management.

- A letter had been received from an owner requesting the Annual Meeting be held at the resort every other year. This is and has been the practice and will continue to be going forward.

- A motion was made and seconded to destroy the ballots from the election. Motion carried and was done by Narveson Management.

- Dennis Steele reiterated the need for volunteers for the ad hoc committee.

9. Meeting adjourned at 4:50 p.m.