

MINUTES OF CAUSEWAY ON GULL BOARD MEETING

July 17, 2005

1. Dennis Steele, President, called the meeting to order at 9:15 a.m. at the Narveson Management Building. Board members present were Tom Kraus, Bill Klingner, Gerry Sakariason, John Herre, Dave Brainard and Bob Edstrom. Ad Hoc Committee members present were Gloria Williamson, Pat O'Hara and Dan Scharf. Dick Hawke, Legal Counsel, LeAnne Rundhaug and Neil Narveson, Management Company Representatives and Kristie Lacey-Hause, Developer Representative, were also present.

2. A motion was made and seconded to dispense with the reading of the April 30 meeting minutes. Motion made and seconded to approve the April 30 meeting minutes as presented. Motion carried.

3. Committee Reports:

a. Finance Committee - The P&L statements were distributed and discussed. The owner delinquency report was also distributed and discussed. There appears to be confusion between the Management Company and the Developer on owner week inventories and unit upgrades. Tom and Ron will review owner balances due and the communication with the Management Company. Neil Narveson will fax their check-in policies and procedures to Ron Zappa at Midwest. Owner fee receivables balances were discussed. Denny will send Tom a copy of the existing agreement on collections. A motion was made and seconded to utilize Spring Collection Agency for the association. Motion carried. It was suggested that a letter be prepared and sent to owners to explain the details and budgeting of this year's refurbishment plan, including infrastructure versus cosmetic costs and issues that have developed this year which have impacted the plan, i.e. conversion of gas meters, pool issues, etc. Denny and Kristie will jointly draft and send this letter to owners. Kristie will have draft to Denny by July 25.

b. House and Grounds - John highlighted some of the issues affecting the appearance of the grounds at the resort including a hole in the road on the 6-plex side, trash pile that the public is now using as a means to dump their private trash, too many boats in the office area hindering check-in process, weed control due to extremely wet spring, ventilation in the new pool building, sod and bush replacement after last year's construction along the road, exercise equipment (has been ordered). Neil will check with the county on the sod and bush issue. It was clarified that Pierz Marine is entitled to 38 slips. The formula is the number of slips available minus the number of units built minus 10. Neal Narveson has action to review the terms of the existing lease with Pierz next week.

c. Communications Committee - Bob Edstrom will complete the January Board minutes and forward to Judy Nyssen for posting on our website. Developer did not feel the minutes of the Board meetings would be of value on the website. Denny asked developer if they desired a link on the Association website to the Developer website for sales information. Developer did not feel this was necessary. Tom Kraus will provide Judy a condensed June financial report for website posting. Judy requested that any suggestions/ideas, etc. for the website be forwarded to her as soon as possible.

d. Policy Committee Report - Three policies had been reviewed for update:

- 1) liability insurance for directors - Dick Hawke will send copy of current insurance binder to all directors;
- 2) collection of fees on returned units - units may be offered for sale to

Developer as long as 100% of any outstanding maintenance fees are paid to association.

3) resale - owner-to-owner resales can occur between individual owners, however, they need to check on current deed, ensure correct filing process, etc. We could also post on Narveson website as well as Causeway Association website. Returned units could be sold back to developer. Neil Narveson will send their written procedures on transfer to the Board for review.

4. Old Business

- Golf Carts - It was decided by the Board to obtain an adequate number of golf carts and charge accordingly. The existing carts are old and maintenance costs have become a concern. Neil Narveson will check on new lease versus purchase and associated costs. Goal is to have adequate supply by late summer.

5. New Business

- Midwest Lease Renewal of the Sales Building - Kristie will send a letter to Denny indicating Midwest plans to exercise the remaining option for lease renewal of the sales building for the November 1 - October 31 2006 time period. There is a 6-month written notice requirement if vacating early.

6. Management Report

- Long term plans being compiled. Continuing to work with Development Company to ensure smooth transition on check-in and other issues as they arise. Neil will send a letter to the Finance Committee regarding contract renewal. Monday morning coffee and rolls will be reinstated at the resort, and it will be ensured that a representative of the developer as well as the resort manager will be in attendance to address any questions or concerns. Gold Crown Resort status was discussed.

7 Developer Report

- Kristie reviewed management changes at Solara, the new development company name. Ron Zappa will function as the President and CEO of Solara. She indicated the remaining construction will begin in October, the units will be 5-plexes, may be fractional ownership and possibly not in our association.

The meeting adjourned at 12:00 to allow the Directors to attend the Owner's Picnic at Causeway.