

CAUSEWAY ON GULL
BOARD OF DIRECTORS MEETING BEFORE THE ANNUAL MEETING
November 17, 2013

1. The meeting was called to order by Association President, Mark Nagel. Also present from the Board were Pat O'Hara, Gloria Williamson, Glen Johnson, Doug Johnson, Steve Wagner, Dennis Nordstrand, and Daryl Luthens. Bob Edstrom was absent. Ad Hoc Committee members present were Roy Jensen, Chuck Standfuss, and Laura Johnson. Rob Hanson and Joe Lanz were absent. Legal Counsel, Dick Hawke, Narveson Management representatives Neal Narveson and LeAnne Rundhaug, and ad hoc nominee Douglas Weber were also present.
2. A motion was made and seconded to approve the minutes of the Board Meeting held October 25, 2012 as amended. The motion carried.
3. Meeting Business:
 - A. Following discussion, a motion as made and seconded that during the Annual Meeting, the Board recommend re-electing Daryl and nominating Chuck and Roy. The motion carried.
 - B. Neal reported on the settlement negotiation with CapitalSource (CS). The Board reviewed the list of weeks mortgaged by CS and potential sales prices. CS is asking for \$150,000 to remove their mortgage on both the Causeway and Izatys' intervals. Kris Lacey would also Quit Claim her interests at Causeway and the Association would receive the Power of Attorney she gave CS. This could help clean up some of the deed issues owners have. This offer expires December 31, 2013. Neal has already spoken with representatives from People's Bank and they were receptive to loaning the Association the money. There was a lengthy discussion of how to proceed and the ramifications of Causeway potentially having an interest in Izatys intervals. Following discussion, based on counsel's notification to the Board of a potential conflict of interest due to co-representation of Village at Izatys Resort, a motion was made and seconded that the Board waive any objection to counsel providing advice and counsel to the Board on the grounds of conflict of interest for purposes of today's meeting only. The motion carried.

Motions were made, seconded, and carried to approve the following resolutions:

Be it resolved that:

The President is authorized to negotiate and complete the purchase on terms he deems acceptable of all of the interest of CapitalSource in any and all loans and security interests and other agreements and contract with Causeway Development, Inc., village Development, Inc. or any other related party (excepting only active accounts receivables to be retained by CapitalSource), including all agreements with Kristie Lacey-Hause, the ownership to any units presently under contract for deed which may in the future default, and any other real estate interest of whatever source in property that is or may be connected with either the Causeway on Gull Resort or the Village at Izatys Resort.

Be it further resolved that:

~~The President is authorized to negotiate and complete the financing of this purchase and/or the refinancing of this Association's current loans and to offer such security as he deems appropriate to secure the same.~~

Be it resolved that:

The President is authorized to negotiate with the Village at Izatys Association, Inc. possible coordination and participation in the organization of a new corporation to negotiate and purchase all of the interest of CapitalSource Financial in both the Village at Izatys Resort and the Causeway on Gull Resort (excepting active accounts receivables with CapitalSource intends to retain) and to cause the said new corporation to be incorporated with the Association as a stockholder holding at least a 50% interest.

Be it further resolved that:

Should the Village at Izatys Association, Inc. be unable or not interested in a direct participation stockholder interest, the President be authorized and hereby directed to cause such corporation to be formed as a 100% subsidiary of this Association.

Be it resolved that:

This Association name the following individuals of the Board of Directors of the new corporation until such time as their terms expire and their replacements are named and qualified: Mark Nagel, President, Dennis Nordstrand, Treasurer, Neal Narveson, NMI Inc.

Be it resolved that:

This Association is authorized, and is hereby directed, to provide funding to the new corporation by such combination of capital contributions and/or loans as is deemed necessary and in the best interests of this Association to pay its share in proportion to its stockholdings of the following expenses of said corporation:

- The purchase price owing to CapitalSource of their interests in the Causeway on Gull Resort and the village at Izatys Resort, and
- The organization costs and expenses of said new corporation, and
- The operating costs of the said corporation, and
- The real estate taxes, both current and delinquent, of all real estate owned or to be owned by said corporation, and
- All filing fees to be incurred in recording transactions, court, foreclosure or other expenses deemed necessary to accomplish the goals of said corporation,

Subject, however, to such reasonable budgeting limitations as this Board may in the future impose.

Be it resolved that:

This corporation is authorized, and is hereby directed, to seek the acquisition of the records of Causeway Development, Inc. and Village Development, Inc. and any related entities that may reflect the ownership history or rights to real estate sold by said entities at any time which may be of assistance in clearing up ownership issues to said property.

Be it further resolved that:

This Association authorize and pay any out of pocket expenses necessary to obtain these records, including but not limited to, past or present storage charges owed to parties not related to the ownership or any secured interest in said records or related asset, the expense of moving the securing said records, and any other expense for the location and recovery of said records.

It was agreed that the name of the new corporation will be CGVI Holdings. Dick was directed to do what is necessary to set up the corporation.

- C. Dick reported that he got the title commitments on the 49 Association intervals and the application has been sent to the Commerce Department to get the registered.
- D. The Board reviewed the agenda for the Annual Meeting.
- E. Neal reported that a fraud case was settled in the state of Washington, and because of that judge's ruling 31 intervals will be deed to the Association from a collection of related scam resale companies.
- F. The 2014 meetings were scheduled as follows:
- Saturday, January 11th at 9:00 AM at Dick's office
 - Saturday, April 26th at 10:00 AM at Causeway
 - Saturday, July 19st at 10:00 AM at Causeway
 - Saturday, October 18th at 9:00 AM at Dick's office
 - Sunday, November 16th at 10:00 AM (the Annual Meeting was scheduled for 1:00 PM) at a location to be determined in the twin cities area.
- G. A motion was made and seconded to adjourn. The meeting adjourned.
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