

MINUTES OF CAUSEWAY ON GULL BOARD MEETING

October 8, 2005

1. Dennis Steele, President, called the meeting to order at 9:05 a.m. Board members present were Judy Nyssen, Tom Kraus, Bill Klingner, John Sweeney, Gerry Sakariason, John Herre, and Bob Edstrom. Ad Hoc Committee members present were Pat O'Hara and Terry Miller. Dick Hawke, Legal Counsel, LeAnne Rundhaug and Neil Narveson, Management Company representatives, Kristie Lacey-Hause and Ron Zappa, Developer Representatives, and James Kirkpatrick, COG owner, were also present.

2. A motion was made and seconded to dispense with the reading of the July 17 minutes. Motion carried. Motion made and seconded to approve the minutes of the July meeting. Motion carried.

3. Committee Reports:

a. Finance Committee – Tom Kraus distributed and reviewed the August financials. It was noted that we are in a positive position on income for the year. It was noted that the owner base is not accurate, which causes problems between the Management Company and Developer. The Management Company has been getting owner lists that conflict with one another. The Management Company gave a copy of its list to the Developer for reconciliation, but the Developer just returned it with their own list. Kristie said this should not be difficult. It was brought up that many meetings were scheduled to reconcile the list and set up a reservations procedure, but the meetings were always cancelled by the Developer. Kristie said to give her the listing, and she would personally reconcile it if necessary. Action: LeAnne will run current list and send to Kristie by Tuesday, October 11. She will call Kristie's cell to ensure receipt. Tom will go to Solara to meet with Kristie next Tuesday between 9:00 and 9:30.

Bob Edstrom questioned the old accounts payable balance on the balance sheet. LeAnne said it relates to items that had to be paid as payables, but they couldn't tie to the records received from the Developer last December. Kristie will assign Mindy to investigate liabilities versus payables; Tom will assist with review. Property tax statements were discussed. Dick will secure a copy of Outlot A tax information. Turn fees were discussed. Payments from developer will begin next week.

A current owner delinquency list needs to be available for each Board meeting. Action: Tom. Some accounts have been sent to Springer Collection. A problem exists between the Developer and the Management Company on a clear understanding of current owners, upgrades, developer weeks, etc. The Management Company is not comfortable with the accuracy of the existing owner receivables list. The differences will be reconciled with the help of Kristie. Narveson was told to bring a delinquency list to every Board meeting.

b. House and Grounds – John discussed concern regarding the dead wood and other debris on the north side of the new 6-plexes. Several owner complaints have been received. Developer has action to complete this clean up by November 30. The Developer also promised to finish the landscaping behind the six-plex by November 30. Owner complaints have been received regarding lack of grills at the new 6-plexes. Motion made and seconded to buy one more grill and locate two in front and two in back by October 25. Motion carried. Developer will complete painting and weather-stripping of all doors in the 6-plexes as well as re-stripe carpet in stairwells. Neil Narveson indicated that fall clean up will be a huge issue this year, but is necessary to ensure the good condition of the grounds next spring. The condition of the jet pumps on 12+ hot tubs was discussed. These need repair and Neil will get estimate

for repair or new tubs prior to the annual meeting. The leak on the main drain on the outside hot tubs was discussed. Labor issues have precluded the repair so far this year.

c. Communications Committee – Judy indicated the owner’s home page and web site has been updated. The Management Company is updating the activities section on a weekly basis. Separate links for Board minutes and finance information will be added soon. Dick Hawke will prepare summary of the November 2004 annual meeting for posting on the web site. Possible new links could be rental information between owners as well as sales between owners. Communication committee will review these possibilities and make recommendation to the Board. Bob Edstrom will supply January minutes to Judy ASAP for posting.

d. Policy Committee – The rental policy needs to be clarified. State regulations as well as Solara and Association concerns need to be reviewed. Action: Policy Committee will work with Neil and Dick to finalize this policy.

e. Dick Hawke discussed turn (cleaning) fees on rentals. Currently, if there are two or more turns in one week, the renting owner pays the turn fees. This has caused confusion with the Management Company and owners. Motion made to change the rental percentage to 65/35 and no turn fees beginning November 1. Motion carried. This may change in the future as the licensing issue with the state regarding the hot tubs becomes clearer. Motion made and seconded to refund \$100 to the owner who has been working with Dick on this issue.

4. Old Business

a. Golf Carts – The 2006 budget covers the addition of 15 new carts plus the existing 5.

There is potential for securing rental of an additional 15 for a three month period if the demand is there.

b. Indoor Pool – Everything working okay. Windows, airflow, etc. will be checked this fall.

c. State Inspection – Neil has given John Herre update.

d. Developer Compromise on Maintenance Fees – Clean up 12/04 balances. Final owner list audited and agreed to, recalculate owner list and make adjustments by October 14.

e. The Voting Procedure Policy for the Annual Meeting was discussed. Motion made and seconded to approve proxy-voting procedure as amended. Motion carried. Dick will review and send out written resolution.

5. Developer Report

a. It was announced that as of November 1 Ron Zappa will be forming his own management company located at the Village at Izaty's.

6. 2006 Preliminary Budget

a. The 2006 preliminary budget was discussed and reviewed. Motion made and seconded to approve the budget as presented subject to any real estate tax modifications, which would be reviewed and approved by the Finance Committee. Motion carried.

7. Management Company

- a. Neil indicated his management contract expires at year-end, and he proposes extending the contract two more years with no increase in 2006 and a 3% increase in 2007. With concurrence of the Finance Committee, motion was made and seconded to authorize this contract extension. Motion carried.
- b. Kristie was asked to send the Board a letter requesting renewal of the sales building lease by October 14.
- c. The Annual Meeting will be held in Brainerd at the Brainerd Lakes Lodge on November 20.

8. New Business

- a. Neil indicated it was critical to resolve the reservation issue when meeting with Kristie next week. Kristie will supply list of Solara club members who are Causeway owners. Kristie will personally reconcile data bases next week.
- b. Discussed offer of \$500 for lot adjacent to Causeway (attached). Dick will respond that the association has no motivation to sell this lot and is not interested at this time.
- c. An owner has asked to have a copy of the Causeway owner list. Past policy has been to indicate a list is on file for viewing at the resort, but for privacy reasons, we cannot release owner listings. If it is required for a mailing, we will mail for them.
- d. Hot tub issue and Minnesota Health Department was discussed and reviewed. No updates or action since July meeting.
- e. One Board position will be open for election at the annual meeting. Ad Hoc Committee members were solicited for their opinions on running for this opening at the annual meeting.

Meeting adjourned at 1:25 p.m.