

**CAUSEWAY ON GULL ASSOCIATION, INC.**

**2011 ANNUAL OWNERS MEETING  
November 20, 2011  
The Lodge at Brainerd Lakes, Baxter MN**

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, Bob Edstrom, Terry Miller, Dennis Nordstrand, and Daryl Luthens. Ad Hoc Committee members present were Roy Jensen, Rob Hanson, Steve Wagner, Joe Lanz, and Laura Johnson. Chuck Standfuss was absent. Legal Counsel, Dick Hawke, was also present. .
2. A motion was made and seconded to approve the minutes of the November 21, 2010 Annual Meeting. The motion carried.
3. The President's report was presented by Mark Nagel. Mark reviewed the agenda for the meeting and reported on the following:
  - A. He acknowledged the Board members and commented that they are a diverse group of people and everyone contributes in discussions.
  - B. Mark thanked those owners who have called Board members through the year. It is good to get owner input.
  - C. The Board and Management will continue to work on general maintenance and improvements to the resort. This past year, the Board had to deal with an insulation problem in some of the roofs which were causing leaks and much damage to the units. It appears the problem has been resolved in those units that were leaking. As roofs are replaced, they will be checked for this problem.
  - D. The hot tubs will continue to be worked on to bring to the Minnesota Department of Health requirements.
4. The Treasurer's report was presented by Dennis Nordstrand. Dennis reviewed the financials and commented that 2010 and 2011 were similar years financially. The Association had been ending the year with a surplus of cash, but this year they had to draw on the line of credit to get through the year. He explained that there was much discussion regarding the 2012 maintenance fee assessment. The Board felt it was important not to increase fees, so they were kept the same. More emphasis will be placed on the collection effort. Once the Association is able to sell the weeks that have come back through the foreclosure process, it will also help the finances.
5. Resort Operations – Neal Narveson from Narveson Management reported on the following:
  - A. The Association retained a Gold Crown status with RCI for another year. He gave credit to both the Board and the resort staff for maintaining this status. Some tough decisions have had to be made regarding maintenance issues. The money hasn't always been available to do necessary repairs. The staff strives to be personable and accommodating, which helps when the units might not be totally up to par.
  - B. The roof on unit 9/10 is scheduled to be replaced this next week. Neal explained that the common wall around the chimney chase was not insulated in some of the units, so the heat from the crawl space traveled up to the shingles and rotted the wood. This issue will be checked on roofs moving forward.
  - C. Funds have been allocated to seed the lawn behind the six plex (units 53 – 58). Some boulders and/or shrubs may also be placed to discourage travel up and down the hill. This is being done for safety purposes.
  - D. The new re-sale company, Vacation Ownership For Less (VOFL), is now operational. Because of the many scam resale companies out there, it became necessary to develop a legitimate company to help owners who would like to sell their timeshare interval, as well as those intervals that come back

to the Association through the legal process. He encouraged owners to also call VOFL, if they would like to purchase a week. There are many unbelievable deals.

- E. The foreclosure process on Causeway Development is complete. There are approximately forty plus weeks that are unencumbered and will be for sale as soon as the Association is registered with the Commerce Department. The remaining intervals have liens against them from CapitalSource (Causeway Developments financier). An agreement will have to be reached with CapitalSource before the intervals can be sold. Representatives from CapitalSource appear to be willing to work with the Board. Until an agreement can be reached, the Association can use the intervals. This is where the inventory for the bonus week program came from.
  - F. The new five plex (units 135 – 155) developer is also in foreclosure. Those units along with the foundation for the next six plex will most likely go back to a local bank in the Brainerd area. Neal and the Board have been working with them to develop an agreement on what they should pay towards the operating expenses of the Association for the common areas, and what to do with the units.
6. Election of Directors – Three Board positions were up for election in 2011. Nominees were incumbents Pat O’Hara, Doug Johnson, and Mark Nagel. With three nominees for three Board positions, a motion was made and seconded to close nominations and cast a white ballot. The motion carried. Pat, Doug, and Mark were elected to the Board.
7. Old Business: there was no old business to discuss.
8. New Business
- A. There was discussion regarding some of the policies at Causeway. A comment was made that policies are created and enforced to protect owners and the property.
    - 1. A complaint was received during the year regarding owners leaving personal items outside around the building. There is currently no policy for this and the membership was asked to be respectful of their neighbors.
    - 2. It was clarified that trailers may not be parked at the individual units. There is a designated area to park trailers.
    - 3. There was a lengthy discussion regarding the “No Smoking” policy. The policy was created because of low ratings and negative comments that have been received regarding the units smelling like smoke. There has been an overwhelmingly positive response to this policy; however, a few negative comments have also been received. This is currently a soft policy with no penalty if it is not followed. An owner commented that it is not fair of the Board to suddenly make the units non-smoking and asked if it would be possible to designate specific units as non-smoking. Because this is deeded property and there are fifty one owners per unit, this cannot be done. It is not as easy as switching rooms at a hotel. There was further discussion on monetary penalties for violating the policy, as well as what it would take to change the Association Bylaws.
  - B. A question was raised on whether the date of the Annual Meeting could be changed. The meeting has to be held in November pursuant to the Association Bylaws.
  - C. There was a brief discussion regarding installing wireless internet in the units. It was explained that it would be a significant expense to the Association that the Board did not want to incur at this time. There is wireless internet available in the front desk building.
  - D. Throughout the meeting drawings were held for prizes. Mark thanked Glen and Laura Johnson for all their efforts to have the drawing during the meeting.
9. A motion was made and seconded to adjourn. The meeting adjourned.