

**CAUSEWAY ON GULL ASSOCIATION, INC.**  
**2013 ANNUAL OWNERS MEETING**  
**November 17, 2013**  
**Arrowwood 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, Steve Wagner, Dennis Nordstrand, and Daryl Luthens. Bob Edstrom was absent. Ad Hoc Committee members present were Roy Jensen, Chuck Standfuss, and Laura Johnson. Joe Lanz and Rob Hanson were absent. Legal Counsel, Dick Hawke, was also present.
2. A motion was made and seconded to approve the minutes of the November 18, 2012 Annual Meeting. The motion carried.
3. The President's report was presented by Mark Nagel. Mark reported that it was necessary to increase the Association's line of credit in 2013 to get through the year. Much effort has been made to increase revenue and reduce costs. The Association did collect \$200,000 from the developer a few years ago but they have not paid since. More recently efforts were successfully made to reduce real estate taxes. The implementation of the resale program Vacation Ownership For Less (VOFL) has also helped the collection efforts. Unfortunately, not everything the Board had hoped would happen in 2013 did, and it became necessary to increase fees. Most timeshare resorts are in the \$700 range nationwide, so Causeway's fees aren't that far out of the norm. Progress is being made, which will be reported on later in the meeting.
4. The Treasurer's report was presented by Dennis Nordstrand. Dennis reported on the following:
  - A. Dennis also commented that the Board had hoped to hold maintenance fees down, but not as much revenue was raised as projected and it became necessary. It has been difficult with the amount of unsold inventory and owner delinquency.
  - B. More effort has been made towards collections. Along with calling owners, VOFL has helped with the collection effort because owners need to be current, or on a viable payment plan to list their timeshare interval. The number of owners on payment plans has increased over the years. If owners do not cooperate with our in house collection staff, they are sent to an outside collection company who will file judgments against owners for non-payment.
  - C. The number of scam companies obtaining intervals has also increased however one of these companies was successfully prosecuted and part of the judge's ruling will result in 31 intervals being deeded to the Association.
  - D. Approximately 350 developer intervals (annual and biannual) have been foreclosed upon, but they are subject to a mortgage by the developer's financial lender. The Board has been working with that lender to release their mortgage on both the inventory that has been foreclosed and any intervals that still need to go through the foreclosure process. This process costs approximately \$1500 per interval and takes about one year. Any interval owned by the Association will need to have title insurance and be registered with the Commerce Department before it can be sold.
  - E. The foreclosed inventory was offered for bonus time at \$400 per week in 2013 and 70 weeks were rented. This will be offered again in 2014 at \$400 per week.
  - F. The Board is trying to implement a plan for exterior stain, window replacement etc.
  - G. A motion was made and seconded to accept the Treasurer's report. The motion carried.

5. Resort Operations – Neal Narveson from Narveson Management reported on the following:
  - A. Neal announced that Causeway retained its Gold Crown Status with RCI for 2014.
  - B. Along with the Board, Management and the staff at Causeway have made an effort to reduce costs to the Association. Much of the work at Causeway is done in house by the maintenance staff.
  - C. The roof on unit 7/8 was replaced earlier in the year, and unit 47/48 is the next unit scheduled to have the roof replaced due to some leaking issues. The outdoor pool was refinished last spring. The boat marina and one of the duplexes will be stained next spring.
  - D. VOFL generated about \$33,000 in back maintenance fees so owners could list their interval.
  - E. 49 Association intervals have been submitted to the State for registration. When that process is complete, they will be listed for sale.
  - F. The owner rental program is going well. Some changes were made to the rates in 2013 and rentals were advertised on Craig's list as well as in paper in an effort to increase rentals.
  - G. A question was raised on if the Association would allow owners to deed weeks back. Neal explained that the Association generally does not allow it. Because of the process the Association must go through to even list a week for sale, it is much better if the owner can list the unit themselves. Much effort has been made to help owners in this situation, and it really is not the responsibility of the other owners in the Association to resolve a delinquent owner's problem.
6. Election of Directors – Three Board positions were up for election in 2013. Incumbent Daryl Luthens was nominated. Ad Hoc Committee members Roy Jensen and Chuck Standfuss were also nominated. With three nominees for three Board positions, a motion was made and seconded to close nominations and cast a white ballot. The motion carried. Daryl, Roy, and Chuck were elected to the Board.
7. Meeting Business:
  - A. An owner commented that when owners are doing their estate planning, not to forget their timeshare.
  - B. An owner commented that there seems to be items missing from the units like pictures and nick knacks, and asked the Board to consider allowing owners to donate items that they feel might work in a unit – with the understanding that the staff could determine if the item would be used or not.
  - C. Gloria commented that the Board would be seeking some members for the ad hoc committee and encouraged the women to consider joining.
  - D. The Board and management were commended for their continued efforts.
  - E. An owner commented that the unit was as clean as she felt it should have been when they checked in. Neal encouraged owners to always call the front desk if they have any concerns or issues with their units.
  - F. Mark thanked Bob for his time served on the Board and recognized John Herre, who was in attendance at the meeting, as a former Board Member.
8. A motion was made and seconded to adjourn. The meeting adjourned.