

CAUSEWAY ON GULL
BOARD OF DIRECTORS MEETING
October 25, 2012

1. The meeting was called to order by Association President, Mark Nagel. Also present from the Board were Gloria Williamson, Glen Johnson, Doug Johnson, Daryl Luthens, Dennis Nordstrand, and Pat O'Hara. Bob Edstrom and Terry Miller were absent. Ad Hoc Committee members present were Roy Jensen, Laura Johnson, Rob Hanson, and Steve Wagner. Chuck Standfuss and Joe Lanz were absent. Legal Counsel, Dick Hawke, and Narveson Management representatives Neal Narveson, and LeAnne Rundhaug were also present.
2. A motion was made and seconded to approve the minutes of the Board Meeting held April 21, 2012. The motion carried.
3. Management Report:
 - A. The agreement with Capital Source to release the mortgaged intervals is still being worked on. There has been some correspondence, but things are taking longer than expected.
 - B. The roof on units 3 / 4 is being scheduled for replacement this Fall, as previously approved (\$12,250).
 - C. The pool heater for the indoor pool went out and will have to be replaced. The estimated cost is \$2,700.00.
 - D. The deep well pump went out in October and was replaced. One sewer pump also went out and was replaced on the lift station. The cost was \$1,570.00.
 - E. Bids for the outdoor pool repairs (replaster, tile repairs, etc.) were obtained for \$32,000 and \$33,000. There was a brief discussion, specifically around the safety issues to be corrected and the staging of the repairs. The project will need to be completed in the Spring. It is uncertain how long it will take and exactly when it could begin in the Spring
 - F. The windows in unit 13 / 14 were replaced. Others will follow as necessary.
4. Finance Committee Report:
 - A. Dennis explained that the Association is running about \$50,000 short of funds each year. They have already deposited the \$250,000 line of credit in the Associations bank account. The committee considered many possibilities for savings including even decreasing the level of service from management, but given the structure of the contract, did not feel that would be beneficial to the owners. Neal explained what all the management contract entails. The Board reviewed the Receivable Analysis.
 - B. Neal reported that Vacation Ownership For Less has helped collections. Many delinquent owners are now on payment plans so they can list their timeshare interval with VOFL. \$19,149 has been collected within the third quarter for 2012. He also explained that Mark and Dick attended an all President's Meeting in September and that group agreed to continue with the \$10/owner contribution to VOFL and the collection effort.
 - C. There was discussion regarding assessing \$695 or \$720 per owner and how to further increase revenue through rentals and bonus weeks. Due to the state of the economy and continued hope

for increased sales and weekly rentals, a motion was made and seconded to approve the budget at \$695 per owner for 2013. The motion carried.

- D. It was determined that a notice for the bonus weeks should be included with the maintenance fee billing at \$400 per interval through April.

5. New Business:

- A. Dick reported that there are 42 intervals not subject to the Capital Source lien. The title company looked into it and they are asking for an indemnification agreement. It is basically that COG will reimburse Land Title if they are out any money if they write a title commitment for one of these intervals and it is disputed. Following discussion, a motion was made and seconded to agree to indemnify Land Title for taking on the risk and authorizing Mark, as Association President, to sign the agreement so these weeks can be registered to sell. This action was taken at the meeting so the Board could move quickly on sales.
- B. Dick explained that Mike Pfeiffer sued the Association the Association because he purchased an interval from Causeway Development while the Association was going through the foreclosure process. The lawsuit was dismissed with prejudice. Mr. Pfeiffer has agreed to pay \$500 towards the legal fees for foreclosing, as originally offered, to obtain a deed from the Association. The Board saw this as a fair and equitable solution to the legal issue, and generates maintenance fees.
- C. An attorney contacted Dick regarding another delinquent owner. The owner is being sued by Springer Collections and they would like to settle. They have agreed to pay one year of maintenance fees and deed their interval to the Association (unit 15, week 3). Following discussion, a motion was made and seconded that because this is a special hardship due to bankruptcy, to accept the settlement offer as presented by the attorney. The motion carried.
- D. Three 3-year terms will be up for election this year. Both Gloria and Dennis would like to serve on the Board again. Terry will be contacted to see if he is interested. Ad Hoc members Steve, Roy, and Rob all volunteered to serve on the Board. The Board will determine who to nominate on behalf of the Board at the meeting before the Annual Meeting (10:00 AM on November 18th).
- E. Management was directed to secure a room at the Kelly Inn or another location in the cities for the Annual Meeting.
- F. After discussion on proxies and the voting process, it was suggested the Association policies be reviewed and updated.
- G. Following discussion, a motion was made and seconded to use a slightly different proxy from the format for 2012. The motion carried. At the meeting, the proxy was simplified to reduce confusion and information requirements.

- 6. A motion was made and seconded to adjourn. The meeting adjourned.