

GULL CHATTER NEWSLETTER



BOARD MEMBERS ELECTED NOVEMBER 2022

Steve Wagner – President Term end November 2025
Robert Hanson – Vice President term end November 2023
Douglas Weber – Treasurer term end November 2024
Pat O'Hara - Secretary term end November 2023
Doug Johnson – Policy Committee term end November 2025
Sue Brennan - Communication term end November 2025
George Deliduka – Term end 2024
Daryl Luthens – Finance Committee term end November 2023
Jim Leukam - House and Grounds –terms end November 2024

AD HOC Members Elected November 2022

John Zimmer
Kitty Haselkamp
Chuck Standfuss
Dennis Steele
Roy Jensen

SCHEDULED MEETING DATES

Saturday, May 6, 2023
Saturday October 7, 2023
Sunday November 12, 2023
10:00AM – Board Meeting
1:00PM – Annual Owner's Meeting
Saturday, January 6, 2024 TBA

OWNERS UPDATE FROM ANNUAL MEETING

Doug Weber, our treasurer reported our operating budget. The finance committee met and set the 2023 budget at \$835 dues. This \$30 increase is going into the general operating account and \$5 to the two reserve funds.

Doug reminded members that the association does not have anywhere near the total membership (58 units x 51 weeks) to assess annually for maintenance fees. The Association's previous developer never sold anywhere near all the weeks of inventory at Causeway. So, for example, in the 2023 Budget, only 2329 owners were assessed for the maintenance fees, which produces a budget of approximately \$1,728,951.00 in operating revenues. If the Association had owners in all the intervals available to assess annually, it would be the equivalent of 2958 weeks, or about \$2,469,930.00 in operating revenue, which is a huge difference in funds available to operate from annually. And even with the smaller number of 2329 owners to assess, the Association still must deal with some delinquency from the owner base annually before coming to what is actually collected in fees each year. The Association does use an outside collection agency and collection attorneys, if necessary, to work on delinquent accounts.

Management reported that Global Exchange owns a large block of intervals. Along with bonus our weeks has brought income into the resort of \$165,000. Intervals that have been previously foreclosed by the Association are deposited into the RCI points system for their own membership club.

The board is very aware of the state of our resort and knows there needs to be repairs, replacements, and upgrades. We are dealing with many price increases with the larger line items going to Real estate tax at \$145,000, Electric up to \$270,000, propane up to \$117,000, and insurance up to \$142,000. One bright spot was that Management was able to work with Cass County on the 2023 Real Estate Tax Valuations, and received a 22% reduction in estimated taxes, which is just over \$33,000 annually.

We have had several maintenance issues and some of our guests are looking for some sort of reimbursement. We are working hard to try to remedy maintenance issues, but we have no budget for any sort of reimbursement.

During the presentation, several comments or questions were raised and answered:

- Per the Association documents, the board's fiduciary duty is to maintain the owner base and not take back intervals as it puts the burden to pay expenses on the rest of the owners.
- The dock project was necessary because of safety and the lease with the Marina which paid in 2022 \$84,000 in rent which doubled from \$42,000. They also paid their share of replacement cost.
- Our timeshare units are deeded property, remember this if you are dealing Timeshare resale companies. Many timeshares are difficult to sell. Please beware of timeshare resale companies and research thoroughly if you choose to sell.
- The board increased the bonus week fee to \$595 from \$395 because of demand to raise much needed revenue for the association. There are no lodgings in the area that can offer a better price for the week for what you get. – contact office if interested.
- A \$20 convenience fee will be charged for paying by credit card. This policy began January 2018. Penalties will accrue starting January 1st on owner fees, they will not be waived in the future, we thank you in advance for prompt payment as it will help keep our budget in line. The board is also looking for a way to pay fees online.
- The board chose to levy a special assessment for carpet replacement to begin as noted from the survey, this was the number one issue, furniture was number two. There are about 2400 owners and not all are going to agree on the order of the upgrades. There will also be second special assessment to continue with much needed work still pending.
- The board is investigating internet in the units, this is still a significant expense to our Association and was also a priority in the survey. Results can be found on our web page.
- The board is looking for new ways to bring revenue into Causeway as you can see, we are dealing with an uphill battle with several owners not paying their fees and assessments leaving the balance in a shortfall. Any suggestions are welcome. Please remember that this board is all volunteer and none are being paid.

MAINTENANCE

After coming out of Covid we have all been dealing with supply chain issues affecting the ability to respond in many areas of unit deterioration. Jim Leukam, our house, and ground member noted that over half the units have had the furniture replaced as well as all the living room TV's. Each year several furnaces, air conditioners and beds are being replaced. Things are getting done, they are just not always noticeable to everyone. There are a lot of things that need attention but there is only so much money to get things done.

HOT TUB UPDATE

There has been a considerable amount of misinformation spreading at Causeway about our recent Spa (hot tub) issues. The board wants owners to be aware of the current facts about our tubs.

Since approximately 2009, each residential-styled tub within our 52 twin home units has been reclassified as a "public pool" by the Minnesota Department of Health. Meaning that each one of these tubs must meet all the requirements of a public pool (drain configuration, plumbing, flow rates, chemicals, testing, etc.) With Management's help, and our legal counsel Richard Hawke back in 2009, each tub was examined and modified to meet these public pool requirements after those 2009 statute changes, and they have been maintained by Management and inspected by the Minnesota Department of Health successfully during all of the years since. However, this past year, a unit occupant reported seeing "mold" in one of our spa rooms. When a new State inspector came out, he found no evidence of mold, but he began to inspect the spas, as he felt that some of those original 2009 upgrades may no longer follow new rules for public pools that have progressed over the years since.

Upon completing that inspection, he determined that most of the tubs needed new drain covers, marked with a newer stamp for compliance, and that some of the tubs needed other modifications to be completely in compliance moving forward. He also noted that every tub needed inspection every day, regardless of whether an owner or occupant

wished to allow access for those inspections to occur, or not. So, he immediately, ordered the shutdown of all of the tubs until new parts could replace the old, and until all are in compliance with State codes.

The Board immediately authorized the purchase of approximately \$8000.00 worth of needed parts, and management has since attempted the repairs as required by the State. However, during this shutdown time, tubs have dried and cracked causing serious new leaking, which is a common problem when pool equipment sits closed for any length of time and then is attempted to reopened. Additionally, some of the plumbing repairs required underneath the tubs, have no access for that work to be completed, without completely removing the tub shell from the enclosure that surrounds it. Essentially meaning that the plumbing lines must be cut and disconnected from the tubs, to lift the tub from the enclosure and replumb any new or leaking fittings located tight to the outside wall.

Worse, in some cases our pool technicians are finding that it is not just plumbing lines, jet fittings, and drain covers needing attention. They are also finding small cracks and leaks around skimmer baskets and the housing around fittings where there may be failures in the tub shell itself. Meaning a completely new tub would potentially need to be purchased to rectify the problem. The equipment underneath these tubs has been under constant maintenance and replacement for the last 30 years, but the tub shells themselves are originals, and the cost to do those could be in the \$8000 to \$12,000 range depending on what style was chosen.

So, once again, the Association is in a difficult situation. The Board has authorized management to continue the tub-by-tub modifications with the parts that have already been purchased, and to continue to update the Board on what is found regarding the more seriously damaged tubs. However, we have not modified those orders to buy more parts and/or replace any spas at this time. To do that, we would have to re-evaluate the purpose for the recent special assessment.

HOT TUBS CONTINUED

Recall, that the Board special assessed the membership after the surveys and requests from the 2021 Annual Meeting. The results of that survey were for commencing new carpet work in the units, as the priority for those dollars, and then possibly another special assessment this coming year to finish that carpeting work and move on to replacing the remaining living room furniture. However, if the spas all of a sudden became a higher priority, we would have to discontinue the current carpeting work occurring right now and move in a different direction. So, more surveying of the membership may need to be done, as well as additional evaluation on whether the spas are worth the money to keep in our units. It is also possible that we may wish to replace those units with a whirlpool bath-styled unit that would be less expensive and not under the constant review and inspection of the Minnesota Department of Health. The Board discussed several options at our last meeting that were 2-person styled tubs with heaters that might be a better alternative. But regardless of what decision is made, the Board cannot just start spending the carpeting special assessment money on an unknown amount of spa repairs with no end in sight.

Again, this update is so owners understand this spa issue is not some minor maintenance matter that is taking longer than anticipated to correct. This is a major issue, needing major evaluation, on tubs that are over 30 years old, and it is completely possible that owners may help us decide that another direction for these spa units needs to be taken. While this work is occurring, some tubs may be functional, while others may not, and once full evaluation is complete, we will relay those results, so that we can all decide what steps might be best taken for final resolution.

CARPET UPDATE

Units 2, 3, 4, 5, 8, 29, 30, 41, and 42 are completed. The intent is to replace carpet two to three units a week. Keep in mind units need to be empty for installation. During high season will be difficult to install



OF LOCAL INTEREST

Work is progressing to complete the Gull Lake Trail. The final design is being completed and reviewed by the appropriate authorities. This trail will link Causeway directly to the city of Nisswa. It is anticipated that bids will be received for the link between Lake Shore and Nisswa in early 2023. Construction is slated for 2023 depending on the outcomes of the bids. As most of you are aware, prices are escalating and so are the costs of the trail project. Grants were awarded in 2020 based on 2019 construction estimates. In the meantime, easements are being secured for certain areas along the trail route. Causeway On Gull has been approached regarding the needed easements that will run along our resort bringing in added value for sport enthusiasts

Please update your information on our owner's web page to include your email
<https://www.causewayongull.org>

Our official Facebook page is Causeway Owners Resource Group
www.facebook.com/groups/854569815012020

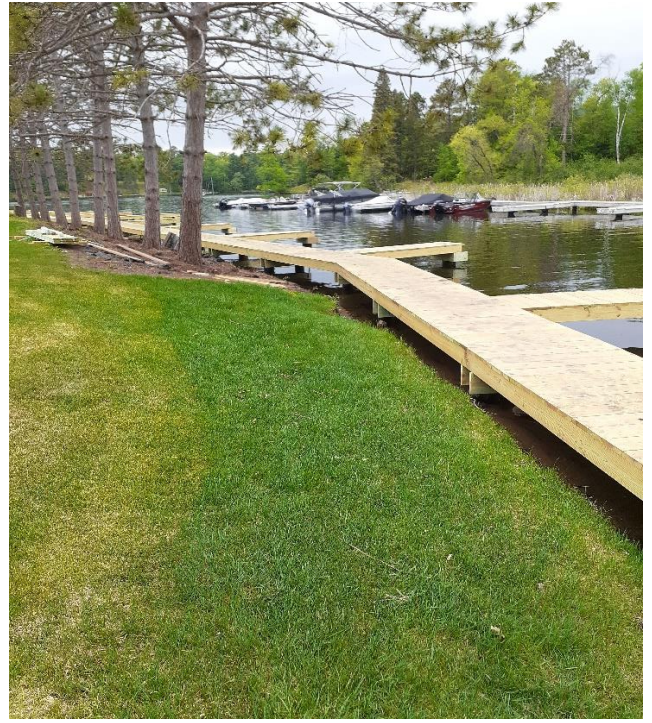
Sign up for local newsletters!

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<https://www.cityofnisswa.com/>

Shuttle service offered in the area.

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New Marina Dock Construction



INSTALLED NEW CARPET