

CAUSEWAY ON GULL ASSOCIATION, INC.
2024 ANNUAL OWNERS MEETING
November 17, 2024
Ramada Event Center, Plymouth, MN

The following is a summary of subject meeting as prepared by Management.

1. The meeting was called to order by Association President, Steve Wagner. Also present from the Board were Jim Leukam, Daryl Luthens, George Deliduka, John Zimmer, Sue Brennan, and Ron Hanson. Doug Johnson was absent. Amanda Kujala, Roy Jensen, and Kitty Haselkamp were present from the Ad Hoc Committee. A sign-in sheet served as roll for the audience. With those in attendance at the meeting, along with the proxies that were received established a quorum for the meeting.
2. A motion was made and seconded to approve the minutes of the November 12, 2023. A motion was made to delete the second line on page 3, 6 A. regarding Statue 515B and waiving the audit. A vote was taken to accept the amendment. The amendment was accepted with one opposed. The motion to approve the minutes as amended was carried with one opposed.
3. Steve Wagner presented the President's report:
 - A. Steve stated that he was very excited about this year's Annual Meeting. He thanked everyone for attending and asked all Board members to introduce themselves.
 - B. Steve explained that his goal has always been to find a way to make the unproductive weeks productive and has now achieved that by partnering with Capital Vacations. Capital Vacations will be acquiring a minimum of 167 intervals over the next three years and will start paying maintenance weeks on those intervals as they are acquired. They will also be giving the Association "key money" which will help with the list of projects that need completing. He explained what the Board initially considered Capital Vacations was their Sales and Marketing division, which would offer solutions to the issues at Causeway, like an aging owner base and dealing with too many Association owned intervals. The Board is heading in a new and exciting direction.
4. Neal Narveson presented the Management report:
 - A. Neal clarified that all thirteen timeshare associations that are managed by NMI had to approve the Capital Vacations agreements. After the scheduled closing, Capital Vacations will employ all the current employees and handle all aspects of management.
 - B. The 2023 year-end financials were reviewed. Neal explained that the Balance Sheet identifies the assets and liabilities of the Association. The assets are the cash balances, outstanding receivables, inventory, and land/buildings. The liabilities are any debt. The long-term debt that is shown on the balance sheet was initially for the purchase of Outlot A, which is the indoor pool building, tennis courts, and front desk building. Each of the line items on the Statement of Operations. He noted that utilities were down with electricity being substantially lower. Real estate taxes also decreased after some negotiations with Cass County. The tax valuations were disputed successfully by arguing that the sales value of a timeshare interval is different from a whole owned condominium. Insurance costs continue to increase. Capital Vacations may be able to help with these costs moving forward. Capital improvement expenses for 2023 and 2024 were reviewed. The carpet in the six-plex units 53 – 58 was replaced in October, so the carpet replacement project is fully completed.
 - C. Owners have continued to express concern over what to do with the hot tub rooms as well as replacing the furniture.

- D. There was a lengthy discussion regarding housekeeping costs and performance, mice issues and decreased pest control costs, and maintenance issues. Steve mentioned that he would like to see more involvement with quality control inspections moving forward. It was noted that the Board emails are on the website for owners who would like to email the Board.
 - E. Steve reported that the Association is being sued by three owners who want an owners list, but do not want to sign a protective order before receiving it. Ed Beck identified himself as one of the owners who is suing for an owner's list. He feels Minnesota law states that owners have a right to the list to communicate with other owners. By signing the protective order, he would agree to liquidated damages (he would have to pay a fine) if the list were misused and he did not feel he should have a fine if someone else misused the list.
5. Election of Directors: Three Directors positions and three Ad Hoc Committee positions were up for election in 2024.
- A. It was clarified that even if a Directed Proxy was given, Proxy holders would have to fill out a Ballot. Sue later indicated that she had already counted Directed Proxies as Ballots and owners should not vote twice.
 - B. Current nominees for the Board were Jim Leukam, Amanda Kujala, Cory Jensen, Chuck Michaels, Kitty Hasselkamp, and Peter Smothers. Steve asked if there were any other nominees for the Board and there was none.
 - C. Current nominees for the Ad Hoc Committee were Ed Beck, Brenn From, Roy Jensen, Mike Zwach, and George Deliduka. Steve asked if there were any other nominees for the Ad Hoc Committee and there was none.
 - D. Two owners volunteered to serve as Election Officials.
 - E. Nominees introduced themselves.
6. Meeting Business: (the meeting continued as ballots were being turned in and counted)
- A. In response to a question regarding Global Exchange (GE) not paying the special assessment, Steve reported that Global Exchange did pay what they had been assessed, were current, and would be allowed to vote. The agreement between the Association and GE is that GE would be allowed to deed back the intervals they own in the event of a special assessment, or if there was an exorbitant increase in maintenance fees. If the Board had not made that deal [over 10-years ago] Causeway would not have survived financially. Most of their inventory are off-season weeks that the Board could not have given away. GE can put the intervals into their club and make it work. Their inventory has about 50% occupancy. There was a lengthy discussion on if the Board (at the time) could legally make the deal they did with GE and why the current Board did not change it. The inventory Capital receives (currently fifty intervals in 2025, 50 intervals in 2026, and 67 in 2027) will be put into their club. Capital will pay maintenance fees and any special assessments levied on the intervals they own, per their agreement.
 - B. An owner commented that maintenance fees should have been increased more over the years and are not where they could be. It is a continued topic of discussion with the Board. Steve is hopeful that with Capital Vacations now also paying fees and marketing intervals, there will be more paying owners to help with expenses and that higher fees will not be necessary.

- C. Steve explained that the Presidents from Breezy Point Timeshare, North Beach, Izatys, and himself, met with an attorney several times to revise/correct the agreements with Capital, which were signed after the Board reviewed. The Causeway Board fist approved this plan in the spring of 2023.
 - D. A concern was raised regarding whether Capital would be able to vote the number of weeks they will be acquiring. There was a lengthy discussion regarding the details of the Capital agreements.
 - E. Steve reported that the House and Grounds Committee has been working on what would be the best option for the hot tub room. Adding another water feature, like a whirlpool bathtub, has been discussed as well as installing a murphy bed, or making it into an AV or game room. It was suggested to consult with a profession service to determine what to do.
 - F. An owner complained about the lack of grass at the six-plex units and not being able to plug their boat in at the docks. Another owner added a concern about not being able to plug in their electric car. The Board will look into all items.
 - G. It was noted that the Bylaws do not have a date on them. It was also clarified that it would take a 51% vote of the membership to change the Bylaws.
 - H. In response to a concern, Steve explained that the notice of annual meeting went out later than usual because it took longer than expected to get the new proxy system pulled together.
 - I. It was suggested that the Board should sell Association inventory to owners for \$1, or for free.
 - J. If owners wanted to rent another week, they could see if a bonus week is available, post something on the Association Facebook page, or contact the front desk. It was noted that all sales or rental programs will now run through Capital Vacations.
 - K. An owner asked to see the list of weeks that are being deeded to Capital.
7. Jim Leukam presented the House and Grounds report: Jim indicated that he is full of anticipation because of the new money that will be coming in. He first got on the Ad Hoc Committee because he could see that the resort was aging, and he is a fix-it person. Each of the Board members have their own strengths and when you put them all together, you have a pretty good team. He has been communicating with the Maintenance Manager and sees the problems that are out there. He does communicate that to the Board and management, but unfortunately, a lot of the repairs come down to how much money is available. He is hopeful for the deal with Capital and having some money to spend. He would like to set up a simple construction budget for door and window replacement, and other necessary repairs. He would also like to see a Quality Manager on site to follow up on projects and owner comments. He has spent a lot of time coming up with ideas with costs for what to do with the hot tub rooms. There is a lot to do, and it is going to take time and money to get everything done.
8. The tally process was taking longer than expected and there was a ballot with proxies that had not been counted and could not be found so, because it was getting late, Steve secured the ballots for the evening and was going to meet with Board members and owners to recount the ballots.
9. A motion was made and seconded to adjourn. The meeting adjourned.

** After having a committee recount the ballots, Peter Smothers, Cory Jensen, and Jim Leukam were elected to the Board, and George Deliduka, Roy Jensen, and Brenn Fromm were elected to the Ad Hoc Committee.