

**CAUSEWAY ON GULL
BOARD OF DIRECTORS MEETING BEFORE THE ANNUAL MEETING
NOVEMBER 17, 2024**

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

Roll Call: The meeting was called to order by Association President, Steve Wagner. Also present from the Board were Daryl Luthens, Jim Leukam, Sue Brennan, Doug Johnson (by phone), George Deliduka, Rob Hanson, and John Zimmer. Present from the Ad Hoc Committee were Roy Jensen, Kitty Haselkamp, and Amanda Kujala. Neal Narveson and LeAnne Rundhaug were present from Narveson Management Inc (NMI), as well as several owners.

Approval of Minutes: A motion was made and seconded to approve the minutes of the meeting held October 6, 2024. The motion carried unanimously.

President's Report: Steve explained that he was very excited for the Annual Meeting today as it has been a long process to find a way to make the unproductive inventory productive. He will be sharing more about it during the meeting.

Management Report: Neal reported that all thirteen timeshare associations currently managed by NMI have approved the Capital agreements and are moving to sign the various documents before closing, which is currently scheduled for November 29, 2024. Capital will take over management of all these Minnesota associations. A Transitional Service Agreement will be in place following closing.

A statement was made by an owner that Neal has a conflict of interest because he sold his company to Capital. Neal explained that he did not sell his company, he only agreed to assign over his management contracts which end in 2026. There will be no change in management fees for 2025, as previously agreed, and a 2.25% increase in 2026. Capital will acquire fifty intervals in 2025 and pay maintenance fees for them. It has been agreed that they will acquire 167 intervals over the next three years. Capital will also pay \$6,000 per unit in key money ($\$6,000 \times 58 = \$348,000$). There are four separate agreements that the Association has entered into with Capital: a Management Agreement, Rental Agreement, Sales and Marketing Agreement, and a Website Agreement. Neal struggled to see where there was a conflict of interest with this deal as the Association will benefit financially with their new affiliation with Capital, and the Associations are the ones that asked him to give up the contracts to Capital to facilitate their deal.

Steve explained that this process started with the Board's unanimous approval in the Spring of 2023 and since that time he has met with the Presidents of the other resorts and Association attorney, Jack Austin to review and revise the Capital agreements before they were forwarded to the rest of the Board for approval. Concerns were raised on if there was adequate time to properly review all the documents. Board members confirmed that they did take the time to review the documents before approving. Sue was the only Board member that expressed opposition this year and did not approve.

In response to owner questions:

- The Board did not think about giving intervals to the owners. Most are shoulder, or off-season weeks.

- There is no specific plan for use of the key money yet. The Board will work with Capital Vacations to form a priority list to find the best use of any available money.
- Neal explained that the RCI Gold Crown Status is based the ratings for five categories – Unit Maintenance, Resort Maintenance, Housekeeping, Check-in/Check-out, and Hospitality. Causeway does get scores high enough for a Gold Crown Status in the management categories, but the Unit Maintenance scores are too low and until there is enough money to put into the units, the Gold Crown rating is likely not possible.
- There is an agreement in place with Global Exchange that if there is a significant increase in maintenance fees, they could relinquish ownership of their intervals. There is not an agreement like that in place with Capital Vacations.
- Capital does likely want an audit conducted for 2024.
- The Management Agreement for Capital is very similar to the one with NMI.
- Capital will help with the rental of those intervals that have been identified as being owned by a fraudulent entity or need to go through the legal foreclosure process.
- CGVI Holdings continues to have the Power of Attorney to issue deeds to owners.

Neal reported that the carpet was replaced in the six-plex units (53 – 58), but not in the hallway outside of the lower level “A” units. He suggested that whatever carpet is installed in the hallway, also be installed at the front desk. Management was directed to obtain bids to replace the carpet in the front desk building.

Neal explained that he did look into obtaining insurance for owners who wanted to volunteer to get some projects completed and unfortunately, there isn’t any available. Capital may have better options for insurance carriers and premiums. That subject will be further researched.

The individual who previously stained the units was not available, so no units were stained this past fall. Neal will try to get some staining on the schedule for spring of 2025.

New Business: There was a brief discussion regarding the agenda for the Annual Meeting. It was clarified that although a Directed Proxy was used for the Annual Meeting, Proxy holders will still need to vote the Ballot during the Annual Meeting. The proxy given is not a ballot.

Daryl turned in a Proxy that he received from Global Exchange. Sue refused to accept it because it was not sent directly to her. It was determined prior to the meeting that Proxy’s could be turned in up to the commencement of the Annual Meeting, so the Board determined that she had to accept it.

Steve acknowledged that a request for a special meeting was received, and it will be evaluated.

There will be a brief meeting following the Annual Meeting to elect officers. The next Board Meeting is scheduled for January 4, 2025, at 10:00 AM.

The meeting was closed to the Board only to discuss legal issues.

Closed Meeting Minutes for the Board only.