

**CAUSEWAY ON GULL
BOARD OF DIRECTORS MEETING
JANUARY 4, 2025**

Call to Order: The meeting was called to order by Association President Steve Wagner. Present from the Board were Jim Leukam, Daryl Luthens, Rob Hanson, Doug Johnson, John Zimmer, and Kitty Haselkamp. Peter Smothers and Cory Jensen were present via telephone. Roy Jensen and Brenn Fromm were present from the Ad Hoc Committee. George Deliduka was absent. Neal Narveson and LeAnne Rundhaug were present from Capital Vacations. There were also some owners in attendance to listen to the meeting.

Approval of Minutes: A motion was made and seconded to approve the minutes of the Meeting Before the Annual Meeting held November 17, 2024. The motion carried unanimously. It was noted that Neal did not actually sell Narveson Management Inc., however, the existing management contracts were all assigned to Capital Vacations.

A motion was made and seconded to preliminarily approve the minutes of the Annual Meeting held November 17, 2024, for distribution. The motion carried unanimously. It was noted that the Narveson Management had no votes at the Annual Meeting, Sue Brennen had all the voting numbers and did not share those with management, LeAnne Rundhaug has the sign-in sheet from the Annual Meeting and Sue Brennen has the Proxies.

Open Forum: The Board introduced themselves and opened the meeting to owner questions and concerns. In response to owner questions:

- An audit of the 2024 books when the 2024 financial statement is available. An auditing firm has not been chosen yet.
- Steve is the President of the Association, Rob is the Vice President, Cory is the Secretary, and Daryl is the Treasurer.
- Minutes will be posted on the causewayongull.org website after they are approved by the Board.
- Steve Wagner, Neal Narveson, and LeAnne Rundhaug are the current signors on the bank accounts. Daryl Luthens will be added as Treasurer.
- The management company has been hired to oversee resort operations, including all financial responsibilities. Any Board members are welcome to meet with LeAnne to review the books and records of the Association. Daryl came in recently and reviewed all 2024 bank statements and transactions.
- The Board appointed Neal (as managing agent) as Assistant Treasurer, not the main Treasurer. Doug read a portion of Bylaws that pertains to this. It allows him to sign checks for the day-to-day expenses and sign the tax return. This duty as management may be assigned in the future to someone else at Capital Vacations.
- In the future, Capital will be taking over the Association website for the Association. Owners will be able to pay online, and rental reservations will be able to be booked online. It was noted that the Association does not have any access to the Association Facebook page or causewayongullresorts.org.
- The Board is responsible for following the Association Declarations, Bylaws and Statutes.
- Gull Five Association is the fifth and final phase of the Causeway on Gull Development. They pay fifty-two weeks of maintenance fees, which include 1/69th of the common area expenses as well as any cost specific to those units. The Causeway Attorney wrote the Ninth

Supplement Declarations which cover these units. It outlined what they pay and what they do not. These units were originally built to be fractional timeshares, but the developer was foreclosed upon. Now only one of the eleven units are timeshared, and the others are whole owned.

- Neal is the Sr. Director of Hospitality for Capital Vacations. He signed a five-year employment agreement with Capital Vacations, as part of their requirement for coming to Minnesota.
- The \$6,000 per unit investment money that Capital Vacations gave to Causeway is tied to the Sales and Marketing Agreement. If the Association does not renew the management agreement for three consecutive three-year terms, they must pay it back with interest.
- The 2025 Budget is posted on causewayongull.org.

President's Report: Steve commented on the hierarchy of Capital Vacations and noted that he would soon be meeting with their Sales and Marketing staff.

Meeting Business: Jim presented the House and Grounds report. He mentioned that golf carts were purchased for the maintenance department, but they still need a truck. John and Kitty will be on the House and Grounds Committee. Both are passionate and they all have the goal to make Causeway better. In addition to a vehicle, a front-end snow blower is needed for the tractor, nine patio doors need to be replaced as soon as possible, furniture replacement needs to continue. He would like to work with maintenance as a team and is excited about having the investment money from Capital to work with and intends to develop a spreadsheet to view what that money has been spent on. He has spent a lot of time thinking about the hot tub situation and would like owners to trust the Board on what to do. He will revisit the survey that was done and see what Capital Vacations can do to help. The House and Grounds Committee are doing unit inspections over the weekend.

Doug questioned if the Board was bound by the Declarations. An owner suggested that per the Declarations, the Board needs approval of 66% of the membership on design changes. It could take another year to get a vote. Brenn volunteered to help with that. The Board will consult with their legal counsel to properly guide them.

There was a brief discussion regarding the association websites. Cory would like to work with Capital on the website, whenever they are ready, and only have one website for the Association.

It was noted that no additional Capital Corporate representatives were going to come to regularly be in Minnesota. Neal will be their local representative regarding Causeway.

Regarding rentals, if an owner places their week on rental with Capital, there is still a 60 / 40 split of the rental proceeds. Management has already seen an increase in outside rentals since Capital Vacations took over rental operations. Bookings are coming from VRBO, Air B&B, Expedia, and Booking.com. Bonus weeks are still available to owners.

Capital Vacations acquired fifty intervals and are paying full maintenance fees. Those fees are being paid quarterly. An owner asked if the Board could institute a similar payment structure for owners. Owners must also be paid in full to occupy their unit. Cash flow has its challenges and knowing fees are due by January allows for better budgeting, but it might be a future consideration.

Capital Vacations will put their inventory into their vacation club. They pay maintenance fees on all intervals they own and will also pay maintenance fees on any weeks they might acquire due to owners trading into their club. They also have the ability to sell Association inventory.

It was noted that the Association is still dual affiliated with both RCI and Interval International. The agreement with Capital Vacations did not change that.

If an owner allows someone else to use their interval and that guest damages the unit, the front desk will try to obtain the costs for the repairs from the guest, but eventually those costs could fall back on the owner.

There was a brief discussion regarding doing a quality check of the units after it is cleaned by housekeeping. Quality checks of the units have been implemented. The Quality Control Manager from Breezy has been coming to Causeway to help train the staff who will do the quality checks.

Capital Vacations has put a high priority on having Wi-Fi capabilities at Causeway. The IT department at Capital Vacations have been asked for their input/suggestions on doing so. The Board will be prioritizing Wi-Fi options for the resort.

The Board hopes to begin ordering furniture by the end of the first quarter. Capital Vacations will need to approve how their investment money is spent. This is just to make sure that it is being spent on necessary projects to improve Causeway. The first step is identifying what projects are going to be done and getting Capital's approval. Hopefully, all initial projects can be approved by April.

There was discussion regarding the Management Contract with Capital Vacations. Causeway owns its own vehicles and equipment for lawn care and pays for the upkeep or replacement of these items. It was explained that most of the resorts Capital Vacations manage operate this way.

A motion was made and seconded to adjourn the meeting adjourned to closed legal session. The motion carried.

There were no motions made during the closed legal discussion.

The meeting adjourned.