

**CAUSEWAY ON GULL
BOARD OF DIRECTORS MEETING
MAY 3, 2025**

Call to Order: The meeting was called to order by Association President Steve Wagner. Present from the Board were Jim Leukam, Rob Hanson, John Zimmer, Peter Smothers, Cory Jensen, and Kitty Haselkamp. Daryl Luthens and Doug Johnson were absent. 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 Management. 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 Board Meeting held January 4, 2025, as corrected. The motion carried unanimously.

President's Report: Steve thanked everyone for being in attendance for the meeting and for their patience during the management transition. There has been much discussion about moving forward with Capital Vacations and what they have to offer the resort, and he is excited about the current changes.

Meeting Business: House and Grounds Committee Chairperson Jim Leukam reported that 24 sofas have been ordered, 24 chairs will be ordered, 6 twin homes are scheduled to be stained in the fall, 9 patio doors are scheduled to be replaced, the lower-level hallway carpet will be replaced yet this spring as well as the flooring and carpet in the office building. Total expenditures are expected to be about \$175,000. The Board is also looking into internet possibilities and new bedding and linens. Jim thanked John, Kitty, and Cory for their help in getting things accomplished. Jim understands that there are still both interior and exterior projects that need to get done, such as window replacement, new gas grills, and chairs for the unit decks. The maintenance staff is currently working on replacing the decking around the outside pool area as well as getting the pool operational. The H & G Committee will be working with the management team to stay apprised of when projects are completed.

Neal added that eighteen lounge chairs have also been ordered for the outside pool area. He also reported that on January 3rd, \$313,200 was deposited into the Association's savings account from Capital Vacations (CV) as agreed. The Board intended to spend about half of the investment money received from Capital Vacations on this first phase of replacements and hope to order furniture for the remaining units or Wi-Fi.

In response to a question, the difference between the maintenance fee money that is collected for projects and the money received from CV, CV wants to be aware of what is being done with the money.

A question was raised about having a Capital Reserve Study for the Association as it would be helpful in determining how much money is needed for replacements. Neal responded that there is a format for the report, and one has been worked on for Causeway but has not been finalized. He reported that in 2023 Causeway fully cash flowed and had reserve money. With the Capital Vacations Club, there were fifty new dues paying owners in 2025 and there will be fifty more in 2026. Things should start to improve with the increased cash flow.

An owner expressed concern with the Capital sales presentation and comments made about increasing maintenance fees and additional special assessments. Steve would like to hear privately what owners have heard and believe the maintenance fee comments could somewhat be misunderstood. However, everyone should listen to the presentation to see what would work best for them.

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As Association Secretary, Cory will be working with legal counsel to determine recommendations for the best way to handle the voting process and use of proxies for the Annual Meeting. The directed proxy was a disaster. Unresolved issues regarding some of the Association's documents must first be addressed.

Neal reported that CV kept all the NMI staff and is still looking to hire more. J-1 students are brought in at Breezy to help with cleaning the units and he would like to bring some over to Causeway, but the students require housing and transportation. The current accounting software was migrated to CV's software so the financial format will change. The owner receivable and reservation software will also be changing over by the end of May. This integration will eventually allow owners to pay maintenance fees from the website.

The management change has not affected those owners who have membership's with RCI or Interval International. Bonus weeks are also still available but that program may change as weeks are sold and there will not be as much association inventory available to run the program. The Bonus week program was initially offered to raise revenue using the unproductive weeks.

There was additional discussion regarding the CV sales presentation and potential maintenance fee increases. Neal said he would follow up on owner comments with that staff. However, he also explained that national averages report that maintenance fees do increase 10 to 15 percent annually, so what might be discussed in general, might try to apply to Causeway individually. Although the CV management fees will increase 2.5 percent in 2026, they also want to keep fees stable which should be possible with more paying owners. CV will be paying maintenance fees too.

It was reported that during a unit 21, week 8 stay, there were general maintenance issues encountered. The Board was asked to set a policy for responding to owner emails. The Board is working hard to address the little issues but there is not a person to follow up on everything. If owners have an issue during their stay, they should report it to the front desk, so it can get into their procedure for repairs. There is not a policy in place to give owners/guests a free week or compensation. The Association cannot afford to do that. Jim L. reported that he owns unit 21 and has never had a problem and added refrigerators go out, unfortunately you never know when that is going to happen.

Brenn F. asked four questions to the Board:

1. Succession planning. There are three director's positions up for election this fall. Nothing has been done yet.
2. Standards for timing of meeting minutes and agenda. The Board will work towards getting the minutes out sooner, and a standard agenda is used for meetings.
3. Getting bids for patio doors, sofas, patio furniture. Three to four bids were obtained for furniture and two or three for patio doors. The Board made decisions with bids.
4. Audit, the Board contracted with a firm to audit over the next three years. It will take them some time in year one to get started.

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Steve reported that there has been discussion regarding how to get Wi-Fi to Causeway. The first bids were very high. Neal explained that regarding the phone/cable system, the old phone lines are deteriorating, which is why there have been so many problems lately. What is buried in the ground is not even working for the phone system, so it is not an option for Wi-Fi, and the co-ax cable that services the TV, is also getting outdated. The towers for cell service also lack service, so there is no option there. Cory added that the bid from Spectrum for internet service would provide internet immediately, but it was more expensive but there was uncertainty as to how long it would last and did not have all the components needed to move forward. He would like a long-term plan for the Association. There has been discussion with an established company about bringing fiberoptics to the resort. There is currently fiber optic service on Hwy 77 that the Association could connect the resort units to. Following discussion, a motion was made and seconded authorizing Cory to continue with the project with the On Systems and CTC on a proposal that includes costs and terms for the Board to Vote on. The motion carried unanimously. There was additional discussion regarding potential monthly costs.

In response to questions raised:

- CV is currently paying their maintenance fees quarterly. If owners want a different payment schedule, they will need to ask in advance of the due date to get approval.
- There are not typically multiple partial week stays using Global Exchange weeks.
- CV does require that they manage the Association for three consecutive terms, or the Association will have to pay back the investment money they were given for improvements.
- Owners are allowed to review the contracts with CV, but because it is a proprietary contract, owners may only view it and cannot copy it.
- Owners should contact the front desk to reserve a Bonus week.
- Owners are allowed to have guests use their units through VRBO. If their guest damages the unit, the front desk would try to collect the cost of the damage from the guest, but if they are unable to collect from the guest, the owner would be responsible for the cost.

The remainder of the meeting was closed to the Board only for legal discussion.

The meeting adjourned.