

CAUSEWAY ON GULL ASSOCIATION, INC.

POLICY MANUAL

(Updated 10-4-25)

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This manual is designed to be a guide for matters that have been elevated to the Board for specific direction and documented for current and future application. It is NOT intended to serve as guidance for the large range of matters that come up during the daily operation of Causeway on Gull Resort. The operation and oversight of the resort is contracted to the Management Company. All day to day and financial matters are to be facilitated by the Management Company through a comprehensive contract, with oversight by the Board of Directors, the Association Governing Documents, and MN State Statutes.

The Resort is intended for the enjoyment of its owners and guests with this oversight helping to ensure that it will be available for the foreseeable future.

1.0 Board of Directors

1.1 Transition from Development to Management

When a phase is completely built and fully equipped and when a majority of weeks are held by the Association, that phase shall enter the domain of "Management" and shall be over-seen by the Board of Directors of the Association.

Phase I: Completed

Phase II: Completed

1.2 Appointments

Vacancies in the Board of Directors shall be filled by a vote of the majority of the remaining Directors pursuant to Article IV, section 5, of the Association Bylaws.

Approved: October 4, 2025

1.3 Election of Officers

Election of officers and appointment of committee chairs shall occur at the first board meeting after the Annual Owners Meeting.

Approved: October 4, 2025

1.4 Meeting Sites

Meetings shall be held at Causeway on Gull, or wherever the Board determines necessary.

Approved: January 14, 1995

1.5 Annual Meetings/Proxies

The date of the Annual Meeting of the Causeway on Gull Association will be permanently set for two Sundays prior to Thanksgiving and will be held, either in the Twin Cities area or the Brainerd Lakes Area as set annually by the Board.

Pursuant to MN 317A, the Board of Directors will establish a Record Date, in advance of the Annual Meeting (between 30 and 40 days in advance) where a Member's List for the Meeting is established for non-delinquent owners, who will be entitled to receive Notice of the Annual Meeting and who will be entitled to vote. Only members on that established Members List will be able to participate in that year's annual meeting once a list and record date are set.

Pursuant to the Association's Amended Bylaws, Proxies must be filed with the Association Secretary before the appointed time of each meeting. Because of the volume of proxies, and the fact that this process must occur in coordination with management, the deadline for proxy registration at the management offices, will be 2 business days in advance of any meeting.

Approved: October 4, 2025

1.6 Board of Director Meeting Dates

Meetings of the Board of Directors will take place in January, April or May, October, and November of each year. Adjustments to this schedule or any additional Board meetings may be called as determined by the Board.

Approved: November 17, 2013

Meeting dates shall be set at the first meeting (January) for the entire year, including the next January meeting. These dates and sites shall be published on the Association website.

Approved: November 17, 2013

Owners shall contact the Management Company, at least 2 weeks prior to the Board meeting, to have an item placed on the agenda or to speak in front of the Board. Board Meetings are for the Board member discussion only; however, owners are always welcome to observe the Board of Directors meetings.

Approved: October 4, 2025

1.7 Meeting Attendance

In the event a member of the Board of Directors has not attended three (3) of the five (5) regularly scheduled meetings of the Board of Directors in a calendar year, the President, with a majority approval of the Board, has the authority to notify and remove a board member from their position.

Approved: November 20, 1994

1.8 Roll Call Votes

All votes taken by the Board of Directors, when not unanimous, shall be by roll call vote and duly recorded by the recording Secretary. It will also be recorded by the Secretary if a board member has absented him/herself after the initial quorum call.

Approved: April 2, 1995

1.9 Liability

Directors' liability insurance in the amount of \$1,000,000. shall be purchased for the members of the Board of Directors.

Approved: January 22, 1994

A copy of the insurance coverages shall be maintained on the Association's website.

Approved: October 4, 2025

1.10 Reimbursements

A. Board Reimbursements

Costs incurred by the Board of Directors directly related to Board functions and the annual meeting of the Association shall be reimbursed. These include postage, telephone expense, and mileage or equivalent expense, but shall not include meals or overnight accommodations unless required by a two (2) day meeting. If such is the case, preference shall be given to staying at Causeway on Gull. Meals held as a part of a Board of Directors meeting are an exception to this.

In computing the mileage reimbursement, members shall be paid 30 cents per mile after a deductible of 50 miles to and from any meeting. Requests must be submitted to the management company for

reimbursement within 30 days after the last day of the meeting. Meals held as part of Committee Meeting shall also be reimbursed.

Approved: April 2, 1995

B. Owner Reimbursements

There is generally no provision for reimbursement of owners for any reason, unless specifically approved by the Board. Being an owner in an association is no different than being an owner at home. There is generally no one there to reimburse us for things that can and will occasionally go wrong. The Association does not budget to provide reimbursements for these situations. Through the help of our management company, we do our best to react and assist, but that system is not perfect. The only type of reimbursement that the Association does contract for annually, is in the form of business interruption insurance when there is an approved insurance loss. This type of situation would be handled under the direction of our insurance company.

Approved: October 4, 2025

1.11 Quarterly Financial Reports

The Treasurer, through the Association's management company, shall provide quarterly financial statement summary reports to the Board of Directors.

Approved: April 2, 1995

2.0 Operation of the Association

The Board of Directors shall retain the services of a professional management company for day to day oversight of all aspects of the Association's operations. A detailed management contract shall exist giving the management company full control of daily activities and staff, while the Board maintains general oversight of the management company's performance within the terms of that contract.

2.1 Records

- A. Copies of all documents and computer files critical to the continued operation of Causeway on Gull Association and the Board of Directors, such as, but not limited to, insurance policies, management agreements, bank records, tax records, etc., shall be kept in the Management Offices or at the Resort Office.

Approved: April 2, 1995

- B. The Management Company and the Association staff shall review the procedures tracking and recording Developer owned weeks and related charges and report to the Finance Committee the

procedure to be used to create a good audit trail for the same.

Approved: November, 1996 (by written vote)

2.1.1 Corporate Meeting Minutes

The official minutes of all Owner meetings and all Board of Director meetings will be available for the review of all owners after approved and posted on the Association's website.

The minutes from the Annual Owner meetings will be "drafts only" until they are approved at the next meeting of the owners.

Approved: February 10, 1996

2.1.2 Policy Adoption and Committee Guidelines

- A. The chairperson of each Standing Committee shall be appointed by the President and ratified by the Board of Directors. Committee members shall also be approved by the the Board of Directors.
- B. Any formal committee reports for a full Board meeting shall be presented in written form and submitted at least two (2) weeks in advance of the meeting.
- C. The chairperson of each Standing Committee shall appoint an alternate committee member to make the Committee's report to the Board of Directors in the event the chair anticipates any reason which may prevent him/her from attending the Board meeting.

Adopted: February 10, 1996

D. Committee Reports

Any regular Committee reports shall be presented at the next scheduled Board Meeting.

Adopted: February 10, 1996

2.3 Significant Changes

Any changes in operations by the Committees shall be presented to the Board for approval by the Board of Directors. If immediate action is warranted, the Management Company shall confer with the appropriate Standing Committee and the President before acting, except if the issue involves safety, or prevention of damage to property.

Approved: April 2, 1995

2.4 Directory of Contacting Board of Directors or the Management Company

Names and contact information of members of the Board of Directors, , Committee Chairs and the Management Company shall be published on the Association website.

2.5 Transfer and Resale

Any transfer of ownership interest shall be reported to the Association through its Management Company within 60 days of the transfer date.

Resale is the responsibility of each owner. The Association does not operate as an exit company to take owners unwanted property. The Board has a fiduciary duty to all the owners, and it is NOT to take on the financial obligations of an owner's unwanted unit, as this would place that financial burden on all of the other association owners.

Approved: October 4, 2025

2.6 Collection of Owner Association Fees

Maintenance fees are generally due January 1st of the year to which they relate, however, other terms of payment shall be set by the Board of Directors and may include discounts for early payment and/or other acceptable payment plans. Owners must contact management in advance of January 1st to have any alternate payment plan approved.

A \$20.00 convenience fee, per each interval owned, shall be charged to owners using a credit card (\$10 for a biennial owner) for paying their annual fees. A \$30.00 late fee shall be charged for accounts delinquent after February 1st each year.

Collection of delinquent accounts shall be addressed by best practices developed by the management company in conjunction with the Association Board, the governing documents, and MN Statutes.

Approved: October 4, 2025

2.7 Association Rental Policy

- A. Weekly Rental Usage: Each interval owner shall have the right to lease/rent their unit by the week. Weekly usage corresponds to the contracted management services and maintenance fees charged to each interval (week) owner. Whether an owner uses the week themselves, gifts it to a friend or relative, or rents it to a third party, they shall have the right to use the unit in its prescribed one-week interval format, so long as the owner assures that the party using the unit knows that they are subject to all Causeway on Gull documents/policies/ and rules and regulations, and that the usage corresponds to the contracted weekly services provided to all owners. (Owners may not service the unit

themselves, or contract for service with anyone other than the existing management company approved to be operating onsite.)

An owner may also attempt to rent their full week through the association's designated rental program on a weekly usage basis. Although the owner does not need to involve the Association in its weekly use or rental activity if they so choose, they must provide the Front Office with the name of the party authorized to check-in and use the unit if not the owner. However, the owner must still be current on all fees owed to the Association prior to check-in and must assure that the party using the unit understands that they are subject to all Rules and Regulations of the Causeway on Gull Owners Association. Owners renting or letting others use their week are still ultimately responsible for anything that occurs on the property.

- B. Nightly Rental Usage: Nightly rental usage shall be any usage that involves breaking the week into more than one occupancy or more one than one required service. Owners wishing to attempt rentals by the night must use the association rental program, administered through its designated management agent, as nightly rentals require different amounts of service which will be calculated and paid for through the association rental program contract. Rental contracts, advanced deposits, and disbursement of all rental funds for these services will be properly run through the management agent's trust account per Minnesota Statutes and IRS requirements.

The Association operates nightly rental services to maximize revenue to the owners on all available association inventory left behind by its former developer. In doing so, these revenues are reported annually to the association's insurance company, meaning liability premiums are calculated properly, to protect the association against all the liabilities of being in the rental business. This same procedure is necessary for properly insuring each owner's rental liability.

Owners offering nightly rentals create different expenses to the association for those stays. (Additional housekeeping services, laundry services, administrative services, supplies, etc.) An owner cannot provide these additional nightly services themselves, or with their own employees, as these activities are not covered under the association's insurance policy. Therefore, all nightly rental activity and corresponding service must be contracted for through the Association and its Management Company. Owners cannot rent their units by the night on their own.

Owners conducting rental activity shall be responsible for any necessary licensing, should any regulatory body so require additional licensing or permits. The penalty for violations of this rental policy shall be \$500 per occurrence, plus whatever additional costs are incurred by the association relating to the rental violation.

Approved: October 7, 2023

2.8 Pet Policy

No pets are allowed in or on the Causeway on Gull interval owner's property. A \$500.00 fine will be charged to anyone that Management or the Board has determined to violate this policy. Owners

shall be responsible for their occupants or guests.

Approved: April 21, 2012

2.9 Signatory Powers

The President and/or Treasurer of the Board of Directors shall be signers on all bank accounts of Causeway on Gull Association. The Board of Directors may grant such signatory powers to others such as Management as it sees the need.

Approved: April 2, 1995

2.10 Outdoor Swimming Pool

The timeframe for the safe and economical operation of the outdoor swimming pool will be determined annually by Management and the Board of Directors based upon weather.

Directed at annual meeting November 20, 1994

2.11 Procedures for Owner Appeals Under Covenants and Restrictions, Article XII

For any material and continuing breach of the Covenants and Restrictions, Association By-Laws or other Association Rules, including, but not limited to, non-payment of Association fees, a hearing to suspend usage as specified in Article XII of the Covenants and Restrictions shall take place prior to the Owner's next scheduled week or within one (1) day if the infraction occurs during the Owner's occupancy of their scheduled week.

If there is insufficient time for the matter to be heard at the next regularly scheduled Board meeting, then the Resort Manager, or designee, shall be empowered to hear and decide on any such suspension.

It will be assumed that all Association fees owing will be paid prior to the commencement of the respective interval week unless an Owner requests a hearing sufficiently in advance to permit meeting the notice requirements specified in the Covenants and Restrictions.

Approved: October 17, 1998

3.0 Committees

A. There have been 4 past Committees, that the Board may or may not choose to form each year depending their agenda:

Policy
Finance
House and Grounds
Communications

All committees shall be appointed only by the Board of Directors. Each committee shall present to the Board information they have collected.

Approved: January 17, 1998

B. The chair of each Committee shall be a member of the Board of Directors.

Approved: October 9, 1994

Amended: April 2, 1995

3.1 Policy Committee

A. Purpose

The purpose of the Policy Committee is to establish and oversee guidelines for the Board of Directors of the Causeway on Gull Association; to implement the Declaration, the Articles, the By-Laws, and the rules and regulations of the Association. However, policy changes also may be initiated and implemented directly by the Board.

Approved: January 14, 1995

B. Policy Adoption and/or Committee Guidelines

Policy changes shall be presented to the Board for action. Board approval shall be by a majority vote.

Each guideline(s) shall take effect immediately following the Board meeting at which it was adopted.

Approved: April 2, 1995

3.2 Finance Committee

A. Duties of the Finance Committee Shall be as Follows:

1. To review proposed requests and budgets from the Management Company and other information and to propose a budget to the Board of Directors for the following year.
2. To monitor the operations of the Association during the year and to consult and

advise the Management Company and the Board of Directors, as needed, on the resort operations.

3. To advise and assist the Association's Treasurer in the review and approval of emergency and other expenditures during the year as specified in the Management Contract.
4. To advise the Management Committee on relative terms of the Management Contract.
5. To advise the Policy Committee on any relevant Association policies regarding the Association finances.

Adopted: October 17, 1998

- B. To approve the expenditures on all non-budgeted items in excess of \$1,500.00. Any unbudgeted expenses may also be reviewed by the Finance Committee at the request of the Association Treasurer.

Adopted: November, 1996 (mailed vote)

C. Finance Committee - General

The Association shall not commit to any proposed repairs and/or improvements to Outlot A to be funded by the Association prior to a review by the Board of Directors.

Adopted: November, 1996 (by written vote)

3.3 House and Grounds Committee

The duties of the House and Grounds Committee shall be as follows:

- A. To review the grounds, buildings, interior and exterior, and landscaping periodically and advise and consult with the Management Company as to needed improvements, changes and maintenance issues.
- B. To work with the Management Company to identify potential projects and to obtain bids/estimates on the cost of such projects.
- C. To consult and prepare with the Management Company a recommended list of projects by priority and time schedules to propose to the Finance Committee for inclusion in the Association's budget.
- D. To advise and, where deemed appropriate, to review any projects upon completion

with the Management Company and to advise the Management Company on acceptance or acceptance on such conditions or rejection of any project prior to the payment of final bills.

- E. To consult and advise the Management Company on any issues or questions of Association Policy regarding the maintenance and improvements of the resort area.

3.4 Communications Committee

A. Communications and Newsletter

1. To work with the Management Company to ensure timely notices given of all meetings of the members of the Association and to solicit necessary proxies for Association business.
2. To work with the Management Company to ensure periodic newsletters to the members of the Association are prepared and distributed or posted on the Association website.

- B. To advise the membership on any relevant Association policy changes regarding the operation of the Association (post updates on the association website).