

Causeway on Gull Association

PO Box 285

Pequot Lakes, MN 56472

September 20, 2025

Dear Causeway on Gull Owner,

Enclosed, please find a couple of important owner messages from our Association.

First, we want to provide an update on the status of some ongoing projects for 2025 at our Causeway on Gull resort. As we previously reported, several improvements are happening as a result of our new partnership with Capital Vacations. New furniture replacement in the living rooms is progressing with the first half of our units this summer. The sofa sleepers are all installed, and the accent chairs should be completed in the next couple of weeks.

Replacement of worn-out patio doors is also underway. Ten of these very expensive patio doors are scheduled for completion in 2025. New bed linens were also added early this summer. The Front Desk/Activities Building has had all carpeting and vinyl-planking replaced. Units 27/28, 43/44, and 45/46 are scheduled for exterior staining. The Board also authorized individual replacement of specific units as necessary totaling about \$50,000; including miscellaneous appliances, beds, lighting, TVs, heating and A/C systems, water heaters, etc.

After last year's annual meeting and additional owner input, a re-emphasis has also been made at speeding up the introduction of high-speed wireless into the Causeway units. Recall that our underground wiring for the telephone system was also failing, so the board has successfully negotiated with CTC for fiber optic wiring of the entire resort, with 2Gig wireless internet currently scheduled to become available sometime late this fall. If you are staying at the resort in the next two months, you will see this system being installed throughout the units. Completion for this project is currently planned for mid to late November. To date, these 2025 Association expenditures exceed \$250,000, and thankfully, without the need for additional special assessments due to the new relationship with Capital Vacations. Capital Vacations has been instrumental in making these things happen within our aging resort.

In addition to the projects underway, as you may know, our Association continues to receive legal challenges over several aspects of our past operations, policies, and even our governing documents. Our Association Attorney did make a final decision after discussion from the 2024 Annual meeting regarding delinquency and owners' rights to participate in the Annual Owners Meeting. Pursuant to the State Statute, a Record Date will be established approximately 40 days before our Annual Meeting date. (This year that date will be October 6, 2025) **It is very important that all owners understand that as of the Record Date, ONLY those non-delinquent owners will receive Notice and be allowed to vote either in person or by proxy at the November 16th Annual meeting.** The Board wants to be sure that everyone is aware of this October 6th deadline, so they can assure that their account is paid up, in order to participate in the 2025 Annual Meeting. It is critically important to have every owner's participation, either by attending the meeting, or sending your proxy for the Annual Meeting, but owners account **must** be current by the October 6th deadline to participate. A formal Notice of Annual Meeting, along with a proxy, and any other meeting information will be sent to all qualified owners as of the Record Date.

Again, we are well aware of the owner Facebook group that continues to criticize nearly all decisions and efforts being put forth by the Board and our new management company Capital Vacations. We were hoping that the results of this new relationship with Capital Vacations, and their major initial contribution (\$348,000), would speak for itself. But we continue to see all sorts of criticism, including rumors of Capital takeover efforts, threats of massive increases in maintenance fees, etc. **None of this is true!** In 2024, Capital Vacations agreed to take 50 of our unsold weeks and pay maintenance fees on them in each of the first 3 years of our contract. As we now approach year number two, they now own 100 of our previously unsold and unproductive weeks, which equates to nearly \$90,000 in additional annual maintenance fee revenue which helps all the rest of us to pay the ever-increasing bills associated with our resort. Capital Vacations is not attempting to take a position of some sort of majority control of the Association. The only thing that they took over was our management contract last year, and that was at our request.

This is the first time in two decades, that we've actually had more owners financing our annual operations, rather than less each year. And, we have never had anyone offer to give us nearly \$350,000 in free assistance to catch up on needed improvements, just for becoming our management company. As always, we hope you support the board's efforts to keep moving our resort forward. We are volunteers attempting to take owners input, while at the same time implement improvements and maintain our resort. We are committed to keep our resort affordable while providing an experience that everyone enjoys using. We are confident that our newly formed relationship with Capital Vacations has greatly helped to move us in that direction, and we are hearing that they are committed to the same thing for their 100 intervals now using Causeway from the Vacation Club. They pay the same annual fees that each of us owners pay, and their Club members using Causeway have the same expectations for a quality resort.

With respect to proxies, we would ask that you do not provide a two-year proxy to the group of disgruntled owners. As indicated previously, they seem to be focused in doing everything possible to drain the funds of the Association through litigation without any constructive input or support for the positive and beneficial improvements underway. They have created a proxy valid for two years, which we see as being detrimental to your voice as an owner. Your board has only used proxies when you cannot attend an annual meeting, and it is only to help obtain a quorum for one annual meeting at a time.

One last reminder, if you see anything needing updating regarding your ownership information, please contact the resort office to do so. It is every owner's responsibility to update the Association on any changes that they make to their ownership interest in the resort, or to their contact information. This information is not only helpful, but necessary for maintaining accurate records. Thank you for your attention to these important items, and for all of your support during this challenging year. Again, we will be forwarding the official Notice for the Annual Meeting and the Annual Budget and Billing information in October, after our Board Meeting.

Sincerely,

The Causeway Board of Directors