

Board Meeting Minutes
Causeway on Gull Resort Association
April 20, 2024

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10:00 AM Nisswa, MN Causeway on Gull Resort

Board Members:

Present: Steve Wagner, Robert Hanson, Douglas Weber, Sue Brennan, Daryl Luthans, George Deliduka, John Zimmer.

Absent: Jim Leukam (Doug Weber has his proxy), Doug Johnson

Ad-Hoc Committee: Kitty Haselkamp, Roy Jensen, Amanda Kujala

Management Company: Neal Narveson, LeAnne Rundhaug

Owners: Brian & Barb Hamilton, Chuck & Judy Michael, Tom Joseph, Mark Korwin-Kuczynski, Jim Smith, Brenn Fromm, Steve & Sue Thompson

Proceedings:

Meeting called to order at 10:03 am by President, Steve Wagner

January 2024 Board Meeting Minutes were approved. five for (Steve Wagner, Robert Hanson, Daryl Luthans, George Deliduka, Sue Brennan) 1 against (Doug Weber), Doug Weber stated that Jim Leukam abstains as they had not discussed. John Zimmer was not present at this time.

Doug Weber made a motion that effective with this meeting and going forward the Association Secretary be responsible for the meeting minutes. Seconded by Sue Brennan. Steve Wagner verified that the Secretary was comfortable with this, which she stated she was, along with Amanda's help. Steve Wagner also requests that the minutes be approved by the Board before publishing. Neal Narveson clarified that they no longer need to do the minutes. Steve advised if motion passes that would be correct – it would be taken off their plate. The motion was passed with all in favor.

Policy Committee:

Steve Wagner said the Policy Committee continues to review the policies to see what needs to be reviewed and updated. There were none currently needed.

Communication Committee:

Amanda Kujala: The new website is live. There is still work to be completed to get the owner's area up and running but will continue working on this. If you want to take a peek the is a new the web site is <https://causewayongullresort.org/> Steve asked about how to get the information out about new address. Recommendations were to add it to the check in packet, a sign could be put up at the front desk, utilize the Facebook group, and it can be added to the annual meeting notification to ensure everyone gets notice. A request was made to move the Board Members page to the public side of

the website. A future request to look at offering payment options and/or online payment was deferred to be discussed at the Finance Committee meeting.

Policy Committee (New Business):

Voting Procedure

Sue Brennan presented a new voting procedure change based on an owner's suggestion. This would make the proxy form for the annual meeting more informative and include an absentee ballot form. Owners can apply to be a Board or Ad-Hoc committee member. All incumbent Board/Ad-Hoc members that have not met their term limits but at the end of their term that wish to run again would need to apply. Applicants would write up a bio that would be due in August. The Bios would be added to the Proxy form along with an Absentee Ballot form. All information to be posted on the new website so that members can review their choices. The goal is more transparency, create involvement, more awareness, most important to help meet quorum, and an easier experience at the Annual Board meeting. Will include a list of current Board Members and Ad-Hoc Committee members so they can choose who to assign their Proxy to (can also choose another owner).

Would like to see the Ad-Hoc Committee hold more value to the membership. They get a taste of what the board does, can step up if a board member had to resign, and also step in to do some of the work. All members are encouraged to get involved; you do not need to be elected or on a committee. The elections must be held at the Annual Meeting for Board Members per the by-laws.

A volunteer committee was appointed to produce a final version to be presented to and approved by the board via email. Proxy letter, Absentee Ballot, Vote procedures, Annual Meeting Letter, Form to Apply for Board/Ad-Hoc Committee, Candidate Bio Form) Committee members include – Steve Wagner, Sue Brennan, Doug Weber, Mark Korwin- Kuczynski, Kitty Haselkamp, and Amanda Kujala.

Gull Five Voting Rights

Gull Five units (units up the hill). There are 52 weeks per unit owned – 11 units. They pay same maintenance fees as the Causeway timeshare owners on all of the commonly owned areas of the Resort. And the Gull Five owners proportionately “own” their share of all those amenities and common properties. They do not pay usage fees, they are owners of Causeway, just like every timeshare owner. They do not pay the same weekly timeshare maintenance fees for some management services, like housekeeping, laundry, interior maintenance, etc., because they do not contract for any of those weekly services. The Gull Five documents refer to them being members of Causeway on Gull Association.

Neal Narveson had discussions with their board as they held their meeting the prior weekend. They are not excited to spend money on an attorney to determine voting rights. Their understanding is the default is 52 weeks per unit (so they would have 52 votes per each of the 11 units) unless we get some sort of binding agreement. Steve Wagner is looking at contacting the President of Gull Five to discuss some sort of agreement and then have it reviewed by legal including possibly putting one of their members on the board or ad-hoc committee.

Neal Narveson spoke about how membership has been determined in the past for quorum at the Annual Meeting. Association owned weeks are removed as it is illegal to vote those. Weeks in the foreclosure process or pending the foreclosure process have not been counted based on the advice of Dick Hawke when he was acting as the Association counsel. Gull Five has never been included. If they are included going forward, it will be difficult to meet quorum at the Annual Meeting.

This discussion was tabled by Steve Wagner as not solvable at this meeting.

Rentals

How do we create more rentals; we are looking at companies with a national reach. Neal presented this subject before. Rentals help fill the gap in missing owners that age out, die, units stuck with exit companies, etc. The only success so far has been with Global Exchange. They have invested in 200 intervals for 10 years; They pay maintenance fees on these. The weeks are fed into their points club. This generates about \$160k-\$170k per year.

Neal continued to explain that he did put a deal together with one of these companies, they did a full year of due diligence, and now wants to add one additional association that NMI does not manage so the deal is currently on hold. There is another company that has provided a proposal which is founded on rentals not ownership, offering you the same 10-year rental contract and management services that they initially offered last summer. This includes your ability to receive \$4000/unit in upfront key-money (58 units x \$4000) or \$232,000 for your reserve fund. Alternatively, they also offered to do a 2-year short-term rental deal at a 60/40 rental split if you wanted to test the results of their rental services. Steve Wagner stated he would be interested in a 1-year rental deal to try it out. Neal explained to Steve that 1-year was not going to be an option for them, because he asked that, and they said it would likely not be worth it for either of us because of shared training costs and all of their efforts at uploading us into their rental software platform.

Sue Brennan: Would these companies resent their proposal to the Board so they can get the details directly from them? Neal Narveson: They have been here twice to look at the management possibilities. Zoom or similar may be an option. Neal is not adverse to researching other rental companies.

Neal also discussed how Causeway on Gull Association signed an agreement with NMI to utilize broker services to rent and sell intervals but declined all other services (such as marketing) and they get a 10% fee.

The decision was made last year by the Board to raise bonus weeks to \$595. At this time in 2023 was \$36k and this year it is only \$19k. Neal made the recommendation to consider the following rates: 1 bedroom \$395 (we do not technically have any of these), 2 bedrooms \$495, 3 bedroom (lockout) \$595. This new company did mention they would exclude bonus time in the deal.

Steve Wagner tabled the rental discussion as not solvable at this meeting.

GROUND'S MAINTNANCE UPDATE:

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Jim Leukum sent his report via email prior to the meeting (he was unable to attend). All 52 twin home units have a new carpet installed. Thanks to NMI and their Breezy Point people who came over to help. We finished getting 27 units in about 8 weeks. A big THANK YOU to all the people who were involved with this carpet project. As it stands now the 6 plex's will be done in fall.

Other good news, we have two new employees and possibly a third in the works. Bob and the crew really needed more help. One of the new guys will be assigned to building maintenance /grounds, to keep roofs clean of debris, and general grounds keeping. We now have a quality control person to check on things as well, which includes housekeeping. There is a bonus program in place for the housekeeping people also.

We have a list yet to work on this spring /summer. Bigger items are five patio doors to change out, all missing and nonworking screens, we are working on stocking up on a few appliances to have available for breakdowns. Another big-ticket item would be decking boards that need replacing at the outdoor pool, (all these are mostly the original decking yet). We also hope to get new class 5 gravel in and around the maintenance building and work on a bit of drainage.

Finally, I have done quite a bit of leg work on the possibility of revamping the Hot tub room, getting pricing on other water features as well. I talked to a few businesses in the Brainard area, and some are reluctant to do anything at COG. This I think is mostly due to State and County restrictions, regulations, and codes. As we are all very aware right now there are not enough dollars to fund an extremely expensive project like this right now. Future projects: windows, siding, staining, and railing replacements. We still have a few issues with bathrooms, tile work, leaking stools - which leads to rotting floors and more tile replacement. Leaking roofs, which leads to wet sheetrock, some removal of wallpaper, sometimes covered up with tongue and groove board. then there is always general upkeep of hardware on doors and drawers, kitchen ware, fireplaces, and the list goes on, and on.

Finance Report:

Doug Weber reported that he has been spending a lot of time trying to figure out the financial documents. He suggests forming a working group that has accounting experience to review. He made a motion that the Treasurer be granted online access to all Association Bank Accounts. LeAnne advised the bank has stated that 2 email addresses mess up the system, so it is not an option. Copies of all four bank statements are emailed to Doug as soon as they are received. Doug's motion did not pass. After going over the financials year to date Doug noted that since there would be no Special Assessment this year, all indications are the Resort could possibly run out of funds by October.

Neal stated you are frequently nearly out of money from the previous budget year every October, and you always levy your assessment for the next year prior to each November. However, in 2024, you are in vastly better financial shape than at any time in the last 5 budget years. Some of this is because of your special assessments, but a huge chunk of the reason is because of our hot tub closures, utility savings, and real estate tax savings.

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Neal Narveson and Sue Brennan were both advocating for an audit to be done. Steve Wagner stated that the Finance Committee will have to make that decision, they will go up to the office to personally review finances and will then discuss them at their meeting. Daryl Luthens made a comment that he is on the Finance Committee, and he was not aware of any issues.

Sue stated she would like to see a list of who is on which committees as she is unaware as it is not published anywhere.

Jim Smith asked about clarification on the carpet being discontinued. Neal Narveson explained that the color was discontinued at the end of December, and he told the Board. They selected a new color – similar just a little darker. This was used in the final 20 units.

The meeting was closed to the public at 12:15pm by President, Steve Wagner.

DRAFT