

Neptune House Owners Association Owners Meeting  
March 24, 2018

Meeting Highlights:

- 70 Owners Attended
- New Director Elected
- Financial Status Reported
- Facility Improvements and Pool Project Status and Plans Addressed
- New Sales and Marketing Program Described
- Service Animal Policy Explained

An Owners Meeting of the Neptune House Owners Association (the "Association") was held starting at 10:00 A.M. on March 24, 2018 at the Latitude 41° Restaurant and Tavern, 105 Greenmanville Avenue in Mystic, Connecticut. In attendance were 70 unit owners (many of whom owned multiple weeks), including all members of the Association Board of Directors ((Jeff Anliker, Cheryl Moore, Mark Morrissette, Dennis Palumbo and Phil Totino), Association Secretary Chris Lindgren and Resort Manager Samantha Disotell. Also in attendance was Mike McManus of Vacation Resorts International (VRI). The formal meeting was preceded by a continental breakfast.

Opening Remarks

Association President Phil Totino opened the meeting by welcoming the owners and introducing the Board members, Association officers, VRI representative Mike McManus and Resort Manager Samantha Disotell. Phil reported that VRI had certified the timely mailing of meeting announcements and proxy ballots to owners eligible to vote, and that the Association Secretary had certified that the 25% quorum required – in person or by proxy – to hold an owner vote at the meeting had been attained.

Upon motions duly made and seconded, the owners in attendance voted to approve the meeting agenda and the minutes of the Owners Meeting on March 18, 2017, both as mailed to owners in advance of the meeting.

Phil then briefly reviewed the status of Turnaround Plan initiatives announced in 2016, including the four actions completed that year (hiring a management company, implementation of a collection policy and foreclosure on delinquent shares, implementation of the 30-week resort season, and developing a reserve plan) as well as the 2017 projects to restore the pool and implement a robust sales and marketing program. Phil indicated that later presentations would address in greater detail the pool restoration and the sales and marketing program.

Election of Director

Association Secretary Chris Lindgren indicated that, at the 2017 Owners Meeting, owners approved staggered terms for the Board's five Directors, with the two candidates who then received the highest number of votes having been elected to serve three-year terms, the two candidates who then received the next highest number of votes having been elected to serve two-year terms, and the candidate then receiving the fifth-highest number of votes having been elected to serve a one-year term ending at this Owners Meeting. Chris indicated that, accordingly, owners were electing one

Director at this meeting to serve a three-year term. Chris introduced the three owner candidates for that Director position – Douglas Carnahan, incumbent Director Dennis Palumbo, and Aimee Sheridan. Each candidate stood when introduced and spoke briefly regarding his or her qualifications to be on the Board.

Chris thanked those owners who had already submitted their ballots, and asked that owners who had not yet submitted their ballots do so, in order that those ballots could be counted along with proxies submitted prior to the meeting. Chris indicated that the results of the voting would be announced later in the meeting.

#### Financial Update

Association Treasurer Mark Morrisette provided a detailed financial update, indicating that 2017 was a solid year for core resort operations, that the 2018 budget was consistent with the overall three-year plan, and that reserves – though impacted by pool cost overages – were on plan. His presentation compared 2017 operating and reserve expenses with revenues, reviewed the December 31, 2017 balance sheet, and described the 2018 budget, including pool construction, reserve and operating expenses. Mark also reported on the Board's review of the resort's insurance coverages and the status of the resort's reserve plan. He also summarized results to date from legal actions taken to recover money owed by delinquent owners whose shares were subject to a non-judicial foreclosure in August 2016.

#### Facility Improvements

Resort Manager Samantha Disotell detailed improvements made in 2017 to the common areas and the living units, and addressed physical improvements to the resort in progress or contemplated for the 2018 season.

#### Pool Project Status and Plans

Phil described work planned to complete Phase 1 of the pool reconstruction project, with a June 1 target date to open the pool. He reviewed the reasons for the delay in completing Phase 1 and for an anticipated \$77,000 cost overage as compared to the original Phase 1 budget. Phil also discussed the anticipated timing for the pool apron expansion and new seating planned for Phase 2 of the project, anticipated to be completed in spring 2019. Phil indicated that any additional recreational amenities were conditioned on the successful sale to new owners of shares currently owned by the Association.

#### Sales and Marketing Efforts

VRI Director of Resort Operations Mike McManus indicated that the Reseller's Handbook, intended to assist owners who wish to sell their shares, had been updated by the Board and is available online at the Owners Portal on the VRI website. Mike further described arrangements being put in place for Hello Vacay to market Association-owned shares in conjunction with Interval International's Club Interval Gold points program; Hello Vacay replaces Points Plus, LLC as marketer for Association-owned shares.

#### Service Animal Policy

Director Jeff Anliker explained the Service Animal Policy adopted by the Board and available through

the Owners Portal on the VRI website, in accordance with which dogs that qualify as service animals are accommodated at the resort as required by the Americans with Disabilities Act. Jeff distinguished service animals, which are welcome at the resort, from emotional support animals that – like other pets – cannot be brought to the resort. Jeff also described the responsibilities of owners who bring service animals to the resort.

#### Election Results

Secretary Chris Lindgren reported that a count of ballots submitted at the meeting and proxies received earlier indicated that, without regard to Association-owned shares, owners had elected Douglas Carnahan as Director to serve a three-year term, to begin immediately following the meeting. Chris reported that owners cast a total of 182 votes, with 75 votes cast for Douglas Carnahan, 67 votes for Dennis Palumbo and 40 votes for Aimee Sheridan.

Phil, on behalf of the owners and the Board, congratulated Doug on his election and thanked Dennis for his contributions as Director over the past year. He also thanked all three candidates for their willingness to volunteer their time and expertise to guide the resort.

#### Questions and Answers/Open Forum

Phil, Mark, Samantha and Mike responded to questions and comments from owners. Owners commented regarding a variety of items, including remaining steps in the pool completion, the resort's sales and marketing efforts, and the new Service Animal Policy, and provided various suggestions that the Board took under advisement. Owner comments were generally positive and supportive of the direction being taken.

Following the question and answer session, the meeting was adjourned at 11:56 A.M.

Respectively submitted

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Chris Lindgren, Association Secretary