

## Meeting of the Board of Directors of the Neptune House Owners Association

November 1, 2015

The Board of Directors (the "Board") of the Neptune House Owners Association (the "Association") met telephonically by conference call at 10:00 a.m. on Sunday, November 1, 2015. All members (Phil Totino, Mark Morrisette and Wayne Rioux) were in attendance. Also in attendance was Chris Lindgren.

The Board noted that this was its first official meeting following the Association's election of new Board members effective as of November 1, 2015.

### Election of Officers

Following discussion and upon motions duly made and seconded, the Board unanimously elected Phil Totino as President, Mark Morrisette as Treasurer, and Chris Lindgren as Secretary, with such duties as are provided in the Association's By-Laws. Upon motion duly made and seconded, the Board further voted unanimously, as provided by the By-Laws, to appoint a Vice President of the Association to act in place of the President should he be absent and to perform such other duties as may be described by the Board and the President, and unanimously elected Wayne Rioux to that office.

### Expression of Thanks

The new Board members expressed their gratitude to the Neptune House owners for their support, and reaffirmed their commitment to open communication, regular elections, and implementation of Proposition 30, the proposal to restructure the resort's time shares into a 30-week season.

The members also expressed their appreciation to the former members of the Board (Steve Perrotti, Steve Hague, and Valerie Erickson) and to Jeff Tkacs, the acting secretary to the prior Board, for their years of service and for working with the new Board members to effect a smooth transition of responsibilities.

The Board further expressed its appreciation to those other owners who had offered themselves as candidates for Board positions in the recent election.

### Meeting Procedures and Scheduling

The Board then discussed procedures for its meetings and agreed, to the extent practicable, to follow Robert's Rules of Order and to take actions unanimously. The members agreed to meet weekly, with the exception of holiday weeks, for the balance of the 2015 year, with the President to prepare agendas for the meetings, with attendance to be by all Board members and the Secretary, and with reports to be made at Board meetings by the resort General Manager when appropriate.

### Communications with Owners

The Board addressed communications with owners, and decided that -- since the majority of owners have internet access -- minutes of Board meetings would be made available electronically as soon as practicable after their approval by the Board, and that quarterly and annual financial reports would similarly be made available.

The Board noted its intention to have the email addresses of its members available to owners in order to facilitate input and feedback. Concerns over how best to accomplish this in a way that would restrict

this information only to owners remain to be resolved, due to technical constraints pertaining to the design and management of the owners' web site.

#### Activities and Plans – Financial Status

The Board then discussed the current financial status of the Association, noting that a review indicated that the financial situation is very serious, and that there is a large disconnect between expenses and revenues. The Board indicated its expectation that drastic measures will be needed to put Association finances in order in the near term and that, while the restructuring envisioned by Proposition 30 should provide a meaningful benefit, that benefit will not be realized in 2016. The Board determined that its immediate focus is preparation of the 2016 budget and determination of 2016 maintenance fees. The Board agreed to a target date of November 16 to send out bills for maintenance fees. The Board indicated that those fees are expected to be significantly greater than the 2015 fees, as necessary to create a balanced budget and assure the financial viability of the Neptune House.

The Board noted that somewhat less than one-half of the special assessment, sent out in October by the prior Board for the pool demolition and 2015 deficit elimination, had been collected to date. The Board emphasized the need for the special assessment to be paid by the end of December so that the Association could enter 2016 without unpaid bills.

The Board indicated that it would be interviewing for a law firm both to assist with necessary documentation to implement Proposition 30, and to recover delinquent payments and reclaim shares of nonpaying owners.

#### Activities and Plans – Facilities

The Board discussed two initiatives to address the deteriorating condition of the resort facilities. First, a group of owners led by architect Cheryl Moore had developed a punch list of repair and maintenance items for the living units, with more than 250 issues having been identified in the 23 units. The Board noted that work is in process to perform a cost estimate and to prioritize the list, so that a remediation plan can be developed to effect repairs over time.

The Board also indicated its intention to contract with a firm to conduct a reserve study early in 2016, to address the shells of the buildings, the common areas, and the grounds, in order to plan for a reserve fund to preclude, to the extent practicable, the need for special assessments for major occurrences (such as roof replacement) that can reasonably be predicted.

The Board noted that, while the pool building has been demolished, the pool itself remains intact; however, the pool will not be in operation during 2016. The Board indicated its intention to hold a binding vote of the owners regarding the pool, and that, in order to do so, the Board would need to supplement the information gathered earlier with additional information regarding annual operating costs under each option for the pool.

#### Activities and Plans – Further Items

The Board members agreed to meet with Meredith McAloon, the resort General Manager, and the resort staff during the weekend of November 7 and 8, for the purpose of reviewing budget line items to develop a final 2016 budget.

The Board members noted that they had also held a cordial and informative in-person meeting with prior Board members Steve Hague and Steve Perrotti, and acting secretary Jeff Tkacs, on October 24 in Westborough, MA.

The Board reviewed and, upon motion duly made and seconded, unanimously approved a draft of a letter from the Board, to be made available electronically on November 2 to owners with internet access and to be mailed to those owners for whom the Association does not have an email address, summarizing the Board's priorities and intended actions to assure a stable financial footing for the resort and to address the physical deterioration of the facilities.

The Board further agreed on a target date of late March 2016 to hold an owners meeting, at a site to be determined on the mainland, the agenda for which would include the future of the pool and implementation of Proposition 30 as a way to control costs in 2017.

Following the above discussion, there being no further business, the meeting was adjourned.

Respectively submitted

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Chris Lindgren, Secretary