

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

November 7 & 8, 2015

The Board of Directors (the "Board") of the Neptune House Owners Association (the "Association") met at 10:40 a.m. on Saturday, November 7, 2015 on the Block Island Ferry sailing from Galilee, RI. All members (Phil Totino, Mark Morrissette and Wayne Rioux) were in attendance. In Chris Lindgren's absence, Phil Totino acted as secretary for the meeting.

Administrative Items

Upon a motion duly made and seconded, the Board unanimously approved the minutes of its meeting on November 1, 2015. The Board made a note to instruct the Secretary to have them posted on the owners' web site.

The Board then discussed feedback from owners in response to its letter dated November 2, 2015 covering preliminary findings from its review of operations and the expected impact on 2016 maintenance fees. Four owners provided feedback. Two wanted to know why maintenance fees would be going up in 2016 since they were under the impression that there would be no increase under Proposition 30. Two asked why they could not log into their accounts. The Board noted that a fee increase is not anticipated when Proposition 30 is implemented, but that the Neptune House's existing financial and structural issues require an increase. Regarding the website, the Board noted that there was no intent to prevent owners from accessing their account information, and that changes were being made to the website to again permit owners to log into their accounts.

The Board discussed various issues concerning the owners' web site, including concerns about posting email addresses and sending blast emails to owners.

2016 Budget and Maintenance Fees

The Board discussed potential changes to the bill for annual maintenance fees, and it reviewed materials used by another timeshare resort for its annual billing to get ideas for how best to communicate the budget to owners.

The Board spent considerable time reviewing the parameters of the budget model developed by Treasurer Mark Morrissette that it is using as an aid in developing the 2016 budget and maintenance fees.

Weekend Meetings

The Board discussed how best to utilize the time being spent on Saturday and Sunday with Neptune House staff, given that the main purpose of the trip is to work with staff on the 2016 budget.

Adjournment and Resumption of Meeting

Following the above discussion the meeting was adjourned at 11:45 a.m. until the return ferry trip on Sunday.

At 12:30 p.m. on Sunday, November 8, 2015 the Board resumed its adjourned meeting on the Block Island Ferry sailing from New Shoreham.

### General Discussion

The Board debriefed on the meetings with staff that occurred during the weekend including discussions regarding the potential hiring of a management firm to provide services. The Board members had indicated to Meredith McAloon, in their discussions with her over the weekend, that – in light of the anticipated hiring of a property management firm – her position as General Manager would be eliminated effective December 31, 2015, although she could take up to the end of March to move personal belongings from the Neptune House.

After the weekend's discussions, Board members commented that they had a much better grasp of the duties and responsibilities of the individual staff members. They also commented on the insight that they gained into the many issues with the buildings and their infrastructure systems.

### 2016 Budget and Maintenance Fees

The Board noted that staff had reported that, to date, owners of 322 shares had paid \$95,634 for the special assessment levied in October for pool demolition and deficit reduction. This is slightly more than half of the total assessment. Based on a recommendation that had been made by staff, the Board decided to wait until the end of November to send out the 2016 maintenance fee bills. The reason is to allow more time for owners to pay the special assessment before receiving the new bills. The Board had previously targeted November 16 for mailing the bills.

The Board spent a great amount of time working through the assumptions and parameters of the budget model, taking into account knowledge gained during discussions with staff.

Members outlined their thoughts on the format and content of the letter that the Board intends to send with the maintenance fee bill. Phil Totino indicated that he would draft an initial version of the letter for the Board's consideration.

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

Respectively submitted

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Phil Totino, Secretary for the Meeting