

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

November 13, 2015

The Board of Directors (the "Board") of the Neptune House Owners Association (the "Association") met telephonically by conference call at 7:30 a.m. on Friday, November 13, 2015. All members (Phil Totino, Mark Morrissette and Wayne Rioux) were in attendance. Also in attendance was Association Secretary Chris Lindgren.

Consideration of Minutes

The Board reviewed draft minutes of the Board's November 7-8, 2015 meeting, which had been circulated in advance to the Board members, and asked that the Secretary revise the draft minutes to incorporate additional detail regarding discussions with staff that occurred on November 7 and 8, for further consideration by the Board at its next meeting.

Resort Management

President Phil Totino updated the Board on discussions with Vacation Resorts International (VRI) regarding their possible provision of property management services to the Neptune House. Phil reported that, after a nondisclosure agreement had been signed with VRI, he met with Mike McManus of VRI to discuss services that VRI might provide (Mr. McManus is supervisor of a number of VRI-managed resorts, including Island Manor, and is familiar with Block Island). The VRI representative had indicated that, in addition to owner billing and recordkeeping, his firm's services would include collection of delinquent accounts up to the point of foreclosure. Phil indicated that VRI was to respond regarding its interest in pursuing an arrangement with the Association within the next few days. The Board members noted that they had checked with members of the board of Island Manor regarding that resort's satisfaction with VRI, and that those references were very favorable.

In light of the anticipated hiring of a property management firm to provide services – including maintenance fee billing, budgeting, facility oversight and vendor management – that have been provided by Meredith McAloon, the Board, following discussion and upon motion duly made and seconded, unanimously approved a letter from Phil Totino, on behalf of the Board, to Meredith confirming that her position as General Manager is to be eliminated effective December 31, 2015 and thanking her for her many years of dedication and service to the Neptune House.

The Board then discussed additional information needed regarding staffing, including compensation detail for Neptune House employees and independent contractors. The Board agreed that Phil would request that additional information from the resort's Office Manager, Samantha Disotell, and that Meredith should be copied on information requests directed to other staff members.

2016 Budget and Maintenance Fees

The Board discussed the current draft of the 2016 budget, as previously circulated by Treasurer Mark Morrissette, and asked Mark to review the details of the proposed budget with Meredith and Samantha, in order to obtain their input before finalizing the numbers. The Board also reviewed and revised a draft letter prepared by Phil to owners to explain that budget, which letter would accompany maintenance fee bills, now targeted to be sent out by November 30. The Board members agreed to provide Phil with additional comments on the proposed letter to owners, including how most clearly to present amounts

that are likely uncollectable. The Board then reviewed a draft Maintenance Fee and Collection Policy, to be approved by the Board when the final 2016 budget is approved, and asked the Secretary to revise the draft policy to clearly specify that costs of collection and foreclosure would be paid by delinquent owners. The Board indicated its intention of finalize the 2016 budget, the explanatory letter to owners, and the Maintenance Fee and Collection Policy at its November 20 meeting, in order that bills can be produced and mailed by November 30.

Legal Representation

Chris Lindgren reported on contacts with prospective legal counsel, to assist with revisions to the by-laws and other governing documents to implement Proposition 30, and to recover delinquent payments and conduct foreclosures on shares of non-paying owners. He indicated that he anticipated discussions with law firms in Cranston and Newport that had provided services to other Rhode Island time share resorts.

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

Respectively submitted

Chris Lindgren, Secretary