

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

November 20, 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 20, 2015. All members (Phil Totino, Mark Morrissette and Wayne Rioux) were in attendance. Also in attendance was Association Secretary Chris Lindgren.

Administrative Items

Upon motions duly made and seconded, the Board unanimously approved the minutes of its meetings on November 7-8, 2015 and November 13, 2015, which had been circulated in advance to the Board members.

Resort Management

President Phil Totino and Treasurer Mark Morrissette updated the Board on a November 16 telephone discussion with Mike McManus of Vacation Resorts International (VRI) regarding its possible provision of property management services to the Neptune House, including a discussion of the monthly financial reporting package that VRI could provide. The Board noted that Vice President Wayne Rioux was accompanying Mr. McManus today on a trip to Block Island where the VRI representative will review the Neptune House facility.

The Board discussed staff compensation, noting that the prior Board had authorized Meredith McAloon, the resort General Manager, to pay limited bonuses to resort employees annually. In light of the resort's financial difficulties, the Board, after discussion and upon motion duly made and seconded, voted unanimously to withhold that authority to pay bonuses for 2015. The Board noted that, if VRI is hired to provide services, it has available generic position descriptions and other compensation tools that could help the Board develop a staff compensation plan.

2016 Budget and Maintenance Fees

The Board discussed the latest draft of the 2016 budget, as circulated earlier by Treasurer Mark Morrissette and reviewed individually by the Board members prior to the meeting. After discussion and upon motions duly made and seconded, the Board unanimously approved (1) the 2016 budget in the amount of \$542,539 for operating expenses, \$168,920 for adjustments and investments, and \$198,100 for bad debt expenses attributable to anticipated uncollectable amounts, for a total 2016 budget of \$909,559, and (2) 2016 maintenance fees in the amount of \$1,015 for float week units, \$1,142 for studio units, \$1,269 for one bedroom units, and \$1,396 for two bedroom units. In addition, the Board, upon motions duly made and seconded, unanimously approved the 2016 Float Week Policy and the Maintenance Fee and Collection Policy, each as distributed electronically prior to the meeting. The Board further reviewed and, upon motion duly made and seconded, unanimously approved a proposed letter circulated prior to the meeting by President Phil Totino, to be sent to owners -- along with the 2016 maintenance fee bills and the above policies -- setting forth the 2016 budget, explaining the adjustments and investments incorporated therein, and describing the management change to be effective December 31, 2015, when the General Manager position is eliminated.

Wayne indicated that he would review the Maintenance Fee and Collection Policy with Mike McManus of VRI and with the Neptune House staff during his trip today to Block Island, and would forward changes, if any, recommended to that Policy to the Board for its consideration. Phil indicated that he would instruct Meredith and Samantha Disotell, the resort Office Manager, regarding production of the maintenance fee bills and accompanying materials, with the intention that mailings to owners would occur by November 30.

In response to a question raised by Mark, the Board upon motion duly made and seconded unanimously approved allowing owners to utilize any credits to their accounts to offset the October Special Assessments for the pool demolition and 2015 operating expense shortfall.

Legal Representation

Chris Lindgren reported on the meeting he and Phil had in Cranston with Steve Rodio of the firm of Rodio and Brown. That firm provides services to the Island Manor timeshare on Block Island and the Oceancliff timeshare in Newport which are similar to those services that the Association will need to assist with revisions to its by-laws and other governing documents to implement Proposition 30, and to recover delinquent payments and conduct foreclosures on shares of non-paying owners. Chris indicated that he is scheduled to interview another prospective law firm with timeshare experience, located in Newport, on November 24, after which it is contemplated that the Board will select legal counsel from among the three firms interviewed.

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

Respectively submitted

Chris Lindgren, Secretary