

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

January 8, 2016

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, January 8, 2016. All members (Phil Totino, Mark Morrissette and Wayne Rioux) were in attendance. Also in attendance were Association Secretary Chris Lindgren, Resort Manager Samantha Disotell, and Michael McManus and Scott Dravis of Vacation Resorts International (VRI).

President Phil Totino welcomed the VRI representatives and Samantha to the management team, and he expressed optimism for what could be accomplished in the future.

### Administrative Items

Upon motion duly made and seconded, the Board unanimously approved the minutes of its meetings on December 18, 2015 and January 4, 2016, as circulated in advance to the Board members.

The Board discussed the timing, location and agenda for the upcoming 2016 owners meeting, to be held March 19 at a location to be determined in coastal Southeast Connecticut. The Board discussed sending out a "save the date" notice to owners by January 15, once the location for that meeting is set. Phil volunteered to create an email database to be used for that mailing.

The Board also discussed a meeting by Phil, Treasurer Mark Morrissette and Secretary Chris Lindgren with representatives of VRI and attorney Richard Sayer, to be held at the offices of Sayer, Regan and Thayer in Newport, Rhode Island on January 13, to discuss collection activities and desired changes to governing documents in light of Proposition 30.

### Financial Management

Resort Manager Samantha Disotell reported on the status of payments of the October Special Assessment, with 465 of an anticipated 625 shares having paid \$139,278 of that Special Assessment to date. She also reported that \$358,495 had been received so far as 2016 maintenance fees.

The Board discussed additional feedback received from owners regarding the increased 2016 maintenance fees and requests for relief from various owners. The Board reiterated that, given the financial situation of the Association, exceptions would generally not be made at this time to the Maintenance Fee and Collection Policy. The Board noted that some owners had cited the minutes of the Board's November 22, 2015 meeting, where the Board authorized the then General Manager, Meredith McAloon, to offer amnesty to an owner on the list of those who owe maintenance fees to the Neptune House if that person provided a quitclaim deed to the Association; the Board clarified that the authorization applied to a very limited list of individuals, including those who had attempted to return their shares to the Association prior to the election of the new Board or who management believes may be deceased, and that those minutes did not refer to the October Special Assessment or 2016 maintenance fees.

The Board discussed the need for additional authorized signers for Association financial accounts in light of the transition of services to VRI. The VRI representatives described the process in place at VRI to pay expenses, where the person authorizing an expense is separate from the person processing the

payment. Following that discussion, upon motion duly made and seconded, the Board unanimously voted to adopt the following resolution:

**Resolved**, the Board hereby (1) authorizes the establishment of an additional Neptune House Owners Association checking account at Washington Trust, and the issuance of a debit card on that account, to be used for small expenditures; (2) authorizes the opening of a Neptune House Owners Association credit card account with Washington Trust; (3) approves the following individuals as authorized signers on all bank and payroll accounts of the Neptune House Owners Association: Treasurer Mark Morrissette, Resort Manager Samantha Disotell, and each of Richard Muller, Jonathan DeINegro and Anthony Offiler of Vacation Resorts International; and (4) authorizes Treasurer Mark Morrissette to take such other and further actions related to the above as he may deem necessary or appropriate.

The Board noted that the Association's accountant, Adam Urban of the firm Kirshenbaum, Urban & Tan, is scheduled to be at the Neptune House today and the next day to prepare his review of 2015 financial activity. Mark indicated that he would draft the year-end financial report to owners after receiving Mr. Urban's report. The Board discussed the possibility of combining the year-end financial report with the Board's first quarterly report to owners.

#### Resort Management

The Board reviewed the status of the transition of responsibilities to VRI. Samantha indicated that the transition was proceeding smoothly; she reported that she had met with VRI's IT staff to begin the process to establish access to the VRI system. The VRI representatives indicated that, while there were many steps to accomplish in the transition, their assessment was very positive. The Board discussed how the agreement with VRI, once fully executed, would be made available to owners.

The Board discussed the need to adequately secure the pool until such time as a decision is made on its future use. Samantha reported that the contractor for the pool building demolition, Bobby Kenney, proposed to cover the pool with a safety cover, which would be maintained by the Association and, after the pool is replaced or eliminated, returned to Mr. Kenney. As the cover should adequately secure the pool, the Board asked Samantha to accept the proposal. Samantha indicated that she would make the final payment to Mr. Kenney for the pool building demolition after the cover was installed and approved by Michael Swanson of the Neptune House staff and Michael McManus of VRI. Samantha further indicated that Michael Swanson was pricing the cost of a fence needed around the pool to keep people off of the cover.

The Board discussed coverage during Samantha's January 12 to February 4 vacation. Samantha indicated that she would periodically access calls left on voicemail while on vacation, and that Michael Swanson would deposit checks received.

#### Legal Matters

Association Secretary Chris Lindgren reported on the quitclaim deeds expected from the very limited group of owners approved by the Board at its November 22, 2015 meeting, indicating that Meredith McAloon had reported that quitclaim deeds were expected to be received from six owners, of which three had been received to date.

Chris indicated that attorney Richard Sayer had contacted a title company to review deeds as recorded in the Town property records, and would also be reviewing any periodic filings required by the Association. Chris also reported that he had met with Meredith to review the status of other delinquent accounts out for collection.

The Board briefly discussed possible changes to the By-Laws, including a desired change to expand the Board from the current three to five or seven directors. The Board noted that a full discussion of possible By-Law changes was scheduled for the January 13, 2016 meeting at attorney Sayer's office in Newport.

Following the above discussion, the meeting was adjourned.

Respectively submitted

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Chris Lindgren, Secretary