

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

July 1, 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, July 1, 2016. All members (Phil Totino, Cheryl Moore and Mark Morrissette) were in attendance. Also in attendance were Secretary Chris Lindgren, Resort Manager Samantha Disotell, and Mike McManus of Vacation Resorts International (VRI).

### Administrative Items

Upon motion duly made and seconded, the Board voted to approve the minutes of its meeting on June 3, 2016, as circulated in advance to the Board members.

The Board discussed its meeting to be held the week of July 18, and agreed to meet on-island starting at 8:00 a.m. on Wednesday, July 20 in order to discuss the Reserve Study report, tour the facilities in light of that report's assessment and recommendations, review the status of the facility punch list that was prepared last summer, meet with Jonathan DelNegro of VRI to review in detail VRI's monthly financial statements, and conduct the Board's self-assessment. President Phil Totino indicated he was hopeful that decisions would be made at the July 20 meeting regarding sales and marketing efforts and a recommendation for a reconstructed pool and other potential recreational amenities, in advance of a targeted August 15 newsletter to be sent to owners.

The Board discussed possible director candidates for the next Board election. Phil indicated a willingness to meet with any prospective candidate to review the demands and responsibilities of Board membership.

### Financial Management

Treasurer Mark Morrissette addressed VRI's May 31, 2016 financial statements. The Board identified various desired changes for VRI to make to its report, to more closely track the budget as adopted by the Board and to provide greater detail regarding anticipated payments from owners.

Mike McManus reported on collections to date of delinquent accounts. The Board asked that Mike reformat the report to provide summary information, and that he provide a summary of the foreclosures being addressed by Attorney Steve Rodio.

### Legal Issues

Secretary Chris Lindgren updated the Board on the status of the suit by owner Donna Neufeld regarding the collection of delinquent fees for her unit.

### Resort Management

Mike reviewed an updated list of physical improvements to the resort in process or planned for the 2016 season. Mike indicated that, for use at the Board's July 20 meeting, he would provide the Board with an update to the facility punch list.

The Board discussed the draft Reserve Analysis Report received from Advanced Reserve Solutions, Inc. Board members identified various corrections/revisions to the report, and asked Mike to request an updated draft for the Board to consider at its July 20 meeting.

The Board discussed a possible expanded recreation area that could include one or more of the following: children's playground, fire pit, shuffleboard court, basketball court. Vice President of Facilities Planning Cheryl Moore indicated that she would prepare a proposed site plan to be reviewed at the July 20 meeting.

#### Sales and Marketing Program

The Board discussed whether to add an owner message board on the neptunehouse.com website. Mike reported that the cost to add that feature would be \$1500, and that ongoing monitoring by the resort manager would be needed. In light of the cost and the added staff work that would be required, the Board decided not to move forward with adding the message board.

Chris then reported on efforts to enter into an affiliation agreement with RCI. He indicated that Interval International (II) would need to waive exclusivity provisions in the resort's existing contract in order for the resort to enter into an agreement with RCI, and that II had indicated verbally to VRI that it was unwilling to waive those exclusivity provisions. After discussion, the Board authorized President Phil Totino to formally ask VRI to approach II to request that II waive the exclusivity provisions.

Mike addressed the resort's possible participation in the II Club Interval Gold Membership Program, as permitted by a 2012 addendum to the resort's agreement with II. Mike indicated that he had requested a points matrix from II to value weeks at the resort, as well as a proposal from a sales company that would need to be engaged to sell resort weeks through the II Program. Mike also reported that vacation clubs were not currently interested in purchasing weeks at the resort.

Following the above, the meeting was adjourned.

Respectively submitted

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Chris Lindgren, Secretary