

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

July 20, 2016

The Board of Directors (the “Board”) of the Neptune House Owners Association (the “Association”) met at the Neptune House resort at 8:00 a.m. on Wednesday, July 20, 2016. All members (Phil Totino, Cheryl Moore and Mark Morrissette) were in attendance. Also in attendance were Secretary Chris Lindgren, Resort Manager Samantha Disotell, Mike McManus and Jonathan DelNegro of Vacation Resorts International (VRI), and former Board member Wayne Rioux.

Administrative Items

Upon motion duly made and seconded, the Board voted to approve the minutes of its meeting on July 1, 2016, as circulated in advance to the Board members.

Resort Management

Mike McManus addressed the completion of items on the facility punch list prepared last summer. Mike discussed the physical improvements made to the resort and remaining items planned for the 2016 season.

Michael Callahan of Advanced Reserve Solutions, Inc. (ARS) then joined the meeting by speaker phone to discuss ARS’ updated draft of its reserve study. The ARS representative described how replacement costs and the remaining service life of items were determined for purposes of the reserve study, including adjustments to costs where appropriate to recognize the added expense of completing tasks on-island. The Board discussed reserve requirements for items that could fail suddenly, including boilers, oil tanks and water heaters; Samantha Disotell indicated that she would obtain from local vendors replacement costs for those items and an indication of their current condition, to enable the Board to further refine the ARS draft.

Following the discussion of the draft reserve study, Michael Callahan left the meeting.

Vice President of Facilities Planning Cheryl Moore then distributed a proposed site plan for an expanded recreation area, to include a new or reconstructed outdoor pool, a single tennis court, and a playground, fire pit and basketball/games court. Cheryl reviewed recently-obtained estimated costs for the pool, indicating that – because of current building codes – the cost of a pool building structure was estimated at \$1,500,000, which effectively eliminated the possibility of an indoor pool from consideration, although Cheryl indicated that the design could include a pergola over part of the pool. In light of the anticipated initial and ongoing expense associated with a spa in a reconfigured pool, the Board indicated it did not want to include a spa in the pool proposal. Samantha Disotell indicated that she would obtain an estimate of costs for the non-pool portions of the proposed recreation area, for further discussion at the Board’s next meeting on August 5.

Financial Management

Jonathan DelNegro reviewed in detail VRI’s monthly financial statements, and responded to questions from the Board. Jonathan agreed to provide additional detail regarding expenses charged to the reserve and the reserve balance.

Mike then reviewed an updated report on owners with installment payment plans. Where an owner's scheduled week has passed without the owner's full payment of accumulated fees, Phil asked that VRI send the amount owed to Continental Central Credit for collection.

The Board next discussed the upcoming August 12 auction of foreclosed units. Mike reviewed a list of prime weeks to be auctioned. The Board discussed the bidding strategy for units at auction, and authorized President Phil Totino to work with VRI to establish minimum prices for units being auctioned. Mike indicated that attorney Steve Rodio would forward information regarding the August 12 auction to resort owners, so that they could participate in the auction if they wished. The Board requested that Mike ask attorney Rodio for a proposal to recover from delinquent owners the balance remaining after applying any auction proceeds to the amounts they owe.

The Board discussed the contents of a newsletter targeted to be emailed to owners in mid-August, after the auction of foreclosed units. After discussing the possibility of a reduction in maintenance fees for 2017, the Board, with input from the VRI representatives, determined that it was too early in the year – in that the summer was not yet half over and significant expenses remained to be incurred – to project maintenance fees for next year. Mike indicated that VRI will audit telephone expenses in anticipation of the draft 2017 budget to be prepared later this summer.

Executive Session

Samantha Disotell, Mike McManus, Jonathan DelNegro and Wayne Rioux left the meeting. The Board members then met in executive session with Secretary Chris Lindgren present. During the executive session, the Board conducted a self-evaluation of the Board's functioning.

Following the executive session, the meeting was adjourned.

Respectively submitted

Chris Lindgren, Secretary