

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

November 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 Tuesday, November 1, 2016. All members (Phil Totino, Cheryl Moore and Mark Morrissette) were in attendance. Also in attendance were Resort Manager Samantha Disotell and Mike McManus of Vacation Resorts International (VRI). In Chris Lindgren's absence, Phil Totino acted as secretary for the meeting.

Administrative Items

Upon motion duly made and seconded, the Board voted to approve the minutes of its meeting on October 7, 2016, as circulated in advance to the Board members.

Upon motion duly made and seconded, the Board voted to reelect Phil Totino as President, Mark Morrissette as Treasurer, Chris Lindgren as Secretary, and Cheryl Moore to the appointed officer position of Vice President of Facilities Planning.

Phil discussed communications that he had with potential candidates for future Board membership. Resort Manager Samantha Disotell discussed additional possible candidates for the Board; Phil indicated that he would follow up regarding their degrees of interest.

Resort Management

Mike McManus reported the results of the vote on the recreational amenities proposal. 378 votes were cast – representing 67% of the total votes possible from owners – with 279 votes (74%) in favor of the plan and 99 (26%) opposed. Members of the Board expressed their thanks for the large turn-out and for the strong support for the proposal. Phil stated that, on behalf of the Board, he would respond to owners who sent comments to the Board along with their ballots.

Samantha indicated that she would arrange a conference call for herself, Cheryl, Mike, and Tom Hendricks to discuss a contract with Hendricks Pools, Inc. Members of the Board expressed their desire to get things moving as quickly as possible.

Cheryl stated that estimates for construction of the recreational amenities other than the pool are expected to be ready soon. These will be used for planning purposes, as work on these amenities would not take place until and unless sufficient revenues become available from the disposition of shares currently owned by the Owners Association.

Mike reviewed an updated report on the status of physical improvements to the resort in process or planned for the 2016 season.

Financial Management

Mike reviewed VRI's financial statements for the month ended September 30, 2016, as well as Continental Central Credit's updated report on collection activity and correspondence from Attorney Stephen Rodio regarding the status of payment for units purchased at the August 12 auction of foreclosed units. Mike stated that a final accounting of the purchases is expected in the near future.

Upon motion duly made and seconded, the Board voted to engage Rodio & Brown, Ltd. for collection of delinquent accounts. In furtherance of this action, upon motion duly made and seconded, the Board voted to adopt the following resolution:

RESOLVED that any time share owner that is delinquent on the payment of maintenance fees for ninety (90) days or longer, or any time share owner that is referred by the Association to a collection agency or attorney for purposes of collecting overdue maintenance fees, in addition to any and all other charges authorized to be levied, shall be charged a maintenance fee collection charge of 35% of the total amount due and owing by said owner (the "maintenance fee collection surcharge"), for purposes of offsetting the costs and expenses incurred by the Association to collect the amount owed. The maintenance fee collection surcharge shall be considered due and payable as a maintenance fee in accordance with the Neptune House Time Share Declaration and the Rhode Island Real Estate Time-Share Act, Rhode Island General Laws 34-41-1.01 et seq.

Phil commented on a spreadsheet provided by VRI showing the status of all fixed and float weeks, as to whether they are owned by the Association, by owners in good standing, or by owners whose accounts are with the collection agency, or whether they are in the process of being transferred to or from the Association. He noted that the Association currently owns or is in the process of taking possession of 103 shares during the 30-week resort season.

The Board reviewed the draft 2017 budget and proposed fees prepared by VRI and Treasurer Mark Morrisette. Upon motion duly made and seconded, the Board voted to approve the 2017 budget of \$868,683 and fees of \$746 for float weeks, \$1,221 for fixed studio shares, \$1,357 for fixed 1-bedroom shares, and \$1,493 for fixed 2-bedroom shares.

The Board also reviewed a revised collection policy renamed as Assessment Billing and Collection Policy (ABC Policy) in accordance with standard industry terminology. Substantive revisions dealt with the timing of notices and the inclusion of a maintenance fee collection surcharge to be added to the accounts of delinquent owners. Upon motion duly made and seconded, the Board voted to adopt the ABC Policy as presented.

The Board also approved a letter to be included in the materials mailed to owners with their bills for 2017 fees and approved a revised process for reserving float weeks for the Fall 2017/Spring 2018 float week season. The new process will require owners wishing to make float week reservations to call VRI Central Reservations instead of the Resort Manager.

Mike indicated that materials will be sent to the printer right away and that bills will be sent out within the next five days.

Mike stated that a letter will be sent in December to owners who rented their units in the past informing them that the Resort Manager will no longer handle rentals and that rentals will be handled via the central process that VRI has in place for the properties that it manages.

Sales and Marketing Program

Mike indicated that the process of transitioning sales support from Joanne Regnault has begun, to be effective on January 1, 2017. Joanne will be free to operate on her own behalf, but will no longer be

affiliated directly with the Neptune House. Mike reported that discussions are ongoing with Points Plus, LLC to potentially become the sales channel for Association-owned shares, in conjunction with Interval International's Club Interval Gold Points program. Pending satisfactory reference checks, detailed negotiations with Points Plus will proceed. The target start date for a revised sales program will be in the Spring of 2017.

Samantha stated that Rodio & Brown has agreed to handle deed transfers for current owners after buyers and sellers have agreed on a sale. Samantha also indicated that she is working on new ad copy for placement in Block Island publications.

Executive Session

After Samantha Disotell and Mike McManus left the meeting, the Board members met in executive session.

Following the executive session, the meeting was adjourned at 8:55 AM.

Respectively submitted

Phil Totino, Secretary for the Meeting