

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

January 6, 2017

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 6, 2017. 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 December 2, 2016, as circulated in advance to the Board members.

Resort Manager Samantha Disotell reported on float week reservations, indicating that 30 of 34 paid float weeks had been scheduled. She indicated that the revised reservation procedure, whereby reservations are made through VRI, worked well.

President Phil Totino noted that the notice of the annual Owners Meeting and call for nominations for candidates for the Board of Directors was mailed to owners on December 19, and was also emailed to those owners for whom the Association had email addresses. Phil reviewed items to be included in the mailing to owners to occur on or about February 10, including the agenda for the March 18 Owners Meeting, statements from the candidates for the Board of Directors, a ballot for owners to indicate their choices for directors, minutes of the March 2016 Owners Meeting, and the resort's annual financial report. The Board reviewed and commented on a draft agenda and draft ballot for that mailing. The Board expressed its desire to do a final review of the material to be included in the February mailing at its February 3 meeting.

Mike McManus stated that VRI would count ballots as received so as to be able to certify a quorum for the March 18 meeting, and he indicated that VRI would also provide proof of the mailing of the Owners Meeting notice. Phil stated that he would prepare an outline for the slide presentation for the Owners Meeting, and asked that other presenters draft their portions of that presentation for review at the Board's February 3 meeting.

Phil indicated that, shortly after the March 18 meeting, VRI will be asked to mail a newsletter to owners, reporting on the Owners Meeting and any other developments.

Resort Management

Vice President of Facilities Planning Cheryl Moore reported that the contract with Hendricks Pools, Inc. for reconstruction of the pool had been signed, including a provision for Hendricks to demolish the current cement decking before the pool work begins, and to complete installation of pavers once the pool is completed, if the Association is unable to obtain another contractor to perform that work at a lower price. Cheryl indicated that estimates to complete other recreational amenities were still outstanding, given how busy the on-island contractors were with other projects.

Mike and Samantha reviewed a report on physical improvements to the resort planned for the 2017 season, including – in accordance with the reserve plan -- minor improvements to units 7, 8, 9, 10, 11 and 15.

Secretary Chris Lindgren reviewed alternative coverage limits and deductibles for the resort's property and crime insurance coverages, as requested by the Board during its review at the December 2 meeting

of the adequacy of the resort's insurance coverage. After considering increases in the valuation of the resort's buildings, contents and income, upon motion duly made and seconded, the Board voted to increase the property insurance coverage to \$4,222,000 for buildings, \$250,000 for contents and \$650,000 for resort income (a total insured value of \$5,122,000) and, in order to reduce the magnitude of the premium increase associated with the higher coverage limits, to increase the claim deductible from \$5000 to \$10,000. Given VRI's controls to assure that resort funds are safeguarded, the Board did not elect to increase the resort's current \$100,000 crime insurance coverage.

Financial Management

Mike reviewed VRI's financial statements for the month ended November 30, 2016, indicating that Samantha continued to successfully control operating expenses. Mike indicated that owners had paid to date 68% of 2017 fees. Mike also reviewed VRI's summary of accounts placed for collection with Attorney Stephen Rodio, and Phil addressed VRI's report on the status of fixed and float weeks as of December 30.

The Board discussed requests from three owners, who owned both fixed and float weeks, to divest their float weeks, even though the prior float week amnesty program had expired. Given the special circumstances of the individual owners, including their history of ownership, the Board agreed to the divestitures, provided that 2017 fees are fully paid along with the recreational amenities construction fees for 2018 and 2019.

Sales and Marketing Program

Mike stated that shares that are not Association-owned were being removed from the sale listing on the NeptuneHouse.com website, as the website is being re-positioned to deal exclusively with what currently number 100+ shares held by the Association in the 30-week resort season.

Phil addressed the draft of a Reseller's Handbook, intended to help owners seeking to sell their shares. Samantha provided feedback that she had received from Attorney Rodio on the draft. Mike indicated that he would attempt to identify on-island resources that owners could use to help locate potential buyers for their shares.

Resort Manager Samantha Disotell left the meeting.

Mike reviewed a draft agreement with Points Plus, LLC regarding sales of Association-owned shares, in conjunction with Interval International's Club Interval Gold Points program. Mike indicated that he had received favorable recommendations from the three resorts he contacted regarding Points Plus. The Board asked Mike to set up an in-person meeting with David Rodway of Points Plus, so that the Board could further review the proposed arrangement before entering into an agreement.

Executive Session

Mike McManus left the meeting. The Board members then met in executive session with Secretary Chris Lindgren present.

Following the executive session, the meeting was adjourned at 9:25 a.m.

Respectively submitted

Chris Lindgren, Secretary