

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

September 7, 2018

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, September 7, 2018. All members (Jeff Anliker, Douglas Carnahan, Cheryl Moore, Mark Morrisette and Phil Totino) 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 August 10, 2018, as circulated in advance to the Board members.

### Resort Management

Resort Manager Samantha Disotell reported that owners were uniformly pleased with the new pool, which had opened August 15. She indicated that the pool cover had been installed and umbrellas set up, and that additional pool furniture should be delivered shortly.

Samantha recommended that the pool rules, as adopted by the Board at its August 10 meeting, be revised to prohibit smoking in the pool area, and that in addition a \$250 charge be imposed for infractions of the pool rules. After discussing the recommendations, upon motion duly made and seconded, the Board voted to approve the pool rules as so revised. Mike McManus also indicated that additional signage regarding the pool rules would be posted at the pool entrances.

Mike indicated that he was reviewing a few remaining contractor billings for Phase 1 of the pool project, such that the final cost of the pool has not yet been determined.

The Board discussed the status of the scaled-down additional recreational amenities plan that was approved at the Board’s August 10 meeting. As so approved, Phase 2 will consist of a patio with pavers between the pool and the existing tennis courts, with a portable fire pit and outdoor furniture and with a gate in the fence to the pool area, and Phase 3 will consist of a single tennis court with an irrigated turf field – for lawn games – between that tennis court and the pool area. Mike indicated that written bids from contractors had not yet been submitted for the Phase 2 work, and that he would circulate those bids to the Board when received. Mike reported that Attorney Landry had indicated that, as the patio pavers will be water permeable, Town zoning approval would not be needed for Phase 2 of the plan, and that consequently no further review was needed by Attorney Landry.

Mike reviewed the list of other repair and maintenance projects, including reserve projects, scheduled for 2018. The Board indicated that the completed driveway by Building A, construction of the stairs at the corner of the pool and the tennis courts, and rebuilding the walkway in front of Building B near the pool should be added to that list of 2018 projects.

### Sales and Marketing Program

Mike and Samantha addressed efforts by Hello Vacay to sell Association-owned shares. Mike reported that Hello Vacay had reached agreement in principle with Interval International regarding establishing the “vacation club” discussed at the Board’s July 30, 2018 meeting, whereby the Association might be able to realize additional income in exchange for what would otherwise be unused inventory. Mike indicated that Hello Vacay and Interval International are each conducting additional due diligence on the feasibility of that arrangement.

The Board reviewed a proposed amendment, prepared by Secretary Chris Lindgren, to Hello Vacay’s agreement with the Association, to extend the contract term beyond October 31, 2018, provide for shared revenue from the sale of certain prime season weeks, and provide for the Association’s participation in the vacation club that may be established by Hello Vacay. The Board approved entering into negotiations with Hello Vacay regarding the proposed amendment, as revised to permit the Board to sell certain prime season shares that it may acquire before those units are turned over to Hello Vacay to sell.

The Board discussed steps in establishing a marketing strategy, including an offer by an owner to help with analyzing market demographics, as well as offers of possible assistance in website redesign and resort branding. Vice President of Facilities Planning Cheryl Moore offered to assist with producing floor plans for different units to help marketing efforts.

Cheryl Moore left the meeting.

#### Financial Management

Mike reviewed the July financial report as distributed to the Board in advance of the meeting, as well as a variance report regarding revenues and expenses that he and Samantha had prepared. Mike also reviewed reports on payments to date, collection activities, and the float/fixed week status. President Phil Totino observed that the resort owned 109 shares (including deedbacks in process) in the 30-week resort season, and that – when accounts placed with Attorney Rodio for collection are also taken into account – there were 123 non-performing shares at August 31, 2018 (three less than at July 31). Phil noted that the comparable number at the end of 2016 was 113, and at the end of 2017 was 116.

Cheryl Moore rejoined the meeting.

Phil reviewed an agreement to purchase shares owned by the resort’s prior general manager at reduced values in order to transfer those shares to new owners, and to hold a foreclosure auction on other shares in which the prior general manager has an interest. Following discussion, upon motion duly made and seconded, the Board voted to approve the agreement with the resort’s prior general manager, and authorized President Phil Totino to execute the agreement on behalf of the Association.

Mike addressed a proposal received from Meridian Financial Services to provide collection services to the resort. The Board indicated that it did not wish to make a change in collection service provider at this time.

Mike then discussed the proposed 2019 budget as prepared by VRI, indicating where changes were made from the 2018 budget, and responded to questions from the Board. Treasurer Mark Morrisette recommended that the Board approve the budget as proposed. Upon motion duly made and seconded, the Board voted to approve the 2019 budget as proposed. Following discussion, the Board, upon motion

made and duly seconded, also voted to continue the existing ABC Policy for the 2019 calendar year. Mark indicated that he would prepare a cover letter to be sent out with 2019 bills, to be mailed by VRI to owners around October 1.

#### Communications

The Board reviewed the newsletter to be sent to owners later this month, including a flyer to accompany that newsletter regarding an auction to be held on November 10 at the Hampton Inn in South Kingstown, Rhode Island, at which both shares in which the prior general manager had an interest and shares held by delinquent owners would be sold. Upon motion duly made and seconded, the Board approved proceeding with the auction as described. Mike indicated that he was researching how best to advertise the upcoming auction in area newspapers. Phil asked that VRI also arrange with Attorney Rodio the logistics for the meeting, including engagement of the auctioneer, a conference call number for bidders to phone in bids, and a sign-in sheet for authorized bidders.

Mark Morrissette left the meeting.

#### Agenda Items for Next Meeting

Phil indicated that an extension of the Hello Vacay contract, and updates to the Interval International, redweek and weholi websites, are to be addressed at the Board's October 5 meeting.

#### Executive Session

Samantha Disotell, Mike McManus and Douglas Carnahan left the meeting. The remaining Board members then met in executive session with Secretary Chris Lindgren present.

Following the executive session, upon motion duly made and seconded, the Board adjourned the meeting at 9:38 a.m.

Respectively submitted

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Chris Lindgren, Secretary