

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

October 5, 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, October 5, 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 September 7, 2018, as circulated in advance to the Board members.

Resort Management

Mike McManus described contractor quotes received for the paver patio (part of Phase 2 of the recreational amenities project), reconstruction of the stairs at the corner of the pool and the tennis courts, and rebuilding and repairing the walkways in front of Building B. After discussion, the Board narrowed down the competing quotes to bids submitted by Custom View Property Maintenance and Nickolas J. Battey Construction, Inc. and, upon motion duly made and seconded, voted to authorize President Phil Totino to enter into a contract with Custom View Property Maintenance if the scheduling and scope of the work can be clarified to his satisfaction, and otherwise with Battey.

Mike indicated that a winter cover for the pool and plumbing to fill the pool remained to be completed for Phase 1 of the recreational amenities project, and that he had yet to receive final billings from some contractors, such that the cost of the pool still was not finalized.

Phil and Mike reviewed the list of other repair and maintenance projects, including reserve projects, scheduled for 2018. Mike noted that the collapsed retaining wall between Buildings A and B was repaired at minimal cost with help from an owner with relevant skills. The Board noted that reconstruction of the stairs at the corner of the pool and the tennis courts, and rebuilding and repairing the walkways in front of Building B, are planned for this fall. In addition, the Board, upon motion duly made and seconded, voted to authorize President Phil Totino to enter into a contract with Pool Designs & Renovations to repair the concrete pad behind Building B, also to be completed this fall.

Sales and Marketing Program

Resort Manager Samantha Disotell reported that Hello Vacay had to date completed sales to three current owners, and that another sale to an existing owner is in process.

Mike reported that Hello Vacay had yet to finalize an agreement with Interval International to establish a “vacation club”, whereby the Association might be able to realize additional income in exchange for what would otherwise be unused inventory. Given Interval International’s extended review of that proposed arrangement, Mike indicated that it was unlikely the “vacation club” will be active soon.

Mike reported on Hello Vacay’s response to the Association’s proposed amendment to its agreement with Hello Vacay 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 if later established by Hello Vacay. After discussion, upon motion duly made and seconded, the Board voted to

authorize President Phil Totino to execute on behalf of the Association an amendment to the Hello Vacay contract extending the contract term to October 31, 2019 and annually thereafter (unless notice of nonrenewal is provided), and providing for revenue to be shared with the Association in the event of Hello Vacay's sale of six prime season shares that the Board anticipates acquiring by December 2018.

The Board discussed steps in establishing a marketing strategy, and appointed a committee, chaired by Jeff Anliker, with other members Douglas Carnahan, Cheryl Moore and owner/volunteer Paul Weiner, to recommend a marketing strategy -- including the use of social media -- to the Board.

Mike reported that new pictures, including pictures of the pool, are to be taken shortly and will be made available for posting on the Interval International, redweek and weholi websites.

Financial Management

Phil addressed the August financial report as distributed to the Board in advance of the meeting, along with a variance report regarding revenues and expenses that Mike and Samantha had prepared. Phil also addressed reports on payments to date, collection activities, and the float/fixed week status. Phil observed that the resort continued to own 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 September 30, 2018 (the same number as at August 31). Phil noted that the comparable number at the end of 2016 was 113, and at the end of 2017 was 116. Phil commented that the number will change with the upcoming November 10 foreclosure auction and the purchase later this year of eight shares from the resort's prior general manager.

Foreclosure Auction

Mike addressed proposed print and social media advertising for the upcoming auction to be held on November 10 at the Hampton Inn in South Kingstown, Rhode Island. The Board authorized the proposed advertising with a \$10,000 budget. Mike reported that an auctioneer had been engaged, and that a mechanism to accommodate telephone bids was being established.

Agenda Items for Next Meeting

Phil indicated that final arrangements for the November 10 foreclosure auction, and a timeline for the 2019 Owners Meeting and election of directors, are to be addressed at the Board's November 9 meeting.

Executive Session

Samantha Disotell and Mike McManus left the meeting. The 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 9:12 a.m.

Respectively submitted

Chris Lindgren, Secretary