

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

December 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, December 7, 2018. All members (Jeff Anliker, Douglas Carnahan, Cheryl Moore, Mark Morrissette 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 November 9, 2018, as circulated in advance to the Board members.

President Phil Totino reviewed a preliminary agenda for the Owners Meeting to be held on March 30, 2019. Secretary Chris Lindgren then reviewed the Annual Meeting Notice and Call for Nominations, along with the Nomination Form, to be mailed to owners by VRI around January 7. Nomination forms will be due back to the Secretary by February 7, 2019, so that the Board can approve the Annual Meeting materials at its February 8 meeting and those materials can be mailed to owners on February 14.

Resort Management

Resort Manager Samantha Disotell indicated that the winter cover had been installed on the pool and the pool closed on November 15. She reported that she was working with Hendricks Pools to replace the damaged seasonal solar cover.

Phil reviewed the project budget for the recreational amenities project. Mike McManus indicated that he would update the expense numbers for Phase 2 of the recreational amenities project to reflect the work to be accomplished in 2019.

Mike reviewed the list of 2018 repair and maintenance and reserve projects. Resort Manager Samantha Disotell discussed drainage work surrounding Building B that will be needed in 2019.

Samantha indicated that the staff was in the process of closing the resort for the season.

Sales and Marketing Program

Phil reported that the non-judicial foreclosure auction held on November 10 in South Kingstown was a moderate success. 14 of the 21 available shares were sold, thereby providing a stream of maintenance fee revenue for the future. The total sales revenue was \$37,700. After the sales transactions are finalized and the legal, administrative and advertising expenses have been tallied, the auction results are expected to show a modest gain.

Phil indicated that almost all sales were to existing owners or to people who learned of the auction from existing owners. Given that several attractive summer weeks were included in the auction, it would have been ideal if more shares had been sold and prices had been higher, but the results are beneficial none the less. The resort will look to its sales firm to sell the remaining shares. In the meantime, shares that are still unsold will be placed in the resort's rental inventory.

Samantha indicated that the resort was in the process of acquiring a further eight shares from the resort's prior general manager, after which the resort will have 30 days to sell those shares directly to any interested purchasers.

Samantha reported that Hello Vacay had to date completed sales to four current owners, and that two sales – one each to an existing owner and to an exchange guest – are in process.

Director Jeff Anliker reported on the activities of the Marketing Committee, as appointed by the Board at its October meeting. He indicated that the Committee was in the process of clarifying the terms of a proposed agreement with a vendor for Facebook marketing to be brought to the Board for approval at its January meeting, and was working on a recommendation for website marketing. The Board also discussed the possibility of more broadly marketing rental opportunities at the resort.

Mike reported on the status of Interval International's and Redweek's updating of their websites to include new pictures of the resort and a description of the pool.

Financial Management

The Board discussed the October financial report as distributed in advance of the meeting, along with a variance report regarding revenues and expenses that Mike and Samantha had prepared.

Mike addressed reports on payments to date and collection activities. Phil observed that the resort continued to own 105 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 118 non-performing shares at November 30, 2018 (five less than at October 31). Phil indicated that those numbers did not include the results of the November 10 foreclosure auction and the purchase of eight shares from the resort's prior general manager, after which the number of non-performing shares will likely increase. Phil noted that the comparable number of non-performing shares at the end of 2016 was 113, and at the end of 2017 was 116.

Agenda Items for Next Meeting

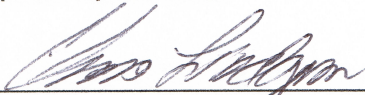
Phil indicated that the preparation of slides for the March 30, 2019 Owners Meeting and a review of updates to the Reseller's Handbook are to be addressed at the Board's January 11, 2019 meeting.

Executive Session

Samantha Disotell and Mike McManus left the meeting. The Board members then met in executive session with Secretary Chris Lindgren present, during which time the Board, upon motion duly made and seconded, approved the appointment of Roger Pare to the Marketing Committee, subject to his agreement.

Following the executive session, upon motion duly made and seconded, the Board adjourned the meeting at 9:13 a.m.

Respectively submitted



Chris Lindgren, Secretary