

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

June 7, 2019

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, June 7, 2019. Members Jeff Anliker, Douglas Carnahan, Mark Morrissette and Phil Totino were in attendance (member Cheryl Moore was unable to attend). Also in attendance were Secretary Chris Lindgren, Resort Manager Samantha Disotell, and Mike McManus of VRI Americas (VRI).

Administrative Items

Upon motion duly made and seconded, the Board voted to approve the minutes of its meeting on May 10, 2019, as circulated in advance to the Board members.

President Phil Totino reviewed a list of takeaways/action items from the Timeshare Board Members Association May meeting in Warwick, RI. Phil reported that Hello Vacay representatives at the meeting had indicated that further off-season sales of Association-owned units were unlikely, given the relatively high maintenance fees. Phil noted that the rental of Association-owned units will likely produce more income than licensing. The Board discussed possible additional branding that could emphasize the resort's features to the rental market.

Regarding other takeaways from that TBMA meeting, Mike McManus and Resort Manager Samantha Disotell agreed to put together a 5-year Property Improvement Plan for the Board's review, to include items in the Reserve Plan, Phase 3 of the recreational amenities project, and other tasks, including slip and fall mitigation, art on walls, and sliding door replacement in Building B. Mike also agreed to arrange for an Americans with Disabilities Act (ADA) study (included in the 2019 budget). Samantha indicated that she would discuss with the resort plumber the status of hidden plumbing, to determine whether a reserve is needed for plumbing failures. Further, once the season is over, Samantha will contact owners who neither used nor exchanged their shares, to review their intentions and discuss the resort's deed-back program if appropriate.

Sales and Marketing

Samantha reported that Hello Vacay had sold an early September share that had been placed with them for sale.

Director Jeff Anliker reported on the activities of the Marketing Committee, including results of the survey sent in late April to 140 shoulder season and float week owners regarding potential marketing themes for Association-owned shares. The Board approved engaging Social Synergy Services to create and monitor a restricted owners page (aka a closed Facebook group) on the resort's Facebook site. The Board discussed hiring IonicNet – a VRI-recommended vendor – to set up the resort website at a fee of \$3,400. Phil asked that Mike also look into possibly using Canvas, a product of the supplier of the SiteMinder channel management software being implemented by VRI, for the resort's website design.

Secretary Chris Lindgren indicated that, as a result of a meeting with VRI on May 29, the proposed licensing program for Association-owned shares, as reviewed by the Board at its May meeting, was revised to indicate (1) that five years is the default license term, but a license could be for up to ten years or as short as three years if desired, (2) pricing can be a combination of an annual fee (at 1.2 to 1.5 cents per point) and an up-front fee (e.g., \$2,500-\$3,000), or can be just an up-front fee for a period of years with no annual fee, and (3) the licensee agrees to participate in the Interval International Club Interval Gold points program each year, so

that a licensee who wishes to use points to stay at the Neptune House would exchange into the Neptune House and pay the related exchange fees. Chris indicated that the proposed licensing program along with a draft license agreement will be sent to attorney Rodio for review, in order that the program can be used by a marketer or the resort should a potential purchaser be interested. Chris noted that the resort's current marketer, Hello Vacay, is not focused on license sales and that, in the absence of a marketing firm concentrating on license sales, it is unlikely there will be significant sales of licenses.

Mike McManus reported that pictures taken earlier this year by the VRI photographer are expected to be available shortly for posting on the VRI, Interval International and Neptune House websites.

Financial Management

Phil addressed the April 30, 2019 financial report as distributed in advance of the meeting, and the variance report regarding revenues and expenses that Mike and Samantha had prepared. He noted that, as of May 31, 95.4% of fees had been paid; Mike indicated that he expected that the budget assumption of 98% of fees paid would be reached by year-end.

Resort Manager Samantha Disotell indicated that, for purposes of 2020 budgeting, she would work with attorney Rodio's office to estimate future collection revenue.

Phil observed that as of May 28 the resort owned 123 shares in the 30-week resort season (one more than at April 29), and that – when accounts placed with attorney Rodio for collection are also taken into account – there were 133 non-performing shares at May 28 (seven more than at April 29). Phil noted that the comparable number of non-performing shares at the end of 2018 was 121.

Resort Management

Samantha updated the Board regarding progress on Phase 2 of the recreational amenities project, including the addition of seating, firepits and plantings to the new patio. She indicated that remaining items – a gate in the fence from the patio to the pool and railings for the sets of steps from the patio down to the tennis courts and up towards Building A, and minor landscaping – are to be completed shortly. Mike indicated that Phase 2 remained within budget.

Phil reviewed the updated list of repair and maintenance and reserve projects scheduled to be completed in 2019, including projects slated for this fall: drainage work around buildings A and B, repairs to the employee housing, and refurbishing of the parking area by Building B. Mike indicated that written bids for that work had been requested, to be provided within 30 days. Additionally, VRI has requested bids for Phase 3 of the recreational amenities project, contemplated in fall 2020 and spring 2021 (demolishing one tennis court, resurfacing the remaining court, replacing the fence around the remaining court, and providing an irrigated grassy surface where the first tennis court currently is).

Samantha stated that she is in the process of obtaining bids to replace the water heater in Building B (a Reserve Plan project scheduled this year) and simultaneously getting an estimate to replace the boiler in Building A (a Reserve Plan project slotted in 2022 along with replacing the boiler in Building B).

5-Year Planning Scenarios

Phil indicated that, if Phase 3 work is scheduled for 2020 and 2021, \$20,000 of fees would be available in each of those years for the project, in which case a further \$60,000 of borrowing would be needed for that work. Chris reported that, if owners are willing to loan amounts to the Association at low interest rates, attorney Rodio had advised that the loans could be approved by disinterested directors.

Agenda Items for Next Meeting

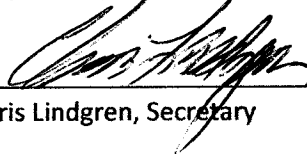
Phil indicated that at its June meeting the Board will provide guidance for preparation of the 2020 budget including revenue assumptions and spending guidelines, and it will review a draft of a newsletter that Phil is preparing to be sent to owners in September.

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, the meeting was adjourned at 9:50 a.m.

Respectively submitted

A handwritten signature in black ink, appearing to read "Chris Lindgren", is written over a horizontal line.

Chris Lindgren, Secretary