

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

July 12, 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, July 12, 2019. 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 VRI Americas (VRI).

Administrative Items

Upon motion duly made and seconded, the Board voted to approve the minutes of its meeting on June 7, 2019, as circulated in advance to the Board members.

President Phil Totino noted that, while the 2020 Annual Owners Meeting will be held at the Latitude 41° Restaurant and Tavern in Mystic, Connecticut, the Association will need to find a different venue for the 2021 Meeting, as that location is closing later in 2020. Mike McManus indicated that he will work with available Board members to find a suitable venue in the Mystic area.

Resort Management

Mike reported that Phase 2 of the recreational amenities project has now been completed, and within budget. He indicated that remaining final quotes are anticipated to be received by the end of August for work needed for Phase 3 of the recreational amenities project (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).

Mike reviewed the status of repair and maintenance and reserve projects scheduled to be completed in 2019, as well as a list of other items requiring attention in the short term. He indicated that he and Resort Manager Samantha Disotell would incorporate the listed items into the 5-year Property Improvement Plan they are preparing, which – after discussion with Phil – will be presented to the Board for review.

Mike reported that Michael Hellman, an ADA specialist, will be performing an ADA Study of the resort in September. Mike indicated that the cost is within the amount budgeted for the study.

Sales and Marketing

Samantha reported that Hello Vacay has had no additional sales since the Board's June meeting.

Director Jeff Anliker reported on the activities of the Marketing Committee, including alternative taglines that the resort could use in its marketing efforts. After discussion, the Board asked that the Marketing Committee further narrow its recommendation to a single proposal for approval by the Board.

Mike reported that IonicNet will establish a new resort website over the next 2-3 months. The website will use pictures that reflect all the recent improvements to the resort's facilities. The website will be designed for both computers and mobile devices, and it will use appropriate keywords to optimize search engine results.

Jeff further reported that the closed Facebook group for resort owners is now active; Phil indicated that he will draft an email blast for VRI to send to owners regarding the availability of that closed Facebook group. The Board also discussed various approaches for contacting fishing and other recreational groups identified

by the Marketing Committee as possible shoulder season customers of the resort. Jeff also reviewed the details of the proposed 2020 marketing budget.

Secretary Chris Lindgren reviewed a proposed Licensing Program for Association-owned shares, as circulated in advance to the Board members, to follow up on discussions at the Board's May and June meetings. Chris indicated that the program, intended for new owners who wish to purchase licenses for a number of years solely in order to exchange shares through the Interval International Club Interval Gold points program, had been reviewed by attorney Rodio. He further indicated that, while it is unlikely there will be significant sales of licenses, the Program does provide a potential source of added shoulder season revenue. Upon motion duly made and seconded, the Board then voted to approve the Licensing Program as presented to the meeting. Phil indicated that he will instruct VRI to add the Licensing Program to the resort's Documents and Forms listings on the VRI website.

The Board also discussed the possibility of licensing shares for a period of years to individuals who wish to stay at the resort, but who do not want to purchase shares. The Board postponed consideration of such a possibility pending further information on whether there is sufficient interest by potential purchasers to warrant developing such a program.

Mike updated the Board on the status of pictures taken earlier this year by the VRI photographer, to be posted on the VRI, Interval International and Neptune House websites. Mike indicated that an advertisement of some available inventory might be placed on the redweek.com website as a means to update the pictures on that site.

Financial Management

Phil addressed the May 31, 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 the year-to-date financial results supported proceeding with projects planned for the fall: completion of drainage work around buildings A and B, repairs to the employee housing, and refurbishing of the parking area by Building B. He further noted that, as of June 21, 96% of fees had been paid; Mike indicated that the budget assumption of 98% of fees paid would likely be reached by year-end.

Phil observed that as of June 24 the resort owned 122 shares in the 30-week resort season (one less than at May 28), and that – when accounts placed with attorney Rodio for collection are also taken into account – there were 132 non-performing shares at June 24 (also one less than at May 28). Phil noted that the comparable number of non-performing shares at the end of 2018 was 121.

The Board noted that Kirshenbaum & Urban, LLP had issued its final 2018 audit report, indicating that the Association's financial statements presented fairly the position of the Association for the 2018 calendar year. Treasurer Mark Morrisette indicated that there were no material adjustments from the limited report that the Association had received in February.

Phil reviewed 2020 budget guidance that he and Mark had prepared, including assumptions for revenue and expenses. The Board asked that Mike and Samantha then prepare the budget for 2020 operations, so that a close-to-final budget for 2020 can be reviewed at the Board's August 9 meeting.

Communications

Phil addressed the draft newsletter that he had sent to the Board for review. At its August 9 meeting, the Board will finalize that newsletter, to be sent to owners shortly after the Labor Day holiday.

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 voted to adjourn the meeting at 9:10 a.m.

Respectively submitted

A handwritten signature in cursive script, appearing to read "Chris Lindgren", written over a horizontal line.

Chris Lindgren, Secretary