

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

August 9, 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, August 9, 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 July 12, 2019, as circulated in advance to the Board members.

President Phil Totino and Secretary Chris Lindgren then left the meeting, and the Board, with the remaining directors, then considered a proposal by Phil and Chris to loan funds to the Association to partially finance completion of Phase III of the Recreational Amenities Project. Following that discussion, Phil and Chris rejoined the meeting, and Treasurer Mark Morrisette reported that the Board, during their absence, upon motion duly made and seconded, had voted to approve the following resolution:

WHEREAS, the Board desires to accelerate completion of Phase III of the Recreational Amenities Project, and consequently wishes to borrow funds to partially fund that completion, and

WHEREAS, Association President Phil Totino and Secretary Chris Lindgren have each offered to loan money to the Association for that purpose at an interest rate of 2.5%, and

WHEREAS, the Board believes that similar loans would not be available from an unaffiliated party, and that there will be sufficient cash flow to repay those loans, and

WHEREAS, Phil Totino and Chris Lindgren have been excused from the deliberations by the Board regarding the prudence and reasonableness of such loans, now

BE IT RESOLVED: In order to partially finance Phase III of the Recreational Amenities Project, the Board of Directors hereby authorizes Treasurer Mark Morrisette to execute loan agreements with Phil Totino and Chris Lindgren, whereby Phil Totino will loan \$30,000 to the Association effective August 15, 2020, and Chris Lindgren will loan \$30,000 to the Association effective February 15, 2021, with the principal of each loan to be repaid by the Association as follows: \$10,000 on February 15, 2022 along with accumulated interest, \$10,000 on February 15, 2023 along with accumulated interest, and \$10,000 on February 15, 2024 along with accumulated interest, with interest in each case being equal to 2.5% compounded annually and with such loans to be unsecured and with no prepayment penalty.

Resort Management

Mike McManus and Resort Manager Samantha Disotell reviewed the status of repair and maintenance and reserve projects scheduled to be completed in 2019. Samantha reported that Jeff Bailey, who had been responsible for resort maintenance, has resigned, and that a new maintenance person was being hired.

The Board reviewed an initial 5-year Property Improvement Plan that Mike and Samantha had prepared, and asked that Mike and Samantha revise the Plan to show how all the Reserve Plan money for living unit upgrades would be used.

Mike reported that Americans with Disabilities Act (ADA) specialist Michael Hellman will be on-site on September 12 and 13 to conduct an ADA Study of the resort.

Sales and Marketing

Samantha reported that Hello Vacay has sold one share since the Board's July meeting, to a new owner. The Board indicated that it would consider whether to extend Hello Vacay's contract at its September meeting.

Director Jeff Anliker reported on the activities of the Marketing Committee, including its recommendation that the resort adopt a new tagline (spanning two lines), "An Island Resort / Outdoor Adventure - Peaceful Charm." Upon motion duly made and seconded, the Board voted to adopt that tagline, to be used on the resort website, Facebook and Instagram sites, and in resort advertising. The Board also approved revising the signage for the resort to reflect that tagline.

Mike reported that IonicNet had requested Board input for the verbiage to be used on the new resort website being established. Phil indicated that he would provide suggested language for IonicNet.

Jeff reported that the closed Facebook group for resort owners now has 109 members out of 310 owners with email addresses. Mike indicated that VRI would send a second email blast to owners regarding the availability of that closed Facebook group.

Jeff also addressed a draft Market Strategy document for the resort, to be developed over the coming months with input from the Board.

Mike updated the Board on the status of pictures taken earlier this year by the VRI photographer, to be posted on the Interval International and redweek.com websites. Mike indicated he is waiting for redweek.com's approval of the updated pictures.

Financial Management

Phil addressed the June 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 July 31, 97.5% of fees had been paid, approaching the budget assumption that 98% of fees will be paid by year-end.

Mike indicated that net collections by Rodio & Brown in July exceeded \$12,000.

Phil observed that as of July 26 the resort owned 123 shares in the 30-week resort season (one more than at June 24), and that – when accounts placed with attorney Rodio for collection are also taken into account – there were 131 non-performing shares at July 26 (one less than at June 24). Phil noted that the comparable number of non-performing shares at the end of 2018 was 121.

Mike reviewed the proposed 2020 budget that he and Samantha had prepared, indicating that operating expenses are budgeted to increase by \$18,000 over the current year's budget. Board members provided various comments and suggestions. Mike indicated that he would revise the budget for the Board's review and approval at the Board's September 6 meeting.

Communications

Phil addressed the latest edits to the newsletter to be sent to owners shortly after the Labor Day holiday, and asked that Board members circulate any further edits by August 12, in order that a final version of the newsletter can be prepared for timely mailing by VRI.

Agenda Items for Next Meeting

Phil indicated that at its September meeting the Board will finalize the 2020 budget, in advance of maintenance fee bills being sent out in October.

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 9:22 a.m.

Respectively submitted



Chris Lindgren, Secretary