

Neptune House Owners Association Owners Meeting

March 26, 2022

Meeting Highlights:

- 31 Owners Attended
- Two Directors Reelected
- Recreational Amenities Project Status and Facility Improvements Addressed
- Financial Status Reported
- Strategic Initiatives Announced

An Owners Meeting of the Neptune House Owners Association (the "Association") was held on March 26, 2022 at the Hilton Mystic, 20 Coogan Boulevard, in Mystic, Connecticut. Association President Phil Totino called the meeting to order at 10:15 A.M. In attendance were 31 unit owners (many of whom owned multiple weeks), including members of the Association Board of Directors (Jeff Anliker, Cheryl Moore, Mark Morrisette and Phil Totino) and Association Secretary Chris Lindgren. Also in attendance was Mike McManus of Vacation Resorts International (VRI). Resort Manager Samantha Disotell was ill and unable to attend. The formal meeting was preceded by a continental breakfast.

The meeting was also broadcast via videoconference to owners who were unable to attend. The start of the meeting was delayed by fifteen minutes due to technical difficulties in setting up the broadcast.

Opening Remarks

Association President Phil Totino opened the meeting by welcoming the owners and introducing the Board members, Association officers and VRI representative Mike McManus. Phil reported that VRI had certified the timely mailing of meeting announcements and proxy ballots to owners eligible to vote, and that the Association Secretary had certified that the 25% quorum required – in person or by proxy – to hold an owner vote at the meeting had been attained.

Upon motions duly made and seconded, the owners in attendance voted to approve the meeting agenda and the minutes of the Owners Meeting on March 27, 2021, both as mailed to owners in advance of the meeting.

Phil then briefly reviewed highlights of the 2021 resort season, and he presented a comparison of the results of Interval International's 2021 guest satisfaction survey with similar survey results for earlier years.

Election of Directors

Association Secretary Chris Lindgren indicated that, as there are staggered terms for the Board's five Directors, owners were electing two Directors at this meeting to serve three-year terms. Chris indicated that the candidates for the two Director positions included incumbent Directors Cheryl Moore and Mark Morrisette, who had already been introduced, and owner Lanette Zaborowski. Lanette then briefly introduced herself to the meeting.

Chris thanked those owners who had already submitted their ballots, and asked that owners who had

not yet submitted their ballots do so, in order that those ballots could be counted along with proxies submitted prior to the meeting. Chris indicated that the results of the voting would be announced later in the meeting.

Recreational Amenities

Association Vice President of Facilities Planning Cheryl Moore described work on the Recreational Amenities project, including completion of Phase 1 in 2018 (the outdoor heated pool) and Phase 2 in 2019 (the patio by the pool, with fire pits and outdoor furniture), and progress to date in 2021 and 2022 on Phase 3 (removal of the existing tennis courts, construction of a new court for tennis and pickle ball, and replacement of the tennis court fence). The remaining work for Phase 3 – the final phase of the Recreational Amenities project – is scheduled for this spring: painting of the new court and creation of a grass play area and landscaping between that new court and the patio by the pool.

Facility Improvements

Mike McManus of VRI detailed improvements made in 2021 to the living units, common areas and unit exteriors. Mike also addressed projects planned for the 2022 season, including replacement of the boilers and hot water heaters in Buildings A and B and upgrading the resort's Wi-Fi technology to enable connection to the island's new broadband cable network.

Financial Status

Association Treasurer Mark Morrissette provided a detailed financial update, indicating that the financial health of the Association remains solid. His presentation compared 2021 operating and reserve expenses with revenues, reviewed the December 31, 2021 balance sheet, and addressed the 2022 budget. He indicated that the detailed review of all facilities conducted in 2016 is being updated by an outside specialist, with the results to be used to build a revised 25-year maintenance plan to enable the resort to budget for preventive maintenance and improvements.

Mark reviewed changes in maintenance fee revenue, emphasizing the desire to increase non-maintenance fee revenue, including rental income, in order to limit maintenance fee increases. Mark indicated that it is anticipated that owner assessments will increase between 4% and 6% in future years, and that the Board is exploring multiple ways to minimize fee increases and maintain the health of the resort.

Strategic Initiatives

President Phil Totino briefly reviewed the six Turnaround Plan initiatives established in 2016 (hiring a management company, implementation of a collection policy and foreclosure on delinquent shares, implementation of the 30-week resort season, developing a reserve plan, implementation of a sales and marketing program, and completion of the Recreational Amenities project). The last initiative of that Turnaround Plan will be completed this year with the final work on the Recreational Amenities project. Phil reviewed efforts to enhance revenues by increasing rentals of Association-owned off-season shares, and addressed three initiatives planned by the Board for 2023: developing plans for upgrading unit interiors, studying the feasibility of installing solar panels, and developing a proposal for installing equipment to provide air conditioning and de-humidification.

Election of Directors

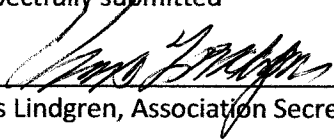
Secretary Chris Lindgren reported that a count of ballots submitted at the meeting and proxies received earlier indicated that, without regard to Association-owned shares, Cheryl Moore had received 114 votes, Mark Morrissette had received 112 votes, and Lanette Zaborowski had received 54 votes, and that accordingly incumbent Directors Cheryl Moore and Mark Morrissette were reelected to the Board to serve three-year terms. Chris congratulated Cheryl and Mark, and thanked Lanette for her candidacy. Chris reiterated the importance of owners' willingness to volunteer their time and expertise to guide the resort.

Questions and Answers/Open Forum

Board members and Mike McManus responded to questions and comments from owners in attendance and via email. Owners commented regarding a variety of items, including guest satisfaction surveys, needed interior unit improvements, and the new tennis court, and provided various suggestions that the Board took under advisement. Owner comments were generally positive and supportive of the direction being taken.

Following the question and answer session, upon motion duly made and seconded, the meeting was adjourned at 11:56 a.m.

Respectfully submitted



Chris Lindgren, Association Secretary