

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

May 10, 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 Thursday, May 10, 2018. All members (Jeff Anliker, Douglas Carnahan, Cheryl Moore, Mark Morrissette and Phil Totino) were in attendance. Also in attendance were 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 April 6, 2018, as circulated in advance to the Board members.

Mike McManus discussed the implications of the planned acquisition of VRI’s parent company, ILG, by Marriott Vacations Worldwide, which is anticipated to close in the second half of 2018. Mike explained that the acquisition is not expected to have any short-term effect on the relationship between VRI and Neptune House, but that there could be more opportunities for owner exchanges in the future because of the scope and breadth of the combined company’s holdings.

Resort Management

Phil and Doug commented on the status of work on the pool project while they were vacationing at Neptune House last week. The pool deck was poured while they were on site. Both were impressed with the efficiency and quality of the work by Pool Designs & Renovations. Phil and Doug also met with consultant Derek Van Lent regarding the strategy for Phase 2. Phil met separately with project manager Tracey Dillon regarding the remaining work on Phase 1. He also met with Brian Beecher of Pool Designs & Renovations to discuss ideas for Phase 2 and for repairing the concrete slab behind Building B.

Phil reported that Derek explained that his discussions with New Shoreham’s Land Use Administrator and other officials in Town Hall about obtaining approval for expanding the pool deck resulted in a request for the Neptune House to have a lawyer review the Special Use Permit granted to the Neptune House when it was approved as a timeshare, in order to determine exactly what we need to request (waiver, variance, etc.). After doing some research into attorneys with the appropriate knowledge, skills, and experience on Block Island, Phil had circulated a recommendation to the Board by email in advance of the Board meeting. Upon motion duly made and seconded, the Board voted to approve an engagement with William Landry of Blish and Cavanagh in Providence for this work.

Mike reviewed the latest status of the pool construction work and the timetable for completing Phase 1. He noted that all remaining work is proceeding as planned except for installation of the fence. He explained that the original contractor for the fence work backed out of the project, and that he and Tracey are actively seeking bids from alternative contractors. The Board noted that this development could impact the June 1 target date for opening the pool. The Board also reviewed project spending to date, as well as spending forecasts for the remainder of Phase 1 and for Phase 2.

Mike reviewed the list of ongoing repair and maintenance projects, including reserve projects, scheduled for 2018, indicating that work has been proceeding as planned and within budget.

Samantha and Mike discussed some operational concerns with coordinating rental program activity conducted through separate channels maintained by VRI and Interval International.

Sales and Marketing Program

Mike stated that Hello Vacay has actively begun to market Association-owned shares, initially focusing on past renters and current owners. Phil noted that the Board will be closely monitoring sales results, as re-selling inventory owned by the Owners Association is critical to the long-term viability of the resort.

Financial Management

Mike reviewed the March financial report, as distributed to the Board in advance of the meeting, as well as a variance report regarding revenues and expenses that he and Samantha had prepared. As part of the monthly financial reporting going forward, the Board requested a report showing expenses approved by the Board outside of the budget.

Mike then addressed payments to date and the number of weeks owned by the Association. He reported that as of April 30, 2018, 90% of 2018 fees had been paid. He noted that 7 new accounts have been given to Attorney Rodio for collection, bringing the total of accounts placed with Attorney Rodio since the August 2016 foreclosure to 21. Phil observed that, as a result of recent deedbacks, the Owners Association currently owns 107 shares in the 30-week season, and he noted that this means that there are now 128 non-performing shares in the 30-week season. He stated that the comparable number at the end of 2016 was 113, and at the end of 2017 it was 116.

Executive Session

Samantha Disotell and Mike McManus left the meeting. The Board members then met in executive session.

Following the executive session, upon motion duly made and seconded, the Board adjourned the meeting at 9:28 a.m.

Respectively submitted

Phil Totino, Secretary for the Meeting