

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

January 11, 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, January 11, 2019. All members (Jeff Anliker, Douglas Carnahan, Cheryl Moore, Mark Morrissette and Phil Totino) were in attendance. Also in attendance were Secretary Chris Lindgren, 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 December 7, 2018, as circulated in advance to the Board members.

President Phil Totino noted that the notice of the annual Owners Meeting and call for nominations for candidates for the Board of Directors had been mailed to owners during the first week of January. Phil reviewed the items to be included in the next mailing to owners to occur around February 14, including a cover letter from the Board, the agenda for the March 30 Owners Meeting, a ballot for owners to indicate their choice for the two positions open on the Board of Directors, statements from the candidates for those Director positions, the minutes of the March 24, 2018 Owners Meeting, and the resort's 2018 annual financial report. Treasurer Mark Morrissette indicated that he would work to obtain accountant Adam Urban's review of the 2018 financial statements prior to the mailing. The Board indicated that it would review the materials to be included in the mailing at its February 8 meeting.

The Board discussed slides to be prepared by presenters at the March 30 Owners Meeting, drafts of which are to be provided to Phil by late January. Phil indicated that he would also circulate to the Board for comment a draft newsletter, for VRI to mail to owners in early April, reporting on the Owners Meeting and other developments.

Resort Management

Phil reviewed the budget for the recreational amenities project, noting that all Phase 1 expenses have been paid.

Mike McManus and Resort Manager Samantha Disotell reviewed the list of repair and maintenance and reserve projects completed in 2018. Samantha addressed drainage work surrounding Building B to be completed in 2019.

Sales and Marketing Program

Phil reported financial results of the foreclosure auction held on November 10 in South Kingstown, indicating that the revenue received from the sale of 14 shares at the auction was \$37,700, whereas expenses were approximately \$20,200, resulting in a net of approximately \$17,500. Phil also reported that an additional \$19,950 was collected for 2019 maintenance fees on those 14 units. Samantha indicated that the final action resulting from the auction – recording the sales in the Block Island land records – was in process.

Samantha indicated that the resort had acquired a further eight shares from the resort's prior general manager, and that – unless those shares are sold by the Association within 30 days – those shares will be placed in the resort's rental inventory and provided to Hello Vacay to sell (those eight shares were purchased for a total of \$15,100).

Mike reported that Hello Vacay had not completed additional sales beyond those four shares previously sold to current owners, and that two sales were still pending.

Director Jeff Anliker reported on the activities of the Marketing Committee, as appointed by the Board at its October meeting. He reported that Roger Pare had decided not to join the Marketing Committee, but would otherwise be available to assist the Committee if asked. The Board discussed the terms of a proposed agreement with a vendor for Facebook marketing, to be further negotiated by the Committee, and also discussed developing a database of potential owners and renters who could be periodically apprised of developments at the resort or on the island.

Mike and Samantha reported on efforts to update the Interval International and redweek websites to include new pictures and descriptions of the resort.

Upon motion duly made and seconded, the Board voted to approve an updated Reseller's Handbook, as distributed by Phil in advance of the meeting.

Financial Management

The Board discussed the November financial report as distributed in advance of the meeting, along with a variance report regarding revenues and expenses that Mike and Samantha had prepared.

Phil addressed reports on collection activities and the float/fixed week ownership status. Phil observed that, before taking into account the final results of the November 10 foreclosure auction, the resort owned 116 shares (including deedbacks in process) in the 30-week resort season, and that – when accounts placed with Attorney Rodio for collection are also taken into account – there were 121 non-performing shares at December 31, 2018 (three more than at November 30). Phil indicated that when the results of the November 10 foreclosure auction are included, the number of non-performing shares will further increase. Phil noted that the comparable number of non-performing shares at the end of 2016 was 113, and at the end of 2017 was 116, as deedbacks and defaults have continued to exceed new sales.

Agenda Items for Next Meeting


The Board indicated that, at its February 8 meeting, it would review the documents to be mailed to owners around February 14, the draft slides for the March 30 Owners Meeting, and the draft material for the newsletter to be mailed to owners in early April. The Board will also review guest satisfaction results reported by Interval International and the proposed agreement for Facebook marketing. Phil noted that the Association's tax filings should also be completed by the resort's accounting firm in time for that meeting.

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 adjourned the meeting at 9:16 a.m.

Respectively submitted



Chris Lindgren, Secretary