

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

April 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, April 12, 2019. Members Jeff Anliker, Douglas Carnahan, Mark Morrissette and Phil Totino were in attendance (member Cheryl Moore was unable to attend). Also in attendance were Secretary Chris Lindgren and Mike McManus of VRI Americas (VRI).

Administrative Items

President Phil Totino congratulated Cheryl Moore and Mark Morrissette on their reelection as Directors for three year terms ending in 2022.

The Board then proceeded to the election of Association officers for the upcoming year. Upon motion duly made and seconded, the Board voted to reelect Phil Totino as President, Mark Morrissette as Treasurer, Chris Lindgren as Secretary, and Cheryl Moore to the appointed officer position of Vice President of Facilities Planning, to serve until the next election of officers.

Upon motion duly made and seconded, the Board voted to approve the minutes of its meeting on March 8, 2019, as circulated in advance to the Board members. The Board also, upon motion duly made and seconded, voted to accept the minutes of the Owners Meeting held on March 30, 2019, as circulated in advance to the Board members; those minutes are to be approved by owners at the next Owners Meeting to be held in March 2020.

The Board agreed to meet for the following 12 months, at 7:30 a.m., on each of May 10, June 7, July 12, August 9, September 6, October 4, November 8, and December 6, 2019, and January 10, February 7, March 6, and April 10, 2020, with the next Owners Meeting to be held on March 28, 2020 from 9:30 to 12:00 at the Latitude 41° Restaurant in Mystic, Connecticut.

The Board discussed owner comments and suggestions received at, and subsequent to, the March 30, 2019 Owners Meeting, along with proposed responses from the Board. Director Jeff Anliker agreed to follow up regarding a suggestion to set up a means, possibly through the resort's Facebook page, to allow owners to share information. With respect to a suggestion to use owner testimonials in resort publicity, Resort Manager Samantha Disotell agreed to follow up regarding facilitating posting comments on TripAdvisor. Samantha and Mike McManus also agreed to follow up regarding a suggestion to rent Association-owned weeks through Airbnb and VRBO. The Board noted that the Owners Meeting had gone well, with positive owner feedback.

Resort Management

Mike updated the Board regarding work on Phase 2 of the recreational amenities project. He indicated that steps to the patio and the patio retaining wall had been installed, and that railings remained to be added before the steps could be used. He indicated that the Phase 2 work should be completed on schedule by May 13.

Mike reviewed the updated list of repair and maintenance and reserve projects scheduled to be completed in 2019. He indicated that additional expense had been incurred to repair some wood rot that was encountered when sliders were replaced in Building B. He also stated that work to install drainage for all downspouts on Building B is being planned for the fall.

Resort Manager Samantha Disotell reported that the resort was ready to open the next day, April 13, with 11 units occupied the first week.

The Board addressed possible changes to the resort Rules and Regulations. Mike indicated that he would revise the existing Rules and Regulations to reference the pool rules, for review by the Board at its next meeting.

Mark Morrissette left the meeting.

Sales and Marketing

Samantha indicated that Hello Vacay had sold one of the six prime-season shares recently taken back by the Association; the buyer was an existing owner. Four of those shares remain to be sold. Mike reported on ongoing sales efforts by Hello Vacay, including marketing communications sent to renters and exchangers at the resort.

Jeff reported on the activities of the Marketing Committee. He reported that owner Jillian Belanger had joined the Committee. Jillian is a member of the millennial generation and should provide insights into how to attract younger people to the resort. Jeff also reported that the resort's Facebook page has 181 followers, and that the Instagram account has 85.

The Board provided comments on a draft survey, to be sent by the Committee to shoulder season and float week owners, to identify potential marketing themes for Association-owned shares.

Upon motion duly made and seconded, the Board voted to approve an agreement with Paul Weiner to update the resort's website and provide two years of support for a flat fee of \$2000. Samantha reported that the resort had also paid \$250 for advertising for a year on the Block Island Chamber of Commerce website, which would link viewers to the resort's website.

Secretary Chris Lindgren and Mike reported on the activities of the task force looking into licensing the right to use Association-owned units for a period of years. Chris indicated that a draft licensing agreement is to be reviewed with Attorney Steve Rodio, who would also review whether any state taxes might apply to a licensing arrangement. Mike indicated that he would discuss with Hello Vacay how a licensing arrangement might work, presuming that Hello Vacay were to market the arrangement in addition to its current sales efforts. Mike is also reviewing the possibility of renting Association-owned units through RCI, as an additional source of income to the resort.

Mike indicated that VRI representatives would be on site shortly to take new pictures of the resort, for posting on the Interval International and redweek websites.

Financial Management

Phil noted that the final insurance renewal had resulted in an unbudgeted annual premium increase of \$13,352.85. This amount will need to be covered by savings elsewhere in the operating budget.

Phil addressed the February 28, 2019 financial report as distributed in advance of the meeting, and the variance report regarding revenues and expenses that Mike and Samantha had prepared. Phil also reviewed payments to date; Mike noted that 89.5% of 2019 fees had been paid by February 28. This is a noticeably higher rate of payment at this point in the year than has been the case in recent years.

Phil observed that as of March 28 the resort owned 123 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 125 non-performing shares at March 28 (two more than at February 28). Phil noted that the comparable number of non-performing shares at the end of 2018 was 121.

Revised 5-Year Planning Scenarios

Phil addressed a 5-year maintenance fee analysis that he had prepared, presuming that the resort spends \$100,000 over the next five years to complete projects to enhance the resort's curb appeal, and at the same time spends amounts on unit interior upgrades no lower than what has been spent during each of the past three years. The analysis reflected the sentiments expressed at the Owners Meeting. The Board decided that unit interior upgrades should be flexibly focused first on those units with the greatest need. Phil indicated that further planning and discussion will take place in coming months before specific spending levels are established and the 2020 budget is set.

Jeff Anliker left the meeting.

Agenda Items for Next Meeting

The Board indicated that at its next meeting on May 10 it would consider a licensing arrangement for Association-owned units.

Executive Session

Samantha Disotell and Mike McManus left the meeting. The remaining Board members then met in executive session with Secretary Chris Lindgren present.

Following the executive session, the meeting was adjourned at 9:33 a.m.

Respectively submitted



Chris Lindgren, Secretary