

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

May 10, 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, May 10, 2019. Members Douglas Carnahan, Cheryl Moore, Mark Morrissette and Phil Totino were in attendance (member Jeff Anliker was unable to attend). 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 April 12, 2019, as circulated in advance to the Board members.

Sales and Marketing

Resort Manager Samantha Disotell reported that Hello Vacay had sold one additional share since the Board's last meeting.

Director Cheryl Moore reported on the activities of the Marketing Committee, including creation of a closed Facebook page for owners to communicate with each other. President Phil Totino indicated that 59 responses had been received to a survey sent in late April to 140 shoulder season and float week owners, designed to identify potential marketing themes for Association-owned shares; those responses will be analyzed by the Marketing Committee for a report to the full Board at its next meeting. Phil also asked that the Committee prepare a list of expenses incurred and contemplated, in light of the Committee's 2019 budget.

Secretary Chris Lindgren reviewed a proposed licensing program for Association-owned shares, where five-year licenses to use a particular unit and week each year would be sold to people interested in obtaining Club Interval Gold points that they could exchange through Interval International. After discussion, the Board asked that Mike McManus review the proposal with Hello Vacay, who could market the licenses in addition to its current sales efforts.

Samantha indicated that the Block Island Thanksgiving Stroll will be expanded this year to include days before Thanksgiving. In light of the additional publicity being given to the Stroll, and given that the resort is still in the process of closing down at that time, the Board approved keeping Building B open this year during Thanksgiving week, although the pool would be closed during that period. The expectation is that the resort will receive rental income and support for our marketing efforts by showcasing the resort to people who might not otherwise know about it.

Mike and Samantha reported that a VRI photographer had been on site to take new pictures of the resort, and that those pictures would be available shortly for posting on the VRI and resort websites, and for forwarding to Interval International and Redweek for their websites.

Financial Management

Phil addressed the March 31, 2019 financial report as distributed in advance of the meeting, and the variance report regarding revenues and expenses that Mike and Samantha had prepared. Mike indicated that, presuming the remainder of the year meets budgeted revenues and expenses, there would be a projected

\$55,000 surplus in the Operating Account and an \$80,000 balance in the Reserve Account. Mike noted that 94.4% of 2019 fees had been paid by April 30, a higher percentage than in past years.

Phil observed that as of April 29 the resort owned 122 shares in the 30-week resort season (one less than at March 28), and that – when accounts placed with Attorney Rodio for collection are also taken into account – there were 126 non-performing shares at April 29 (one more than at March 28). Phil noted that the comparable number of non-performing shares at the end of 2018 was 121.

Resort Management

Samantha updated the Board regarding progress on Phase 2 of the recreational amenities project, following installation of the patio between the pool and the tennis courts. She indicated that remaining items – couches, plantings and fire pits – would be installed shortly, and railings would be added to the sets of steps from the patio down to the tennis courts and up towards Building A. Mike indicated that the Phase 2 work was on budget and on schedule.

Phil reviewed the updated list of repair and maintenance and reserve projects scheduled to be completed in 2019, including projects slated for this fall: drainage work around buildings A and B, repairs to the employee housing, and refurbishing of the parking area by Building B. The Board asked that VRI confirm that the costs for those projects are all within available funding.

The Board addressed proposed changes to the resort Rules and Regulations, including incorporation of the pool rules first adopted last summer. Upon motion duly made and seconded, the Board voted to approve the revised Rules and Regulations as presented to the meeting, to be posted on the VRI website.

5-Year Planning Scenarios

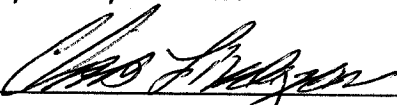
The Committee discussed the 5-year maintenance fee analysis that Phil had prepared earlier, presuming that the resort spends \$100,000 to complete projects to enhance the resort's curb appeal while continuing to spend amounts on unit interior upgrades no lower than what has been spent during each of the past three years. Chris indicated that, if owners are willing to loan amounts to the Association at low interest rates to enable the projects to be completed over a one or two year period, Attorney Rodio did not foresee a legal objection if the loans are approved by disinterested directors. Mike indicated that VRI would discuss possible loans from owners with the resort's independent accountants to determine how those loans would be accounted for.

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, the meeting was adjourned at 9:42 a.m.

Respectively submitted



Chris Lindgren, Secretary