

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

February 7, 2020

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, February 7. Members Jeff Anliker, Cheryl Moore, Mark Morrissette and Phil Totino were in attendance; member Douglas Carnahan was unable to attend. Also in attendance were Secretary Chris Lindgren 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 January 10, 2020, as circulated in advance to the Board members.

Resort Management

Mike McManus provided an update on repair and maintenance projects. The Board indicated that the operating budget for 2020 repair and maintenance projects should include, among other items noted, a more effective pool cover, art work for unit interiors and bathroom safety improvements.

President Phil Totino addressed a revised Five Year Property Improvement Plan, reflecting updated reserve project timing and costs. He asked that VRI reflect projected and actual costs for specific scheduled 2020 reserve projects in their monthly financial reports.

Phil addressed Interval International Customer Satisfaction Index survey results and reviewed a chart comparing results for the past three years, showing improvements in multiple metrics including resort property, resort accommodations and overall customer satisfaction.

Financial Management

Phil addressed the December 31, 2019 financial report as distributed in advance of the meeting, and the variance report regarding revenues and expenses that VRI and Samantha had prepared.

Phil reported that, based on the December 31, 2019 financial statements, \$90,262 was available in the operating fund that could be transferred to the reserve fund. Consequently, the Board, upon motion duly made and seconded, voted to transfer that \$90,262 amount to the reserve fund.

Phil reviewed payments to date, noting that 79% of 2020 fees had been paid by January 31.

Phil observed that as of January 28, VRI reported that the resort owned 125 shares in the 30-week resort season (one more than at December 31, 2019), and that – when accounts placed with attorney Rodio for collection are also taken into account – there were 130 non-performing shares at January 28 (the same as at December 31).

The Board then discussed a preliminary analysis of 2021 maintenance fees prepared by Phil and Treasurer Mark Morrissette. The Board expressed a desire to generally hold maintenance fee increases to a level at or near the rate of inflation, and indicated that – if the Board later deemed it appropriate – some aspects of Phase 3 of the Recreational Amenities Project could be cut back when 2021 maintenance fees are set later in 2020.

Preparations for Annual Owners Meeting

The Board reviewed the materials to be mailed to owners regarding the March 28 Owners Meeting, including a cover letter from the Board, meeting agenda, ballot for the election of two Directors, candidate statements for those Director positions, and the resort's 2019 annual financial report with the Treasurer's cover letter. Those materials, along with the minutes of the March 30, 2019 Owners Meeting, are scheduled to be mailed to owners around February 17.

Phil then addressed the draft slides to be used by presenters at the March 28 Owners Meeting and the draft that he had circulated of the newsletter to be mailed to owners following that meeting. Phil asked that the group forward to him any changes to the slides or newsletter, so that updated versions can be prepared for the Board's review at its March 6 meeting.

Sales and Marketing

Vice President of Facilities Planning Cheryl Moore reviewed a marketing brochure for the resort that she prepared. Board members provided comments on the brochure, the printing cost for which will be paid from the marketing budget.

Director Jeff Anliker then reported on other activities of the Marketing Committee. He addressed a proposed agreement with Tania Picard of Social Synergy Services whereby she would provide periodic travel blogs featuring the resort and monitor the Block Island public group on Facebook, in addition to the current services that she provides. Upon motion duly made and seconded, the Board then voted to approve that agreement as proposed.

Director Cheryl Moore left the meeting.

Mike addressed revisions to the VRI booking page and revisions in process to the Neptune House description on the Block Island Chamber of Commerce website. Mike indicated that updates to the photos on the Interval International website remain to be made.

Mike indicated that several shares available for rent from the Association in May, June, and July have been reserved (at least for part of a week) either through booking.com or the VRI web site. He reported that VRI is working on enhanced rental reports that will provide a look at revenue potential from advance bookings, although he cautioned that reservations could be canceled and ultimately yield no revenue for the Association.

Agenda Items for Next Meeting

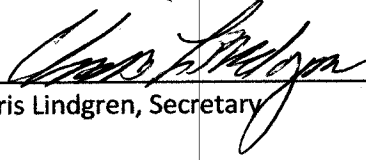
Phil indicated that, at its March 6 meeting, the Board is to approve the slides for the March 28 Owners Meeting as well as the newsletter to be mailed to owners shortly thereafter. The Board will also review the resort's insurance policy, provided that updated policy terms – including anticipated rate increases -- are available in time for that meeting.

Executive Session

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 voted to adjourn the meeting at 8:51 a.m.

Respectively submitted

A handwritten signature in cursive script, appearing to read "Chris Lindgren", written over a horizontal line.

Chris Lindgren, Secretary