

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

April 10, 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, April 10, 2020. Members Jeff Anliker, Douglas Carnahan, Cheryl Moore, Mark Morrissette and Phil Totino were in attendance (member Cheryl Moore joined the meeting in progress). Also in attendance were Secretary Chris Lindgren, Resort Manager Samantha Disotell, and Mike McManus of VRI Americas (VRI).

Administrative Items

The Board noted that, as the March 28 Owners Meeting was not held due to coronavirus concerns, owners had reelected, by mailed and emailed proxies, Jeff Anliker and Phil Totino to serve as Directors for three-year terms ending in 2023.

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 6, 2020, as circulated in advance to the Board members. The Board also, upon motion duly made and seconded, voted to approve the minutes of its special meeting on April 1, 2020, as circulated in advance to the Board members

Director Cheryl Moore joined the meeting.

The Board agreed to meet for the following 12 months, at 7:30 a.m., on each of May 7, June 12, July 10, August 14, September 11, October 9, November 13, and December 11, 2020, and January 8, February 12, March 12, and April 9, 2021, with the next Owners Meeting to be held on March 27, 2021 from 9:30 to 12:00 at a location to be determined in the Mystic, Connecticut area.

Resort Management

President Phil Totino noted that the State of Rhode Island had extended its business restriction and social distancing measures until at least May 8, and that consequently the emergency "shelter-in-place" ordinance in effect on Block Island through April 15 would likely also be extended to at least May 8. While that ordinance is in effect, owners, guests and contractors are effectively unable to travel to the Island. Thus, in light of the need to complete open projects and obtain cleaning services before the resort can open, the Board noted that it is unlikely that the resort will be able to open before May 23 or, if later, two weeks following the expiration of any extension of the Town's restrictions. Phil indicated that VRI would send out an email and a postcard to owners, regarding a possible new opening date, once the New Shoreham Town Council revises the current "shelter-in-place" ordinance.

Resort Manager Samantha Disotell indicated that she is notifying affected owners of opening delays and encouraging them to reserve an available Association-owned week in the fall as an alternative to the week that they are unable to use.

Phil reported that, as approved by the Board at its April 1 meeting, the Association had applied to Washington Trust on April 6 for a loan under the Small Business Paycheck Protection Program (PPP) of

the Coronavirus Aid, Relief, and Economic Security (CARES) Act, in order to compensate the Association for some losses anticipated by the resort. The loan could potentially be forgiven in full or in part if certain conditions are met. Samantha indicated that she was following up with Washington Trust regarding the status of the application. Mike McManus reported that other resort associations were working with their tax accountants and/or obtaining legal advice as to their eligibility for PPP loans. Phil indicated that, given there is uncertainty, our eligibility will ultimately be determined based on whether the loan is approved.

Mike and Samantha provided an update on scheduled 2020 repair and maintenance and reserve plan projects, including the current inability of outside contractors to complete work in light of the Town's coronavirus restrictions. Samantha indicated that work continued to be done by staff to the extent possible.

The Board addressed possible changes to the resort's Rules & Regulations, in light of an owner's request that the resort prohibit smoking near the living units. After discussion, the Board decided to revise the Rules & Regulations to ban smoking and vaping except in designated outside areas. Phil indicated that a proposed revision to the Rules & Regulations addressing this would be presented for approval at the Board's May 7 meeting, and that an article on the change would be included in the next owner newsletter.

The Board also considered a possible change to the resort's Assessment Billing and Collection (ABC) Policy, to further clarify language indicating that – if assessments are not paid by February 1 – delinquent weeks are available for rent through VRI's rental platform. Phil indicated that a proposed revision of the ABC Policy to that effect would also be presented for approval at the Board's May 7 meeting, and that the effects of not paying assessments when due would be discussed in the next owner newsletter.

Financial Management

Phil addressed the February 29, 2020 financial report as distributed in advance of the meeting, as well as the variance report regarding revenues and expenses that Samantha had prepared. Phil indicated that the resort's financial position through the first two months of the year is favorable, thereby providing a cushion as the effects of the resort's delayed opening on both revenues (e.g. from lost rentals) and expenses play out.

Phil reviewed payments to date, noting that 91.7% of 2020 fees had been paid by March 31, a slightly greater percentage than in 2019.

Phil noted that the renewal of the resort's insurance coverages effective April 1 resulted in an unbudgeted annual increase of \$4750, which will result in a negative variance from budget over the balance of 2020.

Sales and Marketing

Director Jeff Anliker reported on the activities of the Marketing Committee, including production of a second travel blog featuring the resort, completion of the marketing brochure for the resort, and updating of the Block Island app.

Mike reviewed VRI's rental reports showing potential revenues from advance bookings, presuming bookings are not canceled, based on reservations that were made prior to April 7.

Phil noted that revisions to the Neptune House listing on the Block Island Chamber of Commerce website have been completed.

Mike indicated that updates to some of the photos on the Interval International website were in progress.

Agenda Items for Next Meeting

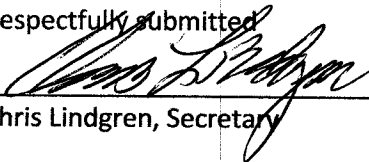
Phil indicated that, at its May 7 meeting, the Board will consider revisions to the resort's Rules & Regulations and to the ABC Policy.

Executive Session

Resort Manager 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 voted to adjourn the meeting at 9:10 a.m.

Respectfully submitted,



Chris Lindgren, Secretary