

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

May 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 Thursday, May 7, 2020. 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 VRI Americas (VRI).

### Administrative Items

Upon motion duly made and seconded, the Board voted to approve the minutes of its meeting on April 10, 2020, as circulated in advance to the Board members.

The Board agreed that the March 27, 2021 Owners Meeting will be held from 9:30 until noon at the Latitude 41° Restaurant in Mystic, Connecticut. Mike McManus indicated that the restaurant will credit the Association's \$500 deposit for the canceled 2020 Owners Meeting as the deposit for that 2021 meeting.

### Resort Management

President Phil Totino reported that the New Shoreham Town Council is to meet on May 8, and will likely then extend COVID-19 business restrictions and social distancing measures, currently set to expire on May 8, until at least June 1. Thus the earliest the resort can be expected to open would be Saturday, June 6, presuming restrictions are not extended further and that open resort projects can be completed and cleaning services obtained before then.

Phil indicated that he will draft a communication for VRI to send out by email and regular mail to owners, regarding the extended delay in opening, as soon as the New Shoreham Town Council extends its COVID-19 restrictions.

Resort Manager Samantha Disotell indicated that she will contact owners scheduled to arrive before June 6, and attempt to arrange another time in the fall when they can come to the resort. She indicated that, while Association-owned weeks that had been available for rental through RCI have been returned to the resort, there is only a limited amount of remaining Association-owned weeks in the fall to accommodate owners who are unable to use their units this spring.

Samantha also reported that, when the resort does open, there will need to be restrictions on the use of amenities and common areas in order to comply with guidelines for social distancing and social gatherings and to facilitate cleanliness. She indicated that she will work with Mike to prepare a COVID-19 Control Plan, required by the State, to detail those restrictions and measures.

Given the rapidly-changing COVID-19 guidance from the State and the town, the Board decided to hold a special meeting at 7:30 a.m. on Thursday, May 28, to assess what further actions may be needed.

Phil reported that the Association had finalized a loan, in the amount requested, from Washington Trust under the Small Business Paycheck Protection Program (PPP) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, in light of COVID-19 losses anticipated by the resort. Mike indicated that

VRI is working to compile the information needed to determine whether the loan can be forgiven in full or in part. The Board asked that Mike report on VRI's progress at the Board's May 28 special meeting.

Mike reported that the resort's insurance broker had filed a claim for business interruption losses under the resort's insurance coverage, with the expectation that the claim would be denied based on the policy terms.

Mike and Samantha provided an update on scheduled 2020 repair and maintenance and reserve plan projects, noting the difficulty of completing major projects in light of the Town's coronavirus restrictions.

As discussed at the Board's April 10 meeting, the Board considered proposed revisions to the resort's Rules & Regulations, as circulated to the members in advance of the meeting, to ban smoking and vaping except in designated outside areas. Upon motion duly made and seconded, the Board voted to approve the Rules & Regulations as so revised. An article on the change will be included in the next owner newsletter.

Also as discussed at the Board's April 10 meeting, the Board considered a proposed revision to the resort's Assessment Billing and Collection (ABC) Policy, as circulated to the members in advance of the meeting, 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. After discussion, upon motion duly made and seconded, the Board voted to approve the ABC Policy as so clarified. The effects of not paying assessments when due will be discussed in the next owner newsletter.

#### Financial Management

Phil addressed the March 31, 2020 financial report as distributed in advance of the meeting, as well as the variance report regarding revenues and expenses that Samantha and Mike had prepared. Phil noted that 93.5% of 2020 fees had been paid by April 28, a slightly lower percentage than in 2019.

#### Sales and Marketing

Director Jeff Anliker reported on the activities of the Marketing Committee. He indicated that the Committee was working on a five-year marketing plan, and that – given the effect of COVID-19 – the Committee expects to spend less on advertising this year than originally contemplated.

Mike indicated that a limited number of rental reservations remain in place – in May, June, July, and October. Revenue would be about \$2,500 if all reservations materialize. However, the May rental will have to be canceled. Given the need to use fall weeks to accommodate owners displaced from the spring due to the delayed opening of the resort, the expectation is that rental revenue will fall far short of the budget for the year.

Mike reported that Trading Places, VRI's sister company, is willing to make vacation certificates available to owners who are unable to use their weeks due to the COVID-19 delayed opening. The certificates could be exchanged for a week at a wide selection of resorts through December 16, 2021, with a \$99 redemption fee if and when the certificate is used. Phil indicated that, if the Board reviews and approves the Trading Places offer, he will include a summary of the offer in the communication to be sent to owners regarding the extended delay in the resort opening.

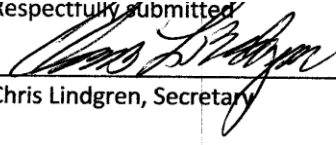
The Board also discussed possibly extending the resort's November closing date, should those owners who are unable to use their weeks due to the delayed opening of the resort wish to use their week at the end of the season.

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 9:29 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Chris Lindgren", is written over a horizontal line. The signature is cursive and somewhat stylized.

Chris Lindgren, Secretary