

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

November 13, 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, November 13, 2020. Members Jeff Anliker, Douglas Carnahan, Cheryl Moore, Mark Morrisette 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

President Phil Totino noted that this meeting is occurring five years after the reconstituted Board assumed responsibility for the resort, and noted the significant progress made in improving both the financial and physical health of the resort over that time.

Upon motion duly made and seconded, the Board voted to approve the minutes of its meeting on October 9, 2020, as circulated in advance to the Board members.

Resort Manager Samantha Disotell reported that email addresses have been obtained for all but five owners. This is an important step toward making it possible to rely on electronic messaging to communicate with owners.

The Board discussed how to conduct the 2021 Owners Meeting given the COVID-19 pandemic, and it decided to hold that March 27 meeting entirely online. In order to familiarize itself with how such a meeting might be conducted, the Board agreed to hold its upcoming December 11 meeting on Zoom, an online conference site that has been used by various VRI-managed resorts.

Secretary Chris Lindgren reviewed the proposed timeline for the Owners Meeting to be held on March 27, 2021, including the preparation of materials for the nomination of candidates for director (as director terms are staggered, there is only one director position scheduled to be open at the 2021 Annual Meeting). The Board is scheduled to approve the Annual Meeting Notice and Call for Nominations, along with the Nomination Form, at its December 11 meeting, with those materials to be mailed to owners on January 11. Nomination forms will be due back to the Secretary by February 11, 2021. The Board will then approve the Annual Meeting materials on February 12, to be mailed to owners the week of February 15; those materials will include a cover letter, meeting agenda, ballot, candidate statements, and the annual financial report for 2020. At its March 12 meeting, the Board is to review the slides for the Owners Meeting and materials for an owner newsletter to be sent to owners in early April. Chris indicated that, as the Annual Meeting will be held online, owners will need to submit ballots by mail or electronically prior to March 27; no ballots can be submitted at the online Annual Meeting itself.

Phil reported that VRI had mailed 2021 maintenance fee bills to owners more than three weeks later than requested (and than was done last year), resulting in bills not arriving until late October or early November. The Board expressed its disappointment and dissatisfaction with that performance by VRI.

Resort Management

Mike McManus and Samantha addressed remaining 2020 repair and maintenance projects and the resort's Five-Year Property Improvement Plan. Given that final quotes are still needed, Recreational Amenities Phase 3 work, as well as the parking area improvement by Building B, that had been

scheduled for the fall of 2020 will be rescheduled for 2021. Replacement of the boiler, along with the water heater, in Building B is the most urgent work to complete this fall.

Financial Management

Mike reported that Kirschenbaum and Urban, LLP's independent auditor's report for the 2019 year, as distributed to the Board, had been finalized. Treasurer Mark Morrisette indicated that the audit report confirmed that the Association's financial statements presented fairly, in all material respects, the Association's financial position. The Board then, upon motion duly made and seconded, voted to accept the 2019 auditor's report.

Chris reported that Washington Trust will not be ready to accept the resort's application for forgiveness of the loan that it received in May pursuant to the Small Business Administration Paycheck Protection Program until at least December 1. He indicated that the resort is prepared to file for full forgiveness as soon as applications are accepted by Washington Trust.

Phil addressed the September 30, 2020 financial report as distributed in advance of the meeting, as well as the financial status summary regarding revenues and expenses that Samantha and Mike had prepared. He noted that there is a \$7,000 year-to-date shortfall in results against budget as of the end of September, which will need to be addressed in coming months.

Phil also reviewed payments to date, noting that 98.4% of 2020 maintenance fees had been paid by October 29, slightly exceeding the budgeted year-end 98% payment assumption.

Phil observed that as of the end of October the resort owned 128 shares in the 30-week resort season (four more than at December 31, 2019), with one deedback remaining to be taken into account.

The Board reviewed and approved end-of-year bonus amounts for the resort staff who report to Samantha Disotell, based on Samantha's recommendations.

Sales and Marketing

Director Jeff Anliker reported on the activities of the Marketing Committee. He indicated that the resort's third video should be ready shortly for posting to social media.

Upon motion duly made and seconded, the Board voted to approve a revised Marketing Plan, as updated in light of comments made on the draft discussed at the Board's October 9 meeting. The Board approved posting the revised Marketing Plan on the resort's pages on the VRI website.

Phil reviewed social media metrics through October.

Phil reported that an email had just been sent to owners and social media contacts regarding six Association-owned prime shares for sale, and that a follow-up email would be sent in December, with the hope that all of the units would be sold so that summer weeks would be fully placed with owners.

Director Cheryl Moore joined the meeting.

Samantha reported that six units had been rented for the upcoming Thanksgiving weekend Christmas Stroll, and that long-term winter rentals were in process for multiple two-bedroom units.

Mike indicated that VRI is preparing a report on the feasibility of the resort using SiteMinder software to enable coordination of resort rentals across multiple online rental platforms.

Other Business

Samantha reported on COVID-19 cases on Block Island. She indicated that Interstate Navigation has posted that it will not accept summer 2021 ferry reservations until mid-March.

Agenda Items for Next Meeting

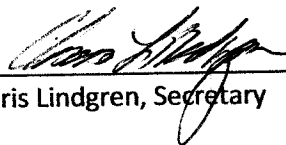
Phil indicated that the closeout of the resort season, the agenda for the March 27, 2021 Owners Meeting, and articles for the April newsletter, along with drafts of the Annual Meeting Notice and Call for Nominations and the Nomination Form, are to be addressed at the Board's December 11 meeting.

Executive Session

Resort Manager Samantha Disotell left the meeting. The Board members then met in executive session with Secretary Chris Lindgren and, initially, Mike McManus present, during which time the Board approved an end-of-year bonus amount for Samantha.

Following the executive session, upon motion duly made and seconded, the Board voted to adjourn the meeting at 9:33 a.m.

Respectfully submitted



Chris Lindgren, Secretary