

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

January 8, 2021

The Board of Directors (the "Board") of the Neptune House Owners Association (the "Association") met online using Zoom videoconferencing technology at 7:30 a.m. on Friday, January 8, 2021. All members (Jeff Anliker, Douglas Carnahan, Cheryl Moore, Mark Morrisette and Phil Totino) were in attendance. Also in attendance were Secretary Chris Lindgren, Resort Manager Samantha Disotell, and Mike McManus of VRI Americas (VRI).

Samantha Disotell indicated that she will be traveling to Florida to visit her ailing father. The Board expressed its best wishes for her father's recovery.

Administrative Items

Upon motion duly made and seconded, the Board voted to approve the minutes of its meeting on December 11, 2020, as circulated in advance to the Board members.

The Board discussed procedures for using Zoom videoconferencing technology at the March 27 Owners Meeting in order to have an efficient meeting and to allow owners to participate in the Q&A portion.

President Phil Totino reviewed the items to be included in the mailing to owners to occur around February 22, including a cover letter from the Board, the agenda for the March 27 Owners Meeting, a ballot for owners to indicate their choice for the one position open on the Board of Directors, statements from the candidates for that Director position, and the resort's 2020 annual financial report and accompanying Treasurer's letter. Phil indicated that he would prepare a draft of the cover letter, and Treasurer Mark Morrisette and Mike McManus indicated that they would work to obtain accountant Adam Urban's review of the 2020 financial statements for use in preparing the financial report. The Board indicated that it would review the materials to be included in the mailing at its February 12 meeting. Secretary Chris Lindgren reported that one Director candidate nomination had been received to date.

The Board discussed slides to be prepared by presenters at the March 27 Owners Meeting, as well as the possibility of recording the meeting for later viewing by owners who are unable to attend. Phil indicated that he would circulate to the Board for comment a draft newsletter for VRI to mail to owners following the Owners Meeting, reporting on the meeting and other developments.

Resort Management

Samantha and Mike addressed projects on the resort's Five-Year Property Improvement Plan, as revised for the years 2021 through 2025 to include projects carried over from the 2020 year as well as projects scheduled for the 2025 year. Samantha indicated that a review of the relative costs of a propane-fueled boiler versus an oil-fueled boiler indicated that, over the long term, an oil-fueled boiler is anticipated to have the lower cost, and that, as a result, she and Mike are pursuing final quotes for replacement of the oil-fueled boiler in Building B with a new oil-fueled boiler. She indicated that she would determine whether it is also appropriate to replace the oil tank in Building B at this time, or whether that replacement should instead remain scheduled for 2022. Phil indicated that he would revise the Five-Year Property Improvement Plan to reflect the discussion at the meeting.

Financial Management

Chris reported that the Association had applied on December 15, 2020 to Washington Trust for full forgiveness of the Paycheck Protection Program loan that the resort received in May, and that Washington Trust approved that application the next day. Chris indicated that final forgiveness of the loan by the Small Business Administration is expected in the next 60 days.

Director Cheryl Moore left the meeting.

Phil addressed the November 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. Phil also reviewed payments to date, noting that despite the COVID-19 pandemic 98.5% of 2020 maintenance fees were paid by December 31, slightly exceeding the collection percentage in 2019.

Phil observed that the resort owned 128 shares in the 30-week resort season (four more than at December 31, 2019), but with a number of deedbacks pending.

Mike reviewed VRI's report on the fees that VRI received in 2020 under the terms of its contract with the Association.

Sales and Marketing

Director Jeff Anliker reported on the activities of the Marketing Committee. He indicated that a third video to post to social media has been completed.

Phil reviewed social media metrics through December. The Board indicated that continuing to review those metrics is appropriate in order to gauge the effectiveness of advertising.

Samantha reported that there will be nine long-term winter rentals with island contractors, which are anticipated to provide significant rental income.

Samantha indicated that two of six Association-owned prime shares that were advertised to owners and social media contacts have been sold. Phil indicated that one additional email will be sent to owners and social media contacts with respect to the remaining four prime shares, prior to those shares being offered to the general public.

Upon motion duly made and seconded, the Board voted to approve a revised Reseller's Handbook, as updated to reflect sales that occurred in 2020.

Agenda Items for Next Meeting

Phil indicated that, at its February 12 meeting, the Board will review the documents to be mailed to owners around February 22, the draft slides for the March 27 Owners Meeting, and the draft newsletter to be mailed to owners following the Owners Meeting. The Board will also review guest satisfaction results reported by Interval International and a preliminary projection of 2022 maintenance fees, and will determine any year-end amount in the Operating Account to be transferred to the Reserve Account. Phil noted that the status of the Association's tax filings being prepared by the resort's accounting firm will also be discussed at that meeting.

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, upon motion duly made and seconded, the Board voted to adjourn the meeting at 9:39 a.m.

Respectfully submitted



Chris Lindgren, Secretary