

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

February 12, 2021

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 12, 2021. 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 January 8, 2021, as circulated in advance to the Board members.

Financial Management

Secretary Chris Lindgren reported that the Small Business Administration in January had forgiven in full the Paycheck Protection Program loan that the resort received in May, such that the resort need not repay the loan.

President Phil Totino addressed the December 31, 2020 financial report as distributed in advance of the meeting, as well as the financial status summary regarding revenues and expenses that Resort Manager Samantha Disotell and Mike McManus had prepared.

Phil also reviewed payments to date, noting that 81% of 2021 maintenance fees had been paid by January 31, slightly more than at the same date in 2020. He noted, however, that under the resort's Assessment Billing and Collection Policy as revised and communicated to owners in 2020, accounts delinquent as of February 1 are available for rental through VRI's reservation system, meaning that almost 20% of owner weeks could conceivably be rented and thus be unavailable to owners. Samantha has contacted delinquent owners to encourage prompt payment to avoid owners being shut out of their weeks.

Phil noted that collections have diminished markedly as amounts attributable to foreclosures in earlier years have tailed off.

Phil observed that, including deedbacks in process, the resort owned 132 shares in the 30-week resort season as of February 9, 2021 (one less than the 133 on December 31, 2020). Phil noted that the comparable number of shares owned by the resort at the end of 2019 was 124, and as of the end of 2016 was 102, such that the Association has over the last four years taken over ownership of an average of eight shares per year.

Treasurer Mark Morrissette addressed amounts available in the operating fund at December 31, 2020 that could be transferred to the reserve fund. Given the small amount that would be available, the Board decided not to effect such a transfer.

Phil then reviewed a preliminary analysis of 2022 maintenance fees that he and Mark had prepared, setting out possible 2022 maintenance fees under alternative spending scenarios for Phase 3 of the Recreational Amenities Project and for improving the parking area in front of Building B, in light of more conservative estimates of rental income and bad debt recovery in 2022 and beyond.

Mike reported that the resort's accounting firm was in the process of preparing the Association's federal and state income tax returns.

Resort Management

Samantha and Mike addressed projects on the resort's Repair and Maintenance Project List and Five-Year Property Improvement Plan. Samantha indicated that she and Mike continue to pursue final quotes for completion of Phase 3 of the Recreational Amenities Project and improvements to the parking area in front of Building B, as well as replacement of the oil-fueled boiler in Building B with a new oil-fueled boiler. The Board did approve quotes on two projects. Upon motion duly made and seconded, the Board voted to approve replacement of the decks of units 7 and 14 by Gabor Construction for the quoted price of \$25,500. The Board further, upon motion duly made and seconded, voted to approve installation of an automatic cover system for the pool by JPS Pool Service, at the quoted price of \$25,438, in expectation of significantly lower heating costs and improved pool safety, subject to JPS satisfactorily addressing certain questions raised at the meeting.

Phil addressed Interval International Customer Satisfaction Index survey results for 2020, showing multiple metrics including resort services, resort property, resort accommodations and overall vacation experience scores roughly similar to prior years. Phil noted that, due to significantly reduced exchanges in 2020 caused by COVID-19, the survey was based on only three responses, and thus reflected the experiences of only a few individuals.

Preparation for Annual Owners Meeting

The Board reviewed the materials to be mailed to owners regarding the March 27 Owners Meeting, including a cover letter from the Board, meeting agenda, ballot for the election of one Director, a candidate statement for that Director position, and the resort's 2020 annual financial report with the Treasurer's cover letter. Those materials are scheduled to be sent to owners by email and regular mail around February 22.

Phil then addressed the draft slides to be used by presenters at the March 27 Owners Meeting and the draft that he had circulated of the newsletter to be mailed to owners following that meeting. The group discussed what, if any, materials – in addition to maintenance fee bills -- should be sent by regular mail to owners in the future, and agreed that, at least through the 2022 Owners Meeting, communications regarding nominations for Director and voting for Directors would continue to be sent by regular mail. Phil indicated that he would revise the draft slides and newsletter as appropriate, with final versions to be reviewed at the Board's March meeting.

Sales and Marketing

Director Jeff Anliker reported on the activities of the Marketing Committee, including production of a fourth video to be posted to social media and arrangements for \$2000 of advertising through various channels.

Phil reviewed social media metrics through January.

Samantha reported that there are seven long-term winter rentals with island contractors, anticipated to collectively provide gross rental income of \$9,000 per month from January through March.

Samantha indicated that sales have been completed for four of the six Association-owned prime shares that were advertised to owners and people on the resort's interest list, and that sales are in process for the remaining two shares.

Agenda Items for Next Meeting

Phil indicated that, at its March 12 meeting, the Board is to approve the slides for the March 27 Owners Meeting as well as the newsletter to be mailed to owners shortly thereafter. The Board will also review the resort's insurance policy 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, during which the Board conducted a self-evaluation of the Board's performance.

Following the executive session, upon motion duly made and seconded, the Board voted to adjourn the meeting at 9:34 a.m.

Respectfully submitted


Chris Lindgren, Secretary