

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

August 13, 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, August 13, 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 July 16, 2021, as circulated in advance to the Board members.

President Phil Totino reviewed the terms of the Second Amendment to Management Agreement, as negotiated with VRI and circulated in advance to the Board members. The Amendment, which extends VRI's management agreement for three years starting January 1, 2022, includes an annual increase in VRI's management fee of 2% per year as well as a reduction in VRI's fee for annual owner billings. Upon motion duly made and seconded, the Board voted to approve the contract as so negotiated.

Resort Management

Phil reviewed the status of projects on the resort's Repair and Maintenance Project List and projects scheduled for completion in 2021 and 2022 on the resort's Five-Year Property Improvement Plan.

Phil reviewed the terms of a contract negotiated with Joyce Construction, Inc. for demolition of the tennis courts and rebuilding of one court for tennis and pickle ball, as circulated in advance to the Board members. The contract provides for work to start by September 2021 and finish by April 2022, for a total price of \$109,838, with a five-year warranty of the work. Upon motion duly made and seconded, the Board voted with four Directors in favor and one opposed to ratify the contract as so negotiated.

Vice President of Facilities Planning Cheryl Moore agreed to investigate possible alternatives to sliding glass doors in Building B, given the difficulty of maintaining external sliding doors in the island environment.

Financial Management

Phil addressed the June 30, 2021 financial report as distributed in advance of the meeting, and the accompanying variance report regarding revenues and expenses. Mike McManus agreed to provide a detailed explanation of a projected decline in the amount of year-end cash in the operating fund.

Phil reviewed payments to date, noting that 97.2% of 2021 maintenance fees had been paid by July 31. He also noted that \$11,032 was received from Rodio & Brown as a result of collection activities.

Phil observed that, including deedbacks in process, the resort continued to own 127 shares in the 30-week resort season as of August 2, 2021 (six less than at December 31, 2020).

Phil reviewed a proposed budget for 2022, balancing operating income and expenses and resulting in a maintenance fee increase of approximately 2.5%. Phil noted that the Board is to approve a final budget at its September 10 meeting.

Phil addressed a proposed revision of the resort's Assessment Billing and Collection Policy, as first discussed at the Board's July 16 meeting, to provide that use weeks resulting from delinquencies would be available starting March 1, rather than February 1, for rental through the VRI system, in order to provide additional time to resolve delinquencies before putting those weeks in the rental program. Upon motion duly made and seconded, the Board voted to approve the Assessment Billing and Collection Policy as so revised, to be effective immediately.

Sales and Marketing

Director Jeff Anliker reported on the activities of the Marketing Committee. He indicated that a sixth video would be released soon, and that a seventh and final video would be released in the fall. He indicated that the Committee is focusing on marketing the resort as New England's other island getaway.

Phil reviewed social media metrics, spring rental revenue, and fall rental reservations to date.

Communications

Phil discussed a revised draft of the September newsletter to be sent to owners, as circulated in advance to the Board members. He indicated that he would update the final content of the newsletter at month-end to reflect any changes in the status of ongoing projects, with distribution to owners by email to occur after Labor Day.

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 8:47 a.m.

Respectfully submitted



Chris Lindgren, Secretary