

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

February 10, 2023

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 10, 2023. 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

President Phil Totino noted that this will be Director Jeff Anliker's last Board meeting, as he has decided not to run for reelection this year. Phil thanked Jeff for his six years of service as a Director of the Association, including his leadership of the former Marketing Committee, which established the various social media tools now in use by the resort.

Upon motion duly made and seconded, the Board then voted to approve the minutes of its meeting on December 9, 2022, as circulated in advance to the Board members.

Operations Review

Phil reviewed management's Monthly Report as of February 1, summarizing the status of 2023 projects on the resort's Repair and Maintenance Project List and reviewing the status of 2023 projects on the resort's Five-Year Property Improvement Plan. He also reviewed marketing, rental and sales activities and the resort's financial status. Resort Manager Samantha Disotell provided additional detail as appropriate.

Phil observed that \$71,399 was available in the operating fund at December 31, 2022 that could be transferred to the reserve fund. Upon motion duly made and seconded, the Board voted to transfer that amount to the reserve fund.

Phil next addressed the independent accountant review by Kirshenbaum & Urban, LLP of the resort's financial statements as of December 31, 2022. In connection with that review, the Board, upon motions duly made and seconded, voted (1) to authorize the Association President to sign the January 20, 2023 engagement letter from Kirshenbaum & Urban, LLP to conduct the review of the Association's 2022 financial statements, (2) to authorize two individuals to sign the January 23, 2023 representation letter prepared by Kirshenbaum & Urban, LLP in connection with that review: one being a VRI Americas representative, and one being a Board Member, either the Association President or Association Treasurer, and (3) to accept Kirshenbaum & Urban, LLP's Independent Accountant's Review Report dated January 23, 2023 and the accompanying December 31, 2022 Financial Statements of the Association, as set forth in the draft circulated in advance to the Board members.

Phil reported that the recently-completed insurance appraisal for the resort indicated that the resort's depreciated replacement cost has increased by approximately 1/3 since the last appraisal, which will result in a yet-to-be-determined increase in the cost of the resort's insurance coverage. Revised insurance coverage and rates are to be addressed at the Board's April meeting.

Phil reviewed VRI's fees report for the 2022 year and the most recent Interval International Customer Satisfaction Index report.

Budget and Policies

Phil described revisions to the Reseller's Handbook to reflect sales that occurred in 2022. Upon motion duly made and seconded, the Board then voted to approve the Reseller's Handbook, as so updated to reflect 2022 sales

Phil indicated that, based on financial modeling of anticipated revenues and expenses, maintenance fees are likely to increase from 4% to 6% annually during the next few years.

Strategic Initiatives

Phil described a process to track interior unit upgrades, whereby the spreadsheet showing needed upgrades and anticipated costs by unit will be updated annually.

Phil addressed the Solar Panel Initiative Committee report, indicating that – pending receipt of a firm installation quote – it is questionable whether the installation of solar panels would provide a financial advantage to the resort, and describing the difficulties of finding contractors willing to work on the island. Upon a suggestion made by Mark, Phil stated that the Committee would look into a system design configuration that it had not considered – to determine if the financial analysis proved more favorable.

With respect to the possibility of adding amenities to the units, Phil reviewed rough estimates for installing air conditioning and de-humidification, dishwashers, or granite kitchen countertops in the units, as well as an elevator for Building B. After discussion, the Board agreed that the presentation at the upcoming Owners Meeting will set out the estimated costs for those amenities, while indicating that at present – given the need for interior unit upgrades – there is not sufficient bandwidth to undertake additional amenities at the resort.

Preparation for Owners Meeting

Phil addressed items to be mailed to owners by VRI following this Board meeting regarding the upcoming March 25 Owners Meeting, including the cover letter from the Board, the agenda for the Owners Meeting, a ballot for owners to indicate their choices for the two open positions on the Board of Directors, statements from the four candidates for those Director positions, the minutes of the March 26, 2022 Owners Meeting, and the resort's 2022 annual financial report and accompanying Treasurer's letter. Phil indicated that VRI would send email reminders to owners in March regarding the upcoming Owners Meeting and encouraging owners to vote for the candidates of their choice.

Phil then addressed the draft slides to be used by presenters at the Owners Meeting and the draft that he had circulated of the newsletter to be mailed to owners following that meeting. Phil indicated that he would revise the draft slides and newsletter as appropriate and forward those to the Board in advance of the Owners Meeting.

Agenda Items for Next Meeting

Phil indicated that, at its April 7 meeting, the Board will welcome the new member(s), approve the appointment of officers and establish its meeting schedule for the upcoming year, and will also assess

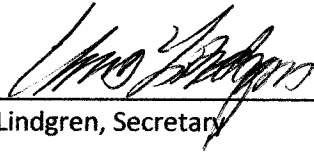
the March 25 Owners Meeting, review comments received at that meeting and approve the minutes of that meeting, and set a time and place for the next owners meeting. The Board will also review the resort's insurance arrangements as well as preliminary guidance for the 2024 budget.

Executive Session

Resort Manager Samantha Disotell left the meeting. The Board members then met in executive session with Secretary Chris Lindgren and, briefly, Mike McManus present. After Mike left, the Board reviewed the performance of VRI and conducted its annual 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 9:54 a.m.

Respectfully submitted



Chris Lindgren, Secretary