

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

May 12, 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, May 12, 2023. All members (Douglas Carnahan, Dave Cohen, 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).

Upon motion duly made and seconded, the Board voted to approve the minutes of its meeting on April 7, 2023, as circulated in advance to the Board members. The Board also, upon motion duly made and seconded, voted to approve the minutes of its special meeting on May 5, 2023, as circulated in advance to the Board members.

President Phil Totino enumerated actions to be taken in 2023 and later years to mitigate unbudgeted cost increases, including increased property insurance costs. He reviewed options for raising fees to address those increased costs. After discussion, the Board determined that increased costs would be addressed through larger than previously anticipated maintenance fee increases in 2024 and 2025, rather than through a combination of future maintenance fee increases and a one-time special assessment in 2023. In order to balance the 2023 budget, it is contemplated that certain reserve projects scheduled for 2023 will be postponed and that approximately \$28,000 will be transferred from the reserve fund to the operating fund in 2023. The Board will review revised budget and maintenance fee projections at its September 8, 2023 meeting, when the 2024 budget and maintenance fees are determined.

Phil noted that the rubber membrane roof replacement scheduled for Building A is anticipated to cost less than budgeted, and that roofing inspections by an island-based roofer have indicated that the architectural composition roofing of Building B will not require replacement as soon as previously scheduled, whereas the architectural composition roofing on Building A may require replacement by 2028, sooner than anticipated. Director Dave Cohen reported that he is scheduled to meet with a solar contractor and a roofing contractor (both based on the mainland) at the resort to inspect the roofs in order to determine the practicality of solar panels and also to obtain a second opinion and estimate for the needed roofing work. The Board authorized payment for the costs of the inspection and for Dave's travel cost for the meeting at the resort.

Phil indicated that he would draft a letter to owners regarding the anticipated increase in 2024 maintenance fees, now estimated to be in the neighborhood of 15%, to be circulated to the Board for review prior to its being mailed by month-end to owners.

The Board discussed the non-judicial foreclosure to occur on eleven shares in default, one of which is a prime season share. Mike McManus indicated that the auction will likely be scheduled in August at the offices of Rodio & Brown, the resort's legal counsel. The Association will enter minimal bids for the foreclosed shares at the auction.

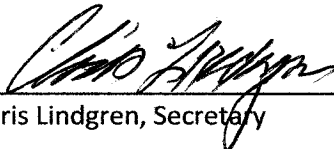
The Board discussed more broadly publishing the availability of shares for sale by the Association, including advertising available shares on the Block Island Facebook page and elsewhere on social media.

To confirm a buyer's commitment to purchase, Phil suggested that a 20% deposit be taken by credit card.

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 8:34 a.m.

Respectfully submitted

  
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Chris Lindgren, Secretary