



Neptune House

Block Island, RI

A blue trident icon, positioned to the right of the text 'Block Island, RI'.

April 2021

MESSAGE FROM THE BOARD PRESIDENT

Phil Totino, President

The Annual Meeting of the Neptune House Owners Association was held on March 27, 2021 via video conference due to circumstances arising from the COVID-19 pandemic. 45 owners called in to the meeting.

After welcoming remarks, there was a summary of how the resort is dealing with the impact of COVID-19, followed by an update on the status of the Turnaround Plan established five years ago to improve the financial health and physical condition of the resort.

The resort is expected to be open for the entire 30-week season this year. Guidelines from the State of Rhode Island and the CDC will continue to be followed.

Much of the work encompassed by the six initiatives of the Turnaround Plan has been completed. A brief summary of each follows.

1. Management Company – Vacation Resorts International (VRI) was hired by the Board at the beginning of 2016 to provide management services. The current contract extends through the end of this year. Negotiations for another extension are planned.

2. Collection Policy – Rodio & Brown, the law firm that handles defaults, continues to do a solid job in collecting from former owners in default. The bulk of the money expected from the foreclosures in 2016 and 2018 (\$90,000+) has been recovered.

3. Proposition 30 – This was a successful one-time effort in 2016 to shorten our resort season to 30 weeks and to implement a float week amnesty.

4. Reserve Plan – The 25-year reserve plan established in 2017 continues on track, although with some

adjustments in timing due to disruptions in contractor availability largely as a result of restrictions resulting from COVID-19.

5. Recreational Amenities – Phases 1 and 2 were completed in 2018 and 2019 with construction of the outdoor heated pool and the patio along with installation of fire pits and outdoor furniture on the patio. Phase 3, the final phase, which entails demolition of one tennis court, rebuilding of the other tennis court, installation of new fencing, creation of a new grass play area, and landscaping, experienced delays due to COVID-19, but is back on track this year. See the further discussion below under “Recreational Amenities.”

6. Sales & Marketing Program – A combination of sales, rentals, and licenses is being used to monetize shares. All summer shares are in the hands of individual owners. Marketing efforts are aimed at generating more income from off-season shares, primarily via rentals.

In the balance of this newsletter, the result of the election of one Board member to fill an expiring term is reported, along with updates on the status of the Recreational Amenities project, improvements made to the facilities, the financial position of the resort, and our marketing efforts.

The slides prepared for the Owners Meeting are available for viewing through the Owners Portal of the VRI website by clicking on **Owners Meeting Slides 2021** in the Newsletters & Notices section. You must log into your account to view the slides.

A video recording of the Owners Meeting will also be posted. An email with a link to the recording will be sent when the recording becomes available.

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Election of Directors

Chris Lindgren, Secretary

Owners, without regard to Association-owned shares, cast votes by proxy to re-elect one incumbent director for a new 3-year term, as follows:

Doug Carnahan	138 votes
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The 3-year term will expire in March 2024.

Congratulations to Doug. The future of the resort depends on continued owner interest in serving on the Board. The resort needs the skills and efforts of those owners who volunteer their time to set the course for the years ahead.

Recreational Amenities Project

Cheryl Moore, Vice President of Facilities Planning

Phase 3 of the Recreational Amenities project was effectively on hold during 2020. This phase includes demolishing one tennis court, rebuilding the remaining court for both tennis and pickleball, constructing a new fence around the court, providing a grass surface where the first tennis court currently is, and doing landscaping to enhance the appearance of the property. The grass area could potentially be used for playing kickball, Wiffle Ball, cornhole, or other sports that do not require special infrastructure. This is the last phase of the Recreational Amenities project.

Efforts to move the project along were stymied during the past year because of circumstances arising from the COVID-19 pandemic. Initially, restrictions on interstate travel and travel to Block Island hampered the ability of contractors to come to the resort to gather information needed to prepare bids. Then, as individuals engaged in more home-improvement projects, contractors found plenty of work on the mainland; many were reluctant to deal with the time and uncertainties involved in traveling to an island.

As a result, we did not receive quotes from contractors until late last year and early this year. While the quotes were somewhat higher than expected, we will be able to go forward with the project when scheduling allows.

We expect that demolition of the existing tennis courts, construction of a single new court, and installation of a new fence could take place in the fall. The timing of installing a lawn in the space occupied by the other tennis court along with general landscaping has not been firmly established.

Photo Opportunity

Your photos of Block Island or the Neptune House could be featured on the Neptune House social media sites! Please email photos to photos@neptunehouse.com. If your photos are chosen, our social media manager will contact you with a request to provide a release that allows the Neptune House use for marketing and advertising purposes.

Facility Improvements

Samantha Disotell, Resort Manager

Many improvements were made to the buildings and grounds in 2020.

In-house staff performed some of the work, but contractors were used where special expertise was required and because of the amount of the work.

Work on units and common areas included:

- Painted interior units as needed
- Refreshed art hung in rooms
- Replaced bathroom fans and fixtures (towel bars and shower curtain rods) as needed
- Made plumbing repairs in several units including new stems, valves, and shut-offs
- Replaced four refrigerators
- Replaced living room furniture as needed
- Shampooed and cleaned carpets in Units 22 and 23
- Remodeled Unit 6 kitchen and made other improvements
- Replaced sliders, worked on windows and roof, and replaced sidewalls and trim on Units 4, 5, and 6
- Painted entire lower lobby of Building B

Exterior maintenance work included:

- Added weather strip to exterior doors
- Power-washed decks, scraped and stained decks and exterior trim by Units 3, 4, 9, 11, and 15
- Stained deck and railings on the second floor of Building B
- Replaced joist hangers on decks
- Improved ease of parking in front of Building B
- Added smoking area for guests in front of Building B
- Painted storage garage in parking lot of Building A
- Improved drainage around Building B
- Repaired/replaced some gutters and downspouts

- Repaired and painted steps leading to outside decks of Units 7 and 8
- Power-washed employee housing building
- Made repairs to employee housing building and roof
- Repaired pool chair lift and replaced battery per the Board of Health
- Installed new fire alarm control system with all new devices (smoke, heat, and pull stations) in Buildings A and B
- Replaced/installed Neptune House main sign

Improvements planned during 2021 include:

- Improve artwork in units
- Update guest books per COVID-19 guidelines
- Replace or paint furniture as needed to freshen up the units
- Enhance bathroom safety and replace shower curtain rods, towel bars, and fans as needed
- Replace some outside furniture on unit patios
- Improve common area and upgrade lobby floor in Building A
- Replace exterior decks of Units 7 and 14
- Replace water heater and boiler in Building B
- Replace two sliding glass doors on fourth floor in Bldg. B
- Replace pool cover with automatic cover system
- Create enhanced parking area in front of Building B
- Design and plant new flower gardens
- Fill flower boxes and planters on fire pit patio
- Connect to the island's new fiber-optic cable network

We will continue to perform repair and maintenance work throughout the resort season as needs arise.



Financial Update

Mark Morrisette, Treasurer

Overview

2020 was a challenging year for the Neptune House due to the effects of the COVID-19 pandemic. Nevertheless, the Neptune House completed the year on solid financial ground.

Revenue from rentals and bad debt collections was well below original expectations, but the shortfall was offset by savings in operating expenses when the resort was required to remain closed.

When everything was taken into account, the resort realized a gain from operations of \$14,941 in 2020.

The resort also received a Payroll Protection Program (PPP) Loan of \$34,835, providing funds during a critical time. Under the terms of the PPP program, the loan was formally forgiven in January of 2021.

Insurance Review

In 2020, we completed our annual insurance review, as required by our governing documents. The 2021 budget includes updated coverage.

Reserve Plan Review

Maintaining an adequate Reserve Fund is important to ensure the long-term viability of the Neptune House. It allows us to have stable maintenance fees without the need for periodic special assessments.

In 2016, we completed a detailed review of all facilities, and we built a 25-year maintenance plan covering interior and exterior aspects of the resort. The plan acknowledges the fact that we need to play catch-up on repairs, as well as plan for preventative maintenance.

In 2020 we continued the catch-up repairs in several units and replaced the fire control panels and in-room alarms in both buildings, as planned. However, several projects had to be deferred to 2021 due to restrictions imposed in response to COVID-19.

During 2021, from the Reserve Fund we plan to:

- Continue catch-up repairs in living units
- Complete the Recreational Amenities project
- Improve the parking area in front of Building B
- Replace the boiler and water heater in Building B
- Upgrade the Building A common area



Outlook

Overall fees charged to owners since 2000 have increased by an average of 5.1% per year. The annual increases have varied greatly, but the trend has been consistent. The major causes are inflation on Block Island and the ongoing decline in individual ownership as people grow older or no longer use the Neptune House. We are working to slow down the rate of fee increases by increasing revenue from other sources, especially off-season rentals, and by introducing spending efficiencies where possible.

At this point, we anticipate modest annual maintenance fee increases in the range of 3%-5% per year from 2022 onward.

Marketing Update

Jeff Anliker

In September of 2018, the Board set up a committee of owners to develop a marketing strategy aimed at getting more revenue from off-season shares owned by the Owners Association. Members of the committee are:

- Jeff Anliker, Chairman
- Doug Carnahan
- Cheryl Moore
- Samantha Disotell
- Michael McManus

The goals of the committee are to attract new people to the resort and turn them into repeat guests. The advantage that we offer is that our rental rates in the off-season are competitive, especially in light of the spacious rooms, full kitchens, and recreational amenities that we offer.

Our target audience is people who live in New England and New York within a four-hour driving distance to a ferry terminal and who love outdoor activities, want relaxation, regeneration, and downtime, or desire artistic, educational, or motivational experiences.

The specific actions that we are pursuing are:

1. Assure that rental rates, discounts, and incentives are competitive
2. Implement a new website with rental booking button, link to blog, photos, and videos, and keep up to date
3. Increase online presence with ads on Google, Facebook, Instagram, Groupon Getaway, Spotify, Block Island Chamber of Commerce, and Block Island Tourism Council websites
4. Promote positive reviews on Google, Airbnb, and TripAdvisor
5. Participate in the New York PBS Station (WCNY) Travel Auction
6. Develop incentives and partnerships with local business and organizations in coordination with the Block Island Chamber of Commerce
7. Develop relationships with organizations and groups with existing or potential affinities to Block Island
8. Hire a marketing/sales consultant and develop the script to solicit organization/group partnerships and place ads on selected websites and/or in organization newsletters

9. Develop flyer/brochure/pamphlet for posting and distribution
10. Implement an email marketing system that:
 - a. Shows the value of and/or educates subscribers about Neptune House
 - b. Is helpful and provides additional information
 - c. Highlights the benefits of Neptune House and offers discounts and promotions
 - d. Retains customers and instills loyalty with helpful content and outstanding service
 - e. Turns customers into fans who promote and refer friends

Accomplishments to date include:

1. Made Website Updates (www.NeptuneHouse.com)
 - a. Works well on hand-held devices
 - b. Opens with aerial video of the island
 - c. Includes a “book online” button
 - d. Includes a “blog” button
 - e. Includes a “gallery” button for photos and videos
 - f. Includes a COVID-19 notice
2. Established a Facebook page (<https://www.facebook.com/NeptuneHouseResort/>)
3. Established an Instagram page (<https://www.instagram.com/neptunehousebi/>)
4. Produced 4 videos which highlight island activities and the Neptune House resort – posted on our [YouTube Channel](#)
5. Developed and printed a new Neptune House brochure
6. Connected to other on-island activities
 - a. Purchased space on Block-opoly
 - b. Purchased ad on the Block Island app
 - c. Purchased ad on the Chamber of Commerce website
 - d. Purchased ad on the BI Guide/local map
 - e. Developed partnership with Club Soda
 - f. Developed partnership with Block Island Fishworks
 - g. Sponsored the Great Salt Pond swim
7. Connected to off-island activities
 - a. Purchased ad in both July and August issues of So Summer Magazine

You can help us by writing reviews on TripAdvisor about your 5-star experiences at the resort, “liking” posts on the Neptune House Facebook, Instagram, and YouTube websites, and telling your friends and neighbors about the resort.

Phase-Out of Hard-Copy Communications

As part of our efforts to continually improve the efficiency of the resort's operations, newsletters and other communications (except annual Maintenance Fee bills and election materials) will no longer be sent via postal mail. They will be sent only through email.

Included in this change besides newsletters are all other general communications that have been sent by letter or postcard in the past.

The only hard-copy mailings will be the annual Maintenance Fee bills, the call for nominations for Director(s), and the election ballot. The bills are customized for each owner and are produced by a standard process that VRI uses for all the resorts that it manages. The annual election for expiring Director positions is critical to the democratic governance structure of the resort – voting for Directors is the primary way that owners can act to influence the direction of the resort.

Please help us control costs by adapting your expectations for how information is communicated. We welcome your feedback on this change.

To assure that you don't miss anything, please make sure that emails from @vriresorts.com and @vriamericas.com do not go into your Spam or Junk folder.

Deedback Program

If you have decided that it is time to move on from the Neptune House due to age, health, changing family circumstances, or any other reason, this program could be for you. It provides a simple, fool-proof way to exit your timeshare obligation.

The **Deedback Program** describes the process for owners to deed their shares back to the Owners Association if certain conditions are met. One of the key conditions is that the owner must pay two years of maintenance fees in advance and relinquish ownership rights so that the Owners Association has time to sell, rent, or license the share without suffering a loss of revenue in the interim.

Details about the **Deedback Program** are contained in the **Reseller's Handbook** which is packed with helpful information to assist owners in moving on from the Neptune House. Much of the Handbook is concerned with providing information intended to guide owners in reselling their shares. It contains sections on Sales Channels, Lead Time, Setting Your Asking Price, Ad Copy, and Legal Matters – ideas that can help you sell your share. Additionally, there is a section about Interval International's Club Interval Gold program for consideration as an alternative to selling. The last section, **Deedback Program**, explains the mechanism for turning shares back over to the Owners Association.

An updated version of the **Reseller's Handbook** that reflects sales data from 2020 is available through the Owners Portal of the VRI website by clicking on **Policy Reseller's Handbook** in the Documents & Forms section. You must log into your account to view it. Owners without internet access can call the resort to have a copy mailed to them.

Rental Options for Owners

If you decide not to use your time or to exchange it through Interval International or Trading Places, there are several ways to go about renting your week. Whichever method you choose, you must pay all maintenance fees before putting a week up for rent. Otherwise, access to your unit will be denied to the renter. You must also provide the resort with contact information for the person renting the unit.

The most popular rental channels used by Neptune House owners are shown below in alphabetical order. The descriptions are based on information shown on each channel's website. This listing is not an endorsement or recommendation by the Neptune House Board or management. You should perform your own due diligence before deciding which channel to use.

- **Airbnb.** Set up an account with Airbnb and list your unit there. You can set up an account using your email address, Facebook account, Google account, or Apple ID. Creating an Airbnb account is free. When you list your unit, you become a host. Most hosts pay a service fee of 3%, calculated from the booking subtotal (the nightly rate plus cleaning fee). Most renters pay a service fee that is up to 14.2% of the booking subtotal (the nightly rate plus cleaning fee). The fee varies based on a variety of booking factors and is displayed to renters, including during checkout before they book a reservation.
- **Booking.com.** Set up an account with booking.com and list your unit there. There is no charge to create an account. When you list your unit, you become a host. Hosts typically pay a commission of 15% of the rental amount.
- **Facebook.** Post a note about your unit on the Block island Public Facebook Group. This group currently has more than 19,600 members and is open to anyone to join. It provides a way to facilitate direct connections to individuals interested in Block Island. No third party is involved in rentals, no charges are incurred by the owner, and no paperwork is required.
- **Vrbo.** Set up a free account on Vrbo.com and list your unit there. Vrbo charges a 5% commission on every booking. This amount is charged on the Booking Amount (your nightly rate times the number of nights booked plus your optional fees).
- **VRI.** Sign a rental agreement with VRI and place your unit in VRI's rental system. VRI's commission is 25% of the rental fee received. If the renter pays by Visa or MasterCard, there is also a 3% charge, which reduces the net amount paid to the owner. In the event that a rental is for less than a week, so that two cleanings are needed for the week, then the extra cleaning fee (currently \$80 for a studio or one-bedroom unit and \$100 for a two-bedroom unit) will be deducted from the rental proceeds paid to the owner. If rental revenue generated is \$600 or more, the owner will receive an IRS Form 1099-MISC.

An advantage of renting through VRI is that you will have the benefit of the advertising done by VRI and the Neptune House for rental units owned by the Owners Association.

Public Online Presence

Website

The Neptune House website is the main portal for information about the resort. In line with our marketing strategy, it is geared primarily towards the rental market. The website contains videos, lots of pictures and descriptive information, a link to our blog, and a convenient way to make rental reservations. Check it out on your computer, tablet, or handheld device at NeptuneHouse.com.

Facebook

The Neptune House Facebook page can be accessed by establishing a Facebook profile (<https://www.facebook.com/r.php>) and searching for Neptune House or @NeptuneHouseResort, or by going to <https://www.facebook.com/NeptuneHouseResort/> and then “following” the page.

If you’re reading this online, please click on the Facebook logo to be directed to our page or search for Neptune House Resort on Facebook.



Instagram

The Neptune House Instagram account can be accessed by establishing an Instagram account (<https://www.instagram.com>) and searching for Neptune House BI, or by going to <https://www.instagram.com/neptunehousebi/> and then “following” the page.

If you’re reading this online, please click on the Instagram logo to be directed to our page or search for Neptune House BI on Instagram.



YouTube

The Neptune House now has its own [YouTube channel](#). To sign into YouTube (<https://www.youtube.com/>), enter your Google Account email and password.

If you do not have a Google account, you can create one at YouTube.com by clicking on Sign In in the upper right corner.

When signed into YouTube, enter Neptune House Block Island in the search bar and scroll down past the ads to the Neptune House channel. We invite you to Subscribe to our channel and to give a Thumbs Up to our videos.



Communications

Create an Owner Account

Having an owner account allows you to see your account balance, your last payment, and your upcoming reservations. You can also make payments by credit card. Additionally, you have access to policy documents, newsletters, financial reports, budgets, plans, minutes of Board meetings, and other documents pertaining to the resort.

Creating an account is something that you can do yourself on the VRI website (www.vriresorts.com). Before doing so, your email address must be on file with VRI and associated with each of your shares (unit/weeks).

If you have not previously provided your email address, please call 1 (866) 469-8222 or email memberservices@vriresorts.com and ask to have it associated with all your shares.

To create an account, go to “Owners Portal” and click on “New Users.” Enter your Email Address and select from the Property Code drop down, enter your Account Number which is of the form UUU-WW where UUU is the unit number padded with leading zeroes and WW is the week number, and then click on “Register” and create a password.

Access Minutes of Board Meetings

If you want to keep abreast of the activities of the Board of Directors on a monthly basis, please access the minutes of Board meetings on the VRI website (www.vriresorts.com). Click on “Owners Portal,” and then log in to your account. The minutes are in the “Documents & Forms” section.

Receive Email Updates

As described above under “Phase-Out of Hard Copy Communications,” going forward most communications from the resort will be sent only by email. Making sure that your email address

on file is up to date will assure that you don’t miss anything.

Join the Private Facebook Group

In response to suggestions at the 2019 Owners Meeting, a Facebook group restricted to owners was established to facilitate communication among owners. Members of the group can share information about renting, selling, exchanging, participating in social activities, etc.

To join this group, search for **Neptune House Owners** on Facebook, or, if you’re reading this online, click on this link: [Neptune House Owners Private Group](#). Then submit a request to join the group. After your owner status has been verified, you will receive a notification of acceptance to the group.

Note that there are other Facebook groups with Neptune House in their names. Those groups have nothing to do with our resort. Be sure to request to join the group called **Neptune House Owners**.

Contact the Board of Directors

Questions, concerns, and comments may be sent to the Board via email addressed to board@neptunehouse.com. As fellow owners, we will strive to respond in a thoughtful and timely manner.



Neptune House

Block Island, RI



c/o VRI Americas
P.O. Box 399
Hyannis, MA 02601-0399

Contact Information

Neptune House

Resort Number (401) 466-2100
Fax (401) 466-5445
Website: www.neptunehouse.com

Still Need Assistance?

VRI Corporate Services (508) 771-3399
(800) 999-7140
VRI Fax (508) 775-6396

Resort Manager

Samantha Disotell (401) 466-2987
resortmanager@neptunehouse.com

Board of Directors

Email: board@neptunehouse.com

VRI Owner Services

Assessment Billing & Collection (949) 855-8004
(800) 999-7140
Monday - Friday 11:00 a.m. - 8:00 p.m. Eastern

Phil Totino, President
Cheryl Moore, Vice President of Facilities Planning
Mark Morrisette, Treasurer
Jeff Anliker
Doug Carnahan

VRI Reservations

General (800) 228-2968
Rentals, Vacation Tyme® (866) 469-8222
and Bonus Time
Website: www.vriresorts.com

Other Officers

Chris Lindgren, Secretary

Exchange Information

Interval International (800) 828-8200
Trading Places (800) 365-7617

Director of Resorts

Michael McManus
michael.mcmanus@vriamericas.com

Managed by VRI Americas
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