



Neptune House

Block Island, RI



April 2022

MESSAGE FROM THE BOARD PRESIDENT

Phil Totino, President

The Annual Meeting of the Neptune House Owners Association was held on March 26, 2022 at the Hilton Mystic in Mystic, CT. It was also broadcast live over the internet. 31 owners attended in person, and 28 attended remotely.

After welcoming remarks, there was a summary of how the resort is dealing with the impact of COVID-19. In 2021 the resort was open for the entire 30-week season and adhered to the guidelines from the State of Rhode Island and the Centers for Disease Control and Prevention (CDC). All amenities (except the soda machine, water cooler, and coffee machine) were made available as the season progressed. The resort will continue to adhere to relevant guidelines as the pandemic continues to evolve.

In the balance of this newsletter, the results of the election of two Board members to fill expiring terms are reported, along

with updates on the status of the Recreational Amenities project, other improvements made to the facilities, the financial position of the resort, and our strategic initiatives.

The Turnaround Plan established six years ago is winding down, and new initiatives to control costs and enhance the vacation experience will be undertaken. Details are in the article below entitled Strategic Initiatives.

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 2022** in the Newsletters and Notices section. You must log into your account to view the slides. A 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.

Election of Directors

Chris Lindgren, Secretary

At the Owners Meeting on March 26, owners, without regard to Association-owned shares, cast votes by proxy or in person to re-elect two incumbent directors for new 3-year terms, as follows:

Cheryl Moore	114 votes
Mark Morrissette	112 votes
Lanette Zaborowski	54 votes

The 3-year terms will expire in March 2025.

Congratulations to Cheryl and Mark and many thanks to Lanette for stepping forward. Ongoing owner interest in serving on the Board is critical to keeping the Board responsive to owners' needs. The resort benefits greatly from the skills and efforts of those owners who volunteer their time to set the course for the years ahead.

Inside this Issue: Recreational Amenities Project ■ Picture of New Tennis Court Under Construction Facility Improvements ■ Financial Update ■ Strategic Initiatives ■ Rental Options for Owners Deedback Program ■ Phase-Out of Hard-Copy Communications ■ Public Online Presence ■ Communications

Recreational Amenities Project

Cheryl Moore, Vice President of Facilities Planning

The third and final phase of the Recreational Amenities project got underway last fall, after being on hold during 2020 because of the effects of COVID-19. The tennis courts were demolished in October, concrete for one new court was poured in November, and installation of the fence was completed in January.

Painting the court for tennis and pickle ball and installation of the net are expected to be done in April or May, depending on weather conditions.

Installation of a new lawn in the space occupied by the other old tennis court as well as general landscaping is also planned for the spring.

The new lawn area could potentially be used for playing kickball, Wiffle Ball, cornhole, or other sports that do not require special infrastructure.

Completion of this work will mark the end of the Recreational Amenities project that included construction of the outdoor pool and patio.

Please note that the new court may be used only for tennis and pickle ball. Bike riding, skateboarding, rollerblading, and other uses that could mar the surface or damage the net will not be allowed.



New Tennis Court Under Construction

Facility Improvements

Samantha Disotell, Resort Manager

Many improvements were made to the buildings and grounds in 2021. 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 fixtures (towel bars and shower curtain rods) as needed
- Made plumbing repairs in several units including new stems, valves, and shut-offs
- Resurfaced showers/tubs in Units 1, 2, 3, and 12
- Replaced five refrigerators
- Replaced living room furniture as needed
- Shampooed and cleaned carpets in units
- Upgraded lobby in Building A with all new stair treads and 3 levels of new carpet and flooring
- Painted entire lower lobby of Building B
- Replaced flooring in bedrooms of Units 18 and 23

Exterior maintenance work included:

- Painted exterior doors in Building B
- Power-washed and stained decks and railings as needed
- Improved landscaping around front of Building B to allow for easy access to parking spots
- Made repairs to sewer pipes behind Building A where a large tree had been removed
- Replaced the exterior decks of Units 7 and 14
- Replaced nine patio furniture sets
- Purchased new gas grills
- Power-washed employee housing building

- Made repairs to plumbing in employee housing building
- Replaced pool cover system with single roller to decrease heat loss at night
- Replaced 20+ year-old van with a new-to-us used van

Improvements planned during 2022 include:

- Upgrade Unit 2 patio ceiling and deck
- Replace five sliding glass doors in Building B
- Install new cabinets and countertop in Unit 22
- Replace water heaters and boilers in Buildings A and B
- Create enhanced parking area in front of Building B
- Upgrade Wi-Fi technology and connect to the island's new broadband cable network
- Continue to improve artwork in units
- Update guest books per new normal / 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 additional outside furniture on unit patios
- Replace more gas grills
- Design and plant new flower gardens

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



“New” Van



Financial Update

Mark Morrissette, Treasurer

Overview

The 2021 financials show a modest loss from operations (\$10,278) for the full year. The loss was offset by the forgiveness of the Paycheck Protection Program (PPP) loan (\$34,835), resulting in a gain for the year of \$24,557. The modest loss from operations for the year was in line with expectations, as the COVID-19 pandemic pushed several planned property improvement projects into 2021.

Insurance Review

In 2021, we completed our annual insurance review, as required by our governing documents. The 2022 budget includes updated coverage.

Reserve Plan Review

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. An updated Reserve Study is underway this spring, the results of which will lead to appropriate revisions to our 25-year maintenance plan.

In 2021 we replaced the decks on Units 7 and 14, made substantial progress on the final phase of the Recreational Amenities project, upgraded our pool cover to a single-reel system, purchased a used van to replace our 20+ year-old van, and upgraded the common area in Building A.

During 2022, from the Reserve Fund we plan to:

- Continue catch-up repairs in living units
- Improve the patio deck and ceiling in Unit 2
- Replace five sliding glass doors in Building B
- Replace kitchen cabinets and the countertop in Unit 22
- Complete the Recreational Amenities project (tennis court and grass play area)
- Improve the parking area in front of Building B
- Upgrade our Wi-Fi technology to work with the new town-wide broadband system
- Replace the boilers and water heaters in Buildings B and A

Outlook

Overall fees charged to owners since 2000 have increased by an average of 5.0% 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 off-season rentals, and by introducing spending efficiencies where possible.

However, as we move into 2023, we expect a significant drop-off in revenue from sales, winter rentals, and bad debt recovery. We have no more summer shares to sell, winter rentals have been augmented by town projects that are winding down (wind farm and broadband rollout), and there's very little remaining to be collected from the 2016 and 2018 foreclosures. At this point, we anticipate annual maintenance fee increases in the range of 4% - 6% per year from 2023 onward.

Strategic Initiatives

Phil Totino, President

2016 Turnaround Plan

The Turnaround Plan established in 2016 has been a main focus of the Board's attention since that time. All the work encompassed by the six initiatives of the plan has been completed, except for final work on the new tennis court and grass play area – on track for completion in April/May. A brief summary of each initiative 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 2024.
- 2. Collection Policy** – Rodio & Brown, the law firm that handles defaults, continues to do a solid job in collecting from former owners in default. More than \$100,000 has been recovered in conjunction with the foreclosures in 2016 and 2018. New defaults are resolved in a timely manner.
- 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. An updated Reserve Study is underway. This will lead to an updated 25-year reserve plan.
- 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 two tennis courts, construction of a new court for tennis and pickleball, installation of new fencing, creation of a new grass play area, and landscaping, is on track to be completed this spring.
- 6. Sales & Marketing Program** – A combination of sales and rentals is being used to monetize shares owned by the Owners Association. All prime season shares (Memorial Day through late September) are in the hands of individual owners. Marketing efforts are aimed at generating more income from spring and fall shares via rentals. Some units are rented in the winter to contractors working on town projects such as the wind farm, electricity grid upgrade, and broadband rollout.

New Initiatives

The Board will be undertaking three major new initiatives over the next year. They are:

- Developing plans for upgrading unit interiors
- Studying the feasibility of installing solar panels – after or in conjunction with roof replacements planned for 2024
- Developing a proposal for installing equipment to provide air conditioning and de-humidification

Unit Interiors: Feedback from owners and information reflected in the satisfaction survey administered by Interval International to people who exchange into the Neptune House point to the need to do more to improve the interiors of the living units. Furniture in general needs a major overhaul, and curtain treatments in Building A need to be replaced and upgraded. Plans for making these improvements will be integrated into the 5-Year Property Improvement Plan that is going to be re-worked after the updated Reserve Study is completed in the spring.

Solar Panels: The current high cost of fossil fuels and a desire to play a part in dealing with climate change provide reasons to investigate the possibility of installing solar panels. An important concern to be addressed is whether the panels would pose a navigation hazard to aircraft because of flightpaths over the resort and the panels' reflectivity. If this concern is determined to be not an issue, the expectation is that solar panels could be installed with little or no upfront investment, presuming that current incentive programs and financing options remain available.

Air Conditioning and De-Humidification: This equipment would improve the comfort of owners and guests and help in controlling mold during times of high humidity. The cost of proceeding with this might prove to be too high for incorporation into current property improvement plans. Whatever approach is proposed would need to address the funding mechanism as well as the timeframe for installation.



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 24,000 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 35% 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 that is done by VRI and the Neptune House for rental units owned by the Owners Association.

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, foolproof 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, including information intended to aid 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 over to the Owners Association.

The *Reseller's Handbook* reflects sales data through 2021 and is available through the Owners Portal of the VRI website by clicking on **Policy Reseller's Handbook** in the Documents and 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.

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) are no longer being sent via postal mail. They are 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 are 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.

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 (949) 587-2299
(800) 999-7140
VRI Fax (949) 315-3753

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
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