



Neptune House

Block Island, RI



April 2023

MESSAGE FROM THE BOARD PRESIDENT

Phil Totino, President

The Annual Meeting of the Neptune House Owners Association was held on March 25, 2023 via videoconference. 43 owners attended.

At the beginning of the meeting, Jeff Anliker was recognized for his six years of service on the Board. Of particular note, Jeff chaired the Marketing Committee which created a presence for the resort on social media, re-wrote the website, produced a series of one-minute videos, and developed effective advertising channels for spring and fall rentals. Jeff decided not to run for re-election when his second term expired.

During introductory remarks, there was a summary of key accomplishments over the past year. These include completion of the recreational amenities construction project, an update to the 25-Year Reserve Plan, and the start of an effort to upgrade the living units to a common standard of function,

comfort, quality, and attractiveness. It was also noted that high-speed internet service inched closer to availability but still remains to be implemented. The current indications are that we might not be up and running until September.

In the balance of this newsletter, the results of the election of two Board members to serve for three-year terms are reported, along with a recap of the Recreational Amenities project, an outline of new strategic initiatives, a listing of improvements made to the facilities, and an overview of the financial position of the resort.

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 2023** in the Newsletters & Notices section. You must log into your account to view the slides.

Election of Directors

Chris Lindgren, Secretary

Owners cast votes by proxy to elect two directors for new 3-year terms, as follows:

Phil Totino	111 votes	Lanette Zaborowski	68 votes
Dave Cohen	75 votes	Chris Uscinski	4 votes

The 3-year terms will expire in March 2026.

Congratulations to Phil and Dave, and thanks to Lanette and Chris for stepping forward. This will be Phil's fourth term on the Board and Dave's first term. Owner interest in serving on the Board is vital to keep the Board responsive to owners' needs and to plan for the future. The resort benefits greatly from the skills and ideas of those owners who volunteer their time to lead the resort on the road to continuous improvement.

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Recreational Amenities Project

Cheryl Moore, Vice President of Facilities Planning

The project to construct new recreational amenities, approved by a vote of all owners in October, 2016, was completed last August. The work was funded by a supplementary fee of approximately \$100 per share for three years. The work was stretched out over almost six years due in part to the disruptions caused by the COVID-19 pandemic. Key milestones in the project are as follows:

- Approval by Vote of Owners.....October, 2016
- Outdoor Heated Pool.....August, 2018
- Patio & Fire Pits.....June, 2019
- Grass Play Area.....July, 2022
- Tennis/Pickleball Court.....August, 2022
- Project Completion.....August, 2022

Many thanks to resort manager Samantha Disotell and to Mike McManus of VRI for sourcing and managing the various contractors who worked on different aspects of the project. The Board is pleased with the results and looks forward to many years of enjoyment for all owners and guests.



Recreational Amenities

Strategic Initiatives

Phil Totino, President

With the completion of the Recreational Amenities project, the Board has turned its long-term focus to three areas:

1. Upgrading unit interiors to a common standard of function, comfort, quality, and appearance
2. Investigating solar panels
3. Investigating possible new amenities
 - Air Conditioning / De-Humidification
 - Dishwashers
 - Granite Kitchen Countertops
 - Elevator in Building B

Unit Interiors

The updated 25-Year Reserve Plan includes funding to bring the interiors of all units up to a common standard of function, comfort, quality, and appearance. Features include:

- Bedroom Alarm Clocks with Power Outlets, USB Ports, and Bluetooth Speakers
- Bedroom/Living Room Lamps with USB Ports
- Living Room Rugs
- Up-To-Date Art on Walls
- Functional Up-To-Date Window Treatments
- Up-To-Date Sliding Glass Doors
- Framed-in Windows in place of some Sliding Glass Doors
- Up-To-Date Kitchen Cabinets, Countertops, and Appliances
- Up-To-Date Dining Room Sets
- Up-To-Date Living Room Furniture
- Appropriately Sized TVs
- Up-To-Date Bedroom Furniture and Comfortable Mattresses
- Up-To-Date Bathroom Vanities
- Non-Slip Tubs/Showers
- Functional, Attractive Flooring and Lighting

The total estimated cost of the work needed is \$536,000, which is an average of about \$23,000 per unit. Units needing the least amount of work are Units 6, 15, 10, 3, and 18. Units needing the most amount of work are Units 23, 8, 21, 4, and 14. Funding comes from the Reserves portion of the Annual Maintenance Fees. The amount allocated in the 2023 budget for this work is \$90,000.

Solar Panels

In 2024 our Reserve Plan calls for replacing the asphalt roofing on Building B. In anticipation of this work, the Board established the Solar Panel Initiative Committee to investigate the installation of solar panels in conjunction with or shortly after this work. The Committee's efforts included looking at various incentive programs and funding arrangements (ownership, leasing, or Power Purchase Agreement), as the Board stipulated that a solar system should provide a financial benefit via lower annual electricity costs incurred by the Neptune House as compared to what the costs would be otherwise. Members of the committee are Phil Totino (Chairman), Dave Cohen, Samantha Disotell, and Mike McManus.

Factors that impact the financial viability of a solar system on Block Island include 1) the federal Investment Tax Credit, 2) the amount of funding from the Rhode Island Renewable Energy Fund, 3) the amount of funding from the Block Island Solar Initiative, and 4) the amount of credit that the Block Island Power Company (BIPCo) grants for electricity produced by photovoltaic systems and fed into the power grid.

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Strategic Initiatives Continued

Phil Totino, President

Our project would likely be eligible for 30% reimbursement of the project cost from the federal government, and additional funding of 20%-30% of project cost would be provided by the state's Renewable Energy Fund. However, the Block Island Solar Initiative is providing funding only to residential projects at this time, and – most importantly – the rate at which BIPCo credits electricity produced by a solar system is much lower than the rate that it charges customers. In addition, BIPCo has a cap on the amount of such electricity that it will accept into the grid. The constraints that BIPCo imposes create a challenge for designing a system that makes financial sense.

The Committee requested proposals from fifteen (15) solar system installers operating in Rhode Island, Connecticut, or Massachusetts, but no proposal has yet been received. Many installers indicate a reluctance – if not outright refusal – to work on Block Island. Our experience is not unique. The Block Island Solar Initiative has a long list of individual homeowners interested in installations and is having a difficult time lining up an installer.

The installers who are working on developing proposals are:

- Got Sun Go Solar of Seekonk, MA
- NEC Solar of Bristol, RI
- Gansett Solar of Narragansett, RI
- Sol Power of Charlestown, RI
- Renewable Energy Solutions of Warwick, RI

The Committee will evaluate the financial viability of any proposal that may be brought forward. Of course, the Board of Directors will make the decision on whether to proceed.

Possible New Amenities

In recent years, owners have expressed interest in some new, non-recreational amenities that would enhance their vacation experience. In particular, they've asked about 1) air conditioning / de-humidification to improve comfort and control mold and mildew, 2) dishwashers to add to convenience, 3) granite kitchen countertops to provide a “wow” factor, and 4) an elevator in Building B to make it easier to traverse the four stories.

None of these enhancements to our facilities is included in the 25-Year Reserve Plan, as they go beyond maintaining what is already in place. Funding would need to come from a special charge for each one in the same way that the recreational amenities project was funded; a majority vote by owners would be required to proceed. The table below shows the estimated cost and a possible funding scenario for each amenity.

Amenity	Estimated Total Cost	Cost per Share *	Annual Charge	Number of Years
Air Conditioning / De-Humidification	\$ 600,000	\$ 1,070	\$ 214	5
Dishwashers	\$ 150,000	\$ 270	\$ 90	3
Granite Kitchen Countertops	\$ 100,000	\$ 180	\$ 60	3
Elevator in Building B	\$ 1,800,000	\$ 3,200	\$ 640	5
Total	\$ 2,650,000	\$ 4,720		

* Rounded to nearest \$10

The Board has decided to defer further consideration of these amenities. Our focus over the next few years will be on bringing all living units up to a common standard of function, comfort, quality, and attractiveness. Furthermore, management does not have the bandwidth to handle one or more major projects in addition to the long-term maintenance projects that are included in our Reserve Plan during the next few years.

Facility Improvements

Samantha Disotell, Resort Manager

Many improvements were made to the buildings and grounds over the past year. In-house staff performed some of the work, but contractors with special expertise were responsible for the vast majority of the work.

Work on units and common areas included:

- Installed new cabinets and countertop in Unit 22
- Installed new flooring in kitchens of Units 3 and 22
- Installed new flooring in both bedrooms of Units 22 and 24
- Resurfaced showers/tubs in Units 16, 17, and 18
- Replaced bathroom vanities/sink tops in Units 16, 17, and 18
- Replaced a sliding glass door in Unit 22 and Unit 23
- Replaced furniture in Units 1, 3, 6, and 22
- Replaced boiler in Bldg. A
- Replaced boiler and water heater in Bldg. B; added separate heater for pool water

Exterior maintenance work included:

- Upgraded Unit 2 patio including drainage/gutter system, ceiling fan, deck, and table/chairs
- Purchased four Adirondack chairs, two tables, and several lawn games for new grass play area
- Installed five small trees bordering the patio adjacent to the grass play area
- Installed stone wall, new fencing, granite stairs with railing, stepping stone path, and new garden in Units 4, 5, 6 porch area
- Replaced wooden staircase on side of Bldg. A near shed with granite stairs and new railing; installed stone wall from staircase to the back of the parking area
- Replaced outside furniture on porches of Units 12, 16, 17, 18, 19, 20, and 21
- Replaced three gas grills

Improvements planned during 2023 include:

- Replace lamps in all units with lamps having power outlets and USB ports
- Replace clock radios with new alarm clocks that also have power outlets, USB ports and Bluetooth
- Purchase twelve rugs and install where needed
- Begin replacement of window treatments in Bldg. A
- Replace certain old/dated appliances in Units 3, 4, 5, and 14
- Replace mattress in Unit 8
- Install new cabinets and countertops in Units 3 and 23
- Install new flooring in Unit 23 kitchen/dining area
- Resurface showers/tubs in three units in Bldg. A
- Replace exterior casings of sliding glass doors in Units 8, 9, and 11
- Replace sliding glass door in Unit 8
- Replace sliding glass doors in living rooms of Units 22, 23, and 24 with framed-in windows
- Complete painting of Bldg. A lobby
- Replace washing machine for housekeeping
- Grade parking area and improve landscaping in front of Bldg. B
- Install automated pool cover
- Upgrade Wi-Fi technology and connect to the island's new broadband cable network



New Wall & Stairs between Bldg. A and Shed



Unit 2 Patio

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

Financial Update

Mark Morrissette, Treasurer

Overview

The 2022 financials show a modest loss (\$53,665) for the full year. This was due to higher reserve spending than budgeted, primarily due to the replacement of the boiler in Building B moving from 2021 into 2022 after the budget was set, along with a cost overrun on that project. Overall, our multi-year financials are in line with expectations.

Insurance Review

In 2022, we completed our annual insurance review, as required by our governing documents. The 2023 budget includes updated coverage.

Reserve Plan Review

Last spring, we hired a consultant to conduct an updated reserve study covering all aspects of interior and exterior maintenance needs over the next 25 years. The last such study was done five and one-half years before then (fall, 2016).

Based on the results of the study, we updated and extended our 25-year maintenance plan to accommodate the new needs assessment and updated cost profile. The Plan includes funding to bring all living units up to a common standard of function, comfort, quality, and appearance.

Over the next five years, the Reserve Fund includes funds for:

- Living Unit Upgrades
- Wi-Fi Technology Upgrade
- Parking Bldg. B
- Roof Bldg. A - Rubber Membrane
- Washing Machine for Housekeeping
- Automated Pool Cover
- Washer/Dryer Bldg. A
- Bldg. A Brick Stairs Replacement
- Roof Bldg. B - Architectural Composition
- Exterior Doors Bldg. A
- Exterior Doors Bldg. B
- Decking Bldg. 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 maintaining spending efficiencies.

However, as we look towards 2024, we expect that inflation and continued erosion of ownership will foster upwards pressure on maintenance fees. At this point, we anticipate annual maintenance fee increases of 4%-6% per year.

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, 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

Most communications from the resort are 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

A Facebook group restricted to owners is in place 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.



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 2022 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.

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 Morrissette, Treasurer
Doug Carnahan
Dave Cohen

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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