



March 30, 2024

Owners Association Annual Meeting

Agenda

- 10:00 – 10:10 a.m. Welcome & Opening Remarks..... Phil Totino**
- 10:10 – 10:15 a.m. Strategic Initiatives..... Phil Totino**
- 10:15 – 10:25 a.m. Facility Improvements..... Samantha Disotell**
- 10:25 – 10:45 a.m. Financial Status..... Mark Morrissette**
- 10:45 – 10:55 a.m. Timeshare Exchanges..... Justin Smith**
- 10:55 – 11:00 a.m. Election Results..... Chris Lindgren**
- 11:00 – 12:00 p.m. Q&A..... All**
- 12:00 p.m. Adjournment**



Phil Totino

Welcome & Opening Remarks

Housekeeping

- **Zoom Videoconferencing Software**
 - **Muting**
 - **How to Raise Your Hand during the Q&A Session**
 - **At bottom of Zoom Window, click *Reactions***
 - **Then click *Raise Hand* or *Lower Hand*, as appropriate**
 - **Calling in via Telephone**
 - ***9 to Raise/Lower Hand**



NHOA Meeting

Introductions

- **Board of Directors**
 - **Phil Totino – President**
 - **Mark Morrissette – Treasurer**
 - **Cheryl Moore**
 - **Doug Carnahan**
- **Other Officer**
 - **Chris Lindgren – Secretary**
- **Management Team**
 - **Samantha Disotell – Resort Manager**
 - **Justin Smith – Area VP, Resort Operations ,VRI Americas**

Resort Season Highlights

- **Installed Automated Pool Cover**
- **Connected to High-Speed Broadband**
- **Completed First Year of Unit Interior Upgrade Work**
 - **Strategic Initiative**
- **Expect to Receive Unplanned Revenue from Two Sources**
 - **Employee Retention Tax Credit (ERC)**
 - **Reimbursement for Certain Charges by VRI**



Challenges

- **Dramatically Increased Insurance Premiums**
- **Increased Energy Costs**
- **Unplanned Building Code Compliance Issues (Fire Safety)**
- **Unplanned Sewer Line Replacement**
- **\$200/share special assessment due May 31**



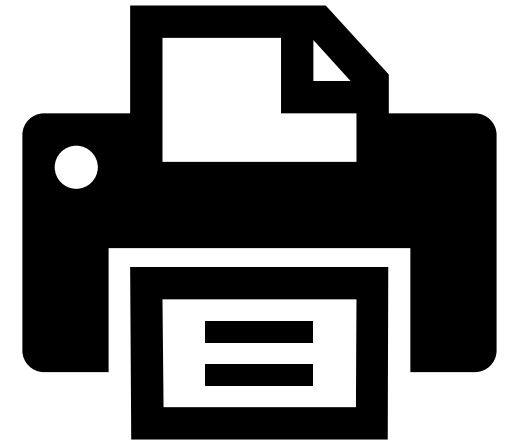


Phil Totino

Strategic Initiatives

Strategic Initiatives

- 1. Upgrade Living Unit Interiors**
 - **Common Standard of Function, Comfort, Quality, and Appearance**
- 2. Investigate Solar Panels**



Unit Interiors (1 of 3)

- **Features**

- **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**



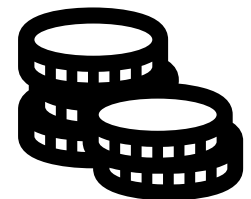
Unit Interiors (2 of 3)

- **Features (Cont'd)**
 - **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 and Non-Slip Tubs/Showers**
 - **Functional, Attractive Flooring and Lighting**



Unit Interiors (3 of 3)

- **Total Estimated Cost of Work Needed: \$536,000**
- **Completion Percentage to Date: 21%**
- **Estimated Cost of Remaining Work: \$424,000**
 - **Average Per Unit: \$18,400**
- **Units Needing the Least Work: 6, 10, 15, 3, 7**
- **Units Needing the Most Work: 21, 16, 4, 2, 20**
- **Funding Source: Annual Maintenance Fees**
- **Amount allocated in 2024 Budget: \$20,000**



Solar Panels (1 of 3)

- **Solar Panel Initiative Committee**
 - **Phil Totino (Chair)**
 - **David Cohen**
 - **Samantha Disotell**
- **Objectives**
 - **Determine the Feasibility of Installing Solar Panels on the Roofs of the Neptune House Buildings**
 - **Evaluate Alternatives taking into account Net Financial Advantage to be gained**
 - **Make a Recommendation to the Board of Directors**



Solar Panels (2 of 3)

- **Considerations**

- **Federal Investment Tax Credit**
- **Rhode Island Renewable Energy Fund**
- **Block Island Solar Initiative**
- **Restrictions Imposed by Block Island Power Company**
 - **Maximum Size for Solar Systems**
 - **Low Rate Credited for Electricity Generated by Solar Systems**



Solar Panels (3 of 3)

- **Status**

- **Proposal Received from Contractor in June, 2023 to Install Solar Array on the Roof of Building B**
- **Financial Analysis Favorable on its own Merits**
- **However, No Viable Way to Finance the Project**
 - **\$150,000 upfront investment**
 - **\$ 60,000 grants within a year**
- **Plan to Revisit in the Future**





Samantha Disotell

Facility Improvements

2023 Improvements: Units and Common Areas (1 of 3)

- **Replaced bedroom clock radios with alarm clocks that also have power outlets, USB ports, and Bluetooth**
- **Replaced lamps in all units with lamps having USB ports**
- **Purchased twelve rugs and installed where needed**
- **Replaced window treatments in Units 3, 6, 8, 9, 11, & 15**
- **Replaced refrigerators in Units 4 and 5**
- **Installed new cabinets and countertops in Units 3 & 23**
- **Installed new flooring in Unit 23 kitchen/dining area**

2023 Improvements: Units and Common Areas (2 of 3)

- **Replaced furniture in several units**
 - **Unit 1 - New sofa, coffee table, side tables, swivel chair**
 - **Unit 3 - Twin bed frames and mattresses, dining table/chairs, master bedroom night stands**
 - **Unit 8 – queen mattress, coffee/side table, dining table/chairs**
 - **Unit 10 - Nightstands, coffee table/side table**
 - **Unit 14 - Dining table/chairs, coffee table, end tables**
 - **Unit 20 - End tables**

2023 Improvements: Units and Common Areas (3 of 3)

- Resurfaced showers/tubs in Units 7, 10, and 15
- Completed painting of Bldg. A lobby
- Replaced water heater in Bldg. A
- Replaced coin-op washing machine in Bldg. A
- Replaced washing machine for housekeeping
- Addressed issues on the list of deficiencies found during inspection by State Fire Marshall. Major tasks included:
 - Installing fire box radio
 - Installing Emergency Access System box
 - Installing Bldg. A audible alarm system
 - Installing wiring for smoke and carbon monoxide detectors
 - Replacing ten interior doors plus main entrance with fire doors in Bldg. A



2023 Improvements: Exterior Maintenance

- Replaced exterior casings of sliding glass doors: Units 8 and 9
- Replaced sliding glass door in Unit 8
- Replaced sliding glass doors in living rooms of Units 22, 23, and 24 with framed-in windows
- Installed automated pool cover
- Replaced rubber membrane on roof of Building A
- Made minor improvements to roof of Building B
- Connected to the island's new broadband cable network and upgraded Wi-Fi technology



2024 Improvements Planned

- **Replace Building A sewer line**
- **Re-key doorknobs to problem units**
- **Install storm door in Unit 5**
- **Replace sleeper sofas in Units 2, 5, 7, 17, and 18**
- **Replace swivel chairs in Units 2, 4, 5, 8, 10, 17, and 18**
- **Replace dining room set in Unit 2**
- **Replace coffee table, chair, and nightstands in Unit 15**
- **Replace porch furn. in Units 3, 4, 9, 11, 15, 22, 23, & 24**



Smoke and Carbon Monoxide Detectors

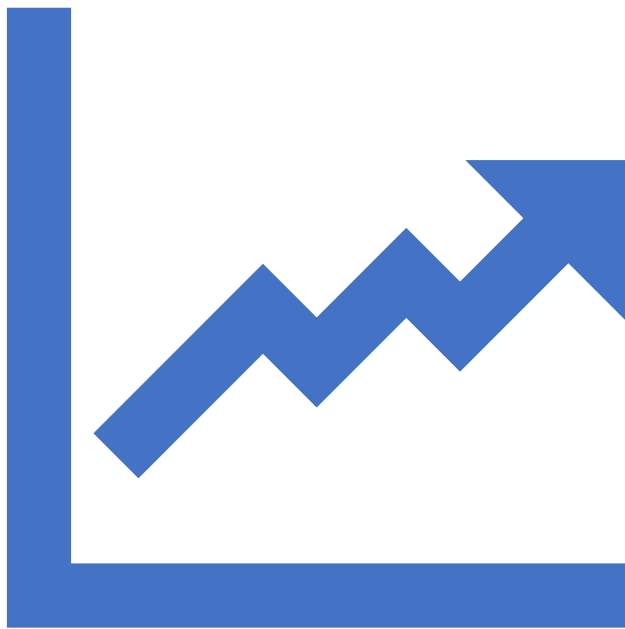


Broadband Control Panel



New Sewer Pipes





Mark Morrissette

Financial Update

Financial Overview

- **Financial health of the Association weakened**
- **Multiple budget-busters: insurance, fire, sewer, etc.**
- **Special Assessment will return the Association to stable financial position**
- **Annual Assessment 2024 and beyond: anticipate annual increases**

Required Insurance Review

- **Completed annual review of hazard insurance and fidelity bond**
- **Resort maintains adequate coverage**
- **Significant increases in costs in 2023 and beyond**



2023 Operations vs. Budget

	<u>Gain/Loss(\$000)</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenue	\$ 751	\$ 735	\$ 16
Operating Expenses	<u>761</u>	<u>735</u>	<u>(26)</u>
Gain (Loss)	(10)	0	(10)

- Despite higher revenue and higher costs, essentially on budget
- Higher costs amplified by \$54 thousand increase in insurance costs

2023 Reserves vs. Budget

	<u>Gain/Loss(\$000)</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Revenue	\$ 95	\$ 95	\$ -
Reserve Expenses	<u>197</u>	<u>175</u>	<u>(22)</u>
Gain (Loss)	(102)	(80)	(22)

- Reserves spending includes interior and exterior improvements and major planned maintenance
- Cost overruns in new Bldg. A boiler, Wi-Fi upgrade, and automated pool cover
- Partially offset by lower spending in unit upgrades

Consolidated Financials

	<u>Gain/Loss(\$000)</u>		
	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total Assessment	\$ 750	\$ 776	\$ 792
<i>Plus</i> Additional Revenue	<u>92</u>	<u>63</u>	<u>54</u>
Total Revenue	842	839	846
<i>Less</i> Expenses	<u>852</u>	<u>893</u>	<u>958</u>
Gain (Loss) from Normal Operations	<u>(10)</u>	<u>(54)</u>	<u>(112)</u>
Gain (Loss) with \$35K PPP forgiveness	25		

- **Actual 2023 loss \$32K more than expected**
- **Multi-year financials slightly behind expectations (2023)**

Summary Balance Sheets

(December 31) (\$000)

Assets	<u>2021</u>	<u>2022</u>	<u>2023</u>	
Cash	\$ 706	\$ 718	\$ 659	
Assessments Receivable for Upcoming Year	343	317	234	
Pre-Paid Expenses	<u>15</u>	<u>21</u>	<u>36</u>	
Total Assets	1,064	1,056	929	
Liabilities				
Accounts Payable (Bills to be paid)	30	50	26	
Accrued Expenses	12	12	10	
Deferred Revenue	<u>766</u>	<u>792</u>	<u>803</u>	
Total Liabilities	808	854	839	
<i>Fund Balance</i>	256	202	90	<i>Decrease in Fund Balance: \$32K more than budgeted</i>

2024 Budget

Operating Expenses

\$ 861,382

+17% vs. 2023
60% of increase due
to insurance

Other/Discretionary

Reserves/Improvements

\$ 46,000

Total Budget

\$ 907,382

- **Maintenance Fees Increased 14% from 2023 to 2024**
- **Reserve/Improvement costs will be significantly higher due to fire safety and sewer line expenses**

Reserve Plan Background

- Objectives:**
- **Ensure long-term viability of Neptune House**
 - **Maintain stable Maintenance Fees, without a need for Special Assessments**

- Actions:**
- **Completed initial review of all facilities (2016)**
 - **Full update completed in 2022**
 - **Maintain 25-year reserve spending plan**
 - **Budgeting preventive maintenance & improvements**
 - **Increased budget for interior improvements**



Plan did not Adequately Reserve for Unknowable Expenses

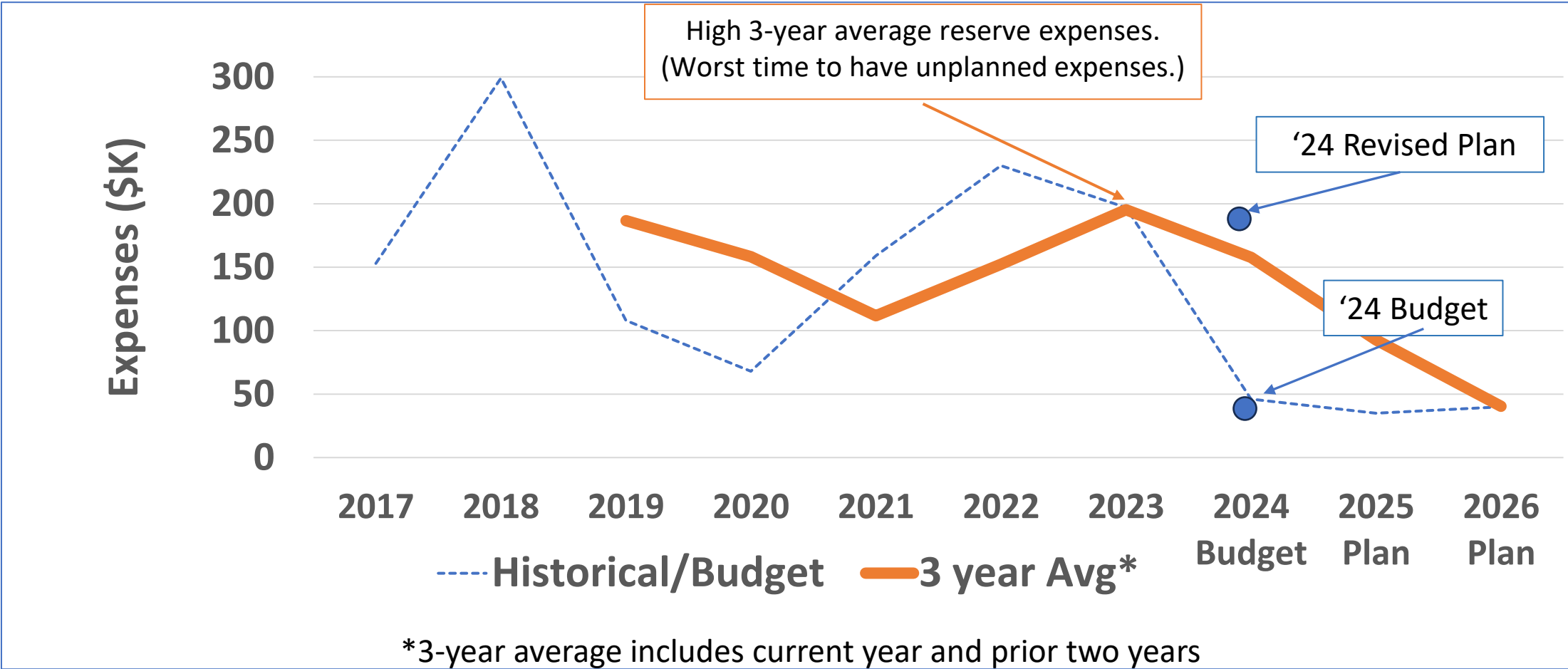
Reserve Plan Status

- **Cash in the reserve account insufficient for 2024**
 - Fire code compliance and sewer line add \$150K to budget
 - Made temporary repairs to Bldg. A brick stairs and Bldg. B roof to defer replacement projects 3-5 years
 - Scaled back interior unit upgrade plans
- **Special Assessment required to fulfill cash needs**



Reserve Expenses

Reserve Expenses fluctuate based on long-term plan.
2023 was planned as a completion of a 3-year peak in expenses.



Special Assessment

- **Unexpected Costs**

- **Fire Safety Building Code Compliance Work** **\$100,000**
- **Bldg. A Sewer Line Replacement** **50,000**
- **Total** **\$150,000**

- **Funding Sources**

- **Reserve Fund** **\$ 50,000**
- **Special Assessment** **100,000**
- **Total** **\$150,000**

Replenishment of Reserve Fund

- **Unexpected Revenue Sources**

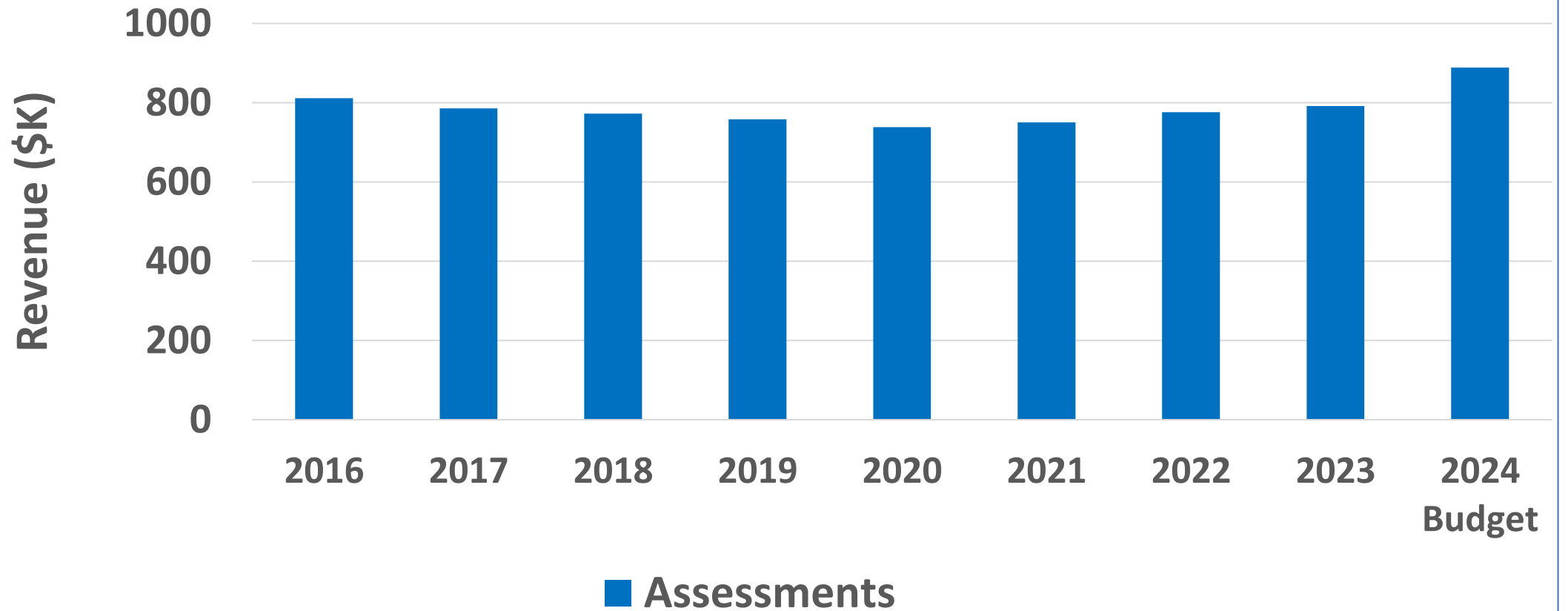
- **Employee Retention Tax Credit** **\$ 30,000**
- **Reimbursement of Certain Charges from VRI** **??????**
- **Total** **\$ 30,000+**

- **Goal: Build Reserve Fund up to \$100,000 excess over amount required for planned projects**

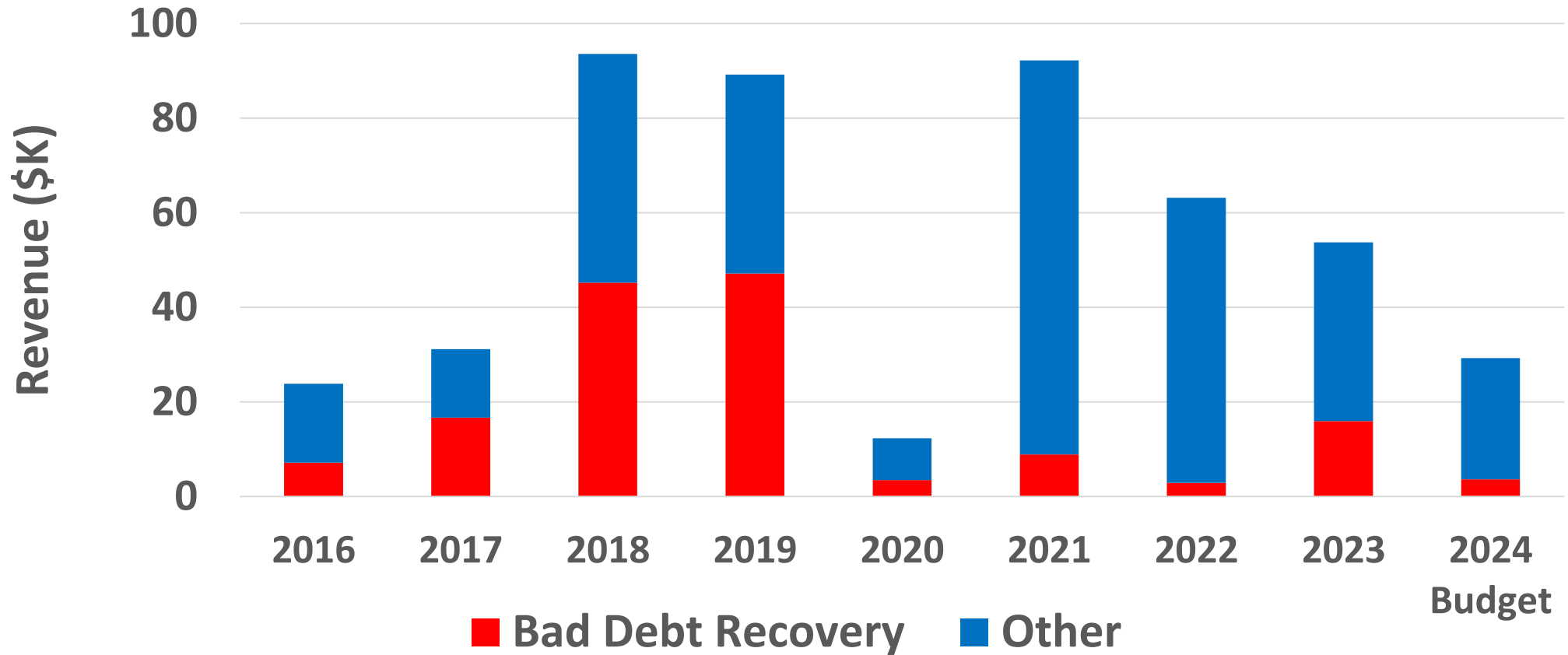
Reserve Plan Projects

Reserve Plan Project	2024	2025	2026	2027	2028	Total
Living Unit Upgrades	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 15,000	\$ 95,000
Building Code Compliance Measures	\$ 101,800					\$ 101,800
Wi-Fi Technology Upgrade	\$ 13,197					\$ 13,197
Roof Bldg A - Rubber Membrane	\$ 8,700					\$ 8,700
Bldg A Sewer Line Replacement	\$ 50,000					\$ 50,000
Bldg A Brick Stairs Replacement		\$15,000				\$ 15,000
Parking Bldg. B			\$ 5,000			\$ 5,000
Exterior Doors Bldg A			\$9,381			\$ 9,381
Exterior Doors Bldg B			\$6,070			\$ 6,070
Decking Bldg A				\$107,161		\$ 107,161
Concrete Pad - Bldg B					\$22,046	\$ 22,046
Roof Bldg B - Architectural Composition					\$72,509	\$ 72,509
Common Area Bldg B					\$2,208	\$ 2,208
Van					\$35,395	\$ 35,395
Total	\$ 193,697	\$ 35,000	\$ 40,451	\$ 127,161	\$ 147,158	\$ 543,467

Maintenance Fee Revenue

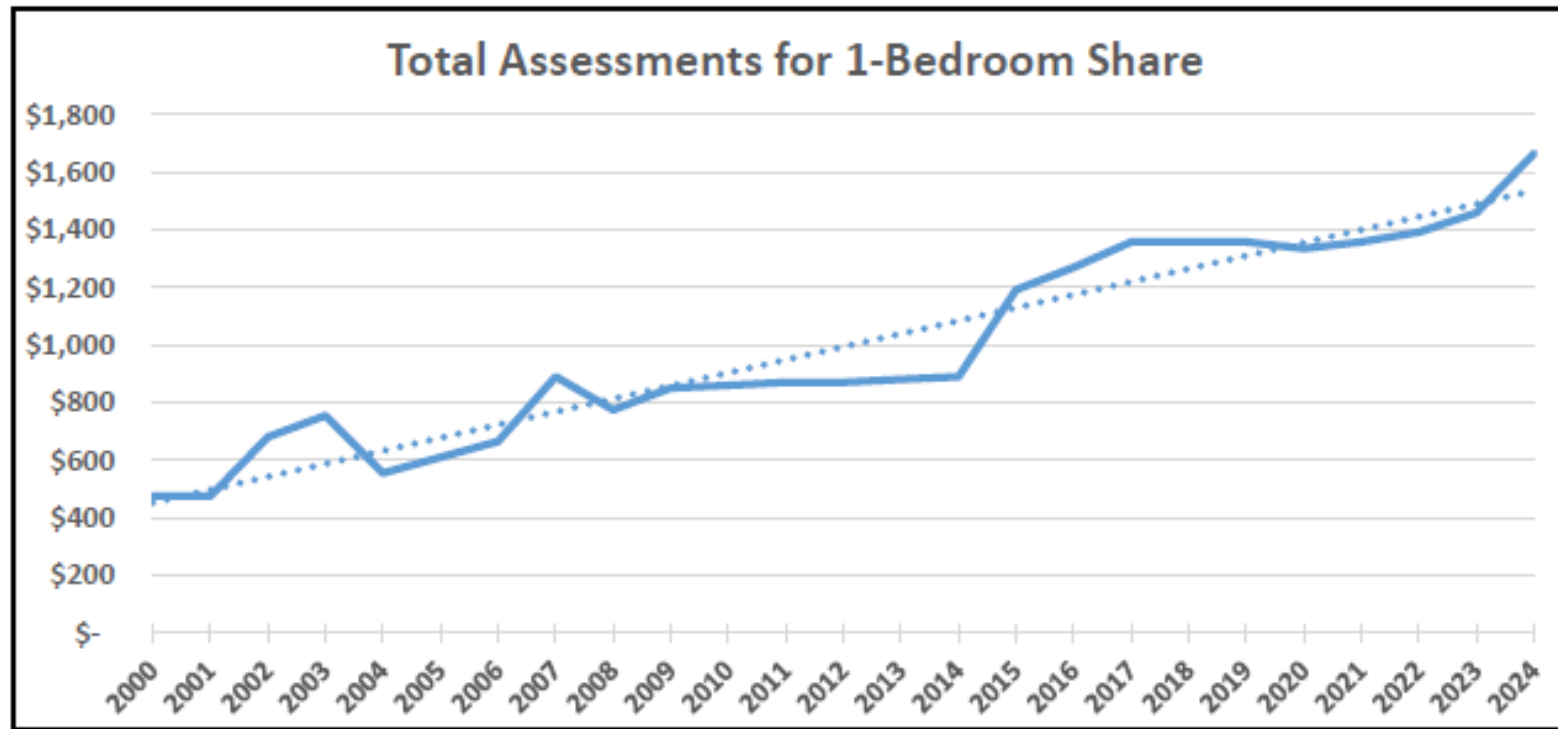


Non-Maintenance Fee Revenue



Note: Other includes sales, rentals, deedbacks, interest, and VRI marketing payment

Maintenance Fee History



- **5.4% Compound Annual Growth Rate since 2000**
- **Key Factors For Increases**
 - Block Island Inflation
 - Fewer Paying Shares
 - Aging Facilities
- **Mitigation Efforts**
 - Spending Efficiencies
 - Supplementary Revenue Sources

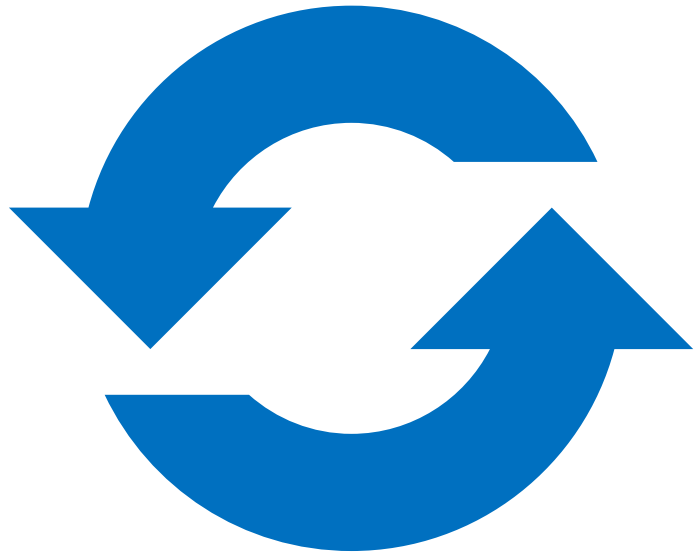
Spending Efficiencies

- **Automated Pool Cover**



Outlook

- **Special Assessment was required to keep reserve fund balance adequate as part of 5-year and 25-year plan**
- **Slow/steady decline in performing shares remains key issue**
- **Early fee guidance: Anticipate 8%+- increase in 2025 and annual increases (5% - 6%) in 2026 and beyond: fund reserves, declining ownership, insurance cost uncertainty**
- **Board continuing to pursue ways to minimize fee increases while maintaining financial health of resort**



Justin Smith

Timeshare Exchanges

MEMBERSHIP TYPE	<u>CLASSIC</u>	<u>PRIME</u>
ANNUAL MEMBERSHIP FEE	FREE	\$79/year
EXCHANGE FEE	\$169	\$144
UNIT SIZE UPGRADE	\$25 - \$500	\$40 Off
SEASON UPGRADE	\$100	\$50
GUEST CERTIFICATE	FREE	FREE
HOT DEALS (7-NIGHT RENTALS)	\$299 - \$1,999 per week	\$40 Off

SAME GREAT EXCHANGE BENEFITS

BETTER VALUE

No Membership Fees.
No Deposit Fees.
Low Exchange Fees.

ENHANCED AVAILABILITY

No restrictions on viewing
availability based on the value
of your Deposit.

HOT DEALS

Book an unlimited number of
highly discounted 7-night vacation
rentals sourced from Exchange &
Rental inventory. Hot Deals
include peak season and range
from \$299 - \$1,999 per week.

MORE VACATIONS

Receive a Bonus Week
with each deposit, turning
each use week into 2
vacations.

ULTIMATE FLEXIBILITY

Upgrade to a larger room size
and/or higher season.

**NEW LOOK.
NEW DESTINATIONS.
SAME GREAT EXCHANGE BENEFITS.**

March 30, 2024

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NHOA Meeting

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Interval International Membership Levels

Interval International®

Full-week exchange
Getaways (available for 7 nights or less)
Cruise exchange (limited time only)
Hotel discounts powered by Priceline
Partner Network™ (up to 60% off)
Interval Travel®
Guest Certificates
Intervalworld.com
Interval International To Go app
Interval World® digital magazine
Digital Resort Directory
Interval HD
Community

Interval Gold®

Interval International benefits +
ShortStay Exchange®
ShortStay GetawaysSM from 1 – 6 nights
Interval Options®

- Cruise exchange
- Tour exchange
- Golf exchange
- Spa exchange
- Interval Experiences exchange

\$25 Getaways discount*
Hotel discounts powered by Priceline
Partner Network (up to 65% off)
Hertz Gold Plus Rewards®
Dining and Leisure Discounts Powered
by Entertainment®
VIP ConciergeSM
Dining Connection
Golf Connection
City Guides

Interval Platinum®

Interval International and
Interval Gold benefits +
\$50 Getaways discount*
Up to five free Guest Certificates per
membership year
Platinum Escapes
Hotel discounts powered by Priceline
Partner Network (up to 70% off)
Priority Pass™ airport lounge
membership
Priority Getaway viewing

*Minimum-night stay required.



Interval International Membership Fees

Annual Membership Fees	
Interval Membership	\$99
Interval Gold Membership	\$64
Interval Platinum Membership	\$139

Interval Options	
Cruise Exchange	\$199
Hotel Exchange	\$159
E-Plus	
	\$89
Guest Certificates	
	\$79

Exchange	
Full-week exchange	\$229
ShortStay Exchange	
1 night	\$149
2 nights	\$159
3 & 4 nights	\$169
5 nights	\$179
6 nights	\$189

Club Interval Gold

Flexible Exchange Opportunities

WEEKS

- Club Interval Gold® offers a points-based exchange service designed exclusively for owners of traditional fixed- or floating-week timeshares. The program allows you to deposit a week at your home resort with Interval International® in exchange for Club Interval Points.
- Redeem your points for full weeks of vacation time across the entire Interval resort network.
- Requests may be for a variety of accommodation sizes and travel seasons for the ultimate in flexibility.

SHORTSTAY EXCHANGE®

- Club Interval Gold gives you the freedom to trade your week for two vacations — each from one to six nights. If you convert your week to points, you can redeem your points for as many shorter vacations as your available points allow.

INTERVAL OPTIONS

- With Interval Options®, you may use your points toward the purchase of a cruise, hotel, tour, golf, or spa vacation, or a unique Interval Experiences adventure.*
- Make a cruise exchange online and save.

With hotel exchange, you can trade your week or points toward a hotel stay or condo-style accommodations sourced directly by Interval.



Club Interval Gold

Other Great Benefits

GETAWAY DISCOUNTS

- Receive \$25 off the below-market prices of Getaways — full weeks of condo-style resort accommodations in popular vacation destinations around the world — without exchanging.
- Reservations are available up to 18 months in advance, or just 24 hours before you want to travel.
- Bookings can be made by calling 866-763-7570 toll-free, or online at intervalworld.com.
- Purchase Guest Certificates to share Getaways (or your exchange) with friends and family.
- With our Best Price Guarantee, there's no need to shop around for a better rate on Getaways.**



DINING AND LEISURE DISCOUNTS POWERED BY ENTERTAINMENT®

- Access discounts at participating restaurants and retail locations across the U.S. and Canada. Receive up to 50 percent off, and enjoy two-for-one offers and other special values whether you're traveling or right in your own neighborhood.

HOTEL DISCOUNT

- Get up to 65 percent off select hotel bookings with special Club Interval Gold Member Deals — available only at intervalworld.com! Choose from thousands of hotels worldwide, powered by Priceline Partner Network.



VIP CONCIERGE

- Access a 24/7 personal-assistance service for just about everything — from securing tickets to a sold-out show to reserving a table at a trendy restaurant. VIP ConciergeSM is also an amazing travel-planning resource that can help you book sightseeing excursions, airport transportation, and more.

Club Interval Gold

GOLF CONNECTION

- Play at some of the most prestigious golf courses in the U.S. and Canada, including more than 1,000 private courses.

DINING CONNECTION

- Enjoy VIP treatment, including special amenities, when you reserve in advance at participating restaurants through Dining Connection.

HERTZ GOLD PLUS REWARDS®

- Enroll for free, earn bonus points, and use them for up to two free weekend rental days (a \$100 average value).

Hertz Gold Plus Rewards®

INTERVAL TRAVEL®

- Book sightseeing activities, hotels, cruises, car rentals, airline tickets, and more.
- Rates are often unavailable to the general public.
- Receive up to \$100 cash back when you book a cruise, and enjoy no booking fees.
- With our Best Price Guarantee, know you're going to get a great deal the next time you set sail.***
- Go to intervalworld.com to see all that you can do!



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Club Interval Gold

OTHER PERKS

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Emergency Travel Services

A deeply discounted family membership includes emergency medical evacuation, medically necessary repatriation, and 25 other vital travel services.

Preferred Hotels & Resorts

Interval members receive special pricing of 10 to 50 percent off published rates at participating Preferred Hotels & Resorts™ properties.

Magazine Subscriptions

Interval partners with Condé Nast publications to bring you a very special offer. When you make a qualified transaction with Interval (make an exchange, purchase a Getaway, renew your membership, or upgrade to Interval Platinum), a one-year subscription to your choice of *Condé Nast Traveler*, *Allure*, *Glamour*, *Golf Digest*, *Bon Appétit*, *Architectural Digest*, *GQ*, *Vanity Fair*, or *Vogue* is included (a \$12 value).*****

For more information about the Club Interval Gold program, please call 866-763-7570 or 305-925-3053.



Club Interval Gold Membership Fees

	PRICE	DISCOUNT	
MEMBERSHIP PRODUCTS	Club Interval Gold® Membership*		
	1 year	\$163	
	2 years	\$326	
	3 years	\$416	\$73 savings
	5 years	\$652	\$163 savings
	Interval Platinum® Membership*		
	1 year	\$139	
	2 years	\$278	
	3 years	\$354	\$63 savings
	5 years	\$556	\$139 savings

*Club Interval Gold and Interval Platinum memberships offer benefits and discounts in addition to your Interval International membership.

Club Interval Gold Exchange Fees

		PRICE	DISCOUNT	
E X C H A N G E	Exchange			
	Full-week exchange		\$219	
	ShortStay Exchange®			
	1 night		\$149	
	2 nights		\$159	
	3 & 4 nights		\$169	
	5 nights		\$179	
	6 nights		\$189	
	Interval Options®			
	By phone	Cruise, tour, golf, or spa package, or a unique Interval Experiences adventure	\$199	
	Online	Cruise exchange only	\$199	
		Hotel exchange only	\$159	

Club Interval Gold Other Fees

	PRICE	DISCOUNT	
OTHER	Deposit and Resort Accommodations Certificate Extensions		
	6 months	\$109	
	1 year	\$199	
	E-Plus®		
		\$89	
	Unit-Size Upgrade (Per Step)		
	Club Interval Gold Membership	\$79	
	Interval Platinum Membership	\$59	
	Guest Certificates		
		\$79	Up to five free per membership year for Interval Platinum members



Chris Lindgren

Election Results

Election Results

- **Steven C. Smith : 3-year term expiring in March 2027**
- **Monica Warek : Remaining 2 years of term expiring in March 2026**
- **Congratulations and Thanks for Stepping Forward**





Q&A



Adjournment