

INVESTMENT COMMITTEE MEETING

A meeting of the Investment Committee was held Thursday, January 14, 2016. The meeting was called to order at 10:30 a.m. by the Chairman. In attendance were Messrs Luce, Ray, Weiner, Mihalov, and Papierniak via telephone.

Purpose

The purpose of the meeting was to discuss alternate investments with a view to ultimately make recommendations to the Board of Directors.

Background

At the last Investment Committee meeting the members were requested to find out what other condominium owners were doing with their investments. Following are the results of those inquiries:

Craig Luce reported that Waterside invested in bank savings accounts and CDs.

Bob Papierniak contacted an owner of a Marco Island who said they invest in CDs that are laddered. His other contact was a member of a church that invested their funds in bank savings accounts and CDs.

Howard Ray reported that surrounding condominiums, Tera Mar, Santa Maria, and the Ft. Myers Beach Library all invested their funds in bank CDs. Pelican Watch invest in CDs or money market accounts.

Jay Weiner previously supplied a presentation by Morgan Stanley as to a suggested portfolio for Creciente. He also introduced municipal bonds as a possible alternate to bank accounts. In addition he manages the funds of the Temple Cemetery and supplied the members a summary copy of the funds he has invested for the Temple Cemetery.

Florida Law

Chapter 718 of the Florida Condominium Act provides no explicit guidance for investing reserve funds. Thus the decision how to invest reserve funds is left to the board. However, the board must comply with condominium association's documents relating to investing condominium's funds.

Creciente's Fourth Amended and Restated Bylaws (1/14/2005)

Section 5.1 thereof states

The Association shall maintain its funds in federally insured accounts in such financial institutions that are authorized to do business in the State of Florida....

Howard Ray stated that the Association's attorney indicated that the above limitation would also include U.S. Treasury's bills, notes, and bonds.

So at this point the Investment Committee is constrained to bank accounts, CDs and U.S. Treasuries.

Mission Statement

A motion was made that a mission statement of the Investment Committee should be created and submitted to the full Board. This motion was unanimously approved. Jay Weiner volunteered to do so within a fortnight.

Amend Bylaws

In order to expand the investment options available to Creciente, its Bylaws would have to be amended. Section 9 of Creciente's Fourth Amended and Restated Bylaws (1/14/2005) sets forth the steps that must be observed in order to amend the bylaws. Those steps are:

- 9.1 Proposal. A majority of the board (4/7) may propose amendments to the bylaws or at least one-fourth of the eligible voting interests may submit a written petition to the Board.
- 9.2 Procedure. Any proposal to amend the Bylaws shall be submitted to a vote of the owners not later than the next annual meeting for which proper notice can be given.
- 9.3 Vote Required. Any proposed amendment must be approved by at least two-thirds of the eligible voting interests of the Association present in person or by proxy and voting at any annual or special meeting called for the purpose of amending the bylaws.

(It is my understanding that eligible voting interests exclude association owned units and members in arrears in their monthly or other assessments.)

It was agreed that proposing an amendment to the Bylaws to the Board of Directors would be deferred to the future.

Adjournment

The meeting adjourned at 11:30 a.m.

Submitted by Joseph B. Mihalov
Chairman Investment Committee