

Finance Committee Meeting

January 24, 2008

In attendance: Committee members S. Korein (chair), J. Beattie, R. Frise, P. James, R. Luttrell, A. Stinson, D. Lisbon (ex-officio). Also attending: J. Williams (601).

Sandy Korein noted that because of the unsettled condition of the economy it may be desirable to meet with representatives of Colonial Bank to determine to what extent, if any, the Association operating account may exceed the \$100,000. FDIC insurance limit and to learn more about the composition of the money market fund in which the reserve account is invested and to which operating account balances are swept. This is not intended to suggest that there is any concern about the financial strength of Colonial Bank; it is considered to be a matter of prudence in light of broader economic issues. A meeting has been set up with representatives of Colonial Bank and Colonial Brokerage to be attended by Dave Lisbon and Paul James.

At the 2008 Owners' Meeting, all unit owners will be asked to vote on a proposed amendment to the by-laws that will give the Board of Directors greater discretion when dealing with the issue of delinquent assessments. Currently a section of the by-laws COMPELS the Board to commence foreclosure or other legal action against any unit owner who may be delinquent in the payment of the quarterly assessment. The proposed change would PERMIT the Board to take such action but would not require it to do so. The revised language would permit the Board to exercise its judgment and act appropriately in each situation, especially in those instances when the filing of a foreclosure action would not put the Association in a superior position to that which it would attain by merely filing a lien. There will also be a vote to amend a bylaw which will have no financial impact and therefore not discussed at this meeting.

The Association's insurance agent has suggested that in order to facilitate the Association's annual budgeting process, it might be desirable to change the renewal date for all of our insurance coverage to December 1, rather than June 1, of each year. However, in order to achieve this goal, Sorrento and all other associations participating in the insurance program would have to agree to enter into a renewal contract for a period of eighteen months, from June 1, 2008 until November 30, 2009. There was a consensus that it was not desirable to enter into an extraordinarily long contract at this time, when insurance rates are declining significantly and when additional insurers are entering or reentering the Florida market.

Respectfully Submitted,
Robert Luttrell, Committee Secretary