

## **Marriott Vacation Club of Aruba Cooperative Association**

### **Board of Directors Meeting**

**August 16, 2010**

A regular meeting of the Marriott Vacation Club of Aruba Cooperative Association Board of Directors was held via conference call on August 16, 2010, hosted from Marriott's Aruba Ocean Club, 99 L.G. Smith Boulevard, Palm Beach, Aruba.

**Present from the Board of Directors were:** Frank Knox, President, Steve Richards, Vice President, Anthony Lifrieri, Director

**Absent from the Board of Directors:** Michael Reilly, Director, Melissa Pericolosi, Treasurer/Secretary

**Present from Marriott Vacation Club® International were:** Corey Guest, General Manager, Troy Asche, Regional Vice President, Florida-Caribbean, Ricardo Vrolijk, Director of Finance, Gail Sahit Executive Administrative Assistant, acting as Recording Secretary

### **CALL TO ORDER**

The meeting was called to order at 7:36 p.m., Eastern time.

### **ESTABLISHING QUORUM**

With a majority of the Board Members present, quorum was met.

### **APPOINTMENT OF RECORDING SECRETARY**

Gail Sahit was appointed as Recording Secretary.

### **APPROVAL OF AGENDA**

**A motion was made by Frank Knox to approve the Agenda. The motion was seconded by Steve Richards and unanimously carried.**

### **UNFINISHED BUSINESS**

#### **Investment Policy:**

Frank Knox opened the floor for discussion of the revised Investment Policy that was sent to the Board Members and Aruba Ocean Club management prior to the meeting. He explained that revisions were necessary to better suit the needs of the Association as the current policy only allowed for Certificate of Deposit (CD) purchase with insufficient returns on the investments.

**A motion was made by Frank Knox to approve the revised Investment Policy as presented. The motion was seconded by Steve Richards and unanimously carried.**

Frank Knox will continue finalizing the Request for Proposal (RFP) and sending out the Investment Portfolio for multiple vendors on behalf of the Board and Association.

#### **Owner E-mails to Board:**

Frank Knox opened the floor for suggestions on draft e-mail replies to two recent e-mails received from Mr. Cohen and Mr. Kennedy. Wording was agreed upon and will be sent to Owners.

### **NEW BUSINESS**

#### **Approval of Meeting Minutes:**

**A motion was made by Frank Knox to approve the Organizational Meeting Minutes of June 1, 2010. The motion was seconded by Tony Lifrieri and unanimously carried.**

Fall Board Meeting:

The Board Members briefly discussed specific arrangements and Agenda points for the Fall Board Meeting. A walk-through of the property will be planned with the architect in charge of the façade project and will be added to the Agenda. The Board Members reaffirmed that all proper notification must be adhered to as stated in the Association's Governing Documents.

**ADJOURNMENT**

**A motion was made by Frank Knox to adjourn the meeting. The motion was seconded by Steve Richards and unanimously carried. The meeting adjourned at 8:00 p.m., Eastern time.**

Submitted by:

Approved by:

\_\_\_\_\_  
Gail Sahit                      Date  
Recording Secretary

\_\_\_\_\_  
Frank Knox                      Date  
President

**These minutes are subject to approval at the next Board of Director Meeting**

## Aruba Ocean Club Cooperative Association Board of Directors Investment Policy

### Investments

Aruba Ocean Club Cooperative Association, Inc accounts for its investments in accordance with Statement of Financial Accounting Standards (“FAS”) No. 115, “Accounting for Certain Investments in Debt and Equity Securities.” Investments are carried at amortized cost, and the Association has both the intent and ability to hold them until maturity. The Association uses brokerage firms to execute the trading of securities. Custody of the Association securities will be held with a custodian bank or brokerage firm in the name of and for the benefit of the Association.

### Investment Objectives

**Operating account:** Assets will be invested so as to achieve competitive, money market-like rates (or better when available), while seeking at all times to maintain liquidity based on the cash flow requirements of the Association. In most cases, investments will be in money-market and short-term investments (Board defined as maturity dates equal to or less than one year from date of purchase and a duration of less than one year) consisting of money market funds (rated A-1/P-1), FDIC-Insured Certificate of Deposits, U.S. T-Bills, United States Treasuries which are backed by the full faith and credit of the U.S. Government, U.S. Government agency securities and U.S. Government securities. Given the short term nature of these assets, preservation of capital is the primary investment consideration.

**Reserve account:** Assets will be invested so as to achieve competitive rates above those available in money market alternatives, while providing a long-term program with relatively safe and secure investments. Emphasis is placed on generating current income rather than capital appreciation. Purchases may be made in a “laddered” methodology (e.g., 1, 2, 3, 4 & 5 years) based on cash flow requirements of the Association. The average maturity will normally range from 3-5 years. No security will be purchased with an original maturity or average maturity greater than 10 years, unless approved by the Board. Investments will consist principally of FDIC-Insured Certificate of Deposits and U.S. Treasuries, Agencies and Governments. To provide liquidity, some cash will be held in a money-market account.

### Risk Tolerance

For both accounts, the risk tolerance is defined as “conservative”: Preferring little risk and low volatility in return for accepting potentially lower returns. Minimizing exposure of principal to loss or fluctuation is critical while attempting to maximize yield and income in keeping with the fiduciary responsibilities of the Board to the unit owners.

### Review

The Controller’s Office will monitor both accounts to insure adequate liquidity is available to meet the monthly operating and expected repair/replacement needs of the facility. The Controller’s Office will project and monitor the cash flows of the Association and advise the investment manager quarterly of liquidity needs in the portfolios.

The Board of Directors will review the above guidelines annually, or as needed.