



FLORIDA SURPLUS ASSET FUND TRUST
10151 University Blvd., #227, Orlando, Florida 32817

LOCATION: Akerman, LLP., CNL Center II Building,
420 South Orange Avenue, Suite 1200, Orlando, FL
32801

DATE: April 25, 2014

TIME: 12:00 p.m.

MEMBERS IN ATTENDANCE:

BOARD OF TRUSTEES: Mark Mason, CPA, Chairman (By Phone)
Linda Senne, CPA, Vice Chairman
Jerry Boop, CPA, Secretary/ Treasurer
Robert Clinger, CPA, Trustee
Christine Trovato, CPA, Trustee (Absent)

OTHER ATTENDEES: Fenil Patel, VP, PMA
Paula Cooper, PMA (By Phone)
Lori Ragus, SVP, Legal & Compliance, PMA
Brian Hextell, Portfolio Manager, PMA
Don Weber, SVP, PMA (By Phone)
Jim Davis, CEO, PMA (By Phone)
Michael Schuenemann, PMA, Compliance (By Phone)
Jeff Larson, President, FMAS, FLSAFE Executive Director
Larry Aubrecht, SVP, FMAS (By Phone)
Jesy Acosta, Associate, FMAS
Nicole Larson, Associate, FMAS
Mike Williams, Esq., Akerman, LLP., FLSAFE Counsel
Hank Gay, VP, BMO Harris Bank, FLSAFE Custodian
Steve Shanks, CliftonLarsonAllen, FLSAFE Auditor (By Phone)
Bill Peachtree, CliftonLarsonAllen, FLSAFE Auditor (By Phone)
Michelle Alexander, CliftonLarsonAllen, FLSAFE Auditor (By Phone)

A. BUSINESS ITEMS

1. Call to Order/ Roll Call

Mark calls to order the meeting of board of directors for the Florida Surplus Asset Fund Trust for April 25th. Jesy calls roll. All the board members are present with the exception of Ms. Christine Trovato, a quorum is present.

2. Public Comments

Mark mentions that we'll be incorporating Public Comments, so if there's anybody out in the public that would like to speak or on the phone. No public comments made.

3. Approval Prior Board Meeting Minutes

(a) January 17, 2014

Mark asks for the approval of prior FLSAFE Board Meeting Minutes for January 17th, 2014, Linda makes a motion to approve the minutes from the Board Meeting, Jerry seconds. All those in favor, say I, motion carries.

4. Participant and Guest Introductions

Mark allows the participant and guest introductions.

5. FLSAFE Audit FYE 12/31/13; Steve Shanks, Clifton Larson Allen

Steve addresses the December 31, 2013 audit. Steve mentions there's 2 documents from us, 1 is the Governance Letter and the other is a review of the Financial Statements. Steve reviewed the Governance Letter first. We have significant audit findings, just to let you know off hand, there were no findings in the traditional review, but as far as the qualitative aspects of accounting practices, accounting policies are noted in the financials. As we go through the accounting estimates, there were no estimates that were affecting your financial statements that were particularly sensitive. We had no difficulties performing this audit, on the contrary, we got great help from Paula Cooper, Jeff Larson and Mark Mason and there were no items that we had to ask management to correct. We had no disagreements with management. Attached to this letter, you will see representation that management is making to us concerning this audit, stating that they have provided everything that we've requested and that the financial statements are correct.

The next item regarding significant issues discussed with management prior to the engagement, there were no issues discussed prior to engagement that were significant, they were all just normal discussions. The last item, other information named in the financial statements, are required supplementary information, ("RSI"), is just NDNA, that's included in these financial statements. So that's a quick run through that letter that we want to point out to governance. Steve asks if there are any questions? Mark states no questions.

Steve reviews the financial statements, which copies were made for everyone. Steve mentions this is the first year that we've had the Term Series in the Trust's financials, so that will be the biggest difference that we see. On page 1 in our Annual Reports, in the report where we mention both the FLSAFE fund and Term Series, both separately,

because they do have separate participation and don't require participation. We did look at these individually and have noted them separately in our auditor's report. This is the best unmodified opinion on this statement and it's good news. On page 3, we touch on management discussions and NDNA. Paula, Jeff and Mark all looked at this, but this gives you good information on changes for the current year. And like I mentioned before, the major change is the Term Series has been added. As you can see at the bottom of page 3, no major changes in the fund position, it went down some but of course, you also have an additional \$35 million in the Term Series that's outside of the FLSAFE LGIP fund. The earnings are very close to prior years, composition of investments changed a little bit, as noted here. On page 4, we review the Term Series, what's there and what's outstanding at the end of the year. Page 5 shows the 3 year comparison, in summary form in net fund position. Not a lot of changes from prior year. As a whole, the Trust did not decrease, on page 6, the net position on the Term Series, shows we had \$35 million staying at years end. On page 7, the changes in that position, shows a comparison there in FLSAFE fund from prior years. Again, we see no changes and no surprises. Page 8, reviews how you can get more information and page 9 shows the net position in summary, NDNA. Page 10 shows the statement of operations, and some of the movement behind the investment income for the two funds. Page 11 is the statement of changes, and again shows the shares bought and sold, at the end of the year, coming up with the final number.

Pages 12-15 all show similarities from last year. Steve asks if there are any questions. There are no questions. Mark states it's another good year and another good audit. Mark states that he doesn't have any particular questions, Mark states we've been with PMA, almost 3 years and it clearly shows Paula does a wonderful job. Mark says to Steve that he will sign the letter of representation today, so that Steve can issue the final report.

Jeff states that once the letter is signed by all parties, that he will make sure it gets to PMA so that it can get posted on the website.

B. OTHER ITEMS

1. Investment Advisor/Operations Manager Update - PMA

(a) Economic and Market Update

Brian states that the interesting part that came out of the Federal Reserve meetings is the drop in the 6.5% unemployment trigger, and typically once we get below 6.5% unemployment that's when we might start to see increasing rates. They are not quite ready to increase rates so they dropped that language out and with that said, once the meeting minutes came out, they started discussing the concern about the low inflation number. On the world stage, as well, there's some real concerns in Europe, and at the IMF about inflation. Where as low inflation is a good thing, and when there's not wage growth, and it's because demand is soft. That's kind of a sign of weakness in the economy, and that it's not functioning the way it ought to. They want to see 2% inflation, and it's running more like 1.7%, the Fed is still staying that's not enough. So we're

probably back in this later half of 2015 range again, where we're looking at for changes in the increasing rate policy.

Brian reviews the handout documents that are also provided on the website. Brian reviews the world GDP and unemployment in the documents. Home sales have been falling on the annualized basis since March 2013. There's a lot of talk among private equity types, as far as the low interest rates, are bigger buyers, were better able to take advantage of that lower rate environment. They were doing a lot of buying in turn increasing home sales. So on the other hand, if you drive up prices, that makes it harder for first time homebuyers to afford that new home, when you're going up against a private equity company, that's borrowing at super low rates and leveraging buying up homes.

Brian states that concerning the US consumer personal income has really consistently exceeded personal spending. That's not the norm. A lot of debt financing and buying is typically what we have seen, but maybe we're seeing a more prudent and cautious American consumer, which is not good for short term growth. Looking at the Florida economy, unemployment remains better than the national markets and Brian shows a graph depicting the 2 year Treasury rate, the Fed Funds rate going back to early 2001. The market expects that rates will start increasing in about a year from now.

Wrapping up the economic outlook, GO political unrest is on the rise here, certainly events in Ukraine and Russia. This is not comforting, the reality is Russia has become a big economy. It has lots of ties to Europe, we don't see much of an effect here in the US but Europe is not happy about this. For example, if oil gets cut off from Russia, that'll drive up prices and when oil prices go up, the economy tends to slow. So it's going to be late 2015, before we see some real change in policies. Brian asks if there's any questions on the economy? No questions came from the Board or audience.

(b) FLSAFE LGIP Portfolio Update; Comparative Market Review

Brian states that there's really not a big yield to be found in the market. There's a little more yield in the CD market. We're staying steady on the gross yield, maintaining right around 28 basis points. Brian states we're very competitive in the market and noted some of the other comparable funds in Florida. He reviews the rest of the handouts provided.

(c) Operations Manager's Report – February Term Series Report

Paula reviews the 4 page Operations Manager Report. The 1st page is a summary of the Fund for the period ended 3-31-14, and total program assets is \$234 million. A summary for the rate for the quarter were still sticking at 10 basis points range. The next pages are the financial statements for the quarter, nothing really changes, not having any difficulties with expenses, or paying bills as they come in. The 4th page shows the holdings, and Brian went over those with you moments ago. The supplemental Operations Manager Report was part of the handout. Paula asks if anyone has any questions? No questions presented.

(d) Report on Proposed April Term Series

Fenil reports that on the last page that Paula reviewed has the breakdown on the Term Series. The last two term series we settled on last Tuesday for a total of \$8.5 million. The great part of that is Sumter County, with \$3 million in each term series and this is a nice size county to participate in the fund.

Mark asks if Lori Ragus has any comments. Lori briefly mentions that Mike will probably comment regarding the Board ratifying the Term Series, as whenever there's a Term Series that's open, that it will need to be ratified. Mike Williams concurred. Mark states if we can hear a motion to ratify the 6 month, 9 month and 12 month Term Series. Linda makes a motion to ratify the 6, 9, 12 month Term Series that were dated 2-4-14, and the 6 and 12 month Term Series dated 4-22-14. So there's 3 of them dated 2-4-14 and 2 for 4-22-14. Jerry seconds the motion. All those in favor, say I, motion carries.

(e) PMA Comments

No other Comments.

2. Administrator Update- FMAS

Mark mentions he wants to go over the Resolution for public comments. Jeff asks Mike Williams to review the Resolution. Mike mentions we briefly talked about this at the January meeting, and in October 31, 2013. The reason to adopt the Board's policy is to comply with the new F.S. Section. This says we will have an initial comment period at the start of every board meeting, it says that the speakers shall be permitted to address any agenda item. The key point here, which we talked about in the last meeting, is that any public comment should be limited to 3 minutes and can only be extended by the presiding officer's direction. The exceptions are ministerial acts, acts of security and emergency actions.

Mark mentions that periodically we do these resolutions, and it would be helpful if we start to number them. Mark states he would like to see under the initial title, the actual procedure for public comments. Just a statement like public comment will be held in the beginning of the meeting, fill out a comment card identifying that you'll want to speak and limit it to 3 minutes. Mark asks if there is a motion to approve Resolution 2014-01. Linda makes a motion to approve Resolution 2014-01 to address the comments, Jerry seconds, all those in favor, say I. Motion carries.

Jeff asks if this is something we post for transparency on the website. Mike mentions it doesn't hurt, it's really just an information statute.

(a) Marketing Update, Presentations and,

(b) Upcoming Conferences (FGFOA & FCCMA), Presentations

Jeff mentions we're speaking at a lot of the chapters, Space Coast, Gulf Coast and we have a May pre-conference for the FGFOA along with the Big Bend chapter in August in Tallahassee. We are also helping Mary Lou Pickles with another new chapter, in the Alachua/Putman County area. We'll also do again the SF chapter. We've helped the Volusia/Flagler chapter and Central Florida. We're members of 15 chapters. The

interesting thing we're working on is one of our clients, Dixie County, is in that part of the state, where cities and counties don't have a local FGFOA chapter and don't have the money to attend conferences. We're going to be working with PMA, Enterprise Florida, and others to host a regional one day Investments/Economic Development seminar for school districts, counties, cities and county clerks in that area. We'll probably be doing that one day in July, prior to the board meeting and the county agreed to host it. That's exciting and it's an area that desperately needs our help. They all need help with diversification, and ladders.

Nicole mentions we're going to be hosting two dinners this year, one for the FCCMA conference on May 29th which will be around 20 people. For the FGFOA, we will be hosting 75 people, it's a really great opportunity for us to talk to people, a lot of our prospects will be attending. We have 8 co-sponsors for the FGFOA, including BMO, PMA, DAC, Akerman, S&P, BAM, Larson Consulting, and TD Securities. We also are doing presentations to specific groups and that's new. We are doing a specific hour on Investments and Best Practices seminar to 6 or 7 entities, including St Lucie Fire District, City of South Pasadena, Town of Fort Myers and some others. We enjoy those seminars.

(c) FL SAFE Logo

Jesy mentions that Jerry had asked us to come up with some fresh ideas for new FLSAFE logos. So between FMAS and PMA, we came up with some new concepts to look at and to see if there was a favorite amongst the collection.

Mark mentions to Jerry that this was his idea and asked if he had have any specific comments on what you've seen so far or do you want more. Jeff also mentions that there is no pressure to make a decision. Jerry mentions that the current logo is squared off, its not 21st century, not eye catchy at all but in saying that we shouldn't move quickly. In turn, what we're doing is basically attempting to rebrand ourselves. So with that, we need to be careful and give it the due diligence it deserves and not make a quick decision. Jerry states he's okay if it takes a year, but he doesn't want us to create confusion but making a quick decision and going out before the conferences. Jerry thinks we should study this and take the time it deserves and the folks that continued to make the effort to continue to do that. Fenil Patel mentions do we want it to say investment pool in that logo, do we need it, do we want it to say Florida and then is it just a symbol, does it really need to say FLSAFE.

Jesy mentions that what tend to happen with logos, is that sometimes there's a transitional logo which is created, before the final logo is established. Where you tweak the original logo just a bit, maybe keeping the same colors and then you finally move onto the finished logo. So its not such a drastic change where no one recognizes the new logo.

Jeff mentions a long time ago there was a strategic planning session to discuss the logo and talked about how it was named Florida Surplus Asset Fund Trust and didn't label it FSAFE for obvious reasons but decided to call it Florida Safe, FLSAFE. And it was an option FSAFE because of Colorado Safe, CSAFE. The term safe was good because that's

what's important. Jeff suggests that we all just think about it. Mark mentions he would be more comfortable with Florida Safe and not FLSAFE but he's in agreement with Jerry, that we don't need to pull the trigger today. As far as logos are concerned, I'm more concerned with the name itself. Mark mentions it would be nice to see Florida Safe Investments, since Brian stated Investment Pool would be limiting since we offer term series.

(d) FMAS Comments

Jeff mentions we have a budgetary comment. We have the Boards E&O policy which comes up for renewal. Larry and Paula have been working with me on this, the policy is set for June, we don't know what the premium is, we can pay now and the agent said that there might be a 5% increase. Right now the cost is approximately \$18,000 and Mark states we budgeted \$19,000. So if it goes up 5% it's technically above the 2014 budget.

So how should we proceed, we don't want to be above the budget. So we would suggest it not to exceed \$21,000. Mark entertains a motion to authorize to negotiate a policy to not to exceed \$21,500. Jerry makes a motion to approve, Linda seconds. All those in favor say I, motion carries.

3. FLSAFE Counsel's Comments

Mike mentions one house cleaning item. Jeff and Lori came across an amendment that became effective April 30, 2008 and it deals with sovereign immunity. As a house cleaning matter, Mike would like to repeal this amendment, clearly it's a governing document and doesn't have that qualifier in it. We have sovereign immunity in the trust but Mike wants to make sure if someone goes to Jeff, they'll see that its repealed. Jerry makes a motion that we repeal section 2.23 of the April 30th, 2008 amendment to the Indenture of Trust. Linda seconds, all those in favor, say I. Motion passes.

4. Participants' Comments

No participant comments.

5. Board Members' Comments

Robert has no comments. Linda wants to thank everybody for their hard work, especially Jeff and Nicole, and continuing to go out to get people in the fund. We notice and can see all the hard work you put into it. Jerry would like to echo everything that Linda said, one thing is we didn't get our packages until last Saturday and to not to diminish everything that's been done here. But if I don't get it before the weekend, sometimes I don't have a chance to go through it. So if we could get it before the weekend, I would be very greatly. Jeff mentions the goal is to get it to you two weeks in advance.

Jeff asks Paula if they could get the reports 2 weeks or 10 days in advance of the meeting and Paula states it shouldn't be a problem.

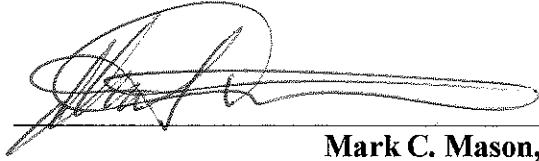
C. SET NEXT MEETING DATE/ ADJOURNMENT

1. Future meeting dates: July 25, 2014; same place and time. Meeting adjourned at 1:34 p.m..

Signature Page

APPROVED THIS 25TH DAY OF July, 2014.

FLORIDA SURPLUS ASSET FUND TRUST



**Mark C. Mason, CPA
FL SAFE Chairman**

ATTEST:



**Jeffrey T. Larson
FL SAFE Administrator**