



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

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

DATE: January 17, 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, Board Member

OTHER ATTENDEES: Fenil Patel, VP, PMA
Paula Cooper, PMA (By Phone)
Lori Ragus, SVP, Legal & Compliance, PMA (By Phone)
Brian Hextell, Portfolio Manager, PMA
Bob English, Chairman, PMA
Jeff Larson, President, FMAS, FLSAFE Executive Director
Larry Aubrecht, SVP, FMAS
Jesy Acosta, Associate, FMAS
Nicole Larson, Associate, FMAS
Mike Williams, Akerman Senterfitt, FLSAFE Counsel
Hank Gay, VP, BMO Harris Bank, FLSAFE Custodian
Dan Carpenter, Indian Rocks Beach
Steve Shanks, CliftonLarsonAllen, FLSAFE Auditor (By Phone)
Lisa Olsen, DAC Bond

MEETING OF THE BOARD OF TRUSTEES

A. BUSINESS ITEMS

1. Call to Order/ Roll Call is made by Jesy Acosta of FMAS

Linda Senne, Vice Chair called the quarterly meeting for the Florida Surplus Asset Trust Fund to order at noon. Jesy called roll, Mark Mason (by phone), Linda Senne, Jerry Boop, Robert Clinger, and Christine Trovato are present. Quorum.

2. Nominations for Board Chairman, Vice Chairman and Secretary/Treasurer

Nicole handed out copies of the Indenture of Trust to all attendees and Board Members. Jeff explained that the Indenture describes how the power flows from the Participants to the Trustees, with the Trustees elected by the Participants. Section 9.4 talks about the appointment of officers. We have 5 current Board Members, Mark having been re-elected for a new 3 year Term. There are staggering Terms, you'll see one open seat, that coincides with Mr. Mason's new term out January 1, 2014. Jeff said to Linda, this is a time where the Board can make a motion to appoint or nominate somebody initially for Chairman. Linda stated the floor is open, does anyone want to nominate someone for Board Chairman, Jerry said he would like to nominate Mark Mason, Christine seconds. Mike Williams stated that as far as everybody here on the Board knows, there has been a change in the Florida Public Records Meeting Law, that took affect this Fall that basically states mandated governmental body's have a Public Comment. So we must ask for Public Comment before a vote. Linda Senne asks if there's any Public Comment here or on the phone, no public comments.

Jerry said we're here to nominate Mark Mason for Board Chairman. Christine seconds. Linda said All in Favor, say I, anybody opposed, nobody opposed. Jeff stated that the officer's duties are really up to the Board, as there are no defined terms.

Linda asked if there are any nominations for Vice Chairman, Jerry stated he would like to nominate Linda Senne, as Vice Chair, Mark seconds. Linda said All in Favor, say I, anybody opposed, nobody opposed. Jeff said that we've had a combined job of Secretary/ Treasurer, that goes back to the day when we just had 3 Board Members. It does give us the ability to combine positions in the Indenture of Trust. Jeff's suggestion is that sometimes there's an occasional need for the Secretary to sign documents, for files, audits or financials. It helps FMAS to have somebody that's local, but its really up to the Board to either still keep the Secretary/ Treasurer as one position or separate the two positions. There's no current job description to separate them, but that could be developed. Jerry states we should separate them as it spreads a little bit of the responsibility and gives somebody else an opportunity to participate at another level, Jerry says it's a great idea to separate them. Jeff states that as FLSAFE grows and matures in size, the Treasurer could work with the Chairman, Larry and the audit so there's a benefit there for the Board. Linda asks if there is a nomination for Secretary. So Linda nominates Jerry Boop for Secretary, Christine seconds. All in favor, I. Mark nominates Christine as Treasurer, Linda seconds. Any other nominations for Treasurer. All in favor for Christine, say I. Anybody opposed. So they all passed, 5-0.

Jeff mentions its already been approved for FMAS to work with PMA to amend some of the documents that are on the website, and update the Information Statement that list the officers. So we'll ask Fenil and PMA to make those changes. Jeff congrats the Board on their nominations. Mark noted that due to a prior conflict, he would need to exit the meeting via conference call.

3. Approval Prior Board Meeting Minutes

(a) October 18, 2013

Linda said we're going on to the approval of the October Board meeting minutes. Does anybody have any questions or comments on the October 18th, 2013 minutes. Jerry moves to approve, Christine seconds. All in favor, say I. Minutes from October 18th have been approved, 4-0.

4. Participant and Guest Introductions

Linda asked that everyone in attendance and on the phone introduce themselves and thanked them for their interest and participation.

B. OTHER ITEMS

1. Investment Advisor/Operations Manager Update - PMA

(a) Economic and Market Update and (b) FLSAFE LGIP Portfolio Update

Brian Hextell, Portfolio Manager, PMA reviews the Economic and Market Update presentation handouts, which will also be available online through the website. Brian asks if there are any questions on the Economic update. No comments were made. Brian moves onto the Market Update presentation handouts. Brian asks if there are any questions. Jeff mentions that adding from a marketing perspective, that while we're out there talking to people, it wasn't long ago that the Counties Day to Day funds was yielding higher net rate than FLSAFE. The money market funds of our IA competitors are in the 2-3 basis points range, some of the other money market funds are zero. Jeff states he was very pleased to hear the report because other than the SBA, the other funds yields are at a level where they're less than FLSAFE, that helps us.

(c) Operations Manager Report

Paula reviews the Operations Manager Report which is a four page packet that gets posted on the website. The first page is a summary of FLSAFE assets at \$141 Million at year end and the FIIP program at \$80 Million with \$221 Million in year total which is higher the previous report date. The second page covers the financial statements. The third and fourth page covers the portfolio assets. Paula asks if there were any questions and there were none.

The second part of the Operations Manager Report in the handout reviews historical assets, cash disbursements on expenses, budget analysis, and approved 2013 budget.

(d) Update on FIIP Rates

Fenil Patel, VP PMA, reviews the FIIP Rates handout. Rates have flattened and just slightly below what they were a quarter ago. Fenil states 1 year rates were at 30 basis points, 2 years in the 40's and 3 years in the 60's. Rates have gone up but in the longer end. Jerry makes a comment that a local bank has offered him a 3 year rate at 107 and another bank offered me 99 basis points on a 3 year and these are QPD rates. Fenil says that there's always going to be those special rates out there, but the rates we're talking about are general rates. Some banks want to get your banking business, or are going to be able to offer one off's. Jeff mentions in FLSAFE we need a bank that is consistent, that has some size and is willing to hang in there.

(e) Term Series – Discussion Proposed Second 2013 Issue

Paula reviews the handout on Term Series. This review covers term series that have been closed, their characteristics and the ones that require Board action or confirmation.

We also review the reserve short fall monthly, analyze it quarterly, to make sure what we're accruing, and to confirm that the 2 basis points, per the Revenue Recognition Policy, is sufficient to amortize the short fall by the time that it needs to be amortized to 2018. Assuming assets increase in the next few years, for sure the next two years we can leave the amortization at 2 basis points. I anticipate that we might have to increase it to 2 ½ which is not a huge change.

Mike Williams, FLSAFE Counsel, mentions that with Lori Ragus, back in April of last year, you all approved the concept of the Term Series, and that you did that by Resolution. Mike says that Lori made a good suggestion that as we go forward, each Term Series, we do that by resolution. So this Resolution is straight forward, it addresses the concept, each Term Series will have a

resolution at each quarterly meeting. Jeff would like to add that the Indenture of Trust to permit Term Series was amended by Participant vote and that's the only way we can do that. The Indenture of Trust gives the Board discretion to have a Term Series as a subset of 163.01 F.S. fund. The Term Series is only available to Participants in the fund and Participants are defined as governments that have money in the fund. Jeff mentions that we should also ask the Board to ratify the Term Series when its done.

Linda asks if there's any public comments. Linda asks if anyone wants to make a motion to approve the Operations Report including the Term Series Report, Jerry makes a motion, Christine approves, all in favor. Motion passes 4-0.

(f) PMA Comments

Fenil states that a draft marketing email will be sent out describing the Term Series 6, 9 & 12 month options for 25, 27 & 31 basis points. Just wanted to bring that to the Board's attention. He asked if there are any comments or feedback as far as the structure? We are looking at sending it the week after January 20th. Linda asks if their intent is to do 3 Term Series all during the same time period? Fenil responds that yes, we can execute all three at the same time so this gives participant's options, so if they have a 6 month money need or a need that's 3 months longer or a 1 year need, they can take advantage of all of them.

Jeff mentions that the feedback on the 18th of December Term Series is that, some people were not able to respond in time to participate, so we're bringing back the 6 month option. Jeff says we support the 12 months Term option PMA is recommending the 9 months and Jeff's neutral on that. But if it gives participants another option, if someone may have a 9 month cash flow need, but many people Jeff's talked to don't know if they have a 9 month cash flow need. In talking with PMA, there's no minimum with this. We can never anticipate what the Participants are going to do. The way that it was set up with Fenil and his team was they have the responsibility to Participants, we very often get phone calls as well, but the lead responsibility for the Term Series is with PMA. What Nicole and Jeff do, with PMA compliance, we have our list of prospects we are talking to and focus on them. For example, we contacted Palmetto, and Palmetto really liked the 6 months Term option at a net 25 as it was above what their bank was offering.

Dr. Robert English responds by saying that the 9 month rate, you'll be getting your money back the beginning of February since taxes are already starting to come in etc., the 9 month rate is the one that comes in just before you start getting taxes.

Jeff states we're meeting the needs of the Participants and its complimenting the fund. It's a higher rate than the FIIP rates and some people do compare that. Jerry mentions that the 9 months is particularly attractive to him because it matures in October and for him he has a substantial amount of cash going out because that's the new fiscal year, that's when I have all of my annual contracts that are due. So October is my lowest cash month of the year, September can be kind of heavy, it's the heaviest of the summer months, because the state is chewing up a lot of payments, we're getting a lot of things in, but October is definitely my cash poor month so the 9 month is attractive.

2. Administrator Update- FMAS

(a) 2013 Audit, Marketing Update, Conferences, Events, Presentations, FLSAFE Auditor

2013 Audit

Jeff mentions that they received the proposal engagement from CliftonLarsonAllen, which Larry will now speak on. Larry states that Clifton will propose do it at the same rate like last year,

which was \$25,000. We will need your approval to get the audit going. Steve Shanks, Senior Partner, CliftonLarsonAllen, is on the phone. We are basically asking the Board to approve this year's audit engagement with CliftonLarsonAllen. We'll also come at the July 2014 Board Meeting to see if we want to continue with Clifton if we're happy with them or if the Board directs us to solicit others. So far, we've been very happy with them. Jeff mentions that last year in working with Paula Cooper, we spoke to Mr. Mason, who does a lot of legwork on the audit. Last year we did get some proposals, and CliftonLarsonAllen was the most cost effective auditor proposer and brought added benefits with their prior experience. So FMAS is comfortable with that recommendation, and any discussions with prior Board Chairman confirmed that Mark Mason thinks they've done a very credible job with the audit and he had no issues with bringing them on for another year. Linda asks if there are any public comments using CliftonLarsonAllen as our auditors. No comments are made. Linda asks if there's a motion to use CliftonLarsonAllen as our auditors for the December 31, 2013, Jerry moves to approve, Christine seconds. All in favor, say I. Motion passed 4-0.

Jeff congratulates Steve Shanks. Steve mentions he is very happy to work with FLSAFE again. Mark has been helpful with all his incites and Paula has been great to work with, this is a job we enjoy and glad to have it again.

Marketing Update

Nicole reviews the Marketing update handouts. Jeff reported that he and Mr. Mason were asked to do a presentation last August to 250 people for the South Florida FGFOA Chapter's All Day Annual Investment Seminar. They were asked to repeat that for the FGFOA All Day Investment pre-conference on Saturday, May 31st in Orlando. Jeff will also be organizing as Investments Panel for the FGFOA Conference on Tuesday, June 3rd and Christine Trovato has been asked to assist. We also help arrange a dinner for the FGFOA on June 2nd and we'll ask folks to join us. We need to talk to Fenil and Bob about other organizations in the State that we might look at schools and special districts. FMAS and LCS staff have also made, and will be making, direct presentations to the Town of Fort Myers Beach, City of South Pasadena and the St. Lucie County Fire District. Jeff and Nicole will also be presenting in 2014 to the Nature Coast, Big Bend, and Space Coast FGFOA Chapters.

(b) FMAS Comments

Jeff handouts the FLSAFE Historical Summary. FMAS added a different approach as the total has grown which is great, but what is significant is that the value added services give us something more to talk about and that is significant. Some of the FIIP \$ is bond proceeds and some of the LGIP is bond proceeds, so if you look at the very bottom of the page, we also went back historically to see who is not in the fund anymore. One of our founding members, Dr Fishkind, had \$50 Million with us (Gulfstream CDD), Cape Coral had \$40 Million, Clay County had \$40 Million, and North Lauderdale had money with us. So bond proceeds are intended to come and go, so there's probably another \$180 Million that's not here. What's really nice is that if we're looking at that number of Participants that are doing something with us other than just leaving money. But if we can do more than that, then that where we can sense a deeper relationship. The Cash Flow Analysis from PMA is wonderful. It allows PMA's team to understand more about the clients, which transcends into FIIP and Term Series. We do a lot of assistance as you know, with Investment Policies, Q & A meetings etc. The good news is that there's several options for our Participants. The exciting part is take a look at the list of Participants. Now we've lost some that were part of the historical group that had close relationships with the prior portfolio manager but if you look at the growing list, that's exciting for us. We started this fund with 3 Participants and \$50 Million from each. Jeff asks if there's any questions or comments.

Jeff mentions that Jesy is working with us to redesign the logo. And the logo we have is a transfer of what they had in Colorado at CSAFE. We have had some Board members say if an updated look can be made to it to represent us. PMA will also come up with some ideas and we will come back to the Board with some logo options to freshen it up. Linda says proceed.

Linda asks if there's any comments for FMAS or PMA. No Comments.

3. FLSAFE Counsel's Comments

Mike mentions that the only thing for the record is that the Florida Statutes would allow you to adopt most of those procedures with a spot for public comment. Mike is fine with what was done today. Having a public comment first before the Board takes action would be suggested.

Jerry mentions that its very important for us to show transparency and the next step beyond that is lets invite people in to participate and that gets us into another level.

4. Participants' Comments

Linda asks if there are any Participant, or Public comments from those in attendance or on the phone. No Comments were made.

5. Board Members' Comments

Linda asks if there's any Board comments. Jerry wants to thank Jeff and Nicole for their continued efforts in marketing the Fund, participating in all the various different conferences. Jerry says he wants to attend the 29th session FL Tax Collector's with FMAS in Lake Mary. Jerry mentions that is hard work traveling constantly throughout Florida, and getting us exposed, which is why we gone from 20 to 30 clients over the last couple of years. Now we have 30 clients and \$225 Million, there's safety in numbers, along with the creativity with the Term Series 6,9 and the 12 months options.

Linda closes by repeating what Jerry stated and that they thank both Jeff and Nicole for both for going out and giving the Fund exposure and recruiting in new Participants . She also thanked Brian and Fenil for the update on the Fund, and all the good work with the Term Series and FIIP programs and we thank Jesy for all of the administrative work for FLSAFE. Robert Clinger and Christine Trovato also echoed the comments from Jerry and Linda.

C. SET NEXT MEETING DATE/ ADJOURNMENT

1. Future meeting dates: April 2014

Linda sets the next meeting date for April 25, 2014 at the Akerman office. Linda states today's meeting is adjourned on 1:33p.m..

Signature Page

APPROVED THIS _____ DAY OF _____, 2014.

FLORIDA SURPLUS ASSET FUND TRUST

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

ATTEST:

**Jeffrey T. Larson
FL SAFE Administrator**