



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

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**FLORIDA SURPLUS ASSET FUND TRUST**  
**MINUTES OF THE BOARD OF TRUSTEES MEETING**  
**& BOARD OF PARTICIPANTS MEETING**

**LOCATION:** Orlando, Florida  
 Akerman Senterfitt, 420 South Orange Avenue, Suite 1200,  
 Orlando, Florida 32801

**DATE:** October 28, 2011

**TIME:** 11:00 a.m.

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**MEMBERS IN ATTENDANCE:**

**BOARD OF TRUSTEES:** Mark Mason, CPA, Chairman  
 Jerry Boop, CPA, Vice - Chairman  
 Linda Senne, CPA, Secretary/ Treasurer  
 Robert Clinger, CPA, Trustee  
 Jeff Yates, MPA, Trustee

**OTHER ATTENDEES:** Don Weber – SVP, PMA, FL SAFE Investment Advisor  
 Mike English – CEO, PMA, FL SAFE Investment Advisor  
 Fenil Patel – VP, PMA, FL SAFE Investment Advisor  
 David Cheung, Esq. – DFIM, Internal Counsel (By Phone)  
 Jeff Larson – President, FMAS, FL SAFE Administrator  
 Larry Aubrecht – FMAS, SVP Administration  
 Lester Abberger – FMAS, SVP Marketing (By Phone)  
 Michael Williams, Esq. – Akerman Senterfitt, FL SAFE Counsel  
 Carrie Ann Wozniak, Esq.– Akerman Senterfitt  
 Jesy Acosta, Admin. Assistant, FMAS  
 Alissa Shortridge, Associate, FMAS  
 Ted Beason - City of Temple Terrace  
 Tom O'Reilly – City of Port St. Lucie  
 Christine Trovato – City of Treasure Island

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**A. CALL TO ORDER/ROLL CALL**

1. Mark Mason called the meeting to order for Board of Trustees' and Board of Participants' Meeting at 11:10 a.m. Roll call by Jesy Acosta, FMAS: Quorum present with all five board members.
2. Following question by Mr. Mason, Jerry Boop makes a Motion to approve the Board Meeting Minutes for August 31, 2011, Jeff Yates seconds, Motion passed 5-0.
3. Participant and Guest introductions are made as noted on earlier page. Other attendees by phone noted above.

**B. OTHER ITEMS:**

1. Florida Administrator Update –

(a) Results: Board Elections – Board of Participants:

Jeff Larson stated that there were 2 seats up for election expiring January 1<sup>st</sup>, 2012. Per Trust Indenture, ballots went out to all participants following nominations received by FMAS for Linda Senne and Robert Clinger. We asked for other nominations, none were received. Of majority of participant returned ballot votes (one per participant), 100% voted for Linda Senne and Robert Clinger. Congratulations shared with both, their seats will be through January 1<sup>st</sup> 2015, for a 3 year term, as we continue with staggered terms. FMAS will keep records as directed by Board Secretary/Treasurer, Linda Senne.

(b) New IA/Operations Mgt/Distribution, Capital Support Agreements:

Mark Mason stated the primary reason we're here today is to vote on the agreements with PMA, as the new investment advisor, beginning November 1<sup>st</sup>, following the Board's selection of PMA, FMAS negotiations, and the RFP results. Mark asks Jeff to brief everyone on the agreements.

Jeff Larson stated that at the August 31<sup>st</sup> meeting, the Board directed FMAS to work with Mike Williams, FL SAFE Counsel, and, as needed with the Chairman, to make changes to the draft agreements with PMA. That process was successful, and each Board Member then received those agreements separately. As delegated to Mr. Mason, following FMAS' and Akerman's review, those 3 agreements were executed by the Board Chairman on October 3<sup>rd</sup>.

We are passing around a Resolution from Akerman Senterfitt, with the help from Lori Ragus, PMA Counsel. Although the PMA FL SAFE agreements were signed and executed, at PMA's request and FLSAFE counsel concurrence, and per Board authorized delegation to Mr. Mason, we're asking you to ratify those agreements. PMA starts effective November 1<sup>st</sup>.

Mark called for a motion to adopt the Resolution of the Board of Trustees, FLSAFE for the approval and ratification of the Operation Management and Distribution Agreement with PMA Financial Network and PMA Securities, as well as, Investment Advisory Agreement between the Trust and PMA dated October 3<sup>rd</sup>, 2011. Linda made a motion to approve the Resolution to the Board of Trustees for the FLSAFE, Jerry seconded. Roll call. By 5-0 vote, the Resolution is approved.

Jeff Larson pointed out that the Board is also approving, via item number 4 on this Resolution, the authorization of your Administrator and Attorney to make any other changes necessary to

implement these agreements. Mike Williams states that Items 2, 3, and 4 are self explanatory and there will be an updated Information Statement.

Jeff reviewed the PMA Capital Support Agreement. The changes from the October 3<sup>rd</sup> executed version reflect only the clarification from Standard and Poors in terms of how PMA's \$200,000 deposits controlled by FLSAFE. We worked with Mike Williams to use a comparable agreement that DFIM had with FLSAFE that was drafted in 2008. So the Board had received a package from us, including a redlined version. What you have in front of you is also a Resolution per FL SAFE Counsel and PMA that terminates the prior Standby Capital Agreement with PMA executed on October 3<sup>rd</sup> by Mr. Mason as directed by the Board, with this new Agreement incorporating S&P's comments. Mark confirmed he did sign a Capital Support Agreement on October 3<sup>rd</sup> prior to PMA and FMAS going through the entire S&P review process. The redline version that you have incorporates items that S&P has suggested and that they're comfortable with, and FMAS agrees that it further strengthens the Capital Support Agreement on behalf of FLSAFE.

Mark stated we should today ratify the amended PMA Capital Support agreement. Jeff Yates asked if this changes the Capital Contribution "trigger event", and he recalled that the Board declares a Contribution Event and then causes it to tap into the account. Mark stated we still declare the Contribution Event, and then they have 5 days to respond (as opposed to the 3 days that were in the previous DFIM Agreement). But, as far as the timing is concerned, the funds are still deposited, we still control, and from a practical standpoint it still follows all of the same rules that were in the previous agreement. Larson stated the controls are actually tighter in that the account is held with our Custodian, U.S. Bank, in an account with FL SAFE, signatories that are not with PMA. The rest of the steps are exactly as what we had before. Jerry Boop made a motion that we authorize Mark Mason to sign the new Agreement as proposed, Linda seconded. Roll call. Approved 5-0.

#### Information Statement:

Jeff Larson stated that last piece on the Resolution you just adopted, item 1, as cited by Mike Williams, with an updated Information Statement that the Trust Indenture requires Board Approval for. FMAS and PMA have reviewed the prior Information Statement and PMA added more disclosure. Linda makes a motion to approve the updated FL SAFE Information Statement effective November 1, 2011. Jerry seconded the motion. All in favor. Motion carries 5-0.

#### (c) Transition Update:

FMAS wants to thank DFIM for their assistance with this, including the major FMAS/PMA/DFIM conference call and various DFIM reports to the Board, and for the second Contribution Event handled by DFIM/D.A. Davidson and authorized by Mr. Mason. The first Capital Contribution Event for \$119,966 was triggered by prior Board action on August 31<sup>st</sup> and notified to Davidson on September 1<sup>st</sup>. After some delays, discussions, and clarifications, support from our Board Chair, and phone calls (FMAS/D.A. Davidson) the first payment of money totaling \$102,714 was received on September 23<sup>rd</sup>. The second Capital Contribution event, as delegated by the Board to Mr. Mason, upon consultation with FMAS and Akerman, was triggered in October 2011 for \$68,286 totaling an aggregate \$171,000. DFIM responded to the second Capital Contribution account, after some discussions with FMAS, and moved the balance of the total \$200,000 over to an account we had setup at U.S. Bank (as recommended by FMAS and directed by the Chairman). As of today, you'll see there's approximately \$200,000 held by your custodian US Bank that represents the entire DFIM capital support agreement plus some interest. DFIM also worked with us, per their amended IA Agreement, on their fee waiver for four months through October 31<sup>st</sup>, and have been providing assistance to our transition efforts with PMA.

Jeff Yates asks to confirm how much is left in the Reserve exposure prior to PMA's deposit. Jeff Larson replied that we have requested DFIM for an accounting for that. There are daily reports that DFIM gives to S&P that we receive. Jeff Yates asked if during our transition to PMA whether we are forfeiting any of our ability to go retroactively up to the termination of the DFIM agreement. Larson stated the \$200,000 DFIM Capital Support account is empty, and that the four months of DFIM's fee waiver have been honored to date. Jerry Boop asked if DFIM had paid all the bills to date, and had they honored all their commitments? Larson stated that Trisha Mingo prepares for FL SAFE a list of items and expenses and whether they are paid or not paid. Larson stated that it appears there's \$12,000 in the checking account at Regions Bank, FL SAFE's Operating Bank, and that a substantial amount of the bills have been paid based on follow-up by FMAS and Mr. Mason. Larson stated he believes we are caught up, but not saying that expenses that might occur in November and December or early 2012 were fully accrued for. Larson also stated that he believes the insurance agent has been paid, Clifton Gunderson, FL SAFE Auditors have been paid, Mr. Williams got paid, and FMAS has been paid. Mark Mason stated that based on his review as of yesterday, all outstanding bills that we are aware of, based on Trisha's report and emails, have been paid. In some cases, firms contacted me or Jeff directly, or via Trisha Mingo, and we dealt with each matter that we were aware of. However, invoices go into the IA firm and part of the fiduciary nature of an IA firm is to handle it until October 31.

Jerry asked as far as going forward what are the obligations of this Board for bills that were unpaid prior to November 1<sup>st</sup>, do we have any concerns there? Mike Williams stated that the Tolling Agreement, as prepared, covers this. Larson asked David Cheung, Internal Counsel, DFIM, to confirm that if there's a bill that comes in, that we will just deal with you as upfront business folks and make sure it's handled properly. David said that's reasonable, we obviously know we are the investment advisor until October 31<sup>st</sup> and we already agreed to work on a transition with PMA and the rest of the team. Larson reminded the Board that one of the issues is the Audit, as we're doing this partial year with DFIM and PMA. DFIM has already indicated to us, and so has Mike English, that they will cooperate in the provision of material to the FLSAFE auditors for the 12-31-2011 audit. David Cheung responded that we've talked to Trisha about that and confirmed she stands ready to help PMA with the 2011 audit.

Larson said that he has found Mike English's PMA Team's due diligence efforts very thorough, including the website transfer, the participant transfer, the information transfer, and that there are probably 13 departments within PMA that have worked with FMAS.

(d) Marketing Update:

Alissa Shortridge passed out a summary Marketing Update sheet from FMAS. On behalf of FL SAFE, we are focusing, with PMA's support, on 10 of the total 15 FGFOA local chapters. We've recently attended statewide FGFOA meetings since June. Larson reaffirmed we're just trying to let people know about what FLSAFE can do, what it has done, what it is set to do, and provide information about our new IA firm and the value-added services we offer and set up calls and meetings for PMA. So the most powerful thing that we can do is to get in front of a group of 30, 40, to 50 people and tell the story. In addition, we were asked by the FGFOA to assist with the third investments "Webinar". Once Jeff Larson was asked by the FGFOA in June 2011 to help, we recruited our Board Chairman, and after PMA's selection, Dr. Weber, to help with the two hour CPE webinar. Approximately 200-350 people joined the webinar on October 13<sup>th</sup> as it's free, and they don't have to travel. So far, Mark and I have gotten some great feedback on that, felt it was very effective, and our Presentation Team received a lot of compliments.

The other thing we try to do is go directly to the various FGFOA chapters and have done Best Practices in Investment Seminars for Volusia/Flagler (September) and Space Coast Chapters (October). We're very fortunate that each of the Board Members are very involved in their chapter. We hope to do one for each of the key Chapters and are set up in early 2012 to assist Jeff Yates with his Gulfcoast Chapter. In addition, Larson states he's already been asked to help again next year with the annual FGFOA conference, and Linda Senne and Jeff Yates volunteered to be on that May 2012 panel.

A handout was passed out detailing the upcoming 2011-2012 conferences.

(e) 2012 FL SAFE Budget:

Larry Aubrecht worked with PMA to put together a budget for next year, so we have a sense of where those expenses are. Larry brought in the prior budget and financial information, provided by Trisha, and compared it to historic audits. We have added a few items and dropped the internet website expenses because those are being absorbed by PMA. Based on an annual average of \$190 million, the expenses that are in the budget total 32 basis points overall.

Mark Mason asks if anyone has questions on the budget. Robert Clinger asks if it's possible to see a model including growth, i.e. if the fund were to grow to \$400 million, which of these costs would stay fixed, and which would change. Mark states if you go to the bottom of the page, the FMAS base lump sum fee really doesn't change much, for example, but if it goes over \$200 million, there is an additional payment, which we'll talk about later regarding amending the FMAS agreement.

Mark adds that the structure we have is as the fund continues to grow, so do the overall costs, but in terms of basis points, they go down. Larson added that the minimum S&P rating agency fee of \$8,500 is based on the Portfolio size, and excludes a fee they levee on PMA for the review on the IA firm, as PMA incurs that cost. S&P charges FL SAFE with the review of our portfolio, so that fee actually goes up a little bit as we grow. Jeff agreed to keep the Board up to date on this, as supported by PMA as Operations Manager.

Linda Senne makes a motion to approve the FL SAFE budget for calendar year 2012 as prosecuted by FMAS, Jerry seconds. All in Favor. Motion carries 5-0.

(f) FL SAFE Counsel Comments – Akerman Senterfitt:

Carrie Ann Wosniak was introduced by Mike Williams. She discussed the recent issue we experienced with a non-governmental entity invested with FLSAFE as processed by DFIM. The causes of action can range with a statute of limitation of 4 to 5 years. The statute stops running with the last cause of action has happened, the only one that would not be running now if we were being investigated by State Securities Authority. If we could pay some sort of fine, we could bring the IA in for an indemnification claim, so that hasn't arisen yet.

Larson stated we were directed by the Board to make sure that the transition was smooth. The LGIP balances are lower now because we ran into a situation with our due diligence review of the participant files. One of the participants was not a government in any of the forms FMAS received from DFIM. And that forced action, as confirmed by discussions with Mike Williams and our Board Chairman, for FMAS to investigate that further. There was approximately \$33 million received from the Wells Fargo Bank sweep account, controlled by two Wells Fargo traders. Following inquiries to both DFIM (Glenn Scott/Trisha Mingo) and the local government beneficiary of that Wells Fargo sweep account, both by email and telephone, we confirmed with

Akerman Senterfitt that our Indenture and Florida Statutes did not include a Florida bank as a “government” by definition. So upon notifying both DFIM and the local government and requesting proper documentation, or the opening of a Participant Account in the name of that local government, we were ultimately notified by DFIM’s CFO in an email that this money would be withdrawn in three installments by Wells Fargo as directed by this government, that was also an IA client with DFIM.

IRS Review:

Mark stated he had been notified by Trisha Mingo, DFIM that the IRS had just come in and did an evaluation of the FL SAFE LGIP fund for 2009, and that a letter following the IRS review has been issued that was acceptable. He understands that there are no ramifications what-so-ever, that the fund is certainly tax exempt. We have a copy of the letter. The final notice has not yet been received, just the letter from the field auditor.

Jeff Yates asked who was responsible for adding the Wells Fargo Bank to the FL SAFE LGIP fund. Larson said the participant registration form received from DFIM was signed by both Trisha Mingo and Glenn Scott.

Linda Senne asked if there were any legal ramifications following the closing of the Wells Fargo Sweep account. Larson replied that following advice of counsel, and direction by our Board Chairman, we took stringent action to investigate this, asked for additional material from both DFIM and the local government that might have tied it to a local Florida government, which we never received. We talked to the government entity directly and provided multiple requests and voicemails. We don’t think it is material to say who it is. We did encourage that local Florida government to be a direct participant to which they said yes, as they seemed comfortable with FL SAFE exposure, but we and then did not get action from that Florida government to be a direct participant. As mentioned earlier, we were advised by Tom Nelson, CFO parent company of DFIM, in an email that the account was being withdrawn in three tranches, which triggered the second DFIM Contribution Event.

Mike Williams added that we don’t think there are any self reporting requirements, but that’s part of the analysis of the Tolling Agreement, it’s a regulatory matter when the notation starts. Carrie Ann stated that it is when the event happens, so it’s not when it may investigated years down the road. Mike Williams said that we run the risk if DFIM doesn’t sign the Tolling Agreement. Mike said we are unaware of any potential ramifications, but regulatory agencies move very slowly so it could be something that comes up years from now.

Jeff Yates asked if there was some pre-emptive action we should take. Mark Mason states there is none, other than asking for the Tolling Agreement be signed. Jeff Yates stated it seems that we are doing everything we can with Larson and Akerman advising DFIM of our understanding of the situation.

Linda Senne asked Akerman to describe the Tolling Agreement. Carrie Ann responded that it covers the Statute of Limitations for four or five years, depending on the Statute of Limitations, to toll it so that it doesn’t start running again, until we are actually investigated. But there is always the indemnification that we can do if we are forced to pay a fine, we could bring a suit in front of them at that time, the statute of limitations wouldn’t be an issue at that time. Mark stated that it is clear that it is not out there now, it’s not there, it was determined, it was withdrawn, we’ve moved on. We recognized the need to have the documentation signed and if it’s not signed, not much we can do about it.

### Royalty Agreement:

Larson handed out copies of the PMA/FL SAFE Royalty Agreement. Larson stated the Board had authorized us at the August 31<sup>st</sup> Board to work with PMA and provide in the Operational Management and the IA Agreements the “value added programs” that PMA can offer to FL SAFE LGIP participants. We negotiated with PMA, on the Board’s behalf and for their consideration, a 20% Royalty Fee, or sponsorship fee, based on the gross revenues PMA generates on these value added services, coming back to FLSAFE. Those fees then come into FLSAFE, with the initial 10% going to amortize the Reserve position, and the second 10% covering, FMAS additional administrative and oversight responsibilities and expenses. The concept is to put in the total gross amount to FLSAFE, and since FMAS contracts with FLSAFE. The first 10% will help accelerated the amortization of the Reserve position, in addition to the Board’s current 2% Revenue Recognition Policy. The quicker we can amortize the Reserve, the better. Once that Reserve is paid off, then the 20% goes to 15%, and 50% of the 15% portion (or 7.5%) will then go to enhance the yield to FLSAFE participants, with the balance of 7.5% to FMAS.

Mike English, CEO, PMA, stated the long term benefit of having more assets to work with, as that will help amortize the Reserve position and then in the future, enhance the yield. And as that’s being done, not as an additional fee to the participants, but because we agreed to a “not to exceed fee” structure on the value added services with FMAS and FL SAFE, so this is not coming out as an expense from our PMA ledger. Mike stated that PMA has several of these agreements with other LGIP’s, and this format is going to work really well to accomplish both of those goals. As part of it, you are allowing PMA to provide value added services, allowing us to use the name, to use the FL SAFE logo, as we talk about those value added services. And in addition, we get to tap into your and FMAS expertise on Florida government finance issues.

Larson pointed to Section 4 page 2, citing the key dates, the royalty fees and specifically the 20%. Larson added that FMAS and Akerman asked PMA to include reference to the continuation of the Board’s Revenue Recognition Policy, and PMA also wants that 2 basis points in the yield every month to help amortize the Reserve position. Larson also pointed November 30<sup>th</sup>, as the date when PMA will provide FMAS, then the Board at its next 2012 meeting, and the accounting of the unamortized Reserve shortfall. As stated, once fully amortized, the 20% drops down to 15%, and the 50-50 allocation continues (7.5% yield enhancement, 7.5% FMAS fee).

Jeff Yates asked PMA about their other LGIP similar agreements, and whether there has questions about a potential conflict in having PMA as IA, and the offering of these value added services as one group with PMA’s broker dealer inside the firm. Jeff Yates stated that there seemed to be one PMA entity essentially handling the LGIP management piece, and another PMA entity handling the brokerage side. Mike English stated there’s not been a conflict with this format, the structure of this type of agreement has been reviewed by auditors of the other LGIP pools, and as we look at that, it’s almost as an expense reduction that is coming into the fund.

Larson recommended that when we have the quarterly FL SAFE board meetings, that we work with PMA for an LGIP report, then a report on the value added efforts (or “FIIP”). There will be full and fair disclosure on this. So their fees and operations in the IA agreement govern what they get paid or where they’re giving a fee waiver in a rather significant manner currently on the LGIP. Larson confirmed that PMA does make additional fees providing certain value added services such as cash flow analysis. Larson stated also that clients are not paying an IA fee for assets under management, and that the broker dealer spreads, and margins are fully disclosed, and are a cost of the trade. This is not often the case if you’re engaging an IA, as you’re paying both

an assets under management on your ladder and the yields are also net of broker dealer fees, spreads or margins. The bond proceeds services also eliminate the need for arbitrage counsel and bond counsel, greatly reducing other costs and fees.

Mike English stated we structure the contracts to be an open book and transparent.

Larson recommended that the Board consider a motion on this Royalty and Sponsorship Agreement in this form to be approved and delegated to the Chairman for any changes, with assistance as needed by Mike Williams and FMAS. We will send to you a copy of the final agreement.

Mark said FLSAFE will now be able to provide a window of opportunity for all of our Participants to utilize value added services that would normally required hiring an external IA firm for or somebody else to do, having separate agreements with everybody. Nothing's changed other than the fact you're getting the same level of expertise from the same company that's managing your liquid LGIP portfolio. The level of transparency and what they've agreed to, and continue to talk about, really does set a long way of ensuring that there is a wall between the two from my perspective. We've been talking about diversity of services for longer than we care to remember, and there was a time when there was only one of these pools in the State of Florida, and they didn't have all of these value added services. This literally is having liquidity on one side, fixed income on the other side, it may be with the same investment advisor firm, but nevertheless you still have diversification.

Jeff Yates made a motion to delegate the ability to sign the Agreement to the Chair, pending final review of legal counsel, input from the FL SAFE Administrator, in the form of the proposed agreement. Linda seconded. All in favor. Motion carried 5-0.

#### FMAS Agreement:

Mike Williams referred to the amended and restated agreement for FMAS. We are just trying to build the 50/50 split for the new value-added services and FMAS worked with Akerman on the charges, with a review by Mr. Mason.

Mark asked if anybody had any questions. He said there's very little difference than what was here previously. We're just recognizing the royalty payments, what added role and responsibility the administrator will have with the respect to the participants in the value added programs. Mark asked if we had a motion on accepting the amended agreement with FMAS, as proposed. Linda made a motion to accept the amended FMAS Agreement, with the inclusion of the \$500 million formula changing to \$400 million, as amended. Jerry seconds. All in favor. Motion carries, 5-0.

#### PMA Comments: Transition

Mike English, CEO made a couple of introductory thank you to the Board of Trustees, in giving PMA the opportunity to work with governments here in Florida, and appreciated the trust you have in us to invest with us. We want to thank Jeff Larson for the tremendous amount of work that he's done during this very compressed transition schedule, many times this transition would be done over a 90 day period. Effectively, this has been done almost in a 30 day period. PMA would like to also thank DFIM and Trisha Mingo for the assistance she has provided to our staff, as we asked for a tremendous amount of data during this transition and appreciated her help in making this smooth for November 1<sup>st</sup> for the participants. Mike English referred to the 3 ring binder presentation that was then handed out at the meeting to all attendees.

### Investment Policy

Mike English clarified that what has been handed out to you is an updated Investment Policy for FLSAFE for the Board's consideration. Referring to page 6, Section 4b1 and 2, Jeff Larson stated that PMA had confirmed that from all the QPD participating banks right now that the State of Florida does not give us any benefit or consideration if we go through all the hoops to try to qualify under F.S. Section 280. Section 280 allows governments to get the protection afforded under the Qualified Public Deposit ("QPD") program. That protection means a bank, depending on their capital strength, either has 25%, 50% collateral or more deposited with the State of Florida in that government's name. If that bank collapses and the posted collateral is insufficient, there's a secondary investor protection via the "joint and several agreement" from all the QPD participating banks to bail out the failed bank. Also, on a related QPD matter, FMAS has not talked directly to Ruth Shaw at S&P as to why they don't give credit to the QPD program when S&P's AAAM LGIP rating criteria rate collateral requirements. Our FL SAFE investment policy today basically stops at B1. B1 says if we deal with a bank other than something like US Bank's money market account, which is a permitted investment because it is a money market account and because of their rating, if we deal with bank products, it has to be a QPD bank. S&P says that's great, but they don't consider any F.S. 280 collateral to be worth anything of value to FLSAFE, and therefore our participants, so basically it is uncollateralized from the rating agency's perspective. And if uncollateralized, you can go up to a 10% exposure to any one bank as compared to the total LGIP portfolio. In addition, the State does not view us as a government per F.S. 280. That has been confirmed by PMA, independent of us. Only governments are in this fund as of today. Item 2 give our IA additional abilities.

Mark stated we are only investing in highly rated banks, to date. To the best of our knowledge, at no time in the State of Florida has the QPD program been tasked to support a bank failure by the remainder of the banks. Has the QPD program ever been utilized to make pay out, and the answer to that is no.

Jerry Boop makes a motion to accept the proposed Investment Policy dated October 28, 2011. Linda seconded. All in favor. Motion carries 5-0.

### Akerman Invoice:

Larson refers to an invoice from Mike Williams for legal services, since it is not in the Board approved 2011 budget. Mike Williams states that 90% of that time is under the transition period for services requested of Akerman due to the move to PMA. Jerry made a motion to accept this invoice for payment, Linda seconded that motion. Mark stated we set in motion the acceptance of the invoice from Akerman Senterfitt in the amount of \$15,038.54. All in favor. Motion carried 5-0.

### (h) Participant Comments:

None.

### (i) Board Member Comments:

Mark mentioned that when we started this program in 2007, we were excited to provide an alternative investment in the State of Florida and some of those folks are still with us today, including Port St. Lucie. There has been more than 1 blip in the road. I would like to thank DFIM as part of this particular program. But there was a step that we needed to go beyond for the last several years. I've done one investment seminar a year, and talked about this additional need over

and over again, and that's a diversification of investments. So when FLSAFE came into existence, everyone ran up against the same form of frustration that there was a lot of things you needed to do internally in order to invest externally. Cash flow analysis, expenses and we all struggle with the same thing. So having a one stop shop to be able to do that like PMA, I'm excited to announce, now we have finally seen the light at the end of the tunnel. I thank the Board members and participants for sticking with this and if it wasn't for the participants, we wouldn't be where we are today.

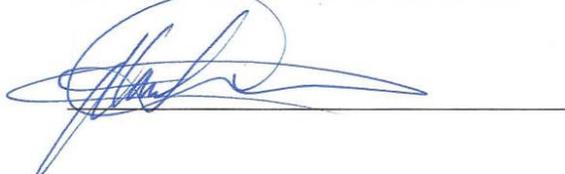
Mark stated we need to set the next meeting. A review of Board calendars led to a meeting date of for January 20, 2012 to be located at Akerman Senterfitt at 11:00 a.m. with lunch at 12:00 p.m.

Meeting adjourned at 1:09 p.m.

Meeting Minutes – October 28, 2011  
Signature Page

APPROVED THIS 20 DAY OF January, 2012.

FLORIDA SURPLUS ASSET FUND TRUST



ATTEST:

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