



**FLORIDA SURPLUS ASSET FUND TRUST  
3452 LAKE LYNDA DRIVE, SUITE 114, ORLANDO, FLORIDA 32817**

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**FLORIDA SURPLUS ASSET FUND TRUST  
MINUTES OF THE BOARD OF TRUSTEES**

**LOCATION:** Fishkind & Associates, Inc.  
12051 Corporate Blvd., Orlando - Florida 32817

**DATE:** January 27, 2011

**TIME:** 1:02 p.m.

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**MEMBERS IN ATTENDANCE:**

**BOARD OF TRUSTEES:** Jim Anderson, Vice-Chairman  
Mark Mason, Secretary/Treasurer  
Linda Senne, Treasurer Trustee  
Jerry Boop, Treasurer Trustee  
Don Moore, Treasurer Trustee

**OTHER ATTENDEES:** Glenn Scott, Portfolio Manager – FLSAFE  
Trisha Mingo, Fund Administrator – FLSAFE (via telephone)  
Bill Spivey, VP Client Service Manager – FLSAFE  
Jeff Larson – Larson Consulting Services  
Michael Williams, Esq. – Akerman Senterfitt  
Jeff Yates, Finance Director – City of Dunedin  
John Van Horn, Financial Reporting Mgr. – City of Leesburg  
Christine Davis, Finance Director – City of Orange City

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

1. Jim Anderson called the meeting to order at 1:02 p.m.
2. Board of Trustee vacancy appointments  
Bill Spivey explained that Fritz Behring announce his decision to become a County Manager in Arizona. Mr. Behring submitted a letter of resignation and suggested that Don Moore be nominated to take his place representing Clay County. The Board has the ability to appoint a representative to fill a vacant position per the Indenture of Trust. **Mark Mason motioned to approve and Jerry Boop seconded.** The appointment was approved unanimously.

Don Moore joined the Board of Trustee members.

3. Board of Trustee officer appointments

The Board voted to keep the officers the same for 2011 with Hank Fishkind as Chairman, Jim Anderson as Vice-Chairman and Mark Mason as Secretary/Treasurer.

4. Minutes of November 4, 2010 Board meeting

The Board reviewed the November 4, 2010 minutes. Bill Spivey pointed out that Mark Mason's officer title was not correct and should be stated as Secretary/Treasurer, not Treasurer Trustee. No other corrections were made. ***Mark Mason motioned to approve as amended and Jerry Boop seconded.*** The minutes were approved unanimously.

## B. GUEST INTRODUCTIONS

Jim Anderson asked that everyone introduce themselves.

## C. ADMINISTRATOR REPORT & PORTFOLIO REVIEW

### 1. Portfolio Manager's Report

a. Economic Review

Julie Hughes reviewed the US Economic Indicators section of the packet. Housing inventors declined slightly, but viewed as neutral given the 9-10 months of current inventor and the shadow inventory. Employment saw a little over 100,000 new jobs and a decline in the unemployment rate to 9.4%. QE2 was announced and implemented. European Sovereign Debt Issues continued to surface, but they seem to be addressing it. Foreclosures still occurring and affect Treasury rates. There is a 5-year timeline for unemployment to recover to post Great Depression rates. Fiscal and monetary policies will remain low at least through the 3Q 2011.

b. Asset & Rate Comparison

Glenn Scott reiterated that there little chance of rates changing through the 3Q 2011. QE2 is schedule to end in June 2011. Mr. Scott explained about rate compression and the lack of compensation in rates for the amount of risk in securities. Don Moore asked for additional information regarding rate compression. Glenn Scott reviewed a "normal" rate environment with securities against what is available today. Flight to quality in the lower rate levels and new money market fund liquidity standards contribute to this effect.

Glenn reviewed the S&P LGIP Index as a benchmark. Monthly Assets were reviewed. Asset levels have been very constant for most of 2010. John Van Horn also suggested that the state of real estate and the decreased tax receipts contributes to less excess liquidity on the part of local governments. Jerry Boop added that many governments were not able to access fund balance and had to adjust to cuts in revenues so the flattening of asset levels can be viewed as a plus. Mark Mason mentioned that investment policy parameters limit how much he can invests in one LGIP as a result of the SBA run and he is satisfied that levels did not decrease. He expects other governments to recognize FLSAFE as a viable alternative in the near future.

c. Portfolio Review

Glenn Scott briefly reviewed how FLSAFE was formed, the characteristic of a LGIP and a summary of 4Q results. Mr. Scott discussed the securities and strategy. Trisha Mingo briefly discussed the two Regions Bank accounts. Glenn also discussed the credit committee.

d. Out-of-state deposits/other LGIP Portfolios

Glenn Scott discussed the portfolio holdings of Florida PRIME and FACC Day-to-Day Fund. Of particular interest is the use of out-of-state Yankee CD's and the authority to purchase these securities under Florida State Statutes. He discussed appropriateness of purchasing these securities versus commercial paper. Yankee CD's are outside the Florida QPD guidelines, but there is an argument that the purchase of commercial paper from one entity could have more risk than purchasing a Yankee CD from the same entity. Yankee CD's are a deposit with FDIC protection, but not collateralized as QPD. Commercial Paper holders are a senior debt holder, which is a junior subordinated position to a depositor. Yankee CD's do have a certain yield advantage and prime money market funds do contain them. Staff will do further research into Yankee CD's and the statutory authority.

2. Fourth Quarter 2010 Unaudited Financial Report

Trisha Mingo discussed a reference to The Reserve Fund under the portfolio review section. The auditors required FLSAFE to book the loss this year because of uncertainty regarding the remaining number of distributions from The Reserve Fund. The last distribution was July 2010. There has been little communication back from The Reserve Fund other than statements on their website. Under the Statement of Operations, the 12/31/2010 amount of -\$488,738 is the amount of loss. The contribution listed as \$200,169 is from the Davidson Support Agreement. The write-down is approximately \$318,000. IRS and SEC guidelines allow 8 years to amortize the loss, which comes up to approximately \$109 per day. The Reserve Fund is no longer shown as an asset, but as an expense. Any additional distributions will be credited against the write-down.

***Mark Mason motioned to approve the 4Q 2010 unaudited financial statements and Linda Senne seconded.*** The motion was approved unanimously.

3. Checking Account Review

Trisha Mingo briefly discussed the Checking Account.

4. 2011 Budget Analysis

Trisha Mingo briefly discussed the previous 2010 and the current 2011 proposed budget. Mark Mason asked about a decrease in the Internet/Website expense and Trisha Mingo explained that there were modifications to the website made last year that would not occur this year.

***Linda Senne motioned to approve the 2011 Budget and Jerry Boop seconded.*** The motion was approved unanimously.

5. Trustee Reimbursement Requests

Bill Spivey explained that these requests are required to come before the Board before the expense is paid per the Travel Reimbursement Policy.

*Jerry Boop motioned to approve the reimbursement requests and Don Moore seconded.*  
The motion was approved unanimously.

**D. STAFF REPORTS**

1. Marketing

Bill Spivey reviewed the marketing activity. Discussion ensued regarding using the internet as a marketing tool.

2. 2010 Audit status

Trisha Mingo briefly explained that the final audit will be completed in March 2011

3. Internet conferencing capabilities

Trisha Mingo briefly described the ability to do a webcasting over the Internet and that she is working with Bill Spivey to implement this capability by next meeting.

**E. SET NEXT MEETING DATE / ADJOURNMENT**

Bill Spivey suggested the Board review their calendars for availability on April 19<sup>th</sup> or 20<sup>th</sup> for the next Board Meeting. Linda Senne and the City of Venice have agreed to host the next meeting.

*Mark Mason motioned to adjourn the meeting and Linda Senne seconded.* The motion passed unanimously. The Board meeting adjourned at 2:40 p.m.

Meeting Minutes – January 27, 2011  
Signature Page

APPROVED THIS 31 DAY OF August, 2011.

FLORIDA SURPLUS ASSET FUND TRUST



A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, is written over a horizontal line.

ATTEST:

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