



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: October 24, 2014

TIME: 12:00 p.m.

MEMBERS IN ATTENDANCE:

BOARD OF TRUSTEES: Mark C. Mason, CPA, Chairman
Linda Senne, CPA, CGFM, Vice Chairman
Jerry Boop, CPA, CGFO, Secretary/ Treasurer (Absent)
Robert Clinger, CPA, Trustee
Christine Trovato, MPA, CGFO, Trustee

OTHER ATTENDEES: Fenil Patel, SVP, PMA
Paula Cooper, Operations Manager, PMA (By Phone)
Brian Hextell, Portfolio Manager, PMA (By Phone)
Jim Davis, CEO, PMA
John Huber, CIA, PMA
Jeff Larson, President, FMAS, FLSAFE Executive Director
Larry Aubrecht, SVP, FMAS (By Phone)
Jesy Acosta, Associate, FMAS
Nicole Larson, Associate, FMAS
John Biggenman, Akermen LLP, FLSAFE Counsel
John Mattern, BMO Harris Bank, FLSAFE Custodian (By Phone)
Steve Shanks, CliftonLarsenAllen, FL SAFE Auditor (By Phone)
Bill Kleinsorge, Sumter County
Dan Carpenter, City of Indian Rocks Beach

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 October 24th. Jesy calls roll. All the board members are present with the exception of Mr. Jerry Boop.

2. Public Comments

Mark asks if there are any public comments. No public comments made.

3. Florida Board Seat Elections

Mark asks if we have the results of the Florida Board Seat Elections. Jeff responds that we had two open board seats, both Linda Senne's seat and Robert Clinger's seat. These were 3 year terms per the Indenture, and I went over it with Jerry Biggenman, FL SAFE Counsel, Akerman. We had nominations for Mrs. Senne to run again and she agreed to do that. Mr. Bill Kleinsorge from Sumter County was also nominated and agreed to be considered for the seat. We received no other nominations, but the ballot form provided that as an option. The ballots and bios on Linda and Bill went out from our offices on September 16th and we had 35 participants of record. Per the Indenture of Trust, each participant gets one vote. FMAS made multiple calls and emails encouraging them to fill out the ballots and return them. We had 22 ballots returned (63% of the participants) by October 15th and 100% were in support of the two candidates. The Indenture regarding a Board election requires a majority of the returned ballots, but we also work hard to have as high of a response as possible. These seats become active January 1, 2015. Under State law, we need a physical quorum of 3 out of 5 for the Board meetings. Jeff asked if there were any questions. Hearing none, Mark congratulated Linda and Bill.

4. Approval Prior Board Meeting Minutes

(a) July 25, 2014

Mark asks for the approval of prior FLSAFE Board Meeting Minutes for July 25, 2014, Linda makes a motion to approve the minutes from the Board Meeting, Christine seconds. All those in favor, say I, motion carries, 4-0.

5. Participant and Guest Introductions

Mark asks for the Participant and guest introductions.

6. Approval of the 2015 FLSAFE Annual Budget

Jeff thanks Paula and Larry for working on the annual 2015 Budget summary sheet. Larry mentions that he'll break it into two components. The budget for the hard expenses last year was \$188,950 and that has been reduced to \$178,550. The main changes are the estimated legal fees being reduced \$18,000 to \$6,000. Based upon our situation with the insurance, where we thought it was actually going to go up and he included that up to \$2,500. Then the custodial fees have gone down \$1,500, cash management fees by \$400, the audit fees are going up by \$1,000. The net change from year to year is \$10,400. From the Investment Advisor operations expenses, they've maintained their constant budget of \$300,000. Those are the main changes per the budget. Larry asks if there are any questions or if Paula Cooper wanted to add anything. No comments. Mark asks if there is a motion for approval of the FLSAFE Annual Budget for 2015, Linda makes a motion for the budget, Christine seconds. All those in favor, say I. Budget approved, 4-0.

7. Auditor Engagement

CliftonLarsenAllen submitted to Jeff and Paula, their engagement letter for the 2014 Audit, a copy of which was shared with the Board. Jeff said their proposal is very similar to last year. Mark asks if there any questions by the Board of the engagement letter. No questions. Mark makes a motion to approve the Auditor's Engagement Letter for 2014 with CliftonLarsenAllen. Linda makes a motion to approve the Engagement Letter from CliftonLarsenAllen, for the audit of the year ending December 31, 2014. Robert seconds the motion. All those in favor, say I. Motioned passed, 4-0.

B. OTHER ITEMS

1. Investment Advisor/Operations Manager Update - PMA

(a) Economic Update

John Huber, CIA, PMA, says the key things he wants to cover are the overall economy and what we're looking at. We continue to be in a slow growth scenario, the economy is moving back towards a self sustaining level of recovery but one that is below the level of ones we've seen from other economies perform. Secondly, labor conditions continue to improve and that will continue to drive consumption. Also as we look at the supply of credit, we continue to see loan growth. Loan values continue to drive our GDP growth to even higher rates. Regarding interest rates, we're expecting the Federal Reserve to raise rates or start to tighten monetary policies in mid to late 2015. Again, the risk there is that it takes longer versus shorter. Low for longer but at some point, it will tighten as the economy continues to grow.

John refers to the 3rd page of the presentation covering GDP. In the second quarter, we continued to see belabored growth, final sales and inventory contributing to that, something closer to 3%. Consumption continues to be key to drive it. Income growth and wage gains, some signs of wage inflation, as people have more money to spend, that helps GDP to grow. Another sign of consumer confidence in terms of driving economic growth, confidence has strengthened. Part of that is driven by two key things, a healthier balance sheet, home prices recovering, better valuations there, they are a key component to everyone's balance sheet on a personal level. Secondly, the market is rebounding, both stocks and bonds, performing very well. Mainly the primary asset classes that people are investing in. Overall, that helps people feel confident, and we hope to see that continue.

Employment continues to see rates move below the target of 6%, back to levels pre-crisis. That supports our belief that the economy continues to get better. John reviews the employment section of the graph presentation.

John reviews the next page briefly on inflation, states that corporate profits are strong, and potential concerns. John ends his report on the economy.

(b) Market Update and LGIP Report

John starts off with a quick market update, showing how rates have moved much lower over the past year and certainly, in the past quarter, a dramatic decrease in terms of yields. Now on the front end of the curve, short term rates have stayed low. A major theme in the overview of the market. Changes can happen quickly and can go up, we've

seen some volatility in the course of a few weeks. The bond markets are a good indicator of risks. The bond market tends to lead the stock market in the terms of pricing of risks. John reviews the front end on the next page of the presentation, treasuries and supply remains scarce, demands remain high. We've seen auctions come off over the past month, where Tbill auctions have occurred with negative interest rates. So investors are paying the US government to take their money. This has happened in the past, we are seeing it happen with supply and demand. It's a tough environment, we're a very high quality fund, principals are a high priority always, liquidity, making sure it's there when you need it. We want to earn income but its not the primary objective in this fund. And when you see funds get into that, troubles seem to occur. So we're risk managers and we thought that it was just something important to know in this presentation. Jeff Larson asks, how much of this is due to lack of supply, the federal government coming down and not printing as much money, and also the flight to quality. As mentioned a lot of oversee buyers are going into the treasury. This shows us there's not a lot of supply coming out. John states, there isn't. John mentions that there's a preference on the part of the Treasury department to term out and move away from short term financing in general, even in their policies. Commercial paper, repurchase market, to have people term out or borrow longer as opposed to borrow on shorter terms. And that is a reflection of the market. And whether that's a good idea or not, all of us need some money liquid overnight. We don't always want to put our money to the curb. There's a natural preferred habitat on the front end but everything's working against the front end investor, that wants money on the front end.

John reviews the market forecast. The market is expecting the Fed to not move as much as the Fed is predicting. The FOMC is predicting the Fed Funds reading in June 2016 at 2.5% and the market is predicting 1.70%. The market tends to be a little bit more pessimistic about the Fed tightening interest rates to the extent that they are now projecting because of the transparency that's occurring by the Federal Reserve, the level at which their saying is going to be in 2016. We do expect rates to rise at some point but risks tend to stay lower longer. John reviews what has occurred over the past quarters and there's really not a huge change in the curve.

John reviews the comparisons of our rates on a gross and net basis in July, August and September in the presentation and shows that we're very competitive. John also reviews the stable and variable NAV's, portfolio composition, in the presentation.

(c) Operations Managers Report

Paula Cooper starts with the four page report and reviews the second page which shows a summary of where the fund stood. It's got the FLSAFE balance, the FIIP balance and the total assets, the whole program. We continue to pay a net ten basis points on the FLSAFE LGIP. The next page is the financial statement, it's a typical report over the past several years, it fluctuates up and down within a range of \$120 million upward to \$140 million. We went from \$140 down to \$130 over the past quarter. The net income continues to be stable in the quarter and the next section is the statement of changes. Paula wraps up the report handout. Jeff asks if there are any impacts in the portfolio with John's arrival, additional things you've uncovered since his arrival and what was bought. Jim Davis mentions that he doesn't think he's added anything material but asks Brian to chime in; we've certainly expanded our list of corporate issuers, when you look at the rate and risk profile. Brian Hextell adds that he's glad everybody got to meet John and he's with a

great team but as Jim was saying, to date, nothing has really changed significantly in terms of the composition of the portfolio but certainly knowing the team, should really be a value add to FLSAFE.

Paula continues on with the Operation Managers Report, that handout has on the second page a bar chart showing history of the assets since July 2010 and as you can see how they fluctuate. And since the origination of the FIIP program, we have included those asset funds as well. The next page is the cash disbursements, year to date and balancing the check book every month but present it quarterly. The next page reflects the budget analysis, a couple of annual payments were made last quarter, liability insurance and audit fee. The next page is just the budget that was approved last year, for this current fiscal year. The last page is the Term Series. And overall for the report, you can see month by month what our progress has been.

(d) Ratification of the August 2014 Term Series

Mark asks to hear a motion to ratify the August 2014 Term Series. Linda makes a motion to ratify the August 2014 Term Series. Christine seconds. All in favor, say I. The August 2014 Term Series has been ratified, 4-0.

(e) Proposed December 2014 Term Series

Fenil mentions he wants to give a preview of the upcoming Term Series. Currently we are considering a 6, 12, and 18 month term series but are looking for any suggestions. At one time, we were looking at a 9 month if applicable but at this point we are just looking at 6, 12, and 18 months. Mark mentions there's two Florida property tax distributions, the largest one is towards December and he recommends doing one for 9 months. He assumes there was a suggestion for an 18 month one and doesn't know the purpose behind the 18 month. But if you're just looking at investing the tax proceeds that come in, for spend down during the course of the year, 3, 6 and 9 month would be your better bet. The 18 month one, there may be a reason but we'll have to check with membership if there's a requirement for that right now. Fenil states he'll reach for that. Mark asks what is the projection on the 18 month, with it currently being 30-35 basis points, Fenil says with 18 months you'll be looking at around 40 basis points as of today. Jeff asks for Fenil to share the 6, 9 and 12 for discussion purposes since we have some participants here. Fenil states that 6 month, 20-25 basis points, 9 months would be 26-27 basis point and 1 year would be 31 basis points. With the 18 months it would be around 40. Linda asks if there's a 3 month and Fenil says we don't currently. One of the reasons we hesitated on the 3 month is it would affect some of the participants to take money out of the fund.

Mark asks if there are any other comments by PMA. Fenil states they are very excited with conversations they are having with a few of the Counties. Jim mentions that Fenil passed around an article to bring to all the Boards attention and is inline with many financial institutions getting hit by cyber attacks. The article details an individual that has claimed to have hacked into 400 to 500 LGIP websites and has claimed in a number of cases, to have hacked into account information and wire information, and could have wired money if he wanted to. The article specifically mentions Cutwater and two of the programs they report to, one of them being Louisiana Pool and Indiana Program. Its not a bad idea to talk about GPS, FLSAFE satellite systems and we do talk about that site and internet security topics as an ongoing basis in our weekly team meetings. To give you a perspective on the system, no one can go on there right now and set up wire instructions.

We send you a signed form, we call you back and we put that into the system. Once it's in the system, all you can do is send money to a preordained set destination at your local bank. An inherent structural control is there. Last September, we were having this conversation, because we would like to review all of our GPS and do other things with it. Like have people go online and enter wire instructions for example, or a portal of other things, so it's an ongoing thing, as a part of that, higher levels of authentications are being discussed which we would talk to participants about. So if we get to that point, its not going to be token for everybody, this will institute another system of call backs and authentications. Step one was simply to X out all but the last 4 numbers of the account number, we did this last September. So even if somebody went on and see something they wouldn't be able to print screen. The latest measure was to pull from our web server, any wire at all and our own internal server do not allow remote access. That's the safest way to do it. We are in a good spot from a FLSAFE perspective. Jeff asks if there has been any evidence or known attacks, Jim states no and that they do track the IP addresses.

Mark mentions that we are at the 3 year anniversary with PMA and they have done really well for us and we appreciate that.

4. Administrator Update – FMAS

(a) Marketing Update

Nicole reviews the handout on all the FMAS presentations that have taken place along with upcoming ones throughout 2014-2015. Nicole points out a few things, they got to present to the Big Bend chapter, we were also asked to speak at the Palm Beach Chapter so that's really good exposure. Jeff will be teaching a class again at the FGFOA School, and helping the SW FL Chapter with their 8 hour Investment Seminar in December. The Palm Beach Chapter presentation will be April 30, 2015.

(b) Participant Survey

Jeff mentions that the Participant Survey was sent out, and we had provided a draft to the Board and some of you were kind enough to send us some of their comments along with Fenil, Jim and Lori. We then sent it to participants, asking for their feedback, what are we doing well and what can we do better. Jeff felt it would be helpful to have Christine walk through what the results were. Christine Trovato, who chairs our Advisory Committee, mentions that the survey was sent to all the participants and thirteen total were received. She went through the questionnaire summary done by FMAS.

Mark asks if there are any comments. Linda asks if PMA is going to have a presence in Florida? Jim responds with yes, we are trying to do that. It is on our business plan. Mark says that he finds the results to be interesting, the most important thing is the understanding the benchmark of performance, and the benchmark has been set. And that we either do this on annual basis or every other year to then see how things are to be improved upon year after year. And what we can do better for the participants. Knowing how long FLSAFE has been in place and doing this survey for the first time is a very good thing for us. Mark says just filling it out was eye opening and appreciated the effort that was done on this. All of us should appreciate the responses that came back, its probably the most important part of this.

Fenil mentions some changes that have occurred since our last Board Meeting. The last Term Series email was a lot more successful. We have a spread sheet that tracks our communication and we're also setting targets with current participants and prospects. And we are working better with Jeff to communicate our efforts. Mark states that it's important to understand that 3 years ago we had 11 participants and today we have 35. So clearly something has been done right over the 3 years, make no mistake of that.

(c) FL SAFE Investment Seminar

Jeff mentions that they put on their first annual FL SAFE Investments and Economic Seminar yesterday. We had a good attendance, we had participants all over the State join us. We provided 3 hours of continuing education on investments. We had a lot of the Board there, so we want to get feedback from you also. The goal was not to just market the fund but to have a setting where participants of different levels of investment experience were there and have a differing level of usage of these FL SAFE services. We have different people that have tried certain things, some may have just put their foot in the water to try out the fund. Some may have tried the cash flow, we had two point of contacts for the cash flow, how does that work for them. Talking about the bidding process with CD's, John did an excellent job speaking, big picture, intellectual as well as relating to folks. We had different levels of investment IQ's there in the audience. Jeff mentions this really could lead into something that could turn into an 8 hour all day basis to click with folks. Our competitors do 2 or 3 a year. But our goal with Fenil was to do a smaller setting so participants could come in, meet some of our Board Members in a more casual setting, and get to see some of the PMA professionals. So we're either going to keep it small, which Jeff likes the idea just for the participants and have the Board come in. That was very beneficial. Linda mentions that she has never heard John speak before and thought he was a very good and effective speaker. Mark mentions that even tying in the session with the Board Meeting even on the same day, would be even better for the future. If we held the Board meeting a little bit earlier, we could have the afternoon session. You not only have participants here for the Board Meeting but you can have them here for both of them. If you did 2 a year at four hours apiece, you're still getting your eight hours. Mark says all the participants would benefit from that. Jeff asks like an April/October session? Mark says more like October/ January. Jeff mentions doing a session January 22, 2015 with our Board Meeting.

(d) FL SAFE Advisory Group

Jeff mentions that we have specific limited number of Board Seats for obvious reasons, but one of things we've established in 2014 was an advisory council. That input and feedback from that Advisory Council is very important. Christine serves as the Boards liaison, Bill Spinelli, Ted Beason, and Dan Carpenter also serve as well. Dan mentions he was with the original 11 participants back in 2008 when he was at Gulfport and it certainly has been a good fit, with my small city, Indian Rocks Beach. It's a big asset to have FMAS and PMA, I found them all to be very accessible, very helpful, and very timely. And for us, we are small with limited time and we wear a lot of hats so having these resources to invest, is a good fit. Jeff mentions the goal is to have every chapter represented.

5. FLSAFE Counsel Comments

Mark asks if there are any comments. No comments are made.

6. Participant Comments

Mark asks if there are any participant comments. No comments are made.

7. Board Comments

Robert Clinger states that he has certainly enjoyed his time with the Board, it has been most interesting and will be left in great hands and look forward to continuing the business relationship. Christine mentions she would like to thank everybody, Jeff, Nicole, Jesy and everybody at PMA. I enjoy being part of the Board. Linda adds that she would like to thank FMAS and PMA for the big transition and change for the positive from 3 years ago. Mark says that 3 years ago we hired PMA and 3 years later we're in very good standing. Going from 11 to 35 participants, kudos to Jeff and his team, as well as, Fenil and his team. It's much appreciated and certainly seeing the fruits of our labor.

Mark has the honor, on behalf of the Board and Participants, of presenting to Robert Clinger a Certificate of Appreciation plaque for his years of service to FLSAFE as a Board Member.

C. SET NEXT MEETING DATE/ ADJOURNMENT

Setting the future date for the next FLSAFE Board Meeting to Thursday, January 22, 2015 at 9:00 a.m.

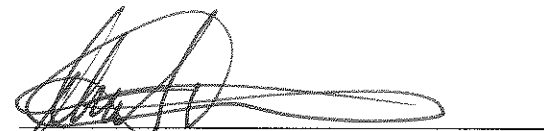
Mark states meeting adjourned at 1:43 p.m.

Signature Page


APPROVED THIS 22 DAY OF January, 2014.



FLORIDA SURPLUS ASSET FUND TRUST


Mark C. Mason, CPA
FL SAFE Chairman

ATTEST:


Jeffrey T. Larson
FL SAFE Administrator