



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

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

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

DATE: October 19, 2012

TIME: 12:00 p.m.

MEMBERS IN ATTENDANCE:

BOARD OF TRUSTEES: Mark Mason, CPA, Chairman
Linda Senne, CPA, Vice Chairman
Robert Clinger, CPA, Trustee (By Phone)
Jerry Boop, CPA, Trustee

OTHER ATTENDEES: Bob English, Chairman, PMA
Fenil Patel, VP, PMA
Jim Davis, CEO, PMA (By Phone)
Paula Cooper, VP Operations, PMA (By Phone)
Brian Hextell, Portfolio Manager, PMA (By Phone)
Jeff Larson, President, FMAS, FLSAFE Executive Director
Larry Aubrecht, SVP, FMAS (By Phone)
Jesy Acosta, Associate, FMAS
Mike Williams, Esq., Akerman Senterfitt, FLSAFE Counsel
Hank Gay, VP, BMO Harris Bank, FLSAFE Custodian
Ed Wuellner, Executive Director, St Augustine Airport Authority
Cindy Dompe, Finance Manager, St Augustine Airport Authority
Nancy Duggan, Interim Finance Director, City of Dunedin
Ted Beason, Assistant Finance Director, City of Temple Terrace
Bill Spinelli, Finance Director, City of Leesburg

MEETING OF THE BOARD OF TRUSTEES

A. BUSINESS ITEMS

1. **Call to Order/ Roll Call is made by Jesy Acosta of FMAS**
Mark Mason, Linda Senne, Jerry Boop, and Robert Clinger, quorum.
2. **Approval Prior Board Meeting Minutes**
Mark Mason states we need Approval of the Prior Board Meeting Minutes for July 20, 2012. Linda makes a motion to adopt the minutes, Jerry seconds. All those in favor, say I. Minutes approved 4-0.
3. **Participant and Guest Introductions**, Mark Mason welcomed and thanked all for coming today, and introductions were made.
4. **Open Board Seat- Jeff Yates Resignation, Appointment Term Ending Jan 1, 2014.**
Mark stated that Jeff Yates, City of Dunedin, had resigned his appointment with the Board due to his taking a new position in North Carolina. We now have a Board Open Seat, and with support from FMAS, Nancy Duggan, Interim Finance Director, City of Dunedin, has expressed an interest to be on the Board. Anyone have any questions, as we have had a chance to review her Bio?

Jerry motions to appoint Ms. Duggan to the Board, Linda seconds. All those in favor, say I. Motion carries 4-0. Mark states Nancy is now member of the Board.

Jeff Larson states the Indenture of Trust allows the Board the authority to appoint an open seat during the term, so Nancy will serve for the balance of the term Mr. Yates had.
5. **Participants' Election Results for Board Seats with Term Ending January 1, 2016.**
Linda reports that we have via FMAS sent out election ballots to all participants of record. There were 24 participants at the time for voting, and 16 responded out of the 24 or 66% responded Yes in favor of Jerry Boop for the Board. Linda therefore made a nomination reflecting the Participants votes for Jerry Boop's new term to January 1st, 2016. Mark seconds, all those in favor. Motion carries 5-0.
6. **Secretary/Treasurer Position**
Mark that Jeff Yates had served as Secretary Treasurer position, so now we have an opening. Mark asks if we have a nomination for Secretary of Treasurer. Linda nominated Jerry Boop for Secretary of Treasurer. Mark asks if there are any other nominations, hearing none, then nominations are closed. Nancy seconded the motion for Jerry Boop, passed 4-0. Jerry is now Secretary/ Treasurer.
7. **2013 FL SAFE Budget**
Mark asks Mr. Larson to go through the 2013 FL SAFE Budget Proposal. Jeff mentioned that Larry Aubrecht, FMAS, as well as, Paula Cooper, VP of Operations, PMA, really did

a lot of the work with the budget for 2013. This is for the next calendar year, January to December 2013 and I would like Paula to comment on this.

Paula Cooper states that we prepared this budget to show what we expect them to be going forward. In order to do that, we had to budget out what we anticipated the actual average to be. For budgeting purposes, you want to be conservative with your calculations so you have enough accrued to cover your expenses. Most of these items are unchanged from last year. There's a reduction in the audit amount based on the engagement letter that came in. We left insurance the same as last year, despite that fact we had anticipated putting a contract out to bid and hopefully the expenses will come in lower than that in 2013. So these expense projections were created conservatively. Please refer to the worksheet. Paula asked if there were any questions and the Board did not have any.

Jeff states that last year the total budget was \$228,240. We've tried tightening it a little bit with Paula and Larry's help and with BMO on board, which has been helpful. As the fund grows, we also will benefit.

Mark asks if there's a motion for approval of the proposed 2013 budget. Jerry makes a motion to approve the 2013 Budget as presented, Linda seconds. All those in favor, say I. Budget is adopted 5-0.

8. **Updated Information Statement**

Mark states that in the July meeting, the Board had authorized PMA and FMAS to adjust and make changes to the Information Statement, as needed. They would then bring back that Information Statement for the next meeting for us to ratify. As things change in between meetings, which is about every three months, as it did with Jeff Yates leaving, we made some adjustments, and additional changes with BMO Harris coming on board as Custodian/ FLSAFE bank and with Nancy Duggan on board. We've made changes and they are included in the new Information Statement. We will now suggest we go one step further so as it not be such an onerous task for the Board Chairman to have to deal with this. Therefore, you will see a proposed Resolution that will clarify this authority a bit further.

Jeff Larson states the Mike Williams drafted this for us with FMAS and PMA input. Mike cites the Information Statement as our disclosure statement, has all the detail, and is not just a one page summary. Therefore it is appropriate that FMAS work with PMA to update it regularly, and then have the Board ratify. Mike Williams confirms that it's a good idea to formalize this authority in a resolution.

Jeff states that we do not have the authority to change any of the fundamental details of the Trust Indenture, rather these are more cosmetic changes, important still, but cosmetic changes.

Mark states we have a Resolution before us, and the Resolution is as follows, FMAS, in consultation with PMA, is hereby delegated authority to make routine changes to the Information Statement.

Mark asks for a motion to adopt the Resolution of the Board of Trustees of Florida Surplus Asset Fund Trust in reference to updating the Information Statement, as read. Linda makes a motion to adopt the Resolution for the updating of the Information Statement by FMAS and PMA, Jerry seconds. All those in favor, say I. Motion passes 5-0.

B. OTHER ITEMS

1. Investment Advisor/Operations Manager Update – PMA

Bob English and Brian Hextell reviewed the Investment Advisory Report and referred to the handout and powerpoint slideshow for the following.

(a) Economic and Market Updates; and

(b) FLSAFE LGIP Portfolio Update.

Paula then provided her Operations Manager Report.

Fenil and Paula provided a Transition Update regarding BMO Harris Bank as the new Custodian/ FLSAFE Bank and referred to Hank Gay as the Principal Contact officer for BMO.

(e) Mark asks Fenil and Bob if there are any additional PMA Comments. Fenil states that we have almost have one year under our belts. The first year included many changes in evolving the fund into offering additional value-added services and getting some things cleaned up. We definitely have the right people in place now, and looking forward to a great second year. He noted the momentum with the additional new participants, City of Indian Rock Beach, Dan Carpenter, Al Braithwaite, City of Oldsmar, St. Augustine Airport Authority and City of Ocala to name a few. This included a lot of hard work from Jeff spreading the word throughout the State. We are very excited about the prospects of this fund. Again it was a fun year and we really have the right pieces in place to grow this fund.

2. Administrator Update- FMAS

(a) Marketing Update, Upcoming Conferences, Presentations

(b) FMAS Comments

Jeff states that we will be presenting at the FGFOA School of Governmental Finance as part of a new “Executive Bootcamp Class” in November with John Incorvaia, at Moody’s. Linda and Jeff Snyder, Venice, have us at the SWFGFOA chapter on December 7th for two hours, we will be at the Volusia Flagler Chapter on December 14th. The Orlando chapter recruited me to talk in April 2013. We plan to spend more time with counties, community colleges and schools. We would like for the Board to support our recommendation of an FLSAFE Advisory Council, made up participants who have an interest in helping us. Mark and other Board members cited their support.

3. **FLSAFE Counsel's Comments** – Mike states no comments at this time.
4. **Participants' Comments** – No Comments
5. **Board Members' Comments** – Nancy Duggan states that she would like to thank everyone for putting her on the Board, as Dunedin would like to stay active with FLSAFE and we really appreciate the support from Jeff and Fenil and others.

Jerry Boop made a reference to an earlier PMA prepared graph handout that shows how there is growth and added participants. Through the additional services that PMA has brought to FLSAFE, had that transition not taken place through your efforts Jeff, I don't know that we would be positioned further ahead right now, year over year. This graph showing the growth in LGIP and FIIP is a very positive statement for the hard work all of you folks have done, a very difficult economic time over the last year. Jerry states that Jeff, I know, you've probably put more miles on your car over the last year than I have over the last twenty with all the hard work that you've done. And again Fenil, we appreciate your input and level of genius you brought to what we are trying to do here. We certainly see the fruit of your collective efforts, and wanted to note that.

Linda would also like to acknowledge Fenil, and PMA and Jeff Larson, and getting it up to where we're going she noted, the added value services plus for all the participants like me and Venice going through the cashflow process, gone through the FIIP program and laddering of the CD's. All those additional services are wonderful for clients that need the extra help. We also look forward to doing the bond proceeds with our bond issue coming up in December, so having those bond proceeds and arbitrage reporting value added services are great benefits for all the participants.

Mark states that he's reminded by the graph Jerry points out that we have 67 counties, 67 school boards, 448 municipalities, over 300 special district and a lot of CDD's in the State of Florida. We take notice that not a lot of larger governments may get involved in this, but we are certainly here for the smaller to medium ones and 80% of the 448 municipalities are smaller to medium governments and special districts are small. Jeff and his group, Fenil and PMA have done a phenomenal job, talking over and over again with them on the efforts, challenges, and progress. When we started this over 5 years ago, the key word in these investments was SAFE. I was part of the group that drafted Investment Policy, so we know what we're trying to get accomplished here. Somebody else may be offering 30 basis points, but look at the underlying assets and look at where they're making their investment choices.

C. SET NEXT MEETING DATE/ ADJOURNMENT

1. Mark states the next meeting date set for Friday, January 18, 2013, for 11:00 am and Mark states meeting is adjourned.

Signature Page

APPROVED THIS 18 DAY OF January, 2013.

FLORIDA SURPLUS ASSET FUND TRUST


Mark C. Mason, CPA
FL SAFE Chairman

ATTEST:

Jeffrey T. Larson
FL SAFE Administrator