



FLORIDA SURPLUS ASSET FUND TRUST
3452 LAKE LYNDA DRIVE, SUITE 365, ORLANDO, FLORIDA 32817

FLORIDA SURPLUS ASSET FUND TRUST
MINUTES OF THE BOARD OF TRUSTEES

LOCATION: City of Cape Coral – City Hall
1015 Cultural Park Blvd. – Conference Room 220A
Cape Coral, FL 33990

DATE: July 29, 2009

TIME: 12:00 p.m.

MEMBERS IN ATTENDANCE:

BOARD OF TRUSTEES: Jim Anderson, Vice-Chairman
Joseph MacLaren, Treasurer and Secretary
Mark Mason, Treasurer Trustee
Fritz Behring, Treasurer Trustee

OTHER ATTENDEES: Chris Blackwood, Managing Director – FLSAFE
Bill Spivey, VP Client Service Manager – FLSAFE
Jeff Larson, SVP - D.A. Davidson & Co.
Glenn Scott, VP Portfolio Manager - DFIM
Theresa Sharp – Bayshore Fire and Rescue District
Sean Congero – Lee County Clerk of the Court
April White – Estero Fire and Rescue District
Brenda Fallon – East County Water Control District
Jeanette Ingersoll – Lee County School District
Don Montgomery – Captiva Island Fire Control District

1. CALL TO ORDER/ROLL CALL

The Vice-Chairman, Jim Anderson, called the meeting to order at 12:00 p.m. and a quorum was present. Jim Anderson asked Mark Mason to make some opening remark for the guests at the meeting. Jim Anderson asked the members of the audience to introduce themselves and thanked them for attending.

2. BUSINESS ADMINISTRATION

- a. Minutes of May 2009
The Board reviewed the May 2009 minutes and no corrections were made. *Mark Mason motioned to approve and Joe MacLaren seconded.* The minutes were approved unanimously.

b. Economic and Financial Market Update

Chris Blackwood gave a general discussion of the current economy and went through an economic indicator analysis presentation. The US is in a recession and has been since 2007. The recession is comparable to the 1974/1981 recession. Job losses continue, but are “less negative”. Unemployment is at 9.5%. Personal Income and Consumer spending continue to decline. CPI is negative, but Core CPI (minus food and energy) remains slightly below 2%. Housing starts and Manufacturing are still low, but seems to be leveling. GDP reflects a continued recession. Fed fiscal and monetary policies continue to depress the interest rates. The Fed continues to buy treasuries in order to artificially depress interest rates. All of these affect FLSAFE’s ability to obtain higher yields.

FLSAFE has reached a record of approximately \$270,000,000 in assets in the 2Q. FLSAFE’s yield currently reflects the average of the S&P LGIP Index. Overall, FLSAFE’s assets were up over last year.

c. Second Quarter Unaudited Financial Report

Chris Blackwood briefly went through the unaudited financial statements. He explained the portfolio assets and bank checking ledger. The Tax filing fee was a new expense and required even though FLSAFE is a tax-exempt entity. Insurance policy fee increased.

d. Budget

Chris Blackwood explained that the Budget v. Actual results show FLSAFE is below budget due to lower than expected assets. Mark Mason asked that new items be included in future budgets.

Mark Mason motioned to accept the financial statements and Joe MacLaren seconded. The second quarter unaudited financial statements were accepted unanimously.

3. BUSINESS ITEMS

a. Investment Policy

Chris Blackwood explained that prior to this Investment Policy, the Indenture of Trust outlined the permitted investments. Several entities have asked for a more formalized FGOA model Investment Policy. Chris Blackwood turned over the discussion of the draft Investment Policy to Glenn Scott.

Glenn Scott went through each section. He gave more detailed information regarding objectives, transparency, the Net Asset Value Monitoring Policy, Safekeeping and Custody, Permitted Investments, and Prohibited Investments including defining derivatives.

Revision items discussed were general formatting (Section numbering), rechecking the Authorized Investments against the Indenture of Trust, and removal of reverse repurchase agreements that are prohibited by the current Indenture of Trust.

The Board asked that the finalize Investment Policy be approved at the next Board meeting.

4. STAFF REPORTS

a. Insurance Policy Binder

Chris Blackwood briefly discussed the Board Liability Insurance binder for FLSAFE. The premium almost doubled.

b. Marketing activity and plans

i. Marketing Map

Chris Blackwood briefly explained the marketing map and that FLSAFE gained three new clients. Bill Spivey discussed the marketing plan and highlighted the fact that by August 2009 he will have initiated first contact in all 67 counties in Florida. He also reviewed the upcoming conferences in which FLSAFE marketing will be focused.

ii. Comparison Chart

Chris Blackwood discussed the local government investment pool Comparison Chart. The purpose of the Comparison Chart is to show all the LGIP options in Florida and clarify the differences between the LGIPs. Stable NAV and Variable NAV were defined.

iii. Participant List

Chris Blackwood briefly reviewed the list of participants and the new participants.

c. The Reserve Money Market Fund "MMF" Update

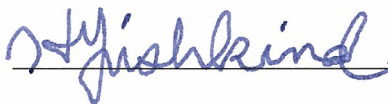
Chris Blackwood explained that The Reserve in FLSAFE's portfolio had Lehman Brothers exposure and The Reserve did not backfill their fund. This caused some issues in the Fall of 2008. The MMF is paying FLSAFE back over time. The short version of the story is that 90% of the funds have been received and the final maturity is October 2009. The MMF has since operated in a questionable manner and it has caused S&P to place FLSAFE on a credit watch. FLSAFE has always remained 'AAA' rated. The SEC has taken legal action and it is assumed that the judge will expedite the distribution of funds to the participants by September 2009. This past Monday was the deadline for investors to give information to the judge. A Capital Standby Agreement is in place in case of a loss to stabilize the NAV and 'AAA' rating of FLSAFE.

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

Discussion ensued regarding the next Board meeting. October 28th was chosen and the Board decided to have the next meeting in Orlando. *Mark Mason motioned to adjourn the meeting and Joe MacLaren seconded.* The motion passed unanimously. The Board meeting adjourned at 1:27 p.m.

APPROVED THIS 28th DAY OF OCTOBER, 2009.

FLORIDA SURPLUS ASSET FUND TRUST



ATTEST: