

**AGENDA**  
**STATE BOARD OF ADMINISTRATION FINANCE CORPORATION**  
**(FORMERLY KNOWN AS THE FLORIDA HURRICANE CATASTROPHE**  
**FUND FINANCE CORPORATION)**

Governor Scott, Chair  
Chief Financial Officer Atwater  
Attorney General Bondi  
J. Ben Watkins, III  
Jack E. Nicholson, President

**June 17, 2014**

9:00 A.M. (Following the SBA Trustees Meeting)  
Contact Person: Dr. Jack E. Nicholson (850) 413-1340  
LL-03, The Capitol  
Tallahassee, Florida

**AGENDA**

**ITEM 1.       REQUEST APPROVAL OF MARCH 18, 2014 MINUTES.**

(See Attachment 1A)

**ACTION REQUIRED**

**ITEM 2.       REQUEST ADOPTION OF A RESOLUTION AUTHORIZING  
DEFEASANCE OF THE CORPORATION'S OUTSTANDING  
REVENUE BONDS, SERIES 2010A; AUTHORIZING THE  
EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT  
AGREEMENT AMONG THE CORPORATION, WELLS FARGO  
BANK, N.A., AS ESCROW AGENT, AND THE STATE BOARD OF  
ADMINISTRATION IN CONNECTION THEREWITH; AND  
AUTHORIZING THE PRESIDENT OF THE CORPORATION TO  
EXECUTE AND DELIVER SPECIFIED CERTIFICATION TO  
THE OFFICE OF INSURANCE REGULATION.**

(See Attachments 2A – 2D)

**ACTION REQUIRED**

**STATE BOARD OF ADMINISTRATION FINANCE CORPORATION**

**MARCH 18, 2014**

**MINUTES**

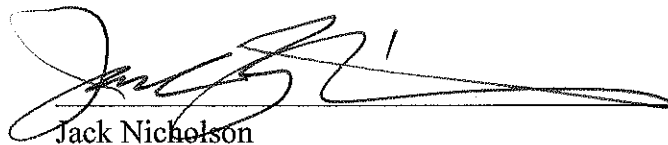
A meeting of the State Board of Administration Finance Corporation was held on March 18, 2014, at the Capitol, Tallahassee, Florida.

Board members present were:

Governor Rick Scott, Chair  
Attorney General Pam Bondi  
Chief Financial Officer Jeff Atwater  
Ben Watkins, Director, Division of Bond Finance  
Jack Nicholson, Chief Operating Officer, Florida Hurricane Catastrophe Fund

- ITEM 1. Approved the minutes of January 23, 2013.
- ITEM 2. Adopted a resolution to amend the Articles of Incorporation and Bylaws of the State Board of Administration Finance Corporation (formerly known as the Florida Hurricane Catastrophe Fund Finance Corporation) to: conform to legislative action that changed the name of the corporation; reflect other statutory and constitutional changes that have occurred since creation of the corporation; and adopt a seal; and to provide for appointment of a secretary and designate a registered agent.

The State Board of Administration Finance Corporation's agenda was concluded.



Jack Nicholson

President

State Board of Administration Finance Corporation

# Memo

**TO:** Ashbel C. Williams, Executive Director & CIO

**THRU:** Jack E. Nicholson, Chief Operating Officer, FHCF

**FROM:** Leonard E. Schulte, Director of Legal Analysis & Risk Evaluation, FHCF

**DATE:** June 5, 2014

**SUBJECT:** State Board of Administration Finance Corporation Board of Directors Meeting, June 17, 2014

Request approval of March 18, 2014 minutes. Request adoption of a resolution authorizing defeasance of the corporation's outstanding revenue bonds, Series 2010A; authorizing an escrow deposit agreement in connection with the defeasance of the bonds; and authorizing the president of the corporation to execute and deliver a certification to the Office of Insurance Regulation.

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## **ITEM 1. REQUEST APPROVAL OF MARCH 18, 2014 MINUTES**

### **ITEM 2. SUMMARY AND REASONS FOR ACTION:**

The proposed resolution makes findings to the effect that the State Board of Administration Finance Corporation has sufficient funds in the form of remaining revenue bond proceeds, reserves and other legally available moneys to provide for payment of the Series 2010A Bonds and that it is in the best interests of the Corporation to defease the Series 2010A Bonds. The proposed resolution also authorizes entry into an escrow deposit agreement with the SBA and Wells Fargo Bank, N.A. as escrow agent in connection with the defeasance of the bonds, and authorizes the president of the corporation to execute and deliver certification to the Office of Insurance Regulation once the bonds are defeased.

## **DETAILED SUMMARY:**

A resolution before the SBA Trustees provides conditions for the defeasance of the SBA Finance Corporation's Series 2010A Revenue Bonds and termination of the associated emergency assessments. The defeasance of the bonds requires an Escrow Deposit Agreement between the SBA, the Finance Corporation, and the Escrow Agent. Once the bonds are defeased, the order terminating the specified emergency assessments can be issued only after the president of the Finance Corporation provides certification to that effect.

The proposed resolution before the board of the State Board of Administration Finance Corporation would authorize the required Escrow Deposit Agreement and certification.

**ACTION REQUESTED:** It is requested that the proposed resolution be presented to the Cabinet Aides on June 11, 2014, and to the Board of Directors of the State Board of Administration Finance Corporation on June 17, 2014, with a request for adoption. A notice of the meeting of the Board will be published in the *Florida Administrative Register* on June 10, 2014, Vol. 40, No. 112.

## **ATTACHMENTS TO BE INCLUDED WITH STATE BOARD OF ADMINISTRATION FINANCE CORPORATION AGENDA:**

- March 18, 2014 meeting minutes.
- Proposed resolution making findings to the effect that the State Board of Administration Finance Corporation has sufficient funds to provide for payment of the Series 2010A Bonds and that it is in the best interests of the Corporation to defease the Series 2010A Bonds, authorizing entry into an escrow deposit agreement in connection with the defeasance of the bonds, and authorizing the president of the corporation to execute and deliver certification to the Office of Insurance Regulation once the bonds are defeased.
- Form of Escrow Deposit Agreement.
- Form of Defeasance Certificate of Corporation.

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE STATE BOARD OF ADMINISTRATION FINANCE CORPORATION AUTHORIZING DEFEASANCE OF THE CORPORATION'S OUTSTANDING REVENUE BONDS, SERIES 2010A; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT AMONG THE CORPORATION, WELLS FARGO BANK, N.A., AS ESCROW AGENT, AND THE STATE BOARD OF ADMINISTRATION IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, Section 215.555, Florida Statutes (the "Act"), created the Florida Hurricane Catastrophe Fund (the "Fund"), a trust fund administered by the State Board of Administration of Florida (the "Board"), for the purpose of establishing a program to provide insurers who write covered policies, as defined in the Section 215.555(2)(c), Florida Statutes (the "Covered Policies") with reimbursement for a portion of their catastrophic hurricane losses;

**WHEREAS**, the Act also created the State Board of Administration Finance Corporation, f/k/a the Florida Hurricane Catastrophe Fund Finance Corporation (the "Corporation"), with the authority to issue revenue bonds in one or more series and pay the proceeds of the bonds, through the Fund, to certain insurers (the "Participating Insurers"), thereby enabling such Participating Insurers to pay the claims of policyholders for hurricane damage to properties;

**WHEREAS**, the Corporation is authorized, pursuant to Section 215.555(6)(d), Florida Statutes, to issue revenue bonds for the benefit of the Fund;

**WHEREAS**, Hurricanes Dennis, Katrina, Rita and Wilma caused substantial property damage in Florida during the 2005 hurricane season (the "2005 Hurricanes");

**WHEREAS**, on May 25, 2010, the Corporation issued \$675,920,000 in aggregate principal amount of Revenue Bonds, Series 2010A (the "Series 2010A Bonds"), all of which remain outstanding as of the date hereof;

**WHEREAS**, the Series 2010A Bonds were issued pursuant to the Master Trust Indenture, dated as of June 1, 2006, between the Corporation and the Escrow Agent, in its capacity as Master Trustee, as amended and supplemented, in particular as supplemented by the Fifth Supplemental Indenture, dated as of May 1, 2010 (the "Fifth Supplemental Indenture");

**WHEREAS**, as of the date hereof, the Corporation has paid all reimbursable losses to the Participating Insurers resulting from the 2005 Hurricanes;

**WHEREAS**, the Corporation has sufficient funds in the form of remaining revenue bond proceeds, reserves and other legally available moneys to provide for payment of the Series 2010A Bonds;

**WHEREAS**, considering the above, it is in the best interests of the Corporation to defease the Series 2010A Bonds in accordance with the terms of the Fifth Supplemental Indenture; and

**WHEREAS**, in connection therewith, it is necessary to authorize the execution and delivery of an Escrow Deposit Agreement by and among the Corporation, Wells Fargo Bank, N.A., as escrow agent, and the State Board of Administration substantially in the form attached hereto as Exhibit A (the "Escrow Deposit Agreement") in order to facilitate such defeasance and provide for the payment of principal and interest on the Series 2010A Bonds on their respective interest payment and maturity dates;

**NOW, THEREFORE, BE IT RESOLVED** by the State Board of Administration Finance Corporation, as follows:

1. The Corporation hereby finds, determines and declares the matters hereinabove set forth.

2. The Corporation hereby approves the form of and authorizes the execution and delivery of the Escrow Deposit Agreement. The form of the Escrow Deposit Agreement is attached hereto as Exhibit A. The document approved herein is subject to such changes, completion, insertions or omissions as may be approved by the President of the Corporation, and the execution of the acceptance and acknowledgment shall be conclusive evidence of such approval. Wells Fargo Bank, N.A., in its capacity as Master Trustee under the Master Indenture, is hereby appointed as Escrow Agent.

3. Upon the execution and delivery of the Escrow Deposit Agreement and the defeasance of the Series 2010A Bonds in accordance with the terms of the Fifth Supplemental Indenture, the President shall execute and deliver to the Office of Insurance

Regulation, with a copy to the Board, a certificate substantially in the form attached hereto as Exhibit B.

4. The President, officers, and members of the board of directors of the Corporation are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver the named documents and any and all other agreements (including the amendments to existing agreements), documents, instruments, assents, acceptances, assignments, financing statements and approvals which they may deem necessary or advisable in order to consummate the transactions contemplated by this resolution. The Corporation hereby authorizes the payment of all necessary fees and costs in connection with the transactions contemplated herein from the legally available funds of the Corporation.

5. This resolution shall take effect immediately upon its adoption.

**ADOPTED THIS** 17th day of June, 2014.



**STATE OF FLORIDA**

**COUNTY OF LEON**

I, E. Lamar Taylor, Secretary, do hereby certify that the above and foregoing is a true and correct copy of the resolution passed and adopted by the State Board of Administration Finance Corporation on the 17th day of June, 2014.

**IN WITNESS WHEREOF**, I hereunto set my hand and official seal of the State Board of Administration Finance Corporation this 17th day of June, 2014.

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E. Lamar Taylor, Secretary  
State Board of Administration  
Finance Corporation

(SEAL)

**EXHIBIT A**

**FORM OF ESCROW DEPOSIT AGREEMENT**

**EXHIBIT B**

**FORM OF CERTIFICATE OF CORPORATION**

## ESCROW DEPOSIT AGREEMENT

This is an Escrow Deposit Agreement, dated as of June 27, 2014, by and among the STATE BOARD OF ADMINISTRATION FINANCE CORPORATION, f/k/a Florida Hurricane Catastrophe Fund Finance Corporation (the "Corporation"), WELLS FARGO BANK, N.A. (the "Escrow Agent"), a national banking corporation qualified to exercise trust powers under the laws of the United States, having its designated corporate trust office in Jacksonville, Florida and the STATE BOARD OF ADMINISTRATION OF FLORIDA (the "SBA").

WITNESSETH:

**WHEREAS**, the Corporation has previously issued its Florida Hurricane Catastrophe Fund Finance Corporation Revenue Bonds, Series 2010A (the "Bonds") maturing in the amounts and on the dates set forth in Schedule A attached hereto and made a part hereof; and

**WHEREAS**, the Escrow Agent serves as Master Trustee under that certain Master Trust Indenture, dated as of June 1, 2006, as amended and supplemented (the "Master Indenture"), in particular as supplemented by the Fifth Supplemental Indenture, dated as of May 1, 2010 (the "Fifth Supplemental Indenture"); and

**WHEREAS**, in accordance with the provisions of the Master Indenture and the Fifth Supplemental Indenture, the Bonds may be defeased prior to maturity at the option of the Corporation; and

**WHEREAS**, the Corporation wishes to provide for the payment of all the Bonds, which Bonds are currently outstanding in the aggregate principal amount of \$675,920,000 by depositing in trust moneys for the purchase of certain direct obligations of the United States of America or agencies thereof (the "Initial Defeasance Obligations"), the principal of which, together with investment earnings thereon and an initial cash deposit, will be sufficient to pay the principal of and interest on the Bonds and all fees of the Escrow Agent; and

**WHEREAS**, in order to provide for the proper and timely application of the moneys deposited in said trust to the payment of the Bonds, it is necessary to enter into this Escrow Deposit Agreement with the Escrow Agent, acting as Master Trustee under the Master Indenture, on behalf of the registered owners from time to time of the Bonds;

**NOW THEREFORE**, in consideration of the foregoing and the mutual covenants herein set forth and in order to secure the payment of the principal of and interest on the Bonds according to their tenor and effect, the Corporation, the Escrow Agent and the SBA hereby enter into this Escrow Deposit Agreement and the Corporation does by these

presents hereby deliver to and give, grant and assign to the Escrow Agent, and to its successors in the trusts hereby created, and to it and its assigns forever, all and singular the property hereinafter described to wit:

I.

All right, title and interest of the Corporation and the SBA in and to \$\_\_\_\_\_, of which \$\_\_\_\_\_ represents a contribution derived from proceeds of the Bonds.

II.

All right, title and interest of the Corporation in and to the Initial Defeasance Obligations purchased from the moneys described in Clause I above and more particularly described in Schedule B attached hereto and made a part hereof.

III.

All right, title and interest of the Corporation in and to all cash balances held from time to time hereunder and all income and earnings derived from or accruing to the Initial Defeasance Obligations described in Clause II above, and all proceeds thereof.

IV.

All property which is by the express provisions of this Agreement required to be subject to the pledge hereof and any additional property of every kind and nature that may, from time to time hereafter, by delivery or by writing of any kind, be conveyed, pledged, assigned, or transferred as and for additional security hereunder or to be subject to the pledge hereof, by the Corporation or by anyone on its behalf, and the Escrow Agent is hereby authorized to receive the same at any time as additional security hereunder.

**TO HAVE AND TO HOLD**, all the same, including all additional property which by the terms hereof has or may become subject to the encumbrances of this Agreement given, granted, pledged and assigned or agreed or intended so to be, with all privileges and appurtenances hereby, to the Escrow Agent, and its successors in said trust and to them and their assigns, forever;

**IN TRUST NEVERTHELESS**, upon the terms and trusts herein set forth, for the equal and proportionate benefit, security and protection, as herein described, of the registered owners from time to time of the Bonds in the manner herein provided; but if the Bonds shall be fully and promptly paid in accordance with the terms thereof, then this Agreement shall be and become void and of no further force and effect, otherwise the

same shall remain in full force and effect, and upon the trusts and subject to the covenants and conditions hereinafter set forth.

## **ARTICLE I DEFINITIONS**

**SECTION 1.01. DEFINITIONS.** In addition to words and terms elsewhere defined in this Agreement, as used herein, unless some other meaning is plainly intended, the following terms and phrases shall have the following meanings:

**"Agreement"** means this Escrow Deposit Agreement among the Corporation, the Escrow Agent and the SBA, which has been authorized to be entered into by (i) the SBA pursuant to a resolution adopted by the Governing Board of the SBA on June 17, 2014, and (ii) the Corporation pursuant to a resolution adopted by the Corporation on June 17, 2014.

**"Bonds"** mean the Corporation's Revenue Bonds, Series 2010A, maturing in the amounts and in the years set forth in Schedule A attached hereto and made a part hereof.

**"Corporation"** means the State Board of Administration Finance Corporation, formerly known as the Florida Hurricane Catastrophe Fund Finance Corporation.

**"Defeasance Obligations"** shall have the meaning provided therefor in the Master Indenture.

**"Escrow Agent"** means Wells Fargo Bank, N.A., or any successor escrow agent as provided by Article III hereof, acting as Master Trustee under the Master Indenture.

**"Escrow Deposit Trust Fund"** means the State Board of Administration Finance Corporation Series 2010A Bonds Escrow Defeasance Fund so designated and established under Section 2.01 of this Agreement.

**"Fifth Supplemental Indenture"** means that certain Fifth Supplemental Indenture, dated as of May 1, 2010, between the Corporation and the Master Trustee.

**"Initial Defeasance Obligations"** means the Defeasance Obligations constituting part of the Trust Estate and described in Schedule B attached hereto and made a part hereof.

**"Master Indenture"** means that certain Master Trust Indenture, dated as of June 1, 2006, between the Corporation and Wells Fargo Bank, N.A., as Master Trustee.

**"Paying Agent"** means Wells Fargo Bank, N.A., Jacksonville, Florida.

**"Trust Estate"** shall mean the property, rights and interest of the Corporation which are subject to the lien of this Agreement.

**"Verification Agent"** means Causey Demgen & Moore, P.C., or any other nationally recognized firm of independent certified public accountants.

**"Written Request"** means any request received by the Escrow Agent in writing, including by electronic means; provided, however, that with respect to the Corporation, the term means a request in writing signed (which may be by facsimile) by any one of the President, Treasurer and Secretary of the Corporation, each of the foregoing having been duly authorized by the Corporation. Any Written Request shall constitute a directive from the provider thereof, and the Escrow Agent may rely upon, and shall be protected in acting or refraining from acting upon, any such Written Request reasonably believed by the Escrow Agent to be genuine.

**SECTION 1.02. USES OF PHRASES.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neutral genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa. The word "person" shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

## **ARTICLE II ESTABLISHMENT OF FUNDS; FLOW OF FUNDS**

### **SECTION 2.01. CREATION OF ESCROW DEPOSIT TRUST FUND.**

(A) There is hereby created and established with the Escrow Agent a special and irrevocable trust fund designated the "State Board of Administration Finance Corporation Series 2010A Bonds Escrow Defeasance Fund" (the "Escrow Deposit Trust Fund") to be held in the custody of the Escrow Agent separate and apart from other funds of the Corporation or of the Escrow Agent.

(B) Concurrently with the effective date of this Agreement, the Corporation hereby deposits or has caused to be deposited with the Escrow Agent, and the Escrow Agent acknowledges receipt of immediately available moneys, in the amount of \$\_\_\_\_\_ in the Escrow Deposit Trust Fund.

(C) The Corporation and the SBA hereby direct that the funds deposited in the Escrow Deposit Trust Fund pursuant to subsection (B) above shall be immediately applied to the purchase by the Escrow Agent of the Initial Defeasance Obligations. Such investment, together with earnings thereon and an initial cash balance, is expected to provide sufficient revenues to pay the principal of and interest on the Bonds until and as

the same mature. The debt service on the Bonds is shown on Schedule C attached hereto and made a part hereof.

**SECTION 2.02. TRUST CREATED.** Except as provided in Section 4.01 hereof with respect to certain amendments, the deposit of moneys and the Initial Defeasance Obligations in the Escrow Deposit Trust Fund shall constitute an irrevocable trust fund for the deposit of said moneys for the benefit of the registered owners of the Bonds and such registered owners shall have an express lien on all moneys and the Initial Defeasance Obligations therein, until used and applied according to this Agreement. Such moneys and the Initial Defeasance Obligations, and the interest thereon, shall be held in trust by the Escrow Agent in the Escrow Deposit Trust Fund for the benefit of the registered owners of the Bonds as herein provided, and shall be kept separate and distinct from all other funds of the Corporation and the Escrow Agent and used only for the purposes and in the manner provided in this Agreement.

**SECTION 2.03. PAYMENT OF BONDS; USE OF MONEYS IN THE ESCROW DEPOSIT TRUST FUND.** The Escrow Agent shall, no later than the applicable principal and interest payment dates with respect to the Bonds, transfer from the Escrow Deposit Trust Fund to the Paying Agent the lesser of (i) the balance of such Escrow Deposit Trust Fund or (ii) amounts sufficient to pay the principal of and interest on the Bonds on the next interest payment as shown on Schedule C.

**SECTION 2.04. INVESTMENT OF MONEYS REMAINING IN TRUST FUNDS.** The Escrow Agent may invest and reinvest any moneys remaining from time to time in the Escrow Deposit Trust Fund in Defeasance Obligations until such time that moneys are needed for the purposes hereunder, as determined by the Escrow Agent. The Defeasance Obligations, together with other cash in the Escrow Deposit Trust Fund, must mature or otherwise be available at the times necessary to pay when due the principal of and the interest on the Bonds. Defeasance Obligations shall not be purchased at a price in excess of par unless there shall have been obtained an independent verification by a Verification Agent verifying that such Defeasance Obligations shall mature or otherwise be available at the times and amounts necessary to pay when due the principal of and the interest on the Bonds.

**SECTION 2.05. TRANSFER OF FUNDS AFTER ALL PAYMENTS REQUIRED BY THIS AGREEMENT ARE MADE.** After all of the principal of and interest on the Bonds have been paid, all remaining moneys in the Escrow Deposit Trust Fund shall, upon Written Request of the Corporation, be transferred as provided in the Written Request.

**SECTION 2.06. NOTICE OF DEFEASANCE.** The Corporation shall provide at its expense any notice of defeasance required (and in the manner required) pursuant to Securities and Exchange Commission Rule 15c2-12, as amended. The Corporation shall also (i) cooperate with the Paying Agent to determine any matters



requested by the Paying Agent to be determined with respect to the Bonds, and (ii) provide at the Corporation's expense notice of defeasance (or any similar such notice as shall be required) substantially in the form set forth in Exhibit A in order to effectuate the defeasance of the Bonds as provided in Section 701 of the Fifth Supplemental Indenture.

### **ARTICLE III CONCERNING THE ESCROW AGENT**

**SECTION 3.01. APPOINTMENT OF ESCROW AGENT.** The Corporation and the SBA hereby appoint Wells Fargo Bank, N.A., as Escrow Agent under this Agreement.

**SECTION 3.02. ACCEPTANCE BY ESCROW AGENT.** By execution of this Agreement, the Escrow Agent accepts the duties and obligations as Escrow Agent hereunder. The Escrow Agent further represents that it has all requisite power, and has taken all actions necessary to act as Escrow Agent.

**SECTION 3.03. INDEMNITY.** The Corporation agrees, to the extent permitted by law, to indemnify the Escrow Agent and hold the Escrow Agent harmless from and against any and all losses, liabilities, damages, penalties, claims, actions, suits, judgments, costs, expenses and disbursements (including, without limitation, interests and legal fees and expenses) arising out of, in connection with, or resulting from, the exercise of its rights and/or the performance of its duties under this Agreement; provided, however, that the Corporation shall not be liable to indemnify or hold the Escrow Agent harmless from losses, liabilities, damages, penalties, claims, actions, suits, judgments, costs, expenses and disbursements attributable to the Escrow Agent's negligence or willful misconduct. The obligations of the Corporation under this Section shall survive the termination of this Agreement and any resignation or removal of the Escrow Agent.

**SECTION 3.04. LIABILITY OF ESCROW AGENT.** The Escrow Agent shall not be liable for any action taken or not taken by it in connection with the performance of its duties and obligations under this Agreement except for its own negligence or willful misconduct. The duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may rely upon, and shall be protected in acting or refraining from acting upon, any communication authorized by this Agreement and upon any Written Request, notice, confirmation, request, direction, consent, report, certificate or other instrument, paper or document reasonably believed by the Escrow Agent to be genuine.

The Escrow Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties or obligations hereunder. Without limitation, the Escrow Agent shall not be liable for any loss or deficiency resulting from any investment made pursuant to the terms and provisions of this Agreement or the accuracy of any calculation concerning the

sufficiency of moneys and securities in the Escrow Deposit Trust Fund. No officer or employee of the Escrow Agent shall be liable personally on the duties or obligations of the Escrow Agent under this Agreement nor be subject to any personal liability by reason of the execution thereof.

In the event of the Escrow Agent's failure to account for any of the money or securities received by it under this Agreement for the payment of the Bonds, said money and securities shall be and remain the property of the Corporation in trust for the registered owners of the Bonds and if for any improper reason such money or securities are not applied as herein provided, they shall be impressed with a trust for the benefit of said registered owners.

**SECTION 3.05. RESIGNATION OF ESCROW AGENT.** The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trusts hereby created by giving not less than 60 days' written notice to the Corporation and by causing to be sent 60 days' written notice thereof by first class mail to the Bondholders, such notice to be paid for by the Escrow Agent, specifying the date when such resignation will take effect. No such resignation shall take effect unless a successor escrow agent shall have been appointed by the registered owners of the Bonds or by the Corporation and the SBA as hereinafter provided and such successor escrow agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor escrow agent, and the transfer to such successor escrow agent of the funds and accounts held by the Escrow Agent hereunder.

**SECTION 3.06. REMOVAL OF ESCROW AGENT.**

(A) The Escrow Agent may be removed at any time if the registered owners of a majority in aggregate principal amount of the Bonds then outstanding file a request for removal in writing with the Corporation and the SBA; however, the Escrow Agent shall remain in office until the appointment and taking office of a successor escrow agent in accordance with the provisions of this Agreement. A copy of such request shall be delivered by the Corporation to the Escrow Agent.

(B) The Escrow Agent may also be removed at any time for any breach of trust or for any violation of this Agreement by a court of competent jurisdiction upon the application of the Corporation (with the consent of the SBA) or the registered owners of not less than 5% in aggregate principal amount of the Bonds then outstanding.

(C) The Escrow Agent shall be deemed to have been removed if it is dissolved, becomes incapable of exercising such powers or is taken over by any governmental action.

Upon removal of the Escrow Agent pursuant to this Section 3.06, the Corporation shall cause written notice thereof to be provided to the Bondholders at the expense of the Corporation.

**SECTION 3.07. SUCCESSOR ESCROW AGENT.**

(A) When the position of the escrow agent becomes or is about to become vacant, the Corporation and the SBA shall appoint a successor escrow agent to fill such vacancy, and shall require the resigning or removed escrow agent to immediately transfer the Escrow Deposit Trust Fund to the successor escrow agent.

(B) If no appointment of a successor escrow agent shall be made pursuant to the foregoing provisions of this Section, the holder of any Bonds then outstanding may, or any escrow agent retiring or being removed from office shall, apply to any court of competent jurisdiction to appoint a successor escrow agent. Upon the deposit by the retiring escrow agent of all funds and securities held by it under the provisions hereof into the registry of such court, such escrow agent shall be relieved of all future duties hereunder. When application to any court is made by the escrow agent in connection with any removal thereof, any costs of such application shall be borne by the party seeking the removal of such escrow agent.

**SECTION 3.08. RECEIPT OF PROCEEDINGS.** True and correct copies of the proceedings authorizing the issuance of the Bonds and this Agreement will be furnished by the Corporation to the Escrow Agent, and reference herein to or citation herein of any provision of said documents shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if it were fully set forth herein.

**ARTICLE IV  
MISCELLANEOUS**

**SECTION 4.01. AMENDMENTS TO THIS AGREEMENT.** This Agreement is made for the benefit of the Corporation, the SBA and the registered owners from time to time of the Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such registered owners, the Escrow Agent, the Corporation and the SBA; provided, however, that the Corporation, the SBA and the Escrow Agent may, without the consent of, or notice to, such registered owners, enter into such amendments and agreements supplemental to this Agreement as shall not adversely affect the rights of such registered owners, for any one or more of the following purposes:

(A) to cure any ambiguity or formal defect or omission in this Agreement;

(B) to grant to, or confer upon, the Escrow Agent for the benefit of the registered owners of the Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such registered owners or the Escrow Agent; and

(C) to subject additional funds, securities or properties to this Agreement.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized attorneys on the subject of municipal bonds with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the registered owners of the Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Notwithstanding the foregoing or any other provision of this Agreement, upon the Written Request of the Corporation and the written consent of the SBA and upon compliance with the conditions hereinafter stated, the Escrow Agent shall have the power, without consent of or notice to the registered owners of the Bonds, to release surplus funds in the Escrow Deposit Trust Fund which are no longer needed for the purposes of the Escrow Deposit Trust Fund. Such funds may be released from the Trust Estate to the Corporation, subject to the conditions that (i) such moneys or securities held by the Escrow Agent after such transaction shall be sufficient to pay the principal of and interest on the Bonds and (ii) there shall have been obtained: (a) an independent verification by a Verification Agent verifying the surplus nature of the funds proposed to be released, and (b) an opinion from nationally recognized bond counsel to the Corporation to the effect that (I) the release of such surplus funds will not, under the statutes, rules and regulations then in force and applicable, cause the interest on Bonds not to be excluded from gross income for federal income tax purposes, and (II) that the legal defeasance of the Bonds under the Fifth Supplemental Indenture is not adversely affected. The verification and bond counsel opinion shall be provided to the Escrow Agent by or through the Corporation.

Notwithstanding the foregoing or any other provision of this Agreement, upon the Written Request of and receipt of instructions from the Corporation and the written consent of the SBA, the Escrow Agent shall have the power to, without consent of or notice to the registered owners of the Bonds, and shall liquidate, sell, transfer, otherwise dispose of or request the redemption of all or a portion of the Initial Defeasance Obligations or Defeasance Obligations, as the case may be, then held hereunder and substitute therefor other Defeasance Obligations, including additional Defeasance Obligations (the "Substituted Securities"). The Written Request of the Corporation shall include such instructions and supporting schedules as the Escrow Agent shall determine are necessary to enable the Escrow Agent to carry out the Written Request. The Escrow Agent shall purchase such Substituted Securities with the proceeds derived from the liquidation, maturity, sale, transfer, disposition or redemption of the Initial Defeasance

Obligations or the Defeasance Obligations, as the case may be, then held hereunder or from other moneys provided to the Escrow Agent and legally available therefor; provided, however, that the purchase of such Substituted Securities shall be subject to the conditions that (i) such Substituted Securities shall be sufficient to pay the principal of and interest on the Bonds as the same shall become due, and (ii) there shall have been obtained: (a) an independent verification by a Verification Agent verifying the sufficiency of the Substituted Securities for such purpose, and (b) an opinion from nationally recognized bond counsel to the Corporation to the effect that (I) the liquidation of the Initial Defeasance Obligations or the Defeasance Obligations, as the case may be, and the purchase of the Substituted Securities will not, under the statutes, rules and regulations then in force and applicable, cause the interest on the Bonds not to be excluded from gross income for federal income tax purposes, and (II) that the legal defeasance of the Bonds under the Fifth Supplemental Indenture is not adversely affected. The verification and bond counsel opinion shall be provided to the Escrow Agent by or through and at the expense of the Corporation. The Escrow Agent shall not be responsible for advising any of the parties hereto about the timing or propriety of purchasing Substituted Securities, and the Escrow Agent shall be entitled to rely exclusively on the Written Request and the legal opinions and verification and other reports referenced above regarding all matters relating to the liquidation of the Initial Defeasance Obligations or Defeasance Obligations, as the case may be, and the purchase of such Substituted Securities.

Notwithstanding the foregoing or any other provision of this Agreement, if during the course of the administration of the Escrow Deposit Trust Fund by the Escrow Agent, the purchase of United States Treasury securities--State or Local Government Series ("SLGS") is prevented due to the suspension of the sales of SLGS, the Escrow Agent shall, to the extent applicable and unless otherwise directed by the SBA, comply with the provisions of Revenue Procedure 95-47 or any subsequent federal pronouncement relating to issues raised by the suspension of the sales of SLGS (each a "Federal Pronouncement"). Such compliance with such Federal Pronouncement shall be without consent of or notice to the registered owners of the Bonds. If in complying with the provisions of a Federal Pronouncement, a payment is required to be made to the Federal Government, then (i) the SBA, at the Corporation's expense, shall verify such amount or cause such amount to be verified by a Verification Agent, (ii) a portion of the Escrow Deposit Trust Fund equal to such verified amount shall be released from the lien imposed by this Escrow Agreement, and (iii) the Escrow Agent shall pay over such released amount or cause such released amount to be paid over to the Federal Government pursuant to such Federal Pronouncement. Prior to complying with such Federal Pronouncement, the Escrow Agent shall be entitled to obtain and rely exclusively on such legal opinions and other reports from such attorneys, certified public accountants, financial advisors and similar professionals, which shall be provided to the Escrow Agent at the Corporation's expense, as the Escrow Agent shall deem to be necessary in the Escrow Agent's sole discretion.

The Corporation and the SBA hereby covenant and agree that neither will request the Escrow Agent to exercise any of the powers described in the preceding three paragraphs in any manner which will cause the Bonds to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

**SECTION 4.02. SEVERABILITY.** If any one or more of the covenants or agreements provided in this Agreement should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed to be separate and shall in no way affect the validity of the remaining provisions of this Agreement.

**SECTION 4.03. AGREEMENT BINDING.** All the covenants, promises and agreements in this Agreement contained by or on behalf of the Corporation or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, and to the benefit of the registered owners of the Bonds, whether so expressed or not.

**SECTION 4.04. TERMINATION.** This Agreement shall terminate when all transfers and payments required to be made by the Escrow Agent under the provisions hereof shall have been made.

**SECTION 4.05. GOVERNING LAW.** This Agreement shall be governed by the applicable laws of the State of Florida.

**SECTION 4.06. EXECUTION BY COUNTERPARTS.** This Agreement may be executed in several counterparts, each of which shall be regarded for all purposes as an original, and all of which, together, shall constitute and be but one and the same instrument.

**SECTION 4.07. RECITALS.** The Recitals set forth under the heading "WITNESSETH" in the beginning of this Agreement and all Schedules, Attachments and Exhibits hereto are hereby incorporated by reference into the body of this Agreement as if set forth herein.

(Remainder of page intentionally left blank)

**IN WITNESS WHEREOF**, the Corporation, the Escrow Agent and the SBA have duly executed this Agreement as of the \_\_\_\_ day of \_\_\_\_\_, 2014.

**STATE BOARD OF ADMINISTRATION  
FINANCE CORPORATION**

(SEAL)

By: \_\_\_\_\_  
Name:  
Title:

ATTEST:

\_\_\_\_\_

**WELLS FARGO BANK, N.A.,  
as Escrow Agent**

By: \_\_\_\_\_  
Name:  
Title:

**STATE BOARD OF ADMINISTRATION  
OF FLORIDA**

(SEAL)

By: \_\_\_\_\_  
Name:  
Title:

ATTEST:

\_\_\_\_\_

**EXHIBIT A**

(Form of)  
**NOTICE OF ADVANCE REFUNDING AND DEFEASANCE  
TO THE OWNERS OF**

**Florida Hurricane Catastrophe Fund  
Finance Corporation Revenue Bonds, Series 2010A  
Bearing the following CUSIP Numbers**

<u>Due July 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
2015	\$ 15,775,000	3.500%	
2015	5,765,000	4.000	
2015	320,915,000	5.000	
2016	17,990,000	3.750	
2016	315,475,000	5.000	

**NOTICE IS HEREBY GIVEN**, that the State Board of Administration Finance Corporation, f/k/a Florida Hurricane Catastrophe Fund Finance Corporation (the "Corporation"), has irrevocably deposited or caused to be deposited with Wells Fargo Bank, N.A., as Escrow Agent (the "Escrow Agent"), in trust, and irrevocably set aside for such payment, direct obligations of the United States of America and other properties, maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys to pay \$675,920,000 in principal amount of Florida Hurricane Catastrophe Fund Finance Corporation Revenue Bonds, Series 2010A (the "Defeased 2010A Bonds") plus interest thereon described above.

The Defeased 2010A Bonds are not subject to redemption prior to maturity.

The Defeased 2010A Bonds are deemed to be paid within the meaning of Article VII of the Fifth Supplemental Indenture, dated as of May 1, 2010, between the Corporation and the Escrow Agent, as Master Trustee.

**This notice is for your information only; no action is necessary on your part at this time.** The Escrow Agent is Wells Fargo Bank, N.A.. The Registrar and Paying Agent is Wells Fargo Bank, N.A.; Customer Service Telephone: (612) 667-9764 or 1-800-344-5128.

NOTE: The CUSIP numbers appearing herein have been included solely for the convenience of holders of the Defeased 2010A Bonds. No representation has been made as to the correctness or accuracy of the CUSIP numbers, either as printed on the Defeased 2010A Bonds or as contained in this Notice of Advance Refunding and Defeasance.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2014.



**Schedule A**

[Outstanding Bonds]

## Schedule B

[Initial Defeasance Obligations]

**Schedule C**

[Debt Service on Bonds]

## **DEFEASANCE CERTIFICATE OF CORPORATION**

I, Jack E. Nicholson, President of the State Board of Administration Finance Corporation, f/k/a the Florida Hurricane Catastrophe Fund Finance Corporation (the "Corporation"), do hereby certify as follows:

1. On the date hereof, that certain Escrow Deposit Agreement, dated as of June 27, 2014 (the "Escrow Deposit Agreement"), among the Corporation, Wells Fargo Bank, N.A., as escrow agent, and the State Board of Administration, was executed and delivered by the parties thereto, in order to provide for the payment of the Corporation's Revenue Bonds, Series 2010A (the "Series 2010A Bonds") in accordance with Section 701 of the Fifth Supplemental Indenture, dated as of May 1, 2010 (the "Fifth Supplemental Indenture"), between the Corporation and Wells Fargo Bank, N.A. A copy of the Escrow Deposit Agreement is attached hereto as Exhibit A.

2. Based upon the Verification Report of Causey Demgen & Moore, P.C., a copy of which is attached hereto as Exhibit B, the moneys deposited into the escrow deposit trust fund established pursuant to the Escrow Deposit Agreement shall be invested in direct obligations of the United States of America or agencies thereof (the "Defeasance Obligations"), such that the principal of and interest on such Defeasance Obligations, together with a cash deposit, shall be sufficient to pay the principal of and interest on the Series 2010A Bonds as the same shall become due. In reliance upon the legal opinion of Nabors, Giblin & Nickerson, P.A., a copy of which is attached hereto as Exhibit C, I further certify that the Series 2010A Bonds are defeased in accordance with the terms of the Fifth Supplemental Indenture.

**STATE BOARD OF ADMINISTRATION  
FINANCE CORPORATION**

By: \_\_\_\_\_  
President

Dated: June 27, 2014

**EXHIBIT A**

**FORM OF ESCROW DEPOSIT AGREEMENT**

**EXHIBIT B**  
**VERIFICATION REPORT**

**EXHIBIT C**  
**LEGAL OPINION**