

MEETING OF THE STATE BOARD OF ADMINISTRATION

**GOVERNOR SCOTT AS CHAIRMAN
CHIEF FINANCIAL OFFICER ATWATER
ATTORNEY GENERAL BONDI**

April 14, 2015

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AGENDA

ITEM 1. REQUEST APPROVAL OF THE MINUTES OF THE MARCH 10, 2015 MEETING.

(See Attachment 1A)

ACTION REQUIRED

ITEM 2. REQUEST APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$600,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2015 SERIES (TO BE DETERMINED).

(See Attachment 2A)

ACTION REQUIRED

ITEM 3. REQUEST APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$225,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION TURNPIKE REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED).

(See Attachment 3A)

ACTION REQUIRED

ITEM 4. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$8,750,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE DESIGNATED) (SPRING MANOR APARTMENTS).

(See Attachment 4A)

ACTION REQUIRED

- ITEM 5. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$5,500,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE DESIGNATED) (GEORGIA ARMS APARTMENTS).**

(See Attachment 5A)

ACTION REQUIRED

- ITEM 6. REQUEST APPROVAL OF THE APPOINTMENT OF J. ROBERT “BOBBY” JONES TO THE INVESTMENT ADVISORY COUNCIL (S. 215.444, F.S.).**

(See Attachments 6A & 6B)

ACTION REQUIRED

- ITEM 7. REQUEST APPROVAL OF THE APPOINTMENT OF MARK THOMPSON TO THE SBA AUDIT COMMITTEE.**

(See Attachments 7A & 7B)

ACTION REQUIRED

- ITEM 8. REQUEST APPROVAL OF THE 2015-2016 FLORIDA HURRICANE CATASTROPHE FUND REIMBURSEMENT PREMIUM FORMULA.**

See Jack Nicholson’s Memo Detailing Items 8 – 11 – Attachment 8

(See Attachments 8, 8A & 8B)

ACTION REQUIRED

- ITEM 9. REQUEST AUTHORITY TO FILE A NOTICE OF PROPOSED RULE FOR THE FLORIDA HURRICANE CATASTROPHE FUND FOR RULE 19-8.028, F.A.C., REIMBURSEMENT PREMIUM FORMULA, AND TO FILE THIS RULE, ALONG WITH THE INCORPORATED FORMS, FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING.**

(See Attachments 9A – 9C)

ACTION REQUIRED

- ITEM 10. REQUEST AUTHORITY TO FILE A NOTICE OF PROPOSED RULE FOR THE FLORIDA HURRICANE CATASTROPHE FUND FOR RULE 19-8.010, F.A.C., REIMBURSEMENT CONTRACT, AND TO FILE THIS RULE, ALONG WITH THE INCORPORATED FORMS, FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING.**

(See Attachments 10A – 10D)

ACTION REQUIRED

- ITEM 11. ITEM REGARDING RISK TRANSFER ARRANGEMENTS AND THE ISSUANCE OF PRE-EVENT REVENUE BONDS.**

(FORMAL AGENDA ITEM TO FOLLOW)

STATE OF FLORIDA

IN RE: MEETING OF THE GOVERNOR AND
CABINET

CABINET MEMBERS: GOVERNOR RICK SCOTT
ATTORNEY GENERAL PAM BONDI
CHIEF FINANCIAL OFFICER
JEFF ATWATER
COMMISSIONER OF AGRICULTURE
ADAM PUTNAM

DATE: TUESDAY, MARCH 10, 2015

LOCATION: CABINET MEETING ROOM
LOWER LEVEL, THE CAPITOL
TALLAHASSEE, FLORIDA

REPORTED BY: NANCY S. METZKE, RPR, FPR
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P R O C E E D I N G S

GOVERNOR SCOTT: Good morning, and welcome to the March 10th Cabinet meeting. At this time I would like to welcome Father Peter Zalewski from Blessed Sacrament Church to lead us in prayer.

Please remain standing after the invocation for the presentation of the Colors by the Navy Reserve Color Guard, and the pledge of allegiance.

(WHEREUPON, THE INVOCATION WAS GIVEN AND THE PLEDGE OF ALLEGIANCE SAID) .

* * * *

STATE BOARD OF ADMINISTRATION

GOVERNOR SCOTT: Now I'd like to recognize Ash Williams with the State Board of Administration.

Good afternoon, Ash.

EXECUTIVE DIRECTOR WILLIAMS: Good afternoon, Governor, Cabinet members.

Let's see, as of last night's close, March 9, fiscal year to date, the Florida Retirement System trust fund is up 2.11%. That is 104 basis points ahead of target and leaves us down \$1.1 billion fiscal year to date.

I would add that's net of paying out about five billion in benefits, and that's 900 million ahead of our February 5 meeting balance for the Fund.

Item 1, request approval of the minutes from the February 5 meeting.

GOVERNOR SCOTT: Is there a motion to approve?

ATTORNEY GENERAL BONDI: So moved.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Moved and seconded, show the minutes approved without objection.

1 EXECUTIVE DIRECTOR WILLIAMS: The next series
2 of items tie to a series of things that were on
3 the Bond Finance agenda, so if it suits your
4 pleasure, I will -- they're not lined up by agenda
5 item --

6 GOVERNOR SCOTT: Let's just do this --

7 DIRECTOR WILLIAMS: -- so I'll just read them
8 by short title.

9 Item 2, request --

10 GOVERNOR SCOTT: Without you having to do it,
11 so let's just do 2, 3, 4, 5, 6, 7, 8. Is there a
12 motion to approve all of those items?

13 COMMISSIONER PUTNAM: So moved.

14 GOVERNOR SCOTT: Is there a second?

15 ATTORNEY GENERAL BONDI: Second.

16 GOVERNOR SCOTT: Any comments or objections?

17 (NO RESPONSE).

18 GOVERNOR SCOTT: Hearing none, those motions
19 carry.

20 Thank you, Ash.

21 DIRECTOR WILLIAMS: Thank you.

22
23
24 * * * *
25

**STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308**

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: April 1, 2015



**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$600,000,000
STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC
EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2015 SERIES (TO BE DETERMINED):**

The Division of Bond Finance of the State Board of Administration (the "Division"), on behalf of the State Board of Education, has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$600,000,000 Public Education Capital Outlay Refunding Bonds, 2015 Series (to be determined) (the "Bonds") for the purpose of refunding all or a portion of the outstanding 2004 Series D, 2005 Series F and 2006 Series A Public Education Capital Outlay Bonds, and to pay certain costs of issuance; provided, however, that none of the said Bonds shall be issued in excess of the amount which can be issued in full compliance with the State Bond Act and other applicable provisions of law, and pursuant to Section 9(a)(2), Article XII of the Constitution of Florida, as amended. The Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on July 21, 1992, and the Fifty-ninth Supplemental Authorizing Resolution and a sale resolution anticipated to be adopted by the State Board of Education on April 15, 2015.

The State Board of Education has heretofore issued Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds, 1999 Series D through 2015 Series B, and has sold Public Education Capital Outlay Refunding Bonds, 2015 Series C (the "2015 Series C Refunding Bonds") to be delivered on April 23, 2015. The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$560,000,000 Public Education Capital Outlay Refunding Bonds, 2015 Series (to be determined) (the "2015 Series Refunding Bonds-First Issuance") at its December 9, 2014, meeting, of which \$94,350,000 remains unissued. The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$590,000,000 Public Education Capital Outlay Refunding Bonds, 2015 Series (to be determined) (the "2015 Series Refunding Bonds-Second Issuance") at its March 10, 2015, meeting, of which \$336,055,000 remains unissued. The Division of Bond Finance of the State Board of Administration has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the \$94,350,000 remaining portion of the 2015 Series Refunding Bonds-First Issuance. The proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Gross Receipts Taxes with the outstanding and unpaid Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds, 1999 Series D through 2015 Series B and the 2015 Series C Refunding Bonds and remaining portion of the 2015 Series Refunding Bonds-Second Issuance when and if issued.

A study of this proposal and the estimates of revenue expected to accrue indicate that the proposed Bonds are fiscally sufficient and that the proposal will be executed pursuant to the applicable provisions of law.

RECOMMENDATION: It is recommended that the Board approve the proposal outlined above.

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING
\$600,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF
EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS,
2015 SERIES (TO BE DETERMINED)**

WHEREAS, the State Board of Education of Florida proposes to issue an amount not exceeding \$600,000,000 Public Education Capital Outlay Refunding Bonds, 2015 Series (to be determined) (the "Bonds") for the purpose of refunding all or a portion of the outstanding 2004 Series D, 2005 Series F and 2006 Series A Public Education Capital Outlay Bonds, and to pay certain costs of issuance; provided, however, that none of the said Bonds shall be issued in excess of the amount which can be issued in full compliance with the State Bond Act and other applicable provisions of law, and pursuant to Section 9(a)(2), Article XII of the Constitution of Florida, as amended; and,

WHEREAS, the Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on July 21, 1992, and the Fifty-ninth Supplemental Authorizing Resolution and a sale resolution anticipated to be adopted by the State Board of Education on April 15, 2015; and,

WHEREAS, the proposed Bonds shall be secured by a lien upon the Gross Receipts Taxes which are required to be deposited in the Public Education Capital Outlay and Debt Service Trust Fund administered by the State Board of Education of Florida (the "Gross Receipts Taxes"), and the Bonds are additionally secured by a pledge of the full faith and credit of the State of Florida; and,

WHEREAS, the State Board of Education has heretofore issued Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds, 1999 Series D through 2015 Series B, and has sold Public Education Capital Outlay Refunding Bonds, 2015 Series C (the "2015 Series C Refunding Bonds") to be delivered on April 23, 2015; and,

WHEREAS, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$560,000,000 Public Education Capital Outlay Refunding Bonds, 2015 Series (to be determined) (the "2015 Series Refunding Bonds-First Issuance") at its December 9, 2014, meeting, of which \$94,350,000 remains unissued; and,

WHEREAS, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$590,000,000 Public Education Capital Outlay Refunding Bonds, 2015 Series (to be determined) (the "2015 Series Refunding Bonds-Second Issuance") at its March 10, 2015, meeting, of which \$336,055,000 remains unissued; and,

WHEREAS, the Division of Bond Finance of the State Board of Administration has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the \$94,350,000 remaining portion of the 2015 Series Refunding Bonds-First Issuance; and

WHEREAS, the proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Gross Receipts Taxes with the outstanding and unpaid Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds, 1999 Series D through 2015 Series B and the 2015 Series C Refunding Bonds and remaining portion of the 2015 Series Refunding Bonds-Second Issuance when and if issued; and,

WHEREAS, the Division of Bond Finance has furnished sufficient information to enable the State Board of Administration to fulfill its duties pursuant to Section 215.73, Florida Statutes; and,

WHEREAS, the State Board of Administration has relied upon information from others but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the State Board of Administration does not approve or disapprove the Bonds as an investment and has not passed upon the accuracy or adequacy of the Official Statement; **Now, Therefore,**

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body as described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, that the proposal of the State Board of Education of Florida to issue an amount not exceeding \$600,000,000 Public Education Capital Outlay Refunding Bonds, 2015 Series (to be determined), is hereby approved as to fiscal sufficiency. In addition, the approval of fiscal sufficiency with respect to the unissued portion of the \$560,000,000 Public Education Capital Outlay Refunding Bonds, 2015 Series (to be determined) approved on December 9, 2014 is hereby rescinded.

ADOPTED April 14, 2015



J. BEN WATKINS III
DIRECTOR

STATE OF FLORIDA
DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

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RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL

JEFF ATWATER
CHIEF FINANCIAL OFFICER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

March 27, 2015

Mr. Ashbel C. Williams
Executive Director
State Board of Administration
Post Office Box 13300
Tallahassee, Florida 32317-3300

RE: Not Exceeding \$600,000,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2015 Series (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request fiscal sufficiency approval at your board meeting of April 14, 2015.

The bonds will be payable from gross receipts taxes and are additionally secured by the full faith and credit of the State of Florida. The bonds will be on a parity with the previously issued 1999 Series D through 2015 Series B Bonds, the 2015 Series C Bonds to be delivered on April 23, 2015, and the \$336.055 million remaining balance of the \$590 million Public Education Capital Outlay Refunding Bonds approved for fiscal sufficiency on March 10, 2015, when and if issued. The \$94,350,000 balance of 2015 Series (to be determined) refunding bonds approved for fiscal sufficiency December 9, 2014, should be rescinded.

The proposed bonds will be issued to refund all or a portion of the outstanding 2004 Series D, 2005 Series F and 2006 Series A Public Education Capital Outlay Bonds and to pay costs associated with the issuance and sale of the proposed bonds. The bonds will only be issued if there is a savings.

The bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on July 21, 1992, and the Fifty-ninth Supplemental Authorizing Resolution and a sale resolution anticipated to be adopted by the State Board of Education on April 15, 2015.

Enclosed for your review are the following:

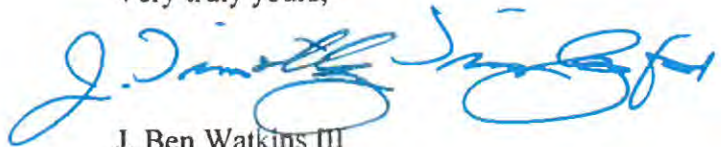
Enclosure 1: An estimated coverage table based upon the projected gross receipts tax revenues from the March 2015 Revenue Estimating Conference. Coverage is based on existing program debt service, but does not include the potential savings from the proposed refunding bonds;

March 27, 2015
Page Two

- Enclosure 2: An estimated savings schedule for the proposed refunding bonds;
- Enclosure 3: The gross receipts tax estimates from the March 2015 Revenue Estimating Conference;
- Enclosure 4: A draft of the Fifty-ninth Supplemental Authorizing Resolution which is anticipated to be adopted by the State Board of Education on April 15, 2015, authorizing the issuance of not to exceed \$600,000,000 Refunding Bonds; and
- Enclosure 5: A draft of the sale resolution which is anticipated to be adopted by the State Board of Education on April 15, 2015.

A draft of the fiscal sufficiency resolution should be sent to Donna Biggins and Kim Nichols of this office for review. Should you have any questions, please contact myself, Donna Biggins or Kim Nichols at 488-4782. Your consideration in this matter is appreciated.

Very truly yours,



J. Ben Watkins III
Director

JBW:kjn

Enclosures

cc: Anthony Doheny
Robert Copeland

**State of Florida, Full Faith and Credit
State Board of Education Public Education Capital Outlay Bonds**

Estimated Coverage Table

Fiscal Year	Gross Receipts Taxes¹	Debt Service on Outstanding PECO Bonds²	Subsidy³	Net Debt Service	Debt Service Coverage⁴
<i>Historical</i>					
2010	\$1,097,658,978	\$926,822,204	(\$4,614,932)	\$922,207,272	1.19x
2011	1,071,648,704	951,149,531	(12,676,457)	938,473,074	1.14x
2012	1,035,289,306	974,966,138	(12,676,457)	962,289,681	1.08x
2013	1,003,047,943	958,634,195	(12,125,031)	946,509,164	1.06x
2014	1,005,357,521	921,106,006	(11,763,752)	909,342,254	1.11x
<i>Projected</i>					
2015	\$1,154,790,000	\$897,845,110	(\$11,751,076)	\$886,094,034	1.30x
2016	1,174,160,000	885,514,409	(11,707,567)	873,806,842	1.34x
2017	1,197,680,000	885,429,979	(11,658,675)	873,771,304	1.37x
2018	1,220,080,000	863,473,489	(11,602,856)	851,870,632	1.43x
2019	1,242,770,000	876,151,991	(11,469,500)	864,682,491	1.44x
2020	1,264,500,000	870,830,573	(11,224,737)	859,605,835	1.47x
2021	1,285,540,000	891,186,916	(10,894,214)	880,292,702	1.46x
2022	1,304,490,000	897,612,085	(10,544,844)	887,067,241	1.47x
2023	1,324,140,000	861,199,436	(10,174,471)	851,024,965	1.56x
2024	1,345,640,000	776,397,459	(9,780,731)	766,616,728	1.76x
2025	1,345,640,000	715,988,030	(10,103,673)	705,884,357	1.91x
2026	1,345,640,000	569,959,751	(9,623,568)	560,336,184	2.40x
2027	1,345,640,000	541,938,405	(9,120,732)	532,817,673	2.53x
2028	1,345,640,000	516,386,815	(8,586,631)	507,800,185	2.65x
2029	1,345,640,000	487,737,325	(8,027,736)	479,709,589	2.81x
2030	1,345,640,000	466,255,440	(7,441,255)	458,814,185	2.93x
2031	1,345,640,000	444,593,130	(6,825,999)	437,767,131	3.07x
2032	1,345,640,000	423,814,340	(6,179,159)	417,635,181	3.22x
2033	1,345,640,000	381,018,730	(5,507,864)	375,510,866	3.58x
2034	1,345,640,000	340,934,619	(4,811,301)	336,123,317	4.00x
2035	1,345,640,000	317,587,926	(4,088,353)	313,499,574	4.29x
2036	1,345,640,000	282,630,174	(3,338,210)	279,291,964	4.82x
2037	1,345,640,000	235,995,141	(2,550,034)	233,445,108	5.76x
2038	1,345,640,000	147,027,781	(1,731,643)	145,296,139	9.26x
2039	1,345,640,000	84,008,124	(882,111)	83,126,013	16.19x
2040	1,345,640,000	38,563,450	-	38,563,450	34.89x
2041	1,345,640,000	4,641,000	-	4,641,000	289.95x

¹ Estimates of gross receipts tax collections for Fiscal Years 2015 through 2024 as adopted by the Florida Revenue Estimating Conference held in March 2015. The projections for Fiscal Year 2024 have been held constant for future years, however, no representation is made that the amounts shown will be collected.

² Includes debt service through 2015 Series C Refunding Bonds. Does not include the effects of the proposed refunding which will be an economic refunding with the escrow invested in a SPIA account with the State Treasury. The refunded bonds will not be legally defeased and will be called for redemption on June 1, 2015. Also excluded are the bonds refunded by the 2014 Series B, 2014 Series C and 2015 Series A Bonds, 2015 Series B and 2015 Series C, which were economic refundings with escrows invested in the State Treasury. Those previously refunded bonds are not legally defeased and will be called for redemption on June 1, 2015.

³ Expected federal subsidy payments for Build America Bonds 2006 Series G, 2007 Series G, 2008 Series D and 2009 Series F. The expected subsidy payments through fiscal year 2024 have been reduced by 7.3% from the originally expected amounts to account for the currently expected reductions resulting from sequestration. The actual reductions to future subsidy payments as a result of sequestration are still to be determined.

⁴ Coverage based on Net Debt Service.

**STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308**

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: April 1, 2015



**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING
\$225,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION
TURNPIKE REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED):**

The Division of Bond Finance of the State Board of Administration (the "Division"), on behalf of the State of Florida Department of Transportation, has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$225,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series (to be determined) (the "Bonds") for the purpose of refunding all or a portion of the outstanding Series 2007A Bonds. The Bonds will be issued pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Fortieth Supplemental Turnpike Revenue Bond Resolution anticipated to be adopted by the Governor and Cabinet on April 14, 2015.

The Division, on behalf of the Department of Transportation, has heretofore issued Turnpike Revenue and Revenue Refunding Bonds, Series 2005A through 2014A (the "Outstanding Bonds"). The State Board of Administration has approved as to fiscal sufficiency proposals to issue amounts not exceeding \$195,000,000 Turnpike Revenue Bonds, Series 2015A (the "2015A Bonds") and not exceeding \$80,000,000 Turnpike Revenue Refunding Bonds, Series (to be determined) (the "2015 Refunding Bonds") at its March 10, 2015 meeting. The Bonds shall be issued on a parity as to source and security for payment with the Outstanding Bonds and the 2015A Bonds and 2015 Refunding Bonds when and if issued. The Bonds shall not be secured by a pledge of the full faith and credit or the taxing power of the State of Florida or any political subdivision thereof.

A study of this proposal and the estimates of revenue expected to accrue indicate that the proposed Bonds are fiscally sufficient and that the proposal will be executed pursuant to the applicable provisions of law.

RECOMMENDATION: It is recommended that the Board approve the proposal outlined above.

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT
EXCEEDING \$225,000,000 STATE OF FLORIDA, DEPARTMENT OF
TRANSPORTATION TURNPIKE REVENUE REFUNDING BONDS,
SERIES (TO BE DETERMINED)**

WHEREAS, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding \$225,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), on behalf of the State of Florida Department of Transportation, for the purpose of refunding all or a portion of the outstanding Series 2007A Bonds; and,

WHEREAS, the Bonds will be issued pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Fortieth Supplemental Turnpike Revenue Bond Resolution anticipated to be adopted by the Governor and Cabinet on April 14, 2015, (collectively referred to herein as the "Resolution"); and,

WHEREAS, the Division has requested the State Board of Administration to approve the fiscal sufficiency of the proposed bond issue as required by Section 215.73, Florida Statutes; and,

WHEREAS, the Division, on behalf of the Department of Transportation has heretofore issued Turnpike Revenue and Revenue Refunding Bonds, Series 2005A through 2014A (the "Outstanding Bonds"); and,

WHEREAS, State Board of Administration has approved as to fiscal sufficiency a proposal to issue an amount not exceeding \$195,000,000 Turnpike Revenue Bonds, Series 2015A (the "2015A Bonds") at its March 10, 2015, meeting, and,

WHEREAS, State Board of Administration has approved as to fiscal sufficiency a proposal to issue an amount not exceeding \$80,000,000 Turnpike Revenue Refunding Bonds, Series (to be determined) (the "2015 Refunding Bonds") at its March 10, 2015, meeting, and,

WHEREAS, the proposed Bonds shall be issued on a parity as to source and security for payment with the Outstanding Bonds and the 2015A Bonds and 2015 Refunding Bonds when and if issued; and,

WHEREAS, the proposed Bonds shall be secured by a first lien upon Net Revenues of the Turnpike System, which consists of all tolls, revenues, rates, fees, charges, receipts, rents or other income derived from, or in connection with, the operation of the Florida Turnpike, less any necessary contribution to fund the Cost of Maintenance and Cost of Operation after taking into account other sources of funds available to fund the Cost of Maintenance and Cost of Operation; and,

WHEREAS, the Florida Department of Transportation has covenanted to pay the Cost of Maintenance and Cost of Operation of the Turnpike System from moneys in the State Transportation Trust Fund; and,

WHEREAS, tolls are required to be fixed, and adjusted if necessary, so that gross revenues shall be sufficient to pay at least (i) 100% of Operation and Maintenance costs; (ii) 120% of the Annual Debt Service Requirement; and (iii) 100% of all other payments required by the Resolution; and,

WHEREAS, an examination of this plan of financing indicated that the same will be executed pursuant to the applicable provisions of law, and that the revenue to be used in servicing and liquidating the indebtedness to be created thereby may be reasonably expected to accrue in amounts sufficient to accomplish this purpose; and,

WHEREAS, the estimate of toll revenues available indicates that sufficient moneys can be pledged to exceed the debt service requirements of the proposed issue and that in no State fiscal year will the moneys pledged for the debt service requirement of the proposed issue be less than the required coverage amount; and,

WHEREAS, the Division has furnished sufficient information to enable the State Board of Administration to fulfill its duties pursuant to Section 215.73, Florida Statutes; and,

WHEREAS, the State Board of Administration has relied upon information from others but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the State Board of Administration does not approve or disapprove the Bonds as an investment and has not passed upon the accuracy or adequacy of the Official Statement; **Now, Therefore,**

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration to issue an amount not exceeding \$225,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

ADOPTED April 14, 2015



J. BEN WATKINS III
DIRECTOR

STATE OF FLORIDA
DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

HERMITAGE CENTRE, SUITE 200
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

POST OFFICE BOX 13300
TALLAHASSEE, FLORIDA 32317-3300
(Address mail to P.O. Box; deliveries to street address)

TELEPHONE: (850) 488-4782
TELECOPIER: (850) 413-1315

RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL
AS SECRETARY

JEFF ATWATER
CHIEF FINANCIAL OFFICER
AS TREASURER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

March 27, 2015

Mr. Ashbel C. Williams
Executive Director
State Board of Administration
Post Office Box 13300
Tallahassee, Florida 32317-3300

RE: Not Exceeding \$225,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of April 14, 2015.

The bonds will be payable from the net revenues of the turnpike system on a parity with the outstanding Series 2005A through 2014A Bonds, the not to exceed \$195,000,000 Series 2015A bonds and the not to exceed \$80 million Series (to be determined) refunding bonds approved for fiscal sufficiency on March 10, 2015, when and if issued. The bonds will be issued for the purpose of refunding the outstanding Series 2007A. The proposed refunding bonds will only be issued if there is a savings.

The bonds will be issued in one or more series pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Fortieth Supplemental Turnpike Revenue Bond Resolution anticipated to be adopted by the Governor and Cabinet on April 14, 2015.

The following documents are enclosed for your consideration:

- Enclosure 1: An estimated coverage table for the program without considering the potential savings from the proposed \$225,000,000 refunding bonds;
- Enclosure 2: An estimated debt service and savings schedule from a recent sizing of the proposed refunding bonds; and

February 20, 2015

Page Two

Enclosure 3: A draft copy of the Fortieth Supplemental Resolution anticipated to be adopted by the Governor and Cabinet on April 14, 2015.

A draft of the fiscal sufficiency resolution should be sent to Donna Biggins and Nora Wittstruck of this office for review. Should you have any questions, please contact either myself or Nora Wittstruck at 488-4782. Your consideration in this matter is appreciated.

Very truly yours,



J. Ben Watkins III
Director

JBW\nw

Enclosures

cc: Robert Copeland
Janie Knight
Anthony Doheny

**STATE OF FLORIDA
DEPARTMENT OF TRANSPORTATION
TURNPIKE REVENUE BONDS
FISCAL SUFFICIENCY REQUEST FOR NOT EXCEEDING \$225,000,000**

ESTIMATED COVERAGE TABLE

FISCAL YEAR ENDING JUNE 30	HISTORICAL/PROJECTED PLEDGED REVENUES ¹				OUTSTANDING DEBT SERVICE ³	TOTAL DEBT SERVICE	LESS FEDERAL SUBSIDY ⁴	NET DEBT SERVICE	NET DEBT SERVICE COVERAGE
	TURNPIKE SYSTEM REVENUES	OPERATIONS & MAINTENANCE EXPENSES ²	NET REVENUE						
Historical ⁵									
2010	\$ 611,596,000	\$ 172,422,000	\$ 439,174,000	\$	\$ 224,220,717	\$	\$ (5,811,097)	\$ 218,409,620	2.01 x
2011	611,946,000	180,060,000	431,886,000		243,061,034		(5,943,001)	237,118,033	1.82 x
2012	620,201,000	173,704,000	446,497,000		249,182,170		(5,943,001)	243,239,169	1.84 x
2013	767,985,000	157,388,000	610,597,000		251,384,741		(5,684,481)	245,700,260	2.49 x
2014	808,374,000	157,343,000	651,031,000		251,945,453		(5,515,105)	246,430,348	2.64 x
Projected									
2015	\$ 808,244,000	\$ 166,484,000	\$ 641,760,000	\$	\$ 261,859,926	\$	(5,515,105)	\$ 256,344,821	2.50 x
2016	833,953,000	173,912,000	660,041,000		273,489,366		(5,509,162)	267,574,261	2.46 x
2017	867,725,000	179,144,000	688,581,000		272,800,241		(5,509,162)	267,291,079	2.58 x
2018	916,237,000	182,773,000	733,464,000		273,694,216		(5,509,162)	268,185,054	2.73 x
2019	927,521,000	180,284,000	747,237,000		274,165,178		(5,509,162)	268,656,016	2.78 x
2020	947,317,000	180,284,000	767,033,000		257,669,966		(5,509,162)	252,160,804	3.04 x
2021	977,932,000	183,927,000	794,005,000		257,649,759		(5,367,124)	252,140,597	3.15 x
2022	1,007,973,000	187,636,000	820,337,000		231,011,109		(5,192,713)	225,643,985	3.64 x
2023	1,042,331,000	191,418,000	850,913,000		222,466,772		(5,011,350)	217,274,059	3.92 x
2024	1,074,197,000	195,269,000	878,928,000		221,439,127		(4,822,676)	216,427,796	4.06 x
2025	1,100,026,000	199,150,000	900,876,000		220,834,281		(4,970,887)	216,011,605	4.17 x
2026	1,100,026,000	199,150,000	900,876,000		199,882,023		(4,770,829)	194,891,136	4.62 x
2027	1,100,026,000	199,150,000	900,876,000		199,386,843		(4,517,478)	194,616,014	4.63 x
2028	1,100,026,000	199,150,000	900,876,000		172,284,610		(4,252,941)	167,767,132	5.37 x
2029	1,100,026,000	199,150,000	900,876,000		165,975,718		(3,976,623)	161,722,777	5.57 x
2030	1,100,026,000	199,150,000	900,876,000		158,213,726		(3,688,167)	154,237,103	5.84 x
2031	1,100,026,000	199,150,000	900,876,000		155,221,984		(3,386,859)	151,533,817	5.95 x
2032	1,100,026,000	199,150,000	900,876,000		154,899,751		(3,072,342)	151,512,892	5.95 x
2033	1,100,026,000	199,150,000	900,876,000		154,578,151		(2,743,902)	151,505,809	5.95 x
2034	1,100,026,000	199,150,000	900,876,000		143,297,090		(2,400,944)	140,553,188	6.41 x
2035	1,100,026,000	199,150,000	900,876,000		127,428,103		(2,042,754)	125,027,159	7.21 x
2036	1,100,026,000	199,150,000	900,876,000		127,053,983		(1,668,757)	125,011,229	7.21 x
2037	1,100,026,000	199,150,000	900,876,000		92,945,940		(1,278,179)	91,277,203	9.87 x
2038	1,100,026,000	199,150,000	900,876,000		79,997,666		(870,366)	78,719,487	11.44 x
2039	1,100,026,000	199,150,000	900,876,000		79,490,559		(444,584)	78,620,193	11.46 x
2040	1,100,026,000	199,150,000	900,876,000		59,650,513		-	59,205,929	15.22 x
2041	1,100,026,000	199,150,000	900,876,000		43,471,400		-	43,471,400	20.72 x
2042	1,100,026,000	199,150,000	900,876,000		36,695,625		-	36,695,625	24.55 x
2043	1,100,026,000	199,150,000	900,876,000		30,387,913		-	30,387,913	29.65 x
2044	1,100,026,000	199,150,000	900,876,000		19,963,425		-	19,963,425	45.13 x
					\$ 4,967,904,958	\$ 4,967,904,958	\$ (97,560,350)	\$ 4,864,829,503	

¹ Projected revenues and expenses through fiscal year 2025 provided by the Turnpike's traffic and revenue consultant. For fiscal years 2026 and thereafter, revenue and expense projections have been held constant. However, no representation is made that the amounts shown in any fiscal year will be collected.


² The operations and maintenance expenses are paid by the Department of Transportation under an operations agreement and then reimbursed by the Turnpike after debt service. The operations agreement is enforceable by bondholders.

³ Includes the proposed not to exceed \$195,000,000 approved for fiscal sufficiency on March 10, 2015. Does not include the effects of the proposed refundings. The proposed refundings will be economic refundings with the escrows invested in a SPFA account with the State Treasury. The refunded bonds will not be legally defeased and will be called for redemption on July 1, 2015 and July 1, 2016.

⁴ Federal subsidy payments on Build America Bonds Series 2009B, adjusted for actual impact for Sequestration in 2013 and 2014, an estimated 7.2% reduction for 2015, and 7.3% reduction through 2024.

⁵ Fiscal Years 2010 through 2014 represent audited financial results.

**STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308**

TO: Ash Williams
FROM: Robert Copeland 
SUBJECT: Fiscal Determination
DATE: April 1, 2015

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$8,750,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE DESIGNATED) (SPRING MANOR APARTMENTS)

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$8,750,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of financing the acquisition and rehabilitation of a multifamily rental development located in Marion County, Florida (Spring Manor Apartments). The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

RECOMMENDATION: It is recommended that, pursuant to the fiscal determination requirements of Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, and in reliance upon information provided by the Florida Housing Finance Corporation, the Board find and determine that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements. The Board does not assume any responsibility for, and makes no warranty (express or implied) with respect to any aspect of this bond issue.

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$8,750,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS,
(SERIES TO BE DESIGNATED) (SPRING MANOR APARTMENTS)**

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$8,750,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of financing the acquisition and rehabilitation of a multifamily rental development located in Marion County, Florida (Spring Manor Apartments); and,

WHEREAS, the Corporation has requested the State Board of Administration of Florida to make the fiscal determination required by Section 420.509, Florida Statutes, as stated in Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended (the "Florida Constitution"); and,

WHEREAS, the Bonds shall be secured by a Trust Indenture; and,

WHEREAS, in accordance with Section 420.509, Florida Statutes, the principal of and all interest and any premium on the Bonds shall be payable solely out of revenues and other amounts pledged therefor, as described in the Trust Indenture and other required documents, and shall not be secured by the full faith and credit of the State of Florida; and,

WHEREAS, the cash flow analysis furnished by the Corporation shows that in no State fiscal year will the debt service requirements of the Bonds proposed to be issued and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements; and,

WHEREAS, the Corporation has furnished sufficient information to enable the State Board of Administration of Florida to fulfill its duties pursuant to Section 420.509(2), Florida Statutes; and,

WHEREAS, the Board has relied upon information from others, including the Corporation, but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the Board's determination pursuant to Section 16(c) of Article VII of the Florida Constitution and Section 420.509(2), Florida Statutes, is limited to a review of the matters essential to making such determination and the Board does not approve or disapprove of the Bonds as investments and has not passed upon the accuracy or adequacy of the Trust Indenture or any other required documents; **Now, Therefore**,

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (Spring Manor Apartments), in an amount not exceeding \$8,750,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

Accordingly, as required by Section 16(c) of Article VII of the Florida Constitution, the Board finds and determines that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues, as defined in Section 420.503, Florida Statutes and described in the Trust Indenture, which are available for payment of such debt service requirements.

ADOPTED April 14, 2015

March 27, 2015

VIA HAND DELIVERY

Mr. Ash Williams
Executive Director/Chief Investment Officer
State Board of Administration
P.O. Box 13300
Tallahassee, Florida 32317-3300

RE: FHFC Multifamily Mortgage Revenue Bonds
Not to Exceed \$8,750,000 Tax-Exempt Bonds
Spring Manor Apartments

Dear Mr. Williams:

On behalf of Florida Housing Finance Corporation ("Florida Housing or "FHFC"), I am submitting a cash flow analysis for the approval of fiscal determination of the above-referenced bond issue prepared by the Underwriter, RBC Capital Markets. Florida Housing endorses this analysis and believes it will show sufficient coverage.

This bond issue will be a Public Offering. We request that this item be placed on the agenda for approval at the State Board of Administration's April 14, 2015 Cabinet meeting, due to financing and closing schedules.

Should you or your staff have any questions or concerns with respect to this transaction, please feel free to call me at (850) 488-4197. Thank you for your consideration.

Sincerely,



Brantley Henderson
Multifamily Programs Administrator

BH/jg

Enclosures

Rick Scott, Governor

Board of Directors: Bernard "Barney" Smith, Chairman • Natacha Munilla, Vice Chairman
Ray Dubuque • John David Hawthorne Jr. • Brian Katz • Leonard Tylka • Howard Wheeler
Bill Killingsworth, Florida Department of Economic Opportunity

Executive Director: Stephen P. Auger

Florida Housing Finance Corporation
Multifamily Housing Revenue Bonds, 2015 Series --
(Spring Manor Apartments)

Principal Amount of Bonds Issued: \$ 8,750,000
Interest Rate: 0.000%
Assumed Initial Deposit to the Bond Fund: \$ 75,000.00

Deposit of Funds: It is assumed that the bond proceeds will be deposited at closing to the Project Fund. Immediately thereafter, the lender will wire proceeds that will be deposited to the Collateral Fund. Immediately thereafter, funds on deposit in the Project Fund will be remitted to the Lender to reimburse them for funds expended to acquire the project.

Cash Flow Report

Date	Funds Available to Pay Debt Service (1)				Debt Service And Fees Payable			Remaining Assets	Princ. & Infr. Debt Coverage Ratio (DCR) (2)
	Cumulative Funds on Deposit In Collateral Fund	Cumulative Funds on Deposit In the Bond Fund	Earnings On Investments at 0.00%	Total Assets On Deposit In Indenture	Interest Due On Bonds	Principal Due On Bonds	Debt Service And Fees Payable	Balance Remaining In Accounts	P&I Debt Coverage Ratio (DCR)
04/29/2015	\$ 8,750,000.00	\$ 75,000.00	\$ -	\$ 8,825,000.00	\$ 22,166.67	\$ -	\$ -	\$ 8,825,000.00	398.1203
10/1/2015	\$ 8,750,000.00	\$ 75,000.00	\$ -	\$ 8,825,000.00	\$ 26,250.00	\$ -	\$ 22,166.67	\$ 8,802,833.33	335.3460
4/1/2016	\$ 8,750,000.00	\$ 52,833.33	\$ -	\$ 8,802,833.33	\$ 26,250.00	\$ -	\$ 26,250.00	\$ 8,776,583.33	1.0000
10/1/2016	\$ 8,750,000.00	\$ 26,583.33	\$ -	\$ 8,776,583.33	\$ 74,666.67	\$ 8,750,000.00	\$ 8,776,250.00	\$ 333.33	
Total		\$ -	\$ -	\$ -	\$ 74,666.67	\$ 8,750,000.00	\$ 8,824,666.67		

Notes:

(1) At the bond closing cash proceeds from the FHLMC Loan and other sources will be deposited with the Trustee as pledged assets to fully collateralize the repayment of the Bonds as well as the payment of future anticipated debt service through to maturity.

(2) The DCR is provided to demonstrate the overall coverage of pledged assets against the total amount due at each Semi-Annual Bond Debt Service payment and upon final maturity when principal is due.

**STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308**

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: April 1, 2015

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$5,500,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE DESIGNATED) (GEORGIA ARMS APARTMENTS)

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$5,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of financing the acquisition and rehabilitation of a multifamily rental development located in Seminole County, Florida (Georgia Arms Apartments). The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

RECOMMENDATION: It is recommended that, pursuant to the fiscal determination requirements of Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, and in reliance upon information provided by the Florida Housing Finance Corporation, the Board find and determine that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements. The Board does not assume any responsibility for, and makes no warranty (express or implied) with respect to any aspect of this bond issue.

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$5,500,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS,
(SERIES TO BE DESIGNATED) (GEORGIA ARMS APARTMENTS)**

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$5,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of financing the acquisition and rehabilitation of a multifamily rental development located in Seminole County, Florida (Georgia Arms Apartments); and,

WHEREAS, the Corporation has requested the State Board of Administration of Florida to make the fiscal determination required by Section 420.509, Florida Statutes, as stated in Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended (the "Florida Constitution"); and,

WHEREAS, the Bonds shall be secured by a Trust Indenture; and,

WHEREAS, in accordance with Section 420.509, Florida Statutes, the principal of and all interest and any premium on the Bonds shall be payable solely out of revenues and other amounts pledged therefor, as described in the Trust Indenture and other required documents, and shall not be secured by the full faith and credit of the State of Florida; and,

WHEREAS, the cash flow analysis furnished by the Corporation shows that in no State fiscal year will the debt service requirements of the Bonds proposed to be issued and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements; and,

WHEREAS, the Corporation has furnished sufficient information to enable the State Board of Administration of Florida to fulfill its duties pursuant to Section 420.509(2), Florida Statutes; and,

WHEREAS, the Board has relied upon information from others, including the Corporation, but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the Board's determination pursuant to Section 16(c) of Article VII of the Florida Constitution and Section 420.509(2), Florida Statutes, is limited to a review of the matters essential to making such determination and the Board does not approve or disapprove of the Bonds as investments and has not passed upon the accuracy or adequacy of the Trust Indenture or any other required documents; **Now, Therefore,**

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (Georgia Arms Apartments), in an amount not exceeding \$5,500,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

Accordingly, as required by Section 16(c) of Article VII of the Florida Constitution, the Board finds and determines that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues, as defined in Section 420.503, Florida Statutes and described in the Trust Indenture, which are available for payment of such debt service requirements.

ADOPTED April 14, 2015

March 27, 2015

VIA HAND DELIVERY

Mr. Ash Williams
Executive Director/Chief Investment Officer
State Board of Administration
P.O. Box 13300
Tallahassee, Florida 32317-3300

RE: FHFC Multifamily Mortgage Revenue Bonds
Not to Exceed \$5,500,000 Tax-Exempt Bonds
Georgia Arms Apartments

Dear Mr. Williams:

On behalf of Florida Housing Finance Corporation ("Florida Housing or "FHFC"), I am submitting a cash flow analysis for the approval of fiscal determination of the above-referenced bond issue prepared by the Underwriter, RBC Capital Markets. Florida Housing endorses this analysis and believes it will show sufficient coverage.

This bond issue will be a Public Offering. We request that this item be placed on the agenda for approval at the State Board of Administration's April 14, 2015 Cabinet meeting, due to financing and closing schedules.

Should you or your staff have any questions or concerns with respect to this transaction, please feel free to call me at (850) 488-4197. Thank you for your consideration.

Sincerely,



Brantley Henderson
Multifamily Programs Administrator

BH/jg

Enclosures

Rick Scott, Governor

Board of Directors: Bernard "Barney" Smith, Chairman • Natacha Munilla, Vice Chairman
Ray Dubuque • John David Hawthorne Jr. • Brian Katz • Leonard Tylka • Howard Wheeler
Bill Killingsworth, Florida Department of Economic Opportunity

Executive Director: Stephen P. Auger

Florida Housing Finance Corporation
Multifamily Housing Revenue Bonds, 2015 Series_
(Georgia Arms Apartments)

Principal Amount of Bonds Issued: \$ 5,500,000
Interest Rate: 0.00%
Assumed Initial Deposit to the Bond Fund: \$ 48,000.00

Deposit of Funds: It is assumed that the bond proceeds will be deposited at closing to the Project Fund. Immediately thereafter, the lender will wire proceeds that will be deposited to the Collateral Fund. Immediately thereafter, funds on deposit in the Project Fund will be remitted to the Lender to reimburse them for funds expended to acquire the project.

Cash Flow Report

Date	Funds Available to Pay Debt Service (1)				Debt Service And Fees Payable		Remaining Assets	Princ. & Intl. Debt Coverage Ratio (DCR) (2)
	Cumulative Funds on Deposit In Collateral Fund	Cumulative Funds on Deposit In the Bond Fund	Earnings On Investments at 0.00%	Total Assets On Deposit In Indenture	Interest Due On Bonds	Principal Due On Bonds	Balance Remaining In Accounts	
4/28/2015	\$ 5,500,000.00	\$ 48,000.00	\$ -	\$ 5,548,000.00	\$ 14,025.00	\$ -	\$ 5,548,000.00	
10/1/2015	\$ 5,500,000.00	\$ 48,000.00	\$ -	\$ 5,548,000.00	\$ 16,500.00	\$ 14,025.00	\$ 5,533,975.00	395.5793
4/1/2016	\$ 5,500,000.00	\$ 33,975.00	\$ -	\$ 5,533,975.00	\$ 16,500.00	\$ 16,500.00	\$ 5,517,475.00	335.3924
10/1/2016	\$ 5,500,000.00	\$ 17,475.00	\$ -	\$ 5,517,475.00	\$ 47,025.00	\$ 5,500,000.00	\$ 975.00	1.0002
Total		\$ -	\$ -		\$ 47,025.00	\$ 5,500,000.00	\$ 5,547,025.00	

Notes:

(1) At the bond closing cash proceeds from the FHLMC Loan and other sources will be deposited with the Trustee as pledged assets to fully collateralize the repayment of the Bonds as well as the payment of future anticipated debt service through to maturity.

(2) The DCR is provided to demonstrate the overall coverage of pledged assets against the total amount due at each Semi-Annual Bond Debt Service payment and upon final maturity when principal is due.



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

March 9, 2015

Mr. J. Robert Jones
Partner, Bluff Point Associates
1645 Chase Landing Way
Winter Park, FL 32789

Dear Mr. Jones:

Pursuant to section 215.444, Florida Statutes, it is my pleasure to select you to serve on the State Board of Administration Investment Advisory Council. The Florida Cabinet will vote on your selection at an upcoming meeting. Once approved by the Cabinet, your term will begin immediately, and expire on February 1, 2019.

The Investment Advisory Council was created to review the investments made by the staff of the State Board of Administration and to make recommendations to the Board of Trustees. Your knowledge in the financial services industry will be an asset to the Council.

You will be contacted by Ash Williams, Executive Director of the State Board of Administration regarding your duties and responsibility as a member.

I appreciate your willingness to serve Florida and its' citizens in this role, and look forward to working with you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Atwater", is written over the typed name and title.

Jeff Atwater
Chief Financial Officer

/sm

c: Ash Williams

Mr. J. Robert Jones Jr.

Born to an American military family in Osaka, Japan, J. Robert "Bobby" Jones earned a bachelor's degree in finance and accounting at Florida State University. While at Florida State, he served as both president and vice president of his fraternity, Pi Kappa Alpha, and achieved membership in both Beta Alpha Psi, an honorary accounting fraternity, and Gold Key.

During his college years, Jones met and married Susan Miller Jones, a native of Havana, Fla., and a member of an entire Garnet and Gold family. Her mother, father and brothers are all Florida State graduates.

Jones is a former partner with the private equity firm Bluff Point. He is responsible for Bluff Point's business development activities, as well as focusing on the strategic planning of Bluff Point's portfolio companies. Jones joined Bluff Point in 2007.

After a successful career in financial services in North Carolina, Jones became a founder of The BISYS Group Inc., specializing in outsourcing technology for the financial services industry. Prior to his tenure at BISYS, Jones founded a financial software provider called the SLIMS Corp., was vice chair and chief operating officer in banking with Scottish Savings and Loan Association and was in accounting with Peat, Marwick, Mitchell and Co.

His leadership experience includes part ownership of the catalog retailer J. Peterman Co., where he serves as a board member. In addition, he serves as a limited partner in a number of private equity funds, was past president of a trade association for the financial services industry known as the Association for Financial Technology, and founded an all-volunteer organization, Golfers Against Cancer, which raises funds for cancer research.





CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

February 11, 2015

Mr. Mark Thompson
Orlando Utilities Commission
Post Office Box 3193
Orlando, FL 32802

Dear Mr. Thompson:

Pursuant to section 215.44, Florida Statutes, it is my pleasure to select you as my designee to serve on the State Board of Administration Audit Committee. Your appointment will be voted on by the Governor and Cabinet at a future Cabinet Meeting.

The Audit Committee serves as an independent and objective body and was created to monitor the SBA's processes for financial reporting, internal controls, risk management, and oversee the internal and external audit compliance. Your 30 years of knowledge and experience in audit, accounting and marketing will be an asset to the SBA Trustees.

Ash Williams, Executive Director of the State Board of Administration, will contact you regarding your duties and responsibilities, and any upcoming meetings of the Committee.

Thank you for your willingness to serve in this very important role.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Atwater", written over a circular stamp or seal.

Jeff Atwater
Chief Financial Officer

/sm

c: Ash Williams

Mark E. Thompson

Orlando, Florida
mthompson@ouc.com

407-434-2503 office / 407-401-1841 cell

CERTIFICATIONS

Certified Public Accountant (CPA)
Certified Internal Auditor (CIA)
Certified Information Systems Auditor (CISA)

AUDIT AND ACCOUNTING EXPERIENCE

ORLANDO UTILITIES COMMISSION, Orlando, Florida

2007 - current

Director, Internal Audit

Leading a 7-member division; reporting functionally to the Audit Committee and administratively to the CEO. Managing resources, administering policy and procedures and coordinating activities to meet the division's charter. Focusing on utility operations and IT audits which add value and contribute to the strategic plan.

Internal Audit Manager

Hired to remediate a "partially conforms" quality assessment. Implemented audit software, standardized reports, helped recognize risk and audit beyond corporate functions, implemented quarterly recommendation follow-up, setup an ethics and fraud hotline and completed nearly 100 audits, rendering 700 recommendations.

NETBANK, INC., Jacksonville, Florida

2004 - 2007

Internal Audit Director

Led a 10-member department; reporting directly to the Audit Committee. Audit areas included direct and indirect mortgage lending, online banking and consumer finance.

Audit Manager

Designated to investigate and manage audits of mortgage lending activities including secondary marketing, mortgage servicing rights, FAS 133, asset-liability management, loan reserve and allowance and high-risk lending. On-going involvement with Sarbanes – Oxley 404 documentation, testing and evaluation.

BARNETT BANKS, INC., Jacksonville, Florida

1990 - 1992

Audit Manager

Established and maintained Internal Audit group for non-bank affiliates including mortgage, bankcard, insurance, merchant services and recovery companies.

TRANSMARK USA, INC., Jacksonville, Florida

1988 - 1990

Manager of Operations Analysis

Managed a 7-member corporate department. Responsible for cash management, short-term investing, bank relations and insurance division investment operations for a \$1 billion portfolio.

PRICE WATERHOUSE, Jacksonville, Florida

1984 - 1988

Senior Auditor to Audit Manager

Administered audits in banking, retailing and manufacturing; including SEC-registrant, Barnett Banks, Inc., during a significant M & A period, SteinMart, Inc., Brunswick Pulp and Paper and Suddath Van Lines.

DELOITTE, HASKINS & SELLS, New York, New York

1981 - 1984

Staff Auditor to Senior Auditor

Clients included St. Regis Paper Corporation, Merrill Lynch, The New York Times and a non-profit school.

OTHER PROFESSIONAL EXPERIENCE

PRINCIPLED RECRUITING, Orlando, Florida**1998 - 2004**

Founded, developed and managed an executive recruiting practice. Clients included PWC, Transamerica, Prudential, Kemper, Bombardier, Pfizer, Exhibit Group, the PCAOB and WCI.

ORANGE LAKE RESORT & COUNTRY CLUB, Kissimmee, Florida**1997 - 1998*****Vice President, Marketing Projects***

Responsible for timeshare reservations call center, hotel guest service operations and marketing facility. Managed 4 direct reports and 30 staff.

BARNETT BANKS, INC., Jacksonville, Florida**1997, 1992 - 1994*****Manager, Retail Operations Reengineering***

Led a comprehensive project to rethink and propose a redesign of retail banking processes. Recognized by senior management to direct the design of a complete service strategy and the workforce to achieve dramatic and customer-focused improvements in service and operations.

Product Manager

Responsible for developing and managing consumer loan and line of credit marketing programs, designing new products and programs and management of the bank's first mortgage cross-sell program.

ALLTEL Information Services, Mortgage Division, Jacksonville, Florida**1995 - 1997*****Vice President of Marketing and Business Development***

Management of the marketing department and development of strategic business activities. With 5 staff, managed advertising, media relations, collateral materials, direct mail and conference activities.

SAFECARD SERVICES, INC., Jacksonville, Florida**1994 - 1995*****Director - Marketing Liaison***

Responsible for project management, communication and execution of initiatives between marketing and operations.

EDUCATION

Bachelor of Science - Accounting - University of Delaware

ORGANIZATION ACTIVITIES

Central Florida Chapter of the Institute of Internal Auditors

Board of Governors (2012 – current), President (2011 – 2012), Vice President (2010 – 2011)

Kibale Uganda Development Union, Inc. (A 501(c) (3) non-profit corporation)

Administrator for the Board (2010 – current)

Orlando Federal Credit Union

Supervisory Committee (2009 – 2011)

Association of Local Government Auditors

Educational Committee (2014)

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: April 3, 2015

SUBJECT: Cabinet Meeting for April 14, 2015

Request approval of the 2015-2016 Florida Hurricane Catastrophe Fund Reimbursement Premium Formula.

Request authority to file a Notice of Proposed Rule for the Florida Hurricane Catastrophe Fund for Rule 19-8.028, F.A.C., Reimbursement Premium Formula, and authority to file for adoption if no member of the public timely requests a rule hearing.

Request authority to file a Notice of Proposed Rule for the Florida Hurricane Catastrophe Fund for Rule 19-8.010, F.A.C., Reimbursement Contract, and to file this Rule, along with the incorporated forms, for adoption if no member of the public timely requests a rule hearing.

Request adoption of an SBA Resolution to authorize certain risk-transfer arrangements and financing for the Florida Hurricane Catastrophe Fund.

ITEM 8. REIMBURSEMENT PREMIUM FORMULA:

BACKGROUND: The Florida Hurricane Catastrophe Fund (FHCF) provides reimbursement to insurers writing residential property insurance in Florida for a portion of their hurricane losses. The FHCF is statutorily required to charge an “actuarially indicated premium” for the coverage provided to the participants. Applicable statutory criteria include the requirement that the premium formula be developed by an independent consultant and meet certain criteria. The FHCF statute requires that the premium formula be approved by unanimous vote of the Trustees.

In accordance with these statutory requirements, the FHCF has contracted with Paragon Strategic Solutions Inc. to provide the actuarial services necessary to develop the Premium Formula. The 2015-2016 Premium Formula was approved by the FHCF Advisory Council on March 24, 2015. There are no significant changes from the 2014-2015 Premium Formula.

EXTERNAL INTEREST: On March 24, 2015, the 2015-2016 Premium Formula was presented to the FHCF Advisory Council. Members of the public were present and also participated by telephone. The Advisory Council voted to recommend approval of the Premium Formula.

ACTIONS REQUESTED: Request approval of the 2015-2016 Florida Hurricane Catastrophe Fund Reimbursement Premium Formula.

ITEM 9. REIMBURSEMENT PREMIUM FORMULA (RULE 19-8.028, F.A.C.)

SUMMARY OF RULE CHANGES: The proposed rule adopts the 2015-2016 premium formula. The proposed rule also makes nonsubstantive editorial changes and deletes obsolete or expired language.

EXTERNAL INTEREST: A rule development workshop was held on March 23, 2015. Representatives of the FHCF attended and presented the rule, and members of the public participated by telephone. The rulemaking notice was published in the *Florida Administrative Register* on March 9, 2015, Vol. 41, No. 46. On March 24, 2015, the proposed changes to Rule 19-8.028, F.A.C., Reimbursement Premium Formula, were presented to the FHCF Advisory Council. Members of the public were present and also participated by telephone. The Advisory Council voted to recommend approval of the Premium Formula, the filing of a Notice of Proposed Rule, and the filing of the Rule for adoption if no member of the public timely requests a rule hearing.

ACTION REQUESTED: It is requested that the proposed amendments to this rule along with the incorporated forms be presented to the Cabinet Aides on April 8, 2015, and to the State Board of Administration Trustees on April 14, 2015, with a request to approve the filing of this rule for Notice of Proposed Rule and for adoption if no member of the public timely requests a rule hearing. A notice of the meeting of the Board will be published in the *Florida Administrative Register* on April 7, 2015, Vol. 41, No. 67.

ITEM 10. REIMBURSEMENT CONTRACT (RULE 19-8.010, F.A.C.)

BACKGROUND: By amendment to Rule 19-8.010, F.A.C., the SBA Trustees adopted the FHCF Reimbursement Contract for the 2015-2016 contract year at their September 23, 2014 meeting. The contract takes effect June 1, 2015, and each participating insurer was required by law to execute the contract by March 1, 2015. After the contract was adopted, a scrivener's error was identified. In particular, the definition of the term "Retention Multiple" made reference to the 2014-2015 contract year, rather than the 2015-2016 contract year. The proposed rule provides insurers with a contract amendment to correct the scrivener's error.

SUMMARY OF RULE CHANGES: The proposed rule adopts Form FHCF-2015K-2. This form consists of an amendment to the 2015-2016 FHCF Reimbursement Contract to correct the scrivener's error described above.

EXTERNAL INTEREST: A rule development workshop was held on March 23, 2015. Representatives of the FHCF attended and presented the rule, and members of the public participated by telephone. The rulemaking notice was published in the *Florida Administrative Register* on March 9, 2015, Vol. 41, No. 46. On March 24, 2015, the proposed changes to Rule 19-8.010, F.A.C., Reimbursement Contract, were presented to the FHCF Advisory Council. Members of the public were present and also participated by telephone. The Advisory Council voted to recommend the filing of a Notice of Proposed Rule, and the filing of the Rule for adoption if no member of the public timely requests a rule hearing.

ACTION REQUESTED: It is requested that the proposed amendments to this rule along with the incorporated form be presented to the Cabinet Aides on April 8, 2015, and to the State Board of Administration Trustees on April 14, 2015, with a request to approve the filing of this rule for Notice of

Proposed Rule and for adoption if no member of the public timely requests a rule hearing. A notice of the meeting of the Board will be published in the *Florida Administrative Register* on April 7, 2015, Vol. 41, No. 67.

ITEM 11. RESOLUTION AUTHORIZING SPECIFIED RISK-TRANSFER ARRANGEMENTS AND PRE-EVENT FINANCING

BACKGROUND: The FHCF statute authorizes the SBA to enter into risk-transfer arrangements and pre-event financing. Under paragraph 215.555(7)(a), the SBA may procure reinsurance for the purpose of maximizing the capacity of the FHCF and may also enter into various capital market transactions. Subparagraph 215.555(6)(a)1., F.S., authorizes the SBA to issue revenue bonds in the absence of a hurricane (that is, to engage in pre-event financing) when this action will maximize the ability of the FHCF to meet future obligations.

SUMMARY AND REASONS FOR ACTION: The proposed resolution would authorize certain risk-transfer arrangements and financing for the Florida Hurricane Catastrophe Fund, as authorized by paragraph 215.555(7)(a), Florida Statutes, in any amounts up to a combined total of \$2.2 billion.

The proposed resolution would delegate to the Executive Director the authority to consider, negotiate, and execute risk-transfer arrangements in any amounts up to but not exceeding \$2.2 billion on behalf of the Board as governing body of the Florida Hurricane Catastrophe Fund. The proposed resolution would also authorize and direct the State Board of Administration Finance Corporation to issue pre-event bonds or notes in a principal amount up to, but not to exceed, \$2.2 billion, such that the total amount of risk transfer and bonds or notes in the aggregate does not exceed a combined maximum of \$2.2 billion.

Expanding the Florida Hurricane Catastrophe Fund's liquidity program will help reduce potential post-event market access risk and maximize the ability of the Fund to meet future obligations as authorized in subparagraph 215.555(6)(a)1., F.S. This objective will be accomplished (1) by implementing a pre-event financing through the issuance of notes/bonds which can best manage the FHCF market access risks and be obtained at a cost-effective interest rate, (2) by executing a risk transfer arrangement that can provide timely cash resources which will reduce the amount of potential post-event bonding, and eliminate the related cost of emergency assessments for policyholders, or by a combination of the two actions.

ACTION REQUESTED: It is requested that the resolution be presented to the Cabinet Aides on April 8, 2015, and to the State Board of Administration Trustees on April 14, 2015, with a request for adoption. A notice of the meeting of the Board will be published in the *Florida Administrative Register* on April 7, 2015, Vol. 41, No. 67.

ATTACHMENTS TO BE INCLUDED WITH SBA AGENDA ITEM 8:

- Memorandum dated April 2, 2015 from Jack Nicholson to Ash Williams regarding the 2015-2016 FHCF Reimbursement Premium Formula.
- "Florida Hurricane Catastrophe Fund: 2015 Ratemaking Formula Report Presented to the State Board of Administration of Florida, March 24, 2015"

ATTACHMENTS TO BE INCLUDED WITH SBA AGENDA ITEM 9:

- 2015-2016 Contract Year Summary of Changes
- Notice of Proposed Rule
- Notice of Meeting of Board filed in the *Florida Administrative Register*
- Rule 19-8.028, F.A.C., Reimbursement Premium Formula

The rule shows the proposed amendments with new language underscoring and deleted language ~~stricken through~~.

ATTACHMENTS TO BE INCLUDED WITH SBA AGENDA ITEM 10:

- 2015-2016 Contract Year Summary of Changes
- Notice of Proposed Rule
- Notice of Meeting of Board filed in the *Florida Administrative Register*
- Rule 19-8.010, F.A.C., Reimbursement Contract
- Incorporated Forms: Form FHCF-2015K-2, Amendment No. 1 to Reimbursement Contract.

The rule shows the proposed amendments with new language underscoring and deleted language ~~stricken through~~.

ATTACHMENTS TO BE INCLUDED WITH SBA AGENDA ITEM 11:

- A. Proposed resolution of the State Board of Administration. Exhibits include:
 - B. Pledge and Security Agreement
 - C. Master Trust Indenture
 - D. Form of Seventh Supplemental Trust Indenture
 - E. Form of Purchase Contract
 - F. Form of Preliminary Official Statement

Memo

To: Ash Williams, Executive Director & Chief Investment Officer
From: Jack Nicholson, Chief Operating Officer -- FHCF
Date: April 2, 2014
Re: SBA Cabinet Agenda for April 14, 2015 -- The FHCF's 2015 Reimbursement Premium Formula

There are two (2) Florida Hurricane Catastrophe Fund (FHCF) agenda items for the April 14, 2015 SBA Cabinet meeting related to the FHCF premium formula. These items are as follows:

- 1) Vote to approve the 2015-2016 FHCF Reimbursement Premium Formula.
- 2) Vote to file a notice of proposed rule (Reimbursement Premium Formula Rule 19-8.028) and approval to file for adoption if no hearing is requested.

The 2015 Reimbursement Premium Formula and Rates

Here is a quick review for the Trustees regarding their approval of the premium formula.

The overall impact to FHCF rates is **0.43%** and the premium is projected at **\$1.301 billion** for 2015 (up from \$1.284 billion in 2014).

This number does not reflect the additional costs that may be incurred by the FHCF should a risk transfer product be purchased or if additional pre-event notes are issued for 2015-2016. The premium formula contemplates an adjustment to accommodate these additional costs and such information is specified as part of the premium formula in Exhibits XI and XVII. Further, more precise information will be provided to the SBA Trustees as various products are considered.

The Statutory Requirements

The Trustees need to know three things regarding the premium formula (these are found in s. 215.555(6), F.S.).

- 1) The premium formula is required by law to reflect “***actuarially indicated***” rates.
- 2) The premium formula is required to be developed by an “***independent consultant***.”
- 3) The premium formula is required by law to be approved by a “***unanimous vote***” of the Trustees.

The beginning of the hurricane season and the start of the contract year is June 1, 2015. The rates have been developed by Paragon's actuary – Andy Rapoport (the independent consultant). He has followed a routine process that the FHCF has been using since 1995, and the results have been relatively stable from year to year with most of the larger changes driven by statutory requirements. This year, the rate impact is basically flat (0.43%) overall. There are basically two factors that are driving this rate change:

- 1) Modeled losses have about a **+0.46%** impact on FHCF rates.
- 2) Decreased operating expenses have an impact of **-0.02%**.

Overall FHCF's premiums are expected to increase by **\$17 million** from \$1.284 billion to **\$1.301 billion**. The latest total for residential premium in the state is around \$11.4 billion thus an increase in FHCF premiums should not impact consumer rates. Our premium is 11.4% of the residential property premiums ($0.43\% \times 11.4\% = .049\%$). Given that private reinsurance costs are expected to decrease this year, it is likely that consumer premiums will decrease (all other things being held constant, i.e., sinkhole claims, water claims, etc.). Additionally, the 1.3% emergency assessment has been terminated for our post-event bonds. There are other factors that conceptually will be beneficial for lowering rates as well. For example, some companies are expected to shift from 90% to 45% (but the impact will not be known until after June 1).

A General Discussion of the Process: The premium formula is detailed in a document provided by Paragon whose actuary, Andy Rapoport, serves as our independent consultant.¹ Exposure data is reported to the FHCF by September 1st of each year. The exposure data is trended, adjusted for changes in construction costs, and given to hurricane modelers to estimate losses. By law, the FHCF must use hurricane models found acceptable by the Florida Commission on Hurricane Loss Projection Methodology "to the extent feasible." Since five models have been found acceptable by the Commission, our actuaries use all of the models.²

After our actuary determines the "average annual hurricane loss,"³ he looks at the overall deductible for the industry (\$6.898 billion industry retention for this coming contract year – the number has dropped from last year of \$7.075 billion), the co-pay (about 10% this year – almost all companies choose the 90% coverage option in March when they executed their contract – the weighted average is 89.934% for 2015), and he adds on administrative expenses and makes other adjustments. Since our post-event bonds have been defeased, participating insurers are allowed to lower coverage levels selected to one of three options -- 90%, 74%, and 45% by June 1. We've heard that there could be as much as 25% of insurers making the change to lower coverage since some are finding private reinsurance competitively priced at "their" unique FHCF coverage layer. We don't anticipate that there will be significant shift in the FHCF coverage ultimately selected.

¹ A series of phone calls are held as the premium formula is being developed. Andy Rapoport includes both Jack Nicholson as well as the actuary member on our FHCF Advisory Council, Floyd Yager, on the calls.

² Five models are used to determine the "average annual hurricane loss." The results from the five models are basically weighted from the highest to lowest (5%, 20%, 50%, 20%, and 5%). This weighting scheme tends to create stability over time since the highest model result and the lowest model result are only given a 5% weight each year. Any outlier in terms of the results cannot be given a high weight. The models which produce the middle results are given the greater weight (90%).

³ This number is estimated to be \$3.3 billion for the 2015-2016 FHCF reimbursement contract year. The FHCF is not obligated to reimburse insurers for this loss since insurers must absorb certain large deductibles (retentions) prior to triggering FHCF coverage and certain co-payments (usually 10%) are required.

Once ground-up losses are determined, three models are used to allocate results by rating cell.⁴ Losses are allocated to line-of-business: 1) personal residential, 2) tenants, 3) condos, 4) mobile home, and 5) commercial residential (or commercial habitational).

Rates are then created by spreading the losses to the various rating classes by deductible level, territory (25 ZIP Code groupings), and construction type (7 or so depending on the line-of-business). Lastly, mitigation credits are applied based on data reported by the insurers given the various construction features associated with their insured values reported to the FHCF.

The Results: In the “Florida Hurricane Catastrophe Fund 2015 Ratemaking Formula Report” behind the tab labeled Exhibit I, there is an Executive Summary with a table that summarizes the results. It should be noted that the “structure” of the FHCF changes each year so we are not always comparing “apples” to “apples” since last year’s FHCF structure is usually a little different from this year’s. Notably, the retention changes each year (it is lower this year since reported exposure was less).

For the FHCF’s coverage, the rate change is **+0.43%**. Our actuary always tries to smooth results from year to year by slowly moving in the direction of change indicated. For example, if the losses attributable to a territory result in a change of territories, either plus or minus, the actuary will only make a change by moving up or down 1 territory per year. The idea is to mitigate volatility when changes are needed from year to year and thus dampen the impact. Model results can move dramatically in one direction one year and swing back in the other direction the next year. We desire “stable” rates and, therefore, our actuary attempts to employ techniques that moderate rate swings. As a general rule, we tend to think that a change of +/- 5% in a year is relatively stable and will not have a noticeable impact on individual consumers.

When we break the rate change down by type-of-business, we see a greater variation in the results:

	<u>Percentage Change</u>
Personal Residential --	0.66%
Tenants --	3.13%
Condominium Unit Owners --	1.53%
Mobile Home --	0.28%
Commercial Habitational --	- 0.75%
Total	0.43%

Will these changes impact consumers? The rate change should not be significantly different from zero. The FHCF premium is about 11.4% of all residential premiums. As noted above, the average impact on all residential premiums in isolation is **.049% (0.43% x 11.4%)**. As noted above, other impacts will cause total residential premiums to go down including the elimination of the 1.3% emergency assessment and the impact of private reinsurance prices continuing to fall by an estimated 10-15%.

FHCF 2015-2016 Premiums: Total FHCF premiums are expected to be **\$1.301 billion**. The overall FHCF capacity is **\$17.0 billion**.

FHCF Basic Summary Information:

The coverage for the upcoming year is **\$17 billion**.

The aggregate insurance industry retention (deductible) will be **\$6.898 billion**.

There are currently **156** participating insurers writing about **\$2.064 trillion** of insured values.

⁴ These three models are equally weighted for distributing loss results to account for the various rating factors.

The cash balance of the FHCF is projected to be **\$12.858 billion** by calendar year-end. This represents the resources to pay claims for this coming contract year prior to needing to issue debt.

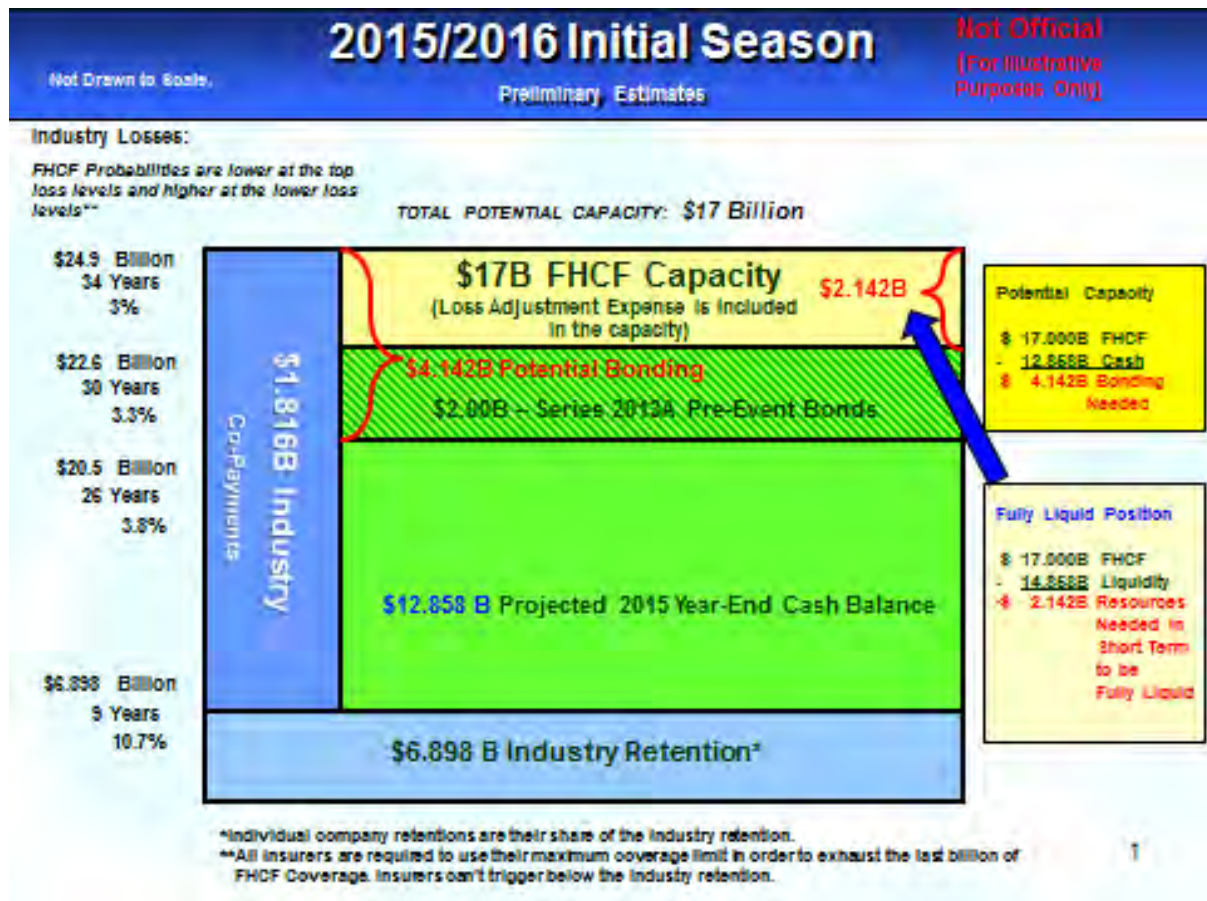
Additionally, we have the **\$2.0 billion** of pre-event notes issued on April 23, 2013, which will provide additional liquidity to “buy time” to issue post-event debt should a large event with rapid claim payments occur.

From a liquidity standpoint, the FHCF is in the strongest position that it has ever been with **\$14.858 billion** in liquidity.

The maximum bonding that would be required is **\$4.142 billion** to meet all contractual obligations based on coverage provided.

The maximum bonding needed to fund the statutory maximum limit if pre-event bonds are utilized would be **\$2.142 billion**.

Below is a chart illustrating the resources identified for claims payment and potential bonding requirements.



Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
Presented to the
State Board of Administration of Florida
March 24, 2015



Getty Images

March 13, 2015

Enclosed is the Florida Hurricane Catastrophe Fund (FHCF) 2015 Ratemaking Formula Report which will be presented to the FHCF Advisory Council on March 24, 2015. The rates developed in this report assume an FHCF per event insurance industry aggregate retention of \$6.898 billion (which applies to a participating insurer's two largest events and drops to 1/3 for all other events) and an FHCF limit level of \$17.000 billion.

Also included in this report are windstorm mitigation construction rating factor relativities, as well as formulas to adjust the presented rates for any additional pre-event financing or risk transfer options should they become applicable subsequent to the presentation of this report.

Distribution and Use

The attached report was prepared for the use of the State Board of Administration of Florida for the sole purpose of developing a formula for determining the actuarially indicated premium to be paid by individual companies for the FHCF for the 2014 contract year as specified by Section 215.555, Florida Statutes. The data, assumptions, methodology and results in this report may not be appropriate for other than the intended use. We recommend that any party using this report have its own actuary review this report to ensure that the party understands the assumptions and uncertainties inherent in our estimates.

Discussion of report limitations, including scope, data sources and variability of projections, can be found in Exhibit 1, Part III of the report.

A copy of this report will be available on the web site of the FHCF.

Sincerely,



Andrew J. Rapoport, FCAS, MAAA
Managing Director and Actuary
Paragon Strategic Solutions Inc.

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Florida Hurricane Catastrophe Fund

2015 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 24, 2015

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EXHIBIT

I

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
Presented to the
State Board of Administration of Florida
March 24, 2015

Executive Summary

1. **Rates:** We recommend a 0.43% increase in Florida Hurricane Catastrophe Fund (FHCF) rates for the 2015-2016 (2015) Contract Year, based on coverage under Section 215.555, Florida Statutes. This change does not assume the purchase of additional pre-event notes or a risk transfer product.
2. **Premium Change:** FHCF premium will increase by \$17 million from \$1.284 billion to \$1.301 billion based on the recommended rate change.

	2015 Contract Year Modeled	2014 Contract Year Actual	2014 Contract Year Modeled
FHCF Coverage			
Industry Retention	\$6.898 billion	\$7.115 billion	\$7.075 billion
Limit	\$17 billion	\$17 billion	\$17 billion
Average Coverage	89.934%	89.934%	89.886%
FHCF Premium	\$1.301 billion	\$1.284 billion	\$1.276 billion
Overall Premium Change	1.37%	0.94%	0.32%
Due to Exposure Change	0.94%	0.78%	0.00%
Due to Annual Ratemaking	0.43%	0.16%	0.32%
Proj. Payout Multiple	13.0619	13.2414	13.3240
90% Retention Multiple	5.2962	5.5381	5.5381
Exposure Base	\$2.064 trillion	\$2.045 trillion	\$2.029 trillion
Overall FHCF Rate/\$1,000 Exp.	0.6307	0.6279	0.6288

Part I: The Ratemaking Process

Overview

We recommend a 0.43% increase in Florida Hurricane Catastrophe Fund (FHCF) rates for the 2015 Contract Year based on a \$17.000 billion coverage limit and a \$6.898 billion per event retention, which drops to \$2.299 billion for the third largest and subsequent events (1/3 of \$6.898 billion). The rates in this report are developed for the limits and retentions, as specified by Section 215.555, Florida Statutes, for the 2015 Contract Year. No adjustments have been made to reflect any additional expenses to enhance FHCF financial capacity during and subsequent to the 2015 Contract Year, aside from the carrying cost estimates for the \$2 billion in pre-event notes obtained in April 2013.

We estimate that this rating formula will produce \$1.301 billion in total FHCF premium compared to \$1.284 billion in FHCF premium for the 2014 Contract Year. The increase in overall premium would be 1.37% and is based on projected growth in exposure of 0.94% and a 0.43% overall rate increase. There is no change in the statutory mandated cash build up factor of 25% from 2014 to 2015.

For 2015, FHCF coverage is a layer of \$17.000 billion xs \$6.898 billion.

There are two major factors affecting the FHCF layer of coverage for the 2015 Contract Year:

1. Pursuant to Section 215.555, Florida Statutes, the industry retention is equal to \$4.5 billion adjusted for the increase in reported exposure from 2004 through 2013. As exposures have grown 53.3% over this period, the modeled retention for 2015 is \$6.898 billion.
2. Pursuant to Section 215.555, Florida Statutes, the FHCF limit is equal to \$17.000 billion until there is sufficient estimated claims-paying capacity to fund \$17.000 billion of loss in subsequent Contract Years. As the State Board of Administration of Florida (SBA) has not made this determination, the FHCF limit for 2015 is \$17.000 billion.

The above changes will vary by deductible, construction, and territory. For 2015, we applied the same methodology as used in the previous eight years to develop territory relativities.

Type of Business Allocation

Because we are projecting FHCF exposure growth for the first time since 2010, we have included columns showing indicated changes in exposure and premium as well as rate for Section I by type of business. The indications are as follows:

	Rate	Exposure	Premium
Residential	0.66%	1.00%	1.66%
Tenants	3.13%	5.00%	8.29%
Condominium Unit Owner	1.53%	1.00%	2.54%
Mobile Home	0.28%	0.00%	0.28%
Commercial Habitational	-0.75%	0.00%	-0.75%
Total	0.43%	0.94%	1.37%

Territory Changes

The 2015 recommended territories, like the 2014 FHCF territories, are based on analysis of losses in the FHCF coverage as modeled by AIR Worldwide Corporation (AIR), EQECAT (EQE), and Risk Management Solutions (RMS). The relationship between lowest rate and highest rate has stayed consistent with 2014 at approximately 1:40. As was done last year, we adjusted this ratio to accurately reflect the indicated loss costs for territory 1. Indicated territory changes were tempered so that ZIP Codes would not shift more than one territory up or down.

Premium Summary

We project premium, exposure, and retention changes as follows:

Exposure Growth (2014 to 2015)	0.94%
Retention	\$6.898 billion
Premium – 2014 (as of 10/24/14)	\$1.284 billion
Premium – 2015 (Projected)	\$1.301 billion

Use of Five Models Found Acceptable by the Florida Commission on Hurricane Loss Projection Methodology

For 2015, we used a weighting of five models found acceptable by the Florida Commission on Hurricane Loss Projection Methodology as of October 1, 2014, for aggregate results. The five models were AIR, EQE, RMS, Applied Research Associates (ARA) and the Florida Public Model (FPM). Model results were compared in detail to construct an industry distribution of losses by size. For the industry aggregate basis, we used a weighted average giving 5%, 20%, 50%, 20%, and 5% weights to the models ranked from lowest to highest based on annual expected aggregate FHCF losses, which is consistent with the weighting methodology used in all years when the FHCF had five models.

For analysis of detailed allocation to type of business, territory, construction, and deductible, and for special coverage questions, we used three models (AIR, EQE and RMS) for all types of business. Model results were compared in detail and 1/3 weight was given to each model for all types of business. From 2010 to 2012 four models (AIR, EQE, FPM and RMS) were used for all types of business except commercial, for which only AIR, EQE and RMS were used.

Summary of Changes to the 2015 Ratemaking Formula

The changes that occurred in the 2015 ratemaking formula include:

1. The FHCF operating expense has been decreased from \$7.640 million for 2014 to an estimated cost of \$7.410 million for 2015.
2. Exposure is projected to increase by 0.94% from 2014 to 2015.

Details of the overall changes can be found in Exhibit II, which contains the following exhibits:

1. Summary of 2015 Rate Calculation;
2. Adjustment to Exposure Base and Summary of Rate Change;
3. Summary of Results; and
4. Historical Comparison of Exposures, Premiums, and Rates.

Details of the Ratemaking Process

This ratemaking formula for the FHCF is based on Section 215.555, Florida Statutes. We have followed the same basic process used since 1995. Legislation enacted in 2005 (Chapter 2005-111, Laws of Florida, CS/SBN 1486) addressed retention in multiple-event seasons by creating a per event retention that applies to a participating insurer's two largest events and drops to 1/3 for all other events. This drop down coverage has again been incorporated into the 2015 rates.

A. Trend

For 2015 ratemaking, we reviewed the actual exposures by coverage reported to the FHCF from 1995 to 2014. (1994 commercial exposures were not used because FHCF commercial coverage was not limited to commercial habitational until 1995. See Exhibit III.) Based on actual reported exposures through 10/24/2014, we used a trend of 1.0% for residential and condominium unit owners; 5.0% for tenants; and 0.0% for commercial habitational and mobile home coverage. Unit counts for tenants were trended at 5.0% and unit counts for all other coverages were trended at 0.0%. This is the first positive trend in FHCF ratemaking in four years.

The Marshall & Swift construction indices for the Southeast were up 3.0% in 2014 compared to up 3.1% in 2013 as of October. Countrywide indices were up 2.4% compared to up 2.9% the prior year.

Our selection of exposure and risk count trends for 2015 was based predominantly on the last three years of historical FHCF data. The table below displays the last several years of annual growth in exposure and risks. In making selections, the FHCF trend data was benchmarked against the indications generated from the Marshall & Swift construction indices.

Historical FHCF exposure and risk counts can be found in Exhibit III. Note that the trended exposure data in Exhibit III is based on exposure reported to the FHCF as of 11/04/2014. This data was used in the catastrophe modeling process.

**Annual Growth in Exposure and Risk Counts Reported
by FHCF Participating Insurers as of 10/24/2014**

	Residential		Tenants		Condominiums		Mobile Homes		Commercial	
	Exposure	Risk Count	Exposure	Risk Count	Exposure	Risk Count	Exposure	Risk Count	Exposure	Risk Count
2009-2010	0.1%	-0.8%	1.3%	5.5%	-0.4%	2.6%	-3.3%	-3.4%	-1.2%	-0.8%
2010-2011	-2.2%	-0.5%	4.3%	7.7%	0.7%	-0.5%	-4.8%	-4.1%	-3.2%	-0.6%
2011-2012	-2.0%	-1.2%	5.4%	7.7%	-0.4%	0.1%	-6.7%	-7.3%	-2.0%	-1.5%
2012-2013	-2.8%	-1.1%	6.7%	10.0%	0.8%	0.7%	-9.3%	-6.2%	-0.8%	-1.4%
2013-2014	1.5%	0.1%	7.2%	11.6%	2.1%	0.5%	-6.9%	-5.4%	-3.7%	-5.5%

B. Insurance Industry Aggregate Retention for Ratemaking Purposes (Exhibit IV)

For development of this premium formula, it is necessary to assume a projected aggregate insurance industry retention to estimate losses in the aggregate layer of coverage.

Section 215.555, Florida Statutes, specifies the calculation of the retention multiple for each participating insurer. The numerator of the retention multiple is \$4.5 billion adjusted by the percentage growth in FHCF covered exposure from 2004 to the Contract Year two years prior to the current year. The historical exposure for 2013 is \$2,024.5 billion (as of 10/24/2014) as compared to \$1,320.6 billion in 2004. The percent adjustment is 53.3%, so the numerator of the retention multiple is \$6.898 billion (rounded to the nearest million).

The denominator of the retention multiple is the projected total FHCF reimbursement premium assuming all participating insurers have selected the 90% coverage option. The 2015 retention multiple of 5.2962 is shown in Exhibit II, line 76. The 45% retention multiple of 10.5923 is 200% x the

90% multiple and is shown on Exhibit II, line 78. Each participating insurer's provisional retention is the retention multiple (adjusted for coverage selection) times its provisional premium. An insurer's actual retention is the retention multiple times its actual premium.

Based on the above calculation, the retention multiple numerator of \$6.898 Billion is used as the insurance industry aggregate retention for simulating losses in the aggregate layer of coverage. This value is equivalent to the sum of retentions for all insurers.

Since 2003, 100% of all FHCF premiums are calculated based on the premium formula rates applied to individual company exposures. This is called Section I premium. Section II premium refers to a premium calculated from exposure under covered policies that would require individual ratemaking, with each policy risk modeled and rated individually by company. There is currently no Section II exposure and therefore no Section II premium. The Section I insurance industry aggregate retention is \$6.898 Billion (based on 100% of projected premium) and the Section II aggregate retention is \$0 (based on 0% of projected premium.)

C. Industry Excess Layer (Exhibit IV)

Under Section 215.555(4)(c)1, Florida Statutes, "The contract shall also provide that the obligation of the board with respect to all contracts covering a particular contract year shall not exceed the actual claims-paying capacity of the fund up to a limit of \$17 billion for that contract year, unless the board determines that there is sufficient estimated claims-paying capacity to provide \$17 billion of capacity for the current contract year and an additional \$17 billion of capacity for subsequent contract years."

As no such determination regarding capacity in excess of \$17 billion has been made, the limit for the 2015 Contract Year is \$17 billion. This \$17 billion represents the total capacity at selected coverage levels for loss and loss adjustment expense. Loss adjustment expense is statutorily set at 5% of losses recoverable from the FHCF. Participating insurers report only losses and do not report loss adjustment expenses.

We first reduce the loss and loss expense limit of \$17 billion by dividing by 1.05 to produce a loss only limit of \$16,190,476,190. We then split this limit between Sections I and II based on trended actual premium at current selected coverage levels. We view this as the best indicator of expected losses in the layer. Based on this split, 100% of the \$16,190,476,190 limit is in Section I. This value is now the Section I loss only limit. We then gross this limit up for the 2014 average coverage level of 89.934% to get the 100% loss limit of \$18,002,612,329. The top end of the loss only layer is then an estimated projected aggregate retention of \$6,898,000,000 for ratemaking purposes plus this limit and the sum equals \$24,900,612,329.

In summary, for Section I and II loss only modeling purposes we use the following layer:

89.934% of \$18,002,612,329 xs \$6,898,000,000

For publication purposes, the Sections I and II loss and loss adjustment expense layer is:

89.934% of \$18,902,742,945 xs \$6,898,000,000

The simulations produced by the modelers are for producing manual rates per \$1,000 of exposure under covered policies. The rates resulting from such simulations are referred to as Section I rates.

D. Industry Detail Exposure Data

Actual 2014 industry FHCF exposures for buildings, contents, and appurtenant structures were summarized by:

1. Type of Business (residential, tenants, condominium unit owners, mobile home, commercial habitation);
2. ZIP Code;
3. Construction/Tie-Down Type; and
4. Deductible.

For modeling, we used data as of 6/30/2014 as reported through 10/24/2014 by 150 of 156 companies reporting FHCF Section I exposure for the 2014 year. This data was trended one year as described in Section A. Exhibit III contains trended control totals of the FHCF exposures used in the modeling process.

E. Modeling Assumption and Data Changes: Combining Five Models - AIR, EQE, RMS, ARA & FPM

Table of Models Used to Calculate Overall Industry Losses

Model	2006-2007	2008-2015
AIR	X	X
ARA	X	X
EQE	X	X
RMS	X	X
FPM		X

The table above lists the models that were used to calculate the overall FHCF losses by year. Only models that had been found acceptable by the Florida Commission on Hurricane Loss Projection Methodology as of October 1 of the prior year were used in that year's ratemaking session.

All five of the modelers produce a distribution of industry-wide losses based on trended reported exposures by type of business, deductible, construction, and ZIP Code. The AIR model produces a listing of losses for 50,000 simulated years while the FPM model losses are based on 56,000 simulated years. The ARA model produced a listing of losses for 300,000 simulated years. The other models produce a listing of losses by size with assigned annual frequencies. Since 2008, demand surge has been modeled directly by each of the accepted modelers. Adjustments to these loss distributions are described in the next section.

Exposure data for invalid ZIP Codes was provided to the modelers who then modeled such exposure at the county level. Less than 0.01% of total reported exposure comes from invalid ZIP Codes, which are either ZIP Codes that are located outside of the state of Florida, or are ZIP Codes that the U.S. Postal Service does not recognize or has decommissioned. In the latter case, the FHCF continues to produce rates for such codes for several years in order to give companies time to update their data.

Paragon used the results from each modeler to produce industry-wide gross (that is, net of policy deductibles and after application of policy limits) annual expected losses by type of business and to produce industry-wide FHCF excess losses for all coverages combined. Data from the modelers was combined by giving weights of 5%, 20%, 50%, 20%, and 5% to the model results from lowest to highest. A weighted loss distribution is included in Exhibit V.

The FHCF weighted loss curve in Exhibit V is developed solely for estimating excess hurricane losses within the FHCF layer. We do not take into consideration estimates of losses above the FHCF layer in developing the curve. Shifts in modeler weights within the FHCF loss layer may have an amplified impact on loss estimates above the FHCF layer.

Although it is not used for ratemaking purposes, beginning in 2011, we have included an additional loss distribution based on uniform modeler weights (20% / 20% / 20% / 20% / 20%) in Exhibit V. Over time this curve may show greater stability for losses above the FHCF layer. As repeated in our disclaimer in Part III herein, we recommend that any party using this report have its own actuary review this report to ensure that the party understands the assumptions and uncertainties inherent in our estimates.

Table of Models Used for Classifications

Model	2006-2008	2009-2012	2013-2015
AIR	X	X	X
EQE	X	X	X
RMS	X	X	X
FPM		X	

Three of the modelers ran our 2014 Contract Year trended exposures through their models and provided more detailed outputs (i.e., losses by ZIP Code by construction and deductible codes for each type of business) that we used to update the class plan relativities. We used a straight average of the indicated loss costs for each rating cell as a basis in order to populate our class plan with rates. Details of the allocation of rates to type of business, deductible, construction, and territory are described in Part III.

Exhibit V contains tables and graphs of modeled loss severity distributions:

1. Gross Loss per Event;
2. Excess Retention Aggregate;
3. Single Event FHCF Liabilities; and
4. FHCF Layer Aggregate.

F. Losses in the Layer at Coverage Percent

The limit for the 2015 Contract Year is \$17.00 billion. Because the size of the excess layer is dependent on the average coverage selections of all the FHCF participating insurers, we must model losses after coverage selection. We have documented that coverage percentage varies by type of business, so modeled losses need to also reflect this variation. As a result, we continue to use the method we began in 2001 in which we start with the allocation to type of business and apply the coverage percentages to the layered loss. We calculate the overall rates and premiums at the different coverage percentages at the end of the calculations.

We allocate excess losses to type of business based on their adjusted gross losses. We adjust the allocations so that no type of business has an overall rate change exceeding 15% in any one year, prior to legislated rate changes. This allocation appears in line 9 of the summary in Exhibit II. See Exhibit VI for additional details.

G. Adjustments to Modeled Losses

- **Law and Ordinance Coverage**
- **Aggregate Wind Deductible Adjustment**

These adjustments are similar to the adjustments made in the 2014 ratemaking formula.

We applied the projected industry retention to the adjusted modeled losses to estimate the FHCF excess losses. Details on the Law and Ordinance adjustments discussed here are presented in Exhibit VII. The overall increase in modeled gross losses due to these adjustments is 4.13%, compared to an increase of 4.12% in 2014.

Law and Ordinance Coverage

Law and ordinance coverage provides extra limit for Coverage A (building) in the case where additional rebuilding costs are incurred in order to comply with local laws and ordinances.

We again recommend the FHCF continue to use the last year's factor of 4.86% of residential modeled losses. We assume most companies charge approximately 3% of premium for law and ordinance coverage. We assume approximately 45% of the losses that would generate law and ordinance losses would be FHCF hurricane losses and 25% of the base premium is FHCF premium. Then $3\% \times (45\%)/(25\%) = 5.4\%$. We also assume that only 90% of all residential policies will have this coverage in place at the time of a hurricane loss. Then the loading to FHCF residential modeled losses would be $5.4\% \times 90\% = 4.86\%$. See Exhibit VII for additional details.

Aggregate Wind Deductible Adjustment

Under Section 627.701, Florida Statutes, residential property insurance policies issued on or after May 1, 2005 must have hurricane deductibles that apply on an annual, rather than a per-event, basis. Insurers may apply the "other perils" deductible or any amount remaining from the hurricane deductible, whichever is greater, to a loss for a second hurricane and each subsequent hurricane that year.

The loss events were adjusted to account for this change in loss exposure. Adjustment factors by type of business were developed. Exhibit VII details the derivation of these factors. The take-up ratio only impacts the commercial type of business as only these policyholders have the option of having an annual hurricane deductible. The adjusted load was then weighted with the adjusted load from 2014 giving 33% weight and 67% weight to 2015. The selected adjustment factor is the rounded value of the weighted load after the "take-up" modification.

H. Adjustments for Per Company Limits and Retentions

In the 2014 ratemaking report we updated the adjustment to expected losses for individual company limits and retentions based on information from an analysis based on RMS detailed loss projections. We recommend continuing to use the adjustment of -0.037%. Below is the explanation presented in the 2014 ratemaking report.

We recommend an adjustment of -0.037% for adjustments to expected FHCF losses for per company limit and retentions. For 2014 ratemaking, we requested detailed data for a special analysis from RMS using loss data as of 6/30/2013 (the same data used for 2014 ratemaking). For this year's analysis, RMS provided by ZIP Code by type of business splits on each of their simulated FHCF losses. (Prior analyses provided indications by county instead of ZIP Code). Applying market share by ZIP Code, we calculated individual company losses for each event and then applied individual company retentions and limits to calculate individual company FHCF losses. We summed these company retention limit losses and compared the totals to the calculation based on industry loss total, limit and retention. In this analysis, we also recognized the impact of third event drop down retentions for multi-event years.

The RMS probability of exceedance curve is similar to the weighted curve used for FHCF ratemaking and therefore did not require the special adjustments by \$1 billion intervals that were applied to the 2013 ARA study.

This year's analysis produced an indicated adjustment of 0.31% compared to the current adjustment of -0.73%. We gave 2/3 weight to the newer study and 1/3 weight to the current adjustment factor. The result is a recommend adjustment factor of -0.037%.

Using this more detailed approach, we also observed that there is actually significant variability between industry gross losses and FHCF layer losses. This variability cannot be determined when using industry gross losses, limits, and retentions to calculate FHCF layered losses. One observation is that the return time for the FHCF to exhaust its total capacity is actually much longer than the value based on industry gross losses. Another observation is that due to increased market share of a single FHCF participating insurer in specific parts of the state, losses in areas

where that insurer has very limited market share cannot generate full capacity FHCF layer losses. On the other hand, in parts of the state where one member company has significant market share, that company's retention becomes the effective retention for the industry on storm tracks in that area.

The current and prior special study indications can be found in Exhibit VIII.

The shape of the exceedance curves presented in Exhibits V and VIII are different, but the overall expected values of the FHCF loss layers are very similar. The Exhibit VIII curve is the more appropriate curve to use for analysis of interval FHCF losses within the FHCF layer because it more realistically recognizes the impact of company exposure distributions, retentions and limits. Therefore Exhibit VIII is used for analysis of expected FHCF losses offset by potential risk transfer options in section Q below.

I. Other Post-Model Adjustments: (5%)

There are a few coverages that may appear on some FHCF covered policies that are not explicitly modeled in the FHCF's requested simulation. These coverages include guaranteed replacement cost, inflation guard, and reimbursable amounts paid as fees on behalf of or inuring to the benefit of a policyholder. We do not believe there is sufficient FHCF exposure from these coverages to justify additional administrative reporting and modeling at this time, but we do believe it is appropriate to load for these coverages in the post model adjustment.

Consistent with prior years, we recommend judgmentally increasing the modeled excess loss costs by 5% for all types of business to account for these coverages and other factors that are not directly included in the modeled loss results.

J. Investment Income Credit – Eliminated in 2012

Since 2012, the FHCF has not used investment income in current year rates. Exhibit IX contains several tables:

1. FHCF rate of return history;
2. Graph of Interest Rate Assumption; and
3. FHCF Financial Statement Investment Income.

K. Operating Expenses and Mitigation Funding

Operating expenses of \$7,410,000 are based on an estimate of 2015 fiscal year operating expenses provided by the SBA. This value is a reduction of \$230,000 from the 2014 Contract Year projected expense of \$7,640,000.

Per section J, the estimated mitigation funding target underlying the rates is set at zero since no investment income will be used to reduce 2015 rates. Pursuant to Section 215.555, Florida Statutes, the minimum appropriation is \$10 million and the maximum appropriation is 35% of the prior fiscal year's investment income. In 2015, the calculated maximum amount subject to mitigation appropriation will be 35% of \$19,174,000 which equals \$6,710,900 and is less than the minimum. Therefore, the mitigation appropriation for the 2015 Contract Year should not exceed the minimum appropriation of \$10,000,000. Appropriation of mitigation funding will not affect the FHCF rates in 2015.

L. Pre-Event Notes Expense

This year's estimate of \$35.5 million is the sum of the projected cost estimate of \$29.5 million for the 2013 Notes by the FHCF's Financial Advisor, Raymond James & Associates, plus a judgmental loading of \$6.0 million for potential asset loss during the Contract Year (0.3% of \$2.0 billion market value during the Contract Year). Raymond James's cost estimate is the projected difference between the interest payments to note holders and the investment income on the note proceeds during the 2015 Contract Year (see Exhibit X). This equals the 2014 estimated pre-event cost of \$35.5 million.

Should the SBA authorize additional expenditure for pre-event notes during the 2015 contract year, the rates, retention multiples, and payout multiple should be modified using the factors provided in Exhibit XI.

M. Premium Credits (Windstorm Mitigation Construction Credits)

In the summer of 2007, the FHCF contracted with two modeling firms (ARA and RMS) to provide additional catastrophe modeling analyses that could be used to expand the rating classifications used in FHCF rates. Additionally, the FHCF looked at what data was actually being reported as part of the Data Call (see Exhibit III).

In 2011, we removed the mitigation feature roof deck attachment and incorporated it as a rating variable through an expansion of the construction classifications for which rates are established.

In 2012, we eliminated the use of Building Code Effectiveness Grading (BCEG) credits since the BCEG credit was almost always smaller than the windstorm mitigation construction credit. Based on which characteristics have a material impact on estimated modeled losses and were being reported, we recommend that the following rating variables be included in the ratemaking formula:

Type of Business	Year Built	Structure Opening Protection	Roof Shape
Commercial Residential	X	X	X
Residential	X	X	X
Mobile Home			
Tenants	X	X	X
Condominium Owners	X	X	X

In 2013, based on recent audit findings, we believed the mitigation field data currently reported to the FHCF had increased in credibility. As a result, in 2013, we recommended increasing the tempering cap on mitigation credits and debits to 30% compared to 20% used in prior years.

In 2014 we believed there was sufficient credibility to remove the cap of 30% and allow companies to use 100% of their calculated mitigation factors.

For the 2015 contract year, the FHCF contracted with two modeling firms (AIR and RMS) to provide additional catastrophe modeling analyses that could be used to review the current factors and potentially to expand the rating classifications used in FHCF rates. We have made some modifications to the current factors and will be reviewing potential changes to the data call for future years' mitigation factors.

This 2015 factor changes will not affect the total industry premium for the FHCF but will impact individual companies depending on the mitigation features of their reported exposures.

The proposed rate factors associated with each variable are shown in Exhibit XIV. We propose that these be applied to calculate the final rate for any covered policy subject to the following:

- Year built, structure opening protection, and roof shape factors be applied multiplicatively;
- The combined factor for any risk will not be capped;
- Every risk will be evaluated for its rating factor; and
- A final factor will be applied by type of business so that the indicated premium levels for each type of business are achieved.

Exhibit XII includes:

1. Calculation of actual 2014 premium credits/surcharges;
2. 2014 distribution of credits/surcharges; and

3. 2014 distribution of exposure and counts by rating region and type of business.

N. Section II (Excess) Adjustment

We included \$0 of Section II premium, based on the fact that there was no Section II exposure reported in 2014. Section II premium covers policies that require individual rating procedures. These exposures would be modeled and rated individually by company.

O. Adjustment for Updated Exposures

In the past, we have included an adjustment for change in premiums and exposures between November of the prior year and February of the current year. This change does not affect rate changes, but should improve the accuracy of projected premium. For this year, there was no material change to FHCF exposure so this adjustment was not included.

P. Risk Transfer Options

The rates presented in this report do not include a loading for the cost of risk transfer. Should the FHCF enter into a risk transfer arrangement, the impact of the cost shall be determined, and the 2015 FHCF premium rates and factors would be accordingly adjusted, by the formula specified in Exhibit XVII.

The estimates for FHCF loss credits are based on the 2014 RMS data distribution in Exhibit VIII. Exhibit XVII is based on the same loss severity distribution and displays probability of exceedance for specific FHCF layers with the adjustments to the FHCF loss layer level prior to fixed expenses. These values are used to illustrate a range of potential risk transfer structures and costs in Exhibit XVII. The details of the formula calculation, along with potential revised factors, are provided in Exhibit XVII.

The Net Risk Transfer Cost Premium in Exhibit XVII and the Estimated Additional Annual Cost of Pre-Event Notes in Exhibit XI are additive in their impact on FHCF premium and rates. Retention and Projected Payout Multiples can be adjusted with interpolation based on the sum of the combined impact on FHCF premiums.

Part II: Allocation of Premium

Within a type of business, premium is allocated to territory, construction, and deductible based on a set of relativities. This is the same process that has been used since the creation of the 2001 rates. In all cases, the relativities recommended for 2015 have been adjusted so that none of them has changed by more than 15%.

There were no significant changes in the allocation process for 2015. Following is an overview of the FHCF rating classifications and the entire allocation process.

Overview of the Rating Classifications

1. Type of Business

The actuarially indicated FHCF premium is allocated first among the five types of business: commercial, residential, mobile home, tenants, and condominium unit owners. This allocation is based on the hurricane catastrophe modeling. For each modeled event, the proportion of FHCF layer losses allocated to each type of business is identical to the allocation of gross losses from that event. This process incorporates the varying weighted average coverage selection of each type of business. This approach produces indicated allocations, which are then adjusted so that no type of business has an indicated rate change of more than 15%. Actual allocations can be found in Exhibit VI.

2. Territorial Definitions

For 2001, the FHCF revised rating territories to incorporate information from three hurricane models: AIR, EQE, and RMS. Furthermore, territory definitions shifted from applying gross loss costs to excess layer loss costs, the latter being more indicative of what insurers might recover from the FHCF. Actual changes to territories were tempered each year since 2001, to minimize the magnitude of rate changes. For 2015, we have recalculated indicated territories for each ZIP Code using the latest data from these models. We recommend changing territories from 2014 definitions towards what is indicated for 2015, but we recommend moving a ZIP Code no more than plus or minus one region from 2014 values. We calculated revised relativities between territories, which were implemented this year.

3. Construction

In 2014, FHCF data was collected for four residential, seven commercial, and three mobile home construction types. Tenants and condominium unit owners exposures have the same construction classes as commercial.

In 2011, two new construction types were added to the FHCF Data Call for commercial, tenants, and condominium types of business: masonry with reinforced concrete roof and superior with reinforced concrete roof. The purpose of these new construction types was to replace the roof deck mitigation credit by incorporating this "mitigation" feature into an actual construction classification.

The mobile home codes relate to the extent of their tie downs and their compliance with Federal Housing and Urban Development building codes that went into effect in July 1994.

4. Deductibles

The rates proposed are for the same sets of deductibles as for 2014.

Relativities for each deductible vary by type of business. As with construction relativities, changes in deductible relativities were limited to changing no more than 15%.

General Overview of the Rate Allocation Process

Construction Classes

Relativities between the most common construction within a type of business and the other construction types were calculated using AIR, EQE, and RMS generated ZIP Code level loss costs. The FHCF did not use the FPM in 2014 and 2015 construction allocation. The indicated relativities were selected, except that they were limited to changing from the 2014 relativities by no more than 15%.

Rates for unknown construction are calculated using the same method as other construction types, not to exceed the highest rate for all known constructions in the same type of business.

Rating Region (Territory) Definition

To begin the process this year, we identified the 1,465 ZIP Codes for which rates would be produced. These are the currently valid U.S. Postal Service ZIP Codes in Florida, plus some recently deactivated ZIP Codes for which we continue to produce rates. We identified 913 of the ZIP Codes that had at least \$30 million of residential exposure. The remaining 552 ZIP Codes were mapped to these 914 ZIP Codes by location. Most of these 552 ZIP Codes were exclusively post office boxes. They inherited their territory from the territory of the ZIP Code to which they were mapped. The purpose of this step was to avoid trying to assign ZIP Codes to territories if they had very little exposure. When a ZIP Code has no frame exposure, for example, the models produce a 0.00 loss cost. To avoid these problems and to increase the reliability of the modeled losses, this mapping technique was employed.

In order to define territories, residential base deductible ZIP Code level loss costs to the FHCF layer were used. The excess loss costs from three models (AIR, EQE, and RMS) were averaged and then weighted by the amount of construction in the three classes: frame, masonry, and masonry veneer. Together, these constructions account for over 99% of residential exposure. The result was a weighted average loss cost for each ZIP Code.

The ZIP Codes were ranked by weighted average loss cost and partitioned into 25 territories, or rating regions. We set the relativities between rating regions ahead of time, and then fit the ZIP Codes to these values. This enabled a more consistent spread of values between the highest and lowest rates. In keeping with past rates, the ratio of the rates in the highest and lowest regions was set at 35:1. Subject to these guidelines, statistical methods were used to maximize the differences between regions and minimize the variation within a region. This same procedure was performed for this year's rates. Subsequently, we judgmentally adjusted the territory 1 loss cost down to better reflect actual indications for territory 1. This adjustment had the effect of changing the ratio to approximately 37:1.

We tempered the change in territory from 2014 to 2015 by limiting the territory movement to no more than one from its 2014 territory assignment.

The proposed (tempered) territories, or rating groups, are presented in Exhibit XIII. Exhibit XV shows exposure and counts by territory. Exhibit XIX displays the proposed territories as maps.

Production of Rates

The total FHCF losses have been allocated to five types of business (Exhibit VI). Within each, construction and deductible relativities have been calculated. In this process, ZIP Code level modeled loss costs were combined using a straight average. Relativities between territories were determined in the territorial definition process.

An overall premium adjustment factor was calculated for each type of business, so that the modeled exposure, when rated using 90% coverage rates, produced the desired total premium for each type of business. In this last step, the premium required was adjusted to the 90% coverage level.

Rates for 75% and 45% coverage level were calculated as 75/90ths and 45/90ths, respectively, of the 90% coverage rates.

The proposed rates produced for the base set of deductibles are found in Exhibit XIV.

Exhibit XV shows exposure and counts by territory.

Exhibit XVI compares rate changes for Residential 2% Masonry by rating region across the state before application of windstorm mitigation credits.

The rates that are published in these exhibits are base rates. To calculate the final rate for an insured risk, one must take into consideration the relativities applicable for the three construction characteristics:

Preliminary factor = (year built factor) x (roof shape factor) x (opening protection factor)

2015 mitigation factors do not have a cap. Prior to 2014 the preliminary factor was tempered by minimum and maximum caps. In 2014 we removed the cap of plus or minus 30% to unlimited due to increased credibility in reported company data.

Actual factor = Preliminary Factor

A small on balance factor is applied so that the final rates will produce the indicated FHCF reimbursement premium levels by type of business.

Final rate = (Base rate) x (actual factor) x (on balance factor)

All rate factors for the windstorm mitigation construction rating classifications and the on balance factor are shown in Exhibit XIV.

Part III: Limitations

Scope

This report was prepared for the use of the State Board of Administration of Florida (SBA) for the sole purpose of developing a formula for determining the actuarially indicated premium to be paid by individual companies for the Florida Hurricane Catastrophe Fund (FHCF) for the 2015 Contract Year as specified by Section 215.555, Florida Statutes. The formula must be approved by unanimous vote of the SBA Trustees and they may, at any time, revise the formula pursuant to the procedure provided in Section 215.555(5)(b), Florida Statutes.

The rates in this report are developed for the limits and retentions specified by Section 215.555, Florida Statutes, for the 2015 Contract Year. No adjustments have been made to reflect availability of FHCF financial capacity during and subsequent to the 2015 Contract Year.

Actual coverage provided by the FHCF for the 2015 Contract Year is subject to modification due to legislative, judicial, or regulatory actions. Except where explicitly noted, such modifications are not considered in this report.

Data Sources

In developing the 2015 FHCF ratemaking formula, we have relied on the following data from various sources:

1. FHCF exposure data as of 6/30/2014 as reported by 150 FHCF companies and compiled by Paragon. This data has not been fully audited yet and could be subject to variability in terms of amounts and classifications of exposure data.
2. Historical FHCF exposure data from prior years, subject to audit by FHCF auditors and compiled by Paragon.
3. Projections of 2015 season hurricane losses prepared by AIR, ARA, EQE, FPM, and RMS for use in determining overall expected industry losses. All loss projections are based on catastrophe models that have been accepted by the Florida Commission on Hurricane Loss Projection Methodology as of October 1, 2014.
4. Allocations of projected 2015 season hurricane losses prepared by AIR, EQE, and RMS for use in developing various rating classifications.
5. Special analyses of mitigation rating factors prepared by AIR, ARA, and RMS.
6. Special analyses of projected hurricane losses by county by ARA, EQE and RMS.
7. Special analyses of projected hurricane losses by ZIP Code by RMS.
8. Historical FHCF investment returns as reported by the SBA.
9. Industry residential construction cost trends for Florida and the United States as developed by Marshall & Swift.
10. Estimates of projected FHCF operating expenses by FHCF staff.
11. Estimates of net expenses for projected 2015 Pre-Event Notes by Raymond James and Associates.

We have not audited or verified the sources of the data and information. If the underlying data or information is inaccurate or incomplete, the results of our formula report may be impacted.

Variability of Results

Ratemaking is the projection of future losses and expenses and their relationship to future exposures. The projected rates contained in the attached report represent our best professional judgment. In property catastrophe reinsurance, actual losses are likely to vary from expected losses. The degree of variation could be substantial and could be in either direction from estimates. There is also significant potential for future variability in projections of expenses and exposures.

Distribution and Use

This report was prepared for the use of the SBA for the sole purpose of developing a formula for determining the actuarially indicated premium to be paid by individual companies for the FHCF for the 2015 Contract Year as specified by Section 215.555, Florida Statutes. The data, assumptions, methodology, and results in this report may not be appropriate for other than the intended use. We recommend that any party using this report have its own actuary review this report to ensure that the party understands the assumptions and uncertainties inherent in our estimates.

A copy of this report will be available on the web site of the FHCF.

EXHIBIT

II

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
Summary of Rate Calculation

Section I : Retention, Attachment and Coverage		Residential	Tenants	Condos	Mobile Home	Commercial	Total		
Coverage Avg. % as of 10-24-2014		89.972%	87.544%	89.996%	89.983%	89.834%	89.934%	(1)	
Retention	6,898,000,000							(2)	
Loss Only Limit	18,002,612,329							(3)	
Retention + Limit	24,900,612,329							(4)	(2)+(3)
Loss and LAE at Coverage Limit	17,000,000,000							(5)	(3)*total(1)*1.05
Section I		Residential	Tenants	Condos	Mobile Home	Commercial	Total		
Gross Losses at 100% Unadjusted		2,438,026,424	28,729,700	176,068,361	87,265,183	475,194,780	3,205,284,447	(6)	
Gross Losses at 100% Adjusted*		2,568,704,640	28,741,882	176,361,132	87,614,931	476,335,247	3,337,757,832	(7)	
% Adjustment		5.36%	0.04%	0.17%	0.40%	0.24%	4.13%	(8)	(7)/(6) - 1
* Adjustment includes factors for law and ordinance coverage and annual aggregate deductibles.									
Allocation of Excess Loss to Type of Business at Coverage Level		76.992%	0.838%	5.288%	2.626%	14.255%	100.000%	(9)	[Alloc of Excess Losses] (7)
Excess Losses and LAE at Coverage		732,276,542	7,972,453	50,289,545	24,980,010	135,583,321	951,101,872	(10)	(9)*total(10)
Per Company Analysis Factors									
Retention Adjustment								(11)	(11 Factor)*(10)
Limit Adjustment								(14)	(14 Factor)*(10)
Combined Retention and Limit Adjustment		-0.0371%	-271,982	-2,961	-18,679	-9,278	-353,258	(15)	(15 Factor)*(10)
Total Loss After Per Company Analysis Factors		732,004,560	7,969,492	50,270,866	24,970,732	135,532,963	950,748,614	(16)	(10)+(15)
Post Model Adjustment Factors		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	(17)	
		36,600,228	398,475	2,513,543	1,248,537	6,776,648	47,537,431	(18)	(17)*(16)
Total Excess Loss and LAE		768,604,788	8,367,967	52,784,410	26,219,269	142,309,611	998,286,044	(19)	(18)+(16)
Special Adjustments									
Investment Income		0.00%	0	0	0	0	0	(20)	(20 Factor)*(19)
Other Adjustments		0.00%	0	0	0	0	0	(21)	(21 Factor)*(19)
Total Special Adjustment		0.00%	0	0	0	0	0	(22)	(20)+(21)
Base Premium Prior to Expense Loadings and Credits		768,604,788	8,367,967	52,784,410	26,219,269	142,309,611	998,286,044	(23)	(19)+(22)
Fixed Expense Loadings									
Operating Expense		0.742%	5,705,140	62,113	391,804	194,618	1,056,325	7,410,000	(24a) SBA Operating Expenses
Multiple Deductible Reimbursement		0.000%	0	0	0	0	0	0	(24b) Multiple Deductible Reimbursement
2013A Note Expense		3.556%	27,332,316	297,573	1,877,064	932,382	5,060,665	35,500,000	(24c) Debt Service Payment & Lost Investment Income
Financial Product Expenses		0.000%	0	0	0	0	0	0	(24d) Expense for Reinsurance or Additional Pre Event Notes
Mitigation Funding		0.000%	0	0	0	0	0	0	(25) Standard Level
Offset for Premium Credits and Adjustments			0	0	0	0	0	0	(26) -(((1+(33))*1+(37))-1)*((24a+24b+24c+24d)+(25))/(((1+(33))*1+(37)))
Total Fixed Expense Loadings		4.298%	33,037,456	359,686	2,268,868	1,127,000	6,116,990	42,910,000	(27) (24a)+(24b)+(24c)+(24d)+(25)+(26)
2015 Section I Base Premium at Coverage Level prior to Cash Build Up		801,642,244	8,727,653	55,053,278	27,346,269	148,426,600	1,041,196,044	(34)	

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
Section I: Adjustment to 10/24/2014 Exposure Base And Summary of Rate Change

			Residential	Tenants	Condos	Mobile Home	Commercial	Total		
Adjustment for Change in Reportings 10/24/2014 to 10/24/2014										
2014 Section I Base Premium (Net of Credits)	as of 10/24/2014		985,643,882	10,074,364	67,111,505	34,086,578	186,929,943	1,283,846,273	(35)	
	as of 10/24/2014		985,643,882	10,074,364	67,111,505	34,086,578	186,929,943	1,283,846,273	(36)	
	Change		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	(37)	(36)/(35) - 1
2014 Section I Exposure (All ZIP Codes)	as of 10/24/2014		1,718,868,935,934	22,091,563,919	86,649,762,208	26,654,167,301	190,262,050,062	2,044,526,479,424	(38)	
	as of 10/24/2014		1,718,868,935,934	22,091,563,919	86,649,762,208	26,654,167,301	190,262,050,062	2,044,526,479,424	(39)	
	Change		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	(40)	(39)/(38) - 1
Exposure Trend (2014 to 2015)			1.00%	5.00%	1.00%	0.00%	0.00%	0.94%	(41)	
2015 Section I Exposure			1,736,057,625,293	23,196,142,115	87,516,259,830	26,654,167,301	190,262,050,062	2,063,686,244,601	(42)	(1+(41))*(39)
2015 Section I Actuarially Indicated Base Premium at Coverage Level			801,642,244	8,727,653	55,053,278	27,346,269	148,426,600	1,041,196,044	(43)	(34)
2015 Section I Actuarially Indicated Base Premium at Cove. Level Adj For Reporting Change			801,642,244	8,727,653	55,053,278	27,346,269	148,426,600	1,041,196,044	(43.01)	(1+(37))*(43)
Cash Build-up Factor										
2015 Adjusted Sect. I Base Premium at Coverage & 2009 Cash Build Up Level			5%	841,724,357	9,164,035	57,805,941	28,713,583	155,847,930	1,093,255,846	(43.02) (43.01)*1.05
2015 Adjusted Sect. I Base Premium at Coverage & 2010 Cash Build Up Level			10%	881,806,469	9,600,418	60,558,605	30,080,896	163,269,260	1,145,315,649	(43.03) (43.01)*1.10
2015 Adjusted Sect. I Base Premium at Coverage & 2011 Cash Build Up Level			15%	921,888,581	10,036,801	63,311,269	31,448,209	170,690,591	1,197,375,451	(43.04) (43.01)*1.15
2015 Adjusted Sect. I Base Premium at Coverage & 2012 Cash Build Up Level			20%	961,970,693	10,473,183	66,063,933	32,815,523	178,111,921	1,249,435,253	(44) (43.01)*1.20
2015 Adjusted Sect. I Base Premium at Coverage & 2013-15 Cash Build Up Level			25%	1,002,052,806	10,909,566	68,816,597	34,182,836	185,533,251	1,301,495,055	(45) (43.01)*1.25
Summary of Section I , Premium, Exposure and Rate Change										
			Residential	Tenants	Condos	Mobile Home	Commercial	Total		
Base Premium (25% CB)	2014	as of 10/24/2014	985,643,882	10,074,364	67,111,505	34,086,578	186,929,943	1,283,846,273	(46)	(36)
	2015		1,002,052,806	10,909,566	68,816,597	34,182,836	185,533,251	1,301,495,055	(47)	(44)
	Change		1.66%	8.29%	2.54%	0.28%	-0.75%	1.37%	(48)	((47)/(46))-1
Exposure	2014	as of 10/24/2014	1,718,868,935,934	22,091,563,919	86,649,762,208	26,654,167,301	190,262,050,062	2,044,526,479,424	(49)	(39)
	2015		1,736,057,625,293	23,196,142,115	87,516,259,830	26,654,167,301	190,262,050,062	2,063,686,244,601	(50)	(42)
	Change		1.00%	5.00%	1.00%	0.00%	0.00%	0.94%	(51)	((50)/(49))-1
Rate (at 25% CB)	2014	as of 10/24/2014	0.5734	0.4560	0.7745	1.2788	0.9825	0.6279	(52)	1000*(46)/(49)
	2015		0.5772	0.4703	0.7863	1.2825	0.9751	0.6307	(53)	1000*(47)/(50)
	Change		0.66%	3.13%	1.53%	0.28%	-0.75%	0.43%	(54)	((52)/(53))-1
Rate at 25% CB			0.5772	0.4703	0.7863	1.2825	0.9751	0.6307	(54.01)	
Rate Change Including Effect of Change in Cash Build Up			0.66%	3.13%	1.53%	0.28%	-0.75%	0.43%	(55)	((1000*(45)/(50))/(53))-1

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
Summary of Results

	Retention	Limit	Residential	Tenants	Condos	Mobile Home	Commercial	Total	
Premium									
Sect. I: Basic Cov.			1,002,052,806	10,909,566	68,816,597	34,182,836	185,533,251	1,301,495,055	(69) (44)
Sect I: Extended Cov.			-	-	-	-	-	-	(70) There is no Extended Coverage Charge for Citizens
Section I : Subtotal	6,898,000,000	17,000,000,000	1,002,052,806	10,909,566	68,816,597	34,182,836	185,533,251	1,301,495,055	(71) (70)+(69)
Section II	0	0	0	0	0	0	0	0	(72) There is no Section II exposure
Total	6,898,000,000	17,000,000,000	1,002,052,806	10,909,566	68,816,597	34,182,836	185,533,251	1,301,495,055	(73) (71)+(72)
Coverage %			89.972%	87.544%	89.996%	89.983%	89.834%	89.934%	(74) (1)
Projected Payout Multiple		13.0619							(73Limit)/(73total prem)
Retention Multiples	100%	4.7666	1,113,735,686	12,461,868	76,466,435	37,987,970	206,528,830	1,447,166,263	(75) (73ret)/(73 tot prem)*(74tot)/100%)
	90%	5.2962	1,002,362,117	11,215,682	68,819,791	34,189,173	185,875,947	1,302,449,637	(76) (73ret)/(73 tot prem)*(74tot)/90%)
	75%	6.3554	835,301,764	9,346,401	57,349,826	28,490,978	154,896,622	1,085,374,697	(77) (73ret)/(73 tot prem)*(74tot)/75%)
	45%	10.5923	501,181,059	5,607,841	34,409,896	17,094,587	92,937,973	651,224,818	(78) (73ret)/(73 tot prem)*(74tot)/45%)
Sec I Projected Exposure		2015	1,736,057,625,293	23,196,142,115	87,516,259,830	26,654,167,301	190,262,050,062	2,063,686,244,601	(79) (49)
Sec I Avg Basic Rates	100%		0.6415	0.5372	0.8737	1.4252	1.0855	0.7013	(80) 1000*(69)/(79)*((100%/(74))
	90%		0.5774	0.4835	0.7864	1.2827	0.9769	0.6311	(81) 1000*(69)/(79)*((90%/(74))
	75%		0.4811	0.4029	0.6553	1.0689	0.8141	0.5259	(82) 1000*(69)/(79)*((75%/(74))
	45%		0.2887	0.2418	0.3932	0.6413	0.4885	0.3156	(83) 1000*(69)/(79)*((45%/(74))
Average Coverage			0.5772	0.4703	0.7863	1.2825	0.9751	0.6307	(84) 1000*(69)/(79) or (52)
Overall Section I Rate Change									
Total Premium		2014	985,643,882	10,074,364	67,111,505	34,086,578	186,929,943	1,283,846,273	(85) (45)
		2015	1,002,052,806	10,909,566	68,816,597	34,182,836	185,533,251	1,301,495,055	(86) (73)
Total Exposure		2014	1,718,868,935,934	22,091,563,919	86,649,762,208	26,654,167,301	190,262,050,062	2,044,526,479,424	(87) (48)
		2015	1,736,057,625,293	23,196,142,115	87,516,259,830	26,654,167,301	190,262,050,062	2,063,686,244,601	(88) (49)
Average Rate (000s)		2014	0.5734	0.4560	0.7745	1.2788	0.9825	0.6279	(89) 1000*(85)/(87)
		2015	0.5772	0.4703	0.7863	1.2825	0.9751	0.6307	(90) 1000*(86)/(88)
Overall Rate Change			0.66%	3.13%	1.53%	0.28%	-0.75%	0.43%	(91) (90)/(89) - 1

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
Section I: Historical Exposures and Premiums

	Residential	Tenants*	Condo-Owners	Res + Ten + Condos*	Mobile Home	Commercial	Total
Section I Exposures (as of 10/24/2014)							
2008	\$1,783,139,166,905	\$17,697,307,503	\$79,407,858,258	\$1,880,244,332,666	\$37,368,104,549	\$197,900,227,178	\$2,115,512,664,393
2009	\$1,815,472,177,828	\$17,345,852,866	\$84,198,948,574	\$1,917,016,979,268	\$36,761,961,986	\$212,460,681,802	\$2,166,239,623,056
2010	\$1,817,662,481,519	\$17,569,203,805	\$83,886,023,190	\$1,919,117,708,514	\$35,542,039,480	\$209,853,976,263	\$2,164,513,724,257
2011	\$1,777,677,567,002	\$18,329,345,968	\$84,448,798,032	\$1,880,455,711,002	\$33,837,366,975	\$203,072,396,562	\$2,117,365,474,539
2012	\$1,742,100,377,356	\$19,311,739,294	\$84,152,011,133	\$1,845,564,127,783	\$31,569,203,791	\$199,066,408,510	\$2,076,199,740,084
2013	\$1,692,883,748,061	\$20,610,116,258	\$84,851,907,026	\$1,798,345,771,345	\$28,639,177,588	\$197,533,875,179	\$2,024,518,824,112
2014	\$1,718,868,935,934	\$22,091,563,919	\$86,649,762,208	\$1,827,610,262,061	\$26,654,167,301	\$190,262,050,062	\$2,044,526,479,424
2015 (Proj.)	\$1,736,057,625,293	\$23,196,142,115	\$87,516,259,830	\$1,846,770,027,238	\$26,654,167,301	\$190,262,050,062	\$2,063,686,244,601
2016							

Section I Premiums (as of 10/24/2014)							
2008	\$751,531,398	\$7,069,055	\$48,188,923	\$806,789,377	\$35,517,945	\$149,973,088	\$992,280,410
2009	\$823,095,325	\$6,653,771	\$52,077,032	\$881,826,128	\$39,715,397	\$155,523,244	\$1,077,064,769
2010	\$836,222,468	\$19,333,114	\$51,865,770	\$907,421,353	\$43,588,284	\$153,614,780	\$1,104,624,417
2011	\$879,401,910	\$6,809,595	\$52,883,369	\$939,094,873	\$45,866,181	\$159,931,340	\$1,144,892,394
2012	\$981,901,376	\$8,032,833	\$60,505,531	\$1,050,439,740	\$43,863,584	\$167,495,637	\$1,261,798,961
2013	\$977,511,876	\$9,116,356	\$64,456,570	\$1,051,084,802	\$37,401,368	\$177,049,244	\$1,265,535,413
2014	\$985,643,882	\$10,074,364	\$67,111,505	\$1,062,829,752	\$34,086,578	\$186,929,943	\$1,283,846,273
2015 (Proj.)	\$1,002,052,806	\$10,909,566	\$68,816,597	\$1,081,778,968	\$34,182,836	\$185,533,251	\$1,301,495,055
2016							

Section I Average Rates (per \$1000)							
2008	0.4215	0.3994	0.6069	0.4291	0.9505	0.7578	0.4690
2009	0.4534	0.3836	0.6185	0.4600	1.0803	0.7320	0.4972
2010	0.4601	1.1004	0.6183	0.4728	1.2264	0.7320	0.5103
2011	0.4947	0.3715	0.6262	0.4994	1.3555	0.7876	0.5407
2012	0.5636	0.4160	0.7190	0.5692	1.3894	0.8414	0.6077
2013	0.5774	0.4423	0.7596	0.5845	1.3060	0.8963	0.6251
2014	0.5734	0.4560	0.7745	0.5815	1.2788	0.9825	0.6279
2015 (Proj.)	0.5772	0.4703	0.7863	0.5858	1.2825	0.9751	0.6307
2016							

Percent Change in Rates							
2008-09	7.57%	-3.97%	1.92%	7.20%	13.66%	-3.41%	6.00%
2009-10	1.47%	186.86%	-0.03%	2.79%	13.52%	0.00%	2.64%
2010-11	7.53%	-66.24%	1.28%	5.62%	10.53%	7.59%	5.95%
2011-12	13.94%	11.96%	14.82%	13.97%	2.50%	6.84%	12.40%
2012-13	2.45%	6.34%	5.65%	2.69%	-6.01%	6.52%	2.86%
2013-14	-0.69%	3.10%	1.96%	-0.50%	-2.08%	9.62%	0.45%
2014-15	0.66%	3.13%	1.53%	0.73%	0.28%	-0.75%	0.43%
2015-16							

Historical Rates as Percent of 2015 Rates							
2008	73%	85%	77%	73%	74%	78%	74%
2009	79%	82%	79%	79%	84%	75%	79%
2010	80%	234%	79%	81%	96%	75%	81%
2011	86%	79%	80%	85%	106%	81%	86%
2012	98%	88%	91%	97%	108%	86%	96%
2013	100%	94%	97%	100%	102%	92%	99%
2014	99%	97%	98%	99%	100%	101%	100%
2015	100%	100%	100%	100%	100%	100%	100%
2016							

Historical Rate on Line (Mandatory Coverage only)							
	Limit(\$B)						
2008	16.530						6.0%
2009	17.175						6.3%
2010	17.000						6.5%
2011	17.000						6.7%
2012	17.000						7.4%
2013	17.000						7.4%
2014	17.000						7.6%
2015	17.000						7.7%
2016							

*Includes Inland Marine/Stand Alone & Other Contents Type Policies

EXHIBIT

III

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2014 Reported Exposures as of 11/4/14 (Trended to 6/30/15)

Trended Control Totals By Type

Type	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
Commercial	177,117	2.74%	\$190,262,050,062	\$1,074,217	9.22%
Residential	4,314,895	66.81%	\$1,736,057,625,293	\$402,341	84.12%
Mobile Home	357,375	5.53%	\$26,654,167,301	\$74,583	1.29%
Tenants	808,506	12.52%	\$23,196,142,115	\$28,690	1.12%
Condominium Unit Owners	800,892	12.40%	\$87,516,259,830	\$109,273	4.24%
Total	6,458,785	100.00%	\$2,063,686,244,601	\$319,516	100.00%

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2014 Reported Exposures as of 11/4/14 (Trended to 6/30/15)

Trended Commercial Control Totals By Construction

Construction	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
Frame	33,616	18.98%	\$19,904,454,743	\$592,113	10.46%
Masonry	129,610	73.18%	\$91,209,014,549	\$703,719	47.94%
Masonry with Reinforced Concrete Roof	6,909	3.90%	\$15,855,466,596	\$2,294,900	8.33%
Superior	1,762	0.99%	\$22,491,003,035	\$12,764,474	11.82%
Superior with Reinforced Concrete Roof	1,970	1.11%	\$40,221,340,281	\$20,416,924	21.14%
Masonry Veneer	0	0.00%	\$0	\$0	0.00%
Unknown/Non Mobile Home Default	3,250	1.83%	\$580,770,858	\$178,699	0.31%
Total	177,117	100.00%	\$190,262,050,062	\$1,074,217	100.00%

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2014 Reported Exposures as of 11/4/14 (Trended to 6/30/15)

Trended Residential Control Totals By Construction

Construction	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
Frame	893,557	20.71%	\$341,337,822,882	\$381,999	19.66%
Masonry	3,106,967	72.01%	\$1,264,384,575,255	\$406,951	72.83%
Masonry Veneer	246,643	5.72%	\$114,389,407,007	\$463,785	6.59%
Unknown/Non Mobile Home Default	67,728	1.57%	\$15,945,820,149	\$235,439	0.92%
Total	4,314,895	100.00%	\$1,736,057,625,293	\$402,341	100.00%

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2014 Reported Exposures as of 11/4/14 (Trended to 6/30/15)

Trended Mobile Home Control Totals By Construction

Construction	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
Mobile Home - Fully Tied Down, Mfg before 7/13/94	199,326	55.78%	\$11,031,789,197	\$55,345	41.39%
Mobile Home - Fully Tied Down, Mfg on or after 7/13/94	137,597	38.50%	\$13,859,725,541	\$100,727	52.00%
Mobile Home - Other Than Fully Tied Down or Unknown	20,452	5.72%	\$1,762,652,563	\$86,185	6.61%
Total	357,375	100.00%	\$26,654,167,301	\$74,583	100.00%

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2014 Reported Exposures as of 11/4/14 (Trended to 6/30/15)

Trended Tenants Control Totals By Construction

Construction	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
Frame	82,532	10.21%	\$2,924,134,191	\$35,430	12.61%
Masonry	165,513	20.47%	\$7,423,215,687	\$44,850	32.00%
Masonry with Reinforced Concrete Roof	465	0.06%	\$56,404,317	\$121,300	0.24%
Superior	6,123	0.76%	\$401,988,515	\$65,652	1.73%
Superior with Reinforced Concrete Roof	1,123	0.14%	\$144,885,968	\$129,017	0.62%
Masonry Veneer	14,493	1.79%	\$705,909,190	\$48,707	3.04%
Unknown/Non Mobile Home Default	538,257	66.57%	\$11,539,604,246	\$21,439	49.75%
Total	808,506	100.00%	\$23,196,142,115	\$28,690	100.00%

Florida Hurricane Catastrophe Fund
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2014 Reported Exposures as of 11/4/14 (Trended to 6/30/15)

Trended Condominium Unit Owners Control Totals By Construction

Construction	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
Frame	75,557	9.43%	\$7,188,555,263	\$95,141	8.21%
Masonry	488,763	61.03%	\$46,903,816,968	\$95,964	53.59%
Masonry with Reinforced Concrete Roof	64,683	8.08%	\$6,859,308,210	\$106,045	7.84%
Superior	73,421	9.17%	\$9,299,929,281	\$126,666	10.63%
Superior with Reinforced Concrete Roof	89,367	11.16%	\$16,096,770,890	\$180,120	18.39%
Masonry Veneer	7,539	0.94%	\$792,047,867	\$105,060	0.91%
Unknown/Non Mobile Home Default	1,562	0.20%	\$375,831,350	\$240,609	0.43%
Total	800,892	100.00%	\$87,516,259,830	\$109,273	100.00%

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2014 Reported Exposures as of 11/4/14 (Trended to 6/30/15)

Trended Commercial Control Totals By Deductible Code

Deductible Code	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
CA (\$0 to \$2,500)	277	0.16%	\$121,336,418	\$438,038	0.06%
CB (\$2,501 to \$7,500)	406	0.23%	\$1,491,048,093	\$3,672,532	0.78%
CC (\$7,501 to \$15,000)	114	0.06%	\$1,489,739,486	\$13,067,890	0.78%
CD (\$15,001 to \$50,000)	188	0.11%	\$1,923,869,020	\$10,233,346	1.01%
C1 (1%)	88	0.05%	\$241,152,909	\$2,740,374	0.13%
C2 (2%)	3,583	2.02%	\$4,401,351,606	\$1,228,398	2.31%
C3 (3%)	94,903	53.58%	\$99,767,339,294	\$1,051,256	52.44%
C4 (4%)	94	0.05%	\$3,650,514,253	\$38,835,258	1.92%
C5 (5%)	76,586	43.24%	\$75,101,172,003	\$980,612	39.47%
C6 (6%)	31	0.02%	\$1,540,550,272	\$49,695,170	0.81%
C7 (7%)	8	0.00%	\$34,596,980	\$4,324,623	0.02%
C8 (8%)	1	0.00%	\$1,105,000	\$1,105,000	0.00%
C9 (9%)	4	0.00%	\$14,763,723	\$3,690,931	0.01%
C0 (10%)	834	0.47%	\$483,511,005	\$579,749	0.25%
Total	177,117	100.00%	\$190,262,050,062	\$1,074,217	100.00%

Florida Hurricane Catastrophe Fund
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2014 Reported Exposures as of 11/4/14 (Trended to 6/30/15)

Trended Residential Control Totals By Deductible Code

Deductible Code	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
RM (\$0)	28,853	0.67%	\$1,366,020,496	\$47,344	0.08%
RA (\$1 to \$500)	141,375	3.28%	\$44,752,249,675	\$316,550	2.58%
RB (\$501 to \$1,500)	7,844	0.18%	\$2,882,885,427	\$367,527	0.17%
RC (\$1,501 to \$2,500)	1,991	0.05%	\$410,285,990	\$206,070	0.02%
RD (Greater Than \$2,500)	2,184	0.05%	\$1,568,670,032	\$718,256	0.09%
R1 (1%)	10,255	0.24%	\$6,252,417,375	\$609,695	0.36%
R2 (2%)	3,754,746	87.02%	\$1,505,498,584,537	\$400,959	86.72%
R3 (3%)	31,357	0.73%	\$10,715,861,397	\$341,737	0.62%
R4 (4%)	4,494	0.10%	\$2,559,829,190	\$569,610	0.15%
R5 (5%)	289,832	6.72%	\$133,027,500,112	\$458,981	7.66%
R6 (6%)	85	0.00%	\$33,564,058	\$394,871	0.00%
R7 (7%)	82	0.00%	\$26,220,722	\$319,765	0.00%
R8 (8%)	45	0.00%	\$22,217,383	\$493,720	0.00%
R9 (9%)	7	0.00%	\$1,891,877	\$270,268	0.00%
R0 (10% to 14%)	40,229	0.93%	\$23,903,201,064	\$594,178	1.38%
RZ (15% or Greater)	1,516	0.04%	\$3,036,225,958	\$2,002,788	0.17%
Total	4,314,895	100.00%	\$1,736,057,625,293	\$402,341	100.00%

Florida Hurricane Catastrophe Fund
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2014 Reported Exposures as of 11/4/14 (Trended to 6/30/15)

Trended Mobile Home Control Totals By Deductible Code

Deductible Code	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
MM (\$0)	202	0.06%	\$1,433,672	\$7,097	0.01%
MA (\$1 to \$250)	1,129	0.32%	\$10,407,094	\$9,218	0.04%
MB (\$251 to \$500)	159,024	44.50%	\$9,793,987,386	\$61,588	36.74%
MC (Greater Than \$500)	7,577	2.12%	\$633,384,134	\$83,593	2.38%
M1 (1%)	177	0.05%	\$21,945,360	\$123,985	0.08%
M2 (2%)	103,848	29.06%	\$10,442,497,726	\$100,556	39.18%
M3 (3%)	197	0.06%	\$12,848,246	\$65,220	0.05%
M4 (4%)	20	0.01%	\$997,870	\$49,894	0.00%
M5 (5%)	72,745	20.36%	\$5,092,820,807	\$70,009	19.11%
M6 (6%)	4	0.00%	\$393,470	\$98,368	0.00%
M7 (7%)	0	0.00%	\$0	\$0	0.00%
M8 (8%)	1	0.00%	\$157,500	\$157,500	0.00%
M9 (9%)	0	0.00%	\$0	\$0	0.00%
M0 (10% or Greater)	12,451	3.48%	\$643,294,036	\$51,666	2.41%
Total	357,375	100.00%	\$26,654,167,301	\$74,583	100.00%

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2014 Reported Exposures as of 11/4/14 (Trended to 6/30/15)

Trended Tenants Control Totals By Deductible Code

Deductible Code	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
RM (\$0)	284,469	35.18%	\$7,561,667,629	\$26,582	32.60%
RA (\$1 to \$500)	331,404	40.99%	\$9,075,754,503	\$27,386	39.13%
RB (\$501 to \$1,500)	139,209	17.22%	\$3,517,074,144	\$25,265	15.16%
RC (\$1,501 to \$2,500)	1,315	0.16%	\$58,729,164	\$44,661	0.25%
RD (Greater Than \$2,500)	669	0.08%	\$52,469,655	\$78,430	0.23%
R1 (1%)	33	0.00%	\$8,047,048	\$243,850	0.03%
R2 (2%)	47,178	5.84%	\$2,718,693,762	\$57,626	11.72%
R3 (3%)	15	0.00%	\$2,059,339	\$137,289	0.01%
R4 (4%)	1	0.00%	\$17,325	\$17,325	0.00%
R5 (5%)	2,798	0.35%	\$136,149,108	\$48,659	0.59%
R6 (6%)	0	0.00%	\$0	\$0	0.00%
R7 (7%)	0	0.00%	\$0	\$0	0.00%
R8 (8%)	0	0.00%	\$0	\$0	0.00%
R9 (9%)	1	0.00%	\$1,146,600	\$1,146,600	0.00%
R0 (10% to 14%)	1,356	0.17%	\$40,438,716	\$29,822	0.17%
RZ (15% or Greater)	58	0.01%	\$23,895,123	\$411,985	0.10%
Total	808,506	100.00%	\$23,196,142,115	\$28,690	100.00%

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2015 Ratemaking Formula Report
2014 Reported Exposures as of 11/4/14 (Trended to 6/30/15)

Trended Condominium Unit Owners Control Totals By Deductible Code

Deductible Code	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
RM (\$0)	4,884	0.61%	\$256,116,110	\$52,440	0.29%
RA (\$1 to \$500)	279,029	34.84%	\$18,989,551,388	\$68,056	21.70%
RB (\$501 to \$1,500)	54,800	6.84%	\$6,418,913,295	\$117,133	7.33%
RC (\$1,501 to \$2,500)	6,534	0.82%	\$961,282,686	\$147,120	1.10%
RD (Greater Than \$2,500)	1,268	0.16%	\$257,731,702	\$203,258	0.29%
R1 (1%)	109	0.01%	\$64,354,101	\$590,405	0.07%
R2 (2%)	402,646	50.27%	\$52,249,853,828	\$129,766	59.70%
R3 (3%)	803	0.10%	\$191,880,909	\$238,955	0.22%
R4 (4%)	201	0.03%	\$38,042,913	\$189,268	0.04%
R5 (5%)	40,447	5.05%	\$6,234,955,972	\$154,151	7.12%
R6 (6%)	0	0.00%	\$0	\$0	0.00%
R7 (7%)	0	0.00%	\$0	\$0	0.00%
R8 (8%)	17	0.00%	\$1,213,578	\$71,387	0.00%
R9 (9%)	0	0.00%	\$0	\$0	0.00%
R0 (10% to 14%)	9,083	1.13%	\$1,142,926,904	\$125,831	1.31%
RZ (15% or Greater)	1,071	0.13%	\$709,436,443	\$662,406	0.81%
Total	800,892	100.00%	\$87,516,259,830	\$109,273	100.00%

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2014 Reported Exposures as of 11/4/14 (Trended to 6/30/15)

Trended Exposures and Risks from Invalid ZIP Codes

Type	Invalid ZIP Code Data			Valid Zip Code Data		
	Units	Exposure	Ave. Size Risk	Units	Exposure	Ave. Size Risk
Commercial	20	\$89,100	\$4,455	177,097	190,261,960,962	\$1,074,338
Residential	114	\$10,101,573	\$88,610	4,314,781	1,736,047,523,721	\$402,349
Mobile Home	165	\$2,630,809	\$15,944	357,210	26,651,536,492	\$74,610
Tenants	12	\$414,225	\$34,519	808,494	23,195,727,890	\$28,690
Condo Owners	17	\$571,169	\$33,598	800,875	87,515,688,661	\$109,275
Total	328	\$13,806,876	\$42,094	6,458,457	\$2,063,672,437,726	\$319,530

Type	All Data			% from Invalid ZIP Codes	
	Units	Exposure	Ave. Size Risk	Units	Exposure
Commercial	177,117	\$190,262,050,062	\$1,074,217	0.01%	0.00%
Residential	4,314,895	\$1,736,057,625,293	\$402,341	0.00%	0.00%
Mobile Home	357,375	\$26,654,167,301	\$74,583	0.05%	0.01%
Tenants/Other	808,506	\$23,196,142,115	\$28,690	0.00%	0.00%
Condo Owners	800,892	\$87,516,259,830	\$109,273	0.00%	0.00%
Total	6,458,785	\$2,063,686,244,601	\$319,516	0.01%	0.00%

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
Exposures, Unit Counts and Averages
As of 11/4/14

						Annual Change (%)**					
Exposures (\$)						Exposures					
	Commercial	Residential*	Mobile Home	Stand Alone I.M.**	Total		Commercial	Residential*	Mobile Home	Stand Alone I.M.**	Total
1994	250,798,066,574	573,595,663,128	27,708,002,887	N/A	852,101,732,589	1994-1995	NA	12.9	(0.9)	N/A	N/A
1995	72,259,223,184	647,611,806,441	27,471,321,323	N/A	747,342,350,948	1995-1996	(0.3)	1.3	(3.0)	N/A	0.9
1996	72,045,415,920	655,747,424,327	26,641,265,399	N/A	754,434,105,646	1996-1997	(6.9)	1.5	3.6	N/A	0.8
1997	67,060,941,081	665,706,907,693	27,603,802,377	N/A	760,371,651,151	1997-1998	(6.9)	2.1	3.2	N/A	1.3
1998	62,406,306,257	679,581,831,252	28,500,346,256	N/A	770,488,483,765	1998-1999	(0.2)	4.1	2.9	N/A	3.7
1999	62,310,422,803	707,168,630,617	29,321,225,365	N/A	798,800,278,785	1999-2000	28.9	9.0	1.7	N/A	10.3
2000	80,327,371,492	771,151,251,493	29,805,027,583	N/A	881,283,650,568	2000-2001	19.4	3.2	1.8	N/A	4.6
2001	95,903,685,545	795,830,648,826	30,336,699,432	N/A	922,071,033,803	2001-2002	17.9	19.2	12.6	N/A	19.3
2002	113,055,152,173	948,240,567,004	34,158,045,008	4,649,506,167	1,100,103,270,352	2002-2003	8.5	8.3	(0.1)	78.7	8.4
2003	122,711,546,221	1,027,400,432,961	34,109,501,584	8,307,577,221	1,192,529,057,987	2003-2004	(1.7)	12.5	2.7	9.4	10.7
2004	120,567,809,498	1,155,969,925,095	35,014,550,966	9,090,209,248	1,320,642,494,807	2004-2005	4.1	17.2	3.7	16.6	15.6
2005	125,518,806,067	1,354,455,492,240	36,309,216,467	10,602,304,913	1,526,885,819,687	2005-2006	8.6	19.4	4.8	N/A	17.3
2006	136,340,614,829	1,617,264,717,950	38,069,099,793	N/A	1,791,674,432,572	2006-2007	37.0	11.2	(1.5)	N/A	12.9
2007	186,827,864,101	1,798,433,070,223	37,500,069,047	N/A	2,022,761,003,371	2007-2008	5.9	4.5	(0.4)	N/A	4.6
2008	197,900,227,178	1,880,244,332,666	37,368,104,549	N/A	2,115,512,664,393	2008-2009	7.4	2.0	(1.6)	N/A	2.4
2009	212,460,681,802	1,917,016,979,268	36,761,961,986	N/A	2,166,239,623,056	2009-2010	(1.2)	0.1	(3.3)	N/A	(0.1)
2010	209,853,976,263	1,919,117,708,514	35,542,039,480	N/A	2,164,513,724,257	2010-2011	(3.2)	(2.0)	(4.8)	N/A	(2.2)
2011	203,072,396,562	1,880,455,711,002	33,837,366,975	N/A	2,117,365,474,539	2011-2012	(2.0)	(1.9)	(6.7)	N/A	(1.9)
2012	199,066,408,510	1,845,564,127,783	31,569,203,791	N/A	2,076,199,740,084	2012-2013	(0.8)	(2.6)	(9.3)	N/A	(2.5)
2013	197,533,875,179	1,798,345,771,345	28,639,177,588	N/A	2,024,518,824,112	2013-2014	(3.7)	1.6	(6.9)	N/A	1.0
2014	190,262,050,062	1,827,610,262,061	26,654,167,301	N/A	2,044,526,479,424	Avg. 95-14	5.8	5.8	(0.0)	N/A	5.6
Unit Counts						Unit Counts					
	Commercial	Residential*	Mobile Home	Stand Alone I.M.**	Total		Commercial	Residential*	Mobile Home	Stand Alone I.M.**	Total
1994	667,009	4,523,478	630,092	N/A	5,820,579	1994-1995	NA	3.1	(0.1)	N/A	N/A
1995	217,433	4,662,527	629,593	N/A	5,509,553	1995-1996	7.1	(1.6)	(6.1)	N/A	(1.8)
1996	232,810	4,589,144	590,981	N/A	5,412,935	1996-1997	(14.4)	2.9	1.7	N/A	2.0
1997	199,267	4,722,716	601,167	N/A	5,523,150	1997-1998	(13.8)	(0.6)	(0.5)	N/A	(1.0)
1998	171,866	4,695,966	598,446	N/A	5,466,278	1998-1999	(23.1)	(1.4)	1.5	N/A	(1.8)
1999	132,195	4,627,958	607,162	N/A	5,367,315	1999-2000	(8.9)	4.2	(0.2)	N/A	3.4
2000	120,422	4,820,714	606,046	N/A	5,547,182	2000-2001	39.5	1.2	(2.1)	N/A	1.6
2001	167,961	4,877,216	593,148	N/A	5,638,325	2001-2002	13.2	0.3	(0.3)	N/A	3.7
2002	190,197	4,889,766	591,094	174,492	5,845,549	2002-2003	(5.4)	(0.1)	(2.3)	99.5	2.5
2003	179,954	4,885,715	577,547	348,037	5,991,253	2003-2004	(15.1)	2.3	(2.5)	(5.9)	0.8
2004	152,720	4,998,614	562,979	327,482	6,041,795	2004-2005	(4.6)	4.6	(3.3)	2.9	3.6
2005	145,657	5,229,215	544,433	336,976	6,256,281	2005-2006	(2.7)	9.8	(4.1)	N/A	2.4
2006	141,782	5,742,372	522,009	N/A	6,406,163	2006-2007	36.7	0.5	(6.0)	N/A	0.7
2007	193,852	5,768,968	490,926	N/A	6,453,746	2007-2008	(3.6)	(0.6)	(1.9)	N/A	(0.8)
2008	186,851	5,736,170	481,647	N/A	6,404,668	2008-2009	4.8	0.4	(2.7)	N/A	0.3
2009	195,884	5,757,481	468,744	N/A	6,422,109	2009-2010	(0.8)	0.2	(3.4)	N/A	(0.1)
2010	194,310	5,767,950	452,889	N/A	6,415,149	2010-2011	(0.6)	0.3	(4.1)	N/A	(0.0)
2011	193,114	5,784,513	434,355	N/A	6,411,982	2011-2012	(1.5)	(0.1)	(7.3)	N/A	(0.7)
2012	190,179	5,776,727	402,738	N/A	6,369,644	2012-2013	(1.4)	0.3	(6.2)	N/A	(0.1)
2013	187,516	5,795,730	377,907	N/A	6,361,153	2013-2014	(5.5)	1.6	(5.4)	N/A	0.9
2014	177,117	5,885,790	357,373	N/A	6,420,282	Avg. 95-14	(0.0)	1.3	(2.9)	N/A	0.8
Averages (\$)						Averages					
	Commercial	Residential*	Mobile Home	Stand Alone I.M.**	Total		Commercial	Residential*	Mobile Home	Stand Alone I.M.**	Total
1994	376,004	126,804	43,975	N/A	146,395	1994-1995	NA	9.5	(0.8)	N/A	N/A
1995	332,329	138,897	43,633	N/A	135,645	1995-1996	(6.9)	2.9	3.3	N/A	2.8
1996	309,460	142,891	45,080	N/A	139,376	1996-1997	8.8	(1.4)	1.9	N/A	(1.2)
1997	336,538	140,958	45,917	N/A	137,670	1997-1998	7.9	2.7	3.7	N/A	2.4
1998	363,110	144,716	47,624	N/A	140,953	1998-1999	29.8	5.6	1.4	N/A	5.6
1999	471,352	152,804	48,292	N/A	148,827	1999-2000	41.5	4.7	1.8	N/A	6.7
2000	667,049	159,966	49,179	N/A	158,871	2000-2001	(14.4)	2.0	4.0	N/A	2.9
2001	570,988	163,173	51,145	N/A	163,536	2001-2002	4.1	18.8	13.0	N/A	15.1
2002	594,411	193,924	57,788	26,646	188,195	2002-2003	14.7	8.4	2.2	(10.4)	5.8
2003	681,905	210,287	59,059	23,870	199,045	2003-2004	15.8	10.0	5.3	16.3	9.8
2004	789,470	231,258	62,195	27,758	218,584	2004-2005	9.2	12.0	7.2	13.3	11.7
2005	861,742	259,017	66,692	31,463	244,056	2005-2006	11.6	8.7	9.4	N/A	14.6
2006	961,621	281,637	72,928	N/A	279,680	2006-2007	0.2	10.7	4.7	N/A	12.1
2007	963,765	311,743	76,386	N/A	313,424	2007-2008	9.9	5.1	1.6	N/A	5.4
2008	1,059,134	327,787	77,584	N/A	330,308	2008-2009	2.4	1.6	1.1	N/A	2.1
2009	1,084,625	332,961	78,427	N/A	337,310	2009-2010	(0.4)	(0.1)	0.1	N/A	0.0
2010	1,079,996	332,721	78,478	N/A	337,407	2010-2011	(2.6)	(2.3)	(0.7)	N/A	(2.1)
2011	1,051,567	325,085	77,903	N/A	330,220	2011-2012	(0.5)	(1.7)	0.6	N/A	(1.3)
2012	1,046,732	319,483	78,386	N/A	325,952	2012-2013	0.6	(2.9)	(3.3)	N/A	(2.4)
2013	1,053,424	310,288	75,784	N/A	318,263	2013-2014	2.0	0.1	(1.6)	N/A	0.1
2014	1,074,217	310,512	74,583	N/A	318,448	Avg. 95-14	7.0	4.5	2.9	N/A	4.7

* Includes Residential, Tenants, and Condominium Unit Owner policies.

**2002 was the first year Stand Alone Inland Marine data was reported. Stand Alone Inland Marine was defined as inland marine policies not associated with the policy that covers the main building/structure.

In 2003, it was referred to as "Stand Alone/Contents Type Policies" and also included scheduled personal property written under attachments, endorsements, and riders.

In 2004, it was referred to as "Other Contents Policies or Endorsements."

In 2006, it was removed.

2015 Ratemaking Formula Report
2014 Reported Exposures as of 2/25/15

Commercial Totals By Mitigation Features

Mitigation Feature	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
YEAR BUILT					
Unknown	4,415	2.54%	\$5,371,800,579	\$1,216,716	3.00%
1994 or Earlier	131,753	75.86%	\$117,588,745,127	\$892,494	65.68%
1995-2001	13,386	7.71%	\$16,622,447,392	\$1,241,779	9.28%
2002 or Later	24,118	13.89%	\$39,450,165,243	\$1,635,715	22.04%
TOTAL	173,672	100.00%	\$179,033,158,341	\$4,986,703	100.00%
STRUCTURE OPENING PROTECTION					
No Credit is Given to Policyholder	158,329	91.17%	\$139,975,717,670	\$884,081	78.18%
Credit is Given to Policyholder	15,343	8.83%	\$39,057,440,671	\$2,545,620	21.82%
TOTAL	173,672	100.00%	\$179,033,158,341	\$3,429,701	100.00%
ROOF SHAPE					
Hip, Mansard, or Pyramid	38,868	22.38%	\$28,578,489,927	\$735,270	15.96%
Gable, Other, or Unknown	134,804	77.62%	\$150,454,668,414	\$1,116,099	84.04%
TOTAL	173,672	100.00%	\$179,033,158,341	\$1,851,370	100.00%

2015 Ratemaking Formula Report
2014 Reported Exposures as of 2/25/15

Residential Totals By Mitigation Features

Mitigation Feature	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
YEAR BUILT					
Unknown	42,678	0.99%	\$9,229,803,219	\$216,266	0.54%
1994 or Earlier	2,606,079	60.43%	\$885,796,192,909	\$339,896	51.59%
1995-2001	628,215	14.57%	\$303,540,904,526	\$483,180	17.68%
2002 or Later	1,035,261	24.01%	\$518,420,004,579	\$500,763	30.19%
TOTAL	4,312,233	100.00%	\$1,716,986,905,233	\$1,540,105	100.00%
STRUCTURE OPENING PROTECTION					
No Credit is Given to Policyholder	3,742,935	86.80%	\$1,394,206,898,693	\$372,490	81.20%
Credit is Given to Policyholder	569,298	13.20%	\$322,780,006,540	\$566,979	18.80%
TOTAL	4,312,233	100.00%	\$1,716,986,905,233	\$939,469	100.00%
ROOF SHAPE					
Hip, Mansard, or Pyramid	1,217,001	28.22%	\$622,076,766,113	\$511,156	36.23%
Gable, Other, or Unknown	3,095,232	71.78%	\$1,094,910,139,120	\$353,741	63.77%
TOTAL	4,312,233	100.00%	\$1,716,986,905,233	\$864,896	100.00%

2015 Ratemaking Formula Report
2014 Reported Exposures as of 2/25/15

Mobile Home Totals By Mitigation Features

Mitigation Feature	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
YEAR BUILT					
Unknown or Mobile Home	374,054	100.00%	\$27,473,006,210	\$73,447	100.00%
1994 or Earlier	0	0.00%	\$0	\$0	0.00%
1995-2001	0	0.00%	\$0	\$0	0.00%
2002 or Later	0	0.00%	\$0	\$0	0.00%
TOTAL	374,054	100.00%	\$27,473,006,210	\$73,447	100.00%
STRUCTURE OPENING PROTECTION					
No Credit is Given to Policyholder	374,054	100.00%	\$27,473,006,210	\$73,447	100.00%
Credit is Given to Policyholder	0	0.00%	\$0	\$0	0.00%
TOTAL	374,054	100.00%	\$27,473,006,210	\$73,447	100.00%
ROOF SHAPE					
Hip, Mansard, or Pyramid	41	0.01%	\$376,120	\$9,174	0.00%
Gable, Other, or Unknown	374,013	99.99%	\$27,472,630,090	\$73,454	100.00%
TOTAL	374,054	100.00%	\$27,473,006,210	\$82,627	100.00%

2015 Ratemaking Formula Report
2014 Reported Exposures as of 2/25/15

Tenants Totals By Mitigation Features

Mitigation Feature	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
YEAR BUILT					
Unknown	459,067	59.62%	\$8,857,193,315	\$19,294	40.10%
1994 or Earlier	151,864	19.72%	\$6,040,420,637	\$39,775	27.35%
1995-2001	55,125	7.16%	\$2,455,009,868	\$44,535	11.11%
2002 or Later	103,951	13.50%	\$4,736,262,879	\$45,562	21.44%
TOTAL	770,007	100.00%	\$22,088,886,699	\$149,167	100.00%
STRUCTURE OPENING PROTECTION					
No Credit is Given to Policyholder	764,810	99.33%	\$20,685,351,026	\$27,046	93.65%
Credit is Given to Policyholder	5,197	0.67%	\$1,403,535,673	\$270,067	6.35%
TOTAL	770,007	100.00%	\$22,088,886,699	\$297,113	100.00%
ROOF SHAPE					
Hip, Mansard, or Pyramid	20,192	2.62%	\$1,939,799,423	\$96,068	8.78%
Gable, Other, or Unknown	749,815	97.38%	\$20,149,087,276	\$26,872	91.22%
TOTAL	770,007	100.00%	\$22,088,886,699	\$122,940	100.00%

2015 Ratemaking Formula Report
2014 Reported Exposures as of 2/25/15

Condominium Unit Owners Totals By Mitigation Features

Mitigation Feature	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
YEAR BUILT					
Unknown	6,663	0.83%	\$656,473,001	\$98,525	0.76%
1994 or Earlier	550,134	68.89%	\$49,303,312,845	\$89,621	57.37%
1995-2001	85,240	10.67%	\$12,512,048,244	\$146,786	14.56%
2002 or Later	156,541	19.60%	\$23,468,206,300	\$149,917	27.31%
TOTAL	798,578	100.00%	\$85,940,040,390	\$484,849	100.00%
STRUCTURE OPENING PROTECTION					
No Credit is Given to Policyholder	691,034	86.53%	\$64,523,174,120	\$93,372	75.08%
Credit is Given to Policyholder	107,544	13.47%	\$21,416,866,270	\$199,145	24.92%
TOTAL	798,578	100.00%	\$85,940,040,390	\$292,517	100.00%
ROOF SHAPE					
Hip, Mansard, or Pyramid	98,288	12.31%	\$12,333,341,026	\$125,482	14.35%
Gable, Other, or Unknown	700,290	87.69%	\$73,606,699,364	\$105,109	85.65%
TOTAL	798,578	100.00%	\$85,940,040,390	\$230,591	100.00%

EXHIBIT

IV

Florida Hurricane Catastrophe Fund
2015 Calculation of Layer of Coverage
Using 6/30/2014 FHCF Premium and Exposure Data as of 10/24/2014

Type of Business	Coverage Option	Total Insured Risks	Total Exposure	Gross FHCF Premium	Net FHCF Premium	Net FHCF Prem at 100%
Section I						
1	45%	384	1,029,117,320	365,522	345,276	767,280
1	75%	0	0	0	0	0
1	90%	176,733	189,232,932,742	184,749,214	186,584,667	207,316,297
2	45%	5,008	1,916,731,994	261,208	304,246	676,103
2	75%	0	0	0	0	0
2	90%	4,309,887	1,716,952,203,940	989,085,794	985,339,636	1,094,821,818
3	45%	266	14,867,952	6,319	6,319	14,042
3	75%	0	0	0	0	0
3	90%	357,109	26,639,299,349	34,080,259	34,080,259	37,866,954
4	45%	110,605	1,057,666,044	243,734	282,681	628,179
4	75%	0	0	0	0	0
4	90%	659,398	21,033,897,875	9,944,995	9,791,684	10,879,648
6	45%	56	6,631,375	2,666	3,115	6,923
6	75%	0	0	0	0	0
6	90%	800,836	86,643,130,833	67,802,139	67,108,390	74,564,878
Section II						
1	45%		0	0	0	0
1	75%		0	0	0	0
1	90%		0	0	0	0
Section I Totals						
1	xx	177,117	190,262,050,062	185,114,735	186,929,943	208,083,577
2	xx	4,314,895	1,718,868,935,934	989,347,002	985,643,882	1,095,497,921
3	xx	357,375	26,654,167,301	34,086,578	34,086,578	37,880,996
4	xx	770,003	22,091,563,919	10,188,729	10,074,364	11,507,827
6	xx	800,892	86,649,762,208	67,804,805	67,111,505	74,571,801
xx	45%	116,319	4,025,014,685	879,448	941,637	2,092,527
xx	75%	0	0	0	0	0
xx	90%	6,303,963	2,040,501,464,739	1,285,662,401	1,282,904,636	1,425,449,595
Section I Total		6,420,282	2,044,526,479,424	1,286,541,849	1,283,846,273	1,427,542,122
Section II Total*		0	0	0	0	0
Grand Total		6,420,282	2,044,526,479,424	1,286,541,849	1,283,846,273	1,427,542,122
* We had a very small amount of Section II exposure in 2002.						
Weighted Average Coverage Multiples - Section I Only						
	Risks	Exposure	Premium			
1	Commercial	0.89902	0.89757		0.89834	
2	Residential	0.89948	0.89950		0.89972	
3	Mobile Home	0.89967	0.89975		0.89983	
4	Tenants	0.83536	0.87846		0.87544	
6	Condos	0.89997	0.89997		0.89996	
	Total	0.89185	0.89911		0.89934	
Weighted Average Coverage Multiple - Sections I and II						
	Total	0.89185	0.89911		0.89934	

Florida Hurricane Catastrophe Fund
2015 Calculation of Layer of Coverage
Using 6/30/2014 FHCF Premium and Exposure Data as of 10/24/2014

1. Calculate Section I and II Retention

Historical Exposure

		Data as 10/24/2014	Estimate of Missing Data	Total	
2004	Total	1,320,642,494,807	-	1,320,642,494,807	
2013	Total	2,024,518,824,112	-	2,024,518,824,112	
Growth in exposure, 2004 to 2013			53.298%		[1a]
Base FHCF Retention			4,500,000,000		[1b]
2014 Retention (Actual, based on premiums paid)			7,115,321,877		
2015 Target Retention			6,898,410,996	Change 2014 to 2015	[1c]=(1+[1a])x[1b]
2015 Selected Retention			6,898,000,000	-3.05%	[1d]=[1c], md'd to \$M

2. Allocate Retention to Sections I and II

2014 Net Full Coverage FHCF Premium (ie at 100%)					
	Section I	1,427,542,122	100.000%	[2a]	
	Section II	-	0.000%	[2b]	
	Total	1,427,542,122	100.000%	[2c]=[2a]+[2b]	
<i>Note: Allocate Retention based on full coverage premium, which is the best indicator of expected ground-up losses</i>					
2015 Selected Retention (using full coverage FHCF premium for weighting)					
	Section I	6,898,000,000	100.000%	[2d]	
	Section II	-	0.000%	[2e]	
	Total	6,898,000,000	100.000%	[2f]=[2d]+[2e]	

3. Calculate FHCF Limit

Estimated Claims Paying Capacity Average		\$21,240,000,000		[3a]	
Source: Raymond James: FHCF Estimated Claims Paying Capacity, Oct. 14, 2014 Page 12					
Dollar growth in cash balance over prior calendar year					
Cash Balance @ 12/31/2013	\$	9,704,000,000		[3b]	
Est Cash Balance @ 12/31/2014	\$	10,940,000,000		[3c]	
Change in Cash Balance	\$	1,236,000,000		[3d]=[3c]-[3b]	
2014 Statutory Maximum Coverage Limit		17,000,000,000		[3e]=[3g prior year]	
2015 Statutory Coverage Limit Prior to Change in Cash Balance Limit		17,000,000,000		[3f]=17Billion + .5*(max(3a-\$34 billion	
2015 Statutory Coverage Limit	\$	17,000,000,000	0.00%	[3g]=[3e]+min([3f]-[3e],[3d])	

Florida Hurricane Catastrophe Fund
2015 Calculation of Layer of Coverage
Using 6/30/2014 FHCF Premium and Exposure Data as of 10/24/2014

4. Allocate Limit to Sections I and II

Total FHCF Capacity	17,000,000,000	[4a]
Pure Loss	16,190,476,190	[4b] = [4a]/1.05
Loss Adjustment Expenses	809,523,810	[4c] = [4a] - [4b]
Actual Coverage FHCF Premium		
Section I	1,283,846,273	100.000% [4d]
Section II	-	0.000% [4e]
Total	1,283,846,273	100.000% [4f]=[4d]+[4e]

Note: Allocate Limit based on **actual** premium, which is the best indicator of expected FHCF losses.

Sections I and II Limit Allocations

	Pure loss	LAE	Total
Section I	16,190,476,190	809,523,810	17,000,000,000
Section II	-	-	-
Total	16,190,476,190	809,523,810	17,000,000,000

5. FHCF Layer Structure for Sections I and II

Section I

Retention	6,898,000,000	[5a] = [2d]
Pure Loss Limit Available	16,190,476,190	[5b] from Part 3
Total Limit Available	17,000,000,000	[5c] from Part 3
Wtd Average Coverage	89.934%	[5d]
Top of Loss Layer	24,900,612,329	[5e]=[5a]+[5b]/[5d]

Layer used for modeled losses: 89.934% of \$18,002,612,329 xs \$6,898,000,000 (Modeled losses are Section I losses only, no LAE)
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Sections I and II

Retention	6,898,000,000	[5f] = [2f]
Pure Loss Limit Available	16,190,476,190	[5g] from Part 3
Total Limit Available	17,000,000,000	[5h] from Part 3
Wtd Average Coverage	89.934%	[5i]
Top of Loss Layer	24,900,612,329	[5j]=[5f]+[5g]/[5i]

Layer used for FHCF publications: Loss only: 89.934% of \$18,002,612,329 xs \$6,898,000,000 Loss + LAE: 89.934% of \$18,902,742,945 xs \$6,898,000,000

EXHIBIT

V

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
Modeled Adjusted Loss Severity Distributions

Summary

	Size of Event(s)	Probability	Return Time (Years)	5 Year Prob	10 Year Prob
Single Event					
Attach industry retention	\$6,898,000,000	10.71%	9.3	43.26%	67.80%
Exhaust FHCF Projected Cash Balance	\$12,858,000,000	3.78%	26.5	17.52%	31.97%
Exhaust Estimated Claims Paying Capacity	\$17,000,000,000	2.96%	33.8	13.94%	25.93%
Exhaust FHCF limit	\$17,000,000,000	2.96%	33.8	13.94%	25.93%
Annual Aggregate					
Exhaust FHCF Projected Cash Balance	\$12,858,000,000	3.85%	25.95	17.84%	32.50%
Exhaust Estimated Claims Paying Capacity	\$17,000,000,000	3.04%	32.94	14.29%	26.53%
Exhaust FHCF limit	\$17,000,000,000	3.04%	32.94	14.29%	26.53%
Expected Annual Losses					
Adjusted Gross losses at 100% coverage	\$3,337,757,832				
Loss to Mandatory FHCF layer, at actual coverage					
Loss only	\$905,811,307				
Loss + LAE	\$951,101,872				

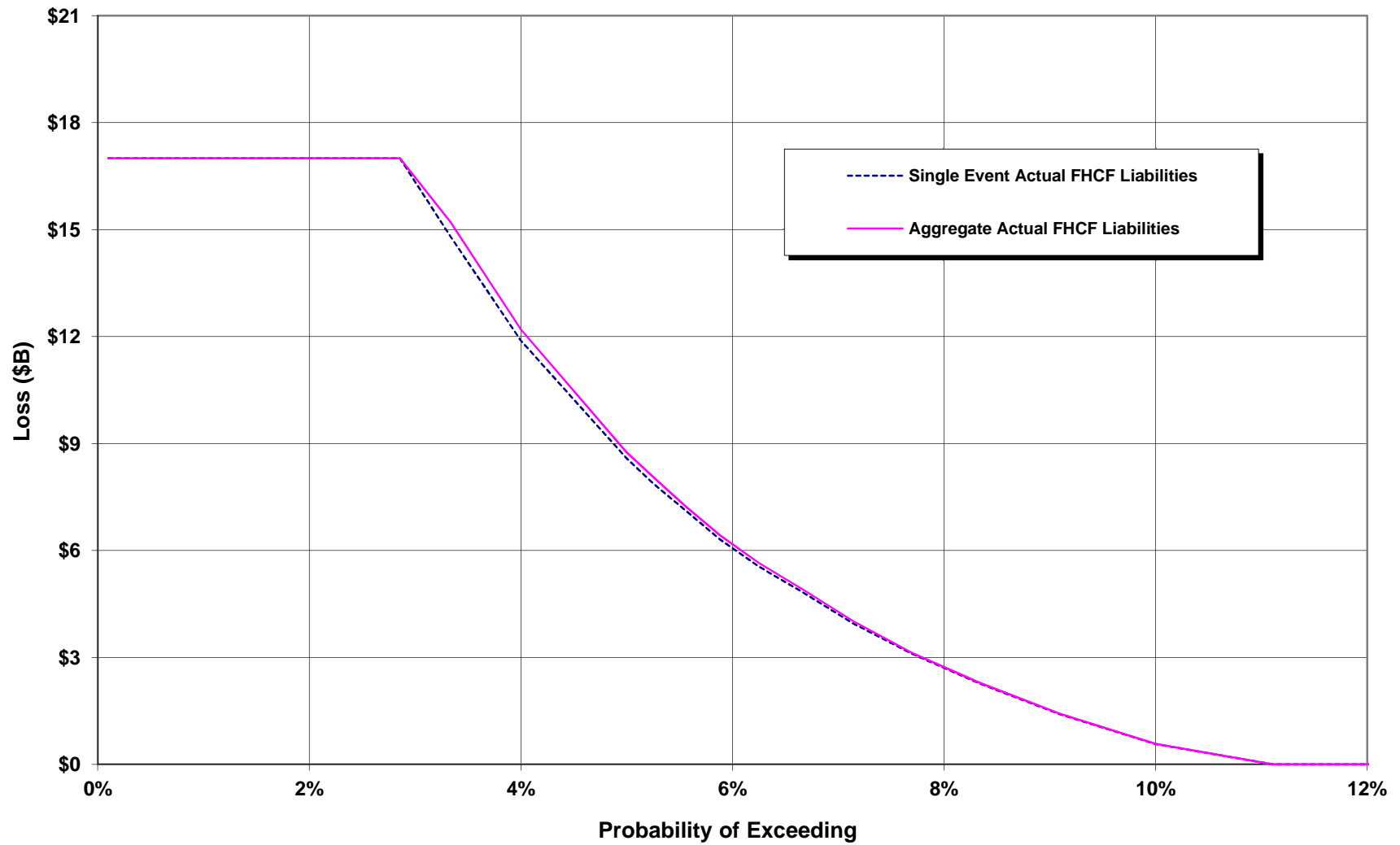
Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
Modeled Adjusted Loss Severity Distributions

Return Time	Probability of Exceedance	Traditional FHCF Only Layer			Single Event Actual Liabilities	Aggregate Actual Liabilities
		Uniform Weighted Section I Gross Per Event (100% Coverage, no LAE)	FHCF Layer Weighted Section I Gross Per Event (100% Coverage, no LAE)	Section I Excess Retention Aggregate (100% Coverage, no LAE)		
1000	0.0010	\$115,695,924,167	\$121,792,000,000	\$118,653,000,000	\$17,000,000,000	\$17,000,000,000
900	0.0011	\$111,397,897,934	\$118,178,000,000	\$114,593,764,544	\$17,000,000,000	\$17,000,000,000
800	0.0013	\$107,657,431,696	\$113,548,000,000	\$110,239,000,000	\$17,000,000,000	\$17,000,000,000
700	0.0014	\$103,833,000,000	\$108,076,000,000	\$103,958,096,994	\$17,000,000,000	\$17,000,000,000
600	0.0017	\$101,068,866,078	\$103,305,000,000	\$99,242,403,805	\$17,000,000,000	\$17,000,000,000
500	0.0020	\$95,133,247,676	\$98,497,927,808	\$94,197,433,039	\$17,000,000,000	\$17,000,000,000
400	0.0025	\$89,210,878,252	\$91,437,545,920	\$86,595,215,225	\$17,000,000,000	\$17,000,000,000
300	0.0033	\$80,123,217,563	\$82,119,525,075	\$77,741,901,962	\$17,000,000,000	\$17,000,000,000
250	0.0040	\$76,734,097,488	\$78,192,761,190	\$72,690,684,565	\$17,000,000,000	\$17,000,000,000
200	0.0050	\$69,955,301,935	\$70,385,198,255	\$65,414,559,523	\$17,000,000,000	\$17,000,000,000
150	0.0067	\$61,378,166,747	\$61,083,994,995	\$55,923,866,405	\$17,000,000,000	\$17,000,000,000
100	0.0100	\$51,344,092,361	\$49,843,817,460	\$44,425,261,389	\$17,000,000,000	\$17,000,000,000
90	0.0111	\$48,033,322,375	\$47,009,193,323	\$40,898,869,475	\$17,000,000,000	\$17,000,000,000
80	0.0125	\$45,141,515,299	\$43,662,545,467	\$37,808,695,790	\$17,000,000,000	\$17,000,000,000
70	0.0143	\$41,924,828,567	\$40,455,789,029	\$34,398,253,421	\$17,000,000,000	\$17,000,000,000
65	0.0154	\$40,131,298,025	\$38,567,992,775	\$32,473,766,920	\$17,000,000,000	\$17,000,000,000
60	0.0167	\$38,186,431,219	\$37,000,788,468	\$30,854,586,920	\$17,000,000,000	\$17,000,000,000
55	0.0182	\$36,332,434,558	\$35,097,378,997	\$28,875,058,059	\$17,000,000,000	\$17,000,000,000
50	0.0200	\$34,278,188,268	\$32,740,931,535	\$26,677,009,108	\$17,000,000,000	\$17,000,000,000
45	0.0222	\$31,940,223,192	\$30,560,097,156	\$24,312,583,531	\$17,000,000,000	\$17,000,000,000
40	0.0250	\$29,663,599,400	\$28,190,045,192	\$21,837,813,150	\$17,000,000,000	\$17,000,000,000
35	0.0286	\$27,142,606,404	\$25,515,289,157	\$19,143,531,374	\$17,000,000,000	\$17,000,000,000
30	0.0333	\$24,208,556,720	\$22,584,451,956	\$16,110,025,652	\$14,812,832,626	\$15,212,816,400
25	0.0400	\$21,094,941,921	\$19,483,787,361	\$12,917,140,204	\$11,884,852,111	\$12,197,751,052
20	0.0500	\$17,517,356,580	\$15,990,377,267	\$9,270,751,241	\$8,585,999,116	\$8,754,438,979
19	0.0526	\$16,706,800,249	\$15,206,512,535	\$8,503,179,609	\$7,845,789,851	\$8,029,615,409
18	0.0556	\$15,976,542,968	\$14,441,144,430	\$7,666,788,230	\$7,123,047,087	\$7,239,804,842
17	0.0588	\$15,145,533,768	\$13,578,353,120	\$6,804,234,402	\$6,308,306,871	\$6,425,288,881
16	0.0625	\$14,300,748,159	\$12,776,259,076	\$5,985,685,565	\$5,550,883,531	\$5,652,327,160
15	0.0667	\$13,358,699,893	\$12,011,414,955	\$5,195,059,807	\$4,828,635,570	\$4,905,733,407
14	0.0714	\$12,456,871,118	\$11,080,118,264	\$4,256,839,152	\$3,949,205,215	\$4,019,764,702
13	0.0769	\$11,481,360,091	\$10,189,851,159	\$3,315,969,116	\$3,108,519,401	\$3,131,294,167
12	0.0833	\$10,418,995,655	\$9,305,686,140	\$2,432,278,513	\$2,273,595,834	\$2,296,818,593
11	0.0909	\$9,452,589,102	\$8,393,274,997	\$1,513,208,406	\$1,411,999,241	\$1,428,933,892
10	0.1000	\$8,403,481,688	\$7,501,324,692	\$614,676,731	\$569,723,970	\$580,443,784
9	0.1111	\$7,343,479,035	\$6,563,106,977	\$0	\$0	\$0
8	0.1250	\$6,247,313,176	\$5,615,389,312	\$0	\$0	\$0
7	0.1429	\$5,169,598,706	\$4,610,163,421	\$0	\$0	\$0
6	0.1667	\$3,867,527,943	\$3,485,501,899	\$0	\$0	\$0
5	0.2000	\$2,555,729,461	\$2,423,166,812	\$0	\$0	\$0
4	0.2500	\$1,458,410,782	\$1,483,650,765	\$0	\$0	\$0
3	0.3333	\$523,217,866	\$600,511,359	\$0	\$0	\$0

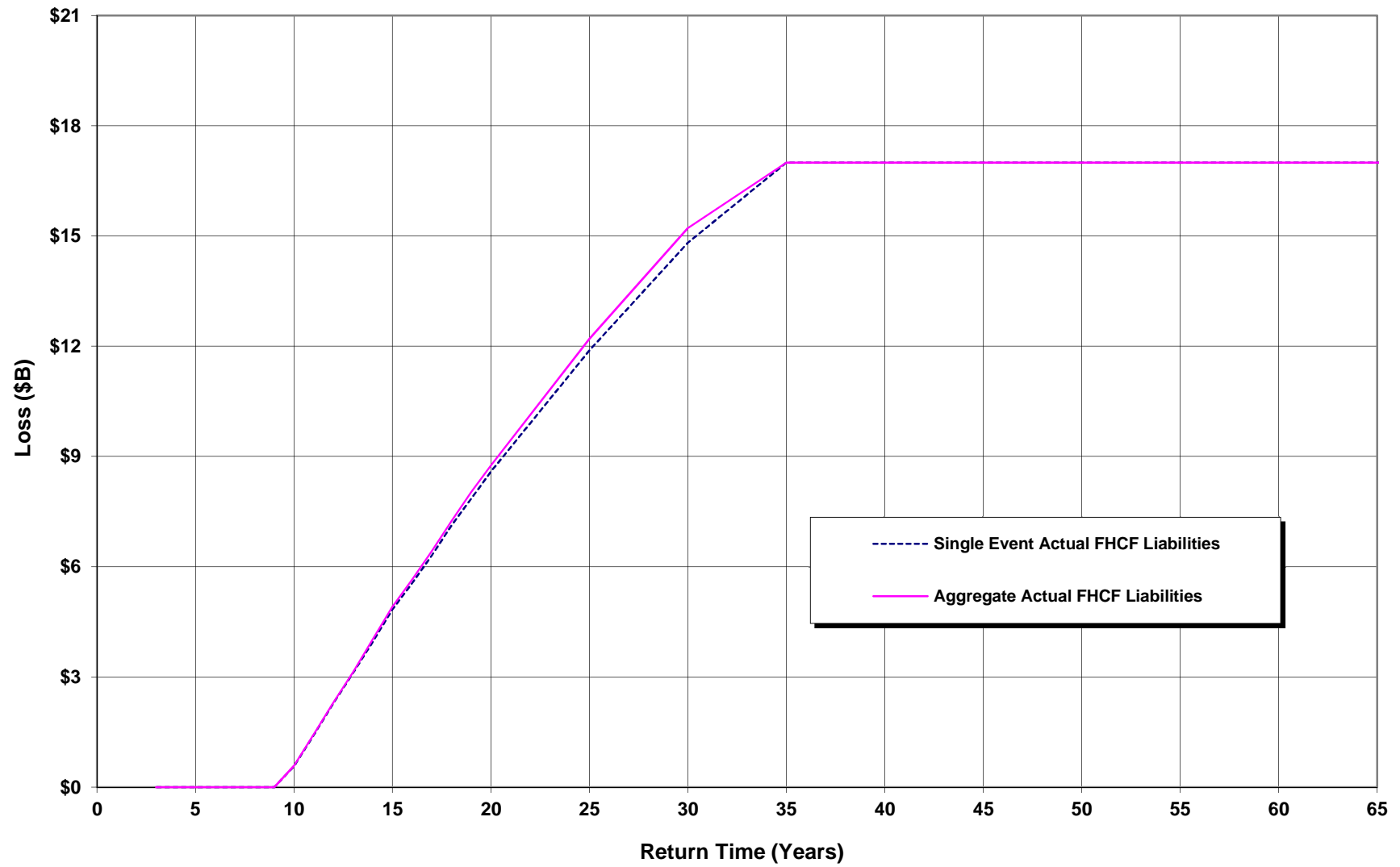
Notes:

Aggregate FHCF Liabilities include Sections I, II and LAE, and are at weighted average coverage.
2015 severity distributions based on AIR, EQE, RMS, ARA and FPM models.

2015 Actual FHCF Liabilities



2015 Actual FHCF Liabilities



EXHIBIT

VI

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
Allocation of Excess Losses to Type of Business at Coverage Level

	Evaluated	Residential	Tenants	Condos	Mobile Home	Commercial	Total
(1) Coverage Selection by Type of Business	10/24/2014	89.972%	87.544%	89.996%	89.983%	89.834%	89.934%
(2) Coverage Selection by Type of Business	10/24/2014	89.972%	87.544%	89.996%	89.983%	89.834%	89.934%
(3) Allocation of XS Loss Using 100% Adjusted Gross Losses		76.96%	0.86%	5.28%	2.62%	14.27%	100.00%
(4) Allocation of XS Loss at Coverage Level (2) x (3)		69.24%	0.75%	4.76%	2.36%	12.82%	89.93%
(5) Allocation of XS Loss at Cov. Level to Type of Business (4)/Total(4)		76.99%	0.84%	5.29%	2.63%	14.26%	100.00%
(6) Balance Adjustment to Allocation (5)/Total (5)		76.99%	0.84%	5.29%	2.63%	14.26%	100.00%
(7) Selected Allocation of XS Loss at Coverage Level for Ratemaking		76.99%	0.84%	5.29%	2.63%	14.26%	100.00%
(8) Rate Change by Type of Business		0.66%	3.13%	1.53%	0.28%	-0.75%	0.43%

EXHIBIT

VII

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
Law and Ordinance Adjustment Factors

FHCF Premium as a Percentage of Base Premium

<u>Distribution of Premium</u>	Expenses	Liability	Non-hurr. Property	Hurricane Outside FHCF Layer	Hurricane Within FHCF Layer [*]	Total
Commercial Habitational	30%	10%	10%	33%	17%	100%
Residential	30%	10%	10%	33%	17%	100%
Mobile Home	30%	10%	10%	33%	17%	100%
Tenants	30%	10%	10%	33%	17%	100%
Condo-Owners	30%	10%	10%	33%	17%	100%

% of Law and Ordinance Premium Applicable to FHCF Layer

	Expenses	Liability	Non-hurr. Property	Hurricane Outside FHCF Layer	Hurricane Within FHCF Layer [**]	Total
Commercial Habitational	0%	0%	10%	60%	30%	100%
Residential	0%	0%	10%	60%	30%	100%
Mobile Home	0%	0%	10%	60%	30%	100%
Tenants	0%	0%	10%	60%	30%	100%
Condo-Owners	0%	0%	10%	60%	30%	100%

Selections for 2015 Ratemaking

Type of Business	% of Base Premium for Law and Ordinance Coverage [1] Insurer Survey	% of Law and Ordinance Premium Applicable to FHCF Layer [2] = [**]	FHCF Premium as a Percentage of Base Premium [3] = [*]	Law and Ordinance Premium as a Percentage of Base Premium [4] = [1] x [2]/[3]	Percent of Policies with Coverage [5] Insurer Survey	Implied Law and Ordinance Adjustment Factors [6] = [4] x [5]	Selected Law and Ordinance Adjustment Factors [7]
Commercial Habitational	6.50%	30.00%	16.67%	11.70%	5%	0.59%	0.00%
Residential	3.00%	30.00%	16.67%	5.40%	95%	5.13%	4.86%
Mobile Home	0.00%	30.00%	16.67%	0.00%	0%	0.00%	0.00%
Tenants	0.00%	30.00%	16.67%	0.00%	50%	0.00%	0.00%
Condo-Owners	0.00%	30.00%	16.67%	0.00%	65%	0.00%	0.00%

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
Wind Deductible Adjustment Factor

Calculation of Loading Factor to Adjust Modeled Losses for the Impact of Aggregate Wind Deductibles

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Type of Business	Per Event Deductibles	Annual Wind Deductible + AOP Deductible	Ratio	Implied Load	Take-up Rate	2015 Adjusted Load	2014 Adjusted Load	2014/2015 Weighted Load	2015 Selected Load
Commercial Residential	502,298,809	504,753,956	1.00489	0.489%	50%	0.244%	0.234%	0.241%	0.240%
Residential	2,493,865,219	2,505,957,302	1.00485	0.485%	100%	0.485%	0.481%	0.484%	0.480%
Mobile Home	70,151,740	70,423,517	1.00387	0.387%	100%	0.387%	0.400%	0.392%	0.390%
Tenants	35,067,449	35,085,251	1.00051	0.051%	100%	0.051%	0.044%	0.049%	0.050%
Condo	197,873,626	198,203,262	1.00167	0.167%	100%	0.167%	0.163%	0.166%	0.170%
Total	3,299,256,843	3,314,423,287	1.00460						

* Commercial Residential Business has the option to keep their per event wind deductibles rather than pay additional premium.

Notes:

AIR Deliverable 2 is per event, AIR Deliverable 5 is aggregate

(1) Based on AIR study (Deliverable 2) completed in 2015

(2) Based on AIR study (Deliverable 5) completed in 2015

(3) = (2) / (1)

(4) = (3) - 1

(5) Judgementally Selected

(6) = (4) * (5)

(7) Indication in 2014

(8) = (6)*2/3+(7)*1/3

EXHIBIT

VIII

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
RMS 2014 Retention Limit Study: Adjustment to Expected FHCF Layer Losses

	2014 (WTD)	RMS Adjusted Aggregate Run	RMS/WTD	
1 Wtd Ave. Expected Gross Loss Adjusted	3,315,088,198	3,309,348,794	99.827%	2014 Ex. 2 (7)
2 Expected FHCF Wtd Ave. Aggregate Layer Loss and LAE at Coverage Level	931,365,646	947,288,594	101.710%	2014 Ex. 2 (10)
2a Expected FHCF RMS Aggregate Layer Loss and LAE at Coverage Level Using Company Limits, Retentions		950,227,664		
3 RMS Adjustment Factor		1.003102614		(2a)/(2)
4 Indicated Adjustment Factor		Factors 0.310%	RMS (2c)-1.00	Weights 67%
5 Prior Selected Factor (2013)		-0.73%		33%
6 Current Year Selected Factor Weighted (2/3 Indicated , 1/3 Prior)		-0.0371%		Ex. 2 (15)

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
Retention and Limit Adjustment Factor Calculation
Prior Study Results

	2000 Study	2001 Study	2004 Study	Selected 2007-2012	2013 Study	Selected 2013	2014 Study	Selected 2014
1 Retention Adjustment Factor	11.0561%	10.3404%	4.8103%	8.7356%				
2 Implied Limit Factor (additive)	-6.4396%	-9.1060%	-8.5325%	-8.0260%				
3 Retention and Limit Combined Factor	4.6166%	1.2344%	-3.7222%					
A) Straight Average				0.7096%				
B) Weighting Scheme #1	30%	50%	20%	1.2577%				
C) Weighting Scheme #2	40%	40%	20%	1.5959%	-1.9000%	-0.7347%	0.3103%	-0.3710%
Final Weighting (Study vs Prior selection)				33.3%	66.7%	33.3%	66.7%	

2001 -2003 Selection	2.9255%
2004 - 2006 Selection	1.5882%
2007-2012 Selection	1.5959%
2013 Selection	-0.7347%
2014-2015 Selections	-0.0371%

Florida Hurricane Catastrophe Fund 2015 Ratemaking Formula Report
From the 2014 Ratemaking Formula Report Exhibit VIII
Modeled Adjusted Loss Severity Distributions

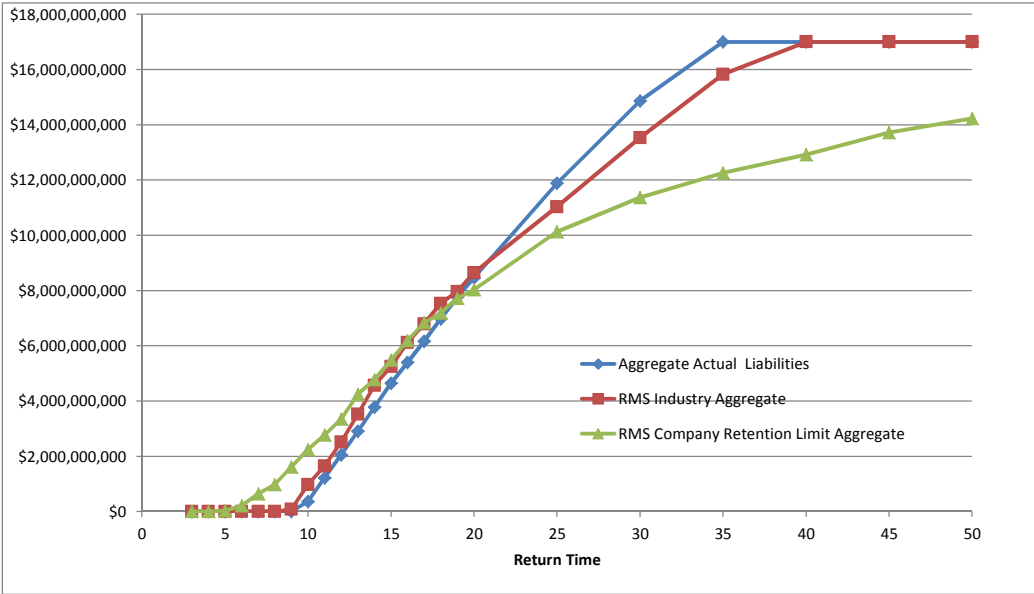
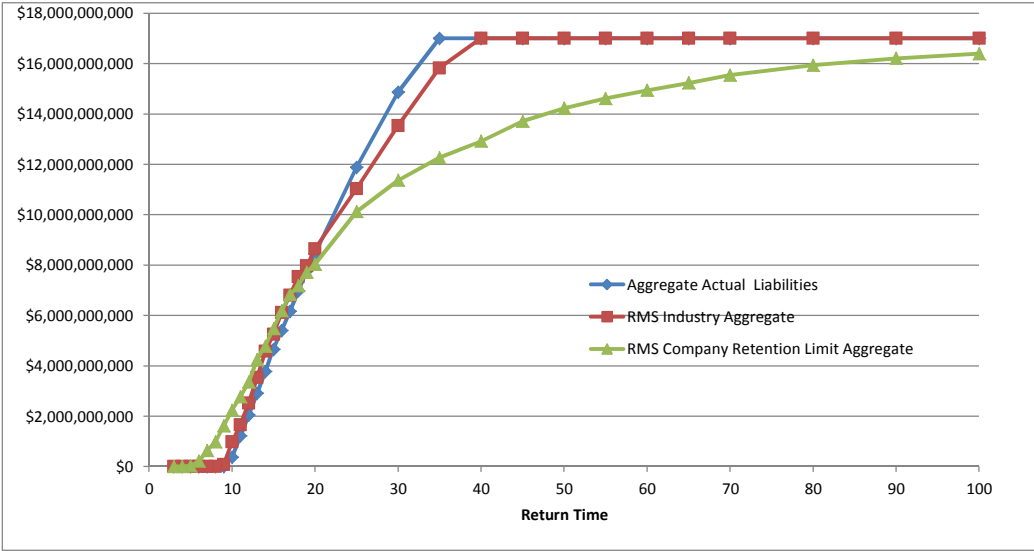
					Traditional FHCF Only Layer				
Return Time	Probability of Exceedance	FHCF Layer			Single Event Actual Liabilities	Aggregate Actual Liabilities	FHCF Layer adj RMS Section I Gross Per Event (100% Coverage, no LAE)	RMS Industry Aggregate	RMS Company Retention Limit Aggregate
		Uniform Weighted Section I Gross Per Event (100% Coverage, no LAE)	Weighted Section I Gross Per Event (100% Coverage, no LAE)	Section I Excess Retention Aggregate (100% Coverage, no LAE)					
1000	0.0010	\$114,622,605,461	\$120,576,541,602	\$116,855,195,259	\$17,000,000,000	\$17,000,000,000	134,931,259,288	17,000,000,000	16,999,808,711
900	0.0011	\$110,445,645,366	\$117,622,911,003	\$113,034,198,357	\$17,000,000,000	\$17,000,000,000	118,955,004,665	17,000,000,000	16,999,789,360
800	0.0013	\$106,813,674,074	\$112,763,709,214	\$108,849,527,541	\$17,000,000,000	\$17,000,000,000	115,023,621,327	17,000,000,000	16,999,711,613
700	0.0014	\$103,164,283,943	\$107,428,107,786	\$102,771,718,555	\$17,000,000,000	\$17,000,000,000	108,257,074,946	17,000,000,000	16,999,656,737
600	0.0017	\$100,288,686,251	\$102,550,550,192	\$98,403,695,094	\$17,000,000,000	\$17,000,000,000	104,589,003,806	17,000,000,000	16,999,435,843
500	0.0020	\$94,617,754,050	\$97,596,150,048	\$92,888,360,820	\$17,000,000,000	\$17,000,000,000	95,664,153,307	17,000,000,000	16,996,590,235
400	0.0025	\$88,379,078,351	\$90,581,803,817	\$85,404,647,833	\$17,000,000,000	\$17,000,000,000	85,570,482,716	17,000,000,000	16,976,299,519
300	0.0033	\$79,644,727,045	\$81,590,393,023	\$76,450,523,045	\$17,000,000,000	\$17,000,000,000	74,048,690,206	17,000,000,000	16,966,134,345
250	0.0040	\$75,923,977,662	\$77,786,257,758	\$71,198,391,447	\$17,000,000,000	\$17,000,000,000	68,034,018,397	17,000,000,000	16,946,316,685
200	0.0050	\$69,437,446,968	\$69,863,059,870	\$64,612,678,458	\$17,000,000,000	\$17,000,000,000	61,571,064,100	17,000,000,000	16,903,580,740
150	0.0067	\$60,810,267,328	\$60,215,155,755	\$55,075,541,960	\$17,000,000,000	\$17,000,000,000	56,031,866,825	17,000,000,000	16,789,748,751
100	0.0100	\$50,810,382,340	\$49,457,797,957	\$43,730,563,136	\$17,000,000,000	\$17,000,000,000	45,588,826,207	17,000,000,000	16,393,209,793
90	0.0111	\$47,639,143,790	\$46,511,641,860	\$40,482,270,847	\$17,000,000,000	\$17,000,000,000	43,678,466,376	17,000,000,000	16,208,557,283
80	0.0125	\$44,742,050,370	\$43,334,236,210	\$37,342,426,381	\$17,000,000,000	\$17,000,000,000	40,343,990,204	17,000,000,000	15,933,077,392
70	0.0143	\$41,446,499,474	\$40,132,991,305	\$33,947,090,240	\$17,000,000,000	\$17,000,000,000	37,700,265,288	17,000,000,000	15,540,413,383
65	0.0154	\$39,850,831,232	\$38,202,834,998	\$32,008,445,757	\$17,000,000,000	\$17,000,000,000	36,147,944,613	17,000,000,000	15,229,264,611
60	0.0167	\$37,728,434,679	\$36,708,984,432	\$30,222,558,129	\$17,000,000,000	\$17,000,000,000	34,982,625,381	17,000,000,000	14,940,222,261
55	0.0182	\$36,020,690,418	\$34,752,472,007	\$28,382,581,129	\$17,000,000,000	\$17,000,000,000	33,450,309,621	17,000,000,000	14,617,277,150
50	0.0200	\$33,988,619,913	\$32,504,145,670	\$26,120,845,401	\$17,000,000,000	\$17,000,000,000	31,569,132,928	17,000,000,000	14,228,965,490
45	0.0222	\$31,656,037,713	\$30,201,698,953	\$23,834,639,505	\$17,000,000,000	\$17,000,000,000	29,705,314,955	17,000,000,000	13,715,631,152
40	0.0250	\$29,395,749,756	\$27,990,816,275	\$21,398,931,349	\$17,000,000,000	\$17,000,000,000	27,921,781,840	17,000,000,000	12,917,790,133
35	0.0286	\$26,853,708,694	\$25,304,148,198	\$18,703,635,989	\$17,000,000,000	\$17,000,000,000	26,047,665,837	15,822,625,019	12,260,945,402
30	0.0333	\$23,929,269,935	\$22,449,747,327	\$15,746,083,794	\$14,510,726,065	\$14,864,769,909	23,543,616,918	13,534,496,574	11,365,549,266
25	0.0400	\$20,881,392,100	\$19,321,529,973	\$12,585,602,133	\$11,558,306,482	\$11,881,181,526	20,749,889,127	11,033,044,595	10,123,132,546
20	0.0500	\$17,325,011,302	\$15,860,893,179	\$8,955,308,933	\$8,292,148,576	\$8,454,077,121	17,624,782,164	8,643,629,354	8,031,308,590
19	0.0526	\$16,525,713,742	\$15,169,929,248	\$8,225,863,733	\$7,640,015,041	\$7,765,459,227	16,936,860,256	7,964,440,916	7,714,571,043
18	0.0556	\$15,859,790,655	\$14,312,174,509	\$7,385,350,170	\$6,830,463,913	\$6,971,989,506	16,144,632,473	7,533,426,571	7,180,895,784
17	0.0588	\$14,988,691,590	\$13,494,261,415	\$6,529,437,237	\$6,058,515,431	\$6,163,982,323	15,464,109,241	6,794,009,182	6,830,310,250
16	0.0625	\$14,137,000,279	\$12,712,807,201	\$5,715,116,318	\$5,320,976,934	\$5,395,239,234	14,682,955,052	6,112,770,954	6,184,988,059
15	0.0667	\$13,201,964,669	\$11,910,504,023	\$4,926,447,249	\$4,563,761,132	\$4,650,712,252	13,847,088,195	5,248,336,710	5,482,879,486
14	0.0714	\$12,338,069,836	\$11,019,699,303	\$4,001,599,236	\$3,723,017,346	\$3,777,628,309	12,853,919,797	4,569,991,234	4,779,719,540
13	0.0769	\$11,349,376,318	\$10,118,509,510	\$3,076,833,152	\$2,872,472,102	\$2,904,621,711	12,136,772,196	3,527,471,636	4,242,688,418
12	0.0833	\$10,277,057,186	\$9,222,136,730	\$2,171,836,090	\$2,026,473,167	\$2,050,277,655	10,889,670,443	2,520,592,423	3,349,524,154
11	0.0909	\$9,326,506,843	\$8,345,018,828	\$1,288,818,526	\$1,198,647,036	\$1,216,682,896	9,844,650,258	1,652,768,561	2,771,063,551
10	0.1000	\$8,294,102,717	\$7,450,888,827	\$390,009,359	\$354,764,842	\$368,180,397	8,895,222,359	980,274,250	2,236,922,741
9	0.1111	\$7,249,481,050	\$6,525,701,409	\$0	\$0	\$0	8,052,242,739	79,549,369	1,616,436,382
8	0.1250	\$6,167,597,921	\$5,577,569,749	\$0	\$0	\$0	6,921,017,275	-	977,441,494
7	0.1429	\$5,094,214,912	\$4,577,485,839	\$0	\$0	\$0	5,992,189,107	-	638,416,850
6	0.1667	\$3,790,958,194	\$3,462,707,204	\$0	\$0	\$0	4,887,255,962	-	213,714,025
5	0.2000	\$2,518,239,291	\$2,410,122,532	\$0	\$0	\$0	3,171,212,169	-	28,144,479
4	0.2500	\$1,429,529,987	\$1,473,562,069	\$0	\$0	\$0	1,768,121,966	-	544,353
3	0.3333	\$512,253,079	\$597,773,219	\$0	\$0	\$0	671,216,074	-	-

Notes:

Aggregate FHCF Liabilities include Sections I, II and LAE, and are at weighted average coverage.
2014 severity distributions based on AIR, EQE, RMS, ARA and FPM models.

FHCF: Adjusted Curve for Company Retentions and Limits

Based on FHCF 2014 RMS Special Study Data



EXHIBIT

IX

Florida Hurricane Catastrophe Fund
State Board of Administration
FHCF Investment Return History

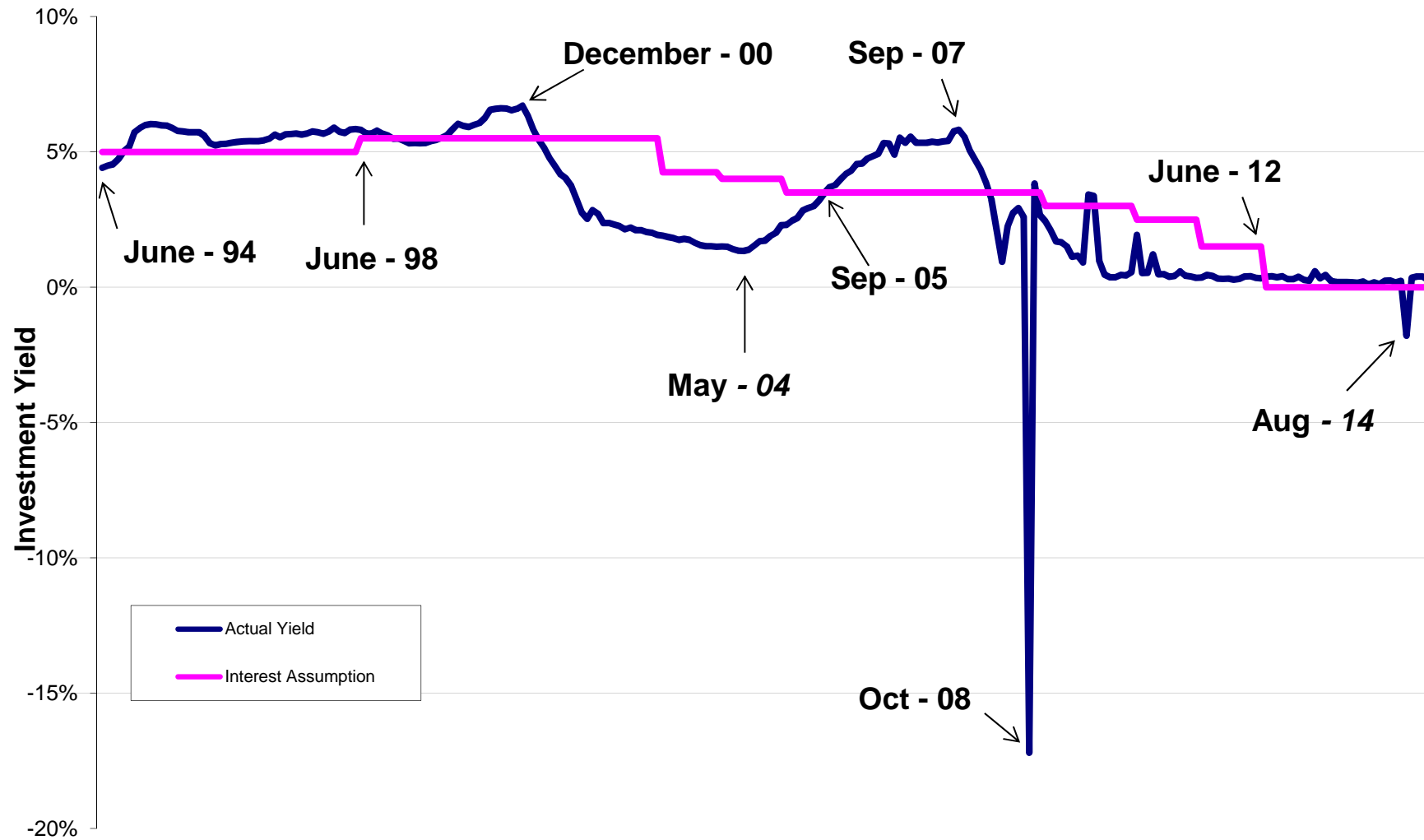
Month Ending	FHCF Monthly Rate	Rolling 12 - Month Average	Month Ending	FHCF Monthly Rate	Rolling 12 - Month Average	Month Ending	FHCF Monthly Rate	Rolling 12 - Month Average	Month Ending	FHCF Monthly Rate	Rolling 12 - Month Average	Month Ending	FHCF Monthly Rate	Rolling 12 - Month Average	Month Ending	FHCF Monthly Rate	Rolling 12 - Month Average
6/30/94	4.41		1/31/98	5.89	5.69	8/31/01	4.02	5.55	3/31/05	2.55	1.88	10/31/08	-17.20	1.46	5/31/2012	0.3214	0.35
7/31/94	4.49		2/28/98	5.74	5.70	9/30/01	3.74	5.31	4/30/05	2.84	2.00	11/30/08	3.83	1.36	6/30/2012	0.3857	0.35
8/31/94	4.54		3/31/98	5.70	5.71	10/31/01	3.25	5.04	5/31/05	2.92	2.13	12/31/08	2.67	1.19	7/31/2012	0.4074	0.35
9/30/94	4.73		4/30/98	5.82	5.72	11/30/01	2.76	4.72	6/30/05	2.99	2.27	1/31/09	2.44	1.03	8/31/2012	0.3674	0.35
10/31/94	5.01		5/31/98	5.84	5.74	12/31/01	2.52	4.37	7/31/05	3.2	2.41	2/28/09	2.10	0.88	9/30/2012	0.4015	0.35
11/30/94	5.19		6/30/98	5.81	5.75	1/31/02	2.85	4.08	8/31/05	3.48	2.55	3/31/09	1.68	0.75	10/31/2012	0.3002	0.35
12/31/94	5.72		7/31/98	5.68	5.75	2/28/02	2.71	3.82	9/30/05	3.7	2.72	4/30/09	1.65	0.72	11/30/2012	0.3005	0.35
1/31/95	5.88		8/31/98	5.68	5.75	3/31/02	2.37	3.57	10/31/05	3.77	2.88	5/31/09	1.50	0.77	12/31/2012	0.3850	0.36
2/28/95	5.99		9/30/98	5.78	5.76	4/30/02	2.37	3.33	11/30/05	3.98	3.04	6/30/09	1.12	0.67	1/31/2013	0.2637	0.36
3/31/95	6.03		10/31/98	5.68	5.75	5/31/02	2.31	3.13	12/31/05	4.19	3.20	7/31/09	1.17	0.54	2/28/2013	0.2399	0.34
4/28/95	6.02		11/30/98	5.61	5.75	6/30/02	2.25	2.94	1/31/06	4.3	3.37	8/31/09	0.91	0.37	3/31/2013	0.5852	0.36
5/31/95	5.98	5.33	12/31/98	5.48	5.73	7/31/02	2.14	2.77	2/27/06	4.55	3.54	9/30/09	3.42	0.44	4/30/2013	0.3249	0.36
6/30/95	5.97	5.46	1/31/99	5.49	5.69	8/31/02	2.20	2.62	3/31/06	4.57	3.71	10/31/09	3.37	2.16	5/31/2013	0.4557	0.37
7/31/95	5.88	5.58	2/28/99	5.40	5.66	9/30/02	2.11	2.49	4/30/06	4.75	3.87	11/30/09	0.97	1.92	6/30/2013	0.2324	0.36
8/31/95	5.77	5.68	3/31/99	5.32	5.63	10/31/02	2.11	2.39	5/31/06	4.84	4.03	12/31/09	0.46	1.73	7/31/2013	0.1884	0.34
9/30/95	5.75	5.77	4/30/99	5.33	5.59	11/30/02	2.04	2.33	6/30/06	4.93	4.19	1/31/2010	0.36	1.56	8/31/2013	0.1907	0.32
10/31/95	5.72	5.83	5/31/99	5.32	5.55	12/31/02	2.01	2.29	7/31/06	5.33	4.37	2/28/2010	0.37	1.41	9/30/2013	0.1886	0.30
11/30/95	5.72	5.87	6/30/99	5.33	5.51	1/31/03	1.93	2.21	8/31/06	5.31	4.52	3/31/2010	0.45	1.31	10/31/2013	0.1849	0.29
12/31/95	5.72	5.87	7/31/99	5.39	5.48	2/28/03	1.90	2.15	9/30/06	4.90	4.62	4/30/2010	0.43	1.21	11/30/2013	0.1655	0.28
1/31/96	5.59	5.85	8/31/99	5.44	5.46	3/31/03	1.85	2.10	10/31/06	5.52	4.76	5/31/2010	0.55	1.13	12/31/2013	0.2049	0.27
2/28/96	5.32	5.79	9/30/99	5.52	5.44	4/30/03	1.81	2.06	11/30/06	5.34	4.88	6/30/2010	1.93	1.20	1/31/2014	0.1024	0.26
3/31/96	5.24	5.72	10/31/99	5.62	5.44	5/31/03	1.75	2.01	12/31/06	5.56	4.99	7/31/2010	0.52	1.14	2/28/2014	0.1838	0.25
4/30/96	5.29	5.66	11/30/99	5.83	5.46	6/30/03	1.79	1.97	1/31/07	5.34	5.08	8/31/2010	0.53	1.11	3/31/2014	0.1083	0.21
5/31/96	5.30	5.61	12/31/99	6.04	5.50	7/31/03	1.75	1.94	2/28/07	5.34	5.14	9/30/2010	1.21	0.93	4/30/2014	0.2373	0.20
6/30/96	5.34	5.55	1/31/00	5.96	5.54	8/31/03	1.64	1.89	3/31/07	5.34	5.21	10/31/2010	0.48	0.69	5/31/2014	0.2449	0.19
7/31/96	5.36	5.51	2/28/00	5.92	5.59	9/30/03	1.55	1.84	4/30/07	5.37	5.26	11/30/2010	0.48	0.65	6/30/2014	0.1667	0.18
8/31/96	5.38	5.48	3/31/00	6.00	5.64	10/31/03	1.51	1.79	5/31/07	5.35	5.30	12/31/2010	0.39	0.64	7/31/2014	0.2331	0.18
9/30/96	5.39	5.45	4/30/00	6.07	5.70	11/30/03	1.51	1.75	6/30/07	5.38	5.34	1/31/2011	0.41	0.64	8/31/2014	-1.7920	0.02
10/31/96	5.39	5.42	5/31/00	6.25	5.78	12/31/03	1.49	1.71	7/31/07	5.40	5.35	2/28/2011	0.57	0.66	9/30/2014	0.3468	0.03
11/30/96	5.39	5.39	6/30/00	6.55	5.88	1/31/04	1.50	1.67	8/31/07	5.75	5.38	3/31/2011	0.42	0.66	10/31/2014	0.3909	0.05
12/31/96	5.42	5.37	7/31/00	6.59	5.98	2/28/04	1.49	1.64	9/30/07	5.81	5.46	4/30/2011	0.39	0.66	11/30/2014	0.3906	0.07
1/31/97	5.48	5.36	8/31/00	6.61	6.08	3/31/04	1.41	1.60	10/31/07	5.55	5.46	5/31/2011	0.35	0.64	12/31/2014	0.2649	0.07
2/28/97	5.64	5.39	9/30/00	6.60	6.17	4/30/04	1.35	1.56	11/30/07	5.05	5.44	6/30/2011	0.35	0.51			
3/31/97	5.54	5.41	10/31/00	6.53	6.25	5/31/04	1.34	1.53	12/31/07	4.69	5.36	7/31/2011	0.45	0.50			
4/30/97	5.65	5.44	11/30/00	6.59	6.31	6/30/04	1.39	1.49	1/31/08	4.35	5.28	8/31/2011	0.41	0.49			
5/31/97	5.66	5.47	12/31/00	6.71	6.37	7/31/04	1.54	1.48	2/29/08	3.86	5.16	9/30/2011	0.32	0.42			
6/30/97	5.68	5.50	1/31/01	6.33	6.40	8/31/04	1.70	1.48	3/31/08*	3.25	4.98	10/31/2011	0.31	0.40			
7/31/97	5.64	5.52	2/28/01	5.82	6.39	9/30/04	1.72	1.50	4/30/08	2.07	4.71	11/30/2011	0.32	0.39			
8/29/97	5.68	5.55	3/31/01	5.44	6.34	10/31/04	1.89	1.53	5/31/08	0.94	4.34	12/31/2011	0.27	0.38			
9/30/97	5.75	5.58	4/30/01	5.15	6.26	11/30/04	2.00	1.57	6/30/08	2.25	4.08	1/31/2012	0.30966129	0.37			
10/31/97	5.72	5.60	5/31/01	4.77	6.14	12/31/04	2.29	1.64	7/31/08	2.74	3.86	2/29/2012	0.39772414	0.36			
11/26/97	5.67	5.63	6/30/01	4.48	5.97	1/31/05	2.30	1.70	8/31/08	2.93	3.62	3/31/2012	0.40503226	0.36			
12/31/97	5.74	5.65	7/31/01	4.17	5.77	2/28/05	2.46	1.78	9/30/08	2.59	3.36	4/30/2012	0.34431667	0.35			

RM Report	Average
1 year	0.07
2 year	0.17
3 year	0.23
4 year	0.27
5 year	0.34
Incept to date	3.18

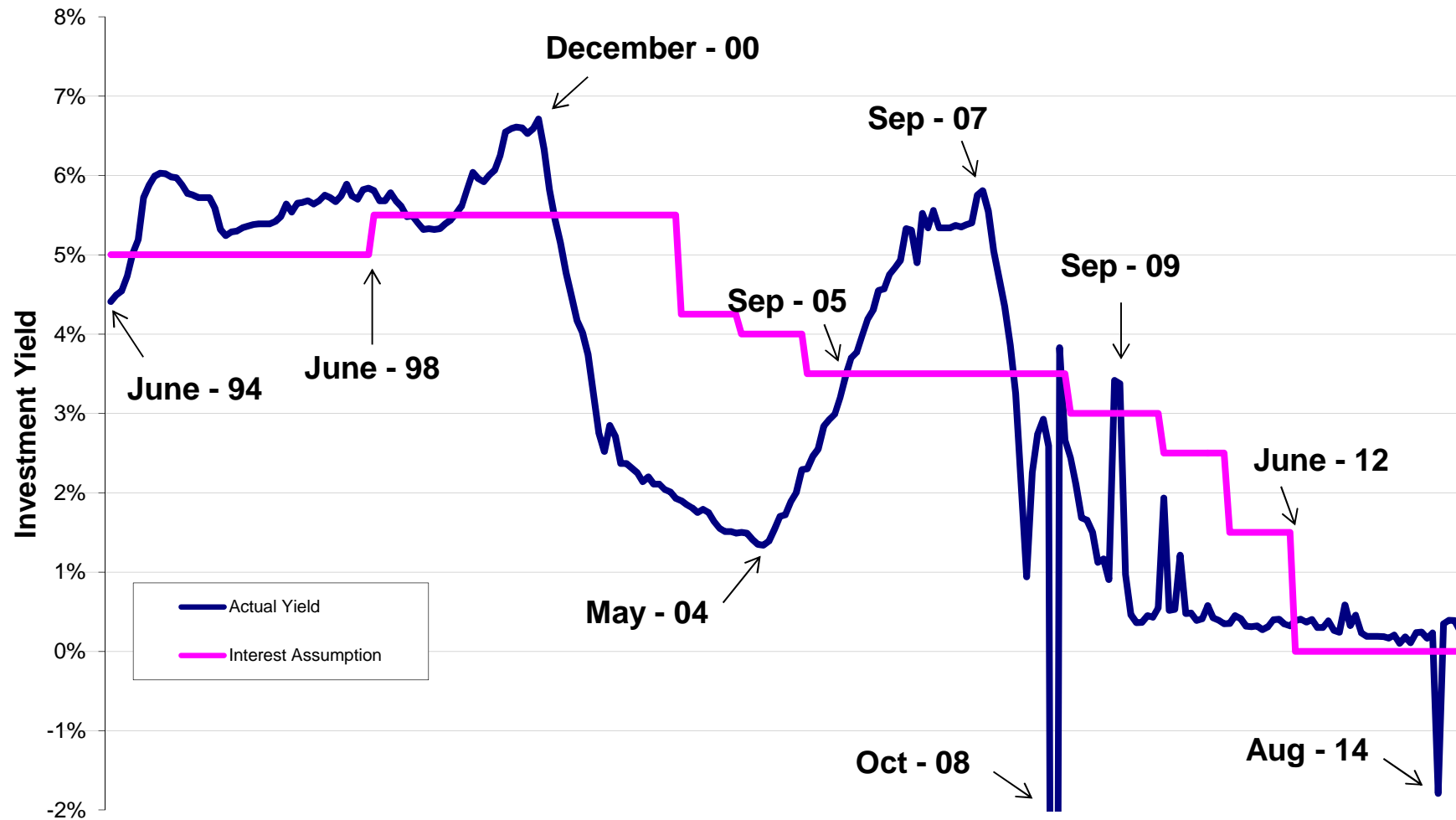
Source: State Board of Administration of Florida
Fixed Income Department
FHCF Portfolio Manager Richard Smith

*Day Count methodology changed from 360 day years to actual.

Monthly FHCF Investment Returns



Monthly FHCF Investment Returns



FHCF INVESTMENT INCOME*

(Excludes Finance Corporation)

		Investment	35% of Investment
	<u>Year</u>	<u>Income</u>	<u>Income</u>
1	June 30, 1995	20,183,000	7,064,050
2	June 30, 1996	46,379,000	16,232,650
3	June 30, 1997	74,425,000	26,048,750
4	June 30, 1998	109,979,000	38,492,650
5	June 30, 1999	132,516,000	46,380,600
6	June 30, 2000	173,839,000	60,843,650
7	June 30, 2001	220,915,000	77,320,250
8	June 30, 2002	122,535,000	42,887,250
9	June 30, 2003	104,939,000	36,728,650
10	June 30, 2004	58,127,000	20,344,450
11	June 30, 2005	108,672,000	38,035,200
12	June 30, 2006	103,175,000	36,111,250
13	June 30, 2007	36,065,000	12,622,750
14	June 30, 2008	46,816,000	16,385,600
15	June 30, 2009	7,803,000	2,731,050
16	June 30, 2010	54,298,000	19,004,300
17	June 30, 2011	29,983,000	10,494,050
18	June 30, 2012	26,634,000	9,321,900
19	June 30, 2013	34,638,000	12,123,300
19	June 30, 2014	19,174,000	6,710,900
		\$1,531,095,000	\$535,883,250

*Source: FHCF Audited Financial Statements

Note: 1997 was the first year of mitigation funding.

F.S. 215.555(7)(c) Each fiscal year, the Legislature shall appropriate from the investment income of the Florida Hurricane Catastrophe Fund an amount no less than \$10 million and no more than 35 percent of the investment income based upon the most recent fiscal year-end audited financial statements for the purpose of providing funding for local governments, state agencies, public and private educational institutions, and nonprofit organizations to support programs intended to improve hurricane preparedness, reduce potential losses in the event of a hurricane, provide research into means to reduce such losses, educate or inform the public as to means to reduce hurricane losses, assist the public in determining the appropriateness of particular upgrades to structures or in the financing of such upgrades, or protect local infrastructure from potential damage from a hurricane. Moneys shall first be available for appropriation under this paragraph in fiscal year 1997-1998. Moneys in excess of the \$10 million specified in this paragraph shall not be available for appropriation under this paragraph if the State Board of Administration finds that an appropriation of investment income from the fund would jeopardize the actuarial soundness of the fund.

EXHIBIT

X

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
Pre-Event Note Expense Loading
Contract Term : 06/01/2015 to 5/31/2016

2013A Projected Debt Service

Reimbursement Deposit		
1	Premium	29,500,000
4	Total Market Value	2,000,000,000
5	Exp. Default Loading %	0.3%
6	Exp. Default Cost (4)*(5)	6,000,000
Total Projected Liquidity		
7	Facility Cost (3)+(6)	35,500,000

Notes

- This method uses values projected by the FHCF's Financial Advisor, Raymond James - Kapil Bhatia (06/05/2013) plus a judgemental loading for potential asset loss.

EXHIBIT

XI

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
Additional Pre-Event Note Options

1 Est. FHCF Premium (with cash build up)	1,301,495,055	2.3 Summary, Line 73	
2 Cash Build Up Factor	25%		
3 Limit	\$17,000,000,000	Projected Payout Multiple	13.0619
4 Retention	\$6,898,000,000	Retention Multiple 100%	4.7666
5 Coverage %	89.934%	Retention Multiple 90%	5.2962
		Retention Multiple 75%	6.3554
		Retention Multiple 45%	10.5923

	Est. Additional Annual Cost	Change in Cost + Cash Build Up	Impact on Rate	Projected Payout Multiple	Retention Multiple 90%	Retention Multiple 75%	Retention Multiple 45%
1	At Current Level Costs	0	0.00%	13.0619	5.2962	6.3554	10.5923
2	5,000,000	6,250,000	0.48%	12.9995	5.2709	6.3250	10.5417
3	10,000,000	12,500,000	0.96%	12.9376	5.2458	6.2950	10.4916
4	15,000,000	18,750,000	1.44%	12.8764	5.2210	6.2651	10.4419
5	20,000,000	25,000,000	1.92%	12.8157	5.1964	6.2356	10.3927
6	25,000,000	31,250,000	2.40%	12.7556	5.1720	6.2064	10.3440
7	30,000,000	37,500,000	2.88%	12.6961	5.1478	6.1774	10.2957
8	35,000,000	43,750,000	3.36%	12.6371	5.1239	6.1487	10.2479
9	40,000,000	50,000,000	3.84%	12.5787	5.1002	6.1203	10.2005
10	45,000,000	56,250,000	4.32%	12.5208	5.0768	6.0921	10.1535
11	50,000,000	62,500,000	4.80%	12.4634	5.0535	6.0642	10.1070
12	55,000,000	68,750,000	5.28%	12.4065	5.0304	6.0365	10.0609
13	60,000,000	75,000,000	5.76%	12.3502	5.0076	6.0091	10.0152

EXHIBIT

XII

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2014 FHCF Reimbursement Premium Credits as of 2/25/15

	2014 FHCF Premium (Base Premium)					
	Commercial	Residential	Mobile Home	Tenants	Condo-Owners	Total
Total Gross FHCF Premium	\$174,920,749	\$986,291,083	\$35,207,372	\$10,184,965	\$66,696,441	\$1,273,300,610
FHCF Premium Credits/Debits	\$2,302,118	-\$3,716,892	\$0	-\$112,368	-\$396,339	-\$1,923,480
Net FHCF Premium	\$177,222,867	\$982,574,191	\$35,207,372	\$10,072,597	\$66,300,102	\$1,271,377,130

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2014 FHCF Reimbursement Premium Credits as of 2/25/15

	Percent of Gross Premium					
	Commercial	Residential	Mobile Home	Tenants	Condo-Owners	Total
Total Gross FHCF Premium	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FHCF Premium Credits/Debits	1.32%	-0.38%	0.00%	-1.10%	-0.59%	-0.15%
Net FHCF Premium	101.32%	99.62%	100.00%	98.90%	99.41%	99.85%

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2014 FHCF Reimbursement Premium Credits as of 2/25/15

	2014 FHCF Exposure					
	Commercial	Residential	Mobile Home	Tenants	Condo-Owners	Total
Total Exposure	\$179,033,158,341	\$1,716,986,905,233	\$27,473,006,210	\$25,917,728,079	\$82,111,199,010	\$2,031,521,996,873
Debit = 30% or greater	\$0	\$616,108,387,313	\$0	\$5,165,115,811	\$35,770,398,057	\$657,043,901,181
20%<Debit<30%	\$90,745,640,614	\$9,229,497,309	\$0	\$0	\$518,006,517	\$100,493,144,440
15%<Debit<20%	\$0	\$0	\$0	\$8,646,189,952	\$0	\$8,646,189,952
10%<Debit<15%	\$0	\$0	\$0	\$0	\$0	\$0
5%<Debit <10%	\$5,371,800,579	\$228,895,382,825	\$0	\$0	\$0	\$234,267,183,404
0%<Debit<=5%	\$0	\$0	\$0	\$3,828,841,380	\$0	\$3,828,841,380
No Credit/Debit	\$0	\$0	\$27,473,006,210	\$0	\$0	\$27,473,006,210
0%<Credit<=5%	\$25,856,322,413	\$305,910	\$0	\$271,612,028	\$8,458,693,037	\$34,586,933,388
5%<Credit<10%	\$0	\$124,380,041,022	\$0	\$0	\$0	\$124,380,041,022
10%<Credit<15%	\$0	\$0	\$0	\$215,595,978	\$6,549,856,396	\$6,765,452,374
15%<Credit<20%	\$986,782,100	\$247,686,176,018	\$0	\$210,418,728	\$0	\$248,883,376,846
20%<Credit<30%	\$7,626,219,076	\$128,007,959,328	\$0	\$1,991,426,366	\$14,298,377,854	\$151,923,982,624
Credit =30% or greater	\$48,446,393,559	\$362,679,155,508	\$0	\$5,588,527,836	\$16,515,867,149	\$433,229,944,052

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2014 FHCF Reimbursement Premium Credits as of 2/25/15

	Percent of Total Exposure					
	Commercial	Residential	Mobile Home	Tenants	Condo-Owners	Total
Total Exposure	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Debit = 30% or greater	0.00%	35.88%	0.00%	19.93%	43.56%	32.34%
20%<Debit<30%	50.69%	0.54%	0.00%	0.00%	0.63%	4.95%
15%<Debit<20%	0.00%	0.00%	0.00%	33.36%	0.00%	0.43%
10%<Debit<15%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5%<Debit <10%	3.00%	13.33%	0.00%	0.00%	0.00%	11.53%
0%<Debit<=5%	0.00%	0.00%	0.00%	14.77%	0.00%	0.19%
No Credit/Debit	0.00%	0.00%	100.00%	0.00%	0.00%	1.35%
0%<Credit<=5%	14.44%	0.00%	0.00%	1.05%	10.30%	1.70%
5%<Credit<10%	0.00%	7.24%	0.00%	0.00%	0.00%	6.12%
10%<Credit<15%	0.00%	0.00%	0.00%	0.83%	7.98%	0.33%
15%<Credit<20%	0.55%	14.43%	0.00%	0.81%	0.00%	12.25%
20%<Credit<30%	4.26%	7.46%	0.00%	7.68%	17.41%	7.48%
Credit =30% or greater	27.06%	21.12%	0.00%	21.56%	20.11%	21.33%

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2014 FHCF Reimbursement Premium Credits as of 2/25/15

	2014 FHCF Risk Counts					
	Commercial	Residential	Mobile Home	Tenants	Condo-Owners	Total
Total Risk Counts	173,672	4,312,233	374,054	811,902	756,683	6,428,544
Debit = 30% or greater	0	1,979,214	0	146,260	446,134	2,571,608
20%<Debit<30%	101,474	42,677	0	0	5,598	149,749
15%<Debit<20%	0	0	0	455,406	0	455,406
10%<Debit<15%	0	0	0	0	0	0
5%<Debit <10%	4,415	564,488	0	0	0	568,903
0%<Debit<=5%	0	0	0	41,895	0	41,895
No Credit/Debit	0	0	374,054	0	0	374,054
0%<Credit<=5%	28,807	1	0	3,787	55,182	87,777
5%<Credit<10%	0	295,175	0	0	0	295,175
10%<Credit<15%	0	0	0	1,229	56,468	57,697
15%<Credit<20%	1,472	529,112	0	3,652	0	534,236
20%<Credit<30%	7,478	258,950	0	51,704	110,235	428,367
Credit =30% or greater	30,026	642,616	0	107,969	83,066	863,677

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2014 FHCF Reimbursement Premium Credits as of 2/25/15

	Percent of All Risks					
	Commercial	Residential	Mobile Home	Tenants	Condo-Owners	Total
Total Risk Counts	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Debit = 30% or greater	0.00%	45.90%	0.00%	18.01%	58.96%	40.00%
20%<Debit<30%	58.43%	0.99%	0.00%	0.00%	0.74%	2.33%
15%<Debit<20%	0.00%	0.00%	0.00%	56.09%	0.00%	7.08%
10%<Debit<15%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5%<Debit <10%	2.54%	13.09%	0.00%	0.00%	0.00%	8.85%
0%<Debit<=5%	0.00%	0.00%	0.00%	5.16%	0.00%	0.65%
No Credit/Debit	0.00%	0.00%	100.00%	0.00%	0.00%	5.82%
0%<Credit<=5%	16.59%	0.00%	0.00%	0.47%	7.29%	1.37%
5%<Credit<10%	0.00%	6.85%	0.00%	0.00%	0.00%	4.59%
10%<Credit<15%	0.00%	0.00%	0.00%	0.15%	7.46%	0.90%
15%<Credit<20%	0.85%	12.27%	0.00%	0.45%	0.00%	8.31%
20%<Credit<30%	4.31%	6.01%	0.00%	6.37%	14.57%	6.66%
Credit =30% or greater	17.29%	14.90%	0.00%	13.30%	10.98%	13.44%

EXHIBIT

XIII

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2015 County Rating Groups

County	Dominant Group	Other Groups	County	Dominant Group	Other Groups
ALACHUA	1	2	LAKE	4	2,3,5,6
BAKER	1		LEE	9	7,8,10,11,12,13,14,15,16,17
BAY	6	1,2,3,4,10	LEON	1	
BRADFORD	1		LEVY	2	4,5
BREVARD	7	5,6,8,9,10,11,12,13,14,15	LIBERTY	1	
BROWARD	12	13,14,15,18,19,20,21,22,23,24	MADISON	1	
CALHOUN	1		MANATEE	6	7,8,9,10,11,14,15
CHARLOTTE	8	6,7,9,10,13	MARION	2	1,3
CITRUS	3	2,4	MARTIN	12	13,14,15,16,18,19
CLAY	1		MIAMI-DADE	15	12,13,14,16,17,18,19,20,21,22,23,24,25
COLLIER	12	8,9,10,11,14,16,18	MONROE	20	19,21,22,23,25
COLUMBIA	1		NASSAU	1	2
DE SOTO	6		OKALOOSA	10	1,2,5,6,7
DIXIE	1	2,3	OKEECHOBEE	10	9
DUVAL	1	2,3,4	ORANGE	4	3,5,7
ESCAMBIA	6	1,2,3,4,5,7,8,9,11	OSCEOLA	5	4,6
FLAGLER	6	2,3	PALM BEACH	13	10,11,12,14,15,16,17,18,19,20,21,22,23
FRANKLIN	4	5,7	PASCO	5	4,6,7,8,9
GADSDEN	1		PINELLAS	8	5,6,7,9,10,11,12,13,14
GILCHRIST	1		POLK	6	4,5
GLADES	7	9	PUTNAM	1	2
GULF	6	1	SAINT JOHNS	1	2,3,5
HAMILTON	1		SAINT LUCIE	11	1,12,13,14,15,16,19
HARDEE	5	6	SANTA ROSA	3	1,2,8,10,11,12
HENDRY	8	10	SARASOTA	9	6,7,10,11,12
HERNANDO	4	3,5,6	SEMINOLE	3	4
HIGHLANDS	7	6,8	SUMTER	3	4
HILLSBOROUGH	5	4,6,7,8,9,10,12	SUWANNEE	1	
HOLMES	1		TAYLOR	1	
INDIAN RIVER	12	8,10,11,13,14,17	UNION	1	
JACKSON	1		VOLUSIA	3	2,4,5,6,7,9
JEFFERSON	1		WAKULLA	1	3
LAFAYETTE	1		WALTON	2	1,3,7,8,10
			WASHINGTON	1	2,6

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County Rating Regions

County Number	County Name	2015 Region	County Number	County Name	2015 Region
1	ALACHUA	1	71	LEE	9
3	BAKER	1	73	LEON	1
5	BAY	5	75	LEVY	2
7	BRADFORD	1	77	LIBERTY	1
9	BREVARD	9	79	MADISON	1
11	BROWARD	14	81	MANATEE	8
13	CALHOUN	1	83	MARION	2
15	CHARLOTTE	8	85	MARTIN	14
17	CITRUS	3	86	MIAMI-DADE	16
19	CLAY	1	87	MONROE	22
21	COLLIER	12	89	NASSAU	2
23	COLUMBIA	1	91	OKALOOSA	6
27	DE SOTO	6	93	OKEECHOBEE	9
29	DIXIE	1	95	ORANGE	4
31	DUVAL	1	97	OSCEOLA	5
33	ESCAMBIA	6	99	PALM BEACH	15
35	FLAGLER	3	101	PASCO	6
37	FRANKLIN	5	103	PINELLAS	9
39	GADSDEN	1	105	POLK	5
41	GILCHRIST	1	107	PUTNAM	1
43	GLADES	9	109	SAINT JOHNS	2
45	GULF	5	111	SAINT LUCIE	11
47	HAMILTON	1	113	SANTA ROSA	7
49	HARDEE	5	115	SARASOTA	8
51	HENDRY	9	117	SEMINOLE	3
53	HERNANDO	4	119	SUMTER	3
55	HIGHLANDS	7	121	SUWANNEE	1
57	HILLSBOROUGH	6	123	TAYLOR	1
59	HOLMES	1	125	UNION	1
61	INDIAN RIVER	13	127	VOLUSIA	4
63	JACKSON	1	129	WAKULLA	1
65	JEFFERSON	1	131	WALTON	7
67	LAFAYETTE	1	133	WASHINGTON	1
69	LAKE	4			

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2015 Rating Group Definitions by Group

Group 1 222 Zips	32003	32073	32216	32308	32359	32602
	32006	32079	32217	32309	32360	32603
	32008	32081	32218	32310	32361	32604
	32009	32083	32219	32311	32362	32605
	32011	32087	32220	32312	32395	32606
	32013	32091	32221	32313	32399	32607
	32024	32092	32222	32314	32420	32608
	32025	32094	32223	32315	32421	32609
	32026	32096	32224	32316	32423	32610
	32030	32097	32225	32317	32424	32611
	32033	32099	32229	32318	32425	32612
	32038	32113	32231	32321	32426	32614
	32040	32134	32234	32324	32427	32615
	32041	32138	32236	32326	32428	32616
	32042	32140	32237	32327	32430	32618
	32043	32145	32238	32330	32431	32619
	32044	32147	32239	32331	32432	32622
	32046	32148	32241	32332	32438	32627
	32050	32160	32244	32333	32440	32628
	32052	32177	32245	32334	32442	32631
	32053	32178	32246	32336	32443	32635
	32054	32182	32247	32337	32445	32640
	32055	32185	32254	32340	32446	32641
	32056	32187	32255	32341	32447	32643
	32058	32189	32256	32343	32448	32653
	32059	32192	32257	32344	32449	32654
	32060	32193	32258	32345	32452	32655
	32061	32201	32259	32347	32455	32656
	32062	32202	32260	32348	32460	32658
	32063	32205	32277	32350	32463	32662
	32064	32207	32301	32351	32464	32666
	32065	32208	32302	32352	32465	32667
	32066	32209	32303	32353	32535	32669
	32067	32210	32304	32355	32538	32680
	32068	32211	32305	32356	32565	32693
	32071	32212	32306	32357	32567	32694
	32072	32214	32307	32358	32601	32697

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2015 Ratemaking Formula Report
2015 Rating Group Definitions by Group

Group 2	32007	32131	32226	32536	32639	34431	34478
72 Zips	32034	32139	32232	32537	32644	34432	34479
	32035	32157	32235	32539	32648	34433	34482
	32095	32164	32409	32564	32663	34449	34483
	32102	32179	32422	32568	32664	34470	34488
	32105	32180	32433	32570	32668	34471	34489
	32110	32181	32434	32617	32681	34472	
	32111	32190	32435	32621	32683	34474	
	32112	32203	32462	32626	32686	34475	
	32124	32204	32466	32633	32696	34476	
	32130	32206	32531	32634	32767	34477	

Group 3	32004	32708	32799	34603
110 Zips	32082	32713	32817	34605
	32084	32714	32867	34636
	32085	32715	33513	34661
	32086	32716	33521	34785
	32128	32718	33538	
	32133	32719	33585	
	32137	32720	34420	
	32158	32721	34421	
	32159	32722	34428	
	32162	32723	34430	
	32163	32724	34434	
	32174	32725	34436	
	32183	32728	34441	
	32195	32730	34442	
	32227	32736	34445	
	32228	32738	34446	
	32233	32739	34447	
	32240	32744	34448	
	32250	32745	34450	
	32346	32746	34451	
	32404	32750	34452	
	32439	32752	34453	
	32444	32753	34460	
	32530	32762	34461	
	32533	32763	34464	
	32560	32764	34465	
	32571	32765	34473	
	32572	32766	34480	
	32577	32774	34481	
	32583	32776	34484	
	32692	32779	34487	
	32702	32784	34491	
	32706	32791	34492	
	32707	32795	34601	

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2015 Rating Group Definitions by Group

Group 4 106 Zips	32129	32792	33549	34789
	32168	32793	33559	
	32173	32794	33565	
	32266	32798	33592	
	32322	32808	33593	
	32323	32810	33594	
	32403	32812	33595	
	32405	32814	33596	
	32406	32816	33597	
	32509	32818	33613	
	32526	32820	33647	
	32534	32821	33849	
	32559	32822	33858	
	32701	32824	33896	
	32703	32825	33897	
	32704	32826	34423	
	32709	32828	34429	
	32710	32829	34498	
	32712	32830	34602	
	32726	32831	34604	
	32727	32833	34608	
	32732	32835	34609	
	32733	32836	34613	
	32735	32837	34614	
	32747	32858	34639	
	32751	32860	34705	
	32756	32861	34713	
	32757	32868	34714	
	32768	32872	34731	
	32771	32877	34734	
	32772	32878	34747	
	32773	32887	34758	
	32777	33514	34761	
	32789	33523	34762	
	32790	33537	34788	

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2015 Rating Group Definitions by Group

Group 5 153 Zips	32080	32827	33558	33812	34745
	32114	32832	33563	33813	34746
	32117	32839	33564	33815	34748
	32119	32853	33566	33823	34749
	32120	32854	33567	33835	34753
	32121	32855	33568	33836	34755
	32122	32856	33569	33837	34759
	32123	32857	33574	33840	34771
	32125	32859	33576	33841	34772
	32127	32862	33583	33846	34773
	32132	32869	33584	33848	34786
	32141	32885	33587	33860	34787
	32175	32886	33612	33863	34797
	32198	32891	33617	33868	
	32328	32896	33618	33873	
	32514	32897	33620	33890	
	32542	32926	33624	34606	
	32578	33508	33625	34610	
	32580	33509	33626	34611	
	32588	33510	33637	34637	
	32625	33511	33682	34638	
	32754	33524	33687	34654	
	32775	33525	33688	34655	
	32778	33526	33689	34669	
	32796	33527	33694	34685	
	32801	33530	33801	34688	
	32802	33539	33802	34711	
	32803	33540	33803	34712	
	32804	33541	33804	34715	
	32805	33542	33805	34736	
	32806	33543	33806	34737	
	32807	33544	33807	34741	
	32809	33548	33809	34742	
	32811	33550	33810	34743	
	32819	33556	33811	34744	

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2015 Rating Group Definitions by Group

Group 6 104 Zips	32115	32413	32781	33604	33843	33872	34202	34288
	32116	32417	32783	33610	33844	33875	34211	34289
	32126	32437	32815	33674	33845	33877	34212	34291
	32135	32456	32927	33782	33847	33880	34219	34607
	32136	32457	32959	33820	33850	33881	34232	34653
	32142	32505	33503	33825	33851	33882	34235	34656
	32143	32506	33545	33826	33853	33883	34251	34677
	32170	32511	33547	33827	33854	33884	34265	34684
	32401	32512	33571	33830	33855	33885	34266	34729
	32402	32516	33573	33831	33856	33888	34267	34739
	32407	32547	33578	33834	33859	33898	34268	34756
	32410	32759	33579	33838	33865	33954	34269	34769
	32412	32780	33598	33839	33867	34201	34286	34770

Group 7 77 Zips	32176	32910	33655	33780	33983	34667		
	32320	32934	33660	33781	34203	34668		
	32329	32955	33661	33857	34204	34673		
	32459	32956	33662	33870	34208	34674		
	32504	33534	33672	33871	34222	34679		
	32523	33601	33673	33876	34233	34680		
	32524	33602	33680	33917	34240	34690		
	32579	33603	33759	33920	34241	34692		
	32591	33614	33761	33938	34243	34740		
	32904	33619	33763	33944	34270	34760		
	32907	33633	33764	33953	34287	34777		
	32908	33635	33766	33960	34290	34778		
	32909	33646	33773	33982	34292			

Group 8 77 Zips	32461	33570	33702	33852	33927	33990		
	32501	33572	33709	33862	33930	33991		
	32503	33575	33714	33903	33935	33994		
	32513	33586	33716	33905	33948	34117		
	32566	33605	33729	33906	33949	34119		
	32899	33607	33732	33909	33950	34120		
	32912	33615	33742	33910	33951	34221		
	32922	33630	33758	33912	33952	34264		
	32923	33634	33760	33913	33955	34652		
	32924	33675	33765	33915	33966	34682		
	32948	33677	33769	33916	33971	34683		
	32953	33684	33771	33918	33975	34695		
	32954	33685	33777	33919	33980			

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2015 Rating Group Definitions by Group

Group 9 63 Zips	32118	33622	33762	33936	33993	34224	34278	
	32169	33623	33778	33965	34116	34234	34293	
	32507	33631	33784	33967	34133	34237	34660	
	32508	33650	33901	33970	34135	34238	34681	
	32520	33663	33902	33972	34142	34250	34689	
	32940	33679	33904	33973	34143	34260	34691	
	33471	33713	33907	33974	34205	34272	34697	
	33606	33730	33911	33976	34206	34274	34698	
	33609	33733	33928	33981	34220	34275	34972	
Group 10 49 Zips	32408	32550	32935	33478	33743	33914	34239	
	32411	32563	32936	33608	33755	33929	34281	
	32540	32569	32952	33611	33756	33947	34282	
	32541	32905	32966	33629	33757	34104	34945	
	32544	32906	32968	33681	33770	34109	34973	
	32548	32911	32969	33703	33779	34114	34974	
	32549	32925	33440	33710	33908	34207	34986	
Group 11 41 Zips	32502	32950	33774	34210	34295	34988		
	32521	32967	33775	34223	34951			
	32522	32970	33776	34229	34953			
	32562	33412	34105	34231	34954			
	32901	33414	34110	34277	34981			
	32902	33704	34112	34280	34983			
	32919	33734	34136	34284	34984			
	32941	33772	34209	34285	34987			
Group 12 72 Zips	32561	33066	33317	33351	33454	33711	34137	34990
	32949	33067	33318	33388	33463	33712	34138	34991
	32957	33068	33319	33411	33467	33731	34139	
	32958	33071	33320	33413	33470	33737	34141	
	32971	33073	33321	33415	33472	33747	34230	
	32976	33075	33322	33418	33616	33767	34236	
	32978	33076	33324	33421	33621	33785	34242	
	33016	33077	33329	33430	33686	33786	34276	
	33063	33093	33337	33437	33701	34113	34947	
	33065	33097	33338	33449	33707	34134	34956	

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2015 Rating Group Definitions by Group

Group 13 57 Zips	32937	33028	33313	33428	33476	33706	34952	
	32962	33055	33323	33433	33482	33708	34985	
	32965	33056	33325	33434	33484	33736	34997	
	33012	33082	33328	33438	33488	33738		
	33015	33175	33331	33442	33493	33740		
	33017	33183	33345	33446	33496	33744		
	33025	33184	33355	33448	33497	33922		
	33026	33265	33359	33459	33498	33945		
	33027	33283	33417	33473	33705	33946		
Group 14 57 Zips	32903	33013	33069	33172	33199	33330	33741	34992
	32920	33014	33072	33174	33266	33332	33956	
	32960	33018	33081	33177	33269	33336	34108	
	32961	33021	33083	33178	33309	33340	34215	
	32964	33023	33084	33185	33310	33422	34216	
	33002	33024	33165	33186	33314	33436	34218	
	33010	33029	33166	33188	33326	33458	34228	
	33011	33054	33169	33193	33327	33715	34946	
Group 15 35 Zips	32931	33090	33126	33167	33196	33311	33957	
	32932	33102	33144	33173	33222	33312	34217	
	32951	33112	33147	33176	33247	33409	34982	
	33030	33116	33152	33182	33255	33931	34994	
	33034	33122	33155	33194	33299	33932	34995	
Group 16 25 Zips	33031	33168	33242	33420	33921	34106	34979	
	33114	33170	33406	33445	34101	34107		
	33134	33187	33410	33455	34102	34948		
	33142	33234	33416	33475	34103	34950		
Group 17 19 Zips	32963	33039	33151	33407	33481			
	33032	33092	33179	33427	33486			
	33033	33125	33195	33461	33924			
	33035	33150	33238	33466				
Group 18 27 Zips	33064	33146	33197	33315	33426	34957		
	33074	33157	33243	33334	33474	34958		
	33127	33161	33257	33335	34140			
	33135	33162	33261	33424	34145			
	33143	33164	33307	33425	34146			

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2015 Rating Group Definitions by Group

Group 19 24 Zips	33042	33101	33138	33156	33245	33403	33431	33468
	33043	33132	33145	33189	33256	33404	33462	34949
	33060	33136	33153	33190	33296	33419	33465	34996
Group 20 22 Zips	33020	33041	33133	33301	33394	33408	33469	33499
	33022	33045	33137	33303	33401	33441	33477	
	33040	33128	33233	33305	33402	33443	33487	
Group 21 13 Zips	33004	33052	33181	33444				
	33008	33061	33302					
	33009	33124	33304					
	33050	33158	33349					
Group 22 19 Zips	33051	33131	33308	33348	33435			
	33111	33231	33316	33405	33480			
	33129	33280	33339	33429	33483			
	33130	33306	33346	33432				
Group 23 6 Zips	33037	33163	33460					
	33062	33180	33464					
Group 24 5 Zips	33019	33154	33206					
	33106	33160						
Group 25 10 Zips	33001	33109	33140	33239				
	33036	33119	33141					
	33070	33139	33149					

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2015 Rating Group Definitions by ZIP Code

ZIP Code	2015 Group	ZIP Code	2015 Group	ZIP Code	2015 Group	ZIP Code	2015 Group
32003	1	32099	1	32180	2	32256	1
32004	3	32102	2	32181	2	32257	1
32006	1	32105	2	32182	1	32258	1
32007	2	32110	2	32183	3	32259	1
32008	1	32111	2	32185	1	32260	1
32009	1	32112	2	32187	1	32266	4
32011	1	32113	1	32189	1	32277	1
32013	1	32114	5	32190	2	32301	1
32024	1	32115	6	32192	1	32302	1
32025	1	32116	6	32193	1	32303	1
32026	1	32117	5	32195	3	32304	1
32030	1	32118	9	32198	5	32305	1
32033	1	32119	5	32201	1	32306	1
32034	2	32120	5	32202	1	32307	1
32035	2	32121	5	32203	2	32308	1
32038	1	32122	5	32204	2	32309	1
32040	1	32123	5	32205	1	32310	1
32041	1	32124	2	32206	2	32311	1
32042	1	32125	5	32207	1	32312	1
32043	1	32126	6	32208	1	32313	1
32044	1	32127	5	32209	1	32314	1
32046	1	32128	3	32210	1	32315	1
32050	1	32129	4	32211	1	32316	1
32052	1	32130	2	32212	1	32317	1
32053	1	32131	2	32214	1	32318	1
32054	1	32132	5	32216	1	32320	7
32055	1	32133	3	32217	1	32321	1
32056	1	32134	1	32218	1	32322	4
32058	1	32135	6	32219	1	32323	4
32059	1	32136	6	32220	1	32324	1
32060	1	32137	3	32221	1	32326	1
32061	1	32138	1	32222	1	32327	1
32062	1	32139	2	32223	1	32328	5
32063	1	32140	1	32224	1	32329	7
32064	1	32141	5	32225	1	32330	1
32065	1	32142	6	32226	2	32331	1
32066	1	32143	6	32227	3	32332	1
32067	1	32145	1	32228	3	32333	1
32068	1	32147	1	32229	1	32334	1
32071	1	32148	1	32231	1	32336	1
32072	1	32157	2	32232	2	32337	1
32073	1	32158	3	32233	3	32340	1
32079	1	32159	3	32234	1	32341	1
32080	5	32160	1	32235	2	32343	1
32081	1	32162	3	32236	1	32344	1
32082	3	32163	3	32237	1	32345	1
32083	1	32164	2	32238	1	32346	3
32084	3	32168	4	32239	1	32347	1
32085	3	32169	9	32240	3	32348	1
32086	3	32170	6	32241	1	32350	1
32087	1	32173	4	32244	1	32351	1
32091	1	32174	3	32245	1	32352	1
32092	1	32175	5	32246	1	32353	1
32094	1	32176	7	32247	1	32355	1
32095	2	32177	1	32250	3	32356	1
32096	1	32178	1	32254	1	32357	1
32097	1	32179	2	32255	1	32358	1

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2015 Rating Group Definitions by ZIP Code

ZIP Code	2015 Group	ZIP Code	2015 Group	ZIP Code	2015 Group	ZIP Code	2015 Group
32359	1	32465	1	32583	3	32697	1
32360	1	32466	2	32588	5	32701	4
32361	1	32501	8	32591	7	32702	3
32362	1	32502	11	32601	1	32703	4
32395	1	32503	8	32602	1	32704	4
32399	1	32504	7	32603	1	32706	3
32401	6	32505	6	32604	1	32707	3
32402	6	32506	6	32605	1	32708	3
32403	4	32507	9	32606	1	32709	4
32404	3	32508	9	32607	1	32710	4
32405	4	32509	4	32608	1	32712	4
32406	4	32511	6	32609	1	32713	3
32407	6	32512	6	32610	1	32714	3
32408	10	32513	8	32611	1	32715	3
32409	2	32514	5	32612	1	32716	3
32410	6	32516	6	32614	1	32718	3
32411	10	32520	9	32615	1	32719	3
32412	6	32521	11	32616	1	32720	3
32413	6	32522	11	32617	2	32721	3
32417	6	32523	7	32618	1	32722	3
32420	1	32524	7	32619	1	32723	3
32421	1	32526	4	32621	2	32724	3
32422	2	32530	3	32622	1	32725	3
32423	1	32531	2	32625	5	32726	4
32424	1	32533	3	32626	2	32727	4
32425	1	32534	4	32627	1	32728	3
32426	1	32535	1	32628	1	32730	3
32427	1	32536	2	32631	1	32732	4
32428	1	32537	2	32633	2	32733	4
32430	1	32538	1	32634	2	32735	4
32431	1	32539	2	32635	1	32736	3
32432	1	32540	10	32639	2	32738	3
32433	2	32541	10	32640	1	32739	3
32434	2	32542	5	32641	1	32744	3
32435	2	32544	10	32643	1	32745	3
32437	6	32547	6	32644	2	32746	3
32438	1	32548	10	32648	2	32747	4
32439	3	32549	10	32653	1	32750	3
32440	1	32550	10	32654	1	32751	4
32442	1	32559	4	32655	1	32752	3
32443	1	32560	3	32656	1	32753	3
32444	3	32561	12	32658	1	32754	5
32445	1	32562	11	32662	1	32756	4
32446	1	32563	10	32663	2	32757	4
32447	1	32564	2	32664	2	32759	6
32448	1	32565	1	32666	1	32762	3
32449	1	32566	8	32667	1	32763	3
32452	1	32567	1	32668	2	32764	3
32455	1	32568	2	32669	1	32765	3
32456	6	32569	10	32680	1	32766	3
32457	6	32570	2	32681	2	32767	2
32459	7	32571	3	32683	2	32768	4
32460	1	32572	3	32686	2	32771	4
32461	8	32577	3	32692	3	32772	4
32462	2	32578	5	32693	1	32773	4
32463	1	32579	7	32694	1	32774	3
32464	1	32580	5	32696	2	32775	5

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2015 Rating Group Definitions by ZIP Code

ZIP Code	2015 Group	ZIP Code	2015 Group	ZIP Code	2015 Group	ZIP Code	2015 Group
32776	3	32857	5	32958	12	33052	21
32777	4	32858	4	32959	6	33054	14
32778	5	32859	5	32960	14	33055	13
32779	3	32860	4	32961	14	33056	13
32780	6	32861	4	32962	13	33060	19
32781	6	32862	5	32963	17	33061	21
32783	6	32867	3	32964	14	33062	23
32784	3	32868	4	32965	13	33063	12
32789	4	32869	5	32966	10	33064	18
32790	4	32872	4	32967	11	33065	12
32791	3	32877	4	32968	10	33066	12
32792	4	32878	4	32969	10	33067	12
32793	4	32885	5	32970	11	33068	12
32794	4	32886	5	32971	12	33069	14
32795	3	32887	4	32976	12	33070	25
32796	5	32891	5	32978	12	33071	12
32798	4	32896	5	33001	25	33072	14
32799	3	32897	5	33002	14	33073	12
32801	5	32899	8	33004	21	33074	18
32802	5	32901	11	33008	21	33075	12
32803	5	32902	11	33009	21	33076	12
32804	5	32903	14	33010	14	33077	12
32805	5	32904	7	33011	14	33081	14
32806	5	32905	10	33012	13	33082	13
32807	5	32906	10	33013	14	33083	14
32808	4	32907	7	33014	14	33084	14
32809	5	32908	7	33015	13	33090	15
32810	4	32909	7	33016	12	33092	17
32811	5	32910	7	33017	13	33093	12
32812	4	32911	10	33018	14	33097	12
32814	4	32912	8	33019	24	33101	19
32815	6	32919	11	33020	20	33102	15
32816	4	32920	14	33021	14	33106	24
32817	3	32922	8	33022	20	33109	25
32818	4	32923	8	33023	14	33111	22
32819	5	32924	8	33024	14	33112	15
32820	4	32925	10	33025	13	33114	16
32821	4	32926	5	33026	13	33116	15
32822	4	32927	6	33027	13	33119	25
32824	4	32931	15	33028	13	33122	15
32825	4	32932	15	33029	14	33124	21
32826	4	32934	7	33030	15	33125	17
32827	5	32935	10	33031	16	33126	15
32828	4	32936	10	33032	17	33127	18
32829	4	32937	13	33033	17	33128	20
32830	4	32940	9	33034	15	33129	22
32831	4	32941	11	33035	17	33130	22
32832	5	32948	8	33036	25	33131	22
32833	4	32949	12	33037	23	33132	19
32835	4	32950	11	33039	17	33133	20
32836	4	32951	15	33040	20	33134	16
32837	4	32952	10	33041	20	33135	18
32839	5	32953	8	33042	19	33136	19
32853	5	32954	8	33043	19	33137	20
32854	5	32955	7	33045	20	33138	19
32855	5	32956	7	33050	21	33139	25
32856	5	32957	12	33051	22	33140	25

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2015 Rating Group Definitions by ZIP Code

ZIP Code	2015 Group	ZIP Code	2015 Group	ZIP Code	2015 Group	ZIP Code	2015 Group
33141	25	33234	16	33345	13	33458	14
33142	16	33238	17	33346	22	33459	13
33143	18	33239	25	33348	22	33460	23
33144	15	33242	16	33349	21	33461	17
33145	19	33243	18	33351	12	33462	19
33146	18	33245	19	33355	13	33463	12
33147	15	33247	15	33359	13	33464	23
33149	25	33255	15	33388	12	33465	19
33150	17	33256	19	33394	20	33466	17
33151	17	33257	18	33401	20	33467	12
33152	15	33261	18	33402	20	33468	19
33153	19	33265	13	33403	19	33469	20
33154	24	33266	14	33404	19	33470	12
33155	15	33269	14	33405	22	33471	9
33156	19	33280	22	33406	16	33472	12
33157	18	33283	13	33407	17	33473	13
33158	21	33296	19	33408	20	33474	18
33160	24	33299	15	33409	15	33475	16
33161	18	33301	20	33410	16	33476	13
33162	18	33302	21	33411	12	33477	20
33163	23	33303	20	33412	11	33478	10
33164	18	33304	21	33413	12	33480	22
33165	14	33305	20	33414	11	33481	17
33166	14	33306	22	33415	12	33482	13
33167	15	33307	18	33416	16	33483	22
33168	16	33308	22	33417	13	33484	13
33169	14	33309	14	33418	12	33486	17
33170	16	33310	14	33419	19	33487	20
33172	14	33311	15	33420	16	33488	13
33173	15	33312	15	33421	12	33493	13
33174	14	33313	13	33422	14	33496	13
33175	13	33314	14	33424	18	33497	13
33176	15	33315	18	33425	18	33498	13
33177	14	33316	22	33426	18	33499	20
33178	14	33317	12	33427	17	33503	6
33179	17	33318	12	33428	13	33508	5
33180	23	33319	12	33429	22	33509	5
33181	21	33320	12	33430	12	33510	5
33182	15	33321	12	33431	19	33511	5
33183	13	33322	12	33432	22	33513	3
33184	13	33323	13	33433	13	33514	4
33185	14	33324	12	33434	13	33521	3
33186	14	33325	13	33435	22	33523	4
33187	16	33326	14	33436	14	33524	5
33188	14	33327	14	33437	12	33525	5
33189	19	33328	13	33438	13	33526	5
33190	19	33329	12	33440	10	33527	5
33193	14	33330	14	33441	20	33530	5
33194	15	33331	13	33442	13	33534	7
33195	17	33332	14	33443	20	33537	4
33196	15	33334	18	33444	21	33538	3
33197	18	33335	18	33445	16	33539	5
33199	14	33336	14	33446	13	33540	5
33206	24	33337	12	33448	13	33541	5
33222	15	33338	12	33449	12	33542	5
33231	22	33339	22	33454	12	33543	5
33233	20	33340	14	33455	16	33544	5

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2015 Rating Group Definitions by ZIP Code

ZIP Code	2015 Group	ZIP Code	2015 Group	ZIP Code	2015 Group	ZIP Code	2015 Group
33545	6	33622	9	33734	11	33827	6
33547	6	33623	9	33736	13	33830	6
33548	5	33624	5	33737	12	33831	6
33549	4	33625	5	33738	13	33834	6
33550	5	33626	5	33740	13	33835	5
33556	5	33629	10	33741	14	33836	5
33558	5	33630	8	33742	8	33837	5
33559	4	33631	9	33743	10	33838	6
33563	5	33633	7	33744	13	33839	6
33564	5	33634	8	33747	12	33840	5
33565	4	33635	7	33755	10	33841	5
33566	5	33637	5	33756	10	33843	6
33567	5	33646	7	33757	10	33844	6
33568	5	33647	4	33758	8	33845	6
33569	5	33650	9	33759	7	33846	5
33570	8	33655	7	33760	8	33847	6
33571	6	33660	7	33761	7	33848	5
33572	8	33661	7	33762	9	33849	4
33573	6	33662	7	33763	7	33850	6
33574	5	33663	9	33764	7	33851	6
33575	8	33672	7	33765	8	33852	8
33576	5	33673	7	33766	7	33853	6
33578	6	33674	6	33767	12	33854	6
33579	6	33675	8	33769	8	33855	6
33583	5	33677	8	33770	10	33856	6
33584	5	33679	9	33771	8	33857	7
33585	3	33680	7	33772	11	33858	4
33586	8	33681	10	33773	7	33859	6
33587	5	33682	5	33774	11	33860	5
33592	4	33684	8	33775	11	33862	8
33593	4	33685	8	33776	11	33863	5
33594	4	33686	12	33777	8	33865	6
33595	4	33687	5	33778	9	33867	6
33596	4	33688	5	33779	10	33868	5
33597	4	33689	5	33780	7	33870	7
33598	6	33694	5	33781	7	33871	7
33601	7	33701	12	33782	6	33872	6
33602	7	33702	8	33784	9	33873	5
33603	7	33703	10	33785	12	33875	6
33604	6	33704	11	33786	12	33876	7
33605	8	33705	13	33801	5	33877	6
33606	9	33706	13	33802	5	33880	6
33607	8	33707	12	33803	5	33881	6
33608	10	33708	13	33804	5	33882	6
33609	9	33709	8	33805	5	33883	6
33610	6	33710	10	33806	5	33884	6
33611	10	33711	12	33807	5	33885	6
33612	5	33712	12	33809	5	33888	6
33613	4	33713	9	33810	5	33890	5
33614	7	33714	8	33811	5	33896	4
33615	8	33715	14	33812	5	33897	4
33616	12	33716	8	33813	5	33898	6
33617	5	33729	8	33815	5	33901	9
33618	5	33730	9	33820	6	33902	9
33619	7	33731	12	33823	5	33903	8
33620	5	33732	8	33825	6	33904	9
33621	12	33733	9	33826	6	33905	8

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2015 Ratemaking Formula Report
2015 Rating Group Definitions by ZIP Code

ZIP Code	2015 Group	ZIP Code	2015 Group	ZIP Code	2015 Group	ZIP Code	2015 Group
33906	8	33991	8	34230	12	34445	3
33907	9	33993	9	34231	11	34446	3
33908	10	33994	8	34232	6	34447	3
33909	8	34101	16	34233	7	34448	3
33910	8	34102	16	34234	9	34449	2
33911	9	34103	16	34235	6	34450	3
33912	8	34104	10	34236	12	34451	3
33913	8	34105	11	34237	9	34452	3
33914	10	34106	16	34238	9	34453	3
33915	8	34107	16	34239	10	34460	3
33916	8	34108	14	34240	7	34461	3
33917	7	34109	10	34241	7	34464	3
33918	8	34110	11	34242	12	34465	3
33919	8	34112	11	34243	7	34470	2
33920	7	34113	12	34250	9	34471	2
33921	16	34114	10	34251	6	34472	2
33922	13	34116	9	34260	9	34473	3
33924	17	34117	8	34264	8	34474	2
33927	8	34119	8	34265	6	34475	2
33928	9	34120	8	34266	6	34476	2
33929	10	34133	9	34267	6	34477	2
33930	8	34134	12	34268	6	34478	2
33931	15	34135	9	34269	6	34479	2
33932	15	34136	11	34270	7	34480	3
33935	8	34137	12	34272	9	34481	3
33936	9	34138	12	34274	9	34482	2
33938	7	34139	12	34275	9	34483	2
33944	7	34140	18	34276	12	34484	3
33945	13	34141	12	34277	11	34487	3
33946	13	34142	9	34278	9	34488	2
33947	10	34143	9	34280	11	34489	2
33948	8	34145	18	34281	10	34491	3
33949	8	34146	18	34282	10	34492	3
33950	8	34201	6	34284	11	34498	4
33951	8	34202	6	34285	11	34601	3
33952	8	34203	7	34286	6	34602	4
33953	7	34204	7	34287	7	34603	3
33954	6	34205	9	34288	6	34604	4
33955	8	34206	9	34289	6	34605	3
33956	14	34207	10	34290	7	34606	5
33957	15	34208	7	34291	6	34607	6
33960	7	34209	11	34292	7	34608	4
33965	9	34210	11	34293	9	34609	4
33966	8	34211	6	34295	11	34610	5
33967	9	34212	6	34420	3	34611	5
33970	9	34215	14	34421	3	34613	4
33971	8	34216	14	34423	4	34614	4
33972	9	34217	15	34428	3	34636	3
33973	9	34218	14	34429	4	34637	5
33974	9	34219	6	34430	3	34638	5
33975	8	34220	9	34431	2	34639	4
33976	9	34221	8	34432	2	34652	8
33980	8	34222	7	34433	2	34653	6
33981	9	34223	11	34434	3	34654	5
33982	7	34224	9	34436	3	34655	5
33983	7	34228	14	34441	3	34656	6
33990	8	34229	11	34442	3	34660	9

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2015 Rating Group Definitions by ZIP Code

ZIP Code	2015 Group	ZIP Code	2015 Group
34661	3	34777	7
34667	7	34778	7
34668	7	34785	3
34669	5	34786	5
34673	7	34787	5
34674	7	34788	4
34677	6	34789	4
34679	7	34797	5
34680	7	34945	10
34681	9	34946	14
34682	8	34947	12
34683	8	34948	16
34684	6	34949	19
34685	5	34950	16
34688	5	34951	11
34689	9	34952	13
34690	7	34953	11
34691	9	34954	11
34692	7	34956	12
34695	8	34957	18
34697	9	34958	18
34698	9	34972	9
34705	4	34973	10
34711	5	34974	10
34712	5	34979	16
34713	4	34981	11
34714	4	34982	15
34715	5	34983	11
34729	6	34984	11
34731	4	34985	13
34734	4	34986	10
34736	5	34987	11
34737	5	34988	11
34739	6	34990	12
34740	7	34991	12
34741	5	34992	14
34742	5	34994	15
34743	5	34995	15
34744	5	34996	19
34745	5	34997	13
34746	5		
34747	4		
34748	5		
34749	5		
34753	5		
34755	5		
34756	6		
34758	4		
34759	5		
34760	7		
34761	4		
34762	4		
34769	6		
34770	6		
34771	5		
34772	5		
34773	5		

EXHIBIT

XIV

PROPOSED FHCF 2015 Commercial Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 90%

Deductible: 3%

ZIP Code				Masonry with		Superior with	Non-MH Default
	Group	Frame	Masonry Veneer	Reinforced Concrete	Roof Deck	Reinforced Concrete	
						Roof Deck	and Unknown
1		0.1305	0.1210	0.0927	0.0488	0.0325	0.0966
2		0.2208	0.2048	0.1569	0.0826	0.0550	0.1634
3		0.3106	0.2881	0.2206	0.1161	0.0773	0.2299
4		0.4075	0.3780	0.2895	0.1524	0.1015	0.3016
5		0.5118	0.4748	0.3636	0.1914	0.1274	0.3788
6		0.6238	0.5786	0.4431	0.2333	0.1553	0.4617
7		0.7437	0.6898	0.5283	0.2781	0.1852	0.5504
8		0.8718	0.8087	0.6193	0.3260	0.2171	0.6453
9		1.0085	0.9355	0.7164	0.3771	0.2511	0.7465
10		1.1542	1.0707	0.8200	0.4316	0.2874	0.8543
11		1.3094	1.2146	0.9302	0.4896	0.3260	0.9692
12		1.4744	1.3677	1.0474	0.5513	0.3671	1.0913
13		1.6498	1.5304	1.1720	0.6169	0.4108	1.2212
14		1.8363	1.7033	1.3044	0.6867	0.4572	1.3592
15		2.0343	1.8870	1.4451	0.7607	0.5065	1.5057
16		2.2446	2.0821	1.5945	0.8394	0.5589	1.6614
17		2.4680	2.2893	1.7532	0.9229	0.6145	1.8267
18		2.7051	2.5093	1.9217	1.0116	0.6735	2.0023
19		2.9569	2.7428	2.1005	1.1057	0.7362	2.1886
20		3.2243	2.9909	2.2905	1.2057	0.8028	2.3865
21		3.5082	3.2542	2.4921	1.3119	0.8735	2.5967
22		3.8096	3.5337	2.7062	1.4246	0.9485	2.8197
23		4.1295	3.8305	2.9335	1.5442	1.0282	3.0565
24		4.4689	4.1453	3.1746	1.6711	1.1127	3.3077
25		4.8289	4.4793	3.4304	1.8057	1.2024	3.5742

PROPOSED FHCF 2015 Commercial Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 75%

Deductible: 3%

ZIP Code				Masonry with Reinforced Concrete		Superior with Reinforced Concrete	Non-MH Default and Unknown
Group	Frame	Masonry Veneer	Masonry	Roof Deck	Superior	Roof Deck	
1	0.1087	0.1008	0.0772	0.0407	0.0400	0.0271	0.0805
2	0.1840	0.1707	0.1307	0.0688	0.0677	0.0458	0.1362
3	0.2588	0.2401	0.1839	0.0968	0.0952	0.0644	0.1916
4	0.3396	0.3150	0.2412	0.1270	0.1249	0.0846	0.2514
5	0.4265	0.3956	0.3030	0.1595	0.1569	0.1062	0.3157
6	0.5198	0.4822	0.3693	0.1944	0.1912	0.1294	0.3848
7	0.6197	0.5749	0.4402	0.2317	0.2280	0.1543	0.4587
8	0.7265	0.6739	0.5161	0.2717	0.2673	0.1809	0.5377
9	0.8404	0.7796	0.5970	0.3143	0.3092	0.2093	0.6221
10	0.9619	0.8922	0.6833	0.3597	0.3539	0.2395	0.7119
11	1.0911	1.0121	0.7751	0.4080	0.4014	0.2717	0.8076
12	1.2287	1.1397	0.8728	0.4595	0.4520	0.3059	0.9094
13	1.3749	1.2753	0.9767	0.5141	0.5058	0.3423	1.0176
14	1.5302	1.4194	1.0870	0.5722	0.5630	0.3810	1.1326
15	1.6953	1.5725	1.2043	0.6339	0.6237	0.4221	1.2548
16	1.8705	1.7351	1.3288	0.6995	0.6882	0.4657	1.3845
17	2.0566	1.9077	1.4610	0.7691	0.7567	0.5121	1.5223
18	2.2543	2.0911	1.6014	0.8430	0.8294	0.5613	1.6685
19	2.4641	2.2857	1.7505	0.9214	0.9066	0.6135	1.8239
20	2.6869	2.4924	1.9087	1.0048	0.9886	0.6690	1.9888
21	2.9235	2.7118	2.0768	1.0932	1.0756	0.7279	2.1639
22	3.1746	2.9448	2.2552	1.1871	1.1680	0.7904	2.3498
23	3.4412	3.1921	2.4446	1.2868	1.2661	0.8568	2.5471
24	3.7241	3.4544	2.6455	1.3926	1.3701	0.9273	2.7565
25	4.0241	3.7327	2.8586	1.5048	1.4805	1.0020	2.9785

PROPOSED FHCF 2015 Commercial Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 45%

Deductible: 3%

ZIP Code				Masonry with Reinforced Concrete		Superior with Reinforced Concrete	Non-MH Default and Unknown
Group	Frame	Masonry Veneer	Masonry	Roof Deck	Superior	Roof Deck	
1	0.0652	0.0605	0.0463	0.0244	0.0240	0.0162	0.0483
2	0.1104	0.1024	0.0784	0.0413	0.0406	0.0275	0.0817
3	0.1553	0.1440	0.1103	0.0581	0.0571	0.0387	0.1149
4	0.2038	0.1890	0.1447	0.0762	0.0750	0.0507	0.1508
5	0.2559	0.2374	0.1818	0.0957	0.0942	0.0637	0.1894
6	0.3119	0.2893	0.2216	0.1166	0.1147	0.0777	0.2309
7	0.3718	0.3449	0.2641	0.1390	0.1368	0.0926	0.2752
8	0.4359	0.4043	0.3097	0.1630	0.1604	0.1085	0.3226
9	0.5043	0.4678	0.3582	0.1886	0.1855	0.1256	0.3732
10	0.5771	0.5353	0.4100	0.2158	0.2123	0.1437	0.4272
11	0.6547	0.6073	0.4651	0.2448	0.2409	0.1630	0.4846
12	0.7372	0.6838	0.5237	0.2757	0.2712	0.1836	0.5457
13	0.8249	0.7652	0.5860	0.3085	0.3035	0.2054	0.6106
14	0.9181	0.8517	0.6522	0.3433	0.3378	0.2286	0.6796
15	1.0172	0.9435	0.7226	0.3804	0.3742	0.2533	0.7529
16	1.1223	1.0411	0.7973	0.4197	0.4129	0.2794	0.8307
17	1.2340	1.1446	0.8766	0.4614	0.4540	0.3072	0.9134
18	1.3526	1.2546	0.9608	0.5058	0.4976	0.3368	1.0011
19	1.4785	1.3714	1.0503	0.5529	0.5439	0.3681	1.0943
20	1.6122	1.4954	1.1452	0.6029	0.5931	0.4014	1.1933
21	1.7541	1.6271	1.2461	0.6559	0.6454	0.4367	1.2983
22	1.9048	1.7669	1.3531	0.7123	0.7008	0.4743	1.4099
23	2.0647	1.9152	1.4667	0.7721	0.7596	0.5141	1.5282
24	2.2345	2.0727	1.5873	0.8356	0.8221	0.5564	1.6539
25	2.4145	2.2396	1.7152	0.9029	0.8883	0.6012	1.7871

PROPOSED FHCF 2015 Residential Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 90%

Deductible: 2%

ZIP Code				Non-MH Default
Group	<u>Frame</u>	<u>Masonry Veneer</u>	<u>Masonry</u>	<u>Unknown</u>
1	0.0988	0.0900	0.0755	0.0977
2	0.1672	0.1523	0.1278	0.1654
3	0.2352	0.2143	0.1797	0.2326
4	0.3087	0.2811	0.2358	0.3053
5	0.3877	0.3531	0.2962	0.3834
6	0.4725	0.4303	0.3610	0.4673
7	0.5633	0.5130	0.4303	0.5571
8	0.6603	0.6014	0.5045	0.6530
9	0.7639	0.6958	0.5836	0.7555
10	0.8743	0.7963	0.6679	0.8646
11	0.9918	0.9033	0.7577	0.9808
12	1.1167	1.0172	0.8532	1.1044
13	1.2496	1.1382	0.9547	1.2358
14	1.3908	1.2668	1.0626	1.3755
15	1.5408	1.4034	1.1771	1.5238
16	1.7001	1.5485	1.2988	1.6814
17	1.8693	1.7026	1.4281	1.8487
18	2.0489	1.8662	1.5653	2.0263
19	2.2396	2.0399	1.7110	2.2149
20	2.4422	2.2244	1.8657	2.4152
21	2.6572	2.4202	2.0300	2.6278
22	2.8854	2.6281	2.2044	2.8536
23	3.1277	2.8488	2.3895	3.0932
24	3.3848	3.0830	2.5859	3.3475
25	3.6575	3.3314	2.7942	3.6172

PROPOSED FHCF 2015 Residential Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 75%

Deductible: 2%

ZIP Code				Non-MH Default
Group	<u>Frame</u>	<u>Masonry Veneer</u>	<u>Masonry</u>	<u>Unknown</u>
1	0.0823	0.0750	0.0629	0.0814
2	0.1394	0.1269	0.1065	0.1378
3	0.1960	0.1786	0.1498	0.1939
4	0.2572	0.2343	0.1965	0.2544
5	0.3231	0.2942	0.2468	0.3195
6	0.3937	0.3586	0.3008	0.3894
7	0.4694	0.4275	0.3586	0.4642
8	0.5503	0.5012	0.4204	0.5442
9	0.6366	0.5798	0.4863	0.6295
10	0.7285	0.6636	0.5566	0.7205
11	0.8265	0.7528	0.6314	0.8173
12	0.9306	0.8476	0.7110	0.9203
13	1.0414	0.9485	0.7956	1.0299
14	1.1590	1.0557	0.8855	1.1462
15	1.2840	1.1695	0.9810	1.2698
16	1.4168	1.2904	1.0824	1.4011
17	1.5577	1.4188	1.1901	1.5405
18	1.7074	1.5552	1.3044	1.6886
19	1.8664	1.6999	1.4259	1.8458
20	2.0351	1.8536	1.5548	2.0127
21	2.2143	2.0168	1.6917	2.1899
22	2.4045	2.1901	1.8370	2.3780
23	2.6064	2.3740	1.9912	2.5777
24	2.8207	2.5691	2.1549	2.7896
25	3.0479	2.7761	2.3285	3.0143

PROPOSED FHCF 2015 Residential Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 45%

Deductible: 2%

ZIP Code				Non-MH Default
Group	<u>Frame</u>	<u>Masonry Veneer</u>	<u>Masonry</u>	<u>Unknown</u>
1	0.0494	0.0450	0.0377	0.0489
2	0.0836	0.0762	0.0639	0.0827
3	0.1176	0.1071	0.0899	0.1163
4	0.1543	0.1406	0.1179	0.1526
5	0.1938	0.1765	0.1481	0.1917
6	0.2362	0.2152	0.1805	0.2336
7	0.2816	0.2565	0.2152	0.2785
8	0.3302	0.3007	0.2522	0.3265
9	0.3819	0.3479	0.2918	0.3777
10	0.4371	0.3981	0.3340	0.4323
11	0.4959	0.4517	0.3788	0.4904
12	0.5584	0.5086	0.4266	0.5522
13	0.6248	0.5691	0.4773	0.6179
14	0.6954	0.6334	0.5313	0.6877
15	0.7704	0.7017	0.5886	0.7619
16	0.8501	0.7743	0.6494	0.8407
17	0.9346	0.8513	0.7140	0.9243
18	1.0245	0.9331	0.7827	1.0132
19	1.1198	1.0200	0.8555	1.1075
20	1.2211	1.1122	0.9329	1.2076
21	1.3286	1.2101	1.0150	1.3139
22	1.4427	1.3141	1.1022	1.4268
23	1.5639	1.4244	1.1947	1.5466
24	1.6924	1.5415	1.2930	1.6737
25	1.8288	1.6657	1.3971	1.8086

PROPOSED FHCF 2015 Mobile Home Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 90%

Deductible: \$251 - \$500

ZIP Code Group	Fully Tied Down -- Manufactured		Other than Fully Tied Unknown
	<u>Prior to 7/13/94</u>	<u>On or After 7/13/94</u>	
1	0.3241	0.2697	0.4735
2	0.5486	0.4565	0.8015
3	0.7717	0.6421	1.1273
4	1.0126	0.8425	1.4792
5	1.2718	1.0581	1.8578
6	1.5499	1.2896	2.2642
7	1.8478	1.5374	2.6994
8	2.1662	1.8023	3.1645
9	2.5059	2.0850	3.6608
10	2.8680	2.3862	4.1897
11	3.2534	2.7069	4.7528
12	3.6635	3.0481	5.3518
13	4.0994	3.4107	5.9886
14	4.5626	3.7961	6.6653
15	5.0547	4.2055	7.3841
16	5.5773	4.6404	8.1476
17	6.1322	5.1021	8.9583
18	6.7215	5.5923	9.8191
19	7.3472	6.1129	10.7331
20	8.0115	6.6657	11.7036
21	8.7169	7.2525	12.7341
22	9.4657	7.8756	13.8280
23	10.2605	8.5369	14.9891
24	11.1040	9.2386	16.2213
25	11.9985	9.9829	17.5281

PROPOSED FHCF 2015 Mobile Home Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 75%

Deductible: \$251 - \$500

ZIP Code Group	Fully Tied Down -- Manufactured		Other than Fully Tied Unknown
	<u>Prior to 7/13/94</u>	<u>On or After 7/13/94</u>	
1	0.2701	0.2247	0.3946
2	0.4572	0.3804	0.6679
3	0.6431	0.5351	0.9395
4	0.8438	0.7020	1.2327
5	1.0598	0.8818	1.5482
6	1.2916	1.0746	1.8869
7	1.5399	1.2812	2.2495
8	1.8052	1.5019	2.6371
9	2.0883	1.7375	3.0507
10	2.3900	1.9885	3.4914
11	2.7112	2.2557	3.9607
12	3.0529	2.5400	4.4598
13	3.4162	2.8423	4.9905
14	3.8022	3.1635	5.5544
15	4.2122	3.5046	6.1535
16	4.6477	3.8670	6.7896
17	5.1102	4.2517	7.4652
18	5.6012	4.6603	8.1826
19	6.1226	5.0941	8.9443
20	6.6763	5.5547	9.7530
21	7.2641	6.0438	10.6117
22	7.8881	6.5630	11.5233
23	8.5504	7.1141	12.4910
24	9.2533	7.6989	13.5177
25	9.9988	8.3191	14.6068

PROPOSED FHCF 2015 Mobile Home Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 45%

Deductible: \$251 - \$500

ZIP Code Group	Fully Tied Down -- Manufactured		Other than Fully Tied Unknown
	<u>Prior to 7/13/94</u>	<u>On or After 7/13/94</u>	
1	0.1621	0.1348	0.2368
2	0.2743	0.2282	0.4007
3	0.3859	0.3210	0.5637
4	0.5063	0.4212	0.7396
5	0.6359	0.5291	0.9289
6	0.7750	0.6448	1.1321
7	0.9239	0.7687	1.3497
8	1.0831	0.9011	1.5822
9	1.2530	1.0425	1.8304
10	1.4340	1.1931	2.0948
11	1.6267	1.3534	2.3764
12	1.8317	1.5240	2.6759
13	2.0497	1.7054	2.9943
14	2.2813	1.8981	3.3327
15	2.5273	2.1028	3.6921
16	2.7886	2.3202	4.0738
17	3.0661	2.5510	4.4791
18	3.3607	2.7962	4.9096
19	3.6736	3.0565	5.3666
20	4.0058	3.3328	5.8518
21	4.3584	3.6263	6.3670
22	4.7328	3.9378	6.9140
23	5.1303	4.2684	7.4946
24	5.5520	4.6193	8.1106
25	5.9993	4.9915	8.7641

PROPOSED FHCF 2015 Tenants Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 90%

Deductible: \$1 - \$500

ZIP Code				Masonry with Reinforced Concrete		Superior with Reinforced Concrete	Non-MH Default and Unknown
Group	Frame	Masonry Veneer	Masonry	Roof Deck	Superior	Roof Deck	
1	0.0685	0.0616	0.0482	0.0335	0.0291	0.0182	0.0461
2	0.1159	0.1043	0.0816	0.0567	0.0492	0.0308	0.0780
3	0.1630	0.1468	0.1148	0.0797	0.0692	0.0433	0.1098
4	0.2138	0.1926	0.1506	0.1046	0.0909	0.0568	0.1440
5	0.2686	0.2419	0.1892	0.1313	0.1141	0.0713	0.1809
6	0.3273	0.2948	0.2306	0.1601	0.1391	0.0869	0.2205
7	0.3902	0.3514	0.2749	0.1908	0.1658	0.1036	0.2629
8	0.4575	0.4120	0.3222	0.2237	0.1944	0.1215	0.3082
9	0.5292	0.4766	0.3728	0.2588	0.2249	0.1405	0.3565
10	0.6057	0.5454	0.4266	0.2962	0.2574	0.1608	0.4080
11	0.6871	0.6187	0.4840	0.3360	0.2919	0.1824	0.4628
12	0.7737	0.6967	0.5450	0.3783	0.3287	0.2054	0.5212
13	0.8657	0.7796	0.6098	0.4234	0.3678	0.2298	0.5832
14	0.9636	0.8677	0.6787	0.4712	0.4094	0.2558	0.6491
15	1.0675	0.9613	0.7519	0.5220	0.4536	0.2834	0.7191
16	1.1778	1.0607	0.8296	0.5760	0.5005	0.3127	0.7934
17	1.2950	1.1662	0.9122	0.6333	0.5503	0.3438	0.8724
18	1.4195	1.2783	0.9998	0.6941	0.6031	0.3769	0.9562
19	1.5516	1.3973	1.0929	0.7588	0.6593	0.4119	1.0452
20	1.6919	1.5236	1.1917	0.8274	0.7189	0.4492	1.1397
21	1.8409	1.6578	1.2966	0.9002	0.7822	0.4887	1.2401
22	1.9990	1.8002	1.4080	0.9776	0.8494	0.5307	1.3466
23	2.1669	1.9514	1.5263	1.0596	0.9207	0.5753	1.4597
24	2.3450	2.1118	1.6517	1.1467	0.9964	0.6226	1.5796
25	2.5339	2.2819	1.7848	1.2391	1.0767	0.6727	1.7069

PROPOSED FHCF 2015 Tenants Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 75%

Deductible: \$1 - \$500

ZIP Code				Masonry with Reinforced Concrete		Superior with Reinforced Concrete	Non-MH Default and Unknown
Group	Frame	Masonry Veneer	Masonry	Roof Deck	Superior	Roof Deck	
1	0.0570	0.0514	0.0402	0.0279	0.0242	0.0151	0.0384
2	0.0966	0.0869	0.0680	0.0472	0.0410	0.0256	0.0650
3	0.1358	0.1223	0.0957	0.0664	0.0577	0.0361	0.0915
4	0.1782	0.1605	0.1255	0.0871	0.0757	0.0473	0.1200
5	0.2238	0.2016	0.1576	0.1094	0.0951	0.0594	0.1508
6	0.2728	0.2456	0.1921	0.1334	0.1159	0.0724	0.1837
7	0.3252	0.2929	0.2291	0.1590	0.1382	0.0863	0.2191
8	0.3812	0.3433	0.2685	0.1864	0.1620	0.1012	0.2568
9	0.4410	0.3972	0.3106	0.2157	0.1874	0.1171	0.2971
10	0.5047	0.4545	0.3555	0.2468	0.2145	0.1340	0.3400
11	0.5726	0.5156	0.4033	0.2800	0.2433	0.1520	0.3857
12	0.6447	0.5806	0.4541	0.3153	0.2739	0.1712	0.4343
13	0.7214	0.6497	0.5082	0.3528	0.3065	0.1915	0.4860
14	0.8030	0.7231	0.5656	0.3927	0.3412	0.2132	0.5409
15	0.8896	0.8011	0.6266	0.4350	0.3780	0.2362	0.5992
16	0.9815	0.8839	0.6914	0.4800	0.4171	0.2606	0.6612
17	1.0792	0.9719	0.7601	0.5277	0.4585	0.2865	0.7270
18	1.1829	1.0653	0.8332	0.5785	0.5026	0.3141	0.7968
19	1.2930	1.1644	0.9108	0.6323	0.5494	0.3433	0.8710
20	1.4099	1.2697	0.9931	0.6895	0.5991	0.3743	0.9498
21	1.5341	1.3815	1.0805	0.7502	0.6518	0.4073	1.0334
22	1.6659	1.5002	1.1734	0.8146	0.7078	0.4423	1.1222
23	1.8057	1.6261	1.2719	0.8830	0.7673	0.4794	1.2164
24	1.9542	1.7598	1.3764	0.9556	0.8303	0.5188	1.3164
25	2.1116	1.9016	1.4873	1.0326	0.8972	0.5606	1.4224

PROPOSED FHCF 2015 Tenants Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 45%

Deductible: \$1 - \$500

ZIP Code				Masonry with Reinforced Concrete		Superior with Reinforced Concrete	
<u>Group</u>	<u>Frame</u>	<u>Masonry Veneer</u>	<u>Masonry</u>	<u>Roof Deck</u>	<u>Superior</u>	<u>Roof Deck</u>	<u>Non-MH Default and Unknown</u>
1	0.0342	0.0308	0.0241	0.0167	0.0145	0.0091	0.0231
2	0.0579	0.0522	0.0408	0.0283	0.0246	0.0154	0.0390
3	0.0815	0.0734	0.0574	0.0398	0.0346	0.0216	0.0549
4	0.1069	0.0963	0.0753	0.0523	0.0454	0.0284	0.0720
5	0.1343	0.1209	0.0946	0.0657	0.0571	0.0357	0.0905
6	0.1637	0.1474	0.1153	0.0800	0.0695	0.0435	0.1102
7	0.1951	0.1757	0.1374	0.0954	0.0829	0.0518	0.1314
8	0.2287	0.2060	0.1611	0.1119	0.0972	0.0607	0.1541
9	0.2646	0.2383	0.1864	0.1294	0.1124	0.0703	0.1782
10	0.3028	0.2727	0.2133	0.1481	0.1287	0.0804	0.2040
11	0.3435	0.3094	0.2420	0.1680	0.1460	0.0912	0.2314
12	0.3868	0.3484	0.2725	0.1892	0.1644	0.1027	0.2606
13	0.4329	0.3898	0.3049	0.2117	0.1839	0.1149	0.2916
14	0.4818	0.4339	0.3393	0.2356	0.2047	0.1279	0.3245
15	0.5337	0.4807	0.3759	0.2610	0.2268	0.1417	0.3595
16	0.5889	0.5303	0.4148	0.2880	0.2502	0.1564	0.3967
17	0.6475	0.5831	0.4561	0.3166	0.2751	0.1719	0.4362
18	0.7097	0.6392	0.4999	0.3471	0.3016	0.1884	0.4781
19	0.7758	0.6987	0.5465	0.3794	0.3296	0.2060	0.5226
20	0.8460	0.7618	0.5959	0.4137	0.3594	0.2246	0.5699
21	0.9204	0.8289	0.6483	0.4501	0.3911	0.2444	0.6200
22	0.9995	0.9001	0.7040	0.4888	0.4247	0.2654	0.6733
23	1.0834	0.9757	0.7631	0.5298	0.4604	0.2876	0.7298
24	1.1725	1.0559	0.8259	0.5734	0.4982	0.3113	0.7898
25	1.2670	1.1410	0.8924	0.6196	0.5383	0.3364	0.8535

PROPOSED FHCF 2015 Condominium Unit Owners Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 90%

Deductible: \$1 - \$500

ZIP Code				Masonry with Reinforced Concrete		Superior with Reinforced Concrete	Non-MH Default and Unknown
Group	Frame	Masonry Veneer	Masonry	Roof Deck	Superior	Roof Deck	
1	0.1167	0.0994	0.0788	0.0471	0.0489	0.0279	0.0777
2	0.1975	0.1682	0.1334	0.0797	0.0828	0.0473	0.1315
3	0.2778	0.2366	0.1877	0.1121	0.1164	0.0665	0.1849
4	0.3644	0.3104	0.2462	0.1471	0.1528	0.0872	0.2426
5	0.4577	0.3899	0.3093	0.1848	0.1919	0.1096	0.3048
6	0.5579	0.4752	0.3769	0.2252	0.2338	0.1335	0.3714
7	0.6651	0.5665	0.4494	0.2684	0.2788	0.1592	0.4428
8	0.7797	0.6641	0.5268	0.3147	0.3268	0.1866	0.5191
9	0.9019	0.7683	0.6094	0.3641	0.3781	0.2159	0.6005
10	1.0323	0.8793	0.6974	0.4167	0.4327	0.2471	0.6873
11	1.1710	0.9975	0.7912	0.4727	0.4908	0.2803	0.7796
12	1.3186	1.1232	0.8909	0.5322	0.5527	0.3156	0.8779
13	1.4755	1.2568	0.9969	0.5956	0.6185	0.3532	0.9823
14	1.6422	1.3988	1.1095	0.6629	0.6883	0.3931	1.0933
15	1.8193	1.5497	1.2292	0.7343	0.7626	0.4355	1.2113
16	2.0074	1.7099	1.3563	0.8103	0.8414	0.4805	1.3365
17	2.2071	1.8801	1.4912	0.8909	0.9251	0.5283	1.4695
18	2.4192	2.0607	1.6345	0.9765	1.0140	0.5791	1.6107
19	2.6444	2.2526	1.7867	1.0674	1.1084	0.6330	1.7606
20	2.8835	2.4562	1.9482	1.1639	1.2087	0.6903	1.9198
21	3.1374	2.6725	2.1198	1.2664	1.3151	0.7510	2.0888
22	3.4069	2.9021	2.3019	1.3752	1.4281	0.8156	2.2683
23	3.6930	3.1458	2.4951	1.4906	1.5480	0.8840	2.4587
24	3.9966	3.4043	2.7003	1.6132	1.6752	0.9567	2.6609
25	4.3186	3.6786	2.9178	1.7431	1.8102	1.0338	2.8752

PROPOSED FHCF 2015 Condominium Unit Owners Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 75%

Deductible: \$1 - \$500

ZIP Code				Masonry with Reinforced Concrete		Superior with Reinforced Concrete	Non-MH Default
Group	Frame	Masonry Veneer	Masonry	Roof Deck	Superior	Roof Deck	and Unknown
1	0.0972	0.0828	0.0657	0.0392	0.0408	0.0233	0.0647
2	0.1646	0.1402	0.1112	0.0664	0.0690	0.0394	0.1096
3	0.2315	0.1972	0.1564	0.0934	0.0970	0.0554	0.1541
4	0.3037	0.2587	0.2052	0.1226	0.1273	0.0727	0.2022
5	0.3814	0.3249	0.2577	0.1540	0.1599	0.0913	0.2540
6	0.4649	0.3960	0.3141	0.1876	0.1949	0.1113	0.3095
7	0.5542	0.4721	0.3745	0.2237	0.2323	0.1327	0.3690
8	0.6497	0.5534	0.4390	0.2623	0.2723	0.1555	0.4326
9	0.7516	0.6402	0.5078	0.3034	0.3150	0.1799	0.5004
10	0.8602	0.7327	0.5812	0.3472	0.3606	0.2059	0.5727
11	0.9758	0.8312	0.6593	0.3939	0.4090	0.2336	0.6497
12	1.0988	0.9360	0.7424	0.4435	0.4606	0.2630	0.7316
13	1.2296	1.0474	0.8307	0.4963	0.5154	0.2943	0.8186
14	1.3685	1.1657	0.9246	0.5524	0.5736	0.3276	0.9111
15	1.5161	1.2914	1.0243	0.6119	0.6355	0.3629	1.0094
16	1.6728	1.4249	1.1302	0.6752	0.7012	0.4004	1.1137
17	1.8393	1.5667	1.2427	0.7424	0.7710	0.4403	1.2246
18	2.0160	1.7173	1.3621	0.8137	0.8450	0.4826	1.3422
19	2.2037	1.8771	1.4889	0.8895	0.9237	0.5275	1.4672
20	2.4030	2.0469	1.6235	0.9699	1.0072	0.5752	1.5998
21	2.6145	2.2271	1.7665	1.0553	1.0959	0.6259	1.7407
22	2.8391	2.4184	1.9182	1.1460	1.1900	0.6796	1.8902
23	3.0775	2.6215	2.0793	1.2422	1.2900	0.7367	2.0490
24	3.3305	2.8370	2.2502	1.3443	1.3960	0.7973	2.2174
25	3.5988	3.0655	2.4315	1.4526	1.5085	0.8615	2.3960

PROPOSED FHCF 2015 Condominium Unit Owners Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 45%

Deductible: \$1 - \$500

ZIP Code				Masonry with Reinforced Concrete		Superior with Reinforced Concrete	Non-MH Default
<u>Group</u>	<u>Frame</u>	<u>Masonry Veneer</u>	<u>Masonry</u>	<u>Roof Deck</u>	<u>Superior</u>	<u>Roof Deck</u>	<u>and Unknown</u>
1	0.0583	0.0497	0.0394	0.0235	0.0245	0.0140	0.0388
2	0.0987	0.0841	0.0667	0.0399	0.0414	0.0236	0.0657
3	0.1389	0.1183	0.0938	0.0561	0.0582	0.0332	0.0925
4	0.1822	0.1552	0.1231	0.0736	0.0764	0.0436	0.1213
5	0.2289	0.1950	0.1546	0.0924	0.0959	0.0548	0.1524
6	0.2789	0.2376	0.1885	0.1126	0.1169	0.0668	0.1857
7	0.3325	0.2833	0.2247	0.1342	0.1394	0.0796	0.2214
8	0.3898	0.3321	0.2634	0.1574	0.1634	0.0933	0.2595
9	0.4510	0.3841	0.3047	0.1820	0.1890	0.1080	0.3002
10	0.5161	0.4396	0.3487	0.2083	0.2163	0.1236	0.3436
11	0.5855	0.4987	0.3956	0.2363	0.2454	0.1402	0.3898
12	0.6593	0.5616	0.4454	0.2661	0.2763	0.1578	0.4389
13	0.7377	0.6284	0.4984	0.2978	0.3092	0.1766	0.4912
14	0.8211	0.6994	0.5548	0.3314	0.3442	0.1966	0.5467
15	0.9097	0.7749	0.6146	0.3672	0.3813	0.2178	0.6056
16	1.0037	0.8550	0.6781	0.4051	0.4207	0.2403	0.6682
17	1.1036	0.9400	0.7456	0.4454	0.4626	0.2642	0.7347
18	1.2096	1.0304	0.8173	0.4882	0.5070	0.2896	0.8053
19	1.3222	1.1263	0.8933	0.5337	0.5542	0.3165	0.8803
20	1.4418	1.2281	0.9741	0.5820	0.6043	0.3451	0.9599
21	1.5687	1.3362	1.0599	0.6332	0.6575	0.3755	1.0444
22	1.7035	1.4510	1.1509	0.6876	0.7140	0.4078	1.1341
23	1.8465	1.5729	1.2476	0.7453	0.7740	0.4420	1.2294
24	1.9983	1.7022	1.3501	0.8066	0.8376	0.4784	1.3304
25	2.1593	1.8393	1.4589	0.8716	0.9051	0.5169	1.4376

Florida Hurricane Catastrophe Fund

2015 Ratemaking Formula Report

Windstorm Mitigation Construction Rating Classification Factors

To Calculate the Final FHCF Rate for a risk:

Preliminary factor = (year built factor) x (roof shape factor) x (opening protection factor)

Capped factor = Preliminary Factor*

Final rate = (Base rate) x (Capped factor) x (On balance factor)

**Capped factor = 100% of Preliminary Factor (i.e. no cap in current factors)*

Rating Factor	Description	Type of Business				
		Commercial	Residential	Mobile Home	Tenants	Condos
Year Built	2002 or later	0.4885	0.5338	1.0000	0.5030	0.5188
	1995-2001	0.6341	0.7245	1.0000	0.7065	0.7095
	1994 or Earlier	1.1655	1.3099	1.0000	1.3550	1.2754
	Unknown or Mobile Home	0.9522	1.0306	1.0000	1.0544	1.0253
Roof Shape	Hip, Mansard, or Pyramid	0.8500	0.8352	1.0000	0.8019	0.8013
	Gable, Other or Unknown	1.0292	1.1081	1.0000	1.0352	1.0349
Opening Protection	Structure Opening Protection**	0.8136	0.8351	1.0000	0.7690	0.7890
	No Structure Opening Protection	1.0608	1.0781	1.0000	1.0401	1.1019
On Balance Factor		0.9841	0.9734	1.0000	0.9913	0.9864

**Structure Opening Protection Credit requires that primary policy has structure opening protection credit.

EXHIBIT

XV

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2014 FHCF Exposure and Risks as of 2/25/15

2015 FHCF Rating Region	Total Exposure					
	Commercial	Residential	Mobile Home	Tenants	Condominium- Owners	Total
1	4,170,670,195	186,455,869,289	4,783,383,837	2,454,033,169	2,312,333,988	200,176,290,478
2	787,492,710	50,647,876,172	1,644,615,517	454,835,658	721,815,860	54,256,635,917
3	3,084,011,413	167,197,116,915	2,956,960,056	1,641,828,398	2,727,298,635	177,607,215,417
4	5,419,664,250	157,203,751,956	2,435,980,944	2,175,432,332	2,555,249,666	169,790,079,148
5	6,187,091,387	210,701,899,441	4,700,521,648	2,476,642,935	3,327,016,857	227,393,172,268
6	4,319,322,198	97,073,067,307	2,948,606,831	1,046,744,071	2,850,442,235	108,238,182,642
7	5,212,286,853	81,106,045,014	1,687,539,482	902,558,187	2,899,967,964	91,808,397,500
8	8,758,017,783	90,697,705,380	1,788,695,998	1,011,496,518	4,942,195,415	107,198,111,094
9	7,882,540,061	73,524,779,483	806,979,000	795,211,654	5,282,099,717	88,291,609,915
10	7,689,866,900	75,039,079,259	1,117,872,189	1,003,900,077	5,295,451,859	90,146,170,284
11	6,849,847,106	63,983,175,387	398,314,087	683,745,005	4,326,134,751	76,241,216,336
12	20,214,352,162	112,204,467,303	705,439,091	1,416,335,675	9,295,273,941	143,835,868,172
13	16,166,460,899	90,023,880,266	528,996,196	1,072,162,284	5,947,486,005	113,738,985,650
14	14,128,431,298	78,137,851,862	287,180,887	758,382,616	5,775,026,071	99,086,872,734
15	5,792,184,801	33,000,064,307	272,004,883	264,996,173	2,057,721,121	41,386,971,285
16	4,028,307,829	27,045,982,340	104,122,340	559,984,099	2,735,302,824	34,473,699,432
17	3,495,777,322	17,191,989,012	10,251,143	225,473,360	1,049,333,453	21,972,824,290
18	4,879,485,018	25,404,532,741	76,911,843	276,414,713	1,837,658,457	32,475,002,772
19	6,132,300,792	21,354,358,727	69,783,925	330,078,276	2,228,038,082	30,114,559,802
20	8,085,976,310	20,379,892,649	23,705,169	615,788,891	3,870,158,743	32,975,521,762
21	4,081,390,923	5,753,646,682	72,241,723	149,481,778	1,149,723,411	11,206,484,517
22	11,729,521,606	17,874,639,952	4,815,420	1,056,427,469	5,400,851,762	36,066,256,209
23	5,453,280,475	5,476,043,695	35,515,619	182,475,073	2,045,415,334	13,192,730,196
24	6,998,281,130	3,366,498,865	-	231,881,901	2,332,463,031	12,929,124,927
25	7,486,596,920	6,142,691,229	12,568,382	302,576,387	2,975,581,208	16,920,014,126
Total	\$179,033,158,341	\$1,716,986,905,233	\$27,473,006,210	\$22,088,886,699	\$85,940,040,390	\$2,031,521,996,873
1-5	\$19,648,929,955	\$772,206,513,773	\$16,521,462,002	\$9,202,772,492	\$11,643,715,006	\$829,223,393,228
6-10	\$33,862,033,795	\$417,440,676,443	\$8,349,693,500	\$4,759,910,507	\$21,270,157,190	\$485,682,471,435
11-15	\$63,151,276,266	\$377,349,439,125	\$2,191,935,144	\$4,195,621,753	\$27,401,641,889	\$474,289,914,177
16-20	\$26,621,847,271	\$111,376,755,469	\$284,774,420	\$2,007,739,339	\$11,720,491,559	\$152,011,608,058
21-25	\$35,749,071,054	\$38,613,520,423	\$125,141,144	\$1,922,842,608	\$13,904,034,746	\$90,314,609,975
% of Total within Type of Business						
1-5	11.0%	45.0%	60.1%	41.7%	13.5%	40.8%
6-10	18.9%	24.3%	30.4%	21.5%	24.7%	23.9%
11-15	35.3%	22.0%	8.0%	19.0%	31.9%	23.3%
16-20	14.9%	6.5%	1.0%	9.1%	13.6%	7.5%
21-25	20.0%	2.2%	0.5%	8.7%	16.2%	4.4%
% of Total within Territory						
Total	8.8%	84.5%	1.4%	1.1%	4.2%	100.0%
1-5	2.4%	93.1%	2.0%	1.1%	1.4%	100.0%
6-10	7.0%	85.9%	1.7%	1.0%	4.4%	100.0%
11-15	13.3%	79.6%	0.5%	0.9%	5.8%	100.0%
16-20	17.5%	73.3%	0.2%	1.3%	7.7%	100.0%
21-25	39.6%	42.8%	0.1%	2.1%	15.4%	100.0%

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2014 FHCF Exposure and Risks as of 2/25/15

2015 FHCF Rating Region	Total Risks					Total
	Commercial	Residential	Mobile Home	Tenants	Condominium- Owners	
1	4,565	486,815	62,211	93,731	22,987	670,309
2	842	136,462	22,153	16,078	4,990	180,525
3	3,503	409,516	37,488	59,607	23,463	533,577
4	5,939	393,181	31,300	86,939	26,473	543,832
5	8,504	530,826	59,857	100,833	35,189	735,209
6	9,070	267,818	36,640	39,889	30,136	383,553
7	7,647	223,915	26,820	35,947	32,052	326,381
8	10,880	243,923	25,718	43,835	49,898	374,254
9	11,967	195,817	13,738	29,544	52,444	303,510
10	9,072	184,814	16,925	35,710	48,183	294,704
11	11,135	145,301	7,383	22,643	40,548	227,010
12	18,970	253,287	9,368	55,636	100,062	437,323
13	15,163	216,908	7,251	38,425	79,502	357,249
14	14,420	211,848	4,869	28,427	50,241	309,805
15	6,128	99,928	4,613	10,637	23,713	145,019
16	4,829	52,609	1,829	9,686	17,134	86,087
17	3,698	45,236	252	5,617	10,204	65,007
18	4,195	67,889	1,529	9,035	17,393	100,041
19	3,963	46,406	1,175	8,216	20,515	80,275
20	6,322	38,682	482	13,054	27,650	86,190
21	2,200	15,204	1,381	4,922	12,627	36,334
22	4,820	21,922	115	10,496	30,418	67,771
23	2,064	12,130	704	3,780	15,635	34,313
24	1,263	4,407	-	3,247	13,228	22,145
25	2,513	7,389	253	4,073	13,893	28,121
Total	173,672	4,312,233	374,054	770,007	798,578	6,428,544
1-5	23,353	1,956,800	213,009	357,188	113,102	2,663,452
6-10	48,636	1,116,287	119,841	184,925	212,713	1,682,402
11-15	65,816	927,272	33,484	155,768	294,066	1,476,406
16-20	23,007	250,822	5,267	45,608	92,896	417,600
21-25	12,860	61,052	2,453	26,518	85,801	188,684
% of Total within Type of Business						
1-5	13.4%	45.4%	56.9%	46.4%	14.2%	41.4%
6-10	28.0%	25.9%	32.0%	24.0%	26.6%	26.2%
11-15	37.9%	21.5%	9.0%	20.2%	36.8%	23.0%
16-20	13.2%	5.8%	1.4%	5.9%	11.6%	6.5%
21-25	7.4%	1.4%	0.7%	3.4%	10.7%	2.9%
% of Total within Territory						
Total	2.7%	67.1%	5.8%	12.0%	12.4%	100.0%
1-5	0.9%	73.5%	8.0%	13.4%	4.2%	100.0%
6-10	2.9%	66.4%	7.1%	11.0%	12.6%	100.0%
11-15	4.5%	62.8%	2.3%	10.6%	19.9%	100.0%
16-20	5.5%	60.1%	1.3%	10.9%	22.2%	100.0%
21-25	6.8%	32.4%	1.3%	14.1%	45.5%	100.0%

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2014 FHCF Exposure and Risks as of 2/25/15

2015 FHCF Rating Region	Averages				
	Commercial	Residential	Mobile Home	Tenants	Condominium- Owners
1	913,619	383,012	76,890	26,182	100,593
2	935,265	371,150	74,239	28,289	144,652
3	880,391	408,280	78,878	27,544	116,238
4	912,555	399,825	77,827	25,023	96,523
5	727,551	396,932	78,529	24,562	94,547
6	476,221	362,459	80,475	26,241	94,586
7	681,612	362,218	62,921	25,108	90,477
8	804,965	371,829	69,550	23,075	99,046
9	658,690	375,477	58,741	26,916	100,719
10	847,648	406,025	66,049	28,113	109,903
11	615,164	440,349	53,950	30,197	106,692
12	1,065,596	442,993	75,303	25,457	92,895
13	1,066,178	415,033	72,955	27,903	74,809
14	979,780	368,839	58,981	26,678	114,946
15	945,200	330,238	58,965	24,913	86,776
16	834,191	514,094	56,929	57,814	159,642
17	945,316	380,051	40,679	40,141	102,836
18	1,163,167	374,207	50,302	30,594	105,655
19	1,547,389	460,164	59,391	40,175	108,605
20	1,279,022	526,857	49,181	47,172	139,970
21	1,855,178	378,430	52,311	30,370	91,053
22	2,433,511	815,375	41,873	100,650	177,554
23	2,642,093	451,446	50,448	48,274	130,823
24	5,540,999	763,898	#DIV/0!	71,414	176,328
25	2,979,147	831,329	49,677	74,288	214,178
Total	\$1,030,869	\$398,167	\$73,447	\$28,687	\$107,616
1-5	\$841,388	\$394,627	\$77,562	\$25,765	\$102,949
6-10	\$696,234	\$373,955	\$69,673	\$25,740	\$99,995
11-15	\$959,513	\$406,946	\$65,462	\$26,935	\$93,182
16-20	\$1,157,119	\$444,047	\$54,068	\$44,022	\$126,168
21-25	\$2,779,866	\$632,469	\$51,016	\$72,511	\$162,050

EXHIBIT

XVI

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
2015 Residential Masonry Base Premium (2% Deductible) Comparison
Prior to Application of Premium Credits/Surcharges

% Change in Rates

Maximum Decrease -45.09%
Maximum Increase 62.24%

Threshold From To		Count of ZIP Codes	Percentage of Zip Codes in Group	Residential Exposure (in 000's)	Percentage of Res Exposure in Group	Residential Exposure Risk Counts (Houses)	Percentage of Risk Counts in Group
Greater Than	-40%	6	0.41%	634,423	0.04%	1,816	0.05%
-40%	-20%	16	1.09%	3,298,273	0.22%	8,226	0.22%
-20%	-10%	32	2.18%	5,537,560	0.37%	13,410	0.36%
-10%	0%	795	54.27%	857,963,061	56.99%	2,158,543	57.49%
0%	10%	388	26.48%	403,753,042	26.82%	986,663	26.28%
10%	20%	159	10.85%	162,147,561	10.77%	403,361	10.74%
20%	60%	46	3.14%	61,716,912	4.10%	153,958	4.10%
Greater Than	60%	22	1.50%	10,421,174	0.69%	28,681	0.76%
New ZIP Codes in 2015		1464	99.93%	1,505,472,006	100.00%	3,754,658	100.00%
		1	0.07%	-	0.00%	-	0.00%
		1465	100.00%	1,505,472,006	100.00%	3,754,658	100.00%

\$ Change in Rates

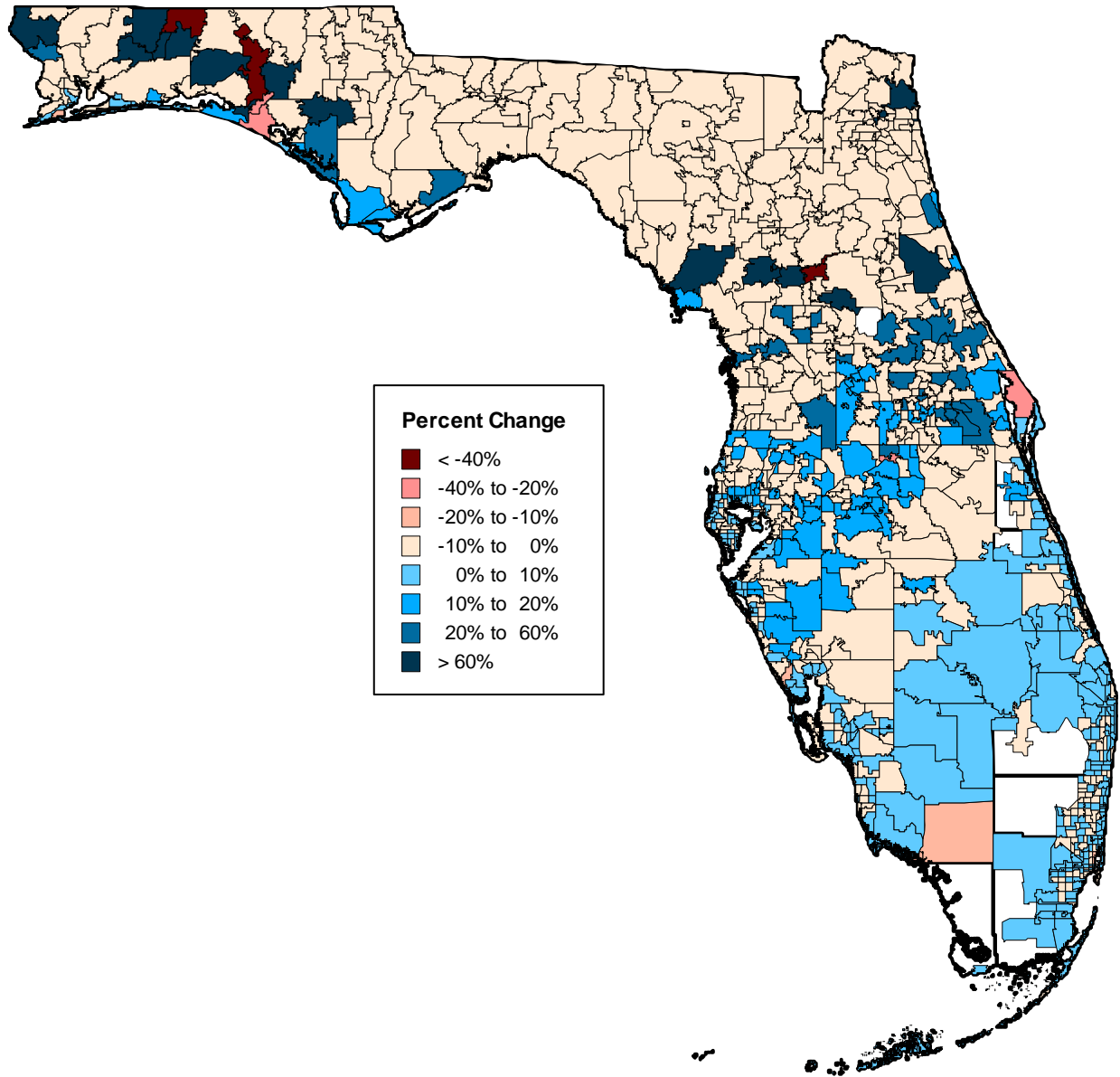
Maximum Decrease (\$153.49)
Maximum Increase \$19.16

Premium Threshold* From To		Count of ZIP Codes	Percentage of Zip Codes in Group	Residential Exposure (in 000's)	Percentage of Res Exposure in Group	Residential Exposure Risk Counts (Houses)	Percentage of Risk Counts in Group
-\$160	-\$80	12	0.82%	1,373,471	0.09%	3,405	0.09%
-\$80	-\$50	25	1.71%	8,212,166	0.55%	15,293	0.41%
-\$50	-\$20	162	11.06%	162,912,967	10.82%	408,926	10.89%
-\$20	-\$10	144	9.83%	163,432,787	10.86%	429,297	11.43%
-\$10	\$0	506	34.54%	531,501,926	35.30%	1,325,074	35.29%
\$0	\$10	0	0.00%	-	0.00%	-	0.00%
\$10	\$20	615	41.98%	638,038,689	42.38%	1,572,663	41.89%
\$20	\$80	0	0.00%	-	0.00%	-	0.00%
New ZIP Codes in 2015		1464	99.93%	1,505,472,006	100.00%	3,754,658	100.00%
		1	0.07%	-	0.00%	-	0.00%
		1465	100.00%	1,505,472,006	100.00%	3,754,658	100.00%

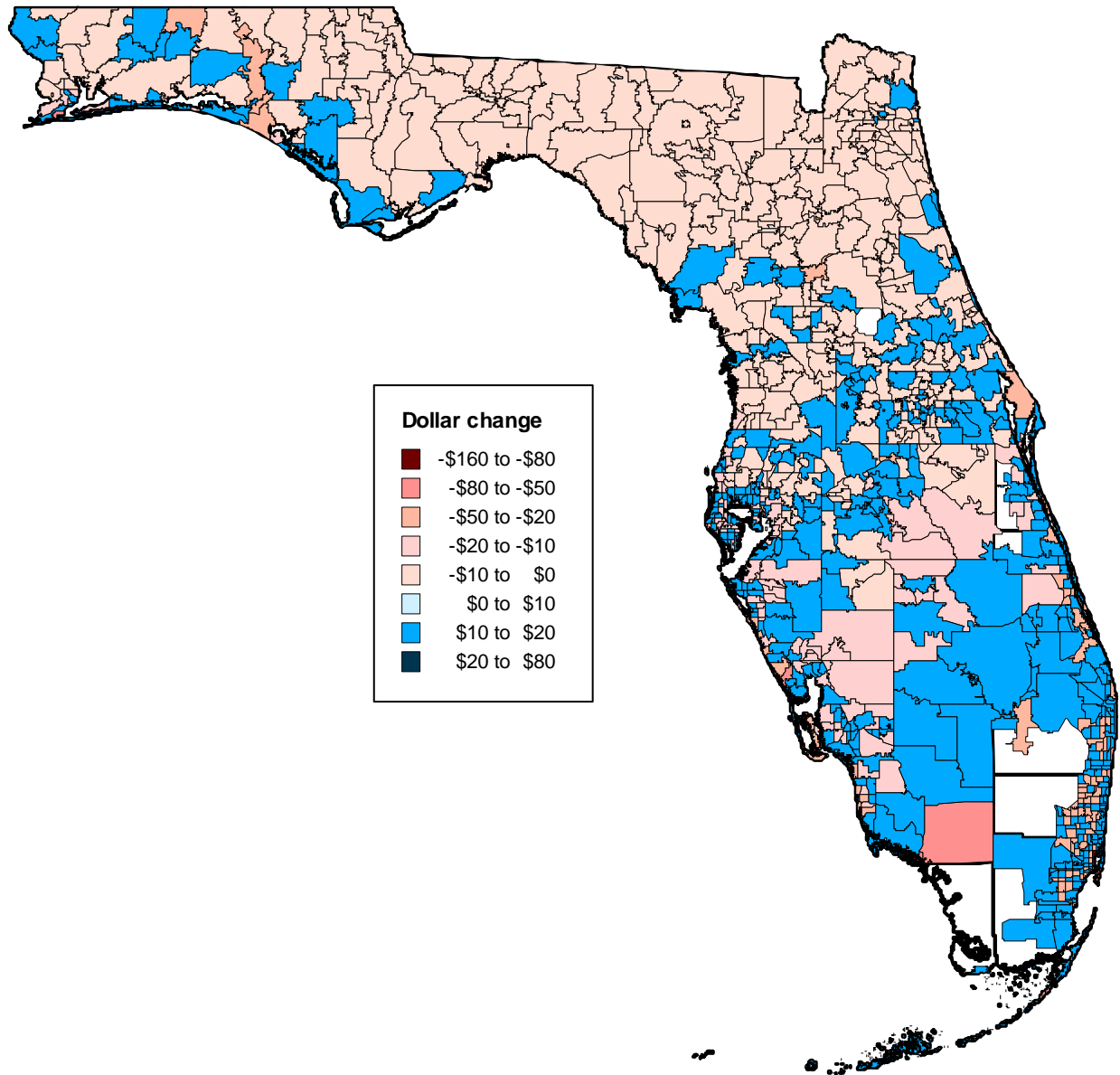
***Exposure Assumptions**

Coverages: \$ 230 Building Value
(in thousands) \$ 23 Appurtenant Structures
 \$ 115 Contents
 \$ 23 Additional Living Expense
 \$ 391 FHCF Exposure

Florida Hurricane Catastrophe Fund
Proposed 2015 Percentage Rate Change by 5-Digit ZIP Code
Entire State



Florida Hurricane Catastrophe Fund
Proposed 2015 Dollar Rate Change by 5-Digit ZIP Code
Entire State



EXHIBIT

XVII

Florida Hurricane Catastrophe Fund
2015 Ratemaking Premium Formula Report
Exhibit XVII - Risk Transfer Options Formula

The rates presented in this report do not include a loading for the cost of risk transfer. Should the FHCF enter into a risk transfer arrangement, the impact of the cost shall be determined, and the 2015-2016 FHCF premium rates and factors would be accordingly adjusted, by using the formula specified in this Exhibit.

The estimates for FHCF loss credits are based on the RMS data distribution in Exhibit VIII. Exhibit XVII is based on the same loss severity distribution and displays probability of exceedance for specific FHCF layers with the adjustments to the FHCF loss layer level prior to fixed expenses. These values are used to illustrate a range of potential risk transfer structures and costs on page 3 of this Exhibit. Revised factors are presented on pages 4 -5 of this Exhibit.

To adjust the FHCF premium/rates to account for the impact of a future risk transfer arrangement, if any, the rates presented in this 2015 Ratemaking Formula Report would be adjusted by a Risk Transfer Adjustment Factor (RTAF):

$$\text{Amended FHCF Rate} = \text{Original FHCF Rate} \times \text{RTAF}$$

The details of the formula calculation are provided below.

Definitions

1. Amended FHCF Rate: Original FHCF Rate x RTAF
2. Amended FHCF Rate Change: FHCF Current Rate Change x RTAF
3. Amended FHCF Projected Payout Multiple: FHCF Current Projected Payout Multiple/RTAF
4. Amended FHCF Retention Multiple: FHCF Current Retention Multiple/RTAF
5. AP = Amended FHCF Premium: OP x RTAF
6. CBF: Cash Build-up Factor [25% or .25 for the 2015 Contract Year]
7. ELC: Expected Loss Credit
8. NRCP: Net Risk Transfer Cost Premium = (RTC-ELC) x (1+CBF)
9. OP= Original FHCF Premium: \$1,301,495,055 for the 2015 Contract Year [Exhibit II, line 73]
10. RTAF = (OP + NRCP)/OP
11. RTC: Risk Transfer Costs

Calculation of the Expected Loss Credit (ELC)

The ELC is calculated, based on the Modeled Adjusted Loss Severity Distributions in Exhibit VIII, as $ELC = ((P(LA) + P(LE)/2) \times (LE - LA)) \times TUP$, whereas:

1. LA : Layer Attachment
2. LE : Layer Exhaustion
3. P(LA) : probability of exceedance for Layer Attachment
4. P(LE) : probability of exceedance for Layer Exhaustion
5. TUP : True Up Factor = FHCF Losses Prior to expenses (Exhibit II, Line 23) /RMS Exhibit VIII expected Losses = $988,286,044/953,284,325 = 1.0472070274$

Example of RTAF Calculation

Risk Transfer of \$500 Million excess of \$12.858 Billion purchased for 7% Rate on Line (\$35 million)

- $RTC = 35,000,000$
- Layer Attachment: \$12,858,000,000, $P(LA) = 2.535\%$
- Layer Exhaustion: \$13,358,000,000, $P(LE) = 2.385\%$
- $ELC = ((.02535 + .02385) / 2) \times (13,358,000,000 - 12,858,000,000) \times 1.0472070274 = 12,880,646$
- $NRCP = (35,000,000 - 12,880,646) \times 1.25 = \$27,649,192$

$$RTAF = (1,301,495,055 + 27,649,192) / 1,301,495,055 = 1.021244177$$

Florida Hurricane Catastrophe Fund
2015 Ratemaking Formula Report
Expected Loss and Premium by Layer
Based on RMS 2014 Zip Code Loss Data and Per Company Estimated Limits and Retentions

Aggregate FHC Loss Level	Return Time	Prob(Exceed)	Expected Loss RMS Company Ret, Lim	Adjust loss prior to Fixed expense (Expected Loss Credits)
0	3.3	30.75%	2,614,000	2,737,399
10,000,000	4.6	21.52%	8,133,000	8,516,935
50,000,000	5.2	19.14%	9,270,000	9,707,609
100,000,000	5.6	17.94%	25,751,250	26,966,890
250,000,000	6.1	16.39%	38,975,000	40,814,894
500,000,000	6.8	14.78%	68,050,000	71,262,438
1,000,000,000	8.0	12.43%	113,425,000	118,779,457
2,000,000,000	9.8	10.25%	94,750,000	99,222,866
3,000,000,000	11.5	8.700%	82,575,000	86,473,120
4,000,000,000	12.8	7.815%	74,300,000	77,807,482
5,000,000,000	14.2	7.045%	67,000,000	70,162,871
6,000,000,000	15.7	6.355%	60,825,000	63,696,367
7,000,000,000	17.2	5.810%	54,075,000	56,627,720
8,000,000,000	20.0	5.005%	47,650,000	49,899,415
9,000,000,000	22.1	4.525%	43,000,000	45,029,902
10,000,000,000	24.5	4.075%	37,800,000	39,584,426
11,000,000,000	28.7	3.485%	32,800,000	34,348,390
12,000,000,000	32.5	3.075%	24,066,900	25,203,027
12,858,000,000	39.4	2.535%	12,300,000	12,880,646
13,358,000,000	41.9	2.385%	11,325,000	11,859,620
13,858,000,000	46.6	2.145%	10,200,000	10,681,512
14,358,000,000	51.7	1.935%	9,150,000	9,581,944
14,858,000,000	58.0	1.725%	8,087,500	8,469,287
15,358,000,000	66.2	1.510%	6,987,500	7,317,359
15,858,000,000	77.8	1.285%	537,600	562,978
15,900,000,000	78.4	1.275%	1,242,500	1,301,155
16,000,000,000	82.6	1.210%	4,420,000	4,628,655
16,400,000,000	100.0	1.000%	3,815,000	3,995,095
16,945,000,000	250.0	0.400%	156,000	163,364
16,997,000,000	500.0	0.200%	3,075	3,220
17,000,000,000	20,000.0	0.005%		
Total			953,284,325	998,286,044
True Up Factor			1.0472070274	Exhibit II, Line 23
RMS special study expected Loss			950,227,664	
			1.0032	

Florida Hurricane Catastrophe Fund
2015 Ratemaking Premium Formula Report
Risk Transfer Estimated Cost and Rate Impact
Expected Loss and Premium by Layer
Based on RMS 2014 Zip Code Loss Data and Per Company Estimated Limits and Retentions

Attachment		\$12,858,000,000		Limit	\$17,000,000,000		Projected Payout Multiple		13.0619			
FHCF Premium with Cash Build Up		\$1,301,495,055		Retention	\$6,898,000,000		Retention Multiple	100%	4.7666			
Cash Build Up Factor		25%		Coverage %	89.934%		Retention Multiple	90%	5.2962			
							Retention Multiple	75%	6.3554			
							Retention Multiple	45%	10.5923			
Risk Transfer Premiums Gross												
Limit		Expected Loss Credit	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	8.50%	9.00%	
	\$500,000,000	\$12,880,646	\$25,000,000	\$27,500,000	\$30,000,000	\$32,500,000	\$35,000,000	\$37,500,000	\$40,000,000	\$42,500,000	\$45,000,000	
	\$1,000,000,000	\$24,740,266	\$50,000,000	\$55,000,000	\$60,000,000	\$65,000,000	\$70,000,000	\$75,000,000	\$80,000,000	\$85,000,000	\$90,000,000	
	\$1,500,000,000	\$35,421,778	\$75,000,000	\$82,500,000	\$90,000,000	\$97,500,000	\$105,000,000	\$112,500,000	\$120,000,000	\$127,500,000	\$135,000,000	
	\$2,000,000,000	\$45,003,722	\$100,000,000	\$110,000,000	\$120,000,000	\$130,000,000	\$140,000,000	\$150,000,000	\$160,000,000	\$170,000,000	\$180,000,000	
Risk Transfer Dollar Impact on Premiums												
Limit		Expected Loss Credit	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	8.50%	9.00%	
	\$500,000,000	\$12,880,646	\$15,149,192	\$18,274,192	\$21,399,192	\$24,524,192	\$27,649,192	\$30,774,192	\$33,899,192	\$37,024,192	\$40,149,192	
	\$1,000,000,000	\$24,740,266	\$31,574,667	\$37,824,667	\$44,074,667	\$50,324,667	\$56,574,667	\$62,824,667	\$69,074,667	\$75,324,667	\$81,574,667	
	\$1,500,000,000	\$35,421,778	\$49,472,778	\$58,847,778	\$68,222,778	\$77,597,778	\$86,972,778	\$96,347,778	\$105,722,778	\$115,097,778	\$124,472,778	
	\$2,000,000,000	\$45,003,722	\$68,745,347	\$81,245,347	\$93,745,347	\$106,245,347	\$118,745,347	\$131,245,347	\$143,745,347	\$156,245,347	\$168,745,347	
Risk Transfer % Impact on Rates												
Limit		Expected Loss Credit	FHCF Rate Impact	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	8.50%	9.00%
	\$500,000,000	\$12,880,646		1.2%	1.4%	1.6%	1.9%	2.1%	2.4%	2.6%	2.8%	3.1%
	\$1,000,000,000	\$24,740,266		2.4%	2.9%	3.4%	3.9%	4.3%	4.8%	5.3%	5.8%	6.3%
	\$1,500,000,000	\$35,421,778		3.8%	4.5%	5.2%	6.0%	6.7%	7.4%	8.1%	8.8%	9.6%
	\$2,000,000,000	\$45,003,722		5.3%	6.2%	7.2%	8.2%	9.1%	10.1%	11.0%	12.0%	13.0%
Projected Payout Multiple												
Limit			Revised Payout Multiples	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	8.50%	9.00%
	\$500,000,000			12.9116	12.8810	12.8506	12.8203	12.7902	12.7602	12.7303	12.7006	12.6710
	\$1,000,000,000			12.7525	12.6930	12.6341	12.5756	12.5178	12.4604	12.4036	12.3473	12.2915
	\$1,500,000,000			12.5836	12.4968	12.4113	12.3269	12.2437	12.1616	12.0806	12.0006	11.9217
	\$2,000,000,000			12.4066	12.2944	12.1843	12.0761	11.9698	11.8654	11.7627	11.6619	11.5627
Retention Multiple 90%												
Limit			Revised Retention Multiple 90%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	8.50%	9.00%
	\$500,000,000			5.2352	5.2228	5.2105	5.1982	5.1860	5.1738	5.1617	5.1497	5.1377
	\$1,000,000,000			5.1707	5.1466	5.1227	5.0990	5.0755	5.0523	5.0293	5.0064	4.9838
	\$1,500,000,000			5.1022	5.0671	5.0324	4.9982	4.9644	4.9311	4.8983	4.8659	4.8339
	\$2,000,000,000			5.0305	4.9850	4.9403	4.8965	4.8534	4.8110	4.7694	4.7285	4.6883
Retention Multiple 75%												
Limit			Revised Retention Multiple 75%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	8.50%	9.00%
	\$500,000,000			6.2823	6.2674	6.2526	6.2379	6.2232	6.2086	6.1941	6.1796	6.1652
	\$1,000,000,000			6.2049	6.1759	6.1472	6.1188	6.0907	6.0628	6.0351	6.0077	5.9806
	\$1,500,000,000			6.1227	6.0805	6.0389	5.9978	5.9573	5.9174	5.8779	5.8390	5.8006
	\$2,000,000,000			6.0366	5.9820	5.9284	5.8758	5.8240	5.7732	5.7233	5.6742	5.6260
Retention Multiple 45%												
Limit			Revised Retention Multiple 45%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	8.50%	9.00%
	\$500,000,000			10.4705	10.4457	10.4210	10.3964	10.3720	10.3477	10.3235	10.2994	10.2754
	\$1,000,000,000			10.3415	10.2932	10.2454	10.1980	10.1511	10.1046	10.0585	10.0128	9.9676
	\$1,500,000,000			10.2045	10.1341	10.0648	9.9963	9.9288	9.8623	9.7966	9.7317	9.6677
	\$2,000,000,000			10.0609	9.9700	9.8807	9.7929	9.7067	9.6220	9.5388	9.4570	9.3766

EXHIBIT

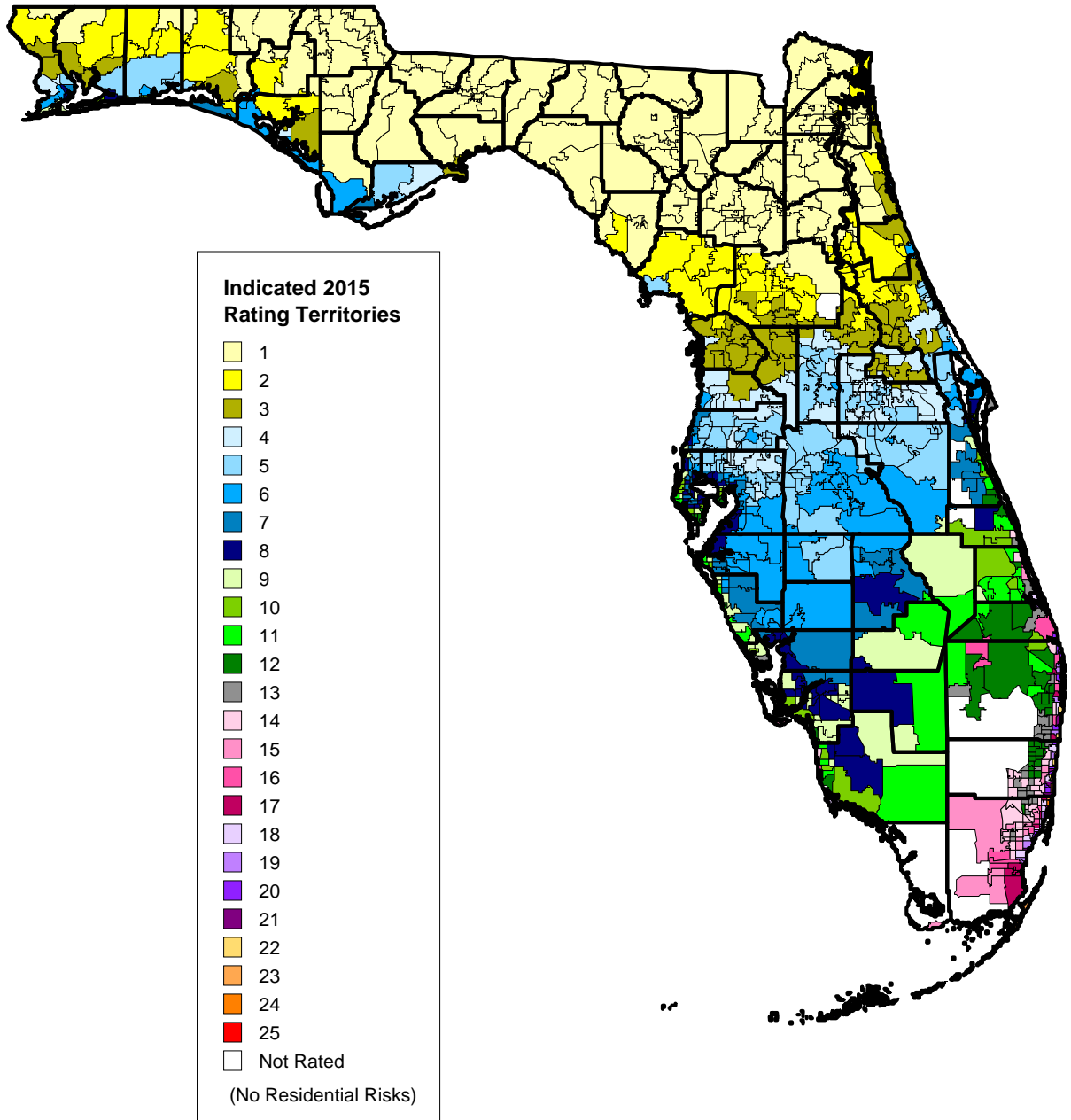
XVIII

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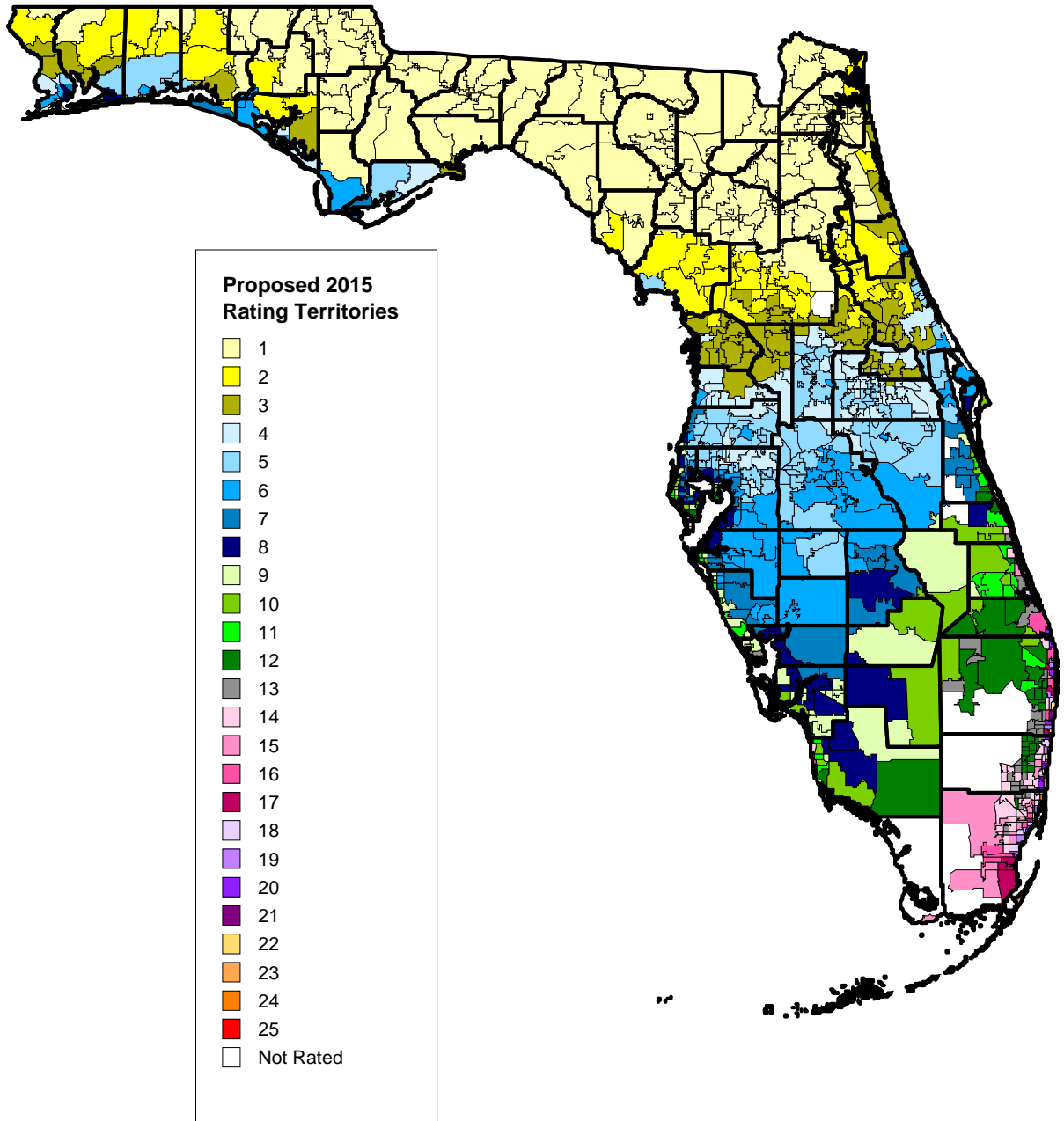
EXHIBIT

XIX

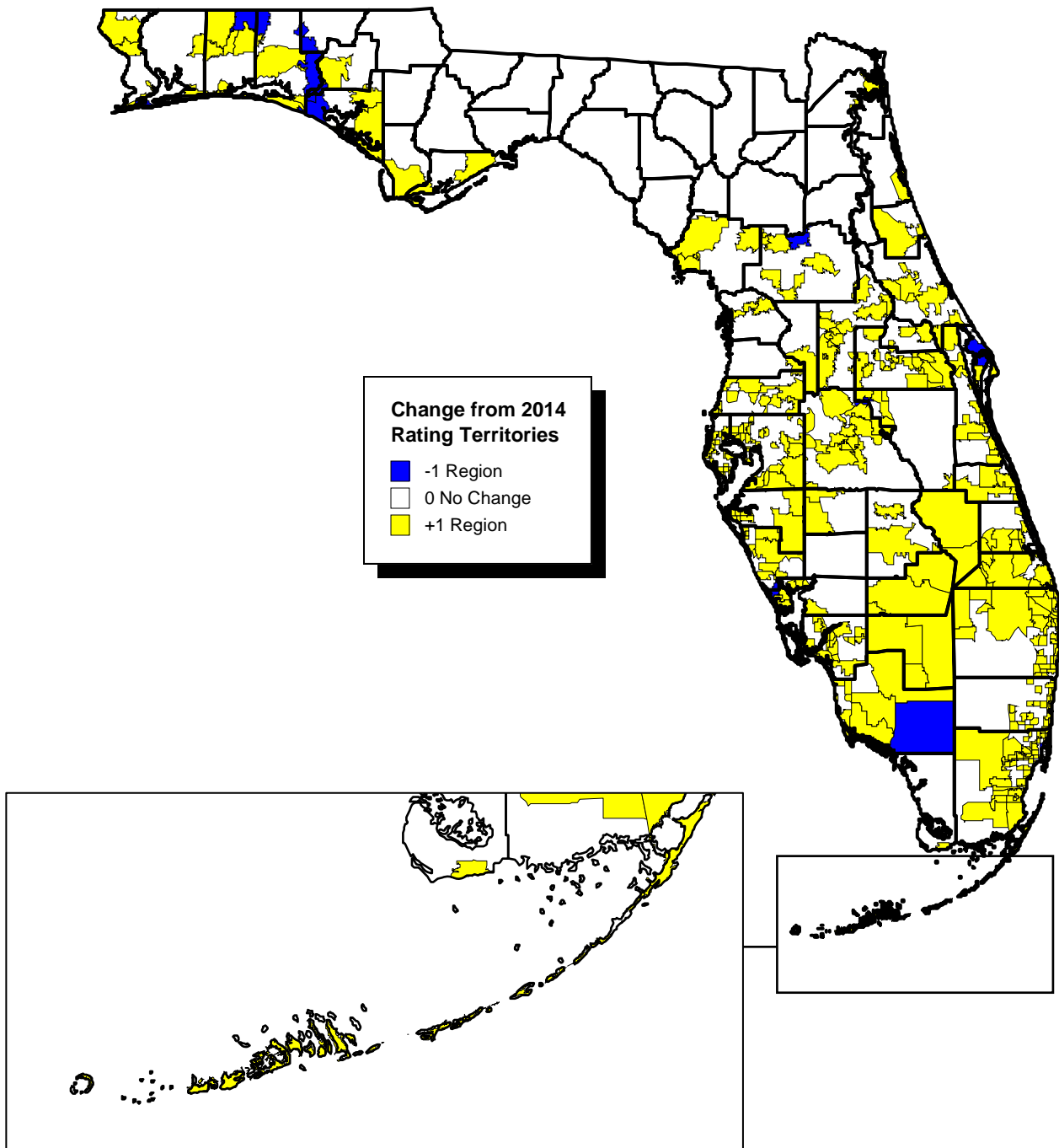
Florida Hurricane Catastrophe Fund
Indicated 2015 Rating Territories by 5-Digit ZIP Code
Entire State



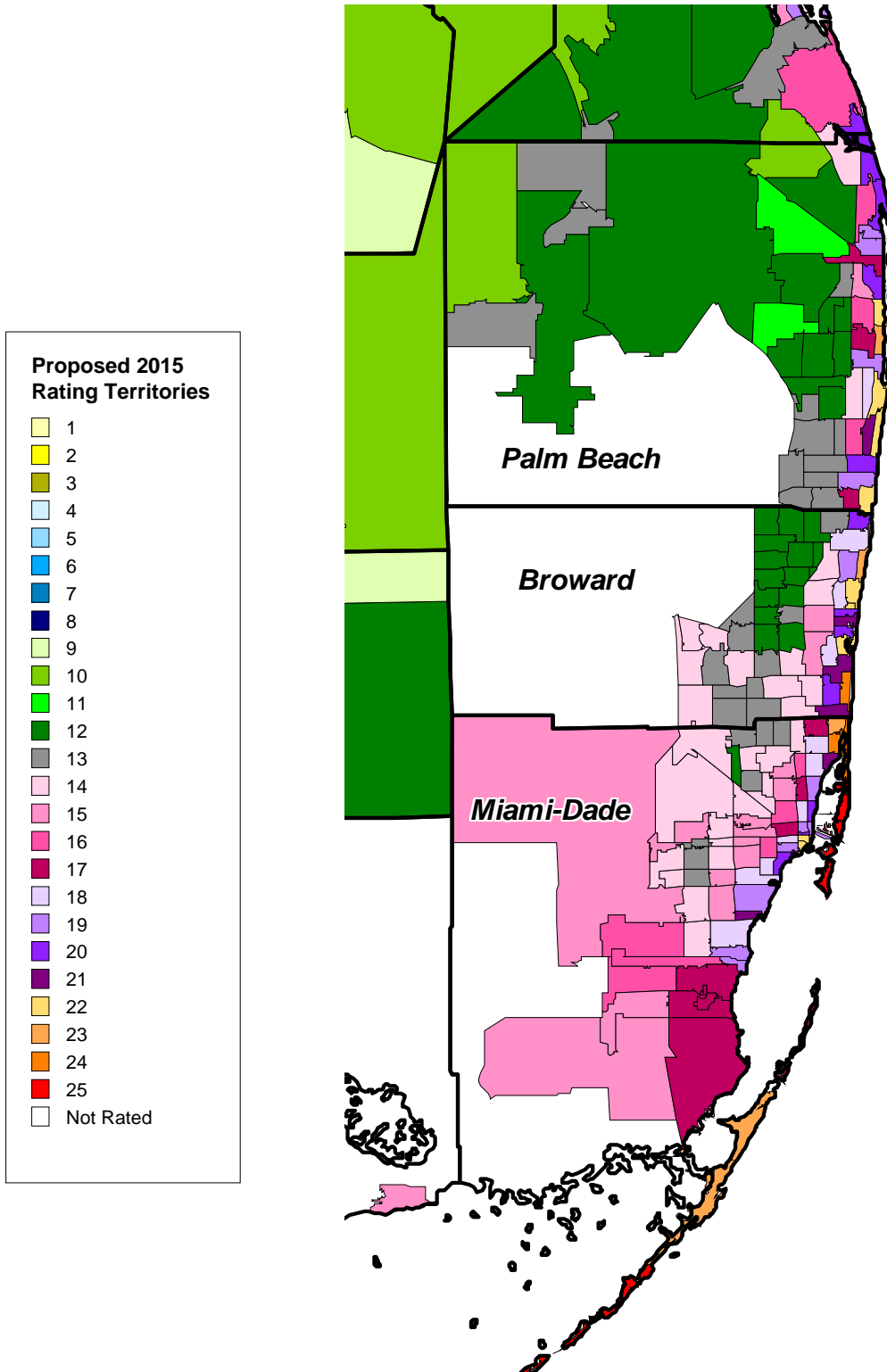
Florida Hurricane Catastrophe Fund
Proposed 2015 Rating Territories by 5-Digit ZIP Code
Entire State



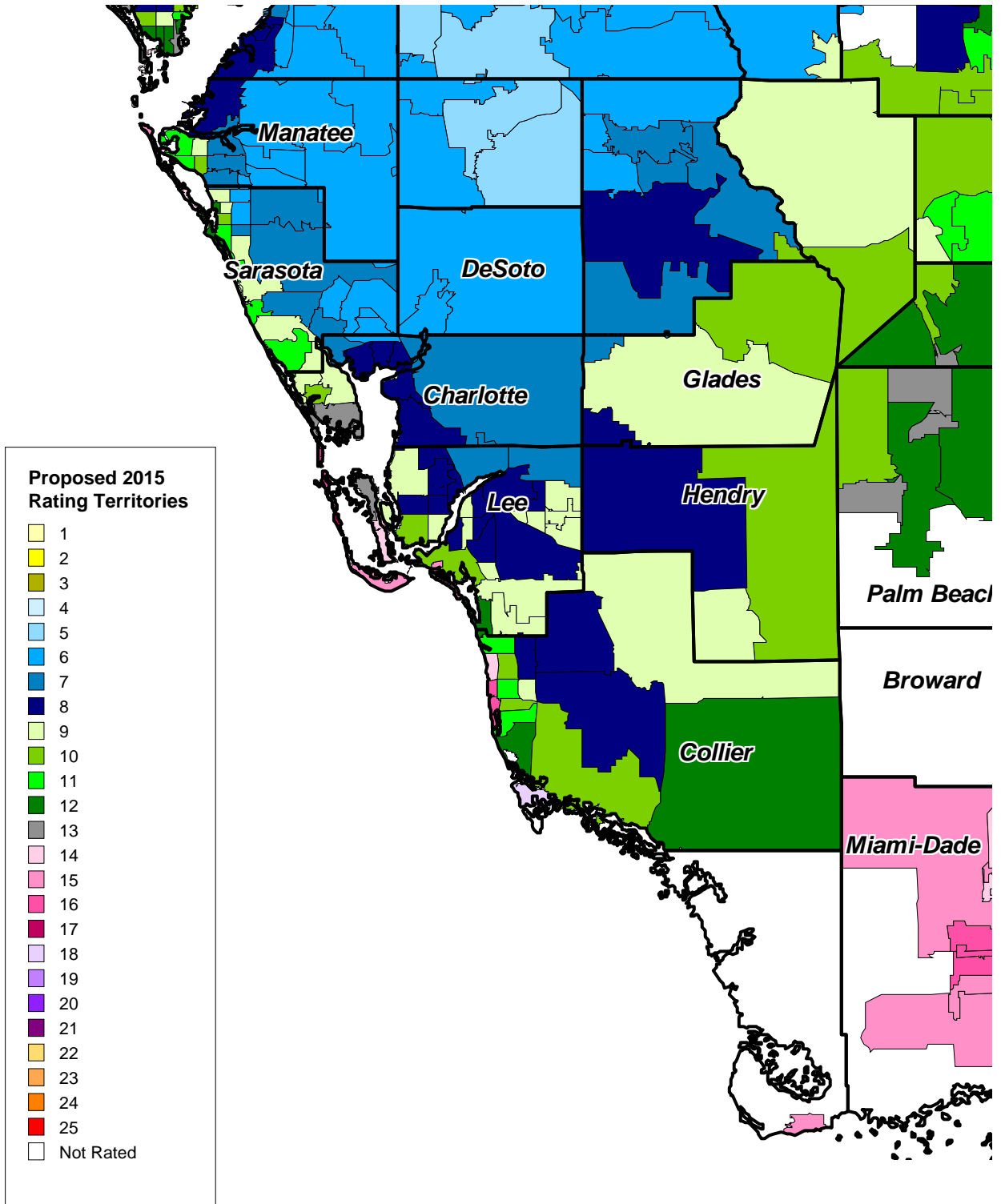
Florida Hurricane Catastrophe Fund
Proposed 2015 Rating Territories by 5-Digit ZIP Code
Entire State - Change From 2014 Territories



Florida Hurricane Catastrophe Fund
Proposed 2015 Rating Territories by 5-Digit ZIP Code
Miami and Surrounding Areas



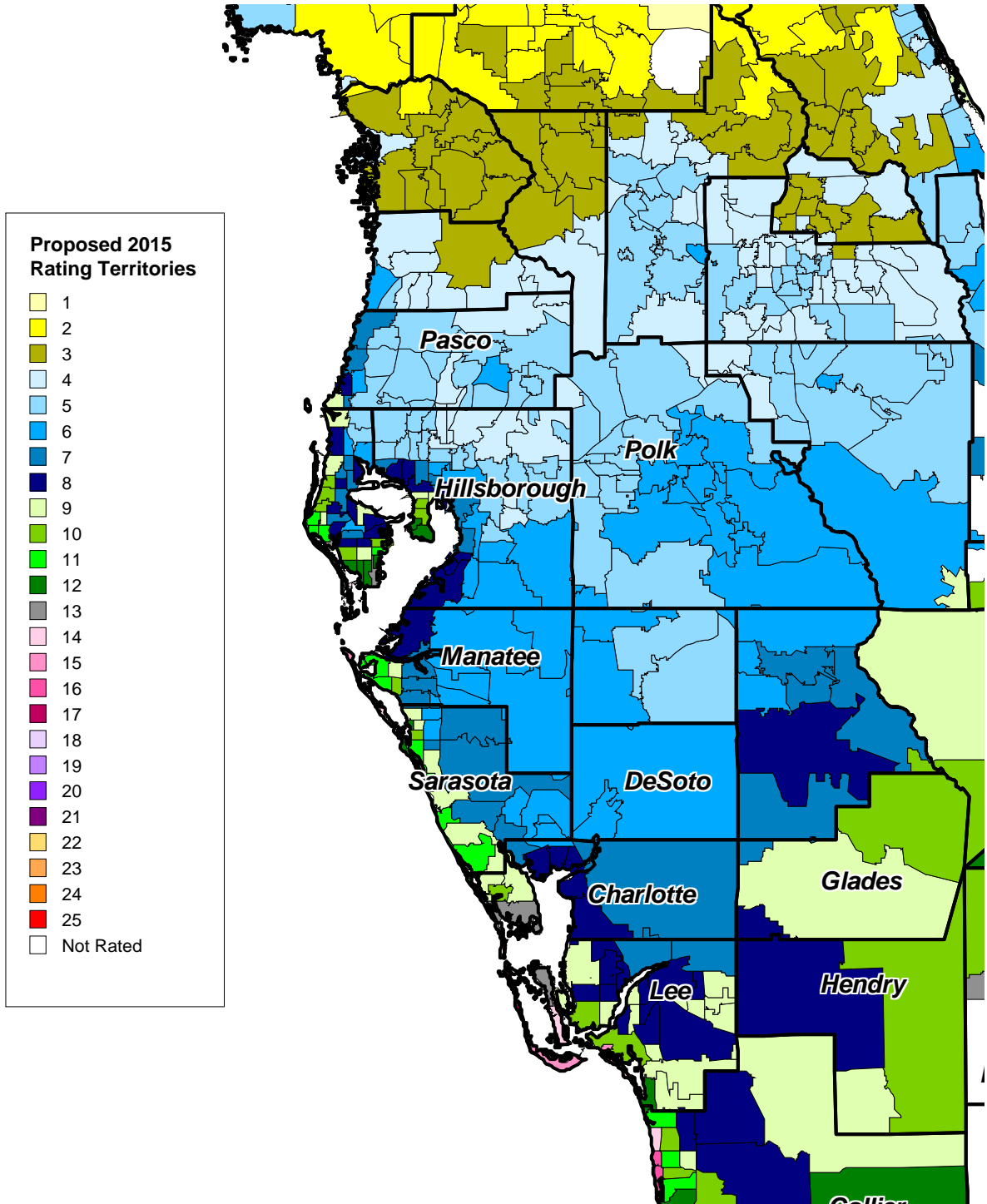
Florida Hurricane Catastrophe Fund
Proposed 2015 Rating Territories by 5-Digit ZIP Code
Fort Myers and Surrounding Areas



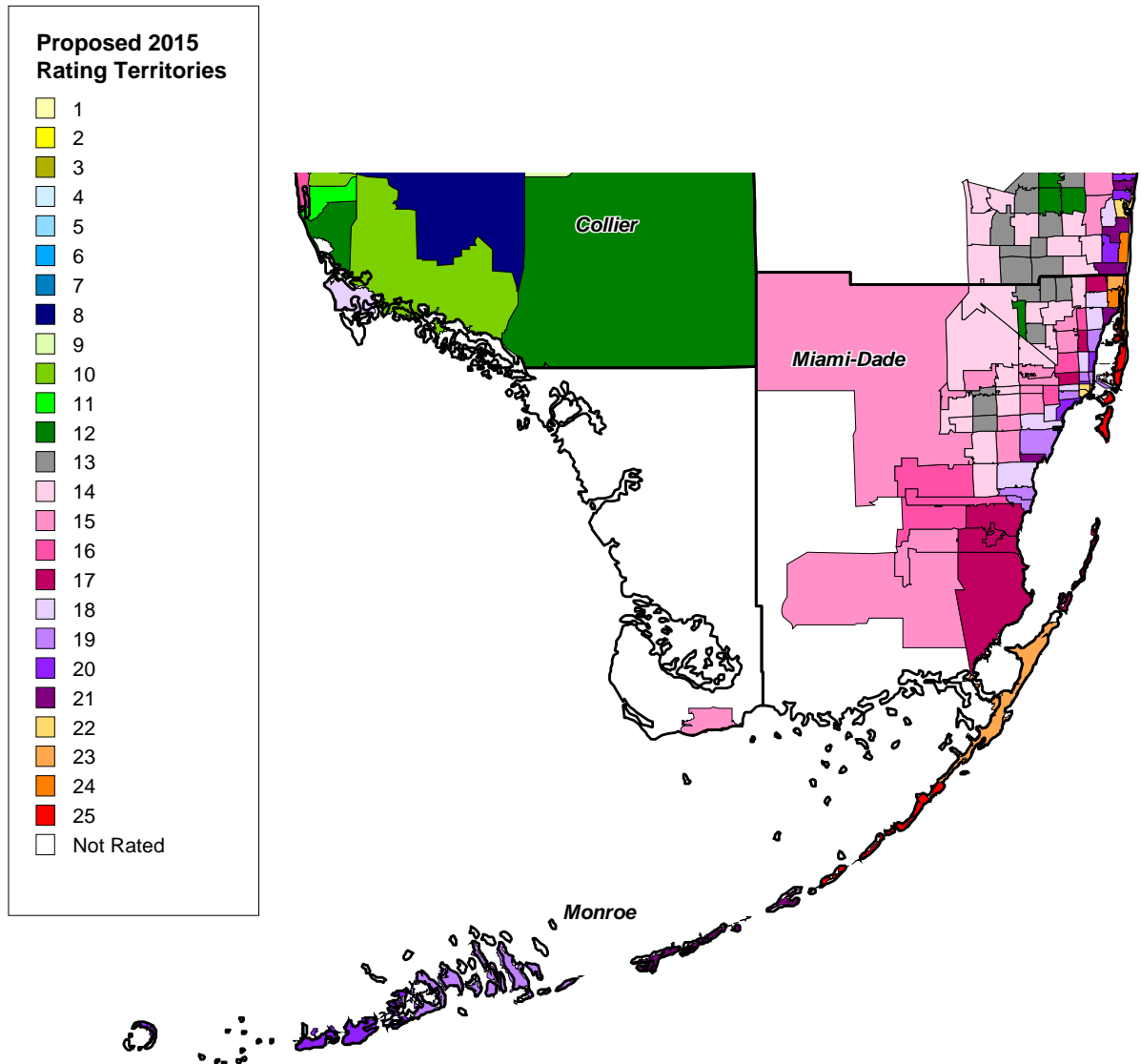
Florida Hurricane Catastrophe Fund

Proposed 2015 Rating Territories by 5-Digit ZIP Code

Tampa/Saint Petersburg and Surrounding Areas



Florida Hurricane Catastrophe Fund
Proposed 2015 Rating Territories by 5-Digit ZIP Code
Florida Keys



Memo

To: Ash Williams, Executive Director & Chief Investment Officer
From: Jack Nicholson, Chief Operating Officer -- FHCF
Date: April 2, 2014
Re: SBA Cabinet Agenda for April 14, 2015 -- The FHCF's 2015 Reimbursement Premium Formula

There are two (2) Florida Hurricane Catastrophe Fund (FHCF) agenda items for the April 14, 2015 SBA Cabinet meeting related to the FHCF premium formula. These items are as follows:

- 1) Vote to approve the 2015-2016 FHCF Reimbursement Premium Formula.
- 2) Vote to file a notice of proposed rule (Reimbursement Premium Formula Rule 19-8.028) and approval to file for adoption if no hearing is requested.

The 2015 Reimbursement Premium Formula and Rates

Here is a quick review for the Trustees regarding their approval of the premium formula.

The overall impact to FHCF rates is **0.43%** and the premium is projected at **\$1.301 billion** for 2015 (up from \$1.284 billion in 2014).

This number does not reflect the additional costs that may be incurred by the FHCF should a risk transfer product be purchased or if additional pre-event notes are issued for 2015-2016. The premium formula contemplates an adjustment to accommodate these additional costs and such information is specified as part of the premium formula in Exhibits XI and XVII. Further, more precise information will be provided to the SBA Trustees as various products are considered.

The Statutory Requirements

The Trustees need to know three things regarding the premium formula (these are found in s. 215.555(6), F.S.).

- 1) The premium formula is required by law to reflect “**actuarially indicated**” rates.
- 2) The premium formula is required to be developed by an “**independent consultant**.”
- 3) The premium formula is required by law to be approved by a “**unanimous vote**” of the Trustees.

The beginning of the hurricane season and the start of the contract year is June 1, 2015. The rates have been developed by Paragon's actuary – Andy Rapoport (the independent consultant). He has followed a routine process that the FHCF has been using since 1995, and the results have been relatively stable from year to year with most of the larger changes driven by statutory requirements. This year, the rate impact is basically flat (0.43%) overall. There are basically two factors that are driving this rate change:

- 1) Modeled losses have about a **+0.46%** impact on FHCF rates.
- 2) Decreased operating expenses have an impact of **-0.02%**.

Overall FHCF's premiums are expected to increase by **\$17 million** from \$1.284 billion to **\$1.301 billion**. The latest total for residential premium in the state is around \$11.4 billion thus an increase in FHCF premiums should not impact consumer rates. Our premium is 11.4% of the residential property premiums ($0.43\% \times 11.4\% = .049\%$). Given that private reinsurance costs are expected to decrease this year, it is likely that consumer premiums will decrease (all other things being held constant, i.e., sinkhole claims, water claims, etc.). Additionally, the 1.3% emergency assessment has been terminated for our post-event bonds. There are other factors that conceptually will be beneficial for lowering rates as well. For example, some companies are expected to shift from 90% to 45% (but the impact will not be known until after June 1).

A General Discussion of the Process: The premium formula is detailed in a document provided by Paragon whose actuary, Andy Rapoport, serves as our independent consultant.¹ Exposure data is reported to the FHCF by September 1st of each year. The exposure data is trended, adjusted for changes in construction costs, and given to hurricane modelers to estimate losses. By law, the FHCF must use hurricane models found acceptable by the Florida Commission on Hurricane Loss Projection Methodology "to the extent feasible." Since five models have been found acceptable by the Commission, our actuaries use all of the models.²

After our actuary determines the "average annual hurricane loss,"³ he looks at the overall deductible for the industry (\$6.898 billion industry retention for this coming contract year – the number has dropped from last year of \$7.075 billion), the co-pay (about 10% this year – almost all companies choose the 90% coverage option in March when they executed their contract – the weighted average is 89.934% for 2015), and he adds on administrative expenses and makes other adjustments. Since our post-event bonds have been defeased, participating insurers are allowed to lower coverage levels selected to one of three options -- 90%, 74%, and 45% by June 1. We've heard that there could be as much as 25% of insurers making the change to lower coverage since some are finding private reinsurance competitively priced at "their" unique FHCF coverage layer. We don't anticipate that there will be significant shift in the FHCF coverage ultimately selected.

¹ A series of phone calls are held as the premium formula is being developed. Andy Rapoport includes both Jack Nicholson as well as the actuary member on our FHCF Advisory Council, Floyd Yager, on the calls.

² Five models are used to determine the "average annual hurricane loss." The results from the five models are basically weighted from the highest to lowest (5%, 20%, 50%, 20%, and 5%). This weighting scheme tends to create stability over time since the highest model result and the lowest model result are only given a 5% weight each year. Any outlier in terms of the results cannot be given a high weight. The models which produce the middle results are given the greater weight (90%).

³ This number is estimated to be \$3.3 billion for the 2015-2016 FHCF reimbursement contract year. The FHCF is not obligated to reimburse insurers for this loss since insurers must absorb certain large deductibles (retentions) prior to triggering FHCF coverage and certain co-payments (usually 10%) are required.

Once ground-up losses are determined, three models are used to allocate results by rating cell.⁴ Losses are allocated to line-of-business: 1) personal residential, 2) tenants, 3) condos, 4) mobile home, and 5) commercial residential (or commercial habitational).

Rates are then created by spreading the losses to the various rating classes by deductible level, territory (25 ZIP Code groupings), and construction type (7 or so depending on the line-of-business). Lastly, mitigation credits are applied based on data reported by the insurers given the various construction features associated with their insured values reported to the FHCF.

The Results: In the “Florida Hurricane Catastrophe Fund 2015 Ratemaking Formula Report” behind the tab labeled Exhibit I, there is an Executive Summary with a table that summarizes the results. It should be noted that the “structure” of the FHCF changes each year so we are not always comparing “apples” to “apples” since last year’s FHCF structure is usually a little different from this year’s. Notably, the retention changes each year (it is lower this year since reported exposure was less).

For the FHCF’s coverage, the rate change is **+0.43%**. Our actuary always tries to smooth results from year to year by slowly moving in the direction of change indicated. For example, if the losses attributable to a territory result in a change of territories, either plus or minus, the actuary will only make a change by moving up or down 1 territory per year. The idea is to mitigate volatility when changes are needed from year to year and thus dampen the impact. Model results can move dramatically in one direction one year and swing back in the other direction the next year. We desire “stable” rates and, therefore, our actuary attempts to employ techniques that moderate rate swings. As a general rule, we tend to think that a change of +/- 5% in a year is relatively stable and will not have a noticeable impact on individual consumers.

When we break the rate change down by type-of-business, we see a greater variation in the results:

	<u>Percentage Change</u>
Personal Residential --	0.66%
Tenants --	3.13%
Condominium Unit Owners --	1.53%
Mobile Home --	0.28%
Commercial Habitational --	- 0.75%
Total	0.43%

Will these changes impact consumers? The rate change should not be significantly different from zero. The FHCF premium is about 11.4% of all residential premiums. As noted above, the average impact on all residential premiums in isolation is **.049% (0.43% x 11.4%)**. As noted above, other impacts will cause total residential premiums to go down including the elimination of the 1.3% emergency assessment and the impact of private reinsurance prices continuing to fall by an estimated 10-15%.

FHCF 2015-2016 Premiums: Total FHCF premiums are expected to be **\$1.301 billion**. The overall FHCF capacity is **\$17.0 billion**.

FHCF Basic Summary Information:

The coverage for the upcoming year is **\$17 billion**.

The aggregate insurance industry retention (deductible) will be **\$6.898 billion**.

There are currently **156** participating insurers writing about **\$2.064 trillion** of insured values.

⁴ These three models are equally weighted for distributing loss results to account for the various rating factors.

The cash balance of the FHCF is projected to be **\$12.858 billion** by calendar year-end. This represents the resources to pay claims for this coming contract year prior to needing to issue debt.

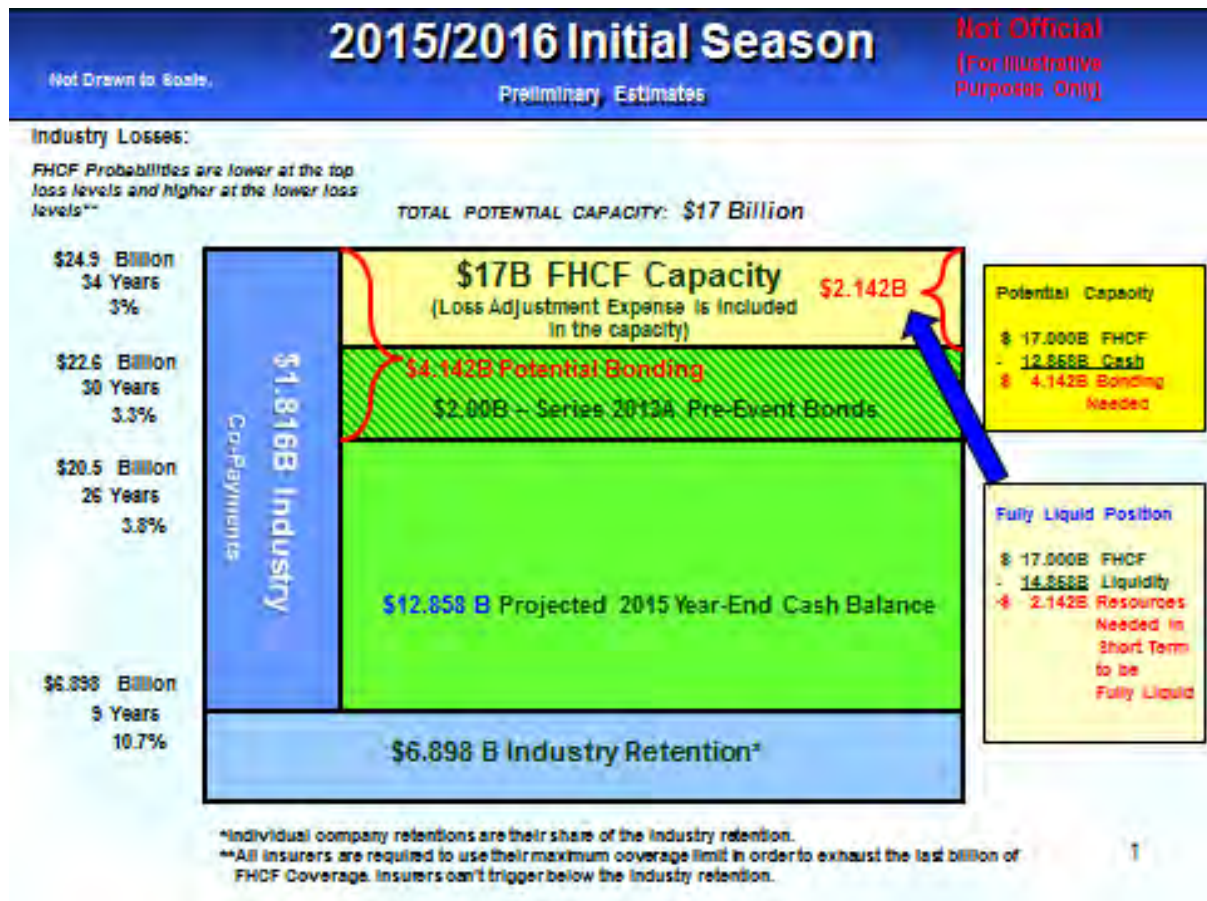
Additionally, we have the **\$2.0 billion** of pre-event notes issued on April 23, 2013, which will provide additional liquidity to “buy time” to issue post-event debt should a large event with rapid claim payments occur.

From a liquidity standpoint, the FHCF is in the strongest position that it has ever been with **\$14.858 billion** in liquidity.

The maximum bonding that would be required is **\$4.142 billion** to meet all contractual obligations based on coverage provided.

The maximum bonding needed to fund the statutory maximum limit if pre-event bonds are utilized would be **\$2.142 billion**.

Below is a chart illustrating the resources identified for claims payment and potential bonding requirements.



Rule 19-8.028, F.A.C., Reimbursement Premium Formula
2015-2016 Contract Year
Summary of Changes
(As of March 17, 2015)

(2) Definitions

(2)(c) (Definition of “Citizens Property Insurance Corporation)

This definition is revised to conform to the definition used in other FHCF rules applicable to the 2015-2016 Contract Year.

(2)(d) (Definition of “Contract Year”)

This definition is amended to clarify references to the start time and end time of the Contract Year.

(3) (The premium formula)

(3)(b)

This paragraph, which adopted the premium formula for the 2010-2011 Contract Year, is deleted as obsolete material.

(3)(f)

This paragraph is added to adopt the 2015-2016 FHCF Ratemaking Formula Report and Proposed 2015-2016 Rates.

(4)(b)

This provision, relating to insurers that have forfeited their certificates of authority, is amended to clarify references to applicable contract years.

Notice of Proposed Rule

STATE BOARD OF ADMINISTRATION

RULE NO.: RULE TITLE:

19-8.028: Reimbursement Premium Formula

PURPOSE AND EFFECT: This rule is promulgated to implement Section 215.555, Florida Statutes, regarding the Florida Hurricane Catastrophe Fund, for the 2015-2016 contract year.

SUMMARY: In accordance with Section 215.555(5), Florida Statutes, proposed amended Rule 19-8.028, F.A.C., Reimbursement Premium Formula, adopts the 2015-2016 reimbursement premium formula for the Florida Hurricane Catastrophe Fund. In addition, the proposed amended Rule makes editorial and grammatical corrections.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION:

The Agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of \$200,000 in the aggregate within one year after the implementation of the rule. A SERC has not been prepared by the Agency.

The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: Upon review of the proposed changes to the rule and the incorporated documents, the State Board of Administration of Florida has determined that the rule does not meet the statutory threshold for ratification by the legislature.

Any person who wishes to provide information regarding a statement of estimated regulatory costs, or provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

RULEMAKING AUTHORITY: 215.555(3), F.S.

LAW IMPLEMENTED: 215.555(2), (3), (4), (5), (6), (7), F.S.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE, TIME AND PLACE SHOWN BELOW:

DATE AND TIME: May 14, 2015, 9:00 a.m. to 11:00 a.m. (ET).

PLACE: Room 116 (Hermitage Conference Room), 1801 Hermitage Blvd., Tallahassee, Florida 32308.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 7 days before the workshop/meeting by contacting: Leonard E. Schulte, Director of Legal Analysis & Risk Evaluation, Florida Hurricane Catastrophe Fund, 1801 Hermitage Blvd., Tallahassee, FL 32308, 850-413-1335, leonard.schulte@sbafla.com. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Leonard E. Schulte at the number or email listed above.

THE FULL TEXT OF THE PROPOSED RULE IS:

19-8.028 Reimbursement Premium Formula.

(1) through (2)(b), no changes.

(c) Citizens Property Insurance Corporation or Citizens means the entity formed under Section 627.351(6), F.S., and refers to two accounts, the ~~both Citizens Property Insurance Corporation~~ cCoastal aAccount and the ~~Citizens~~

~~Property Insurance Corporation~~ ~~p~~Personal ~~l~~Lines and ~~c~~Commercial ~~l~~Lines ~~a~~Accounts. Each account is treated by the FHCF as if it were a separate participating insurer with its own reportable exposures, reimbursement premium, retention, and ultimate net loss.

(d) Contract Year means the time period which begins at 12:00:01 ~~a.m.~~, Eastern Time, on June 1 of each calendar year and ends at 12:00 ~~p.m.~~ midnight, Eastern Time, on May 31 of the following calendar year.

(2)(e) through (3)(a), no changes.

~~(b) For the 2010-2011 Contract Year, the Formula developed by the Board's Independent Consultant, "Florida Hurricane Catastrophe Fund: 2010 Ratemaking Formula Report Presented to the State Board of Administration of Florida, March 18, 2010" is hereby adopted and incorporated by reference into this rule. The basic premium rates developed in accordance with the Premium Formula methodology approved by the Board on April 13, 2010, are hereby adopted and incorporated by reference in Form FHCF Rates 2010, "Florida Hurricane Catastrophe Fund Proposed 2010 Rates Presented to the State Board of Administration of Florida, March 18, 2010" and is hereby adopted and incorporated by reference into this rule. These incorporated documents may be obtained directly from the SBA website: www.sbafla.com/fhcf or by contacting the SBA by mail, P. O. Box 13300, Tallahassee, FL 32317-3300, with a request for the documents.~~

~~(b)~~^(e) For the 2011-2012 Contract Year, the Formula developed by the Board's Independent Consultant, "Florida Hurricane Catastrophe Fund: 2011 Ratemaking Formula Report Presented to the State Board of Administration of Florida, March 17, 2011" is hereby adopted and incorporated by reference into this rule, <http://www.flrules.org/Gateway/reference.asp?No=ref-00275>. The basic premium rates developed in accordance with the Premium Formula methodology approved by the Board on May 3, 2011, are hereby adopted and incorporated by reference in Form FHCF-Rates 2011, "Florida Hurricane Catastrophe Fund Proposed 2011 Rates Presented to the State Board of Administration of Florida, March 17, 2011" is hereby adopted and incorporated by reference into this rule, <http://www.flrules.org/Gateway/reference.asp?No=ref-00276> and <http://www.flrules.org/Gateway/reference.asp?No=ref-00277>. These incorporated documents may be obtained directly from the SBA website: www.sbafla.com/fhcf or by contacting the SBA by mail, P. O. Box 13300, Tallahassee, FL 32317-3300, with a request for the documents.

~~(c)~~^(d) For the 2012-2013 Contract Year, the Formula developed by the Board's Independent Consultant, "Florida Hurricane Catastrophe Fund: 2012 Ratemaking Formula Report Presented to the State Board of Administration of Florida, March 22, 2012," <http://www.flrules.org/Gateway/reference.asp?No=Ref-01175>, is hereby adopted and incorporated by reference into this rule. The basic premium rates developed in accordance with the Premium Formula methodology approved by the Board on April 24, 2012, are hereby adopted and incorporated by reference in Form FHCF-Rates 2012, "Florida Hurricane Catastrophe Fund Proposed 2012 Rates Presented to the State Board of Administration of Florida, March 22, 2012," <http://www.flrules.org/Gateway/reference.asp?No=Ref-01176>, is hereby adopted and incorporated by reference into this rule. These incorporated documents may be obtained directly from the SBA website: www.sbafla.com/fhcf or by contacting the SBA by mail, P. O. Box 13300, Tallahassee, FL 32317-3300, with a request for the documents.

~~(d)~~^(e) For the 2013-2014 Contract Year, the Formula developed by the Board's Independent Consultant, "Florida Hurricane Catastrophe Fund: 2013 Ratemaking Formula Report Presented to the State Board of Administration of Florida, March 21, 2013," as approved on April 23, 2013, <http://www.flrules.org/Gateway/reference.asp?No=ref-02750>, is hereby adopted and incorporated by reference into this rule. The basic premium rates developed in accordance with the Premium Formula methodology approved by the Board on April 23, 2013, are hereby adopted and incorporated by reference in Form FHCF-Rates 2013, "Florida Hurricane Catastrophe Fund Proposed 2013 Rates Presented to the State Board of Administration of Florida, March 21, 2013," as approved on April 23, 2013, <http://www.flrules.org/Gateway/reference.asp?No=ref-02751>, hereby adopted and incorporated by reference into this rule. These incorporated documents may be obtained directly from the SBA website: www.sbafla.com/fhcf or by contacting the SBA by mail, P. O. Box 13300, Tallahassee, FL 32317-3300, with a request for the documents.

~~(e)(f)~~ For the 2014-2015 Contract Year, the Formula developed by the Board's Independent Consultant, "Florida Hurricane Catastrophe Fund: 2014 Ratemaking Formula Report Presented to the State Board of Administration of Florida, March 20, 2014," <http://www.flrules.org/Gateway/reference.asp?No=ref-04160>, is hereby adopted and incorporated by reference into this rule. The basic premium rates developed in accordance with the Premium Formula methodology approved by the Board on April 22, 2014, are hereby adopted and incorporated by reference in Form FHCF-Rates 2014, "Florida Hurricane Catastrophe Fund Proposed 2014 Rates Presented to the State Board of Administration of Florida, March 20, 2014," <http://www.flrules.org/Gateway/reference.asp?No=ref-04161>, hereby adopted and incorporated by reference into this rule. These incorporated documents may be obtained directly from the SBA website: www.sbafla.com/fhcf or by contacting the SBA by mail, P. O. Box 13300, Tallahassee, FL 32317-3300, with a request for the documents.

(f) For the 2015-2016 Contract Year, the Formula developed by the Board's Independent Consultant, "Florida Hurricane Catastrophe Fund: 2015 Ratemaking Formula Report Presented to the State Board of Administration of Florida, March 24, 2015," <http://www.flrules.org/Gateway/reference.asp?No=ref-XXXXX>, is hereby adopted and incorporated by reference into this rule. The basic premium rates developed in accordance with the Premium Formula methodology approved by the Board on XX, 2015, are hereby adopted and incorporated by reference in Form FHCF-Rates 2015, "Florida Hurricane Catastrophe Fund Proposed 2015 Rates Presented to the State Board of Administration of Florida, March 24, 2015," <http://www.flrules.org/Gateway/reference.asp?No=ref-XXXXX>, hereby adopted and incorporated by reference into this rule. These incorporated documents may be obtained directly from the SBA website: www.sbafla.com/fhcf or by contacting the SBA by mail, P. O. Box 13300, Tallahassee, FL 32317-3300, with a request for the documents.

(4)(a) through (4)(b)2., no changes.

3. Any insurer which has forfeited its certificate of authority or which has discontinued writing in accordance with an order issued by the Department of Financial Services effective prior to June 1 of a Contract Year ~~each calendar year~~ shall not be required to execute a Reimbursement Contract for that upcoming Contract Year with the Board provided that the insurer has no exposure to hurricane loss after June 1.

(c) New Participants.

(4)(c)1. through (4)(c)3.a., no changes.

b. For the 2012/2013 Contract Year and earlier Contract Years, on or before March 1 of the Contract Year, the Company shall report its actual exposure as of December 31 of the Contract Year to the Administrator in accordance with the Data Call. For the 2012/2013 Contract Year, New Participants had the option of reporting exposure as of November 30 by February 1 of the Contract Year. The Administrator shall calculate the Company's actual Reimbursement Premium for the applicable Contract Year based on its actual exposure. To recognize that New Participants have limited exposure during this period, the actual Premium as determined by processing the Company's exposure data shall then be divided in half, the provisional Premium shall be credited, and the resulting amount shall be the total Premium due for the Company for the remainder of the Contract Year. However, if that amount is less than \$1,000, then the Company shall pay \$1,000. The Premium payment is due no later than May 1 of the Contract Year (or April 1 if the November 30 option was chosen for the 2012/13 Contract Year). The Company's retention and coverage will be determined based on the total Premium due which is the Premium calculated based on the Company's December 31 exposure (or November if appropriate) and divided in half as described in this sub-subparagraph.

c. For the 2013/2014 Contract Year and subsequent Contract Years, the Company shall report its actual exposure as of November 30 of the Contract Year in accordance with the Data Call. The Administrator shall calculate the Company's actual Reimbursement Premium for the applicable Contract Year based on its actual exposure. To recognize that New Participants have limited exposure during this period, the actual Premium as determined by processing the Company's exposure data shall then be divided in half, the provisional Premium shall be credited, and the resulting amount shall be the total Premium due for the Company for the remainder of the

Contract Year. However, if that amount is less than \$1,000, then the Company shall pay \$1,000. The Premium payment is due no later than April 1 of the Contract Year. The Company's retention and coverage will be determined based on the total Premium due which is the Premium calculated based on the Company's November 30 exposure and divided in half as described in this sub-subparagraph.

(4)(c)4. through (5)., no changes.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7) FS. History—New 9-20-99, Amended 7-3-00, 9-17-01, 7-17-02, 7-2-03, 7-29-04, 7-17-05, 7-6-06, 7-17-07, 6-16-08, 8-2-09, 7-8-10, 7-3-11, 6-25-12, 6-18-13, 6-10-14, X-XX-15.

NAME OF PERSON ORIGINATING PROPOSED RULE: Jack E. Nicholson, FHCF Chief Operating Officer, State Board of Administration of Florida.

NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: The Trustees of the State Board of Administration of Florida.

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: April 14, 2015

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAR: March 9, 2015

Notice of Meeting/Workshop Hearing

STATE BOARD OF ADMINISTRATION

The Florida Hurricane Catastrophe Fund announces a public meeting to which all persons are invited.

DATE AND TIME: April 14, 2015, 9:00 a.m. (ET) to conclusion of the meeting.

PLACE: Cabinet Meeting Room, Lower Level, The Capitol, Tallahassee, Florida.

GENERAL SUBJECT MATTER TO BE CONSIDERED: This is a meeting of the Trustees of the State Board of Administration to authorize the Florida Hurricane Catastrophe Fund (the Fund) to file a Notice of Proposed Rule for two rules, Rule 19-8.028, F.A.C., Reimbursement Premium Formula, and Rule 19-8.010, F.A.C., Reimbursement Contract, and to file these rules for adoption if no member of the public timely requests a rule hearing or if a rule hearing is requested but no Notice of Change is needed. The rules and incorporated forms are available on the Fund's website: www.sbafla.com/fhcf. The Trustees will also consider a resolution of the State Board of Administration which delegates to the Executive Director the authority to consider, negotiate, and execute certain risk transfer arrangements and authorizes and directs the State Board of Administration Finance Corporation to issue pre-event bonds or notes.

A copy of the agenda may be obtained by contacting: Not available.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 7 days before the workshop/meeting by contacting: Leonard E. Schulte, Florida Hurricane Catastrophe Fund, (850) 413-1335, leonard.schulte@sbafla.com. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

19-8.028 Reimbursement Premium Formula.

(1) Purpose. The purpose of this rule is to adopt the Premium Formula to determine the Actuarially Indicated Reimbursement Premium to be paid to the Florida Hurricane Catastrophe Fund, as required by Section 215.555(5)(b), F.S.

(2) Definitions. The terms defined below will be capitalized in this rule.

(a) Actuarially Indicated Premium means Premiums which are derived according to or consistent with accepted actuarial standards of practice. Actuarially Indicated means an amount determined according to principles of actuarial science to be adequate, but not excessive, in the aggregate, to pay current and future obligations and expenses of the Fund, and determined according to principles of actuarial science to reflect each insurer's relative exposure to hurricane losses.

(b) Board or SBA means the State Board of Administration of Florida.

(c) Citizens Property Insurance Corporation or Citizens means the entity formed under Section 627.351(6), F.S., and refers to two accounts, the ~~both Citizens Property Insurance Corporation~~ ~~c~~Coastal ~~a~~Account and ~~the Citizens Property Insurance Corporation~~ ~~p~~Personal ~~l~~Lines and ~~c~~Commercial ~~l~~Lines ~~a~~Accounts. Each account is treated by the FHCF as if it were a separate participating insurer with its own reportable exposures, reimbursement premium, retention, and ultimate net loss.

(d) Contract Year means the time period which begins at 12:00:01 a.m., Eastern Time, on June 1 of each calendar year and ends at 12:00 ~~p.m.~~ midnight, Eastern Time, on May 31 of the following calendar year.

(e) Covered Policy is defined in Section 215.555(2)(c), F.S., and the Reimbursement Contract adopted by and incorporated into Rule 19-8.010, F.A.C.

(f) Data Call or Florida Hurricane Catastrophe Fund Data Call means the annual reporting of insured values Form FHCF-D1A, as adopted and incorporated into Rule 19-8.029, F.A.C.

(g) Formula or the Premium Formula means the Formula approved by the SBA for the purpose of determining the Actuarially Indicated Premium to be paid to the FHCF. The Premium Formula is defined as an approach or methodology which leads to the creation of premium rates. The resulting rates are therefore incorporated as part of the Premium Formula, and are the result of the approach or methodology employed.

(h) FHCF or Fund means the Florida Hurricane Catastrophe Fund.

(i) Independent Consultant or Consultant means the independent individual, firm, or organization with which the SBA contracts to prepare the Premium Formula and any other actuarial services for the FHCF, as determined under the contract with the Consultant.

(j) New Participants. The term means all Companies which are granted a certificate of authority by the Department of Financial Services after the beginning of the FHCF's Contract Year on June 1 and which write Covered Policies, or which already have a certificate of authority and begin writing Covered Policies on or after the beginning of the FHCF's Contract Year on June 1 and did not or were not required to enter into a contract on June 1 of the Contract Year. A Company that enters into an assumption agreement with Citizens that includes Covered Policies and is effective on or after June 1 and had written no other Covered Policies on or before June 1 is also considered a New Participant.

(k) Premium means the same as Reimbursement Premium, which is the Premium which is determined by multiplying each \$1,000 of insured value reported by the Company in accordance with Section 215.555(5)(b), F.S., by the rate as derived from the Premium Formula.

(3) The Premium Formula.

(a) Because of the diversity of the insurers and the risks they insure which are affected by Section 215.555, F.S., the Premium Formula is adopted in this subsection and special circumstances are addressed in subsection (4), below. The Formula for determining the Actuarially Indicated Premium to be paid to the Fund, as required by Section 215.555(5)(b), F.S., is the rate times the exposure per \$1,000 of insured value and this equals the Premium to be paid in dollars. The rates adopted below were determined by taking into account geographic location by zip code; construction type; policy deductible; type of insurance and other such factors deemed by the Board to be appropriate. The Formula is developed by an Independent Consultant selected by the Board, as required by Section 215.555(5)(b), F.S.

~~(b)~~ For the 2010-2011 Contract Year, the Formula developed by the Board's Independent Consultant, "Florida Hurricane Catastrophe Fund: 2010 Ratemaking Formula Report Presented to the State Board of Administration of Florida, March 18, 2010" is hereby adopted and incorporated by reference into this rule. The basic premium rates developed in accordance with the Premium Formula methodology approved by the Board on April 13, 2010, are hereby adopted and incorporated by reference in Form FHCF Rates 2010, "Florida Hurricane Catastrophe Fund Proposed 2010 Rates Presented to the State Board of Administration of Florida, March 18, 2010" and is hereby adopted and incorporated by reference into this rule. These incorporated documents may be obtained directly from the SBA website: www.sbafla.com/fhcf or by contacting the SBA by mail, P. O. Box 13300, Tallahassee, FL 32317-3300, with a request for the documents.

~~(b)~~~~(e)~~ For the 2011-2012 Contract Year, the Formula developed by the Board's Independent Consultant, "Florida Hurricane Catastrophe Fund: 2011 Ratemaking Formula Report Presented to the State Board of Administration of Florida, March 17, 2011" is hereby adopted and incorporated by reference into this rule, <http://www.flrules.org/Gateway/reference.asp?No=ref-00275>. The basic premium rates developed in accordance with the Premium Formula methodology approved by the Board on May 3, 2011, are hereby adopted and incorporated by reference in Form FHCF-Rates 2011, "Florida Hurricane Catastrophe Fund Proposed 2011 Rates Presented to the State Board of Administration of Florida, March 17, 2011" is hereby adopted and incorporated by reference into this rule, <http://www.flrules.org/Gateway/reference.asp?No=ref-00276> and <http://www.flrules.org/Gateway/reference.asp?No=ref-00277>. These incorporated documents may be obtained directly from the SBA website: www.sbafla.com/fhcf or by contacting the SBA by mail, P. O. Box 13300, Tallahassee, FL 32317-3300, with a request for the documents.

~~(c)~~~~(d)~~ For the 2012-2013 Contract Year, the Formula developed by the Board's Independent Consultant, "Florida Hurricane Catastrophe Fund: 2012 Ratemaking Formula Report Presented to the State Board of Administration of Florida, March 22, 2012," <http://www.flrules.org/Gateway/reference.asp?No=Ref-01175>, is hereby adopted and incorporated by reference into this rule. The basic premium rates developed in accordance with the Premium Formula methodology approved by the Board on April 24, 2012, are hereby adopted and incorporated by reference in Form FHCF-Rates 2012, "Florida Hurricane Catastrophe Fund Proposed 2012 Rates Presented to the State Board of Administration of Florida, March 22, 2012," <http://www.flrules.org/Gateway/reference.asp?No=Ref-01176>, is hereby adopted and incorporated by reference into this rule. These incorporated documents may be obtained directly from the SBA website: www.sbafla.com/fhcf or by contacting the SBA by mail, P. O. Box 13300, Tallahassee, FL 32317-3300, with a request for the documents.

~~(d)~~~~(e)~~ For the 2013-2014 Contract Year, the Formula developed by the Board's Independent Consultant, "Florida Hurricane Catastrophe Fund: 2013 Ratemaking Formula Report Presented to the State Board of Administration of Florida, March 21, 2013," as approved on April 23, 2013, <http://www.flrules.org/Gateway/reference.asp?No=ref-02750>, is hereby adopted and incorporated by reference into this rule. The basic premium rates developed in accordance with the Premium Formula methodology approved by the Board on April 23, 2013, are hereby adopted and incorporated by reference in Form FHCF-Rates 2013, "Florida Hurricane Catastrophe Fund Proposed 2013 Rates Presented to the State Board of Administration of Florida, March 21, 2013," as approved on April 23, 2013, <http://www.flrules.org/Gateway/reference.asp?No=ref-02751>, hereby adopted and incorporated by reference into this rule. These incorporated documents may be obtained directly from the SBA website: www.sbafla.com/fhcf or by contacting the SBA by mail, P. O. Box 13300, Tallahassee, FL 32317-3300, with a request for the documents.

~~(e)~~~~(f)~~ For the 2014-2015 Contract Year, the Formula developed by the Board's Independent Consultant, "Florida Hurricane Catastrophe Fund: 2014 Ratemaking Formula Report Presented to the State Board of Administration of Florida, March 20, 2014," <http://www.flrules.org/Gateway/reference.asp?No=ref-04160>, is hereby adopted and incorporated by reference into this rule. The basic premium rates developed in accordance with the Premium Formula methodology approved by the Board on April 22, 2014, are hereby adopted and incorporated by reference in Form FHCF-Rates 2014, "Florida Hurricane Catastrophe Fund Proposed 2014 Rates Presented to the State Board of Administration of Florida, March 20, 2014," <http://www.flrules.org/Gateway/reference.asp?No=ref-04161>, hereby adopted and incorporated by reference into this rule. These incorporated documents may be obtained

directly from the SBA website: www.sbafla.com/fhcf or by contacting the SBA by mail, P. O. Box 13300, Tallahassee, FL 32317-3300, with a request for the documents.

(f) For the 2015-2016 Contract Year, the Formula developed by the Board's Independent Consultant, "Florida Hurricane Catastrophe Fund: 2015 Ratemaking Formula Report Presented to the State Board of Administration of Florida, March 24, 2015," <http://www.flrules.org/Gateway/reference.asp?No=ref-XXXXX>, is hereby adopted and incorporated by reference into this rule. The basic premium rates developed in accordance with the Premium Formula methodology approved by the Board on XX, 2015, are hereby adopted and incorporated by reference in Form FHCF-Rates 2015, "Florida Hurricane Catastrophe Fund Proposed 2015 Rates Presented to the State Board of Administration of Florida, March 24, 2015," <http://www.flrules.org/Gateway/reference.asp?No=ref-XXXXX>, hereby adopted and incorporated by reference into this rule. These incorporated documents may be obtained directly from the SBA website: www.sbafla.com/fhcf or by contacting the SBA by mail, P. O. Box 13300, Tallahassee, FL 32317-3300, with a request for the documents.

(4)(a) Special Circumstances.

1. Allocation of Premium. Premiums paid to the FHCF with reference to property covered by Quota Share Primary Insurance Arrangements, as that phrase is defined in Section 627.351(6)(c)2.a.(I), F.S., will be allocated by the FHCF between the Insurer and Citizens in accordance with the percentages specified in the Quota Share Primary Insurance Arrangement for the purposes of premium billing, calculating retentions and determining reimbursement payments.

2. Special Rating Circumstances. The Premium Formula for policies that, based upon sound actuarial principles, require individual ratemaking and which are not excluded by rule will be based on the use of computer modeling for each individual Company for which it is applicable, i.e., portfolio modeling. The Independent Consultant will recommend guidelines for individual company portfolio reporting and modeling to estimate individual company FHCF expected losses. Individual company FHCF expected losses for portfolio modeling exposures will be loaded for investments and expenses on the same basis as the FHCF premium rates used for non-portfolio modeling exposures, but will also include a loading for the additional cost of individual company modeling. The minimum exposure threshold for FHCF portfolio modeling rating will be sufficient to generate estimated FHCF premium greater than the cost of modeling and other considerations and will be calculated by the Independent Consultant for the separate coverage levels of 45%, 75%, and 90% using the rates established pursuant to subsection (3) herein. The methodology used by the Independent Consultant will be based on sound actuarial principles to establish greater actuarial equity in the premium structure.

(b) Forfeiture or Surrender of Certificates of Authority; Insurers Which Do Not Have Exposure For Covered Policies For an Entire Contract Year.

1. Insurers which have forfeited their certificates of authority or which have withdrawn from the state or discontinued writing all kinds of insurance in this state after the beginning of the Contract Year shall have their Premiums determined in accordance with subsection (3), above.

2. Special recognition is not given to insurers which do not have exposure for Covered Policies for an entire Contract Year, except for New Participants as described in paragraph (c) of this subsection (4).

3. Any insurer which has forfeited its certificate of authority or which has discontinued writing in accordance with an order issued by the Department of Financial Services effective prior to June 1 of a Contract Year ~~each calendar year~~ shall not be required to execute a Reimbursement Contract for that upcoming Contract Year with the Board provided that the insurer has no exposure to hurricane loss after June 1.

(c) New Participants.

1. All New Participants shall enter into a Reimbursement Contract with the Fund.

2. All New Participants shall pay a Reimbursement Premium to the Fund in accordance with the applicable subparagraphs below and in accordance with the applicable provisions of the Reimbursement Contract.

3. This subparagraph applies to Companies writing new business after June 1 but prior to December 1 of the Contract Year.

a. All New Participants writing new business during the period specified above shall pay a provisional Premium of \$1,000 to provide consideration for the contract.

b. For the 2012/2013 [Contract Year](#) and earlier Contract Years, on or before March 1 of the Contract Year, the Company shall report its actual exposure as of December 31 of the Contract Year to the Administrator in accordance with the Data Call. For the 2012/2013 Contract Year, New Participants had the option of reporting exposure as of November 30 by February 1 of the Contract Year. The Administrator shall calculate the Company's actual Reimbursement Premium for the applicable Contract Year based on its actual exposure. To recognize that New Participants have limited exposure during this period, the actual Premium as determined by processing the Company's exposure data shall then be divided in half, the provisional Premium shall be credited, and the resulting amount shall be the total Premium due for the Company for the remainder of the Contract Year. However, if that amount is less than \$1,000, then the Company shall pay \$1,000. The Premium payment is due no later than May 1 of the Contract Year (or April 1 if the November 30 option was chosen for the 2012/13 Contract Year). The Company's retention and coverage will be determined based on the total Premium due which is the Premium calculated based on the Company's December 31 exposure (or November if appropriate) and divided in half as described in this sub-subparagraph.

c. For the 2013/2014 [Contract Year](#) and subsequent Contract Years, the Company shall report its actual exposure as of November 30 of the Contract Year in accordance with the Data Call. The Administrator shall calculate the Company's actual Reimbursement Premium for the applicable Contract Year based on its actual exposure. To recognize that New Participants have limited exposure during this period, the actual Premium as determined by processing the Company's exposure data shall then be divided in half, the provisional Premium shall be credited, and the resulting amount shall be the total Premium due for the Company for the remainder of the Contract Year. However, if that amount is less than \$1,000, then the Company shall pay \$1,000. The Premium payment is due no later than April 1 of the Contract Year. The Company's retention and coverage will be determined based on the total Premium due which is the Premium calculated based on the Company's November 30 exposure and divided in half as described in this sub-subparagraph.

4. This subparagraph applies to Companies writing new business on or after December 1 but up to and including May 31 of the Contract Year. All New Participants writing new business during this period shall pay a Premium of \$1,000 to provide consideration for the Contract. The Company shall pay no other Premium for the remainder of the Contract Year. The Company shall not report its exposure data for this period to the Board. The Premium shall be paid upon signing the Reimbursement Contract.

(5) All the forms adopted and incorporated by reference in this rule may be obtained from: Administrator, Florida Hurricane Catastrophe Fund, Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, MN 55437.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7) FS. History—New 9-20-99, Amended 7-3-00, 9-17-01, 7-17-02, 7-2-03, 7-29-04, 7-17-05, 7-6-06, 7-17-07, 6-16-08, 8-2-09, 7-8-10, 7-3-11, 6-25-12, 6-18-13, 6-10-14, X-XX-15.

Rule 19-8.010, F.A.C., and Incorporated Forms
2015-2016 Contract Year
Summary of Changes
(As of March 12, 2015)

Rule

19-8.010, Reimbursement Contract

Subsection (5), which adopts the FHCF Reimbursement Contract for the 2015-2016 Contract Year, is amended to adopt Form FHCF 2015K-2, Amendment No. 1, to provide for correction of a scrivener's error in the FHCF Reimbursement Contract for the 2015-2016 Contract Year.

Incorporated Forms

Rule 19-8.010, F.A.C., Incorporated Forms:

FHCF-2015K-2, Amendment No. 1

This form consists of an amendment to Art. V, paragraph (29)(a) of the 2015-2016 FHCF Reimbursement Contract, relating to the definition of the term "Retention Multiple." The amendment corrects a scrivener's error in the Reimbursement Contract. As amended, the definition specifies the retention multiple for the 2015-2016 Contract Year; the prior version of the 2015-2016 Reimbursement Contract had identified this as the retention multiple for the 2014-2015 Contract Year.

Notice of Proposed Rule

STATE BOARD OF ADMINISTRATION

RULE NO.: RULE TITLE:

19-8.010: Reimbursement Contract

PURPOSE AND EFFECT: The State Board of Administration of Florida, Florida Hurricane Catastrophe Fund, seeks to amend the rule listed above to implement Section 215.555, F.S.

SUMMARY: The rule is being amended to adopt an amendment form to enable the parties to the 2015-2016 Reimbursement Contract to correct a scrivener's error in the definition of "retention multiple."

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE

RATIFICATION:

The Agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of \$200,000 in the aggregate within one year after the implementation of the rule. A SERC has not been prepared by the Agency.

The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: A Reimbursement Contract meeting the requirements set forth in Section 215.555, F.S., must be adopted annually pursuant to Section 215.555(4) and (17)(b), F.S. Upon review of the proposed changes to the upcoming Contract Year's Reimbursement Contract, which is incorporated into Rule 19-8.010, F.A.C., Reimbursement Contract, the State Board of Administration of Florida has determined that the preparation of a Statement of Estimated Regulatory Costs is not necessary and that this rule does not meet the statutory threshold for ratification by the Legislature. The changes to this rule also do not directly or indirectly have an adverse impact on economic growth, private sector job creation or employment, or private sector investment, business competitiveness, or innovation or increase regulatory costs, including any transactional costs, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule.

Any person who wishes to provide information regarding a statement of estimated regulatory costs, or provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

RULEMAKING AUTHORITY: 215.555(3), F.S.

LAW IMPLEMENTED: 215.555(2), (3), (4), (5), (6), (7), (10), (17), F.S.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE, TIME AND PLACE SHOWN BELOW:

DATE AND TIME: May 14, 2015, 9:00 a.m. to 11:00 a.m. (ET).

PLACE: Room 116 (Hermitage Conference Room), Hermitage Centre, 1801 Hermitage Blvd., Tallahassee, Florida 32308.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 7 days before the workshop/meeting by contacting: Leonard E. Schulte, Florida Hurricane Catastrophe Fund, 1801 Hermitage Blvd., Tallahassee, FL 32308, (850) 413-1335, leonard.schulte@sbafla.com. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Leonard Schulte at the number or email listed above.

THE FULL TEXT OF THE PROPOSED RULE IS:

19-8.010 Reimbursement Contract.

(1) through (4), no changes.

(5) The reimbursement contract for the 2015-2016 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-04711>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2015K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #() and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 11/14 is hereby adopted and incorporated by reference into this rule. In addition, Form 2015K-2, Amendment No. 1 to the Reimbursement Contract, is also adopted and incorporated by reference into this rule. This contract is effective from June 1, 2015 through May 31, 2016.

(6), no changes.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555 FS. History—New 5-31-94, Amended 8-29-95, 5-19-96, 6-19-97, 5-28-98, 5-17-99, 9-13-99, 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 11-13-05, 5-10-06, 9-5-06, 5-8-07, 8-13-07, 6-8-08, 9-2-08, 3-30-09, 8-23-09, 3-29-10, 8-8-10, 12-12-10, 9-11-11, 12-19-11, 11-18-12, 12-2-13, 11-12-14, XX-XX-15.

NAME OF PERSON ORIGINATING PROPOSED RULE: Jack E. Nicholson, FHCF Chief Operating Officer, State Board of Administration of Florida.

NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: The Trustees of the State Board of Administration of Florida.

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: April 14, 2015

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAR: March 9, 2015

Notice of Meeting/Workshop Hearing

STATE BOARD OF ADMINISTRATION

The Florida Hurricane Catastrophe Fund announces a public meeting to which all persons are invited.

DATE AND TIME: April 14, 2015, 9:00 a.m. (ET) to conclusion of the meeting.

PLACE: Cabinet Meeting Room, Lower Level, The Capitol, Tallahassee, Florida.

GENERAL SUBJECT MATTER TO BE CONSIDERED: This is a meeting of the Trustees of the State Board of Administration to authorize the Florida Hurricane Catastrophe Fund (the Fund) to file a Notice of Proposed Rule for two rules, Rule 19-8.028, F.A.C., Reimbursement Premium Formula, and Rule 19-8.010, F.A.C., Reimbursement Contract, and to file these rules for adoption if no member of the public timely requests a rule hearing or if a rule hearing is requested but no Notice of Change is needed. The rules and incorporated forms are available on the Fund's website: www.sbafla.com/fhcf. The Trustees will also consider a resolution of the State Board of Administration which delegates to the Executive Director the authority to consider, negotiate, and execute certain risk transfer arrangements and authorizes and directs the State Board of Administration Finance Corporation to issue pre-event bonds or notes.

A copy of the agenda may be obtained by contacting: Not available.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 7 days before the workshop/meeting by contacting: Leonard E. Schulte, Florida Hurricane Catastrophe Fund, (850) 413-1335, leonard.schulte@sbafla.com. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

19-8.010 Reimbursement Contract.

(1) The reimbursement contract for the 2011-2012 contract year, <http://www.flrules.org/Gateway/reference.asp?No=Ref-00518>, including all Amendments and Addenda, <http://www.flrules.org/Gateway/reference.asp?No=Ref-00519>, required by Section 215.555(4), F.S., which is called Form FHCF-2011K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #() and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 06/11, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2011 through May 31, 2012.

(2) The reimbursement contract for the 2012-2013 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-00777>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2012K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #() and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 12/11 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2012 through May 31, 2013.

(3) The reimbursement contract for the 2013-2014 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-01872>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2013K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #() and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 11/12 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2013 through May 31, 2014.

(4) The reimbursement contract for the 2014-2015 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-03348>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2014K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #() and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 12/13 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2014 through May 31, 2015.

(5) The reimbursement contract for the 2015-2016 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-04711>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2015K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #() and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 11/14 is hereby adopted and incorporated by reference into this rule. In addition, Form 2015K-2, Amendment No. 1 to the Reimbursement Contract, is also adopted and incorporated by reference into this rule. This contract is effective from June 1, 2015 through May 31, 2016.

(6) Copies of the reimbursement contract may be obtained from the FHCF website, www.sbafla.com/fhcf or by contacting the State Board of Administration. The mailing address is P. O. Box 13300, Tallahassee, Florida 32317-3300. The street address is 1801 Hermitage Blvd., Tallahassee, Florida 32308 and the telephone number is (850) 413-1335.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555 FS. History—New 5-31-94, Amended 8-29-95, 5-19-96, 6-19-97, 5-28-98, 5-17-99, 9-13-99, 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 11-13-05, 5-10-06, 9-5-06, 5-8-07, 8-13-07, 6-8-08, 9-2-08, 3-30-09, 8-23-09, 3-29-10, 8-8-10, 12-12-10, 9-11-11, 12-19-11, 11-18-12, 12-2-13, 11-12-14, XX-XX-15.

AMENDMENT NO. 1
to
REIMBURSEMENT CONTRACT

Effective: June 1, 2015
(Contract)

between

«Legal_Name»
(Company)

NAIC # «NAIC_»

and

THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA)
WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)

WHEREAS, the above-referenced Reimbursement Contract for Contract Year 2015-2016, as adopted under Rule 19-8.010, F.A.C., contains a scrivener's error in the definition of "Retention Multiple,"

NOW, THEREFORE, the parties to the above-referenced Reimbursement Contract agree to the following amendment, which takes effect June 1, 2015:

Paragraph (a) of Subsection (29) of ARTICLE V – DEFINITIONS is amended to read:

(29) Retention Multiple

- (a) The Retention Multiple is applied to the Company's Reimbursement Premium to determine the Company's Retention. The Retention Multiple for the 2015/2016 Contract Year shall be equal to \$4.5 billion, adjusted based upon the reported exposure for the 2013/2014 Contract Year to reflect the percentage growth in exposure to the FHCF since 2004, divided by the estimated total industry Reimbursement Premium at the 90% reimbursement percentage level for the Contract Year as determined by the SBA.

Approved by:

Florida Hurricane Catastrophe Fund

By: State Board of Administration of the State of Florida

By: _____
Ashbel C. Williams
Executive Director & CIO
Date _____

Approved as to legality:

By: _____
Date _____

«Legal_Name»

Typed/Printed Name and Title

By: _____
Signature
Date _____

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA (I) DETERMINING THAT THE EXECUTION OF RISK-TRANSFER ARRANGEMENTS AND THE ISSUANCE OF PRE-EVENT REVENUE BONDS OR NOTES IN A COMBINED AMOUNT UP TO, BUT NOT EXCEEDING, \$2.2 BILLION WOULD MAXIMIZE THE CAPACITY OF THE FLORIDA HURRICANE CATASTROPHE FUND (THE "FUND") AND THE ABILITY OF THE FUND TO MEET FUTURE OBLIGATIONS; (II) DELEGATING TO THE EXECUTIVE DIRECTOR THE AUTHORITY TO CONSIDER, NEGOTIATE, AND EXECUTE RISK-TRANSFER ARRANGEMENTS AUTHORIZED BY SECTION 215.555(7)(A), FLORIDA STATUTES; AND (III) REQUESTING THE STATE BOARD OF ADMINISTRATION FINANCE CORPORATION TO ISSUE PRE-EVENT REVENUE BONDS OR NOTES IN A PRINCIPAL AMOUNT UP TO, BUT NOT EXCEEDING, \$2.2 BILLION AS PROVIDED HEREIN; RATIFYING THE MASTER TRUST INDENTURE AND THE PLEDGE AND SECURITY AGREEMENT PREVIOUSLY ENTERED INTO; AUTHORIZING THE EXECUTION AND DELIVERY OF A SEVENTH SUPPLEMENTAL INDENTURE, A PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT, AND A PURCHASE CONTRACT 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; and

WHEREAS, Section 215.555(7)(a), Florida Statutes, authorizes the Board to enter into certain risk-transfer arrangements for the purpose of maximizing the capacity of the Fund; and

WHEREAS, pursuant to the procurement procedures of the Board, the Fund has appointed Aon Benfield Inc. as its reinsurance intermediary for the purpose of negotiating the potential placement of risk-transfer arrangements;

WHEREAS, the reinsurance intermediary and the Fund's financial advisor have advised that current market conditions should enable the Board to obtain a risk-transfer arrangement or arrangements for the 2015 hurricane season in an appropriate amount, on favorable terms, and at a reasonable cost, and

WHEREAS, the Board desires to delegate to the Executive Director the authority to consider, negotiate, and execute risk-transfer arrangements authorized by Section 215.555(7)(a), Florida Statutes, in any amount up to, but not exceeding, \$2.2 billion in order to maximize the capacity of the Fund; and

WHEREAS, the Fund is authorized pursuant to Section 215.555(5), Florida Statutes, to collect reimbursement premiums from insurers writing Covered Policies (the "Insurers") and to enter into annual reimbursement contracts with participating Insurers requiring payment by the Insurers of reimbursement premiums and payment by the Fund to reimburse Insurers for claims paid for hurricane damage; and

WHEREAS, the Fund is authorized to levy emergency assessments pursuant to Section 215.555(6)(b), Florida Statutes, on premiums for certain property and casualty insurance policies; and

WHEREAS, pursuant to the Act, moneys derived from reimbursement premiums and emergency assessments may be pledged to secure revenue bonds or notes issued pursuant to the Act; and

WHEREAS, the Act created the State Board of Administration Finance Corporation (the "Corporation"), formerly the Florida Hurricane Catastrophe Fund Finance Corporation, with the authority to issue pre-event revenue bonds, which includes other financial obligations such as notes, for the benefit of the Fund; and

WHEREAS, the issuance of such pre-event revenue bonds for the benefit of the Fund by the Corporation is authorized by Section 215.555(6)(a)1., Florida Statutes, when a determination has been made that such action would maximize the ability of the Fund to meet future obligations; and

WHEREAS, through an invitation to negotiate issued by the Board on behalf of the Fund, a syndicate of underwriters was selected to serve on the Fund's financial services team which syndicate includes J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Morgan Stanley & Co. LLC, Wells Fargo Bank, National Association, Barclays Capital Inc., Goldman, Sachs & Co., Loop Capital Markets, LLC, Piper Jaffray & Co., PNC Capital Markets

LLC, RBC Capital Markets LLC, Siebert Brandford Shank & Co., LLC, and Stifel, Nicolaus & Company, Incorporated (collectively, the "Underwriters"); and

WHEREAS, the Board, in conjunction with the risk-transfer arrangements authorized by this resolution, desires to authorize the Corporation to issue pre-event revenue bonds or notes in a principal amount up to, but not exceeding, \$2.2 billion if such issuance is desirable to bring the combined amounts of any risk-transfer arrangements and pre-event revenue bonds up to, but not exceeding, \$2.2 billion.

NOW, THEREFORE, BE IT RESOLVED by the State Board of Administration of Florida, as the governing body of the Fund, as follows:

1. The Board hereby determines, as required pursuant to Section 215.555(7)(a), Florida Statutes, that the execution of any risk-transfer arrangements by the Board will, separately and/or in conjunction with the issuance of pre-event revenue bonds authorized by this resolution, maximize the capacity of the Fund.

2. The Board hereby delegates to the Executive Director the authority to consider, negotiate and execute any risk-transfer arrangements, as provided herein.

3. Any risk-transfer arrangements negotiated under this resolution must conform to the following criteria:

a. The risk-transfer arrangements must provide coverage for the same time period as the Fund's 2015-2016 Contract Year, but may involve multi-year coverage or a multi-year coverage option if the Executive Director determines that such arrangement would best serve the purpose of the Fund in accomplishing its mission at a reasonable price based on market conditions at the time of negotiations.

b. The coverage negotiated may be up to, but not exceeding, \$2.2 billion, but such limit shall be reduced by the amount of any pre-event revenue bonds that are reasonably expected to be issued in conjunction with such risk-transfer arrangements.

c. The terms of the coverage provided must be consistent with the coverage provided under the Fund's Reimbursement Contract.

d. The coverage for risk transfer for the Fund's 2015-2016 Contract Year must attach at a loss level above the Fund's projected year-end cash balance as of December 31, 2015, unless the Executive Director determines that favorable pricing or terms of coverage are available at a lower attachment point based on market conditions at the time of negotiations.

e. The price negotiated shall be based on market prices to provide benefits consistent with the Fund's obligations to reimburse participating Insurers.

f. The risk-transfer arrangements must be executed as soon as feasible in order to provide benefits for the Fund's 2015-2016 Contract Year.

g. The risk-transfer arrangements must be procured from a reinsurer acceptable to the Office of Insurance Regulation as required in paragraph 215.555(7)(a), Florida Statutes.

4. The Board hereby determines, as required pursuant to Sections 215.555(6)(a)1. and 215.555(6)(d)2.d., Florida Statutes, that the issuance of pre-event revenue bonds, which includes other financial obligations such as revenue notes will, in conjunction with the risk-transfer arrangements authorized by this Resolution, maximize the ability of the Fund to meet future obligations. In making this determination, pursuant to Rule 19-8.013(4)(d), Florida Administrative Code, the Board considered the projected Fund balance; the reserves for mitigation appropriations; the estimated amounts needed for the administration of the Fund; the projected amounts of future reimbursement premiums; the projected amounts of earnings on collected reimbursement premiums; the projected frequency and magnitude of future covered events; the current and projected interest rates on revenue bonds; the current and projected market conditions for the sale of revenue bonds; the projected credit ratings for the Fund and for revenue bonds issued on behalf of the Fund; the current and projected availability of insurance or other credit enhancement for revenue bonds; the costs of issuance of revenue bonds; the debt service requirements of the revenue bonds; the estimated value, both monetary and non-monetary, of the issuance of pre-event revenue bonds on the costs of post-event debt in terms of benchmark pricing, secondary market trading, investor education, confidence of insurers and reinsurers in the Fund's ability to issue revenue bonds post-event; market education, and document preparation; and other relevant factors. In addition, as provided in Rule 19-8.013(4)(b), Florida Administrative Code, all of the hereinafter defined Series 2015A Bonds shall be investment grade.

5. The Board hereby requests the Corporation to issue and sell up to, but not exceeding, \$2.2 billion in aggregate principal amount of State Board of Administration Finance Corporation Revenue Bonds, Series 2015A (the "Series 2015A Bonds") for provision of liquidity for losses in the event of future hurricanes; provided, however, that the aggregate principal amount of the Series 2015A Bonds authorized hereby shall be reduced by the amount of any risk-transfer arrangements procured by the Board, as determined by the Executive Director pursuant to paragraphs 2 and 3 above. The Executive Director shall first determine the amount of the risk-transfer arrangements, if any, to be entered into by the Board and shall notify the President of the Corporation of

such determination. The President of the Corporation shall then determine the principal amount of the Series 2015A Bonds to be issued, if any, provided that in no event shall the combined amount of such risk-transfer arrangements and the principal amount of Series 2015A Bonds exceed \$2.2 billion. All or a portion of the Series 2015A Bonds may be issued as revenue notes, in which case all references herein to the Series 2015A Bonds shall include such revenue notes. The Series 2015A Bonds may be issued in multiple series as determined by the Corporation to be necessary or desirable and may alternatively be known by such other name or series designation as is authorized by the Corporation. All or a portion of the Series 2015A Bonds may be issued as fixed rate or variable rate indebtedness. The Series 2015A Bonds may be secured by a Special Reserve Account and may provide for capitalized interest.

6. The Board hereby confirms and ratifies the Pledge and Security Agreement, dated as of June 1, 2006, and attached hereto as Exhibit A, between the Fund and the Corporation and confirms and ratifies its prior pledge of revenues to the repayment of debt of the Corporation as provided in the documents approved by the Board on May 31, 2006, as supplemented or amended, including but not limited to the pledge of revenues from reimbursement premiums collected pursuant to Section 215.555(5), Florida Statutes, and revenues from emergency assessments levied pursuant to Section 215.555(6)(b), Florida Statutes. The Corporation is authorized to execute any further pledge to the extent determined by the Corporation to be necessary and any pledge to debt of the Corporation shall be to the extent provided for in the documents executed by the Board and by the Corporation in relation to the issuance of debt of the Corporation.

7. The Board hereby confirms and ratifies the Master Trust Indenture, dated as of June 1, 2006, between the Corporation and Wells Fargo Bank, N.A., as Master Trustee, attached hereto as Exhibit B; and authorizes the execution and implementation of the Seventh Supplemental Indenture, in the form attached hereto as Exhibit C. The documents approved herein shall be subject to such changes, completion, insertions, or omissions as may be approved by an officer of the Corporation, and the execution or certification of such document by an officer of the Corporation shall be conclusive evidence of any such approval. Additionally, the Corporation is authorized to amend or revise, or authorize the amendment or revisions of any other documents relating to debt of the Corporation which has previously been approved or authorized by the Corporation.

8. The Board hereby designates J.P. Morgan Securities LLC as lead senior managing Underwriter and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Morgan Stanley & Co. LLC and Wells Fargo Bank, National Association, as senior managing Underwriters (collectively, with the lead senior managing Underwriter, the "Senior Managing Underwriters") for the issuance of the Series 2015A Bonds, as described in paragraph 5 above. The Corporation is authorized to define, re-define, designate and re-designate the roles of the Underwriters (including removing any Underwriter) in connection with their participation in the sale of the Series

2015A Bonds to the extent not inconsistent with this resolution. The Corporation is authorized to define, re-define, designate and re-designate the roles of the Senior Managing Underwriters (including removing any Senior Managing Underwriter) in connection with their participation in the sale of the Series 2015A Bonds in the event a Senior Managing Underwriter becomes insolvent, undergoes a change of control or otherwise becomes disqualified, unable or unwilling to participate in the sale of the Series 2015A Bonds.

9. The Board hereby authorizes and directs the Corporation to negotiate, approve, execute and deliver a contract for the sale of the Series 2015A Bonds, as described in paragraph 5 above, to the Underwriters (the "Purchase Contract") in the form attached hereto as Exhibit D. The Purchase Contract shall contain such terms and provisions as are customary for obligations such as the Series 2015A Bonds with such changes, completion, insertions or omissions as may be approved by an officer of the Corporation and which are not inconsistent with this resolution, and the execution of the Purchase Contract by an officer of the Corporation shall be conclusive evidence of such approval. The officers, employees, and Trustees of the Board and the Fund are authorized to execute or endorse the Purchase Contract and are authorized to take all actions necessary to fulfill the obligations of the Board thereunder.

10. The Board hereby authorizes and directs the Corporation to cause the preparation, execution and delivery of a preliminary official statement, an official statement, and any other disclosure document relating to the Series 2015A Bonds which is determined by the Corporation to be necessary or desirable, in substantially the same form as the official statement for the Corporation's Revenue Bonds, Series 2013A attached hereto as Exhibit E with such changes, insertions or omissions as may be necessary to satisfy any regulatory requirements, to update the financial, demographic and statistical data therein with respect to the Fund and the Corporation and to appropriately describe the Series 2015A Bonds as may be approved by an officer of the Corporation and which are not inconsistent with this resolution. The execution of the official statement by the Corporation shall be conclusive evidence of such approval. The officers, employees, and Trustees of the Board and the Fund are also authorized to execute and deliver, on behalf of the Board, the official statement and any other disclosure document, and any certificates in connection with any official statement and any other disclosure document and any amendment thereto, as they determine are necessary or appropriate. The Board hereby further authorizes and directs the Corporation to cause the preparation, execution and delivery of a continuing disclosure agreement relating to the Series 2015A Bonds, which continuing disclosure agreement shall comply with Securities and Exchange Commission Rule 15c2-12. The officers, employees, and Trustees of the Board and the Fund are authorized to execute or endorse the continuing disclosure agreement and are authorized to take all actions necessary to fulfill the obligations of the Board thereunder.

11. Any and all moneys in the Series 2015A Bonds Proceeds Subaccount of the Pre-Event Parity Obligations Account in the Covered Events Relief Fund, the Subaccounts of the Interest Account of the Bond Fund relating to the Series 2015A Bonds, the Subaccounts of the Principal Account of the Bond Fund relating to the Series 2015A Bonds and any other account or subaccount designated by the President of the Corporation or other authorized officer of the Corporation may be designated as Qualified Escrow Funds as provided in the Master Trust Indenture pursuant to a certificate of the President of the Corporation or other authorized officer of the Corporation. In the event of such designation, such Qualified Escrow Funds shall be used solely to pay principal of, redemption premium, if any, and interest on such Series 2015A Bonds as may be designated by the President of the Corporation or other authorized officer of the Corporation. The President of the Corporation or other authorized officer of the Corporation is authorized to redeem such Series 2015A Bonds upon advice of the Corporation's financial advisor.

12. The officers, employees and Trustees of the Board and the Fund and the members of the board of directors and the officers of the Corporation are hereby authorized and directed, jointly and severally, to execute the named documents and to execute such additional agreements, documents, instruments, assents, acceptances, assignments, financing statements, and approvals as they determine to be necessary and to do any and all things which they may deem necessary or advisable in order to consummate the transactions contemplated by this resolution.

13. All resolutions, or parts thereof, or other official actions of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

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

PASSED AND ADOPTED THIS 14th day of April, 2015.

STATE OF FLORIDA

COUNTY OF LEON

I, _____, of the State Board of Administration of the State of Florida, in and for the County and State aforesaid, 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 of Florida on the ____ day of _____, 2015.

IN WITNESS WHEREOF, I hereunto set my hand and official seal of the State Board of Administration of the State of Florida this ____ day of _____, 2015.

Title

(SEAL)

EXHIBIT A

Pledge and Security Agreement

EXHIBIT B

Master Trust Indenture

EXHIBIT C

Form of Seventh Supplemental Indenture

EXHIBIT D

Form of Purchase Contract

EXHIBIT E

2013A Official Statement

Pledge & Security Agreement

- Parties are SBA, Corporation, and Master Trustee
- Provides for enforceable pledge and assignment of Reimbursement Premium, Emergency Assessments and other revenues to Trustee for payment of Corporation's bonds
- Necessary because
 - o Corporation only issues bonds; revenues for debt service come from Insurers or Insureds, through the SBA
 - o Provides clear pledge of revenues to Master Trustee for the benefit of bondholders
 - o Governs use, pledge and access of pre-event bond proceeds, which are held by SBA, not Master Trustee
- Approved in 2006

PLEDGE AND SECURITY AGREEMENT

among

**FLORIDA HURRICANE CATASTROPHE
FUND FINANCE CORPORATION,**

FLORIDA HURRICANE CATASTROPHE FUND

and

**WELLS FARGO BANK, N.A.,
Master Trustee**

Dated as of June 1, 2006

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1
2 THIS PLEDGE AND SECURITY AGREEMENT, dated as of June 1, 2006 (this "Pledge
3 Agreement"), is made by and among the State Board of Administration of the State of Florida,
4 acting as the governing body and administrator of the Florida Hurricane Catastrophe Fund (the
5 "State Board of Administration"), a trust fund established for bond covenants, indentures or
6 resolutions within the meaning of Section 19(f)(3), Article III of the Constitution of the State of
7 Florida (the "FHCF"), Florida Hurricane Catastrophe Fund Finance Corporation, a public
8 benefits corporation, which is an instrumentality of the State of Florida (the "Corporation"), and
9 Wells Fargo Bank, N. A., Jacksonville, Florida, a national banking association duly incorporated
10 under the laws of the United States of America, in its capacity as master trustee (the "Master
11 Trustee") under the Master Indenture (hereinafter defined),

12 WITNESSETH:

13 WHEREAS, Section 215.555, Florida Statutes (the "Act") creates the FHCF and provides
14 that the FHCF will be administered by the State Board of Administration; and

15 WHEREAS, the Act provides that the FHCF will reimburse certain insurers for a portion
16 of their catastrophic hurricane losses, subject to the limitations on such reimbursements set forth
17 in the Act, in order to create additional insurance capacity sufficient to ameliorate the current
18 dangers to the economy of the State of Florida and to the public health, safety and welfare of its
19 citizens posed by a lack of an orderly private market for property insurance; and

20 WHEREAS, the Act creates the Corporation to provide a mechanism for the cost-
21 effective and efficient issuance of bonds necessary to enable the FHCF to carry out the purposes
22 of the Act; and

23 WHEREAS, the purpose of such bonds is to fund reimbursements through the FHCF to
24 pay for the costs of construction, reconstruction, repair, restoration and other costs associated
25 with damage to properties of policyholders of covered policies due to the occurrence of a
26 hurricane; and

27 WHEREAS, the Act provides for the payment by certain insurers of reimbursement
28 premiums and for the payment of emergency assessments in the amounts and under the
29 circumstances set forth in the Act and authorizes the pledge of all or any portion of the revenues
30 derived from such reimbursement premiums and emergency assessments, together with the
31 interest earnings thereon, to the payment of the principal of and redemption premium, if any, and
32 interest on bonds issued by the Corporation for the benefit of the FHCF; and

33 WHEREAS, the Board of Directors of the Corporation has duly authorized the execution
34 and delivery of a master trust indenture, dated as of June 1, 2006 (the "Master Trust Indenture"
35 and, as supplemented and amended, the "Master Indenture"), by and between the Corporation
36 and the Master Trustee, pursuant to which the Corporation will issue and incur Parity
37 Obligations secured by a pledge of and security interest in its Net Receipts; and

38 WHEREAS, in order to provide for the prompt payment of the principal of and
39 redemption premium, if any, and interest on the Parity Obligations issued by the Corporation and

1 for the performance by the Corporation of its other obligations under the Master Indenture, the
2 State Board of Administration has determined to pledge to the Corporation, and grant to the
3 Corporation a security interest in, all of the right, title and interest of the FHCF in and to the
4 Pledged Collateral (as hereinafter defined); and

5 WHEREAS, pursuant to the Master Indenture, the Corporation will, for the benefit of the
6 owners of the Parity Obligations, pledge and assign in the Master Indenture to the Master Trustee
7 all of the Corporation's right, title and interest (including the right to enforce the same and the
8 right to receive the Pledged Collateral) in and to this Pledge Agreement (subject to the
9 reservation of certain rights of the Corporation);

10 NOW, THEREFORE, in consideration of the premises and in order to induce the
11 Corporation to execute and deliver the Master Indenture, to issue Parity Obligations under the
12 Master Indenture and to transfer certain proceeds of such Parity Obligations to the State Board of
13 Administration, upon the issuance thereof, for the purposes permitted by the Act, the State Board
14 of Administration, the Corporation and the Master Trustee hereby agree as follows:

15 Section 1. *Defined Terms.* Capitalized terms not defined herein shall have the
16 meanings ascribed to such terms in the Master Trust Indenture. For the purposes hereof, unless
17 the context otherwise indicates, the following words and terms shall have the following
18 meanings:

19 "Contract Year" means the term of the reimbursement contracts between the State Board
20 of Administration and insurers writing Covered Policies.

21 "Corpus Earnings" means the income derived from the investment of the Corpus of the
22 FHCF.

23 "Corpus of the FHCF" means, as of a particular date, the sum of (i) the unrestricted net
24 assets held by the FHCF on the last day of the preceding Fiscal Year, (ii) the Reimbursement
25 Premiums and Reimbursement Premium Earnings held by the FHCF in the then current Fiscal
26 Year that are in excess of the amounts required for deposit to the credit of the accounts and
27 subaccounts in the Revenue Fund in accordance with the provisions of Section 502 of the Master
28 Trust Indenture and as shall be required for application in accordance with the provisions of
29 Sections 503 and 504 of the Master Trust Indenture, and (iii) without duplication, the amount of
30 the Reimbursement Premiums released in accordance with the provisions of Section 3(f) hereof
31 and Section 503(e)(ii)(Y) of the Master Trust Indenture and the amount of the Emergency
32 Assessments released in accordance with the provisions of Section 503(e)(ii)(Z) of the Master
33 Trust Indenture, in each case, from the pledge and security interest granted by this Pledge
34 Agreement. Proceeds of Bonds do not constitute a portion of the Corpus of the FHCF for
35 purposes of this definition.

36 "Covered Event" means Covered Event as defined in the Act.

37 "Covered Events Relief Fund" means the Florida Hurricane Catastrophe Fund Covered
38 Events Relief Fund created and so designated by Section 8 hereof.

39 "Covered Policy" means Covered Policy as defined in the Act.

1 “Current Expenses of the FHCF” means the current expenses for the operation of the
2 FHCF, including, without limiting the generality of the foregoing, all administrative expenses,
3 salaries and other compensation, personnel expenses properly chargeable to the FHCF, fees and
4 expenses incurred for professional consultants and fiduciaries, refunds related to over-payments
5 of Reimbursement Premiums or refunds of interest related to loss reimbursements or
6 overpayments of Reimbursement Premiums, the premiums, fees and costs of procuring
7 reinsurance for the FHCF, all operating transfers or contributions required by the Act, including
8 operating transfers or contributions pursuant to Section 215.555(7)(c) of the Act, and all Current
9 Expenses of the FHCF so identified in this Pledge Agreement or in a resolution adopted by the
10 State Board of Administration; but Current Expenses of the FHCF shall not include (i)
11 depreciation or amortization, (ii) any deposit to any fund, account and subaccount established
12 under the Master Indenture or any Supplemental Indenture or any payment of principal,
13 redemption premium, if any, and interest on any Bonds from any such fund, account and
14 subaccount, (iii) any debt service payment in respect of Parity Debt or Subordinated
15 Indebtedness, or (iv) payments or advances to insurers writing Covered Policies in the State for
16 hurricane losses pursuant to reimbursement contracts entered into with such insurers by the State
17 Board of Administration pursuant to the Act.

18 “Emergency Assessments” means the money paid or payable to the Corporation or the
19 FHCF from the emergency assessments levied with respect to assessable lines insurance as
20 provided from time to time by the Act. There shall be included within the ambit of “Emergency
21 Assessments” any interest, penalty or surcharge paid or payable on late payments of such
22 emergency assessments.

23 “Emergency Assessment Earnings” means the income derived from the investment of
24 Emergency Assessments.

25 “Fiscal Year” means the fiscal year of the FHCF, which shall be the period beginning on
26 July 1 of each year and ending on June 30 of the following year, unless the Master Trustee is
27 notified in writing by an Authorized Officer of the State Board of Administration of a change in
28 such period, in which case the Fiscal Year shall be the period set forth in such notice.

29 “Other Pledged Money” means any money derived from any fees, premiums,
30 assessments or other levies paid or payable to the FHCF or the Corporation, including the
31 income derived from the investment thereof, pursuant to any law enacted, after the date of
32 delivery of this Pledge Agreement, by the Legislature of the State, to the extent that such money
33 is permitted or required by law to be pledged and used for the payment of the principal of and
34 redemption premium, if any, and interest on Parity Obligations.

35 “Pledged Collateral” for any particular period means the excess of Reimbursement
36 Premiums and Reimbursement Premium Earnings over the payment of Current Expenses of the
37 FHCF, Emergency Assessments, Emergency Assessment Earnings, the net proceeds of, and
38 investment income on such proceeds of, Parity Obligations, net payments to or for the account of
39 the Corporation derived from Derivative Agreements and Other Pledged Money. There shall be
40 included within the ambit of “Pledged Collateral”: (i) all certificates and instruments, if any,
41 from time to time representing or evidencing any of the Pledged Collateral, (ii) all interest,
42 dividends, cash, instruments or other Property from time to time received, receivable or

1 otherwise distributed in respect of or in exchange for any or all of the Pledged Collateral and (iii)
2 all proceeds of any or all of the Pledged Collateral. There shall be excluded from the ambit of
3 "Pledged Collateral" the Corpus of the FHCF and Corpus Earnings, the net proceeds of Parity
4 Obligations disbursed by the FHCF for losses, or advances for losses, from Covered Events, and
5 Reimbursement Premiums and Reimbursement Premium Earnings released pursuant to Section
6 3(f) hereof and Section 503(e)(ii)(Y) of the Master Trust Indenture and Emergency Assessments
7 and Emergency Assessment Earnings released pursuant to Section 503(e)(ii)(Z) of the Master
8 Trust Indenture, in each case, from the pledge and security interest granted hereby. In the case of
9 the net proceeds of Parity Obligations, the pledge and security interest granted by this Pledge
10 Agreement shall be effective only pending their disbursement by the FHCF for losses, or
11 advances for losses, from Covered Events and shall be in favor of the Owners or Holders only of
12 the Series of Parity Obligations (or Parity Obligations that refunded the Parity Obligations) from
13 which such proceeds were derived.

14 "Reimbursement Premiums" means the money paid or payable to the FHCF from
15 reimbursement premiums levied from time to time under the Act. There shall be included within
16 the ambit of "Reimbursement Premiums" any interest, penalty or surcharge paid or payable on
17 late payments of such reimbursement premiums.

18 "Reimbursement Premium Earnings" means the income derived from the investment of
19 Reimbursement Premiums.

20 Section 2. *Issuance of Parity Obligations.* Subject to the provisions of the Master
21 Indenture, the Corporation hereby agrees that, upon the written request of the State Board of
22 Administration, accompanied by such certificates or other documentation, upon which the
23 Corporation may rely, as shall be necessary for the Corporation to comply with the provisions of
24 the Master Trust Indenture, particularly the provisions of Section 208 and, in the case of Parity
25 Obligations issued or incurred under the Master Trust Indenture (except for the Bonds issued
26 pursuant to Supplement No. 1 and Supplement No. 2), Section 704, including, without
27 limitation, any certificate as to the Premium and Assessment Revenue Available for Debt
28 Service, the Corporation will issue and incur its Parity Obligations for any purpose permitted by
29 the Act.

30 The Corporation further agrees that it will make such transfers or deposits of the proceeds
31 of Parity Obligations as are required by Parity Resolutions.

32 Section 3. *Pledge; Delivery of Pledged Collateral.* (a) In consideration of the
33 issuance and incurrence by the Corporation of its Parity Obligations and the deposits or transfers
34 of the proceeds thereof in accordance with the corresponding Parity Resolutions, the State Board
35 of Administration hereby pledges, assigns, transfers and hypothecates to the Corporation, and
36 grants to the Corporation a security interest in, all of the right, title and interest of the FHCF in
37 and to the Pledged Collateral, whether now owned or hereafter acquired, whether in possession
38 of the FHCF or the Corporation or the Master Trustee or a Depository, all as security for the
39 prompt and full payment when due of the principal of and redemption premium, if any, and
40 interest on all Parity Obligations and any other amounts required to be paid by the Corporation
41 under the Master Indenture.

1 (b) The State Board of Administration hereby agrees to prepare, execute and file such
2 financing statements or amendments to existing financing statements or continuations thereof as
3 shall be necessary, in the Opinion of Counsel, to evidence the security interest in the Pledged
4 Collateral granted herein.

5 (c) (i) In general, the State Board of Administration shall deliver to the Master
6 Trustee so much of the Pledged Collateral as shall be held by the FHCF and as shall be required
7 for deposit to the credit of the accounts and subaccounts in the Revenue Fund in accordance with
8 the provisions of Section 502 of the Master Indenture and as shall be required for application in
9 accordance with the provisions of Sections 503, 504 and 804 of the Master Indenture or, if any
10 Parity Obligations have been declared due and payable pursuant to Section 803 of the Master
11 Indenture, in accordance with the provisions of Section 804 and Section 805(b) of the Master
12 Indenture.

13 (ii) In particular, the State Board of Administration shall deliver to the Master
14 Trustee, not later than the last business day of each month (or more often if required in order for
15 the Corporation to pay or provide for payment of debt service and other amounts due on Parity
16 Obligations), the following that have been received or realized as of the [25th] day of such month
17 (A) all Emergency Assessments and Emergency Assessment Earnings and (B) taking into
18 account the balance to the credit of (I) the Reimbursement Premiums Account and the Pre-Event
19 Bonds Investment Income Account in the Revenue Fund and (II) the subaccounts established for
20 Pre-Event Parity Obligations in the various accounts in the Bond Fund, so much of the
21 Reimbursement Premiums and Reimbursement Premium Earnings, net of the Current Expenses
22 of the FHCF, as shall enable the Master Trustee to make all of the deposits required by Section
23 503(a), (b) and (c) of the Master Trust Indenture for the entire current Fiscal Year; provided that,
24 in the event any of the Outstanding Pre-Event Parity Obligations are Variable Rate Indebtedness,
25 such Obligations shall be assumed, for purposes of the amount to be transferred, to bear interest
26 for the balance of the Fiscal Year at the rate described in paragraph (ii) of the definition of Debt
27 Service Requirement in the Master Trust Indenture.

28 (iii) In the event that the State Board of Administration receives a notice from
29 the Master Trustee, pursuant to Section 503(d)(i) of the Master Indenture, to the effect that the
30 amounts on deposit in the Revenue Fund were insufficient to make the deposits or payments
31 required by Section 504(a), (b) and (c) (or any of them) of the Master Indenture, the State Board
32 of Administration shall deliver to the Master Trustee (i) so much of the investment income from
33 the investment of proceeds of Pre-Event Bonds theretofore realized by the FHCF in such Fiscal
34 Year, and (ii) to the extent a deficiency remains, so much of the proceeds of the Pre-Event
35 Bonds, as are required to provide the Master Trustee with sufficient funds to make such deposits
36 or payments.

37 (d) The obligation of the State Board of Administration to deliver the Pledged
38 Collateral to the Master Trustee, in the amounts sufficient and at the times required for the
39 Corporation to comply with the provisions of Sections 503, 504, 804 and 805 of the Master
40 Indenture, shall be absolute and unconditional. The State Board of Administration shall perform
41 such obligation without demand and without abatement, deduction or set-off, notwithstanding
42 any rights or claims which the FHCF might otherwise have against the Corporation, the Master
43 Trustee, any Bond Registrar or any other Person.

1 (e) The State Board of Administration hereby agrees that, so long as any Parity
2 Obligations are Outstanding and any notice from the Master Trustee referred to in subsection (c)
3 above has not been withdrawn, no Reimbursement Premiums or Reimbursement Premium
4 Earnings will be advanced or paid to insurers writing Covered Policies as reimbursement
5 payments under reimbursement contracts for reimbursable losses.

6 (f) Except during the continuation of an Event of Default, immediately following the
7 date on which the amounts on deposit to the credit of the accounts and subaccounts in the
8 Revenue Fund, taking into account the amounts to the credit of the various subaccounts in the
9 various accounts (except the balance to the credit of the Parity Common Reserve Account and
10 any Special Reserve Account) in the Bond Fund are sufficient for the Master Trustee to make (i)
11 the transfer to the Corporation or a Depositary for the account of the Corporation of the balance
12 of the amount required for the payment of the Current Expenses of the Corporation in the current
13 Fiscal Year in accordance with the provisions of Section 503(b) of the Master Trust Indenture
14 and (ii) the deposits or payments of the amounts required by Section 504(a), (b) and (c) of the
15 Master Trust Indenture in the current Fiscal Year with respect to the Parity Obligations then
16 Outstanding, any Reimbursement Premiums, Reimbursement Premium Earnings and investment
17 income from the investment of proceeds of Pre-Event Bonds held by the FHCF on such date in
18 such Fiscal Year in excess of such requirements for such Fiscal Year shall be released from the
19 pledge and security interest granted herein, any Reimbursement Premiums, Reimbursement
20 Premium Earnings and investment income from the investment of proceeds of Pre-Event Bonds
21 received by the FHCF after such date in such Fiscal Year shall not be required to be delivered to
22 the Master Trustee, and all Reimbursement Premiums, Reimbursement Premium Earnings and
23 the investment income from the investment of proceeds of Pre-Event Bonds so released or no
24 longer required to be delivered to the Master Trustee in such Fiscal Year may be used by the
25 FHCF for any purpose permitted by the Act; provided that, in the event any of the Outstanding
26 Pre-Event Parity Obligations are Variable Rate Indebtedness, such Obligations shall be assumed,
27 for purposes of this subsection (f), to bear interest for the balance of the Fiscal Year at the rate
28 described in paragraph (ii) of the definition of Debt Service Requirement in the Master Trust
29 Indenture.

30 (g) The State Board of Administration and the Corporation hereby acknowledge that
31 the Office of Insurance Regulation has received from the Corporation and the FHCF a notice
32 that, simultaneously with the execution and delivery of this Pledge Agreement, Bonds are being
33 issued by the Corporation and the FHCF has no agreements in effect with local governments,
34 and, therefore, as provided by the Act, for so long as the Corporation shall have any Parity
35 Obligations Outstanding, the FHCF shall have no right, title or interest in or to the Emergency
36 Assessments and the Emergency Assessment Earnings, except as provided in the FHCF's
37 agreements with the Corporation. This Pledge Agreement with the Corporation is one such
38 agreement, and, by the terms hereof, the FHCF shall collect and receive the Emergency
39 Assessments subject to the pledge and security interest granted in Section 3(a) to the Master
40 Trustee for the benefit of the Owners and Holders of Parity Obligations and to the obligation
41 imposed by Section 3(c)(i) and (ii) to transfer to the Master Trustee all of the Emergency
42 Assessments so collected and received. Simultaneously with the execution and delivery of this
43 Pledge Agreement, the Corporation will assign to the Master Trustee as security for the Parity
44 Obligations, all of the Corporation's right, title and interest in and to this Pledge Agreement
45 (except for those certain rights under this Pledge Agreement that are set forth in the granting

1 clauses of the Master Indenture). The State Board of Administration hereby consents to such
2 assignment and agrees that the Master Trustee may enforce any and all rights, privileges and
3 remedies of the Corporation under or with respect to this Pledge Agreement, including those
4 rights reserved by the Corporation.

5 Section 4. *Special Covenants.* The State Board of Administration hereby covenants
6 that:

7 (a) (i) the moneys on deposit in any fund, account or subaccount maintained by the
8 Master Trustee or the State Board of Administration in connection with any Parity Tax-Exempt
9 Obligations, whether or not such moneys were derived from the proceeds of the sale of such
10 Parity Tax-Exempt Obligations or any other source, will not be used in any manner that would
11 cause such Parity Tax-Exempt Obligations to be "arbitrage bonds" within the meaning of Section
12 148 of the Code or bonds not described under Section 103(a) of the Code; and

13 (ii) no portion of the proceeds of any Parity Tax-Exempt Obligations will be
14 used in a manner that would cause such Parity Tax-Exempt Obligations to be "private activity
15 bonds" within the meaning of Section 141(a) of the Code, unless at the time of the issuance of
16 such private activity bonds there shall be delivered to the Master Trustee, the State Board of
17 Administration and the Corporation an opinion of bond counsel to the effect that (A) the interest
18 on such private activity bonds will not be includable in the gross income of the owners thereof
19 for federal income tax purposes and (B) that the issuance of such private activity bonds will not
20 impair the federal income tax status of any other Parity Tax-Exempt Obligations then
21 Outstanding;

22 (b) within thirty (30) days after receipt of the audit report mentioned below but in no
23 event later than two hundred seventy (270) days after the end of each Fiscal Year, the State
24 Board of Administration will file with the Master Trustee and with each Owner or Holder who
25 may have so requested of the State Board of Administration in writing, a copy of the Audited
26 Financial Statements, prepared in accordance with generally accepted accounting principles, of
27 the FHCF and the Corporation as of the end of such Fiscal Year accompanied by the opinion of
28 an Auditor;

29 (c) not later than ninety (90) days after the end of each Fiscal Year, commencing with
30 the Fiscal Year ending on June 30, 2007, the State Board of Administration shall file with the
31 Master Trustee an Officer's Certificate demonstrating that the Revenue Available for Debt
32 Service for the prior Fiscal Year (set forth in such Certificate) was not less than the greater of (i)
33 one hundred twenty-five percent (125%) of the principal and interest that became due and
34 payable in such Fiscal Year on Parity Obligations and (ii) one hundred percent (100%) of the
35 principal and interest that became due and payable in such Fiscal Year for Parity Obligations and
36 Subordinated Indebtedness for such Fiscal Year (both such calculations set forth in such
37 Certificate); provided, however, that if the State Board of Administration is unable to deliver
38 such an Officer's Certificate, the State Board of Administration covenants to take all actions
39 permitted by law or under this Pledge Agreement, including (A) petitioning the Legislature of
40 the State for any amendment or amendments to the Act deemed appropriate by the State Board of
41 Administration, (B) cooperating with the Corporation in connection with any action to increase
42 collections of Pledged Collateral, and (C) retaining a Consultant within thirty (30) days to make

1 recommendations to increase the Revenue Available for Debt Service in the following Fiscal
2 Year to the levels required or, if in the opinion of the Consultant the attainment of such levels is
3 impracticable, to the highest levels attainable. Any Consultant so retained shall be required to
4 submit such recommendations within sixty (60) days after being so retained. The State Board of
5 Administration agrees that it will, to the extent permitted by law, follow, or cause to be followed,
6 the recommendations of any Consultant so retained. For purposes of the Officer's Certificate
7 described in this subsection, there may be subtracted from the amount of the interest otherwise
8 includable in the amounts described in clauses (i) and (ii) above an amount equal to the sum of
9 the interest on Parity Obligations paid during such Fiscal Year from (Y) the Capitalized Interest
10 Account in the Bond Fund and (Z) without duplication, investment income on and proceeds of
11 Pre-Event Parity Obligations. The Officer's Certificate described in this subsection (c) may be
12 provided jointly by an Authorized Officer of the State Board of Administration and an
13 Authorized Officer of the Corporation; and

14 (d) the State Board of Administration will take such action, in addition to the specific
15 actions prescribed by this Pledge Agreement, as may be necessary and permitted under the Act to
16 ensure the full and timely payment of debt service on Pre-Event Parity Bonds following a
17 withdrawal from the Pre-Event Parity Obligations Account of the Covered Events Relief Fund of
18 all or any portion of the proceeds of such Bonds.

19 Section 5. *Investment of Pledged Collateral.* The State Board of Administration
20 shall enter into agreements with either the Master Trustee or a Depositary or Depositaries for the
21 investment of any money derived from the Pledged Collateral and deposited in any of the funds
22 or accounts established under the Master Indenture or this Pledge Agreement or give the Master
23 Trustee and any Depositary written directions respecting the investment of such money, subject,
24 however, to the lien, assignment and pledge effected hereby and to the provisions of Article VI
25 of the Master Indenture. The Master Trustee hereby agrees to enter into such agreements and
26 follow such directions respecting the investment of any money required or permitted to be
27 invested under the Master Indenture, subject, however, to the lien, assignment and pledge
28 effected hereby and to the provisions of Article VI of the Master Indenture.

29 Section 6. *FHCF Remains Liable.* Anything herein to the contrary notwithstanding,
30 (a) the FHCF shall remain liable under the reimbursement contracts entered into by the State
31 Board of Administration with insurers writing Covered Policies in the State to the extent set forth
32 therein and to perform all of its duties and obligations thereunder to the same extent as if this
33 Pledge Agreement had not been executed, (b) the execution and delivery of this Pledge
34 Agreement shall not release the FHCF from any of its duties or obligations under such
35 reimbursement contracts, (c) neither the Corporation nor the Master Trustee shall (i) have any
36 obligation or liability under such reimbursement contracts by reason of this Pledge Agreement or
37 (ii) be obligated to perform any of the obligations or duties of the FHCF or the State Board of
38 Administration thereunder; provided, however, nothing in this Section shall relieve the FHCF of
39 its obligation to deliver to the Master Trustee the Pledged Collateral to the extent required by
40 Section 3 hereof, and (d) the FHCF shall remain liable, notwithstanding any release from the
41 pledge and security interest created by this Pledge Agreement of portions of the Pledged
42 Collateral as provided in Section 3(f), to make timely and sufficient transfers of Pledged
43 Collateral to the Master Trustee to enable the Corporation to make timely and sufficient payment
44 of all amounts due under the Master Indenture.

1 Section 7. *Representations and Warranties.* The State Board of Administration
2 hereby represents and warrants that: (i) the obligations of the FHCF under this Pledge
3 Agreement shall not constitute a debt of the State or any political subdivision thereof nor a
4 pledge of the faith and credit of the State or any political subdivision thereof within the meaning
5 of any constitutional or statutory provision; (ii) the FHCF does not have the power or authority to
6 levy any tax; (iii) the FHCF owns the Pledged Collateral free and clear of any lien, security
7 interest, pledge or encumbrance except for the liens, security interests and pledges created by this
8 Pledge Agreement and by the Master Indenture; (iv) no effective financing statement or other
9 instrument similar in effect covering all or any part of the Pledged Collateral is on file in any
10 recording office; (v) this Pledge Agreement creates a valid, enforceable and perfected security
11 interest in favor of the Corporation in the Pledged Collateral, securing the payment of the Parity
12 Obligations, and all actions necessary or desirable to establish and protect such pledge have been
13 duly taken; and (vi) no authorization, approval or other action by, and no notice to or filing with,
14 any governmental authority or regulatory body is required either (A) for the grant by the State
15 Board of Administration of the security interest granted herein or for the execution, delivery or
16 performance of this Pledge Agreement by the State Board of Administration, or (B) for the
17 perfection of or the exercise by the Corporation and the Master Trustee of their respective rights
18 and remedies hereunder. Unless the State Board of Administration shall have previously advised
19 the Corporation and the Master Trustee in writing that one or more of the above statements is no
20 longer true, the State Board of Administration shall be deemed to have represented and
21 warranted to the Corporation and the Master Trustee on all dates subsequent to the date of
22 execution hereof that the statements contained herein are true and correct.

23 Section 8. *Covered Events Relief Fund.* (a) A special fund is hereby established
24 with the State Board of Administration and designated the "Florida Hurricane Catastrophe Fund
25 Covered Events Relief Fund" and within the Covered Events Relief Fund there are hereby
26 established special accounts, one for Post-Event Parity Obligations and one for Pre-Event Parity
27 Obligations, and, within each of the special accounts, there are hereby established special
28 subaccounts for each Series of Post-Event Bonds and Pre-Event Bonds, respectively (unless the
29 applicable Supplemental Indenture provides for the commingling of proceeds in a single
30 subaccount), each to be designated the "[Bond Series and letter] Covered Events Relief
31 Subaccount" (each, a "Proceeds Subaccount"). Upon the issuance or incurrence of each Series
32 of Parity Obligations that are Post-Event Parity Obligations, the net proceeds thereof shall be
33 transferred by the Corporation to the State Board of Administration, for the account of the
34 FHCF, and shall be deposited by the State Board of Administration in the appropriate Proceeds
35 Subaccount of the Post-Event Parity Obligations Proceeds Account, to be held by the FHCF for
36 disbursement for reimbursement payments, and advances of such payments, under
37 reimbursement contracts for reimbursable losses caused by a Covered Event. Upon the issuance
38 or incurrence of each Series of Parity Obligations that are Pre-Event Parity Obligations, the net
39 proceeds thereof shall be transferred by the Corporation to the State Board of Administration, for
40 the account of the FHCF, and shall be deposited by the State Board of Administration in the
41 appropriate Proceeds Subaccount of the Pre-Event Parity Obligations Proceeds Account to be
42 held by the FHCF in reserve for disbursement for reimbursement payments, and advances of
43 such payments, under reimbursement contracts for reimbursable losses caused by a future
44 Covered Event.

1 (b) Money in the Covered Events Relief Fund may, subject to Section 4(a) hereof and
2 Section 502(c) of the Master Trust Indenture, be invested in any investment authorized under
3 Section 215.47, Florida Statutes, as amended from time to time, or any successor statute.
4 Investments acquired with money in or credited to any Proceeds Subaccount shall be deemed at
5 all times to be part of such Subaccount. Any loss realized upon the disposition or maturity of
6 such investments shall be charged against such Subaccount unless otherwise directed by the
7 State Board of Administration. The interest accruing on any such investments and any profit
8 realized upon the disposition or maturity of such investments shall be credited to such
9 Subaccount unless otherwise directed by the State Board of Administration.

10 (c) In the case of the special Proceeds Subaccounts created for Post-Event Parity
11 Obligations, payment of the reimbursable losses caused by a Covered Event occurring during a
12 Contract Year shall be made from the appropriate Proceeds Subaccount or Subaccounts. All
13 such payments shall be subject to the provisions and restrictions set forth in this Pledge
14 Agreement, including Section 4(a) hereof, and the Master Indenture, and the State Board of
15 Administration shall not cause or agree to permit to be paid from any such Subaccount any sums
16 except in accordance with such provisions and restrictions. When all reimbursement payments
17 under reimbursement contracts for reimbursable losses caused by a Covered Event have been
18 paid, which fact shall be evidenced by delivery to the Master Trustee of an Officer's Certificate
19 of the State Board of Administration, the balance in the related Proceeds Subaccount shall be
20 transferred as the Corporation may direct or as may be provided in the applicable Supplemental
21 Indenture.

22 (d) (i) In the case of each special Proceeds Subaccount created for Pre-Event
23 Parity Obligations,

24 (A) the FHCF shall, in accordance with the provisions of
25 Section 3(c)(iii), transfer to the Master Trustee for the account of the Corporation, from time to
26 time from each such Subaccount the investment income on proceeds of Pre-Event Parity
27 Obligations or from proceeds of Pre-Event Parity Obligations, amounts sufficient for the Master
28 Trustee to pay the Current Expenses of the Corporation not provided for from Reimbursement
29 Premiums or otherwise and to make timely the deposits required by Section 504(a) and (b) and,
30 if applicable, Section 504(c), in respect of the related Series of Pre-Event Parity Obligations, and

31 (B) other than as provided in Section 3(c), no withdrawals from
32 any such Subaccount for any other purpose than described in clause (A) may be made prior to
33 the occurrence of a Covered Event except that withdrawals may be made to redeem or defease
34 any Pre-Event Parity Obligations in accordance with the terms of the applicable Parity
35 Resolution.

36 (ii) Proceeds of Pre-Event Parity Obligations may be withdrawn from a Proceeds
37 Subaccount following the occurrence of a Covered Event, provided that an Authorized Officer of
38 the State Board of Administration shall deliver to the Master Trustee prior to the first such
39 withdrawal an Officer's Certificate certifying the following:

40 (A) The aggregate amount and monthly schedule of
41 withdrawals from such Subaccount anticipated to be made as a result of the Covered Event,

1 (B) That an amount, stated in such Certificate and equal to the
2 difference between the balance then to the credit of the applicable Subaccount for such Pre-Event
3 Parity Obligations in the Interest Account in the Bond Fund and the interest, estimated in such
4 Certificate and calculated in the event that any of the Outstanding Pre-Event Parity Obligations
5 are Variable Rate Indebtedness at the rate described in paragraph (ii) of the definition of Debt
6 Service Requirement in the Master Trust Indenture, to become due and payable in the next six
7 months on a principal amount of Pre-Event Parity Obligations equal to the aggregate amount of
8 the withdrawals anticipated to be made as set forth in (A) above, shall have been withdrawn from
9 the proceeds of such Pre-Event Parity Obligations credited to such Subaccount or otherwise
10 transferred to the Master Trustee, and in any case deposited to the credit of the appropriate
11 subaccount in the Interest Account for such Pre-Event Parity Obligations,

12 (C) That, taking into account all of the anticipated withdrawals
13 described in (A) above, such Officer estimates that there will be sufficient Revenue Available for
14 Debt Service to make full and timely payment of debt service on the Pre-Event Parity
15 Obligations as the same shall become due and payable, and

16 (D) That notice of such withdrawal has been provided to the
17 State Board of Administration and that such notice contained the information included in clauses
18 (A), (B) and (C) above and an estimate, based upon factors deemed reasonable and appropriate
19 by the certifying Authorized Officer, of the aggregate increase, if any, in the Emergency
20 Assessment percentage necessary to be levied to provide for the estimated annual Debt Service
21 Requirement for each future Fiscal Year on a principal amount of the Pre-Event Parity
22 Obligations equal to the aggregate amount of the anticipated withdrawals described in (A) above.

23 (iii) When all of the Pre-Event Parity Obligations authorized by a
24 Supplemental Indenture shall have been paid or defeased (whether through a refunding or
25 otherwise) in accordance with such Supplemental Indenture, which fact shall be evidenced by
26 delivery to the Master Trustee of an Officer's Certificate of the State Board of Administration,
27 the balance in the related Proceeds Subaccount shall be transferred as the Corporation may direct
28 or as may be provided in the applicable Supplemental Indenture.

29 Section 9. *Rights of the Corporation and the Master Trustee.* Neither the
30 Corporation nor the Master Trustee shall be liable for any failure to collect or realize upon all or
31 any part of the Pledged Collateral, or for any delay in so doing, and neither the Corporation nor
32 the Master Trustee shall be under any obligation to take any action whatsoever with regard to the
33 Pledged Collateral except to the extent set forth in this Pledge Agreement, in the Master
34 Indenture and in any indenture supplemental thereto. If an Event of Default shall have occurred
35 and be continuing, the Master Trustee, as assignee pursuant to the Master Indenture of all the
36 Corporation's right, title and interest in and to this Pledge Agreement, may, without notice,
37 exercise all rights, privileges or options pertaining to the Pledged Collateral as if it were the
38 absolute owner of such Pledged Collateral, upon such terms and conditions as it may determine,
39 all without liability except to account for the Pledged Collateral actually received by it.

40 Section 10. *Remedies.* (a) Upon the happening and continuance of any Event of
41 Default, then and in every such case the Master Trustee may proceed, and upon the written
42 request of the Owners or Holders of not less than a majority in aggregate principal amount of the

1 Parity Obligations then Outstanding (subject to any limitations on or alternative provisions for
2 the giving of such requests as may be established in any indenture supplemental to the Master
3 Indenture) shall proceed, subject to the provisions of Section 902 of the Master Indenture, to
4 protect and enforce its rights and the rights of the Owners or Holders of the Parity Obligations
5 under applicable laws and under this Pledge Agreement by such suits, actions or special
6 proceedings in equity or at law, or by proceedings in the office of any board or officer having
7 jurisdiction, either for the specific performance of any covenant or Pledge Agreement contained
8 herein or in aid or execution of any power herein granted or for the enforcement of any proper
9 legal or equitable remedy, as the Master Trustee, being advised by counsel, chosen by the Master
10 Trustee, shall deem most effectual to protect and enforce such rights, including but not limited
11 to:

12 (i) Suit upon all or any part of the Pledged Collateral;

13 (ii) Civil action to require any Person holding money, documents or other
14 property pledged to secure payment of amounts due or to become due on the Parity Obligations
15 to account as if it were the trustee of an express trust for the Owners and Holders;

16 (iii) Civil action to enjoin any acts or things, which may be unlawful or in
17 violation of the rights of the Owners and Holders; and

18 (iv) Enforcement of any other right of the Owners and Holders conferred by
19 law or hereby.

20 (b) Regardless of the happening of an Event of Default, the Master Trustee, if
21 requested in writing by the Owners or Holders of not less than a majority of the aggregate
22 principal amount of the Parity Obligations then Outstanding (subject to any limitations on or
23 alternative provisions for the giving of such requests as may be established in any Supplemental
24 Indenture) shall proceed, subject to the provisions of Section 902 of the Master Indenture, to
25 institute and maintain such suits and proceedings as it may be advised shall be necessary or
26 expedient (i) to prevent any impairment of the security hereunder by any acts which may be
27 unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Owners and
28 Holders, provided that such request and the action to be taken by the Master Trustee are not in
29 conflict with any applicable law or the provisions hereof and, in the sole judgment of the Master
30 Trustee, are not unduly prejudicial to the interest of the Owners and Holders not making such
31 request.

32 Section 11. *Further Assurances.* The State Board of Administration shall, at any time
33 and from time to time upon the written request of the Master Trustee, execute and deliver such
34 further documents and do such further acts and things as the Master Trustee may reasonably
35 request in order to effect the purposes of this Pledge Agreement.

36 Section 12. *Master Trustee May Perform.* If the FHCF fails to perform any agreement
37 contained herein, the Master Trustee may itself perform, or cause performance of, such
38 agreement, and the expenses of the Master Trustee incurred in connection therewith shall be
39 payable by the FHCF as Current Expenses of the FHCF.

1 Section 13. *Indemnity and Expenses.* (a) To the extent permitted by law, the State
2 Board of Administration agrees to indemnify the Corporation and the Master Trustee from and
3 against any and all claims, losses and liabilities (collectively referred to hereinafter as "Losses")
4 of whatsoever nature (including, but not limited to, reasonable attorneys' fees, litigation and
5 court costs, amounts paid in settlement and amounts paid to discharge judgments) directly or
6 indirectly resulting from, arising out of or related to one or more Claims, as hereinafter defined,
7 excluding any such Loss or Claim that arises out of an act of negligence or willful misconduct of
8 any member, officer, director, agent, or employee of the Corporation or the Master Trustee. The
9 word "Claims" as used herein shall mean all claims, lawsuits, causes of action and other legal
10 actions and proceedings of whatsoever nature, including, but not limited to, claims, lawsuits,
11 causes of action and other legal actions and proceedings brought against the Corporation or the
12 Master Trustee or to which the Corporation or the Master Trustee is a party, that directly or
13 indirectly result from, arise out of or relate to the execution, delivery or performance of this
14 Pledge Agreement, the Master Indenture or any related instruments or documents. The
15 obligations of the State Board of Administration under this Section 13(a) shall apply to all
16 Losses or Claims, or both, that result from, arise out of, or are related to any event, occurrence,
17 condition or relationship prior to termination of this Pledge Agreement, whether such Losses or
18 Claims, or both, are asserted prior to termination of this Pledge Agreement or thereafter. The
19 Corporation or the Master Trustee, as the case may be, shall reimburse the State Board of
20 Administration for payments made by the State Board of Administration pursuant to this Section
21 13(a) to the extent of any proceeds, net of all expenses of collection, actually received by the
22 Corporation or the Master Trustee from any insurance covering such Claims with respect to the
23 Losses sustained. The Corporation and the Master Trustee shall have the duty to claim any such
24 insurance proceeds and the Corporation and the Master Trustee shall assign their respective
25 rights to such proceeds, to the extent of such required reimbursement, to the State Board of
26 Administration. In case any action shall be brought against the Corporation or the Master
27 Trustee in respect of which indemnity may be sought against the State Board of Administration,
28 then the Corporation or the Master Trustee, as the case may be, shall promptly notify the State
29 Board of Administration in writing. Failure to notify the State Board of Administration shall not
30 relieve it from any liability that it may have other than on account of this Pledge Agreement.
31 The State Board of Administration shall have the right to assume the investigation and defense of
32 any such action, including the employment of counsel, which counsel shall be satisfactory to the
33 indemnified parties, and the payment of all expenses. The Corporation shall have the right to
34 employ separate counsel in any such action and participate in the investigation and defense
35 thereof, and the reasonable fees and expenses of such counsel shall be paid by the State Board of
36 Administration. The Master Trustee shall have the right to employ separate counsel in any such
37 action and participate in the investigation and defense thereof, but the fees and expenses of such
38 counsel shall be paid by the Master Trustee, unless the employment of such counsel has been
39 authorized by the State Board of Administration or the Master Trustee has concluded in good
40 faith that there may be legal defenses available to it that are different from or in addition to those
41 available to the State Board of Administration, in which case the Master Trustee shall have the
42 right to designate and retain separate counsel in such action and the reasonable fees and expenses
43 of such counsel shall be paid by the State Board of Administration. If no such authorization or
44 conclusion in good faith is made and the State Board of Administration assumes the defense of
45 such action, the State Board of Administration shall not be liable for the fees and expenses of any
46 counsel for the Master Trustee incurred thereafter in connection with such action. In no event

1 shall the State Board of Administration be liable for the fees and expenses of more than one
2 counsel for the Master Trustee in connection with any one action or separate but similar or
3 related actions in the same jurisdiction arising out of the same general allegations or
4 circumstances, unless the retaining of additional counsel has been specifically authorized by the
5 State Board of Administration. All payments made by the State Board of Administration
6 pursuant to this Section 13(a) shall be Current Expenses of the FHCF.

7 (b) The State Board of Administration shall pay to the Corporation and the Master
8 Trustee the amount of any and all reasonable expenses, including the reasonable fees and
9 disbursements of their respective counsel and of any consultants and agents, which the
10 Corporation or the Master Trustee may incur in connection with (i) the administration of this
11 Pledge Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection
12 from, or other realization upon, any of the Pledged Collateral, (iii) the exercise or enforcement of
13 any of the rights of the Corporation or the Master Trustee hereunder or (iv) the failure by the
14 FHCF to perform or observe any of the provisions hereof. All such expenses pursuant to this
15 Section 13(b) shall be payable by the FHCF as Current Expenses of the FHCF.

16 Section 14. *Amendment.* This Pledge Agreement may, without the consent of or
17 notice to any of the Owners or Holders, be amended, from time to time, to:

18 (a) cure any ambiguity or formal defect or omission in this Pledge Agreement or in
19 any supplement hereto;

20 (b) correct or supplement any provisions herein which may be inconsistent with any
21 other provisions herein or make any other provisions with respect to matters which do not
22 materially or adversely affect the interests of the Owners and the Holders;

23 (c) grant to or confer upon the Master Trustee for the benefit of the Owners and the
24 Holders any additional rights, remedies, powers, authority or security that may lawfully be
25 granted to or conferred upon the Owners and the Holders or the Master Trustee;

26 (d) add conditions, limitations and restrictions on the State Board of Administration
27 to be observed thereafter; or

28 (e) make any amendment or modification to this Pledge Agreement resulting from
29 the elimination of any restriction on the use of Reimbursement Premiums under the Code to pay
30 or to secure debt service on Tax-Exempt Parity Obligations to the extent the elimination of such
31 restriction is permitted by any administrative pronouncement of the Internal Revenue Service
32 (including a private letter ruling) addressed to the Corporation, the FHCF, or any successor of
33 either, or to the extent such elimination of such use restriction is permitted (based upon an
34 Opinion of Counsel) by the Code; or

35 (f) make any other change that, in the opinion of the Master Trustee, which may rely
36 upon certificates of Consultants and Opinions of Counsel for such purpose, shall not materially
37 adversely affect the security for the Parity Obligations.

38 Before entering into any amendment under this Section 14, the Master Trustee shall be
39 entitled to receive, and in so doing shall be fully protected in relying upon, an Opinion of

1 Counsel to the effect the any such proposed amendment is authorized or permitted under this
2 Pledge Agreement.

3 Other than amendments referred to in the preceding paragraph of this Section and subject
4 to the terms and provisions and limitations contained in Section 1102 of the Master Indenture
5 and not otherwise, the Owners and Holders of not less than a majority in aggregate principal
6 amount of the Parity Obligations then Outstanding, shall have the right, from time to time,
7 anything contained herein to the contrary notwithstanding, to consent to and approve the
8 execution by the State Board of Administration, the Corporation and the Master Trustee of such
9 supplements and amendments hereto as shall be deemed necessary and desirable for the purpose
10 of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or
11 provisions contained herein; provided, however, nothing in this Section shall permit or be
12 construed as permitting a supplement or amendment which would impair the pledge and
13 security interest granted by this Pledge Agreement.

14 Section 15. *Termination of Pledge Agreement.* This Pledge Agreement shall (i) remain
15 in full force and effect until payment in full of the Parity Obligations, (ii) be binding upon the
16 FHCF, its successors and assigns and (iii) inure to the benefit of the Corporation, the Master
17 Trustee and their respective successors, transferees and assigns. Upon the payment in full of the
18 Parity Obligations, the security interest granted herein shall terminate and all rights to the
19 Pledged Collateral shall revert to the FHCF. Upon any such termination, the Master Trustee
20 shall, at the FHCF's expense, execute and deliver to the FHCF such documents as the State
21 Board of Administration shall reasonably request to evidence such termination.

22 Section 16. *Notices.* All notices, demands and requests to be given to or made
23 hereunder by the Corporation, the State Board of Administration or the Master Trustee shall be
24 given or made in writing and shall be deemed to be properly given or made if sent by United
25 States certified or registered mail, return receipt requested, postage prepaid, addressed as
26 follows:

27 Party

Address

28 Florida Hurricane Catastrophe Fund:
29
30
31
32

Florida Hurricane Catastrophe Fund
c/o State Board of Administration
1801 Hermitage Boulevard
Tallahassee, Florida 32308
Attention: Chief Operating Officer

1 Corporation: Florida Hurricane Catastrophe Fund
2 Finance Corporation
3 c/o State Board of Administration
4 1801 Hermitage Boulevard
5 Tallahassee, Florida 32308
6 Attention: Senior FHCF Officer

7 Master Trustee: Wells Fargo Bank, N.A.
8 7077 Bonneval Road, Suite 400
9 Jacksonville, FL 32216
10 Attention: Corporate Trust Department

11 Any such notice, demand or request may also be transmitted to the appropriate above-
12 mentioned party by telegram or telephone and shall be deemed to be properly given or made at
13 the time of such transmission if, and only if, such transmission of notice shall be confirmed in
14 writing and sent as specified above.

15 Any of such addresses may be changed at any time upon written notice of such change
16 sent by United States certified or registered mail, postage prepaid, to the other parties by the
17 party effecting the change.

18 Section 17. *No Waiver; Remedies.* No failure on the part of the Corporation or the
19 Master Trustee to exercise, and no delay in exercising, any right under this Pledge Agreement
20 shall operate as a waiver of such right, and no single or partial exercise of any right under this
21 Pledge Agreement shall preclude any further exercise of such right or the exercise of any other
22 right. The remedies provided in this Pledge Agreement are cumulative and not exclusive of any
23 remedies provided by law.

24 Section 18. *Conflict.* In the event that any part of this Pledge Agreement is
25 determined to be in conflict with the terms of the Master Indenture, the terms of the Master
26 Indenture shall govern to the extent of such conflict.

27 Section 19. *Rights of the Master Trustee.* Neither the Master Trustee nor any of its
28 officers, directors, employees, agents, attorneys-in-fact or affiliates shall be liable for any action
29 taken or omitted to be taken by it or any such officer, director, employee, agent, attorney-in-fact
30 or affiliate under or in connection with this Pledge Agreement (except for the Master Trustee's
31 or any such person's own negligence or willful misconduct). The Master Trustee undertakes to
32 perform only such duties as are expressly set forth herein. The Master Trustee may rely, and
33 shall be protected in acting or refraining from acting, upon any written notice, instruction or
34 request furnished to it hereunder and believed by it to be genuine and to have been signed or
35 presented by the proper party. The Master Trustee may consult with counsel of its choice and
36 shall have full and complete authorization and protection for any action taken or suffered by it
37 hereunder in good faith and in accordance with the opinion of such counsel. Notwithstanding
38 any provision to the contrary contained herein, the Master Trustee shall not be relieved of
39 liability arising in connection with its own negligence or willful misconduct.

1 Section 20. *Members, Officers and Employees of the State Board of Administration*
2 *and the Corporation Not Liable.* Neither the members, officers and employees of the State
3 Board of Administration nor the members of the Board of Directors or the officers and
4 employees of the Corporation shall be personally liable for any costs, losses, damages or
5 liabilities caused or subsequently incurred by the State Board of Administration or any member,
6 officer, employee or agent thereof in connection with or as a result of this Pledge Agreement.

7 Section 21. *Separate Accounts and Records.* The State Board of Administration and
8 the Corporation represent and covenant, each for itself, that:

9 (i) Each of them will maintain its respective books, financial records and
10 accounts (including, without limitation, inter-entity transaction accounts) in a manner so as to
11 identify separately the assets and liabilities of each such entity; each has observed and will
12 observe all applicable corporate or trust procedures and formalities, including where applicable,
13 the holding of regular periodic and special meetings of governing bodies, the recording and
14 maintenance of minutes of such meetings, and the recording and maintenance of resolutions, if
15 any, adopted at such meetings; and all transactions and agreements between and among them
16 have reflected and will reflect the separate legal existence of each entity and have been and will
17 be formally documented in writing.

18 (ii) Each of them has paid and will pay its respective liabilities and losses
19 from its own respective separate assets, and has compensated and will compensate all
20 consultants, independent contractors and agents from its own funds for services provided to it by
21 such consultants, independent contractors and agents.

22 (iii) None of them has commingled or will commingle any of its assets, funds
23 or liabilities with the assets, funds or liabilities of any other person or entity. Each of them has
24 conducted and will conduct all business between itself and third parties in its own name and
25 separate and distinct from the others.

26 (iv) Neither the assets nor the creditworthiness of the FHCF will be held out as
27 being available for the payment of any liability of the Corporation, and vice versa. Assets will
28 not be transferred by the Corporation to or from the FHCF inconsistently with the Act or with
29 the intent to hinder, delay or defraud creditors.

30 (v) Each of them in its papers and in the statements of its officials has referred
31 and will refer to the others as separate and distinct legal entities; and will take no action that is
32 inconsistent with this Pledge Agreement or that would give any creditor of any of them cause to
33 believe either that any obligation incurred by it would be not only its obligation, but also of
34 another party, or that it were not or would not continue to remain an entity separate and distinct
35 from the others.

36 Section 22. *Transfers to FHCF.* Subject to the provisions of the Act, the Master
37 Indenture and this Pledge Agreement, all money received by the Corporation or the Master
38 Trustee which, together with other money available for the purposes of the Master Indenture,
39 exceeds the amount required for such purposes shall be transferred to the order of the FHCF not
40 later than the times provided therefor in the Master Indenture and in this Pledge Agreement.

1 Section 23. *Severability.* Any provision of this Pledge Agreement that is prohibited,
2 unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to
3 the extent of such prohibition, unenforceability or nonauthorization without invalidating the
4 remaining provisions of this Pledge Agreement or affecting the validity, enforceability or legality
5 of such provision in any other jurisdiction.

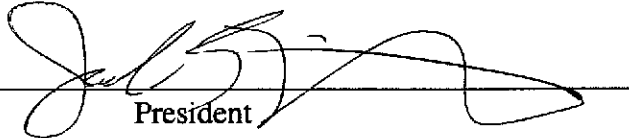
6 Section 24. *Governing Law.* This Pledge Agreement shall be governed by, and
7 construed and interpreted in accordance with, the domestic law of the State.

8 Section 25. *Headings.* Section headings in this Pledge Agreement are included for
9 convenience of reference only and shall not constitute a part of this Pledge Agreement for any
10 other purpose.

11 Section 26. *Counterparts.* This Pledge Agreement may be signed in any number of
12 counterpart copies, and all such copies shall constitute one and the same instrument.

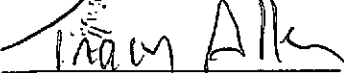
1 IN WITNESS WHEREOF, the parties have caused this Pledge Agreement to be duly
2 executed and delivered as of the date first above written.

3 FLORIDA HURRICANE CATASTROPHE FUND
4 FINANCE CORPORATION

5 By: 
6 President

7 (SEAL)

8 Attest:

9 
10 Secretary
11

12 STATE BOARD OF ADMINISTRATION,
13 acting as the governing body and administrator of the
14 FLORIDA HURRICANE CATASTROPHE FUND

15 By: 
16 Executive Director

17 (SEAL)

18 Attest:

19 
20 Assistant General Counsel
21

22 WELLS FARGO BANK, N.A.
23 Master Trustee
24

25 By: _____
26 [Title]

27 (SEAL)

28 Attest:

29 _____
30 [Title]

1 IN WITNESS WHEREOF, the parties have caused this Pledge Agreement to be duly
2 executed and delivered as of the date first above written.

3 FLORIDA HURRICANE CATASTROPHE FUND
4 FINANCE CORPORATION

5 By: _____
6

7 (SEAL)

8 Attest:
9
10 _____
11


12 STATE BOARD OF ADMINISTRATION,
13 acting as the governing body and administrator of the
14 FLORIDA HURRICANE CATASTROPHE FUND

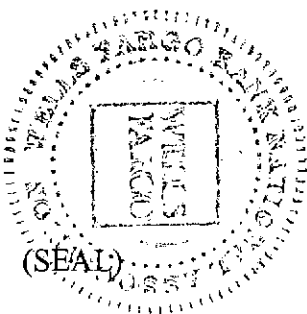
15 By: _____
16

17 (SEAL)

18 Attest:
19
20 _____
21

22 WELLS FARGO BANK, N.A.
23 Master Trustee

24 By:  _____
25 Brian P. Clark, Vice President



27 Attest:
28  _____
29 Title:

Master Trust Indenture

- Parties are Wells Fargo (Master Trustee) and the Corporation (SBA is not a party)
- Describes general terms and conditions governing bonds issued by the Corporation
 - o Establishes general powers and duties of the Master Trustee
 - o Sets out basic covenants of the Corporation
 - o Establishes limitations on the issuance of additional bonds
 - o Establishes certain accounts to hold revenues pledged for the payment of debt service
 - o Defines events of default and provides for bondholder remedies
- Specific terms for a particular series of bonds are set out in Supplemental Indentures
- Approved in 2006

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THIS MASTER TRUST INDENTURE (this “Master Indenture”), made and entered into as of the first day of June 1, 2006, by and between Florida Hurricane Catastrophe Fund Finance Corporation, a public benefits corporation, which is an instrumentality of the State of Florida (the “Corporation”), and Wells Fargo Bank, N.A., Jacksonville, Florida, a national banking association duly incorporated under the laws of the United States of America, and being duly qualified to accept and administer the trusts created hereby (the “Master Trustee”),

WITNESSETH:

WHEREAS, Section 215.555, Florida Statutes, as amended (the “Act”), creates the Florida Hurricane Catastrophe Fund, a trust fund established for bond covenants, Master Indentures or resolutions within the meaning of Section 19(f)(3), Article III of the Constitution of the State of Florida (the “FHCF”); and

WHEREAS, the Act provides that the FHCF will be administered by the State Board of Administration of Florida (in its capacity as the governing body and administrator of the FHCF, the State Board of Administration) and that the FHCF will reimburse certain insurers for a portion of their catastrophic hurricane losses, subject to the limitations on such reimbursements set forth in the Act, in order to create additional insurance capacity sufficient to ameliorate the current dangers to the economy of the State and to the public health, safety and welfare of its citizens posed by a lack of an orderly private market for property insurance; and

WHEREAS, the Act creates the Corporation as a public benefits corporation, which is an instrumentality of the State of Florida, to provide a mechanism for the cost-effective and efficient issuance of bonds necessary to enable the FHCF to carry out the purposes of the Act; and

WHEREAS, the purpose of such bonds is to fund reimbursements through the FHCF to pay for the costs of construction, reconstruction, repair, restoration and other costs associated with damage to properties of policyholders of covered policies due to the occurrence of a hurricane; and

WHEREAS, the Act provides for the payment by certain insurers of reimbursement premiums, and for the remittance of emergency assessments from certain policyholders, in the amounts and under the circumstances set forth in the Act and authorizes the pledge of all or any portion of the revenues derived from such reimbursement premiums and emergency assessments, together with the interest earnings thereon, to the payment of the principal of and redemption premium, if any, and interest on bonds issued by the Corporation for the benefit of the FHCF; and

WHEREAS, the Act provides that revenue bonds may not be issued under the Act until validated under Florida Statutes, Chapter 75, and that the validation of at least the first issue of obligations incurred under the Act shall be appealed to the Florida Supreme Court; and

WHEREAS, the Circuit Court of the Second Judicial Circuit of Florida (the “Circuit Court”) validated on November 12, 1996 bonds in the aggregate principal amount of not exceeding \$10 billion, a pledge agreement (“1996 pledge agreement”), a master trust Master Indenture (“1996 master trust Master Indenture”), and related resolutions adopted by the State

1 Board of Administration for the FHCF and by the Board of Directors of the Corporation ("1996
2 resolutions"); and

3 WHEREAS, Florida Supreme Court affirmed on September 18, 1997 the order of the
4 Circuit Court and concluded that "the Florida Hurricane Finance Corporation acted within its
5 authority and complied with all requirements of the law in the issuance of the Hurricane
6 Catastrophe Relief Revenue Bonds;" and

7 WHEREAS, the Corporation obtained from the Internal Revenue Service a private letter
8 ruling dated July 2, 1998 to the effect that the interest on bonds issued by the Corporation and
9 secured by emergency assessments and, to a limited extent, reimbursement premiums would be
10 exempt from federal income tax, and such ruling, limited in term to five years, was renewed on
11 June 13, 2003 through June 30, 2008; and

12 WHEREAS, the Florida Legislature has made several amendments to the Act since its
13 initial enactment in 1993, since validation in 1996 of the bonds, the 1996 master trust Master
14 Indenture, the 1996 pledge agreement and the 1996 resolutions and since receipt in 1998 of the
15 Internal Revenue Service private letter ruling, without vitiating the efficacy of any of the Circuit
16 Court validation, the Supreme Court affirmation of the Circuit Court validation or the private
17 letter ruling; and

18 WHEREAS, the Board of Directors of the Corporation has duly authorized the execution
19 and delivery of this Master Indenture with the Master Trustee, this Master Indenture being
20 intended to preserve the substance of the 1996 master trust indenture while reflecting the
21 provisions of the amendments to the Act since 1996 and the provisions of the Internal Revenue
22 Service private letter ruling and restricting the obligations that the Corporation may incur
23 hereunder to Parity Obligations (as hereinafter defined); and

24 WHEREAS, the State Board of Administration and the Board of Directors of the
25 Corporation have duly authorized the execution and delivery of a pledge and security agreement,
26 dated as of June 1, 2006 (the "Pledge Agreement"), by and among the State Board of
27 Administration, the Corporation and the Master Trustee, which agreement is intended to preserve
28 the substance of the 1996 pledge agreement and to conform to the provisions of the Act as
29 currently in effect, the private letter ruling and this Master Indenture, pursuant to which the State
30 Board of Administration has pledged and assigned to the Corporation certain revenues derived
31 from such reimbursement premiums and emergency assessments, together with the interest
32 earnings thereon, to the payment of the principal of and redemption premium, if any, and interest
33 on such bonds; and

34 WHEREAS, the Office of Insurance Regulation of the State of Florida and the Florida
35 Surplus Lines Service Office have each been notified that, simultaneously with the execution and
36 delivery of the Pledge Agreement and this Master Indenture, Bonds (hereinafter defined) are
37 being issued by the Corporation and that the FHCF has no agreements in effect with local
38 governments, and, therefore, until such date as the Corporation shall have no Bonds Outstanding
39 (hereinafter defined) and subject to the provisions of the Pledge Agreement, the FHCF shall have
40 no right, title or interest in or to such emergency assessments or the interest earnings thereon,
41 except as provided in the Pledge Agreement; and

1 WHEREAS, the Corporation desires to issue and incur its Parity Obligations pursuant to
2 the Act to provide funds to achieve the public purposes of the Act; and

3 WHEREAS, any Bonds issued and any Parity Debt (hereinafter defined) incurred under
4 this Master Indenture will be secured by a pledge of the Net Receipts (hereinafter defined) of the
5 Corporation; and

6 WHEREAS, pursuant to the Act, the Corporation is entering into this Master Indenture
7 for the purpose of authorizing the issuance of Bonds and the incurrence of Parity Debt and
8 securing the payment thereof by assigning its rights in and to the Net Receipts and certain of its
9 rights under the Pledge Agreement; and

10 WHEREAS, under the Constitution and laws of the State of Florida, including the Act,
11 the Corporation is authorized to enter into this Master Indenture, to issue the Bonds and incur
12 Parity Debt as hereinafter provided and to do or cause to be done all the acts and things herein
13 provided or required to be done as hereinafter covenanted; and

14 WHEREAS, all acts, conditions and things required by the Constitution and laws of the
15 State of Florida, including the Act, to happen, exist and be performed precedent to and in the
16 execution and delivery of this Master Indenture have happened, exist and have been performed
17 as so required to make this Master Indenture a valid and binding Master Indenture securing any
18 Bonds and any Parity Debt in accordance with its terms; and

19 WHEREAS, the Master Trustee agrees to accept and administer the trusts created hereby;

20 NOW, THEREFORE, THIS MASTER INDENTURE WITNESSETH that in
21 consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby
22 created, and of the issuance of Bonds and the incurrence of any Parity Debt as provided herein,
23 in any Supplemental Indenture (hereinafter defined) and in any Parity Debt Resolution
24 (hereinafter defined), and also for and in consideration of the sum of One Dollar in hand paid to
25 the Master Trustee at or before the execution and delivery of this Master Indenture, and for other
26 good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged,
27 and for the purpose of fixing and declaring the terms and conditions upon which Bonds are to be
28 issued, authenticated, delivered, secured and accepted by all persons who shall from time to time
29 be or become Owners (hereinafter defined), and to secure the payment of all Bonds at any time
30 issued and outstanding under this Master Indenture and any Parity Debt, and the interest and the
31 redemption premium, if any, thereon according to their tenor, purport and effect, and to secure
32 the performance and observance of all the covenants, agreements and conditions, express or
33 implied, therein and herein contained, the Corporation has executed and delivered this Master
34 Indenture, and by this Master Indenture has given, granted, bargained, aliened, remised, released,
35 conveyed, transferred, assigned, confirmed, set over, and pledged, and does hereby give, grant,
36 bargain, alien, remise, release, convey, transfer, assign, confirm, set over, and pledge unto the
37 Master Trustee, and its successor or successors in trust:

- 38 1. All Net Receipts of the Corporation;
- 39 2. All right, title and interest of the Corporation in and to the Pledge Agreement
40 (except for those certain rights that are set forth in the next sentence of this clause), it being the

1 intent and purpose hereof that the assignment and transfer to the Master Trustee of the Pledged
2 Collateral (hereinafter defined) shall be effective and operative immediately and the Master
3 Trustee shall have the right to collect and receive from the FHCF the Pledged Collateral for
4 application in accordance with the provisions hereof at all times during the period from and after
5 the date of this Master Indenture until the indebtedness hereby secured shall have been fully paid
6 and discharged, all subject to the rights of the FHCF to the release of Reimbursement Premiums
7 and Reimbursement Premium Earnings and Emergency Assessments and Emergency
8 Assessment Earnings as provided in the Pledge Agreement and this Master Indenture. The
9 Corporation specifically reserves from this assignment the following rights: (a) to receive all
10 notices, opinions, certificates, copies of documents, instruments, reports and correspondence, and
11 evidence of certain actions by the State Board of Administration, acting on behalf of the FHCF,
12 required to be delivered to the Corporation under the Pledge Agreement; (b) to grant approvals
13 and consents and make determinations when required under the Pledge Agreement; (c) to be
14 indemnified pursuant to the Pledge Agreement; and (d) those exculpations from liability
15 conferred upon the members, officers and employees of the Corporation in the Pledge
16 Agreement; provided that the reservation of the aforementioned rights shall not prevent the
17 Master Trustee from enforcing the same on behalf of the Corporation, the Owners and the
18 Holders (hereinafter defined), and the Corporation is to remain liable to observe and perform all
19 the covenants, agreements and conditions, express or implied, therein and herein contained; and

20 3. All money and securities held by or on behalf of the Master Trustee in all of the
21 funds, accounts or subaccounts established pursuant to this Master Indenture, except those funds,
22 accounts and subaccounts that are expressly pledged in a Supplemental Indenture as security
23 only for the Series of Bonds authorized by such Supplemental Indenture or in a Parity Debt
24 Resolution as security only for the Parity Debt authorized by such Parity Debt Resolution, and,
25 in the case of Tax-Exempt Parity Obligations, except those funds, accounts and subaccounts that
26 are expressly set aside in a Supplemental Indenture or Parity Debt Resolution for the purpose of
27 making rebate, yield reduction or similar payments to the United States of America in order to
28 maintain the tax status of the Tax-Exempt Parity Obligations;

29 TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby
30 conveyed and assigned, or agreed or intended so to be, to the Master Trustee and its successor or
31 successors in trust and to them and their assigns forever; but

32 IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the benefit,
33 security and protection of all and singular the present and future Owners of the Bonds issued or
34 to be issued under and secured by this Master Indenture and the Holders of any Parity Debt
35 secured by this Master Indenture, without preference, priority or distinction as to lien or
36 otherwise, except as may otherwise be provided herein, of any one Bond or Parity Debt over any
37 other Bond or Parity Debt by reason of priority in their issue, sale or otherwise, all as herein
38 provided;

39 PROVIDED, HOWEVER, that if the Corporation, its successors or assigns, shall well
40 and truly pay, or cause to be paid, or provide for the payment, pursuant to the provisions of this
41 Master Indenture, of the principal of all Parity Obligations and the interest and any redemption
42 premium due or to become due thereon, at the times and in the manner mentioned in the Parity
43 Obligations and this Master Indenture, according to the true intent and meaning hereof and

1 thereof, and shall cause the payments to be made into the Bond Fund (hereinafter defined) or
2 otherwise as required under this Master Indenture, and shall pay or cause to be paid to the Master
3 Trustee all sums of money due or to become due to it in accordance with the terms and
4 provisions hereof and perform all of its other obligations hereunder, then, upon such
5 performance and payments, this Master Indenture and the rights hereby granted shall cease,
6 determine and become void, as provided in Article XII of this Master Indenture; otherwise this
7 Master Indenture to be and remain in full force and effect.

8 THIS MASTER INDENTURE FURTHER WITNESSETH and it is expressly declared
9 that all Bonds issued and secured hereunder and any Parity Debt secured hereunder are to be
10 issued, authenticated (if applicable), delivered and dealt with, the respective rights of all Owners
11 of the Bonds and Holders of Parity Debt are to be set forth, and all said property hereby given,
12 granted, bargained, aliened, remised, released, conveyed, transferred, assigned, confirmed, set-
13 over and pledged is to be dealt with and disposed of, under, upon and subject to the terms,
14 conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter
15 expressed, and the Corporation has agreed and covenanted, and does hereby agree and covenant,
16 with the Master Trustee and with the respective Owners and Holders, from time to time, of Parity
17 Obligations, or any part hereof, as follows:

18 Article I.

19
20 DEFINITIONS AND OTHER PROVISIONS
21 CONCERNING INTERPRETATION

22 Section 101. Definitions. For the purposes hereof, unless the context otherwise
23 indicates, the following words and phrases shall have the following meanings:

24 “Accreted Amount” means with respect to Capital Appreciation Bonds, the amount set
25 forth in the Supplemental Indenture authorizing the issuance of such Capital Appreciation Bonds
26 as the amount representing the initial public offering price, plus the accumulated and
27 compounded interest on such Capital Appreciation Bonds.

28 “Act” means Section 215.555, Florida Statutes, as amended, or any successor statute.

29 “Audited Financial Statements” means the combined financial statements of the FHCF
30 and the Corporation for a 12-month period, or for such other period for which an audit has been
31 performed, that have been audited and reported upon by an Auditor in accordance with generally
32 accepted auditing standards.

33 “Auditor” means an independent certified public accountant or firm of independent
34 public accountants selected by the State Board of Administration.

35 “Authorized Officer of the Corporation” means each person who is authorized by
36 resolution of the Governing Body of the Corporation to perform the duties imposed on an
37 Authorized Officer of the Corporation by this Master Indenture and whose name is filed with the
38 Master Trustee for such purpose.

1 “Authorized Officer of the State Board of Administration” means each person who is
2 authorized by resolution of the Governing Body of the FHCF to perform the duties imposed on
3 an Authorized Officer of the State Board of Administration by this Master Indenture and whose
4 name is filed with the Master Trustee for such purpose.

5 “Balloon Indebtedness” means Indebtedness twenty-five percent (25%) or more of the
6 principal payments of which are due in a single Fiscal Year, which portion of the principal is not
7 required by the documents pursuant to which such Indebtedness is incurred to be amortized by
8 payment or redemption prior to such year.

9 “Bond” or “Bonds” means the bonds or notes issued under the provisions hereof and
10 secured on a parity with each other and any Parity Debt by this Master Indenture.

11 “Bond Fund” means the Florida Hurricane Catastrophe Fund Finance Corporation Bond
12 Fund created and so designated by Section 501(b) hereof.

13 “Bond Registrar” means, with respect to any Series of Bonds, the Bond Registrar at the
14 time serving as such under the Supplemental Indenture authorizing the issuance of such Series,
15 whether the original or a successor Bond Registrar.

16 “Business Day” means a day on which the Corporation, the Fund, the Master Trustee and
17 each Bond Registrar are open for the purpose of conducting their businesses.

18 “Capital Appreciation Bonds” means Bonds the interest on which is compounded at the
19 rates and on the dates set forth in the Supplemental Indenture authorizing the issuance of such
20 Bonds and is payable upon redemption or on the maturity date of such Bonds. Nothing in this
21 Master Indenture shall prohibit the Corporation from designating in such Supplemental Indenture
22 any such Bonds by a name other than Capital Appreciation Bonds.

23 “Capitalized Interest Account” means the account in the Bond Fund created and so
24 designated by Section 501 hereof.

25 “Code” means the Internal Revenue Code of 1986, as amended, and all regulations
26 promulgated thereunder.

27 “Consultant” means a firm or firms which are not, and no member, director, officer,
28 trustee or employee of which is, an officer, director, trustee or employee of the Corporation, the
29 FHCF, the State Board of Administration or the State, and which has a national reputation for
30 having the skill and experience necessary to render the particular report or recommendations
31 required by the provision hereof in which such requirement appears.

32 “Contract Year” means the term of the reimbursement contracts between the State Board
33 of Administration and insurers writing Covered Policies.

34 “Corporation” means the Florida Hurricane Catastrophe Fund Finance Corporation, a
35 public benefits corporation, which is an instrumentality of the State, and its legal successors.

1 “Corpus Earnings” means Corpus Earnings as defined in Section 1 of the Pledge
2 Agreement.

3 “Costs of Issuance” means those costs that are payable from Bond proceeds with respect
4 to the authorization, sale and issuance of Bonds, deposits to the funds, accounts and subaccounts
5 established by this Master Indenture and any Supplemental Indenture, underwriting fees,
6 auditors' or accountants' fees, printing costs, costs of reproducing documents, filing and
7 recording fees, fees and expenses of fiduciaries, legal fees and charges, professional consultants'
8 fees, costs of credit ratings, fees and charges for the execution, transportation and safekeeping of
9 Bonds, governmental charges, costs of entering into Derivative Agreements, obtaining
10 Investment Obligations and establishing or obtaining Credit Facilities, and other costs, charges
11 and fees in connection with the foregoing.

12 “Costs of Issuance Fund” means the Florida Hurricane Catastrophe Fund Finance
13 Corporation Costs of Issuance Fund created and so designated by Section 401 hereof.

14 “Covered Event” means Covered Event as defined in the Act.

15 “Credit Facility” means a line of credit, letter of credit, standby bond purchase
16 agreement, bond insurance policy or similar liquidity or credit facility established or obtained in
17 connection with the issuance of any Bonds, incurrence of any other Parity Debt or incurrence of
18 any Subordinated Indebtedness.

19 “Credit Provider” means the Person providing a Credit Facility, as designated in the
20 Supplemental Indenture authorizing the issuance of a Series of Bonds or in the Parity Debt
21 Resolution authorizing the incurrence of Parity Debt or in the Subordinated Indebtedness
22 Resolution authorizing the incurrence of Subordinated Indebtedness.

23 “Cross-over Date” means, with respect to Cross-over Refunding Indebtedness, the date
24 on which the principal portion of the related Cross-over Refunded Indebtedness is to be paid or
25 redeemed from the proceeds of such Cross-over Refunding Indebtedness.

26 “Cross-over Refunded Indebtedness” means Indebtedness refunded by Cross-over
27 Refunding Indebtedness.

28 “Cross-over Refunding Indebtedness” means Indebtedness issued for the purpose of
29 refunding other Indebtedness if the proceeds of such Cross-over Refunding Indebtedness are
30 irrevocably deposited in escrow to secure the payment on the applicable redemption date or
31 maturity date of the Cross-over Refunded Indebtedness, and the earnings on such escrow deposit
32 (i) are required to be applied to pay interest on such Cross-over Refunding Indebtedness until the
33 Cross-over Date and (ii) shall not be used directly or indirectly to pay interest on the Cross-over
34 Refunded Indebtedness.

35 “Current Expenses of the Corporation” means all expenses incurred by the Corporation in
36 the administration of the Corporation, including, without limiting the generality of the foregoing,
37 arbitrage rebate and penalties, all administrative expenses, salaries and other compensation,
38 personnel expenses properly chargeable to the Corporation, fees and expenses incurred for
39 professional consultants and fiduciaries, including the fees and expenses of the Master Trustee

1 and any Bond Registrar, and all Current Expenses of the Corporation so identified in this Master
2 Indenture, a Parity Resolution, a Subordinated Indebtedness Resolution or any other resolution
3 adopted by the Governing Body of the Corporation, but Current Expenses of the Corporation
4 shall not include (i) depreciation or amortization, (ii) any deposit to any fund, account and
5 subaccount established under this Master Indenture or any Supplemental Indenture or any
6 payment of principal, redemption premium, if any, and interest on any Bonds from any such
7 fund, account and subaccount or (iii) any debt service payment in respect of Parity Debt or
8 Subordinated Indebtedness.

9 "Current Interest Bonds" means Bonds the interest on which is payable on the Interest
10 Payment Dates provided therefor in the Supplemental Indenture authorizing the issuance of such
11 Bonds.

12 "Debt Service Coverage Ratio" means, for any period of time, the ratio determined by
13 dividing the Premium and Assessment Revenue Available for Debt Service by the Maximum
14 Debt Service Requirement.

15 "Debt Service Requirement" means, for any period of twelve (12) consecutive calendar
16 months for which such determination is made, the aggregate of the payments to be made in
17 respect of principal and interest (whether or not separately stated) on Outstanding Indebtedness
18 during such period, also taking into account:

19 (i) with respect to Balloon Indebtedness, the amount of principal which would be
20 payable in such period if such principal were amortized from the date of incurrence thereof over
21 a period of thirty (30) years on a level debt service basis, at an interest rate equal to the current
22 market rate for a fixed rate, 30-year obligation, set forth in an opinion, delivered to the Master
23 Trustee, of a banking institution or an investment banking institution, selected by the
24 Corporation and knowledgeable in municipal finance, as the interest rate at which the Person
25 that incurred such Indebtedness could reasonably expect to borrow the same by incurring
26 Indebtedness with the same term as assumed above; provided, however, that if the date of
27 calculation is within twelve (12) calendar months of the actual final maturity of such
28 Indebtedness, the full amount of principal payable at maturity shall be included in such
29 calculation;

30 (ii) with respect to Indebtedness which is Variable Rate Indebtedness, the interest on
31 such Indebtedness shall be calculated at the rate which is equal to the average of the actual
32 interest rates which were in effect (weighted according to the length of the period during which
33 each such interest rate was in effect) for the most recent twelve-month period immediately
34 preceding the date of calculation for which such information is available (or shorter period if
35 such information is not available for a twelve-month period), except that with respect to new
36 Variable Rate Indebtedness, the interest rate on such Indebtedness on the date of its incurrence
37 shall be calculated at the lesser of (a) the initial rate at which such Indebtedness is incurred and
38 (b) the rate certified by a banking institution or an investment banking institution, selected by
39 the Corporation and knowledgeable in municipal finance, as being the average rate such
40 Indebtedness would have borne for the most recent twelve-month period immediately preceding
41 the date of calculation if such Indebtedness had been outstanding for such period, and thereafter
42 shall be calculated as set forth above; provided, however, that if the Corporation enters into a

1 Derivative Agreement with respect to such Indebtedness, the interest on such Indebtedness shall
2 be calculated as set forth in clause (iv) below;

3 (iii) with respect to any Credit Facility, (a) to the extent that such Credit Facility has
4 not been used or drawn upon, the principal and interest relating to the reimbursement obligation
5 for such Credit Facility shall not be included in the Debt Service Requirement and (b) to the
6 extent that such Credit Facility shall have been drawn upon, the payment provisions of such
7 Credit Facility with respect to repayment of principal and interest thereon shall be included in
8 the Debt Service Requirement;

9 (iv) with respect to Derivative Indebtedness, the interest on such Indebtedness during
10 any Derivative Period thereunder shall be calculated by adding (a) the amount of interest
11 payable by the Corporation pursuant to its terms and (b) the amount payable by the Corporation
12 under the Derivative Agreement and subtracting (c) the amount payable by the Derivative
13 Agreement Counterparty at the rate specified in the Derivative Agreement, except that to the
14 extent that the Derivative Agreement Counterparty has defaulted on its payment obligations
15 under the Derivative Agreement, the amount of interest payable by the Corporation from the
16 date of default shall be the interest calculated as if such Derivative Agreement had not been
17 executed;

18 (v) subject to the provisions of clause (iv) above, to the extent that any Indebtedness
19 incurred pursuant to this Master Indenture requires that the Corporation pay the principal of or
20 interest on such Indebtedness in any currency or currencies other than United States dollars, in
21 calculating the amount of the Debt Service Requirement, the currency or currencies in which
22 the Corporation is required to pay shall be converted to United States dollars using a conversion
23 rate equal to the applicable conversion rate in effect on a date that is not more than thirty (30)
24 days prior to the date on which such Indebtedness is incurred;

25 (vi) in the case of Indebtedness a feature of which is an option on behalf of the
26 Owners or Holders to tender to the Corporation or the Master Trustee, or any agent of either, all
27 or a portion of such Indebtedness, the options of such Owners or Holders shall be ignored,
28 provided that such Indebtedness shall have the benefit of a Credit Facility and the institution or
29 a guarantor of its obligations shall have ratings from at least two of the Rating Agencies in not
30 less than one of the two highest short-term rating categories (without gradations such as plus or
31 minus); and

32 (vii) in the case of Indebtedness, having the benefit of a Credit Facility that provides
33 for a term loan facility that requires the payment of the Principal of such Indebtedness in one (1)
34 year or more, such Indebtedness shall be considered Balloon Indebtedness and shall be assumed
35 to have the maturity schedule provided clause (i)(a) of this definition;

36 provided, however, that interest shall be excluded from the determination of Debt Service
37 Requirement to the extent that provision for payment of the same is made from the proceeds of
38 the Indebtedness or otherwise provided so as to be available for deposit into the Capitalized
39 Interest Account or similar account not later than the date of delivery of and payment for such
40 Indebtedness or the reissuance date of any Pre-Event Parity Obligations reissued Post-Event as
41 Parity Obligations; and provided further that, notwithstanding the foregoing, the aggregate of the

1 payments to be made with respect to principal of and interest on Outstanding Indebtedness shall
2 not include principal and/or interest payable from Qualified Escrow Funds.

3 "Defeasance Obligations" means, unless modified by the terms of a Parity Resolution, (i)
4 noncallable, nonprepayable Government Obligations, (ii) evidences of ownership of a
5 proportionate interest in specified noncallable, nonprepayable Government Obligations, which
6 Government Obligations are held by a bank or trust company organized and existing under the
7 laws of the United States of America or any state or territory thereof in the capacity of custodian,
8 (iii) Defeased Municipal Obligations and (iv) evidences of ownership of a proportionate interest
9 in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by
10 a bank or trust company organized and existing under the laws of the United States of America
11 or any state or territory thereof in the capacity of custodian.

12 "Defeased Municipal Obligations" means, to the extent from time to time permitted by
13 law, obligations of state or local government municipal bond issuers rated in the highest rating
14 category by any two Rating Agencies and provision for the payment of the principal of and
15 redemption premium, if any, and interest on which shall have been made by irrevocable deposit
16 with a trustee or escrow agent of noncallable, nonprepayable Government Obligations, which
17 Government Obligations are held by a bank or trust company organized and existing under the
18 laws of the United States of America or any state or territory thereof in the capacity as custodian,
19 the maturing principal of and interest on which Government Obligations, when due and payable,
20 shall have been verified by an independent certified public accountant or firm of independent
21 certified public accountants to be sufficient to pay the principal of and redemption premium, if
22 any, and interest on such obligations of state or local government municipal bond issuers.

23 "Depository" means one or more banks or trust companies or other institutions, including
24 the Master Trustee, duly authorized by law to engage in the banking business and designated by
25 the Corporation as a depository of moneys under this Master Indenture.

26 "Derivative Agreement" means (i) any contract known as or referred to or which
27 performs the function of an interest rate swap agreement, currency swap agreement, forward
28 payment conversion agreement or futures contract; (ii) any contract providing for payments
29 based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock
30 or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv)
31 any type of contract called, or designed to perform the function of, interest rate floors or caps,
32 options, puts or calls or to hedge or minimize any type of financial risk, including, without
33 limitation, payment, currency, rate or other financial risk; and (v) any other type of contract or
34 arrangement that the Corporation determines is to be used, or is intended to be used, to manage
35 or reduce the cost of Indebtedness, to convert any element of Indebtedness from one form to
36 another, to maximize or increase investment return, to minimize investment return risk or to
37 protect against any type of financial risk or uncertainty.

38 "Derivative Agreement Counterparty" means, with respect to a Derivative Agreement,
39 the Person that is identified in such agreement as the counterparty to, or contracting party with,
40 the Corporation.

1 “Derivative Agreements Account” means the account in the Revenue Fund created and so
2 designated by Section 501 hereof.

3 “Derivative Indebtedness” means Indebtedness or any portion thereof with respect to
4 which the Corporation shall have entered into a Derivative Agreement.

5 “Derivative Period” means the period during which a Derivative Agreement is in effect.

6 “Emergency Assessment Base” means the total of direct written premium reported for all
7 assessable lines of insurance under the Act.

8 “Emergency Assessments” means Emergency Assessments as defined in Section 1 of the
9 Pledge Agreement.

10 “Emergency Assessments Account” means the account in the Revenue Fund created and
11 so designated by Section 501 hereof.

12 “Emergency Assessment Earnings” means Emergency Assessment Earnings as defined in
13 Section 1 of the Pledge Agreement.

14 “Event of Default” means any one or more of those events set forth in Section 802
15 hereof.

16 “FHCF” means Florida Hurricane Catastrophe Fund, a trust fund established for bond
17 covenants, indentures or resolutions within the meaning of Section 19(f)(3), Article III of the
18 State Constitution, and its legal successors.

19 “Fiscal Year” means the fiscal year of the FHCF, which shall be the period beginning on
20 July 1 of each year and ending on June 30 of the following year, unless the Master Trustee is
21 notified in writing by an Authorized Officer of the State Board of Administration of a change in
22 such period, in which case the Fiscal Year shall be the period set forth in such notice. The
23 Corporation shall have the same Fiscal Year as the FHCF.

24 “Fitch” means Fitch Inc., and its legal successors, provided that references to “Fitch” are
25 effective only so long as Fitch is a Rating Agency.

26 “Governing Body” means, with respect to the Corporation, its board of directors or other
27 board of individuals or designees in which the powers of the Corporation are vested under the
28 Act. With respect to the FHCF, “Governing Body” means the State Board of Administration.

29 “Government Obligations” means direct obligations of, and obligations the principal of
30 and interest on which are unconditionally guaranteed by, the United States of America.

31 “Gross Receipts” means all revenues, income, receipts and money (other than proceeds of
32 borrowing) received in any period by or on behalf of the Corporation, including, without
33 limitation, (a) Emergency Assessments, (b) Emergency Assessment Earnings, (c)
34 Reimbursement Premiums, (d) Reimbursement Premium Earnings, (e) Other Pledged Money, (f)
35 proceeds derived from (i) securities and other investments and (ii) contract rights and other rights

1 and assets now or hereafter owned, held or possessed by the Corporation and (g) interest or
2 investment income on all investments, including investments of proceeds of any Pre-Event
3 Indebtedness incurred by the Corporation.

4 "Holder" means the holder or owner of Parity Debt.

5 "Incurrence Test" means the test for the incurrence for Parity Obligations established by
6 Section 704.

7 "Indebtedness" means all obligations incurred or assumed by any Person:

8 (i) for payments of principal and interest with respect to borrowed money, including
9 any obligation to repay a Credit Provider for moneys drawn to pay and retire Indebtedness; and

10 (ii) for payments under leases which are required to be capitalized in accordance with
11 generally accepted accounting principles and under installment sale or conditional sale
12 contracts; and

13 (iii) for payments under installment sale or conditional sale contracts.

14 provided, however, that Indebtedness shall include only Parity Obligations and Subordinated
15 Indebtedness and that any obligation constituting Indebtedness to pay a Credit Provider for
16 moneys drawn to purchase, but not pay and retire, indebtedness shall constitute Indebtedness
17 only to the extent such payments are in excess of any scheduled payments of principal and
18 interest required to be made to such Credit Provider as an Owner or Holder of such Indebtedness.

19 "indebtedness" means all indebtedness for any of the following:

20 (i) for payments of principal and interest with respect to borrowed money;

21 (ii) for payments on leases which are required to be capitalized in accordance with
22 generally accepted accounting principles; and

23 (iii) for payments on installment sale or conditional sale contracts.

24 "Interest Account" means the account in the Bond Fund created and so designated by
25 Section 501 hereof.

26 "Interest Payment Date" means, with respect to any Series of Bonds, each of the interest
27 payment dates provided for in the Supplemental Indenture authorizing the issuance of such
28 Series.

29 "Investment Obligations" means any investment authorized under Section 215.47,
30 Florida Statutes, as amended from time to time, or any successor statute.

31 "Lien" means any mortgage, deed of trust or pledge of, security interest in or
32 encumbrance on any Property of the Corporation that secures any indebtedness incurred by the
33 Corporation.

1 “Master Indenture” means the Master Trust Indenture as supplemented.

2 “Master Trust Indenture” means this Master Trust Indenture, dated as of June 1, 2006, as
3 amended.

4 “Master Trustee” means Wells Fargo Bank, N.A., Jacksonville, Florida, and its
5 successors in the trusts created under this Master Indenture.

6 “Maximum Debt Service Requirement” means at the date of calculation the greatest Debt
7 Service Requirement for the current or any succeeding Fiscal Year.

8 “Moody’s” means Moody’s Investors Service, Inc., and its legal successors, provided that
9 references to “Moody’s” are effective only so long as Moody’s is a Rating Agency.

10 “Net Receipts” for any particular period means the excess of Gross Receipts after the
11 payment of Current Expenses of the Corporation for such period.

12 “Officer’s Certificate” means a certificate signed by an Authorized Officer of the
13 Corporation or an Authorized Officer of the State Board of Administration, as the case may be.

14 Each Officer’s Certificate presented pursuant to this Master Indenture shall state that it is
15 being delivered pursuant to (and shall identify the section or subsection of), and shall incorporate
16 by reference and use in all appropriate instances all terms defined in, this Master Indenture. Each
17 Officer’s Certificate shall state that (i) the terms thereof are in compliance with the requirements
18 of the section or subsection pursuant to which such Officer’s Certificate is delivered or shall state
19 in reasonable detail the nature of any non-compliance and the steps being taken to remedy such
20 non-compliance and (ii) it is being delivered together with any opinions, schedules, statements or
21 other documents required in connection therewith. Each Officer’s Certificate may state that the
22 certification is made to the best knowledge of such officer.

23 “Opinion of Counsel” means an opinion in writing signed by (i) an attorney or firm of
24 attorneys, selected by the Corporation and not unacceptable to the Master Trustee, or (ii) an
25 attorney employed by the State or any agency thereof whose duties include responsibility for
26 legal matters of the Corporation. Such opinion may rely on Officer’s Certificates and other
27 Opinions of Counsel and may contain customary exceptions and qualifications.

28 “Other Pledged Money” means Other Pledged Money as defined in Section 1 of the
29 Pledge Agreement.

30 “Outstanding”, when used with reference to Bonds, means, as of a particular date, all
31 Bonds theretofore authenticated and delivered under this Master Indenture, except:

32 (a) Bonds theretofore cancelled by any Bond Registrar or delivered to any
33 Bond Registrar or the Master Trustee for cancellation;

34 (b) Bonds in exchange for or in lieu of which other Bonds have been
35 authenticated and delivered under this Master Indenture; and

1 (c) Bonds paid or deemed to have been paid in accordance with the
2 defeasance or like provisions of the Supplemental Indenture delivered in connection with the
3 issuance of such Bonds;

4 provided, however, that in determining whether the Owners of the requisite principal amount of
5 outstanding Bonds have given any request, demand, authorization, direction, notice, consent or
6 waiver hereunder, Bonds owned by or under the control of the Corporation or the FHCF or any
7 other obligor upon the Bonds shall be disregarded and deemed not to be outstanding, except that
8 the term "obligor upon the Bonds" shall not include any Credit Provider unless otherwise
9 provided in a Supplemental Indenture, and except that, in determining whether the Master
10 Trustee shall be protected in relying upon any such request, demand, authorization, direction,
11 notice, consent or waiver, only Bonds which the Master Trustee knows to be so owned or
12 controlled shall be so disregarded. Bonds so owned or controlled which have been pledged in
13 good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the
14 Master Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is
15 not the Corporation, the FHCF or any other obligor upon the Bonds except a Credit Provider.

16 The Corporation may provide in a Parity Resolution as to when any Parity Obligations
17 that are Variable Rate Indebtedness shall be deemed no longer to be Outstanding hereunder in a
18 manner not inconsistent with the above definition.

19 The Corporation may provide in a Parity Debt Resolution as to when any Parity Debt
20 shall be deemed no longer to be outstanding hereunder in a manner not inconsistent with the
21 above definition.

22 When used with reference to Indebtedness other than Parity Obligations, "Outstanding"
23 means, as of a particular date, all Indebtedness deemed to be outstanding under the documents
24 pursuant to which it was incurred.

25 "Owner" means a Person in whose name a Bond is registered in the registration books
26 provided for in Section 205 hereof.

27 "Parity Common Reserve Account" means the account in the Bond Fund created and so
28 designated by Section 501 hereof.

29 "Parity Common Reserve Account Requirement" means, with respect to all Parity
30 Obligations secured by the Parity Common Reserve Account, the least of the following: (i) the
31 sum of ten percent (10%) of the stated principal amount of each Series of Bonds secured by the
32 Parity Common Reserve Account (adjusted as provided in the Code), (ii) the Maximum Annual
33 Debt Service Requirement on all such Outstanding Parity Obligations, and (iii) one hundred
34 twenty-five percent (125%) of the average annual Debt Service Requirements on all such Parity
35 Obligations. The Parity Common Reserve Account Requirement may be satisfied with cash,
36 Investment Obligations or Reserve Alternative Instruments, or any combination of the foregoing,
37 as the Corporation may determine from time to time.

38 "Parity Debt" means all Parity Obligations incurred or assumed by the Corporation and
39 not evidenced by Bonds which (a) is designated as Parity Debt in the documents pursuant to
40 which it was incurred, (b) is incurred in compliance with the provisions of Section 704 hereof or

1 is a reimbursement obligation for a Credit Facility supporting Parity Obligations incurred in
2 compliance with the provisions of Section 704 hereof, and (c) may be accelerated only in
3 compliance with the procedures set forth in Section 803 hereof.

4 "Parity Debt Resolution" means the resolution and any other documents, instruments or
5 agreements adopted or executed by the Corporation providing for the incurrence of Parity Debt.

6 "Parity Obligations" means Bonds and Parity Debt.

7 "Parity Resolution" means a Supplemental Indenture or a Parity Debt Resolution, or both,
8 as the case may be, authorizing the issuance of a Series of Bonds or the incurrence of Parity
9 Debt.

10 "Parity Tax-Exempt Obligations" means Tax-Exempt Bonds and Tax-Exempt Parity
11 Debt.

12 "Person" includes an individual, association, unincorporated organization, corporation,
13 limited liability company, partnership, joint venture, trust, state trust fund, unincorporated
14 organization, and a government or an agency or a political subdivision thereof, as well as natural
15 persons.

16 "Pledge Agreement" means the Pledge and Security Agreement, dated as of June 1, 2006,
17 by and among the Corporation, the State Board of Administration and the Master Trustee,
18 including any amendments or supplements thereto.

19 "Pledged Collateral" means Pledged Collateral as defined in Section 1 of the Pledge
20 Agreement.

21 "Predecessor Bonds" of any particular Bond means every previous Bond evidencing all
22 or a portion of the same debt as that evidenced by such particular Bond; and, for purposes of this
23 definition, any Bond authenticated and delivered under Section 210 hereof in lieu of a lost,
24 destroyed or stolen Bond shall be deemed to evidence the same debt as the lost, destroyed or
25 stolen Bond.

26 "Post-Event" when used in connection with Bonds, other Parity Obligations or the
27 proceeds thereof refers to the issuance of Parity Obligations following the occurrence of a
28 Covered Event (i) to pay reimbursement at levels promised in reimbursement contracts for which
29 moneys credited to the Corpus of the Fund are insufficient, as authorized by the provisions (other
30 than the last sentence) of Section 215.555(6)(a)1 of the Act or (ii) to refund other Post-Event
31 Indebtedness or to refund Pre-Event Indebtedness issued or incurred prior to such Covered
32 Event.

33 "Pre-Event" when used in connection with Bonds, other Parity Obligations or the
34 proceeds thereof refers to the issuance of Parity Obligations "in the absence of" a Covered Event,
35 as authorized by the last sentence of Section 215.555(6)(a)1 of the Act.

36 "Pre-Event Bonds Investment Account" means the account in the Revenue Fund created
37 and so designated by Section 501 hereof.

1 “Premium and Assessment Revenue Available For Debt Service” means the pro forma
2 amount, indicated in an Officer’s Certificate of the State Board of Administration delivered to
3 the Master Trustee, that is certified by such Officer to be the excess, over the Current Expenses
4 of the FHCF and the Current Expenses of the Corporation, of the sum of (a) the amount of
5 Revenues from Reimbursement Premiums and Reimbursement Premium Earnings received by
6 the FHCF in any 12 consecutive months of the last 18 calendar months preceding the date of
7 such Certificate, taking into consideration and adjusted for (1) any changes in the Act or other
8 applicable law or regulation (described in such Officer’s Certificate) that would prospectively
9 affect the amount of such Reimbursement Premiums to be received in the current or future Fiscal
10 Years, and (2) any actuarially indicated adjustments to the Reimbursement Premiums that have
11 been determined for, or are reasonably expected to take effect subsequent to the applicable 12-
12 month period and in, the current or following Fiscal Year, as shall be set forth in such Officer’s
13 Certificate, and (b) the amount of Revenues from Emergency Assessments, such amount being
14 the product obtained by multiplying (1) the maximum assessment percentage permitted by the
15 Act on the date of such Certificate by (2) the most recently available 12-month Emergency
16 Assessment Base, all as demonstrated in such Officer’s Certificate.

17 “Principal” means (a) with respect to any Capital Appreciation Bond, the Accreted
18 Amount thereof (the difference between the stated amount to be paid at maturity and the
19 Accreted Amount being deemed unearned interest), except as used in connection with the
20 authorization and issuance of Bonds and with the order of priority of payments of Bonds after an
21 Event of Default, in which case “principal” means the initial public offering price of a Capital
22 Appreciation Bond and the difference between the Accreted Amount and the initial public
23 offering price shall be deemed to be interest and (b) with respect to any Current Interest Bond,
24 the principal amount of such Bond payable at maturity or in satisfaction of a Sinking Fund
25 Requirement, if applicable.

26 “Principal Account” means the account in the Bond Fund created and so designated by
27 Section 501 hereof.

28 “Property” means any and all rights, titles and interests in and to any and all property
29 whether real or personal, tangible or intangible and wherever situated.

30 “Qualified Escrow Funds” means amounts deposited in a segregated escrow fund or
31 other similar fund or account established in connection with Indebtedness, which amounts in
32 such fund or account are required by the documents establishing such fund or account to be
33 applied to the payment obligations with respect to principal of or interest on the the
34 Indebtedness.

35 “Rating Agencies” means each of Fitch, Moody’s, S&P and any other nationally
36 recognized statistical rating organization that has, at the request of the State Board of
37 Administration, a rating in effect for the Bonds.

38 “Redemption Account” means the account in the Bond Fund created and so designated
39 by Section 501 hereof.

1 “Redemption Price” means, with respect to any Indebtedness or portion thereof, the
2 principal amount of such Indebtedness or portion called for redemption plus the applicable
3 premium, if any, payable upon redemption thereof.

4 “Regular Record Date” means, with respect to any Series of Bonds, the regular record
5 date, if any, provided for in the Supplemental Indenture authorizing the issuance of such Series.

6 “Reimbursement Premiums” means Reimbursement Premiums as defined in Section 1 of
7 the Pledge Agreement.

8 “Reimbursement Premiums Account” means the account in the Revenue Fund created
9 and so designated by Section 501 hereof.

10 “Reimbursement Premium Earnings” means Reimbursement Premium Earnings as
11 defined in Section 1 of the Pledge Agreement.

12 “Reserve Alternative Instrument” means an irrevocable insurance policy or surety bond
13 or an irrevocable letter of credit, guaranty or other facility deposited in the Parity Common
14 Reserve Account or a Special Reserve Account in lieu of or in partial substitution for the deposit
15 of cash and Investment Obligations in satisfaction of the Parity Common Reserve Account
16 Requirement or a Special Reserve Account Requirement.

17 “Revenue Available For Debt Service” means, for any period of time, the excess of
18 Revenues, including the investment income from the investment of the proceeds of any Pre-
19 Event Parity Obligations (but not any other Parity Obligations), over the sum of the Current
20 Expenses of the FHCF and the Current Expenses of the Corporation.

21 “Revenue Fund” means the Florida Hurricane Catastrophe Fund Finance Corporation
22 Revenue Fund created and so designated by Section 501(a) hereof.

23 “Revenues” means revenues of the FHCF and the Corporation, as determined in
24 accordance with generally accepted accounting principles, including, without limitation,
25 Reimbursement Premiums, Reimbursement Premium Earnings, Emergency Assessments,
26 Emergency Assessment Earnings and the income derived from the investment of the proceeds of
27 any Pre-Event Parity Obligations (but not any other Indebtedness); provided, however, that (i) no
28 determination thereof shall take into account any gain or loss resulting from the extinguishment
29 of Indebtedness and (ii) no determination thereof shall take into account the value of any
30 Derivative Agreement or any payments made by the Derivative Agreement Counterparty in
31 accordance with the terms of such Derivative Agreement; provided further, however, that
32 Revenues shall not include (I) the income from the investment of Qualified Escrow Funds or of
33 proceeds of Pre-Event Indebtedness to the extent such income is applied to the payment of
34 interest on Indebtedness which is excluded from the determination of the Debt Service
35 Requirement and (II) the proceeds of any Indebtedness.

36 “S&P” means Standard & Poor’s Rating Services, and its legal successors, provided that
37 references to S&P are effective only so long as S&P is a Rating Agency.

1 “Securities Depository” means The Depository Trust Company, New York, New York,
2 or any other recognized securities depository selected by the Corporation, which maintains a
3 book-entry system in respect of a Series of Bonds, and shall include any substitute for or
4 successor to the securities depository initially acting as Securities Depository.

5 “Securities Depository Nominee” means, as to any Securities Depository, such Securities
6 Depository or the nominee of such Securities Depository in whose name there shall be registered
7 on the registration books maintained by the Bond Registrar the Bond certificates to be delivered
8 to and immobilized at such Securities Depository during the continuation of participation with
9 such Securities Depository in its book-entry system.

10 “Serial Bonds” means the Bonds of any Series that are stated to mature in annual or
11 semiannual installments.

12 “Series,” whenever used herein with respect to Bonds, means all of the Bonds designated
13 as being of the same series.

14 “Short-Term Indebtedness” means all Indebtedness incurred for borrowed money, other
15 than the current portion of Indebtedness and other than Short-Term Indebtedness excluded from
16 this definition as provided in the definition of Indebtedness, for any of the following:

17 (i) money borrowed for an original term, or renewable at the option of the borrower
18 for a period from the date originally incurred, of one year or less;

19 (ii) leases which are capitalized in accordance with generally accepted accounting
20 principles having an original term, or renewable at the option of the lessee for a period from the
21 date originally incurred, of one year or less; and

22 (iii) installment sale or conditional sale contracts having an original term of one year
23 or less.

24 “Sinking Fund Account” means the account in the Bond Fund created and so designated
25 by the provisions of Section 501 hereof.

26 “Sinking Fund Requirement” means, with respect to any Series of Bonds, the Sinking
27 Fund Requirement provided in the Supplemental Indenture authorizing the issuance of such
28 Series.

29 “Special Reserve Account” means a special debt service reserve account created by a
30 Parity Resolution as a debt service reserve account only for the particular Parity Obligations
31 authorized by such Parity Resolution.

32 “Special Reserve Account Requirement” means the amount to be deposited or maintained
33 in a Special Reserve Account pursuant to the Parity Resolution creating such Special Reserve
34 Account. The Special Reserve Account Requirement may be satisfied with cash, Investment
35 Obligations, a Reserve Alternative Instrument or any combination of the foregoing, as the
36 Corporation may determine from time to time.

1 “State” means the State of Florida.

2 “State Board of Administration” means the State Board of Administration, acting as the
3 governing and administrator of the FHCF, and its legal successors.

4 “State Covenant” means the State’s covenant recited in Section 708 hereof.

5 “Subordinated Indebtedness” means Indebtedness the terms of which shall provide that it
6 shall be subordinate and junior in right of payment to the prior payment in full of Parity
7 Obligations to the extent and in the manner set forth in Section 211 hereof.

8 “Subordinated Indebtedness Resolution” means the resolution and any other documents,
9 instruments or agreements adopted or executed by the Corporation providing for the incurrence
10 of Subordinated Indebtedness. If the Subordinated Indebtedness shall have the benefit of a
11 Credit Facility, the reimbursement obligation for such Credit Facility shall provide for
12 repayments on a subordinated basis and the term Subordinated Indebtedness Resolution shall
13 include any reimbursement agreement or similar repayment agreement executed and delivered
14 by the Corporation in connection with the provision of such Credit Facility for such
15 Subordinated Indebtedness.

16 “Supplemental Indenture” means a resolution of the Governing Body of the Corporation
17 authorizing any particular Series of Bonds, together with a Supplemental Indenture executed and
18 delivered by the Corporation in connection with the issuance of such Series of Bonds, that is
19 required to be executed and delivered by the terms of this Master Indenture prior to the issuance
20 of such Series.

21 “Tax-Exempt Bonds” means all Bonds so identified in the Supplemental Indenture
22 authorizing the issuance of such Bonds.

23 “Tax-Exempt Parity Debt” means all Parity Debt so identified in the Parity Debt
24 Resolution authorizing the incurrence of such Parity Debt.

25 “Tax-Exempt Parity Obligations” means collectively all Tax-Exempt Bonds and all
26 Parity Debt.

27 “Term Bonds” means the Bonds of any Series, other than Serial Bonds, that are
28 designated as such in the Supplemental Indenture authorizing the issuance of such Series.

29 “Variable Rate Indebtedness” means any portion of Indebtedness the interest rate on
30 which is not established at the time of incurrence at a fixed or constant rate until maturity.

31 Section 102. Interpretation. (a) Any reference herein to any officer or member of the
32 Corporation or the State Board of Administration shall include those who succeed to their
33 functions, duties or responsibilities pursuant to or by operation of law or who are lawfully
34 performing their functions.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa, and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include all other genders.

(c) Unless the context otherwise indicates, the word "including" means "including without limitation" and the word "or" is used in its inclusive sense.

(d) Where the character or amount of any asset, liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes hereof or of any agreement, document or certificate executed and delivered in connection with or pursuant to this Master Indenture, the same shall be done in accordance with generally accepted accounting principles.

(e) Headings of articles and sections herein and in the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(f) Provisions calling for the redemption of Indebtedness or the calling of Indebtedness for redemption do not mean or include the payment of Indebtedness at its stated maturity or maturities.

(g) Unless otherwise provided by a Supplemental Indenture, all times refer to Eastern Time.

Section 103. Status of Parity Obligations. PARITY OBLIGATIONS ISSUED UNDER THIS MASTER INDENTURE SHALL NOT CONSTITUTE A DEBT OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF NOR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION. THE CORPORATION DOES NOT HAVE THE POWER OR AUTHORITY TO LEVY ANY TAX.

Article II.

INDEBTEDNESS

Section 201. Limitation on Incurrence of Indebtedness. (a) The Corporation may incur Indebtedness by issuing Bonds or incurring Parity Debt hereunder or by creating Subordinated Indebtedness under any other document. The principal amount of Parity Obligations evidencing Indebtedness that may be created hereunder and the principal amount of Indebtedness created under other documents are not limited, except as limited by the provisions hereof, including Section 704, or the provisions of any Parity Resolution. Parity Obligations issued or incurred hereunder or Indebtedness otherwise incurred by the Corporation shall constitute the special and limited obligations of the Corporation payable from the Net Receipts of the Corporation.

(b) No Bonds may be issued nor Parity Debt incurred under this Master Indenture except in accordance with the provisions of this Article. The principal of and the interest on and the redemption premium, if any, on all Parity Obligations issued and incurred

1 under the provisions of this Master Indenture shall be payable solely from the moneys and assets
2 pledged by this Master Indenture and the respective Supplemental Indentures for their payment.
3 All covenants, agreements and provisions of this Master Indenture shall be for the benefit and
4 security of all present and future Owners and Holders without preference, priority or distinction
5 as to lien or otherwise, except as otherwise hereinafter provided or as provided in any Parity
6 Resolution, of any one Parity Obligation over any other Parity Obligation by reason of priority in
7 the issue, sale or negotiation thereof, or otherwise.

8 (c) Parity Obligations shall be issued or incurred in such forms as may from
9 time to time be created by Parity Resolutions permitted hereunder. Each Parity Obligation or
10 series of Parity Obligations shall be created by a different Parity Resolution and shall be
11 designated in such a manner as will differentiate such Parity Obligation from any other Parity
12 Obligation.

13 (d) The Corporation and the Master Trustee may from time to time enter into
14 a Supplemental Indenture or the Corporation may from time to time adopt a Parity Debt
15 Resolution in order to create Parity Obligations hereunder. Each such Parity Resolution shall,
16 with respect to a Parity Obligation evidencing Indebtedness created thereby, set forth the date
17 thereof, and the date or dates on which the principal of and redemption premium, if any, and
18 interest on such Parity Obligation shall be payable, and the form of such Parity Obligation and
19 such other terms and provisions as shall conform with the provisions hereof.

20 (e) With respect to Parity Obligations created hereunder, simultaneously with
21 or prior to the execution, authentication and delivery of such Parity Obligations evidencing such
22 Indebtedness pursuant to this Master Indenture:

23 (i) All requirements and conditions to the issuance of such Parity
24 Obligations, if any, set forth in the Parity Resolution or in this Master Indenture shall have been
25 complied with and satisfied, as provided in an Officer's Certificate, a certified copy of which
26 shall be delivered to the Master Trustee;

27 (ii) The Corporation shall have delivered to the Master Trustee an
28 Opinion of Counsel to the effect that (1) registration of such Parity Obligations under the
29 Securities Act of 1933, as amended, and qualification of this Master Indenture or the Parity
30 Resolution under the Trust Master Indenture Act of 1939, as amended, are not required, or, if
31 such registration or qualification is required, that all applicable registration and qualification
32 provisions of said acts have been complied with, and (2) the Master Indenture and the Parity
33 Obligations are valid, binding and enforceable obligations of the Corporation in accordance with
34 their terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent
35 conveyance and other laws affecting creditors' rights generally and usual equity principles.

36 Section 202. Details of Bonds. Bonds authorized hereunder may be issued in one or
37 more Series that may be delivered from time to time. The Corporation shall by Supplemental
38 Indenture authorize such Series and shall specify, to the extent appropriate, (1) the authorized
39 principal amount of such Series, (2) the purposes to be financed with the proceeds of such Series,
40 or the Bonds or other indebtedness to be refunded or refinanced with the proceeds thereof,
41 including costs of issuance; (3) the creation of a debt service reserve account for such Series, if

1 any; (4) the date and terms of maturity or maturities of the Bonds of such Series, or the dates of
2 payment of the Bonds on the demand of the Owner thereof; (5) the interest rate or rates of the
3 Bonds of such Series, which may include variable, adjustable, convertible or other rates, original
4 issue discount, Capital Appreciation Bonds, Current Interest Bonds, municipal multipliers or
5 other deferred interest arrangements and zero interest rate Bonds, provided that the interest cost
6 of such Series shall never exceed for such Series the maximum interest rate, if any, permitted by
7 law in effect at the time such Series is issued; (6) the Interest Payment Dates for such Series of
8 Bonds; (7) the denominations, numbering, lettering and series designation of such Series of
9 Bonds; (8) the Bond Registrar or paying agents and place or places of payment of such Bonds;
10 (9) the Redemption Prices for such Series of Bonds and any terms of redemption not inconsistent
11 with the provisions of this Master Indenture, which may include redemption at the election of the
12 Owner thereof to the extent permitted by law; (10) the amount and date of each mandatory
13 redemption requirement, if any, for such Series of Bonds; (11) the use to be made of the
14 proceeds of such Series of Bonds, including deposits required to be made into the appropriate
15 account of the Costs of Issuance Fund, the Capitalized Interest Account, the Interest Account and
16 any debt service reserve account; and (12) any other terms or provisions applicable to the Series
17 of Bonds not inconsistent with the provisions of this Master Indenture or the Act. All of the
18 foregoing may be added by a Supplemental Indenture executed and delivered by the Corporation
19 and the Master Trustee at any time or from time to time prior to the issuance of such Series of
20 Bonds.

21 Section 203. Execution and Form of Bonds. The definitive Bonds are issuable as
22 permitted or required and shall be executed as provided by the respective Supplemental
23 Indenture providing for the issuance of Bonds of any Series. Bonds may be issued under a book-
24 entry system and held by a Securities Depository. All Bonds may have endorsed thereon such
25 legends or text as may be necessary or appropriate to conform to the applicable rules and
26 regulations of any governmental authority or any securities exchange on which the Bonds may
27 be listed or to any requirement of law with respect thereto.

28 Section 204. Exchange of Bonds. Bonds may, at the option of the Owner thereof, be
29 exchanged, as provided by the Supplemental Indenture pursuant to which such Bonds were
30 issued, for an equal aggregate principal amount of Bonds of the same Series and maturity, of any
31 authorized denomination or denominations, bearing interest at the same rate and in the same
32 form as the Bonds surrendered for exchange. The Corporation shall make provision for the
33 exchange of Bonds at the designated corporate trust office of the Bond Registrar.

34 Section 205. Negotiability and Registration of Transfer of Bonds. The Bond Registrar
35 shall keep books for the registration and the registration of transfer of the Series of Bonds as to
36 which it is Bond Registrar as provided in this Master Indenture. The registration books shall be
37 available at all reasonable times for inspection by the Corporation and any Owner of such Bonds
38 and may be copied by either of the foregoing and their agents or representatives.

39 The Bond Registrar shall evidence acceptance of the duties, responsibilities and
40 obligations of the Bond Registrar under this Master Indenture and the applicable Supplemental
41 Indenture by the execution of the certificate of authentication on the related Series of Bonds.

1 Section 206. Ownership of Bonds. The Corporation, the Master Trustee, the Bond
2 Registrar and any agent of the Corporation, the Master Trustee or the Bond Registrar, may treat
3 the person in whose name any Bond is registered, including any Securities Depository Nominee,
4 as the Owner of such Bond for the purpose of receiving payment of the principal of and
5 premium, if any, and interest on such Bond, and for all other purposes whatsoever, whether or
6 not such Bond be overdue, and, to the extent permitted by law, neither the Corporation, the
7 Master Trustee, the Bond Registrar nor any such agent shall be affected by notice to the contrary.

8 Section 207. Authentication of Bonds. Only such Bonds as have endorsed thereon a
9 certificate of authentication substantially in the form set forth in the Supplemental Indenture
10 pursuant to which such Bonds are issued, duly executed as provided in the Supplemental
11 Indenture, shall be entitled to any benefit or security under this Master Indenture. No Bond shall
12 be valid or become obligatory for any purpose unless and until such certificate of authentication
13 on the Bond has been duly executed and dated as provided in the Supplemental Indenture, and
14 such certificate upon any such Bond shall be conclusive evidence that such Bond has been duly
15 authenticated and delivered under this Master Indenture. The certificate of authentication on any
16 Bond shall be deemed to have been duly executed and dated if signed by an authorized officer of
17 the party authorized under the Supplemental Indenture but it shall not be necessary that the same
18 officer sign the certificate of authentication on all of the Bonds or any Series thereof that may be
19 issued hereunder at any one time.

20 Section 208. Terms and Conditions for Incurrence of Indebtedness. (a) The
21 Corporation covenants and agrees that it will not incur any Indebtedness if, after giving effect to
22 all other Indebtedness incurred by the Corporation, such Indebtedness could not be incurred
23 pursuant to this Section 208. Indebtedness may be incurred only in the manner and pursuant to
24 the terms set forth in the following subsections.

25 (b) Parity Obligations may be incurred if, prior to incurrence thereof, the
26 Corporation shall file or cause to be filed with the Master Trustee an Officer's Certificate (which
27 may rely upon certificates or other evidence prepared by the officials of the Fund) demonstrating
28 and stating that the Incurrence Test, if applicable by its terms, will be met with respect to such
29 separate issuance of Parity Obligations. The Corporation may incur Parity Obligations in one or
30 more separate issuances, which Parity Obligations may be issued in any form or combination of
31 forms permitted by this Master Indenture.

32 (c) Before any Bonds shall be issued or Parity Debt incurred, the Corporation
33 shall execute and deliver a Supplemental Indenture or adopt a Parity Resolution authorizing the
34 issuance of such Bonds or the incurrence of such Parity Debt, fixing the amount and the details
35 thereof as provided in Section 202 hereof and describing in brief and general terms the purpose
36 for issuing such Parity Obligations. Bonds may be issued and Parity Debt may be incurred for
37 any purpose permitted under the Act.

38 (d) The Supplemental Indenture may determine to use the Parity Common
39 Reserve Account or to establish a Special Reserve Account for such Series of Bonds and fix the
40 provisions with respect thereto or not to establish any debt service reserve account.

1 (e) The Bonds of each Series shall be designated "Florida Hurricane
2 Catastrophe Fund Finance Corporation Hurricane Catastrophe Revenue Bonds [Notes],
3 [Refunding] Series" (inserting the year such Bonds are issued and any other distinctive
4 letter or number), shall be stated to mature, subject to the right of prior redemption as therein set
5 forth, on the date or dates specified therein, in such year or years not later than thirty (30) years
6 from their date, shall bear interest at a rate or rates not exceeding the maximum rate then
7 permitted by law, shall be numbered and shall have such redemption provisions (subject to the
8 provisions of Article III of this Master Indenture), all as provided in the Supplemental Indenture.
9 Except as to any differences in the maturities thereof or in the rate or rates of interest or the
10 provisions for redemption or the provisions regarding the respective accounts and subaccounts
11 within the Interest Account, the Principal Account, the Sinking Fund Account and the
12 Redemption Account, and any provisions with respect to the Parity Common Reserve Account or
13 a Special Reserve Account, all such Bonds shall be on a parity with each other and any Parity
14 Debt and shall be entitled to the same benefit and security of this Master Indenture, including, in
15 particular, the pledge of Net Receipts.

16 (f) The proceeds (including accrued interest) of the Parity Obligations shall
17 be applied simultaneously with the delivery thereof the Bonds as provided in the Parity
18 Resolution for the particular Parity Obligations.

19 (g) In the case of Parity Obligations issued to refund Outstanding Parity
20 Obligations, the Corporation may direct the Master Trustee (i) to withdraw moneys and
21 Investment Obligations from the appropriate accounts in the Revenue Fund and from
22 subaccounts in the Principal Account, Interest Account and Parity Common Reserve Account or
23 Special Reserve Account to the extent that, following the issuance of such refunding Parity
24 Obligations and the defeasance of such refunded Parity Obligations, such moneys and
25 Investment Obligations would be in excess of the requirements of this Master Indenture and (ii)
26 to set aside such moneys and Investment Obligations so withdrawn, together with proceeds of
27 the refunding Parity Obligations and any other moneys provided by the Corporation, to effect the
28 defeasance of such refunded Parity Obligations in accordance with the provisions of the Parity
29 Resolution applicable to the refunded Parity Obligations.

30 (h) Subordinated Indebtedness may be incurred subject to the provisions of
31 Section 211 hereof.

32 Section 209. Temporary Bonds. Until the definitive Bonds of any Series are ready for
33 delivery, there may be executed, and upon direction of the Corporation, the Bond Registrar shall
34 deliver, in lieu of definitive Bonds and subject to the same limitations and conditions, except as
35 to identifying numbers, printed, engraved, lithographed or typewritten temporary Bonds in
36 denominations permitted by the applicable Supplemental Indenture for the definitive Bonds,
37 substantially of the tenor hereinabove set forth, with such appropriate omissions, insertions and
38 variations as may be required. The Corporation shall cause the definitive Bonds to be prepared
39 and to be executed and delivered to the Bond Registrar, and the Bond Registrar, upon
40 presentation to it of any temporary Bond, shall cancel the same or cause the same to be canceled
41 and shall authenticate and deliver, in exchange therefor, at the place designated by the Owner,
42 without expense to the Owner, a definitive Bond or Bonds of the same Series and in the same
43 aggregate principal amount, maturing on the same date and bearing interest at the same rate as

1 the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall be entitled to
2 the same benefit of this Master Indenture, as the definitive Bonds to be issued and authenticated
3 hereunder, including the privilege of registration if so provided. Until definitive Bonds are ready
4 for exchange, interest on temporary Bonds shall be paid when due and notation of such payment
5 shall be endorsed thereon.

6 Section 210. Mutilated, Destroyed, Lost or Stolen Bonds. The Corporation shall cause
7 to be executed, and the Bond Registrar shall authenticate and deliver, a new Bond of like date,
8 number and tenor in exchange and substitution for and upon the cancellation of any mutilated
9 Bond, or in lieu of and in substitution for any destroyed, lost or stolen Bond, and the Owner shall
10 pay the reasonable expenses and charges of the Corporation in connection therewith. Prior to the
11 delivery of a substitute Bond, the Owner of any Bond which was destroyed, lost or stolen shall
12 file with the Bond Registrar evidence satisfactory to it of the destruction, loss or theft of such
13 Bond and of the Owner's ownership thereof and shall furnish to the Corporation and to the Bond
14 Registrar such security or indemnity as may be required by them to save each of them harmless
15 from all risks, however remote.

16 Every Bond issued pursuant to the provisions of this Section in exchange or substitution
17 for any Bond which is mutilated, destroyed, lost or stolen shall constitute an additional
18 contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Bonds are
19 found at any time or are enforceable by anyone, and shall be entitled to all the benefits and
20 security hereof equally and proportionately with any and all other Bonds of the same Series duly
21 issued under this Master Indenture.

22 Section 211. Subordinated Indebtedness. (a) Subordinated Indebtedness may be
23 incurred by the Corporation from time to time for any purpose for which Parity Obligations may
24 be issued under Section 208 hereof. Except to the extent otherwise expressly provided in this
25 Master Indenture, Subordinated Indebtedness shall be issued in compliance, to the extent
26 applicable, with the provisions of Section 208 hereof setting forth certain terms and conditions
27 for the issuance of Bonds.

28 In addition, the following conditions must be met for the issuance of Subordinated
29 Indebtedness:

30 (1) The Corporation shall adopt a Subordinated Indebtedness Resolution
31 authorizing the incurrence of any such Subordinated Indebtedness and setting
32 forth the amount and details thereof.

33 (2) Any such Subordinated Indebtedness shall be incurred pursuant to the
34 provisions of the Act.

35 (b) In the event (1) any Subordinated Indebtedness is declared or otherwise becomes due
36 and payable before its stated maturity because of the occurrence of an event of default occurring
37 under the documents pursuant to which such Subordinated Indebtedness was incurred, and such
38 declaration has not been rescinded and annulled, or (2) any Event of Default under this Master
39 Indenture shall occur and be continuing with respect to Parity Obligations and (i) written notice
40 of such default shall have been given to the Corporation and (ii) judicial proceedings shall be

1 commenced in respect of such Event of Default within 180 days in the case of a default in
2 payment of principal of or interest on Parity Obligations and within 90 days in the case of any
3 other default after the giving of such notice, then the Owners and Holders shall be entitled to
4 receive payment in full of all principal, premium and interest on all Parity Obligations before the
5 holders of the Subordinated Indebtedness are entitled to receive any payment on account of
6 principal or interest upon such Subordinated Indebtedness, and to that end the Owners and
7 Holders shall be entitled to receive for application in payment thereof any payment or
8 distribution of any kind or character, whether in cash or property or securities, which may be
9 payable or deliverable in any such proceedings in respect of the Subordinated Indebtedness after
10 giving effect to any concurrent payment or distribution in respect of such Parity Obligations.

11 Nothing contained in the definition "Subordinated Indebtedness" or elsewhere in this
12 Master Indenture, or in any Subordinated Indebtedness, shall (1) affect the obligation of the
13 Corporation to make, or prevent the Corporation from making, at any time except during the
14 continuance of any Event of Default under this Master Indenture, payments of principal of or
15 premium, if any, or interest on the Subordinated Indebtedness or of amounts to be available as a
16 sinking fund for such Subordinated Indebtedness, or (2) prevent the application by the Master
17 Trustee or any paying agent of any moneys held by the Master Trustee or such paying agent in
18 trust for the benefit of the holders of the Subordinated Indebtedness as to which notice of
19 redemption shall have been mailed or published at least once prior to the happening of an Event
20 of Default under this Master Indenture, to the payment of or on account of the principal of and
21 premium, if any, and interest on such Subordinated Indebtedness, or (3) prevent the application
22 by the Master Trustee or any paying agent of any moneys deposited, prior to the happening of
23 any Event of Default under this Master Indenture, with the Master Trustee or such paying agent
24 in trust for the purpose of paying a specified installment or installments of interest on the
25 Subordinated Indebtedness, to the payment of such installments of interest on such Subordinated
26 Indebtedness.

27 The Corporation's obligation to pay any and all amounts to the Derivative Agreement
28 Counterparty with respect to Derivative Indebtedness, other than its regularly scheduled payment
29 liability, shall constitute Subordinated Indebtedness.

30 Section 212. Additional Restrictions. A Parity Resolution or a Subordinated
31 Indebtedness Resolution may establish restrictions, in addition to those established in this Master
32 Indenture, including additional restrictions as to the application of Net Receipts after the
33 payments required by Section 504(a), (b) and (c) hereof and additional restrictions on the
34 incurrence of Indebtedness in addition to those set forth in Section 704 hereof.

Article III.

REDEMPTION

Section 301. Redemption Generally. The Bonds of any Series issued under this Master Indenture may be made subject to redemption, at such times and prices, as may be provided by the Supplemental Indenture authorizing the issuance of such Bonds.

Article IV.

COSTS OF ISSUANCE FUND

Section 401. Costs of Issuance Fund. A special fund is hereby established with the Master Trustee and designated the "Florida Hurricane Catastrophe Fund Finance Corporation Costs of Issuance Fund". The proceeds of any Series of Bonds to be used for Costs of Issuance shall be deposited upon the delivery of such Series of Bonds in a separate account to be established by the Supplemental Indenture providing for the issuance of such Series of Bonds.

The money in the Costs of Issuance Fund shall be held by the Master Trustee in trust and, pending application to the payment of Costs of Issuance, or transfer as provided herein or in any Supplemental Indenture, shall, to the extent permitted by law, be subject to a lien and charge in favor of the Owners of the Series of Bonds, and shall be held for the security of such Owners.

Section 402. Payments from Costs of Issuance Fund. All Costs of Issuance incurred in connection with a Series of Bonds shall be paid from the relevant account in the Costs of Issuance Fund.

Section 403. Requisitions from Costs of Issuance Fund. Payments from the Costs of Issuance Fund shall be made in accordance with the provisions of this Section. Before any payment shall be made, there shall be filed with the Master Trustee a requisition, signed by an Authorized Officer of the Corporation, stating or identifying:

- (a) the number of such requisition,
- (b) the respective amounts to be paid,
- (c) the name of the Person to whom such payment is due,
- (d) that the obligation in the stated amount has been incurred by the Person to whom such payment is due, is presently due and payable, and is a proper charge against the Costs of Issuance Fund that has not been paid, and
- (e) that no notice of any lien, right to lien or attachment upon, or claim affecting the right of any such Person to receive payment of, the amount stated in such requisition has been filed or attached or, if any of the foregoing has been filed or attached, that the same either has been or will be satisfied or discharged or that provisions have been made

(which shall be specified) to protect adequately the Master Trustee and the Owners from incurring any loss as a result of the same.

Any requisition filed with the Master Trustee may be accompanied by a certificate of an Authorized Officer of the State Board of Administration, together with such documents or writings as such Authorized Officer shall deem necessary or appropriate, certifying or verifying the accuracy of any of the matters or items contained in such requisition.

Upon receipt of each requisition, the Master Trustee shall pay the obligations set forth in such requisition out of money in the applicable account in the Costs of Issuance Fund, and each such obligation shall be paid by check signed by one or more officers or employees of the Master Trustee designated for such purpose by the Master Trustee. If for any reason the Corporation should decide prior to the payment of any item in a requisition not to pay such item, it shall give written notice of such decision to the Master Trustee and thereupon the Master Trustee shall not make such payment.

Section 404. Reliance upon Requisitions. All requisitions and certifications received by the Master Trustee as conditions of payment from the Costs of Issuance Fund may be conclusively relied upon by the Master Trustee. Such requisitions and certifications shall be retained by the Master Trustee for a period of time not less than that required by the law of the State for the retention of public records and shall be subject at all reasonable times to examination by the Corporation, the State Board of Administration and the Owners of Bonds then Outstanding.

Section 405. Disposition of Costs of Issuance Fund Balance. When all Costs of Issuance related to a Series of Bonds have been paid, which fact shall be evidenced to the Master Trustee by an Officer's Certificate delivered to the Master Trustee by an Authorized Officer of the Corporation, the Master Trustee shall transfer any money then remaining in the relevant account in the Costs of Issuance Fund as directed in writing by an Authorized Officer of the Corporation, and the Corporation may apply the same, subject to Section 604 hereof, for any purpose permitted under the Act which will not cause the interest on any Series of Tax-Exempt Bonds to become includable in the gross income of the Owners thereof for federal income tax purposes.

Article V.

APPLICATION OF GROSS RECEIPTS AND NET RECEIPTS; FUNDS AND ACCOUNTS

Section 501. Establishment of Funds and Accounts. In addition to the Costs of Issuance Fund, there are hereby established the following funds and accounts:

(a) Florida Hurricane Catastrophe Fund Finance Corporation Revenue Fund, in which there are established four special accounts to be known as the Emergency Assessments Account, the Reimbursement Premiums Account, the Pre-Event Bonds Investment Income Account and the Derivative Agreements Account; and

1 (b) Florida Hurricane Catastrophe Fund Finance Corporation Bond Fund, in
2 which there are established six special accounts to be known as the Capitalized Interest Account,
3 the Interest Account, the Principal Account, the Sinking Fund Account, the Redemption Account
4 and the Parity Common Reserve Account.

5 A Parity Resolution may provide for the creation of a Special Reserve Account for the
6 Parity Obligations authorized by such Parity Resolution and for the deposit of amounts to and the
7 withdrawal of amounts from such Special Reserve Account. A Special Reserve Account may be
8 established with and maintained by the Master Trustee in the Bond Fund or by a Depositary in
9 which case the Account shall be deemed to be part of the Bond Fund, as the Corporation may
10 determine. A Parity Resolution may also provide for the creation of such other accounts and
11 subaccounts as the Corporation may determine for the Parity Obligations authorized by such
12 Parity Resolution.

13 The Revenue Fund and the Bond Fund and the accounts and subaccounts therein shall be
14 established with and held by the Master Trustee.

15 The money in the Bond Fund and all of the accounts and subaccounts therein established
16 pursuant to this Article V shall be held in trust and applied as hereinafter provided and, pending
17 such application, the money in the Bond Fund and the accounts and subaccounts therein shall be
18 subject to a pledge, charge and lien in favor of the Owners of the respective Series of Bonds
19 issued and Outstanding under this Master Indenture and for the further security of such Owners,
20 except as otherwise provided herein or in any Supplemental Indenture.

21 Each Supplemental Indenture shall provide, to the extent applicable, for the creation of a
22 separate subaccount within the Capitalized Interest Account, the Interest Account, the Principal
23 Account, the Redemption Account and the Sinking Fund Account with respect to each Series of
24 Bonds, which subaccounts shall bear the designation of such Series of Bonds. A Supplemental
25 Indenture may provide that the Bonds authorized thereby may be additionally secured by the
26 Parity Common Reserve Account or a Special Reserve Account or it may provide that there shall
27 not be any debt service reserve account established in respect of such Series of Bonds. If a
28 Series of Bonds shall be additionally secured by a Special Reserve Account or shall not be
29 additionally secured by any debt service reserve account, such Series of Bonds shall have no
30 claim on the Parity Common Reserve Account.

31 Each Parity Debt Resolution may provide for the creation of such funds and accounts as
32 the Corporation may determine, including an account for the payment of interest as mentioned in
33 Section 504(a) hereof, an account or accounts for the payment of principal, whether at maturity
34 or pursuant to an amortization requirement, as mentioned in Section 504(b) hereof or a debt
35 service reserve account, which may be the Parity Common Reserve Account or a Special
36 Reserve Account, as mentioned in Section 504(c) hereof.

37 Each Parity Resolution shall be filed with the Master Trustee on or prior to the date of
38 issuance of any Parity Obligations and shall contain or be accompanied by a schedule of
39 payments with respect to such Parity Obligations.

1
2 Section 502. Gross Receipts Received by the Corporation or the Master Trustee.

3 Except as hereinafter provided, all Gross Receipts and all proceeds of any Derivative
4 Agreement received by the Corporation or the Master Trustee for the account of the Corporation
5 shall be deposited when received in the Revenue Fund as follows:

6 (a) Emergency Assessments and Emergency Assessment Earnings shall be
7 deposited to the credit of the Emergency Assessments Account;

8 (b) Reimbursement Premiums and Reimbursement Premium Earnings shall be
9 deposited to the credit of the Reimbursement Premiums Account;

10 (c) investment income from the investment of proceeds of Pre-Event Bonds
11 shall be deposited to the credit of the Pre-Event Bonds Investment Income Account; and

12 (d) proceeds of any Derivative Agreement shall be deposited to the credit of
13 the Derivative Agreements Account.

14 No money deposited in any of the Emergency Assessments Account, the Reimbursement
15 Premiums Account, the Pre-Event Bonds Investment Income Account, the Derivative
16 Agreements Account or any other account or subaccount established in the Revenue Fund shall
17 be commingled with, and instead shall be segregated from, money deposited to the credit of the
18 any other such Account or any other account or subaccount established in the Revenue Fund.

19 A Parity Resolution may provide for the creation of such other accounts or subaccounts
20 in the Revenue Fund as the Corporation may determine for the deposit of any other Gross
21 Receipts received by the Corporation or the Master Trustee for the account of the Corporation,
22 including, without limitation, any Other Pledged Money, and may also establish restrictions, in
23 addition to those established in this Master Indenture, as to the deposit of such Gross Receipts to
24 such accounts or subaccounts and the application of amounts deposited therein.

25 Section 503. Application of Money in Revenue Fund. (a) Except as hereinafter
26 provided, moneys in the Revenue Fund shall be withdrawn by the Master Trustee at the times
27 and in the amounts provided herein or in Parity Resolutions but only in the manner and order
28 specified in this Master Indenture.

29 (b) The Master Trustee shall withdraw immediately from the Reimbursement
30 Premiums Account, and, to the extent the amount is insufficient for the purpose, from the Pre-
31 Event Bonds Investment Account, and transfer to the Corporation, or, if so directed in writing by
32 an Authorized Officer of the Corporation, to a Depositary for the account of the Corporation, the
33 balance of the amount included in the Corporation's annual budget (which may be revised from
34 time to time), delivered to the Master Trustee pursuant to Section 707 hereof, for the payment of
35 Current Expenses of the Corporation in the current Fiscal Year and not previously so transferred.
36 Current Expenses of the Corporation shall be a first charge against the Revenue Fund and shall
37 be paid by the Corporation from the amount so transferred from the Revenue Fund; provided,
38 however, that nothing in this Master Indenture shall prevent the Corporation from paying any

1 Current Expenses of the Corporation from moneys to the credit of the Emergency Assessments
2 Account or any other funds legally available to the Corporation for such purpose to the extent
3 that moneys to the credit of the Reimbursement Premiums Account and the Pre-Event Bonds
4 Investment Account are insufficient for the purpose. The Current Expenses of the Corporation
5 shall be paid by the Corporation as the same become due and payable in conformity with the
6 applicable budgetary and payment procedures of the Corporation.

7 (c) (i) At such time or times as are specifically provided for in this Master
8 Indenture, in any Parity Resolution or in any Derivative Agreement, the Master Trustee shall
9 withdraw from the Revenue Fund the amounts necessary to make the deposits or payments
10 required by Section 504(a), (b) and (c) hereof.

11 (ii) So long as any Post-Event Bonds or Post-Event Parity Debt is
12 Outstanding, the Master Trustee shall withdraw from the Emergency Assessments Account the
13 amounts necessary to make the deposits or payments required by Section 504(a), (b) or (c)
14 hereof with respect to such Post-Event Bonds or Post-Event Parity Debt, and, if and to the
15 extent that the amounts on deposit to the credit of the Emergency Assessments Account are
16 insufficient to make such deposits or payments, the Master Trustee shall withdraw from the
17 Reimbursement Premiums Account, the Derivative Agreements Account or any other account
18 or subaccount established in the Revenue Fund, in the order of priority provided for in the
19 Supplemental Indenture or Parity Debt Resolution authorizing the issuance or incurrence of
20 such Post-Event Bonds or Post-Event Parity Debt, as the case may be, the amounts necessary to
21 satisfy such deposits or payments.

22 (iii) So long as any Bonds (other than Post-Event Bonds) or Parity Debt
23 (other than Post-Event Parity Debt), including Pre-Event Bonds, is Outstanding, the Master
24 Trustee shall withdraw, immediately following any withdrawal required by subsection (b), from
25 the Reimbursement Premiums Account and, subsequent to such withdrawal, from the Pre-Event
26 Bonds Investment Income Account, the Derivative Agreements Account or any other account or
27 subaccount established in the Revenue Fund (other than the Emergency Assessments Account)
28 in the order of priority provided for in the Supplemental Indenture or Parity Debt Resolution
29 authorizing the issuance or incurrence of such Bonds or Parity Debt, as the case may be, the
30 amounts necessary to make the deposits or payments required by Section 504(a), (b) or (c)
31 hereof with respect to such Bonds or Parity Debt, and, if and to the extent that the amounts on
32 deposit to the credit of the Reimbursement Premiums Account, the Pre-Event Bonds Investment
33 Income Account, the Derivative Agreements Account or any other account or subaccount
34 established in the Revenue Fund are insufficient to make such deposits or payments, the Master
35 Trustee shall withdraw from the Emergency Assessments Account the amounts necessary to
36 satisfy such deposits or payments; provided, however, in the case of Pre-Event Bonds, the
37 Master Trustee shall draw first from the Reimbursement Premiums Account and then from the
38 Pre-Event Bonds Investment Income Account, prior to making any withdrawal from any of such
39 other Accounts or any other account or subaccount.

40 (d)(i) If at any time the amounts on deposit to the credit of the accounts and
41 subaccounts established in the Revenue Fund are insufficient to make the deposits or payments
42 required by Section 504(a), (b) or (c) hereof with respect to Post-Event Bonds and Post-Event
43 Parity Debt then Outstanding, the Master Trustee (1) shall give prompt written notice of such

1 deficiency to the State Board of Administration and the Corporation and (2) shall, in accordance
2 with Sections 502(b) and 503(c)(i) hereof, deposit any Reimbursement Premiums and
3 Reimbursement Premium Earnings thereafter received from the FHCF in the Reimbursement
4 Premiums Account for application in accordance Section 504(a), (b) and (c) hereof.

5 (ii) If, after the date on which the Master Trustee receives any Reimbursement
6 Premiums and Reimbursement Premium Earnings pursuant to clause (i) and prior to the dates on
7 which the deposits or payments are required to be made pursuant to Section 504(a), (b) or (c)
8 hereof, the Master Trustee receives any Emergency Assessments and Emergency Assessment
9 Earnings, the Master Trustee shall (X) deposit such Emergency Assessments and Emergency
10 Assessment Earnings to the credit of the Emergency Assessments Account for application in
11 accordance with Section 504(a), (b) and (c) hereof, (Y) release from the Reimbursement
12 Premiums Account and transfer to the FHCF an amount equal to the amount of Emergency
13 Assessments and Emergency Assessment Earnings so received and deposited by the Master
14 Trustee in the Emergency Assessments Account and (Z) if the amounts then on deposit to the
15 credit of the accounts and subaccounts established in the Revenue Fund are sufficient to make all
16 the deposits or payments required by Section 504(a), (b) and (c) hereof, transfer to the FHCF
17 from any Emergency Assessments and Emergency Assessment Earnings the amount in excess of
18 such requirements of Section 504(a), (b) and (c) hereof, as certified in an Officer's Certificate
19 delivered to the Master Trustee by the State Board of Administration.

20 (e) Except during the continuation of an Event of Default, immediately
21 following the date on which the amounts on deposit to the credit of the accounts and subaccounts
22 in the Revenue Fund are sufficient for the Master Trustee to make (i) the transfer to the
23 Corporation or a Depositary for the account of the Corporation of the amount required for the
24 payment of the Current Expenses of the Corporation in the then current Fiscal Year in
25 accordance with the provisions of Section 503(b) hereof and (ii) the deposits or payments of the
26 amounts required by Section 504(a), (b) and (c) hereof in the then current Fiscal Year with
27 respect to the Parity Obligations then Outstanding, (Y) any Reimbursement Premiums and
28 Reimbursement Premium Earnings held by the Master Trustee in the Revenue Fund on such date
29 in such Fiscal Year in excess of such requirements for such Fiscal Year shall be delivered to the
30 FHCF and be used for any purpose permitted by the Act, and (Z) any Emergency Assessments,
31 Emergency Assessment Earnings and Other Pledged Money held by the Master Trustee in the
32 Revenue Fund on such date in such Fiscal Year in excess of such requirements for the remainder
33 of such Fiscal Year and for the next succeeding Fiscal Year shall, except as otherwise provided
34 for by subsection (d)(ii) hereof, be transferred by the Master Trustee to the Bond Fund for
35 application in accordance with the provisions of Section 504(a) and (b) hereof, unless an
36 Authorized Officer of the State Board of Administration delivers to the Master Trustee an
37 Officer's Certificate certifying that the amount of Emergency Assessments and Emergency
38 Assessment Earnings on deposit with the Master Trustee in the appropriate accounts and
39 subaccounts in the Bond Fund (excluding the Parity Common Reserve Account and any Special
40 Reserve Account) for Post-Event Parity Obligations is sufficient to pay the debt service thereon
41 for the remainder of such Fiscal Year and for the next succeeding Fiscal Year and that there are
42 no deficiencies in the amounts required to be on deposit in the Parity Common Reserve Account,
43 any Special Reserve Account or any account or subaccount in the Bond Fund established for Pre-
44 Event Parity Obligations, in which event such Emergency Assessments and Emergency

1 Assessment Earnings will be transferred by the Master Trustee as directed in such Officer's
2 Certificate.

3 Any funds transferred from any account or subaccount in the Revenue Fund in
4 accordance with this paragraph (e), other than transfers made to any account or subaccount of the
5 Bond Fund, shall no longer be subject to the pledge of, security interest in and lien upon the Net
6 Receipts created by this Master Indenture.

7 Section 504. Use of Money for Debt Service Accounts and Reserve Accounts. The
8 amounts withdrawn from the Revenue Fund in accordance with Section 503(c) hereof shall be
9 applied by the Master Trustee in the following manner and order:

10 (a) (i) At such time or times as provided in the Parity Resolutions, the Master
11 Trustee shall (A) deposit the amounts required by the Supplemental Indentures to be deposited in
12 the appropriate subaccounts in the Interest Account and (B) deliver the amounts required by the
13 Parity Debt Resolutions to be deposited with or paid to the appropriate Persons designated in
14 such Parity Debt Resolutions for the payment of interest on the related Parity Debt in accordance
15 with such Parity Debt Resolutions, and (ii) if a Derivative Agreement provides for any payments
16 thereunder by the Corporation relating to interest on Parity Obligations constituting Derivative
17 Indebtedness, then, at such time or times as provided in the Derivative Agreement, the Master
18 Trustee shall deliver, to or for the account of the Derivative Agreement Counterparty or other
19 appropriate Person designated in the Derivative Agreement, the amount required by such
20 Derivative Agreement (but not any termination payment) to be paid thereunder by the
21 Corporation, provided that if there shall not be sufficient Net Receipts to satisfy all such deposits
22 and payments, such deposits and payments shall be made to each such subaccount in the Interest
23 Account and to each appropriate Person designated in such Parity Debt Resolutions or Derivative
24 Agreement ratably according to the amount so required to be deposited or paid.

25 (b) At such time or times as provided in the Parity Resolutions, the Master
26 Trustee shall (i) deposit the amounts required by the Supplemental Indentures to be deposited in
27 the appropriate subaccounts in the Principal Account and the Sinking Fund Account and (ii)
28 deliver the amounts required by the Parity Debt Resolutions to be deposited with or paid to the
29 appropriate Persons designated in such Parity Debt Resolutions for the payment of the principal
30 of Parity Debt, whether at maturity or pursuant to an amortization requirement, in accordance
31 with such Parity Debt Resolutions, provided that if there shall not be sufficient Net Receipts to
32 satisfy all such deposits and payments, such deposits and payments shall be made to each such
33 subaccount in the Principal Account and the Sinking Fund Account and to each appropriate
34 Person designated in such Parity Resolutions ratably according to the amount so required to be
35 deposited or paid.

36 (c) At such time or times as provided in the Parity Resolutions, if the amount
37 in the Parity Common Reserve Account is less than the Parity Common Reserve Account
38 Requirement or the amount in any Special Reserve Account is less than the applicable Special
39 Reserve Account Requirement, the Master Trustee shall (i) deposit the amounts required by this
40 Master Indenture to make up such deficiency in the Parity Common Reserve Account and (ii)
41 deposit, or deliver to the appropriate Depositary for deposit, the amounts required by any
42 Supplemental Indenture or Parity Debt Resolution to make up any deficiency in any Special

1 Reserve Account, provided that if there shall not be sufficient Net Receipts to satisfy all such
2 deposits, such deposits shall be made among the Parity Common Reserve Account and each
3 Special Reserve Account ratably according to the amounts so required to be deposited.

4 (d) To the extent that investment earnings are credited to the Interest Account,
5 the Principal Account, the Sinking Fund Account or any subaccount therein in accordance with
6 Section 602 hereof or amounts are credited thereto as a result of the application of the proceeds
7 of a Series of Bonds or a transfer of investment earnings on any other fund or account held by
8 the Master Trustee, or otherwise, future deposits to such accounts or subaccounts shall be
9 reduced by the respective amounts so credited.

10 (e) The Corporation may provide in a Subordinated Indebtedness Resolution
11 for the deposit or payment of Net Receipts for the purpose of paying the interest on or principal
12 of Subordinated Indebtedness or in a Derivative Agreement for the making of payments or
13 repayments thereunder, including any termination payment, on a subordinated basis, but only
14 after the making of the deposits or payments required by paragraphs (a), (b) and (c) of this
15 Section 504. Each Subordinated Indebtedness Resolution shall be filed with the Master Trustee
16 on or prior to the date of incurrence of any Subordinated Indebtedness and shall contain or be
17 accompanied by a schedule of payments with respect to such Subordinated Indebtedness,
18 including any scheduled payments (to the extent determinable) under a Derivative Agreement.

19 (f) The Corporation may provide in a Parity Resolution or a Subordinated
20 Indebtedness Resolution for a disposition of Net Receipts for the purpose of paying amounts
21 owing to a Credit Provider, but only after the making of the deposits or payments required by
22 paragraphs (a), (b) and (c) of this Section 504.

23 (g) The calculation of the amounts to be deposited or required to be deposited
24 pursuant to this Section 504 shall be the responsibility of the Master Trustee, which shall deliver
25 copies of such calculations to the Corporation and the State Board of Administration not less
26 than three (3) Business Days prior to any withdrawal from the Revenue Fund pursuant to Section
27 503(c) hereof.

28 Section 505. Application of Money in Interest Account and Capitalized Interest
29 Account. Unless otherwise provided by a Supplemental Indenture, not later than 10:00 A.M. on
30 each Interest Payment Date, date for the payment of Defaulted Interest or date upon which Bonds
31 are to be redeemed, or on such other date as may be specified in the applicable Supplemental
32 Indenture, the Master Trustee shall withdraw from the applicable subaccount in the Interest
33 Account and wire transfer to the Bond Registrar, in Federal Reserve or other immediately
34 available funds, the amounts required for paying interest on the respective Bonds on such date.
35 The Bond Registrar shall remit or otherwise set aside the amount due and payable to the Owners
36 as provided in the Supplemental Indentures.

37 Unless otherwise provided by a Supplemental Indenture, on the date of issuance of any
38 Series of Parity Obligations, an Authorized Officer of the Corporation shall deliver to the Master
39 Trustee a schedule of transfers to be made from the applicable subaccount of the Capitalized
40 Interest Account to the applicable subaccount of the Interest Account. The Master Trustee shall
41 make such transfers as required by the schedule of such Authorized Officer of the Corporation.

1 Unless otherwise provided by a Supplemental Indenture, if the amounts transferred from
2 the accounts and subaccounts in the Revenue Fund are insufficient to satisfy the amounts
3 required to be deposited in the Interest Account as provided in Section 504 hereof, or if the
4 balance in the Interest Account on the Business Day next preceding an Interest Payment Date is
5 insufficient to pay the interest coming due on the Bonds on such Interest Payment Date, the
6 Master Trustee shall, not later than such Interest Payment Date, transfer an amount sufficient to
7 cure the same, drawing upon funds in the Parity Common Reserve Account, if any, securing such
8 Series of Bonds, or in the Special Reserve Account, if any, securing such Series of Bonds.

9 Section 506. Application of Money in Principal Account. Unless otherwise provided
10 by a Supplemental Indenture, not later than 10:00 A.M. on each principal payment date, the
11 Master Trustee shall withdraw from the applicable subaccount in the Principal Account and wire
12 transfer to the Bond Registrar, in Federal Reserve or other immediately available funds, the
13 amount necessary to pay the principal of the related Serial Bonds at their respective maturities.
14 The Bond Registrar shall remit or otherwise set aside the amount due and payable to the Owners
15 as provided in the Supplemental Indentures.

16 Unless otherwise provided by a Supplemental Indenture, if on any date there is money in
17 the Principal Account and no Serial Bonds are then Outstanding or if on any principal payment
18 date money remains therein after the payment of the principal of Serial Bonds then due, the
19 Master Trustee shall withdraw such money therefrom and shall apply the same in the following
20 order: (a) deposit into the Sinking Fund Account the amount then required to be deposited
21 thereto pursuant to Section 504 hereof, (b) deposit, if and to the extent determined by an
22 Authorized Officer of the Corporation, into the Parity Common Reserve Account or in one or
23 more Special Reserve Accounts such amounts as may be determined by an Authorized Officer of
24 the Corporation in order to make the amounts on deposit therein equal to the Parity Common
25 Reserve Account Requirement or the Special Reserve Account Requirement, as the case may be,
26 and (c) transfer to the FHCF all remaining amounts for any use permitted or authorized by the
27 Act.

28 Unless otherwise provided by a Supplemental Indenture, if the amounts transferred from
29 the accounts and subaccounts in the Revenue Fund are insufficient to satisfy the amounts
30 required to be deposited in the Principal Account as provided in Section 504 hereof, or if the
31 balance in the Principal Account on the Business Day next preceding a principal payment date is
32 insufficient to pay the principal coming due on the Serial Bonds on such principal payment date,
33 the Master Trustee shall, not later than such principal payment date, transfer an amount sufficient
34 to cure the same, drawing upon funds in the Parity Common Reserve Account, if any, securing
35 such Series of Bonds, or in the Special Reserve Account, if any, securing such Series of Bonds.

36 Section 507. Application of Money in Sinking Fund Account. Unless otherwise
37 provided by a Supplemental Indenture, not later than 10:00 A.M. on each mandatory sinking
38 fund redemption date, the Master Trustee shall withdraw from the applicable subaccount in the
39 Sinking Fund Account and wire transfer to the Bond Registrar, in Federal Reserve or other
40 immediately available funds, the amount necessary to pay the principal of the related Term
41 Bonds on their respective mandatory sinking fund redemption dates. The Bond Registrar shall
42 remit or otherwise set aside the amount due and payable to the Owners as provided in the
43 Supplemental Indentures.

1 Money held for the credit of the subaccounts in the Sinking Fund Account shall be
2 applied to the retirement, purchase, redemption or payment of Term Bonds in the manner
3 provided in the applicable Supplemental Indentures. If the amounts transferred from the
4 accounts and subaccounts in the Revenue Fund are insufficient to satisfy the amounts required to
5 be deposited in the Sinking Fund Account as provided in Section 504 hereof, or if the balance in
6 the Sinking Fund Account on the Business Day next preceding a sinking fund payment date is
7 insufficient to retire the Term Bonds on such date as required by a Supplemental Indenture, the
8 Master Trustee shall, not later than such sinking fund payment date, transfer an amount sufficient
9 to cure the same, drawing upon funds in the Parity Common Reserve Account, if any, securing
10 such Series of Bonds, or in the Special Reserve Account, if any, securing such Series of Bonds.

11 Section 508. Deposit and Application of Money in Parity Common Reserve Account
12 and Any Special Reserve Account; Replenishment of Deficiencies. (a) If a Parity Resolution
13 provides that the Parity Obligations issued thereunder are to be additionally secured by the Parity
14 Common Reserve Account, the Corporation shall deposit, from the proceeds of such Parity
15 Obligations or from any other available sources, concurrently with the delivery of and payment
16 for such Parity Obligations, to the Parity Common Reserve Account such amount as is required
17 to make the balance to the credit of such Account equal to the Parity Common Reserve Account
18 Requirement; provided, however, that in the case of Post-Event Parity Obligations, the initial
19 deposit required to the Parity Common Reserve Account to make the total amount to the credit of
20 such Account equal to the Parity Common Reserve Account Requirement may be funded from
21 Emergency Assessments and other Revenues (but not Reimbursement Premiums or
22 Reimbursement Premium Earnings) ratably over not more than thirty-six (36) months from the
23 date of delivery of such Parity Obligations. If a Parity Resolution provides that the Parity
24 Obligations issued thereunder are to be secured by a Special Reserve Account, the Corporation
25 shall fund, from the proceeds of such Parity Obligations or from any other available sources, at
26 the time or times and in the manner specified in the applicable Parity Resolution, such Special
27 Reserve Account in an amount equal to the Special Reserve Account Requirement for such
28 Parity Obligations.

29 (b) Unless the applicable Parity Resolution shall otherwise provide or modify
30 the following, the Corporation may deposit with the Master Trustee a Reserve Alternative
31 Instrument in satisfaction of all or any portion of the Parity Common Reserve Account
32 Requirement or may substitute a Reserve Alternative Instrument for all or any portion of the
33 cash or another Reserve Alternative Instrument credited to the Parity Common Reserve Account,
34 provided that the following minimum provisions have been fulfilled:

35 (i) The Reserve Alternative Instrument shall be payable (upon the giving of notice as
36 required thereunder) to remedy any deficiency in the appropriate subaccounts in the Interest
37 Account, the Principal Account and the Sinking Fund Account, or in an account for the payment
38 of interest as mentioned in Section 504(a) hereof, or in an account or accounts for the payment of
39 principal as mentioned in Section 504(b) hereof, in order to provide for the timely payment of
40 the principal (whether at maturity or pursuant to a Sinking Fund Requirement or an amortization
41 requirement therefor) of and interest on the Parity Obligations secured thereby.

42 (ii) The provider of a Reserve Alternative Instrument shall be (a) an insurance
43 company or other financial institution that has been assigned, for obligations insured by the

1 provider of the Reserve Alternative Instrument, a rating by at least two Rating Agencies in one
2 of the two highest rating categories (without regard to gradations by numerical modifier or
3 otherwise) or (b) a commercial bank, insurance company or other financial institution the
4 obligations payable or guaranteed by which have been assigned a rating by at least two Rating
5 Agencies in one of the two highest rating categories (without regard to gradations by numerical
6 modifier or otherwise).

7 (iii) If the Reserve Alternative Instrument is an unconditional irrevocable letter of credit
8 issued to the Master Trustee, the letter of credit shall be payable in one or more draws upon
9 presentation by the beneficiary of a sight draft accompanied by its certificate that it then holds
10 insufficient funds to make a required payment of principal or interest on the Parity Obligations
11 having the benefit of the Parity Common Reserve Account. The draws shall be payable within
12 two days of presentation of the sight draft. The letter of credit shall be for a term of not less than
13 three years. The issuer of the letter of credit shall be required to notify the Corporation and the
14 Master Trustee, not later than 30 months prior to the stated expiration date of the letter of credit,
15 as to whether such expiration date shall be extended, and if so, shall indicate the new expiration
16 date. The Master Trustee is directed to draw upon the letter of credit prior to its expiration or
17 termination unless an acceptable replacement is in place or the Parity Common Reserve Account
18 is fully funded to the Parity Common Reserve Account Requirement.

19 (iv) The Master Trustee shall ascertain the necessity for a claim or draw upon the
20 Reserve Alternative Instrument and shall provide notice to the issuer of the Reserve Alternative
21 Instrument in accordance with its terms not later than three days (or such longer period as may
22 be necessary depending on the permitted time period for honoring a draw under the Reserve
23 Alternative Instrument) prior to each Interest Payment Date.

24 (v) Cash on deposit in the Parity Common Reserve Account shall be used (or
25 Investment Obligations purchased with such cash shall be liquidated and the proceeds applied as
26 required) prior to any drawing on any Reserve Alternative Instrument. If and to the extent that
27 more than one Reserve Alternative Instrument is deposited in the Parity Common Reserve
28 Account, drawings thereunder and repayments of costs associated therewith shall be made on a
29 pro rata basis, calculated by reference to the maximum amounts available thereunder.

30 (b) The Master Trustee shall use amounts in the Parity Common Reserve
31 Account to make transfers, or use moneys provided under a Reserve Alternative Instrument to
32 make deposits, in the following order, in respect of all Parity Obligations additionally secured by
33 the Parity Common Reserve Account, to the appropriate subaccounts in the Interest Account, the
34 Principal Account and the Sinking Fund Account to remedy any deficiency therein as of any
35 Interest Payment Date, principal payment date or sinking fund payment date (or any earlier date
36 as set forth in a Parity Resolution), or to pay the interest on or the principal of or amortization
37 requirements in respect of any Parity Debt when due, whenever and to the extent the money on
38 deposit for such purposes is insufficient.

39 (c) The Master Trustee shall use amounts in any Special Reserve Account
40 held by it to make transfers, or use moneys provided under a Reserve Alternative Instrument to
41 make deposits, in the following order, in respect of the particular Parity Obligations secured by
42 such Special Reserve Account, to the appropriate subaccounts in the Interest Account, the

Principal Account and the Sinking Fund Account to remedy any deficiency therein as of any Interest Payment Date, principal payment date or sinking fund payment date (or any earlier date as set forth in a Parity Resolution) or to pay the interest on or the principal of or amortization requirement in respect thereof on Parity Debt when due, whenever and to the extent the money on deposit for such purposes is insufficient.

(d) Any deficiency in the Parity Common Reserve Account resulting from the withdrawal of moneys therein shall be made up by depositing to the credit of such Account the amount of such deficiency within one year following the date on which such withdrawal is made, such deposit to be made pursuant to Section 504(c) hereof. Any deficiency in the Parity Common Reserve Account resulting from a draw on a Reserve Alternative Instrument shall be made up as provided in such Reserve Alternative Instrument or documentation relating thereto, but any such deficiency must be made up by not later than the final date when such deficiency would have been required to be made up if there had been a withdrawal of moneys from the Parity Common Reserve Account rather than a draw on a Reserve Alternative Instrument. Deficiencies, whether resulting from withdrawals or draws, may be satisfied through the deposit of additional cash, the delivery of an additional Reserve Alternative Instrument or an increase in the amount available to be drawn under a Reserve Alternative Instrument. Unless otherwise provided in a Reserve Alternative Instrument or the documentation relating thereto, cash or Investment Obligations on deposit to the credit of the Parity Common Reserve Account shall be used to satisfy deficiencies, as provided in paragraph (b) of this Section, prior to any draw on a Reserve Alternative Instrument.

(e) Unless a Reserve Alternative Instrument shall be in effect, if on any date of valuation pursuant to Section 603 hereof, the amount on deposit in the Parity Common Reserve Account is less than ninety percent (90%) of the Parity Common Reserve Account Requirement, the Corporation shall deposit into the Parity Common Reserve Account within one year following such date the amount required as of such date to cause the amount then on deposit in the Parity Common Reserve Account to be equal to the Parity Common Reserve Account Requirement. Any such deficiency may be satisfied through the deposit of additional cash, the delivery of an additional Reserve Alternative Instrument or an increase in the amount available to be drawn under a Reserve Alternative Instrument.

(f) Any deficiency in a Special Reserve Account resulting from the withdrawal of moneys therein or a draw on a Reserve Alternative Instrument or resulting from a valuation of the Investment Obligations therein pursuant to Section 603 hereof shall be made up as provided in the Parity Resolution establishing such Special Reserve Account.

Section 509. Application of Money in Redemption Account. The Master Trustee shall apply money in the Redemption Account to the purchase or redemption of Bonds as follows:

(a) Subject to the provisions of paragraph (c) of this Section, and if instructed to do so by an Authorized Officer of the Corporation, the Master Trustee shall endeavor to purchase and cancel Bonds or portions thereof, whether or not such Bonds or portions thereof are then subject to redemption, at the most advantageous price obtainable with reasonable diligence, provided that the purchase price of each Bond, plus accrued interest to the date of purchase, shall not exceed the Redemption Price that would be payable on the next redemption date to the

1 Owners of such Bonds under the provisions of the applicable Supplemental Indenture plus
2 accrued interest to the redemption date if such Bond or such portion thereof were called for
3 redemption on such redemption date from the money in the applicable subaccount of the
4 Redemption Account. The Master Trustee shall pay the interest accrued on such Bonds or
5 portions thereof to the date of settlement from the applicable subaccount of the Interest Account
6 and the purchase price from the applicable subaccount of the Redemption Account, but no such
7 purchase shall be made by the Master Trustee from money in the applicable subaccount of the
8 Redemption Account within the period of forty-five (45) days immediately preceding any date
9 on which such Bonds or portions thereof are to be redeemed except from moneys other than the
10 moneys set aside in the applicable subaccount of the Redemption Account for the redemption of
11 Bonds.

12 (b) Subject to the provisions of paragraph (c) of this Section, the Master
13 Trustee shall call for redemption on a date permitted by the applicable Supplemental Indenture
14 such amount of Bonds or portions thereof as, with the redemption premium, if any, will exhaust
15 the moneys then held in the applicable subaccount of the Redemption Account as nearly as may
16 be practicable; provided, however, that not less than One Hundred Thousand Dollars (\$100,000)
17 in principal amount of Bonds shall be called for redemption at any one time unless the Master
18 Trustee is so instructed by the Corporation in writing. The Master Trustee shall pay the accrued
19 interest on the Bonds or portions thereof to be redeemed to the date of redemption from the
20 applicable subaccount of the Interest Account and the Redemption Price of such Bonds or
21 portions thereof from the applicable subaccount of the Redemption Account. On or before the
22 redemption date, the Master Trustee shall withdraw from the Redemption Account and the
23 Interest Account and transfer to the Bond Registrar the respective amounts required to pay the
24 Redemption Price and accrued interest to the redemption date of the Bonds or portions thereof so
25 called for redemption.

26 (c) Money in the Redemption Account may be applied by the Master Trustee
27 in each Fiscal Year to the purchase or the redemption of Bonds of any one or more Series then
28 Outstanding in accordance with the latest Officer's Certificate of an Authorized Officer of the
29 Corporation filed with the Master Trustee (i) designating one or more Series of Bonds to be
30 purchased or redeemed, (ii) if more than one Series of Bonds is so designated, setting forth the
31 aggregate principal amount of Bonds of each Series to be purchased or redeemed, and (iii) unless
32 the Supplemental Indenture relating to the Bonds to be redeemed specifies the order of
33 redemption, designating the Bonds to be redeemed within each Series, and if such Bonds are
34 Term Bonds, the Fiscal Years in which future Sinking Fund Requirements are to be reduced as a
35 result of such redemption and the amount of such reduction in each such Fiscal Year. In the
36 event no such Certificate is filed and unless the Supplemental Indenture relating to the Bonds to
37 be redeemed specifies otherwise, (A) the Master Trustee shall apply such money to the purchase
38 of one or more Series of Bonds as it shall determine or to the redemption of Bonds bearing the
39 highest rate of interest, (B) if Bonds of more than one maturity bear the same interest rate, the
40 Master Trustee shall redeem such Bonds in the inverse order of maturities, and (C) if the Bonds
41 bearing the highest rate of interest are Term Bonds, the Master Trustee shall reduce Sinking
42 Fund Requirements for such Term Bonds in inverse order of the scheduled redemption of such
43 Term Bonds. All Bonds shall be redeemed as provided in the applicable Supplemental
44 Indenture.

1 Money held for the credit of the subaccounts in the Redemption Account shall be applied
2 to the purchase or redemption of Bonds in the manner provided in the applicable Supplemental
3 Indenture.

4 Section 510. Escheat. All money that the Master Trustee shall have withdrawn from
5 the Bond Fund or shall have received from any other source and set aside or delivered to the
6 Bond Registrar for the purpose of paying any of the Bonds hereby secured, either at maturity or
7 by purchase or call for redemption, shall be held in trust for the respective Owners.

8 Any money that is so set aside and that remains unclaimed by the Owners for a period of
9 30 months after the date on which such Bonds have become payable shall be treated as
10 abandoned property pursuant to the provisions of Section 717.1035, Florida Statutes, and the
11 Master Trustee or the Bond Registrar shall report and remit this property to the Unclaimed
12 Property Trust Fund established by and according to the requirements of Sections 717.117 to
13 717.124, inclusive, Florida Statutes, and thereafter the Owners shall look only to the Unclaimed
14 Property Trust Fund for payment and then only to the extent of the amounts so received, without
15 any interest thereon, and the Master Trustee, the Bond Registrar and the Corporation shall have
16 no responsibility with respect to such money.

17 Section 511. Cancellation of Bonds. Upon receipt of the same, the Bond Registrar shall
18 cancel all Bonds paid, redeemed or purchased by the Master Trustee or purchased by the
19 Corporation and delivered to the Bond Registrar, and all Bonds delivered to the Bond Registrar
20 in exchange for other Bonds or delivered to the Bond Registrar upon the transfer of any Bond if a
21 new Bond is delivered upon such transfer. The Bond Registrar shall certify to the Corporation
22 the details of all Bonds so canceled. All Bonds canceled under any of the provisions of this
23 Master Indenture either shall be delivered to the Corporation or destroyed by the Bond Registrar,
24 as the Corporation directs. Upon destruction of any Bonds, the Bond Registrar shall execute a
25 certificate in duplicate, describing the Bonds so destroyed; and one executed certificate shall be
26 filed with the Corporation and the other executed certificate shall be retained by the Bond
27 Registrar.

28 Section 512. Disposition of Fund Balances. After provision is made for the payment of
29 all Outstanding Parity Obligations, including the interest thereon and for the payment of all other
30 obligations, expenses and charges required to be paid under or in connection with this Master
31 Indenture and any Parity Resolution, and receipt by the Master Trustee of an Officer's Certificate
32 of an Authorized Officer of the Corporation to the effect that there are no other Master
33 Indentures, resolutions, bond orders or other agreements that impose a continuing lien on the
34 balances hereinafter mentioned, the Master Trustee shall pay all amounts in any fund, account or
35 subaccount then held by it under this Master Indenture to the FHCF. If the Corporation notifies
36 the Master Trustee that a continuing lien has been imposed on such balance by another indenture,
37 resolution, bond order or any other agreement, by court order or decree, or by law, the Master
38 Trustee shall, at the written direction of the Corporation, pay such balance to such person as is
39 entitled to receive the same by law or under the terms of such indenture, resolution, bond order,
40 agreement, or by court order or decree.

41 Section 513. Use of Available Funds. Nothing in this Master Indenture shall be
42 construed to prevent the Corporation from paying all or any part of the Current Expenses of the

1 Corporation from any money available to the Corporation for such purpose, or, subject to Section
2 604 hereof, from depositing in any fund or account created under, or subaccount created pursuant
3 to, the provisions of this Master Indenture or any fund or account created under or pursuant to a
4 Parity Debt Resolution or a Subordinated Indebtedness Resolution, any money available to the
5 Corporation for such deposit, except to the extent the Corporation is prohibited from making
6 such deposit by this Master Indenture, any Parity Resolution, any Subordinated Indebtedness
7 Resolution or otherwise.

Article VI.

DEPOSITARIES OF MONEY, SECURITY FOR DEPOSITS,
INVESTMENT OF FUNDS AND COVENANT AS TO ARBITRAGE

Section 601. Security for Deposits. Any and all money received by the Corporation under the provisions of this Master Indenture shall be deposited as received with the Master Trustee or one or more other Depositaries as provided in this Master Indenture and shall, in the case of deposits with the Master Trustee, be trust funds under the terms hereof, and, shall not be subject to any lien or attachment by any creditor of the Corporation.

All money deposited with and held by the Master Trustee or any Depositary hereunder in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured, for the benefit of the Corporation and the Owners, either (a) by lodging with a bank or trust company chosen by the Master Trustee or Depositary or, if then permitted by law, by setting aside under control of the trust department of the bank or trust company holding such deposit, as collateral security, Government Obligations or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States or applicable State law or regulations, having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) if the furnishing of security as provided in clause (a) above is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Master Trustee or any Depositary to give security for the deposit of any money with it for the payment of the principal of or the redemption premium, if any, or the interest on any Parity Obligations or Subordinated Indebtedness, or for the Master Trustee or any Depositary to give security for any money that shall be represented by Investment Obligations purchased under the provisions of this Article as an investment of such money.

All money deposited with the Master Trustee or any Depositary shall be credited to the particular fund, account or subaccount to which such money belongs.

Section 602. Investment of Money. Money held for the credit of all funds, accounts and subaccounts established under this Master Indenture and held by the Master Trustee shall, in accordance with the written directions of the Corporation, be continuously invested and reinvested by the Master Trustee or the Depositaries, whichever is applicable, in Investment Obligations to the extent practicable. Except as hereinafter provided in this Section with respect to the disposition of investment income, the particular investments to be made and other related matters in respect of investments shall, as to each Series of Bonds, be provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

Except as hereinafter provided in this Section with respect to the Parity Common Reserve Account, Investment Obligations shall mature or be redeemable at the option of the holder

thereof not later than the respective dates when the money held for the credit of such funds, accounts and subaccounts will be required for the purposes intended.

Investment Obligations in the Parity Common Reserve Account shall mature or be redeemable at the option of the Master Trustee not later than the final maturity date of the Parity Obligations to which such Parity Common Reserve Account is pledged.

Notwithstanding the foregoing, no Investment Obligations pertaining to any Series of Bonds in any fund, account or subaccount held by the Master Trustee or any Depositary shall mature on a date beyond the latest maturity date of the Bonds of such Series Outstanding at the time such Investment Obligations are deposited. For purposes of this Section, the maturity date of any repurchase agreement shall be deemed to be the stated maturity date of such agreement and not the maturity dates of the underlying Investment Obligations.

The Corporation shall cause the State Board of Administration either to enter into agreements with the Master Trustee or any Depositary for the investment of any money required or permitted to be invested under this Master Indenture or to give the Master Trustee or any Depositary written directions respecting the investment of such money, subject, however, to the provisions of this Article, and the Master Trustee or such Depositary shall then invest such money in accordance with such agreements or directions. The Master Trustee or any Depositary may request additional directions or authorization from the State Board of Administration or an Authorized Officer of the State Board of Administration in writing with respect to the proposed investment of money under the provisions of this Master Indenture. Upon receipt of such directions, the Master Trustee or any Depositary shall invest, subject to the provisions of this Article, such money in accordance with such directions or authorization. The Master Trustee shall have no liability for any losses on investments made in accordance with this Section.

Investment Obligations acquired with money in or credited to any fund, account or subaccount established under this Master Indenture shall be deemed at all times to be part of such fund, account or subaccount. Any loss realized upon the disposition or maturity of such Investment Obligations shall be charged against such fund, account or subaccount unless otherwise directed by a Supplemental Indenture. The interest accruing on any such Investment Obligations and any profit realized upon the disposition or maturity of such Investment Obligations shall be credited to such fund, account or subaccount.

Any such interest accruing and any such profit realized shall be transferred upon the receipt thereof by the Depositaries or the Master Trustee, as the case may be, pursuant to the provisions of this Master Indenture and any Supplemental Indenture.

The Master Trustee shall sell or reduce to cash a sufficient amount of such Investment Obligations whenever it is necessary to do so to provide money to make any payment from any fund, account or subaccount established under this Master Indenture. The Master Trustee shall not be liable or responsible for any loss resulting from any such action.

Whenever a transfer of money between two or more of the funds, accounts or subaccounts established under this Master Indenture is permitted or required, such transfer may be made as a whole or in part by transfer of one or more Investment Obligations at a value

1 determined at the time of such transfer in accordance with this Article, provided that the
2 Investment Obligations transferred are those in which money of the receiving fund, account or
3 subaccount could be invested on the date of such transfer.

4 For purposes of making any investment hereunder, the Master Trustee or any Depositary
5 may consolidate money held by it in any fund, account or subaccount with money in any other
6 fund, account or subaccount, except to the extent such consolidation is prohibited by this Master
7 Indenture, any Parity Resolution or any Subordinated Indebtedness Resolution. Transfers from
8 any fund, account or subaccount to the credit of any other fund, account or subaccount provided
9 for in this Master Indenture may be effectuated on the books and records of the Master Trustee,
10 the Corporation or any Depositary without any actual transfer of funds or liquidation of
11 investments. Investment Obligations purchased with consolidated funds shall be allocated to
12 each fund, account or subaccount on a pro-rata basis in accordance with the initial amount so
13 invested from each such fund, account or subaccount.

14 Unless otherwise directed by the State Board of Administration or an Authorized Officer
15 of the State Board of Administration, Investment Obligations may be purchased by the Master
16 Trustee or any Depositary through its own investment division or other bank facilities
17 established for such purpose.

18 Section 603. Valuation. For the purpose of determining the amount on deposit in any
19 fund, account or subaccount established under this Master Indenture, Investment Obligations in
20 which money in such fund, account or subaccount is invested shall be valued at cost.

21 All Investment Obligations in all of the funds, accounts and subaccounts established
22 under this Master Indenture shall be valued as of the Business Day immediately preceding each
23 Interest Payment Date. If a valuation is made by the Master Trustee, the Master Trustee shall
24 report the result of such valuation to the Corporation and the State Board of Administration as
25 soon as practicable following such valuation. In addition, Investment Obligations shall be
26 valued at any time requested by an Authorized Officer of the Corporation or an Authorized
27 Officer of the State Board of Administration on reasonable notice to the Master Trustee (which
28 period of notice may be waived or reduced by the Master Trustee at its sole discretion);
29 provided, however, that the Master Trustee shall not be required to value Investment Obligations
30 more than once in any calendar month.

31 Whenever, following a valuation described above, the value of the cash and Investment
32 Obligations in the Parity Common Reserve Account held by the Master Trustee, plus accrued
33 interest to the date of valuation, is less than ninety percent (90%) of the Parity Common Reserve
34 Account Requirement, the Master Trustee shall compute the amount by which the Parity
35 Common Reserve Account Requirement exceeds the balance in the Parity Common Reserve
36 Account, and shall immediately give the Corporation and the State Board of Administration
37 notice of such deficiency and the amount necessary to cure the same in accordance with Section
38 508 hereof. Whenever the value of the cash and Investment Obligations in the Parity Common
39 Reserve Account or a Special Reserve Account held by the Master Trustee, plus accrued interest
40 to the date of valuation, is greater than the Parity Common Reserve Account Requirement or the
41 Special Reserve Account Requirement, as the case may be, the Master Trustee shall compute the
42 amount by which the balance in the Parity Common Reserve Account or the Special Reserve

1 Account, as the case may be, exceeds the Parity Common Reserve Account Requirement or the
2 Special Reserve Account Requirement, as the case may be, and shall transfer the excess in
3 accordance with the provisions of the applicable Parity Resolution.

4 Section 604. Covenant as to Arbitrage. The Corporation covenants that so long as any
5 Tax-Exempt Parity Obligations remain Outstanding, the money on deposit in any fund, account
6 or subaccount maintained in connection with such Tax-Exempt Parity Obligations, regardless of
7 whether such money was derived from the proceeds of the sale of such Tax-Exempt Parity
8 Obligations or from any other sources, will not be used in a manner that would cause such Tax-
9 Exempt Parity Obligations to be "arbitrage bonds" within the meaning of Section 148 of the
10 Code and applicable regulations promulgated from time to time thereunder. The Corporation
11 further covenants and agrees to comply with the requirements of Section 148 of the Code and
12 applicable regulations promulgated from time to time thereunder with respect to any Tax-Exempt
13 Parity Obligations.

14 Article VII.

15 COVENANTS OF THE CORPORATION AND THE STATE

16
17 Section 701. Security; Restrictions on Encumbering Net Receipts; Payment of Principal
18 and Interest. (a) Any Bond issued under this Master Indenture shall be a special and limited
19 obligation of the Corporation payable solely from Net Receipts and money, Investment
20 Obligations and Reserve Alternative Instruments held in the funds, accounts and subaccounts
21 established under this Master Indenture and the income from such Investment Obligations and
22 the investment of such money.

23 As security for the payment of the Bonds and any Parity Debt and the interest thereon and
24 as authorized by the Act, the Corporation hereby (i) grants to the Master Trustee a pledge of,
25 security interest in and lien upon its Net Receipts and (ii) assigns to the Master Trustee all its
26 right, title and interest (including the right to enforce the same and the right to receive and collect
27 the Pledged Collateral) in and to the Pledge Agreement (except for those certain rights that are
28 set forth in the granting clauses of this Master Indenture).

29 In addition, as further security for the payment of each Series of Bonds and the interest
30 thereon, the Corporation hereby grants to the Master Trustee a pledge of, security interest in and
31 lien upon the money and Investment Obligations in any and all of the related accounts and
32 subaccounts of the Bond Fund and the accounts and subaccounts established under the
33 Supplemental Indenture authorizing the issuance of such Series.

34 The pledge, security interest and lien shall be effective and operate immediately, and the
35 Master Trustee shall have the right to collect and receive the Net Receipts in accordance with the
36 provisions hereof and the Pledged Collateral in accordance with the provisions of the Pledge
37 Agreement at all times during the period from and after the date of delivery of the Bonds issued
38 hereunder until the Bonds and all Parity Debt have been fully paid and discharged, including at
39 all times after the institution and during the pendency of any bankruptcy or similar proceedings.

1 The aforementioned pledge, security interest and lien shall not impair or restrict the
2 ability of the Corporation to invest in securities and other forms of investment, subject to the
3 provisions of this Master Indenture.

4 The Corporation covenants that it will prepare and file such financing statements or
5 amendments to or terminations of existing financing statements as shall, in the Opinion of
6 Counsel, be necessary to comply with applicable law or as required due to changes in the Net
7 Receipts. In addition, if financing statements are filed pursuant to the requirements of the
8 preceding sentence, the Corporation covenants that it will, at least thirty (30) days prior to the
9 expiration of any financing statement, prepare and file such continuation statements of existing
10 financing statements as shall, in the Opinion of Counsel, be necessary to continue the security
11 interest evidenced thereby and shall provide to the Master Trustee written notice of such filing.
12 If the Master Trustee shall not have received such notice at least twenty-five (25) days prior to
13 the expiration date of any such financing statement, the Master Trustee shall prepare and file or
14 cause the Corporation to prepare and file such continuation statements in a timely manner.

15 (b) The Corporation covenants that it will not pledge or grant a security
16 interest in (except as provided in (a) above and as may be otherwise provided in this Master
17 Indenture) any of the Net Receipts.

18 (c) The Corporation covenants to pay or cause to be paid the principal of,
19 premium, if any, and interest on the Parity Obligations secured by this Master Indenture at the
20 places, on the dates and in the manner provided in this Master Indenture and in the Parity
21 Obligations according to the terms thereof whether at maturity, upon proceedings for
22 redemption, by acceleration or otherwise.

23 Section 702. Covenants as to Existence, Etc. The Corporation hereby covenants:

24 (a) Except as otherwise expressly provided herein, to preserve its corporate or
25 other legal existence and all its rights and licenses to the extent necessary or desirable in the
26 operation of its business and affairs and be qualified to do business in each jurisdiction where its
27 ownership of Property or the conduct of its business requires such qualification.

28 (b) To do all things reasonably necessary to conduct its affairs and carry on its
29 business and operations in such manner as to comply with any and all applicable laws of the
30 United States and the several states thereof and duly observe and conform to all valid orders,
31 regulations or requirements of any governmental authority relative to the conduct of its business
32 and the ownership of its Property; provided, however, that nothing herein contained shall require
33 it to comply with, observe and conform to any such law, order, regulation or requirement of any
34 governmental authority so long as the validity thereof or the applicability thereof to it shall be
35 contested in good faith.

36 (c) To pay promptly all lawful taxes, governmental charges and assessments
37 at any time levied or assessed upon or against it or its Property; provided, however, that it shall
38 have the right to contest in good faith any such taxes, charges or assessments or the collection of
39 any such sums and pending such contest may delay or defer payment thereof.

(d) To pay promptly or otherwise satisfy and discharge all of its indebtedness and all demands and claims against it as and when the same become due and payable, other than any thereof (exclusive of the Indebtedness created and Outstanding hereunder) whose validity, amount or collectibility is being contested in good faith.

(e) At all times to comply with all terms, covenants and provisions of any Liens at such time existing upon its Property or any part thereof or securing any of its Indebtedness.

Section 703. Limitations on Creation of Liens. (a) The Corporation agrees that it will not create or suffer to be created or permit the existence of any Lien upon the Net Receipts other than Permitted Liens as defined in clause (b) below.

(b) Permitted Liens shall consist of the following:

(i) Liens arising by reason of deposits by the Corporation to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(ii) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license;

(iii) the Lien of this Master Indenture;

(iv) any Lien securing all Parity Obligations on a pari passu basis;

(v) any Lien on Net Receipts securing Subordinated Indebtedness; and

(vi) any Lien securing the obligations of the Corporation under a Derivative Agreement which, if required by the provider of such Derivative Agreement, may be pari passu with the Lien on the Net Receipts securing the Parity Obligations created under this Master Indenture, so long as the notional amount of all Derivative Agreements secured by such pari passu Liens does not at any time exceed the aggregate amount of Parity Obligations then Outstanding and so long as the Corporation's obligation to make any termination payment constitutes Subordinated Indebtedness.

Section 704. Incurrence Test. Subsequent to the effective date of this Master Indenture and the Corporation's issuance of its \$1,350,025,000 Series 2006A Bonds in accordance with its Supplement No. 1 dated as of June 1, 2006 and its issuance of up to \$2,800,000,000 of Pre-Event Parity Bonds on or prior to August 1, 2006, all of which may be issued without compliance with the Incurrence Test established by this Section,

(a) The Corporation may incur Parity Obligations at one time or from time to time in any form or combination of forms permitted by this Master Indenture if, prior to the incurrence of such Parity Obligations, the Corporation shall file or cause to be filed with the Master Trustee an Officer's Certificate of the Corporation (which may rely upon certificates or

1 other documentation delivered by an Authorized Officer of the State Board of Administration)
2 certifying that (i) the Debt Service Coverage Ratio, taking into account the proposed additional
3 Parity Obligations, is not less than 1.25 and (ii) in the case of Post-Event Parity Obligations, the
4 product of the aggregate percentage rate of all Emergency Assessments (A) currently levied by
5 the Office of Insurance Regulation and (B) not currently levied by the Office of Insurance
6 Regulation but which the State Board of Administration has authorized and directed the Office of
7 Insurance Regulation to impose, in each case as of the date of such Certificate, multiplied by the
8 Emergency Assessment Base for the most recent 12-month period for which such information is
9 available, is not less than 100% of the Maximum Debt Service Requirement for all of the Post-
10 Event Parity Obligations, including the proposed additional Post-Event Parity Obligations, that
11 will be Outstanding immediately following the issuance of such proposed Post-Event Parity
12 Obligations.

13 (b) The Corporation may incur Parity Obligations for the purpose of refunding
14 or reissuing any Outstanding Indebtedness if, prior to the incurrence of such Parity Obligations,
15 (i) either (A) the Master Trustee receives an Officer's Certificate of the Corporation (which may
16 rely upon certificates or other documentation delivered by an Authorized Officer of the State
17 Board of Administration) stating that, taking into account the Parity Obligations proposed to be
18 incurred, the Parity Obligations to remain Outstanding after the refunding and the refunding of
19 the Outstanding Indebtedness proposed to be refunded, the Maximum Debt Service
20 Requirement will not be increased by more than five percent (5%), or (B) the Corporation files
21 or causes to be filed with the Master Trustee an Officer's Certificate of the Corporation (which
22 may rely upon certificates or other documentation delivered by an Authorized Officer of the
23 State Board of Administration) certifying that the Debt Service Coverage Ratio, taking into
24 account the Parity Obligations proposed to be incurred, the refunding of the Outstanding
25 Indebtedness proposed to be refunded and the Parity Obligations to remain Outstanding after the
26 refunding, is not less than 1.25, (ii) in the case of Post-Event Parity Obligations, the product of
27 the aggregate percentage rate of all Emergency Assessments (A) currently levied by the Office of
28 Insurance Regulation and (B) not currently levied by the Office of Insurance Regulation but
29 which the State Board of Administration has authorized and directed the Office of Insurance
30 Regulation to impose, in each case as of the date of such Certificate, multiplied by the
31 Emergency Assessment Base for the most recent 12-month period for which such information is
32 available, is not less than 100% of the Maximum Debt Service Requirement for all of the Post-
33 Event Parity Obligations, including the proposed additional Post-Event Parity Obligations, that
34 will be Outstanding immediately following the issuance of such proposed Post-Event Parity
35 Obligations, and (iii) the Master Trustee receives a report by a nationally-recognized verification
36 agent verifying the computations supporting the determinations in (i) and (ii) above.

37 (c) For purposes of demonstrating compliance with the Incurrence Test set
38 forth in subsection (a) or (b), the Corporation may (but is not required to) elect in the applicable
39 Supplemental Indenture to treat all Parity Obligations authorized in a Credit Facility (including,
40 for example and without limitation, a line of credit or a liquidity facility supporting a commercial
41 paper program), but not immediately issued or incurred under such Credit Facility, as subject to
42 such Incurrence Test as of a single date, notwithstanding that none, or less than all, of the
43 authorized principal amount of such Parity Obligations shall have been issued or incurred as of
44 such date.

1 (d) Short-Term Indebtedness may be incurred under this Master Indebtedness
2 as a Parity Obligation only in compliance with the Incurrence Test in subsection (a). In addition,
3 the Corporation may incur Short-Term Indebtedness as Subordinated Indebtedness under this
4 Master Indenture.

5 (e) Notwithstanding the foregoing provisions of this Section, nothing herein
6 contained shall preclude the Corporation from incurring any obligation under a Credit Facility.

7 (f) Notwithstanding the foregoing provisions of this Section, nothing herein
8 contained shall preclude the Corporation from entering into a Derivative Agreement either in
9 connection with Indebtedness or otherwise.

10 Section 705. Fiscal Year End Certificate. Not later than ninety (90) days after the end
11 of each Fiscal Year, commencing with the Fiscal Year ending on June 30, 2007, the Corporation
12 shall file with the Master Trustee an Officer's Certificate demonstrating and stating that the
13 Revenue Available for Debt Service for the prior Fiscal Year (set forth in such Certificate) was
14 not less than the greater of (i) one hundred twenty-five percent (125%) of the principal and
15 interest that became due and payable in such Fiscal Year on Parity Obligations and (ii) one
16 hundred percent (100%) of the principal and interest that became due and payable in such Fiscal
17 Year for Parity Obligations and Subordinated Indebtedness (both such calculations set forth in
18 such Certificate); provided, however, that if the Corporation is unable to deliver such an
19 Officer's Certificate, the Corporation covenants to take all actions permitted by law or under the
20 Pledge Agreement, including (A) petitioning the Legislature of the State for any amendment or
21 amendments to the Act deemed appropriate by the Governing Body of the Corporation, (B)
22 cooperating with the State Board of Administration in connection with any action to increase
23 collections of Pledged Collateral and (C) retaining a Consultant within thirty (30) days to make
24 recommendations to increase the Revenue Available for Debt Service in the following Fiscal
25 Year to the levels required or, if in the opinion of the Consultant the attainment of such levels is
26 impracticable, to the highest levels attainable. Any Consultant so retained shall be required to
27 submit such recommendations within sixty (60) days after being so retained. The Corporation
28 agrees that it will, to the extent permitted by law, follow, or cause to be followed, the
29 recommendations of any Consultant so retained. For purposes of the Officer's Certificate
30 described in this Section, there may be subtracted from the amount of the interest otherwise
31 includable in the amounts described in clauses (i) and (ii) above an amount equal to the sum of
32 the interest on Parity Obligations paid during such Fiscal Year from (Y) the Capitalized Interest
33 Account in the Bond Fund and (Z) without duplication, investment income on and proceeds of
34 Pre-Event Parity Obligations. The Officer's Certificate described in this Section 705 may be
35 provided jointly by an Authorized Officer of the Corporation and an Authorized Officer of the
36 State Board of Administration.

37 Section 706. Filing of Audited Financial Statements, Certificate of No Default, Other
38 Information. The Corporation covenants that it will:

39 (a) Within thirty (30) days after receipt of the audit report mentioned below
40 but in no event later than two hundred seventy (270) days after the end of each Fiscal Year, file
41 with the Master Trustee and with each Owner or Holder who may have so requested of the
42 Corporation in writing, a copy of the Audited Financial Statements as of the end of such Fiscal

1 Year accompanied by the opinion of an Auditor. Such Audited Financial Statements shall be
2 prepared in accordance with generally accepted accounting principles.

3 (b) Within thirty (30) days after receipt of the audit report mentioned above
4 but in no event later than two hundred seventy (270) days after the end of each fiscal reporting
5 period, file with the Master Trustee and with each Owner or Holder who may have so requested
6 or on whose behalf the Master Trustee may have so requested, an Officer's Certificate of an
7 Authorized Officer of the Corporation and a report of an Auditor stating, to the best knowledge
8 of the signers, whether the Corporation is in default in the performance of any covenant
9 contained in this Master Indenture and, if so, specifying each such default of which the signers
10 may have knowledge and whether each such default has been corrected. If any default has not
11 been remedied then such report of such independent certified public accountant or firm of
12 independent certified public accountants shall identify what, if any, corrective action will be
13 taken to cure such default.

14 (c) If an Event of Default shall have occurred and be continuing, file with the
15 Master Trustee such other financial statements and information concerning its operations and
16 financial affairs as the Master Trustee may from time to time reasonably request, excluding
17 specifically personnel records.

18 Section 707. Annual Budget. The Corporation covenants that on or before the first
19 (1st) day of each Fiscal Year the Governing Body will adopt a budget for such Fiscal Year. The
20 Corporation shall promptly file copies of such annual budget with the State Board of
21 Administration and the Master Trustee and with each Owner and Holder who may have so
22 requested of the Corporation in writing. To the extent possible, the Corporation shall prepare its
23 annual budget so that it will be possible to determine from such budget the Current Expenses of
24 the Corporation and the amounts to be deposited to the credit of the various funds, accounts and
25 subaccounts created by this Master Indenture.

26 Section 708. State Covenant. The Corporation incorporates herein the State's covenant
27 with the Owners of Outstanding Bonds that the State will not limit or alter the denial of authority
28 to file a petition in bankruptcy, or the rights vested in the FHCF or the Corporation to fulfill the
29 terms of any agreements made with the Owners, or in any way impair the rights and remedies of
30 such Owners so long as any such Bonds of the Corporation remain Outstanding unless adequate
31 provision has been made for the payment of such Bonds pursuant to the documents authorizing
32 the issuance of such Bonds.

33 Article VIII.

34 35 DEFAULTS AND REMEDIES

36 Section 801. Extension of Interest Payment. If the time for the payment of the interest
37 on any Parity Obligation is extended, whether or not such extension is by or with the consent of
38 the Corporation, such interest so extended shall not be entitled in case of default hereunder to the
39 benefit or security of this Master Indenture and in such case the Owner of the Bond or the Holder
40 of any Parity Debt for which the time for payment of interest was extended shall be entitled only
41 to the payment in full of the principal of all Parity Obligations then Outstanding and of interest

1 for which the time for payment shall not have been extended. The time for the payment of the
2 interest on any Parity Obligation shall not be extended in respect of any Parity Obligation
3 covered by a Credit Facility without the consent of the Credit Provider.

4 Section 802. Events of Default. Each of the following events is hereby declared an
5 Event of Default with respect to Parity Obligations:

6 (a) the Corporation shall fail to make any payment of the principal of and the
7 redemption premium, if any, on any of the Bonds or any Parity Debt when and as the same shall
8 be due and payable, either at maturity or by redemption or otherwise;

9 (b) the Corporation shall fail to make any payment of the interest on any of
10 the Bonds or any Parity Debt when and as the same shall be due and payable;

11 (c) an event of default shall have occurred under any Supplemental Indenture
12 or the Master Trustee shall have received written notice from any Holder of an event of default
13 under any Parity Debt Resolution;

14 (d) the Corporation shall fail duly to perform, observe or comply with any
15 covenant or agreement on its part under this Master Indenture for a period of thirty (30) days
16 after the date on which written notice of such failure, requiring the same to be remedied, shall
17 have been given to the Corporation by the Master Trustee; provided, however, that if such failure
18 be such that it cannot be corrected within thirty (30) days after the receipt of such notice, it shall
19 not constitute an Event of Default if corrective action is instituted within such 30-day period and
20 diligently pursued until the Event of Default is corrected;

21 (e) the Corporation shall fail to make any required payment with respect to
22 any Subordinated Indebtedness or other indebtedness (other than any Bond, Parity Debt or
23 Subordinated Indebtedness), whether such indebtedness now exists or shall hereafter be created,
24 and any period of grace with respect thereto shall have expired, or an event of default as defined
25 in any mortgage, indenture or instrument under which there may be issued, or by which there
26 may be secured or evidenced, any indebtedness, whether such indebtedness now exists or shall
27 hereafter be created, shall occur, which event of default shall not have been waived by the holder
28 of such mortgage, indenture or instrument or a trustee acting on its behalf, and as a result of such
29 failure to pay or other event of default such indebtedness shall have been accelerated and such
30 acceleration, in the opinion of the Master Trustee, does or could materially adversely affect the
31 Owners of Bonds and the Holders of Parity Debt; or

32 (f) the State shall (i) amend, alter, repeal or fail to comply with the State
33 Covenant as in effect on the date hereof, or (ii) enact a moratorium or other similar law affecting
34 the Bonds.

35 Section 803. Acceleration of Maturities. Upon the happening and continuance for a
36 period of not less than one hundred eighty (180) days of any Event of Default described in
37 Section 802(a) or (b) hereof, then and in every case the Master Trustee may, and upon the
38 written request of the Owners or Holders of not less than a majority in aggregate principal
39 amount of the Parity Obligations then Outstanding shall, by a notice in writing to the
40 Corporation, declare the principal of all the Parity Obligations then Outstanding (if not then due

1 and payable) to be due and payable immediately, and upon such declaration the same shall
2 become and be immediately due and payable, anything contained in the Parity Obligations, this
3 Master Indenture or any Parity Resolution to the contrary notwithstanding; provided, however,
4 that if at any time after the principal of the Parity Obligations shall have been so declared to be
5 due and payable, and before the entry of final judgment or decree in any suit, action or
6 proceeding instituted on account of such default, or before the completion of the enforcement of
7 any other remedy under this Master Indenture, moneys shall have accumulated sufficient to pay
8 the principal of all matured Parity Obligations and all arrears of interest, if any, upon all the
9 Parity Obligations then Outstanding (except the principal of any Parity Obligations not then due
10 and payable by their terms and the interest accrued on such Parity Obligations since the last
11 interest payment date) and sufficient to satisfy the sinking fund requirement, if any, for any Term
12 Parity Obligations then Outstanding, for the then current Fiscal Year, and the charges,
13 compensation, expenses, disbursements, advances and liabilities of the Master Trustee and all
14 other amounts then payable by the Corporation hereunder shall have been paid or a sum
15 sufficient to pay the same shall have been deposited with the Master Trustee or any Bond
16 Registrar and every other default known to the Master Trustee in the observance or performance
17 of any covenant, condition, agreement or provision contained in the Bonds, any Parity Debt, this
18 Master Indenture or any Parity Resolution (other than a default in the payment of the principal of
19 such Parity Obligations then due and payable only because of a declaration under this Section)
20 shall have been remedied to the satisfaction of the Master Trustee, then and in every such case
21 the Master Trustee shall, by written notice to the Corporation, rescind and annul such declaration
22 and its consequences, but no such rescission or annulment shall extend to or affect any
23 subsequent Event of Default or impair any right consequent thereon.

24 Section 804. Remedies. (a) Upon the happening and continuance of any Event of
25 Default, then and in every such case the Master Trustee may proceed, and upon the written
26 request of the Owners or Holders of not less than a majority in aggregate principal amount of the
27 Parity Obligations then Outstanding shall proceed, subject to the provisions of Section 902
28 hereof, to protect and enforce its rights and the rights of the Owners or Holders of the Parity
29 Obligations under applicable laws and under this Master Indenture by such suits, actions or
30 special proceedings in equity or at law, or by proceedings in the office of any board or officer
31 having jurisdiction, either for the specific performance of any covenant or agreement contained
32 herein or in aid or execution of any power herein granted or for the enforcement of any proper
33 legal or equitable remedy, as the Master Trustee, being advised by counsel, chosen by the Master
34 Trustee, shall deem most effectual to protect and enforce such rights, including but not limited
35 to:

36 (i) Enforcement of the right of the Owners and Holders to collect and enforce the
37 payment of amounts due or becoming due under the Parity Obligations;

38 (ii) Suit upon all or any part of the Parity Obligations;

39 (iii) Civil action to require any Person holding moneys, documents or other property
40 pledged to secure payment of amounts due or to become due on the Parity Obligations to
41 account as if it were the trustee of an express trust for the Owners and Holders;

1 (iv) Civil action to enjoin any acts or things, which may be unlawful or in violation of
2 the rights of the Owners and Holders;

3 (v) Enforcement of any other right of the Owners and Holders conferred by law or
4 hereby; and

5 (vi) Enforcement of the provisions of the Pledge Agreement.

6 (b) Regardless of the happening of an Event of Default, the Master Trustee, if
7 requested in writing by the Owners or Holders of not less than a majority of the aggregate
8 principal amount of the Parity Obligations then Outstanding, shall, subject to Section 902 hereof,
9 institute and maintain such suits and proceedings as it may be advised shall be necessary or
10 expedient (i) to prevent any impairment of the security hereunder by any acts which may be
11 unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Owners and
12 Holders, provided that such request and the action to be taken by the Master Trustee are not in
13 conflict with any applicable law or the provisions hereof and, in the sole judgment of the Master
14 Trustee, are not unduly prejudicial to the interest of the Owners and Holders not making such
15 request.

16 Section 805. Pro Rata Application of Funds. Anything in this Master Indenture to the
17 contrary notwithstanding, if at any time the money deposited with the Master Trustee pursuant to
18 Section 502 hereof or pursuant to any remedial action is not sufficient to pay the interest on or
19 the principal of the Parity Obligations as the same become due and payable (either by their terms
20 or by acceleration of maturities under the provisions of Section 803 hereof), such money,
21 together with any money then available or thereafter becoming available for such purposes,
22 whether through the exercise of the remedies provided for in this Article or otherwise, shall, after
23 payment of the accrued and unpaid fees, costs and expenses of the Master Trustee, be applied as
24 follows:

25 (a) if the principal of all Parity Obligations shall not have become or shall not
26 have been declared due and payable, all such money shall be applied as follows:

27 first: to the payment to the persons entitled thereto of all installments of
28 interest on the Parity Obligations or regularly scheduled payments to a Derivative
29 Agreement Counterparty with respect to Derivative Indebtedness then due and
30 payable in the order in which such installments became due and payable and, if
31 the amount available shall not be sufficient to pay in full any particular
32 installment, then to the payment, ratably according to the amounts due on such
33 installment, to the persons entitled thereto, without any discrimination or
34 preference except as to any difference in the respective rates of interest specified
35 in such Parity Obligations;

36 second: to the payment to the persons entitled thereto of the unpaid
37 principal of any Parity Obligations that shall have become due and payable (other
38 than Parity Obligations deemed to have been paid pursuant to the provisions of
39 Section 1201 hereof), in the order of their due dates, with interest on the overdue
40 principal at a rate equal to the rate on such Parity Obligations, and, if the amount

1 available shall not be sufficient to pay in full the principal of Parity Obligations
2 due and payable on any particular date, then to the payment ratably according to
3 the amount of such principal due on such date, to the persons entitled thereto
4 without any discrimination or preference; and

5 third: to the payment of the interest on and the principal of Parity
6 Obligations, to the purchase and retirement of Parity Obligations, and to the
7 redemption of Parity Obligations, all in accordance with the provisions of this
8 Master Indenture and any Parity Resolution.

9 (b) If the principal of all Parity Obligations shall have become or shall have
10 been declared due and payable, all such money shall be applied to the payment of principal and
11 interest then due upon such Parity Obligations and regularly scheduled payments to a Derivative
12 Agreement Counterparty with respect to Derivative Indebtedness, without preference or priority
13 of principal over interest or of interest over principal, or of any installment of interest over any
14 other installment of interest, or of any Bond or Parity Debt over any other Bond or Parity Debt,
15 ratably, according to the amounts due respectively for principal and interest, to the persons
16 entitled thereto without any discrimination or privilege.

17 (c) If the principal of all Parity Obligations shall have been declared due and
18 payable and if such declaration shall thereafter have been rescinded and annulled under the
19 provisions of Section 803 hereof, then, subject to the provisions of paragraph (b) of this Section
20 in the event that the principal of all Parity Obligations shall later become due and payable or be
21 declared due and payable, the money then remaining on deposit with the Master Trustee and
22 thereafter accruing shall be applied in accordance with the provisions of paragraph (a) of this
23 Section.

24 Whenever money is to be applied by the Master Trustee pursuant to the provisions of this
25 Section: (a) such money shall be applied by the Master Trustee at such times and from time to
26 time as the Master Trustee in its sole discretion shall determine, having due regard for the
27 amount of money available for such application and the likelihood of additional money
28 becoming available for such application in the future, (b) setting aside such money as provided
29 herein in trust for the proper purpose shall constitute proper application by the Master Trustee,
30 and (c) the Master Trustee shall incur no liability whatsoever to the Corporation, to any Owner
31 or Holder or to any other Person for any delay in applying any such money so long as the Master
32 Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately
33 applies the same in accordance with such provisions of this Master Indenture as may be
34 applicable at the time of application by the Master Trustee. Whenever the Master Trustee
35 exercises such discretion in applying such money, it shall fix the date (which shall be an Interest
36 Payment Date unless the Master Trustee shall deem another date more suitable) upon which such
37 application is to be made and upon such date interest on the amounts of principal to be paid on
38 such date shall cease to accrue. The Master Trustee shall give such notice as it may deem
39 appropriate of the fixing of any such date and shall not be required to make payment to the
40 Owner of any Bond or the Holder of any Parity Debt until such Bond or Parity Debt is
41 surrendered to the Master Trustee for appropriate endorsement or for cancellation if fully paid.

1 Section 806. Effect of Discontinuance of Proceedings. If any proceeding taken by the
2 Master Trustee or Owners or Holders on account of any Event of Default is discontinued or
3 abandoned for any reason, then and in every such case, the Corporation, the Master Trustee and
4 the Owners and the Holders shall be restored to their former positions and rights hereunder, and
5 all rights, remedies, powers and duties of the Master Trustee shall continue as though no
6 proceedings had been taken.

7 Section 807. Control of Proceedings. Anything in this Master Indenture to the contrary
8 notwithstanding, the Owners or Holders of a majority in aggregate principal amount of Parity
9 Obligations at any time Outstanding shall have the right, subject to the provisions of Section 902
10 hereof, by an instrument or concurrent instruments in writing executed and delivered to the
11 Master Trustee, to direct the method and place of conducting all remedial proceedings to be
12 taken by the Master Trustee hereunder, provided that such direction shall be in accordance with
13 law and the provisions of this Master Indenture, and, in the sole judgment of the Master Trustee,
14 is not unduly prejudicial to the interest of any Owners or Holders not joining in such direction,
15 and provided further, that the Master Trustee shall have the right to decline to follow any such
16 direction if the Master Trustee in good faith shall determine that the proceeding so directed
17 would involve it in personal liability, and provided further that nothing in this Section shall
18 impair the right of the Master Trustee in its discretion to take any other action hereunder which it
19 may deem proper and which is not inconsistent with such direction by the Owners or Holders.

20 Section 808. Restrictions Upon Action. Except as provided in Section 813 hereof, no
21 Owner or Holder shall have any right to institute any suit, action or proceeding in equity or at
22 law on any Bond or Parity Debt or for the execution of any trust hereunder or for any other
23 remedy hereunder unless such Owner or Holder previously shall (a) has given to the Master
24 Trustee written notice of the Event of Default on account of which suit, action or proceeding is to
25 be instituted, (b) has requested the Master Trustee to take action after the right to exercise such
26 powers or right of action, as the case may be, shall have accrued, (c) has afforded the Master
27 Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or
28 to institute such action, suit or proceedings in its or their name, and (d) has offered to the Master
29 Trustee reasonable security and satisfactory indemnity against the costs, expenses and liabilities
30 to be incurred therein or thereby, and the Master Trustee shall have refused or neglected to
31 comply with such request within a reasonable time. Such notification, request and offer of
32 indemnity are hereby declared in every such case, at the option of the Master Trustee, to be
33 conditions precedent to the execution of the powers and trusts of this Master Indenture or to any
34 other remedy hereunder. Notwithstanding the foregoing provisions of this Section and without
35 complying therewith, the Owners or Holders of not less than a majority in aggregate principal
36 amount of Parity Obligations then Outstanding may institute any such suit, action or proceeding
37 in their own names for the benefit of all Owners or Holders. It is understood and intended that,
38 except as otherwise above provided, no one or more Owners or Holders shall have any right in
39 any manner whatsoever by his or their action to affect, disturb or prejudice the security of this
40 Master Indenture or to enforce any right hereunder except in the manner provided, that all
41 proceedings at law or in equity shall be instituted, had and maintained in the manner herein
42 provided and for the benefit of all Owners and Holders and that any individual rights of action or
43 other right given to one or more of such Owners or Holders by law are restricted by this Master
44 Indenture to the rights and remedies herein provided.

1 Section 809. Enforcement of Rights of Action. All rights of action (including the right
2 to file proof of claim) under this Master Indenture or under any Bonds and any Parity Debt may
3 be enforced by the Master Trustee without the possession of any Bonds and any Parity Debt or
4 the production thereof in any proceedings relating thereto, and any such suit or proceedings
5 instituted by the Master Trustee shall be brought in its name as Master Trustee, without the
6 necessity of joining as plaintiffs or defendants any Owners or Holders, and any recovery of
7 judgment shall be for the equal benefit of the Owners or Holders, subject to the provisions of
8 Section 801 hereof.

9 Section 810. No Remedy Exclusive. No remedy herein conferred upon or reserved to
10 the Master Trustee or to the Owners or Holders is intended to be exclusive of any other remedy
11 or remedies herein provided, and each and every such remedy shall be cumulative and shall be in
12 addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

13 Section 811. Delay Not a Waiver. No delay or omission by the Master Trustee or of
14 any Owner or Holder in the exercise of any right or power accruing upon any default shall impair
15 any such right or power or shall be construed to be a waiver of any such default or any
16 acquiescence therein, and every power or remedy given by this Master Indenture to the Master
17 Trustee and to the Owners or Holders may be exercised from time to time and as often as may be
18 deemed expedient.

19 The Master Trustee may, and upon written request of the Owners or Holders of not less
20 than a majority in principal amount of the Parity Obligations then Outstanding shall, waive any
21 Event of Default which in its opinion has been remedied before the entry of final judgment or
22 decree in any suit, action or proceeding instituted by it under the provisions of this Master
23 Indenture or before the completion of the enforcement of any other remedies under this Master
24 Indenture; provided, however, that, except under the circumstances set forth in Section 803
25 hereof for the rescission and annulment of a declaration of acceleration, a default in the payment
26 of the principal of, premium, if any, or interest on any Bond or Parity Debt, when the same shall
27 become due and payable by the terms thereof or upon call for redemption, may not be waived
28 without the written consent of the Owners of all the Bonds or the Holders of all the Parity Debt
29 (with respect to which such payment default exists) at the time Outstanding; and provided
30 further, however, that no such waiver shall extend to or affect any other existing or subsequent
31 Event of Default or impair any rights or remedies consequent thereon.

32 Section 812. Notice of Default. The Master Trustee shall mail to (a) all Owners at their
33 addresses as they appear on the registration books and (b) to all Holders who shall have filed
34 their names with the Master Trustee for such purpose, written notice of the occurrence of any
35 Event of Default within ten (10) days after the Master Trustee has notice, pursuant to the
36 provisions of Section 908 hereof, that any such Event of Default shall have occurred. The
37 Master Trustee shall not be subject to any liability to any Owner or Holder by reason of its
38 failure to mail any such notice.

39 Section 813. Right to Enforce Payment of Parity Obligations Unimpaired. Nothing in
40 this Article shall affect or impair the right of any Owner or Holder to enforce the payment of the
41 principal of and interest on his Bonds or Parity Debt or the obligation of the Corporation to pay

1 the principal of and interest on each Bond and Parity Debt to the Owner or Holder thereof at the
2 time and place specified in said Bond or Parity Debt.

3 Section 814. Remedies Subject to Provisions of Law. All rights, remedies and powers
4 provided by this Article may be exercised only to the extent that the exercise thereof does not
5 violate any applicable provision of law, and all the provisions of this Article are intended to be
6 subject to all applicable mandatory provisions of law which may be controlling and to be limited
7 to the extent necessary so that they will not render this Master Indenture or the provisions hereof
8 invalid or unenforceable under the provisions of any applicable law.

9 Article IX.

10 THE MASTER TRUSTEE AND THE BOND REGISTRAR

11
12 Section 90I. Acceptance of Trusts. The Master Trustee by execution hereof accepts
13 and agrees to fulfill the trusts imposed upon it by this Master Indenture, but only upon the terms
14 and conditions set forth in this Article and subject to the provisions of this Master Indenture, to
15 all of which the Corporation, the Master Trustee and the respective Owners of the Bonds and any
16 Holders of Parity Debt agree. Prior to the occurrence of any Event of Default and after the
17 curing of all such Events of Default that may have occurred, the Master Trustee shall perform
18 such duties and only such duties of the Master Trustee as are specifically set forth in this Master
19 Indenture. Upon the occurrence and during the continuation of any Event of Default, the Master
20 Trustee shall use the same degree of care and skill in their exercise as a prudent person would
21 exercise or use under the circumstances in the conduct of such person's own affairs.

22 No provision of this Master Indenture or any Parity Resolution shall be construed to
23 relieve the Master Trustee from liability for its own negligent action, its own negligent failure to
24 act, or its own willful misconduct, except that:

25 (a) prior to any such Event of Default hereunder, and after the curing of any Event of
26 Default that may have occurred:

27 (i) the duties and obligations of the Master Trustee shall be determined solely
28 by the express provisions of this Master Indenture, and the Master Trustee shall not be
29 liable except for the performance of such duties and obligations of the Master Trustee as
30 are specifically set forth in this Master Indenture, and no implied covenants or obligations
31 shall be read into this Master Indenture against the Master Trustee, and

32 (ii) in the absence of bad faith on its part, the Master Trustee may
33 conclusively rely, as to the accuracy of the statements and the correctness of the opinions
34 expressed therein, upon any certificate or opinion furnished to it conforming to the
35 requirements of this Master Indenture, but in the case of any such certificate or opinion
36 by which any provision hereof is specifically required to be furnished to the Master
37 Trustee, the Master Trustee shall be under a duty to examine the same to determine
38 whether or not it conforms to the requirements of this Master Indenture; and

39 (b) at all times, regardless of whether or not any such Event of Default shall exist:

1 (i) the Master Trustee shall not be liable for any error of judgment made in
2 good faith by a responsible officer or officers of the Master Trustee unless it shall be
3 proved that the Master Trustee was negligent in ascertaining the pertinent facts, and

4 (ii) the Master Trustee shall not be liable with respect to any action taken or
5 omitted to be taken by it in good faith in accordance with the direction of the Owners and
6 Holders of not less than twenty-five percent (25%) or a majority, as this Master Indenture
7 shall require, in aggregate principal amount of the Parity Obligations then Outstanding
8 relating to the time, method and place of conducting any proceeding for any remedy
9 available to the Master Trustee, or exercising any power conferred upon the Master
10 Trustee under this Master Indenture.

11 None of the provisions contained in this Master Indenture shall require the Master
12 Trustee to expend or risk its own funds or otherwise incur individual financial liability in the
13 performance of any of its duties or in the exercise of any of its rights or powers.

14 Section 902. Indemnification of Master Trustee as Condition for Remedial Action. The
15 Master Trustee shall be under no obligation to institute any suit or to take any remedial
16 proceeding (including, but not limited to, the acceleration of the maturity date of all Parity
17 Obligations under this Master Indenture) under this Master Indenture or the Pledge Agreement or
18 to enter any appearance or in any way defend in any suit in which it may be made defendant, or
19 to take any steps in the execution of any of the trusts hereby created or in the enforcement of any
20 rights and powers under this Master Indenture or the Pledge Agreement, until it shall be
21 indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees
22 and other reasonable disbursements, and against all liability. The Master Trustee nevertheless
23 may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be
24 done by it as such Master Trustee, without indemnity, and in such case the Corporation, at the
25 request of the Master Trustee, shall reimburse the Master Trustee as Current Expenses of the
26 Corporation for all costs, expenses, outlays and counsel fees and other reasonable disbursements
27 properly incurred in connection therewith. If the Corporation shall fail to make such
28 reimbursement, the Master Trustee may reimburse itself from any money in its possession under
29 the provisions of this Master Indenture and shall be entitled to a preference therefor over any
30 Parity Obligations Outstanding.

31 Section 903. Limitations on Obligations and Responsibilities of Master Trustee. The
32 Master Trustee shall be under no obligation to effect or maintain insurance or to renew any
33 policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the
34 Corporation, or to report, or make or file claims or proof of loss for, any loss or damage insured
35 against or that may occur, or to keep itself informed or advised as to the payment of any taxes or
36 assessments, or to require any such payment to be made. Except as to the acceptance of the
37 trusts under this Master Indenture, the Master Trustee shall have no responsibility in respect of
38 the validity or sufficiency of this Master Indenture, or in respect of the validity of Bonds or
39 Parity Debt or the due execution or issuance thereof. The Master Trustee shall be under no
40 obligation to see that any duties herein imposed upon the Corporation, the Bond Registrar, any
41 consultant, any Depositary other than a Master Trustee Depositary, or any party other than itself,
42 or any covenants herein contained on the part of any party other than itself to be performed, shall

1 be done or performed, and the Master Trustee shall be under no obligation for failure to see that
2 any such duties or covenants are so done or performed.

3 Section 904. Master Trustee Not Liable for Failure of Corporation to Act. The Master
4 Trustee shall not be liable or responsible because of the failure of the Corporation or of any of its
5 employees or agents to make any collections or deposits or to perform any act herein required of
6 the Corporation or because of the loss of any money arising through the insolvency or the act or
7 default or omission of any Depositary other than the Master Trustee or a Depositary in which
8 such money shall have been deposited by the Master Trustee under the provisions of this Master
9 Indenture. The Master Trustee shall not be responsible for the application of any of the proceeds
10 of Bonds or Parity Debt or any other money deposited with it and paid out, withdrawn or
11 transferred hereunder if such application, payment, withdrawal or transfer shall be made in
12 accordance with the provisions of this Master Indenture. The immunities and exemptions from
13 liability of the Master Trustee hereunder shall extend to its directors, officers, employees and
14 agents.

15 Section 905. Compensation and Indemnification of Master Trustee and Bond Registrar.
16 Subject to the provisions of any contract between the Corporation and the Master Trustee or any
17 Bond Registrar relating to the compensation of the Master Trustee or such Bond Registrar, the
18 Corporation shall pay to the Master Trustee and such Bond Registrar from Gross Receipts
19 reasonable compensation for all services performed by them hereunder and also all their
20 reasonable expenses, charges and other disbursements and those of their attorneys, agents and
21 employees incurred in and about the administration and the performance of their powers and
22 duties hereunder and, to the extent permitted by law, shall indemnify and save the Master
23 Trustee and the Bond Registrar harmless against any liabilities that they may incur in the proper
24 exercise and performance of their powers and duties hereunder. If the Corporation shall fail to
25 cause any payment required by this Section to be made, the Master Trustee or any Bond
26 Registrar may make such payment from any money in its possession under the provisions of this
27 Master Indenture and shall be entitled to a preference therefor over any Parity Obligations
28 Outstanding. The Corporation covenants that it shall promptly deposit or cause to be deposited
29 to the credit of the respective fund, account or subaccount the amount withdrawn therefrom by
30 the Master Trustee to make any such payment.

31 Section 906. Monthly Statements from Master Trustee. It shall be the duty of the
32 Master Trustee, on or before the 10th day of each month, to file with the Corporation a statement
33 setting forth in respect of the preceding calendar month:

34 (a) the amount withdrawn or transferred by it and the amount deposited with
35 it on account of each fund, account or subaccount held by it under the provisions of this Master
36 Indenture,

37 (b) the amount on deposit with it at the end of such month in each such fund,
38 account or subaccount,

39 (c) a brief description of all obligations held by it as an investment of money
40 in each such fund, account or subaccount,

1 (d) the amount applied to the payment, purchase or redemption of Bonds
2 under the provisions of Article V of this Master Indenture and a description of the Bonds or
3 portions thereof so paid, purchased or redeemed, and

4 (e) any other information that the Corporation may reasonably request.

5 All records and files pertaining to Bonds in the custody of the Master Trustee not
6 otherwise restricted or excluded from disclosure by the terms of this Master Indenture, including,
7 without limitation, Section 1002 hereof, shall be open at all reasonable times to the inspection of
8 the Corporation and its agents and representatives.

9 Section 907. Master Trustee May Rely on Certificates. If at any time it shall be
10 necessary or desirable for the Master Trustee to make any investigation respecting any fact
11 preparatory to taking or not taking any action or doing or not doing anything as such Master
12 Trustee, and in any case in which this Master Indenture provides for permitting or taking any
13 action, the Master Trustee may rely upon any certificate required or permitted to be filed with it
14 under the provisions of this Master Indenture, and any such certificate shall be evidence of such
15 fact or protect the Master Trustee in any action that it may or may not take or in respect of
16 anything it may or may not do, in good faith, by reason of the supposed existence of such fact.
17 Except as otherwise provided in this Master Indenture, any request, notice, certificate or other
18 instrument from the Corporation to the Master Trustee shall be deemed to have been signed by
19 the proper party or parties if signed by any Authorized Officer of the Corporation, and the
20 Master Trustee may accept and rely upon a certificate signed by any Authorized Officer of the
21 Corporation as to any action taken by the Corporation.

22 Section 908. Notice of Default. Except upon the happening of any Event of Default
23 specified in clauses (a), (b) and (c) of Section 802 hereof, the Master Trustee shall not be obliged
24 to take notice or be deemed to have notice of any Event of Default under this Master Indenture
25 unless specifically notified in writing of such Event of Default by the Corporation or the Owners
26 and Holders of not less than twenty-five percent (25%) in aggregate principal amount of Parity
27 Obligations then Outstanding.

28 Section 909. Master Trustee Not Responsible for Recitals. The recitals, statements and
29 representations contained herein and in the Bonds shall be taken and construed as made by and
30 on the part of the Corporation and not by the Master Trustee, and the Master Trustee assumes
31 and shall be under no responsibility for the correctness of the same.

32 Section 910. Master Trustee Protected in Relying on Certain Documents. The Master
33 Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or
34 not proceeding, in good faith, reasonably and in according with the terms of this Master
35 Indenture, upon any resolution, order, notice, request, consent, waiver, certificate, statement,
36 affidavit, requisition, bond or other paper or document that it shall in good faith reasonably
37 believe to be genuine and to have been adopted or signed by the proper board or person or to
38 have been prepared and furnished pursuant to any of the provisions of this Master Indenture, or
39 upon the written opinion of any attorney, consultant or accountant believed by the Master
40 Trustee to be qualified in relation to the subject matter, and the Master Trustee shall be under no
41 duty to make any investigation or inquiry as to any statements contained or matters referred to in

1 any such instrument. The Master Trustee shall not be under any obligation to see to the
2 recording or filing of this Master Indenture or otherwise to the giving to any person of notice of
3 the provisions hereof.

4 Section 911. Master Trustee May Pay Taxes and Assessments. In case the Corporation
5 shall fail to pay or cause to be paid any lawful tax, assessment or governmental charge or other
6 charge upon any part of the Corporation to the extent, if any, that the Corporation may be
7 deemed by the Master Trustee liable for same, the Master Trustee may pay from sources
8 provided under this Master Indenture such tax, assessment or governmental charge, without
9 prejudice, however, to any rights of the Master Trustee or the Owners or Holders arising in
10 consequence of such failure; and any amount at any time so paid under this Section shall be
11 repaid upon demand by the Master Trustee by the Corporation from Gross Receipts, but the
12 Master Trustee shall be under no obligation to make any such payment from sources provided in
13 this Master Indenture unless it shall have available or be provided with adequate funds for the
14 purpose of such payment.

15 Section 912. Resignation and Removal of Master Trustee and Bond Registrar Subject
16 to Appointment of Successor. No resignation or removal of the Master Trustee or any Bond
17 Registrar and no appointment of a successor Master Trustee or successor Bond Registrar
18 pursuant to this Article shall become effective until the acceptance of appointment by the
19 successor Master Trustee under Section 915 hereof or the successor Bond Registrar under
20 Section 917 hereof, as the case may be.

21 Section 913. Resignation of Master Trustee. Subject to the provisions of Section 912
22 hereof, the Master Trustee may resign and thereby become discharged from the trusts hereby
23 created, by notice in writing given to the Corporation, and mailed, postage prepaid, at the Master
24 Trustee's expense, to each Owner and Holder, not less than sixty (60) days before such
25 resignation is to take effect, but such resignation shall take effect immediately upon the
26 appointment of a new Master Trustee hereunder if such new Master Trustee shall be appointed
27 before the time limited by such notice and shall then accept the trusts hereof.

28 Section 914. Removal of Master Trustee. The Master Trustee may be removed at any
29 time by an instrument or concurrent instruments in writing, (i) executed by the Owners and
30 Holders of not less than a majority in aggregate principal amount of Parity Obligations then
31 Outstanding and filed with the Corporation, or (ii) so long as no Event of Default shall have
32 occurred and be continuing, a resolution adopted or an instrument executed by the Corporation,
33 not less than sixty (60) days before such removal is to take effect as stated in said resolution,
34 instrument or instruments. A photographic copy of any resolution, instrument or instruments
35 filed with the Corporation under the provisions of this paragraph, duly certified by the Secretary
36 of the Corporation as having been received by the Corporation, shall be delivered promptly by
37 the Corporation to the Master Trustee.

38 The Master Trustee may also be removed at any time for acting or proceeding in
39 violation of, or for failing to act or proceed in accordance with, any provisions of this Master
40 Indenture with respect to the duties and obligations of the Master Trustee by any court of
41 competent jurisdiction upon the application of the Corporation or the Owners and Holders of not

1 less than twenty-five percent (25%) in aggregate principal amount of Parity Obligations then
2 Outstanding.

3 Section 915. Appointment of Successor Master Trustee. If at any time hereafter the
4 Master Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting,
5 or the bank or trust company acting as Master Trustee shall be taken over by any governmental
6 official, agency, department or board, the position of Master Trustee shall thereupon become
7 vacant. If the position of Master Trustee shall become vacant for any reason, the Corporation
8 shall appoint a Master Trustee to fill such vacancy. A successor Master Trustee shall not be
9 required if the Master Trustee shall sell or assign substantially all of its corporate trust business
10 and the vendee or assignee shall continue in the corporate trust business, or if a transfer of the
11 corporate trust department of the Master Trustee is required by operation of law, provided that
12 such vendee, assignee or transferee (i) is a bank or trust company within or without the State
13 which is duly authorized to exercise corporate trust powers and subject to examination by federal
14 or State authority, (ii) has good standing, and (iii) has a combined capital, surplus and undivided
15 profits aggregating not less than One Hundred Million Dollars (\$100,000,000) (or whose
16 obligations hereunder are guaranteed by a bank, banking association or trust company duly
17 authorized to exercise corporate trust powers and subject to examination by federal or state
18 authority, of good standing, and having at the time of the appointment of such Master Trustee, a
19 combined capital, surplus and undivided profits of at least such amount). The Corporation shall
20 mail notice of any such appointment made by it, postage prepaid, to all Owners and Holders.

21 At any time within one year after any such vacancy shall have occurred, the Owners and
22 Holders of not less than twenty-five percent (25%) in principal amount of Parity Obligations then
23 Outstanding, by an instrument or concurrent instruments in writing, executed by such Owners
24 and Holders and filed with the Corporation, may nominate a successor Master Trustee, which the
25 Corporation shall appoint and which shall supersede any Master Trustee theretofore appointed by
26 the Corporation. Photographic copies, duly certified by the Secretary of the Corporation as
27 having been received by the Corporation, of each such instrument shall be delivered promptly by
28 the Secretary of the Corporation to the predecessor Master Trustee and to the Master Trustee so
29 appointed by the Owners and the Holders.

30 If no appointment of a successor Master Trustee shall be made pursuant to the foregoing
31 provisions of this Section, any Owner or Holder or any retiring Master Trustee may apply to any
32 court of competent jurisdiction to appoint a successor Master Trustee. Such court may
33 thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a
34 successor Master Trustee.

35 Any successor Master Trustee hereafter appointed (i) shall be a bank or trust company
36 within the State which is duly authorized to exercise corporate trust powers and subject to
37 examination by federal or State authority, (ii) shall be of good standing and (iii) shall have a
38 combined capital, surplus and undivided profits aggregating not less than One Hundred Million
39 Dollars (\$100,000,000) (or whose obligations hereunder are guaranteed by a bank, banking
40 association or trust company duly authorized to exercise corporate trust powers and subject to
41 examination by federal or state authority, of good standing, and having at the time of the
42 appointment of such Master Trustee, a combined capital, surplus and undivided profits of at least
43 such amount).

1 Section 916. Vesting of Duties in Successor Master Trustee. Every successor Master
2 Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also
3 to the Corporation and the State Board of Administration, an instrument in writing accepting
4 such appointment under this Master Indenture and the Pledge Agreement, and thereupon such
5 successor Master Trustee, without any further act, shall become fully vested with all the rights,
6 immunities and powers, and subject to all the duties and obligations, of its predecessor; but such
7 predecessor shall nevertheless, on the written request of its successor or of the Corporation and
8 upon payment of the expenses, charges and other disbursements of such predecessor that are
9 payable pursuant to the provisions of Section 905 hereof, execute and deliver an instrument
10 transferring to such successor Master Trustee all the rights, immunities and powers of such
11 predecessor under this Master Indenture and the Pledge Agreement; and every predecessor
12 Master Trustee shall deliver all property and money held by it under this Master Indenture and
13 the Pledge Agreement to its successor. Should any instrument in writing from the Corporation or
14 the State Board of Administration be required by any successor Master Trustee for more fully
15 and certainly vesting in such Master Trustee the rights, immunities, powers and trusts vested or
16 intended to be vested by this Master Indenture and the Pledge Agreement in the predecessor
17 Master Trustee, any such instrument in writing shall and will, on request, be executed,
18 acknowledged and delivered by the Corporation or the State Board of Administration, as the case
19 may be.

20 Section 917. Removal and Resignation of Bond Registrar. A Bond Registrar may be
21 removed at anytime, with or without cause, by the Corporation, upon thirty (30) days' written
22 notice by the Corporation to such Bond Registrar. A copy of such written notice shall be
23 delivered promptly by the Corporation to the Master Trustee. Upon receipt of such notice the
24 Master Trustee shall cause notice of such removal to be mailed, postage prepaid, to the Owners
25 not less than sixty (60) days before such removal is to take effect.

26 A Bond Registrar may resign and thereby become discharged from the duties, obligations
27 and responsibilities of Bond Registrar under this Master Indenture, by written notice delivered to
28 the Corporation and the Master Trustee. Upon receipt of such notice the Master Trustee shall
29 cause notice of such resignation to be mailed, postage prepaid, at such Bond Registrar's expense,
30 to the Owners not less than sixty (60) days before such resignation is to take effect, but such
31 resignation shall take effect immediately upon the appointment of a new Bond Registrar
32 hereunder if such new Bond Registrar shall be appointed before the time limited by such notice
33 and shall then accept the duties, obligations and responsibilities of Bond Registrar under this
34 Master Indenture. If at any time thereafter a Bond Registrar shall resign, be removed, be
35 dissolved or otherwise become incapable of acting, or the entity acting as Bond Registrar shall be
36 taken over by any governmental official, agency, department or board, the position of Bond
37 Registrar shall thereupon become vacant. If the position of Bond Registrar shall become vacant
38 for any reason, the Corporation shall appoint a Bond Registrar to fill such vacancy. A successor
39 Bond Registrar shall not be required if a Bond Registrar shall sell or assign substantially all of its
40 business and the vendee or assignee shall be qualified in the sole judgment of the Corporation to
41 carry out the duties, obligations and responsibilities of Bond Registrar under this Master
42 Indenture. The Corporation shall promptly deliver written notice of any such appointment by it
43 to the Master Trustee and mail such notice, postage prepaid, to all Owners.

Article X.

EXECUTION OF INSTRUMENTS BY OWNERS AND HOLDERS,
PROOF OF OWNERSHIP OF BONDS OR PARITY DEBT, AND
DETERMINATION OF CONCURRENCE OF OWNERS AND HOLDERS

Section 1001. Execution of Instruments. Any request, direction, consent or other instrument in writing required or permitted by this Master Indenture to be signed or executed by any Owners or Holders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners or Holders or their attorneys or legal representatives or legal representative of his estate if the Owner or Holder is deceased. Proof of the execution of any such instrument and of the ownership of Parity Obligations shall be sufficient for any purpose of this Master Indenture and shall be conclusive in favor of the Master Trustee and the Corporation with regard to any action taken by either under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification, by any officer in any jurisdiction who by the laws thereof has power to take affidavits within such jurisdictions, to the effect that such instrument was subscribed and sworn to before him or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual, such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 205 hereof. The ownership or holding of Parity Debt shall be proved as provided in the related Parity Debt Resolution.

Nothing contained in this Article shall be construed as limiting the Master Trustee to such proof, it being intended that the Master Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of any Owner or Holder shall bind every future Owner or Holder of the same Bond or Parity Debt in respect of anything done by the Master Trustee in pursuance of such request or consent.

Notwithstanding any of the foregoing provisions of this Section, the Master Trustee shall not be required to recognize any person as an Owner or Holder or to take any action at an Owner's or Holder's request unless such Bonds or Parity Debt shall be deposited with it.

Section 1002. Preservation of Information; Communications. (a) The Master Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Owners received by the Master Trustee from the Bond Registrar.

(b) If an Owner which is a Securities Depository Nominee or the Owners of not less than ten percent (10%) in aggregate principal amount of Bonds then Outstanding which are not Securities Depository Nominees (hereinafter collectively referred to as "applicants") apply in writing to the Master Trustee and furnish reasonable proof that each such applicant has owned a Bond for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Owners with respect to

1 their rights under this Master Indenture or under the Bonds and such application is accompanied
2 by a copy of the form of communication which such applicants propose to transmit, then the
3 Master Trustee shall, within five (5) Business Days after receipt of such application, at its
4 election, either

5 (i) afford such applicants access to the information preserved at the time by
6 the Master Trustee in accordance with paragraph (a) of this Section, or

7 (ii) inform such applicants as to the approximate number of Owners whose
8 names and addresses appear in the information preserved at the time by the Master
9 Trustee in accordance with paragraph (a) of this Section, and as to the approximate cost
10 of mailing to such Owners the form of communication, if any, specified in such
11 application.

12 If the Master Trustee shall elect not to afford such applicants access to such information,
13 the Master Trustee shall, upon the written request of such applicants, mail to each Owner whose
14 name and address appears in the information preserved at the time by the Master Trustee in
15 accordance with paragraph (a) of this Section a copy of the form of communication which is
16 specified in such request, with reasonable promptness after a tender to the Master Trustee of the
17 material to be mailed and of payment, or provision for the payment, of the reasonable expenses
18 of mailing.

19 (c) Every Owner, by receiving and holding one or more Bonds, agrees with
20 the Corporation and the Master Trustee that neither the Corporation nor the Master Trustee shall
21 be held accountable by reason of the disclosure of any such information as to the names and
22 addresses of the Owners in accordance with paragraph (b) of this Section, regardless of the
23 source from which such information was derived, and that the Master Trustee shall not be held
24 accountable by reason of mailing any material pursuant to a request made under such paragraph.

25 Section 1003. Credit Provider as Owner or Holder. Notwithstanding any provision of
26 this Master Indenture to the contrary, a Parity Resolution may provide that a Credit Provider
27 providing credit enhancement or substitution for the payment of principal and interest with
28 respect to the Bonds of a Series or Parity Debt shall be deemed to be the Owner of such Bonds or
29 Holder of such Parity Debt, for all purposes of this Master Indenture, including, without
30 limitation, Article VIII and Article XI, and the Pledge Agreement, in the proportion that the
31 aggregate principal amount of Bonds of such Series or of such Parity Debt then Outstanding for
32 which such Credit Provider is providing credit enhancement or substitution bears to the
33 aggregate principal amount of all Parity Obligations then Outstanding, to the exclusion and in
34 lieu of the Owners of such Bonds or Holders of such Parity Debt.

35 Article XI.

36 SUPPLEMENTS AND AMENDMENTS

37
38 Section 1101. Supplemental Indentures Without Consent. The Corporation and the
39 Master Trustee may, from time to time and at any time, without the consent of or notice to any of
40 the Owners or Holders, execute and deliver Supplemental Indentures hereto (which

1 Supplemental Indentures shall thereafter form a part hereof) as shall be substantially consistent
2 with the terms and provisions of this Master Indenture:

3 (a) to cure any ambiguity or formal defect or omission herein, or any conflict
4 between the provisions hereof and of the Pledge Agreement or of any Parity Resolution delivered
5 to the Master Trustee at the same time as the Corporation delivers this Master Indenture, to
6 correct or supplement any provision herein that may be inconsistent with any other provision
7 herein, to make any other provisions with respect to matters or questions arising under this
8 Master Indenture, or to modify, alter, amend, add to or rescind, in any particular, any of the
9 terms or provisions contained in this Master Indenture, or

10 (b) to grant or to confer upon the Master Trustee, for the benefit of the
11 Owners or Holders, any additional rights, remedies, powers, authority or security that may
12 lawfully be granted to or conferred upon the Owners, the Holders or the Master Trustee, or

13 (c) to add to the provisions of this Master Indenture other conditions,
14 limitations and restrictions thereafter to be observed, or

15 (d) to add to the covenants and agreements of the Corporation in this Master
16 Indenture other covenants and agreements thereafter to be observed by the Corporation or to
17 surrender any right or power herein reserved to or conferred upon the Corporation, or

18 (e) to permit the qualification of this Master Indenture under any federal
19 statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith,
20 if the Corporation so determines, to add to this Master Indenture or any Supplemental Indenture
21 such other terms, conditions and provisions as may be permitted or required by such federal
22 statute or Blue Sky law, or

23 (f) to provide for the issuance of Bonds in bearer form, or

24 (g) to provide for the issuance of Bonds under a book-entry system, or

25 (h) to obtain a Credit Facility, Reserve Alternative Instrument, a Derivative
26 Agreement, or other credit enhancement; provided, however, that no Rating Agency shall reduce
27 or withdraw its rating on any of the Parity Obligations then Outstanding as a consequence of any
28 such provision of such Supplemental Indenture, or

29 (i) to make any amendment or modification to this Master Indenture
30 (including any modification to the Incurrence Test) resulting from the elimination of any
31 restriction on the use of Reimbursement Premiums under the Code to pay or to secure debt
32 service on Tax-Exempt Parity Obligations to the extent the elimination of such restriction is
33 permitted by any administrative pronouncement of the Internal Revenue Service (including a
34 private letter ruling) addressed to the Corporation, the FHCF, or any successor of either, or to the
35 extent such elimination of such use restriction is permitted (based upon an Opinion of Counsel)
36 by the Code, or

37 (j) to enable the Corporation to comply with its obligations, covenants and
38 agreements made in Section 604 or in any Parity Resolution for the purpose of maintaining the

1 tax status of interest on any Tax-Exempt Parity Obligations, provided that such change shall not
2 materially adversely affect the security for any Parity Obligations, or

3 (k) to make any other change that, in the opinion of the Master Trustee, which
4 may, but is not required to, rely upon one or more of affirmation of ratings by the Rating
5 Agencies, certificates of Consultants and Opinions of Counsel for such purpose, shall not
6 materially adversely affect the security for the Parity Obligations.

7 Section 1102. Supplemental Indentures With Consent. Subject to the terms and
8 provisions contained in this Section, and not otherwise, the Owners and Holders of not less than
9 a majority in aggregate principal amount of the Parity Obligations then Outstanding shall have
10 the right, from time to time, anything contained in this Master Indenture to the contrary
11 notwithstanding, to consent to and approve the execution and delivery of such Supplemental
12 Indentures as are deemed necessary or desirable by the Corporation for the purpose of
13 modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or
14 provisions contained in this Master Indenture or in any Supplemental Indenture hereto; provided,
15 however, that nothing herein contained shall permit, or be construed as permitting (a) an
16 extension of the maturity of the principal of or the interest on any Bond or Parity Debt without
17 the consent of the Owner of such Bond or the Holder of such Parity Debt, (b) a reduction in the
18 principal amount of any Bond or Parity Debt or the redemption premium or the rate of interest
19 thereon without the consent of the Owner of such Bond or the Holder of such Parity Debt, (c) the
20 creation of a security interest in or a pledge of Net Receipts other than the security interest and
21 pledge created by this Master Indenture without the consent of the Owners of all Bonds
22 Outstanding and the Holders of all Parity Debt Outstanding, (d) a preference or priority of any
23 Bond or Parity Debt over any other Bond or Parity Debt without the consent of the Owners of all
24 Bonds Outstanding and the Holders of all Parity Debt Outstanding or (e) a reduction in the
25 aggregate principal amount of the Parity Obligations required for consent to such Supplemental
26 Indenture without the consent of the Owners of all Bonds Outstanding and the Holders of all
27 Parity Debt Outstanding. Nothing herein contained, however, shall be construed as making
28 necessary the approval by Owners or Holders of the execution and delivery of any Supplemental
29 Indenture as authorized in Section 1101 hereof.

30 If at any time the Corporation and the Master Trustee determine that it is necessary or
31 desirable to execute and deliver any Supplemental Indenture for any of the purposes of this
32 Section, the Master Trustee shall cause notice of the proposed execution of the Supplemental
33 Indenture to be mailed, postage prepaid, to all Owners at their addresses as they appear on the
34 registration books and to all Holders in accordance with the related Parity Debt Resolution. Such
35 notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state
36 that copies thereof are on file at the designated corporate trust office of the Master Trustee for
37 inspection by all Owners and Holders. The Master Trustee shall not, however, be subject to any
38 liability to any Owner or Holder by reason of its failure to cause the notice required by this
39 Section to be mailed and any such failure shall not affect the validity of such Supplemental
40 Indenture when consented to and approved as provided in this Section.

41 Whenever, at any time within three years after the date of the mailing of such notice, the
42 Corporation delivers to the Master Trustee an instrument or instruments in writing purporting to
43 be executed by the Owners or Holders of not less than a majority in aggregate principal amount

1 of Parity Obligations then Outstanding, which instrument or instruments shall refer to the
2 proposed Supplemental Indenture described in such notice and shall specifically consent to and
3 approve the execution and delivery thereof in substantially the form of the copy thereof referred
4 to in such notice, thereupon, but not otherwise, the Corporation and the Master Trustee may
5 execute and deliver such Supplemental Indenture in substantially such form, without liability or
6 responsibility to any Owner or Holder whether or not such Owner or Holder shall have
7 consented thereto.

8 If the Owners or Holders of not less than a majority in aggregate principal amount of
9 Parity Obligations Outstanding at the time of the execution and delivery of such Supplemental
10 Indenture have consented to and approved the execution and delivery thereof as herein provided,
11 to the extent permitted by law, no Owner or Holder shall have any right to object to the
12 execution and delivery of such Supplemental Indenture, to object to any of the terms and
13 provisions contained therein or the operation thereof, to question the propriety of the execution
14 and delivery thereof, or to enjoin or restrain the Corporation and the Master Trustee from
15 executing and delivering the same or from taking any action pursuant to the provisions thereof.

16 Section 1103. Supplemental Indentures Part of Master Indenture. Any Supplemental
17 Indenture executed and delivered in accordance with the provisions of this Article shall
18 thereafter form a part of this Master Indenture, and this Master Indenture shall be and be deemed
19 to be modified and amended in accordance therewith. Thereafter the respective rights, duties and
20 obligations under the Master Indenture of the Corporation, the Master Trustee, any Bond
21 Registrar and all Owners of Bonds and Holders of Parity Debt then Outstanding shall thereafter
22 be determined, exercised and enforced in all respects under the provisions of this Master
23 Indenture as so modified and amended. If any Supplemental Indenture is executed and
24 delivered, Bonds issued thereafter and Parity Debt incurred thereafter may contain an express
25 reference to such Supplemental Indenture, if deemed necessary or desirable by the Corporation.

26 Section 1104. Not a Supplemental Indenture. For purpose of this Article, a
27 Supplemental Indenture or Parity Debt Resolution that relates only to a particular Series of
28 Bonds issued hereunder or Parity Debt incurred under a Parity Debt Resolution and that does not
29 purport to alter or amend the rights or security of any Owners of any Bonds of any other Series
30 issued hereunder or any Holder of any Parity Debt incurred under a Parity Debt Resolution shall
31 not be deemed or considered to be a Supplemental Indenture for purposes of this Article.

32 Section 1105. Responsibilities of the Master Trustee. The Master Trustee shall be
33 entitled to receive, and shall be fully protected in relying upon, an opinion of counsel, who may
34 be Bond Counsel for the Corporation, as conclusive evidence that any proposed supplemental
35 indenture does or does not comply with the provisions of this Master Trust Indenture, and that it
36 is or is not proper for it, under the provisions of this Article, to execute and deliver such
37 supplemental indenture.

Article XII.

DEFEASANCE

Section 1201. Release of Master Indenture. When:

(a) the Bonds and any Parity Debt shall have become due and payable in accordance with their terms or otherwise as provided in this Master Indenture, and the whole amount of the principal and the interest and premium, if any, so due and payable upon all Parity Obligations shall be paid, or

(b) if the Bonds and any Parity Debt shall not have become due and payable in accordance with their terms, the Master Trustee or the Bond Registrar shall hold sufficient money or Defeasance Obligations, or a combination of money and Defeasance Obligations, the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of and the interest and redemption premium, if any, on all Parity Obligations then Outstanding to the maturity date or dates of such Parity Obligations or to the date or dates specified for the redemption thereof, as verified by a nationally recognized independent certified public accountant, and, if Bonds or any Parity Debt are to be called for redemption, irrevocable instructions to call the Bonds or Parity Debt for redemption shall have been given by the Corporation to the Master Trustee, and

(c) sufficient funds shall also have been provided or provision made for paying all other obligations payable hereunder by the Corporation;

then and in that case the right, title and interest of the Master Trustee in the funds, accounts and subaccounts mentioned in this Master Indenture shall thereupon cease, determine and become void and, upon being furnished with an opinion, in form and substance satisfactory to the Master Trustee, of counsel approved by the Master Trustee, to the effect that all conditions precedent to the release of this Master Indenture have been satisfied, the Master Trustee shall release this Master Indenture and shall execute such documents to evidence such release as may be required by such counsel and shall turn over to the Corporation any surplus in, and all balances remaining in, all funds, accounts and subaccounts other than money held for the redemption or payment of Parity Obligations; otherwise, this Master Indenture shall be, continue and remain in full force and effect; provided, however, that in the event Defeasance Obligations shall be deposited with and held by the Master Trustee or the Bond Registrar as hereinabove provided, (i) in addition to the requirements set forth in Article III of this Master Indenture, the Master Trustee, within thirty (30) days after such Defeasance Obligations shall have been deposited with it, shall cause a notice signed by the Master Trustee to be mailed, postage prepaid, to all Owners of Bonds and to all Holders of Parity Debt, setting forth (a) the date or dates, if any, designated for the redemption of the Parity Obligations, (b) a description of the Defeasance Obligations so held by it, and (c) that this Master Indenture has been released in accordance with the provisions of this Section, and (ii) (a) the Master Trustee shall nevertheless retain such rights, powers and privileges under this Master Indenture as may be necessary and convenient in respect of the Bonds and any Parity Debt for the payment of the principal, interest and any premium for which

1 such Defeasance Obligations have been deposited and (b) the Bond Registrar shall retain such
2 rights, powers and privileges under this Master Indenture as may be necessary and convenient
3 for the registration, transfer and exchange of Bonds; and provided, further, however, that failure
4 to mail such notice to any Owner or to the Owners, or to any such Holder or to such Holders, or
5 any defect in such notice so mailed, shall not affect the validity of the proceedings for the release
6 of this Master Indenture.

7 All money and Defeasance Obligations held by the Master Trustee (or any Bond
8 Registrar) pursuant to this Section shall be held in trust and applied to the payment, when due, of
9 the obligations payable therewith.

10 Article XIII.

11 MISCELLANEOUS PROVISIONS

12
13 Section 1301. Successorship of Corporation. In the event the Corporation for any reason
14 shall be dissolved or its legal existence shall otherwise be terminated, all of the covenants,
15 stipulations, obligations and agreements contained in this Master Indenture by or on behalf of or
16 for the benefit of the Corporation shall bind or inure to the benefit of the successor or successors
17 of the Corporation from time to time and any officer, board, commission, authority, agency or
18 instrumentality to whom or to which any power or duty affecting such covenants, stipulations,
19 obligations and agreements shall be transferred by or in accordance with law, and the term
20 "Corporation" as used in this Master Indenture shall include such successor or successors.

21 Section 1302. Successorship of Depositary and Bond Registrar. Any bank or trust
22 company with or into which a Depositary or Bond Registrar may be merged or consolidated, or
23 to which the assets and business of such Depositary or Bond Registrar may be sold, shall be
24 deemed the successor of such Depositary or Bond Registrar for the purposes of this Master
25 Indenture. If the position of any Depositary shall become vacant for any reason or the position
26 of Bond Registrar shall become vacant for any reason not provided for by Section 917 hereof,
27 the Corporation shall appoint a bank or trust company to fill such vacancy within thirty (30) days
28 thereafter; provided, however, that if the Corporation shall fail to appoint such Depositary or
29 Bond Registrar within such period, the Master Trustee shall make such appointment.

30 Section 1303. Manner of Giving Notice. All notices, demands and requests to be given
31 to or made hereunder by the Corporation or the Master Trustee shall be given or made in writing
32 and shall be deemed to be properly given or made if sent by United States certified or registered
33 mail, return receipt requested postage prepaid, addressed as follows:

34 (a) As to the Corporation--

35 Florida Hurricane Catastrophe Fund
36 Finance Corporation
37 c/o State Board of Administration of the
38 State of Florida
39 1801 Hermitage Boulevard
40 Tallahassee, Florida 32308
41 Attention: President

1 (b) As to the Master Trustee--

2 Wells Fargo Bank, N.A.
3 7077 Bonneval Road, Suite 400
4 Jacksonville, FL 32216
5 Attention: Corporate Trust Department

6 Any such notice, demand or request may also be transmitted to the appropriate above-
7 mentioned party by telephone or electronic transmission and shall be deemed to be properly
8 given or made at the time of such transmission if, and only if, such transmission of notice shall
9 be confirmed in writing and sent as specified above.

10 Any of such addresses may be changed at any time upon written notice of such change
11 sent by United States certified or registered mail, postage prepaid, to the other parties by the
12 party effecting the change.

13 All documents received by the Master Trustee under the provisions of this Master
14 Indenture, or photographic copies thereof, shall be retained in its possession until this Master
15 Indenture shall be released under the provisions of Section 1201 hereof, subject at all reasonable
16 times to the inspection of the Corporation, any Owner, any Holder and the agents and
17 representatives thereof.

18 Section 1304. Substitute Mailing. If, because of the temporary or permanent suspension
19 of postal service, the Corporation or the Master Trustee shall be unable to mail any notice
20 required to be given by the provisions of this Master Indenture, the Corporation or the Master
21 Trustee shall give notice in such other manner as in the judgment of the Corporation or the
22 Master Trustee shall most effectively approximate mailing, and the giving of notice in such
23 manner shall for all purposes of this Master Indenture be deemed to be in compliance with the
24 requirement for the mailing thereof.

25 Section 1305. Parties, Bond Registrar, Owners and Holders Alone Have Rights Under
26 Master Indenture. Except as herein otherwise expressly provided, nothing in this Master
27 Indenture, express or implied, is intended or shall be construed to confer upon any person, firm
28 or corporation, other than the Master Trustee, any Bond Registrar, the Corporation, the Owners
29 and the Holders any right, remedy or claim, legal or equitable, under or by reason of this Master
30 Indenture or any provision thereof, this Master Indenture and all its provisions all being intended
31 to be and being for the sole and exclusive benefit of the Master Trustee, the Corporation, any
32 Bond Registrar, the Owners and the Holders.

33 Section 1306. Effect of Partial Invalidity. In case any one or more of the provisions of
34 this Master Indenture or the Bonds or any Parity Debt shall for any reason be held to be illegal or
35 invalid, such illegality or invalidity shall not affect any other provisions of this Master Indenture
36 or the Bonds or any Parity Debt, but this Master Indenture and the Parity Obligations shall be
37 construed and enforced as if such illegal or invalid provisions had not been contained therein. In
38 case any covenant, stipulation, obligation or agreement contained in the Parity Obligations or
39 this Master Indenture shall for any reason be held to be in violation of law, then such covenant,

1 stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or
2 agreement of the Corporation to the full extent permitted by law.

3 Section 1307. Effect of Covenants; Governing Law. All covenants, stipulations,
4 obligations and agreements of the Corporation contained in this Master Indenture shall be
5 deemed to be covenants, stipulations, obligations and agreements of the Corporation to the full
6 extent permitted by the Constitution and laws of the State. This Master Indenture is executed
7 and delivered with the intent that the laws of the State shall govern this construction.

8 Section 1308. No Recourse Against Members, Officers or Employees of Corporation or
9 State Board of Administration. No recourse under, or upon, any statement, obligation, covenant
10 or agreement contained in this Master Indenture, or in any Bond or Parity Debt hereby secured,
11 or in any document or certification whatsoever, or under any judgment obtained against the
12 Corporation or the State Board of Administration, or by the enforcement of any assessment, or
13 by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under
14 any circumstances, shall be had against any member, officer or employee of the Corporation or
15 the State Board of Administration, either directly or through the Corporation of the FHCF for the
16 payment for or to, the Corporation or any receiver of it, or for, or to, any Owner or Holder or
17 otherwise, of any sum that may be due and unpaid upon any such Bond or Parity Debt. Any and
18 all personal liability of every nature, whether at common law or in equity or by statute or by
19 constitution or otherwise, of any such member, officer or employee to respond by reason of any
20 act or omission on his or her part or otherwise, for the payment for, or to, the Corporation or any
21 receiver of either of them, or for, or to, any Owner, Holder or otherwise, of any sum that may
22 remain due and unpaid upon the Bonds or any Parity Debt hereby secured or any of them, is
23 hereby expressly waived and released as an express condition of, and in consideration for, the
24 execution and delivery of this Master Indenture, the issuance of the Bonds and the incurrence of
25 any Parity Debt.

26 Section 1309. Dealing in Parity Obligations. The Master Trustee and any Bond
27 Registrar, and their directors, officers, employees or agents, and any officer, employee or agent
28 of the Corporation, may in good faith, buy, sell, own, hold and deal in any Parity Obligations and
29 may join in any action which any Owner or Holder may be entitled to take with like effect as if
30 such Master Trustee were not a Master Trustee and such bank or trust company were not a Bond
31 Registrar under this Master Indenture or as if such officer, employee or agent of the Corporation
32 did not serve in such capacity.

33 Section 1310. Headings. Any heading preceding the text of the several articles hereof,
34 any table of contents or marginal notes appended to copies hereof, shall be solely for
35 convenience of reference and shall not constitute a part of this Master Indenture, nor shall they
36 affect its meaning, construction or effect.

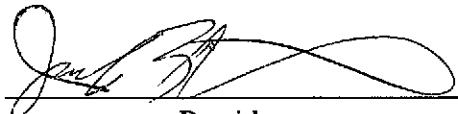
37 Section 1311. Further Authority. The officers, attorneys and other agents or employees
38 of the Corporation are hereby authorized to do all acts and things required of them by this Master
39 Indenture for the full, punctual and complete performance of all of the terms, covenants and
40 agreements contained in the Parity Obligations and this Master Indenture.

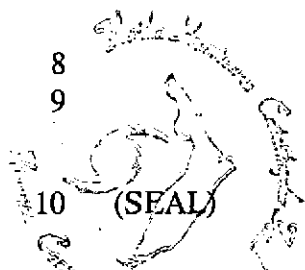
1 Section 1312. Payments Due on Non-Business Days. Except as otherwise provided in a
2 Parity Resolution, if the date for making any payment or the last day for performance of any act
3 or the exercising of any right as provided in this Master Indenture is not a Business Day, such
4 payment may be made or act performed or right exercised on the next Business Day with the
5 same force and effect as if done on the date provided in this Master Indenture.

6 Section 1313. Multiple Counterparts. This Master Indenture may be executed in
7 multiple counterparts, each of which shall be regarded for all purposes as an original, and such
8 counterparts shall constitute but one and the same instrument.

1 IN WITNESS WHEREOF, the Corporation has caused these presents to be signed in its
2 name and on its behalf and attested by its duly authorized officers and to evidence its acceptance
3 of the trusts hereby created, the Master Trustee has caused these presents to be signed in its name
4 and on its behalf and attested by its duly authorized officers, all of as of the day and year first
5 above written.

6 FLORIDA HURRICANE CATASTROPHE FUND
7 FINANCE CORPORATION

8 By: _____
9 President



10 (SEAL)
11 Attest:

12 _____
13 Secretary

14 WELLS FARGO BANK, N.A.,
15 as Master Trustee

16 By: _____
17 [Title]

18 (SEAL)

19 Attest:

20 _____
21 [Title]

IN WITNESS WHEREOF, the Corporation has caused these presents to be signed in its name and on its behalf and attested by its duly authorized officers and to evidence its acceptance of the trusts hereby created, the Master Trustee has caused these presents to be signed in its name and on its behalf and attested by its duly authorized officers, all of as of the day and year first above written.

FLORIDA HURRICANE CATASTROPHE FUND
FINANCE CORPORATION

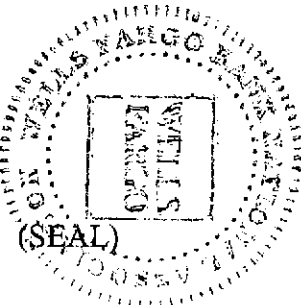
By: _____

(SEAL)

Attest:

WELLS FARGO BANK, N.A.,
as Master Trustee

By: 
Brian P. Clark, Vice President



Attest:

Title:

SEVENTH SUPPLEMENTAL INDENTURE

by and between

STATE BOARD OF ADMINISTRATION FINANCE CORPORATION

and

**WELLS FARGO BANK, N.A.,
as Master Trustee**

Dated as of _____, 2015

Authorizing and Securing

\$ _____

**State Board of Administration Finance Corporation
Revenue Bonds, Series 2015A**

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SEVENTH SUPPLEMENTAL INDENTURE

THIS SEVENTH SUPPLEMENTAL INDENTURE, dated as of _____ ("Supplement No. 7"), by and between the State Board of Administration Finance Corporation, an instrumentality of the State of Florida (the "Corporation"), and Wells Fargo Bank, N.A., a national banking association duly incorporated and existing under the laws of the United States of America and having a corporate trust office in Jacksonville, Florida, which is authorized under such laws to exercise trust powers (the "Master Trustee"),

WITNESSETH:

WHEREAS, Section 215.555, Florida Statutes, as amended (the "Act") creates the Florida Hurricane Catastrophe Fund, a trust fund established for bond covenants, indentures or resolutions within the meaning of Section 19(f)(3), Article III of the Constitution of the State of Florida (the "FHCF"), and provides that the FHCF will be administered by the State Board of Administration of the State of Florida (in its capacity as the governing body and administrator of the FHCF, the "State Board of Administration"); and

WHEREAS, the Corporation has executed and delivered a Master Trust Indenture, dated as of June 1, 2006 (the "Master Trust Indenture" and as supplemented and amended, the "Master Indenture"), by and between the Corporation and the Master Trustee, which authorizes the Corporation to issue Parity Obligations (as defined in the Master Indenture) in accordance with the provisions thereof and hereof; and

WHEREAS, the Corporation issued on July 6, 2006, a series of Parity Obligations in the form of Bonds, in the aggregate principal amount of \$1,350,025,000 (the "Series 2006A Bonds") in accordance with the Master Indenture and a First Supplemental Indenture for the purpose of providing funds, together with other available funds, to (i) enable the FHCF to make reimbursement payments through the FHCF to participating insurers for reimbursable losses caused by Hurricanes Dennis, Katrina, Rita and Wilma pursuant to reimbursement contracts for the Contract Year ended May 31, 2006, subject to the limitations on such reimbursements set forth in the Act, (ii) pay capitalized interest on the Series 2006A Bonds, (iii) make a deposit to the credit of the Parity Common Reserve Account, and (iv) pay certain expenses incurred in connection with the issuance of the Series 2006A Bonds; and

WHEREAS, the Corporation issued on July 21, 2006, a series of Parity Obligations in the form of Bonds, designated for purposes of sale as notes, in the aggregate principal amount of \$2,800,000,000 (the "Series 2006B Notes") in accordance with the Master Indenture and a Second Supplemental Indenture for the purpose of providing funds, together with other available funds, to (i) maximize the ability of the

FHCF to meet future obligations, specifically to provide funds to enable the FHCF to make reimbursement payments through the FHCF to participating insurers for reimbursable losses caused by any Covered Events (as defined in the Act) occurring in the Contract Year ended May 31, 2007 or any subsequent Contract Year, subject to the limitations on such reimbursements set forth in the Act, (ii) pay capitalized interest on the Series 2006B Notes, and (iii) pay certain expenses incurred in connection with the issuance of the Series 2006B Notes; and

WHEREAS, the Corporation issued in October 2007, a series of Parity Obligations in the form of Bonds, designated for purposes of sale as notes, in the aggregate principal amount of \$3,500,000,000 (the "Series 2007A Notes"), in accordance with the Master Indenture and a Third Supplemental Indenture (the "Third Supplemental Indenture") for the purpose of providing funds, together with other available funds, to (i) maximize the ability of the FHCF to meet future obligations, specifically to provide funds to enable the FHCF to make reimbursement payments through the FHCF to participating insurers for reimbursable losses caused by any Covered Events occurring in the Contract Year ended May 31, 2008 or any subsequent Contract Year, subject to the limitations on such reimbursements set forth in the Act, and (ii) pay certain expenses incurred in connection with the issuance of the Series 2007A Notes; and

WHEREAS, the Corporation issued on July 31, 2008, a series of Parity Obligations in the form of Bonds, in the aggregate principal amount of \$625,000,000 (the "Series 2008A Bonds"), in accordance with the Master Indenture and a Fourth Supplemental Indenture for the purpose of providing funds, together with other available funds, to (i) enable the FHCF to make additional reimbursement payments through the FHCF to participating insurers of reimbursable losses caused by Hurricanes Dennis, Katrina, Rita and Wilma pursuant to reimbursement contracts for the Contract Year ended May 31, 2006, subject to the limitations on such reimbursements set forth in the Act, and (ii) pay certain expenses incurred in connection with the issuance of the Series 2008A Bonds; and

WHEREAS, the Corporation issued on May 25, 2010, a series of Parity Obligations in the form of Bonds, in the aggregate principal amount of \$675,920,000 (the "Series 2010A Bonds"), in accordance with the Master Indenture and a Fifth Supplemental Indenture for the purpose of providing funds, together with other available funds, to (i) enable the FHCF to make additional reimbursement payments through the FHCF to participating insurers of reimbursable losses caused by Hurricanes Dennis, Katrina, Rita and Wilma pursuant to reimbursement contracts for the Contract Year ended May 31, 2006, subject to the limitations on such reimbursements set forth in the Act, (ii) pay capitalized interest on the Series 2010A Bonds, (iii) make a deposit to the credit of the Parity Common Reserve Account, and (iv) pay certain expenses incurred in connection with the issuance of the Series 2010A Bonds; and

WHEREAS, the Corporation issued on April 23, 2013, a series of Parity Obligations in the form of Bonds, in the aggregate principal amount of \$2,000,000,000 (the "Series 2013A Bonds"), in accordance with the Master Indenture and a Sixth Supplemental Indenture for the purpose of providing funds, together with other available funds, to (i) maximize the ability of the FHCF to meet future obligations, specifically to provide funds to enable the FHCF to make reimbursement payments through the FHCF to participating insurers for reimbursable losses caused by any Covered Events occurring in the Contract Year ended May 31, 2014 or any subsequent Contract year, subject to the limitations on such reimbursements set forth in the Act, and (ii) and pay certain expenses incurred in connection with the issuance of the Series 2013A Bonds; and

WHEREAS, the Corporation has now determined to issue a series of Parity Obligations in the form of Bonds, in the aggregate principal amount of \$_____ (the "Series 2015A Bonds"), in accordance with the Master Indenture and this Supplement No. 7 for the purpose of providing funds, together with other available funds, to (i) maximize the ability of the FHCF to meet future obligations, specifically to provide funds to enable the FHCF to make reimbursement payments through the FHCF to participating insurers for reimbursable losses caused by any Covered Events occurring in the Contract Year ended May 31, _____ or any subsequent Contract Year, subject to the limitations on such reimbursements set forth in the Act, and (ii) pay certain expenses incurred in connection with the issuance of the Series 2015A Bonds; and

WHEREAS, the Series 2006A Bonds, the Series 2006B Notes, the Series 2007A Notes and the Series 2008A Bonds have been retired, the Series 2010A Bonds have been defeased, and the Series 2015A Bonds shall be issued on a parity basis with the Outstanding Series 2013A Bonds; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

SECTION 101. MEANING OF WORDS AND TERMS. Unless otherwise required by the context, words and terms used herein which are defined, or the definitions of which are incorporated by reference, in the Master Indenture or the form of the Series 2015A Bonds shall have the meanings assigned to them therein, and the following words and terms shall have the following meanings herein; provided that where the Master Indenture provides that a word or term defined in the Master Indenture may be modified by a Supplemental Indenture and such word or term is defined herein, the definition herein shall control:

"Bond Counsel" means a firm of lawyers, selected by the Corporation, nationally recognized for legal expertise in matters relating to municipal bonds.

"Bond Registrar" means the institution serving at the time as Master Trustee.

"Closing" means the delivery of and payment for the Series 2015A Bonds.

"Closing Date" means the date of the Closing.

"Defaulted Interest" means Defaulted Interest as defined in Section 203 hereof.

"Interest Payment Date" means each July 1 and January 1, the first interest payment date being _____.

"Principal Payment Date" means July 1.

"Regular Record Date" means the June 15 and December 15 next preceding each Interest Payment Date.

"Serial Bonds" means the Series 2015A Bonds that are stated to mature on July 1, _____, July 1, _____ and July 1, _____.

"Series 2015A Account of the Costs of Issuance Fund" means the account created and designated by Section 401 hereof.

"Series 2015A Bonds" means the State Board of Administration Finance Corporation Revenue Bonds, Series 2015A, issued pursuant to Section 208 of the Master Indenture and Section 208 of this Supplement No. 7.

"Series 2015A Subaccount of the Interest Account" means the subaccount created and so designated by Section 401 hereof.

"Series 2015A Subaccount of the Principal Account" means the subaccount created and so designated by Section 401 hereof.

"Special Record Date" means a date fixed by the Master Trustee for the payment of Defaulted Interest pursuant to Section 203 hereof.

SECTION 102. RULES OF CONSTRUCTION. The Rule of Construction contained in the Master Indenture shall control the construction of this Supplement No. 7, mutatis mutandis, except as otherwise provided herein.

ARTICLE II
AUTHORIZATION, FORM, ISSUANCE, DELIVERY
AND REGISTRATION OF THE SERIES 2015A BONDS

SECTION 201. LIMITATION ON ISSUANCE OF SERIES 2015A BONDS. No Series 2015A Bonds may be issued under the provisions of this Supplement No. 7 except in accordance with the provisions of the Master Indenture and this Article.

SECTION 202. FORM AND NUMBERING OF SERIES 2015A BONDS. The Series 2015A Bonds are issuable in fully registered form in denominations of \$5,000 and any integral multiple thereof, shall be lettered "RA-", shall be numbered from 1 consecutively upward and shall be substantially in the form set forth in Exhibit A hereto and made a part hereof, with such appropriate variations, omissions and insertions as are permitted or required by the Master Indenture or this Supplement No. 7.

SECTION 203. DETAILS OF SERIES 2015A BONDS.

(a) The Series 2015A Bonds shall be dated the date of their delivery, shall bear interest until their payment, such interest to the maturity thereof being payable semi-annually on each January 1 and July 1, the first interest payment date being _____, at the rates and shall be stated to mature on July 1 in the years (without right of prior redemption), all as set forth in Section 208 hereof.

(b) Each Series 2015A Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (i) authenticated upon an Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) authenticated prior to the first Interest Payment Date, in which event it shall bear interest from its date; provided, however, that if at the time of authentication of any Series 2015A Bond interest is in default, such Series 2015A Bond shall bear interest from the date to which interest has been paid.

(c) Both the principal of and the interest on the Series 2015A Bonds shall be payable in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof. The payment of interest on each Series 2015A Bond shall be made by the Bond Registrar on each Interest Payment Date to the person appearing on the registration books of the Bond Registrar as the Owner thereof as of the Regular Record Date (i) by check mailed to the Owner at his address as it appears on such registration books or (ii) by wire transfer to any Owner of Series 2015A Bonds in the aggregate principal amount of \$1,000,000 or more that requests such method of payment and has furnished the necessary instructions and information to the Bond Registrar. Payment of the principal of all Series 2015A

Bonds shall be made upon the presentation and surrender of such Series 2015A Bonds at the designated corporate trust office of the Bond Registrar as the same become due and payable (whether at maturity or by acceleration or otherwise).

(d) Any interest on any Series 2015A Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Owner on the relevant Regular Record Date solely by virtue of such Owner having been such Owner; and such Defaulted Interest may be paid by the Corporation, at its election in each case, as provided in paragraph 1 or 2 below:

(1) The Corporation may elect to make payment of any Defaulted Interest on the Series 2015A Bonds to the persons in whose names such Bonds (or their respective Predecessor Bonds) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Corporation shall notify the Master Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Series 2015A Bond and the date of the proposed payment (which date shall be such as will enable the Master Trustee to comply with the next sentence hereof), and at the same time, the Corporation shall deposit with the Master Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Master Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this subparagraph provided. Thereupon the Master Trustee shall fix a Special Record Date for the payment of such Defaulted Interest, which shall be neither more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt by the Master Trustee of the notice of the proposed payment. The Master Trustee shall promptly notify the Corporation of such Special Record Date and, in the name and at the expense of the Corporation, such expense to be paid from Gross Receipts or any moneys available to the Corporation for such purpose, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be given by first-class mail, postage prepaid, to each Owner at such Owner's address as it appears in the registration books maintained under Section 206 hereof not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Series 2015A Bonds (or their respective Predecessor Bonds) are registered on such Special Record Date and shall no longer be payable pursuant to the following paragraph (2).

(2) The Corporation may make payment of any Defaulted Interest on the Series 2015A Bonds in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Bonds may be listed and upon such notice as may be required by such exchange, if, after notice given by the Corporation to the Master Trustee of the proposed payment pursuant to this subparagraph, such payment shall be deemed practicable by the Master Trustee.

Subject to the foregoing provisions of this Section 203, each Series 2015A Bond delivered under this Supplement No. 7 upon registration of, transfer of, in exchange for, or in lieu of any other Series 2015A Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Series 2015A Bond and each such Bond shall bear interest from such date, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

SECTION 204. EXECUTION AND FORM OF SERIES 2015A BONDS.

(a) The Series 2015A Bonds shall be signed by, or bear the facsimile signatures of, the President and the Treasurer of the Corporation and the corporate seal of the Corporation shall be impressed, or a facsimile thereof printed, on the Series 2015A Bonds. In case any officer whose signature or a facsimile of whose signature appears on any Series 2015A Bonds ceases to be such officer before the delivery of such Bonds, such signature or such facsimile nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery, and any Series 2015A Bond may bear the facsimile signature of, or may be signed by, such persons as at the actual time of the execution of such Bond are the proper officers to execute such Bond although at the date of such Bond such persons may not have been such officers.

(b) The definitive Series 2015A Bonds are issuable as permitted or required by this Supplement No. 7. All Series 2015A Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to the applicable rules and regulations of any governmental authority or any securities exchange on which the Series 2015A Bonds may be listed or to any requirement of law with respect thereto.

(c) The Series 2015A Bonds shall be issued by means of a book-entry system with no physical distribution of bond certificates to be made except as hereinafter provided. One bond certificate with respect to each date on which the Series 2015A Bonds are stated to mature, in the aggregate principal amount of the Series 2015A Bonds stated to mature on such date and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), shall be issued and delivered as directed by DTC. The book-entry system shall evidence ownership of the Series 2015A Bonds in the principal amount of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The principal of each Series 2015A Bond and interest with respect thereto shall be payable to Cede & Co. or

any other person appearing in the registration books of the Corporation kept by the Bond Registrar as the Owner of such Series 2015A Bond or its registered assigns or legal representatives. Transfer of principal and interest payments to participants of DTC shall be the responsibility of DTC, and transfer of principal and interest payments to beneficial owners of the Series 2015A Bonds by participants of DTC shall be the responsibility of such participants and other nominees of such beneficial owners. The Corporation, the Bond Registrar and the Master Trustee shall not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing records maintained by DTC, its participants or persons acting through such participants.

(d) In the event that (i) DTC determines not to continue to act as Securities Depository for the Series 2015A Bonds or (ii) the Corporation determines that continuation of the book-entry system of evidence and transfer of ownership of the Series 2015A Bonds would adversely affect the interests of the beneficial owners of the Series 2015A Bonds, or (iii) an Event of Default shall occur with respect to the Series 2015A Bonds and is continuing and the beneficial owners of a majority in principal amount of the Series 2015A Bonds shall advise DTC to cease acting as Securities Depository, the Corporation shall discontinue the book-entry system with DTC. If the Corporation identifies another qualified Securities Depository to replace DTC, the Corporation shall make arrangements with DTC and such other Securities Depository to effect such replacement and deliver replacement bonds registered in the name of such other Securities Depository or its Securities Depository Nominee in exchange for the Outstanding Series 2015A Bonds, and the references to DTC or Cede & Co. in this Supplement No. 7 shall thereupon be deemed to mean such other Securities Depository or its Securities Depository Nominee. If the Corporation fails to identify another qualified Securities Depository to replace DTC, the Corporation shall deliver replacement bonds in the form of fully registered certificates in the denomination of \$5,000 or any integral multiple thereof in exchange for the Outstanding Series 2015A Bonds as required by DTC.

SECTION 205. EXCHANGE OF SERIES 2015A BONDS. (a) Series 2015A Bonds, upon surrender thereof at the designated corporate trust office of the Bond Registrar, together with an assignment duly executed by the Owner or his attorney or legal representative, or legal representative of his estate if the Owner is deceased, in such form as shall be satisfactory to the Bond Registrar, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Series 2015A Bonds of the same maturity, of any denomination or denominations authorized by this Supplement No. 7, bearing interest at the same rate and in the same form as the Series 2015A Bonds surrendered for exchange.

(b) The Corporation shall make provision for the exchange of Series 2015A Bonds at the designated corporate trust office of the Bond Registrar.

SECTION 206. NEGOTIABILITY AND REGISTRATION OF TRANSFER OF SERIES 2015A BONDS. (a) The institution at the time serving as Master Trustee under the Master Indenture shall be and is hereby appointed Bond Registrar for the Series 2015A Bonds under this Supplement No. 7.

(b) The Bond Registrar shall keep books for the registration and the registration of transfer of Series 2015A Bonds as to which it is Bond Registrar as provided in this Supplement No. 7. The registration books shall be available at all reasonable times for inspection by the Corporation and any Owner of such Bonds and may be copied by either of the foregoing and their agents or representatives.

(c) The Bond Registrar shall evidence acceptance of the duties, responsibilities and obligations of the Bond Registrar under this Supplement No. 7 by the execution of the certificate of authentication on the Series 2015A Bonds.

(d) The transfer of any Series 2015A Bond may be registered only upon the books kept for the registration and registration of transfer of Series 2015A Bonds upon presentation thereof to the Bond Registrar together with an assignment duly executed by the Owner or his attorney or legal representative, or legal representative of his estate if the Owner is deceased, in such form as shall be satisfactory to the Bond Registrar. No transfer of any Series 2015A Bond shall alter the ownership of such Bond for purposes of this Supplement No. 7 unless such transfer is registered with the Bond Registrar. Upon any such registration of transfer, the Corporation shall, if necessary, execute and the Bond Registrar shall authenticate and deliver in exchange for such Bond a new Series 2015A Bond or Series 2015A Bonds, registered in the name of the transferee, of any denomination or denominations authorized by this Supplement No. 7, in the aggregate principal amount equal to the principal amount of such Bond surrendered or exchanged, of the same maturity and bearing interest at the same rate.

(e) In all cases in which Series 2015A Bonds shall be exchanged or the transfer of Series 2015A Bonds shall be registered hereunder, the Corporation shall, if necessary, execute and the Bond Registrar shall authenticate and deliver at the earliest practicable time Series 2015A Bonds in accordance with the provisions of this Supplement No. 7. All Series 2015A Bonds surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Bond Registrar. No service charge shall be made for any registration, transfer or exchange of Series 2015A Bonds, but the Corporation and the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Series 2015A Bonds.

SECTION 207. OWNERSHIP OF SERIES 2015A BONDS. The Corporation, the Master Trustee, the Bond Registrar and any agent of the Corporation, the Master Trustee or the Bond Registrar, may treat the person in whose name any Series

2015A Bond is registered, including any Securities Depository Nominee, as the absolute Owner of such Bond for the purpose of receiving payment of the principal of and interest on such Bond, and for all other purposes whatsoever, whether or not such Bond be overdue, and, to the extent permitted by law, neither the Corporation, the Master Trustee, the Bond Registrar nor any such agent shall be affected by notice to the contrary.

SECTION 208. AUTHORIZATION OF SERIES 2015A BONDS. There shall be issued under and secured by the Master Indenture and this Supplement No. 7 Series 2015A Bonds of the Corporation in the aggregate principal amount of _____ Dollars (\$_____) for the purpose of providing funds, together with other available funds, to enable the FHCF to make additional reimbursement payments through the FHCF to participating insurers of reimbursable losses caused by any Covered Events in the Contract Year ending May 31, _____ or any subsequent Contract Year, subject to the limitations on such reimbursements set forth in the Act. The Series 2015A Bonds shall be designated "State Board of Administration Finance Corporation Revenue Bonds, Series 2015A". The Series 2015A Bonds are Pre-Event Parity Obligations and Pre-Event Bonds entitled to the benefits of the covenants and agreements in the Pledge Agreement, the Master Trust Indenture and this Supplement No. 7.

The Series 2015A Bonds shall be stated to mature (subject to the right of prior redemption, if any, as provided in Article III hereof) on July 1 of the following years, and shall bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months), payable semi-annually on each January 1 and July 1, the first interest payment date being July 1, _____, until their respective maturities, at the following rates:

<u>Year of Maturity</u> <u>(July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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The Series 2015A Bonds shall be executed substantially in the form and in the manner herein set forth and shall be deposited with the Bond Registrar for authentication, but before the Series 2015A Bonds shall be authenticated and delivered to the purchasers thereof, there shall be filed with the Master Trustee, in addition to the items required to be delivered to the Master Trustee pursuant to Section 208 of the Master Indenture, the following:

(a) a copy, certified by an Authorized Officer of the State Board of Administration to be a true and correct copy, of the resolution of the State Board of Administration determining that the Series 2015A Bonds should be issued in the absence

of a hurricane in order to maximize the ability of the FHCF to meet future obligations, as contemplated by the last sentence of Section 215.555(6)(a)1. of the Act;

(b) a copy, certified by the Treasurer of the Corporation to be a true and correct copy, of the Master Trust Indenture;

(c) an executed counterpart of this Supplement No. 7;

(d) a copy, certified by the Treasurer of the Corporation to be a true and correct copy, of the Pledge Agreement;

(e) a copy, certified by the Treasurer of the Corporation to be a true and correct copy, of the resolution of the Corporation (which resolution may be incorporated in this Supplement No. 7), approving the award of the Series 2015A Bonds and directing the authentication and delivery of such Bonds to or upon the order of the underwriters therein named upon payment of the purchase price therein set forth, plus the accrued interest (if any) thereon; provided, however, that the final determination of any of the details of such Bonds, including the purchase price therefor, may be delegated by such resolution to one or more Authorized Officers of the Corporation to the extent set forth therein;

(f) an Officer's Certificate of the Corporation (which may rely upon certificates or other documentation delivered by an Authorized Officer of the State Board of Administration) evidencing compliance with the requirements of Section 704 of the Master Indenture;

(g) an opinion or opinions of special counsel to the Corporation to the effect that (1) this Supplement No. 7, the Master Indenture and the Pledge Agreement have each been duly and validly authorized, executed and delivered by the Corporation and are each valid and binding agreements of the Corporation enforceable in accordance with their respective terms, (2) no provision of the Master Indenture, this Supplement No. 7 or the Pledge Agreement results in or constitutes a default under any agreement, indenture or other instrument to which the Corporation is a party or by which the Corporation may be bound and of which such special counsel to the Corporation has knowledge, (3) the Corporation's execution and delivery of the Master Indenture, this Supplement No. 7 and the Pledge Agreement and execution and issuance of the Series 2015A Bonds are not subject to any authorization, consent, approval or review of any governmental body, public officer or regulatory authority not theretofore obtained or effected, and (4) the form, terms, execution, issuance and delivery of the Series 2015A Bonds have been duly and validly authorized by the Corporation;

(h) an opinion or opinions of counsel to the State Board of Administration to the effect that (1) the Pledge Agreement has been duly and validly authorized, executed and delivered by the State Board of Administration, acting as the governing body and

administrator of the FHCF, and is a valid and binding agreement of the FHCF enforceable in accordance with its terms, (2) the execution and delivery of the Pledge Agreement and compliance with the provisions on the part of the State Board of Administration contained therein will not, to the best knowledge of such counsel, constitute a material breach of or material default under any applicable constitutional provision, law, administrative regulation, judgment, decree, or any relevant loan agreement, indenture, bond, note, resolution, agreement or other relevant instrument to which the State Board of Administration is a party or to which the State Board of Administration or any of the property or assets of the FHCF is otherwise subject, which breach or default would materially adversely affect the ability of the State Board of Administration to perform its obligations under the Pledge Agreement, and (3) the State Board of Administration's execution and delivery of the Pledge Agreement are not subject to any authorization, consent, approval or review of any governmental body, public officer or regulatory authority not theretofore obtained or effected;

- (i) an opinion of Bond Counsel relating to the Series 2015A Bonds; and
- (j) such other documents as are required to be delivered to the Master Trustee pursuant to this Supplement No. 7.

When the documents mentioned in the Master Indenture and subparagraphs (a) through (j), inclusive, above shall have been filed with the Master Trustee, and when the Series 2015A Bonds shall have been executed and authenticated as required by this Supplement No. 7, the Series 2015A Bonds shall be delivered to or upon the order of the purchasers thereof, but only upon the deposit with the Master Trustee or the State Board of Administration, as the case may be, of the purchase price of the Series 2015A Bonds and the accrued interest, if any, thereon.

Simultaneously with the Closing, from the proceeds of the Series 2015A Bonds (net of Underwriters' discount), which is equal to \$_____, (i) \$_____ shall be deposited with the State Board of Administration, for the account of the FHCF, and be deposited to the credit of the Series 2015A Bonds Proceeds Subaccount of the Pre-Event Parity Obligations Account in the Covered Events Relief Fund established pursuant to Section 8 of the Pledge Agreement, and (ii) \$_____ shall be deposited with the Master Trustee into the Series 2015A Account of the Costs of Issuance Fund to pay or reimburse the Corporation for paying the Costs of Issuance associated with the issuance of the Series 2015A Bonds. Of such \$_____ proceeds, \$_____ shall represent the good faith deposit received by the Corporation, via deposit with the State Board of Administration, from the Underwriters of the Series 2015A Bonds.

ARTICLE III
REDEMPTION OF SERIES 2015A BONDS

SECTION 301. MAKE-WHOLE REDEMPTION OF SERIES 2015A BONDS. [TO COME]

SECTION 302. NOTICE OF REDEMPTION. When redemption of Series 2015A Bonds is authorized pursuant to the provisions hereof, the Trustee shall give to the Owners of Series 2015A Bonds to be redeemed notice, at the expense of the Corporation, of the redemption of the Series 2015A Bonds. Notice of such redemption of the Series 2015A Bonds shall be given by mail, postage prepaid, not more than sixty (60) days or fewer than thirty (30) days prior to said date of redemption, to the Owners of any Series 2015A Bonds to be redeemed. Such notice shall state: (i) the CUSIP numbers of all Series 2015A Bonds being redeemed, (ii) the original issue date of such Series 2015A Bonds, (iii) the maturity date and rate of interest borne by each Series 2015A Bond being redeemed, (iv) the redemption date, (v) the date on which such notice is mailed, (vi) if less than all Outstanding Series 2015A Bonds are to be redeemed, the bond number (and, in the case of a partial redemption of any Series 2015A Bond, the principal amount) of each Series 2015A Bond to be redeemed, (vii) that on such redemption date there shall become due and payable upon each Series 2015A Bond to be redeemed the Make-Whole Redemption Price thereof, or the Make-Whole Redemption Price of the specified portions of the principal thereof in the case of Series 2015A Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable, and (viii) that the Series 2015A Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment at the designated corporate trust office of the Trustee at an address specified. Any such notice may be a conditional notice. In the event the conditions stated in such a notice have not been satisfied on the proposed redemption date, such redemption shall not occur and such notice shall be of no further force or effect. Such mailing shall not be a condition precedent to such redemption, and failure to mail any such notice, or any defect in such notice as mailed, shall not affect the validity of the proceedings for the redemption of the Series 2015A Bonds for which proper notice was given.

In the case of redemption of the Series 2015A Bonds, the Corporation will select the maturities of the Series 2015A Bonds to be redeemed. If the Series 2015A Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the Series 2015A Bonds shall be effected by the Bond Registrar among owners on a pro-rata basis subject to minimum authorized denominations. The particular Series 2015A Bonds to be redeemed shall be determined by the Bond Registrar, using such method as it shall deem fair and appropriate. If the Series 2015A Bonds are registered in book-entry only form and so long as DTC is the sole registered owner of the Series 2015A Bonds, if less than all of the Series 2015A Bonds of a maturity are called for prior redemption, the

particular Series 2015A Bonds or portions thereof to be redeemed shall be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures, provided that, so long as the Series 2015A Bonds are held in book-entry form, the selection for redemption of such Series 2015A Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided by the Bond Registrar pursuant to DTC operational arrangements. If the Bond Registrar does not provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distribution of Principal basis, the Series 2015A Bonds will be selected for redemption in accordance with DTC procedures by lot. It is the Corporation's intent that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the Corporation and the Beneficial Owners be made on a "Pro Rata Pass-Through Distribution of Principal" basis as described above. However, the Corporation can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the Series 2015A Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the Series 2015A Bonds will be selected for redemption in accordance with DTC procedures by lot.

ARTICLE IV
ESTABLISHMENT OF ACCOUNTS AND
SUBACCOUNTS, APPLICATION OF NET RECEIPTS
AND INVESTMENT OF FUNDS

SECTION 401. ESTABLISHMENT OF ACCOUNTS AND SUBACCOUNTS. The following accounts and subaccounts are hereby established:

- (a) Series 2015A Subaccount of the Interest Account of the Bond Fund;
- (b) Series 2015A Subaccount of the Principal Account of the Bond Fund; and
- (c) Series 2015A Account of the Costs of Issuance Fund.

The account and subaccounts mentioned above shall be established with and held by the Master Trustee pursuant to the Master Indenture and this Supplement No. 7 for the benefit of the Owners of the Series 2015A Bonds.

SECTION 402. APPLICATION OF NET RECEIPTS. On or before the dates set forth below, so long as any of the Series 2015A Bonds is Outstanding, the Master Trustee shall withdraw, immediately following any withdrawal required by Section 503(b) of the Master Trust Indenture, from the Reimbursement Premiums Account in the Revenue Fund and, subsequent to such withdrawal, from the Pre-Event Bonds Investment Income Account, the Derivative Agreements Account or any other account or subaccount established in the Revenue Fund (other than the Emergency Assessments Account) in the order specified below, the amounts necessary to make the deposits or payments required by Sections 503(c)(iii) and 504 of the Master Trust Indenture, and, if and to the extent that the amounts on deposit to the credit of the Reimbursement Premiums Account, the Pre-Event Bonds Investment Income Account, the Derivative Agreements Account or any other account or subaccount established in the Revenue Fund are insufficient to make such deposits or payments, the Master Trustee shall withdraw from the Emergency Assessments Account in the Revenue Fund the amounts necessary to satisfy such deposits or payments; provided, however, in the case of the Series 2015A Bonds, the Master Trustee shall draw first from the Reimbursement Premiums Account, then from the Pre-Event Bonds Investment Income Account and then from the Series 2015A Bonds Proceeds Subaccount of the Pre-Event Parity Obligations Account in the Covered Events Relief Fund, prior to making any withdrawal from any of such other Accounts or any other account or subaccount, and the Master Trustee shall apply such amounts to the various subaccounts specified herein in the following order:

- (a) into the Series 2015A Subaccount of the Interest Account, on the Business Day immediately preceding each Interest Payment Date, an amount equal to the interest payable on the Series 2015A Bonds on such Interest Payment Date; and

(b) into the Series 2015A Subaccount of the Principal Account, on the Business Day immediately preceding each Principal Payment Date, an amount equal to the principal of the Series 2015A Bonds coming due on such Principal Payment Date.

SECTION 403. INVESTMENT OF MONEY. (a) Money held for the credit of the subaccounts established hereunder on deposit with the Master Trustee shall be continuously invested and reinvested by the Master Trustee, at the written direction of the Corporation, in Investment Obligations to the extent practicable. Any such Investment Obligations shall mature not later than the respective dates when the money held for the credit of such subaccounts will be required for the purposes intended. No Investment Obligations in any such subaccount may mature beyond the latest maturity date of any Series 2015A Bonds Outstanding at the time such Investment Obligations are deposited.

(b) Investment Obligations acquired with money in or credited to any subaccount established hereunder shall be deemed at all times to be part of such subaccount. Any loss realized upon the disposition or maturity of such Investment Obligations shall be charged against such subaccount. The interest accruing on any such Investment Obligations and any profit realized upon the disposition or maturity of such Investment Obligations to the credit of such subaccounts shall be credited to such respective subaccounts.

(c) Any such interest accruing and any such profit realized from the subaccounts established hereunder shall be transferred upon the receipt thereof by the Corporation or the Master Trustee, as the case may be, pursuant to the provisions of the Master Indenture and this Supplement No. 7.

(d) An Authorized Officer of the Corporation shall give to the Master Trustee written directions respecting the investment of any money required to be invested hereunder, subject, however, to the provisions of this Section 403, and the Master Trustee shall then invest such money in Investment Obligations as so directed. The Master Trustee may request in writing additional directions or authorization from an Authorized Officer of the Corporation with respect to the proposed investment of money. Upon receipt of such directions, the Master Trustee shall invest, subject to the provisions of this Section 403, such money in accordance with such directions.

(e) The Master Trustee shall sell at the fair market price or, acting in a commercially reasonable manner, reduce to cash a sufficient amount of such Investment Obligations whenever it is necessary to do so in order to provide money to make any payment from any such subaccount. The Master Trustee shall not be liable or responsible for any loss resulting from any such investment.

(f) Whenever a transfer of money between two or more of the subaccounts is permitted or required, such transfer may be made as a whole or value determined at the time of such transfer in accordance with Article VI of the Master Indenture, provided that the Investment Obligations transferred are those in which money of the receiving subaccount could be invested at the date of such transfer.

SECTION 404. PAYMENT OF PRINCIPAL AND INTEREST. (a) The Corporation covenants that it will promptly pay the principal of and the interest on every Series 2015A Bond issued under the provisions of this Supplement No. 7 at the places, on the dates and in the manner provided herein and in the Series 2015A Bonds, according to the true intent and meaning thereof and in accordance with the provisions of the Master Indenture and this Supplement No. 7. The Series 2015A Bonds shall constitute Bonds and Parity Obligations under the Master Indenture and shall be secured by the trust estate set forth in the Master Indenture. The Corporation further covenants that it will faithfully perform at all times all of its covenants, undertakings and agreements contained in this Supplement No. 7 and the Master Indenture, or in any Series 2015A Bond executed, authenticated and delivered hereunder or in any proceedings of the Corporation pertaining thereto. The Corporation represents and covenants that it is duly authorized under the Constitution and laws of the State, particularly the Act, to issue the Series 2015A Bonds authorized hereby and to pledge the Net Receipts in the manner and to the extent in the Master Indenture set forth; that all action on its part for the issuance of the Series 2015A Bonds has been duly and effectively taken; and that such Series 2015A Bonds in the hands of the Owners thereof are and will be valid and binding special obligations of the Corporation payable according to their terms.

(b) Subject to the provisions of Sections 503 and 504 of the Master Indenture, on the Business Day preceding each Interest Payment Date or Interest Payment Date and Principal Payment Date, the Master Trustee shall first set aside an amount sufficient to pay the interest on the Series 2015A Bonds becoming due and payable on such Interest Payment Date, and then an amount sufficient to pay the principal of the Series 2015A Bonds becoming due and payable on such Principal Payment Date, and shall make payments as provided herein and in the forms of the Series 2015A Bonds.

(c) At such time as to enable the Bond Registrar to make payments of interest on the Series 2015A Bonds in accordance with Section 203(c) hereof, the Master Trustee shall withdraw from the Series 2015A Subaccount of the Interest Account and make available to the Bond Registrar the amounts required to pay interest on the Series 2015A Bonds on the next succeeding Interest Payment Date. At such time as to enable the Bond Registrar to make payments of principal of the Series 2015A Bonds, the Master Trustee shall withdraw from the Series 2015A Subaccount of the Principal Account the amount required to pay the Series 2015A Bonds on the next succeeding Principal Payment Date and make the same available to the Bond Registrar for the payment of the Series 2015A

Bonds in accordance with the provisions of Section 203(c) hereof and in the manner provided in the forms of the Series 2015A Bonds.

(d) The Series 2015A Bonds shall not be secured by the Parity Common Reserve Account.

SECTION 405. STATE COVENANT. The Corporation acknowledges that Section 708 of the Master Indenture constitutes an important security provision of the Series 2015A Bonds, and confirms that the acknowledgement set forth in this Section 405 has been included as a result of negotiations with the underwriters of the Series 2015A Bonds.

ARTICLE V
THE MASTER TRUSTEE

SECTION 501. ACCEPTANCE OF DUTIES BY MASTER TRUSTEE.

The Master Trustee by execution hereof accepts and agrees to perform the duties and fulfill the trusts imposed upon it by this Supplement No. 7.

ARTICLE VI SUPPLEMENTAL INDENTURES

SECTION 601. SUPPLEMENTAL INDENTURES WITHOUT CONSENT OF OWNERS. The Corporation and the Master Trustee may, from time to time and at any time, without the consent of or notice to any of the Owners of the Series 2015A Bonds, execute and deliver such indentures supplemental hereto (which supplemental indentures shall thereafter form a part hereof) as shall be substantially consistent with the terms and provisions of this Supplement No. 7:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Supplement No. 7 or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Supplement No. 7;

(b) to grant or to confer upon the Master Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Master Trustee;

(c) to add to the covenants and agreements of the Corporation in this Supplement No. 7 other covenants and agreements thereafter to be observed by the Corporation or to surrender any right or power herein reserved to or conferred upon the Corporation;

(d) to permit the qualification of this Supplement No. 7 under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the Corporation so determines, to add to this Supplement No. 7 or any supplemental indenture such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law;

(e) to provide for the issuance of Series 2015A Bonds in bearer form; or

(f) to make any other change that, in the opinion of the Trustee, which may, but is not required to, rely upon one or more of affirmation of ratings by the Rating Agencies, certificates of Consultants and Opinions of Counsel for such purpose, shall not materially adversely affect the security for the Parity Obligations.

SECTION 602. MODIFICATION OF SUPPLEMENT NO. 7 WITH CONSENT OF OWNERS. (a) Subject to the terms and provisions contained in this Section 602, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Series 2015A Bonds then Outstanding shall have the right, from time to time, anything contained in this Supplement No. 7 to the contrary

notwithstanding, to consent to and approve the adoption by the Corporation and the acceptance by the Master Trustee of such supplemental indentures as shall be deemed necessary or desirable by the Corporation for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Supplement No. 7 or in any supplemental indenture hereto; provided, however, that nothing herein contained shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Series 2015A Bond without the consent of the Owner of such Series 2015A Bond, (b) a reduction in the principal amount of any Series 2015A Bond or the rate of interest on any Series 2015A Bond without the consent of the Owner of such Series 2015A Bond, (c) the creation of a pledge of Net Receipts other than the lien and pledge created by the Master Indenture without the consent of the Owners of all Series 2015A Bonds, (d) a preference or priority of any Series 2015A Bond over any other Series 2015A Bond without the consent of the Owners of all Series 2015A Bonds, or (e) a reduction in the aggregate principal amount of Series 2015A Bonds required for consent to such supplemental indenture without the consent of the Owners of all Series 2015A Bonds. Nothing herein contained, however, shall be construed as making necessary the approval by the Owners of the execution and delivery of any supplemental indenture as authorized in Section 601 hereof.

(b) The Master Trustee shall, at the expense of the Corporation, such expense to be paid from Gross Receipts or from any other available moneys, cause notice of the proposed execution and delivery of such supplemental indenture to be mailed, first class, postage prepaid, to all Owners of the Series 2015A Bonds. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the designated corporate trust office of the Master Trustee for inspection by all Owners. The Master Trustee shall not, however, be subject to any liability to any Owner by reason of its failure to mail the notice required by this Section 602, and any such failure shall not affect the validity of such supplemental indenture when approved and consented to as provided in this Section 602.

(c) Whenever, at any time within three years after the date of the mailing of such notice, the Corporation shall deliver to the Master Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than a majority in aggregate principal amount of Series 2015A Bonds then Outstanding, which instrument or instruments shall refer to the proposed supplemental indenture described in such notice and shall specifically consent to and approve the execution and delivery thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Corporation and the Master Trustee may execute and deliver such supplemental indenture in substantially such form, without liability or responsibility to any Owner, whether or not such Owner shall have consented thereto.

(d) If the Owners of not less than a majority in aggregate principal amount of the Series 2015A Bonds Outstanding at the time of the execution of such supplemental

indenture have consented to and approved the execution and delivery thereof as herein provided, to the extent permitted by law, no Owner shall have any right to object to the execution and delivery of such supplemental indenture, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution and delivery thereof, or enjoin or restrain the Corporation or the Master Trustee from executing and delivering the same or from taking any action pursuant to the provisions thereof.

(e) Upon the execution and delivery of any supplemental indenture pursuant to the provisions of this Section 602 or Section 601 hereof, this Supplement No. 7 shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Supplement No. 7 of the Corporation, the Master Trustee and all Owners shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Supplement No. 7, as so modified and amended.

SECTION 603. EXCLUSION OF SERIES 2015A BONDS. Series 2015A Bonds owned or held by or for the account of the Corporation shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Series 2015A Bonds provided for in this Article VI, and the Corporation as Owner of such Series 2015A Bonds shall not be entitled to consent or take any other action provided for in this Article VI. At the time of any consent or other action taken under this Article VI, the Corporation shall furnish the Master Trustee an Officer's Certificate, upon which the Master Trustee may rely, describing all Series 2015A Bonds so to be excluded.

SECTION 604. RESPONSIBILITIES OF MASTER TRUSTEE AND CORPORATION UNDER THIS ARTICLE. The Master Trustee and the Corporation shall be entitled to exercise their discretion in determining whether or not any proposed supplemental indenture or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the Corporation, the rights and interests of the Owners, and the rights, obligations and interests of the Master Trustee. The Master Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of counsel approved by it, who may be Bond Counsel for the Corporation, as conclusive evidence that any such proposed supplemental indenture does or does not comply with the provisions of this Supplement No. 7, and that it is or is not proper for it, under the provisions of this Article VI, to execute and deliver such supplemental indenture.

ARTICLE VII
QUALIFIED ESCROW FUNDS

SECTION 701. QUALIFIED ESCROW FUNDS. Notwithstanding any provisions herein to the contrary, any and all moneys in the Series 2015A Bonds Proceeds Subaccount of the Pre-Event Parity Obligations Account in the Covered Events Relief Fund, the Series 2015A Subaccount of the Interest Account of the Bond Fund, the Series 2015A Subaccount of the Principal Account of the Bond Fund and any other account or subaccount designated by the President or other authorized officer may be designated as Qualified Escrow Funds as provided in the Master Trust Indenture pursuant to a certificate of the President or other authorized officer. In the event of such designation, such Qualified Escrow Funds shall be used solely to pay principal of, redemption premium, if any, and interest on such Series 2015A Bonds as may be designated by the President or other authorized officer of the Corporation.

**ARTICLE VIII.
MISCELLANEOUS PROVISIONS**

SECTION 801. MANNER OF GIVING NOTICE. All notices, demands and requests to be given to or made hereunder by the Corporation, the Master Trustee or the Bond Registrar shall be given or made in writing and shall be deemed to be properly given or made if sent by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

(a) As to the Corporation--

State Board of Administration Finance Corporation
c/o State Board of Administration of the State of Florida
1801 Hermitage Boulevard
Tallahassee, Florida 32308
Attention: President

(b) As to the Master Trustee or Bond Registrar--

Wells Fargo Bank, N.A.
One Independent Drive, Suite 620
Jacksonville, Florida 32202
Attention: Corporate Trust Department

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by electronic mail or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change sent by United States certified or registered mail, postage prepaid, to the other parties by the party effecting the change.

SECTION 802. SUBSTITUTE NOTICE. If, because of the temporary or permanent suspension of postal service, the Corporation, the Master Trustee or the Bond Registrar shall be unable to mail any notice required to be given by the provisions of this Supplement No. 7, such party shall give notice in such other manner as in the judgment of such party shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Supplement No. 7 be deemed to be in compliance with the requirement for the mailing thereof.

SECTION 803. CORPORATION, MASTER TRUSTEE, BOND REGISTRAR AND OWNERS ALONE HAVE RIGHTS UNDER SUPPLEMENT NO. 7. Except as herein otherwise expressly provided, nothing in this Supplement No. 7, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Corporation, the Master Trustee, the Bond Registrar and the Owners, any right, remedy or claim, legal or equitable, under or by reason of this Supplement No. 7 or any provision being intended to be and being for the sole and exclusive benefit of the Corporation, the Master Trustee, the Bond Registrar and the Owners.

SECTION 804. EFFECT OF PARTIAL INVALIDITY. All covenants, stipulations, obligations and agreements of the Corporation contained in this Supplement No. 7 shall be deemed to be covenants, stipulations, obligations and agreements of the Corporation to the full extent permitted by the Constitution and laws of the State. In case any one or more of the provisions of this Supplement No. 7 or the Series 2015A Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Supplement No. 7 or the Series 2015A Bonds, but this Supplement No. 7 and the Series 2015A Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in this Supplement No. 7 or the Series 2015A Bonds shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Corporation to the full extent permitted by law.

SECTION 805. EFFECT OF COVENANTS: GOVERNING LAW. This Supplement No. 7 is executed and delivered with the intent that the laws of the State shall govern this construction.

SECTION 806. HEADINGS. Any heading preceding the text of the several articles hereof, any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Supplement No. 7, nor shall they affect its meaning, construction or effect.

SECTION 807. FURTHER AUTHORITY. The officers, attorneys and other agents or employees of the Corporation are hereby authorized to do all acts and things required of them by this Supplement No. 7 for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Series 2015A Bonds and this Supplement No. 7.

SECTION 808. PAYMENT DUE ON NON-BUSINESS DAYS. In the case of the Series 2015A Bonds, if the date for making any payment or the last day for performance of any act or the exercising of any right as provided in this Supplement No. 7 is not a Business Day, such payment may be made or act performed or right exercised

on the next Business Day with the same force and effect as if done on the date provided in this Supplement No. 7.

SECTION 809. MULTIPLE COUNTERPARTS. This Supplement No. 7 may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Corporation and the Master Trustee have caused this Supplement No. 7 to be executed in their respective names by their respective duly authorized officers all as of the date first written above.

**STATE BOARD OF ADMINISTRATION
FINANCE CORPORATION**

(SEAL)

By: _____
President

ATTEST:

Treasurer

**WELLS FARGO BANK, N.A., as
Master Trustee**

By: _____
Authorized Signatory

EXHIBIT A

FORM OF SERIES 2015A BONDS

RA-

\$ _____

**UNITED STATES OF AMERICA
STATE OF FLORIDA
STATE BOARD OF ADMINISTRATION FINANCE CORPORATION
REVENUE BOND, SERIES 2015A**

Interest Rate

Maturity Date

CUSIP

State Board of Administration Finance Corporation (the "Corporation"), an instrumentality of the State of Florida, for value received, hereby promises to pay, but solely from the sources and in the manner hereinafter provided, to CEDE & CO. or registered assigns or legal representative (the "Owner"), on the Maturity Date set forth above, upon the presentation and surrender hereof, at the designated corporate trust office of Wells Fargo Bank, N.A., in the City of Jacksonville, Florida (the "Bond Registrar"), the principal sum of _____ DOLLARS (\$ _____). The Corporation also promises to pay, but solely from said sources, interest on this bond (calculated on the basis of a 360-day year consisting of twelve 30-day months) from the interest payment date next preceding the date on which it is authenticated, unless it is authenticated on an interest payment date, in which event it shall bear interest from such interest payment date, or it is authenticated prior to _____, in which event it shall bear interest from its date, payable semiannually on each January 1 and July 1, the first interest payment date being _____, at the Interest Rate per annum set forth above until the principal sum hereof is paid. The interest so payable and punctually paid or duly provided for on any interest payment date will be paid to the person in whose name this bond (or one or more Predecessor Bonds, as defined in the Master Indenture hereinafter defined) is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month preceding the calendar month in which an interest payment date occurs. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Owner on such Regular Record Date, and may be paid to the person in whose name this bond is registered at the close of business on a Special Record Date (as defined in the Master Indenture) for the payment of such defaulted interest to be fixed by the Master Trustee (hereinafter mentioned), notice whereof being given to such Owners not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on

which the Series 2015A Bonds (hereinafter mentioned) may be listed and upon such notice as may be required by such exchange, or as more fully provided in the Master Indenture. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

This bond is one of a duly authorized series of revenue bonds of the Corporation, designated "State Board of Administration Finance Corporation Revenue Bonds, Series 2015A" (the "Series 2015A Bonds"), issued under and pursuant to the Constitution and laws of the State of Florida, including Section 215.555, Florida Statutes (the "Act"), a Master Trust Indenture, dated as of June 1, 2006 (as amended and supplemented, the "Master Indenture"), by and between the Corporation and Wells Fargo Bank, N.A., Jacksonville, Florida, as master trustee (the "Master Trustee"), and the Seventh Supplemental Indenture, dated as of _____ ("Supplement No. 7"), by and between the Corporation and the Master Trustee. The Master Trustee is also the Bond Registrar for the Series 2015A Bonds. The Series 2015A Bonds are being issued for the purpose of providing funds, together with other available funds, to enable the FHCF to make reimbursement payments through the FHCF to participating insurers of reimbursable losses caused by any Covered Events occurring in the Contract Year ending May 31, _____ or any subsequent Contract Year, subject to the limitations on such reimbursements set forth in the Act.

The Series 2015A Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in Supplement No. 7. One bond certificate with respect to each date on which the Series 2015A Bonds are stated to mature, in the aggregate principal amount of the Series 2015A Bonds stated to mature on such date and registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York ("DTC"), is being issued and required to be deposited with DTC and immobilized in its custody. The book-entry system will evidence ownership of the Series 2015A Bonds in the principal amount of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Transfer of principal and interest payments to beneficial owners of the Series 2015A Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The Corporation will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. While Cede & Co. is the Owner of this bond, notwithstanding the provisions hereinabove contained, payments of principal of and interest on this bond shall be made in accordance with the existing arrangements between the Bond Registrar and DTC.

The Corporation, the State Board of Administration, acting as the governing body and administrator of the FHCF, and the Master Trustee have entered into a Pledge and

Security Agreement, dated as of June 1, 2006 (the "Pledge Agreement"), pursuant to which the State Board of Administration has pledged to the Corporation all of the right, title and interest of the FHCF in and to the Pledged Collateral (as defined in the Pledge Agreement), and has agreed to transfer directly to the Master Trustee the Pledged Collateral in such amounts and at such times as are required to provide for the timely payment of the principal of and interest on the Series 2015A Bonds.

The Series 2015A Bonds are special obligations of the Corporation secured by a pledge, security interest in and lien upon the Net Receipts (as defined in the Master Indenture) and an assignment of the Corporation's right, title and interest in and to the Pledge Agreement (subject to the reservation of certain rights of the Corporation). The Corporation is not obligated to pay the principal of or the interest on the Series 2015A Bonds except as provided in the Master Indenture from Net Receipts, and neither the faith and credit nor the taxing power of the State of Florida or any political subdivision thereof is pledged to the payment of the principal of and the interest on the Series 2015A Bonds. The Corporation has no taxing power. The Master Indenture provides for the issuance from time to time under the conditions, limitations and restrictions therein set forth of additional bonds and Parity Debt (as defined in the Master Indenture) secured on a parity as to the pledge of Net Receipts with the Series 2015A Bonds. The Series 2015A Bonds are being issued on parity under the Master Indenture with the Corporation's Revenue Bonds, Series 2013A.

The Master Indenture provides for the creation of a special fund designated "State Board of Administration Finance Corporation Bond Fund" (the "Bond Fund"). Pursuant to Supplement No. 7, special subaccounts have been created within the certain accounts of the Bond Fund with respect to the Series 2015A Bonds (the "Subaccounts"), which Subaccounts are charged with the payment of the principal of and the interest on the Series 2015A Bonds. Supplement No. 7 also provides for the deposit of Net Receipts to the credit of the Subaccounts to the extent and in the manner provided in the Master Indenture.

[REDEMPTION - TO COME]

Notice of any such redemption shall be given by mail, postage prepaid, not more than 60 days or fewer than 30 days prior to said date of redemption, to the Owners of any Series 2015A Bonds to be redeemed. Such notice shall specify, among other things: (1) that the whole or a designated portion of this Series 2015A Bond is to be redeemed, (2) the date of redemption, and (3) the place or places where the redemption will be made. Any such notice may be a conditional notice. In the event the conditions stated in such a notice have not been satisfied on the proposed redemption date, such redemption shall not occur and such notice shall be of no further force or effect.

Under the Master Indenture, in certain events of default, on the conditions, in the manner and with the effect, the principal of all Parity Obligations then outstanding may be declared to be and become due and payable prior to the stated maturities thereof, together with the interest accrued thereon.

Reference is made to the Master Indenture, Supplement No. 7 and the Pledge Agreement for a more complete statement of the provisions thereof and of the rights of the Corporation, the Master Trustee and the Owners of the Series 2015A Bonds. Copies of the Master Indenture, Supplement No. 7 and the Pledge Agreement shall be available for inspection by any Owner of the Bonds at all reasonable times at the designated corporate trust office of the Master Trustee. By the purchase and acceptance of this bond, the Owner hereof signifies assent to all of the provisions of the Master Indenture, Supplement No. 7 and the Pledge Agreement.

At the designated corporate trust office of the Bond Registrar, in the manner and subject to the conditions provided in the Master Indenture, Series 2015A Bonds may be exchanged for an equal aggregate principal amount of Series 2015A Bonds of the same series and maturity, of authorized denominations and bearing interest at the same rate.

The Bond Registrar shall keep at its designated corporate trust office books for the registration of transfer of the Series 2015A Bonds. The transfer of this bond may be registered only upon such books and as otherwise provided in the Master Indenture upon the surrender hereof to the Bond Registrar together with an assignment duly executed by the Owner hereof or such Owner's attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall deliver in exchange for this bond a new Series 2015A Bond or Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this bond, of the same series and maturity and bearing interest at the same rate.

This bond, notwithstanding the provisions for registration of transfer stated herein and contained in the Master Indenture and Supplement No. 7, at all times shall be, and shall be understood to be, an investment security within the meaning of and for all the purposes of the Uniform Commercial Code of Florida. This bond is issued with the intent that the laws of the State of Florida shall govern its construction.

Modifications or alterations of the Master Indenture and Supplement No. 7 or in any supplemental indenture thereto may be made only to the extent and in the circumstances permitted by the Master Indenture and Supplement No. 7, as the case may be.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this bond and the execution and delivery of the Master

Indenture and Supplement No. 7 have happened, exist and have been performed as so required.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Master Indenture or Supplement No. 7 until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the State Board of Administration Finance Corporation has caused this bond to be manually signed by its President and Treasurer and its corporate seal to be impressed hereon, all as of the 23rd day of April, 2013.

**STATE BOARD OF ADMINISTRATION
FINANCE CORPORATION**

(SEAL)

President

ATTEST:

Treasurer

CERTIFICATE OF AUTHENTICATION

This bond is a Bond of the Series designated therein and issued under the provisions of the within-mentioned Master Indenture and Supplement No. 7.

Date of Authentication:

WELLS FARGO BANK, N.A.,
Bond Registrar

By: _____
Authorized Signatory

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the Corporation or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by the authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

Insert Social Security or Other Identifying Number of Assignee

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____, as attorneys to register the transfer of the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

NOTICE: The signature to this assignment must correspond with the name of the Registered Holder as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or other identifying number of such assignee must be supplied.

State Board of Administration Finance Corporation
\$ _____
Revenue Bonds, Series 2015A

BOND PURCHASE CONTRACT

_____ (the "Senior Manager"), acting for itself and on behalf of _____ (collectively, including the Senior Manager, the "Underwriters"), offers to enter into the following agreement (the "Purchase Contract") with the State Board of Administration Finance Corporation (the "Corporation"). The offer made hereby is subject to acceptance thereof by execution of this Purchase Contract and its delivery, to the Senior Manager or counsel to the Underwriters at or prior to 5:00 p.m., Eastern time, on the date hereof or such later date or time as may be mutually agreed upon by the Underwriters and the Corporation, and if not so accepted, will terminate. All capitalized undefined terms used herein shall have the meanings set forth in the hereinafter defined Indenture.

The Corporation acknowledges and agrees that (i) the purchase and sale of the Bonds (as defined below) pursuant to this Purchase Contract is an arm's-length commercial transaction between the Corporation and the Underwriters, (ii) in connection with such transaction, each Underwriter is acting solely as a principal and not as an agent or a fiduciary of the Corporation, (iii) the Underwriters have not assumed (individually or collectively) a fiduciary responsibility in favor of the Corporation with respect to the offering of the Bonds or the process leading thereto (whether or not any Underwriter, Or any affiliate of an Underwriter, has advised or is currently advising the Corporation on other matters) or any other obligation to the Corporation, (iv) the Corporation has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds (as defined herein), (v) the Underwriters have financial and other interests that differ from those of the Corporation, and (vi) this Purchase Contract expresses the entire relationship among the parties hereto with respect to the Bonds hereinafter mentioned.

1. Upon the terms and conditions and upon the basis of the representations and agreements set forth herein, the Underwriters, jointly and severally, hereby agree to purchase from the Corporation for a bona fide offering to the public and the Corporation hereby agrees to sell and deliver to the Underwriters for such purpose, all (but not less than all) of the \$ _____ State Board of Administration Finance Corporation Revenue Bonds, Series 2015A (the "Bonds"). The Bonds will be dated the date of their delivery. The interest on the Bonds will be payable from their dated date semi-annually each January 1 and July 1, beginning _____. The purchase price for the Bonds is \$ _____ (which is the aggregate principal amount of the Bonds, less

Underwriters' discount of \$_____). As used in this Purchase Contract, "Closing" shall mean the payment for and delivery of the Bonds and the other actions contemplated by this Purchase Contract to take place at the time of such payment and delivery.

The difference between the purchase price for the Bonds and the prices at which the Bonds are initially offered to the investing public set forth in Exhibit A, attached hereto, is herein referred to as the "Underwriters' Spread" and the components of the Underwriters' Spread are as they appear on the "Memorandum of Understanding of Pricing" in Exhibit A.

2. Prior to the date hereof, the Corporation has provided to the Underwriters for their review the Preliminary Official Statement of the Corporation relating to the Bonds, dated _____ (such Preliminary Official Statement including the cover page and all exhibits and appendices thereto and attached hereto as Exhibit B, the "Preliminary Official Statement"), The Corporation hereby ratifies and approves the distribution of the Preliminary Official Statement by the Underwriters in connection with the offering for sale of the Bonds. The Corporation shall, at its expense, deliver, or cause to be delivered, to the Underwriters within seven (7) business days after the date hereof but not later than two (2) business days prior to the Closing and in sufficient time to accompany any confirmation that requests payment from any customer such number of copies of the Official Statement (as defined below) as the Underwriters shall reasonably request, but not to exceed _____ copies, in order to comply with all applicable rules of the Municipal Securities Rulemaking Board ("MSRB") and Rule 15c2-12(b)(4) of the Securities and Exchange Commission ("SEC").

As of the date of the Preliminary Official Statement, the Preliminary Official Statement was "deemed final" (except for permitted omissions) by the Corporation for purposes of SEC Rule 15c2-12(b)(1). The final Official Statement to be dated the date hereof (the "Official Statement") for purposes of Rule 15c2-12(b)(3) and (4) of the SEC, which will be determined to be final by the execution thereof by the Corporation, will be in substantially the form of the Preliminary Official Statement, with such changes to the Preliminary Official Statement as are necessary to include the terms and provisions of this Purchase Contract.

From the date hereof until the end of the underwriting period (as hereinafter defined), if the Corporation becomes aware of any event which may make it necessary to amend or supplement the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Corporation shall notify the Underwriters and if, in the reasonable opinion of the Corporation or the Underwriters, such event requires the preparation and publication of an amendment or supplement to the Official Statement, the Corporation, at its expense (unless such amendment or supplement is as a result of misinformation provided by the Underwriters, in which case the expense shall be borne by the Underwriters), promptly

shall prepare, in a form and in a manner approved by the Underwriters, an appropriate amendment or supplement thereto so that the statements in the Official Statement as so amended or supplemented will not, in light of the circumstances under which they were made, be inaccurate, incomplete or misleading.

The term "end of the underwriting period" means the later of (i) the date of the Closing, or (ii) the date on which the Underwriters do not retain an unsold balance of the Bonds for sale. Unless the Underwriters otherwise notify the Corporation in writing, the Corporation may treat the Closing as the end of the underwriting period.

The Bonds shall be as described in, and shall be issued and secured under, a resolution of the Corporation adopted on _____, and the provisions of a Master Trust Indenture dated as of June 1, 2006 (the "Master Indenture"), between the Corporation and Wells Fargo Bank, N.A., Jacksonville, Florida, as Master Trustee, as supplemented by the Seventh Supplemental Indenture dated as of _____ (together with the Master Indenture, the "Indenture"), and pursuant to a Pledge and Security Agreement dated as of June 1, 2006 (the "Pledge Agreement") among the State Board of Administration of Florida, as administrator of the Florida Hurricane Catastrophe Fund (the "FHCF") (in this capacity, the "State Board of Administration"), the Corporation and the Master Trustee. The Bonds shall be dated, shall mature on such dates and in such amounts, shall bear interest at the rates as are set forth in Exhibit A attached hereto and shall have such other terms and provisions as are described in the Indenture.

[INSERT REDEMPTION PROVISIONS]

The Senior Manager hereby represents that (a) it is authorized by each of the other Underwriters, as evidenced by the Agreement Among Underwriters (the "AAU") (or other agreement or written authorization) attached hereto as Exhibit C, to execute this Purchase Contract, to act on their behalf and to take such action as it may deem advisable with respect to all matters pertaining to this Purchase Contract; (b) each Underwriter is registered as a municipal securities dealer under the Securities Exchange Act of 1934, as amended; (c) the Senior Manager has not, and, based solely on certifications made to the Senior Manager by the Underwriters other than the Senior Manager in the AAU, such other Underwriters have not, been convicted or entered a plea of guilty or nolo contendere to fraud in a federal or state court, during the two year period immediately preceding the date of this Purchase Contract; and (d) it has provided to the Corporation a disclosure statement in a form agreed to by the Corporation and the Underwriters, which is attached as Exhibit E to this Purchase Contract. The payment for, acceptance of and execution and delivery of any receipt for the Bonds and any other instruments or documents at or in connection with the Closing shall be made solely by the Senior Manager, for and in the name and on behalf of the Underwriters and shall be valid and sufficient for all purposes and binding upon each of the Underwriters; *provided, however*, that none of such actions by the Senior Manager shall impose any obligation or liability

upon the Senior Manager or any other Underwriter, other than an obligation or liability set forth expressly in this Purchase Contract.

The Senior Manager, on behalf of the Underwriters, shall deliver to the order of the Corporation an amount equal to \$_____ by wire transfer to be received by the Corporation no later than 5:00 p.m. Eastern Time, on the date of execution of this Purchase Contract (such wire transfer being hereinafter referred to as the "Good Faith Wire"). If the Good Faith Wire is not received in the amount and at the time set forth in this paragraph, the Corporation reserves the right to cancel this Purchase Contract. In the event the Corporation does not accept this offer or upon the failure of the Corporation to deliver the Bonds at the Closing, or if the Corporation shall be unable to satisfy the conditions to the obligations of the Underwriters contained in this Purchase Contract, such Good Faith Wire shall be immediately returned to the Senior Manager. If the offer is hereby accepted, the Corporation agrees to hold the Good Faith Wire until Closing as security for the performance by the Underwriters at the Closing, and the Good Faith Wire shall be applied to the purchase price for the Bonds, Interest on the Good Faith Wire shall accrue to the benefit of the Corporation and shall not offset the amount due from the Underwriters at Closing. In the event the Underwriters fail to purchase the Bonds at the Closing, unless such failure is permitted as herein provided, the Good Faith Wire and the interest accrued thereon shall be retained by the Corporation as full liquidated damages for such failure and, except as set forth in Paragraphs 10 and 11 hereof, neither party hereto shall have any further rights against the other hereunder.

3. The Underwriters agree to make an initial public offering of all of the Bonds at not in excess of the public offering prices or yields set forth on the inside cover page of the Official Statement. If such offering does not result in the sale of all of the Bonds, the Underwriters may offer and sell the Bonds at prices lower or higher than the offering prices or yields set forth on the inside cover page of the Official Statement. A group of selected dealers may be created by the Underwriters.

4. The Corporation hereby authorizes the use by the Underwriters of the Indenture, the Pledge Agreement and the Official Statement, including any supplements or amendments thereto, in connection with the public offering and sale of the Bonds.

5. The Corporation hereby represents and agrees with the Underwriters that:

(a) the Corporation is a public benefits corporation and instrumentality of the State of Florida with the powers and authority set forth in Section 215.555, Florida Statutes, as amended and supplemented from time to time (the "Act");

(b) The Corporation has full legal right, power and authority to and has taken all necessary official actions to: (i) enter into this Purchase Contract (including, without limitation, the provisions of Section 11, hereof), (ii) enter into the Indenture, the Pledge Agreement, and the Continuing Disclosure Agreement

dated as of the date of Closing between the Corporation and the State Board of Administration (the "Continuing Disclosure Agreement"), (iii) sell, issue and deliver the Bonds to the Underwriters as provided herein, (iv) use the proceeds from the sale of the Bonds for the purposes described in the Official Statement, (v) secure the Bonds as provided in the Indenture and the Pledge Agreement and to pledge the Trust Estate (as hereinafter defined) to the Master Trustee as provided in the Indenture, and (vi) carry out and consummate the transactions contemplated by this Purchase Contract, the Indenture, the Pledge Agreement, the Continuing Disclosure Agreement, and the Official Statement, and as of the date of Closing will be in compliance in all material respects with the terms of the Act, the Indenture, the Pledge Agreement, and the Continuing Disclosure Agreement;

(c) (1) By all necessary official actions, the Corporation has (i) duly authorized the execution and delivery of the Indenture, the Continuing Disclosure Agreement, and the Pledge Agreement, (ii) duly approved and authorized the distribution and use of the Preliminary Official Statement and the Official Statement, and (iii) duly authorized the execution and delivery of the Bonds and the performance by the Corporation of the obligations on its part contained or described in the Bonds, the Indenture, the Pledge Agreement, the Continuing Disclosure Agreement, the Official Statement, and this Purchase Contract, and the consummation by the Corporation of all other transactions contemplated thereby to be undertaken by the Corporation in connection with the issuance of the Bonds;

(2) Upon delivery and execution by the Corporation and the Master Trustee and assuming the due authorization, execution and delivery of the Indenture by the Master Trustee, the Indenture will constitute a legal, valid and binding obligation of the Corporation, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity. Upon execution by the Corporation and the other parties thereto (and assuming the due authorization, execution and delivery of such agreements by the other parties thereto), this Purchase Contract, and the Continuing Disclosure Agreement will constitute the legal, valid and binding obligations of the Corporation, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights and subject, as to enforceability, to general principles of equity. Neither the Master Indenture nor the Pledge Agreement have been amended since their execution as of June 1, 2006, and the Master Indenture and the Pledge Agreement constitute valid and binding obligations of the Corporation, enforceable in accordance with their terms, subject to

applicable bankruptcy, insolvency and similar laws affecting creditors' rights and subject, as to enforceability, to general principles of equity;

(3) The Bonds, when issued and delivered to the Underwriters in accordance with the Indenture and this Purchase Contract, will constitute legal, valid and binding obligations of the Corporation, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity;

(d) To the best knowledge of the Corporation:

(1) The Corporation is not, and as of the Closing will not be, in material breach of or material default under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree, or any relevant loan agreement, indenture, bond, note or resolution, agreement or other relevant instrument to which the Corporation is a party or to which the Corporation is otherwise subject, and no event has occurred and is continuing which would have a material adverse effect on the financial condition of the Corporation or which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument, which breach or default covered by this subparagraph would materially adversely affect the ability of the Corporation to perform its obligations under the Indenture, the Continuing Disclosure Agreement, the Pledge Agreement, the Bonds or this Purchase Contract;

(2) The execution and delivery of the Indenture, the Pledge Agreement, the Bonds, the Continuing Disclosure Agreement, and this Purchase Contract and compliance with the provisions on the part of the Corporation contained therein, will not constitute a material breach of or material default under any applicable constitutional provision, law, administrative regulation, judgment, decree, or any relevant loan agreement, indenture, bond, note, resolution, agreement or other relevant instrument to which the Corporation is a party or to which the Corporation is otherwise subject, which breach or default would materially adversely affect the authority or ability of the Corporation to perform its obligations under the Indenture, the Continuing Disclosure Agreement, the Pledge Agreement, the Bonds or this Purchase Contract, nor, to the best knowledge of the Corporation will any such execution, delivery, adoption or compliance result in the creation or imposition of any material lien, charge or other security interest or encumbrance of any nature whatsoever upon the Trust Estate (as hereinafter defined) except as provided by the Bonds, the Indenture, and the Pledge Agreement;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required to be obtained by the Corporation for the due authorization by or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Corporation of its obligations in connection with the issuance of the Bonds or for the execution and delivery of this Purchase Contract, the Indenture, the Continuing Disclosure Agreement, and the Pledge Agreement, have been duly obtained;

(f) The Bonds, when issued, executed and delivered in accordance with the Indenture and sold to the Underwriters as provided herein, will be entitled to the benefits of the Indenture and the Pledge Agreement; and upon such issuance, execution and delivery, the Indenture will provide, for the benefit of the owners from time to time of the Bonds, a legally valid and binding pledge of and prior lien upon the moneys pledged by the State Board of Administration pursuant to the Pledge Agreement, consisting of the Reimbursement Premiums and earnings thereon, Emergency Assessments and earnings thereon, net proceeds of the Bonds until spent, investment earnings on proceeds of the Bonds and Other Pledged Money remaining after the payment of Current Expenses of the Florida Hurricane Catastrophe Fund (the aforementioned moneys are collectively referred to as "Pledged Collateral" or the "Trust Estate"), subject only to the provisions of the Indenture and the Pledge Agreement permitting the application thereof on the terms and conditions set forth in the Indenture and the Pledge Agreement;

(g) As of the date hereof, except as described in the Preliminary Official Statement and the Official Statement or previously disclosed in writing to the Underwriters, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending (and concerning which service of process or other adequate legal notice has been made) or, to the best knowledge of the Corporation, threatened against the Corporation, affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the pledge or collection of the Trust Estate pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge of and lien upon the Trust Estate, or contesting or affecting as to the Corporation, the validity or enforceability of the Act in any respect relating to the authorization for the issuance of the Bonds, the Indenture, the Pledge Agreement, the Continuing Disclosure Agreement, this Purchase Contract, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Corporation, or any authority for the issuance of the Bonds, or the execution and delivery by the Corporation of the Indenture, the Pledge Agreement, the Continuing Disclosure Agreement, and this Purchase Contract;

(h) The Corporation will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request in order to (1) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and (2) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions or to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Corporation shall not be required to (1) spend money, (2) execute a general or special consent to service of process, or (3) qualify to do business in connection with any such qualification or determination in any jurisdiction;

(i) As of the date of the Preliminary Official Statement and as of the date of this Purchase Contract, to the best knowledge of the Corporation, the Preliminary Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) At the time of the Corporation's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to the third paragraph of Section 2 of this Purchase Contract), at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement does not and will not, to the best knowledge of the Corporation, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading;

(k) Any certificate signed by an authorized official of the Corporation and delivered to the Underwriters shall be deemed a representation by the Corporation to the Underwriters as to the statements made therein;

(l) The Corporation is not in default and has not been in default at any time after December 31, 1975 as to principal or interest with respect to an obligation issued or guaranteed by the Corporation which would require disclosure pursuant to Section 517.051, Florida Statutes, as amended;

(m) Except as described in the Preliminary Official Statement and the Official Statement, the Corporation has never failed to comply with any continuing disclosure obligations previously undertaken by the Corporation, if any, in accordance with the continuing disclosure requirements of Rule 15c2-12 of the SEC;

(n) If the Official Statement is supplemented or amended pursuant to the third paragraph of Section 2 of this Purchase Contract, at the time of each

supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the Underwriting Period, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which made, not misleading.

6. On _____, or on such other date as may be mutually agreed upon by the Corporation and the Underwriters as the Closing date, the Corporation shall, subject to the terms and conditions hereof, deliver the Bonds to the Underwriters in definitive form, duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriters will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by immediately available funds to the order of the Corporation. Delivery and payment as aforesaid shall be made at such place as may be mutually agreed upon by the Corporation and the Underwriters. At or prior to 1:00 p.m. New York time on the Closing date, the Corporation shall deliver or cause to be delivered to the Underwriters through the facilities of The Depository Trust Company ("DTC"), New York, New York, or through the Bond Registrar on behalf of DTC via its F.A.S.T. delivery system, the Bonds in definitive form (one typewritten Bond for each maturity and registered in the name of Cede & Co., as the nominee of DTC), duly executed and authenticated, together with the items identified in Section 9 below. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriters to accept delivery of the Bonds in accordance with the terms of this Purchase Contract. The Bonds shall be prepared and made available to the Underwriters at least 24 hours before the Closing date for purposes of inspection.

7. (a) The State Board of Administration, by execution of an endorsement and acceptance of this Purchase Contract, agrees to:

(i) furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request in order to (1) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and (2) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions or to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the State Board of Administration shall not be required to (1) spend money, (2) execute a general or special consent to service of process, or (3) qualify to do business in connection with any such qualification or determination in any jurisdiction;

(ii) deliver to the Underwriters its certificate to the effect that the audited financial records of the FHCF for the fiscal year ended June 30, 2014 and June 30, 2013, contained in the Official Statement as Appendix B thereto, to the best of its knowledge, present fairly the financial position of the FHCF as of the dates indicated and the results of its operations for the periods specified, and other financial information and statistical data relating to the FHCF and included in the Official Statement are, to the best of its knowledge, true and correct as of the date hereof; and

(iii) certify at the Closing that all liens, encumbrances, covenants, conditions and restrictions, if any, to the real and personal property of the FHCF will not interfere with or impair the operations of the FHCF.

(b) The State Board of Administration, by execution of an endorsement and acceptance of this Purchase Contract, represents and agrees with the Underwriters that it has full legal right, power and authority to and has taken all necessary official actions to: (i) acknowledge and accept the provisions of this Purchase Contract, (ii) adopt appropriate resolutions authorizing and requesting the issuance and sale of the Bonds, and (iii) carry out and consummate the transactions contemplated by this Purchase Contract, the Pledge Agreement, the Continuing Disclosure Agreement and other appropriate resolutions of the State Board of Administration, and the Official Statement and that the State Board of Administration has complied, as of the date of this Purchase Contract, and at the Closing will be in compliance in all material respects, with the obligations on its part in connection with the issuance of the Bonds contained in the Pledge Agreement and other appropriate resolutions of the State Board of Administration, the Bonds and this Purchase Contract, including execution of its endorsement and acceptance hereto;

(c) The State Board of Administration hereby represents and agrees with the Underwriters as follows:

(i) At the time of the State Board of Administration's endorsement and acceptance hereof, the portions of the Preliminary Official Statement relating to the State Board of Administration and the Florida Hurricane Catastrophe Fund under the headings "AUTHORITY FOR THE ISSUANCE OF THE 2015A BONDS," "DEBT SERVICE COVERAGE," "PLEDGE AND SECURITY OF THE 2015A BONDS," "OPERATION OF THE FHCF," "INVESTMENT POLICY OF THE FHCF," "FUTURE LEGISLATIVE AND REGULATORY CHANGES," "LITIGATION," "AUDITED FINANCIAL STATEMENTS," and "APPENDIX B - FINANCIAL STATEMENTS OF THE FLORIDA HURRICANE CATASTROPHE FUND FOR FISCAL YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013" do not contain any untrue statement of a material

fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(ii) At Closing the portions of the Official Statement relating to the State Board of Administration and the Florida Hurricane Catastrophe Fund under the headings "AUTHORITY FOR THE ISSUANCE OF THE 2015A BONDS," "DEBT SERVICE COVERAGE," "PLEDGE AND SECURITY OF THE 2015A BONDS," "OPERATION OF THE FHCF," "INVESTMENT POLICY OF THE FHCF," "FUTURE LEGISLATIVE AND REGULATORY CHANGES," "LITIGATION," "AUDITED FINANCIAL STATEMENTS," and "APPENDIX B - FINANCIAL STATEMENTS OF THE FLORIDA HURRICANE CATASTROPHE FUND FOR FISCAL YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013" will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(iii) The Pledge Agreement has not been amended since its execution as of June 1, 2006, and constitutes a legal, valid and binding obligation of the State Board of Administration, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity.

(d) The State Board of Administration hereby further represents and agrees with the Underwriters that, to the best knowledge of the State Board of Administration:

(i) The State Board of Administration is currently not, and as of the Closing will not be, in material breach of or material default under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree, or any relevant loan agreement, indenture, bond, note or resolution, agreement or other relevant instrument to which the State Board of Administration is a party or to which the State Board of Administration or any of the property or assets of the FHCF is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, of both, would constitute a default or event of default under any such instrument, which breach or default covered by this subparagraph would materially adversely affect the ability of the State Board of Administration to perform its obligations under the Pledge Agreement or this Purchase Contract;

(ii) The execution and delivery of the Pledge Agreement, the Bonds and this Purchase Contract and compliance with the provisions on the part of the State Board of Administration contained herein and therein will not constitute a material breach of or material default under any applicable constitutional provision, law, administrative regulation, judgment, decree, or any relevant loan agreement, indenture, bond, note, resolution, agreement or other relevant instrument to which the State Board of Administration is a party or to which the State Board of Administration or any of the property or assets of the FHCF is otherwise subject, which breach or default would materially adversely affect the ability of the State Board of Administration to perform its obligations under the Pledge Agreement, the Continuing Disclosure Agreement, the Official Statement, or this Purchase Contract, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any material lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the FHCF except as provided by the Pledge Agreement;

(iii) as of the date hereof, and as of the date of Closing, except as otherwise described in the Preliminary Official Statement and the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending (and concerning which service of process or other adequate legal notice has been made) or, to the best knowledge of the State Board of Administration, threatened against the State Board of Administration, affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the pledge or collection of the Pledged Collateral pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge of and lien upon the Pledged Collateral, or contesting or affecting the authorization for the issuance of the Bonds, the appropriate resolutions of the State Board of Administration, this Purchase Contract, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto, or contesting the powers of the State Board of Administration, or any authority for the issuance of the Bonds, the adoption of the appropriate resolutions of the State Board of Administration or the acknowledgement and acceptance by the State Board of Administration of this Purchase Contract; and

(iv) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by or which would constitute a condition precedent to or the

absence of which would materially adversely affect the due performance by the State Board of Administration of its obligations in connection with the issuance of the Bonds under this Purchase Contract and the Pledge Agreement and which are required to be obtained by the State Board of Administration have been duly obtained.

8. The Underwriters shall have the right to cancel their obligations to purchase the Bonds if, between the date hereof and the date of Closing,

(a) legislation shall have been enacted by the Congress, or recommended by the President of the United States to the Congress for passage, or favorably reported for the passage of either House of Congress by any Committee of either House or proposed for consideration by a Conference Committee of the House and Senate, or passed by either House of Congress, with an effective date being prior to the date of issuance of the Bonds, or a decision by a court of the United States shall have been rendered, or a ruling or regulation by the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall have been made, the effect of which is that the Bonds are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or of the Trust Indenture Act of 1939, as amended and as then in effect; or

(b) a stop order, ruling or regulation by the Securities and Exchange Commission shall have been issued or made, the effect of which, in the reasonable opinion of Bond Counsel or Disclosure Counsel, is that the issuance, offering or sale of the Bonds as contemplated hereby or by the final Official Statement, is or would be in violation of any provision of the Securities Act of 1933, as amended and as then in effect, or of the Securities Exchange Act of 1934, as amended and as then in effect, or of the Trust Indenture Act of 1939, as amended and as then in effect; or

(c) there shall exist any event which either (A) makes untrue or incorrect any statement of material fact contained in the Official Statement or, (B) is not reflected in the Official Statement but should be reflected therein in order to make any statement of material fact contained therein, in light of the circumstances under which it was made, not misleading and, in either such event, after the Underwriters have notified the Corporation and given the Corporation a reasonable opportunity to correct or supplement the Official Statement to take into account the events referred to in (A) or (B) above, the Corporation refuses to permit the Official Statement to be supplemented to correct or supply such statement or information, or the statement or information as supplemented is such as would materially adversely affect the sale of the Bonds by the Underwriters; or

(d) a war involving the United States shall have been declared or the escalation of war or major hostilities involving the United States, the effect of which on the financial markets of the United States is such as would materially adversely affect the sale of the Bonds by the Underwriters; or

(e) there shall be in force by the New York Stock Exchange a general suspension of trading securities, maximum or minimum prices for trading securities or maximum ranges or prices for securities, the effect of any of which on the financial markets of the United States is such as would materially adversely affect the sale of the Bonds by the Underwriters; or

(f) a general banking moratorium shall have been declared by federal, Florida or New York authorities such as would materially adversely affect the sale of the Bonds by the Underwriters or a material disruption in the commercial banking, securities settlement or clearance services shall have occurred which would materially adversely affect the ability to settle the purchase of the Bonds at Closing; or

(g) there shall have occurred since June 30, 2014, any material change in the financial affairs of the FHCF from that reflected in the audited financial records of the FHCF included in the Official Statement other than as disclosed in the Official Statement, and after the Underwriters have notified the Corporation and given the Corporation a reasonable opportunity to supplement or correct the Official Statement to reflect such change in the financial affairs of the FHCF, the Corporation refuses to permit the Official Statement to be supplemented or corrected, or such change in the financial affairs of the FHCF as reflected in the supplemented or corrected Official Statement is such as would materially adversely affect the sale of the Bonds by the Underwriters; or

(h) except as disclosed in the Preliminary Official Statement and any subsequent disclosure wire or document, agreed to by the parties hereto, an order, decree or injunction of any court of competent jurisdiction, or any order, ruling, regulation or administrative proceeding by any governmental body or board shall have been issued or commenced, or any legislation enacted, with the purpose or effect of prohibiting the issuance, offering or sale of the Bonds as contemplated hereby or by the Official Statement or prohibiting the adoption or performance of the Indenture, the Pledge Agreement, the Continuing Disclosure Agreement, or any applicable resolutions of the Corporation or the State Board of Administration; or

(i) any of the underlying ratings on the Bonds or on the Corporation's outstanding Parity Obligations are withdrawn or modified downward; or

(j) there shall have occurred any outbreak or escalation of hostilities (whether or not foreseeable at the time of execution hereof) or other national or international calamity or crisis, the effect of such outbreak, calamity or crisis on the financial markets of the United States being such as would materially adversely affect the sale of the Bonds by the Underwriters; or

(k) except as disclosed in the Official Statement, any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Bonds, the Pledge Agreement, the Indenture, the Continuing Disclosure Agreement, the pledge or application of any moneys or securities provided for the payment of the Bonds, or the existence or powers of the Corporation, that would materially adversely affect the sale of the Bonds by the Underwriters; or

(l) the New York Stock Exchange, other national securities exchange or any governmental authority shall have (a) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities; generally, on the Bonds or similar obligations, or (b) materially increased restrictions in force as of the date hereof with respect, to the extension of credit by or the charge to the net capital requirements of underwriters or broker dealers in general, the effect of which on the financial markets of the United States is such as would materially adversely affect the sale of the Bonds by the Underwriters.

The Corporation shall have the right to cancel its obligation to sell the Bonds if, between the date hereof and the date of Closing, except as disclosed in the Preliminary Official Statement and any subsequent disclosure wire or document agreed to by the parties hereto, an order, decree or injunction of any court of competent jurisdiction, or any order, ruling, regulation or administrative proceeding by any governmental body or board shall have been issued or commenced, or any legislation enacted, with the purpose or effect of prohibiting the issuance, offering or sale of the Bonds as contemplated hereby or by the Official Statement or prohibiting the adoption or performance of the Indenture or any applicable resolutions of the Corporation or the State Board of Administration.

This Section 8 is not a complete list of conditions the existence of which give a party the right to cancel their obligations under this Purchase Contract or which otherwise excuses a party's performance hereunder. Other such conditions may be provided for elsewhere in this Purchase Contract or may arise by operation of law. The Underwriters' right pursuant to subsections (d) through (f), inclusive, (j) and (l) to cancel their obligations to purchase the Bonds shall be subject to the prior written consent of the Corporation, which consent shall not be unreasonably withheld.

9. The Underwriters have entered into this Purchase Contract in reliance upon the representations and agreements of the Corporation and the State Board of Administration contained herein, and in reliance upon the representations and agreements

to be contained in the documents and instruments to be delivered at the Closing enumerated in paragraph (d) below, and upon the performance by each of the Corporation and the State Board of Administration of their respective obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the joint and several obligations of the Underwriters under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds are conditioned upon the performance by each of the Corporation and the State Board of Administration of their respective obligations to be performed hereunder and the delivery of such documents and instruments enumerated herein in form and substance reasonable under the circumstances, at or prior to the Closing, and are also subject to the following additional conditions:

(a) The representations and agreements of the Corporation and the State Board of Administration contained herein shall be true, complete and correct to the best of their knowledge and belief on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) At the time of the Closing, the Indenture, the Pledge Agreement, the Continuing Disclosure Agreement, and each applicable resolution of the Corporation and the State Board of Administration shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended in any material respect, except as expressly authorized in this Purchase Contract;

(c) At the time of the Closing, all official action of the Corporation and the State Board of Administration relating to this Purchase Contract and the Bonds, the Indenture, the Pledge Agreement, the Continuing Disclosure Agreement, the State Board of Administration's resolution authorizing and requesting the issuance and sale of the Bonds, the Corporation's resolution authorizing the Preliminary Official Statement and the Official Statement, and the issuance of the Bonds, shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any material respect; and

(d) At or prior to the Closing, each of the following shall have been made available to the Underwriters:

(1) The Official Statement, and each supplement or amendment, if any, thereto executed on behalf of the Corporation and the State Board of Administration by their respective authorized officials;

(2) Executed copies of the Indenture, Pledge Agreement, Continuing Disclosure Agreement, and certified copies of authorizing resolutions of the Corporation and the State Board of Administration;

(3) A final approving opinion of Nabors, Giblin & Nickerson, P.A., Bond Counsel, addressed to the Corporation, dated the date of the Closing, in form and substance reasonable under the circumstances and substantially in the form attached to the Official Statement as Appendix E;

(4) An opinion of Nabors, Giblin & Nickerson, P.A., Bond Counsel, addressed to the Corporation and the Underwriters, and dated the date of Closing, to the effect that:

(i) their final approving opinion referred to in Section 9(d)(3) hereof may be relied upon by the Underwriters to the same extent as if such opinion were addressed to the Underwriters,

(ii) (A) the information set forth in the Official Statement under the headings: "INTRODUCTION," "AUTHORITY FOR THE ISSUANCE OF 2015A BONDS," "PLAN OF FINANCING," "DESCRIPTION OF THE 2015A BONDS" (excluding the sub-heading "Book-Entry Only System"), "PLEDGE AND SECURITY FOR 2015A BONDS," "OPERATION OF THE FHCF," "FUTURE LEGISLATIVE AND REGULATORY CHANGES," and "APPENDIX C," insofar as such information purports to describe or summarize the Indenture, the Pledge Agreement, the Bonds, the Act, the Constitution and tax laws of the State of Florida, and provisions of the Internal Revenue Code of 1986, as amended, is correct as to matters of law and, to the extent indicated therein, an accurate and fair statement or summary of the matters set forth or documents referred to therein, and (B) the information in the Official Statement under the heading "TAX MATTERS" insofar as such statements purport to summarize certain provisions of the Internal Revenue Code of 1986, as amended, and State tax law present an accurate summary of such provisions, and

(iii) the Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

(5) An opinion of [Nabors, Giblin & Nickerson, P.A.,] as counsel to the Corporation, addressed to the Underwriters, dated the date of Closing to the effect that based on certain certifications of the Corporation and its actual knowledge, it is of the opinion that:

(i) The Corporation is duly organized and has full legal right, power and authority to and has taken all necessary official

actions to: (a) enter into this Purchase Contract, (b) adopt its resolution authorizing the issuance and sale of the Bonds, (c) enter into the Indenture, the Pledge Agreement, and the Continuing Disclosure Agreement, (a) sell, issue and deliver the Bonds to the Underwriters as provided in this Purchase Contract, (e) use the proceeds from the sale of the Bonds for the purposes described in the Official Statement, (f) secure the Bonds as provided in the Indenture and the Pledge Agreement and to pledge to the Master Trustee the Pledged Collateral as provided in the Indenture, and (g) carry out and consummate the transactions contemplated by this Purchase Contract, the Indenture, the Pledge Agreement, the Continuing Disclosure Agreement, and the Official Statement, and, to the best of their knowledge, after due inquiry and upon reliance on a certificate of the President of the Corporation, as of the date hereof is in compliance in all material respects with the terms of the Act, the Indenture, the Pledge Agreement, and the Continuing Disclosure Agreement.

(ii) By all necessary official actions, the Corporation has (a) duly adopted its resolution authorizing the issuance and sale of the Bonds, (b) duly authorized the execution and delivery of the Indenture, the Continuing Disclosure Agreement, the Pledge Agreement and this Purchase Contract, (c) duly authorized the distribution of the Preliminary Official Statement, and (4) duly authorized the execution and delivery of the Bonds and the performance by the Corporation of the obligations on its part contained or described in the Bonds, the Indenture, the Pledge Agreement, the Continuing Disclosure Agreement, the Official Statement and this Purchase Contract, and the consummation by the Corporation of all other transactions contemplated thereby to be undertaken by the Corporation in connection with the issuance of the Bonds.

(iii) Upon execution and delivery by the Corporation and the Master Trustee and assuming the due authorization, execution and delivery of the Indenture by the Master Trustee, the Indenture will constitute a legal, valid and binding obligation of the Corporation, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity. Upon execution by the Corporation and the other parties thereto (and assuming the due authorization, execution and delivery of such agreements by the other parties thereto), this

Purchase Contract, the Pledge Agreement, and the Continuing Disclosure Agreement will constitute the legal, valid and binding obligations of the Corporation, enforceable in accordance with their terms; subject to and limited by (a) bankruptcy, insolvency, reorganization, moratorium and similar laws, in each case relating to or affecting the enforcement of creditors' rights and (b) applicable laws and equitable principles that may affect remedies or injunctive or other equitable relief.

(iv) The Bonds, when issued and delivered to the Underwriters in accordance with the Indenture and this Purchase Contract, will constitute legal, valid and binding obligations of the Corporation, enforceable in accordance with their terms; subject to and limited by (a) bankruptcy, insolvency, reorganization, moratorium and similar laws, in each case relating to or affecting the enforcement of creditors' rights and (b) applicable laws and equitable principles that may affect remedies or injunctive or other equitable relief.

(v) To the best of their knowledge, after due inquiry and upon reliance on a certificate from the President of the Corporation, the Corporation is not as of the date hereof in material breach of or material default under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree, or any relevant loan agreement, indenture, bond, note or resolution, agreement or other relevant instrument to which the Corporation is a party or to which the Corporation is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument, which breach or default covered by this paragraph would materially adversely affect the ability of the Corporation to perform its obligations under the Indenture, the Continuing Disclosure Agreement, the Pledge Agreement, the Bonds or this Purchase Contract.

(vi) To the best of their knowledge, after due inquiry and upon reliance on a certificate from the President of the Corporation, the execution and delivery of the Indenture, the Pledge Agreement, the Bonds, the Continuing Disclosure Agreement, and this Purchase Contract and compliance with the provisions on the part of the Corporation contained therein, will not constitute a material breach of or material default under any applicable constitutional provision,

law, administrative regulation, judgment, decree, or any relevant loan agreement, indenture, bond, note, resolution, agreement or relevant instrument to which the Corporation is a party or to which the Corporation is otherwise subject, which breach or default would materially adversely affect the ability of the Corporation to perform its obligations under the Indenture, the Continuing Disclosure Agreement, the Pledge Agreement, the Bonds or this Purchase Contract, nor, to the best of their knowledge, will any such execution, delivery, adoption or compliance result in the creation or imposition of any material lien, charge or other security interest or encumbrance of any nature whatsoever upon the Trust Estate except as provided by the Bonds, the Indenture, and the Pledge Agreement.

(vii) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required to be obtained by the Corporation for the due authorization by or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Corporation of its obligations in connection with the issuance of the Bonds or for the execution and delivery of this Purchase Contract, the Indenture, the Continuing Disclosure Agreement and the Pledge Agreement, have been duly obtained, and the notice required to be given pursuant to Section 215.555(6)(b)6., Florida Statutes, has been given.

(viii) The Bonds, when issued, executed and delivered in accordance with the Indenture and sold to the Underwriters as provided in this Purchase Contract, will be entitled to the benefits of the Indenture and the Pledge Agreement; and upon such issuance, execution and delivery, the Indenture will provide, for the benefit of the owners from time to time of the Bonds, a legally valid and binding pledge of and prior lien upon the moneys pledged by the State Board of Administration pursuant to the Pledge Agreement, consisting of the Pledged Collateral, and the balance of the Trust Estate, subject only to the provisions of the Indenture and the Pledge Agreement permitting the application thereof on the terms and conditions set forth in the Indenture and the Pledge Agreement.

(ix) To the best of their knowledge after inquiry and upon reliance on a certificate from the President of the Corporation, except as disclosed in the Official Statement, to the extent to which counsel has been advised or for which service of process has been

made, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending (and concerning which service of process or other adequate legal notice has been made) or threatened against the Corporation, affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of the Trust Estate or the lien on the Trust Estate, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto or contesting the powers of the Corporation or the authority for the issuance of the Bonds.

(6) An opinion of counsel to the State Board of Administration, addressed to the Underwriters and to Nabors, Giblin & Nickerson, P.A., Bond Counsel, dated the date of Closing, to the effect that:

(i) The State Board of Administration is duly organized and validly existing and has full legal right, power and authority to perform its obligations under the Pledge Agreement and the appropriate resolutions of the State Board of Administration and to perform its obligations under this Purchase Contract.

(ii) The State Board of Administration has duly adopted the resolution requesting the Corporation to issue the Bonds.

(iii) With respect to the information in the Official Statement, counsel has no reason to believe that the Official Statement (except for the financial and statistical data contained therein, as to which no view need be expressed) contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(iv) To the best knowledge of the counsel, the State Board of Administration is currently not in material breach of or material default under any applicable Constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree, or any relevant loan agreement, indenture, bond, note or resolution, agreement or other relevant instrument to which the State Board of Administration is a party or to which the State Board of Administration or any of the property or assets of the State Board of Administration is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or

event of default under any such instrument, which breach or default covered by this paragraph would materially adversely affect the ability of the State Board of Administration to perform its obligations under the Pledge Agreement, the Bonds or this Purchase Contract

(v) The execution and delivery of the Pledge Agreement, the Bonds and this Purchase Contract and compliance with the provisions on the part of the State Board of Administration contained therein will not, to the best knowledge of the Office of General Counsel, constitute a material breach of or material default under any applicable constitutional provision, law, administrative regulation, judgment, decree, or any relevant loan agreement, indenture, bond, note, resolution, agreement or other relevant instrument to which the State Board of Administration is a party or to which the State Board of Administration or any of the property or assets of the FHCF is otherwise subject, which breach or default would materially adversely affect the ability of the State Board of Administration to perform its obligations under the Pledge Agreement, the Bonds or this Purchase Contract, nor, to the best knowledge of the counsel, will any such execution, delivery, adoption or compliance result in the creation or imposition of any material lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the FHCF except as provided by the Bonds and the Pledge Agreement, which lien, charge or other security interest or encumbrance would materially adversely affect the ability of the State Board of Administration to perform its obligations under the Pledge Agreement, the Bonds or this Purchase Contract.

(vi) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization by or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the State Board of Administration of its obligations in connection with the issuance of the Bonds under this Purchase Contract and the Pledge Agreement and which are required to be obtained by the State Board of Administration have, to the best knowledge of the counsel, been duly obtained, and the notice required to be given pursuant to Section 215.555(6)(b)6., Florida Statutes, has been given.

(vii) Except as disclosed in the Official Statement, to the extent to which the counsel has been advised or for which service of process has been made, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending (and concerning which service of process or other adequate legal notice has been made) or threatened against the State Board of Administration, affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of the Trust Estate or the lien on the Trust Estate, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto or contesting the powers of the State Board of Administration or the authority for the issuance of the Bonds.

(viii) Except as disclosed in the Official Statement, to the extent to which counsel has been advised or for which service of process has been made, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending (and concerning which service of process or other adequate legal notice has been made) or threatened against the Corporation, affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of the Trust Estate or the lien on the Trust Estate, or contesting the completeness or accuracy of the Official Statement or any supplement or amendment thereto or contesting the powers of the Corporation or the authority for the issuance of the Bonds.

(7) An opinion of Bryant Miller Olive P.A., Disclosure Counsel, addressed to the State Board of Administration and the Corporation with a reliance letter to the Underwriters, in form and substance satisfactory to the Corporation and the Senior Manager, substantially to the effect that, without having undertaken to determine the accuracy or completeness of the statements contained in the Preliminary Official Statement and Official Statement, but on the basis of their conferences with the Corporation, the State Board of Administration, Bond Counsel, Counsel to the Corporation, and the Senior Manager and their examination of certain documents referred to in the Preliminary Official Statement and Official Statement, other than the financial or statistical data contained therein and the information contained in the appendices (as to which no view need be expressed), the Preliminary Official Statement did not as of its date, and the Official Statement does not as of the date of Closing, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the Preliminary Official

Statement or Official Statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading;

(8) A certificate of the Corporation, dated the date of Closing, signed by the President or other appropriate official satisfactory to the Underwriters, to the effect that, to the best of its knowledge,

(i) each of the representations of the Corporation contained herein was true and accurate in all material respects on the date when made, has been true and accurate in all material respects at all times since, and continues to be true and accurate in all material respects on the date of the Closing as if made on such date;

(ii) the Corporation has performed all obligations to be performed hereunder as of the date of Closing;

(iii) except as disclosed in the Official Statement, no litigation is pending or, to the best knowledge of the Corporation, threatened, in any court or administrative body (A) to restrain or enjoin the issuance or delivery of any of the Bonds, (B) in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Bonds, the Indenture, the Pledge Agreement, the Continuing Disclosure Agreement, or this Purchase Contract, (C) in any way contesting the existence or powers of the Corporation, (D) to restrain or enjoin the collection of the Trust Estate pledged or to be pledged to pay the principal of, premium, if any, and interest, on the Bonds, (E) which may result in any material adverse change in the business, operations or the financial condition of the Corporation or (F) asserting that the Preliminary Official Statement or the Official Statement contain any untrue statement of a material fact or omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (but in lieu of such certificate, the Senior Manager may in its sole discretion accept an opinion of Bond Counsel, Counsel to the Corporation or both, acceptable to the Senior Manager in form and substance, that in the opinion of such counsel the issues raised in any such pending or threatened litigation are without substance or that the contentions of any plaintiffs therein are without merit); and

(iv) the Official Statement did not as of its date, and does not as of the date of Closing, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the Official Statement is

to be used, or which is necessary in order to make the statements contained therein, in light of the circumstances in which they were made, not misleading.

(9) The certificate of the State Board of Administration, dated the date of Closing, signed by the Executive Director or other appropriate official satisfactory to the Senior Manager in the form attached hereto as Exhibit D;

(10) Evidence that Fitch Ratings, Standard & Poor's Ratings Service and Moody's Investors Service have issued ratings for the Bonds which are not lower than ["AA," "AA-" and "Aa3,"] respectively;

(11) All certificates, documents and opinions required as conditions precedent to the issuance of the Bonds as set forth in the Indenture;

(12) The opinion of counsel to the Master Trustee, dated the Closing date and addressed to the Corporation, the Underwriters and Bond Counsel, in form and substance acceptable to the Corporation, the Underwriters, and Bond Counsel;

(13) A customary authorization and incumbency certificate, dated the Closing date, signed by authorized officers of the Master Trustee;

(14) A specimen bond;

(15) A copy of the Blanket Letter of representations to DTC executed by the Corporation;

(16) A copy of any "blue sky" survey or legal investment memoranda indicating the jurisdictions in which the Bonds may be sold in compliance with the "blue sky" or securities laws of and as legal investments in the various jurisdictions;

(17) [A certificate of Paragon Strategic Solutions Inc. in form and substance reasonably satisfactory to the Corporation and the Underwriters]; and

(18) Such additional legal opinions, certificates, instruments and other documents as the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of Closing, of the Corporation's and the State Board of Administration's representations and agreements contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction

by the Corporation on or prior to the date of Closing of all the agreements then to be performed and conditions then to be satisfied by it.

10. If the Corporation shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Contract, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Contract, then this Purchase Contract shall terminate and neither the Underwriters nor the Corporation shall be under any further obligation hereunder, except that (1) the Good Faith Wire shall immediately be returned to the Senior Manager by the Corporation, unless the Corporation's failure to satisfy a condition precedent to the Underwriters' obligations was proximately and wrongfully caused by any of the Underwriters, and (ii) the respective obligations of the Corporation and the Underwriters set forth in Section 11 hereof shall continue in full force and effect. However, the Underwriters may, in their sole discretion, waive one or more of the conditions imposed by this Purchase Contract and proceed with Closing.

11. (a) The Underwriters shall be under no obligation to pay, and the Corporation shall pay from the proceeds of the sale of the Bonds or other legally available funds of the Corporation, any expense incident to the performance of the Corporation's obligations hereunder including, but not limited to (i) the cost of preparation, printing and delivery of the Indenture, the Continuing Disclosure Agreement, and the Pledge Agreement, a reasonable number of copies of the Preliminary Official Statement and no more than _____ copies of the final Official Statement and any supplement and amendments thereto; (ii) the cost of preparation and printing of the Bonds; (iii) the fees and disbursements of Bond Counsel, Disclosure Counsel and Counsel to the Corporation and the State Board of Administration; (iv) initial fees for bond ratings; (v) fees and disbursements of Raymond James & Associates, Inc., for their services as financial advisor to the Corporation; and (vi) other reasonable costs of the Corporation incurred in connection with the marketing and issuance of the Bonds including reimbursement for costs of certain meals for employees, agents, and representatives of the Corporation and the State Board of Administration related to investor presentations; provided that the costs of printing described in (i) and (ii) above shall be paid by the Corporation only if the printers used are the printers designated and authorized by the Corporation. Upon the prior approval of the Corporation, in the event that the Underwriters incur or advance the cost of any expense for which the Corporation is responsible hereunder, the Corporation shall reimburse the Underwriter at or prior to Closing for such cost; if at Closing, reimbursement may be included in the expense component of the Underwriters' spread.

(b) The Underwriters shall pay any expense incident to the performance of the Underwriters' obligations hereunder including but not limited to: (i) the cost of preparation of the Agreement Among Underwriters, if any, and the Blue Sky and Legal

Investment Surveys; (ii) all advertising expenses and Blue Sky filing fees in connection with the public offering of the Bonds and the cost, if any, to continue the eligibility of the Bonds for investment; (iii) all expenses associated with obtaining CUSIP numbers for the Bonds; and (iv) all other expenses incurred by them or any of them in connection with the public offering of the Bonds and delivery of and the payment for the Bonds, including the fees and disbursements of Underwriters' Counsel.

12. Any notice or other communication to be given to the Corporation under this Purchase Contract may be given by delivering the same in writing to the Corporation, c/o State Board of Administration of Florida, P.O. Box 13300, Tallahassee, Florida 32317-3300 (for non-postal delivery, to 1801 Hermitage Boulevard, Hermitage Centre, Suite 100, Tallahassee, Florida 32308), Attention: Chief Operating Officer-FHCF; any notice or other communication to be given to the Underwriters under this Purchase Contract may be given by delivering the same in writing _____ Attention: _____.

13. This Purchase Contract is made solely for the benefit of the Corporation, the State Board of Administration and the Underwriters (including the successors of any of the parties) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations contained in this Purchase Contract shall remain operative and in full force and effect regardless of: (i) any investigations made by or on behalf of any of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Purchase Contract; and (iii) any termination of this Purchase Contract.

14. This Purchase Contract shall become effective upon the execution by the Senior Manager, for and on behalf of all of the Underwriters including the Senior Manager, and appropriate Corporation officials and the acceptance hereof by the State Board of Administration and shall be valid and enforceable at the time of such acceptance and shall be governed by and construed in accordance with the laws of the State of Florida. This Purchase Contract shall not be construed for or against, any party because that party wrote it. Venue of any action arising out of or relating to this Purchase Contract shall be in Leon County, Florida.

15. Neither the Corporation, the State Board of Administration, nor any of the members thereof, nor any officer, agent or employee thereof, as the case may be, shall be charged personally by the Underwriters with any liability or held liable to the Underwriters under any term or provision of this Purchase Contract because of its execution or attempted execution or because of any breach or attempted or alleged breach thereof.

16. This Purchase Contract may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed an original.

[Signature Page - Bond Purchase Contract - State Board of Administration Finance Corporation Revenue Bonds, Series 2015A]

Done this _____ day of _____, 2015.

_____, as representative of
the Underwriters

By: _____
Name:
Title:

[Signature Page - Bond Purchase Contract - State Board of Administration Finance Corporation Revenue Bonds, Series 2015A]

Done this _____ day of _____, 2015.

STATE BOARD OF ADMINISTRATION FINANCE
CORPORATION

By: _____
Name: Jack E. Nicholson
Title: President

[Signature Page - Bond Purchase Contract - State Board of Administration Finance Corporation Revenue Bonds, Series 2015A]

ENDORSEMENT AND ACCEPTANCE

The undersigned hereby endorses and accepts the foregoing Bond Purchase Contract and agrees to be bound by the terms and conditions relating to it set forth therein as fully and to the same extent as if the undersigned were a party thereto.

Accepted at _____ a.m./p.m. Eastern Time, this _____ day of _____ 2015.

STATE BOARD OF ADMINISTRATION OF
FLORIDA, AS ADMINISTRATOR OF THE
FLORIDA HURRICANE CATASTROPHE FUND

By: _____
Name: Ashbel C. Williams
Title: Executive Director and Chief Investment
Officer

NEW ISSUE- BOOK ENTRY ONLY

RATINGS: Moody's: "Aa3"
S & P: "AA-"
Fitch: "AA"
See "RATINGS" herein

In the opinion of Nabors, Giblin & Nickerson, P.A., Bond Counsel, interest on the 2013A Bonds is not excluded from gross income of the holders thereof for federal income tax purposes. See "TAX MATTERS" herein.

Florida Hurricane Catastrophe Fund Finance Corporation

**\$2,000,000,000
Revenue Bonds, Series 2013A**

Dated: Date of Delivery

Due: July 1, as shown on the inside cover

The Florida Hurricane Catastrophe Fund Finance Corporation (the "Corporation") is issuing its Revenue Bonds, Series 2013A (the "2013A Bonds") pursuant to Section 215.555, Florida Statutes, as amended, and other applicable provisions of law, including administrative rules relating to the Florida Hurricane Catastrophe Fund (the "FHCF"), and certain resolutions of the Corporation and the State Board of Administration of Florida (the "SBA") as the administrator of the FHCF, adopted January 23, 2013. The 2013A Bonds will be issued pursuant to a Master Trust Indenture, as supplemented from time to time and in particular by a Sixth Supplemental Indenture (collectively, the "Master Indenture"), each with Wells Fargo Bank, N.A., Jacksonville, Florida, Master Trustee. See "PLAN OF FINANCE" herein.

The 2013A Bonds are being issued to provide funds to (i) enable the FHCF to reimburse Participating Insurers for Losses relating to any Covered Events occurring in the Contract Year ending May 31, 2014 or any subsequent Contract Year, and (ii) pay certain expenses incurred in connection with the authorization and issuance of the 2013A Bonds.

The 2013A Bonds will be issued on a parity basis with each other and with the Corporation's Revenue Bonds, Series 2008A, outstanding in the principal amount of \$625,000,000 (the "2008A Bonds"), the Corporation's Revenue Bonds, Series 2010A, outstanding in the principal amount of \$675,920,000 (the "2010A Bonds"), and any future Parity Obligations. The 2013A Bonds, the 2010A Bonds, and the 2008A Bonds are secured by a first lien pledge of the Pledged Collateral, which is described below, including, with respect to the 2013A Bonds only, the net proceeds of the 2013A Bonds prior to expenditure thereof.

The Corporation is an instrumentality of the State of Florida (the "State") and its obligations are exclusively secured by the Pledged Collateral, which consists primarily of: (i) Reimbursement Premiums and investment earnings thereon (after provision for Current Expenses of the FHCF and the Corporation), (ii) Emergency Assessments ("Assessments") and investment earnings thereon, and (iii) net proceeds of, and investment earnings on proceeds of Parity Obligations, including the 2013A Bonds; provided, however, that the pledge of net proceeds is solely for the benefit of the Series of Parity Obligations from which such proceeds were derived. The 2013A Bonds shall not constitute a debt of the State, and holders of the 2013A Bonds shall have recourse only against the Pledged Collateral. The Corporation has no general taxing power nor does it have the power to pledge the credit, the revenues or the taxing power of the State. Neither the credit, the revenues nor the taxing power of the State shall be deemed to be pledged to the payment of the 2013A Bonds.

The 2013A Bonds are subject to optional redemption as described herein.

Interest on the 2013A Bonds will be payable semiannually on January 1 and July 1 of each year, commencing July 1, 2013, at the rates set forth on the inside cover. The 2013A Bonds will mature on July 1 in the years and principal amounts set forth on the inside cover. Individual purchases of 2013A Bonds will be made in denominations of \$5,000 or any integral multiple thereof. The Master Trustee will also serve as Bond Registrar with respect to the 2013A Bonds. So long as Cede & Co. is the registered owner of the 2013A Bonds, principal of and interest on the 2013A Bonds will be payable by the Master Trustee to DTC, which will in turn remit such payments to its participants for subsequent disbursement to Beneficial Owners of the 2013A Bonds, as more fully described herein. See "DESCRIPTION OF THE 2013A Bonds – Book-Entry-Only System" herein.

THIS COVER PAGE, INCLUDING THE INSIDE COVER PAGE HERETO, CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF ALL FACTORS RELATING TO AN INVESTMENT IN THE 2013A BONDS. INVESTORS ARE ADVISED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY BEFORE MAKING AN INVESTMENT DECISION.

The 2013A Bonds are offered when, as and if issued by the Corporation and accepted by the Underwriters, subject to prior sale or withdrawal or modification of the offer without notice, and subject to receipt of an approving legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel. Certain legal matters will be passed upon for the Corporation by Nabors, Giblin & Nickerson, P.A., Tampa, Florida. Certain legal matters will be passed upon for the FHCF by its internal counsel. Bryant Miller Olive P.A., Tallahassee, Florida, is Disclosure Counsel. The Underwriters are represented by Greenberg Traurig, P.A., Miami, Florida. Raymond James & Associates, Inc. has served as Financial Advisor to the FHCF. The 2013A Bonds are expected to be available for delivery through the facilities of DTC in New York, New York, on or about April 23, 2013.

Barclays

Citi

Goldman, Sachs & Co.

J.P. Morgan

BofA Merrill Lynch

BB&T Capital Markets

Jefferies

Loop Capital Markets

Morgan Stanley

M.R. Beal & Company

Ramirez & Co., Inc.

RBC Capital Markets

Siebert Brandford Shank & Co., LLC

SunTrust Robinson Humphrey

Wells Fargo Securities

Dated: April 10, 2013.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND
INITIAL CUSIP NUMBERS**

\$2,000,000,000 REVENUE BONDS, SERIES 2013A

Maturity (July 1)	Principal Amount	Interest Rate	Yield	Initial CUSIP No.*
2016	\$ 500,000,000	1.298%	1.298%	34074GDF8
2018	500,000,000	2.107	2.107	34074GDG6
2020	1,000,000,000	2.995	2.995	34074GDH4

*CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP data herein is provided for convenience of reference only. The Corporation, the Financial Advisor, the Underwriters, the Master Trustee and their agents take no responsibility for the accuracy of such data.

ADDITIONAL INFORMATION

The 2013A Bonds are exempt from registration under the Securities Act of 1933, as amended. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Corporation, the SBA, the FHCF or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2013A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information contained in this Official Statement has been furnished by the Corporation, the SBA, the FHCF and other sources which are deemed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriters. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Corporation, the SBA or the FHCF since the date hereof.

Neither the Securities and Exchange Commission nor any state securities commission or other governmental authority has approved or disapproved of these securities or determined that this Official Statement is truthful or complete. Any representation to the contrary is a criminal offense.

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are generally identifiable by the terminology used such as "plan", "project", "expect", "anticipate", "intend", "believe", "estimate", "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any results, performances or achievements expressed or implied by such forward-looking statements. Except as specifically set forth herein, neither the Corporation, the SBA, nor the FHCF plans to issue any updates or revisions to those forward-looking statements due to changes in its expectations or subsequent events, conditions or circumstances on which such statements are based.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in the Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

In connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the 2013A Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

FLORIDA HURRICANE CATASTROPHE FUND FINANCE CORPORATION

c/o State Board of Administration of Florida
1801 Hermitage Boulevard, Tallahassee, Florida 32308

BOARD OF DIRECTORS OF THE CORPORATION

Governor of the State of Florida, Rick Scott, *Chairman*
Chief Financial Officer of the State of Florida, Jeff Atwater
Attorney General of the State of Florida, Pam Bondi
Director of the Division of Bond Finance, J. Ben Watkins III
Chief Operating Officer of FHCF, Jack E. Nicholson

FLORIDA HURRICANE CATASTROPHE FUND

c/o State Board of Administration of Florida
1801 Hermitage Boulevard, Tallahassee, Florida 32308

Jack E. Nicholson, PhD, CLU, CPCU
Chief Operating Officer

Anne T. Bert, CPM
Director of Operations

Leonard Schulte, J.D., CPCU
Director of Legal Analysis & Risk Evaluation

Tracy Allen, J.D., LLM
Senior Attorney

BOND COUNSEL

Nabors, Giblin & Nickerson, P.A.
Tampa, Florida

DISCLOSURE COUNSEL

Bryant Miller Olive P.A.
Tallahassee, Florida

FINANCIAL ADVISOR

Raymond James & Associates, Inc.
St. Petersburg, Florida

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OFFICIAL STATEMENT
Relating to

Florida Hurricane Catastrophe Fund Finance Corporation

\$2,000,000,000
Revenue Bonds, Series 2013A

INTRODUCTION

The purpose of this Official Statement, including the cover page, the inside cover page and the Appendices, is to set forth certain information in connection with the offering of Florida Hurricane Catastrophe Fund Finance Corporation Revenue Bonds, Series 2013A (the "2013A Bonds") being issued by the Florida Hurricane Catastrophe Fund Finance Corporation (the "Corporation"). All capitalized, undefined terms used in this Official Statement have the meanings given to them in "Appendix C-1, DEFINITIONS".

The 2013A Bonds are being issued by the Corporation pursuant to Section 215.555, Florida Statutes, as amended (the "Act"), and other applicable provisions of law, including administrative rules of the Florida Hurricane Catastrophe Fund (the "FHCF"), and certain resolutions of the Corporation and the State Board of Administration of Florida as the administrator of the FHCF (in such capacity, the "SBA") adopted on January 23, 2013. The Corporation has no business activities other than serving as a conduit issuer for the FHCF and facilitating the issuance of revenue bonds and other forms of indebtedness for the FHCF. See "AUTHORITY FOR THE ISSUANCE OF 2013A BONDS" herein.

The proceeds of the 2013A Bonds, together with other available funds, will be used to (i) enable the FHCF to reimburse Participating Insurers for Losses relating to any future Covered Events, and (ii) pay certain expenses incurred in connection with the authorization and issuance of the 2013A Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein. The proceeds from the sale of the 2013A Bonds will be held and invested by the SBA. See "ESTIMATED SOURCES AND USES OF FUNDS" and "INVESTMENT POLICY OF THE FHCF" herein.

The 2013A Bonds will be issued by the Corporation pursuant to a Master Trust Indenture dated as of June 1, 2006, as supplemented by a Sixth Supplemental Indenture, dated as of April 1, 2013 (collectively, the "Master Indenture"), each with Wells Fargo Bank, N.A., Jacksonville, Florida, the Master Trustee, Paying Agent, Authenticating Agent and Registrar (the "Master Trustee"). The 2013A Bonds will be issued on a parity basis with the Corporation's Revenue Bonds, Series 2008A, outstanding in the principal amount of \$625,000,000 (the "2008A Bonds"), the Corporation's Revenue Bonds, Series 2010A, outstanding in the principal amount of \$675,920,000 (the "2010A Bonds"), and any future Parity Obligations. The 2008A Bonds and 2010A Bonds were issued as Post-Event Parity Obligations.

The 2013A Bonds will be secured by Pledged Collateral consisting primarily of: (i) Reimbursement Premiums and investment earnings thereon (after provision for Current Expenses of the FHCF and the Corporation), (ii) Emergency Assessments (the "Assessments") and investment earnings thereon, and (iii) net proceeds of, and investment earnings on, proceeds of the 2013A Bonds, all pursuant to the Pledge and Security Agreement, dated as of June 1, 2006, among the Corporation, the SBA and the Master Trustee (the "Pledge Agreement"). Pledged Collateral also includes net receipts from Derivative Agreements, if any, and Other Pledged Money. There are no Derivative Agreements currently outstanding and the Corporation, the FHCF and the SBA do not expect to enter into any Derivative Agreements with respect to the 2013A Bonds, the 2010A Bonds or the 2008A Bonds. See "PLEDGE AND SECURITY FOR 2013A BONDS" herein for a discussion of the Pledge Agreement and the Pledged Collateral.

The Corporation is an instrumentality of the State of Florida (the "State"), and its obligations are exclusively secured by the Pledged Collateral. The 2013A Bonds shall not constitute a debt of the State, and holders of the 2013A Bonds shall have recourse only against the Pledged Collateral. The Corporation has no general taxing power nor does it have the power to pledge the credit, the revenues or the taxing power of the State. Neither the credit, the revenues nor the taxing power of the State shall be deemed to be pledged to the payment of the 2013A Bonds.

Under the Pledge Agreement, the FHCF is required to transfer to the Master Trustee all Reimbursement Premiums, Assessments received by the FHCF and investment earnings on proceeds of Outstanding Parity Obligations, including the 2013A Bonds. Once debt service on all Outstanding Parity Obligations has been provided for a Fiscal Year, the requirement to continue to transfer Reimbursement Premiums to the Master Trustee ceases for the remainder of the Fiscal Year. Unlike Reimbursement Premiums, the lien of the Master Indenture and Pledge Agreement on Assessments is not automatically released once debt service for the Fiscal Year on Outstanding Parity Obligations has been provided for. Instead, the FHCF is required to continue to transfer Assessments to the Master Trustee. Excess Assessments transferred to the Master Trustee may be released from the lien of the Pledge Agreement and Master Indenture if the SBA certifies to the Master Trustee that there are sufficient funds on deposit with the Master Trustee to provide for the payment of debt service when due on Post-Event Parity Obligations for the current and the next succeeding Fiscal Years. See "PLEDGE AND SECURITY FOR 2013A BONDS—Flow of Funds" herein.

From these amounts, the Master Trustee will (i) from Reimbursement Premiums, pay the Current Expenses of the Corporation (which are insignificant) and provide for debt service on the 2013A Bonds coming due during the then-current Fiscal Year (to the extent not paid from investment earnings on proceeds of the 2013A Bonds), and (ii) transfer all Assessments to an account for the benefit of the 2008A Bonds and the 2010A Bonds. To the extent the foregoing proves insufficient to provide for debt service on Outstanding Parity Obligations, the Master Trustee will provide notice to the FHCF, which will transfer the Pledged Collateral to the Master Trustee at such times and in such amounts as necessary to provide for such debt service when due.

The net proceeds of the 2013A Bonds, together with certain other funds of the Corporation, will be deposited into and held in a separate account pursuant to the Pledge Agreement and invested by the SBA consistent with Section 215.47, Florida Statutes, as amended, as described herein, and withdrawn as needed to pay Participating Insurers for Losses relating to any future Covered Events. See "INVESTMENT POLICY OF THE FHCF" herein. The investment earnings on the 2013A Bonds will be part of the Pledged Collateral, and such earnings will be available to pay debt service on the 2013A Bonds, 2010A Bonds, the 2008A Bonds and any future Parity Obligations; provided, however, such investment earnings are anticipated to be used to pay debt service on the 2013A Bonds. The Corporation anticipates that if proceeds of the 2013A Bonds are used to reimburse Participating Insurers for Losses from any future Covered Events, it may refinance a corresponding portion of the 2013A Bonds in the approximate amount withdrawn through the issuance of tax-exempt Post-Event Parity Obligations. The timing of any such financing will depend upon a number of factors, including, but not limited to, market conditions. Further, under certain conditions, the withdrawal may be replaced with future collections of Reimbursement Premiums or, alternatively, debt service on the 2013A Bonds may be paid from Reimbursement Premiums, Assessments or other Pledged Collateral rather than refinancing such withdrawals with Post-Event Obligations. See "PLAN OF FINANCE" and "PLEDGE AND SECURITY FOR 2013A BONDS – Additional Parity Obligations and Subordinate Indebtedness" herein for a description of the Incurrence Test.

The Corporation may issue additional Parity Obligations only upon satisfaction of the Incurrence Test and the other terms and conditions of the Master Indenture. The issuance of the 2013A Bonds satisfies the Incurrence Test. See "PLEDGE AND SECURITY FOR 2013A BONDS - Additional Parity Obligations and Subordinate Indebtedness" and "Appendix C-2, MASTER TRUST INDENTURE – Section 704". The Pledge Agreement and the Master Indenture require the FHCF and the Corporation to take certain action if the Revenue Available for Debt Service during a Fiscal Year is insufficient to cover debt service on certain Outstanding debt of the Corporation by a certain amount (1.25 times the debt service on Outstanding Parity Obligations and 1.00 times the debt service on both the Outstanding Parity Obligations and any Subordinate Indebtedness). See "PLEDGE AND SECURITY FOR 2013A BONDS – Debt Service Coverage Requirement" herein and "Appendix C-2, MASTER TRUST INDENTURE – Section 705".

Forms of the Master Indenture, the Sixth Supplemental Indenture and the Pledge Agreement are set forth in Appendices C-2, C-3 and C-4, respectively. All references in this Official Statement to the Master Indenture, the Sixth Supplemental Indenture and the Pledge Agreement are qualified in their entirety by reference to the final executed documents. Copies of the final executed documents will be on file at the corporate office of the Master Trustee in Jacksonville, Florida.

AUTHORITY FOR THE ISSUANCE OF 2013A BONDS

General Legal Authority

The 2013A Bonds are being issued by the Corporation pursuant to the Act and other applicable provisions of law, including administrative rules of the FHCF, and resolutions of the Corporation and the SBA, adopted on January 23, 2013, authorizing the issuance and sale of the 2013A Bonds, authorizing the execution and delivery of the Sixth Supplemental Indenture and confirming the pledge of revenue to the payment of debt of the Corporation pursuant to the Pledge Agreement.

The 2013A Bonds are being issued as Pre-Event Parity Obligations to provide a source of funds for the FHCF to reimburse Participating Insurers for Losses relating to any future Covered Events. Under the Act, a Pre-Event financing may be undertaken in the absence of a hurricane upon a determination that such action would maximize the ability of the FHCF to meet future obligations. The SBA has determined by a resolution adopted on January 23, 2013, that the issuance of the 2013A Bonds will maximize the ability of the FHCF to meet its future obligations.

The Florida Hurricane Catastrophe Fund Finance Corporation

In 1996, the Corporation was created as a public benefits corporation under the Act and as an instrumentality of the State to provide a mechanism necessary for the cost-effective and efficient issuance of debt. Under the Act, the Corporation has the power to issue bonds or notes and engage in such other financial transactions as are necessary to provide sufficient funds to achieve the purposes of the Act.

The proceeds of debt issued by the Corporation may be used to reimburse Participating Insurers pursuant to Reimbursement Contracts for Losses from Covered Events; to refinance or replace previously existing borrowings or financial arrangements; to pay interest on such debt; to fund reserves; to provide a source of funds to the FHCF to reimburse Participating Insurers for Losses from subsequent hurricanes that are Covered Events; to pay expenses incident to the issuance or sale of such debt; and for such other purposes relating to the financial obligations of the FHCF as the SBA may determine.

Under the Act, the Corporation has all of the powers of corporations under Chapter 607 (Florida Business Corporation Act) and Chapter 617 (Florida Not For Profit Corporation Act), Florida Statutes, subject only to limitations of the Act, which include, among other things, a provision prohibiting the Corporation from filing for voluntary federal bankruptcy protection as long as the Corporation has any debt outstanding.

The Corporation is governed under the Act by a five-member Board of Directors consisting of the Governor or a designee, the Chief Financial Officer or a designee, the Attorney General or a designee, the Director of the Division of Bond Finance of the State Board of Administration, and the Chief Operating Officer of the FHCF. The members of the Board of Directors of the Corporation and the expiration dates of their respective terms in office are set forth below.

<u>Member</u>	<u>Term Expires</u>
Rick Scott, Governor, Chairman	January 1, 2015
Jeff Atwater, Chief Financial Officer	January 1, 2015
Pam Bondi, Attorney General	January 1, 2015
J. Ben Watkins III, Director of the Division of Bond Finance	Indefinite
Jack E. Nicholson, Chief Operating Officer, FHCF	Indefinite

The officers of the Corporation and the expiration dates of their respective terms in office are set forth below:

<u>Officer</u>	<u>Term Expires</u>
Jack E. Nicholson, President	Indefinite
Anne T. Bert, Treasurer	Indefinite
Tracy Allen, Esq., Secretary	Indefinite

The Corporation has no administrative staff and will use the staff of the FHCF for administrative matters. The Corporation has no business activities other than serving as a conduit issuer for the FHCF and facilitating the issuance of revenue bonds and other forms of indebtedness of the FHCF. The Corporation is treated as a blended component unit of the FHCF for financial statement presentation purposes, and does not issue separate financial statements from the FHCF. See "AUDITED FINANCIAL STATEMENTS" herein.

Upon issuance of the 2013A Bonds, the outstanding Parity Obligations of the Corporation will consist solely of the 2008A Bonds, the 2010A Bonds and the 2013A Bonds. Parity Obligations of the Corporation, including the 2013A Bonds, the 2010A Bonds, the 2008A Bonds are not debts of the State, and holders of Parity Obligations shall have recourse only against the Pledged Collateral. The Corporation has no general taxing power, nor does it have the power to pledge the credit, the revenues or the taxing power of the State. Pursuant to the Act, the Corporation and its corporate existence will continue indefinitely until terminated by law; however, no such law shall take effect as long as the Corporation has any debt outstanding unless adequate provision has been made for payment of such debt.

The State Board of Administration of the State of Florida

The SBA was created by Article IX, Section 16 of the State Constitution of 1885, as amended, and is continued under Article IV, Section 4(e) of the Florida Constitution. The SBA is composed of the Governor, as Chairman, the Chief Financial Officer and the Attorney General. The members of the SBA and the dates of expiration of their respective terms are set forth below:

<u>Member</u>	<u>Term Expires</u>
Rick Scott, Governor as Chairman	January 1, 2015
Jeff Atwater, Chief Financial Officer	January 1, 2015
Pam Bondi, Attorney General	January 1, 2015

As of the date hereof, all three members of the SBA serve on the Board of Directors of the Corporation.

The SBA fulfills a number of mandates set out under the Florida Constitution and state statutes, including the administration of the FHCF. The SBA appoints a nine-member advisory council (the "FHCF Advisory Council") that serves at the pleasure of the SBA to provide the SBA with information and advice in connection with its administration of the FHCF. As described in the Act, the membership of the FHCF Advisory Council consists of an actuary, a meteorologist, an engineer, a representative of insurers, a representative of insurance agents, a representative of reinsurers and three consumers who are required to be representatives of other affected professions and industries. The FHCF Advisory Council generally discusses policy matters but does not have decision-making authority over the FHCF. The SBA makes all final decisions.

The SBA is authorized under the Act to:

- enter into agreements for the issuance of debt upon the occurrence of Covered Events and a determination that the moneys in the FHCF are or will be insufficient to reimburse Participating Insurers at the coverage levels promised in the Reimbursement Contracts;
- direct OIR to levy Assessments of up to 6% of premium for Losses generated during any Contract Year (as defined herein) and up to 10% of premium in the aggregate to serve as security for debt issued to fund projected shortfalls in the FHCF from Covered Events;
- enter into agreements for the issuance of debt in the absence of a Covered Event upon a determination that such issuance would maximize the ability of the FHCF to meet future obligations.

The Florida Hurricane Catastrophe Fund

The FHCF is a tax-exempt trust fund created by the State Legislature during a special session in November 1993 to address the effects of Hurricane Andrew on the insurance market. The FHCF is administered by the SBA and is not an independent department or administrative unit of the State as defined in Section 20.04, Florida Statutes.

With limited exceptions, participation in the FHCF is mandatory for insurers writing certain residential property insurance policies in the State, including the Citizens Property Insurance Corporation ("Citizens") and any joint underwriting association or similar entity created pursuant to law (each a "Participating Insurer"), and is a condition of doing business in the State. Insurers with less than \$10 million in aggregate exposure under certain residential property insurance policies are not required to participate in the FHCF.

Participation in the FHCF is established through annual Reimbursement Contracts with Participating Insurers that obligate the FHCF to reimburse such Participating Insurers for their respective Losses in excess of their share of an industry-wide loss-retention level. In exchange for this benefit, Participating Insurers pay the FHCF actuarially-determined Reimbursement Premiums. The FHCF's maximum possible liability under Reimbursement Contracts for the Contract Year ending May 31, 2013, is \$17.023 billion but the legal liability of the FHCF is limited to its actual claims paying capacity as defined in Section 215.555(2)(m), Florida Statutes. Such amount may be subject to change in future Contract Years. See "FUTURE LEGISLATIVE AND REGULATORY CHANGES" herein. Also, see "OPERATION OF THE FHCF" herein for a discussion about the operation of the FHCF, Reimbursement Premiums and Assessments.

Paragon Strategic Solutions Inc. provides actuarial and other support services to the FHCF, including services used by the FHCF to set the Reimbursement Premiums. See "OPERATION OF THE FHCF – Administration of the FHCF" for a description of such services.

PLAN OF FINANCE

Pursuant to the Master Trust Indenture and the Act, the Corporation may issue its Parity Obligations as Pre-Event Parity Obligations or Post-Event Parity Obligations. Pre-Event Parity Obligations are issued prior to the occurrence of a Covered Event and the proceeds thereof are held invested until such time as withdrawn to reimburse Participating Insurers for Losses related to any future Covered Events. Under the Act, Pre-Event Parity Obligations may be issued in the absence of a hurricane upon a determination that such action would maximize the liquidity and ability of the FHCF to meet future obligations. Post-Event Parity Obligations are issued following the occurrence of a Covered Event (i) to pay reimbursement pursuant to the reimbursement

contracts for which moneys credited to the Corpus of the Fund are insufficient, or (ii) to refund other Post-Event Parity Obligations or to refund Pre-Event Parity Obligations issued prior to such Covered Event. The 2013A Bonds will constitute Pre-Event Parity Obligations and the 2008A Bonds and 2010A Bonds constitute Post-Event Parity Obligations.

The 2013A Bonds and Other Liquidity

The 2013A Bonds will be issued to supplement the FHCF's available cash balance to provide a source of liquidity for FHCF to reimburse Participating Insurers for Losses relating to any future Covered Events.

Proceeds of the 2013A Bonds will not be used to pay Participating Insurers for Losses relating to prior Covered Events, such as the Losses arising from hurricanes that struck the State in 2004 (the "2004 Covered Events") and 2005 (the "2005 Covered Events"), but will be invested consistent with Section 215.47, Florida Statutes, as amended, and the FHCF's investment policy and will be withdrawn as needed to reimburse Participating Insurers for Losses incurred from any future Covered Events. See "INVESTMENT POLICY OF THE FHCF" herein. Proceeds of the 2013A Bonds and the FHCF available cash balance may be withdrawn in any order of priority to reimburse Participating Insurers in the event of any future Covered Events. See "PLEDGE AND SECURITY FOR THE NOTES – Withdrawal of 2013A Bond Proceeds" herein.

If proceeds of the 2013A Bonds are used to reimburse Participating Insurers for Losses from any future Covered Events, the Corporation may refinance a corresponding portion of the 2013A Bonds in the approximate amount withdrawn through the issuance of tax-exempt Post-Event Parity Obligations. The timing of any such refinancing will depend upon a number of factors, including, but not limited to, market conditions. The issuance of any Post-Event Parity obligations to redeem the 2013A Bonds will be subject to the Incurrence Test, which requires, among other things, that Assessments be levied or ordered in amounts estimated to be sufficient to pay debt service on such Post-Event Parity Obligations. See "PLEDGE AND SECURITY FOR 2013A BONDS – Additional Parity Obligations and Subordinate Indebtedness" herein. Further, the Corporation may replace any 2013A Pre-Event withdrawals with future collections of Reimbursement Premiums or, alternatively, may pay debt service on the 2013A Bonds from Reimbursement Premiums, Assessments or other Pledged Collateral rather than refinancing such withdrawals with Post-Event Parity Obligations.

Post-Event Parity Obligations

On May 31, 2006, the SBA adopted resolutions authorizing the execution and delivery of the Pledge Agreement and directing the OIR to levy an Assessment on all lines of insurance assessable under the Act (the "Assessable Lines") in the amount of 1%, effective January 1, 2007

(the "2007 Assessment"). See "OPERATION OF THE FHCF – Assessments" herein for a more complete description of Assessable Lines. On June 12, 2006, OIR levied the Assessment in two Orders: one directed at insurers directly regulated by OIR and the other directed at the Florida Surplus Lines Service Office (the "FSLSO") to apply to surplus lines agents writing surplus lines policies on Assessable Lines of insurance and on insurance independently procured under Section 626.938, Florida Statutes. See "OPERATION OF THE FHCF" herein. On April 27, 2010, OIR issued two orders that increased the Assessment from 1% to 1.3% (the "2010 Assessment") effective January 1, 2011.

The Act permits the SBA to adjust the Assessment annually as necessary to pay debt service on revenue bonds. The SBA reserves the right to change the Assessment from the current assessment rate provided the Corporation remains in compliance with all covenants under the Master Indenture, including without limitation covenants regarding debt service coverage and the exclusion of interest from federal income taxation. See "SECURITY AND SOURCE OF PAYMENT—Fiscal Year-End Certificate" and "TAX MATTERS—Private Letter Rulings" herein.

As of December 31, 2012, the FHCF actuarially projected Losses from the 2004 Covered Events and the 2005 Covered Events totaled approximately \$9.760 billion. The Corporation paid losses from accumulated Reimbursement Premium and from the now matured Series 2006A Bonds. On July 31, 2008, and May 25, 2010, the Corporation issued its 2008A Bonds in the amount of \$625 million, and its 2010A Bonds in the amount of \$675.92 million, respectively, to pay Losses associated with the 2004 Covered Events and 2005 Covered Events. As of December 31, 2012, all of the 2008A Bond proceeds had been used for that purpose, and \$388.0 million of the proceeds of the 2010A Bonds remained available to pay such Losses. The projected Losses associated with the 2004 Covered Events and the 2005 Covered Events remaining to be paid equal approximately \$404.5 million, leaving a current projected shortfall of approximately \$16.5 million. The settlement of these losses is in process and the FHCF does not expect to issue any additional Post-Event Parity Obligations for payment thereof. FHCF expects to pay any remaining shortfall from Assessments not needed for payment of debt service on Outstanding Parity Obligations. The 2010A Bonds and the 2008A Bonds are all payable from the 2010 Assessment.

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ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the 2013A Bonds are expected to be applied as shown below.

Sources of Funds:

Principal Amount of the Bonds	\$2,000,000,000.00
Legally Available FHCF Funds.....	<u>1,522,550.00</u>
Total Sources	\$2,001,522,550.00

Uses of Funds:

Deposit to 2013A Covered Events Relief Subaccount	\$1,993,048,840.21 ⁽¹⁾
Costs of Issuance ⁽²⁾	1,522,550.00
Underwriters' Discount.....	<u>6,951,159.79</u>
Total Uses.....	\$2,001,522,550.00

(1) The Corporation will deposit \$6,951,159.79 from other available funds for a total deposit of \$2 billion to 2013A Covered Events Relief Subaccount.

(2) Includes legal fees, Financial Advisor fees, rating agency fees, printing costs and other miscellaneous expenses relating to the authorization and issuance of the 2013A Bonds.

DEBT SERVICE COVERAGE

The following table shows projected debt service coverage on the 2013A Bonds, the 2010A Bonds and the 2008A Bonds. Coverages shown are based upon estimates of the future collections of Reimbursement Premiums, Assessments, investment earnings on the proceeds of the 2013A Bonds until their maturity or such time as the proceeds are used to pay Covered Claims, and certain stated assumptions regarding interest rates. Over the term of the 2013A Bonds, the Corporation expects the interest expense on the 2013A Bonds to exceed the investment earnings on the proceeds of the 2013A Bonds. The interest expense on the 2013A Bonds that exceeds the investment earnings on the proceeds thereof is expected to be paid from Reimbursement Premiums.

The amounts shown below are estimates, subject to change, and are based upon various assumptions concerning interest rates, Reimbursement Premiums and other assumptions. There can be no assurance that the assumptions are correct, and actual cash flows and debt service coverage may be different than projected below. Additionally, the debt service coverage table does not reflect potentially substantial and material changes to estimated debt service requirements that could result from withdrawals of proceeds of the 2013A Bonds or the refinancing thereof with Post-Event Parity Obligations.

Historical and Projected Debt Service Coverage*
Total Outstanding Parity Obligations
(dollars in millions)

Fiscal Year (06/30)	Reimbursement Premium Collections ¹	Reimbursement Premium Assessment Collections ²	Reimbursement Premium and Assessment Collections	Principal Payment of Pre-Event Bonds ³	Net Interest Expense on Pre-Event Bonds ⁴	Total Annual Net Debt Service on Pre-Event Bonds	Total Annual Debt Service on Post-Event Bonds	Pre-Event Bonds Proceeds Available for Pre-Event Debt Service ⁵	Total Annual Parity Net Debt Service	Total Debt Service Coverage on Outstanding Parity Obligations
2008	\$ 1,319	\$ 362	\$ 1,682		\$ 73	\$ 73	\$ 32		\$ 105	16.1x
2009	1,276	338	1,614	\$2,800	190	2,990	318	(\$2,800)	508	3.2x
2010	1,427	330	1,757		12	12	335		348	5.1x
2011	1,295	387	1,682		22	22	335		357	4.7x
2012	1,306	457	1,763		25	25	368		393	4.5x
2013	1,254	463	1,717	3,500	5	3,505	368	(3,500)	373	4.6x
2014	1,332	463	1,795		22	22	356		378	4.7x
2015	1,332	463	1,795		37	37	366		403	4.5x
2016	1,332	463	1,795		37	37	367		404	4.4x
2017	1,331		1,331	500	36	536	342	(500)	378	3.5x
2018	1,331		1,331		33	33			33	40.4x
2019	1,331		1,331	500	30	530		(500)	30	44.1x
2020	1,331		1,331		25	25			25	53.3x
2021	1,331		1,331	1,000	15	1,015		(1,000)	15	89.0x

Source: FHCF, except projected Reimbursement Premium information, which has been provided by Paragon Strategic Solutions Inc.

* Totals may not add due to rounding.

¹ Collections are net of administrative expenses. Includes projected investment earnings beginning in Fiscal Year 2013 estimated at 0.50%. Temporary Increase in Coverage Limit Options for Additional Coverage is only applicable to Fiscal Years 2008 through 2013 and is assumed to not be selected in Fiscal Year 2014. Starting with Fiscal Year 2014, the projected Reimbursement Premium may be lower by approximately \$15 million due primarily to actual net debt service on the 2013A Bonds being less than originally projected.

² Assessments are assumed to cease upon final maturity of the outstanding 2010A Bonds.

³ Fiscal Years 2009 and 2013 reflect the final maturities of the matured 2006B and 2007A Pre-Event Bonds.

⁴ Fiscal Years 2008-2013 reflect actual interest expense and investment earnings on the matured 2006B and 2007A Pre-Event Bonds. Fiscal Years 2014-2021 include actual interest expense and projected investment earnings on the 2013A Bonds beginning in Fiscal Year 2013 estimated at 0.50%.

⁵ Proceeds of Pre-Event Bonds are available to pay Pre-Event Bonds at maturity.

DESCRIPTION OF THE 2013A BONDS

General

Interest on the 2013A Bonds will be payable semiannually on January 1 and July 1 of each year, commencing July 1, 2013, at the rates set forth on the cover page of this Official Statement. The 2013A Bonds will mature on July 1 in the years and the principal amounts set forth on the inside cover page of this Official Statement. Individual purchases of 2013A Bonds will be made in denominations of \$5,000 or any integral multiple thereof. The Master Trustee will also serve as Bond Registrar with respect to the 2013A Bonds.

Book-Entry-Only System

The Depository Trust Company ("DTC") will act as securities depository for the 2013A Bonds. The 2013A Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's nominee name) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2013A Bonds, each in the aggregate principal amount of such maturity (subject to any DTC restrictions on the maximum principal amount of a bond certificate), and will be deposited with DTC. See "Appendix D, PROVISIONS FOR BOOK-ENTRY-ONLY SYSTEM FOR REGISTERED BONDS" for a description of DTC, certain responsibilities of DTC, the SBA, the Corporation and the Bond Registrar, and the provisions for registration and registration of transfer of the 2013A Bonds if the book-entry-only system of registration is discontinued.

Optional Redemption with Make-Whole Premium

The 2013A Bonds are subject to redemption prior to maturity by written direction of the Corporation, in whole or in part, on any Business Day, at the Make-Whole Redemption Price, as defined below. The "Make-Whole Redemption Price" is the greater of (i) 100% of the principal amount of the 2013A Bonds to be redeemed; or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the 2013A Bonds to be redeemed, not including any interest accrued and unpaid as of the date on which the 2013A Bonds are to be redeemed, discounted to the date on which the 2013A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below); plus 15 basis points for the 2016 maturity, 20 basis points for the 2018 maturity, and 30 basis points for the 2020 maturity; plus, in each case, accrued and unpaid interest on the 2013A Bonds to be redeemed to the redemption date. The "Treasury Rate" is, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available prior to the pricing date of the refunding bonds or prior to the redemption date if no refunding

bonds are issued (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the refunding bonds pricing date, if issued, or if no refunding bonds are issued, from the redemption date to the maturity date of the 2013A Bonds to be redeemed.

Notice of Optional Redemption

When redemption of 2013A Bonds is authorized pursuant to the provisions of the Master Indenture, the Trustee shall give to the Owners of 2013A Bonds to be redeemed notice, at the expense of the Corporation, of the redemption of the 2013A Bonds. Notice of such redemption of the 2013A Bonds shall be given by mail, postage prepaid, not more than sixty (60) days or fewer than thirty (30) days prior to said date of redemption, to the Owners of any 2013A Bonds to be redeemed. Such notice shall be in the form provided and shall contain the information required by the Master Indenture and provide that on the redemption date there shall become due and payable upon each 2013A Bond to be redeemed the Make-Whole Redemption Price thereof, or the Make-Whole Redemption Price of the specified portions of the principal thereof in the case of 2013A Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable, and that the 2013A Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment at the designated corporate trust office of the Trustee at an address specified. Any such notice may be a conditional notice. In the event the conditions stated in such a notice have not been satisfied on the proposed redemption date, such redemption shall not occur and such notice shall be of no further force or effect. Such mailing shall not be a condition precedent to such redemption, and failure to mail any such notice, or any defect in such notice as mailed, shall not affect the validity of the proceedings for the redemption of the 2013A Bonds for which proper notice was given.

In the case of redemption of the 2013A Bonds, the Corporation will select the maturities of the 2013A Bonds to be redeemed. If the 2013A Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the 2013A Bonds shall be effected by the Bond Registrar among owners on a pro-rata basis subject to minimum authorized denominations. The particular 2013A Bonds to be redeemed shall be determined by the Bond Registrar, using such method as it shall deem fair and appropriate. If the 2013A Bonds are registered in book-entry only form and so long as DTC is the sole registered owner of the 2013A Bonds, if less than all of the 2013A Bonds of a maturity are called for prior redemption, the particular 2013A Bonds or portions thereof to be redeemed shall be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures, provided that, so long as the 2013A Bonds are held in book-entry form, the selection for redemption of such 2013A Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided by the Bond

Registrar pursuant to DTC operational arrangements. If the Bond Registrar does not provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distribution of Principal basis, the 2013A Bonds will be selected for redemption in accordance with DTC procedures by lot. It is the Corporation's intent that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the Corporation and the Beneficial Owners be made on a "Pro Rata Pass-Through Distribution of Principal" basis as described above. However, the Corporation can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the 2013A Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the 2013A Bonds will be selected for redemption in accordance with DTC procedures by lot.

PLEDGE AND SECURITY FOR 2013A BONDS

The 2013A Bonds shall not be deemed to constitute a debt of the State, and holders of the 2013A Bonds shall have recourse only against the Pledged Collateral. The Corporation has no general taxing power nor does it have the power to pledge the credit, the revenues or the taxing power of the State. Neither the credit, the revenues nor the taxing power of the State shall be deemed to be pledged to the payment of the 2013A Bonds.

General

The 2013A Bonds are being issued on a parity basis with the Corporation's outstanding \$625,000,000 2008A Bonds, \$675,920,000 2010A Bonds, and any future Parity Obligations, and are secured by a first lien pledge of the Pledged Collateral consisting primarily of: (i) Reimbursement Premiums and investment earnings thereon (after provision for Current Expenses of the FHCF and the Corporation), (ii) Assessments and investment earnings thereon, and (iii) investment earnings on proceeds of the 2013A Bonds. The net proceeds of the 2013A Bonds are pledged as security for the 2013A Bonds prior to being withdrawn to reimburse Participating Insurers for Losses relating to any future Covered Events. Reimbursement Premiums and Assessments are discussed in detail in "OPERATION OF THE FHCF - Reimbursement Premiums" and – "Assessments" herein. Similarly, information relevant to investment of proceeds of Parity Obligations is discussed under the heading "INVESTMENT POLICY OF THE FHCF" herein.

The 2008A Bonds and the 2010A Bonds were, and the 2013A Bonds and any future Parity Obligations will be, issued pursuant to the Master Indenture and secured thereby and by the Pledge Agreement. The 2008A Bonds and the 2010A Bonds are also secured on a parity basis by the Parity Common Reserve Account funded with a deposit of \$62,500,000 from legally available funds of the FHCF in connection with the issuance of the 2008A Bonds and

\$71,614,954.49 from proceeds of the 2010A Bonds. The 2013A Bonds are not secured by the Parity Common Reserve Account or any other Reserve Account.

Withdrawal of 2013A Bond Proceeds

The net proceeds derived from the sale of the 2013A Bonds shall be deposited and held in a separate subaccount of the Covered Events Relief Fund pursuant to the Pledge Agreement and will not be commingled with the proceeds of the 2008A Bonds and the 2010A Bonds. The 2013A Bonds will be secured by the net proceeds of the 2013A Bonds prior to withdrawal to pay Losses relating to any future Covered Events. In the event of any future Covered Event, proceeds of the 2013A Bonds and the FHCF available cash balance may be withdrawn in any order or priority. Holders of the 2013A Bonds will have no right to compel the withdrawal of the FHCF's available cash balance or the proceeds of the 2013A Bonds before or after withdrawal of the other Parity Obligations. The proceeds from the sale of the 2013A Bonds are expected to be used to pay Losses of Participating Insurers upon the occurrence of one or more future Covered Events; provided, however, the FHCF can use accumulated fund balance or bond proceeds in any order to pay claims, and expects to use accumulated cash first prior to drawing down bond proceeds. Proceeds of the 2013A Bonds may be withdrawn and used to pay Losses of Participating Insurers by an authorized officer of the SBA certifying to the Master Trustee: (i) the expected aggregate amount and monthly schedule for anticipated withdrawals to be made as a result of any future Covered Event; (ii) that an amount equal to estimated debt service for six months on the amount withdrawn will be deposited with the Master Trustee for credit to the Interest Account for the 2013A Bonds; (iii) taking into account the anticipated withdrawals, there will be sufficient revenues available to pay debt service on the 2013A Bonds when due; and (iv) notice of the anticipated withdrawals has been provided to the SBA along with an estimate of the Assessment percentage, if any, that would be necessary to provide for the estimated debt service in each Fiscal Year on debt in an amount equal to the aggregate withdrawals.

Pledge Agreement

Under the Pledge Agreement, the FHCF has pledged to the Corporation the Pledged Collateral, consisting primarily of the following items: (i) Reimbursement Premiums and earnings thereon; (ii) Assessments and earnings thereon; and (iii) investment earnings on proceeds of Parity Obligations, including the 2013A Bonds. See "OPERATION OF THE FHCF – Reimbursement Premiums" and " - Assessments" and "INVESTMENT POLICY OF THE FHCF" herein for more detailed discussions of Reimbursement Premiums, Assessments and investment of proceeds of Parity Obligations. The Pledged Collateral applicable to the 2013A Bonds also includes the unspent proceeds of the 2013A Bonds.

Reimbursement Premiums are collected by the FHCF on each August 1, October 1 and December 1. Assessments are received by the FHCF continually throughout the year, with the largest amounts due to the SBA on or about each June 1, September 1, December 1 and March 15. The 2007 Assessment became effective on January 1, 2007 with the majority of the initial collections occurring in May 2007. See "OPERATION OF THE FHCF – Assessments – Collection of Assessments" herein. Reimbursement Premiums (after provision for Current Expenses of the FHCF and the Corporation) and Assessments received by the FHCF will be transferred to the Master Trustee no less frequently than monthly. To the extent the foregoing is insufficient to provide for debt service on Outstanding Parity Obligations, the Master Trustee will provide notice to the FHCF, which will be required to transfer Pledged Collateral at such times and in such amounts as necessary to provide for such debt service.

The Pledge Agreement provides that any Reimbursement Premiums and earnings thereon are transferred to the Master Trustee net of the Current Expenses of the FHCF. Current Expenses of the FHCF include all administrative expenses, salaries and other compensation expenses; fees and expenses incurred for professional consultants and fiduciaries; refunds related to over-payments of Reimbursement Premiums or refunds of interest related to loss reimbursements or overpayments of Reimbursement Premiums; and the premiums, fees and costs of procuring reinsurance for the FHCF. As of the date of this Official Statement, the FHCF had not purchased any such reinsurance.

Current Expenses of the FHCF also include payments required by the Act to be appropriated for certain hurricane preparedness programs of local governments, state agencies, public and private educational institutions and non-profit organizations ("Mitigation Payments"). The Act requires that no less than \$10 million and no more than 35% of investment earnings of the FHCF be appropriated annually for such Mitigation Payments. The Act limits the required appropriation of investment earnings of the FHCF to \$10 million if the SBA determines that an appropriation in excess of that amount would jeopardize the actuarial soundness of the FHCF. In 2011, the Florida Legislature enacted Senate Bill 2156 extending the Hurricane Loss Mitigation Program through June 30, 2021.

Current Expenses of the FHCF have ranged from \$16.2 million to \$17.4 million per year over the five Fiscal Year period ended June 30, 2012. These amounts include \$10 million annual Mitigation Payments. For purposes of the information presented in the table under the heading "OPERATION OF THE FHCF – Historical Summary of Revenues, Expenses and Changes in Net Assets" herein, the portion of the Current Expenses of the FHCF relating to Mitigation Payments has been reflected in the row entitled Transfers to Other Funds, with the remainder of the Current Expenses of the FHCF reflected in the row entitled Administrative, Professional, Personnel and Other.

A copy of the Pledge Agreement is set forth in "Appendix C-4, PLEDGE AND SECURITY AGREEMENT".

Flow of Funds

The FHCF will transfer to the Master Trustee Assessments and Reimbursement Premiums (after provision of Current Expenses of the FHCF) received by the FHCF in such amounts and at such times as provided for in the Master Indenture and Pledge Agreement which requires such transfer no less frequently than monthly until sufficient sums are on deposit therewith. Upon receipt of these amounts, the Master Trustee will deposit all Assessments into the Assessments Account within the Revenue Fund. All Reimbursement Premiums received will be deposited into the Reimbursement Premiums Account within the Revenue Fund. To the extent the Master Trustee receives investment income on the proceeds of Pre-Event Parity Obligations or proceeds of any Derivative Agreements, such amounts will likewise be deposited to corresponding accounts created within the Revenue Fund. See "Appendix C-2, MASTER TRUST INDENTURE—Section 502". The Corporation, the FHCF and the SBA do not expect to enter into any Derivative Agreements with respect to the 2013A Bonds and no Derivative Agreements are currently outstanding.

Prior to each January 1 and July 1, the Master Trustee will transfer from the Assessments Account to the Bond Fund, which is also held by the Master Trustee, amounts sufficient to pay interest and principal on the 2010A Bonds, the 2008A Bonds, Other Post-Event Parity Obligations and any amounts required to eliminate any deficiency in the Parity Common Reserve Account. To the extent amounts contained in the Assessments Account are insufficient to provide for the foregoing, the Master Trustee will transfer the necessary amounts first from amounts on deposit in the Parity Common Reserve Account and then from amounts in the Reimbursement Premiums Account.

Amounts in the Reimbursement Premiums Account will be used first to pay Current Expenses of the Corporation, then (to the extent not paid from investment earnings on proceeds of the 2013A Bonds and any other future Pre-Event Parity Obligations) to pay debt service on any Parity Obligations, including the 2013A Bonds.

Expenses of the Corporation are insignificant. The Corporation has no business activities other than serving as a conduit issuer for the FHCF and facilitating the issuance of revenue bonds and other forms of indebtedness of the FHCF. Current Expenses of the Corporation are anticipated to consist primarily of the fees and expenses due to the Master Trustee and the Bond Registrar and fees and expenses of the Corporation's auditors. The Corporation has no staff and only three officers that serve with no compensation: the President (Chief Operating Officer of the FHCF), the Treasurer (Director of Operations of the FHCF) and the Secretary (the Senior Attorney of the FHCF). To the extent amounts on deposit in the

Reimbursement Premiums Account are insufficient to provide for the Current Expenses of the Corporation, debt service on the 2013A Bonds and other future Pre-Event Parity Obligations and any deficiencies in any applicable debt service reserve account, the Master Trustee will transfer the necessary amounts first from the Pre-Event Bonds Investment Income Account, then from an applicable reserve account, if any, and finally, to the extent necessary, from the Assessments Account.

Once debt service on all Outstanding Parity Obligations has been provided for in a Fiscal Year, the requirement to continue to transfer Reimbursement Premiums to the Master Trustee ceases for the remainder of the Fiscal Year, and any Reimbursement Premiums and investment earnings on proceeds of Pre-Event Parity Obligations received by the FHCF from such date until the end of the Fiscal Year are released from the lien of the Pledge Agreement and Master Indenture. In addition, as of such date, any Reimbursement Premiums held by the Master Trustee and accumulated investment earnings on Pre-Event Parity Obligations held by the FHCF, which amounts are in excess of the amounts needed to pay debt service on all Outstanding Parity Obligations for such Fiscal Year, are also released from the lien of the Master Indenture and Pledge Agreement. All released Reimbursement Premiums that are in possession of the Master Trustee will be returned to the FHCF to be used for any purpose permitted under the Act. Reimbursement Premiums and investment earnings on Pre-Event Parity Obligations released from the lien of the Master Indenture and Pledge Agreement become part of the Corpus of the FHCF, are no longer pledged to payment of debt service on the 2013A Bonds, the 2010A Bonds, the 2008A Bonds or any other Outstanding Parity Obligations, and will be available to pay Losses resulting from Covered Events and any other lawful purpose of the FHCF. See "-Corpus and Corpus Earnings not Pledged" below.

Unlike Reimbursement Premiums, the lien of the Master Indenture and Pledge Agreement on Assessments is not automatically released once debt service for the Fiscal Year on Outstanding Parity Obligations has been provided for. Instead, the FHCF is required to continue to transfer Assessments to the Master Trustee. Excess Assessments transferred to the Master Trustee may be released from the lien of the Pledge Agreement and Master Indenture if the SBA certifies to the Master Trustee that there are sufficient Assessments on deposit with the Master Trustee to adequately provide for the payment of debt service when due on Post-Event Parity Obligations for the current and the next succeeding Fiscal Years. Upon the Master Trustee's receipt of such certificate, Assessments in excess of amounts needed to pay debt service on Post-Event Parity Obligations will be released from the lien of the Master Indenture and Pledge Agreement and will be returned to the FHCF. Such amounts will then be available for any other lawful purpose of the FHCF.

Corpus and Corpus Earnings Not Pledged

Reimbursement Premiums and Assessments released from the lien of the Pledge Agreement and the Master Indenture as described above will become part of the Corpus of the FHCF, which will be used to pay Losses resulting from hurricanes and for other lawful purposes of the FHCF. Neither the Corpus nor the earnings thereon is pledged to payment of debt service on the 2013A Bonds or any other Parity Obligations issued under the Master Indenture.

Parity Common Reserve Account

The 2013A Bonds are not secured by the Parity Common Reserve Account or any other Special Reserve Account. The 2010A Bonds and the 2008A Bonds are secured on a parity basis by the Parity Common Reserve Account created in the Bond Fund which is fully funded with approximately \$134.15 million on deposit therein (as of February 28, 2013) equaling the Parity Common Reserve Requirement for the 2008A Bonds and the 2010A Bonds which amount is invested in Federal Obligations.

A Supplemental Trust Indenture authorizing additional Parity Obligations may establish a Special Reserve Account for such Parity Obligations and determine the amount to be deposited therein. In addition, a Series of Parity Obligations may be issued under the Master Indenture without the benefit of any debt service reserve fund. The Parity Common Reserve Account will not secure Parity Obligations secured by a Special Reserve Account or no debt service reserve fund.

Under the Master Indenture, the Parity Common Reserve Account may be funded with cash, Investment Obligations or a Reserve Alternative Instrument, such as a surety bond. Investment Obligations held in the Parity Common Reserve Account will be valued at cost. Any deficiency in the Parity Common Reserve Account resulting from a withdrawal of cash or Investment Obligations or a draw upon a Reserve Alternative Instrument must be made up within one year of the withdrawal creating such deficiency. See "Appendix C-2, MASTER TRUST INDENTURE—Section 508".

No Bankruptcy

As long as the Corporation has any debt outstanding, neither the FHCF nor the Corporation shall have the authority to file a voluntary petition under Chapter 9 of the Federal Bankruptcy Code or such corresponding chapter or sections as may be in effect, from time to time, and neither any public officer nor any organization, entity, or other person shall authorize the FHCF or the Corporation to be or become a debtor under Chapter 9 of the Federal

Bankruptcy Code or such corresponding chapter or sections as may be in effect, from time to time, during any such period.

Non-Impairment

The State has covenanted under the Act with the holders of debt issued by the Corporation that the State will not repeal or abrogate the power of the SBA to direct the OIR to levy the Assessments and to collect the proceeds of the revenues pledged to the payment of such debt so long as any such debt remains outstanding, unless adequate provision has been made for the payment of such debt pursuant to the documents authorizing the issuance of such debt.

Additional Parity Obligations and Subordinate Indebtedness

Parity Obligations. The Corporation may issue additional Parity Obligations if it certifies compliance with the Incurrence Test. The requirements necessary to certify compliance with the Incurrence Test differ depending on whether the Corporation intends to issue Pre-Event Parity Obligations, Post-Event Parity Obligations, or Parity Obligations to refund or reissue any indebtedness of the Corporation.

The Corporation may incur additional Pre-Event Parity Obligations if it first certifies to the Master Trustee that (i) the sum of (A) Reimbursement Premiums and Reimbursement Premium Earnings for 12 consecutive out of the most-recent 18 consecutive months, after certain permitted adjustments, and (B) the Assessment revenues that could be derived from multiplying the maximum Assessment percentage permitted under the Act by the amount of premium on all Assessable Lines for the most-recent 12-month period, divided by (ii) the Maximum Debt Service Requirement on all Parity Obligations, including the proposed issuance of Pre-Event Parity Obligations, is at least equal to 1.25.

The Corporation may incur Post-Event Parity Obligations if it satisfies the test for issuing Pre-Event Parity Obligations and also establishes that sufficient Assessments are being collected or have been ordered to be assessed to cover 100% of the Maximum Debt Service Requirement for all Outstanding Post-Event Parity Obligations and the proposed Post-Event Parity Obligations to be issued.

The Corporation may issue Parity Obligations to refund or reissue any indebtedness of the Corporation, whether Parity Obligations or Subordinate Indebtedness, provided that either (A) after taking into account the Parity Obligations proposed to be incurred and the Parity Obligations to remain Outstanding after the proposed refunding or reissuance, the Maximum Debt Service Requirement will not be increased by more than five percent (5%), or (B) the Corporation certifies to the Master Trustee the items required to be certified to issue Pre-Event

Parity Obligations after taking into account the Parity Obligations proposed to be incurred and the Parity Obligations to remain Outstanding after the proposed refunding or reissuance; provided, however, if Post-Event Parity Obligations are proposed to be issued to refund or reissue any Outstanding indebtedness of the Corporation, the Corporation must also certify the existence of the conditions required to issue Post-Event Parity Obligations. The Corporation will provide the Master Trustee with a verification report from a nationally-recognized verification agent supporting any determination made in (A) or (B) above with respect to any defeasance of Parity Obligations. See "Appendix C-2, MASTER TRUST INDENTURE - Section 704".

Subordinated Indebtedness. The Master Indenture also permits the Corporation to incur indebtedness which will be subordinate and junior in right of payment to the Parity Obligations issued under the Master Indenture. See "Appendix C-2, MASTER TRUST INDENTURE – Section 211". The Corporation has no outstanding indebtedness which is subordinate and junior to the Parity Obligations.

Debt Service Coverage Requirement

Not later than ninety (90) days after the end of each Fiscal Year, the Corporation and the FHCF must certify that the Revenue Available for Debt Service for the prior Fiscal Year (which includes investment earnings on proceeds of Pre-Event Parity Obligations), was at least equal to the greater of (i) one hundred twenty-five percent (125%) of the principal and interest (net of capitalized interest) that became due in such Fiscal Year on Parity Obligations and (ii) one hundred percent (100%) of the principal and interest (net of capitalized interest) that became due in such Fiscal Year for Parity Obligations and Subordinated Indebtedness. If the Corporation and the FHCF are unable to certify compliance with the foregoing, each of the Corporation and the FHCF has covenanted to take all actions permitted by law or under the Pledge Agreement, including increasing the rate of Assessment, requesting amendments to the Act deemed appropriate by its governing body and cooperating with the SBA in connection with any action to increase collections of Pledged Collateral. See "DEBT SERVICE COVERAGE – Debt Service Coverage Table" herein.

See "Appendix C-2, MASTER TRUST INDENTURE – Section 705" and "Appendix C-4, PLEDGE AND SECURITY AGREEMENT – Section 4(c)".

Events of Default and Remedies

Under the Master Indenture and the Pledge Agreement, each of the following is an event of default (an "Event of Default") with respect to any Outstanding Parity Obligations:

- The Corporation fails to pay the principal, redemption premium (if any) or interest on any Parity Obligation when such amounts are due and payable;
- The occurrence of any event of default under a Supplemental Indenture;
- The Corporation fails to comply with any covenant or agreement under the Master Indenture (other than the covenant to pay principal, redemption premium (if any) and interest when due) and such failure is not cured (or if such noncompliance cannot be cured within the following time period, corrective action is not commenced) within thirty (30) days after the Corporation's receipt of written notice from the Master Trustee describing the Event of Default and requiring the default to be remedied;
- The Corporation fails to make any required payment with respect to Subordinated Indebtedness or any other indebtedness (other than Parity Obligations) and any applicable grace period has expired; and
- The State limits or alters the denial of authority of the Corporation to file a petition in bankruptcy, or the rights vested in the FHCF or the Corporation to fulfill the terms of any agreements made with the Owners, or in any way impair the rights and remedies of such Owners so long as any such Parity Obligations of the Corporation remain Outstanding unless adequate provision has been made for the payment of such Parity Obligations.

Immediately upon any Event of Default, the Master Trustee may (and upon the written request of a majority in aggregate principal amount of the holders of Outstanding Parity Obligations, will) proceed to protect and enforce its rights and the rights of the holders of the Parity Obligations under the Master Indenture through any means available to it, including:

- Enforcement of the right to collect and enforce the payment of amounts due or becoming due under the Parity Obligations;
- Suit upon all or any part of the Parity Obligations;
- Civil action to require any person holding moneys, documents or other property pledged to the Parity Obligations to account as if it were the trustee of an express trust for the holders of such Parity Obligations;
- Civil action to enjoin any acts or things, which may be unlawful or in violation of the rights of the Owners and holders;

- Enforcement of any other right of the holders conferred by law or hereby; and
- Enforcement of the provisions of the Pledge Agreement.

Regardless of the happening of an Event of Default, the Master Trustee, if requested in writing by the holders of not less than a majority in aggregate principal amount of Outstanding Parity Obligations, must institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Master Indenture by any acts which may be unlawful or in violation of the Master Indenture, or (ii) to preserve or protect the interests of the holders of Outstanding Parity Obligations.

In addition to the above-described remedies available upon any Event of Default, the Master Trustee may (and upon the written request of a majority in aggregate principal amount of the holders of Outstanding Parity Obligations, will) accelerate the payment of principal of Outstanding Parity Obligations not yet due and payable upon the Corporation's failure to pay the principal, redemption price (if any) and interest with respect to Parity Obligations for which such amounts are due and payable, and the continuation of such failure for 180 days thereafter. The Master Trustee shall rescind acceleration upon the Corporation's curing of a payment default.

See "Appendix C-2, MASTER TRUST INDENTURE – Sections 802-804".

OPERATION OF THE FHCF

General

The FHCF is a tax-exempt trust fund created by the State Legislature during a special session in November 1993 to address the after-effects from Hurricane Andrew on the insurance market. Hurricane Andrew caused insured and uninsured losses in excess of \$30 billion in the State in August 1992. As a result of these losses, 11 insurers were rendered insolvent, and numerous insurers announced plans to cancel or discontinue writing policies covering residential property, threatening approximately 900,000 policyholders with loss of property coverage.

In recognition of these circumstances and the general trend of contraction in domestic and international reinsurance capacity, the State Legislature passed the original Act and thereby created the FHCF in November 1993 for the purpose of reimbursing certain insurers writing policies covering residential property in the State for a portion of their catastrophic hurricane losses. The FHCF is administered by the SBA and is not an independent department or administrative unit of the State as defined in Section 20.04, Florida Statutes. The Internal Revenue Service has issued a private letter ruling concluding that the FHCF is an integral part

of the State and is therefore not subject to federal income taxation. The FHCF is not a regulated insurance or reinsurance company under State law, does not issue insurance or reinsurance policies and is not required to have the loss reserves which are required of insurers or reinsurers under State law.

Mandatory Coverage. Mandatory coverage is what has traditionally been provided by the FHCF. This portion of the FHCF coverage is mandatory for insurers writing certain residential property insurance policies in the State, including Citizens, certain commercial self-insurance funds and any joint underwriting association or similar entity created pursuant to law (each a "Participating Insurer"), and is a condition of doing business in the State. There are currently 162 Participating Insurers for the Contract Year ending May 31, 2013. Participation in the FHCF is established through the execution of a Reimbursement Contract between the SBA and each Participating Insurer pursuant to which the insurer promises to pay annual, actuarially-determined Reimbursement Premiums, and the SBA promises to reimburse the insurer at one of three specified coverage levels (45 percent, 75 percent or 90 percent) selected by the Participating Insurer for Losses in excess of such insurer's share of an industry-wide loss-retention level (generally referred to as an insurer's "Retention"). The amount of Reimbursement Premiums paid to the FHCF by the Participating Insurers depends upon the coverage level selected. A majority of the Participating Insurers select a coverage level of 90 percent. The portion of a Participating Insurer's Losses above its Retention that are not reimbursed by the FHCF due to the coverage level selected by such insurer effectively operates as that Participating Insurer's "co-payment" for such Losses.

Reimbursement Contracts are renewed annually on June 1 of each year for the ensuing Contract Year. The Act sets the FHCF aggregate Retention at \$4.5 billion to be adjusted annually to reflect increased exposure to the FHCF since 2004. Such adjustment is based upon the reported exposure for the Contract Year occurring two years before the particular Contract Year to reflect the percentage growth in exposure to the Fund for covered policies since 2004, divided by the total estimated reimbursement premium for the Contract Year. Currently, taking into account such exposure growth since 2004, the aggregate Retention is projected to be \$7.213 billion for the Contract Year ending May 31, 2014. The FHCF aggregate Retention is allocated to each Participating Insurer based on such insurer's pro rata share of Reimbursement Premiums due for a Contract Year. A Participating Insurer's share of Retention applies in full to each of the two Covered Events causing the largest Losses for such Participating Insurer in a single Contract Year. For each other Covered Event causing Losses in the Contract Year, the insurer's share of Retention is reduced to one-third of its share of the full Retention. The State Legislature can and has in the past reset the Retention by statute to a level lower than what it would have been had full exposure growth been taken into account. For example, during the 2005 Legislative Session, the retention was reset at the 2004 Contract Year level of \$4.5 billion instead of increasing to the \$4.96 billion level that accounted for growth.

The mandatory coverage provided by the FHCF for any single Contract Year is limited to the lesser of the Actual Claims Paying Capacity of the FHCF or the statutory liability limit of \$17 billion, which is subject to adjustment based upon the increase in claims-paying capacity of the FHCF. See "Optional Coverage" below and "Limited Liability of the FHCF and Bonding Capacity Estimates and Assumptions" herein. Based on computations by the FHCF's independent actuary and statutory limitations, the maximum liability of the FHCF with respect to its mandatory coverage for the Contract Year ending May 31, 2014, is projected to be \$17 billion.

Optional Coverage. For the Contract Year ending May 31, 2014, Participating Insurers may purchase optional coverage up to \$2 billion in the aggregate which is in addition to the mandatory FHCF coverage. All Participating Insurers are eligible to purchase additional FHCF coverage above their mandatory coverage limit, which is referred to as the Temporary Increase in Coverage Limits, or "TICL." However, for the Contract Year ending May 31, 2014, the TICL coverage cost is approximately six times the FHCF actuarially determined premium. As a result, as of March 5, 2013, Participating Insurers have preliminarily selected only \$12.6 million of such TICL coverage for the Contract year ending May 31, 2014. However, the Participating Insurers have until June 1, 2013 to finalize the level purchased. FHCF anticipates that the level of TICL coverage actually purchased for the Contract Year ending May 31, 2014 will be an immaterial amount.

Administration of the FHCF

The SBA has engaged Paragon Strategic Solutions Inc., Minneapolis, Minnesota ("Paragon"), a wholly owned subsidiary of Aon Benfield Global Inc., as a consultant to provide administrative services to the FHCF. Paragon has served in this capacity since the inception of the FHCF and provides day-to-day support for a variety of activities including: coordinating the annual distribution and collection of the Reimbursement Contracts and insurer reporting requirements; processing reports of insured values; calculating, invoicing and collecting Reimbursement Premiums; and processing loss reimbursement payment requests. Paragon also provides actuarial consulting services to the FHCF which include the development of the annual ratemaking report and the actuarial formula used in determining the Reimbursement Premiums. Fees paid to Paragon for its services are considered Current Expenses of the FHCF under the Master Indenture and are reflected in the line item Administrative, Professional, Personnel and Other under "Historical Summary of Revenues, Expenses and Changes in Net Assets" herein.

Moneys in the FHCF may be expended, loaned or appropriated for payment of (i) obligations of the FHCF arising out of Reimbursement Contracts; (ii) debt service on any debt

permitted under the Act; (iii) costs of mitigation programs under the Act; (iv) costs of procuring reinsurance; and (v) costs related to the administration of the FHCF. In addition, the FHCF has been granted the authority to enter into capital market transactions, including, but not limited to, industry loss warranties, catastrophe bonds, side-car arrangements, futures and options contracts traded on a regulated exchange.

Funding for the reimbursable Losses under Reimbursement Contracts comes predominantly from three sources: (i) the Corpus of the FHCF, (ii) Reimbursement Premiums collected pursuant to Reimbursement Contracts, and (iii) the issuance of debt by the Corporation for the benefit of the FHCF. In addition, Assessments may be used to pay reimbursable Losses.

Senior staff of the FHCF includes the following.

Dr. Jack Nicholson is the Chief Operating Officer of the FHCF, and President and on the board of directors of the Corporation. In addition, Dr. Nicholson is on the Florida Commission on Hurricane Loss Projection Methodology, having served as the chair for its first two years. He also served on the My Safe Florida Homes Advisory Council. Prior to coming to the State Board of Administration in September of 1994, Dr. Nicholson worked for the Florida Department of Insurance for eight (8) years as Director of the Office of Insurance Research and Data Analysis, Deputy Director of Property and Casualty Insurers, Assistant Director of Rating, and Bureau Chief of Rates. He served as the Insurance Department's liaison with the State Board of Administration regarding the FHCF from its inception and has played a major role in its implementation and further development. Dr. Nicholson received his Ph.D. in Risk Management and Insurance from the University of Georgia where he also earned his undergraduate degree in Business with a major in insurance. He received an M.B.A. from the University of North Dakota while serving as an officer in the U.S. Air Force. Dr. Nicholson also has the professional designations of Chartered Life Underwriter and Chartered Property and Casualty Underwriter. He has taught in the area of Risk Management and Insurance at the University of Georgia, the University of Iowa, and Florida State University.

Anne T. Bert is the Director of Operations of the FHCF and Treasurer of the Corporation. Ms. Bert has been with the FHCF since January of 1999. She is currently responsible for assisting and advising the Chief Operating Officer in matters related to the administration of the FHCF. Other responsibilities include assisting in the management of the day to day operations, strategic and operational planning, reviewing and evaluating the impact and significance of proposed legislative and regulatory actions, coordinating and communicating with the Florida Office of Insurance Regulation on FHCF issues, overseeing contractual agreements between the FHCF and service providers, preparation of the budget and coordinating the staffing of the Florida Commission on Hurricane Loss Projection Methodology.

She also serves as the Treasurer for the Florida Hurricane Catastrophe Fund Finance Corporation. Prior to coming to the FHCF, she was the Finance Director/Town Clerk for the Town of Havana. She was responsible for many areas of management within the organization including coordinating the risk management activities of the local government. Ms. Bert earned her Bachelor of Science degree in Social Science with emphasis in Public Administration from Florida State University. She also has the professional designation of Certified Public Manager from Florida State University.

Tracy L. Allen is the Senior Attorney for the FHCF and Secretary of the Corporation. Ms. Allen has worked with the FHCF since September 2000. Prior to coming to the State Board of Administration, Ms. Allen worked for the Florida Department of Revenue ("DOR") for seven years as a Senior Attorney. At DOR, Ms. Allen handled insurance premium and retaliatory tax issues, sales tax issues and bankruptcy matters. Ms. Allen has also worked in private practice, as an Attorney Advisor at the United States Tax Court and as a tax litigator for the U.S. Justice Department in its Tax Division. Ms. Allen received her Juris Doctor degree from the University of Oklahoma in 1984 and her LLM in Taxation from the University of Florida in 1986.

Leonard Schulte is the Director of Legal Analysis and Risk Evaluation of the FHCF. He came to the FHCF in October 2010 after 25 years as a staff member in the Florida Senate and House and seven years in private law practice. During the decade of the 1990's he was the lead staff person in the Florida House of Representatives on hurricane-related insurance issues. He was directly involved in the creation of the FHCF and in later changes to the FHCF law, including revisions needed to obtain tax-exempt status and the creation of subsequent season capacity. He was also the key Florida House of Representatives staffer on other property insurance regulatory matters and residual market issues, including the creation of the Florida Commission on Hurricane Loss Projection Methodology and legislation involving the Florida Residential Property and Casualty Joint Underwriting Association, the Florida Windstorm Underwriting Association, and their merger to create Citizens Property Insurance Corporation. He also led the team of House staff members who drafted the legislation merging the Department of Insurance and the Department of Banking and Finance into the current Department of Financial Services. In private practice, his clients reflected a broad range of the property and casualty insurance industry, including trade associations, large national insurers, small domestic insurers, and reinsurers. He is a graduate of Dartmouth College and the University of Florida College of Law. Mr. Schulte also has the professional designation of Chartered Property and Casualty Underwriter.

Gina Wilson is the Director of Examinations for the FHCF and has worked with the FHCF since October 1996. She is responsible for the day to day operations of the FHCF examination programs, which include designing and developing exam processes, oversight and training of contract examiners, preparing and finalizing exam report recommendations and

overseeing the implementation of exam results by participants. Her responsibilities include interpreting statutes and rules and communicating to external contractors and participants to ensure the integrity of the data submitted to the FHCF. In her position with the FHCF, Ms. Wilson oversees approximately 100 exams each year, which include examining 99% of the total FHCF premium paid annually and losses paid in a season. Prior to coming to the State Board of Administration, Ms. Wilson worked for the Florida Department of Insurance for five years, and has also worked as an auditor in private industry. Ms. Wilson received her Bachelors of Business Administration from Georgia Southwestern University. She has met the State of Georgia requirements for licensing as a Certified Public Accountant and is member of the American Institute of Certified Public Accountants. Ms. Wilson also has the professional designations of Certified Public Manager from Florida State University, Associate in Reinsurance, and Chartered Property and Casualty Underwriter.

Limited Liability of the FHCF and Bonding Capacity Estimates and Assumptions

Under the Act, the maximum liability of the FHCF to reimburse Participating Insurers for Losses attributable to any single Contract Year is limited to the lesser of (i) the Actual Claims-paying Capacity of the FHCF, and (ii) the statutory liability limit. For the Contract Year ending May 31, 2014, the FHCF estimates that its maximum contractual liability is approximately \$17 billion, which is the estimated Actual Claims-paying Capacity of the FHCF, as compared to the statutory limit of \$19 billion, which includes the \$2 billion of TICL coverage described herein.

Beginning with Contract Year ended May 31, 2011, the Act set the base-line statutory liability limit for mandatory coverage at \$17 billion, which amount may be increased if the Board determines that there is sufficient Estimated claims-paying capacity to provide mandatory coverage at \$17 billion of capacity for the current Contract Year and a mandatory coverage of an additional \$17 billion of capacity for subsequent Contract Years. If the Board makes such a determination, the Estimated claims-paying capacity for the particular Contract Year shall be determined by adding to the \$17 billion limit one-half of the fund's Estimated claims-paying capacity in excess of \$34 billion. For Contract Year ending May 31, 2014, the maximum liability of the FHCF with respect to the mandatory coverage is \$17 billion.

The Act defines the Estimated claims-paying capacity of the FHCF as the FHCF's projected fund balance as of December 31 of a Contract Year, plus any reinsurance purchased by the FHCF, plus the Board's estimate of the Board's borrowing capacity. The FHCF may issue revenue bonds under the Act to fund a potential shortfall in any year in which the FHCF is required to reimburse Participating Insurers for Losses in excess of the FHCF available fund balance. The maximum amount of bonding is limited to the debt which can be serviced based upon a 6% maximum Assessment percentage on direct written premium in any one year and no

more than 10% in total. However, the Estimated claims-paying capacity of the FHCF must take into account constraints in the financial markets that may limit the FHCF's ability to borrow funds, including an unwillingness of financial market participants to lend funds to the FHCF at the maximum limit under the Act. Credit market disruptions may limit the FHCF borrowing capacity. Also, there can be no guarantee that sufficient market capacity will exist should the FHCF be required to issue a large amount of debt. If market constraints reduce the FHCF's actual claims paying capacity below the maximum statutory liability or maximum contractual liability, the FHCF's liability under the Reimbursement Contract will be capped at the lower amount.

The FHCF estimates that the maximum projected amount of tax-exempt Post-Event Parity Obligations payable from Assessments within the 6% maximum assessment allowed by the Act based upon the current Assessment base is sufficient to meet FHCF's maximum claims paying need for one hurricane season. However, FHCF makes no representation as to the level of demand for such amount of bonds in the credit markets. There can be no guarantee that adequate demand will exist should the FHCF be required to issue a large amount of Post-Event Parity Obligations following a catastrophic windstorm. Other issuers such as Citizens and the Florida Insurance Guarantee Association ("FIGA") may also seek to issue bonds payable from assessments similar to the FHCF's Assessments following the same windstorm event. There can be no assurance that there will be adequate capacity in the marketplace to permit the sale of bonds necessary to meet all of the FHCF's needs.

The FHCF, its Financial Advisor, and the financial team have compiled estimates of future bonding capacity based on the current market estimates of interest rates and market capacity for FHCF bonds provided by the FHCF's senior managing underwriters. The table below assumes an estimated aggregate bonding capacity of \$7 billion in Post-Event Parity Obligations for the Contract Year ending May 31, 2014 over the next 12 months and an additional capacity of \$6 billion for the Contract Year ending May 31, 2015 for a total bonding capacity of \$13 billion over 24 months. The projected cash balance is \$9.773 billion for the Contract Year ending May 31, 2014, which, together with projected 2013A Bond proceeds of \$2 billion, could result in a maximum needed post-event bonding need of \$5.227 billion.

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The table below shows the additional Assessment percentage estimated to be needed to pay debt service on the estimated bonding.

FHCF Estimated Mandatory Coverage Obligation and Funding Sources
(dollars in billions; amounts may not add due to rounding)

FHCF Mandatory Coverage Obligation	\$ 17.000
Less: Projected FHCF Fund Balance for Contract Year Ending May 31, 2014	\$ 9.773
Less: Projected 2013A Bond Proceeds	<u>\$ 2.000</u>
Potential Borrowing Need Net of 2013A Bond Proceeds	\$ 5.227
Projected Assessment Percentage Required to Cover Potential Borrowing Need Net of 2013A Bond Proceeds ¹	1.22%
Projected Assessment Percentage Required to Cover Repayment of 2013A Bond Proceeds ¹	0.47%
Projected Assessment Percentage Required to Cover Potential Borrowing Need Including Repayment of 2013A Bond Proceeds ¹	1.68%
Estimated FHCF Borrowing Capacity Over 24 Months	\$ 13.000
Estimated Remaining Borrowing Capacity ²	\$ 7.773

Source: FHCF

- (1) Assumes that the FHCF issues Post-Event Parity debt structured for: approximate 30-year level debt service and compliance with the debt service coverage requirement of 1.25 times (of which only amounts in excess of 1.00 times will come from Reimbursement Premiums). The projected Assessment percentage assumes an assessment base of \$34.6 billion, which is the actual 2011 base, and also represents only the incremental Assessment for the borrowings described in this table. The projected Assessment does not include the existing 2010 Assessment of 1.3%.
- (2) The estimated remaining borrowing capacity assumes that the FHCF will draw on 2013A Bond Proceeds and issues \$5.227 billion in Post-Event Parity debt.

The likelihood that the FHCF will reach its maximum contractual liability limit depends on several factors, but prominent among these are the insured value of property for which the

coverage is provided by the FHCF and the likelihood of a major hurricane damaging or destroying such property. The following table shows the growth in insured values reported to the FHCF by Participating Insurers for the last five years and the annual percentage increase from the prior year. The next table shows the Contract Year ending May 31, 2013 modeled losses for the FHCF for hurricanes of varying magnitude.

The incidence and severity of catastrophes are inherently unpredictable. Much of Florida's population is concentrated in coastal areas that appear to be at the highest risk of hurricane damage based upon historical experience and loss model results. Coastal development in recent years has significantly changed the risk profile of hurricane-prone coastal areas. While the FHCF cannot predict the level of hurricanes or other catastrophes in the State, the National Oceanic and Atmospheric Administration ("NOAA") has concluded that the United States has been in a cycle of heightened Atlantic Ocean hurricane activity since 1995 because of naturally occurring cycles in tropical climate patterns near the equator. According to NOAA, this "tropical multi-decadal cycle" can, based upon historical patterns, last 20 to 30 years or even longer.

Growth of Insured Values

<u>Contract Year</u> <u>Ended May 31</u>	<u>Amount</u> <u>(in billions)</u>	<u>Percentage Change</u>
2009	\$2,116	4.6%
2010	2,166	2.4
2011	2,165	0.0
2012	2,118	(2.2)
2013 ⁽¹⁾	2,076	(2.0)

Source: Paragon Strategic Solutions Inc.

⁽¹⁾ Projected.

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Gross Residential Losses Per Event
Contract Year Ending May 31, 2013

Hurricane		Losses	Estimated Mandatory and TICL
<u>Magnitude</u>⁽¹⁾	<u>Probability</u>	<u>Per Event</u>	<u>FHCF Liability Aggregate</u>
		<u>(in billions)</u>⁽²⁾	<u>(in billions)</u>⁽³⁾
1 in 10 years	10.00%	\$8.721	\$1.263
1 in 20 years	5.00	17.105	9.388
1 in 30 years	3.33	23.433	15.536
1 in 40 years	2.50	28.551	17.023
1 in 50 years	2.00	32.708	17.023

Source: Paragon Strategic Solutions Inc.

- (1) Hurricane magnitude in this table refers to categorizing the relative frequency and destructiveness of a hurricane as compared to a base level of frequency and destructiveness. For example, a one in 50-year hurricane will occur less often and be more destructive than a one in 10-year hurricane.
- (2) The differences between the Losses per Event and the Estimated Mandatory and TICL FHCF Liability is due to retention and "co-payment" requirements on the holders of covered residential policies.
- (3) For FHCF participants selecting the TICL coverage option, the additional coverage attaches immediately above the Participating Insurers' Mandatory FHCF coverage limit.

Historical Summary of Revenues, Expenses and Changes in Net Assets

The following schedule shows the revenues, expenses and changes in net assets of the FHCF, derived from audited financial information of the FHCF and the Corporation for Fiscal Years ended June 30, 2008 through 2012 (audited). The audited financial statements for the FHCF for Fiscal Years 2012 and 2011 are included in their entirety as "Appendix B, FINANCIAL STATEMENTS OF THE FLORIDA HURRICANE CATASTROPHE FUND FOR FISCAL YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011".

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Florida Hurricane Catastrophe Fund
Historical Summary of Revenues, Expenses and Changes in Net Assets
(in thousands)

	Fiscal Years Ended June 30 (audited)				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total Operating Revenues	\$1,336,195	\$1,292,981	\$1,443,972	\$1,312,328	\$1,322,346
Operating Expenses					
Hurricane Losses ⁽¹⁾	700,000	250,000	250,000	110,000	
Administrative, Professional, Personnel, And Other	5,636	6,222	5,465	5,641	4,687
Depreciation	<u>3</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>
Total Operating Expenses	<u>705,639</u>	<u>256,224</u>	<u>255,467</u>	<u>115,644</u>	<u>4,690</u>
Operating Income (Loss)	630,556	1,036,757	1,188,505	1,196,684	1,317,656
Total Nonoperating Revenue (Expense)	<u>295,882</u>	<u>(134,581)⁽²⁾</u>	<u>302,528</u>	<u>312,435</u>	<u>387,467</u>
Income (Loss) before Transfers	926,438	902,176	1,491,033	1,509,119	1,705,123
Transfers to Other Funds	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>
Change in Net Assets	916,438	892,176	1,481,033	1,499,119	1,695,123
Net Assets, Beginning of Year	<u>(59,448)</u>	<u>856,990</u>	<u>1,749,166</u>	<u>3,230,199</u>	<u>4,729,318</u>
Net Assets, End of Year	<u>\$856,990</u>	<u>\$1,749,166</u>	<u>\$3,230,199</u>	<u>\$4,729,318</u>	<u>\$6,424,441</u>

Source: FHCF and Corporation audited financial statements for the Fiscal Years ended June 30, 2008, through June 30, 2012.

⁽¹⁾ The 2005 ultimate losses were increased by \$700 million in Fiscal year 2008, \$250 million in Fiscal Years 2009 and 2010, \$110 million in Fiscal Year 2011 and were unchanged in Fiscal Year 2012.

⁽²⁾ Includes \$224 million in fees paid for a Liquidity Put Option as a nonoperating expense.

Reimbursement Premiums

General. As a condition for doing business in Florida, each Participating Insurer writing Covered Policies in Florida must enter into a Reimbursement Contract with the SBA. The Reimbursement Contract generally provides that the FHCF will reimburse a Participating Insurer a certain percentage of its Losses above the insurer's share of the industry-wide Retention in exchange for the payment by the Participating Insurer of Reimbursement Premiums. The Contract Year for Reimbursement Contracts entered into by the FHCF begins on June 1 of each year and ends on May 31 of the following year. A Participating Insurer must enter into a Reimbursement Contract every Contract Year. For the Contract Year ending May 31, 2013, there are 162 Participating Insurers, including Citizens.

Each Reimbursement Contract requires the insurer to pay to the FHCF an actuarially-determined premium for the reimbursement contemplated under the Reimbursement Contract. This Reimbursement Premium is then multiplied by each \$1,000 of insured value reported to the SBA by the Participating Insurer to determine the total amount of Reimbursement Premiums due from the Participating Insurer under the Reimbursement Contract. Under the Reimbursement Contract, the Reimbursement Premiums paid for a Contract Year must be used to reimburse Participating Insurers for reimbursable Losses incurred in the current or subsequent Contract Years only or to pay debt service on Pre-Event Parity Obligations. Although the Reimbursement Premiums are also available to pay debt service on Post-Event Parity Obligations, the FHCF expects not to use Reimbursement Premiums for such purpose and, to the extent Reimbursement Premiums are used to pay debt service on Post-Event Parity Obligations, such use would be replenished with future Assessment revenues.

Reimbursement Premiums are paid to the SBA in three installments, on August 1, October 1 and December 1 of each Contract Year. Reimbursement Premiums are collected by Paragon on behalf of the FHCF through the use of a lock-box account held at a custodian bank. Participating Insurers deposit Reimbursement Premiums directly to the lock-box account in the name of the FHCF and amounts therein are not commingled with any other funds of the FHCF, the SBA or Paragon. Once collected, Reimbursement Premiums are transferred to the Master Trustee at least monthly pursuant to the Pledge Agreement until debt service on the Outstanding Parity Obligations for such fiscal year has been paid or provided for. See "PLEDGE AND SECURITY FOR 2013A BONDS – Pledge Agreement" herein. Paragon has no legal entitlement to Reimbursement Premiums deposited to the lock-box account, other than as agent for the FHCF.

Since the total Reimbursement Premiums for any Participating Insurer are not determined until after its insured values have been received and processed, the first two payments of its Reimbursement Premiums in each Contract Year are provisional. Each provisional payment of Reimbursement Premiums is made in an amount equal to approximately one-third of the estimated total Reimbursement Premiums due from a Participating Insurer in the Contract Year. Once the actual Reimbursement Premiums due from the Participating Insurer for the Contract Year are determined, the amount of the final installment due on December 1 is equal to the actual Reimbursement Premiums due from the Participating Insurer for the Contract Year less the two provisional payments of Reimbursement Premiums made by a Participating Insurer.

The following table shows the ten Participating Insurers with the largest Reimbursement Premiums paid to the FHCF for the Contract Year ending May 31, 2013. None of the Reimbursement Premiums below reflect payment for optional FHCF coverage.

<u>Participating Insurers</u>	<u>Mandatory Reimbursement Premiums (in millions)⁽²⁾</u>	<u>Percentage of Mandatory Reimbursement Premiums</u>
Citizens Property Insurance Corporation Coastal Account ⁽¹⁾	\$268.8	21.3%
Citizens Property Insurance Corporation Personal Lines/Commercial Lines Accounts ⁽¹⁾	218.4	17.3
Universal P&C Insurance Company	77.4	6.1
State Farm Florida Insurance Company	45.3	3.6
American Coastal Assurance Company	31.3	2.5
Chartis Property Casualty Company	31.1	2.5
Federal Insurance Company	28.0	2.2
St. Johns Insurance Company, Inc.	27.5	2.2
Florida Peninsula Insurance Company	27.3	2.2
United Property and Casualty Insurance Company	<u>26.8</u>	<u>2.1</u>
Total	\$781.8	61.9%

Source: Paragon Strategic Solutions Inc.

(1) Citizens Property Insurance Corporation has two separate Reimbursement Contracts with the FHCF. See " – Reimbursement Premiums - Citizens as a Participating Insurer" herein.

(2) Unaudited.

Collections. Since 2001, the FHCF has collected over 99% of Reimbursement Premiums, with the only exceptions being certain insurers that have been placed into receivership for purposes of liquidation. Reimbursement Premium revenue varies from year to year as a result of annually-adopted changes in the actuarially-indicated Reimbursement Premiums charged to Participating Insurers in Reimbursement Contracts. The following table shows Fiscal Year collections for the last ten years and the annual percentage change in collections of mandatory and optional Reimbursement Premiums.

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Fiscal Year Ended June 30	Total Mandatory and Optional Reimbursement Premium Revenue	% Change of Reimbursement Premium Revenue
	(in millions)	
2004	\$488.6	(1.9)%
2005	618.2	26.5
2006	738.1	19.4
2007	1,204.4	63.2
2008	1,336.1	10.9
2009	1,293.0	(3.2)
2010	1,443.9	11.7
2011	1,312.3	(9.1)
2012	1,322.3	0.8
2013	1,266.1	(4.3) ⁽¹⁾

Source: Audited Financial Statements of FHCF, except for 2013, which is provided by the FHCF.

⁽¹⁾ The decrease in Reimbursement Premium revenue from Fiscal Years 2012 to 2013 is due to a reduction in the optional TICL coverage and the elimination of the other optional coverage that was available in Fiscal Year 2012. The mandatory Reimbursement Premium increased from Fiscal Years 2012 to 2013. Amounts for Fiscal Year 2013 are unaudited.

Cash Build-up Factor. The 2009 Legislature added a "cash build-up factor" that equaled 5% for the Contract Year ended May 31, 2010, 10% for the Contract Year ended May 31, 2011, 15% for the Contract Year ended May 31, 2012, 20% for the Contract Year ending May 31, 2013, and 25% for the Contract Year ending May 31, 2014 and thereafter. The cash build-up factor in Contract Year 2009-2010 and thereafter is not used to reimburse Participating Insurers for Losses stemming from the 2004 Covered Events and 2005 Covered Events but is retained in the Corpus of the FHCF for any future events.

Citizens as a Participating Insurer. Citizens is an entity created by the State Legislature and controlled by the State and provides certain residential and commercial property and casualty insurance coverage to owners of certain properties in the State as specified in Section 627.351(6), Florida Statutes, as amended. Citizens is organized legally and financially into three separate accounts – the Coastal Account ("Coastal Account"), which provides residential and commercial wind-only and multi-peril coverage in statutorily-designated coastal areas of the State, the Personal Lines Account ("PLA"), which provides all-perils residential coverage throughout the State, and the Commercial Lines Account ("CLA"), which provides commercial-residential (i.e. apartment and condominium) coverage throughout the State. Citizens has two separate contracts with the FHCF – one for the Coastal Account and one for the combined

PLA/CLA. These accounts are treated as separate Participating Insurers in all respects by the FHCF. Although Citizens accounts for only 2 of 162 Participating Insurers participating in the FHCF, the total mandatory Reimbursement Premiums collected from Citizens' two accounts are substantial. For the Contract Year ending May 31, 2013, the total Reimbursement Premiums from Citizens as of December 31, 2012, was \$487.2 million, or 38.6% of all mandatory Reimbursement Premiums to be collected during that Contract Year.

All Participating Insurers, including Citizens, are entitled to a pro-rata share of the FHCF's Actual Claims-paying Capacity, based on such Participating Insurer's proportionate share of Reimbursement Premiums paid to the FHCF. Because Actual Claims-paying Capacity of the FHCF includes the amount of debt the FHCF is able to issue, the timing and amount of Losses sustained by Citizens could impact the timing and amount of debt issued by the FHCF to a greater extent than the timing and amount of Losses sustained by other Participating Insurers.

Enforcement of Payment of Reimbursement Premiums. The Act and applicable administrative rules relating to the FHCF provide that any violation of a Participating Insurer's obligation to pay Reimbursement Premiums, provide information necessary to verify the amount of Reimbursement Premiums due, or submit to examinations relating to Reimbursement Premiums constitutes a violation of the Florida Insurance Code. The FHCF may notify OIR of such violation, which may then take whatever action it deems appropriate to address the violation. In addition, failure to pay Reimbursement Premiums, provide information or submit to examination, among other things, may subject the Participating Insurer to certain fines, interest charges and other penalties as specified in applicable administrative rules of the FHCF.

Assessments

General. Under the Act, if the SBA determines that the amount of revenue produced from Reimbursement Premiums is insufficient to fund the obligations, costs and expenses of the FHCF and the Corporation, including repayment of debt and that portion of debt service coverage not met by Reimbursement Premiums, the SBA will direct OIR to levy an Assessment on the premiums for all Assessable Lines. Assessable Lines include all property and casualty lines of insurance in Florida, except for those lines identified as accident and health, workers' compensation, Federal Flood Insurance Program and certain hospital self-insurance funds. Assessable Lines may be obtained by policyholders (i) from insurance companies authorized by the Florida OIR to write insurance in Florida ("Admitted Lines Insurers"); (ii) from insurance companies not so authorized ("Surplus Lines Insurers"), provided the insurance is obtained from certain agents licensed in Florida (each a "Surplus Lines Agent"); or (iii) independently pursuant to Section 626.938, Florida Statutes ("Independently Procured Coverage").

Under the Act, Assessments are collected from policyholders and are calculated as a percentage of premium. The same assessment percentage applies to all policies of Assessable Lines issued or renewed during the 12-month period beginning on the effective date of the Assessment. Assessments are assessed annually for so long as debt under the Act is Outstanding, are subject to annual adjustment by the SBA in order to meet debt obligations and are subject to both an annual and overall cap. The annual cap is 6% of premium with respect to obligations arising out of losses attributable to any one Contract Year. The overall cap is 10% of premium.

Admitted Lines Insurers collect the Assessment from policyholders. Such insurers must remit Assessments directly to the FHCF based on a percentage of direct written premium for the preceding calendar quarter, even if not yet collected. Surplus Lines Agents must also collect the Assessment from policyholders, but must remit the collected amounts to the Florida Surplus Lines Service Office (the "FSLSO") at the same time such agents collect and remit to the FSLSO the surplus lines tax. The FSLSO invoices the Surplus Lines Agents quarterly with payments due in 30 days. Insureds obtaining Independently Procured Coverage are invoiced by the FSLSO at the time of the transaction and must remit the Assessment within 30 days as directed by the FSLSO at the same time the insured pays the surplus lines tax. While an insurer is not ultimately liable for uncollectible Assessments, the insurer must treat the failure to pay an Assessment as a failure to pay premium by the insured, which permits termination of the policy.

Each insurer is liable for all Assessments it collects from policyholders except to the extent the insurer is required to return collected Assessments when returning unearned premium. When an Admitted Lines Insurer is required to return unearned premium, it shall also return any collected Assessment attributable to the unearned premium. A credit adjustment to the collected Assessments may be made by such Admitted Lines Insurer to future remittances of Assessments, but the Admitted Lines Insurer is not entitled to a refund. In contrast to the Admitted Lines Insurers, Surplus Lines Agents and insureds obtaining Independently Procured Coverage may receive either a credit or refund of the collected Assessment attributable to returned unearned premium. Since 2003, approximately 90% of premium on Assessable Lines relates to premium written by Admitted Lines Insurers. See "Historical Premium" below.

On May 31, 2006, the SBA adopted a resolution directing the OIR to levy an Assessment on all Assessable Lines in the amount of 1%, effective beginning January 1, 2007. On June 12, 2006, OIR levied the Assessment in two orders: one directed at Admitted Lines Insurers, who are directly regulated by OIR, and the other directed at the FSLSO to apply to Surplus Lines Agents and insureds obtaining Independently Procured Coverage. On April 27, 2010, OIR

issued two orders that increased the Assessment from 1% to 1.3% effective January 1, 2011. The 2010A Bonds and the 2008A Bonds are payable from the 2010 Assessment order, which replaced the 2007 Assessment order.

The Act permits the SBA to adjust the Assessment as necessary to pay debt service. The SBA reserves the right to change the Assessment from the current assessment rate provided the Corporation remains in compliance with all covenants under the Master Indenture, including without limitation covenants regarding debt service coverage and the exclusion of interest from federal income taxation. See "PLEDGE AND SECURITY FOR 2013A BONDS—Debt Service Coverage Requirement" herein.

Assessments are due to the FHCF throughout the year, with the largest amounts expected to be received by the FHCF on or about June 1, September 1, December 1 and March 15 of each year. All payments of Assessments are made directly to an FHCF lock-box account held by an SBA custodian bank. Assessments held in this lock-box account are not commingled with any other moneys of the FHCF or SBA. The payments are transferred to the Master Trustee at least monthly pursuant to the Pledge Agreement. See "PLEDGE AND SECURITY FOR 2013A BONDS – Pledge Agreement" herein. Late payments of collected Assessments could subject an Admitted Lines Insurer or Surplus Lines Agent, as the case may be, to delinquent interest and penalties.

OIR is responsible for verifying the accuracy and timeliness of the collection and remittance of Assessments. See "Collection of Assessments" herein for further discussion regarding the anticipated promulgation of the administrative rule.

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Historical Premium. The following chart shows the historical premium subject to the Assessments for all Assessable Lines (2012 is not yet available).

Calendar	Admitted Lines Direct Written Premium	Surplus Lines and Independently Procured Coverage Premium ⁽²⁾	Total	% Increase (Decrease) From Prior Year
<u>Year</u>	<u>(in billions)</u>	<u>(in billions)</u>	<u>(in billions)</u>	
2003	\$24.41	\$2.43	\$26.84	10.32%
2004 ⁽¹⁾	28.65	2.70	31.35	16.80
2005	31.71	3.28	34.99	11.61
2006	33.35	4.21	37.56	7.34
2007	32.55	4.10	36.65	(2.42)
2008	30.83	4.10	34.93	(4.69)
2009	29.45	3.86	33.31	(4.64)
2010	29.89	3.70	33.60	0.87
2011	30.94	3.70	34.64	3.09

Source: OIR and FLSO; Unaudited.

⁽¹⁾ Medical Malpractice insurance was excluded from the Assessment base for all Covered Events occurring in 2004-2013.

⁽²⁾ Prior to 2004, the Surplus Lines and Independently Procured Coverage Premiums were excluded from the Assessment base.

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Assessable Lines. The following constitute Assessable Lines subject to Assessments under the Act and applicable administrative rules of the FHCF:

- Fire
- Allied Lines
- Multiple Peril Crop
- Farmowners Multiple Peril
- Homeowners Multiple Peril
- Commercial Multiple Peril (non-liability)
- Commercial Multiple Peril (liability)
- Mortgage Guaranty
- Ocean Marine
- Inland Marine
- Financial Guaranty
- Medical Malpractice*
- Earthquake
- Other Liability
- Products Liability
- Private Passenger Auto No-Fault
- Other Private Passenger Auto Liability
- Commercial Auto No-Fault
- Other Commercial Auto Liability
- Private Passenger Auto Physical Damage
- Commercial Auto Physical Damage
- Aircraft (all perils)
- Fidelity
- Surety
- Burglary and Theft
- Boiler and Machinery
- Credit
- Warranty
- Aggregate Write-Ins for other Lines of Business

* Medical Malpractice policies are exempt from Assessments relating to Covered Event(s) occurring through May 31, 2013.

Lines of insurance included in Assessable Lines may be modified by the State Legislature, subject to the covenant in the Act that the State will not impair the rights and remedies of Owners of the 2013A Bonds. See "PLEDGE AND SECURITY FOR 2013A BONDS – Non-Impairment" herein. In addition, certain hospitals may form alliances to provide self-insurance which would not be subject to Assessments.

The following table provides a summary of the historical direct written premiums for the Admitted Lines and Surplus Lines by major categories of lines of insurance.

Historical Direct Written Premiums for Admitted Lines and Surplus Lines Insurers
(Amounts are in billions)

<u>Year</u>	<u>Homeowner</u>		<u>Auto</u>		<u>Products and Other Liability</u>		<u>Other</u>		<u>Total</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
2006	\$8.06	21%	\$14.90	40%	\$4.69	12%	\$9.91	26%	\$37.56	100%
2007	8.81	24	14.30	39	3.96	11	9.60	26	36.67	100
2008	6.94	20	14.05	40	3.54	10	10.40	30	34.93	100
2009	7.28	22	13.37	40	3.14	9	9.52	29	33.31	100
2010	7.59	23	13.74	41	2.94	9	9.33	28	33.60	100
2011	7.88	23	14.34	41	3.05	9	9.36	27	34.64 ⁽¹⁾	100

Source: FHCF; Unaudited.

- ⁽¹⁾ There is \$0.46 billion of allowed adjustments that were proportionately allocated among the four lines of business. Such adjustment amount is not available by subject line. Amounts for 2012 are not yet available.

Collection of Assessments. OIR is responsible for verifying the accuracy and timely collection and remittance of Assessments. Information used by OIR in the verification process is transmitted directly to OIR by insurers for all Assessable Lines other than Surplus Lines and Independently Procured Coverage. Assessments relating to Surplus Lines and Independently Procured Coverage under Section 626.938, Florida Statutes are remitted as directed by the FLSO. The FLSO is required to assist the FHCF in ensuring the accurate and timely collection and remittance of the Assessments. OIR has the authority to enforce the collection and remittance of Assessments.

Pursuant to reports of OIR and FLSO, substantially all of the Assessments have been remitted to the FHCF on a timely basis. For the Fiscal Years ended June 30, 2011 and June 30, 2012, the FHCF collected approximately \$386.7 million and \$456.8 million, respectively, of Assessments. See Debt Service Coverage Table under "DEBT SERVICE COVERAGE" herein.

While an insurer is liable under State law for all Assessments it collects from policyholders, policyholders, not insurers, are required to pay the Assessments. Policyholders are liable for Assessments only to the extent policyholders wish to retain the insurance on which the Assessment is assessed. Insurers are required to treat the failure of a policyholder to pay the Assessment as a failure to pay premium, which permits an insurer to cancel the policy. Other than having their insurance policy cancelled for non-payment of premium, policyholders are not personally liable for payment of Assessments and are not subject to collection proceedings to pay the Assessment due.

Overlapping Assessment Bases. Citizens also has the power under State law to levy assessments on substantially the same lines of insurance assessable by the FHCF. The assessment processes of Citizens are as follows: for any year in which there is a deficit in Citizens' Coastal Account, it has the power to levy an annual regular assessment of up to 2% of the greater of the deficit experienced by Citizens or the aggregate statewide direct written premium for Citizens' subject lines of business, excluding Citizen's direct written premium. In any year in which there is a deficit in Citizens' Coastal Account, Personal Lines Account or Commercial Lines Account, it has the power to levy an emergency assessment limited to 10% of the greater of the deficit experienced by Citizens or the aggregate statewide direct written premium for Citizens' subject lines of business, *including* Citizen's direct written premium. See "OPERATION OF THE FHCF—Reimbursement Premiums—Citizens as a Participating Insurer" herein for a discussion about the three accounts that comprise Citizens.

Since January 1, 2007, the subject lines of business assessable by Citizens include all of the Assessable Lines that are subject to the Assessment levied by the FHCF. See Assessable Lines above. For 2012, Citizens' projected assessment base of direct written premiums is \$31.43 billion for regular assessments for Coastal Account only and \$34.6 billion for emergency assessments. The difference between the regular and emergency assessment bases is represented by the dollar value of Citizens' own direct written premium, which is subject to Citizens Policyholders Surcharge of 15% in each account.

Citizens currently levies an emergency assessment (collected over 10 years) of 1.0% per year. This assessment is imposed upon the Citizen's assessment base prior to the 2007 expansion of the subject lines of business.

In addition to Citizens, FIGA, a statutorily-created non-profit association designed to pay claims of insolvent insurers, has the power to levy an annual assessment of up to 2% of net direct written premium written on all of the Assessable Lines of Admitted Insurers. This assessment authority is increased an additional 2% if FIGA issues bonds to cover the payment of claims of insolvent insurance companies. FIGA has no authority to levy an assessment on workers compensation, surplus lines, self-insurance or title insurance, among others.

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FIGA can levy a 2% assessment on the following lines of insurance, each of which is also included in Assessable Lines subject to the Assessment:

- | | |
|--|------------------------|
| •Fire | •Medical Malpractice* |
| •Allied Lines | •Earthquake |
| •Farmowners Multiple Peril | •Other Liability |
| •Homeowners Multiple Peril | •Products Liability |
| •Commercial Multiple Peril (non-liability) | •Aircraft (all perils) |
| •Commercial Multiple Peril (liability) | •Burglary and Theft |
| •Inland Marine | •Boiler and Machinery |

* Medical Malpractice policies are exempt from Assessments relating to Covered Events occurring prior to May 31, 2013.

FIGA's Board of Directors annually evaluates the financial position of the association and determines whether an assessment is necessary. The last FIGA assessment equaled 0.9% and was due on December 15, 2012.

To the extent that the assessment bases of the FHCF, Citizens and FIGA overlap, policyholders will incur the cost of cumulative assessments imposed by such entities.

Collection of Assessments and Reimbursement Premiums from Companies in Receivership

The risk of nonpayment or delinquent payment on the 2013A Bonds is dependent in part upon the amount of moneys received from Reimbursement Premiums and Assessments and the timeliness of their payment to the FHCF. The amount of moneys received from Reimbursement Premiums and Assessments (see "DEBT SERVICE COVERAGE - Historical and Projected Debt Service Coverage Total Outstanding Parity Obligations" herein) and the timeliness of their payment to the FHCF are dependent in part on the solvency of insurers in that, under certain circumstances, the insolvency of an insurer could affect its ability to make such payments to the FHCF.

Under State law, when an insurer becomes insolvent, it is placed under the control of the Division of Rehabilitation and Liquidation of the Florida Department of Financial Services. State law establishes priorities for the payment of claims against an insurer in liquidation. Liabilities become fixed as of the date of filing the petition for liquidation. Holders of claims which are secured by a pledge of a particular asset and holders of claims described as special deposit claims may discharge their claim against the security pledged or the special deposit, prior to other claims. Special deposit claims are claims secured by a deposit made pursuant to statute for the security or benefit of a limited class or classes of persons. The FHCF believes its claims for Assessments and Reimbursement Premiums should be considered secured claims or

special deposit claims and would argue for such a result should the FHCF be required to enforce its rights to Assessments and Reimbursement Premiums in liquidation. To the extent that Assessments and Reimbursement Premiums are not considered secured claims or special deposit claims, they would likely be considered claims of general creditors.

After the payment of secured creditors and special deposit creditors, there are eleven additional classes of claims. All approved claims in a class must be paid in full before any payment is made to the next lower class. Within a class, all approved claims are paid equal pro-rata shares if there are not sufficient funds to pay the entire class in full. Claims of general creditors are sixth in the hierarchy of ten classes of claims.

Although no assurance can be given as to the continued timeliness of payments of Reimbursement Premiums or Assessments, despite certain insurer insolvencies, including a few that have not paid the Reimbursement Premiums, the FHCF has collected substantially all Reimbursement Premiums and Assessments billed to Participating Insurers during the past five Contract Years.

INVESTMENT POLICY OF THE FHCF

Upon the issuance of the 2013A Bonds, the FHCF expects to have two investment portfolios. One investment portfolio invests the FHCF Corpus and the other portfolio invests the proceeds of the 2013A Bonds. Together, the aggregate principal balance of these portfolios is expected to be approximately \$10.5 billion. The Act authorizes the SBA to invest moneys in the FHCF pursuant to Sections 215.44-215.52, Florida Statutes, which are the statutory provisions authorizing and governing the investment of other moneys held in trust by the SBA.

Under the Pledge Agreement, proceeds of the 2013A Bonds will be held in a separate subaccount in the Covered Events Relief Fund established with the FHCF by the Pledge Agreement and will be invested pursuant to the investment policy to ensure the availability of those funds to reimburse Participating Insurers for Losses relating to any future Covered Events.

Moneys in the FHCF's portfolio may only be invested at the direction of the SBA in Investment Obligations, which are investments authorized under Section 215.47, Florida Statutes. The SBA investment policy covering FHCF assets is designed to provide adequate liquidity by using highly liquid short-term investment strategies. Liquidity is a primary concern for the FHCF since insurers may file claims weekly, and investment strategies are planned accordingly. The investment policy is periodically reviewed by the SBA and is subject to change.

Because permitted investments are exposed to changes in market value as well as price and yield volatility, the value of such permitted investments could decline below their purchase price and the investment earnings thereon could be lower than anticipated. Such a decline may result in insufficient funds being available, when needed, to pay Losses and other liabilities and expenses, including debt service on the Parity Obligations and the 2013A Bonds.

The primary investment objective of the FHCF's investment policy is defined by the following prioritized goals: (i) liquidity, so that reimbursement to insurers can be paid in a timely manner; (ii) safety of principal; and (iii) competitive returns. The FHCF's investment policy provides for a high level of liquidity such that assets can be converted to cash on a timely basis in order to match insurer loss reimbursement needs.

The FHCF's portfolios include only short-term, high quality and highly liquid fixed income securities. At the time of purchase, all investments must be rated from at least two of the three rating agencies, Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies ("S&P"), and Fitch Ratings ("Fitch"). The minimum ratings for short-term investments are "P-1" by Moody's, "A-1" by S&P, and/or "F1" by Fitch. The minimum ratings for long-term investments are "A2" by Moody's, "A" by S&P, and/or "A" by Fitch. Permitted fixed income securities and their diversification limits are described below:

- Corporate debt securities (not more than 50% of total portfolio amortized cost);
- U.S. Treasury securities and U.S. Government Agency securities (at least 50% of total portfolio amortized cost);
- Repurchase Agreements collateralized at least 102% with U.S. Government, Agency, or Agency Mortgage Backed Securities (not more than 25% of total portfolio amortized cost).

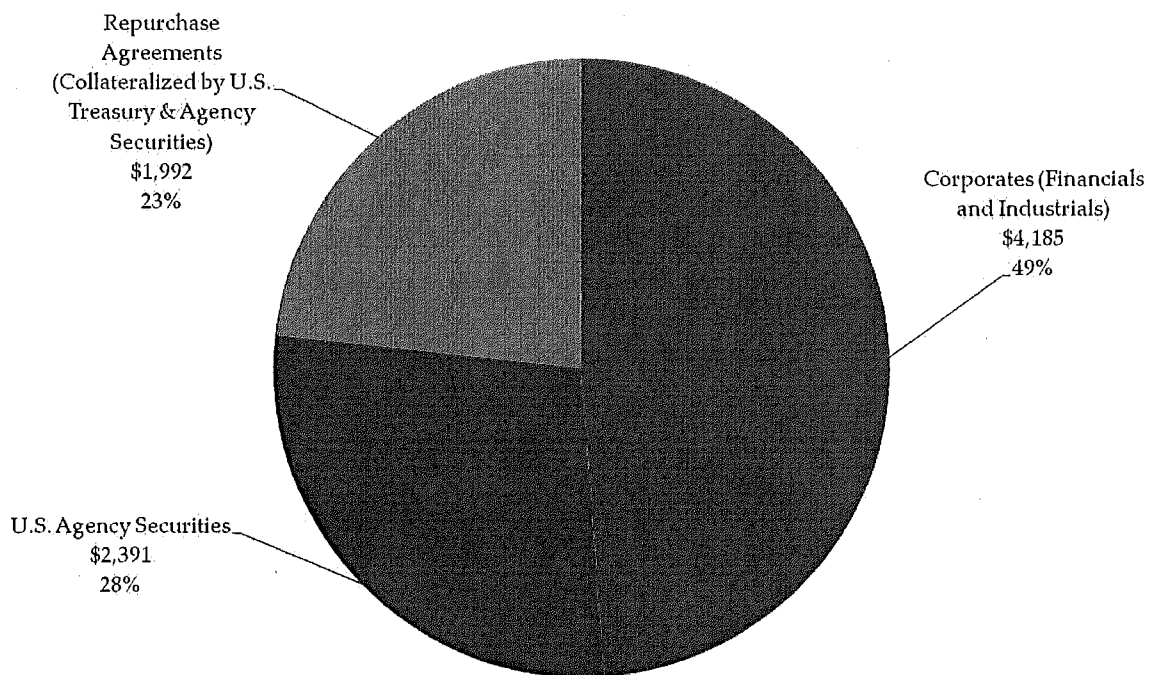
The FHCF's intent is to have a short-term portfolio that can provide ready liquidity at a price approximating amortized cost. Limiting the duration of investments in the portfolios is one important way that this goal can be achieved. The following duration restrictions apply:

- Final maturities shall not exceed 397 days, with the exception of Government securities and Agency securities, which shall not exceed 3 years.
- No more than 20% of total portfolio amortized cost may be invested in fixed rate securities with remaining time to maturity exceeding 397 days.
- The dollar weighted average maturity to reset of the portfolios shall not exceed 90 days, calculated using the interest rate reset period for any Variable Rate Obligations ("VROs"), and the dollar weighted average final maturity of the portfolios shall not exceed 180 days, calculated using the stated legal maturity for any VROs.

- The maximum term for Repurchase Agreements shall not exceed 30 days.

As of January 31, 2013, the FHCF's Operating Funds portfolio (which is a part of the FHCF corpus) totals \$8.568 billion and has an average duration of 189 days with over 58% maturing during the next 120 days. The average portfolio rating is "AA" with 75% of the portfolio in "AA" or "AAA" securities.

FHCF Investment Portfolio Distribution by Market Value (\$8.6B)
(\$ in Millions)



Source: Florida Hurricane Catastrophe Fund. Information as of January 2013.

FUTURE LEGISLATIVE AND REGULATORY CHANGES

The FHCF is a tax-exempt trust fund created by the State Legislature. The State Legislature has in the past responded to changes in the political climate of the State by enacting significant legislative changes to State law, including adopting amendments to the Act in the 2012 legislative session and each of the prior four regular legislative sessions.

While there can be no assurance that the State Legislature would not make significant subsequent changes in the Act or in the insurance laws of the State that could have a material adverse effect on the financial position and the operations of the FHCF including its assessment base and tax-exempt status, the State has covenanted in the Act that it will not (i) limit or alter the rights of the FHCF and the Corporation to fulfill the terms of any agreements made with holders of the Corporation's obligations, including holders of the 2013A Bonds, or (ii) impair in any way the rights and remedies of holders of the Corporation's obligations, including holders of the 2013A Bonds, as long as such obligations of the Corporation remain outstanding, unless adequate provision has been made for the payment of such obligations of the Corporation. The State has also covenanted in the Act not to limit or alter the statutory prohibition of the FHCF and the Corporation to file a voluntary petition under Chapter 9 of the Federal Bankruptcy Code while Bonds are outstanding.

The Florida Legislature's regular session commenced on March 5, 2013 and is scheduled to end on May 3, 2013. Various bills have been introduced or are expected to be introduced which could affect FHCF. Such legislation, if adopted, could modify the level of Assessments or the Assessment base. However, legislation is prohibited from impairing the FHCF's ability to repay the 2013A Bonds by Article I, Section 10 of the State Constitution which prohibits impairment of obligations of contracts by the passage of legislation. Therefore, any legislation that may be passed during the current legislative session is not expected to have a material effect on the FHCF's ability to meet future obligations with respect to the 2013A Bonds or the Outstanding Parity Obligations.

LITIGATION

General

There is no litigation of any nature now pending against the Corporation or the SBA, or, to the best knowledge of the Corporation and the SBA, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2013A Bonds or in any way contesting or affecting the validity of the 2013A Bonds or any proceedings of the Corporation or the SBA taken with respect to the issuance or sale thereof. There is no litigation of any nature now pending against the Corporation or the SBA, or, to the best knowledge of the Corporation or the SBA, threatened, that in any way questions or affects the validity of the pledge or application of any moneys or security provided for the payment of the 2013A Bonds.

Previous Litigation

After the FHCF's inception in 1993 and until final resolution of the issues in 1996, the FHCF was challenged by over 40 insurance companies on a number of grounds in civil and administrative actions in the State. The Circuit Court of the Second Judicial Circuit in and for

Leon County, Florida upheld the constitutionality of the FHCF under the State Constitution. This decision was affirmed by decision of the First District Court of Appeal on August 1, 1995. The State Supreme Court affirmed the decisions of the circuit court and the appellate court by opinion dated June 27, 1996 in *American Bankers Insurance Company, et al. v. Chiles*, 675 So.2d 922 (Fla. 1996) ("*American Bankers*"). As a result of *American Bankers*, the plaintiff insurance companies dismissed all other civil and administrative actions.

The constitutionality of the FHCF under the United States Constitution was challenged by the Vesta Insurance Company in federal district court. The federal district court upheld the constitutionality of the FHCF on October 25, 1996 in *Vesta Fire Insurance Corporation, f/k/a Liberty National Fire Insurance Company, Vesta Insurance Corporation and Sheffield Insurance Corporation, Alabama corporations, Plaintiffs, v. State of Florida, Department of Insurance, William Nelson in his capacity as Insurance Commissioner, State Board of Administration, Ash Williams, Jr., in his capacity as Executive Director, Defendants*.

Validation Proceedings Pursuant to Florida Statutes

In July 1996, the Corporation adopted a resolution authorizing the execution and issuance of not to exceed \$10 billion in debt of the Corporation. The Act, as originally enacted, required that the Corporation validate the issuance of its bonds in the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida (the "Circuit Court"), pursuant to Chapter 75, Florida Statutes. During the 2006 Legislative Session ended May 5, 2006, the Act was amended to remove the validation requirement.

On November 12, 1996, in connection with the original validation requirement, and pursuant to authority granted by the authorizing resolution, the Corporation filed a validation complaint in the Circuit Court. In accordance with the requirements of State law, the State Attorney for Leon County formally contested the validation, raising ten points in opposition. Several of the defenses asserted by the State Attorney were based upon the State Constitution including: (i) the FHCF was not properly created under Article III, Section 19(f)(1) of the State Constitution; (ii) the FHCF did not contain a sunset provision required by Article III, Section 19(f)(2) of the State Constitution; (iii) the Corporation's debt would pledge the State's credit in violation of Article VII, Sections 10 and 11(a) of the State Constitution and (iv) the revenues of the Corporation were tax revenues pledged to the debt without voter approval.

Following a properly noticed hearing, the Circuit Court found in favor of the Corporation, specifically rejecting the State's Attorney constitutional objections. The Circuit Court determined that the FHCF had been properly created and was exempt from the sunset requirement pursuant to Article III, Section 19(f)(3) of the State Constitution. Moreover, after determining that receipts of the FHCF were not State tax revenues, the Circuit Court found that debt of the Corporation, a "legal entity separate and distinct from the State and its agencies,"

would be payable solely from receipts of the FHCF. Therefore, debt of the Corporation would not pledge the full faith and credit of the State and did not require voter approval.

As then required by the Act, the State Attorney for Leon County filed a mandatory appeal directly with the State Supreme Court. *In State of Florida, et al. v. Florida Hurricane Catastrophe Fund Finance Corporation, et al.* (1997), the State Supreme Court affirmed the trial court's judgment.

The proceedings described in this section and the "Previous Litigation" section above are dispositive of any material State constitutional questions that could have been raised as to the FHCF, the Corporation and the 2013A Bonds. As a result of certain material changes to the Master Indenture and the Pledge Agreement since the conclusion of the validation proceedings described above, no representation can be made that the 2013A Bonds have been validated by the Circuit Court. However, as a result of the amendment to the Act in 2006 removing the validation requirement, validation of the 2013A Bonds is no longer a prerequisite to the valid issuance of the 2013A Bonds under the Act. See "APPROVAL OF LEGALITY" herein and "Appendix E, FORM OF APPROVING OPINION".

ENFORCEABILITY OF REMEDIES

The remedies available to the holders of the 2013A Bonds upon an Event of Default under the Master Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. Under the existing constitutional and statutory law and judicial decisions, including specifically the Federal Bankruptcy Code, the remedies specified in the Master Indenture and other remedies under applicable law may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the 2013A Bonds will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. See "PLEDGE AND SECURITY FOR 2013A BONDS—No Bankruptcy" herein for a discussion regarding the circumstances under which neither the FHCF nor the Corporation will have the ability to file a voluntary petition under Chapter 9 of the Federal Bankruptcy Code.

TAX MATTERS

In the opinion of Nabors, Giblin & Nickerson, P.A., Bond Counsel, interest on the 2013A Bonds is not excluded from gross income of the holders thereof for Federal income tax purposes. Interest on the 2013A Bonds may also be subject to state or local income taxation under applicable state or local laws. Purchasers of the 2013A Bonds should consult their own tax advisors as to the income tax status of interest on the 2013A Bonds in their particular state or local jurisdiction.

Except as provided above, Bond Counsel is not rendering any opinion regarding the tax consequences of owning the 2013A Bonds. There are several tax-related issues attendant with ownership of the 2013A Bonds including, but not limited to, treatment of original issue discount or premium, if any, treatment of secondary market discount or premium, if any, reporting requirements and possible application of backup withholding tax, determination of an owner's tax basis and gains or losses in connection with sales, exchanges or other dispositions of the 2013A Bonds, foreign ownership, ownership by certain employee benefit plans and other retirement plans and other issues. Many of the rules related to these issues are complicated and purchasers of the 2013A Bonds should consult their own tax advisors and professionals as to the tax consequences of the purchase, ownership and disposition of the 2013A Bonds under Federal, state, local, foreign and other tax laws.

The opinion of Bond Counsel is not intended or written by Bond Counsel to be used and cannot be used by a holder of 2013A Bonds for the purpose of avoiding penalties that may be imposed on the holder of 2013A Bonds. The opinion of Bond Counsel is provided to support the promotion or marketing of the 2013A Bonds.

LEGALITY FOR INVESTMENTS

By the terms of the Act, the 2013A Bonds are legal investments under the Act for all public bodies of the State, banks, trust companies, savings banks, savings associations, savings and loan associations, investment companies, administrators, executors, trustees, fiduciaries, insurance companies and associations, other persons carrying on an insurance business and all other persons who are now or may hereafter be authorized to invest in bonds or other obligations of the State. The 2013A Bonds also constitute eligible securities for deposit as collateral for the security of any State, county, municipal or other public funds.

APPROVAL OF LEGALITY

Legal matters incident to the authorization and validity of the 2013A Bonds are subject to the approving opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida. The form of opinion regarding the validity of the 2013A Bonds is attached to this Official Statement as "Appendix E, FORM OF APPROVING OPINION" and will be available at the time of delivery of the 2013A Bonds. The actual legal opinion to be delivered by Bond Counsel may vary from the text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or express any opinion concerning any of the matters referenced in the opinion subsequent to its date.

Certain legal matters will be passed upon for the Corporation by Nabors, Giblin & Nickerson, P.A., Tampa, Florida. Certain legal matters will be passed upon for the SBA and the FHCF by their respective in-house counsels and by Bryant Miller Olive P.A., Tallahassee, Florida, Disclosure Counsel, and for the Underwriters by Greenberg Traurig, P.A., Miami, Florida.

RATINGS

Fitch, Moody's, and S&P have assigned municipal long-term ratings of "AA" (stable), "Aa3" (stable), and "AA-" (stable), respectively, to the 2013A Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Fitch, One State Street Plaza, New York, New York 10004; Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; and S&P, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2013A Bonds.

AUDITED FINANCIAL STATEMENTS

The financial statements of the FHCF for the Fiscal Years ended June 30, 2011 and June 30, 2012 and the report thereon of KPMG LLP (the "Independent Accountant") are included in this Official Statement as "Appendix B, FINANCIAL STATEMENTS OF FLORIDA HURRICANE CATASTROPHE FUND". Such statements speak only as of their date. The Corporation is treated as a blended component unit of the FHCF. Accordingly, it does not issue separate stand-alone audited financial statements. Accounts of the Corporation and results of its operations are blended with those of the FHCF for financial statement presentation purposes. The financial statements of the FHCF, including the report of the Independent Accountant, have been included in this Official Statement as public documents, and the consent of the Independent Accountant to include such documents in this Official Statement was not requested. The Independent Accountant has not been engaged to perform and has not performed since the date of its report included herein as Appendix B, any procedures on the financial statements addressed in that report. The Independent Accountant also has not performed any procedures related to this official statement.

FINANCIAL ADVISOR

Raymond James & Associates, Inc., St. Petersburg, Florida is serving as Financial Advisor to the Corporation and the FHCF with respect to the sale of the 2013A Bonds. The Financial Advisor assisted in matters relating to the planning, structuring and issuance of the 2013A Bonds. Raymond James & Associates, Inc., did not engage in any underwriting activities with regard to the issuance and sale of the 2013A Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and is not obligated to review or ensure compliance with the undertaking by the Corporation and SBA to provide continuing secondary market disclosure.

UNDERWRITING

The 2013A Bonds are being purchased by Barclays Capital Inc., on behalf of itself and Citigroup Global Markets Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC, BB&T Capital Markets, Jefferies LLC, Loop Capital Markets, LLC, Merrill Lynch, Pierce, Fenner & Smith, Inc., Morgan Stanley & Co., LLC, M.R. Beal & Company, Ramirez & Co., Inc., RBC Capital Markets, LLC, Siebert Brandford Shank & Co., LLC, SunTrust Robinson Humphrey and Wells Fargo Bank, National Association (collectively, the "Underwriters"). The Underwriters have agreed to purchase the 2013A Bonds at a price of \$1,993,048,840.21 which represents the par amount of the 2013A Bonds less an underwriting discount of \$6,951,159.79.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Corporation and to persons and entities with relationships with the Corporation, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Corporation (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Corporation. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent

research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Morgan Stanley and Citigroup Inc., the respective parent companies of Morgan Stanley & Co. LLC and Citigroup Global Markets Inc., each an underwriter of the 2013A Bonds, have entered into a retail brokerage joint venture. As part of the joint venture, each of Morgan Stanley & Co. LLC and Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, each of Morgan Stanley & Co. LLC and Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2013A Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association. Wells Fargo Bank, National Association ("WFBNA"), one of the Underwriters of the 2013A Bonds, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the 2013A Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2013A Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC") and Wells Fargo Institutional Securities, LLC ("WFIS"), for the distribution of municipal securities offerings, including the 2013A Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the 2013A Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase 2013A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2013A Bonds that such firm sells.

SunTrust Robinson Humphrey, Inc. ("STRH"), one of the Underwriters of the 2013A Bonds, has entered into an agreement (the "STRH Distribution Agreement") with SunTrust Investment Services, Inc. ("STIS") for the retail distribution of certain municipal securities offerings, including the 2013A Bonds. Pursuant to the STRH Distribution Agreement, STRH

will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2013A Bonds with STIS. STRH and STIS are both subsidiaries of SunTrust Banks, Inc. SunTrust Robinson Humphrey is the trade name for certain capital markets and investment banking services of SunTrust Banks and its subsidiaries.

M.R. Beal & Company, an Underwriter of the 2013A Bonds, has entered into an agreement (the "Distribution Agreement") with TD Ameritrade, Inc. for the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to the Distribution Agreement (as applicable for the 2013A Bonds), M.R. Beal & Company may share a portion of its underlying compensation with respect to the 2013A Bonds with TD Ameritrade, Inc.

Wells Fargo Bank, National Association is serving as both an Underwriter and the Master Trustee for the 2013A Bonds.

In order to facilitate the offering of the 2013A Bonds, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the 2013A Bonds. Specifically, the Underwriters may sell more 2013A Bonds than they are obligated to purchase in connection with the offering of the 2013A Bonds, creating a naked short position for their own respective account. The Underwriters must close out any naked short position by purchasing 2013A Bonds in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the 2013A Bonds in the open market after pricing that could adversely affect investors who purchase 2013A Bonds in the offering. As an additional means of facilitating the offering of 2013A Bonds, the Underwriters may bid for, and purchase, these 2013A Bonds in the open market to stabilize the price of these 2013A Bonds. Finally, the Underwriters may also reclaim on behalf of the underwriting syndicate or for themselves selling concessions allowed to an underwriter or a dealer for distributing these 2013A Bonds in the offering, if the Underwriters repurchase previously distributed 2013A Bonds to cover short positions or to stabilize the price of these 2013A Bonds. Any of these activities may raise or maintain the market price of these 2013A Bonds above independent market levels or prevent or retard a decline in the market price of these 2013A Bonds. The Underwriters are not required to engage in these activities, and may end any of these activities at any time. Any such activities shall be conducted in compliance with all applicable laws and regulations.

CONTINUING DISCLOSURE

The Corporation and the State Board of Administration, acting as the governing body and administrator of the FHCF, will undertake, for the benefit of the beneficial owners and Owners of the 2013A Bonds, to provide, or cause to be provided, certain financial information and operating data and to provide notices of certain material events. Such financial information and operating data will be transmitted to each Nationally Recognized Municipal Securities

Information Repository ("NRMSIR"), which currently consists of only the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA"). Notices of material events will be transmitted to each NRMSIR or will be transmitted to the Municipal Securities Rulemaking Board. Such financial and operating data and notices of material events will also be transmitted to the state information depository (if a state information depository is established for the State). As of the date hereof, no state information depository has been established for the State. The form of the undertaking is set forth in "Appendix F, FORM OF CONTINUING DISCLOSURE AGREEMENT". This undertaking is being made in order to assist the Underwriters in complying with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule").

Neither the Corporation nor the State Board of Administration has failed to make any filings required by their continuing disclosure undertakings in the past five years. Due to a clerical error, the financial information and operating data relating to the Corporation that was filed on March 29, 2012 did not properly link to the CUSIP number for the Floating Rate Notes, Series 2007A, however, such obligations have now matured.

INFORMATION COVERING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

**THE INFORMATION IN THIS SECTION HAS BEEN OBTAINED FROM THE
UNDERWRITERS. NEITHER FHCF NOR THE SBA TAKES RESPONSIBILITY FOR THE
ACCURACY THEREOF.**

Minimum Unit Sales

The 2013A Bonds will trade and settle on a unit basis (one unit equaling one bond of \$1,000 principal amount), for any sales made outside the United States, the minimum purchase and trading amount is 150 units (being 150 bonds in an aggregate principal amount of \$150,000).

European Economic Area

This Official Statement has been prepared on the basis that all offers of the securities will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC (the "Prospectus Directive"), as implemented in Member States of the European Economic Area (the "EEA"), from the requirement to produce a prospectus for offers of the 2013A Bonds. Accordingly, any person making or intending to make any offer within the EEA of the 2013A Bonds should only do so in circumstances in which no obligation arises for the Corporation or any of the Underwriters to produce a prospectus for such offer. Neither the Corporation nor the

Underwriters have authorized, nor do they authorize, the making of any offer of 2013A Bonds through any financial intermediary, other than offers made by the Underwriters, which constitute the final placement of the 2013A Bonds contemplated in this Official Statement.

In relation to each Member State of the EEA that has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the prospectus directive is implemented in that Relevant Member State, the offer of any 2013A Bond which is the subject of the offering contemplated by this Official Statement is not being made and will not be made to the public in that Relevant Member State, other than: (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year, (ii) a total balance sheet of more than Euro 43,000,000, and (iii) an annual net turnover of more than Euro 50,000,000, as shown in its last annual or consolidated accounts; (c) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Underwriters nominated by the Corporation; or (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of the securities shall require the Corporation or the Underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of securities to the public" in relation to the securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase the securities, as the same may be varied in that relevant member state by any measure implementing the prospectus directive in that relevant member state and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Japan

The 2013A Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the "Financial Instruments and Exchange Act") and, accordingly, each Underwriter has represented, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any 2013A Bond in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration

requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

Each Underwriter has acknowledged that this offering memorandum has not been and will not be registered with the monetary authority of Singapore. Accordingly, each Underwriter represents, warrants and undertakes that this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"); (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1a), and in accordance with the conditions specified in Section 275, of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the securities are subscribed or purchased in reliance on an exemption under Sections 274 or 275 of the SFA, the securities shall not be sold within the period of six months from the date of the initial acquisition of the securities, except to any of the following persons:

- (a) an institutional investor (as defined in Section 4a of the SFA);
- (b) a relevant person (as defined in section 275(2) of the SFA); or
- (c) any person pursuant to an offer referred to in Section 275(1a) of the SFA,

Unless expressly specified otherwise in Section 276(7) of the SFA.

Where the securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a Corporation (which is not an Accredited Investor (as defined in Section 4a of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an Accredited Investor; or

(b) a trust (where the trustee is not an Accredited Investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an Accredited Investor,

Securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred

within six months after that corporation or that trust has acquired the securities pursuant to an offer made under Section 275 of the SFA except:

(a) to an Institutional Investor (under Section 274 of the SFA), or to a relevant person (as defined in Section 275(2) of the SFA) and in accordance with the conditions specified in Section 275 of the SFA;

(b) (in the case of a corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(b) of the SFA or (in the case of a trust) where the transfer arises from an offer referred to in Section 276(4)(i)(b) of the SFA; or

(c) where no consideration is or will be given for the transfer; or

(d) where the transfer is by operation of law; or

(e) as specified in Section 276(7) of the SFA.

United Kingdom

This communication is directed only at persons who (i) are outside the United Kingdom or (ii) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 of the United Kingdom as amended (the "Order") or (iii) are high net worth entities falling within Article 49(2)(a) to (d) of the Order or (iv) such other persons to whom it may lawfully be communicated (all such persons together being referred to as "Relevant Persons"). This communication must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

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MISCELLANEOUS

The references herein to the Act, the Master Indenture, Sixth Supplemental Indenture, the Pledge Agreement, the 2013A Bonds, and other materials are brief descriptions of certain provisions thereof. Such descriptions do not purport to be complete, and for full and complete statements of such provisions reference is made to such instruments, documents and other materials, copies of which are on file with the Corporation and at the principal corporate trust office of the Master Trustee.

The information contained in this Official Statement has been compiled or prepared from information obtained from the Corporation, the SBA, the FHCF and other sources deemed to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct as of this date. Any statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The execution and delivery of this Official Statement have been duly authorized by the Corporation and the SBA as Administrator of and on behalf of the FHCF.

FLORIDA HURRICANE CATASTROPHE
FUND FINANCE CORPORATION

STATE BOARD OF ADMINISTRATION, as
Administrator of and on behalf of the
Florida Hurricane Catastrophe Fund

APPENDIX A
STATE OF FLORIDA – GENERAL INFORMATION

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APPENDIX A

STATE OF FLORIDA
DEMOGRAPHIC INFORMATION

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The information contained in this Appendix is intended to provide an overview of the organization of the State's general economic, financial and demographic data which might be of interest in connection with the foregoing Official Statement. All information contained herein has been obtained from sources believed to be accurate and reliable. Estimates of future results are statements of opinion based on the most recent information available, which is believed to be accurate. Such estimates are subject to risks and uncertainties which may cause actual results to differ materially from those set forth herein.

DEMOGRAPHIC & ECONOMIC INFORMATION

Population

Florida ranks as the fourth most populous state, with a population of 19.07 million as of April 1, 2012. This represents a 0.89% increase from April 1, 2011.

While the State's population has grown by 19.3% between 2000 and 2012, annual population growth has slowed considerably in recent years. Florida's average annual population growth rate was 2.0% from 2000 to 2008, which exceeded the nation's average annual population growth rate of 0.95% over the same period. However, Florida's population growth has slowed recently, with the average annual growth rate decreasing to 0.61% between 2009 and 2012, compared to the relatively stable average annual growth rate for the U.S. of 0.78% for the same period. Typically there are two drivers of population growth – natural increases (births minus deaths) and net migration (people moving into the State minus people moving out of the State). Historically, Florida's population

growth has been driven by positive net migration, but the State has experienced record low levels of net migration in recent years, resulting in the slowed population growth.

The age distribution of Florida's population differs from that of the nation because Florida has a somewhat larger elderly population and a slightly smaller working age population than the nation. Florida's 2010 population aged 65 or older is 17.3% of the State's population and is expected to increase to 20.5% by 2020. Whereas the nation's population aged 65 or older is approximately 12.9% and is expected to increase to 16.0% by 2020. Florida's working age population (18-64) is currently 61.4% of the total population and is expected to decline to 59.1% by 2020, and by comparison, the working age population (18-64) in the U.S. is 62.7% of total population currently and projected to decline to 60.0%.

Population Change Florida and U.S., 1980 - 2020 (April 1 census day figures)

<u>Year</u>	<u>Florida</u>		<u>U. S.</u>	
	<u>(in thousands)</u>	<u>% change</u>	<u>(in thousands)</u>	<u>% change</u>
1980	9,747	-	226,546	-
1990	12,938	32.7%	248,710	9.8%
2000	15,983	23.5	281,422	13.2
2010	18,801	17.6	308,746	9.7
2020 (projected)	21,148	12.5	336,836	9.1

Source: Office of Economic and Demographic Research, The Florida Legislature (November, 2012), and U.S. Census Bureau.

Florida Population Age Trends, 2000-2030

<u>Age</u>	<u>2000</u>		<u>2010</u>		<u>2020</u>		<u>2030</u>	
	<u>Population</u>	<u>% of total</u>	<u>Population</u>	<u>% of total</u>	<u>Population</u>	<u>% of total</u>	<u>Population</u>	<u>% of total</u>
0-4	945,853	5.9%	1,073,506	5.7%	1,175,810	5.5%	1,317,447	5.5%
5 to 17	2,700,597	16.9	2,928,585	15.6	3,173,308	14.9	3,444,211	14.4
18-24	1,330,636	8.3	1,739,657	9.3	1,831,811	8.6	1,987,752	8.3
25-44	4,569,515	28.6	4,720,799	25.1	5,261,582	24.7	5,942,571	24.9
45-64	3,628,573	22.7	5,079,161	27.6	5,516,572	25.9	5,426,479	22.7
65+	<u>2,807,650</u>	17.6	<u>3,259,602</u>	17.3	<u>4,367,714</u>	20.5	<u>5,759,429</u>	24.1
Total	15,982,824		18,801,310		21,326,797		23,877,889	

Source: Office of Economic and Demographic Research, The Florida Legislature. (Demographic Estimating Conference Database, January, 2012)

Florida's Gross Domestic Product

Florida's Gross Domestic Product ("GDP") represents the value of goods and services produced by the State, and serves as a broad measure of the State's economy. The State's GDP for 2011 is estimated at \$661 billion, which is slightly higher than 2010 GDP of \$658 billion.

Florida's GDP has decreased 7.5% over the past five years from \$715 billion in 2007 to \$661 billion in 2011. Private industry accounted for 88% of the State's 2011 GDP and government accounted for the remaining 12%. Real estate was the largest single industry, accounting for 16.1% of Florida's 2011 GDP.

The following table compares the components of the State's GDP over the most recent five-year period available.

Florida's Gross Domestic Product by Major Industry 2007 and 2011

(millions of chained 2005 dollars)¹

Industry	2007	% of	2011	% of Total
Agriculture, forestry, fishing and hunting.....	\$5,132	0.7%	\$4,394	0.7%
Mining.....	955	0.1	905	0.1
Utilities	13,122	1.8	11,353	1.7
Construction	44,836	6.3	25,387	3.8
Manufacturing	40,563	5.7	37,082	5.6
Wholesale trade.....	47,614	6.7	40,839	6.2
Retail trade.....	56,288	7.9	56,241	8.5
Transportation and warehousing, excluding Postal Services	20,428	2.9	19,813	3.0
Information	32,210	4.5	32,671	4.9
Finance and insurance.....	47,345	6.6	47,742	7.2
Real estate and rental and leasing	121,671	17.0	106,199	16.1
Professional and technical services.....	47,931	6.7	46,555	7.0
Management of companies and enterprises.....	8,757	1.2	8,323	1.3
Administrative and waste services	30,357	4.2	25,600	3.9
Educational services	5,399	0.8	5,859	0.9
Health care and social assistance	51,638	7.2	56,876	8.6
Arts, entertainment and recreation.....	11,736	1.6	12,118	1.8
Accommodation and food services	29,552	4.1	27,984	4.2
Other services, except government	19,457	2.7	16,899	2.6
Government	<u>80,344</u>	11.2	<u>80,359</u>	12.2
Total ²	\$714,630		\$661,091	

Source: U.S. Department of Commerce, Bureau of Economic Analysis, (August, 2012).

¹ A measure of real output and prices using 2005 as the base year and applying annual - weighted indexes to allow for changes in relative prices and associated

purchasing patterns over time, as developed by the Bureau of Economic Analysis.

² May not add, due to chaining formula and rounding.

Tourism is not treated as a separate industry sector, but remains an important aspect of the Florida economy. Its financial impact is reflected in a broad range of market sectors, such as transportation, communications, retail trade and services, and in State tax revenues generated by business activities which cater to visitors, such as hotels, restaurants, admissions and gift shops. According to *Visit Florida*, the direct support organization for the Florida Commission on Tourism, approximately 89.3 million people visited the State in 2012, a 2.3% increase over the final 2011 total. Leisure and hospitality services accounted for 13.1% of the State's non-farm employment in 2011. According to the Florida Department of Business and Professional Regulation, as of August 1, 2012, 47,511 food service establishments were licensed with seating capacity of 3,720,745, and 37,175 lodging establishments were licensed with 1,551,225 total units. According to the Florida Department of Environmental Protection, visitors to the State's public parks and recreation areas totaled 20,442,212 for Fiscal Year 2010-11, a 1.65% increase from the prior year. In 2011, accommodation and food services contributed 4.2% of the State's GDP, and arts, entertainment and recreation contributed 1.8%.

Transportation of goods and passengers is facilitated by Florida's integrated transportation system. The State has approximately 122,000 miles of roads, 15 freight railroads with 2,796

miles of track, and AMTRAK passenger train service. There are 29 fixed route transit systems. There are 800 aviation facilities, of which 131 are available for public use; 20 provide scheduled commercial service and 14 provide international service. According to Federal Aviation Administration figures, in 2011 four Florida airports were among the top 50 in the U.S. based on passenger boardings and three were among the top 50 based on cargo weight. In that year, Miami International Airport ranked 12th in North America in passenger traffic and ranked 4th in North America in cargo volume, according to the Airports Council International. Florida also has 14 deep water ports, 9 major shallow water ports, and 4 significant river ports, many of which are interconnected by the State's inland waterway system.

In 2011, agriculture, forestry and fishing constituted only about 0.7% of GDP. According to the U.S. Department of Agriculture, in 2011 Florida's agricultural cash receipts were 16th for all crops, with the State ranking 1st in oranges, and 2nd in greenhouses, tomatoes and strawberries.

Construction activity, which constituted approximately 3.8% of Florida's 2011 GDP, is another factor to consider in analyzing the State's economy. The following table shows housing starts and construction values from 2002 through 2012.

Florida Housing Starts and Construction Value: 2002-2012⁽¹⁾

Year	Housing Starts (thousands)		Construction Value (millions of current dollars)			
	Single Family	Multi-Family	Single Family	Multi-Family	Non-Residential	Total
2002	122.5	64.0	\$20,313.5	\$5,763.6	\$16,498.1	\$42,575.1
2003	146.7	68.8	25,615.4	7,052.4	17,111.1	49,778.8
2004	172.4	81.6	31,956.0	9,404.6	17,450.3	58,810.9
2005	193.1	93.6	39,349.7	13,249.4	19,111.5	71,710.6
2006	132.6	84.1	30,251.0	11,472.8	22,002.9	63,726.6
2007	63.8	53.9	15,484.4	6,406.7	28,431.6	50,322.8
2008	34.5	25.3	9,110.1	3,015.8	20,268.5	32,394.4
2009	24.6	7.7	6,513.0	943.7	17,590.7	25,047.4
2010	29.0	10.0	7,708.0	1,105.4	15,854.2	24,667.6
2011	29.3	12.1	8,180.6	1,449.6	13,083.4	22,713.6
2012	39.8	18.8	11,705.3	2,518.6	13,251.7	27,475.6

Source: Office of Economic and Demographic Research, The Florida Legislature, January, 2013.

⁽¹⁾ Data is subject to revision on a monthly basis for up to five years.

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Employment

The following tables provide employment information for Florida and the U.S. As shown below, total employment in Florida increased from 8.19 million in 2010-11 to 8.38 million in 2011-12 and the unemployment rate decreased from 11.0% in 2010-11 to 9.6% in 2011-12. Fiscal Year 2011-12 is the fourth year that Florida's unemployment rate has been higher than the nation's unemployment rate in the past ten years.

The total number of non-agricultural jobs in Florida has decreased over the past five years by 9.1% from 8.0 million in 2006 to 7.3 million in 2011. However, total non-agricultural jobs increased from 7.2 million in 2010 to 7.3 million in 2011.

Unemployment Rate, Florida vs. U.S. Fiscal Years 2002-2012

Fiscal Year	Total Civilian Labor Force (in thousands)		Total Employment (in thousands)		Annual Average Unemployment Rate (percent)	
	Florida	U.S.	Florida	U.S.	Florida	U.S.
2001-02.....	8,071.4	144,400.0	7,635.9	136,400.0	5.4	5.5
2002-03.....	8,132.5	145,900.0	7,687.7	137,100.0	5.5	6.0
2003-04.....	8,337.4	146,800.0	7,924.5	138,300.0	5.0	5.8
2004-05.....	8,572.4	148,200.0	8,203.1	140,400.0	4.3	5.3
2005-06.....	8,806.6	150,400.0	8,499.6	143,100.0	3.5	4.8
2006-07.....	9,055.5	152,500.0	8,727.1	145,500.0	3.6	4.5
2007-08.....	9,220.9	153,700.0	8,790.2	146,100.0	4.7	4.9
2008-09.....	9,183.0	154,600.0	8,420.6	142,800.0	8.3	7.6
2009-10.....	9,159.4	153,900.0	8,143.6	138,900.0	11.1	9.7
2010-11.....	9,195.1	153,600.0	8,186.6	139,400.0	11.0	9.3
2011-12.....	9,274.7	154,200.0	8,381.2	141,100.0	9.6	8.5

Source: Office of Economic and Demographic Research, The Florida Legislature (July, 2012)

Composition of Nonagricultural Employment Florida and the Nation 2006 and 2011⁽¹⁾ (thousands)

	2006				2011			
	Florida		United States		Florida		United States	
	# of Jobs	% of Total	# of Jobs	% of Total	# of Jobs	% of Total	# of Jobs	% of Total
Natural Resources & Mining	6.6	0.1	684.0	0.5	5.7	0.1	784.0	0.5
Construction	682.2	8.5	7,691.0	5.7	330.1	4.5	5,504.0	4.2
Manufacturing	416.4	5.2	14,155.0	10.4	311.2	4.3	11,733.0	8.9
Transportation & Warehousing	226.9	2.8	4,469.6	3.3	209.0	2.9	4,292.2	3.3
Utilities	24.0	0.3	548.5	0.4	22.4	0.3	555.2	0.4
Wholesale Trade	351.3	4.4	5,904.0	4.3	308.7	4.2	5,528.8	4.2
Retail Trade	1,022.1	12.8	15,353.3	11.3	954.9	13.1	14,642.9	11.1
Information	161.7	2.0	3,038.0	2.2	134.3	1.8	2,659.0	2.0
Financial Activities	554.7	6.9	8,328.0	6.1	482.9	6.6	7,681.0	5.8
Professional & Business Services	1,158.0	14.5	17,566.0	12.9	1,051.6	14.5	17,331.0	13.2
Education & Health Services	996.5	12.5	17,826.0	13.1	1,104.4	15.2	19,884.0	15.1
Leisure & Hospitality Services	964.7	12.1	13,110.0	9.6	954.0	13.1	13,320.0	10.1
Other Services	338.0	4.2	5,438.0	4.0	307.0	4.2	5,342.0	4.1
Government	<u>1,099.3</u>	13.7	<u>21,974.0</u>	16.1	<u>1,095.5</u>	15.1	<u>22,104.0</u>	16.8
Total Non-farm	8,002.4		136,086.0		7,271.5		131,359.0	

Source: US Department of Labor, Bureau of Labor Statistics. (April, 2012)

⁽¹⁾ Not Seasonally adjusted.

Income

Historically, Florida's total personal income has grown at rates similar to those of the U.S. and the other southeastern states. From 2002 to 2011, Florida's total personal income grew by 48.6% and per capita income increased approximately 30.1%. For the nation and the Southeast, total personal income increased by 43.0% and 46.6%, and per capita income grew 32.0% and 31.6%, respectively, over the same time period. With the exception of 2009, personal income and per capita income have increased every year for the past ten years.

Florida per capita income remains above the Southeast region, but below the nation. The following table shows total and per capita personal income for the U.S., the Southeast, and Florida for the past ten calendar years.

The table on the following page shows Florida personal income and earnings by major source for calendar years 2006 and 2011. Total income in Florida has increased approximately 8.0% over the five year time period. Increases and decreases in income varied across industries, with health care realizing the largest increase and construction seeing the biggest decrease.

Total and Per Capita Personal Income U.S., Southeast and Florida

Year	Total Personal Income (In millions of Current Dollars)						Per Capita Personal Income (In Current Dollars)					
	U.S.	% Change	S.E.	% Change	Florida	% Change	U.S.	% Change	S.E.	% Change	Florida	% Change
2002	9,054,702	2.0	2,025,058	2.9	508,400	4.3	31,481	1.0	28,461	1.7	30,462	2.2
2003	9,369,072	3.5	2,103,566	3.9	531,218	4.5	32,295	2.6	29,232	2.7	31,241	2.6
2004	9,928,790	6.0	2,249,054	6.9	582,766	9.7	33,909	5.0	30,801	5.4	33,463	7.1
2005	10,476,669	5.5	2,403,753	6.9	633,193	8.7	35,452	4.6	32,418	5.2	35,489	6.1
2006	11,256,516	7.4	2,580,723	7.4	690,268	9.0	37,725	6.4	34,379	6.0	37,996	7.1
2007	11,900,562	5.7	2,728,855	5.7	721,052	4.5	39,506	4.7	35,848	4.3	39,256	3.3
2008	12,451,660	4.6	2,843,864	4.2	740,676	2.7	40,947	3.6	36,906	3.0	39,978	1.8
2009	11,852,715	(4.8)	2,722,901	(4.3)	687,337	(7.2)	38,637	(5.6)	34,992	(5.2)	36,849	(7.8)
2010	12,308,496	3.8	2,831,622	4.0	722,368	5.1	39,791	3.0	36,047	3.0	38,345	4.1
2011	12,949,905	5.2	2,968,900	4.8	755,358	4.6	41,560	4.4	37,473	4.0	39,636	3.4

Source: U.S. Department of Commerce, Bureau of Economic Analysis (September, 2012).

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Florida Personal Income and Earnings by Major Source: 2006 vs. 2011
(thousands of current dollars)

	<u>2006</u>	<u>% Total</u>	<u>2011</u>	<u>% Total</u>
Earnings				
Wages and Salaries:				
Farm	\$2,678,016	0.3%	\$2,263,338	0.3%
Non Farm:	449,675,571	55.5%	456,145,422	52.2%
Private:				
Forestry, fishing and other	1,515,613	0.2%	1,446,482	0.2%
Mining	602,328	0.1%	413,904	0.0%
Utilities	2,578,595	0.3%	2,722,735	0.3%
Construction	41,544,825	5.1%	22,451,798	2.6%
Manufacturing	25,495,471	3.1%	23,368,488	2.7%
Wholesale Trade	25,465,526	3.1%	26,036,956	3.0%
Retail Trade	36,715,490	4.5%	36,299,721	4.2%
Transportation & Warehousing	14,057,929	1.7%	14,882,922	1.7%
Information	13,606,622	1.7%	12,960,516	1.5%
Finance and Insurance	31,565,194	3.9%	31,806,214	3.6%
Real Estate and Rental and Leasing	13,286,325	1.6%	8,839,040	1.0%
Professional and Technical Services	38,107,647	4.7%	43,142,823	4.9%
Management of Companies and Enterprises	7,792,843	1.0%	9,388,781	1.1%
Administrative and Waste Services	27,544,583	3.4%	24,900,753	2.8%
Educational Services	5,066,757	0.6%	7,105,772	0.8%
Health Care and Social Assistance	47,564,344	5.9%	59,250,309	6.8%
Arts, Entertainment and Recreation	8,712,317	1.1%	10,156,391	1.2%
Accommodation and Food Services	18,954,426	2.3%	21,246,102	2.4%
Other Services, except Public Administration	18,776,829	2.3%	19,166,453	2.2%
Total Private	378,953,664	46.8%	375,586,160	43.0%
Government & Government Enterprises	70,721,907	8.7%	80,559,262	9.2%
Total Wages & Salaries	452,353,587	55.9%	458,408,760	52.4%
Other Income:				
plus: Dividends, Interest & Rent	181,691,839	22.4%	186,650,363	21.3%
plus: Personal current transfer receipts	104,411,555	12.9%	153,539,337	17.6%
plus: Adjustment for residence	1,719,898	0.2%	2,028,786	0.2%
Less: Contributions for social insurance	<u>(49,908,770)</u>	(6.2)%	<u>(46,644,572)</u>	(5.3)%
Total Other Income:	237,914,522	29.4%	295,573,914	33.8%
Total Personal Income	690,268,109	85.3%	738,982,674	86.2%
Other Earnings:				
Supplements to wages and salaries	72,911,781	9.0%	77,163,234	8.8%
Proprietors' income:	<u>46,346,621</u>	5.7%	<u>43,312,984</u>	5.0%
Total Earnings:	119,258,402	14.7%	120,476,218	13.8%
TOTAL INCOME	\$809,526,511	100.0%	\$874,458,892	100.0%

Source: U.S. Department of Commerce, Bureau of Economic Analysis (April, 2012)

International Trade

Florida's location lends itself to international trade and travel. Florida was the 4th largest exporter in the nation in 2011, accounting for 4.4% of total U.S. exports of goods. The State's international merchandise trade (imports and exports) totaled \$149.2 billion in 2011, an increase of 18.2% over 2010. The State's merchandise exports increased by 18.7% between 2010 and 2011, and imports increased by 17.4%. During the same period, the nation's exports increased by 15.9% and imports increased by 15.4%.

The State's top five exports for 2011 were precious metals, aircraft, vehicles, telecommunications equipment, and computers. The top imports were oil, gold, vehicles, refined copper and alloys, and electronics. Florida's top trading partners for 2011 were Brazil, Colombia, China, Venezuela and Switzerland. (Source: Enterprise Florida, March 2012)

Florida's International Trade: 2001-2011 (millions of U.S. dollars)

<u>Year</u>	<u>Exports</u>	<u>% Change</u>	<u>Imports</u>	<u>% Change</u>
2001	\$34,530	(3.7)	\$36,430	(3.9)
2002	32,241	(6.6)	36,955	1.4
2003	32,404	0.5	40,462	9.5
2004	37,501	15.7	43,896	8.5
2005	44,115	17.6	51,169	16.6
2006	51,767	17.3	57,399	12.2
2007	58,915	13.8	55,925	(2.6)
2008	73,022	23.9	57,525	2.9
2009	59,884	(18.0)	43,107	(25.1)
2010	73,064	22.0	53,164	23.3
2011	86,753	18.7	62,413	17.4

Source: Enterprise Florida (March 2012)

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Primary Sources of Sales Tax

The following tables illustrate taxable sales by category of expenditure over the past ten years, and compare the top twenty-five types of businesses generating sales tax revenues in Fiscal Year 2007 and 2012.

Florida Taxable Sales and Sales Tax Liability by Category Fiscal Years ended June 30, 2002-2012 (millions of current dollars)

Fiscal Year	Consumer Non-durables				Consumer Durables				Building Investment		Business Investment	
	Recreation/Tourism		Other		Autos & Accessories		Other		Sales	Taxes	Sales	Taxes
	Sales	Taxes	Sales	Taxes	Sales	Taxes	Sales	Taxes				
2002	49,685	2,971.0	72,898	4,434.7	52,150	3,118.4	20,681	1,236.7	15,924	952.2	47,119	2,760.6
2003	50,100	2,995.8	70,959	4,287.3	52,410	3,133.9	20,834	1,245.8	17,541	1,048.9	48,181	2,822.9
2004	53,924	3,224.5	77,387	4,675.7	56,017	3,349.6	23,003	1,375.5	18,455	1,103.5	55,027	3,223.9
2005	58,821	3,517.3	84,393	5,099.0	60,332	3,607.6	25,735	1,538.9	22,868	1,367.4	63,723	3,733.4
2006	63,247	3,781.9	92,961	5,616.7	64,883	3,879.9	28,704	1,716.4	26,525	1,586.1	71,783	4,205.0
2007	65,019	3,887.9	97,809	5,909.6	62,511	3,737.9	27,831	1,664.2	23,745	1,419.8	72,464	4,245.5
2008	65,772	3,932.9	98,075	5,925.7	54,885	3,281.9	24,363	1,456.8	20,319	1,215.0	66,612	3,902.7
2009	61,767	3,693.4	92,760	5,604.6	43,547	2,603.9	19,938	1,192.2	16,362	978.4	59,961	3,513.0
2010	60,407	3,610.5	91,404	5,515.3	43,641	2,608.7	18,299	1,094.1	14,845	888.2	55,154	3,233.9
2011	63,818	3,816.1	94,741	5,724.3	45,889	2,744.0	19,271	1,152.3	15,129	904.6	56,836	3,329.9
2012	68,168	4,076.2	98,880	5,974.3	48,803	2,918.3	20,431	1,221.7	15,845	947.7	58,543	3,429.8

Source: Office of Economic and Demographic Research (August, 2012).

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State Sales Tax Collections by Top 25 Business Types
Fiscal Years Ended June 30, 2007 vs. 2012 ⁽¹⁾

<u>Type of Business</u>	<u>2007</u>	<u>2012</u>
General Miscellaneous Merchandise Stores	\$2,734,386,695	\$2,666,314,064
Automotive Dealers	3,115,229,031	2,370,820,737
Restaurants, Lunchrooms, Catering Services	1,704,491,735	1,865,416,213
Leased or Rental of Commercial Real Property	1,304,695,607	1,322,511,452
Hotels/Motels Accommodations & Other Lodging Places	926,747,517	1,027,247,276
Food & Beverage Stores	913,030,101	965,411,020
Apparel & Accessory Stores	603,062,506	786,904,625
Lumber and Other Building Materials Dealers	972,069,983	696,806,705
Admissions, Amusement & Recreation Services	473,564,644	667,501,331
Radio, Television, Consumer Electronics, Computers, Music Stores	600,795,853	533,160,525
Wholesale Dealers	726,168,727	521,566,378
Utilities, Electric, Gas, Water, Sewer	519,845,504	497,203,509
Manufacturing	691,003,602	443,680,656
Home Furniture, Furnishings & Equipment	477,988,949	383,415,200
Automotive Accessories & Parts	255,205,225	255,913,238
Rental of Tangible Personal Property	450,272,094	247,634,195
Automobile Repair & Services	268,674,930	244,271,439
Taxable Services (per Chapter 212, F.S.)	162,600,432	151,112,979
Communications ⁽²⁾	136,013,679	144,659,534
Store & Office Equipment, Office Supplies	197,395,727	143,471,763
Drinking Places (Alcoholic beverages served on premises)	161,911,602	140,996,440
Paint, Wallpaper & Hardware Dealers	206,321,725	133,996,773
Gifts, Cards, Novelty, Hobby, Crafts & Toy Stores	126,216,919	121,260,530
Insurance, Banking, Savings & Loans, Research Information Serv.	45,372,832	120,795,753
Shoe Stores	94,637,778	112,649,946

Source: Florida Department of Revenue, Office of Tax Research (August, 2012).

⁽¹⁾ Arranged in descending order of collection amounts for Fiscal Year ended June 30, 2012. In that Fiscal Year, "Miscellaneous" and unspecified business types accounted for \$155,485,333 in sales tax collections.

⁽²⁾ Includes sales and use tax portion of Communications Service Tax.

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APPENDIX B
FINANCIAL STATEMENTS OF FLORIDA HURRICANE CATASTROPHE FUND
FOR FISCAL YEARS ENDED JUNE 30, 2012 AND JUNE 30, 2011

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FLORIDA HURRICANE CATASTROPHE FUND

Combined Financial Statements and
Other Financial Information

June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)

FLORIDA HURRICANE CATASTROPHE FUND

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KPMG LLP
4200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

Independent Auditors' Report

The Trustees of the State Board of Administration of Florida
Florida Hurricane Catastrophe Fund:

We have audited the accompanying combined statements of net assets of the Florida Hurricane Catastrophe Fund (the Fund) as of June 30, 2012 and 2011, and the related combined statements of revenue, expenses, and changes in net assets, combined statements of cash flows, and combined reconciliations of operating income to net cash provided by operating activities (hereafter referred to as combined financial statements) for the years then ended. These combined financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in note 1, the combined financial statements present only the Fund and do not purport to, and do not, fairly present the financial position of the State Board of Administration of Florida, the changes in its financial position, and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2012 and 2011, and the respective changes in its financial position and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2012, on our consideration of the Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

KPMG LLP is a Delaware limited liability partnership,
the U.S. member firm of KPMG International Cooperative
(KPMG International), a Swiss entity.



U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 - 6 be presented to supplement the combined financial statements. Such information, although not a part of the combined financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the combined financial statements, and other knowledge we obtained during our audit of the combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purposes of forming an opinion on the combined financial statements taken as a whole. The June 30, 2012 combining information on pages 26 to 28 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The June 30, 2012 combining financial statements has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the June 30, 2012 combining financial statements is fairly stated in all material respects in relation to the combined financial statements as a whole.

KPMG LLP

October 12, 2012

FLORIDA HURRICANE CATASTROPHE FUND

Management's Discussion and Analysis

June 30, 2012 and 2011

Our discussion and analysis of the financial performance of the Florida Hurricane Catastrophe Fund (the Fund) provides an overview of the Fund's financial activities for the fiscal years ended June 30, 2012 and 2011. Please read this information in conjunction with the Fund's combined financial statements and notes to the combined financial statements.

Overview of the Financial Statements

The statements presented are the *combined statements of net assets, the combined statements of revenues, expenses, and changes in net assets, and the combined statements of cash flows*. These statements represent the financial position of the Fund, which includes the Florida Hurricane Catastrophe Fund Finance Corporation (the Corporation). The Corporation was created to provide a mechanism for the cost-effective and efficient issuance of bonds necessary to enable the Fund to carry out its purposes. The Corporation is included as a blended component unit of the Fund because it provides services exclusively for the benefit of the Fund. Separate stand-alone audited financial statements of the blended component unit are not available. Combining statements can be found in the other financial information section of this report.

The *combined statements of net assets* present the ending balances of all assets and liabilities of the Fund using the economic resources measurement focus and the accrual basis of accounting. The difference between assets and liabilities is reported as net assets of the Fund.

The *combined statements of revenues, expenses, and changes in net assets* present all revenues and expenses of the Fund occurring during the year resulting from operations and the effect of this activity on net assets. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The *combined statements of cash flows* provide information about how the Fund finances and meets the cash flow needs of its activities.

The *combined notes to the financial statements* provide additional information related to the data provided in the combined financial statements.

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FLORIDA HURRICANE CATASTROPHE FUND

Management's Discussion and Analysis

June 30, 2012 and 2011

Financial Summary

A summary of the *combined statements of net assets* for the Fund is presented below (in thousands):

	June 30		
	2012	2011	2010
Current assets	\$ 10,925,733	\$ 9,340,514	\$ 8,754,966
Long-term assets	1,072,747	1,509,580	1,005,148
Total assets	\$ 11,998,480	\$ 10,850,094	\$ 9,760,114
Current liabilities	\$ 4,246,787	\$ 985,287	\$ 1,097,490
Long-term liabilities	1,327,252	5,135,489	5,432,425
Total liabilities	5,574,039	6,120,776	6,529,915
Net assets:			
Invested in capital assets, net of related debt	4	5	6
Unrestricted	6,424,415	4,729,291	3,230,171
Restricted for hurricane mitigation	22	22	22
Total net assets	6,424,441	4,729,318	3,230,199
Total liabilities and net assets	\$ 11,998,480	\$ 10,850,094	\$ 9,760,114

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FLORIDA HURRICANE CATASTROPHE FUND

Management's Discussion and Analysis

June 30, 2012 and 2011

A summary of the combined statements of revenues, expenses, and changes in net assets for the Fund and the Corporation is presented below (in thousands):

	Year ended June 30	
	2012	2011
Net premium revenue	\$ 1,321,861	\$ 1,308,877
Net interest on premium adjustments	439	877
Net interest on loss disbursement adjustments/advances	5	2,544
Other	41	30
Total operating revenues	1,322,346	1,312,328
Total nonoperating revenue	387,467	312,435
Total revenues	1,709,813	1,624,763
Hurricane losses	—	110,000
Other operating expenses	4,687	5,641
Depreciation	3	3
Total expenses	4,690	115,644
Income before transfers	1,705,123	1,509,119
Transfers to other funds	(10,000)	(10,000)
Change in net assets	1,695,123	1,499,119
Net assets at beginning of year	4,729,318	3,230,199
Net assets at end of year	\$ 6,424,441	\$ 4,729,318

Financial Highlights

- The increase in current liabilities and decrease in long-term liabilities includes the reclassification of the Series 2007A Pre-event Notes in the amount of \$3.5 billion, which will become due/payable on October 15, 2012. This amount was included in long-term liabilities for fiscal years ended June 30, 2011 and 2010. It is included in current liabilities for fiscal year ended June 30, 2012.
- The increase in net premium revenue in 2012 was primarily the result of a 6% increase in the Fund's mandatory coverage rates (which includes a 4.55% increase attributable to the cash buildup factor as provided for in section 215.555, Florida Statutes), which was partially offset by the decrease in optional coverages available under Section 215.555, Florida Statutes, and selected by the insurers.
- Investment income included in "total nonoperating revenue" for the Fund was \$80.04 million at June 30, 2010, \$46.59 million at June 30, 2011, and \$39.79 million at June 30, 2012. This decrease was due to the decline in interest rates and revisions to the Fund's Investment Policy Statement in 2011. The primary goal of the policy is defined by the following priorities: (1) liquidity, (2) safety of principal, and (3) competitive return. The Fund's objective is to invest in securities that are highly liquid, relatively short term, and have a credit quality in accordance with the Policy.

FLORIDA HURRICANE CATASTROPHE FUND

Management's Discussion and Analysis

June 30, 2012 and 2011

- "Total nonoperating revenue" also includes emergency assessment revenue. In order to reimburse participating insurers for losses occurring in 2005, the Fund, through the Florida Hurricane Catastrophe Fund Finance Corporation, issued tax-exempt revenue bonds in 2006 in the amount of \$1.35 billion, \$625 million in 2008, and \$675.9 million in 2010. The funding source for the repayment of these bonds is from an emergency assessment on the direct written premium for all property and casualty lines of business in Florida including property and casualty business of surplus lines insurers, but not including workers' compensation premiums or medical malpractice premiums. The assessment was initially 1% on all policies issued or renewed on or after January 1, 2007 and was increased to 1.3% on January 1, 2011.
- For losses from hurricanes occurring in 2004 and 2005, as of June 30, 2012, the Fund had reimbursed participating insurers over \$9.3 billion. The total amount the Fund expects to pay is \$9.76 billion, with \$3.87 billion for 2004 and \$5.89 billion for 2005. "Hurricane losses" expense includes \$250 million in 2010, \$110 million in 2011, and no additional hurricane loss expenses were recorded in 2012 for the prior years' storms due to estimates revised as a result of ongoing loss development and actuarial analyses.
- In May 2010, the Corporation issued post-event Series 2010A Revenue Bonds in the amount of \$675.9 million, which are reported in long-term liabilities. Cash received at bond issuance included a premium of \$40.2 million, which will be amortized against interest expense over the life of the bonds. The Series 2010A Revenue Bonds proceeds and their investment earnings will be used by the Fund to make payments to participating insurers for losses resulting from the 2005 hurricane season. The funding for these bonds will come from an emergency assessment. An Order was issued by the Florida Office of Insurance Regulation concurrently with the Series 2010A Revenue Bonds issue to supersede the 1% emergency assessment already in place with a 1.3% emergency assessment.
- At June 30, 2012, the Fund had the following credit ratings: Moody's, Aa3; Standard and Poor's, Aa-; and Fitch, AA.

FLORIDA HURRICANE CATASTROPHE FUND

Combined Statements of Net Assets

June 30, 2012 and 2011

(In thousands)

Assets	2012	2011
Current assets:		
Cash and cash equivalents	\$ 167	\$ 136
Short-term investments	10,796,353	9,219,564
Emergency assessment funds receivable	120,485	115,283
Emergency assessment interest receivable	—	4
Accrued interest	4,509	2,888
Accounts receivable	6	—
Excess loss payments receivable	1,177	1,434
Premiums receivable, net	3,036	1,205
Total current assets	10,925,733	9,340,514
Long-term assets:		
Long-term investments	1,068,840	1,501,326
Unamortized bond issuance costs	3,903	8,249
Capital assets, net of accumulated depreciation of \$62 and \$77 for June 30, 2012 and 2011, respectively	4	5
Total long-term assets	1,072,747	1,509,580
Total assets	\$ 11,998,480	\$ 10,850,094

See accompanying notes to combined financial statements.

Liabilities and Net Assets	2012	2011
Current liabilities:		
Hurricane losses:		
Unpaid hurricane losses	\$ 408,430	\$ 649,091
Losses payable	—	4,713
Premium refunds payable	—	266
Accrued expenses	787	800
Bonds payable	3,796,795	282,660
Accrued bond interest expense	40,775	47,757
Total current liabilities	4,246,787	985,287
Long-term liabilities:		
Bonds payable	1,300,920	5,097,715
Premiums on bonds payable	26,213	57,647
Compensated absences, net of current portion	119	127
Total long-term liabilities	1,327,252	5,135,489
Total liabilities	5,574,039	6,120,776
Net assets:		
Unrestricted	6,424,415	4,729,291
Invested in capital assets, net of related debt	4	5
Restricted for hurricane mitigation	22	22
Total net assets	6,424,441	4,729,318
Total liabilities and net assets	\$ 11,998,480	\$ 10,850,094

FLORIDA HURRICANE CATASTROPHE FUND

Combined Statements of Revenues, Expenses, and Changes in Net Assets

Years ended June 30, 2012 and 2011

(In thousands)

	2012	2011
Operating revenues:		
Net premium revenue	\$ 1,321,861	\$ 1,308,877
Net interest on premium adjustments	439	877
Net interest on loss disbursement adjustments/advances	5	2,544
Other	41	30
Total operating revenues	1,322,346	1,312,328
Operating expenses:		
Hurricane losses	—	110,000
Administrative and actuarial fees	2,246	2,486
Other professional fees	1,098	1,759
Personnel expenses	1,152	1,151
Depreciation	3	3
Other	191	245
Total operating expenses	4,690	115,644
Operating income	1,317,656	1,196,684
Nonoperating revenue (expense):		
Investment income	39,788	46,590
Investment advisor fees	(1,585)	(1,381)
Emergency assessment revenue	456,790	386,670
Emergency assessment interest revenue	6	7
Custodian and bond trustee fees	(5)	(5)
Bond interest expense	(103,181)	(115,100)
Amortization of bond issuance costs	(4,346)	(4,346)
Total nonoperating revenue	387,467	312,435
Income before transfers	1,705,123	1,509,119
Transfers to other funds	(10,000)	(10,000)
Change in net assets	1,695,123	1,499,119
Net assets at beginning of year	4,729,318	3,230,199
Net assets at end of year	\$ 6,424,441	\$ 4,729,318

See accompanying notes to combined financial statements.

FLORIDA HURRICANE CATASTROPHE FUND

Combined Statements of Cash Flows

Years ended June 30, 2012 and 2011

(In thousands)

	2012	2011
Operating activities:		
Premium received	\$ 1,320,203	\$ 1,318,493
Hurricane losses paid	(245,117)	(241,945)
Net interest on loss disbursements and adjustments	5	2,544
Other	41	30
Administrative and actuarial fees	(2,276)	(2,479)
Other professional fees	(1,086)	(1,772)
Personnel expenses	(1,164)	(1,146)
Other operating expenses	(199)	(238)
Net cash provided by operating activities	1,070,407	1,073,487
Investing activities:		
Purchases of investments	(399,532,273)	(446,807,416)
Sales and maturities of investments	398,403,776	445,742,296
Interest received	22,360	34,304
Investment advisor fees	(1,573)	(1,365)
Custodian and bond trustee fees	(5)	(5)
Net cash used by investing activities	(1,107,715)	(1,032,186)
Financing from noncapital activities:		
Transfers to other funds	(10,000)	(10,000)
Emergency assessment funds received	451,587	361,194
Emergency assessment interest received	10	4
Bond principal paid	(282,660)	(269,485)
Bond interest paid	(121,597)	(122,919)
Net cash provided by (used by) financing from noncapital activities	37,340	(41,206)
Financing from capital activity:		
Purchases of capital assets	(1)	(2)
Net increase in cash and cash equivalents	31	93
Cash and cash equivalents at beginning of year	136	43
Cash and cash equivalents at end of year	\$ 167	\$ 136

See accompanying notes to combined financial statements.

FLORIDA HURRICANE CATASTROPHE FUND

Combined Reconciliations of Operating Income to Net Cash
Provided by Operating Activities

Years ended June 30, 2012 and 2011

(In thousands)

	2012	2011
Operating income	\$ 1,317,656	\$ 1,196,684
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3	3
(Increase) decrease in accounts receivable	(6)	—
(Increase) decrease in premiums receivable, net	(1,831)	8,473
Increase (decrease) in premium refunds payable	(266)	266
Increase (decrease) in unpaid hurricane losses	(240,661)	(134,859)
Increase (decrease) in losses payable	(4,713)	2,732
(Increase) decrease in excess loss payments receivable	257	182
(Increase) decrease in accrued expenses	(32)	6
Net cash provided by operating activities	\$ 1,070,407	\$ 1,073,487

See accompanying notes to combined financial statements.

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FLORIDA HURRICANE CATASTROPHE FUND

Notes to Combined Financial Statements

June 30, 2012 and 2011

(1) Organization

(a) Business

The Florida Hurricane Catastrophe Fund (the Fund), a trust fund created in November 1993 during a special Florida Congressional legislative session following Hurricane Andrew, provides catastrophic reinsurance coverage to all authorized primary insurers of habitational structures with wind/hurricane coverage in the State of Florida. Premiums are calculated for each of the approximately 170 insurers using rates developed based on hurricane modeling of the trended data from the prior year. The modeling takes into consideration factors such as historical records of hurricane strength and landfall patterns, geographic location, type of business, construction, coverage selected, deductible and mitigation features. The Fund is administered by the State Board of Administration of Florida (SBA), which has contracted for administrative and actuarial services.

The Fund also includes the accounts of its blended component unit, the Florida Hurricane Catastrophe Fund Finance Corporation (the Corporation). The Corporation, a public benefits corporation and an instrumentality of the State of Florida, was created to provide a mechanism for the cost-effective and efficient issuance of bonds necessary to enable the Fund to carry out its purposes. The Corporation is included as a blended component unit because it provides services exclusively for the benefit of the Fund. Separate stand-alone audited financial statements of the component unit are not available.

(b) Basis of Presentation

The Fund is classified as an enterprise fund, which is a type of proprietary fund. The financial statements of proprietary funds are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operations of the Fund are included in the combined statements of net assets. The combined statements of revenues, expenses, and changes in net assets present increases (revenues) and decreases (expenses) in net total assets. The combined statements of cash flows provide information about how the Fund finances and meets the cash flow needs of its activities.

The combined financial statements presented herein relate solely to the financial position and changes in financial position of the Fund and are not intended to present the financial position of the SBA or the results of its operations and cash flows. The Fund follows Governmental Accounting Standards Board (GASB) pronouncements and only Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements.

(c) Limited Liability of the Fund

The Fund's obligation to participating insurers, in the event of a hurricane(s) that causes reimbursable losses, is limited to the claims-paying capacity of the Fund. For the purpose of defining claims-paying capacity, the SBA shall use the unrestricted net assets as of December 31 of the applicable contract year, to which is added reported fund losses (including loss adjustment expense) for the then-current contract year, whether paid or unpaid by the Fund, as of December 31; any reinsurance purchased by the Fund (to date, the Fund has never purchased such reinsurance); and the amount the SBA is able to raise through the issuance of revenue bonds up to the statutory annual

FLORIDA HURRICANE CATASTROPHE FUND

Notes to Combined Financial Statements

June 30, 2012 and 2011

aggregate fund limit, and from which is subtracted any reinsurance recovered prior to, or recoverable as of, December 31; any obligations paid or expected to be paid with bonding proceeds or receipts from emergency assessments; amounts needed for administration for the then-current State of Florida fiscal year, which have not been spent and which are not reflected on the combined statements of net assets; and the amount of undispersed mitigation funds appropriated for the then-current State of Florida fiscal year. Revenue bonds have been issued under authorization of Section 215.555(6) of the Florida Statutes; as such, the SBA has directed the Florida Office of Insurance Regulation to levy an emergency assessment on each insurer writing property and casualty business in this State. The Fund, therefore, has no risk that it will be unable to meet its contractual obligations to participating insurers because its obligation is limited to its ability to pay.

Although bonds have been issued on behalf of the Fund, the State of Florida assumes no liability for the repayment of the bonds. Additionally, the State of Florida has no legal responsibility to make any contribution to the Fund should its obligations exceed available resources.

(d) Risk Management

The Fund is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. Cash and investments held in the Fund's unrestricted funds are available to pay for hurricane losses for the current year and subsequent years. However, the use of reimbursement premiums and the investment earnings thereon to pay for prior year hurricane losses may jeopardize the tax-exempt status of the bonds currently issued and future bonds to be issued under the private letter rulings issued to the Corporation by the Internal Revenue Service.

(2) Significant Accounting Policies

(a) Measurement Focus

As mentioned in note 1, the Fund uses the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, premium revenues are recognized when billed. Expenses are recorded at the time they are incurred.

(b) Investments

The Fund's cash is invested according to an Investment Policy Statement, which sets forth the objectives, guidelines and requirements applicable to the investments of the Fund. The primary goal of the policy is defined by the following priorities: (1) liquidity, (2) safety of principal, and (3) competitive return. These investments are recorded at fair value, and the fair values are primarily obtained from independent quoted market prices. No investments were recorded at amortized cost as of June 30, 2012 and 2011. The Fund considers all investments with maturity dates of less than one year to be short-term investments. Investments with maturity dates in excess of one year are included in long-term investments. Investment advisory services are provided by the SBA.

FLORIDA HURRICANE CATASTROPHE FUND

Notes to Combined Financial Statements

June 30, 2012 and 2011

(c) Emergency Assessment Receivable

Emergency assessments are remitted as a percentage of quarterly direct written premium and are due 45 days following the end of each quarter. Insureds, procuring coverage and filing under Section 626.938 of the Florida Statutes remit 30 days after the insurance is procured.

(d) Premiums Receivable

Premiums receivable represent amounts from previous billings that have not yet been collected and are net of any allowances management has established to anticipate uncollectible billings. As of June 30, 2012, an allowance equal to the premium receivable of \$19,976,652 exists for three insurers that have entered into receivership and the collectibility of this amount is uncertain. As of June 30, 2011, the allowance was equal to the premium receivable of \$9,438,681 for one insurer that had entered into receivership.

(e) Loss Reimbursement Advances Receivable

Certain companies may qualify for advances from the Fund, which are in essence loans based on a company's potential recoveries from the Fund (i.e., based on incurred losses rather than paid losses). Loss reimbursement advances receivable represent amounts currently outstanding on these advances, including accrued interest. As of June 30, 2012 and 2011, there are no outstanding loss reimbursement advances.

(f) Capital Assets

Capital assets, primarily electronic data processing equipment, are stated at cost, less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful lives, ranging from three to seven years.

(g) Premium Refunds Payable

Premium refunds payable represent amounts due to participating insurers where provisional or estimated premium payments are in excess of amounts actually owed based upon the current exposure data. Also included are premium amounts received from companies pending exemption. These amounts are returned once an exemption is granted.

(h) Bonds Payable

Under authorization of Section 215.555(6) of the Florida Statutes, the Fund has issued post-event revenue bonds and pre-event Notes in order to meet current and future obligations. The Fund classifies amounts expected to be paid within the next year as current liabilities, with remaining amounts classified as long-term liabilities. Bond issuance costs are capitalized as long-term assets and amortized using a straight-line basis over the life of the bonds.

(i) Compensated Absences

Compensated absences represent the Fund's obligation to accrue a liability for employees' rights to receive compensation for future absences, such as vacation and sick leave. The Fund allows vested employees to carry forward any unpaid leave indefinitely. The short-term portion of this liability,

FLORIDA HURRICANE CATASTROPHE FUND

Notes to Combined Financial Statements

June 30, 2012 and 2011

\$46,585 in 2012 and \$47,127 in 2011, is included in accrued expenses on the combined statements of net assets. The remaining liability is included as compensated absences with long-term liabilities on the combined statements of net assets.

(i) *Current Contract Year Premium Revenue*

Premium revenue is recognized when billed. Coverage is provided to the participating insurers on a contract-year basis, which runs from June 1 to May 31. Premiums are billed in three installments, with provisional payments due August 1 and October 1 and a final payment due December 1.

(k) *Prior Contract Year Adjustments*

Participating insurers remit premium to the Fund based upon current policyholder exposure information. When insurers provide updated or corrected exposure information, the Fund may bill and receive additional premium relating to a prior contract year; the Fund may also be required to refund amounts to insurers relating to a prior contract year.

(l) *Operating Revenues and Expenses*

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Fund, these revenues are primarily the premiums charged to all participating insurers. Operating expenses include incurred losses and necessary costs incurred to administer the Fund and to provide loss reimbursements to its participants.

(m) *Net Interest on Premium Adjustments*

Participating insurers have the option of paying the billed provisional premium or estimating premium for the August and October installments. If the provisional or estimated payments are too high, interest is returned to the insurer on the overpayment. Likewise, if estimated premiums are underpaid, interest is charged to the insurer with the December installment. For the contract year ended May 31, 2012, the interest rate was 0.38% for overpayments of premium and 5.38% for underestimated payments. For the contract year ended May 31, 2011, the interest rate was 1.05% for overpayments of premium and 6.05% for underestimated payments.

(n) *Hurricane Losses*

Hurricane losses represent the estimated ultimate cost of all reported and unreported claims incurred during the year that exceed the participating insurers' individual company retention levels. The reserves for unpaid claims are estimated primarily by management's review of reported loss information obtained from the participating insurers. Although considerable variability is inherent in such estimates, management believes that the reserves for hurricane losses are adequate. The estimates are continually reviewed and adjusted as experience develops or new information becomes known, and such adjustments are included in current operations.

(o) *Emergency Assessment*

Section 215.55(6)(b)2 of the Florida Statutes provides for an emergency assessment on all property and casualty lines of business in the state, including surplus lines, but excluding workers' compensation, federal flood, accident and health insurance, and (for losses prior to 2013) medical

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FLORIDA HURRICANE CATASTROPHE FUND

Notes to Combined Financial Statements

June 30, 2012 and 2011

malpractice premiums. A maximum annual assessment of 6% is allowed for losses attributable to any one contract year and a maximum aggregate annual assessment of 10% for all contract years. For policies issued or renewed on or after January 1, 2007, a 1% emergency assessment has been levied; except, for policies issued or renewed on or after January 1, 2011 where a 1.3% emergency assessment has been levied. The emergency assessment revenue is the funding source for repayment of the Series 2006A, 2008A, and 2010A Revenue Bonds.

(p) *Transfers*

Pursuant to Section 215.555(7)(c) of the Florida Statutes, the Florida Legislature will appropriate from the Fund an amount no less than \$10,000,000 and no more than 35% of the investment income from the prior fiscal year, providing that the actuarial soundness of the Fund is not jeopardized, for the purpose of providing funding for governments, agencies, and educational institutions to support programs intended to improve hurricane preparedness or reduce potential losses in the event of a hurricane. For these purposes, in each of fiscal years 2012 and 2011, \$10,000,000 was appropriated from the Fund, and \$22,400 was available from prior years. The remaining \$22,400 available for transfer in fiscal year 2012 has been restricted in the June 30, 2012 net assets for hurricane mitigation.

(q) *Income Taxes*

The Fund and the Corporation are exempt from federal and state income taxes. The Fund's tax-exempt status was affirmed by a private letter ruling obtained from the Internal Revenue Service in November 1994. The Corporation received its initial private letter ruling to issue tax-exempt debt in March 1998, and a permanent ruling was received in June 2008.

(r) *Cash Equivalents*

The Fund generally considers all highly liquid investments with a maturity of less than one year when purchased to be cash equivalents. Cash equivalents are recorded at cost, which approximates fair value.

(s) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets available and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of changes in net assets during the reporting period. Actual amounts could differ from those estimates.

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FLORIDA HURRICANE CATASTROPHE FUND

Notes to Combined Financial Statements

June 30, 2012 and 2011

(3) Investments

The fair value of the Fund's investments is as follows (in thousands):

	June 30 2012	June 30 2011
Short-term investments:		
Certificates of deposit	\$ 1,445,223	\$ 1,150,863
Commercial paper	3,649,021	3,083,876
Repurchase agreements	2,201,388	1,700,000
Money market funds	366,868	655,690
Domestic corporate bonds and notes, variable rate	47,577	219,093
International corporate bonds and notes, variable rate	—	175,079
Federal agencies – discount notes	814,583	880,342
Federal agencies	1,583,122	799,151
U.S. Treasuries	688,571	555,470
Total short-term investments	\$ 10,796,353	\$ 9,219,564
Long-term investments:		
Domestic nongovernment mortgage-backed securities	\$ 45,398	\$ 50,905
Federal agencies	919,872	1,450,421
U.S. Treasuries	103,570	—
Total long-term investments	\$ 1,068,840	\$ 1,501,326
Portfolio weighted average maturity	\$ 11,865,193	89

* Due to the nature of certain mortgage-backed securities that have been restricted after default, the weighted average maturity is not available. When the original liquidity notes defaulted, the SBA (on

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FLORIDA HURRICANE CATASTROPHE FUND

Notes to Combined Financial Statements

June 30, 2012 and 2011

behalf of certain funds) elected for a distribution of the underlying collateral in lieu of a cash payment (the Collateral Securities). The SBA issued notes were issued to the participatory funds that had an interest in the original liquidity notes, and these notes hold the Collateral Securities as security for repayment of the notes. The Collateral Securities consist of domestic nongovernment mortgage-backed securities. The note payments were set to pay interest at one-month LIBOR + 35 basis points. Any additional amount collected as principal or interest on the underlying mortgages is used to first pay the note holders the interest (calculated at one-month LIBOR + 35 basis points), and anything collected over that is used to pay down the note principal for each note holder. These segregated securities are subject to the Investment Management Guidelines of the Investment Management Agreement for the sale, exchange or disposition of the collateral and are no longer under the Fund's Investment Policy Statement.

(a) Interest Rate Risk

Liquidity being a primary concern, the investment policy objective is to invest in high quality, highly liquid, relatively short-term investment strategies, which are reviewed on an annual basis to ensure the appropriateness of the strategic goal. The Fund utilizes the weighted average maturity method to limit exposure to interest rate risk. In accordance with the policy, no individual security shall have a final maturity date longer than 397 days, with the exception of those for government securities and agency securities, which shall not exceed three years. No more than 20% of total portfolio amortized cost may be invested in fixed rate securities with remaining time to maturity exceeding 397 days. The dollar weighted average maturity to reset of the portfolio shall not exceed 90 days and the dollar weighted average final maturity of the portfolio shall not exceed 180 days. For purposes of this calculation, the maturity date is assumed to be the next reset date rather than the stated maturity except in the case of the domestic nongovernment mortgage-backed securities.

(b) Credit Risk

Funds are invested in accordance with Section 215.47 of the Florida Statutes and the Fund's Investment Policy Statement which includes, but is not limited to, corporate debt securities such as variable rate notes, bonds and commercial paper, bank instruments such as certificates of deposit and bankers acceptances, U.S. government treasury and agency securities, municipal securities, shares of money market mutual funds, and repurchase agreements, that enhance the Fund's investment income while maintaining liquidity and safety of principal.

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FLORIDA HURRICANE CATASTROPHE FUND

Notes to Combined Financial Statements

June 30, 2012 and 2011

The investment policy states that all securities must be investment grade at time of purchase. For short-term ratings, this has been defined as the highest applicable rating by at least two of Moody's, S&P, and/or Fitch and must be a minimum of P-1 by Moody's, A-1 by S&P, and/or F1 by Fitch. For long-term ratings, this has been defined as a minimum of A2 by Moody's, A by S&P, and/or A by Fitch. The schedule below provides the credit quality ratings by Standard and Poor's and Moody's Investor Services at June 30, 2012 (in thousands):

Investment type	Fair value	Credit quality ratings	
		S & P	Moody's
Certificates of deposit	\$ 125,011	AA	Aa
Certificates of deposit*	1,320,212	Not Rated	Not Rated
Commercial paper	3,649,021	A-1	P-1
Repurchase agreements	2,201,388	Not Rated	Not Rated
Money market funds	366,868	AAAm	Aaa-mf
Domestic corporate bonds and notes	47,577	AA	Aa
Domestic nongovernment			
mortgage-backed securities	45,398	Not Rated	Not Rated
Federal agencies - discount notes	814,583	Not Rated	Not Rated
Federal agencies	2,117,292	AA	Aaa
Federal agencies	25,020	AA	Not Rated
Federal agencies	270,662	Not Rated	Aaa
Federal agencies	90,020	Not Rated	Not Rated
U.S. Treasuries	792,141	Not Rated	Not Rated
	<u>\$ 11,865,193</u>		

* Of the \$1,320,212 "not rated" certificates of deposit, \$970,084 had issuer ratings of A-1 for S&P and P-1 for Moody's; and \$350,128 had issuer ratings of A-1 for S&P and P-2 for Moody's.

(c) Concentration of Credit Risk

Pursuant to the Investment Policy Statement, securities of a single issuer shall not represent more than 3% of total portfolio amortized cost (excluding U.S. treasuries and agencies). The maximum single issuer limit can be 5% if timing issues related to delayed delivery transactions are the sole cause of the discrepancy, so long as the percentage is reduced back to 3% within seven days. Repurchase agreements, which are collateralized at least 102% with U.S. government, agency or agency mortgage-backed securities, are excluded by the SBA in determining compliance with the guidelines. No more than 10% of the portfolios may be invested in an individual money market fund (including any one treasury or agency money market fund). No more than 25% of total portfolio amortized cost may be in a single industry sector except that more than 25% of total portfolio amortized cost may be invested in the financial services industry sector.

At June 30, 2012, the single issuer threshold of 3% was exceeded with securities issued by Bank of America, which represented 10.94% of the portfolio's total amortized cost. The market value of Bank of America holdings at June 30, 2012 was \$1,201,388,000, held in repurchase agreements

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FLORIDA HURRICANE CATASTROPHE FUND

Notes to Combined Financial Statements

June 30, 2012 and 2011

issued by Bank of America. The repurchase agreements, which were fully collateralized, matured at full value on their stated maturity date of July 2, 2012.

At June 30, 2012, the single issuer threshold of 3% was also exceeded with securities issued by Bank of Nova Scotia, which represented 7.23% of the portfolio's amortized cost. The market value of the Bank of Nova Scotia holdings at June 30, 2012 was \$860,021,150. Specifically, the Fund held \$210,021,150 in certificates of deposits, and \$650,000,000 in repurchase agreements issued by Bank of Nova Scotia. The repurchase agreements, which were fully collateralized, matured at full value on their stated maturity date of July 2, 2012.

At June 30, 2012, the single issuer threshold of 3% was also exceeded with securities issued by Wells Fargo, which represented 3.08% of the portfolio's amortized cost. The market value of the Wells Fargo holdings at June 30, 2012, was \$366,867,834, held in money market funds.

At June 30, 2012, the Fund held \$792,140,554 in U.S. treasuries, which represented 6.66% of the portfolio's amortized cost. Specifically, the Fund held \$133,620,665 in U.S. treasury notes and \$658,519,889 in U.S. treasury state and local government series securities (SLGS). SLGS are nonmarketable securities that are only available for purchase by state and local governments and other issuers of tax-exempt securities. SLGS are direct obligations of the U.S. government, backed by the full faith and credit of the U.S. government.

At June 30, 2012, the Fund also held \$3,317,577,037 in federal agency bonds and notes, which represents 27.96% of the portfolio's holdings. Federal agency bonds and notes are sponsored by the U.S. government. Holdings of federal agency bonds and notes as of June 30, 2012 are as follows (in thousands):

Investment type	Fair value	Percentage of portfolio
Federal Home Loan Banks	\$ 1,359,381,759	11.46%
Federal National Mortgage Association	943,441,930	7.95
Federal Home Loan Mortgage Corp	411,016,381	3.46
Federal Farm Credit Bank	342,749,176	2.89
Federal Agricultural Mortgage Corp	260,987,791	2.20

(d) Custodial Credit Risk

Custodial credit risk is defined as the risk that the Fund may not recover securities held by another party. The Fund does not have a formal investment policy for custodial credit risk. At June 30, 2012, all investments held were either insured or registered and held by the Fund or its agent in the Fund's name.

(e) Foreign Currency Risk

No exposure to foreign currency risk existed at June 30, 2012.

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FLORIDA HURRICANE CATASTROPHE FUND

Notes to Combined Financial Statements

June 30, 2012 and 2011

(4) Capital Assets

A summary of the Fund's capital assets and the related accumulated depreciation for the years ended June 30, 2012 and 2011, is as follows (in thousands):

	<u>Equipment</u>	<u>Accumulated depreciation</u>	<u>Net</u>
Balance as of June 30, 2010	\$ 80	\$ (74)	\$ 6
Additions and depreciation expense	2	(3)	(1)
Sales or disposals	—	—	—
Balance as of June 30, 2011	82	(77)	5
Additions and depreciation expense	2	(3)	(1)
Sales or disposals	(18)	18	—
Balance as of June 30, 2012	\$ 66	\$ (62)	\$ 4

(5) Hurricane Losses

The State of Florida was not hit by any hurricanes during the 2006 to 2011 hurricane seasons.

The State of Florida was hit by four hurricanes during July through October of 2005 (fiscal year 2006). These hurricanes were: Category 3 Hurricane Dennis on July 10, Category 1 Hurricane Katrina on August 25, Category 1 Hurricane Rita on September 20, and Category 3 Hurricane Wilma on October 24.

The State of Florida was hit by four hurricanes during August and September 2004 (fiscal year 2005). These hurricanes were: Category 4 Hurricane Charley on August 13, Category 2 Hurricane Frances on September 4, Category 3 Hurricane Ivan on September 16, and Category 3 Hurricane Jeanne on September 25.

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FLORIDA HURRICANE CATASTROPHE FUND

Notes to Combined Financial Statements

June 30, 2012 and 2011

The following table provides a reconciliation of the beginning and ending balances for unpaid hurricane losses for 2012 and 2011 (in thousands):

	<u>Year ended June 30</u>	
	<u>2012</u>	<u>2011</u>
Reserve for unpaid hurricane losses at beginning of year	\$ 649,091	\$ 783,950
Add provision for hurricane losses occurring in:		
Current year	—	—
Prior years	—	110,000
Net incurred losses during the current year	—	110,000
Deduct payments for claims occurring in:		
Current year	240,661	244,859
Prior years	240,661	244,859
Net claim payments during the current year	481,322	489,718
Reserve for unpaid hurricane losses at end of year	\$ 167,769	\$ 399,232

The Fund's reserve for prior years' unpaid hurricane losses at June 30, 2011, was increased by \$110 million, and no additional hurricane losses were recorded in 2012 for prior years as a result of ongoing loss development and actuarial analyses.

(6) Bonds Payable

Long-term liability activity for the years ended June 30, 2012 and 2011 was as follows (in thousands):

Long-term liabilities as of June 30, 2012	Beginning balance	Additions	Reductions	Ending balance
Long-term bonds	\$ 5,097,715	\$ —	\$ (3,796,795)	\$ 1,300,920
Long-term liabilities as of June 30, 2011	Beginning balance	Additions	Reductions	Ending balance
Long-term bonds	\$ 5,380,375	\$ —	\$ (282,660)	\$ 5,097,715

Post-event Bonds – The Fund is expecting to pay loss reimbursements of \$3.87 billion to participating insurers for the calendar year 2004 hurricanes and \$5.89 billion for the calendar year 2005 hurricanes. This resulted in deficit unrestricted net assets as of June 30, 2006. In response to this shortfall, the Corporation issued post-event Series 2006A Revenue Bonds in the amount of \$1,350,025,000 during the year ended June 30, 2006. The funding for these bonds comes from a 1% emergency assessment on the direct written premium for all property and casualty lines of business in Florida including property and casualty business of surplus lines insurers, but not including workers' compensation premiums or medical malpractice premiums. At June 30, 2012, \$296,795,000 of these bonds were outstanding, which are stated to mature

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FLORIDA HURRICANE CATASTROPHE FUND
Notes to Combined Financial Statements
June 30, 2012 and 2011

without right of prior redemption on July 1, 2012 and bear interest at rates ranging from 5.00% to 5.25% as follows (in thousands):

Year:	Par outstanding	Interest rates
2012	\$ 140,865	5.00%
2012	155,930	5.25
	<u>\$ 296,795</u>	

In July 2008, the Corporation issued post-event Series 2008A Revenue Bonds in the amount of \$625 million. The Series 2008A Revenue Bonds proceeds and their investment earnings will be used by the Fund to make payments to participating insurers for losses resulting from the 2005 hurricane season. The funding for these bonds comes from the same 1% emergency assessment mentioned above. The bonds are stated to mature without prior right of redemption on July 1 of the following years and bear interest at rates ranging from 4.125% to 5.000% as follows (in thousands):

Year:	Par outstanding	Interest rates
2013	\$ 66,865	4.125%
2013	233,135	5.000
2014	106,610	4.250
2014	218,390	5.000
	<u>\$ 625,000</u>	

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(Continued)

FLORIDA HURRICANE CATASTROPHE FUND
Notes to Combined Financial Statements
June 30, 2012 and 2011

In May 2010, the Corporation issued post-event Series 2010A Revenue Bonds in the amount of \$675.9 million. The Series 2010A Revenue Bonds proceeds and their investment earnings will be used by the Fund to make payments to participating insurers for losses resulting from the 2005 hurricane season. The funding for these bonds comes from the same emergency assessment mentioned above. An Order was issued by the Florida Office of Insurance Regulation concurrently with the issuance of the Series 2010A Revenue Bonds to supersede the 1% emergency assessment with a 1.3% emergency assessment. The increased emergency assessment is effective for all policies issued or renewed on or after January 1, 2011. The bonds are stated to mature without prior right of redemption on July 1 of the following years and bear interest at rates ranging from 3.50% to 5.00% as follows (in thousands):

Year:	Par outstanding	Interest rates
2015	\$ 15,775	3.50%
2015	5,765	4.00
2015	320,915	5.00
2016	17,990	3.75
2016	315,475	5.00
	<u>\$ 675,920</u>	

Pre-event Notes – To maximize the ability of the Fund to meet future obligations, the Corporation issued pre-event Series 2007A Floating Rate Notes in the amount of \$3.5 billion in October 2007. The proceeds from these notes will be used to pay for losses incurred from future covered events. Investment earnings on these funds, as well as reimbursement premiums, if necessary, are used to pay the debt service requirements of these notes. The single maturity date for these notes will be October 15, 2012.

Costs of Issuance – Costs of issuance are capitalized and amortized over the life of the notes/bonds payable. Expense for amortization of costs of issuance recognized in fiscal year ended June 30, 2012, was \$1,165,869, \$2,062,910, \$540,185, and \$576,702 for the Series 2006A Revenue Bonds, Series 2007A Notes, Series 2008A Revenue Bonds, and Series 2010A Revenue Bonds, respectively. Expense for amortization of costs of issuance recognized in fiscal year ended June 30, 2011, was \$1,165,869, \$2,062,910, \$540,185, and \$576,702 for the Series 2006A Revenue Bonds, Series 2007A Notes, Series 2008A Revenue Bonds, and Series 2010A Revenue Bonds, respectively.

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(Continued)

FLORIDA HURRICANE CATASTROPHE FUND

Notes to Combined Financial Statements

June 30, 2012 and 2011

(7) Compensated Absences

Compensated absences were as follows (in thousands):

Balance as of June 30, 2010	\$ 171
Increases	139
Decreases	(136)
Balance as of June 30, 2011	174*
Increases	93
Decreases	(102)
Balance as of June 30, 2012	\$ 165*

* Includes long-term and current balances, of which \$46,585 and \$47,127 is estimated due within one year of June 30, 2012 and 2011.

(8) Premium Revenue

Fiscal year premiums, net of prior contract year adjustments, as reported in the combined statements of revenues, expenses, and changes in net assets, relate to contract years as follows (in thousands):

	Year ended June 30	
	2012	2011
Contract year 2011	\$ 1,326,295	\$ —
Contract year 2010	5,895	1,314,000
Contract year 2009	(3,490)	1,294
Contract year 2008	(389)	(3,700)
Contract year 2007	(6,450)	(2,415)
Contract year 2006	—	(192)
Contract year 2005	—	(110)
	<u>\$ 1,321,861</u>	<u>\$ 1,308,877</u>

(9) Related Parties

The Fund paid the SBA approximately \$1,029,793 for the Fund and \$527,333 for the Corporation in the fiscal year ended June 30, 2012, and \$835,713 for the Fund and \$527,234 for the Corporation in the fiscal year ended June 30, 2011, for investment advisory services.

OTHER FINANCIAL INFORMATION

FLORIDA HURRICANE CATASTROPHE FUND

Combining Statement of Net Assets

June 30, 2012

(In thousands)

Assets	Combined	Florida Hurricane Catastrophe Fund	Florida Hurricane Catastrophe Fund Finance Corporation
Current assets:			
Cash and cash equivalents	\$ 167	\$ —	\$ 167
Short-term investments	10,796,353	6,319,140	4,477,213
Emergency assessment funds receivable	120,485	—	120,485
Accrued interest	4,509	2,871	1,638
Accounts receivable	6	6	—
Excess loss payments receivable	1,177	1,177	—
Premium receivable, net	3,036	3,036	—
Total current assets	10,925,733	6,326,230	4,599,503
Long-term assets:			
Long-term investments	1,068,840	871,666	197,174
Unamortized bond issuance costs	3,903	—	3,903
Capital assets, net of accumulated depreciation	4	4	—
Total long-term assets	1,072,747	871,670	201,077
Total assets	\$ 11,998,480	\$ 7,197,900	\$ 4,800,580

See accompanying independent auditors' report.

Liabilities and Net Assets

	Combined	Florida Hurricane Catastrophe Fund	Florida Hurricane Catastrophe Fund Finance Corporation
Current liabilities:			
Hurricane losses:			
Unpaid hurricane losses	\$ 408,430	\$ 408,430	\$ —
Accrued expenses	787	739	48
Bonds payable	3,796,795	—	3,796,795
Accrued bond interest expense	40,775	—	40,775
Total current liabilities	4,246,787	409,169	3,837,618
Long-term liabilities:			
Bonds payable	1,300,920	—	1,300,920
Premiums on bonds payable	26,213	—	26,213
Compensated absences, net of current portion	119	119	—
Total long-term liabilities	1,327,252	119	1,327,133
Total liabilities	5,574,039	409,288	5,164,751
Net assets (deficit):			
Unrestricted	6,424,415	6,788,586	(364,171)
Invested in capital assets, net of related debt	4	4	—
Restricted for hurricane mitigation	22	22	—
Total net assets (deficit)	6,424,441	6,788,612	(364,171)
Total liabilities and net assets	\$ 11,998,480	\$ 7,197,900	\$ 4,800,580



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**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
with Government Auditing Standards**

The Trustees of the State Board of Administration of Florida
Florida Hurricane Catastrophe Fund:

We have audited the combined financial statements of the Florida Hurricane Catastrophe Fund (the Fund) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Fund is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

KPMG LLP is a Delaware limited liability partnership,
the U.S. member firm of KPMG International Cooperative
(KPMG International), a Swiss entity.

FLORIDA HURRICANE CATASTROPHE FUND

Combining Statement of Revenues, Expenses, and Changes in Net Assets (Deficit)

Year ended June 30, 2012

(In thousands)

	Combined	Florida Hurricane Catastrophe Fund	Florida Hurricane Catastrophe Fund Finance Corporation
Operating revenues:			
Net premium revenue	\$ 1,321,861	\$ 1,321,861	\$ —
Net interest on premium adjustments	439	439	—
Net interest on loss disbursement adjustments/advances	5	5	—
Other	41	41	—
Total operating revenues	1,322,346	1,322,346	—
Operating expenses:			
Hurricane losses	—	—	—
Administrative and actuarial fees	2,246	2,246	—
Other professional fees	1,098	1,085	13
Personnel expenses	1,152	1,152	—
Depreciation	3	3	—
Other	191	159	32
Total operating expenses	4,690	4,645	45
Operating income (loss)	1,317,656	1,317,701	(45)
Nonoperating revenue (expense):			
Investment income	39,788	27,692	12,096
Investment advisor fees	(1,585)	(1,058)	(527)
Emergency assessment revenue	456,790	—	456,790
Emergency assessment interest revenue	6	(2)	6
Custodian and bond trustee fees	(5)	—	(3)
Bond interest expense	(103,181)	—	(103,181)
Amortization of bond issuance costs	(4,346)	—	(4,346)
Total nonoperating revenue	387,467	26,632	360,835
Income before transfers	1,705,123	1,344,333	360,790
Transfers from (to) component units	—	190,070	(190,070)
Transfers to other funds	(10,000)	(10,000)	—
Total transfers	(10,000)	180,070	(190,070)
Change in net assets	1,695,123	1,524,403	170,720
Net assets (deficit) at beginning of year	4,729,318	5,264,209	(534,891)
Net assets (deficit) at end of year	\$ 6,424,441	\$ 6,788,612	\$ (364,171)

See accompanying independent auditors' report.



This report is intended solely for the information and use of the Florida Auditor General and the management of the State Board of Administration of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

October 12, 2012

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APPENDIX C-1
DEFINITIONS

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APPENDIX C-1

DEFINITIONS

"Accreted Amount" means with respect to Capital Appreciation Bonds, the amount set forth in the Supplemental Indenture authorizing the issuance of such Capital Appreciation Bonds as the amount representing the initial public offering price, plus the accumulated and compounded interest on such Capital Appreciation Bonds.

"Act" means Section 215.555, Florida Statutes, as amended, or any successor statute.

"Actual Claims-paying Capacity" means the sum of the balance of the fund as of December 31 of a contract year, plus any reinsurance purchased by the fund, plus the amount the board is able to raise through the issuance of revenue bonds under Section 215.555(6), Florida Statutes.

"Actuarially indicated" or "actuarially-determined" means, with respect to premiums paid by insurers for reimbursement provided by the fund, an amount determined according to principles of actuarial science to be adequate, but not excessive, in the aggregate, to pay current and future obligations and expenses of the fund, including additional amounts if needed to pay debt service on revenue bonds issued under the Act and to provide required debt service coverage in excess of the amounts required to pay actual debt service on revenue bonds issued under subsection (6), and determined according to principles of actuarial science to reflect each insurer's relative exposure to hurricane losses.

"Audited Financial Statements" means the combined financial statements of the FHCF and the Corporation for a 12-month period, or for such other period for which an audit has been performed, that have been audited and reported upon by an Auditor in accordance with generally accepted auditing standards.

"Auditor" means an independent certified public accountant or firm of independent public accountants selected by the State Board of Administration.

"Authorized Officer of the Corporation" means each person who is authorized by resolution of the Governing Body of the Corporation to perform the duties imposed on an Authorized Officer of the Corporation by the Master Indenture and whose name is filed with the Master Trustee for such purpose.

"Authorized Officer of the State Board of Administration" means each person who is authorized by resolution of the Governing Body of the FHCF to perform the duties imposed on an Authorized Officer of the State Board of Administration by the Master Indenture and whose name is filed with the Master Trustee for such purpose.

"Balloon Indebtedness" means Indebtedness twenty-five percent (25%) or more of the principal payments of which are due in a single Fiscal Year, which portion of the principal is not required by the documents pursuant to which such Indebtedness is incurred to be amortized by payment or redemption prior to such year.

"Bond" or "Bonds" means the bonds issued under the provisions of the Master Indenture and secured on a parity with each other and any Parity Debt by the Master Indenture.

"Bond Counsel" means a firm of lawyers, selected by the Corporation, nationally recognized for legal expertise in matters relating to municipal bonds.

"Bond Fund" means the Florida Hurricane Catastrophe Fund Finance Corporation Bond Fund created and so designated by Section 501 of the Master Indenture.

"Bond Registrar" means, with respect to any Series of Bonds, the Bond Registrar at the time serving as such under the Supplemental Indenture authorizing the issuance of such Series, whether the original or a successor Bond Registrar. With respect to the Series 2013A Bonds, "Bond Registrar" means the institution serving at the time as Master Trustee.

"Business Day" means a day on which the Corporation, the Fund, the Master Trustee and each Bond Registrar are open for the purpose of conducting their businesses.

"Capital Appreciation Bonds" means Bonds the interest on which is compounded at the rates and on the dates set forth in the Supplemental Indenture authorizing the issuance of such Bonds and is payable upon redemption or on the maturity date of such Bonds.

"Capitalized Interest Account" means the account in the Bond Fund created and so designated by Section 501 of the Master Indenture.

"Closing" means the delivery of and payment for the Series 2013A Bonds.

"Closing Date" means the date of the Closing.

"Code" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

"Consultant" means a firm or firms which are not, and no member, director, officer, trustee or employee of which is, an officer, director, trustee or employee of the Corporation, the FHCF, the State Board of Administration or the State, and which has a national reputation for having the skill and experience necessary to render the particular

report or recommendations required by the provision of the Master Indenture in which such requirement appears.

"Contract Year" means the term of the reimbursement contracts between the State Board of Administration and insurers writing Covered Policies, presently June 1 to May 31 of each year.

"Corporation" means the Florida Hurricane Catastrophe Fund Finance Corporation, a public benefits corporation, which is an instrumentality of the State, and its legal successors.

"Corpus Earnings" means the income derived from the investment of the Corpus of the FHCF.

"Corpus of the FHCF" means, as of a particular date, the sum of (i) the unrestricted net assets held by the FHCF on the last day of the preceding Fiscal Year, (ii) the Reimbursement Premiums and Reimbursement Premium Earnings held by the FHCF in the then current Fiscal Year that are in excess of the amounts required for deposit to the credit of the accounts and subaccounts in the Revenue Fund in accordance with the provisions of Section 502 of the Master Indenture and as shall be required for application in accordance with the provisions of Sections 503 and 504 of the Master Indenture, and (iii) without duplication, the amount of the Reimbursement Premiums and Emergency Assessments released in accordance with the provisions of Section 3(f) hereof and Section 503(e)(ii)(Y) of the Master Indenture, the amount of the Emergency Assessments released in accordance with the provisions of Section 503(e)(ii)(Z) of the Master Indenture from the pledge and security interest granted by the Pledge Agreement. Proceeds of Bonds do not constitute a portion of the Corpus of the FHCF for purposes of this definition.

"Costs of Issuance" means those costs that are payable from Bond proceeds with respect to the authorization, sale and issuance of Bonds, deposits to the funds, accounts and subaccounts established by the Master Indenture and any Supplemental Indenture, underwriting fees, auditors' or accountants' fees, printing costs, costs of reproducing documents, filing and recording fees, fees and expenses of fiduciaries, legal fees and charges, professional consultants' fees, costs of credit ratings, fees and charges for the execution, transportation and safekeeping of Bonds, governmental charges, costs of entering into Derivative Agreements, obtaining Investment Obligations and establishing or obtaining Credit Facilities, and other costs, charges and fees in connection with the foregoing. Notwithstanding the foregoing, Costs of Issuance may be paid from other available funds of the Corporation.

"Costs of Issuance Fund" means the Florida Hurricane Catastrophe Fund Finance Corporation Costs of Issuance Fund created and so designated by Section 401 of the Master Indenture.

"Covered Event" means any one storm declared to be a hurricane by the National Hurricane Center, which storm causes insured losses in the State.

"Covered Events Relief Fund" means the Florida Hurricane Catastrophe Fund Covered Events Relief Fund created and so designated by Section 8 of the Pledge Agreement.

"Covered Policy" means any insurance policy covering residential property in this state, including, but not limited to, any homeowner's, mobile home owner's, farm owner's, condominium association, condominium unit owner's, tenant's, or apartment building policy, or any other policy covering a residential structure or its contents issued by any authorized insurer, including the Citizens Property Insurance Corporation and any joint underwriting association or similar entity created pursuant to law. The term "covered policy" includes any collateral protection insurance policy covering personal residences which protects both the borrower's and the lender's financial interests, in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy, if such policy can be accurately reported as required in Section 215.555(5), Florida Statutes. Additionally, covered policies include policies covering the peril of wind removed from the Florida Residential Property and Casualty Joint Underwriting Association or from the Citizens Property Insurance Corporation, created pursuant to Section 627.351(6) Florida Statutes, or from the Florida Windstorm Underwriting Association, created pursuant to Section 627.351(2) Florida Statutes, by an authorized insurer under the terms and conditions of an executed assumption agreement between the authorized insurer and such association or Citizens Property Insurance Corporation. Each assumption agreement between the association and such authorized insurer or Citizens Property Insurance Corporation must be approved by the Office of Insurance Regulation prior to the effective date of the assumption, and the Office of Insurance Regulation must provide written notification to the board within 15 working days after such approval. "Covered policy" does not include any policy that excludes wind coverage or hurricane coverage or any reinsurance agreement and does not include any policy otherwise meeting this definition which is issued by a surplus lines insurer or a reinsurer. All commercial residential excess policies and all deductible buy-back policies that, based on sound actuarial principles, require individual ratemaking shall be excluded by rule if the actuarial soundness of the fund is not jeopardized. For this purpose, the term "excess policy" means a policy that provides insurance protection for large commercial property risks and that provides a layer of coverage above a primary layer insured by another insurer.

"Credit Facility" means a line of credit, letter of credit, standby bond purchase agreement, bond insurance policy or similar liquidity or credit facility established or obtained in connection with the issuance of any Bonds, incurrence of any other Parity Debt or incurrence of any Subordinated Indebtedness.

"Credit Provider" means the Person providing a Credit Facility, as designated in the Supplemental Indenture authorizing the issuance of a Series of Bonds or in the Parity Debt Resolution authorizing the incurrence of Parity Debt or in the Subordinated Indebtedness Resolution authorizing the incurrence of Subordinated Indebtedness.

"Cross-over Date" means, with respect to Cross-over Refunding Indebtedness, the date on which the principal portion of the related Cross-over Refunded Indebtedness is to be paid or redeemed from the proceeds of such Cross-over Refunding Indebtedness.

"Cross-over Refunded Indebtedness" means Indebtedness refunded by Cross-over Refunding Indebtedness.

"Cross-over Refunding Indebtedness" means Indebtedness issued for the purpose of refunding other Indebtedness if the proceeds of such Cross-over Refunding Indebtedness are irrevocably deposited in escrow to secure the payment on the applicable redemption date or maturity date of the Cross-over Refunded Indebtedness, and the earnings on such escrow deposit (i) are required to be applied to pay interest on such Cross-over Refunding Indebtedness until the Cross-over Date and (ii) shall not be used directly or indirectly to pay interest on the Cross-over Refunded Indebtedness.

"Current Expenses of the Corporation" means all expenses incurred by the Corporation in the administration of the Corporation, including, without limiting the generality of the foregoing, arbitrage rebate and penalties, all administrative expenses, salaries and other compensation, personnel expenses properly chargeable to the Corporation, fees and expenses incurred for professional consultants and fiduciaries, including the fees and expenses of the Master Trustee and any Bond Registrar, and all Current Expenses of the Corporation so identified in the Master Indenture, a Parity Resolution, a Subordinated Indebtedness Resolution or any other resolution adopted by the Governing Body of the Corporation, but Current Expenses of the Corporation shall not include (i) depreciation or amortization, (ii) any deposit to any fund, account and subaccount established under the Master Indenture or any Supplemental Indenture or any payment of principal, redemption premium, if any, and interest on any Bonds from any such fund, account and subaccount or (iii) any debt service payment in respect of Parity Debt or Subordinated Indebtedness.

"Current Expenses of the FHCF" means the current expenses for the operation of the FHCF, including, without limiting the generality of the foregoing, all administrative expenses, salaries and other compensation, personnel expenses properly chargeable to the

FHCF, fees and expenses incurred for professional consultants and fiduciaries, refunds related to over-payments of Reimbursement Premiums or refunds of interest related to loss reimbursements or overpayments of Reimbursement Premiums, the premiums, fees and costs of procuring reinsurance for the FHCF, all operating transfers or contributions required by the Act, including operating transfers or contributions pursuant to Section 215.555(7)(c) of the Act, and all Current Expenses of the FHCF so identified in the Pledge Agreement or in a resolution adopted by the State Board of Administration; but Current Expenses of the FHCF shall not include (i) depreciation or amortization, (ii) any deposit to any fund, account and subaccount established under the Master Indenture or any Supplemental Indenture or any payment of principal, redemption premium, if any, and interest on any Bonds from any such fund, account and subaccount, (iii) any debt service payment in respect of Parity Debt or Subordinated Indebtedness, or (iv) payments or advances to insurers writing Covered Policies in the State for hurricane losses pursuant to reimbursement contracts entered into with such insurers by the State Board of Administration pursuant to the Act.

"Current Interest Bonds" means Bonds the interest on which is payable on the Interest Payment Dates provided therefor in the Supplemental Indenture authorizing the issuance of such Bonds.

"Debt service coverage" means the amount, if any, required by the documents under which revenue bonds are issued, which amount is to be received in any fiscal year in excess of the amount required to pay debt service for such fiscal year.

"Debt Service Coverage Ratio" means, for any period of time, the ratio determined by dividing the Premium and Assessment Revenue Available for Debt Service by the Maximum Debt Service Requirement.

"Debt service" means the amount required in any fiscal year to pay the principal of, redemption premium, if any, and interest on revenue bonds and any amounts required by the terms of documents authorizing, securing, or providing liquidity for revenue bonds necessary to maintain in effect any such liquidity or security arrangements.

"Debt Service Requirement" means, for any period of twelve (12) consecutive calendar months for which such determination is made, the aggregate of the payments to be made in respect of principal and interest (whether or not separately stated) on Outstanding Indebtedness during such period, also taking into account:

- (i) with respect to Balloon Indebtedness, the amount of principal which would be payable in such period if such principal were amortized from the date of incurrence thereof over a period of thirty (30) years on a level debt service basis, at an interest rate equal to the current market rate for a fixed rate, 30-year obligation, set forth in an opinion, delivered to the Master Trustee, of a banking

institution or an investment banking institution, selected by the Corporation and knowledgeable in municipal finance, as the interest rate at which the Person that incurred such Indebtedness could reasonably expect to borrow the same by incurring Indebtedness with the same term as assumed above; provided, however, that if the date of calculation is within twelve (12) calendar months of the actual final maturity of such Indebtedness, the full amount of principal payable at maturity shall be included in such calculation;

(ii) with respect to Indebtedness which is Variable Rate Indebtedness, the interest on such Indebtedness shall be calculated at the rate which is equal to the average of the actual interest rates which were in effect (weighted according to the length of the period during which each such interest rate was in effect) for the most recent twelve-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a twelve-month period), except that with respect to new Variable Rate Indebtedness, the interest rate on such Indebtedness on the date of its incurrence shall be calculated at the lesser of (a) the initial rate at which such Indebtedness is incurred and (b) the rate certified by a banking institution or an investment banking institution, selected by the Corporation and knowledgeable in municipal finance, as being the average rate such Indebtedness would have borne for the most recent twelve-month period immediately preceding the date of calculation if such Indebtedness had been outstanding for such period, and thereafter shall be calculated as set forth above; provided, however, that if the Corporation enters into a Derivative Agreement with respect to such Indebtedness, the interest on such Indebtedness shall be calculated as set forth in clause (iv) below;

(iii) with respect to any Credit Facility, (a) to the extent that such Credit Facility has not been used or drawn upon, the principal and interest relating to the reimbursement obligation for such Credit Facility shall not be included in the Debt Service Requirement and (b) to the extent that such Credit Facility shall have been drawn upon, the payment provisions of such Credit Facility with respect to repayment of principal and interest thereon shall be included in the Debt Service Requirement;

(iv) with respect to Derivative Indebtedness, the interest on such Indebtedness during any Derivative Period thereunder shall be calculated by adding (a) the amount of interest payable by the Corporation pursuant to its terms and (b) the amount payable by the Corporation under the Derivative Agreement and subtracting (c) the amount payable by the Derivative Agreement Counterparty at the rate specified in the Derivative Agreement, except that to the extent that the Derivative Agreement Counterparty has defaulted on its payment obligations under the Derivative Agreement, the amount of interest payable by the

Corporation from the date of default shall be the interest calculated as if such Derivative Agreement had not been executed;

(v) subject to the provisions of clause (iv) above, to the extent that any Indebtedness incurred pursuant to the Master Indenture requires that the Corporation pay the principal of or interest on such Indebtedness in any currency or currencies other than United States dollars, in calculating the amount of the Debt Service Requirement, the currency or currencies in which the Corporation is required to pay shall be converted to United States dollars using a conversion rate equal to the applicable conversion rate in effect on a date that is not more than thirty (30) days prior to the date on which such Indebtedness is incurred;

(vi) in the case of Indebtedness a feature of which is an option on behalf of the Owners or Holders to tender to the Corporation or the Master Trustee, or any agent of either, all or a portion of such Indebtedness, the options of such Owners or Holders shall be ignored, provided that such Indebtedness shall have the benefit of a Credit Facility and the institution or a guarantor of its obligations shall have ratings from at least two of the Rating Agencies in not less than one of the two highest short-term rating categories (without gradations such as plus or minus); and

(vii) in the case of Indebtedness, having the benefit of a Credit Facility that provides for a term loan facility that requires the payment of the Principal of such Indebtedness in one (1) year or more, such Indebtedness shall be considered Balloon Indebtedness and shall be assumed to have the maturity schedule provided clause (i)(a) of this definition;

provided, however, that interest shall be excluded from the determination of Debt Service Requirement to the extent that provision for payment of the same is made from the proceeds of the Indebtedness or otherwise provided so as to be available for deposit into the Capitalized Interest Account or similar account not later than the date of delivery of and payment for such Indebtedness or the reissuance date of any Pre-Event Parity Obligations reissued Post-Event as Parity Obligations; and provided further that, notwithstanding the foregoing, the aggregate of the payments to be made with respect to principal of and interest on Outstanding Indebtedness shall not include principal and/or interest payable from Qualified Escrow Funds.

"Defaulted Interest" means Defaulted Interest as defined in Section 203 of the Sixth Supplemental Indenture.

"Defeasance Obligations" means, with respect to the Series 2013A Bonds, (i) noncallable, nonprepayable Government Obligations, (ii) evidences of ownership of a proportionate interest in specified noncallable, nonprepayable Government Obligations,

which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state or territory thereof in the capacity of custodian, (iii) Defeased Municipal Obligations, (iv) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state or territory thereof in the capacity of custodian, (v) the obligations of (A) Export-Import Bank, (B) Rural Economic Community Development Administration, (C) U.S. Maritime Administration, (D) Small Business Administration, (E) U.S. Department of Housing & Urban Development, (F) Federal Housing Administration, and (G) Federal Financing Bank; (vi) senior debt obligations issued by Federal National Mortgage Association or Federal Home Loan Mortgage Corporation; (vii) obligations of the Resolution Funding Corporation; and (viii) senior debt obligations of the Federal Home Loan Bank System.

"Defeased Municipal Obligations" means, to the extent from time to time permitted by law, obligations of state or local government municipal bond issuers rated in the highest rating category by any two Rating Agencies and provision for the payment of the principal of and redemption premium, if any, and interest on which shall have been made by irrevocable deposit with a trustee or escrow agent of noncallable, nonprepayable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state or territory thereof in the capacity as custodian, the maturing principal of and interest on which Government Obligations, when due and payable, shall have been verified by an independent certified public accountant or firm of independent certified public accountants to be sufficient to pay the principal of and redemption premium, if any, and interest on such obligations of state or local government municipal bond issuers.

"Depository" means one or more banks or trust companies or other institutions, including the Master Trustee, duly authorized by law to engage in the banking business and designated by the Corporation as a depository of moneys under this Master Indenture.

"Derivative Agreement" means (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls or to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate or other financial risk; and (v) any other type of contract or arrangement that the Corporation determines is to be used, or is intended to be used, to manage or reduce the cost of Indebtedness, to convert any element of Indebtedness from one form to another, to

maximize or increase investment return, to minimize investment return risk or to protect against any type of financial risk or uncertainty.

"Derivative Agreement Counterparty" means, with respect to a Derivative Agreement, the Person that is identified in such agreement as the counterparty to, or contracting party with, the Corporation.

"Derivative Agreements Account" means the account in the Revenue Fund created and so designated by Section 501 of the Master Indenture.

"Derivative Indebtedness" means Indebtedness or any portion thereof with respect to which the Corporation shall have entered into a Derivative Agreement.

"Derivative Period" means the period during which a Derivative Agreement is in effect.

"Emergency Assessment Base" means the total of direct written premium reported for all assessable lines of insurance under the Act.

"Emergency Assessments" means the money paid or payable to the Corporation or the FHCF from the emergency assessments levied with respect to assessable lines insurance as provided from time to time by the Act. There shall be included within the ambit of "Emergency Assessments" any interest, penalty or surcharge paid or payable on late payments of such emergency assessments.

"Emergency Assessments Account" means the account in the Revenue Fund created and so designated by Section 501 hereof.

"Emergency Assessment Earnings" means the income derived from the investment of Emergency Assessments.

"Estimated claims-paying capacity" means the sum of the projected year-end balance of FHCF as of December 31 of a contract year, plus any reinsurance purchased by FHCF, plus the board's estimate of the board's borrowing capacity.

"Event of Default" means any one or more of those events set forth in Section 802 of the Master Indenture.

"FHCF" means Florida Hurricane Catastrophe Fund, a trust fund established for bond covenants, indentures or resolutions within the meaning of Section 19(f)(3), Article III of the State Constitution, and its legal successors.

"Fiscal Year" means the fiscal year of the FHCF, which shall be the period beginning on July 1 of each year and ending on June 30 of the following year, unless the

Master Trustee is notified in writing by an Authorized Officer of the State Board of Administration of a change in such period, in which case the Fiscal Year shall be the period set forth in such notice. The Corporation shall have the same Fiscal Year as the FHCF.

"Fitch" means Fitch Inc., and its legal successors, provided that references to "Fitch" are effective only so long as Fitch is a Rating Agency.

"Florida Insurance Code" means Chapters 624-632, 634, 635, 636, 641, 642, 648, and 651, Florida Statutes, as amended.

"Governing Body" means, with respect to the Corporation, its board of directors or other board of individuals or designees in which the powers of the Corporation are vested under the Act. With respect to the FHCF, "Governing Body" means the State Board of Administration.

"Government Obligations" means direct obligations of, and obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

"Gross Receipts" means all revenues, income, receipts and money (other than proceeds of borrowing) received in any period by or on behalf of the Corporation, including, without limitation, (a) Emergency Assessments, (b) Emergency Assessment Earnings, (c) Reimbursement Premiums, (d) Reimbursement Premium Earnings, (e) Other Pledged Money, (f) proceeds derived from (i) securities and other investments and (ii) contract rights and other rights and assets now or hereafter owned, held or possessed by the Corporation and (g) interest or investment income on all investments, including investments of proceeds of any Pre-Event Indebtedness incurred by the Corporation.

"Holder" means the holder or owner of Parity Debt.

"Incurrence Test" means the test for the incurrence for Parity Obligations established by Section 704 of the Master Indenture.

"Indebtedness" means all obligations incurred or assumed by any Person:

- (i) for payments of principal and interest with respect to borrowed money, including any obligation to repay a Credit Provider for moneys drawn to pay and retire Indebtedness; and

- (ii) for payments under leases which are required to be capitalized in accordance with generally accepted accounting principles and under installment sale or conditional sale contracts; and

(iii) for payments under installment sale or conditional sale contracts.

provided, however, that Indebtedness shall include only Parity Obligations and Subordinated Indebtedness and that any obligation constituting Indebtedness to pay a Credit Provider for moneys drawn to purchase, but not pay and retire, indebtedness shall constitute Indebtedness only to the extent such payments are in excess of any scheduled payments of principal and interest required to be made to such Credit Provider as an Owner or Holder of such Indebtedness.

"indebtedness" means all indebtedness for any of the following:

(i) for payments of principal and interest with respect to borrowed money;

(ii) for payments on leases which are required to be capitalized in accordance with generally accepted accounting principles; and

(iii) for payments on installment sale or conditional sale contracts.

"Interest Account" means the account in the Bond Fund created and so designated by Section 501 of the Master Indenture.

"Interest Payment Date" means, with respect to the Series 2013A Bonds, each July 1 and January 1, the first interest payment date being July 1, 2013.

"Investment Obligations" means any investment authorized under Section 215.47, Florida Statutes, as amended from time to time, or any successor statute.

"Lien" means any mortgage, deed of trust or pledge of, security interest in or encumbrance on any Property of the Corporation that secures any indebtedness incurred by the Corporation.

"Losses" means direct incurred losses under Covered Policies, which shall include losses for additional living expenses not to exceed 40 percent of the insured value of a residential structure or its contents and shall exclude loss adjustment expenses. "Losses" does not include losses for fair rental value, loss of rent or rental income use, or business interruption losses.

"Master Indenture" means the Master Trust Indenture, including any amendments or supplements hereto, such as the Sixth Supplemental Indenture, pursuant to which the Series 2013A Bonds will be issued.

"Master Trust Indenture" means Master Trust Indenture, dated as of June 1, 2006, by and between the Corporation and the Master Trustee.

"Master Trustee" means Wells Fargo Bank, N.A., Jacksonville, Florida and its successors in the trusts created under the Master Indenture.

"Maximum Debt Service Requirement" means at the date of calculation the greatest Debt Service Requirement for the current or any succeeding Fiscal Year.

"Moody's" means Moody's Investors Service, Inc., and its legal successors, provided that references to "Moody's" are effective only so long as Moody's is a Rating Agency.

"Net Receipts" for any particular period means the excess of Gross Receipts after the payment of Current Expenses of the Corporation for such period.

"Officer's Certificate" means a certificate signed by an Authorized Officer of the Corporation or an Authorized Officer of the State Board of Administration, as the case may be.

Each Officer's Certificate presented pursuant to the Master Indenture shall state that it is being delivered pursuant to (and shall identify the section or subsection of), and shall incorporate by reference and use in all appropriate instances all terms defined in, the Master Indenture. Each Officer's Certificate shall state that (i) the terms thereof are in compliance with the requirements of the section or subsection pursuant to which such Officer's Certificate is delivered or shall state in reasonable detail the nature of any non-compliance and the steps being taken to remedy such non-compliance and (ii) it is being delivered together with any opinions, schedules, statements or other documents required in connection therewith.

"Opinion of Counsel" means an opinion in writing signed by (i) an attorney or firm of attorneys, selected by the Corporation and not unacceptable to the Master Trustee, or (ii) an attorney employed by the State or any agency thereof whose duties include responsibility for legal matters of the Corporation.

"Other Pledged Money" means any money derived from any fees, premiums, assessments or other levies paid or payable to the FHCF or the Corporation, including the income derived from the investment thereof, pursuant to any law enacted, after the date of delivery of this Pledge Agreement, by the Legislature of the State, to the extent that such money is permitted or required by law to be pledged and used for the payment of the principal of and redemption premium, if any, and interest on Parity Obligations.

"Outstanding", when used with reference to Bonds, means, as of a particular date, all Bonds theretofore authenticated and delivered under the Master Indenture, except:

- (a) Bonds theretofore cancelled by any Bond Registrar or delivered to any Bond Registrar or the Master Trustee for cancellation;

(b) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Master Indenture; and

(c) Bonds paid or deemed to have been paid in accordance with the defeasance or like provisions of the Supplemental Indenture delivered in connection with the issuance of such Bonds;

provided, however, that in determining whether the Owners of the requisite principal amount of outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by or under the control of the Corporation or the FHCF or any other obligor upon the Bonds shall be disregarded and deemed not to be outstanding, except that the term "obligor upon the Bonds" shall not include any Credit Provider unless otherwise provided in a Supplemental Indenture, and except that, in determining whether the Master Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Master Trustee knows to be so owned or controlled shall be so disregarded. Bonds so owned or controlled which have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Master Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Corporation, the FHCF or any other obligor upon the Bonds except a Credit Provider.

The Corporation may provide in a Parity Resolution permitted by the Master Indenture as to when any Parity Obligations that are Variable Rate Indebtedness shall be deemed no longer to be Outstanding hereunder in a manner not inconsistent with the above definition.

The Corporation may provide in a Parity Debt Resolution permitted hereby as to when any Parity Debt shall be deemed no longer to be outstanding hereunder in a manner not inconsistent with the above definition.

When used with reference to Indebtedness other than Parity Obligations, "Outstanding" means, as of a particular date, all Indebtedness deemed to be outstanding under the documents pursuant to which it was incurred.

"Owner" means a Person in whose name a Bond is registered in the registration books provided for in Section 205 of the Master Indenture.

"Parity Common Reserve Account" means the account in the Bond Fund created and so designated by Section 501 of the Master Indenture.

"Parity Common Reserve Account Requirement" means, with respect to all Parity Obligations secured by the Parity Common Reserve Account, the least of the following: (i) the sum of ten percent (10%) of the stated principal amount of each Series of Bonds secured by the Parity Common Reserve Account (adjusted as provided in the Code), (ii)

the Maximum Annual Debt Service Requirement on all such Outstanding Parity Obligations, and (iii) one hundred twenty-five percent (125%) of the average annual Debt Service Requirements on all such Parity Obligations. The Parity Common Reserve Account Requirement may be satisfied with cash, Investment Obligations or Reserve Alternative Instruments, or any combination of the foregoing, as the Corporation may determine from time to time.

"Parity Debt" means all Parity Obligations incurred or assumed by the Corporation and not evidenced by Bonds which (a) is designated as Parity Debt in the documents pursuant to which it was incurred, (b) is incurred in compliance with the provisions of Section 704 of the Master Indenture, or is a reimbursement obligation for a Credit Facility supporting Parity Obligations incurred in compliance with the provisions of Section 704 of the Master Indenture, and (c) may be accelerated only in compliance with the procedures set forth in Section 803 of the Master Indenture.

"Parity Debt Resolution" means the resolution and any other documents, instruments or agreements adopted or executed by the Corporation providing for the incurrence of Parity Debt.

"Parity Obligations" means Bonds and Parity Debt.

"Parity Resolution" means a Supplemental Indenture or a Parity Debt Resolution, or both, as the case may be, authorizing the issuance of a Series of Bonds or the incurrence of Parity Debt.

"Parity Tax-Exempt Obligations" means Tax-Exempt Bonds and Tax-Exempt Parity Debt.

"Participating Insurer" means an insurer writing Covered Policies in the State which is required to enter into reimbursement contracts with the FHCF.

"Person" includes an individual, association, unincorporated organization, corporation, limited liability company, partnership, joint venture, trust, state trust fund, unincorporated organization, and a government or an agency or a political subdivision thereof, as well as natural persons.

"Pledge Agreement" means the Pledge and Security Agreement, dated as of June 1, 2006, by and among the Corporation, the State Board of Administration and the Master Trustee, including any amendments or supplements thereto.

"Pledged Collateral" for any particular period means the excess of Reimbursement Premiums and Reimbursement Premium Earnings over the payment of Current Expenses of the FHCF, Emergency Assessments, Emergency Assessment Earnings, the net proceeds of, and investment income on such proceeds of, Parity Obligations, net

payments to or for the account of the Corporation derived from Derivative Agreements and Other Pledged Money. There shall be included within the ambit of "Pledged Collateral": (i) all certificates and instruments, if any, from time to time representing or evidencing any of the Pledged Collateral, (ii) all interest, dividends, cash, instruments or other Property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Collateral and (iii) all proceeds of any or all of the Pledged Collateral. There shall be excluded from the ambit of "Pledged Collateral" the Corpus of the FHCF and Corpus Earnings, the net proceeds of Parity Obligations disbursed by the FHCF for losses, or advances for losses, from Covered Events, and Reimbursement Premiums and Reimbursement Premium Earnings released pursuant to Section 3(f) of the Pledge Agreement and Section 503(e)(ii)(Y) of the Master Indenture and Emergency Assessments and Emergency Assessment Earnings released pursuant to Section 503(e)(ii)(Z) of the Master Indenture from the pledge and security interest granted by the Pledge Agreement. In the case of the net proceeds of Parity Obligations, the pledge and security interest granted by the Pledge Agreement shall be effective only pending their disbursement by the FHCF for losses, or advances for losses, from Covered Events and shall be in favor of the Owners or Holders only of the Series of Parity Obligations (or Parity Obligations that refunded the Parity Obligations) from which such proceeds were derived.

"Post-Event" when used in connection with Bonds, other Parity Obligations or the proceeds thereof refers to the issuance of Parity Obligations upon the occurrence of a Covered Event to pay reimbursement at levels promised in reimbursement contracts for which moneys credited to the Corpus of the FHCF are insufficient, as authorized by the provisions, other than the last sentence, of Section 215.555(6)(a)1 of the Act.

"Pre-Event" when used in connection with Bonds, other Parity Obligations or the proceeds thereof refers to the issuance of Parity Obligations "in the absence of" a Covered Event, as authorized by the last sentence of Section 215.555(6)(a)1 of the Act.

"Premium and Assessment Revenue Available For Debt Service" means the pro forma amount, indicated in an Officer's Certificate of the State Board of Administration delivered to the Master Trustee, that is certified by such Officer to be the excess, over the Current Expenses of the FHCF and the Current Expenses of the Corporation, of the sum of (a) the amount of Revenues from Reimbursement Premiums and Reimbursement Premium Earnings received by the FHCF in any 12 consecutive months of the last 18 calendar months preceding the date of such Certificate, taking into consideration and adjusted for (1) any changes in the Act or other applicable law or regulation (described in such Officer's Certificate) that would prospectively affect the amount of such Reimbursement Premiums to be received in the current or future Fiscal Years, and (2) any actuarially indicated adjustments to the Reimbursement Premiums that have been determined for, or are reasonably expected to take effect subsequent to the applicable 12-month period and in, the current or following Fiscal Year, as shall be set forth in such

Officer's Certificate, and (b) the amount of Revenues from Emergency Assessments, such amount being the product obtained by multiplying (1) the maximum assessment percentage permitted by the Act on the date of such Certificate by (2) the most recently available 12-month Emergency Assessment Base, all as demonstrated in such Officer's Certificate.

"Principal" means (a) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest), except as used in connection with the authorization and issuance of Bonds and with the order of priority of payments of Bonds after an Event of Default, in which case "principal" means the initial public offering price of a Capital Appreciation Bond and the difference between the Accreted Amount and the initial public offering price shall be deemed to be interest and (b) with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity or in satisfaction of a Sinking Fund Requirement, if applicable.

"Principal Account" means the account in the Bond Fund created and so designated by Section 501 of the Master Indenture.

"Principal Payment Date" means, with respect to the Series 2013A Bonds, July 1.

"Property" means any and all rights, titles and interests in and to any and all property whether real or personal, tangible or intangible and wherever situated.

"Qualified Escrow Funds" means amounts deposited in a segregated escrow fund or other similar fund or account established in connection with Indebtedness, which amounts in such fund or account are required by the documents establishing such fund or account to be applied to the payment obligations with respect to principal of or interest on the Indebtedness.

"Rating Agencies" means each of Fitch, Moody's, S&P and any other nationally recognized statistical rating organization that has, at the request of the State Board of Administration, a rating in effect for the Bonds.

"Redemption Account" means the account in the Bond Fund created and so designated by Section 501 of the Master Indenture.

"Redemption Price" means, with respect to any Indebtedness or portion thereof, the principal amount of such Indebtedness or portion called for redemption plus the applicable premium, if any, payable upon redemption thereof.

"Regular Record Date" means, with respect to the Series 2013A Bonds, the June 15 and December 15 next preceding each Interest Payment Date.

"Reimbursement Premiums" means the money paid or payable to the FHCF from reimbursement premiums levied from time to time under the Act. There shall be included within the ambit of "Reimbursement Premiums" any interest, penalty or surcharge paid or payable on late payments of such reimbursement premiums.

"Reimbursement Premiums Account" means the account in the Revenue Fund created and so designated by Section 501 of the Master Indenture.

"Reimbursement Premium Earnings" means the income derived from the investment of Reimbursement Premiums.

"Reserve Alternative Instrument" means an irrevocable insurance policy or surety bond or an irrevocable letter of credit, guaranty or other facility deposited in the Parity Common Reserve Account or a Special Reserve Account in lieu of or in partial substitution for the deposit of cash and Investment Obligations in satisfaction of the Parity Common Reserve Account Requirement or a Special Reserve Account Requirement.

"Revenue Available For Debt Service" means, for any period of time, the excess of Revenues, including the investment income from the investment of the proceeds of any Pre-Event Parity Obligations (but not any other Parity Obligations), over the sum of the Current Expenses of the FHCF and the Current Expenses of the Corporation.

"Revenue Fund" means the Florida Hurricane Catastrophe Fund Finance Corporation Revenue Fund created and so designated by Section 501 of the Master Indenture.

"Revenues" means revenues of the FHCF and the Corporation, as determined in accordance with generally accepted accounting principles, including, without limitation, Reimbursement Premiums, Reimbursement Premium Earnings, Emergency Assessments, Emergency Assessment Earnings and the income derived from the investment of the proceeds of any Pre-Event Parity Obligations (but not any other Indebtedness); provided, however, that (i) no determination thereof shall take into account any gain or loss resulting from the extinguishment of Indebtedness and (ii) no determination thereof shall take into account the value of any Derivative Agreement or any payments made by the Derivative Agreement Counterparty in accordance with the terms of such Derivative Agreement; provided further, however, that Revenues shall not include (I) the income from the investment of Qualified Escrow Funds or of proceeds of Pre-Event Indebtedness to the extent such income is applied to the payment of interest on Indebtedness which is excluded from the determination of the Debt Service Requirement and (II) the proceeds of any Indebtedness.

"S&P" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, and its legal successors, provided that references to S&P are effective only so long as S&P is a Rating Agency.

"Securities Depository" means The Depository Trust Company, New York, New York, or any other recognized securities depository selected by the Corporation, which maintains a book-entry system in respect of a Series of Bonds, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

"Securities Depository Nominee" means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by the Bond Registrar the Bond certificates to be delivered to and immobilized at such Securities Depository during the continuation of participation with such Securities Depository in its book-entry system.

"Serial Bonds" means the Series 2013A Bonds that are stated to mature on July 1 of each of the years 2016, 2018 and 2020.

"Series," whenever used herein with respect to Bonds, means all of the Bonds designated as being of the same series.

"Series 2013A Bonds" means the Hurricane Catastrophe Fund Finance Corporation Revenue Bonds, Series 2013A, issued pursuant to Section 208 of the Master Indenture and Section 208 of the Sixth Supplemental Indenture.

"Series 2013A Subaccount of the Interest Account" means the subaccount created and so designated by Section 401 of the Sixth Supplemental Indenture.

"Series 2013A Subaccount of the Principal Account" means the subaccount created and so designated by Section 401 of the Sixth Supplemental Indenture.

"Short-Term Indebtedness" means all Indebtedness incurred for borrowed money, other than the current portion of Indebtedness and other than Short-Term Indebtedness excluded from this definition as provided in the definition of Indebtedness, for any of the following:

- (i) money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, of one year or less;
- (ii) leases which are capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, of one year or less; and

(iii) installment sale or conditional sale contracts having an original term of one year or less.

"Sinking Fund Account" means the account in the Bond Fund created and so designated by the provisions of Section 501 of the Master Indenture.

"Sinking Fund Requirement" means, with respect to any Series of Bonds, the Sinking Fund Requirement provided in the Supplemental Indenture authorizing the issuance of such Series.

"Sixth Supplemental Indenture" means the Sixth Supplemental Trust Indenture by and between the Corporation and Wells Fargo Bank, N.A., authorizing and securing the Series 2013A Bonds.

"Special Record Date" means a date fixed by the Master Trustee for the payment of Defaulted Interest pursuant to Section 203 of the Sixth Supplemental Indenture.

"Special Reserve Account" means a special debt service reserve account created by a Parity Resolution as a debt service reserve account only for the particular Parity Obligations authorized by such Parity Resolution.

"Special Reserve Account Requirement" means the amount to be deposited or maintained in a Special Reserve Account pursuant to the Parity Resolution creating such Special Reserve Account. The Special Reserve Account Requirement may be satisfied with cash, Investment Obligations, a Reserve Alternative Instrument or any combination of the foregoing, as the Corporation may determine from time to time.

"State" means the State of Florida.

"State Board of Administration" means the State Board of Administration, acting as the governing and administrator of the FHCF, and its legal successors.

"State Covenant" means the State's covenant recited in Section 708 of the Master Indenture.

"Subordinated Indebtedness" means Indebtedness the terms of which shall provide that it shall be subordinate and junior in right of payment to the prior payment in full of Parity Obligations to the extent and in the manner set forth in Section 211 of the Master Indenture.

"Subordinated Indebtedness Resolution" means the resolution and any other documents, instruments or agreements adopted or executed by the Corporation providing for the incurrence of Subordinated Indebtedness. If the Subordinated Indebtedness shall have the benefit of a Credit Facility, the reimbursement obligation for such Credit

Facility shall provide for repayments on a subordinated basis and the term Subordinated Indebtedness Resolution shall include any reimbursement agreement or similar repayment agreement executed and delivered by the Corporation in connection with the provision of such Credit Facility for such Subordinated Indebtedness.

"Supplemental Indenture" means a resolution of the Governing Body of the Corporation authorizing any particular Series of Bonds, together with a Supplemental Indenture executed and delivered by the Corporation in connection with the issuance of such Series of Bonds, that is required to be executed and delivered by the terms of the Master Indenture prior to the issuance of such Series.

"Tax Certificate" means the Tax Certificate executed by the State Board of Administration and the Corporation in connection with the issuance of the Series 2013A Bonds.

"Tax-Exempt Bonds" means all Bonds so identified in the Supplemental Indenture authorizing the issuance of such Bonds.

"Tax-Exempt Parity Debt" means all Parity Debt so identified in the Parity Debt Resolution authorizing the incurrence of such Parity Debt.

"Tax-Exempt Parity Obligations" means collectively all Tax-Exempt Bonds and all Parity Debt.

"Term Bonds" means the Bonds of any Series, other than Serial Bonds, that are designated as such in the Supplemental Indenture authorizing the issuance of such Series.

"Variable Rate Indebtedness" means any portion of Indebtedness the interest rate on which is not established at the time of incurrence at a fixed or constant rate until maturity.

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APPENDIX C-2
MASTER TRUST INDENTURE

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MASTER TRUST INDENTURE

by and between

FLORIDA HURRICANE CATASTROPHE FUND FINANCE CORPORATION

and

WELLS FARGO BANK, N.A.,
as Master Trustee

Dated as of June 1, 2006

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THIS MASTER TRUST INDENTURE (this "Master Indenture"), made and entered into as of the first day of June 1, 2006, by and between Florida Hurricane Catastrophe Fund Finance Corporation, a public benefits corporation, which is an instrumentality of the State of Florida (the "Corporation"), and Wells Fargo Bank, N.A., Jacksonville, Florida, a national banking association duly incorporated under the laws of the United States of America, and being duly qualified to accept and administer the trusts created hereby (the "Master Trustee"),

WITNESSETH:

WHEREAS, Section 215.555, Florida Statutes, as amended (the "Act"), creates the Florida Hurricane Catastrophe Fund, a trust fund established for bond covenants, Master Indentures or resolutions within the meaning of Section 19(f)(3), Article III of the Constitution of the State of Florida (the "FHCFC"); and

WHEREAS, the Act provides that the FHCFC will be administered by the State Board of Administration of Florida (in its capacity as the governing body and administrator of the FHCFC, the State Board of Administration) and that the FHCFC will reimburse certain insurers for a portion of their catastrophic hurricane losses, subject to the limitations on such reimbursements set forth in the Act, in order to create additional insurance capacity sufficient to ameliorate the current dangers to the economy of the State and to the public health, safety and welfare of its citizens posed by a lack of an orderly private market for property insurance; and

WHEREAS, the Act creates the Corporation as a public benefits corporation, which is an instrumentality of the State of Florida, to provide a mechanism for the cost-effective and efficient issuance of bonds necessary to enable the FHCFC to carry out the purposes of the Act; and

WHEREAS, the purpose of such bonds is to fund reimbursements through the FHCFC to pay for the costs of construction, reconstruction, repair, restoration and other costs associated with damage to properties of policyholders of covered policies due to the occurrence of a hurricane; and

WHEREAS, the Act provides for the payment by certain insurers of reimbursement premiums, and for the remittance of emergency assessments from certain policyholders, in the amounts and under the circumstances set forth in the Act and authorizes the pledge of all or any portion of the revenues derived from such reimbursement premiums and emergency assessments, together with the interest earnings thereon, to the payment of the principal of and redemption premium, if any, and interest on bonds issued by the Corporation for the benefit of the FHCFC; and

WHEREAS, the Act provides that revenue bonds may not be issued under the Act until validated under Florida Statutes, Chapter 75, and that the validation of at least the first issue of obligations incurred under the Act shall be appealed to the Florida Supreme Court; and

WHEREAS, the Circuit Court of the Second Judicial Circuit of Florida (the "Circuit Court") validated on November 12, 1996 bonds in the aggregate principal amount of not exceeding \$10 billion, a pledge agreement ("1996 pledge agreement"), a master trust Master Indenture ("1996 master trust Master Indenture"), and related resolutions adopted by the State

Board of Administration for the FHCFC and by the Board of Directors of the Corporation ("1996 resolutions"); and

WHEREAS, Florida Supreme Court affirmed on September 18, 1997 the order of the Circuit Court and concluded that "the Florida Hurricane Finance Corporation acted within its authority and complied with all requirements of the law in the issuance of the Hurricane Catastrophe Relief Revenue Bonds"; and

WHEREAS, the Corporation obtained from the Internal Revenue Service a private letter ruling dated July 2, 1998 to the effect that the interest on bonds issued by the Corporation and secured by emergency assessments and, to a limited extent, reimbursement premiums would be exempt from federal income tax, and such ruling, limited in term to five years, was renewed on June 13, 2003 through June 30, 2008; and

WHEREAS, the Florida Legislature has made several amendments to the Act since its initial enactment in 1993, since validation in 1996 of the bonds, the 1996 master trust Master Indenture, the 1996 pledge agreement and the 1996 resolutions and since receipt in 1998 of the Internal Revenue Service private letter ruling, without vitiating the efficacy of any of the Circuit Court validation, the Supreme Court affirmation of the Circuit Court validation or the private letter ruling; and

WHEREAS, the Board of Directors of the Corporation has duly authorized the execution and delivery of this Master Indenture with the Master Trustee, this Master Indenture being intended to preserve the substance of the 1996 master trust indenture while reflecting the provisions of the amendments to the Act since 1996 and the provisions of the Internal Revenue Service private letter ruling and restricting the obligations that the Corporation may incur hereunder to Parity Obligations (as hereinafter defined); and

WHEREAS, the State Board of Administration and the Board of Directors of the Corporation have duly authorized the execution and delivery of a pledge and security agreement, dated as of June 1, 2006 (the "Pledge Agreement"), by and among the State Board of Administration, the Corporation and the Master Trustee, which agreement is intended to preserve the substance of the 1996 pledge agreement and to conform to the provisions of the Act as currently in effect, the private letter ruling and this Master Indenture, pursuant to which the State Board of Administration has pledged and assigned to the Corporation certain revenues derived from such reimbursement premiums and emergency assessments, together with the interest earnings thereon, to the payment of the principal of and redemption premium, if any, and interest on such bonds; and

WHEREAS, the Office of Insurance Regulation of the State of Florida and the Florida Surplus Lines Service Office have each been notified that, simultaneously with the execution and delivery of the Pledge Agreement and this Master Indenture, Bonds (hereinafter defined) are being issued by the Corporation and that the FHCFC has no agreements in effect with local governments, and, therefore, until such date as the Corporation shall have no Bonds Outstanding (hereinafter defined) and subject to the provisions of the Pledge Agreement, the FHCFC shall have no right, title or interest in or to such emergency assessments or the interest earnings thereon, except as provided in the Pledge Agreement; and

WHEREAS, the Corporation desires to issue and incur its Parity Obligations pursuant to the Act to provide funds to achieve the public purposes of the Act; and

WHEREAS, any Bonds issued and any Parity Debt (hereinafter defined) incurred under this Master Indenture will be secured by a pledge of the Net Receipts (hereinafter defined) of the Corporation; and

WHEREAS, pursuant to the Act, the Corporation is entering into this Master Indenture for the purpose of authorizing the issuance of Bonds and the incurrence of Parity Debt and securing the payment thereof by assigning its rights in and to the Net Receipts and certain of its rights under the Pledge Agreement; and

WHEREAS, under the Constitution and laws of the State of Florida, including the Act, the Corporation is authorized to enter into this Master Indenture, to issue the Bonds and incur Parity Debt as hereinafter provided and to do or cause to be done all the acts and things herein provided or required to be done as hereinafter covenanted; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of Florida, including the Act, to happen, exist and be performed precedent to and in the execution and delivery of this Master Indenture have happened, exist and have been performed as so required to make this Master Indenture a valid and binding Master Indenture securing any Bonds and any Parity Debt in accordance with its terms; and

WHEREAS, the Master Trustee agrees to accept and administer the trusts created hereby;

NOW, THEREFORE, THIS MASTER INDENTURE WITNESSETH that in consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby created, and of the issuance of Bonds and the incurrence of any Parity Debt as provided herein, and in any Supplemental Indenture (hereinafter defined) and in any Parity Debt Resolution (hereinafter defined), and also for and in consideration of the sum of One Dollar in hand paid to the Master Trustee at or before the execution and delivery of this Master Indenture, and for other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Owners (hereinafter defined), and to secure the payment of all Bonds at any time be or become Outstanding under this Master Indenture and any Parity Debt, and the interest and the redemption premium, if any, thereon according to their tenor, purpose and effect, and to secure the performance and observance of all the covenants, agreements and conditions, express or implied, therein and herein contained, the Corporation has executed and delivered this Master Indenture, and by this Master Indenture has given, granted, bargained, aliened, remised, released, conveyed, transferred, assigned, confirmed, set over, and pledged, and does hereby give, grant, bargain, alien, remise, release, convey, transfer, assign, confirm, set over, and pledge unto the Master Trustee, and its successor or successors in trust:

1. All Net Receipts of the Corporation;

2. All right, title and interest of the Corporation in and to the Pledge Agreement (except for those certain rights that are set forth in the next sentence of this clause), it being the

1 intent and purpose hereof that the assignment and transfer to the Master Trustee of the Pledged
2 Collateral (hereinafter defined) shall be effective and operative immediately and the Master
3 Trustee shall have the right to collect and receive from the FHCF the Pledged Collateral for
4 application in accordance with the provisions hereof at all times during the period from and after
5 the date of this Master Indenture until the indebtedness hereby secured shall have been fully paid
6 and discharged, all subject to the rights of the FHCF to the release of Reimbursement Premiums
7 and Reimbursement Premium Earnings and Emergency Assessments and Emergency
8 Assessment Earnings as provided in the Pledge Agreement and this Master Indenture. The
9 Corporation specifically reserves from this assignment the following rights: (a) to receive all
10 notices, opinions, certificates, copies of documents, instruments, reports and correspondence, and
11 evidence of certain actions by the State Board of Administration, acting on behalf of the FHCF,
12 required to be delivered to the Corporation under the Pledge Agreement; (b) to grant approvals
13 and consents and make determinations when required under the Pledge Agreement; (c) to be
14 indemnified pursuant to the Pledge Agreement; and (d) those exculpations from liability
15 conferred upon the members, officers and employees of the Corporation in the Pledge
16 Agreement; provided that the reservation of the aforementioned rights shall not prevent the
17 Master Trustee from enforcing the same on behalf of the Corporation, the Owners and the
18 Holders (hereinafter defined), and the Corporation is to remain liable to observe and perform all
19 the covenants, agreements and conditions, express or implied, therein and herein contained; and

20 3. All money and securities held by or on behalf of the Master Trustee in all of the
21 funds, accounts or subaccounts established pursuant to this Master Indenture, except those funds,
22 accounts and subaccounts that are expressly pledged in a Supplemental Indenture as security
23 only for the Series of Bonds authorized by such Supplemental Indenture or in a Parity Debt
24 Resolution as security only for the Parity Debt authorized by such Parity Debt Resolution, and,
25 in the case of Tax-Exempt Parity Obligations, except those funds, accounts and subaccounts that
26 are expressly set aside in a Supplemental Indenture or Parity Debt Resolution for the purpose of
27 making rebate, yield reduction or similar payments to the United States of America in order to
28 maintain the tax status of the Tax-Exempt Parity Obligations;

29 TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby
30 conveyed and assigned, or agreed or intended so to be, to the Master Trustee and its successor or
31 successors in trust and to them and their assigns forever; but

32 IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the benefit,
33 security and protection of all and singular the present and future Owners of the Bonds issued or
34 to be issued under and secured by this Master Indenture and the Holders of any Parity Debt
35 secured by this Master Indenture, without preference, priority or distinction as to lien or
36 otherwise, except as may otherwise be provided herein, of any one Bond or Parity Debt over any
37 other Bond or Parity Debt by reason of priority in their issue, sale or otherwise, all as herein
38 provided;

39 PROVIDED, HOWEVER, that if the Corporation, its successors or assigns, shall well
40 and truly pay, or cause to be paid, or provide for the payment, pursuant to the provisions of this
41 Master Indenture, of the principal of all Parity Obligations and the interest and any redemption
42 premium due or to become due thereon, at the times and in the manner mentioned in the Parity
43 Obligations and this Master Indenture, according to the true intent and meaning hereof and

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1 thereof, and shall cause the payments to be made into the Bond Fund (hereinafter defined) or
2 otherwise as required under this Master Indenture, and shall pay or cause to be paid to the Master
3 Trustee all sums of money due or to become due to it in accordance with the terms and
4 provisions hereof and perform all of its other obligations hereunder, then, upon such
5 performance and payments, this Master Indenture and the rights hereby granted shall cease,
6 determine and become void, as provided in Article XII of this Master Indenture; otherwise this
7 Master Indenture to be and remain in full force and effect.

8 THIS MASTER INDENTURE FURTHER WITNESSETH and it is expressly declared
9 that all Bonds issued and secured hereunder and any Parity Debt secured hereunder are to be
10 issued, authenticated (if applicable), delivered and dealt with, the respective rights of all Owners
11 of the Bonds and Holders of Parity Debt are to be set forth, and all said property hereby given,
12 granted, bargained, aliened, remised, released, conveyed, transferred, assigned, confirmed, set-
13 over and pledged is to be dealt with and disposed of, under, upon and subject to the terms,
14 conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter
15 expressed, and the Corporation has agreed and covenanted, and does hereby agree and covenant,
16 with the Master Trustee and with the respective Owners and Holders, from time to time, of Parity
17 Obligations, or any part hereof, as follows:

Article I.

DEFINITIONS AND OTHER PROVISIONS CONCERNING INTERPRETATION

22 Section 101. Definitions. For the purposes hereof, unless the context otherwise
23 indicates, the following words and phrases shall have the following meanings:

24 "Accreted Amount" means with respect to Capital Appreciation Bonds, the amount set
25 forth in the Supplemental Indenture authorizing the issuance of such Capital Appreciation Bonds
26 as the amount representing the initial public offering price, plus the accumulated and
27 compounded interest on such Capital Appreciation Bonds.

28 "Act" means Section 215.555, Florida Statutes, as amended, or any successor statute.

29 "Audited Financial Statements" means the combined financial statements of the FHCF
30 and the Corporation for a 12-month period, or for such other period for which an audit has been
31 performed, that have been audited and reported upon by an Auditor in accordance with generally
32 accepted auditing standards.

33 "Auditor" means an independent certified public accountant or firm of independent
34 public accountants selected by the State Board of Administration.

35 "Authorized Officer of the Corporation" means each person who is authorized by
36 resolution of the Governing Body of the Corporation to perform the duties imposed on an
37 Authorized Officer of the Corporation by this Master Indenture and whose name is filed with the
38 Master Trustee for such purpose.

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1 "Authorized Officer of the State Board of Administration" means each person who is
2 authorized by resolution of the Governing Body of the FHCF to perform the duties imposed on
3 an Authorized Officer of the State Board of Administration by this Master Indenture and whose
4 name is filed with the Master Trustee for such purpose.

5 "Balloon Indebtedness" means Indebtedness twenty-five percent (25%) or more of the
6 principal payments of which are due in a single Fiscal Year, which portion of the principal is not
7 required by the documents pursuant to which such Indebtedness is incurred to be amortized by
8 payment or redemption prior to such year.

9 "Bond" or "Bonds" means the bonds or notes issued under the provisions hereof and
10 secured on a parity with each other and any Parity Debt by this Master Indenture.

11 "Bond Fund" means the Florida Hurricane Catastrophe Fund Finance Corporation Bond
12 Fund created and so designated by Section 501(b) hereof.

13 "Bond Registrar" means, with respect to any Series of Bonds, the Bond Registrar at the
14 time serving as such under the Supplemental Indenture authorizing the issuance of such Series,
15 whether the original or a successor Bond Registrar.

16 "Business Day" means a day on which the Corporation, the Fund, the Master Trustee and
17 each Bond Registrar are open for the purpose of conducting their businesses.

18 "Capital Appreciation Bonds" means Bonds the interest on which is compounded at the
19 rates and on the dates set forth in the Supplemental Indenture authorizing the issuance of such
20 Bonds and is payable upon redemption or on the maturity date of such Bonds. Nothing in this
21 Master Indenture shall prohibit the Corporation from designating in such Supplemental Indenture
22 any such Bonds by a name other than Capital Appreciation Bonds.

23 "Capitalized Interest Account" means the account in the Bond Fund created and so
24 designated by Section 501 hereof.

25 "Code" means the Internal Revenue Code of 1986, as amended, and all regulations
26 promulgated thereunder.

27 "Consultant" means a firm or firms which are not, and no member, director, officer,
28 trustee or employee of which is, an officer, director, trustee or employee of the Corporation, the
29 FHCF, the State Board of Administration or the State, and which has a national reputation for
30 having the skill and experience necessary to render the particular report or recommendations
31 required by the provision hereof in which such requirement appears.

32 "Contract Year" means the term of the reimbursement contracts between the State Board
33 of Administration and insurers writing Covered Policies.

34 "Corporation" means the Florida Hurricane Catastrophe Fund Finance Corporation, a
35 public benefits corporation, which is an instrumentality of the State, and its legal successors.

1 "Corpus Earnings" means Corpus Earnings as defined in Section I of the Pledge
2 Agreement.

3 "Costs of Issuance" means those costs that are payable from Bond proceeds with respect
4 to the authorization, sale and issuance of Bonds, deposits to the funds, accounts and subaccounts
5 established by this Master Indenture and any Supplemental Indenture, underwriting fees,
6 auditors' or accountants' fees, printing costs, costs of reproducing documents, filing and
7 recording fees, fees and expenses of fiduciaries, legal fees and charges, professional consultants'
8 fees, costs of credit ratings, fees and charges for the execution, transportation and safekeeping of
9 Bonds, governmental charges, costs of entering into Derivative Agreements, obtaining
10 Investment Obligations and establishing or obtaining Credit Facilities, and other costs, charges
11 and fees in connection with the foregoing.

12 "Costs of Issuance Fund" means the Florida Hurricane Catastrophe Fund Finance
13 Corporation Costs of Issuance Fund created and so designated by Section 401 hereof.

14 "Covered Event" means Covered Event as defined in the Act.

15 "Credit Facility" means a line of credit, letter of credit, standby bond purchase
16 agreement, bond insurance policy or similar liquidity or credit facility established or obtained in
17 connection with the issuance of any Bonds, incurrence of any other Parity Debt or incurrence of
18 any Subordinated Indebtedness.

19 "Credit Provider" means the Person providing a Credit Facility, as designated in the
20 Supplemental Indenture authorizing the issuance of a Series of Bonds or in the Parity Debt
21 Resolution authorizing the incurrence of Parity Debt or in the Subordinated Indebtedness
22 Resolution authorizing the incurrence of Subordinated Indebtedness.

23 "Cross-over Date" means, with respect to Cross-over Refunding Indebtedness, the date
24 on which the principal portion of the related Cross-over Refunded Indebtedness is to be paid or
25 redeemed from the proceeds of such Cross-over Refunding Indebtedness.

26 "Cross-over Refunded Indebtedness" means Indebtedness refunded by Cross-over
27 Refunding Indebtedness.

28 "Cross-over Refunding Indebtedness" means Indebtedness issued for the purpose of
29 refunding other Indebtedness if the proceeds of such Cross-over Refunding Indebtedness are
30 irrevocably deposited in escrow to secure the payment on the applicable redemption date or
31 maturity date of the Cross-over Refunded Indebtedness, and the earnings on such escrow deposit
32 (i) are required to be applied to pay interest on such Cross-over Refunding Indebtedness until the
33 Cross-over Date and (ii) shall not be used directly or indirectly to pay interest on the Cross-over
34 Refunded Indebtedness.

35 "Current Expenses of the Corporation" means all expenses incurred by the Corporation in
36 the administration of the Corporation, including, without limiting the generality of the foregoing,
37 arbitrage rebate and penalties, all administrative expenses, salaries and other compensation,
38 personnel expenses properly chargeable to the Corporation, fees and expenses incurred for
39 professional consultants and fiduciaries, including the fees and expenses of the Master Trustee

1 and any Bond Registrar, and all Current Expenses of the Corporation so identified in this Master
2 Indenture, a Parity Resolution, a Subordinated Indebtedness Resolution or any other resolution
3 adopted by the Governing Body of the Corporation, but Current Expenses of the Corporation
4 shall not include (i) depreciation or amortization, (ii) any deposit to any fund, account and
5 subaccount established under this Master Indenture or any Supplemental Indenture or any
6 payment of principal, redemption premium, if any, and interest on any Bonds from any such
7 fund, account and subaccount or (iii) any debt service payment in respect of Parity Debt or
8 Subordinated Indebtedness.

9 "Current Interest Bonds" means Bonds the interest on which is payable on the Interest
10 Payment Dates provided therefor in the Supplemental Indenture authorizing the issuance of such
11 Bonds.

12 "Debt Service Coverage Ratio" means, for any period of time, the ratio determined by
13 dividing the Premium and Assessment Revenue Available for Debt Service by the Maximum
14 Debt Service Requirement.

15 "Debt Service Requirement" means, for any period of twelve (12) consecutive calendar
16 months for which such determination is made, the aggregate of the payments to be made in
17 respect of principal and interest (whether or not separately stated) on Outstanding Indebtedness
18 during such period, also taking into account:

19 (i) with respect to Balloon Indebtedness, the amount of principal which would be
20 payable in such period if such principal were amortized from the date of incurrence thereof over
21 a period of thirty (30) years on a level debt service basis, at an interest rate equal to the current
22 market rate for a fixed rate, 30-year obligation, set forth in an opinion, delivered to the Master
23 Trustee, of a banking institution or an investment banking institution, selected by the
24 Corporation and knowledgeable in municipal finance, as the interest rate at which the Person
25 that incurred such Indebtedness could reasonably expect to borrow the same by incurring
26 Indebtedness with the same term as assumed above; provided, however, that if the date of
27 calculation is within twelve (12) calendar months of the actual final maturity of such
28 Indebtedness, the full amount of principal payable at maturity shall be included in such
29 calculation;

30 (ii) with respect to Indebtedness which is Variable Rate Indebtedness, the interest on
31 such Indebtedness shall be calculated at the rate which is equal to the average of the actual
32 interest rates which were in effect (weighted according to the length of the period during which
33 each such interest rate was in effect) for the most recent twelve-month period immediately
34 preceding the date of calculation for which such information is available (or shorter period if
35 such information is not available for a twelve-month period), except that with respect to new
36 Variable Rate Indebtedness, the interest rate on such Indebtedness on the date of its incurrence
37 shall be calculated at the lesser of (a) the initial rate at which such Indebtedness is incurred and
38 (b) the rate certified by a banking institution or an investment banking institution, selected by
39 the Corporation and knowledgeable in municipal finance, as being the average rate such
40 Indebtedness would have borne for the most recent twelve-month period immediately preceding
41 the date of calculation if such Indebtedness had been outstanding for such period, and thereafter
42 shall be calculated as set forth above; provided, however, that if the Corporation enters into a

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1 payments to be made with respect to principal of and interest on Outstanding Indebtedness shall
2 not include principal and/or interest payable from Qualified Escrow Funds.

3 "Defeasance Obligations" means, unless modified by the terms of a Parity Resolution, (i)
4 noncallable, nonprepayable Government Obligations, (ii) evidences of ownership of a
5 proportionate interest in specified noncallable, nonprepayable Government Obligations, which
6 Government Obligations are held by a bank or trust company organized and existing under the
7 laws of the United States of America or any state or territory thereof in the capacity of custodian,
8 (iii) Defeased Municipal Obligations and (iv) evidences of ownership of a proportionate interest
9 in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by
10 a bank or trust company organized and existing under the laws of the United States of America
11 or any state or territory thereof in the capacity of custodian.

12 "Defeased Municipal Obligations" means, to the extent from time to time permitted by
13 law, obligations of state or local government municipal bond issuers rated in the highest rating
14 category by any two Rating Agencies and provision for the payment of the principal of and
15 redemption premium, if any, and interest on which shall have been made by irrevocable deposit
16 with a trustee or escrow agent of noncallable, nonprepayable Government Obligations, which
17 Government Obligations are held by a bank or trust company organized and existing under the
18 laws of the United States of America or any state or territory thereof in the capacity of custodian,
19 the maturing principal of and interest on which Government Obligations, when due and payable,
20 shall have been verified by an independent certified public accountant or firm of independent
21 certified public accountants to be sufficient to pay the principal of and redemption premium, if
22 any, and interest on such obligations of state or local government municipal bond issuers.

23 "Depository" means one or more banks or trust companies or other institutions, including
24 the Master Trustee, duly authorized by law to engage in the banking business and designated by
25 the Corporation as a depository of moneys under this Master Indenture.

26 "Derivative Agreement" means (i) any contract known as or referred to or which
27 performs the function of an interest rate swap agreement, currency swap agreement, forward
28 payment conversion agreement or futures contract; (ii) any contract providing for payments
29 based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock
30 or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv)
31 any type of contract called, or designed to perform the function of, interest rate floors or caps,
32 options, puts or calls or to hedge or minimize any type of financial risk, including, without
33 limitation, payment, currency, rate or other financial risk; and (v) any other type of contract or
34 arrangement that the Corporation determines is to be used, or is intended to be used, to manage
35 or reduce the cost of Indebtedness, to convert any element of Indebtedness from one form to
36 another, to maximize or increase investment return, to minimize investment return risk or to
37 protect against any type of financial risk or uncertainty.

38 "Derivative Agreement Counterparty" means, with respect to a Derivative Agreement,
39 the Person that is identified in such agreement as the counterparty to, or contracting party with,
40 the Corporation.

1 Derivative Agreement with respect to such Indebtedness, the interest on such Indebtedness shall
2 be calculated as set forth in clause (iv) below;

3 (iii) with respect to any Credit Facility, (a) to the extent that such Credit Facility has
4 not been used or drawn upon, the principal and interest relating to the reimbursement obligation
5 for such Credit Facility shall not be included in the Debt Service Requirement and (b) to the
6 extent that such Credit Facility shall have been drawn upon, the payment provisions of such
7 Credit Facility with respect to repayment of principal and interest thereon shall be included in
8 the Debt Service Requirement;

9 (iv) with respect to Derivative Indebtedness, the interest on such Indebtedness during
10 any Derivative Period thereunder shall be calculated by adding (a) the amount of interest
11 payable by the Corporation pursuant to its terms and (b) the amount payable by the Corporation
12 under the Derivative Agreement and subtracing (c) the amount payable by the Derivative
13 Agreement Counterparty at the rate specified in the Derivative Agreement, except that to the
14 extent that the Derivative Agreement Counterparty has defaulted on its payment obligations
15 under the Derivative Agreement, the amount of interest payable by the Corporation from the
16 date of default shall be the interest calculated as if such Derivative Agreement had not been
17 executed;

18 (v) subject to the provisions of clause (iv) above, to the extent that any Indebtedness
19 incurred pursuant to this Master Indenture requires that the Corporation pay the principal of or
20 interest on such Indebtedness in any currency or currencies other than United States dollars, in
21 calculating the amount of the Debt Service Requirement, the currency or currencies in which
22 the Corporation is required to pay shall be converted to United States dollars using a conversion
23 rate equal to the applicable conversion rate in effect on a date that is not more than thirty (30)
24 days prior to the date on which such Indebtedness is incurred;

25 (vi) in the case of Indebtedness a feature of which is an option on behalf of the
26 Owners or Holders to tender to the Corporation or the Master Trustee, or any agent of either, all
27 or a portion of such Indebtedness, the options of such Owners or Holders shall be ignored,
28 provided that such Indebtedness shall have the benefit of a Credit Facility and the institution or
29 a guarantor of its obligations shall have ratings from at least two of the Rating Agencies in not
30 less than one of the two highest short-term rating categories (without gradations such as plus or
31 minus); and

32 (vii) in the case of Indebtedness, having the benefit of a Credit Facility that provides
33 for a term loan facility that requires the payment of the Principal of such Indebtedness in one (1)
34 year or more, such Indebtedness shall be considered Balloon Indebtedness and shall be assumed
35 to have the maturity schedule provided clause (ix) of this definition;

36 provided, however, that interest shall be excluded from the determination of Debt Service
37 Requirement to the extent that provision for payment of the same is made from the proceeds of
38 the Indebtedness or otherwise provided so as to be available for deposit into the Capitalized
39 Interest Account or similar account not later than the date of delivery of and payment for such
40 Indebtedness or the reissuance date of any Pre-Event Parity Obligations reissued Post-Event as
41 Parity Obligations; and provided further that, notwithstanding the foregoing, the aggregate of the

9

1 "Derivative Agreements Account" means the account in the Revenue Fund created and so
2 designated by Section 501 hereof.

3 "Derivative Indebtedness" means Indebtedness or any portion thereof with respect to
4 which the Corporation shall have entered into a Derivative Agreement.

5 "Derivative Period" means the period during which a Derivative Agreement is in effect.

6 "Emergency Assessment Base" means the total of direct written premium reported for all
7 assessable lines of insurance under the Act.

8 "Emergency Assessments" means Emergency Assessments as defined in Section 1 of the
9 Pledge Agreement.

10 "Emergency Assessments Account" means the account in the Revenue Fund created and
11 so designated by Section 501 hereof.

12 "Emergency Assessment Earnings" means Emergency Assessment Earnings as defined in
13 Section 1 of the Pledge Agreement.

14 "Event of Default" means any one or more of those events set forth in Section 802
15 hereof.

16 "FHCF" means Florida Hurricane Catastrophe Fund, a trust fund established for bond
17 covenants, indentures or resolutions within the meaning of Section 19(f)(3), Article III of the
18 State Constitution, and its legal successors.

19 "Fiscal Year" means the fiscal year of the FHCF, which shall be the period beginning on
20 July 1 of each year and ending on June 30 of the following year, unless the Master Trustee is
21 notified in writing by an Authorized Officer of the State Board of Administration of a change in
22 such period, in which case the Fiscal Year shall be the period set forth in such notice. The
23 Corporation shall have the same Fiscal Year as the FHCF.

24 "Fitch" means Fitch Inc., and its legal successors, provided that references to "Fitch" are
25 effective only so long as Fitch is a Rating Agency.

26 "Governing Body" means, with respect to the Corporation, its board of directors or other
27 board of individuals or designees in which the powers of the Corporation are vested under the
28 Act. With respect to the FHCF, "Governing Body" means the State Board of Administration.

29 "Government Obligations" means direct obligations of, and obligations the principal of
30 and interest on which are unconditionally guaranteed by, the United States of America.

31 "Gross Receipts" means all revenues, income, receipts and money (other than proceeds of
32 borrowing) received in any period by or on behalf of the Corporation, including, without
33 limitation, (a) Emergency Assessments, (b) Emergency Assessment Earnings, (c)
34 Reimbursement Premiums, (d) Reimbursement Premium Earnings, (e) Other Pledged Money, (f)
35 proceeds derived from (i) securities and other investments and (ii) contract rights and other rights

1 and assets now or hereafter owned, held or possessed by the Corporation and (g) interest or
2 investment income on all investments, including Investments of proceeds of any Pre-Event
3 Indebtedness incurred by the Corporation.

4 "Holder" means the holder or owner of Parity Debt.

5 "Incurrence Test" means the test for the incurrence for Parity Obligations established by
6 Section 704.

7 "Indebtedness" means all obligations incurred or assumed by any Person:

8 (i) for payments of principal and interest with respect to borrowed money, including
9 any obligation to repay a Credit Provider for moneys drawn to pay and retire Indebtedness; and

10 (ii) for payments under leases which are required to be capitalized in accordance with
11 generally accepted accounting principles and under installment sale or conditional sale
12 contracts; and

13 (iii) for payments under installment sale or conditional sale contracts.

14 provided, however, that Indebtedness shall include only Parity Obligations and Subordinated
15 Indebtedness and that any obligation constituting Indebtedness to pay a Credit Provider for
16 moneys drawn to purchase, but not pay and retire, Indebtedness shall constitute Indebtedness
17 only to the extent such payments are in excess of any scheduled payments of principal and
18 interest required to be made to such Credit Provider as an Owner or Holder of such Indebtedness.

19 "Indebtedness" means all Indebtedness for any of the following:

20 (i) for payments of principal and interest with respect to borrowed money;

21 (ii) for payments on leases which are required to be capitalized in accordance with
22 generally accepted accounting principles; and

23 (iii) for payments on installment sale or conditional sale contracts.

24 "Interest Account" means the account in the Bond Fund created and so designated by
25 Section 501 hereof.

26 "Interest Payment Date" means, with respect to any Series of Bonds, each of the interest
27 payment dates provided for in the Supplemental Indenture authorizing the issuance of such
28 Series.

29 "Investment Obligations" means any investment authorized under Section 215.47,
30 Florida Statutes, as amended from time to time, or any successor statute.

31 "Lien" means any mortgage, deed of trust or pledge of, security interest in or
32 encumbrance on any Property of the Corporation that secures any Indebtedness incurred by the
33 Corporation.

12

1 (c) Bonds paid or deemed to have been paid in accordance with the
2 defeasance or like provisions of the Supplemental Indenture delivered in connection with the
3 issuance of such Bonds;

4 provided, however, that in determining whether the Owners of the requisite principal amount of
5 outstanding Bonds have given any request, demand, authorization, direction, notice, consent or
6 waiver hereunder, Bonds owned by or under the control of the Corporation or the FHCF or any
7 other obligor upon the Bonds shall be disregarded and deemed not to be outstanding, except that
8 the term "obligor upon the Bonds" shall not include any Credit Provider unless otherwise
9 provided in a Supplemental Indenture, and except that, in determining whether the Master
10 Trustee shall be protected in relying upon any such request, demand, authorization, direction,
11 notice, consent or waiver, only Bonds which the Master Trustee knows to be so owned or
12 controlled shall be so disregarded. Bonds so owned or controlled which have been pledged in
13 good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the
14 Master Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is
15 not the Corporation, the FHCF or any other obligor upon the Bonds except a Credit Provider.

16 The Corporation may provide in a Parity Resolution as to when any Parity Obligations
17 that are Variable Rate Indebtedness shall be deemed no longer to be Outstanding hereunder in a
18 manner not inconsistent with the above definition.

19 The Corporation may provide in a Parity Debt Resolution as to when any Parity Debt
20 shall be deemed no longer to be outstanding hereunder in a manner not inconsistent with the
21 above definition.

22 When used with reference to Indebtedness other than Parity Obligations, "Outstanding"
23 means, as of a particular date, all Indebtedness deemed to be outstanding under the documents
24 pursuant to which it was incurred.

25 "Owner" means a Person in whose name a Bond is registered in the registration books
26 provided for in Section 205 hereof.

27 "Parity Common Reserve Account" means the account in the Bond Fund created and so
28 designated by Section 501 hereof.

29 "Parity Common Reserve Account Requirement" means, with respect to all Parity
30 Obligations secured by the Parity Common Reserve Account, the least of the following: (i) the
31 sum of ten percent (10%) of the stated principal amount of each Series of Bonds secured by the
32 Parity Common Reserve Account (adjusted as provided in the Code), (ii) the Maximum Annual
33 Debt Service Requirement on all such Outstanding Parity Obligations, and (iii) one hundred
34 twenty-five percent (125%) of the average annual Debt Service Requirements on all such Parity
35 Obligations. The Parity Common Reserve Account Requirement may be satisfied with cash,
36 Investment Obligations or Reserve Alternative Instruments, or any combination of the foregoing,
37 as the Corporation may determine from time to time.

38 "Parity Debt" means all Parity Obligations incurred or assumed by the Corporation and
39 not evidenced by Bonds which (a) is designated as Parity Debt in the documents pursuant to
40 which it was incurred, (b) is incurred in compliance with the provisions of Section 704 hereof or

1 "Master Indenture" means the Master Trust Indenture as supplemented.

2 "Master Trust Indenture" means this Master Trust Indenture, dated as of June 1, 2006, as
3 amended.

4 "Master Trustee" means Wells Fargo Bank, N.A., Jacksonville, Florida, and its
5 successors in the trusts created under this Master Indenture.

6 "Maximum Debt Service Requirement" means at the date of calculation the greatest Debt
7 Service Requirement for the current or any succeeding Fiscal Year.

8 "Moody's" means Moody's Investors Service, Inc., and its legal successors, provided that
9 references to "Moody's" are effective only so long as Moody's is a Rating Agency.

10 "Net Receipts" for any particular period means the excess of Gross Receipts after the
11 payment of Current Expenses of the Corporation for such period.

12 "Officer's Certificate" means a certificate signed by an Authorized Officer of the
13 Corporation or an Authorized Officer of the State Board of Administration, as the case may be.

14 Each Officer's Certificate presented pursuant to this Master Indenture shall state that it is
15 being delivered pursuant to (and shall identify the section or subsection of), and shall incorporate
16 by reference and use in all appropriate instances all terms defined in, this Master Indenture. Each
17 Officer's Certificate shall state that (i) the terms thereof are in compliance with the requirements
18 of the section or subsection pursuant to which such Officer's Certificate is delivered or shall state
19 in reasonable detail the nature of any non-compliance and the steps being taken to remedy such
20 non-compliance and (ii) it is being delivered together with any opinions, schedules, statements or
21 other documents required in connection therewith. Each Officer's Certificate may state that the
22 certification is made to the best knowledge of such officer.

23 "Opinion of Counsel" means an opinion in writing signed by (i) an attorney or firm of
24 attorneys, selected by the Corporation and not unacceptable to the Master Trustee, or (ii) an
25 attorney employed by the State or any agency thereof whose duties include responsibility for
26 legal matters of the Corporation. Such opinion may rely on Officer's Certificates and other
27 Opinions of Counsel and may contain customary exceptions and qualifications.

28 "Other Pledged Money" means Other Pledged Money as defined in Section 1 of the
29 Pledge Agreement.

30 "Outstanding", when used with reference to Bonds, means, as of a particular date, all
31 Bonds theretofore authenticated and delivered under this Master Indenture, except:

32 (a) Bonds theretofore cancelled by any Bond Registrar or delivered to any
33 Bond Registrar or the Master Trustee for cancellation;

34 (b) Bonds in exchange for or in lieu of which other Bonds have been
35 authenticated and delivered under this Master Indenture; and

13

1 is a reimbursement obligation for a Credit Facility supporting Parity Obligations incurred in
2 compliance with the provisions of Section 704 hereof, and (c) may be accelerated only in
3 compliance with the procedures set forth in Section 803 hereof.

4 "Parity Debt Resolution" means the resolution and any other documents, instruments or
5 agreements adopted or executed by the Corporation providing for the incurrence of Parity Debt.

6 "Parity Obligations" means Bonds and Parity Debt.

7 "Parity Resolution" means a Supplemental Indenture or a Parity Debt Resolution, or both,
8 as the case may be, authorizing the issuance of a Series of Bonds or the incurrence of Parity
9 Debt.

10 "Parity Tax-Exempt Obligations" means Tax-Exempt Bonds and Tax-Exempt Parity
11 Debt.

12 "Person" includes an individual, association, unincorporated organization, corporation,
13 limited liability company, partnership, joint venture, trust, state trust fund, unincorporated
14 organization, and a government or an agency or a political subdivision thereof, as well as natural
15 persons.

16 "Pledge Agreement" means the Pledge and Security Agreement, dated as of June 1, 2006,
17 by and among the Corporation, the State Board of Administration and the Master Trustee,
18 including any amendments or supplements thereto.

19 "Pledged Collateral" means Pledged Collateral as defined in Section 1 of the Pledge
20 Agreement.

21 "Predecessor Bonds" of any particular Bond means every previous Bond evidencing all
22 or a portion of the same debt as that evidenced by such particular Bond; and, for purposes of this
23 definition, any Bond authenticated and delivered under Section 210 hereof in lieu of a lost,
24 destroyed or stolen Bond shall be deemed to evidence the same debt as the lost, destroyed or
25 stolen Bond.

26 "Post-Event" when used in connection with Bonds, other Parity Obligations or the
27 proceeds thereof refers to the issuance of Parity Obligations following the occurrence of a
28 Covered Event (i) to pay reimbursement at levels promised in reimbursement contracts for which
29 moneys credited to the Corpus of the Fund are insufficient, as authorized by the provisions (other
30 than the last sentence) of Section 215.555(6)(a)1 of the Act or (ii) to refund other Post-Event
31 Indebtedness or to refund Pre-Event Indebtedness issued or incurred prior to such Covered
32 Event.

33 "Pre-Event" when used in connection with Bonds, other Parity Obligations or the
34 proceeds thereof refers to the issuance of Parity Obligations "in the absence of" a Covered Event,
35 as authorized by the last sentence of Section 215.555(6)(a)1 of the Act.

36 "Pre-Event Bonds Investment Account" means the account in the Revenue Fund created
37 and so designated by Section 501 hereof.

1 "Premium and Assessment Revenue Available For Debt Service" means the pro forma
2 amount, indicated in an Officer's Certificate of the State Board of Administration delivered to
3 the Master Trustee, that is certified by such Officer to be the excess, over the Current Expenses
4 of the FHCF and the Current Expenses of the Corporation, of the sum of (a) the amount of
5 Revenues from Reimbursement Premiums and Reimbursement Premium Earnings received by
6 the FHCF in any 12 consecutive months of the last 18 calendar months preceding the date of
7 such Certificate, taking into consideration and adjusted for (1) any changes in the Act or other
8 applicable law or regulation (described in such Officer's Certificate) that would prospectively
9 affect the amount of such Reimbursement Premiums to be received in the current or future Fiscal
10 Years, and (2) any actuarially indicated adjustments to the Reimbursement Premiums that have
11 been determined for, or are reasonably expected to take effect subsequent to the applicable 12-
12 month period and in, the current or following Fiscal Year, as shall be set forth in such Officer's
13 Certificate, and (b) the amount of Revenues from Emergency Assessments, such amount being
14 the product obtained by multiplying (1) the maximum assessment percentage permitted by the
15 Act on the date of such Certificate by (2) the most recently available 12-month Emergency
16 Assessment Base, all as demonstrated in such Officer's Certificate.

17 "Principal" means (a) with respect to any Capital Appreciation Bond, the Accreted
18 Amount thereof (the difference between the stated amount to be paid at maturity and the
19 Accreted Amount being deemed unearned interest), except as used in connection with the
20 authorization and issuance of Bonds and with the order of priority of payments of Bonds after an
21 Event of Default, in which case "principal" means the initial public offering price of a Capital
22 Appreciation Bond and the difference between the Accreted Amount and the initial public
23 offering price shall be deemed to be interest and (b) with respect to any Current Interest Bond,
24 the principal amount of such Bond payable at maturity or in satisfaction of a Sinking Fund
25 Requirement, if applicable.

26 "Principal Account" means the account in the Bond Fund created and so designated by
27 Section 501 hereof.

28 "Property" means any and all rights, titles and interests in and to any and all property
29 whether real or personal, tangible or intangible and wherever situated.

30 "Qualified Escrow Funds" means amounts deposited in a segregated escrow fund or
31 other similar fund or account established in connection with Indebtedness, which amounts in
32 such fund or account are required by the documents establishing such fund or account to be
33 applied to the payment obligations with respect to principal of or interest on the
34 Indebtedness.

35 "Rating Agencies" means each of Fitch, Moody's, S&P and any other nationally
36 recognized statistical rating organization that has, at the request of the State Board of
37 Administration, a rating in effect for the Bonds.

38 "Redemption Account" means the account in the Bond Fund created and so designated
39 by Section 501 hereof.

16

1 "Securities Depository" means The Depository Trust Company, New York, New York,
2 or any other recognized securities depository selected by the Corporation, which maintains a
3 book-entry system in respect of a Series of Bonds, and shall include any substitute for or
4 successor to the securities depository initially acting as Securities Depository.

5 "Securities Depository Nominee" means, as to any Securities Depository, such Securities
6 Depository or the nominee of such Securities Depository in whose name there shall be registered
7 on the registration books maintained by the Bond Registrar the Bond certificates to be delivered
8 to and immobilized at such Securities Depository during the continuation of participation with
9 such Securities Depository in its book-entry system.

10 "Serial Bonds" means the Bonds of any Series that are stated to mature in annual or
11 semiannual installments.

12 "Series," whenever used herein with respect to Bonds, means all of the Bonds designated
13 as being of the same series.

14 "Short-Term Indebtedness" means all Indebtedness incurred for borrowed money, other
15 than the current portion of Indebtedness and other than Short-Term Indebtedness excluded from
16 this definition as provided in the definition of Indebtedness, for any of the following:

17 (i) money borrowed for an original term, or renewable at the option of the borrower
18 for a period from the date originally incurred, of one year or less;

19 (ii) leases which are capitalized in accordance with generally accepted accounting
20 principles having an original term, or renewable at the option of the lessee for a period from the
21 date originally incurred, of one year or less; and

22 (iii) installment sale or conditional sale contracts having an original term of one year
23 or less.

24 "Sinking Fund Account" means the account in the Bond Fund created and so designated
25 by the provisions of Section 501 hereof.

26 "Sinking Fund Requirement" means, with respect to any Series of Bonds, the Sinking
27 Fund Requirement provided in the Supplemental Indenture authorizing the issuance of such
28 Series.

29 "Special Reserve Account" means a special debt service reserve account created by a
30 Parity Resolution as a debt service reserve account only for the particular Parity Obligations
31 authorized by such Parity Resolution.

32 "Special Reserve Account Requirement" means the amount to be deposited or maintained
33 in a Special Reserve Account pursuant to the Parity Resolution creating such Special Reserve
34 Account. The Special Reserve Account Requirement may be satisfied with cash, Investment
35 Obligations, a Reserve Alternative Instrument or any combination of the foregoing, as the
36 Corporation may determine from time to time.

1 "Redemption Price" means, with respect to any Indebtedness or portion thereof, the
2 principal amount of such Indebtedness or portion called for redemption plus the applicable
3 premium, if any, payable upon redemption thereof.

4 "Regular Record Date" means, with respect to any Series of Bonds, the regular record
5 date, if any, provided for in the Supplemental Indenture authorizing the issuance of such Series.

6 "Reimbursement Premiums" means Reimbursement Premiums as defined in Section 1 of
7 the Pledge Agreement.

8 "Reimbursement Premiums Account" means the account in the Revenue Fund created
9 and so designated by Section 501 hereof.

10 "Reimbursement Premium Earnings" means Reimbursement Premium Earnings as
11 defined in Section 1 of the Pledge Agreement.

12 "Reserve Alternative Instrument" means an irrevocable insurance policy or surety bond
13 or an irrevocable letter of credit, guaranty or other facility deposited in the Parity Common
14 Reserve Account or a Special Reserve Account in lieu of or in partial substitution for the deposit
15 of cash and Investment Obligations in satisfaction of the Parity Common Reserve Account
16 Requirement or a Special Reserve Account Requirement.

17 "Revenue Available For Debt Service" means, for any period of time, the excess of
18 Revenues, including the investment income from the investment of the proceeds of any Pre-
19 Event Parity Obligations (but not any other Parity Obligations), over the sum of the Current
20 Expenses of the FHCF and the Current Expenses of the Corporation.

21 "Revenue Fund" means the Florida Hurricane Catastrophe Fund Finance Corporation
22 Revenue Fund created and so designated by Section 501(a) hereof.

23 "Revenues" means revenues of the FHCF and the Corporation, as determined in
24 accordance with generally accepted accounting principles, including, without limitation,
25 Reimbursement Premiums, Reimbursement Premium Earnings, Emergency Assessments,
26 Emergency Assessment Earnings and the income derived from the investment of the proceeds of
27 any Pre-Event Parity Obligations (but not any other Indebtedness); provided, however, that (i) no
28 determination thereof shall take into account any gain or loss resulting from the extinguishment
29 of Indebtedness and (ii) no determination thereof shall take into account the value of any
30 Derivative Agreement or any payments made by the Derivative Agreement Counterparty in
31 accordance with the terms of such Derivative Agreement; provided further, however, that
32 Revenues shall not include (i) the income from the investment of Qualified Escrow Funds or of
33 proceeds of Pre-Event Indebtedness to the extent such income is applied to the payment of
34 interest on Indebtedness which is excluded from the determination of the Debt Service
35 Requirement and (ii) the proceeds of any Indebtedness.

36 "S&P" means Standard & Poor's Rating Services, and its legal successors, provided that
37 references to S&P are effective only so long as S&P is a Rating Agency.

17

1 "State" means the State of Florida.

2 "State Board of Administration" means the State Board of Administration, acting as the
3 governing and administrator of the FHCF, and its legal successors.

4 "State Covenant" means the State's covenant recited in Section 708 hereof.

5 "Subordinated Indebtedness" means Indebtedness the terms of which shall provide that it
6 shall be subordinate and junior in right of payment to the prior payment in full of Parity
7 Obligations to the extent and in the manner set forth in Section 211 hereof.

8 "Subordinated Indebtedness Resolution" means the resolution and any other documents,
9 instruments or agreements adopted or executed by the Corporation providing for the incurrence
10 of Subordinated Indebtedness. If the Subordinated Indebtedness shall have the benefit of a
11 Credit Facility, the reimbursement obligation for such Credit Facility shall provide for
12 repayments on a subordinated basis and the term Subordinated Indebtedness Resolution shall
13 include any reimbursement agreement or similar repayment agreement executed and delivered
14 by the Corporation in connection with the provision of such Credit Facility for such
15 Subordinated Indebtedness.

16 "Supplemental Indenture" means a resolution of the Governing Body of the Corporation
17 authorizing any particular Series of Bonds, together with a Supplemental Indenture executed and
18 delivered by the Corporation in connection with the issuance of such Series of Bonds, that is
19 required to be executed and delivered by the terms of this Master Indenture prior to the issuance
20 of such Series.

21 "Tax-Exempt Bonds" means all Bonds so identified in the Supplemental Indenture
22 authorizing the issuance of such Bonds.

23 "Tax-Exempt Parity Debt" means all Parity Debt so identified in the Parity Debt
24 Resolution authorizing the incurrence of such Parity Debt.

25 "Tax-Exempt Parity Obligations" means collectively all Tax-Exempt Bonds and all
26 Parity Debt.

27 "Term Bonds" means the Bonds of any Series, other than Serial Bonds, that are
28 designated as such in the Supplemental Indenture authorizing the issuance of such Series.

29 "Variable Rate Indebtedness" means any portion of Indebtedness the interest rate on
30 which is not established at the time of incurrence at a fixed or constant rate until maturity.

31 Section 102. Interpretation. (a) Any reference herein to any officer or member of the
32 Corporation or the State Board of Administration shall include those who succeed to their
33 functions, duties or responsibilities pursuant to or by operation of law or who are lawfully
34 performing their functions.

1 (b) Unless the context otherwise indicates, words importing the singular shall
2 include the plural and vice versa, and the use of the neuter, masculine, or feminine gender is for
3 convenience only and shall be deemed to mean and include all other genders.

4 (c) Unless the context otherwise indicates, the word "including" means
5 "including without limitation" and the word "or" is used in its inclusive sense.

6 (d) Where the character or amount of any asset, liability or item of income or
7 expense is required to be determined or any consolidation, combination or other accounting
8 computation is required to be made for the purposes hereof or of any agreement, document or
9 certificate executed and delivered in connection with or pursuant to this Master Indenture, the
10 same shall be done in accordance with generally accepted accounting principles.

11 (e) Headings of articles and sections herein and in the table of contents hereof
12 are solely for convenience of reference, do not constitute a part hereof and shall not affect the
13 meaning, construction or effect hereof.

14 (f) Provisions calling for the redemption of Indebtedness or the calling of
15 Indebtedness for redemption do not mean or include the payment of Indebtedness at its stated
16 maturity or maturities.

17 (g) Unless otherwise provided by a Supplemental Indenture, all times refer to
18 Eastern Time.

19 Section 103. Status of Parity Obligations. PARITY OBLIGATIONS ISSUED UNDER
20 THIS MASTER INDENTURE SHALL NOT CONSTITUTE A DEBT OF THE STATE OF
21 FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF NOR A PLEDGE OF THE
22 FAITH AND CREDIT OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION
23 THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY
24 PROVISION. THE CORPORATION DOES NOT HAVE THE POWER OR AUTHORITY TO
25 LEVY ANY TAX.

Article II.

INDEBTEDNESS

26 Section 201. Limitation on Incurrence of Indebtedness. (a) The Corporation may incur
27 Indebtedness by issuing Bonds or incurring Parity Debt hereunder or by creating Subordinated
28 Indebtedness under any other document. The principal amount of Parity Obligations evidencing
29 Indebtedness that may be created hereunder and the principal amount of Indebtedness created
30 under other documents are not limited, except as limited by the provisions hereof, including
31 Section 704, or the provisions of any Parity Resolution. Parity Obligations issued or incurred
32 hereunder or Indebtedness otherwise incurred by the Corporation shall constitute the special and
33 limited obligations of the Corporation payable from the Net Receipts of the Corporation.

34 (b) No Bonds may be issued nor Parity Debt incurred under this Master
35 Indenture except in accordance with the provisions of this Article. The principal of and the
36 interest on and the redemption premium, if any, on all Parity Obligations issued and incurred

20

1 any; (4) the date and terms of maturity or maturities of the Bonds of such Series, or the dates of
2 payment of the Bonds on the demand of the Owner thereof; (5) the interest rate or rates of the
3 Bonds of such Series, which may include variable, adjustable, convertible or other rates, original
4 issue discount, Capital Appreciation Bonds, Current Interest Bonds, municipal multipliers or
5 other deferred interest arrangements and zero interest rate Bonds, provided that the interest cost
6 of such Series shall never exceed for such Series the maximum interest rate, if any, permitted by
7 law in effect at the time such Series is issued; (6) the Interest Payment Dates for such Series of
8 Bonds; (7) the denominations, numbering, lettering and series designation of such Series of
9 Bonds; (8) the Bond Registrar or paying agents and place or places of payment of such Bonds;
10 (9) the Redemption Prices for such Series of Bonds and any terms of redemption not inconsistent
11 with the provisions of this Master Indenture, which may include redemption at the election of the
12 Owner thereof to the extent permitted by law; (10) the amount and date of each mandatory
13 redemption requirement, if any, for such Series of Bonds; (11) the use to be made of the
14 proceeds of such Series of Bonds, including deposits required to be made into the appropriate
15 account of the Costs of Issuance Fund, the Capitalized Interest Account, the Interest Account and
16 any debt service reserve account; and (12) any other terms or provisions applicable to the Series
17 of Bonds not inconsistent with the provisions of this Master Indenture or the Act. All of the
18 foregoing may be added by a Supplemental Indenture executed and delivered by the Corporation
19 and the Master Trustee at any time or from time to time prior to the issuance of such Series of
20 Bonds.

21 Section 203. Execution and Form of Bonds. The definitive Bonds are issuable as
22 permitted or required and shall be executed as provided by the respective Supplemental
23 Indenture providing for the issuance of Bonds of any Series. Bonds may be issued under a book-
24 entry system and held by a Securities Depository. All Bonds may have endorsed thereon such
25 legends or text as may be necessary or appropriate to conform to the applicable rules and
26 regulations of any governmental authority or any securities exchange on which the Bonds may
27 be listed or to any requirement of law with respect thereto.

28 Section 204. Exchange of Bonds. Bonds may, at the option of the Owner thereof, be
29 exchanged, as provided by the Supplemental Indenture pursuant to which such Bonds were
30 issued, for an equal aggregate principal amount of Bonds of the same Series and maturity, of any
31 authorized denomination or denominations, bearing interest at the same rate and in the same
32 form as the Bonds surrendered for exchange. The Corporation shall make provision for the
33 exchange of Bonds at the designated corporate trust office of the Bond Registrar.

34 Section 205. Negotiability and Registration of Transfer of Bonds. The Bond Registrar
35 shall keep books for the registration and the registration of transfer of the Series of Bonds as to
36 which it is Bond Registrar as provided in this Master Indenture. The registration books shall be
37 available at all reasonable times for inspection by the Corporation and any Owner of such Bonds
38 and may be copied by either of the foregoing and their agents or representatives.

39 The Bond Registrar shall evidence acceptance of the duties, responsibilities and
40 obligations of the Bond Registrar under this Master Indenture and the applicable Supplemental
41 Indenture by the execution of the certificate of authentication on the related Series of Bonds.

1 under the provisions of this Master Indenture shall be payable solely from the moneys and assets
2 pledged by this Master Indenture and the respective Supplemental Indentures for their payment.
3 All covenants, agreements and provisions of this Master Indenture shall be for the benefit and
4 security of all present and future Owners and Holders without preference, priority or distinction
5 as to lien or otherwise, except as otherwise hereinafter provided or as provided in any Parity
6 Resolution, of any one Parity Obligation over any other Parity Obligation by reason of priority in
7 the issue, sale or negotiation thereof, or otherwise.

8 (e) Parity Obligations shall be issued or incurred in such forms as may from
9 time to time be created by Parity Resolutions permitted hereunder. Each Parity Obligation or
10 series of Parity Obligations shall be created by a different Parity Resolution and shall be
11 designated in such a manner as will differentiate such Parity Obligation from any other Parity
12 Obligation.

13 (d) The Corporation and the Master Trustee may from time to time enter into
14 a Supplemental Indenture or the Corporation may from time to time adopt a Parity Debt
15 Resolution in order to create Parity Obligations hereunder. Each such Parity Resolution shall,
16 with respect to a Parity Obligation evidencing Indebtedness created thereby, set forth the date
17 thereof, and the date or dates on which the principal of and redemption premium, if any, and
18 interest on such Parity Obligation shall be payable, and the form of such Parity Obligation and
19 such other terms and provisions as shall conform with the provisions hereof.

20 (e) With respect to Parity Obligations created hereunder, simultaneously with
21 or prior to the execution, authentication and delivery of such Parity Obligations evidencing such
22 Indebtedness pursuant to this Master Indenture:

23 (i) All requirements and conditions to the issuance of such Parity
24 Obligations, if any, set forth in the Parity Resolution or in this Master Indenture shall have been
25 complied with and satisfied, as provided in an Officer's Certificate, a certified copy of which
26 shall be delivered to the Master Trustee;

27 (ii) The Corporation shall have delivered to the Master Trustee an
28 Opinion of Counsel to the effect that (1) registration of such Parity Obligations under the
29 Securities Act of 1933, as amended, and qualification of this Master Indenture or the Parity
30 Resolution under the Trust Master Indenture Act of 1939, as amended, are not required, or, if
31 such registration or qualification is required, that all applicable registration and qualification
32 provisions of said acts have been complied with, and (2) the Master Indenture and the Parity
33 Obligations are valid, binding and enforceable obligations of the Corporation in accordance with
34 their terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent
35 conveyance and other laws affecting creditors' rights generally and usual equity principles.

36 Section 202. Details of Bonds. Bonds authorized hereunder may be issued in one or
37 more Series that may be delivered from time to time. The Corporation shall by Supplemental
38 Indenture authorize such Series and shall specify, to the extent appropriate, (1) the authorized
39 principal amount of such Series, (2) the purposes to be financed with the proceeds of such Series,
40 or the Bonds or other indebtedness to be refunded or refinanced with the proceeds thereof,
41 including costs of issuance; (3) the creation of a debt service reserve account for such Series, if

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1 Section 206. Ownership of Bonds. The Corporation, the Master Trustee, the Bond
2 Registrar and any agent of the Corporation, the Master Trustee or the Bond Registrar, may treat
3 the person in whose name any Bond is registered, including any Securities Depository Nominee,
4 as the Owner of such Bond for the purpose of receiving payment of the principal of and
5 premium, if any, and interest on such Bond, and for all other purposes whatsoever, whether or
6 not such Bond be overdue, and, to the extent permitted by law, neither the Corporation, the
7 Master Trustee, the Bond Registrar nor any such agent shall be affected by notice to the contrary.

8 Section 207. Authentication of Bonds. Only such Bonds as have endorsed thereon a
9 certificate of authentication substantially in the form set forth in the Supplemental Indenture
10 pursuant to which such Bonds are issued, duly executed as provided in the Supplemental
11 Indenture, shall be entitled in any benefit or security under this Master Indenture. No Bond shall
12 be valid or become obligatory for any purpose unless and until such certificate of authentication
13 on the Bond has been duly executed and dated as provided in the Supplemental Indenture, and
14 such certificate upon any such Bond shall be conclusive evidence that such Bond has been duly
15 authenticated and delivered under this Master Indenture. The certificate of authentication on any
16 Bond shall be deemed to have been duly executed and dated if signed by an authorized officer of
17 the party authorized under the Supplemental Indenture but it shall not be necessary that the same
18 officer sign the certificate of authentication on all of the Bonds or any Series thereof that may be
19 issued hereunder at any one time.

20 Section 208. Terms and Conditions for Incurrence of Indebtedness. (a) The
21 Corporation covenants and agrees that it will not incur any Indebtedness if, after giving effect to
22 all other Indebtedness incurred by the Corporation, such Indebtedness could not be incurred
23 pursuant to this Section 208. Indebtedness may be incurred only in the manner and pursuant to
24 the terms set forth in the following subsections.

25 (b) Parity Obligations may be incurred if, prior to incurrence thereof, the
26 Corporation shall file or cause to be filed with the Master Trustee an Officer's Certificate (which
27 may rely upon certificates or other evidence prepared by the officials of the Fund) demonstrating
28 and stating that the Incurrence Test, if applicable by its terms, will be met with respect to such
29 separate issuance of Parity Obligations. The Corporation may incur Parity Obligations in one or
30 more separate issuances, which Parity Obligations may be issued in any form or combination of
31 forms permitted by this Master Indenture.

32 (c) Before any Bonds shall be issued or Parity Debt incurred, the Corporation
33 shall execute and deliver a Supplemental Indenture or adopt a Parity Resolution authorizing the
34 issuance of such Bonds or the incurrence of such Parity Debt, fixing the amount and the details
35 thereof as provided in Section 202 hereof and describing in brief and general terms the purpose
36 for issuing such Parity Obligations. Bonds may be issued and Parity Debt may be incurred for
37 any purpose permitted under the Act.

38 (d) The Supplemental Indenture may determine to use the Parity Common
39 Reserve Account or to establish a Special Reserve Account for such Series of Bonds and fix the
40 provisions with respect thereto or not to establish any debt service reserve account.

(e) The Bonds of each Series shall be designated "Florida Hurricane Catastrophe Fund Finance Corporation Hurricane Catastrophe Revenue Bonds [Notes], [Refunding] Series" (inserting the year such Bonds are issued and any other distinctive letter or number), shall be stated to mature, subject to the right of prior redemption as therein set forth, on the date or dates specified therein, in such year or years not later than thirty (30) years from their date, shall bear interest at a rate or rates not exceeding the maximum rate then permitted by law, shall be numbered and shall have such redemption provisions (subject to the provisions of Article III of this Master Indenture), all as provided in the Supplemental Indenture. Except as to any differences in the maturities thereof or in the rate or rates of interest or the provisions for redemption or the provisions regarding the respective accounts and subaccounts within the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account, and any provisions with respect to the Parity Common Reserve Account or a Special Reserve Account, all such Bonds shall be on a parity with each other and any Parity Debt and shall be entitled to the same benefit and security of this Master Indenture, including, in particular, the pledge of Net Receipts.

(f) The proceeds (including accrued interest) of the Parity Obligations shall be applied simultaneously with the delivery thereof the Bonds as provided in the Parity Resolution for the particular Parity Obligations.

(g) In the case of Parity Obligations issued to refund Outstanding Parity Obligations, the Corporation may direct the Master Trustee (i) to withdraw moneys and Investment Obligations from the appropriate accounts in the Revenue Fund and from subaccounts in the Principal Account, Interest Account and Parity Common Reserve Account or Special Reserve Account to the extent that, following the issuance of such refunding Parity Obligations and the defeasance of such refunded Parity Obligations, such moneys and Investment Obligations would be in excess of the requirements of this Master Indenture and (ii) to set aside such moneys and Investment Obligations so withdrawn, together with proceeds of the refunding Parity Obligations and any other moneys provided by the Corporation, to effect the defeasance of such refunded Parity Obligations in accordance with the provisions of the Parity Resolution applicable to the refunded Parity Obligations.

(h) Subordinated Indebtedness may be incurred subject to the provisions of Section 211 hereof.

Section 209. Temporary Bonds. Until the definitive Bonds of any Series are ready for delivery, there may be executed, and upon direction of the Corporation, the Bond Registrar shall deliver, in lieu of definitive Bonds and subject to the same limitations and conditions, except as to identifying numbers, printed, engraved, lithographed or typewritten temporary Bonds in denominations permitted by the applicable Supplemental Indenture for the definitive Bonds, substantially of the tenor hereinabove set forth, with such appropriate omissions, insertions and variations as may be required. The Corporation shall cause the definitive Bonds to be prepared and to be executed and delivered to the Bond Registrar, and the Bond Registrar, upon presentation to it of any temporary Bond, shall cancel the same or cause the same to be canceled and shall authenticate and deliver, in exchange therefor, at the place designated by the Owner, without expense to the Owner, a definitive Bond or Bonds of the same Series and in the same aggregate principal amount, maturing on the same date and bearing interest at the same rate as

the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall be entitled to the same benefit of this Master Indenture, as the definitive Bonds to be issued and authenticated hereunder, including the privilege of registration if so provided. Until definitive Bonds are ready for exchange, interest on temporary Bonds shall be paid when due and notation of such payment shall be endorsed thereon.

Section 210. Mutilated, Destroyed, Lost or Stolen Bonds. The Corporation shall cause to be executed, and the Bond Registrar shall authenticate and deliver, a new Bond of like date, number and tenor in exchange and substitution for and upon the cancellation of any mutilated Bond, or in lieu of and in substitution for any destroyed, lost or stolen Bond, and the Owner shall pay the reasonable expenses and charges of the Corporation in connection therewith. Prior to the delivery of a substitute Bond, the Owner of any Bond which was destroyed, lost or stolen shall file with the Bond Registrar evidence satisfactory to it of the destruction, loss or theft of such Bond and of the Owner's ownership thereof and shall furnish to the Corporation and to the Bond Registrar such security or indemnity as may be required by them to save each of them harmless from all risks, however remote.

Every Bond issued pursuant to the provisions of this Section in exchange or substitution for any Bond which is mutilated, destroyed, lost or stolen shall constitute an additional contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Bonds are found at any time or are enforceable by anyone, and shall be entitled to all the benefits and security hereof equally and proportionately with any and all other Bonds of the same Series duly issued under this Master Indenture.

Section 211. Subordinated Indebtedness. (a) Subordinated Indebtedness may be incurred by the Corporation from time to time for any purpose for which Parity Obligations may be issued under Section 208 hereof. Except to the extent otherwise expressly provided in this Master Indenture, Subordinated Indebtedness shall be issued in compliance, to the extent applicable, with the provisions of Section 208 hereof setting forth certain terms and conditions for the issuance of Bonds.

In addition, the following conditions must be met for the issuance of Subordinated Indebtedness:

(1) The Corporation shall adopt a Subordinated Indebtedness Resolution authorizing the incurrence of any such Subordinated Indebtedness and setting forth the amount and details thereof.

(2) Any such Subordinated Indebtedness shall be incurred pursuant to the provisions of the Act.

(b) In the event (1) any Subordinated Indebtedness is declared or otherwise becomes due and payable before its stated maturity because of the occurrence of an event of default occurring under the documents pursuant to which such Subordinated Indebtedness was incurred, and such declaration has not been rescinded and annulled, or (2) any Event of Default under this Master Indenture shall occur and be continuing with respect to Parity Obligations and (i) written notice of such default shall have been given to the Corporation and (ii) judicial proceedings shall be

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commenced in respect of such Event of Default within 180 days in the case of a default in payment of principal or of interest on Parity Obligations and within 90 days in the case of any other default after the giving of such notice, then the Owners and Holders shall be entitled to receive payment in full of all principal, premium and interest on all Parity Obligations before the holders of the Subordinated Indebtedness are entitled to receive any payment on account of principal or interest upon such Subordinated Indebtedness, and to that end the Owners and Holders shall be entitled to receive for application in payment thereof any payment or distribution of any kind or character, whether in cash or property or securities, which may be payable or deliverable in any such proceedings in respect of the Subordinated Indebtedness after giving effect to any concurrent payment or distribution in respect of such Parity Obligations.

Nothing contained in the definition "Subordinated Indebtedness" or elsewhere in this Master Indenture, or in any Subordinated Indebtedness, shall (1) affect the obligation of the Corporation to make, or prevent the Corporation from making, at any time except during the continuance of any Event of Default under this Master Indenture, payments of principal or of premium, if any, or interest on the Subordinated Indebtedness or of amounts to be available as a sinking fund for such Subordinated Indebtedness, or (2) prevent the application by the Master Trustee or any paying agent of any moneys held by the Master Trustee or such paying agent in trust for the benefit of the holders of the Subordinated Indebtedness as to which notice of redemption shall have been mailed or published at least once prior to the happening of an Event of Default under this Master Indenture, to the payment of or on account of the principal of and premium, if any, and interest on such Subordinated Indebtedness, or (3) prevent the application by the Master Trustee or any paying agent of any moneys deposited, prior to the happening of any Event of Default under this Master Indenture, with the Master Trustee or such paying agent in trust for the purpose of paying a specified installment or installments of interest on the Subordinated Indebtedness, to the payment of such installments of interest on such Subordinated Indebtedness.

The Corporation's obligation to pay any and all amounts to the Derivative Agreement Counterparty with respect to Derivative Indebtedness, other than its regularly scheduled payment liability, shall constitute Subordinated Indebtedness.

Section 212. Additional Restrictions. A Parity Resolution or a Subordinated Indebtedness Resolution may establish restrictions, in addition to those established in this Master Indenture, including additional restrictions as to the application of Net Receipts after the payments required by Section 504(a), (b) and (c) hereof and additional restrictions on the incurrence of Indebtedness in addition to those set forth in Section 704 hereof.

Article III.

REDEMPTION

Section 301. Redemption Generally. The Bonds of any Series issued under this Master Indenture may be made subject to redemption, at such times and prices, as may be provided by the Supplemental Indenture authorizing the issuance of such Bonds.

Article IV.

COSTS OF ISSUANCE FUND

Section 401. Costs of Issuance Fund. A special fund is hereby established with the Master Trustee and designated the "Florida Hurricane Catastrophe Fund Finance Corporation Costs of Issuance Fund". The proceeds of any Series of Bonds to be used for Costs of Issuance shall be deposited upon the delivery of such Series of Bonds in a separate account to be established by the Supplemental Indenture providing for the issuance of such Series of Bonds.

The money in the Costs of Issuance Fund shall be held by the Master Trustee in trust and, pending application to the payment of Costs of Issuance, or transfer as provided herein or in any Supplemental Indenture, shall, to the extent permitted by law, be subject to a lien and charge in favor of the Owners of the Series of Bonds, and shall be held for the security of such Owners.

Section 402. Payments from Costs of Issuance Fund. All Costs of Issuance incurred in connection with a Series of Bonds shall be paid from the relevant account in the Costs of Issuance Fund.

Section 403. Requisitions from Costs of Issuance Fund. Payments from the Costs of Issuance Fund shall be made in accordance with the provisions of this Section. Before any payment shall be made, there shall be filed with the Master Trustee a requisition, signed by an Authorized Officer of the Corporation, stating or identifying:

(a) the number of such requisition,

(b) the respective amounts to be paid,

(c) the name of the Person to whom such payment is due,

(d) that the obligation in the stated amount has been incurred by the Person to whom such payment is due, is presently due and payable, and is a proper charge against the Costs of Issuance Fund that has not been paid, and

(e) that no notice of any lien, right to lien or attachment upon, or claim affecting the right of any such Person to receive payment of, the amount stated in such requisition has been filed or attached or, if any of the foregoing has been filed or attached, that the same either has been or will be satisfied or discharged or that provisions have been made

1 (which shall be specified) to protect adequately the Master Trustee and the Owners from
2 incurring any loss as a result of the same.

3 Any requisition filed with the Master Trustee may be accompanied by a certificate of an
4 Authorized Officer of the State Board of Administration, together with such documents or
5 writings as such Authorized Officer shall deem necessary or appropriate, certifying or verifying
6 the accuracy of any of the matters or items contained in such requisition.

7 Upon receipt of each requisition, the Master Trustee shall pay the obligations set forth in
8 such requisition out of money in the applicable account in the Costs of Issuance Fund, and each
9 such obligation shall be paid by check signed by one or more officers or employees of the Master
10 Trustee designated for such purpose by the Master Trustee. If for any reason the Corporation
11 should decide prior to the payment of any item in a requisition not to pay such item, it shall give
12 written notice of such decision to the Master Trustee and thereupon the Master Trustee shall not
13 make such payment.

14 Section 404. Reliance upon Requisitions. All requisitions and certifications received by
15 the Master Trustee as conditions of payment from the Costs of Issuance Fund may be
16 conclusively relied upon by the Master Trustee. Such requisitions and certifications shall be
17 retained by the Master Trustee for a period of time not less than that required by the law of the
18 State for the retention of public records and shall be subject at all reasonable times to
19 examination by the Corporation, the State Board of Administration and the Owners of Bonds
20 then Outstanding.

21 Section 405. Disposition of Costs of Issuance Fund Balance. When all Costs of
22 Issuance related to a Series of Bonds have been paid, which fact shall be evidenced to the Master
23 Trustee by an Officer's Certificate delivered to the Master Trustee by an Authorized Officer of
24 the Corporation, the Master Trustee shall transfer any money then remaining in the relevant
25 account in the Costs of Issuance Fund as directed in writing by an Authorized Officer of the
26 Corporation, and the Corporation may apply the same, subject to Section 604 hereof, for any
27 purpose permitted under the Act which will not cause the interest on any Series of Tax-Exempt
28 Bonds to become includable in the gross income of the Owners thereof for federal income tax
29 purposes.

30 Article V.

31 APPLICATION OF GROSS RECEIPTS AND NET RECEIPTS; 32 FUNDS AND ACCOUNTS 33

34 Section 501. Establishment of Funds and Accounts. In addition to the Costs of
35 Issuance Fund, there are hereby established the following funds and accounts:

36 (a) Florida Hurricane Catastrophe Fund Finance Corporation Revenue Fund,
37 in which there are established four special accounts to be known as the Emergency Assessments
38 Account, the Reimbursement Premiums Account, the Pre-Event Bonds Investment Income
39 Account and the Derivative Agreements Account; and

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1 (b) Florida Hurricane Catastrophe Fund Finance Corporation Bond Fund, in
2 which there are established six special accounts to be known as the Capitalized Interest Account,
3 the Interest Account, the Principal Account, the Sinking Fund Account, the Redemption Account
4 and the Parity Common Reserve Account.

5 A Parity Resolution may provide for the creation of a Special Reserve Account for the
6 Parity Obligations authorized by such Parity Resolution and for the deposit of amounts to and the
7 withdrawal of amounts from such Special Reserve Account. A Special Reserve Account may be
8 established with and maintained by the Master Trustee in the Bond Fund or by a Depositary in
9 which case the Account shall be deemed to be part of the Bond Fund, as the Corporation may
10 determine. A Parity Resolution may also provide for the creation of such other accounts and
11 subaccounts as the Corporation may determine for the Parity Obligations authorized by such
12 Parity Resolution.

13 The Revenue Fund and the Bond Fund and the accounts and subaccounts therein shall be
14 established with and held by the Master Trustee.

15 The money in the Bond Fund and all of the accounts and subaccounts therein established
16 pursuant to this Article V shall be held in trust and applied as hereinafter provided and, pending
17 such application, the money in the Bond Fund and the accounts and subaccounts therein shall be
18 subject to a pledge, charge and lien in favor of the Owners of the respective Series of Bonds
19 issued and Outstanding under this Master Indenture and for the further security of such Owners,
20 except as otherwise provided herein or in any Supplemental Indenture.

21 Each Supplemental Indenture shall provide, to the extent applicable, for the creation of a
22 separate subaccount within the Capitalized Interest Account, the Interest Account, the Principal
23 Account, the Redemption Account and the Sinking Fund Account with respect to each Series of
24 Bonds, which subaccounts shall bear the designation of such Series of Bonds. A Supplemental
25 Indenture may provide that the Bonds authorized thereby may be additionally secured by the
26 Parity Common Reserve Account or a Special Reserve Account or it may provide that there shall
27 not be any debt service reserve account established in respect of such Series of Bonds. If a
28 Series of Bonds shall be additionally secured by a Special Reserve Account or shall not be
29 additionally secured by any debt service reserve account, such Series of Bonds shall have no
30 claim on the Parity Common Reserve Account.

31 Each Parity Debt Resolution may provide for the creation of such funds and accounts as
32 the Corporation may determine, including an account for the payment of interest as mentioned in
33 Section 504(a) hereof, an account or accounts for the payment of principal, whether at maturity
34 or pursuant to an amortization requirement, as mentioned in Section 504(b) hereof or a debt
35 service reserve account, which may be the Parity Common Reserve Account or a Special
36 Reserve Account, as mentioned in Section 504(c) hereof.

37 Each Parity Resolution shall be filed with the Master Trustee on or prior to the date of
38 issuance of any Parity Obligations and shall contain or be accompanied by a schedule of
39 payments with respect to such Parity Obligations.

29

1 Section 502. Gross Receipts Received by the Corporation or the Master Trustee.

2 Except as hereinafter provided, all Gross Receipts and all proceeds of any Derivative
3 Agreement received by the Corporation or the Master Trustee for the account of the Corporation
4 shall be deposited when received in the Revenue Fund as follows:

5 (a) Emergency Assessments and Emergency Assessment Earnings shall be
6 deposited to the credit of the Emergency Assessments Account;

7 (b) Reimbursement Premiums and Reimbursement Premium Earnings shall be
8 deposited to the credit of the Reimbursement Premiums Account;

9 (c) Investment income from the investment of proceeds of Pre-Event Bonds
10 shall be deposited to the credit of the Pre-Event Bonds Investment Income Account; and

11 (d) proceeds of any Derivative Agreement shall be deposited to the credit of
12 the Derivative Agreements Account.

13 No money deposited in any of the Emergency Assessments Account, the Reimbursement
14 Premiums Account, the Pre-Event Bonds Investment Income Account, the Derivative
15 Agreements Account or any other account or subaccount established in the Revenue Fund shall
16 be commingled with, and instead shall be segregated from, money deposited to the credit of the
17 any other such Account or any other account or subaccount established in the Revenue Fund.

18 A Parity Resolution may provide for the creation of such other accounts or subaccounts
19 in the Revenue Fund as the Corporation may determine for the deposit of any other Gross
20 Receipts received by the Corporation or the Master Trustee for the account of the Corporation,
21 including, without limitation, any Other Pledged Money, and may also establish restrictions, in
22 addition to those established in this Master Indenture, as to the deposit of such Gross Receipts to
23 such accounts or subaccounts and the application of amounts deposited therein.

24 Section 503. Application of Money in Revenue Fund. (a) Except as hereinafter
25 provided, moneys in the Revenue Fund shall be withdrawn by the Master Trustee at the times
26 and in the amounts provided herein or in Parity Resolutions but only in the manner and order
27 specified in this Master Indenture.

28 (b) The Master Trustee shall withdraw immediately from the Reimbursement
29 Premiums Account, and, to the extent the amount is insufficient for the purpose, from the Pre-
30 Event Bonds Investment Account, and transfer to the Corporation, or, if so directed in writing by
31 an Authorized Officer of the Corporation, to a Depositary for the account of the Corporation, the
32 balance of the amount included in the Corporation's annual budget (which may be revised from
33 time to time), delivered to the Master Trustee pursuant to Section 707 hereof, for the payment of
34 Current Expenses of the Corporation in the current Fiscal Year and not previously so transferred.
35 Current Expenses of the Corporation shall be a first charge against the Revenue Fund and shall
36 be paid by the Corporation from the amount so transferred from the Revenue Fund; provided,
37 however, that nothing in this Master Indenture shall prevent the Corporation from paying any
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1 Current Expenses of the Corporation from moneys to the credit of the Emergency Assessments
2 Account or any other funds legally available to the Corporation for such purpose to the extent
3 that moneys to the credit of the Reimbursement Premiums Account and the Pre-Event Bonds
4 Investment Account are insufficient for the purpose. The Current Expenses of the Corporation
5 shall be paid by the Corporation as the same become due and payable in conformity with the
6 applicable budgetary and payment procedures of the Corporation.

7 (c) (i) At such time or times as are specifically provided for in this Master
8 Indenture, in any Parity Resolution or in any Derivative Agreement, the Master Trustee shall
9 withdraw from the Revenue Fund the amounts necessary to make the deposits or payments
10 required by Section 504(a), (b) and (c) hereof.

11 (ii) So long as any Post-Event Bonds or Post-Event Parity Debt is
12 Outstanding, the Master Trustee shall withdraw from the Emergency Assessments Account the
13 amounts necessary to make the deposits or payments required by Section 504(a), (b) or (c)
14 hereof with respect to such Post-Event Bonds or Post-Event Parity Debt, and, if and to the
15 extent that the amounts on deposit to the credit of the Emergency Assessments Account are
16 insufficient to make such deposits or payments, the Master Trustee shall withdraw from the
17 Reimbursement Premiums Account, the Derivative Agreements Account or any other account
18 or subaccount established in the Revenue Fund, in the order of priority provided for in the
19 Supplemental Indenture or Parity Debt Resolution authorizing the issuance or incurrence of
20 such Post-Event Bonds or Post-Event Parity Debt, as the case may be, the amounts necessary to
21 satisfy such deposits or payments.

22 (iii) So long as any Bonds (other than Post-Event Bonds) or Parity Debt
23 (other than Post-Event Parity Debt), including Pre-Event Bonds, is Outstanding, the Master
24 Trustee shall withdraw, immediately following any withdrawal required by subsection (b), from the
25 Reimbursement Premiums Account and, subsequent to such withdrawal, from the Pre-Event
26 Bonds Investment Income Account, the Derivative Agreements Account or any other account or
27 subaccount established in the Revenue Fund (other than the Emergency Assessments Account)
28 in the order of priority provided for in the Supplemental Indenture or Parity Debt Resolution
29 authorizing the issuance or incurrence of such Bonds or Parity Debt, as the case may be, the
30 amounts necessary to make the deposits or payments required by Section 504(a), (b) or (c)
31 hereof with respect to such Bonds or Parity Debt, and, if and to the extent that the amounts on
32 deposit to the credit of the Reimbursement Premiums Account, the Pre-Event Bonds Investment
33 Income Account, the Derivative Agreements Account or any other account or subaccount
34 established in the Revenue Fund are insufficient to make such deposits or payments, the Master
35 Trustee shall withdraw from the Emergency Assessments Account the amounts necessary to
36 satisfy such deposits or payments; provided, however, in the case of Pre-Event Bonds, the
37 Master Trustee shall draw first from the Reimbursement Premiums Account and then from the
38 Pre-Event Bonds Investment Income Account, prior to making any withdrawal from any of such
39 other Accounts or any other account or subaccount.

40 (d)(i) If at any time the amounts on deposit to the credit of the accounts and
41 subaccounts established in the Revenue Fund are insufficient to make the deposits or payments
42 required by Section 504(a), (b) or (c) hereof with respect to Post-Event Bonds and Post-Event
43 Parity Debt then Outstanding, the Master Trustee (i) shall give prompt written notice of such

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1 deficiency to the State Board of Administration and the Corporation and (2) shall, in accordance
2 with Sections 502(b) and 503(c)(i) hereof, deposit any Reimbursement Premiums and
3 Reimbursement Premium Earnings thereafter received from the FHCF in the Reimbursement
4 Premiums Account for application in accordance Section 504(a), (b) and (c) hereof.

5 (ii) If, after the date on which the Master Trustee receives any Reimbursement
6 Premiums and Reimbursement Premium Earnings pursuant to clause (i) and prior to the dates on
7 which the deposits or payments are required to be made pursuant to Section 504(a), (b) or (c)
8 hereof, the Master Trustee receives any Emergency Assessments and Emergency Assessment
9 Earnings, the Master Trustee shall (X) deposit such Emergency Assessments and Emergency
10 Assessment Earnings to the credit of the Emergency Assessments Account for application in
11 accordance with Section 504(a), (b) and (c) hereof, (Y) release from the Reimbursement
12 Premiums Account and transfer to the FHCF an amount equal to the amount of Emergency
13 Assessments and Emergency Assessment Earnings so received and deposited by the Master
14 Trustee in the Emergency Assessments Account and (Z) if the amounts then on deposit to the
15 credit of the accounts and subaccounts established in the Revenue Fund are sufficient to make all
16 the deposits or payments required by Section 504(a), (b) and (c) hereof, transfer to the FHCF
17 from any Emergency Assessments and Emergency Assessment Earnings the amount in excess of
18 such requirements of Section 504(a), (b) and (c) hereof, as certified in an Officer's Certificate
19 delivered to the Master Trustee by the State Board of Administration.

20 (c) Except during the continuation of an Event of Default, immediately
21 following the date on which the amounts on deposit to the credit of the accounts and subaccounts
22 in the Revenue Fund are sufficient for the Master Trustee to make (i) the transfer to the
23 Corporation or a Depositary for the account of the Corporation of the amount required for the
24 payment of the Current Expenses of the Corporation in the then current Fiscal Year in
25 accordance with the provisions of Section 503(b) hereof and (ii) the deposits or payments of the
26 amounts required by Section 504(a), (b) and (c) hereof in the then current Fiscal Year with
27 respect to the Parity Obligations then Outstanding, (Y) any Reimbursement Premiums and
28 Reimbursement Premium Earnings held by the Master Trustee in the Revenue Fund on such date
29 in such Fiscal Year in excess of such requirements for such Fiscal Year shall be delivered to the
30 FHCF and be used for any purpose permitted by the Act, and (Z) any Emergency Assessments,
31 Emergency Assessment Earnings and Other Pledged Money held by the Master Trustee in the
32 Revenue Fund on such date in such Fiscal Year in excess of such requirements for the remainder
33 of such Fiscal Year and for the next succeeding Fiscal Year shall, except as otherwise provided
34 for by subsection (d)(ii) hereof, be transferred by the Master Trustee to the Bond Fund for
35 application in accordance with the provisions of Section 504(a) and (b) hereof, unless an
36 Authorized Officer of the State Board of Administration delivers to the Master Trustee an
37 Officer's Certificate certifying that the amount of Emergency Assessments and Emergency
38 Assessment Earnings on deposit with the Master Trustee in the appropriate accounts and
39 subaccounts in the Bond Fund (excluding the Parity Common Reserve Account and any Special
40 Reserve Account) for Post-Event Parity Obligations is sufficient to pay the debt service thereon
41 for the remainder of such Fiscal Year and for the next succeeding Fiscal Year and that there are
42 no deficiencies in the amounts required to be on deposit in the Parity Common Reserve Account,
43 any Special Reserve Account or any account or subaccount in the Bond Fund established for Pre-
44 Event Parity Obligations, in which event such Emergency Assessments and Emergency

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1 Reserve Account, provided that if there shall not be sufficient Net Receipts to satisfy all such
2 deposits, such deposits shall be made among the Parity Common Reserve Account and each
3 Special Reserve Account ratably according to the amounts so required to be deposited.

4 (d) To the extent that investment earnings are credited to the Interest Account,
5 the Principal Account, the Sinking Fund Account or any subaccount therein in accordance with
6 Section 602 hereof or amounts are credited thereto as a result of the application of the proceeds
7 of a Series of Bonds or a transfer of investment earnings on any other fund or account held by
8 the Master Trustee, or otherwise, future deposits to such accounts or subaccounts shall be
9 reduced by the respective amounts so credited.

10 (e) The Corporation may provide in a Subordinated Indebtedness Resolution
11 for the deposit or payment of Net Receipts for the purpose of paying the interest on or principal
12 of Subordinated Indebtedness or in a Derivative Agreement for the making of payments or
13 repayments thereunder, including any termination payment, on a subordinated basis, but only
14 after the making of the deposits or payments required by paragraphs (a), (b) and (c) of this
15 Section 504. Each Subordinated Indebtedness Resolution shall be filed with the Master Trustee
16 on or prior to the date of incurrence of any Subordinated Indebtedness and shall contain or be
17 accompanied by a schedule of payments with respect to such Subordinated Indebtedness,
18 including any scheduled payments (to the extent determinable) under a Derivative Agreement.

19 (f) The Corporation may provide in a Parity Resolution or a Subordinated
20 Indebtedness Resolution for a disposition of Net Receipts for the purpose of paying amounts
21 owing to a Credit Provider, but only after the making of the deposits or payments required by
22 paragraphs (a), (b) and (c) of this Section 504.

23 (g) The calculation of the amounts to be deposited or required to be deposited
24 pursuant to this Section 504 shall be the responsibility of the Master Trustee, which shall deliver
25 copies of such calculations to the Corporation and the State Board of Administration not less
26 than three (3) Business Days prior to any withdrawal from the Revenue Fund pursuant to Section
27 503(c) hereof.

28 Section 505. Application of Money in Interest Account and Capitalized Interest
29 Account. Unless otherwise provided by a Supplemental Indenture, not later than 10:00 A.M. on
30 each Interest Payment Date, date for the payment of Defaulted Interest or date upon which Bonds
31 are to be redeemed, or on such other date as may be specified in the applicable Supplemental
32 Indenture, the Master Trustee shall withdraw from the applicable subaccount in the Interest
33 Account and wire transfer to the Bond Registrar, in Federal Reserve or other immediately
34 available funds, the amounts required for paying interest on the respective Bonds on such date.
35 The Bond Registrar shall remit or otherwise set aside the amount due and payable to the Owners
36 as provided in the Supplemental Indentures.

37 Unless otherwise provided by a Supplemental Indenture, on the date of issuance of any
38 Series of Parity Obligations, an Authorized Officer of the Corporation shall deliver to the Master
39 Trustee a schedule of transfers to be made from the applicable subaccount of the Capitalized
40 Interest Account to the applicable subaccount of the Interest Account. The Master Trustee shall
41 make such transfers as required by the schedule of such Authorized Officer of the Corporation.

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1 Assessment Earnings will be transferred by the Master Trustee as directed in such Officer's
2 Certificate.

3 Any funds transferred from any account or subaccount in the Revenue Fund in
4 accordance with this paragraph (c), other than transfers made to any account or subaccount of the
5 Bond Fund, shall no longer be subject to the pledge of, security interest in and lien upon the Net
6 Receipts created by this Master Indenture.

7 Section 504. Use of Money for Debt Service Accounts and Reserve Accounts. The
8 amounts withdrawn from the Revenue Fund in accordance with Section 503(c) hereof shall be
9 applied by the Master Trustee in the following manner and order:

10 (a) (i) At such time or times as provided in the Parity Resolutions, the Master
11 Trustee shall (A) deposit the amounts required by the Supplemental Indentures to be deposited in
12 the appropriate subaccounts in the Interest Account and (B) deliver the amounts required by the
13 Parity Debt Resolutions to be deposited with or paid to the appropriate Persons designated in
14 such Parity Debt Resolutions for the payment of interest on the related Parity Debt in accordance
15 with such Parity Debt Resolutions, and (ii) if a Derivative Agreement provides for any payments
16 thereunder by the Corporation relating to interest on Parity Obligations constituting Derivative
17 Indebtedness, then, at such time or times as provided in the Derivative Agreement, the Master
18 Trustee shall deliver, to or for the account of the Derivative Agreement Counterparty or other
19 appropriate Person designated in the Derivative Agreement, the amount required by such
20 Derivative Agreement (but not any termination payment) to be paid thereunder by the
21 Corporation, provided that if there shall not be sufficient Net Receipts to satisfy all such deposits
22 and payments, such deposits and payments shall be made to each such subaccount in the Interest
23 Account and to each appropriate Person designated in such Parity Debt Resolutions or Derivative
24 Agreement ratably according to the amount so required to be deposited or paid.

25 (b) At such time or times as provided in the Parity Resolutions, the Master
26 Trustee shall (i) deposit the amounts required by the Supplemental Indentures to be deposited in
27 the appropriate subaccounts in the Principal Account and the Sinking Fund Account and (ii)
28 deliver the amounts required by the Parity Debt Resolutions to be deposited with or paid to the
29 appropriate Persons designated in such Parity Debt Resolutions for the payment of the principal
30 of Parity Debt, whether at maturity or pursuant to an amortization requirement, in accordance
31 with such Parity Debt Resolutions, provided that if there shall not be sufficient Net Receipts to
32 satisfy all such deposits and payments, such deposits and payments shall be made to each such
33 subaccount in the Principal Account and the Sinking Fund Account and to each appropriate
34 Person designated in such Parity Resolutions ratably according to the amount so required to be
35 deposited or paid.

36 (c) At such time or times as provided in the Parity Resolutions, if the amount
37 in the Parity Common Reserve Account is less than the Parity Common Reserve Account
38 Requirement or the amount in any Special Reserve Account is less than the applicable Special
39 Reserve Account Requirement, the Master Trustee shall (i) deposit the amounts required by this
40 Master Indenture to make up such deficiency in the Parity Common Reserve Account and (ii)
41 deposit, or deliver to the appropriate Depositary for deposit, the amounts required by any
42 Supplemental Indenture or Parity Debt Resolution to make up any deficiency in any Special

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1 Unless otherwise provided by a Supplemental Indenture, if the amounts transferred from
2 the accounts and subaccounts in the Revenue Fund are insufficient to satisfy the amounts
3 required to be deposited in the Interest Account as provided in Section 504 hereof, or if the
4 balance in the Interest Account on the Business Day next preceding an Interest Payment Date is
5 insufficient to pay the interest coming due on the Bonds on such Interest Payment Date, the
6 Master Trustee shall, not later than such Interest Payment Date, transfer an amount sufficient to
7 cure the same, drawing upon funds in the Parity Common Reserve Account, if any, securing such
8 Series of Bonds, or in the Special Reserve Account, if any, securing such Series of Bonds.

9 Section 506. Application of Money in Principal Account. Unless otherwise provided
10 by a Supplemental Indenture, not later than 10:00 A.M. on each principal payment date,
11 the Master Trustee shall withdraw from the applicable subaccount in the Principal Account and wire
12 transfer to the Bond Registrar, in Federal Reserve or other immediately available funds, the
13 amount necessary to pay the principal of the related Serial Bonds at their respective maturities.
14 The Bond Registrar shall remit or otherwise set aside the amount due and payable to the Owners
15 as provided in the Supplemental Indentures.

16 Unless otherwise provided by a Supplemental Indenture, if on any date there is money in
17 the Principal Account and no Serial Bonds are then Outstanding or if on any principal payment
18 date money remains therein after the payment of the principal of Serial Bonds then due, the
19 Master Trustee shall withdraw such money therefrom and shall apply the same in the following
20 order: (a) deposit into the Sinking Fund Account the amount then required to be deposited
21 thereto pursuant to Section 504 hereof, (b) deposit, if and to the extent determined by
22 Authorized Officer of the Corporation, into the Parity Common Reserve Account or in one or
23 more Special Reserve Accounts such amounts as may be determined by an Authorized Officer of
24 the Corporation in order to make the amounts on deposit therein equal to the Parity Common
25 Reserve Account Requirement or the Special Reserve Account Requirement, as the case may be,
26 and (c) transfer to the FHCF all remaining amounts for any use permitted or authorized by the
27 Act.

28 Unless otherwise provided by a Supplemental Indenture, if the amounts transferred from
29 the accounts and subaccounts in the Revenue Fund are insufficient to satisfy the amounts
30 required to be deposited in the Principal Account as provided in Section 504 hereof, or if the
31 balance in the Principal Account on the Business Day next preceding a principal payment date is
32 insufficient to pay the principal coming due on the Serial Bonds on such principal payment date,
33 the Master Trustee shall, not later than such principal payment date, transfer an amount sufficient
34 to cure the same, drawing upon funds in the Parity Common Reserve Account, if any, securing
35 such Series of Bonds, or in the Special Reserve Account, if any, securing such Series of Bonds.

36 Section 507. Application of Money in Sinking Fund Account. Unless otherwise
37 provided by a Supplemental Indenture, not later than 10:00 A.M. on each mandatory sinking
38 fund redemption date, the Master Trustee shall withdraw from the applicable subaccount in the
39 Sinking Fund Account and wire transfer to the Bond Registrar, in Federal Reserve or other
40 immediately available funds, the amount necessary to pay the principal of the related Term
41 Bonds on their respective mandatory sinking fund redemption dates. The Bond Registrar shall
42 remit or otherwise set aside the amount due and payable to the Owners as provided in the
43 Supplemental Indentures.

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1 Money held for the credit of the subaccounts in the Sinking Fund Account shall be
2 applied to the retirement, purchase, redemption or payment of Term Bonds in the manner
3 provided in the applicable Supplemental Indentures. If the amounts transferred from the
4 accounts and subaccounts in the Revenue Fund are insufficient to satisfy the amounts required to
5 be deposited in the Sinking Fund Account as provided in Section 504 hereof, or if the balance in
6 the Sinking Fund Account on the Business Day next preceding a sinking fund payment date is
7 insufficient to retire the Term Bonds on such date as required by a Supplemental Indenture, the
8 Master Trustee shall, not later than such sinking fund payment date, transfer an amount sufficient
9 to cure the same, drawing upon funds in the Parity Common Reserve Account, if any, securing
10 such Series of Bonds, or in the Special Reserve Account, if any, securing such Series of Bonds.

11 Section 508. Deposit and Application of Money in Parity Common Reserve Account
12 and Any Special Reserve Account: Replenishment of Deficiencies. (a) If a Parity Resolution
13 provides that the Parity Obligations issued thereunder are to be additionally secured by the Parity
14 Common Reserve Account, the Corporation shall deposit, from the proceeds of such Parity
15 Obligations or from any other available sources, concurrently with the delivery of and payment
16 for such Parity Obligations, to the Parity Common Reserve Account such amount as is required
17 to make the balance to the credit of such Account equal to the Parity Common Reserve Account
18 Requirement; provided, however, that in the case of Post-Event Parity Obligations, the initial
19 deposit required to the Parity Common Reserve Account to make the total amount to the credit of
20 such Account equal to the Parity Common Reserve Account Requirement may be funded from
21 Emergency Assessments and other Revenues (but not Reimbursement Premiums or
22 Reimbursement Premium Earnings) ratably over not more than thirty-six (36) months from the
23 date of delivery of such Parity Obligations. If a Parity Resolution provides that the Parity
24 Obligations issued thereunder are to be secured by a Special Reserve Account, the Corporation
25 shall fund, from the proceeds of such Parity Obligations or from any other available sources, at
26 the time or times and in the manner specified in the applicable Parity Resolution, such Special
27 Reserve Account in an amount equal to the Special Reserve Account Requirement for such
28 Parity Obligations.

29 (b) Unless the applicable Parity Resolution shall otherwise provide or modify
30 the following, the Corporation may deposit with the Master Trustee a Reserve Alternative
31 Instrument in satisfaction of all or any portion of the Parity Common Reserve Account
32 Requirement or may substitute a Reserve Alternative Instrument for all or any portion of the
33 cash or another Reserve Alternative Instrument credited to the Parity Common Reserve Account,
34 provided that the following minimum provisions have been fulfilled:

35 (i) The Reserve Alternative Instrument shall be payable (upon the giving of notice as
36 required thereunder) to remedy any deficiency in the appropriate subaccounts in the Interest
37 Account, the Principal Account and the Sinking Fund Account, or in an account for the payment
38 of interest as mentioned in Section 504(a) hereof, or in an account or accounts for the payment of
39 principal as mentioned in Section 504(b) hereof, in order to provide for the timely payment of
40 the principal (whether at maturity or pursuant to a Sinking Fund Requirement or an amortization
41 requirement thereof) of and interest on the Parity Obligations secured thereby.

42 (ii) The provider of a Reserve Alternative Instrument shall be (a) an insurance
43 company or other financial institution that has been assigned, for obligations insured by the

1 provider of the Reserve Alternative Instrument, a rating by at least two Rating Agencies in one
2 of the two highest rating categories (without regard to gradations by numerical modifier or
3 otherwise) or (b) a commercial bank, insurance company or other financial institution the
4 obligations payable or guaranteed by which have been assigned a rating by at least two Rating
5 Agencies in one of the two highest rating categories (without regard to gradations by numerical
6 modifier or otherwise).

7 (iii) If the Reserve Alternative Instrument is an unconditional irrevocable letter of credit
8 issued to the Master Trustee, the letter of credit shall be payable in one or more draws upon
9 presentation by the beneficiary of a sight draft accompanied by its certificate that it then holds
10 sufficient funds to make a required payment of principal or interest on the Parity Obligations
11 having the benefit of the Parity Common Reserve Account. The draws shall be payable within
12 two days of presentation of the sight draft. The letter of credit shall be for a term of not less than
13 three years. The issuer of the letter of credit shall be required to notify the Corporation and the
14 Master Trustee, not later than 30 months prior to the stated expiration date of the letter of credit,
15 as to whether such expiration date shall be extended, and if so, shall indicate the new expiration
16 date. The Master Trustee is directed to draw upon the letter of credit prior to its expiration or
17 termination unless an acceptable replacement is in place or the Parity Common Reserve Account
18 is fully funded to the Parity Common Reserve Account Requirement.

19 (iv) The Master Trustee shall ascertain the necessity for a claim or draw upon the
20 Reserve Alternative Instrument and shall provide notice to the issuer of the Reserve Alternative
21 Instrument in accordance with its terms not later than three days (or such longer period as may
22 be necessary depending on the permitted time period for honoring a draw under the Reserve
23 Alternative Instrument) prior to each Interest Payment Date.

24 (v) Cash on deposit in the Parity Common Reserve Account shall be used (or
25 Investment Obligations purchased with such cash shall be liquidated and the proceeds applied as
26 required) prior to any drawing on any Reserve Alternative Instrument. If and to the extent that
27 more than one Reserve Alternative Instrument is deposited in the Parity Common Reserve
28 Account, drawings thereunder and repayments of costs associated therewith shall be made on a
29 pro rata basis, calculated by reference to the maximum amounts available thereunder.

30 (b) The Master Trustee shall use amounts in the Parity Common Reserve
31 Account to make transfers, or use moneys provided under a Reserve Alternative Instrument to
32 make deposits, in the following order, in respect of all Parity Obligations additionally secured by
33 the Parity Common Reserve Account, to the appropriate subaccounts in the Interest Account, the
34 Principal Account and the Sinking Fund Account to remedy any deficiency therein as of any
35 Interest Payment Date, principal payment date or sinking fund payment date (or any earlier date
36 as set forth in a Parity Resolution), or to pay the interest on or the principal of or amortization
37 requirements in respect of any Parity Debt when due, whenever and to the extent the money on
38 deposit for such purposes is insufficient.

39 (c) The Master Trustee shall use amounts in any Special Reserve Account
40 held by it to make transfers, or use moneys provided under a Reserve Alternative Instrument to
41 make deposits, in the following order, in respect of the particular Parity Obligations secured by
42 such Special Reserve Account, to the appropriate subaccounts in the Interest Account, the

1 Principal Account and the Sinking Fund Account to remedy any deficiency therein as of any
2 Interest Payment Date, principal payment date or sinking fund payment date (or any earlier date
3 as set forth in a Parity Resolution) or to pay the interest on or the principal of or amortization
4 requirement in respect thereof on Parity Debt when due, whenever and to the extent the money
5 on deposit for such purposes is insufficient.

6 (d) Any deficiency in the Parity Common Reserve Account resulting from the
7 withdrawal of moneys therein shall be made up by depositing to the credit of such Account the
8 amount of such deficiency within one year following the date on which such withdrawal is made,
9 such deposit to be made pursuant to Section 504(c) hereof. Any deficiency in the Parity
10 Common Reserve Account resulting from a draw on a Reserve Alternative Instrument shall be
11 made up as provided in such Reserve Alternative Instrument or documentation relating thereto,
12 but any such deficiency must be made up by not later than the final date when such deficiency
13 would have been required to be made up if there had been a withdrawal of moneys from the
14 Parity Common Reserve Account rather than a draw on a Reserve Alternative Instrument.
15 Deficiencies, whether resulting from withdrawals or draws, may be satisfied through the deposit
16 of additional cash, the delivery of an additional Reserve Alternative Instrument or an increase in
17 the amount available to be drawn under a Reserve Alternative Instrument. Unless otherwise
18 provided in a Reserve Alternative Instrument or the documentation relating thereto, cash or
19 Investment Obligations on deposit to the credit of the Parity Common Reserve Account shall be
20 used to satisfy deficiencies, as provided in paragraph (b) of this Section, prior to any draw on a
21 Reserve Alternative Instrument.

22 (e) Unless a Reserve Alternative Instrument shall be in effect, if on any date
23 of valuation pursuant to Section 603 hereof, the amount on deposit in the Parity Common
24 Reserve Account is less than ninety percent (90%) of the Parity Common Reserve Account
25 Requirement, the Corporation shall deposit into the Parity Common Reserve Account within one
26 year following such date the amount required as of such date to cause the amount then on deposit
27 in the Parity Common Reserve Account to be equal to the Parity Common Reserve Account
28 Requirement. Any such deficiency may be satisfied through the deposit of additional cash, the
29 delivery of an additional Reserve Alternative Instrument or an increase in the amount available
30 to be drawn under a Reserve Alternative Instrument.

31 (f) Any deficiency in a Special Reserve Account resulting from the
32 withdrawal of moneys therein or a draw on a Reserve Alternative Instrument or resulting from a
33 valuation of the Investment Obligations therein pursuant to Section 603 hereof shall be made up
34 as provided in the Parity Resolution establishing such Special Reserve Account.

35 Section 509. Application of Money in Redemption Account. The Master Trustee shall
36 apply money in the Redemption Account to the purchase or redemption of Bonds as follows:

37 (a) Subject to the provisions of paragraph (c) of this Section, and if instructed
38 to do so by an Authorized Officer of the Corporation, the Master Trustee shall endeavor to
39 purchase and cancel Bonds or portions thereof, whether or not such Bonds or portions thereof are
40 then subject to redemption, at the most advantageous price obtainable with reasonable diligence,
41 provided that the purchase price of each Bond, plus accrued interest to the date of purchase, shall
42 not exceed the Redemption Price that would be payable on the next redemption date to the

1 Owners of such Bonds under the provisions of the applicable Supplemental Indenture plus
2 accrued interest to the redemption date if such Bond or such portion thereof were called for
3 redemption on such redemption date from the money in the applicable subaccount of the
4 Redemption Account. The Master Trustee shall pay the interest accrued on such Bonds or
5 portions thereof to the date of settlement from the applicable subaccount of the Interest Account
6 and the purchase price from the applicable subaccount of the Redemption Account, but no such
7 purchase shall be made by the Master Trustee from money in the applicable subaccount of the
8 Redemption Account within the period of forty-five (45) days immediately preceding any date
9 on which such Bonds or portions thereof are to be redeemed except from moneys other than the
10 moneys set aside in the applicable subaccount of the Redemption Account for the redemption of
11 Bonds.

12 (b) Subject to the provisions of paragraph (c) of this Section, the Master
13 Trustee shall call for redemption on a date permitted by the applicable Supplemental Indenture
14 such amount of Bonds or portions thereof as, with the redemption premium, if any, will exhaust
15 the moneys then held in the applicable subaccount of the Redemption Account as nearly as may
16 be practicable; provided, however, that not less than One Hundred Thousand Dollars (\$100,000)
17 in principal amount of Bonds shall be called for redemption at any one time unless the Master
18 Trustee is so instructed by the Corporation in writing. The Master Trustee shall pay the accrued
19 interest on the Bonds or portions thereof to be redeemed to the date of redemption from the
20 applicable subaccount of the Interest Account and the Redemption Price of such Bonds or
21 portions thereof from the applicable subaccount of the Redemption Account. On or before the
22 redemption date, the Master Trustee shall withdraw from the Redemption Account and the
23 Interest Account and transfer to the Bond Registrar the respective amounts required to pay the
24 Redemption Price and accrued interest to the redemption date of the Bonds or portions thereof so
25 called for redemption.

26 (c) Money in the Redemption Account may be applied by the Master Trustee
27 in each Fiscal Year to the purchase or the redemption of Bonds of any one or more Series then
28 Outstanding in accordance with the Intest Officer's Certificate of an Authorized Officer of the
29 Corporation filed with the Master Trustee (i) designating one or more Series of Bonds to be
30 purchased or redeemed, (ii) if more than one Series of Bonds is so designated, setting forth the
31 aggregate principal amount of Bonds of each Series to be purchased or redeemed, and (iii) unless
32 the Supplemental Indenture relating to the Bonds to be redeemed specifies the order of
33 redemption, designating the Bonds to be redeemed within each Series, and if such Bonds are
34 Term Bonds, the Fiscal Years in which future Sinking Fund Requirements are to be reduced as a
35 result of such redemption and the amount of such reduction in each such Fiscal Year. In the
36 event no such Certificate is filed and unless the Supplemental Indenture relating to the Bonds to
37 be redeemed specifies otherwise, (A) the Master Trustee shall apply such money to the purchase
38 of one or more Series of Bonds as it shall determine or to the redemption of Bonds bearing the
39 highest rate of interest, (B) if Bonds of more than one maturity bear the same interest rate, the
40 Master Trustee shall redeem such Bonds in the inverse order of maturities, and (C) if the Bonds
41 bearing the highest rate of interest are Term Bonds, the Master Trustee shall reduce Sinking
42 Fund Requirements for such Term Bonds in inverse order of the scheduled redemption of such
43 Term Bonds. All Bonds shall be redeemed as provided in the applicable Supplemental
44 Indenture.

1 Money held for the credit of the subaccounts in the Redemption Account shall be applied
2 to the purchase or redemption of Bonds in the manner provided in the applicable Supplemental
3 Indenture.

4 Section 510. Escrow. All money that the Master Trustee shall have withdrawn from
5 the Bond Fund or shall have received from any other source and set aside or delivered to the
6 Bond Registrar for the purpose of paying any of the Bonds hereby secured, either at maturity or
7 by purchase or call for redemption, shall be held in trust for the respective Owners.

8 Any money that is so set aside and that remains unclaimed by the Owners for a period of
9 30 months after the date on which such Bonds have become payable shall be treated as
10 abandoned property pursuant to the provisions of Section 717.1035, Florida Statutes, and the
11 Master Trustee or the Bond Registrar shall report and remit this property to the Unclaimed
12 Property Trust Fund established by and according to the requirements of Sections 717.117 to
13 717.124, inclusive, Florida Statutes, and thereafter the Owners shall look only to the Unclaimed
14 Property Trust Fund for payment and then only to the extent of the amounts so received, without
15 any interest thereon, and the Master Trustee, the Bond Registrar and the Corporation shall have
16 no responsibility with respect to such money.

17 Section 511. Cancellation of Bonds. Upon receipt of the same, the Bond Registrar shall
18 cancel all Bonds paid, redeemed or purchased by the Master Trustee or purchased by the
19 Corporation and delivered to the Bond Registrar, and all Bonds delivered to the Bond Registrar
20 in exchange for other Bonds or delivered to the Bond Registrar upon the transfer of any Bond if a
21 new Bond is delivered upon such transfer. The Bond Registrar shall certify to the Corporation
22 the details of all Bonds so canceled. All Bonds canceled under any of the provisions of this
23 Master Indenture either shall be delivered to the Corporation or destroyed by the Bond Registrar,
24 as the Corporation directs. Upon destruction of any Bonds, the Bond Registrar shall execute a
25 certificate in duplicate, describing the Bonds so destroyed; and one executed certificate shall be
26 filed with the Corporation and the other executed certificate shall be retained by the Bond
27 Registrar.

28 Section 512. Disposition of Fund Balances. After provision is made for the payment of
29 all Outstanding Parity Obligations, including the interest thereon and for the payment of all other
30 obligations, expenses and charges required to be paid under or in connection with this Master
31 Indenture and any Parity Resolution, and receipt by the Master Trustee of an Officer's Certificate
32 of an Authorized Officer of the Corporation to the effect that there are no other Master
33 Indentures, resolutions, bond orders or other agreements that impose a continuing lien on the
34 balances hereinafter mentioned, the Master Trustee shall pay all amounts in any fund, account or
35 subaccount then held by it under this Master Indenture to the FHCF. If the Corporation notifies
36 the Master Trustee that a continuing lien has been imposed on such balance by another indenture,
37 resolution, bond order or any other agreement, by court order or decree, or by law, the Master
38 Trustee shall, at the written direction of the Corporation, pay such balance to such person as is
39 entitled to receive the same by law or under the terms of such indenture, resolution, bond order,
40 agreement, or by court order or decree.

41 Section 513. Use of Available Funds. Nothing in this Master Indenture shall be
42 construed to prevent the Corporation from paying all or any part of the Current Expenses of the

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1 Corporation from any money available to the Corporation for such purpose, or, subject to Section
2 604 hereof, from depositing in any fund or account created under, or subaccount created pursuant
3 to, the provisions of this Master Indenture or any fund or account created under or pursuant to a
4 Parity Debt Resolution or a Subordinated Indebtedness Resolution, any money available to the
5 Corporation for such deposit, except to the extent the Corporation is prohibited from making
6 such deposit by this Master Indenture, any Parity Resolution, any Subordinated Indebtedness
7 Resolution or otherwise.

41

Article VI.

DEPOSITARIES OF MONEY, SECURITY FOR DEPOSITS, INVESTMENT OF FUNDS AND COVENANT AS TO ARBITRAGE

6 Section 601. Security for Deposits. Any and all money received by the Corporation
7 under the provisions of this Master Indenture shall be deposited as received with the Master
8 Trustee or one or more other Depositaries as provided in this Master Indenture and shall, in the
9 case of deposits with the Master Trustee, be trust funds under the terms hereof, and, shall not be
10 subject to any lien or attachment by any creditor of the Corporation.

11 All money deposited with and held by the Master Trustee or any Depositary hereunder in
12 excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal
13 agency shall be continuously secured, for the benefit of the Corporation and the Owners, either
14 (a) by indging with a bank or trust company chosen by the Master Trustee or Depositary or, if
15 then permitted by law, by setting aside under control of the trust department of the bank or trust
16 company holding such deposit, as collateral security, Government Obligations or other
17 marketable securities eligible as security for the deposit of trust funds under regulations of the
18 Comptroller of the Currency of the United States or applicable State law or regulations, having a
19 market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) if the
20 furnishing of security as provided in clause (a) above is not permitted by applicable law, then in
21 such other manner as may then be required or permitted by applicable State or federal laws and
22 regulations regarding the security for, or granting a preference in the case of, the deposit of trust
23 funds; provided, however, that it shall not be necessary for the Master Trustee or any Depositary
24 to give security for the deposit of any money with it for the payment of the principal of or the
25 redemption premium, if any, or the interest on any Parity Obligations or Subordinated
26 Indebtedness, or for the Master Trustee or any Depositary to give security for any money that
27 shall be represented by Investment Obligations purchased under the provisions of this Article as
28 an investment of such money.

29 All money deposited with the Master Trustee or any Depositary shall be credited to the
30 particular fund, account or subaccount to which such money belongs.

31 Section 602. Investment of Money. Money held for the credit of all funds, accounts
32 and subaccounts established under this Master Indenture and held by the Master Trustee shall, in
33 accordance with the written directions of the Corporation, be continuously invested and
34 reinvested by the Master Trustee or the Depositaries, whichever is applicable, in Investment
35 Obligations to the extent practicable. Except as hereinafter provided in this Section with respect
36 to the disposition of investment income, the particular investments to be made and other related
37 matters in respect of investments shall, as to each Series of Bonds, be provided in the
38 Supplemental Indenture authorizing the issuance of such Series of Bonds.

39 Except as hereinafter provided in this Section with respect to the Parity Common Reserve
40 Account, Investment Obligations shall mature or be redeemable at the option of the holder

1 thereof not later than the respective dates when the money held for the credit of such funds,
2 accounts and subaccounts will be required for the purposes intended.

3 Investment Obligations in the Parity Common Reserve Account shall mature or be
4 redeemable at the option of the Master Trustee not later than the final maturity date of the Parity
5 Obligations to which such Parity Common Reserve Account is pledged.

6 Notwithstanding the foregoing, no Investment Obligations pertaining to any Series of
7 Bonds in any fund, account or subaccount held by the Master Trustee or any Depositary shall
8 mature on a date beyond the latest maturity date of the Bonds of such Series Outstanding at the
9 time such Investment Obligations are deposited. For purposes of this Section, the maturity date
10 of any repurchase agreement shall be deemed to be the stated maturity date of such agreement
11 and not the maturity dates of the underlying Investment Obligations.

12 The Corporation shall cause the State Board of Administration either to enter into
13 agreements with the Master Trustee or any Depositary for the investment of any money required
14 or permitted to be invested under this Master Indenture or to give the Master Trustee or any
15 Depositary written directions respecting the investment of such money, subject, however, to the
16 provisions of this Article, and the Master Trustee or such Depositary shall then invest such
17 money in accordance with such agreements or directions. The Master Trustee or any Depositary
18 may request additional directions or authorization from the State Board of Administration or an
19 Authorized Officer of the State Board of Administration in writing with respect to the proposed
20 investment of money under the provisions of this Master Indenture. Upon receipt of such
21 directions, the Master Trustee or any Depositary shall invest, subject to the provisions of this
22 Article, such money in accordance with such directions or authorization. The Master Trustee
23 shall have no liability for any losses on investments made in accordance with this Section.

24 Investment Obligations acquired with money in or credited to any fund, account or
25 subaccount established under this Master Indenture shall be deemed at all times to be part of
26 such fund, account or subaccount. Any loss realized upon the disposition or maturity of such
27 Investment Obligations shall be charged against such fund, account or subaccount unless
28 otherwise directed by a Supplemental Indenture. The interest accruing on any such Investment
29 Obligations and any profit realized upon the disposition or maturity of such Investment
30 Obligations shall be credited to such fund, account or subaccount.

31 Any such interest accruing and any such profit realized shall be transferred upon the
32 receipt thereof by the Depositaries or the Master Trustee, as the case may be, pursuant to the
33 provisions of this Master Indenture and any Supplemental Indenture.

34 The Master Trustee shall sell or reduce to cash a sufficient amount of such Investment
35 Obligations whenever it is necessary to do so to provide money to make any payment from any
36 fund, account or subaccount established under this Master Indenture. The Master Trustee shall
37 not be liable or responsible for any loss resulting from any such action.

38 Whenever a transfer of money between two or more of the funds, accounts or
39 subaccounts established under this Master Indenture is permitted or required, such transfer may
40 be made as a whole or in part by transfer of one or more Investment Obligations at a value

1 determined at the time of such transfer in accordance with this Article, provided that the
2 Investment Obligations transferred are those in which money of the receiving fund, account or
3 subaccount could be invested on the date of such transfer.

4 For purposes of making any investment hereunder, the Master Trustee or any Depositary
5 may consolidate money held by it in any fund, account or subaccount with money in any other
6 fund, account or subaccount, except to the extent such consolidation is prohibited by this Master
7 Indenture, any Parity Resolution or any Subordinated Indebtedness Resolution. Transfers from
8 any fund, account or subaccount to the credit of any other fund, account or subaccount provided
9 for in this Master Indenture may be effectuated on the books and records of the Master Trustee,
10 the Corporation or any Depositary without any actual transfer of funds or liquidation of
11 investments. Investment Obligations purchased with consolidated funds shall be allocated to
12 each fund, account or subaccount on a pro-rata basis in accordance with the initial amount so
13 invested from each such fund, account or subaccount.

14 Unless otherwise directed by the State Board of Administration or an Authorized Officer
15 of the State Board of Administration, Investment Obligations may be purchased by the Master
16 Trustee or any Depositary through its own investment division or other bank facilities
17 established for such purpose.

18 Section 603. Valuation. For the purpose of determining the amount on deposit in any
19 fund, account or subaccount established under this Master Indenture, Investment Obligations in
20 which money in such fund, account or subaccount is invested shall be valued at cost.

21 All Investment Obligations in all of the funds, accounts and subaccounts established
22 under this Master Indenture shall be valued as of the Business Day immediately preceding each
23 Interest Payment Date. If a valuation is made by the Master Trustee, the Master Trustee shall
24 report the result of such valuation to the Corporation and the State Board of Administration as
25 soon as practicable following such valuation. In addition, Investment Obligations shall be
26 valued at any time requested by an Authorized Officer of the Corporation or an Authorized
27 Officer of the State Board of Administration on reasonable notice to the Master Trustee (which
28 period of notice may be waived or reduced by the Master Trustee at its sole discretion);
29 provided, however, that the Master Trustee shall not be required to value Investment Obligations
30 more than once in any calendar month.

31 Whenever, following a valuation described above, the value of the cash and Investment
32 Obligations in the Parity Common Reserve Account held by the Master Trustee, plus accrued
33 interest to the date of valuation, is less than ninety percent (90%) of the Parity Common Reserve
34 Account Requirement, the Master Trustee shall compute the amount by which the Parity
35 Common Reserve Account Requirement exceeds the balance in the Parity Common Reserve
36 Account, and shall immediately give the Corporation and the State Board of Administration
37 notice of such deficiency and the amount necessary to cure the same in accordance with Section
38 508 hereof. Whenever the value of the cash and Investment Obligations in the Parity Common
39 Reserve Account or a Special Reserve Account held by the Master Trustee, plus accrued interest
40 to the date of valuation, is greater than the Parity Common Reserve Account Requirement or the
41 Special Reserve Account Requirement, as the case may be, the Master Trustee shall compute the
42 amount by which the balance in the Parity Common Reserve Account or the Special Reserve

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1 The aforementioned pledge, security interest and lien shall not impair or restrict the
2 ability of the Corporation to invest in securities and other forms of investment, subject to the
3 provisions of this Master Indenture.

4 The Corporation covenants that it will prepare and file such financing statements or
5 amendments to or terminations of existing financing statements as shall, in the Opinion of
6 Counsel, be necessary to comply with applicable law or as required due to changes in the Net
7 Receipts. In addition, if financing statements are filed pursuant to the requirements of the
8 preceding sentence, the Corporation covenants that it will, at least thirty (30) days prior to the
9 expiration of any financing statement, prepare and file such continuation statements of existing
10 financing statements as shall, in the Opinion of Counsel, be necessary to continue the security
11 interest evidenced thereby and shall provide to the Master Trustee written notice of such filing.
12 If the Master Trustee shall not have received such notice at least twenty-five (25) days prior to
13 the expiration date of any such financing statement, the Master Trustee shall prepare and file or
14 cause the Corporation to prepare and file such continuation statements in a timely manner.

15 (b) The Corporation covenants that it will not pledge or grant a security
16 interest in (except as provided in (a) above and as may be otherwise provided in this Master
17 Indenture) any of the Net Receipts.

18 (c) The Corporation covenants to pay or cause to be paid the principal of,
19 premium, if any, and interest on the Parity Obligations secured by this Master Indenture at the
20 places, on the dates and in the manner provided in this Master Indenture and in the Parity
21 Obligations according to the terms thereof whether at maturity, upon proceedings for
22 redemption, by acceleration or otherwise.

23 Section 702. Covenants as to Existence, Etc. The Corporation hereby covenants:

24 (a) Except as otherwise expressly provided herein, to preserve its corporate or
25 other legal existence and all its rights and licenses to the extent necessary or desirable in the
26 operation of its business and affairs and be qualified to do business in each jurisdiction where its
27 ownership of Property or the conduct of its business requires such qualification.

28 (b) To do all things reasonably necessary to conduct its affairs and carry on its
29 business and operations in such manner as to comply with any and all applicable laws of the
30 United States and the several states thereof and duly observe and conform to all valid orders,
31 regulations or requirements of any governmental authority relative to the conduct of its business
32 and the ownership of its Property; provided, however, that nothing herein contained shall require
33 it to comply with, observe and conform to any such law, order, regulation or requirement of any
34 governmental authority so long as the validity thereof or the applicability thereof to it shall be
35 contested in good faith.

36 (c) To pay promptly all lawful taxes, governmental charges and assessments
37 at any time levied or assessed upon or against it or its Property; provided, however, that it shall
38 have the right to contest in good faith any such taxes, charges or assessments or the collection of
39 any such sums and pending such contest may delay or defer payment thereof.

1 Account, as the case may be, exceeds the Parity Common Reserve Account Requirement or the
2 Special Reserve Account Requirement, as the case may be, and shall transfer the excess in
3 accordance with the provisions of the applicable Parity Resolution.

4 Section 604. Covenant as to Arbitrage. The Corporation covenants that so long as any
5 Tax-Exempt Parity Obligations remain Outstanding, the money on deposit in any fund, account
6 or subaccount maintained in connection with such Tax-Exempt Parity Obligations, regardless of
7 whether such money was derived from the proceeds of the sale of such Tax-Exempt Parity
8 Obligations or from any other sources, will not be used in a manner that would cause such Tax-
9 Exempt Parity Obligations to be "arbitrage bonds" within the meaning of Section 148 of the
10 Code and applicable regulations promulgated from time to time thereunder. The Corporation
11 further covenants and agrees to comply with the requirements of Section 148 of the Code and
12 applicable regulations promulgated from time to time thereunder with respect to any Tax-Exempt
13 Parity Obligations.

Article VII.

COVENANTS OF THE CORPORATION AND THE STATE

17 Section 701. Security; Restrictions on Encumbering Net Receipts; Payment of Principal
18 and Interest. (a) Any Bond issued under this Master Indenture shall be a special and limited
19 obligation of the Corporation payable solely from Net Receipts and money, Investment
20 Obligations and Reserve Alternative Instruments held in the funds, accounts and subaccounts
21 established under this Master Indenture and the income from such Investment Obligations and
22 the investment of such money.

23 As security for the payment of the Bonds and any Parity Debt and the interest thereon and
24 as authorized by the Act, the Corporation hereby (i) grants to the Master Trustee a pledge of,
25 security interest in and lien upon its Net Receipts and (ii) assigns to the Master Trustee all its
26 right, title and interest (including the right to enforce the same and the right to receive and collect
27 the Pledged Collateral) in and to the Pledge Agreement (except for those certain rights that are
28 set forth in the granting clauses of this Master Indenture).

29 In addition, as further security for the payment of each Series of Bonds and the interest
30 thereon, the Corporation hereby grants to the Master Trustee a pledge of, security interest in and
31 lien upon the money and investment Obligations in any and all of the related accounts and
32 subaccounts of the Bond Fund and the accounts and subaccounts established under the
33 Supplemental Indenture authorizing the issuance of such Series.

34 The pledge, security interest and lien shall be effective and operate immediately, and the
35 Master Trustee shall have the right to collect and receive the Net Receipts in accordance with the
36 provisions hereof and the Pledged Collateral in accordance with the provisions of the Pledge
37 Agreement at all times during the period from and after the date of delivery of the Bonds issued
38 hereunder until the Bonds and all Parity Debt have been fully paid and discharged, including at
39 all times after the institution and during the pendency of any bankruptcy or similar proceedings.

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1 (d) To pay promptly or otherwise satisfy and discharge all of its indebtedness
2 and all demands and claims against it as and when the same become due and payable, other than
3 any thereof (exclusive of the indebtedness created and Outstanding hereunder) whose validity,
4 amount or collectibility is being contested in good faith.

5 (e) At all times to comply with all terms, covenants and provisions of any
6 Liens at such time existing upon its Property or any part thereof or securing any of its
7 indebtedness.

8 Section 703. Limitations on Creation of Liens. (a) The Corporation agrees that it will
9 not create or suffer to be created or permit the existence of any Lien upon the Net Receipts other
10 than Permitted Liens as defined in clause (b) below.

11 (b) Permitted Liens shall consist of the following:

12 (i) Liens arising by reason of deposits by the Corporation to secure public or
13 statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as
14 security for the payment of taxes or assessments or other similar charges;

15 (ii) Any Lien arising by reason of deposits with, or the giving of any form of security
16 to, any governmental agency or any body created or approved by law or governmental
17 regulation for any purpose at any time as required by law or governmental regulation as a
18 condition to the transaction of any business or the exercise of any privilege or license;

19 (iii) the Lien of this Master Indenture;

20 (iv) any Lien securing all Parity Obligations on a pari passu basis;

21 (v) any Lien on Net Receipts securing Subordinated Indebtedness; and

22 (vi) any Lien securing the obligations of the Corporation under a Derivative
23 Agreement which, if required by the provider of such Derivative Agreement, may be pari passu
24 with the Lien on the Net Receipts securing the Parity Obligations created under this Master
25 Indenture, so long as the notional amount of all Derivative Agreements secured by such pari
26 passu Liens does not at any time exceed the aggregate amount of Parity Obligations then
27 Outstanding and so long as the Corporation's obligation to make any termination payment
28 constitutes Subordinated Indebtedness.

29 Section 704. Incurrence Test. Subsequent to the effective date of this Master
30 Indenture and the Corporation's issuance of its \$1,350,025,000 Series 2006A Bonds in
31 accordance with its Supplement No. 1 dated as of June 1, 2006 and its issuance of up to
32 \$2,800,000,000 of Pre-Event Parity Bonds on or prior to August 1, 2006, all of which may be
33 issued without compliance with the Incurrence Test established by this Section,

34 (a) The Corporation may incur Parity Obligations at one time or from time to
35 time in any form or combination of forms permitted by this Master Indenture if, prior to the
36 incurrence of such Parity Obligations, the Corporation shall file or cause to be filed with the
37 Master Trustee an Officer's Certificate of the Corporation (which may rely upon certificates or

other documentation delivered by an Authorized Officer of the State Board of Administration) certifying that (i) the Debt Service Coverage Ratio, taking into account the proposed additional Parity Obligations, is not less than 1.25 and (ii) in the case of Post-Event Parity Obligations, the product of the aggregate percentage rate of all Emergency Assessments (A) currently levied by the Office of Insurance Regulation and (B) not currently levied by the Office of Insurance Regulation but which the State Board of Administration has authorized and directed the Office of Insurance Regulation to impose, in each case as of the date of such Certificate, multiplied by the Emergency Assessment Base for the most recent 12-month period for which such information is available, is not less than 100% of the Maximum Debt Service Requirement for all of the Post-Event Parity Obligations, including the proposed additional Post-Event Parity Obligations, that will be Outstanding immediately following the issuance of such proposed Post-Event Parity Obligations.

(b) The Corporation may incur Parity Obligations for the purpose of refunding or reissuing any Outstanding Indebtedness if, prior to the incurrence of such Parity Obligations, (i) either (A) the Master Trustee receives an Officer's Certificate of the Corporation (which may rely upon certificates or other documentation delivered by an Authorized Officer of the State Board of Administration) stating that, taking into account the Parity Obligations proposed to be incurred, the Parity Obligations to remain Outstanding after the refunding and the refunding of the Outstanding Indebtedness proposed to be refunded, the Maximum Debt Service Requirement will not be increased by more than five percent (5%), or (B) the Corporation files or causes to be filed with the Master Trustee an Officer's Certificate of the Corporation (which may rely upon certificates or other documentation delivered by an Authorized Officer of the State Board of Administration) certifying that the Debt Service Coverage Ratio, taking into account the Parity Obligations proposed to be incurred, the refunding of the Outstanding Indebtedness proposed to be refunded and the Parity Obligations to remain Outstanding after the refunding, is not less than 1.25, (ii) in the case of Post-Event Parity Obligations, the product of the aggregate percentage rate of all Emergency Assessments (A) currently levied by the Office of Insurance Regulation and (B) not currently levied by the Office of Insurance Regulation but which the State Board of Administration has authorized and directed the Office of Insurance Regulation to impose, in each case as of the date of such Certificate, multiplied by the Emergency Assessment Base for the most recent 12-month period for which such information is available, is not less than 100% of the Maximum Debt Service Requirement for all of the Post-Event Parity Obligations, including the proposed additional Post-Event Parity Obligations, that will be Outstanding immediately following the issuance of such proposed Post-Event Parity Obligations, and (iii) the Master Trustee receives a report by a nationally-recognized verification agent verifying the computations supporting the determinations in (i) and (ii) above.

(c) For purposes of demonstrating compliance with the Incurrence Test set forth in subsection (a) or (b), the Corporation may (but is not required to) elect in the applicable Supplemental Indenture to treat all Parity Obligations authorized in a Credit Facility (including, for example and without limitation, a line of credit or a liquidity facility supporting a commercial paper program), but not immediately issued or incurred under such Credit Facility, as subject to such Incurrence Test as of a single date, notwithstanding that none, or less than all, of the authorized principal amount of such Parity Obligations shall have been issued or incurred as of such date.

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Year accompanied by the opinion of an Auditor. Such Audited Financial Statements shall be prepared in accordance with generally accepted accounting principles.

(b) Within thirty (30) days after receipt of the audit report mentioned above but in no event later than two hundred seventy (270) days after the end of each fiscal reporting period, file with the Master Trustee and with each Owner or Holder who may have so requested or on whose behalf the Master Trustee may have so requested, an Officer's Certificate of an Authorized Officer of the Corporation and a report of an Auditor stating, to the best knowledge of the signers, whether the Corporation is in default in the performance of any covenant contained in this Master Indenture and, if so, specifying each such default of which the signers may have knowledge and whether each such default has been corrected. If any default has not been remedied then such report of such independent certified public accountant or firm of independent certified public accountants shall identify what, if any, corrective action will be taken to cure such default.

(c) If an Event of Default shall have occurred and be continuing, file with the Master Trustee such other financial statements and information concerning its operations and financial affairs as the Master Trustee may from time to time reasonably request, excluding specifically personnel records.

Section 707. Annual Budget. The Corporation covenants that on or before the first (1st) day of each Fiscal Year the Governing Body will adopt a budget for such Fiscal Year. The Corporation shall promptly file copies of such annual budget with the State Board of Administration and the Master Trustee and with each Owner and Holder who may have so requested of the Corporation in writing. To the extent possible, the Corporation shall prepare its annual budget so that it will be possible to determine from such budget the Current Expenses of the Corporation and the amounts to be deposited to the credit of the various funds, accounts and subaccounts created by this Master Indenture.

Section 708. State Covenant. The Corporation incorporates herein the State's covenant with the Owners of Outstanding Bonds that the State will not limit or alter the denial of authority to file a petition in bankruptcy, or the rights vested in the FHCP or the Corporation to fulfill the terms of any agreements made with the Owners, or in any way impair the rights and remedies of such Owners so long as any such Bonds of the Corporation remain Outstanding unless adequate provision has been made for the payment of such Bonds pursuant to the documents authorizing the issuance of such Bonds.

Article VIII.

DEFAULTS AND REMEDIES

Section 801. Extension of Interest Payment. If the time for the payment of the interest on any Parity Obligation is extended, whether or not such extension is by or with the consent of the Corporation, such interest so extended shall not be entitled in case of default hereunder to the benefit or security of this Master Indenture and in such case the Owner of the Bond or the Holder of any Parity Debt for which the time for payment of interest was extended shall be entitled only to the payment in full of the principal of all Parity Obligations then Outstanding and of interest

(d) Short-Term Indebtedness may be incurred under this Master Indebtedness as a Parity Obligation only in compliance with the Incurrence Test in subsection (a). In addition, the Corporation may incur Short-Term Indebtedness as Subordinated Indebtedness under this Master Indenture.

(e) Notwithstanding the foregoing provisions of this Section, nothing herein contained shall preclude the Corporation from incurring any obligation under a Credit Facility.

(f) Notwithstanding the foregoing provisions of this Section, nothing herein contained shall preclude the Corporation from entering into a Derivative Agreement either in connection with Indebtedness or otherwise.

Section 705. Fiscal Year End Certificate. Not later than ninety (90) days after the end of each Fiscal Year, commencing with the Fiscal Year ending on June 30, 2007, the Corporation shall file with the Master Trustee an Officer's Certificate demonstrating and stating that the Revenue Available for Debt Service for the prior Fiscal Year (set forth in such Certificate) was not less than the greater of (i) one hundred twenty-five percent (125%) of the principal and interest that became due and payable in such Fiscal Year on Parity Obligations and (ii) one hundred percent (100%) of the principal and interest that became due and payable in such Fiscal Year for Parity Obligations and Subordinated Indebtedness (both such calculations set forth in such Certificate); provided, however, that if the Corporation is unable to deliver such an Officer's Certificate, the Corporation covenants to take all actions permitted by law or under the Pledge Agreement, including (A) petitioning the Legislature of the State for any amendment or amendments to the Act deemed appropriate by the Governing Body of the Corporation, (B) cooperating with the State Board of Administration in connection with any action to increase collections of Pledged Collateral and (C) retaining a Consultant within thirty (30) days to make recommendations to increase the Revenue Available for Debt Service in the following Fiscal Year to the levels required or, if in the opinion of the Consultant the attainment of such levels is impracticable, to the highest levels attainable. Any Consultant so retained shall be required to submit such recommendations within sixty (60) days after being so retained. The Corporation agrees that it will, to the extent permitted by law, follow, or cause to be followed, the recommendations of any Consultant so retained. For purposes of the Officer's Certificate described in this Section, there may be subtracted from the amount of the interest otherwise includable in the amounts described in clauses (i) and (ii) above an amount equal to the sum of the interest on Parity Obligations paid during such Fiscal Year from (Y) the Capitalized Interest Account in the Bond Fund and (Z) without duplication, investment income on and proceeds of Pre-Event Parity Obligations. The Officer's Certificate described in this Section 705 may be provided jointly by an Authorized Officer of the Corporation and an Authorized Officer of the State Board of Administration.

Section 706. Filing of Audited Financial Statements, Certificate of No Default, Other Information. The Corporation covenants that it will:

(a) Within thirty (30) days after receipt of the audit report mentioned below but in no event later than two hundred seventy (270) days after the end of each Fiscal Year, file with the Master Trustee and with each Owner or Holder who may have so requested of this Corporation in writing, a copy of the Audited Financial Statements as of the end of such Fiscal

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for which the time for payment shall not have been extended. The time for the payment of the interest on any Parity Obligation shall not be extended in respect of any Parity Obligation covered by a Credit Facility without the consent of the Credit Provider.

Section 802. Events of Default. Each of the following events is hereby declared an Event of Default with respect to Parity Obligations:

(a) the Corporation shall fail to make any payment of the principal of and the redemption premium, if any, on any of the Bonds or any Parity Debt when and as the same shall be due and payable, either at maturity or by redemption or otherwise;

(b) the Corporation shall fail to make any payment of the interest on any of the Bonds or any Parity Debt when and as the same shall be due and payable;

(c) an event of default shall have occurred under any Supplemental Indenture or the Master Trustee shall have received written notice from any Holder of an event of default under any Parity Debt Resolution;

(d) the Corporation shall fail duly to perform, observe or comply with any covenant or agreement on its part under this Master Indenture for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Corporation by the Master Trustee; provided, however, that if such failure be such that it cannot be corrected within thirty (30) days after the receipt of such notice, it shall not constitute an Event of Default if corrective action is instituted within such 30-day period and diligently pursued until the Event of Default is corrected;

(e) the Corporation shall fail to make any required payment with respect to any Subordinated Indebtedness or other Indebtedness (other than any Bond, Parity Debt or Subordinated Indebtedness), whether such Indebtedness now exists or shall hereafter be created, and any period of grace with respect thereto under which there may be issued, or by which there may be secured or evidenced, any Indebtedness, whether such Indebtedness now exists or shall hereafter be created, shall occur, which event of default shall not have been waived by the holder of such mortgage, Indenture or instrument or a trustee acting on its behalf, and as a result of such failure to pay or other event of default such Indebtedness shall have been accelerated and such acceleration, in the opinion of the Master Trustee, does or could materially adversely affect the Owners of Bonds and the Holders of Parity Debt; or

(f) the State shall (i) amend, alter, repeal or fail to comply with the State Covenant as in effect on the date hereof, or (ii) enact a moratorium or other similar law affecting the Bonds.

Section 803. Acceleration of Maturities. Upon the happening and continuance for a period of not less than one hundred eighty (180) days of any Event of Default described in Section 802(a) or (b) hereof, then and in every case the Master Trustee may, and upon the written request of the Owners or Holders of not less than a majority in aggregate principal amount of the Parity Obligations then Outstanding shall, by a notice in writing to the Corporation, declare the principal of all the Parity Obligations then Outstanding (if not then due

1 and payable) to be due and payable immediately, and upon such declaration the same shall
2 become and be immediately due and payable, anything contained in the Parity Obligations, this
3 Master Indenture or any Parity Resolution to the contrary notwithstanding; provided, however,
4 that if at any time after the principal of the Parity Obligations shall have been so declared to be
5 due and payable, and before the entry of final judgment or decree in any suit, action or
6 proceeding instituted on account of such default, or before the completion of the enforcement of
7 any other remedy under this Master Indenture, moneys shall have accumulated sufficient to pay
8 the principal of all matured Parity Obligations and all arrears of interest, if any, upon all the
9 Parity Obligations then Outstanding (except the principal of any Parity Obligations since the last
10 and payable by their terms and the interest accrued on such Parity Obligations since the last
11 interest payment date) and sufficient to satisfy the sinking fund requirement, if any, for any Term
12 Parity Obligations then Outstanding, for the then current Fiscal Year, and the charges,
13 compensation, expenses, disbursements, advances and liabilities of the Master Trustee and all
14 other amounts then payable by the Corporation hereunder shall have been paid or a sum
15 sufficient to pay the same shall have been deposited with the Master Trustee or any Bond
16 Registrar and every other default known to the Master Trustee in the observance or performance
17 of any covenant, condition, agreement or provision contained in the Bonds, any Parity Debt, this
18 Master Indenture or any Parity Resolution (other than a default in the payment of the principal of
19 such Parity Obligations then due and payable only because of a declaration under this Section)
20 shall have been remedied to the satisfaction of the Master Trustee, then and in every such case
21 the Master Trustee shall, by written notice to the Corporation, rescind and annul such declaration
22 and its consequences, but no such rescission or annulment shall extend to or affect any
23 subsequent Event of Default or impair any right consequent thereon.

24 Section 804. Remedies. (a) Upon the happening and continuance of any Event of
25 Default, then and in every such case the Master Trustee may proceed, and upon the written
26 request of the Owners or Holders of not less than a majority in aggregate principal amount of the
27 Parity Obligations then Outstanding shall proceed, subject to the provisions of Section 902
28 hereof, to protect and enforce its rights and the rights of the Owners or Holders of the Parity
29 Obligations under applicable laws and under this Master Indenture by such suits, actions or
30 special proceedings in equity or at law, or by proceedings in the office of any board or officer
31 having jurisdiction, either for the specific performance of any covenant or agreement contained
32 herein or in aid or execution of any power herein granted or for the enforcement of any proper
33 legal or equitable remedy, as the Master Trustee, being advised by counsel, chosen by the Master
34 Trustee, shall deem most effectual to protect and enforce such rights, including but not limited
35 to:

36 (i) Enforcement of the right of the Owners and Holders to collect and enforce the
37 payment of amounts due or becoming due under the Parity Obligations;

38 (ii) Suit upon all or any part of the Parity Obligations;

39 (iii) Civil action to require any Person holding moneys, documents or other property
40 pledged to secure payment of amounts due or to become due on the Parity Obligations to
41 account as if it were the trustee of an express trust for the Owners and Holders;

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1 available shall not be sufficient to pay in full the principal of Parity Obligations
2 due and payable on any particular date, then to the payment ratably according to
3 the amount of such principal due on such date, to the persons entitled thereto
4 without any discrimination or preference; and

5 third: to the payment of the interest on and the principal of Parity
6 Obligations, to the purchase and retirement of Parity Obligations, and to the
7 redemption of Parity Obligations, all in accordance with the provisions of this
8 Master Indenture and any Parity Resolution.

9 (b) If the principal of all Parity Obligations shall have become or shall have
10 been declared due and payable, all such money shall be applied to the payment of principal and
11 interest then due upon such Parity Obligations and regularly scheduled payments to a Derivative
12 Agreement Counterparty with respect to Derivative Indebtedness, without preference or priority
13 of principal over interest or of interest over principal, or of any installment of interest over any
14 other installment of interest, or of any Bond or Parity Debt over any other Bond or Parity Debt,
15 ratably, according to the amounts due respectively for principal and interest, to the persons
16 entitled thereto without any discrimination or privilege.

17 (c) If the principal of all Parity Obligations shall have been declared due and
18 payable and if such declaration shall thereafter have been rescinded and annulled under the
19 provisions of Section 803 hereof, then, subject to the provisions of paragraph (b) of this Section
20 in the event that the principal of all Parity Obligations shall later become due and payable or be
21 declared due and payable, the money then remaining on deposit with the Master Trustee and
22 thereafter accruing shall be applied in accordance with the provisions of paragraph (a) of this
23 Section.

24 Whenever money is to be applied by the Master Trustee pursuant to the provisions of this
25 Section: (a) such money shall be applied by the Master Trustee at such times and from time to
26 time as the Master Trustee in its sole discretion shall determine, having due regard for the
27 amount of money available for such application and the likelihood of additional money
28 becoming available for such application in the future, (b) setting aside such money as provided
29 herein in trust for the proper purpose shall constitute proper application by the Master Trustee,
30 and (c) the Master Trustee shall incur no liability whatsoever to the Corporation, to any Owner
31 or Holder or to any other Person for any delay in applying any such money so long as the Master
32 Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately
33 applies the same in accordance with such provisions of this Master Indenture as may be
34 applicable at the time of application by the Master Trustee. Whenever the Master Trustee
35 exercises such discretion in applying such money, it shall fix the date (which shall be an interest
36 Payment Date unless the Master Trustee shall deem another date more suitable) upon which such
37 application is to be made and upon such date interest on the amounts of principal to be paid on
38 such date shall cease to accrue. The Master Trustee shall give such notice as it may deem
39 appropriate of the fixing of any such date and shall not be required to make payment to the
40 Owner of any Bond or the Holder of any Parity Debt until such Bond or Parity Debt is
41 surrendered to the Master Trustee for appropriate endorsement or for cancellation if fully paid.

1 (iv) Civil action to enjoin any acts or things, which may be unlawful or in violation of
2 the rights of the Owners and Holders;

3 (v) Enforcement of any other right of the Owners and Holders conferred by law or
4 hereby; and

5 (vi) Enforcement of the provisions of the Pledge Agreement.

6 (b) Regardless of the happening of an Event of Default, the Master Trustee, if
7 requested in writing by the Owners or Holders of not less than a majority of the aggregate
8 principal amount of the Parity Obligations then Outstanding, shall, subject to Section 902 hereof,
9 institute and maintain such suits and proceedings as it may be advised shall be necessary or
10 expedient (i) to prevent any impairment of the security hereunder by any acts which may be
11 unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Owners and
12 Holders, provided that such request and the action to be taken by the Master Trustee are not in
13 conflict with any applicable law or the provisions hereof and, in the sole judgment of the Master
14 Trustee, are not unduly prejudicial to the interest of the Owners and Holders not making such
15 request.

16 Section 805. Pro Rata Application of Funds. Anything in this Master Indenture to the
17 contrary notwithstanding, if at any time the money deposited with the Master Trustee pursuant to
18 Section 502 hereof or pursuant to any remedial action is not sufficient to pay the interest on or
19 the principal of the Parity Obligations as the same become due and payable (either by their terms
20 or by acceleration of maturities under the provisions of Section 803 hereof), such money,
21 together with any money then available or thereafter becoming available for such purposes,
22 whether through the exercise of the remedies provided for in this Article or otherwise, shall, after
23 payment of the accrued and unpaid fees, costs and expenses of the Master Trustee, be applied as
24 follows:

25 (a) If the principal of all Parity Obligations shall not have become or shall not
26 have been declared due and payable, all such money shall be applied as follows:

27 first: to the payment to the persons entitled thereto of all installments of
28 interest on the Parity Obligations or regularly scheduled payments to a Derivative
29 Agreement Counterparty with respect to Derivative Indebtedness then due and
30 payable in the order in which such installments became due and payable and, if
31 the amount available shall not be sufficient to pay in full any particular
32 installment, then to the payment, ratably according to the amounts due on such
33 installment, to the persons entitled thereto, without any discrimination or
34 preference except as to any difference in the respective rates of interest specified
35 in such Parity Obligations;

36 second: to the payment to the persons entitled thereto of the unpaid
37 principal of any Parity Obligations that shall have become due and payable (other
38 than Parity Obligations deemed to have been paid pursuant to the provisions of
39 Section 1201 hereof), in the order of their due dates, with interest on the overdue
40 principal at a rate equal to the rate on such Parity Obligations, and, if the amount

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1 Section 806. Effect of Discontinuance of Proceedings. If any proceeding taken by the
2 Master Trustee or Owners or Holders on account of any Event of Default is discontinued or
3 abandoned for any reason, then and in every such case, the Corporation, the Master Trustee and
4 the Owners and the Holders shall be restored to their former positions and rights hereunder, and
5 all rights, remedies, powers and duties of the Master Trustee shall continue as though no
6 proceedings had been taken.

7 Section 807. Control of Proceedings. Anything in this Master Indenture to the contrary
8 notwithstanding, the Owners or Holders of a majority in aggregate principal amount of Parity
9 Obligations at any time Outstanding shall have the right, subject to the provisions of Section 902
10 hereof, by an instrument or concurrent instruments in writing executed and delivered to the
11 Master Trustee, to direct the method and place of conducting all remedial proceedings to be
12 taken by the Master Trustee hereunder, provided that such direction shall be in accordance with
13 law and the provisions of this Master Indenture, and, in the sole judgment of the Master Trustee,
14 is not unduly prejudicial to the interest of any Owners or Holders not joining in such direction,
15 and provided further, that the Master Trustee shall have the right to decline to follow any such
16 direction if the Master Trustee in good faith shall determine that the proceeding so directed
17 would involve it in personal liability, and provided further that nothing in this Section shall
18 impair the right of the Master Trustee in its discretion to take any other action hereunder which it
19 may deem proper and which is not inconsistent with such direction by the Owners or Holders.

20 Section 808. Restrictions Upon Action. Except as provided in Section 813 hereof, no
21 Owner or Holder shall have any right to institute any suit, action or proceeding in equity or at
22 law on any Bond or Parity Debt or for the execution of any trust hereunder or for any other
23 remedy hereunder unless such Owner or Holder previously shall (a) have given to the Master
24 Trustee written notice of the Event of Default on account of which suit, action or proceeding is to
25 be instituted, (b) has requested the Master Trustee to take action after the right to exercise such
26 powers or right of action, as the case may be, shall have accrued, (c) has afforded the Master
27 Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or
28 to institute such action, suit or proceedings in its or their name, and (d) has offered to the Master
29 Trustee reasonable security and satisfactory indemnity against the costs, expenses and liabilities
30 to be incurred therein or thereby, and the Master Trustee shall have refused or neglected to
31 comply with such request within a reasonable time. Such notification, request and offer of
32 indemnity are hereby declared in every such case, at the option of the Master Trustee, to be
33 conditions precedent to the execution of the powers and trusts of this Master Indenture or to any
34 other remedy hereunder. Notwithstanding the foregoing provisions of this Section and without
35 complying therewith, the Owners or Holders of not less than a majority in aggregate principal
36 amount of Parity Obligations then Outstanding may institute any such suit, action or proceeding
37 in their own names for the benefit of all Owners or Holders. It is understood and intended that,
38 except as otherwise above provided, no one or more Owners or Holders shall have any right in
39 any manner whatsoever by his or their action to affect, disturb or prejudice the security of this
40 Master Indenture or to enforce any right hereunder except in the manner provided, that all
41 proceedings at law or in equity shall be instituted, had and maintained in the manner herein
42 provided and for the benefit of all Owners and Holders and that any individual rights of action or
43 other right given to one or more of such Owners or Holders by law are restricted by this Master
44 Indenture to the rights and remedies herein provided.

1 Section 809. **Enforcement of Rights of Action.** All rights of action (including the right
2 to file proof of claim) under this Master Indenture or under any Bonds and any Parity Debt may
3 be enforced by the Master Trustee without the possession of any Bonds and any Parity Debt or
4 the production thereof in any proceedings relating thereto, and any such suit or proceedings
5 instituted by the Master Trustee shall be brought in its name as Master Trustee, without the
6 necessity of joining as plaintiffs or defendants any Owners or Holders, and any recovery of
7 judgment shall be for the equal benefit of the Owners or Holders, subject to the provisions of
8 Section 801 hereto.

9 Section 810. **No Remedy Exclusive.** No remedy herein conferred upon or reserved to
10 the Master Trustee or to the Owners or Holders is intended to be exclusive of any other remedy
11 or remedies herein provided, and each and every such remedy shall be cumulative and shall be in
12 addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

13 Section 811. **Delay Not a Waiver.** No delay or omission by the Master Trustee or of
14 any Owner or Holder in the exercise of any right or power accruing upon any default shall impair
15 any such right or power or shall be construed to be a waiver of any such default or any
16 acquiescence therein, and every power or remedy given by this Master Indenture to the Master
17 Trustee and to the Owners or Holders may be exercised from time to time and as often as may be
18 deemed expedient.

19 The Master Trustee may, and upon written request of the Owners or Holders of not less
20 than a majority in principal amount of the Parity Obligations then Outstanding shall, waive any
21 Event of Default which in its opinion has been remedied before the entry of final judgment or
22 decree in any suit, action or proceeding instituted by it under the provisions of this Master
23 Indenture or before the completion of the enforcement of any other remedies under this Master
24 Indenture; provided, however, that, except under the circumstances set forth in Section 803
25 hereof for the rescission and annulment of a declaration of acceleration, a default in the payment
26 of the principal of, premium, if any, or interest on any Bond or Parity Debt, when the same shall
27 become due and payable by the terms thereof or upon call for redemption, may not be waived
28 without the written consent of the Owners of all the Bonds or the Holders of all the Parity Debt
29 (with respect to which such payment default exists) at the time Outstanding; and provided
30 further, however, that no such waiver shall extend to or affect any other existing or subsequent
31 Event of Default or impair any rights or remedies consequent thereon.

32 Section 812. **Notice of Default.** The Master Trustee shall mail to (a) all Owners at their
33 addresses as they appear on the registration books and (b) to all Holders who shall have filed
34 their names with the Master Trustee for such purpose, written notice of the occurrence of any
35 Event of Default within ten (10) days after the Master Trustee has notice, pursuant to the
36 provisions of Section 908 hereto, that any such Event of Default shall have occurred. The
37 Master Trustee shall not be subject to any liability to any Owner or Holder by reason of its
38 failure to mail any such notice.

39 Section 813. **Right to Enforce Payment of Parity Obligations Unimpaired.** Nothing in
40 this Article shall affect or impair the right of any Owner or Holder to enforce the payment of the
41 principal of and interest on his Bonds or Parity Debt or the obligation of the Corporation to pay

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1 (i) the Master Trustee shall not be liable for any error of judgment made in
2 good faith by a responsible officer or officers of the Master Trustee unless it shall be
3 proved that the Master Trustee was negligent in ascertaining the pertinent facts, and

4 (ii) the Master Trustee shall not be liable with respect to any action taken or
5 omitted to be taken by it in good faith in accordance with the direction of the Owners and
6 Holders of not less than twenty-five percent (25%) or a majority, as this Master Indenture
7 shall require, in aggregate principal amount of the Parity Obligations then Outstanding
8 relating to the time, method and place of conducting any proceeding for any remedy
9 available to the Master Trustee, or exercising any power conferred upon the Master
10 Trustee under this Master Indenture.

11 None of the provisions contained in this Master Indenture shall require the Master
12 Trustee to expend or risk its own funds or otherwise incur individual financial liability in the
13 performance of any of its duties or in the exercise of any of its rights or powers.

14 Section 902. **Indemnification of Master Trustee as Condition for Remedial Action.** The
15 Master Trustee shall be under no obligation to institute any suit or to take any remedial
16 proceeding (including, but not limited to, the acceleration of the maturity date of all Parity
17 Obligations under this Master Indenture) under this Master Indenture or the Pledge Agreement or
18 to enter any appearance or in any way defend in any suit in which it may be made defendant, or
19 to take any steps in the execution of any of the trusts hereby created or in the enforcement of any
20 rights and powers under this Master Indenture or the Pledge Agreement, until it shall be
21 indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees
22 and other reasonable disbursements, and against all liability. The Master Trustee nevertheless
23 may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be
24 done by it as such Master Trustee, without indemnity, and in such case the Corporation, at the
25 request of the Master Trustee, shall reimburse the Master Trustee as Current Expenses of the
26 Corporation for all costs, expenses, outlays and counsel fees and other reasonable disbursements
27 properly incurred in connection therewith. If the Corporation shall fail to make such
28 reimbursement, the Master Trustee may reimburse itself from any money in its possession under
29 the provisions of this Master Indenture and shall be entitled to a preference therefor over any
30 Parity Obligations Outstanding.

31 Section 903. **Limitations on Obligations and Responsibilities of Master Trustee.** The
32 Master Trustee shall be under no obligation to effect or maintain insurance or to renew any
33 policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the
34 Corporation, or to report, or make or file claims or proof of loss for, any loss or damage insured
35 against or that may occur, or to keep itself informed or advised as to the payment of any taxes or
36 assessments, or to require any such payment to be made. Except as to the acceptance of the
37 trusts under this Master Indenture, the Master Trustee shall have no responsibility in respect of
38 the validity or sufficiency of this Master Indenture, or in respect of the validity of Bonds or
39 Parity Debt or the due execution or issuance thereof. The Master Trustee shall be under no
40 obligation to see that any duties herein imposed upon the Corporation, the Bond Registrar, any
41 consultant, any Depositary other than a Master Trustee Depositary, or any party other than itself,
42 or any covenants herein contained on the part of any party other than itself to be performed, shall

1 the principal of and interest on each Bond and Parity Debt to the Owner or Holder thereof at the
2 time and place specified in said Bond or Parity Debt.

3 Section 814. **Remedies Subject to Provisions of Law.** All rights, remedies and powers
4 provided by this Article may be exercised only to the extent that the exercise thereof does not
5 violate any applicable provision of law, and all the provisions of this Article are intended to be
6 subject to all applicable mandatory provisions of law which may be controlling and to be limited
7 to the extent necessary so that they will not render this Master Indenture or the provisions hereof
8 invalid or unenforceable under the provisions of any applicable law.

Article IX.

THE MASTER TRUSTEE AND THE BOND REGISTRAR

12 Section 901. **Acceptance of Trusts.** The Master Trustee by execution hereof accepts
13 and agrees to fulfill the trusts imposed upon it by this Master Indenture, but only upon the terms
14 and conditions set forth in this Article and subject to the provisions of this Master Indenture, to
15 all of which the Corporation, the Master Trustee and the respective Owners of the Bonds and any
16 Holders of Parity Debt agree. Prior to the occurrence of any Event of Default and after the
17 curing of all such Events of Default that may have occurred, the Master Trustee shall perform
18 such duties and only such duties of the Master Trustee as are specifically set forth in this Master
19 Indenture. Upon the occurrence and during the continuation of any Event of Default, the Master
20 Trustee shall use the same degree of care and skill in their exercise as a prudent person would
21 exercise or use under the circumstances in the conduct of such person's own affairs.

22 No provision of this Master Indenture or any Parity Resolution shall be construed to
23 relieve the Master Trustee from liability for its own negligent action, its own negligent failure to
24 act, or its own willful misconduct, except that:

25 (a) prior to any such Event of Default hereunder, and after the curing of any Event of
26 Default that may have occurred:

27 (i) the duties and obligations of the Master Trustee shall be determined solely
28 by the express provisions of this Master Indenture, and the Master Trustee shall not be
29 liable except for the performance of such duties and obligations of the Master Trustee as
30 are specifically set forth in this Master Indenture, and no implied covenants or obligations
31 shall be read into this Master Indenture against the Master Trustee, and

32 (ii) In the absence of bad faith on its part, the Master Trustee may
33 conclusively rely, as to the accuracy of the statements and the correctness of the opinions
34 expressed therein, upon any certificate or opinion furnished to it conforming to the
35 requirements of this Master Indenture, but in the case of any such certificate or opinion
36 by which any provision hereof is specifically required to be furnished to the Master
37 Trustee, the Master Trustee shall be under a duty to examine the same to determine
38 whether or not it conforms to the requirements of this Master Indenture; and

39 (b) at all times, regardless of whether or not any such Event of Default shall exist:

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1 be done or performed, and the Master Trustee shall be under no obligation for failure to see that
2 any such duties or covenants are so done or performed.

3 Section 904. **Master Trustee Not Liable for Failure of Corporation to Act.** The Master
4 Trustee shall not be liable or responsible because of the failure of the Corporation or of any of its
5 employees or agents to make any collections or deposits or to perform any act herein required of
6 the Corporation or because of the loss of any money arising through the insolvency or the act or
7 default or omission of any Depositary other than the Master Trustee or a Depositary in which
8 such money shall have been deposited by the Master Trustee under the provisions of this
9 Indenture. The Master Trustee shall not be responsible for the application of any of the proceeds
10 of Bonds or Parity Debt or any other money deposited with it and paid out, withdrawn or
11 transferred hereunder if such application, payment, withdrawal or transfer shall be made in
12 accordance with the provisions of this Master Indenture. The immunities and exemptions from
13 liability of the Master Trustee hereunder shall extend to its directors, officers, employees and
14 agents.

15 Section 905. **Compensation and Indemnification of Master Trustee and Bond Registrar.**
16 Subject to the provisions of any contract between the Corporation and the Master Trustee or any
17 Bond Registrar relating to the compensation of the Master Trustee or such Bond Registrar, the
18 Corporation shall pay to the Master Trustee and such Bond Registrar from Gross Receipts
19 reasonable compensation for all services performed by them hereunder and also all their
20 reasonable expenses, charges and other disbursements and those of their attorneys, agents and
21 employees incurred in and about the administration and the performance of their powers and
22 duties hereunder and, to the extent permitted by law, shall indemnify and save the Master
23 Trustee and the Bond Registrar harmless against any liabilities that they may incur in the proper
24 exercise and performance of their powers and duties hereunder. If the Corporation shall fail to
25 cause any payment required by this Section to be made, the Master Trustee or any Bond
26 Registrar may make such payment from any money in its possession under the provisions of this
27 Master Indenture and shall be entitled to a preference therefor over any Parity Obligations
28 Outstanding. The Corporation covenants that it shall promptly deposit or cause to be deposited
29 to the credit of the respective fund, account or subaccount the amount withdrawn therefrom by
30 the Master Trustee to make any such payment.

31 Section 906. **Monthly Statements from Master Trustee.** It shall be the duty of the
32 Master Trustee, on or before the 10th day of each month, to file with the Corporation a statement
33 setting forth in respect of the preceding calendar month:

34 (a) the amount withdrawn or transferred by it and the amount deposited with
35 it on account of each fund, account or subaccount held by it under the provisions of this Master
36 Indenture,

37 (b) the amount on deposit with it at the end of such month in each such fund,
38 account or subaccount,

39 (c) a brief description of all obligations held by it as an investment of money
40 in each such fund, account or subaccount,

1 (d) the amount applied to the payment, purchase or redemption of Bonds
2 under the provisions of Article V of this Master Indenture and a description of the Bonds or
3 portions thereof so paid, purchased or redeemed, and

4 (e) any other information that the Corporation may reasonably request.

5 All records and files pertaining to Bonds in the custody of the Master Trustee not
6 otherwise restricted or excluded from disclosure by the terms of this Master Indenture, including,
7 without limitation, Section 1002 hereof, shall be open at all reasonable times to the inspection of
8 the Corporation and its agents and representatives.

9 Section 907. Master Trustee May Rely on Certificates. If at any time it shall be
10 necessary or desirable for the Master Trustee to make any investigation respecting any fact
11 preparatory to taking or not taking any action or doing or not doing anything as such Master
12 Trustee, and in any case in which this Master Indenture provides for permitting or taking any
13 action, the Master Trustee may rely upon any certificate required or permitted to be filed with it
14 under the provisions of this Master Indenture, and any such certificate shall be evidence of such
15 fact or protect the Master Trustee in any action that it may or may not take or in respect of
16 anything it may or may not do, in good faith, by reason of the supposed existence of such fact.
17 Except as otherwise provided in this Master Indenture, any request, notice, certificate or other
18 instrument from the Corporation to the Master Trustee shall be deemed to have been signed by
19 the proper party or parties if signed by any Authorized Officer of the Corporation, and the
20 Master Trustee may accept and rely upon a certificate signed by any Authorized Officer of the
21 Corporation as to any action taken by the Corporation.

22 Section 908. Notice of Default. Except upon the happening of any Event of Default
23 specified in clauses (a), (b) and (c) of Section 802 hereof, the Master Trustee shall not be obliged
24 to take notice or be deemed to have notice of any Event of Default under this Master Indenture
25 unless specifically notified in writing of such Event of Default by the Corporation or the Owners
26 and Holders of not less than twenty-five percent (25%) in aggregate principal amount of Parity
27 Obligations then Outstanding.

28 Section 909. Master Trustee Not Responsible for Recitals. The recitals, statements and
29 representations contained herein and in the Bonds shall be taken and construed as made by and
30 on the part of the Corporation and not by the Master Trustee, and the Master Trustee assumes
31 and shall be under no responsibility for the correctness of the same.

32 Section 910. Master Trustee Protected in Relying on Certain Documents. The Master
33 Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or
34 not proceeding, in good faith, reasonably and in accordance with the terms of this Master
35 Indenture, upon any resolution, order, notice, request, consent, waiver, certificate, statement,
36 affidavit, requisition, bond or other paper or document that it shall in good faith reasonably
37 believe to be genuine and to have been adopted or signed by the proper board or person or to
38 have been prepared and furnished pursuant to any of the provisions of this Master Indenture, or
39 upon the written opinion of any attorney, consultant or accountant believed by the Master
40 Trustee to be qualified in relation to the subject matter, and the Master Trustee shall be under no
41 duty to make any investigation or inquiry as to any statements contained or matters referred to in

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1 less than twenty-five percent (25%) in aggregate principal amount of Parity Obligations then
2 Outstanding.

3 Section 915. Appointment of Successor Master Trustee. If at any time hereafter the
4 Master Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting,
5 or the bank or trust company acting as Master Trustee shall be taken over by any governmental
6 official, agency, department or board, the position of Master Trustee shall thereupon become
7 vacant. If the position of Master Trustee shall become vacant for any reason, the Corporation
8 shall appoint a Master Trustee to fill such vacancy. A successor Master Trustee shall not be
9 required if the Master Trustee shall sell or assign substantially all of its corporate trust business
10 and the vendee or assignee shall continue in the corporate trust business, or if a transfer of the
11 corporate trust department of the Master Trustee is required by operation of law, provided that
12 such vendee, assignee or transferee (i) is a bank or trust company within or without the State
13 which is duly authorized to exercise corporate trust powers and subject to examination by federal
14 or State authority, (ii) has good standing, and (iii) has a combined capital, surplus and undivided
15 profits aggregating not less than One Hundred Million Dollars (\$100,000,000) (or whose
16 obligations hereunder are guaranteed by a bank, banking association or trust company duly
17 authorized to exercise corporate trust powers and subject to examination by federal or state
18 authority, of good standing, and having at the time of the appointment of such Master Trustee, a
19 combined capital, surplus and undivided profits of at least such amount). The Corporation shall
20 mail notice of any such appointment made by it, postage prepaid, to all Owners and Holders.

21 At any time within one year after any such vacancy shall have occurred, the Owners and
22 Holders of not less than twenty-five percent (25%) in principal amount of Parity Obligations then
23 Outstanding, by an instrument or concurrent instruments in writing, executed by such Owners
24 and Holders and filed with the Corporation, may nominate a successor Master Trustee, which the
25 Corporation shall appoint and which shall supersede any Master Trustee theretofore appointed by
26 the Corporation. Photographic copies, duly certified by the Secretary of the Corporation as
27 having been received by the Corporation, of each such instrument shall be delivered promptly by
28 the Secretary of the Corporation to the predecessor Master Trustee and to the Master Trustee so
29 appointed by the Owners and the Holders.

30 If no appointment of a successor Master Trustee shall be made pursuant to the foregoing
31 provisions of this Section, any Owner or Holder or any retiring Master Trustee may apply to any
32 court of competent jurisdiction to appoint a successor Master Trustee. Such court may
33 thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a
34 successor Master Trustee.

35 Any successor Master Trustee hereafter appointed (i) shall be a bank or trust company
36 within the State which is duly authorized to exercise corporate trust powers and subject to
37 examination by federal or State authority, (ii) shall be of good standing and (iii) shall have a
38 combined capital, surplus and undivided profits aggregating not less than One Hundred Million
39 Dollars (\$100,000,000) (or whose obligations hereunder are guaranteed by a bank, banking
40 association or trust company duly authorized to exercise corporate trust powers and subject to
41 examination by federal or state authority, of good standing, and having at the time of the
42 appointment of such Master Trustee, a combined capital, surplus and undivided profits of at least
43 such amount).

1 any such instrument. The Master Trustee shall not be under any obligation to see to the
2 recording or filing of this Master Indenture or otherwise to the giving to any person of notice of
3 the provisions hereof.

4 Section 911. Master Trustee May Pay Taxes and Assessments. In case the Corporation
5 shall fail to pay or cause to be paid any lawful tax, assessment or governmental charge or other
6 charge upon any part of the Corporation to the extent, if any, that the Corporation may be
7 deemed by the Master Trustee liable for same, the Master Trustee may pay from sources
8 provided under this Master Indenture such tax, assessment or governmental charge, without
9 prejudice, however, to any rights of the Master Trustee or the Owners or Holders arising in
10 consequence of such failure; and any amount at any time so paid under this Section shall be
11 repaid upon demand by the Master Trustee by the Corporation from Gross Receipts, but the
12 Master Trustee shall be under no obligation to make any such payment from sources provided in
13 this Master Indenture unless it shall have available or be provided with adequate funds for the
14 purpose of such payment.

15 Section 912. Resignation and Removal of Master Trustee and Bond Registrar Subject
16 to Appointment of Successor. No resignation or removal of the Master Trustee or any Bond
17 Registrar and no appointment of a successor Master Trustee or successor Bond Registrar
18 pursuant to this Article shall become effective until the acceptance of appointment by the
19 successor Master Trustee under Section 915 hereof or the successor Bond Registrar under
20 Section 917 hereof, as the case may be.

21 Section 913. Resignation of Master Trustee. Subject to the provisions of Section 912
22 hereof, the Master Trustee may resign and thereby become discharged from the trusts hereby
23 created, by notice in writing given to the Corporation, and mailed, postage prepaid, at the Master
24 Trustee's expense, to each Owner and Holder, not less than sixty (60) days before such
25 resignation is to take effect, but such resignation shall take effect immediately upon the
26 appointment of a new Master Trustee hereunder if such new Master Trustee shall be appointed
27 before the time limited by such notice and shall then accept the trusts hereby.

28 Section 914. Removal of Master Trustee. The Master Trustee may be removed at any
29 time by an instrument or concurrent instruments in writing, (i) executed by the Owners and
30 Holders of not less than a majority in aggregate principal amount of Parity Obligations then
31 Outstanding and filed with the Corporation, or (ii) so long as no Event of Default shall have
32 occurred and be continuing, a resolution adopted or an instrument executed by the Corporation,
33 not less than sixty (60) days before such removal is to take effect as stated in said resolution,
34 instrument or instruments. A photographic copy of any resolution, instrument or instruments
35 filed with the Corporation under the provisions of this paragraph, duly certified by the Secretary
36 of the Corporation as having been received by the Corporation, shall be delivered promptly by
37 the Corporation to the Master Trustee.

38 The Master Trustee may also be removed at any time for acting or proceeding in
39 violation of, or for failing to act or proceed in accordance with, any provisions of this Master
40 Indenture with respect to the duties and obligations of the Master Trustee by any court of
41 competent jurisdiction upon the application of the Corporation or the Owners and Holders of not

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1 Section 916. Vesting of Duties in Successor Master Trustee. Every successor Master
2 Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also
3 to the Corporation and the State Board of Administration, an instrument in writing accepting
4 such appointment under this Master Indenture and the Pledge Agreement, and thereupon such
5 successor Master Trustee, without any further act, shall become fully vested with all the rights,
6 immunities and powers, and subject to all the duties and obligations, of its predecessor; but such
7 predecessor shall nevertheless, on the written request of its successor or of the Corporation and
8 upon payment of the expenses, charges and other disbursements of such predecessor that are
9 payable pursuant to the provisions of Section 905 hereof, execute and deliver an instrument
10 transferring to such successor Master Trustee all the rights, immunities and powers of such
11 predecessor under this Master Indenture and the Pledge Agreement; and every predecessor
12 Master Trustee shall deliver all property and money held by it under this Master Indenture and
13 the Pledge Agreement to its successor. Should any instrument in writing from the Corporation or
14 the State Board of Administration be required by any successor Master Trustee for more fully
15 and certainly vesting in such Master Trustee the rights, immunities, powers and trusts vested or
16 intended to be vested by this Master Indenture and the Pledge Agreement in the predecessor
17 Master Trustee, any such instrument in writing shall and will, on request, be executed,
18 acknowledged and delivered by the Corporation or the State Board of Administration, as the case
19 may be.

20 Section 917. Removal and Resignation of Bond Registrar. A Bond Registrar may be
21 removed at anytime, with or without cause, by the Corporation, upon thirty (30) days' written
22 notice by the Corporation to such Bond Registrar. A copy of such written notice shall be
23 delivered promptly by the Corporation to the Master Trustee. Upon receipt of such notice the
24 Master Trustee shall cause notice of such removal to be mailed, postage prepaid, to the Owners
25 not less than sixty (60) days before such removal is to take effect.

26 A Bond Registrar may resign and thereby become discharged from the duties, obligations
27 and responsibilities of Bond Registrar under this Master Indenture, by written notice delivered to
28 the Corporation and the Master Trustee. Upon receipt of such notice the Master Trustee shall
29 cause notice of such resignation to be mailed, postage prepaid, at such Bond Registrar's expense,
30 to the Owners not less than sixty (60) days before such resignation is to take effect, but such
31 resignation shall take effect immediately upon the appointment of a new Bond Registrar
32 hereunder if such new Bond Registrar shall be appointed before the time limited by such notice
33 and shall then accept the duties, obligations and responsibilities of Bond Registrar under this
34 Master Indenture. If at any time thereafter a Bond Registrar shall resign, be removed, be
35 dissolved or otherwise become incapable of acting, or the entity acting as Bond Registrar shall be
36 taken over by any governmental official, agency, department or board, the position of Bond
37 Registrar shall thereupon become vacant. If the position of Bond Registrar shall become vacant
38 for any reason, the Corporation shall appoint a Bond Registrar to fill such vacancy. A successor
39 Bond Registrar shall not be required if a Bond Registrar shall sell or assign substantially all of its
40 business and the vendee or assignee shall be qualified in the sole judgment of the Corporation to
41 carry out the duties, obligations and responsibilities of Bond Registrar under this Master
42 Indenture. The Corporation shall promptly deliver written notice of any such appointment by it
43 to the Master Trustee and mail such notice, postage prepaid, to all Owners.

Article X.

EXECUTION OF INSTRUMENTS BY OWNERS AND HOLDERS,
PROOF OF OWNERSHIP OF BONDS OR PARITY DEBT, AND
DETERMINATION OF CONCURRENCE OF OWNERS AND HOLDERS

Section 1001. Execution of Instruments. Any request, direction, consent or other instrument in writing required or permitted by this Master Indenture to be signed or executed by any Owners or Holders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners or Holders or their attorneys or legal representatives or legal representative of his estate if the Owner or Holder is deceased. Proof of the execution of any such instrument and of the ownership of Parity Obligations shall be sufficient for any purpose of this Master Indenture and shall be conclusive in favor of the Master Trustee and the Corporation with regard to any action taken by either under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification, by any officer in any jurisdiction who by the laws thereof has power to take affidavits within such jurisdictions, to the effect that such instrument was subscribed and sworn to before him or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual, such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 205 hereof. The ownership or holding of Parity Debt shall be proved as provided in the related Parity Debt Resolution.

Nothing contained in this Article shall be construed as limiting the Master Trustee to such proof, it being intended that the Master Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of any Owner or Holder shall bind every future Owner or Holder of the same Bond or Parity Debt in respect of anything done by the Master Trustee in pursuance of such request or consent.

Notwithstanding any of the foregoing provisions of this Section, the Master Trustee shall not be required to recognize any person as an Owner or Holder or to take any action at an Owner's or Holder's request unless such Bonds or Parity Debt shall be deposited with it.

Section 1002. Preservation of Information; Communications. (a) The Master Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Owners received by the Master Trustee from the Bond Registrar.

(b) If an Owner which is a Securities Depository Nominee or the Owners of not less than ten percent (10%) in aggregate principal amount of Bonds then Outstanding which are not Securities Depository Nominees (hereinafter collectively referred to as "applicants") apply in writing to the Master Trustee and furnish reasonable proof that each such applicant has owned a Bond for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Owners with respect to

their rights under this Master Indenture or under the Bonds and such application is accompanied by a copy of the form of communication which such applicants propose to transmit, then the Master Trustee shall, within five (5) Business Days after receipt of such application, at its election, either

(i) afford such applicants access to the information preserved at the time by the Master Trustee in accordance with paragraph (a) of this Section, or

(ii) inform such applicants as to the approximate number of Owners whose names and addresses appear in the information preserved at the time by the Master Trustee in accordance with paragraph (a) of this Section, and as to the approximate cost of mailing to such Owners the form of communication, if any, specified in such application.

If the Master Trustee shall elect not to afford such applicants access to such information, the Master Trustee shall, upon the written request of such applicants, mail to each Owner whose name and address appears in the information preserved at the time by the Master Trustee in accordance with paragraph (a) of this Section a copy of the form of communication which is specified in such request, with reasonable promptness after a tender to the Master Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing.

(c) Every Owner, by receiving and holding one or more Bonds, agrees with the Corporation and the Master Trustee that neither the Corporation nor the Master Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Owners in accordance with paragraph (b) of this Section, regardless of the source from which such information was derived, and that the Master Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under such paragraph.

Section 1003. Credit Provider as Owner or Holder. Notwithstanding any provision of this Master Indenture to the contrary, a Parity Resolution may provide that a Credit Provider providing credit enhancement or substitution for the payment of principal and interest with respect to the Bonds of a Series or Parity Debt shall be deemed to be the Owner of such Bonds or Holder of such Parity Debt, for all purposes of this Master Indenture, including, without limitation, Article VIII and Article XI, and the Pledge Agreement, in the proportion that the aggregate principal amount of Bonds of such Series or of such Parity Debt then Outstanding for which such Credit Provider is providing credit enhancement or substitution bears to the aggregate principal amount of all Parity Obligations then Outstanding, to the exclusion and in lieu of the Owners of such Bonds or Holders of such Parity Debt.

Article XI.

SUPPLEMENTS AND AMENDMENTS

Section 1101. Supplemental Indentures Without Consent. The Corporation and the Master Trustee may, from time to time and at any time, without the consent of or notice to any of the Owners or Holders, execute and deliver Supplemental Indentures hereto (which

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Supplemental Indentures shall thereafter form a part hereof) as shall be substantially consistent with the terms and provisions of this Master Indenture:

(a) to cure any ambiguity or formal defect or omission herein, or any conflict between the provisions hereof and of the Pledge Agreement or of any Parity Resolution delivered to the Master Trustee at the same time as the Corporation delivers this Master Indenture, to correct or supplement any provision herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Master Indenture, or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Master Indenture, or

(b) to grant or to confer upon the Master Trustee, for the benefit of the Owners or Holders, any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners, the Holders or the Master Trustee, or

(c) to add to the provisions of this Master Indenture other conditions, limitations and restrictions thereafter to be observed, or

(d) to add to the covenants and agreements of the Corporation in this Master Indenture other covenants and agreements thereafter to be observed by the Corporation or to surrender any right or power herein reserved to or conferred upon the Corporation, or

(e) to permit the qualification of this Master Indenture under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the Corporation so determines, to add to this Master Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law, or

(f) to provide for the issuance of Bonds in bearer form, or

(g) to provide for the issuance of Bonds under a book-entry system, or

(h) to obtain a Credit Facility, Reserve Alternative Instrument, a Derivative Agreement, or other credit enhancement; provided, however, that no Rating Agency shall reduce or withdraw its rating on any of the Parity Obligations then Outstanding as a consequence of any such provision of such Supplemental Indenture, or

(i) to make any amendment or modification to this Master Indenture (including any modification to the Insurance Test) resulting from the elimination of any restriction on the use of Reimbursement Premiums under the Code to pay or to secure debt service on Tax-Exempt Parity Obligations to the extent the elimination of such restriction is permitted by any administrative pronouncement of the Internal Revenue Service (including a private letter ruling) addressed to the Corporation, the FHCF, or any successor of either, or to the extent such elimination of such use restriction is permitted (based upon an Opinion of Counsel) by the Code, or

(j) to enable the Corporation to comply with its obligations, covenants and agreements made in Section 604 or in any Parity Resolution for the purpose of maintaining the

tax status of interest on any Tax-Exempt Parity Obligations, provided that such change shall not materially adversely affect the security for any Parity Obligations, or

(k) to make any other change that, in the opinion of the Master Trustee, which may, but is not required to, rely upon one or more of affirmation of ratings by the Rating Agencies, certificates of Consultants and Opinions of Counsel for such purpose, shall not materially adversely affect the security for the Parity Obligations.

Section 1102. Supplemental Indentures With Consent. Subject to the terms and provisions contained in this Section, and not otherwise, the Owners and Holders of not less than a majority in aggregate principal amount of the Parity Obligations then Outstanding shall have the right, from time to time, anything contained in this Master Indenture to the contrary notwithstanding, to consent to and approve the execution and delivery of such Supplemental Indentures as are deemed necessary or desirable by the Corporation for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Master Indenture or in any Supplemental Indenture hereto; provided, however, that nothing herein contained shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond or Parity Debt without the consent of the Owner of such Bond or the Holder of such Parity Debt, (b) a reduction in the principal amount of any Bond or Parity Debt or the redemption premium or the rate of interest thereon without the consent of the Owner of such Bond or the Holder of such Parity Debt, (c) the creation of a security interest in or a pledge of Net Receipts other than the security interest and pledge created by this Master Indenture without the consent of the Owners of all Bonds Outstanding and the Holders of all Parity Debt Outstanding, (d) a preference or priority of any Bond or Parity Debt over any other Bond or Parity Debt without the consent of the Owners of all Bonds Outstanding and the Holders of all Parity Debt Outstanding or (e) a reduction in the aggregate principal amount of the Parity Obligations required for consent to such Supplemental Indenture without the consent of the Owners of all Bonds Outstanding and the Holders of all Parity Debt Outstanding. Nothing herein contained, however, shall be construed as making necessary the approval by Owners or Holders of the execution and delivery of any Supplemental Indenture as authorized in Section 1101 hereof.

If at any time the Corporation and the Master Trustee determine that it is necessary or desirable to execute and deliver any Supplemental Indenture for any of the purposes of this Section, the Master Trustee shall cause notice of the proposed execution of the Supplemental Indenture to be mailed, postage prepaid, to all Owners at their addresses as they appear on the registration books and to all Holders in accordance with the related Parity Debt Resolution. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated corporate trust office of the Master Trustee for inspection by all Owners and Holders. The Master Trustee shall not, however, be subject to any liability to any Owner or Holder by reason of its failure to cause the notice required by this Section to be mailed and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in this Section.

Whenever, at any time within three years after the date of the mailing of such notice, the Corporation delivers to the Master Trustee an instrument or instruments in writing purporting to be executed by the Owners or Holders of not less than a majority in aggregate principal amount

1 of Parity Obligations then Outstanding, which instrument or instruments shall refer to the
2 proposed Supplemental Indenture described in such notice and shall specifically consent to and
3 approve the execution and delivery thereof in substantially the form of the copy thereof referred
4 to in such notice, thereupon, but not otherwise, the Corporation and the Master Trustee may
5 execute and deliver such Supplemental Indenture in substantially such form, without liability or
6 responsibility to any Owner or Holder whether or not such Owner or Holder shall have
7 consented thereto.

8 If the Owners or Holders of not less than a majority in aggregate principal amount of
9 Parity Obligations Outstanding at the time of the execution and delivery of such Supplemental
10 Indenture have consented to and approved the execution and delivery thereof as herein provided,
11 to the extent permitted by law, no Owner or Holder shall have any right to object to the
12 execution and delivery of such Supplemental Indenture, to object to any of the terms and
13 provisions contained therein or the operation thereof, to question the propriety of the execution
14 and delivery thereof, or to enjoin or restrain the Corporation and the Master Trustee from
15 executing and delivering the same or from taking any action pursuant to the provisions thereof.

16 Section 1103. Supplemental Indentures Part of Master Indenture. Any Supplemental
17 Indenture executed and delivered in accordance with the provisions of this Article shall
18 thereafter form a part of this Master Indenture, and this Master Indenture shall be and be deemed
19 to be modified and amended in accordance therewith. Thereafter the respective rights, duties and
20 obligations under the Master Indenture of the Corporation, the Master Trustee, any Bond
21 Registrar and all Owners of Bonds and Holders of Parity Debt then Outstanding shall thereafter
22 be determined, exercised and enforced in all respects under the provisions of this Master
23 Indenture as so modified and amended. If any Supplemental Indenture is executed and
24 delivered, Bonds issued thereafter and Parity Debt incurred thereafter may contain an express
25 reference to such Supplemental Indenture, if deemed necessary or desirable by the Corporation.

26 Section 1104. Not a Supplemental Indenture. For purpose of this Article, a
27 Supplemental Indenture or Parity Debt Resolution that relates only to a particular Series of
28 Bonds issued hereunder or Parity Debt incurred under a Parity Debt Resolution and that does not
29 purport to alter or amend the rights or security of any Owners of any Bonds or any other Series
30 issued hereunder or any Holder of any Parity Debt incurred under a Parity Debt Resolution shall
31 not be deemed or considered to be a Supplemental Indenture for purposes of this Article.

32 Section 1105. Responsibilities of the Master Trustee. The Master Trustee shall be
33 entitled to receive, and shall be fully protected in relying upon, an opinion of counsel, who may
34 be Bond Counsel for the Corporation, as conclusive evidence that any proposed supplemental
35 Indenture does or does not comply with the provisions of this Master Trust Indenture, and that it
36 is or is not proper for it, under the provisions of this Article, to execute and deliver such
37 supplemental Indenture.

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1 such Defeasance Obligations have been deposited and (b) the Bond Registrar shall retain such
2 rights, powers and privileges under this Master Indenture as may be necessary and convenient
3 for the registration, transfer and exchange of Bonds; and provided, further, however, that failure
4 to mail such notice to any Owner or to the Owners, or to any such Holder or to such Holders, or
5 any defect in such notice so mailed, shall not affect the validity of the proceedings for the release
6 of this Master Indenture.

7 All money and Defeasance Obligations held by the Master Trustee (or any Bond
8 Registrar) pursuant to this Section shall be held in trust and applied to the payment, when due, of
9 the obligations payable therewith.

Article XIII.

MISCELLANEOUS PROVISIONS

13 Section 1301. Successorship of Corporation. In the event the Corporation for any reason
14 shall be dissolved or its legal existence shall otherwise be terminated, all of the covenants,
15 stipulations, obligations and agreements contained in this Master Indenture by or on behalf of or
16 for the benefit of the Corporation shall bind or inure to the benefit of the successor or successors
17 of the Corporation from time to time and any officer, board, commission, authority, agency or
18 instrumentality to whom or to which any power or duty affecting such covenants, stipulations,
19 obligations and agreements shall be transferred by or in accordance with law, and the term
20 "Corporation" as used in this Master Indenture shall include such successor or successors.

21 Section 1302. Successorship of Depositary and Bond Registrar. Any bank or trust
22 company with or into which a Depositary or Bond Registrar may be merged or consolidated, or
23 to which the assets and business of such Depositary or Bond Registrar may be sold, shall be
24 deemed the successor of such Depositary or Bond Registrar for the purposes of this Master
25 Indenture. If the position of any Depositary shall become vacant for any reason or the position
26 of Bond Registrar shall become vacant for any reason not provided for by Section 917 hereof,
27 the Corporation shall appoint a bank or trust company to fill such vacancy within thirty (30) days
28 thereafter; provided, however, that if the Corporation shall fail to appoint such Depositary or
29 Bond Registrar within such period, the Master Trustee shall make such appointment.

30 Section 1303. Manner of Giving Notice. All notices, demands and requests to be given
31 to or made hereunder by the Corporation or the Master Trustee shall be given or made in writing
32 and shall be deemed to be properly given or made if sent by United States certified or registered
33 mail, return receipt requested postage prepaid, addressed as follows:

34 (a) As to the Corporation--

35 Florida Hurricane Catastrophe Fund
36 Finance Corporation
37 c/o State Board of Administration of the
38 State of Florida
39 1801 Hermitage Boulevard
40 Tallahassee, Florida 32308
41 Attention: President

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Article XII.

DEFEASANCE

Section 1201. Release of Master Indenture. When:

6 (a) the Bonds and any Parity Debt shall have become due and payable in
7 accordance with their terms or otherwise as provided in this Master Indenture, and the whole
8 amount of the principal and the interest and premium, if any, so due and payable upon all Parity
9 Obligations shall be paid, or

10 (b) if the Bonds and any Parity Debt shall not have become due and payable
11 in accordance with their terms, the Master Trustee or the Bond Registrar shall hold sufficient
12 money or Defeasance Obligations, or a combination of money and Defeasance Obligations, the
13 principal of and the interest on which, when due and payable, will provide sufficient money to
14 pay the principal of and the interest and redemption premium, if any, on all Parity Obligations
15 then Outstanding to the maturity date or dates of such Parity Obligations or to the date or dates
16 specified for the redemption thereof, as verified by a nationally recognized independent certified
17 public accountant, and, if Bonds or any Parity Debt are to be called for redemption, irrevocable
18 instructions to call the Bonds or Parity Debt for redemption shall have been given by the
19 Corporation to the Master Trustee, and

20 (c) sufficient funds shall also have been provided or provision made for
21 paying all other obligations payable hereunder by the Corporation;

22 then and in that case the right, title and interest of the Master Trustee in the funds, accounts and
23 subaccounts mentioned in this Master Indenture shall thereupon cease, determine and become
24 void and, upon being furnished with an opinion, in form and substance satisfactory to the Master
25 Trustee, of counsel approved by the Master Trustee, to the effect that all conditions precedent to
26 the release of this Master Indenture have been satisfied, the Master Trustee shall release this
27 Master Indenture and shall execute such documents to evidence such release as may be required
28 by such counsel and shall turn over to the Corporation any surplus in, and all balances remaining
29 in, all funds, accounts and subaccounts other than money held for the redemption or payment of
30 Parity Obligations; otherwise, this Master Indenture shall be, continue and remain in full force
31 and effect; provided, however, that in the event Defeasance Obligations shall be deposited with
32 and held by the Master Trustee or the Bond Registrar as hereinabove provided, (i) in addition to
33 the requirements set forth in Article III of this Master Indenture, the Master Trustee, within thirty
34 (30) days after such Defeasance Obligations shall have been deposited with it, shall cause a
35 notice signed by the Master Trustee to be mailed, postage prepaid, to all Owners of Bonds and to
36 all Holders of Parity Debt, setting forth (a) the date or dates, if any, designated for the
37 redemption of the Parity Obligations, (b) a description of the Defeasance Obligations so held by
38 it, and (c) that this Master Indenture has been released in accordance with the provisions of this
39 Section, and (ii) (a) the Master Trustee shall nevertheless retain such rights, powers and
40 privileges under this Master Indenture as may be necessary and convenient in respect of the
41 Bonds and any Parity Debt for the payment of the principal, interest and any premium for which

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1 (b) As to the Master Trustee--

2 Wells Fargo Bank, N.A.
3 7077 Bonterra Road, Suite 400
4 Jacksonville, FL 32216
5 Attention: Corporate Trust Department

6 Any such notice, demand or request may also be transmitted to the appropriate above-
7 mentioned party by telephone or electronic transmission and shall be deemed to be properly
8 given or made at the time of such transmission if, and only if, such transmission of notice shall
9 be confirmed in writing and sent as specified above.

10 Any of such addresses may be changed at any time upon written notice of such change
11 sent by United States certified or registered mail, postage prepaid, to the other parties by the
12 party effecting the change.

13 All documents received by the Master Trustee under the provisions of this Master
14 Indenture, or photographic copies thereof, shall be retained in its possession until this Master
15 Indenture shall be released under the provisions of Section 1201 hereof, subject at all reasonable
16 times to the inspection of the Corporation, any Owner, any Holder and the agents and
17 representatives thereof.

18 Section 1304. Substitute Mailing. If, because of the temporary or permanent suspension
19 of postal service, the Corporation or the Master Trustee shall be unable to mail any notice
20 required to be given by the provisions of this Master Indenture, the Corporation or the Master
21 Trustee shall give notice in such other manner as in the judgment of the Corporation or the
22 Master Trustee shall most effectively approximate mailing, and the giving of notice in such
23 manner shall for all purposes of this Master Indenture be deemed to be in compliance with the
24 requirement for the mailing thereof.

25 Section 1305. Parties, Bond Registrar, Owners and Holders Alone Have Rights Under
26 Master Indenture. Except as herein otherwise expressly provided, nothing in this Master
27 Indenture, express or implied, is intended or shall be construed to confer upon any person, firm
28 or corporation, other than the Master Trustee, any Bond Registrar, the Corporation, the Owners
29 and the Holders any right, remedy or claim, legal or equitable, under or by reason of this Master
30 Indenture or any provision thereof, this Master Indenture and all its provisions all being intended
31 to be and being for the sole and exclusive benefit of the Master Trustee, the Corporation, any
32 Bond Registrar, the Owners and the Holders.

33 Section 1306. Effect of Partial Invalidity. In case any one or more of the provisions of
34 this Master Indenture or the Bonds or any Parity Debt shall for any reason be held to be illegal or
35 invalid, such illegality or invalidity shall not affect any other provisions of this Master Indenture
36 or the Bonds or any Parity Debt, but this Master Indenture and the Parity Obligations shall be
37 construed and enforced as if such illegal or invalid provisions had not been contained therein. In
38 case any covenant, stipulation, obligation or agreement contained in the Parity Obligations or
39 this Master Indenture shall for any reason be held to be in violation of law, then such covenant,

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1 stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or
2 agreement of the Corporation to the full extent permitted by law.

3 Section 1307. Effect of Covenants Governing Law. All covenants, stipulations,
4 obligations and agreements of the Corporation contained in this Master Indenture shall be
5 deemed to be covenants, stipulations, obligations and agreements of the Corporation to the full
6 extent permitted by the Constitution and laws of the State. This Master Indenture is executed
7 and delivered with the intent that the laws of the State shall govern this construction.

8 Section 1308. No Recourse Against Members, Officers or Employees of Corporation or
9 State Board of Administration. No recourse under, or upon, any statement, obligation, covenant
10 or agreement contained in this Master Indenture, or in any Bond or Parity Debt hereby secured,
11 or in any document or certification whatsoever, or under any judgment obtained against the
12 Corporation or the State Board of Administration, or by the enforcement of any assessment, or
13 by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under
14 any circumstances, shall be had against any member, officer or employee of the Corporation or
15 the State Board of Administration, either directly or through the Corporation of the FHCP for the
16 payment for or to, the Corporation or any receiver of it, or for, or to, any Owner or Holder or
17 otherwise, of any sum that may be due and unpaid upon any such Bond or Parity Debt. Any and
18 all personal liability of every nature, whether at common law or in equity or by statute or by
19 constitution or otherwise, of any such member, officer or employee to respond by reason of any
20 act or omission on his or her part or otherwise, for the payment for, or to, the Corporation or any
21 receiver of either of them, or for, or to, any Owner, Holder or otherwise, of any sum that may
22 remain due and unpaid upon the Bonds or any Parity Debt hereby secured or any of them, is
23 hereby expressly waived and released as an express condition of, and in consideration for, the
24 execution and delivery of this Master Indenture, the issuance of the Bonds and the incurrence of
25 any Parity Debt.

26 Section 1309. Dealing in Parity Obligations. The Master Trustee and any Bond
27 Registrar, and their directors, officers, employees or agents, and any officer, employee or agent
28 of the Corporation, may in good faith, buy, sell, own, hold and deal in any Parity Obligations and
29 may join in any action which any Owner or Holder may be entitled to take with like effect as if
30 such Master Trustee were not a Master Trustee and such bank or trust company were not a Bond
31 Registrar under this Master Indenture or as if such officer, employee or agent of the Corporation
32 did not serve in such capacity.

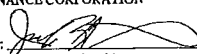
33 Section 1310. Headings. Any heading preceding the text of the several articles hereof,
34 any table of contents or marginal notes appended to copies hereof, shall be solely for
35 convenience of reference and shall not constitute a part of this Master Indenture, nor shall they
36 affect its meaning, construction or effect.

37 Section 1311. Further Authority. The officers, attorneys and other agents or employees
38 of the Corporation are hereby authorized to do all acts and things required of them by this Master
39 Indenture for the full, punctual and complete performance of all of the terms, covenants and
40 agreements contained in the Parity Obligations and this Master Indenture.

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1 IN WITNESS WHEREOF, the Corporation has caused these presents to be signed in its
2 name and on its behalf and attested by its duly authorized officers and to evidence its acceptance
3 of the trusts hereby created, the Master Trustee has caused these presents to be signed in its name
4 and on its behalf and attested by its duly authorized officers, all of as of the day and year first
5 above written.

6 FLORIDA HURRICANE CATASTROPHE FUND
7 FINANCE CORPORATION

8 By:  President
9



11 Attest:

12 Tracy Allen
13 Secretary

14 WELLS FARGO BANK, N.A.,
15 as Master Trustee

16 By: _____ [Title]
17

18 (SEAL)

19 Attest:

20 _____
21 [Title]

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1 Section 1312. Payments Due on Non-Business Days. Except as otherwise provided in a
2 Parity Resolution, if the date for making any payment or the last day for performance of any act
3 or the exercising of any right as provided in this Master Indenture is not a Business Day, such
4 payment may be made or act performed or right exercised on the next Business Day with the
5 same force and effect as if done on the date provided in this Master Indenture.

6 Section 1313. Multiple Counterparts. This Master Indenture may be executed in
7 multiple counterparts, each of which shall be regarded for all purposes as an original, and such
8 counterparts shall constitute but one and the same instrument.

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1 IN WITNESS WHEREOF, the Corporation has caused these presents to be signed in its
2 name and on its behalf and attested by its duly authorized officers and to evidence its acceptance
3 of the trusts hereby created, the Master Trustee has caused these presents to be signed in its name
4 and on its behalf and attested by its duly authorized officers, all of as of the day and year first
5 above written.

6 FLORIDA HURRICANE CATASTROPHE FUND
7 FINANCE CORPORATION

8 By: _____
9

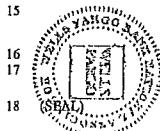
10 (SEAL)

11 Attest:

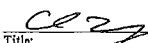
12 _____
13

14 WELLS FARGO BANK, N.A.,
15 as Master Trustee

16 By:  Brian P. Clark, Vice President
17



19 Attest:

20 
21 Title:

C-2-20

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APPENDIX C-3
FORM OF SIXTH SUPPLEMENTAL INDENTURE

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SIXTH SUPPLEMENTAL INDENTURE

by and between

FLORIDA HURRICANE CATASTROPHE FUND FINANCE CORPORATION

and

WELLS FARGO BANK, N.A.,
as Master Trustee

Dated as of April 1, 2013

Authorizing and Securing
\$2,000,000,000
Florida Hurricane Catastrophe Fund Finance Corporation
Revenue Bonds, Series 2013A

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SIXTH SUPPLEMENTAL INDENTURE

THIS SIXTH SUPPLEMENTAL INDENTURE, dated as of April 1, 2013 ("Supplement No. 6"), by and between the Florida Hurricane Catastrophe Fund Finance Corporation, an instrumentality of the State of Florida (the "Corporation"), and Wells Fargo Bank, N.A., a national banking association duly incorporated and existing under the laws of the United States of America and having a corporate trust office in Jacksonville, Florida, which is authorized under such laws to exercise trust powers (the "Master Trustee"),

WITNESSETH:

WHEREAS, Section 215.555, Florida Statutes, as amended (the "Act") creates the Florida Hurricane Catastrophe Fund, a trust fund established for bond covenants, indentures or resolutions within the meaning of Section 19(f)(3), Article III of the Constitution of the State of Florida (the "FHCF"), and provides that the FHCF will be administered by the State Board of Administration of the State of Florida (in its capacity as the governing body and administrator of the FHCF, the "State Board of Administration"); and

WHEREAS, the Corporation has executed and delivered a Master Trust Indenture, dated as of June 1, 2006 (the "Master Trust Indenture" and as supplemented and amended, the "Master Indenture"), by and between the Corporation and the Master Trustee, which authorizes the Corporation to issue Parity Obligations (as defined in the Master Indenture) in accordance with the provisions thereof and hereof; and

WHEREAS, the Corporation issued on July 6, 2006, a series of Parity Obligations in the form of Bonds, in the aggregate principal amount of \$1,350,025,000 (the "Series 2006A Bonds") in accordance with the Master Indenture and a First Supplemental Indenture for the purpose of providing funds, together with other available funds, to (i) enable the FHCF to make reimbursement payments through the FHCF to participating insurers for reimbursable losses caused by Hurricanes Dennis, Katrina, Rita and Wilma pursuant to reimbursement contracts for the Contract Year ended May 31, 2006, subject to the limitations on such reimbursements set forth in the Act, (ii) pay capitalized interest on the Series 2006A Bonds, (iii) make a deposit to the credit of the Parity Common Reserve Account, and (iv) pay certain expenses incurred in connection with the issuance of the Series 2006A Bonds; and

WHEREAS, the Corporation issued on July 21, 2006, a series of Parity Obligations in the form of Bonds, designated for purposes of sale as notes, in the aggregate principal amount of \$2,800,000,000 (the "Series 2006B Notes") in accordance with the Master Indenture and a Second Supplemental Indenture for the purpose of providing funds, together with other available funds, to (i) maximize the ability of the

FHCF to meet future obligations, specifically to provide funds to enable the FHCF to make reimbursement payments through the FHCF to participating insurers for reimbursable losses caused by any Covered Events (as defined in the Act) occurring in the Contract Year ended May 31, 2007 or any subsequent Contract Year, subject to the limitations on such reimbursements set forth in the Act, (ii) pay capitalized interest on the Series 2006B Notes, and (iii) pay certain expenses incurred in connection with the issuance of the Series 2006B Notes; and

WHEREAS, the Corporation issued in October 2007, a series of Parity Obligations in the form of Bonds, designated for purposes of sale as notes, in the aggregate principal amount of \$3,500,000,000 (the "Series 2007A Notes"), in accordance with the Master Indenture and a Third Supplemental Indenture (the "Third Supplemental Indenture") for the purpose of providing funds, together with other available funds, to (i) maximize the ability of the FHCF to meet future obligations, specifically to provide funds to enable the FHCF to make reimbursement payments through the FHCF to participating insurers for reimbursable losses caused by any Covered Events occurring in the Contract Year ended May 31, 2008 or any subsequent Contract Year, subject to the limitations on such reimbursements set forth in the Act, and (ii) pay certain expenses incurred in connection with the issuance of the Series 2007A Notes; and

WHEREAS, the Corporation issued on July 31, 2008, a series of Parity Obligations in the form of Bonds, in the aggregate principal amount of \$625,000,000 (the "Series 2008A Bonds"), in accordance with the Master Indenture and a Fourth Supplemental Indenture for the purpose of providing funds, together with other available funds, to (i) enable the FHCF to make additional reimbursement payments through the FHCF to participating insurers of reimbursable losses caused by Hurricanes Dennis, Katrina, Rita and Wilma pursuant to reimbursement contracts for the Contract Year ended May 31, 2006, subject to the limitations on such reimbursements set forth in the Act, and (ii) pay certain expenses incurred in connection with the issuance of the Series 2008A Bonds; and

WHEREAS, the Corporation issued on May 25, 2010, a series of Parity Obligations in the form of Bonds, in the aggregate principal amount of \$675,920,000 (the "Series 2010A Bonds"), in accordance with the Master Indenture and a Fifth Supplemental Indenture for the purpose of providing funds, together with other available funds, to (i) enable the FHCF to make additional reimbursement payments through the FHCF to participating insurers of reimbursable losses caused by Hurricanes Dennis, Katrina, Rita and Wilma pursuant to reimbursement contracts for the Contract Year ended May 31, 2006, subject to the limitations on such reimbursements set forth in the Act, (ii) pay capitalized interest on the Series 2010A Bonds, (iii) make a deposit to the credit of the Parity Common Reserve Account, and (iv) pay certain expenses incurred in connection with the issuance of the Series 2010A Bonds; and

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"Principal Payment Date" means July 1.

"Regular Record Date" means the June 15 and December 15 next preceding each Interest Payment Date.

"Serial Bonds" means the Series 2013A Bonds that are stated to mature on July 1, 2016, July 1, 2018 and July 1, 2020.

"Series 2013A Bonds" means the Florida Hurricane Catastrophe Fund Finance Corporation Revenue Bonds, Series 2013A, issued pursuant to Section 208 of the Master Indenture and Section 208 of this Supplement No. 6.

"Series 2013A Subaccount of the Interest Account" means the subaccount created and so designated by Section 401 hereof.

"Series 2013A Subaccount of the Principal Account" means the subaccount created and so designated by Section 401 hereof.

"Special Record Date" means a date fixed by the Master Trustee for the payment of Defaulted Interest pursuant to Section 203 hereof.

SECTION 102. RULES OF CONSTRUCTION. The Rule of Construction contained in the Master Indenture shall control the construction of this Supplement No. 6, mutatis mutandis, except as otherwise provided herein.

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WHEREAS, the Corporation has now determined to issue a series of Parity Obligations in the form of Bonds, in the aggregate principal amount of \$2,000,000,000 (the "Series 2013A Bonds"), in accordance with the Master Indenture and this Supplement No. 6 for the purpose of providing funds, together with other available funds, to maximize the ability of the FHCF to meet future obligations, specifically to provide funds to enable the FHCF to make reimbursement payments through the FHCF to participating insurers for reimbursable losses caused by any Covered Events occurring in the Contract Year ended May 31, 2014 or any subsequent Contract Year, subject to the limitations on such reimbursements set forth in the Act; and

WHEREAS, the Series 2006A Bonds, the Series 2006B Notes and the Series 2007A Notes have been retired, and the Series 2013A Bonds shall be issued on a parity basis with the Outstanding Series 2008A Bonds and Series 2010A Bonds; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

SECTION 101. MEANING OF WORDS AND TERMS. Unless otherwise required by the context, words and terms used herein which are defined, or the definitions of which are incorporated by reference, in the Master Indenture or the form of the Series 2013A Bonds shall have the meanings assigned to them therein, and the following words and terms shall have the following meanings herein; provided that where the Master Indenture provides that a word or term defined in the Master Indenture may be modified by a Supplemental Indenture and such word or term is defined herein, the definition herein shall control:

"Bond Counsel" means a firm of lawyers, selected by the Corporation, nationally recognized for legal expertise in matters relating to municipal bonds.

"Bond Registrar" means the institution serving at the time as Master Trustee.

"Closing" means the delivery of and payment for the Series 2013A Bonds.

"Closing Date" means the date of the Closing.

"Defaulted Interest" means Defaulted Interest as defined in Section 203 hereof.

"Interest Payment Date" means each July 1 and January 1, the first interest payment date being July 1, 2013.

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ARTICLE II AUTHORIZATION, FORM, ISSUANCE, DELIVERY AND REGISTRATION OF THE SERIES 2013A BONDS

SECTION 201. LIMITATION ON ISSUANCE OF SERIES 2013A BONDS. No Series 2013A Bonds may be issued under the provisions of this Supplement No. 6 except in accordance with the provisions of the Master Indenture and this Article.

SECTION 202. FORM AND NUMBERING OF SERIES 2013A BONDS. The Series 2013A Bonds are issuable in fully registered form in denominations of \$5,000 and any integral multiple thereof, shall be lettered "RA-", shall be numbered from 1 consecutively upward and shall be substantially in the form set forth in Exhibit A hereto and made a part hereof, with such appropriate variations, omissions and insertions as are permitted or required by the Master Indenture or this Supplement No. 6.

SECTION 203. DETAILS OF SERIES 2013A BONDS.

(a) The Series 2013A Bonds shall be dated the date of their delivery, shall bear interest until their payment, such interest to the maturity thereof being payable semi-annually on each January 1 and July 1, the first interest payment date being July 1, 2013, at the rates and shall be stated to mature on July 1 in the years (without right of prior redemption), all as set forth in Section 208 hereof.

(b) Each Series 2013A Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (i) authenticated upon an Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (ii) authenticated prior to the first Interest Payment Date, in which event it shall bear interest from its date; provided, however, that if at the time of authentication of any Series 2013A Bond interest is in default, such Series 2013A Bond shall bear interest from the date to which interest has been paid.

(c) Both the principal of and the interest on the Series 2013A Bonds shall be payable in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof. The payment of interest on each Series 2013A Bond shall be made by the Bond Registrar on each Interest Payment Date to the person appearing on the registration books of the Bond Registrar as the Owner thereof as of the Regular Record Date (i) by check mailed to the Owner at his address as it appears on such registration books or (ii) by wire transfer to any Owner of Series 2013A Bonds in the aggregate principal amount of \$1,000,000 or more that requests such method of payment and has furnished the necessary instructions and information to the Bond Registrar. Payment of the principal of all Series 2013A

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Bonds shall be made upon the presentation and surrender of such Series 2013A Bonds at the designated corporate trust office of the Bond Registrar as the same become due and payable (whether at maturity or by acceleration or otherwise).

(d) Any interest on any Series 2013A Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Owner on the relevant Regular Record Date solely by virtue of such Owner having been such Owner; and such Defaulted Interest may be paid by the Corporation, at its election in each case, as provided in paragraph 1 or 2 below:

(1) The Corporation may elect to make payment of any Defaulted Interest on the Series 2013A Bonds to the persons in whose names such Bonds (or their respective Predecessor Bonds) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Corporation shall notify the Master Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Series 2013A Bond and the date of the proposed payment (which date shall be such as will enable the Master Trustee to comply with the next sentence hereof), and at the same time, the Corporation shall deposit with the Master Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Master Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this subparagraph provided. Thereupon the Master Trustee shall fix a Special Record Date for the payment of such Defaulted Interest, which shall be neither more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt by the Master Trustee of the notice of the proposed payment. The Master Trustee shall promptly notify the Corporation of such Special Record Date and, in the name and at the expense of the Corporation, such expense to be paid from Gross Receipts or any moneys available to the Corporation for such purpose, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be given by first-class mail, postage prepaid, to each Owner at such Owner's address as it appears in the registration books maintained under Section 206 hereof not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Series 2013A Bonds (or their respective Predecessor Bonds) are registered on such Special Record Date and shall no longer be payable pursuant to the following paragraph (2).

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any other person appearing in the registration books of the Corporation kept by the Bond Registrar as the Owner of such Series 2013A Bond or its registered assigns or legal representatives. Transfer of principal and interest payments to participants of DTC shall be the responsibility of DTC, and transfer of principal and interest payments to beneficial owners of the Series 2013A Bonds by participants of DTC shall be the responsibility of such participants and other nominees of such beneficial owners. The Corporation, the Bond Registrar and the Master Trustee shall not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing records maintained by DTC, its participants or persons acting through such participants.

(d) In the event that (i) DTC determines not to continue to act as Securities Depository for the Series 2013A Bonds or (ii) the Corporation determines that continuation of the book-entry system of evidence and transfer of ownership of the Series 2013A Bonds would adversely affect the interests of the beneficial owners of the Series 2013A Bonds, or (iii) an Event of Default shall occur with respect to the Series 2013A Bonds and is continuing and the beneficial owners of a majority in principal amount of the Series 2013A Bonds shall advise DTC to cease acting as Securities Depository, the Corporation shall discontinue the book-entry system with DTC. If the Corporation identifies another qualified Securities Depository to replace DTC, the Corporation shall make arrangements with DTC and such other Securities Depository to effect such replacement and deliver replacement bonds registered in the name of such other Securities Depository or its Securities Depository Nominee in exchange for the Outstanding Series 2013A Bonds, and the references to DTC or Cede & Co. in this Supplement No. 6 shall thereupon be deemed to mean such other Securities Depository or its Securities Depository Nominee. If the Corporation fails to identify another qualified Securities Depository to replace DTC, the Corporation shall deliver replacement bonds in the form of fully registered certificates in the denomination of \$5,000 or any integral multiple thereof in exchange for the Outstanding Series 2013A Bonds as required by DTC.

SECTION 205. EXCHANGE OF SERIES 2013A BONDS. (a) Series 2013A Bonds, upon surrender thereof at the designated corporate trust office of the Bond Registrar, together with an assignment duly executed by the Owner or his attorney or legal representative, or legal representative of his estate if the Owner is deceased, in such form as shall be satisfactory to the Bond Registrar, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Series 2013A Bonds of the same maturity, of any denomination or denominations authorized by this Supplement No. 6, bearing interest at the same rate and in the same form as the Series 2013A Bonds surrendered for exchange.

(b) The Corporation shall make provision for the exchange of Series 2013A Bonds at the designated corporate trust office of the Bond Registrar.

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(2) The Corporation may make payment of any Defaulted Interest on the Series 2013A Bonds in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Bonds may be listed and upon such notice as may be required by such exchange, if, after notice given by the Corporation to the Master Trustee of the proposed payment pursuant to this subparagraph, such payment shall be deemed practicable by the Master Trustee.

Subject to the foregoing provisions of this Section 203, each Series 2013A Bond delivered under this Supplement No. 6 upon registration of, transfer of, in exchange for, or in lieu of any other Series 2013A Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Series 2013A Bond and each such Bond shall bear interest from such date, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

SECTION 204. EXECUTION AND FORM OF SERIES 2013A BONDS.

(a) The Series 2013A Bonds shall be signed by, or bear the facsimile signatures of, the President and the Treasurer of the Corporation and the corporate seal of the Corporation shall be impressed, or a facsimile thereof printed, on the Series 2013A Bonds. In case any officer whose signature or a facsimile of whose signature appears on any Series 2013A Bonds ceases to be such officer before the delivery of such Bonds, such signature or such facsimile nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery, and any Series 2013A Bond may bear the facsimile signature of, or may be signed by, such persons as at the actual time of the execution of such Bond are the proper officers to execute such Bond although at the date of such Bond such persons may not have been such officers.

(b) The definitive Series 2013A Bonds are issuable as permitted or required by this Supplement No. 6. All Series 2013A Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to the applicable rules and regulations of any governmental authority or any securities exchange on which the Series 2013A Bonds may be listed or to any requirement of law with respect thereto.

(c) The Series 2013A Bonds shall be issued by means of a book-entry system with no physical distribution of bond certificates to be made except as hereinafter provided. One bond certificate with respect to each date on which the Series 2013A Bonds are stated to mature, in the aggregate principal amount of the Series 2013A Bonds stated to mature on such date and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), shall be issued and delivered as directed by DTC. The book-entry system shall evidence ownership of the Series 2013A Bonds in the principal amount of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The principal of each Series 2013A Bond and interest with respect thereto shall be payable to Cede & Co. or

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SECTION 206. NEGOTIABILITY AND REGISTRATION OF TRANSFER OF SERIES 2013A BONDS. (a) The institution at the time serving as Master Trustee under the Master Indenture shall be and is hereby appointed Bond Registrar for the Series 2013A Bonds under this Supplement No. 6.

(b) The Bond Registrar shall keep books for the registration and the registration of transfer of Series 2013A Bonds as to which it is Bond Registrar as provided in this Supplement No. 6. The registration books shall be available at all reasonable times for inspection by the Corporation and any Owner of such Bonds and may be copied by either of the foregoing and their agents or representatives.

(c) The Bond Registrar shall evidence acceptance of the duties, responsibilities and obligations of the Bond Registrar under this Supplement No. 6 by the execution of the certificate of authentication on the Series 2013A Bonds.

(d) The transfer of any Series 2013A Bond may be registered only upon the books kept for the registration and registration of transfer of Series 2013A Bonds upon presentation thereof to the Bond Registrar together with an assignment duly executed by the Owner or his attorney or legal representative, or legal representative of his estate if the Owner is deceased, in such form as shall be satisfactory to the Bond Registrar. No transfer of any Series 2013A Bond shall alter the ownership of such Bond for purposes of this Supplement No. 6 unless such transfer is registered with the Bond Registrar. Upon any such registration of transfer, the Corporation shall, if necessary, execute and the Bond Registrar shall authenticate and deliver in exchange for such Bond a new Series 2013A Bond or Series 2013A Bonds, registered in the name of the transferee, of any denomination or denominations authorized by this Supplement No. 6, in the aggregate principal amount equal to the principal amount of such Bond surrendered or exchanged, of the same maturity and bearing interest at the same rate.

(e) In all cases in which Series 2013A Bonds shall be exchanged or the transfer of Series 2013A Bonds shall be registered hereunder, the Corporation shall, if necessary, execute and the Bond Registrar shall authenticate and deliver at the earliest practicable time Series 2013A Bonds in accordance with the provisions of this Supplement No. 6. All Series 2013A Bonds surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Bond Registrar. No service charge shall be made for any registration, transfer or exchange of Series 2013A Bonds, but the Corporation and the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Series 2013A Bonds.

SECTION 207. OWNERSHIP OF SERIES 2013A BONDS. The Corporation, the Master Trustee, the Bond Registrar and any agent of the Corporation, the Master Trustee or the Bond Registrar, may treat the person in whose name any Series

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2013A Bond is registered, including any Securities Depository Nominee, as the absolute Owner of such Bond for the purpose of receiving payment of the principal of and interest on such Bond, and for all other purposes whatsoever, whether or not such Bond be overdue, and, to the extent permitted by law, neither the Corporation, the Master Trustee, the Bond Registrar nor any such agent shall be affected by notice to the contrary.

SECTION 208. AUTHORIZATION OF SERIES 2013A BONDS. There shall be issued under and secured by the Master Indenture and this Supplement No. 6 Series 2013A Bonds of the Corporation in the aggregate principal amount of Two Billion and 00/100 Dollars (\$2,000,000,000) for the purpose of providing funds, together with other available funds, to enable the FHCF to make additional reimbursement payments through the FHCF to participating insurers of reimbursable losses caused by any Covered Events in the Contract Year ending May 31, 2014 or any subsequent Contract Year, subject to the limitations on such reimbursements set forth in the Act. The Series 2013A Bonds shall be designated "Florida Hurricane Catastrophe Fund Finance Corporation Revenue Bonds, Series 2013A". The Series 2013A Bonds are Pre-Event Parity Obligations and Pre-Event Bonds entitled to the benefits of the covenants and agreements in the Pledge Agreement, the Master Trust Indenture and this Supplement No. 6.

The Series 2013A Bonds shall be stated to mature (subject to the right of prior redemption, if any, as provided in Article III hereof) on July 1 of the following years, and shall bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months), payable semi-annually on each January 1 and July 1, the first interest payment date being July 1, 2013, until their respective maturities, at the following rates:

Year of Maturity (July 1)	Principal Amount	Interest Rate
2016	\$ 500,000,000	1.298%
2018	500,000,000	2.107
2020	1,000,000,000	2.995

The Series 2013A Bonds shall be executed substantially in the form and in the manner herein set forth and shall be deposited with the Bond Registrar for authentication, but before the Series 2013A Bonds shall be authenticated and delivered to the purchasers thereof, there shall be filed with the Master Trustee, in addition to the items required to be delivered to the Master Trustee pursuant to Section 208 of the Master Indenture, the following:

(a) a copy, certified by an Authorized Officer of the State Board of Administration to be a true and correct copy, of the resolution of the State Board of Administration determining that the Series 2013A Bonds should be issued in the absence

of a hurricane in order to maximize the ability of the FHCF to meet future obligations, as contemplated by the last sentence of Section 215.555(6)(a)1. of the Act;

(b) a copy, certified by the Treasurer of the Corporation to be a true and correct copy, of the Master Trust Indenture;

(c) an executed counterpart of this Supplement No. 6;

(d) a copy, certified by the Treasurer of the Corporation to be a true and correct copy, of the Pledge Agreement;

(e) a copy, certified by the Treasurer of the Corporation to be a true and correct copy, of the resolution of the Corporation (which resolution may be incorporated in this Supplement No. 6), approving the award of the Series 2013A Bonds and directing the authentication and delivery of such Bonds to or upon the order of the underwriters therein named upon payment of the purchase price therein set forth, plus the accrued interest (if any) thereon; provided, however, that the final determination of any of the details of such Bonds, including the purchase price therefor, may be delegated by such resolution to one or more Authorized Officers of the Corporation to the extent set forth therein;

(f) an Officer's Certificate of the Corporation (which may rely upon certificates or other documentation delivered by an Authorized Officer of the State Board of Administration) evidencing compliance with the requirements of Section 704 of the Master Indenture;

(g) an opinion or opinions of counsel to the Corporation to the effect that (1) this Supplement No. 6, the Master Indenture and the Pledge Agreement have each been duly and validly authorized, executed and delivered by the Corporation and are each valid and binding agreements of the Corporation enforceable in accordance with their respective terms, (2) no provision of the Master Indenture, this Supplement No. 6 or the Pledge Agreement results in or constitutes a default under any agreement, indenture or other instrument to which the Corporation is a party or by which the Corporation may be bound and of which such counsel to the Corporation has knowledge, (3) the Corporation's execution and delivery of the Master Indenture, this Supplement No. 6 and the Pledge Agreement and execution and issuance of the Series 2013A Bonds are not subject to any authorization, consent, approval or review of any governmental body, public officer or regulatory authority not theretofore obtained or effected, and (4) the form, terms, execution, issuance and delivery of the Series 2013A Bonds have been duly and validly authorized by the Corporation;

(h) an opinion or opinions of counsel to the State Board of Administration to the effect that (1) the Pledge Agreement has been duly and validly authorized, executed and delivered by the State Board of Administration, acting as the governing body and

administrator of the FHCF, and is a valid and binding agreement of the FHCF enforceable in accordance with its terms, (2) the execution and delivery of the Pledge Agreement and compliance with the provisions on the part of the State Board of Administration contained therein will not, to the best knowledge of such counsel, constitute a material breach of or material default under any applicable constitutional provision, law, administrative regulation, judgment, decree, or any relevant loan agreement, indenture, bond, note, resolution, agreement or other relevant instrument to which the State Board of Administration is a party or to which the State Board of Administration or any of the property or assets of the FHCF is otherwise subject, which breach or default would materially adversely affect the ability of the State Board of Administration to perform its obligations under the Pledge Agreement, and (3) the State Board of Administration's execution and delivery of the Pledge Agreement are not subject to any authorization, consent, approval or review of any governmental body, public officer or regulatory authority not theretofore obtained or effected;

(i) an opinion of Bond Counsel relating to the Series 2013A Bonds; and

(j) such other documents as are required to be delivered to the Master Trustee pursuant to this Supplement No. 6.

When the documents mentioned in the Master Indenture and subparagraphs (a) through (j), inclusive, above shall have been filed with the Master Trustee, and when the Series 2013A Bonds shall have been executed and authenticated as required by this Supplement No. 6, the Series 2013A Bonds shall be delivered to or upon the order of the purchasers thereof, but only upon the deposit with the Master Trustee or the State Board of Administration, as the case may be, of the purchase price of the Series 2013A Bonds and the accrued interest, if any, thereon.

Simultaneously with the Closing, the proceeds of the Series 2013A Bonds (net of underwriters' discount), which is equal to \$1,993,048,840.21, shall be deposited with the State Board of Administration, for the account of the FHCF, and be deposited to the credit of the Series 2013A Bonds Proceeds Subaccount of the Pre-Event Parity Obligations Account in the Covered Events Relief Fund established pursuant to Section 8 of the Pledge Agreement. Of such \$1,993,048,840.21 proceeds, \$20,000,000 shall represent the good faith deposit received by the Corporation, via deposit with the State Board of Administration, from the Underwriters of the Series 2013A Bonds.

ARTICLE III REDEMPTION OF SERIES 2013A BONDS

SECTION 301. MAKE-WHOLE REDEMPTION OF SERIES 2013A BONDS. The Series 2013A Bonds shall be subject to redemption prior to maturity by written direction of the Corporation, in whole or in part, on any Business Day, at the Make-Whole Redemption Price. The "Make-Whole Redemption Price" is the greater of (i) 100% of the principal amount of the Series 2013A Bonds to be redeemed; or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2013A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2013A Bonds are to be redeemed, discounted to the date on which the Series 2013A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below) plus 15 basis points for the 2016 maturity, 20 basis points for the 2018 maturity, and 30 basis points for the 2020 maturity; plus, in each case, accrued and unpaid interest on the Series 2013A Bonds to be redeemed to the redemption date. The "Treasury Rate" is, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available prior to the pricing date of the refunding bonds or prior to the redemption date if no refunding bonds are issued (or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the refunding bonds pricing date, if issued, or if no refunding bonds are issued, from the redemption date to the maturity date of the Series 2013A Bonds to be redeemed.

SECTION 302. NOTICE OF REDEMPTION. When redemption of Series 2013A Bonds is authorized pursuant to the provisions hereof, the Trustee shall give to the Owners of Series 2013A Bonds to be redeemed notice, at the expense of the Corporation, of the redemption of the Series 2013A Bonds. Notice of such redemption of the Series 2013A Bonds shall be given by mail, postage prepaid, not more than sixty (60) days or fewer than thirty (30) days prior to said date of redemption, to the Owners of any Series 2013A Bonds to be redeemed. Such notice shall state: (i) the CUSIP numbers of all Series 2013A Bonds being redeemed, (ii) the original issue date of such Series 2013A Bonds, (iii) the maturity date and rate of interest borne by each Series 2013A Bond being redeemed, (iv) the redemption date, (v) the date on which such notice is mailed, (vi) if less than all Outstanding Series 2013A Bonds are to be redeemed, the bond number (and, in the case of a partial redemption of any Series 2013A Bond, the principal amount) of each Series 2013A Bond to be redeemed, (vii) that on such redemption date there shall become due and payable upon each Series 2013A Bond to be redeemed the Make-Whole Redemption Price thereof, or the Make-Whole Redemption Price of the specified portions of the principal thereof in the case of Series 2013A Bonds to be redeemed in part only,

together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable, and (viii) that the Series 2013A Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment at the designated corporate trust office of the Trustee at an address specified. Any such notice may be a conditional notice. In the event the conditions stated in such a notice have not been satisfied on the proposed redemption date, such redemption shall not occur and such notice shall be of no further force or effect. Such mailing shall not be a condition precedent to such redemption, and failure to mail any such notice, or any defect in such notice as mailed, shall not affect the validity of the proceedings for the redemption of the Series 2013A Bonds for which proper notice was given.

In the case of redemption of the Series 2013A Bonds, the Corporation will select the maturities of the Series 2013A Bonds to be redeemed. If the Series 2013A Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the Series 2013A Bonds shall be effected by the Bond Registrar among owners on a pro-rata basis subject to minimum authorized denominations. The particular Series 2013A Bonds to be redeemed shall be determined by the Bond Registrar, using such method as it shall deem fair and appropriate. If the Series 2013A Bonds are registered in book-entry only form and so long as DTC is the sole registered owner of the Series 2013A Bonds, if less than all of the Series 2013A Bonds of a maturity are called for prior redemption, the particular Series 2013A Bonds or portions thereof to be redeemed shall be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures, provided that, so long as the Series 2013A Bonds are held in book-entry form, the selection for redemption of such Series 2013A Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided by the Bond Registrar pursuant to DTC operational arrangements. If the Bond Registrar does not provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distribution of Principal basis, the Series 2013A Bonds will be selected for redemption in accordance with DTC procedures by lot. It is the Corporation's intent that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the Corporation and the Beneficial Owners be made on a "Pro Rata Pass-Through Distribution of Principal" basis as described above. However, the Corporation can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such basis. If the DTC operational arrangements do not allow for the redemption of the Series 2013A Bonds on a Pro Rata Pass-Through Distribution of Principal basis as discussed above, then the Series 2013A Bonds will be selected for redemption in accordance with DTC procedures by lot.

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(b) into the Series 2013A Subaccount of the Principal Account, on the Business Day immediately preceding each Principal Payment Date, an amount equal to the principal of the Series 2013A Bonds coming due on such Principal Payment Date.

SECTION 403. INVESTMENT OF MONEY. (a) Money held for the credit of the subaccounts established hereunder on deposit with the Master Trustee shall be continuously invested and reinvested by the Master Trustee, at the written direction of the Corporation, in Investment Obligations to the extent practicable. Any such Investment Obligations shall mature not later than the respective dates when the money held for the credit of such subaccounts will be required for the purposes intended. No Investment Obligations in any such subaccount may mature beyond the latest maturity date of any Series 2013A Bonds Outstanding at the time such Investment Obligations are deposited.

(b) Investment Obligations acquired with money in or credited to any subaccount established hereunder shall be deemed at all times to be part of such account or subaccount. Any loss realized upon the disposition or maturity of such Investment Obligations shall be charged against such subaccount. The interest accruing on any such Investment Obligations and any profit realized upon the disposition or maturity of such Investment Obligations to the credit of such accounts and subaccounts shall be credited to such respective subaccounts.

(c) Any such interest accruing and any such profit realized from the subaccounts established hereunder shall be transferred upon the receipt thereof by the Corporation or the Master Trustee, as the case may be, pursuant to the provisions of the Master Indenture and this Supplement No. 6.

(d) An Authorized Officer of the Corporation shall give to the Master Trustee written directions respecting the investment of any money required to be invested hereunder, subject, however, to the provisions of this Section 403, and the Master Trustee shall then invest such money in Investment Obligations as so directed. The Master Trustee may request in writing additional directions or authorization from an Authorized Officer of the Corporation with respect to the proposed investment of money. Upon receipt of such directions, the Master Trustee shall invest, subject to the provisions of this Section 403, such money in accordance with such directions.

(e) The Master Trustee shall sell at the fair market price or, acting in a commercially reasonable manner, reduce to cash a sufficient amount of such Investment Obligations whenever it is necessary to do so in order to provide money to make any payment from any such subaccount. The Master Trustee shall not be liable or responsible for any loss resulting from any such investment.

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ARTICLE IV ESTABLISHMENT OF ACCOUNTS AND SUBACCOUNTS, APPLICATION OF NET RECEIPTS AND INVESTMENT OF FUNDS

SECTION 401. ESTABLISHMENT OF ACCOUNTS AND SUBACCOUNTS. The following accounts and subaccounts are hereby established:

- (a) Series 2013A Subaccount of the Interest Account of the Bond Fund; and
- (b) Series 2013A Subaccount of the Principal Account of the Bond Fund.

The subaccounts mentioned above shall be established with and held by the Master Trustee pursuant to the Master Indenture and this Supplement No. 6 for the benefit of the Owners of the Series 2013A Bonds.

SECTION 402. APPLICATION OF NET RECEIPTS. On or before the dates set forth below, so long as any of the Series 2013A Bonds is Outstanding, the Master Trustee shall withdraw, immediately following any withdrawal required by Section 503(b) of the Master Trust Indenture, from the Reimbursement Premiums Account in the Revenue Fund and, subsequent to such withdrawal, from the Pre-Event Bonds Investment Income Account, the Derivative Agreements Account or any other account or subaccount established in the Revenue Fund (other than the Emergency Assessments Account) in the order specified below, the amounts necessary to make the deposits or payments required by Sections 503(c)(iii) and 504 of the Master Trust Indenture, and, if and to the extent that the amounts on deposit to the credit of the Reimbursement Premiums Account, the Pre-Event Bonds Investment Income Account, the Derivative Agreements Account or any other account or subaccount established in the Revenue Fund are insufficient to make such deposits or payments, the Master Trustee shall withdraw from the Emergency Assessments Account in the Revenue Fund the amounts necessary to satisfy such deposits or payments; provided, however, in the case of the Series 2013A Bonds, the Master Trustee shall draw first from the Reimbursement Premiums Account, then from the Pre-Event Bonds Investment Income Account and then from the Series 2013A Bonds Proceeds Subaccount of the Pre-Event Parity Obligations Account in the Covered Events Relief Fund, prior to making any withdrawal from any of such other Accounts or any other account or subaccount, and the Master Trustee shall apply such amounts to the various subaccounts specified herein in the following order:

(a) into the Series 2013A Subaccount of the Interest Account, on the Business Day immediately preceding each Interest Payment Date, an amount equal to the interest payable on the Series 2013A Bonds on such Interest Payment Date; and

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(f) Whenever a transfer of money between two or more of the accounts or subaccounts is permitted or required, such transfer may be made as a whole or value determined at the time of such transfer in accordance with Article VI of the Master Indenture, provided that the Investment Obligations transferred are those in which money of the receiving account or subaccount could be invested at the date of such transfer.

SECTION 404. PAYMENT OF PRINCIPAL AND INTEREST. (a) The Corporation covenants that it will promptly pay the principal of and the interest on every Series 2013A Bond issued under the provisions of this Supplement No. 6 at the places, on the dates and in the manner provided herein and in the Series 2013A Bonds, according to the true intent and meaning thereof and in accordance with the provisions of the Master Indenture and this Supplement No. 6. The Series 2013A Bonds shall constitute Bonds and Parity Obligations under the Master Indenture and shall be secured by the trust estate set forth in the Master Indenture. The Corporation further covenants that it will faithfully perform at all times all of its covenants, undertakings and agreements contained in this Supplement No. 6 and the Master Indenture, or in any Series 2013A Bond executed, authenticated and delivered hereunder or in any proceedings of the Corporation pertaining thereto. The Corporation represents and covenants that it is duly authorized under the Constitution and laws of the State, particularly the Act, to issue the Series 2013A Bonds authorized hereby and to pledge the Net Receipts in the manner and to the extent in the Master Indenture set forth; that all action on its part for the issuance of the Series 2013A Bonds has been duly and effectively taken; and that such Series 2013A Bonds in the hands of the Owners thereof are and will be valid and binding special obligations of the Corporation payable according to their terms.

(b) Subject to the provisions of Sections 503 and 504 of the Master Indenture, on the Business Day preceding each Interest Payment Date or Interest Payment Date and Principal Payment Date, the Master Trustee shall first set aside an amount sufficient to pay the interest on the Series 2013A Bonds becoming due and payable on such Interest Payment Date, and then an amount sufficient to pay the principal of the Series 2013A Bonds becoming due and payable on such Principal Payment Date, and shall make payments as provided herein and in the forms of the Series 2013A Bonds.

(c) At such time as to enable the Bond Registrar to make payments of interest on the Series 2013A Bonds in accordance with Section 203(c) hereof, the Master Trustee shall withdraw from the Series 2013A Subaccount of the Interest Account and make available to the Bond Registrar the amounts required to pay interest on the Series 2013A Bonds on the next succeeding Interest Payment Date. At such time as to enable the Bond Registrar to make payments of principal of the Series 2013A Bonds, the Master Trustee shall withdraw from the Series 2013A Subaccount of the Principal Account the amount required to pay the Series 2013A Bonds on the next succeeding Principal Payment Date and make the same available to the Bond Registrar for the payment of the Series 2013A

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Bonds in accordance with the provisions of Section 203(c) hereof and in the manner provided in the forms of the Series 2013A Bonds.

(d) The Series 2013A Bonds shall not be secured by the Parity Common Reserve Account.

SECTION 405. STATE COVENANT. The Corporation acknowledges that Section 708 of the Master Indenture constitutes an important security provision of the Series 2013A Bonds, and confirms that the acknowledgement set forth in this Section 405 has been included as a result of negotiations with the underwriters of the Series 2013A Bonds.

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ARTICLE VI SUPPLEMENTAL INDENTURES

SECTION 601. SUPPLEMENTAL INDENTURES WITHOUT CONSENT OF OWNERS. The Corporation and the Master Trustee may, from time to time and at any time, without the consent of or notice to any of the Owners of the Series 2013A Bonds, execute and deliver such indentures supplemental hereto (which supplemental indentures shall thereafter form a part hereof) as shall be substantially consistent with the terms and provisions of this Supplement No. 6:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Supplement No. 6 or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Supplement No. 6;

(b) to grant or to confer upon the Master Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Master Trustee;

(c) to add to the covenants and agreements of the Corporation in this Supplement No. 6 other covenants and agreements thereafter to be observed by the Corporation or to surrender any right or power herein reserved to or conferred upon the Corporation;

(d) to permit the qualification of this Supplement No. 6 under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the Corporation so determines, to add to this Supplement No. 6 or any supplemental indenture such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law;

(e) to provide for the issuance of Series 2013A Bonds in bearer form; or

(f) to make any other change that, in the opinion of the Trustee, which may, but is not required to, rely upon one or more of affirmation of ratings by the Rating Agencies, certificates of Consultants and Opinions of Counsel for such purpose, shall not materially adversely affect the security for the Parity Obligations.

SECTION 602. MODIFICATION OF SUPPLEMENT NO. 6 WITH CONSENT OF OWNERS. (a) Subject to the terms and provisions contained in this Section 602, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Series 2013A Bonds then Outstanding shall have the right, from time to time, anything contained in this Supplement No. 6 to the contrary

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ARTICLE V THE MASTER TRUSTEE

SECTION 501. ACCEPTANCE OF DUTIES BY MASTER TRUSTEE. The Master Trustee by execution hereof accepts and agrees to perform the duties and fulfill the trusts imposed upon it by this Supplement No. 6.

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notwithstanding, to consent to and approve the adoption by the Corporation and the acceptance by the Master Trustee of such supplemental indentures as shall be deemed necessary or desirable by the Corporation for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Supplement No. 6 or in any supplemental indenture hereto; provided, however, that nothing herein contained shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Series 2013A Bond without the consent of the Owner of such Series 2013A Bond, (b) a reduction in the principal amount of any Series 2013A Bond or the rate of interest on any Series 2013A Bond without the consent of the Owner of such Series 2013A Bond, (c) the creation of a pledge of Net Receipts other than the lien and pledge created by the Master Indenture without the consent of the Owners of all Series 2013A Bonds, (d) a preference or priority of any Series 2013A Bond over any other Series 2013A Bond without the consent of the Owners of all Series 2013A Bonds, or (e) a reduction in the aggregate principal amount of Series 2013A Bonds required for consent to such supplemental indenture without the consent of the Owners of all Series 2013A Bonds. Nothing herein contained, however, shall be construed as making necessary the approval by the Owners of the execution and delivery of any supplemental indenture as authorized in Section 601 hereof.

(b) The Master Trustee shall, at the expense of the Corporation, such expense to be paid from Gross Receipts or from any other available moneys, cause notice of the proposed execution and delivery of such supplemental indenture to be mailed, first class, postage prepaid, to all Owners of the Series 2013A Bonds. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the designated corporate trust office of the Master Trustee for inspection by all Owners. The Master Trustee shall not, however, be subject to any liability to any Owner by reason of its failure to mail the notice required by this Section 602, and any such failure shall not affect the validity of such supplemental indenture when approved and consented to as provided in this Section 602.

(c) Whenever, at any time within three years after the date of the mailing of such notice, the Corporation shall deliver to the Master Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than a majority in aggregate principal amount of Series 2013A Bonds then Outstanding, which instrument or instruments shall refer to the proposed supplemental indenture described in such notice and shall specifically consent to and approve the execution and delivery thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Corporation and the Master Trustee may execute and deliver such supplemental indenture in substantially such form, without liability or responsibility to any Owner, whether or not such Owner shall have consented thereto.

(d) If the Owners of not less than a majority in aggregate principal amount of the Series 2013A Bonds Outstanding at the time of the execution of such supplemental

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indenture have consented to and approved the execution and delivery thereof as herein provided, to the extent permitted by law, no Owner shall have any right to object to the execution and delivery of such supplemental indenture, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution and delivery thereof, or enjoin or restrain the Corporation or the Master Trustee from executing and delivering the same or from taking any action pursuant to the provisions thereof.

(e) Upon the execution and delivery of any supplemental indenture pursuant to the provisions of this Section 602 or Section 601 hereof, this Supplement No. 6 shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Supplement No. 6 of the Corporation, the Master Trustee and all Owners shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Supplement No. 6, as so modified and amended.

SECTION 603. EXCLUSION OF SERIES 2013A BONDS. Series 2013A Bonds owned or held by or for the account of the Corporation shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Series 2013A Bonds provided for in this Article VI, and the Corporation as Owner of such Series 2013A Bonds shall not be entitled to consent or take any other action provided for in this Article VI. At the time of any consent or other action taken under this Article VI, the Corporation shall furnish the Master Trustee an Officer's Certificate, upon which the Master Trustee may rely, describing all Series 2013A Bonds so to be excluded.

SECTION 604. RESPONSIBILITIES OF MASTER TRUSTEE AND CORPORATION UNDER THIS ARTICLE. The Master Trustee and the Corporation shall be entitled to exercise their discretion in determining whether or not any proposed supplemental indenture or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the Corporation, the rights and interests of the Owners, and the rights, obligations and interests of the Master Trustee. The Master Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of counsel approved by it, who may be Bond Counsel for the Corporation, as conclusive evidence that any such proposed supplemental indenture does or does not comply with the provisions of this Supplement No. 6, and that it is or is not proper for it, under the provisions of this Article VI, to execute and deliver such supplemental indenture.

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ARTICLE VIII. MISCELLANEOUS PROVISIONS

SECTION 801. MANNER OF GIVING NOTICE. All notices, demands and requests to be given to or made hereunder by the Corporation, the Master Trustee or the Bond Registrar shall be given or made in writing and shall be deemed to be properly given or made if sent by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

(a) As to the Corporation--

Florida Hurricane Catastrophe Fund Finance Corporation
c/o State Board of Administration of the State of Florida
1801 Hermitage Boulevard
Tallahassee, Florida 32308
Attention: President

(b) As to the Master Trustee or Bond Registrar--

Wells Fargo Bank, N.A.
One Independent Drive, Suite 620
Jacksonville, Florida 32202
Attention: Corporate Trust Department

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by electronic mail or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change sent by United States certified or registered mail, postage prepaid, to the other parties by the party effecting the change.

SECTION 802. SUBSTITUTE NOTICE. If, because of the temporary or permanent suspension of postal service, the Corporation, the Master Trustee or the Bond Registrar shall be unable to mail any notice required to be given by the provisions of this Supplement No. 6, such party shall give notice in such other manner as in the judgment of such party shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Supplement No. 6 be deemed to be in compliance with the requirement for the mailing thereof.

SECTION 803. CORPORATION, MASTER TRUSTEE, BOND REGISTRAR AND OWNERS ALONE HAVE RIGHTS UNDER SUPPLEMENT

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ARTICLE VII QUALIFIED ESCROW FUNDS

SECTION 701. QUALIFIED ESCROW FUNDS. Notwithstanding any provisions herein to the contrary, any and all moneys in the Series 2013A Bonds Proceeds Subaccount of the Pre-Event Parity Obligations Account in the Covered Events Relief Fund, the Series 2013A Subaccount of the Interest Account of the Bond Fund, the Series 2013A Subaccount of the Principal Account of the Bond Fund and any other account or subaccount designated by the President or other authorized officer may be designated as Qualified Escrow Funds as provided in the Master Trust Indenture pursuant to a certificate of the President or other authorized officer. In the event of such designation, such Qualified Escrow Funds shall be used solely to pay principal of, redemption premium, if any, and interest on such Series 2013A Bonds as may be designated by the President or other authorized officer of the Corporation.

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NO. 6. Except as herein otherwise expressly provided, nothing in this Supplement No. 6, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Corporation, the Master Trustee, the Bond Registrar and the Owners, any right, remedy or claim, legal or equitable, under or by reason of this Supplement No. 6 or any provision being intended to be and being for the sole and exclusive benefit of the Corporation, the Master Trustee, the Bond Registrar and the Owners.

SECTION 804. EFFECT OF PARTIAL INVALIDITY. All covenants, stipulations, obligations and agreements of the Corporation contained in this Supplement No. 6 shall be deemed to be covenants, stipulations, obligations and agreements of the Corporation to the full extent permitted by the Constitution and laws of the State. In case any one or more of the provisions of this Supplement No. 6 or the Series 2013A Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Supplement No. 6 or the Series 2013A Bonds, but this Supplement No. 6 and the Series 2013A Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in this Supplement No. 6 or the Series 2013A Bonds shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Corporation to the full extent permitted by law.

SECTION 805. EFFECT OF COVENANTS: GOVERNING LAW. This Supplement No. 6 is executed and delivered with the intent that the laws of the State shall govern this construction.

SECTION 806. HEADINGS. Any heading preceding the text of the several articles hereof, any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Supplement No. 6, nor shall they affect its meaning, construction or effect.

SECTION 807. FURTHER AUTHORITY. The officers, attorneys and other agents or employees of the Corporation are hereby authorized to do all acts and things required of them by this Supplement No. 6 for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Series 2013A Bonds and this Supplement No. 6.

SECTION 808. PAYMENT DUE ON NON-BUSINESS DAYS. In the case of the Series 2013A Bonds, if the date for making any payment or the last day for performance of any act or the exercising of any right as provided in this Supplement No. 6 is not a Business Day, such payment may be made or act performed or right exercised on the next Business Day with the same force and effect as if done on the date provided in this Supplement No. 6.

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SECTION 809. MULTIPLE COUNTERPARTS. This Supplement No. 6 may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Corporation and the Master Trustee have caused this Supplement No. 6 to be executed in their respective names by their respective duly authorized officers all as of the date first written above.

FLORIDA HURRICANE CATASTROPHE
FUND FINANCE CORPORATION

(SEAL)

By: _____
President

ATTEST:

Treasurer

WELLS FARGO BANK, N.A., as
Master Trustee

(SEAL)

By: _____
Authorized Signatory

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which the Series 2013A Bonds (hereinafter mentioned) may be listed and upon such notice as may be required by such exchange, or as more fully provided in the Master Indenture. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

This bond is one of a duly authorized series of revenue bonds of the Corporation, designated "Florida Hurricane Catastrophe Fund Finance Corporation Revenue Bonds, Series 2013A" (the "Series 2013A Bonds"), issued under and pursuant to the Constitution and laws of the State of Florida, including Section 215.555, Florida Statutes (the "Act"), a Master Trust Indenture, dated as of June 1, 2006 (as amended and supplemented, the "Master Indenture"), by and between the Corporation and Wells Fargo Bank, N.A., Jacksonville, Florida, as master trustee (the "Master Trustee"), and the Sixth Supplemental Indenture, dated as of April 1, 2013 ("Supplement No. 6"), by and between the Corporation and the Master Trustee. The Master Trustee is also the Bond Registrar for the Series 2013A Bonds. The Series 2013A Bonds are being issued for the purpose of providing funds, together with other available funds, to enable the FHCF to make reimbursement payments through the FHCF to participating insurers of reimbursable losses caused by any Covered Events occurring in the Contract Year ending May 31, 2014 or any subsequent Contract Year, subject to the limitations on such reimbursements set forth in the Act.

The Series 2013A Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in Supplement No. 6. One bond certificate with respect to each date on which the Series 2013A Bonds are stated to mature, in the aggregate principal amount of the Series 2013A Bonds stated to mature on such date and registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York ("DTC"), is being issued and required to be deposited with DTC and immobilized in its custody. The book-entry system will evidence ownership of the Series 2013A Bonds in the principal amount of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Transfer of principal and interest payments to beneficial owners of the Series 2013A Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The Corporation will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. While Cede & Co. is the Owner of this bond, notwithstanding the provisions hereinabove contained, payments of principal of and interest on this bond shall be made in accordance with the existing arrangements between the Bond Registrar and DTC.

The Corporation, the State Board of Administration, acting as the governing body and administrator of the FHCF, and the Master Trustee have entered into a Pledge and

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EXHIBIT A

FORM OF SERIES 2013A BONDS

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UNITED STATES OF AMERICA
STATE OF FLORIDA
FLORIDA HURRICANE CATASTROPHE FUND FINANCE CORPORATION
REVENUE BOND, SERIES 2013A

Interest Rate Maturity Date CUSIP

Florida Hurricane Catastrophe Fund Finance Corporation (the "Corporation"), an instrumentality of the State of Florida, for value received, hereby promises to pay, but solely from the sources and in the manner hereinafter provided, to CEDE & CO. or registered assigns or legal representative (the "Owner"), on the Maturity Date set forth above, upon the presentation and surrender hereof, at the designated corporate trust office of Wells Fargo Bank, N.A., in the City of Jacksonville, Florida (the "Bond Registrar"), the principal sum of _____ DOLLARS (\$ _____). The Corporation also promises to pay, but solely from said sources, interest on this bond (calculated on the basis of a 360-day year consisting of twelve 30-day months) from the interest payment date next preceding the date on which it is authenticated, unless it is authenticated on an interest payment date, in which event it shall bear interest from such interest payment date, or it is authenticated prior to July 1, 2013, in which event it shall bear interest from its date, payable semiannually on each January 1 and July 1, the first interest payment date being July 1, 2013, at the Interest Rate per annum set forth above until the principal sum hereof is paid. The interest so payable and punctually paid or duly provided for on any interest payment date will be paid to the person in whose name this bond (or one or more Predecessor Bonds, as defined in the Master Indenture hereinafter defined) is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month preceding the calendar month in which an interest payment date occurs. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Owner on such Regular Record Date, and may be paid to the person in whose name this bond is registered at the close of business on a Special Record Date (as defined in the Master Indenture) for the payment of such defaulted interest to be fixed by the Master Trustee (hereinafter mentioned), notice whereof being given to such Owners not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on

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Security Agreement, dated as of June 1, 2006 (the "Pledge Agreement"), pursuant to which the State Board of Administration has pledged to the Corporation all of the right, title and interest of the FHCF in and to the Pledged Collateral (as defined in the Pledge Agreement), and has agreed to transfer directly to the Master Trustee the Pledged Collateral in such amounts and at such times as are required to provide for the timely payment of the principal of and interest on the Series 2013A Bonds.

The Series 2013A Bonds are special obligations of the Corporation secured by a pledge, security interest in and lien upon the Net Receipts (as defined in the Master Indenture) and an assignment of the Corporation's right, title and interest in and to the Pledge Agreement (subject to the reservation of certain rights of the Corporation). The Corporation is not obligated to pay the principal of or the interest on the Series 2013A Bonds except as provided in the Master Indenture from Net Receipts, and neither the faith and credit nor the taxing power of the State of Florida or any political subdivision thereof is pledged to the payment of the principal of and the interest on the Series 2013A Bonds. The Corporation has no taxing power. The Master Indenture provides for the issuance from time to time under the conditions, limitations and restrictions therein set forth of additional bonds and Parity Debt (as defined in the Master Indenture) secured on a parity as to the pledge of Net Receipts with the Series 2013A Bonds. The Series 2013A Bonds are being issued on parity under the Master Indenture with the Corporation's Series 2008A Bonds and the Series 2010A Bonds.

The Master Indenture provides for the creation of a special fund designated "Florida Hurricane Catastrophe Fund Finance Corporation Bond Fund (the "Bond Fund"). Pursuant to Supplement No. 6, special subaccounts have been created within the certain accounts of the Bond Fund with respect to the Series 2013A Bonds (the "Subaccounts"), which Subaccounts are charged with the payment of the principal of and the interest on the Series 2013A Bonds. Supplement No. 6 also provides for the deposit of Net Receipts to the credit of the Subaccounts to the extent and in the manner provided in the Master Indenture.

The Series 2013A Bonds are subject to redemption prior to maturity by written direction of the Corporation, in whole or in part, on any Business Day, at the Make-Whole Redemption Price. The "Make-Whole Redemption Price" is the greater of (i) 100% of the principal amount of the Series 2013A Bonds to be redeemed; or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2013A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2013A Bonds are to be redeemed, discounted to the date on which the Series 2013A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below) plus 15 basis points for the 2016 maturity, 20 basis points for the 2018 maturity, and 30 basis points for the 2020 maturity; plus, in each case, accrued and unpaid interest on the Series 2013A Bonds to be

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redeemed to the redemption date. The "Treasury Rate" is, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available prior to the pricing date of the refunding bonds or prior to the redemption date if no refunding bonds are issued (or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the refunding bonds pricing date, if issued, or if no refunding bonds are issued, from the redemption date to the maturity date of the Series 2013A Bonds to be redeemed.

Notice of any such redemption shall be given by mail, postage prepaid, not more than 60 days or fewer than 30 days prior to said date of redemption, to the Owners of any Series 2013A Bonds to be redeemed. Such notice shall specify, among other things: (1) that the whole or a designated portion of this Series 2013A Bond is to be redeemed, (2) the date of redemption, and (3) the place or places where the redemption will be made. Any such notice may be a conditional notice. In the event the conditions stated in such a notice have not been satisfied on the proposed redemption date, such redemption shall not occur and such notice shall be of no further force or effect.

Under the Master Indenture, in certain events of defaults, on the conditions, in the manner and with the effect, the principal of all Parity Obligations then outstanding may be declared to be and become due and payable prior to the stated maturities thereof, together with the interest accrued thereon.

Reference is made to the Master Indenture, Supplement No. 6 and the Pledge Agreement for a more complete statement of the provisions thereof and of the rights of the Corporation, the Master Trustee and the Owners of the Series 2013A Bonds. Copies of the Master Indenture, Supplement No. 6 and the Pledge Agreement shall be available for inspection by any Owner of the Bonds at all reasonable times at the designated corporate trust office of the Master Trustee. By the purchase and acceptance of this bond, the Owner hereof signifies assent to all of the provisions of the Master Indenture, Supplement No. 6 and the Pledge Agreement.

At the designated corporate trust office of the Bond Registrar, in the manner and subject to the conditions provided in the Master Indenture, Series 2013A Bonds may be exchanged for an equal aggregate principal amount of Series 2013A Bonds of the same series and maturity, of authorized denominations and bearing interest at the same rate.

The Bond Registrar shall keep at its designated corporate trust office books for the registration of transfer of the Series 2013A Bonds. The transfer of this bond may be registered only upon such books and as otherwise provided in the Master Indenture upon the surrender hereof to the Bond Registrar together with an assignment duly executed by the Owner hereof or such Owner's attorney or legal representative in such form as shall

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IN WITNESS WHEREOF, the Florida Hurricane Catastrophe Fund Finance Corporation has caused this bond to be manually signed by its President and Treasurer and its corporate seal to be impressed hereon, all as of the 23rd day of April, 2013.

FLORIDA HURRICANE CATASTROPHE
FUND FINANCE CORPORATION

(SEAL)

President

ATTEST:

Treasurer

CERTIFICATE OF AUTHENTICATION

This bond is a Bond of the Series designated therein and issued under the provisions of the within-mentioned Master Indenture and Supplement No. 6.

Date of Authentication:

WELLS FARGO BANK, N.A.,
Bond Registrar

By: _____
Authorized Signatory

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be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall deliver in exchange for this bond a new Series 2013A Bond or Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this bond, of the same series and maturity and bearing interest at the same rate.

This bond, notwithstanding the provisions for registration of transfer stated herein and contained in the Master Indenture and Supplement No. 6, at all times shall be, and shall be understood to be, an investment security within the meaning of and for all the purposes of the Uniform Commercial Code of Florida. This bond is issued with the intent that the laws of the State of Florida shall govern its construction.

Modifications or alterations of the Master Indenture and Supplement No. 6 or in any supplement indenture thereto may be made only to the extent and in the circumstances permitted by the Master Indenture and Supplement No. 6, as the case may be.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this bond and the execution and delivery of the Master Indenture and Supplement No. 6 have happened, exist and have been performed as so required.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Master Indenture or Supplement No. 6 until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

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Unless this certificate is presented by an authorized representative of The Depository Trust Company to the Corporation or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by the authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

Insert Social Security or Other Identifying Number of Assignee

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____ as attorneys to register the transfer of the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

NOTICE: The signature to this assignment must correspond with the name of the Registered Holder as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever and the Social Security or other identifying number of such assignee must be supplied.

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APPENDIX C-4
PLEDGE AND SECURITY AGREEMENT

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PLEDGE AND SECURITY AGREEMENT

among

FLORIDA HURRICANE CATASTROPHE
FUND FINANCE CORPORATION,

FLORIDA HURRICANE CATASTROPHE FUND

and

WELLS FARGO BANK, N.A.,
Master Trustee

Dated as of June 1, 2006

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1 THIS PLEDGE AND SECURITY AGREEMENT, dated as of June 1, 2006 (this "Pledge
2 Agreement"), is made by and among the State Board of Administration of the State of Florida,
3 acting as the governing body and administrator of the Florida Hurricane Catastrophe Fund (the
4 "State Board of Administration"), a trust fund established for bond covenants, indentures or
5 resolutions within the meaning of Section 19(1)(3), Article III of the Constitution of the State of
6 Florida (the "FHCF"), Florida Hurricane Catastrophe Fund Finance Corporation, a public
7 benefits corporation, which is an instrumentality of the State of Florida (the "Corporation"), and
8 Wells Fargo Bank, N.A., Jacksonville, Florida, a national banking association duly incorporated
9 under the laws of the United States of America, in its capacity as master trustee (the "Master
10 Trustee") under the Master Indenture (hereinafter defined),

WITNESSETH:

12 WHEREAS, Section 215.555, Florida Statutes (the "Act") creates the FHCF and provides
13 that the FHCF will be administered by the State Board of Administration; and

15 WHEREAS, the Act provides that the FHCF will reimburse certain insurers for a portion
16 of their catastrophic hurricane losses, subject to the limitations on such reimbursements set forth
17 in the Act, in order to create additional insurance capacity sufficient to ameliorate the current
18 dangers to the economy of the State of Florida and to the public health, safety and welfare of its
19 citizens posed by a lack of an orderly private market for property insurance; and

20 WHEREAS, the Act creates the Corporation to provide a mechanism for the cost-
21 effective and efficient issuance of bonds necessary to enable the FHCF to carry out the purposes
22 of the Act; and

23 WHEREAS, the purpose of such bonds is to fund reimbursements through the FHCF to
24 pay for the costs of construction, reconstruction, repair, restoration and other costs associated
25 with damage to properties of policyholders of covered policies due to the occurrence of a
26 hurricane; and

27 WHEREAS, the Act provides for the payment by certain insurers of reimbursement
28 premiums and for the payment of emergency assessments in the amounts and under the
29 circumstances set forth in the Act and authorizes the pledge of all or any portion of the revenues
30 derived from such reimbursement premiums and emergency assessments, together with the
31 interest earnings thereon, to the payment of the principal of and redemption premium, if any, and
32 interest on bonds issued by the Corporation for the benefit of the FHCF; and

33 WHEREAS, the Board of Directors of the Corporation has duly authorized the execution
34 and delivery of a master trust indenture, dated as of June 1, 2006 (the "Master Trust Indenture")
35 and, as supplemented and amended, the "Master Indenture", by and between the Corporation
36 and the Master Trustee, pursuant to which the Corporation will issue and incur Parity
37 Obligations secured by a pledge of and security interest in its Net Receipts; and

38 WHEREAS, in order to provide for the prompt payment of the principal of and
39 redemption premium, if any, and interest on the Parity Obligations issued by the Corporation and

1 for the performance by the Corporation of its other obligations under the Master Indenture, the
2 State Board of Administration has determined to pledge to the Corporation, and grant to the
3 Corporation a security interest in, all of the right, title and interest of the FHCF in and to the
4 Pledged Collateral (as hereinafter defined); and

5 WHEREAS, pursuant to the Master Indenture, the Corporation will, for the benefit of the
6 owners of the Parity Obligations, pledge and assign in the Master Indenture to the Master Trustee
7 all of the Corporation's right, title and interest (including the right to enforce the same and the
8 right to receive the Pledged Collateral) in and to this Pledge Agreement (subject to the
9 reservation of certain rights of the Corporation);

10 NOW, THEREFORE, in consideration of the premises and in order to induce the
11 Corporation to execute and deliver the Master Indenture, to issue Parity Obligations under the
12 Master Indenture and to transfer certain proceeds of such Parity Obligations to the State Board of
13 Administration, upon the issuance thereof, for the purposes permitted by the Act, the State Board
14 of Administration, the Corporation and the Master Trustee hereby agree as follows:

15 Section 1. *Defined Terms.* Capitalized terms not defined herein shall have the
16 meanings ascribed to such terms in the Master Trust Indenture. For the purposes hereof, unless
17 the context otherwise indicates, the following words and terms shall have the following
18 meanings:

19 "Contract Year" means the term of the reimbursement contracts between the State Board
20 of Administration and Insurers writing Covered Policies.

21 "Corpus Earnings" means the income derived from the investment of the Corpus of the
22 FHCF.

23 "Corpus of the FHCF" means, as of a particular date, the sum of (i) the unrestricted net
24 assets held by the FHCF on the last day of the preceding Fiscal Year, (ii) the Reimbursement
25 Premiums and Reimbursement Premium Earnings held by the FHCF in the then current Fiscal
26 Year that are in excess of the amounts required for deposit to the credit of the accounts and
27 subaccounts in the Revenue Fund in accordance with the provisions of Section 502 of the Master
28 Trust Indenture and as shall be required for application in accordance with the provisions of
29 Sections 503 and 504 of the Master Trust Indenture, and (iii) without duplication, the amount of
30 the Reimbursement Premiums released in accordance with the provisions of Section 3(f) hereof
31 and Section 503(e)(ii)(Y) of the Master Trust Indenture and the amount of the Emergency
32 Assessments released in accordance with the provisions of Section 503(e)(ii)(Z) of the Master
33 Trust Indenture, in each case, from the pledge and security interest granted by this Pledge
34 Agreement. Proceeds of Bonds do not constitute a portion of the Corpus of the FHCF for
35 purposes of this definition.

36 "Covered Event" means Covered Event as defined in the Act.

37 "Covered Events Relief Fund" means the Florida Hurricane Catastrophe Fund Covered
38 Events Relief Fund created and so designated by Section 8 hereof.

39 "Covered Policy" means Covered Policy as defined in the Act.

1 "Current Expenses of the FHCF" means the current expenses for the operation of the
2 FHCF, including, without limiting the generality of the foregoing, all administrative expenses,
3 salaries and other compensation, personnel expenses properly chargeable to the FHCF, fees and
4 expenses incurred for professional consultants and fiduciaries, refunds related to over-payments
5 of Reimbursement Premiums or refunds of interest related to loss reimbursements or
6 overpayments of Reimbursement Premiums, the premiums, fees and costs of procuring
7 reinsurance for the FHCF, all operating transfers or contributions required by the Act, including
8 operating transfers or contributions pursuant to Section 215.555(7)(c) of the Act, and all Current
9 Expenses of the FHCF so identified in this Pledge Agreement or in a resolution adopted by the
10 State Board of Administration; but Current Expenses of the FHCF shall not include (i)
11 depreciation or amortization, (ii) any deposit to any fund, account and subaccount established
12 under the Master Indenture or any Supplemental Indenture or any payment of principal,
13 redemption premium, if any, and interest on any Bonds from any such fund, account and
14 subaccount, (iii) any debt service payment in respect of Parity Debt or Subordinated
15 Indebtedness, or (iv) payments or advances to insurers writing Covered Policies in the State for
16 hurricane losses pursuant to reimbursement contracts entered into with such insurers by the State
17 Board of Administration pursuant to the Act.

18 "Emergency Assessments" means the money paid or payable to the Corporation or the
19 FHCF from the emergency assessments levied with respect to assessable lines insurance as
20 provided from time to time by the Act. There shall be included within the ambit of "Emergency
21 Assessments" any interest, penalty or surcharge paid or payable on late payments of such
22 emergency assessments.

23 "Emergency Assessment Earnings" means the income derived from the investment of
24 Emergency Assessments.

25 "Fiscal Year" means the fiscal year of the FHCF, which shall be the period beginning on
26 July 1 of each year and ending on June 30 of the following year, unless the Master Trustee is
27 notified in writing by an Authorized Officer of the State Board of Administration of a change in
28 such period, in which case the Fiscal Year shall be the period set forth in such notice.

29 "Other Pledged Money" means any money derived from any fees, premiums,
30 assessments or other levies paid or payable to the FHCF or the Corporation, including the
31 income derived from the investment thereof, pursuant to any law enacted, after the date of
32 delivery of this Pledge Agreement, by the Legislature of the State, to the extent that such money
33 is permitted or required by law to be pledged and used for the payment of the principal of and
34 redemption premium, if any, and interest on Parity Obligations.

35 "Pledged Collateral" for any particular period means the excess of Reimbursement
36 Premiums and Reimbursement Premium Earnings over the payment of Current Expenses of the
37 FHCF, Emergency Assessments, Emergency Assessment Earnings, the net proceeds of, and
38 investment income on such proceeds of, Parity Obligations, net payments to or for the account of
39 the Corporation derived from Derivative Agreements and Other Pledged Money. There shall be
40 included within the ambit of "Pledged Collateral": (i) all certificates and instruments, if any,
41 from time to time representing or evidencing any of the Pledged Collateral, (ii) all interest,
42 dividends, cash, instruments or other Property from time to time received, receivable or

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1 (b) The State Board of Administration hereby agrees to prepare, execute and file such
2 financing statements or amendments to existing financing statements or continuations thereof as
3 shall be necessary, in the Opinion of Counsel, to evidence the security interest in the Pledged
4 Collateral granted herein.

5 (c) (i) In general, the State Board of Administration shall deliver to the Master
6 Trustee so much of the Pledged Collateral as shall be held by the FHCF and as shall be required
7 for deposit to the credit of the accounts and subaccounts in the Revenue Fund in accordance with
8 the provisions of Section 502 of the Master Indenture and as shall be required for application in
9 accordance with the provisions of Sections 503, 504 and 804 of the Master Indenture or, if any
10 Parity Obligations have been declared due and payable pursuant to Section 803 of the Master
11 Indenture, in accordance with the provisions of Section 804 and Section 805(b) of the Master
12 Indenture.

13 (ii) In particular, the State Board of Administration shall deliver to the Master
14 Trustee, not later than the last business day of each month (or more often if required in order for
15 the Corporation to pay or provide for payment of debt service and other amounts due on Parity
16 Obligations), the following that have been received or realized as of the [25th] day of such month
17 (A) all Emergency Assessments and Emergency Assessment Earnings and (B) taking into
18 account the balance to the credit of (I) the Reimbursement Premiums Account and the Pre-Event
19 Bonds Investment Income Account in the Revenue Fund and (II) the subaccounts established for
20 Pre-Event Parity Obligations in the various accounts in the Bond Fund, so much of the
21 Reimbursement Premiums and Reimbursement Premium Earnings, net of the Current Expenses
22 of the FHCF, as shall enable the Master Trustee to make all of the deposits required by Section
23 503(a), (b) and (c) of the Master Trust Indenture for the entire current Fiscal Year; provided that,
24 in the event any of the Outstanding Pre-Event Parity Obligations are Variable Rate Indebtedness,
25 such Obligations shall be assumed, for purposes of the amount to be transferred, to bear interest
26 for the balance of the Fiscal Year at the rate described in paragraph (ii) of the definition of Debt
27 Service Requirement in the Master Trust Indenture.

28 (iii) In the event that the State Board of Administration receives a notice from
29 the Master Trustee, pursuant to Section 503(d)(X) of the Master Indenture, to the effect that the
30 amounts on deposit in the Revenue Fund were insufficient to make the deposits or payments
31 required by Section 504(a), (b) and (c) (or any of them) of the Master Indenture, the State Board
32 of Administration shall deliver to the Master Trustee (i) so much of the investment income from
33 the investment of proceeds of Pre-Event Bonds therefore realized by the FHCF in such Fiscal
34 Year, and (ii) to the extent a deficiency remains, so much of the proceeds of the Pre-Event
35 Bonds, as are required to provide the Master Trustee with sufficient funds to make such deposits
36 or payments.

37 (d) The obligation of the State Board of Administration to deliver the Pledged
38 Collateral to the Master Trustee, in the amounts sufficient and at the times required for the
39 Corporation to comply with the provisions of Sections 503, 504, 804 and 805 of the Master
40 Indenture, shall be absolute and unconditional. The State Board of Administration shall perform
41 such obligation without demand and without abatement, deduction or set-off, notwithstanding
42 any rights or claims which the FHCF might otherwise have against the Corporation, the Master
43 Trustee, any Bond Registrar or any other Person.

1 otherwise distributed in respect of or in exchange for any or all of the Pledged Collateral and (iii)
2 all proceeds of any or all of the Pledged Collateral. There shall be excluded from the ambit of
3 "Pledged Collateral" the Corpus of the FHCF and Corpus Earnings, the net proceeds of Parity
4 Obligations disbursed by the FHCF for losses, or advances for losses, from Covered Events, and
5 Reimbursement Premiums and Reimbursement Premium Earnings released pursuant to Section
6 3(f) hereof and Section 503(e)(ii)(Y) of the Master Trust Indenture and Emergency Assessments
7 and Emergency Assessment Earnings released pursuant to Section 503(c)(ii)(Z) of the Master
8 Trust Indenture, in each case, from the pledge and security interest granted by this Pledge
9 Agreement shall be effective only pending their disbursement by the FHCF for losses, or
10 advances for losses, from Covered Events and shall be in favor of the Owners or Holders only of
11 the Series of Parity Obligations (or Parity Obligations that refunded the Parity Obligations) from
12 which such proceeds were derived.

14 "Reimbursement Premiums" means the money paid or payable to the FHCF from
15 reimbursement premiums levied from time to time under the Act. There shall be included within
16 the ambit of "Reimbursement Premiums" any interest, penalty or surcharge paid or payable on
17 late payments of such reimbursement premiums.

18 "Reimbursement Premium Earnings" means the income derived from the investment of
19 Reimbursement Premiums.

20 Section 2. *Issuance of Parity Obligations.* Subject to the provisions of the Master
21 Indenture, the Corporation hereby agrees that, upon the written request of the State Board of
22 Administration, accompanied by such certificates or other documentation, upon which the
23 Corporation may rely, as shall be necessary for the Corporation to comply with the provisions of
24 the Master Trust Indenture, particularly the provisions of Section 208 and, in the case of Parity
25 Obligations issued or incurred under the Master Trust Indenture (except for the Bonds issued
26 pursuant to Supplement No. 1 and Supplement No. 2), Section 704, including, without
27 limitation, any certificate as to the Premium and Assessment Revenue Available for Debt
28 Service, the Corporation will issue and incur its Parity Obligations for any purpose permitted by
29 the Act.

30 The Corporation further agrees that it will make such transfers or deposits of the proceeds
31 of Parity Obligations as are required by Parity Resolutions.

32 Section 3. *Pledge; Delivery of Pledged Collateral.* (a) In consideration of the
33 issuance and incurrence by the Corporation of its Parity Obligations and the deposits or transfers
34 of the proceeds thereof in accordance with the corresponding Parity Resolutions, the State Board
35 of Administration hereby pledges, assigns, transfers and hypothecates to the Corporation, and
36 grants to the Corporation a security interest in, all of the right, title and interest of the FHCF in
37 and to the Pledged Collateral, whether now owned or hereafter acquired, whether in possession
38 of the FHCF or the Corporation or the Master Trustee or a Depository, all as security for the
39 prompt and full payment when due of the principal of and redemption premium, if any, and
40 interest on all Parity Obligations and any other amounts required to be paid by the Corporation
41 under the Master Indenture.

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1 (e) The State Board of Administration hereby agrees that, so long as any Parity
2 Obligations are Outstanding and any notice from the Master Trustee referred to in subsection (c)
3 above has not been withdrawn, no Reimbursement Premiums or Reimbursement Premium
4 Earnings will be advanced or paid to insurers writing Covered Policies as reimbursement
5 payments under reimbursement contracts for reimbursable losses.

6 (f) Except during the continuation of an Event of Default, immediately following the
7 date on which the amounts on deposit to the credit of the accounts and subaccounts in the
8 Revenue Fund, taking into account the amounts to the credit of the various subaccounts in the
9 various accounts (except the balance to the credit of the Parity Common Reserve Account and
10 any Special Reserve Account) in the Bond Fund are sufficient for the Master Trustee to make (i)
11 the transfer to the Corporation or a Depository for the account of the Corporation of the balance
12 of the amount required for the payment of the Current Expenses of the Corporation in the current
13 Fiscal Year in accordance with the provisions of Section 503(b) of the Master Trust Indenture
14 and (ii) the deposits or payments of the amounts required by Section 504(a), (b) and (c) of the
15 Master Trust Indenture in the current Fiscal Year with respect to the Parity Obligations then
16 Outstanding, any Reimbursement Premiums, Reimbursement Premium Earnings and investment
17 income from the investment of proceeds of Pre-Event Bonds held by the FHCF on such date in
18 such Fiscal Year in excess of such requirements for such Fiscal Year shall be released from the
19 pledge and security interest granted herein, any Reimbursement Premiums, Reimbursement
20 Premium Earnings and investment income from the investment of proceeds of Pre-Event Bonds
21 received by the FHCF after such date in such Fiscal Year shall not be required to be delivered to
22 the Master Trustee, and all Reimbursement Premiums, Reimbursement Premium Earnings and
23 the investment income from the investment of proceeds of Pre-Event Bonds so released or no
24 longer required to be delivered to the Master Trustee in such Fiscal Year may be used by the
25 FHCF for any purpose permitted by the Act; provided that, in the event any of the Outstanding
26 Pre-Event Parity Obligations are Variable Rate Indebtedness, such Obligations shall be assumed,
27 for purposes of this subsection (f), to bear interest for the balance of the Fiscal Year at the rate
28 described in paragraph (ii) of the definition of Debt Service Requirement in the Master Trust
29 Indenture.

30 (g) The State Board of Administration and the Corporation hereby acknowledge that
31 the Office of Insurance Regulation has received from the Corporation and the FHCF a notice
32 that, simultaneously with the execution and delivery of this Pledge Agreement, Bonds are being
33 issued by the Corporation and the FHCF has no agreements in effect with local governments,
34 and, therefore, as provided by the Act, for so long as the Corporation shall have any Parity
35 Obligations Outstanding, the FHCF shall have no right, title or interest in or to the Emergency
36 Assessments and the Emergency Assessment Earnings, except as provided in the FHCF's
37 agreements with the Corporation. This Pledge Agreement with the Corporation is one such
38 agreement, and, by the terms hereof, the FHCF shall collect and receive the Emergency
39 Assessments subject to the pledge and security interest granted in Section 3(a) to the Master
40 Trustee for the benefit of the Owners and Holders of Parity Obligations and to the obligation
41 imposed by Section 3(e)(i) and (ii) to transfer to the Master Trustee all of the Emergency
42 Assessments so collected and received. Simultaneously with the execution and delivery of this
43 Pledge Agreement, the Corporation will assign to the Master Trustee as security for the Parity
44 Obligations, all of the Corporation's right, title and interest in and to this Pledge Agreement
45 (except for those certain rights under this Pledge Agreement that are set forth in the granting

1 clauses of the Master Indenture). The State Board of Administration hereby consents to such
2 assignment and agrees that the Master Trustee may enforce any and all rights, privileges and
3 remedies of the Corporation under or with respect to this Pledge Agreement, including those
4 rights reserved by the Corporation.

5 Section 4. *Special Covenants.* The State Board of Administration hereby covenants
6 that:

7 (a) (i) the moneys on deposit in any fund, account or subaccount maintained by the
8 Master Trustee or the State Board of Administration in connection with any Parity Tax-Exempt
9 Obligations, whether or not such moneys were derived from the proceeds of the sale of such
10 Parity Tax-Exempt Obligations or any other source, will not be used in any manner that would
11 cause such Parity Tax-Exempt Obligations to be "arbitrage bonds" within the meaning of Section
12 148 of the Code or bonds not described under Section 103(a) of the Code; and

13 (ii) no portion of the proceeds of any Parity Tax-Exempt Obligations will be
14 used in a manner that would cause such Parity Tax-Exempt Obligations to be "private activity
15 bonds" within the meaning of Section 141(n) of the Code, unless at the time of the issuance of
16 such private activity bonds there shall be delivered to the Master Trustee, the State Board of
17 Administration and the Corporation an opinion of bond counsel to the effect that (A) the interest
18 on such private activity bonds will not be includable in the gross income of the owners thereof
19 for federal income tax purposes and (B) that the issuance of such private activity bonds will not
20 impair the federal income tax status of any other Parity Tax-Exempt Obligations then
21 Outstanding;

22 (b) within thirty (30) days after receipt of the audit report mentioned below but in no
23 event later than two hundred seventy (270) days after the end of each Fiscal Year, the State
24 Board of Administration will file with the Master Trustee and with each Owner or Holder who
25 may have so requested of the State Board of Administration in writing, a copy of the Audited
26 Financial Statements, prepared in accordance with generally accepted accounting principles, of
27 the FHCF and the Corporation as of the end of such Fiscal Year accompanied by the opinion of
28 an Auditor;

29 (c) not later than ninety (90) days after the end of each Fiscal Year, commencing with
30 the Fiscal Year ending on June 30, 2007, the State Board of Administration shall file with the
31 Master Trustee an Officer's Certificate demonstrating that the Revenue Available for Debt
32 Service for the prior Fiscal Year (set forth in such Certificate) was not less than the greater of (i)
33 one hundred twenty-five percent (125%) of the principal and interest that became due and
34 payable in such Fiscal Year on Parity Obligations and (ii) one hundred percent (100%) of the
35 principal and interest that became due and payable in such Fiscal Year for Parity Obligations and
36 Subordinated Indebtedness for such Fiscal Year (both such calculations set forth in such
37 Certificate); provided, however, that if the State Board of Administration is unable to deliver
38 such an Officer's Certificate, the State Board of Administration covenants to take all actions
39 permitted by law or under this Pledge Agreement, including (A) petitioning the Legislature of
40 the State for any amendment or amendments to the Act deemed appropriate by the State Board of
41 Administration, (B) cooperating with the Corporation in connection with any action to increase
42 collections of Pledged Collateral, and (C) retaining a Consultant within thirty (30) days to make

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1 Section 7. *Representations and Warranties.* The State Board of Administration
2 hereby represents and warrants that: (i) the obligations of the FHCF under this Pledge
3 Agreement shall not constitute a debt of the State or any political subdivision thereof nor a
4 pledge of the faith and credit of the State or any political subdivision thereof within the meaning
5 of any constitutional or statutory provision; (ii) the FHCF does not have the power or authority to
6 levy any tax; (iii) the FHCF owns the Pledged Collateral free and clear of any lien, security
7 interest, pledge or encumbrance except for the liens, security interests and pledges created by this
8 Pledge Agreement and by the Master Indenture; (iv) no effective financing statement or other
9 instrument similar in effect covering all or any part of the Pledged Collateral is on file in any
10 recording office; (v) this Pledge Agreement creates a valid, enforceable and perfected security
11 interest in favor of the Corporation in the Pledged Collateral, securing the payment of the Parity
12 Obligations, and all actions necessary or desirable to establish and protect such pledge have been
13 duly taken; and (vi) no authorization, approval or other action by, and no notice to or filing with,
14 any governmental authority or regulatory body is required either (A) for the grant by the State
15 Board of Administration of the security interest granted herein or for the execution, delivery or
16 performance of or the exercise by the Corporation and the Master Trustee of their respective rights
17 and remedies hereunder. Unless the State Board of Administration shall have previously advised
18 the Corporation and the Master Trustee in writing that one or more of the above statements is no
19 longer true, the State Board of Administration shall be deemed to have represented and
20 warranted to the Corporation and the Master Trustee on all dates subsequent to the date of
21 execution hereof that the statements contained herein are true and correct.

23 Section 8. *Covered Events Relief Fund.* (a) A special fund is hereby established
24 with the State Board of Administration and designated the "Florida Hurricane Catastrophe Fund
25 Covered Events Relief Fund" and within the Covered Events Relief Fund there are hereby
26 established special accounts, one for Post-Event Parity Obligations and one for Pre-Event Parity
27 Obligations, and, within each of the special accounts, there are hereby established special
28 subaccounts for each Series of Post-Event Bonds and Pre-Event Bonds, respectively (unless the
29 applicable Supplemental Indenture provides for the commingling of proceeds in a single
30 subaccount), each to be designated the "[Bond Series and letter] Covered Events Relief
31 Subaccount" (each, a "Proceeds Subaccount"). Upon the issuance or incurrence of each Series
32 of Parity Obligations that are Post-Event Parity Obligations, the net proceeds thereof shall be
33 transferred by the Corporation to the State Board of Administration, for the account of the
34 FHCF, and shall be deposited by the State Board of Administration in the appropriate Proceeds
35 Subaccount of the Post-Event Parity Obligations Proceeds Account, to be held by the FHCF for
36 disbursement for reimbursement payments, and advances of such payments, under
37 reimbursement contracts for reimbursable losses caused by a Covered Event. Upon the issuance
38 or incurrence of each Series of Parity Obligations that are Pre-Event Parity Obligations, the net
39 proceeds thereof shall be transferred by the Corporation to the State Board of Administration, for
40 the account of the FHCF, and shall be deposited by the State Board of Administration in the
41 appropriate Proceeds Subaccount of the Pre-Event Parity Obligations Proceeds Account to be
42 held by the FHCF in reserve for disbursement for reimbursement payments, and advances of
43 such payments, under reimbursement contracts for reimbursable losses caused by a future
44 Covered Event.

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1 recommendations to increase the Revenue Available for Debt Service in the following Fiscal
2 Year to the levels required or, if in the opinion of the Consultant the attainment of such levels is
3 impracticable, to the highest levels attainable. Any Consultant so retained shall be required to
4 submit such recommendations within sixty (60) days after being so retained. The State Board of
5 Administration agrees that it will, to the extent permitted by law, follow, or cause to be followed,
6 the recommendations of any Consultant so retained. For purposes of the Officer's Certificate
7 described in this subsection, there may be subtracted from the amount of the interest otherwise
8 includable in the amounts described in clauses (i) and (ii) above an amount equal to the sum of
9 the interest on Parity Obligations paid during such Fiscal Year from (Y) the Capitalized Interest
10 Account in the Bond Fund and (Z) without duplication, investment income on and proceeds of
11 Pre-Event Parity Obligations. The Officer's Certificate described in this subsection (c) may be
12 provided jointly by an Authorized Officer of the State Board of Administration and an
13 Authorized Officer of the Corporation; and

14 (d) the State Board of Administration will take such action, in addition to the specific
15 actions prescribed by this Pledge Agreement, as may be necessary and permitted under the Act to
16 ensure the full and timely payment of debt service on Pre-Event Parity Bonds following a
17 withdrawal from the Pre-Event Parity Obligations Account of the Covered Events Relief Fund of
18 all or any portion of the proceeds of such Bonds.

19 Section 5. *Investment of Pledged Collateral.* The State Board of Administration
20 shall enter into agreements with either the Master Trustee or a Depository or Depositories for the
21 investment of any money derived from the Pledged Collateral and deposited in any of the funds
22 or accounts established under the Master Indenture or this Pledge Agreement or give the Master
23 Trustee and any Depository written directions respecting the investment of such money, subject,
24 however, to the lien, assignment and pledge effected hereby and to the provisions of Article VI
25 of the Master Indenture. The Master Trustee hereby agrees to enter into such agreements and
26 follow such directions respecting the investment of any money required or permitted to be
27 invested under the Master Indenture, subject, however, to the lien, assignment and pledge
28 effected hereby and to the provisions of Article VI of the Master Indenture.

29 Section 6. *FHCF Remains Liable.* Anything herein to the contrary notwithstanding,
30 (a) the FHCF shall remain liable under the reimbursement contracts entered into by the State
31 Board of Administration with insurers writing Covered Policies in the State to the extent set forth
32 therein and to perform all of its duties and obligations thereunder to the same extent as if this
33 Pledge Agreement had not been executed, (b) the execution and delivery of this Pledge
34 Agreement shall not release the FHCF from any of its duties or obligations under such
35 reimbursement contracts, (c) neither the Corporation nor the Master Trustee shall (i) have any
36 obligation or liability under such reimbursement contracts by reason of this Pledge Agreement or
37 (ii) be obligated to perform any of the obligations or duties of the FHCF or the State Board of
38 Administration thereunder; provided, however, nothing in this Section shall relieve the FHCF of
39 its obligation to deliver to the Master Trustee the Pledged Collateral to the extent required by
40 Section 3 hereof, and (d) the FHCF shall remain liable, notwithstanding any release from the
41 pledge and security interest created by this Pledge Agreement of portions of the Pledged
42 Collateral as provided in Section 3(f), to make timely and sufficient transfers of Pledged
43 Collateral to the Master Trustee to enable the Corporation to make timely and sufficient payment
44 of all amounts due under the Master Indenture.

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1 (b) Money in the Covered Events Relief Fund may, subject to Section 4(a) hereof and
2 Section 502(c) of the Master Trust Indenture, be invested in any investment authorized during a
3 Section 215.47, Florida Statutes, as amended from time to time, or any successor statute.
4 Investments acquired with money in or credited to any Proceeds Subaccount shall be deemed at
5 all times to be part of such Subaccount. Any loss realized upon the disposition or maturity of
6 such investments shall be charged against such Subaccount unless otherwise directed by the
7 State Board of Administration. The interest accruing on any such investments and any profit
8 realized upon the disposition or maturity of such investments shall be credited to such
9 Subaccount unless otherwise directed by the State Board of Administration.

10 (c) In the case of the special Proceeds Subaccounts created for Post-Event Parity
11 Obligations, payment of the reimbursable losses caused by a Covered Event occurring during a
12 Contract Year shall be made from the appropriate Proceeds Subaccount or Subaccounts. All
13 such payments shall be subject to the provisions and restrictions set forth in this Pledge
14 Agreement, including Section 4(a) hereof, and the Master Indenture, and the State Board of
15 Administration shall not cause or agree to permit to be paid from any such Subaccount any sums
16 except in accordance with such provisions and restrictions. When all reimbursement payments
17 under reimbursement contracts for reimbursable losses caused by a Covered Event have been
18 paid, which fact shall be evidenced by delivery to the Master Trustee of an Officer's Certificate
19 of the State Board of Administration, the balance in the related Proceeds Subaccount shall be
20 transferred as the Corporation may direct or as may be provided in the applicable Supplemental
21 Indenture.

22 (d) (i) in the case of each special Proceeds Subaccount created for Pre-Event
23 Parity Obligations,

24 (A) the FHCF shall, in accordance with the provisions of
25 Section 3(o)(iii), transfer to the Master Trustee for the account of the Corporation, from time to
26 time from each such Subaccount the investment income on proceeds of Pre-Event Parity
27 Obligations or from proceeds of Pre-Event Parity Obligations amounts sufficient for the Master
28 Trustee to pay the Current Expenses of the Corporation not provided for from Reimbursement
29 Premiums or otherwise and to make timely the deposits required by Section 504(a) and (b) and,
30 if applicable, Section 504(c), in respect of the related Series of Pre-Event Parity Obligations, and

31 (B) other than as provided in Section 3(c), no withdrawals from
32 any such Subaccount for any other purpose than described in clause (A) may be made prior to
33 the occurrence of a Covered Event except that withdrawals may be made to redeem or defease
34 any Pre-Event Parity Obligations in accordance with the terms of the applicable Parity
35 Resolution.

36 (ii) Proceeds of Pre-Event Parity Obligations may be withdrawn from a Proceeds
37 Subaccount following the occurrence of a Covered Event, provided that an Authorized Officer of
38 the State Board of Administration shall deliver to the Master Trustee prior to the first such
39 withdrawal an Officer's Certificate certifying the following:

40 (A) The aggregate amount and monthly schedule of
41 withdrawals from such Subaccount anticipated to be made as a result of the Covered Event,

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1 (B) That an amount, stated in such Certificate and equal to the
2 difference between the balance then to the credit of the applicable Subaccount for such Pre-Event
3 Parity Obligations in the Interest Account in the Bond Fund and the interest, estimated in such
4 Certificate and calculated in the event that any of the Outstanding Pre-Event Parity Obligations
5 are Variable Rate Indebtedness at the rate described in paragraph (ii) of the definition of Debt
6 Service Requirement in the Master Trust Indenture, to become due and payable in the next six
7 months on a principal amount of Pre-Event Parity Obligations equal to the aggregate amount of
8 the withdrawals anticipated to be made as set forth in (A) above, shall have been withdrawn from
9 the proceeds of such Pre-Event Parity Obligations credited to such Subaccount or otherwise
10 transferred to the Master Trustee, and in any case deposited to the credit of the appropriate
11 subaccount in the Interest Account for such Pre-Event Parity Obligations,

12 (C) That, taking into account all of the anticipated withdrawals
13 described in (A) above, such Officer estimates that there will be sufficient Revenue Available for
14 Debt Service to make full and timely payment of debt service on the Pre-Event Parity
15 Obligations as the same shall become due and payable, and

16 (D) That notice of such withdrawal has been provided to the
17 State Board of Administration and that such notice contained the information included in clauses
18 (A), (B) and (C) above and an estimate, based upon factors deemed reasonable and appropriate
19 by the certifying Authorized Officer, of the aggregate increase, if any, in the Emergency
20 Assessment percentage necessary to be levied to provide for the estimated annual Debt Service
21 Requirement for each future Fiscal Year on a principal amount of the Pre-Event Parity
22 Obligations equal to the aggregate amount of the anticipated withdrawals described in (A) above.

23 (iii) When all of the Pre-Event Parity Obligations authorized by a
24 Supplemental Indenture shall have been paid or defeased (whether through a refunding or
25 otherwise) in accordance with such Supplemental Indenture, which fact shall be evidenced by
26 delivery to the Master Trustee of an Officer's Certificate of the State Board of Administration,
27 the balance in the related Proceeds Subaccount shall be transferred as the Corporation may direct
28 or as may be provided in the applicable Supplemental Indenture.

29 Section 9. *Rights of the Corporation and the Master Trustee.* Neither the
30 Corporation nor the Master Trustee shall be liable for any failure to collect or realize upon all or
31 any part of the Pledged Collateral, or for any delay in so doing, and neither the Corporation nor
32 the Master Trustee shall be under any obligation to take any action whatsoever with regard to the
33 Pledged Collateral except to the extent set forth in this Pledge Agreement, in the Master
34 Indenture and in any indenture supplemental thereto. If an Event of Default shall have occurred
35 and be continuing, the Master Trustee, as assignee pursuant to the Master Indenture of all the
36 Corporation's right, title and interest in and to this Pledge Agreement, may, without notice,
37 exercise all rights, privileges or options pertaining to the Pledged Collateral as if it were the
38 absolute owner of such Pledged Collateral, upon such terms and conditions as it may determine,
39 all without liability except to account for the Pledged Collateral actually received by it.

40 Section 10. *Remedies.* (a) Upon the happening and continuance of any Event of
41 Default, then and in every such case the Master Trustee may proceed, and upon the written
42 request of the Owners or Holders of not less than a majority in aggregate principal amount of the

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1 Section 13. *Indemnity and Expenses.* (a) To the extent permitted by law, the State
2 Board of Administration agrees to indemnify the Corporation and the Master Trustee from and
3 against any and all claims, losses and liabilities (collectively referred to hereinafter as "Losses")
4 of whatsoever nature (including, but not limited to, reasonable attorneys' fees, litigation and
5 court costs, amounts paid in settlement and amounts paid to discharge judgments) directly or
6 indirectly resulting from, arising out of or related to one or more Claims, as hereinafter defined,
7 excluding any such Loss or Claim that arises out of an act of negligence or willful misconduct of
8 any member, officer, director, agent, or employee of the Corporation or the Master Trustee. The
9 word "Claims" as used herein shall mean all claims, lawsuits, causes of action and other legal
10 actions and proceedings of whatsoever nature, including, but not limited to, claims, lawsuits,
11 causes of action and other legal actions and proceedings brought against the Corporation or the
12 Master Trustee or to which the Corporation or the Master Trustee is a party, that directly or
13 indirectly result from, arise out of or relate to the execution, delivery or performance of this
14 Pledge Agreement, the Master Indenture or any related instruments or documents. The
15 obligations of the State Board of Administration under this Section 13(a) shall apply to all
16 Losses or Claims, or both, that result from, arise out of, or are related to any event, occurrence,
17 condition or relationship prior to termination of this Pledge Agreement, whether such Losses or
18 Claims, or both, are asserted prior to termination of this Pledge Agreement or thereafter. The
19 Corporation or the Master Trustee, as the case may be, shall reimburse the State Board of
20 Administration for payments made by the State Board of Administration pursuant to this Section
21 13(a) to the extent of any proceeds, net of all expenses of collection, actually received by the
22 Corporation or the Master Trustee from any insurance covering such Claims with respect to the
23 Losses sustained. The Corporation and the Master Trustee shall have the duty to claim any such
24 insurance proceeds and the Corporation and the Master Trustee shall assign their respective
25 rights to such proceeds, to the extent of such required reimbursement, to the State Board of
26 Administration. In case any action shall be brought against the Corporation or the Master
27 Trustee in respect of which indemnity may be sought against the State Board of Administration,
28 then the Corporation or the Master Trustee, as the case may be, shall promptly notify the State
29 Board of Administration in writing. Failure to notify the State Board of Administration shall not
30 relieve it from any liability that it may have other than on account of this Pledge Agreement.
31 The State Board of Administration shall have the right to assume the investigation and defense of
32 any such action, including the employment of counsel, which counsel shall be satisfactory to the
33 indemnified parties, and the payment of all expenses. The Corporation shall have the right to
34 employ separate counsel in any such action and participate in the investigation and defense
35 thereof, and the reasonable fees and expenses of such counsel shall be paid by the State Board of
36 Administration. The Master Trustee shall have the right to employ separate counsel in any such
37 action and participate in the investigation and defense thereof, but the fees and expenses of such
38 counsel shall be paid by the Master Trustee, unless the employment of such counsel has been
39 authorized by the State Board of Administration or the Master Trustee has concluded in good
40 faith that there may be legal defenses available to it that are different from or in addition to those
41 available to the State Board of Administration, in which case the Master Trustee shall have the
42 right to designate and retain separate counsel in such action and the reasonable fees and expenses
43 of such counsel shall be paid by the State Board of Administration. If no such authorization or
44 conclusion in good faith is made and the State Board of Administration assumes the defense of
45 such action, the State Board of Administration shall not be liable for the fees and expenses of any
46 counsel for the Master Trustee incurred thereafter in connection with such action. In no event

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1 Parity Obligations then Outstanding (subject to any limitations on or alternative provisions for
2 the giving of such requests as may be established in any indenture supplemental to the Master
3 Indenture) shall proceed, subject to the provisions of Section 902 of the Master Indenture, to
4 protect and enforce its rights and the rights of the Owners or Holders of the Parity Obligations
5 under applicable laws and under this Pledge Agreement by such suits, actions or special
6 proceedings in equity or at law, or by proceedings in the office of any board or officer having
7 jurisdiction, either for the specific performance of any covenant or Pledge Agreement contained
8 herein or in aid or execution of any power herein granted or for the enforcement of any proper
9 legal or equitable remedy, as the Master Trustee, being advised by counsel, chosen by the Master
10 Trustee, shall deem most effectual to protect and enforce such rights, including but not limited
11 to:

12 (i) Suit upon all or any part of the Pledged Collateral;

13 (ii) Civil action to require any Person holding money, documents or other
14 property pledged to secure payment of amounts due or to become due on the Parity Obligations
15 to account as if it were the trustee of an express trust for the Owners and Holders;

16 (iii) Civil action to enjoin any acts or things, which may be unlawful or in
17 violation of the rights of the Owners and Holders; and

18 (iv) Enforcement of any other right of the Owners and Holders conferred by
19 law or hereby.

20 (b) Regardless of the happening of an Event of Default, the Master Trustee, if
21 requested in writing by the Owners or Holders of not less than a majority of the aggregate
22 principal amount of the Parity Obligations then Outstanding (subject to any limitations on or
23 alternative provisions for the giving of such requests as may be established in any Supplemental
24 Indenture) shall proceed, subject to the provisions of Section 902 of the Master Indenture, to
25 institute and maintain such suits and proceedings as it may be advised shall be necessary or
26 expedient (i) to prevent any impairment of the security hereunder by any acts which may be
27 unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Owners and
28 Holders, provided that such request and the action to be taken by the Master Trustee are not in
29 conflict with any applicable law or the provisions hereof and, in the sole judgment of the Master
30 Trustee, are not unduly prejudicial to the interest of the Owners and Holders not making such
31 request.

32 Section 11. *Further Assurances.* The State Board of Administration shall, at any time
33 and from time to time upon the written request of the Master Trustee, execute and deliver such
34 further documents and do such further acts and things as the Master Trustee may reasonably
35 request in order to effect the purposes of this Pledge Agreement.

36 Section 12. *Master Trustee May Perform.* If the FHCF fails to perform any agreement
37 contained herein, the Master Trustee may itself perform, or cause performance of, such
38 agreement, and the expenses of the Master Trustee incurred in connection therewith shall be
39 payable by the FHCF as Current Expenses of the FHCF.

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1 shall the State Board of Administration be liable for the fees and expenses of more than one
2 counsel for the Master Trustee in connection with any one action or separate but similar or
3 related actions in the same jurisdiction arising out of the same general allegations or
4 circumstances, unless the retaining of additional counsel has been specifically authorized by the
5 State Board of Administration. All payments made by the State Board of Administration
6 pursuant to this Section 13(a) shall be Current Expenses of the FHCF.

7 (b) The State Board of Administration shall pay to the Corporation and the Master
8 Trustee the amount of any and all reasonable expenses, including the reasonable fees and
9 disbursements of their respective counsel and of any consultants and agents, which the
10 Corporation or the Master Trustee may incur in connection with (i) the administration of this
11 Pledge Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection
12 from, or other realization upon, any of the Pledged Collateral, (iii) the exercise or enforcement of
13 any of the rights of the Corporation or the Master Trustee hereunder or (iv) the failure by the
14 FHCF to perform or observe any of the provisions hereof. All such expenses pursuant to this
15 Section 13(b) shall be payable by the FHCF as Current Expenses of the FHCF.

16 Section 14. *Amendment.* This Pledge Agreement may, without the consent of or
17 notice to any of the Owners or Holders, be amended, from time to time, to:

18 (a) cure any ambiguity or formal defect or omission in this Pledge Agreement or in
19 any supplement hereto;

20 (b) correct or supplement any provisions herein which may be inconsistent with any
21 other provisions herein or make any other provisions with respect to matters which do not
22 materially or adversely affect the interests of the Owners and the Holders;

23 (c) grant to or confer upon the Master Trustee for the benefit of the Owners and the
24 Holders any additional rights, remedies, powers, authority or security that may lawfully be
25 granted to or conferred upon the Owners and the Holders or the Master Trustee;

26 (d) add conditions, limitations and restrictions on the State Board of Administration
27 to be observed thereafter; or

28 (e) make any amendment or modification to this Pledge Agreement resulting from
29 the elimination of any restriction on the use of Reimbursement Premiums under the Code to pay
30 or to secure debt service on Tax-Exempt Parity Obligations to the extent the elimination of such
31 restriction is permitted by any administrative pronouncement of the Internal Revenue Service
32 (including a private letter ruling) addressed to the Corporation, the FHCF, or any successor of
33 either, or to the extent such elimination of such use restriction is permitted (based upon an
34 Opinion of Counsel) by the Code; or

35 (f) make any other change that, in the opinion of the Master Trustee, which may rely
36 upon certificates of Consultants and Opinions of Counsel for such purpose, shall not materially
37 adversely affect the security for the Parity Obligations.

38 Before entering into any amendment under this Section 14, the Master Trustee shall be
39 entitled to receive, and in so doing shall be fully protected in relying upon, an Opinion of

1 Counsel to the effect the any such proposed amendment is authorized or permitted under this
2 Pledge Agreement.

3 Other than amendments referred to in the preceding paragraph of this Section and subject
4 to the terms and provisions and limitations contained in Section 1102 of the Master Indenture
5 and not otherwise, the Owners and Holders of not less than a majority in aggregate principal
6 amount of the Parity Obligations then Outstanding, shall have the right, from time to time,
7 anything contained herein to the contrary notwithstanding, to consent to and approve the
8 execution by the State Board of Administration, the Corporation and the Master Trustee of such
9 supplements and amendments hereto as shall be deemed necessary and desirable for the purpose
10 of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or
11 provisions contained herein; provided, however, nothing in this Section shall permit or be
12 construed as permitting a supplement or amendment which would impair the pledge and
13 security interest granted by this Pledge Agreement.

14 Section 15. *Termination of Pledge Agreement.* This Pledge Agreement shall (i) remain
15 in full force and effect until payment in full of the Parity Obligations, (ii) be binding upon the
16 FHCF, its successors and assigns and (iii) inure to the benefit of the Corporation, the Master
17 Trustee and their respective successors, transferees and assigns. Upon the payment in full of the
18 Parity Obligations, the security interest granted herein shall terminate and all rights to the
19 Pledged Collateral shall revert to the FHCF. Upon any such termination, the Master Trustee
20 shall, at the FHCF's expense, execute and deliver to the FHCF such documents as the State
21 Board of Administration shall reasonably request to evidence such termination.

22 Section 16. *Notices.* All notices, demands and requests to be given to or made
23 hereunder by the Corporation, the State Board of Administration or the Master Trustee shall be
24 given or made in writing and shall be deemed to be properly given or made if sent by United
25 States certified or registered mail, return receipt requested, postage prepaid, addressed as
26 follows:

27 Party	28 Address
29 Florida Hurricane Catastrophe Fund:	Florida Hurricane Catastrophe Fund
	c/o State Board of Administration
	1801 Hermitage Boulevard
	Tallahassee, Florida 32308
	Attention: Chief Operating Officer

1 Section 20. *Members, Officers and Employees of the State Board of Administration*
2 *and the Corporation Not Liable.* Neither the members, officers and employees of the State
3 Board of Administration nor the members of the Board of Directors or the officers and
4 employees of the Corporation shall be personally liable for any costs, losses, damages or
5 liabilities caused or subsequently incurred by the State Board of Administration or any member,
6 officer, employee or agent thereof in connection with or as a result of this Pledge Agreement.

7 Section 21. *Separate Accounts and Records.* The State Board of Administration and
8 the Corporation represent and covenant, each for itself, that:

9 (i) Each of them will maintain its respective books, financial records and
10 accounts (including, without limitation, inter-entity transaction accounts) in a manner so as to
11 identify separately the assets and liabilities of each such entity; each has observed and will
12 observe all applicable corporate or trust procedures and formalities, including where applicable,
13 the holding of regular periodic and special meetings of governing bodies, the recording and
14 maintenance of minutes of such meetings, and the recording and maintenance of resolutions, if
15 any, adopted at such meetings; and all transactions and agreements between and among them
16 have reflected and will reflect the separate legal existence of each entity and have been and will
17 be formally documented in writing.

18 (ii) Each of them has paid and will pay its respective liabilities and losses
19 from its own respective separate assets, and has compensated and will compensate all
20 consultants, independent contractors and agents from its own funds for services provided to it by
21 such consultants, independent contractors and agents.

22 (iii) None of them has commingled or will commingle any of its assets, funds
23 or liabilities with the assets, funds or liabilities of any other person or entity. Each of them has
24 conducted and will conduct all business between itself and third parties in its own name and
25 separate and distinct from the others.

26 (iv) Neither the assets nor the creditworthiness of the FHCF will be held out as
27 being available for the payment of any liability of the Corporation, and vice versa. Assets will
28 not be transferred by the Corporation to or from the FHCF inconsistently with the Act or with
29 the intent to binder, delay or defraud creditors.

30 (v) Each of them in its papers and in the statements of its officials has referred
31 and will refer to the others as separate and distinct legal entities; and will take no action that is
32 inconsistent with this Pledge Agreement or that would give any creditor of any of them cause to
33 believe either that any obligation incurred by it would be not only its obligation, but also of
34 another party, or that it were not or would not continue to remain an entity separate and distinct
35 from the others.

36 Section 22. *Transfers to FHCF.* Subject to the provisions of the Act, the Master
37 Indenture and this Pledge Agreement, all money received by the Corporation or the Master
38 Trustee which, together with other money available for the purposes of the Master Indenture,
39 exceeds the amount required for such purposes shall be transferred to the order of the FHCF not
40 later than the times provided therefor in the Master Indenture and in this Pledge Agreement.

1 Corporation: Florida Hurricane Catastrophe Fund
2 Finance Corporation
3 c/o State Board of Administration
4 1801 Hermitage Boulevard
5 Tallahassee, Florida 32308
6 Attention: Senior FHCF Officer

7 Master Trustee: Wells Fargo Bank, N.A.
8 7077 Bonneval Road, Suite 400
9 Jacksonville, FL 32216
10 Attention: Corporate Trust Department

11 Any such notice, demand or request may also be transmitted to the appropriate above-
12 mentioned party by telegram or telephone and shall be deemed to be properly given or made at
13 the time of such transmission if, and only if, such transmission of notice shall be confirmed in
14 writing and sent as specified above.

15 Any of such addresses may be changed at any time upon written notice of such change
16 sent by United States certified or registered mail, postage prepaid, to the other parties by the
17 party effecting the change.

18 Section 17. *No Waiver; Remedies.* No failure on the part of the Corporation or the
19 Master Trustee to exercise, and no delay in exercising, any right under this Pledge Agreement
20 shall operate as a waiver of such right, and no single or partial exercise of any right under this
21 Pledge Agreement shall preclude any further exercise of such right or the exercise of any other
22 right. The remedies provided in this Pledge Agreement are cumulative and not exclusive of any
23 remedies provided by law.

24 Section 18. *Conflict.* In the event that any part of this Pledge Agreement is
25 determined to be in conflict with the terms of the Master Indenture, the terms of the Master
26 Indenture shall govern to the extent of such conflict.

27 Section 19. *Rights of the Master Trustee.* Neither the Master Trustee nor any of its
28 officers, directors, employees, agents, attorneys-in-fact or affiliates shall be liable for any action
29 taken or omitted to be taken by it or any such officer, director, employee, agent, attorney-in-fact
30 or affiliate under or in connection with this Pledge Agreement (except for the Master Trustee's
31 or any such person's own negligence or willful misconduct). The Master Trustee undertakes to
32 perform only such duties as are expressly set forth herein. The Master Trustee may rely, and
33 shall be protected in acting or refraining from acting, upon any written notice, instruction or
34 request furnished to it hereunder and believed by it to be genuine and to have been signed or
35 presented by the proper party. The Master Trustee may consult with counsel of its choice and
36 shall have full and complete authorization and protection for any action taken or suffered by it
37 hereunder in good faith and in accordance with the opinion of such counsel. Notwithstanding
38 any provision to the contrary contained herein, the Master Trustee shall not be relieved of
39 liability arising in connection with its own negligence or willful misconduct.

1 Section 23. *Severability.* Any provision of this Pledge Agreement that is prohibited,
2 unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to
3 the extent of such prohibition, unenforceability or nonauthorization without invalidating the
4 remaining provisions of this Pledge Agreement or affecting the validity, enforceability or legality
5 of such provision in any other jurisdiction.

6 Section 24. *Governing Law.* This Pledge Agreement shall be governed by, and
7 construed and interpreted in accordance with, the domestic law of the State.

8 Section 25. *Headings.* Section headings in this Pledge Agreement are included for
9 convenience of reference only and shall not constitute a part of this Pledge Agreement for any
10 other purpose.

11 Section 26. *Counterparts.* This Pledge Agreement may be signed in any number of
12 counterpart copies, and all such copies shall constitute one and the same instrument.

1 IN WITNESS WHEREOF, the parties have caused this Pledge Agreement to be duly
2 executed and delivered as of the date first above written.

3 FLORIDA HURRICANE CATASTROPHE FUND
4 FINANCE CORPORATION

By: [Signature]
President

5
6
7 (SEAL)
8 Attest:
9 [Signature]
10 Secretary
11

12 STATE BOARD OF ADMINISTRATION,
13 acting as the governing body and administrator of the
14 FLORIDA HURRICANE CATASTROPHE FUND

By: [Signature]
Executive Director

15
16
17 (SEAL)
18
19
20
21
22

18
19
20
21
22 Assistant General Counsel

23 WELLS FARGO BANK, N.A.
24 Master Trustee

By: _____
[Title]

25
26
27 (SEAL)

28 Attest:

29 _____
30 [Title]

1 IN WITNESS WHEREOF, the parties have caused this Pledge Agreement to be duly
2 executed and delivered as of the date first above written.

3 FLORIDA HURRICANE CATASTROPHE FUND
4 FINANCE CORPORATION

By: _____

5
6
7 (SEAL)

8 Attest:

9
10
11

12 STATE BOARD OF ADMINISTRATION,
13 acting as the governing body and administrator of the
14 FLORIDA HURRICANE CATASTROPHE FUND

By: _____

15
16
17 (SEAL)

18 Attest:

19
20
21

22 WELLS FARGO BANK, N.A.
23 Master Trustee

By: [Signature]
Brian P. Clark, Vice President

24
25
26 (SEAL)
27

28 Attest:

29 [Signature]
Title:

APPENDIX D
PROVISIONS FOR BOOK-ENTRY ONLY SYSTEM FOR REGISTERED BONDS

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PROVISIONS FOR BOOK-ENTRY-ONLY SYSTEM OR REGISTERED BONDS

The Depository Trust Company and Book-Entry-Only System

THE INFORMATION IN THIS SECTION CONCERNING THE DEPOSITORY TRUST COMPANY AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE CORPORATION BELIEVES TO BE RELIABLE; HOWEVER, NEITHER THE CORPORATION NOR THE SBA TAKES ANY RESPONSIBILITY FOR THE ACCURACY THEREOF. CAPITALIZED, UNDEFINED TERMS HEREIN HAVE THE MEANING GIVEN WITHIN APPENDIX C-1.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2013A Bonds. The 2013A Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2013A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such maturity.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules

applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2013A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2013A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2013A Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2013A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2013A Bonds, except in the event that use of the book-entry system for the 2013A Bonds is discontinued.

To facilitate subsequent transfers, all 2013A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2013A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in Beneficial Ownership. DTC has no knowledge of the actual Beneficial Owners of the 2013A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2013A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2013A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2013A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2013A Bond documents. For example, Beneficial Owners of 2013A Bonds may wish to ascertain that the nominee holding the 2013A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notice be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2013A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2013A Bonds unless authorized by a Direct Participant in accordance with DTC MMI

Procedure's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2013A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2013A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Bond Registrar/Paying Agent/Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar/Paying Agent/Trustee, the Corporation, or the State Board of Administration, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Registrar/Paying Agent/Trustee; disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2013A Bonds at any time by giving reasonable notice to the Corporation or Bond Registrar/Paying Agent/Trustee. The Corporation may decide to discontinue use of the system of book-entry transfers for the 2013A Bonds through DTC (or a successor securities depository). Under such circumstances, in the event that a successor depository is not obtained, certificates for the 2013A Bonds are required to be printed and delivered as provided in the documents authorizing the issuance and sale of the 2013A Bonds.

For every transfer and exchange of beneficial interests in the 2013A Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other government charge that may be imposed in relation thereto.

So long as Cede & Co., as nominee of DTC, is the registered owner of the 2013A Bonds, references herein to the Registered Owners or Holders of the 2013A Bonds shall mean Cede & Co. and not mean the Beneficial Owners of the 2013A Bonds unless the context requires otherwise.

The Corporation, the SBA and the Bond Registrar/Paying Agent/Trustee will not have any responsibility or obligation with respect to:

- (i) the accuracy of the records of DTC, its nominee or any DTC Participant or any successor securities depository, participants thereof or nominee thereof with respect to any beneficial ownership interest in the 2013A Bonds;
- (ii) the delivery to any DTC Participant or participant of any successor securities depository or any other person, other than a registered owner, as shown in

the Bond Register, of any notice with respect to any 2013A Bond, including, without limitation, any notice of redemption;

- (iii) the payment to any DTC Participant or participant of any successor securities depository or any other person, other than a registered owner, as shown in the Bond Register, of any amount with respect to the principal of, premium, if any, or interest on the 2013A Bonds, or the purchase price of, any 2013A Bond;
- (iv) any consent given by DTC or any successor securities depository as registered owner; or
- (v) the selection by DTC or any DTC Participant or by any successor depository or its participants of the beneficial ownership interests in the 2013A Bonds for partial redemption.

So long as the 2013A Bonds are held in book-entry only form, the Corporation, the State Board of Administration and the Bond Registrar/Paying Agent/Trustee may treat DTC and any successor Securities Depository as, and deem DTC and any successor Securities Depository to be, the absolute owner of the 2013A Bonds for all purposes whatsoever, including, without limitation:

- (i) the payment of the principal of, premium, if any, and interest on the 2013A Bonds;
- (ii) giving notices of redemption and other matters with respect to the 2013A Bonds;
- (iii) registering transfers with respect to the 2013A Bonds; and
- (iv) the selection of the beneficial ownership interests in the 2013A Bonds for partial redemption.

Payment, Registration, Transfer and Exchange

The following provisions shall be applicable only if the book-entry-only system of registration is discontinued; for provisions which are applicable while the book-entry only system of registration is in effect, see "Book-Entry Only System" above.

The Corporation, the Master Trustee, the Bond Registrar/Paying Agent and any agent of the Corporation, the Master Trustee or the Bond Registrar/Paying Agent, may treat the person in whose name any Bond is registered as the Owner of such Bond for the purpose of receiving payment of the principal of and premium, if any, and interest on such Bond, and for all other purposes whatsoever, whether or not such Bond be overdue, and, to the extent permitted by law, neither the Corporation, the Master Trustee, the Bond Registrar/Paying Agent nor any such agent shall be affected by notice to the contrary.

The payment of interest on each 2013A Bond shall be made by the Bond Registrar on each Interest Payment Date to the person appearing on the registration books of the Bond Registrar as the Owner thereof as of the Regular Record Date (i) by check mailed to the Owner at his address as it appears on such registration books or (ii) by wire transfer to any Owner of 2013A Bonds in the aggregate principal amount of \$1,000,000 or more that requests such method of payment and has furnished the necessary instructions and information to the Bond Registrar. Payment of the principal of all 2013A Bonds shall be made upon the presentation and surrender of such 2013A Bonds at the principal corporate trust office of the Bond Registrar as the same become due and payable (whether at maturity or by acceleration or otherwise).

The transfer of any 2013A Bond may be registered only upon the books kept for the registration and registration of transfer of 2013A Bonds upon presentation thereof to the Bond Registrar together with an assignment duly executed by the Owner or his attorney or legal representative, or legal representative of his estate if the Owner is deceased, in such form as shall be satisfactory to the Bond Registrar. No transfer of any 2013A Bond shall alter the ownership of such Bond unless such transfer is registered with the Bond Registrar. Upon any such registration of transfer, the Corporation shall, if necessary, execute and the Bond Registrar shall authenticate and deliver in exchange for such Bond a new 2013A Bond or 2013A Bonds, registered in the name of the transferee, of any denomination or denominations authorized by the Master Indenture, in the aggregate principal amount equal to the principal amount of such bond surrendered or exchanged, of the same maturity and bearing interest at the same rate.

No service charge shall be made for any registration, transfer or exchange of 2013A Bonds, but the Corporation and the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of 2013A Bonds.

The Bond Registrar/Paying Agent will not be required to issue, transfer or exchange any 2013A Bonds on the Record Date.

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APPENDIX E
FORM OF APPROVING OPINION

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APPENDIX E

FORM OF OPINION OF NABORS, GIBLIN & NICKERSON, P.A., WITH RESPECT TO THE 2013A BONDS

Upon delivery of the 2013A Bonds in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, proposes to render its opinion with respect to such 2013A Bonds in substantially the following form:

(Date of Delivery)

Florida Hurricane Catastrophe Fund
Finance Corporation
Tallahassee, Florida

State Board of Administration of Florida
Tallahassee, Florida

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by the Florida Hurricane Catastrophe Fund Finance Corporation (the "Corporation") of its \$2,000,000,000 Florida Hurricane Catastrophe Fund Finance Corporation Revenue Bonds, Series 2013A (the "Series 2013A Bonds"). The Series 2013A Bonds are being issued pursuant to Section 215.555, Florida Statutes (the "Act"). The Series 2013A Bonds are being issued for the principal purpose of providing moneys to enable the Florida Hurricane Catastrophe Fund (the "FHCF"), a trust fund established by the Act, to maximize the ability of the FHCF to meet future obligations, specifically to provide funds to enable the FHCF to make reimbursement payments through the FHCF to participating insurers for reimbursable losses caused by any Covered Events occurring in the Contract Year ending May 31, 2014 or any subsequent Contract Year.

In connection with the delivery of this opinion, we have examined the following: (i) the Act; (ii) the Master Trust Indenture, dated as of June 1, 2006, between the Corporation and Wells Fargo Bank, N.A., as Master Trustee (the "Master Trustee"), as supplemented (the "Master Trust Indenture"), in particular as supplemented by the Sixth Supplemental Indenture, dated as of April 1, 2013 (the "Sixth Supplemental Indenture"); (iii) the resolution of the Corporation adopted January 23, 2013 (the "Resolution"); (iv)

the resolution of the State Board of Administration of the State of Florida (the "SBA") adopted January 23, 2013; (v) the Pledge and Security Agreement, dated as of June 1, 2006 (the "Pledge Agreement"), among the Corporation, the FHCF and the Master Trustee; and (vi) such other documents, instruments, proceedings and opinions as we have deemed relevant in rendering this opinion. All terms used herein in capitalized form and not otherwise defined herein shall have the same meanings as ascribed to them under the Master Trust Indenture.

As to questions of fact material to our opinion, we have relied upon representations of the Corporation and the SBA and the certified proceedings and other certifications of appropriate officials of the Corporation and the SBA furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing and in reliance upon the matters hereinafter referred to, we are of the opinion that:

1. The Corporation is an instrumentality and public benefits corporation of the State, duly created and validly existing under and by virtue of the Act, with the power to enter into the Master Trust Indenture, the Sixth Supplemental Indenture and the Pledge Agreement and to issue the Series 2013A Bonds.

2. The FHCF is a trust fund established by the Act for bond covenants, indentures, or resolutions within the meaning of Article III, Section 19(f)(3) of the Florida Constitution.

3. The Resolution has been duly adopted by the Corporation pursuant to the Act, is valid and binding upon the Corporation and is enforceable in accordance with its terms.

4. The Corporation has duly authorized, executed and delivered the Master Trust Indenture and the Sixth Supplemental Indenture and each of the Master Trust Indenture and the Sixth Supplemental Indenture constitutes a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms. The Master Trust Indenture creates a valid pledge of, and lien on, the Net Receipts, subject only to the provisions of the Master Trust Indenture permitting the withdrawal, payment, use or setting apart thereof for the purposes and on the terms and conditions set forth in the Master Trust Indenture.

5. Each of the Corporation and the SBA has the right and lawful authority to enter into the Pledge Agreement, and the Pledge Agreement has been duly authorized, executed and delivered by the Corporation and the SBA and constitutes a legal, valid and binding obligation of each of the Corporation and the SBA enforceable in accordance with its terms. By virtue of the Act, the Pledge Agreement creates a valid pledge of and

security interest in the Pledged Collateral (as defined in the Pledge Agreement), subject only to the provisions of the Pledge Agreement permitting the withdrawal, payment, use or setting apart thereof for or to the purposes and on the terms and conditions set forth in the Pledge Agreement.

6. The Series 2013A Bonds have been duly authorized, executed and issued by the Corporation in accordance with the Act and the Constitution and laws of the State of Florida (the "State"), and in accordance with the Master Trust Indenture and the Pledge Agreement, and represent valid special obligations of the Corporation, enforceable in accordance with their terms and the terms of the Master Trust Indenture. The Series 2013A Bonds are payable from the Net Receipts derived from the Pledged Collateral received by the Corporation in accordance with the Pledge Agreement and do not constitute a debt or liability of the State or of any political subdivision thereof. None of the credit, revenues or taxing power of the State or of any political subdivision thereof is pledged to the payment of the Series 2013A Bonds.

7. Interest on the Series 2013A Bonds is not excluded from gross income of the holders thereof for federal income tax purposes.

8. The Series 2013A Bonds and interest thereon are exempt from taxation by the State and any political subdivision thereof, including the income tax under Chapter 220, Florida Statutes. This exemption does not apply to any tax imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, other than the Corporation.

All opinions as to the enforceability of the legal obligations of the Corporation and the SBA set forth herein are subject to and limited by (i) bankruptcy, insolvency, reorganization, moratorium or similar laws, in each case relating to or affecting the enforcement of creditors' rights and (ii) applicable laws or equitable principles that may affect remedies or injunctive or other equitable relief. We have assumed the due authorization, execution and delivery of the Master Trust Indenture, the Sixth Supplemental Indenture and the Pledge Agreement by the Master Trustee.

It should be noted that (1) except as may expressly be set forth in an opinion delivered by us to the underwriters (on which opinion only they may rely) for the Series 2013A Bonds on the date hereof, we have not been engaged or undertaken to review the accuracy, sufficiency or completeness of the Official Statement or other offering material relating to the Series 2013A Bonds and we express no opinion relating thereto, and (2) we have not been engaged or undertaken to review the compliance with any federal or state law with regard to the sale or distribution of the Series 2013A Bonds and we express no opinion relating thereto.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts and circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We have examined the form of the Series 2013A Bonds and, in our opinion, the form of the Series 2013A Bonds is regular and proper.

Respectfully submitted,

APPENDIX F
FORM OF CONTINUING DISCLOSURE AGREEMENT

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FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the Florida Hurricane Catastrophe Fund Finance Corporation (the "Corporation") and the State Board of Administration of Florida (the "State Board of Administration") acting as the governing body and administrator of the Florida Hurricane Catastrophe Fund (the "FHCF") in connection with the issuance of \$2,000,000,000 aggregate principal amount of Florida Hurricane Catastrophe Fund Finance Corporation Revenue Bonds, Series 2013A (the "Bonds"). The Corporation and the State Board of Administration covenant and agree as follows:

SECTION 1. PURPOSE OF THE DISCLOSURE AGREEMENT. This Disclosure Agreement is being executed and delivered by the Corporation and the State Board of Administration for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12 (the "Rule") of the United States Securities and Exchange Commission (the "SEC"). It shall inure solely to the benefit of the Corporation, the State Board of Administration, the Owners, the Beneficial Owners and the Participating Underwriters.

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Master Trust Indenture and the Sixth Supplemental Indenture relating to the Bonds between the Corporation and Wells Fargo Bank, N.A., executed as of June 1, 2006 and April 1, 2013, respectively (collectively, the "Indenture"), and the definitions set forth in the Official Statement relating to the Bonds, which apply to any capitalized term used in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for U.S. federal income tax purposes.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

SECTION 3. CONTINUING DISCLOSURE. (A) Information To Be Provided. The Corporation assumes all responsibilities for any continuing disclosure as described below. In order to comply with the Rule, the Corporation hereby agrees to provide or cause to be provided the information set forth below, or such other information as may be required, from time to time, to be provided by the Rule or the State Board of Administration. The State Board of Administration will be responsible for the filing of the information required by the Rule.

(1) Financial Information and Operating Data. For fiscal years ending on June 30, 2013 and thereafter, annual historical financial information and operating data shall be provided within nine months after the end of the State's fiscal year. Such information shall include:

- (a) Debt Service Coverage;
- (b) Tabular information set forth in the Offering Memorandum under the section entitled "OPERATION OF THE FHCF" with the exception of the Tables entitled "FHCF Estimated Mandatory Coverage Obligation and Funding Sources," "Growth of Insured Values--Last Five Years" and "Gross Residential Loss Per Event," respectively; and
- (c) Annual financial statements of the Corporation and the FHCF.

(2) Audited Financial Statements. If not submitted as part of the annual financial information, a copy of the Corporation's and the FHCF's audited financial statements, prepared in accordance with generally accepted accounting principles, will be provided when and if available.

(3) Material Events Notices. Notice of the following events relating to the Bonds will be provided in a timely manner not in excess of ten (10) business days after the occurrence of the event:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;

- (c) modifications to rights of security holders, if material;
- (d) bond calls, if material, and tender offers;
- (e) defeasances;
- (f) release, substitution or sale of property securing repayment of the securities, if material;
- (g) rating changes;
- (h) an Event of Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
- (i) the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (j) appointment of a successor or additional trustee or the change of name of a trustee, if material; and
- (k) notice of any failure on the part of the Corporation to meet the requirements of Section 3 hereof.

(4) Failure to Provide Annual Financial Information; Remedies.

(a) Notice of the failure of the Corporation to provide the information required by paragraphs (A)(1) or (A)(2) of this Section will be provided in a timely manner.

(b) The Corporation acknowledges that its undertaking pursuant to the Rule set forth in this Section is for the benefit of the Beneficial Owners and Owners of the Bonds and shall be enforceable only by such Beneficial Owners and Owners; provided that the right to enforce the provisions of such undertaking shall be conditioned upon the same enforcement restrictions as are applicable to the information undertakings in the Authorizing Resolution and shall be limited to a right to obtain specific enforcement of the Corporation's obligations hereunder.

(B) Methods of Providing Information.

(1) (a) Annual financial information and operating data described in paragraph 3(A)(1) and the audited financial statements described in paragraph 3(A)(2) shall be transmitted to each nationally recognized municipal securities information repository (hereafter "NRMSIR"). As of the date hereof, the only Repository recognized by the Securities and Exchange Commission for such purpose is the Municipal Securities Rulemaking Board ("MSRB"), which currently accepts continuing disclosure submissions through its Electronic Municipal Market Access ("EMMA") web portal.

(b) Material event notices described in paragraph 3(A)(3) and notices described in paragraph 3(A)(4) shall be transmitted to each NRMSIR.

(2) Information shall be provided as required by the rules of the NRMSIR.

(C) If this Disclosure Agreement is amended to change the operating data or financial information to be disclosed, the annual financial information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(D) The Corporation's and the State Board of Administration's obligations hereunder shall continue until such time as the Bonds are no longer Outstanding or until the Corporation and the State Board of Administration shall otherwise no longer remain obligated on the Bonds.

(E) This Disclosure Agreement may be amended or modified so long as:

(1) any such amendments are not violative of any rule or regulation of the SEC or MSRB, or other federal or state regulatory body;

(2) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted;

(3) this Disclosure Agreement, as amended, would have complied with the requirements of Rule 15c2-12 of the SEC at the time of the primary offering, after taking into account any amendments or interpretations of the rule, as well as any change in circumstances; and

(4) the amendment does not materially impair the interests of Beneficial Owners or Owners, as determined either by parties unaffiliated with the issuer or obligated person (such as bond counsel), or by approving vote of the Beneficial Owners and Owners pursuant to the terms of the Indenture at the time of the amendment.

SECTION 4. ADDITIONAL INFORMATION. If, when submitting any information required by this Disclosure Agreement, the Corporation or the State Board of Administration chooses to include additional information not specifically required by this Disclosure Agreement, neither the Corporation nor the State Board of Administration shall have any obligation to update such information or include it in any such future submission.

Dated this 23rd day of April, 2013.

FLORIDA HURRICANE CATASTROPHE FUND
FINANCE CORPORATION

STATE BOARD OF ADMINISTRATION
OF FLORIDA

By _____

By _____

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**STATE BOARD OF ADMINISTRATION
OF FLORIDA**

**1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308
(850) 488-4406**

**POST OFFICE BOX 13300
32317-3300**

**RICK SCOTT
GOVERNOR
CHAIR**

**JEFF ATWATER
CHIEF FINANCIAL OFFICER**

**PAM BONDI
ATTORNEY GENERAL**

**ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO**

M E M O R A N D U M

TO: Governor Rick Scott, Attorney General Pam Bondi, and Chief Financial Officer Jeff Atwater sitting as the Trustees of the State Board of Administration of Florida (the "SBA")

FROM: Ashbel C. Williams, Executive Director & Chief Investment Officer

DATE: April 13, 2015

RE: Recommendation on Risk Transfer and Pre-event Debt Issuance for the Florida Hurricane Catastrophe Fund

Executive Summary

- Going into the 2015 hurricane season, the Florida Hurricane Catastrophe Fund (the "FHCF" or the "fund") has total projected liquidity reserves of \$14.8 billion, consisting of a \$12.8 billion projected cash balance and \$2 billion of pre-event bond proceeds.
- Nevertheless, the FHCF cash resources remain \$2.2 billion below the fund's \$17 billion statutory maximum obligation to reimburse participating insurers.
- Conditions in the market for risk transfer and pre-event debt have continued to trend toward lower cost. As a result, the FHCF is in a position to consider cost-effective strategies to become fully-funded for its statutory maximum single-season liability this year, in lieu of reliance on post-event financing in the future.
- Based on the analysis and estimates described in more detail herein, if the desire is for the FHCF to be fully funded now, the FHCF should seek to obtain \$1 billion of risk-transfer at a rate-on-line not to exceed 6.78% and up to \$1.2 billion pre-event debt financing at favorable terms and structure given market conditions.
- Execution of a reinsurance transaction is more time-sensitive than pre-event financing.
- Estimated premium for \$1 billion reinsurance is \$67.8 million or less, and estimated annual interest cost of \$1.2 billion of pre-event financing ranges from approximately \$33.8 to 38.4 million per year and from approximately \$211.5 to \$326.2 million over the term of the financing, depending on the maturities of the bonds ultimately issued and assuming market conditions at issuance are similar to current conditions.
- Projected impact on residential premiums solely from the cost of risk transfer and pre-event debt is expected to be minimal (less than 1% increase). Due to the elimination of the 1.3% of premium FHCF emergency assessment going forward, the year-over-year change in cost at the residential premium level is expected to reflect a decrease of approximately 0.41% to 0.45% after factoring in all impacts related to the FHCF (see attached Appendix A).

Discussion and Analysis

The FHCF is administered by the SBA for the purpose of providing a stable source of reimbursement for residential property insurers doing business in Florida. For over 20 years, it has served its purpose well, and it enters the 2015 hurricane season with a liquidity reserve projected to be a very healthy \$14.8 billion. Despite its current liquidity position, the fund remains approximately \$2.2 billion below fully-funded status for its statutory maximum liability limit of \$17 billion.

Over the last several years, the significant downward pressure on investment yields has generated very favorable pricing opportunities for pre-event debt and reinsurance. In light of this current environment, over the last several weeks, the SBA has investigated the potential costs of obtaining full funding for the FHCF, using risk transfer, pre-event debt or a combination of both. This memo summarizes our findings and our recommendations on how to proceed.

Relative Advantages of Risk Transfer and Current Pricing Indications

By statute, the FHCF is empowered with a number of tools to accomplish its mission; among them is risk transfer through reinsurance. The primary relative advantage of reinsurance over other forms of capitalization for the fund is that reinsurance results in pure risk transfer in the event of a storm. If the FHCF were called upon to pay hurricane losses above its cash balance, the obligation to pay those claims would fall on the reinsurance companies up to the limits of the reinsurance policy. Without reinsurance, the FHCF would likely have to resort to debt capital markets for the funding, which would result in the levy of an emergency assessment on a substantial number of Florida citizens. Thus, risk transfer avoids potential future emergency assessments for the portion of risk transferred to the reinsurers. However, unlike pre-event debt, the reinsurance proposals evaluated for the purposes of this memo will expire after the 2015 hurricane season.

In the past, the market pricing for reinsurance, particularly at relevant attachment points for the FHCF, has not been low enough for the SBA to consider it a feasible alternative. The terms and conditions of reinsurance offered at the time were also misaligned with the FHCF's reimbursement obligations, which could have resulted in serious gaps in coverage. However, due to the build-up of the FHCF's cash balance (enabling reinsurance options at relatively high attachment points) as well as current levels of capital and competition in the reinsurance market, pricing and terms for reinsurance today are at levels that warrant serious consideration by the SBA.

On March 30, the SBA directed Aon Benfield to canvas relevant markets and report back expected pricing for reinsurance options of \$1 billion and \$2.2 billion of coverage in excess of \$12.5 billion in claims. At this attachment point, the probability to the industry of triggering the reinsurance is estimated to range from 3.63% to 4.49%, depending on the estimation model used. On April 11th, Aon Benfield reported the following information:

- 1) The cost of procuring of \$2.2 billion of reinsurance is 6.5% rate on line prior to any anticipated adjustments for participating insurer coverage shifts (from 90% to 75% or 45%). An adjustment provision in the reinsurance contract based on such shifts which will be known following June 1, 2015, is expected to lower the rate on line to 6.12%. Contract provisions will be drafted to automatically adjust for actual selections.
- 2) The cost of procuring \$1.0 billion of reinsurance is 6.78% rate on line prior to any anticipated adjustments in actual coverage selected; anticipated coverage shifts are expected to lower the rate on line to 6.38%.

The reinsurance market uses a Sharpe Ratio to compare pricing on reinsurance products. It is essentially a ratio of the premium paid to the insurer compared to the risk the insurer assumes. The lower the ratio, the better the price because it implies a lower premium paid for the risk transferred. The Sharpe Ratio for the premiums indicated above is 24.48% for the \$2.2 billion option and 22.78% for the \$1 billion option. By comparison, the Sharpe Ratio for recent catastrophe bond transactions is 30.00%, according to Aon Benfield. On this basis, the prices indicated by Aon Benfield are lower than recent market comparables, which is what was expected going into the pricing exercise, and it is in line with our general understanding that U.S. property catastrophe reinsurance prices are trending to historic lows. A recent industry publication indicates rate-on-line for such insurance has decreased from 24% - 28% in the past two years.¹ By all indications, the pricing and terms are favorable for either amount of reinsurance capacity, and Aon Benfield indicates that such a purchase by the FHCF will not adversely impact FHCF participating insurers regarding the prices and volume of coverage that they might need for the upcoming hurricane season.

Relative Advantages and Current Pricing Indications of Pre-event Debt

Pre-event financing is a familiar and historically reliable source of capital for the FHCF in maximizing its ability to meet future obligations. The fund has accessed the capital markets for pre-event financing on four previous occasions, and as recently as April 2013. As a result, the FHCF has experience in transacting effectively at attractive pricing, relative to historical interest rates.

Pre-event financing offers a different set of advantages to the fund than does risk transfer through reinsurance. Unlike reinsurance, the portion of pre-event debt unused after a hurricane season does not expire, but remains available (until maturity) to provide liquidity and stability for the fund in subsequent seasons. In addition, given the current interest rate environment, the annual cost to carry the pre-event debt (i.e. the annual interest cost on the debt) is significantly lower than the annual cost of reinsurance. However, unlike reinsurance, pre-event debt does not transfer risk to a third party.

The FHCF requested its Financial Advisor to compile pricing estimates for a \$1.2 billion and \$2.2 billion pre-event financing assuming level maturities in years 3, 5, 7 and 10. All information below is presented for discussion purposes only. Actual rates and tenors may differ

¹ See <http://insurancelinked.com/still-falling/>, last visited April 13, 2015.

materially at the time of issuance and will be driven by market conditions for the tenors that best meet the objectives of the financing.

The information relating to spreads and yields for the 3, 5, 7 and 10-year tenors at \$1.2 billion, \$2.2 billion and as compared to the FHCF's 2013 pre-event financing are set out below.

Floirda Hurricane Catastrophe Fund - Indicative Taxable Pre-Event Pricing (Based on April 2015 Spreads for \$1.2 Billion and \$2.2 Billion Transaction)									
As of April 6, 2015									
Maturity	\$1.2 Billion			\$2.2 Billion			April 2013 Transaction		
	Treasury Rate	Spread	Interest Rate	Treasury Rate	Spread	Interest Rate	Treasury Rate	Spread	Interest Rate
3-year	0.83%	0.86%	1.69%	0.83%	0.91%	1.74%	0.35%	0.95%	1.30%
5-year	1.31%	1.15%	2.46%	1.31%	1.20%	2.51%	0.73%	1.38%	2.11%
7-year	1.69%	1.29%	2.98%	1.69%	1.35%	3.04%	1.20%	1.80%	3.00%
10-year	1.90%	1.45%	3.35%	1.90%	1.51%	3.41%	NA	NA	NA
Average*	2.62%			2.68%			2.62%		

*Average level maturity amortization, except for 2013 Transaction, which is actual true interest cost and a principal amount of \$2 billion.

** Note: average annual interest rates assuming only 7-year and 10-year maturities are estimated to be 3.17% and 3.23% for \$1.2 billion and \$2.2 billion pre-event debt transactions, respectively.

Also set out below is the estimated total and annual interest cost in dollar terms for a \$1.2 billion and \$2.2 billion pre-event financing.

Florida Hurricane Catastrophe Fund Pro-Forma Series 2015A Pre-Event Bonds Cost for 3-year, 5-year and 7-Year and 10-Year Maturities		
Par Amount	\$1.2 Billion	\$2.2 Billion
Total Interest Expense	\$ 211,500,000	\$ 402,325,000
Average Annual Interest Expense	\$ 33,840,000	\$ 64,372,000

*Note: If the 2015A financing is comprised of only 7-year and 10-year maturities in equal amounts (i.e. \$600 million in 7-year bonds and \$600 million in 10-year bonds, the estimated average annual interest expense would be \$38.4 million, and total interest cost over the life of the financing would be estimated to be \$326.2 million.

Summary of Options and Recommendation

The chart below summarizes the respective pricing and the impact on FHCF rates and aggregated residential property insurance premiums for the following options: (a) \$2.2 billion of reinsurance only; (b) a combination of \$1 billion of reinsurance and \$1.2 billion of pre-event debt; and (c) \$2.2 billion of pre-event debt only.

Chart 1 shows reinsurance pricing assuming no adjustments in insurer coverage selections. It has been indicated by a number of FHCF participating insurers that they will be changing their

coverage selection from 90% coverage to either 75% or 45%. Coverage changes will impact the FHCF's reinsurance cost. This expected impact is illustrated in Chart 2 below.

Chart 1 - No Shift in Coverage				
	Sharpe Ratio 24.48	Sharpe Ratio 22.78		
	Risk Transfer \$2.2 Billion Attaching at \$12.5 Billion Firm Order Terms Pricing	Combination of Risk Transfer at \$12.5 Billion and Pre-Event Bonds		Pre-Event Bonds \$2.2 Billion
		Risk Transfer \$1 Billion Firm Order Terms Pricing	Pre-event Bonds \$1.2 Billion	
Rate	6.50%	6.78%	3.17%	3.23%
Gross cost	143,100,000	67,800,000	38,371,765	71,668,235
Net cost	90,982,468	41,475,502	34,418,824	64,421,176
Impact on FHCF premium	7.00%	3.19%	2.64%	4.95%
Impact on residential premium	0.80%	0.36%	0.30%	0.56%
Combination Results				
106,171,765				
75,894,326				
5.83%				
0.66%				
Sources: 2015 Draft Ratemaking Formula Report, FHCF-Indicative Taxable Pre-Event Pricing, Updated Risk Transfer Estimated Cost and Rate Impact Spreadsheet, Pro-Forma Series 2015A Pre-Event Bonds - Net Liquidity Cost for 7 year and 10 year Maturities				

Chart 2 - Shift in Coverage				
	Sharpe Ratio 24.48	Sharpe Ratio 22.78		
	Risk Transfer \$2.2 Billion Attaching at \$12.5 Billion Firm Order Terms Pricing	Combination of Risk Transfer at \$12.5 Billion and Pre-Event Bonds		Pre-Event Bonds \$2.2 Billion
		Risk Transfer \$1 Billion Firm Order Terms Pricing	Pre-event Bonds \$1.2 Billion	
Rate	6.12%	6.38%	3.17%	3.23%
Gross cost	134,600,000	63,820,000	38,371,765	71,668,235
Net cost	82,482,468	37,495,502	34,418,824	64,421,176
Impact on FHCF premium	6.34%	2.88%	2.64%	4.95%
Impact on residential premium	0.72%	0.33%	0.30%	0.56%
Combination Results				
102,191,765				
71,914,326				
5.52%				
0.63%				
Sources: 2015 Draft Ratemaking Formula Report, FHCF-Indicative Taxable Pre-Event Pricing, Updated Risk Transfer Estimated Cost and Rate Impact Spreadsheet, Pro-Forma Series 2015A Pre-Event Bonds - Net Liquidity Cost for 7 year and 10 year Maturities				

Our recommendation is the middle option: a combination of \$1 billion of reinsurance and \$1.2 billion of pre-event debt. This recommendation is based on the complementary benefits of both alternatives, combined with attractive pricing opportunities discussed above. By combining reinsurance with pre-event debt, the FHCF will be able to better manage its risk at a very reasonable cost, thus providing true risk transfer for the first \$1 billion in excess of the fund's cash balance, *and* maintaining full funding for its statutory liability in subsequent seasons in the event there are no storms in 2015. For these reasons, we recommend the combined approach of \$1 billion of reinsurance and \$1.2 billion of pre-event debt financing.

Conclusions and Recommendations

Based on the information and analysis above, the SBA as administrator of the FHCF recommends seeking to obtain \$1 billion of risk-transfer at a rate-on-line not to exceed 6.78% and \$1.2 billion pre-event debt financing that would maximize the funds claims-paying capacity at favorable terms and structure given market conditions. This recommendation is based on the relative advantages of each component of the financing, balanced against their respective costs. Overall, the primary benefit of the fund in executing a transaction at this time is the ability to lock in the cost of full funding at historically favorable pricing terms for 2015. Locking in the cost of these alternatives now eliminates uncertainty regarding the cost of these alternatives in the future and provides additional flexibility for the FHCF in meeting its reimbursement obligations in the future.

Appendix A

		Chart 1A - No Shift in Coverage				
			Sharpe Ratio 24.48	Sharpe Ratio 22.78		
			Risk Transfer \$2.2 Billion Attaching at \$12.5 Billion Firm Order Terms Pricing	Combination of Risk Transfer at \$12.5 Billion and Pre-Event Bonds Risk Transfer \$1 Billion Firm Order Terms Pricing	Pre-event Bonds \$1.2 Billion	Pre-Event Bonds \$2.2 Billion
	A	No products				
Rate			6.50%	6.78%	3.17%	3.23%
Gross cost			143,100,000	67,800,000	38,371,765	71,668,235
Net cost			90,982,468	41,475,502	34,418,824	64,421,176
Impact on FHCF premium		0.43%	7.00%	3.19%	2.64%	4.95%
Impact on residential premium		0.05%	0.80%	0.36%	0.30%	0.56%
				Combination Results		
Gross cost				106,171,765		
Net cost				75,894,326		
Impact on FHCF premium				5.83%		
Impact on residential premium				0.66%		
Cash Build-up Factor Included:						
Impact on FHCF premium	B	0.43%	8.75%	3.99%	3.30%	6.19%
Impact on residential premium		0.05%	1.00%	0.45%	0.38%	0.71%
				Combination Results		
				7.29%		
				0.83%		
Total with 2015 Ratemaking Impact:						
Impact on FHCF premium	C	0.43%	9.22%	4.24%	3.51%	6.64%
Impact on residential premium		0.05%	1.05%	0.48%	0.40%	0.76%
				Combination Results		
				7.75%		
				0.88%		
Additional Impact Considerations						
1.3% Emergency Assessment Ended:						
Impact on FHCF premium	D	NA	NA	NA	NA	NA
Impact on residential premium		-1.23%	-0.25%	-0.23%	-0.19%	-0.54%
				Combination Results		
				NA		
				-0.41%		
Private Reinsurance (-10% to -15%):						
Impact on FHCF premium	E	NA	NA	NA	NA	NA
Impact on residential premium		Estimated decrease	Estimated decrease	Estimated decrease	Estimated decrease	Estimated decrease
				Combination Results		
				NA		
				Estimated decrease		
Sources: 2015 Draft Ratemaking Formula Report, FHCF-Indicative Taxable Pre-Event Pricing, Updated Risk Transfer Estimated Cost and Rate Impact Spreadsheet, Pro-Forma Series 2015A Pre-Event Bonds - Net Liquidity Cost for 7 year and 10 year Maturities						

Sources: 2015 Draft Ratemaking Formula Report, FHCF-Indicative Taxable Pre-Event Pricing, Updated
 Risk Transfer Estimated Cost and Rate Impact Spreadsheet, Pro-Forma Series 2015A Pre-Event Bonds - Net Liquidity Cost for 7 year and 10 year Maturities

Appendix A (cont'd)

			Chart 2A - Shift in Coverage			
			24.48	Sharpe Ratio 22.78		
			Risk Transfer \$2.2 Billion Attaching at \$12.5 Billion Firm Order Terms Pricing	Combination of Risk Transfer at \$12.5 Billion and Pre-Event Bonds		
	A	No products		Risk Transfer \$1 Billion Firm Order Terms Pricing	Pre-event Bonds \$1.2 Billion	Pre-Event Bonds \$2.2 Billion
Rate			6.12%	6.38%	3.17%	3.23%
Gross cost			134,600,000	63,820,000	38,371,765	71,668,235
Net cost			82,482,468	37,495,502	34,418,824	64,421,176
Impact on FHCF premium		0.43%	6.34%	2.88%	2.64%	4.95%
Impact on residential premium		0.05%	0.72%	0.33%	0.30%	0.56%
				Combination Results		
Gross cost				102,191,765		
Net cost				71,914,326		
Impact on FHCF premium				5.52%		
Impact on residential premium				0.63%		
Cash Build-up Factor Included:						
Impact on RHCF premium	B	0.43%	7.93%	3.61%	3.30%	6.19%
Impact on residential premium		0.05%	0.90%	0.41%	0.38%	0.71%
				Combination Results		
				6.91%		
				0.79%		
Total with 2015 Ratemaking Impact:						
Impact on RHCF premium	C	0.43%	8.40%	3.85%	3.52%	6.64%
Impact on residential premium		0.05%	0.96%	0.44%	0.40%	0.76%
				Combination Results		
				7.37%		
				0.84%		
Additional Impact Considerations						
1.3% Emergency Assessment Ended:						
Impact on RHCF premium	D	NA	NA	NA	NA	NA
Impact on residential premium		-1.23%	-0.34%	-0.24%	-0.22%	-0.54%
				Combination Results		
				NA		
				-0.45%		
Private Reinsurance (-10% to -15%):						
Impact on RHCF premium	E	NA	NA	NA	NA	NA
Impact on residential premium		Estimated decrease	Estimated decrease	Estimated decrease	Estimated decrease	Estimated decrease
				Combination Results		
				NA		
				Estimated decrease		
Sources: 2015 Draft Ratemaking Formula Report, RHCF-Indicative Taxable Pre-Event Pricing; Updated Risk Transfer Estimated Cost and Rate Impact Spreadsheet, Pro-Forma Series 2015A Pre-Event Bonds - Net Liquidity Cost for 7 year and 10 year Maturities						

AGENDA
STATE BOARD OF ADMINISTRATION FINANCE CORPORATION

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

April 14, 2015

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 JUNE 17, 2014 MINUTES.

(See Attachment 1)

ACTION REQUIRED

**ITEM 2. REQUEST ADOPTION OF A RESOLUTION AUTHORIZING THE
ISSUANCE AND NEGOTIATED SALE OF PRE-EVENT
REVENUE BONDS OR NOTES IN A PRINCIPAL AMOUNT UP
TO, BUT NOT EXCEEDING, \$2,200,000,000 UPON
DETERMINATION OF CORPORATION PRESIDENT THAT
ISSUANCE IS NECESSARY.**

(See Attachment 2A [Resolution] and refer to Attachments 11B-11F of the meeting of the State Board of Administration on April 14, 2015).

ACTION REQUIRED

STATE BOARD OF ADMINISTRATION FINANCE CORPORATION

JUNE 17, 2014

MINUTES

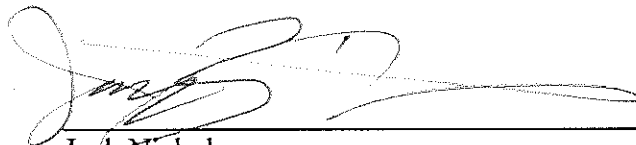
A meeting of the State Board of Administration Finance Corporation (formerly known as the Florida Hurricane Catastrophe Fund Finance Corporation) was held on June 17, 2014, at the Capitol, Tallahassee, Florida.

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 March 18, 2014.
- ITEM 2. Approved the request that the Board of Directors of the State Board of Administration Finance Corporation adopt a resolution authorizing the defeasance of the Corporation's outstanding Series 2010A revenue bonds, authorizing the execution and delivery of an escrow deposit agreement, and authorizing the president of the Corporation to execute and deliver certification to the Office of Insurance Regulation.

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

A handwritten signature in black ink, appearing to read 'Jack Nicholson', is written over a horizontal line.

Jack Nicholson
President
State Board of Administration Finance Corporation

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE STATE BOARD OF ADMINISTRATION
FINANCE CORPORATION AUTHORIZING THE
ISSUANCE AND NEGOTIATED SALE OF PRE-
EVENT REVENUE BONDS OR NOTES; RATIFYING
THE MASTER TRUST INDENTURE AND THE
PLEDGE AND SECURITY AGREEMENT
PREVIOUSLY ENTERED INTO BY THE
CORPORATION; AUTHORIZING THE EXECUTION
AND DELIVERY OF A SEVENTH SUPPLEMENTAL
INDENTURE, A PRELIMINARY OFFICIAL
STATEMENT AND OFFICIAL STATEMENT, AND A
PURCHASE CONTRACT; 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, with reimbursement for a portion of their catastrophic hurricane losses; and

WHEREAS, the Act also created the State Board of Administration Finance Corporation (the "Corporation"), formerly known as the Florida Hurricane Catastrophe Fund Finance Corporation, with the authority, pursuant to Sections 215.555(6)(a)1. and 215.555(6)(d)2.d., Florida Statutes, to issue pre-event revenue bonds, which includes other financial obligations such as notes, for the benefit of the Fund when a determination has been made that such action would maximize the ability of the Fund to meet future obligations; and

WHEREAS, a determination was made by the Board that the execution of risk-transfer arrangements and/or issuance of pre-event revenue bonds would maximize the ability of the Fund to meet future obligations by managing its market access risk; and

WHEREAS, the Corporation has previously issued pre-event bonds on April 23, 2013 (the "Series 2013A Bonds"), which are outstanding in the amount of \$2,000,000,000; and

WHEREAS, the President of the Corporation will determine whether it is necessary to issue and sell pre-event revenue bonds in order to bring the execution of any risk-transfer arrangements and the principal amount of any pre-event bonds to a

combined amount up to, but not exceeding, \$2,200,000,000 as requested by the Board by resolution adopted on April 14, 2015; and

WHEREAS, through an invitation to negotiate issued by the Board on behalf of the Fund, a syndicate of underwriters was selected to serve on the Fund's financial services team which syndicate includes J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Morgan Stanley & Co. LLC, Wells Fargo Bank, National Association, Barclays Capital Inc., Goldman, Sachs & Co., Loop Capital Markets, LLC, Piper Jaffray & Co., PNC Capital Markets LLC, RBC Capital Markets LLC, Siebert Brandford Shank & Co., LLC, and Stifel, Nicolaus & Company, Incorporated (collectively, the "Underwriters"); and

WHEREAS, the following factors require that pre-event revenue bonds issued by the Corporation receive extensive pre-sale marketing in a manner not likely to be available in a competitive sale:

- (a) The uncertain conditions in the global financial markets;
- (b) Since the size and structure of the financing will be determined by the capacity of the financial markets, a coordinated advanced pre-marketing effort with a pre-selected underwriting team is necessary;
- (c) The nature of and source of the security for the pre-event revenue bonds is still relatively unfamiliar in the credit markets; and
- (d) A large principal amount of pre-event revenue bonds is being sold for each maturity and in total; and

WHEREAS, considering the above, it is in the best interests of the State and the Corporation to authorize at this time the negotiated sale of the pre-event revenue bonds; and

WHEREAS, it is hereby determined that the pre-event revenue bonds as authorized herein will be sold through negotiated sale to the Underwriters; and

WHEREAS, it is necessary to delegate to the chief executive officer of the Corporation or his designee (the "President") the authority to consider, negotiate and approve the final terms of the sale and issuance of the pre-event revenue bonds, subject to certain restrictions set forth herein.

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 authorizes the issuance and sale of up to, but not exceeding, \$2,200,000,000 aggregate principal amount of State Board of Administration Finance Corporation Revenue Bonds, Series 2015A (the "Series 2015A Bonds") for provision of liquidity and reserves in anticipation of future hurricane losses. The President shall determine the amount of the Series 2015A Bonds to be issued, taking into account any risk-transfer arrangements authorized on the date hereof by resolution of the Board, shall not exceed on a combined basis \$2,200,000,000. The Series 2015A Bonds shall be issued on a parity basis with the Series 2013A Bonds. The Series 2015A Bonds may alternatively be known by such other name or series designation as is authorized by the President. In addition, all or a portion of the Series 2015A Bonds may be issued as revenue notes; in which case all references herein to the Series 2015A Bonds shall include such revenue notes.

3. The Corporation hereby confirms and ratifies the Pledge and Security Agreement, dated June 1, 2006 and attached hereto as Exhibit A (the "Pledge and Security Agreement"), between the Fund and the Corporation, as supplemented or amended, and confirms and ratifies its prior pledge of revenues to the repayment of debt of the Corporation as provided in the documents approved by the Corporation on May 31, 2006, as supplemented or amended, including but not limited to the pledge of reimbursement premiums levied pursuant to Section 215.555(5), Florida Statutes, and revenues from emergency assessments levied pursuant to Section 215.555(6)(b), Florida Statutes. The pledge of such revenues shall be as provided in the documents executed by the Corporation in relation to debt of the Corporation.

4. The Corporation hereby confirms and ratifies the Master Trust Indenture, dated June 1, 2006 (the "Master Trust Indenture") and attached hereto as Exhibit B, between the Corporation and Wells Fargo Bank, N.A., as supplemented or amended.

5. The Board has designated J.P. Morgan Securities LLC as lead senior managing Underwriter and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Morgan Stanley & Co. LLC, and Wells Fargo Bank, National Association, as senior managing Underwriters (collectively, with the lead senior managing Underwriter, the "Senior Managing Underwriters") for the issuance of the Series 2015A Bonds. The selection of the Underwriters and the designation of the Senior Managing Underwriters are hereby confirmed.

6. The President is hereby delegated the authority to consider, negotiate and approve the final terms of sale and the fiscal details of any Series 2015A Bonds, subject to compliance with the following:

(a) The Series 2015A Bonds shall be issued and sold in one or more series, all as determined by the President.

(b) The Series 2015A Bonds shall be sold to the Underwriters pursuant to a purchase contract containing such terms and conditions which are not inconsistent with this resolution and which are approved by the President (the "Purchase Contract"). The President is authorized to define, re-define, designate and re-designate the roles of the Underwriters (including removing any Underwriter) in connection with their participation in the sale of the Series 2015A Bonds to the extent not inconsistent with this Resolution and resolution of the Board relating to the Series 2015A Bonds. The President is further authorized to define, re-define, designate and re-designate the roles of the Senior Managing Underwriters (including removing any Senior Managing Underwriter) in connection with their participation in the sale of the Series 2015A Bonds in the event a Senior Managing Underwriter becomes insolvent, undergoes a change of control or otherwise becomes disqualified, unable or unwilling to participate in the sale of the Series 2015A Bonds.

(c) The President is hereby authorized to approve the final terms of the Series 2015A Bonds, subject to the restrictions set forth herein, without need of further authorization of the Corporation. The maturities, interest rate or rates, redemption provisions, sale price, and other terms and details of the Series 2015A Bonds shall be consistent with the provisions of and shall be within the restrictions set forth in this resolution and shall, in the judgment of the President, best assist in the management of the Fund's market access risk. The President shall determine how much, if any, of the Series 2015A Bonds shall be sold as (i) revenue notes or bonds and (ii) fixed rate or variable rate indebtedness.

(d) The President shall determine whether the Series 2015A Bonds shall be secured by a Special Reserve Account and what the amount of the Special Reserve Account Requirement shall be. In addition, the President shall determine how much, if any, capitalized interest the Series 2015A Bonds shall provide for.

7. The Corporation hereby approves the form of and authorizes the execution and delivery of the Seventh Supplemental Indenture to the Master Trust Indenture. Such form of the Seventh Supplemental Indenture is attached hereto as Exhibit C. The document approved herein is subject to such changes, completion, insertions or omissions as may be approved by the President, and the execution or certification of such document shall be conclusive evidence of such approval. Additionally, the President is authorized to amend or revise any other documents relating to debt of the Corporation which have previously been approved or authorized by the Corporation.

8. The Corporation hereby authorizes and directs the President to negotiate, approve, execute and deliver the Purchase Contract for the sale of the Series 2015A Bonds to the Underwriters in the form attached hereto as Exhibit D. The Purchase Contract shall contain such terms and provisions as are customary for such obligations with such changes, completion, insertions or omissions as may be approved by the President and which are not inconsistent with this resolution, and the execution thereof by the President shall be conclusive evidence of such approval. The President shall have and is hereby acknowledged to have full power and authority to bind the Corporation with respect to the negotiation of the terms of the Purchase Contract.

9. The Corporation hereby authorizes and directs the President to cause the preparation, execution and delivery of a preliminary official statement, an official statement, and any other disclosure document relating to the Series 2015A Bonds which is determined by the President to be necessary or desirable, in substantially the same form as the official statement for the Corporation's Revenue Bonds, Series 2013A attached hereto as Exhibit E with such changes, insertions or omissions as may be necessary to satisfy any regulatory requirements, to update the financial, demographic and statistical data therein with respect to the Fund and the Corporation and to appropriately describe the Series 2015A Bonds as may be approved by the President and which are not inconsistent with this resolution. The execution of the official statement by the Corporation shall be conclusive evidence of such approval. The President is further authorized to certify or otherwise represent when the preliminary official statement shall be "deemed final" by the Corporation as of its date (except for permitted omissions), in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). The President and any members of the board of directors of the Corporation are also authorized to execute and deliver to the Underwriters, on behalf of the Corporation, the official statement and such certificates in connection therewith and any amendment thereto, as they determine are necessary or appropriate. The distribution and use of any preliminary official statement or official statement by the Underwriters in connection with the original issuance of the Series 2015A Bonds is further approved.

10. Any and all moneys in the Series 2015A Bonds Proceeds Subaccount of the Pre-Event Parity Obligations Account in the Covered Events Relief Fund, the Subaccounts of the Interest Account of the Bond Fund relating to the Series 2015A Bonds, the Subaccounts of the Principal Account of the Bond Fund relating to the Series 2015A Bonds and any other account or subaccount designated by the President or other authorized officer may be designated as Qualified Escrow Funds as provided in the Master Trust Indenture pursuant to a certificate of the President or other authorized officer. In the event of such designation, such Qualified Escrow Funds shall be used solely to pay principal of, redemption premium, if any, and interest on such Series 2015A Bonds as may be designated by the President or other authorized officer. The President

or other authorized officer is authorized to redeem such Series 2015A Bonds upon advice of the Corporation's financial advisor.

11. The President is hereby authorized and directed, upon sale of the Series 2015A Bonds, to provide the Office of Insurance Regulation and the Florida Surplus Lines Service Office any notice required pursuant to Section 215.555(6)(b)6., Florida Statutes.

12. The President is hereby authorized to approve, execute and deliver a Continuing Disclosure Agreement satisfying the requirements of the Rule. The President, officers and members of the board of directors of the Corporation are authorized to execute and deliver the continuing disclosure agreement and are authorized to take all actions necessary to fulfill the obligations of the Corporation thereunder.

13. Wells Fargo Bank, N.A., previously designated as trustee under the Master Trust Indenture and as registrar and paying agent thereunder is hereby confirmed for purposes of the Series 2015A Bonds, and is further authorized, upon approval of the President, to perform any additional duties as fiscal agent, elections agent or calculation agent in relation to the Series 2015A Bonds. The President is authorized to enter into any agreements necessary to continue the retention of such trustee or to authorize the trustee to perform any of the additional duties authorized herein. Alternatively, the President is authorized to retain one or more other firms to provide any of such services if determined by the President to be advisable.

14. 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, 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. In the absence or unavailability of the President, the Treasurer is authorized to take all actions provided herein of the President.

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

ADOPTED THIS 14th day of April, 2015.

STATE OF FLORIDA

COUNTY OF LEON

I, _____, 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 ____ day of _____, 2015.

IN WITNESS WHEREOF, I hereunto set my hand and official seal of the State Board of Administration Finance Corporation this ____ day of _____, 2015.

(SEAL)

[], Secretary
State Board of Administration Finance
Corporation

EXHIBIT A

Pledge and Security Agreement

EXHIBIT B

Master Trust Indenture

EXHIBIT C

Form of Seventh Supplemental Indenture

EXHIBIT D

Form of Purchase Contract

EXHIBIT E

2013A Official Statement