



Florida Workers Compensation Joint Underwriting Association, Inc.

P.O. Box 48957, Sarasota, FL 34230-5957

• Tel (941) 378-7400 • Fax (941) 378-7405 • www.fwcjua.com

VIA E-MAIL

INVESTMENT COMMITTEE BULLETIN 08-09

TO: Florida Workers' Compensation Joint Underwriting Association, Inc. Investment Committee
FROM: Laura S. Torrence, Executive Director
DATE: August 22, 2008
RE: **AUGUST 29, 2008 INVESTMENT COMMITTEE MEETING AGENDA**

Enclosed for your review is the agenda for the FWCJUA Investment Committee teleconference meeting scheduled for Friday, August 29, 2008, at 10:00 a.m. (Eastern Time). An operator will dial out to the following parties:

Fred Bennett	813-470-5009
Terry Butler	850-413-2913
Claude Revels	904-378-4629
Jim Watford	850-413-5368
Tom Maida	850-513-3377

All other parties please contact Kathy Coyne at (941) 378-7408 to participate in the teleconference. Should you have any questions concerning the teleconference call, or the agenda, please do not hesitate to contact me.

c: FWCJUA Board of Governors
Tom Maida, *General Counsel*
Jim Watford, *Florida Office of Insurance Regulation*
FWCJUA Interested Parties

BOARD OF GOVERNORS: Charlie Clary, *Chair*; Dan Dannenhauer, *Vice Chair*; Fred Bennett;
Terry Butler; Rick Hodges; Claude Revels; Brett Stiegel; Beth Vecchioli; James Ward

**AGENDA FOR THE MEETING OF THE INVESTMENT COMMITTEE OF THE
FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC.
TO BE HELD ON FRIDAY, AUGUST 29, 2008, AT 10:00 A.M. VIA TELECONFERENCE**

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|-------------|---|--------------|
| I. | CALL TO ORDER AND OPENING REMARKS | Fred Bennett |
| II. | ANTI-TRUST PREAMBLE (Attachment A) | Tom Maida |
| III. | APPROVAL OF MINUTES (Attachment B) | Fred Bennett |
| IV. | INVESTMENT CUSTODY AND INVESTMENT
MANAGEMENT AGREEMENTS (Attachment C) | Laura Lopez |
| V. | COMPLIANCE REVIEW OF CURRENT
INVESTMENT PORTFOLIO (Attachment D) | Laura Lopez |
| VI. | GENERAL ANNOUNCEMENTS | |
| VII. | ADJOURNMENT AND CLOSING REMARKS | Fred Bennett |

ANTI-TRUST PREAMBLE

We are here to discuss and act on matters relating to the business of the Florida Workers' Compensation Joint Underwriting Association (FWCJUA) and not to discuss or pursue the business interests of our individual funds or companies.

We should proceed with caution and alertness towards the requirements and prohibitions of federal and state anti-trust laws.

We should not engage in discussions – either at this meeting or in private conversations – of our individual fund's or companies' plans or contemplated activities. We should concern ourselves only with the business of the Florida Workers' Compensation Joint Underwriting Association as set forth in the agenda for this meeting.

Only FWCJUA market matters may be discussed at the meeting and each fund's or company's voluntary market plans cannot be discussed.

APPROVAL OF MINUTES

Following for the Committee's review and approval are the minutes from the June 27, 2008 Investment Committee meeting.

**DRAFT - MINUTES OF THE MEETING OF THE INVESTMENT COMMITTEE OF THE
FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC.
HELD ON JUNE 27, 2008 AT 10:00 A.M. VIA TELECONFERENCE**

PRESIDING: Fred Bennett, *Chair*

COMMITTEE MEMBERS: Terry Butler
Claude Revels

EXECUTIVE DIRECTOR: Laura Torrence, *not present*

GENERAL COUNSEL: Glenda Thornton, *alternate for Tom Maida*

**OFFICE OF INSURANCE
REGULATION LIAISON:** Theresa Eaton, *alternate for Jim Watford*

STAFF PRESENT: Laura Lopez

**SERVICE PROVIDERS
PRESENT:** Jason Weinstein, *Evergreen Investment Management*
Alicia Wyatt, *SunTrust Capital Markets*

OTHERS PRESENT: Terry Handlan, *Colodny, Fass, Talenfeld, Karlinsky, Abate*

I. CALL TO ORDER AND OPENING REMARKS: The Chair called the meeting to order at 10:00 a.m. The roll was called and a quorum being established the meeting began.

II. ANTI-TRUST PREAMBLE: Prior to the consideration of any business, the Antitrust Preamble was read by Thornton a copy of which is attached hereto as Exhibit "A".

III. COMPLIANCE REVIEW OF THE CURRENT INVESTMENT PORTFOLIO: Lopez referred the Committee to Attachment B of the agenda. She advised the Committee that on May 30th, it authorized an exception to the Investment Policy for 3 bonds. Wyatt informed the Committee about the Bank of America purchase of Countrywide which is scheduled to close on July 1. At this time, only positive news is coming out regarding Countrywide. Weinstein reported there have not been any changes with the Home Depot or Washington Mutual bond holdings; however, there may be some negative news about Washington Mutual in the near future as earnings reports will be released shortly. Given a January 1, 2009 maturity date for the Washington Mutual bond, the investment manager still believes it is good money.

MOTION by Butler, seconded by Revels to re-confirm the previous exceptions to continue to hold the 3 bonds in the portfolio. PASSED.

IV. REVIEW OF POLICY AND GUIDELINES FOR THE INVESTMENT OF ASSETS AND ASSOCIATED MATTERS: Bennett informed the Committee that over the past few months we have been looking at the Investment Policy to see how more conservatism could be added due to the volatile financial marketplace. Bennett asked Lopez to inform the Committee of the ideas developed. Lopez advised that with all the callable agency bonds being held by SunTrust being called and the current investment return not as advantageous as they once were, an enhanced comprehensive cash flow analysis was completed. Rather than looking at a 6 months liquid cash flow, a 12 month analysis was completed thus looking to determine how much could be invested in the longer term. Thus, any additional dollars needed over the 12 months would be sent to the FWCJUA's Investment Manager at Evergreen for investment and management. Bennett suggested trying to keep the investments in the short term with maturities of 2 years or less thus not

locking us in at the low rates currently being seen. After discussion with Evergreen, investing in the short term may prove difficult with the A rating requirement of the Investment Policy while avoiding the financial industry corporate investments which are what is normally found in the 2 year or less range. Evergreen suggested adding minimum returns for investments longer than 2 years. Therefore if considering a maturity of more than 2 years, the investment must earn a minimum of a 4% return. If considering a maturity of more than 5 years, the investment must earn a minimum of a 4.5% return. Weinstein and Wyatt both commented that going beyond the 2 year area allows for a much higher return over the 3% being earned in the 2 year or less maturity range. Weinstein commented that by using these parameters, we were able to consider an A2A Industrial with a 2011 maturity at a 4.32%. Comparing it to a 2 year Treasury at a 2.62% and a 5 year is 3.36%, this industrial has a much better return. Wyatt also commented regarding Agencies returns of less than 2 years were in the 3% area; however AAA Agencies with a 2011 maturity are now up to a 4.25%. Bennett commented that initially we were trying to maintain conservatism with the 2 year limitation as we would expect rates to increase in about 2 years; however this current proposal allows conservatism while maintaining a reasonable return. Lopez commented that these parameters would just be until further notice as returns have fallen dramatically and to ensure overall returns will not fall to 3% or below. Also laddering the investment maturities ensures that the new purchases being made with all the called Agencies bonds will not all mature at the same time thus requiring another total reinvestment in an unknown market. Butler questioned why would we want the majority of investments in 2 years or less? Bennett commented that rates are extremely low right now, therefore we do not want to invest too much in the longer term as it is expected that the longer term rates will rise in the future. Butler reemphasized he was questioning the wording of the parameter using the word 'majority' as it may be more restrictive than we intended. Discussion ensued and the consensus was to remove this parameter as it was too restrictive and somewhat redundant.

MOTION by Butler, seconded by Revels, to enter these additional investing parameters where if considering a maturity of more than 2 years, it must earn a minimum of a 4% return and if considering a maturity of more than 5 years, it must earn a minimum of 4.5% return. PASSED.

V. GENERAL ANNOUNCEMENTS: Bennett informed the Committee that he would not be able to attend its scheduled July 25th teleconference meeting. Given another Committee member's conflict on that day, staff indicated that it would issue notice advising of the cancelation of the July 25th meeting given the anticipated lack of quorum. It was agreed that if any compliance related issues developed prior to the scheduled August 29th Committee meeting, Lopez would contact the Committee Chair to determine if an earlier meeting should be scheduled.

VI. ADJOURNMENT AND CLOSING REMARKS: There was no further business.

MOTION by Bennett, seconded by Butler to adjourn. PASSED. The meeting adjourned at 10:35 a.m.

Respectfully submitted,

Fred Bennett, Chair

INVESTMENT CUSTODY AND INVESTMENT MANAGEMENT AGREEMENTS

The Committee shall consider updating the FWCJUA's investment custody and investment management agreements such that the FWCJUA's agreements would meet the requirements of 690-143, F.A.C., which specifically apply to Florida domestic stock insurers and not the FWCJUA.

In June 2008, OIR alerted staff that the FWCJUA's investment custody agreements with South Trust Estate & Trust Company of Florida (now US Bank/Evergreen Investment) and Sun Trust Capital Markets, Inc. did not meet all the requirements of 690-143, F.A.C. OIR further directed that the FWCJUA's agreements be amended to include and state certain requirements of the Code. Staff timely responded to OIR's request by identifying the fact that the FWCJUA was not a domestic stock insurer and as such, the regulations applicable to and governing equity securities of all domestic stock insurers outlined in 690-143, F.A.C., did not apply to the FWCJUA.

Recognizing that the requirements of 690-143, F.A.C., were reasonable and desiring to take advantage of OIR's suggestions to enhance our agreements, staff contacted the FWCJUA's investment partners and inquired about the availability of these additional controls and disclosures. Both investment partners informed staff that the suggested enhanced requirements were readily available to the FWCJUA by simply executing new agreements. It was recognized that the FWCJUA's current agreements merely had not been updated since their original inception. Further, US Bank advised that if a new custodial agreement was executed, an updated Investment Management Agreement would be required.

In considering the updated custodial agreements, questions came up in regards to the security of the FWCJUA's investment holdings at US Bank and SunTrust Bank in light of the many financial institution failures seen recently. The US Bank Custody Agreement as well as a separate letter from US Bank clearly indicates that the FWCJUA's investment holdings are clearly held in trust and are not assets of US Bank. The FWCJUA's investments are titled to the FWCJUA and therefore, would not be available to satisfy the claims of any US Bank creditor. In addition, US Bank also purchases securities insurance which would provide coverage to the FWCJUA if there was either a loss or damage to a negotiable or non-negotiable instrument while being held in trust by US Bank. SunTrust's First Amendment to Custody Agreement includes a new section 3 that provides a very clear indemnification statement that indicates it will indemnify the FWCJUA for any loss of securities. The original SunTrust agreement addressed the issue that all FWCJUA securities are held in a separate account titled in our name.

Attached is a copy of OIR's June letter to staff regarding the FWCJUA's custodian agreements. Also, attached are copies of the US Bank updated Custodial Agreement and updated Investment Management Agreement as well as a copy of the First Amendment to Custody Agreement from SunTrust Bank. It should be noted that the FWCJUA recently updated its fee schedule with US Bank; thus, the original fee agreement is now documented in one comprehensive document.

The Committee shall determine whether to recommend that the Board authorize staff to update the FWCJUA's investment custody and investment management agreements such that the FWCJUA's agreements would meet the requirements of 690-143, F.A.C. as identified by OIR.



FINANCIAL SERVICES
COMMISSION

CHARLIE CRIST
GOVERNOR

ALEX SINK
CHIEF FINANCIAL OFFICER

BILL MCCOLLUM
ATTORNEY GENERAL

CHARLES BRONSON
COMMISSIONER OF
AGRICULTURE

OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY
COMMISSIONER

VIA E-MAIL

June 9, 2008

Laura Reay Lopez
6003 Honore Ave., Suite 204
Sarasota, FL 34238

RE: December 31, 2007 Annual Quarter Financial Statement
Florida Workers Compensation Joint Underwriting Association, Inc.

The Office of Insurance Regulation has completed its review of the Company's December 31, 2007 Annual Financial Statement. Based upon the review, the following areas need additional information.

1. The custodian Agreements with South Trust Estate & Trust Company of Florida (now US Bank/Evergreen Investment) and Sun Trust Capital Markets, Inc did not meet all the requirements of 690-143, F.A.C.:

Sun Trust Capital Markets, Inc needs to be amended and state the following requirements:

1. The Securities are held in a fungible bulk by the custodian or securities held by a clearing corporation in Federal Reserve book-entry system, are the securities separately identified on the custodian's official records as being owned by the insurance company.
2. The said records should identify which custodian securities are held by the custodian or by its agent and which securities are in a clearing corporation or in the Federal Reserve book-entry system.
3. If the securities are in a clearing corporation or in a Federal Reserve book-entry system, the records should identify where the securities are and if in a clearing corporation the name of the Clearing Corporation and if through an agent, the name of the agent.

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ANGELA Y DAVIS • FINANCIAL EXAMINER/ANALYST II
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4. The custodial securities held subject to the instructions of the insurance company and shall be withdraw able upon the demand of the insurance company unless the securities are used to meet the deposit requirements set forth in Section 624.411 F.S.
5. The custodian arranged to send or cause to be sent to the insurance company confirmation of all transfers of custodian securities to or from the account of the insurance company.
6. The agreement provides for the examination of records of the custodian's records, in relation to the custodian securities, by an officer or appointee of the insurance company utilizing written instructions by an appropriate officer of the company.
7. The custodian shall maintain records sufficient to determine and verify information relating to custodied securities that may be reported in the insurance company's Annual Statements and supporting schedules and information required in any audit of the financial statements of the insurance company.
8. The custodian provided that upon written request for the Insurance Commissioner or from an appropriate officer of the insurance company, that the custodian shall supply the appropriate affidavits on Forms D14-341 (A), (b), and (C), entitled "Custodian Affidavit".
9. The custodian agrees that they shall be obligated to indemnify the insurance company for any loss of custodian securities occasioned by the negligence or dishonesty of the custodian officers or employees, or burglary, robbery, holdup, theft, or mysterious disappearance, including loss by damage or destruction.
10. The custodian should provide in the agreement, that in the event of a loss of the custodied securities, the custodian shall promptly replace the securities or the value thereof and the value of any loss of rights or privileges resulting from said loss of securities.
11. The Agreement should state that the agreement must be terminable by the insurance company on no more than 30 days notice.

South Trust Estate & Trust Company of Florida (now US Bank/Evergreen Investment) needs to be amended to include and state the following requirements:

1. The certified securities held by the custodian separate from the securities of the custodian separate from the securities of the custodian and all of its customers or in a fungible bulk of securities as part of a Filing of Securities by Issue (FOSBI) arrangement.
2. The Securities are held in a fungible bulk by the custodian or securities held by a clearing corporation in Federal Reserve book-entry system, are the securities separately identified on the custodian's official records as being owned by the insurance company.
3. The said records should identify which custodian securities are held by the custodian or by its agent and which securities are in a clearing corporation or in the Federal Reserve book-entry system.
4. If the securities are in a clearing corporation or in a Federal Reserve book-entry system, the records should identify where the securities are and if in a clearing corporation the name of the Clearing Corporation and if through an agent, the name of the agent.
5. The custodial securities held subject to the instructions of the insurance company and shall be withdraw able upon the demand of the insurance company unless the securities are used to meet the deposit requirements set forth in Section 624.411 F.S.
6. The agreement provides for the examination of records of the custodian's records, in relation to the custodian securities, by an officer or appointee of the insurance company utilizing written instructions by an appropriate officer of the company.
7. The custodian shall provide for the sending of all reports to the insurance company, upon reasonable request from the insurance company, reports which they receive from a clearing corporation, Federal Reserve book-entry system or independent auditor of their respective system of internal accounting controls of custodian securities.
8. The custodian provided that upon written request for the Insurance Commissioner or from an appropriate officer of the insurance company,

that the custodian shall supply the appropriate affidavits on Forms D14-341 (A), (b), and (C), entitled "Custodian Affidavit".

9. The custodian agrees that they shall be obligated to indemnify the insurance company for any loss of custodian securities occasioned by the negligence or dishonesty of the custodian officers or employees, or burglary, robbery, holdup, theft, or mysterious disappearance, including loss by damage or destruction.
10. The custodian should provide in the agreement, that in the event of a loss of the custodied securities, the custodian shall promptly replace the securities or the value thereof and the value of any loss of rights or privileges resulting from said loss of securities.
11. The agreement should provide that the custodian will not be liable for any failure to take any action required to be taken under the agreement in the event and to the extent that the taking of such action is prevented or delayed by war, revolution, insurrection, riot, civil commotion, act of God, or any other cause beyond reasonable control,

Please provide the information no later than June 23, 2008, through REFS using filing #57500. Please feel free to contact me if you have any questions.

Sincerely,

Angela Davis

Angela Davis

CUSTODY AGREEMENT

This AGREEMENT made as of the _____ day of _____, 200__ by and between **U.S. BANK NATIONAL ASSOCIATION**, a national banking association organized under the laws of the United States of America ("Custodian") and _____

_____ ("Customer")
a _____ organized under the laws of the State or Commonwealth of _____.

In consideration of the premises, undertaking and covenants herein, the parties agree as follows:

1. **Appointment and Acceptance.** Customer hereby appoints Custodian as its agent to provide custody and other services in connection with securities, cash and other property delivered from time to time to Custodian hereunder by, or at the direction of, Customer, and income, distributions and payments received by Custodian with respect thereto (collectively the "Assets"); and Custodian hereby agrees to act in such capacity, and perform such services, and hold the Assets in a custody account established in the name of Customer (the "Account"), upon the terms and conditions set forth below. For purposes of this Agreement, all references contained herein to actions, directions and responsibilities (other than the obligations set forth in Sections 12 and 14 below) of Customer shall include, apply to and be binding upon the Customer's agents, including any investment manager or advisor, appointed and authorized by Customer to direct Custodian or otherwise take actions on behalf of Customer in connection with Custodian's services and responsibilities hereunder. Customer shall provide written notice to Custodian of the identity of all such appointed agents and the scope of their authority to act hereunder. Customer shall be responsible for providing to each such agent a copy of this Agreement and all written policies and procedures of Custodian governing its performance of services hereunder that Customer shall receive from time to time. In the event that Customer requires Custodian to establish one or more sub-accounts within the Account under this Agreement ("sub-Accounts"), Customer shall identify such sub-Accounts on a separate Exhibit A attached hereto, and which may be amended from time to time. In such event, Customer shall deposit or direct the transfer of Assets to or among the separate sub-Accounts. Further, for such situations, the term "Account" as used in this Agreement shall refer to one or all of the sub-Accounts established by Customer, as the context of this Agreement shall require.

2. **Asset Delivery, Transfer, Custody and Safekeeping.**

2.1. Customer will from time to time deliver (or cause to be delivered) Assets to Custodian, which Custodian shall receive and accept for the Account upon appropriate directions from the Customer. All transactions involving Assets shall be recorded in the Account.

2.2. Upon receipt of appropriate directions, Custodian will release and return Assets to Customer, Customer's Depository (as that term is defined in Section 3.3 below) account or accounts, or otherwise deliver Assets to such location or third party, as such directions may indicate, provided that, in connection therewith it is the sole responsibility of Customer to provide any transfer documentation as may be required by the Depository or third party recipient. Custodian shall have no power or authority to assign, hypothecate, pledge or otherwise dispose of any Assets, except as provided herein or pursuant to appropriate directions.

2.3. Custodian shall furnish Customer, as part of the services for which Custodian charges its basic fee hereunder, with periodic Account statements (not less frequently than annually) reflecting all Asset transactions in the Account during the reporting period and ending Asset holdings.

2.4. Custodian shall forward to Customer, or Customer's designated agent identified in Section 17.10, below (or as identified in a separate written designation by Customer that is received by Custodian), all information it receives with respect to any of the Assets concerning redemption rights that are exercisable at Customer's option, tender or exchange offers, class action lawsuits and other special matters or shareholder rights. Custodian shall follow Customer's or Customer's designated agent's, as applicable, written directions with respect thereto consistent with Custodian's governing policies and procedures and in the absence of such directions Custodian shall take no action. Custodian shall forward to Customer or Customer's designated agent, as applicable, all proxy material it receives with respect to securities included among the Assets. The registered holder of the securities shall execute proxies so forwarded, if

registered in the name of the Custodian or its nominee, but without indicating the manner in which such proxies are to be voted. Exception: Customer expressly acknowledges that Custodian will not forward so-called "mini-tenders" to Customer or its designated agent, as applicable. Mini-tenders are tender offers for a small amount of the outstanding securities made on "target" company, generally with an offer price at or below market value. For equity issues, unless a tender offer is made for 5% or greater of the outstanding issue, and therefore subject to Securities Exchange Commission ("SEC") review, the tender offer will not be forwarded by Custodian. For debt issues, the actual terms of the offer will serve as the notification parameters. Therefore, no tender offer will be forwarded by Custodian for a debt issue if: (a) it is not registered with the SEC, (b) it has a "first received, first buy" basis with no withdrawal privilege and includes a guarantee of delivery clause, or (c) the offer includes the statement that "the purchase price includes all accrued interest on the note and has been determined in the sole discretion of the buyer and may be more than or less than the fair market value of the notes" or similar language.

2.5. Absent specific investment directions to the contrary from Customer, Custodian is hereby authorized and directed by Customer to hold all cash and all checks and drafts (when collected funds are received) in a First American Funds money market fund, identified in Section 18.11, below. Customer acknowledges receipt of the current prospectus for the applicable, designated money market fund to be held in this Account. Customer also understands and acknowledges the following information about the First American Funds: The First American family of funds (the "First American Funds") are offered through the funds' distributor identified in the current prospectuses for the funds. U.S. Bank National Association ("U.S. Bank") or an affiliate of U.S. Bank serves as the funds' investment advisor, custodian, distributor, administrator and other service provider as disclosed in the prospectuses for the funds. Compensation paid to U.S. Bank and its affiliates by the First American Funds as well as other fees and expenses of the funds are detailed in the prospectuses. Mutual funds, including the First American Funds, are not guaranteed by, or deposits of, any bank including U.S. Bank, nor are such funds insured by the FDIC or any other agency. Investments in mutual funds involve risks, including the possible loss of principal. This authorization and direction shall continue in effect with respect to the designated fund should the fund be merged with or into another money market fund.

2.6. Customer hereby authorizes and approves Custodian's performance of its services and duties hereunder consistent with the terms and conditions of the Custodian's duly adopted policies and procedures, as established and modified from time to time, related to the subject matter hereof.

2.7. If any of the Assets received and held by Custodian hereunder shall be "plan assets" with respect to any "employee benefit plan" (as those terms are defined in Section 3 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the Custodian shall not be deemed to be, and shall not exercise any discretionary powers or control over such "plan" or "plan assets" so as to be a fiduciary with respect to the plan. Furthermore, Customer shall notify Custodian in writing whenever any Assets do constitute such "plan asset," and thereafter, all subcontracts, agreements or other arrangements between Custodian and any subsidiary or affiliate thereof for services or products paid for from any assets of the said plan and utilized in the performance of Custodian's duties hereunder shall be subject to the advance approval of Customer.

2.8. Any additional services and/or performance requirements applicable to the Assets shall be set forth on Schedule I attached hereto.

3. **Powers of Custodian.** In the performance of its duties hereunder, Custodian shall have the following powers:

3.1. To register any of the Assets in the name of Customer or in the Custodian's name or in the name of a nominee of Custodian or in the name of the Custodian's agent bank or to hold any of the Assets in unregistered form or in such form as will pass title by delivery, provided that such Assets shall at all times be recorded in Customer's Account hereunder as one of the Assets. In consideration of Custodian's registration of any securities or other property in the name of Custodian or its nominee or agent, Customer agrees to pay on demand to Custodian or to Custodian's nominee or agent the amount of any loss or liability for Stockholders' assessments, or otherwise, claimed or asserted against Custodian or Custodian's nominee or agent by reason of such registration.

3.2. To make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any or all other instruments that may be necessary or appropriate to carry out the duties described and powers granted herein.

3.3. To maintain qualifying Assets in any registered clearing agency or in a Federal Reserve Bank (collectively a "Depository"), as Custodian may select, and to permit such deposited Assets to be registered in the name of Custodian or Custodian's agent or nominee on the records of such Federal Reserve Bank or such registered clearing agency or the nominee of either, and to employ and use securities depositories, clearing agencies, clearance systems, sub-Custodians or agents located outside the United States in connection with transactions involving foreign securities.

3.4. To employ agents and to delegate duties to them as it sees fit and to employ or consult with experts, advisors and legal counsel (who may be employed also by Customer) and to rely on information and advice received from such agents, experts, advisors, and legal counsel.

3.5. To perform any and all other ministerial acts deemed by Custodian necessary or appropriate to the proper discharge of its duties hereunder.

3.6. To hold uninvested reasonable amounts of cash whenever it is deemed advisable to do so to facilitate disbursements or for other operational reasons, and to deposit the same, with or without interest, in the commercial or savings departments of the Custodian serving hereunder or of any other bank, trust company or other financial institution including those affiliated with the Custodian, notwithstanding the Custodian's or other entity's receipt of "float" from such uninvested cash.

4. **Purchases.** Upon availability of sufficient funds and receipt of appropriate directions from Customer, Custodian shall pay for and receive Assets purchased for the Account, payment for which is to be made in the amount specified in such instructions and only upon receipt by Custodian of the Assets in satisfactory form for transfer.

5. **Sales.** Upon receipt of appropriate directions from Customer, Custodian will deliver Assets held by it as Custodian hereunder and sold by or for Customer against payment to Custodian of the amount specified in such directions in accordance with the then current securities industry practices and in form satisfactory to Custodian. Customer acknowledges that the current securities industry practice is delivery of physical securities against later payment on delivery date. Custodian agrees to use its best efforts to obtain payment therefore during the same business day, but Customer confirms its sole assumption of all risks of payment for such deliveries. Custodian may accept checks, whether certified or not, in payment for securities delivered on Customer's direction, and Customer assumes sole responsibility for the risks of collectability of such checks.

6. **Settlements.**

6.1. Custodian shall provide Customer with settlement of all purchases and sales of Assets in accordance with Custodian's then prevailing settlement policies provided that (a) appropriate directions for purchases and sales are received by Custodian in accordance with Custodian's then current published instruction deadline schedule, and (b) Custodian has all other information, funds and/or Assets necessary to complete the transaction.

6.2. Custodian shall not be liable or responsible for or on account of any act or omission of any broker or other agent designated by Customer to purchase or sell securities for the Account of Customer.

7. **Corporate Actions.** In connection with any mandatory conversion of Asset securities pursuant to their terms, reorganization, recapitalization, redemption in kind, consolidation, or other exchange transaction that does not require or permit approval by the owner of the affected Assets, Custodian will tender or exchange securities held for other securities, for other securities and cash, or for cash alone.

8. **Collections.** Custodian shall collect all income, principal and other distributions due and payable on securities held either by Custodian or a Depository but shall be under no obligation or duty to take action to effect collection of any amount if the Assets upon which such payment is due are in default, or if payment is refused after due demand and presentation. Custodian shall have no responsibility to notify Customer in the event of such default or refusal to pay, but if Custodian receives notice of default or refusal to pay from an issuer or transfer agent, Custodian shall so advise Customer. Collections of monies in foreign currency, to the extent possible, are to be converted into United States dollars at customary rates through customary banking channels, including Custodian's own banking facilities, and in accordance with Custodian's prevailing policies for foreign funds repatriation. All risk and expense incident to such foreign collection and conversion is the responsibility of the Account and Custodian shall have no responsibility for fluctuations in exchange rates affecting such collections or conversion.

9. **No Discretionary Authority; Standard of Care.** Customer and Custodian acknowledge that, except to the extent set forth in any separate instrument signed by the parties with respect to this Agreement, Custodian's duties hereunder do not include any discretionary authority, control or responsibility with respect to the management or disposition of any Asset; that Custodian has no authority or responsibility to render investment advice with respect to any Asset; and that Custodian is not a fiduciary with respect to Customer. In addition, it is agreed that:

9.1. Custodian shall have no duty to make any evaluation or to advise anyone of the suitability or propriety of action or proposed action of Customer in any particular transaction involving an Asset or the suitability or propriety of retaining any particular investment as an Asset. Custodian shall have no duty or authority to review, question, approve or make inquiries as to any investment instructions given pursuant hereto. Custodian shall be under no duty or obligation to review the securities or other property held in the Account with respect to prudence or diversification.

9.2. Custodian shall not be liable for any loss or diminution of Assets by reason of investment experience or for its actions taken in reliance upon a direction or other instruction from Customer or Customer's agent.

9.3. Custodian shall have no duty or responsibility to monitor or otherwise investigate the actions or omissions of Customer.

9.4. Custodian shall only be responsible for the performance of such duties as are expressly set forth herein or in directions or other instructions of Customer or Customer's agent which are not contrary to the provisions of this Agreement. Custodian shall exercise reasonable care in the performance of its services hereunder. In no event shall Custodian be liable for indirect or consequential damages.

Custodian shall not be responsible or liable for any failure or delay in performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by directions or other instructions, actions or omissions of Customer or by circumstances beyond Custodian's reasonable control, including, without limitation, loss or malfunctions of utility, transportation, computer (hardware and software) or communication service; nor shall any such failure or delay give Customer the right to terminate this Agreement, except as provided in section 15 of this Agreement.

10. **Books, Records and Accounts.**

10.1. Custodian will make and maintain proper books of account and complete records of all Assets and transactions in the Account maintained by Custodian hereunder on behalf of Customer. Custodian will preserve for the periods prescribed by applicable federal statute or regulation all records required to be maintained.

10.2. On at least four (4) business days' notice, Custodian will make available to and permit inspection during Custodian's regular business hours by Customer and its auditors of all books, records, and accounts retained by Custodian (or, to the extent practicable, its agents) in connection with its duties hereunder on behalf of Customer.

11. **Instructions and Directions.**

11.1. Custodian shall be deemed to have received appropriate "instructions" or "directions" upon receipt of written instructions or directions, or in the case of cash movement, written or oral instructions or directions, (a) signed or given by any person(s) whose name(s) and signature(s) are listed on the most recent certificate delivered by Customer to Custodian which lists those persons authorized to give orders, corrections and instructions in the name of and on behalf of the Customer or (b) signed or given by any other person(s) duly authorized by Customer to give instructions or directions to Custodian hereunder or whom Custodian reasonably believes to be so authorized (such as an investment adviser or other agent designated by Customer, for example).

11.2. Appropriate instructions or directions shall include instructions or directions sent to Custodian or its agent by letter, memorandum, telegram, cable, telex, facsimile, video (CRT) terminal, internet e-mail or other "on-line" system, or similar means of communication, or in the case of cash movement, given orally over the telephone or in person. Customer assumes full responsibility for the security of electronically transmitted communications, whether sent by Customer or Custodian.

11.3. In the event that Custodian is directed to deliver Assets to any party other than Customer or Customer's agent, appropriate directions shall include, and Customer shall supply, customary transfer documentation as required by such party, and, to the extent that such documentation has not been supplied, Custodian shall not be deemed to have received appropriate directions.

12. **Compensation; Security.**

12.1. Customer shall pay to Custodian fees for its services under this Agreement and shall reimburse Custodian for costs incurred by it hereunder as set forth in Custodian's then current applicable fee schedule or such other fee arrangement as Custodian and Customer may otherwise agree in writing.

12.2. If any advance of funds is made by Custodian on behalf of Customer to purchase, or to make payment on or against delivery of securities or there shall arise for whatever reason an overdraft in Customer's account, or if Customer is for any other reason indebted to Custodian, including, but not limited to, any advance of immediately available funds to Customer with respect to payments to be received by Custodian in next-day funds (which Customer acknowledges Customer is liable to repay if Custodian does not receive final payment), Customer agrees to repay Custodian on demand the amount of the advance, overdraft or other indebtedness, reserve requirements and accrued interest at a rate per annum (based on a 360-day year for the actual number of days involved) equal to the Federal Funds effective rate in effect from time to time.

12.3. In the event of an advance of funds by Custodian, or if any overdraft is created by Account transactions, Custodian may directly charge the Account and receive such payment therefrom. In the event that a compensation payment due Custodian is past due by more than thirty (30) days, such amount may also be charged to the Account and Custodian may receive such payment therefrom. To secure such payments obligations, Customer does hereby grant to Custodian a security interest in all Assets held in the Account from time to time.

13. **Customer Responsibility.** Customer shall be responsible for the review of all reports, accountings and other statements provided thereto by the Custodian, and shall within ninety (90) days following receipt thereof notify the Custodian of any mistakes, defects or irregularities contained or identified therein, after which time all such matters shall be presumed to be ratified, approved and correct and shall not provide any basis for claim or liability against the Custodian.

14. **Indemnification.** Customer hereby agrees to fully and promptly indemnify Custodian and its affiliates, officers, directors, employees and agents (each an "Indemnified Party") and hold each Indemnified Party harmless from and against any cost, losses, claims, liabilities, fines, penalties, damages and expenses (including reasonable attorneys' and accountants' fees (collectively, a "Claim") arising out of (i) Customer's actions or omissions or (ii) Custodian's action taken or omitted hereunder in reliance upon Customer's directions or instructions, or upon any information, order, indenture, stock certificate, power of attorney, assignment, affidavit or other instrument delivered hereunder to Custodian, reasonably believed by Custodian to be genuine or bearing the signature of a person or persons authorized by Customer to sign, countersign or execute the same; provided, that Customer shall not indemnify an Indemnified Party for any Claim arising from the Indemnified Party's judicially determined willful misfeasance, bad faith or gross negligence in the performance of its duties under this Agreement. Custodian hereby agrees to indemnify Customer and its Indemnified Parties (i.e., the Customer and its controlling person, officers, directors, employee and agents) and hold each of them harmless from and against any and all Claims arising out of (i) Custodian's breach of this Agreement, willful misfeasance, bad faith or gross negligence in the performance of its duties under this Agreement, or (ii) any loss of Assets, including theft or destruction thereof but expressly excluding investment losses or other diminution of Assets resulting from the Custodian's proper performance of its duties hereunder; provided, that Custodian shall not indemnify an Indemnified Party for any Claim arising from the Indemnified Party's breach of this Agreement, willful misfeasance, bad faith or gross negligence with respect to its duties and responsibilities under this Agreement. This section 14 shall survive the termination of this Agreement.

15. **Termination.**

15.1. This Agreement will remain in effect until terminated by either party giving written notice thirty (30) days in advance of the termination date.

15.2. Upon termination of this Agreement, Custodian shall follow such reasonable Customer instructions concerning the transfer of Assets' custody and records; provided, that (a) Custodian shall have no liability for shipping and insurance costs associated therewith; (b) Custodian shall not be required to make any such delivery or payment until full payment shall have been made by Customer of all liabilities constituting a charge on or against Custodian and until full payment shall have been made to Custodian of all its compensation, costs, including special termination costs, if any, and expenses hereunder; and (c) Custodian shall have been reimbursed for any advances of monies or securities made hereunder to Customer. If any Assets remain in the Account, Customer acknowledges and agrees that Custodian may designate Customer as successor Custodian hereunder and deliver the same directly to Customer.

15.3. Upon termination of this Agreement, all obligations of the parties to each other hereunder shall cease, except that all indemnification provisions herein shall survive with respect to any Claims arising from events prior to such termination.

16. **Binding Obligations.** Customer and Custodian each hereby represent that this Agreement constitutes its legal, valid and binding obligation enforceable in accordance with the terms hereof; subject, as to enforcement of remedies, to applicable bankruptcy and insolvency laws, and to general principles of equity.

17. **Insurance Regulatory Requirements.** In the event of any conflict between the provisions of this part 17 and any other provisions of this Agreement, the provisions of this part 17 shall control.

17.1. **Custodian's Responsibility.** Custodian shall indemnify the Customer against any loss of the Customer's securities in the custody of Custodian if the loss is occasioned by the negligence or dishonesty of Custodian, its officers or employees, or through burglary, robbery, holdup, theft or mysterious disappearance, including loss by damage or destruction. In the event of any loss of securities for which Custodian is obligated to indemnify the Customer, Custodian shall promptly replace the securities or the value of the securities and shall also promptly replace the value of any loss of rights or privileges that are a part of, or were issued in connection with, such lost securities.

Custodian shall not be liable for any failure to take any action required to be hereunder in the event, and to the extent, that the taking of such action is prevented or delayed by war (whether declared or not and including existing wars), revolution, insurrection, riot, civil commotion, act of God, accident, fire, explosion, labor stoppage, strikes or other differences with employees, laws, regulations, orders or other acts of any governmental authority, or any other cause whatever beyond its reasonable control.

17.2. **Agreements with Certain Agents.** If Custodian gains entry to a clearing corporation through an agent, Custodian shall enter into a written agreement with such agent providing that the agent shall be subject to the same liability for loss of securities as Custodian as set forth in the foregoing Section 9.1.

17.3. **Notice to the Insurance Commissioner.** If this Agreement is terminated, or if all of the Assets in the custody account governed by this Agreement are withdrawn, Custodian shall provide written notification of such occurrence, within three (3) business days' after such termination or withdrawal, to the insurance commissioner of the State in which the Customer is domiciled.

17.4. **Examinations, Records and Reports.**

a. During regular business hours, and upon reasonable advance request, Custodian, any subcustodian and agents, shall permit an authorized officer or employee of the Customer, an independent accountant selected by the Customer, and a representative of an appropriate insurance regulatory body to examine, on Custodian's premises, Custodian's records relating to the Assets, if Custodian is given written instructions to that effect by an authorized representative of the Customer.

b. Custodian and its agents shall be required to send to the Customer all reports received by Custodian and its agents, from a clearing corporation or the Federal Reserve book-entry system with regard to their respective systems of internal accounting control and reports prepared by outside auditors on Custodian and its agents' internal accounting control of custodied securities that the Customer may reasonably request.

c. If and to the extent that certain information maintained by Custodian in its role as Custodian is relied upon by the Customer for the preparation of the Customer's annual statement and

supporting schedules Custodian shall maintain such records created as Custodian sufficient to determine and verify such information.

d. Securities held in fungible bulk by Custodian and securities in a clearing corporation or in the Federal Reserve book-entry system shall be separately identified on Custodian's official records as being owned by the Customer. Said records shall identify which Assets are held by Custodian or by its authorized sub-custodian and which securities are in a clearing corporation or in the Federal Reserve book-entry system. If the securities are in a clearing corporation or in the Federal Reserve book-entry system, said records shall also identify where the securities are and if in a clearing corporation, the name of the clearing corporation and if through a sub-custodian, the name of the sub-custodian.

e. Upon reasonable advance written request from an appropriate insurance regulatory body or an authorized representative of the Customer, Custodian shall provide affidavits with respect to the Customer's Assets held by Custodian under this Agreement.

f. Custodian shall be required to send or cause to be sent to the Customer a confirmation of all transfers of Assets to or from the account of the Customer. In addition, Custodian shall be required to furnish the Customer with reports of holdings of Assets at such times and containing such information as may be reasonably requested by the Customer.

17.5. Insurance. Custodian shall secure and maintain insurance protection in an adequate amount with respect to its custodial activities.

17.6. Instructions.

a. Assets shall be held subject to the instructions of the Customer and shall be withdrawable upon the demand of the Customer, except that Assets used to meet the deposit requirements set forth in Section 624.411, Florida Statutes, shall to the extent required by the section, be under the control of the Insurance Commissioner and shall not be withdrawn by the Customer without the approval of the Insurance Commissioner.

b. Custodian shall arrange for execution of transaction in Assets in accordance with the Customer's instructions and shall not exercise discretionary authority in effect transactions in Assets except in such limited or special circumstances as the Customer may authorized.

18. **General Provisions.**

18.1. Notice. Except as provided in paragraph 11 above, any notice or other communication under this Agreement shall be in writing and shall be considered given when delivered by certified mail, return receipt requested, to the parties at the addresses set forth on the execution page hereof (or at such other address as a party may specify by notice to other). Notice shall be effective upon receipt if by mail, or on the date of personal delivery (by private messenger, courier service or otherwise) or telex or facsimile, whichever occurs first, to the addressee indicated below. The below addresses and individuals may be changed at any time by an instrument in writing executed by the party giving same and given to the other party, in accordance with the procedure set forth above.

18.2. No Tax Responsibility. Unless expressly indicated otherwise below in this section and notwithstanding any other terms or conditions contained herein, Custodian shall not be responsible for, and Customer does hereby waive all duties or functions of Custodian (imposed by law or otherwise) relating to, the withholding and government deposit of any and all taxes, or amounts with respect thereto, that may be incurred or payable in connection with the Account established hereunder, income or gain realized on Assets held therein or transactions undertaken with respect thereto. Except as required by law in such manner that cannot be delegated to or assumed by Customer, Custodian shall have no responsibility to undertake any federal, state, or local tax reporting in connection with Assets, the Account or transactions therein. (Check only one below.)

____ Custodian shall have no duty to provide tax information.

____ Custodian shall provide tax information as reasonably requested by Customer, including Form 1099.

18.3. Complete Agreement; Modification. This Agreement contains a complete statement of all the arrangements between the parties with respect to its subject matter, supersedes all existing agreement(s) between them concerning the subject, and cannot be amended or modified in any manner except by a written agreement executed by both parties. Notwithstanding the foregoing, if at any time Custodian is holding assets or property of Customer pursuant to any other custodial, pledge or other agency agreement with Customer (or which Customer has acknowledged in instructions to Custodian) and one or more third parties that involves Custodian's duties or obligations to a third party (which may be affiliates to Custodian) with respect to Assets, the terms and requirements of the other agreement(s) concerning such Assets shall supersede and control the provisions and duties set forth herein.

18.4. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

18.5. Assignment. No party may assign any of its rights hereunder without the consent of the other, which consent shall not be unreasonably withheld. The foregoing consent requirement does not apply if either party shall merge or consolidate with or sell substantially all of its assets to another corporation, provided that such other corporation shall assume without qualification or limitation all obligations of that party hereunder either by operation of law or by contract.

18.6. Separability. If any provision of this Agreement is invalid or unenforceable, the balance of the Agreement shall remain in effect, and if any provision is inapplicable to any person or circumstances, it shall nevertheless remain applicable to all other persons and circumstances.

18.7. No Third Party Rights. In performing its services hereunder, Custodian is acting solely on behalf of Customer. No agency, contractual or service relationship shall be deemed to be established hereby between Custodian and any other persons.

18.8. Counterparts and Duplicates. This Agreement may be executed in any number of counterparts, each of which shall be considered an original, but all of which together shall constitute the same instrument. This Agreement and any administrative form under the Agreement may be proved either by a signed original or by a reproduced copy thereof (including, not by way of limitation, a microfiche copy or an electronic file copy).

18.9. Shareholder Communications Act Authorization. The Shareholder Communications Act of 1985, as amended, requires Custodian to make an effort to permit direct communications between a company that issues securities and the shareholder that exercises shareholder rights with respect to those securities. Unless Customer specifically directs Custodian in writing not to release Customer's name, address and security position to requesting companies, Custodian is required by law to disclose Customer's name and address to such companies. Therefore the Customer hereby responds to the following question [no response will mean "yes"]. Does Customer authorize Custodian to provide its name, address and security position to requesting companies whose stock is owned in this Account?
_____ Yes / _____ No

18.10. Customer's Agent – Shareholder Rights. Should Customer require that a designated agent for the Account, such as an investment advisor, be responsible for proxy voting and other special matters and shareholder rights as specified in Section 2.4, above, the Customer shall provide the name and address of that agent below. Such agent shall be removed upon Custodian's receipt of a written removal from Customer. Customer may designate more than one agent to be responsible for separate sub-Accounts or investment accounts under this Agreement by providing a clear, written designation to that effect to Custodian. Custodian hereunder has no authority or responsibility with regard to proxy voting or any similar special matters. Therefore, it may not be designated below unless it has separately agreed in writing to act as investment advisor for the Account.

Designated

Agent:

Address: _____

Telephone Number: _____

18.11. Money Market Fund. Pursuant to Section 2.5, above, the First American Funds money market fund designated for this Account shall be (check one – if none is checked, the Customer hereby directs that the First American Prime Obligations Fund shall be designated):

Taxable Money Market Funds

___ First American Prime Obligations Fund –Class _____

___ First American Government Obligations Fund –Class _____

___ First American Treasury Obligations Fund –Class _____

Federal Tax-Exempt Money Market Fund

___ First American Tax-Free Obligations Fund –Class _____

Other

___ (Must indicate correct fund name and class for election to be valid.)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representative as of the date and year first above written.

_____(Customer)

**U.S. BANK NATIONAL ASSOCIATION
(Custodian)**

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

Address:

Address:

U.S. Bank National Association

Attn: _____

SCHEDULE I

Custodian shall perform the specific services with respect to the assets as specified below:

U.S. BANK NATIONAL ASSOCIATION
INVESTMENT MANAGEMENT AGREEMENT
Non-ERISA

THIS AGREEMENT, made this ___ day of _____ 20___, by and between U.S. Bank National Association, a national banking association with trust (the “Manager”) and _____ (the “Client”).

In consideration of the premises set forth herein, the Manager and the Client agree as follows:

1. Appointment of Manager. The Client hereby engages the Manager and the Manager hereby agrees to act as investment manager for the account of the Client (the “Account”) with respect to the assets credited thereto.

2. Authority of Manager. (a) The investment of Account assets shall at all times be subject to the investment objectives, policies, directions and restrictions of Client, if any, established for the Account, or for any subaccount of investment securities established by Client within the Account (a “Subaccount”), as set forth in initial written directions, and in written amendments or supplements thereto, from time to time delivered by the Client to the Manager (the “Directions”). By delivery of Directions to the Manager, the Client may direct retention of any assets credited to the Account and may direct acquisition of assets for the Account or disposition of assets from the Account, including the stock or other securities issued by U.S. Bancorp, the Manager’s parent holding company, and other investment securities in which the Manager or its affiliates have an interest as issuer, investment advisor or service provider. The Client shall ascertain that such Directions do not violate any applicable state or federal law. The Manager shall have no authority, power or responsibility to analyze, recommend, approve or undertake the retention, acquisition or disposition of Account assets that are the subject of Client’s Directions. It shall be the Client’s sole responsibility to promptly deliver all Directions to the Manager and to give the Manager prompt written notice if Client deems any Account investments to be in violation of the Directions or applicable state or federal law. The initial Directions shall be in the form set forth in Exhibit A hereto.

(b) Within the parameters of the requirements set forth in the Directions for the Account or any Subaccount and subject to Section 2 of this Agreement, the Manager shall have the sole and exclusive responsibility for the investment management of the Account assets and the making and execution of all investment decisions for the Client with respect to the Account. Notwithstanding the forgoing, the Manager is not responsible to identify or monitor investments in the Account that are in violation of applicable federal or state law.

(c) Unless otherwise agreed in writing, the Manager will not act as the custodian or trustee for the Account. The Client will cause the Account’s custodian to take all necessary steps to settle purchases, sales, and trades directed by the Manager, including delivery of certificates, payment of funds, and such other acts as may be necessary to fulfill such custodial responsibilities. The Manager shall give notice and directions (and copies thereof) with respect to transactions in such manner as shall be agreed upon between or among the Account’s custodian and the Client.

(d) The Client may at any time add assets to or remove them from the Account or any Subaccount; provided that reasonable lead time may be necessary between the time of the Client's notice to the Manager of the Client's intent to transfer assets from the Account and the subsequent removal of such assets.

(e) The Client hereby authorizes and directs the Manager to invest Account funds in the First American Funds, Inc., the First American Investment Funds, Inc. and the First American Strategy Funds, Inc. (collectively the "Affiliated Funds") to the extent consistent with the Account's then current Directions. The Client acknowledges and understands that the Manager's affiliate is the investment advisor for the Affiliated Funds. The Manager is the sub-administrator, securities lending agent and custodian of the Affiliated Funds and the Manager receives compensation from the Affiliated Funds as detailed in the prospectuses for the Affiliated Funds. The Client also acknowledges receipt of the Affiliated Funds prospectuses. Notwithstanding the Directions for the Account, the Client further authorizes and directs the Manager to invest in the Affiliated Funds on a temporary basis, uninvested cash held in the Account from time to time. The Manager shall have no authority to vote proxies of the Affiliated Funds held in the Account, and shall forward any such proxies to Client. **The Client acknowledges that the Affiliated Funds are not insured by the Federal Deposit Insurance Corporation or any other government agency, are not guaranteed by the Manager or any affiliate bank or trust company, and that any mutual fund investment involves investment risks, including the possible loss of principal.**

3. Representations and Warranties. Client hereby represents and warrants to Manager that (a) Client has the requisite legal capacity and authority to execute, deliver and perform its obligations under this Agreement, (b) this Agreement has been duly authorized, executed and delivered by Client and is the legal, valid and binding agreement of Client, enforceable against Client in accordance with its terms, (c) Client's execution of this Agreement and the performance of its obligations hereunder do not conflict with or violate any provisions of the governing documents of Client or any obligations by which Client is bound, whether by contract, operation of law or otherwise, (d) Client will deliver to the Manager evidence of Client's authority in compliance with such governing documents upon Manager's request, and (e) Client is the owner of all cash, securities and other assets in the Account, and there are no restrictions on the Client's ability to pledge, hypothecate, transfer, sell or distribute such cash, securities or assets.

4. Books, Records and Reports. (a) The Manager will furnish information, reports or statements at such times and in such manner as the Client may from time to time reasonably request, and the Manager shall report to the Client regularly at such times and in such detail as the Client may from time to time reasonably determine to be appropriate, in order to permit the Client to determine the Manager's investment of Account assets are consistent with the Directions.

(b) The Manager hereby acknowledges that records necessary in the operation of the Account, including, without limitation, records pertaining to investment of the Account, are the property of the Client. If a transfer of management or investment advisory services to someone

other than the Manager should occur, the Manager will promptly take all steps necessary to segregate such records and deliver them to the Client.

(c) The Client agrees to furnish the Manager or cause to be furnished to the Manager such information as the Manager may from time to time reasonably request with respect to services to be performed by the Manager under this Agreement.

5. Proxy Voting, Corporate Actions. The Client hereby delegates all authority to the Manager to vote proxies; except, however, that proxies for securities of U.S. Bancorp or any affiliate company will be forwarded to the Client, as will proxies for any Affiliated Funds held under the Account. The Manager shall not be responsible for administrative filings, including but not by way of limitation, proofs of claims or claims in class actions.

6. Compensation for Services. In payment for all services rendered by the Manager under this Agreement, and for all costs incurred by the Manager in connection with the rendering of services under this Agreement, the Client shall compensate the Manager at such times, in such manner and amounts and in accordance with such formulae as agreed upon from time to time between the Manager and the Client, a current description of which is set forth in Exhibit B attached hereto. Such compensation may be paid directly by the Client or from the Account assets as directed by the Client. The Client shall review and approve all market quotations and fee calculations upon which any fees payable to the Manager for services rendered under this Agreement are based.

7. Investment Manager Representations. The Manager hereby represents and warrants that it is U.S. Bank National Association, which is a “bank” as defined in Section 202(a)(2) of the Investment Advisers Act of 1940, as amended (the “1940 Act”), and, therefore, that it is exempt from registration with the Securities and Exchange Commission under Section 202(a)(11)(A) of the 1940 Act.

8. Standard of Care; Indemnification. Client acknowledges and agrees that Manager does not warrant the rate of return on, or market value of, the Account. It is further agreed that the Manager may rely upon information that the Client furnishes to the Manager and that the Manager reasonably believes to be accurate and reliable. Client agrees to indemnify and hold the Manager, its officers, directors, employees and agents harmless against all liabilities and claims (including reasonable attorneys’ and other professional fees and expenses) arising out of or in connection with (1) alleged errors in judgment in managing the Account under this Agreement; (2) any loss of Account assets due to asset value depreciation; and (3) following Directions hereunder in good faith and/or failure to act in the absence of Directions; provided, however, that the Client shall not provide indemnification or hold the Manager harmless for claims resulting from the Manager’s material breach of this Agreement, or the dishonest or criminal acts or the gross negligence or bad faith of the Manager under this Agreement.

Under no circumstances shall Manager be liable to the Client hereunder for indirect, incidental or consequential damages, even if such damages are reasonably foreseeable.

9. Freedom to Deal with Third Parties. The Manager shall be free to render services to others similar to those rendered under this Agreement or of a different nature except as and to the extent that such services may conflict with the services to be rendered or the duties to be performed hereunder.

10. Term and Termination. This Agreement shall continue in force until terminated by the Client or the Manager upon 30 days' written notice to the other party.

11. Amendments to Agreement. No amendment to this Agreement shall be effective until approved in writing by both parties hereto. This Agreement may not be assigned by either party without the prior written consent of the other party hereto.

12. Notices. Any notice under this Agreement shall be in writing, addressed, delivered or mailed, postage prepaid, to the other party at such address and to such person as such other party may designate in writing for receipt of such notice.

13. Governing Laws. This Agreement and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the State of Minnesota, without regard to conflicts of laws, to the extent not pre-empted by federal law.

14. Entire Agreement. This Agreement and the Exhibits attached hereto set forth the entire agreement and understanding of the parties relating to the subject matter hereof, and supersede all prior agreements, arrangements and understandings, written or oral, between the Parties that pertain to said subject matter. This Agreement is binding upon all successors and assigns of the Parties, and shall be construed such that invalidity and unenforceability of one provision does not void or otherwise affect the remainder of the Agreement. The Parties do not intend nor shall this Agreement be deemed to create in any third party any rights or responsibilities with respect to the Parties.

IN WITNESS WHEREOF, the Client and the Manager have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

U.S. BANK NATIONAL ASSOCIATION

By _____

Its _____

[CLIENT] _____

By _____

Its _____

EXHIBIT A
to the
INVESTMENT MANAGEMENT AGREEMENT
between
U.S. Bank National Association (the “Manager”)
and _____ (the “Client”)

This Exhibit A to the Agreement sets forth the investment objectives, policies, directions and restrictions (the “Directions”), subject to which Directions and the other terms and conditions set forth in the Agreement, the manager shall manage the Client’s assets.

EXHIBIT B
to the
INVESTMENT MANAGEMENT AGREEMENT
between
U.S. Bank National Association (the “Manager”)
and _____ (the “Client”)

This Exhibit B to the Agreement sets forth the times, manner, amounts and formulae governing the compensation to be paid by the Client to the Manager in payment for all services rendered by the Manager under the Agreement and for all costs incurred by the Manager in connection with the rendering of services under the Agreement.

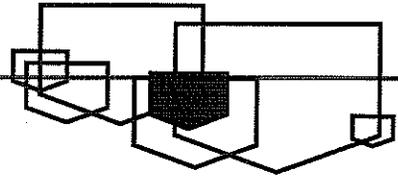
(a) The investment management fee shall consist of a quarterly fee for each Account, which fee shall be paid to the Manager within fifteen (15) days following the end of each calendar quarter in which services under this Agreement are rendered. The fee shall be at the rate or rates set forth below and shall be based on the fair market value of the net assets of the Account. The following table sets forth the fee on an annual basis:

[Insert Fee Schedule]

(b) In the event that the Account is opened or closed during a calendar quarter, the investment management fee shall be prorated for that portion of the quarter during which the Account was open.

(c) For purposes of calculating the investment management fee, unless otherwise agreed in writing, the net assets of each Account shall be valued by the Manager in accordance with generally accepted valuation methods and procedures established by the Manager.

(d) Unless prohibited by the laws of Client’s state of residency, any fees not paid within fifteen (15) days following the end of each calendar quarter in which services under this Agreement are rendered shall be paid directly from the Account.



August 18, 2008

Ms. Laura Reay Lopez
Florida Workers Compensation Joint
Underwriting Association, Inc
P.O. Box 48957
Sarasota, FL 34230-5957

Dear Laura:

The state of the financial markets and recent news about various financial institutions has generated questions and concerns about the stability of banks. We understand these concerns and are happy to provide this letter as a follow up to our earlier discussion. I am pleased to confirm that securities which U.S. Bank National Association ("U.S. Bank") holds in custody or in trust on behalf of its customers are safe from the claims of U.S. Bank's creditors.

Securities held by U.S. Bank for you in a custody (or trust) account are not assets of U.S. Bank. They are kept separate and apart from assets of U.S. Bank and do not appear on U.S. Bank's balance sheet. Beneficial title to your account securities remains with you, and the securities are not available to satisfy the claims of U.S. Bank's creditors.

As a national bank, U.S. Bank is subject to stringent regulatory oversight requirements to ensure its safety and soundness. U.S. Bank qualifies as a well-capitalized bank under the Federal Reserve Board's capital adequacy requirements and continues to meet other qualifications necessary to maintain the status of its parent, US Bancorp, as a financial holding company.

U.S. Bank IT&C does maintain a full array of insurance coverage (i.e. theft, fire, fraud, securities replacement etc). Specific insurance limits and coverage are within required federal regulations. Attached is a copy of the various types of insurance coverage with incremental coverage amounts varying from \$1 million to in excess of \$50 million.

We hope that this letter is helpful to you, and if you have further questions, I encourage you to call me.

Very truly yours,

Glenda D. Webb
Vice President & Relationship Manager
Institutional Trust & Custody

Institutional Trust & Custody Insurance Coverage Information:

U.S. Bancorp secures a variety of insurance coverage appropriate for an organization of its type and size. In addition, other coverage has been secured to comply with various regulations.

U.S. Bank Institutional Trust & Custody is a participant in U.S. Bancorp insurance programs. Shared limits of coverage exceed \$50 million for the types of coverage noted below:

Safety is a top concern for our clients, so in addition, the Fund may be pleased to learn we carry a full complement of other insurance including:

- Professional Liability
- Commercial General Liability (including international and employers liability)
- Automobile Liability (i.e., owned, non-owned and hired)
- Property (including business interruption, flood and earthquake, etc.)
- Property on premises—coverage for property (i.e., money, bonds, drafts, securities) for losses as a result of robbery, burglary, larceny, mysterious disappearances, damage or destruction while on premises
- Property in transit—provides the same coverage as property on premises when in the custody of a messenger or armored motor vehicle
- Fidelity—provides coverage for loss through fraudulent or dishonest acts of an employee, including computer-related crimes
- Forgery—provides coverage for losses due to forgery, alteration of checks, drafts, acceptances or other written instructions directing payment or transfer of funds
- Securities—provides coverage for loss of negotiable or non-negotiable instruments acquired in the course of business by forgery, alteration or counterfeiting

U.S. Bank negotiates all insurance policies in an effort to obtain the broadest coverage terms available in the insurance market.

FIRST AMENDMENT TO CUSTODY AGREEMENT

THIS FIRST AMENDMENT TO CUSTODY AGREEMENT (this "Amendment") dated as of _____, 2008 is entered into by and between Customer Name of City, State ("Client" and/or "we" or "us") and SUNTRUST BANK ("Bank" and/or "you").

WHEREAS, Client and Bank are parties to that certain Custody Agreement dated as _____, 2008 (the "Custody Agreement") wherein Bank agreed to open and maintain a Custody Account in the name of the Client; and

WHEREAS, Client and Bank have agreed to modify the Custody Agreement based upon the terms and conditions set forth in this Amendment; and

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars (\$10.00) and for other good and valuable consideration, the receipt and sufficiency of which is hereby conclusively acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Subject to the terms and conditions hereof, the Custody Agreement is amended as follows:

Section 3 of the Custody Agreement is hereby deleted in its entirety, and the following is hereby inserted in lieu thereof:

3. Indemnification:

- a. You shall be obligated to indemnify us for any loss of securities belonging to us in your care, whether in your vault or in your account identified as belonging to us with another bank, trust company or registered open-end management investment company, except that, unless domiciliary state law, regulation or administrative action otherwise require a stricter standard, you shall not be so obligated to the extent that such loss was caused by other than burglary, robbery, holdup, theft or mysterious disappearance, including loss by damage or destruction, or the negligence or dishonesty of you, your agents or of any other bank, trust company or registered open-end management investment company with which you are holding securities for us.
- b. If the domiciliary state law, regulation or administrative action requires a stricter standard of liability for custodians of insurance company securities than that set forth in Section 3.a., then such stricter standard shall apply.
- c. In the event that there is a loss of the securities for which you are obligated to indemnify us, the securities shall be promptly replaced or the value of the securities and the value of any loss of rights or privileges resulting from said loss of securities shall be promptly replaced.
- d. You shall not be liable for any failure to take any action required to be taken hereunder in the event and to the extent that the taking of such action is prevented or delayed by war (whether declared or not and including existing wars), revolution, insurrection, riot, civil commotion, act of God, laws, regulations, orders or other acts of any governmental or judicial authority, or any other cause beyond your reasonable control.
- e. In addition to the preceding requirements of this Section 3, your standard of responsibility hereunder shall be that of a bailee for hire under statutory and case law of the State of Utah. Without limiting the generality of the foregoing, it is agreed and understood that you are not acting as a trustee and further that you are in no way responsible or liable for any decline in value of any securities.

2. A new Section 10. shall be added to the Custody Agreement as follows:

10. Custody of assets

You shall hold assets deposited with and accepted by you for our benefit, and at our direction.

- a. You, as a member of the Federal Reserve System, may utilize the Federal Reserve book-entry program. You may hold such securities on deposit in an account with Bankers Trust Company. You, on your accounting system, will designate any securities so deposited as belonging to us.**
- b. You may hold any securities not eligible for book-entry at Bankers Trust Company in the following manner:**
 - 1) items eligible for book-entry at the Depository Trust Company (“DTC”) – an account directly with DTC or in an account with another bank or trust company who has an account at DTC and**
 - 2) items not eligible for book-entry at DTC – in an account with another bank, trust company, or registered open-end management investment company or in your own vault in either registered or bearer form.**

Securities so deposited will at all times be kept separate and apart from other such deposits with you so that they may be identified as belonging to us. The records of any other bank, trust company or registered open-end management investment company, with which you may hold the securities (either at DTC or otherwise), shall be designated under our name, for whom it is being held.

- c. Upon request from the Department of Commerce and Insurance, you shall provide verification of securities on deposit. Examples of appropriate verification documents are Custodian Affidavit Forms A, B, and C.**
 - d. The collection of principal cash shall be made by you in accordance with your usual and customary business practice and in accordance with the usual and customary business practices for the banking and securities industries.**
- 3. Upon and after the effective date of this Amendment, all references to the Custody Agreement shall mean the Custody Agreement as amended by this Amendment. Except as expressly provided in this Amendment, the execution and delivery of this Amendment does not and will not amend, modify or supplement any provision of or constitute a consent to a waiver of noncompliance with the provisions of the Custody Agreement or any amendments thereto, and except as specifically provided in this Amendment, the Custody Agreement shall remain in full force and effect.**
 - 4. This Amendment shall be binding on, and shall inure to the benefit of the parties hereto and their respective successors and assigns.**
 - 5. This Amendment reflects the entire understanding of the parties with respect to the subject matter hereof and any further amendment or modification to this Amendment or the Custody Agreement shall be in writing and signed by each of the parties hereto.**
 - 6. This Amendment shall be governed by, and construed in accordance with the laws of the State of Georgia. This Amendment shall not be effective until such time as executed counterparts hereof are delivered by both parties in Atlanta, Georgia. Unless otherwise provided in this Amendment, capitalized terms used herein shall have the meanings ascribed to such terms by the Custody Agreement.**

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

**Customer Name
City and State**

[CORPORATE SEAL]

By: _____

Name: _____
Title: _____

By: _____

Name: _____
Title: _____

SunTrust Bank

[CORPORATE SEAL]

By: _____

Name: _____
Title: _____

**CUSTODIAL SERVICES
INVESTMENT MANAGEMENT SERVICES
ANNUAL ASSET FEE**

10 basis points current market value on First \$25 million
5 basis points on current market value of next \$25 million
2.5 basis points on remaining balance of current market
value

Including Investment Manager Services, provided by
Evergreen Investment Management

Annual Minimum Asset Fee \$10,000

No transaction charges

STANDARD SERVICES

- Assumption of responsibility for acting as custodian
 - Assignment of administrative team responsible for relationship management
 - Audited safekeeping of all securities
 - Settlement of security transactions on a contractual settlement date
 - Interest and dividends credited on payment date
 - Wire Distributions upon request
 - Corporate Actions and proxy information executed upon direction.
 - Daily automatic cash management of invested cash balances
 - Account transaction and asset position statements monthly and annually.
- On line access to accounts via Trust Now Essentials

SERVICE AND FEE ASSUMPTIONS

- Custody Fees are charged to account quarterly..
- U.S. Bank as investment agent provides investment management services contracted with Evergreen Investment Management, LLC.
- For cash management sweep purposes, U.S. Bank may use proprietary mutual funds, or funds provided by a third party, for which U.S. Bank may receive a separate fee for administrative services from the fund as outlined in the prospectus.
- This fee schedule pertains to domestic securities, i.e.; DTC and ADRs. International securities priced separately
- U.S. Bank reserves the right to re-evaluate pricing and implement a change in the fee schedule with 30-day notice
- Fees quoted are subject to the execution of a satisfactory custody agreement
- Additional fees may apply based on services provided.


Authorized Signature:

COMPLIANCE REVIEW OF CURRENT INVESTMENT PORTFOLIO

The Investment Committee shall review compliance of the current investment portfolio and consider whether an exception to the Investment Policy is warranted given the state of the investment marketplace and the FWCJUA's portfolio performance.

Attached for the Committee's perusal are the following:

1. FWCJUA Investment Policy
2. Investment Portfolio Comparison with the Investment Policy

The current investment portfolio is noncompliant with the Investment Policy due to the further downgrading of a bond that is being held under exception to the Investment Policy that was authorized on June 27th by the Investment Committee as well as a new downgraded bond.

The authorized exception to the FWCJUA Investment Policy permitted the FWCJUA to maintain the following three bonds downgraded below an "A" rating within its portfolio. Since the Investment Policy exception, authorized on June 27th, the Anheuser Busch bond has been downgraded below an 'A' rating and the Countrywide Home Loans bond has been upgraded to above an 'A' rating.

Moody's	S&P	Bond Name	Maturity Date	Par Value	Cost	Market Value as of 8/18/08	Yield to Maturity
Aa2	AA	Countrywide Home Loans	9/15/2009	3,500,000	3,384,850	3,403,750	5.803%
BAA1	BBB+	Home Depot	6/15/2009	135,000	134,450	133,145	3.850%
BAA3	BBB - *	Washington Mutual	1/15/2009	80,000	78,271	72,000	5.060%
A2	BBB+ **	Anheuser Busch Cos	12/1/2009	100,000	111,125	104,202	8.099%
A2	BBB+ **	Anheuser Busch Cos	4/1/2010	328,000	344,584	333,136	5.473%

* downgraded 7/23/08 by S&P from a BBB to a BBB- with a stable outlook.

Moody's has placed it on a negative watch.

** downgraded 7/14/08 by S&P to BBB+ after agreed to be acquired by InBev. Moody's and Fitch have ratings on negative outlook but have not yet downgraded.

The Investment Committee shall receive a report regarding the downgraded bonds authorized to be held within the FWCJUA's portfolio as well as other bonds being watched closely by the FWCJUA's Investment Manager. At this time, the investment manager is comfortable with the downgraded bonds and feels there is sufficient cash flow through the currently held maturities.

As the Committee is aware, it may make an exception for the bond(s) or authorize the bond(s) to be sold at a loss. Again, the FWCJUA Investment Policy has the following exception clause:

It is expected that from time to time it may be necessary to deviate from this policy due to increased or decreased liquidity needs or to take advantage of a particular situation or investment. The spirit of this policy is not to prevent exceptions but to promote planning for investments to optimize income and to integrate investment strategy with other FWCJUA activities. Exceptions from this policy must be approved by the Investment Committee and presented to the Board of Governors at the next Board meeting.

The Committee shall determine whether to authorize an Investment Policy exception permitting the further downgraded Washington Mutual bond and the downgraded Anheuser Busch bonds to be held within the FWCJUA's portfolio or to sell the bonds for a loss. Further, the Committee shall re-confirm the previous exceptions to continue to hold the Home Depot bond in the FWCJUA's portfolio.

FLORIDA WORKERS' COMPENSATION JOINT UNDERWRITING ASSOCIATION, INC.

INVESTMENT POLICY

Investment Objectives

1. To provide sufficient liquidity to meet the routine and projected cash requirements of the Florida Workers' Compensation Joint Underwriting Association, Inc. (FWCJUA).
2. To provide safety of principal and interest.
3. To generate a market rate of return that will protect the purchasing power of the funds deposited with the FWCJUA consistent with restrictions imposed in this policy.
4. The investment portfolio shall at all times reflect sound investment practices; including adequate diversification, limiting the FWCJUA's exposure to changing interest rates, and consideration of current and anticipated economic conditions.
5. Investments shall be made in accordance with the Prudent Investor Rule as defined by Florida Statute (F.S. 518.11).
6. Adhere to Florida Statutes defining the FWCJUA (F.S. 627.311).

Duties and Responsibilities

Responsibility for supervision of the FWCJUA rests with the Board of Governors. The Board of Governors recognizes its responsibilities to review and approve investment policy and its option to delegate the responsibility to implement the policy to the Investment Committee.

The Investment Committee, subject to the Board of Governors, shall:

1. Establish portfolio objectives and investment guidelines.
2. Monitor performance of investments to ensure that objectives are being met and guidelines are being followed.
3. Direct the Executive Director to implement the established investment policy and report investment results to the Investment Committee, in the directed format, on a quarterly basis.

The Investment Committee shall report to the Board of Governors at each Board meeting. The Investment Committee shall formally review the Investment Policy at least annually. The Investment Committee is authorized to take appropriate action if investment objectives are not being met or guidelines are not being observed.

Acceptable Portfolio Investments

	<u>Portfolio Limits</u>
1. U.S. Government Securities	100%
2. U.S. Government Agency Securities including: Federal Farm Credit Banks Federal Home Loan Mortgage Corporation Federal Home Loan Bank Federal National Mortgage Association Resolution Financing Corporation	100%
3. Commercial Paper rated A-1 by Standard & Poor's Corporation and P-1 by Moody's Investors Services, Inc. provided the long term debt rating of the issuer is A or better by either Moody's or S & P and is approved for purchase by the Investment Committee.	25%
4. Debt Obligations (Notes & Bonds) -issued by corporations with long term bond ratings at a minimum of a 'Single A rating category' with Standard & Poor's Corporation and a minimum of a 'Single A rating category' with Moody's Investor Services and a Securities Valuation Office rating of 1, while maintaining an average portfolio rating of a 'Double A rating category'.	50%
5. Certificates of Deposit/Deposit notes issued by commercial banks with a bank deposit rating, and senior debt rating of AA/Aa or better by Standard & Poor's Corporation and Moody's Investor Services, respectively, and is approved for purchase by the Investment Committee.	25%
6. Bankers Acceptances issued and guaranteed by domestic commercial banks with commercial paper ratings of A1/P1 and bank deposit ratings of AA/Aa from Standard & Poor's Corporation and Moody's Investor Services, respectively.	25%
7. Repurchase agreements consisting of U.S. Government and Government Agency Securities and based on the daily market value of the securities.	100%
8. Pooled fixed income funds consisting of securities in categories 1-7 provide such securities are held in national bank, state bank or trust company which is a member of the Federal Reserve System and through which an insurer participates in the Federal Reserve Book Entry System and the average maturity does not exceed two and one-half (2 1/2) years.	10%
9. Municipal Bonds. State and Local General Obligation Bonds with no less than an 'A' rating by Moody's or S&P and a 'AA' rating will be required for the purchase of Revenue-Backed Municipal Bonds.	25%

Composition of Assets

1. Cash and cash equivalents to meet daily liquidity of the FWCJUA. Minimum liquidity requirement of 5% of total JUA funds (cash and investments). Minimum liquidity requirement shall be established by the Investment Committee, reviewed and adjusted as necessary.
2. Short Term Investments in Certificates of Deposit, Commercial Paper, Bankers Acceptances, U.S. Government and Government Agency Securities to meet liquidity needs and optimize interest income.
3. Investments in securities, including U.S. Government and U.S. Government Agency securities, corporate notes and corporate bonds, certificates of deposit, deposit notes, municipal bonds, and pooled funds, based on anticipated liquidity needs, economic conditions, and interest rate changes to optimize interest income and preserve the purchasing power of the funds deposited with the FWCJUA.
4. For purposes of classification, holdings in the following issuer is included in the Debt Obligations (Notes & Bonds) category and must adhere to all portfolio limits and allocation restrictions of that category: Canadian public debt including provinces or other subdivisions.
5. Classifications are defined at time of purchase and must be reviewed and updated at least annually.

Maturities

The maturities of the investment portfolio will be based on the anticipated liquidity needs of the FWCJUA. Secondly, maturities will be based on anticipated interest rate levels and economic conditions.

All securities purchased shall mature within 180 months from date of purchase.

Diversification

Maximum of 5% of investment portfolio may be invested in obligations of a single issuer. U.S. Government direct obligations are not subject to a limitation and U.S. Government Agency securities are subject to a 35% limit in any one agency. Investment in Canadian public debt is restricted to a maximum of 5% per issuer.

Safekeeping

The FWCJUA's securities will be held in safekeeping by the FWCJUA's bank. The bank will provide custody receipts and verify to the FWCJUA's auditors, securities held as requested.

Exceptions to this Policy:

It is expected that from time to time it may be necessary to deviate from this policy due to increased or decreased liquidity needs or to take advantage of a particular situation or investment. The spirit of this policy is not to prevent exceptions but to promote planning for investments to optimize income and to integrate investment strategy with other FWCJUA activities. Exceptions from this policy must be approved by the Investment Committee and presented to the Board of Governors at the next Board meeting.

Adopted December 14, 1994 and Revised June 14, 2006
By the FWCJUA Board of Governors

FWCJUA
Investment Portfolio Comparison with Investment Policy

* Ratings as of 8/18/2008

FWCJUA Portfolio

	% allowed	Moody's	S&P	Book Value 7/31/2008	% 7/31/2008
1. U.S. Government Treasury Securities	100%				
U.S. Treasury Note		TSY	TSY	1,343,343	1.3%
				1,343,343	1.3%
2. U.S. Government Agency Securities (subject to 35% limit in any one agency)	100%				
Federal Home Loan Mortgage Corporation (FHLMC)		AGY	AGY	9,315,886	9.3%
Federal National Mortgage Association (FNMA)		AGY	AGY	11,020,453	11.0%
Federal Home Loan Bank (FHLB)		AGY	AGY	23,142,366	23.0%
Federal Farm Credit Banks (FFCB)		AGY	AGY	4,097,933	4.1%
				47,576,637	47.3%
3. Commerical Paper rated A-1 or P-1 provided the LT Debt rating is A or better.	25%			9,126,903	9.1%
4. Corporate Debt with LT Bond ratings of single A or better & a SVO of 1.	50%				
AT&T Inc		A2	A	101,245	0.1%
Abbott Labs		A1	AA	598,882	0.6%
Alabama Power Company		A2	A	599,783	0.6%
Allstate Corporation		A1	A+	205,319	0.2%
Anheuser Busch Companies Inc		A2	BBB+	439,380	0.4%
Bank of America		AA2	AA	728,246	0.7%
Bank of New York		AA2	A+	1,005,340	1.0%
Berkshire Hathaway		AAA	AAA	59,084	0.1%
Boeing Cap Corp		A2	A+	851,202	0.8%
Canadian Natl RR		A3	A-	350,808	0.3%
Caterpillar, Inc.		A2	A	1,407,664	1.4%
Caterpillar Financial Services		A2	A	211,808	0.2%
CitiGroup Inc.		AA3	AA-	1,147,346	1.1%
Coca Cola Enterprises		A3	A	102,112	0.1%
Conocophillips		A1	A	907,829	0.9%
Countrywide Funding Corporation		Aa2	AA	3,432,164	3.4%
Dover Corp		A2	A	263,362	0.3%
Emerson Electric		A2	A	316,615	0.3%
First Tennessee Bank		A3	A-	99,991	0.1%
General Elec Cap		AAA	AAA	1,219,713	1.2%
Georgia Power Co		A2	A	500,196	0.5%
Gillette Company		AA3	AA-	835,980	0.8%
Goldman Sachs Group		AA3	AA-	426,095	0.4%
Harley Davidson Funding		A1	A	74,997	0.1%
Hewlett Packard Co.		A2	A	1,034,910	1.0%
Home Depot		BAA1	BBB+	134,817	0.1%
Household Finance Corp		AA3	AA-	269,935	0.3%
IBM Corp		A1	A+	1,088,863	1.1%
JP Morgan Chase Co		AA2	AA-	515,557	0.5%
John Deere Cap Corp		A2	A	1,180,838	1.2%
Kimberly Clark Corp		A2	A+	1,185,750	1.2%
Lehman Brothers Holdings		A2	A	368,028	0.4%
Lowe's Companies Inc		A1	A+	1,008,497	1.0%
McDonalds Corp		A3	A	496,736	0.5%
Merrill Lynch & Co		A2	A	535,266	0.5%
Natl Rural Utilities		A2	A	1,123,272	1.1%
Nucor Corp		A1	A+	208,938	0.2%
PNC Funding Corp		A1	A+	198,703	0.2%
Pepsi Bottling Holdings		AA2	A+	466,631	0.5%
Pepsico Inc		AA2	A+	199,839	0.2%
Phillips Petroleum		A1	A	141,041	0.1%
Praxair Inc		A2	A	265,184	0.3%
Regions Bank Series		A2	A	139,868	0.1%
SBC Communications		A2	A	981,903	1.0%
Target Corp		A2	A+	1,161,532	1.2%
US Bank Natl Assn		AA2	AA	110,170	0.1%
United Technology Corp		A2	A	1,097,566	1.1%
Vulcan Materials		A3	A-	499,160	0.5%
Walt Disney Co		A2	A	361,047	0.4%
Wal-Mart Stores		AA2	AA	1,077,838	1.1%
Washington Mutual		BAA3	BBB-	79,528	0.1%
Wells Fargo & Company		AA1	AA+	247,580	0.2%
				32,064,159	31.9%
5. C.D. issued by commerical banks with a deposit rating of AA/Aa or better.	25%				
6. Banker Acceptances issued & guaranteed by domestic commercial banks with commercial paper rated A1/P1 and bank deposit ratings of AA/Aa.	25%				
7. Repurchase agreements consisting of US Gov't and Gov't Agency Securities	100%				
8. Pooled fixed income funds consisting of securities in categories 1-7 provided securities are held in a member of the FRB & maturity does not exceed 2.5 years.	10%				
9. Municipal bonds - state and local general obligation bonds with no less than an "A" rating by Moody's or S&P and a "AA" rating for revenue-backed.	25%			-	0.0%
Additional Requirements:					
- Minimum liquidity requirement of 5% of total JUA funds (cash & investments)	5%				
Evergreen Treasury Money Market Fund & Investments with < 1 year to maturity				37,830,339	
SunTrust Bank accounts				8,399,161	42%
				46,229,500	OK
- Maximum of 5% may be invested in obligations of a single issuer.					OK
- Average Portfolio Rating of Double A		AA2	AA		OK
Total Portfolio				\$ 100,569,949	