Investment Policy Guidelines
Florida Hurricane Catastrophe Fund
and
Florida Hurricane Catastrophe Fund Finance Corporation (Pre-Event Liquidity Fund)
(Non-Qualified)
BNY Mellon Accounting Numbers: FMXFC030012 and FMXFC033052
BNY Mellon Name: FMXFCAN006 CATFund and FMXFCAN008 CAT2007A

Approval by Deputy Executive Director Kevin SigRist

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Purpose

The Florida Hurricane Catastrophe Fund (FHCF) was created in November 1993 during a special legislative session. The purpose of the FHCF is to maintain a viable and orderly private sector residential insurance market in order to maintain sufficient capacity to enable residents of the state to obtain property insurance coverage. The FHCF provides reimbursement to insurers for a portion of their catastrophic hurricane residential property losses. The State Board of Administration of Florida (SBA) was given responsibility for establishing and operating the FHCF under Section 215.555, Florida Statutes. The statute created the Florida Hurricane Catastrophe Fund Finance Corporation (Corporation) as a public benefits corporation to provide a mechanism necessary for the cost-effective and efficient issuance of bonds. FHCF can issue pre-event taxable bonds or upon occurrence of a hurricane and a determination that the monies in the FHCF are or will be insufficient to pay the insurers under the reimbursement contracts, the Corporation may issue tax-exempt revenue bonds or engage in other financing transactions.

Prudent investment of the cash of the FHCF and the Corporation can serve to further the goal of maintaining residential property insurance capacity in the state. Therefore, the purpose of this policy is to set forth objectives, guidelines and restrictions applicable to the investment of the cash of the FHCF and the Corporation (collectively described herein as, "the Portfolios", although all guidelines and other requirements apply individually to each FHCF and the Corporation portfolio).

Investment Policy Overview

The primary investment objective for the Portfolios is defined by the following prioritized goals: (i) liquidity, so that reimbursement to insurers can be paid in a timely manner; (ii) safety of principal; and (iii) competitive returns. Cash flow needs for the FHCF after a storm are difficult to project, but it is prudent to assume that significant amounts of cash would be needed to pay covered losses quickly. Since paying such losses fully and in a timely manner is the primary mission of the FHCF, liquidity and principal stability in the portfolio must be paramount. The achievement of these goals is of prime importance and should not be jeopardized in the quest for additional return on the Portfolios.

The investment policy guidelines will be reviewed at least annually, and revised as necessary, by the SBA and FHCF to evaluate the investment experience and market conditions to ensure their appropriateness. It will be necessary to monitor the impact of hurricane losses in the state to determine any potential liabilities of the FHCF, which will also affect the implementation of investment strategies.

Investment Restrictions/Compliance

The Portfolios should include only short-term, high quality and highly liquid fixed income securities as further described below.

Fixed Income Securities are securities that pay interest, dividends or distributions at a specified rate. The rate may be a fixed percentage of the principal or adjusted periodically. In addition, the issuer of a short-term fixed income security must repay the principal amount of the security, normally within a specified time. Permitted fixed income securities must be dollar-denominated and include corporate debt securities, bank instruments, US Treasury securities ("Government securities"), US Government Agency securities ("Agency securities"), Municipal securities, shares of Money Market mutual funds and other permitted types listed in Appendix A.

All securities purchased must be consistent with Section 215.47 of the Florida Statutes. Further:

(1) The SBA has determined that the FHCF constitutes (i) an "accredited investor" as defined in Rule 501(a)(7) promulgated under the Securities Act of 1933; as amended (the "Securities Act"), as long as the FHCF has total assets in excess of $5,000,000 and (ii) a "qualified purchaser" as defined in Section 2(a)(51)(A)(iv) of the Investment Company Act of 1940, as amended (the Investment Company Act") as long as the FHCF in the aggregate owns and invests on a discretionary basis not less than $25,000,000 in investments, but does not constitute a "qualified institutional buyer" as defined by the United States Securities and Exchange Commission in Rule 144A(a)(1) promulgated under the Securities Act of 1933. The SBA is restricted from purchasing or acquiring securities or investments on behalf of the FHCF that would require the SBA on behalf of the FHCF to represent in connection with such purchase or acquisition that it is a "qualified institutional buyer" as defined in Rule 144A(a)(1) promulgated under the Securities Act.

(2) The SBA has determined that the Corporation constitutes (i) an "accredited investor" as defined in Rule 501(a)(7) promulgated under the Securities Act of 1933; as amended (the "Securities Act"), as long as the Corporation has total assets in excess of $5,000,000 and (ii) a "qualified purchaser" as defined in Section 2(a)(51)(A)(iv) of the Investment Company Act of 1940, as amended (the Investment Company Act") as long as the Corporation in the aggregate owns and invests on a discretionary basis not less than $25,000,000 in investments, but does not constitute a "qualified institutional buyer" as defined by the United States Securities and Exchange Commission in Rule 144A(a)(1) promulgated under the Securities Act of 1933. The SBA is restricted from purchasing or acquiring securities or investments on behalf of the Corporation that would require the SBA on behalf of the Corporation to represent in connection with such purchase or acquisition that it is a "qualified institutional buyer" as defined in Rule 144A(a)(1) promulgated under the Securities Act.

For a more detailed description of allowable portfolio securities, please see "Types of Permitted Securities" at Appendix A.

Credit Quality

At the time of purchase, all investments must be rated in accordance with the following:

(1) Securities with short-term investment ratings must be rated in the highest applicable rating category from at least two of: Moody's, S&P, and/or Fitch (Moody's: P-1, S&P: A-1, Fitch: F1 without regard to any gradation within such category);

(2) Securities with long-term investment ratings must be rated by at least two of Moody's, S&P, and/or Fitch and must be at least A2 by Moody's, A by S&P, and/or A by Fitch;

(3) Money Market Funds must be rated Aaa by Moody's, AAAm by S&P or AAA by Fitch;

(4) Any asset-backed commercial paper or medium term note must have 100% liquidity support or credit enhancements in the form of an A-rated bank backstop. The Senior Investment Officer of Fixed Income is responsible for maintaining documentation, monitoring such liquidity and/or credit enhancements, and communicating changes to the designated Compliance Officer.

(5) Banker's Acceptances (BAs) and Certificates of Deposit (CDs) can be issued by any domestic or foreign bank with minimum capital of $100 million and the bank must have a minimum ratings of P-1 by Moody's or A-1 by S&P, or comparable long-term rating.

***Diversification*.**

It is the FHCF's intent to maintain a properly diversified portfolio in order to reduce its risk from changes in the market for various classes of securities and to protect against changes in the financial health of any issuer of securities in the Portfolios. At the time of purchase:

(1) Treasury and Agency securities, Treasury and Agency money market funds, Notes whose principal and interest payments are fully insured by the FDIC, and Treasury and Agency Collateralized Repurchase Agreements must in total be at least 50% of the total portfolio's amortized cost.

(2) Corporate securities, Commercial Paper, Banker's Acceptances (BAs) and Certificates of Deposit (CDs), Municipal securities, and money market funds whose underlying assets are less than 100% Treasury and/or Agency securities in total cannot comprise more than 50% of the total portfolio's amortized cost.

(3) No more than 25% of the total portfolio's amortized cost shall be in a single industry sector except that the Portfolio Manager may invest more than 25% in the financial services industry sector, which includes banks, broker-dealers, and finance companies. This higher limit is in recognition of the large outstanding value of money fund instruments issued by financial services firms. Treasury and Agency securities are not considered to be part of an industry sector for these purposes.

(4) Securities of a single issuer (excluding Treasury and Agency securities) shall not represent more than 3% of the total portfolio's amortized cost. The Bloomberg Bond Ticker should be used to verify the issuer limit. The maximum single issuer limit can be 5% if timing issues related to delayed delivery transactions are the sole cause of this discrepancy, so long as the percentage is reduced back to 3% within 7 days.

(5) No more than 5% of the Portfolios may be invested in any one issuer of FDIC insured notes (issuer means the financial institution which issues through the Temporary Liquidity Guarantee Program and not the FDIC).

(6) Investments in an individual money market fund (including Treasury and Agency money market funds) shall be limited to those money market funds authorized as sweep vehicles at the SBA's custodian and, no more than 10% of the Portfolios may be invested in an individual money market fund (including any one Treasury or Agency money market fund).

(7) Municipal securities shall not represent more than 25% of the total portfolio's amortized cost.

(8) Repurchase Agreements shall not represent more than 25% of the total portfolio's amortized cost and must be collateralized at least 102% with U.S. Government, Agency, or Agency Mortgage Backed Securities. All Repurchase Agreements must be marked-to-market daily. The maximum percentage can be increased upon approval by Executive Director & Chief Investment Officer with a notification to FHCF.

(9) For Asset Backed Commercial Paper (ABCP) the supporting bank will be considered the issuer for concentration limit considerations.

Duration and Liquidity

The FHCF's intent under this policy is to have a short-term portfolio that can provide ready liquidity at a price approximating amortized cost. Limiting the duration of the investments in the Portfolios is one important way that this goal can be achieved. With that in mind, the following duration restrictions apply:

(1) Final maturities shall not exceed 397 days, with the exception of those for Government Securities and Agency Securities, which shall not exceed 3 years. The Portfolio Manager shall not enter into any contractual agreement for an investment that exceeds 3 years. No more than 20 percent (20%) of the Portfolios may be invested in fixed rate securities with remaining time to maturity exceeding 397 days.
(2) The dollar weighted average maturity to reset of the Portfolios shall not exceed 90 days (i.e., WAM shall not exceed 90 days), calculated using the interest rate reset period for any VROs.
(3) The dollar weighted average final maturity of the Portfolios shall not exceed 180 days (i.e., WAL shall not exceed 180 days), calculated using the stated legal maturity for any VROs.
(4) Banker's Acceptances and Certificates of Deposit must have a maximum maturity of less than 397 days.
(5) Repurchase Agreements can have a maximum term of 30 days.
(6) Asset-Backed Commercial Paper maturity is limited to 180 days.

Monitoring

The SBA will regularly monitor the FHCF portfolio to assess the Portfolios' ability to meet levels of credit risk, redemptions, and interest rate changes, including the following:

(1) On at least a weekly basis, the Senior Investment Officer will review and document the Portfolios':
   a. Interest rate sensitivity (i.e., days to reset).
   b. Spread duration (i.e., weighted average life and related measures).
   c. Natural maturity schedule.
   d. Holdings that meet the purchase requirements of these Investment Policy Guidelines, but:
      i. have elevated market risk and are on the "not approved list" for future purchases;
      ii. have elevated market risk.
   e. Holdings that do not meet the purchase requirements of these Investment Policy Guidelines.
(2) The designated Compliance Officer will perform monthly compliance monitoring to ensure that investment practices comply with the requirements of these Investment Portfolio Guidelines and will communicate compliance exceptions to the Investment Oversight Group and FHCF at regular monthly meetings. The Investment Oversight Group may agree to suspend the foregoing reporting to the extent that extraordinary market conditions, portfolio distributions, legacy portfolio holdings on October 30, 2009 or other events are expected to cause the Portfolios to remain out of compliance for a period of time and further reporting will not provide new information.
(3) At any time, in the event that a security no longer meets the criteria for purchase due to default, event of insolvency, a credit rating downgrade or other material event ("Affected Security"), the Senior Investment Officer must identify the Affected Security and cause the Portfolio Manager to either dispose of the security within 5 business days or present a justification for the retention of the security to the Investment Oversight Group within 3 business days. If an Affected Security matures within 5 business days, no further action is required. An Affected Security may be held after 5 days only if the Executive Director & Chief Investment Officer has determined, based upon a recommendation from the Senior Investment Officer and the Investment Oversight Group, that it would not be in the best interest of the Portfolios to dispose of the security taking into account market conditions that may affect an orderly disposition. FHCF and the Investment Oversight Group will be contemporaneously notified of any Affected Securities.
(4) When the deviation between the market value and amortized cost of FHCF exceeds:
   a. 0.50%, according to pricing information provided by the Custodian, the Portfolio Manager will establish a formal action plan. The Investment Oversight Group will review

the formal action plan and prepare a recommendation for the Executive Director & Chief Investment Officer's consideration.

b. 0.75%, according to pricing information provided by the Custodian, the Executive Director & Chief Investment Officer will promptly consider what action, if any, will be initiated. Where the Executive Director & Chief Investment Officer believes the extent of any deviation from FHCF amortized cost price per share may result in material dilution or other unfair results to asset classes or portfolios, the Executive Director & Chief Investment Officer will cause such action to be taken as the Executive Director & Chief Investment Officer deems appropriate to eliminate or reduce to the extent reasonably practicable such dilution or unfair results.
c. FHCF and the Investment Oversight Group will be contemporaneously notified should the deviation between the market value and amortized cost of the Portfolios exceed the preceding thresholds.

Other Restrictions

(1) Asset Backed Securities and Mortgage Backed Securities (including Agency MBS) are not permitted.
(2) Derivatives are not permitted.
(3) Subordinate obligations, regardless of ratings, are not permitted.
(4) Reverse Repurchase Agreements are not permitted.
(5) Securities Lending is not permitted.
(6) Variable or floating rate obligations with a demand feature are not permitted.
(7) Asset Backed Commercial Paper (ABCP) under the conditions described above are permitted, but extendible ABCP and commercial paper or medium term notes issued by Collateralized Debt Obligations are not permitted.
(8) All securities not explicitly listed as permitted investments are hereby deemed to be prohibited under this policy unless written permission is received from the Executive Director & Chief Investment Officer.
(9) Repurchase Agreements are only permitted when transacted with any registered broker/dealer or any U.S. branches of commercial banks whose unsecured short-term dollar-denominated debt obligations are rated at least "P-1" by Moody's and "A-1" by S &P without regard to gradation. However, term Repurchase Agreements are only permitted with counterparties with the highest such gradation (e.g., A-1+). In addition, (a) a specific written repurchase agreement must govern the transaction, (b) the securities must be held free and clear of any lien, by the Trustee or an independent third party acting solely as agent for the Trustee, and (c) such party must be a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than $100 million, and the Indenture Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee.

It is the responsibility of the SBA Fixed Income Staff to (i) ascertain prior to the purchase of any investment for the Portfolios that such purchase is allowable and that the Portfolios will be in compliance with all aspects of this policy subsequent to such purchase; and (ii) reasonably maintain compliance with all aspects of this policy. The FHCF staff will not independently verify compliance and therefore it is imperative for a robust and independent compliance process to be applied to the Portfolios as described above.

In addition, the SBA has an affirmative duty to immediately disclose any material impact on the Portfolios to the FHCF.

Evaluation

The Portfolios' performance evaluation will be conducted and reported to the FHCF monthly, net of all fees. The blend of 50% of the average of the three month Treasury Bill rate and 50% of the iMoneyNet First Tier Institutional Money Market Funds Gross Index will be used for evaluation. The SBA must provide reports on a monthly basis to enable the FHCF staff, advisory council, and governing board to understand how the Portfolios are invested and how they are performing versus the benchmark. As requested, the SBA will provide industry sector breakdowns, approved issuer and program lists and related credit analysis.

Appendix A-Types of Permitted Securities

Corporate Debt Securities

Corporate Debt securities are fixed income securities issued by private businesses. Notes, bonds, debentures and commercial paper are the most prevalent types of corporate debt securities. FHCF may also purchase interests in bank loans to companies.

Commercial Paper

Commercial Paper is an issuer's obligation with a maturity of less than 9 months. Companies typically issue commercial paper to pay for current expenditures. Most issuers constantly reissue their commercial paper and use the proceeds (or bank loans) to repay maturing paper. If the issuer cannot continue to obtain liquidity in this fashion, its commercial paper may default. Bank liquidity support for commercial paper can help reduce this risk.

Bank Instruments

Bank instruments are unsecured interest bearing deposits with banks. Bank instruments include, but are not limited to, bank accounts, time deposits, certificates of deposit and banker's acceptances. Yankee instruments are denominated in US dollars and issued by US branches of foreign banks. Eurodollar instruments are denominated in U.S. dollars and issued by non-U.S. branches of U.S. or foreign banks.

FHCF's Investment Managers will not invest in instruments of domestic or foreign banks and savings and loans unless they have capital, surplus and undivided profits of over $100,000,000, or if the principal amount of the instrument is insured by the Bank Insurance Fund or the Savings Association Insurance Fund which are administered by the Federal Deposit Insurance Corporation either directly or as part of CDARS (Certificate of Deposit Account Registry Service) program. These instruments may include Eurodollar Certificates of Deposit, Yankee Certificates of Deposit, and Eurodollar Time Deposits.

U.S. Treasury Securities

US Treasury securities are direct obligations of the federal government of the United States.

Agency Securities

Agency securities are issued or guaranteed by a federal agency or other Government-Sponsored Entity (GSE) acting under federal authority. Some GSE securities are supported by the full faith and credit of the United States. These include securities issued by the Government National Mortgage Association, Small Business Administration, Farm Credit System, Financial Assistance Corporation, Farmer's Home Administration, Federal Financing Bank, General Services Administration, Department of Housing and Urban Development, Export-Import Bank, Overseas Private Investment Corporation, and Washington Metropolitan Area Transit Authority.

Other GSE securities receive support through federal subsidies, loans, or other benefits. For example, the US Treasury is authorized to purchase specified amounts of securities issued by (or otherwise make funds available to) the federal Home Loan Bank System, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Tennessee Valley Authority in support of such obligations.

A few GSE securities have no explicit financial support, but are regarded as having implied support because the federal government sponsors their activities. These include securities issued by the Farm Credit System, Financing Corporation, and Resolution Funding Corporation.

Notes issued through the US Government Temporary Liquidity Guarantee Program, whose interest and principal payments are fully and unconditionally guaranteed by the FDIC will be considered Agency Notes.

Municipal Securities

Municipal securities are issued by states, counties, cities, and other political subdivisions and authorities.

Foreign Securities

Foreign securities are US dollar-denominated securities of issuers based outside the United States. FHCF considers the issuer to be based outside the United States if: it is organized under the laws of, or has a principal office located in, another country; or it (or its subsidiaries) derived in its most current fiscal year at least 50% of its total assets, capitalization, gross revenue, or profit from goods produced, services performed or sales made in another country.

Money Market Mutual Funds

Money Market mutual funds are registered investment companies that comply with rule 2a-7 of the Investment Company Act of 1940.

Repurchase Agreements (REPOs)

Repurchase Agreements are a common form of short-term borrowing for dealers in government securities. The dealer sells the government securities to investors, usually on an overnight basis, and buys them back at an agreed upon price at a later date.