



**FLORIDA SURPLUS ASSET FUND TRUST**  
10151 University Blvd., #227, Orlando, Florida 32817

**LOCATION:** City of Tamarac  
7525 NE 88th Avenue  
Tamarac, FL 33321

**DATE:** July 26, 2018

**TIME:** 12:00 p.m.

**RE:** FL SAFE Board Meeting

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**MEMBERS IN ATTENDANCE:**

**BOARD OF TRUSTEES:** Mark Mason, CPA, Chairman  
Linda Senne, CPA, Vice Chairman  
Jerry Boop, CPA, Secretary

**OTHER ATTENDEES:** Jim Davis, CEO, PMA  
Rene' O'Day, VP, Florida, PMA  
Fenil Patel, SVP, PMA  
Brian Hextell, SVP, FL SAFE Portfolio Manager, PMA  
(Via Phone)  
Dan Klus, VP, Customer Solutions, PMA  
Paula Cooper, SVP Operations, PMA (Via Phone)  
Lori Ragus, PMA (Via Phone)  
Jeff Larson, President, FMAS, FL SAFE Administrator  
Nicole Larson Sydney, Associate, FMAS, FL SAFE Administrator  
Larry Aubrecht, SVP, FMAS, FL SAFE Administrator (Via  
Phone)  
David Rosen, Esq., Akerman LLP, FL SAFE Counsel  
Hank Gay, VP, BMO Harris, FL SAFE Custodian (Via Phone)

**A. BUSINESS ITEMS**

**1. Call to Order/ Roll Call**

Mark Mason calls to order the meeting of board of directors for the Florida Surplus Asset Fund Trust for July 26<sup>th</sup>. Nicole Larson Sydney calls roll. Quorum requirements are met.

**2. Public Comments**

Mark asks if there are any public comments. There are none.

### **3. Approval Prior Board Meeting Minutes**

Mark Mason asked for Board Approval of the Meeting Minutes for April 26, 2018. Linda Senne makes a motion. Bill Kleinsorge seconds. Jerry Boop has comments about the term D&O for the Insurance Policy and a reference in Section D to a Meeting in December 2016. Mark asks for a motion to approve the Minutes as amended. Linda makes a motion. Harry Kyne seconds. All those in favor, say I, motion passes 5-0.

Mark Mason asks for Board Approval of the Meeting Minutes for September 28, 2017. Harry makes a motion. Bill seconds. All those in favor, say I, motion passed 5-0.

Mark asks for Board Approval for the Meeting Minutes for October 26, 2017. Linda makes a motion. Harry seconds. All those in favor, say I, motion passes 5-0.

### **4. Participant and Guest Introductions**

Mark asks for the participant and guest introductions, and over the phone.

### **5. Board appointment of open seat**

Mark Mason dismisses item because there is no new appointment for open Board member.

Mark Mason states that there is new business that he would like to add to the agenda. He asks for Board approval to add a discussion and a vote on the amendments to the agreements for FMAS and PMA. Board approves this addition.

### **6. Agreements – FMAS & PMA**

Mark Mason asks for a motion to approve the amendments to the FMAS and PMA agreements. Jerry Boop asks Mark if the Board should vote on them separately or combined. Mark would like to vote on them separately. Mark asks for a motion to amend the FMAS agreement. He asks if Jeff Larson, has anything to say about the new agreement. Jeff Larson states that it is an amendment to the existing FMAS agreement and will do two things. First, it will bring to date the pricing approved by the Board on the new VNAV fund. Second, it will bring to date the royalty sharing agreement dated November 2011, already reflected in the Information Statement as it relates to 50% of the payments to the Fund to go to FMAS per Board direction. Mark Mason asks for a motion to approve the amendments to the FMAS agreements reflecting prior Board approval. Jerry Boop makes a motion. Linda Senne seconds. All in favor say I, motion passes, 3-0.

Jeff speaks on the PMA agreement, which have been split into two amended and restated agreements for the operational and management distribution agreement and the investment advisor agreement. Both have been reviewed by PMA counsel, FMAS, and FL SAFE counsel. Jeff asks Akerman LLP if they have any comments. David Rosen has no comments. Jeff asks Jim Davis if he has any comments. Jim has no comments. FMAS recommends approval. Mark Mason asks for a motion to approve the PMA agreements reflecting the additional VNAV fund. Jerry makes a motion to approve. Linda seconds. All in favor say I, motion passes, 3-0.

Jeff comments on the updated Information Statement and the updates that will be reflected. He will work on the open Board seat. Asks for Board's approval of the updated Information Statement. Mark asks for a motion to approve the updated Information Statement. Linda makes a motion. Jerry seconds. All in favor say I, motion passes, 3-0.

## **B. OTHER ITEMS**

### **1. Investment Advisor/Operations Manager Update - PMA**

#### **(a) Economic and Market Update**

Brian Hextell speaks on the Economic Update. Growth is predicted in the area of 4% in this second quarter. He provides a market update. Brian states that there should be 1 rate increase left this year and 2 rate increases projected next year. Jeff Larson asks how this will affect the fund. Brian speaks on the shortening of terms providing better yields. He talks about the strength of the overnight deposits and strength of LIBOR.

#### **(b) FL SAFE LGIP Portfolio Update Comparative Market Review**

Brian provides updates on the Market. He speaks about the changes in the Bond and Stock markets. There is still a flattening of the longer terms. They are seeing good rates on the shorter terms. Brian speaks on the Stable and Variable NAV funds and the comparisons to index of the market and other funds. Jeff and Linda have a question about the clarification for the yield of the Variable NAV fund. Brian explains how they track the Variable NAV fund, and the performance of the returns for last quarter.

#### **(c) Operations Manager Report**

Paula Cooper goes over the Report for the two funds and the characteristics of the funds. Brian Hextell also informs the Board that the information for the Variable NAV fund can be found reported on the website. Paula goes over the unaudited Financial Statements. Paula goes over the pricing and budgets for the two NAV funds. Jeff Larson asks about an invoice payment and the budget. Paula says she will get back to him about that. Mark Mason makes a comment about the fees. Paula asks if there are any additional questions.

#### **(d) Board Ratification of Term Series**

Fenil Patel asks for the Board to ratify the Term Series that were opened for the quarter of April 1 through July 31, 2018. Mark Mason asks for a motion. Linda Senne makes a motion. Jerry Boop seconds. All those in favor, say I, motion passes 3-0.

#### **(e) PMA Comments, Marketing Efforts, Conferences**

Mark Mason says that this PMA Marketing Report done by Rene has just been discussed in the Workshop and is not needed. Fenil Patel speaks on the information for the CDARs. He asks for the Board to sign off on PMA offering CDARs as an additional option, following an earlier review with FMAS. PMA to provide webinars for education on this program. Board asks about the potential advantageous rates. Fenil says that it will be a case by case basis but hoping to pick up a noticeable increase. Jerry has a question about how this program could be bundled with current programs and Fenil says it can be part of the FIIP program. Mark Mason asks for a motion to allow PMA on behalf of FL SAFE to market the new CDARs program. Jerry Boop makes a motion. Linda Senne seconds. All those in favor, say I, motion passes 3-0.

### **(f) Update on Fee Waivers**

Mark Mason addresses the PMA update on the shortfall and the amortization of it. Mark speaks on the removal of the fee waivers and the affect that it has had on the amortization of the shortfall. Mark suggests that the 2 bp waiver approved by the Board be reinstated so the shortfall can be amoritized in a shorter time frame. Paula has provided a calculation that it could be met in October. Linda and Jerry agree with this new approach to amortize the shortfall as soon as possible. Jeff Larson asks for Akerman's opinion about how to best handle this as Paula and PMA will need the direction before the October 2018 meeting. Jim Davis suggests keeping everything the Royalty Fee Payments the same at 20% (versus going down to 15%) even after the shortfall has been amortized, as to not affect the other things happening currently. He offers to provide calculations. Akerman says this direction can be made by a Board motion.

Mark Mason asks for a motion to unwind the suspension of the 2 bp for the amortization. Jerry Boop makes a motion. Linda Senne seconds. All those in favor, say I, motion passes 3-0. Mark asks for a motion to maintain the royalty fee at 20%, 50% of which goes to FMAS, and the 50% share to FLSAFE to go into the earnings of the fund, once the shortfall has been amortized. Would like Paula to do appropriate analysis, and then have a follow-up conversation about fee waivers at the next board meeting or in January. Linda Senne makes a motion. Jerry Boop seconds. All those in favor, say I, motion passes, 3-0.

### **1. Administrator Update – FMAS**

#### **(a) Marketing Update, Presentations**

Jeff Larson speaks on the FMAS marketing update. They will work on going to the FGFOA chapters, serving on committees, and continuing presentations, and following up on key prospects and coordinating this with Rene.

#### **(b) Report on FMAS and Chairman's Visit to PMA Offices**

Jeff Larson and Mark Mason had a great and informative visit to PMA's office. Jim Davis offered to have a possible Board meeting at PMA's offices in the future.

#### **(c) Update on Board D&O Policy, FMAS, and PMA E&O Policies**

Jeff states that FLSAFE's D&O Board policy was reviewed for another year, with a fee within the budget. FMAS and PMA continue to have their own policies.

#### **(d) Board Direction following Workshop, Marketing Plan**

Jeff has Board direction for the marketing plan following the workshop. Nicole Sydney talks about setting up a shared calendar.

#### **(e) Update on Fee Waivers**

Jeff will add to agenda for October meeting or January meeting.

#### **(f) FMAS Comments**

No other comments.

### **3. FL SAFE Counsel's Comments**

None

#### **4. Participant Comments**

None

#### **5. Board Memeber Comments**

Linda Senne thanks everyone for the Workshop session and asks about the Strategic planning. Mark Mason brings up the Strategic planning vendors to pick from and asks Rene to speak on them for Board selection. Rene states that both are qualified and able to do the work. Jeff Larson would like PMA to make a recommendation to the Board. She suggests one firm and Mark Mason states that he thinks the Mackin firm's material seems better suited for FL SAFE. PMA offers to pay for the Strategic planning. Board discusses the strategic plan and the marketing plan. Mark makes a motion to for PMA to negotiate the fee and timeframe and engage Mackin Enterprises for strategic planning and have them at the next Board meeting. Jerry seconds. All those in favor, say I, motion passes, 3-0.

#### **C. Set Next Meeting Date/Adjournment**

Setting the future date for the next FL SAFE Board Meetings. Jeff agrees to work with Mark to set the October 25, 2018 (targeted for NE FL); January 2019 (targeted for Orlando)

Mark states meeting adjourned at 1:30 p.m.

**Signature Page**

**APPROVED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2018.**

**FLORIDA SURPLUS ASSET FUND TRUST**

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**Mark Mason, CPA  
FL SAFE Board Chair**

**ATTEST:**

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**Jeffrey T. Larson  
FL SAFE Administrator**