



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

**LOCATION:** City of Oviedo Cultural Center  
357 Center Lake Lane  
Oviedo, Florida 32765

**DATE:** July 27, 2017

**TIME:** 1:00 p.m.

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**MEMBERS IN ATTENDANCE:**

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

**OTHER ATTENDEES:** Rene' O'Day, VP, Florida, PMA  
Fenil Patel, SVP, PMA  
Brian Hextell, SVP, FL SAFE Portfolio Manager, PMA  
Paula Cooper, SVP Operations, PMA (By phone)  
Lori Ragus, Legal Counsel, PMA (By phone)  
Jeff Larson, President, FMAS, FLSAFE Administrator  
Regan Larson, Associate, FMAS, FL SAFE Administrator  
Nate Larson, Associate, FMAS, FL SAFE Administrator  
Larry Aubrecht, SVP, FMAS, FL SAFE Administrator  
Jerry Gray, Finance Director, City of Maitland  
David Rosen, Esq., Akerman LLP, FLSAFE Counsel

## **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 27<sup>th</sup>. Regan Larson calls roll. Quorum requirements are met. (Harry Kyne on vacation.)

### **2. Public Comments**

Mark asks if there are any public comments. No public comments made.

### **3. Approval Prior Board Meeting Minutes- April 27, 2017**

Mark asks for the approval of the prior FLSAFE Board Meeting Minutes for April 27, 2017. Linda makes a motion to approve the minutes from the Board Meeting, Jerry Boop seconds. All those in favor, say I, motion carries, 4-0.

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

Mark asks for the participant and guest introductions, both in attendance, and on the phone.

## **B. OTHER ITEMS**

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

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

Brian Hextell provided an update on the Market. Not much change in the end of the year. Continued growth similar to past years. Update on Florida economy; multi-family vs. single family homes. One more rate increase by FOMC this year anticipated for this December.

#### **(b) FLSAFE LGIP Portfolio Update**

Talks about the flattening of the curve on the long end. 30 Day Term Series very popular to stay competitive. Fund balances up by \$30 Million. Gross returns up 17 BP. Diversification from previous meeting approval due, in part, to additional security allowable with FL SAFE new QIB. Providing up to an average of 10 BP.

#### **(c) Operations Managers Report**

Paula Cooper, PMA, gave the Operations Manager Report. Provided an update on the Fund Balance and a summary. Talks about how they compare the market values every week against the book values. They send this to S&P to maintain AAA rating. As requested by Jeff Larson, Brian Hextell points out a few of the new securities due to the QIB designation per Board approval in the April Meeting.

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

Fenil Patel updates on new Term Series since April Board Meeting for total of \$160 Million. Mark asks for a motion to approve the five term series totaling \$160 Million. Jerry Boop makes a motion to approval, Linda seconds. All those in favor, say I, motion passes, 4-0.

**(e) Update on Fee Waivers**

Mark asks Jeff Larson for an update on the fee waivers. Jeff provided a brief history of the fund and the fee waiving to stay competitive. Jeff speaks on the Capital Support Agreement with PMA and the changes in January 2016. Based on the continued amortization of the Reserve position as reported by Paula Cooper, Jeff recommended that the Board approve the return of the \$75,000, capital agreement deposit, and to amend the Agreement with PMA to still cover any issues relating to the unamortized Reserve amount, as needed, and to revisit fee waivers in January 2018. The Board agreed to continue to not charge it's 2 BP. Revenue Recognition Policy amount, have the Reserve loss position be amortized only by the PMA Royalty Agreement payments. Mark asks for a motion. Linda makes a motion based on FMAS' recommendation, Jerry seconds. All those in favor say I, motion passes 4-0. Jeff and Mike Williams at Akerman to work with Lori Ragus at PMA on a revised Capital Support Agreement, delegated to Board Chair to sign, once executed FMAS to direct BMO Harris to return the \$75,000.

**(f) PMA Comments**

Rene O'Day provided her marketing update. The growth of the fund is over 50%, cited the CPE credits and seminars to reach more prospects, and the competitive 30 day Term Series. High numbers for June, which has previously been a lower time of the year. 72 face-to-face visits this year. Rene discusses the 11 conferences they attended, and that they will review for next year as a priority.

**2. Administrator Update – FMAS**

**(a) Marketing Update and (b) Update on Conferences and Presentations**

Jeff shares Marketing Update for FMAS and the great turn out of the FCCMA and FGFOA Conferences this year.

**(c) Update on Board D&O Policy**

Jeff shares an update on the Board D&O Policy. We will use the same firm and be on the same budget as last year's Policy. FMAS and PMA continue to provide their E&O policies per their respective agreements.

**(d) Board Direction following Workshop**

Mark speaks about the January 2017 Meeting and the evaluation of the one-year suspension for the 2 BP. He wants to evaluate at the next Board meeting. Mark speaks about the benefits of putting the new proposed fund within the existing Indenture as discussed by Jeff Larson. Bill made good comments for the Variable NAV Fund. He does not want to affect the other Funds. The Board discussed the proper marketing and channels to take for the new Fund. Jeff recommended a Board vote and the details delegated to the Board Chair along with Akerman, PMA, and FMAS.

Jerry Boop makes a motion for FL SAFE to develop a Variable NAV, Linda seconds. All those in favor say I, motion passes 4-0. Mark asks for the Information Statement to be updated prior to the October Meeting. Fund to go live November 1, 2017.

Jeff Larson asks to have Board name the Fund and to delegate to PMA and FMAS the marketing of the new Fund, materials prior to launch, and the set-up of the September Board update conference call.

**3. FLSAFE Counsel Comments**

No comments from David Rosen, Akerman.

**4. Participant Comments**

None

**5. Advisory Committee Comments**

None

**6. Board Comments**

Mark asks if there are any Board Member comments. Bill and Linda have no comments. Jerry is happy on the decision to move forward with the Variable NAV Fund. Jerry to get with FMAS about expenses created by the Fund, and some budgeting and allocation matters. Mark wants to see an update on the set up of Funds and the Budget for the new Fund. Mark wants to see all of this and for Board review in October before the new Fund goes live.

**C. SET NEXT MEETING DATE/ ADJOURNMENT**

Setting the future date for the next FLSAFE Board Meetings.

September 28<sup>th</sup>, 2:00 p.m. Board Conference Call is set.

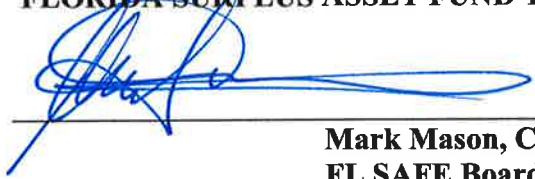
October 26<sup>th</sup> Board Meeting is targeted for City of Inverness.

Mark states meeting adjourned at 2:34 p.m.

**Signature Page**

APPROVED THIS 25<sup>TH</sup> DAY OF January, 2018.

**FLORIDA SURPLUS ASSET FUND TRUST**



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

**ATTEST:**



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**Jeffrey T. Larson  
FL SAFE Administrator**