



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

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**FLORIDA SURPLUS ASSET FUND TRUST**  
**MINUTES OF THE BOARD OF TRUSTEES MEETING**

**LOCATION:** Akerman Senterfitt, CNL Center II Building,  
420 South Orange Avenue, Suite 1200, Orlando, FL 32801

**DATE:** July 26, 2013

**TIME:** 12:00 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/ Treasurer  
Robert Clinger, CPA, Trustee  
Christine Trovato, CPA, Board Member

**OTHER ATTENDEES:** Fenil Patel, VP, PMA (By Phone)  
Lori Ragus, SVP, Legal & Compliance, PMA (By Phone)  
Don Weber, SVP, PMA  
Brian Hextell, Portfolio Manager, PMA  
Jeff Larson, President, FMAS, FLSAFE Executive Director  
Larry Aubrecht, SVP, FMAS (By Phone)  
Jesy Acosta, Associate, FMAS  
Jim Goldsmith, Akerman Senterfitt, FLSAFE Counsel  
Hank Gay, VP, BMO Harris Bank, FLSAFE Custodian  
John Mattern, SVP BMO Harris Bank, FLSAFE Custodian  
Bill Spinelli, CPA, Finance Director, City of Leesburg, FLSAFE Advisory Council  
Vince Tenaglia, Finance Director, City of Madeira Beach

**MEETING OF THE BOARD OF TRUSTEES**

**A. BUSINESS ITEMS**

1. **Call to Order/ Roll Call is made by Jesy Acosta of FMAS**  
Mark called the quarterly meeting for the Florida Surplus Asset Trust Fund to order at noon. Jesy called roll, Mark Mason, Linda Senne, Jerry Boop, Robert Clinger and Christine Trovato are all present.  
Quorum.

2. **Approval Prior Board Meeting Minutes**  
Mark asked if there are any questions or comments on the April minutes. Hearing none, he asked for a motion to approve the Board Meeting Minutes for April 26, 2013. Jerry moves to approve, Linda seconds. Motion passed.
3. **Participant and Guest Introductions**  
Mark asked that everyone in attendance and on the phone introduce themselves and thanked them for their interest and participation.
4. **Open Board Seat Appointment**  
Jeff mentions that there's one Board seat that will be coming up, Mr. Mason's seat in January of 2014. As in the past and per the Indenture, we will reach out to the participants and ask for nominations. These seats are set up on a rotating basis. We will bring back the results to the Board, after certifying the results with Jerry Boop, Board Secretary/ Treasurer at the October meeting.

## **B. OTHER ITEMS**

1. **Investment Advisor/Operations Manager Update – PMA**

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

Brian Hextell provided the Economic Update, and stated the Fed is trying to keep unemployment down. Inflation is almost too low, as the Fed is trying to keep rates low and lending easy. There's nothing over the last few months that suggests the Fed is going to increase rates sooner than they previously indicated. The second main theme is the consumer. These are some positive trends, with the equity markets coming back, and a little bit of a recovery in housing that has certainly helped with consumer balance sheets and consumer debt. A lot of people are looking at this as consumer spending tends to drive growth here in the US. Around the world, that's where the headwinds certainly still exist. Things aren't perfect in Europe, there's some potential trouble brewing there. The rest of world is still not quite catching up here yet in terms of improvement. Brian refers to the GDP graphs, the housing market in multifamily and single family, inflation, and the Federal Reserve in the powerpoint.

**(b) Term Series update**

Don Weber states that PMA did issue the first Term Series back in May for the Florida Pool. We had 6 clients take advantage of that and we invested \$12,650,000 at a net 32 bps for that 12 month period, maturing on May 12, 2014. I asked for some indicative rates from our bank funding group, and the net QPD CD rates under FIIP were 22 on 6 month and 25 on a 12 month. So those that chose to participate on a 12 month, we're finding a great deal of success in other markets. Once people get accustomed to what this new product is, it does generate that earned interest income that they're looking for. Brian states that they are looking very competitive in the market space under this product.

**(c) FLSAFE LGIP Portfolio Update:**

Brian also says that for the FLSAFE LGIP portfolio we continue to avoid the European exposure. You're still dealing with an economy that is basically in a recession and the national banks in each of

these countries are still reducing their growth forecasts. We are mostly a US fund, with a little bit of Canadian and Australian bank exposure. These are two countries with a great regulatory system, really strong banks, so it makes a lot of sense for this fund. But at this point, as we look to Europe and Asia, we're just not seeing liquidity that makes sense to us. Brian asks if there are any questions. The Board did not have any.

As an aside, Jeff states that we received an information request from the State of Florida SBA group to his office. We responded after calling them to see what they wanted, and it ended up only being the historical yield information versus the open ended letter. We provided that to them, after getting an update from PMA.

(c) Operations Manager Report (- FIIP update):

Fenil reviewed the Operation Manager's Report and Don provided the handouts. Fenil states that the fixed term rates under FIIP have gone up, especially in the 3 to 5 year range. Don mentioned some rates right now, for example, a QPD CD looking at about 25 basis points for 1 year, and, 2 and 3 year rates having edged up from what they were 3 months ago, the 2 years we're looking at 50 and a 3 year CD is in the 75-80 basis points. The 4 year rate is almost at 100bp and the 5 year is in the 138-140 bp range. Fenil asks if there are any comments. Fenil stated that on the recent Term series covered by Don, we were able to structure the initial Term Series based on Participant feedback. The reason we went out 1 year, the reason why we fought hard to get 32 basis point, was because of participants' interests.

(d) PMA General:

Don provided some general PMA comments, and states as we are approaching our 2<sup>nd</sup> year anniversary with our involvement with FLSAFE, he looks back at our history and on December 31<sup>st</sup>, 2012 we crossed over \$200 million and we hovered right around that number. As we've been on 6 marketing calls over the last couple of days with Jeff, we are very encouraged by what we shared with you and them, and what is happening in the market place. The \$200 million is what we would like to cross over again, as we move forward and we have 3 potential clients that have asked for indicative FIIP rates that our group is working on.

2. **Administrator Update- FMAS**

(a) Marketing Update, Upcoming Conferences, Presentations:

Mark notes that there is an update to the Information Statement. Jeff states that the Information Statement, which is on the website, serves as our summary Disclosure Document. It mentions the Board Members, Administrator, Custodian Bank, Investment Advisor and describes the basic contracts and the functionality of the Indenture of Trust.

Jeff states that the proposed update is primarily related to the securities licenses that he holds as a registered representative and a principal with FINRA and with MSRB. Per industry rules, the licenses have to be registered with a broker dealer, and someone has a two year period in between being with a BD firm prior to expiring. After seeing how PMA operates, getting to know them better, and as I see the Dodd Frank legislation play out, as Administrator, I'm actively educating people about FLSAFE. Some could perceive it as marketing the Fund. The easiest way to fix that is summarized in the two page PMA Disclosure Statement that we worked closely with PMA, FLSAFE Counsel on, with input one-on-one

from Board members as it developed. It is important to note that I will be an Independent Consultant, registered representative with PMA, the broker dealer subsidiary of the PMA group of families. This does not change how I'm paid, doesn't change my duty to serve as FLSAFE Administrator, FMAS is not legally marketing the Fund, Jeff Larson is. In addition to sharing this with every FLSAFE Participant, prior to them joining, I will also notify every LCS FA client, since PMA is also a financial advisor, and they do not want any LCS FA client to think PMA is their FA. We wanted to bring it up and make the Board aware of it and address any questions. Mark entertains a motion. Linda makes a motion that the Board approves the Information Statement to include the PMA securities disclosure information, Christine seconds. Motion passed 5-0.

Jeff mentions that we've had a very successful 3 conferences this summer, including the Florida Clerks. The FCCMA was successful in talking to the CEO types and smaller communities and counties. We also had a great FGFOA conference. As a member of the Program Committee and a speaker, we knew ahead of time who would be coming to the conference and Investment Seminar I was asked to provide. We had about 250 people attend our Wednesday am session on Investments. Following the conference, we also sent out an email thanking them for attending the session and if they wanted any additional information, to contact us.

Bill Spinelli has provided a lot of leadership and is now serving as Program Committee Chair for the Annual FGFOA Conference in 2014. We also spend time with the local chapters. Mr. Mason and I are going to help the South Florida chapter at its all day August Investments Seminar. Bill Spinelli said one of the things at the 2014 annual conference, that we're doing with the Committee next year is the Investment and Budget side of the house, so for the pre-conference we're going to have 2 (8) hour sessions. One will be heavily on investments. Hopefully we'll see how that progresses. We would like to see more panels in the conference, and get more people to participate. It'll be a heavy dose of investments, pensions, and budget next year. If anyone has any recommendations for what to put in the conferences, we would really appreciate that.

**FLSAFE Board's Insurance:**

Mark requested an update from the Administrator on the FLSAFE Board Insurance. Jeff stated that Larry helped with this as well as Lori Ragus, and Paula Cooper. We found a way to save some money on the board's insurance policies. It is in the April 2013 minutes, so no need to repeat, and is now in place and through Chubb. In addition to the Boards E&O coverage, your two primary contracted folks, FMAS and PMA, also carry insurance related to their FLSAFE responsibilities. Don Weber gave me a copy of their updated policy and I also have one for my company. Every year they both get renewed.

3. **FLSAFE Counsel's Comments –**

Mark asks if FLSAFE counsel has anything to add. No comment.

4. **Participants' Comments –**

Mark asks if there are any participant comments. No comments.

5. **FMAS Comments** –

Going back to Don's comments regarding the past 2 years, Jeff shared that we went back to the list of participants that FMAS/PMA inherited during the October/ November 2011 transition. We had 20 participants, and some of these were tied to the old IA firm or at least influenced by them. We lost some of them, notwithstanding concerted efforts to keep them. The 20 participants represented, about \$137 million in LGIP assets. That included some remaining bond proceeds from two large participants (Gulfstream and Port St Lucie) and that money has been spent. The total has grown as of July 2013 by 40% to around \$197 to \$200 Million per Don and we have 26 participants as of today. PMA is doing a fine job maintaining the 10 basis points, but the key seems to be providing additional services. We have had 11 participants work with PMA on the cash flows. We've had 9 take advantage of either the FIIP or Term Series program. The more we can do for people the better. We've had other participate in the bond proceeds program. We expect 6 new participants to come on board over the next few months. And once someone comes into the fund, get to a certain amount, many then in their own timeframe and comfort zone venture into cash flows, FIIP, Term Series, Board Proceeds, etc. That's what we really like to see because now we are becoming an extension of staff for that government.

6. **FMAS Comments** –

Mark asks if there are any Board comments. Jerry states that it's real good to have such a great team and the great work from PMA, we appreciate Brian's report. We appreciate everyone coming here. Jeff, as always, we appreciate your hard work and want to say thank you for moving us forward and getting us to where we are today. Jerry says that we are close to where we need to be and the economy is definitely on the upswing and we certainly aren't where we were in 2007 and 2008. We are positioning ourselves. Thanks to BMO for bringing us the good banking fees and services, and also making a contribution back into the fund. It feels good to have positive momentum.

Linda would like to thank PMA and Jeff for all their hard work. We at the City of Venice have done all of the options that Jeff described and PMA has offered, including Cashflows, FIIP, Bond Proceeds and the Term Series. It helps all of the small to medium communities and helps them expand. All those ideas help the governments as they get into the fund. It's the follow up that helps, people are looking for the relationship aspect of it. Mark states that he would also like to thank Jesy and we appreciate all her hard work. Mark states that it certainly appears that we are on the upswing with FLSAFE. He also noted a special thanks to Jesy Acosta for all she does.

Don interjected that they also appreciate the decision making ability of this Board. We give you the information, you study the data, and you make an informed decision and move on. And that is nice to have that kind of a relationship with people who understand what they want out of the fund itself, know the information by which to make an informed decision, give Jeff the authority for the day to day by which to administer, and give PMA our direction by which to invest your money. So we thank you for that.


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

1. After FMAS checked the calendars of the Board and PMA, Mark Mason set the next Board meeting for Friday, October 18, 2013, 11:00 am at the Akerman Senterfitt office. Meeting is adjourned.

**Signature Page**

APPROVED THIS 18 DAY OF October, 2013.

**FLORIDA SURPLUS ASSET FUND TRUST**

  
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Mark C. Mason, CPA  
FL SAFE Chairman

**ATTEST:**

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Jeffrey T. Larson  
FL SAFE Administrator