



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

**LOCATION:** Via Zoom  
**DATE:** January 28, 2021  
**TIME:** 1:00 p.m.  
**RE:** FL SAFE Board Meeting Minutes

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**MEMBERS IN ATTENDANCE**

**BOARD OF TRUSTEES:** Linda Senne, CPA, Chair  
Bill Kleinsorge, CPA, Treasurer  
Bill Spivey, Secretary  
Christine Josephs Cajuste, CPA, Board Member

**ADVISORY COUNCIL:** Faye Henry, CFO, City of Port St. Lucie  
Mark Ryan, City Manager, City of Indian Harbour Beach

**OTHER ATTENDEES:** Fenil Patel, SVP, PMA  
Rene' O'Day, SVP, Florida, PMA  
Brian Hextell, SVP, PMA, FL SAFE Portfolio Manager  
Jeff Larson, President, FMAS, FL SAFE Administrator  
Nicole Larson Sydney, VP, FMAS, FL SAFE Administrator  
Larry Aubrecht, SVP, FMAS, FL SAFE Administrator  
David Rosen, Esq., Akerman LLP, FL SAFE Counsel  
Jeff Kern, VP, Florida, PMA  
Paula Cooper, SVP Operations, PMA  
Hank Gay, BMO Harris Bank, Custodian  
Nathan Nissen, PMA

**A. BUSINESS ITEMS**

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

Linda Senne calls to order the meeting of the Board of Directors for the Florida Surplus Asset Fund Trust for January 28, 2021. Nicole Larson Sydney calls roll. Quorum requirements are met.

**2. Nomination of Board Officers**

Jeff Larson calls for a nomination for the Board Chairperson. Bill Spivey nominates Linda Senne to serve as Chairwoman for the upcoming session. Christine Joseph Cajuste seconds the

nomination. All in favor say I, nomination passes. Jeff calls for a nomination for the Board Vice Chairperson. Linda Senne nominates Jerry Boop. Bill Spivey seconds the nomination. All in favor say I, nomination passes. Jeff calls for a nomination for the Board Treasurer. Bill Spivey nominates Bill Kleinsorge. Linda Senne seconds the nomination. All in favor say I, nomination passes. Jeff calls for a nomination for the Board Secretary. Linda Senne nominates Bill Spivey. Christine seconds the nomination. All those in favor say I, nomination passes. Jeff calls for a nomination of the Board Liaison to the Advisory Council. Linda nominates Christine. Bill Spivey seconds the nomination. All in favor say I, nomination passes. Jeff thanks all Board members for their service.

### **3. Public Comments**

Linda asks if there are any public comments. Jeff Larson states that there are no public comments either online or received via FMAS.

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

Linda asks for a motion to approve the prior Board Meeting Minutes. Nicole Larson Sydney comments that Bill asked her to go back and provide more detail. Nicole will make the clarifications. Linda asks for approval of the minutes with the forthcoming changes. Bill Spivey makes a motion to approve, Christine Cajuste seconds. Board approves prior board meeting minutes from October 29<sup>th</sup>, 2020.

### **5. Participant and Guest Introductions**

Linda asks for introductions via Zoom. They are made and Linda welcomes all of the Board members, Advisory Council members and other Zoom attendees.

## **B. Staff Reports**

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

#### **a. Economic and Market Update**

Brian Hextell reviews high frequency data for the market during the fourth quarter of 2020. He talks about the impact of Covid on the restaurant and hospitality markets and the changes throughout the last year. Brian discusses the stalemate which occurred in the fourth quarter with Congress and the Stimulus package. He remarks on how the Stimulus package provides confidence for the market to bounce back. Brian reviews GDP growth, and there was positive growth for the fourth quarter but it did not meet expectations. The market continues to tighten. Personal consumption has weakened since the third quarter, while the business and housing markets were the main drivers of growth in fourth quarter. Government was a negative contributor in the market. To combine all of those the GDP growth was a bigger, deeper hit than the financial recession in 2009. He states that it was definitely a traumatic year for the economy. He says the leading market indicators are pointing up (positively) in the near future. Consumer confidence was down and leveling off in the fourth quarter and will take time to bounce back. Retail sales will be bouncing back as well. Brian states that the housing market continues to rise and provide strength to the market. He speaks on inflation and how the FED has been focused a shift in policy, because it is too low. Their goal is price stability. Inflation expectations are pointing up and the Treasury Yield Curve has steepened out since the FED's September meeting. Brian says that in the corporate environment, commercial paper, long term is rising debt for different sectors. The state of the market is on PMA's minds as well as the rating agencies' minds. Rating agencies perspective are taking all of this into consideration.

Spreads between corporate and treasury bonds, back to where we were Pre-Pandemic. Brian says that the huge stimulus packages have made the market fairly complacent. Brian says that he and PMA will continue to track these developments and update for the Board materials. Their priority is to provide high quality and thoughtful risk management in the current market.

**b. FL SAFE LGIP Portfolio Update**

Brian Hextell reviews the FL SAFE Portfolio. He states that rates remain low, there is some steepness to the curve. Pre-Pandemic investments are rolling off at this point and yields are moving down. Bill Spivey has a question about the Repos. Brian says it is loosely tied to LIBOR. Bill asks if the conversion has taken place. Brian says that this is delayed as a result of the Pandemic. The benchmark comparison is continuing the normal trend at the high end of those. Brian goes over the Florida markets and how the Fund is positioned in the middle of the group. He goes over the stress test of the Portfolio and provides an update on the additions and removals to the Fund.

Faye Henry has a question about the jump in March. Brian explains it was before the FED cut rates as spreads were widened out. He comments on how the market has tightened up and the NAV was able to recovery swiftly. Brian reviews the VNAV portfolio and states how since March things have been steady. The performance of the Fund has been good, the total return for fourth quarter was .08%. This exceeds the benchmark for the fund. He says how securities have been trading at a wider spread. The longer-term approach has been providing benefits for participants thus far, with a possible shift moving forward. He comments on the strong performance for such a volatile year. The composition of the Portfolio remains similar and sensitivity analysis results are right in line. In the past month, the fund is remaining strong. Brian concludes and asks for any other questions. There were none and Linda asked PMA to continue.

**c. Operations Manager Report**

Fenil Patel reviews the Operations Manager Report. He reviews the summary of the Funds characters and financial information. The total of \$833 Million, \$100 Million higher than this time last year.

Jeff states after the last Board meeting, to remain competitive, calculations were made and discussions with PMA and FMAS to reduce fees. This resulted in an 35% voluntary reduction of fees by both firms. Fenil says everyone got together on fee waivers to keep the Fund competitive. The Board will keep an eye on the Stable NAV numbers. Jeff says the Board needs to remember that this is a weekly report basis. Fenil says that the VNAV is also in good shape. Rates have come down, but clients are still growing over last couple of months and asset numbers are trending up. Fenil says Paula and the group has started the audit process and will bring that to the next board meeting. The budget is consistent to that of previous years. Fenil says that there were two Term Series at \$20 Million. He states that the Funds were in compliance for the period. He asks Paula for additional comments. She has none. Linda has concerns that she did not receive any communication on these two Term Series. Rene O'Day says they were taken very quickly by one client. Linda asks for clarification on this. Rene says the emails went out and it was marketed but moved quickly and that she will contact Linda about any email issues. Linda has spoken with her IT and she is not receiving the emails. Fenil to follow up. Jeff says he understood from PMA that there was limited capacity for these Term Series and the participant moved quickly. Rene says the bank only wanted to hold it open for

a short period of time. Jeff Kern states that the banking market is changing so quickly that it has been a tough year for Term Series options from the banks.

**d. Board Ratification of Term Series**

Linda asks for a motion to ratify the two Term Series for the previous quarter. Bill Spivey makes a motion and Christine seconds, Board ratifies Term Series.

**e. Sales Update**

Rene O'Day reviews the Marketing Report. She states that they were able to make up calls for this year between October and December. She and Jeff Kern have brought on more participants. They are meeting with larger counties and cities, more this year than ever. She states that they are continuing to build and diversify the fund. She says that they are highlighting the other services of FL SAFE. Rene mentions that they have done a lot of webinars and conferences and board meetings that opened up this year. They want to maintain visibility during this time. Their calling efforts have increased in the last 5 months to get out to meet with current and potential participants. PMA is increasing their marketing for the VNAV fund. Jeff Kern says that he and Rene have been working harder than ever and laying groundwork for the coming year. They have produced a commercial to provide more information on the Fund.

**e. PMA Comments**

There are no additional comments.

**2. Administrator Update-FMAS**

**a. Marketing Update, Presentations, Investment Seminar, FGFOA School, FGFOA Annual Conference**

Jeff Larson adds that a lot of chapters are not available but they have been focusing on making themselves available to meet. Jeff and Jeff Kern were able to offer a few sessions at the FGFOA Annual School conference. They are looking forward to next year's conferences being back in person. Both Jeff Kern and Jeff Larson continue to serve on multiple FGFOA committees.

Jeff Larson complimented PMA's work. He has been looking at the activity in new participants registrations, and noted some of the balance increases from existing participants. FMAS continues to also stay in contact with Participants and coordinates these contacts and responses with PMA Florida team. Jeff mentions that it may be time to get together with PMA about the fee waivers. Brian Hextell talks about discussions on the VNAV fund fee waivers.

**b. FMAS Comments**

There are no additional comments.

**C. Other Items**

**1. FL SAFE Counsel's Comments**

David Rosen has no comments.

**2. Participants Comments**

No comments.

### **3. Advisory Council Member Comments**

No comments.

### **4. Board Member's Comments**

Bill Spivey thanks everyone on behalf of the members of FL SAFE for keeping the fund competitive and the proactive work of both FMAS and PMA in that regard. He thanks the Board for the nomination as Board Secretary, and compliments the great job of the marketing team in attracting new participants in this time. Bill Kleinsorge has no comments. Christine Joseph Cajuste asks for contact information of the Advisory Council members and more information on the role as Liaison. Jeff to follow up. Linda Senne thanks PMA and FMAS for their hard work even during the virtual requirements and thanks them both the continued marketing of the Fund.

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

Setting the future date for the next FL SAFE Board Meetings. Next meeting will be April 29, 2021 at 1:00 pm. Meeting is adjourned.

**Signature Page**

**APPROVED THIS 29<sup>th</sup> DAY OF APRIL 2021.**

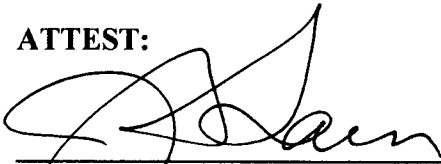
**FLORIDA SURPLUS ASSET FUND TRUST**



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**Linda Senne, CPA  
FL SAFE Chair**

**ATTEST:**



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**Jeffrey T. Larson  
FL SAFE Administrator**