



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

LOCATION: Via Zoom
DATE: April 29, 2021
TIME: 1:00 p.m.
RE: FL SAFE Board Meeting Minutes

MEMBERS IN ATTENDANCE

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

ADVISORY COUNCIL: Faye Henry, City of Port St. Lucie
Mark Ryan, City of Indian Harbour Beach
Jerry Gray, City of Maitland

OTHER ATTENDEES: Jim Davis, CEO, PMA
Rene' O'Day, SVP, Florida, PMA
Brian Hextell, SVP, PMA, FL SAFE Portfolio Manager
Jeff Larson, President, FMAS, FL SAFE Administrator
Regan Larson, 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
Lori Ragus, Esq., PMA Counsel
Shanna Spoonmore, Administration, PMA
Michelle Alexander, CPA, FL SAFE Auditor, CLA

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 April 29, 2021. Regan Larson calls roll. Quorum requirements are met.

2. Public Comments

Linda asks if there are any public comments. Jeff Larson states that there are no public comments online, present, or via Zoom.

3. Approval Prior Board Meeting Minutes

Linda asks for a motion to approve the prior Board Meeting Minutes. Jerry Boop makes a motion to approve, Bill Spivey seconds. Board approves prior board meeting minutes from January 28th, 2021.

4. Participant and Guest Introductions

Linda asks for introductions via Zoom.

5. 2020 FL SAFE Audit

The audit was presented yesterday to the Board. Jeff Larson comments on the process that usually takes place. The Board usually gets the audit a few weeks ahead of the meeting and the Chair will review before the Board will see it. The typical date for completion is April 30th. Michelle apologized for the delays this year. Given Linda Senne's prior commitments and the short notice, Jeff reached out to the Vice Chairman. FMAS and Jerry Boop have reviewed what was submitted yesterday to the Board. There were some comments from Jerry's review about fiduciary language. Jeff would like the Board to have 5-10 days to review the report before the next meeting and recommends to the Board a special zoom meeting to approve. Linda agrees that each board member gets time to review it and get notes back to CLA but asked for Board input. Some of the Board were happy to rely on FMAS' and Jerry's review. Jerry appreciated the vote of confidence but suggested that there be a special meeting to discuss and approve. Jeff asks David Rosen for his opinion on special meetings. David says it is fine to have a special meeting with normal protocols. Jeff asks for a motion on what the Board would like to do regarding the fiduciary language raised by Jerry. Jerry also agreed with Jeff that a PMA officer should also sign off in the management letter given they prepare the financials. Linda asks for a motion for the fiduciary language to be removed. Jerry makes a motion. Christine seconds. All in favor. Special meeting to be set for May 19th.

B. Staff Reports

1. Investment Advisor/Operations Manager Update - PMA

a. Economic and Market Update

Brian Hextell comments on the great GDP number currently showing, with the expectations for a strong first quarter, but that we are not back to where we were in 2019. Employment charts are showing that we have work to do on unemployment before rates will be raised. Inflation is down as of February, there is less price pressure. CPI will jump up in the next couple of months. This is all transitory. The market is reflecting that inflation could rise modestly above 2%. There is a huge growth in the Fed's balance sheet which could mean an increase in inflation. He is confident that inflation is under control. Short term interest rates have continued to push lower since January. Longer term interest rates have picked up. Thoughts on the banking market, the bank interest rates are also low. Banks are flush with deposits from the stimulus checks. He does not anticipate short term bank rates rising. Our current PMA outlook, the Fed will probably not move on raising rates until 2024. PMA remaining conservative throughout this.

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 market 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, there was positive growth for the fourth quarter but 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 steepened out since the FED's September meeting. Brian says that 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 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

Gross yield remains low, Brian hoping that we've found bottom. The SNAV is performing well compared to the other AAA rated funds. He goes over the positives, liquid and high-quality diversification of the fund. Repo position was reduced over the quarter, CDs picked up over the quarter as well. Comments to Bill Spivey that they have done the research to make sure that these are high quality. Portfolio performing well to all stress tests from S&P. He explains the thorough process to add any investments to the approved list.

Brian speaks on the Variable NAV fund. It is significantly higher than market yields currently. The growth has leveled off some for this year. They still believe in this product as a great tool, providing some strong returns over the last 4 years. With 12- month treasury yields moving down, the fund moves down. This is also a highly rated portfolio, and holding up very well as expected. He asks for any questions.

c. Operations Manager Report

Christine Cajuste had to leave the meeting. Linda needs to leave soon. Jerry to chair the meeting. Shanna Spoonmore goes over the Operations Manager Report. Paula Cooper comments on fee waivers and how they are calculated. Questions came up about financial statement pages and disbursement. She would be happy to have a meeting to go into more detail. A question also comes up about differences between the Stable NAV and the Variable NAV. Jerry thanks Paula.

d. Board Ratification of Term Series

There were no Term Series for last quarter.

e. Marketing Update

Rene' O'Day and Jeff Kern present the marketing update. The goals have been adjusted to more face-to-face visits and an increase of in person conferences. Jeff mentions the good reception from visits. Jerry asks for questions. Bill Spivey asks if there are any goals for visiting prospects for the year. Rene answers that there are. Bill would like to request that it be included in the future reports. Jim Davis has comments, PMA is committed to fee waivers. He would like the Board to consider an agenda item on the fees and expense ratio. Jerry Boop asks for a motion on July normal meeting. Bill Spivey makes a motion for that. Jerry seconds. All those in favor. It will be added to agenda to the July meeting. Jerry asks for full prior disclosure on all pieces.

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 says that he and Jeff Kern continue to serve on FGFOA Annual Conference and FGFOA School committees. The Investment Preconference is virtual on May 21st. Jeff is speaking from 10:00-11:40 a.m., and PMA is speaking during the 1:00-2:40 p.m. slot. We have arranged with other speakers. The chapters are not meeting but we are continuing to talk to PMA about that.

There are two things on the business side. The E&O policy for FL SAFE Board needs to be renewed. It has been submitted with the current carrier. Jeff would like the board to have a motion to work with the Chair to amend the budgeted cost for the policy if needed. The budgeted amount was set conservatively below last year's premium and with the Fund's growth, we will expect to exceed that. He will bring back to the Board at the July meeting when it is set. Jeff asks for a vote. Jerry asks for motion. Bill Kleinsorge makes a motion. Bill Spivey seconds. All in favor.

Jeff has gotten good input from Lori Ragus and Jim Davis at PMA and David Rosen on an email received from a gentleman on April 20th. Jeff also reached out to other FL LGIP's who have responded to similar requests in the past. He is citing Florida public records law, wanting all electronic records on all Participants' balances. There is no definitive date to respond. Jeff asked David Rosen to share his thoughts. David Rosen speaks on this and the Sunshine and public records law not being the same but going hand in hand. David can get with the Attorney General's office to find out where the standing is on this, if necessary. Jerry asks for questions. David and Jeff recommend that a response is necessary. Jeff will work with PMA for exactly what they have asked for and get done by the end of next week. Jerry says it is important to acknowledge that the request is received and being worked on it. Jeff said that he would do that.

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. Mark Ryan has comments. He thanks Jerry for reading through the audit, and commends the actions taken by the Board for the audit to allow for adjusted time to review.

4. Board Member's Comments

Jerry asks for Board Member comments. Bill Spivey thanks PMA and FMAS for diligence to make us competitive in fee waivers. He speaks on the form ADV disclosure redlined being sent out with changes. He would like it to be a part of the July agenda. Bill Kleinsorge has no comments. Jerry Boop appreciates the hard work and thanks Jeff for last night's help and discussions with the audit, plus working proactively with PMA on the recent SNAV waivers.

D. Set Next Meeting Date/Adjournment

Setting the future dates for the next FL SAFE Board Meetings. Special meeting May 19, 2021. Normal meeting dates will be July 29, 2021, October 28, 2021 and January 2022.
Meeting is adjourned.

Signature Page

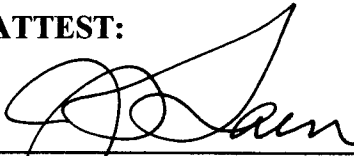
APPROVED THIS 22nd DAY OF JULY 2021.

FLORIDA SURPLUS ASSET FUND TRUST



**Linda Senne, CPA
FL SAFE Chair**

ATTEST:



**Jeffrey T. Larson
FL SAFE Administrator**