



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

LOCATION: Via Zoom
DATE: July 23, 2020
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 Spivey, Secretary
Christine Josephs Cajuste, CPA, Board Member

ADVISORY COUNCIL: Jerry Gray, City of Maitland

OTHER ATTENDEES: 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
Jerrold Bevan, Esq., Akerman LLP, FL SAFE Counsel
Jeff Kern, VP, Florida, PMA
Nate Larson, Associate, FMAS, FL SAFE Administrator
Paula Cooper, SVP, 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 board of directors for the Florida Surplus Asset Fund Trust for July 23, 2020. Nicole Larson Sydney calls roll. Quorum requirements are met.

2. Public Comments

No public comments.

3. Approval Prior Board Meeting Minutes

Linda has a comment regarding an upcoming Board Meeting date. Jerry makes a motion, Bill Spivey seconds. Board approves prior board meeting minutes from April 30th, 2020.

4. Participant and Guest Introductions

Linda asks for introductions via Zoom.

B. Staff Reports

1. Investment Advisor/Operations Manager Update - PMA

Jeff Larson asks that the Term Series ratification be moved up on the Agenda. Linda asks for a motion to approve the Term Series, Jerry Boop makes a motion, Christine Cajuste seconds, Term Series are approved.

a. Economic and Market Update

Brian Hextell reviews the Economic and Market Update. He states that Covid has had an impact on the current economic climate as well as with clients and investors. The risks across states vary and revenues and expenses are being impacted. PMA recognizes that many municipalities are being impacted. Second quarter GDP update will be coming up, there is an expected drop. The focus is on the recovery for GDP. Brian states that new job claims have been strong. There is an expected V-shape recovery for GDP. Brian states that PMA anticipates that there is a focus on a long recovery over 2021-2022. There has been an unprecedented drop in unemployment, leisure and hospitality have taken the greatest hit with labor reductions. Brian reviews the history of past U.S. recessions, stating that this specific recession may be relatively short. He states there has been a 20 percent decline in earnings over that past quarter. The market is pricing a swift recovery. The Fed is not expecting short-term interest rates to be increased through 2022. He states that this recession is very different from past recessions, with a possible rate increase in 2023. Deflationary trends globally do not predict rate increases. Rates continue to remain very low in the short-term markets. There is a small pickup in the one year range. Consumer behavior is expected to change. Safety and liquidity are big focuses in this market.

b. FL SAFE LGIP Portfolio Update

Brian reviews the Portfolio Update. He notes the spread compression. The Florida market comparison shows that most Funds are close in rates. The Portfolio Composition shows an increase in WAM and more corporate exposure. The Stress Test shows FL SAFE continues to perform well. Brian reviews the approved list, with the addition of 4 high quality names and 1 muni security, with some removals. Disney was removed from the approved list due to lack of market activity. He reviews the U.S. Treasury yields with a drop across the curve. The net market yield in both Funds is positive. One change to the Portfolio since March has been a purchase of less asset backed securities and more in Agency MBS's. The duration has been slightly extended, with the credit ratings still being strong. Stability continues to be a main objective.

Bill Spivey has a comment regarding the list of approved investments. He states concern over municipal securities being purchased with possible unstable political climates. He does not feel comfortable with investment in Municipal Securities in certain areas given current political unrest. Brian states he appreciates the feedback. There has been a different impact on states recently with larger cities having more political unrest. He discusses that PMA is reviewing

the environmental and social factors. Jeff Larson asks Bill Spivey if he would like to discuss this in a future Board Meeting. Bill states that moving forward he would like the discussions to be continued. Linda Senne agrees with Bill Spivey that it should be a continued discussion at the next Board Meeting. Christine states that she thinks there should also be a discussion at the next Board Meeting to give the Board time to consider what they would like to do moving forward. The Board agreed that they would like PMA to review this at the next Board Meeting. Brian states that he will be happy to review this and have a conversation. Jerry Boop states that nothing with these municipalities has been purchased yet, but he would also like there to be a discussion at the next Meeting.

c. Operations Manager Report

Paula Cooper reviews the Operations Manager Report. She reviews the FL SAFE Summary that covers that main data points of the Funds and Investments. Total assets are just under \$900 Million. 7-day yield as of June 30th is 42 BP's. She reviews the Investments in the Stable NAV Fund and the Statement of Operations. Review of fee waivers. She reviews the Financials of the Variable NAV Fund. Review of the pricing report. Review of FL SAFE Performance Evaluation and Expense Report. Paula reviews the Budget Analysis stating a variance in legal fees. Jeff Larson asks about the increase in liability insurance due to an increase in Fund Balances and Assets. The Board approved the increase in insurance costs.

Bill Spivey asks about the holdings in the Bank of China with the given environment. Brian Hextell states they are reviewing that continuously. PMA is monitoring and will give an update at the next meeting. The Bank of China is FDIC. Brian also mentions HBIC and they are monitoring that as well. Bill Spivey asks if PMA has an internal surveillance list. Brian states that they have two layers, first level being a cure period, and second level being bolding and potential removal.

d. Marketing & Sales Update

Rene O'Day reviews the Marketing and Sales Update. She states that their marketing strategy has adjusted due to Covid. Jeff Kern and Rene have been focusing on emails and calls with clients and prospects. There were 5 new participants added in the last quarter. They are on track for the year's goals. The Term Series brought in \$120 Million. Bank funding has been difficult due to the cost of funds and high cash balances. CD's have not been as readily available or attractive. Jeff Kern and Rene did a presentation for the GFOA and North Central Florida Chapter. They have had a lot of activity even with the given environment. Clients are starting to do in person meetings again. PMA has moved offices, planning to have a Reception at some point when possible.

Linda Senne thanks Jeff and Rene for their hard work and adding 5 new clients. Jeff Kern states that there have been more accounts opened that are waiting on funding. He states that they have been working on adding clients in the Panhandle. Prospects have been calling asking about strategies and diversification given the unstable environment. Linda asks if PMA is planning to add more members to the team, Rene states they are not sure. PMA is open to adding someone if they find a good fit, but it is difficult to hire in the current environment. Jeff Kern states they have been utilizing Zoom to make the best of the time.

e. PMA Comments

Brian Hextell mentions an update to the PMA branding and company slogan.

2. Administrator Update-FMAS

a. Marketing Update, Presentations, Annual FGFOA & FCCMA Conferences

Jeff states that he presented at the Annual Conference with Jeff and Rene along with Faye Henry. He will continue to assist Rene and Jeff Kern how he can.

e. FMAS Comments

Jeff mentions the increase in the cost of the E&O Policy which the Board is aware of. He mentions the upcoming election for Board seats prior to the next Meeting. He will update the Board at the next Meeting on the results. He is pleased with the work and effort Jeff Kern and Rene have been putting in.

C. Other Items

1. FL SAFE Counsel's Comments

No comments.

2. Participants Comments

No comments.

3. Advisory Council Member Comments

Jerry Gray has no comments.

4. Board Member's Comments

Linda states she likes the new PMA branding and that she appreciates the hard work PMA & FMAS are doing given the COVID environment. Jerry Boop states that he appreciates the hard work the PMA and FMAS teams are doing. Bill Spivey echoes Jerry's comments and looks forward to the discussions at the next Meeting. Christine appreciates the thorough presentation from PMA.

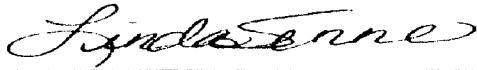
D. Set Next Meeting Date/Adjournment

Setting the future date for the next FL SAFE Board Meetings. Next meetings will be October 29th, 2020 and January 28th, 2021. Meeting is adjourned.

Signature Page

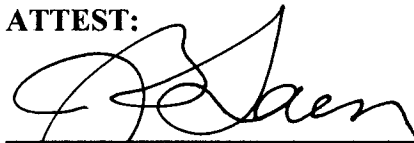
APPROVED THIS 29th DAY OF OCTOBER 2020.

FLORIDA SURPLUS ASSET FUND TRUST



**Linda Senne, CPA
FL SAFE Chair**

ATTEST:



**Jeffrey T. Larson
FL SAFE Administrator**