



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

**LOCATION:** Via Zoom  
**DATE:** July 22, 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  
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

**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  
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  
Lori Ragus, Esq., PMA Counsel

**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 July 22, 2021. Nicole Larson Sydney 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 from April 29<sup>th</sup> and May 19<sup>th</sup>. Jerry makes a motion, Christine seconds. Approved 5-0.

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

Linda asks for introductions via Zoom.

#### **B. Staff Reports**

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

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

Brian Hextell presents the Economic and Market Update. He reviews the current state of recovery from Covid. Vaccination efforts are helping as the U.S. Labor market improves but slack remains. The government sector is down by one million jobs. He discusses rising inflation. Consumer confidence has continued to pick up. Supportive Monetary and Fiscal Policy in 2021. Rising inflation risks have shifted the Fed's tone. Stimulus has resulted in elevated asset prices. Corporate credit and earnings fundamentals remain strong. Market volatility may rise as stimulus tapers. Risks remain so security selection and asset allocation are key.

###### **b. FL SAFE LGIP Portfolio Update**

Brian Hextell reviews the SNAV Fund. The yield came down to 16 basis points in June and the net yield is stable at 6 basis points thanks to the fee waivers. The gross yield on FL SAFE still exceeds the comparison. The WAM is stable at 54 days for the portfolio composition, it was slightly extended from last quarter. He reviews the Issuer Approved List.

Brian reviews the VNAV Fund. There has been growth in assets over the last quarter. Over the past twelve months the yield looks more similar to the overall market. The Fund is performing favorably compared to some other funds.

###### **c. Operations Manager Report**

Fenil Patel reviews the Report. He states that at the end of June, FL SAFE was close to \$800 Million. Reviews the financial statements and fund holdings. He states that the fee waivers are helping the Budget. There were no Term Series this past quarter.

Bill Spivey asks about the reported WAM regarding S&P's cap or requirement. Brian reviews WAM to reset is weekly vs. WAM to final is one year. Bill also asks a question regarding the Bank of China and the Fund's concentration and safety. Brian states that the Bank of China is a fully insured U.S. FDIC overnight deposit. PMA continues to watch all of the Issuer's on the approved list very carefully. Bill Spivey appreciates the explanation.

###### **d. Marketing & Sales Update**

Rene and Jeff Kern review the marketing and sales update. There were 68 in person visits and 77 phone calls. Five new accounts were opened. The all-time Fund high point was in March. Fund balance was \$794 Million as of June 30<sup>th</sup> with an annual goal of \$1.15 Billion. She states that the banking market continues to be challenging. There is a new potential Term Series that the PMA team is working on. Jeff and Rene have been working with special districts. Marketing efforts remain focused on historical data for the SNAV Fund. ARPA discussions are ongoing.

**e. Update on Fee Waivers & Expense Ratio**

Jim Davis presents the Fee Analysis and Proposal. He reviews the respective rolls that were decided on during the 2019 Strategic Planning session. Rene states she believes the strategic planning session and role alignment helped overall and clarified Fund direction for her. She states the three Strategic Initiatives, Safety and Liquidity, Unique Service and Product Offerings, and Consultative Relationship Focus. She hopes there will be more banking conversations coming soon. Jim Davis reviews the financials and contractual fees of the SNAV for FMAS and PMA. He reviews the current Fee Waivers. Bill Spivey asks Jim to confirm that based on the fee charts provided, FMAS and PMA have an 20/80 split. Jim confirms. Christine Cajuste asks a question regarding Fee basis points. Jim states that it is calculated based on SNAV assets. Jim reviews historical fee waivers since 2011. Brian Hextell reviews the breakdown of quarterly fund expenses and the actual number in dollars versus the basis points. Christine asks when the dollars are taken from the Fund, Brian states that it accrues on a cash component monthly. Christine asks if there is a policy regarding the fee waivers. Jim Davis states that it is something that was decided with the Board and Jeff Larson during the Strategic Planning session and both FMAS and PMA continue to waive fees to maintain a competitive rate. Jim states that the current waiver has been in place for over a month and a half to arrive at a net SNAV rate of 6 basis points. Linda Senne asks about a conversation at the previous board meeting regarding keeping the fee waivers in place to maintain the net rate of 6 basis points. Brian Hextell confirms the Board stated they wanted the Fund to remain competitive. Bill Spivey asks about modification of fee waivers and if they require board approval or if they can be done at any time. Jim Davis confirms that they can be changed but the current fees remain in agreement to maintain the net rate of 6 basis points. Jeff Larson states that both FMAS and PMA have had multiple discussions about what needed to be done to keep the SNAV at a competitive rate due to the current environment. Bill Spivey asks about “pandemic-driven fee waivers”. Jim Davis states that the current environment is a result of the pandemic, but the term does not need to be used going forward if the board would prefer. Jeff Larson states that PMA and FMAS have had to stay on top of the current post pandemic environment and zero overnight rates to remain competitive and it has compressed what the firms can earn on the Fund. Brian Hextell states that we can refer to it as a zero-rate environment.

Rene’ O’Day reviews her marketing approach going forward. She states that the bank funding group has assisted in offering competitive market products. She states that fees should be aligned in regard to the defined roles and responsibilities. Jim Davis agrees and would like the fees to be discussed among the Board. PMA presents their requested potential new fee proposal.

Linda Senne asks for Board comment. Jerry Boop states that he appreciated the level of detail provided in this fee breakdown. He states that he was surprised by his interest income statement and asks PMA to provide more detail on the fee breakdown of the Funds. Jerry states that he did have a discussion with Jeff Larson and Jim Davis regarding the fee structure and what needed to be done to raise the return for the participants. He states that he believes that the fees need to be reviewed to have the fund remain competitive. Jerry would like for the rates to be reviewed to see what is fair for each firm and their respective responsibilities. Bill Kleinsorge states that he agrees with much of Jerry’s comments and would potentially like to see if there is a consultant that could assist with assessing current market fees and wants to make sure that the fees are fair. Bill Spivey states that he appreciates the work that both firms do, but he would

like for the fees to be fair amongst both PMA and FMAS and that the discussion should not be solely focused on one firm. He also states that he is confused by some of the comments from PMA regarding the reason the Fund is not competitive. Bill states that it is important to look at the historical details about Fund growth and what the current goals for Fund growth are. He would like to work with the Board moving forward to come to an agreement with the Firms. Christine states that she agrees with many of the comments that have been made. She states that she is not sure what current market fees would be but would like for the Fund to remain competitive for current and future participants. Christine believes it is important for her that the Executive Director role remain independent of PMA and remain the Board liaison for oversight. Linda Senne refers to the Indenture of Trust for FL SAFE and how the roles were separated to create an oversight role. She agrees that should we like the fees to be fair for both PMA and FMAS while keeping the Fund competitive for the participants. Linda refers back to the strategic planning session and how the competitive rate discussion was of importance to all Board members. She thinks marketing efforts should be diversified to highlight the products PMA offers to participants through FL SAFE. Based on a recommended approach from Jeff Larson, the Board agrees that both PMA and FMAS should come to an agreement prior to the next board meeting and present what they believe their fees should be for Board approval.

**e. PMA Comments**

PMA has no further comments.

**2. Administrator Update-FMAS**

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

Jeff states that he is planning to attend the FGFOA School in October and annual Conference the following summer. He states that FMAS was asked to speak for the Tax Collector's Conference. Jeff states that both firms will work together for the FGFOA Pre-Conference.

**b. Update: FL SAFE Board E&O Policy Renewal, FMAS & PMA Insurance**

Jeff Larson reviews the Board E&O Policy. The cost was greater than the budget so the excess cost will come out of miscellaneous funds.

**c. LGIP's Overview**

Jeff Larson reviews the current competitive LGIP environment and Fund Comparison.

**d. 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**

No comments.

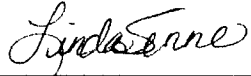
**D. Set Next Meeting Date/Adjournment**

Setting the future dates for the next FL SAFE Board Meetings. Normal meeting date will be October 28, 2021, and January 27, 2022. Meeting is adjourned.

**Signature Page**

**APPROVED THIS 28th DAY OF OCTOBER 2021.**

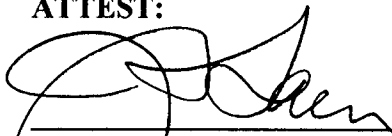
**FLORIDA SURPLUS ASSET FUND TRUST**



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**Linda Senne, CPA  
FL SAFE Chair**

**ATTEST:**



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**Jeffrey T. Larson  
FL SAFE Administrator**