



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

**LOCATION:** Via Zoom  
**DATE:** September 30, 2021  
**TIME:** 1:00 p.m.  
**RE:** FL SAFE Special 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  
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  
Rene' O'Day, SVP, Florida, PMA  
Mark Mason, Finance Director, City of Cape Coral

**A. BUSINESS ITEMS**

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

Linda Senne calls to order the special meeting of the Board of Directors for the Florida Surplus Asset Fund Trust for September 30, 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.

**3. Participant and Guest Introductions**

Linda asks for introductions via Zoom.

#### **4. Update FMAS & PMA Fees**

Linda Senne starts by providing her comments on the provided proposal. She would like the titles to remain as they are in the Indenture and for the roles to be separate between FMAS and PMA. Linda states that this is a Board decision regardless of what has been proposed. She reviews the fees that are being provided by both firms. She also states that she feels like it should be an equitable fee change between both firms and not focused on one firm in particular. Linda states both firms should share in the Fund's growth. She appreciates the work that was done on the FMAS Memo by Jeff Larson and Jim Davis. Linda discusses the current fee waivers that are in place and how they affect the proposal that was given. She opens the discussion up to the Board for comments. Bill Spivey states that he agrees that the titles should remain for the firm's roles as they are stated in the current existing documents. He agrees that he is happy that PMA and FMAS were able to come to some sort of an agreement regarding fees and believes that FMAS has compromised quite a bit on fees. He believes the role of Administrator by FMAS continues to be important for oversight. Christine Cajuste states that she agrees with Linda and Bill's comments. She believes that both firms should share in the Fund's growth. She states that she believes that role of Administrator and the oversight is important for the Board and participants and that the role should remain independent of PMA. She discusses the marketing structure that was agreed upon during the strategic planning session. She is ok with the fee proposal as presented by PMA and FMAS. Jerry Boop agrees that he would like the titles to remain the same and he appreciates that both firms were able to come to an agreement regarding fees. He understands both firms have made sacrifices and appreciates the fees that FMAS and PMA have been waiving. Jerry states that he believes the Board should be negotiating the fees with each firm independently. He states that marketing should continue to be PMA's responsibility. Jerry states that he does not think that FMAS should be compensated by basis points for fund growth but rather an alternative structure that could be discussed in the future. He is not sure what the correct compensation should be for FMAS based on research, but presents his thoughts on a potential monthly rate. He reiterates that the expense structure is a Board decision. Linda asks for Faye Henry's comments, she does not have any and that fees are not her expertise. She states that the City reviews fees through a third party administrator so she does not have personal experience and typically does not become involved.

Jim Davis discusses the comparative fee chart that was provided. He discusses competitor's expense ratios. Jim states that he agrees this is a Board decision. He explains that PMA's fees are based on current asset levels and fee waivers. He explains the approach of fostering growth while trying to minimize expenses.

Jeff Larson states that the FMAS team reassessed their role and fees after the previous Board meeting. He understands that PMA has taken over the role of Marketing for the Fund. He states that he and Jim had multiple conversations to discuss a new fee proposal. He states that this was not an easy process, and he is glad to see that the Board recognized the significant reductions by FMAS.

Mark Mason states the history of the Fund and the roles should not be forgotten. He believes that the role of Administrator is important.

Linda asks how the Board would like to proceed regarding voting or making a motion on the proposed fee structure. Jerry and Bill Spivey agree that the roles of PMA and FMAS need to

be defined along with the fees. Christine states that the Board had asked both firms to propose what they felt was fair based on current industry fees and that she feels the Board should either rely on their proposed fees or hire a consultant to assess the fees.

Jeff Larson states that FMAS and PMA work together frequently and collaboratively on Fund matters and focus on keeping the Fund competitive. He states that both he and Jim were able to come to an agreement.

Jerry Boop states that he is happy that both FMAS and PMA work together on an ongoing basis for compliance and oversight purposes. He thinks that the Board is close to reaching an agreement moving forward based on what was proposed by both firms. Jerry Boop makes a motion that the royalty agreement component of FMAS's fees go back to FL SAFE. There is no second.

Linda states that the three things that require a vote are FMAS's base fees and current proposed PMA fees, a confirmation of the royalty agreement for FMAS and PMA, and FMAS's basis point fees on fund growth. Linda and Jerry ask for more detail regarding the royalty agreement and fee breakdown. Jim Davis confirms that the fees are in an 80-20 split and 10 of the 20 split goes to FMAS. Linda states that she believes both firms should be compensated equitably.

Bill Spivey makes a motion that the royalty agreement stays at its current structure (80-20 split), Christine seconds. There is no discussion. Board passes 3-2 in favor of keeping the current royalty structure.

Bill Spivey asks if the proposed fees in the FMAS Memo would bring down the expense ratio. Jeff responded with a yes, nothing that due to the current environment and fee waivers proposed fees are not being incurred currently. He states that yes, if the new fees were agreed to that it would improve the expense ratio and net rate. Bill Spivey makes a motion to accept FMAS fees as proposed. Christine seconds. Jerry Boop states that he believes the proposed FMAS fee is too high and has explained his standpoint. Board passes 3-2 in favor of the FMAS proposed fee structure.

The Board decides to table the discussion on FMAS' proposed basis points on Fund growth. The Board agrees to discuss the basis points for FMAS in the future.

## **5. Other Board Matters**

### **B. Other Items**

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

No comments.

#### **2. Participants Comments**

No comments.

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

No comments.

**4. Board Member's Comments**

There are no further comments.

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

Next meeting will be on October 28, 2021. Meeting is adjourned.

**Signature Page**

**APPROVED THIS 28<sup>th</sup> DAY OF OCTOBER 2021.**

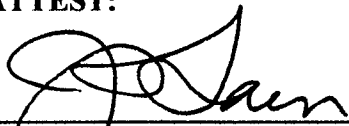
**FLORIDA SURPLUS ASSET FUND TRUST**



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**Linda Senne, CPA  
FL SAFE Chair**

**ATTEST:**



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**Jeffrey T. Larson  
FL SAFE Administrator**