

MEETING OF THE STATE BOARD OF ADMINISTRATION

**GOVERNOR CRIST AS CHAIRMAN
CHIEF FINANCIAL OFFICER SINK AS TREASURER
ATTORNEY GENERAL MCCOLLUM AS SECRETARY**

NOVEMBER 9, 2010

AGENDA – SECOND REVISED

- ITEM 1.** Request approval of the minutes of the September 14, 2010, and September 28, 2010, meetings.

(See Attachments 1 and 1-A)

ACTION REQUIRED

- ITEM 2.** Request approval of a fiscal sufficiency of an amount not exceeding \$310,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series (To Be Determined).

(See Attachment 2)

ACTION REQUIRED

- ITEM 3.** Request approval of a fiscal sufficiency of an amount not exceeding \$17,300,000 State of Florida, Board of Governors, University of North Florida Mandatory Student Fee Revenue Bonds, Series (To Be Determined).

(See Attachment 3)

ACTION REQUIRED

- ITEM 4.** Request approval of a fiscal sufficiency of an amount not exceeding \$16,500,000 State of Florida, Board of Governors, Florida State University Parking Facility Revenue Bonds, Series 2011A.

(See Attachment 4)

ACTION REQUIRED

- ITEM 5.** Request approval of a fiscal sufficiency of an amount not exceeding \$8,500,000 State of Florida, Board of Governors, Florida State University Parking Facility Revenue Refunding Bonds, Series (To Be Determined).

(See Attachment 5)

ACTION REQUIRED

State Board of Administration – Second Revised Agenda

- ITEM 6.** Request approval of a fiscal determination of an amount not exceeding \$25,780,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (Series to be Designated) (Monterra Apartments).

(See Attachment 6)

ACTION REQUIRED

- ITEM 7.** Request approval of a fiscal determination of an amount not exceeding \$12,250,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (Series to be Designated) (Villa Capri Phase III Apartments).

(See Attachment 7)

ACTION REQUIRED

- ITEM 8.** Request approval of a fiscal determination of an amount not exceeding \$9,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (Series to be Designated) (Journet Place Apartments).

(See Attachment 8)

ACTION REQUIRED

- ITEM 9.** Request approval of SBA Quarterly Report required by the Protecting Florida's Investments Act (PFIA).

Pursuant to Sections 215.473 and 215.442, F.S., the SBA is required to submit a quarterly report that includes lists of "Scrutinized Companies" with activities in Sudan and Iran. The PFIA prohibits the SBA, acting on behalf of the Florida Retirement System Trust Fund, from investing in, and requires divestment from, companies involved in certain types of business activities in or with Sudan or Iran, (i.e., the "Scrutinized Companies").

(See Attachment 9)

ACTION REQUIRED

- ITEM 10.** Request approval of a draft letter to Joint Legislative Auditing Committee affirming that the SBA Trustees have "reviewed and approved the monthly [LGIP Management Summary] reports and actions taken, if any, to address any [material] impacts." (s. 218.409(6)(a)1., F.S.) During the third quarter of 2010, there were no material impacts. Copies of the July, August, and September 2010 reports are attached.

(See Attachment 10, 10-A, 10-B, and 10-C)

ACTION REQUIRED

November 9, 2010
Page Three

ITEM 11. Reaffirmation of the Executive Director.

F.S. 215.441 provides that the State Board of Administration's Executive Director must be reaffirmed annually by the Board of Trustees following the original appointment. Mr. Williams was appointed Executive Director in 2008.

(See Attachment 11)

ACTION REQUIRED

T H E C A B I N E T
S T A T E O F F L O R I D A

Representing:

DIVISION OF BOND FINANCE

STATE BOARD OF ADMINISTRATION

FLORIDA LAND AND WATER ADJUDICATORY COMMISSION

BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND

The above agencies came to be heard before
THE FLORIDA CABINET, Honorable Governor Crist presiding,
in the Cabinet Meeting Room, LL-03, The Capitol,
Tallahassee, Florida, on Tuesday, September 14, 2010,
commencing at approximately 9:07 a.m.

Reported by:

MARY ALLEN NEEL
Registered Professional Reporter
Florida Professional Reporter
Notary Public

ACCURATE STENOGRAPHY REPORTERS, INC.
2894 REMINGTON GREEN LANE
TALLAHASSEE, FLORIDA 32308
(850)878-2221

APPEARANCES:

Representing the Florida Cabinet:

CHARLIE CRIST
Governor

CHARLES H. BRONSON
Commissioner of Agriculture

ALEX SINK
Chief Financial Officer

* * *

I N D E X

DIVISION OF BOND FINANCE
(Presented by BEN WATKINS)

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STATE BOARD OF ADMINISTRATION
(Presented by ASH WILLIAMS)

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FLORIDA LAND AND WATER ADJUDICATORY COMMISSION
(Presented by LISA SALIBA)

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BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND
(Presented by MIMI DREW)

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1 GOVERNOR CRIST: State Board of
2 Administration, Ash Williams. Good morning, Ash.

3 MR. WILLIAMS: Good morning, Governor.

4 GOVERNOR CRIST: Ben was very inefficient in
5 front of you.

6 MR. WILLIAMS: Sorry for the delay there.

7 GOVERNOR CRIST: That's all right. You're
8 fine.

9 MR. WILLIAMS: Good morning. The first thing
10 I want to do is give you a little update on the
11 fund, if I may. As of last evening's close, we're
12 at \$115.9 billion. We're up 4.77 percent net year
13 to date, and that's 99 basis points ahead of
14 target.

15 Moving on to our agenda, Item 1, request
16 approval of the minutes from the 29 July meeting.

17 CFO SINK: Move it.

18 GOVERNOR CRIST: Second. Show it approved
19 without objection.

20 MR. WILLIAMS: Item 2, request approval of a
21 fiscal sufficiency of an amount not exceeding
22 \$625 million State of Florida, full faith and
23 credit, Board of Education Public Education Capital
24 Outlay Refunding Bonds.

25 CFO SINK: Move it.

1 GOVERNOR CRIST: Second. Show it approved
2 without objection.

3 MR. WILLIAMS: Item 3 is another fiscal
4 sufficiency of an amount not exceeding \$154,800,000
5 State of Florida, full faith and credit, Board of
6 Education PECO bonds.

7 CFO SINK: Move it.

8 GOVERNOR CRIST: Second. Show it approved
9 without objection.

10 MR. WILLIAMS: Item 4 is another fiscal
11 sufficiency of an amount not exceeding
12 \$19.5 million State of Florida, full faith and
13 credit, Board of Education Capital Outlay Refunding
14 Bonds.

15 CFO SINK: Move it.

16 GOVERNOR CRIST: Second. Show it approved
17 without objection. Thank you, Ash.

18 MR. WILLIAMS: Thank you.

19 GOVERNOR CRIST: Yes, sir. Have a good
20 flight.

21 MR. WILLIAMS: Thank you.

22

23

24

25

T H E C A B I N E T
S T A T E O F F L O R I D A

Representing:

STATE BOARD OF ADMINISTRATION

The above agencies came to be heard before
THE FLORIDA CABINET, Honorable Governor Crist
presiding, in the Cabinet Meeting Room, LL-03,
The Capitol, Tallahassee, Florida, on Tuesday,
September 28, 2010, commencing at 1:10 p.m.

Reported by:
JO LANGSTON
Registered Professional Reporter
Notary Public

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APPEARANCES:

Representing the Florida Cabinet:

CHARLIE CRIST
Governor

BILL McCOLLUM
Attorney General

ALEX SINK
Chief Financial Officer

* * *

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STATE BOARD OF ADMINISTRATION
(Presented by ASH WILLIAMS)

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CERTIFICATE OF REPORTER 100

1 P R O C E E D I N G S

2 * * *

3 GOVERNOR CRIST: Good afternoon. We are
4 reconvening for the State Board of Administration
5 meeting. Ash Williams. Good morning. Good
6 afternoon.

7 MR. WILLIAMS: Good afternoon, Governor,
8 Trustees. Item 1 on our agenda, request approval of
9 the minutes from our August 10 meeting.

10 GOVERNOR CRIST: Is there a motion on the
11 minutes?

12 ATTORNEY GENERAL MCCOLLUM: So moved.

13 CFO SINK: Second.

14 GOVERNOR CRIST: Moved and seconded. Show the
15 minutes approved without anyone opposing.

16 MR. WILLIAMS: Thank you. Item 2 is my little
17 update. I guess there are several thoughts I wanted
18 to share with you just to recap where the SBA is in
19 aggregate as an organization. First of all, people
20 tend to think of us primarily as an investment
21 organization. Rightly so. And toward that end our
22 largest mandate, the Florida Retirement System Trust
23 Fund, as of last evening's close, sits at
24 \$117.9 billion. That's up six and a half percent
25 calendar year to date and 119 basis points ahead of

1 target.

2 But going a little beyond the pension fund, I
3 think it's important to note that our four largest
4 mandates, aggregating to the 128 billion of the
5 roughly 140 billion we manage, continued to operate
6 positively and have received accolades from a range
7 of places based on their strength and achievement
8 and exceeding of benchmarks.

9 The pension fund itself, the Florida Retirement
10 System, has been consistently recognized for its
11 performance and its low cost and has, in fact,
12 posted very strong results over the last fiscal
13 year. The fund, at the level I just quoted, has
14 increased in size by approximately \$8 billion since
15 the 1st of July this year.

16 The FRS Pension Fund is one of the most
17 well-funded and healthy public funds in the United
18 States, generally characterized as being among the
19 top four by objective publications. If we look at
20 our investment performance for the calendar year
21 ended December 2009, Wilshire's Trust University
22 Comparison Service you will recall ranked us as
23 first among our peers, those being the largest funds
24 in the U.S.

25 For the fiscal year ended June 2010, our net

1 return of 14.03 percent exceeded our investment
2 benchmark by 251 basis points. That's the largest
3 margin of return relative to benchmark in 25 years.

4 Our pension fund has also been recognized as
5 one of the four models that entered the 2008 fully
6 funded by the Pew Center on the States when they
7 were writing about the problems of public pension
8 funds generally in their research piece, "The
9 Trillion-Dollar Gap."

10 So we all know about issues involving public
11 pension funds and funding levels, but it's important
12 to distinguish the healthy from the less so in that
13 universe.

14 At the same time we've achieved solid
15 investment results, the FRS Pension Fund continues
16 to be ranked among the very most cost-effective by
17 CEM Benchmarking, which is an independent firm that
18 ranks the cost-effectiveness of pension plans in
19 North America.

20 If we look at the Florida Retirement System
21 Investment Plan, which is the defined contribution
22 side of our plan, as of July 31st, we have over
23 129,000 members in our defined contribution plan.
24 Our assets in the DC plan exceeded \$5 billion during
25 fiscal year '09-'10 for the first time since its

1 inception.

2 And returns for the plan -- and the way you
3 calculate returns for a defined contribution plan,
4 where the members themselves are making the
5 investment decisions, is we have benchmarks for each
6 financial product that members can choose from. We
7 then look at the aggregate dollars invested and
8 calculate the ratio of the actual employee decisions
9 into each product and then do a pro rata assignment
10 of performance.

11 Performance for the plan in aggregate was
12 11.07 percent for the year, which exceeded its
13 benchmark by 75 basis points. That's a direct
14 reflection of the quality of the managers that are
15 in the plan who've delivered outperformance for our
16 members, and the defined contribution plan, like our
17 defined benefit plan, is extremely cost-effective
18 per CEM.

19 The other thing that's interesting about that
20 number, 11.07 percent, you can't get a number that
21 high if everybody in the plan is investing in money
22 market funds, and you can't accumulate appropriate
23 savings for retirement by staying in money market
24 funds. So what this number tells me is that the one
25 area in which we spend more money than our peers on

1 the DC side, which is employee education, is money
2 well spent, because we've appropriately communicated
3 to people how to make prudent decisions about their
4 own retirement investing so that over the long-term,
5 they can set aside and compound sufficient capital
6 to provide for their retirement years.

7 If we move on to Florida PRIME, Florida PRIME,
8 as you know, has been completely revamped over the
9 past couple of years. We have made many, many
10 enhancements, many of which came at your direction
11 and came with the guidance of the Florida
12 Legislature. But essentially we dramatically
13 expanded reporting. We've contracted out the asset
14 management role to an SEC-registered adviser, who
15 has done a tremendous job for us. We've
16 dramatically expanded Web functionality, improved
17 service for our clients, and continued to provide
18 prudent investment management.

19 Over the course of fiscal year '09-'10 we've
20 adopted a number of conservative investment policies
21 that mirror very, very closely the new SEC standards
22 for 2a-7-like funds, which are essentially money
23 market funds. We think we offer a tremendous level
24 of value for governmental investors because we are
25 by far and away the lowest cost option for

1 governments in Florida at a cost of less than three
2 basis points, which is three one-hundredths of
3 one percent. That's just remarkably cheap. So at
4 any rate, we're very pleased with the way Florida
5 PRIME is going. And it should be noted, too, taking
6 the long view, going back to 1998, Florida PRIME has
7 paid participating government investors over
8 \$6.8 billion in interest. And we've provided
9 participating organizations cost savings of over
10 \$300 million.

11 Moving on to the Hurricane Catastrophe Fund,
12 the Cat Fund is in the strongest position it's been
13 in since it was created in 1993. If we look at the
14 fund and where it is structurally, since we're right
15 in the middle of a hurricane season, you'll see
16 that, number one, the changes made by the
17 legislature in recent years, I think, have
18 contributed to strengthen the fund. And the
19 reserves that we have on hand, \$6 billion in cash,
20 three and a half billion dollars in cash proceeds
21 from pre-event debt issuance, and a very substantial
22 bonding capacity, put us in position to meet the
23 needs of the Cat Fund, the exposure needs of the Cat
24 Fund in their entirety.

25 So, in summary, I would just say the SBA today

1 is stronger and different than the SBA that existed
2 even two years ago. And we continue to improve in a
3 range of areas, including altering investment
4 policies as needed to make them more clear, more
5 reflective of constraining risk and seeking
6 opportunity and an appropriate balance, furthering
7 our commitment to ethics and disclosure, adjusting
8 asset allocations, as we did in the June meeting,
9 but doing so in a method that's very consistent with
10 what's being done in major financial institutions
11 all over the world and well within the boundaries of
12 reasonableness for fiduciaries.

13 I think it's worthy of note, too, that we've
14 recently had and will have a report from the Audit
15 Committee in a moment. We've had the Groom Law Firm
16 in recently reviewing ethical standards and other
17 structures that we have to protect assets and
18 provide appropriate disclosures, essentially gave us
19 a very strong report. I'll defer to the chairman of
20 the Audit Committee on that one. And likewise Ernst
21 & Young completed a review of personal investment
22 activity at the Board, which also was a report that
23 was, in general, I think could be summarized as a
24 very favorable one.

25 So you're going to hear a lot of detail over

1 the next hour and a half or so about performance of
2 different parts of our fund and our organization.
3 But the broad premise I want you to hear is that
4 we're performing well. The organization is sound,
5 and we continue to be committed to heading in the
6 right direction.

7 Unless there are any questions on those points,
8 I'd like to share another couple of little quick
9 details with you, and then we'll move into our
10 agenda.

11 ATTORNEY GENERAL MCCOLLUM: If I could, I do
12 have one question. In a recent newspaper account,
13 the PRIME fund, I guess, the Local Government
14 Investment Pool, was alleged to have, in terms of
15 assets currently held, still held there, those that
16 are risky, those that are below the value they were
17 purchased at, so forth, saying that if they were
18 liquidated, the liquidation value would show a loss
19 of \$300 million plus.

20 I had the impression that that was not
21 accurate. Can you give me any idea about the
22 accuracy of that, what we're holding today, the
23 value of that, have the assets come back, where we
24 had the division of this in two parts and we held
25 certain assets in one and certain in another. Can

1 you refresh us on that?

2 MR. WILLIAMS: Yeah. I would say the key
3 takeaway is on Pool B, which is where the assets in
4 the local pool that became illiquid were segregated
5 and have been retained subsequently.

6 The first headline item there is that as of
7 present, 80 percent of the original purchase value
8 of those investments have been distributed in cash
9 to the original investors. So fully 80 percent has
10 been returned already.

11 Of the remaining 20 percent, a vast majority of
12 those assets remain current pay, meaning that we are
13 receiving payments every month of interest, et
14 cetera. And under our policies, all cash flows
15 relating to those securities are deemed returns of
16 principal and they are distributed out on a monthly
17 basis, commonly between 5 and 12 or \$15 million a
18 month. That's why that percentage that's already
19 been paid out keeps climbing over time, because
20 those payments happen with regularity.

21 The securities that were put in Pool B were put
22 there because they were illiquid. Some of them are
23 still illiquid, and the original structures that
24 were invested in no longer exist. We have seized
25 the underlying collateral, which continues to pay,

1 and exactly what it would be worth if you were to
2 sell it today I think would be speculation that's
3 not entirely constructive.

4 That's why the judgment was taken to segregate
5 these securities in the first place, because it
6 makes no sense to sell them and incur losses, if you
7 believe that ultimately most, if not all, of their
8 value can be recouped.

9 And I would suggest our experience to date,
10 having been able to return 80 percent of their
11 original value in cash, suggests that the decision
12 that was made at the time was prudent. And I think
13 we continue to oversee those securities in a prudent
14 manner. I would hesitate to pick a specific value
15 at any given day at which they could be sold.

16 ATTORNEY GENERAL McCOLLUM: But you have no
17 idea how they came up with, in the newspaper,
18 \$300 million of loss that we'd take if we liquidated
19 them as of this month? You don't know how that --

20 MR. WILLIAMS: I don't know exactly what the
21 methodology was, no.

22 ATTORNEY GENERAL McCOLLUM: And the truth is
23 that they are performing in the sense that they are
24 mostly assets that pay, pay back over time, bonds
25 mature, et cetera. So if they can even mature and

1 whoever issued them honors them, as they perform,
2 presumably at some point they will then just end up
3 performing as any other asset. Is that not correct?

4 MR. WILLIAMS: That is generally correct. I'm
5 not going to tell you that everything is perfect and
6 there's no risk. That's not the case. Some of
7 these assets are subject to certain risks in between
8 now and such time as they mature. And as you know,
9 the economy has been slowly making a bend and
10 recovering gradually. We're not all the way there
11 yet. And until we're completely out of the woods, I
12 can't say without any doubt at all that we won't
13 have any loss experience.

14 But on the other hand, to the extent we do have
15 any, I think it would be modest at best. We do have
16 a guarantee facility in that fund, a guarantee
17 reserve, so to speak. So there have been no
18 realized losses. And depending on how a few other
19 things we're working on goes --

20 ATTORNEY GENERAL MCCOLLUM: So do you consider
21 \$300 million to be modest, if we suffered that loss,
22 if that figure were accurate, if the worst case
23 scenario came to pass?

24 MR. WILLIAMS: Well, I wouldn't characterize it
25 that way, General, given a choice, simply because I

1 have no reason to believe that is going to happen.
2 I'd be amazed if anything of that scale happened. I
3 just don't think that's realistic.

4 ATTORNEY GENERAL MCCOLLUM: You don't think
5 that \$300 million figure is realistic, is what
6 you're saying?

7 MR. WILLIAMS: Well, I'm saying, I don't see
8 any probability that we would ever suffer losses of
9 that magnitude. It's sort of like if you had said,
10 in March of 2008, if you sold the entire assets of
11 the Florida Retirement System Trust Fund, based on
12 current market as of that date, you would have
13 netted \$83 billion.

14 So you could have wrung your hands at that
15 point and said, this is terrible, we've just lost
16 all this money. Well, that was a mark to market
17 number. And as I said a moment ago, the FRS
18 valuation is more like 118 billion today. So why
19 would you fixate on a particular value at a
20 particular point in time? If you don't have to
21 sell, you don't have to sell. And that's a position
22 of strength.

23 And it's one of the great assets we have in the
24 pension fund, because the fact that we are not
25 liquidity constrained, as a number of other funds

1 are, gives us the flexibility to take advantage and
2 make longer term investments that ultimately will
3 reward our beneficiaries and indirectly our
4 taxpayers as a consequence.

5 ATTORNEY GENERAL MCCOLLUM: Thank you.

6 MR. WILLIAMS: Thank you. A couple of other
7 quick points I just wanted to touch on. One is on
8 the inspector general. You know that Bruce Meeks
9 retired in June. We have -- where is Melinda? Is
10 she here? We have been through an exhaustive
11 selection process and identified Melinda Miguel,
12 Chief Inspector General of the State from Governor
13 Crist's staff, who will be joining us on 8 November.

14 We look forward to that. We had a wonderful
15 group of applicants, had several who are very, very
16 highly qualified. This was not an easy decision.
17 But Melinda is just outstanding in every way. Our
18 understanding is she's the interim president of the
19 National Association of Inspectors General. So I
20 guess one could argue, given her credentials and
21 that honor, that we've netted the best inspector
22 general in the United States. We are --

23 GOVERNOR CRIST: She is indeed that.

24 (Applause)

25 GOVERNOR CRIST: Melinda is in a class by

1 herself.

2 MS. MIGUEL: Thank you, Governor.

3 MR. WILLIAMS: Thank you. We are also in the
4 market for a new COO/CFO. Gwenn Thomas, who is
5 here, is retiring, as you know. We've advertised
6 that position nationally. We have not made a
7 determination we will go outside, but we thought it
8 was important enough to look both inside the
9 organization and outside.

10 We had roughly 140 responses to our ad. We
11 have basically segmented the qualified applicants
12 into three groups, those who could potentially be
13 both CFO and COO, in which case a single individual
14 could assume the responsibilities, as Gwenn did,
15 those who are qualified to be COO and those who are
16 qualified to be CFO.

17 So we are in process of combing through those
18 presently and will report back to you on our
19 progress. But we do have some very strong folks
20 there.

21 CFO SINK: Governor, if you don't mind, I'll
22 just make a comment about that.

23 GOVERNOR CRIST: Sure, of course.

24 CFO SINK: Aside from you, Ash, this is one of
25 the key roles and responsibilities in the fund, and

1 we appreciate all of our investment people back
2 there, Kevin and Michael and everybody else. But
3 unless we have the right controls in place and the
4 right administration and the right operations,
5 you-all deal with 15,000 different investments and
6 maybe more.

7 That's a big, huge job. And I just would
8 encourage you to be sure we look nationwide to get
9 the very best person, and if that very best person
10 happens to be sitting right under your nose, that's
11 all for the good. But we owe it to ourselves to
12 offer this up pretty broadly.

13 MR. WILLIAMS: Agreed.

14 CFO SINK: The fourth largest pension fund in
15 the country, we ought to attract some good
16 candidates.

17 MR. WILLIAMS: I couldn't agree more. I
18 couldn't agree more. The last thing I wanted to
19 touch on and then go into a couple of slides, if I
20 may, about the portfolio is I shared with you
21 recently a letter we received from the Financial
22 Crisis Inquiry Commission.

23 This is a federal body that was created, I
24 guess in '09, for the purpose of looking into the
25 causes and effects of the economic downturn and

1 financial upheaval that affected not only the U.S.
2 but the entire industrialized world and is trying to
3 draw some inferences from that experience.

4 It's absolutely a worthwhile effort. And to
5 the extent we can help them in trying to shed some
6 light on various factors related to that set of
7 events and the consequence thereof, we think that's
8 a very constructive use of our time and we'll do so.

9 Nothing really to report there, other than we
10 are working on collecting the information requested
11 and will provide it timely.

12 CFO SINK: And would you just clarify that this
13 is not a letter to say that we are being
14 investigated. It is a letter that asked us for
15 information, because my presumption from what I've
16 read is that they're looking at a number of these
17 potential sales abuses that occurred in many
18 different funds across the country to determine what
19 happened, what went wrong, where were the
20 regulators, et cetera.

21 MR. WILLIAMS: That's correct. And I think
22 guidance can be taken from the name of the group.
23 It's the Financial Crisis Inquiry Commission. The
24 operative term there seems to be "inquiry." And I
25 have no reason to believe it's anything other than

1 that.

2 And, again, I think, if you think about it,
3 their mission is to look at causes and effects. And
4 it's perhaps speculation on my part, I'll admit, but
5 it's perhaps as likely that the local government
6 pool experience was as much an effect as it was a
7 cause, probably more so an effect than a cause. So
8 that's where that sits.

9 Why don't we move into the materials, if we
10 could, under Tab 2 and just look at a couple of
11 things very quickly. On page two you will see
12 mandate numbers, and this was put together as of 17
13 September. And as I said earlier, the actual FRS
14 balance as of last night's close was 117.9 billion,
15 so up a bit there. The investment plan likewise up
16 slightly.

17 But what you'll see overall is I think a good,
18 strong picture in terms of assets. Let's move on to
19 page three and look at a high level picture of
20 performance. I would encourage you here to look at
21 the longer term numbers because those obviously are
22 the most relevant.

23 And I think on the pension plan, what you'll
24 see, if you look at the one-, three-, five- and
25 ten-year columns, is that all of the performance for

1 those periods of time relative to benchmark is
2 positive. I think that tells you something about
3 the direction we're headed.

4 Moving on to page four, if you look at the
5 various components of the pension plan, the
6 different asset classes, and if you look at the --
7 basically from that first blue bar down through the
8 last white bar, where you'll get the six asset
9 classes, again, you'll see a strong contribution
10 coming from a range of different areas. And that's
11 what gets you the aggregate outperformance for the
12 fund.

13 Moving on to page five, touching on a couple of
14 areas of investment focus. First, private equity.
15 You'll remember we discussed, golly, a year and a
16 half or longer ago the potential for some of the
17 private equity investments that had been made during
18 the balloon period of the market, if you will, that
19 had been brought into the portfolio at somewhat
20 higher prices, that the GPs were working hard to get
21 those back in bounds, de-lever them, make management
22 changes, otherwise add value and position as to
23 realized value over time.

24 Happy to report today that that effort has been
25 very, very successful in those few funds that had

1 some sort of challenges related to them. And if you
2 add those results to the many other funds that
3 didn't have any such challenges, the collective
4 benefit of that is about 20 percent performance gain
5 over the last 12 months. That's obviously a pretty
6 meaningful add to a portfolio.

7 We also are positioned well to take advantage
8 of opportunities that present themselves as we
9 continue our path through the current recovery. We
10 have about four and a half billion dollars currently
11 in uncalled capital commitments, which means that
12 we've selected managers whose strategies we believe
13 are very, very well suited to the environment we're
14 now in.

15 We've made the capital commitment. The
16 documents are all in place, and we're now simply
17 waiting for them to say, okay, I've found an
18 opportunity, I need X dollars, please wire me the
19 money. That's capital call. We respond to those.
20 The money gets put to work, and on you go. That's
21 how investments in private equity are made.

22 In the real estate area, it is no secret that
23 the recovery is slow. There are a range of factors
24 that are continuing to hold down real estate values
25 in different parts of our economy. We are not

1 immune to that. The important part of where we're
2 positioned -- and this is in contrast to a number of
3 other very large public funds -- is that the vast
4 majority of our real estate exposure is in
5 directly-owned properties that are leased up and
6 have very, very low leverage.

7 So rather than being in properties or in
8 investments that are in fund structures where you
9 have leverage, you have no control over the
10 properties other than your selection of the GP, et
11 cetera, we're fairly conservatively positioned in
12 that regard.

13 We likewise have got significant committed but
14 uncalled capital out there looking for opportunistic
15 investments that could become available as a
16 consequence of the distress in the real estate
17 markets.

18 So, again, I think our core positions are good.
19 And that's not to say some of them won't be
20 challenged. They absolutely will. But the analogy
21 we sometimes use is that you can be a farmer and
22 have a very productive farm, even if the occasional
23 plant suffers from drought and withers and dies or
24 gets a disease or whatever. You will always have a
25 handful of investments out of that 15,000 the CFO

1 referred to a moment ago that are challenged.
2 You'll have some that suffer the ultimate
3 consequence, as Peter Cooper Village did that we
4 talked about a year or so ago.

5 But as these numbers illustrate and the
6 performance numbers you'll hear later will
7 illustrate even more strongly, that in no way means
8 that we're not getting the job done in the asset
9 class broadly or in the fund overall.

10 Moving on, on page six, strategic investments
11 up 18 percent over the last 12 months, largely
12 because of opportunistic debt funds. Again, we all
13 know we're in an environment where capital is hard
14 to come by for a lot of players in the market. And
15 if you can be a provider of capital for
16 restructurings or other opportunistic investments,
17 do your underwriting carefully and be prudent in
18 your entries and exits, you can do very well. And
19 that's why you pay fees to debt fund managers, and
20 they've done a good job for us.

21 Again, like private equity and real estate, we
22 have very significant commitments out there, with
23 funds that we think are well chosen for the
24 environment we're in and will be coming out of in
25 the next few years hopefully, so that we are

1 positioned to take advantage of things as they come
2 down the pike in the way of investment
3 opportunities.

4 Likewise, we continue and are in various stages
5 of research or negotiation in other strategic
6 investment areas, including credit funds,
7 residential and commercial real estate funds,
8 corporate governance activist funds, timberland,
9 infrastructure and hedge funds.

10 ATTORNEY GENERAL McCOLLUM: Could I ask you a
11 question there?

12 MR. WILLIAMS: Yes.

13 ATTORNEY GENERAL McCOLLUM: Your critics, our
14 critics say that hedge funds are too risky. What do
15 you say in answer to that?

16 MR. WILLIAMS: I'll be honest with you. I
17 think that's a very frustrating bit of
18 misinformation. Hedge funds really, in my mind, are
19 nothing other than investment structure. Hedge fund
20 commonly means that the manager of the fund is paid
21 a management fee, which is some levy on assets,
22 commonly one to two percent.

23 And in addition to that, they're paid a fee on
24 gains. So, that is, they get a portion of the gains
25 on the fund, commonly 20 percent. So if you had a

1 \$1,000 investment in one of these funds, it was up
2 by 10 percent, that would be \$100, you would get 80,
3 the manager would get 20.

4 What that means is there's a very strong
5 alignment of interest between the underlying
6 investor and the manager, because the only way the
7 manager makes serious money is if the investor first
8 makes serious money.

9 That said, there's absolutely nothing about the
10 management structure that prescribes what the
11 underlying investment strategy is. And that's the
12 primary place the risk comes from. So you could
13 think of the risk of the strategy itself based on
14 things like what the underlying security focus is,
15 is it U.S. investment-grade bonds or is it equities
16 in frontier markets, about as two different extremes
17 of a security volatility nature as you could have.

18 How much leverage is present? What's the
19 nature of the investment strategy? Is it
20 fundamental, where you can sit down and understand
21 why a given position makes sense on a fundamental
22 economic analysis, or is it some secret black box?
23 Is there leverage? Is there no leverage? Is there
24 a lot of leverage, or is there something in between?

25 We look at all of those factors. And my own

1 view is that perhaps the best statistic I can offer
2 you about the relative risk of hedge funds to other
3 types of investments is if we think of the most
4 horrendous recent year in U.S. securities markets
5 and global securities markets, it would be 2008.
6 And in that year the S&P 500 was down roughly
7 40 percent.

8 If you look at the Hedge Fund Research Index,
9 HFRI, which is the most broadly accepted, broad
10 hedge fund industry performance measure, it was down
11 about 19 percent. So you have to say, well, gee, if
12 I started the year with \$100 and I had the choice of
13 being in the U.S. equity market and ending the year
14 with 60 or having a portfolio of hedge funds and
15 ending the year with 81, would you rather have 60 or
16 81? You tell me. Where's the risk?

17 That is why the primary investors in hedge
18 funds are endowments, foundations, very wealthy
19 families who have family offices, et cetera,
20 corporate pension funds, and a number of public
21 pension funds as well. So I think hedge funds have
22 unfairly gotten a bad wrap.

23 And the idea that most of them are unregulated
24 is not going to be true for very long. Under the
25 Financial Reform Act that was recently adopted in

1 Congress, the SEC now has authority to regulate
2 hedge funds. No reason to believe they won't over
3 time, and a number of them are already registered by
4 their own choice.

5 That said, being registered with the SEC in and
6 of itself is no guarantee of safety, as we know from
7 WorldCom, Enron, Madoff, et cetera. Incidentally,
8 none of those entities -- and those were all very
9 serious problems -- were hedge funds, none of them.

10 So I think it's all in how you go at it. The
11 advisory firm we're using to help us build our hedge
12 fund portfolio is Cambridge Associates. They're the
13 best, the largest and most highly regarded in the
14 world. We're taking a go slow, be careful, be
15 prudent approach. We will continue to do that, and
16 the funds we're focusing on are of institutional
17 grade.

18 We're not only using Cambridge to do the due
19 diligence on them, but we're visiting them ourselves
20 on multiple occasions, checking out references,
21 checking who their other investors are, et cetera,
22 making sure we have appropriate transparency, and
23 there's nothing hasty here.

24 ATTORNEY GENERAL MCCOLLUM: So as I understand
25 it, from what you're saying, hedge funds are not

1 inherently risky. It's a structure.

2 MR. WILLIAMS: That's right.

3 ATTORNEY GENERAL McCOLLUM: And there are some
4 hedge funds that probably are risky, but you look at
5 them, this group that we've hired looks at them, and
6 we're looking at being in things that aren't any
7 riskier than other types of investments, and you
8 believe the structure allows for a more likely good
9 return because of the incentives and the way the
10 appropriate hedge funds are structured. Is that the
11 bottom line?

12 MR. WILLIAMS: That is the bottom line. I
13 would go even further and say that a representation
14 has falsely been made in some of the media that the
15 foray into hedge funds and alternatives generally is
16 an effort to take more risk in hopes of getting a
17 higher return. That is just 180 degrees off the
18 truth.

19 The fact of the matter is, if you look at the
20 return assumptions we're using on hedge funds, it's
21 actually slightly below U.S. equities. That's
22 counterintuitive, but that's what we're seeing. And
23 the reason we're putting them in the portfolio is
24 that they're dramatically less volatile, number one,
25 and number two, they tend not be as correlative.

1 Go back to my example of 2008. If you had a
2 portfolio in 2008 that had some component of hedge
3 funds in it that did not go down as much as the
4 broad equity market and maybe moved at different
5 times, then your overall fund performance would
6 actually do better.

7 And that's why in our June meeting the analysis
8 came back from EnnisKnupp, after doing literally
9 thousands of simulations ranging from extremely
10 severely unmentionably bad markets to blow-offs to
11 the upside type markets, the general consensus of
12 all those simulations was we actually lowered the
13 risk in the portfolio by adding a small increment of
14 hedge funds, slightly increasing our exposure in
15 real estate, slightly increasing our exposure in
16 private equity, et cetera, and at the same time
17 increase the net present value of the fund, looking
18 forward 15 years, by \$2 billion.

19 Yes, that's somewhat counterintuitive, but
20 that's the math. And if you go to any major
21 institution in the world, it holds up, and we'll
22 stand behind it.

23 ATTORNEY GENERAL McCOLLUM: Thank you.

24 MR. WILLIAMS: So with that introduction, why
25 don't we move on and go into the investment

1 performance report. And we have with us Mr. Steve
2 Cummings from Hewitt EnnisKnupp.

3 MR. CUMMINGS: Thanks, Ash. Thank you,
4 Governor Crist, Trustees. Good afternoon. As Ash
5 mentioned, I am here before you for the first time
6 as a representative of Hewitt EnnisKnupp. On
7 September 1st EnnisKnupp & Associates became part of
8 Hewitt Associates.

9 And I will just briefly let you know three
10 things. I have been named as CEO of the combined
11 organization. So I am in charge of the slightly
12 larger investment consulting group called Hewitt
13 EnnisKnupp. We remain an independent firm. We
14 maintain independence from the investment managers
15 that we evaluate on behalf of our clients.

16 And most importantly, I hope, your consulting
17 team remains unchanged. Kristen Doyle and Mike
18 Sebastian are with me today, and the three of us
19 will continue to serve as long as we are welcome.
20 So with that, I'd be happy to answer any questions,
21 but I was going to get right into the presentation.

22 I'm going to reiterate a few of the things that
23 Ash has already shared with you. It's mostly good
24 news today. I'm going to spend a little bit of time
25 talking about the numbers, the absolute returns that

1 were earned by the various portfolios that Ash
2 summarized, compare it to benchmarks, give you a
3 little bit of peer comparisons and then revisit this
4 notion of fees, both on the DB plan and the
5 participant-directed plan. And I think you'll agree
6 with me that the news is very good.

7 We'll turn to the next slide, slide three in
8 this deck. We always start these presentations with
9 a brief recap of what the capital markets have done
10 to us. So we can't control the capital markets, but
11 we can try to ensure that your portfolios are
12 structured to participate on the up side and
13 hopefully insulate us on the down side.

14 As you see for the last 12 months, although the
15 numbers in this report are as of June 30th, 2010, we
16 had some very strong performance in the equity
17 markets, both domestically and abroad up until
18 really the end of the first quarter of this year.
19 And I think, as we all know, the second calendar
20 quarter of this year was disappointing, with a
21 downdraft in both of those markets. If we roll that
22 picture forward, it reversed again somewhat, and
23 we've seen a rebound in the equity markets.

24 We go forward two slides to the asset
25 allocation. This is an important risk control

1 mechanism. Each of the major asset classes in the
2 FRS has a target allocation and a permissible range
3 around that target. The bars on the left-hand side
4 represent those targets and ranges, and then the
5 orange bars represent the actual allocations as of
6 June 30th of the, at that point, \$109 billion
7 portfolio.

8 And you'll see that in no case are the actual
9 allocations outside the permissible bounds, which is
10 what we want to see in a portfolio of this nature.
11 And these target allocations do not reflect the new
12 target allocations that Ash referred to. As you
13 know, those are being phased in starting July 1st of
14 this year.

15 We flip forward two slides to the next bar
16 chart. This is a graphical representation of the
17 investment results of the FRS after fees compared to
18 the two benchmarks that we look at every quarter.
19 One is designed to be a relatively short-term
20 benchmark; how would this portfolio have performed
21 had it been invested entirely in index funds or
22 passively tracking the policy portfolio. And for
23 that comparison I ask you to compare the green bars
24 for the actual FRS results to the orange bars,
25 representing the performance benchmark.

1 And you'll note here graphically what Ash
2 mentioned to you earlier. In all periods shown
3 those bars represent an outperformance of the FRS
4 versus the benchmark, or in the cases of the two
5 downward pointing bars, where the markets were
6 negative, less downward than the benchmarks, which
7 is exactly what we hope to see in a portfolio of
8 this nature.

9 The second benchmark is a much longer term
10 benchmark, the absolute nominal target rate of
11 return, which as you may recall is the Consumer
12 Price Index plus five percent per annum. Over long
13 periods of time, this benchmark is very important.
14 Over short periods of time, it's going to either be
15 wildly beaten or wildly underperformed based on what
16 is a happening in the markets. And you will see
17 that is indeed the case for these shorter term
18 periods.

19 But if you turn your attention to the next
20 slide, you'll see that on the long-term, 15 to 30
21 years, in all cases that long-term absolute
22 benchmark has been not only met but handily beaten.

23 We like to look at trends as well, and the next
24 slide gives you a graphical representation of the
25 relative performance of the FRS versus that

1 benchmark over time. The reason we like to look at
2 this chart is to make sure that we're not seeing a
3 portfolio that earned all of its excess return over
4 a very short period of time. We like to see some
5 consistency in the way that value-added has been
6 produced over long periods of time, in this case a
7 full 10 years.

8 And although you'll have to squint a little
9 bit, this is a chart that we -- it looks very
10 attractive to us, a fairly smooth value added. The
11 turbulence of the greatest recession since the Great
12 Depression in 2008, 2009 produced a little bit of
13 rockiness but less so than we would have expected in
14 non-risk-controlled portfolios. And then as the
15 markets have rebounded, you see very nice
16 participation for last three quarters of this chart.

17 ATTORNEY GENERAL McCOLLUM: Could I ask you one
18 question?

19 MR. CUMMINGS: Certainly.

20 ATTORNEY GENERAL McCOLLUM: Before we get all
21 the way away from the long-term rate of return and
22 expectations, there has been criticism, not of our
23 fund, but nationally in the press recently about all
24 pension funds, government pension funds, not taking
25 into account the recent changes in fundamentals like

1 the real estate market in Florida, et cetera, and
2 that any comparisons to 15 or 20 years in the past
3 are not the way to project the future.

4 That's the shorthand of what I read into those.
5 They've been in the Wall Street Journal, New York
6 Times, publications like that. You obviously read
7 those things. What take do you give to that and
8 what should we?

9 MR. CUMMINGS: Well, that's a very good
10 question. We, as you may recall from our
11 asset-liability work with the FRS, use an economic
12 model that is a forward-looking model, and we look
13 forward 15 years, which we think is the right way to
14 think about expected returns for investment programs
15 of this nature. Unfortunately, it's an abstract
16 concept. When you're looking at an economic model
17 and a projection, it doesn't exhibit characteristics
18 that you can get your hands around and examine.
19 Whereas the historical track record presents you
20 with those factual results.

21 What we try to do with our clients is never
22 fail to observe what happened in the past, make sure
23 we understand what happened and how our portfolios
24 reacted or failed to react to it, but not to let the
25 rearview mirror drive the way we're driving a car,

1 to rely more on the economic forecast of the future,
2 while being informed by the past, but not
3 extrapolate past returns into future expectations.

4 So the work that we did with you-all did not
5 rely on our past laurels for future projections, but
6 it certainly was informed by them. So I guess I
7 would say, if I had to pick one, I would pick the
8 forward-looking economic oriented forecasting, but
9 it's nice to be able to have both in hand, just
10 don't rely too heavily on one versus the other.

11 ATTORNEY GENERAL McCOLLUM: I got the
12 impression that these critics were thinking that
13 those who do the modeling like you are looking out
14 through too rosy of glasses for the next few years
15 in whatever you do. But obviously that's
16 subjective, and there are many different ways of
17 looking at what the future holds, since none of us
18 really do know.

19 But I will leave it at that. I don't expect
20 you to fully respond to that. But that's an
21 observation. Nonetheless, there is a lot of
22 literature recently about public pension funds and
23 a -- that we're too comfortable in our skin, that we
24 trustees here would be listening to you project out
25 into the future, and yet we shouldn't be feeling

1 that that's likely to occur in 15 or 20 years.

2 But I don't, again, expect you have much you
3 can comment on about that. I just know that that's
4 the literature that's out there right now in the
5 past two or three months.

6 MR. CUMMINGS: And one comment, General
7 McCollum, and that is that I recognize those
8 criticisms. And our 15-year forecast will
9 undoubtedly be wrong one way or the other. It's
10 very rarely exactly right. But I can tell you we've
11 been using this methodology to do that 15-year
12 forecast for about 15 years, and we have never been
13 more pessimistic about the expected returns for
14 stocks and even fixed income, I believe, than we are
15 currently.

16 So we still may have slightly rose-colored
17 glasses in the eyes of some, but they're the weakest
18 shade of rose they've ever been.

19 ATTORNEY GENERAL MCCOLLUM: So you're
20 suggesting we might get a pleasant surprise because
21 you're predicting pessimism.

22 MR. CUMMINGS: I certainly hope so, certainly
23 hope so. Shall I move on? Thank you. The next
24 slide is one that can be a little bit confusing, but
25 I always like to stop on it, because what we've done

1 here is deconstruct the relative performance of the
2 FRS over the last one-year and five-year periods,
3 which has been positive relative to its benchmark,
4 into the various asset classes.

5 The size of those bars for the different asset
6 classes, domestic equity, strategic investments,
7 foreign equity, et cetera, are a function of how
8 well that portfolio performed versus its particular
9 benchmark and how large a component of the portfolio
10 it is. So larger components have a larger
11 contribution, and larger outperformance or
12 underperformance will have a larger impact.

13 What you see here is some very large bars to
14 the right contributing to that bottom line
15 significant outperformance of 267 basis points, or
16 2.67 percent, the largest two coming from strategic
17 investments and fixed income.

18 Now, as you may recall from a couple of years
19 ago, we saw the opposite picture for the fixed
20 income component of the portfolio, where it was a
21 significant detractor from the relative performance.
22 What we're seeing here is the flip side of the
23 recovery in the fixed income markets. The fixed
24 income portfolio was adversely affected during the
25 recession, and those same holdings are now

1 rebounding quite nicely. So it's good to see what
2 we predicted two years ago has actually come to
3 pass.

4 Similarly, in the strategic investments, it is
5 the debt-oriented strategies in that area that have
6 been particularly successful in beating the
7 benchmark. So the fixed income markets have
8 contributed in several ways to this relative
9 performance.

10 On the right-hand side, the standout bar for me
11 is the real estate Ash mentioned, that the
12 directly-held properties in the real estate
13 portfolio are performing quite nicely, and that's
14 borne out in this nearly complete explanation of the
15 total fund return, 29 out of the 32 basis points
16 coming from the real estate portfolio. So a very
17 positive picture.

18 Moving now into peer comparisons, the first one
19 is the TUCS, the Trust Universe Comparison Service.
20 In a real sense, there is no true peer for the FRS,
21 but what we have done is look at the largest ten
22 defined benefit plans in this universe, represents
23 about \$878 billion in total assets, with a median
24 fund size of \$66 billion.

25 The pie chart on the following page gives you

1 kind of a rough graphical representation of the
2 differences between the FRS and the TUCS. And these
3 differences in asset allocation are the primary
4 drivers of the differences in the returns. The big
5 differences here is the TUCS average large plan has
6 a larger allocation to private equity and hedge
7 funds and a smaller or a lower allocation to
8 domestic equity. Is there a question?

9 CFO SINK: Steve, I have a question.

10 MR. CUMMINGS: Yes, ma'am.

11 CFO SINK: The TUCS, you say the top ten, are
12 these all public pension funds, or are they -- are
13 some of them private pension funds?

14 MR. CUMMINGS: I believe they're all public.

15 No?

16 MS. DOYLE: There are a couple of corporate.

17 MR. CUMMINGS: A couple of corporates that are
18 in there are that large? Do you happen to know the
19 combination?

20 CFO SINK: But the majority are the publics,
21 but there are some corporates in there. Okay, thank
22 you.

23 MR. CUMMINGS: Yeah. There may be -- there
24 couldn't be more than a few corporates that are that
25 large.

1 CFO SINK: Could you just get that to my staff?
2 Not today. But I'd just be curious as to what they
3 are.

4 MR. CUMMINGS: Certainly, we will.

5 CFO SINK: And the sizes also.

6 MR. CUMMINGS: And the sizes?

7 CFO SINK: Yeah.

8 MR. CUMMINGS: I think we have that information
9 as well. We will get it to you.

10 CFO SINK: Thank you.

11 MR. CUMMINGS: Certainly. So the primary
12 drivers here again are the differences in the
13 allocations between TUCS large funds to private
14 equity and hedge funds and domestic equity. If you
15 look at --

16 CFO SINK: Another comment to make along the
17 lines that General McCollum what talking about, too,
18 is that clearly these other ten largest funds have
19 been ahead of Florida, if you will, in terms of
20 getting out there in some of these alternative and
21 strategic investments. So we're not engaging in
22 funds, any kind of path that is not already accepted
23 practices at the other large funds.

24 MR. CUMMINGS: That's correct. One of the
25 weaknesses of the TUCS system is that there's a

1 little bit of opacity to the actual composition of
2 their alternatives buckets. We can't see through to
3 the actual holdings, but I'm very confident that
4 that is indeed the case.

5 CFO SINK: Thank you.

6 MR. CUMMINGS: If we look at the performance
7 differences on the next slide, you'll see that for
8 the most recent quarter the FRS underperformed the
9 TUCS universe top ten and then for the longest time
10 period. The reasons for that underperformance are
11 different. In the most recent quarter, with the FRS
12 having more in stock and stocks having that negative
13 downdraft, that's the primary driver, we believe, of
14 that difference.

15 Over the very long period, the ten years, that
16 underperformance we think is mostly a function of a
17 lower allocation to the alternative investment
18 market with the FRS program historically versus this
19 peer group. But the central periods, one, three and
20 five years, you'll see that the FRS performed
21 handily versus the TUCS universe.

22 I should note here, it's mentioned in the
23 exhibit, but to make an apples-to-apples comparison,
24 these numbers are reported before investment fees so
25 that they would be appropriately compared.

1 The next slide shows the same information
2 graphically. There's been such volatility in the
3 markets it's hard to make head or tails out of these
4 charts these days. The gray bars represent
5 percentile distributions of those top ten funds.
6 The top of the gray bar is the top five percent.
7 The bottom of the gray bar is the bottom five
8 percent.

9 And it's difficult to tease out how FRS ranks,
10 but if you look at the numbers at the bottom, a low
11 ranking is good. So a 25th percentile ranking means
12 top quartile. So one-, three- and five-year, top
13 quartile to top third and then bottom quartile --
14 the boundary between the bottom and the third
15 quartile for the ten-year period. A very, very
16 tight distribution.

17 We're a little hesitant to rely too heavily on
18 these types of analyses when the sample size is so
19 very, very small. With only ten funds, it's hard to
20 draw too many conclusions from this type of
21 analysis, but that's what the data says.

22 Ash mentioned Cost Effectiveness Measurement.
23 We were very gratified, when we started working with
24 the Florida SBA, that they are a member of this
25 survey. We think it's the best in the industry, and

1 many of our clients use it. If you look to the next
2 slide, you get an idea of the peer group that has
3 been constructed for FRS, with 17 public and
4 corporate pension funds, a little over a trillion
5 dollars in total assets, \$68 billion average size,
6 and then ranging from 32 to 203 billion.

7 And then the chart on the next page gives us a
8 little more information. It's the same sort of gray
9 bar chart, with a fifth percentile median, 25th,
10 75th and 95th percentile. What you'll see here
11 graphically is what Ash referred to earlier. The
12 total cost of the FRS is very, very competitive,
13 ranking in the 13th percentile. And in this
14 particular chart, obviously low is better than high,
15 unlike other -- as opposed to returns.

16 And we were asked yesterday to what do we
17 attribute this very, very favorable cost structure.
18 And there's a couple of things that we think are
19 driving this. The first is a healthy allocation to
20 passive management in the FRS, which is a low cost
21 way of getting access to the capital markets.
22 There's a heavy use of internal investment
23 management, which generally is lower cost than
24 externally hired managers, and the internal
25 management is very competitively priced at the SBA.

1 And then lastly but not leastly, there's a very
2 aggressive fee negotiation that goes on on the part
3 of staff whenever external management is used, to
4 make sure that those fees are as competitive as they
5 can be, and obviously it's fair and prudent. Any
6 questions on the FRS before I move on?

7 The next several slides -- thank you. So here
8 we have a comparison of the investment returns, and
9 the 11.07 is rounded here to 11.1 on my slide for
10 the one-year period for the investment plan. Every
11 time we're before you we give you two comparisons.
12 We compare the plan to its aggregate benchmarks, but
13 we also compare to this thing called an average
14 defined contribution plan.

15 Well, unfortunately, I know I've given you this
16 disclaimer before. There is no amalgamation of
17 defined contribution plans. So what we use here is
18 a construct. What we look at is the average
19 allocations of defined contribution plans that we
20 get from a Council of America Survey. And then we
21 load into that average allocation the median return
22 from Morningstar's database of mutual funds.

23 The reason I give you that caveat is you'll
24 notice that relative to the FRS, it looks like the
25 FRS underperformed the average defined contribution

1 plan for the year by 2.8 percent, which is true.
2 The primary driver there is the so-called average
3 defined contribution plan has over 20 percent
4 allocated to company stock. Obviously, there is not
5 a company stock proxy for this plan.

6 So when we model the company stock component of
7 the average defined contribution plan, we load into
8 that component the return of the U.S. stock market.
9 Over the last year that's been a very strong market.
10 So we completely attribute that performance to that
11 quirk, if you will, of this comparison.

12 We always say that the most relevant comparison
13 in our minds is the one at the lower part of this
14 table that compares the FRS to an aggregation of its
15 benchmarks, what those individual portfolios are set
16 out to be. And here you see a very favorable
17 picture. Over all three time periods,
18 outperformance on the part of the FRS.

19 The next slide goes back to fees. I love
20 showing you fees because they look good. At the top
21 of the page we have the average plan expense ratio
22 versus corporate defined contribution plan expense
23 ratios. And for that we're using large corporate
24 plans. We have a universe of 20 plans with assets
25 between 2 and 11 billion. That may not seem large

1 to you, but it is large in the corporate defined
2 contribution space. And you can see the FRS expense
3 ratios are four basis points lower than those in
4 that peer.

5 We've also included a comparison for you of the
6 typical defined benefit plan investment management
7 fees, because it's often said that defined
8 contribution plans are fundamentally more expensive
9 than defined benefit counterparts. And I find it
10 interesting to see that in the case of Florida, your
11 participant-directed plan is less expensive than
12 defined benefit plans of both corporate and public
13 fund peers. So, again, hopefully you'll agree a
14 very favorable picture.

15 On that continued theme, the next slide shows
16 the fees by option. And I won't belabor it other
17 than to say there is no area of the investment
18 program where the fees in this plan are not cheaper
19 than the average mutual fund fees. So, again, very
20 competitive.

21 The next slide shows the change in assets in
22 this plan. You'll see the dip is a result of the
23 recession and subsequent recovery. And more
24 interesting to me is always the next slide, which
25 shows the investment plan membership continuing to

1 increase with nearly 128,000 participants at fiscal
2 yearend. Any questions on the investment plan?

3 ATTORNEY GENERAL McCOLLUM: Actually, I have
4 one overall question in that regard. Have you
5 examined the methodology by which our pension fund,
6 our State Board of Administration determines its
7 benchmark or its benchmarks?

8 MR. CUMMINGS: Yes. In fact, we did a study
9 last year?

10 MR. SABASTIAN: This year.

11 MR. CUMMINGS: It was earlier this year. Yes,
12 we do routinely evaluate benchmarks on all aspects
13 of the investment program, across all the
14 portfolios, and routinely come with recommendations
15 for changes when there's a new benchmark that exists
16 in the marketplace or a change in the portfolio that
17 suggests that a benchmark might be worth revisiting.

18 We try not to encourage frequent benchmark
19 shifts because it can make score-keeping challenging
20 and complicated. But we do regularly examine the
21 benchmarks.

22 ATTORNEY GENERAL McCOLLUM: The reason I ask
23 that is simply because, as you referred to several
24 times today and you have in the past in reporting to
25 us, that the benchmark is the most important thing

1 for us to compare to. So obviously the validity of
2 the benchmark becomes ever more significant. I just
3 wanted to know the degree that you got involved with
4 it and continue to do that. Do you do this
5 annually, looking at benchmarks, with us?

6 MR. CUMMINGS: It's at least every other year
7 that we look at benchmarks. I'm looking at my
8 colleagues, if they may have a recollection, or Ash,
9 if you recall.

10 MR. WILLIAMS: They certainly get looked at
11 every time there's any change in what we're doing.
12 So, for example, the shift from separate domestic
13 and non-U.S. equities to a global benchmark would
14 represent a fine-tuning, or if you add hedge funds
15 or you add this or that or the other, there's always
16 a fine-tuning.

17 MR. CUMMINGS: We also have a tendency to
18 revisit benchmarks across all our portfolios
19 whenever there's a change in benchmark providers.
20 There's been a lot of mergers and acquisitions in
21 the industry of calculating benchmarks. And when
22 they buy a benchmarking firm, they feel like they
23 have to tweak the methodology a little bit. And
24 every time that happens, we have to go back and
25 revisit the benchmarks to make sure they continue to

1 be the appropriate ones.

2 So it's not a routine and regulated part of our
3 service, but it is kind of a continuous -- an
4 ongoing effort to make sure that we're always using
5 the right benchmarks.

6 ATTORNEY GENERAL McCOLLUM: Thank you.

7 MR. CUMMINGS: Turning now to the PRIME fund,
8 we have the performance here of the PRIME fund
9 relative to its benchmark over all periods ending
10 June 30th. A couple of things driving the favorable
11 results here. As you see, the results are ahead of
12 benchmark in all periods. An important one Ash
13 alluded to during his comments. This is a very,
14 very cost-effective program, which is a theme for my
15 comments today, I think. Three basis points was the
16 exact figure.

17 The benchmark has an amalgamation of other
18 government investment pools, but I'm certain that
19 the average fee is higher than three basis points.
20 I don't have the statistic handy, but I know three
21 basis points is among the cheapest if not the
22 cheapest. So obviously very strong and consistent
23 results for that portfolio.

24 The next slide shows the cash flows, the
25 opening balance compared to the ending balance. As

1 is usual, participant deposits and participant
2 withdrawals are large. That's not unusual for this
3 portfolio. You also will notice the transfers from
4 Fund B of a little over \$26 million.

5 The next slide gives you an idea --

6 CFO SINK: Excuse me. The transfers from Fund
7 B, I thought that when we got liquidity out of Fund
8 B, they were going straight to the investors. Is
9 that not right?

10 MR. CUMMINGS: I believe the way this is -- and
11 I'll turn to my colleagues if I get this wrong -- is
12 we wanted to record that the money came back, but it
13 doesn't stay. It also then factors into the
14 participant withdrawals. We wanted to be able to
15 record here that this is the amount from Fund B.

16 CFO SINK: So there hasn't been a change in
17 policy.

18 MR. WILLIAMS: No.

19 CFO SINK: It's incorporated into those
20 withdrawals.

21 MR. CUMMINGS: Right. We just didn't want it
22 to get completely swamped by the regular
23 contributions and withdrawals, so you can see the
24 magnitude of that particular cash flow.

25 The next slide just gives you an idea of the

1 quality and liquidity. About 90 percent of this
2 portfolio is liquid within 90 days, so a very liquid
3 portfolio and a very high quality, with nothing but
4 A1 paper in there, and 70 percent of it being
5 A1-plus paper. Again, no real change in this
6 characteristic since the last time.

7 This is a lot of numbers on the page. The one
8 that is most important, I believe, is the one that
9 Ash referred to earlier, the bottom right-hand
10 number, which shows the proportion of original
11 principal returned to the participants out of Fund
12 B. And there's the 80 percent we referred to during
13 his comments, and the 422 million to the left there
14 of the remaining principal. Any questions on the
15 PRIME fund?

16 All right. I just have a few more slides. On
17 the Cat Fund, two portfolios here, about a little
18 over \$8 billion in total. If you flip to the next
19 slide, jump straight to the results. This is a tale
20 of credit spreads, really. This investment
21 portfolio has slightly more credit risk than the
22 benchmark. So you see during the three- and
23 five-year period, when we've got the recessionary
24 period, a slight underperformance relative to the
25 benchmark and a very strong bounce-back in the

1 one-year period, with results handily trouncing the
2 benchmark.

3 So the long year, ten-year period is the one
4 that kind of incorporates both the near term and the
5 mid term and shows a very positive result for the
6 Cat Fund. Again, we didn't like the downdraft that
7 we saw when the credit markets fell apart, but it's
8 nice to see that the portfolio performed on the
9 other side the way that we expected it to.

10 And then the last slide is for the Cat 2007A
11 fund, which again shows for a shorter time period,
12 but very strong favorable performance of the
13 portfolio versus its benchmark.

14 That concludes my prepared comments, other than
15 to finish how I started. The portfolio has
16 weathered the storm quite well, on a relative and
17 most recently on an absolute basis, and continues to
18 be, as Ash pointed out, a model for low cost
19 institutional investing.

20 GOVERNOR CRIST: Thank you, Steve.

21 MR. CUMMINGS: Thank you very much.

22 MR. WILLIAMS: Thank you, Steve. Why don't we
23 move into the standing reports, led by Mr. Bill
24 Sweeney, chairman of the Audit Committee.

25 MR. SWEENEY: Good afternoon. First I'd like

1 to introduced my colleagues on the committee, Kim
2 Mills and Judy Goodman. These are the people that
3 get to spend four or five hours monthly. The only
4 remuneration that I can tell that we get is a cup of
5 coffee, although management has served this in the
6 smallest cups. Lilliputian would be proud of them.
7 I think they were hoping that we would have a cup of
8 coffee and leave. And our defecting member,
9 Melinda -- I don't know if she's still here.

10 CFO SINK: She's back there.

11 GOVERNOR CRIST: She's here to defend herself.

12 MR. SWEENEY: She also, we're really looking
13 forward to cross-examining her in her new role.
14 There's lots of retribution to be had.

15 The first topic is the annual report or the
16 annual audit. About a year ago you directed us to
17 look into an independent audit of the funds of the
18 defined benefit and defined contribution. We
19 solicited proposals from national accounting firms,
20 selected a firm, and we are well on our way.

21 This is a major, major achievement in my mind,
22 that we are finally going to have an independent
23 audited statement of the two pension funds. I think
24 that not only the trustees deserve to have this, but
25 our beneficiaries.

1 Now, that's not to say that the funds were not
2 audited, because the auditor general did it, but it
3 was in a context of a statewide CAPRA. And to our
4 beneficiaries, that's very hard to then try to parse
5 out what belongs to them and what belongs to the
6 entire state.

7 We have -- the management has worked very
8 diligently to produce it, and we think they will
9 have that within a month, a financial statement, and
10 then we will have the audited report as scheduled
11 for December 15th.

12 I will say that having this firm aboard does,
13 at least in my mind, provide a lot of advantages to
14 your Audit Committee, and that is that while they
15 have auditors, we have skilled auditors as well with
16 the auditor general, but these auditors also have
17 access to specialists, and these specialists are all
18 over the country, and sometimes all they do is work
19 on hedge funds. They work on REITs. They work on
20 evaluations.

21 And I will have to tell you that that's been a
22 very impressive part of this process, is having
23 access to individuals who have worked with major
24 insurance companies, major banks, major investment
25 banks and financial investment funds.

1 CFO SINK: Bill, have they raised any flags at
2 this point in time over the way we've been looking
3 at or evaluating certain assets versus what they see
4 as being more standard practice?

5 MR. SWEENEY: As of this point they have not
6 raised any major -- one of the other interesting
7 specialties that they bring to the table is they are
8 auditing -- doing an IT audit, which is probably
9 only something that you're going to get from a major
10 firm. The other advantage of having a major firm
11 like this is, since this is their full-time
12 business, they have the luxury of being able to have
13 people go to the FASB meetings. They follow
14 Congress, and they're there when they're writing the
15 rules and regulations. And so this is something
16 that we will be able to take advantage of in the
17 future.

18 One of the other specialties, of course, they
19 have is an evaluation specialist, and this is
20 important in various aspects of the Board's
21 business. I think some people were apprehensive
22 about how the auditor general might feel about this.
23 And to my understanding, they've had several
24 meetings, and it's been very cooperative, and
25 they're working together.

1 With respect to some of the other audits that
2 we have delivered, these are now being -- we are now
3 hiring auditors who are directly reporting to the
4 Audit Committee. The direct-owned real estate, we
5 received the audits. And that is a major change in
6 the way business was done, since the asset manager
7 often employed the auditors, and this offers the
8 board and our participants at least some more degree
9 of independence.

10 Current audits that are being conducted, the
11 auditor general is doing the local government fund,
12 and the Cat Fund is being audited by Ernst & Young.

13 We would like to suggest and ask your approval
14 of a proposal that we think would be helpful, and
15 that is we want to preapprove three or four auditing
16 firms, go out and solicit, put them on an approved
17 list and have them ready to go for three years.

18 It's so difficult, the way our procurement
19 policies are, that it takes us six weeks, two months
20 to get somebody on board. And if you would approve
21 that, we will undertake to do that before the end of
22 the year.

23 CFO SINK: I see a lot of heads shaking.

24 GOVERNOR CRIST: Nodding.

25 CFO SINK: Nodding.

1 ATTORNEY GENERAL McCOLLUM: We don't need to
2 formally do anything to approve that?

3 MR. SWEENEY: The nods are good enough for me.

4 GOVERNOR CRIST: Unanimous nod.

5 CFO SINK: Maybe for the record, Bill, we ought
6 to put it in the record there are nods.

7 MR. SWEENEY: Of approval.

8 CFO SINK: Right. So the idea would be that
9 you would put an RFI or something out and say, we'd
10 like to have two or three accounting firms that
11 we've identified that do go through a competitive
12 process, that they become for a three-year period in
13 the stable of firms that we can call on when we have
14 something quick that we need to get done.

15 MR. SWEENEY: Exactly. Sort of like a shelf
16 registration.

17 CFO SINK: Right. I got that.

18 MR. SWEENEY: One of the other --

19 CFO SINK: But, Bill, excuse me. I think it's
20 also important to -- I don't know how you think
21 through this, but they ought to disclose how they
22 would charge in terms of their fees and that sort of
23 thing. What we don't want is an open-ended, well,
24 I'm on the list and I can charge whatever I want to.

25 MR. SWEENEY: We have thought about that, and

1 it's possible that we would show an assignment to
2 more than one and see what the price would be.

3 CFO SINK: Yeah, okay, that there would be
4 competition within the stable of firms that you
5 preapproved.

6 MR. SWEENEY: Right.

7 CFO SINK: Perfect, okay.

8 MR. SWEENEY: We now have a risk and compliance
9 officer making monthly reports to us. Eric Nelson
10 has done a good job with a lot of extra duties that
11 have been in response to prior audit criticisms.

12 My personal interest and one that we have
13 brought up before this board is the matter of
14 training our own people and continuing education.
15 To this end, the board has hired Cindy Stiff, and
16 she has been working -- she works for Eric, I guess,
17 but she's been working, and it's been an amazing
18 thing to me, what is out there, and she's surveyed
19 what other major financial institutions do.

20 And she has a whole -- she's hired a firm that
21 provides computer-generated courses. And I think
22 there are over 300 titles. Eric has warned me not
23 to get into the details because he has a report on
24 this later in the meeting. But I think we have
25 already had 100 people go through.

1 We also are, as I understand it, going to have
2 seminars on hedge funds, mortgage-backed securities,
3 third-party repos, Rule 144, things that are
4 directly related. And I think it's incumbent upon
5 us to give our employees the tools and the
6 education.

7 And the most expensive way is to send them all
8 over the country to seminars, and this seems to be
9 the modern trend and it's tele-education. And many
10 of the firms, in fact, I think the initial contact
11 was with Mellon, and they use this extensively. And
12 I think the first reports from employees who have
13 been through this are very favorable.

14 These are vigorous courses, and they are in
15 step so that you can take the first branch and keep
16 moving up. And since we do have some turnover, this
17 would be good to keep everyone working in the same
18 direction.

19 Now, with respect to our favorite -- my
20 favorite other subject is the audit recommendations.
21 As you know, when we started looking at this in
22 January of '09, we had 219 outstanding audit
23 recommendations. Today, from those 219, we have 27
24 that we haven't completed yet but anticipate that
25 those will be completed by the fiscal year.

1 Since January 1 of '09 we have 71. I think
2 it's slightly optimistic, but I've been told by the
3 internal auditing staff that we think that there are
4 now 55 of the 75 outstanding, and we're hoping to
5 have those complete by the end of the fiscal year.

6 So that would mean that what we would have is
7 whatever audits are being conducted this year. And
8 I think this is a major achievement by management,
9 who have worked very hard to reduce this backlog.

10 I think that our next sort of points of
11 emphasis might be a couple of things. Going back,
12 getting a more thorough report on liquidity and how
13 we're going to address that problem. It's going to
14 be a continuing problem. And another factor is a
15 catastrophic risk, how we are going to operate given
16 those, and the Audit Committee and all the standard
17 procedures, that's something that we have to think
18 about. And it's not only if the catastrophic event
19 occurs here, but what happens when it occurs
20 somewhere with like major dealers that we deal with.

21 And so we haven't yet taken the steps to go to
22 a remote site. I think other major financial
23 institutions have gone through this process. It's
24 really hard to bite that bullet the first time, to
25 see if you can go somewhere else and do your

1 business. But it's something we'll probably have to
2 do. And that concludes our report.

3 GOVERNOR CRIST: Thank you, sir.

4 MR. SWEENEY: Thank you.

5 GOVERNOR CRIST: Well done.

6 MR. WILLIAMS: Thank you, Bill. Moving on with
7 the standing reports, we have Patsy Heffner with us,
8 the chairperson of the Participant Local Government
9 Advisory Council.

10 MS. HEFFNER: Governor, Trustees. Since the
11 prior meeting in June of the trustees, the
12 Participant Local Government Advisory Council has
13 met once, September the 22nd, and our next quarterly
14 meeting is scheduled for December the 8th, 2010, in
15 Osceola County.

16 Since the last trustees meeting in June, the
17 council has continued to work on several issues
18 designed to improve the operations, client service
19 and investment management of the pool. Most
20 recently, over the quarter ending June 10th,
21 participant deposits totaled 2.69 billion.

22 Participant withdrawals totaled 3.03 billion, for a
23 net decrease of approximately 313 million.

24 Marginal net outflows were normal for this time
25 of year and are in line with the pool's historic

1 cash flow cycle. The SBA and Federated Investors
2 continue to implement elements that affect reforms
3 to Rule 2a-7, affecting the investment practices of
4 money market funds.

5 One of the significant changes, which were
6 approved by the Board of Trustees after review and
7 recommendation from the PLGAC and the IAC, impacted
8 minimum levels of liquidity for PRIME holdings.
9 Florida PRIME is now required to hold at least
10 10 percent in securities accessible within one day
11 and at least 30 percent in securities accessible
12 within seven days. These liquidity thresholds were
13 5 percent and 20 percent respectively prior to
14 July 1st investment policy changes.

15 These new investment policy obligations
16 represent even higher levels of liquidity for pool
17 investors and are a clear example of PRIME's
18 commitment to be a Rule 2a-7-like money market
19 investment vehicle. During the first week of July
20 we began to report the seven-day SEC yield to all
21 pool participants, in compliance with the Rule 2a-7
22 methodology.

23 For the period ending June 2010 Florida PRIME
24 has performed exceptionally well in the current
25 interest rate environment, outperforming its

1 investment benchmark over all time periods. For
2 pool investors Florida PRIME generated excess
3 returns, performance above the pool's benchmark, of
4 12 basis points over the last three months, seven
5 basis months over the last 12 months, and one basis
6 point over to last three years. Thank you.

7 CFO SINK: Thank you.

8 GOVERNOR CRIST: Thank you.

9 MR. WILLIAMS: Thank you, Patsy. Why don't we
10 move on to Mr. John Hill, chairman of the Investment
11 Advisory Council.

12 MR. HILL: Governor, Trustees, good afternoon.
13 I'm going to make the report as chairman of the IAC.
14 The IAC met yesterday with the executive director
15 and CIO, Mr. Ash Williams, and his leadership team
16 at the SBA for our Q3 update. The SBA and their
17 advisers reported to us on several fronts, including
18 performance, major initiatives or mandates update,
19 which was led by Kevin SigRist, the pension plan
20 performance review by EnnisKnupp, which we just got
21 a review of, and then the real estate performance
22 review by The Townsend Group.

23 So some of this has been reported, but in
24 summary, the fund has been performing well, as
25 reported to the IAC. As Ash mentioned, as of 9/23,

1 we are up to \$116 billion in the fund, up from
2 109 billion in June at our last meeting. Through
3 August of 2010, the pension plan was up almost
4 one percent for the third quarter and over eight
5 percent for year to date.

6 Relative to the benchmarks, the plan is ahead
7 of benchmark for the year by more than two percent.
8 And for the year the plan has generally been
9 performing well across all the sectors, with fixed
10 income and global equity performing the best
11 relative to targets. So I guess also the fund is in
12 balance relative to the respective allocation
13 categories and asset weights across all the
14 categories.

15 In regards to the major mandates that were
16 discussed with the IAC, the SBA has made some
17 initial investments in select debt securities and
18 hedge funds, and it is exploring investments in real
19 assets, including timberland, all in accordance with
20 the investment policy mandates. We also had an
21 update on risk management compliance and new hiring
22 efforts.

23 EnnisKnupp, as they did today, reviewed for us
24 in some more detail the recent and long-term
25 performance of the fund and the asset allocation of

1 the fund and its comparison relative to our peer
2 group. And as we heard from Steve Cummings, you
3 know, we're really generally favorably compared in
4 all regards. I'd say typically you're in the top
5 quartile or the top half of our peer group. So that
6 was good news.

7 And then the last part of our meeting had to do
8 with specifically looking at the real estate
9 performance, and The Townsend Group made a
10 presentation about that. And the real estate asset
11 category has been one of the best performing
12 categories and asset classes for the pension fund
13 over the long-term. They've exceeded the benchmarks
14 for one-year, three-year, five-year and ten-year.
15 The ten-year return is 7.1 percent.

16 So the real estate investments have included
17 kind of all the traditional core real estate
18 categories and also farmland and REITs, and they've
19 been about three-quarters percent direct and
20 25 percent through other funds. There's currently
21 about \$7 billion invested in the real estate asset
22 category, which is around seven percent of the fund.
23 And the real estate investment results have also
24 generally outperformed their peer group. So real
25 estate is a good story.

1 So, in summary, the pension fund is performing
2 well relative to benchmarks across all the sectors
3 and as measured against peer groups. So this was a
4 favorable meeting yesterday and a very positive
5 report. You know, one of the points that was made
6 was that -- and even where we have fallen short
7 somewhat, it's almost by conscious effort to take
8 less risk, to maybe take a little less return, so
9 that might not rank us quite as high but still
10 achieve a good result. Any questions of the IAC?

11 CFO SINK: I like these good reports.

12 GOVERNOR CRIST: Thank you, John.

13 MR. HILL: Okay. Thank you very much.

14 MR. WILLIAMS: Thank you, John. I just want to
15 say, as I always do, how much we appreciate the time
16 of our Audit, Investment Advisory and Participant
17 Local Government Advisory committee members. They
18 give generously of their time. Only Sweeney would
19 complain about the size of the coffee cups.

20 General Counsel. Maureen Hazen.

21 MS. HAZEN: Good afternoon. I'd like to start
22 my standing report today by discussing two major
23 developments in the law that have occurred during
24 the previous quarter. The first is the passage of
25 the Dodd-Frank Reform and Consumer Protection Act,

1 which was signed into law by the president on
2 July 21st. The act is very complex and will have
3 far-reaching effects on the financial markets in
4 general.

5 And other than the corporate governance
6 provisions that Michael McCauley will talk about
7 later, there are really three parts of the act that
8 have more direct impact on the SBA as an
9 institutional investor. The first two I'll discuss
10 now, and the third I'll mention during my discussion
11 of the Morrison case.

12 First, Title IV of the act, entitled the
13 Private Fund Investment Advisers Registration Act of
14 2010, generally eliminates the private fund
15 exemption from the registration requirements of the
16 Investment Advisers Act. So this will, going
17 forward, cover private funds generally with assets
18 under management in excess of \$150 million.

19 The act directs the SEC to promulgate rules
20 regarding record-keeping and reporting requirements
21 for these funds. I believe they have until next
22 July to enact those rules, but we anticipate the SEC
23 will start publishing proposed rules sometime
24 between October and December of this year.

25 The second portion of the act is Title VII,

1 entitled the Wall Street Transparency and
2 Accountability Act, which generally imposes
3 additional regulation on over-the-counter
4 derivatives markets, including mandatory clearing of
5 swaps. The act requires the SEC and the Commodities
6 Futures Trading Commission either individually or in
7 some cases jointly to promulgate final rules no
8 later, again, than July 11, 2011. We've already
9 started seeing the SEC and the CFTC propose advances
10 or publish advances to the proposed rules.

11 And as the SEC and CFTC do propose rules, SBA
12 staff will review them, analyze them and decide on a
13 case-by-case basis whether or not it's appropriate
14 for the SBA to comment as an institutional investor.

15 The second major legal development that I'd
16 like to discuss today is the Morrison case. On
17 June 24th, the United States Supreme Court issued an
18 opinion in the case styled *Morrison v. National*
19 *Australia Bank*. This case will have a profound
20 impact on securities fraud litigation and the
21 revenues that are available to U.S. institutional
22 investors like the SBA.

23 The facts of the Morrison case were limited to
24 a foreign plaintiff suing a foreign issuer, that is,
25 the National Australia Bank, for securities fraud

1 under Section 10(b) of the Securities Exchange Act
2 in connection with losses of stock which was
3 purchased on a foreign stock exchange, the Australia
4 Stock Exchange.

5 The Court, in an opinion authored by Justice
6 Scalia, held that Section 10(b) is limited to
7 deceptive conduct, quote, only in connection with
8 the purchase or sale of a security listed on an
9 American stock exchange and the purchase or sale of
10 any other security in the United States.

11 The court drew this conclusion based upon the
12 application of a longstanding principle of American
13 law that unless Congress clearly expresses the
14 intent for a law to have extraterritorial
15 application, the law applies only within the
16 territorial jurisdiction of the United States.

17 This Supreme Court case is important for two
18 reasons. First, the jurisprudential value. The
19 court overturned 40 years of judicial precedent,
20 primarily in the Second Circuit. Under the body of
21 case law at that point, the courts had concluded
22 that because the securities laws were silent as to
23 extraterritorial application, courts should discern
24 whether Congress wanted the law to apply
25 extraterritorially.

1 And in order to make this judgment, the courts
2 had developed what's called the effects and conduct
3 test, which is a test in which courts examine
4 whether the wrongful conduct had a substantial
5 effect in the United States or upon U.S. citizens
6 and whether the wrongful conduct occurred in the
7 United States, compared to the transactional test
8 that Justice Scalia had adopted.

9 The second reason why the case is so important,
10 the practical reason, is that notwithstanding that
11 the facts of the case were limited to non-U.S.
12 plaintiffs, the bright-line transactional test
13 adopted by the court, most experts agree, probably
14 will have the effect of barring U.S. investors from
15 recovering damages in securities fraud cases for
16 foreign securities issued by foreign companies if
17 they're purchased on a foreign stock exchange.

18 And indeed it's been four months since the
19 court has issued its opinion, but federal district
20 courts are already interpreting Morrison in that
21 fashion. There have been a couple of cases that
22 have been dismissed outright on this basis.

23 The case has effectively produced an
24 incongruous result in the sense that a private cause
25 of action exists against U.S. investors but not

1 against foreign issuers, even if a foreign company
2 received a significant portion of its capital from
3 U.S. investors and is actively soliciting capital
4 from U.S. investors on our soil.

5 In my view, the case requires action by the
6 U.S. institutional investor community, and because
7 the case is one of statutory construction, the
8 court's holding can be addressed through
9 congressional action modifying the Securities Act
10 and the Securities Exchange Act to clearly express
11 an intent for extraterritorial application.

12 A moment ago I mentioned the Dodd-Frank, that
13 there was a third aspect. This is actually also
14 addressed in the Dodd-Frank Act, apparently in
15 response to the Morrison decision. Two things. The
16 Dodd-Frank Act expressly provides, one, that the SEC
17 may enforce from a regulatory perspective the
18 anti-fraud provisions of the securities laws in
19 these kind of cases; and, two, specifically directs
20 the SEC to study whether extraterritorial
21 application should be extended to private causes of
22 action.

23 A moment ago I mentioned that in my view this
24 requires action. I want to just mention briefly
25 some of the steps the SBA has taken. First, on

1 August 4th, the general counsel for New York State
2 Common trust fund and I presented on the topic in a
3 Council of Institutional Investor teleconference in
4 order to inform other institutional investors about
5 the issue and possibly organize other public pension
6 funds.

7 Then we held a call with the general counsels
8 of 15 of the largest public pension funds to assess
9 others' interests in investigating and acting on
10 this issue.

11 And from that call, we formed a working group
12 consisting of the general counsels of New York State
13 Common, New York State Teachers, Connecticut,
14 Colorado, North Carolina, New York City and
15 myself -- I hope I'm not leaving anybody out -- to
16 implement a plan of action which will consist of
17 approaching both Congress for legislative change and
18 the SEC to consider the public pension fund position
19 in its study. And that work is very active right
20 now and ongoing. The next --

21 CFO SINK: Governor.

22 GOVERNOR CRIST: Yes.

23 CFO SINK: I like seeing Florida take a
24 leadership role in issues like this. We're the
25 fourth largest fund in the country. This is exactly

1 what I think we ought to be doing. Thank you,
2 Maureen.

3 MS. HAZEN: Thank you.

4 GOVERNOR CRIST: Thank you.

5 MS. HAZEN: The next topic in my standing
6 report is SBA agreements. In the last quarter the
7 SBA general counsel's office negotiated and
8 finalized 39 new contracts, which include notably
9 seven new alternative investments, one new real
10 estate investment and contracts with three new
11 global equity managers. We also finalized 72
12 contract amendments and 15 contract terminations.

13 Next I'll move on to SBA litigation matters.
14 The SBA is currently a passive member of the class.
15 There were 440 securities class action cases.
16 During the last quarter the SBA collected
17 \$2.3 million in recoveries as a passive member of
18 the class.

19 I'd like to say a few words about the case,
20 noting sensitivity of some matters that relate to
21 active litigation, and that is the Countrywide case.
22 Countrywide is one of those cases that I've been
23 evaluating and monitoring over the last several
24 months. It's kind of taken a life of its own in the
25 last few weeks.

1 But the Countrywide class action case was filed
2 back in 2007 after investors learned that
3 Countrywide had concealed the quality of the home
4 loans that were on its books. Investors in that
5 case have alleged that the concealment artificially
6 inflated the company's earnings from '04 to '07 and
7 caused the company's financial statements to be
8 materially false and misleading. The fraud in that
9 case was so egregious that the SEC filed a
10 securities fraud action against three of its
11 officers.

12 The SEC's action recently survived a motion for
13 summary judgment and is set to go to trial on
14 October 19th. In the class case, the lead plaintiff
15 has reached a proposed settlement with the
16 defendants, which the court will hear for approval
17 on November 15th.

18 Under that proposed plan of allocation -- I say
19 it with the caveat that the Court has not approved
20 it yet. But under that proposed plan of allocation,
21 the SBA will recover very little if any of its
22 losses, which is why it's been on my screen for
23 monitoring right now.

24 And as a result of that, we've engaged one of
25 our securities litigation counsel to assist in

1 negotiating a settlement outside of that class
2 action, because we believe that will provide an
3 enhanced recovery for the Florida Retirement System
4 Trust Fund with respect to that case.

5 ATTORNEY GENERAL MCCOLLUM: May I ask you a
6 question? Why will we get so little out of the
7 class action in proportion to what we should be
8 getting?

9 MS. HAZEN: Under the plan of allocation, the
10 way that the experts' testimony that the courts are
11 accepting, assuming they accept the plan of
12 allocation, the portion of the sales in which the
13 court -- or the damages expert is assessing the
14 inflation to the price per shares does not
15 correspond to a period in which the SBA had the
16 majority of its losses.

17 So the class period in that case is three
18 years, and there's a portion that the plan is
19 allocating a heightened amount of the price of
20 inflation, and we will not be in that group. And
21 working with this particular firm, we have our own
22 damages experts that suggest that that's not a
23 proper allocation, which is why we think that we can
24 benefit from negotiating a settlement outside of the
25 class action.

1 ATTORNEY GENERAL McCOLLUM: With Bank of
2 America now as Countrywide or with whom? Who are we
3 negotiating with?

4 MS. HAZEN: It would be with Countrywide, Bank
5 of America now.

6 ATTORNEY GENERAL McCOLLUM: Thank you.

7 MS. HAZEN: The last thing that I'll mention in
8 my report to the litigation-related is really just
9 some portfolio monitoring. SBA staff is in the
10 process of implementing a portfolio monitoring tool
11 offered by one of its securities litigation counsel
12 firms.

13 The SBA currently uses a service to monitor
14 litigation and performs its own loss calculations
15 for independence reasons, and we will continue to do
16 so. However, the software that this firm is
17 providing provides supplemental real-time
18 information about particular cases and will notably
19 provide an independent check to ensure that the
20 SBA's custodian bank timely and accurately files all
21 the SBA's claim. It's a good check to make sure we
22 don't leave money at the table.

23 That concludes my prepared remarks. I'm happy
24 to take any questions.

25 GOVERNOR CRIST: Thank you.

1 MS. HAZEN: Thank you for your time.

2 MR. WILLIAMS: Thank you, Maureen. Why don't
3 we move on to Mike McCauley with the corporate
4 governance report.

5 MR. McCAULEY: Good afternoon. I'm just going
6 to provide a brief update on the SBA's corporate
7 governance program and activities since the last
8 trustees' meeting.

9 We have not submitted any formal regulatory
10 comment letter since the last meeting, but we are
11 currently drafting a response -- I believe we
12 touched on this at the last meeting -- to respond to
13 the SEC's concept release that they released a few
14 months ago related to proxy mechanics or proxy
15 appointment.

16 And that will cover quite a few different
17 issues but primarily how the proxy voting research
18 firms may or may not be regulated, their
19 performance, their potential conflicts of interest,
20 that sort of thing, and then kind of a range of
21 different voting mechanics and logistics, how votes
22 are counted, how shareowners are registered, what
23 role the SEC plays in that. So we're kind of
24 actively working on that right now.

25 The proxy voting, the corporate governance and

1 proxy voting oversight group met in mid-July as part
2 of its quarterly meeting and discussed a number of
3 issues, but the three listed here are probably the
4 most notable.

5 The first one is a fairly comprehensive voting
6 review that was conducted, and we do this
7 periodically. This was probably the most
8 comprehensive one that we've done historically,
9 covered all the votes for our foreign equity
10 portfolio managers, covering the entire fiscal year,
11 and essentially was aimed at benchmarking their
12 votes, reconciling them back to their own policies,
13 comparing and contrasting those voting decisions
14 based on our own. The SBA maintains quite a few
15 portfolios internally that we vote foreign equity
16 shares or non-U.S. company proxies.

17 And as a result of that review, we will in the
18 next probably six to nine months, through the end of
19 the fiscal year, kind of re-examine what portfolios
20 we may or may not add to the voting coverage
21 alongside of our internal accounts.

22 The second one is investor initiative, and this
23 I believe was touched on in some of the monthly
24 trustee reports. But we are a member in Ceres,
25 which is an investor organization that is focused on

1 environmental advocacy and policy disclosure. We've
2 been a member of Ceres for several years now. And
3 they coordinated, spearheaded an initiative shortly
4 after the BP spill aimed at oil and gas companies
5 and even insurance companies as a follow-up inquiry
6 into how -- these, again, are global oil and gas
7 companies -- how they are implementing various risk
8 management procedures, what kind of safety protocols
9 they have for -- focused on deepwater drilling. So
10 offshore deepwater drilling.

11 ExxonMobil, several of the large U.S. companies
12 received a letter, Petrobras, many of the large
13 global oil and gas companies. So we're eagerly
14 awaiting those responses. Letters were sent out to
15 about 26 companies on the oil and gas side and about
16 27 insurance companies. So the deadline for that is
17 November. It will take a few months probably to
18 collate and summarize the response. We'll get that
19 back from Ceres.

20 CFO SINK: Michael, is the focus on the
21 insurance companies more how they -- how they
22 evaluate insuring the oil companies? Is that the
23 nexus there?

24 MR. McCAULEY: Yes, essentially. It's how they
25 are going to potentially change their business

1 process to encompass the new exposures that they may
2 not have covered previously or, given the market
3 dynamics in that industry, what role that that will
4 play in some of their policy coverage and exposures
5 that they have.

6 And the last item is the majority voting
7 initiative, which is something that we had planned
8 on doing a little earlier in the year, but it was
9 delayed actually because we thought it may be
10 included in the Dodd-Frank Act. Actually, it fell
11 out at the 11th hour.

12 But this is essentially a lobbying effort on
13 our behalf. We have worked with a couple of other
14 large institutional investors, but it's essentially
15 our own campaign where we've reached out to U.S.
16 companies that are in our target benchmark -- we
17 started with the Russell 1000, or the large cap
18 firms -- who have not adopted some type of majority
19 voting procedure in terms of their board elections,
20 so they have a plurality standard, which is not
21 considered a best practice.

22 We fairly strongly believe that an accountable
23 board and kind of a legitimate election process with
24 respect to a board of directors should constitute a
25 majority. So a majority of the shares voted and/or

1 outstanding, depending on how the company implements
2 it, should be the baseline requirement to allow a
3 director to serve and represent investors on their
4 behalf.

5 So we started to send out the letters in
6 mid-August, have just completed that the last week.
7 And we've gotten quite a bit of response actually,
8 especially from the large cap firms, many of which
9 have already adopted or just recently adopted
10 majority voting. So it's so far so good.

11 And as the letters penetrate the smaller
12 companies that have historically not adopted
13 governance practices as quickly as the larger firms,
14 we hope to have more of a dialogue and increase that
15 outreach effort with the smaller firms.

16 And then the next two slides I'll cover the
17 Dodd-Frank. Maureen mentioned that a little bit.
18 This was passed, as you know I'm sure, it was passed
19 in late July. Very extensive. This slide just
20 covers some of the major generic governance items.

21 The next slide will cover some of the executive
22 compensation items. And I won't go into each one of
23 these in any detail. Proxy access will be covered
24 in a couple of slides. But the Dodd-Frank Act has
25 essentially allowed the SEC to have the federal

1 authority to go forward, which they did about a
2 month later.

3 Chairman/CEO disclosures, this is really just
4 kind of an enhancement or a codification of existing
5 SEC rules that they passed late last year. There
6 may be some further modification to that, but that
7 remains unknown. This is essentially requiring
8 companies to explain why they do or do not have an
9 independent chair position on their board. They
10 have a CEO in that role, playing the role of the
11 chief executive officer as well as the chairman of
12 the board. The companies will be required to
13 explain why, provide a rationale.

14 Broker discretionary voting is something we've
15 talked about in the past. And this is really,
16 again, an advancement of an existing reform that the
17 SEC has worked on over the last several years. The
18 Dodd-Frank Act essentially makes it more
19 encompassing on executive compensation issues. So
20 essentially, for all intents and purposes, there
21 really are no broker votes that really cover any
22 significant items now.

23 Board elections were excluded last year, and
24 the Dodd-Frank Act now will encompass such things as
25 say-on-pay and any significant executive

1 compensation item before investors.

2 Risk committees, it's kind of yet to be
3 determined how the Federal Reserve will deal with
4 that and its related Sarbanes-Oxley modifications.
5 Again, that's kind of a big unknown, how that will
6 hit the smaller -- or the smaller companies will be
7 excluded. How that will cover the mid cap companies
8 is kind of up in the air.

9 And then finally the act essentially codified
10 and expanded the scope of an existing investor
11 advisory committee that the SEC had implemented
12 about a year, year and a half ago.

13 The next slide covers all of the significant
14 executive compensation items. The most notable item
15 was say-on-pay. That probably received the most
16 attention from investors and companies alike. And
17 going forward sometime next year, the final rules
18 will be put in place by the SEC. But essentially
19 all companies will be required to put a say-on-pay
20 item on their ballot or an advisory nonbinding
21 shareholder ratification of a company's compensation
22 framework.

23 You'll recall many companies had received
24 proposals on this in the past if they had received
25 TARP moneys before they were required to put a

1 say-on-pay item. Now it essentially is market-wide.
2 And coupled with the say-on-pay vote is what they've
3 called the say-when-on-pay, or the frequency of
4 which the say-on-pay vote will be conducted, and
5 that will be put before share owners, and it remains
6 to be seen how that will be implemented.

7 And there are several related disclosure items
8 that will ultimately require some SEC work and
9 expansion and strengthening of listing standards at
10 the NYC or other exchanges. Probably the most
11 notable or most significant is the clawbacks.

12 Compensation clawbacks are something that many
13 of the large companies have begun to adopt recently.
14 But the Dodd-Frank Act went much further and goes
15 much beyond the existing practices. And essentially
16 what will happen is if a company has a financial
17 restatement, the most common scenario is a financial
18 restatement and then a clawback or recoupment of any
19 incentive payouts that may have been made to the CEO
20 or other named executives.

21 What the Dodd-Frank Act does is it really
22 strengthens the circumstances or the scenario under
23 which the clawback must occur. It's no longer
24 really an option. Companies will have to have a
25 clawback policy. It will have to be meaningful, and

1 it won't be excludable under fraud circumstances.
2 So this will be any financial restatement, any kind
3 of material restatement that occurs, the CEO or
4 other senior executives will be required to pay back
5 that compensation.

6 Many companies are starting to kind of move in
7 response to this. I think we'll see more companies
8 deferring or delaying the actual payout of long-term
9 incentive plans to avoid the possibility that they
10 will have to be clawed backed or recouped if there's
11 a future restatement. And then hedging is another
12 one. But a lot of these things are really
13 uncertain, and we'll have to see how this SEC
14 reacts.

15 Next slide. The next slide covers another very
16 significant item. This is something the SEC has
17 been working on for several years, proxy access or
18 the ability of investors to actually nominate and
19 put their own candidates for board directorship on
20 the company's proxy. So this avoids the burden, if
21 you will, of running a proxy contest, which is very
22 expensive, legally very cumbersome.

23 There's now a federally mandated mechanism for
24 which investors can nominate. And it's fairly
25 narrow. It's prescribed circumstances, a

1 three percent ownership, three percent holding
2 requirement.

3 One of the key items in this that was hotly
4 debated was whether or not investor or investors,
5 plural, can group and aggregate their shares.
6 Ultimately that was passed in the final rule. And
7 that will, I think, you know, significantly change
8 the landscape in terms of some of the activist
9 funds, what they can do and how they work with kind
10 of traditional long-term institutional investors,
11 such as public pension funds and others that are not
12 considered to be kind of short-term money.

13 CFO SINK: Theoretically, you and CalPERS and
14 CalSTRS and New York and New Jersey could get
15 together and nominate somebody to be on a board.

16 MR. McCAULEY: Yes, yes. Some of the
17 members --

18 CFO SINK: Well, that's going to be very
19 interesting.

20 MR. McCAULEY: Yes, it will, it will. Some of
21 the members of the Council of Institutional
22 Investors have already begun to plan work on
23 identifying directors.

24 CFO SINK: Very good.

25 MR. McCAULEY: Kind of a database for

1 directors. The three percent ownership level, some
2 view that as being kind of an onerous, very
3 difficult threshold. I don't personally believe
4 that will be all that difficult to hit. Not easy,
5 but at the same time I think it will be doable, and
6 we'll just have to see how the group dynamic plays
7 out.

8 And that will be effective for most meetings
9 next year. There's essentially a 30-day window
10 before proxy materials have been filed that an
11 investor or investor group can approach the company.
12 And, of course, the SEC will weigh in and determine
13 how this works and who can do what and when under
14 what circumstances.

15 And then the last slide is just the normal
16 voting statistics. This is essentially the same
17 table that you saw at the last meeting. I believe
18 the data at the last meeting was through mid or late
19 May. This goes through the end of the fiscal year.

20 And we issued a press release in late July that
21 covers some of the statistics and momentum on some
22 of these issues a little bit more -- in more detail,
23 but essentially the same, very much in line with
24 year-over-year numbers. We actually did have a
25 little bit of an uptick in the votes in favor of

1 management and support of individual directors.

2 That's all I have. Any questions I'd be happy
3 to --

4 GOVERNOR CRIST: Thank you.

5 MR. WILLIAMS: Thank you, Mike. Mindful of our
6 time, we'll go on to Eric Nelson and a risk
7 management and compliance report.

8 MR. NELSON: Good afternoon, Trustees. A
9 couple of high level remarks. First, the SBA's
10 compliance program is, I would say, maturing nicely
11 at this point. We're settling in on processes
12 across all asset classes. And the emphasis over the
13 near term now is going to be the very unglamorous
14 work of documenting in detail written procedures and
15 other facets of that.

16 Also at a high level we've implemented a number
17 of policy changes and enhancements recently, with
18 the deputy executive director policies as well as
19 executive director policies. Some of these have
20 incorporated the Groom Law Group's ethics
21 recommendations. Other changes pertain to the
22 transfer of certain duties from the inspector
23 general's role to the area of compliance, most
24 notably personal investment activity, compliance
25 activities. There are also other policy changes

1 we'll touch on in a few moments.

2 The first issue I want to touch on is a legacy
3 issue from our previous inspector general, and
4 that's regarding the SEC adoption of pay-to-play
5 rules. The SEC commissioners voted unanimously on
6 June 30th, 2010, to adopt new rules designed to curb
7 pay-to-play practices. New rules are set forth
8 effective September 13th of 2010, and compliance
9 with these rules is required by March 14th of 2011,
10 to give advisers time to identify covered associates
11 and implement compliance procedures around these new
12 rules.

13 I'm happy to report an internal placement
14 agency disclosure policy that we implemented last
15 year, correctly anticipated the direction of the
16 SEC's new rules. That is, the SEC did not ban the
17 use of third party placement agents. Rather, the
18 SEC required that placement agents must be
19 registered in order to ensure that they are governed
20 by the new pay-to-play rules, which was consistent
21 with our adopted policy.

22 Additionally, our policy requires disclosure by
23 investment advisers of compensation paid to third
24 party placement agents. It sets forth SBA
25 contractual requirements that require investment

1 managers to be solely responsible for the payment of
2 placement agent fees. The placement agent
3 disclosure form has since been incorporated into our
4 investment management compliance program.

5 The next item I have is a new conflict of
6 interest certification that we've implemented.
7 Among our recent policy changes was an amendment to
8 our investment management acquisition policy that
9 incorporates a new certification regarding conflicts
10 of interest. The affected persons by this will be
11 the portfolio manager from the asset class, the
12 applicable asset class senior investment officer,
13 the deputy executive director and the executive
14 director, who have to certify they have no conflicts
15 with respect to an adviser or fund that is under
16 consideration.

17 Specifically, these individuals have to certify
18 that they have no material financial interest in the
19 adviser, material being defined as \$20,000 or more,
20 they have no relation to employees of the firm, they
21 haven't been employed by the adviser or fund within
22 the last five years, they have not been offered
23 employment by that firm, nor have they discussed
24 future employment with that firm.

25 This conflict certification is similar to a

1 requirement that we've had for a number of years in
2 our procurement policy, which requires SBA staff
3 that serve on evaluation teams for invitations to
4 negotiate fill out a certification that they had no
5 conflict with ITN respondents. This conflict of
6 interest certification is now part of the investment
7 management compliance program for both public market
8 and private market asset classes.

9 Next is an assessment that was performed, an
10 external assessment of our disaster recovery
11 capabilities. We retained a small D.C.-based
12 consulting firm called BDA Global to review and
13 determine if the SBA COOP plan, that's Continuity of
14 Operations Program plan, provides reasonable
15 assurance that the SBA has the ability to timely
16 recover from a major business interruption and
17 continue critical business functions.

18 The assessment included an examination of our
19 written COOP plan, an evaluation of our alternate
20 work group site located in Marianna, an evaluation
21 of our alternate data center site at the shared
22 resource center in Southwood, and an assessment of
23 our business interruption testing procedures.

24 We received what I consider to be a favorable
25 evaluation of our COOP plan. BDA stated that our

1 plan is well constructed and effectively identifies
2 an overall strategy for an emergency and that our
3 alternate data center site has sufficient
4 redundancies built in.

5 The consultant's report contained 31
6 recommendations, otherwise known as suggestions for
7 improvement. Many of them very narrow in scope.
8 The primary "to dos" that emanated from the report
9 are suggestions regarding updating our business
10 impact analysis, our critical path analysis and
11 enhancing our disaster recovery testing, their
12 tabletop exercises, simulations, telework tests, et
13 cetera. The consultants report and findings was
14 reported at the Audit Committee meeting on 9/23.

15 Next, the Audit Committee directed us at their
16 meeting of August 9th to perform a review of our
17 information security policies and practices in the
18 context of our personal investment activity policy.
19 The first step in that was we evaluated our
20 confidentiality policy and incorporated numerous
21 enhancements and additions, many related to
22 post-transaction information handling of information
23 that's both confidential and exempt from disclosure.
24 This information primarily is related to alternative
25 investment asset class.

1 We are currently incorporating these policy
2 additions and enhancements into our information
3 security awareness training program, which is a
4 component of our annual mandatory training. We also
5 reviewed user access to trade order management
6 systems and subsequently determined that only
7 appropriate asset class staff do have access to
8 these systems and that have a legitimate need to
9 know what is in these order management systems.

10 Next, we reviewed asset allocation distribution
11 lists on our e-mail system, and we're in the process
12 of deleting a number of folks from those e-mail
13 distribution lists that did not have a legitimate
14 need to know on a pre-transfer basis.

15 Finally, we also did some preliminary research
16 on electronic record data vault products and will
17 likely more formally evaluate these products in the
18 context of a broader electronic records initiative
19 in the near future.

20 I presented my review of the information
21 security policies and presented the confidentiality
22 policy to the Audit Committee at their meeting on
23 9/23.

24 An initiative that we're kicking off very
25 shortly is a total fund risk system procurement.

1 We're intending to issue an invitation to negotiate
2 hopefully Friday or next week. This ITN has been
3 structured so that firms may respond with either a
4 total fund risk system that does or does not include
5 a hedge fund risk component or firms may respond if
6 they only have a standalone hedge fund risk product.

7 Our strategy at this point in time is that this
8 will be a complementary risk system and will not
9 replace risk systems that currently reside in the
10 public market asset classes, this system being
11 Wilshire and Barra. It is contemplated right now
12 that we will make a selection decision or possibly a
13 decision not to procure the system in February 2011.

14 And finally training, I know Mr. Sweeney tried
15 to hijack what little glory can be eked out of
16 reporting on training, but I'll touch on a couple of
17 things. It cannot be stressed enough how important
18 it is, serving as a fiduciary, to ensure that the
19 staff is adequately trained and possesses the
20 appropriate level of expertise.

21 Our dedicated training development manager is
22 working on a variety of training fronts. I'll touch
23 on a couple of the higher level ones. We recently
24 issued an RFQ, request for quotes, for a fiduciary
25 training program designed to be administered to

1 internal SBA staff, our advisory and oversight
2 committees, as well as you, our trustees.

3 We selected Groom Law Group to develop and
4 administer this fiduciary training program. We
5 intend to offer this training program to staff this
6 fall, whereby we will tweak the program based on
7 feedback, and then we'll work on further scheduling
8 with committees and trustees.

9 And Bill had briefly mentioned this curriculum
10 we're building with the Intuition product. And what
11 we have is an advisory group of seven investment
12 professionals, are using this Intuition product,
13 which has a very robust catalog of 250 or so
14 classes, covering virtually the entire spectrum of
15 investment products.

16 This advisory group has designed a six-level
17 mandatory curriculum for investment staff as well as
18 investment support staff. And right now they're on
19 the finishing stages of taking the classes and
20 evaluating the class applicability and relevance to
21 SBA business and then bucketing the class in the
22 approximate six-level curriculum.

23 And as Mr. Sweeney mentioned, we've had several
24 seminars actually that have taken place, that he
25 said were going to take place. We had Black Rock in

1 a week or so ago. We did about a five-hour seminar
2 on mortgage-backed securities. BNY Mellon came in
3 and did an on-site seminar of global network
4 documentation tax seminar issues. And we've got BNY
5 Mellon coming in October 12th to address a -- or
6 conduct a tri-party repo seminar.

7 ATTORNEY GENERAL MCCOLLUM: Can I ask a
8 question? Three or four years ago we weren't doing
9 this type of training?

10 MR. McCAULEY: It was very bottom-up driven.
11 Budget entities had training budgets, and it was
12 somewhat in their discretion on how they utilized
13 their resources to obtain training for their staff.
14 What we are working on right now is putting a
15 top-down overlay and trying to determine what skills
16 does the organization need going forward to
17 adequately address turnover, succession, that sort
18 of thing.

19 So while we recognize that there's a need for
20 personal, professional development plans, we also
21 recognize the organization should set training
22 direction and core skills that the organization
23 deems as being important. So we're doing sort of at
24 the moment a top-down bottom-up approach that's
25 training curriculum building.

1 ATTORNEY GENERAL McCOLLUM: Thank you.

2 GOVERNOR CRIST: Thank you.

3 MR. McCAULEY: Thank you.

4 MR. WILLIAMS: Thank you very much. I just
5 wanted to close it up by saying you've patiently
6 gone through a lot of detail. You've asked a lot of
7 good questions, and I think the facts speak for
8 themselves. The funds are in great shape. You have
9 a tremendously gifted and dedicated team. I want to
10 recognize and thank all of them and thank you for
11 your leadership.

12 CFO SINK: Pretty impressive. As somebody
13 said, we've come a long way in two years. I know we
14 have more progress.

15 GOVERNOR CRIST: Very well done. Thank you
16 very much.

17 (Whereupon, the meeting was concluded at 3:10
18 p.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)

COUNTY OF LEON)

I, Jo Langston, Registered Professional Reporter,
do hereby certify that the foregoing pages 4 through 99,
both inclusive, comprise a true and correct transcript of
the proceeding; that said proceeding was taken by me
stenographically and transcribed by me as it now appears;
that I am not a relative or employee or attorney or counsel
of the parties, or a relative or employee of such attorney
or counsel, nor am I interested in this proceeding or its
outcome.

IN WITNESS WHEREOF, I have hereunto set my hand
this 19th day of October 2010.

JO LANGSTON
Registered Professional Reporter

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT
EXCEEDING \$310,000,000 STATE OF FLORIDA, FULL FAITH AND
CREDIT, DEPARTMENT OF TRANSPORTATION RIGHT-OF-WAY
ACQUISITION AND BRIDGE CONSTRUCTION REFUNDING BONDS,
SERIES (TO BE DETERMINED)**

WHEREAS, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding \$310,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series (to be determined) (the "Bonds"), in one or more series, for the purpose of refunding all or a portion of the outstanding callable Series 2002 and 2002A Bonds; and,

WHEREAS, during the 1988 Legislative Session, the Florida Legislature passed and submitted to the electors of the State for approval or rejection at the general election held on November 8, 1988, Senate Joint Resolution 391, which created Section 17 of Article VII of the State Constitution, providing for the issuance of bonds pledging the full faith and credit of the State, without a vote of the electors, to finance or refinance the cost of acquiring real property or the rights to real property for State roads as defined by law, or to finance or refinance the cost of State bridge construction, and purposes incidental to such property acquisition or State bridge construction; and,

WHEREAS, the majority of the electors of the State approved the creation of Section 17 of Article VII of the State Constitution at the general election held on November 8, 1988; and,

WHEREAS, the Florida Legislature also enacted Chapter 88-247, Laws of Florida, which implements the provisions of Section 17 of Article VII of the State Constitution, providing for the issuance of the Bonds by the Division on behalf of the Department of Transportation; and,

WHEREAS, the Bonds to be issued pursuant to Section 17 of Article VII of the State Constitution and Chapter 88-247, Laws of Florida, are to be secured by a pledge of and shall be payable primarily from motor fuel and special fuel taxes, except those defined in Section 9(c) of Article XII of the State Constitution, as provided by law (the "Pledged Gas Taxes"), and shall additionally be secured by the full faith and credit of the State; and,

WHEREAS, the Bonds will be issued pursuant to an authorizing resolution adopted by the Governor and Cabinet on February 28, 1989, as amended and supplemented by various resolutions and an authorizing and sale resolution which is anticipated to be adopted by the Governor and Cabinet on November 9, 2010; and,

WHEREAS, the Division has heretofore issued State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds and Refunding Bonds, Series 2002 through 2009B (the "Outstanding Bonds"); and,

WHEREAS, the Bonds will be issued on a parity as to lien and security for payment from the Pledged Gas Taxes with the Outstanding Bonds; and,

WHEREAS, the Pledged Gas Taxes are not pledged, encumbered or committed in any manner, except for the payment of the Outstanding Bonds, and, if and when issued, the proposed Bonds mentioned above; and,

WHEREAS, it appears and the Board so finds that this financing will be executed pursuant to the applicable provisions of law, and that the revenue to be used in servicing and liquidating the indebtedness to be created thereby may be reasonably expected to accrue in amounts sufficient to accomplish this purpose; and,

WHEREAS, in no State fiscal year will the annual debt service exceed ninety percent (90%) of the Pledged Gas Taxes available for payment of the annual debt service; and,

WHEREAS, the Division has furnished sufficient information to enable the State Board of Administration to fulfill its duties pursuant to Section 215.73, Florida Statutes; and,

WHEREAS, the State Board of Administration has relied upon information from others but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the State Board of Administration does not approve or disapprove the Bonds as an investment and has not passed upon the accuracy or adequacy of the Official Statement; **Now, Therefore**,

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration of Florida to issue an amount not exceeding \$310,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series (to be determined), is hereby approved as to fiscal sufficiency.

ADOPTED November 9, 2010

**STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308**

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: October 27, 2010

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$310,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, DEPARTMENT OF TRANSPORTATION RIGHT-OF-WAY ACQUISITION AND BRIDGE CONSTRUCTION REFUNDING BONDS, SERIES (TO BE DETERMINED)

The Division of Bond Finance of the State Board of Administration (the "Division") has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$310,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series (to be determined) (the "Bonds"), in one or more series, for the purpose of refunding all or a portion of the outstanding callable Series 2002 and 2002A Bonds, and to pay certain costs of issuance. The Bonds will be issued pursuant to an authorizing resolution adopted by the Governor and Cabinet on February 28, 1989, as amended and supplemented by various resolutions and an authorizing and sale resolution which is anticipated to be adopted by the Governor and Cabinet on November 9, 2010.

The Bonds to be issued pursuant to Section 17 of Article VII of the State Constitution and Chapter 88-247, Laws of Florida, are to be secured by a pledge of and shall be payable primarily from motor fuel and special fuel taxes, except those defined in Section 9(c) of Article XII of the State Constitution, as provided by law (the "Pledged Gas Taxes"), and shall additionally be secured by the full faith and credit of the State. The Division has heretofore issued State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds and Refunding Bonds, Series 2002 through 2009B (the "Outstanding Bonds"). The Bonds will be issued on a parity as to lien and security for payment from the Pledged Gas Taxes with the Outstanding Bonds.

A study of this proposal and the estimates of revenue expected to accrue from the Pledged Gas Taxes, indicate that the proposed Bonds are fiscally sufficient and that the proposal will be executed pursuant to the applicable provisions of law.

RECOMMENDATION: It is recommended that the Board approve the fiscal the proposal outlined above.

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT
EXCEEDING \$17,300,000 STATE OF FLORIDA, BOARD OF GOVERNORS,
UNIVERSITY OF NORTH FLORIDA MANDATORY STUDENT FEE
REVENUE BONDS, SERIES (TO BE DETERMINED)**

WHEREAS, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding \$17,300,000 State of Florida, Board of Governors, University of North Florida Mandatory Student Fee Revenue Bonds, Series (to be determined) (the "Bonds"), for the purpose of financing the construction of a wellness center, consisting primarily of fitness facilities and equipment, on the campus of the University of North Florida, funding a reserve account, and paying costs associated with the issuance and sale of the Bonds; and,

WHEREAS, the Division has requested the State Board of Administration to approve the fiscal sufficiency of the proposed issue as required by Section 215.73, Florida Statutes; and,

WHEREAS, the Bonds will be issued pursuant to the Authorizing Resolution and a sale resolution, both of which are anticipated to be adopted by the Governor and Cabinet on November 9, 2010 (together, the "Resolution"); and,

WHEREAS, the principal of and interest due on the Bonds shall be secured by student health fee revenues, as described in the Resolution; and,

WHEREAS, the Bonds do not constitute an obligation, either general or special, of the State of Florida or any of its units of local government and shall not be a debt of the State or of any unit of local government, and neither the State nor any unit of local government shall be liable thereon; and,

WHEREAS, the University of North Florida shall not have the power to pledge the credit, the revenues, or the taxing power of the State or of any unit of local government, and neither the credit, the revenues, nor the taxing power of the State or of any unit of local government shall be deemed to be pledged to the payment of the Bonds; and,

WHEREAS, the proceeds of the Bonds shall be and constitute trust funds and shall be used and applied solely in the manner and for the purposes provided in the Resolution; and,

WHEREAS, the estimate of funds pledged to the issue indicates that in no State fiscal year will the debt service requirements of the Bonds exceed the Pledged Revenues available for payment of such debt service requirements and that in no State fiscal year will the moneys pledged for the debt service requirements be less than the required coverage amount; and,

WHEREAS, the Division, has furnished sufficient information to enable the State Board of Administration to fulfill its duties pursuant to Section 215.73, Florida Statutes; and,

WHEREAS, the State Board of Administration has relied upon information from others but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the State Board of Administration does not approve or disapprove the Bonds as an investment and has not passed upon the accuracy or adequacy of the Official Statement; **Now, Therefore**,

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration to issue an amount not exceeding \$17,300,000 State of Florida, Board of Governors, University of North Florida Mandatory Student Fee Revenue Bonds, Series (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

ADOPTED November 9, 2010

**STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308**

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: October 27, 2010

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$17,300,000 STATE OF FLORIDA, BOARD OF GOVERNORS, UNIVERSITY OF NORTH FLORIDA MANDATORY STUDENT FEE REVENUE BONDS, SERIES (TO BE DETERMINED):

The Division of Bond Finance of the State Board of Administration (the "Division") has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$17,300,000 State of Florida, Board of Governors, University of North Florida Mandatory Student Fee Revenue Bonds, Series (to be determined) (the "Bonds"), for the purpose of financing the construction of a wellness center, consisting primarily of fitness facilities and equipment, on the campus of the University of North Florida, funding a reserve account, and paying costs associated with the issuance and sale of the Bonds.

The Bonds will be issued pursuant to the Authorizing Resolution and a sale resolution, both of which are anticipated to be adopted by the Governor and Cabinet on November 9, 2010 (together, the "Resolution"). The principal of and interest due on the Bonds shall be secured by student health fee revenues, as described in the Resolution.

A study of this proposal and the estimates of revenue expected to accrue indicate that the proposed Bonds are fiscally sufficient and that the proposal will be executed pursuant to the applicable provisions of law.

RECOMMENDATION: It is recommended that the Board approve the proposal outlined above.

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT
EXCEEDING \$16,500,000 STATE OF FLORIDA, BOARD OF GOVERNORS,
FLORIDA STATE UNIVERSITY PARKING FACILITY REVENUE BONDS,
SERIES 2011A**

WHEREAS, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding \$16,500,000 State of Florida, Board of Governors, Florida State University Parking Facility Revenue Bonds, Series 2011A (the "Bonds"), for the purpose of financing the construction of a parking facility on the main campus of the Florida State University, funding a reserve account, and paying costs associated with the issuance and sale of the Bonds; and,

WHEREAS, the Division has requested the State Board of Administration to approve the fiscal sufficiency of the proposed issue as required by Section 215.73, Florida Statutes; and,

WHEREAS, The Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on July 21, 1992, as amended and supplemented by resolutions adopted on November 26, 2002, August 9, 2005, May 15, 2007 and as further amended and supplemented by a resolution anticipated to be adopted on November 9, 2010, and a sale resolution which is also anticipated to be adopted on November 9, 2010 (collectively referred to herein as the "Resolution"); and,

WHEREAS, the Division has heretofore issued Florida State University Parking Facility Revenue Bonds, Series 2001 through 2007A (collectively, the "Outstanding Bonds"); and,

WHEREAS, the Division has submitted a request for approval by the State Board of Administration as to fiscal sufficiency of an amount not exceeding \$8,500,000 Florida State University Parking Facility Revenue Refunding Bonds, Series (to be determined) (the "Refunding Bonds") at its November 9, 2010 meeting; and,

WHEREAS, the Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Revenues and in all other respects, with the Outstanding Bonds, and when and if approved and issued, the Refunding Bonds; and,

WHEREAS, the principal of and interest due on the Bonds shall be paid solely out of revenues and other amounts pledged therefor, as described in the Resolution; and,

WHEREAS, the Bonds do not constitute an obligation, either general or special, of the State of Florida or any of its units of local government and shall not be a debt of the State or of any unit of local government, and neither the State nor any unit of local government shall be liable thereon; and,

WHEREAS, the Florida State University shall not have the power to pledge the credit, the revenues, or the taxing power of the State or of any unit of local government, and neither the credit, the revenues, nor the taxing power of the State or of any unit of local government shall be deemed to be pledged to the payment of the Bonds; and,

WHEREAS, the proceeds of the Bonds shall be and constitute trust funds and shall be used and applied solely in the manner and for the purposes provided in the Resolution; and,

WHEREAS, the estimate of funds pledged to the issue indicates that in no State fiscal year will the debt service requirements of the Bonds and all other issues secured by the same pledged revenues exceed the Pledged Revenues available for payment of such debt service requirements and that in no State fiscal year will the moneys pledged for the debt service requirements be less than the required coverage amount; and,

WHEREAS, the Division, has furnished sufficient information to enable the State Board of Administration to fulfill its duties pursuant to Section 215.73, Florida Statutes; and,

WHEREAS, the State Board of Administration has relied upon information from others but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the State Board of Administration does not approve or disapprove the Bonds as an investment and has not passed upon the accuracy or adequacy of the Official Statement; **Now, Therefore**,

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration to issue an amount not exceeding \$16,500,000 State of Florida, Board of Governors, Florida State University Parking Facility Revenue Bonds, Series 2011A for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

ADOPTED November 9, 2010

**STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308**

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: October 27, 2010

**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING
\$16,500,000 STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE
UNIVERSITY PARKING FACILITY REVENUE BONDS, SERIES 2011A:**

The Division of Bond Finance of the State Board of Administration (the "Division") has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$16,500,000 State of Florida, Board of Governors, Florida State University Parking Facility Revenue Bonds, Series 2011A (the "Bonds"), for the purpose of financing the construction of a parking facility on the main campus of the Florida State University, funding a reserve account, and paying costs associated with the issuance and sale of the Bonds.

The Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on July 21, 1992, as amended and supplemented by resolutions adopted on November 26, 2002, August 9, 2005, May 15, 2007 and as further amended and supplemented by a resolution anticipated to be adopted on November 9, 2010, and a sale resolution which is also anticipated to be adopted on November 9, 2010 (collectively referred to herein as the "Resolution"). The Division has heretofore issued Florida State University Parking Facility Revenue Bonds, Series 2001 through 2007A. The Division has submitted a request for approval by the State Board of Administration as to fiscal sufficiency of an amount not exceeding \$8,500,000 Florida State University Parking Facility Revenue Refunding Bonds, Series (to be determined) (the "Refunding Bonds") at its November 9, 2010 meeting. The Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Revenues as defined in the Resolution, with the Outstanding Bonds, and when and if approved and issued, the Refunding Bonds.

A study of this proposal and the estimates of revenue expected to accrue indicate that the proposed Bonds are fiscally sufficient and that the proposal will be executed pursuant to the applicable provisions of law.

RECOMMENDATION: It is recommended that the Board approve the proposal outlined above.

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT
EXCEEDING \$8,500,000 STATE OF FLORIDA, BOARD OF GOVERNORS,
FLORIDA STATE UNIVERSITY PARKING FACILITY REVENUE REFUNDING
BONDS, SERIES (TO BE DETERMINED)**

WHEREAS, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding \$8,500,000 State of Florida, Board of Governors, Florida State University Parking Facility Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 2001 Bonds; and,

WHEREAS, the Division has requested the State Board of Administration to approve the fiscal sufficiency of the proposed issue as required by Section 215.73, Florida Statutes; and,

WHEREAS, The Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on July 21, 1992, as amended and supplemented by resolutions adopted on November 26, 2002, August 9, 2005, May 15, 2007 and as further amended and supplemented by a resolution anticipated to be adopted on November 9, 2010, and a sale resolution which is also anticipated to be adopted on November 9, 2010 (collectively referred to herein as the "Resolution"); and,

WHEREAS, the Division has heretofore issued Florida State University Parking Facility Revenue Bonds, Series 2001 through 2007A (collectively, the "Outstanding Bonds"); and,

WHEREAS, the Division has submitted a request for approval by the State Board of Administration as to fiscal sufficiency of an amount not exceeding \$16,500,000 Florida State University Parking Facility Revenue Bonds, Series 2011A (the "Series 2011A Bonds") at its November 9, 2010 meeting; and,

WHEREAS, the Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Revenues and in all other respects, with the Outstanding Bonds, and when and if approved and issued, the Series 2011A Bonds; and,

WHEREAS, the principal of and interest due on the Bonds shall be paid solely out of revenues and other amounts pledged therefor, as described in the Resolution; and,

WHEREAS, the Bonds do not constitute an obligation, either general or special, of the State of Florida or any of its units of local government and shall not be a debt of the State or of any unit of local government, and neither the State nor any unit of local government shall be liable thereon; and,

WHEREAS, the Florida State University shall not have the power to pledge the credit, the revenues, or the taxing power of the State or of any unit of local government, and neither the credit, the revenues, nor the taxing power of the State or of any unit of local government shall be deemed to be pledged to the payment of the Bonds; and,

WHEREAS, the proceeds of the Bonds shall be and constitute trust funds and shall be used and applied solely in the manner and for the purposes provided in the Resolution; and,

WHEREAS, the estimate of funds pledged to the issue indicates that in no State fiscal year will the debt service requirements of the Bonds and all other issues secured by the same pledged revenues exceed the Pledged Revenues available for payment of such debt service requirements and that in no State fiscal year will the moneys pledged for the debt service requirements be less than the required coverage amount; and,

WHEREAS, the Division, has furnished sufficient information to enable the State Board of Administration to fulfill its duties pursuant to Section 215.73, Florida Statutes; and,

WHEREAS, the State Board of Administration has relied upon information from others but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the State Board of Administration does not approve or disapprove the Bonds as an investment and has not passed upon the accuracy or adequacy of the Official Statement; **Now, Therefore,**

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration to issue an amount not exceeding \$8,500,000 State of Florida, Board of Governors, Florida State University Parking Facility Revenue Refunding Bonds, (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

ADOPTED November 9, 2010

**STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308**

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: October 27, 2010

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$8,500,000 STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY PARKING FACILITY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED):

The Division of Bond Finance of the State Board of Administration (the "Division") has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$8,500,000 State of Florida, Board of Governors, Florida State University Parking Facility Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 2001 Bonds.

The Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on July 21, 1992, as amended and supplemented by resolutions adopted on November 26, 2002, August 9, 2005, May 15, 2007 and as further amended and supplemented by a resolution anticipated to be adopted on November 9, 2010, and a sale resolution which is also anticipated to be adopted on November 9, 2010 (collectively referred to herein as the "Resolution"). The Division has heretofore issued Florida State University Parking Facility Revenue Bonds, Series 2001 through 2007A. The Division has submitted a request for approval by the State Board of Administration as to fiscal sufficiency of an amount not exceeding \$16,500,000 Florida State University Parking Facility Revenue Bonds, Series 2011A (the "Series 2011A Bonds") at its November 9, 2010 meeting. The Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Revenues as defined in the Resolution, with the Outstanding Bonds, and when and if approved and issued, the Series 2011A Bonds.

A study of this proposal and the estimates of revenue expected to accrue indicate that the proposed Bonds are fiscally sufficient and that the proposal will be executed pursuant to the applicable provisions of law.

RECOMMENDATION: It is recommended that the Board approve the proposal outlined above.

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$25,780,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS,
(SERIES TO BE DESIGNATED)
(MONTERRA APARTMENTS)**

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$25,780,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of providing financing for the construction of a multifamily rental development located in Broward County, Florida (Monterra Apartments); and,

WHEREAS, the Corporation has requested the State Board of Administration of Florida to make the fiscal determination required by Section 420.509, Florida Statutes, as stated in Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended (the "Florida Constitution"); and,

WHEREAS, the Bonds shall be secured by a Trust Indenture; and,

WHEREAS, in accordance with Section 420.509, Florida Statutes, the principal of and all interest and any premium on the Bonds shall be payable solely out of revenues and other amounts pledged therefor, as described in the Trust Indenture and other required documents, and shall not be secured by the full faith and credit of the State of Florida; and,

WHEREAS, the cash flow analysis furnished by the Corporation shows that in no State fiscal year will the debt service requirements of the Bonds proposed to be issued and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements; and,

WHEREAS, the Corporation has furnished sufficient information to enable the State Board of Administration of Florida to fulfill its duties pursuant to Section 420.509(2), Florida Statutes; and,

WHEREAS, the Board has relied upon information from others, including the Corporation, but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the Board's determination pursuant to Section 16(c) of Article VII of the Florida Constitution and Section 420.509(2), Florida Statutes, is limited to a review of the matters essential to making such determination and the Board does not approve or disapprove of the Bonds as investments and has not passed upon the accuracy or adequacy of the Trust Indenture or any other required documents; **Now, Therefore**,

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (Monterra Apartments), in an amount not exceeding \$25,780,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

Accordingly, as required by Section 16(c) of Article VII of the Florida Constitution, the Board finds and determines that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues, as defined in Section 420.503, Florida Statutes and described in the Trust Indenture, which are available for payment of such debt service requirements.

ADOPTED November 9, 2010

**STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308**

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: October 27, 2010

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$25,780,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE
DESIGNATED) (MONTERRA APARTMENTS):**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$25,780,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of providing financing for the construction of a multifamily rental development located in Broward County, Florida (Monterra Apartments).

The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

RECOMMENDATION: It is recommended that, pursuant to the fiscal determination requirements of Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, and in reliance upon information provided by the Florida Housing Finance Corporation, the Board find and determine that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements. The Board does not assume any responsibility for, and makes no warranty (express or implied) with respect to any aspect of this bond issue.

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$12,250,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS,
(SERIES TO BE DESIGNATED)
(VILLA CAPRI PHASE III APARTMENTS)**

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$12,250,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of providing financing for the construction of a multifamily rental development located in Miami-Dade County, Florida (Villa Capri Phase III Apartments); and,

WHEREAS, the Corporation has requested the State Board of Administration of Florida to make the fiscal determination required by Section 420.509, Florida Statutes, as stated in Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended (the "Florida Constitution"); and,

WHEREAS, the Bonds shall be secured by a Trust Indenture; and,

WHEREAS, in accordance with Section 420.509, Florida Statutes, the principal of and all interest and any premium on the Bonds shall be payable solely out of revenues and other amounts pledged therefor, as described in the Trust Indenture and other required documents, and shall not be secured by the full faith and credit of the State of Florida; and,

WHEREAS, the cash flow analysis furnished by the Corporation shows that in no State fiscal year will the debt service requirements of the Bonds proposed to be issued and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements; and,

WHEREAS, the Corporation has furnished sufficient information to enable the State Board of Administration of Florida to fulfill its duties pursuant to Section 420.509(2), Florida Statutes; and,

WHEREAS, the Board has relied upon information from others, including the Corporation, but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the Board's determination pursuant to Section 16(c) of Article VII of the Florida Constitution and Section 420.509(2), Florida Statutes, is limited to a review of the matters essential to making such determination and the Board does not approve or disapprove of the Bonds as investments and has not passed upon the accuracy or adequacy of the Trust Indenture or any other required documents; **Now, Therefore,**

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (Villa Capri Phase III Apartments), in an amount not exceeding \$12,250,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

Accordingly, as required by Section 16(c) of Article VII of the Florida Constitution, the Board finds and determines that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues, as defined in Section 420.503, Florida Statutes and described in the Trust Indenture, which are available for payment of such debt service requirements.

ADOPTED November 9, 2010

**STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308**

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: October 27, 2010

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$12,250,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE
DESIGNATED) (VILLA CAPRI PHASE III APARTMENTS):**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$12,250,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of providing financing for the construction of a multifamily rental development located in Miami-Dade County, Florida (Villa Capri Phase III Apartments).

The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

RECOMMENDATION: It is recommended that, pursuant to the fiscal determination requirements of Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, and in reliance upon information provided by the Florida Housing Finance Corporation, the Board find and determine that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements. The Board does not assume any responsibility for, and makes no warranty (express or implied) with respect to any aspect of this bond issue.

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$9,500,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS,
(SERIES TO BE DESIGNATED)
(JOURNET PLACE APARTMENTS)**

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$9,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of providing financing for the construction of a multifamily rental development located in Pasco County, Florida (Journet Place Apartments); and,

WHEREAS, the Corporation has requested the State Board of Administration of Florida to make the fiscal determination required by Section 420.509, Florida Statutes, as stated in Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended (the "Florida Constitution"); and,

WHEREAS, the Bonds shall be secured by a Trust Indenture; and,

WHEREAS, in accordance with Section 420.509, Florida Statutes, the principal of and all interest and any premium on the Bonds shall be payable solely out of revenues and other amounts pledged therefor, as described in the Trust Indenture and other required documents, and shall not be secured by the full faith and credit of the State of Florida; and,

WHEREAS, the cash flow analysis furnished by the Corporation shows that in no State fiscal year will the debt service requirements of the Bonds proposed to be issued and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements; and,

WHEREAS, the Corporation has furnished sufficient information to enable the State Board of Administration of Florida to fulfill its duties pursuant to Section 420.509(2), Florida Statutes; and,

WHEREAS, the Board has relied upon information from others, including the Corporation, but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the Board's determination pursuant to Section 16(c) of Article VII of the Florida Constitution and Section 420.509(2), Florida Statutes, is limited to a review of the matters essential to making such determination and the Board does not approve or disapprove of the Bonds as investments and has not passed upon the accuracy or adequacy of the Trust Indenture or any other required documents; **Now, Therefore**,

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (Journet Place Apartments), in an amount not exceeding \$9,500,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

Accordingly, as required by Section 16(c) of Article VII of the Florida Constitution, the Board finds and determines that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues, as defined in Section 420.503, Florida Statutes and described in the Trust Indenture, which are available for payment of such debt service requirements.

ADOPTED November 9, 2010

**STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308**

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: October 27, 2010

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$9,500,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE
DESIGNATED) (JOURNET PLACE APARTMENTS):**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$9,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of providing financing for the construction of a multifamily rental development located in Pasco County, Florida (Journet Place Apartments).

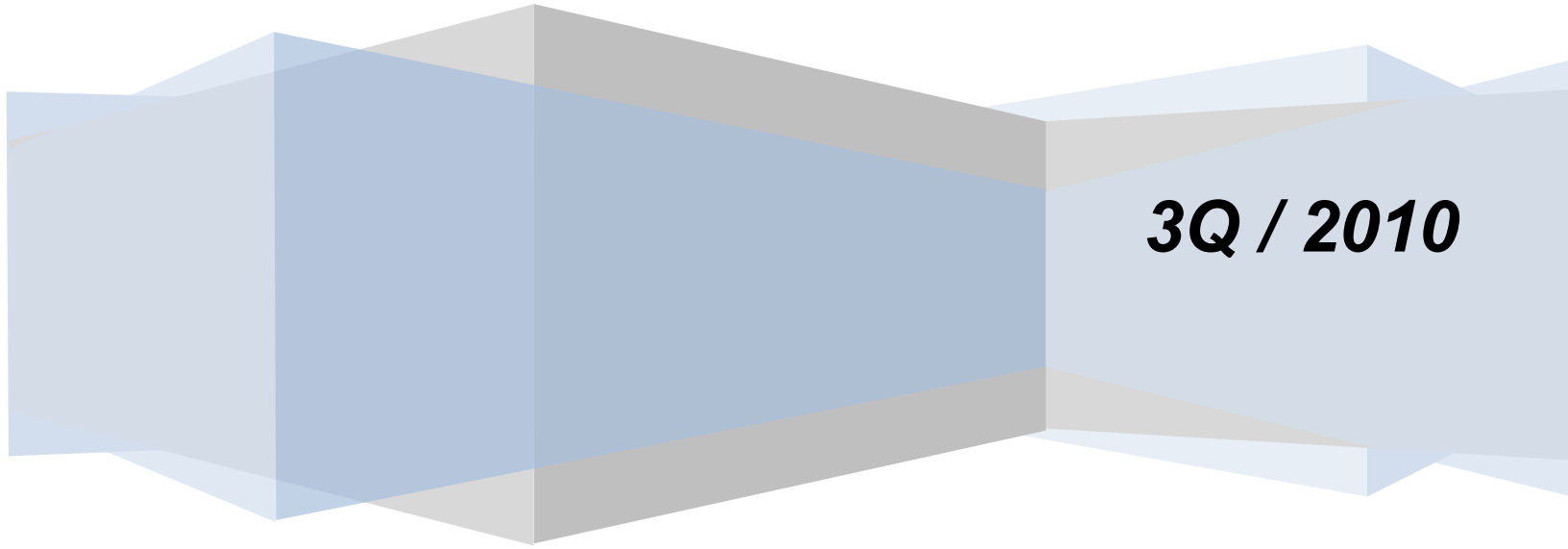
The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

RECOMMENDATION: It is recommended that, pursuant to the fiscal determination requirements of Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, and in reliance upon information provided by the Florida Housing Finance Corporation, the Board find and determine that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements. The Board does not assume any responsibility for, and makes no warranty (express or implied) with respect to any aspect of this bond issue.

cc: Janie Knight

Protecting Florida's Investments Act (PFIA)

Quarterly Report – November 9, 2010



3Q / 2010

FLORIDA STATE BOARD OF ADMINISTRATION



www.sbafla.com

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About the State Board of Administration

The statutory mission of the State Board of Administration (SBA) is to invest, manage and safeguard assets of the Florida Retirement System (FRS) Trust Fund and a variety of other funds for state and local governments. FRS Trustees are dedicated to ensuring that the SBA invests assets and discharges its duties in accordance with Florida law, guided by strict policies and a code of ethics to ensure integrity, prudent risk management and top-tier performance. The SBA is an investment fiduciary under law, and subject to the stringent fiduciary duties and standards of care defined by the Employee Retirement Income Security Act of 1974 (ERISA), as incorporated into Florida law. The SBA has three Trustees: the Governor, as Chairman, the Chief Financial Officer, as Treasurer, and the Attorney General, as Secretary.

As of September 30, 2010, the net asset value of total funds under SBA management was approximately \$142 billion. The FRS Pension Plan provides defined pension benefits to 1.1 million beneficiaries and retirees. The strong long-term performance of the FRS Pension Plan, the fourth-largest public pension fund in the nation, reflects our commitment to responsible fiscal management. The SBA strives to meet the highest ethical, fiduciary and professional standards while performing its mission, with a continued emphasis on keeping operating and investment management costs as low as possible for the benefit of Florida taxpayers.

We encourage you to review additional information about the SBA and FRS on our website at www.sbafla.com.

Introduction

On June 8, 2007, the Protecting Florida's Investments Act ("PFIA") was signed into law. The PFIA requires the State Board of Administration ("SBA"), acting on behalf of the Florida Retirement System Trust Fund (the "FRSTF"), to assemble and publish a list of "Scrutinized Companies" that have prohibited business operations in Sudan and Iran. Once placed on the list of Scrutinized Companies, the SBA and its investment managers are prohibited from acquiring those companies' securities and are required to divest those securities if the companies do not cease the prohibited activities or take certain compensating actions. The implementation of the PFIA by the SBA will not affect any FRSTF investments in U.S. companies. The PFIA will solely affect foreign companies with certain business operations in Sudan and Iran involving the petroleum or energy sector, oil or mineral extraction, power production or military support activities. This quarterly report is developed pursuant to Section 215.473 (4), Florida Statutes.

Primary Requirements of the PFIA

The PFIA created new reporting, engagement, and investment requirements for the SBA, including:

1. Quarterly reporting to the Board of Trustees of every equity security in which the SBA has invested for the quarter, along with its industry category. This report is posted on the SBA website.
2. Quarterly presentation to the Trustees of a "Scrutinized Companies" list for both Sudan and Iran for their approval. Scrutinized Company lists are available on the SBA's website, along with information on the FRSTF direct and indirect holdings of Scrutinized Companies.
3. Written notice to external investment managers of all PFIA requirements. Letters request that the managers of actively managed commingled vehicles (i.e., those with FRSTF and other clients' assets) consider removing Scrutinized Companies from the product or create a similar actively managed product that excludes such companies. Similar written requests must be provided to relevant investment managers within the defined contribution plan.
4. Written notice to any company with inactive business operations in Sudan or Iran, informing the company of the PFIA and encouraging it to continue to refrain from reinitiating active business operations. Such correspondence continues semiannually.
5. Written notice to any Scrutinized Company with active business operations, informing the company of its Scrutinized Company status and that it may become subject to divestment. The written notice must inform the company of the opportunity to clarify its Sudan-related or Iran-related activities and encourage the company, within 90 days, to cease its scrutinized business operations or convert such operations to inactive status.
6. A prohibition on further investment on behalf of the FRSTF in any Scrutinized Company once the Sudan and Iran scrutinized lists have been approved by the Trustees. All publicly traded securities of Scrutinized Companies must be divested within 12 months after the company's initial (and continued) appearance on the Scrutinized Companies list. Divestment does not apply to indirect holdings in actively managed commingled investment funds—i.e., where the SBA is not the sole investor in the fund. Private equity funds are considered to be actively managed.
7. Reporting to each member of the Board of Trustees, President of the Senate, and the Speaker of the House of Representatives of Scrutinized Company lists within 30 days of creation, and public disclosure of each list.
8. Quarterly reporting of the following to each member of the Board of Trustees, the President of the Senate, the Speaker of the House of Representatives, the United States Presidential Special Envoy to Sudan, and the United States Presidential Special Envoy to Iran. The report is made publicly available and posted to the SBA's website.

- a. A summary of correspondence with engaged companies;
 - b. A listing of all investments sold, redeemed, divested, or withdrawn;
 - c. A listing of all prohibited investments;
 - d. A description of any progress related to external managers offering PFIA compliant funds; and
 - e. A list of all publicly traded securities held directly by the state.
9. Adoption and incorporation into the FRSTF Investment Policy Statement (IPS) of SBA actions taken in accordance with the PFIA. Changes to the IPS are reviewed by the Investment Advisory Council (IAC) and approved by the Trustees.
10. Relevant Sudan or Iran portions of the PFIA are discontinued if the Congress or President of the United States passes legislation, executive order, or other written certification that:
 - a. Darfur genocide has been halted for at least 12 months;
 - b. Sanctions imposed against the Government of Sudan are revoked;
 - c. Government of Sudan honors its commitments to cease attacks on civilians, demobilize and demilitarize the Janjaweed and associated militias, grant free and unfettered access for deliveries of humanitarian assistance, and allow for the safe and voluntary return of refugees and internally displaced persons;
 - d. Government of Iran has ceased to acquire weapons of mass destruction and support international terrorism;
 - e. Sanctions imposed against the government of Iran are revoked; or
 - f. Mandatory divestment of the type provided for by the PFIA interferes with the conduct of U.S. foreign policy.
11. Cessation of divestment and/or reinvestment into previously divested companies may occur if the value of all FRSTF assets under management decreases by 50 basis points (0.5%) or more as a result of divestment. If cessation of divestment is triggered, the SBA is required to provide a written report to each member of the Board of Trustees, the President of the Senate, and the Speaker of the House of Representatives prior to initial reinvestment. Such condition is required to be updated semiannually.
12. In 2009, the Florida Legislature approved a bill requiring the SBA to identify and offer, by March 1, 2010, at least one terror-free investment product for the FRS Investment Plan. The product must allocate its funds among securities not subject to divestiture, as provided in section 215.473, Florida Statutes.

Definition of a Scrutinized Company

The following is a brief review of the criteria on which the active business operations of companies must be judged, in accordance with subsection (1)(t) of Section 215.473, F.S.

Sudan:

1. Have a material business relationship with the government of Sudan or a government-created project involving oil related, mineral extraction, or power generation activities, or
2. Have a material business relationship involving the supply of military equipment, or
3. Impart minimal benefit to disadvantaged citizens that are typically located in the geographic periphery of Sudan, or
4. Have been complicit in the genocidal campaign in Darfur.

Iran:

1. Have a material business relationship with the government of Iran or a government-created project involving oil related or mineral extraction activities, or
2. Have made material investments with the effect of significantly enhancing Iran's petroleum sector.

Affiliates of companies with scrutinized business operations are also subject to the requirements of the PFIA. An affiliated company is generally defined as any other company that either directly or indirectly controls, is controlled by or is under common control with the company conducting scrutinized active business operations. Control generally means the power to exercise a controlling influence over the management or policies of a company. As well, many companies have parent-subsidary relationships whereby a parent company may own several other companies. In such cases, the SBA has included any known parent and/or subsidiaries which can be clearly linked to a company with scrutinized active business operations. The SBA has used a 50 percent ownership threshold in determining whether or not companies are affiliated, examining parent company-subsidary ownership on a pro rata basis.

The SBA views companies which have explicit plans and activities related to discontinuation of active business operations as meeting the PFIA definition of substantial action. For all identified companies, the SBA will request information detailing what a company has actually done, if anything, to discontinue its active business operations or if it has pursued humanitarian efforts (applicable to Sudan only).

SBA Scrutinized Companies Identification Methodology

The SBA has developed two lists (the Sudan List and the Iran List) of Scrutinized Companies with active business operations. The lists are developed by principally relying on the research and findings of our "External Research Providers". Below is a brief description of our External Research Providers. MSCI has acquired and combined the operations of two of our longtime providers, RiskMetrics Group and KLD Research & Analytics, resulting in MSCI ESG Research. To maintain input from multiple consultants, we have added research from IW Financial and Jantzi-Sustainalytics.

1. **Conflict Risk Network (CRN).** CRN is a project of the Genocide Intervention Network, a non-profit organization focused on fundraising for the UN-supported African Union Mission in Darfur and political activism to pressure governments and the UN to pursue a comprehensive strategy to end the genocide in Darfur. CRN was formerly known as the Sudan Divestment Task Force (SDTF).
2. **MSCI ESG Research (MSCI).** MSCI combined, through acquisition, the resources of the RiskMetrics Group (Institutional Shareholder Services) and KLD Research & Analytics (KLD). MSCI delivers proxy voting and corporate governance analysis to institutional investors. Through its ESG Research unit, MSCI offers screening services with specific and unique components of state law pertaining to investments in sanctioned countries, including Sudan and Iran. Although MSCI's integration of legacy research platforms offered by ISS and KLD has been virtually completed, company research from both firms was used in this quarter's analysis. For future quarterly reports, company research from MSCI will supplant the research formerly supplied by ISS and KLD.
1. **IW Financial (IWF).** IWF is a provider of environmental, social, and governance research and consulting. IWF partners with Conflict Securities Advisory Group (CSAG) to provide clients with detailed information on the business ties of publicly traded companies in Sudan and Iran.
2. **Jantzi-Sustainalytics, Inc. (Jantzi).** Jantzi provides environmental, social and governance research and analysis, sustainability benchmarks, and investment services, and is the result of the merger between Jantzi Research, Inc. and Sustainalytics in 2009. Jantzi's company database, "Sustainalytics Global Platform," covers business operations in both Iran and Sudan.

SBA staff within the Investment Programs & Governance unit, as well as other senior investment staff, review the assessments of the External Research Providers and other publicly available information. The SBA has utilized the following sources to evaluate over 250 companies and affiliates with reported links to Sudan or Iran:

Company disclosures:

- SEC filings (DEF 14A Proxy Statements, 10-K & 20-F Annual Reports, etc.)
- Investor Relations/company websites
- Industry publications and analyst research

Investment/Finance Organizations:

- Industry Analysts
- Index Providers (e.g., Russell)
- Other Institutional Investors/Private Investors

U.S Government Agencies:

- U.S. Treasury, Office of Foreign Asset Control (OFAC)
- U.S. Government Accountability Office (GAO)
- SEC Office of Global Security (EDGAR)
- Dept. of Energy, Energy Information Administration (EIA)
- Congressional Research Service (CRS), Library of Congress

Non-Governmental Organizations (NGOs):

- American Enterprise Institute (AEI)
- Amnesty International
- Yale University (Allard K. Lowenstein International Human Rights Project)
- Human Rights Watch

Other Sources:

- SBA External Investment Managers
- U.S. Federal Sanctions Laws covering State Sponsors of Terror
- Any other publicly available information.

Using the previous information sources, the SBA has developed two separate categorizations of a company's involvement in Sudan and/or Iran.

1. **"Scrutinized"** — Information provided by several External Research Providers indicates that a company meets the classification of a Scrutinized Company as defined by the PFIA as set forth in Section 215.473 (1)(t)1., 2., or 3. [Sudan] or Section 215.473 (4)(t)1. [Iran]. Upon SBA review, no other information sources clearly contradict the conclusions of the External Research Providers.
2. **"Continued Examination"** — At least one External Research Provider indicates that a company meets the classification of a Scrutinized Company as defined by the PFIA as set forth in Section 215.473, (1)(t)1., 2., or 3. [Sudan] or Section 215.473, (4)(t)1. [Iran]. In other words, the External Research Providers do not agree on the status of a company and the SBA is unable to definitively categorize the company's activities as scrutinized without further research to resolve the differences. For companies classified as "Continued Examination" the SBA will begin an engagement process to clarify each firm's current business relationships.

Key Changes Since the Previous PFIA Quarterly Report

Sudan

Companies added to the Sudan Scrutinized List this quarter:

- **China Petroleum Finance Co.** was added due to its issuance of bonds as the finance arm of CNPC, a state-controlled entity involved in Sudan.
- **Groupe ONA (ONA SA)** is majority shareholder in Managem.
- **Managem SA** has been identified by our external research providers as being involved in Sudan.
- **Societe Metallurgique D'imiter** is a majority owned subsidiary of Managem.

Companies removed from the Sudan Scrutinized List this quarter:

- **Bongaigaon Refinery and Petrochemicals** was removed since it is no longer publicly traded.
- **China Avic Avionics Equipment Co. Ltd. (fka: Jiangxi Changhe Automobile Co. Ltd)** is no longer majority-owned by AviChina, and is not directly involved in Sudan operations.

Companies added to the Sudan Continued Examination List this quarter:

- **El Sewedy Cables Holding Company**

Companies removed from the Sudan Continued Examination List this quarter:

- **Managem SA** is being moved to the Sudan Scrutinized List.

Iran

Companies added to the Iran Scrutinized List this quarter:

- **Total Gabon** is a majority owned subsidiary of Total SA.
- **Total Capital** is a majority owned subsidiary of Total SA.

Companies removed from the Iran Scrutinized List this quarter:

- **GAIL (India) Limited, aka GAIL Ltd.** GAIL provided a written response to the SBA indicating no ongoing operations in Iran. In addition, recent reports from external research providers state that the company has halted Iran operations.

Companies added to the Iran Continued Examination List this quarter:

- **GAIL (India) Limited, aka GAIL Ltd.**
- **INA-Industrija Nafte DD**
- **Mangalore Refinery & Petrochemicals Ltd.**

Companies removed from the Iran Continued Examination List this quarter:

- **Engineers India Ltd.**
- **GVA Consultants**
- **PT Citra Tubindo Tbk**
- **Siemens AG**
- **Trevi-Finanziaria Industriale SpA**

Table 1: Scrutinized Companies with Activities in Sudan
New companies on the list are shaded and in bold.

Company	Country of Incorporation	Date of Initial Scrutinized Classification
Alstom	France	September 19, 2007
Alstom Projects India	India	April 14, 2009
AREF Energy Holdings Co.	Kuwait	July 28, 2009
AviChina Industry & Technology Company Limited	China	September 19, 2007
Bharat Heavy Electricals, Ltd.	India	September 19, 2007
Chennai Petroleum Corp Ltd	India	September 19, 2007
China Petroleum & Chemical Corp (CPCC) Sinopec	China	September 19, 2007
China Petroleum Finance Co.	China	November 9, 2010
Daqing Huake Group Co Ltd	China	March 25, 2008
Dongan Motor (aka Harbin Dongan Auto Engine)	China	September 19, 2007
Dongfeng Motor Group Co. Ltd.	China	July 29, 2010
Egypt Kuwait Holding Co. SAE	Kuwait	January 13, 2009
Electricity Generating Public Co	Thailand	September 19, 2007
Gas District Cooling (Putrajaya) Sdn Bhd	Malaysia	April 14, 2009
Groupe ONA (ONA SA)	Morocco	November 9, 2010
Hafei Aviation Industry Co Ltd	China	September 19, 2007
Harbin Power Equipment	China	September 19, 2007
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
Jiangxi Hongdu Aviation (aka Hongdu Aviation)	China	September 19, 2007
Jinan Diesel Engine Co. Ltd.	China	July 28, 2009
Khanom Electricity Generating Co	Thailand	December 18, 2007
Kingdream PLC	China	April 14, 2009
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
KMCOB Capital Bhd	Malaysia	September 19, 2007
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong Limited)	Hong Kong	September 19, 2007
Kuwait Finance House	Kuwait	April 14, 2009
Lanka IOC Ltd	India	September 19, 2007
Managem SA	Morocco	November 9, 2010
Mangalore Refinery & Petrochemicals Ltd	India	September 19, 2007
Midciti Resources Sdn Bhd	Malaysia	September 19, 2007
MISC Bhd	Malaysia	September 19, 2007
MISC Capital Ltd.	Malaysia	April 14, 2009
Oil & Natural Gas Corp (ONGC)	India	September 19, 2007
PECD Bhd.	Malaysia	September 19, 2007
PetroChina	China	September 19, 2007
Petrolam Nasional (Petronas)	Malaysia	September 19, 2007

<i>Company</i>	<i>Country of Incorporation</i>	<i>Date of Initial Scrutinized Classification</i>
Petronas Capital Limited	Malaysia	September 19, 2007
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
Ranhill Bhd	Malaysia	September 16, 2008
Ranhill Labuan Ltd.	Malaysia	April 14, 2009
Ranhill Powertron Sdn	Malaysia	April 14, 2009
Scomi Engineering BHD	Malaysia	September 19, 2007
Scomi Group Bhd	Malaysia	September 19, 2007
Sinopec Finance	China	April 14, 2009
Sinopec Kantons Holdings Ltd	Bermuda	September 19, 2007
Sinopec Shanghai Petrochemical	China	September 19, 2007
Sinopec Yizheng Chemical Fibre	China	March 25, 2008
Societe Metallurgique D'imiter	Morocco	November 9, 2010
Wuhan Boiler Company	China	September 19, 2007
# of Companies	50	

The following companies were removed from the Scrutinized Company List for SUDAN during the quarter.

<i>Removed Company</i>	<i>Country of Incorporation</i>
Bongaigaon Refinery and Petrochemicals	India
China Avic Avionics Equipment Co. Ltd. (fka: Jiangxi Changhe Automobile Co. Ltd.)	China

Table 2: Continued Examination Companies with Activities in Sudan
New companies on the list are shaded and in bold.

Company	Country of Incorporation
AREF Investment Group	Kuwait
Bollore Group	France
China North Industries Group Corp (CNGC/Norinco)	China
Dongfeng Automobile Co. Ltd.	China
El Sewedy Cables Holding Company	Egypt
GAZ Group	Russia
Glencore International AG	Switzerland
Kejuruteraan Samudra Timur Berhad	Malaysia
Kencana Petroleum Berhad	Malaysia
Korea Plant Service and Engineering Co. Ltd.	South Korea
LS Industrial Systems Co. Ltd.	South Korea
Mercator Lines Limited (Mercator Lines Singapore)	India
Nam Fatt	Malaysia
Nippon Oil Finance	Japan
Oil India Limited	India
PetroFac	United Kingdom
PTT Public Company Ltd.	Thailand
Seadrill Ltd.	Bermuda
Sinohydro	China
Sudan Telecommunications (Sudatel)	Sudan
Total SA	France
Wartsila Oyj	Finland
# of Companies	22

The following companies were **removed** from the Continued Examination List for SUDAN during the quarter.

Removed Company	Country of Incorporation
Managem SA	Morocco

Table 3: Scrutinized Companies with Activities in the Iran Petroleum Energy Sector*New companies on the list are shaded and in bold.*

Company	Country of Incorporation	Date of Initial Scrutinized Classification
China Petroleum & Chemical Corp (CPCC) Sinopec	China	September 19, 2007
ENI	Italy	September 19, 2007
Gas District Cooling (Putrajaya) Sdn Bhd	Malaysia	April 14, 2009
Gazprom	Russia	September 19, 2007
Gazprom Neft	Russia	September 16, 2008
GS Engineering & Construction Corp.	S. Korea	September 16, 2008
GS Holdings	S. Korea	September 19, 2007
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
Inpex Corp.	Japan	September 19, 2007
Kingdream PLC	China	April 14, 2009
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong Limited)	Hong Kong	September 19, 2007
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
Midciti Resources Sdn Bhd	Malaysia	September 19, 2007
MISC Bhd	Malaysia	September 19, 2007
MISC Capital Ltd.	Malaysia	April 14, 2009
Mosenergo	Russia	September 16, 2008
Oil & Natural Gas Corp (ONGC)	India	September 19, 2007
Persian Gold PLC	United Kingdom	July 28, 2009
PetroChina	China	September 19, 2007
Petroleum Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
Repsol YPF	Spain	September 19, 2007
Royal Dutch Shell PLC	United Kingdom	September 19, 2007
Shell International Finance BV	Netherlands	October 27, 2009
Sinopec Finance	China	April 14, 2009
Sinopec Kantons Holdings Ltd	Bermuda	September 19, 2007
Sinopec Shanghai Petrochemical	China	September 19, 2007
Sinopec Yizheng Chemical Fibre	China	March 25, 2008
Snam Rete Gas	Italy	September 19, 2007
StatoilHydro	Norway	September 19, 2007
Total Capital	France	November 9, 2010
Total Gabon	Gabon	November 9, 2010
Total (Nigeria) PLC	Nigeria	March 25, 2008
Total SA	France	September 19, 2007
# of Companies	36	

The following companies were **removed** from the Scrutinized Company List for IRAN during the quarter.

<i>Removed Company</i>	<i>Country of Incorporation</i>
<i>GAIL (India) Limited, aka GAIL Ltd.</i>	<i>India</i>

Table 4: Continued Examination Companies with Petroleum Energy Activities in Iran
New companies on the list are shaded and in bold.

Company	Country of Incorporation
Aker Solutions ASA (fka Aker Kvaerner ASA)	Norway
CNOOC Ltd.	China
Daelim Industrial Co.	South Korea
Edison Spa	Italy
GAIL (India) Limited, aka GAIL Ltd.	India
Hyundai Engineering & Construction Co.	South Korea
Hyundai Heavy Industries	South Korea
INA-Industrija Nafta DD	Croatia
Liquefied Natural Gas LNG	Australia
Lukoil OAO	Russia
Mangalore Refinery & Petrochemicals Ltd.	India
OMV AG	Austria
Petrofac Ltd.	United Kingdom
PTT Exploration & Production PCL	Thailand
Sasol Ltd.	South Africa
Siam Cement PCL	Thailand
Technip	France
Welspun Corp. Limited (fka Welspun-Gujarat Stahl Rohren Ltd.)	India
# of Companies	18

The following companies were **removed** from the Continued Examination Company List for IRAN during the quarter.

Removed Company	Country of Incorporation
Engineers India Ltd.	India
GVA Consultants	Sweden
PT Citra Tubindo Tbk	Indonesia
Siemens AG	Germany
Trevi-Finanziaria Industriale SpA	Italy

Table 5: Correspondence & Engagement Efforts with Scrutinized Companies

In accordance with Section 215.473(3)(a), F.S., the SBA began to engage companies on the September 19, 2007, Scrutinized Company lists. The SBA sent letters to each Scrutinized Company that was owned and held as of September 19, 2007, per the requirements of the law.

The SBA also sent written communication to other scrutinized firms since the initial company engagement effort in September 2007. Each letter encouraged the company to cease any active business operations within 90 days or convert such operations to inactive status to avoid qualifying for divestment by the SBA. In addition, the SBA sent a second letter to scrutinized companies on January 25, 2008, again requesting companies to provide all information necessary to avoid divestment.

On September 30, 2008, the SBA sent a follow-up letter to all Scrutinized Companies. Although, these companies are no longer held by the SBA, the September 30, 2008, letter was intended to once again provide notice of the requirements of the PFIA. Since our original correspondence, several companies on the scrutinized list have replied with valuable information. Each company's response and classification status is summarized below. Any company that responded to the SBA's written correspondence is highlighted in blue text.

Company	Company Responsive to SBA Communications	Status
ABB	Yes; January 29, 2009	Removed from Sudan Scrutinized List
Alstom	Yes; October 1, 2007	Sudan Scrutinized Classification Continues
Bharat Heavy Electricals Limited	Yes; October 4, 2007	Sudan Scrutinized Classification Continues
Bow Valley Energy	Yes; October 22, 2008	Removed from Iran Scrutinized List
Chennai Petroleum Corporation Limited	Yes; October 16, 2008	Sudan Scrutinized Classification Continues
China Petroleum & Chemical Corp (Sinopec)	No	Iran & Sudan Scrutinized Classification Continues
Dongfeng Motor Group Co. Ltd.	No	Sudan Scrutinized Classification Continues
Electricity Generating PCL	No	Sudan Scrutinized Classification Continues
ENI	Yes; February 13, 2008	Iran Scrutinized Classification Continues
GAIL (India) Limited, aka GAIL Ltd.	Yes; October 5, 2010	Moved to Iran Continued Examination List
Gazprom	Yes; November 1, 2007	Iran Scrutinized Classification Continues
Harbin Power Equipment	No	Sudan Scrutinized Classification Continues
Indian Oil Corp Ltd (IOCL)	No	Iran & Sudan Scrutinized Classification Continues
Inpex Corp.	Yes; October 15, 2007	Iran Scrutinized Classification Continues
Kencana Petroleum	Yes; October 31, 2008	Moved to Sudan Continued Examination List
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong Limited)	Yes; October 5, 2007 and May 24, 2008	Iran & Sudan Scrutinized Classification Continues
Lukoil OAO	Yes; October 8, 2007	Moved to Iran Continued Examination List
Lundin Petroleum AB	Yes; October 17, 2008	Removed from Sudan Scrutinized List
Lundin International SA	No	Removed from Sudan Scrutinized List
MISC Bhd	No	Iran & Sudan Scrutinized Classification Continues
Norsk Hydro	Yes; November 30, 2007	Removed from Iran Scrutinized List
OMV AG	Yes; November 6, 2007 and April 14, 2010	Moved to Iran Continued Examination List
PetroChina	Yes; December 22, 2008	Iran & Sudan Scrutinized Classification Continues
Petroleo Brasileiro (Petrobras)	Yes; January 13, 2010	Removed from Iran Scrutinized List

Company	Company Responsive to SBA Communications	Status
Ranhill Bhd	Yes; October 22, 2008	Sudan Scrutinized Classification Continues
Repsol YPF	Yes; October 15, 2007	Iran Scrutinized Classification Continues
Royal Dutch Shell PLC	Yes; October 5, 2007	Iran Scrutinized Classification Continues
Sinopec Kantons Holdings Ltd.	No	Iran & Sudan Scrutinized Classification Continues
Sinopec Shanghai Petrochemical Company	No	Sudan Scrutinized Classification Continues
Snam Rete Gas	Yes; October 9, 2008	Iran Scrutinized Classification Continues
StatoilHydro	Yes; February 4, 2008	Iran Scrutinized Classification Continues
Total SA	Yes; October 12, 2007	Iran Scrutinized Classification Continues
Wärtsilä Oyj	Yes; December 4, 2007	Moved to Sudan Continued Examination List

Table 6: Correspondence & Engagement Efforts with Continued Examination Companies

In addition to Scrutinized Companies, the SBA engaged companies on our initial September 19, 2007, Continued Examination company lists. The SBA also sent written communication to firms added to the Continued Examination list since the initial company engagement effort in September 2007. Such companies were asked to provide information to the SBA in order to assist us in determining the extent of their activities, if any, in Sudan and Iran. The SBA sent a follow-up letter to all companies on September 30, 2008. Each company's response and classification is summarized below. Any company that responded to the SBA's written correspondence is highlighted in blue text.

Company	Company Responsive to SBA Communications	Continued Examination Status
Actividades de Construcción y Servicios S.A.(ACS)	No	Removed from Iran List
Aggreko PLC	Yes; January 28, 2008	Removed from Iran List
Air Liquide	Yes; November 30, 2007 January 28, 2008	Removed from Iran List
Aker Solutions ASA (fka Aker Kvaerner ASA)	No	Iran CE Classification Continues
AREF Investment Group	No	Removed from Sudan List
Areva SA	Yes; October 27, 2008 December 29, 2009	Removed from Sudan List
Bauer Aktiengesellschaft	Yes; March 13, 2008	Removed from Sudan List
BG Group	Yes; November 23, 2007	Removed from Iran List
Bharat Electronics Limited	No	Removed from Sudan CE List
Bolloré Group	No	Sudan CE Classification Continues
CNOOC Ltd	Yes; October 28, 2008	Iran CE Classification Continues
Costain Group PLC	Yes; November 5, 2007	Removed from Iran List
Daelim Industrial Co.	No	Iran CE Classification Continues
Engineers India Ltd.	Yes; October 16, 2008; September 9, 2010	Removed from Iran CE List
Essar Oil	Yes; January 9, 2009	Removed from Iran List
Finmeccanica SpA	No	Removed from Sudan List
Glencore International AG	Yes; September 20, 2010	Sudan CE Classification Continues
GVA Consultants	Yes; September 26, 2007 September 30, 2010	Removed from Iran CE List
ICSA India Limited	No	Removed from Sudan List
Itochu Corp	Yes; May 9, 2008	Removed from Iran List
JGC Corp	Yes; October 1, 2007	Removed from Iran List
La Mancha Resources	Yes; October 21, 2008	Removed from Sudan List
Linde AG	Yes; November 14, 2007	Removed from Iran List
Liquefied Natural Gas LNG	No	Iran CE Classification Continues
Mitsubishi Heavy Industries Ltd.	Yes; October 26, 2007	Removed from Iran List
Mitsui & Co.	Yes; October 17, 2007	Removed from Iran List
Mitsui Engineering & Shipbuilding	Yes; November 21, 2007 December 18, 2007	Removed from Iran and Sudan Lists
MMC Bhd	No	Sudan CE Classification Continues
Nam Fatt	No	Sudan CE Classification Continues

Company	Company Responsive to SBA Communications	Continued Examination Status
PT Citra Tubindo Tbk.	Yes; September 27, 2010	Removed from Iran CE List
PTT Public Company Limited	Yes; October 1, 2010	Sudan CE Classification Continues
Saipem	Yes; December 12, 2007	Removed from Iran List
Samsung Engineering Co. Ltd.	No	Removed from Iran CE List
Samsung Heavy Industries Co. Ltd.	No	Removed from Iran List
Sasol Ltd.	Yes; May 25, 2010 September 29, 2010	Iran CE Classification Continues
Seadrill Management AS	Yes; September 20, 2010	Sudan CE Classification Continues
Siam Cement Group (SCG)	Yes; September 24, 2010	Iran CE Classification Continues
Siemens AG	Yes; October 22, 2009 October 8, 2010	Removed from Iran CE List
Schlumberger Limited NV	Yes; October 19, 2007	Removed from Iran and Sudan Lists
Siam Cement PCL	Yes; October 21, 2008	Iran CE Classification Continues
SNC - Lavalin Group Inc.	Yes; September 25, 2007	Removed from Iran List
Sudan Telecommunications (Sudatel)	No	Sudan CE Classification Continues
Technip	Yes; April 30, 2010	Iran CE Classification Continues
The Weir Group PLC	Yes; November 16, 2007	Removed from Iran and Sudan Lists
Total SA	Yes; October 12, 2007	Sudan CE Classification Continues
Trevi-Finanziaria Industriale S.p.A.	Yes; September 17, 2010	Removed from Iran CE List
Weatherford International, Ltd.	No	Removed from Sudan List
Welspun Corp. Limited (fka Welspun-Gujarat Stahl Rohen Ltd.)	Yes; September 24, 2010	Iran CE Classification Continues

Key Dates for PFIA Activities

June 8, 2007 — Legislation's effective date, upon becoming a law.

August 6, 2007 — SBA letter to state agencies requesting data on all publicly traded securities held directly by the State.

August 20, 2007 — First of two letters to investment managers providing written notice of PFIA enactment and amendment to Schedule B of investment management contracts.

September 19, 2007 — SBA assembles initial Scrutinized Companies lists for Sudan and Iran.

September 20, 2007 — SBA engages companies classified as either Scrutinized or needing Continued Examination through written correspondence, subsequent conference calls and additional communication. SBA disclosed the Scrutinized Companies lists on its website, including reporting of all equities held by the State.

September 21, 2007 — Second of two letters to investment managers providing Scrutinized Companies lists.

October 16, 2007 — SBA formally submits the Scrutinized Companies lists to the Legislature and the United States Special Envoy to Sudan, and continues to do so every quarter.

November 30, 2007 — SBA sends notification via email to any owned scrutinized company that has not responded to initial written correspondence. Similar notification was sent to each company classified as needing continued examination.

January 25, 2008 — SBA sends additional notice of divestment and request for information to all Scrutinized Companies, with emphasis to companies that have been unresponsive to the SBA's prior request for the necessary information.

July 1, 2008 — In March 2008, the SBA developed a policy approach directing all affected managers to sell their remaining PFIA related holdings no later than July 1, 2008, approximately three months earlier than the statutory deadline of September 18, 2008.

September 18, 2008 — Statutory deadline for the SBA to complete divestment of *initial* Scrutinized Companies (i.e., within 12 months of their initial appearance on the September 19, 2007 list), if they do not stop scrutinized active business operations.

March 1, 2010— Deadline for the SBA to identify and offer at least one terror-free investment product for the FRS Investment Plan (Defined Contribution).

Quarterly Reporting—SBA provides quarterly updates to the Scrutinized Companies lists for Sudan and Iran, including a summary of engagement activities. PFIA quarterly reports have been issued on the following dates:

September 19, 2007
December 18, 2007
March 25, 2008
June 10, 2008
September 16, 2008
January 13, 2009
April 14, 2009
July 28, 2009
October 27, 2009
January 26, 2010
April 27, 2010
July 29, 2010
November 9, 2010

Summary of Investments Sold, Redeemed, Divested or Withdrawn

In accordance with the PFIA, the SBA must divest all holdings of any scrutinized companies within 12 months of their original appearance on the prohibited securities list. External managers are contractually responsible for administering investments in accordance with restrictions set forth by the SBA, including the prohibited securities list of the PFIA. Beginning in April 2008, the SBA developed a policy approach that directed all affected managers to sell their remaining PFIA related holdings no later than July 1, 2008, approximately three months earlier than the statutory deadline of September 18, 2008. Historical divestment transaction data is contained in prior PFIA Quarterly Reports.

Below is a table showing the aggregate amounts divested by the SBA, by company, since the PFIA's inception:

Royal Dutch Shell	\$215,784,700.79
Total SA	\$214,536,015.45
Petroleo Brasileiro SA (Petrobras) **	\$206,135,264.10
ENI	\$141,403,034.78
Gazprom (a.k.a. OAO Gazprom)	\$71,275,453.14
Alstom	\$65,897,698.67
Repsol YPF	\$53,420,179.87
StatoilHydro	\$46,792,677.58
China Petroleum and Chemical Corp (CPCC) Sinopec	\$38,455,440.48
PetroChina	\$25,723,158.75
Inpex Corp.	\$24,835,110.63
MISC Bhd	\$16,448,397.44
Snam Rete Gas	\$9,596,905.78
Lukoil OAO**	\$9,487,631.46
OMV AG **	\$8,601,977.98
Shell International Finance	\$8,599,813.40
Wärtsilä Oyj**	\$1,797,871.96
Petrofac Ltd **	\$1,496,881.43
The Weir Group PLC **	\$1,322,666.62
Petrobras International Finance**	\$1,148,750.00
Lundin Petroleum AB **	\$1,133,120.04
Oil & Natural Gas Corporation (ONGC)	\$945,363.83
Petrobras Energia (Participaciones) **	\$298,632.08
Dongfeng Motor Group	\$158,623.49
Electricity Generating Public Company	\$121,321.38
Gazprom Neft	\$37,892.73
** denotes companies no longer on the Prohibited Company list.	\$1,165,454,584

In accordance with the PFIA, the SBA will report on the performance implications of PFIA-related divestitures and restrictions. Generally, the impact of PFIA legislation on performance is measured as the opportunity cost of not being able to hold prohibited securities, measured by comparing the monthly return of the standard foreign equity benchmark (i.e., the MSCI ACWI ex-US) to a custom foreign equity benchmark based upon PFIA divestiture requirements. The difference in returns between the standard benchmark and custom benchmark represents the opportunity cost to the SBA of not being able to invest in (or hold) prohibited companies. The percent return difference is then applied to the average monthly balance of foreign equity investments to determine a dollar impact. Monthly dollar impacts, whether positive or negative, are added together through time and then compared to the total value of the FRS Pension Plan to determine the percentage or basis point impact of PFIA legislation.

Table 7: List of Prohibited Investments (Scrutinized Companies)*New companies on the list are shaded and in bold.*

Company	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Alstom	Sudan	France	September 19, 2007	Yes
Alstom Projects India	Sudan	India	April 14, 2009	Yes
AREF Energy Holdings Co.	Sudan	Kuwait	July 28, 2009	Yes
AviChina Industry & Technology Company Limited	Sudan	China	September 19, 2007	Yes
Bharat Heavy Electricals, Ltd.	Sudan	India	September 19, 2007	Yes
Chennai Petroleum Corp Ltd	Sudan	India	September 19, 2007	Yes
China Petroleum & Chemical Corp (CPCC) Sinopec	Sudan & Iran	China	September 19, 2007	Yes
China Petroleum Finance Co.	Sudan	China	November 9, 2010	Yes
Daqing Huake Group Co Ltd	Sudan	China	March 25, 2008	Yes
Dongan Motor (aka Harbin Dongan Auto Engine)	Sudan	China	September 19, 2007	Yes
Dongfeng Motor Group Co. Ltd.	Sudan	China	July 29, 2010	Yes
Egypt Kuwait Holding Co. SAE	Sudan	Kuwait	January 13, 2009	Yes
Electricity Generating Public Co	Sudan	Thailand	September 19, 2007	Yes
ENI	Iran	Italy	September 19, 2007	Yes
Gas District Cooling (Putrajaya) Sdn Bhd	Sudan & Iran	Malaysia	April 14, 2009	Yes
Gazprom	Iran	Russia	September 19, 2007	Yes
Gazprom Neft	Iran	Russia	September 16, 2008	Yes
Groupe ONA (ONA SA)	Sudan	Morocco	November 9, 2010	Yes
GS Engineering & Construction Corp.	Iran	S. Korea	September 16, 2008	Yes
GS Holdings	Iran	S. Korea	September 19, 2007	Yes
Hafei Aviation Industry Co Ltd	Sudan	China	September 19, 2007	Yes
Harbin Power Equipment	Sudan	China	September 19, 2007	Yes
Indian Oil Corp Ltd (IOCL)	Sudan & Iran	India	September 19, 2007	Yes
Inpex Corp.	Iran	Japan	September 19, 2007	Yes
Jiangxi Hongdu Aviation (aka Hongdu Aviation)	Sudan	China	September 19, 2007	Yes
Jinan Diesel Engine	Sudan	China	July 28, 2009	Yes
Khanom Electricity Generating Co	Sudan	Thailand	December 18, 2007	Yes
Kingdream PLC	Sudan & Iran	China	April 14, 2009	Yes
KLCC Property Holdings Bhd	Sudan & Iran	Malaysia	April 14, 2009	Yes
KMCOB Capital Bhd	Sudan	Malaysia	September 19, 2007	Yes
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong Limited)	Sudan & Iran	Hong Kong	September 19, 2007	Yes
Kuwait Finance House	Sudan	Kuwait	April 14, 2009	Yes
Lanka IOC Ltd	Sudan	India	September 19, 2007	Yes
Managem SA	Sudan	Morocco	November 9, 2010	Yes
Mangalore Refinery & Petrochemicals Ltd	Sudan	India	September 19, 2007	Yes
Midciti Resources Sdn Bhd	Sudan	Malaysia	September 19, 2007	Yes
MISC Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
MISC Capital Ltd.	Sudan & Iran	Malaysia	April 14, 2009	Yes
Mosenergo	Iran	Russia	September 16, 2008	Yes
Oil & Natural Gas Corp (ONGC)	Sudan & Iran	India	September 19, 2007	Yes

Company	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
PECD Bhd.	Sudan	Malaysia	September 19, 2007	Yes
Persian Gold	Iran	United Kingdom	July 28, 2009	Yes
PetroChina	Sudan & Iran	China	September 19, 2007	Yes
Petroleum Nasional (Petronas)	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Capital Limited	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Dagangan Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Gas Berhad	Sudan & Iran	Malaysia	September 19, 2007	Yes
Ranhill Bhd	Sudan	Malaysia	September 16, 2008	Yes
Ranhill Labuan Ltd.	Sudan	Malaysia	April 14, 2009	Yes
Ranhill Powertron Sdn	Sudan	Malaysia	April 14, 2009	Yes
Repsol YPF	Iran	Spain	September 19, 2007	Yes
Royal Dutch Shell PLC	Iran	United Kingdom	September 19, 2007	Yes
Scomi Engineering BHD	Sudan	Malaysia	September 19, 2007	Yes
Scomi Group Bhd	Sudan	Malaysia	September 19, 2007	Yes
Shell International Finance BV	Iran	Netherlands	October 27, 2009	Yes
Sinopec Finance	Sudan & Iran	China	April 14, 2009	Yes
Sinopec Kantons Holdings Ltd	Sudan & Iran	Bermuda	September 19, 2007	Yes
Sinopec Shanghai Petrochemical	Sudan & Iran	China	September 19, 2007	Yes
Sinopec Yizheng Chemical Fibre	Sudan & Iran	China	March 25, 2008	Yes
Snam Rete Gas	Iran	Italy	September 19, 2007	Yes
Societe Metallurgique D'imiter	Sudan	Morocco	November 9, 2010	Yes
StatoilHydro	Iran	Norway	September 19, 2007	Yes
Total Capital	Iran	France	November 9, 2010	Yes
Total Gabon	Iran	Gabon	November 9, 2010	Yes
Total (Nigeria) PLC	Iran	Nigeria	March 25, 2008	Yes
Total SA	Iran	France	September 19, 2007	Yes
Wuhan Boiler Company	Sudan	China	September 19, 2007	Yes
# of Companies	67	-	-	

The following companies were **removed** from the Prohibited Investments List during the quarter.

Removed Company	Country of Incorporation
Bongaigaon Refinery & Petrochemicals	India
China Avic Avionics Equipment Co. Ltd (fka: Jiangxi Changhe Automobile Co. Ltd.)	China
GAIL (India) Limited, aka GAIL, Ltd.	India

Table 8: SBA Holdings in Prohibited Investments Subject to Divestment

[As of September 30, 2010]

The SBA currently has no holdings in companies on the Prohibited Investments List in accounts subject to the PFIA divestiture requirements.

Summary of Progress, SBA Investment Manager Engagement Efforts

On August 20, 2007, the SBA sent letters to 66 external investment managers notifying them of the Act and informing them of new contract language that would enforce their cooperation with the requirements of the new law.

On September 19, 2007, the SBA sent letters to all affected managers outlining the list of prohibited securities for any future purchases. The letter described the SBA's engagement process with companies on the list, which affords companies a 90-day period in which to comply with the conditions of the law or clarify their activities. The letter directed these managers to cease purchase of securities on the list and to await the direction of the SBA for any divestment necessary in the event engagement fails, with a deadline for divestment under the law of September 18, 2008.

On September 19, 2007, the SBA sent letters to actively-managed, indirectly held funds holding scrutinized securities, including managers of the defined contribution program, asking the funds to review the list of scrutinized securities and consider eliminating such holdings from the portfolio or create a similar fund, devoid of such holdings, per the requirements of the law.

Each quarter, the SBA sends written and electronic notification to all affected managers about the list of prohibited companies.

The SBA has received responses noting our concerns in writing and by phone from several of the contacted managers.

Listing of All Publicly Traded Securities (Including Equity Investments)

Due to the large number of individual securities and the volume of information, this list has been electronically posted to the SBA's website and is updated quarterly. A list of all publicly traded securities owned by the State of Florida can be found at www.sbafla.com within the PFIA information section. Please observe the electronic report's notes page for important clarifying explanations of included data.

For more information, please contact:

Florida State Board of Administration (SBA)
Investment Programs & Governance
1801 Hermitage Blvd., Suite 100
Tallahassee, FL 32308
www.sbafla.com

or send an email to:

pfia@sbafla.com

FLORIDA STATE BOARD OF ADMINISTRATION



www.sbafla.com



STATE BOARD OF ADMINISTRATION
OF FLORIDA

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CHARLIE CRIST
GOVERNOR
AS CHAIRMAN

ALEX SINK
CHIEF FINANCIAL OFFICER
AS TREASURER

BILL McCOLLUM
ATTORNEY GENERAL
AS SECRETARY

ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO

November 9, 2010

The Honorable Alex Diaz de la Portilla
Chair
Joint Legislative Auditing Committee
330 Senate Office Building
404 South Monroe Street
Tallahassee, Florida 32399-1300

The Honorable Greg Evers
Alternating Chair
Joint Legislative Auditing Committee
212 The Capitol
402 South Monroe Street
Tallahassee, Florida 32399-1100

Dear Senator Diaz de la Portilla and Representative Evers:

Pursuant to section 218.409(6)(a)1., Florida Statutes, the Trustees of the State Board of Administration are required to "provide a quarterly report to the Joint Legislative Auditing Committee that the trustees have reviewed and approved the monthly reports [on the Local Government Surplus Funds Trust Fund and the Fund B Surplus Funds Trust Fund] and actions taken, if any, to address any impacts."

Please be advised that the Trustees have reviewed the attached reports and authorized me to convey their action to you. During the period July 1 through September 30, 2010, there were no material impacts on the trust funds in question and, therefore, no associated actions or escalations.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, reading "Ashbel C. Williams".

Ashbel C. Williams
Executive Director & CIO

ACW/db

Attachments

cc: Senator Andy Gardiner
Senator Charlie Justice
Senator Jeremy Ring
Senator Stephen Wise
Representative Betty Reed
Representative Dwayne Taylor
Representative John Tobia
Representative Charles Van Zant
Ms. Kathy Dubose, Director



Monthly Summary Report for July 2010

Including Fund B

State Board of Administration

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INTRODUCTION

This report is prepared for stakeholders in Florida PRIME and Fund B in accordance with Section 218.409(6)(a), Florida Statutes. The statute requires:

- (1) Reporting of any material impacts on the funds and any actions or escalations taken by staff to address such impacts;
- (2) Presentation of a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month; and
- (3) Preparation of the management summary “in a manner that will allow anyone to ascertain whether the investment activities during the reporting period have conformed to investment policies.”

This report, which covers the period from July 1, 2010 through July 31, 2010, has been prepared by the SBA with input from Federated Investment Counseling (“Federated”), investment adviser for the funds, in a format intended to comply with the statute.

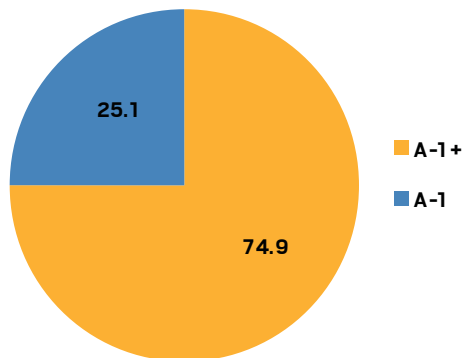
During the reporting period, Florida PRIME and Fund B were in material compliance with investment policy. Details are available in the compliance tables in the body of this report. This report also includes details on market conditions; client outreach; fund holdings, transactions and performance; and client composition.

PORTFOLIO COMPOSITION JULY 31, 2010

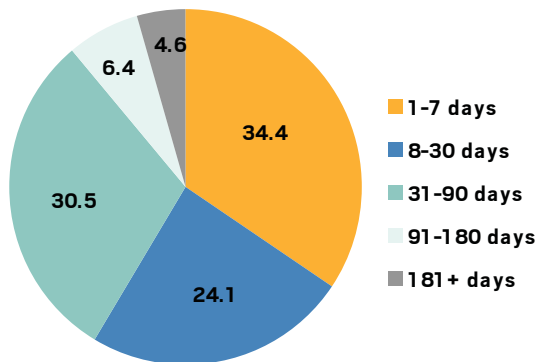
Florida PRIME Assets

\$ 5,429,892,938

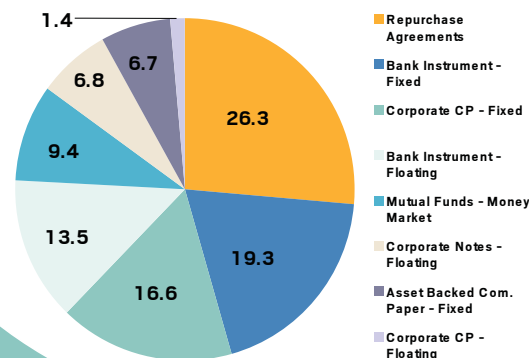
Credit Quality Composition (%)



Effective Maturity Schedule (%)



Portfolio Composition (%)



PORTFOLIO MANAGER COMMENTARY

JULY 2010 MARKET CONDITIONS

Credit spreads tightened in July amid an easing of concern over liquidity and solvency issues in the euro zone. Though viewed with some skepticism, generally favorable results from stress tests performed on the balance sheets of European banks appeared to satisfy investors that another financial crisis was not imminent. Of 91 banks examined in 20 countries, only seven failed their test. Those results, in combination with soft U.S. economic data and dovish comments from Fed Chairman Ben Bernanke, pushed interest rates lower across all sectors and maturities, thus reversing modest increases from the previous month. Lower rates were particularly evident on non-government paper, with yields on one-month London Interbank Offered Rate (LIBOR) falling 3.2 basis points to 0.315%, three-month LIBOR dropping 5.8 basis points to 0.475%, six-month LIBOR declining 6.4 basis points to 0.687%, and one-year LIBOR plunging 10.8 basis points to 1.064%.

Notably, the yield on two-year Treasury notes — the security considered most sensitive to potential changes in official interest rates — dropped to an all-time low. The catalyst for the latest decline in the two-year Treasury yield was Chairman Bernanke's semi-annual testimony to Congress, in which he acknowledged that the U.S. economic outlook was "unusually uncertain" and that risks to growth were skewed to the downside. He also stressed that the central bank had ammunition remaining in its monetary arsenal to combat another downturn — assuming one occurred — despite the rock-bottom level of official interest rates. The Fed has maintained a target range of zero to 0.25% on benchmark rates since December 2008. Not only is the nominal level of rates at historically low levels, but the length of time that the Fed has kept rates steady is also highly unusual.

With core inflation in the United States running at the lowest level since the early 1960s and large amounts of excess capacity remaining in labor and resource markets, investors have concluded that a rate hike this year is off the table. We concur with that view. The unprecedented magnitude and duration of the Fed's easy money policies has exerted a heavy price on savers. We believe that over time, the government's efforts to revive growth will succeed and that cash yields will trend higher. Given the strong immediate headwinds to full employment as households and governments embrace some degree of austerity, however, it is virtually certain that the journey towards more generous yields on cash equivalents will not begin until next year.

JULY 31, 2010

Top Holdings (%) and Average Maturity

1. Federal Home Loan Bank System	6.4%
2. Societe Generale, Paris	5.0%
3. Credit Agricole Group	4.8%
4. Toyota Motor Corp.	4.7%
5. Atlantic Asset Securitization LLC	4.7%
6. Federated Prime Cash Obligations Fund	4.6%
7. Federated Prime Obligations Fund	4.6%
8. BNP Paribas SA	4.3%
9. United States Treasury	3.9%
10. Canadian Imperial Bank of Commerce	3.7%

Average Effective Maturity

30.0 Days

Percentages based on total value of investments

Past performance is no guarantee of future results.

Views are as of the issue date and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security.

An investment in money market funds is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in this fund.

PORTFOLIO MANAGER COMMENTARY (CON'T.)

PORTFOLIO INVESTMENT STRATEGY

During the month of July, assets for the pool remained relatively unchanged at approximately \$5.4 billion. The weighted average maturity of the pool decreased to 30 days from last month's 46 days, as we increased our overall position in overnight securities. In that space, we saw particular value in overnight repurchase agreements. That increase of value directly contributed to the pool's increase in overall yield, up approximately five basis points from June. In addition, we focused our purchases in bank paper in the three-month area, as well as in floating-rate bank paper in the longer-term range. Finally, we saw additional value in the corporate commercial paper market along the five- to six-month part of the curve.

FLORIDA PRIME DETAILED FEE DISCLOSURE

Charges for July 2010	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 27,908.16	0.61
Federated Investment Management Fee	74,085.06	1.63
BNY Mellon Custodial Fee	116.67	0.00
Bank of America Transfer Agent Fee	5,479.57	0.12
S&P Rating Maintenance Fee	3,567.12	0.08
Audit/External Review Fees	5,551.37	0.12
Total Fees	\$ 116,707.95	2.57

*The basis point equivalent is an annualized rate based on the dollar amount of fees charged for the month times 12, divided by an average of the fund's beginning and ending total value (amortized cost) for the month which was \$5,455,414,556.

CASH FLOWS

Summary of Cash Flows	
July 2010	Florida PRIME
Opening Balance (7/1/10)	\$ 5,480,936,173
Participant Deposits	905,558,710
Transfers from Fund B	8,425,000
Gross Earnings	1,864,483
Participant Withdrawals	(966,774,721)
Fees	(116,708)
Closing Balance (7/31/10)	\$ 5,429,892,938
Net Change over Month	(51,043,235)

As shown in the table above, Florida PRIME experienced a net outflow of \$51.0 million during July 2010.

This change in value consisted of positive flows of \$905.6 million in participant deposits, \$8.4 million in transfers from Fund B and \$1.9 million in earnings. Negative flows consisted of \$966.8 million in participant withdrawals and about \$117,000 in fees.

Overall, the fund ended the month with a closing balance of \$5.43 billion.

DISCLOSURE OF SIGNIFICANT ISSUES

LEGAL ISSUE

As an ongoing legal matter, the SBA asserts that JP Morgan and Lehman Brothers (which is now in liquidation) sold the SBA certain unregistered secured notes that were not exempt from registration under the Securities Act of 1933.

Effective as of August 11, 2010, the SBA and JP Morgan entered into a Sixth Agreement to Extend Tolling Period (the "Extension") to facilitate further discussions between JP Morgan and the SBA and its external counsel, the law firm of Berman DeValerio, regarding a potential resolution of the dispute. The Office of Financial Regulation and Florida Attorney General's Office have been assisting with the negotiations.

The Lehman Trustee has not yet responded to the SBA's general creditor claim on behalf of Fund B as to whether the Lehman estate will have any assets available for recovery. Further, in the Trustee's latest report, the Trustee stated that "returns to general estate creditors will be limited at best." However, the secured notes sold by Lehman Brothers were secured by certain collateral. The Local Government Investment Pool Fund B has been receiving and is expected to continue receiving monetary distributions of principal and interest from that underlying collateral.

The SBA will promptly disclose any future developments as they become matters of public record.

DISCLOSURE OF MATERIAL IMPACTS

There were no developments during July 2010 that had a material impact on the liquidity or operation of Florida PRIME.

Did you know?

Effective July 1, 2010, a number of enhancements were made to the Investment Policy Guidelines for Florida PRIME. In particular:

- At the time of purchase, at least 10% of the fund's securities must be accessible within one day, up from 5%.
- At the time of purchase, at least 30% of the fund's securities must be accessible within seven days, up from 20%.

NOTES TO PERFORMANCE TABLE

¹Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

²The net-of-fee benchmark is the S&P AAA/AA Rated GIP All 30-Day Net Index for all time periods.

Net asset value includes investments at market value, plus all cash, accrued interest receivable and payables.

NOTES TO CHART

The 7-Day "SEC" Yield in the chart is calculated in accordance with the yield methodology set forth by SEC rule 2a-7 for money market funds.

ABOUT ANNUALIZED YIELDS

Performance data in the table and chart is annualized, meaning that the amounts are based on yields for the periods indicated, converted to their equivalent if obtained for a 12-month period.

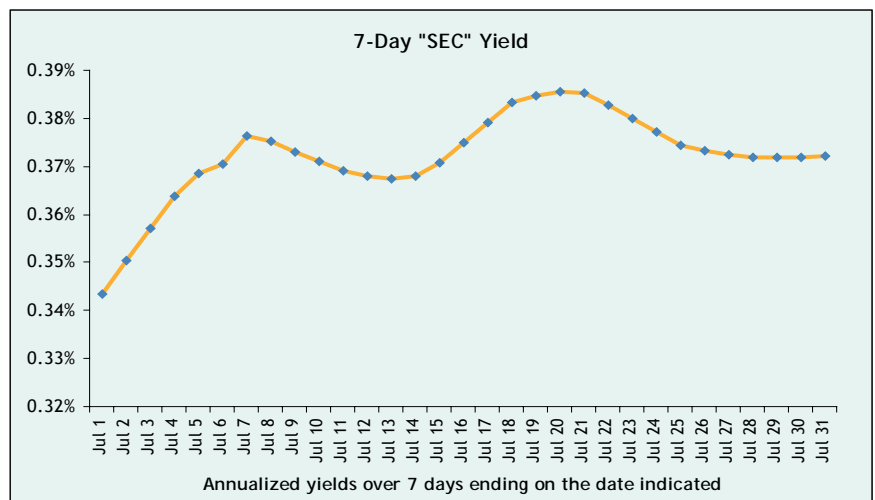
For example, ignoring the effects of compounding, an investment that earns 0.10% over a 1-month period yields 1.20% on an annualized basis. Likewise, an investment that earns a total of 3.60% over three years yields 1.20% on an annualized basis, ignoring compounding.

FUND PERFORMANCE THROUGH JULY 31, 2010

Florida PRIME Participant Performance Data

	Net Participant Yield ¹	Net-of-Fee Benchmark ²	Above (Below) Benchmark
1 mo	0.38%	0.19%	0.19%
3 mos	0.33%	0.17%	0.16%
12 mos	0.28%	0.20%	0.08%
3 yrs	1.72%	1.71%	0.00%
5 yrs	3.03%	2.91%	0.12%
10 yrs	2.86%	2.64%	0.22%
Since 1.96	3.72%	3.50%	0.23%
Net asset value July 31:			\$5,430.2 m

Florida PRIME 7-Day "SEC" Yields During the Month



INVENTORY OF HOLDINGS
JULY 31, 2010

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		08/23/10		\$ 61,473,000	0.56	\$ 61,450,460	\$ 61,458,758	\$ 8,298
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		08/30/10		\$ 50,000,000	0.51	\$ 49,978,472	\$ 49,987,900	\$ 9,428
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		08/30/10		\$ 150,000,000	0.51	\$ 149,935,417	\$ 149,966,465	\$ 31,048
Australia & New Zealand Banking Group, Melbourne, Jan 28, 2011	VARIABLE RATE COMMERCIAL PAPER	0.35	01/28/11	08/30/10	\$ 25,000,000	0.35	\$ 25,000,000	\$ 24,998,200	\$ (1,800)
Australia & New Zealand Banking Group, Melbourne, Nov 23, 2010	VARIABLE RATE COMMERCIAL PAPER	0.38	11/23/10	08/23/10	\$ 50,000,000	0.39	\$ 50,000,000	\$ 49,984,200	\$ (15,800)
BNP Paribas Finance, Inc. CP	COMMERCIAL PAPER		09/16/10		\$ 32,750,000	0.39	\$ 32,733,407	\$ 32,736,114	\$ 2,707
BNP Paribas Finance, Inc. CP	COMMERCIAL PAPER		09/27/10		\$ 200,000,000	0.61	\$ 199,803,333	\$ 199,886,260	\$ 82,927
Bank of America N.A. BA	BANKERS ACCEPTANCE		09/27/10		\$ 11,765,000	0.56	\$ 11,754,395	\$ 11,758,097	\$ 3,702
Bank of America Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.22	08/02/10		\$ 970,000,000	0.22	\$ 970,000,000	\$ 970,000,000	\$ -
Bank of Montreal, Dec 20, 2010	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.34	12/20/10	08/20/10	\$ 138,000,000	0.34	\$ 138,000,000	\$ 137,969,640	\$ (30,360)
Bank of Montreal, Jun 27, 2011	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.48	06/27/11	08/27/10	\$ 50,000,000	0.33	\$ 50,000,000	\$ 49,964,200	\$ (35,800)
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.55	09/23/10		\$ 100,000,000	0.56	\$ 100,000,000	\$ 100,025,920	\$ 25,920
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.58	09/08/10		\$ 50,000,000	0.59	\$ 50,000,000	\$ 50,011,090	\$ 11,090
Barclays Bank PLC, London CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.71	01/21/11		\$ 50,000,000	0.72	\$ 50,000,000	\$ 50,016,380	\$ 16,380
Barclays Bank plc, Jan 21, 2011	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.59	01/21/11	08/23/10	\$ 94,500,000	0.60	\$ 94,500,000	\$ 94,487,621	\$ (12,380)
Canadian Imperial Bank of Commerce, Nov 17, 2010	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.41	11/17/10	08/17/10	\$ 200,000,000	0.42	\$ 200,000,000	\$ 199,973,600	\$ (26,400)
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.46	09/16/10		\$ 50,000,000	0.47	\$ 50,000,000	\$ 50,004,635	\$ 4,635

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
JULY 31, 2010

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.45	08/12/10		\$ 200,000,000	0.46	\$ 200,000,000	\$ 200,010,080	\$ 10,080
Deutsche Bank AG, Jan 10, 2011	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.55	01/10/11	08/12/10	\$ 150,000,000	0.56	\$ 150,000,000	\$ 149,987,700	\$ (12,300)
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.07	08/02/10		\$ 8,945,911	0.07	\$ 8,945,911	\$ 8,945,911	\$ -
FHLB .4% 12/27/2010	FHLB NOTE	0.40	12/27/10		\$ 145,000,000	0.40	\$ 145,000,000	\$ 145,004,640	\$ 4,640
FHLB .55% 8/04/2010	FHLB NOTE	0.55	08/04/10		\$ 100,000,000	0.62	\$ 99,999,079	\$ 100,002,100	\$ 3,021
FHLB .65% 5/25/2011	FHLB NOTE	0.65	05/25/11		\$ 100,000,000	0.65	\$ 100,000,000	\$ 100,001,300	\$ 1,300
Falcon Asset Securitization Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		09/02/10		\$ 51,040,000	0.39	\$ 51,021,682	\$ 51,029,251	\$ 7,569
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.27	08/02/10	08/02/10	\$ 250,383,967	0.26	\$ 250,383,967	\$ 250,383,967	\$ -
Federated Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.25	08/02/10	08/02/10	\$ 250,225,943	0.25	\$ 250,225,943	\$ 250,225,943	\$ -
General Electric Capital Corp., Note, 4.875%, 10/21/2010	CORPORATE BOND	4.88	10/21/10		\$ 7,155,000	0.41	\$ 7,227,045	\$ 7,219,967	\$ (7,078)
General Electric Capital Corp., Sr. Unsec'd. Note, 5.000%, 12/01/2010	CORPORATE BOND	5.00	12/01/10		\$ 50,000,000	0.56	\$ 50,754,585	\$ 50,682,050	\$ (72,535)
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		10/01/10		\$ 190,000,000	0.51	\$ 189,833,750	\$ 189,871,997	\$ 38,247
Mizuho Corporate Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.50	10/01/10		\$ 150,000,000	0.51	\$ 150,000,000	\$ 150,039,300	\$ 39,300
Morgan Stanley & Co., Inc. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.21	08/02/10		\$ 455,000,000	0.21	\$ 455,000,000	\$ 455,000,000	\$ -
Mullenix-St. Charles Properties, L.P., Times Centre Apartments Project Series 2004, 01-01-28	VARIABLE RATE DEMAND NOTE	0.35	01/01/28	08/05/10	\$ 13,500,000	0.35	\$ 13,500,000	\$ 13,500,000	\$ -
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		08/18/10		\$ 50,000,000	0.42	\$ 49,989,181	\$ 49,992,875	\$ 3,694

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
JULY 31, 2010

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		09/07/10		\$ 184,000,000	0.61	\$ 183,880,400	\$ 183,933,815	\$ 53,415
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		09/13/10		\$ 25,000,000	0.34	\$ 24,989,688	\$ 24,989,375	\$ (313)
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		09/28/10		\$ 11,000,000	0.39	\$ 10,993,033	\$ 10,993,034	\$ 0
Societe Generale, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.34	08/06/10		\$ 50,000,000	0.34	\$ 50,000,000	\$ 50,000,190	\$ 190
St. Andrew United Methodist Church, Series 2004, Jul 01, 2029	VARIABLE RATE DEMAND NOTE	0.35	07/01/29	08/05/10	\$ 9,945,000	0.35	\$ 9,945,000	\$ 9,945,000	\$ -
State Street Bank and Trust Co. CD	CERTIFICATE OF DEPOSIT	0.35	09/21/10		\$ 47,000,000	0.35	\$ 47,000,000	\$ 47,004,822	\$ 4,822
Straight A Funding , LLC GOVTAGYX	GOVERNMENT AGENCY EXTENDIBLE NOTE		09/09/10		\$ 15,000,000	0.43	\$ 14,992,825	\$ 14,995,479	\$ 2,654
Straight A Funding , LLC GOVTAGYX	GOVERNMENT AGENCY EXTENDIBLE NOTE		08/27/10		\$ 26,000,000	0.44	\$ 25,991,304	\$ 25,994,990	\$ 3,685
Straight A Funding , LLC GOVTAGYX	GOVERNMENT AGENCY EXTENDIBLE NOTE		10/01/10		\$ 6,225,000	0.29	\$ 6,221,841	\$ 6,221,791	\$ (50)
Straight A Funding , LLC GOVTAGYX	GOVERNMENT AGENCY EXTENDIBLE NOTE		08/09/10		\$ 16,448,000	0.41	\$ 16,446,172	\$ 16,446,977	\$ 804
Straight A Funding , LLC GOVTAGYX	GOVERNMENT AGENCY EXTENDIBLE NOTE		08/23/10		\$ 150,000,000	0.44	\$ 149,957,000	\$ 149,975,670	\$ 18,670
Toronto Dominion Bank, Dec 09, 2010	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.35	12/09/10	08/09/10	\$ 100,000,000	0.35	\$ 100,000,000	\$ 99,981,600	\$ (18,400)
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		08/16/10		\$ 85,000,000	0.55	\$ 84,978,325	\$ 84,991,033	\$ 12,708
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		12/06/10		\$ 73,000,000	0.55	\$ 72,858,745	\$ 72,913,152	\$ 54,407
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		01/11/11		\$ 100,000,000	0.60	\$ 99,729,583	\$ 99,830,420	\$ 100,837
Westpac Banking Corp. Ltd., Sydney, Dec 11, 2010	VARIABLE MEDIUM TERM NOTE	0.39	12/11/10	08/11/10	\$ 75,000,000	0.40	\$ 75,000,000	\$ 75,004,200	\$ 4,200
Total Value of Investments					<u>\$ 5,428,356,820</u>		<u>\$ 5,428,020,544</u>	<u>\$ 5,428,347,707</u>	<u>\$ 327,164</u>

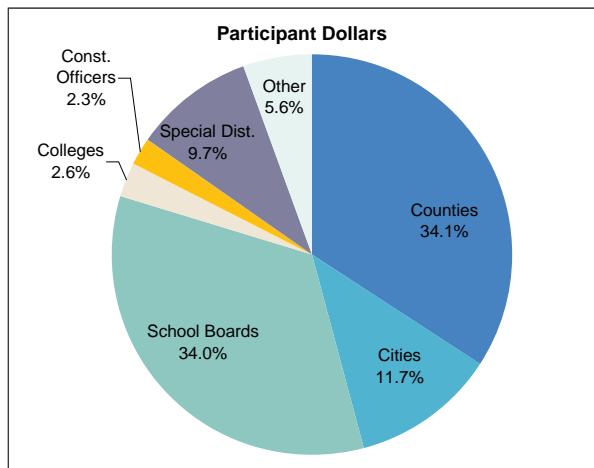
Notes: The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

¹ Market values of the portfolio securities are provided by the custodian, BNY Mellon. The portfolio manager, Federated Investment Counseling, is the source for other data shown above.

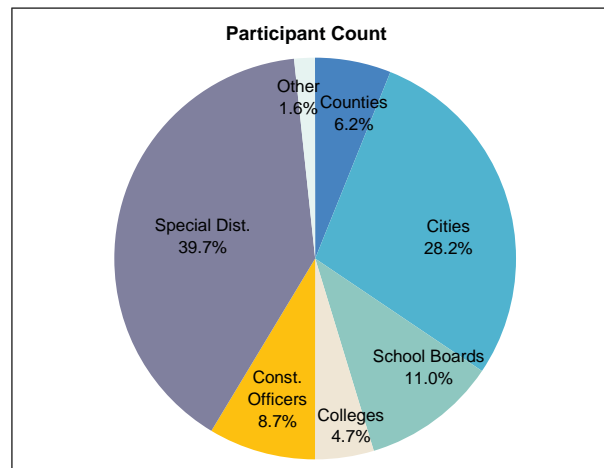
² Amortized cost is calculated using a straight line method.

PARTICIPANT CONCENTRATION DATA - JULY 31, 2010

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
All Participants	100.0%	100.0%	Colleges & Universities	2.6%	4.7%
Top 10	43.1%	1.2%	Top 10	2.4%	1.2%
\$100 million or more	50.7%	1.7%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	39.6%	9.0%	\$10 million up to \$100 million	1.7%	0.5%
\$1 million up to \$10 million	8.7%	15.5%	\$1 million up to \$10 million	0.9%	1.2%
Under \$1 million	1.0%	73.8%	Under \$1 million	0.02%	3.0%
Counties	34.1%	6.2%	Constitutional Officers	2.3%	8.7%
Top 10	28.1%	1.2%	Top 10	1.1%	1.2%
\$100 million or more	25.3%	1.0%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	8.0%	1.2%	\$10 million up to \$100 million	1.3%	0.4%
\$1 million up to \$10 million	0.8%	1.1%	\$1 million up to \$10 million	0.9%	1.5%
Under \$1 million	0.0%	2.8%	Under \$1 million	0.1%	6.9%
Municipalities	11.7%	28.2%	Special Districts	9.7%	39.7%
Top 10	6.4%	1.2%	Top 10	6.5%	1.2%
\$100 million or more	0.0%	0.0%	\$100 million or more	2.0%	0.1%
\$10 million up to \$100 million	8.8%	2.5%	\$10 million up to \$100 million	5.5%	1.7%
\$1 million up to \$10 million	2.6%	5.2%	\$1 million up to \$10 million	1.7%	3.8%
Under \$1 million	0.4%	20.6%	Under \$1 million	0.4%	34.0%
School Boards	34.0%	11.0%	Other	5.6%	1.6%
Top 10	27.8%	1.2%	Top 10	5.6%	1.2%
\$100 million or more	21.6%	0.5%	\$100 million or more	1.8%	0.1%
\$10 million up to \$100 million	10.6%	2.1%	\$10 million up to \$100 million	3.7%	0.6%
\$1 million up to \$10 million	1.7%	2.5%	\$1 million up to \$10 million	0.1%	0.2%
Under \$1 million	0.1%	5.9%	Under \$1 million	0.0%	0.6%



Total Fund Value: \$5,429,892,938



Total Participant Count: 812

INVESTMENT POLICY COMPLIANCE - JULY 2010

Test by Source	Pass/Fail
Florida PRIME's Investment Policy	
Securities must be USD denominated.	Pass
Ratings requirements	
The Pool must purchase exclusively first-tier securities. Securities purchased with short-term ratings by an NRSRO, or comparable in quality and security to other obligations of the issuer that have received short-term ratings from an NRSRO, are eligible if they are in one of the two highest rating categories.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Maturity	
Securities, excluding Government floating rate notes/variable rate notes, purchased did not have a maturity in excess of 397 days.	Pass
Government floating rate notes/variable rate notes purchased did not have a maturity in excess of 762 days.	Pass
The Pool must maintain a Spread WAM of 120 days or less.	Pass
Issuer Diversification	
First-tier issuers (limit does not apply to cash, cash items, U.S. Government securities refunded securities and repo collateralized by these securities) are limited, at the time of purchase, to 5% of the Pool's total assets. ¹	Pass
Demand Feature and Guarantor Diversification	
First-tier securities issued by or subject to demand features and guarantees of a non-controlled person, at time of purchase, are limited to 10% with respect to 75% of the Pool's total assets.	Pass
First-tier securities issued by or subject to demand features and guarantees of a control person, at time of purchase, are limited to 10% with respect to the Pool's total assets.	Pass
Money Market Mutual Funds	
The account, at time of purchase, will not have exposure to any one Money Market Mutual Fund in excess of 10% of the Pool's total assets.	Pass
Concentration Tests	
The account, at time of purchase, will not have exposure to an industry sector, excluding the financial services industry, in excess of 25% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to any single Government Agency in excess of 33.33% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to illiquid securities in excess of 5% of the Pool's total assets.	Pass
The account, at time of purchase, will invest at least 10% of the Pool's total assets in securities accessible within one day.	Pass
The account, at time of purchase, will invest at least 30% of the Pool's total assets in securities accessible within seven days.	Pass
S&P Requirements	
The Pool must maintain a Dollar Weighted Average Maturity of 60 days or less.	Pass
The account, at time of purchase, will invest at least 50% of the Pool's total assets in Securities in Highest Rating Category (A-1+ or equivalent) .	Pass

¹This limitation applies at time of trade. Under Rule 2a-7, a fund is not required to liquidate positions if the exposure in excess of the specified percentage is caused by account movements.

TRADING ACTIVITY FOR JULY 2010

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys				\$	\$	\$	\$	\$
BNP PARIBAS FINANCECP	09/16/10	07/09/10	07/09/10	32,750,000.00	32,726,147.19	-	32,726,147.19	-
BANK OF AMERICA NABA 09/27/2010	09/27/10	07/01/10	07/01/10	11,765,000.00	11,749,182.66	-	11,749,182.66	-
DEUTSCHE BANK AG/NEW YORK NY	01/10/11	07/09/10	07/12/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
DEUTSCHE BANK AG/NEW YORK NY	01/10/11	07/09/10	07/12/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
DEUTSCHE BANK AG/NEW YORK NY	01/10/11	07/09/10	07/12/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
ENTERPRISE FUNDING CPABS4	07/08/10	07/07/10	07/07/10	50,000,000.00	49,999,722.00	-	49,999,722.00	-
ENTERPRISE FUNDING CPABS4	07/08/10	07/07/10	07/07/10	17,218,000.00	17,217,904.27	-	17,217,904.27	-
ENTERPRISE FUNDING CPABS4	07/16/10	07/15/10	07/15/10	20,000,000.00	19,999,877.80	-	19,999,877.80	-
ENTERPRISE FUNDING CPABS4	07/16/10	07/15/10	07/15/10	35,001,000.00	35,000,786.14	-	35,000,786.14	-
ING (U.S.) FUNDING CP	10/01/10	07/01/10	07/01/10	50,000,000.00	49,936,111.00	-	49,936,111.00	-
ING (U.S.) FUNDING CP	10/01/10	07/01/10	07/01/10	50,000,000.00	49,936,111.00	-	49,936,111.00	-
ING (U.S.) FUNDING CP	10/01/10	07/01/10	07/01/10	50,000,000.00	49,936,111.00	-	49,936,111.00	-
ING (U.S.) FUNDING CP	10/01/10	07/01/10	07/01/10	40,000,000.00	39,948,888.80	-	39,948,888.80	-
JUPITER SECURITIZATCPABS4	07/30/10	07/29/10	07/29/10	48,000,000.00	47,999,733.12	-	47,999,733.12	-
STRAIGHT A FUNDING GOVTAG	10/01/10	07/29/10	07/29/10	6,225,000.00	6,221,790.64	-	6,221,790.64	-
TOYOTA MOTOR CREDIT CP	12/06/10	07/08/10	07/08/10	50,000,000.00	49,886,750.00	-	49,886,750.00	-
TOYOTA MOTOR CREDIT CP	12/06/10	07/08/10	07/08/10	23,000,000.00	22,947,905.00	-	22,947,905.00	-
TOYOTA MOTOR CREDIT CP	01/11/11	07/13/10	07/13/10	50,000,000.00	49,850,861.00	-	49,850,861.00	-
TOYOTA MOTOR CREDIT CP	01/11/11	07/13/10	07/13/10	50,000,000.00	49,850,861.00	-	49,850,861.00	-
YORKTOWN CAPITAL LLCABS4	07/02/10	07/01/10	07/01/10	50,000,000.00	49,999,666.50	-	49,999,666.50	-
YORKTOWN CAPITAL LLCABS4	07/02/10	07/01/10	07/01/10	187,000.00	186,998.75	-	186,998.75	-
YORKTOWN CAPITAL LLCABS4	07/14/10	07/08/10	07/08/10	21,769,000.00	21,768,129.24	-	21,768,129.24	-
YORKTOWN CAPITAL LLCABS4	07/23/10	07/14/10	07/14/10	50,000,000.00	49,997,000.00	-	49,997,000.00	-
YORKTOWN CAPITAL LLCABS4	07/23/10	07/14/10	07/14/10	48,900,000.00	48,897,066.00	-	48,897,066.00	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/01/10	07/01/10	10,050,306.32	10,050,306.32	-	10,050,306.32	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/06/10	07/06/10	5,148,667.67	5,148,667.67	-	5,148,667.67	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/08/10	07/08/10	6,399,999.79	6,399,999.79	-	6,399,999.79	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/12/10	07/12/10	12,661,989.60	12,661,989.60	-	12,661,989.60	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/13/10	07/13/10	1,160,682.04	1,160,682.04	-	1,160,682.04	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/15/10	07/15/10	3,500,275.38	3,500,275.38	-	3,500,275.38	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/19/10	07/19/10	175,586,679.29	175,586,679.29	-	175,586,679.29	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/21/10	07/21/10	793,366.46	793,366.46	-	793,366.46	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/22/10	07/22/10	9,041,557.76	9,041,557.76	-	9,041,557.76	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/28/10	07/28/10	2,929,253.25	2,929,253.25	-	2,929,253.25	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/29/10	07/29/10	408,027.72	408,027.72	-	408,027.72	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/30/10	07/30/10	1,826,575.42	1,826,575.42	-	1,826,575.42	-
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	07/01/10	07/01/10	45,291.01	45,291.01	-	45,291.01	-
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	07/01/10	07/01/10	44,143.32	44,143.32	-	44,143.32	-
MORGAN STANLEY TRIPARTY	07/02/10	07/01/10	07/01/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	07/02/10	07/01/10	07/01/10	158,000,000.00	158,000,000.00	-	158,000,000.00	-
MORGAN STANLEY TRIPARTY	07/06/10	07/02/10	07/02/10	450,000,000.00	450,000,000.00	-	450,000,000.00	-

TRADING ACTIVITY FOR JULY 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount
<i>Buys (continued)</i>							
BANK OF AMERICA TRIPARTY	07/06/10	07/02/10	07/02/10	375,000,000.00	375,000,000.00	-	375,000,000.00
MORGAN STANLEY TRIPARTY	07/07/10	07/06/10	07/06/10	450,000,000.00	450,000,000.00	-	450,000,000.00
BANK OF AMERICA TRIPARTY	07/07/10	07/06/10	07/06/10	390,000,000.00	390,000,000.00	-	390,000,000.00
MORGAN STANLEY TRIPARTY	07/08/10	07/07/10	07/07/10	945,000,000.00	945,000,000.00	-	945,000,000.00
BANK OF AMERICA TRIPARTY	07/08/10	07/07/10	07/07/10	133,000,000.00	133,000,000.00	-	133,000,000.00
MORGAN STANLEY TRIPARTY	07/09/10	07/08/10	07/08/10	950,000,000.00	950,000,000.00	-	950,000,000.00
BANK OF AMERICA TRIPARTY	07/09/10	07/08/10	07/08/10	270,000,000.00	270,000,000.00	-	270,000,000.00
MORGAN STANLEY TRIPARTY	07/12/10	07/09/10	07/09/10	955,000,000.00	955,000,000.00	-	955,000,000.00
BANK OF AMERICA TRIPARTY	07/12/10	07/09/10	07/09/10	260,000,000.00	260,000,000.00	-	260,000,000.00
MORGAN STANLEY TRIPARTY	07/13/10	07/12/10	07/12/10	500,000,000.00	500,000,000.00	-	500,000,000.00
BANK OF AMERICA TRIPARTY	07/13/10	07/12/10	07/12/10	600,000,000.00	600,000,000.00	-	600,000,000.00
MORGAN STANLEY TRIPARTY	07/14/10	07/13/10	07/13/10	400,000,000.00	400,000,000.00	-	400,000,000.00
BANK OF AMERICA TRIPARTY	07/14/10	07/13/10	07/13/10	600,000,000.00	600,000,000.00	-	600,000,000.00
MORGAN STANLEY TRIPARTY	07/15/10	07/14/10	07/14/10	550,000,000.00	550,000,000.00	-	550,000,000.00
BANK OF AMERICA TRIPARTY	07/15/10	07/14/10	07/14/10	350,000,000.00	350,000,000.00	-	350,000,000.00
MORGAN STANLEY TRIPARTY	07/16/10	07/15/10	07/15/10	455,000,000.00	455,000,000.00	-	455,000,000.00
BANK OF AMERICA TRIPARTY	07/16/10	07/15/10	07/15/10	335,000,000.00	335,000,000.00	-	335,000,000.00
MORGAN STANLEY TRIPARTY	07/19/10	07/16/10	07/16/10	450,000,000.00	450,000,000.00	-	450,000,000.00
BANK OF AMERICA TRIPARTY	07/19/10	07/16/10	07/16/10	500,000,000.00	500,000,000.00	-	500,000,000.00
MORGAN STANLEY TRIPARTY	07/20/10	07/19/10	07/19/10	455,000,000.00	455,000,000.00	-	455,000,000.00
BANK OF AMERICA TRIPARTY	07/20/10	07/19/10	07/19/10	625,000,000.00	625,000,000.00	-	625,000,000.00
MORGAN STANLEY TRIPARTY	07/21/10	07/20/10	07/20/10	955,000,000.00	955,000,000.00	-	955,000,000.00
BANK OF AMERICA TRIPARTY	07/21/10	07/20/10	07/20/10	270,000,000.00	270,000,000.00	-	270,000,000.00
MORGAN STANLEY TRIPARTY	07/22/10	07/21/10	07/21/10	455,000,000.00	455,000,000.00	-	455,000,000.00
BANK OF AMERICA TRIPARTY	07/22/10	07/21/10	07/21/10	760,000,000.00	760,000,000.00	-	760,000,000.00
MORGAN STANLEY TRIPARTY	07/23/10	07/22/10	07/22/10	455,000,000.00	455,000,000.00	-	455,000,000.00
BANK OF AMERICA TRIPARTY	07/23/10	07/22/10	07/22/10	855,000,000.00	855,000,000.00	-	855,000,000.00
MORGAN STANLEY TRIPARTY	07/26/10	07/23/10	07/23/10	455,000,000.00	455,000,000.00	-	455,000,000.00
BANK OF AMERICA TRIPARTY	07/26/10	07/23/10	07/23/10	935,000,000.00	935,000,000.00	-	935,000,000.00
MORGAN STANLEY TRIPARTY	07/27/10	07/26/10	07/26/10	450,000,000.00	450,000,000.00	-	450,000,000.00
BANK OF AMERICA TRIPARTY	07/27/10	07/26/10	07/26/10	1,030,000,000.00	1,030,000,000.00	-	1,030,000,000.00
MORGAN STANLEY TRIPARTY	07/28/10	07/27/10	07/27/10	455,000,000.00	455,000,000.00	-	455,000,000.00
BANK OF AMERICA TRIPARTY	07/28/10	07/27/10	07/27/10	1,060,000,000.00	1,060,000,000.00	-	1,060,000,000.00
MORGAN STANLEY TRIPARTY	07/29/10	07/28/10	07/28/10	455,000,000.00	455,000,000.00	-	455,000,000.00
BANK OF AMERICA TRIPARTY	07/29/10	07/28/10	07/28/10	1,035,000,000.00	1,035,000,000.00	-	1,035,000,000.00
MORGAN STANLEY TRIPARTY	07/30/10	07/29/10	07/29/10	455,000,000.00	455,000,000.00	-	455,000,000.00
BANK OF AMERICA TRIPARTY	07/30/10	07/29/10	07/29/10	940,000,000.00	940,000,000.00	-	940,000,000.00
MORGAN STANLEY TRIPARTY	08/02/10	07/30/10	07/30/10	455,000,000.00	455,000,000.00	-	455,000,000.00
BANK OF AMERICA TRIPARTY	08/02/10	07/30/10	07/30/10	970,000,000.00	970,000,000.00	-	970,000,000.00
Total Buys				\$ 25,235,411,815	\$ 25,234,654,418	\$ -	\$ 25,234,654,418

TRADING ACTIVITY FOR JULY 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount
Maturities							
ALPINE SECURITIZATCPABS4	07/02/10	07/02/10	07/02/10	23,157,000.00	23,157,000.00	-	23,157,000.00
ALPINE SECURITIZATCPABS4	07/07/10	07/07/10	07/07/10	150,000,000.00	150,000,000.00	-	150,000,000.00
BANCO BILBAO VIZCAYCDYAN	07/16/10	07/16/10	07/16/10	50,000,000.00	50,000,000.00	-	50,000,000.00
BANCO BILBAO VIZCAYCDYAN	07/22/10	07/22/10	07/22/10	96,000,000.00	96,000,000.00	-	96,000,000.00
BANK OF AMERICA N,ABNOTE	07/27/10	07/27/10	07/27/10	100,000,000.00	100,000,000.00	-	100,000,000.00
CHARIOT FUNDING LLCCPABS4	07/01/10	07/01/10	07/01/10	31,000,000.00	31,000,000.00	-	31,000,000.00
CHARIOT FUNDING LLCCPABS4	07/07/10	07/07/10	07/07/10	50,000,000.00	50,000,000.00	-	50,000,000.00
DANSKE CORP, INC,CP4-2	07/19/10	07/19/10	07/19/10	120,000,000.00	120,000,000.00	-	120,000,000.00
ENTERPRISE FUNDING CPABS4	07/08/10	07/08/10	07/08/10	67,218,000.00	67,218,000.00	-	67,218,000.00
ENTERPRISE FUNDING CPABS4	07/16/10	07/16/10	07/16/10	55,001,000.00	55,001,000.00	-	55,001,000.00
FCAR AUTO LOAN TRUSCPABS3	07/01/10	07/01/10	07/01/10	21,375,000.00	21,375,000.00	-	21,375,000.00
FALCON ASSET SECURICPABS4	07/07/10	07/07/10	07/07/10	125,000,000.00	125,000,000.00	-	125,000,000.00
FALCON ASSET SECURICPABS4	07/08/10	07/08/10	07/08/10	79,500,000.00	79,500,000.00	-	79,500,000.00
JUPITER SECURITIZATCPABS4	07/30/10	07/30/10	07/30/10	48,000,000.00	48,000,000.00	-	48,000,000.00
TOYOTA MOTOR CREDIT CP	07/08/10	07/08/10	07/08/10	140,000,000.00	140,000,000.00	-	140,000,000.00
YORKTOWN CAPITAL LLC PABS4	07/02/10	07/02/10	07/02/10	50,187,000.00	50,187,000.00	-	50,187,000.00
YORKTOWN CAPITAL LLC PABS4	07/14/10	07/14/10	07/14/10	21,769,000.00	21,769,000.00	-	21,769,000.00
YORKTOWN CAPITAL LLC PABS4	07/23/10	07/23/10	07/23/10	98,900,000.00	98,900,000.00	-	98,900,000.00
MORGAN STANLEY TRIPARTY	07/01/10	07/01/10	07/01/10	435,000,000.00	435,000,000.00	-	435,000,000.00
BANK OF AMERICA TRIPARTY	07/01/10	07/01/10	07/01/10	510,000,000.00	510,000,000.00	-	510,000,000.00
MORGAN STANLEY TRIPARTY	07/02/10	07/02/10	07/02/10	500,000,000.00	500,000,000.00	-	500,000,000.00
BANK OF AMERICA TRIPARTY	07/02/10	07/02/10	07/02/10	158,000,000.00	158,000,000.00	-	158,000,000.00
MORGAN STANLEY TRIPARTY	07/06/10	07/06/10	07/06/10	450,000,000.00	450,000,000.00	-	450,000,000.00
BANK OF AMERICA TRIPARTY	07/06/10	07/06/10	07/06/10	375,000,000.00	375,000,000.00	-	375,000,000.00
MORGAN STANLEY TRIPARTY	07/07/10	07/07/10	07/07/10	450,000,000.00	450,000,000.00	-	450,000,000.00
BANK OF AMERICA TRIPARTY	07/07/10	07/07/10	07/07/10	390,000,000.00	390,000,000.00	-	390,000,000.00
MORGAN STANLEY TRIPARTY	07/08/10	07/08/10	07/08/10	945,000,000.00	945,000,000.00	-	945,000,000.00
BANK OF AMERICA TRIPARTY	07/08/10	07/08/10	07/08/10	133,000,000.00	133,000,000.00	-	133,000,000.00
MORGAN STANLEY TRIPARTY	07/09/10	07/09/10	07/09/10	950,000,000.00	950,000,000.00	-	950,000,000.00
BANK OF AMERICA TRIPARTY	07/09/10	07/09/10	07/09/10	270,000,000.00	270,000,000.00	-	270,000,000.00
MORGAN STANLEY TRIPARTY	07/12/10	07/12/10	07/12/10	955,000,000.00	955,000,000.00	-	955,000,000.00

TRADING ACTIVITY FOR JULY 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount
Maturities (continued)							
BANK OF AMERICA TRIPARTY	07/12/10	07/12/10	07/12/10	260,000,000.00	260,000,000.00	-	260,000,000.00
MORGAN STANLEY TRIPARTY	07/13/10	07/13/10	07/13/10	500,000,000.00	500,000,000.00	-	500,000,000.00
BANK OF AMERICA TRIPARTY	07/13/10	07/13/10	07/13/10	600,000,000.00	600,000,000.00	-	600,000,000.00
MORGAN STANLEY TRIPARTY	07/14/10	07/14/10	07/14/10	400,000,000.00	400,000,000.00	-	400,000,000.00
BANK OF AMERICA TRIPARTY	07/14/10	07/14/10	07/14/10	600,000,000.00	600,000,000.00	-	600,000,000.00
MORGAN STANLEY TRIPARTY	07/15/10	07/15/10	07/15/10	550,000,000.00	550,000,000.00	-	550,000,000.00
BANK OF AMERICA TRIPARTY	07/15/10	07/15/10	07/15/10	350,000,000.00	350,000,000.00	-	350,000,000.00
MORGAN STANLEY TRIPARTY	07/16/10	07/16/10	07/16/10	455,000,000.00	455,000,000.00	-	455,000,000.00
BANK OF AMERICA TRIPARTY	07/16/10	07/16/10	07/16/10	335,000,000.00	335,000,000.00	-	335,000,000.00
MORGAN STANLEY TRIPARTY	07/19/10	07/19/10	07/19/10	450,000,000.00	450,000,000.00	-	450,000,000.00
BANK OF AMERICA TRIPARTY	07/19/10	07/19/10	07/19/10	500,000,000.00	500,000,000.00	-	500,000,000.00
MORGAN STANLEY TRIPARTY	07/20/10	07/20/10	07/20/10	455,000,000.00	455,000,000.00	-	455,000,000.00
BANK OF AMERICA TRIPARTY	07/20/10	07/20/10	07/20/10	625,000,000.00	625,000,000.00	-	625,000,000.00
MORGAN STANLEY TRIPARTY	07/21/10	07/21/10	07/21/10	955,000,000.00	955,000,000.00	-	955,000,000.00
BANK OF AMERICA TRIPARTY	07/21/10	07/21/10	07/21/10	270,000,000.00	270,000,000.00	-	270,000,000.00
MORGAN STANLEY TRIPARTY	07/22/10	07/22/10	07/22/10	455,000,000.00	455,000,000.00	-	455,000,000.00
BANK OF AMERICA TRIPARTY	07/22/10	07/22/10	07/22/10	760,000,000.00	760,000,000.00	-	760,000,000.00
MORGAN STANLEY TRIPARTY	07/23/10	07/23/10	07/23/10	455,000,000.00	455,000,000.00	-	455,000,000.00
BANK OF AMERICA TRIPARTY	07/23/10	07/23/10	07/23/10	855,000,000.00	855,000,000.00	-	855,000,000.00
MORGAN STANLEY TRIPARTY	07/26/10	07/26/10	07/26/10	455,000,000.00	455,000,000.00	-	455,000,000.00
BANK OF AMERICA TRIPARTY	07/26/10	07/26/10	07/26/10	935,000,000.00	935,000,000.00	-	935,000,000.00
MORGAN STANLEY TRIPARTY	07/27/10	07/27/10	07/27/10	450,000,000.00	450,000,000.00	-	450,000,000.00
BANK OF AMERICA TRIPARTY	07/27/10	07/27/10	07/27/10	1,030,000,000.00	1,030,000,000.00	-	1,030,000,000.00
MORGAN STANLEY TRIPARTY	07/28/10	07/28/10	07/28/10	455,000,000.00	455,000,000.00	-	455,000,000.00
BANK OF AMERICA TRIPARTY	07/28/10	07/28/10	07/28/10	1,060,000,000.00	1,060,000,000.00	-	1,060,000,000.00
MORGAN STANLEY TRIPARTY	07/29/10	07/29/10	07/29/10	455,000,000.00	455,000,000.00	-	455,000,000.00
BANK OF AMERICA TRIPARTY	07/29/10	07/29/10	07/29/10	1,035,000,000.00	1,035,000,000.00	-	1,035,000,000.00
MORGAN STANLEY TRIPARTY	07/30/10	07/30/10	07/30/10	455,000,000.00	455,000,000.00	-	455,000,000.00
BANK OF AMERICA TRIPARTY	07/30/10	07/30/10	07/30/10	940,000,000.00	940,000,000.00	-	940,000,000.00
Total Maturities				\$ 24,948,107,000	\$ 24,948,107,000	\$ -	\$ 24,948,107,000

TRADING ACTIVITY FOR JULY 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount
Sells							
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/02/10	07/02/10	3,385,539.73	3,385,539.73	-	3,385,539.73
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/02/10	07/02/10	10,050,306.32	10,050,306.32	-	10,050,306.32
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/07/10	07/07/10	5,186,321.69	5,186,321.69	-	5,186,321.69
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/07/10	07/07/10	1,545,718.11	1,545,718.11	-	1,545,718.11
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/09/10	07/09/10	6,116,804.26	6,116,804.26	-	6,116,804.26
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/14/10	07/14/10	10,028,965.79	10,028,965.79	-	10,028,965.79
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/16/10	07/16/10	2,118,094.37	2,118,094.37	-	2,118,094.37
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/20/10	07/20/10	538,701.44	538,701.44	-	538,701.44
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/20/10	07/20/10	5,148,667.67	5,148,667.67	-	5,148,667.67
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/20/10	07/20/10	175,586,679.29	175,586,679.29	-	175,586,679.29
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/23/10	07/23/10	4,994,327.64	4,994,327.64	-	4,994,327.64
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/26/10	07/26/10	3,196,758.86	3,196,758.86	-	3,196,758.86
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/27/10	07/27/10	363,358.60	363,358.60	-	363,358.60
DREYFUS GOVT CASH MGMT FUND	09/30/10	07/27/10	07/27/10	4,047,230.12	4,047,230.12	-	4,047,230.12
FEDERAL HOME LOAN BANKS	04/18/11	07/18/10	07/18/10	100,000,000.00	100,000,000.00	343,333.34	100,171,666.67
ROBERT LOUIS STEVENSON SCHOOL	08/01/37	07/19/10	07/19/10	6,000,000.00	6,000,000.00	3,254.80	6,001,627.40
ST ANDREW UNITED METHODIST CHURCH	07/01/29	07/15/10	07/15/10	145,000.00	145,000.00	38.94	145,019.47
Total Sells				\$ 338,452,474	\$ 338,452,474	\$ 346,627	\$ 338,625,787

FUND B

FUND B FACTS

INVESTMENT OBJECTIVE

Fund B's primary objective is to maximize the present value of distributions from the Fund.

COMPOSITION

Fund B principally consists of Segregated Securities, which are securities originally purchased for the LGIP that (1) defaulted in the payment of principal and interest; (2) were extended; (3) were restructured or otherwise subject to workout; (4) experienced elevated market illiquidity; or (5) did not meet the criteria of the nationally recognized statistical rating organization (NRSRO) that provides Florida PRIME's AAAM rating.

DISTRIBUTIONS

Participants in Fund B will receive periodic distributions to the extent that Fund B receives proceeds deemed material by the SBA from (1) the natural maturities of securities, coupon interest collections, or collateral interest and principal paydowns; or (2) the sale of securities, collateral liquidation, or other restructure and workout activities undertaken.

ACCOUNTING

Fund B is accounted for as a fluctuating NAV pool, not a 2a-7-like money market fund. That is, accounting valuations reflect estimates of the market value of securities rather than their amortized cost.

STATUS OF INVESTMENTS

Florida East and West: Restructured from KKR and receiving principal and interest.

Florida Funding I: Restructured from Ottimo (Issuer Entity) and receiving principal and interest.

Florida Funding II: Restructured from Axon and receiving principal and interest.

COMMENTARY FROM THE PORTFOLIO MANAGER

All cash from paydowns on securities in Fund B are invested in overnight securities, repurchase agreements, overnight time deposits or commercial paper pending monthly distribution to participant accounts in the LGIP. Specifically, \$8.4 million in liquid assets were transferred from Fund B to Florida PRIME on July 9th.

The investment team continually analyzes the bonds in each portfolio, comparing estimated defaults and estimated cumulative net losses to an historical loss-timing curve. Many different factors in the domestic and global economy can affect both the securities and the underlying bonds. Some of the factors will contribute positively while others may have adverse consequences. The SBA and Federated's investment team will continue to employ prudent risk mitigation strategies in order to maximize the present value of distributions from Fund B with a primary focus on the restoration of principal.

DISCLOSURE OF MATERIAL IMPACTS

There were no developments during July 2010 that had a material impact on the liquidity or operation of Fund B. However, see the discussion on page 5 regarding a significant legal issue.

RETURN OF FUND B PRINCIPAL

The table on the following page details the SBA's progress in returning principal to investors in Fund B. Through the end of July 2010, investors cumulatively received distributions from Fund B totaling over \$1.595 billion or 79.4% of their original balances. The \$8.4 million distribution in July consisted of principal paydowns and income from the securities in the Fund.

The securities remaining in Fund B are legacy items from the four issuers whose financial circumstances gave rise to the November 2007 run (in addition to overnight instruments temporarily holding fund earnings). As of July 31, 2010, their remaining amortized cost was \$593.2 million, or 43.3% more than remaining participant positions in Fund B. Conversely, the current estimated liquidation (market) value of these securities is pegged at \$282.2 million or 68.2% of remaining participant positions.

It is important to note that due to the lack of an actively traded market for Fund B securities, their "market value" is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. See footnote 1 on page 19.

FUND B

FUND B DISTRIBUTIONS

FUND B DISTRIBUTIONS TO PARTICIPANTS

	Distributions to Participants	Cumulative Distributions	Participant Principal	Proportion of Original Principal Returned
12/05/07	\$	\$	\$ 2,009,451,941	0.0%
01/18/08	\$ 50,000,000	\$ 50,000,000	\$ 1,959,451,941	2.5%
02/11/08	\$ 518,000,000	\$ 568,000,000	\$ 1,441,451,941	28.3%
03/18/08	\$ 210,550,000	\$ 778,550,000	\$ 1,230,901,941	38.7%
04/21/08	\$ 106,000,000	\$ 884,550,000	\$ 1,124,901,941	44.0%
06/19/08	\$ 291,500,000	\$ 1,176,050,000	\$ 833,401,941	58.5%
06/26/08	\$ 150,500,000	\$ 1,326,550,000	\$ 682,901,941	66.0%
07/07/08	\$ 34,700,000	\$ 1,361,250,000	\$ 648,201,941	67.7%
08/06/08	\$ 10,400,000	\$ 1,371,650,000	\$ 637,801,941	68.3%
09/05/08	\$ 9,300,000	\$ 1,380,950,000	\$ 628,501,941	68.7%
10/07/08	\$ 11,750,000	\$ 1,392,700,000	\$ 616,751,941	69.3%
11/07/08	\$ 8,700,000	\$ 1,401,400,000	\$ 608,051,941	69.7%
12/04/08	\$ 20,500,000	\$ 1,421,900,000	\$ 587,551,941	70.8%
01/09/09	\$ 7,900,000	\$ 1,429,800,000	\$ 579,651,941	71.2%
02/09/09	\$ 6,800,000	\$ 1,436,600,000	\$ 572,851,941	71.5%
03/09/09	\$ 5,800,000	\$ 1,442,400,000	\$ 567,051,941	71.8%
04/09/09	\$ 6,600,000	\$ 1,449,000,000	\$ 560,451,941	72.1%
05/08/09	\$ 8,200,000	\$ 1,457,200,000	\$ 552,251,941	72.5%
06/08/09	\$ 7,500,000	\$ 1,464,700,000	\$ 544,751,941	72.9%
07/09/09	\$ 7,100,000	\$ 1,471,800,000	\$ 537,651,941	73.2%
08/07/09	\$ 8,150,000	\$ 1,479,950,000	\$ 529,501,941	73.6%
09/04/09	\$ 10,000,000	\$ 1,489,950,000	\$ 519,501,941	74.1%
10/07/09	\$ 8,050,000	\$ 1,498,000,000	\$ 511,451,941	74.5%
11/06/09	\$ 6,750,000	\$ 1,504,750,000	\$ 504,701,941	74.9%
12/08/09	\$ 6,250,000	\$ 1,511,000,000	\$ 498,451,941	75.2%
01/08/10	\$ 34,800,000	\$ 1,545,800,000	\$ 463,651,941	76.9%
02/08/10	\$ 8,575,000	\$ 1,554,375,000	\$ 455,076,941	77.4%
03/08/10	\$ 6,100,000	\$ 1,560,475,000	\$ 448,976,941	77.7%
04/08/10	\$ 5,550,000	\$ 1,566,025,000	\$ 443,426,941	77.9%
05/07/10	\$ 7,175,000	\$ 1,573,200,000	\$ 436,251,941	78.3%
06/07/10	\$ 13,725,000	\$ 1,586,925,000	\$ 422,526,941	79.0%
07/09/10	\$ 8,425,000	\$ 1,595,350,000	\$ 414,101,941	79.4%

FUND B MONTHLY DISTRIBUTION DETAIL

July 2010 Distribution Detail Including Receipts by Source For the period 6/5/10 - 7/8/10		Fund B Participant Allocation		Expense
Beginning Balance	\$	-	\$	61,550.18
Receipts:				
Florida East	\$	1,368,166.95		
Florida West	\$	2,416,671.64		
Florida Funding I	\$	876,941.39		
Florida Funding II	\$	3,783,904.60		
Overnight Investments	\$	64.39		
Total Receipts	\$	8,445,748.97		
Distributions:				
Allocation to/from Expense Reserve	\$	(20,748.97)	\$	20,748.97
Expenses Paid			\$	(38,121.56)
Participant Distribution	\$	(8,425,000.00)		
Ending Balance	\$	-	\$	44,177.59

FUND B

INVENTORY OF HOLDINGS - AS OF JULY 31, 2010

Security Name	Type	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost ⁽²⁾	Mkt Value ⁽¹⁾	Unrealized Gain (Loss)
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.07	08/02/10		\$ 6,700,109	0.07	\$ 6,700,109	\$ 6,700,109	\$ -
Florida East Funding LLC	VARIABLE RATE TERM NOTE	0.68	(3)	08/28/10	\$ 101,456,495	0.68	\$ 101,456,495	\$ 65,524,631	\$ (35,931,864)
Florida Funding I LLC	VARIABLE RATE TERM NOTE	2.16	(3)	08/25/09	\$ 136,362,450	3.35	\$ 137,354,630	\$ 34,371,855	\$ (102,982,776)
Florida Funding II LLC	VARIABLE RATE COMMERCIAL PAPER	0.33	(3)	08/25/10	\$ 128,164,732	0.33	\$ 129,046,006	\$ 65,280,795	\$ (63,765,212)
Florida West Funding LLC	VARIABLE RATE TERM NOTE	0.68	(3)	08/28/10	\$ 218,660,710	0.68	\$ 218,660,710	\$ 110,368,031	\$ (108,292,679)
Total Value of Investments					\$ 591,344,496		\$ 593,217,951	\$ 282,245,421	\$ (310,972,530)

Notes:

¹ Due to the lack of an actively traded market for Fund B securities, the "market value" is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. Although the estimate represents an attempt to reasonably reflect the stressed market conditions that currently exist, the amount actually realized if the securities were liquidated at this time could be more or less than the estimate. Moreover, these estimates of current market value may not be predictive of the ultimate amount likely to be realized from these securities. Fund B's investment objective is to maximize the present value of distributions to participants. If, in the judgment of the portfolio manager, fair value exceeds liquidation value at points in the future, then complete or partial liquidations of securities could be deferred for an extended period of time; e.g., a seven- to nine-year horizon for complete termination or self-liquidation of Fund B.

² Amortized cost is calculated using a straight line method.

³ The securities held in Fund B result from workouts of the LGIP's original holdings from 4 issuers – Axon, KKR Atlantic, KKR Pacific and Ottimo. The purpose of Fund B is to maximize the present value of distributions to participants through a prudent workout with an ultimate goal of liquidation. As a result, the maturity dates of each holding in Fund B will be dependent on the maturity date or earlier liquidation, if prudent, of the collateral securities underlying each of these holdings and will be contingent upon future market conditions and other factors.

The portfolio manager, Federated Investment Counseling, is the source for data shown above other than market value. See note 1.

The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included.

FUND B

COMPLIANCE AND TRADING ACTIVITY

COMPLIANCE WITH INVESTMENT POLICY - JULY 2010

Test by Source	Pass/Fail
Fund B's Investment Policy	
Securities must be USD denominated.	Pass
Ratings requirements	
Fund B purchased exclusively first-tier securities during the reporting period.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Maturity	
Securities purchased by Fund B, excluding Government floating rate notes/variable rate notes, did not have a maturity in excess of 397 days.	Pass
Government floating rate notes/variable rate notes purchased by Fund B did not have a maturity in excess of 762 days.	Pass
Money Market Mutual Funds	
Fund B only purchased pre-approved mutual funds during the reporting period.	Pass
Repurchase Agreements	
The minimum Repurchase Agreement Counterparty Rating is A-1.	Pass

TRADING ACTIVITY - JULY 2010

Security Description	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys							
DREYFUS GOVT CASH MGMT FUND	07/01/10	07/01/10	\$ 940,919.26	\$ 940,919.26	\$ -	\$ 940,919.26	\$ -
DREYFUS GOVT CASH MGMT FUND	07/02/10	07/02/10	\$ 64	\$ 64	\$ -	\$ 64	\$ -
DREYFUS GOVT CASH MGMT FUND	07/07/10	07/07/10	\$ 3,783,904.60	\$ 3,783,904.60	\$ -	\$ 3,783,904.60	\$ -
DREYFUS GOVT CASH MGMT FUND	07/29/10	07/29/10	\$ 4,589,079	\$ 4,589,079	\$ -	\$ 4,589,079	\$ -
DREYFUS GOVT CASH MGMT FUND	07/30/10	07/30/10	\$ 2,004,220.58	\$ 2,004,220.58	\$ -	\$ 2,004,220.58	\$ -
Total Buys			\$ 11,318,188	\$ 11,318,188	\$ -	\$ 11,318,188	\$ -
Sells							
FLORIDA FUNDING I LLC	07/29/10	07/29/10	\$ 992,180.72	\$ 992,180.72	\$ -	\$ 992,180.72	\$ -
FLORIDA EAST FUNDING LLC	07/29/10	07/29/10	\$ 1,862,961	\$ 1,862,961	\$ -	\$ 1,862,961	\$ -
FLORIDA WEST FUNDING LLC	07/29/10	07/29/10	\$ 2,543,856.76	\$ 2,543,856.76	\$ -	\$ 2,543,856.76	\$ -
FLORIDA FUNDING II	07/07/10	07/07/10	\$ 3,781,531	\$ 3,781,531	\$ -	\$ 3,781,531	\$ 301.53
FLORIDA FUNDING II	07/29/10	07/29/10	\$ 884,099.55	\$ 884,099.55	\$ -	\$ 884,099.55	\$ 70.50
DREYFUS GOVT CASH MGMT FUND	07/08/10	07/08/10	\$ 23,407	\$ 23,407	\$ -	\$ 23,407	\$ -
DREYFUS GOVT CASH MGMT FUND	07/08/10	07/08/10	\$ 79.98	\$ 79.98	\$ -	\$ 79.98	\$ -
DREYFUS GOVT CASH MGMT FUND	07/08/10	07/08/10	\$ 3,784,839	\$ 3,784,839	\$ -	\$ 3,784,839	\$ -
DREYFUS GOVT CASH MGMT FUND	07/08/10	07/08/10	\$ 940,919.26	\$ 940,919.26	\$ -	\$ 940,919.26	\$ -
DREYFUS GOVT CASH MGMT FUND	07/08/10	07/08/10	\$ 64	\$ 64	\$ -	\$ 64	\$ -
DREYFUS GOVT CASH MGMT FUND	07/08/10	07/08/10	\$ 3,675,690.82	\$ 3,675,690.82	\$ -	\$ 3,675,690.82	\$ -
DREYFUS GOVT CASH MGMT FUND	07/22/10	07/22/10	\$ 1,403	\$ 1,403	\$ -	\$ 1,403	\$ -
Total Sells			\$ 18,491,033	\$ 18,491,033	\$ -	\$ 18,491,033	\$ 372.03



Our Mission

*The SBA is committed to providing superior investment
and trust services while adhering to the
highest ethical, fiduciary and professional standards.*



STATE BOARD OF ADMINISTRATION
WWW.SBAFLA.COM



Monthly Summary Report for August 2010

Including Fund B

State Board of Administration

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INTRODUCTION

This report is prepared for stakeholders in Florida PRIME and Fund B in accordance with Section 218.409(6)(a), Florida Statutes. The statute requires:

- (1) Reporting of any material impacts on the funds and any actions or escalations taken by staff to address such impacts;
- (2) Presentation of a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month; and
- (3) Preparation of the management summary “in a manner that will allow anyone to ascertain whether the investment activities during the reporting period have conformed to investment policies.”

This report, which covers the period from August 1, 2010 through August 31, 2010, has been prepared by the SBA with input from Federated Investment Counseling (“Federated”), investment adviser for the funds, in a format intended to comply with the statute.

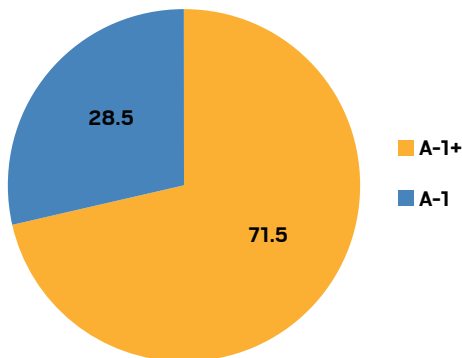
During the reporting period, Florida PRIME and Fund B were in material compliance with investment policy. Details are available in the compliance tables in the body of this report. This report also includes details on market conditions; client outreach; fund holdings, transactions and performance; and client composition.

PORTFOLIO COMPOSITION AUGUST 31, 2010

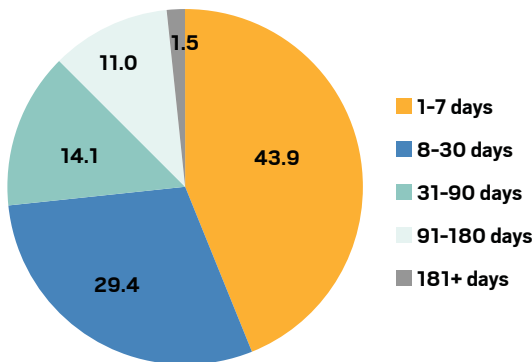
Florida PRIME Assets

\$ 5,522,508,928

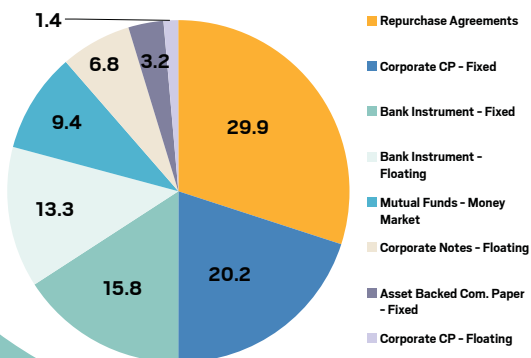
Credit Quality Composition (%)



Effective Maturity Schedule (%)



Portfolio Composition (%)



PORTFOLIO MANAGER COMMENTARY

AUGUST 2010 MARKET CONDITIONS

Cash yields tumbled in August as a spate of disheartening economic statistics persuaded investors that higher benchmark interest rates were off the table for the foreseeable future. Although the downbeat reports were generally in line with expectations, they nonetheless portrayed an economy steadily losing momentum. A growing perception that the euro-zone's banking crisis was contained, if not resolved, also helped to push nominal yields and spreads lower.

With the U.S. government facing significant fiscal constraints, market participants were keenly attuned to two events involving monetary policy. Early in the month, the Federal Open Market Committee downgraded its assessment of economic conditions and voted to reinvest proceeds of maturing mortgage debt. Though the move did not represent a loosening of monetary conditions, it did delay the shrinkage of the Fed's hefty balance sheet. In late August, the annual gathering of the world's central bankers at Jackson Hole, Wyoming, provided yet another window into the Fed's intentions. In a widely anticipated and parsed speech, Chairman Ben Bernanke indicated that risks to growth were skewed to the downside and that the Fed had monetary ammunition remaining to combat a further worsening of economic conditions despite policy rates that cannot be lowered below the present range of zero to 0.25%.

The combination of weak economic data and the Fed's concerns about growth and employment triggered a major flattening of the cash-yield curve. The one-month London Interbank Offered Rate (LIBOR) declined five basis points to 0.26%, three-month LIBOR cratered by 16 basis points to 0.30%, six-month LIBOR fell 15 basis points to 0.52% and 12-month LIBOR declined 20 basis points to 0.84%. At one point during the month, the yield on two-year Treasury notes—the security considered most sensitive to rate expectations—fell to an all-time low. Clearly, investors believe that the Fed will not raise policy rates this year, and perhaps not until 2012. Though we are not as pessimistic as the consensus, the Fed has telegraphed a willingness to err on the side of caution in providing monetary accommodation.

There were two tiny glints of “non bad” news for cash investors during the month. First, it was disclosed that the Fed's new purchases of Treasury securities will not take place within the bill market; had that been the central bank's plan, yields on T-bills

AUGUST 31, 2010

Top Holdings (%) and Average Maturity

1. Credit Agricole Group	4.9%
2. ING Groep N.V.	4.7%
3. Federated Prime Cash Obligations Fund	4.5%
4. Federated Prime Obligations Fund	4.5%
5. Mitsubishi UFJ Financial Group, Inc.	4.5%
6. Bank of Montreal	4.3%
7. BNP Paribas SA	4.2%
8. United States Treasury	4.0%
9. Societe Generale, Paris	4.0%
10. Toyota Motor Corp.	3.8%

Average Effective Maturity

30.0 Days

Percentages based on total value of investments

Past performance is no guarantee of future results.

Views are as of the issue date and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security.

An investment in money market funds is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in this fund.

PORTFOLIO MANAGER COMMENTARY (CON'T.)

would have plunged to zero or below. Also, a sharp pickup in the supply of Treasury and agency paper indirectly helped elevate—albeit modestly—repo rates to near the 25 basis point upper end of the target range for fed funds.

PORTFOLIO INVESTMENT STRATEGY

The assets of Florida PRIME increased by \$93 million during the month of August, ending at approximately \$5.5 billion. The weighted average maturity of the pool increased from 30 to 33 days, while the weighted average life declined from 52 to 49 days. Purchases for the month were focused in fixed-rate paper in the banking sector. We found value in the longer end of the yield curve and purchased six- to 12-month bank paper, as well as additional value in three- to six-month commercial paper. The percentage of our exposure to the banking industry increased by two percent during the month, while our overall exposure to the government sector declined by six percent. This was due to government agency callable paper that was called throughout the month. As always, our investment management team continues to seek value in its purchases and remains dedicated to providing competitive yields while also preserving capital and liquidity.

FLORIDA PRIME DETAILED FEE DISCLOSURE

Charges for August 2010	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 27,679.52	0.61
Federated Investment Management Fee	73,728.10	1.62
BNY Mellon Custodial Fee	116.67	0.00
Bank of America Transfer Agent Fee	4,747.71	0.10
S&P Rating Maintenance Fee	3,567.12	0.08
Audit/External Review Fees	5,520.55	0.12
Total Fees	\$ 115,359.67	2.53

*The basis point equivalent is an annualized rate based on the dollar amount of fees charged for the month times 12, divided by an average of the fund's beginning and ending total value (amortized cost) for the month which was \$5,476,200,933.

CASH FLOWS

Summary of Cash Flows	
August 2010	Florida PRIME
Opening Balance (8/1/10)	\$ 5,429,892,938
Participant Deposits	961,692,696
Transfers from Fund B	6,650,000
Gross Earnings	1,734,091
Participant Withdrawals	(877,345,437)
Fees	(115,360)
Closing Balance (8/31/10)	\$ 5,522,508,928
Net Change over Month	92,615,990

As shown in the table above, Florida PRIME experienced a net inflow of \$92.6 million during August 2010.

This change in value consisted of positive flows of \$962 million in participant deposits, \$6.7 million in transfers from Fund B and \$1.7 million in earnings. Negative flows consisted of \$877 million in participant withdrawals and about \$115,000 in fees.

Overall, the fund ended the month with a closing balance of \$5.52 billion.

DISCLOSURE OF SIGNIFICANT ISSUES

LEGAL ISSUE

As an ongoing legal matter, the SBA asserts that JP Morgan and Lehman Brothers (which is now in liquidation) sold the SBA certain unregistered secured notes that were not exempt from registration under the Securities Act of 1933.

Effective as of August 11, 2010, the SBA and JP Morgan entered into a Sixth Agreement to Extend Tolling Period (the "Extension") to facilitate further discussions between JP Morgan and the SBA and its external counsel, the law firm of Berman DeValerio, regarding a potential resolution of the dispute. The Office of Financial Regulation and Florida Attorney General's Office have been assisting with the negotiations.

The Lehman Trustee has not yet responded to the SBA's general creditor claim on behalf of Fund B as to whether the Lehman estate will have any assets available for recovery. Further, in the Trustee's latest report, the Trustee stated that "returns to general estate creditors will be limited at best." However, the secured notes sold by Lehman Brothers were secured by certain collateral. The Local Government Investment Pool Fund B has been receiving and is expected to continue receiving monetary distributions of principal and interest from that underlying collateral.

The SBA will promptly disclose any future developments as they become matters of public record.

DISCLOSURE OF MATERIAL IMPACTS

There were no developments during August 2010 that had a material impact on the liquidity or operation of Florida PRIME.

Mark Your Calendar

The Participant Local Government Advisory Council (PLGAC), representing investors in Florida PRIME, will hold its next meeting in Kissimmee at the Osceola County Government Center on Wednesday, September 22 from 11:00 am to 1:00 pm.

Current and potential investors are invited to attend in person or through a webcast.

The meeting notice and other details are at www.sbafla.com/prime.

FUND PERFORMANCE THROUGH AUGUST 31, 2010

Florida PRIME Participant Performance Data

	Net Participant Yield ¹	Net-of-Fee Benchmark ²	Above (Below) Benchmark
1 mo	0.35%	0.20%	0.15%
3 mos	0.36%	0.19%	0.17%
12 mos	0.27%	0.19%	0.08%
3 yrs	1.57%	1.57%	0.00%
5 yrs	2.97%	2.85%	0.12%
10 yrs	2.81%	2.59%	0.22%
Since 1.96	3.71%	3.48%	0.23%
Net asset value at month end:			\$5,522.6 m

NOTES TO PERFORMANCE TABLE

¹Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

²The net-of-fee benchmark is the S&P AAA/AA Rated GIP All 30-Day Net Index for all time periods.

Net asset value includes investments at market value, plus all cash, accrued interest receivable and payables.

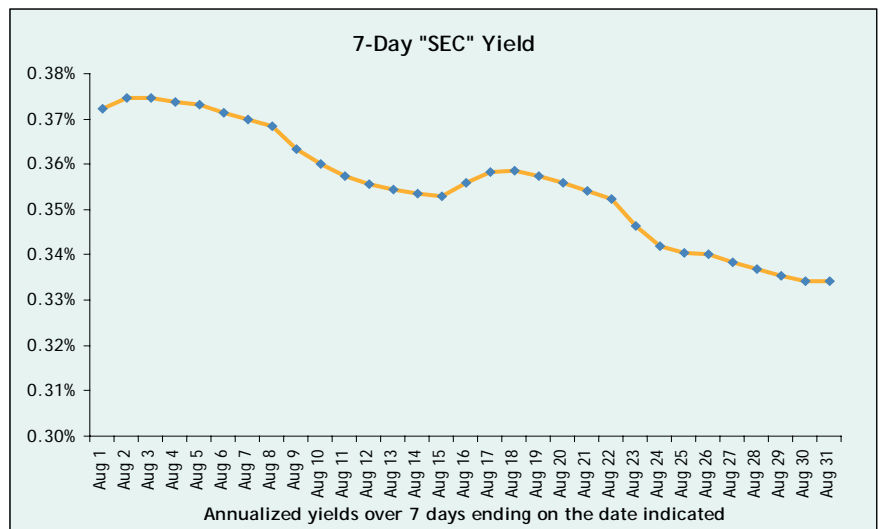
NOTES TO CHART

The 7-Day "SEC" Yield in the chart is calculated in accordance with the yield methodology set forth by SEC rule 2a-7 for money market funds.

The 7-day yield = net Income earned over a 7-day period / average units outstanding over the period * 365 / 7.

Note that unlike other performance measures, the SEC yield does not include realized gains and losses from sales of securities.

Florida PRIME 7-Day "SEC" Yields During the Month



ABOUT ANNUALIZED YIELDS

Performance data in the table and chart is annualized, meaning that the amounts are based on yields for the periods indicated, converted to their equivalent if obtained for a 12-month period.

For example, ignoring the effects of compounding,

an investment that earns 0.10% over a 1-month period yields 1.20% on an annualized basis. Likewise, an investment that earns a total of 3.60% over three years yields 1.20% on an annualized basis, ignoring compounding.

INVENTORY OF HOLDINGS
AUGUST 31, 2010

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		10/04/10		\$ 125,000,000	0.25	\$ 124,970,486	\$ 124,968,125	\$ (2,361)
Australia & New Zealand Banking Group, Melbourne, Jan 28, 2011	VARIABLE RATE COMMERCIAL PAPER	0.29	01/28/11	09/28/10	\$ 25,000,000	0.29	\$ 25,000,000	\$ 24,998,500	\$ (1,500)
Australia & New Zealand Banking Group, Melbourne, Nov 23, 2010	VARIABLE RATE COMMERCIAL PAPER	0.31	11/23/10	09/23/10	\$ 50,000,000	0.32	\$ 50,000,000	\$ 49,989,650	\$ (10,350)
BNP Paribas Finance, Inc. CP	COMMERCIAL PAPER		09/16/10		\$ 32,750,000	0.39	\$ 32,744,469	\$ 32,747,089	\$ 2,620
BNP Paribas Finance, Inc. CP	COMMERCIAL PAPER		09/27/10		\$ 200,000,000	0.61	\$ 199,910,000	\$ 199,967,000	\$ 57,000
Bank of America N.A. BA	BANKERS ACCEPTANCE		09/27/10		\$ 11,765,000	0.56	\$ 11,760,147	\$ 11,762,882	\$ 2,735
Bank of America Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.25	09/01/10		\$ 1,150,000,000	0.25	\$ 1,150,000,000	\$ 1,150,000,000	\$ -
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.50	08/16/11		\$ 50,000,000	0.51	\$ 50,000,000	\$ 49,835,975	\$ (164,025)
Bank of Montreal, Dec 20, 2010	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.27	12/20/10	09/20/10	\$ 138,000,000	0.27	\$ 138,000,000	\$ 137,990,202	\$ (9,798)
Bank of Montreal, Jun 27, 2011	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.41	06/27/11	09/27/10	\$ 50,000,000	0.27	\$ 50,000,000	\$ 49,967,150	\$ (32,850)
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.55	09/23/10		\$ 100,000,000	0.56	\$ 100,000,000	\$ 100,017,230	\$ 17,230
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.32	11/10/10		\$ 100,000,000	0.32	\$ 100,000,000	\$ 99,999,990	\$ (10)
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.58	09/08/10		\$ 50,000,000	0.59	\$ 50,000,000	\$ 50,003,330	\$ 3,330
Barclays Bank PLC, London CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.71	01/21/11		\$ 50,000,000	0.72	\$ 50,000,000	\$ 50,057,135	\$ 57,135
Barclays Bank plc, Jan 21, 2011	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.51	01/21/11	09/21/10	\$ 94,500,000	0.52	\$ 94,500,000	\$ 94,491,401	\$ (8,600)
Canadian Imperial Bank of Commerce, Nov 17, 2010	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.34	11/17/10	09/17/10	\$ 200,000,000	0.35	\$ 200,000,000	\$ 199,985,800	\$ (14,200)

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
AUGUST 31, 2010

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.46	09/16/10		\$ 50,000,000	0.47	\$ 50,000,000	\$ 50,004,435	\$ 4,435
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.53	02/11/11		\$ 200,000,000	0.54	\$ 200,000,000	\$ 200,008,960	\$ 8,960
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.53	02/16/11		\$ 19,000,000	0.54	\$ 19,000,000	\$ 19,000,882	\$ 882
Deutsche Bank AG CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.40	02/14/11		\$ 45,000,000	0.41	\$ 45,000,000	\$ 45,010,409	\$ 10,409
Deutsche Bank AG, Jan 10, 2011	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.49	01/10/11	09/13/10	\$ 150,000,000	0.50	\$ 150,000,000	\$ 150,013,350	\$ 13,350
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.01	09/01/10		\$ 16,556,102	0.01	\$ 16,556,102	\$ 16,556,102	\$ -
Falcon Asset Securitization Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		09/02/10		\$ 51,040,000	0.39	\$ 51,038,922	\$ 51,039,403	\$ 480
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.25	09/01/10	09/01/10	\$ 250,438,996	0.27	\$ 250,438,996	\$ 250,438,996	\$ -
Federated Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.22	09/01/10	09/01/10	\$ 250,277,196	0.25	\$ 250,277,196	\$ 250,277,196	\$ -
General Electric Capital Corp., Note, 4.875%, 10/21/2010	CORPORATE BOND	4.88	10/21/10		\$ 7,155,000	0.41	\$ 7,199,269	\$ 7,196,034	\$ (3,235)
General Electric Capital Corp., Sr. Unsec'd. Note, 5.000%, 12/01/2010	CORPORATE BOND	5.00	12/01/10		\$ 50,000,000	0.56	\$ 50,559,854	\$ 50,547,100	\$ (12,754)
General Electric Co.	COMMERCIAL PAPER		09/08/10		\$ 200,000,000	0.19	\$ 199,991,556	\$ 199,991,960	\$ 404
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		10/01/10		\$ 190,000,000	0.51	\$ 189,918,194	\$ 189,957,307	\$ 39,113
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		12/15/10		\$ 70,000,000	0.37	\$ 69,925,800	\$ 69,932,807	\$ 7,007
Mizuho Corporate Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.50	10/01/10		\$ 150,000,000	0.51	\$ 150,000,000	\$ 150,030,960	\$ 30,960
Morgan Stanley & Co., Inc. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.24	09/01/10		\$ 500,000,000	0.24	\$ 500,000,000	\$ 500,000,000	\$ -

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
AUGUST 31, 2010

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Mullenix-St. Charles Properties, L.P., Times Centre Apartments Project Series 2004, 1-1-28	VARIABLE RATE DEMAND NOTE	0.27	01/01/28	09/02/10	\$ 13,500,000	0.29	\$ 13,500,000	\$ 13,500,000	\$ -
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		09/07/10		\$ 184,000,000	0.61	\$ 183,978,533	\$ 183,992,125	\$ 13,591
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		09/13/10		\$ 25,000,000	0.34	\$ 24,997,021	\$ 24,997,943	\$ 922
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		09/28/10		\$ 11,000,000	0.39	\$ 10,996,749	\$ 10,997,835	\$ 1,086
St. Andrew United Methodist Church, Series 2004, Jul 01, 2029	VARIABLE RATE DEMAND NOTE	0.26	07/01/29	09/02/10	\$ 9,945,000	0.28	\$ 9,945,000	\$ 9,945,000	\$ -
State Street Bank and Trust Co. CD	CERTIFICATE OF DEPOSIT	0.35	09/21/10		\$ 47,000,000	0.35	\$ 47,000,000	\$ 47,004,653	\$ 4,653
Straight A Funding , LLC GOVTAGYX	GOVERNMENT AGENCY EXTENDIBLE NOTE		09/09/10		\$ 15,000,000	0.43	\$ 14,998,425	\$ 14,999,316	\$ 891
Straight A Funding , LLC GOVTAGYX	GOVERNMENT AGENCY EXTENDIBLE NOTE		11/23/10		\$ 50,000,000	0.25	\$ 49,970,833	\$ 49,964,535	\$ (6,298)
Straight A Funding , LLC GOVTAGYX	GOVERNMENT AGENCY EXTENDIBLE NOTE		10/01/10		\$ 6,225,000	0.29	\$ 6,223,445	\$ 6,223,867	\$ 422
Straight A Funding , LLC GOVTAGYX	GOVERNMENT AGENCY EXTENDIBLE NOTE		11/16/10		\$ 150,000,000	0.26	\$ 149,916,583	\$ 149,904,720	\$ (11,863)
Toronto Dominion Bank, Dec 09, 2010	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.29	12/09/10	09/09/10	\$ 100,000,000	0.30	\$ 100,000,000	\$ 99,986,300	\$ (13,700)
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		12/06/10		\$ 73,000,000	0.55	\$ 72,893,785	\$ 72,945,907	\$ 52,122
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		01/11/11		\$ 100,000,000	0.60	\$ 99,782,028	\$ 99,888,060	\$ 106,032
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		02/28/11		\$ 35,000,000	0.39	\$ 34,933,131	\$ 34,933,130	\$ (0)
Westpac Banking Corp. Ltd., Sydney, Dec 11, 2010	VARIABLE MEDIUM TERM NOTE	0.34	12/11/10	09/13/10	\$ 75,000,000	0.34	\$ 75,000,000	\$ 75,003,675	\$ 3,675
Total Value of Investments					\$ 5,521,152,294		\$ 5,520,926,524	\$ 5,521,074,424	\$ 147,900

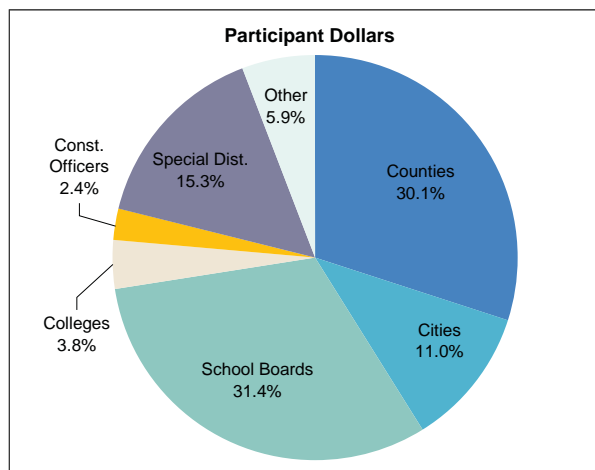
Notes: The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

¹ Market values of the portfolio securities are provided by the custodian, BNY Mellon. The portfolio manager, Federated Investment Counseling, is the source for other data shown above.

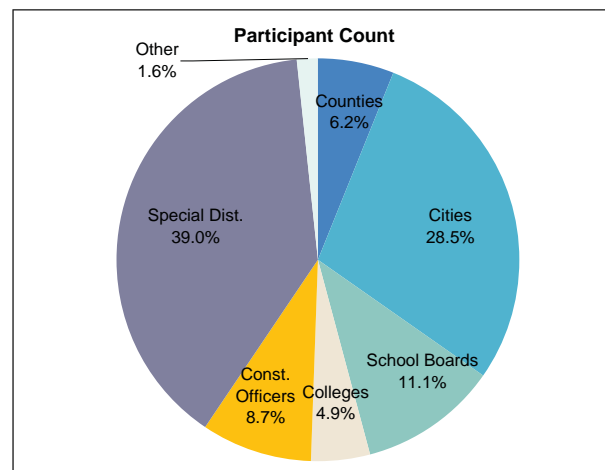
² Amortized cost is calculated using a straight line method.

PARTICIPANT CONCENTRATION DATA - AUGUST 31, 2010

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
All Participants	100.0%	100.0%	Colleges & Universities	3.8%	4.9%
Top 10	44.2%	1.2%	Top 10	3.5%	1.2%
\$100 million or more	49.8%	1.6%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	40.9%	9.3%	\$10 million up to \$100 million	2.9%	0.6%
\$1 million up to \$10 million	8.3%	15.6%	\$1 million up to \$10 million	0.9%	1.2%
Under \$1 million	1.0%	73.5%	Under \$1 million	0.01%	3.0%
Counties	30.1%	6.2%	Constitutional Officers	2.4%	8.7%
Top 10	24.8%	1.2%	Top 10	1.1%	1.2%
\$100 million or more	19.1%	0.7%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	10.3%	1.5%	\$10 million up to \$100 million	1.4%	0.4%
\$1 million up to \$10 million	0.7%	1.1%	\$1 million up to \$10 million	0.9%	1.5%
Under \$1 million	0.0%	2.9%	Under \$1 million	0.1%	6.8%
Municipalities	11.0%	28.5%	Special Districts	15.3%	39.0%
Top 10	5.8%	1.2%	Top 10	12.1%	1.2%
\$100 million or more	0.0%	0.0%	\$100 million or more	8.7%	0.2%
\$10 million up to \$100 million	8.2%	2.5%	\$10 million up to \$100 million	4.5%	1.6%
\$1 million up to \$10 million	2.5%	5.4%	\$1 million up to \$10 million	1.8%	3.9%
Under \$1 million	0.3%	20.7%	Under \$1 million	0.4%	33.3%
School Boards	31.4%	11.1%	Other	5.9%	1.6%
Top 10	26.0%	1.2%	Top 10	5.9%	1.2%
\$100 million or more	20.2%	0.5%	\$100 million or more	1.8%	0.1%
\$10 million up to \$100 million	9.6%	2.0%	\$10 million up to \$100 million	4.0%	0.7%
\$1 million up to \$10 million	1.5%	2.4%	\$1 million up to \$10 million	0.0%	0.1%
Under \$1 million	0.2%	6.2%	Under \$1 million	0.0%	0.6%



Total Fund Value: \$5,522,508,928



Total Participant Count: 803

INVESTMENT POLICY COMPLIANCE - AUGUST 2010

Test by Source	Pass/Fail
Florida PRIME's Investment Policy	
Securities must be USD denominated.	Pass
Ratings requirements	
The Pool must purchase exclusively first-tier securities. Securities purchased with short-term ratings by an NRSRO, or comparable in quality and security to other obligations of the issuer that have received short-term ratings from an NRSRO, are eligible if they are in one of the two highest rating categories.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Maturity	
Securities, excluding Government floating rate notes/variable rate notes, purchased did not have a maturity in excess of 397 days.	Pass
Government floating rate notes/variable rate notes purchased did not have a maturity in excess of 762 days.	Pass
The Pool must maintain a Spread WAM of 120 days or less.	Pass
Issuer Diversification	
First-tier issuers (limit does not apply to cash, cash items, U.S. Government securities refunded securities and repo collateralized by these securities) are limited, at the time of purchase, to 5% of the Pool's total assets. ¹	Pass
Demand Feature and Guarantor Diversification	
First-tier securities issued by or subject to demand features and guarantees of a non-controlled person, at time of purchase, are limited to 10% with respect to 75% of the Pool's total assets.	Pass
First-tier securities issued by or subject to demand features and guarantees of a control person, at time of purchase, are limited to 10% with respect to the Pool's total assets.	Pass
Money Market Mutual Funds	
The account, at time of purchase, will not have exposure to any one Money Market Mutual Fund in excess of 10% of the Pool's total assets.	Pass
Concentration Tests	
The account, at time of purchase, will not have exposure to an industry sector, excluding the financial services industry, in excess of 25% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to any single Government Agency in excess of 33.33% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to illiquid securities in excess of 5% of the Pool's total assets.	Pass
The account, at time of purchase, will invest at least 10% of the Pool's total assets in securities accessible within one day.	Pass
The account, at time of purchase, will invest at least 30% of the Pool's total assets in securities accessible within seven days.	Pass
S&P Requirements	
The Pool must maintain a Dollar Weighted Average Maturity of 60 days or less.	Pass
The account, at time of purchase, will invest at least 50% of the Pool's total assets in Securities in Highest Rating Category (A-1+ or equivalent) .	Pass

¹This limitation applies at time of trade. Under Rule 2a-7, a fund is not required to liquidate positions if the exposure in excess of the specified percentage is caused by account movements.

TRADING ACTIVITY FOR AUGUST 2010

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys								
ATLANTIC ASSET SECUCPABS4	10/04/10	08/30/10	08/30/10	50,000,000.00	49,987,847.00	-	49,987,847.00	-
ATLANTIC ASSET SECUCPABS4	10/04/10	08/30/10	08/30/10	50,000,000.00	49,987,847.00	-	49,987,847.00	-
ATLANTIC ASSET SECUCPABS4	10/04/10	08/30/10	08/30/10	25,000,000.00	24,993,923.50	-	24,993,923.50	-
BANK OF MONTREAL (CCDYAN)	08/16/11	08/16/10	08/16/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
BANK OF TOKYO-MITSUCDYAN	11/10/10	08/10/10	08/10/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
BANK OF TOKYO-MITSUCDYAN	11/10/10	08/10/10	08/10/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
CREDIT AGRICOLE CORCDYAN	02/11/11	08/12/10	08/12/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
CREDIT AGRICOLE CORCDYAN	02/11/11	08/12/10	08/12/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
CREDIT AGRICOLE CORCDYAN	02/11/11	08/12/10	08/12/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
CREDIT AGRICOLE CORCDYAN	02/16/11	08/20/10	08/20/10	19,000,000.00	19,000,000.00	-	19,000,000.00	-
DEUTSCHE BANK AGCDYAN	02/14/11	08/18/10	08/18/10	45,000,000.00	45,000,000.00	-	45,000,000.00	-
GENERAL ELECTRIC CO CP	09/08/10	08/30/10	08/30/10	50,000,000.00	49,997,625.00	-	49,997,625.00	-
GENERAL ELECTRIC CO CP	09/08/10	08/30/10	08/30/10	50,000,000.00	49,997,625.00	-	49,997,625.00	-
GENERAL ELECTRIC CO CP	09/08/10	08/30/10	08/30/10	50,000,000.00	49,997,625.00	-	49,997,625.00	-
ING (U.S.) FUNDING CP	12/15/10	08/17/10	08/17/10	50,000,000.00	49,940,000.00	-	49,940,000.00	-
ING (U.S.) FUNDING CP	12/15/10	08/17/10	08/17/10	20,000,000.00	19,976,000.00	-	19,976,000.00	-
STRAIGHT A FUNDING GOVTAG	11/23/10	08/27/10	08/27/10	50,000,000.00	49,969,444.50	-	49,969,444.50	-
STRAIGHT A FUNDING GOVTAG	11/16/10	08/23/10	08/23/10	50,000,000.00	49,969,305.50	-	49,969,305.50	-
STRAIGHT A FUNDING GOVTAG	11/16/10	08/23/10	08/23/10	50,000,000.00	49,969,305.50	-	49,969,305.50	-
STRAIGHT A FUNDING GOVTAG	11/16/10	08/23/10	08/23/10	50,000,000.00	49,969,305.50	-	49,969,305.50	-
TOYOTA MOTOR CREDIT CP	02/28/11	08/31/10	08/31/10	35,000,000.00	34,933,130.40	-	34,933,130.40	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/02/10	08/02/10	12,167,584.69	12,167,584.69	-	12,167,584.69	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/05/10	08/05/10	6,333,670.46	6,333,670.46	-	6,333,670.46	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/06/10	08/06/10	28,161,879.94	28,161,879.94	-	28,161,879.94	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/11/10	08/11/10	22,455,159.38	22,455,159.38	-	22,455,159.38	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/16/10	08/16/10	9,291,236.72	9,291,236.72	-	9,291,236.72	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/18/10	08/18/10	69,223,717.00	69,223,717.00	-	69,223,717.00	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/23/10	08/23/10	30,181,468.20	30,181,468.20	-	30,181,468.20	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/25/10	08/25/10	1,928,298.54	1,928,298.54	-	1,928,298.54	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/26/10	08/26/10	21,804,650.07	21,804,650.07	-	21,804,650.07	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/31/10	08/31/10	8,698,678.61	8,698,678.61	-	8,698,678.61	-
FEDERATED PRIME CASH OBL. FUND	10/01/40	08/01/10	08/01/10	55,029.40	55,029.40	-	55,029.40	-
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	08/01/10	08/01/10	51,253.30	51,253.30	-	51,253.30	-
MORGAN STANLEY TRIPARTY	08/03/10	08/02/10	08/02/10	255,000,000.00	255,000,000.00	-	255,000,000.00	-
BANK OF AMERICA TRIPARTY	08/03/10	08/02/10	08/02/10	1,100,000,000.00	1,100,000,000.00	-	1,100,000,000.00	-
MORGAN STANLEY TRIPARTY	08/04/10	08/03/10	08/03/10	255,000,000.00	255,000,000.00	-	255,000,000.00	-
BANK OF AMERICA TRIPARTY	08/04/10	08/03/10	08/03/10	1,210,000,000.00	1,210,000,000.00	-	1,210,000,000.00	-
MORGAN STANLEY TRIPARTY	08/05/10	08/04/10	08/04/10	255,000,000.00	255,000,000.00	-	255,000,000.00	-

TRADING ACTIVITY FOR AUGUST 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys (continued)								
BANK OF AMERICA TRIPARTY	08/05/10	08/04/10	08/04/10	1,315,000,000.00	1,315,000,000.00	-	1,315,000,000.00	-
MORGAN STANLEY TRIPARTY	08/06/10	08/05/10	08/05/10	255,000,000.00	255,000,000.00	-	255,000,000.00	-
BANK OF AMERICA TRIPARTY	08/06/10	08/05/10	08/05/10	1,320,000,000.00	1,320,000,000.00	-	1,320,000,000.00	-
MORGAN STANLEY TRIPARTY	08/09/10	08/06/10	08/06/10	275,000,000.00	275,000,000.00	-	275,000,000.00	-
BANK OF AMERICA TRIPARTY	08/09/10	08/06/10	08/06/10	1,295,000,000.00	1,295,000,000.00	-	1,295,000,000.00	-
MORGAN STANLEY TRIPARTY	08/10/10	08/09/10	08/09/10	245,000,000.00	245,000,000.00	-	245,000,000.00	-
BANK OF AMERICA TRIPARTY	08/10/10	08/09/10	08/09/10	1,340,000,000.00	1,340,000,000.00	-	1,340,000,000.00	-
MORGAN STANLEY TRIPARTY	08/10/10	08/09/10	08/09/10	150,000,000.00	150,000,000.00	-	150,000,000.00	-
MORGAN STANLEY TRIPARTY	08/11/10	08/10/10	08/10/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/11/10	08/10/10	08/10/10	1,175,000,000.00	1,175,000,000.00	-	1,175,000,000.00	-
MORGAN STANLEY TRIPARTY	08/12/10	08/11/10	08/11/10	300,000,000.00	300,000,000.00	-	300,000,000.00	-
BANK OF AMERICA TRIPARTY	08/12/10	08/11/10	08/11/10	1,345,000,000.00	1,345,000,000.00	-	1,345,000,000.00	-
MORGAN STANLEY TRIPARTY	08/13/10	08/12/10	08/12/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/13/10	08/12/10	08/12/10	1,160,000,000.00	1,160,000,000.00	-	1,160,000,000.00	-
MORGAN STANLEY TRIPARTY	08/16/10	08/13/10	08/13/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/16/10	08/13/10	08/13/10	1,120,000,000.00	1,120,000,000.00	-	1,120,000,000.00	-
MORGAN STANLEY TRIPARTY	08/17/10	08/16/10	08/16/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/17/10	08/16/10	08/16/10	1,105,000,000.00	1,105,000,000.00	-	1,105,000,000.00	-
MORGAN STANLEY TRIPARTY	08/18/10	08/17/10	08/17/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/18/10	08/17/10	08/17/10	1,055,000,000.00	1,055,000,000.00	-	1,055,000,000.00	-
MORGAN STANLEY TRIPARTY	08/19/10	08/18/10	08/18/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/19/10	08/18/10	08/18/10	1,305,000,000.00	1,305,000,000.00	-	1,305,000,000.00	-
MORGAN STANLEY TRIPARTY	08/20/10	08/19/10	08/19/10	493,000,000.00	493,000,000.00	-	493,000,000.00	-
BANK OF AMERICA TRIPARTY	08/20/10	08/19/10	08/19/10	1,300,000,000.00	1,300,000,000.00	-	1,300,000,000.00	-
MORGAN STANLEY TRIPARTY	08/23/10	08/20/10	08/20/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/23/10	08/20/10	08/20/10	1,335,000,000.00	1,335,000,000.00	-	1,335,000,000.00	-
MORGAN STANLEY TRIPARTY	08/24/10	08/23/10	08/23/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/24/10	08/23/10	08/23/10	1,350,000,000.00	1,350,000,000.00	-	1,350,000,000.00	-
MORGAN STANLEY TRIPARTY	08/25/10	08/24/10	08/24/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/25/10	08/24/10	08/24/10	1,330,000,000.00	1,330,000,000.00	-	1,330,000,000.00	-
MORGAN STANLEY TRIPARTY	08/26/10	08/25/10	08/25/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/26/10	08/25/10	08/25/10	1,325,000,000.00	1,325,000,000.00	-	1,325,000,000.00	-
MORGAN STANLEY TRIPARTY	08/27/10	08/26/10	08/26/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/27/10	08/26/10	08/26/10	1,350,000,000.00	1,350,000,000.00	-	1,350,000,000.00	-
MORGAN STANLEY TRIPARTY	08/30/10	08/27/10	08/27/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/30/10	08/27/10	08/27/10	1,300,000,000.00	1,300,000,000.00	-	1,300,000,000.00	-
MORGAN STANLEY TRIPARTY	08/31/10	08/30/10	08/30/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/31/10	08/30/10	08/30/10	1,150,000,000.00	1,150,000,000.00	-	1,150,000,000.00	-
MORGAN STANLEY TRIPARTY	09/01/10	08/31/10	08/31/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/01/10	08/31/10	08/31/10	1,150,000,000.00	1,150,000,000.00	-	1,150,000,000.00	-
Total Buys				\$ 38,172,352,626	\$ 38,172,039,235	\$ -	\$ 38,172,039,235	\$ -

TRADING ACTIVITY FOR AUGUST 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Maturities								
ATLANTIC ASSET SECUCPABS4	08/23/10	08/23/10	08/23/10	61,473,000.00	61,473,000.00	-	61,473,000.00	-
ATLANTIC ASSET SECUCPABS4	08/30/10	08/30/10	08/30/10	200,000,000.00	200,000,000.00	-	200,000,000.00	-
CREDIT AGRICOLE CORCDYAN	08/12/10	08/12/10	08/12/10	200,000,000.00	200,000,000.00	-	200,000,000.00	-
FEDERAL HOME LOAN BANKS	08/04/10	08/04/10	08/04/10	100,000,000.00	100,000,000.00	-	100,000,000.00	-
SALISBURY RECEIVABLEPABS4	08/18/10	08/18/10	08/18/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
SOCIETE GENERALE, PCDYAN	08/06/10	08/06/10	08/06/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
STRAIGHT A FUNDING GOVTAG	08/27/10	08/27/10	08/27/10	26,000,000.00	26,000,000.00	-	26,000,000.00	-
STRAIGHT A FUNDING GOVTAG	08/09/10	08/09/10	08/09/10	16,448,000.00	16,448,000.00	-	16,448,000.00	-
STRAIGHT A FUNDING GOVTAG	08/23/10	08/23/10	08/23/10	150,000,000.00	150,000,000.00	-	150,000,000.00	-
TOYOTA MOTOR CREDIT CP	08/16/10	08/16/10	08/16/10	85,000,000.00	85,000,000.00	-	85,000,000.00	-
MORGAN STANLEY TRIPARTY	08/02/10	08/02/10	08/02/10	455,000,000.00	455,000,000.00	-	455,000,000.00	-
BANK OF AMERICA TRIPARTY	08/02/10	08/02/10	08/02/10	970,000,000.00	970,000,000.00	-	970,000,000.00	-
MORGAN STANLEY TRIPARTY	08/03/10	08/03/10	08/03/10	255,000,000.00	255,000,000.00	-	255,000,000.00	-
BANK OF AMERICA TRIPARTY	08/03/10	08/03/10	08/03/10	1,100,000,000.00	1,100,000,000.00	-	1,100,000,000.00	-
MORGAN STANLEY TRIPARTY	08/04/10	08/04/10	08/04/10	255,000,000.00	255,000,000.00	-	255,000,000.00	-
BANK OF AMERICA TRIPARTY	08/04/10	08/04/10	08/04/10	1,210,000,000.00	1,210,000,000.00	-	1,210,000,000.00	-
MORGAN STANLEY TRIPARTY	08/05/10	08/05/10	08/05/10	255,000,000.00	255,000,000.00	-	255,000,000.00	-
BANK OF AMERICA TRIPARTY	08/05/10	08/05/10	08/05/10	1,315,000,000.00	1,315,000,000.00	-	1,315,000,000.00	-
MORGAN STANLEY TRIPARTY	08/06/10	08/06/10	08/06/10	255,000,000.00	255,000,000.00	-	255,000,000.00	-
BANK OF AMERICA TRIPARTY	08/06/10	08/06/10	08/06/10	1,320,000,000.00	1,320,000,000.00	-	1,320,000,000.00	-
MORGAN STANLEY TRIPARTY	08/09/10	08/09/10	08/09/10	275,000,000.00	275,000,000.00	-	275,000,000.00	-
BANK OF AMERICA TRIPARTY	08/09/10	08/09/10	08/09/10	1,295,000,000.00	1,295,000,000.00	-	1,295,000,000.00	-
MORGAN STANLEY TRIPARTY	08/10/10	08/10/10	08/10/10	245,000,000.00	245,000,000.00	-	245,000,000.00	-
BANK OF AMERICA TRIPARTY	08/10/10	08/10/10	08/10/10	1,340,000,000.00	1,340,000,000.00	-	1,340,000,000.00	-
MORGAN STANLEY TRIPARTY	08/10/10	08/10/10	08/10/10	150,000,000.00	150,000,000.00	-	150,000,000.00	-
MORGAN STANLEY TRIPARTY	08/11/10	08/11/10	08/11/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/11/10	08/11/10	08/11/10	1,175,000,000.00	1,175,000,000.00	-	1,175,000,000.00	-
MORGAN STANLEY TRIPARTY	08/12/10	08/12/10	08/12/10	300,000,000.00	300,000,000.00	-	300,000,000.00	-

TRADING ACTIVITY FOR AUGUST 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Maturities (continued)								
BANK OF AMERICA TRIPARTY	08/12/10	08/12/10	08/12/10	1,345,000,000.00	1,345,000,000.00	-	1,345,000,000.00	-
MORGAN STANLEY TRIPARTY	08/13/10	08/13/10	08/13/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/13/10	08/13/10	08/13/10	1,160,000,000.00	1,160,000,000.00	-	1,160,000,000.00	-
MORGAN STANLEY TRIPARTY	08/16/10	08/16/10	08/16/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/16/10	08/16/10	08/16/10	1,120,000,000.00	1,120,000,000.00	-	1,120,000,000.00	-
MORGAN STANLEY TRIPARTY	08/17/10	08/17/10	08/17/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/17/10	08/17/10	08/17/10	1,105,000,000.00	1,105,000,000.00	-	1,105,000,000.00	-
MORGAN STANLEY TRIPARTY	08/18/10	08/18/10	08/18/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/18/10	08/18/10	08/18/10	1,055,000,000.00	1,055,000,000.00	-	1,055,000,000.00	-
MORGAN STANLEY TRIPARTY	08/19/10	08/19/10	08/19/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/19/10	08/19/10	08/19/10	1,305,000,000.00	1,305,000,000.00	-	1,305,000,000.00	-
MORGAN STANLEY TRIPARTY	08/20/10	08/20/10	08/20/10	493,000,000.00	493,000,000.00	-	493,000,000.00	-
BANK OF AMERICA TRIPARTY	08/20/10	08/20/10	08/20/10	1,300,000,000.00	1,300,000,000.00	-	1,300,000,000.00	-
MORGAN STANLEY TRIPARTY	08/23/10	08/23/10	08/23/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/23/10	08/23/10	08/23/10	1,335,000,000.00	1,335,000,000.00	-	1,335,000,000.00	-
MORGAN STANLEY TRIPARTY	08/24/10	08/24/10	08/24/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/24/10	08/24/10	08/24/10	1,350,000,000.00	1,350,000,000.00	-	1,350,000,000.00	-
MORGAN STANLEY TRIPARTY	08/25/10	08/25/10	08/25/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/25/10	08/25/10	08/25/10	1,330,000,000.00	1,330,000,000.00	-	1,330,000,000.00	-
MORGAN STANLEY TRIPARTY	08/26/10	08/26/10	08/26/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/26/10	08/26/10	08/26/10	1,325,000,000.00	1,325,000,000.00	-	1,325,000,000.00	-
MORGAN STANLEY TRIPARTY	08/27/10	08/27/10	08/27/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/27/10	08/27/10	08/27/10	1,350,000,000.00	1,350,000,000.00	-	1,350,000,000.00	-
MORGAN STANLEY TRIPARTY	08/30/10	08/30/10	08/30/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/30/10	08/30/10	08/30/10	1,300,000,000.00	1,300,000,000.00	-	1,300,000,000.00	-
MORGAN STANLEY TRIPARTY	08/31/10	08/31/10	08/31/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	08/31/10	08/31/10	08/31/10	1,150,000,000.00	1,150,000,000.00	-	1,150,000,000.00	-
Total Maturities				\$ 37,631,921,000	\$ 37,631,921,000	\$ -	\$ 37,631,921,000	\$ -

TRADING ACTIVITY FOR AUGUST 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Sells								
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/03/10	08/03/10	149,696.42	149,696.42	-	149,696.42	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/03/10	08/03/10	1,826,575.42	1,826,575.42	-	1,826,575.42	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/04/10	08/04/10	9,561,584.55	9,561,584.55	-	9,561,584.55	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/09/10	08/09/10	759,124.93	759,124.93	-	759,124.93	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/10/10	08/10/10	18,841,773.37	18,841,773.37	-	18,841,773.37	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/12/10	08/12/10	1,089,723.82	1,089,723.82	-	1,089,723.82	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/12/10	08/12/10	283,195.53	283,195.53	-	283,195.53	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/12/10	08/12/10	1,874.42	1,874.42	-	1,874.42	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/12/10	08/12/10	1,160,682.04	1,160,682.04	-	1,160,682.04	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/12/10	08/12/10	303,516.52	303,516.52	-	303,516.52	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/12/10	08/12/10	34,241.53	34,241.53	-	34,241.53	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/12/10	08/12/10	2,929,253.25	2,929,253.25	-	2,929,253.25	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/12/10	08/12/10	408,027.72	408,027.72	-	408,027.72	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/12/10	08/12/10	260,600.14	260,600.14	-	260,600.14	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/12/10	08/12/10	6,333,670.46	6,333,670.46	-	6,333,670.46	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/12/10	08/12/10	9,320,106.57	9,320,106.57	-	9,320,106.57	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/12/10	08/12/10	18,023,874.95	18,023,874.95	-	18,023,874.95	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/13/10	08/13/10	431,940.26	431,940.26	-	431,940.26	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/17/10	08/17/10	8,770,764.33	8,770,764.33	-	8,770,764.33	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/19/10	08/19/10	21,886,391.03	21,886,391.03	-	21,886,391.03	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/20/10	08/20/10	2,012,956.45	2,012,956.45	-	2,012,956.45	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/20/10	08/20/10	47,337,325.97	47,337,325.97	-	47,337,325.97	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/24/10	08/24/10	281,155.42	281,155.42	-	281,155.42	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/24/10	08/24/10	2,418,327.98	2,418,327.98	-	2,418,327.98	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/24/10	08/24/10	520,472.39	520,472.39	-	520,472.39	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/24/10	08/24/10	30,181,468.20	30,181,468.20	-	30,181,468.20	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/27/10	08/27/10	15,880,361.41	15,880,361.41	-	15,880,361.41	-
DREYFUS GOVT CASH MGMT FUND	09/30/10	08/30/10	08/30/10	1,627,467.36	1,627,467.36	-	1,627,467.36	-
FEDERAL HOME LOAN BANKS	12/27/10	08/07/10	08/07/10	145,000,000.00	145,000,000.00	96,666.67	145,096,666.67	-
FEDERAL HOME LOAN BANKS	05/25/11	08/03/10	08/03/10	100,000,000.00	100,000,000.00	162,500.00	100,162,500.00	-
Total Sells				\$ 447,636,152	\$ 447,636,152	\$ 259,167	\$ 447,895,319	\$ -

FUND B

FUND B FACTS

INVESTMENT OBJECTIVE

Fund B's primary objective is to maximize the present value of distributions from the Fund.

COMPOSITION

Fund B principally consists of Segregated Securities, which are securities originally purchased for the LGIP that (1) defaulted in the payment of principal and interest; (2) were extended; (3) were restructured or otherwise subject to workout; (4) experienced elevated market illiquidity; or (5) did not meet the criteria of the nationally recognized statistical rating organization (NRSRO) that provides Florida PRIME's AAAm rating.

DISTRIBUTIONS

Participants in Fund B will receive periodic distributions to the extent that Fund B receives proceeds deemed material by the SBA from (1) the natural maturities of securities, coupon interest collections, or collateral interest and principal paydowns; or (2) the sale of securities, collateral liquidation, or other restructure and workout activities undertaken.

ACCOUNTING

Fund B is accounted for as a fluctuating NAV pool, not a 2a-7-like money market fund. That is, accounting valuations reflect estimates of the market value of securities rather than their amortized cost.

STATUS OF INVESTMENTS

Florida East and West: Restructured from KKR and receiving principal and interest.

Florida Funding I: Restructured from Ottimo (Issuer Entity) and receiving principal and interest.

Florida Funding II: Restructured from Axon and receiving principal and interest.

COMMENTARY FROM THE PORTFOLIO MANAGER

All cash from paydowns on securities in Fund B are invested in overnight securities, repurchase agreements, overnight time deposits or commercial paper pending monthly distribution to participant accounts in the LGIP. This month, \$6.65 million in liquid assets were transferred from Fund B to Florida PRIME, consisting of principal paydowns and income from the securities in the Fund.

The investment team continually analyzes the bonds in each portfolio, comparing estimated defaults and estimated cumulative net losses to an historical loss-timing curve. Many different factors in the domestic and global economy can affect both the securities and the underlying bonds. Some of the factors will contribute positively while others may have adverse consequences. The SBA and Federated's investment team will continue to employ prudent risk mitigation strategies in order to maximize the present value of distributions from Fund B with a primary focus on the restoration of principal.

DISCLOSURE OF MATERIAL IMPACTS

There were no developments during August 2010 that had a material impact on the liquidity or operation of Fund B. However, see the discussion on page 5 regarding a significant legal issue.

RETURN OF FUND B PRINCIPAL

The table on the following page details the SBA's progress in returning principal to investors in Fund B. Through the end of August 2010, investors cumulatively received distributions from Fund B totaling over \$1.60 billion or 79.7% of their original balances.

The securities remaining in Fund B are legacy items from the four issuers whose financial circumstances gave rise to the November 2007 run (in addition to overnight instruments temporarily holding fund earnings). As of August 31, 2010, their remaining amortized cost was \$585.0 million, or 43.6% more than remaining participant positions in Fund B. Conversely, the current estimated liquidation (market) value of these securities is pegged at \$282.8 million or 69.4% of remaining participant positions.

It is important to note that due to the lack of an actively traded market for Fund B securities, their "market value" is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. See footnote 1 on page 19.

FUND B

FUND B DISTRIBUTIONS

FUND B DISTRIBUTIONS TO PARTICIPANTS

	Distributions to Participants	Cumulative Distributions	Participant Principal	Proportion of Original Principal Returned
12/05/07	\$	\$	\$ 2,009,451,941	0.0%
01/18/08	\$ 50,000,000	\$ 50,000,000	\$ 1,959,451,941	2.5%
02/11/08	\$ 518,000,000	\$ 568,000,000	\$ 1,441,451,941	28.3%
03/18/08	\$ 210,550,000	\$ 778,550,000	\$ 1,230,901,941	38.7%
04/21/08	\$ 106,000,000	\$ 884,550,000	\$ 1,124,901,941	44.0%
06/19/08	\$ 291,500,000	\$ 1,176,050,000	\$ 833,401,941	58.5%
06/26/08	\$ 150,500,000	\$ 1,326,550,000	\$ 682,901,941	66.0%
07/07/08	\$ 34,700,000	\$ 1,361,250,000	\$ 648,201,941	67.7%
08/06/08	\$ 10,400,000	\$ 1,371,650,000	\$ 637,801,941	68.3%
09/05/08	\$ 9,300,000	\$ 1,380,950,000	\$ 628,501,941	68.7%
10/07/08	\$ 11,750,000	\$ 1,392,700,000	\$ 616,751,941	69.3%
11/07/08	\$ 8,700,000	\$ 1,401,400,000	\$ 608,051,941	69.7%
12/04/08	\$ 20,500,000	\$ 1,421,900,000	\$ 587,551,941	70.8%
01/09/09	\$ 7,900,000	\$ 1,429,800,000	\$ 579,651,941	71.2%
02/09/09	\$ 6,800,000	\$ 1,436,600,000	\$ 572,851,941	71.5%
03/09/09	\$ 5,800,000	\$ 1,442,400,000	\$ 567,051,941	71.8%
04/09/09	\$ 6,600,000	\$ 1,449,000,000	\$ 560,451,941	72.1%
05/08/09	\$ 8,200,000	\$ 1,457,200,000	\$ 552,251,941	72.5%
06/08/09	\$ 7,500,000	\$ 1,464,700,000	\$ 544,751,941	72.9%
07/09/09	\$ 7,100,000	\$ 1,471,800,000	\$ 537,651,941	73.2%
08/07/09	\$ 8,150,000	\$ 1,479,950,000	\$ 529,501,941	73.6%
09/04/09	\$ 10,000,000	\$ 1,489,950,000	\$ 519,501,941	74.1%
10/07/09	\$ 8,050,000	\$ 1,498,000,000	\$ 511,451,941	74.5%
11/06/09	\$ 6,750,000	\$ 1,504,750,000	\$ 504,701,941	74.9%
12/08/09	\$ 6,250,000	\$ 1,511,000,000	\$ 498,451,941	75.2%
01/08/10	\$ 34,800,000	\$ 1,545,800,000	\$ 463,651,941	76.9%
02/08/10	\$ 8,575,000	\$ 1,554,375,000	\$ 455,076,941	77.4%
03/08/10	\$ 6,100,000	\$ 1,560,475,000	\$ 448,976,941	77.7%
04/08/10	\$ 5,550,000	\$ 1,566,025,000	\$ 443,426,941	77.9%
05/07/10	\$ 7,175,000	\$ 1,573,200,000	\$ 436,251,941	78.3%
06/07/10	\$ 13,725,000	\$ 1,586,925,000	\$ 422,526,941	79.0%
07/09/10	\$ 8,425,000	\$ 1,595,350,000	\$ 414,101,941	79.4%
08/06/10	\$ 6,650,000	\$ 1,602,000,000	\$ 407,451,941	79.7%

FUND B MONTHLY DISTRIBUTION DETAIL

August 2010 Distribution Detail Including Receipts by Source For the period 7/9/10 - 8/5/10		Fund B Participant Allocation		Expense
Beginning Balance	\$	-	\$	44,177.59
Receipts:				
Florida East	\$	1,920,988.16		
Florida West	\$	2,668,090.84		
Florida Funding I	\$	1,118,016.59		
Florida Funding II	\$	950,237.84		
Overnight Investments	\$	105.46		
Total Receipts	\$	6,657,438.89		
Distributions:				
Allocation to/from Expense Reserve	\$	(7,438.89)	\$	7,438.89
Expenses Paid			\$	(1,461.76)
Participant Distribution	\$	(6,650,000.00)		
Ending Balance	\$	-	\$	50,154.72

FUND B

INVENTORY OF HOLDINGS - AS OF AUGUST 31, 2010

Security Name	Type	Cpn/Dis	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Dreyfus Government Cash Management Fund	OVERNIGHT MUTUAL FUND	0.01		\$ 5,656,140	0.01	\$ 5,656,140	\$ 5,656,140	\$ -
Florida East Funding LLC, Dec 31, 2015	VARIABLE RATE TERM NOTE	0.61	09/28/10	\$ 100,068,103	0.62	\$ 100,068,103	\$ 65,092,891	\$ (34,975,212)
Florida Funding I LLC, Dec 31, 2015	VARIABLE RATE TERM NOTE	2.16	08/25/10	\$ 135,482,727	3.35	\$ 135,482,727	\$ 34,241,754	\$ (101,240,973)
Florida Funding II LLC , Dec 31, 2015	VARIABLE RATE COMMERCIAL PAPER	0.26	09/27/10	\$ 127,340,195	0.27	\$ 127,337,453	\$ 65,297,985	\$ (62,039,467)
Florida West Funding LLC, Dec 31, 2015	VARIABLE RATE TERM NOTE	0.61	09/28/10	\$ 216,450,350	0.62	\$ 216,450,350	\$ 112,479,658	\$ (103,970,692)
Total Value of Investments				\$ 584,997,515		\$ 584,994,772	\$ 282,768,429	\$ (302,226,344)

Notes:

¹ Due to the lack of an actively traded market for Fund B securities, the “market value” is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. Although the estimate represents an attempt to reasonably reflect the stressed market conditions that currently exist, the amount actually realized if the securities were liquidated at this time could be more or less than the estimate. Moreover, these estimates of current market value may not be predictive of the ultimate amount likely to be realized from these securities. Fund B’s investment objective is to maximize the present value of distributions to participants. If, in the judgment of the portfolio manager, fair value exceeds liquidation value at points in the future, then complete or partial liquidations of securities could be deferred for an extended period of time; e.g., a seven- to nine-year horizon for complete termination or self-liquidation of Fund B.

² Amortized cost is calculated using a straight line method.

The securities held in Fund B result from workouts of the LGIP’s original holdings from 4 issuers – Axon, KKR Atlantic, KKR Pacific and Ottimo. The purpose of Fund B is to maximize the present value of distributions to participants through a prudent workout with an ultimate goal of liquidation. As a result, the maturity dates of each holding in Fund B will be dependent on the maturity date or earlier liquidation, if prudent, of the collateral securities underlying each of these holdings and will be contingent upon future market conditions and other factors.

The portfolio manager, Federated Investment Counseling, is the source for data shown above other than market value. See note 1.

The amounts shown above are the value of investments. Income accruals, payables and uninvested cash are not included. The data is unaudited.

FUND B

COMPLIANCE AND TRADING ACTIVITY

COMPLIANCE WITH INVESTMENT POLICY - AUGUST 2010

Test by Source	Pass/Fail
Fund B's Investment Policy	
Securities must be USD denominated.	Pass
Ratings requirements	
Fund B purchased exclusively first-tier securities during the reporting period.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Maturity	
Securities purchased by Fund B, excluding Government floating rate notes/variable rate notes, did not have a maturity in excess of 397 days.	Pass
Government floating rate notes/variable rate notes purchased by Fund B did not have a maturity in excess of 762 days.	Pass
Money Market Mutual Funds	
Fund B only purchased pre-approved mutual funds during the reporting period.	Pass
Repurchase Agreements	
The minimum Repurchase Agreement Counterparty Rating is A-1.	Pass

TRADING ACTIVITY - AUGUST 2010

Security Description	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys							
DREYFUS GOVT CASH MGMT FUND	08/03/10	08/03/10	\$ 103.11	\$ 103.11	\$ -	\$ 103.11	\$ -
DREYFUS GOVT CASH MGMT FUND	08/30/10	08/30/10	\$ 1,835,653	\$ 1,835,653	\$ -	\$ 1,835,653	\$ -
DREYFUS GOVT CASH MGMT FUND	08/31/10	08/31/10	\$ 3,788,140.16	\$ 3,788,140.16	\$ -	\$ 3,788,140.16	\$ -
Total Buys			\$ 5,623,897	\$ 5,623,897	\$ -	\$ 5,623,897	\$ -
Sells							
FLORIDA FUNDING I LLC	08/30/10	08/30/10	\$ 879,722.83	\$ 879,722.83	\$ -	\$ 879,722.83	\$ -
FLORIDA EAST FUNDING LLC	08/30/10	08/30/10	\$ 1,388,392	\$ 1,388,392	\$ -	\$ 1,388,392	\$ -
FLORIDA WEST FUNDING LLC	08/30/10	08/30/10	\$ 2,210,359.84	\$ 2,210,359.84	\$ -	\$ 2,210,359.84	\$ -
FLORIDA FUNDING II	08/30/10	08/30/10	\$ 824,537	\$ 824,537	\$ -	\$ 824,537	\$ 65.75
DREYFUS GOVT CASH MGMT FUND	08/02/10	08/02/10	\$ 58.33	\$ 58.33	\$ -	\$ 58.33	\$ -
DREYFUS GOVT CASH MGMT FUND	08/05/10	08/05/10	\$ 6,650,000	\$ 6,650,000	\$ -	\$ 6,650,000	\$ -
DREYFUS GOVT CASH MGMT FUND	08/13/10	08/13/10	\$ 17,807.54	\$ 17,807.54	\$ -	\$ 17,807.54	\$ -
Total Sells			\$ 11,970,877	\$ 11,970,877	\$ -	\$ 11,970,877	\$ 65.75

Note: The gain reflected on the sale from Florida Funding II is an accounting gain. The original Axon Financial Funding LLC security was purchased at a discount and was deemed "in default" prior to the original maturity date. At the point of becoming "in default," amortization of the discount was terminated thus leaving the cost of the security less than par. Any principal payment received at par will result in recognition of a gain, calculated as Proceeds less Cost Basis of the par value being sold.



Our Mission

*The SBA is committed to providing superior investment
and trust services while adhering to the
highest ethical, fiduciary and professional standards.*



STATE BOARD OF ADMINISTRATION
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Monthly Summary Report for September 2010

Including Fund B

State Board of Administration

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FUND B

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INTRODUCTION

This report is prepared for stakeholders in Florida PRIME and Fund B in accordance with Section 218.409(6)(a), Florida Statutes. The statute requires:

- (1) Reporting of any material impacts on the funds and any actions or escalations taken by staff to address such impacts;
- (2) Presentation of a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month; and
- (3) Preparation of the management summary “in a manner that will allow anyone to ascertain whether the investment activities during the reporting period have conformed to investment policies.”

This report, which covers the period from September 1, 2010 through September 30, 2010, has been prepared by the SBA with input from Federated Investment Counseling (“Federated”), investment adviser for the funds, in a format intended to comply with the statute.

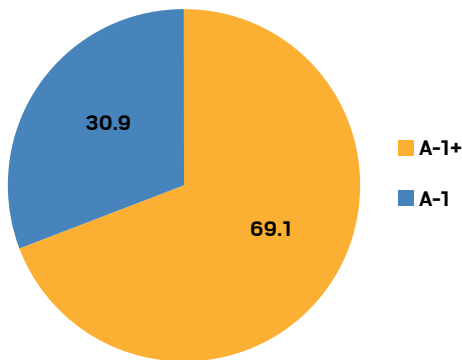
During the reporting period, Florida PRIME and Fund B were in material compliance with investment policy. Details are available in the compliance tables in the body of this report. This report also includes details on market conditions; fees; fund holdings, transactions and performance; and client composition.

PORTFOLIO COMPOSITION SEPTEMBER 30, 2010

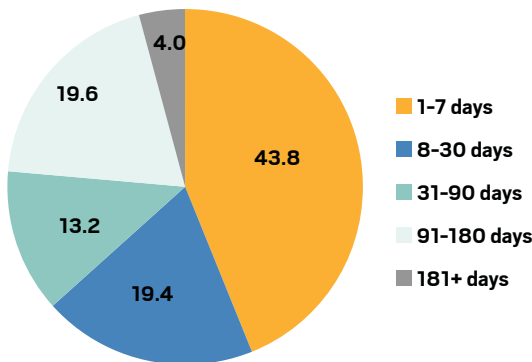
Florida PRIME Assets

\$ 5,331,047,710

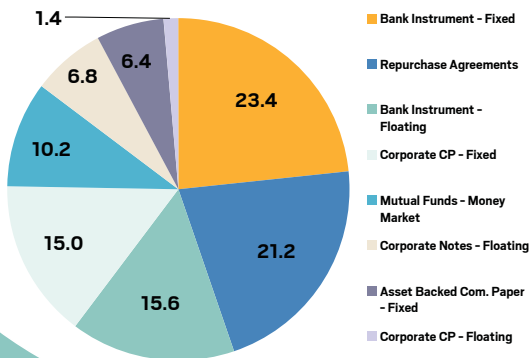
Credit Quality Composition (%)



Effective Maturity Schedule (%)



Portfolio Composition (%)



PORTFOLIO MANAGER COMMENTARY

SEPTEMBER 2010 MARKET CONDITIONS

The Federal Reserve's rate-setting committee made headlines in September by virtually promising to resume purchases of Treasury securities, a strategy known as quantitative easing, or QE. The policy-setting Federal Open Market Committee (FOMC) made any new buying conditional upon economic data remaining soft enough to keep core inflation below the central bank's comfort zone. While the Fed did not explicitly target inflation—its desired rate of inflation isn't even known—core consumer prices are currently rising at an annual rate of around 1%, the lowest level since the early 1960s. The news that "QE2" might soon set sail comes six weeks after the Fed announced plans to roll proceeds from maturing asset-backed securities it holds into intermediate-term Treasury notes and bonds, thus preventing a "passive" tightening of monetary policy through the contraction of its balance sheet.

Kansas City Fed President Thomas Hoenig, an inflation hawk standing squarely in the opposite policy corner from Chairman Ben Bernanke—a known deflation hawk—dissented from the QE2 pledge. We believe it is important to note that Hoenig's position does not imply that he is concerned about an imminent breakout in inflationary pressures. Rather, Hoenig's dissent appears to be based on his view that ultra-low interest rates in the current environment are like pushing on a string and could be doing more harm than good. Specifically, Hoenig seems to believe—and we concur—that raising benchmark rates slightly would do no harm to aggregate demand and might actually help consumer spending by giving long-suffering savers more income. Given our view that a double-dip recession is no longer a realistic possibility, we would be pleased if a modest monetary tightening cycle were to begin sooner rather than later.

In any event, we do not expect the first increase in the fed funds target rate until at least the first half of 2011. However, some longer-dated cash yields could begin to rise—and prices fall—well before the first official increase in benchmark rates. In fact, we would expect market interest rates to start creeping higher at the first sign of economic light appearing over the horizon. For that reason, we favored keeping maturities relatively short, with new purchases during the month made mostly in securities maturing relatively early in the New Year.

SEPTEMBER 30, 2010

Top Holdings (%) and Average Maturity

1. Federated Prime Obligations Fund	5.2%
2. Credit Agricole Group	5.1%
3. ING Groep N.V.	5.1%
4. BNP Paribas SA	5.1%
5. Bank of Montreal	4.8%
6. Federated Prime Cash Obligations Fund	4.7%
7. Toyota Motor Corp.	4.2%
8. United States Treasury	3.9%
9. Canadian Imperial Bank of Commerce	3.8%
10. Deutsche Bank AG	3.7%

Average Effective Maturity

51.8 Days

Percentages based on total value of investments

Florida PRIME Detailed Fee Disclosure

Charges for September 2010	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 27,928.98	0.62
Federated Investment Management Fee	69,166.62	1.53
BNY Mellon Custodial Fee	116.67	0.00
Bank of America Transfer Agent Fee	4,738.61	0.10
S&P Rating Maintenance Fee	3,452.05	0.08
Audit/External Review Fees	5,342.47	0.12
Total Fees	\$ 110,745.40	2.45

*The basis point equivalent is an annualized rate based on the dollar amount of fees charged for the month times 12, divided by an average of the fund's beginning and ending total value (amortized cost) for the month which was \$5,426,778,319.

PORTFOLIO MANAGER COMMENTARY (CON'T.)

Given that interest rates already were at rock-bottom levels, the Fed's blockbuster announcement—the gist of which was strongly implied in a speech by Bernanke during a global central bankers retreat at Jackson Hole, Wyoming, in August—there was little room for significant further declines. The two-year Treasury note, whose yield is most sensitive to presumed policy moves, did briefly touch an all-time low of just 40 basis points shortly after the FOMC meeting, before rebounding slightly. Other changes were less dramatic or notable, with the one-month London Interbank Offered Rate (LIBOR) virtually unchanged at 0.26%, three-month LIBOR down one-half basis point to 0.29%, six-month LIBOR off 3 basis points to 0.46%, and 12-month LIBOR dropping 6 basis points to 0.78%. We reiterate that even at the longer end of the cash curve, yields are simply too paltry to justify taking on the additional interest rate risk that accompanies those securities.

PORTFOLIO INVESTMENT STRATEGY

The assets of the pool ended the month at approximately \$5.3 billion, down from about \$5.5 billion at the end of August. With the LIBOR curve remaining relatively flat during the month of September, we tried to focus purchases out on the longer-end of the cash yield curve. We continue to believe that with the likely implementation of "QE2," the curve is likely to stay flat or head slightly lower for an extended period of time. Our longer-dated maturity purchases helped extend our weighted average maturity to 52 days, up from just above 30 days last month. Specifically, we concentrated purchases in the three- to six-month area of the curve, primarily in commercial paper and asset-backed commercial paper, and longer-term bank paper in the nine- to 12-month sector of the curve when we saw value. Our investment management team will continue to seek value in its purchases and remains dedicated to providing competitive yields while also preserving capital and liquidity.

CASH FLOWS

Summary of Cash Flows	
September 2010	Florida PRIME
Opening Balance (9/1/10)	\$ 5,522,508,928
Participant Deposits	1,169,104,524
Transfers from Fund B	5,600,000
Gross Earnings	1,561,412
Participant Withdrawals	(1,367,616,408)
Fees	(110,745)
Closing Balance (9/30/10)	\$ 5,331,047,710
Net Change over Month	(191,461,218)

Valuations based on amortized cost

As shown in the table above, Florida PRIME experienced a net outflow of \$191.5 million during September 2010.

This change in value consisted of positive flows of \$1.17 billion in participant deposits, \$5.6 million in transfers from Fund B and \$1.56 million in earnings. Negative flows consisted of \$1.37 billion in participant withdrawals and about \$111,000 in fees.

Overall, the fund ended the month with a closing balance of \$5.33 billion.

Past performance is no guarantee of future results.

Views are as of the issue date and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security.

An investment in money market funds is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in this fund.

DISCLOSURE OF SIGNIFICANT ISSUES

LEGAL ISSUE

As an ongoing legal matter, the SBA asserts that JP Morgan and Lehman Brothers (which is now in liquidation) sold the SBA certain unregistered secured notes that were not exempt from registration under the Securities Act of 1933.

Effective September 11, 2010, the SBA and JP Morgan entered into a Sixth Agreement to Extend Tolling Period (the "Extension") to facilitate further discussions between JP Morgan and the SBA and its external counsel, the law firm of Berman DeValerio, regarding a potential resolution of the dispute. The Office of Financial Regulation and Florida Attorney General's Office have been assisting with the negotiations.

The Lehman Trustee has not yet responded to the SBA's general creditor claim on behalf of Fund B as to whether the Lehman estate will have any assets available for recovery. Further, in the Trustee's latest report, the Trustee stated that "returns to general estate creditors will be limited at best." However, the notes sold by Lehman Brothers were secured by certain collateral. The Local Government Investment Pool Fund B has been receiving and is expected to continue receiving monetary distributions of principal and interest from that underlying collateral.

The SBA will promptly disclose any future developments as they become matters of public record.

DISCLOSURE OF MATERIAL IMPACTS

There were no developments during September 2010 that had a material impact on the liquidity or operation of Florida PRIME.

Mark Your Calendar

The Participant Local Government Advisory Council (PLGAC), representing investors in Florida PRIME, will hold its next meeting in Kissimmee at the Osceola County Government Center on Wednesday, December 8 from 11:00 am to 1:00 pm.

Current and potential investors are invited to attend in person or through a webcast.

The meeting notice and other details will be posted at www.sbafla.com/prime.

FUND PERFORMANCE THROUGH SEPTEMBER 30, 2010

NOTES TO PERFORMANCE TABLE

¹Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

²The net-of-fee benchmark is the S&P AAA/AA Rated GIP All 30-Day Net Index for all time periods.

Net asset value includes investments at market value, plus all cash, accrued interest receivable and payables.

Florida PRIME Participant Performance Data

	Net Participant Yield ¹	Net-of-Fee Benchmark ²	Above (Below) Benchmark
1 mo	0.32%	0.17%	0.15%
3 mos	0.35%	0.19%	0.16%
12 mos	0.27%	0.18%	0.09%
3 yrs	1.42%	1.44%	-0.02%
5 yrs	2.91%	2.80%	0.11%
10 yrs	2.76%	2.54%	0.22%
Since 1.96	3.69%	3.46%	0.23%
Net asset value at month end:			\$5,331.3 m

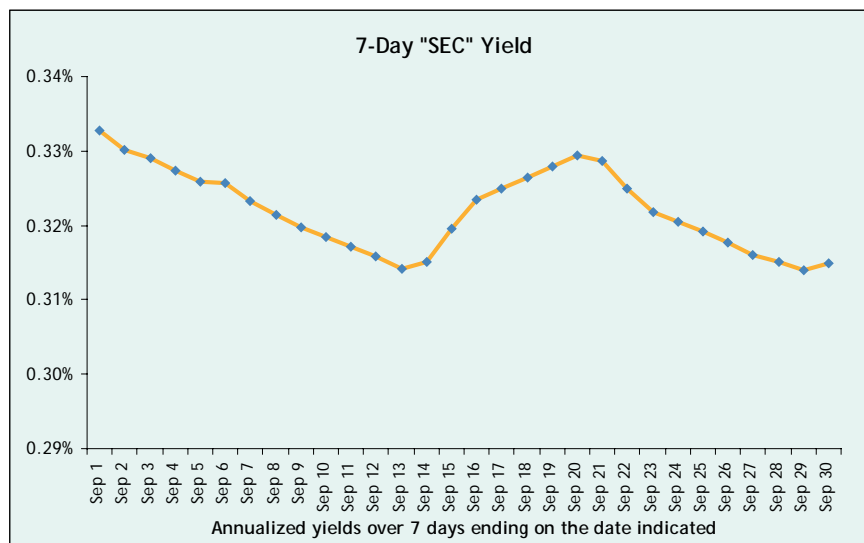
NOTES TO CHART

The 7-Day "SEC" Yield in the chart is calculated in accordance with the yield methodology set forth by SEC rule 2a-7 for money market funds.

The 7-day yield = net income earned over a 7-day period / average units outstanding over the period / 7 times 365.

Note that unlike other performance measures, the SEC yield does not include realized gains and losses from sales of securities.

Florida PRIME 7-Day "SEC" Yields During the Month



ABOUT ANNUALIZED YIELDS

Performance data in the table and chart is annualized, meaning that the amounts are based on yields for the periods indicated, converted to their equivalent if obtained for a 12-month period.

For example, ignoring the effects of compounding,

an investment that earns 0.10% over a 1-month period yields 1.20% on an annualized basis. Likewise, an investment that earns a total of 3.60% over three years yields 1.20% on an annualized basis, ignoring compounding.

**INVENTORY OF HOLDINGS
SEPTEMBER 30, 2010**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		10/04/10		\$ 125,000,000	0.25	\$ 124,996,528	\$ 124,996,250	\$ (278)
Australia & New Zealand Banking Group, Melbourne, Jan 28, 2011	VARIABLE RATE COMMERCIAL PAPER	0.28	01/28/11	10/28/10	\$ 25,000,000	0.29	\$ 25,000,000	\$ 24,998,825	\$ (1,175)
Australia & New Zealand Banking Group, Melbourne, Nov 23, 2010	VARIABLE RATE COMMERCIAL PAPER	0.31	11/23/10	10/25/10	\$ 50,000,000	0.31	\$ 50,000,000	\$ 49,994,100	\$ (5,900)
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.43	03/18/11		\$ 70,000,000	0.44	\$ 70,000,000	\$ 69,999,986	\$ (14)
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.40	03/28/11		\$ 200,000,000	0.41	\$ 200,000,000	\$ 199,970,220	\$ (29,780)
Bank of America Corp. CP	COMMERCIAL PAPER		12/06/10		\$ 90,000,000	0.28	\$ 89,953,100	\$ 89,959,797	\$ 6,697
Bank of America Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.25	10/01/10		\$ 650,000,000	0.25	\$ 650,000,000	\$ 650,000,000	\$ -
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.50	08/16/11		\$ 50,000,000	0.51	\$ 50,000,000	\$ 50,044,175	\$ 44,175
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.47	09/02/11		\$ 15,000,000	0.48	\$ 15,000,000	\$ 15,002,774	\$ 2,774
Bank of Montreal, Dec 20, 2010	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.26	12/20/10	10/20/10	\$ 138,000,000	0.26	\$ 138,000,000	\$ 137,992,962	\$ (7,038)
Bank of Montreal, Jun 27, 2011	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.41	06/27/11	10/27/10	\$ 50,000,000	0.26	\$ 50,000,000	\$ 49,970,550	\$ (29,450)
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.32	11/10/10		\$ 100,000,000	0.32	\$ 100,000,000	\$ 100,004,540	\$ 4,540
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.29	12/02/10		\$ 25,000,000	0.29	\$ 25,000,000	\$ 24,999,998	\$ (3)
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.29	12/08/10		\$ 22,000,000	0.29	\$ 22,000,000	\$ 21,999,998	\$ (2)
Barclays Bank PLC, London CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.71	01/21/11		\$ 50,000,000	0.72	\$ 50,000,000	\$ 50,059,320	\$ 59,320
Barclays Bank plc, Jan 21, 2011	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.51	01/21/11	10/21/10	\$ 94,500,000	0.51	\$ 94,500,000	\$ 94,493,385	\$ (6,615)
Canadian Imperial Bank of Commerce, Nov 17, 2010	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.33	11/17/10	10/18/10	\$ 200,000,000	0.33	\$ 200,000,000	\$ 199,994,000	\$ (6,000)
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.53	02/11/11		\$ 200,000,000	0.54	\$ 200,000,000	\$ 200,096,420	\$ 96,420
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.53	02/16/11		\$ 19,000,000	0.54	\$ 19,000,000	\$ 19,009,504	\$ 9,504

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
SEPTEMBER 30, 2010

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.30	12/29/10		\$ 50,000,000	0.30	\$ 50,000,000	\$ 49,998,750	\$ (1,250)
Deutsche Bank AG CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.40	02/14/11		\$ 45,000,000	0.41	\$ 45,000,000	\$ 45,013,658	\$ 13,658
Deutsche Bank AG, Jan 10, 2011	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.46	01/10/11	10/12/10	\$ 150,000,000	0.47	\$ 150,000,000	\$ 149,989,050	\$ (10,950)
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.06	10/01/10		\$ 19,436,008	0.06	\$ 19,436,008	\$ 19,436,008	\$ -
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/12/11		\$ 25,000,000	0.30	\$ 24,978,333	\$ 24,977,323	\$ (1,011)
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.22	10/01/10	10/01/10	\$ 250,495,514	0.22	\$ 250,495,514	\$ 250,495,514	\$ -
Federated Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.21	10/01/10	10/01/10	\$ 275,828,923	0.21	\$ 275,828,923	\$ 275,828,923	\$ -
General Electric Capital Corp., Note, 4.875%, 10/21/2010	CORPORATE BOND	4.88	10/21/10		\$ 7,155,000	0.41	\$ 7,173,228	\$ 7,169,002	\$ (4,226)
General Electric Capital Corp., Sr. Unsec'd. Note, 5.000%, 12/01/2010	CORPORATE BOND	5.00	12/01/10		\$ 50,000,000	0.56	\$ 50,377,293	\$ 50,357,750	\$ (19,543)
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		10/01/10		\$ 190,000,000	0.51	\$ 189,997,361	\$ 189,998,898	\$ 1,537
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		12/07/10		\$ 11,000,000	0.25	\$ 10,994,909	\$ 10,994,119	\$ (790)
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		12/15/10		\$ 70,000,000	0.37	\$ 69,946,800	\$ 69,957,881	\$ 11,081
Mizuho Corporate Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.50	10/01/10		\$ 150,000,000	0.51	\$ 150,000,000	\$ 150,001,035	\$ 1,035
Morgan Stanley & Co., Inc. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.30	10/01/10		\$ 480,000,000	0.30	\$ 480,000,000	\$ 480,000,000	\$ -
Mullenix-St. Charles Properties, L.P., Times Centre Apartments Project Series 2004, 1-1-28	VARIABLE RATE DEMAND NOTE	0.27	01/01/28	10/07/10	\$ 13,500,000	0.27	\$ 13,500,000	\$ 13,500,000	\$ -
National Australia Bank Ltd., Melbourne, Jun 10, 2011	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.32	06/10/11	10/11/10	\$ 100,000,000	0.32	\$ 100,000,000	\$ 99,966,100	\$ (33,900)
RBS Finance NV (North America) Inc. CP	COMMERCIAL PAPER		10/01/10		\$ 163,000,000	0.24	\$ 162,998,913	\$ 162,999,055	\$ 141
Rabobank Nederland, Utrecht CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.50	09/14/11		\$ 100,000,000	0.51	\$ 100,000,000	\$ 100,067,490	\$ 67,490
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		10/13/10		\$ 20,000,000	0.24	\$ 19,998,267	\$ 19,998,122	\$ (145)

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
SEPTEMBER 30, 2010

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		10/21/10		\$ 25,000,000	0.24	\$ 24,996,500	\$ 24,996,208	\$ (293)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/13/11		\$ 20,000,000	0.30	\$ 19,982,500	\$ 19,982,208	\$ (292)
Sheffield Receivables Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		12/01/10		\$ 10,000,000	0.27	\$ 9,995,350	\$ 9,994,988	\$ (362)
Sheffield Receivables Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/12/11		\$ 39,500,000	0.29	\$ 39,466,908	\$ 39,464,170	\$ (2,738)
Sheffield Receivables Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/13/11		\$ 25,000,000	0.29	\$ 24,978,854	\$ 24,977,033	\$ (1,822)
Sheffield Receivables Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/18/11		\$ 50,000,000	0.29	\$ 49,955,694	\$ 49,951,110	\$ (4,584)
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		03/04/11		\$ 52,000,000	0.40	\$ 51,912,683	\$ 51,919,400	\$ 6,717
Societe Generale, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.40	03/21/11		\$ 100,000,000	0.41	\$ 100,000,000	\$ 99,980,910	\$ (19,090)
St. Andrew United Methodist Church, Series 2004, Jul 01, 2029	VARIABLE RATE DEMAND NOTE	0.26	07/01/29	10/07/10	\$ 9,945,000	0.26	\$ 9,945,000	\$ 9,945,000	\$ -
Straight A Funding , LLC GOVTAGYX	GOVERNMENT AGENCY EXTENDIBLE NOTE		11/23/10		\$ 50,000,000	0.25	\$ 49,981,250	\$ 49,980,500	\$ (750)
Straight A Funding , LLC GOVTAGYX	GOVERNMENT AGENCY EXTENDIBLE NOTE		10/01/10		\$ 6,225,000	0.29	\$ 6,224,950	\$ 6,224,969	\$ 19
Straight A Funding , LLC GOVTAGYX	GOVERNMENT AGENCY EXTENDIBLE NOTE		11/16/10		\$ 150,000,000	0.26	\$ 149,949,083	\$ 149,953,590	\$ 4,507
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.40	09/07/11		\$ 50,000,000	0.41	\$ 50,000,000	\$ 50,014,155	\$ 14,155
Toronto Dominion Bank, Dec 09, 2010	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.26	12/09/10	10/12/10	\$ 100,000,000	0.26	\$ 100,000,000	\$ 99,990,900	\$ (9,100)
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		12/06/10		\$ 73,000,000	0.55	\$ 72,926,635	\$ 72,966,033	\$ 39,398
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		01/11/11		\$ 100,000,000	0.60	\$ 99,831,194	\$ 99,924,750	\$ 93,556
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		02/10/11		\$ 15,000,000	0.32	\$ 14,982,267	\$ 14,984,262	\$ 1,995
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		02/28/11		\$ 35,000,000	0.39	\$ 34,944,214	\$ 34,957,279	\$ 13,065
Westpac Banking Corp. Ltd., Sydney, Dec 11, 2010	VARIABLE MEDIUM TERM NOTE	0.31	12/11/10	10/11/10	\$ 75,000,000	0.31	\$ 75,000,000	\$ 75,002,550	\$ 2,550
Total Value of Investments					\$ 5,329,585,445		\$ 5,329,248,261	\$ 5,329,545,494	\$ 297,233

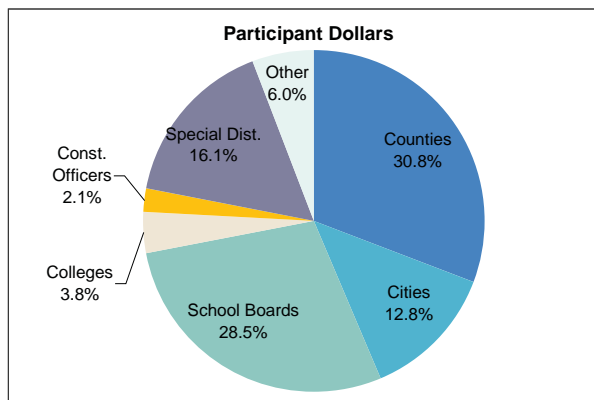
Notes: The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

¹ Market values of the portfolio securities are provided by the custodian, BNY Mellon. The portfolio manager, Federated Investment Counseling, is the source for other data shown above.

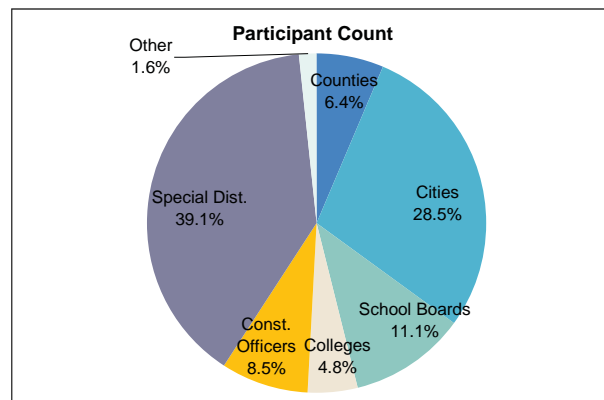
² Amortized cost is calculated using a straight line method.

PARTICIPANT CONCENTRATION DATA - SEPTEMBER 30, 2010

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
All Participants	100.0%	100.0%	Colleges & Universities	3.8%	4.8%
Top 10	43.9%	1.3%	Top 10	3.5%	1.3%
\$100 million or more	53.8%	1.9%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	36.0%	8.4%	\$10 million up to \$100 million	2.9%	0.6%
\$1 million up to \$10 million	9.2%	16.1%	\$1 million up to \$10 million	0.9%	1.3%
Under \$1 million	1.0%	73.6%	Under \$1 million	0.01%	2.9%
Counties	30.8%	6.4%	Constitutional Officers	2.1%	8.5%
Top 10	26.0%	1.3%	Top 10	1.2%	1.3%
\$100 million or more	20.2%	0.8%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	9.9%	1.5%	\$10 million up to \$100 million	1.1%	0.3%
\$1 million up to \$10 million	0.7%	1.1%	\$1 million up to \$10 million	0.9%	1.6%
Under \$1 million	0.0%	3.0%	Under \$1 million	0.1%	6.6%
Municipalities	12.8%	28.5%	Special Districts	16.1%	39.1%
Top 10	7.3%	1.3%	Top 10	13.1%	1.3%
\$100 million or more	2.4%	0.1%	\$100 million or more	10.7%	0.4%
\$10 million up to \$100 million	7.4%	2.5%	\$10 million up to \$100 million	3.1%	1.3%
\$1 million up to \$10 million	2.6%	5.5%	\$1 million up to \$10 million	1.9%	3.9%
Under \$1 million	0.4%	20.4%	Under \$1 million	0.4%	33.6%
School Boards	28.5%	11.1%	Other	6.0%	1.6%
Top 10	23.8%	1.3%	Top 10	6.0%	1.3%
\$100 million or more	18.6%	0.5%	\$100 million or more	1.9%	0.1%
\$10 million up to \$100 million	7.8%	1.6%	\$10 million up to \$100 million	3.9%	0.6%
\$1 million up to \$10 million	1.9%	2.5%	\$1 million up to \$10 million	0.2%	0.3%
Under \$1 million	0.2%	6.5%	Under \$1 million	0.0%	0.6%



Total Fund Value: \$5,331,047,710



Total Participant Count: 800

INVESTMENT POLICY COMPLIANCE - SEPTEMBER 2010

Test by Source	Pass/Fail
<u>Florida PRIME's Investment Policy</u>	
Securities must be USD denominated.	Pass
<u>Ratings requirements</u>	
The Pool must purchase exclusively first-tier securities. Securities purchased with short-term ratings by an NRSRO, or comparable in quality and security to other obligations of the issuer that have received short-term ratings from an NRSRO, are eligible if they are in one of the two highest rating categories.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
<u>Maturity</u>	
Securities, excluding Government floating rate notes/variable rate notes, purchased did not have a maturity in excess of 397 days.	Pass
Government floating rate notes/variable rate notes purchased did not have a maturity in excess of 762 days.	Pass
The Pool must maintain a Spread WAM of 120 days or less.	Pass
<u>Issuer Diversification</u>	
First-tier issuers (limit does not apply to cash, cash items, U.S. Government securities refunded securities and repo collateralized by these securities) are limited, at the time of purchase, to 5% of the Pool's total assets. ¹	Pass
<u>Demand Feature and Guarantor Diversification</u>	
First-tier securities issued by or subject to demand features and guarantees of a non-controlled person, at time of purchase, are limited to 10% with respect to 75% of the Pool's total assets.	Pass
First-tier securities issued by or subject to demand features and guarantees of a control person, at time of purchase, are limited to 10% with respect to the Pool's total assets.	Pass
<u>Money Market Mutual Funds</u>	
The account, at time of purchase, will not have exposure to any one Money Market Mutual Fund in excess of 10% of the Pool's total assets.	Pass
<u>Concentration Tests</u>	
The account, at time of purchase, will not have exposure to an industry sector, excluding the financial services industry, in excess of 25% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to any single Government Agency in excess of 33.33% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to illiquid securities in excess of 5% of the Pool's total assets.	Pass
The account, at time of purchase, will invest at least 10% of the Pool's total assets in securities accessible within one day.	Pass
The account, at time of purchase, will invest at least 30% of the Pool's total assets in securities accessible within seven days.	Pass
<u>S&P Requirements</u>	
The Pool must maintain a Dollar Weighted Average Maturity of 60 days or less.	Pass
The account, at time of purchase, will invest at least 50% of the Pool's total assets in Securities in Highest Rating Category (A-1+ or equivalent) .	Pass

¹This limitation applies at time of trade. Under Rule 2a-7, a fund is not required to liquidate positions if the exposure in excess of the specified percentage is caused by account movements.

TRADING ACTIVITY FOR SEPTEMBER 2010

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys								
BNP PARIBAS SACDYAN	03/18/11	09/21/10	09/23/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
BNP PARIBAS SACDYAN	03/18/11	09/21/10	09/23/10	20,000,000.00	20,000,000.00	-	20,000,000.00	-
BNP PARIBAS SACDYAN	03/28/11	09/27/10	09/27/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
BNP PARIBAS SACDYAN	03/28/11	09/27/10	09/27/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
BNP PARIBAS SACDYAN	03/28/11	09/27/10	09/27/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
BNP PARIBAS SACDYAN	03/28/11	09/27/10	09/27/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
BANK OF MONTREAL (CCDYAN	09/02/11	09/02/10	09/02/10	15,000,000.00	15,000,000.00	-	15,000,000.00	-
BANK OF TOKYO-MITSUCDYAN	12/02/10	09/01/10	09/02/10	25,000,000.00	25,000,000.00	-	25,000,000.00	-
BANK OF TOKYO-MITSUCDYAN	12/08/10	09/08/10	09/08/10	22,000,000.00	22,000,000.00	-	22,000,000.00	-
BANK OF AMERICA CORCP	12/06/10	09/07/10	09/07/10	50,000,000.00	49,965,000.00	-	49,965,000.00	-
BANK OF AMERICA CORCP	12/06/10	09/07/10	09/07/10	40,000,000.00	39,972,000.00	-	39,972,000.00	-
CHARIOT FUNDING LLCPCABS4	09/07/10	09/03/10	09/03/10	30,000,000.00	29,999,333.40	-	29,999,333.40	-
CHARIOT FUNDING LLCPCABS4	09/07/10	09/03/10	09/03/10	15,000,000.00	14,999,666.70	-	14,999,666.70	-
CREDIT AGRICOLE CORCDYAN	12/29/10	09/27/10	09/27/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
FAIRWAY FINANCE CO,CPABS4	01/12/11	09/02/10	09/02/10	25,000,000.00	24,972,500.00	-	24,972,500.00	-
FALCON ASSET SECURICPABS4	09/21/10	09/20/10	09/20/10	31,501,000.00	31,500,824.85	-	31,500,824.85	-
ING (U.S.) FUNDING CP	12/07/10	09/09/10	09/09/10	11,000,000.00	10,993,337.41	-	10,993,337.41	-
JUPITER SECURITIZATCPABS4	09/07/10	09/03/10	09/03/10	25,000,000.00	24,999,444.50	-	24,999,444.50	-
JUPITER SECURITIZATCPABS4	09/07/10	09/03/10	09/03/10	50,000,000.00	49,998,889.00	-	49,998,889.00	-
JUPITER SECURITIZATCPABS4	09/07/10	09/03/10	09/03/10	2,000.00	1,999.96	-	1,999.96	-
NATIONAL AUSTRALIA BANK/NEW YORK	06/10/11	09/09/10	09/10/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
NATIONAL AUSTRALIA BANK/NEW YORK	06/10/11	09/09/10	09/10/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
RBS FINANCE NV (NORCP	10/01/10	09/01/10	09/01/10	50,000,000.00	49,990,000.00	-	49,990,000.00	-
RBS FINANCE NV (NORCP	10/01/10	09/01/10	09/01/10	50,000,000.00	49,990,000.00	-	49,990,000.00	-
RBS FINANCE NV (NORCP	10/01/10	09/01/10	09/01/10	50,000,000.00	49,990,000.00	-	49,990,000.00	-
RBS FINANCE NV (NORCP	10/01/10	09/01/10	09/01/10	13,000,000.00	12,997,400.00	-	12,997,400.00	-
RABOBANK NEDERLAND,CDYAN	09/14/11	09/10/10	09/14/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
RABOBANK NEDERLAND,CDYAN	09/14/11	09/10/10	09/14/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
ST ANDREW UNITED METHODIST CHURCH	07/01/29	09/01/10	09/01/10	9,945,000.00	9,945,000.00	-	9,945,000.00	-
SALISBURY RECEIVABLCPCABS4	10/13/10	09/02/10	09/02/10	20,000,000.00	19,994,533.40	-	19,994,533.40	-
SALISBURY RECEIVABLCPCABS4	10/21/10	09/20/10	09/20/10	25,000,000.00	24,994,833.25	-	24,994,833.25	-
SALISBURY RECEIVABLCPCABS4	01/13/11	09/17/10	09/17/10	20,000,000.00	19,980,333.40	-	19,980,333.40	-
SHEFFIELD RECEIVABLCPCABS4	12/01/10	09/02/10	09/02/10	10,000,000.00	9,993,250.00	-	9,993,250.00	-
SHEFFIELD RECEIVABLCPCABS4	01/12/11	09/27/10	09/27/10	39,500,000.00	39,465,953.37	-	39,465,953.37	-
SHEFFIELD RECEIVABLCPCABS4	01/13/11	09/27/10	09/27/10	25,000,000.00	24,978,250.00	-	24,978,250.00	-
SHEFFIELD RECEIVABLCPCABS4	01/18/11	09/29/10	09/29/10	50,000,000.00	49,955,291.50	-	49,955,291.50	-
SOCIETE GENERALE NOCP	03/04/11	09/07/10	09/07/10	50,000,000.00	49,903,583.50	-	49,903,583.50	-
SOCIETE GENERALE NOCP	03/04/11	09/07/10	09/07/10	2,000,000.00	1,996,143.34	-	1,996,143.34	-
SOCIETE GENERALE, PCDYAN	03/21/11	09/22/10	09/24/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
SOCIETE GENERALE, PCDYAN	03/21/11	09/22/10	09/24/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
STARBIRD FUNDING COCPABS4	09/10/10	09/09/10	09/09/10	50,000,000.00	49,999,694.50	-	49,999,694.50	-
STARBIRD FUNDING COCPABS4	09/10/10	09/09/10	09/09/10	50,000,000.00	49,999,694.50	-	49,999,694.50	-
STRAIGHT A FUNDING GOVTAG	09/28/10	09/21/10	09/21/10	21,799,000.00	21,798,152.24	-	21,798,152.24	-
TORONTO DOMINION BACDYAN	09/07/11	09/07/10	09/07/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-

TRADING ACTIVITY FOR SEPTEMBER 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys (continued)								
TOYOTA MOTOR CREDIT CP	02/10/11	09/13/10	09/13/10	15,000,000.00	14,980,000.05	-	14,980,000.05	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/02/10	09/02/10	26,657,424.37	26,657,424.37	-	26,657,424.37	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/07/10	09/07/10	6,970,495.63	6,970,495.63	-	6,970,495.63	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/08/10	09/08/10	11,849,316.32	11,849,316.32	-	11,849,316.32	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/14/10	09/14/10	2,817,709.75	2,817,709.75	-	2,817,709.75	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/15/10	09/15/10	11,739,663.03	11,739,663.03	-	11,739,663.03	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/16/10	09/16/10	1,989,944.83	1,989,944.83	-	1,989,944.83	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/21/10	09/21/10	6,669,607.60	6,669,607.60	-	6,669,607.60	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/24/10	09/24/10	1,222,762.96	1,222,762.96	-	1,222,762.96	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/29/10	09/29/10	26,764,717.40	26,764,717.40	-	26,764,717.40	-
FEDERATED PRIME CASH OBLIG. FUND	10/01/40	09/01/10	09/01/10	56,518.07	56,518.07	-	56,518.07	-
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	09/01/10	09/01/10	51,727.04	51,727.04	-	51,727.04	-
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	09/28/10	09/28/10	70,000,000.00	70,000,000.00	-	70,000,000.00	-
MORGAN STANLEY TRIPARTY	09/02/10	09/01/10	09/01/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/02/10	09/01/10	09/01/10	1,090,000,000.00	1,090,000,000.00	-	1,090,000,000.00	-
MORGAN STANLEY TRIPARTY	09/03/10	09/02/10	09/02/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/03/10	09/02/10	09/02/10	949,000,000.00	949,000,000.00	-	949,000,000.00	-
MORGAN STANLEY TRIPARTY	09/07/10	09/03/10	09/03/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/07/10	09/03/10	09/03/10	830,000,000.00	830,000,000.00	-	830,000,000.00	-
MORGAN STANLEY TRIPARTY	09/08/10	09/07/10	09/07/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/08/10	09/07/10	09/07/10	900,000,000.00	900,000,000.00	-	900,000,000.00	-
MORGAN STANLEY TRIPARTY	09/09/10	09/08/10	09/08/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/09/10	09/08/10	09/08/10	1,045,000,000.00	1,045,000,000.00	-	1,045,000,000.00	-
MORGAN STANLEY TRIPARTY	09/10/10	09/09/10	09/09/10	985,000,000.00	985,000,000.00	-	985,000,000.00	-
BANK OF AMERICA TRIPARTY	09/10/10	09/09/10	09/09/10	425,000,000.00	425,000,000.00	-	425,000,000.00	-
MORGAN STANLEY TRIPARTY	09/13/10	09/10/10	09/10/10	300,000,000.00	300,000,000.00	-	300,000,000.00	-
BANK OF AMERICA TRIPARTY	09/13/10	09/10/10	09/10/10	1,150,000,000.00	1,150,000,000.00	-	1,150,000,000.00	-
MORGAN STANLEY TRIPARTY	09/14/10	09/13/10	09/13/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/14/10	09/13/10	09/13/10	960,000,000.00	960,000,000.00	-	960,000,000.00	-
MORGAN STANLEY TRIPARTY	09/15/10	09/14/10	09/14/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/15/10	09/14/10	09/14/10	810,000,000.00	810,000,000.00	-	810,000,000.00	-
MORGAN STANLEY TRIPARTY	09/16/10	09/15/10	09/15/10	300,000,000.00	300,000,000.00	-	300,000,000.00	-
BANK OF AMERICA TRIPARTY	09/16/10	09/15/10	09/15/10	1,110,000,000.00	1,110,000,000.00	-	1,110,000,000.00	-
MORGAN STANLEY TRIPARTY	09/17/10	09/16/10	09/16/10	300,000,000.00	300,000,000.00	-	300,000,000.00	-
BANK OF AMERICA TRIPARTY	09/17/10	09/16/10	09/16/10	1,160,000,000.00	1,160,000,000.00	-	1,160,000,000.00	-
MORGAN STANLEY TRIPARTY	09/20/10	09/17/10	09/17/10	300,000,000.00	300,000,000.00	-	300,000,000.00	-
BANK OF AMERICA TRIPARTY	09/20/10	09/17/10	09/17/10	1,156,000,000.00	1,156,000,000.00	-	1,156,000,000.00	-
MORGAN STANLEY TRIPARTY	09/21/10	09/20/10	09/20/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/21/10	09/20/10	09/20/10	960,000,000.00	960,000,000.00	-	960,000,000.00	-
MORGAN STANLEY TRIPARTY	09/22/10	09/21/10	09/21/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/22/10	09/21/10	09/21/10	1,000,000,000.00	1,000,000,000.00	-	1,000,000,000.00	-
MORGAN STANLEY TRIPARTY	09/23/10	09/22/10	09/22/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/23/10	09/22/10	09/22/10	1,010,000,000.00	1,010,000,000.00	-	1,010,000,000.00	-
MORGAN STANLEY TRIPARTY	09/24/10	09/23/10	09/23/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-

TRADING ACTIVITY FOR SEPTEMBER 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys (continued)								
BANK OF AMERICA TRIPARTY	09/24/10	09/23/10	09/23/10	1,030,000,000.00	1,030,000,000.00	-	1,030,000,000.00	-
MORGAN STANLEY TRIPARTY	09/27/10	09/24/10	09/24/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/27/10	09/24/10	09/24/10	1,140,000,000.00	1,140,000,000.00	-	1,140,000,000.00	-
MORGAN STANLEY TRIPARTY	09/28/10	09/27/10	09/27/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/28/10	09/27/10	09/27/10	1,095,000,000.00	1,095,000,000.00	-	1,095,000,000.00	-
MORGAN STANLEY TRIPARTY	09/29/10	09/28/10	09/28/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/29/10	09/28/10	09/28/10	995,000,000.00	995,000,000.00	-	995,000,000.00	-
MORGAN STANLEY TRIPARTY	09/30/10	09/29/10	09/29/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/30/10	09/29/10	09/29/10	780,000,000.00	780,000,000.00	-	780,000,000.00	-
MORGAN STANLEY TRIPARTY	10/01/10	09/30/10	09/30/10	480,000,000.00	480,000,000.00	-	480,000,000.00	-
BANK OF AMERICA TRIPARTY	10/01/10	09/30/10	09/30/10	650,000,000.00	650,000,000.00	-	650,000,000.00	-
Total Buys				\$ 32,137,536,887	\$ 32,137,144,996	\$ -	\$ 32,137,144,996	\$ -
Maturities								
BNP PARIBAS FINANCECP	09/16/10	09/16/10	09/16/10	32,750,000.00	32,750,000.00	-	32,750,000.00	-
BNP PARIBAS FINANCECP	09/27/10	09/27/10	09/27/10	200,000,000.00	200,000,000.00	-	200,000,000.00	-
BANK OF AMERICA N.ABA 09/27/2010	09/27/10	09/27/10	09/27/10	11,765,000.00	11,765,000.00	-	11,765,000.00	-
BANK OF TOKYO-MITSUCDYAN	09/23/10	09/23/10	09/23/10	100,000,000.00	100,000,000.00	-	100,000,000.00	-
BANK OF TOKYO-MITSUCDYAN	09/08/10	09/08/10	09/08/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
CHARIOT FUNDING LLCPCABS4	09/07/10	09/07/10	09/07/10	45,000,000.00	45,000,000.00	-	45,000,000.00	-
CREDIT AGRICOLE CORCDYAN	09/16/10	09/16/10	09/16/10	50,000,000.00	50,000,000.00	-	50,000,000.00	-
FALCON ASSET SECURICPABS4	09/02/10	09/02/10	09/02/10	51,040,000.00	51,040,000.00	-	51,040,000.00	-
FALCON ASSET SECURICPABS4	09/21/10	09/21/10	09/21/10	31,501,000.00	31,501,000.00	-	31,501,000.00	-
GENERAL ELECTRIC CO CP	09/08/10	09/08/10	09/08/10	200,000,000.00	200,000,000.00	-	200,000,000.00	-
JUPITER SECURITIZATPCABS4	09/07/10	09/07/10	09/07/10	75,002,000.00	75,002,000.00	-	75,002,000.00	-
SOCIETE GENERALE NOCP	09/07/10	09/07/10	09/07/10	184,000,000.00	184,000,000.00	-	184,000,000.00	-
SOCIETE GENERALE NOCP	09/13/10	09/13/10	09/13/10	25,000,000.00	25,000,000.00	-	25,000,000.00	-
SOCIETE GENERALE NOCP	09/28/10	09/28/10	09/28/10	11,000,000.00	11,000,000.00	-	11,000,000.00	-
STARBIRD FUNDING COCPABS4	09/10/10	09/10/10	09/10/10	100,000,000.00	100,000,000.00	-	100,000,000.00	-
STATE STREET BANK ACD	09/21/10	09/21/10	09/21/10	47,000,000.00	47,000,000.00	-	47,000,000.00	-
STRAIGHT A FUNDING GOVTAG	09/09/10	09/09/10	09/09/10	15,000,000.00	15,000,000.00	-	15,000,000.00	-
STRAIGHT A FUNDING GOVTAG	09/28/10	09/28/10	09/28/10	21,799,000.00	21,799,000.00	-	21,799,000.00	-
MORGAN STANLEY TRIPARTY	09/01/10	09/01/10	09/01/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/01/10	09/01/10	09/01/10	1,150,000,000.00	1,150,000,000.00	-	1,150,000,000.00	-
MORGAN STANLEY TRIPARTY	09/02/10	09/02/10	09/02/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/02/10	09/02/10	09/02/10	1,090,000,000.00	1,090,000,000.00	-	1,090,000,000.00	-
MORGAN STANLEY TRIPARTY	09/03/10	09/03/10	09/03/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/03/10	09/03/10	09/03/10	949,000,000.00	949,000,000.00	-	949,000,000.00	-
MORGAN STANLEY TRIPARTY	09/07/10	09/07/10	09/07/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/07/10	09/07/10	09/07/10	830,000,000.00	830,000,000.00	-	830,000,000.00	-
MORGAN STANLEY TRIPARTY	09/08/10	09/08/10	09/08/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/08/10	09/08/10	09/08/10	900,000,000.00	900,000,000.00	-	900,000,000.00	-
MORGAN STANLEY TRIPARTY	09/09/10	09/09/10	09/09/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/09/10	09/09/10	09/09/10	1,045,000,000.00	1,045,000,000.00	-	1,045,000,000.00	-

TRADING ACTIVITY FOR SEPTEMBER 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Maturities (continued)								
MORGAN STANLEY TRIPARTY	09/10/10	09/10/10	09/10/10	985,000,000.00	985,000,000.00	-	985,000,000.00	-
BANK OF AMERICA TRIPARTY	09/10/10	09/10/10	09/10/10	425,000,000.00	425,000,000.00	-	425,000,000.00	-
MORGAN STANLEY TRIPARTY	09/13/10	09/13/10	09/13/10	300,000,000.00	300,000,000.00	-	300,000,000.00	-
BANK OF AMERICA TRIPARTY	09/13/10	09/13/10	09/13/10	1,150,000,000.00	1,150,000,000.00	-	1,150,000,000.00	-
MORGAN STANLEY TRIPARTY	09/14/10	09/14/10	09/14/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/14/10	09/14/10	09/14/10	960,000,000.00	960,000,000.00	-	960,000,000.00	-
MORGAN STANLEY TRIPARTY	09/15/10	09/15/10	09/15/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/15/10	09/15/10	09/15/10	810,000,000.00	810,000,000.00	-	810,000,000.00	-
MORGAN STANLEY TRIPARTY	09/16/10	09/16/10	09/16/10	300,000,000.00	300,000,000.00	-	300,000,000.00	-
BANK OF AMERICA TRIPARTY	09/16/10	09/16/10	09/16/10	1,110,000,000.00	1,110,000,000.00	-	1,110,000,000.00	-
MORGAN STANLEY TRIPARTY	09/17/10	09/17/10	09/17/10	300,000,000.00	300,000,000.00	-	300,000,000.00	-
BANK OF AMERICA TRIPARTY	09/17/10	09/17/10	09/17/10	1,160,000,000.00	1,160,000,000.00	-	1,160,000,000.00	-
MORGAN STANLEY TRIPARTY	09/20/10	09/20/10	09/20/10	300,000,000.00	300,000,000.00	-	300,000,000.00	-
BANK OF AMERICA TRIPARTY	09/20/10	09/20/10	09/20/10	1,156,000,000.00	1,156,000,000.00	-	1,156,000,000.00	-
MORGAN STANLEY TRIPARTY	09/21/10	09/21/10	09/21/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/21/10	09/21/10	09/21/10	960,000,000.00	960,000,000.00	-	960,000,000.00	-
MORGAN STANLEY TRIPARTY	09/22/10	09/22/10	09/22/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/22/10	09/22/10	09/22/10	1,000,000,000.00	1,000,000,000.00	-	1,000,000,000.00	-
MORGAN STANLEY TRIPARTY	09/23/10	09/23/10	09/23/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/23/10	09/23/10	09/23/10	1,010,000,000.00	1,010,000,000.00	-	1,010,000,000.00	-
MORGAN STANLEY TRIPARTY	09/24/10	09/24/10	09/24/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/24/10	09/24/10	09/24/10	1,030,000,000.00	1,030,000,000.00	-	1,030,000,000.00	-
MORGAN STANLEY TRIPARTY	09/27/10	09/27/10	09/27/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/27/10	09/27/10	09/27/10	1,140,000,000.00	1,140,000,000.00	-	1,140,000,000.00	-
MORGAN STANLEY TRIPARTY	09/28/10	09/28/10	09/28/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/28/10	09/28/10	09/28/10	1,095,000,000.00	1,095,000,000.00	-	1,095,000,000.00	-
MORGAN STANLEY TRIPARTY	09/29/10	09/29/10	09/29/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/29/10	09/29/10	09/29/10	995,000,000.00	995,000,000.00	-	995,000,000.00	-
MORGAN STANLEY TRIPARTY	09/30/10	09/30/10	09/30/10	500,000,000.00	500,000,000.00	-	500,000,000.00	-
BANK OF AMERICA TRIPARTY	09/30/10	09/30/10	09/30/10	780,000,000.00	780,000,000.00	-	780,000,000.00	-
Total Maturities				\$ 32,180,857,000	\$ 32,180,857,000	\$ -	\$ 32,180,857,000	\$ -

TRADING ACTIVITY FOR SEPTEMBER 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Sells								
ST ANDREW UNITED METHODIST CHURCH	07/01/29	09/01/10	09/01/10	9,945,000.00	9,945,000.00	-	9,945,000.00	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/01/10	09/01/10	635,760.49	635,760.49	-	635,760.49	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/01/10	09/01/10	8,698,678.61	8,698,678.61	-	8,698,678.61	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/03/10	09/03/10	17,920,004.44	17,920,004.44	-	17,920,004.44	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/09/10	09/09/10	300,831.18	300,831.18	-	300,831.18	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/09/10	09/09/10	7,876.72	7,876.72	-	7,876.72	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/09/10	09/09/10	6,970,495.63	6,970,495.63	-	6,970,495.63	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/09/10	09/09/10	11,849,316.32	11,849,316.32	-	11,849,316.32	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/10/10	09/10/10	3,755,323.83	3,755,323.83	-	3,755,323.83	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/13/10	09/13/10	4,109,844.78	4,109,844.78	-	4,109,844.78	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/17/10	09/17/10	2,007,652.39	2,007,652.39	-	2,007,652.39	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/20/10	09/20/10	794,474.19	794,474.19	-	794,474.19	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/20/10	09/20/10	11,739,663.00	11,739,663.00	-	11,739,663.00	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/20/10	09/20/10	1,989,944.83	1,989,944.83	-	1,989,944.83	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/22/10	09/22/10	1,556,110.11	1,556,110.11	-	1,556,110.11	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/23/10	09/23/10	2,827,992.46	2,827,992.46	-	2,827,992.46	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/27/10	09/27/10	996,543.83	996,543.83	-	996,543.83	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/27/10	09/27/10	161,312.44	161,312.44	-	161,312.44	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/27/10	09/27/10	1,791,705.97	1,791,705.97	-	1,791,705.97	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/27/10	09/27/10	467,125.45	467,125.45	-	467,125.45	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/27/10	09/27/10	0.03	0.03	-	0.03	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/27/10	09/27/10	6,669,607.60	6,669,607.60	-	6,669,607.60	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/27/10	09/27/10	1,222,762.96	1,222,762.96	-	1,222,762.96	-
DREYFUS GOVT CASH MGMT FUND	09/30/11	09/30/10	09/30/10	7,328,708.96	7,328,708.96	-	7,328,708.96	-
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	09/27/10	09/27/10	44,500,000.00	44,500,000.00	-	44,500,000.00	-
Total Sells				\$ 148,246,736	\$ 148,246,736	\$ -	\$ 148,246,736	\$ -

FUND B

FUND B FACTS

INVESTMENT OBJECTIVE

Fund B's primary objective is to maximize the present value of distributions from the Fund.

COMPOSITION

Fund B principally consists of Segregated Securities, which are securities originally purchased for the LGIP that (1) defaulted in the payment of principal and interest; (2) were extended; (3) were restructured or otherwise subject to workout; (4) experienced elevated market illiquidity; or (5) did not meet the criteria of the nationally recognized statistical rating organization (NRSRO) that provides Florida PRIME's AAAm rating.

DISTRIBUTIONS

Participants in Fund B will receive periodic distributions to the extent that Fund B receives proceeds deemed material by the SBA from (1) the natural maturities of securities, coupon interest collections, or collateral interest and principal paydowns; or (2) the sale of securities, collateral liquidation, or other restructure and workout activities undertaken.

ACCOUNTING

Fund B is accounted for as a fluctuating NAV pool, not a 2a-7-like money market fund. That is, accounting valuations reflect estimates of the market value of securities rather than their amortized cost.

STATUS OF INVESTMENTS

Florida East and West: Restructured from KKR and receiving principal and interest.

Florida Funding I: Restructured from Ottimo (Issuer Entity) and receiving principal and interest.

Florida Funding II: Restructured from Axon and receiving principal and interest.

COMMENTARY FROM THE PORTFOLIO MANAGER

All cash from paydowns on securities in Fund B are invested in overnight securities, repurchase agreements, overnight time deposits or commercial paper pending monthly distribution to participant accounts in the LGIP. This month, \$5.6 million in liquid assets were transferred from Fund B to Florida PRIME, consisting of principal paydowns and income from the securities in the Fund.

The investment team continually analyzes the bonds in each portfolio, comparing estimated defaults and estimated cumulative net losses to an historical loss-timing curve. Many different factors in the domestic and global economy can affect both the securities and the underlying bonds. Some of the factors will contribute positively while others may have adverse consequences. The SBA and Federated's investment team will continue to employ prudent risk mitigation strategies in order to maximize the present value of distributions from Fund B with a primary focus on the restoration of principal.

DISCLOSURE OF MATERIAL IMPACTS

There were no developments during September 2010 that had a material impact on the liquidity or operation of Fund B. However, see the discussion on page 5 regarding a significant legal issue.

RETURN OF FUND B PRINCIPAL

The first table on the following page details the SBA's progress in returning principal to investors in Fund B. Through the end of September 2010, investors cumulatively received distributions from Fund B totaling over \$1.6 billion or 80.0% of their original balances.

The securities remaining in Fund B are legacy items from the four issuers whose financial circumstances gave rise to the November 2007 run (in addition to overnight instruments temporarily holding fund earnings). As of September 30, 2010, their remaining amortized cost was \$578.9 million, or 44.0% more than remaining participant positions in Fund B. Conversely, the current estimated liquidation (market) value of these securities is pegged at \$283.4 million or 70.5% of remaining participant positions.

It is important to note that due to the lack of an actively traded market for Fund B securities, their "market value" is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. See footnote 1 on page 19.

FUND B

FUND B DISTRIBUTIONS

FUND B DISTRIBUTIONS TO PARTICIPANTS

	Distributions to Participants	Cumulative Distributions	Participant Principal	Proportion of Original Principal Returned
12/05/07	\$	\$	\$ 2,009,451,941	0.0%
01/18/08	\$ 50,000,000	\$ 50,000,000	\$ 1,959,451,941	2.5%
02/11/08	\$ 518,000,000	\$ 568,000,000	\$ 1,441,451,941	28.3%
03/18/08	\$ 210,550,000	\$ 778,550,000	\$ 1,230,901,941	38.7%
04/21/08	\$ 106,000,000	\$ 884,550,000	\$ 1,124,901,941	44.0%
06/19/08	\$ 291,500,000	\$ 1,176,050,000	\$ 833,401,941	58.5%
06/26/08	\$ 150,500,000	\$ 1,326,550,000	\$ 682,901,941	66.0%
07/07/08	\$ 34,700,000	\$ 1,361,250,000	\$ 648,201,941	67.7%
08/06/08	\$ 10,400,000	\$ 1,371,650,000	\$ 637,801,941	68.3%
09/05/08	\$ 9,300,000	\$ 1,380,950,000	\$ 628,501,941	68.7%
10/07/08	\$ 11,750,000	\$ 1,392,700,000	\$ 616,751,941	69.3%
11/07/08	\$ 8,700,000	\$ 1,401,400,000	\$ 608,051,941	69.7%
12/04/08	\$ 20,500,000	\$ 1,421,900,000	\$ 587,551,941	70.8%
01/09/09	\$ 7,900,000	\$ 1,429,800,000	\$ 579,651,941	71.2%
02/09/09	\$ 6,800,000	\$ 1,436,600,000	\$ 572,851,941	71.5%
03/09/09	\$ 5,800,000	\$ 1,442,400,000	\$ 567,051,941	71.8%
04/09/09	\$ 6,600,000	\$ 1,449,000,000	\$ 560,451,941	72.1%
05/08/09	\$ 8,200,000	\$ 1,457,200,000	\$ 552,251,941	72.5%
06/08/09	\$ 7,500,000	\$ 1,464,700,000	\$ 544,751,941	72.9%
07/09/09	\$ 7,100,000	\$ 1,471,800,000	\$ 537,651,941	73.2%
08/07/09	\$ 8,150,000	\$ 1,479,950,000	\$ 529,501,941	73.6%
09/04/09	\$ 10,000,000	\$ 1,489,950,000	\$ 519,501,941	74.1%
10/07/09	\$ 8,050,000	\$ 1,498,000,000	\$ 511,451,941	74.5%
11/06/09	\$ 6,750,000	\$ 1,504,750,000	\$ 504,701,941	74.9%
12/08/09	\$ 6,250,000	\$ 1,511,000,000	\$ 498,451,941	75.2%
01/08/10	\$ 34,800,000	\$ 1,545,800,000	\$ 463,651,941	76.9%
02/08/10	\$ 8,575,000	\$ 1,554,375,000	\$ 455,076,941	77.4%
03/08/10	\$ 6,100,000	\$ 1,560,475,000	\$ 448,976,941	77.7%
04/08/10	\$ 5,550,000	\$ 1,566,025,000	\$ 443,426,941	77.9%
05/07/10	\$ 7,175,000	\$ 1,573,200,000	\$ 436,251,941	78.3%
06/07/10	\$ 13,725,000	\$ 1,586,925,000	\$ 422,526,941	79.0%
07/09/10	\$ 8,425,000	\$ 1,595,350,000	\$ 414,101,941	79.4%
08/06/10	\$ 6,650,000	\$ 1,602,000,000	\$ 407,451,941	79.7%
09/08/10	\$ 5,600,000	\$ 1,607,600,000	\$ 401,851,941	80.0%

FUND B MONTHLY DISTRIBUTION DETAIL

September 2010 Distribution Detail Including Receipts by Source For the period 8/6/10 - 9/7/10		Fund B Participant Allocation		Expense
Beginning Balance	\$	-	\$	50,154.72
Receipts:				
Florida East	\$	1,448,871.83		
Florida West	\$	2,340,706.89		
Florida Funding I	\$	939,235.94		
Florida Funding II	\$	896,417.41		
Overnight Investments	\$	76.27		
Total Receipts	\$	5,625,308.34		
Distributions:				
Allocation to/from Expense Reserve	\$	(25,308.34)	\$	25,308.34
Expenses Paid			\$	(19,304.43)
Participant Distribution	\$	(5,600,000.00)		
Ending Balance	\$	-	\$	56,158.63

FUND B

INVENTORY OF HOLDINGS - AS OF SEPTEMBER 30, 2010

Security Name	Type	Cpn/Dis	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.06		\$ 4,986,681	0.06	\$ 4,986,681	\$ 4,986,681	\$ -
Florida East Funding LLC	VARIABLE RATE TERM NOTE	0.61	10/28/10	\$ 98,520,982	0.61	\$ 98,520,982	\$ 65,057,804	\$ (33,463,179)
Florida Funding I LLC	VARIABLE RATE TERM NOTE	2.16	08/25/10	\$ 134,751,055	3.35	\$ 134,751,055	\$ 34,434,165	\$ (100,316,890)
Florida Funding II LLC	VARIABLE RATE COMMERCIAL PAPER	0.26	10/25/10	\$ 126,036,477	0.26	\$ 126,033,805	\$ 65,899,639	\$ (60,134,165)
Florida West Funding LLC	VARIABLE RATE TERM NOTE	0.61	10/28/10	\$ 214,646,135	0.61	\$ 214,646,135	\$ 113,050,193	\$ (101,595,942)
Total Value of Investments				<u>\$ 578,941,331</u>		<u>\$ 578,938,658</u>	<u>\$ 283,428,482</u>	<u>\$ (295,510,176)</u>

Notes:

¹ Due to the lack of an actively traded market for Fund B securities, the “market value” is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. Although the estimate represents an attempt to reasonably reflect the stressed market conditions that currently exist, the amount actually realized if the securities were liquidated at this time could be more or less than the estimate. Moreover, these estimates of current market value may not be predictive of the ultimate amount likely to be realized from these securities. Fund B’s investment objective is to maximize the present value of distributions to participants. If, in the judgment of the portfolio manager, fair value exceeds liquidation value at points in the future, then complete or partial liquidations of securities could be deferred for an extended period of time; e.g., a seven- to nine-year horizon for complete termination or self-liquidation of Fund B.

² Amortized cost is calculated using a straight line method.

The securities held in Fund B result from workouts of the LGIP’s original holdings from 4 issuers – Axon, KKR Atlantic, KKR Pacific and Ottimo. The purpose of Fund B is to maximize the present value of distributions to participants through a prudent workout with an ultimate goal of liquidation. As a result, the maturity dates of each holding in Fund B will be dependent on the maturity date or earlier liquidation, if prudent, of the collateral securities underlying each of these holdings and will be contingent upon future market conditions and other factors.

The portfolio manager, Federated Investment Counseling, is the source for data shown above other than market value. See note 1.

The amounts shown above are the value of investments. Income accruals, payables and uninvested cash are not included. The data is unaudited.

FUND B

COMPLIANCE AND TRADING ACTIVITY

COMPLIANCE WITH INVESTMENT POLICY - SEPTEMBER 2010

Test by Source	Pass/Fail
Fund B's Investment Policy	
Securities must be USD denominated.	Pass
Ratings requirements	
Fund B purchased exclusively first-tier securities during the reporting period.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Maturity	
Securities purchased by Fund B, excluding Government floating rate notes/variable rate notes, did not have a maturity in excess of 397 days.	Pass
Government floating rate notes/variable rate notes purchased by Fund B did not have a maturity in excess of 762 days.	Pass
Money Market Mutual Funds	
Fund B only purchased pre-approved mutual funds during the reporting period.	Pass
Repurchase Agreements	
The minimum Repurchase Agreement Counterparty Rating is A-1.	Pass

TRADING ACTIVITY - SEPTEMBER 2010

Security Description	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys							
DREYFUS GOVT CASH MGMT FUND	09/02/10	09/02/10	\$ 76.28	\$ 76.28	\$ -	\$ 76.28	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	09/30/10	\$ 4,949,964	\$ 4,949,964	\$ -	\$ 4,949,964	\$ -
Total Buys			\$ 4,950,041	\$ 4,950,041	\$ -	\$ 4,950,041	\$ -
Sells							
FLORIDA FUNDING I LLC	09/30/10	09/30/10	\$ 731,671.43	\$ 731,671.43	\$ -	\$ 731,671.43	\$ -
FLORIDA EAST FUNDING LLC	09/30/10	09/30/10	\$ 1,547,120	\$ 1,547,120	\$ -	\$ 1,547,120	\$ -
FLORIDA WEST FUNDING LLC	09/30/10	09/30/10	\$ 1,804,215.41	\$ 1,804,215.41	\$ -	\$ 1,804,215.41	\$ -
FLORIDA FUNDING II	09/30/10	09/30/10	\$ 1,303,718	\$ 1,303,718	\$ -	\$ 1,303,718	\$ 103.96
DREYFUS GOVT CASH MGMT FUND	09/01/10	09/01/10	\$ 58.33	\$ 58.33	\$ -	\$ 58.33	\$ -
DREYFUS GOVT CASH MGMT FUND	09/07/10	09/07/10	\$ 5,600,000	\$ 5,600,000	\$ -	\$ 5,600,000	\$ -
DREYFUS GOVT CASH MGMT FUND	09/16/10	09/16/10	\$ 1,441.05	\$ 1,441.05	\$ -	\$ 1,441.05	\$ -
DREYFUS GOVT CASH MGMT FUND	09/28/10	09/28/10	\$ 18,001	\$ 18,001	\$ -	\$ 18,001	\$ -
Total Sells			\$ 11,006,225	\$ 11,006,225	\$ -	\$ 11,006,225	\$ 103.96

Note: The gain reflected on the sale from Florida Funding II is an accounting gain. The original Axon Financial Funding LLC security was purchased at a discount and was deemed "in default" prior to the original maturity date. At the point of becoming "in default," amortization of the discount was terminated thus leaving the cost of the security less than par. Any principal payment received at par will result in recognition of a gain, calculated as Proceeds less Cost Basis of the par value being sold.



Our Mission

*The SBA is committed to providing superior investment
and trust services while adhering to the
highest ethical, fiduciary and professional standards.*



STATE BOARD OF ADMINISTRATION
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State Board of Administration

Position Description

Page 1 of 2

Position Number:	<u>00000001</u>	Human Resources Use Only Current Action: _____ Effective Date: _____ Last Revision Date: _____
Position Title:	<u>Executive Director & CIO</u>	
Department:	<u>100 - Executive Director</u>	
Current Incumbent:	<u>Williams Jr. Ashbel C</u>	
Wage Class:	<u>Executive</u>	
Salary Grade:	<u>023</u>	
Full-Time Salary Range:	<u>\$250,000.00 - \$350,000.00</u>	
Hrs/Wk:		

Job Responsibilities:

Job Responsibilities Summary

The State Board of Administration (SBA) Trustees are the Governor as Chairman, the Chief Financial Officer as Treasurer, and the Attorney General as Secretary. The SBA has delegated to the Executive Director & CIO the authority and responsibility for all administrative, operational, back office, and investment management functions, in compliance with federal and state laws, administrative rules and policies of the SBA. The Executive Director & CIO responsibilities include the development of investment policies and the prudent investment of assets of the Florida Retirement System (FRS) Pension Plan (defined benefit), FRS Investment Plan (defined contribution), Lawton Chiles Endowment Fund (LCEF), Local Government Investment Pool, miscellaneous trust funds, Debt Service and other mandates and trusts. The Executive Director & CIO must discharge his/her fiduciary duties while adhering to the highest ethical, fiduciary, and professional standards.

** Leadership Responsibilities **

Maintain effective relationships with Trustees, members of the Investment Advisory Council, Participant Local Government Advisory Council, Audit Committee, legislators, clients, and other stakeholders.

Provide leadership to employees managing and directing the day-to-day operations of the SBA, including the administrative, procurement, personnel, budget and legislative liaison functions of the SBA.

Provide leadership to employees managing and directing the back office, accounting, corporate governance, and investment support functions of the SBA.

** Investment Responsibilities **

Provide leadership to employees managing and directing all aspects of the implementation and oversight of investment management functions to achieve risk and return objectives, including the strategic and tactical allocation of investment assets.

Provide leadership to employees developing specific individual investment portfolio objectives, policy guidelines and applying analytical models to measure risk tolerance and portfolio performance against appropriate benchmarks.

Provide leadership to employees maintaining diversified portfolios, and maximizing returns with respect to the broadly diversified market standards of individual asset classes, consistent with appropriate risk constraints.

Provide leadership to employees evaluating the appropriateness of the goals and objectives in light of actuarial studies and recommend changes to the Board when appropriate.

Review and approve investment strategies and annual investment work plans.

Provide leadership to employees monitoring investment performance and portfolio risk characteristics.

Oversee investment manager selection, retention, termination, and monitoring.

Consult with investment managers, investment consultants, industry experts, and peers.

Provide the Board with regular reports of investment activities.

State Board of Administration

Position Description

Page 2 of 2

**** Enterprise Risk Management Responsibilities ****

Identify, monitor and control/mitigate key investment and operational risks.

Maintain an appropriate and effective risk management and compliance program that identifies, evaluates and manages risks within business units and at the enterprise level.

Maintain an appropriate and effective control environment for SBA investment and operational responsibilities.

Approve risk allocations and limits, including total fund and asset class risk budgets.

Job Requirements:

A bachelor's degree from an accredited college or university in finance, economics, accounting, or closely related field, 10 years of progressively complex investment related experience, including three years in senior management. Desirable academic qualifications include an MBA or CFA. Experience in the oversight of a multibillion dollar pension plan, preferably in the public sector, with experience in fiduciary responsibilities. Demonstrated senior executive leadership, policymaking experience, and familiarity with the securities and municipal finance industries are required.

1. Physical Demands: Primarily sedentary in nature with lifting of approximately 10 pounds with occasional lifting of small objects; sitting, standing, walking, talking, hearing, keyboarding.

2. General Requirements: Must be capable of executing all terms and conditions set forth in the SBA policies and procedures manual, including, but not limited to:

a. Works in a safety conscious manner, ensuring that safe work practices are used in order not to pose a risk to self or others in the workplace.

b. Complies with SBA rules, policies, and procedures which include local, state, and federal regulations.

c. Interacts in a tactful, diplomatic, and humanistic manner with supervisors, guests/visitors, and co-workers.

d. Maintains confidentiality of necessary information.

e. Performs any miscellaneous work assignments as may be required.

f. Maintains a dependable attendance record.

Supervisor's Position Number:	<u>00000001</u>	Supervisor's Title:	<u>Executive Director & CIO</u>
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Subordinate Position Number

Subordinate Title

00000004	Chief Operating Officer
00000045	Sr Off-Ivst Prog & Governance
00000062	General Counsel
00000098	Executive Assistant
00000150	Chief Operat Officer, FHCF
00000158	Sr DC Programs Officer
00000160	Dir of Communications
00000196	Chief of Internal Audit
00000215	Deputy Executive Dir
00000221	Inspector General
00000242	Chief Risk & Compliance Off