QUARTERLY MEETING OF THE STATE BOARD OF ADMINISTRATION

GOVERNOR SCOTT AS CHAIRMAN
CHIEF FINANCIAL OFFICER ATWATER AS TREASURER
ATTORNEY GENERAL BONDI AS SECRETARY

September 20, 2011

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REVISED AGENDA

ITEM 1. **REQUEST APPROVAL OF MINUTES OF THE AUGUST 2, 2011, MEETING.**

(See Attachment 1)

ACTION REQUIRED

ITEM 2. **REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $65,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2011 (SERIES TO BE DETERMINED).**

(See Attachment 2)

ACTION REQUIRED

ITEM 3. **REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $33,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY DORMITORY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED).**

(See Attachment 3)

ACTION REQUIRED)

ITEM 4. **REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $26,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA INTERNATIONAL UNIVERSITY DORMITORY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED).**

(See Attachment 4)

ACTION REQUIRED

ITEM 5. **REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $18,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, UNIVERSITY OF FLORIDA DORMITORY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED).**

(See Attachment 5)

ACTION REQUIRED

ITEM 6. **REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $15,065,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION CAPITAL OUTLAY BONDS, 2011 SERIES A.**

(See Attachment 6)

ACTION REQUIRED

ITEM 7. **REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $15,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, UNIVERSITY OF CENTRAL FLORIDA PARKING FACILITY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED).**

(See Attachment 7)

ACTION REQUIRED

ITEM 8. **REQUEST APPROVAL OF A FISCAL DETERMINATION OF AN AMOUNT NOT EXCEEDING $24,000,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES/BONDS, (SERIES TO BE DESIGNATED) (KINGS TERRACE).**

(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. **QUARTERLY REPORTS PURSUANT TO 215.44 (2)(e), FLORIDA STATUTES**

- Executive Director/CIO Introductory Remarks – *Ash Williams*
- Major Mandates Investment Performance Review as of June 30, 2011
  Mike Sebastian – Hewitt EnnisKnupp
- Standing Reports
  - Investment Advisory Council
  - Participant Local Government Advisory Council
  - Audit Committee
  - Executive Director/CIO

(See Attachments 10 – 10-F)

INFORMATION/DISCUSSION ITEMS

ITEM 11. **ANNUAL PENSION PLAN REAL ESTATE REVIEW**

Terry Ahern, Townsend Group
Richard Brown, Townsend Group
Jack Koch, Townsend Group

(See Attachment 11)

INFORMATION/DISCUSSION ITEM

ITEM 12. **REVIEW OF 2010-11 PENSION PLAN POLICY TRANSITION**

Kristen Doyle, Hewitt EnnisKnupp

(See Attachment 12 and 12-A)

INFORMATION/DISCUSSION ITEMS

ITEM 13. **REVIEW OF LAWTON CHILES ENDOWMENT FUND (LCEF) INVESTMENT POLICY**

The State Board of Administration (SBA) staff and SBA investment consultants conducted a review of the LCEF's Investment Policy Statement. The purpose of the review is to reassess the LCEF's investment policy and payout formula in light of the latest capital market expectations and liquidity needs.

Mike Sebastian, Hewitt EnnisKnupp

(See Attachment 13)

REQUEST APPROVAL OF REVISIONS TO THE INVESTMENT POLICY STATEMENT FOR THE LAWTON CHILES ENDOWMENT FUND (LCEF)

The Investment Policy Statement, required pursuant to s. 215.5601, F.S., is the principal vehicle through which the Trustees establish an investment objective(s), asset allocation and address associated policy issues for the LCEF. Prior to any recommended changes in the Investment Policy Statement being presented to the Trustees, the Executive Director of the Board will present such changes to the Investment Advisory Council for review. Results of the council's review will be presented to the Trustees before final approval of changes to the Investment Policy Statement.

Ash Williams, Executive Director/CIO

FINAL **version of the Lawton Chiles Endowment Fund's Investment Policy Statement for Trustees' review and approval will be provided after the Investment Advisory Council's review on September 19, 2011.**

(See Attachments 13-A, 13-B, and 13-C) –

ACTION REQUIRED

September 20, 2011 Trustee Package

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September 20, 2011 Trustee Package

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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
DIVISION OF BOND FINANCE
FINANCIAL SERVICES COMMISSION, FINANCIAL REGULATION
FINANCIAL SERVICES COMMISSION, INSURANCE REGULATION
DEPARTMENT OF VETERANS' AFFAIRS
DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES
ADMINISTRATION COMMISSION
FLORIDA LAND AND WATER ADJUDICATORY COMMISSION

The above agencies came to be heard before THE FLORIDA CABINET, the Honorable Governor Scott presiding, in the Cabinet Meeting Room, LL-03, The Capitol, Tallahassee, Florida, on Tuesday, August 2, 2011, commencing at approximately 9:04 a.m.

Reported by:

MARY ALLEN NEEL
Registered Professional Reporter
Florida Professional Reporter
Notary Public

ACCURATE STENOTYPE REPORTERS, INC.
2894 REMINGTON GREEN LANE
TALLAHASSEE, FLORIDA 32308
850.878.2221

APPEARANCES:

Representing the Florida Cabinet:

RICK SCOTT
Governor

PAM BONDI
Attorney General

JEFF ATWATER
Chief Financial Officer

ADAM PUTNAM
Commissioner of Agriculture

* * *

I N D E X

RE: Commissioner of the Office of Financial Regulation

STATE BOARD OF ADMINISTRATION
(Presented by ASH WILLIAMS)

DIVISION OF BOND FINANCE
(Presented by BEN WATKINS)

FINANCIAL SERVICES COMMISSION, FINANCIAL REGULATION
(Presented by TOM CARDWELL)

INDEX CONTINUED

GOVERNOR SCOTT: All right. The next Cabinet meeting is Tuesday, August 16, 2011.

The first agenda for -- the next agenda is the State Board of Administration presented by Ash Williams. Good morning, Ash.

MR. WILLIAMS: Good morning, Governor and members of the board. Welcome back.

Let's see. A couple of things. First of all, an update for you. As of Friday's close, the Florida Retirement System Trust Fund was up 5.13 percent net of cost year to date, calendar year to date. That's 107 basis points ahead of target.

GOVERNOR SCOTT: What's the time period?

MR. WILLIAMS: Excuse me?

GOVERNOR SCOTT: Calendar year to date?

MR. WILLIAMS: Yes, sir. I always give you the longer period, either fiscal year to date or calendar year to date. And since we just crossed into a new fiscal year, I've gone back to calendar.

Item 1 on our agenda today, request approval of the minutes from the May 17 and June 16 meetings.

GOVERNOR SCOTT: All right. Is there a motion to approve Item 1?

ATTORNEY GENERAL BONDI: Move to approve.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Moved and seconded. Item 1 is approved without objection.

MR. WILLIAMS: Thank you. Item 2, request approval of a fiscal sufficiency of an amount not exceeding $345 million State of Florida, Department of Environmental Protection Florida Forever revenue refunding bonds.

GOVERNOR SCOTT: All right. And these do not extend the term; right?

MR. WILLIAMS: That's my understanding. These are refunding bonds.

GOVERNOR SCOTT: Right. Okay. Is there a motion to approve Item 2?

CFO ATWATER: So moved.

GOVERNOR SCOTT: Is there a second?

ATTORNEY GENERAL BONDI: Second.

GOVERNOR SCOTT: Moved and seconded. Item 2 is approved without objection.

MR. WILLIAMS: Thank you. Item 3, request approval of a fiscal sufficiency of an amount not exceeding $268 million State of Florida, Board of Education Lottery revenue refunding bonds.

GOVERNOR SCOTT: Is there a motion to approve Item 3?

ATTORNEY GENERAL BONDI: Move to approve.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Moved and seconded. Item 3 is approved without objection.

MR. WILLIAMS: Thank you. Item 4, request approval of a fiscal determination of an amount not exceeding $9,350,000 Florida Housing Finance Corporation multifamily mortgage revenue bonds. These are for projects in Palm Beach County, Florida.

GOVERNOR SCOTT: All right. And this is not -- is the State on the hook for these?

MR. WILLIAMS: I do not believe so. These are revenue bonds from the housing agency.

GOVERNOR SCOTT: Is there a motion to approve Item 4?

CFO ATWATER: So moved.

GOVERNOR SCOTT: Is there a second?

ATTORNEY GENERAL BONDI: Second.

GOVERNOR SCOTT: Moved and seconded. Item 4 is approved without objection.

MR. WILLIAMS: Thank you. Item 5, request approval of a fiscal determination of an amount not exceeding $7,540,000 Florida Housing Finance Corporation multifamily mortgage revenue bonds. This is a project in Bay County, Florida.

GOVERNOR SCOTT: Is there a motion to approve Item 5?

ATTORNEY GENERAL BONDI: Move to approve.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Moved and seconded. Item 5 is approved without objection.

MR. WILLIAMS: Thank you. Item 6, request approval of a fiscal determination of an amount not exceeding $6.5 million Florida Housing Finance Corporation multifamily mortgage revenue bonds. These are in Miami-Dade County.

GOVERNOR SCOTT: Is there a motion to approve Item 6?

CFO ATWATER: So moved.

GOVERNOR SCOTT: Is there a second?

ATTORNEY GENERAL BONDI: Second.

GOVERNOR SCOTT: Moved and seconded. Item 6 is approved without objection.

MR. WILLIAMS: Thank you. Item 7, request approval to repeal two obsolete rules.

GOVERNOR SCOTT: So you want to explain them?

MR. WILLIAMS: Yes. These are rules -- you will recall an initiative to purge our code of redundant, duplicative, or otherwise obsolete administrative rules, and these are in that category. One of these relates to the insurance build-up program. The program has subsequently been restructured so that this rule is redundant, and the same is true of the other rule. So we're not changing anything substantively, and we're not doing anything differently. These are simply redundant at this point.

GOVERNOR SCOTT: Okay. Any questions?

Is there a motion to approve Item 7?

ATTORNEY GENERAL BONDI: Move to approve.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Moved and seconded. Item 7 is approved without objection.

MR. WILLIAMS: Thank you. Item 8, we would like to request appointment of a new chair for the Florida Commission on Hurricane Loss Projection Methodology. This is a statutory body of 11 members. Primarily they're determined by statute, the composition of the group, statisticians, meteorologists, representatives of industry, et cetera. And the recommendation of the group, which has voted on this, is that Mr. Scott Wallace, who is the president and chief executive officer of Citizens Property Insurance, take that role on. Mr. Wallace has been serving as vice chair of the hurricane loss projection methodology group for a period of time. He's here this morning and happy to answer any questions you may have now.

GOVERNOR SCOTT: Great. I have a -- is he here?

MR. WILLIAMS: Yes.

GOVERNOR SCOTT: Okay. So in this role, Scott, are there conflicts at all with your job at Citizens and what this Commission does?

MR. WALLACE: That's a very good question, Governor Scott. I do not believe there are any conflicts, as our role as a Commission is strictly set forth in our standards and procedures, and the role is to strictly study the information that's being provided, analyze it, and compare it against actuarial soundness and hurricane loss methodology principles.

We review a number of different models out there. Models that do not fit all of the standards as set forth by the Commission are disapproved. They do have the ability to come back and make an appeal.

But I think given the strict rules which we operate under, it does not allow much room for bias or favoritism.

GOVERNOR SCOTT: All right. Any other questions?

All right. Thank you very much.

Is there a motion to approve Item 8?

CFO ATWATER: So moved.

ATTORNEY GENERAL BONDI: Second.

GOVERNOR SCOTT: Moved and seconded. Item 8 is approved without objection.

Thank you very much, Mr. Wallace.

MR. WILLIAMS: Thank you. Item 9, we request approval of the appointment of Ms. Kimberly Ferrell to the State Board of Administration's Audit Committee. Ms. Ferrell is here this morning.

GOVERNOR SCOTT: Are there any questions for Ms. Ferrell?

Good morning.

All right. Is there a motion to approve Item 9?

ATTORNEY GENERAL BONDI: Move to approve.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Moved and seconded. Item 9 is approved without objection.

MR. WILLIAMS: Thank very much.

GOVERNOR SCOTT: Thanks for your willingness to serve.

Ash, one other thing. Did you -- could you -- and I don't know if you -- you probably aren't ready to talk about it now, but did you see the articles that Sydney Freedberg wrote about -- I had two questions. One, there was one about -- could you talk about the value of passive versus active investing, and then they talked about what sort of transparency -- they thought we should have more transparency.

MR. WILLIAMS: I'll be happy to address both of those.

First of all, on the subject of active versus passive, we absolutely agree that passive investing in efficient markets is the clear choice. That is exactly the direction that we have been committed to for many years. The majority of our U.S. equity exposure, for example, particularly in the large cap area, is almost exclusively passive in nature.

And in fact, one of the experts cited in Ms. Freedberg's reporting was Professor Swensen at Yale, who is the senior investment officer, I believe, of the Yale Endowment. And David Swensen is well known as the major proponent of what's known as the endowment model of investing for institutions, which is to take your core efficient market exposure on a passive basis, because it's the lowest risk, lowest cost way to do it, and then to enhance your aggregate returns using less liquid, but higher return investment strategies and vehicles in the less efficient corners of the market. What that brings you to is what we have in the private equity and strategic investments areas, private equity, hedge funds, venture capital, distressed debt, et cetera.

Now, ironically, Dr. Swensen has written two books, one for institutional investors, which embraces the endowment model, and the other for individual investors. The Times coverage cited only his book for individual investors and said they should invest all passively. What he actually says in the book is, he struggled to find a way for individuals to invest along the lines of the way institutions can, but because of the scale, et cetera, it --

GOVERNOR SCOTT: The size, yes.

MR. WILLIAMS: -- just doesn't work. So given the limited amount of capital, you're better off as an individual indexing, and I think that's probably what many of us do.

So I guess I would say it's a question of degrees. And unfortunately, I think in last weekend's coverage, the nuances of investing institutionally were missed on two key levels.

First of all, the challenge we face investing the Florida State Board's money is that we make decisions today to create the best possible result over the long term with the highest probability of success without knowledge of what's happening tomorrow. What the Times did was look back 10 or 15 years and say, "Game plan," saying, "Gee, this strategy would have outperformed over the past 15 years."

As Yogi Berra once said, predictions are particularly challenging, particularly when they involve the future. And I would say that the challenge of structuring to go forward is a little more rigorous than doing it on a backward-looking basis.

Secondly, on the transparency front, I think we have repeatedly --

GOVERNOR SCOTT: Ash, could I ask you a question? Did they address allocation at all in that article? Isn't that the hardest part?

MR. WILLIAMS: Well, that's actually a great question. Let me touch on that for a moment. Yes and no. But to the extent they were talking about passive investing, I think when you and I would think of passive investing, we would think of taking an exposure to, say, the S&P 500 or the Russell 3000 or Barclays Aggregate, something like that, and just going with it.

Well, actually, one of the retail sellers of passive investment products who was one of their gurus on this thing, actually, their product isn't fully passive, because what they do is make an active top-down decision on allocation, active bets on where to put the money, and then execute that strategy using the index funds. That's a little different. So there was some comment about it, but again, on a backward-looking basis.

The other thing you have to think about is, we set our allocation looking forward. As you well know, having sat through hours and hours and hours of it, we set our allocation to minimize the risk of significant loss, and therefore spikes in employer member contributions. That would be very, very disruptive.

Now, if you, for example, had been 100 percent passive equities through 2008, you would have been down 40-some-odd percent in that year. And I don't think the St. Pete Times or anybody else at that point in time would have said, "Yeah, this is great. We're so glad you're here." We were down less than half that much because we're diversified, and we're very thoughtfully diversified in the way we approach it.

Other questions on the active/passive?

GOVERNOR SCOTT: I don't have any. What about the question about transparency? Are there things that we ought to be doing that we're not doing yet?

MR. WILLIAMS: Well, I think the transparency issue got a great airing in the last legislative session.

We have, for the most part, full transparency. All of our publicly traded activity is very readily observable. They're obviously subject to public records law. We have one very narrow slice of our activity that has a very limited exception from

Florida's public records law, and that relates to alternative investments and subjects them to a certain type of review prior to being released.

Now, the obvious reason for that is that as an investor in a private entity, we can have a lot more information than one would have as a public shareholder of that same entity. Some of that information could be proprietary. It could not otherwise be publicly available. It could be detrimental to that business to have it become public, et cetera.

Not coincidentally, those tests that I just mentioned are three of the four tests set forth in the Florida Statutes as the prerequisite for any investment manager or firm in which we're invested to declare any portion of the information we may have proprietary, and therefore exempt from public records law.

Now, that law has been in effect and affects less than 10 percent of the SBA's portfolio, so the other 90-plus percent doesn't have any of that protection.

That law was under sunset review last legislative session. It was heard extensively in committees in the House and the Senate, and the overwhelming vote of the Legislature was that it was in the public interest, so much so that it was reinstated and the future recurring sunset review of it was removed, because it's been in place for so many years that the judgment of the Legislature in public hearings and after extensive staff review was that it actually served the public interest well.

I think the general direction we're going in terms of the openness of our meetings, the openness of our advisory bodies, our website, and my own availability to interest groups, generally the press, and constituencies, is good. So I think we're doing just about everything we can do, and there's always a balance to be struck.

GOVERNOR SCOTT: All right. Any other questions?

All right. Thank you very much.

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

TO:	Ash Williams
FROM:	Robert Copeland RTC
SUBJECT:	Fiscal Sufficiency
DATE:	September 7, 2011

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $65,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2011 (SERIES TO BE DETERMINED):

The State Board of Education of Florida has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding $65,000,000 State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Refunding Bonds, 2011 (series to be determined) (the "Refunding Bonds") for the purpose of refunding all or a portion of the outstanding 2002 Series B and 2003 Series A Bonds.

The State Board of Education is authorized to issue bonds pledging the full faith and credit of the State payable primarily from funds provided in Subsection (d) of Section 9 of Article XII of the Constitution of Florida, as amended (the "School Capital Outlay Amendment"), for the purpose of providing funds to finance or refinance capital outlay projects for school purposes in the manner provided therein, upon the application of the School Boards of the School Districts of the State, and the Boards of Trustees of the Community College Districts of the State.

The Refunding Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on February 4, 1992, the Twenty-seventh Supplemental Authorizing Resolution anticipated to be adopted by the State Board of Education on September 20, 2011 and resolutions authorizing the issuance and sale of the Bonds anticipated to adopted by the Governor and Cabinet on September 20, 2011.

The State Board of Education of Florida has heretofore issued Capital Outlay and Capital Outlay Refunding Bonds, 2002 Series A through 2010 Series A (the “Previous Bonds”). The State Board of Education has submitted for approval as to fiscal sufficiency a proposal to issue not exceeding $15,065,000 Capital Outlay Bonds, 2011 Series A (the “2011A Series Bonds”) for approval at the September 20, 2011, meeting of the State Board of Administration. The Refunding Bonds proposed to be issued shall rank equally and be on a parity in all respects with the Previous Bonds, and if and when approved and issued, the 2011 Series A Bonds as to lien on and source and security for payment from the State Motor Vehicle License Taxes distributable for the account of certain School Districts and Community College Districts in Florida, under the provisions of said School Capital Outlay Amendment.

A study of this proposal and the estimates of revenue expected to accrue indicate that the proposed Refunding 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 $65,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2011 (SERIES TO BE DETERMINED)

WHEREAS, the State Board of Education of Florida has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding $65,000,000 State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Refunding Bonds, 2011 (series to be determined) (the "Refunding Bonds") for the purpose of refunding all or a portion of the outstanding 2002 Series B and 2003 Series A Bonds; and,

WHEREAS, the State Board of Education is authorized to issue bonds pledging the full faith and credit of the State payable primarily from funds provided in Subsection (d) of Section 9 of Article XII of the Constitution of Florida, as amended (the "School Capital Outlay Amendment"), for the purpose of providing funds to finance or refinance capital outlay projects for school purposes in the manner provided therein, upon the application of the School Boards of the School Districts of the State, and the Boards of Trustees of the Community College Districts of the State; and,

WHEREAS, the Refunding Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on February 4, 1992, the Twenty-seventh Supplemental Authorizing Resolution anticipated to be adopted by the State Board of Education on September 20, 2011 and resolutions authorizing the issuance and sale of the Bonds anticipated to adopted by the Governor and Cabinet on September 20, 2011; and,

WHEREAS, the State Board of Education of Florida has heretofore issued Capital Outlay and Capital Outlay Refunding Bonds, 2002 Series A through 2010 Series A (the "Previous Bonds"); and,

WHEREAS, the State Board of Education has submitted for approval as to fiscal sufficiency a proposal to issue not exceeding $15,065,000 Capital Outlay Bonds, 2011 Series A (the "2011A Series Bonds") for approval at the September 20, 2011, meeting of the State Board of Administration; and,

WHEREAS, the proposed Refunding Bonds shall rank equally and be on a parity in all respects with the Previous Bonds, and if and when approved and issued, the 2011 Series A Bonds as to lien on and source and security for payment from the State Motor Vehicle License Taxes distributable for the account of certain School Districts and Community College Districts in Florida, under the provisions of said School Capital Outlay Amendment; and,

WHEREAS, an examination of this plan of financing indicated that the same 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, the State Board of Education 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 Refunding 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 State Board of Education of Florida to issue an amount not exceeding $65,000,000 State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Refunding Bonds, 2011 (series to be determined) is hereby approved as to fiscal sufficiency.

ADOPTED September 20, 2011

STATE OF FLORIDA

DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

HERMITAGE CENTRE, SUITE 200
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J. BEN WATKINS III
DIRECTOR

RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL

JEFF ATWATER
CHIEF FINANCIAL OFFICER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

September 2, 2011

Mr. Ashbel C. Williams
Executive Director
State Board of Administration
P. O. Box 13300
Tallahassee, Florida 32317-3300

RE: Not Exceeding $65,000,000 State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Refunding Bonds, 2011 Series (to be determined)

Dear Mr. Williams:

In compliance with Chapter 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of September 20, 2011.

These bonds will be payable primarily from a first lien on motor vehicle license taxes and are additionally secured by the full faith and credit of the State of Florida. The bonds will be issued on a parity with the previously issued State of Florida, State Board of Education Capital Outlay Bonds, 2002 Series A through 2010 Series A; and the $15,065,000 2011 Series A Bonds which are scheduled for fiscal sufficiency approval on September 20, 2011.

The proposed bond issue will be issued to refund all or a portion of the outstanding 2002 Series B and 2003 Series A Bonds and will only be issued if there is a savings.

The following documents are enclosed for your consideration:

Enclosure 1: An estimated coverage table based upon forecasts of motor vehicle license tax revenues provided by the Department of Highway Safety and Motor Vehicles. Coverage is based upon existing program debt service and the estimated debt service on the $15,065,000 2011 Series A Bonds, without considering the potential savings from the proposed $65,000,000 refunding bonds;

Enclosure 2: the forecasts of motor vehicle license tax revenues as provided by the Department of Highway Safety and Motor Vehicles. This information was used in the preparation of the coverage table provided as Enclosure 1;

Enclosure 3: an estimated debt service and savings schedule from a recent sizing of the refunding bonds;

The bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on February 4, 1992; and the Twenty-seventh Supplemental Authorizing Resolution and the sale resolution, both of which are anticipated to be adopted by the State Board of Education on September 20, 2011. The February 4, 1992 resolution has been previously provided and a draft of the Twenty-seventh Supplemental Authorizing Resolution and the sale resolution expected to be adopted by the State Board of Education on September 20, 2011 will be provided when available.

A draft of the fiscal sufficiency resolution should be sent to Donna Biggins and Charlie Yadon of this office for review. Should you have any questions, please contact either myself, Donna Biggins or Charlie Yadon at 488-4782. Your consideration of this matter is appreciated.

Very truly yours,

J. Ben Watkins ~~III~~
Director

Enclosures

JBW/cy

cc: Anthony Doheny
Robert Copeland

STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION
CAPITAL OUTLAY REFUNDING BONDS, 2011 SERIES A
FISCAL SUFFICIENCY REQUEST FOR $15,065,000
ESTIMATED SCHEDULE OF COVERAGE ON OUTSTANDING BONDS

Fiscal Year	Total Motor Vehicle License Tax Revenue (1)	Parity Bonds Debt Service (2)	Estimated 2011 Series A Bonds			Total Debt Service	Estimated Debt Service Coverage (4)
			Principal	Interest (3)	Total		
Historical							
2007	$648,135,502	$94,724,154	-	-	-	$94,724,154	6.8423x
2008	634,891,649	91,378,391	-	-	-	91,378,391	6.9479x
2009	597,703,580	94,531,946	-	-	-	94,531,946	6.3228x
2010	740,657,637	94,925,264	-	-	-	94,925,264	7.8025x
2011	779,442,794	96,461,078	-	-	-	96,461,078	8.0804x
Projected							
2012	844,300,000	97,311,795	$230,000	$595,700	$825,700	98,137,495	8.6032x
2013	864,700,000	97,317,541	245,000	882,750	$1,127,750	98,445,291	8.7836x
2014	891,500,000	97,389,778	250,000	867,900	$1,117,900	98,507,678	9.0501x
2015	921,900,000	92,664,492	295,000	851,550	$1,146,550	93,811,042	9.8272x
2016	921,900,000	86,861,858	350,000	832,200	$1,182,200	88,044,058	10.4709x
2017	921,900,000	65,145,620	380,000	810,300	$1,190,300	66,335,920	13.8974x
2018	921,900,000	52,168,656	410,000	786,600	$1,196,600	53,365,256	17.2753x
2019	921,900,000	27,622,944	445,000	760,950	$1,205,950	28,828,894	31.9783x
2020	921,900,000	23,218,330	495,000	732,750	$1,227,750	24,446,080	37.7116x
2021	921,900,000	18,766,037	510,000	702,600	$1,212,600	19,978,637	46.1443x
2022	921,900,000	18,151,944	650,000	667,800	$1,317,800	19,469,744	47.3504x
2023	921,900,000	16,232,455	875,000	622,050	$1,497,050	17,729,505	51.9981x
2024	921,900,000	12,289,233	940,000	567,600	$1,507,600	13,796,833	66.8197x
2025	921,900,000	10,519,961	1,130,000	505,500	$1,635,500	12,155,461	75.8425x
2026	921,900,000	9,042,758	1,190,000	435,900	$1,625,900	10,668,658	86.4120x
2027	921,900,000	7,652,050	1,210,000	363,900	$1,573,900	9,225,950	99.9247x
2028	921,900,000	7,847,775	1,255,000	289,950	$1,544,950	9,392,725	98.1504x
2029	921,900,000	3,669,750	1,325,000	212,550	$1,537,550	5,207,300	177.0399x
2030	921,900,000	2,238,900	1,390,000	131,100	$1,521,100	3,760,000	245.1862x
2031	921,900,000	-	1,490,000	44,700	$1,534,700	1,534,700	600.7037x
		$1,218,132,708	$15,065,000	$11,664,350	$26,729,350	$1,244,862,058	

(1) Source: Department of Highway Safety and Motor Vehicles. The projections for Fiscal Year 2016 and thereafter have been held constant. No assurance can be given that material differences between such projections and actual results will not occur.

(2) Excludes debt service on the 2002 Series A Bonds that were refunded by the 2010A Bonds but not legally defeased.

(3) Estimated debt service on the 2011 Series A Bonds has been calculated at 6.0%.

(4) Under the Florida Constitution, revenue accruing to the Department of Education comes from the first collections of the Motor Vehicle License Tax Revenue. Capital Outlay Bond debt service for the fiscal year may not exceed 90% of the total Motor Vehicle License Tax Revenue for such fiscal year. Consequently, Debt Service Coverage is shown by dividing Total Motor Vehicle License Tax Revenue by Total Debt Service.

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO:	Ash Williams
FROM:	Robert Copeland RTC
SUBJECT:	Fiscal Sufficiency
DATE:	September 7, 2011

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $33,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY DORMITORY 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 $33,000,000 State of Florida, Board of Governors, Florida State University Dormitory Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 2001 and Series 2001A Bonds.

The Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on November 17, 1992, as subsequently amended on July 25, 2000 and October 28, 2003 and the Eleventh Supplemental Resolution which is anticipated to be adopted on September 20, 2011 (collectively referred to herein as the “Resolution”). The Division has heretofore issued Florida State University Housing Facility Revenue Bonds, Series 1993 through 2010A (collectively, the "Outstanding Bonds"). 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.

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 $33,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY DORMITORY 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 $33,000,000 State of Florida, Board of Governors, Florida State University Dormitory Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 2001 and Series 2001A 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 November 17, 1992, as subsequently amended on July 25, 2000 and October 28, 2003 and the Eleventh Supplemental Resolution which is anticipated to be adopted on September 20, 2011 (collectively referred to herein as the "Resolution"); and,

WHEREAS, the Division has heretofore issued Florida State University Housing Facility Revenue Bonds, Series 1993 through 2010A (collectively, the "Outstanding Bonds"); 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 as described in the Resolution, and in all other respects, with the Outstanding 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, 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 $33,000,000 State of Florida, Board of Governors, Florida State University Dormitory Revenue Refunding Bonds, Series (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

ADOPTED September 20, 2011

STATE OF FLORIDA

DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

HERMITAGE CENTRE, SUITE 200
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

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TALLAHASSEE, FLORIDA 32317-3300
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J. BEN WATKINS III
DIRECTOR

RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL

JEFF ATWATER
CHIEF FINANCIAL OFFICER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

September 2, 2011

Mr. Ashbel C. Williams
Executive Director & CIO
State Board of Administration
Post Office Box 13300
Tallahassee, Florida 32317-3300

RE: Not Exceeding $33,000,000 State of Florida, Board of Governors, Florida State University Dormitory Revenue Refunding Bonds, Series (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of September 20, 2011.

The proposed bonds will be secured by the revenues of the housing system after deducting operating expenses. Housing system revenues are derived primarily from rental income. The proposed bonds will be payable on a parity with the outstanding Florida State University Housing Facility Revenue Bonds, Series 1993 through 2010A.

The proposed bond issue will be issued to refund all or a portion of the outstanding Series 2001 and Series 2001A Bonds and will only be issued if there is a savings.

Enclosed for your review are the following:

Enclosure 1: an estimated coverage table for the program, without considering the potential savings from the proposed $33,000,000 refunding bonds; and

Enclosure 2: an estimated debt service and savings schedule from a recent sizing of the proposed bonds.

The bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on November 17, 1992 and subsequently amended on July 25, 2000 and October 28, 2003 and the Eleventh Supplemental Resolution which is anticipated to be adopted on September 20, 2011. The Original Resolution has been previously provided and a draft of the Eleventh Supplemental Resolution expected to be adopted on September 20, 2011 will be provided when available.

A draft of the fiscal sufficiency resolution should be sent to Charlie Yadon and Ray Petty of this office for review. Should you have any questions, please contact either myself, Charlie Yadon or Ray Petty at 488-4782. Your consideration of this matter is appreciated.

Sincerely,

J. Ben Watkins III
Director

JBW:cy

Enclosures

cc: Anthoney Doheny
Robert Copeland

STATE OF FLORIDA BOARD OF GOVERNORS
FLORIDA STATE UNIVERSITY
DORMITORY REVENUE BONDS, SERIES (to be determined)
FISCAL SUFFICIENCY REQUEST FOR NOT TO EXCEED $33,000,000
ESTIMATED DEBT SERVICE COVERAGE

Year Ending	Projected Pledged Revenues [1]			Outstanding	Debt Service
June 30	Gross Revenues	Operating Expenses	Pledged Revenues	Debt Service[2]	Coverage[3]
Historical					
2007	22,848,993	12,649,587	10,199,406	7,742,419	1.32
2008	30,006,719	14,720,932	15,285,787	8,847,219	1.73
2009	30,574,633	16,475,177	14,099,456	8,843,069	1.59
2010	32,670,761	16,925,472	15,745,289	8,843,446	1.78
2011	34,965,506	15,783,424	19,182,082	9,690,729	1.98
Projected					
2012	34,315,633	16,293,172	18,022,461	9,985,456	1.80
2013	38,187,907	17,921,224	20,266,683	9,982,866	2.03
2014	40,077,302	18,269,193	21,808,109	9,992,841	2.18
2015	42,111,168	19,109,883	23,001,285	9,976,305	2.31
2016	44,194,226	18,518,356	25,675,870	9,979,503	2.57
2017	44,194,226	18,518,356	25,675,870	9,980,540	2.57
2018	44,194,226	18,518,356	25,675,870	9,966,908	2.58
2019	44,194,226	18,518,356	25,675,870	9,961,135	2.58
2020	44,194,226	18,518,356	25,675,870	9,969,206	2.58
2021	44,194,226	18,518,356	25,675,870	9,959,581	2.58
2022	44,194,226	18,518,356	25,675,870	9,961,394	2.58
2023	44,194,226	18,518,356	25,675,870	9,783,394	2.62
2024	44,194,226	18,518,356	25,675,870	9,297,769	2.76
2025	44,194,226	18,518,356	25,675,870	9,292,956	2.76
2026	44,194,226	18,518,356	25,675,870	9,293,506	2.76
2027	44,194,226	18,518,356	25,675,870	8,431,981	3.05
2028	44,194,226	18,518,356	25,675,870	8,433,481	3.04
2029	44,194,226	18,518,356	25,675,870	8,436,281	3.04
2030	44,194,226	18,518,356	25,675,870	8,429,656	3.05
2031	44,194,226	18,518,356	25,675,870	7,838,331	3.28
2032	44,194,226	18,518,356	25,675,870	6,159,919	4.17
2033	44,194,226	18,518,356	25,675,870	6,155,338	4.17
2034	44,194,226	18,518,356	25,675,870	6,159,313	4.17
2035	44,194,226	18,518,356	25,675,870	5,175,894	4.96
2036	44,194,226	18,518,356	25,675,870	1,153,925	22.25
2037	44,194,226	18,518,356	25,675,870	1,155,463	22.22
2038	44,194,226	18,518,356	25,675,870	1,154,863	22.23
2039	44,194,226	18,518,356	25,675,870	1,152,125	22.29
2040	44,194,226	18,518,356	25,675,870	1,152,250	22.28
				218,372,179	

[1] Projections provided by the Florida State University for Fiscal Years ending 2012 through 2016. Projections for Fiscal Year 2017 and thereafter are held constant; however, no representation is made that the amounts shown will be collected.

[2] Outstanding debt service for Series 1993, Series 2001, Series 2001A, Series 2004A, 2005A and 2010A.

[3] Coverage of Pledged Revenues is determined by dividing Pledged Revenues by Outstanding Debt Service.

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO:	Ash Williams
FROM:	Robert Copeland RPC
SUBJECT:	Fiscal Sufficiency
DATE:	September 7, 2011

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $26,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA INTERNATIONAL UNIVERSITY DORMITORY 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 $26,000,000 State of Florida, Board of Governors, Florida International University Dormitory Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 1998 and Series 2000 Bonds.

The Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on June 9, 1998, as subsequently amended on September 23, 1998 and the Fourth Supplemental Resolution which is anticipated to be adopted on September 20, 2011 (collectively referred to herein as the “Resolution”). The Division has heretofore issued Florida International University Housing Facility Revenue Bonds, Series 1998 through 2004A (collectively, the "Outstanding Bonds"). 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.

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 $26,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA INTERNATIONAL UNIVERSITY DORMITORY 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 $26,000,000 State of Florida, Board of Governors, Florida International University Dormitory Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 1998 and Series 2000 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 June 9, 1998, as subsequently amended on September 23, 1998 and the Fourth Supplemental Resolution which is anticipated to be adopted on September 20, 2011 (collectively referred to herein as the "Resolution"); and,

WHEREAS, the Division has heretofore issued Florida International University Housing Facility Revenue Bonds, Series 1998 through 2004A (collectively, the "Outstanding Bonds"); 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 as described in the Resolution, and in all other respects, with the Outstanding 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, Florida International 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 $26,000,000 State of Florida, Board of Governors, Florida International University Dormitory Revenue Refunding Bonds, Series (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

ADOPTED September 20, 2011

STATE OF FLORIDA

DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

HERMITAGE CENTRE, SUITE 200
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

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J. BEN WATKINS III
DIRECTOR

RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL

JEFF ATWATER
CHIEF FINANCIAL OFFICER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

September 2, 2011

Mr. Ashbel C. Williams
Executive Director & CIO
State Board of Administration
Post Office Box 13300
Tallahassee, Florida 32317-3300

RE: Not Exceeding $26,000,000 State of Florida, Board of Governors, Florida International University Dormitory Revenue Refunding Bonds, Series (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of September 20, 2011.

The proposed bonds will be secured by the revenues of the housing system after deducting operating expenses. Housing system revenues are derived primarily from rental income. The proposed bonds will be payable on a parity with the outstanding previously issued Florida International University Housing Facility Revenue Bonds, Series 1998 through 2004A.

The proposed bond issue will be issued to refund all or a portion of the outstanding Series 1998 and Series 2000 Bonds and will only be issued if there is a savings.

Enclosed for your review are the following:

Enclosure 1: an estimated coverage table for the program, without considering the potential savings from the proposed $26,000,000 refunding bonds; and

Enclosure 2: an estimated debt service and savings schedule from a recent sizing of the proposed bonds.

The bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on June 9, 1998 as subsequently amended on September 23, 1998 and the Fourth Supplemental Resolution which is anticipated to be adopted on September 20, 2011. The Original Resolution has been previously provided and the Fourth Supplemental Resolution will be provided when available..

A draft of the fiscal sufficiency resolution should be sent to Carol Bagley and Donna Biggins of this office for review. Should you have any questions, please contact either myself, Carol Bagley or Donna Biggins at 488-4782. Your consideration of this matter is appreciated.

Sincerely,

J. Timothy Ring for

J. Ben Watkins III
Director

JBW:cb

Enclosures

cc: Anthoney Doheny
Robert Copeland

State of Florida, Board of Governors
Florida International University
Dormitory Revenue Refunding Bonds, Series (to be determined)
Fiscal Sufficiency Request For Not Exceeding $26,000,000
Estimated Coverage Table

Year Ending June 30	Projected Pledged Revenues [1] Gross Revenues	Current Expenses	Net Revenues	Outstanding Debt Service[2]	Net Revenue Coverage [3]
Historical					
2006	$ 14,353,288	$ 6,540,509	$ 7,812,779	$ 6,488,569	1.20x
2007	19,577,253	10,504,303	9,072,950	7,124,989	1.27x
2008	21,242,663	10,885,177	10,357,486	7,131,329	1.45x
2009	22,865,946	12,667,923	10,198,023	7,129,249	1.43x
2010	23,188,374	12,896,489	10,291,885	7,124,129	1.44x
2011	25,983,956	12,936,129	13,047,827	7,129,454	1.83x
Projected					
2012	23,875,011	14,437,071	9,437,940	7,121,096	1.33x
2013	24,541,882	14,842,980	9,698,902	7,123,285	1.36x
2014	24,723,322	15,106,218	9,617,104	7,120,698	1.35x
2015	25,414,097	15,532,557	9,881,540	7,127,465	1.39x
2016	26,125,595	15,122,492	11,003,103	7,126,110	1.54x
2017	26,125,595	15,122,492	11,003,103	5,048,758	2.18x
2018	26,125,595	15,122,492	11,003,103	5,048,918	2.18x
2019	26,125,595	15,122,492	11,003,103	5,047,955	2.18x
2020	26,125,595	15,122,492	11,003,103	5,045,918	2.18x
2021	26,125,595	15,122,492	11,003,103	5,052,200	2.18x
2022	26,125,595	15,122,492	11,003,103	5,051,956	2.18x
2023	26,125,595	15,122,492	11,003,103	5,049,281	2.18x
2024	26,125,595	15,122,492	11,003,103	5,050,600	2.18x
2025	26,125,595	15,122,492	11,003,103	5,053,881	2.18x
2026	26,125,595	15,122,492	11,003,103	3,955,500	2.78x
2027	26,125,595	15,122,492	11,003,103	3,949,825	2.79x
2028	26,125,595	15,122,492	11,003,103	3,953,300	2.78x
2029	26,125,595	15,122,492	11,003,103	2,220,250	4.96x
2030	26,125,595	15,122,492	11,003,103	2,218,525	4.96x
2031	26,125,595	15,122,492	11,003,103	2,218,425	4.96x
2032	26,125,595	15,122,492	11,003,103	2,219,725	4.96x
2033	26,125,595	15,122,492	11,003,103	2,222,200	4.95x
2034	26,125,595	15,122,492	11,003,103	2,220,625	4.95x
				$ 106,246,495	

[1] Projections provided by the of Florida International University for Fiscal Years ending 2012 through 2016. Projections for Fiscal Year 2016 and thereafter are held constant for future coverage purposes; however, no representation is made that the amount shown will be collected in any subsequent fiscal year.

[2] Includes debt service on the outstanding bonds without considering any potential savings from the proposed refunding.

[3] Coverage of Pledged Revenues is determined by dividing Pledged Revenues by Outstanding Debt Service.

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO: Ash Williams
FROM: Robert Copeland RTC
SUBJECT: Fiscal Sufficiency
DATE: September 7, 2011

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $18,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, UNIVERSITY OF FLORIDA DORMITORY 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 $18,000,000 State of Florida, Board of Governors, University of Florida Dormitory Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 1998 Bonds.

The Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on January 10, 1989, as amended and restated in its entirety on June 13, 2000, and an authorizing and sale resolution which is anticipated to be adopted on September 20, 2011 (collectively referred to herein as the “Resolution”). The Division has heretofore issued University of Florida Housing Revenue Bonds, Series 1984, 1998 and 2005A. The Bonds shall be junior and subordinate to the outstanding University of Florida Housing Revenue Bonds, Series 1984 as to lien on and source and security for payment from the Pledged Revenues as described in the Resolution. 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 University of Florida Housing Revenue Bonds, Series 2005A.

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 $18,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, UNIVERSITY OF FLORIDA DORMITORY 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 $18,000,000 State of Florida, Board of Governors, University of Florida Dormitory Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 1998 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 January 10, 1989, as amended and restated in its entirety on June 13, 2000, and an authorizing and sale resolution which is anticipated to be adopted on September 20, 2011 (collectively referred to herein as the “Resolution”); and,

WHEREAS, the Division has heretofore issued University of Florida Housing Revenue Bonds, Series 1984, 1998 and 2005A; and,

WHEREAS, the Bonds shall be junior and subordinate to the outstanding University of Florida Housing Revenue Bonds, Series 1984 as to lien on and source and security for payment from the Pledged Revenues as described in the Resolution; 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 University of Florida Housing Revenue Bonds, Series 2005A; 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 University of 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 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 $18,000,000 State of Florida, Board of Governors, University of Florida Dormitory Revenue Refunding Bonds, Series (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

ADOPTED September 20, 2011

STATE OF FLORIDA

DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

HERMITAGE CENTRE, SUITE 200
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

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J. BEN WATKINS III
DIRECTOR

RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL
AS SECRETARY

JEFF ATWATER
CHIEF FINANCIAL OFFICER
AS TREASURER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

September 1, 2011

Mr. Ashbel C. Williams
Executive Director & CIO
State Board of Administration
Post Office Box 13300
Tallahassee, Florida 32317-3300

RE: Not Exceeding $18,000,000 State of Florida, Board of Governors, University of Florida Dormitory Revenue Refunding Bonds, Series 2011A

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of September 20, 2011.

The proposed bonds will be secured by the revenues of the housing system after deducting operating expenses. Housing system revenues are derived primarily from rental income. The proposed bonds will be junior and subordinate to the previously issued University of Florida Housing Revenue Bonds, Series 1984, and on a parity with the outstanding University of Florida Housing Revenue Bonds, Series 2005A.

The proposed bonds will be issued to refund the outstanding Series 1998 Bonds and will only be issued if there is a savings.

Enclosed for your review are the following:

Enclosure 1: an estimated coverage table for the program, without considering the potential savings from the proposed $18,000,000 refunding bonds; and

Enclosure 2: an estimated debt service and savings schedule from a recent sizing of the proposed bonds.

The bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on January 10, 1989, as amended and restated on April 25, 1989, as further amended on June 13, 1989, October 20, 1992, and May 11, 1993, and as restated on June 13, 2000, and an authorizing and sale resolution which is anticipated to be adopted on September 20, 2011. The Original Resolution has been previously provided and a draft of the resolution expected to be adopted on September 20, 2011 will be provided when available.

A draft of the fiscal sufficiency resolution should be sent to Kimberly Barrett and Toni Egan of this office for review. Should you have any questions, please contact either myself, Kimberly Barrett or Toni Egan at 488-4782. Your consideration of this matter is appreciated.

Sincerely,

J. Timothy Tunney for

J. Ben Watkins ~~III~~
Director

JBW:kb

Enclosures

cc: Anthoney Doheny
Robert Copeland

Enclosure 1

STATE OF FLORIDA BOARD OF GOVERNORS
UNIVERSITY OF FLORIDA
DORMITORY REVENUE BONDS, SERIES 2011A
FISCAL SUFFICIENCY REQUEST FOR NOT TO EXCEED $18,000,000
ESTIMATED DEBT SERVICE COVERAGE

Year Ending June 30	Gross Revenues	Operating Expenses	Net Revenue	Prior Lien Requirement Series 1984	Pledged Revenue	Outstanding Debt Service[2]	Debt Service Coverage[3]
Historical							
2007	38,897,598	26,280,764	12,616,834	189,150	12,427,684	4,116,515	3.02
2008	39,954,112	26,032,956	13,921,156	184,650	13,736,506	4,099,098	3.35
2009	41,064,724	27,023,135	14,041,589	185,150	13,856,439	4,104,098	3.38
2010	44,884,748	27,023,478	17,861,270	185,500	17,675,770	4,120,140	4.29
2011	44,674,109	32,777,591	11,896,518	185,700	11,710,818	4,856,640	2.41
Projected							
2012	45,955,312	34,650,000	11,305,312	185,750	11,119,562	4,855,755	2.29
2013	47,333,971	36,382,500	10,951,471	185,650	10,765,821	4,859,560	2.22
2014	48,753,989	38,201,625	10,552,364	185,400	10,366,964	4,861,973	2.13
2015	50,216,610	40,111,706	10,104,904		10,104,904	4,885,863	2.07
2016	50,216,610	40,111,706	10,104,904		10,104,904	4,876,881	2.07
2017	50,216,610	40,111,706	10,104,904		10,104,904	4,866,131	2.08
2018	50,216,610	40,111,706	10,104,904		10,104,904	4,888,131	2.07
2019	50,216,610	40,111,706	10,104,904		10,104,904	4,881,381	2.07
2020	50,216,610	40,111,706	10,104,904		10,104,904	3,864,531	2.61
2021	50,216,610	40,111,706	10,104,904		10,104,904	3,867,781	2.61
2022	50,216,610	40,111,706	10,104,904		10,104,904	3,874,531	2.61
2023	50,216,610	40,111,706	10,104,904		10,104,904	3,879,281	2.60
2024	50,216,610	40,111,706	10,104,904		10,104,904	2,926,781	3.45
2025	50,216,610	40,111,706	10,104,904		10,104,904	2,934,531	3.44
2026	50,216,610	40,111,706	10,104,904		10,104,904	2,929,206	3.45
2027	50,216,610	40,111,706	10,104,904		10,104,904	2,931,206	3.45
2028	50,216,610	40,111,706	10,104,904		10,104,904	2,932,206	3.45
2029	50,216,610	40,111,706	10,104,904		10,104,904	2,049,750	4.93
2030	50,216,610	40,111,706	10,104,904		10,104,904	2,044,681	4.94
				556,800		73,210,163	

[1] Projections provided by the University of Florida for Fiscal Years ending 2012 through 2015, assume 3% annual revenue growth and 5% annual increases in expenses. Projections for Fiscal Year 2016 and thereafter are held constant; however, no representation is made that the amounts shown will be collected.

[2] Includes debt service on the oustanding Series 1998 and 2005A Bonds.

[3] Coverage of Pledged Revenues is determined by dividing Pledged Revenues by Outstanding Debt Service.

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

TO:	Ash Williams
FROM:	Robert Copeland RJC
SUBJECT:	Fiscal Sufficiency
DATE:	September 7, 2011

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $15,065,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION CAPITAL OUTLAY BONDS, 2011 SERIES A:

The State Board of Education of Florida has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding $15,065,000 State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Bonds, 2011 Series A (the "Bonds") for the purpose of financing the cost of capital outlay projects for school purposes for various School and Community College Districts.

The State Board of Education is authorized to issue bonds pledging the full faith and credit of the State payable primarily from funds provided in Subsection (d) of Section 9 of Article XII of the Constitution of Florida, as amended (the "School Capital Outlay Amendment"), for the purpose of providing funds to finance or refinance capital outlay projects for school purposes in the manner provided therein, upon the application of the School Boards of the School Districts of the State, and the Boards of Trustees of the Community College Districts of the State.

The Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on February 4, 1992, the Twenty-sixth Supplemental Authorizing Resolution anticipated to be adopted by the State Board of Education on September 20, 2011 and resolutions authorizing the issuance and sale of the Bonds anticipated to adopted by the Governor and Cabinet on September 20, 2011.

The State Board of Education of Florida has heretofore issued Capital Outlay and Capital Outlay Refunding Bonds, 2002 Series A through 2010 Series A (the "Previous Bonds"). The State Board of Education has submitted for approval as to fiscal sufficiency a proposal to issue not exceeding $65,000,000 Capital Outlay Refunding Bonds, 2011 (series to be determined) (the "Refunding Bonds") for approval at the September 20, 2011, meeting of the State Board of Administration. The Bonds proposed to be issued shall rank equally and be on a parity in all respects with the Previous Bonds, and if and when approved and issued, the Refunding Bonds as to lien on and source and security for payment from the State Motor Vehicle License Taxes distributable for the account of certain School Districts and Community College Districts in Florida, under the provisions of said School Capital Outlay Amendment.

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 $15,065,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION CAPITAL OUTLAY BONDS, 2011 SERIES A

WHEREAS, the State Board of Education of Florida has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding $15,065,000 State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Bonds, 2011 Series A (the "Bonds") for the purpose of financing the cost of capital outlay projects for school purposes for various School and Community College Districts; and,

WHEREAS, the State Board of Education is authorized to issue bonds pledging the full faith and credit of the State payable primarily from funds provided in Subsection (d) of Section 9 of Article XII of the Constitution of Florida, as amended (the "School Capital Outlay Amendment"), for the purpose of providing funds to finance or refinance capital outlay projects for school purposes in the manner provided therein, upon the application of the School Boards of the School Districts of the State, and the Boards of Trustees of the Community College Districts of the State; and,

WHEREAS, the Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on February 4, 1992, the Twenty-sixth Supplemental Authorizing Resolution anticipated to be adopted by the State Board of Education on September 20, 2011 and resolutions authorizing the issuance and sale of the Bonds anticipated to adopted by the Governor and Cabinet on September 20, 2011; and,

WHEREAS, the State Board of Education of Florida has heretofore issued Capital Outlay and Capital Outlay Refunding Bonds, 2002 Series A through 2010 Series A (the "Previous Bonds"); and,

WHEREAS, the State Board of Education has submitted for approval as to fiscal sufficiency a proposal to issue not exceeding $65,000,000 Capital Outlay Refunding Bonds, 2011 (series to be determined) (the "Refunding Bonds") for approval at the September 20, 2011, meeting of the State Board of Administration; and,

WHEREAS, the proposed Bonds shall rank equally and be on a parity in all respects with the Previous Bonds, and if and when approved and issued, the Refunding Bonds as to lien on and source and security for payment from the State Motor Vehicle License Taxes distributable for the account of certain School Districts and Community College Districts in Florida, under the provisions of said School Capital Outlay Amendment; and,

WHEREAS, an examination of this plan of financing indicated that the same 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, the State Board of Education 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 Refunding 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 State Board of Education of Florida to issue an amount not exceeding $15,065,000 State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Bonds, 2011 Series A is hereby approved as to fiscal sufficiency.

ADOPTED September 20, 2011

STATE OF FLORIDA

DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

HERMITAGE CENTRE, SUITE 200
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

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RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL

JEFF ATWATER
CHIEF FINANCIAL OFFICER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

September 2, 2011

Mr. Ashbel C. Williams
Executive Director
State Board of Administration
P. O. Box 13300
Tallahassee, Florida 32317-3300

RE: Not Exceeding $15,065,000 State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Bonds, 2011 Series A

Dear Mr. Williams:

In compliance with Chapter 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of September 20, 2011.

These bonds will be payable primarily from a first lien on motor vehicle license taxes and are additionally secured by the full faith and credit of the State of Florida. The bonds will be issued on a parity with the previously issued State of Florida, State Board of Education Capital Outlay Bonds, 2002 Series A through 2010 Series A, and the $65,000,000 2011 Series (to be determined) Refunding Bonds which are scheduled for fiscal sufficiency approval on September 20, 2011. The proposed bond issue will be issued to finance capital outlay projects for various School and Community College Districts.

Enclosed for your review are the following:

Enclosure 1: An estimated coverage table based upon forecasts of motor vehicle license tax revenues provided by the Department of Highway Safety and Motor Vehicles. Coverage is based upon existing program debt service and the estimated debt service on the $15,065,000 2011 Series A Bonds, without considering the potential savings from the proposed $65,000,000 refunding bonds;

Enclosure 2: the forecasts of motor vehicle license tax revenues as provided by the Department of Highway Safety and Motor Vehicles. This information was used in the preparation of the coverage table provided as Enclosure 1;

Enclosure 3: an estimated debt service schedule for the proposed bonds;

Enclosure 4: an estimated Constitutional Coverage Test for each of the various school districts and community colleges participating in the bond issue as supplied by the State Board of Education;

The bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on February 4, 1992, and the Twenty-sixth Supplemental Authorizing Resolution and the sale resolution anticipated to be adopted by the State Board of Education on September 20, 2011. The February 4, 1992 resolution has been previously provided and a draft of the Twenty-sixth Supplemental Authorizing Resolution and the sale resolution expected to be adopted by the State Board of Education on September 20, 2011 will be provided when available.

A draft of the fiscal sufficiency resolution should be sent to Donna Biggins and Charlie Yadon of this office for review. Should you have any questions, please contact either myself, Donna Biggins or Charlie Yadon at 488-4782. Your consideration of this matter is appreciated.

Very truly yours,

J. Ben Watkins III
Director

Enclosures

JBW/cy

cc: Anthony Doheny
Robert Copeland

STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION
CAPITAL OUTLAY REFUNDING BONDS, 2011 SERIES A
FISCAL SUFFICIENCY REQUEST FOR $15,065,000
ESTIMATED SCHEDULE OF COVERAGE ON OUTSTANDING BONDS

Fiscal Year	Total Motor Vehicle License Tax Revenue (1)	Parity Bonds Debt Service (2)	Estimated 2011 Series A Bonds			Total Debt Service	Estimated Debt Service Coverage (4)
			Principal	Interest (3)	Total		
Historical							
2007	$648,135,502	$94,724,154	-	-	-	$94,724,154	6.8423x
2008	634,891,649	91,378,391	-	-	-	91,378,391	6.9479x
2009	597,703,580	94,531,946	-	-	-	94,531,946	6.3228x
2010	740,657,637	94,925,264	-	-	-	94,925,264	7.8025x
2011	779,442,794	96,461,078	-	-	-	96,461,078	8.0804x
Projected							
2012	844,300,000	97,311,795	$230,000	$595,700	$825,700	98,137,495	8.6032x
2013	864,700,000	97,317,541	245,000	882,750	$1,127,750	98,445,291	8.7836x
2014	891,500,000	97,389,778	250,000	867,900	$1,117,900	98,507,678	9.0501x
2015	921,900,000	92,664,492	295,000	851,550	$1,146,550	93,811,042	9.8272x
2016	921,900,000	86,861,858	350,000	832,200	$1,182,200	88,044,058	10.4709x
2017	921,900,000	65,145,620	380,000	810,300	$1,190,300	66,335,920	13.8974x
2018	921,900,000	52,168,656	410,000	786,600	$1,196,600	53,365,256	17.2753x
2019	921,900,000	27,622,944	445,000	760,950	$1,205,950	28,828,894	31.9783x
2020	921,900,000	23,218,330	495,000	732,750	$1,227,750	24,446,080	37.7116x
2021	921,900,000	18,766,037	510,000	702,600	$1,212,600	19,978,637	46.1443x
2022	921,900,000	18,151,944	650,000	667,800	$1,317,800	19,469,744	47.3504x
2023	921,900,000	16,232,455	875,000	622,050	$1,497,050	17,729,505	51.9981x
2024	921,900,000	12,289,233	940,000	567,600	$1,507,600	13,796,833	66.8197x
2025	921,900,000	10,519,961	1,130,000	505,500	$1,635,500	12,155,461	75.8425x
2026	921,900,000	9,042,758	1,190,000	435,900	$1,625,900	10,668,658	86.4120x
2027	921,900,000	7,652,050	1,210,000	363,900	$1,573,900	9,225,950	99.9247x
2028	921,900,000	7,847,775	1,255,000	289,950	$1,544,950	9,392,725	98.1504x
2029	921,900,000	3,669,750	1,325,000	212,550	$1,537,550	5,207,300	177.0399x
2030	921,900,000	2,238,900	1,390,000	131,100	$1,521,100	3,760,000	245.1862x
2031	921,900,000	-	1,490,000	44,700	$1,534,700	1,534,700	600.7037x
		$1,218,132,708	$15,065,000	$11,664,350	$26,729,350	$1,244,862,058	

(1) Source: Department of Highway Safety and Motor Vehicles. The projections for Fiscal Year 2016 and thereafter have been held constant. No assurance can be given that material differences between such projections and actual results will not occur.

(2) Excludes debt service on the 2002 Series A Bonds that were refunded by the 2010A Bonds but not legally defeased.

(3) Estimated debt service on the 2011 Series A Bonds has been calculated at 6.0%.

(4) Under the Florida Constitution, revenue accruing to the Department of Education comes from the first collections of the Motor Vehicle License Tax Revenue. Capital Outlay Bond debt service for the fiscal year may not exceed 90% of the total Motor Vehicle License Tax Revenue for such fiscal year. Consequently, Debt Service Coverage is shown by dividing Total Motor Vehicle License Tax Revenue by Total Debt Service.

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: September 7, 2011

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $15,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, UNIVERSITY OF CENTRAL FLORIDA 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 $15,000,000 State of Florida, Board of Governors, University of Central Florida Parking Facility Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 1997, 1999 and 2001 Bonds.

The Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on November 22, 1994, as amended and supplemented on may 25, 2004 and November 17, 2009, and the Seventh Supplemental Resolution which is anticipated to be adopted on by the Governor and Cabinet on September 20, 2011 (collectively referred to herein as the “Resolution”). The Division has heretofore issued University of Central Florida Parking Facility Revenue Bonds, Series 1997 through 2010B (the “Previous Bonds”). 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 and in all other respects, with the Previous 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 $15,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, UNIVERSITY OF CENTRAL FLORIDA 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 $15,000,000 State of Florida, Board of Governors, University of Central Florida Parking Facility Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 1997, 1999 and 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 November 22, 1994, as amended and supplemented on may 25, 2004 and November 17, 2009, and the Seventh Supplemental Resolution which is anticipated to be adopted on by the Governor and Cabinet on September 20, 2011 (collectively referred to herein as the "Resolution"); and,

WHEREAS, the Division has heretofore issued University of Central Florida Parking Facility Revenue Bonds, Series 1997 through 2010B (the "Previous Bonds"); 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 Previous 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 University of Central 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 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 $15,000,000 State of Florida, Board of Governors, University of Central Florida Parking Facility Revenue Refunding Bonds, Series (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

ADOPTED September 20, 2011

STATE OF FLORIDA

DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

HERMITAGE CENTRE, SUITE 200
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

POST OFFICE BOX 13300
TALLAHASSEE, FLORIDA 32317-3300
(Address mail to P.O. Box; deliveries to street address)

TELEPHONE: (850) 488-4782
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J. BEN WATKINS III
DIRECTOR

RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL
AS SECRETARY

JEFF ATWATER
CHIEF FINANCIAL OFFICER
AS TREASURER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

September 7, 2011

Mr. Ashbel C. Williams
Executive Director & CIO
State Board of Administration
Post Office Box 13300
Tallahassee, Florida 32317-3300

RE: Not Exceeding $15,000,000 State of Florida, Board of Governors, University of Central Florida Parking Facility Revenue Refunding Bonds, Series (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of September 20, 2011.

The proposed bonds will be secured by the revenues of the parking system after deducting administrative expenses and the current expenses. Parking system revenues are derived primarily from mandatory student transportation access fees assessed to students on a per credit hour basis and the sale of parking decals. The proposed bonds will be payable on a parity with the previously issued University of Central Florida Parking Facility Revenue Bonds, Series 1997 through 2010B, remaining outstanding after the refunding.

The proposed bonds will be issued to refund all or a portion of the outstanding Series 1997, 1999 and 2001 Bonds and will only be issued if there is a savings.

Enclosed for your review are the following:

Enclosure 1: an estimated coverage table for the program, without considering the potential savings from the proposed $15,000,000 refunding bonds; and

Enclosure 2: an estimated debt service and savings schedule from a recent sizing of the proposed bonds.

The bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on November 22, 1994, as amended and supplemented on May 25, 2004 and November 17, 2009, and the Seventh Supplemental Resolution which is anticipated to be adopted on September 20, 2011. The Original Resolution and two amending and supplemental resolutions have been previously supplied to you. A draft copy of the Seventh Supplemental Resolution will be provided as soon as it is available.

A draft of the fiscal sufficiency resolution should be sent to Toni Egan and Kim James of this office for review. Should you have any questions, please contact either myself, Toni Egan or Kim James at 488-4782. Your consideration of this matter is appreciated.

Sincerely,

J. Ben Watkins III
Director

JBW:kj

Enclosures

cc: Anthoney Doheny
Robert Copeland

STATE OF FLORIDA, BOARD OF GOVERNORS
UNIVERSITY OF CENTRAL FLORIDA
PARKING FACILITY REVENUE BONDS [SERIES TO BE DETERMINED]
FISCAL SUFFICIENCY REQUEST FOR NOT EXCEEDING $15,000,000

ESTIMATED DEBT SERVICE COVERAGE

	Pledged Revenues[1]				
Fiscal Year Ended June 30	Gross Revenues	Less Current Expenses	Net Revenues	Outstanding Debt Service[2]	Coverage[3]
Historical					
2006	$9,544,633	$2,819,774	$6,724,859	$3,433,969	1.96x
2007	12,136,648	2,847,667	9,288,981	3,432,342	2.71x
2008	13,851,661	3,349,561	10,502,100	3,437,077	3.06x
2009	15,005,696	3,221,662	11,784,034	3,434,101	3.43x
2010	16,180,629	3,379,280	12,801,349	3,902,276	3.28x
2011	17,095,018	3,230,390	13,864,628	4,755,234	2.92x
Projected					
2012	18,680,690	3,674,027	15,006,663	4,747,829	3.16x
2013	19,322,796	3,783,978	15,538,818	4,750,084	3.27x
2014	19,982,827	3,951,927	16,030,900	4,751,381	3.37x
2015	20,698,030	4,128,273	16,569,757	4,761,101	3.48x
2016	21,372,816	4,313,437	17,059,379	4,753,573	3.59x
2017	21,372,816	4,313,437	17,059,379	4,208,452	4.05x
2018	21,372,816	4,313,437	17,059,379	4,194,083	4.07x
2019	21,372,816	4,313,437	17,059,379	3,538,246	4.82x
2020	21,372,816	4,313,437	17,059,379	3,527,561	4.84x
2021	21,372,816	4,313,437	17,059,379	2,870,665	5.94x
2022	21,372,816	4,313,437	17,059,379	2,852,835	5.98x
2023	21,372,816	4,313,437	17,059,379	2,229,833	7.65x
2024	21,372,816	4,313,437	17,059,379	2,215,830	7.70x
2025	21,372,816	4,313,437	17,059,379	1,196,948	14.25x
2026	21,372,816	4,313,437	17,059,379	1,180,815	14.45x
2027	21,372,816	4,313,437	17,059,379	1,160,825	14.70x
2028	21,372,816	4,313,437	17,059,379	1,142,325	14.93x
2029	21,372,816	4,313,437	17,059,379	1,120,410	15.23x
				$77,597,790	

(1) The historical revenue and expense information has been provided by the University of Central Florida and has not been audited. Fiscal Year 2011 revenue and expenditure information is preliminary and subject to change. The projected revenue and expenditure information through fiscal year 2015-16 has also been provided by the University of Central Florida. The projected revenue and expenditures for fiscal year 2015-16 are held constant for future years for coverage purposes. Projections of revenues assume a 5% decal fee increase per year plus annual increases in the transportation access fee of 9.9% in 2011-12 and 2.7% from 2013 through 2016. The enrollment growth assumptions used for the projections of the transportation access fee are the official University student credit hour projections. No representation is made that the projected amounts will be collected.

(2) Includes debt service on the 1997 through 2010B Bonds without considering the potential savings from the proposed refunding. Historical debt service is shown net of any capitalized and accrued interest.

(3) Coverage of Pledged Revenues is determined by dividing Pledged Revenues by Outstanding Debt Service.

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO:	Ash Williams
FROM:	Robert Copeland RTC
SUBJECT:	Fiscal Determination
DATE:	September 7, 2011

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $24,000,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES/BONDS, (SERIES TO BE DESIGNATED) (KINGS TERRACE):

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding $24,000,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes/Bonds, (series to be designated) (Kings Terrace Apartments) (the "Notes/Bonds") for the purpose of providing financing for the construction of a multifamily rental development located in Miami-Dade County, Florida (Kings Terrace Apartments).

The Notes/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 Notes/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 $24,000,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES/BONDS, (SERIES TO BE DESIGNATED) (KINGS TERRACE APARTMENTS)

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding $24,000,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes/Bonds, (series to be designated) (Kings Terrace Apartments) (the “Notes/Bonds") for the purpose of providing financing for the construction of a multifamily rental development located in Miami-Dade County, Florida (Kings Terrace 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 Notes/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 Notes/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 Notes/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 Notes and 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 Notes/Bonds, (series to be designated) in an amount not exceeding $24,000,000(Kings Terrace Apartments), 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 Notes/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 September 20, 2011

we make housing affordable™
Florida Housing
Finance Corporation

227 North Bronough Street, Suite 5000 • Tallahassee, Florida 32301
850.488.4197 • Fax: 850.488.9809 • www.floridahousing.org

July 29, 2011

VIA HAND DELIVERY

Mr. Ash Williams
Executive Director /Chief Investment Officer
State Board of Administration
P.O. Box 13300
Tallahassee, Florida 32317-3300

RE: FHFC Multifamily Mortgage Governmental Lender Notes,
Not to exceed $24,000,000 Tax-Exempt Notes,
FHFC Multifamily Mortgage Revenue Bonds,
Not to exceed $12,000,000 Tax-Exempt Bonds,
Kings Terrace

Dear Mr. Williams:

On behalf of the Florida Housing Finance Corporation, I am submitting a cash flow analysis for the approval of fiscal determination of the above-referenced bond issue prepared by the structuring agent, Stern Brothers & Company. Florida Housing endorses this analysis and believes it will show sufficient coverage.

This bond issue is recommended to be a private placement sale. We request that this item be placed on the agenda for approval at the State Board of Administration's August 16, 2011 Cabinet meeting, due to financing and closing schedules. The Final Authorizing Resolutions are enclosed.

Should you or your staff have any questions or concerns with respect to this transaction, please feel free to call me at (850) 488-4197. Thank you for your consideration.

Sincerely,

Wayne Conner
Director of Multifamily Bonds

WC/smr
Enclosures

6A. Source and Payment of Interest Expense During Construction

Month	1	2	3	4	5	6	7	8	9	10	11	12
	01-Oct-11	01-Nov-11	01-Dec-11	01-Jan-12	01-Feb-12	01-Mar-12	01-Apr-12	01-May-12	01-Jun-12	01-Jul-12	01-Aug-12	01-Sep-12
Beginning Note Balance	$0	$0	$0	$0	$2,839,757	$5,828,975	$9,117,114	$12,405,254	$14,796,628	$17,188,002	$19,579,376	$21,970,750
Advances	$0	$0	$0	$2,839,757	$2,989,218	$3,288,139	$3,288,140	$2,391,374	$2,391,374	$2,391,374	$2,391,374	$2,029,250
Repayment from LIHTC/HOME	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Ending Note Balance	$0	$0	$0	$2,839,757	$5,828,975	$9,117,114	$12,405,254	$14,796,628	$17,188,002	$19,579,376	$21,970,750	$24,000,000
Capitalized Interest	$0	$0	$0	$0	$10,862	$22,296	$34,873	$47,450	$56,597	$65,744	$74,891	$84,038
Capitalized Interest Fund												
Beginning Fund Balance	$1,590,151	$1,590,151	$1,590,151	$1,590,151	$1,590,151	$1,579,289	$1,556,993	$1,522,120	$1,474,670	$1,418,073	$1,352,329	$1,277,438
Interest Expense	$0	$0	$0	$0	$10,862	$22,296	$34,873	$47,450	$56,597	$65,744	$74,891	$84,038
Ending Fund Balance	$1,590,151	$1,590,151	$1,590,151	$1,590,151	$1,579,289	$1,556,993	$1,522,120	$1,474,670	$1,418,073	$1,352,329	$1,277,438	$1,193,400

1. Note Repayment in Month 20 is made from available LIHTC and HOME funds.

6A. Source and Payment of Interest Expense During Construction

Month	13	14	15	16	17	18	19	20	21	22	23
	01-Oct-12	01-Nov-12	01-Dec-12	01-Jan-13	01-Feb-13	01-Mar-13	01-Apr-13	01-May-13	01-Jun-13	01-Jul-13	01-Aug-13
Beginning Note Balance	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$12,000,000	$12,000,000	$12,000,000
Advances	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Repayment from LIHTC/HOME	$0	$0	$0	$0	$0	$0	$0	$12,000,000	$0	$0	$0
Ending Note Balance	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$24,000,000	$12,000,000	$12,000,000	$12,000,000	$12,000,000
Capitalized Interest	$91,800	$91,800	$91,800	$91,800	$91,800	$91,800	$91,800	$91,800	$45,900	$45,900	$45,900
Capitalized Interest Fund											
Beginning Fund Balance	$1,193,400	$1,101,600	$1,009,800	$918,000	$826,200	$734,400	$642,600	$550,800	$459,000	$413,100	$367,200
Interest Expense	$91,800	$91,800	$91,800	$91,800	$91,800	$91,800	$91,800	$91,800	$45,900	$45,900	$45,900
Ending Fund Balance	$1,101,600	$1,009,800	$918,000	$826,200	$734,400	$642,600	$550,800	$459,000	$413,100	$367,200	$321,300

1. Note Repayment in Month 20 is made from available LIHTC and HOME funds.

5A. Source and Payment of Interest Expense During Construction

Month	24	25	26	27	28	29	30	
	01-Sep-13	01-Oct-13	01-Nov-13	01-Dec-13	01-Jan-14	01-Feb-14	01-Mar-14	
Beginning Note Balance	$12,000,000	$12,000,000	$12,000,000	$12,000,000	$12,000,000	$12,000,000	$12,000,000	
Advances	$0	$0	$0	$0	$0	$0	$0	
Repayment from LIHTC/HOME	$0	$0	$0	$0	$0	$0	$0	
Ending Note Balance	$12,000,000	$12,000,000	$12,000,000	$12,000,000	$12,000,000	$12,000,000	$12,000,000	
Capitalized Interest	$45,900	$45,900	$45,900	$45,900	$45,900	$45,900	$45,900	$1,590,151
Capitalized Interest Fund								
Beginning Fund Balance	$321,300	$275,400	$229,500	$183,600	$137,700	$91,800	$45,900	
Interest Expense	$45,900	$45,900	$45,900	$45,900	$45,900	$45,900	$45,900	$1,590,151
Ending Fund Balance	$275,400	$229,500	$183,600	$137,700	$91,800	$45,900	$0	

1. Note Repayment in Month 20 is made from available LIHTC and HOME funds.

$24,000,000 Tax-Exempt Notes during construction / $12,000,000 Tax-Exempt Bonds permanent financing
Florida Housing Finance Corporation
Multifamily Mortgage Revenue Notes/Bonds
Projected Operations
(Kings Terrace Apartments)

Assumptions			
Revenue Growth	2.0%	Management Fee	5.0%
Expense Growth	3.0%	Total Units	300
Vacancy Rate	5.0%	Reserve/Unit/Year	250
		Collection Loss	0.0%

Key Terms:
Interest Only Term - 30 months
Bond Term - 30 Years (Maximum)
Amortization Term - 35 Years

Assumed All-In Mortgage Rate	8.690%

Period Ending December 1

	Underwriting Pro Forma	Pro Forma Per Unit	% of Total Revenues	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Income																		
Gross Potential Rental Revenue	$2,859,900	$9,533	101.927%	$2,859,900	$2,917,098	$2,975,440	$3,034,949	$3,095,648	$3,157,561	$3,220,712	$3,285,126	$3,350,829	$3,417,846	$3,486,203	$3,555,927	$3,627,046	$3,699,587	$3,773,579
Washer & Dryer Income	$57,600	$192	2.053%	$57,600	$58,752	$59,927	$61,126	$62,349	$63,596	$64,868	$66,165	$67,488	$68,838	$70,215	$71,619	$73,051	$74,512	$76,002
Miscellaneous Income	$36,000	$120	1.283%	$36,000	$36,720	$37,454	$38,203	$38,967	$39,746	$40,541	$41,352	$42,179	$43,023	$43,883	$44,761	$45,656	$46,569	$47,500
Gross Potential Income	$2,953,500	$9,845	105.263%	$2,953,500	$3,012,570	$3,072,821	$3,134,277	$3,196,963	$3,260,902	$3,326,120	$3,392,642	$3,460,495	$3,529,705	$3,600,299	$3,672,305	$3,745,751	$3,820,666	$3,897,079
Less																		
Vacancy and Collection Loss @ 5%	($147,675)	($492)	-5.263%	($147,675)	($150,629)	($153,641)	($156,714)	($159,848)	($163,045)	($166,306)	($169,632)	($173,025)	($176,485)	($180,015)	($183,615)	($187,288)	($191,033)	($194,854)
Total Effective Gross Revenue	$2,805,825	$9,353	100.000%	$2,805,825	$2,861,942	$2,919,180	$2,977,563	$3,037,115	$3,097,857	$3,159,814	$3,223,010	$3,287,470	$3,353,220	$3,420,284	$3,488,690	$3,558,463	$3,629,633	$3,702,225
Operating Expenses																		
Real Estate Taxes	$280,200	$934	9.986%	$280,200	$288,606	$297,264	$306,182	$315,367	$324,828	$334,573	$344,610	$354,948	$365,596	$376,564	$387,861	$399,497	$411,482	$423,826
Insurance	$180,000	$600	6.415%	$180,000	$185,400	$190,962	$196,691	$202,592	$208,670	$214,930	$221,378	$228,019	$234,860	$241,906	$249,163	$256,638	$264,337	$272,267
Management Fee (5%)	$140,291	$468	5.000%	$140,291	$143,097	$145,959	$148,878	$151,856	$154,893	$157,991	$161,150	$164,374	$167,661	$171,014	$174,434	$177,923	$181,482	$185,111
General and Administrative	$112,500	$375	4.010%	$112,500	$115,875	$119,351	$122,932	$126,620	$130,419	$134,332	$138,362	$142,513	$146,788	$151,192	$155,728	$160,400	$165,212	$170,168
Payroll Expenses	$285,000	$950	10.157%	$285,000	$293,550	$302,357	$311,428	$320,771	$330,394	$340,306	$350,515	$361,030	$371,861	$383,017	$394,508	$406,343	$418,533	$431,089
Utilities	$142,500	$475	5.079%	$142,500	$146,775	$151,178	$155,713	$160,384	$165,196	$170,152	$175,257	$180,515	$185,930	$191,508	$197,253	$203,171	$209,266	$215,544
Marketing and Advertising	$22,500	$75	0.802%	$22,500	$23,175	$23,870	$24,586	$25,324	$26,084	$26,867	$27,673	$28,503	$29,358	$30,239	$31,146	$32,080	$33,042	$34,033
Maintenance and Repairs	$120,000	$400	4.277%	$120,000	$123,600	$127,308	$131,127	$135,061	$139,113	$143,286	$147,585	$152,013	$156,573	$161,270	$166,108	$171,091	$176,224	$181,511
Grounds Maintenance and Landscaping	$135,000	$450	4.811%	$135,000	$139,050	$143,222	$147,519	$151,945	$156,503	$161,198	$166,034	$171,015	$176,145	$181,429	$186,872	$192,478	$198,252	$204,200
Reserves for Replacement	$75,000	$250	2.673%	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$77,250	$79,568	$81,955	$84,413	$86,946	$89,554	$92,241	$95,008	$97,858
Security	$52,500	$175	1.871%	$52,500	$54,075	$55,697	$57,368	$59,089	$60,862	$62,688	$64,568	$66,505	$68,501	$70,556	$72,672	$74,852	$77,098	$79,411
Total Expenses	$1,545,491	$5,152	55.082%	$1,545,491	$1,588,203	$1,632,168	$1,677,424	$1,724,009	$1,771,962	$1,823,572	$1,876,700	$1,931,389	$1,987,686	$2,045,640	$2,105,300	$2,166,714	$2,229,935	$2,295,018
Net Operating Income	$1,260,334	$4,201	44.918%	$1,260,334	$1,273,738	$1,287,012	$1,300,139	$1,313,106	$1,325,895	$1,336,242	$1,346,310	$1,356,081	$1,365,534	$1,374,644	$1,383,390	$1,391,749	$1,399,697	$1,407,207
Preliminary Debt Service																		
First Mortgage Bonds ($12,000,000 Tax-Exempt)				$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711
Second Mortgage - NSP ($17,000,000 Taxable)				$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Third Mortgage - HOME Loan ($5,000,000 Taxable)				$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000
Total Debt Service				$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711
Net Cash Flow				$114,623	$128,027	$141,301	$154,428	$167,395	$180,184	$190,531	$200,599	$210,370	$219,823	$228,933	$237,679	$246,038	$253,986	$261,496
Debt Service Coverage Ratios																		
Debt Service Coverage - First Only (Bonds)				1.150	1.162	1.175	1.187	1.198	1.210	1.220	1.229	1.238	1.246	1.255	1.263	1.270	1.277	1.284
Debt Service Coverage - First and Second (Bonds and NSP Loan)				1.150	1.162	1.175	1.187	1.198	1.210	1.220	1.229	1.238	1.246	1.255	1.263	1.270	1.277	1.284
Debt Service Coverage - All Mortgages				1.100	1.112	1.123	1.135	1.146	1.157	1.166	1.175	1.184	1.192	1.200	1.207	1.215	1.222	1.228
Debt Service Coverage - All Mortgages and Fees				1.100	1.112	1.123	1.135	1.146	1.157	1.166	1.175	1.184	1.192	1.200	1.207	1.215	1.222	1.228
Financial Ratios																		
Operating Expense Ratio				55.1%	55.5%	55.9%	56.3%	56.8%	57.2%	57.7%	58.2%	58.8%	59.3%	59.8%	60.3%	60.9%	61.4%	62.0%
Break-even Ratio				91.1%	90.8%	90.4%	90.1%	89.8%	89.5%	89.3%	89.1%	88.9%	88.8%	88.6%	88.5%	88.4%	88.4%	88.3%

Footnotes:

1 The assumed "all-in" mortgage rate of 8.69% includes the Issuer Administrative Fee of 0.33% and all other components described in the Terms Memorandum

2 The HOME Loan is interest only and will have a final maturity 0.5 years longer than the bond maturity, a requirement of the bond credit provider

$24,000,000 Tax-Exempt Notes during construction / $12,000,000 Tax-Exempt Bonds permanent financing
Florida Housing Finance Corporation
Multifamily Mortgage Revenue Notes/Bonds
Projected Operations
(Kings Terrace Apartments)

Key Terms:
Interest Only Term - 30 months
Bond Term - 30 Years (Maximum)
Amortization Term - 35 Years

	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Income															
Gross Potential Rental Revenue	$3,849,051	$3,926,032	$4,004,553	$4,084,644	$4,166,337	$4,249,664	$4,334,657	$4,421,350	$4,509,777	$4,599,973	$4,691,972	$4,785,811	$4,881,527	$4,979,158	$5,078,741
Washer & Dryer Income	$77,522	$79,072	$80,653	$82,266	$83,911	$85,589	$87,301	$89,047	$90,828	$92,645	$94,498	$96,386	$98,316	$100,282	$102,288
Miscellaneous Income	$48,450	$49,419	$50,407	$51,415	$52,443	$53,492	$54,562	$55,653	$56,766	$57,901	$59,059	$60,240	$61,445	$62,674	$63,927
Gross Potential Income	$3,975,021	$4,054,521	$4,135,611	$4,218,323	$4,302,689	$4,388,743	$4,476,518	$4,566,048	$4,657,369	$4,750,516	$4,845,526	$4,942,437	$5,041,286	$5,142,112	$5,244,954
Less															
Vacancy and Collection Loss @ 5%	($198,751)	($202,726)	($206,781)	($210,916)	($215,134)	($219,437)	($223,826)	($228,302)	($232,868)	($237,526)	($242,276)	($247,122)	($252,064)	($257,106)	($262,248)
Total Effective Gross Revenue	$3,776,270	$3,851,795	$3,928,830	$4,007,407	$4,087,555	$4,169,306	$4,252,692	$4,337,746	$4,424,501	$4,512,990	$4,603,250	$4,695,315	$4,789,222	$4,885,006	$4,982,706
Operating Expenses															
Real Estate Taxes	$436,541	$449,637	$463,126	$477,020	$491,331	$506,071	$521,253	$536,891	$552,998	$569,586	$586,676	$604,276	$622,404	$641,076	$660,308
Insurance	$280,435	$288,848	$297,513	$306,438	$315,631	$325,100	$334,853	$344,899	$355,246	$365,903	$376,880	$388,186	$399,832	$411,827	$424,182
Management Fee (5%)	$188,813	$192,590	$196,442	$200,370	$204,378	$208,465	$212,635	$216,887	$221,225	$225,650	$230,162	$234,766	$239,461	$244,250	$249,135
General and Administrative	$175,273	$180,531	$185,947	$191,525	$197,271	$203,189	$209,285	$215,564	$222,031	$228,692	$235,553	$242,620	$249,899	$257,396	$265,118
Payroll Expenses	$444,022	$457,343	$471,063	$485,195	$499,751	$514,744	$530,186	$546,092	$562,475	$579,349	$596,729	$614,631	$633,070	$652,062	$671,624
Utilities	$222,010	$228,670	$235,530	$242,596	$249,874	$257,370	$265,091	$273,044	$281,235	$289,672	$298,362	$307,313	$316,532	$326,028	$335,809
Marketing and Advertising	$35,054	$36,106	$37,189	$38,305	$39,454	$40,638	$41,857	$43,113	$44,406	$45,738	$47,110	$48,523	$49,979	$51,478	$53,022
Maintenance and Repairs	$186,956	$192,565	$198,342	$204,292	$210,421	$216,734	$223,236	$229,933	$236,831	$243,936	$251,254	$258,792	$266,556	$274,553	$282,790
Grounds Maintenance and Landscaping	$210,326	$216,636	$223,135	$229,829	$236,724	$243,826	$251,141	$258,675	$266,435	$274,428	$282,661	$291,141	$299,875	$308,871	$318,137
Reserves for Replacement	$100,794	$103,818	$106,932	$110,140	$113,444	$116,848	$120,353	$123,964	$127,682	$131,513	$135,458	$139,522	$143,708	$148,019	$152,460
Security	$81,793	$84,247	$86,775	$89,378	$92,059	$94,821	$97,665	$100,595	$103,613	$106,722	$109,923	$113,221	$116,618	$120,116	$123,720
Total Expenses	$2,362,018	$2,430,990	$2,501,993	$2,575,088	$2,650,338	$2,727,806	$2,807,555	$2,889,657	$2,974,178	$3,061,190	$3,150,769	$3,242,991	$3,337,934	$3,435,677	$3,536,305
Net Operating Income	$1,414,252	$1,420,805	$1,426,837	$1,432,319	$1,437,217	$1,441,500	$1,445,137	$1,448,088	$1,450,323	$1,451,800	$1,452,481	$1,452,324	$1,451,288	$1,449,330	$1,446,402
Preliminary Debt Service															
First Mortgage Bonds ($12,000,000 Tax-Exem	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711	$1,095,711
Second Mortgage - NSP ($17,000,000 Taxab	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Third Mortgage - HOME Loan ($5,000,000 Ta	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000
Total Debt Service	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711	$1,145,711
Net Cash Flow	$268,541	$275,094	$281,126	$286,608	$291,506	$295,789	$299,426	$302,377	$304,612	$306,089	$306,770	$306,613	$305,577	$303,619	$300,691
Debt Service Coverage Ratios															
Debt Service Coverage - First Only (Bonds)	1.291	1.297	1.302	1.307	1.312	1.316	1.319	1.322	1.324	1.325	1.326	1.325	1.325	1.323	1.320
Debt Service Coverage - First and Second (Bor	1.291	1.297	1.302	1.307	1.312	1.316	1.319	1.322	1.324	1.325	1.326	1.325	1.325	1.323	1.320
Debt Service Coverage - All Mortgages	1.234	1.240	1.245	1.250	1.254	1.258	1.261	1.264	1.266	1.267	1.268	1.268	1.267	1.265	1.262
Debt Service Coverage - All Mortgages and Fe	1.234	1.240	1.245	1.250	1.254	1.258	1.261	1.264	1.266	1.267	1.268	1.268	1.267	1.265	1.262
Financial Ratios															
Operating Expense Ratio	62.5%	63.1%	63.7%	64.3%	64.8%	65.4%	66.0%	66.6%	67.2%	67.8%	68.4%	69.1%	69.7%	70.3%	71.0%
Break-even Ratio	88.2%	88.2%	88.2%	88.2%	88.2%	88.3%	88.3%	88.4%	88.5%	88.6%	88.7%	88.8%	88.9%	89.1%	89.3%

6B. Permanent Period Coverage Table

$24,000,000 Tax-Exempt Notes during construction / $12,000,000 Tax-Exempt Bonds permanent financing
Florida Housing Finance Corporation
Multifamily Mortgage Revenue Notes/Bonds
Combined Debt Coverage Table
(Kings Terrace Apartments)

	Revenue	Bond Payments		Bond Fees		HOME Loan	Debt Service			Debt Service Coverage		
	Net Operating Income	Principal	Interest	Issuer Fee 0.33%	Total Bond Debt Service	Subordinate Debt Payment	Total Bond and Subordinate DS w/ Fees	Total Bond and Subordinate DS w/o Fees	Surplus Revenues	Bond Debt Service DCR	Total Bond & Subord DCR	Bond Balance
YR 1	$1,260,334	$ 55,070.54	$ 1,001,122.87	$ 39,518.01	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,106,193.40	$ 114,622.34	1.15	1.10	$ 11,944,929.46
YR 2	$1,273,738	$ 60,051.45	$ 996,331.10	$ 39,328.86	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,106,382.55	$ 128,027.02	1.16	1.11	$ 11,884,878.01
YR 3	$1,287,012	$ 65,482.87	$ 991,105.94	$ 39,122.60	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,106,588.81	$ 141,300.29	1.17	1.12	$ 11,819,395.14
YR 4	$1,300,139	$ 71,405.54	$ 985,408.18	$ 38,897.69	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,106,813.72	$ 154,427.42	1.19	1.13	$ 11,747,989.61
YR 5	$1,313,106	$ 77,863.89	$ 979,195.08	$ 38,652.44	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,107,058.97	$ 167,394.48	1.20	1.15	$ 11,670,125.72
YR 6	$1,325,895	$ 84,906.37	$ 972,420.04	$ 38,385.00	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,107,326.41	$ 180,183.76	1.21	1.16	$ 11,585,219.34
YR 7	$1,336,242	$ 92,585.82	$ 965,032.21	$ 38,093.38	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,107,618.03	$ 190,530.14	1.22	1.17	$ 11,492,633.52
YR 8	$1,346,310	$ 100,959.85	$ 956,976.19	$ 37,775.38	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,107,936.03	$ 200,598.12	1.23	1.18	$ 11,391,673.68
YR 9	$1,356,081	$ 110,091.27	$ 948,191.53	$ 37,428.61	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,108,282.80	$ 210,369.37	1.24	1.18	$ 11,281,582.41
YR 10	$1,365,534	$ 120,048.59	$ 938,612.33	$ 37,050.49	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,108,660.92	$ 219,822.60	1.25	1.19	$ 11,161,533.82
YR 11	$1,374,644	$ 130,906.52	$ 928,166.73	$ 36,638.16	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,109,073.25	$ 228,932.27	1.25	1.20	$ 11,030,627.30
YR 12	$1,383,390	$ 142,746.50	$ 916,776.37	$ 36,188.54	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,109,522.87	$ 237,678.65	1.26	1.21	$ 10,887,880.80
YR 13	$1,391,749	$ 155,657.36	$ 904,355.80	$ 35,698.26	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,110,013.15	$ 246,037.88	1.27	1.21	$ 10,732,223.44
YR 14	$1,399,697	$ 169,735.96	$ 890,811.83	$ 35,163.62	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,110,547.79	$ 253,985.88	1.28	1.22	$ 10,562,487.49
YR 15	$1,407,207	$ 185,087.91	$ 876,042.86	$ 34,580.64	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,111,130.77	$ 261,495.44	1.28	1.23	$ 10,377,399.58
YR 16	$1,414,252	$ 201,828.38	$ 859,938.10	$ 33,944.93	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,111,766.48	$ 268,541.02	1.29	1.23	$ 10,175,571.20
YR 17	$1,420,805	$ 220,082.97	$ 842,376.73	$ 33,251.71	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,112,459.70	$ 275,093.16	1.30	1.24	$ 9,955,488.22
YR 18	$1,426,837	$ 239,988.61	$ 823,226.99	$ 32,495.80	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,113,215.61	$ 281,125.95	1.30	1.25	$ 9,715,499.61
YR 19	$1,432,319	$ 261,694.64	$ 802,345.25	$ 31,671.52	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,114,039.89	$ 286,607.33	1.31	1.25	$ 9,453,804.97
YR 20	$1,437,217	$ 285,363.90	$ 779,574.82	$ 30,772.69	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,114,938.72	$ 291,505.12	1.31	1.25	$ 9,168,441.07
YR 21	$1,441,500	$ 311,173.94	$ 754,744.91	$ 29,792.56	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,115,918.85	$ 295,788.75	1.32	1.26	$ 8,857,267.13
YR 22	$1,445,137	$ 339,318.41	$ 727,669.22	$ 28,723.78	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,116,987.63	$ 299,425.64	1.32	1.26	$ 8,517,948.72
YR 23	$1,448,088	$ 370,008.43	$ 698,144.64	$ 27,558.34	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,118,153.07	$ 302,376.91	1.32	1.26	$ 8,147,940.30
YR 24	$1,450,323	$ 403,474.24	$ 665,949.69	$ 26,287.49	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,119,423.92	$ 304,611.34	1.32	1.27	$ 7,744,466.06
YR 25	$1,451,800	$ 439,966.90	$ 630,842.82	$ 24,901.69	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,120,809.72	$ 306,088.64	1.32	1.27	$ 7,304,499.16
YR 26	$1,452,481	$ 479,760.18	$ 592,560.67	$ 23,390.55	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,122,320.86	$ 306,769.12	1.33	1.27	$ 6,824,738.98
YR 27	$1,452,324	$ 523,152.61	$ 550,816.06	$ 21,742.74	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,123,968.67	$ 306,612.85	1.33	1.27	$ 6,301,586.37
YR 28	$1,451,288	$ 570,469.71	$ 505,295.81	$ 19,945.89	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,125,765.52	$ 305,576.78	1.32	1.27	$ 5,731,116.66
YR 29	$1,449,330	$ 622,066.46	$ 455,658.43	$ 17,986.52	$ 1,095,711.41	$ 50,000.00	$ 1,145,711.41	$ 1,127,724.89	$ 303,618.48	1.32	1.27	$ 5,109,050.19
YR 30	$5,877,122	$ 5,109,050.20	$ 401,531.54	$ 15,849.93	$ 5,526,431.67	$ 50,000.00	$ 5,576,431.67	$ 5,560,581.74	$ 300,690.33	1.06	1.05	$ (0.00)

Footnotes:

(1) NOI based upon "Projected Operating Revenue" schedule. Year 30 includes revenues from either: draw on credit facility, refinance or sale of property pursuant to note #5 below.

(2) Bond principal payments based upon estimated Principal Reserve Fund payment schedule.

(3) The Interest Rate is based on the "all-in" Underwriting Interest Rate of 8.69% which includes those components described in the Terms Memorandum. Although the final pricing cannot be determined at this time, it will not be higher than the statutory limit requirement of 300 basis points over the 20 Bond GO Index.

(4) The HOME Loan is a 30.5 year, interest only note, set to have a maturity 0.5 longer than the bond maturity.

(5) The Bonds are Credit Enhanced by a Freddie Mac credit facility for a term of 30 years. Payments made by the Credit Facility Provider pursuant to the Credit facility are Pledged Revenues. Termination of the Credit facility without refinancing or extinguishment of the Bonds through a sale of the property will result in a mandatory redemption of the Bonds, which can be funded via a draw on the Credit Facility. As such, the ending Bond balance in year 30 is anticipated to be retired through either: a) draw on the Credit Facility; b) refinance; c) sale of the property.

Protecting Florida's Investments Act (PFIA)
Quarterly Report – September 20, 2011

2Q / 2011

SBA FLORIDA
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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 June 30, 2011, the net asset value of total funds under SBA management was approximately $157 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-subsidiary 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-subsidiary 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 network of institutional investors, financial service providers and related stakeholders and is a project of the Genocide Intervention Network / Save Darfur Coalition (GI-NET/SDC), a non-profit organization that works to prevent and stop genocide and mass atrocities. In support of GI-NET/SDC's overall mission, CRN acts as an intermediary between the business and investment communities, engaging companies operating in GINET/SDC's Areas of Concern, including Sudan. 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.

3. **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.

4. **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.

Staff members 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 400 companies and affiliates with reported links to Sudan or Iran:

<u>Company disclosures:</u>

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

- Industry publications and analyst research

<u>Investment/Finance Organizations:</u>
- Industry Analysts
- Index Providers (e.g., Russell)
- Other Institutional Investors/Private Investors

<u>U.S Government Agencies:</u>
- 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

<u>Non-Governmental Organizations (NGOs):</u>
- American Enterprise Institute (AEI)
- Amnesty International
- Yale University (Allard K. Lowenstein International Human Rights Project)
- Human Rights Watch

<u>Other Sources:</u>
- 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:

- **LS Industrial Systems** is involved with engineering design and construction of electric power systems in Sudan.
- **Ranhill Power Sdn Bhd** is a wholly owned subsidiary of Ranhill Bhd. – an existing scrutinized company with activities in Sudan.

  Note: **Harbin Electric Co. Ltd.** is the new name for **Harbin Power Equipment**, which is an existing scrutinized company with activities in Sudan.

Companies *removed* from the Sudan Scrutinized List this quarter:

- **Khanom Electricity Generating Co. Ltd.**
- **Ranhill Labuan Ltd.**

Companies *added* to the Sudan Continued Examination List this quarter:

- **Infotel Broadband Services Ltd.**
- **JX Holdings Inc.**
- **Nippo Corporation**
- **Nuinsco Resources Ltd.**
- **PT Pertamina Persero**
- **Reliance Industries Ltd.**

Companies *removed* from the Sudan Continued Examination List this quarter:

- **Kejuruteraan Samudra Timur Berhad**
- **LS Industrial Systems**

Recent developments with respect to Sudan—On July 9, 2011, the new Republic of South Sudan was officially created. In August 2011, the U.S. State Department issued its annual Country Reports on Terrorism, which continued to list Sudan as a state sponsor of terrorism. The continued designation of Sudan as a state sponsor of terrorism signals that US sanctions against Sudan are unlikely to be revoked during the next twelve months. Sanctions imposed on Sudan by the U.S. State Department have not changed to reflect South Sudan's statehood, and as a result there have been no immediate changes in the way PFIA business criteria are applied to companies operating in Sudan.

Iran

Companies *added* to the Iran Scrutinized List this quarter:

- **none**

Companies *removed* from the Iran Scrutinized List this quarter:

- **GS Engineering & Construction Corp.**
- **GS Holdings**
- **Inpex Corp.**
- **Repsol YPF**

Companies *added* to the Iran Continued Examination List this quarter:

- **GS Engineering & Construction Corp.**
- **GS Holdings**
- **Repsol YPF**

Companies *removed* from the Iran Continued Examination List this quarter:

- **none**

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
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
CNPC HK Overseas Capital Ltd	China	June 16, 2011
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 Electric Co. Ltd. (fka: 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
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
LS Industrial Systems	**South Korea**	**September 20, 2011**
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
PetroChina	China	September 19, 2007
Petroliam Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007

Company	***Country of Incorporation***	***Date of Initial Scrutinized Classification***
Petronas Chemicals Bhd	Malaysia	June 16, 2011
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
Ranhill Bhd	Malaysia	September 16, 2008
Ranhill Power Sdn Bhd	**Malaysia**	**September 20, 2011**
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.

Removed Company	***Country of Incorporation***
Khanom Electricity Generating Co. Ltd.	***Thailand***
Ranhill Labuan Ltd.	***Malaysia***

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
ASEC Company for Mining S.A.E.	Egypt
Bharat Heavy Electricals, Ltd.	India
Bollore Group	France
China Gezhouba Group Company Ltd	China
China North Industries Group Corp (CNGC/Norinco)	China
Dongfeng Automobile Co. Ltd.	China
Drake & Scull International PJSC	United Arab Emirates
El Sewedy Cables Holding Company	Egypt
GAZ Group	Russia
Glencore International AG	Switzerland
Infotel Broadband Services Ltd.	**India**
JX Holdings Inc.	**Japan**
Kencana Petroleum Berhad	Malaysia
KEPCO Plant Service & Engineering Co Ltd	South Korea
Korea Plant Service and Engineering Co. Ltd.	South Korea
Mercator Lines Limited (Mercator Lines Singapore)	India
Nam Fatt	Malaysia
Nippo Corporation	**Japan**
Nippon Oil Finance	Japan
Nuinsco Resources Ltd.	**Canada**
Oil India Limited	India
PetroFac	United Kingdom
PT Pertamina Persero	**Indonesia**
PTT Public Company Ltd.	Thailand
Reliance Industries Ltd.	**India**
Seadrill Ltd.	Bermuda
Sinohydro	China
Sudan Telecommunications (Sudatel)	Sudan
Total SA	France
Wartsila Oyj	Finland
# of Companies	**31**

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

Removed Company	***Country of Incorporation***
Kejuruteraan Samudra Timur Bhd	***Malaysia***
LS Industrial Systems Co. Ltd	***South Korea***

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
China Oilfield Services Ltd	China	June 16, 2011
Clontarf Energy Plc (fka: Persian Gold PLC)	United Kingdom	July 28, 2009
CNOOC Ltd	China	June 16, 2011
CNPC HK Overseas Capital Ltd	China	June 16, 2011
Daelim Industrial Co Ltd	South Korea	June 16, 2011
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
Indian Oil Corp Ltd (IOCL)	India	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
PetroChina	China	September 19, 2007
Petroliam Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007
Petronas Chemicals Bhd	Malaysia	June 16, 2011
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	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
Snam Rete Gas	Italy	September 19, 2007
Statoil ASA (fka: 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 Iran Scrutinized Companies	**35**	

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

Removed Company	*Country of Incorporation*
GS Engineering & Construction Corp.	***South Korea***
GS Holdings	***South Korea***
Inpex Corporation	***Japan***
Repsol YPF	***Spain***

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
Edison Spa	Italy
GAIL (India) Limited, aka GAIL Ltd.	India
GS Engineering & Construction Corp.	**South Korea**
GS Holdings	**South Korea**
Hyundai Engineering & Construction Co.	South Korea
Hyundai Heavy Industries	South Korea
INA-Industrija Nafte DD	Croatia
Liquefied Natural Gas LNGL	Australia
Lukoil OAO	Russia
Mangalore Refinery & Petrochemicals Ltd.	India
OMV AG	Austria
Petrofac Ltd.	United Kingdom
PTT Exploration & Production PCL	Thailand
Repsol YPF	**Spain**
Royal Dutch Shell PLC	United Kingdom
Saipem SpA	Italy
Sasol Ltd.	South Africa
Siam Cement PCL	Thailand
Technip	France
Welspun Corp. Limited (fka Welspun-Gujarat Stahl Rohren Ltd.)	India
# of Companies	**21**

No companies were **removed** from the Continued Examination Company List for IRAN during the quarter.

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
CNOOC Ltd	Yes; October 28, 2008	Iran 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 and May 13, 2011	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 Electric Co. (fka 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 and July 11, 2011	Removed Iran Scrutinized List
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

Company	Company Responsive to SBA Communications	Status
PetroChina	Yes; December 22, 2008	Iran & Sudan Scrutinized Classification Continues
Petroleo Brasileiro (Petrobras)	Yes; January 13, 2010	Removed from Iran Scrutinized List
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; January 27, 2011; April 13, 2011	Moved to Iran Continued Examination List
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
Statoil ASA (fka: StatoilHydro)	Yes; February 4, 2008; January 24, 2011; June 16, 2011	Iran Scrutinized Classification Continues
Total Capital	Yes; January 26, 2011 and April 25, 2011	Iran Scrutinized Classification Continues
Total SA	Yes; October 12, 2007; October 29, 2010; April 25, 2011	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 Construccion 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
Bollore Group	No	Sudan CE Classification Continues
Costain Group PLC	Yes; November 5, 2007	Removed from Iran List
Daelim Industrial Co Ltd	No	Moved to Iran Scrutinized List
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 LNGL	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
PT Citra Tubindo Tbk.	Yes; September 27, 2010	Removed from Iran CE List

Company	Company Responsive to SBA Communications	Continued Examination Status
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 and November 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
February 22, 2011
June 16, 2011
September 20, 2011

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
Statoil ASA (fka: StatoilHydro)	$46,792,677.58
China Petroleum and Chemical Corp (CPCC) Sinopec	$38,455,440.48
CNOOC Ltd	$28,913,690.41
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
Daelim Industrial Co Ltd	$1,566,926.73
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.	**$1,195,935,201**

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
Chennai Petroleum Corp Ltd	Sudan	India	September 19, 2007	Yes
China Petroleum & Chemical Corp (CPCC) Sinopec	Sudan & Iran	China	September 19, 2007	Yes
China Oilfield Services Ltd	Iran	China	June 16, 2011	Yes
China Petroleum Finance Co.	Sudan	China	November 9, 2010	Yes
Clontarf Energy Plc (fka: Persian Gold)	Iran	United Kingdom	July 28, 2009	Yes
CNOOC Ltd	Iran	China	June 16, 2011	By June 15, 2012
CNPC HK Overseas Capital Ltd	Sudan & Iran	China	June 16, 2011	Yes
Daelim Industrial Co Ltd	Iran	South Korea	June 16, 2011	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
Hafei Aviation Industry Co Ltd	Sudan	China	September 19, 2007	Yes
Harbin Electric Co. Ltd. (fka: Harbin Power Equipment)	**Sudan**	**China**	**September 19, 2007**	**Yes**
Indian Oil Corp Ltd (IOCL)	Sudan & Iran	India	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
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
LS Industrial Systems	**Sudan**	**South Korea**	**September 20, 2011**	**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

Company	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Oil & Natural Gas Corp (ONGC)	Sudan & Iran	India	September 19, 2007	Yes
PetroChina	Sudan & Iran	China	September 19, 2007	Yes
Petroliam Nasional (Petronas)	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Capital Limited	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Chemicals Bhd	Sudan & Iran	Malaysia	June 16, 2011	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 Power Sdn Bhd	**Sudan**	**Malaysia**	**September 20, 2010**	**Yes**
Ranhill Powertron Sdn	Sudan	Malaysia	April 14, 2009	Yes
Scomi Engineering BHD	Sudan	Malaysia	September 19, 2007	Yes
Scomi Group Bhd	Sudan	Malaysia	September 19, 2007	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
Statoil ASA (fka: 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 Prohibited Investments	**64**	**-**	**-**	

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

Removed Company	*Country of Incorporation*
GS Engineering & Construction Corp.	***South Korea***
GS Holdings	***South Korea***
Inpex Corp.	***Japan***
Khanom Electricity Generating Co. Ltd.	***Thailand***
Ranhill Labuan Ltd.	***Malaysia***
Respol YPF	***Spain***

Table 8: SBA Holdings in Prohibited Investments Subject to Divestment

[As of June 30, 2011]

The SBA currently has holdings in one company on the Prohibited Investments List in accounts subject to the PFIA divestiture requirements. CNOOC Ltd. was added to the Prohibited Investments List on June 16, 2011, and is subject to full divestment no later than June 15, 2012.

Issuer	Shares	Market Value
CNOOC Ltd.	36,607,480	$120,002,658.76

SBA holdings in the following companies have been divested since the previous PFIA Quarterly Report.

Date	Company	Action	Shares	Proceeds	Account Name
6/21/2011	Daelim Industrial Co.	Sold	8,127	974,181,389 SK WON	FRSFN1051502
6/23/2011	Daelim Industrial Co.	Sold	1,450	177,772,610 SK WON	FRSFN1051502
6/24/2011	Daelim Industrial Co.	Sold	1,087	133,605,738 SK WON	FRSFN1051502
6/27/2011	Daelim Industrial Co.	Sold	2,926	358,945,777 SK WON	FRSFN1051502
7/04/2011	Daelim Industrial Co.	Sold	338	43,751,131 SK WON	FRSFN1051502
6/22/2011	CNOOC Ltd.	Sold	10,004,000	179,889,402 HKD	FRSFN1016702
6/24/2011	CNOOC Ltd.	Sold	2,579,000	45,902,851 HKD	FRSFN1050502

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 within the PFIA information section of the SBA's website, available here. 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

www.sbafla.com

State Board of Administration of Florida

Major Mandates
Second Quarter 2011

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Executive Summary

Second Quarter 2011

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Executive Summary

- All major mandates have outperformed their respective benchmarks over all longer time periods through July 2011 with the exception of the CAT Operating Fund that trailed the benchmark by slightly more than 10 basis points over the five year period
- Global Equity and Fixed Income added the most value to the FRS Pension Plan over the one-year period
- Within a broad universe of defined benefit plans, the FRS Pension Plan remained well above the median over the one-, five-, and ten-year periods
- Given the volatility experienced over the past year, participants in the FRS Investment Plan have moved assets away from riskier asset classes such as equities and into safer investment strategies such as the money market fund, TIPS, and fixed income. This is not uncommon for investors to behave in this way during volatile and uncertain economic times
- Lawton Chiles outperformed its Performance Benchmark over all trailing time periods with the Foreign Equity asset class adding a significant amount of value over the trailing one-year period

Market Update

Second Quarter 2011

Market Highlights

Returns of the Major Capital Markets						
			Annualized Periods Ending 6/30/2011			
	Second Quarter	Year-To-Date	1-Year	3-Year	5-Year	10-Year
Domestic Stock Indices						
Russell 3000 Index	0.0%	6.4%	32.4%	4.0%	3.4%	3.4%
Dow Jones U.S. Total Stock Market Index	0.0%	6.4%	32.4%	4.2%	3.6%	3.8%
S&P 500 Index	0.1%	6.0%	30.7%	3.3%	2.9%	2.7%
Russell 2000 Index	-1.6%	6.2%	37.4%	7.8%	4.1%	6.3%
Domestic Bond Indices						
Barclays Capital Aggregate Bond Index	2.3%	2.7%	3.9%	6.5%	6.5%	5.7%
Barclays Capital Long Govt Index	3.3%	2.4%	-0.8%	6.0%	7.2%	6.9%
Barclays Capital Long Credit Index	3.3%	4.0%	6.5%	9.9%	7.8%	7.4%
Barclays Capital Long Govt/Credit Index	3.3%	3.3%	3.2%	8.2%	7.7%	7.2%
SSB Non-U.S. WGBI	3.7%	4.7%	13.9%	6.2%	7.8%	8.7%
Foreign/Global Stock Indices						
MSCI All Country World IMI Index	0.1%	4.7%	31.0%	1.7%	3.5%	5.5%
MSCI All Country World ex-U.S. IMI Index	0.3%	3.5%	30.3%	0.3%	4.0%	8.1%
MSCI EAFE Index	1.6%	5.0%	30.4%	-1.8%	1.5%	5.7%
MSCI Emerging Markets Index	-1.1%	0.9%	27.8%	4.2%	11.4%	16.2%

Results were mostly non-negative across the capital markets during the second quarter, with the exception of small cap and emerging market stocks. For the year-to-date period, returns were positive for all major capital markets shown above.

Equity markets were volatile during the quarter on news of another debt crisis in Greece, fluctuating oil prices, and continued political unrest in the Middle East. However, U.S. markets rebounded and finished the quarter flat.

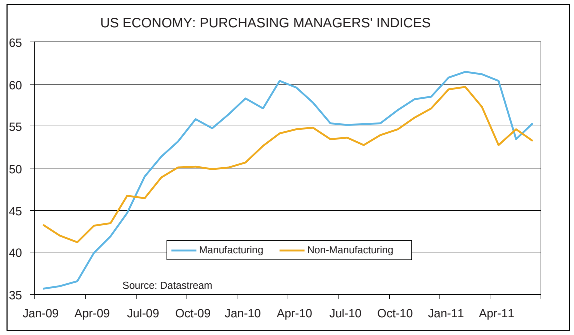
Non-U.S. developed equities outpaced U.S. equity markets in the second quarter as a weaker U.S. dollar versus most major currencies, helped boost the returns of the MSCI EAFE.

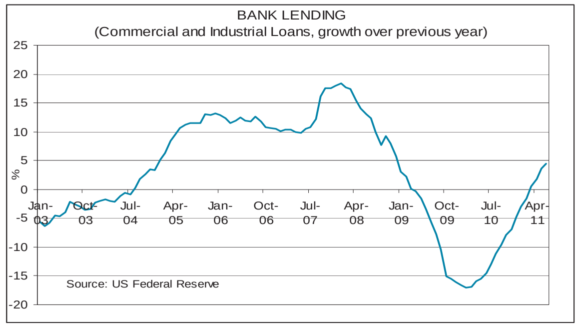
Emerging market stocks dipped during the quarter, led by weak European and Latin American returns. During the second quarter, non-U.S. developed equities outpaced emerging market stocks by 270 basis points.

Fixed income was the top performing asset class as yields moved lower and investors flocked to safety.

Economic Growth: What's Behind The Recent Loss Of Momentum?

- U.S. economic momentum weakened through the 2nd quarter, as indicated by falls in purchasing managers' indices for both manufacturing and non-manufacturing parts of the economy.
- Some of the slowdown can be attributed to temporary disruptions to global supply chains due to the events in Japan.
- Deleveraging (a reduction in debt burdens in the economy) is another factor.
- The U.S. household sector is paying down debt and banks have been reluctant to lend. Weak credit growth has contributed to the periodic loss of momentum; however, recent trends suggest that credit growth has turned positive.





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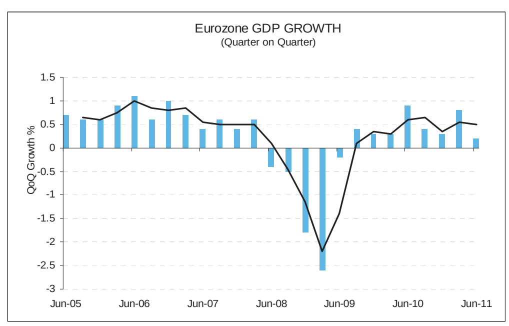
Economic Growth: Recession Coming?

- Following indications that the U.S. economy was growing more slowly than expected, the Philly Fed survey has increased fears of a recession.
- The justified concern is that U.S. policymakers are limited in what they can do, given interest rates are close to zero and fiscal policy is supposed to be tightened.
- QE3 is the most likely option. This would probably require the economy to worsen much further and there is skepticism over its likely effect.
- Recent Eurozone economic releases have been disappointing, not least in Germany where GDP grew at only 0.1% in Q2.
- Recession may well be avoided but structural forces will ensure growth is modest.



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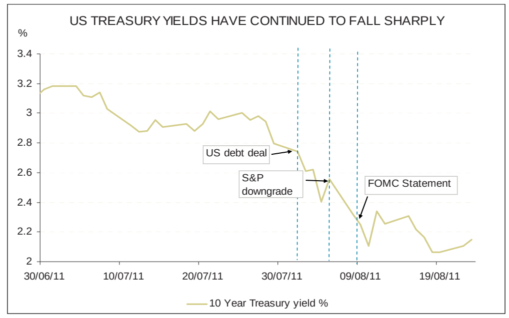
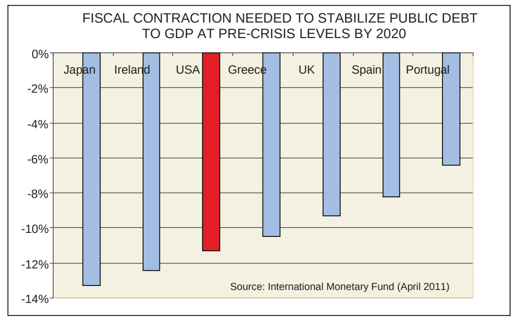
Debt Downgrade, Fiscal Policy and Treasury Yields

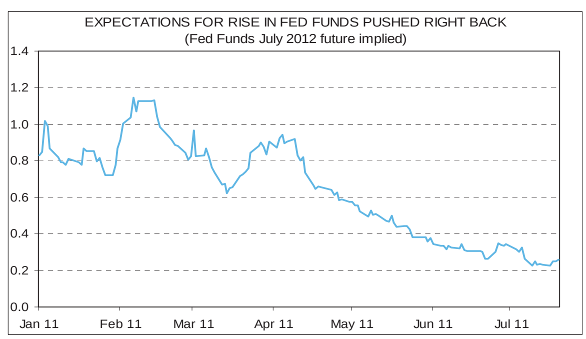
- Neither the debt ceiling discussions nor the S&P downgrade prevented Treasury yields from falling further.
- However, the issue of rising U.S. government debt has not gone away and budget plans are quite inadequate.
- The size of the consolidation needed to eventually stabilize the ratio of public debt to GDP at pre-crisis levels is a much bigger task.
- The supply of bonds will be very large for a long time.

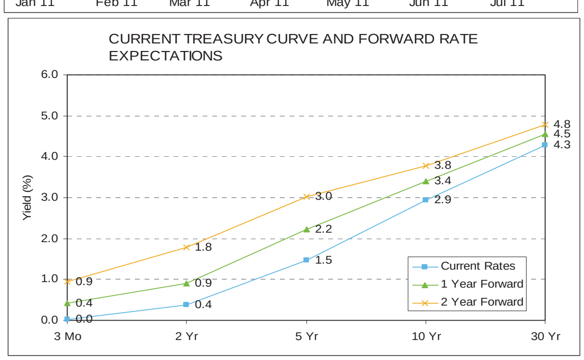




Current Interest Rate Expectations

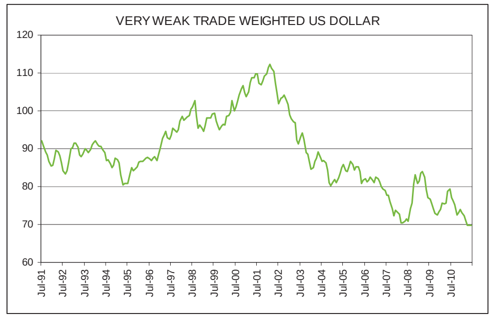
- Recent economic softness has pushed expectations of the first U.S. interest rate rise back substantially since April.
- Federal fund interest rate futures show that an interest rate rise is not expected over the next year. Three months ago, markets had expected at least two rate rises by next July.
- Forward rates show that most of the rate increases are expected in shorter maturities (<10 years).

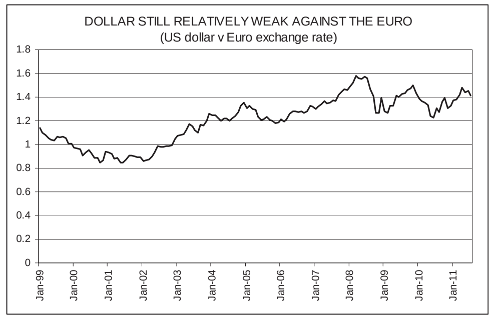




The Dollar Under Continued Pressure

- The dollar's weakness on a trade weighted basis continues largely unabated. Concern about U.S. long-term economic prospects, together with low interest rates and considerable quantitative easing are all factors.
- Despite the escalation of the Eurozone crisis, the dollar-euro exchange rate has not moved significantly in the dollar's favor. This suggests that the factors driving the secular weakness of the dollar may still be quite strong.
- We believe that the Euro's woes are not behind us, and given the still high risk of adverse economic scenarios in Europe, the Euro is more likely to weaken than to strengthen against the US dollar.
- Emerging market currencies have been very strong relative to the USD - this trend could well continue longer-term.





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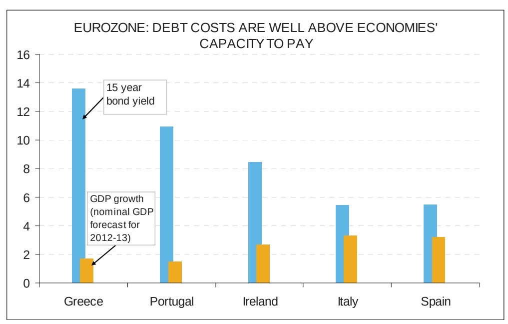
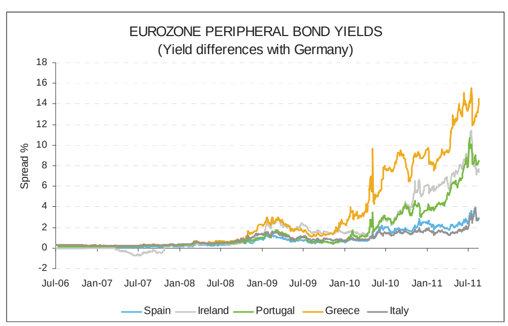
Eurozone Troubles

- Countries' ability to grow their economies out of high debt burdens is limited. Debt servicing costs at present are not sustainable relative to economies' ability to service these debts.
- The European Financial Stability Fund Facility (EFSF) is being given new powers, but not as yet extra funds. The ECB's purchase of troubled government bonds does not provide a permanent solution.
- Moving toward a "transfer" union is not acceptable in Germany which does not want to pay the bills, certainly not without much stricter fiscal rules.
- Eroding confidence in Eurozone institutions' ability to manage the crisis will remain a big overhang for markets.





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Major Mandate Investment Results
Periods Ending 7/31/2011

	Year-to-Date	Trailing One-Year	Trailing Three-Year	Trailing Five-Year	Trailing Ten-Year
FRS Pension Plan	5.05%	16.10%	4.34%	4.79%	5.53%
*Performance Benchmark**	3.88%	14.91%	3.79%	4.42%	5.24%
FRS Investment Plan	3.89%	12.65%	3.81%	4.09%	--
*Total Plan Aggregate Benchmark***	3.59%	12.02%	3.09%	3.45%	--
CAT Operating Fund	0.22%	0.52%	0.60%	2.05%	2.34%
*Performance Benchmark****	0.06%	0.10%	0.59%	2.18%	2.09%
CAT 2007A Fund	0.21%	0.39%	1.03%	--	--
*Performance Benchmark****	0.06%	0.10%	0.59%	--	--
Lawton Chiles Endowment	5.10%	17.82%	3.82%	3.80%	5.17%
*Performance Benchmark*****	4.32%	16.55%	2.96%	3.35%	4.75%
Florida PRIME	0.14%	0.27%	0.59%	2.24%	2.33%
S&P AAA & AA GIP All 30-Day Net Yield Index	0.06%	0.13%	0.50%	2.08%	2.10%

*A combination of the Global Equity Target, the Barclays Capital Aggregate Bond Index, the Private Equity Target, the Real Estate Investments Target, the Strategic Investments Target, and the iMoneyNet First Tier Institutional Money Market Funds Net Index.
**Aggregate benchmark returns are an average of the individual portfolio benchmark returns at their actual weights.
***A 50/50 blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Fund Net Index.
****A combination of the Domestic Equity Target, the Foreign Equity Target, the Barclays Capital Aggregate Bond Index, the Barclays Capital U.S. TIPS Index and the S&P U.S. AAA&AA Rated GIP 30 Day Index.

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State Board of Administration of Florida
Florida Retirement System

Pension Plan Review
Second Quarter 2011

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Executive Summary

- The Fund assets total $128.5 billion as of June 30, 2011, which represents a $0.7 billion increase since last quarter.
- Performance of the Pension Plan when measured against the Performance Benchmark and Long-Term Target has been strong over short- and long-term time periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
  - Public market asset class investments do not significantly deviate from their broad market based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
  - Private market asset classes are well-diversified by either vintage year, geography, property type, sectors, investment vehicle/asset type, and investment strategy.
  - Asset allocation is monitored on a daily basis to ensure the actual asset allocation of the plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Hewitt EnnisKnupp and SBA Staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

FRS Change in Market Value
Periods Ending 6/30/2011

Summary of Cash Flows		
	Second Quarter	Fiscal YTD*
Beginning Market Value	$127,766,970,234	$109,344,317,786
+/- Net Contributions/(Withdrawals)	($1,277,904,741)	($4,643,980,658)
Investment Earnings	$2,043,797,725	$23,832,526,090
= Ending Market Value	$128,532,863,218	$128,532,863,218
Net Change	$765,892,984	$19,188,545,432

*Period July 2010 - June 2011

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Asset Allocation as of 6/30/2011
Total Fund Assets = $128.5 Billion

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Performance Highlights

- During the second quarter and over the trailing one-, three-, five-, ten-, and fifteen-year periods, the Total Fund outperformed the Performance Benchmark.
- The Total Fund outperformed the Absolute Nominal Target Rate of Return over the trailing fifteen-, twenty-, twenty-five-, and thirty-year periods.
- The Total Fund return exceeded the median fund return in the Trust Universe Comparison Service (TUCS) top ten defined benefit plan universe over the trailing one-, three-, and five-year periods.
  - Over the trailing one- and three-year periods, the fund ranked in the top quartile of returns in the TUCS top ten defined benefit plan universe.
  - During the first quarter and over the trailing ten-year period, the Total Fund underperformed the median fund return in the TUCS top ten defined benefit plan universe.

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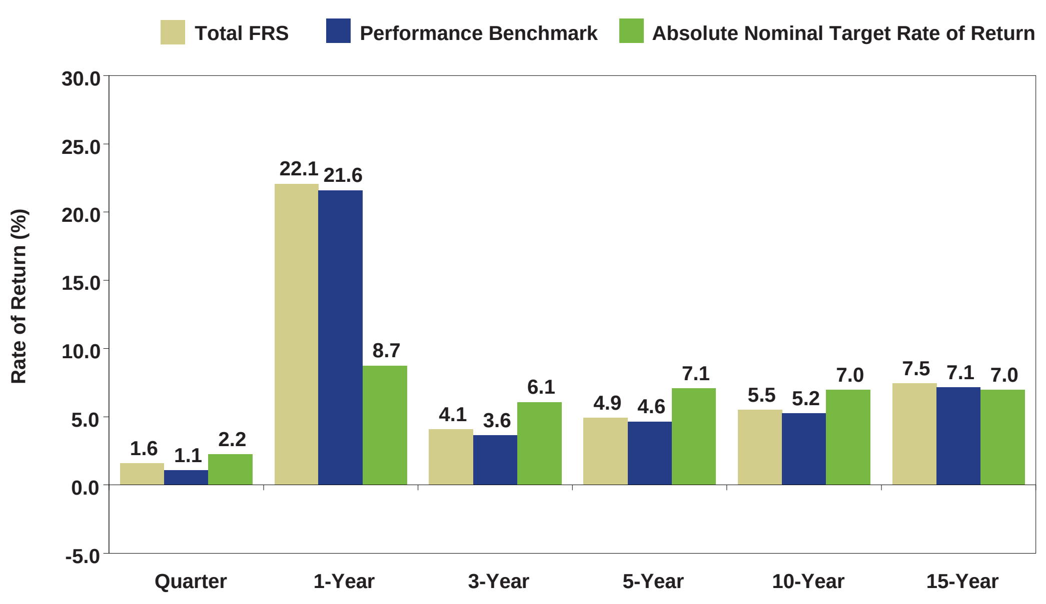
FRS Investment Results
Periods Ending 6/30/2011



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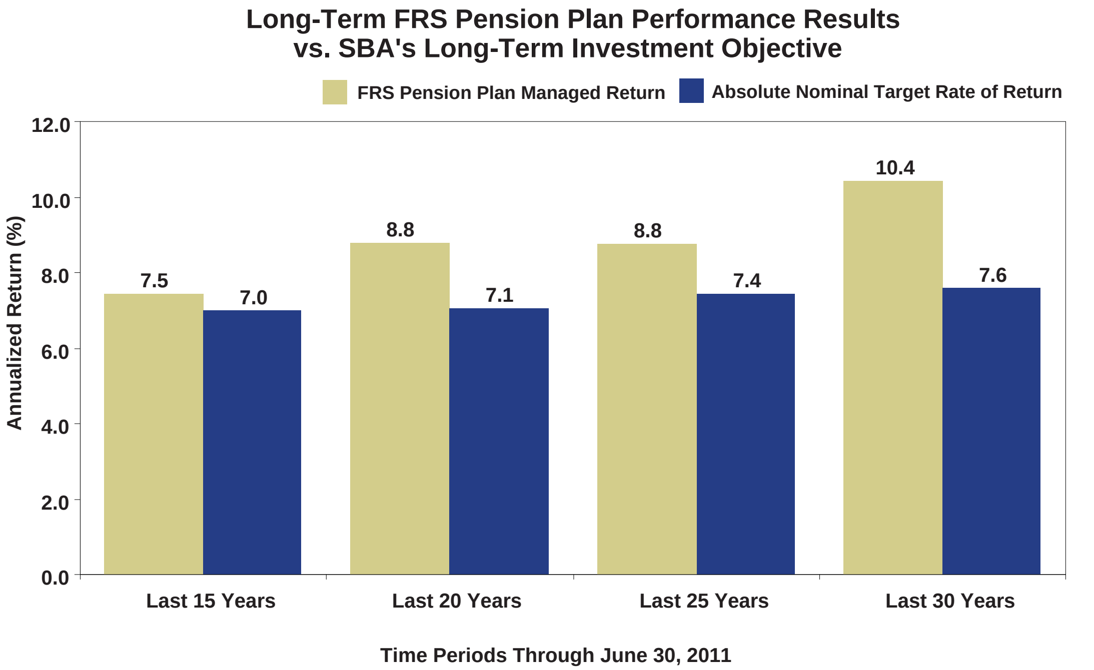
FRS Investment Results
Periods Ending 6/30/2011



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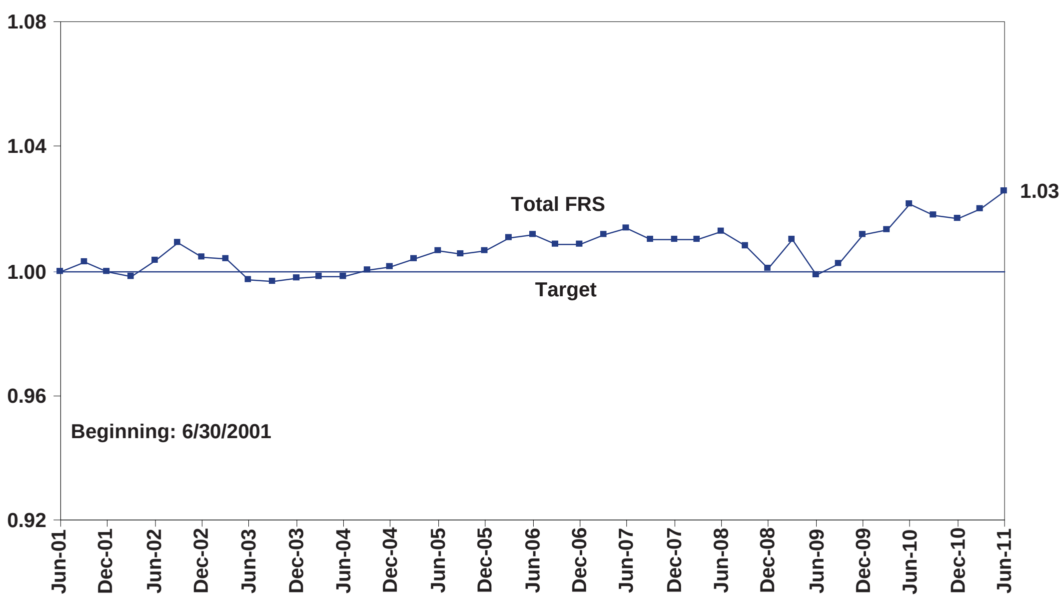
Total FRS Cumulative Relative Performance
10 Years Ending 6/30/2011



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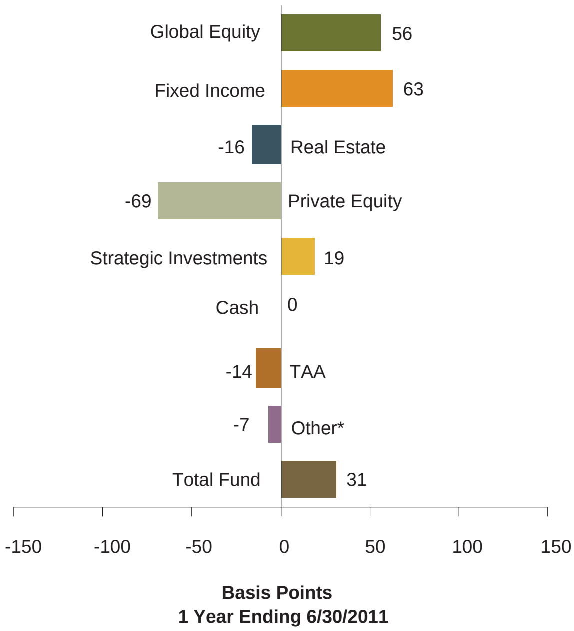
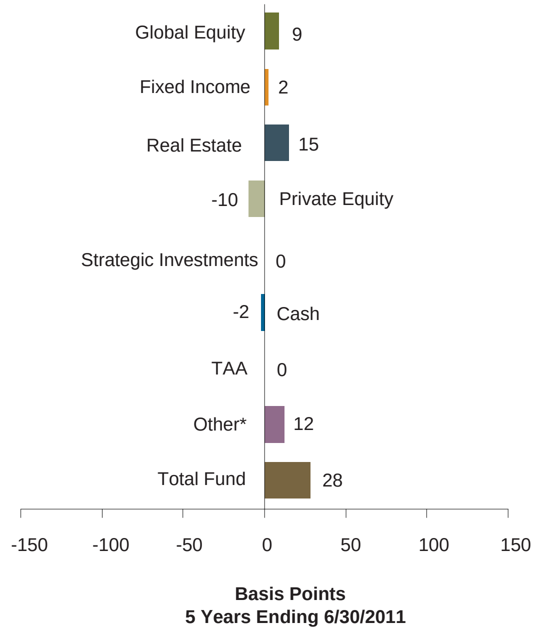
Total FRS Attribution Analysis





*Other includes legacy accounts, securities lending, STIP Reserve, and unexplained differences due to methodology.

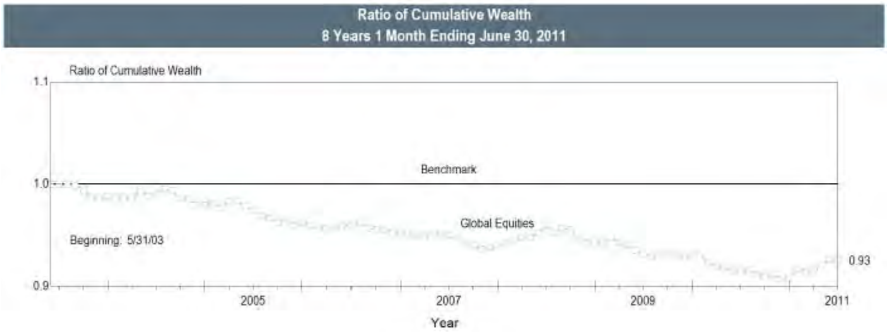
Ratio of Cumulative Wealth
As of 6/30/2011

Domestic Equities

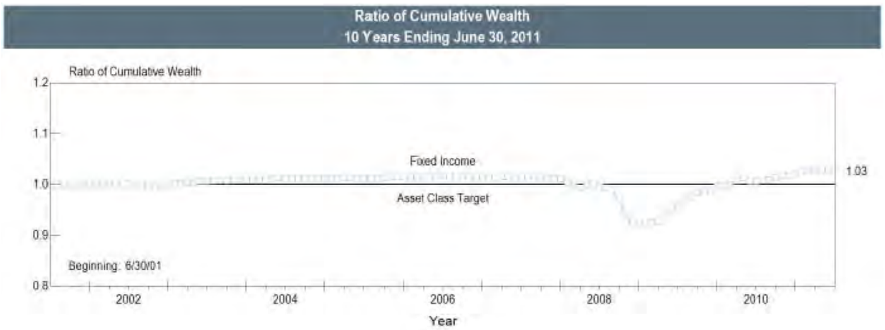
Foreign Equities

Ratio of Cumulative Wealth
As of 6/30/2011

Global Equities



Fixed Income



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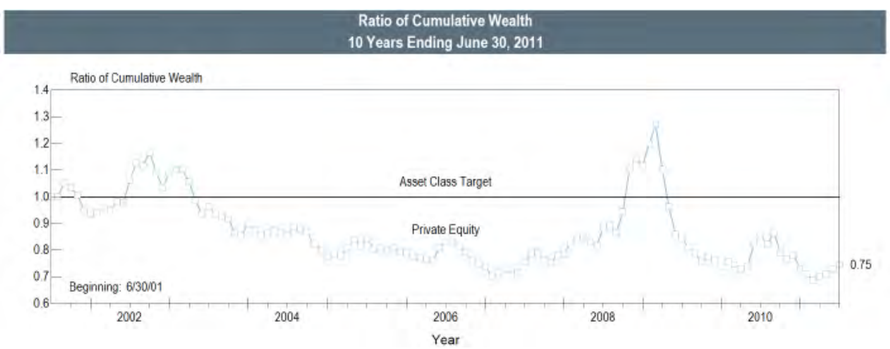
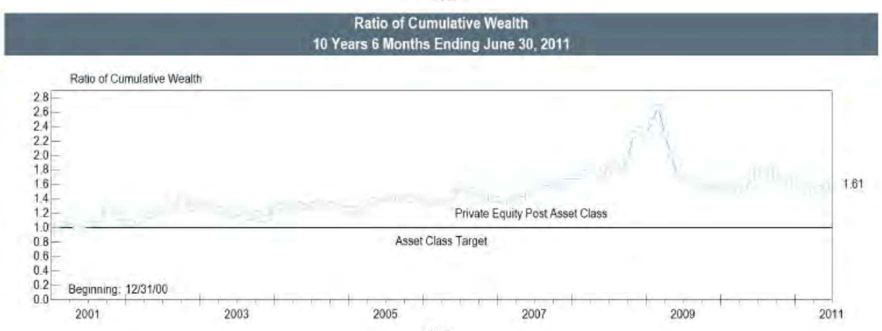
Ratio of Cumulative Wealth
As of 6/30/2011

Private Equity



Private Equity Post Asset Class



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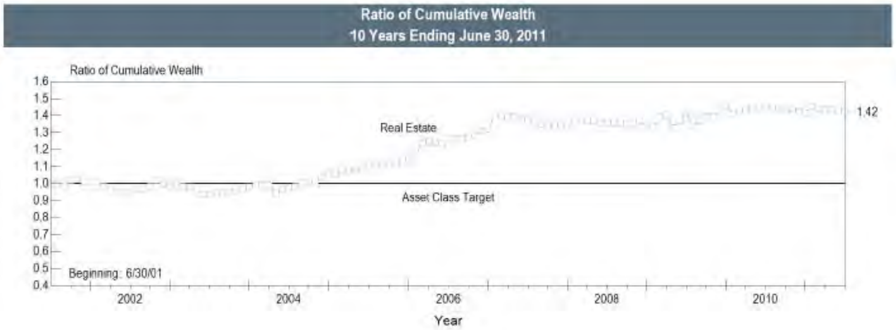
Ratio of Cumulative Wealth
As of 6/30/2011

Real Estate



Strategic Investments

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Ratio of Cumulative Wealth
As of 6/30/2011

Cash

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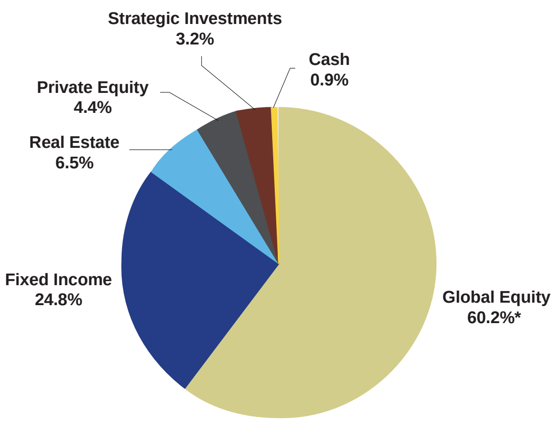
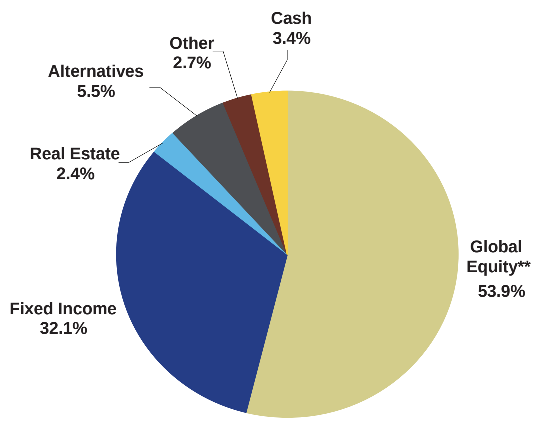
Comparison of Asset Allocation
As of 6/30/2011

FRS Pension Plan vs. Median Defined Benefit Plans

FRS TOTAL FUND



TUCS



*Global Equity Allocation: 25.6% Domestic Equities; 31.8% Foreign Equities; 2.9% Global Equities. Percentages are of the Total FRS Fund.

**Global Equity Allocation: 39.1% Domestic Equities; 14.8% Foreign Equities.

Note: The TUCS Universe is comprised of 273 defined benefit plan sponsors with $2.3 trillion in total assets. The median fund size was $896 million and the average fund size was $8.3 billion.

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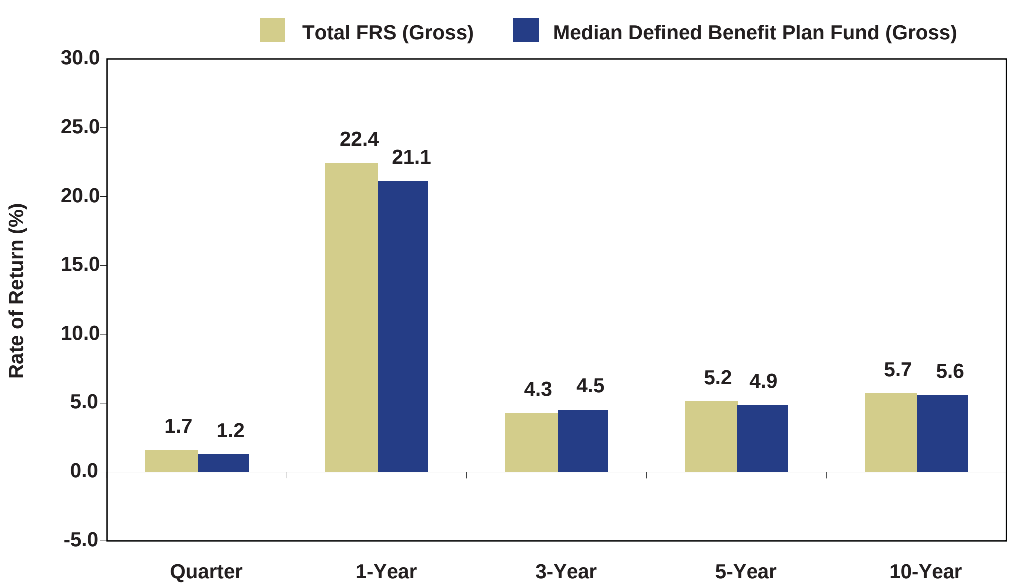
FRS Results Relative to TUCS Universe
Periods Ending 6/30/2011



Note: The TUCS Universe is comprised of 273 defined benefit plan sponsors with $2.3 trillion in total assets. The median fund size was $896 million and the average fund size was $8.3 billion.

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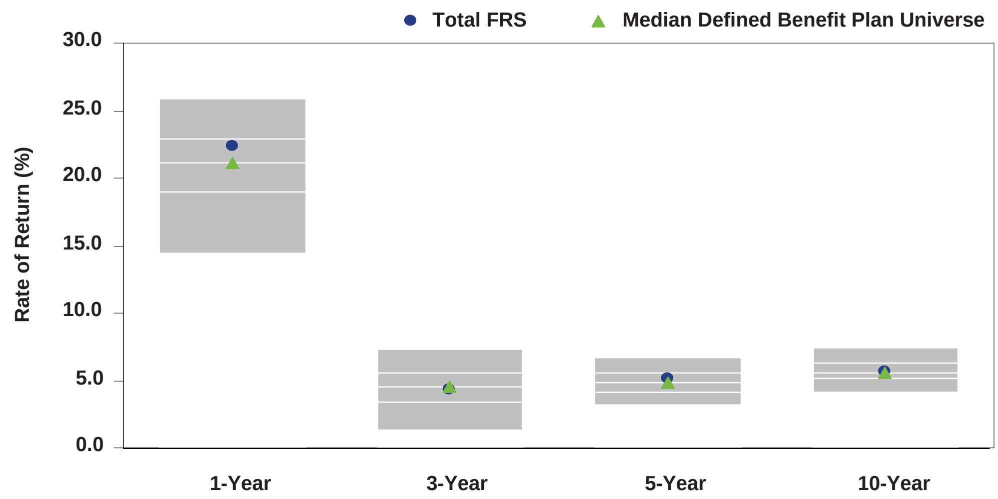
Total FRS Universe Comparison (TUCS)
Periods Ending 6/30/2011



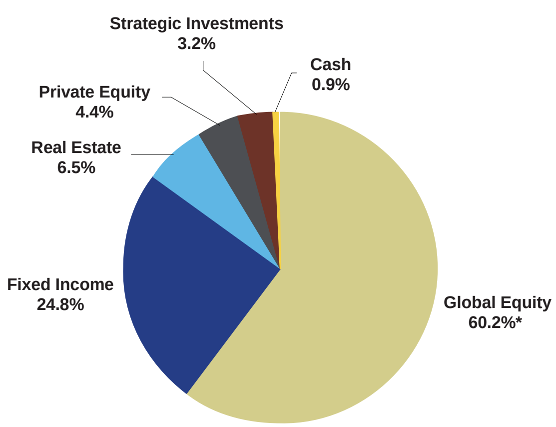
FRS Percentile Ranking	1-Year	3-Year	5-Year	10-Year
	34	55	41	47

Note: The TUCS Universe is comprised of 273 defined benefit plan sponsors with $2.3 trillion in total assets. The median fund size was $896 million and the average fund size was $8.3 billion.

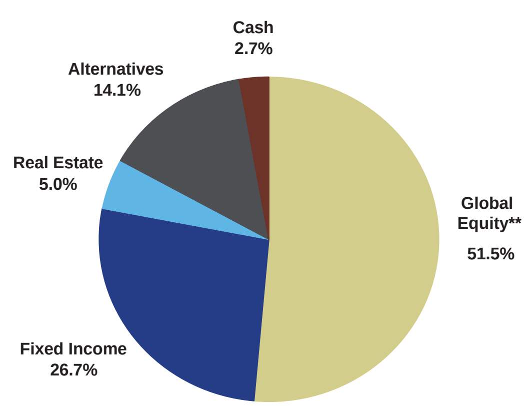
Comparison of Asset Allocation
As of 6/30/2011

FRS Pension Plan vs. Top Ten Defined Benefit Plans

FRS TOTAL FUND



TUCS Top Ten

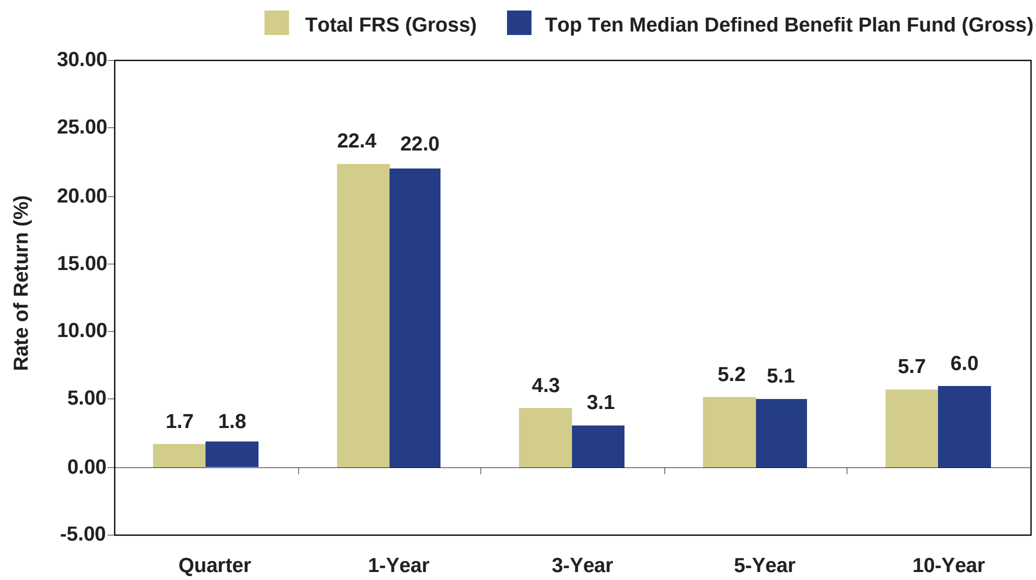


*Global Equity Allocation: 25.6% Domestic Equities; 31.8% Foreign Equities; 2.9% Global Equities. Percentages are of the Total FRS Fund.

**Global Equity Allocation: 28.2% Domestic Equities; 23.3% Foreign Equities.

Note: The TUCS Top Ten Universe includes $1.1 trillion in total assets. The median fund size was $109.9 billion and the average fund size was $109.6 billion.

FRS Results Relative to TUCS Top Ten Defined Benefit Plans
Periods Ending 6/30/2011



Note: The TUCS Top Ten Universe includes $1.1 trillion in total assets. The median fund size was $109.9 billion and the average fund size was $109.6 billion.

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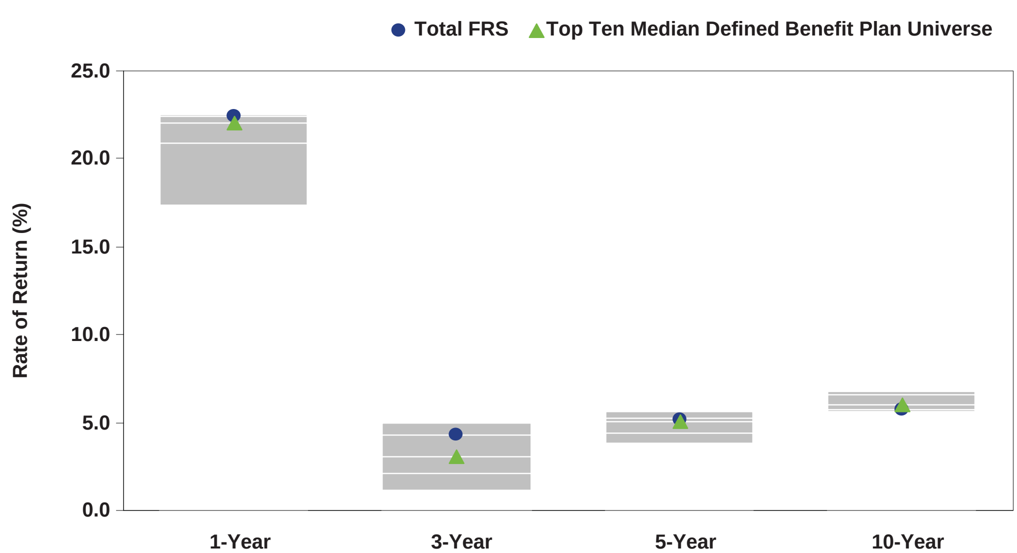
Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS)
Periods Ending 6/30/2011



FRS Percentile Ranking	25	25	37	75

Note: The TUCS Top Ten Universe includes $1.1 trillion in total assets. The median fund size was $109.9 billion and the average fund size was $109.6 billion.

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State Board of Administration of Florida
Florida Retirement System

Investment Plan Review

Second Quarter 2011

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Executive Summary

- The FRS Investment Plan outperformed the Plan Aggregate Benchmark over the trailing one-, three-, and five-year periods, suggesting strong relative performance for the underlying fund options in which participants are investing.
- The Total Plan Expense Ratio for the FRS Investment Plan is lower, on average, when compared to a defined contribution peer group and is significantly lower than the average corporate and public defined benefit plans.
- Management fees are lower than the median as represented by Morningstar’s mutual fund universe for every investment category.
- The FRS Investment Plan offers an appropriate number of fund options that span the risk and return spectrum.
- The Investment Policy Statement is revisited periodically to ensure the structure and guidelines of the Investment Plan are appropriate, taking into consideration the plan’s goals and objectives.

Total Investment Plan Returns

Periods Ending 6/30/2011

	One-Year	Three-Year	Five-Year
FRS Investment Plan	**18.1%**	**3.6%**	**4.2%**
*Total Plan Aggregate Benchmark**	17.2	3.0	3.6
FRS Investment Plan vs. Total Plan Aggregate Benchmark	0.9	0.6	0.6

Periods Ending 12/31/2010

	Five-Year Average Return	Five-Year Gross Value Added
FRS Investment Plan	**4.0%**	**1.0%**
*U.S. Median***	3.8	0.5
FRS Investment Plan vs. U.S. Median	0.2	0.5

*Aggregate benchmark returns are an average of the individual portfolio benchmark returns at their actual weights.

**Based on the CEM 2010 Survey that included 152 U.S. defined contribution plans with aggregate assets totaling $929 billion. The median DC plan in the universe had $2.3 billion in assets and the average DC plan has $6.1 billion in assets.

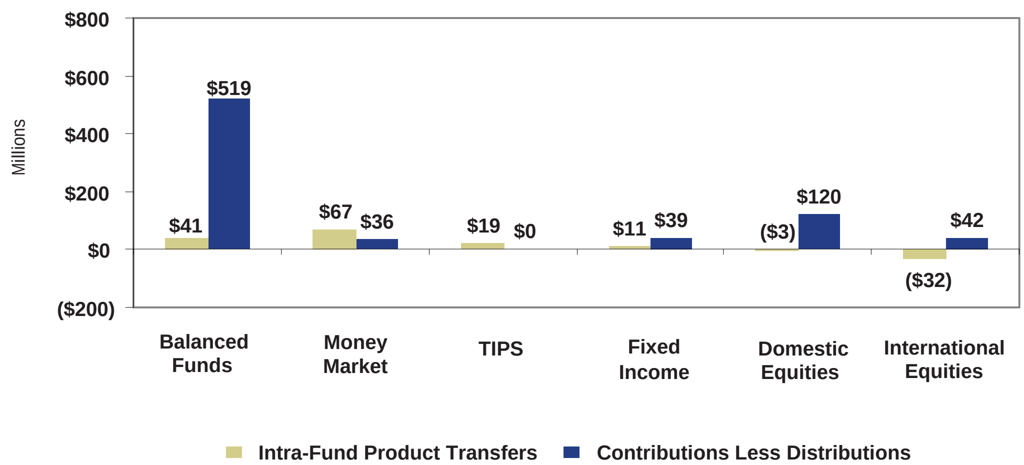
Investment Plan Change in Market Value Periods Ending 6/30/2011

Summary of Cash Flows*	Second Quarter	Fiscal YTD**
Beginning Market Value	$6,294,739,148	$5,049,952,682
+/- Net Contributions/(Withdrawals)	$383,820,807	757,812,054
Investment Earnings	$54,546,262	$925,341,480
= Ending Market Value	$6,733,106,216	$6,733,106,216
Net Change	$438,367,069	$1,683,153,534

* Based on figures provided by the Investment Plan's Administrator as of report time.

** Period July 2010 - June 2011

Investment Plan Member Cash Flow by Product Type



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Investment Plan Costs

Investment Plan Expense Ratio*	**0.23%**
Peer DC Plan Expense Ratio*	**0.27%**

DB Plan Investment Management Fees	
Corporate**	**0.50%**
Public Funds***	**0.46%**

*Source: CEM Benchmarking 2010 Report – Custom Peer Group for FSBA of 20 DC plans including corporate and public plans with assets between $1.9 - $12.4 billion.
**Source: Greenwich Associates 2010 Survey – Average fee of 80 corporate funds each with over $5 billion under management.
***Source: Greenwich Associates 2010 Survey – Average fee of 69 public funds each with over $5 billion under management.

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Investment Plan Costs (cont.)

Investment Category	Investment Plan Fee*	Average Mutual Fund Fee**
Large-Cap Equity Fund	0.27%	0.89%
Mid-Cap Equity Fund	0.55%	0.98%
Small-Cap Equity Fund	0.91%	1.08%
International Equity Fund	0.42%	1.08%
Diversified Bond Fund	0.31%	0.57%
Balanced Fund	0.04%	0.91%
Money Market	0.06%	0.26%

*Average Fee if Multiple Products in Category as of 6/30/2011.

**Source: Morningstar as of 6/30/2011.

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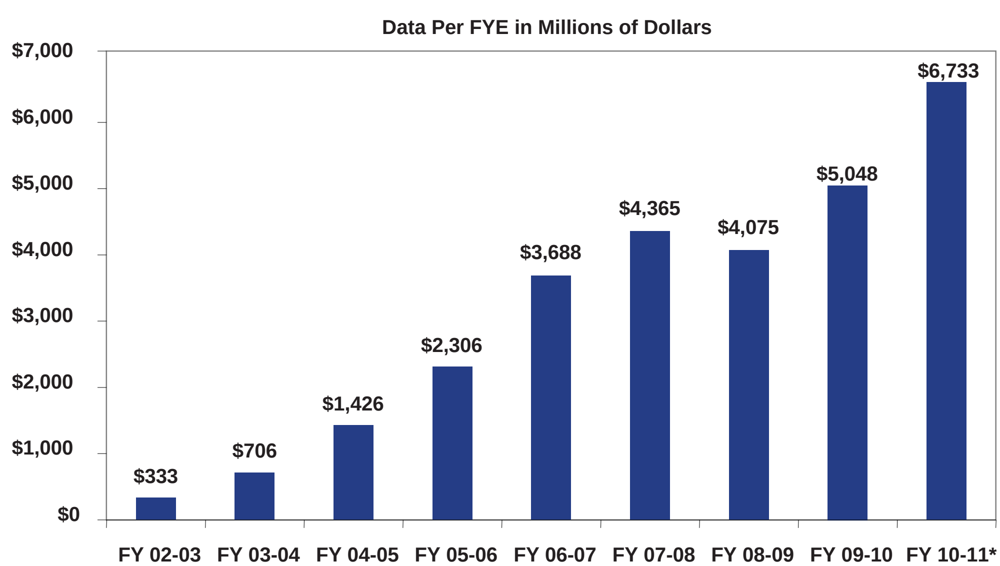
Investment Plan Fiscal Year End Assets Under Management



*Period Ending 6/30/2011

Source: Aon Hewitt

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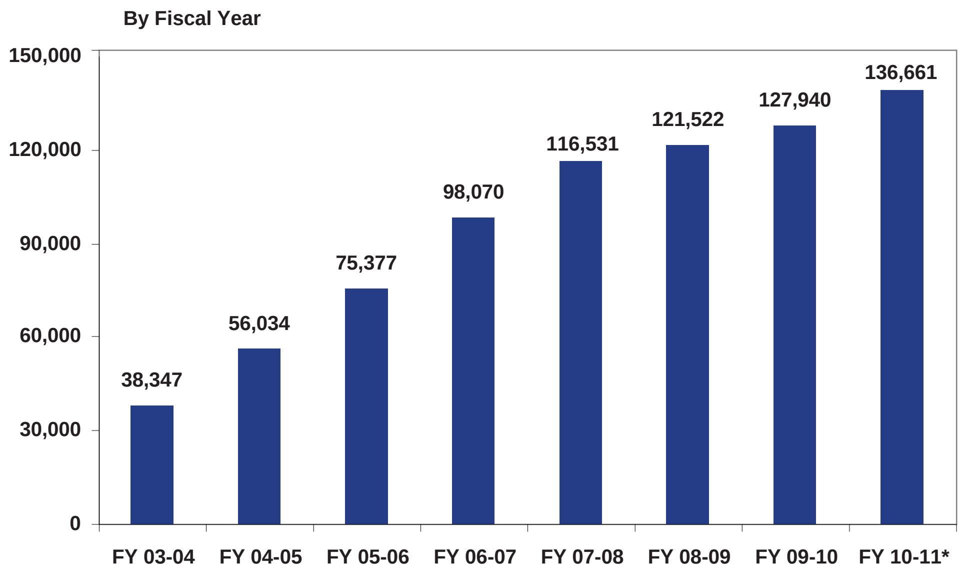
Investment Plan Membership



*Period Ending 6/30/2011

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State Board of Administration of Florida
CAT Fund

Second Quarter 2011

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Florida Hurricane Catastrophe Fund Background

- The purpose of the Florida Hurricane Catastrophe Fund (FHCF) is to provide a stable, ongoing and timely source of reimbursement to insurers for a portion of their hurricane losses.
- The State Board of Administration of Florida (SBA) manages five FHCF accounts, the CAT Fund (Operating Fund), the CAT 2006 A Fund (Post-Event Tax-Exempt Revenue Bonds), the CAT 2007 A Fund (Pre-Event Floating Rate Taxable Notes), the CAT 2008 A Fund (Post-Event Tax-Exempt Revenue Bonds), and the CAT 2010 A Fund (Post-Event Tax-Exempt Revenue Bonds).
- Both the CAT Fund (Operating Fund) and the CAT 2007 A Fund are internally managed portfolios benchmarked to a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Fund Net Index.
- The CAT 2006 A Fund, the CAT 2008 A Fund and the CAT 2010 A Fund are invested in State and Local Government Series (SLGS) securities.
- As of June 30, 2011, the total value of all FHCF accounts was $10.72 billion.

Executive Summary

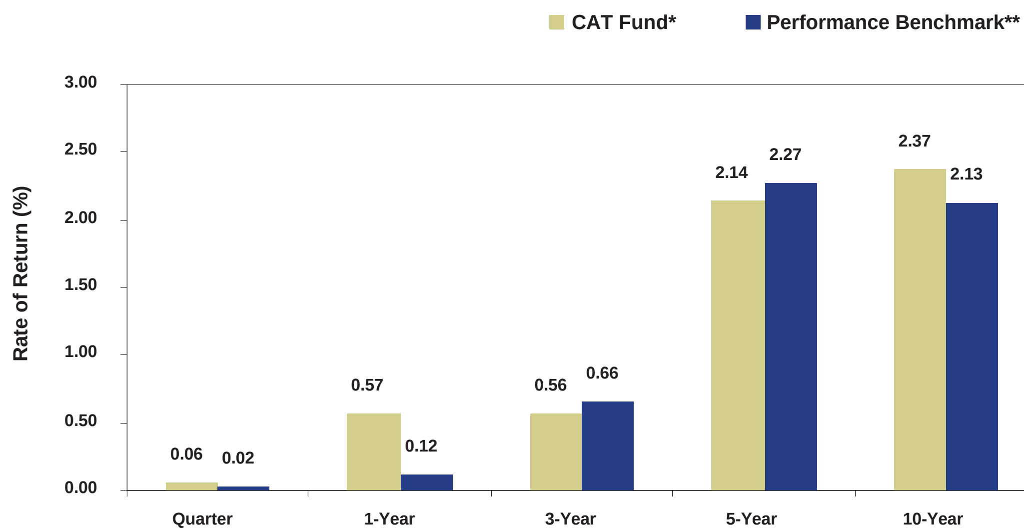
- Performance of the CAT Fund on both an absolute and relative basis has been strong over short- and long-term time periods.
- The CAT Fund is adequately diversified across issuers within the short-term bond market.
- CAT Fund investment policy appropriately constrains the Fund to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Adequate liquidity exists to address the cash flow obligations of the CAT Fund.
- The Investment Policy Statement is revisited periodically to ensure the structure and guidelines of the CAT Fund are appropriate, taking into consideration the Fund's goals and objectives.

CAT Fund Change in Market Value
Periods Ending 6/30/2011

Summary of Cash Flows		
	Second Quarter	**Fiscal YTD***
Beginning Market Value	$5,917,592,606	$4,581,719,424
Net Contributions/(Withdrawals)	($4,510,325)	$1,304,786,900
Investment Earnings	$3,422,105	$29,998,062
= Ending Market Value	$5,916,504,386	$5,916,504,386
Net Change	($1,088,220)	$1,334,784,962

*Period July 2010 – June 2011

CAT Fund Investment Results
Periods Ending 6/30/2011



*CAT Fund: Beginning March 2008, the returns for the CAT Fund reflect marked-to-market returns. Prior to that time, cost-based returns are used.
**Performance Benchmark: The CAT Fund was benchmarked to the IBC First Tier through February 2008. From March 2008 to December 2009, it was the Merrill Lynch 1-Month LIBOR. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Fund Gross Index. Effective July 2010, it is a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Fund Net Index.

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CAT Fund Characteristics
Period Ending 6/30/2011

Effective Maturity Schedule	
O/N* - 14 Days	22.5%
15 - 30 Days	13.7%
31 - 60 Days	18.9%
61 - 90 Days	8.1%
91 - 120 Days	2.3%
121 - 150 Days	2.0%
151 - 180 Days	3.3%
181 - 210 Days	4.5%
211 - 240 Days	3.2%
241 - 270 Days	0.0%
271 - 300 Days	0.8%
301 - 365 Days	3.6%
366 - 732 Days	8.2%
733 - 1,098 Days	7.3%
1,099 - 1,875 Days	1.5%
Total % of Portfolio	**100.0%**

S & P Credit Quality Composition	
AAA	50.2%
AA	13.5%
A	34.8%
BBB	0.0%
Non-Investment Grade	1.5%
Total % of Portfolio:	**100.0%**

*O/N stands for overnight.

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CAT 2007 A Fund Change in Market Value
Periods Ending 6/30/2011

Summary of Cash Flows	First Quarter	Fiscal YTD*
Beginning Market Value	$3,517,765,222	$3,524,056,021
Net Contributions/(Withdrawals)	$0	($17,880,374)
Investment Earnings	$2,809,621	$14,399,196
= Ending Market Value	$3,520,574,843	$3,520,574,843
Net Change	$2,809,621	($3,481,178)

*Period July 2010 – June 2011

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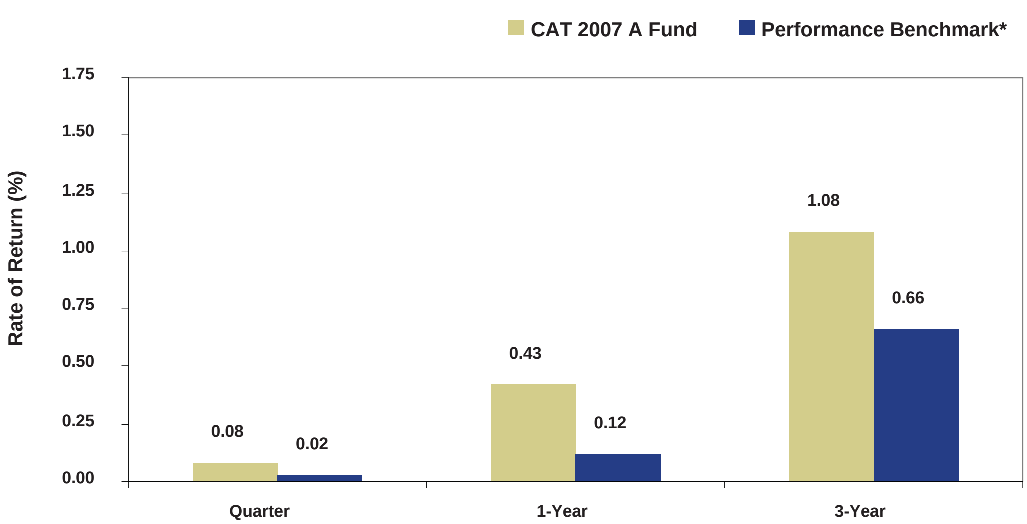
CAT 2007 A Fund Investment Results
Periods Ending 6/30/2011



*Performance Benchmark: The CAT 2007 A Fund was benchmarked to the Merrill Lynch 1-Month LIBOR. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Fund Gross Index. Effective July 2010, it is a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Fund Net Index.

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CAT 2007 A Fund Characteristics
Period Ending 6/30/2011

Effective Maturity Schedule	
O/N* - 14 Days	25.1%
15 - 30 Days	13.3%
31 - 60 Days	18.4%
61 - 90 Days	3.1%
91 - 120 Days	0.8%
121 - 150 Days	3.1%
151 - 180 Days	4.1%
181 - 210 Days	5.8%
211 - 240 Days	6.2%
241 - 270 Days	1.0%
271 - 300 Days	1.1%
301 - 365 Days	3.0%
366 - 732 Days	8.6%
733 - 1,098 Days	6.4%
1,099 - 1,875 Days	0.0%
Total % of Portfolio	**100.0%**

S & P Credit Quality Composition	
AAA	50.1%
AA	14.5%
A	35.4%
BBB	0.0%
Non-Investment Grade	0.0%
Total % of Portfolio:	**100.0%**

*O/N stands for overnight.

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State Board of Administration of Florida
Lawton Chiles Endowment Fund

Second Quarter 2011

Executive Summary

- Established in July 1999, the Lawton Chiles Endowment Fund was created to provide a source of funding for child health and welfare programs, elder programs, and research related to tobacco use.
  - Investment objective is to preserve the real value of the net contributed principal and provide annual cash flows for appropriation.
  - The Endowment's investments are diversified across various asset classes including domestic equities, foreign equities, fixed income, inflation-indexed bonds, and cash.
- The Endowment assets totaled $767.6 million as of June 30, 2011.
  - At quarter end, the Endowment was overweight to the domestic equity and international equity asset classes, with corresponding underweights to the fixed income and TIPS asset classes.
- During the second quarter and over the trailing one-, three-, five-, and ten-year periods, the Endowment's return outperformed that of its Target.

LCEF Change in Market Value
Periods Ending 6/30/2011

Summary of Cash Flows		
	Second Quarter	Fiscal YTD*
Beginning Market Value	$770,579,076	$626,781,566
+/- Net Contributions/(Withdrawals)	($11,110,000)	($15,010,000)
Investment Earnings	$8,097,189	$155,794,699
= Ending Market Value	$767,566,265	$767,566,265
Net Change	($3,012,811)	$140,784,699

*Period July 2010 – June 2011

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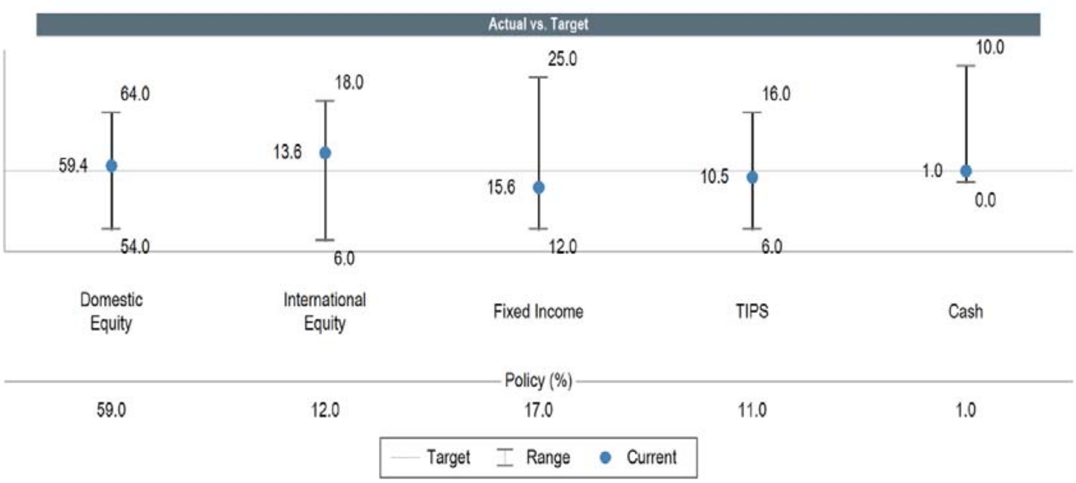
Asset Allocation as of 6/30/2011
Total Fund Assets = $767.6 Million



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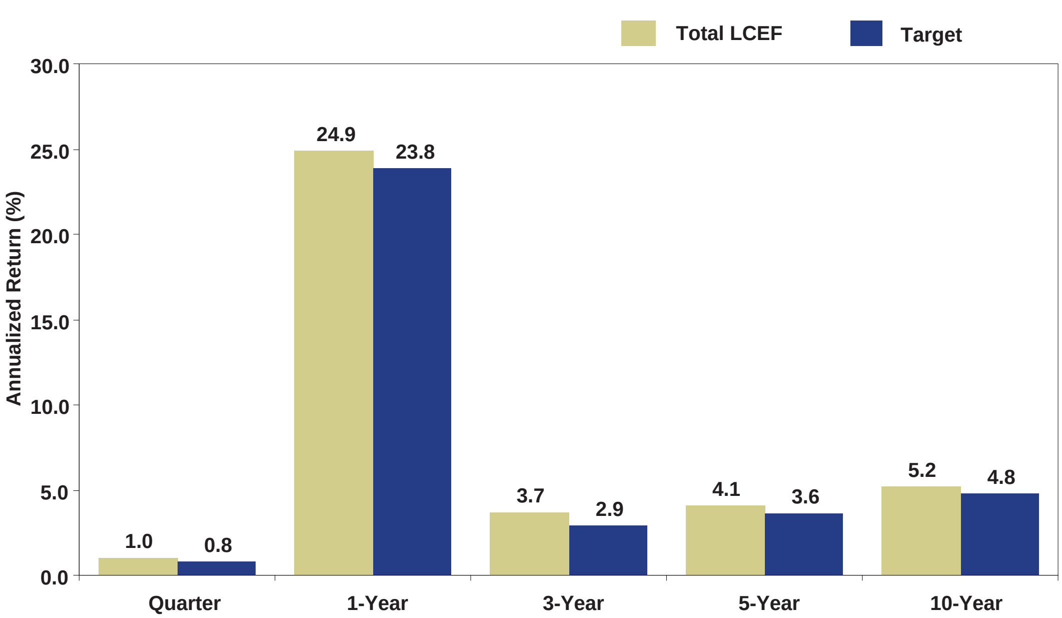
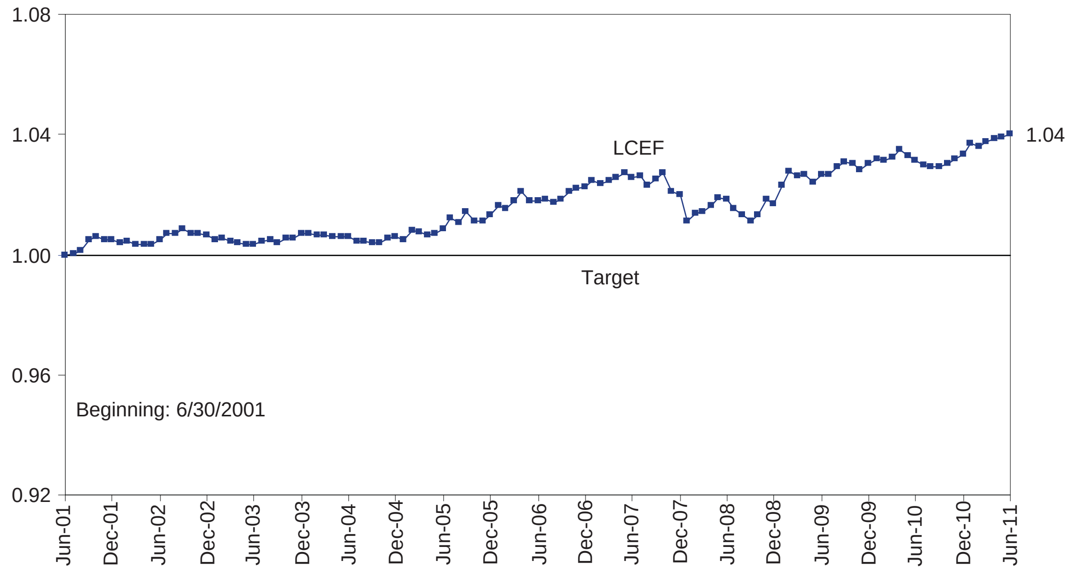
Total Fund Performance Highlights

- The Endowment outperformed the return of the Target over all trailing time periods.
- Foreign equity was the largest contributor to performance over the trailing one-year period, while TIPS and TAA had a modest negative impact on Total Fund performance.
- Over the trailing five-year period, TAA added the most value while Foreign Equity was the only component to slightly detract from performance.

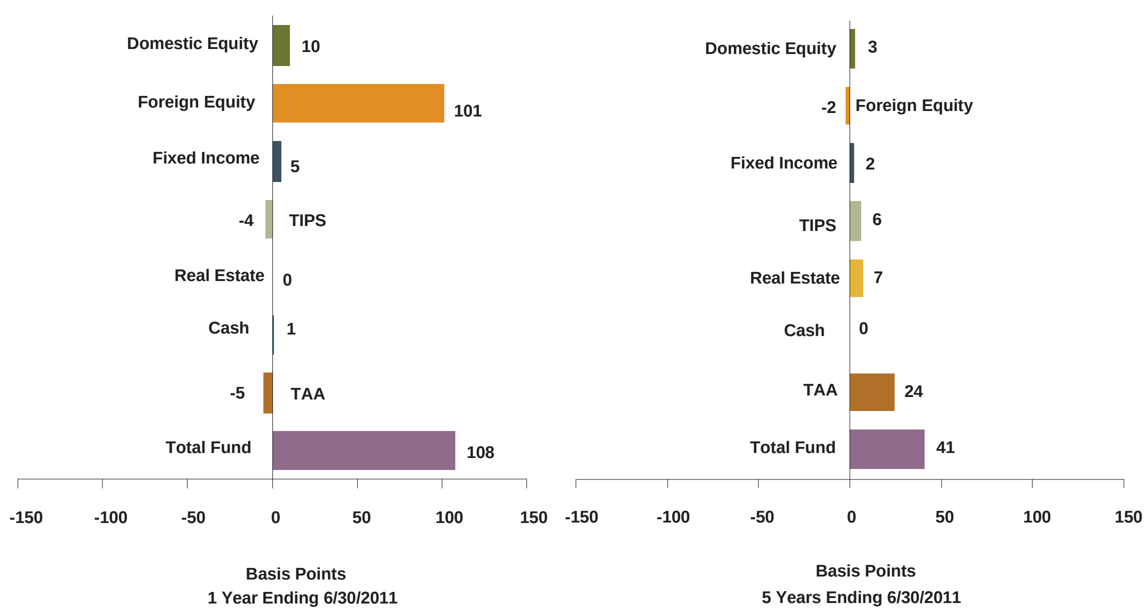
LCEF Investment Results
Periods Ending 6/30/2011



LCEF Cumulative Relative Performance
10 Years Ending 6/30/2011



LCEF Attribution Analysis



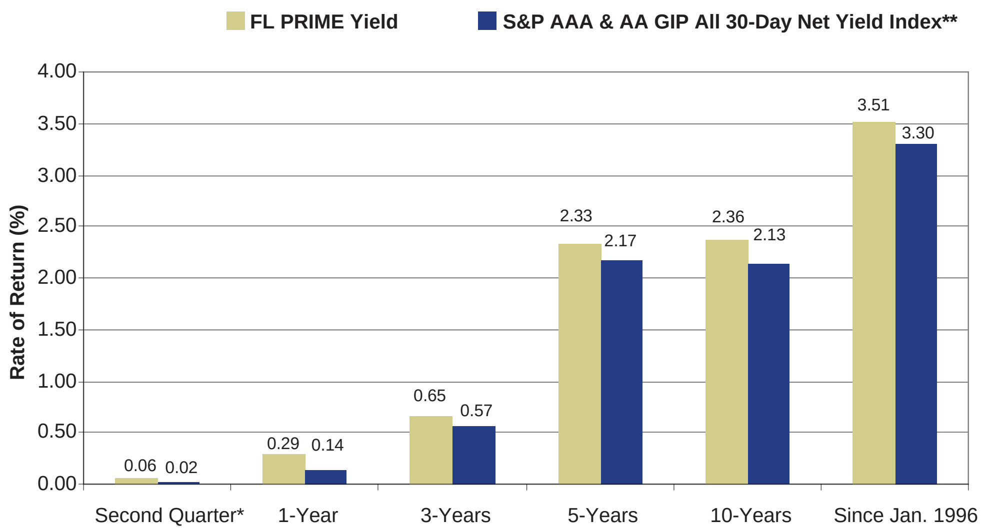
State Board of Administration of Florida
Florida PRIME and Fund B

Second Quarter 2011

Executive Summary

- The purpose of Florida PRIME is safety, liquidity, and competitive returns with minimal risk for participants.
- The Florida PRIME investment policy appropriately constrains the Fund to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Florida PRIME is adequately diversified across issuers within the short-term bond market and adequate liquidity exists to address the cash flow obligations of the Fund.
- Performance of the Florida PRIME on both an absolute and relative basis has been strong over short- and long-term time periods.
- As of June 30, 2011, the total market value of Florida PRIME was $6.82 billion.
- Hewitt EnnisKnupp, in conjunction with SBA Staff, compiles an annual best practices report that includes a full review of the Investment Policy Statement, operational items, and investment structure for Florida PRIME.

Florida PRIME Investment Results
Periods Ending 6/30/2011



*Returns less than one year are not annualized.
**S&P AAA + AA GIP All 30-Day Net Yield Index for all time periods shown.

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Florida PRIME Characteristics
Quarter Ending 6/30/2011

Cash Flows as of 6/30/2011	Second Quarter	Fiscal YTD*
Opening Balance	$6,928,638,121	$5,483,842,189
Participant Deposits	$3,183,663,997	$16,434,105,758
Transfers from Fund B	$14,500,000	$102,200,000
Gross Earnings	$4,565,504	$20,898,702
Participant Withdrawals	($3,307,025,097)	($15,215,473,374)
Fees	($420,984)	($1,651,736)
Closing Balance (6/30/2011)	$6,823,921,541	$6,823,921,541
Change	**($104,716,580)**	**$1,340,079,352**

*Period July 2010 - June 2011

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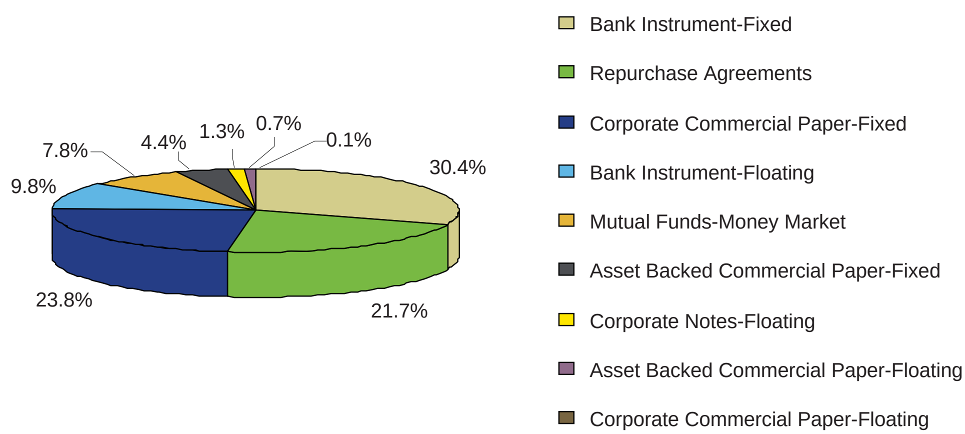
Florida PRIME Characteristics
Quarter Ending 6/30/2011

Portfolio Composition



Florida PRIME Characteristics
Period Ending 6/30/2011

Effective Maturity Schedule	
1-7 days	39.6%
8-30 days	21.6
31-90 days	32.8
91-180 days	6.0
181+ days	0.0
Total % of Portfolio:	**100.0%**

S & P Credit Quality Composition	
A-1+	54.5%
A-1	45.5
Total % of Portfolio:	**100.0%**

Fund B Change in Market Value
Period Ending 6/30/2011

Cash Flows as of 6/30/2011	Second Quarter	Fiscal YTD*
Opening Balance	$284,926,618	$284,596,098
Participant Distributions	($14,500,000)	($88,475,000)
Expenses Paid	($32,954)	($206,412)
Price Change	($6,598,919)	$67,880,059
Closing Balance	$263,794,745	$263,794,745
Change	**($21,131,873)**	**($20,801,353)**

*Period July 2010 – June 2011

- As of June 30, 2011, 83% of the original principal in Fund B has been returned to participants.

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State Board of Administration of Florida

FRS Pension Plan

Second Quarter 2011

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CONTENTS

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Market Environment

Second Quarter 2011

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Market Highlights

Returns of the Major Capital Markets						
			Annualized Periods Ending 6/30/2011			
	Second Quarter	Year-To-Date	1-Year	3-Year	5-Year	10-Year
Domestic Stock Indices						
Russell 3000 Index	0.0%	6.4%	32.4%	4.0%	3.4%	3.4%
Dow Jones U.S. Total Stock Market Index	0.0%	6.4%	32.4%	4.2%	3.6%	3.8%
S&P 500 Index	0.1%	6.0%	30.7%	3.3%	2.9%	2.7%
Russell 2000 Index	-1.6%	6.2%	37.4%	7.8%	4.1%	6.3%
Domestic Bond Indices						
Barclays Capital Aggregate Bond Index	2.3%	2.7%	3.9%	6.5%	6.5%	5.7%
Barclays Capital Long Govt Index	3.3%	2.4%	-0.8%	6.0%	7.2%	6.9%
Barclays Capital Long Credit Index	3.3%	4.0%	6.5%	9.9%	7.8%	7.4%
Barclays Capital Long Govt/Credit Index	3.3%	3.3%	3.2%	8.2%	7.7%	7.2%
SSB Non-U.S. WGBI	3.7%	4.7%	13.9%	6.2%	7.8%	8.7%
Foreign/Global Stock Indices						
MSCI All Country World IMI Index	0.1%	4.7%	31.0%	1.7%	3.5%	5.5%
MSCI All Country World ex-U.S. IMI Index	0.3%	3.5%	30.3%	0.3%	4.0%	8.1%
MSCI EAFE Index	1.6%	5.0%	30.4%	-1.8%	1.5%	5.7%
MSCI Emerging Markets Index	-1.1%	0.9%	27.8%	4.2%	11.4%	16.2%

Results were mostly non-negative across the capital markets during the second quarter, with the exception of small cap and emerging market stocks. For the year-to-date period, returns were positive for all major capital markets shown above.

Equity markets were volatile during the quarter on news of another debt crisis in Greece, fluctuating oil prices, and continued political unrest in the Middle East. However, U.S. markets rebounded and finished the quarter flat.

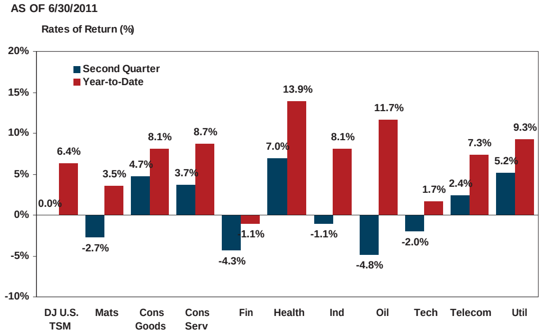
Non-U.S. developed equities outpaced U.S. equity markets in the second quarter as a weaker U.S. dollar versus most major currencies, helped boost the returns of the MSCI EAFE.

Emerging market stocks dipped during the quarter, led by weak European and Latin American returns. During the second quarter, non-U.S. developed equities outpaced emerging market stocks by 270 basis points.

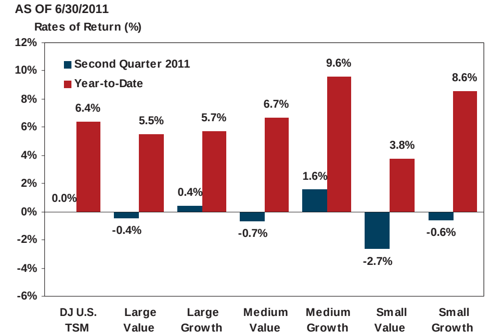
Fixed income was the top performing asset class as yields moved lower and investors flocked to safety.

U.S. Equity Markets

SECTOR RETURNS
AS OF 6/30/2011



STYLE RETURNS
AS OF 6/30/2011



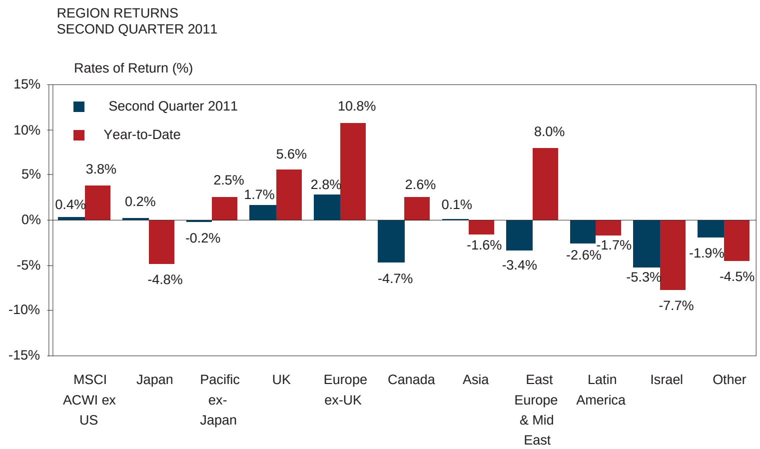
U.S. equities were volatile during the second quarter and finished the quarter essentially flat. However, the Dow Jones Total Stock Market Index posted a 6.4% gain year-to-date.

The top performing sector during the second quarter and year-to-date was health care (+7.0%).

In general, the defensive health care, utilities, and consumer goods sectors were top performers during the quarter as investors sought safety in the midst of uncertainty in global economies.

The weakest performers for the quarter were the economically sensitive financial and energy sectors.

Non-U.S. Equity Markets

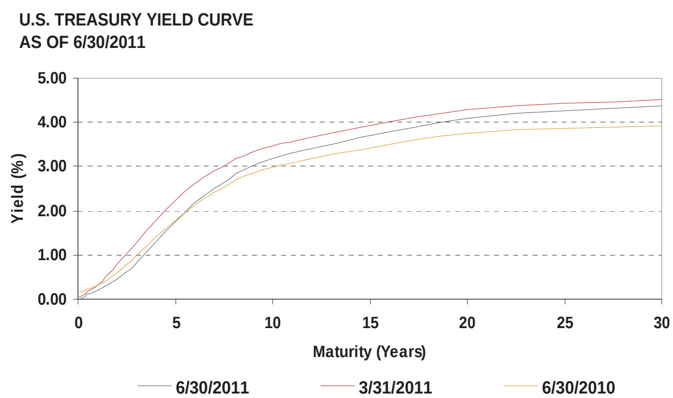


Non-U.S. equity markets proved to be resilient over the quarter, posting modest gains. Overall, developed non-U.S. equity markets posted positive results for the fourth straight quarter.

Japan benefited from investors anticipating economic recovery in the second half of the year. Positive returns in the UK were led by health care and consumer discretionary stocks.

Greece was the worst performing developed non-U.S. equity market during the second quarter (-16.5%) due to ongoing debt concerns.

U.S. Fixed Income Markets



The U.S. Federal Reserve ("Fed") met twice during the second quarter and the Fed Funds target rate was left unchanged at 0%-0.25%.

The Federal Reserve finished purchasing $600 billion of U.S. Treasury securities in the second quarter.

Treasuries rose during the second quarter as yields fell across the yield curve. Yields on the 5-, 10-, and 30-year bonds fell 48, 29, and 13 basis points, respectively.

The spread between the 3-month and 30-year maturities decreased from 4.42% to 4.35%.

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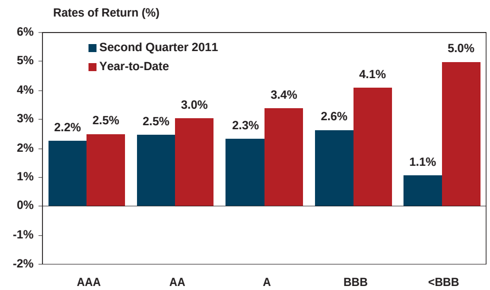
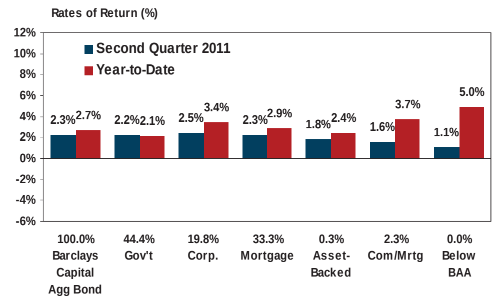
U.S. Fixed Income Markets

RETURNS BY QUALITY
AS OF 6/30/2011



SECTOR RETURNS
AS OF 6/30/2011



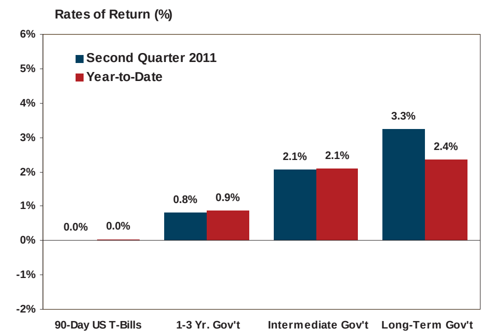
The yield on 10-year Treasuries rose to 3.5% as risk appetite increased toward the end of the quarter.

The continuing U.S. debt ceiling impasse as well as the ongoing sovereign debt saga in Greece (not to mention Spain, Portugal, and even Italy) caused significant volatility in the bond market.

Widening credit spreads reversed course late in June on news of the Greek Parliament's passage of an austerity plan, thus avoiding imminent default.

Spreads were only marginally wider (relative to May) as the month concluded.

RETURNS BY MATURITY
AS OF 6/30/2011



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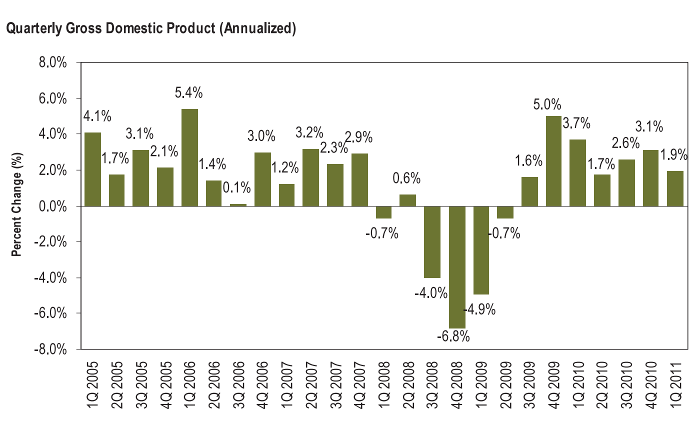
Macro Highlights

The U.S. Federal Reserve (Fed) continues to maintain a target range of 0%-.25%.

With continued increases in the prices of energy and food, committee members continue to anticipate a slower paced recovery.

According to the final estimate released by the Bureau of Economic Analysis, real GDP increased 1.9% in the first quarter of 2011.

Overall inflation increased 3.6% over the trailing twelve months. Core CPI, which excludes volatile food and energy prices, rose 0.3% in May; this marks the largest increase since July 2008.



Source: Bureau of Economics Statistics

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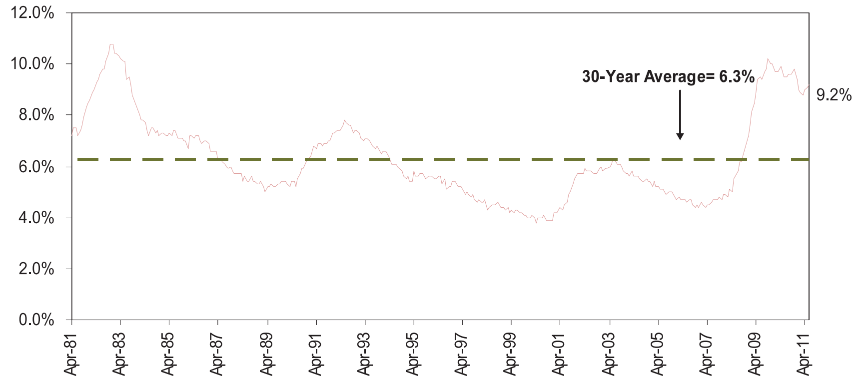
Macro Highlights

According to the Bureau of Labor Statistics, the unemployment rate increased by 0.4 percentage points in June to 9.2%.

Labor market indicators have been weaker than anticipated as the unemployment rate remains elevated.

Unemployment Rate
As of June 2011



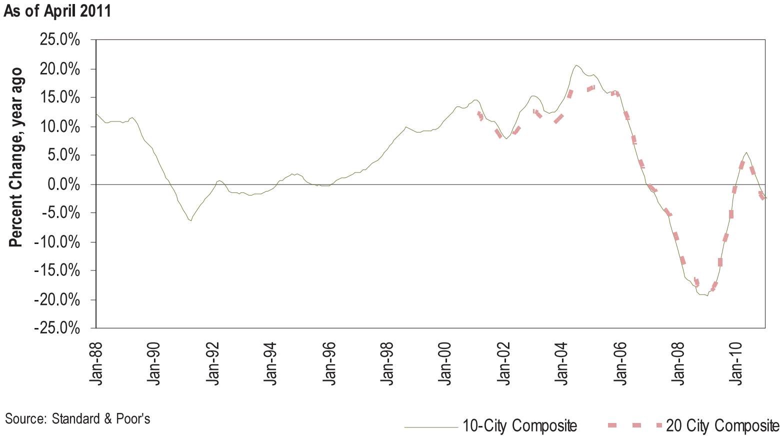
Source: Bureau of Labor Statistics

Macro Highlights

The housing market continues to show anemic signs as the 10-city and the 20-city composites remained unchanged month to month in April.

The S&P/Case-Shiller Home Price Indices showed new lows in annual housing prices in 6 of 20 major metro markets for April.

S&P/Case-Shiller Home Price Index
12-Month Change
As of April 2011



Source: Standard & Poor's

Active Manager Report Card[1]

Peer Group/Index	Median Return [2] Qtr	Median Return [2] 1 Year	Index Return Qtr	Index Return 1 Year	Index Return [2] Qtr	Index Return [2] 1 Year
Large Cap Core/S&P 500	0.3%	30.6%	0.1%	30.7%	54th Percentile	50th Percentile
Large Cap Value/ Russell 1000 Value	-0.1%	29.9%	-0.5%	28.9%	62nd Percentile	62nd Percentile
Large Cap Growth/ Russell 1000 Growth	0.6%	33.4%	0.8%	35.0%	45th Percentile	40th Percentile
Small Cap Value/ Russell 2000 Value	-1.7%	35.1%	-2.7%	31.4%	65th Percentile	77th Percentile
Small Cap Growth/ Russell 2000 Growth	0.2%	44.8%	-0.6%	43.5%	65th Percentile	59th Percentile
Non-U.S. Equity/ MSCI EAFE	1.8%	32.1%	1.6%	30.4%	58th Percentile	68th Percentile
Core Fixed Income/ Barclays Aggregate	2.2%	4.5%	2.3%	3.9%	34th Percentile	76th Percentile

- Over the recent quarter, active management outpaced passive management in all asset classes with the exception of large-cap growth and core fixed income.
- Small cap growth managers produced positive benchmark-relative performance during the second quarter and the trailing 12-month period, as exemplified by the Russell 2000 Growth ranking at the 65th percentile during the quarter, and the 59th percentile for the trailing 12-month period.
- Small cap value was a weak asset class for active equity managers. The Russell 2000 Value Index ranked at the 65th percentile during the quarter and the 77th percentile for the trailing 12-month period.

[1] Actual peer group performance reported in client reports may vary based on constituent peer group utilized (e.g., mutual fund universe, separate account universe) and fee treatment (i.e., net or gross). Percentile rankings are based on a system in which 1=best and 99=worst.
[2] Based on preliminary peer group information as of June 30, 2011, provided by eVestment Alliance. Data was pulled on July 18, 2011. Information is presented gross of fees.

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Total Fund

Total Fund	As of June 30, 2011	$128,532.9 Million and 100.0% of Fund

Highlights

Executive Summary

- Performance of the Pension Plan when measured against the Performance Benchmark and Long-Term Target has been strong over short- and long-term time periods.
- Performance relative to peers is also competitive over short- and long-term time periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.

- Public market asset class investments do not significantly deviate from their broad market based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.

- Private market asset classes are well-diversified by either vintage year, geography, property type, sectors, investment vehicle/asset type, or investment strategy.

- Asset allocation is monitored on a daily basis to ensure the actual asset allocation of the plan remains close to the long-term policy targets set forth in the Investment Policy Statement.

- Hewitt EnnisKnupp and SBA Staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

Performance Highlights

- Over the trailing one-, three-, five-, ten- and fifteen-year periods, the Total Fund outperformed the Performance Benchmark. During the second quarter, the Fund returned 1.6% and outperformed its Benchmark by 0.5 percentage points.
- The Total Fund outperformed the Absolute Nominal Target Rate of Return over the trailing fifteen-, twenty-, twenty-five-, and thirty-year periods.

Asset Allocation

- The Fund assets total $128.5 billion as of June 30, 2011, which represents a $0.7 billion increase since last quarter.
- Actual allocations for all asset classes were within their respective policy ranges at quarter end.

- The Fund was slightly underweight fixed income and cash with corresponding marginal overweights to the global equity, the private equity, and the real estate asset classes at quarter end.

Plan Summary

Summary of Cash Flows

Sources of Portfolio Growth	Second Quarter	Fiscal YTD*
Beginning Market Value	$ 127,766,970,234	$109,344,317,786
Net Additions/Withdrawals	-$1,277,904,741	-$4,643,980,658
Investment Earnings	$2,043,797,725	$23,832,526,090
Ending Market Value	$128,532,863,218	$128,532,863,218

*Period July 2010 - June 2011

Plan Performance

Benchmark: Performance Benchmark

Trailing Period Performance

Name	Market Value ($)	% of Portfolio	Policy %	2011 Q2 (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
								Ending June 30, 2011							
Total Fund	**128,532,863,218**	**100.0**	**100.0**	**1.6**	**19**	**5.4**	**39**	**22.1**	**36**	**4.1**	**44**	**4.9**	**38**	**5.5**	**55**
Performance Benchmark				*1.1*	*68*	*4.5*	*84*	*21.6*	*46*	*3.6*	*57*	*4.6*	*45*	*5.2*	*63*
Absolute Nominal Target Rate of Return				*2.2*	*5*	*5.5*	*32*	*8.7*	*98*	*6.1*	*10*	*7.1*	*1*	*7.0*	*8*
Global Equity	**77,369,907,269**	**60.2**	**59.1**	**0.7**	**--**	**5.3**	**--**	**31.1**	**--**	**3.2**	**--**	**3.7**	**--**	**4.5**	**--**
Asset Class Target				*0.2*	*--*	*4.6*	*--*	*30.1*	*--*	*2.5*	*--*	*3.3*	*--*	*4.3*	*--*
Domestic Equities	**32,863,872,707**	**25.6**	**--**	**0.1**	**36**	**6.8**	**28**	**33.1**	**46**	**4.4**	**33**	**3.5**	**38**	**3.5**	**67**
Asset Class Target				*0.0*	*58*	*6.4*	*54*	*32.4*	*69*	*4.0*	*45*	*3.4*	*41*	*3.4*	*68*
Foreign Equities	**40,816,034,920**	**31.8**	**--**	**1.2**	**39**	**3.8**	**57**	**30.6**	**38**	**1.7**	**10**	**5.0**	**7**	**8.5**	**8**
Asset Class Target				*0.4*	*82*	*3.2*	*76*	*29.9*	*59*	*0.5*	*30*	*4.0*	*29*	*7.7*	*39*
Global Equities	**3,689,983,984**	**2.9**	**--**	**1.5**	**--**	**6.7**	**--**	**31.6**	**--**	**0.1**	**--**	**2.5**	**--**	**--**	**--**
Benchmark				*0.4*	*--*	*4.6*	*--*	*30.1*	*--*	*1.3*	*--*	*3.3*	*--*	*--*	*--*
Global Transition	**15,657**	**0.0**	**--**												
Fixed Income	**31,812,248,389**	**24.8**	**26.0**	**2.3**	**35**	**3.3**	**57**	**6.1**	**53**	**7.5**	**38**	**6.9**	**37**	**6.2**	**45**
Asset Class Target				*2.3*	*33*	*2.7*	*87*	*3.9*	*91*	*6.5*	*68*	*6.6*	*51*	*5.9*	*50*
Private Equity	**5,647,323,049**	**4.4**	**4.3**	**7.0**	**--**	**10.7**	**--**	**18.0**	**--**	**2.3**	**--**	**5.4**	**--**	**4.9**	**--**
Asset Class Target				*0.8*	*--*	*8.5*	*--*	*35.4*	*--*	*8.2*	*--*	*7.7*	*--*	*8.0*	*--*
Real Estate	**8,319,854,744**	**6.5**	**6.4**	**2.9**	**66**	**9.8**	**27**	**18.4**	**52**	**-5.7**	**27**	**1.1**	**33**	**7.3**	**24**
Asset Class Target				*3.7*	*48*	*8.9*	*42*	*20.6*	*40*	*-7.1*	*45*	*-1.3*	*76*	*3.5*	*79*
Strategic Investments	**4,164,258,638**	**3.2**	**3.2**	**4.0**	**--**	**9.5**	**--**	**19.2**	**--**	**0.2**	**--**	**--**	**--**	**--**	**--**
Short-Term Target				*2.6*	*--*	*5.2*	*--*	*12.3*	*--*	*-1.0*	*--*	*--*	*--*	*--*	*--*
Cash	**1,219,271,130**	**0.9**	**1.0**	**0.1**	**--**	**0.2**	**--**	**0.4**	**--**	**-1.1**	**--**	**0.6**	**--**	**1.5**	**--**
Asset Class Target				*0.0*	*--*	*0.0*	*--*	*0.1*	*--*	*0.7*	*--*	*2.4*	*--*	*2.3*	*--*

Benchmark and universe descriptions can be found in the Appendix.

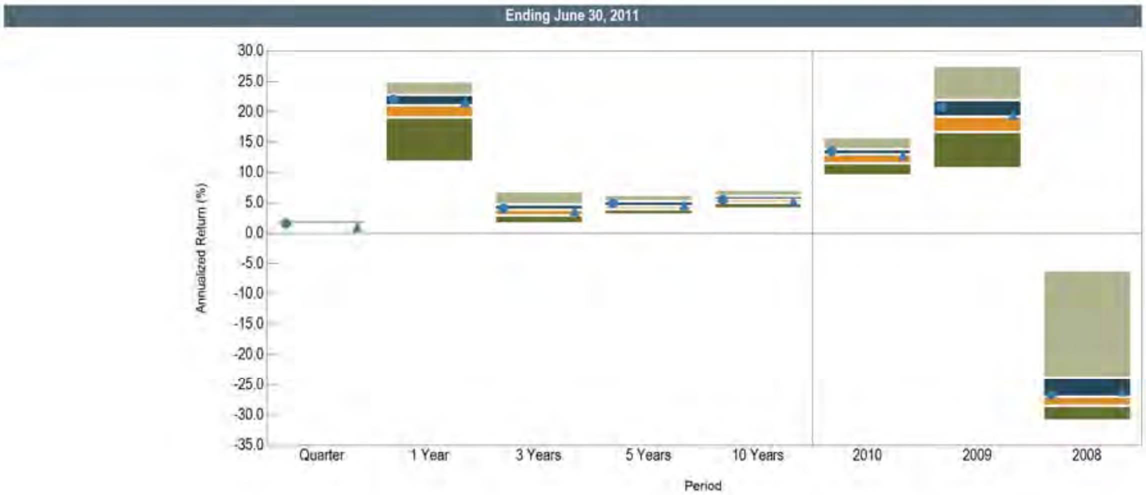
Calendar Year Performance

Name	2010 (%)	Rank	2009 (%)	Rank	2008 (%)	Rank	2007 (%)	Rank	2006 (%)	Rank	2005 (%)	Rank	2004 (%)	Rank	2003 (%)	Rank	2002 (%)	Rank	2001 (%)	Rank
Total Fund	**13.5**	**38**	**20.8**	**36**	**-26.7**	**49**	**9.1**	**28**	**14.6**	**33**	**7.8**	**40**	**11.9**	**49**	**23.7**	**40**	**-11.2**	**91**	**-5.8**	**76**
Performance Benchmark	*12.9*	*52*	*19.5*	*46*	*-26.1*	*47*	*8.9*	*32*	*14.4*	*38*	*7.3*	*62*	*11.5*	*54*	*24.5*	*28*	*-11.6*	*95*	*-6.7*	*89*
Absolute Nominal Target Rate of Return	*6.6*	*98*	*7.9*	*99*	*5.1*	*1*	*8.9*	*33*	*6.6*	*96*	*7.6*	*47*	*7.4*	*96*	*6.1*	*98*	*6.8*	*2*	*5.9*	*2*
Global Equity	**16.0**	**--**	**33.7**	**--**	**-39.8**	**--**	**8.6**	**--**	**17.5**	**--**	**8.6**	**--**	**14.4**	**--**	**32.4**	**--**	**-19.8**	**--**	**-12.5**	**--**
Asset Class Target	*15.1*	*--*	*33.8*	*--*	*-40.4*	*--*	*8.5*	*--*	*18.4*	*--*	*8.7*	*--*	*14.1*	*--*	*33.2*	*--*	*-20.3*	*--*	*-13.3*	*--*
Domestic Equities	**17.2**	**65**	**28.9**	**45**	**-37.4**	**47**	**5.3**	**52**	**14.7**	**61**	**6.3**	**76**	**12.3**	**44**	**30.3**	**72**	**-21.4**	**68**	**-11.6**	**78**
Asset Class Target	*16.9*	*70*	*28.3*	*55*	*-37.3*	*45*	*5.1*	*53*	*15.7*	*40*	*6.1*	*88*	*11.9*	*68*	*31.1*	*68*	*-21.5*	*72*	*-11.9*	*79*
Foreign Equities	**15.2**	**7**	**42.7**	**9**	**-44.3**	**36**	**16.3**	**35**	**26.4**	**31**	**16.1**	**46**	**21.3**	**29**	**39.8**	**28**	**-12.7**	**30**	**-16.4**	**24**
Asset Class Target	*13.0*	*41*	*43.7*	*8*	*-46.1*	*78*	*16.4*	*30*	*26.7*	*28*	*16.6*	*39*	*20.9*	*32*	*40.8*	*17*	*-14.7*	*57*	*-19.5*	*54*
Global Equities	**10.4**	**--**	**32.8**	**--**	**-41.8**	**--**	**10.2**	**--**	**20.0**	**--**	**9.4**	**--**	**15.4**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Benchmark	*13.1*	*--*	*34.6*	*--*	*-42.1*	*--*	*11.8*	*--*	*21.1*	*--*	*11.3*	*--*	*16.4*	*--*	*--*	*--*	*--*	*--*	*--*	*--*
Global Transition																				
Fixed Income	**9.2**	**34**	**14.4**	**46**	**-4.0**	**44**	**7.1**	**21**	**4.7**	**39**	**2.8**	**28**	**5.0**	**53**	**5.9**	**57**	**9.7**	**36**	**8.5**	**30**
Asset Class Target	*6.5*	*92*	*5.9*	*91*	*5.2*	*9*	*7.2*	*21*	*4.7*	*38*	*2.5*	*45*	*4.7*	*67*	*5.1*	*67*	*9.7*	*36*	*8.3*	*38*
Private Equity	**18.6**	**--**	**-12.1**	**--**	**-4.3**	**--**	**16.5**	**--**	**12.2**	**--**	**12.9**	**--**	**0.6**	**--**	**10.3**	**--**	**-1.4**	**--**	**-6.1**	**--**
Asset Class Target	*19.9*	*--*	*32.8*	*--*	*-32.8*	*--*	*9.6*	*--*	*20.2*	*--*	*10.6*	*--*	*16.5*	*--*	*33.8*	*--*	*-15.4*	*--*	*-6.9*	*--*
Real Estate	**5.1**	**70**	**-22.8**	**30**	**-1.5**	**28**	**13.6**	**43**	**22.5**	**5**	**17.2**	**85**	**17.4**	**22**	**12.2**	**28**	**6.3**	**17**	**5.3**	**79**
Asset Class Target	*8.8*	*61*	*-29.7*	*63*	*-1.1*	*23*	*12.1*	*68*	*6.5*	*95*	*8.8*	*99*	*7.7*	*99*	*11.6*	*31*	*7.0*	*15*	*10.9*	*1*
Strategic Investments	**8.9**	**--**	**22.0**	**--**	**-37.4**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Short-Term Target	*3.5*	*--*	*20.8*	*--*	*-33.6*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*
Cash	**0.4**	**--**	**1.7**	**--**	**-5.8**	**--**	**4.1**	**--**	**5.1**	**--**	**3.4**	**--**	**1.4**	**--**	**1.2**	**--**	**2.1**	**--**	**4.2**	**--**
Asset Class Target	*0.2*	*--*	*0.7*	*--*	*3.0*	*--*	*5.4*	*--*	*5.1*	*--*	*3.4*	*--*	*1.4*	*--*	*1.1*	*--*	*1.7*	*--*	*3.6*	*--*

Universe Comparison

Benchmark: Performance Benchmark

Universe: Public Funds >$1B Net



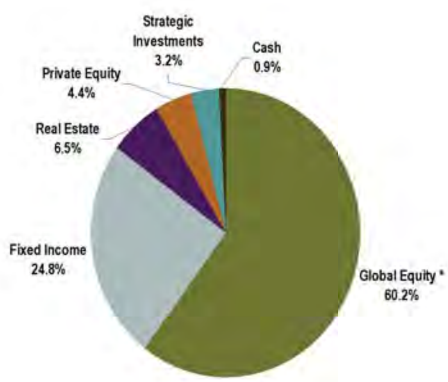
Return (Rank)	Quarter		1 Year		3 Years		5 Years		10 Years		2010		2009		2008	
5th Percentile	2.2		25.0		6.9		6.3		7.2		15.8		27.6		-6.1	
25th Percentile	1.5		22.9		4.8		5.3		6.1		13.8		22.0		-23.8	
Median	1.3		21.1		3.9		4.5		5.6		13.0		19.2		-27.0	
75th Percentile	0.9		19.1		3.0		4.0		5.1		11.6		16.7		-28.4	
95th Percentile	0.6		11.8		1.6		3.1		4.1		9.6		10.8		-30.9	
# of Portfolios	74		74		67		64		54		67		67		72	
Total Fund	1.6	(19)	22.1	(36)	4.1	(44)	4.9	(38)	5.5	(55)	13.5	(38)	20.8	(36)	-26.7	(49)
Performance Benchmark	1.1	(68)	21.6	(46)	3.6	(57)	4.6	(45)	5.2	(63)	12.9	(52)	19.5	(46)	-26.1	(47)

Universe Asset Allocation Comparison

Benchmark: Performance Benchmark

Universe: Public Funds >$1B Net

Total Fund



BNY Mellon Public Funds >$1B Net Universe

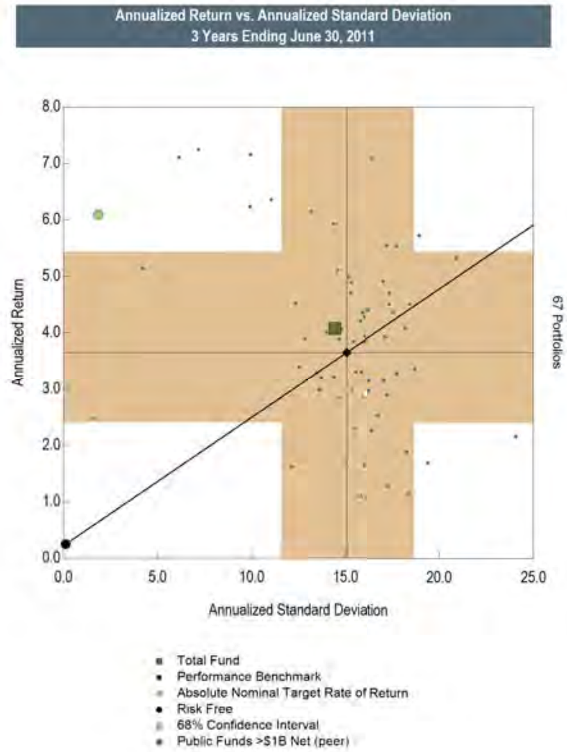
*Global Equity Allocation: 25.6% Domestic Equities; 31.8% Foreign Equities; 2.9% Global Equities. Percentages are of the Total FRS Fund.

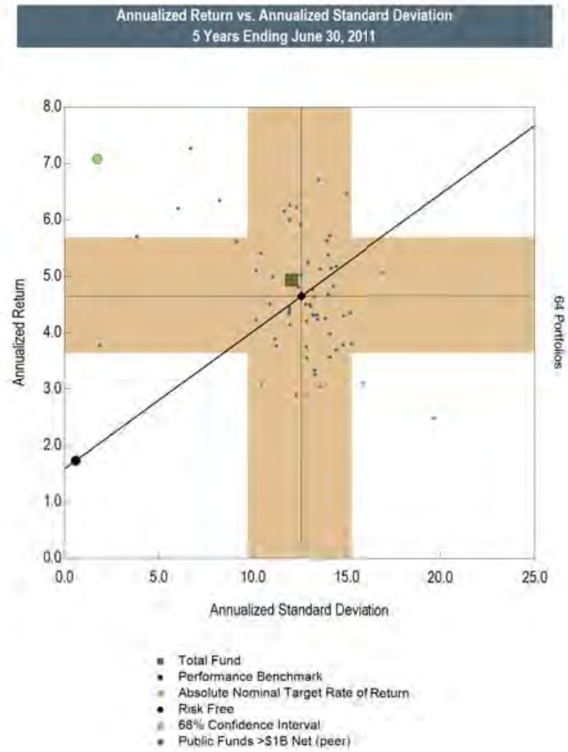
**Global Equity Allocation: 36.9% Domestic Equities; 19.5% Foreign Equities.

Risk Profile

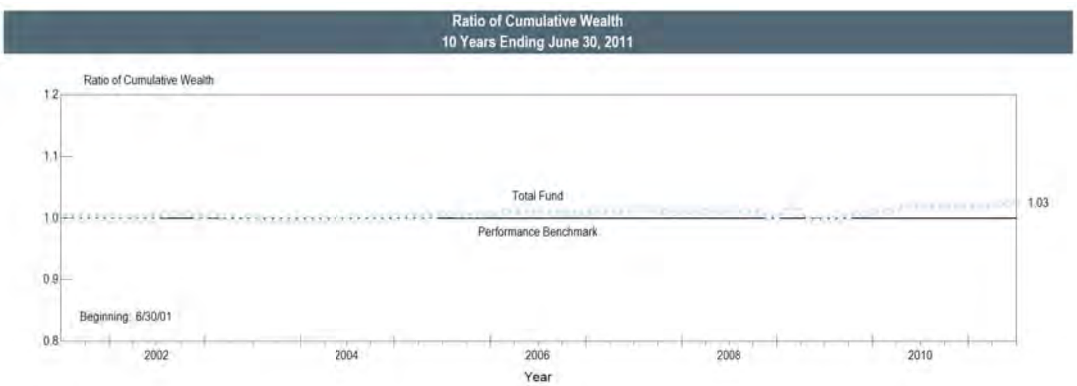
Benchmark: Performance Benchmark

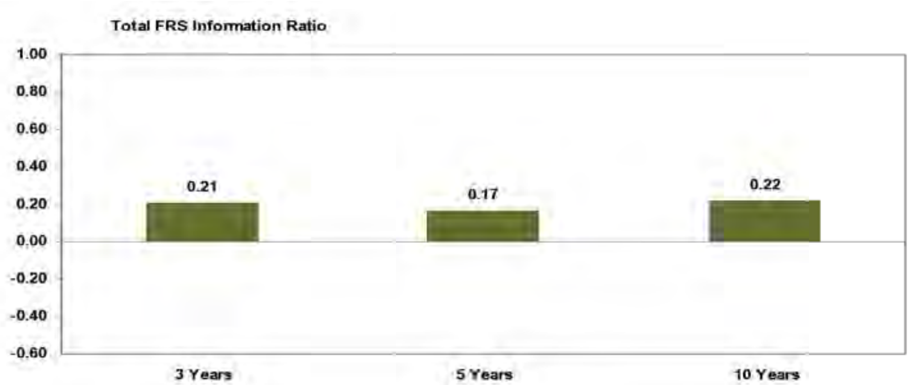
Universe: Public Funds >$1B Net





Attribution





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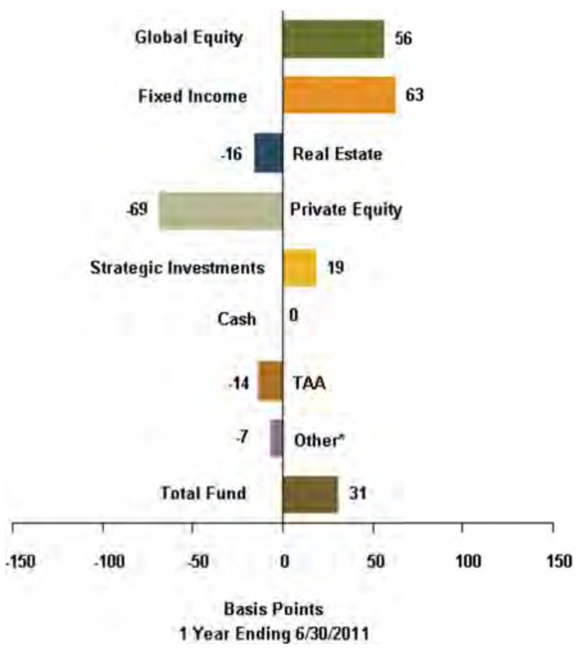
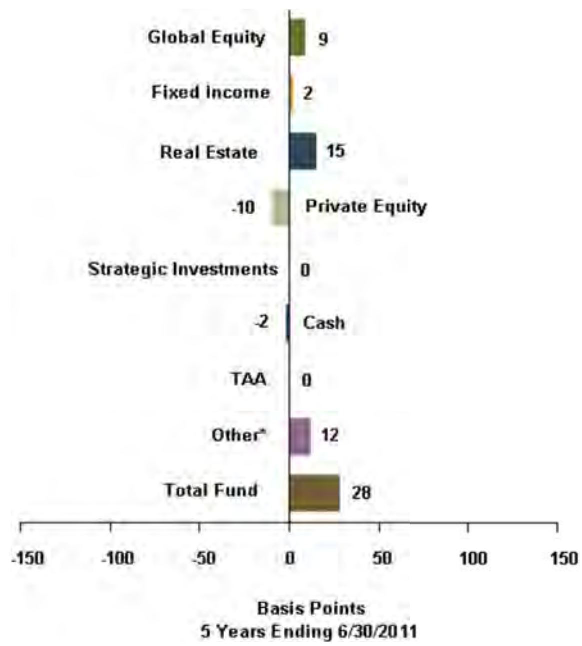
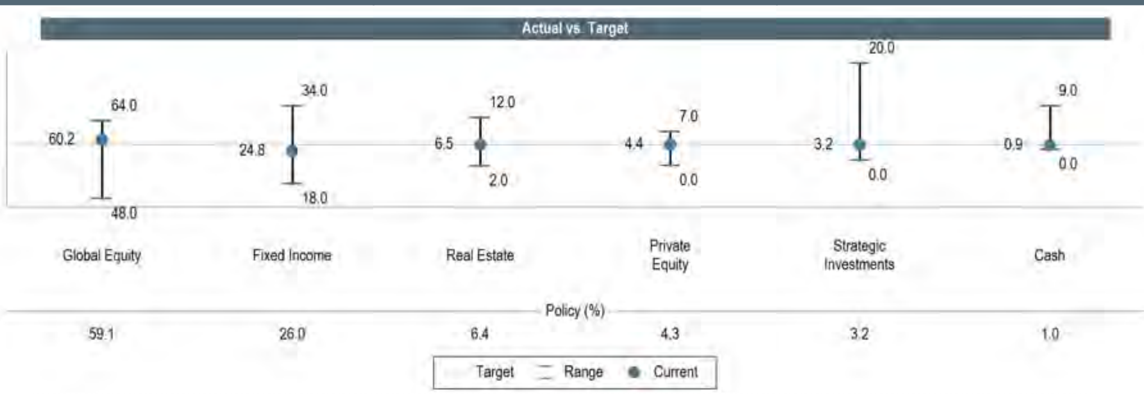
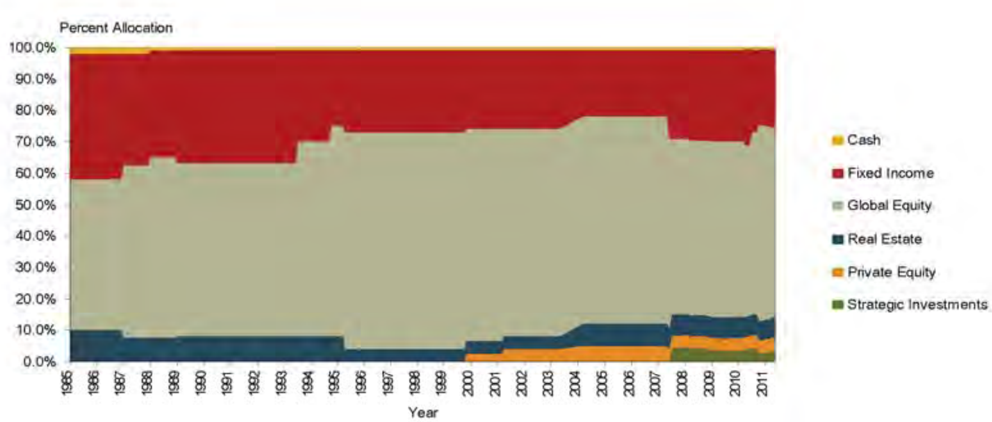




Asset Allocation





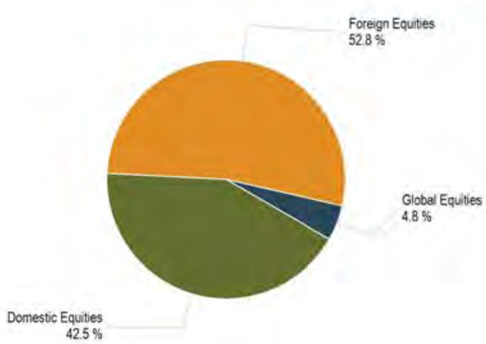
Global Equity

Global Equity | As of June 30, 2011 | $77,369.9 Million and 60.2% of Fund

Overview

Benchmark: Asset Class Target

Allocation



Return Summary

Quarterly and Cumulative Excess Performance

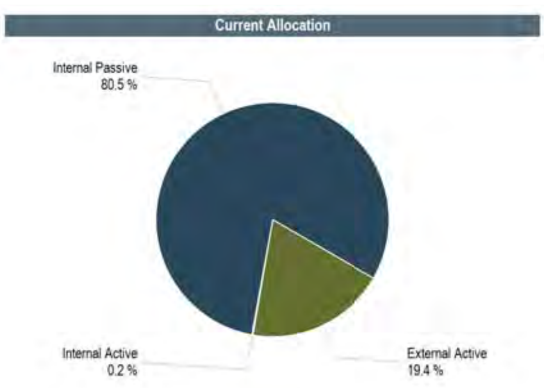
Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

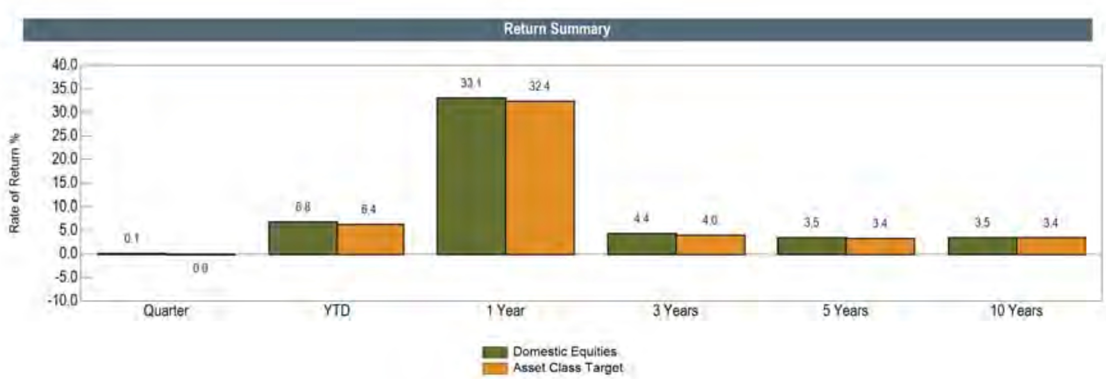
Domestic Equities

Domestic Equities | As of June 30, 2011 | $32,863.9 Million and 25.6% of Fund

Overview

Benchmark: Asset Class Target

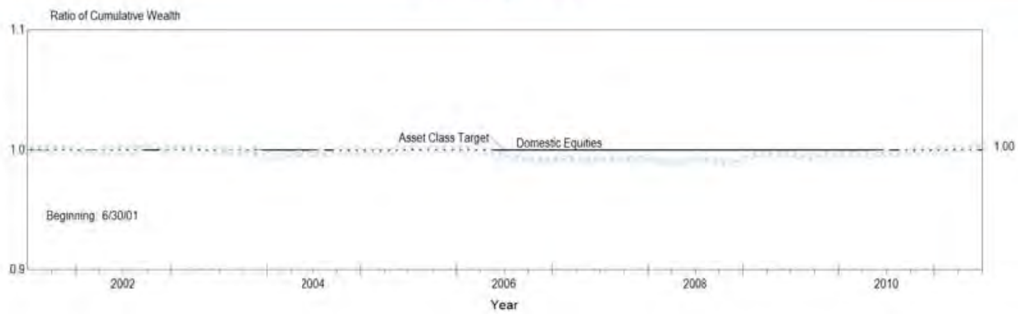




Overview

Quarterly Excess Performance

Ratio of Cumulative Wealth
10 Years Ending June 30, 2011

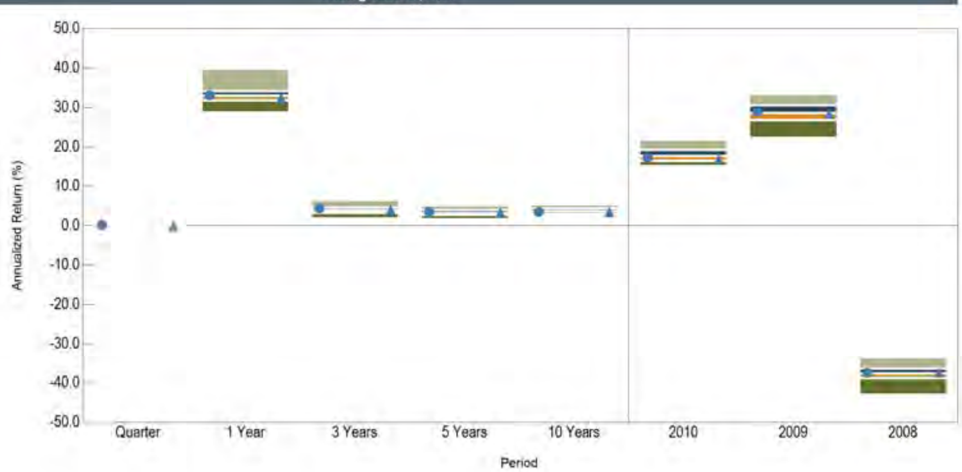


Universe Comparison

Benchmark: Asset Class Target

Universe: Public Funds >$1B - US Eq Net

Ending June 30, 2011

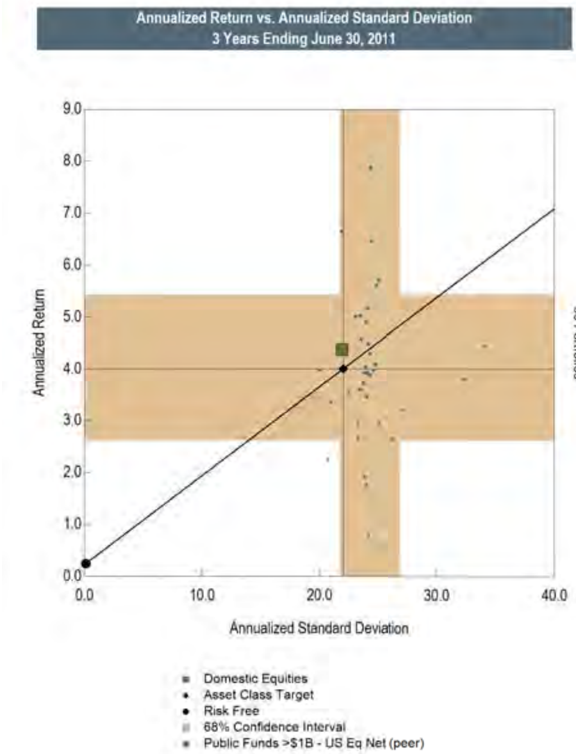


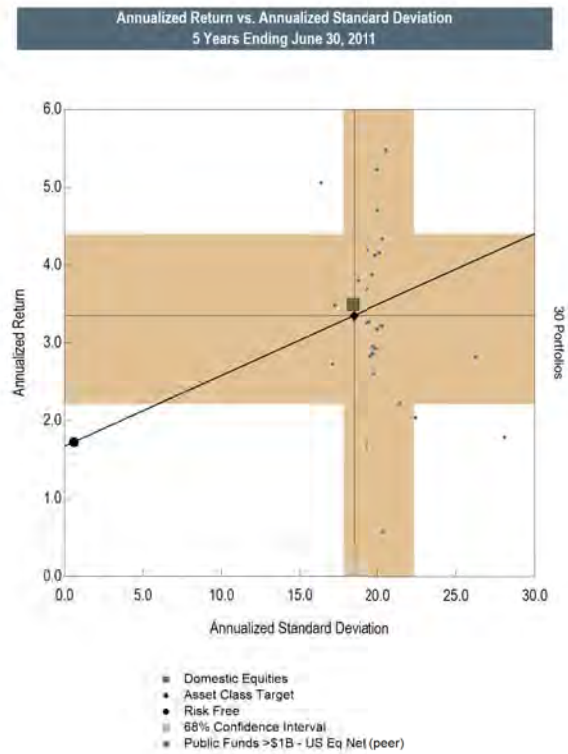
Return (Rank)	Quarter		1 Year		3 Years		5 Years		10 Years		2010		2009		2008	
5th Percentile	0.9		39.8		6.5		5.1		5.3		21.8		33.4		-33.5	
25th Percentile	0.4		34.2		4.6		4.1		4.5		19.2		30.6		-36.3	
Median	0.0		33.0		4.0		3.2		3.7		17.7		28.7		-37.5	
75th Percentile	-0.3		31.8		3.3		2.8		3.0		16.5		26.8		-38.7	
95th Percentile	-0.6		28.8		1.9		1.7		2.4		15.2		22.3		-42.9	
# of Portfolios	56		55		36		30		19		46		40		42	
● Domestic Equities	0.1	(36)	33.1	(46)	4.4	(33)	3.5	(38)	3.5	(67)	17.2	(65)	28.9	(45)	-37.4	(47)
▲ Asset Class Target	0.0	(58)	32.4	(69)	4.0	(45)	3.4	(41)	3.4	(68)	16.9	(70)	28.3	(55)	-37.3	(45)

Risk Profile

Benchmark: Asset Class Target

Universe: Public Funds >$1B - US Eq Net





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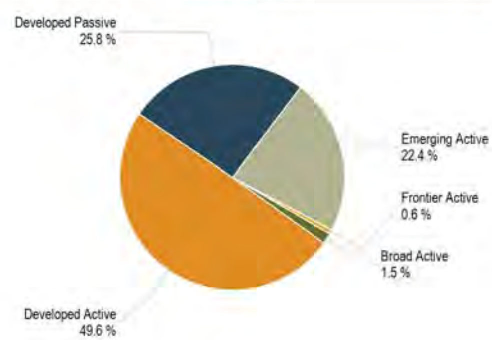
Foreign Equities

Foreign Equities | As of June 30, 2011 | $40,816.0 Million and 31.8% of Fund

Overview

Benchmark: Asset Class Target

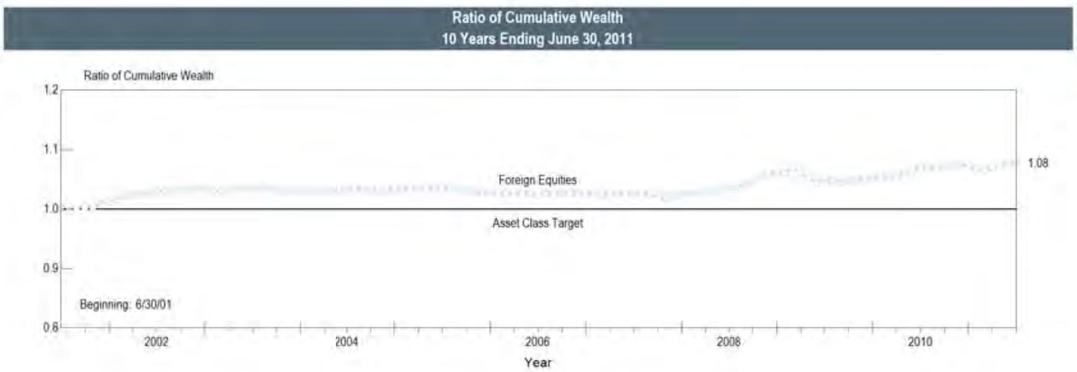
Current Allocation



Return Summary

Overview

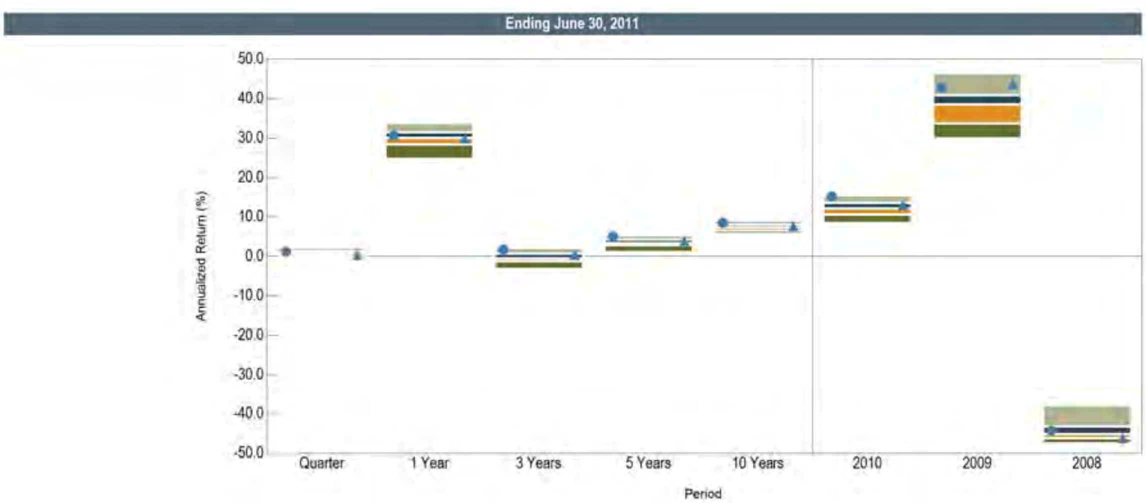
Benchmark: Asset Class Target



Universe Comparison

Benchmark: Asset Class Target

Universe: Public Funds >$1B - Non-US Eq Net

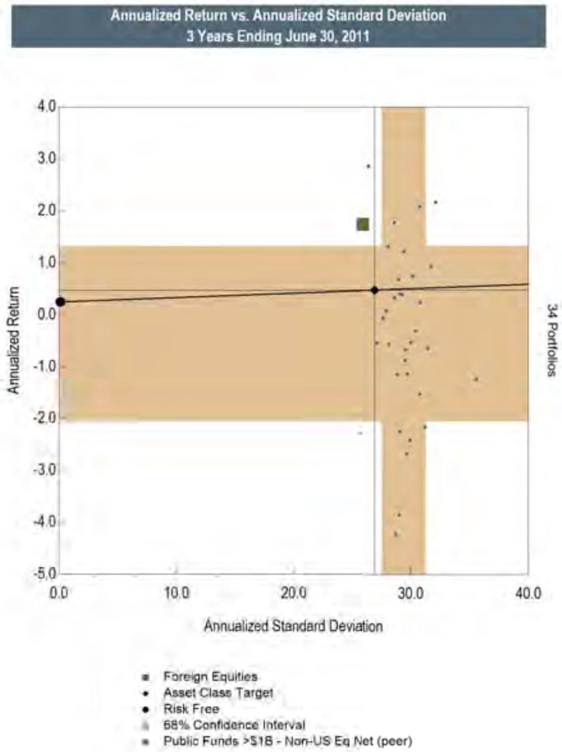


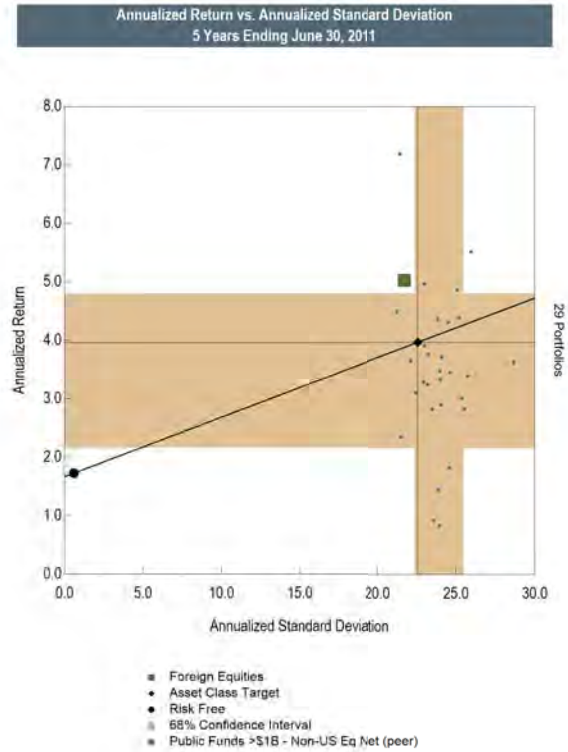
Return (Rank)	Quarter		1 Year		3 Years		5 Years		10 Years		2010		2009		2008	
5th Percentile	2.2		33.8		2.1		5.3		9.0		15.5		46.5		-37.8	
25th Percentile	1.4		31.5		0.7		4.3		8.1		13.6		40.9		-43.1	
Median	1.0		30.1		-0.4		3.5		7.4		12.2		38.6		-45.1	
75th Percentile	0.6		28.4		-1.2		2.9		6.5		10.7		33.7		-46.1	
95th Percentile	0.0		24.8		-3.1		1.1		5.8		8.5		30.0		-47.4	
# of Portfolios	47		44		34		29		16		40		38		36	
Foreign Equities	1.2	(39)	30.6	(38)	1.7	(10)	5.0	(7)	8.5	(8)	15.2	(7)	42.7	(9)	-44.3	(36)
Asset Class Target	0.4	(82)	29.9	(59)	0.5	(30)	4.0	(29)	7.7	(39)	13.0	(41)	43.7	(8)	-46.1	(78)

Risk Profile

Benchmark: Asset Class Target

Universe: Public Funds >$1B - Non-US Eq Net





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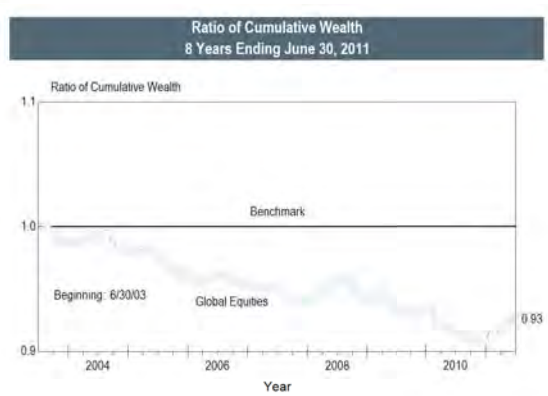
Global Equities

Global Equities | As of June 30, 2011 | $3,690.0 Million and 2.9% of Fund

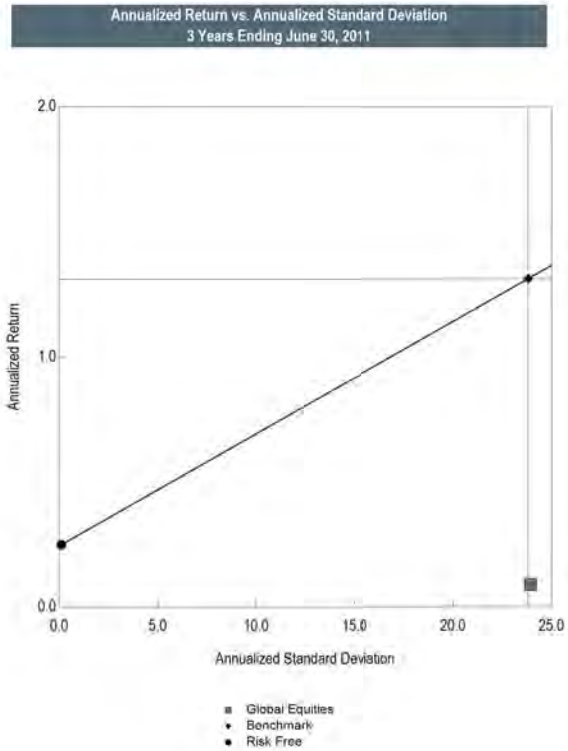
Overview

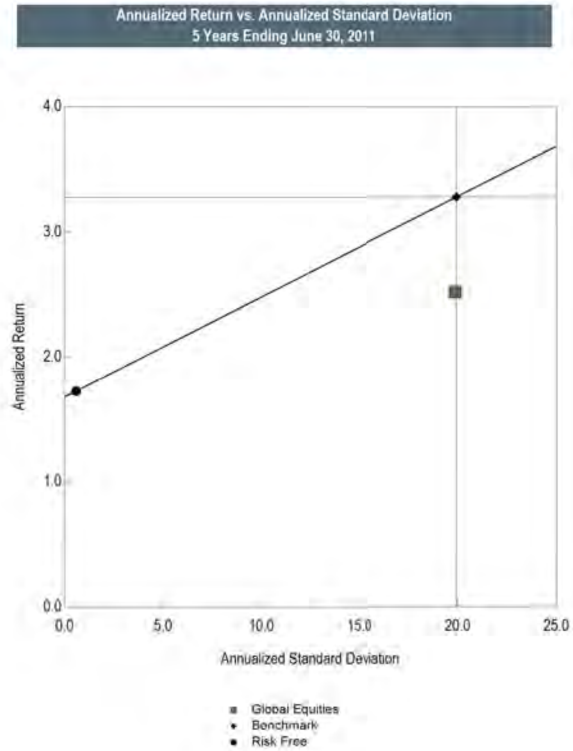
Benchmark: Aggregate Benchmark



Risk Profile

Benchmark: Aggregate Benchmark





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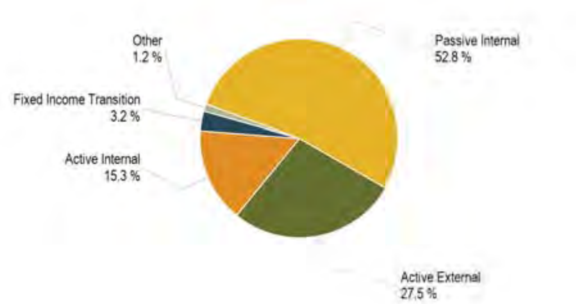
Fixed Income

Fixed Income | As of June 30, 2011 | $31,812.2 Million and 24.8% of Fund

Overview

Benchmark: Asset Class Target

Current Allocation

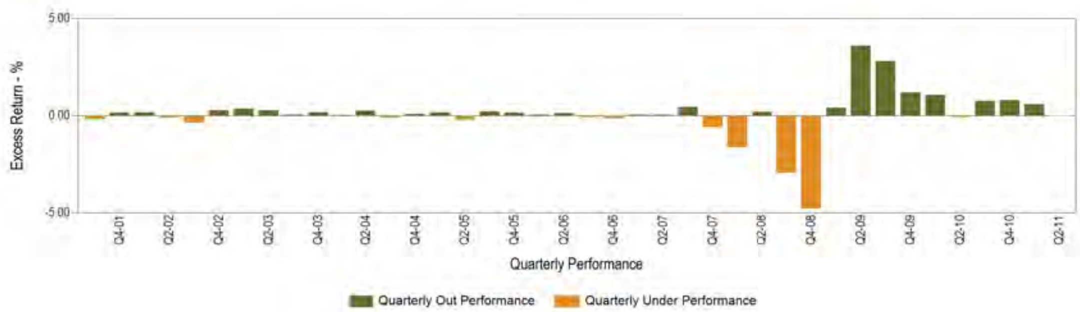


Return Summary

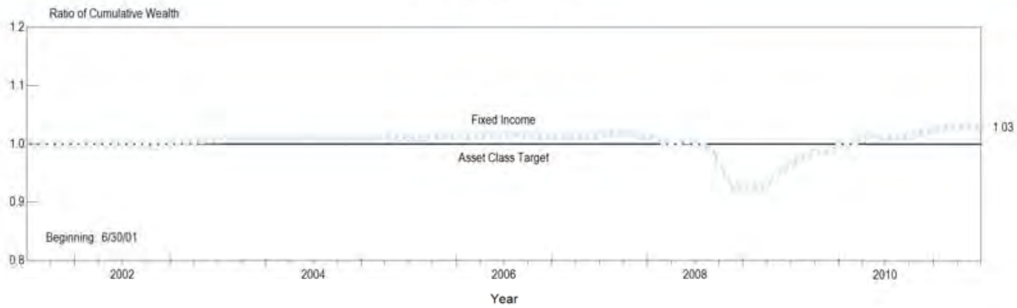
Overview

Benchmark: Asset Class Target

Quarterly Excess Performance



Ratio of Cumulative Wealth
10 Years Ending June 30, 2011

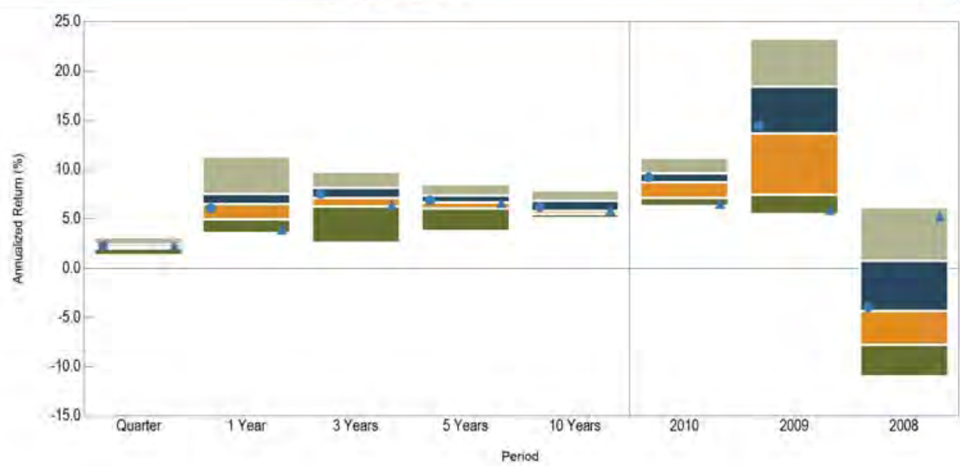


Universe Comparison

Benchmark: Asset Class Target

Universe: Public Funds >$1B - US FI Net

Ending June 30, 2011

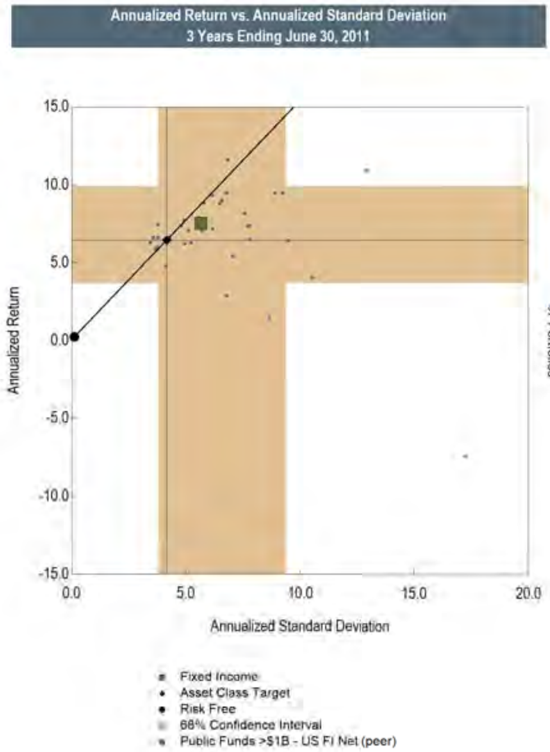


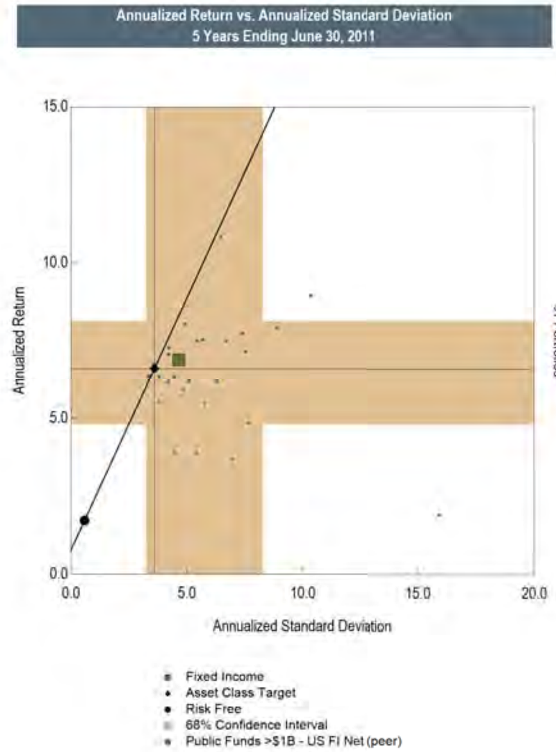
Return (Rank)	Quarter		1 Year		3 Years		5 Years		10 Years		2010		2009		2008	
5th Percentile	3.1		11.3		9.8		8.5		7.9		11.2		23.3		6.1	
25th Percentile	2.5		7.6		8.2		7.4		6.9		9.6		18.4		0.8	
Median	2.2		6.5		7.2		6.7		5.8		8.8		13.7		-4.3	
75th Percentile	2.0		5.0		6.3		6.1		5.5		7.1		7.5		-7.7	
95th Percentile	1.3		3.6		2.6		3.8		5.1		6.3		5.5		-11.0	
# of Portfolios	53		50		37		31		16		47		45		45	
Fixed Income	2.3	(35)	6.1	(53)	7.5	(38)	6.9	(37)	6.2	(45)	9.2	(34)	14.4	(46)	-4.0	(44)
Asset Class Target	2.3	(33)	3.9	(91)	6.5	(68)	6.6	(51)	5.9	(50)	6.5	(92)	5.9	(91)	5.2	(9)

Risk Profile

Benchmark: Asset Class Target

Universe: Public Funds >$1B - US FI Net





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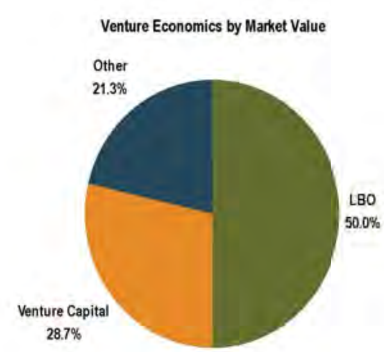
Private Equity

Private Equity | As of March 31, 2011 | $5,647.3 Million and 4.4% of Fund

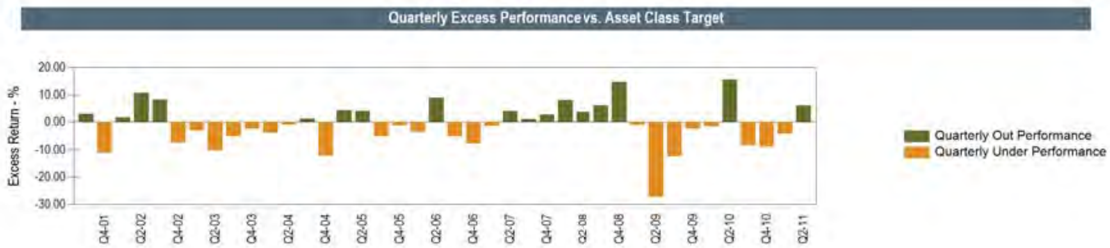
Overview

Benchmark: Asset Class Target



Time-Weighted Investment Results

Benchmark: Asset Class Target



* The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index.

Time-Weighted Investment Results

Benchmark: Asset Class Target

* The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index.

Time-Weighted Investment Results

Benchmark: Asset Class Target

* The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index.

Dollar-Weighted Investment Results

* The Inception Date for the Legacy Portfolio is January 1989.

** The Inception Date for the Post-AC Portfolio is September 2000.

*** The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index.

Private Equity Dollar-Weighted Performance
Cumulative Performance Measures Since Inception Through June 30, 2011

Name	Years Since Inception	Commitment	Net Paid In Cap.	Net Asset Value	IRR
Corporate Partners	CLOSED	N/A	$-133,709,385	$0	12.22%
Liberty Partners I, L.P.	CLOSED	N/A	$-267,090,548	$0	20.49%
Liberty Partners IV, L.P.	CLOSED	N/A	$66,000,789	$0	-18.70%
Thomas H. Lee Equity Fund IV, L.P.	CLOSED	N/A	$12,686,674	$0	-2.81%
Ripplewood Partners I, L.P.	CLOSED	N/A	$-75,695,566	$0	13.83%
Liberty Partners II, L.P.	17.01	$359,789,821	$-213,493,466	$23,874,031	10.92%
Cypress Equity Group Trust Fund	15.81	$15,000,000	$-9,213,077	$1,732,750	16.38%
Centre Capital Investors II, L.P.	15.46	$200,000,000	$83,676,009	$28,939,377	-4.79%
Liberty Partners III, L.P.	15.01	$506,208,481	$16,292,496	$33,502,240	0.82%
Carlyle Partners II, L.P.	14.80	$200,000,000	$-264,179,271	$13,794,786	19.92%
Hicks, Muse, Tate & Furst Fund III, L.P.	14.31	$200,000,000	$24,793,309	$32,908,837	0.64%
Lexington Co-Investment Partners, L.P.	13.47	$500,000,000	$-140,381,750	$10,650,557	5.67%
Apollo Investment Fund IV, L.P.	13.02	$250,000,000	$-151,194,930	$18,131,748	8.56%
Chartwell Capital Investors II, L.P.	12.70	$50,000,000	$-11,451,250	$10,637,680	5.56%
Hicks, Muse, Tate & Furst Fund IV, L.P.	12.58	$400,000,000	$159,889,940	$21,667,103	-8.08%
TSG Capital Fund II, L.P.	12.45	$100,000,000	$46,347,448	$72,830	-13.57%
Liberty Partners V, L.P.	12.34	$329,664,359	$-2,469,543	$38,517,820	2.35%
Green Equity Investors III, L.P.	12.30	$60,000,000	$-65,616,553	$5,587,196	21.53%
Private Equity Cash	12.28	N/A	$42,333,594	$68,850,237	3.28%
Willis Stein & Partners II, L.P.	12.23	$40,000,000	$16,789,706	$64,198	-9.67%
Carlyle Partners III, L.P.	10.84	$200,000,000	$-220,964,614	$22,449,769	22.78%
Willis Stein & Partners III, L.P.	10.57	$100,000,000	$49,635,686	$69,704,972	3.18%
Ripplewood Partners II, L.P.	10.35	$100,000,000	$19,696,163	$47,126,103	7.46%
Lexington Capital Partners IV, L.P.	10.21	$200,000,000	$-112,764,784	$36,145,551	19.69%
Apollo Investment Fund V, L.P.	10.12	$150,000,000	$-168,857,112	$59,272,392	37.95%
Thomas H. Lee Equity Fund V, L.P.	10.00	$50,000,000	$-6,933,999	$20,534,329	12.92%
Hicks, Muse, Tate & Furst Equity Fund V, L.P.	9.65	$25,000,000	$-16,832,436	$2,114,904	19.24%
Liberty Partners VI, L.P.	9.46	$595,484,687	$350,491,266	$317,239,469	-1.10%
Lexington Capital Partners V, L.P.	8.88	$100,000,000	$-29,588,640	$32,035,615	19.93%
Lexington Co-Investment Partners II, L.P.	8.76	$500,000,000	$-198,990,327	$331,741,303	26.31%
Wellspring Capital Partners III, L.P.	8.14	$50,000,000	$-41,487,786	$8,172,160	26.40%
Green Equity Investors IV, L.P.	7.82	$100,000,000	$57,052,013	$115,428,587	10.56%
Paul Capital Top Tier Investments II, L.P.	7.76	$120,000,000	$85,102,922	$88,986,323	0.74%
Gores Capital Partners I, L.P.	7.44	$50,000,000	$-2,113,809	$36,326,775	18.46%

Private Equity Dollar-Weighted Performance (continued)
Cumulative Performance Measures Since Inception Through June 30, 2011

Name	Years Since Inception	Commitment	Net Paid In Cap.	Net Asset Value	IRR
Platinum Equity Capital Partners I, L.P.	7.39	$50,000,000	$-42,986,432	$18,706,526	59.78%
Pantheon Venture Partners II, L.P.	7.38	$100,000,000	$63,047,500	$65,259,527	1.00%
FS Equity Partners V, L.P.	7.17	$50,000,000	$10,159,113	$34,708,747	12.78%
TPG Partners IV, L.P.	7.08	$50,000,000	$9,035,293	$43,570,921	15.65%
GS Partners Ventures LLC	7.01	$200,000,000	$145,273,231	$162,327,506	3.26%
Kelso Investment Associates VII, L.P.	7.00	$50,000,000	$16,714,748	$47,733,569	14.76%
Fairview Ventures Fund II, L.P.	7.00	$50,000,000	$38,717,177	$33,293,550	-3.61%
Hellman & Friedman Capital Partners V, L.P.	6.56	$75,000,000	$-32,781,886	$60,509,388	29.56%
Kohlberg Investors V, L.P.	6.51	$45,000,000	$24,207,161	$27,226,546	1.91%
New Mountain Partners II, L.P.	6.47	$50,000,000	$23,241,054	$40,352,911	8.74%
Paul Capital Top Tier Investments III, L.P.	6.21	$75,000,000	$54,950,417	$63,571,244	4.75%
Carlyle Partners IV, L.P.	6.17	$75,000,000	$30,144,459	$68,430,669	10.53%
Warburg Pincus Private Equity IX, L.P.	5.83	$75,000,000	$43,662,623	$71,666,794	8.05%
Lexington Co-Investment Partners 2005, L.P.	5.79	$500,000,000	$368,079,837	$346,691,447	-1.42%
Pomona Capital VI, L.P.	5.79	$50,000,000	$28,520,051	$38,421,026	6.18%
Liberty Partners VII, L.P.	5.68	$290,808,542	$51,177,400	$42,672,329	-1.73%
Lexington Capital Partners VI-B, L.P.	5.56	$100,000,000	$60,848,594	$71,447,599	4.21%
Apollo Investment Fund VI, L.P.	5.56	$200,000,000	$153,455,302	$222,467,859	9.64%
Wellspring Capital Partners IV, L.P.	5.43	$75,000,000	$68,792,717	$76,471,422	3.78%
Blackstone Capital Partners V, L.P.	5.29	$150,000,000	$125,412,667	$124,628,364	-0.18%
TowerBrook Investors II, L.P.	5.24	$75,000,000	$37,079,658	$57,790,935	8.37%
Thoma Cressey Fund VIII, L.P.	5.24	$50,000,000	$29,607,532	$50,904,783	9.59%
TPG Partners V, L.P.	5.01	$100,000,000	$74,097,616	$57,948,581	-5.95%
Fairview Ventures Fund III, L.P.	5.01	$75,000,000	$37,601,667	$37,044,201	-0.83%
Permira IV, L.P.	4.87	€ 50,000,000	$54,684,963	$56,530,062	1.14%
Lindsay Goldberg & Bessemer II, L.P.	4.87	$100,000,000	$75,475,821	$78,785,506	1.15%
Grove Street Partners Buyouts, LLC	4.76	$150,000,000	$69,587,835	$78,067,869	4.70%
Thomas H. Lee Equity Fund VI, L.P.	4.63	$75,000,000	$48,496,370	$53,579,817	2.93%
First Reserve Fund XI, L.P.	4.62	$100,000,000	$58,310,599	$67,033,602	3.44%
3i Europartners Vb L.P.	4.62	€ 59,000,000	$62,398,725	$44,234,063	-12.50%
RCP Advisors Fund IV, LLC	4.50	$50,000,000	$26,245,198	$32,021,641	6.04%
Hellman & Friedman Capital Partners VI, L.P.	4.45	$100,000,000	$72,445,397	$89,708,434	6.80%
Providence Equity Partners VI, L.P.	4.29	$50,000,000	$35,162,671	$38,226,204	2.95%
Carlyle Partners Europe III	4.28	€ 49,000,000	$44,818,402	$41,130,266	-4.35%

Private Equity Dollar-Weighted Performance (continued)
Cumulative Performance Measures Since Inception Through June 30, 2011

Name	Years Since Inception	Commitment	Net Paid In Cap.	Net Asset Value	IRR
Green Equity Investors V, L.P.	4.16	$100,000,000	$56,836,031	$80,046,440	17.76%
Gores Capital Partners II, L.P.	3.93	$50,000,000	$17,260,651	$31,730,915	14.05%
New Mountain Partners III, L.P.	3.89	$100,000,000	$54,840,275	$54,940,069	0.11%
Carlyle Partners V, L.P.	3.76	$200,000,000	$99,101,463	$120,970,284	8.03%
Kohlberg Investors VI, L.P.	3.72	$50,000,000	$22,628,408	$34,787,776	15.15%
Apollo Investment Fund VII, L.P.	3.70	$200,000,000	$74,276,810	$119,729,004	23.00%
Kelso Investment Associates VIII, L.P.	3.70	$100,000,000	$34,524,325	$33,141,792	-2.96%
Platinum Equity Capital Partners II, L.P.	3.70	$75,000,000	$31,969,104	$45,206,503	11.38%
RCP Advisors, LLC (Fund V)	3.65	$50,000,000	$20,302,229	$21,145,915	1.97%
Warburg Pincus X	3.61	$150,000,000	$110,426,427	$115,391,149	2.24%
Paul Capital Top Tier Investments IV, L.P.	3.40	$100,000,000	$49,516,941	$60,347,076	14.27%
TPG Partners VI, L.P.	3.20	$200,000,000	$88,740,648	$88,544,726	-0.18%
Liberty Partners Group II	3.13	$12,625,000	$633,737	$-4,591	0.00%
PAI Europe V	3.12	€ 27,501,303	$26,310,514	$24,120,079	-5.04%
Pomona Capital VII, L.P.	3.02	$50,000,000	$21,714,099	$27,244,487	11.29%
GS Partners Ventures II, LLC	3.01	$200,000,000	$46,794,109	$47,765,553	2.10%
Advent International GPE VI	2.98	$58,000,000	$30,176,196	$32,573,966	5.16%
Lindsay Goldberg III	2.95	$100,000,000	$24,497,828	$21,195,152	-11.66%
CVC European Equity Partners V	2.95	€ 70,000,000	$42,388,111	$52,243,540	13.12%
Thoma Bravo Fund IX	2.95	$50,000,000	$31,751,158	$41,627,036	20.62%
TowerBrook Investors III, L.P.	2.95	$150,000,000	$40,345,599	$58,590,370	19.50%
KKR European Fund III	2.84	€ 40,000,000	$22,832,975	$23,448,833	2.34%
Ares Corporate Opportunities Fund III	2.77	$100,000,000	$26,740,188	$55,995,180	28.19%
RCP Advisors, LLC (Fund VI)	2.73	$50,000,000	$11,967,994	$10,242,868	-11.17%
Blackstone Capital Partners VI	2.65	$200,000,000	$1,240,511	$-161,205	-100.00%
Cressey & Company Fund IV	2.65	$50,000,000	$15,262,941	$11,944,861	-19.59%
First Reserve Fund XII	2.63	$200,000,000	$108,012,290	$92,356,203	-8.63%
Carlyle Asia Growth Partners IV	2.53	$75,000,000	$20,757,696	$28,506,579	23.83%
Charterhouse Capital Partners IX	2.17	€ 70,000,000	$17,389,333	$19,346,885	7.43%
Paul Capital Top Tier Special Opportunities Fund	2.10	$8,829,000	$8,841,898	$10,852,437	17.22%
Riverside Capital Appreciation Fund V	2.03	$75,000,000	$37,533,136	$37,111,785	-0.96%
FS Equity Partners VI	1.93	$75,000,000	$25,797,355	$23,809,202	-6.70%
Energy Capital Partners II	1.92	$100,000,000	$18,367,485	$23,628,677	12.16%
Hellman & Friedman Capital Partners VII, L.P.	1.92	$200,000,000	$0	$0	0.00%

Private Equity Dollar-Weighted Performance (continued)
Cumulative Performance Measures Since Inception Through June 30, 2011

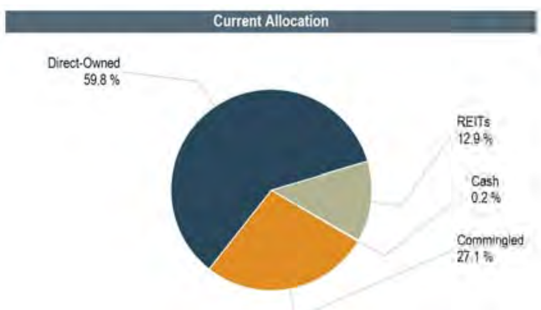
Name	Years Since Inception	Commitment	Net Paid In Cap.	Net Asset Value	IRR
KPS Special Situations Fund III	1.76	$50,000,000	$5,316,834	$5,475,675	1.84%
Gores Capital Partners III, L.P.	1.75	$125,000,000	$18,749,625	$12,501,791	-52.96%
Charlesbank Equity Fund VII, L.P.	1.69	$75,000,000	$16,427,374	$18,541,345	14.29%
Lexington Capital Partners VII	1.57	$200,000,000	$73,828,097	$88,500,012	31.08%
3i Growth Capital Fund	1.27	€ 40,000,000	$29,406,900	$32,991,115	12.88%
Riverside Europe Fund IV, L.P.	1.03	€ 40,000,000	$19,225,241	$18,033,036	-9.21%
TA XI	0.92	$100,000,000	$18,500,000	$18,693,800	***
Snow Phipps II, L.P.	0.89	$50,000,000	$7,529,989	$5,569,504	***
Pantheon Global Secondary Fund IV, L.P.	0.86	$100,000,000	$18,462,603	$20,506,900	***
JH Whitney VII	0.72	$75,000,000	$5,814,540	$4,147,583	***
Trident V	0.67	$75,000,000	$16,137,419	$14,608,903	***
RCP Fund VII	0.58	$50,000,000	$2,499,995	$2,218,750	***
EnerVest Energy Fund XII	0.51	$60,000,000	$12,433,025	$11,012,956	***
EnCap Energy Capital Fund VIII	0.37	$75,000,000	$3,921,428	$3,182,929	***
GS Partners Buyouts II	0.31	$200,000,000	$0	$0	***
Cortec Group V	0.20	$50,000,000	$330,000	$80,000	***
Montagu Private Equity Fund IV	0.10	€ 40,000,000	$3,958,400	$3,465,654	***
Private Equity Aggregate			**$2,355,764,583**	**$5,647,323,049**	**7.46%**

***IRR returns less than one year are not reported

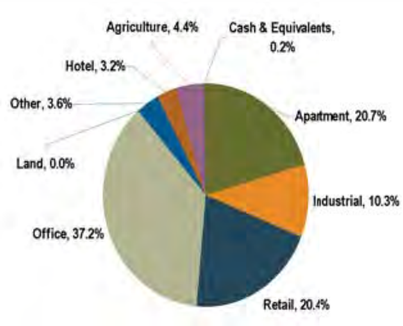
Real Estate

Real Estate | As of June 30, 2011 | $8,319.9 Million and 6.5% of Fund

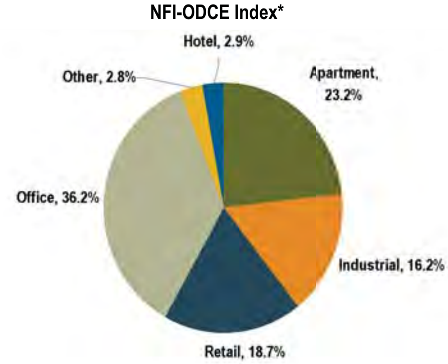
Overview



FRS*



NFI-ODCE Index*



*Property Allocation data is as of March 31, 2011. The FRS chart includes only the FRS private real estate assets. Property type information for the REIT portfolios is not included.

Real Estate | As of June 30, 2011 | $8,319.9 Million and 6.5% of Fund

Overview

Benchmark: Asset Class Target

Return Summary

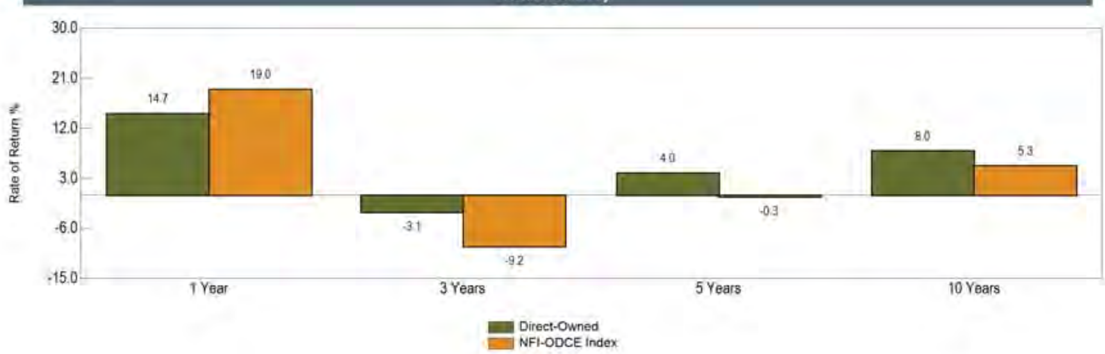
Quarterly Excess Performance

Direct | As of June 30, 2011 | $4,973.9 Million and 3.9% of Fund

RE Direct-Owned

Benchmark: NFI-ODCE Index

Return Summary

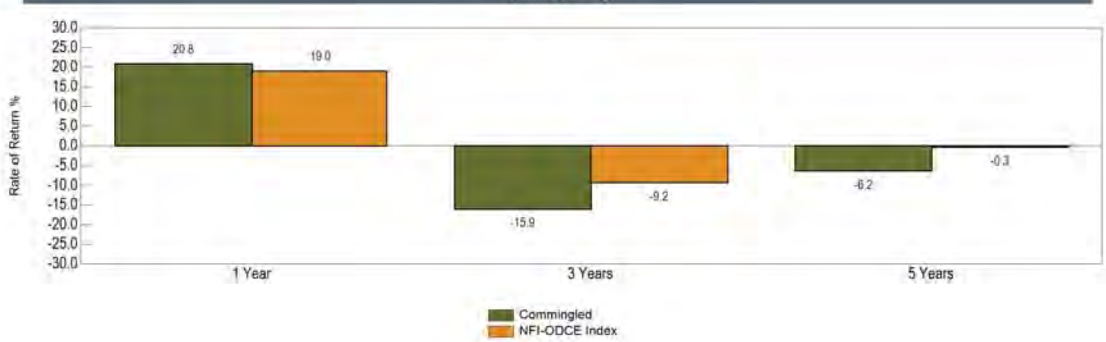


Quarterly Excess Performance

RE Commingled Investment Results

Benchmark: NFI-ODCE Index

Return Summary

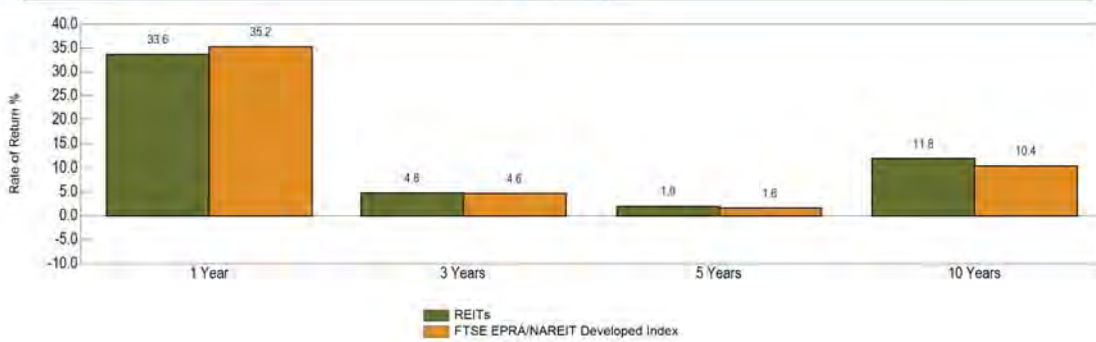


Quarterly Excess Performance

REITs Investment Results

Benchmark: FTSE EPRA/NAREIT Developed Index

Return Summary



Quarterly Excess Performance

Commingled and Direct Owned Real Estate Time-Weighted Performance
Performance Measures Through June 30, 2011

Name	Inception Date	Commitment	Net Paid in Cap.	Net Asset Value	Since Inception Managed Return
Commingled Funds					
Beacon Capital SP Fund VI	Aug-07	$100,000,000	$77,019,972	$35,333,644	-24.8%
Black Rock Granite Fund	Aug-03	$150,000,000	$143,457,114	$131,748,943	0.3%
Blackrock Retail Opportunity Fund	Nov-07	$60,000,000	$39,778,914	$18,049,455	-43.8%
Blackstone Real Estate Partners VI	Sep-07	$200,000,000	$174,912,626	$206,263,673	-2.3%
Diamond Property Fund	Aug-06	$100,000,000	$99,261,756	$35,324,687	-18.8%
Enhanced Property Fund	Jun-07	$100,000,000	$95,888,962	$56,265,599	-11.4%
Hines US Office Value Added Fund II	Sep-07	$135,437,699	$122,903,171	$33,802,981	-36.0%
JP Morgan Pooled Fund	Sep-03	$250,000,000	$212,889,052	$266,484,193	6.1%
JP Morgan Special Situation Fund	Dec-07	$150,000,000	$149,076,841	$90,505,746	-12.9%
Prime Property Fund	Jun-06	$250,000,000	$230,916,838	$226,447,090	0.2%
Principal Financial Group Pooled Fund	Oct-03	$175,000,000	$148,379,314	$184,375,008	4.0%
Prudential PRISA	Apr-05	$250,000,000	$229,993,919	$209,537,290	0.9%
Prudential PRISA Fund II	Sep-07	$145,000,000	$139,331,224	$105,090,632	-11.8%
Prudential PRISA III	Jan-08	$150,000,000	$145,786,477	$124,528,663	-17.4%
Rockpoint Real Estate Fund III, L.P.*	Jan-08	$100,000,000	$74,030,056	$73,828,814	-77.1%
RREEF America REIT Pooled Fund	Jul-03	$250,000,000	$213,805,582	$256,799,673	3.8%
UBS Pooled Fund	Jul-03	$200,000,000	$126,108,818	$202,968,146	5.6%
Total Commingled Funds				**$2,257,354,236**	**0.87%**
Total Wholly Owned and Joint Venture Investments				**$4,973,840,416**	**7.73%**
Total Commingled, Wholly Owned and Joint Venture Investments				**$7,231,287,798**	**8.07%**

* The since inception IRR is -0.27%.

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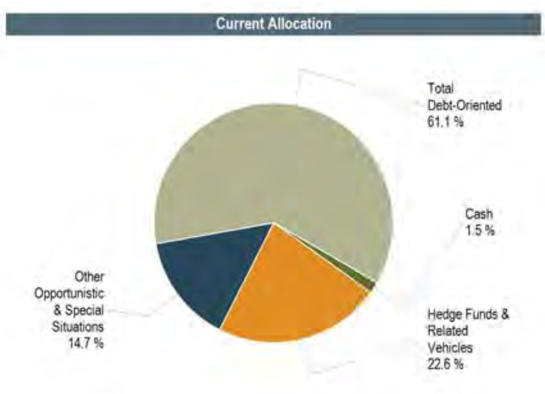
Strategic Investments

Overview

Benchmark: Short-Term Target

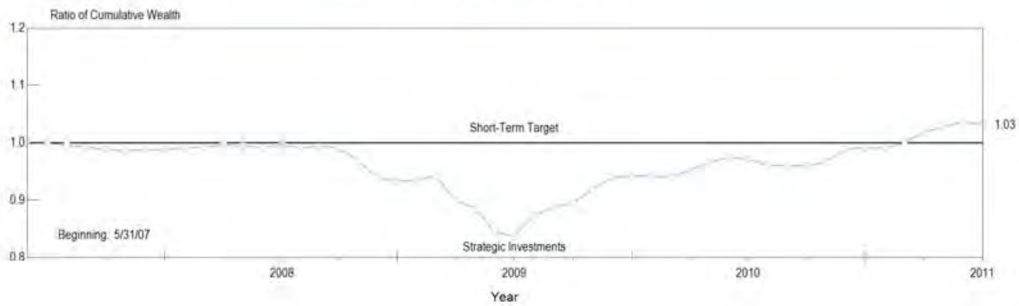


Overview

Benchmark: Short-Term Target

Quarterly Excess Performance

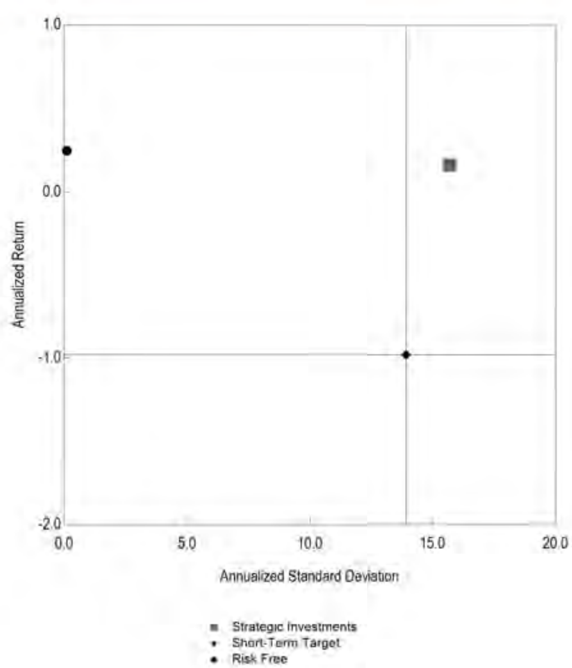
Ratio of Cumulative Wealth
4 Years 1 Month Ending June 30, 2011



Risk Profile

Benchmark: Short-Term Target

Annualized Return vs. Annualized Standard Deviation
3 Years Ending June 30, 2011



Strategic Investments Dollar-Weighted Performance
Cumulative Performance Measures Since Inception Through June 30, 2011

Name	Years Since Inception	Commitment	Net Paid In Cap.	Net Asset Value	Managed Return
Green Credit Investors	CLOSED	N/A	$14,344.42	$0.00	0.0%
PCG Special Situations Partners, L.P	7.87	150,000,000	$48,088,856	$101,047,572	6.6%
Goldman Sachs Distressed Opportunities, L.P.	6.98	150,000,000	$84,659,173	$93,360,120	1.4%
Special Situation Partners II	4.18	100,000,000	$74,465,174	$91,477,304	5.9%
OCM Opportunities Fund VIIb	3.70	50,000,000	$24,767,805	$51,183,115	21.0%
TAC 2007 (TPG Credit Fund)	3.55	321,326,676	$89,308,031	$127,831,726	6.1%
Apollo Credit Liquidity Fund	3.54	238,233,051	$89,960,974	$155,886,949	11.6%
Blackstone Credit Liquidity Partners, L.P.	3.53	250,000,000	$49,482,914	$115,071,314	13.1%
Morgan Stanley Mezzanine Partners pooled fund	3.51	177,500,000	$33,533,436	$9,281,805	-26.0%
Wayzata Opportunities Fund II	3.50	50,000,000	$30,356,957	$50,638,291	14.9%
Providence TMT Special Situation Fund	3.19	150,000,000	$123,472,067	$194,422,692	18.8%
GSO Capital Opportunities Fund	2.90	200,000,000	$80,188,587	$124,435,160	14.9%
Carlyle Mezzanine Partners II, L.P.	2.89	150,000,000	$39,297,384	$45,742,245	3.6%
ABRY Advanced Securities Fund	2.79	150,000,000	$89,373,294	$138,914,227	22.0%
TCW Crescent Mezzanine Partners V	2.65	150,000,000	$68,132,151	$76,604,844	7.1%
Tricon IX	2.63	105,000,000	$57,290,246	$64,432,137	5.6%
Blackrock Carbon Capital III	2.49	100,000,000	$75,300,931	$81,045,255	5.7%
Square Mile Partners III	2.48	100,000,000	$65,559,975	$66,279,342	0.7%
VSS Structured Capital II	2.08	75,000,000	$27,897,089	$30,359,089	7.3%
Principal RE Debt Separate Account	2.00	300,000,000	$149,877,811	$161,758,204	13.6%
Falcon Strategic Partners III	2.04	75,000,000	$35,371,794	$43,744,479	13.4%
Levine Leichtman Capital Partners IV	1.63	100,000,000	$36,957,393	$45,463,708	18.3%
Varde Fund X, L.P.	1.17	100,000,000	$50,000,000	$53,516,923	7.6%
Oaktree Opportunities Fund VIII, L.P.	1.15	100,000,000	$74,710,683	$81,810,491	12.8%
Audax Credit Opportunities	0.97	100,000,000	$114,243,864	$118,469,437	****
Bayview Opportunity Master Fund II b	0.95	100,000,000	$56,490,125	$58,150,143	****
ABRY Senior Equity III, L.P.	0.89	75,000,000	$18,622,143	$18,603,555	****
Blackstone/GSO Capital Solutions Fund	0.87	100,000,000	$25,303,260	$31,762,165	****
Providence TMT Debt Opportunity Fund II, L.P.	0.81	100,000,000	$42,128,501	$42,159,131	****
CVI Credit Value Fund A	0.55	100,000,000	$44,937,000	$44,937,000	****
ABRY Advanced Securities Fund II	0.16	150,000,000	$16,488,938	$14,980,614	****
Strategic Investments Debt-Oriented			**$1,816,280,899**	**$2,333,369,036**	**8.2%**
CVI Global Value Fund A-Class P	2.66	250,000,000	$201,961,062	$355,231,067	26.0%
GI Partners III	2.43	100,000,000	$58,840,194	$71,833,655	18.9%
Florida Growth Fund	1.98	250,000,000	$107,161,441	$121,656,010	19.5%
KV Partners	0.95	250,000,000	$175,154,319	$183,277,476	****
Airline Credit Opportunities II	0.54	75,000,000	$20,420,357	$20,954,673	****
Starboard Value and Opportunity Fund	0.15	125,000,000	$50,000,000	$50,052,165	****

****IRR returns less than one year are not reported

Strategic Investments - Hedge Fund and Related Vehicles
Time-Weighted Returns Since Inception Through June 30, 2011

Name	Inception Date	Commitment	Net Asset Value	Since Inception Managed Return
Cevian Capital II	04/01/2010	100,000,000	$139,818,544	30.8%
Highline Capital Partners	04/01/2011	150,000,000	$147,322,141	-1.8%
King Street Capital Fund	06/01/2011	100,000,000	$100,000,000	0.0%
Mason Capital Fund	04/01/2011	100,000,000	$99,625,000	-0.4%
P2 Capital Fund	09/01/2010	100,000,000	$120,183,072	20.2%
Taconic Opportunity Fund	06/01/2011	100,000,000	$100,000,000	0.0%

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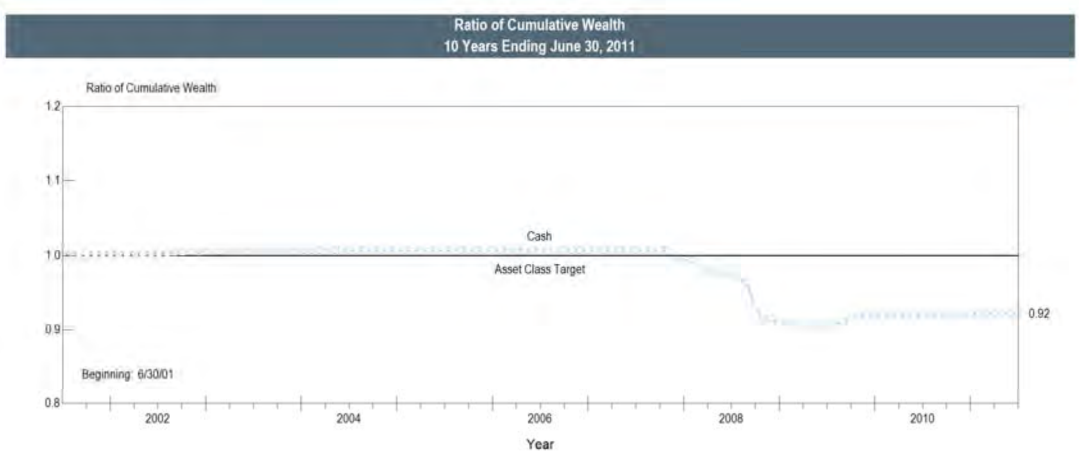
Cash

Overview

Benchmark: Asset Class Target

Overview

Benchmark: Asset Class Target



Appendix

As of June 30, 2011

Securities Lending

FRS Pension Plan

LOANS

Lending Agent	Lendable Base	Market Value on Loan	% on Loan	Intrinsic Market Value on Loan #	% Intrinsic on Loan
Bank of New York Mellon	$64,723,489,586	$2,405,159,091	3.72%	$2,137,058,630	88.85%
Deutsche Bank	$22,110,086,100	$1,929,009,660	8.72%	$1,925,997,495	99.84%
ClearLend (formerly Wachovia)	---	---	---	---	---
Total FRS Pension Plan	$86,833,575,686	$4,334,168,751	4.99%	$4,063,056,125	93.74%

REINVESTMENT

Lending Agent	Book Value	Market Value	Unrealized Gain/(Loss)
Bank of New York Mellon	$2,590,119,721	$2,485,080,845	($105,038,876)
Deutsche Bank	$1,972,665,896	$1,969,771,352	($2,894,544)
ClearLend (formerly Wachovia)	$23,893	$23,893	$0
Total FRS Pension Plan	$4,562,809,510	$4,454,876,090	($107,933,420)

Intrinsic value loans are those made at or below the federal funds rate.

Appendix

Returns Of The Major Capital Markets	Second Quarter	1-Year	3-Year	5-Year	10-Year	15-Year
		Annualized Periods Ending 6/30/11				
Domestic Stock Indices:						
Dow Jones US Total Stock Index	0.0	32.4	4.2	3.6	3.8	6.8
S&P 500 Index	0.1	30.7	3.3	2.9	2.7	6.5
Russell 3000 Index	0.0	32.4	4.0	3.4	3.4	6.8
Russell 1000 Value Index	-0.5	28.9	2.3	1.2	4.0	7.5
Russell 1000 Growth Index	0.8	35.0	5.0	5.3	2.2	5.4
Russell MidCap Value Index	-0.7	34.3	6.3	4.0	8.4	10.3
Russell MidCap Growth Index	1.6	43.2	6.6	6.3	5.5	7.7
Russell 2000 Value Index	-2.6	31.4	7.1	2.2	7.5	9.5
Russell 2000 Growth Index	-0.6	43.5	8.4	5.8	4.6	4.7
Domestic Bond Indices:						
Barclays Capital Aggregate Index	2.3	3.9	6.5	6.5	5.7	6.3
Barclays Capital Govt/Credit Index	2.3	3.7	6.2	6.3	5.7	6.3
Barclays Capital Long Govt/Credit Index	3.3	3.2	8.2	7.7	7.2	7.6
Barclays Capital 1-3 Year Govt/Credit Index	0.9	1.9	3.5	4.5	4.0	4.9
Barclays Capital U.S. MBS Index	2.3	3.8	6.9	7.0	5.8	6.4
Barclays Capital High Yield Index	1.1	15.6	12.7	9.3	9.0	7.4
Barclays Capital Universal Index	2.2	4.8	6.7	6.6	6.0	6.5
Real Estate Indices:						
NCREIF Property Index	3.9	16.7	-2.6	3.4	7.6	9.3
NCREIF ODCE Index	4.4	19.4	-8.5	-0.9	4.7	7.3
Dow Jones Real Estate Securities Index	4.0	35.2	4.6	1.6	10.4	10.8
FTSE NAREIT US Real Estate Index	2.9	34.1	5.4	2.6	10.7	10.8
Foreign/Global Stock Indices:						
MSCI All Country World Index	0.2	30.1	0.9	3.2	4.8	5.7
MSCI All Country World IMI	0.1	31.0	1.7	3.5	5.5	5.8
MSCI All Country World ex-U.S. Index	0.4	29.7	-0.3	3.7	7.5	5.7
MSCI All Country World ex-U.S. IMI	0.3	30.3	0.3	4.0	8.0	5.6
MSCI All Country World ex-U.S. Small Cap Index	-0.3	34.2	5.6	5.9	12.1	6.3
MSCI EAFE Index	1.6	30.4	-1.8	1.5	5.7	4.7
MSCI EAFE IMI	1.5	31.0	-1.2	1.7	6.1	4.8
MSCI EAFE Index (in local currency)	-0.8	13.3	-2.5	-1.9	0.9	3.4
MSCI Emerging Markets IMI	-1.1	27.5	5.1	11.9	16.3	6.3
Foreign Bond Indices:						
Citigroup World Gov't Bond Index	3.7	13.9	6.2	7.8	8.7	5.9
Citigroup Hedged World Gov't Bond Index	1.3	0.2	4.5	4.4	4.4	6.0
Cash Equivalents:						
Treasury Bills (30-Day)	0.0	0.1	0.2	1.5	1.7	2.7
EnnisKnupp STIF Index	0.1	0.3	0.7	2.3	2.4	3.5
Inflation Index:						
Consumer Price Index	1.0	3.6	1.0	2.2	2.4	2.5

Historical Policy Allocation

	Global Equity (%)	Domestic Equity (%)	Foreign Equity (%)	Global Equity Legacy (%)	Strategic Investments (%)	Fixed Income (%)	Real Estate (%)	Private Equity (%)	High Yield (%)	Cash (%)
06/30/2011	60.4	--	--	--	3.2	24.5	6.4	4.3	--	1.2
03/31/2011	60.0	--	--	--	2.6	26.0	6.3	4.0	--	1.0
12/31/2010	59.6	--	--	--	2.9	26.0	6.3	4.3	--	1.0
09/30/2010	58.1	--	--	--	4.2	26.0	6.5	4.2	--	1.0
06/30/2010	--	36.5	19.2	--	3.9	26.9	6.7	3.8	1.9	1.0
03/31/2010	--	36.6	19.3	--	3.7	27.0	6.7	3.9	1.9	1.0
12/31/2009	--	36.6	19.3	--	3.6	27.0	6.7	3.9	1.9	1.0
09/30/2009	--	36.7	19.3	--	3.5	27.0	6.8	3.9	1.9	1.0
06/30/2009	--	36.7	19.3	--	3.4	27.1	6.8	3.9	1.9	1.0
03/31/2009	--	36.6	19.3	--	3.6	27.0	6.8	3.9	1.9	1.0
12/31/2008	--	36.5	19.2	--	4.0	26.9	6.7	3.8	1.9	1.0
09/30/2008	--	36.4	19.1	--	4.3	26.8	6.7	3.8	1.9	1.0
06/30/2008	--	36.4	19.2	--	4.2	26.8	6.7	3.8	1.9	1.0
03/31/2008	--	36.4	19.1	--	4.5	26.7	6.7	3.8	1.8	1.0
12/31/2007	--	37.2	18.7	--	4.5	26.7	6.7	3.8	1.4	1.0
09/30/2007	--	38.1	17.8	--	4.4	26.8	6.7	3.8	1.4	1.0
06/30/2007	--	41.6	14.4	--	4.4	26.8	6.7	3.8	1.4	1.0
03/01/04 - 03/31/04	--	49.0	14.0	3.0	--	21.0	7.0	5.0	--	1.0
02/02/04 - 02/29/04	--	49.0	14.0	3.0	--	21.4	6.7	4.9	--	1.0
01/01/04 - 02/01/04	--	50.0	14.0	2.0	--	21.8	6.4	4.8	--	1.0
12/01/03 - 12/31/03	--	50.0	14.0	2.0	--	22.2	6.1	4.7	--	1.0
11/03/03 - 11/30/03	--	50.5	13.5	2.0	--	22.6	5.8	4.6	--	1.0
10/29/03 - 11/02/03	--	50.5	13.5	2.0	--	23.0	5.5	4.5	--	1.0
10/01/03 - 10/28/03	--	51.0	13.0	2.0	--	23.0	5.5	4.5	--	1.0
09/01/03 - 09/30/03	--	52.5	12.5	1.0	--	23.4	5.2	4.4	--	1.0
08/01/03 - 08/31/03	--	52.5	12.5	1.0	--	23.8	4.9	4.3	--	1.0
07/01/03 - 07/31/03	--	52.5	12.5	1.0	--	24.2	4.6	4.2	--	1.0
06/02/03 - 06/30/03	--	52.5	12.5	1.0	--	24.6	4.3	4.1	--	1.0
04/01/01 - 06/01/03	--	54.0	12.0	0.0	--	25.0	4.0	4.0	--	1.0
10/31/99 - 03/31/01	--	55.5	12.0	0.0	--	25.0	4.0	2.5	--	1.0
03/31/95 - 10/31/99	--	61.0	8.0	0.0	--	26.0	4.0	0.0	--	1.0
09/30/94 - 03/31/95	--	59.0	8.0	0.0	--	24.0	8.0	0.0	--	1.0
06/30/93 - 09/30/94	--	59.0	3.0	0.0	--	29.0	8.0	0.0	--	1.0
11/30/88 - 06/30/93	--	55.0	0.0	0.0	--	36.0	8.0	0.0	--	1.0
12/31/87 - 11/30/88	--	50.0	5.0	0.0	--	36.5	7.5	0.0	--	1.0
12/31/86 - 12/31/87	--	50.0	5.0	0.0	--	35.5	7.5	0.0	--	2.0
12/31/84 - 12/31/86	--	48.0	0.0	0.0	--	40.0	10.0	0.0	--	2.0

Appendix

Total FRS Assets

Performance Benchmark - A combination of the Global Equity Target, the Barclays Capital Aggregate Bond Index, the Private Equity Target Index, the Real Estate Investments Target Index, the Strategic Investments Target Benchmark, and the iMoneyNet First Tier Institutional Money Market Funds Net Index. The short-term target policy allocations to the Strategic Investments, Real Estate and Private Equity asset classes are floating and based on the actual average monthly balance of the Global Equity asset class. Prior to July 2010, the Performance Benchmark was a combination of the Russell 3000 Index, the Foreign Equity Target Index, the Strategic Investments Target Benchmark, the Barclays Capital Aggregate Bond Index, the Real Estate Investments Target Index, the Private Equity Target Index, the Barclays Capital U.S. High Yield Ba/B 2% Issuer Capped Index, and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. During this time, the short-term target policy allocations to Strategic Investments, Real Estate and Private Equity asset classes were floating and based on the actual average monthly balance of the Strategic Investments, Real Estate and Private Equity asset classes. The target weights shown for Real Estate and Private Equity were the allocations that the asset classes were centered around. The actual target weight floated around this target month to month based on changes in asset values.

Total Global Equity

Performance Benchmark - A custom version of the MSCI All Country World Investable Market Index, adjusted to exclude companies divested under the provisions of the Protecting Florida's Investment Act (PFIA).

Total Domestic Equities

Performance Benchmark - The Russell 3000 Index. Prior to July 1, 2002, the benchmark was the Wilshire 2500 Stock Index. Prior to January 1, 2001, the benchmark was the Wilshire 2500 Stock Index ex-Tobacco. Prior to May 1, 1997, the benchmark was the Wilshire 2500 Stock Index. Prior to September 1, 1994, the benchmark was the S&P 500 Stock Index.

Total Foreign Equities

Performance Benchmark - A custom version of the MSCI ACWI ex-U.S. Investable Market Index adjusted to exclude companies divested under the PFIA. Prior to April 1, 2008, it was the MSCI All Country World Index ex-US Investable Market Index. Prior to September 24, 2007, the target was the MSCI All Country World Ex-U.S. Free Index. Prior to November 1, 1999, the benchmark was 85% of the MSCI Europe, Australasia and Far East (EAFE) Foreign Stock Index and 15% of the IFCI Emerging Markets Index with a half weight in Malaysia. Prior to March 31, 1995, the benchmark was the EAFE Index.

Total Global Equities

Performance Benchmark - Aggregated based on each underlying manager's individual benchmark. The calculation accounts for the actual weight and the benchmark return. The benchmarks used for the underlying managers include both the MSCI FSB All Country World ex-Sudan ex-Iran Net Index and MSCI FSB All Country World ex-Sudan ex-Iran Net Investable Market Index (IMI).

Appendix

Total Fixed Income

Performance Benchmark - The Barclays Capital U.S. Aggregate Bond Index. Prior to June 1, 2007, it was the Fixed Income Management Aggregate (FIMA). Prior to July 1, 1999, the benchmark was the Florida High Yield Extended Duration Index. Prior to July 31, 1997, the benchmark was the Florida Extended Duration Index. Prior to July 1, 1989, the Salomon Brothers Broad Investment-Grade Bond Index was the benchmark. For calendar year 1985, the performance benchmark was 70% Shearson Lehman Extended Duration and 30% Salomon Brothers Mortgage Index.

Total Private Equity

Performance Benchmark - The domestic equities target index return (Russell 3000 Index) plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2010, it was the domestic equities target index return plus a fixed premium return of 450 basis points per annum. Prior to November 1, 1999, Private Equities was part of the Domestic Equities asset class and its benchmark was the domestic equities target index return plus 750 basis points.

Total Real Estate

Performance Benchmark - A combination of 90% of the NCREIF ODCE Index, net of fees, and 10% of the FTSE EPRA/NAREIT Developed Index, net of fees. Prior to July 1, 2010, it was a combination of 90% of the NCREIF ODCE Index, gross of fees, and 10% of the Dow Jones U.S. Select RESI. Prior to June 1, 2007, it was the Consumer Price Index plus 450 basis points annually. Prior to July 1, 2003, the benchmark was the Dow Jones U.S. Select Real Estate Securities Index Un-Levered. Prior to November 1, 1999, the benchmark was the Russell-NCREIF Property Index.

Total Strategic Investments

Performance Benchmark - Long-term, 5% plus the contemporaneous rate of inflation or CPI. Short-term, a weighted aggregation of individual portfolio level benchmarks.

Total Cash

Performance Benchmark - The iMoneyNet First Tier Institutional Money Market Funds Net Index. Prior to July 1, 2010, it was the iMoneyNet First Tier Institutional Money Market Funds Gross Index. Prior to June 1, 2007, it was the return of the Merrill Lynch 90-Day (Auction Average) Treasury Bill Yield Index.

Appendix

Description of Benchmarks

Barclays Capital Aggregate Bond Index - A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of $200 million or greater. The index is a broad measure of the performance of the investment-grade U.S. fixed income market.

Consumer Price Index (CPI) - The CPI, an index consisting of a fixed basket of goods bought by the typical consumer and used to measure consumer inflation.

FTSE EPRA/NAREIT Developed Index - Designed to represent general trends in eligible real estate equities worldwide. Relevant real estate activities are defined as the ownership, disposure and development of income-producing real estate. This index covers the four primary core asset classes (Industrial, Retail, Office, and Apartment).

iMoneyNet First Tier Institutional Money Market Funds Net Index - An average of non-governmental institutional funds that do not hold any second tier securities. It includes money market mutual funds, net of fees, that invest in commercial paper, bank obligations and short-term investments in the highest ratings category and is open to corporations and fiduciaries only.

MSCI All Country World Investable Market Index - A free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets. This investable market index contains constituents from the large, mid, and small cap size segments and targets a coverage range around 99% of free-float adjusted market capitalization.

NCREIF ODCE Property Index - The NFI-ODCE is a capitalization-weighted, gross of fee, time-weighted return index. The index is a summation of open-end funds, which NCREIF defines as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests.

Russell 3000 Index - A capitalization-weighted stock index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This represents most publicly traded, liquid U.S. stocks.

Appendix

Description of Universes

Total Fund - A universe comprised of 74 total fund portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised $688.5 billion as of quarter-end and the average market value was $17.2 billion.

Domestic Equity - A universe comprised of 56 total domestic equity portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised $230.9 billion as of quarter-end and the average market value was $6.1 billion.

Foreign Equity - A universe comprised of 47 total international equity portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised $143.5 billion as of quarter-end and the average market value was $4.2 billion.

Fixed Income - A universe comprised of 53 total fixed income portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised $178.1 billion as of quarter-end and the average market value was $4.7 billion.

Real Estate - A universe comprised of 14 total real-estate portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised $16.6 billion as of quarter-end and the average market value was $2.1 billion.

Private Equity - An appropriate universe for private equity is unavailable.

Strategic Investments - An appropriate universe for strategic investments is unavailable.

Explanation of Exhibits

Quarterly and Cumulative Excess Performance - The vertical axis, excess return, is a measure of fund performance less the return of the primary benchmark. The horizontal axis represents the time series. The quarterly bars represent the underlying funds' relative performance for the quarter.

Risk-Return Graph - The horizontal axis, annualized standard deviation, is a statistical measure of risk, or the volatility of returns. The vertical axis is the annualized rate of return. As investors generally prefer less risk to more risk and always prefer greater returns, the upper left corner of the graph is the most attractive place to be. The line on this exhibit represents the risk and return tradeoffs associated with market portfolios, or index funds.

Ratio of Cumulative Wealth Graph - An illustration of a portfolio's cumulative, un-annualized performance relative to that of its benchmark. An upward-sloping line indicates superior fund performance versus its benchmark. Conversely, a downward-sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

Performance Comparison - Universe Comparison - An illustration of the distribution of returns for a particular asset class. The component's return is indicated by the circle and its performance benchmark by the triangle. The top and bottom borders represent the 5th and 95th percentiles, respectively. The solid line indicates the median while the dotted lines represent the 25th and 75th percentiles.

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Hewitt ennisknupp

An Aon Company

State Board of Administration of Florida

FRS Investment Plan

Second Quarter 2011

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CONTENTS

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FRS Investment Plan

FRS Investment Plan | As of June 30, 2011 | $6,733.1 Million and 100.0% of Fund

Trailing Period Performance

Name	Market Value ($)	% of Portfolio	2011 Q2 (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank
			Ending June 30, 2011									
FRS Investment Plan	**6,733,106,216**	**100.0**	**0.9**	**--**	**4.6**	**--**	**18.1**	**--**	**3.6**	**--**	**4.2**	**--**
Total Plan Aggregate Benchmark			*0.8*	--	*4.2*	--	*17.2*	--	*3.0*	--	*3.6*	--
Balanced Funds	**2,828,655,170**	**42.0**	**1.3**	**--**	**4.0**	**--**	**15.6**	**--**	**2.7**	**--**	**3.8**	**--**
FRS Select Conservative Balanced Fund	562,481,522	8.4	1.5	--	2.9	--	7.3	--	3.3	--	4.7	--
Conservative Balanced Fund Target Benchmark			*1.5*	--	*2.9*	--	*6.8*	--	*2.8*	--	*4.1*	--
FRS Select Moderate Balanced Fund	1,720,613,075	25.6	1.4	--	4.1	--	16.4	--	3.0	--	3.8	--
Moderate Balanced Fund Target Benchmark			*1.4*	--	*4.1*	--	*16.1*	--	*2.3*	--	*3.4*	--
FRS Select Aggressive Balanced Fund	545,560,573	8.1	1.0	--	4.7	--	21.6	--	1.2	--	2.9	--
Aggressive Balanced Fund Target Benchmark			*0.9*	--	*4.6*	--	*21.1*	--	*1.0*	--	*2.8*	--
Cash	**845,250,678**	**12.6**	**0.1**	**2**	**0.1**	**1**	**0.3**	**1**	**0.5**	**33**	**2.2**	**23**
FRS Select Yield Plus Money Market Active Fund	845,250,678	12.6	0.1	2	0.1	1	0.3	1	0.5	33	2.2	23
iMoneyNet Prime Institutional Average			*0.0*	*26*	*0.0*	*28*	*0.1*	*31*	*0.7*	*6*	*2.4*	*1*
TIPS	**227,032,121**	**3.4**	**3.6**	**--**	**5.8**	**--**	**7.8**	**--**	**5.4**	**--**	**7.0**	**--**
FRS Select TIPS Fund	227,032,121	3.4	3.6	18	5.8	8	7.8	23	5.4	31	7.0	29
Barclays Capital US TIPS			*3.7*	*15*	*5.8*	*8*	*7.7*	*23*	*5.3*	*34*	*6.9*	*31*
Fixed Income	**607,382,139**	**9.0**	**2.1**	**34**	**2.9**	**58**	**5.0**	**59**	**7.4**	**48**	**7.1**	**29**
FRS Select U.S. Bond Enhanced Index Fund	117,720,064	1.7	2.3	60	2.7	91	4.0	72	6.8	85	6.8	48
Barclays Capital Aggregate Bond Index			*2.3*	*60*	*2.7*	*91*	*3.9*	*72*	*6.5*	*87*	*6.5*	*53*
Pyramis Intermediate Duration Pool Fund	69,421,356	1.0	2.2	27	2.6	76	4.1	80	6.3	71	6.0	70
Barclays Capital Int Aggregate			*2.2*	*28*	*2.7*	*73*	*4.0*	*81*	*6.3*	*71*	*6.4*	*58*
FRS Select High Yield Fund	135,178,950	2.0	1.2	10	4.4	58	13.6	90	--	--	--	--
Barclays Capital U.S. High Yield Ba-2% Issuer Cap			*1.6*	*1*	*5.0*	*29*	*14.2*	*82*	--	--	--	--
PIMCO Total Return Fund	285,061,770	4.2	1.8	69	2.9	51	5.8	41	9.3	17	8.7	8
Barclays Capital Aggregate Bond Index			*2.3*	*16*	*2.7*	*68*	*3.9*	*82*	*6.5*	*70*	*6.5*	*55*

Trailing Period Performance

Ending June 30, 2011

Name	Market Value ($)	% of Portfolio	2011 Q2 (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank
Domestic Equity	**1,681,159,349**	**25.0**	**0.0**	**45**	**7.6**	**25**	**36.1**	**26**	**5.9**	**32**	**4.4**	**31**
FRS Select U.S. Stock Market Index Fund	239,244,979	3.6	-0.1	58	6.3	34	32.4	23	4.1	26	3.5	29
Russell 3000 Index			*0.0*	*57*	*6.4*	*33*	*32.4*	*23*	*4.0*	*28*	*3.4*	*30*
FRS Select U.S. Large Value Stock Fund	198,161,448	2.9	-0.4	52	6.6	29	30.9	28	3.5	41	--	--
Russell 1000 Value Index			*-0.5*	*56*	*5.9*	*43*	*28.9*	*48*	*2.3*	*62*	--	--
QMA Mid Cap Quantitative Core Fund	291,435,268	4.3	-0.3	49	11.2	11	43.2	18	8.8	20	7.2	25
S&P MidCap 400			*-0.7*	*65*	*8.6*	*37*	*39.4*	*36*	*7.8*	*26*	*6.6*	*33*
FRS Select U.S. Large Growth Stock Active Fund	78,777,979	1.2	3.0	5	8.1	15	35.7	33	6.1	19	5.9	22
Russell 1000 Growth Index			*0.8*	*37*	*6.8*	*34*	*35.0*	*40*	*5.0*	*28*	*5.3*	*34*
Pioneer Fund	146,255,454	2.2	-0.3	65	4.7	74	32.2	25	3.5	37	3.2	32
S&P 500 Index			*0.1*	*41*	*6.0*	*41*	*30.7*	*41*	*3.3*	*41*	*2.9*	*42*
Fidelity Growth Company Fund	311,321,751	4.6	1.8	13	10.3	3	41.9	7	5.7	21	7.9	9
Russell 3000 Growth Index			*0.6*	*42*	*7.0*	*32*	*35.7*	*34*	*5.3*	*26*	*5.4*	*33*
American Beacon Small Cap Value Fund	137,916,369	2.0	-3.3	89	5.1	44	34.6	33	9.3	47	4.4	51
Russell 2000 Value Index			*-2.6*	*66*	*3.8*	*68*	*31.4*	*61*	*7.1*	*75*	*2.2*	*82*
T. Rowe Price Small Cap Stock Fund	250,958,891	3.7	-0.5	66	8.6	69	43.9	48	13.9	8	6.8	31
Russell 2000 Index			*-1.6*	*84*	*6.2*	*85*	*37.4*	*87*	*7.8*	*58*	*4.1*	*75*
Fidelity Low Priced Stock Fund	27,087,209	0.4	2.3	6	8.7	21	34.6	72	8.5	9	6.4	27
Russell 2500 Value Index			*-1.5*	*74*	*6.1*	*76*	*34.5*	*72*	*7.9*	*13*	*3.5*	*76*
International/Global Equity	**543,626,760**	**8.1**	**1.0**	**62**	**4.8**	**47**	**31.2**	**63**	**0.6**	**32**	**3.8**	**28**
FRS Select Foreign Stock Index Fund	146,857,466	2.2	1.1	55	5.0	43	32.1	51	-1.2	55	2.4	53
MSCI World ex USA			*0.9*	*65*	*4.7*	*51*	*30.3*	*72*	*-1.6*	*60*	*2.0*	*58*
American Funds New Perspective Fund	201,541,446	3.0	0.3	59	4.5	63	30.0	58	3.6	34	5.9	14
MSCI World Index			*0.5*	*57*	*5.3*	*51*	*30.5*	*54*	*0.5*	*65*	*2.3*	*65*
American Funds Euro-Pacific Growth Fund	195,227,847	2.9	1.1	56	4.7	46	29.5	75	2.1	9	5.5	9
MSCI All Country World ex-U.S. Index			*0.6*	*74*	*4.1*	*58*	*30.3*	*72*	*-0.7*	*41*	*2.3*	*46*

Calendar Year Performance

Name	2010 (%)	Rank	2009 (%)	Rank	2008 (%)	Rank	2007 (%)	Rank	2006 (%)	Rank	2005 (%)	Rank	2004 (%)	Rank	2003 (%)	Rank
FRS Investment Plan	**10.6**	**--**	**18.4**	**--**	**-23.2**	**--**	**7.8**	**--**	**12.4**	**--**	**7.4**	**--**	**10.6**	**--**	**19.9**	**--**
Total Plan Aggregate Benchmark	*10.2*	--	*16.8*	--	*-23.4*	--	*6.1*	--	*13.9*	--	*6.1*	--	*11.0*	--	*20.5*	--
Balanced Funds	**9.2**	**--**	**16.4**	**--**	**-22.8**	**--**	**7.7**	**--**	**13.9**	**--**	**6.9**	**--**	**11.0**	**--**	**20.9**	**--**
FRS Select Conservative Balanced Fund	5.3	--	9.3	--	-7.3	--	8.5	--	7.1	--	4.4	--	6.4	--	10.8	--
Conservative Balanced Fund Target Benchmark	*4.8*	--	*8.7*	--	*-8.0*	--	*7.6*	--	*6.7*	--	*4.0*	--	*6.3*	--	*9.3*	--
FRS Select Moderate Balanced Fund	10.0	--	17.2	--	-23.8	--	7.4	--	14.2	--	6.8	--	11.3	--	21.0	--
Moderate Balanced Fund Target Benchmark	*9.7*	--	*15.9*	--	*-24.5*	--	*7.0*	--	*14.7*	--	*6.8*	--	*11.4*	--	*22.0*	--
FRS Select Aggressive Balanced Fund	11.3	--	20.9	--	-32.2	--	8.2	--	17.6	--	8.6	--	13.1	--	26.8	--
Aggressive Balanced Fund Target Benchmark	*11.0*	--	*21.1*	--	*-32.4*	--	*7.5*	--	*18.6*	--	*8.5*	--	*14.1*	--	*28.6*	--
Cash	**0.3**	**2**	**0.3**	**41**	**2.4**	**46**	**5.4**	**2**	**5.2**	**1**	**3.5**	**1**	**1.4**	**1**	**1.3**	**1**
FRS Select Yield Plus Money Market Active Fund	0.3	2	0.3	41	2.4	46	5.4	2	5.2	1	3.5	1	1.5	1	1.4	1
iMoneyNet Prime Institutional Average	*0.2*	*7*	*0.7*	*4*	*3.0*	*4*	*5.4*	*1*	*5.2*	*1*	*3.3*	*1*	*1.5*	*1*	*1.3*	*1*
TIPS	**6.4**	**--**	**11.3**	**--**	**-2.0**	**--**	**11.7**	**--**	**0.5**	**--**	**2.8**	**--**	**8.4**	**--**	**8.2**	**--**
FRS Select TIPS Fund	6.4	28	11.3	27	-2.0	46	11.7	19	0.5	34	2.8	22	8.4	35	8.2	19
Barclays Capital US TIPS	*6.3*	*41*	*11.4*	*26*	*-2.4*	*54*	*11.6*	*20*	*0.4*	*43*	*2.8*	*20*	*8.5*	*27*	*8.4*	*15*
Fixed Income	**7.6**	**56**	**11.7**	**59**	**1.4**	**29**	**6.9**	**16**	**4.8**	**24**	**2.7**	**13**	**4.8**	**32**	**5.2**	**43**
FRS Select U.S. Bond Enhanced Index Fund	6.7	97	6.5	59	5.9	32	7.1	18	4.3	58	2.5	57	4.3	98	4.2	99
Barclays Capital Aggregate Bond Index	*6.5*	*97*	*5.9*	*60*	*5.2*	*33*	*7.0*	*20*	*4.3*	*57*	*2.4*	*59*	*4.3*	*98*	*4.1*	*99*
Pyramis Intermediate Duration Pool Fund	7.0	67	11.9	58	-1.7	43	6.0	42	4.8	26	2.2	48	3.9	70	5.0	46
Barclays Capital Int Aggregate	*6.1*	*88*	*6.5*	*91*	*4.9*	*13*	*7.0*	*14*	*4.6*	*33*	*2.0*	*63*	*3.7*	*79*	*3.8*	*79*
FRS Select High Yield Fund	13.6	77	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Barclays Capital U.S. High Yield Ba-2% Issuer Cap	*13.9*	*65*	--	--	--	--	--	--	--	--	--	--	--	--	--	--
PIMCO Total Return Fund	8.7	33	13.7	48	4.7	15	8.9	2	3.9	82	2.8	11	5.0	27	5.3	41
Barclays Capital Aggregate Bond Index	*6.5*	*81*	*5.9*	*92*	*5.2*	*10*	*7.0*	*15*	*4.3*	*44*	*2.4*	*30*	*4.3*	*54*	*4.1*	*69*

Calendar Year Performance

Name	2010 (%)	Rank	2009 (%)	Rank	2008 (%)	Rank	2007 (%)	Rank	2006 (%)	Rank	2005 (%)	Rank	2004 (%)	Rank	2003 (%)	Rank
Domestic Equity	**20.4**	**35**	**30.9**	**36**	**-36.5**	**40**	**5.2**	**51**	**14.1**	**64**	**8.2**	**32**	**12.9**	**49**	**31.9**	**43**
FRS Select U.S. Stock Market Index Fund	17.1	12	28.6	42	-37.2	53	5.2	60	15.7	37	6.2	52	12.0	35	30.9	22
Russell 3000 Index	*16.9*	*13*	*28.3*	*43*	*-37.3*	*56*	*5.1*	*63*	*15.7*	*34*	*6.1*	*53*	*11.9*	*35*	*31.1*	*22*
FRS Select U.S. Large Value Stock Fund	15.2	33	20.8	66	-35.2	36	--	--	--	--	--	--	--	--	--	--
Russell 1000 Value Index	*15.5*	*29*	*19.7*	*73*	*-36.8*	*57*	--	--	--	--	--	--	--	--	--	--
QMA Mid Cap Quantitative Core Fund	28.9	13	36.5	50	-36.8	27	8.3	55	11.9	53	11.6	42	--	--	--	--
S&P MidCap 400	*26.6*	*26*	*37.4*	*46*	*-36.2*	*25*	*8.0*	*56*	*10.3*	*63*	*12.5*	*31*	--	--	--	--
FRS Select U.S. Large Growth Stock Active Fund	13.6	70	41.5	25	-37.3	25	11.9	66	4.1	84	13.3	16	4.6	88	24.1	78
Russell 1000 Growth Index	*16.7*	*42*	*37.2*	*38*	*-38.4*	*36*	*11.8*	*66*	*9.1*	*38*	*5.3*	*70*	*6.3*	*73*	*29.7*	*43*
Pioneer Fund	16.2	19	24.9	70	-34.1	17	5.1	64	16.9	18	6.8	42	12.1	32	25.1	80
S&P 500 Index	*15.1*	*31*	*26.5*	*54*	*-37.0*	*44*	*5.5*	*50*	*15.8*	*32*	*4.9*	*65*	*10.9*	*46*	*28.7*	*40*
Fidelity Growth Company Fund	20.8	12	41.5	25	-40.7	52	20.2	21	9.8	31	13.8	15	12.4	23	41.7	7
Russell 3000 Growth Index	*17.6*	*33*	*37.0*	*38*	*-38.4*	*36*	*11.4*	*71*	*9.5*	*35*	*5.2*	*71*	*6.9*	*69*	*31.0*	*34*
American Beacon Small Cap Value Fund	26.2	47	35.4	31	-31.9	57	-6.4	50	14.7	73	5.8	61	--	--	--	--
Russell 2000 Value Index	*24.5*	*72*	*20.6*	*91*	*-28.9*	*35*	*-9.8*	*79*	*23.5*	*9*	*4.7*	*74*	--	--	--	--
T. Rowe Price Small Cap Stock Fund	32.5	21	38.5	37	-33.3	7	-1.7	90	12.8	44	8.4	37	18.8	20	32.4	94
Russell 2000 Index	*26.9*	*57*	*27.2*	*83*	*-33.8*	*7*	*-1.6*	*90*	*18.4*	*9*	*4.6*	*71*	*18.3*	*20*	*47.3*	*38*
Fidelity Low Priced Stock Fund	21.0	74	39.4	29	-36.0	26	3.4	69	18.0	15	8.9	53	22.5	13	41.2	33
Russell 2500 Value Index	*24.8*	*42*	*27.7*	*90*	*-32.0*	*14*	*-7.3*	*99*	*20.2*	*9*	*7.7*	*65*	*21.6*	*19*	*44.9*	*22*
International/Global Equity	**10.1**	**63**	**34.8**	**43**	**-40.9**	**17**	**15.0**	**36**	**23.2**	**76**	**14.9**	**52**	**17.9**	**60**	**35.1**	**59**
FRS Select Foreign Stock Index Fund	9.2	68	32.3	52	-42.5	32	12.7	49	25.8	48	14.7	55	20.5	36	39.2	39
MSCI World ex USA	*8.9*	*70*	*33.7*	*47*	*-43.6*	*41*	*12.4*	*51*	*25.7*	*49*	*14.5*	*58*	*20.4*	*37*	*39.4*	*39*
American Funds New Perspective Fund	13.0	49	37.7	32	-37.7	24	16.3	30	20.1	53	11.5	56	14.5	62	37.1	35
MSCI World Index	*11.8*	*59*	*30.0*	*60*	*-40.7*	*48*	*9.0*	*59*	*20.1*	*53*	*10.0*	*64*	*15.2*	*55*	*33.8*	*54*
American Funds Euro-Pacific Growth Fund	9.8	62	39.6	18	-40.3	10	19.3	15	22.3	84	21.4	12	--	--	--	--
MSCI All Country World ex-U.S. Index	*11.6*	*44*	*32.5*	*42*	*-43.1*	*39*	*11.6*	*60*	*26.9*	*27*	*14.0*	*59*	--	--	--	--

Asset Allocation

	Total Market Value	% of Portfolio	U.S. Equity	Non-U.S. Equity	Balanced	Fixed Income	TIPS	Cash
Balanced Funds								
FRS Select Conservative Balanced Fund	$562,481,522	8.4%			$562,481,522			
FRS Select Moderate Balanced Fund	$1,720,613,075	25.6%			$1,720,613,075			
FRS Select Aggressive Balanced Fund	$545,560,573	8.1%			$545,560,573			
Cash								
FRS Select Yield Plus Money Market Active Fund	$845,250,678	12.6%						$845,250,678
TIPS								
FRS Select TIPS Fund	$227,032,121	3.4%					$227,032,121	
Fixed Income								
FRS Select U.S. Bond Enhanced Index Fund	$117,720,064	1.7%				$117,720,064		
Pyramis Intermediate Duration Pool Fund	$69,421,356	1.0%				$69,421,356		
FRS Select High Yield Fund	$135,178,950	2.0%				$135,178,950		
PIMCO Total Return Fund	$285,061,770	4.2%				$285,061,770		
Domestic Equity								
FRS Select U.S. Stock Market Index Fund	$239,244,979	3.6%	$239,244,979					
FRS Select U.S. Large Value Stock Fund	$198,161,448	2.9%	$198,161,448					
QMA Mid Cap Quantitative Core Fund	$291,435,268	4.3%	$291,435,268					
FRS Select U.S. Large Growth Stock Active Fund	$78,777,979	1.2%	$78,777,979					
Pioneer Fund	$146,255,454	2.2%	$146,255,454					
Fidelity Growth Company Fund	$311,321,751	4.6%	$311,321,751					
American Beacon Small Cap Value Fund	$137,916,369	2.0%	$137,916,369					
T. Rowe Price Small Cap Stock Fund	$250,958,891	3.7%	$250,958,891					
Fidelity Low Priced Stock Fund	$27,087,209	0.4%	$27,087,209					
International/Global Equity								
FRS Select Foreign Stock Index Fund	$146,857,466	2.2%		$146,857,466				
American Funds New Perspective Fund	$201,541,446	3.0%		$201,541,446				
American Funds Euro-Pacific Growth Fund	$195,227,847	2.9%		$195,227,847				
Total	**$6,733,106,216**	**100.0%**	**$1,681,159,349**	**$543,626,760**	**$2,828,655,170**	**$607,382,139**	**$227,032,121**	**$845,250,678**
Percent of Total			25.0%	8.1%	42.0%	9.0%	3.4%	12.6%

Asset Allocation

Asset Allocation as of 6/30/2011	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	TIPS	Cash	Total
FRS Select Conservative Balanced Fund	36,055,066	57,541,860	154,176,185	121,439,761	193,268,651	562,481,522
FRS Select Moderate Balanced Fund	449,596,196	431,529,759	839,487,119			1,720,613,075
FRS Select Aggressive Balanced Fund	213,586,964	179,707,653	152,265,956			545,560,573
Total Balanced Funds	**$ 699,238,226**	**$ 668,779,272**	**$ 1,145,929,260**	**$ 121,439,761**	**$ 193,268,651**	**$ 2,828,655,170**
FRS Select Yield Plus Money Market Active Fund					845,250,678	845,250,678
Total Cash	**$ -**	**$ -**	**$ -**	**$ -**	**$ 845,250,678**	**$ 845,250,678**
FRS Select TIPS Fund	-	-	-	227,032,121	-	227,032,121
Total TIPS	**$ -**	**$ -**	**$ -**	**$ 227,032,121**	**$ -**	**$ 227,032,121**
FRS Select U.S. Bond Enhanced Index Fund			117,720,064			117,720,064
Pyramis Intermediate Duration Pool Fund			69,421,356			69,421,356
FRS Select High Yield Fund			135,178,950			135,178,950
PIMCO Total Return Fund			285,061,770			285,061,770
Total Fixed Income	**$ -**	**$ -**	**$ 607,382,139**	**$ -**	**$ -**	**$ 607,382,139**
FRS Select U.S. Stock Market Index Fund	$ 239,244,979					239,244,979
FRS Select U.S. Large Value Stock Fund	$ 198,161,448					198,161,448
QMA Mid Cap Quantitative Core Fund	$ 291,435,268					291,435,268
FRS Select U.S. Large Growth Stock Active Fund	$ 78,777,979					78,777,979
Pioneer Fund	$ 146,255,454					146,255,454
Fidelity Growth Company Fund	$ 311,321,751					311,321,751
American Beacon Small Cap Value Fund	$ 137,916,369					137,916,369
T. Rowe Price Small Cap Stock Fund	$ 250,958,891					250,958,891
Fidelity Low Priced Stock Fund	$ 27,087,209					27,087,209
Total Domestic Equity	**$ 1,681,159,349**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,681,159,349**
FRS Select Foreign Stock Index Fund		146,857,466				146,857,466
American Funds New Perspective Fund	72,756,462	115,886,332	201,541		12,697,111	201,541,446
American Funds Euro-Pacific Growth Fund	195,228	180,585,759	195,228		14,251,633	195,227,847
Total International/Global Equity	**$ 72,951,690**	**$ 443,329,556**	**$ 396,769**	**$ -**	**$ 26,948,744**	**$ 543,626,760**
Total Portfolio	**$ 2,453,349,265**	**$ 1,112,108,828**	**$ 1,753,708,169**	**$ 348,471,881**	**$ 1,065,468,073**	**$ 6,733,106,216**
Percent of Total	**36.4%**	**16.5%**	**26.0%**	**5.2%**	**15.8%**	**100.0%**

Manager Scorecard

Statistics Summary

3 Years Ending June 30, 2011

	Annualized Return (%)	Annualized Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio	Up Market Capture Ratio (%)	Down Market Capture Ratio (%)
FRS Investment Plan	3.63%	12.60%	0.27	0.65%	0.94	104.21%	99.99%
FRS Select Conservative Balanced Fund	3.30%	5.82%	0.52	0.42%	1.29	103.59%	95.93%
FRS Select Moderate Balanced Fund	2.98%	13.22%	0.21	0.77%	0.84	106.28%	101.16%
FRS Select Aggressive Balanced Fund	1.17%	17.38%	0.05	0.84%	0.16	103.42%	101.38%
FRS Select Yield Plus Money Market Active Fund	0.53%	0.19%	1.52	0.10%	-1.81	73.75%	--
FRS Select TIPS Fund	5.38%	8.50%	0.60	0.17%	0.60	100.24%	99.23%
FRS Select U.S. Bond Enhanced Index Fund	6.82%	4.20%	1.57	0.21%	1.73	102.90%	96.40%
Pyramis Intermediate Duration Pool Fund	6.27%	4.51%	1.34	2.38%	0.00	117.27%	156.67%
FRS Select High Yield Fund	--	--	--	--	--	--	--
PIMCO Total Return Fund	9.32%	4.43%	2.05	2.51%	1.14	126.13%	79.40%
FRS Select U.S. Stock Market Index Fund	4.14%	22.04%	0.18	0.09%	1.48	100.52%	99.95%
FRS Select U.S. Large Value Stock Fund	3.53%	22.75%	0.14	1.43%	0.88	102.96%	98.74%
QMA Mid Cap Quantitative Core Fund	8.80%	25.92%	0.33	2.28%	0.43	108.57%	101.88%
FRS Select U.S. Large Growth Stock Active Fund	6.15%	20.48%	0.29	2.78%	0.41	94.55%	94.53%
Pioneer Fund	3.45%	20.93%	0.15	2.44%	0.05	95.89%	97.76%
Fidelity Growth Company Fund	5.71%	22.98%	0.24	4.55%	0.09	114.03%	105.37%
American Beacon Small Cap Value Fund	9.34%	28.39%	0.32	4.68%	0.48	102.13%	97.60%
T. Rowe Price Small Cap Stock Fund	13.86%	25.81%	0.53	3.12%	1.95	102.70%	91.94%
Fidelity Low Priced Stock Fund	8.52%	23.78%	0.35	7.79%	0.08	78.72%	88.73%
FRS Select Foreign Stock Index Fund	-1.17%	26.65%	-0.05	2.65%	0.15	108.32%	102.02%
American Funds New Perspective Fund	3.63%	22.20%	0.15	3.79%	0.84	102.33%	94.82%
American Funds Euro-Pacific Growth Fund	2.06%	24.48%	0.07	4.64%	0.59	102.08%	96.10%

The three year performance history is not available for the FRS Select High Yield Fund. The inception date for the fund is January 2010.

Appendix

Market Returns

	Second Quarter	1-Year	3-Year	5-Year	10-Year	15-Year
		Annualized Periods Ending 6/30/11				
Domestic Stock Indices:						
Dow Jones US Total Stock Index	0.0	32.4	4.2	3.6	3.8	6.8
S&P 500 Index	0.1	30.7	3.3	2.9	2.7	6.5
Russell 3000 Index	0.0	32.4	4.0	3.4	3.4	6.8
Russell 1000 Value Index	-0.5	28.9	2.3	1.2	4.0	7.5
Russell 1000 Growth Index	0.8	35.0	5.0	5.3	2.2	5.4
Russell MidCap Value Index	-0.7	34.3	6.3	4.0	8.4	10.3
Russell MidCap Growth Index	1.6	43.2	6.6	6.3	5.5	7.7
Russell 2000 Value Index	-2.6	31.4	7.1	2.2	7.5	9.5
Russell 2000 Growth Index	-0.6	43.5	8.4	5.8	4.6	4.7
Domestic Bond Indices:						
Barclays Capital Aggregate Index	2.3	3.9	6.5	6.5	5.7	6.3
Barclays Capital Govt/Credit Index	2.3	3.7	6.2	6.3	5.7	6.3
Barclays Capital Long Govt/Credit Index	3.3	3.2	8.2	7.7	7.2	7.6
Barclays Capital 1-3 Year Govt/Credit Index	0.9	1.9	3.5	4.5	4.0	4.9
Barclays Capital U.S. MBS Index	2.3	3.8	6.9	7.0	5.8	6.4
Barclays Capital High Yield Index	1.1	15.6	12.7	9.3	9.0	7.4
Barclays Capital Universal Index	2.2	4.8	6.7	6.6	6.0	6.5
Real Estate Indices:						
NCREIF Property Index	3.9	16.7	-2.6	3.4	7.6	9.3
NCREIF ODCE Index	4.4	19.4	-8.5	-0.9	4.7	7.3
Dow Jones Real Estate Securities Index	4.0	35.2	4.6	1.6	10.4	10.8
FTSE NAREIT US Real Estate Index	2.9	34.1	5.4	2.6	10.7	10.8
Foreign/Global Stock Indices:						
MSCI All Country World Index	0.2	30.1	0.9	3.2	4.8	5.7
MSCI All Country World IMI	0.1	31.0	1.7	3.5	5.5	5.8
MSCI All Country World ex-U.S. Index	0.4	29.7	-0.3	3.7	7.5	5.7
MSCI All Country World ex-U.S. IMI	0.3	30.3	0.3	4.0	8.0	5.6
MSCI All Country World ex-U.S. Small Cap Index	-0.3	34.2	5.6	5.9	12.1	6.3
MSCI EAFE Index	1.6	30.4	-1.8	1.5	5.7	4.7
MSCI EAFE IMI	1.5	31.0	-1.2	1.7	6.1	4.8
MSCI EAFE Index (in local currency)	-0.8	13.3	-2.5	-1.9	0.9	3.4
MSCI Emerging Markets IMI	-1.1	27.5	5.1	11.9	16.3	6.3
Foreign Bond Indices:						
Citigroup World Gov't Bond Index	3.7	13.9	6.2	7.8	8.7	5.9
Citigroup Hedged World Gov't Bond Index	1.3	0.2	4.5	4.4	4.4	6.0
Cash Equivalents:						
Treasury Bills (30-Day)	0.0	0.1	0.2	1.5	1.7	2.7
EnnisKnupp STIF Index	0.1	0.3	0.7	2.3	2.4	3.5
Inflation Index:						
Consumer Price Index	1.0	3.6	1.0	2.2	2.4	2.5

Benchmark Descriptions

Balanced Benchmarks - A weighted average composite of the underlying components' benchmarks for each fund.

iMoneyNet Money Fund Average - An index made up of the entire universe of money market mutual funds. The index currently represents over 1,300 funds, or approximately 99 percent of all money fund assets.

Barclays Capital Inflation Index - Measures the performance of the US Treasury Inflation-Protected Securities ("TIPS") market.

Barclays Capital Aggregate Bond Index - A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of $250 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.

Barclays Capital Intermediate Aggregate Bond Index - A market value-weighted index consisting of U.S. Treasury securities, corporate bonds and mortgage-related and asset-backed securities with one to ten years to maturity and an outstanding par value of $250 million or greater.

Barclays Capital U.S. High Yield Ba-2% Issuer Cap Index - An index composed of non-investment grade corporate debt denominated in U.S. dollars. The issues have to have an outstanding par value of $150 million or greater and at least one year of maturity remaining.

Russell 3000 Index - A capitalization-weighted index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This index is a broad measure of the performance of the aggregate domestic equity market.

Russell 3000 Growth Index - Measures the performance of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value Index - An index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower I/B/E/S growth forecasts.

Russell 1000 Growth Index - An index that measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher I/B/E/S growth forecasts.

Benchmark Descriptions

Russell 2000 Value Index - A capitalization-weighted index representing those companies within the Russell 2000 Index with lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.

Russell 2000 Index - An index that measures the performance of approximately 2000 small capitalization stocks.

Russell 2500 Value Index - A capitalization-weighted index representing those companies within the Russell 2500 Index with lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.

S&P 400 Mid-Cap Index - A market capitalization-weighted index of stocks in all major industries in the mid-range of the U.S. stock market.

S&P 500 Index - A capitalization-weighted stock index consisting of 500 of the largest publicly traded U.S. stocks by capitalization.

MSCI All Country World ex-US Index - A capitalization-weighted index consisting of 23 developed and 21 emerging countries, but excluding the U.S.

MSCI All Country World Index - A capitalization-weighted index of stocks representing approximately 46 developed and emerging countries, including the U.S. and Canadian markets.

MSCI World ex-U.S. Index - A capitalization-weighted index of stocks representing 22 developed country stock markets, including Canada and excluding the U.S. market.

Description of Universes

FRS Select Yield Plus Money Market Active Fund - A money market universe calculated and provided by Morningstar.

FRS Select TIPS Fund - An inflation-protected bond universe calculated and provided by Morningstar.

FRS Select U.S. Bond Enhanced Index Fund - A long-term bond fixed income universe calculated and provided by Morningstar.

Pyramis Intermediate Duration Pool Fund - A broad intermediate-term fixed income universe calculated and provided by Morningstar.

FRS Select High Yield Fund - A high yield bond fixed income universe calculated and provided by Morningstar.

PIMCO Total Return Fund - A broad intermediate-term fixed income universe calculated and provided by Morningstar.

FRS Select U.S. Stock Market Index Fund - A large-cap blend universe calculated and provided by Morningstar.

FRS Select U.S. Large Value Stock Fund - A large-cap value universe calculated and provided by Morningstar.

QMA Mid Cap Quantitative Core Fund - A mid-cap universe calculated and provided by Morningstar.

FRS Select U.S. Large Growth Stock Active Fund - A large-cap growth universe calculated and provided by Morningstar.

Pioneer Fund - A large-cap blend universe calculated and provided by Morningstar.

Fidelity Growth Company Fund - A large-cap growth universe calculated and provided by Morningstar.

American Beacon Small Cap Value Fund - A small-cap value universe calculated and provided by Morningstar.

Description of Universes

T. Rowe Price Small Cap Stock Fund - A small-cap growth universe calculated and provided by Morningstar.

Fidelity Low Priced Stock Fund - A mid-cap blend universe calculated and provided by Morningstar.

FRS Select Foreign Stock Index Fund - A foreign blend universe calculated and provided by Morningstar.

American Funds New Perspective Fund - A global stock universe calculated and provided by Morningstar.

American Funds Euro-Pacific Growth Fund - A foreign large blend universe calculated and provided by Morningstar.

Lawton Chiles Endowment Fund

Second Quarter 2011

Hewitt EnnisKnupp, Inc.
10 South Riverside Plaza, Suite 1600
Chicago, IL 60606
phone: 1-312-715-1700
fax: 1-312-715-1952
www.hewittennisknupp.com

CONTENTS

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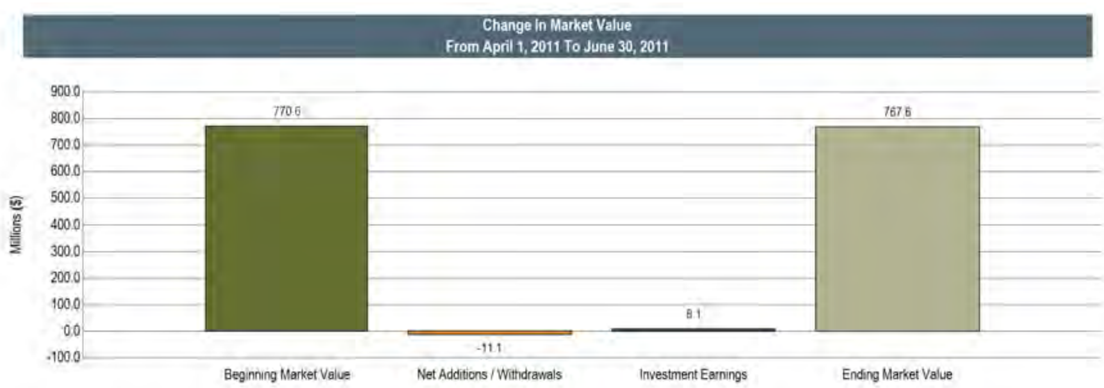
LCEF Total Fund

LCEF Total Fund | As of June 30, 2011 | $767.6 Million and 100.0% of Fund

Plan Summary



Summary of Cash Flows		
Sources of Portfolio Growth	Second Quarter	Fiscal YTD*
Beginning Market Value	$770,579,076	$626,781,566
Net Additions/Withdrawals	-$11,110,000	-$15,010,000
Investment Earnings	$8,097,189	$155,794,699
Ending Market Value	$767,566,265	$767,566,265

*Period July 2010 - June 2011

Plan Performance

Benchmark: Total Endowment Target

Trailing Period Performance

Name	Market Value ($)	% of Portfolio	Policy %	2011 Q2 (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
							Ending June 30, 2011								
LCEF Total Fund	**767,566,265**	**100.0**	**100.0**	**1.0**	**55**	**5.9**	**22**	**24.9**	**1**	**3.7**	**25**	**4.1**	**63**	**5.2**	**61**
Total Endowment Target				*0.8*	*65*	*5.2*	*36*	*23.8*	*2*	*2.9*	*36*	*3.6*	*72*	*4.8*	*69*
Domestic Equity	**456,202,300**	**59.4**	**59.0**	**0.0**	**60**	**6.3**	**45**	**32.3**	**38**	**4.0**	**43**	**3.2**	**51**	**3.3**	**73**
Russell 3000 ex-Tobacco				*-0.1*	*62*	*6.2*	*48*	*32.2*	*43*	*3.8*	*46*	*3.2*	*53*	*3.3*	*72*
Foreign Equity	**104,068,548**	**13.6**	**12.0**	**3.0**	**4**	**8.2**	**1**	**38.2**	**1**	**-0.8**	**71**	**3.4**	**66**	**7.4**	**39**
MSCI ACWI ex-U.S. IMI ex-Tobacco				*0.2*	*77*	*3.4*	*48*	*30.2*	*27*	*0.3*	*55*	*4.0*	*61*	*7.6*	*37*
Fixed Income	**119,538,863**	**15.6**	**17.0**	**2.1**	**49**	**2.7**	**81**	**4.1**	**90**	**6.2**	**72**	**6.5**	**60**	**5.9**	**50**
Barclays Capital Aggregate Bond Index				*2.3*	*41*	*2.7*	*80*	*3.9*	*92*	*6.5*	*69*	*6.5*	*60*	*5.7*	*54*
TIPS	**80,265,231**	**10.5**	**11.0**	**3.6**	**--**	**5.8**	**--**	**7.4**	**--**	**5.9**	**--**	**7.4**	**--**	**7.4**	**--**
Barclays Capital U.S. TIPS				*3.7*	*--*	*5.8*	*--*	*7.7*	*--*	*5.3*	*--*	*6.9*	*--*	*7.0*	*--*
Cash Equivalents	**7,491,221**	**1.0**	**1.0**	**-0.1**	**--**	**0.3**	**--**	**1.3**	**--**	**1.3**	**--**	**2.7**	**--**	**2.5**	**--**
S&P US AAA&AA Rated GIP 30D				*0.1*	*--*	*0.1*	*--*	*0.3*	*--*	*0.7*	*--*	*2.1*	*--*	*2.2*	*--*

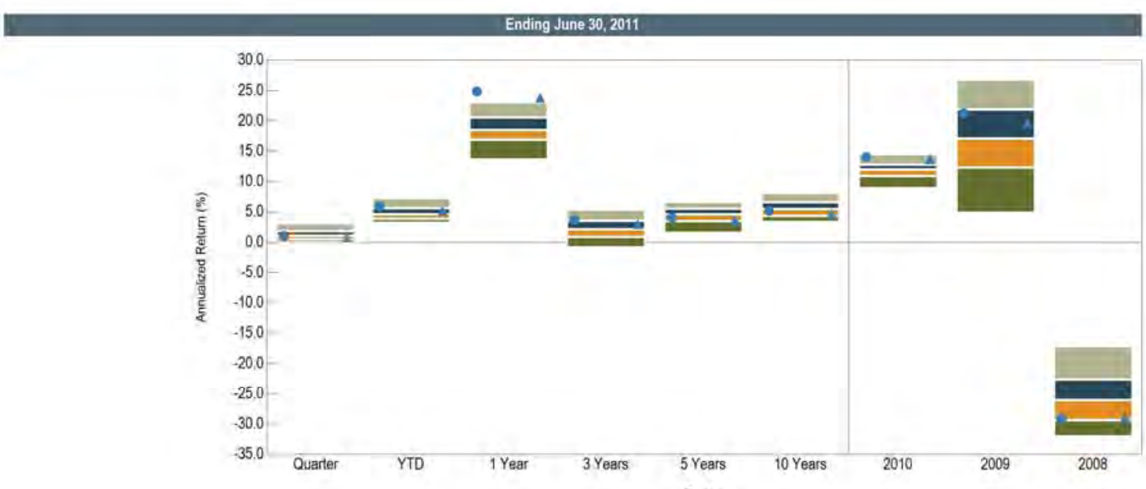
Benchmark and universe descriptions are provided in the Appendix.

Calendar Year Performance

Name	2010 (%)	Rank	2009 (%)	Rank	2008 (%)	Rank	2007 (%)	Rank	2006 (%)	Rank	2005 (%)	Rank	2004 (%)	Rank	2003 (%)	Rank	2002 (%)	Rank	2001 (%)	Rank
LCEF Total Fund	**14.0**	**11**	**21.2**	**28**	**-29.2**	**74**	**6.3**	**92**	**15.0**	**40**	**7.4**	**69**	**12.0**	**54**	**25.0**	**25**	**-10.9**	**66**	**-6.1**	**60**
Total Endowment Target	*13.7*	*14*	*19.6*	*35*	*-28.9*	*74*	*6.5*	*89*	*14.0*	*52*	*6.7*	*80*	*12.1*	*51*	*24.9*	*25*	*-11.0*	*66*	*-6.4*	*63*
Domestic Equity	**17.0**	**48**	**28.5**	**52**	**-37.4**	**46**	**5.0**	**71**	**14.6**	**43**	**5.7**	**77**	**11.9**	**72**	**30.6**	**72**	**-21.6**	**72**	**-12.0**	**75**
Russell 3000 ex-Tobacco	*16.8*	*51*	*28.4*	*53*	*-37.5*	*47*	*5.0*	*71*	*15.6*	*29*	*5.9*	*72*	*11.8*	*73*	*30.9*	*65*	*-21.8*	*74*	*-11.8*	*75*
Foreign Equity	**16.6**	**15**	**39.8**	**36**	**-49.0**	**99**	**14.3**	**61**	**28.4**	**12**	**21.2**	**6**	**16.2**	**83**	**39.4**	**38**	**-15.3**	**57**	**-18.7**	**59**
MSCI ACWI ex-U.S. IMI ex-Tobacco	*12.7*	*54*	*43.8*	*28*	*-46.1*	*71*	*16.5*	*38*	*26.6*	*18*	*16.6*	*42*	*20.8*	*29*	*40.9*	*19*	*-14.9*	*52*	*-20.3*	*81*
Fixed Income	**7.0**	**73**	**4.6**	**85**	**5.8**	**14**	**7.3**	**43**	**4.4**	**35**	**2.7**	**24**	**4.4**	**69**	**4.1**	**90**	**11.0**	**2**	**8.3**	**46**
Barclays Capital Aggregate Bond Index	*6.5*	*75*	*5.9*	*78*	*5.2*	*20*	*7.0*	*50*	*4.3*	*37*	*2.4*	*54*	*4.3*	*70*	*4.1*	*90*	*10.3*	*6*	*8.4*	*42*
TIPS	**6.1**	**--**	**13.3**	**--**	**-2.0**	**--**	**12.4**	**--**	**0.8**	**--**	**2.9**	**--**	**8.8**	**--**	**8.4**	**--**	**17.0**	**--**	**8.2**	**--**
Barclays Capital U.S. TIPS	*6.3*	*--*	*11.4*	*--*	*-2.4*	*--*	*11.6*	*--*	*0.4*	*--*	*2.8*	*--*	*8.5*	*--*	*8.4*	*--*	*16.6*	*--*	*7.9*	*--*
Cash Equivalents	**2.0**	**--**	**2.6**	**--**	**0.5**	**--**	**5.4**	**--**	**5.2**	**--**	**3.3**	**--**	**1.4**	**--**	**1.2**	**--**	**1.7**	**--**	**3.7**	**--**
S&P US AAA&AA Rated GIP 30D	*0.3*	*--*	*0.7*	*--*	*2.3*	*--*	*4.7*	*--*	*5.1*	*--*	*3.4*	*--*	*1.4*	*--*	*1.1*	*--*	*1.7*	*--*	*3.6*	*--*

Universe Comparison

Benchmark: Total Endowment Target | Universe: Endowments Net

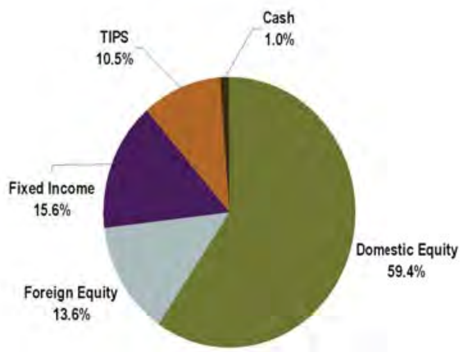


Return (Rank)	Quarter		YTD		1 Year		3 Years		5 Years		10 Years		2010		2009		2008	
5th Percentile	3.0		7.2		23.0		5.4		6.7		8.1		14.5		26.8		-17.1	
25th Percentile	1.8		5.6		20.6		3.6		5.6		6.6		12.8		21.9		-22.6	
Median	1.1		4.7		18.6		2.2		4.7		5.5		12.0		17.2		-26.0	
75th Percentile	0.5		3.9		17.0		0.9		3.5		4.4		11.0		12.3		-29.3	
95th Percentile	0.0		3.2		13.7		-0.8		1.6		3.4		9.0		4.9		-32.0	
# of Portfolios	87		87		84		78		66		50		78		81		78	
● LCEF Total Fund	1.0	(55)	5.9	(22)	24.9	(1)	3.7	(25)	4.1	(63)	5.2	(61)	14.0	(11)	21.2	(28)	-29.2	(74)
▲ Total Endowment Target	0.8	(65)	5.2	(36)	23.8	(2)	2.9	(36)	3.6	(72)	4.8	(69)	13.7	(14)	19.6	(35)	-28.9	(74)

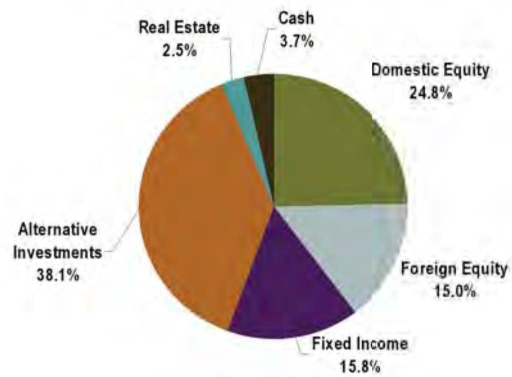
Universe Asset Allocation Comparison

Benchmark: Total Endowment Target Universe: Endowments Net

LCEF Total Fund

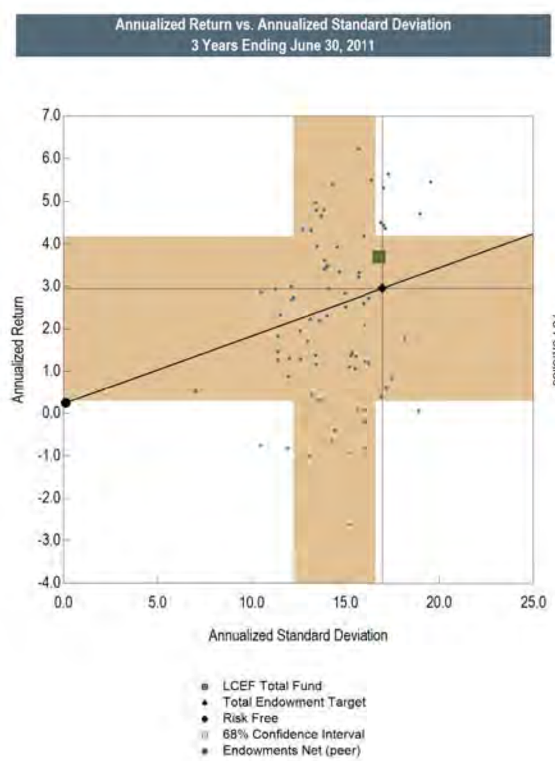


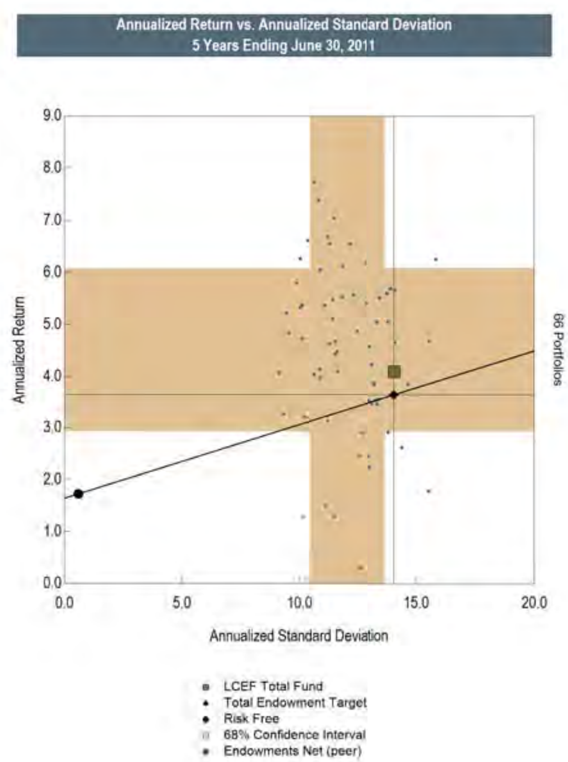
BNY Mellon Endowment Universe



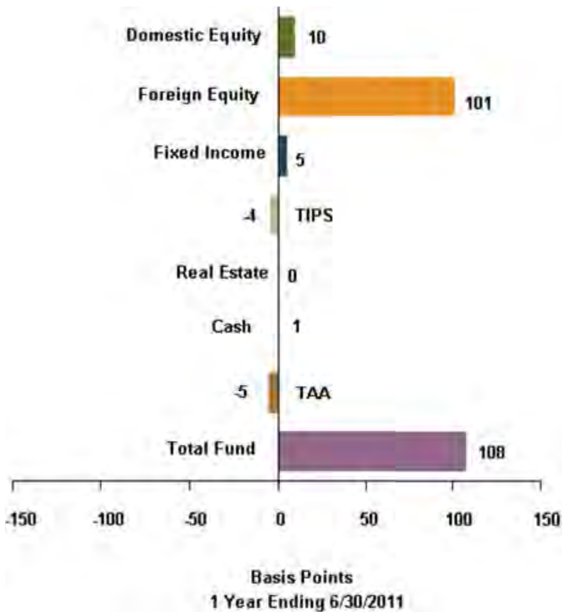
Risk Profile

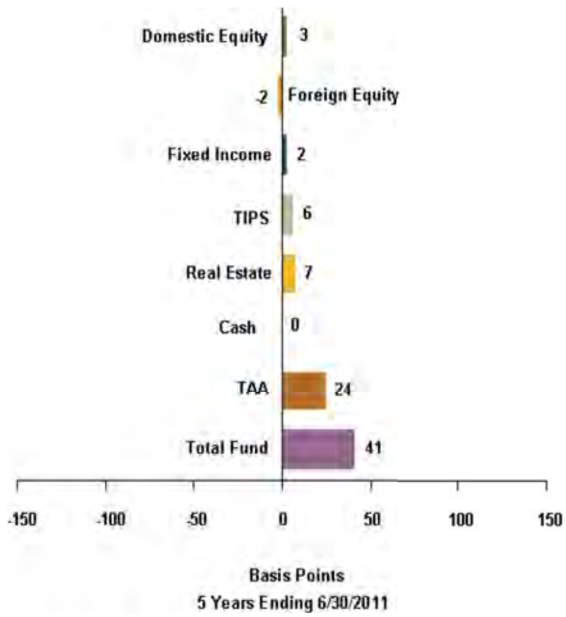
Benchmark: Total Endowment Target Universe: Endowments Net



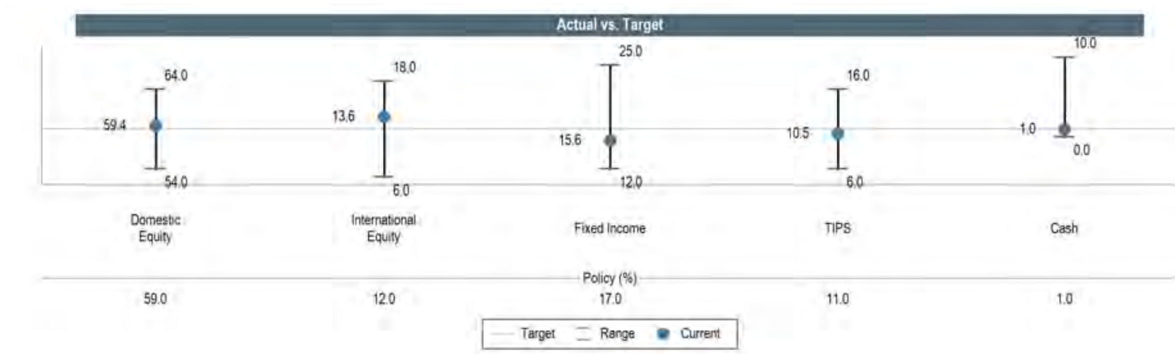


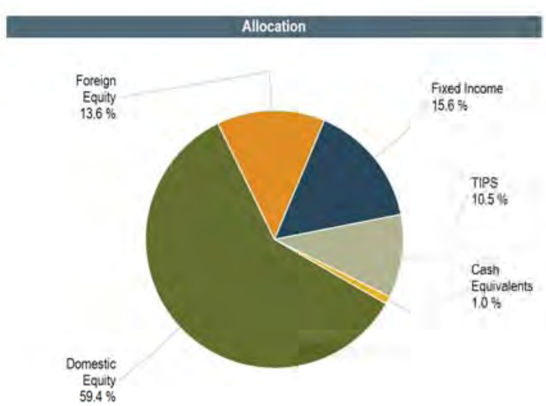
Attribution

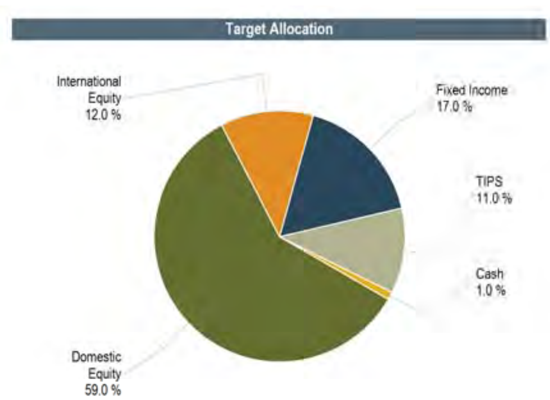




Asset Allocation





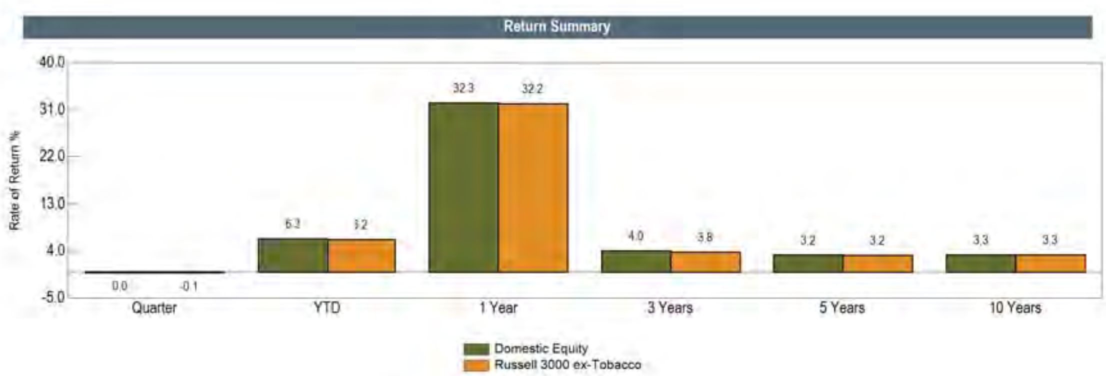


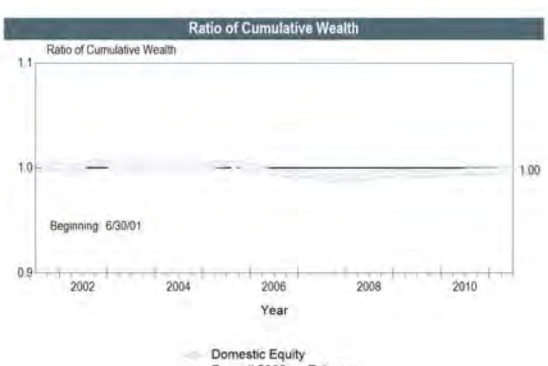
Domestic Equity

Domestic Equity | As of June 30, 2011 | $456.2 Million and 59.4% of Fund

Overview

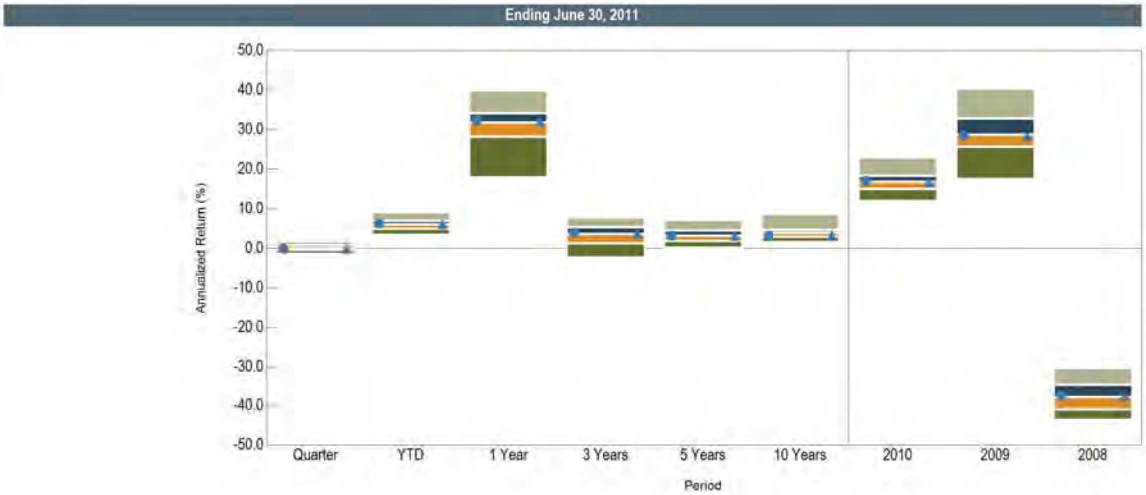
Benchmark: Russell 3000 ex-Tobacco





Universe Comparison

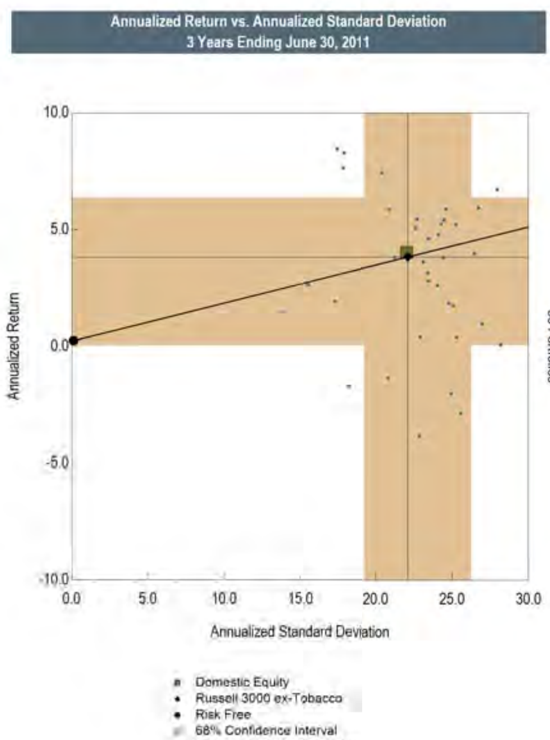
Benchmark: Russell 3000 ex-Tobacco | Universe: Endowments - US Eq Net

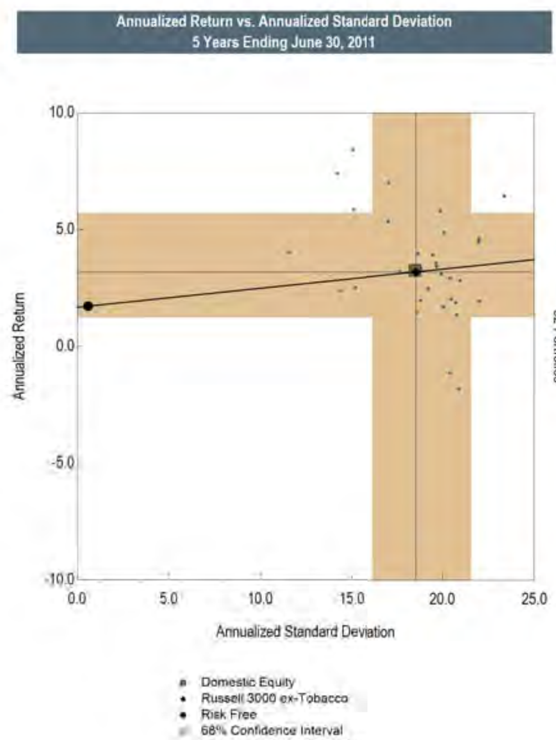


Return (Rank)	Quarter		YTD		1 Year		3 Years		5 Years		10 Years		2010		2009		2008	
5th Percentile	1.8		9.1		40.0		7.8		7.2		8.7		22.9		40.4		-30.3	
25th Percentile	0.8		7.1		34.2		5.4		4.7		4.7		18.3		32.8		-34.6	
Median	0.1		6.1		31.8		3.7		3.3		4.0		16.8		28.8		-37.7	
75th Percentile	-0.3		5.0		28.3		1.3		2.0		3.1		15.2		25.7		-40.8	
95th Percentile	-1.3		3.5		17.9		-2.2		0.2		1.6		12.1		17.5		-43.5	
# of Portfolios	56		56		46		36		32		19		43		43		41	
Domestic Equity	0.0	(60)	6.3	(45)	32.3	(38)	4.0	(43)	3.2	(51)	3.3	(73)	17.0	(48)	28.5	(52)	-37.4	(46)
Russell 3000 ex-Tobacco	-0.1	(62)	6.2	(48)	32.2	(43)	3.8	(46)	3.2	(53)	3.3	(72)	16.8	(51)	28.4	(53)	-37.5	(47)

Risk Profile

Benchmark: Russell 3000 ex-Tobacco | Universe: Endowments - US Eq Net



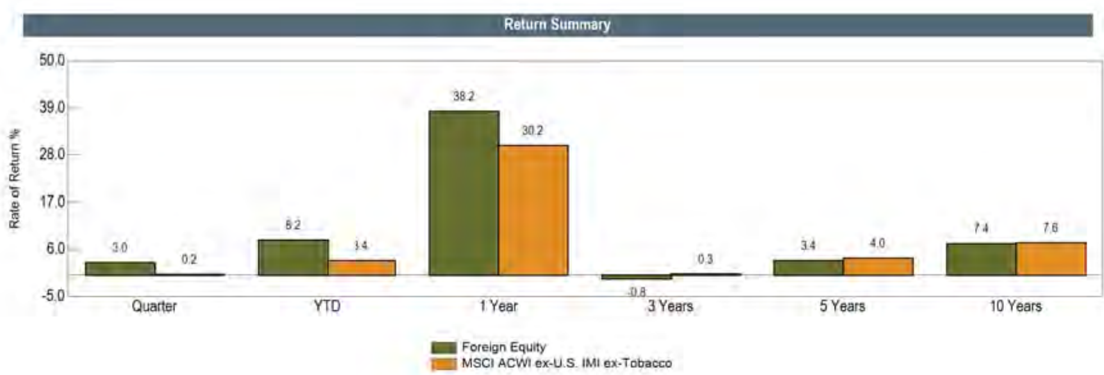


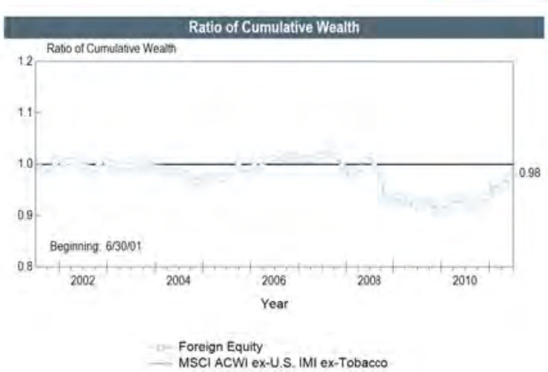
Foreign Equity

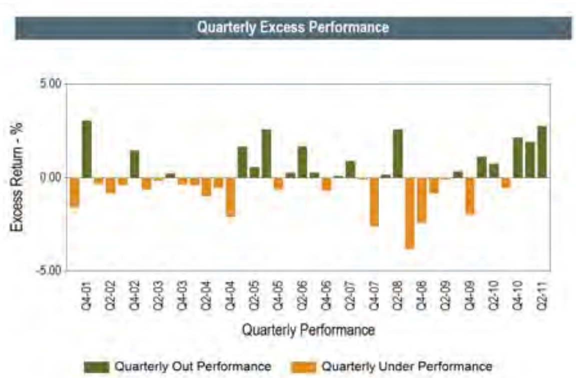
Foreign Equity | As of June 30, 2011 | $104.1 Million and 13.6% of Fund

Overview

Benchmark: MSCI ACWI ex-U.S. IMI ex-Tobacco





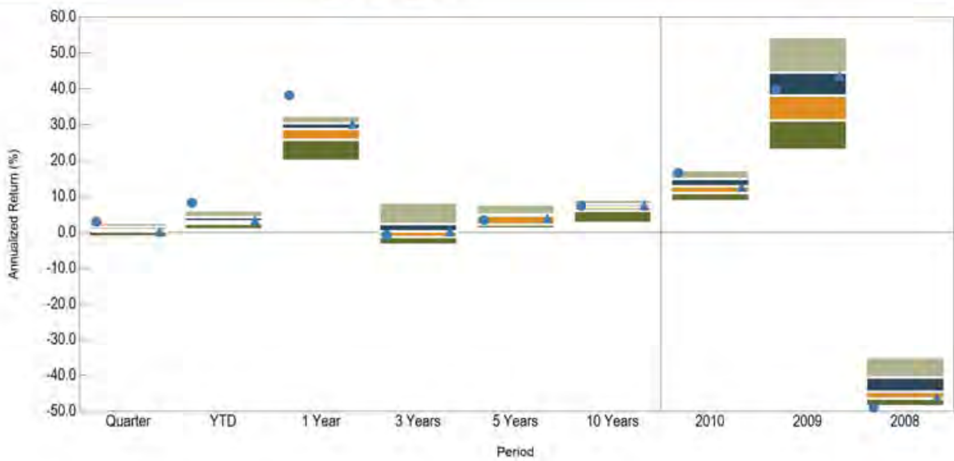


Universe Comparison

Benchmark: MSCI ACWI ex-U.S. IMI ex-Tobacco

Universe: Endowments - Non-US Eq Net

Ending June 30, 2011



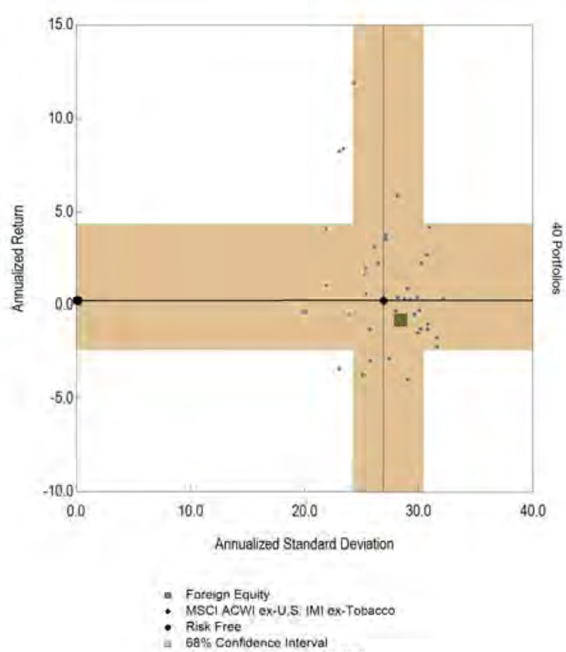
Return (Rank)	Quarter		YTD		1 Year		3 Years		5 Years		10 Years		2010		2009		2008	
5th Percentile	2.6		6.1		32.5		8.3		7.7		9.0		17.3		54.4		-34.9	
25th Percentile	1.6		4.3		30.5		2.4		5.1		7.9		15.0		44.6		-40.5	
Median	0.7		3.2		28.8		0.3		4.7		7.0		12.9		38.3		-44.4	
75th Percentile	0.3		2.4		25.9		-1.3		2.3		6.1		11.0		31.2		-46.4	
95th Percentile	-1.1		0.9		20.0		-3.4		1.1		2.7		8.7		23.1		-48.5	
# of Portfolios	57		57		50		40		33		18		46		48		47	
Foreign Equity	3.0	(4)	8.2	(1)	38.2	(1)	-0.8	(71)	3.4	(66)	7.4	(39)	16.6	(15)	39.8	(36)	-49.0	(99)
MSCI ACWI ex-U.S. IMI ex-Tobacco	0.2	(77)	3.4	(48)	30.2	(27)	0.3	(55)	4.0	(61)	7.6	(37)	12.7	(54)	43.8	(28)	-46.1	(71)

Risk Profile

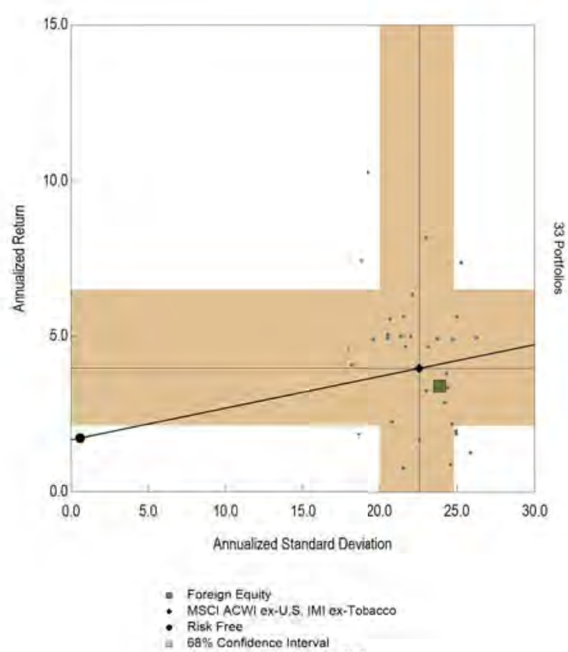
Benchmark: MSCI ACWI ex-U.S. IMI ex-Tobacco

Universe: Endowments - Non-US Eq Net

Annualized Return vs. Annualized Standard Deviation
3 Years Ending June 30, 2011



Annualized Return vs. Annualized Standard Deviation
5 Years Ending June 30, 2011

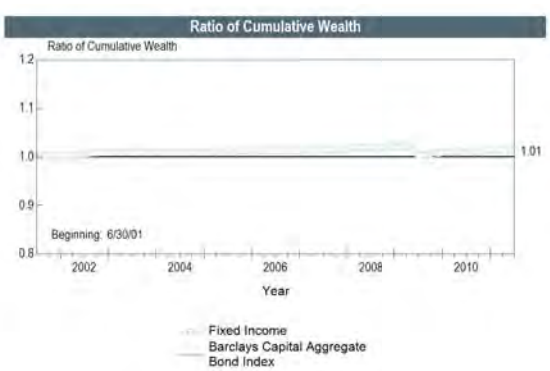


Fixed Income

Fixed Income | As of June 30, 2011 | $119.5 Million and 15.6% of Fund

Overview

Benchmark: Barclays Capital Aggregate Bond Index

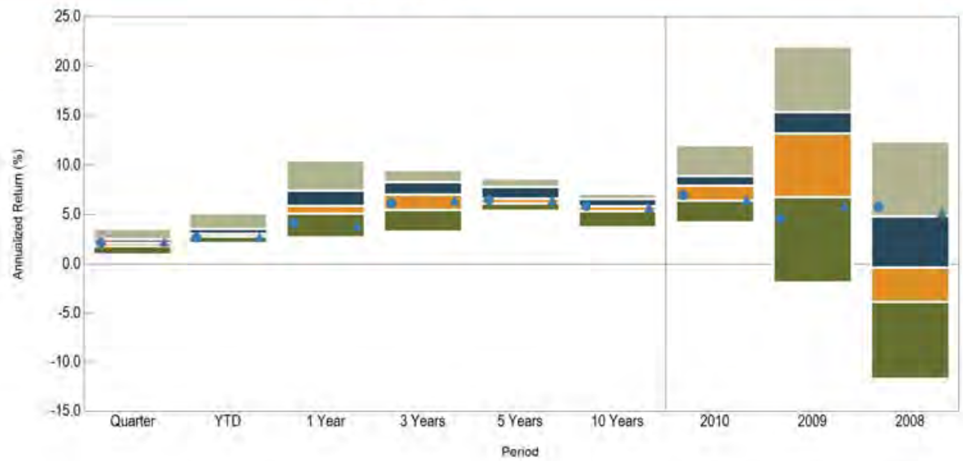


Universe Comparison

Benchmark: Barclays Capital Aggregate Bond Index

Universe: Endowments - US FI Net

Ending June 30, 2011



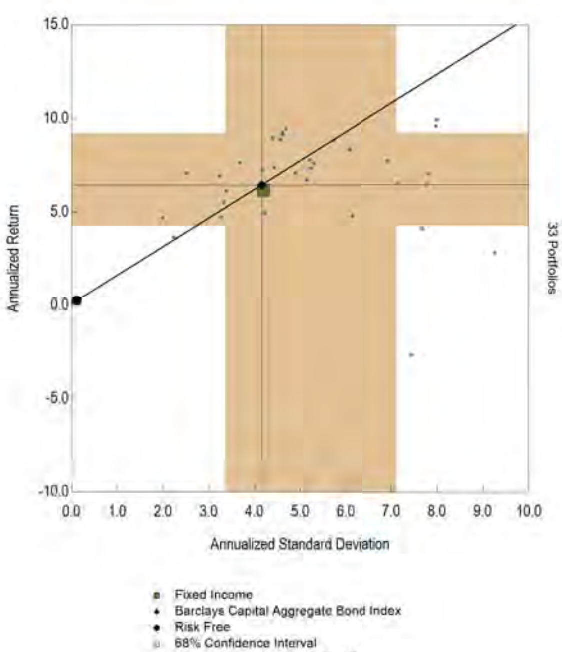
Return (Rank)	Quarter		YTD		1 Year		3 Years		5 Years		10 Years		2010		2009		2008	
5th Percentile	3.6		5.1		10.5		9.5		8.7		7.1		12.0		22.0		12.4	
25th Percentile	2.5		3.6		7.5		8.3		7.9		6.6		8.9		15.4		4.9	
Median	2.1		3.1		5.9		7.1		6.6		5.9		8.0		13.2		-0.3	
75th Percentile	1.8		2.8		5.1		5.5		6.1		5.4		6.4		6.8		-3.8	
95th Percentile	1.0		2.2		2.7		3.3		5.4		3.8		4.2		-1.8		-11.7	
# of Portfolios	54		54		46		33		27		19		41		46		42	
Fixed Income	2.1	(49)	2.7	(81)	4.1	(90)	6.2	(72)	6.5	(60)	5.9	(50)	7.0	(73)	4.6	(85)	5.8	(14)
Barclays Capital Aggregate Bond Index	2.3	(41)	2.7	(80)	3.9	(92)	6.5	(69)	6.5	(60)	5.7	(54)	6.5	(75)	5.9	(78)	5.2	(20)

Risk Profile

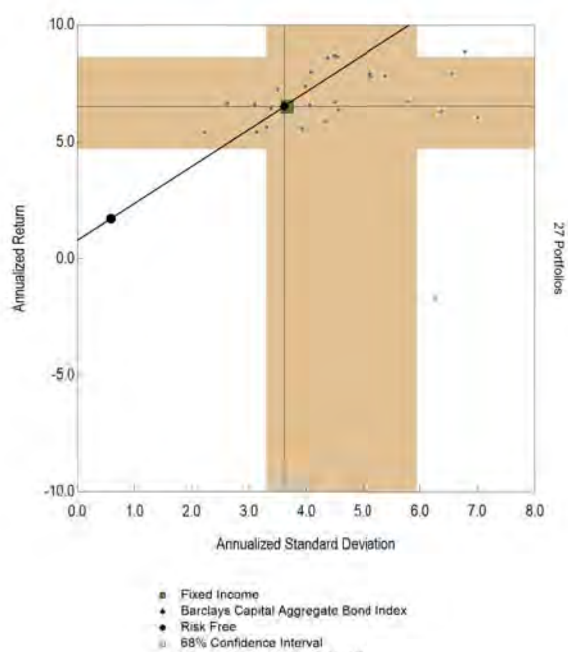
Benchmark: Barclays Capital Aggregate Bond Index

Universe: Endowments - US FI Net

Annualized Return vs. Annualized Standard Deviation
3 Years Ending June 30, 2011



Annualized Return vs. Annualized Standard Deviation
5 Years Ending June 30, 2011

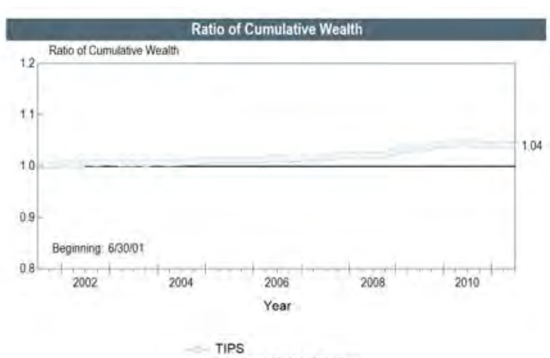


TIPS

TIPS | As of June 30, 2011 | $80.3 Million and 10.5% of Fund

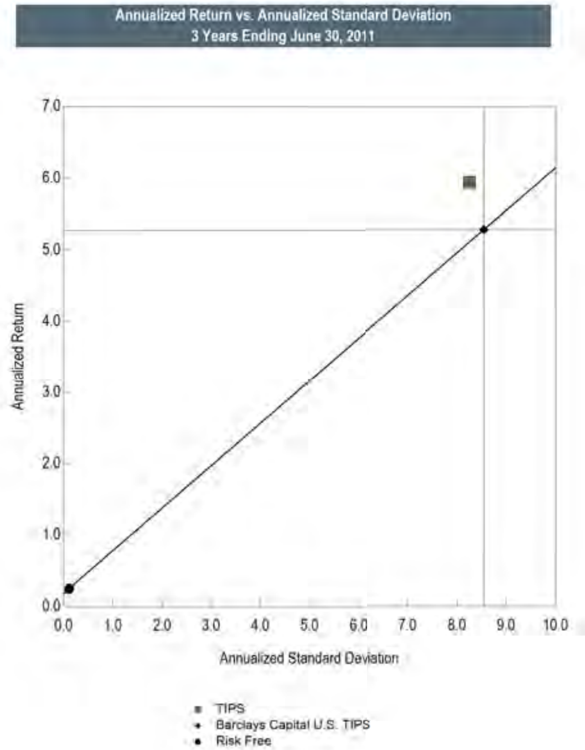
Overview

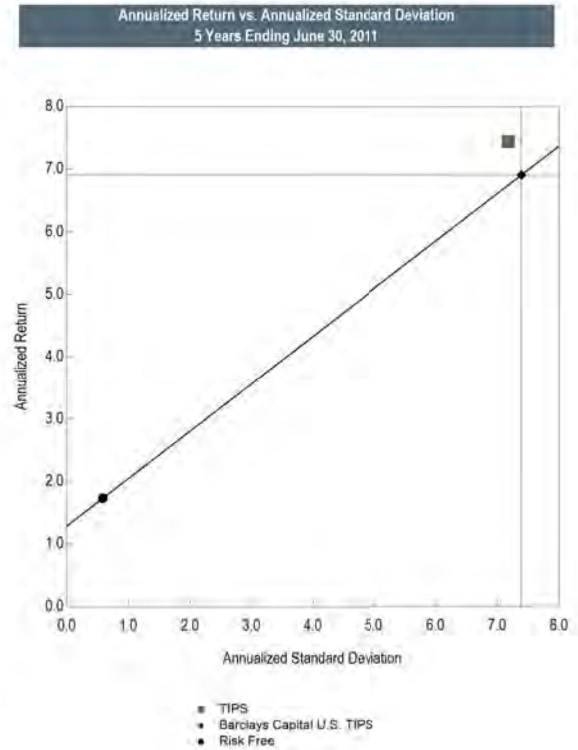
Benchmark: Barclays Capital U.S. TIPS



Risk Profile

Benchmark: Barclays Capital U.S. TIPS

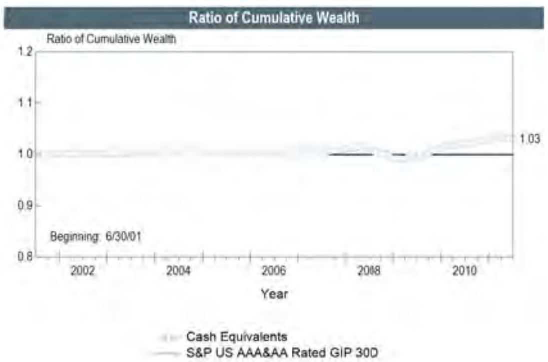




Cash Equivalents

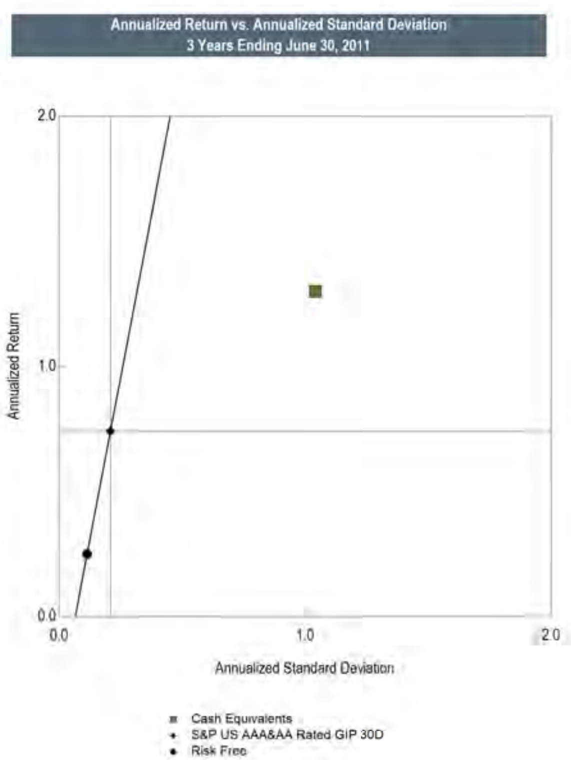
Overview

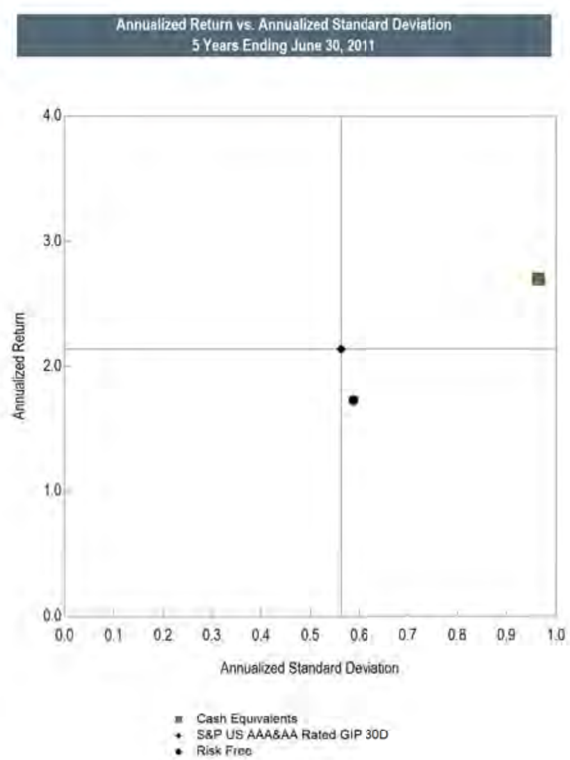
Benchmark: S&P US AAA&AA Rated GIP 30D



Risk Profile

Benchmark: S&P US AAA&AA Rated GIP 30D





Appendix

As of June 30, 2011

Securities Lending

Lawton Chiles Endowment Fund

		LOANS		
Lending Agent	Lendable Base	Market Value on Loan	% on Loan	
Bank of New York Mellon	$613,300,801	$63,224,067	10.31%	
ClearLend (formerly Wachovia)	---	---	---	
Total Lawton Chiles Endowment Fund	$613,300,801	$63,224,067	10.31%	

	REINVESTMENT		
Lending Agent	Book Value	Market Value	Unrealized Gain/(Loss)
Bank of New York Mellon	$65,639,601	$65,631,119	($8,482)
ClearLend (formerly Wachovia)	---	---	---
Total Lawton Chiles Endowment Fund	$65,639,601	$65,631,119	($8,482)

Market Returns

	Second Quarter	1-Year	3-Year	5-Year	10-Year	15-Year
		Annualized Periods Ending 6/30/11				
Domestic Stock Indices:						
Dow Jones US Total Stock Index	0.0	32.4	4.2	3.6	3.8	6.8
S&P 500 Index	0.1	30.7	3.3	2.9	2.7	6.5
Russell 3000 Index	0.0	32.4	4.0	3.4	3.4	6.8
Russell 1000 Value Index	-0.5	28.9	2.3	1.2	4.0	7.5
Russell 1000 Growth Index	0.8	35.0	5.0	5.3	2.2	5.4
Russell MidCap Value Index	-0.7	34.3	6.3	4.0	8.4	10.3
Russell MidCap Growth Index	1.6	43.2	6.6	6.3	5.5	7.7
Russell 2000 Value Index	-2.6	31.4	7.1	2.2	7.5	9.5
Russell 2000 Growth Index	-0.6	43.5	8.4	5.8	4.6	4.7
Domestic Bond Indices:						
Barclays Capital Aggregate Index	2.3	3.9	6.5	6.5	5.7	6.3
Barclays Capital Govt/Credit Index	2.3	3.7	6.2	6.3	5.7	6.3
Barclays Capital Long Govt/Credit Index	3.3	3.2	8.2	7.7	7.2	7.6
Barclays Capital 1-3 Year Govt/Credit Index	0.9	1.9	3.5	4.5	4.0	4.9
Barclays Capital U.S. MBS Index	2.3	3.8	6.9	7.0	5.8	6.4
Barclays Capital High Yield Index	1.1	15.6	12.7	9.3	9.0	7.4
Barclays Capital Universal Index	2.2	4.8	6.7	6.6	6.0	6.5
Real Estate Indices:						
NCREIF Property Index	3.9	16.7	-2.6	3.4	7.6	9.3
NCREIF ODCE Index	4.4	19.4	-8.5	-0.9	4.7	7.3
Dow Jones Real Estate Securities Index	4.0	35.2	4.6	1.6	10.4	10.8
FTSE NAREIT US Real Estate Index	2.9	34.1	5.4	2.6	10.7	10.8
Foreign/Global Stock Indices:						
MSCI All Country World Index	0.2	30.1	0.9	3.2	4.8	5.7
MSCI All Country World IMI	0.1	31.0	1.7	3.5	5.5	5.8
MSCI All Country World ex-U.S. Index	0.4	29.7	-0.3	3.7	7.5	5.7
MSCI All Country World ex-U.S. IMI	0.3	30.3	0.3	4.0	8.0	5.6
MSCI All Country World ex-U.S. Small Cap Index	-0.3	34.2	5.6	5.9	12.1	6.3
MSCI EAFE Index	1.6	30.4	-1.8	1.5	5.7	4.7
MSCI EAFE IMI	1.5	31.0	-1.2	1.7	6.1	4.8
MSCI EAFE Index (in local currency)	-0.8	13.3	-2.5	-1.9	0.9	3.4
MSCI Emerging Markets IMI	-1.1	27.5	5.1	11.9	16.3	6.3
Foreign Bond Indices:						
Citigroup World Gov't Bond Index	3.7	13.9	6.2	7.8	8.7	5.9
Citigroup Hedged World Gov't Bond Index	1.3	0.2	4.5	4.4	4.4	6.0
Cash Equivalents:						
Treasury Bills (30-Day)	0.0	0.1	0.2	1.5	1.7	2.7
EnnisKnupp STIF Index	0.1	0.3	0.7	2.3	2.4	3.5
Inflation Index:						
Consumer Price Index	1.0	3.6	1.0	2.2	2.4	2.5

Benchmark Descriptions

LCEF Total Fund

Total Endowment Target - A weighted blend of the individual asset class target benchmarks.

Total Domestic Equity

Russell 3000 Index ex-Tobacco - An index that measures the performance of the 3,000 stocks that make up the Russell 1000 and Russell 2000 Indices, while excluding tobacco companies.

Total Foreign Equity

MSCI ACWI ex-U.S. IMI ex-Tobacco - A capitalization-weighted index representing 44 countries, but excluding the United States. The Index includes 23 developed and 21 emerging market countries, and excludes tobacco companies.

Total Fixed Income

Barclays Capital Aggregate Bond Index - A market value-weighted index consisting of the Barclays Capital Credit, Government, and Mortgage-Backed Securities Indices. The Index also includes credit card, auto, and home equity loan-backed securities. This Index is the broadest available measure of the aggregate investment grade U.S. fixed income market.

Total TIPS

Barclays Capital U.S. TIPS - A market value-weighted index consisting of US Treasury Inflation-Protected Securities with one or more years remaining until maturity with total outstanding issue size of $500m or more.

Total Cash Equivalents

S&P U.S. AAA & AA Rated GIP 30 Day - An unmanaged market index representative of the Local Government Investment Pool.

Universe Descriptions

LCEF Total Fund
A universe comprised of 87 total endowment portfolio returns, net of fees, calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised $203.2 billion as of quarter-end and the average market value was $2.0 billion.

Total Domestic Equity
A universe comprised of 56 total domestic equity portfolio returns, net of fees, of endowment plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised $58.4 billion as of quarter-end and the average market value was $590.4 million.

Total Foreign Equity
A universe comprised of 57 total foreign equity portfolio returns, net of fees, of endowment plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised $22.5 billion as of quarter-end and the average market value was $253.3 million.

Total Fixed Income
A universe comprised of 54 total fixed income portfolio returns, net of fees, of endowment plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised $26.2 billion as of quarter-end and the average market value was $300.6 million.

Explanation of Exhibits

Quarterly and Cumulative Excess Performance - The vertical axis, excess return, is a measure of fund performance less the return of the primary benchmark. The horizontal axis represents the time series. The quarterly bars represent the underlying funds' relative performance for the quarter.

Risk-Return Graph - The horizontal axis, annualized standard deviation, is a statistical measure of risk, or the volatility of returns. The vertical axis is the annualized rate of return. As investors generally prefer less risk to more risk and always prefer greater returns, the upper left corner of the graph is the most attractive place to be. The line on this exhibit represents the risk and return tradeoffs associated with market portfolios, or index funds.

Ratio of Cumulative Wealth Graph - An illustration of a portfolio's cumulative, un-annualized performance relative to that of its benchmark. An upward-sloping line indicates superior fund performance versus its benchmark. Conversely, a downward-sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

Performance Comparison - Universe Comparison - An illustration of the distribution of returns for a particular asset class. The component's return is indicated by the circle and its performance benchmark by the triangle. The top and bottom borders represent the 5th and 95th percentiles, respectively. The solid line indicates the median while the dotted lines represent the 25th and 75th percentiles.

MINUTES
INVESTMENT ADVISORY COUNCIL
JUNE 15, 2011

A meeting of the Investment Advisory Council (IAC) was held on Wednesday, June 15, 2011, in the Hermitage Room of the State Board of Administration of Florida (SBA), Tallahassee, Florida.

Members Present: **Rob Gidel, Chairman**
Martin Garcia
Les Daniels
Chuck Newman

Members Absent: **David Grain**
John Hill
John Jaeb

CALL TO ORDER/APPROVAL OF MINUTES

Mr. Rob Gidel, Chair, called the meeting to order at 1:00 PM. Mr. Gidel welcomed the newest member of the committee, Les Daniels, who in turn gave a brief background about his professional experience. Mr. Gidel requested a motion to approve the minutes of the March 8, 2011, IAC meeting and Mr. Martin Garcia made the motion to approve the minutes; seconded by Mr. Chuck Newman; approved without objection.

OPENING REMARKS

Mr. Ash Williams, Executive Director and Chief Investment Officer, made the announcement that Doug Bennett, Senior Investment Officer for Real Estate, was retiring and discussed the human capital risk faced by the State Board of Administration. Comments concluded with a review of the FRS Pension Plan's performance and recent legislative issues.

PERFORMANCE AND MAJOR INITIATIVES UPDATE

Mr. Kevin SigRist, Deputy Executive Director, provided his standard performance update, focusing on performance through the end of the prior month and 12-month figures, and then updated the council on strategic investments and other initiatives the SBA is working on. Questions by members were posed concerning global equities and long-term vs. short-term impacts on the fund. Discussion turned to a focus on uncalled commitments for the fund's strategic investments, progress with identifying hedge funds and related vehicles, and capital call activity. An update on timberland funds was provided, explaining the SBA was close to closing. Comments then moved to the asset transition resulting from 2010 investment policy statement changes and progress on the master custodian, total fund risk model, and public market manager searches.

PRIVATE EQUITIES AND INVESTMENT REVIEW AND UPDATE ON FLORIDA GROWTH FUND

Mr. Erik Hirsch, Hamilton Lane, provided a quick market overview and update on private equity investments, focusing on availability of funds from all investors, and its impact in general on opportunities. Questions were posed and answered.

Mr. Michael Koenig, Hamilton Lane, reviewed the private equity portfolio, including performance making a point to separate legacy and "post-asset-class-creation" performance. Comments from council members on the objective of private equity investments prompted further discussion on performance, valuation of investments, auditing, and benchmarking.

Mr. Greg Baty, Hamilton Lane, provided an overview of the Florida Growth Fund, including number and quality of investment made. Comments and questions from the council were made, and responses ended the discussion.

ASSET LIABILITY UPDATE

Mr. Rowland Davis, Hewitt EnnisKnupp, presented an update of the 2010 asset/liability study, including discussing diversification and portfolio risk. Based on the update, no changes to the investment strategy adopted in 2010 were being recommended. Hewitt EnnisKnupp updated investment performance based on 2010 and first quarter 2011 data, and modeled changes in FRS Pension Plan benefits, as well as other factors identified by external consultants.

Mr. Davis then focused on changes to the modeling and capital market assumptions that led to the updated results. Details were provided concerning the changes. Comments and questions were made by council members and answered. Mr. Davis then discussed normal funding vs. the unfunded actuarial liability and the increase in expected cost savings. It was concluded that it was premature to change the policy adopted in 2010, but annual monitoring of the impact of benefit changes should be considered.

ASSET ALLOCATION AND INVESTMENT POLICY UPDATE

Mr. Mike Sebastian, Hewitt EnnisKnupp, presented an asset allocation and investment policy component of the asset liability update, including comments about determining appropriate overall level of risk and diversification for the Pension Plan. Comments concerning decreases in active management coupled with an increase in diversification though greater reliance on alternative investments and global exposure and its impact on protecting assets in down markets were made.

FRS PENSION PLAN INVESTMENT POLICY STATEMENT (ACTION REQUIRED)

Mr. Kevin SigRist presented the same investment policy statement approved by the Trustees in June 2010 with no changes being recommended. Discussion ensued concerning seeking legislative authority for the final implementation of the investment policy approved in 2010. Mr. Newman made a motion to approve; seconded by Mr. Garcia; approved without objection.

FRS INVESTMENT PLAN REVIEW

Mr. Mike Sebastian, Hewitt EnnisKnupp, provided an overview of the current status of the Investment Plan, including performance, fees and costs, and benchmarks utilized.

Ms. Kristen Doyle, Hewitt EnnisKnupp, commented on asset allocation of member investment choices, total number of fund options, comparison of investment options, growth of assets, participation levels, and profile. Questions by the council were posed and answered.

PROPOSED IAC STANDING AGENDA ITEMS AND REVISIONS TO IAC AND BOARD REPORTING

Mr. Kevin SigRist discussed proposed standing agenda items and a schedule for the IAC meetings. Additionally, an outline of a revised standard reporting package for the Council and Trustees was presented and discussed. Comments and questions from council members were made and answered.

AUDIENCE COMMENTS/2011SCHEDULED MEETINGS/CLOSING REMARKS

A question was posed by Mr. Glen Jenkins, an audience member and participant in the retirement system, concerning hedging risk. Mr. SigRist provided an overview of how the SBA and IAC address risk, which was supported by follow-up remarks by Mr. Williams. The date of the next meeting will be September 19, 2011. The meeting was adjourned at 4:15 P.M.

(Further meeting information can be found in the written transcripts of the meeting kept by the State Board of Administration.)

STATE BOARD OF ADMINISTRATION
OF FLORIDA

1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308
(850) 488-4406

POST OFFICE BOX 13300
32317-3300

MEMORANDUM

To: Board of Trustees

From: Roger Wishner, Chairman
Participant Local Government Advisory Council (PLGAC)

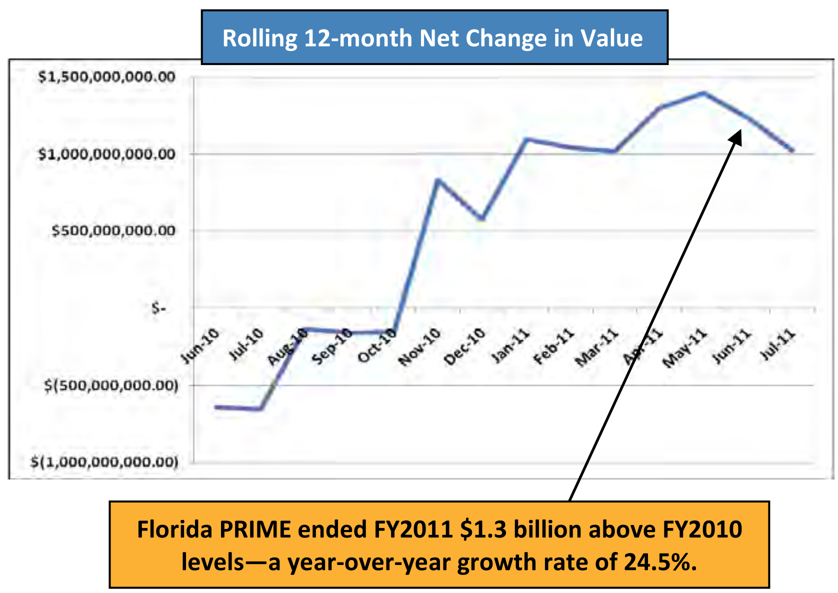
Date: September 2, 2011

Subject: Quarterly Update – Florida PRIME

The Participant Local Government Advisory Council (the "Council") met recently on August 24, 2011. The next quarterly meeting of the Council is tentatively scheduled to be held on November 16, 2011. The Council continues to oversee the operations, client service, and investment management of Florida PRIME.

PERFORMANCE

- Over the quarter ending June 30, 2011, participant deposits totaled $3.18 billion; participant withdrawals totaled $3.31 billion, for a net decrease of approximately $104 million. During the 2nd quarter, Florida PRIME delivered an aggregate $4.57 million in investment earnings to its investors.
- Performance of Florida PRIME has been strong over short and long-term time periods. For the period ending June 30, 2011, Florida PRIME generated *excess* returns (performance above the pool's benchmark) of approximately 16 basis points (0.16%) over the last three months, and 15 basis points (0.15%) over the last 12 months.



POOL CHARACTERISTICS

- As of June 30, 2011, the total market value of Florida PRIME was $6.82 billion
- As of June 30, 2011, the investment pool had a 7 Day SEC Yield equal to 0.22% and a Weighted Average Maturity (WAM) equal to 31.5 days.

FUND B

- Fund B has continued to pay principal and interest, with cumulative distributions to participants of $1,685,825,000 through the end of June. As a proportion of their original principal amount, over 83 percent has been returned to Fund B investors.

MINUTES
Participant Local Government Advisory Council (PLGAC) Meeting
June 15, 2011

A meeting of the Participant Local Government Advisory Council (PLGAC) was held on Wednesday, June 15, 2011, in the First Floor Conference Room of the State Board of Administration, 1801 Hermitage Blvd., Tallahassee, Florida.

Members Present:	**Patsy Heffner—Tax Collector, Osceola County** **Daniel Wolfson, Manatee County Clerk** **Roger Wishner, Commissioner, City of Sunrise** **Mark Peterson, Brevard County Clerk** **MaryEllen Elia, Hillsborough County School Board**
Also Present:	**Ash Williams, State Board of Administration (SBA)** **Michael McCauley, State Board of Administration (SBA)** **Amy Michaliszyn, Federated Investors** **Paige Wilhelm, Federated Investors**

Call to Order

Vice Chair Roger Wishner called the meeting to order at 9:00 A.M.

Approval of Minutes

Vice Chair Wishner requested a motion to approve the minutes of the February 16, 2011, meeting—Ms. Patsy Heffner made the motion to approve the minutes; seconded by Ms. MaryEllen Elia; approved without objection.

Quarterly Update – Participant Activity Review

Mr. Michael McCauley, SBA, provided an overview of Florida PRIME's reporting and financial transactions. Mr. McCauley noted that Automated Clearing House (ACH) functionality was implemented in April, and several participants had used the new service to transfer funds. Mr. McCauley also noted a significant number of new participants, related to the termination of another SBA managed fund and transfer of those funds into Florida PRIME. Finally, Mr. McCauley presented several fund flow charts demonstrating strong net inflows to Florida PRIME. Council members briefly discussed the revenue cycle for local governments and incremental improvements in their fiscal condition.

Quarterly Update – Communications and Participant Survey

Ms. Amy Michaliszyn, Federated Investors, provided an overview of recent participant outreach efforts. Ms. Michaliszyn noted the annual conference of the Florida Government Finance Officers (FGFOA) and Federated Investors' sponsorship of the event. Mr. McCauley then reviewed the results of the annual participant satisfaction survey, noting favorable client satisfaction levels and strong interest in proposed participant education courses. Mr. McCauley covered the structure of the survey, the level and types of responses, and focused discussion on participant education, seeking an additional fund rating, and additional funds representing both higher and lower levels of risk. Council members briefly discussed the survey results.

Portfolio Review

Ms. Paige Wilhelm, Federated Investors, presented the Council with a portfolio review of both Florida PRIME and Fund B, providing a summary of short-term interest rates, LIBOR, and Florida PRIME's portfolio and recent performance. Ms. Wilhelm noted that repo rates began to decline significantly in early April as major banks adjusted to new, higher FDIC assessment charges. Finally,

Ms. Wilhelm discussed concerns surrounding European banks and their exposure to sovereign debt, reviewing Federated Investors' stringent credit review process and investment in only the highest quality and globally diversified banking firms.

Proposed PLGAC Standing Agenda Items

Mr. Ash Williams, SBA, reviewed the proposed standing agenda items for future Council meetings. Mr. Williams stated using standing agenda items would standardize meeting agendas and consistently cover topics during the course of the year.

Open Agenda Items/Audience Comments

Council members briefly discussed the vacancy due to Ms. Karen Nicolai's resignation. Vice Chair Wishner requested nominations for the position of Chair—Mr. Dan Wolfson made the motion to nominate Roger Wishner for Chair; seconded by Mr. Mark Peterson; approved without objection. Vice Chair Wishner then requested nominations for the position of Vice Chair—Ms. Patsy Heffner made the motion to nominate Mr. Wolfson; seconded by Mr. Peterson; approved without objection. Vice Chair Wishner asked for comments from Council members and in-person attendees. There were no other comments.

2011 Scheduled Meetings/Closing Remarks/Adjourn

The Council discussed dates for upcoming meetings, and agreed on the August 24, 2011, meeting to be held in Tampa at the offices of the Hillsborough County School Board.

The agenda was concluded and the meeting was adjourned at 10:05 A.M.

(Further meeting information can be found in the written transcripts of the meeting kept by the State Board of Administration.)

STATE BOARD OF ADMINISTRATION
OF FLORIDA

1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308
(850) 488-4406

POST OFFICE BOX 13300
32317-3300

Date: September 2, 2011

To: Board of Trustees
From: Judy Goodman, Chair of the Audit Committee
Subject: Quarterly Audit Committee Report

The State Board of Administration Audit Committee met July 18th and August 15th during this past quarter. The following are the results of those two meetings.

<u>External Audits</u>

The Committee reviewed six audit reports of wholly-owned title holding companies which are in the Real Estate asset class. The external auditors reported misstatements which were not considered material to the financial statements taken as a whole.

Ernst and Young continued to work on their financial statement audit of the FRS Pension Plan and FRS Investment Plan.

The Committee also approved the members of the evaluation team to review the proposals received for the financial statement audit of four special purpose entities of the SBA. As mentioned in the previous report of the Committee, the face of the investments in these entities is over $1 billion.

<u>Audit Charter and Audit Committee Charter</u>

The Audit committee updated and approved the charters for both the SBA Office of Internal Audit and the SBA Audit Committee.

<u>SBA Internal Audits</u>

The Committee reviewed four final audit reports regarding the follow-up of open recommendations. (1) Clifton Gunderson Compliance Performance Audit reported that seven recommendations were implemented and one recommendation was partially implemented. (2) Real Estate Follow-up Audit reported that nine recommendations were implemented and two remain open. The Office of Internal Audit also reported four additional findings. (3) Market

Valuation Follow-up Audit reported that all open recommendations were implemented as stated or through alternative procedures. (4) OPPAGA, Auditor General, Ernst & Young and Office of Internal Audit Follow-up Audit reported that eight recommendations were implemented as stated or through alternative procedures and three remain open.

Enterprise Risk Management and Compliance

In the July meeting, the SBA presented before the Committee an overview of SBA strategic risks, enterprise risk management framework, and internal governance structure. In addition, the Committee received updates on Risk Management and Compliance activities.

The SBA recently hired a Director of Enterprise Risk Management.

Initiative at the Direction of the Trustees

On August 12, 2011, the SBA, on behalf of the Committee, contracted with Crowe Horwath to evaluate the progress made by the SBA relative to its Compliance and Enterprise Risk Management program. The engagement plan and report format outline were provided and were approved by the Committee. On-site fieldwork is planned for September 2011. The bidding specifications call for the final report to be delivered to the Audit Committee by October 24, 2011.

**STATE BOARD OF ADMINISTRATION
OF FLORIDA**

**1801 HERMITAGE BOULEVARD
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(850) 488-4406**

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32317-3300**

CHARTER OF THE AUDIT COMMITTEE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA

A. PURPOSE:

Acting pursuant to Section 215.44(2)(c), Florida Statutes, the Board of Trustees ("Board") of the State Board of Administration (SBA) has established an Audit Committee (the "Committee") whose purpose is to assist the board in fulfilling its oversight responsibilities. The Committee shall serve as an independent and objective party to monitor processes for financial reporting, internal controls and risk assessment, audit processes, and compliance with laws, rules, and regulations.

B. AUTHORITY:

The Committee's authority comes from Section 215.44(2)(c), Florida Statutes and from the Board. The Committee has the authority to direct the Board's independent external auditors, the SBA's Chief Audit Executive ("CAE") or the SBA's Office of Internal Audit ("OIA") staff to conduct an audit, review, and/or a special investigation into any matters within the scope of the Committee's responsibility.

C. MEMBERSHIP:

The Committee shall consist of three (3) members appointed by the Board. Members shall be appointed for four (4) year terms. A vacancy shall be filled for the remainder of the unexpired term. Per statute, the persons appointed must have relevant knowledge and expertise as determined by the board.

The Committee will annually elect its chair and vice chair from its membership by majority vote of the members. A member may not be elected to consecutive terms as chair or vice chair.

Each Committee member will be independent and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee and will be required to complete an annual independence statement.

D. MEETINGS AND COMMUNICATIONS:

The Committee shall meet four (4) times annually, or more frequently as deemed necessary by the Committee. All Committee members are expected to attend each meeting in person or via teleconference or video conference. The Committee may not conduct any meeting with fewer than three (3) members present. The Committee may ask members of the SBA management or others to attend meetings and provide pertinent information as necessary. The CAE, in conjunction with the Committee chair and the Executive Director and CIO, will ensure that meeting agendas and appropriate briefing materials are prepared and provided in advance to members and SBA management. Minutes of all Committee meetings will be prepared and approved.

All written communications by any member of the Committee to the CAE will be provided to all other Committee members.

The Committee is subject to Florida's Government in the Sunshine Law (Sunshine Law) as set forth in Chapter 286, Florida Statutes. The Sunshine Law extends to all discussions and deliberations as well as any formal action taken by the Committee. The law is applicable to any gathering, whether formal or casual, of two or more members of the Committee to discuss some matter on which foreseeable action will be taken. Reasonable public notice must be given for all such gatherings. In the event any meeting or portion thereof would reveal information that specifically is made exempt under the Sunshine Law, the Committee either may hold a separate closed meeting to discuss the exempted information or the Committee can close the portion of the publicly noticed meeting in which the exempted information is discussed but will notify the public of such closed meeting in a manner advised by the SBA's General Counsel (or his or her designee). The Committee will make an audio or other recording in the manner advised by the SBA's General Counsel (or his or her designee) of all or any portion of a meeting that is closed because of such exemption.

E. REPORTING RESPONSIBILITIES:

The Committee shall report periodically, but no less than quarterly, to the Board and the Executive Director and CIO of the SBA regarding the Committee activities, issues, and recommendations.

F. DUTIES AND RESPONSIBILITIES:

The primary duties and responsibilities of the Committee are to:

1. Financial Reporting

- Review the annual financial statements of all funds required to be audited and any certification, report, opinion, or review rendered by internal or external auditors.

- Inquire as to the external auditors' independent qualitative judgments about the appropriateness, not just the acceptability, of the accounting principles and clarity of financial disclosures practices used or proposed to be adopted by SBA.

- Inquire as to the external auditors' views about whether management's choices of accounting principles are conservative, moderate or aggressive from the perspective of income, asset and liability recognition, and whether those principles are common practices or a minority practice.

- Review, in consultation with the external auditors and the CAE, the integrity of SBA's financial reporting processes.

2. Internal Controls and Risk Assessment

- Review OIA or external evaluation of the effectiveness of the SBA's process for assessing significant risks or exposures and the steps management has taken to monitor and control such risks, including internal controls.

- Review significant findings and recommendations of the auditors (internal and external) with management's responses, including the timetable for implementation of recommendations to correct weaknesses in the internal controls.

- Review with the independent auditors, CAE and financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of the SBA and review any significant recommendations for the improvement of such internal control procedures or particular areas where more effective controls or procedures are desirable.

3. Compliance

- Review OIA or external provider's evaluation of the effectiveness of the system for ensuring compliance with laws, rules, regulations, policies, and procedures and the results of management's investigation and follow-up of any instances of noncompliance.

- Review the findings of any examinations by regulatory agencies.

- Review information from management and legal counsel regarding compliance matters.

- Review reports on compliance activities from the Chief Risk and Compliance Officer.

- Review the results of the externally commissioned governance, risk and compliance review as it pertains to compliance activities.

4. Enterprise Risk Management

- Review quarterly reports on enterprise risk management activities from the Chief Risk and Compliance Officer.

- Review the results of the externally commissioned governance, risk and compliance review as it pertains to enterprise risk management activities.

5. Internal Audit

- Review and approve annually, in consultation with the Executive Director and CIO and the CAE, the OIA Charter, annual audit plan, budget, staffing, and organizational structure of the internal audit department. Confirm and assure the independence and objectivity of the OIA.

- Receive internal audit reports and a progress report on the approved annual plan on a periodic basis.

- Assist the Board in decisions regarding the appointment and removal of the CAE.

- Review periodic internal and no less frequently than every five years external quality assurance reviews required by the Standards.

6. External Audit

- Search, select, and engage external audit firms by approving:
    - Scope of work for competitive solicitations
    - Selection process
    - Final engagement letters (for execution by the Executive Director and CIO)

- Meet, as needed, with the representatives of the Auditor General and other external auditors regarding the proposed scope and approach of their external auditing functions and subsequently the results of their audit of the SBA.

- Meet, as needed, with representatives of OPPAGA regarding its review of the performance of the SBA.

- Review with management the results of all audits, including any difficulties encountered by the auditors or disputes with management during the course of their audit. External auditors will be consulted, as needed.

6. Other Responsibilities

- Review and assess the adequacy of the Committee Charter no less than annually, and request Board approval for the proposed changes.

- Commission a SBA governance, risk management and compliance (GRC) program evaluation and performance improvement analysis (including the assessment of the utilization and effectiveness of both the internal and external audit functions) to be performed by an external provider no less frequently than every three years and incorporating input from SBA management.

While the Committee has the responsibilities and the authority as set forth in Section 215.44(2)(c), Florida Statutes, and this Charter, it is not the responsibility of the Committee to plan or conduct individual audits, reviews and/or investigations, to attest to the SBA's financial information or condition, to resolve disagreements, or to assume responsibility for compliance with laws, rules, regulations, policies, procedures, the Employee Handbook, or the Code of Ethics.

Approved this: ____**August 15, 2011**___
(Date)

Chair of the Audit Committee ____________________
(Judy Goodman)

Chairman of the Board of Trustees ____________________
(Governor Rick Scott)

Treasurer of the Board of Trustees ____________________
(Chief Financial Officer Jeff Atwater)

Secretary of the Board of Trustees ____________________
(Attorney General Pam Bondi)

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OFFICE OF INTERNAL AUDIT CHARTER

A. MISSION

The mission of the Office of Internal Audit (OIA) is to provide and oversee independent, objective assurance and consulting services designed to add value and improve the State Board of Administration's (SBA) operations. The OIA is to help the SBA accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

B. OBJECTIVES AND SCOPE

Auditing Objectives. The objectives of the auditing services are to provide independent assurance to the Audit Committee and management that the SBA's assets are safeguarded, operating efficiency is enhanced, and compliance is maintained with prescribed laws and SBA policies. These objectives of auditing services include independent assessment of the SBA's risk awareness and management, reliability and integrity of the SBA's data, and achievement of the SBA's goals and objectives.

Consulting and Advisory Objectives. The objectives of consulting and advisory services are to provide management with assessments and advice for improving processes that will advance the goals and objectives of the SBA. In particular, the objectives are to provide the assessments and advice on the front-end of projects so that risks may be identified and managed, and internal controls may be designed.

Scope. The scope of work provided or overseen by the OIA is to determine whether the SBA's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Business units are operating within the highest fiduciary standards and are directed toward the requirements defined in the laws, regulations, rules, and the policies and procedures of the SBA.
- Business units and processes are generally in synchrony with currently prevailing industry practices, using leading public and private examples as benchmarks.
- Risks are appropriately identified and managed.
- Significant financial, managerial, and operating information is accurate, reliable and timely.
- The SBA and its staff are operating in compliance with applicable laws, rules, regulations, standards, approved SBA policies and procedures and Code of Ethics.
- Resources are acquired economically, used efficiently, and adequately protected.
- Quality and continuous improvement are encouraged in the SBA control process.

- Contractors, including third-party administrators, are meeting the objectives and terms of the contracts.
- Responsibilities and activities are coordinated with external auditors engaged by the SBA Audit Committee for audit and/or attest services.
- Significant legislative or regulatory issues impacting the SBA are recognized and addressed appropriately.

Opportunities for improving member service, management of risks, internal control, governance, profitability, and the SBA's effectiveness may be identified during audits. Significant information will be communicated to the Audit Committee and to the appropriate levels of management.

C. INDEPENDENCE

Organizational Placement. To provide for the independence of the OIA, its personnel report to the Chief Audit Executive (CAE), who in turn reports functionally to the Audit Committee and administratively to the Executive Director & CIO. The CAE shall freely discuss audit policies, findings and recommendations, audit follow-up, guidance issues, and other matters as necessary.

Professional Standards Independence. The CAE shall periodically discuss standards of professional audit independence with the Audit Committee. The standards of independence used as benchmarks are mentioned in the Professional Standards section of this document.

Potential Impairment of Independence. The CAE shall discuss any potential issues regarding impairment of independence and/or conflicts of interest and their mitigation(s) with the Audit Committee as soon as practicable.

D. PROFICIENCY

The Audit Committee recognizes that professional competence requires that the auditors have knowledge of operations and appropriate expertise in the subject matter being audited. Therefore, the CAE will periodically report on internal audit personnel, including their qualifications, certifications, training and development.

E. AUTHORITY

To accomplish its mission, the CAE and designated OIA staff shall have the following authority:

- Have full, free, and unrestricted access to all SBA's personnel, functions, records, files, information systems, physical properties, and any other item relevant to the performance of an audit, review, consulting, or advisory service. All of the employees of the SBA shall assist the OIA staff in fulfilling their function. OIA staff shall handle documents and information received during an engagement in the same prudent and confidential manner as those employees normally accountable for them.
- Have SBA Management negotiate contractual rights to enable the OIA, other auditors, and specialists to access relevant third party records and personnel of vendors and contractors doing business with SBA and other relevant third party stakeholders including employers, members, retirees and beneficiaries of the SBA to carry out the audit function consistent with this Charter. All contracts with vendors and contractors shall contain the SBA's standard audit language.

- Have free and unrestricted access to the Chair of the Audit Committee, the Audit Committee, and the Board of Trustees, subject to applicable state and federal laws. The CAE shall also have free and unrestricted access to the Executive Director & CIO and all SBA management and personnel.
- Allocate resources, set frequencies, select subjects, determine scope of work and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of the SBA where they perform audits, as well as other specialized services from within or outside the SBA.
- Obtain timely written responses from management on newly issued recommendations and obtain timely updates on the progress of implementing prior recommendations. The typical time period for management to respond to recommendations contained in internal audit reports is thirty (30) calendar days from the date the report was issued.
- Provide consulting services to management as deemed appropriate.

The CAE and staff of the OIA are not authorized to:

- Perform operational duties for the SBA or its affiliates such as developing or installing systems or procedures, preparing records or engaging in any other activities that would normally be audited.
- Relieve other persons at the SBA of responsibilities assigned to them.
- Initiate or approve accounting transactions external to the OIA.
- Direct the activities of any SBA employee not employed by the OIA, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

F. PROFESSIONAL STANDARDS

The Audit Committee has approved The Institute of Internal Auditors' *International Professional Practices Framework (IPPF)*, as the guidance to be used by the OIA in performing its responsibilities. This framework includes mandatory elements consisting of the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards).* The OIA will meet these mandatory requirements of the profession. The current versions of these documents are part of this Charter and are appended thereto.

The OIA professional staff shall also follow the Code of Ethics of the State of Florida, the SBA, and the relevant professional organizations to which they belong. These may include, but are not limited to, the professional standards of the ISACA, American Institute of Certified Public Accountants, Florida Board of Accountancy, and Association of Certified Fraud Examiners.

G. RESPONSIBILITIES

The CAE is responsible for establishing an internal audit function in accordance with the *IPPF.* The CAE is also responsible for the following activities in order to meet the mission, objectives, and scope of this Charter:

- Identify for the Audit Committee the major SBA business processes/units and external and internal audit activity for the previous five (5) year period for each such process/unit in recommending the annual audit work plan. Recommend to the Audit Committee either internal or external audit resources within the audit work plan or for individual engagements. Support engagement of external audit firms by issuing competitive solicitations approved by the Audit Committee, evaluating responses and recommending finalists to the Audit Committee for selection, negotiating contracts, and presenting final engagement letters/contracts to the Audit Committee for approval.

- Provide oversight to all external auditors and serve as the liaison between external auditors, SBA Management, and the Audit Committee.
- Coordinate the meetings of the Audit Committee.
- Maintain all records related to the Audit Committee meetings.
- Manage the day-to-day administrative, personnel, and budgetary affairs of the OIA in accordance with the SBA policies and procedures.

Approved this: **August 15, 2011**
(Date)

Chief Audit Executive:
(Flerida Rivera-Alsing)

Executive Director & CIO:
(Ash Williams)

Audit Committee Chair:
(Judy Goodman)

Judy Goodman

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MEMORANDUM

To: Ashbel C. Williams, Executive Director & CIO

From: Maureen M. Hazen, General Counsel Maureen M. Hazen

Date: September 2, 2011

Subject: Office of General Counsel: Standing Report to Trustees
For Period May 24, 2011 – August 31, 2011

SBA Agreements.

During the period covered by this report, the General Counsel's Office drafted, reviewed and negotiated: (i) 35 new contracts – including contracts for 3 Global Equity investment managers, 3 Fixed Income investment managers, 1 Global Equity transition manager, 4 investment consultants and 8 new alternative investments; (ii) 84 contract amendments, addenda or renewals; and (iii) 2 contract terminations.

SBA Litigation.

(a) Passive. As of August 31, 2011, the SBA was a passive member of the class in 527 active and open securities class actions. From May 1, 2011 through July 31, 2011, the SBA collected recoveries in the amount of $1,812,723.90 as a passive member in 34 securities class actions.

(b) Active. (i) The SBA continues to conduct discovery in the litigation styled *Abu Dhabi Commercial Bank v. Morgan Stanley & Co.* (ii) On June 17, 2011, the SBA was served with a complaint alleging damages in connection with the leveraged buy-out of The Tribune Company (which subsequently declared bankruptcy). This action was dismissed without prejudice on August 9, 2011. However, the SBA continues to be an absent (i.e., un-named) defendant in the parallel class action case and will continue to monitor developments in that case. (iii) On August 11, 2011, the Attorney General filed a Complaint in Intervention against The Bank of New York Mellon Corporation ("BNY Mellon") alleging violations under the Florida False Claims Act in connection with certain of the SBA's FX trading. As of the date of this report, BNY Mellon has yet to respond to the Complaint. (iv) On June 20, 2011, various plaintiffs filed a complaint against the Trustees and the Secretary of DMS challenging the constitutionality of Senate Bill 2100 (the legislation mandating the deduction of 3% of employees' salaries for contribution into the Florida Retirement System). Plaintiffs also filed a motion for temporary injunction requesting such contributions be segregated from the Defined Benefit and Defined Contribution plans of the FRS. The Court denied the motion for temporary injunction on June 30, 2011 and scheduled the trial for the case (to be handled through dispositive motions) on October 26, 2011. (A similar case was subsequently filed in August, 2011 with a different court.) (v) The SBA continues to pursue settlement discussions in the AIG and Countrywide opt-outs and to manage and monitor other litigation that the SBA believes will not have a material impact on the SBA's financial statements.

(c) Defined Contribution Program. As of August 31, 2011, the General Counsel's Office was handling 23 open cases for the Defined Contribution Program.

Other Matters.

(a) Public Records Requests. During the period covered by this report, the General Counsel's Office received 28 new public records requests, continued to work on 13 open requests and provided responses to 37 requests.

(b) SBA Rules. (i) On June 16, 2011, the Trustee approved filing for adoption of Rules 19-11.002 (related to beneficiary designation for the FRS Investment Plan), 19-11.003 (related to distributions from the FRS Investment Plan Accounts) and 19-11.009 (related to reemployment with an FRS-covered employer after retirement), and these rules were adopted on August 8, 2011. (ii) On June 16, 2011, the Trustees approved the filing of a Notice of Proposed Rule amending Rule 19-11.001 (related to procedures regarding employer contributions), Rule 19-11.006 (relating to enrollment procedures for new hires), Rule 19-11.007 (relating to second election enrollment procedures for the FRS retirement programs), and Rule 19-11.011 (relating to employer and employee contributions). The Notice of Proposed Rule was filed on July 15, 2011. (iii) On June 27, 2011, the SBA submitted to the Office of Fiscal Accountability and Regulatory Reform ("OFARR") a report setting forth each rule that the SBA expects to amend, repeal or add for the 12-month period beginning on July 1, 2011. OFARR has approved the repeal of several of these rules (because the rules are unnecessary and duplicative). The SBA will continue to work on this matter during the fiscal year 2011-2012, consistent with the report submitted to OFARR.

(c) Dodd-Frank Rules and SEC Rules. (i) On June 22, 2011, the SEC adopted final rules with respect to registration of investment advisers to certain private funds as required under Title IV of the Dodd-Frank Act. These managers will be required to register with the SEC no later than March 30, 2012. (ii) During the period covered by this report, the CFTC and the SEC adopted orders delaying the implementation of rules proposed under Title VII of the Dodd-Frank Act relating to regulation of OTC derivatives. This extension will allow the CFTC and the SEC additional time to review and consider the multitude of comments received. The CFTC and the SEC contemplate adopting final rules by the end of the year or during the first quarter 2012 (although the CFTC is scheduled to vote on certain proposals during the week of September 5, 2011). (iii) On July 27, 2011, the SEC adopted a final rule requiring a large trader reporting system. The rule requires all "large traders" to report certain information on Form 13H (to be developed by the SEC) no later than December 1, 2011. The SBA will file the Form 13H if determined to be required.

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MEMORANDUM

To: Ash Williams

From: Michael McCauley

Date: September 2, 2011

Subject: Board of Trustees Meeting – Standing Report / Investment Programs & Governance

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Since the prior meeting of the Trustees on June 16, 2011, the SBA has been active in several areas.

CORPORATE GOVERNANCE & PROXY VOTING OVERSIGHT GROUP

The SBA's Corporate Governance & Proxy Voting Oversight Group (Proxy Committee) met last on June 6, 2011 and will conduct its next quarterly meeting on September 15, 2011. The Proxy Committee continued to discuss ongoing governance issues including the volume and trends for recent proxy votes, governance factors within global equity markets, regulatory developments, and company research tied to the Protecting Florida's Investments Act (PFIA).

GLOBAL EQUITY PROXY VOTING

During the fiscal year ended June 30, 2011, the SBA executed votes on 6,138 public company proxies covering 56,536 individual voting items, including director elections, audit firm ratifications, executive compensation plans, mergers, acquisitions, and other management and shareowner proposals. The SBA voted "for" 75.5 percent of all proxy issues, "against" 20.0 percent, and abstained or did not vote due to share-blocking on 4.5 percent of issues. Of all votes cast, 21.0 percent were against the management-recommended vote, down from 26.1 percent during the same period ending in 2010. The table below provides major statistics on the SBA's proxy voting activities during FY2011:

Votes in Favor of Directors **76.7%** (FY2010=73.2%)	**Votes with Management** **79.0%** (FY2010=73.9%)
Votes in Favor of Auditors **90.0%** (FY2010=96.1%)	**Total Ballot items Voted** **56,536** (FY2010=28,284)
Votes in Favor of Non-salary (equity) Compensation Proposals **58.7%** (FY2010=32.7%)	**Total Proxies Voted** **6,138** (FY2010=3,566)
Votes in Favor of Sustainability Reporting Shareowner Proposals **89.0%** (FY2010=93.3%)	**Total Portfolios Voted** **74** (FY2010=62)

The SBA continued its shareowner stewardship activities during the 2011 fiscal year, enhanced its corporate governance program, and cast proxy votes that serve to protect its investments. A major initiative in 2011 was the expansion of internal voting responsibilities to include the majority of our externally managed global accounts. In addition, we emphasized the importance of key governance issues such as majority voting and annual board elections through extensive company engagement covering over 2,200 companies. The SBA's focus has been to take steps on behalf of its participants, beneficiaries, retirees, and other clients to strengthen shareowner rights and promote leading corporate governance practices among its equity investments in both U.S. and international capital markets.

DIRECTOR ELECTIONS—Board elections represent one of the most critical areas in voting since shareowners rely on the board to monitor management. The SBA supported 76.7 percent of individual nominees for boards of directors, voting against the remaining portion of directors primarily due to concerns about candidate independence, attendance, or overall board performance. The SBA policy is to withhold votes from directors who fail to observe good corporate governance practices or demonstrate a disregard for the interests of shareowners. Among all governance proposals during the 2011 proxy season, the biggest story was the increased support for board declassification. Shareowner resolutions on this topic averaged 73.5 percent support, up more than 12 percentage points from 2010, and won majority support at 22 large-cap firms. When a board of directors is classified, each director serves for a multi-year term—normally consisting of a three year time frame. Empirical evidence has shown that classified boards can lead to deterioration of share value and impair a company's long-term financial performance.

EXECUTIVE COMPENSATION—The SBA considers on a case-by-case basis whether a company's board has proposed or implemented equity-based compensation plans that are excessive relative to other peer companies or plans that may not have an appropriate performance orientation. As a part of this analysis, the SBA reviews the level and quality of a company's compensation disclosure—believing strongly that shareowners are entitled to comprehensive disclosures of compensation practices in order to make efficient investment decisions. Over the last fiscal year, the SBA supported 58.7 percent of all non-salary (equity) compensation items—while supporting 66.2 percent of executive incentive bonus plans, and 44.3 percent of management proposals to adopt restricted stock plans in which company executives or directors would participate (48.6 percent for the amendment of such plans). Compensation-related votes of interest in 2011 were dominated by the Say-On-Pay issue, which was a required management ballot item for the first time. The SBA voted to approve remuneration reports (compensation plans for named executive officers) for 70 percent of companies during the 2011 proxy season. Market wide, approximately 98 percent of U.S. companies won a majority of shareowner support for their compensation plans.

AUDIT RATIFICATION—Auditors are responsible for safeguarding investor interests and assuring financial statements are presented fairly; therefore, auditor independence and impartiality are paramount in maintaining public trust. The SBA supported 90.0 percent of ballot items to ratify the board of directors' selection of external auditors. Votes against auditor ratification are cast in instances where the audit firm has demonstrated a failure to provide appropriate oversight, when there have been significant restatements in the financial statements, or when significant conflicts-of-interest exist, such as the provision of outsized non-audit services.

SUSTAINABLE BUSINESS—The SBA has also supported general sustainability reporting requirements and improved environmental disclosures issued by companies in its portfolio. Improved corporate reporting allows investors to better gauge a firm's potential environmental risks and business practices. The SBA supported 89.0 percent of shareowner resolutions asking companies to publish sustainability reports and 66.7 percent of shareowner resolutions asking companies to produce reports assessing the impact on local communities. During the 2011 proxy season, shareowner resolutions on environmental and social issues reached a new high of 20.6 percent average support. Five proposals received a majority of votes cast, a new record.

ADVISORY VOTE ON COMPENSATION (SAY-ON-PAY)

During the first year of advisory votes on executive compensation under the Dodd-Frank Act, investors overwhelmingly endorsed companies' pay programs, providing 91.2 percent support on average. Shareowners voted down management "say-on-pay" proposals at 37 Russell 3000 companies, or just 1.6 percent of the total that reported vote results. Most of the failed votes were driven by pay-for-performance concerns. Say-on-pay votes spurred greater engagement by companies and prompted some firms to make late changes to their pay practices in order to win support. Investors overwhelmingly supported an annual frequency for future pay votes, even though many companies recommended a triennial frequency.

The SBA's SOP and SWOP voting statistics as well as the management recommendation for SWOP voting frequency for US companies are listed below:

Say-on-Pay (SOP) Vote	*For*	*Against*	*Abstain/DNV*
SOP Voting Results (averages)	89.6%	8.7%	1.7%
SBA Proxy Votes on SOP	**70.0%**	**28.2%**	**1.8%**

Say-When-on-Pay (SWOP) Frequency Vote	*Annual*	*Biennial*	*Triennial*	*None*
SWOP Management Recommendation	53.0%	2.5%	41.9%	2.6%
SWOP Voting Results (majority support)	80.6%	0.8%	18.7%	0.0%
SBA Proxy Votes on SWOP	**54.7%**	**2.7%**	**42.4%**	**0.0%**

Say-on-pay proxy voting has had the collateral effect of reducing the percentage of individual directors receiving low levels of support. Through June 30, 2011, only 43 directors at Russell 3000 firms had failed to win majority support, down from 87 directors during the same period in 2010. Consistent with prior years, individual directors receiving less than 50 percent support levels were associated with poor meeting attendance, failure to put a poison pill to a shareowner vote, and/or the failure to implement majority-supported investor proposals.

REGULATORY DEVELOPMENTS & COMMENTARY

On July 19, 2011, the SBA submitted a letter to the Securities & Exchange Commission endorsing a Lender Directed Voting (LDV) proposal of the Center for the Study on Financial Market Evolution (CSFME). The CSFME's LDV proposal could be a viable solution for investors who desire to maximize their lending income while simultaneously exercising their shareowner rights, and enable more efficient proxy voting.

On July 22, 2011, the SBA provided comments to the European Commission regarding its 2011 Green Paper on the European Union Corporate Governance Framework. SBA's comments supported the Commission's efforts to assess the effectiveness of current European corporate governance practices. SBA staff supported the stance that effective boards of directors, engaged shareowners, and adequate disclosure are at the heart of good corporate governance.

On July 22, 2011 the U.S. Court of Appeals for the District of Columbia issued its opinion overturning the SEC rule on proxy access. The court agreed with the petitioners—the Chamber of Commerce and the Business Roundtable—that the SEC did not comply with the Administrative Procedure Act when it drafted the proxy access rule. That rule requires federal agencies to provide data on, and an explanation as to why, a rule is being issued as well as a breakdown of the economic implications of the rule. Shareowners are struggling to interpret the implications of the ruling—waiting to see if the Commission resurrects the rule or if they will be able to submit individual proxy access proposals in the 2012 proxy season. Most pundits do not believe the SEC could successfully write a new proxy access rule that responds to all of the concerns expressed in the ruling. As well, the decision vacating the SEC's shareowner proxy access rule appears to have emboldened industry groups to threaten legal challenges to various Dodd-Frank rulemakings. On August 19^{th}, the Council of Institutional Investors (CII) sent a letter to SEC Chairman Mary Schapiro asking her to petition for an en banc review of the recent D.C. Court of Appeals decision.

On July 29, 2011, the SEC revised its implementation calendar for Dodd-Frank items in order to push back several executive compensation provisions that were to be adopted by the end of 2011. The SEC will now seek public comment on several proposals before the end of this year, and has stated that it does not expect to adopt final rules until sometime during the first half of 2012. The newly postponed items are: 1) Section 953—Pay-for-performance rules and the CEO-median worker pay ratio; 2) Section 954—Clawback rules; and 3) Section 955—Rules relating to employee and director hedging. The SEC still plans to release final rules related to Section 952 (Exchange listing standards for compensation committee and adviser independence and disclosure rules regarding compensation consultant conflicts) by the end of 2011.

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MEMORANDUM

DATE: September 2, 2011

TO: Ash Williams

FROM: Eric Nelson

SUBJECT: Trustee Update – September 2011

Attached is a newly developed quarterly compliance report that has been created as a high level, summarized briefing document designed for the Trustees, IAC and Audit Committee's consumption. The report structure and content has been reviewed by various members of SBA management, however I certainly look forward to any feedback our oversight and/or advisory bodies may provide to make it as informative and useful as possible for their needs.

Additionally, the following is a brief status report of Risk Management and Compliance initiatives completed or in progress during the period 6/1/11 through 8/31/11:

- Procurement process for a total fund holdings based risk system neared completion during the period. Final fee and contractual term negotiations were conducted with MSCI/Barra. Contract is in final staffing phase and representatives from MSCI/Barra will be onsite September 13 and 14 for both training and implementation project planning. Anticipated duration of implementation process is six to eight months.

- Completed Board-wide risk assessment process as of June 30 utilizing survey tool. Responses from primary and secondary risk owners were consolidated with scores from a risk management advisory group to generate weighted assessments at both the strategic risk level as well as sub-component risk level. Results will be presented to the Audit Committee meeting scheduled for October 24, 2011.

- Continued work on finalizing our Continuity of Operations Program (COOP) plan. Electronic documents have been posted out in a secure location, allowing staff to access relevant aspects of the COOP plan remotely. A small working group was formed to develop a brief disaster recovery testing survey to send out to public fund peers as well as our public equity investment managers in order to identify suitable benchmarking candidates for evaluating the frequency, scope and extent of their testing.

- Assisted the Deputy Executive Director with the re-design of materials and presentations for the new Trustee and IAC quarterly reporting packages. Calls were conducted with Hewitt EnnisKnupp regarding more streamlined (and hopefully more informative) presentations, including a WebEx walkthrough of final package with senior investment staff members in attendance.

- Conducted manager site visits on six existing public market investment managers, including Federated, and one prospective foreign equity investment manager (which was subsequently hired). Site visit notes were documented and de-briefings were held with asset class staff.

- Developed and approved new policy effective 8/1/11 entitled "Trading Counterparty Management – Public Market Asset Classes". This policy replaces and is a substantial re-write of the "Broker/Dealer Relationships – Public Market Asset Classes" policy.

- Reviewed and discussed lowering individual trader limits (that do not require an additional supervisory level of approval) at the most recent Trading Oversight Group meeting. This review was prompted by recommendations received from the Office of Internal Audit in conjunction with a follow-up audit of Fixed Income trading activities. After reviewing data on trading activity with asset class staff, it was proposed to codify in policy lower trader limits for Repo, short term and long term fixed income trading. Appropriate revisions will be incorporated into Deputy Executive Director policy #15-016 "Internal Trading Policy – Public Market Asset Classes" in the fourth quarter of 2011.

- Participated in several meetings/presentations on evaluating impact of potential U.S. default and exposure to European bank situation, including potential impact on money market funds.

- Worked extensively in conjunction with the Chief Operating Officer, Deputy Executive Director, Executive Director & CIO and the Chief Internal Auditor in updating and editing the Audit Committee Charter and the Charter for the Office of Internal Audit, which were subsequently approved at the Audit Committee meeting on August 15, 2011.

- Participated on ITN Evaluation Team with members of Audit Committee to select consultant to perform a review of the SBA's progress in implementation of Deloitte's compliance program recommendations and its integration with enterprise risk management. Activities included editing solicitation document, reading materials, scoring responses, participating in interviews, and providing final scores. Crowe Horwath was ultimately selected from the set of three finalists interviewed.

- Worked on fulfilling extensive Crowe Horwath document request received last week of August as part of compliance program review. Representatives from Crowe Horwath are scheduled to be onsite September 12 through September 30 and interviews with senior management have been scheduled.

- Made presentation to Audit Committee at meeting on July 18, 2011 regarding current risk management processes, including strategic risks and risk framework, internal governance/committee structure, risk ownership matrix, risk assessment survey tool and companion instructions.

- Met with new Audit Committee member Kim Ferrell as part of an orientation program on August 10 and provided overview of current compliance and ERM initiatives and reporting.

- Developed new process to risk rank new (and open ongoing) audit recommendations and associated responses, incorporating both process owner and ERM advisory group input. Provided risk "heat map" of open audit recommendations to Audit Committee at meeting on July 18, 2011.

- Filled vacant Director of Enterprise Risk Management position effective August 15, 2011 with the internal hire of Karen Chandler. Karen has 17 years experience at the SBA in the Foreign Equity and Domestic Equity asset classes, where she progressed from analyst to portfolio manager, senior portfolio manager and had been Director of Operations – Global Equity for the last seven years. Karen is a CFA Charterholder and we feel very fortunate to have recruited someone with such extensive investment experience into the Risk Management and Compliance unit.

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SBA Risk Management and Compliance

Compliance Report for Quarter Ended June 30, 2011

SBA FLORIDA
INVESTING FOR FLORIDA'S FUTURE

STATUTORY COMPLIANCE	STATUS
Chapter 215.47, F.S. - Investments	All investments statutorily permitted All investments within statutory limits
Quarterly Report to Joint Legislative Auditing Committee on Florida PRIME and Fund B	Monthly Florida PRIME reports for quarter ending 6/30/11 reviewed and approved by SBA Trustees and sent to JLAC on 8/16/11
Annual Florida PRIME Statutory Compliance Review reported and evaluated by IAC and PLGAC	FY 2010-11 report completed and reviewed on 6/16/11 at joint meeting of IAC and PLGAC
Annual Florida PRIME Best Practices Review	FY 2010-11 report completed and reviewed on 6/16/11 at joint meeting of IAC and PLGAC
Protecting Florida's Investment Act Compliance (Iran/Sudan)	No violations reported - latest quarterly report approved by Trustees on 6/16/11
Free Cuba Act of 1993 (Chapter 215.471, F.S.)	No restricted securities currently identified as of 6/30/11- no compliance violations
Northern Ireland (Chapter 121.153, F.S.)	No restricted securities currently identified as of 6/30/11 - no compliance violations
Basket Clause Securities	No proposed plans for such investments were reported to the IAC

INVESTMENT POLICY STATEMENTS - APPROVED BY TRUSTEES	STATUS
FRS Pension Plan	Asset allocation within specified ranges Performance measured to approved benchmarks
FRS Investment Plan	Education requirements in compliance Investment Plan Administrator and Bundled Provider requirements in compliance Investment options and performance measurement against approved benchmarks in compliance
Lawton Chiles Endowment Fund	Asset allocation within specified ranges Performance measured to approved benchmarks
Florida PRIME	Portfolio securities and transactions in compliance with Investment Policy Statement Federated conducted monthly stress test and reported results to the Investment Oversight Group as of 6/30/11 Daily NAV and other high risk ranked parameters independently verified and in compliance
Fund B Surplus Fund	Securities and transactions independently reviewed and all principal and interest payments distributed to participants net of fees

SBA FLORIDA
INVESTING FOR FLORIDA'S FUTURE

ETHICS / CONFLICTS OF INTEREST	STATUS
Ethics Policy	Annual certifications of compliance completed by all employees for FY 2010-11 Mandatory training completed by all employees for FY 2010-11
Internal Controls and Fraud Policy	No instances of fraud or employee misconduct reported or discovered Fraud Hotline: One call received regarding general mortgage industry losses - no SBA specific fraud reported. The SBA is aware of industry-wide litigation surrounding MBS and continues to monitor developments.
Insider Trading Policy	No compliance violations reported
Commission on Ethics - Calendar Year Statement of Financial Interests	Verified all 156 required SBA employees have filed and are current for 2010
Personal Investment Activity Policy	All required employees completed training for FY 2010-11 No personal trading violations reported or detected All personal investment holdings reports received for new employees
Annual Certification for Personal Investment Activity	Annual compliance certifications received on all affected employees for FY 2010-11
Conflict of Interest Certification - SBA Employees participating in selection process for external investment manager or private market investments	All certifications received
Fiduciary Training	All required employees completed training for FY 2010-11
Mandatory Employee Training	All mandatory training requirements fulfilled for FY 2010-11
Investment Advisory Council Conflict of Interest Certifications	In progress - target date to receive certifications 9/30/11 - three of seven current members received to date
Audit Committee Annual Independence Statements	Received for calendar year 2011
Investment Consultant Disclosure Principles	Annual certifications current
Semi-Annual Statement of Compliance - External Investment Managers (Public)	All managers reported compliance with Investment Management Agreements as of 12/31/10 and provided conflict of interest certifications per F.S. 215.4755 6/30/11 review in progress
Semi-Annual Statement of Compliance - Private Market Real Estate Investment Advisors and Pooled Fund Managers	Received and reviewed as of 3/31/11 - next review period 9/30/11
Annual Statement of Compliance - Private Equity and Strategic Investments General Partners	Currently in progress - responses due 8/31/11
Investment Protection Principles - External Investment Managers (Public)	Annual certifications current
Investment Protection Principles - Broker/Dealers (Public)	Certifications in progress

Compliance Report for Quarter Ended June 30, 2011

SBA FLORIDA
INVESTING FOR FLORIDA'S FUTURE

GOVERNANCE AND POLICY OVERSIGHT	STATUS
Governance and Oversight Group Meetings	All internal governance oversight group meetings conducted as specified in policy
Investment Portfolio Guidelines Compliance	
FRS: Global Equity and REIT Portfolios (69)	No material compliance violations
Fixed Income & High Yield Portfolios (23)	No material compliance violations
Private Market Asset Classes (11)	No material compliance violations as of 3/31/11 (one quarter lag)
Other Non-FRS mandates / Trust Funds (29)	No material compliance violations
External Investment Manager and Private Market Investment Acquisition	Acquisition checklists complete for all new managers/funds/real estate investments Placement Agent disclosures received and reviewed on all new investments and due diligence and/or prudent person opinions received and reviewed
External Investment Manager and Private Market Investment Retention and Termination	Checklist complete for all terminated managers/funds/real estate investments In compliance with Investment Manager Monitoring Guidelines for public market managers
Private Equity Investment Plan	Plan updated for 2011-12 - compliance review in progress
Strategic Investments Work Plan	Plan updated for 2011-12 - compliance review in progress
Private Real Estate Work Plan	Plan outdated - currently updating 2011-12
Internal Trading Policy	No trades in excess of individual trader limits requiring additional level of approval
Derivative Instruments Usage	Verified usage permitted by policy Reviewed counterparty risk exposures - within historically normal ranges
Leverage Usage	Reviewed direct-owned real estate loan-to-value and Global Equity 130/30 strategy leverage exposures - within policy ranges
Trading Counterparty Management	Approved broker dealer lists updated and current for FY 2011-12 Annual Trading Authorization letters sent and current for FY 2011-12 Asset class trading volumes within monitoring standards Global Equity quarterly trade cost analysis performed and reviewed as of 6/30/11
Rebalancing and Liquidity Assessments	All funds currently within policy operating ranges
Risk Budget	Aggregate active investment risks (sources, levels and trends) reviewed by Senior Investment Group
New Investment Vehicles and Programs	One new investment vehicle identified during period - escalated to Investment Oversight Group and approved by Executive Director & CIO
Securities Lending	No material compliance violations
Investment Valuation	All public market securities valued as of 6/30/11 All direct-owned real estate properties externally appraised within last 12 months One Private Equity investment (~$40m) requires external valuation - in progress

The State Board of Administration of Florida ("SBAF")
Real Estate Program Report

September 19, 2011

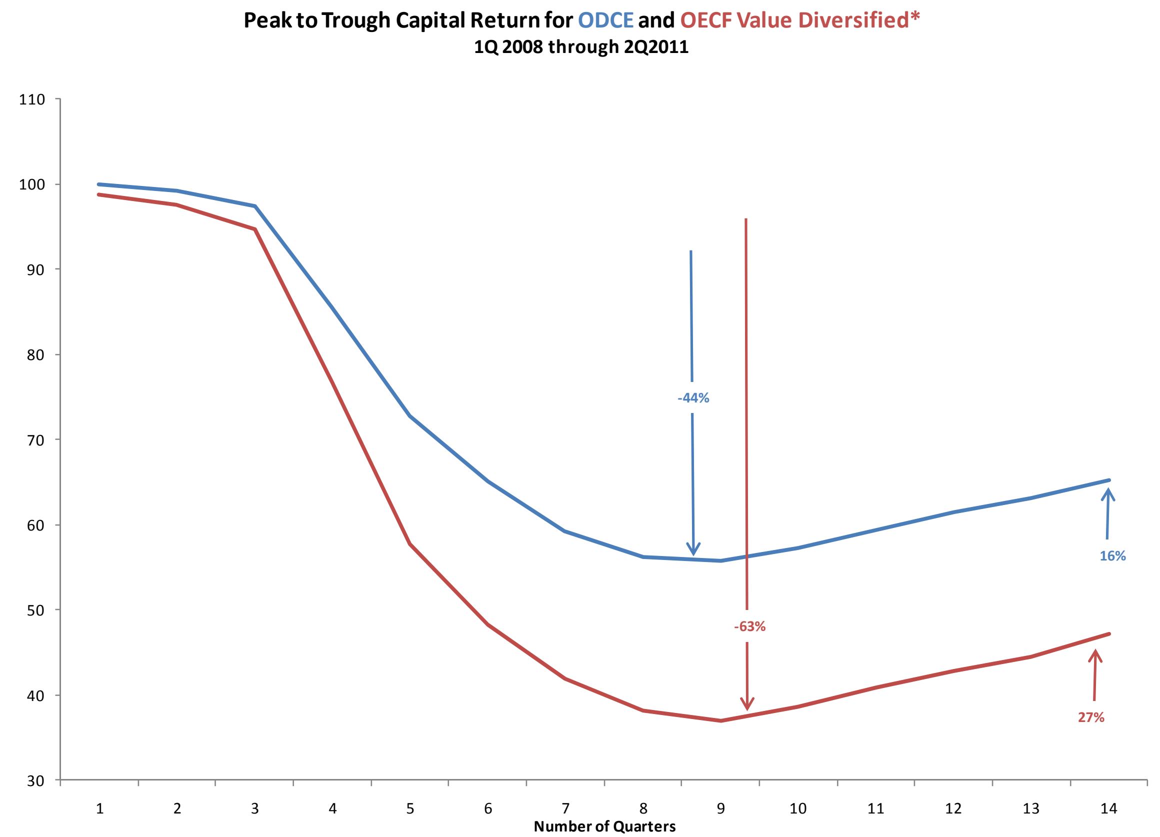
The Townsend Group

Table of Contents

1) Market Update

IMPROVING VALUATIONS

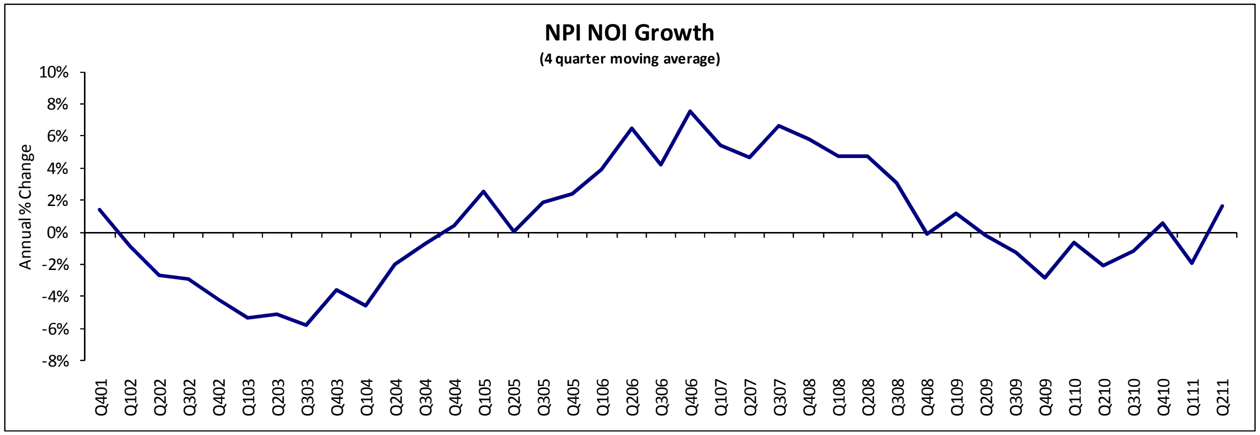
- Real estate values have recovered since the market trough.

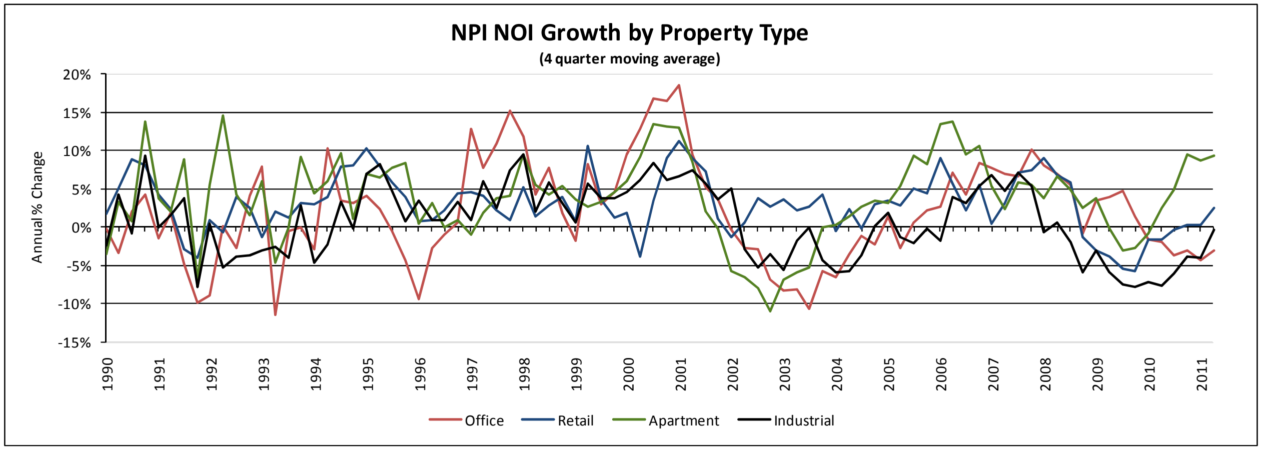


Source: NCREIF
** 75% of OECF Value Diversified Index has reported as of August 30, 2011*

FUNDAMENTALS

- The recovery has been supported by a stabilization of fundamentals, but has not been driven by their recovery.



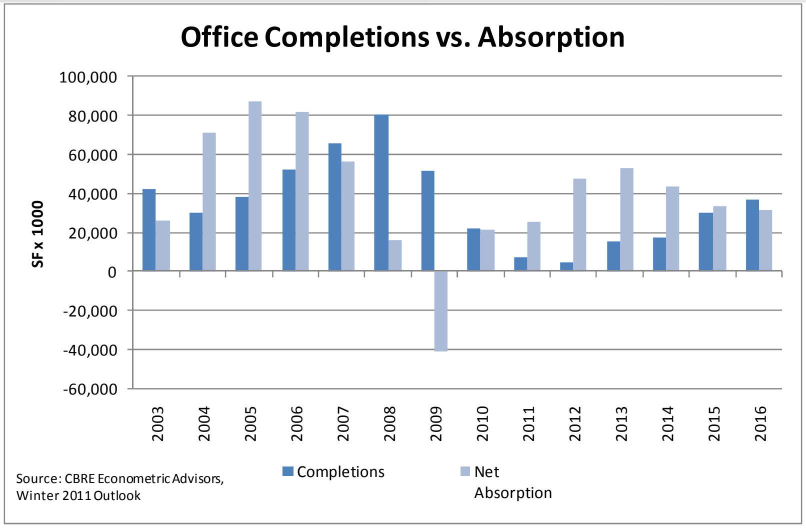


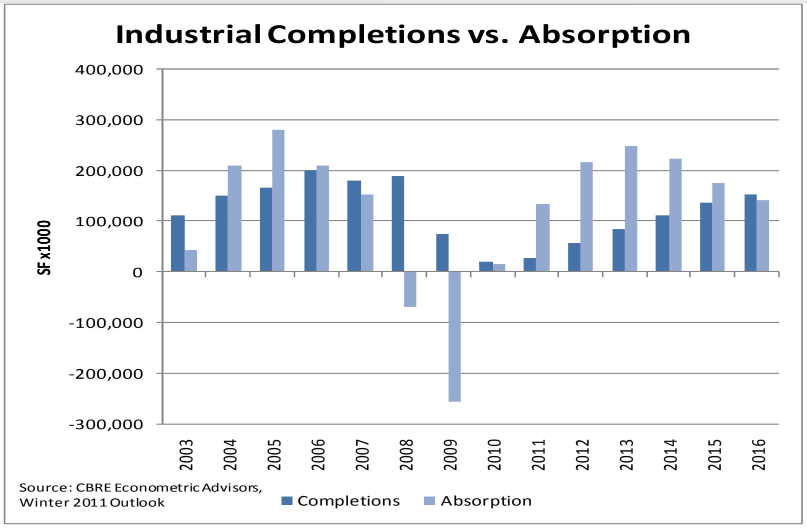
Source: NCREIF

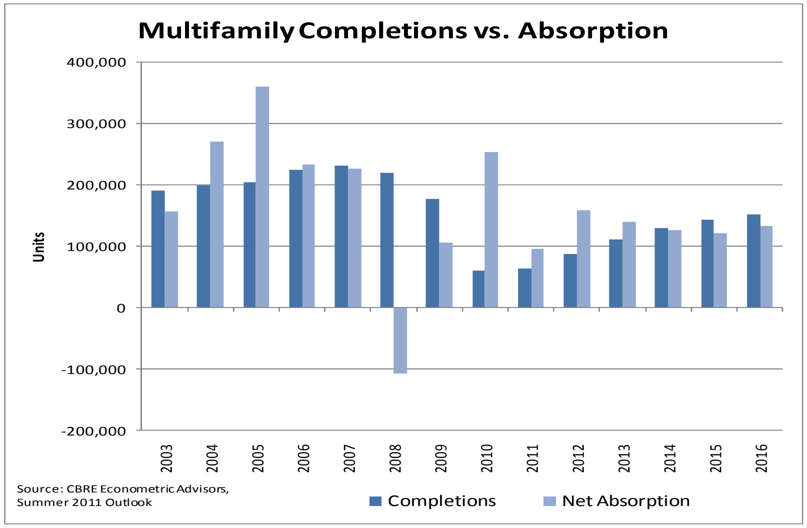
- Real estate continues to look attractive relative to Fixed Income.

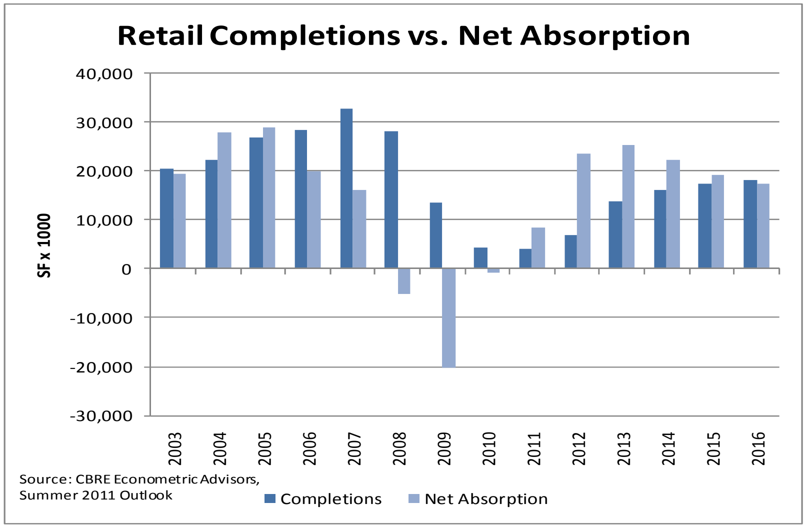
Source: NCREIF and Thomson Reuters

SUPPLY / DEMAND





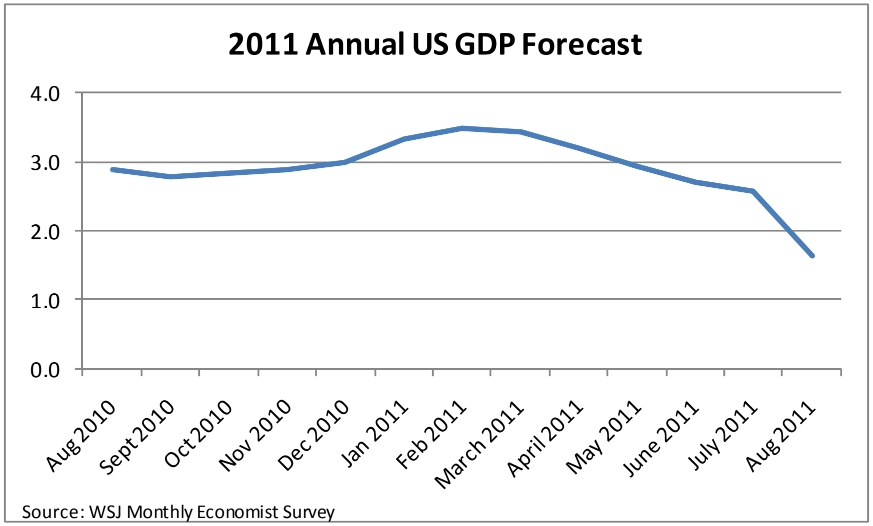




- Revised economic outlook.
- US downgrade may have served as catalyst but concerns were already present.

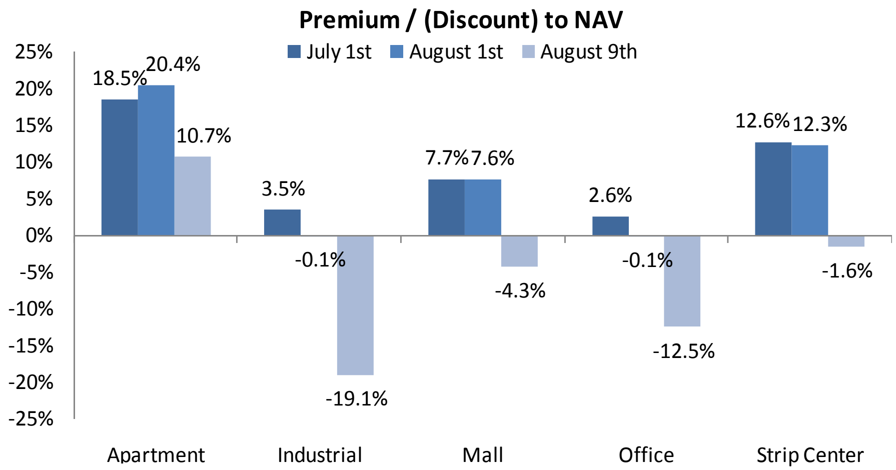
STANDARD & POOR'S

"We have lowered our long-term sovereign credit rating on the United States of America to 'AA+' from 'AAA' and affirmed the 'A-1+' short-term rating."

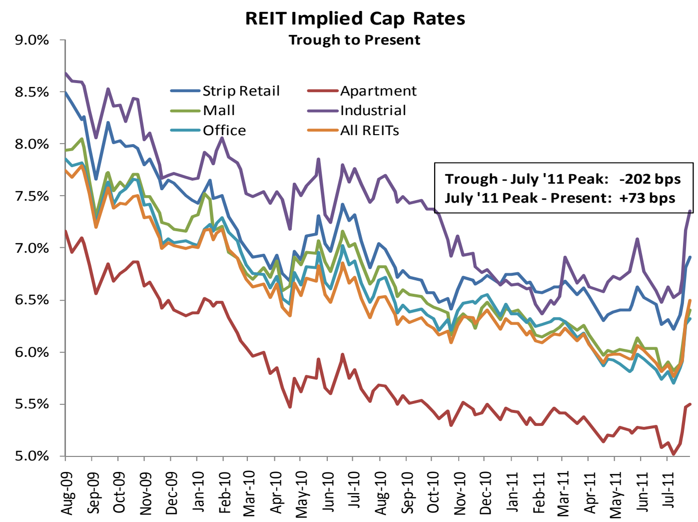


RECENT MARKET TURBULENCE

- US REITs are predictably tracking financial stocks, as they did in 2008.
  - Overall market volatility will continue to shake investor confidence in sector.
  - Sell off driven in large part by decrease in economic growth expectations reducing future projections of NOI.



Source: Green Street Advisors



Source: Green Street Advisors, The Townsend Group

MOVING FORWARD

- On a relative basis, real estate can provide long, durable income streams which are attractive in slow/no growth environments. If you are invested continue to hold.
- Significant write downs are not anticipated at this time.
- For all but the most stable core assets a pricing weakness is likely to show through, at least in the transaction market, but is not likely in appraisals.
- Elite market investments, although seemingly fully priced to a domestic investor, are likely to remain attractive to an overseas buyer who may be able to exploit USD weakness.
- The market is likely to become even more bifurcated, requiring granular analytic approach. Continue to focus on quality.
- Real estate stock will come to market as lenders now try to crystallize their position knowing that the economic outlook is weak.
- Do not be afraid to be a buyer of opportunity if presented, but be cautious and realistic on growth expectations.

2) SBAF Real Estate Program Report

Real Estate Portfolio Highlights and Significant Events

Portfolio Highlights

- SBAF targets a 7.0% allocation to real estate and other real assets. On an invested basis, the real estate Portfolio currently represents 6.4% of total plan assets.

- The Total Portfolio net return exceeded the five year rolling benchmark by 240 basis points.
  - Over the five year period, Core investments outperformed the NFI-ODCE (net) by 410 basis points.
  - Value-Added investments have outperformed the investable universe by 210 basis points over the 3-year period.
  - Near term Opportunistic investment performance has been strong; however, longer term performance has been impacted by investments made at the peak of the market.

- Public Investments have been accretive to the Portfolio’s performance. On a net of fees basis, outperforming the portfolio's benchmark by 30 basis points over the five year rolling period.

- Farmland investments five year total net return was 14.7%, this exceeded the NCREIF Farmland Index by 160 basis points.

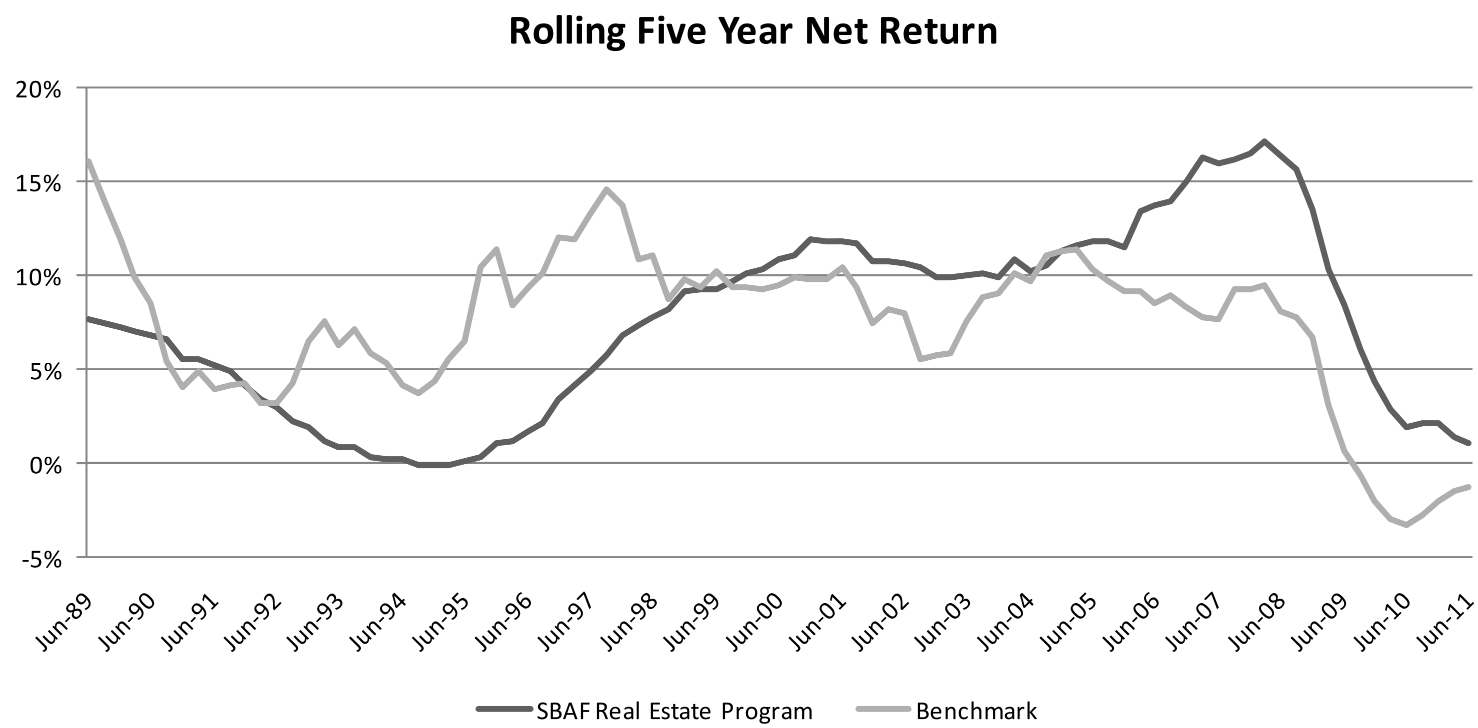
- SBAF received $321.6 million in distributions (return “on” capital invested) as of the one-year ending March 31, 2011.

Significant Events

- During the first half of 2011, the public portfolio was transitioned from a US domestic portfolio to a global diversified portfolio.

Real Estate Performance Relative to the Benchmark

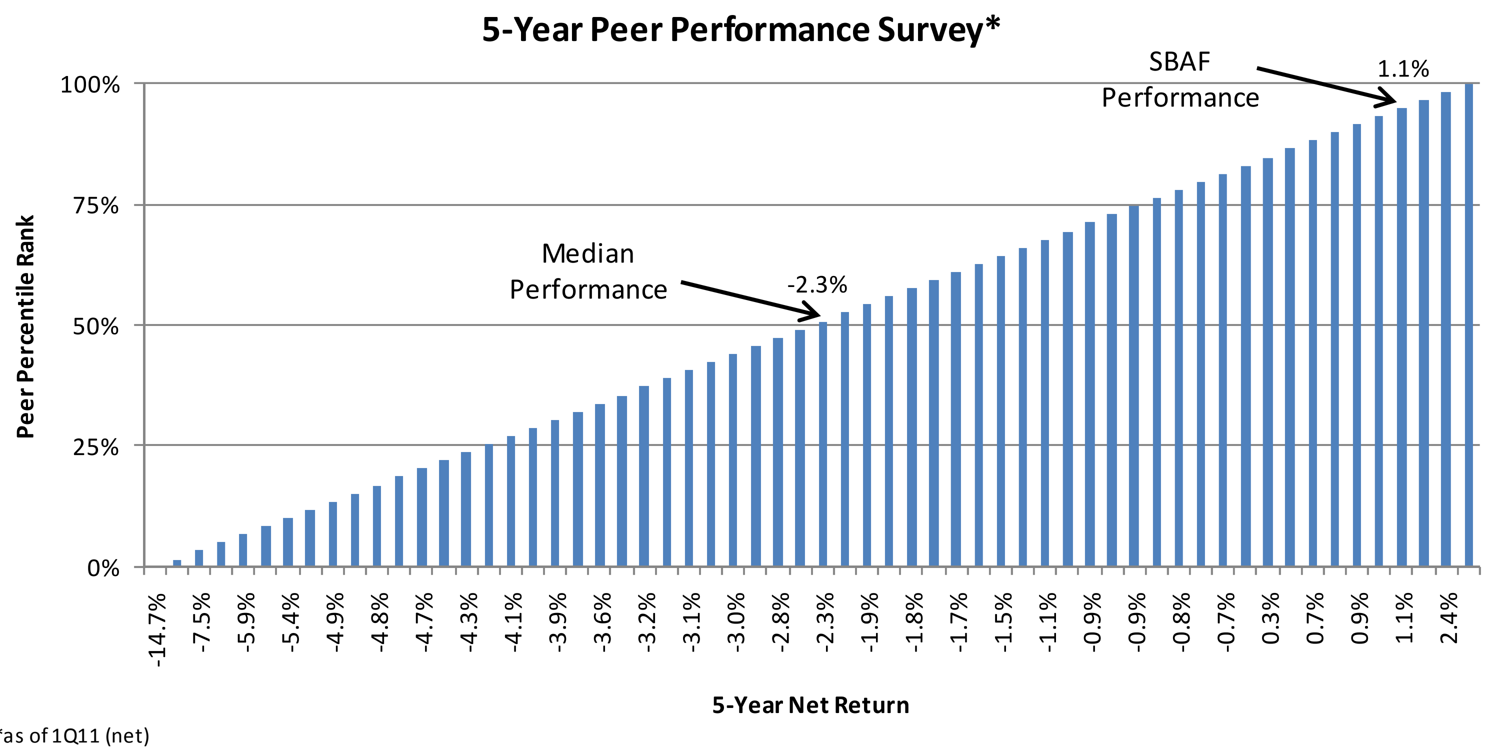
- SBAF seeks to outperform a blended benchmark* comprised of the NFI-ODCE (90%) net of fees, and a custom REIT index (10%), comprised of the Wilshire RESI and EPRA/NAREIT Global, over a rolling five-year period.
- The SBAF Real Estate Program has outperformed this benchmark by 240 basis points over the five-year period.
- The Portfolio has consistently outperformed over the five-year period since 1999.



*In computing the blended benchmark, ODCE is one quarter lagged, while the Custom REIT Benchmark utilizes the current quarter.

Peer Performance

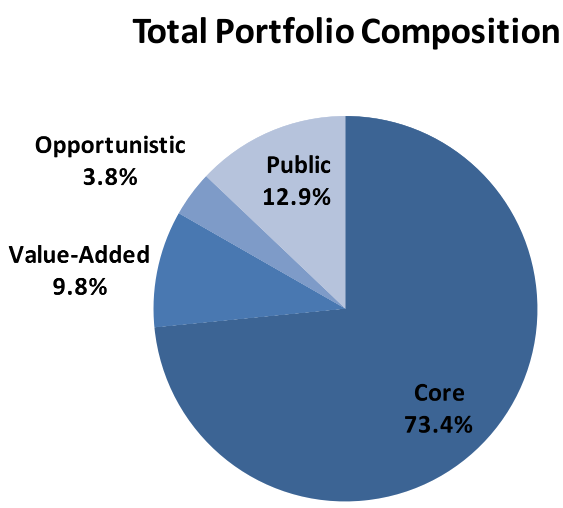
- SBAF's five year performance versus its peers (60 institutional real estate investors) ranks in the 97th percentile.

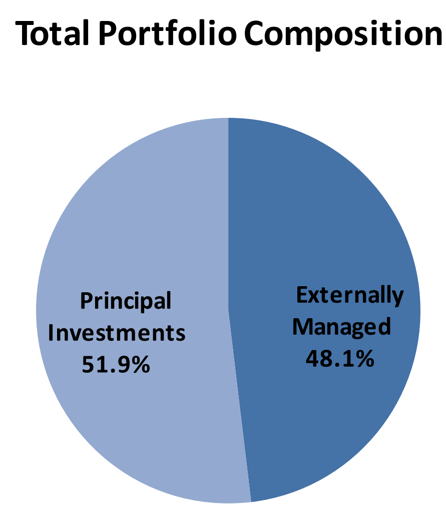


*Peer portfolio's will vary by investment strategy, investment type, risk appetite and portfolio inception dates.

Portfolio Composition

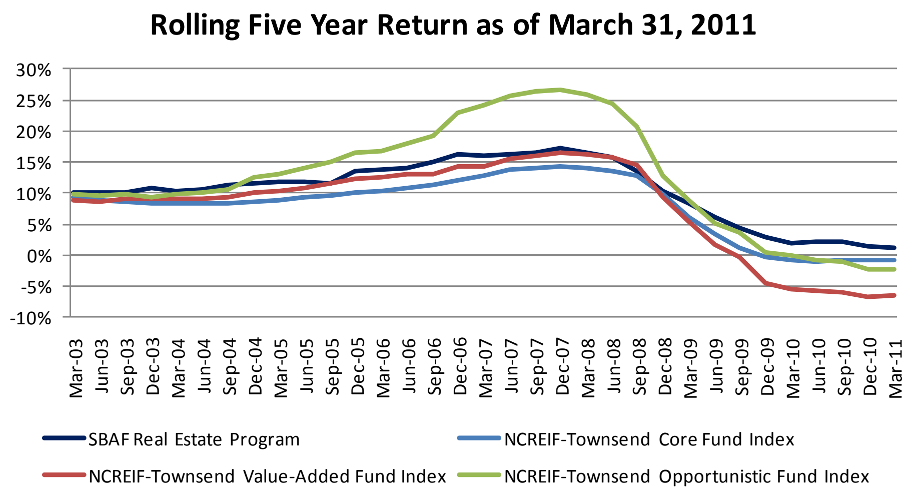
- The SBAF Portfolio is invested in Core, Value-Added, Opportunistic and REIT investments.
- The Portfolio is further allocated between Principal Investments and Externally Managed investments.
  - Principal Investments - SBAF staff retains key authorities related to approving acquisitions, dispositions, financing activities and or annual business plans.
  - Externally Managed - Investments include those where SBAF has given discretion over these decisions to the investment manager (to include pooled funds, REIT separate accounts and certain joint ventures).

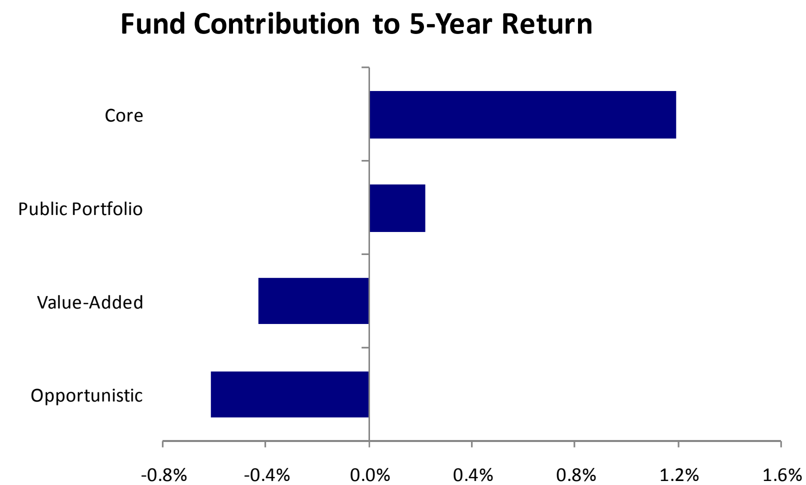




Drivers of Relative Performance – Total Portfolio

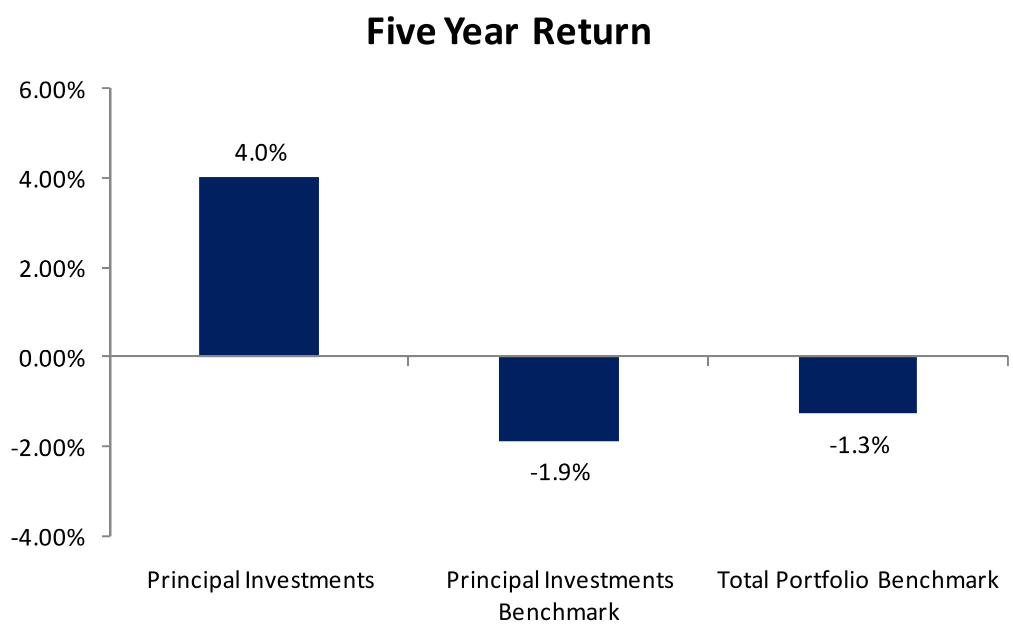
- The total portfolio has a 73.4% allocation to Core investments.
- The allocation to Core as well as Core investment selection has driven portfolio outperformance versus the benchmark.





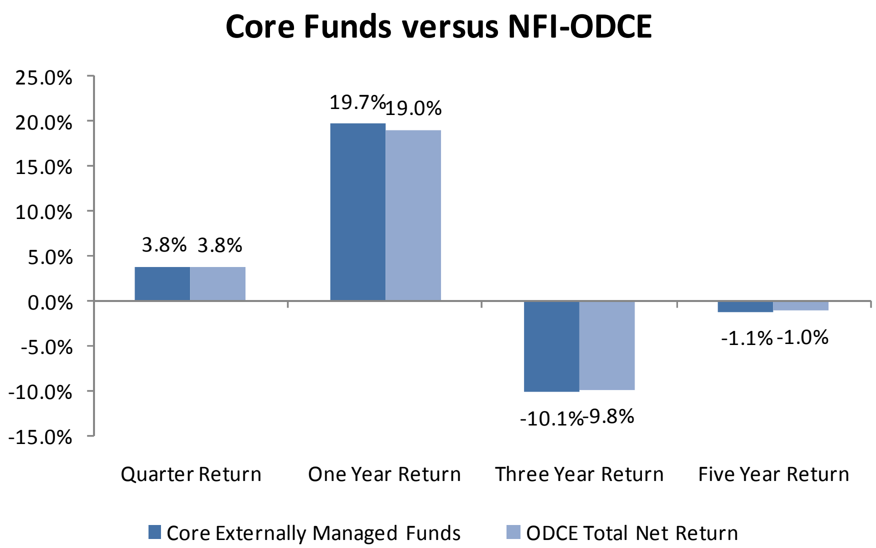
Drivers of Relative Performance – Principal Investments

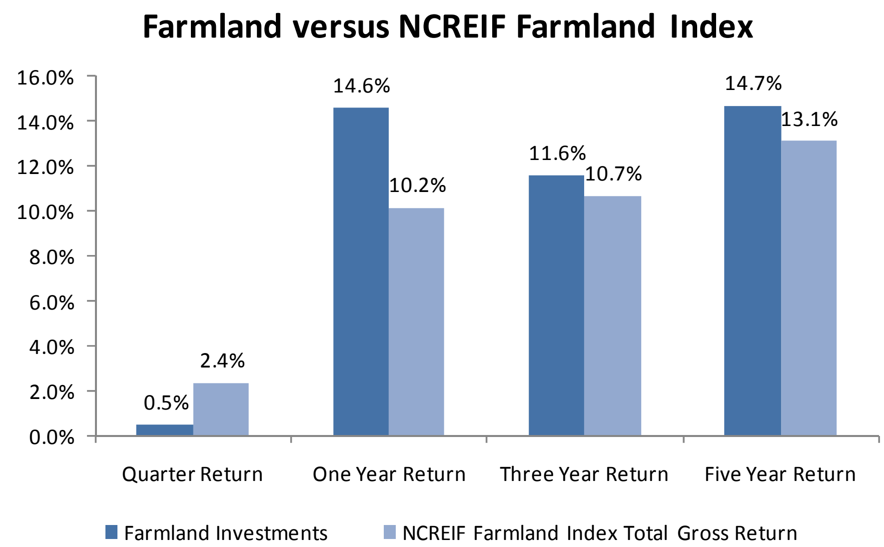
- Core investments comprised 91.5% of the Principal Investments portfolio.
- The Principal Investments portfolio outperformed the portfolio's benchmark (NFI-ODCE, net of fees) as well as the Total Portfolio’s blended benchmark.



Drivers of Relative Performance – Externally Managed Portfolio

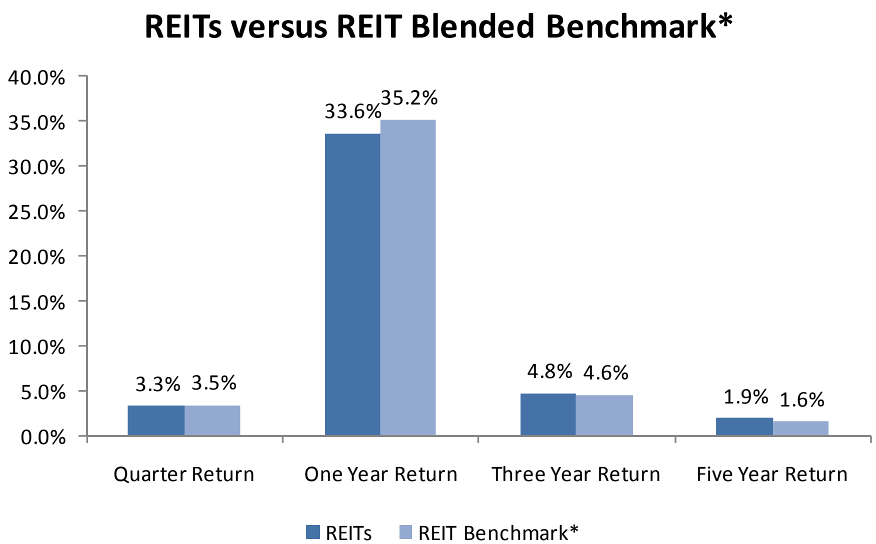
- Core investments (OECF's) comprised 50.0% of the Externally Managed portfolio.
  - Farmland investments make up 17.9% of the Core, Externally Managed portfolio.
- Over all time periods the Core Funds within the Externally Managed Portfolio tracked the ODCE index, slightly underperforming over the five year period by 10 basis points.
- Farmland Investments five year total net return was 14.7%, which exceeded the NCREIF Farmland Index by 160 basis points.

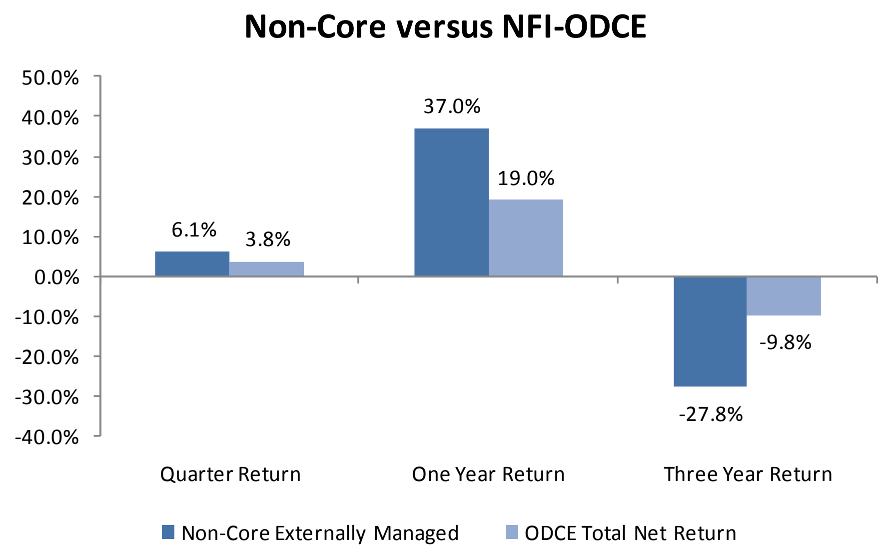




Drivers of Relative Performance – Externally Managed Portfolio

- REITs comprised 29.7% of the Externally Managed portfolio.
  - Public Investments have been accretive to the Portfolio's performance, outperforming the benchmark by 30 basis points over the five year rolling period.
- Non-Core investments represent 20.3% of the Externally Managed portfolio.
  - Recent Non-Core performance has been strong; however, longer-term performance versus the benchmark has been impacted by vintage year exposure, specific investments made at the peak of the market as well as risk and leverage levels of the Portfolio versus the NFI-ODCE benchmark.

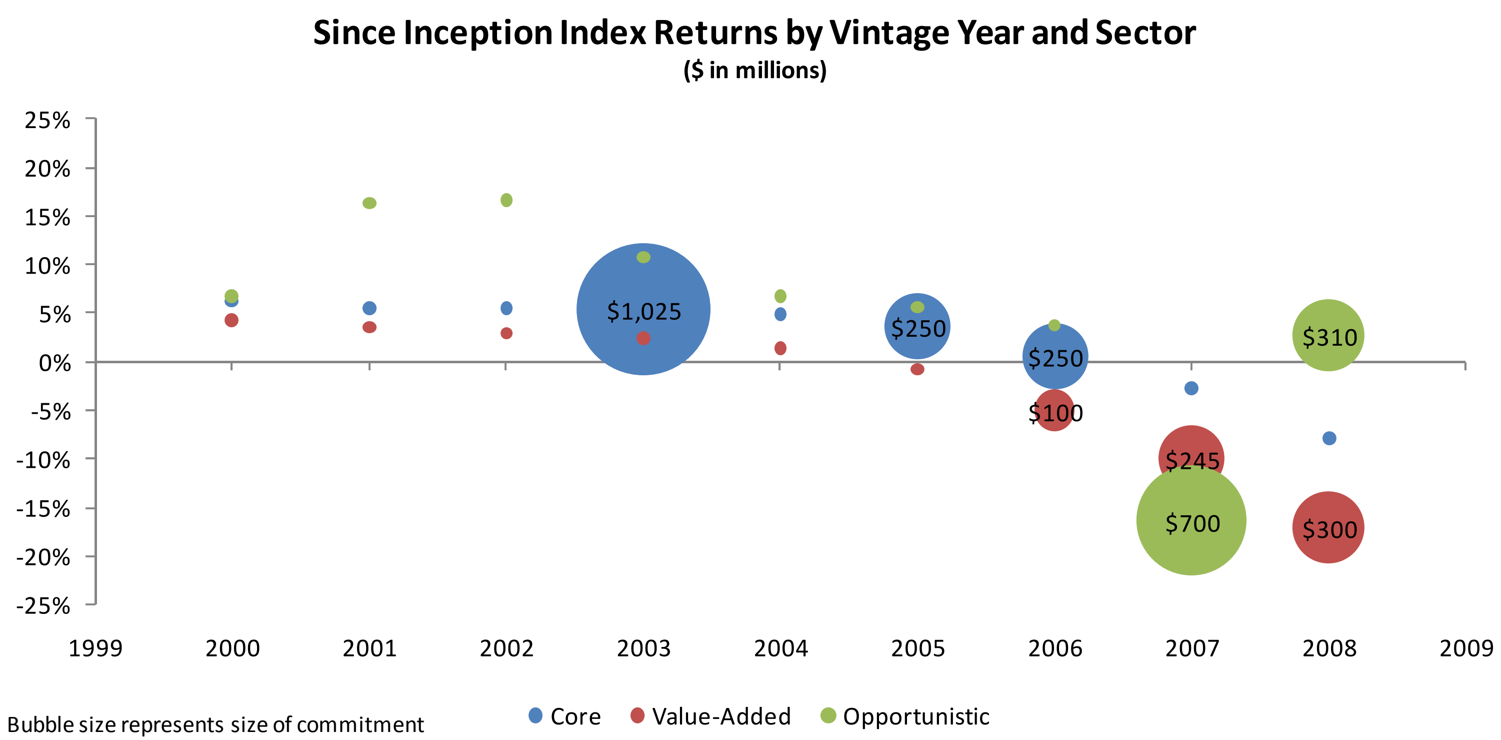




*REIT Benchmark is comprised of the Wilshire RESI and EPRA/NAREIT Global.

Externally Managed Fund Investments

- Commingled fund performance has been impacted by fund selection as well as vintage year exposure.



- Chart represents respective indices returns as well as SBAF commingled fund commitments.

Real Estate Program Compliance

- The Portfolio's investment allocation was in compliance as of March 31, 2011.
- The Portfolio is well diversified by property type and geography while maintaining compliance compared to the NFI-ODCE index.

Portfolio Compliance	Target	Range	Exposure	Compliance
Private Investments	90%	85-95%	87%	Yes
Core Investments	85%	70-100%	84%	Yes
Farmland Investments			4%	
Non-Core Investments	15%	0-30%	16%	Yes
Value-Added Investments			11%	
Opportunistic Investments			4%	
Public Investments	10%	5-15%	13%	Yes

Property	Range (ODCE +/- 15%)	Actual Weight
Apartment	8.2% - 38.2%	20.1%
Industrial	2.2% - 32.2%	10.5%
Retail	4.7% - 34.7%	20.0%
Office	20.2% - 50.2%	38.6%
Hotel	0.0% - 17.9%	2.5%
Other	0.0% - 20.0%	8.2%

Geography	Range (ODCE +/- 15%)	Actual Weight
East	19.4% - 49.7%	32.7%
Midwest	0.0% - 24.3%	8.9%
South	4.4% - 34.0%	16.6%
West	21.6% - 52.0%	41.1%
International	0.0%	0.8%

Exposure	Maximum Exposure	Actual Weight
Single Asset	7%	4.1%
Directed-Owned Manager	35%	26.0%
Pooled Funds	10%	4.2%
REIT Manager	10%	4.4%
Leverage	40%	28%

Current Investment Initiatives

- Focus on durable income; evaluate opportunities with a view of economic expansion as well as slow/no growth.
- Evaluate opportunities over the near term within the ring of the next 12 CBD markets to benefit from capital moving away from elite markets (San Francisco, DC, NY).
- Access market liquidity to sell non-strategic core assets.
- Evaluate new Core blind pool opportunities in the market at attractive pricing.
- Selectively exit existing open-end funds and programmatic JVs.
- Move towards “discretion in a box” approach for agricultural investments.
- Continue to evaluate tactical Non-Core market opportunities to capitalize on period of global distress.
- Review and analyze potential Co-Investment, Secondary and Recapitalization opportunities.
- Explore further diversifying the portfolio with Non-Core international exposure.
- Evaluate emerging market opportunities as a broad based diversifier, capitalizing on favorable demographics, urbanization, availability of credit, emerging middle class and strong domestic economic growth.

Performance Exhibits

REIS Time Weighted Returns

- The tables below contains time weighted returns using “client level” data as reported by SBAF’s managers on a quarterly basis.

Total Real Estate Performance Through June 30, 2011		
	SBAF Custodian Returns	Benchmark
Quarter	2.9%	3.8%
One-Year	18.4%	20.6%
Three-Year	-5.7%	-7.2%
Five-Year	1.2%	-1.3%
Ten-Year	7.3%	3.6%

Direct Owned Real Estate Performance Through June 30, 2011		
	SBAF Custodian Returns	Benchmark
Quarter	2.2%	3.8%
One-Year	14.7%	19.0%
Three-Year	-3.1%	-9.2%
Five-Year	4.0%	-1.9%
Ten-Year	8.0%	3.3%

REIT Performance Through June 30, 2011		
	SBAF Custodian Returns	Benchmark
Quarter	3.3%	3.5%
One-Year	33.7%	35.2%
Three-Year	4.8%	4.6%
Five-Year	2.0%	1.6%
Ten-Year	11.8%	10.4%

Commingled Fund Performance Through June 30, 2011		
	SBAF Custodian Returns	Benchmark
Quarter	4.7%	3.8%
One-Year	20.8%	19.0%
Three-Year	-15.9%	-9.2%
Five-Year	-6.2%	-1.9%

Five Year Attribution - Principal Investment Properties

- The total outperformance over the five year period was 150 basis points relative to the NPI Sector Indices.
- The Selection component contributed 130 basis points to the portfolio outperformance.
- The Allocation and Cross components each produced a positive attribution of 10 basis points over the five year period.

Attribution Analysis Arithmetic Average of Prior Twenty Quarters-Five Years*

	Weight Portfolio	Return Portfolio	Weight Benchmark	Return Benchmark	SBA FL Value Added: 5 Yrs as of 3/31/2011				
					Property	Allocation	Selection	Cross	Total
Apartment	25.1%	3.2%	23.6%	3.2%	Apartment	0.0%	0.0%	0.0%	0.0%
Hotel	0.0%	0.0%	2.1%	3.2%	Hotel	0.0%	-0.1%	0.1%	0.0%
Industrial	9.9%	4.9%	15.6%	2.9%	Industrial	0.0%	0.3%	-0.1%	0.2%
Office	41.6%	7.2%	36.8%	4.0%	Office	0.0%	1.2%	0.2%	1.4%
Retail	23.4%	4.1%	22.0%	4.5%	Retail	0.0%	-0.1%	0.0%	-0.1%
Totals	100.0%	5.2%	100.0%	3.7%	Totals	0.1%	1.3%	0.1%	1.5%

* Values are not chain linked across quarters

3) The Townsend Group: Firm Overview

Introduction

- Focused real estate advisory and investment firm founded in 1983
- Represent 90 institutional investors across the globe
- Townsend is comprised of 59 investment professionals and 66 total staff members
- Underwritten quality real estate investments and managers for 25+ years through multiple real estate cycles
- Committed $65+ billion in real estate investments since 2004
- Global perspective with offices in Cleveland, San Francisco, London, and Hong Kong

Nominated as Global Investment Manager

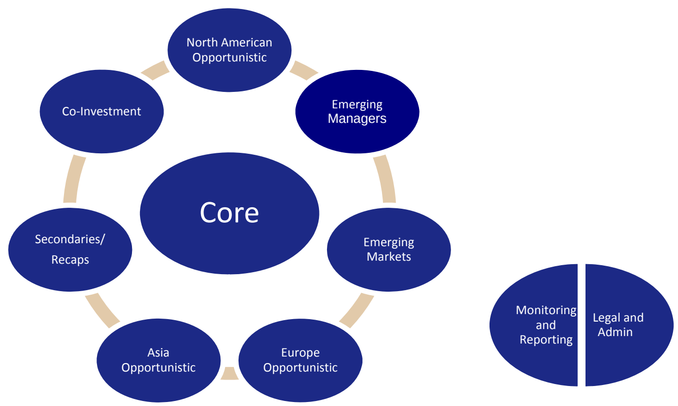
Voted “2008 Global Real Estate Advisor of the Year” in 2009*
Voted “2008 North American Real Estate Advisor of the Year” in 2009*

- Private Equity Real Estate Magazine

**Final Year of Award Category*

Solution Provider

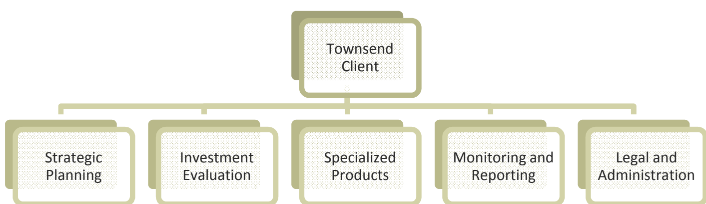
Separate Accounts



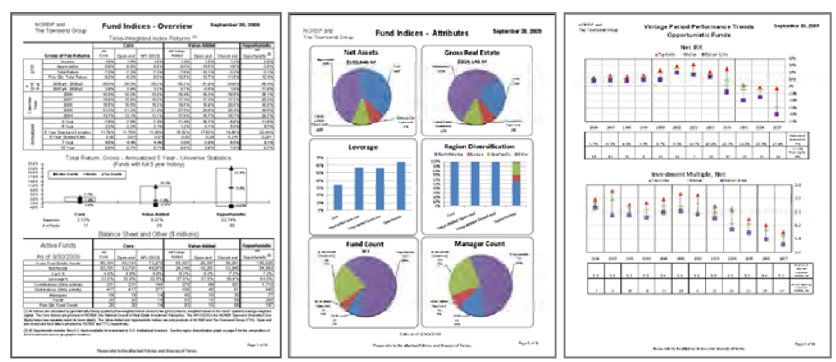
Specialized Products

Fund of Funds	Co-Investment Funds	Proprietary Clubs	Direct Investments
• 1998 Inception • 17 investment mandates • $2.2 billion ($USD) in current AUM	• 2006 Inception • 3 investment mandates • $1.3 billion ($USD) in current AUM	• Waterton (2011) • Brookfield (2009) • LaSalle (2009) • Starwood (2006) • AEW (2006) • Heitman (2005) • Bryanston (2004)	• Secondaries • Recaps • Clubs

Advisory

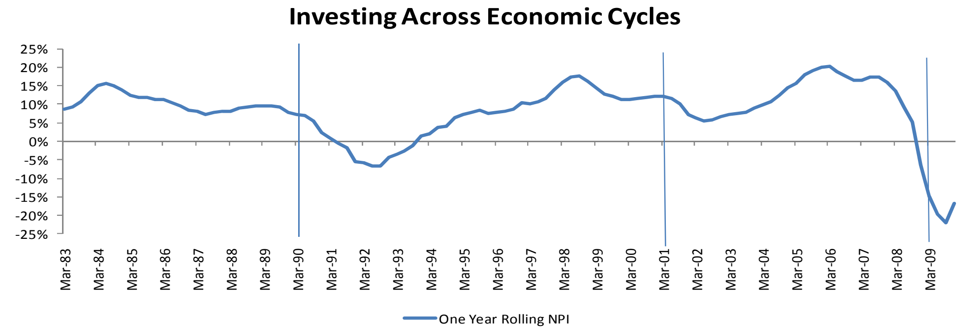


Data Services/Back Office Administration



Experienced Investment Judgment

- Experience investing through multiple real estate cycles
  - Longest tenured real estate specialist
  - Senior team averages 19 years of experience
  - Co-Founders most experienced investors in the market
  - Former CEO and CIO of ING Select
  - Former Head of Real Estate for Callan Consulting
  - Former Co-Head of Cushman Wakefield's corporate finance group
- Public plan practice is the most extensive in the United States (40+ public plans represented)
- The firm has advised and invested for over 150 institutions for more than 25 years
- Townsend professionals represent investors on over 70 Advisory Boards
- Client service has been a hallmark of the firm



	Title	Years of Investment Experience
Terry Ahern*	Co-Founder, Partner	27
Kevin Lynch	Co-Founder, Partner	27
Micolyn Magee	Partner	22
Jay Long*	Partner	16
Steve Burns	Partner	14
Anthony Frammartino*	Partner	9
Rob Kochis	Partner	12
Martin Rosenberg*	Partner	5
Nicholas Cooper*	Principal	31
Damien Smith*	Principal	13
Terri Herubin*	Principal	17

*Members of Townsend's Investment Committee

Deep Resources

- Complementary skill sets
- Platform includes operating team and allows consulting teams to focus on clients, sector specialties and investment selection

Investment Management Investment Committee

Terry Ahern, Jay Long, Anthony Frammartino, Nicholas Cooper, Damien Smith, Terri Herubin, Martin Rosenberg

Advisory Investment Committee

Terry Ahern, Rob Kochis, Micolyn Magee, Steve Burns, Martin Rosenberg, Joe Olszak

Client Service - Implemented Solutions
Headed by: Nicholas Cooper

Anthony Frammartino	Kevin Lynch	Jay Long
Adam Calman	Nicholas Cooper	Terri Herubin
Nicholas Wong	Damien Smith	Craig Blanchard
John Schaefer	Joseph Tang	John Kropke
Rob Davies	Mike Golubic	Chris Lennon
Leigh Chang	Brian McAlpine	Adam Smith
Nicole Smeader	Brian White	Jeff Barone
Kurt Edwards	Bob Flanigan	James Bannon
Brian Woods	Kelly Gebert	

Client Service – Advisory Mandates
Headed by: Rob Kochis, Steve Burns, Micolyn Magee

Steve Burns	Micolyn Magee	Rob Kochis
Martin Rosenberg	Scott Booth	Dick Brown
Jack Koch	Cara Wood	Sarah Cachat
Dan Stenger	Jennifer Young	Roberta Waxman-Lenz
Jason Puchmeyer	Kevin Rivchun	Seth Marcus
Nick Rittenhouse	Ishika Bansal	Kurt Nye
Michael Stark	Andrea Beight	Dan Geuther

Sector Specialists

Debt – Scott Booth
REITs – Cara Wood
Timber/Agriculture – Rob Kochis
Latin America – Jack Koch, Mike Golubic
Europe/Australia – Damien Smith
  Central Eastern Europe – Roberta Waxman-Lenz
  Western Europe – Adam Smith
Asia/India – Joseph Tang
Urban – Micolyn Magee, Jennifer Young
North America – Terri Herubin, John Schaefer, Chris Lennon, Brian McAlpine, Bob Flanigan, Tony Pietro
Infrastructure – Mike Golubic

Research/Analytics
IT/Operations

Research & Analytics, IT

Chris Lennon	Arneece Tabor	Mike Petras
Bryan Ahern	Trevor Ostrowski	Jim Kearney

Operations

Joe Olszak	Ron Weihrauch	Jack Ahern
Fran Pellegrino	Denise Marimberga	

Deep Resources

- Specialists within a specialized asset class
- Regional and sector specialists focus on market research, strategy formation, sourcing, due diligence and execution

SECTOR SPECIALISTS

North America	Europe	Latin America	Asia	Infra, Timber & Ag	Debt	REITS
Terri Herubin John Schaefer Chris Lennon Brian McAlpine Bob Flanigan Tony Pietro	Damien Smith Adam Calman Roberta Waxman-Lenz Adam Smith	Mike Golubic	Nick Wong Joseph Tang	Mike Golubic Rob Kochis Ishika Bansal	Scott Booth	Cara Wood Kurt Nye

Information Advantage

- Dedicated Research and Analytics team
- Sole partner to NCREIF to produce and publish its style sector indices for performance benchmarking purposes

Historical Performance:
- 35+ years of performance data
- Over 150 distinct managers
- Over 600 distinct funds
- $400 billion in active Gross Asset Value
- Sole global data provider to NCREIF

Investment Sourcing:
- Approximately 700 pooled fund offerings
- $300 billion+ in global strategy offerings
- Complete library of term sheets, offering memoranda and past investment performance

Information Advantage

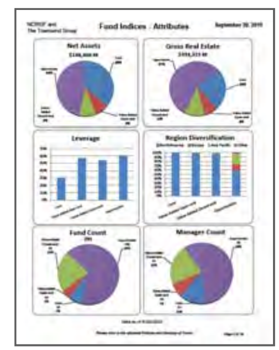
Databases

Qualitative
- Summaries of manager meeting notes
- Summaries of fund portfolio reviews
- Summaries of manager advisory board meetings and conference notes

REIT Manager
- 60 managers
- Over 133 different strategies
- Facilitates comparisons by manager, strategy, and risk /return metrics

Research Team

Neil Myer, Ph.D., Director of Research
Chris Lennon, Director of Analytics
Bryan Ahern, Chief Information Officer
Arneece Tabor, Analyst
Mike Petras, Analyst



The Townsend Group: Our Advantage

Biographies of Key Professionals

Biographies

Terrance R. Ahern, Co-Founder and Partner
Terry is a Co-Founder and the Chief Executive Officer of the firm, and a member of its Investment Committee. He has 30 years of institutional real estate consulting experience, and 30 years of direct real estate experience. Prior to founding Townsend, Mr. Ahern was the Vice President of a real estate investment bank after being in the private practice of law.

Mr. Ahern has been a frequent speaker at industry conferences and has authored numerous articles in academic journals and industry publications. He has been an expert witness on behalf of institutional investors and has provided assistance and testimony to the Department of Labor (DOL), the Department of Housing and Urban Development (HUD), and the Securities and Exchange Commission (SEC).

Mr. Ahern is a member of the Pension Real Estate Association (PREA) and the National Council of Real Estate Investment Fiduciaries (NCREIF). He is a former member of the Board of Directors of the Pension Real Estate Association (PREA), the Board of Governors of the National Association of Real Estate Investment Trusts (NAREIT), the Board of Editors of Institutional Real Estate Securities and of the Board of Editors of The Institutional Real Estate Letter. He is Lead of Director of Developers Diversified Realty (NYSE:DDR). Since 2002, Terry has been a member of Blue Coats, Inc., which is a non-profit organization devoted to the well being of families of Cuyahoga County safety forces personnel who have lost their lives in the line of duty.

Mr. Ahern received his BA, Magna Cum Laude, and his JD, Cum Laude, from Cleveland State University.

Kevin W. Lynch, Co-Founder and Partner
Mr. Lynch is a Founder and Principal of The Townsend Group. He has 27 years of institutional real estate consulting experience and 36 years of direct real estate experience. Mr. Lynch is currently responsible for new product development primarily in the area of initiating strategic relationships for creating customized portfolio solutions for individual separate account clients and as sub-advisory for new fund of funds offerings. Prior to forming Townsend, Mr. Lynch participated in structuring private placement real estate transactions for Stonehenge Capital Corporation, a New York based investment-banking firm.

Mr. Lynch is a member of the Pension Real Estate Association (PREA) and the National Counsel for Real Estate Investment Fiduciaries (NCREIF). Mr. Lynch is a Director of the Board for First Industrial Realty Trust (NYSE:FR) and Lexington Realty Trust (NYSE:LXP). He is frequent speaker at industry conferences and has presented in New York, Amsterdam and Frankfurt for the benefit of the Association of Foreign Investors in Real Estate (AFIRE), on behalf of the Institute for International Research, and as guest lecturer at Columbia University.

Biographies

Stephen J. Burns, Jr., Partner
Steve joined Townsend in 1996 and is a Partner in the firm. Mr. Burns has account responsibilities for a diverse array of clients that include public plan sponsors, foundations and Taft Hartley funds. Mr. Burns has extensive portfolio level experience in the implementation of investment policies, strategies, and guidelines. He has conducted numerous investment manager searches for both separate accounts and commingled funds. In so doing he has analyzed investment managers' capabilities, strategies and terms of separate account relationships, limited partnerships, limited liability companies, private REITs and insurance company separate accounts. Mr. Burns' property level experience includes preparation and subsequent enforcement of investment guidelines for property acquisitions in separate accounts, and investment-specific due diligence at the property level to include acquisition and disposition analysis, and reviews of asset, budget, management and investment plans for separate accounts.

Prior to joining Townsend, Mr. Burns served as a government trial attorney for eight years. His practice focused on high profile felony economic crime litigation.

Mr. Burns is a frequent attendee at industry conferences and seminars where he has served as both a moderator and speaker. He has moderated a panel at IFE and has spoken before members of the International Foundation and the Michigan Association of Public Employees Retirement System. He is a member of NCREIF and serves on the Board of the Institutional Real Estate Letter.

Mr. Burns received a JD from Case Western Reserve University and a BA from Miami University.

Anthony Frammartino, Partner
Anthony Frammartino is a Partner and voting member of the Investment Committee within The Townsend Group. He is a primary senior relationship manager and portfolio manager to discretionary clients of the firm. Mr. Frammartino leads multiple of the global investment and business development functions on Townsend's behalf. In aggregate, Mr. Frammartino manages portfolios totaling $3.0 billion in real estate AUM. Mr. Frammartino joined Townsend in 2004, and he is an often quoted figure for numerous real estate trade publications and a frequent moderator and panelist on varied real estate related topics.

Mr. Frammartino has prior experience in capital markets, corporate finance, and mergers and acquisitions as a Vice President of Investment Banking for Keybank Real Estate Capital. He primarily assisted public homebuilders and real estate investment trusts in numerous of their corporate financial advisory needs. Mr. Frammartino graduated from Case Western Reserve University in 2002 with an MBA in finance. He earned a B.S. in Accounting from The University of Akron in 1998.

Biographies

Rob Kochis, Partner

Mr. Kochis joined The Townsend Group in 1998. He has 22 years of direct real estate experience, including real estate law, urban planning and development, and portfolio consulting. Mr. Kochis currently provides investment consulting to institutional investors having real asset investment programs totaling more than $19 billion. Services include strategic and investment planning, structuring programs for multi-asset class portfolios, and identification and selection of managers, pooled funds and individual account investment opportunities in real estate, timber, agriculture, and infrastructure.

In addition to domestic pension fund clients, Mr. Kochis advises an overseas private investor in the implementation of a $400 million real estate investment program focusing upon private investment in the United States and global real estate securities. In connection with this program, he helped craft a tax efficient means of repatriating investment income and completed a study recommending allocation methods for an efficient global real estate portfolio.

Prior to joining Townsend, Mr. Kochis was a practicing real estate attorney at a leading regional law firm, and an Economic Development Specialist in the Office of the Mayor for the City of Akron, Ohio.

Mr. Kochis is an Advisory Board member and contributor to several real estate associations, a member of the PREA Editorial Board, and a frequent speaker at industry and client conferences. He received a BS in Public Policy Management from the University of Akron and a JD from Case Western Reserve University School of Law.

Jay E. Long, Partner

Jay joined Townsend in 1994 and is a Partner in the firm. He has 16 years of institutional real estate experience. He is Chairman of the Investment Committee, Portfolio Manager for three discretionary mandates and Co-Portfolio Manager of a direct Co-Investment mandate. He focuses on US sector fund and co-investment due diligence. At Townsend, he has participated and led in the formation of the dedicated due diligence sector teams and formerly was the European team leader. He has traveled extensively throughout Europe and Asia in performing on-the-ground property and manager due diligence.

Mr. Long is a member of the Pension Real Estate Association (PREA), the National Council of Real Estate Investment Fiduciaries (NCREIF), the CFA Institute and Cleveland Society of Security Analysts. He is a Chartered Financial Analyst (CFA) and Certified Public Accountant (inactive).

Mr. Long received a BSBA from Miami University and a MBA from The Ohio State University.

Biographies

Micolyn M. Yalonis, Partner

Micolyn joined Townsend in 1998 and is a Partner in the firm. Ms. Yalonis is responsible for the management and oversight of the San Francisco office. Ms Yalonis is the consultant to various city/county and state pension plans ranging from $1 billion to $35 billion in total assets. Ms Yalonis has primary responsibility for Strategic Planning, Portfolio Analysis, Investment Planning, Manager and Fund due diligence, Performance Measurement and Client Relations. As the lead Principal on these accounts, Ms. Yalonis provides program structuring across a broad range of risk/return objectives, manager selection and oversight as well as performance analytics. Programs include a range of structures including separate accounts, commingled funds, and co-investments working with traditional and emerging managers as well as public companies.

Prior to The Townsend Group, Ms Yalonis was a founding member of the Real Estate Consulting Group at Callan Associates where, during her ten (10) year tenure, she provided similar consulting services to direct real estate as well as general consulting clients leaving Callan as the manager of real estate consulting services.

Ms. Yalonis is on the board of the Pension Real Estate Association (PREA) and an active member of the State Association of County Employees' Retirement Systems (SACRS); represents investors on various Advisory Committees and holds an Editorial Board seat for a number of industry publications. In addition, Ms. Yalonis has been a speaker at SACRS and numerous industry conferences. Ms. Yalonis is a graduate of the University of California, Los Angeles.

Nick Cooper, Principal

Nick Cooper joined Townsend as a Principal in its London office in May 2010. Nick Cooper has after 20 years service, stepped down as the CEO of ING Real Estate Select a global real estate multi-manager business he developed over the last 10 years.

At Select he had overall responsibility for the business and managed £4bn for over 150 investors into unlisted property funds around the world. During his time with Select he worked on many segregated accounts and developed the UK's largest property fund of funds Osiris. Nick has advised pension funds on both direct and indirect property investments for over 27 years. He continues to act as Fund Manager for ING Global Real Estate Securities Ltd a London listed investment fund which invests globally in both listed and unlisted real estate investment opportunities. He has also recently completed a 3 year term as Chairman of the Association of Real Estate Funds in the UK, an established property industry group open to fund managers and others involved in the property industry.

Nick has a Bachelor of Science degree in Estate Management from Oxford Brookes University.

Adam Calman, Principal

Adam joined The Townsend Group in April 2009. He previously held positions as Finance Director within various real estate groups, including Canary Wharf plc and Nomura Principal Finance Group. Prior to joining Townsend he was co-head of Corporate Finance at the Cushman & Wakefield Capital Markets Group in London.

While at Cushman & Wakefield the team which Adam led, advised on and underwrote over 100 transactions, worth in excess of $2.5bn, for a range of over 40 Limited Partners investing into indirect real estate vehicles across the Globe.

Adam is a Chartered Accountant with over 17 years experience in the real estate industry, having qualified with PWC in London in 1991.

He has a Masters degree in Property Investment and Finance from City University Business School and jointly designed and delivered the first Real Estate Finance Elective on the Executive MBA program at INSEAD in Paris.

Biographies

Martin Rosenberg, Partner

Mr. Rosenberg is a Principal of The Townsend Group and serves on the firm's Investment Committee. He works with several of Townsend's clients on matters including strategic and investment planning, portfolio structuring and performance reviews. Mr. Rosenberg has published articles recently with the North American Institutional Real Estate Letter, the Institute for Fiduciary Education and Bloomberg Law Reports. He is quoted frequently in industry publications and represents the firm on several fund advisory boards.

Before joining Townsend, Mr. Rosenberg was an associate in the Private Equity Group of Jones Day. He received his JD from New York University School of Law and his BA from The Ohio State University.

Jack Koch, Principal

Mr. Koch provides consulting services to a number of the firm's traditional as well discretionary clients, including U.S. and international public pension plans, taxable investors, and foundations. These clients represent total real estate allocations in excess of $15 billion. His services include structuring and constructing multi-asset class investment portfolios, sourcing and underwriting core and non-core pooled fund investment opportunities, as well as implementing and monitoring investment policies, strategies, and guidelines. Mr. Koch also participates in the selection and underwriting of Latin American real estate funds.

Prior to joining Townsend, Mr. Koch worked for National City Bank within the Structured Finance Group. His responsibilities included the analysis and ultimate buy recommendations on financing opportunities in the syndicated loan market. Additionally, he managed a multi-industrial portfolio of highly leveraged, non-investment grade loans. Mr. Koch has also spent a considerable amount of time living and working in Central and South America while working in international business development for a leading global retailer.

Mr. Koch received his MBA from The Weatherhead School of Management at Case Western Reserve University and a BA from Lafayette College.

Joe Olszak, Chief Operating Officer

Joe Olszak joined The Townsend Group as Chief Operating Officer. Prior to joining Townsend, Mr. Olszak was the Chief Administrative Officer for Allegiant Asset Management, a $30 billion institutional investment manager. His responsibilities included oversight of Finance, Fund Administration, Technology, and Legal as well as Product Development and firm Strategic Planning. Prior to Allegiant Mr. Olszak held several positions with investment managers and a private equity firm structuring equity investments and multiple acquisitions.

Mr. Olszak received his MBA from The Katz School at the University of Pittsburgh and a BS from Drexel University.

Biographies

Damien Smith, Principal

Damien Smith joined the Townsend Group in 2010 and is a Principal located in the firms London Office. He is responsible for both the investment and relationship management of clients from the UK and Continental Europe. He also leads the local teams sourcing and underwriting and monitoring of investments across the broader Europe and Asia regions.

Prior to joining The Townsend Group, Damien was the Chief Investment Officer with ING Real Estate Select where he oversaw the portfolio management for over 150 clients into investments valued in excess of GBP4bn. Mr Smith is directly responsible for advising and managing the portfolios for clients requiring global strategies which included Government and Corporate Pension Plans, Insurance Companies and publicly listed companies. He has managed portfolios on a discretionary basis as either segregated accounts or under a pooled fund format dependant upon individual client requirements.

Mr. Smith has a G Dip in Applied Finance from the Macquarie University Applied Finance Centre and his Bachelor's Degree in Commerce from The University of Canberra, Australia. He is a member of the CFA Society of the UK and the IPF.

Nicholas Wong, Principal

Nicholas joined The Townsend Group in June 2010 and is located in our Hong Kong office. He previously led the highly-regarded regional team of ING Real Estate Select's global multi manager business and is now leading Townsend's expanding team in Asia Pacific, which already has $3.2 billion invested in the region. He will focus on new business development and investment underwriting in the region.

Prior to joining ING in November 2007, Wong had held senior positions in real estate investment and commercial banking, as well as listed securities analysis. He has been in real estate investment and finance for 22 years with the past 16 years in Asia.

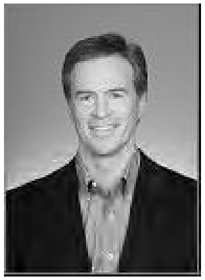
He has a B.A. – Economics from The University of California at Berkeley (USA) and also holds the Chartered Financial Analyst (CFA) certification.

Terri Herubin, Principal

Terri joined The Townsend Group as a Principal and Portfolio Manager in the Discretionary Group. At Townsend, Ms. Herubin directs the investment of discretionary capital, including the development of asset allocation plans, fund selection and oversight, as well as performance reporting. Ms. Herubin has 20 years of experience in real estate law, development, acquisitions and portfolio management. She was with the New York State Teachers' Retirement System for more than 14 years, where she rose to the position of Head of Acquisitions and Portfolio Manager of the $9 billion real estate portfolio. Ms. Herubin was responsible for recommending and implementing annual asset allocation plans; between 2001 and 2007, she closed on more than $4.5 billion of commitments to direct real estate, commingled funds, REITs, operating companies and joint ventures. Ms. Herubin also has acquisition and direct/development experience having lead the senior housing division of a regional developer in New York.

Ms. Herubin received a B.A. in Urban Planning from the University of Illinois at Urbana-Champaign and graduated *magna cum laude* from Brooklyn Law School.

Biographies



Scott Booth, Principal

Scott Booth has 20 years of institutional investment experience in consulting, portfolio management, and trading capacities within real estate, derivatives, and fixed income. Mr. Booth provides services including strategic and investment planning, portfolio structuring, investment due diligence, review and selection of commingled funds, and quarterly performance review in behalf of state pension and endowment clients. Mr. Booth's areas of expertise include public and private real estate debt markets. He currently represents Townsend clients on a structured product and mezzanine debt fund advisory board.

Prior to joining The Townsend Group, Mr. Booth was a Senior Vice President at Key Bank for 8 years. While at Key Bank, Mr. Booth specialized in identifying and communicating client-specific public debt market strategies and portfolio opportunities; and worked with derivatives, structuring and executing swaps, caps, collars, and rate locks for interest rate risk management. Prior to that, he was a bond trader in New York for Mizuho Financial Group, Kidder Peabody, where he managed a trading portfolio of U.S. Treasury and agency debt and related futures and options in excess of $2 billion, and Chemical Bank.

Mr. Booth's recent article on newly developed private equity real estate – linked products in the commercial real estate derivative marketplace is published in the September 2005 issue of The Institutional Real Estate Letter.

Mr. Booth received his MBA from Columbia University School of Business in 1987, his BS in Finance and Economics from Miami University in 1983, and holds the Certified Financial Analyst designation.

Richard W. Brown, Principal

Dick Brown is located in our San Francisco office. Mr. Brown provides the following services to institutional clients: strategic and investment planning, structuring programs for multi-asset class portfolios (Private real estate, Timber, Public REITs, and Farmland), evaluation and selection of investment managers, pooled funds and individual managed account investment opportunities, hold sell analysis, performance measurement and performance evaluation.

Mr. Brown provides consulting services on both a discretionary and traditional consulting basis to institutional clients including state and local government plans, and taxable investor clients. Mr. Brown's area of expertise is evaluating and recommending multi-family pooled fund investments.

Prior to joining Townsend, Mr. Brown was a Senior Consultant with Eileen Byrne & Associates, Inc. a leading institutional real estate consulting firm. He started in 1995 - 1998 and performed similar services as he does with The Townsend Group. Mr. Brown also was a senior officer for the Resolution Trust Corporation from 1987-1994. He sold real estate assets and resolved complex loans typically those involving litigation. From 1978 to 1997 Mr. Brown was a senior officer with the Frederick Ross Company in Denver, CO. He provided real estate consulting services to a wide range of corporate and institutional clients.

Mr. Brown is a member of NCREIF, PREA, The Counselors of Real Estate, and The Institute of Real Estate Management.
Mr. Brown obtained a B.S. in 1971 from The University of Colorado, Boulder campus. He majored in real estate and marketing. He is a level II CFA candidate in the CFA Institute. He also holds the designations of CRE, and CPM.

Biographies

Christopher Lennon, Director of Analytics

Christopher Lennon joined The Townsend Group in 2007 as the Director of Analytics and added the role of Portfolio Manager in 2009. Prior to joining Townsend, Mr. Lennon was a Vice President at Morgan Stanley Capital International, where he designed, constructed and managed a series of hedge fund indices with over $2.5 billion of invested funds. During his six year tenure, he actively promoted index adoption among large asset owners and structured product issuers. He also participated in consultations led by European regulators designed to produce guidelines relating to the use of hedge fund indices within UCITS eligible investments.

Prior to Morgan Stanley Capital International, Mr. Lennon spent five years at Rochdale Investment Management, an investment boutique with a high net worth client base. There, he designed and implemented quantitatively-based enhanced index mutual funds for international equity investing.

Mr. Lennon earned his B.S. in Finance from the Wharton School of the University of Pennsylvania with Magna Cum Laude distinction and his BS in Mechanical Engineering from The School of Engineering and Applied Science of the University of Pennsylvania also with Magna Cum Laude distinction. He obtained his Series 7 License in 1997 and CFA designation in 2000. Mr. Lennon has published articles related to portfolio construction and fund selection in Institutional Real Estate North America, Investment Pensions Europe, and Institutional Real Estate Europe. He has been a speaker or panelist at the IPD Realtime Conference, NCREIF Annual Conference, and the Urban Land Institute Real Estate Summit. Mr. Lennon is a member of the IPD US Index Consultative Group in addition to playing an active role in shaping the Index Methodology for the NCREIF Townsend Fund Level Indices.

Asset Transition Summary
September 2011

Hewitt ennisknupp
An Aon Company

Summary of Asset Transition

- Florida State Board of Administration (SBA) recently concluded transitioning assets within the following asset classes:
  - Global Equity
  - Real Estate
  - Fixed Income

- **Global Equity:** purpose of the transition was to restructure the asset class' allocation between U.S. equity and non-U.S. equity to approximate that of the global equity market

- **Real Estate:** restructured REIT allocation from U.S. focused to a global strategy (hired 1 new global REIT manager and altered the mandates of 3 existing REIT managers)

- **Fixed Income:** reduced overall allocation to the internal active core portfolio and increased allocation to passive management

- All three transitions implemented with care, prudence, at reasonable levels of cost, and within acceptable timeframes given liquidity and desire to minimize cost and risk

Implementation Methodology - Global Equity & Real Estate

- BlackRock Transition Management hired to implement the Global Equity and Real Estate transitions
  - Both transitions implemented over multiple tranches based on a pre-determined schedule
  - Process managed by BlackRock and SBA Staff was robust, thorough, and transparent
  - Daily conference calls held with BlackRock, SBA Staff, and HEK before, during, and after each tranche
- Characteristics considered when selecting optimal implementation strategy:
  - Size of the transition
  - Liquidity
  - Market exposure risk
  - Currency exposure
- Actual costs incurred was very close to the pre-trade estimated cost
- Cost measurements provided by BlackRock were verified by a third party trade cost analysis provider, Global Trading Analytics
- Both transitions were completed by the target date of June 30, 2011

Implementation Methodology – Fixed Income

- Transition implemented by SBA Fixed Income Team
  - Based on the liquidity profile of the securities, it was determined that the team would need approximately two months to complete each tranche (2 tranches)
  - Given length of time to invest in the target exposure (Barclays Aggregate Bond Index), overlay strategy was implemented using derivatives to achieve desired exposure at the onset
  - Trading occurred as market liquidity allowed with a focus on minimizing cost

- Estimating and calculating transition costs in fixed income is difficult; however, relative to its benchmark (Barclays Aggregate Bond Index), the transition portfolio either approximated or outperformed during the transition months

- Transition was completed well before the target date of June 30, 2011

- Suggest that the SBA consider utilizing a transition manager for the next large asset transition within the asset class that has the systems to more closely measure cost in order to assess the trading and transition strategy

Hewitt ennisknupp
An Aon Company

Memo

To:	**Board of Trustees and Investment Advisory Council** **Florida State Board of Administration**
From:	Kristen Doyle, CFA Stephen Cummings, CFA Michael Sebastian
Date:	September 8, 2011
Re:	Review of Recent Transition Events

Executive Summary

The Florida State Board of Administration (SBA) requested Hewitt EnnisKnupp (HEK) review the outcome of the recently concluded transitions within the Global Equity, Real Estate, and Fixed Income asset classes. BlackRock was retained by SBA as the transition manager to conduct both the Global Equity and Real Estate restructurings and the Fixed Income transition was conducted internally. The Global Equity transition involved moving assets from domestic equity to international equity in order to achieve the new country weights that correspond to the global equity market as represented by the MSCI All Country World Investable Market Index. The Real Estate transition event involved the funding of three existing REIT managers (mandate changed from U.S. to non-U.S.) and one new REIT manager. And lastly, the objective of the Fixed Income transition was to reduce the overall allocation to the internal active core portfolio and increase exposure to passive management within the asset class. All transition events were completed within acceptable cost ranges and timeframes. This memorandum reviews the goal, execution strategy, and final outcomes of these transitions.

Transition Strategy

The Global Equity transition involved the movement of $14 billion from domestic equity to international equity and the Real Estate transition involved the movement of $1 billion from U.S. real estate investment trust securities (REITs) to global REITs.

The characteristics of both the Global Equity and Real Estate transitions including the size of assets involved, management of currency exposure, and trading across multiple exchanges and time zones worldwide added to the significant complexity of this transition. Given these concerns, the SBA, HEK, and BlackRock explored various implementation options and after a thorough review of the pros and cons of each approach, the group chose the approach that appeared to most efficiently and successfully control both cost and risk. The decision was made to complete both transitions over multiple tranches based on a pre-determined schedule.

With regards to the Fixed Income transition, given the length of time expected to complete each of the two transition tranches based on market liquidity and the desire to minimize cost, the fixed income team at the SBA utilized an overlay strategy in order to approximate the characteristics of the Barclays Capital U.S. Aggregate Bond Index. The overlay was implemented at the beginning of the transition period and as the team bought the target portfolio, this overlay was slowly unwound.

Cost Evaluation

In Table 1, for both the Global Equity and Real Estate transitions, we display the mean expected cost and one standard deviation range as estimated by BlackRock before each transition and compare these estimates to the actual results. As is shown, the actual cost incurred during both transitions remained very close to that of the pre-trade mean cost estimate and well within the estimated one standard deviation range. We also note that both transitions were completed well in advance of its goal of June 30, 2011.

Table 1 – Transition Cost*

	Pre-Trade Mean Cost (bps)	**Pre-Trade Cost Range (bps)**	**Actual Cost**
Global Equity	50	+/- 214	61
Real Estate	51	+/- 195	67

**Source: BlackRock*

Below we show the estimated costs provided by the fixed income team before the transition. The estimated costs are much higher for the second tranche given that the legacy list of securities was more highly concentrated in less liquid corporate and commercial mortgage-backed securities.

Table 2 – Fixed Income Estimated Costs

	Estimated Mean Cost (bps)	Cost Range (bps)
Tranche 1	4.5	+/- 10 bps
Tranche 2	94.9	+/- 30 bps

Given the over-the-counter nature of the fixed income markets, calculating actual transaction costs is very difficult; however, we do note that the transition account during the restructuring months (February, March, May, and June 2011), either approximated or slightly outperformed the Barclays Aggregate Bond Index suggesting that transaction costs were not significantly detrimental to performance relative to the benchmark and the overlay appropriately replicated the Index.

Third Party Evaluation

The SBA requested Global Trading Analytics (GTA), a third party trade cost analysis provider, to provide an independent evaluation of the transaction costs incurred and calculated by BlackRock Transition Management for both the Global Equity and Real Estate transitions. GTA received and evaluated the actual trades executed by BlackRock in order to provide validation of the actual transaction costs BlackRock reported on the post-trade reports. GTA completed this evaluation for each tranche and evaluated three separate distinct cost elements: implicit costs (includes spread, market impact, and securities variance), commissions, and foreign exchange execution. Overall, GTA estimated a similar level of implicit costs relative to BlackRock for both transitions. Table 3 provides this comparison.

Table 3 – Comparison of Implicit Costs

	BlackRock Implicit Costs (bps)	GTA Implicit Costs (bps)	Difference (bps)
Global Equity	46.7	45.9	0.8
Real Estate	56.0	56.3	-0.3

GTA also evaluated the commission costs and foreign exchange execution of BlackRock during both transitions. GTA found overall that BlackRock executed at significantly lower commission costs than the average trade and provided strong execution quality with regards to the foreign exchange transactions. These results reaffirm the validity of the cost estimates provided by BlackRock.

Transition Process

The team dedicated to this transition at BlackRock worked very closely with SBA Staff and HEK during every step of each tranche of the Global Equity and Real Estate transitions. Daily conference calls were held before transition events to discuss the pre-trade, review strategy, and address any operational issues. Daily calls were also held during the transition and BlackRock provided daily updates on trading activity, market events, and intra-day cost estimates. The group also participated in a final post-trade call after the completion of each tranche to discuss the overall trading strategy, how market exposure and information leakage were managed, and learn additional details regarding the actual costs incurred. Overall, the process managed by SBA Staff and BlackRock before, during, and after each tranche was very robust, thorough, and transparent.

The actual costs incurred and their proximity to the estimated costs from the pre-trade reports is an indication that BlackRock was able to trade efficiently, minimize information leakage, achieve best execution, and appropriately manage exposure risks. Overall, we believe that BlackRock executed this extremely complex transition that involved a large allocation of assets and many different moving parts with skill and precision. The transition was executed in a timely manner and the overall cost of the transition fell within the expected cost range estimated prior to trading.

The fixed income transition also was completed in a manner that was appropriate to the size, complexity, and liquidity profile of the legacy and target portfolios. In addition, the pre-transition work that was completed by the fixed income team in estimating costs was robust and followed the implementation shortfall methodology that is industry standard within transition management. Our suggestion for the future is for the SBA to explore utilizing a fixed income transition manager that can more closely measure the actual costs to ensure that the trading and transition strategy put in place is ultimately successful.

Lawton Chiles Endowment Fund
Asset Allocation Review

September 2011

Hewitt ennisknupp

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Executive Summary

- Florida State Board of Administration (SBA) asked Hewitt EnnisKnupp to review the appropriateness of the investment policy of the Lawton Chiles Endowment Fund (LCEF)

- Objectives of the LCEF:
  – Long-term preservation of real (after-inflation) value of contributed capital
  – Regular annual cash outflows

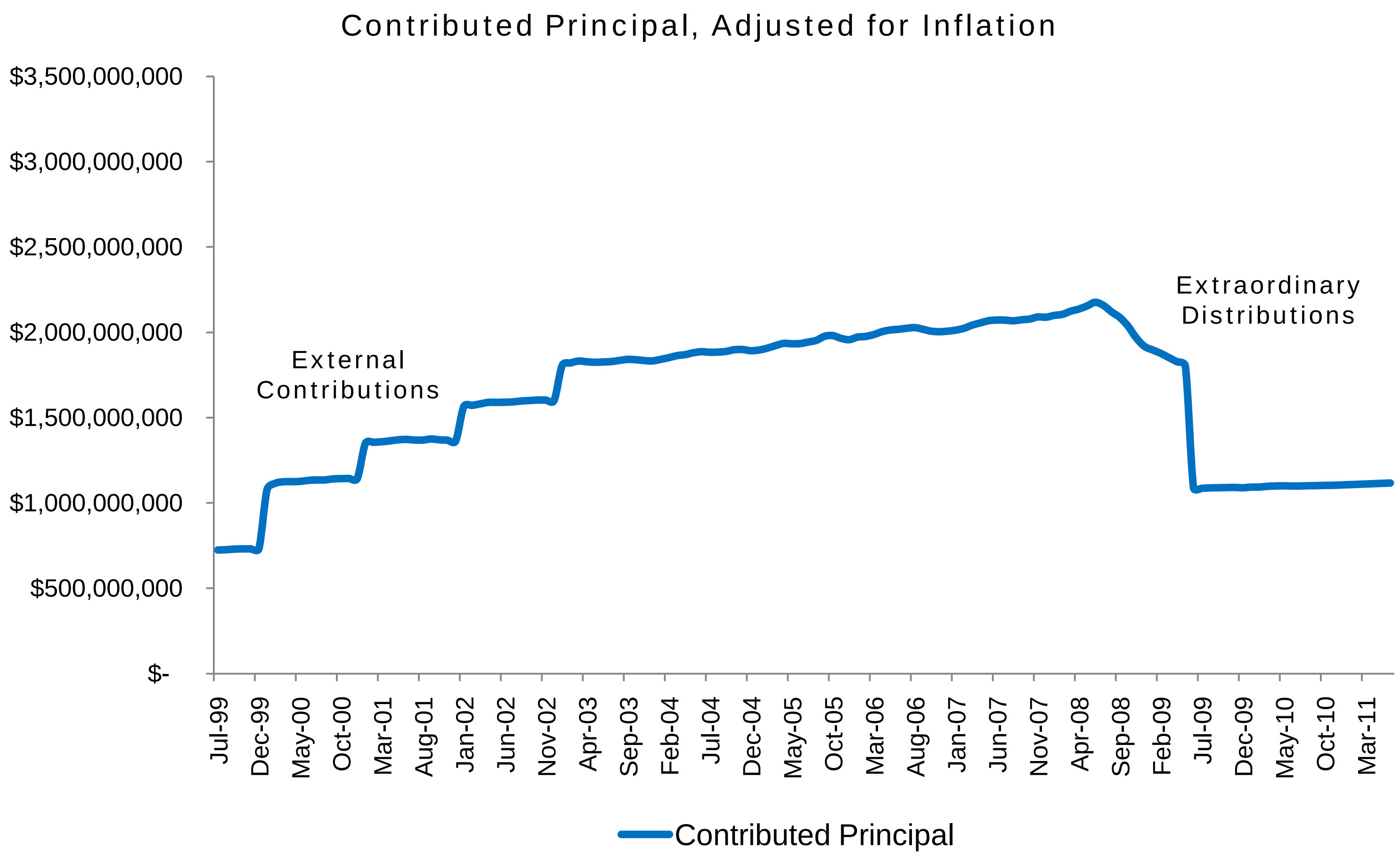
- Recommendations:
  – Maintain current 71% allocation to risky assets held to generate long-term growth
  – Current line-up of asset classes is appropriate given the objectives of LCEF
  – Combine the current separate allocations to U.S. and non-U.S. equities into a single Global Equity asset class

Current and Alternative Investment Policies

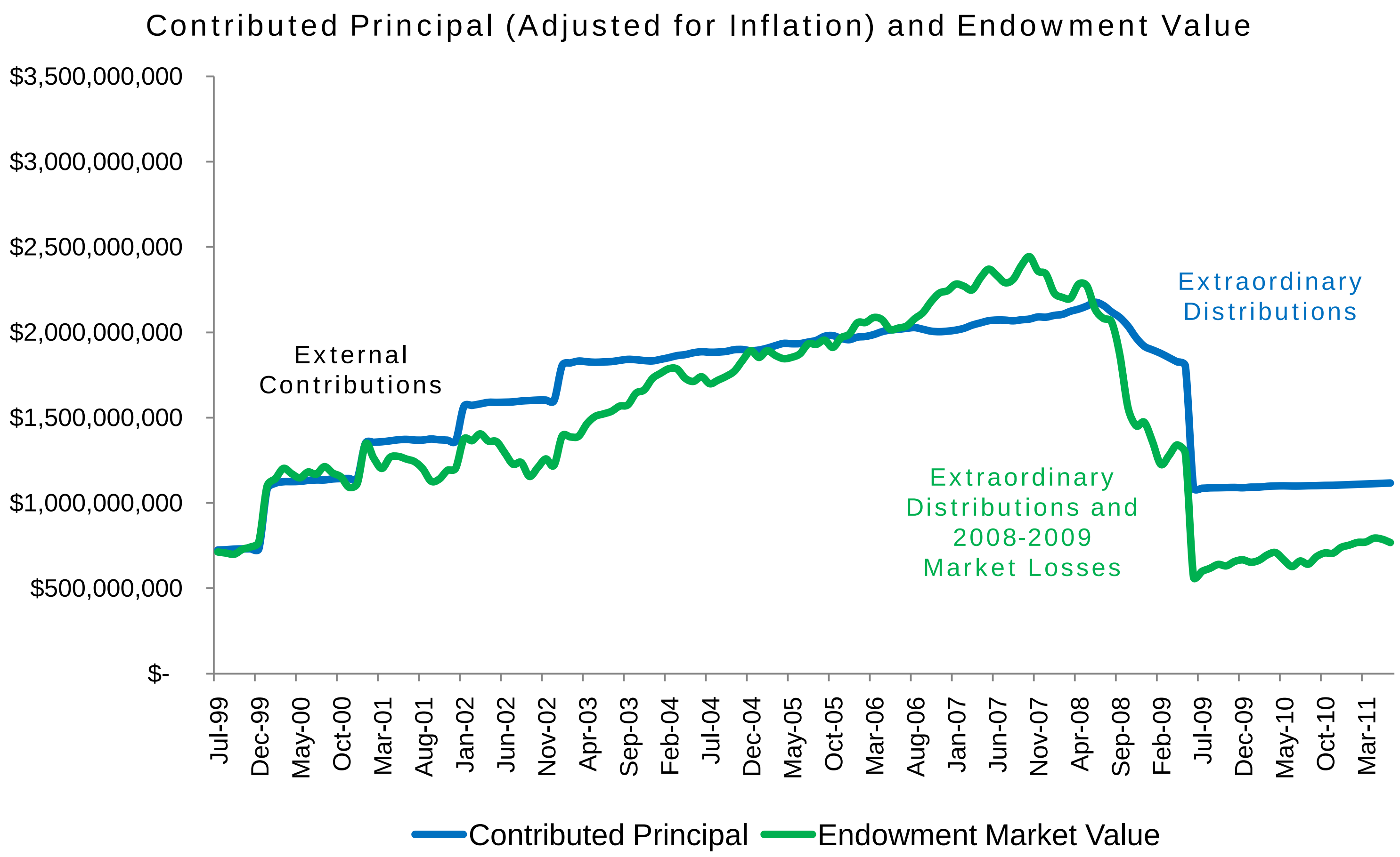
Asset Class	Current Policy	Alternative Policy
U.S. Equity	59%	--
Non-U.S. Equity	12	--
Global Equity	--	71%
U.S. Bonds	17	17
Treasury Inflation Protected Securities (TIPS)	11	11
Cash	1	1
Total	**100%**	**100%**
Expected Return	7.17%	7.19%
Expected Real (After-Inflation) Return	4.82	4.84
Expected Risk	12.32	12.71
Probability of Preserving Real Value	50%	50%

- Changing the equity allocation to Global Equity slightly increases the return of LCEF.
- Increasing overall equity allocation moderately increases likelihood of preserving capital, while also increasing risk

History of Endowment’s Contributed Principal

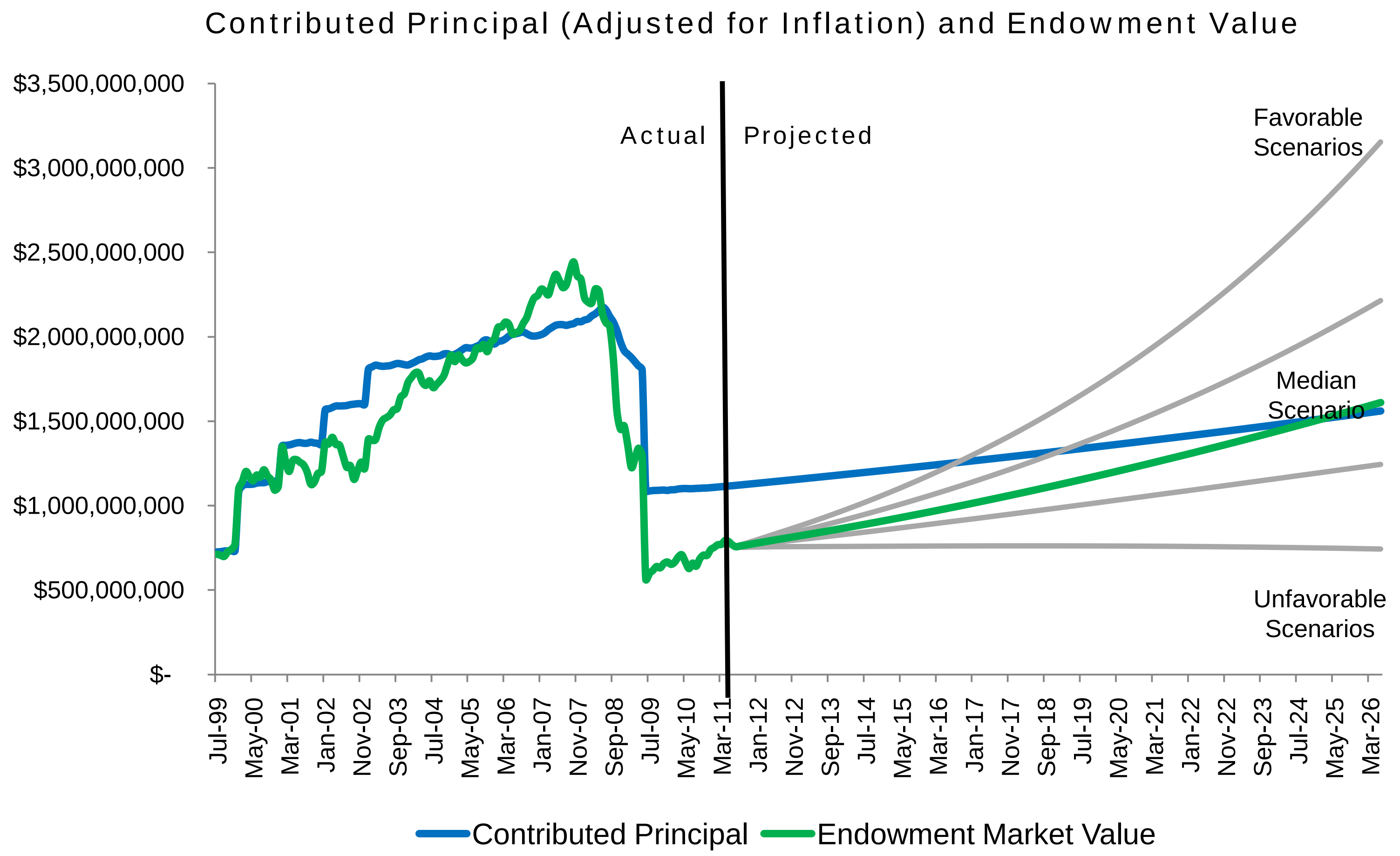


Contributed Principal and Market Value Experience



- Current shortfall in endowment value relative to contributed principal, adjusted for inflation

Endowment Value Projections (Alternative Investment Policy)



- Investment gains are projected to eliminate shortfall over time

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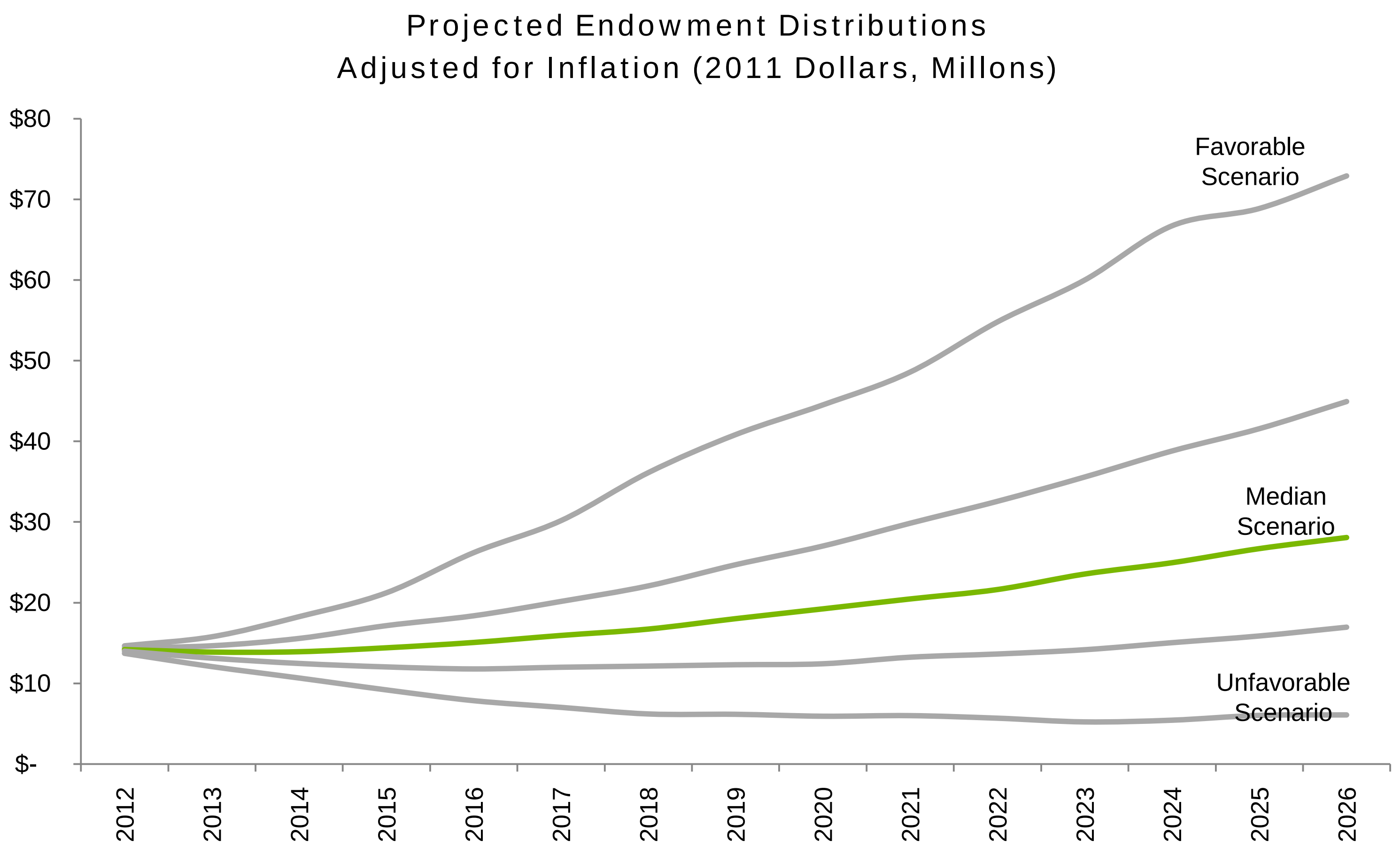
Projected Spending (Alternative Investment Policy)



- Endowment distributions are expected to increase in after-inflation terms

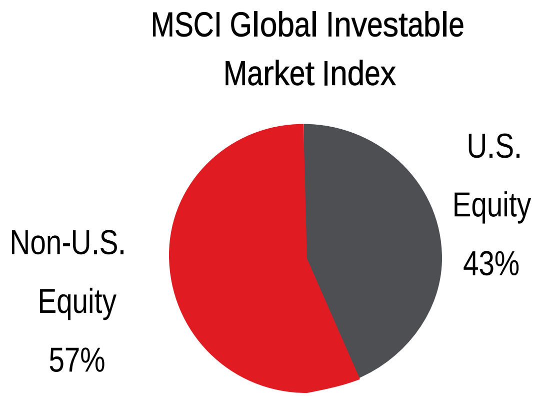
Conclusion and Recommendations

- Recommend maintaining current allocation to risky assets of 71%, but with a change to a policy to Global Equity instead of separate policies for Domestic and Foreign Equities
  - Current level of spending is meeting needs
  - Real market value is sustainable at a risky asset level of 71%
  - Chance of special withdrawals is slim, but is still a reality, reaffirming the need to preserve capital through fixed income and Treasury Inflation Protected Securities (TIPS)
    - The needs for funds that might come from a special withdrawal tends to be greatest in difficult economic times, when LCEF's investment assets would likely also be experiencing declines in value
  - Expected volatility of LCEF with Global Equity and 71% risky assets is comparable to the FRS Pension Plan that is invested in a similar long-term pool of assets
  - Addition of illiquid asset classes such as hedge funds, private equity, and real estate is inappropriate for LCEF given the need to preserve capital and maintain liquidity in the event of any special withdrawals

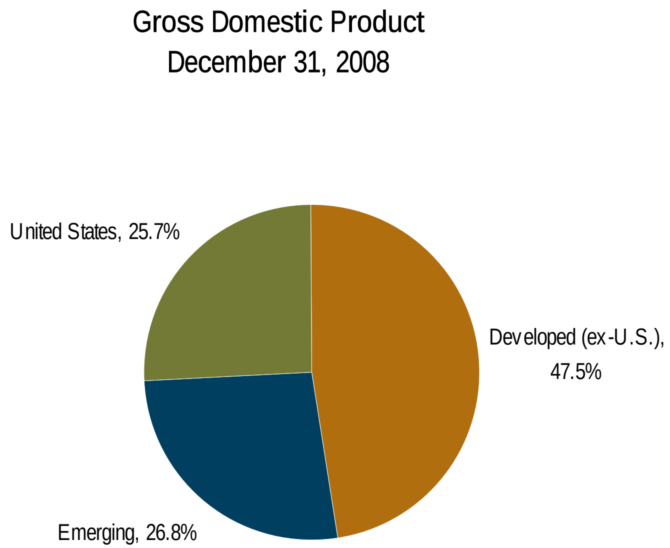
Appendix

Case for Global Equity

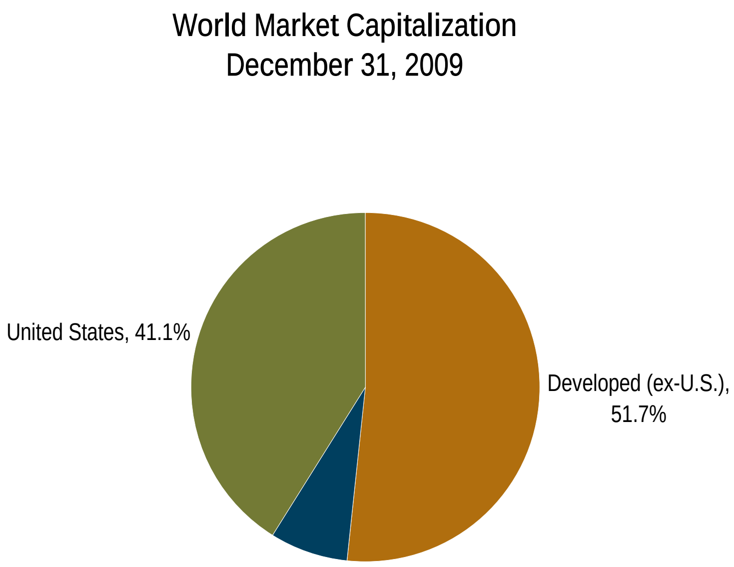
- Modern portfolio theory suggests that the “market portfolio” is the most efficient portfolio (in terms of risk / return trade-off) an investor can hold
- The “market portfolio” is a market-cap weighted sum of all available asset classes
- Using modern portfolio theory as our basis, we believe the most efficient total equity portfolio is one where U.S. and non-U.S. equity is held in proportions approximating that which is available in the marketplace
- U.S. and non-U.S. asset classes are collapsed into a singular asset class – Global Equity
  - The distinction between U.S. and non-U.S. stock markets continues to fade
  - The idea of broad mandates naturally extends across country borders
  - The benchmark for such an asset class would be a broad based global equity index such as the MSCI ACW GIMI
- An investable proxy for the overall equity market is the MSCI All Country World Global Investable Market Index (ACW GIMI)



World GDP and Equity Market Capitalization



Source: World Bank



Source: UBS Global Asset Management, EnnisKnupp

- In 2000, the U.S. stock market represented 54% of the total world stock market. Today, that percentage has shrunk to 41%
- Part of the reason that foreign stock markets have grown proportionately relative to the U.S. is that the economies of many foreign countries have grown faster than that of the U.S.

History of Contributions and Distributions

Date	External Contributions	Regular Distributions	Extraordinary Distributions
7/1/1999	725,124,778	–	–
1/5/2000	344,785,064	–	–
2/10/2000	30,090,158	–	–
7/3/2000	–	6,850,000	–
10/31/2000	–	6,850,000	–
1/3/2001	100,000,000	3,425,000	–
1/4/2001	100,000,000	3,425,000	–
3/30/2001	–	6,850,000	–
7/2/2001	–	6,850,000	–
9/4/2001	–	–	–

History of Contributions and Distributions (cont.)

Date	External Contributions	Regular Distributions	Extraordinary Distributions
10/1/2001	–	14,621,048	–
1/4/2002	200,000,000	10,735,524	–
4/1/2002	–	10,735,524	–
6/27/2002	–	12,800,000	–
1/2/2003	200,000,000	-	–
4/17/2003	–	10,000,000	–
5/6/2003	–	28,400,000	–
5/3/2004	–	41,000,000	–
5/13/2005	–	40,124,248	–
4/6/2006	–	39,225,467	–
3/7/2007	–	40,932,486	–

History of Contributions and Distributions (cont.)

Date	External Contributions	Regular Distributions	Extraordinary Distributions
5/15/2008	–	45,969,151	–
7/2/2008	–	–	29,536,488
8/4/2008	–	–	29,536,488
9/4/2008	–	–	29,536,488
10/6/2008	–	–	29,536,488
11/6/2008	–	–	29,536,488
12/5/2008	–	–	29,536,488
1/6/2009	–	–	29,536,488
2/5/2009	–	–	29,536,488
2/23/2009	–	(465,128)	–
3/5/2009	–	–	29,536,488

History of Contributions and Distributions (cont.)

Date	External Contributions	Regular Distributions	Extraordinary Distributions
4/3/2009	–	–	29,536,488
5/5/2009		–	29,536,488
5/6/2009	–	55,515,014	–
5/6/2009	–	(945,014)	–
6/5/2009	–	–	29,536,488
6/15/2009	–	–	700,000,000
6/3/2010	–	17,900,000	–
2/11/2011	–	3,900,000	–
6/3/2011	–	11,110,000	–

STATE BOARD OF ADMINISTRATION

OF FLORIDA

Post Office Box 13300
32317-3300
1801 Hermitage Boulevard-Suite 100
Tallahassee, Florida 32308
(850) 488-4406

To: Ash Williams

CC: Senior Investment Group

From: Kevin SigRist

Date: September 8, 2011

Subject: Chiles Endowment Investment Policy Statement Review

Earlier this summer, Hewitt EnnisKnupp (HEKA) was asked to review the Lawton Chiles Endowment (LCEF) Investment Policy Statement and answer the following questions:

1. Given current HEKA capital market assumptions, provide an estimate of the expected real geometric return on the Chiles Endowment's assets, given the target asset allocation directed under Section VII of the IPS (i.e., the parameter "GM" described on page 3 of the IPS). Also, provide an estimate of the expected volatility of the endowment.
2. In light of the challenges of endowments and foundations in managing their spending policies during the 2008-09 financial crisis, would HEKA recommend any changes to the Chiles Endowment payout formula defined in Section VI of the IPS?
3. Assuming the investment objectives of the Chiles Endowment are unchanged, while recognizing the potential need for significant liquidity should there be an extraordinary distribution requirement (as occurred in 2008 and 2009), would HEKA recommend altering the target asset allocation? What if an additional objective was to maintain an expected volatility profile reasonably similar to the FRS Pension Plan?
4. Would HEKA recommend adopting a global equity asset class rather than separate domestic equities and foreign equities asset classes?
5. Given the longstanding policy to exclude the equities of tobacco-related companies from the benchmark for the equities asset classes, does HEKA recommend prohibiting the use of market index ETFs or allowing their use from time to time as necessary to prudently manage the asset classes?
6. Are there any other recommendations HEKA would offer regarding the investment policy of the Chiles Endowment?

An attached slide deck contains HEKA's response and three basic recommendations:

1. Maintain current 71% allocation to equity assets to generate long-term growth.
2. Current line-up of asset classes is appropriate given the objectives of LCEF.
3. Combine the current separate allocations to U.S. and non-U.S. equities into a single Global Equity asset class.

To support their recommendations, HEKA indicates:

1. While the chance of extraordinary withdrawals is low, they are still a reality, reaffirming the need to preserve capital through an allocation to fixed income and TIPS.
2. The needs for funds that might come from a special withdrawal tends to be greatest in difficult economic times, when LCEF's investment assets would likely also be experiencing declines in value. Such was the case in the 2008 and 2009 time periods.
3. If the current level of spending is meeting programmatic needs, then the real market value of the endowment is sustainable at an equity allocation of 71%.
4. Maintaining the current allocation to equity assets of 71% is appropriate, but recommends adopting a Global Equity policy allocation instead of separate allocations to Domestic Equities and Foreign Equities.
5. The expected volatility of LCEF with a 71% allocation to Global Equity is comparable to the FRS Pension Plan that is invested in a similar long-term pool of assets.
6. The addition of illiquid asset classes/strategies such as hedge funds, private equity, and real estate is inappropriate given the need to preserve capital and the risk of special withdrawals.

HEKA was also supportive of:

1. Adopting a net of fees cash asset class benchmark (i.e., consistent with the FRS Pension Plan and Florida PRIME).
2. Maintaining a largely passive implementation of the LCEF asset classes given the need for ready liquidity and the challenges of diversifying active manager risk with the relatively smaller asset base. Foreign Equities and TIPS are the only remaining actively managed asset classes under the current policy. Staff continues to evaluate managing the LCEF's Developed Standard assets in an internal passive index fund.
3. The limited use of commingled vehicles to prudently manage the emerging market and foreign small-cap components of the Global Equity asset class. Staff would envision utilizing indexed or index-plus commingled vehicles which would small percentages of tobacco company stocks. The following table illustrates the immaterial level of tobacco exposure in the Emerging, Emerging Small Cap, and Developed Small Cap index subcomponents as of July 31, 2011.[1]

MSCI ACWI x US IMI Index Subcomponent	Number of Tobacco Stocks in Index Subcomponent	Tobacco Stocks' Share of Index Subcomponent Float Adjusted MarketCap
Developed Standard	4	1.26%
Emerging	6	0.74%
Emerging Small Cap	5	0.29%
Developed Small Cap	9	0.15%

The HEKA presentation and a blackline version of the LCEF Investment Policy Statement are attached. Our expectation is that the revised Investment Policy will be presented to the Trustees and IAC at the September 2011 meetings and if approved would be phased in within a 12 month period.

Let me know if you have any questions.

Attachments

[1] From April 2008 to June 2011, the annualized return impact from excluding tobacco stocks from the MSCI AC World ex USA IMI - Net Return Index was less than -0.2 basis points with an annualized tracking error of 18 basis points.

~~Adopted March 24, 2009~~

Draft for Consideration by IAC 9/19/11 and Trustees 9/20/11

LAWTON CHILES ENDOWMENT FOR CHILDREN AND ELDERS
INVESTMENT POLICY STATEMENT

I. DEFINITIONS

Asset Class - An asset class is an aggregation of one or more portfolios with the same principal asset type. For example, all of the portfolios whose principal asset type was stocks would be aggregated together as the Stock asset class. As such, it would contain primarily—but not exclusively—the principal asset type.

Asset Type - An asset type is a category of investment instrument such as common stock or bond.

Portfolio - A portfolio is the basic organization unit of the Endowment. Funds are managed within portfolios. A portfolio will contain one principal asset type (common stocks, for example), but may contain small amounts of other asset types as well. The discretion for this mix of asset types is set out in guidelines for each portfolio.

Annuity - An agreement whereby the investor receives a specified periodic payment over a predetermined time period.

II. OVERVIEW OF THE ENDOWMENT FUND AND THE SBA

The State Board of Administration (Board) provides investment management of assets contributed and held on behalf of the Lawton Chiles Endowment Fund (Endowment), pursuant to s. 215.5601, F.S. as created by Chapter 99-167, L.O.F.

III. THE BOARD

The Board consists of the Governor, as Chairman, the Chief Financial Officer, as Treasurer, and the Attorney General, as Secretary. The Board has statutory responsibility for the investment of Endowment assets, subject to limitations on investments as outlined in Section 215.47, Florida Statutes and the requirements specific to the Endowment contained in s. 215.5601, Florida Statutes.

The Board shall discharge its fiduciary duties in accordance with the Florida statutory fiduciary standards of care as contained in sections 215.47(9), Florida Statutes.

The Board delegates to the Executive Director the administrative and investment authority, within the statutory limitations and rules, to manage the investment of Endowment assets.

The mission of the State Board of Administration is to provide superior investment and trust services while adhering to the highest ethical, fiduciary and professional standards.

IV. THE EXECUTIVE DIRECTOR

The Executive Director is charged with the responsibility for managing and directing administrative, personnel, budgeting, and investment functions, including the strategic and tactical allocation of invested assets.

The Executive Director is charged with developing specific individual investment portfolio objectives and policy guidelines, and providing the Board with monthly and quarterly reports of investment activities.

The Executive Director has investment responsibility for maintaining diversified portfolios, and maximizing returns with respect to the broad diversified market standards of individual asset classes, consistent with appropriate risk constraints.

The Executive Director is responsible for evaluating the appropriateness of the goals and objectives in this Plan and recommending changes to the Board when appropriate.

V. INVESTMENT OBJECTIVES

The investment objective of the Board is long-term preservation of the real value of the principal (contributed capital) and a specified regular annual cash outflow for appropriation, as nonrecurring revenue, utilizing a thirty-year planning horizon. The Board's principal means for achieving this goal are through defining the terms of the Endowment's annuity payout structure authorized under law and through investment directives to the Executive Director.

The main object of these investment directives is the asset class. The Board directs the Executive Director to manage the asset classes in ways that, in the Board's opinion, will maximize the likelihood of achieving the investment objective. The Board establishes asset classes, sets permissible shares of the total portfolio's value for each and establishes performance benchmarks for them. In addition, it establishes a performance benchmark for the total portfolio.

VI. PAYOUT FORMULA

Liquidation of fund assets to support the legislative appropriations process shall be made according to the following participating annuity structure. At the start of each state budget cycle, a payout amount from the Endowment shall be established for the upcoming fiscal year according to the following formula:

$$\boxed{s_i = (x)s_{i-1} + (1-x)V_i \max[GM - \frac{R+K}{30}, 0]}$$

where: x = 75%

s_i = real payout amount for the upcoming fiscal year;

s_{i-1} = real payout amount for the prior fiscal year, proportionally adjusted for any changes in the amount of contributed principal since the prior fiscal year;

V_i = real value of the endowment at the time s_i is determined;

GM = the expected real geometric return on the endowment's assets, given the asset allocation directed under Section VII;

R = the required change in the fund's net asset value in order for Vi to equal the real value of all contributions to the Endowment at the time s_i is determined; and

K = prudence constant corresponding to a shortfall probability of 20%.[1]

Payouts shall be made no more frequently than quarterly, at the start of each quarter, in pro-rata portions of s_i.

VII. TARGET PORTFOLIO AND ASSET ALLOCATION RANGES

In order to achieve the investment goal, the Board sets a relative objective for the Executive Director: achieve or exceed the return on a performance benchmark known as the Target Portfolio over time. The Target Portfolio is a portfolio composed of a specific mix of the authorized asset classes. The return on this portfolio is a weighted-average of the returns to passive benchmarks for each of the asset classes. The expectation is that this return will meet or exceed the target rate of return and, ~~will~~ thus ~~assure~~ achieve~~ment~~ ~~of~~ the Board's investment objectives.

This relative return objective is developed in a risk management framework. Risk from the perspective of the Board is failing to earn the target return over long periods of time, and the asset mix is developed to minimize this risk. In selecting the Target Portfolio the Board considers information related to specified future expenditures from the Endowment and historical asset class risk and return characteristics. Potential asset mixes are thus evaluated with respect to their expected return and volatility as well as risk.

Although the target portfolio has an expected return and risk associated with it, it is important to note that this expected return is neither an explicit nor an implicit goal for the managers of the Endowment. These figures are used solely in developing directives for fund management that will raise the probability of success in achieving the target rate of return. The Executive Director is held responsible not for specifically achieving the target rate of return in each period, but rather for doing at least as well as the market using the target portfolio's mix of assets.

In pursuit of incremental investment returns, the Executive Director may vary the asset mix from the target allocation based on market conditions and the investment environment for the individual asset classes. The Executive Director shall adopt an asset allocation policy guideline which specifies the process for making these tactical decisions. The guideline

[1] More specifically, K = the inverse of the standard normal cumulative distribution for a probability of 20% or less times the expected risk of the portfolio times the square root of the planning horizon (30 years).

shall concentrate on the analysis of economic conditions, the absolute values of asset class investments and the relative values between asset classes.

The Board establishes the Target Portfolio as being composed of the following Asset Classes and Target Allocations and, additionally, the Board establishes ranges for the actual allocations to limit the risk of deviating significantly from the long-run investment plan.

Table 1

Asset Class	Target Allocation	Policy Range
Global Equity	71%	61-81%
~~Domestic Equities~~	~~59%~~	~~54-64%~~
Fixed Income	17%	12-~~25~~22%
~~Foreign Equities~~	~~12%~~	~~6-18%~~
Inflation-Indexed Bonds	11%	6-16%
Cash Equivalents	1%	0-10%

For purposes of determining compliance with these Policy Ranges, an Asset Class is considered to be an aggregation of one or more portfolios with substantially the same principal asset type. As a standard management practice, portfolio managers are expected to meet their goals for all assets allocated to their portfolio.

It is expected that the Endowment will be managed in such a way that the actual allocation mix will remain within these ranges. Investment strategies or market conditions which result in an allocation position for any asset class outside of the enumerated ranges for a period exceeding thirty days shall be reported to the Board, together with a review of conditions causing the persistent deviation and a recommendation for subsequent investment action.

Notwithstanding the prior paragraph, in the event of a mandated payout from the Endowment that is expected by the Executive Director to require an accumulation of cash that exceeds ten percent of the market value of the Endowment, all asset classes' Target Allocations will float and Policy Ranges will not be applicable. During such an event, Target Allocations will be equal to the actual month-end average balances for the respective asset classes as determined by the custodian. Actual allocations will be reported monthly to the Board. Once the mandated payout has been made, Target Allocations and Policy Ranges will revert to the values in Table 1.

In adopting this plan, the board recognizes that no additional contributions are anticipated under current law.

VIII. PERFORMANCE MEASUREMENT

Asset class performance is measured in accordance with a broad market index appropriate to the asset class. The following indices are used as benchmarks for the authorized asset classes:

Table 2

Asset Class	Index
~~Domestic Equities~~	~~The Russell 3000, excluding the equities of tobacco-related companies.~~
Fixed Income	The Barclays Capital U.S. Aggregate Bond Index
Global ~~Foreign~~ Equit~~ies~~y	~~The~~ A custom version of the Morgan Stanley Capital All Country World International Investable Market Index, ~~excluding the U.S.,~~ in dollar terms, net of withholding taxes on non-resident institutional investors ~~and~~ adjusted to reflect the ~~excluding~~ exclusion of certain ~~the~~ equities of tobacco-related companies.
Inflation-Indexed Bonds	The Barclays Capital U.S. Treasury Inflation Note Index.
Cash Equivalents	The Standard & Poor's U.S. AAA & AA Rated Government Investment Pool All 30 Day ~~Gross~~ - Net Yield Index

The return on the Target Portfolio shall be calculated as an average of the returns to the Target Indices indicated in Table 2 weighted by the Target Allocations indicated by Table 1, (recognizing that Table 1 is suspended if a mandated payout from the Endowment is of sufficient size).

Performance measurement of asset allocation performance shall be made by comparing the actual asset allocation times the return for the appropriate indices to the target allocation times the index returns.

IX. ASSET CLASS PORTFOLIO MANAGEMENT

General Portfolio Guidelines

The Executive Director is responsible for developing asset class and individual portfolio policies and guidelines which reflect the goals and objectives of this Investment Policy Statement. In doing so, he is authorized to use all investment authority spelled out in Section 215.47, Florida Statutes, except as limited by this Plan or SBA Rules. The Executive Director shall develop guidelines for the selection and retention of portfolios, and shall manage all external contractual relationships in accordance with the fiduciary responsibilities of the Board.

All asset classes shall be invested to achieve or exceed the return on their respective benchmarks over a long period of time. The portfolios shall also be well diversified with respect to the benchmark.

Commingled vehicles which invest broadly in foreign small-cap equities indices and foreign emerging market equities indices, including the equities of tobacco-related companies therein, are authorized to the extent necessary to prudently manage the Endowment.

X. REPORTING

The Board directs the Executive Director to coordinate the preparation of regular reports of the investment performance of the Endowment by the Board's independent performance measurement firm.

The Executive Director shall also make a status report to the Governor, the Speaker of the House of Representatives, the President of the Senate, the chairpersons of the respective appropriations and substantive committees of each chamber, and the Revenue Estimating Conference monthly.

XI. SBA ADMINISTRATIVE COST

Administrative costs will be deducted from the fund at a rate not greater than that charged by the SBA for managing Florida Retirement System assets.

XII. IMPLEMENTATION SCHEDULE

This plan shall be effective ~~April 1, 2009~~ October 1, 2011. However, the target allocation and the target index changes for Global Equity may be phased in over a 12 month period subsequent to the effective date.

LAWTON CHILES ENDOWMENT FOR CHILDREN AND ELDERS
INVESTMENT POLICY STATEMENT

I. DEFINITIONS

Asset Class - An asset class is an aggregation of one or more portfolios with the same principal asset type. For example, all of the portfolios whose principal asset type was stocks would be aggregated together as the Stock asset class. As such, it would contain primarily—but not exclusively—the principal asset type.

Asset Type - An asset type is a category of investment instrument such as common stock or bond.

Portfolio - A portfolio is the basic organization unit of the Endowment. Funds are managed within portfolios. A portfolio will contain one principal asset type (common stocks, for example), but may contain small amounts of other asset types as well. The discretion for this mix of asset types is set out in guidelines for each portfolio.

Annuity - An agreement whereby the investor receives a specified periodic payment over a predetermined time period.

II. OVERVIEW OF THE ENDOWMENT FUND AND THE SBA

The State Board of Administration (Board) provides investment management of assets contributed and held on behalf of the Lawton Chiles Endowment Fund (Endowment), pursuant to s. 215.5601, F.S. as created by Chapter 99-167, L.O.F.

III. THE BOARD

The Board consists of the Governor, as Chairman, the Chief Financial Officer, as Treasurer, and the Attorney General, as Secretary. The Board has statutory responsibility for the investment of Endowment assets, subject to limitations on investments as outlined in Section 215.47, Florida Statutes and the requirements specific to the Endowment contained in s. 215.5601, Florida Statutes.

The Board shall discharge its fiduciary duties in accordance with the Florida statutory fiduciary standards of care as contained in sections 215.47(9), Florida Statutes.

The Board delegates to the Executive Director the administrative and investment authority, within the statutory limitations and rules, to manage the investment of Endowment assets.

The mission of the State Board of Administration is to provide superior investment and trust services while adhering to the highest ethical, fiduciary and professional standards.

IV. THE EXECUTIVE DIRECTOR

The Executive Director is charged with the responsibility for managing and directing administrative, personnel, budgeting, and investment functions, including the strategic and tactical allocation of invested assets.

The Executive Director is charged with developing specific individual investment portfolio objectives and policy guidelines, and providing the Board with monthly and quarterly reports of investment activities.

The Executive Director has investment responsibility for maintaining diversified portfolios, and maximizing returns with respect to the broad diversified market standards of individual asset classes, consistent with appropriate risk constraints.

The Executive Director is responsible for evaluating the appropriateness of the goals and objectives in this Plan and recommending changes to the Board when appropriate.

V. INVESTMENT OBJECTIVES

The investment objective of the Board is long-term preservation of the real value of the principal (contributed capital) and a specified regular annual cash outflow for appropriation, as nonrecurring revenue, utilizing a thirty-year planning horizon. The Board's principal means for achieving this goal are through defining the terms of the Endowment's annuity payout structure authorized under law and through investment directives to the Executive Director.

The main object of these investment directives is the asset class. The Board directs the Executive Director to manage the asset classes in ways that, in the Board's opinion, will maximize the likelihood of achieving the investment objective. The Board establishes asset classes, sets permissible shares of the total portfolio's value for each and establishes performance benchmarks for them. In addition, it establishes a performance benchmark for the total portfolio.

VI. PAYOUT FORMULA

Liquidation of fund assets to support the legislative appropriations process shall be made according to the following participating annuity structure. At the start of each state budget cycle, a payout amount from the Endowment shall be established for the upcoming fiscal year according to the following formula:

$$\boxed{s_i = (x)s_{i-1} + (1-x)V_i \max[GM - \frac{R+K}{30}, 0]}$$

where: x = 75%

s_i = real payout amount for the upcoming fiscal year;

s_{i-1} = real payout amount for the prior fiscal year, proportionally adjusted for any changes in the amount of contributed principal since the prior fiscal year;

V_i = real value of the endowment at the time s_i is determined;

GM = the expected real geometric return on the endowment's assets, given the asset allocation directed under Section VII;

R = the required change in the fund's net asset value in order for Vi to equal the real value of all contributions to the Endowment at the time s_i is determined; and

K = prudence constant corresponding to a shortfall probability of 20%.[1]

Payouts shall be made no more frequently than quarterly, at the start of each quarter, in pro-rata portions of s_i.

VII. TARGET PORTFOLIO AND ASSET ALLOCATION RANGES

In order to achieve the investment goal, the Board sets a relative objective for the Executive Director: achieve or exceed the return on a performance benchmark known as the Target Portfolio over time. The Target Portfolio is a portfolio composed of a specific mix of the authorized asset classes. The return on this portfolio is a weighted-average of the returns to passive benchmarks for each of the asset classes. The expectation is that this return will meet or exceed the target rate of return and, thus achieve the Board's investment objectives.

This relative return objective is developed in a risk management framework. Risk from the perspective of the Board is failing to earn the target return over long periods of time, and the asset mix is developed to minimize this risk. In selecting the Target Portfolio the Board considers information related to specified future expenditures from the Endowment and historical asset class risk and return characteristics. Potential asset mixes are thus evaluated with respect to their expected return and volatility as well as risk.

Although the target portfolio has an expected return and risk associated with it, it is important to note that this expected return is neither an explicit nor an implicit goal for the managers of the Endowment. These figures are used solely in developing directives for fund management that will raise the probability of success in achieving the target rate of return. The Executive Director is held responsible not for specifically achieving the target rate of return in each period, but rather for doing at least as well as the market using the target portfolio's mix of assets.

In pursuit of incremental investment returns, the Executive Director may vary the asset mix from the target allocation based on market conditions and the investment environment for the individual asset classes. The Executive Director shall adopt an asset allocation policy guideline which specifies the process for making these tactical decisions. The guideline shall concentrate on the analysis of economic conditions, the absolute values of asset class investments and the relative values between asset classes.

[1] More specifically, K = the inverse of the standard normal cumulative distribution for a probability of 20% or less times the expected risk of the portfolio times the square root of the planning horizon (30 years).

The Board establishes the Target Portfolio as being composed of the following Asset Classes and Target Allocations and, additionally, the Board establishes ranges for the actual allocations to limit the risk of deviating significantly from the long-run investment plan.

Table 1

Asset Class	Target Allocation	Policy Range
Global Equity	71%	61-81%
Fixed Income	17%	12-22%
Inflation-Indexed Bonds	11%	6-16%
Cash Equivalents	1%	0-10%

For purposes of determining compliance with these Policy Ranges, an Asset Class is considered to be an aggregation of one or more portfolios with substantially the same principal asset type. As a standard management practice, portfolio managers are expected to meet their goals for all assets allocated to their portfolio.

It is expected that the Endowment will be managed in such a way that the actual allocation mix will remain within these ranges. Investment strategies or market conditions which result in an allocation position for any asset class outside of the enumerated ranges for a period exceeding thirty days shall be reported to the Board, together with a review of conditions causing the persistent deviation and a recommendation for subsequent investment action.

Notwithstanding the prior paragraph, in the event of a mandated payout from the Endowment that is expected by the Executive Director to require an accumulation of cash that exceeds ten percent of the market value of the Endowment, all asset classes' Target Allocations will float and Policy Ranges will not be applicable. During such an event, Target Allocations will be equal to the actual month-end average balances for the respective asset classes as determined by the custodian. Actual allocations will be reported monthly to the Board. Once the mandated payout has been made, Target Allocations and Policy Ranges will revert to the values in Table 1.

In adopting this plan, the board recognizes that no additional contributions are anticipated under current law.

VIII. PERFORMANCE MEASUREMENT

Asset class performance is measured in accordance with a broad market index appropriate to the asset class. The following indices are used as benchmarks for the authorized asset classes:

Table 2

Asset Class	Index
Global Equity	A custom version of the Morgan Stanley Capital All Country World International Investable Market Index, in dollar terms, net of withholding taxes on non-resident institutional investors adjusted to reflect the exclusion of certain equities of tobacco-related companies.
Fixed Income	The Barclays Capital U.S. Aggregate Bond Index
Inflation-Indexed Bonds	The Barclays Capital U.S. Treasury Inflation Note Index.
Cash Equivalents	The Standard & Poor's U.S. AAA & AA Rated Government Investment Pool All 30 Day - Net Yield Index

The return on the Target Portfolio shall be calculated as an average of the returns to the Target Indices indicated in Table 2 weighted by the Target Allocations indicated by Table 1, (recognizing that Table 1 is suspended if a mandated payout from the Endowment is of sufficient size).

Performance measurement of asset allocation performance shall be made by comparing the actual asset allocation times the return for the appropriate indices to the target allocation times the index returns.

IX. ASSET CLASS PORTFOLIO MANAGEMENT

General Portfolio Guidelines

The Executive Director is responsible for developing asset class and individual portfolio policies and guidelines which reflect the goals and objectives of this Investment Policy Statement. In doing so, he is authorized to use all investment authority spelled out in Section 215.47, Florida Statutes, except as limited by this Plan or SBA Rules. The Executive Director shall develop guidelines for the selection and retention of portfolios, and shall manage all external contractual relationships in accordance with the fiduciary responsibilities of the Board.

All asset classes shall be invested to achieve or exceed the return on their respective benchmarks over a long period of time. The portfolios shall also be well diversified with respect to the benchmark.

Commingled vehicles which invest broadly in foreign small-cap equities indices and foreign emerging market equities indices, including the equities of tobacco-related companies therein, are authorized to the extent necessary to prudently manage the Endowment.

X. REPORTING

The Board directs the Executive Director to coordinate the preparation of regular reports of the investment performance of the Endowment by the Board's independent performance measurement firm.

The Executive Director shall also make a status report to the Governor, the Speaker of the House of Representatives, the President of the Senate, the chairpersons of the respective appropriations and substantive committees of each chamber, and the Revenue Estimating Conference monthly.

XI. SBA ADMINISTRATIVE COST

Administrative costs will be deducted from the fund at a rate not greater than that charged by the SBA for managing Florida Retirement System assets.

XII. IMPLEMENTATION SCHEDULE

This plan shall be effective October 1, 2011. However, the target allocation and the target index changes for Global Equity may be phased in over a 12 month period subsequent to the effective date.