MEETING OF THE STATE BOARD OF ADMINISTRATION

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

JANUARY 26, 2010

To View Agenda Items, Click on the Following Link:
www.sbafla.com

AGENDA - AMENDED

ITEM 1. Request approval of the minutes of December 8, 2009.

(See Attachment 1)

ACTION REQUIRED

ITEM 2. Request approval of a fiscal sufficiency of an amount not exceeding $475,000,000 State of Florida, State Board of Education Lottery Revenue Refunding Bonds, Series (To Be Determined).

(See Attachment 2)

ACTION REQUIRED

ITEM 3. Request approval of a fiscal sufficiency of an amount not exceeding $320,000,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, (Series to be Determined).

(See Attachment 3)

ACTION REQUIRED

ITEM 4. Request approval of a fiscal sufficiency of an amount not exceeding $180,000,000 State of Florida, State Board of Education Lottery Revenue Bonds, Series (To Be Determined).

(See Attachment 4)

ACTION REQUIRED

ITEM 5. Request approval of a fiscal sufficiency of an amount not exceeding $57,000,000 State of Florida, Department of Environmental Protection Everglades Restoration Revenue Bonds, Series (To Be Determined).

(See Attachment 5)

ACTION REQUIRED

ITEM 6. 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 6)

ACTION REQUIRED

ITEM 7. Request approval of a draft letter to the Joint Legislative Auditing Committee affirming that the SBA Trustees have "reviewed and approved the monthly [Local Government Investment Pool (LGIP) Management Summary] reports and actions taken, if any, to address any [material] impacts." (s. 218.409(6)(a)1., F.S.)

This is a quarterly requirement created by SB 2422, 2008 Session. During the quarter there were no material impacts. Copies of the October, November, and December 2009 reports are attached.

(See Attachment 7, 7-A, 7-B, and 7-C)

ACTION REQUIRED

ITEM 8. Request approval of, and authority to file, a Notice of Proposed Rule for the five rules listed below. If no member of the public requests a rule hearing, request approval to file these rules for adoption.

19-8.010 Reimbursement Contract
19-8.012 Procedures to Determine Ineligibility for Participation in the Florida Hurricane Catastrophe Fund and to Determine Exemption from Participation in the Florida Hurricane Catastrophe Fund due to Limited Exposure
19-8.013 Revenue Bonds Issued Pursuant to Section 215.555(6), F.S.
19-8.029 Insurer Reporting Requirements
19-8.030 Insurer Responsibilities

(See Attachment 8)

ACTION REQUIRED

ITEM 9. **GOOD CAUSE**
The Master Contract, as originally presented to the responding law firms, did not contain a provision limiting the amount of fees a law firm could receive representing the State Board of Administration in securities litigation cases. A cap of the amount of fees received in the amount of $50,000,000 in opt-out cases and $50,000,000 on the portion of a lead-plaintiff case attributable to the damages recovered on behalf of the State Board of Administration has been suggested as being appropriate.

To permit the finalization of the fee provisions of the Master Contract, the State Board of Administration requires clarification as to whether a $50,000,000 fee cap should be included in the Master Contract for each law firm in the securities litigation pool.

(Attachment 9)

ACTION REQUIRED

T H E C A B I N E T

S T A T E O F F L O R I D A

Representing:

DEPARTMENT OF REVENUE

DEPARTMENT OF LAW ENFORCEMENT

ADMINISTRATION COMMISSION

BOARD OF TRUSTEES, INTERNAL IMPROVEMENT TRUST FUND

STATE BOARD OF ADMINISTRATION

The above agencies came to be heard before THE FLORIDA CABINET, Honorable Governor Crist presiding, in the Cabinet Meeting Room, LL-03, The Capitol, Tallahassee, Florida, on Tuesday, December 8, 2009, commencing at 9:05 a.m.

Reported by:
JO LANGSTON
Registered Professional Reporter

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

APPEARANCES:

Representing the Florida Cabinet:

CHARLIE CRIST
Governor

CHARLES H. BRONSON
Commissioner of Agriculture

BILL McCOLLUM
Attorney General

ALEX SINK
Chief Financial Officer

* * *

INDEX

DEPARTMENT OF REVENUE
(Presented by LISA ECHEVERRI)

ITEM	ACTION	PAGE
1	Approved	5
2	Approved	5
3	Approved	6
4	Approved	6
5	Approved	8
6	Approved	9

DEPARTMENT OF LAW ENFORCEMENT
(Presented by MARK ZADRA)

ITEM	ACTION	PAGE
1	Approved	12
2	Approved	14
3	Approved	21

ADMINISTRATION COMMISSION
(Presented by LISA SALIBA)

ITEM	ACTION	PAGE
1	Approved	27
2	Approved	29

BOARD OF TRUSTEES, INTERNAL IMPROVEMENT TRUST FUND
(Presented by MICHAEL SOLE)

ITEM	ACTION	PAGE
1	Approved	30
2	Approved	30
3	Approved	32
4	Withdrawn	32
5	Approved	33
6	Approved	33
7	Approved	34
8	Approved	37
9	Approved	38

INDEX (continued)

STATE BOARD OF ADMINISTRATION
(Presented by ASH WILLIAMS)

ITEM	ACTION	PAGE
1	Approved	94
2	Approved	94
3	Approved	94
4	Approved	95
5	Approved	95
6	Approved	99
7	Discussion	99
8-A	Discussion	126
	Motion Approved	130
8-B	Discussion	131
8-C	Discussion	134
	Motion Approved	142
8-D	Discussion	142
8-E	Discussion	150
8-F	Discussion	152
	Motion Approved	160
8-G	Discussion	160
8-H	Discussion	177
9	Discussion	180
10	Discussion	214
	Motion Approved	242

CERTIFICATE OF REPORTER 243

GOVERNOR CRIST: SBA, better known as the State Board of Administration. Ash Williams.

MR. WILLIAMS: Good morning.

GOVERNOR CRIST: Good morning. It is still morning. Thank you, Ash.

MR. WILLIAMS: Barely. Item 1, request approval of the minutes from our October 27 meeting.

ATTORNEY GENERAL McCOLLUM: So moved.

CFO SINK: Second.

GOVERNOR CRIST: Moved and seconded. Show the minutes approved.

MR. WILLIAMS: Item 2 is a fiscal determination for the Florida Housing Finance Corporation.

CFO SINK: Move it.

ATTORNEY GENERAL McCOLLUM: Second.

GOVERNOR CRIST: Moved and seconded. Show Item 2 approved without objection.

MR. WILLIAMS: Item 3 is also a fiscal determination for the Florida Housing Finance Corporation Affordable Housing Guarantee Fund term loan.

ATTORNEY GENERAL McCOLLUM: Move Item 3.

CFO SINK: Second.

GOVERNOR CRIST: Moved and seconded. Show it approved without objection.

MR. WILLIAMS: Item 4, another fiscal determination for Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes.

CFO SINK: Move it.

ATTORNEY GENERAL McCOLLUM: Second.

GOVERNOR CRIST: Moved and seconded. Show it approved without objection.

MR. WILLIAMS: Item 5 is approval for five amended rules for the Florida Retirement System Investment Plan.

ATTORNEY GENERAL McCOLLUM: Move it.

CFO SINK: Second.

GOVERNOR CRIST: Moved and seconded. Show it approved without objection.

MR. WILLIAMS: Item 6 is an interest rate exception for the Southern Grove Community Development District No. 5. This is in relation to the VGTI, Vaccine and Gene Therapy Institute of Florida. And this is one, Governor and Trustees, that I'd like to thank everyone who has worked on this. There's been a tremendous amount of effort put into this issue in a very short period of time between OTTED, VGTI as the issuer, the underwriter, Division of Bond Finance, staff at the State Board, et cetera. We do have the folks here from VGTI if

there are any questions today, but our recommendation is approval.

GOVERNOR CRIST: Great. I would recommend that, too. But I'd like to give them the opportunity to say a few words, if you don't mind. Would love to hear from you. You took the trouble to come here.

MR. MARK WILLIAMS: Governor Crist, members of the Board, thank you very much for having us here today. My name is Mark Williams. I am the chief operating officer for VGTI Florida. It is indeed our pleasure to be able to participate in this wonderful initiative that the State of Florida has embarked upon.

We are already present in St. Lucie County. We are occupying, rent-free I might add, the third floor of the wonderful Torrey Pines Institute. That rent-free was part of the local match to help bring us here. We already have about 30 scientists working on the Treasure Coast looking for cures. And I use the word "cure" because that's how they use it, looking for nothing short of a cure for diseases such as HIV, swine flu, West Nile virus and other types of diseases.

What our scientists seek to do is to improve

the human condition by actually using the human body's own immunology system. Their work is focused on enhancing that system, so that as a country and nation and a state, we move away from curing these diseases by bombarding people with chemicals that can be poisonous in and of themselves and actually use the human body's own systems.

We are already embarked on partnerships with Martin Memorial Hospital in St. Lucie County for clinical trials that we think have tremendous promise. And so once again, we thank you very much for this opportunity to come to Florida and begin this important research.

GOVERNOR CRIST: You're quite welcome. I would -- first I want to commend you and thank you for the initiative that you have taken and the investment in Florida. I also want to commend my predecessor, Governor Bush, as well as Senate President Pruitt, for their leadership in this area and what it's done for Florida and the expansion of economic opportunity for our state, let alone the great strides that can be made to enhancing the quality of life of our fellow man because of the work that you and Torrey Pines and Scripps and Max Planck and others do. It's just a tremendous

tribute to Florida and Florida's leadership and continued vision for the future. I think the General wants to say something.

ATTORNEY GENERAL McCOLLUM: I just wanted to add, Governor, what a great program this is and the opportunity for us in the state, but more importantly for the people that you're working to help find cures and disease cures for. Our state is now becoming known, because of your work and the collaboration of a few others, as a center of health research. And I think, as that goes forward, we can't help but benefit by that as a state, but we're going to benefit by that as a nation and the people of the world are going to benefit by it.

My understanding today, though, is that you're here because we need this exception on interest rates because the private builder couldn't do something and we have to bond to build, and you don't have a building, right? Is that right? Is that what we're here about?

MR. MARK WILLIAMS: We do need to build a building.

ATTORNEY GENERAL McCOLLUM: And we want to help you get that building.

MR. MARK WILLIAMS: Yes, sir.

ATTORNEY GENERAL McCOLLUM: So I'm certainly prepared to move this, but I'm sure glad that you're here and we appreciate it.

MR. MARK WILLIAMS: Thank you very much.

GOVERNOR CRIST: Great, thank you, Mark.

CFO SINK: Second.

GOVERNOR CRIST: Moved and seconded. Show it approved without objection. Thank you.

MR. WILLIAMS: Thank you. Item 7, we'll move into the SBA quarterly meeting agenda. The first thing we have is investment performance reports for the Florida Retirement System DB and DC Plans, Florida PRIME, and the Hurricane Catastrophe Fund. We have with us this morning, to give you a direct and objective assessment of our performance, Mr. Steve Cummings, who is the chief executive of EnnisKnupp, and also Kristen Hanto, senior associate from Ennis. So let me call on Mr. Cummings.

MR. CUMMINGS: Thank you, Ash. Good morning, Governor Crist, CFO Sink, General McCollum. Good to be with you again. As Ash mentioned, I'm Steve Cummings. And I have quite a bit of information in this presentation. With your permission, I'm going to hit the highlights during my oral comments, but either I or my colleague, Kristen, will be pleased

to answer any questions that you might have. I understand you have a very full agenda today.

GOVERNOR CRIST: That's all right. Let me apologize to you and to my colleagues for getting back here a little bit late. I didn't want to be gone quite that long. But I had an important visit with Senator Crist. And so with that, we look forward to your comments.

MR. CUMMINGS: Thank you very much. Let me begin my comments by asking you to turn to slide five in our presentation. It's a graphic several slides in. There it is right there. This is a good way to frame my comments to you today. This is a graph that shows what a dollar invested in the various capital markets would have returned an investor over the 12 months ending September 30th, 2009. And my comment today for all of these funds are addressing performance for periods ending September 30, 2009.

As is no surprise to anybody in this room, a dollar invested in the stock market, whether in ours or abroad, declined precipitously from September 2008 through early in 2009 and then nicely recovered since that time. Nothing short of a roller-coaster ride for equity investors around the

globe.

If there are three points I can leave the trustees with today as it relates to my comments, they are that it has been a nearly unprecedented volatile period in the world's capital markets. We all know that. The second is that your portfolios have held up their own very nicely relative to their market benchmarks and relative to their peers. And the third comment is that your portfolios have done so while incurring below market average costs.

So although the absolute returns that we've earned in some cases have been quite disappointing, relative to market indices and your peers, the performance has been favorable and cost effective. And that's a theme that I will comment on several times.

We skip two pages forward to slide seven. We have a graphic that is an important compliance issue. These bars show the asset allocation of the defined benefit plan managed by the Florida Retirement System as of the end of September. This was about $110 billion at that time. That's an increase of about $10 billion since the last report we rendered as of June 30th of this year.

And what this graphic indicates is that the

portfolio was in compliance with policy guidelines and ranges. There were no asset classes that fell outside of their prescribed ranges.

We slide forward two slides to slide nine. We look at our first performance exhibit for the retirement plan. This graphic shows for, again, periods ending September 30th, the results of the FRS relative to its market benchmark and to the absolute rate of return target that is our long-term goal of CPI plus five, Consumer Price Index plus five percentage points per year. You'll see that the recent quarterly returns on an absolute basis were quite favorable, nearly 12 percent, and quite favorable relative to the benchmark, both benchmarks. Intermediate periods, the one-year and three-year, less robust, as is the case for all investors. And then over longer time periods, five and ten years, the FRS program is comparing nicely to the market benchmark but failing to achieve that Consumer Price Index plus five percent.

If you turn to the very next slide, however, we show that same comparison over a longer period of time. And you'll see that the last 15 and last 20 years the FRS performance has handily beaten that Consumer Price Index plus five percent index. That

benchmark is designed to be a very long-term benchmark.

My only other comment on this exhibit is that the SBA is not alone in failing to achieve over the last five and ten years benchmark results that are measured against Consumer Price Index. Almost every single institutional investor of size would have a similar-looking picture for the five and ten years relative to that type of index. Only a few would have the favorable results that we see for the longer time periods here for the FRS pension fund, both 15 and 20 years, beating that benchmark quite handily over long periods of time.

CFO SINK: Governor, could I ask a question about that, please?

GOVERNOR CRIST: Of course, certainly.

CFO SINK: This is a pretty stunning graph. It just brings the issue up to me, is this investment objective, is this something that we ought to be rethinking? Because it obviously appears for ten years we haven't even come close to achieving it. And I know that a lot of the long-term projections, because we do have a long-term horizon because of our future liabilities, are probably keyed off this assumption that we're going to have this

seven percent long-term return.

MR. CUMMINGS: That's an excellent question and one that, quite frankly, we grapple with and revisit with our clients on a regular basis. The irony here is that the time horizon for a program of this nature is in many cases infinite for an open plan that has new participants accruing fresh retirement benefits. And any fixed period of time fails to properly benchmark the true economic realities of a perpetual plan such as this one.

However, we need to be able to score-keep the results. We need benchmarks. We need to be able to convey to individuals and groups such as yourself whether or not the portfolio is on track, is it achieving its objectives. So we have this tension between the very, very long-term nature of the investment pool and our need to score-keep it.

In our opinion, we have a nice balance here in this retirement program with long-term and short-term goals. The performance benchmark that we looked at on the prior page is a mark to market, realtime score-keeping mechanism, where we can see are your stock portfolios keeping up with stock portfolios in general, are your bond portfolios keeping up with bond portfolios in general. It's

good for short-term measurement periods.

For the longer time period we continue to be comfortable with a Consumer Price Index benchmark for programs of this type because the benefits that are being funded by this program behave in a way that is linked to inflationary changes over time. But there is no single right answer. And I think it's an excellent point. And it's highlighted historically right now as a result of what we saw over the last year in the markets and the significant downdraft. But we do revisit it every time we do an asset/liability study, which is on the docket for spring.

ATTORNEY GENERAL McCOLLUM: Could I ask you, looking back on that last slide, it looks like the last quarter we actually were doing great. Is that correct?

MR. CUMMINGS: Yes. If you can return one slide back. Yes. This is one of the toughest periods for people in my business because we have a spectacular three-month period on an absolute and relative basis. And we're saying those words in a lot of board rooms across the country right now.

It comes on the heels of a devastating nine-month period, such that the one-year period

that's just right to the left, which includes that spectacular quarter, looks very weak. So we have a situation right now where we're encouraging our clients not to make any meaningful changes to their investment program based on the returns themselves. We're encouraging a long-term focus.

I'm not telling you you didn't do great last quarter. You did, and something that we should all be proud of, but it has been a roller-coaster ride for sure.

ATTORNEY GENERAL McCOLLUM: I just was wanting to point out that we did have a great quarter. And when we look at these -- the ones the CFO is pointing out, the long-term view versus short-term, changing objectives, we may very well meet the objective in the long-run. Historically we have met those objectives. So no one really knows. That's the problem, right?

MR. CUMMINGS: Well, we're good historians, so we can tell you what happened over the last quarter, the year and the last 20 years. And at the risk of not having a single answer for you, we think both time periods are relevant, that we should never fail to keep track of how the portfolio is doing from a quarter to quarter standpoint, but we should also

keep our eye on the long-term ball. And these two slides do a nice job of book-ending that picture for you.

ATTORNEY GENERAL McCOLLUM: Thank you.

MR. CUMMINGS: If we can jump forward to the next slide. Thank you. This is a graph that I've shared with the Investment Advisory Council from time to time. And it shows the cumulative performance of the FRS relative to that market benchmark. This is a graph we've been paying a lot of attention to recently because we're focusing on how the portfolios performed relative to other market participants during this challenging time. And you can see a little increased volatility in that line towards to right-hand side, the most recent quarters. But it's not pronounced.

What that tells me as an investment consultant is this is a portfolio that's well diversified and kind of rode with the markets, the downs and the ups, which is in our opinion a prudent way for an institutional investment program to perform in these environments.

Let's take a look at peers now. If we jump forward to slide 15, we have a chart that shows you -- there you go. Thank you. This is -- in a

real sense there is no apples-to-apples peer for the FRS program. Each plan has a unique set of liabilities and a unique set of investments.

This is a comparison of the returns of the FRS relative to the largest -- the median of the largest ten plans in a universe called Trust Universe Comparison System, or TUCS for short. What you see here is over the most recent quarter and the longer periods, five and ten years, results that are very similar to those of these other large public retirement systems. A little bit different for the one-year and three-year. You performed better than that top ten group over the one-year and three-year.

And while we can't tell you exactly why that is because it's a median, we're not comparing you against a single fund, it's an aggregation of funds, it has to do primarily, in our opinion, with a different allocation in this program to fixed income versus alternatives. This program had slightly more in bonds and slightly less in alternatives. And we think that was beneficial during the market downdraft over the last 18 months.

CFO SINK: Excuse me. Could I ask you to -- I have a chart here called FRS Attribution Analysis.

MR. CUMMINGS: Yes.

CFO SINK: Can you put that up?

MR. CUMMINGS: That's slide 12. Yes.

CFO SINK: My numbering system is different.

MR. CUMMINGS: Okay. I apologize.

CFO SINK: I just think I have a previous -- but the question I wanted to ask you here is you've got the five years ending, one year ending. And all these different asset classes, you would expect them to kind of, as I call it, skip around a little bit. Over one period of time they may be a little better, another period of time a little less. But in the two areas of strategic investments and private equity, both negative. The one year is negative and also the five year is negative.

And so from your position as a consultant, if you were looking at, which I know you do, you look at this chart, what would you conclude from this indication that in these two asset classes it appears that we're not achieving the results that we would have anticipated either in the short-term or the longer term period?

MR. CUMMINGS: That's an excellent question, and we ask it all the time. And what we look for is whether or not the investors responsible for these results can explain why they look the way they do

and why they expect them to not look the way they do going forward.

And the stories behind these two areas of the program are different, but they have a common -- a common feature. The strategic investments and the private equity components of this investment program consist of investments that are not priced in the marketplace every day. They don't mark to market, as it were. The benchmarks, however, for both of these areas do have a mark to market basis.

So when we have periods of time like we have lived through recently, where there's been dramatic swings in the publicly traded securities markets, the benchmark results have moved very quickly, while the underlying portfolios slowly reprice as the time -- as the clock proceeds. In both of these cases there are meaningful -- and perhaps, Kevin or Ash, you could give a more detailed nuanced response to this in terms of the actual underlying investments.

There's a substantial amount of investments in the private equity area of the program and also in the strategic investments that are not currently priced, there is news in there that has not been reflected in the valuations, while the markets, as

we've seen recently, have risen very rapidly. So relative to their benchmarks, they've underperformed.

If this persisted as those pricing mechanisms work their way through the investment program and we begin to see updated valuations, then that's an another conversation.

CFO SINK: And I know Ash is, I think, going to make some comments about these -- you're going to make some comments about this later on.

MR. WILLIAMS: Yes. Item 9, we'll be talking about this in detail.

CFO SINK: Okay. I just was curious to get the consultant's opinion about it.

MR. CUMMINGS: Sure. Did that answer your question?

CFO SINK: Yes. So in other words, if this persists, this kind of picture persists going forward next year and the year after, we ought to be asking some pretty serious questions about this asset class or how it's managed.

MR. CUMMINGS: Right. And every one of the asset classes is slightly different. But most private equity programs have about a 12- to 18-month lag before the portfolio is mostly repriced. And

that's not -- but to get a completely repriced portfolio sometimes takes as long as two or two and a half years.

CFO SINK: Okay.

MR. CUMMINGS: Let's see. I was talking about peers, on slide 15. And I think we covered that. The SBA also participates in a survey that's conducted by an organization called Cost Effectiveness Measurement, or CEM. In my opinion, it's the industry leader in evaluating the costs associated with investment programs relative to the value added produced.

And I'll make a couple of comments on Cost Effectiveness Management peer group comparisons, on the very next slide, 17. They do a very nice job of distilling all the information they have into a relevant peer group comparison. So you can do a good job of seeing how the FRS results compare to peers.

And in this case CEM came up with a peer group of 17 public and corporate pension funds, 1.2 trillion in total assets, average size of 70 billion, ranging from 30 to 180, pretty reasonably similar. If you look at the next slid, we have what we refer to as a floating bar chart.

This shows the return of the FRS relative to not the peer group but the entire universe of U.S. plans. So this is the whole kettle.

The top of these boxes is the best performing fund in that universe. The bottom of the box is the worst performing. And then the SBA is the circle. And the triangle, which is for all time periods, plots right on top of that circle, is the median of the U.S. universe.

What you see here is over the one-, three- and five-year period, the SBA has held its returns very consistent with median performance, slightly better than median. A ranking here of 48 means you're in the 48th percentile, or slightly better than median.

One thing that jumps out at me when I look at this chart is the staggering spread in results for the one-year period. We are not accustomed to seeing the high, mid and low results being this far apart. And I'm sure you all are wondering the same thing I am, which is what in the world was that one fund that got a 28 percent over the last year doing. And I wish I could tell you, but CEM maintains confidentiality of the underlying data. But somebody had a pretty good year.

I was going to skip two slides ahead and talk a

little bit about costs. This shows relative to that peer median, that 17-person peer median. The reason we use the peer medians here is there's a huge economy of scale in this business. Large investors are able to negotiate lower fees for custody and investment management. So we didn't want to compare you against the entire universe. We wanted to look at folks that have the same sort of economics as the FRS.

What you see here is a very strong picture. On these charts, being low is a good thing because it means -- what we're measuring here is costs. And you see here, in all categories, the total costs, the direct costs and the governance administration costs, the FRS is at or in the top decile of results in this 17-member peer universe. So very favorable cost picture.

Any questions on anything on the pension plan? I'm going to move to the investment plan if there are no questions. We go to slide 25. This is the participant -- the Florida Retirement System Investment Plan. It's different than the defined benefit plan in a couple of important ways. One is it's smaller. It's about four and a half billion dollars in size as opposed to 110 billion, but also

it's participant directed.

When we look at participant-directed plans, we like to see a few things. We like to see that the participants have choice. We like to see that they have made good use of that choice in their investment decisions. We like to see low costs, and we like to see results that are favorable.

The only one of those that I don't actually have data in my presentation on today is the participant behavior. We spent a lot of time at last week's Investment Advisory Council looking at the behavior of participants in this plan, their decision-making process. And it is good. The education is working, and participants are making good investment decisions.

This chart focuses on the performance of the FRS Investment Plan in totality relative to two comparisons. One is a little bit tricky. And that's the average defined contribution plan. What we have attempted to do here is create a single number that represents the return of defined contribution plans nationwide over the one-, three- and five-year period. Compared to that proxy, the FRS Investment Plan trailed during the one- and three-year period and exceeded it during the

five-year period.

The more relevant benchmark, in our opinion, is the one that compares the FRS Investment Plan to an aggregation of the benchmarks for the underlying options in your program. Each of those options has a benchmark that's carefully constructed, and this is an aggregation of that investment success. And here you see a very strong picture, the one-, three- and five-year results all exceeding that benchmark by between 50 basis points, or .5 percentage points, and over one percent for the year.

I mentioned costs, which are on the next slide. And, again, it's a good picture. The investment plan expense ratio here is .25 percent, is lower than the peer group of .3. And we also gave you from Greenwich Associates comparative statistics for corporate America and public funds in general, which have cost structures of 44 -- .44 percent or .39 percent. So relative to all three comparisons, the cost structure of this program is favorable.

And the following slide, I won't go into detail, but it shows the fee structures for each of the underlying funds relative to the mutual fund industry. And in every case the FRS is paying less fees than the industry averages.

The last slide, which is the next slide I was going to touch on, focuses on the value added, the results, the returns of this program. You can see the value added for the FRS Investment Plan is .83 percent, comparing well to both the peer group, with only .09 percent of value added, and the median of U.S. funds of .44. So on both comparisons, the results of this program have been very favorable on an absolute and relative basis.

Any questions on the investment plan? We can turn now to Florida PRIME, the LG --

CFO SINK: Excuse me. I do have one. I'm looking at the assets under management, under plan membership.

MR. CUMMINGS: Yes.

CFO SINK: Obviously, the plan started, I guess, back in '02 and '03, or certainly even -- that was the start of the defined contribution plan, and it's seen steady growth, and it seems to have leveled out. This may not be a question you can answer, or maybe Ash or somebody else. Also in terms of the numbers of participants have kind of leveled out.

So are we thinking that this is kind of where we're going to be here on out, just more of a more

moderate to modest steady growth?

MR. CUMMINGS: I believe a lot of that has to do with what we see from the markets. Participants around the country have, when given the choice these days between selecting a defined benefit mode of retirement accrual or a defined contribution, we're seeing a preference, a tilt towards defined benefit plans because of the recent market experience and the concerns many of us and investors have about their ability to withstand that sort of correction.

That change in valuation that we're seeing here on this slide is almost exclusively a result of the markets changing, not participants making decisions. But the following slide, which shows the membership flattening off, I suspect -- and perhaps there's someone in the room that could add more detail to the actual underlying data here. I suspect there is a participant behavior effect going on here, where those given the choice are, more than they might have two years ago, tending to select the defined benefit plan.

CFO SINK: And maybe, Ash, do you know what percentage of the total participants, DB plus DC, this 122,000, is that about 20 percent or do you know right off the top of your head?

MR. WILLIAMS: Ron Poppell manages the DC program and has forgotten more about it than most people will ever know.

MR. POPPELL: Of folks making an active election, in March or June of '08, about 26 percent of them were electing the investment plan. Roughly 20 percent were electing the pension plan. Over the last year, the people electing the investment plan --

CFO SINK: Wait a minute. Twenty-six plus 20 doesn't add up to 100.

MR. POPPELL: Well, the others were defaulting. Fifty-five to 58 percent were defaulting. But based on survey data and focus groups that we've done, we know that about 40 percent of the defaulters are defaulting as their active choice to the pension plan. And what they've told us is that if they do nothing, we can't screw something up. That's what they've told us in the focus groups.

CFO SINK: Twenty-six percent are choosing the DC plan.

MR. POPPELL: That's what it was. It's now down to 23 percent. The pension plan has come up. So the people making an active election really hasn't changed. They're just now electing the

pension plan over the last year instead of the investment plan.

But over the last couple of months, we're starting to see that go back toward the invest plan. Like Steve said, you can watch the market, and the months that the market is good, they're coming to the investment plan. The months that the market is bad, they're going to the pension plan. You can just watch it and see it every single month.

CFO SINK: Okay, thanks.

MR. CUMMINGS: All right. Well, I was going to move to the PRIME. I have just a few comments left in my prepared remarks. If you turn to slide 33, which is the first, the very next slide. There you go. Thank you very much. These are the results relative to two benchmarks. The one that is most relevant for this portfolio is the one to the right, the net of expenses. We're comparing net to net returns.

We include the gross yield index because that was a historical benchmark. So the difference between those two is simply the expenses. You'll see that for all time periods, the performance of the LGIP, local government investment program, portfolio has been in sync with or in excess of the

net yield index benchmark.

And there's about $114 billion in this program. I'm sorry. $114 billion in the benchmark, in the benchmark. Kristen is going to kick me because she specifically told me that this morning.

The only other comment I was going to make is three slides forward, on slide 36, there's a lot of numbers here, but this is a totality of the proportion of original principal that has been returned to investors from Fund B. You'll notice that as of the end of September 2009, nearly 75 percent of the original principal had been returned. Since then two other distributions have been made, one of about $8 million in October and a little over 6 million for November. So now, I guess as we stand here today, it would be well over 75 percent of that has been returned.

CFO SINK: Is there any anticipation that at some point in time there will be a recommendation to write off part of this remaining $500 million?

MR. CUMMINGS: CFO Sink, I don't have the answer to that question, but perhaps Ash does.

MR. WILLIAMS: I'll take that one. Our analysis is that to really get a hard answer to that question, we're going to have to wait a while.

We're at this point holding collateral on a number of structures. And the maturities at the outer boundary are probably in the range of seven years out. It would not be unreasonable to expect there to be some portion of that that was not recoverable, but I think the very significant majority of it will be. And we won't know until we get a little closer to maturity.

MR. CUMMINGS: Thanks, Ash. The last few slides of my presentation have to do with the Florida Hurricane Catastrophe Fund. Advance two more slides. As you know, there's the Hurricane Catastrophe Fund and the Hurricane Catastrophe 2007A Fund. Both are invested in a short-term nature, and they total a little over $7 billion as of September 30th. The next slide shows the results of the CAT, catastrophe fund, relative to its benchmark for periods ending September 30th, 2009, favorable results more recently and over the very long-term periods and weaker performance during the three- and five-year period. And the following slide shows the much shorter time frame results but also favorable for the 2007A Fund relative to its benchmark, handily exceeding it for both periods shown.

ATTORNEY GENERAL McCOLLUM: Could I ask you,

what are these funds invested in, what type of investments? I don't remember. Maybe Ash knows or somebody else, but I'm not familiar with what we invested in.

MR. WILLIAMS: The focus of the Cat Fund is safety and liquidity. Obviously, as an insurer, there's a possibility the fund could be called upon to pay substantial claim activity in a relatively compressed period of time, not overnight but certainly within a period of a single digit number of months.

We have been working very recently with the Cat Fund, we the State Board have been working with the Cat Fund and Raymond James, their external advisor, to revise those guidelines to more clearly emphasize both safety a liquidity, and we have recently closed out those discussions and will be bringing forward revised guidelines to that effect.

ATTORNEY GENERAL McCOLLUM: But this is some kind of paper. That's the only way it could be liquid, if it's not cash as such. It's --

MR. WILLIAMS: Correct. There would be a proportion of Treasuries. There are then limitations on maturities. You want to constrain credit risk, constrain duration risk, constrain

interest rate risk, et cetera. So there are a number of boundaries within which we can ensure that we have exactly the quality and liquidity that we should have.

ATTORNEY GENERAL McCOLLUM: I just think it's remarkable that, considering that's fairly conservative, that we've done so much better than the benchmark over the last year. So I guess that's the marketplace bouncing back again. But, nonetheless, that's an interesting phenomenon. It wouldn't normally occur in more conservative investments, I wouldn't think. Am I right?

MR. CUMMINGS: Yes, you're right. It has been a spectacular recovery. And everything that -- what hurt so badly last year has recovered very dramatically this year. This is just another example of that. The scale can be a little bit misleading here. The performance is clearly above that of the benchmark, but the numbers here are single digit returns. So we kind of expanded the scale so you could see the structure. But it has been an impressive recovery for these portfolios.

CFO SINK: Let me just ask a question, because what I'm looking at says that -- is this the Cat Fund? That our one-year return was .4 percent, and

the benchmark was 1. --

MR. CUMMINGS: Yes.

CFO SINK: Has that been revised?

MR. CUMMINGS: Yes. Yes. CFO Sink, I believe you have an earlier version of this presentation. When we were prepping for the meeting here last Friday, I believe, we discovered that the return that we were showing here for the Cat Fund was a yield-only return, it wasn't a mark to market return or a full evaluation. The benchmark was a full evaluation return. So we had an apples to oranges comparison.

We asked if we could get the mark to market return for the Cat Fund so that we could have an apples to apples comparison. The good news is we can. The bad news is it's only available for the last year and a half or so. So what we did was say, well, let's at least use the good data that we have for the period we have. So we took the historical yield return and appended to that series the updated mark to market return so that we could give you the most relative comparison. But that was a change that was made relatively recently as part of the preparation for this presentation. My apologies.

Well, I was going to wrap up my comments,

unless there were other questions, by saying it's been one heck of a 12- to 18-month period, an awfully tough downslide and an awful nice recovery, and just reiterate my opening comments, which is your funds across the board have held up well relative to the market, relative to peers.

And I can't emphasize enough the importance of maintaining a disciplined cost structure. And relative to large and small peers, the costs incurred by the various entities that you oversee is very competitive. With that, I will hand over the microphone. Thank you.

GOVERNOR CRIST: Thank you.

MR. WILLIAMS: Okay. Moving on, let's go to Item 8. We'll have a series of reports for you. The first is from Mr. Bill Sweeney, the chairman of the Audit Committee. And I would note that we have the entire Audit Committee with us today, would thank them very much for their guidance and service.

MR. SWEENEY: We have a brief report this morning. The first three items are items that we discussed in the last meeting. And that's the report of Deloitte & Touche. And we have moved that report, since they are here and they can speak for themselves, to Ash's agenda. And then we will also

have the response by management. So it will be a more comprehensive approach, and it also makes our agenda considerably smaller.

The other -- the second thing from the last meeting, we talked about CLU training. We have made some progress on that. We've done a survey of people at the SBA. It's an amazing number of attorneys, CPAs, certified financial people. And they all have some form of continuing education, including fraud examiners.

And in addition to identifying these people, we have encouraged management to have a new position that would be exclusively in charge of training for the employees of the SBA. So we think it's very important that we -- because you can have these continuing education programs brought to the facility here in Tallahassee. You can also identify programs that are directly related to our work.

For example, I know something about legal continuing education. You can have -- if you're in a bind, you can get a quick course on admiralty law. But we would rather not have -- we would rather have something on rebate and arbitrage and something that might be of interest of the trustees.

The liquidity question that was raised last

week, we had a brief presentation at our last meeting, which was last week. This is a problem of the contributions are not sufficient to make current payments. And the question becomes, how do we make up the difference. And we have asked the Board -- we just had this brief presentation last week. We've asked management to make a full presentation at the next quarterly meeting. I think this is a very interesting problem and something that the trustees need to be aware of.

The fourth item on our agenda are audit findings. Now, this is a series that has been going on and continues to go on because we have auditors, we have external auditors, internal auditors and the auditor general. So we have accumulated what are known in the trade as findings and recommendations. And so we have whittled these down considerably. And, of course, they are not finally resolved until the internal auditor approves the solution from the SBA. And we have changed our internal audit program, that we think we will be through all the existing audit recommendations by the close of this fiscal year.

Now, you're always going to have audit criticisms during the year as we have audits. But

we have made substantial, with the assistance of many people at the board, to liquidate these outstanding recommendations, and I think that we will be at least caught up in the sense that you're never totally caught up, but we will be current. Some of these unfortunately had back-dates as long as five and six years. And so we will have all of those comments liquidated.

The final item is that we have discussed with the Board, and management concurs in this recommendation, that they prepare an annual financial statement at the end of the year for the two pension plans, or the pension plans, plural. As you know, the Cat Fund is audited. The local government thing has several different audits involved.

The pension funds will then produce a financial statement, which will be some considerable amount of work, particularly in the initial preparation. And then we will have that audited by an external auditing firm. And as I say, that has been -- that is a unanimous recommendation of the Audit Committee, and management agrees with it, and I think it will be an extremely helpful document and will isolate the financials.

We have a million, over a million people who are involved in this. And this isolates the financials for the pension fund which those million people are interested in. And I think it will also, if you've been through a modern audit, the auditors are also doing a lot about controls and other related matters. And, of course, the footnotes are also critical to that process.

So unless there are objections from our trustees, we would like to implement that plan.

CFO SINK: Governor --

GOVERNOR CRIST: Any objections?

CFO SINK: May I make a motion?

GOVERNOR CRIST: Sure.

CFO SINK: Thanks to you for all your work and also Melinda and Kim. It's been a long journey here. I would move that we accept the Audit Committee's recommendation to move forward with competitively procuring an audit firm to do an independent external audit of the pension fund apparatus.

ATTORNEY GENERAL McCOLLUM: I would second that.

GOVERNOR CRIST: Show it approved without objection. Thank you.

MR. SWEENEY: Thank you very much.

GOVERNOR CRIST: Thanks for the great work. Thank you, Melinda.

MR. WILLIAMS: Thank you, Bill. Next we have a report from the Participant Local Government Advisory Council, and we have the vice-chair, Patsy Heffner, with us today from Osceola County.

MS. HEFFNER: Good afternoon. The Participant Local Government Advisory Council has met four times in 2009. Our initial meeting was February the 25th, and our most recent meeting was November the 30th, which was held in Tampa. Since the last trustee meeting in August, the PLGAC has continued to work on issues that relate to the improvement of operations, client services and the management of the pool. Additionally, we have maintained a continued dialogue with the SBA in regards to Florida PRIME and Fund B.

We have continued to guide the development of new client communications, with a focus on broadening the participation and understanding of the major improvements and investment protocols of the fund. We've developed an improved -- a new policy on how gains and losses are treated in line with industry best practice and provided policy

guidance on the necessity of a reserve fund.

We've continued to oversee the implementation of the new website and the related rebranding of Florida PRIME, which was announced in August. We've continued achievement of Standard & Poor's AAAm fund rating on September 25th of 2009. We've continued to evaluate further enhancements to the pool's operation, including most recently the development of a new fee allocation procedure in line with industry standards among 2a-7 money market funds.

We appreciate the opportunity to serve, and we look forward to continuing our guidance in hopes that it will continue to strengthen the SBA and to increase and improve the trust and confidence of its participants.

GOVERNOR CRIST: General.

ATTORNEY GENERAL McCOLLUM: Patsy, I just want to compliment the advisory council. I think it's a tremendous amount of work that goes into this. We don't always see it. You report on it. And what a great improvement that has led to in terms of things since the precipitous moment we were in just a year or two ago. So we want to thank you for the effort, and obviously the result is showing. And I suspect more and more local governments will regain

confidence, will put money into this fund. And at the end of the day, we'll have a good program to serve local government.

MS. HEFFNER: I think you're absolutely right. Thank you very much.

ATTORNEY GENERAL McCOLLUM: Thank you.

GOVERNOR CRIST: Let me add to that as well, Patsy. Thank you very much for your leadership in restoring faith in this fund.

MS. HEFFNER: You're more than welcome.

CFO SINK: Governor, let me ask Patsy, we started this conversation a little bit before the meeting, but obviously this is the time of the year that all the tax collections are coming in, when typically the fund would be building up. And I'm just curious. We're sitting at, what, about five or six billion dollars now. What's your sense in terms of the fund building up over this period of time when the tax collections are coming in?

MS. HEFFNER: I do believe this is the time the fund will build up. I think we saw a drop in it towards the end of September, October, but that's typical because that's the end of the budget year for your local governments. And now, as our tax collections are coming in, I think you will see that

fund begin to increase.

CFO SINK: I would like to make a comment that obviously, with the -- it certainly gives me a lot of comfort to know that the actual participants and the investors in this particular fund are the people who are overseeing the way it's operating. And I know you're taking a lot of great care because it's your money and it's your taxpayers' money.

MS. HEFFNER: Well, this is true. And I would tell you, from a participant standpoint, we're very pleased to have the opportunity to do this. And we've seen just a tremendous improvement on behalf of SBA in their communications, both in volume and substance. And this has gone a long way to develop the confidence of the participants.

GOVERNOR CRIST: Thank you.

MR. WILLIAMS: Thank you, Patsy. Next we have, from the Investment Advisory Council, Rob Konrad, chairman of the council. We also have with us David Grain, one of the other council members. And I believe we may have one or more other members of the Investment Advisory Council participating by telephone today.

MR. KONRAD: The Board and Governor Crist, thanks for having us here today. Like Ash said, we

have David Grain with us from the IAC, and we thank him for making the trip up here to Tallahassee.

CFO Sink was kind enough to join us at our last IAC meeting and brought with her three recommendations. I'd like to spend some time on those today. It's my understanding that the Board had requested feedback from these issues from the IAC, and I'd like to briefly share some of the IAC's thoughts with the Board. And I'm going to move through these, so feel free to stop me at any time if you have any questions.

The first recommendation was to require regular independent audits of the SBA. I think this was addressed earlier. And the IAC supports this concept. And I think the Audit Committee ran through the details of this. The second recommendation requires fiduciary training for the trustees, the IAC, the Participant Local Government Advisory Council and the Audit Committee.

The IAC generally supports this concept, especially for the trustees, as you are the fiduciaries for the fund. And our recommendation would be for the committee members to limit the training to essentially the beginning of their term. Just from a timing standpoint, it becomes difficult

with all the trips up to Tallahassee, and many of the participant members are in the profession and have received quite a bit of training in the past.

The third recommendation was the expansion of the Board of Trustees. The IAC spent quite a bit of time at the end of their December 3rd meeting and probably spent a good 30, 40 minutes reviewing different structures and the current structure of the SBA. And the IAC is generally comfortable with the current operational and oversight structure of the SBA. However, we do recognize that you, the trustees, are ultimately responsible, and it's important that you're confident in the structure and the process of the SBA moving forward.

CFO Sink raised some concerns that we believe merit further discussion, one being you having dual roles as cabinet members and trustees for the SBA, there may be time constraints that don't exist for other trustees of other large public funds.

A second concern was that there is the possibility of a complete turnover of the Board, which generally, in the private sector, wouldn't be accepted. And this could lead to the lack of institutional memory during a transition, however unlikely.

Should the Board and the Legislature decide to rework the trustee structure, the IAC would support a moderate expansion of the Board, preferably not more than five members. The structure we discussed was a five-member board. And if I can walk you through this, it would be the CFO as a trustee, the Governor having three appointees as trustees, and with a requirement that they have institutional money management background, and the fifth appointee being from the Attorney General, possibly being a member participant. And what we had in mind was someone with relative experience, similar to possibly an economics professor at the University of Florida.

CFO SINK: Or FSU.

MR. KONRAD: Or FSU.

GOVERNOR CRIST: Or USF.

MR. KONRAD: For that matter. While the Board explores how to change and possibly improve the structure of the SBA, the IAC had a couple of recommendations itself for the Board while researching the subject matter. We'd encourage the Board to continue to expand its line of communications with the IAC and other advisory councils. The opportunity to speak directly with

the Board on a quarterly basis has improved our communication between all the parties here and allows our efforts to be more productive. We hope the Board recognizes these benefits in the same light, and we appreciate the opportunity to come speak to you.

The second issue we wanted to raise is the number of mandates for the SBA that they're ultimately responsible for has more than quadrupled since the nineties. The IAC would like the Board to initiate a review of the mandates and whether there could be efficiency improvements at the SBA by outsourcing some of the smaller mandates possibly to the private sector or other qualified government agencies. From an operational and oversight standpoint, some of the smaller mandates utilize resources of the SBA that otherwise could be focused on larger initiatives.

The FRS has been successful over the years largely due to its dedication to its merit-based investment process. The IAC's major concern is to make sure the structure of the SBA is not politicized, that the investment process remains independent, and we believe to stray from these principles would be a big mistake.

I'd be happy to answer any questions you may have.

CFO SINK: Governor, let me -- Rob, thanks for your report and thank you for giving me the opportunity to share some of my thinking with you. I am interested in the -- I think we'll have an opportunity at the end of the agenda to talk about some of the governance issues with the board members.

But I appreciate your coming before us to point out the fact that the SBA does have a number of mandates and is something that you and the IAC think we ought to look at. Would you just share a little bit more with us along those lines?

MR. KONRAD: Sure. I will say, in my three years with the IAC, just the sheer number of mandates itself and some of the smaller mandates, I know it's difficult from our standpoint even to get through all the mandates. It's several years in sometimes before we're even able to get a full presentation and look into these things.

I know that from the SBA's standpoint, over the years it's been convenient to add mandates to them. And I think it would be prudent, given the topic of discussion, to look at those mandates, see if it's

not beneficial. There's plenty of groups, folks in the private sector and/or possibly other government agencies that may be able to handle these and free up some of the resources to the SBA to really have laser-like focus on the major initiatives.

CFO SINK: Well, you remind me that when we had the problem come up with the Local Government Investment Pool and we went back and tried to reconstruct what had happened with it, that the IAC mentioned that you all had never been asked to look at or been aware of or asked to look at any of the other investment mandates. So your focus really had been on just the operation of the pension, of the FRS, the retirement system.

MR. KONRAD: Correct. And our focus had been on the major initiatives and the major mandates in the FRS. And that was one of my first meetings, but the members of the IAC at the time did have that commentary.

CFO SINK: Governor, if it would be all right, I'd like to take the recommendation and I'll make a form of a motion that we direct the staff to begin to undertake a presentation to us as board members about the other, many other mandates that the SBA has and come back and begin to report at the next

quarterly board meeting and follow the IAC's recommendation that we think about the appropriate management of the other mandates of the SBA.

ATTORNEY GENERAL McCOLLUM: Might I comment?

GOVERNOR CRIST: General.

ATTORNEY GENERAL McCOLLUM: It seems to me that what Rob is suggesting, CFO, is that some of these mandates ought not to be there. And rather than just have the reports coming to us about educating us on them, I would like to suggest that in the interest of time and efficiency that perhaps we have Ash and the IAC propose to us at the next meeting, if they're prepared to do that, some of the specific mandate changes they might like to have, if they do wish it, rather than simply reporting to us on the various areas.

I'm happy to hear it. But if there are a number of these that you've already come to the conclusion of that may be better we not be doing or farm out somewhere, then I think it would be really helpful if you specified that to us rather than just reporting. And if that were a part of the motion, I would --

CFO SINK: I agree with you. And in fact, we may want to delay it out for maybe not our next

meeting but the one after that so that the IAC would actually have the time and the opportunity to have their meeting and discuss some of the other mandates.

ATTORNEY GENERAL McCOLLUM: With that in mind, Governor, I would second that motion.

GOVERNOR CRIST: Sounds like a motion with a friendly amendment that has now been seconded. And without objection, show it approved. Good job, Rob. Thank you.

MR. KONRAD: Thank you very much.

MR. WILLIAMS: Thank you very much, Rob. Next we have Tom Beenck, our general counsel. Also Maureen Hazen, our assistant general counsel, is available if there are questions.

MR. BEENCK: Thanks, Ash. Good afternoon. My name is Tom Beenck. I'm general counsel here at the State Board of Administration. I'd like to first address the securities litigation counsel search that the Board has been conducting for the last several months. Following the sending out of the invitation to negotiate, we received 31 responses back from various law firms from around the country.

We had six members on our evaluation team. All of the members read each of the 31 responses and

scored them according to the dictates of the ITN. We had a public meeting on Tuesday, December the 1st, of the evaluation team, where we discussed the responses, the scores, and we had a discussion as to who we should short list for interviews.

We came up with -- following discussions, we came up with 12 firms, the highest 12 scoring firms. And interviews are to begin in about an hour from now out at the Hermitage Center. I see Dan is here. I know Maureen is here, and I'm here. So half of our evaluation team is in the room right now, so they won't start without us.

We have a meeting scheduled of the evaluation team on, a week from tomorrow, Wednesday the 16th to discuss the results of our interviews. And at that time we will try to narrow it down from the 12 firms we're interviewing down to between five and eight firms to go forward with and execute contracts with the highest five to eight firms for securities litigation counsel.

With regard to current actions that the Board has pending, in the last year --

CFO SINK: Excuse me, Governor. Can I go back and ask just a couple of questions --

GOVERNOR CRIST: Of course.

CFO SINK: -- about the securities litigation?

GOVERNOR CRIST: Sure, sure, please do.

CFO SINK: So your idea is to select these five to eight firms, and you would enter into a contract that would basically say what?

MR. BEENCK: It's a contract with each of the firms and say we're not committing to giving any case for sure, but if something comes up, we would like to have you come back, make a presentation to us, and we'll decide whether to go forward, having the firm file either an opt-out case, a class action case or some sort of other securities action. The firm would present itself to the Board.

CFO SINK: And would these five to eight firms be invited or would it be acceptable to them to present to you opportunities --

MR. BEENCK: Sure.

CFO SINK: -- to engage in cases where they believe that there's a legitimate opportunity for us to recover monies for our pension fund?

MR. BEENCK: If one of the firms or any of the firms comes and says, we have ABC Securities, we think you have a case here, here are what your losses are, let us take a look and see what your losses are, we'd be glad to listen to them and see

if we want to go forward with litigation.

CFO SINK: Well, I just want to say something about the process because over the -- actually, over the last two or three years since I've been in office, many of these types of securities litigation firms have been to visit with me and have expressed that they didn't feel that Florida was particularly aggressive or motivated to engage in this type of litigation activity. And obviously there can be a cost or there is always a cost associated with it. And we referred them over to the director and the legal staff over all this period of time.

But the reason that this is important is because I think we've just missed some enormous opportunities. And, Governor, you've been sitting as a board member for a while now. You might take the example of the Marsh & McLennan, the big insurance brokerage firm. General McCollum, I know that you had another issue with them. But one of these securities litigation firms actually did represent the pension fund of New Jersey and Ohio.

And they were able to, because they said that Marsh & McLennan made false statements to their investors and it caused losses in the stock holdings of those particular pension funds, and they got a

settlement for $400 million. So this is big money, and these companies do engage in wrongdoing, unfortunately, occasionally.

And unless Florida, we're the fourth largest pension fund, unless we're there ready and willing and able to jump in and bring these suits, then our plan is disadvantaged because there are hundreds of millions of dollars worth of settlements out there that we can possibly take advantage of.

So I'm glad that you all have decided to put together this stable of firms so that we can be a little more quick and nimble about making these important decisions about whether or not it's cost justified and what the benefit might be of engaging in these types of lawsuits.

MR. WILLIAMS: The point is well taken, CFO, and the clarification that I got up to offer is that in a number of situations, to the extent there's a class action, we read about class actions every day, we will participate in any recovery from that class action, whether or not we choose to take a leadership role in it, because we'll be a member of the class.

And so what we're really positioning ourselves for here is the subcategory Tom mentioned as

opt-outs. And these will be circumstances in which we choose not to be a part of the class but to go our own way because we can control our own destiny, have a better recovery, bigger return on effort for ourselves.

And the reason that we have gone through the process that Tom was reporting on a moment ago is that we wanted to establish, frankly, a new benchmark in objectivity and professionalism for how these firms are selected, get the very best that the world has to offer so that when an opportunity comes along that we do have loss exposure that's worth doing something about, there's a sufficient moral imperative in whatever the issue is -- fraud was the example used earlier, and that certainly would qualify -- and, thirdly, that we have decent probability of winning, that's exactly when we want to do the opt-out, and we want to go with the A team to do it. And that's why we went through this selection process.

GOVERNOR CRIST: I would also echo the comments of the CFO. I think that being ready and being prepared to aggressively pursue some of these actions certainly could benefit Florida in the future. So I appreciate what you're doing.

MR. BEENCK: Sort of tying in with what Ash said, we have received monies throughout the year as a passive participant in class actions. We were involved in 97 settlements or 97 pay-outs this year, received approximately $23.38 million from those settlements.

Currently we're also passive plaintiffs or passive participants in 233 other cases that are going on. I don't believe we have filed a case on our own as an opt-out since 2005, 2006. One of the cases that we did file, however, back a long time ago, 2001, has reached a settlement this year. And that's with Schering-Plough. And we were lead plaintiff representing members of the class.

The case filed in 2001 was fought very hard by Schering-Plough up until this year, and a settlement was reached to the tune of $165 million. The case is currently pending approval by the trial court of the settlement. So we'll receive a pretty good benefit out of that settlement also.

GOVERNOR CRIST: Pardon me. Is the 165 for Florida alone?

MR. BEENCK: No. That's the class.

GOVERNOR CRIST: How much would be for Florida?

MR. BEENCK: I have to see what our share of,

the pro rata share of the stock outstanding was. In other words, they'll take it and say if we had half the shares outstanding, we'll get half of it. If we have a third, we'll get a third of it. It's just a matter of how big the class is and how big our shares were.

GOVERNOR CRIST: When you find out, if you could let us know, that would be great.

MR. BEENCK: Sure. I'd be glad to.

GOVERNOR CRIST: Florida first.

MR. BEENCK: Also the SEC investigation has been ongoing, as you know. There hasn't been much happening there, with the exception of a meeting to be scheduled hopefully either the 15th or the 18th between SEC folks in Miami and our executive business folks, executive director, deputy executive director and our outside counsel, Mike Pucillo.

So if that can happen, we hope to talk to the SEC about the changes we've made in PRIME Florida and see where they are in their investigation into the LGIP matter.

Other than that, we're sort of down to the basics of still responding to what I would consider to be an inordinate amount of public records requests. They're coming in daily and involve

almost every aspect of our investments and programs at the Board. We're to get them out as expeditiously as we can, and it takes up a lot of time of my people, but we're doing the best we can with it.

I guess the last item is just basic contract work, the nuts and bolts of what we do during the year. We have prepared 87 new contracts, 118 amendments to old contracts and terminated 57 contracts at the Board to date in '09. That completes my presentation. Any questions?

GOVERNOR CRIST: Thank you.

MR. WILLIAMS: Thank you, Tom. Next we have our inspector general's report, Bruce Meeks.

MR. MEEKS: Good morning.

GOVERNOR CRIST: Good afternoon.

MR. MEEKS: Afternoon, thank you. Been here a while. I'm Bruce Meeks. I'm the inspector general and ethics officer at the SBA. I'd like to take just a few minutes this morning to update you on the status of the SBA placement agent disclosure policy that we discussed on November the 17th.

After receiving guidance and direction from you, we did go back and modify the proposed policy to include a provision that requires disclosure of

the total amount of any and all compensation paid to placement agents by investment managers and funds who use placement agents, if any, in marketing their products and services to the SBA. So that has been done.

The final policy went into effect on December 1st, and I have had internal discussions with the general counsel, the deputy general counsel and the senior investment officer for private equity and strategic investments regarding the logistics and the procedures required to effectively implement the policy. This week I will meet with the other, our other senior investment officers to discuss their responsibilities in making sure that the policy is followed.

If I may, there's just one final matter that I would like to apprise you on. At our first quarterly trustees meeting on September the 1st, I informed you of a planned initiative to expand the SBA fraud hotline to be able to receive tips and complaints from external vendors and service providers, which you supported.

In October we successfully renegotiated our contract with the independent hotline provider, at no additional cost, I might add, to make this avenue

available beyond just SBA employees. So that measure is now in effect. We have sent a first wave of 191 letters to our managers, our brokers and our investment consultants for all asset classes, soliciting their help in our efforts to prevent and detect fraud, theft and financial misconduct.

We are currently compiling additional lists to communicate to other vendors and providers in our middle office and our back office. And that's about what I have for you this afternoon. Any questions? Thank you very much.

MR. WILLIAMS: Thank you, Bruce. Next we have corporate governance. We have Mike McCauley here today to talk about that, and we seek approval of our proxy voting guidelines today.

MR. McCAULEY: Good afternoon. We have the acceptance and approval of the SBA's corporate governance principles and proxy voting guidelines, which you have a copy in your packet, in addition to a cover memo and a one-page voting issue summary.

The SBA's corporate governance program covers primarily voting on equity securities that are held by the Florida Retirement System, the pension fund, the defined contribution fund, as well as other non-pension portfolios. And these guidelines cover

1 those voting decisions that are made in all of those
2 individual portfolios.
3 And it allows us to not only take a policy
4 position on things and make a fiduciary, economic
5 decision, but it allows us to consistently apply
6 them across different portfolios. So we may own the
7 same stock in seven, eight, nine different
8 portfolios, and we vote on everything consistently
9 across the board.
10 They are really designed primarily with
11 transparency in mind. What we've really tried to do
12 over the last about 18 months, we've had kind of a
13 first stage in the latter part of '08 and early '09,
14 and we've completed the second stage in the second
15 half of '09.
16 But what we tried to do is achieve a level of
17 transparency with each policy issue and guideline to
18 where any reader who picks up the document, whether
19 it be a beneficiary, a company representative, other
20 investors, any kind of stakeholder, could really
21 read the policy and have a pretty good understanding
22 of what our policy position is and how we would
23 actually vote on that position. We feel that that's
24 something that many other investment organizations
25 don't really achieve in terms of their guideline

creation. So we wanted to try to do that. I think we have.

Next slide. Regardless of the individual topic and the issue, we have tried to benchmark on other organizational issues and tried to select best practice and adopt best practice across the capital markets, primarily for publicly traded equities. But it covers a very comprehensive set of issues that are put for vote, some routine matters, some non-routine matters. But we see this kind of day in and day out.

So we cover things such as board independence. We want -- obviously, we want accountable directors who are qualified to serve as board members, board nominees. We tend to disfavor takeover protections, so we don't like to entrench management or allow them to become entrenched. If there's a better or well managed company that could acquire that poorly managed company, we like to make that as easy as possible for the markets.

Adequate disclosure for investors is another big one that's really woven throughout the guideline document. Whether it's compensation, executive compensation, evaluating the pay for performance, whether it's trying to determine if a director is

qualified or what kind of practices have taken place while they've served on the board, the disclosure mechanism, primarily via the proxy statement itself but other public filings, is really key. Without adequate disclosure, we're just not in a position to make an intelligent decision in many cases. And that still plagues many of the compensation items even today. The SEC has really revamped that over the last three or four years, but we're still struggling to get more and more information from companies.

The same can be said for sustainability issues. Environmental reporting is relatively weak now. And that's kind of a burgeoning issue. So we favor more and better substantive disclosure for investors.

Next slide. I won't go into detail on all these statistics, but these are just some high level program metrics. We vote about 34-, 3500 proxies every year. And if you count individual director elections as individual voting items, which we do, it's about 30,000 items that we vote on every year, and tend to largely go in line with management but not always certainly, some issues more than others. And in terms of all proposals on governance items in general generically, we vote in favor about

1 two-thirds of them.
2 Last slide. The last slide basically just
3 covers some of the things I've already said. But
4 these are the three major augmentations that we've
5 made to the prior guidelines set which was really
6 not updated since '05 in any formal way. We had
7 kind of ad hoc desk procedure type changes but
8 nothing formally made to the actual document.
9 What we've tried to do, kind of this falls
10 under the transparency umbrella, what we've tried to
11 do with this version of the document is create a
12 foundation for every guideline of solid rationale
13 that's based on empirical data. So if we're taking
14 a policy A and taking a certain position, we like to
15 look at empirical studies and other research in the
16 markets that have stated it's better to go one way
17 or the other on a certain item, it's more correlated
18 significantly with value creation and economic and
19 financial performance for the company.
20 So we've tended to fold those into every
21 guideline that we can. And sometimes it's mixed.
22 It's not always black and white on various policy
23 issues, but we do the best that we can based on the
24 research at hand.
25 And then the second and third bullet, we've

really tried to expand the policy narrative to provide more descriptive information and a better background on each policy item, in conjunction with the footnotes.

And then lastly, we've started to expand not only the narrative but set up new guidelines on some of these burgeoning policy issues, primarily environmental and emission related, but they also cover other extra-financial issues like Internet privacy and other sustainability issues, the human rights practices overseas for companies, that sort of thing. So we've tried to make it a more comprehensive, well-rounded document.

That's all I have, if you have any questions.

CFO SINK: Governor.

GOVERNOR CRIST: CFO.

CFO SINK: I just want to make a comment about Michael and the work that his group, his small group of two or three people do. But I have the opportunity to go to a lot of national state treasurers' meetings and come across people who are really engaged in these voting activities and work with pension plans.

And Michael and his team are really known nationally for being at the forefront of taking this

proxy voting opportunity, because it is an opportunity to really push good corporate governance very seriously. And I'm just very pleased that one of our kind of criteria when they're thinking about how to vote our proxies is a company's environmental policies and whether or not they're thinking ahead about issues of climate change and other good governance principles.

It truly is an opportunity for Florida because we are so large in terms of -- our voting blocks are huge, I guess hundreds of thousands of votes that we have because of the shares we own in most of the large Fortune 1000 companies. They've done a very, very good job. And we could do more, obviously.

MR. McCAULEY: We are -- we're the fourth largest public pension plan. We are usually about the number 40 or 45th largest share owner in any company in the United States. So they listen to us. We're not in the top five or top ten, but we are a large equity stakeholder.

GOVERNOR CRIST: General.

ATTORNEY GENERAL McCOLLUM: I'd just like to comment. I think they're very comprehensive, your explanations in the governance and proxy area. Many of these are case-by-case, not for or against, and

you have outlined rationale, what the setting is. So it's very transparent, and I think that's very positive. I would just encourage you and the staff to come to us occasionally and talk about a few of these individually, the more what I would call controversial types of votes that you may be about to take or be asked to embark upon.

That does not necessarily mean there's one I've got in mind right now to bring up here. But I know that does happen. And I don't mean a particular company necessarily. But you can get an issue area which would be very sensitive. And as the trustees, I think we ought to be at least consulted when you know far enough in advance to do that.

It doesn't mean we're going to dictate to you what to do. But the case by case -- each case example here is pretty broad. I'm all for what you're doing because you can't be specific and you shouldn't be in many of these areas. But that's something I would just request. I think probably my colleagues would concur.

And, again, that's not with any particular thing in mind, just sort of a thought in your mind. I'd like to plant a seed there that we would have that opportunity. Some of these could generate

quite a bit of public controversy.

MR. McCAULEY: Yes, yes. There's some visibility with some of these policy issues. We can certainly do that, would be happy to.

ATTORNEY GENERAL McCOLLUM: If we're prepared, I would move the adoption of these corporate governance principles and proxy voting guidelines, Governor.

GOVERNOR CRIST: Very well.

CFO SINK: Second.

GOVERNOR CRIST: Moved and seconded. Show it approved without objection. Thank you, Mike.

MR. WILLIAMS: Thank you, Mike. We had had interest in a prior meeting on having some direct opportunity to learn more about the actuarial funded status of the Florida Retirement System. And toward that end, we have with us today the director of the Division of Retirement, Sarabeth Snuggs, and also Mr. Robert Dezube from Milliman, our external actuaries.

Our focus at the State Board obviously is constrained to investment of portfolio assets. The Division of Retirement has the benefits side. And the benefits side and the asset side come together when the actuaries do the analysis that reconciles

what our assets are versus our benefit liabilities and, therefore, what our net funded status is.

So why don't I introduce Sarabeth Snuggs to give a quick recap on what our process is going through the actuarial assessment every year, and then we can go from there.

MS. SNUGGS: Thank you, Ash. Good afternoon. Thank you for the opportunity to be here today to talk about the benefit side of the Florida Retirement System and the actuarial funding. And thank you, Ash, for the opportunity to be here and to share the work that we collectively do with the State Board of Administration.

Through the combined efforts of the Department of Management Services, of which the Division of Retirement is a division, the State Board, the executive and the legislative branches, we have one of the best run state retirement systems and one of the best funded state retirement systems in the nation. And it is not by accident that this has happened. Ash has said before, and I want to steal three of the principles that he says have caused us to be one of the best run and best funded systems in the nation.

Number one is that the FRS has reasonable

benefits. Number two, there's a history of prudent investing, which is thanks to the Legislature and the executive branch. And number three, there's a history of responsible funding. I want to focus on the responsible funding, not to say that the importance of the first two is diminished at all, but I want to concentrate on the funding today.

Our state constitution very clearly sets the tone for responsible funding. It requires that any increase in benefits must be funded on a sound actuarial basis. Our statutes carry out that mandate and provide the mechanism for that funding. Each year the Department of Management Services commissions an actuarial valuation of the FRS from our consulting actuary.

The work of the valuation begins after the fiscal year close-out in July and early August. Every five years we commission an experience study, and this year was one of the years that that study was completed. An experience study just covered the period 2003, 2008.

The law also has set up a Florida Retirement System actuarial assumptions conference, the purpose of which is to set both the economic and the demographic assumptions of the system. The

principals of this conference are set by statute, and they're professional staff of the governor's office, the coordinator of the Office of Economic and Demographic Research, professional staff of the Senate and the House.

The consulting actuary presents preliminary findings from the experience study and the valuation to this conference. This summer he presented a preliminary from the experience study in late July. He came back to the conference in October and presented findings from the midpoint of the valuation.

During that conference, the assumption conference adopts the assumptions that the actuary will use in actually preparing his valuation. The evaluation has just been completed and the actuary will talk with you a little bit about that during his presentation.

We have with you here today our consulting actuary, Mr. Robert Dezube of Milliman, Incorporated. He is with the Vienna, Virginia, office and has been with that office since 1986. He's a principal of that firm. Robert is a fellow of the Society of Actuaries, a member of the Academy of Actuaries and an enrolled actuary. He has an

undergraduate degree with high distinction from Pennsylvania State University and completed two years of graduate study at the University of Utah.

He is currently a member of the alumni advisory board to the actuarial program at Penn State. He has worked for over 30 years in employee benefits, with expertise in both qualified and non-qualified retirement plans.

I say all that to set the stage that he is a very qualified actuary and has provided great expertise to the Florida Retirement System for quite a number of years. And with that, I present Mr. Robert Dezube.

MR. DEZUBE: Thank you, Sarabeth. And I guess good afternoon, Governor and members of the Board. Thank you for inviting me here to discuss the 2009 Florida Retirement System actuarial valuation. As Sarabeth said, my name is Robert Dezube. I am from Milliman. Our firm was hired to complete the July 1, 2009, actuarial valuation, and I am the lead actuary.

In your materials and on the screen, there's a summary of the key results, and I will address that later. I just wanted to first give you a background of what an actuarial valuation is, then get into the

results and then give you it from more of a historical perspective.

The primary purpose of an actuarial valuation is to measure the system's assets and liabilities. Since the 1980s the actuarial valuations were first done biannually. And then starting in 1997 they have been done annually, as of July 1 each year.

The liabilities are the value, in today's dollars, of the benefits that are being paid to current retirees, of which you have, if memory serves me, about 200,000-plus, plus the benefits expected to be paid to the 600,000 active participants of the defined benefit program.

Some of these participants are only in their twenties. They may work for the State or a participating local until their fifties, sixties. They may live another 30 or 40 years, until they're in their nineties. So you have promised them benefits through statute, through legislative action that you're going to pay for the next 60, 70, 80 years. The whole purpose of the valuation was to put a value in today's dollars on those promises and then come up with a measure to compare it to how well you are funded.

When we do the valuation to measure those

benefit promises, we have to make assumptions because we don't have a crystal ball. We have to predict or assume what percentage of people are going to quit for the next 10, 20, 30 years. We have to look at when they're going to retire, will they go into DROP once they retire, will they take a joint and survivor pension, providing benefit payments to their survivors if they predecease them, how long will they live.

And more importantly, the two key assumptions also, what type of pay raises are they going to get, because the benefits they get are tied into the salaries they get when they leave employment, and also the investments of the fund, how well are they going to -- what rate of return are they going to earn, investments. That is probably the key assumption.

Measuring the assets is a little bit easier. We start with just the value, the market value of the investments in the system's trust fund. We depend on the State Board of Administration to provide us with the value of the marketable securities and, you know, a good faith value of securities that are not marketable. We then convert that into a smooth basis. And I will get into that

a little bit later. But the idea is we don't want to do everything and subject due to the market volatility. That's what an actuarial valuation is.

As Sarabeth mentioned, we have just completed the July 1, 2009 valuation. It was actually released on December 1st. As she said, the process started last summer with the completion of an experience study covering the July 1, 2003, through the June 30, 2008, time period.

An experience study is where we look backwards over the last five years and analyze how well our assumptions have done. We have made in the last five valuations assumptions about when people -- as I said earlier, when people would retire, quit, what type of pay raises.

And the purpose of the experience study is to compare those assumptions to what actually happened and then develop a new set of assumptions going forward. And part of it is pure number crunching. You can look at what happened. But it's also part -- becomes more subjective when you're trying to predict or assume will some trends that occurred in the past five years continue into the next five years or into the next 50 years.

For instance, turnover -- or the U.S. economy,

which is beyond the control of Florida, governs people's turnover. When you have a bad economy like we have now, people are less likely to quit their jobs. In a good economy where jobs are plentiful, you will have a lot more turnover.

So we have to make these assumptions. We studied it. We proposed an updated set of assumptions. And then as Sarabeth noted, we met with the Florida Retirement System assumption conference twice, once in the summer to discuss the experience study and then again in the fall to discuss the valuation and present our preliminary valuation results, based on the proposed set of assumptions.

The principals of the assumption conference adopted the proposed set of assumptions. So given that happened in October, mid-October or so, we then go back and we go back and kind of finalize the valuation.

Part of the changes in the experience study or some of the assumptions that we changed I should mention. We left the economic assumption alone, the fact that we assumed the assets were going to earn seven and three-quarters. And we based that on discussions with the SBA. But we found out that

your retirees were living longer. There's no surprise in that. People are just generally living longer. But we had, when we did the last experience study in 2003, we found several sets of your retirees whose rate of longevity was actually worse in comparison to the general population. And that's an unusual finding. This time we found that it's more back to the norm. But that means people are living longer. If you live longer, you're going to make more benefit payments. It increases the liability.

So given all that, we then went and finished the valuation. And now I'm going to refer to the chart which you have as a handout. And I'm going to refer to the middle, which is called "With Current Corridor." And the primary result is that the funded percentage of the Florida Retirement System decreased from 106.7 percent as of July 1, 2008, to 88.5 percent on June 30, 2009, which is an 18 percent decrease.

The change in funded status was primarily due to the behavior of the market, the investment losses, and the change in the assumptions. For example, we assumed between 7/1/08 and July 1, 2009, as I said earlier, assets would earn seven and

three-quarters percent. They actually earned a negative 6.74 percent on a smooth basis. And I will explain that. And that meant the assets were actually $18.7 billion less than we expected. Had they earned their seven and three-quarters, you still would have been a hundred percent funded.

And I've used the phrase now "the smoothing of assets." We smoothed the assets to eliminate the volatility in the market. As I mentioned, the first purpose of the valuation is to develop the funded status of the plan, the liabilities and the assets. That also is the basis for the Legislature to pass legislation, and to the Governor to sign it, the contribution rates to fund the benefits.

If we use market rates of return, we all know that the market is very volatile. And our recommendations on the contribution rates would be very volatile. We could have a recommendation of 16 percent of pay one year, 9 percent of pay the next year, pop back up to 14 percent. It would make budgeting, to the extent that the contributions to the retirement system are a large portion of the budget, it would make budgeting very hard. It would also probably make my presentations when I come down every year, every time it spiked up, I would have to

be ducking.

Anyhow, Florida Statute and most government pension plans allow you to smooth the market rate. And what we do is we use what we call five-year smoothing. It's asymptotic. And we only recognize 20 percent of the gains or losses in the market each year. So for instance, if the market were to earn 13 percent and our assumption is seven and three-quarters, that's a five percent difference. When we did our valuation, we would only recognize 20 percent of that extra five percent or one percent. So we would put some of the excess, we say, into storage.

What happened this year is the markets lost almost 20 percent. But because of the smoothing, we only recognized, as I said, the rate of return was a minus six percent. And so even though there's a decrease in the funded status, the decrease would have been a lot more if we had recognized the full market value. So it's really a budgeting technique.

One of the things of the corridor is that under current Florida law the actuarial value of assets cannot be less than 80 percent or greater than 120 percent of the market value. And the corridor restriction does not come into play unless there are

dramatic asset gains or losses in any one year. This is the first time in recent history that the corridor has come into play.

And the purpose of the corridor is to ensure that the smooth value of assets does not greatly vary from the market value. So you're not substituting fiction for fact. But in this year, if the 80 percent/120 percent corridor had been suspended, repealed, the law changed, whatever is required, your funding ratio would have been 96.7. This is the bottom part of the slide.

As you see in the middle, you would have had your actuarial value of assets would have been 129.8 billion. Your unfunded, this is in the middle, would have been 4.4 billion, and your funded percentage would have been 96.7 billion, I mean 96.7 percent.

This is a problem with the corridor. A lot of states are looking at the use of the corridor, and there have been recommendations out there to either temporarily suspend the application of the corridor, changing the range limits or eliminating the corridor entirely. I'm just bringing this forth. Some states have never had a corridor because they believe the purpose of a smooth asset is to smooth

the values. And if the corridor does not allow you to do a full smoothing, as is happening this year, then you're fighting with one hand behind your back. So I just bring that forward.

Another point I want to focus on is that, as I said earlier, the valuation is a snapshot of one day in time. So the results of any single valuation should not be emphasized. It's the long-term trends that are more important. For example, we did our valuation as of June 30, 2009. The market value of assets then was 99 billion. I've been informed that as of December 7, 2009, the assets have grown over 13 billion to $112.7 billion. So they have bounced back greatly.

And I want to say historically, as Sarabeth said, the Governor and the Legislature have made great strides in funding the Florida Retirement System by requiring the recommended contribution rates to be implemented when they were determined.

I don't know how many of you remember, but if you go back 18 years, to 1991, and if you go back, it was even worse, at that point in time, the Florida Retirement System was less than 60 percent funded, and it was in the fifties and forties if you go back into the 1980s. Since that time there were

1 favorable asset returns. And as I said, the
2 legislative and executive decisions to fund the
3 actuarially recommended contribution brought the
4 retirement system to be in excess of 100 percent
5 funded in 1998. And, again, prudent use of the
6 surplus, again, that required both the Legislature
7 and the executive branch, had the Florida Retirement
8 System remain in surplus status until 2009.
9 And so this doesn't sound all doom and gloom, I
10 want to put this in a context for you. In reviewing
11 the materials prepared by the other presenters, I
12 noticed in tab ten, so this is not my material, this
13 is one of the other presenter's, I'm going to steal
14 them, there was a 2007 survey prepared by Standard &
15 Poor's that was published in 2008, 2009, and it
16 showed the Florida Retirement System as the third
17 best funded system in the nation. Now, that's
18 something to be proud of.
19 Obviously, I'd like to tell you that in 2009 it
20 continues, but there's just no comparisons out there
21 yet. But I do believe that every retirement system,
22 almost every retirement system was invested in
23 equities. They all felt the market downturn at the
24 end of '08 through March 2009. And I have to
25 believe that when the 2009 comparisons are

presented, which probably won't be until 2010 or 2011, the Florida Retirement System will still be one of the top five funded systems. I mean, you are doing the right thing.

Finally, there is a little downer. The UAL re-emerged this year after not being there for 11 years. It's going to stay there. It's going to be around for the next couple of years. We have done some projections. And I can tell you that unless there's extremely favorable market returns, I mean more than the 15 percent or so that the retirement system has experienced this year, and whether or not the 80/120 corridor is lifted, there will continue to be an unfunded liability for the next few years.

Having the unfunded liability is not -- it's not the doom or gloom as -- you've been 100 percent funded. You will be again as long as the money is contributed and the SBA continues to invest well. Thank you, and I'm open for any questions.

ATTORNEY GENERAL McCOLLUM: If I could, Governor.

GOVERNOR CRIST: General.

ATTORNEY GENERAL McCOLLUM: I think that was an excellent report, and it sounds to me like what you're really saying to us is, here is where we are

today actuarially and the valuations. Here are a few little problems with structure that we might look at down the road to tinker with. But overall you feel confident that our pension fund, our retirement system is as well funded as any of the top two or three in the nation.

Is that -- so you're saying we're really doing, on a comparison basis, your belief is we're doing very well.

MR. DEZUBE: As I said, you were number three. I have every reason to believe you're in the top five. And as someone who follows the news, I read state X is not funding, they have not put money in their pension plan for the last ten years, they've gone from 100 percent funded to 40 percent funded. And, you know, I never hear Florida in the news like that. So, yes, you are doing very good things.

ATTORNEY GENERAL McCOLLUM: Thank you.

GOVERNOR CRIST: I'm curious. Who is funded more substantially than Florida?

MR. DEZUBE: This is from the 2007 survey. It shows Oklahoma and North Carolina. And then there is a second survey. I didn't bring it with me here. And that's put out by Standard & Poor's. There's a second survey put out by the National Association of

State Retirement Administrators, but that doesn't look at it as a statewide system. It breaks it down by individual systems.

So whereas Florida has one big system, for instance, the State of Washington may have four or five systems. So that lists about 115 or so. And in that, Florida was probably about number 10 or 11. But when you break it down to states, like of the four or five ahead of Florida, all were with one state. So even in that, when you just look at the number of states that were mentioned, Florida is still, I believe, number four in that survey. So North Carolina and Oregon.

GOVERNOR CRIST: Thank you very much.

MR. WILLIAMS: Thank you, Robert and Sarabeth. The last of our reports is the Hurricane Catastrophe Fund, Dr. Nicholson.

MR. NICHOLSON: Good afternoon.

GOVERNOR CRIST: Good afternoon.

MR. NICHOLSON: I'm going to give you kind of a quick update on the Florida Hurricane Catastrophe Fund's overall capacity. The last time we briefed you on this was based on the May '09 bonding estimates and that sort of thing. Since then we've re-estimated the capacity, and we feel like that the

amount of bonding that we can do now would be $11 billion versus $8 billion last May. That gives us a total capacity of $19 billion, which if you put that in perspective, the Cat Fund had only $11 billion in 2003 and was increased to 15 billion in 2004. Today we're at 19 billion, which is 8 billion more than we were in 2003. So I think that's a very positive situation.

Secondly, I want to report that we are pursuing a private letter ruling to be able to issue tax-exempt pre-event notes. We've put in our request and we have our first meeting with the IRS next week.

The other item that I want to talk about is the Cat Fund's 2004 and 2005 losses. As you recall, in 2006 we issued $1.35 billion of notes to fund our shortfall. We had to come back in 2008, last July, due to continued adverse development with regard to losses.

We are now still experiencing that adverse development, and we're looking at a third tranche of debt, which we'll probably come back to you maybe your last meeting in January with some details on what that is going to entail. We're looking at a range of -- I'm going to be very broad here -- I

think 300 to 600 million dollars that we're going to be short. And we've already enacted our bonding team and the documents are being prepared as we speak.

CFO SINK: Jack, are you thinking that we'll just add, tack on yet another year for the assessments? Is that the discussion underway, or are we going to have an increase --

MR. NICHOLSON: I don't think it's going to be that easy. I think the assessment will have to increase, and we're looking at that right now. Based on the magnitude of what we're talking about, we still have yearend reports that are due from the companies.

Unfortunately, like anything, you have to do it before you know the actual results. We are, due to our contract, the good thing, we do commutate losses for 2004 in May and then the following May the losses in 2005. So that's kind of an ongoing process. But we think that what we recommend to you is going to be sufficient to take care of any other issues, and we want to make sure we close it out.

CFO SINK: You think this will be the end of it.

MR. NICHOLSON: Right.

CFO SINK: All right.

MR. NICHOLSON: That would be the objective.

CFO SINK: Ideally, we could think of a way to have these people file their claims in some period shorter than, I guess, the five years that they have now, but that's for the Legislature to consider.

MR. NICHOLSON: Right. And there's also a study that OPPAGA is doing with regard to claims adjusting, and that may produce some good recommendations. And that's all.

MR. WILLIAMS: Thank you, Jack. So that concludes our recurring reports. We will move on now to Item 9, executive director and CIO update. The first thing we have here is an update on where we are with enterprise risk management and compliance. You will recall I've given you updates on several occasions on this subject. This is an effort that came in the wake of the local pool issues during the fourth quarter of 2007.

There was an audit done then. And one of the things that came from that audit exercise was that the SBA should really look at what its compliance capabilities were and what its independent compliance mechanisms are and how they could be improved. So the SBA retained Deloitte to do a

project in that regard and get us going in the right direction and guide us appropriately. I think this is a great example of what was talked about earlier in terms of value added through external audit and advisory relationships.

So rather than me give you the summary of what Deloitte did for us, we have with us today Mr. Michael Chung and several -- yes, there he is -- several of his colleagues. Let me ask Michael to give a quick summary on the work Deloitte did in terms of giving us guidance. Then I will come back and tell you what we've done pursuant to their suggestions.

CFO SINK: Well, and as they come up, I know that you've been here for five hours already, so thank you for your long-suffering attendance here.

MR. CHUNG: No. This is very interesting, watching the proceedings. But good afternoon, Governor and members of the Board, and thank you, Ash. As Ash indicated, my name is Mike Chung. I'm a director in our asset management practice. And I'm responsible for leading our investment advisor, governance and oversight services in the Midwest.

And I was also responsible for overseeing the Deloitte team that performed the assessment of the

compliance program at the SBA, which we executed over the course of September of 2008 through June of 2009. What I thought I'd do is spend just a few moments giving you an overview of the scope of the project as well as our approach.

Essentially, what we did was to assess the current state of the investment processes at the SBA, including the compliance program. We identified potential gaps, using as a frame of reference the registered investment advisors as well as our understanding of practices at similar organizations such as the SBA.

Then working very closely with the SBA, we worked to prioritize our findings using a risk-based approach. And as a part of this, we also looked to develop other methodologies for investment compliance monitoring and developed recommendations and an implementation plan.

I think the important thing to emphasize is that our intent was to provide consultive guidance to the SBA. We did not perform any testing of the operational controls to determine their efficacy, and we didn't issue any opinion in connection with our work.

Basically, the approach that we took was we

requested a number of documents related to the investment process and their compliance program, read through those materials to gain a baseline understanding. Then we conducted a series of interviews with a number of folks from the investments area to the operations area to the compliance as well as some of the executive staff.

Then we went through and walked through the control activities that the process owners performed on a day-to-day basis. From that, we compared what the SBA had in place against our understanding of practices of registered investment advisors as well as organizations such as the SBA, and we developed our recommendations from that.

As part of phase one we made a number of tactical recommendations, starting with how to structure their governance structure, separating the oversight function from management functions. And to the extent that it was not feasible given resource limitations or any other structural issues with the SBA, it was to put in place compensating controls as well as to clearly define the roles and responsibilities of the various individuals so as not to present any potential conflicts of interest.

Then we also made a recommendation with regard

to establishing an independent compliance function, headed up by a chief compliance officer and/or equivalent to oversee and administer the compliance program.

And then just getting back to one of the earlier points is processes -- establishing processes for monitoring compliance with the various investment guidelines, and given the fact that a number of your assets are managed by external managers, is putting in place an oversight program to understand how they're complying with your particular mandates and how they're overseeing the assets.

Continuing on, we also made some recommendations regarding educating the various individuals on the internal policies in place and understanding how the various business units operate together, in tandem. And another important aspect of this is to have a process for periodically assessing the efficacy of the compliance program. So we'll get into more of that in the phase two recommendations.

And finally, to wrap up phase one was to implement a training and education program, understanding that they are contemplating

redesigning the compliance program and then some of the internal policies and procedures would be changing.

Then as part of phase two, what we did was develop a series of recommendations regarding some initiatives regarding implementing the governance structure as well as the compliance program. So looking at a suggested governance model from the type of charters, from the procedural requirements, performance measures, membership of the various committees and how they could structure that. Putting in place a compliance department, as I said earlier, independent from its other functions, headed up by a chief compliance officer, clearly defining what the roles and responsibility of the compliance officer would be as well as the compliance department, and looking at this from a functional perspective as to which of the functional areas that they would be overseeing.

An important aspect of this would be to periodically assess the design of the various compliance controls as well as the efficacy of those controls, and then finally putting in place an oversight program to oversee your external managers. That would involve everything from the tools, the

reporting mechanism, the frequency of the visits that you would be conducting and how to report back to the Board or other members of the SBA. And then finally, putting together an implementation plan that included resource estimates, a time frame and plan of attack on how to implement all of these suggestions.

So I can either have Ash come up and give you an update as to where they stand with regard to the implementation. I'd be happy to take any questions that you may have.

CFO SINK: Well, Governor, I'd just like to make a comment.

GOVERNOR CRIST: Sure.

CFO SINK: This is an enormous body of work, and I'm sure you've had lots of resources that you've poured at it. And a lot of this stuff is just kind of compliance or risk management 101. And it's just unfortunate that it took the crisis that we had in the Local Government Investment Pool to cause everybody to wake up and realize that we needed to be running this big pension fund in the 20th century instead of the 19th century.

And the good news is that we had a crisis and that we stepped up and realized -- and I think

General Milligan made this happen -- realized that we needed to have somebody, some experts come in and just review the whole compliance and control function of the SB -- of the retirement system from top to bottom.

And you can see just from this list the just enormous amount of tasks that we needed to work on and things that we needed to get done, all the way from the proper oversight of our external managers to being sure that we had a division between our risk and compliance officers and people who are actually involved in the investment activity, the division of responsibility.

So I appreciate your making the presentation and the really fine work. And I'm anxious to hear from Ash as to how we're doing in terms of actually implementing an enormous number of recommendations that you all made. Thank you for your work.

MR. CHUNG: You're welcome. I think two points to emphasize is that a lot of the things that they already had in place, our recommendations are with regard to making enhancements or potential improvements to something that may have been in existence.

So it wasn't as though they were developing

things from scratch, which is very similar to other organizations. So it may take an event such as this to trigger a thorough -- you know, an assessment of what they currently have in place. But we go through that with a number of our other clients as well.

And I would say what we saw at the conclusion of our phase one is that it was fairly consistent or in line with what we see with our other clients. And then these recommendations are more suggestions as to how they can enhance or improve their current infrastructure to help move things forward, so which I think to Ash's credit and his team, they have taken, I think, pretty much in lock, stock and barrel.

CFO SINK: Thank you.

GOVERNOR CRIST: I wanted to thank you as well. The recommendations, oversights and improvements that you've put forward can only help Florida do better. And we appreciate that. And I know that, I have confidence that Ash will lay out to us ways to go ahead and start implementing some of these and maybe some already have begun to be implemented. But we look forward to that, too. Thank you, sir.

MR. WILLIAMS: Thank you, Mike. So let's then

jump to it and talk about some of the things that we've done specifically in terms of furthering some of the enhancements that Mike referred to. First of all, I think the tone has been set clearly from the top. You have all communicated to me your expectations for our conduct in terms of transparency, integrity, risk management, et cetera.

Those values have been clearly communicated to our staff. And I think one of the things that came out very clearly in the Deloitte work is that the tone for compliance has to be set at the top. And there's no ambiguity about that at the State Board.

Additionally, we have begun building out organizationally exactly the framework that has been recommended. We've established various committees, documented the policies for how those committees run, how they're staffed, how we escalate recognition of various risks, et cetera.

I think the other thing we've done is that we've stopped and said you can't have compliance without first understanding what your risk exposures are. And we learned in that fourth quarter of 2007 that risks aren't simply limited to securities going down in value. There are reputational risks. There are market risks. There are communication risks.

If an event happens and you're not set up to communicate in realtime effectively and clearly with the affected parties, that can create problems of its own. It can magnify experience, either good or bad. So we've taken a much more holistic look at risk and look at it from a standpoint of what is known as enterprise risk, which is risks from all perspectives to the overall interests of our organization or our enterprise.

So we've created a new unit known as Enterprise Risk Management and Compliance. We've recently named Eric Nelson to head that unit. Eric is a CPA, a 25-year SBA employee, has extraordinarily strong skills in process mapping and integration of solutions across different areas of the organization. And I think he's a good exec for this role and will do a good job with it. And there he is.

Additionally, we have re-purposed a number of existing staff, who were previously in what could essentially be considered compliance roles within the individual asset classes. We've pulled those people out of the asset classes, put them in this new independent unit we're talking about so that we don't any longer have even the appearance of a

conflict in terms of someone confirming whether policies and procedures have been complied with and who that person reports to. The appropriate independence is there. We're also adding additional folks, consistent with a budget voted on back in the summer, to fill in various key roles in that team.

You can't have compliance without something to measure and something to evaluate whether you're complying with it. Obviously, that comes back to policies and procedures. And we have rewritten a tremendous, tremendous number of our policies and procedures in a number of key areas, and we've tried to do them in a priority way. So we've looked at things like what's our overall risk budget, which is how we look at aggregate risk exposures for our portfolio, what are our limitations on leverage, what are our limitations on derivatives use, et cetera, et cetera, et cetera.

And we've just, to touch on a few other areas, looked at broker-dealer relationships, internal trading. Investment portfolio guidelines have been rewritten for 25 different portfolios. We've looked at rebalancing and liquidity assessments. Placement agent disclosure we talked about a little bit earlier. We're looking and have also done things in

the areas of custodial credit. We've completely revised what we're doing in securities lending. Terms we have in various of our contracts that we want to be consistent across all our relationships. Internal controls and fraud, how we value real estate investments, private market investments, how we develop contracts in that area, a number of things relating to information technology and data center control.

We're working on things, too, in the areas of business continuity, something that's pretty important in a hurricane-prone state, and also developing a senior operations group or further developing the one we already have in place.

So I think in short I would say there are a number of things going on in this area. The resources we had in this area were already quite strong. I think organizing them in a manner that even the appearance of conflict is taken away is very useful. We are in the confidence business and we earn trust every day, and we owe it to people to conduct our business and manage our organization in a way consistent with that reality.

I'm just looking at my notes to see if there are any key points I've missed here. I think we've

hit most of the key points. We've told you before about expanding our fraud hotline to include all our contractual service providers. We've now added third party real estate appraisals for all our real estate holdings. And we're moving in the direction of external audit, which we applaud.

So I think essentially that's the quick and dirty on what we're doing, but there are a lot of moving parts. This is something that we'll keep you and the Investment Advisory Council and the Participant Local Government Advisory Council and most certainly the Audit Committee informed on.

We also intend to have the chief of Enterprise Risk Management and Compliance be a regular presenter to our Audit Committee and perhaps to you as well if that's your choice. So unless there are any questions, that will cover what I had prepared for you in that area.

CFO SINK: Yeah, Ash, I do. Thank you for sending over Eric's bio. Congratulations. The good news and the bad news. Certainly the good news is that you've been invested in the SBA for 25 years and know the organization very, very well. Let's just not make the bad news be that because of your familiarity, you're not able to kind of step back

and show up at work on your first day with a fresh set of eyes and a new way of looking at things.

And I hope Ash will give you the opportunity to take part in a lot of professional meetings and trainings. I'm sure that there's an association of risk and compliance managers who get together frequently and talk about how you can really take a critical and new and fresh look at all the operations.

But, Ash, this is a pretty impressive list of policies that you all are working on. It's a pretty big assignment here.

MR. WILLIAMS: Well, there's a lot that's going on. And many of those policies are already done. They're not just in process. They're done and in place, and others will be.

All right. So let's move on. We had talked before, and I've met with all three of the offices about what we would call investment areas of interest. And this is sort of both sides of the same -- both ends of a barbell, for example.

What we're talking about here is areas that have been affected either positively or negatively by recent market events. And when I talk about recent market events, I'm talking about the

1 liquidity crisis, the recession, the decline in
2 equity values, the weakening in real estate, the
3 weakening in consumer spending, just the general
4 economic challenge that our country now fortunately
5 appears to be coming out of, and how does that
6 affect our opportunity set, how does that affect our
7 existing holdings.
8 So for the remaining two sections of Item 9,
9 public market investments and private market
10 investments, I'd like to share with you just a
11 couple of thoughts in that area. CFO, you noted
12 earlier gaps in performance in private equity and
13 strategic. That's a great example of segue into
14 this area.
15 And you'll see some interesting anomalies that
16 seemingly might not make sense. Like when you look
17 at our performance going back over the past three
18 years, a major detractor in that performance is
19 fixed income. Why? Because we had an overweight to
20 credit exposure. Credit was hurt very severely
21 during the credit crisis and the liquidity downturn,
22 and that flowed through to our numbers.
23 But if you look at our numbers year to date,
24 you will see that actually the biggest contributor
25 to our performance is what? Fixed income. The

1 child that was troublesome yesterday is now the high
2 performer.
3 Similarly, if we look at strategic, strategic
4 has shown as a bit of a drag on performance, but
5 it's actually, in looking at this year, it's perhaps
6 our top performing area, up roughly 20 percent over
7 the course of the year, done very, very well. So
8 why is that? Or private equity, which shows a gap
9 to its performance benchmark, what's going on there?
10 What you see, as Steve Cummings from EnnisKnupp
11 said earlier, is there's a gap because these are
12 nonmarketable assets. And when you talk about real
13 estate, strategic and private equity, these are not
14 assets that you can turn on a Bloomberg machine and
15 see how they were priced in the past five minutes
16 based on a live trade.
17 That can either help you or hurt you. We have
18 seen, for example, the numbers that we're showing in
19 private equity and strategic in large measure have
20 been painful. What those numbers don't show is that
21 there's been a very dramatic snap-back in those
22 assets over the course of the current year.
23 And just as we've seen fixed income go from
24 lagger to winner as credit spreads have tightened
25 and fear and anxiety have ebbed a bit from when we

1 were looking at the edge of the abyss back in the
2 fourth quarter of 2008, we have not seen that
3 appreciation pass through in these private asset
4 classes because the valuations aren't there. We get
5 them at best on a quarterly basis, and it's not
6 uncommon for them to be lagged for six months or so.
7 That doesn't mean our reporting is defective.
8 That's common in the industry. And we regularly
9 have discussion with managers to understand their
10 portfolios. So, for example, when you look at the
11 private equity area and you see -- you might see
12 holdings that would be common across different
13 private equity portfolios that are companies that
14 are known broadly to be challenged. Think of a
15 Harrah's, a Hilton, a Freescale Semiconductor, names
16 of that nature, a Reader's Digest. You might think,
17 gosh, these are names I've heard. These companies
18 all look like they've got awful prospects. You mean
19 you own all these things? That's troubling.
20 Well, on its face that's true, but there are a
21 couple of key qualifications. First of all, there's
22 the question of scale. If we look at what portion
23 of our portfolio we're talking about, it's very
24 small, that has these sorts of assets that are
25 somewhat challenged currently.

We did sort of a worst case analysis and tried to look through all the different areas, real estate, private equity, et cetera, where there might be some problems, and try and look through them and say, worst case, what do we think our exposure to the down could be.

And we came up with a number that's less than one half of one percent. So you might say to yourself, well, gosh, if I had $100 and I lost 35 cents or 50 cents, would I lie awake that night or would I be able to go to sleep? I think you'd be able to go to sleep. And that's where we are. The other thing I would say is that on the private equity --

CFO SINK: Excuse me, Ash. So that would translate into about a half a billion dollars?

MR. WILLIAMS: Correct. And I said it that way, CFO, because if you say it the other way and say we may lose a half a billion dollars, most people would hear $500 million, the hair on their neck would stand up and they'd say, "Good Lord, is my pension safe?"

That's exactly why, the reason I phrased it the way I did, because we have had some very high profile investments that have gone very badly.

Peter Cooper Village is one we talked about at great length at our last quarterly meeting. And while that's a bad experience, in the grand scheme of what we do, it's not a loss that's going to in any way impair what we're capable of doing, and it's a loss that's built into the performance numbers that you have before you.

And those numbers, through the close night before last, show us having earned roughly $15.4 billion this year and performed 60 basis points ahead of target. That's net of all the bad news that we've been talking about. So it's not like there's some looming monster in the closet that's going to come out and be a negative surprise.

CFO SINK: Are there any single assets that would be a loss of more than -- Peter Cooper Village got a lot of attention. That was $250 million. Are there any single assets remaining that are in your axis of concern that would be in excess of $250 million?

MR. WILLIAMS: No.

CFO SINK: Okay, good.

MR. WILLIAMS: So where are we on this? Think about private equity for a moment. One of the things that led to the actions being done by general

partners in the private equity industry that's led to some of these investments they made that they paid, frankly, more than they should have for them, and they levered them up, which compounded the sin -- you'll remember the same two issues that were with us in Peter Cooper Village, paid too much for the asset and then compound that sin by levering it up the debt.

There's something very important here in private equity. And that's a lack of a catalyst to turn an unrealized loss into a realized loss. An unrealized loss is nothing but an accounting entry. A realized loss is when you've actually lost the value of an asset on a permanent basis. It's a big difference between mark to market and permanent capital impairment.

And in the case of something like Peter Cooper Village, the catalyst was the leverage and the presence of hard dates at which debt financing had to be refinanced. And if the value of the asset had declined below the level of debt, that refinancing was not going to work in a way that supported the equity value.

With private equity you have exactly the opposite situation. And it's a bit of a luxury.

The banks, in their anxiety and hunger to get business from the private equity firms back during the boom years, gave a number of the private equity firms what essentially amounted to seven-year bullet loans with no covenants, meaning that the banks had the use of the money -- or the private equity firms, rather, had the use of the bank's loans for fully seven years, commonly, the term of the partnership. And they could go out, use that money, not have to worry about the performance of the underlying companies or making any payments on those loans until they were at the very end of that period.

Well, even several years into the downturn, we're still fairly early into that seven years. So if you talk to principals of a number of the major private equity firms, they will tell you part of the reason they were willing to pay more was they knew the banks were standing right there ready to give them non-recourse financing with no covenants for a period of seven years. So they will tell you, we've been cutting costs all day every day. We've been buying back debt when it was cheap during the downturn. We've been rehabilitating the balance sheets of our companies.

And at the end of the day a lot of these

companies, Harrah's is a great example, are the leading operators in every market segment they are in. In every market they are in they're the dominant competitor and they commonly have got a very high operating margin. And to the extent they've taken out costs and reduced debt during the time they've held that investment, they've strengthened it.

And their estimate is that for the most part, when these partnerships come to their maturity three, four or more years down the road, that they will in fact have not only not have losses, but they'll have positive returns that are pretty significant, maybe not as rich as what we might target conventionally in private market. But an example of one GP we met with not too long ago was, he had an expectation the fund we were expressing some concern about would have a return in the low teens net of fees at maturity. So give it a while, let it work and go from there.

In real estate we have the opposite of that. We have -- real estate is something that has looked, on a relative basis, has looked pretty strong. So, for example, if you look at our real estate versus benchmark number here, you will see a plus 39 basis

point contribution over the last 12 months.

Well, what's not showing in that number is, just like private equity, valuations in real estate are lagged. And so to the extent we have directly owned properties, which is the majority of our portfolio, directly owned properties, they're leased up, cash flowing, very little if any leverage, those -- the decline in real estate values that we've all been through isn't fully reflected here.

So this would be a case where the underlying numbers are actually worse. And to the extent we have exposure in real estate, there is certainly nothing like Peter Cooper Village out there in terms of scale, but we do have a very small percentage of the portfolio in partnership structures that are levered and where we don't have control over them, we're simply a limited partner investor.

And there will be some of those, as soon I think as during the first half of next year, one in particular where there's a very good chance that a refinancing requirement that will come along will be challenged. Exactly where the markets are when that happens, we don't know. Will it provide an opportunity for us in some way to take advantage of the situation and make a secondary investment that

will mitigate the whole situation? We don't know. But that's the kind of thing that has to be looked at. The best news I can give you there is we're talking about a tiny percentage of our overall real estate exposure.

We recently had Townsend, which is the -- I would say the preeminent real estate, institutional real estate consultancy in the country, down for a presentation for the Investment Advisory Council meeting, not the most recent one, but the one before. And the conclusion of Terry Ahern from Townsend was that our portfolio has had far less exposure to the parts of the real estate economy that have suffered the worst in this downturn.

So for that reason we've come through better, number one. Number two, we have a tremendous volume of committed but undrawn capital out there, which is right where you want to be, because as we start seeing desirable assets come on the market at distressed prices, which has not happened yet, that's probably something that's going to take place over the next one to three years, we'll be in position to take advantage and buy things at the bottom with minimal leverage and have a really nice ride over the ensuing five, ten, fifteen years.

And on the properties that we own ourselves in real estate, which collectively are 88 percent, I'd say, of our portfolio overall, 88 percent plus, we own those properties. They're not highly levered. So to the extent their valuation has gone down temporarily, they're leased up and they're cash flowing, frankly it's like living in your house. If you don't intend to move out of our house and its value goes down by $10,000, I still sleep pretty well at night because I don't have to sell it. If I had a mortgage that I had to roll over once a week, that might be different. But that's not the situation we have.

So I think on a mark to market basis, in the real estate portfolio there is some embedded decline in assets in there that will come out over time. You're going to see some individual partnerships that are going to be challenged over the next couple of years, and you will see some joint ventures that may be challenged. But in joint ventures -- and these would be situations where we partner with someone in a particular market because of their knowledge of that region and their knowledge of a particular type of property.

In those circumstances -- again, these are

situations we largely control, and we don't have the urgency necessarily of a financing that can leave us stranded. Worst case, we've got a couple of situations there where we might have a new building that we've been a partner in putting up, premier location, top quality building, but the timing on that building coming on the market and being leased up is now.

So you're coming on in a relatively depressed marketplace. And that's true whether it's residential, office, industrial, retail or whatever. In that circumstance, we might well choose to take the asset onto our books if we like it because the long-term value will be there. And what we don't want to do is be forced out of something that's ultimately a desirable product because of some liquidity issue that we can easily overcome.

CFO SINK: Ash, let me -- you just brought up something that kind of clicked with me, because it seems that many of our problems are in these participations in these LLPs or these big funds, like the Peter Cooper Village thing. We were a bit player, frankly, in a big program that got put together.

Are you thinking going forward that our

strategy ought to be, because of the size and scale of the Florida Retirement System, that we ought to be invested more in properties in which we are either the sole owner or we're one of the -- we're in a joint venture with somebody so that we can control our own destiny more, rather than just being at the mercy of one of these big funds where our opinion doesn't matter very much?

MR. WILLIAMS: There is room for both, CFO. And the way our portfolio is currently structured, we have a target of 70 percent in the what we call stable properties, the stabilized properties which we basically own, control and lease up. And then the target is for that remaining 30 percent to be stratified 20 percent across slightly more aspirational or high yield properties, and then for the top 10 percent to be the more aggressive vehicles. And those two more aggressive approaches will tend to be partnership-driven. In fact, our exposure in those areas is far lower. It's roughly 11 percent across the two, not 30 percent. That's why we're better positioned.

My own view is that partnerships are not inherently evil, but one has to be aware of the overall environment. And to the extent the asset

management industry occasionally commits a sin, it's taking money and putting it to work at times when the better service to the underlying investor would be for that GP to sit on their hands and not put the money to work.

And the good news is we have a number of GPs that have done exactly that. And that's why we have the very large amounts of committed and undrawn capital that we do. So I think it -- it's not as simple as saying we should control every single property ourselves and operate completely unlevered. I think we should do a diversified mix that thoughtfully makes bets where we think bets can be prudently made and does so at a scale that we're comfortable with. Concentration is certainly an issue in something like Peter Cooper, tend to take smaller bites than 250s in single projects.

GOVERNOR CRIST: Ash, if I might, maybe a dovetail to the CFO's point, and this seems like an opportune time to raise it. In talking about making investments and utilizing Florida assets to make these investments on behalf of our pensioners, and we talked about it at our last meeting --

MR. WILLIAMS: Yes, sir.

GOVERNOR CRIST: -- and the notion of being

able to have Florida invest in Florida. And I don't know if you've had a chance to really analyze that prospect or could give us a little idea of what your thinking may be going forward, whether it is with partnerships with others or more exclusively determined by your shop.

MR. WILLIAMS: Thank you, Governor. That's exactly where I was headed next.

GOVERNOR CRIST: Fortuitous for us both.

MR. WILLIAMS: Precisely. I've taken a look at a couple of things. Number one, we've taken a look at what we currently have in Florida. And the answer is roughly $875 million, give or take a little bit here and there. That includes roughly $300 million in direct-owned projects, roughly 241 in what we call programmatic joint ventures, an additional 335 in pooled funds in which we have some investment. And that 876, those pooled numbers, are our portion of that -- of those pools. If you looked at pools in aggregate, that number would balloon dramatically. But I think what we're really focusing on is what we own.

We have talked to a number of our managers about what the Florida opportunity is presently. We have talked to several GPs who are putting together

vehicles to either purchase what would -- finished lots, meaning lots that have been permitted, platted, streets and sewers are in, hard infrastructure is in and they're ready to go vertical with construction.

We've also talked to a couple of folks who are focusing on condos, particularly with a Southeast Florida focus. And I think our sense is at this point there's very, very little coming into the market in terms of top quality product that's available for sale.

What we have is a phenomenon known in the industry as extend and pretend. And what that means is, picture a circumstance where you have a bank that has loaned money on a project. You have an equity owner in that project. The value of the property has declined, potentially below the value of the debt. So the equity holder is effectively wiped out. If they sell the property tomorrow, the equity owner gets nothing and the bank gets something, but it's something less than what they loaned. So nobody in that equation has an incentive to step up and make a sale, because what will happen is if they do, the bank is going to have a huge write-down, the equity owner is going to have a

wipe-out, they're going to have a zero. And not everybody does what we do, like we did with Peter Cooper Village, and says publicly, we wrote it to zero in May. Not many private owners like to do that if they can avoid it.

So basically, you also have a circumstance where the bank regulators are, in a number of situations, granting forbearance because they don't want to increase hardship on banks at a time that banks are capital constrained and trying hard to add to their regulatory capital so they can get back in the lending business and move the economy more broadly.

So in that environment, the assets that you see actually coming up for sale are essentially distressed assets. And we don't really want to own distressed assets. We want investment-grade, top-drawer assets. To paraphrase or to quote directly Warren Buffet, something I subject you to with perhaps more frequency than I should, Buffet says, "I would rather own a great business at a fair price than a fair business at a great price."

And what we're seeing now is assets that are not necessarily top-drawer assets that are coming out at a discount because there's no alternative.

They're forced sellers. That doesn't mean they're the things you want to own. So we think that by being patient, staying on top of things, we already have a relationship with a major player that invests in the finished lot area, and we've done some things in different parts of the country there recently, and we have commitments in a number of other spheres in the real estate area that can play in Florida.

And I spoke this morning with one of the -- the principal of one of the funds we do business with who happens to be a native Floridian that I grew up with and is based over in Jacksonville and got the benefit of his insights. And his take was exactly what ours is. It's early in the game. Assets are really not in the market at this point. And unless you're talking about trying to do something in single-family homes or something like that, which really doesn't work for an institutional scale of investment, it's early days.

And I think we're in the game. We're known as a patient, smart player what deep pockets and a long-term view. And that's right where you want to be when the desirable assets do become available.

So where are we? That's basically the summary I had for you on the investments of focus. Again,

coming back to it, the very same circumstances in the market environment that challenge certain of our investments create terrific opportunities for us going forward. Over the past year we've committed north of $3 billion, close to three and a half billion dollars to new partnerships and strategies that we think are particularly well-suited to the investment environment we're in and will be in for the next two to three years.

And looking at those, the sorts of expected returns range at the most conservative end of the spectrum from sort of high single digit net returns to mid-twenties plus in the more aggressive end. And we feel very comfortable with the partners that we've funded.

We've also positioned ourselves to do some things that the Board has not done before. We recently inked an agreement with Cambridge Associates, who is one of the most highly respected consultancies out there with a focus on hedge funds and venture capital. And we think that doing some things in the hedge fund area with investment grade players who are of institutional quality, that with the right transparency, et cetera, will be a great channel for us to access talent and capture some of

the opportunities that are out there to be taken advantage of currently.

So unless there are questions, we'll close out the executive director and CIO update and move on to governance.

GOVERNOR CRIST: Go ahead.

MR. WILLIAMS: Thank you. Just summarizing on the governance subject, we have three recommendations before us. One of them has been dealt with already today, the external audit issue. And we thank you for your action on that. On fiduciary training, we talked at the IAC meeting recently about fiduciary training, and we have an attachment in here from EnnisKnupp. They have a fiduciary consultancy practice. And we have what can only be described as an exhaustive draft curriculum for fiduciary training. So we offer that for your consideration.

And on the last point, governance structure, from a staff perspective, that's sort of above our pay grade. We would just leave you with the notion that we think you have an honest and capable crew running your ship for you, and we will get it from point A to point B with no loss of life or cargo, and the ownership of the ship we defer to you.

Thank you.

CFO SINK: Did you have a recommendation about the fiduciary training?

MR. WILLIAMS: Yes. I think fiduciary training is a terrific idea and it will be useful for us. I defer to you as trustees in terms of how much of your time you want to commit to the area. For the members of the IAC and the PLGAC, I think what we should do there, in deference to their status as volunteers, is do some sort of needs assessment in terms of their prior levels of experience and training and try and match fiduciary training to the individual's experience, so that we don't take someone who perhaps might be on three other boards and have already had current training and force them to set aside two full days for us. That's a bit much to ask.

But I think we could work that out, just in terms of recommendations in the normal course of discussion among your offices, the Board, the IAC, the PLGAC and the Audit Committee.

ATTORNEY GENERAL McCOLLUM: I have a suggestion, if I might.

GOVERNOR CRIST: General, please.

ATTORNEY GENERAL McCOLLUM: It seems to me that

our Cabinet staff, in this case the trustees, SBA, our own personal staff, it would be good if they had fiduciary training. They have more time to give to that than any one of the three of us do. I'm not saying we shouldn't have some, but I think that would be very helpful. And I would recommend that you set up something, particularly for our team that interfaces with you all the time, from the CFO's office, from mine and the Governor's. That would be very profitable for them, I think, right now and for us, because they're our eyes and ears every day in terms of relationships with you and with the Advisory Council.

MR. WILLIAMS: That's right. And I think the point was made in discussion at IAC that some might say, well, gosh, not everybody here is a fiduciary, so why do all these people have to take fiduciary training? If you're a member of the IAC, you're not a fiduciary, or the PLGAC or the Audit Committee or your own staffs. And the answer of course is, well, if you're providing advice to a principal who is a fiduciary, that advice should be conditioned upon an understanding of what the fiduciary standards are, what you're expected -- what's expected of you and me as fiduciaries and therefore be calibrated

appropriately. And for that reason, I think your suggestion, General, is very well taken.

CFO SINK: So are we proposing then -- or let's make sure that we're clear. You're going to go back to the chair of the audit -- to the Audit Committee and say -- I mean, this is a pretty thorough list of topics that the consultant provided us, and ask -- are we recommending -- well, let me just throw this out, that you would go back to the Audit Committee and ask them to pick and choose what from this list is appropriate and that they're interest in and likewise to the Investment Advisory Committee as well?

MR. WILLIAMS: I was sort of thinking out loud a moment ago, CFO.

CFO SINK: We're all thinking out loud here.

MR. WILLIAMS: What I was thinking was not so much letting them pick and choose, because with all due respect to the members of all those groups, there may be things that they don't know that they don't know.

CFO SINK: Right.

MR. WILLIAMS: So I think we're perhaps better off assessing the extent to which they've had fiduciary training through some other channel and in

that way making sure we don't duplicate things, and then we could work with EnnisKnupp to come up with a layered set of curricula, if that's the plural of curriculum, I don't know. Curriculi?

GOVERNOR CRIST: Sounds like it could be.

MR. WILLIAMS: We'll stipulate that. That we come up with some sort of layers so that we have, say, a summary version that we could use for some people and the deep-dive detail for others. I would work with EnnisKnupp on that and see what their recommendations are. They've obviously wrestled with this at many, many different places. We don't need to invent this wheel ourselves.

CFO SINK: Well, I like the -- General, I like your idea that our staffs be exposed to this kind of training as well, but at the end of the day, the buck stops with the three of us.

MR. WILLIAMS: Yes, it does.

CFO SINK: And it seems to me that -- I mean, there are a number of topics on this extensive, I guess, eight-page list that I'm personally particularly interested in and think that I could be a better trustee if I had more exposure to selected of these topics. And I think the three trustees ought to take advantage of a form of additional

training in the areas that we feel that we would like to have more information about.

Governor, I'm thinking maybe the most appropriate way would be for each of us to look at this ten-page list and make some determination. You know, we ought to -- just like everybody else has continuing education, the three of us ought to be committed every year to continuing to educate ourselves and expose ourselves to what the current thinking is in terms of good training, because all the other -- when we did the governance study, we saw that every -- all the boards are undergoing this type of fiduciary training.

I'm not sure for us to spend two whole days going through every one of these 80 items is necessary or appropriate. But I just -- I think we -- to me, we ought to commit ourselves to spending a two or three or half a day period of time being better informed about what fiduciary responsibilities we do have.

ATTORNEY GENERAL McCOLLUM: Maybe that could be something we do in here as one of the quarterly meetings or in a meeting that we have. We've spent three hours roughly today, and I suspect that we could add another three and take a half a day or

four or five hours at that. But I would certainly be willing to commit my staff to look at that, Governor, if you want to commit yours to it as well --

GOVERNOR CRIST: Happy to.

ATTORNEY GENERAL McCOLLUM: -- and among the three of us come up with something with Ash. I have no objection to continuing education. As a lawyer, I do continuing legal education all the time. I have to keep my numbers up. So I have no problem with that. But I don't know, out of this multipage thing just sitting here today, that I could say what any more than you could.

GOVERNOR CRIST: I think we ought to commit to have our staffs review it and get back to Ash.

MR. WILLIAMS: Thank you. And what might be helpful is I've spoken with Nancy Williams, who is the fiduciary consultant at Ennis who wrote the outline you have before you, and raised the question, you know, not everybody has got two full days to sit down and do this, is this available in sort of a medium version and a medium heavy and the full weight. And the answer was yes. So this can be crafted and calibrated in a way to suit the time commitment that folks are comfortable with. And we

can make materials available for a deeper dive at people's leisure.

CFO SINK: I do want to talk about the governance structure issue, but as I'm sitting here thinking that -- I'd like to suggest, Governor, we have had a lot of people who have been here since 9 o'clock this morning. It makes for a very long period of time. And many of the people -- and we've had some people who I know were interested in speaking about some of the governance issues who had to leave because they didn't expect that we would be here at 2:30 in the afternoon.

And that's why I really think we ought to be able to have a separate time to have our board -- our quarterly board meetings. And just like we've already established our calendar for all the Cabinet meetings for 2010 and all the Clemency Board meetings for 2010, I'd like to recommend that our staffs, if it's your pleasure, work together to establish when our four quarterly meetings will be for the SBA and also recommend that our next meeting be at the headquarters on Hermitage Boulevard and give us an opportunity as fiduciaries and trustees to go visit, be able to take a tour and visit the departments and the people who are actually out

there executing and performing the duties that we expect them to do, and an opportunity for us to thank them for the good, hard work that they do, so that people who are interested specifically in the SBA board issues know that we're going to be able to start at a time certain and we're going to end at a time certain and are able to participate more fully.

GOVERNOR CRIST: Sounds great.

CFO SINK: I did want to talk about the governance issue. Did you have something else to say, Ash?

MR. WILLIAMS: No. I was going to note that I understand we have three individuals present -- or at least we did earlier, I don't know if they're all still with us -- who wanted to be heard on the issue.

GOVERNOR CRIST: Hopefully they're with us even if not present.

MR. WILLIAMS: So I'd defer to you as trustees on the order you want to proceed on this, and on the structure question, I think that's --

GOVERNOR CRIST: Is that what they wanted to talk about, the three individuals?

MR. WILLIAMS: I believe so, yes.

GOVERNOR CRIST: Okay. Happy to hear from

them, sure.

MR. WILLIAMS: I had three names, Joan King from the FEA, Doug Martin --

CFO SINK: Joan had to leave about two hours ago. I saw her in the audience.

MR. WILLIAMS: We have Doug Martin from AFSCME and Randy Touchton from the firefighters.

GOVERNOR CRIST: Great. Gentlemen.

CFO SINK: Was CFO Gallagher going to speak also?

MR. WILLIAMS: Oh, I'm sorry. And Tom Gallagher, former treasurer.

GOVERNOR CRIST: Why don't we have the former CFO bring up the conclusion, in deference to him. And I'm sorry, I don't know your name, but why don't you come on up and tell us who you are. We'd love to hear from you.

MR. MARTIN: Good afternoon, honorable members of the State Board of Administration, Governor Crist, General McCollum, CFO Sink. My name is Doug Martin. I'm the legislative director of AFSCME, Florida Council 79, which represents under contract more than 55,000 state career service workers, including those at each of your agencies, and approximately 30,000 other employees at state

universities, cities, counties, school boards and hospitals.

First let me thank you for your prudent stewardship of the State Board of Administration during its turbulent past few years. Your director and CIO, Ash Williams, is greatly respected among public pension managers nationally and enjoys our support and confidence.

I'm here to speak in favor of expanding the trustees of the SBA beyond the three statewide elected officials comprising the board. We also support fiduciary training for trustees and long recommended an outside audit of the SBA.

As the governance study by the SBA and AFSCME's research indicates, Florida is among a small minority, indeed a handful of public pension funds that does not include active employees or beneficiaries among its trustees. The governance structures of other states have involved for important reasons that are germane to Florida.

The best governing boards of all types include high quality representatives of major stakeholders so that the trustees reflect a broad range of views that includes not just financial expertise but also the beneficiary whose pension is the major source of

their sustenance and the career employee who wants to ensure resources remain for future benefits.

Although each of you is a participant and some day will be a beneficiary, we think many discussions at the SBA sound like the billions and billions of the old Carl Sagan series on PBS. Let me give you a much smaller number, $12,000. That is the average FRS benefit. Many of our state retirees who are not Medicare eligible must pay more than $1,000 a month for family health care coverage, so that their entire pension checks are wiped out and some must write a check back to the State.

In summary, the State Board of Administration is not just an oversight body but is also a policy-making body that should reflect not just the government and financial interests of the state but also the human interests that are affected by these policies. That way, when the discussions end up in Carl Sagan territory of billions and billions, someone on the Board can bring it back down to earth in the $12,000 pension wiped out by health insurance cost. Thank you for considering this important topic and your service to the people of Florida.

GOVERNOR CRIST: Thank you. Any questions or comments?

MR. TOUCHTON: Good afternoon, Board members. My previous experience with the Cabinet has been limited primarily in terms of being a party or either a part of a group that you've recognized for some type of either awareness fund -- I work for the professional firefighters, so basically in terms of fire prevention, I've had the privilege of being recognized and having had my picture taken with you. However, today I've been here since 8:45. And let me just say, God bless you and your staff for your service to the State of Florida.

My name is Randy Touchton. I'm the governmental relations director for the Florida Professional Firefighters. I'm going to be brief today. But we look forward -- our association looks forward to working with the board members in terms of basically the governance issue.

And two years ago, at our state convention, the delegates actually unanimously passed a resolution, which I guess they must have had some crystal ball or what have you, because the resolution sort of indicated that when the issue of governance as it related to the State Board of Administration ever surfaced, okay, then they wanted or directed Bob Carver, our president, or either myself as basically

their governmental relations director, to pursue, if you will, the expansion of the Board, and for that expansion to include a member or either a plan participant of the Florida Retirement System.

So we -- today my primary purpose in appearing before you is, number one, to let you know that we look forward to working with you on this issue and we hope that you'll include us. And then second of all, as I indicated, to go on record in terms of basically what our association -- we represent 25,000 brave men and women that are in the fire service or either the fire rescue service. So thank you for the opportunity to come before you today, and I look forward to working with you.

GOVERNOR CRIST: Thank you. Former CFO. It's good to have you with us, Tom.

MR. GALLAGHER: Thank you. I guess I get to almost be last. It's a pleasure. I've not ever been here from this side, but it's been a very interesting day for me. I'm glad I don't have to do it every couple of weeks anymore.

GOVERNOR CRIST: Thanks for hanging in there with us.

MR. GALLAGHER: But I did do it for 12 years, as far as the SBA is concerned, maybe a few more

when I was -- Education didn't tie in with it. I didn't even tell anybody I was coming down here, and I really thought I was going to be out of here sooner than 2:30 or 3:00. It won't be 3:00, at least my part won't.

But I really felt concerned about what was going to come up at this very end, and that's the governance. I want to tell you that I really enjoyed this meeting in regards to the SBA. Some of the rest of it earlier I've, you know, had enough of. That's the same issues back again usually, water quality, the Keys. Nothing changes on those.

But what you all have done here with the SBA, maybe because of some of the things that happened with the Local Government Investment Pool, most likely because of that, I want to congratulate you on getting ahold of the ball and making some very good changes that I heard explained here today. I really found them very interesting. I think that's exactly what you ought to be doing. I think you have an excellent executive director. I was involved when he first got hired the first time around. So you've done well here as far as I'm concerned.

And I can't help but say that there has been a

member of the Florida Retirement System on this board. Many of you might not know that. So there already has been. And I have to tell you that person didn't do any better or worse nor did that being on the retirement system have anything to do with his ability to make decisions one way or the other. And I hate to talk about somebody like that other than it's me, so I can. And so adding that only adds something that you do not want, and that's politics, in how this particular agency is run.

I spent about four to six years involved with the Council of Institutional Investors. As a matter of fact, I was co-chairman with Kathleen Brown, who was the treasurer of California. You're probably aware of her brother and her father, who was Governor of California. And she and I were co-chairmen of that. I got the advantage of getting some good fiduciary training and other things through that organization.

All the state pension funds, at least almost all of them, belong to it, so do some of the corporate funds, like General Motors and some of those. And so it really was a good place, and a lot of the executive directors participate and a lot of the fiduciary trustees.

We were and I believe still are the envy of most of those funds. And when you do a survey, they're not going to tell you that. But the reason we were is because of the lack of politics that gets involved in the decisions made inside of the State Board of Administration.

And all I can tell you is I listened to the reports that you've got. Example, the lowest cost per dollars managed across the country. Gee, I wonder how that happens. Because there's not a lot of people sitting where you all are trying to get people hired over here, sending names. And that happens, believe me, in every single pension fund. If you've got to get somebody hired, you each have your own place to get them hired. You don't have to call up, embarrass yourself trying to get somebody hired, so you don't. And if you did, the executive director is going to tell the other two, and then you're going to wish you didn't.

So you've eliminated the politics by this. The people who set up our constitution and redid it when it was done, when the Cabinet changed from seven to four, stayed with this three-member body. It was all statewide elected officials for that very reason; keep the politics out of decision-making on

investments.

And every single one of those funds across the country has -- and the executive directors have to deal with that politics thing, and it affects them. And they end up with -- when we listen to the lowest cost per outside manager, did you hear that? That rang a bell with me. How did that happen? I'll tell you how it happened. Because the politics wasn't involved. The only thing that was involved is the staff sitting there analyzing who was going to do what and how much they were going to charge them.

That's a wonderful thing. We all wish that happened in every one of our personal agencies that we were in charge of. Don't we? I'm sure we believe it happens, but it happens there, and it will continue to happen there. And the things that you've done to even enhance that happening there are wonderful. I can't say enough about what I heard today. Every one of those enhances it. And you as trustees, the three of you statewide elected officials need to keep it that way and not let the politics -- if you add another person and just fill those other chairs, think of the politics that will take place in who those other four are, just for a

starter.

I mean, is it going to be from the police union or the firemen union or is it going to be from AFSCME or is it going to be from all of them? What about the teachers? Well, how many teachers? There are more teachers than there are the others. You don't even -- the politics that's going to get involved in that. And, of course, in order to get this done, in my personal opinion -- I know there are some people who are lawyers. They probably know more than I do, but it's going to take a constitutional change to have them be real trustees.

Now, to have them sit up there, the Legislature could do that. They could sit there and they can say, okay, they vote, too, and their vote counts and all that. But the bottom line is, you're going to have a huge political fight in the Legislature just trying to figure out who is going to be there, if they added people. And a constitutional amendment to change it? I don't think so. I just think that would be a big mistake.

What you have here -- remember, they didn't have the whole seven-member cabinet when the constitution was written. They had three members of that cabinet, three responsible members, and let

them have the total responsibility for that fund. That's a big responsibility. It's one of the reasons I took place and got involved in the Council of Institutional Investors, to get a -- understand where I really was and what it was like to deal with other people that had that same responsibility. And that's one of the things you got elected for, like it or not.

And you shouldn't be looking for somebody else to blame things on. "Oh, gee, you know, I went along with them when they did that and voted with them, but I wish I hadn't. They were the outside, and we wanted to give them some respect." I can hear all the excuses in the world.

You shouldn't allow excuses among yourselves. The three of you should take the responsibility you accepted when you were elected and sworn in and keep that job and have it where it is and keep any other politics other than the politics of who gets appointed to be the executive director. And that's gone pretty smooth the last few times. But it's been very political in the past, let me assure you. But that's okay. That's where it ought to stop.

And so I just want to tell you that I enjoyed the meeting. I think where you're heading is right,

with the exception of changing the way you govern. And this isn't the first time this has come along. I mean, in all fairness, CFO Sink, the public employees have many times always said, "We want a say on the board. We want a say."

Well, my question is, what would their say be? If they want to say anything, they need to be in the Legislature and say what their benefits are. The pension fund has nothing to do with benefits, other than making sure they're funded.

If they want to make sure their checks get out on time or their deposit isn't right, well, they need to go to the Division of Retirement. You see, many, almost all of those pension funds that we dealt with at the Council of Institutional Investors have both of them together. And, so, yeah, there might be a reason why they should be on the board there.

The bottom line is they want to be on the board because there are some politics that can be there. That's why. They can start influencing who manages the money. Talk to some folks that you know personally that are involved in local government pension funds in this state and find out what the politics is that goes on, because they've got public

employees on most of those. And also take a look across the state and see how many of them are funded like your pension fund is here. And you're going to find out they aren't. And you're going to find out there's a lot of politics that takes place in who is managing that money, who is coming in and gets contracts with them. And that is what you do not want to see happen in the state of Florida. At least I personally don't, and I hope you don't either.

I've taken too much of my time. I almost got to that 3 o'clock. Thank you very much for letting me be here. I certainly enjoyed it, and enjoy your jobs and enjoy your race. Thank you.

GOVERNOR CRIST: Thank you very much. Very good words. Any other discussion?

CFO SINK: Yes, Governor.

GOVERNOR CRIST: CFO.

CFO SINK: I am going to make a motion. I intended to do this the last time, and we decided to defer until this meeting because we wanted to -- you all wanted to get some input from the Investment Advisory Committee. But notwithstanding -- and I appreciate the comments that former CFO Gallagher made because -- and I totally agree with him. There

should not be any place for politics when it comes to managing the fourth largest pension fund in the country, or any pension fund, for that matter.

And I have not, in my time here, when CFO Gallagher and I went through my transition, he assured me that one of the -- as he so eloquently spoke today, that one of the benefits of the system that, just the way we've always operated, is to try our best to remove politics from the operation of the SBA.

But that being said, I remain -- I feel very strongly about this, that the fiduciary responsibility for this pension fund, we are in the 21st century now. We've been through the worst financial crisis that our country has ever seen. We had a number of bumps along the road. And I'm thinking about not necessarily the three people sitting here right now, but I'm thinking about the future and what's the best way and the best oversight for us to have.

And I thought that the -- and I've always felt from the get-go that tacking three elected officials, none of whom have any requirements for any prior financial or investment knowledge, who may not even know what the right questions are to ask,

we heard that today in another context, shouldn't have the requirement of this type of responsibility and oversight.

So I think that it -- the situation just -- 15 minutes tacked onto a Cabinet meeting every two weeks is just not enough. And, granted, we've started these quarterly board meetings, which I hope you will agree to continue. That's a good first step, because it's not only just us needing to hear directly from the staff at the SBA other than just the executive director, but it's also the public that we serve. It's all those teachers and firefighters and people, those million people who are depending upon their pension being protected.

And I think that we ought to have an expansion of the Board, and it will be up to the Legislature to decide the criteria or the qualifications or how the selections are being made. And there will still be responsibility, there will still be -- there should be one or more elected officials serving on the Board because CFO Gallagher is right, when you're elected by the people, as the three of us are statewide, we know who our bosses are. It's the people of Florida.

But we need more direct expertise to help us in

our decision-making process and not rely just upon these people back here. And the Investment Advisory Council, they're great. They're advisory, though. They don't have any fiduciary responsibility.

And I'm prepared to make -- I'm just going to make a motion, I don't know what will happen to it, but I have to be on the record as saying that I want to move that this board recommend to the Legislature that they expand the board overseeing the retirement system and the investment mandates to include at least two other people, because we have to have an odd number, I'm sure, at least two other people, one being a beneficiary and the other one being someone who has established investment or accounting experience.

GOVERNOR CRIST: General?

ATTORNEY GENERAL McCOLLUM: Governor. A couple of thoughts on this. First of all, I do believe that Mr. Gallagher made an excellent point, and that is that we have a structure that is producing the envy of the country among others who are in a similar situation. And anybody professionally looking at this has to recognize the end results have been comparatively really good for us compared to others. And that's been amplified today by

several of the people who have commented.

Yes, we can improve, and we are. Our structure has emphasized a strong executive director, in this case Ash Williams, somebody who is really running this professionally, and the three of us are oversight trustees, but we're not the hands-on, day-to-day type of trustees that some of the other states have as their system of governance.

Now, I think it is a question for the Legislature. Obviously, the State Board of Administration, the three of us are constitutional officers. We're a product of the constitution. The Legislature can't add to the State Board of Administration. They obviously could change who governs the pension funds, who governs any one of those entities or those subjects of what we called mandates earlier, any of those enterprises that come under the State Board of Administration now for the purposes that we are given by the Legislature.

They could of course change that and say, we're going to create a whole new structure. It could include the three of us. They could exclude the three of us. They can do whatever they want. But they couldn't change the State Board of Administration as such.

However, saying that, I personally think that any change in the system we have today should be done with great caution. It seems to me that there are alternatives that would accomplish the same purpose that I sense that we all would like to see, and that is getting a little bit more input into this and having people look out for it.

And that's why I proposed an alternative that you're aware of, I'm sure, Governor and CFO Sink. And that alternative proposal includes the expansion of our current Advisory Council by three more members, so each of us could have another appointee that might provide more diversity of thought on it. It includes the same things that I believe you agree with already about audits and other statutory authority to formalize and strengthen the ethics.

I would suggest, if it's appropriate, I'd offer a substitute motion, and that substitute motion would be that we send both the proposal that the CFO has made today and the proposal that I've recommended to the Legislature, without any recommendation as a body, but that we send both proposals out there for their consideration and let them deliberate on it, which is their job. And I would offer that we do that, that we send them both

forward, but not recommend one or the other.

GOVERNOR CRIST: In essence, sending a couple of options --

ATTORNEY GENERAL McCOLLUM: A couple of options.

GOVERNOR CRIST: -- to the Legislature to consider during their next session --

ATTORNEY GENERAL McCOLLUM: Exactly.

GOVERNOR CRIST: -- as to the governance policy.

ATTORNEY GENERAL McCOLLUM: And I have that option here in written form, as does the CFO have hers, I'm sure. We can provide that, if you want to examine them both, Governor.

GOVERNOR CRIST: Sure. Well, I think I've heard the sum and substance of it. And I guess, CFO, I'd ask you, it sounds like a friendly amendment to me to put both proposals forward for the Legislature to consider during their session.

CFO SINK: Well, Governor, I just disagree with the Attorney General's approach because we have six fantastic members of the Investment Advisory Council now. I had the opportunity to meet with them last week. There is a tremendous amount of experience there. And I don't believe that by adding or

expanding to nine or twelve, that we get -- we have any value added. My focus is really on the people who have the fiduciary responsibility for the oversight of the pension fund.

GOVERNOR CRIST: Well, we have an original motion that does not have a second. We have a substitute motion that I'm prepared to second, and have. And I guess we can now vote on the substitute motion. All in favor say aye.

ATTORNEY GENERAL McCOLLUM: Aye.

GOVERNOR CRIST: Aye. All opposed?

CFO SINK: No.

GOVERNOR CRIST: Motion carries. Thank you very much.

(Whereupon, the meeting was concluded at 3:00 p.m.)

CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, Jo Langston, Registered Professional Reporter, do hereby certify that the foregoing pages 5 through 242, both inclusive, comprise a true and correct transcript of the proceeding; that said proceeding was taken by me stenographically and transcribed by me as it now appears; that I am not a relative or employee or attorney or counsel of the parties, or a relative or employee of such attorney or counsel, nor am I interested in this proceeding or its outcome.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of December 2009.

_____

JO LANGSTON
Registered Professional Reporter

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $475,000,000 STATE OF FLORIDA, STATE BOARD OF EDUCATION LOTTERY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED)

WHEREAS, the Division of Bond Finance of the State Board of Administration of Florida (the "Division") proposes to issue an amount not exceeding $475,000,000 State of Florida, State Board of Education Lottery Revenue Refunding Bonds, Series (to be determined) (the "Bonds") for the purpose of refunding all or a portion of the callable Series 1998A, Series 1998B, Series 1998C and Series 2000A Bonds; and,

WHEREAS, the Bonds will be issued pursuant to the provisions of Article VII, Section 11(d), of the Florida Constitution; Sections 1013.68, 1013.70 and 1013.737, Florida Statutes; the State Bond Act, being Sections 215.57-215.83, Florida Statutes; and other applicable provisions of law; and,

WHEREAS, the Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the Governor and Cabinet on December 16, 1997, as amended from time to time and as most recently amended, supplemented and restated on December 18, 2007, and the Sixth Supplemental Resolution, authorizing the issuance and sale of the Bonds (together, the "Authorizing Resolution"), anticipated to be adopted by the Governor and Cabinet on January 26, 2010; and,

WHEREAS, the proposed Bonds shall be secured by a first lien upon the Pledged Revenues which are defined by the Authorizing Resolution as all revenues pledged pursuant to Section 24.121(2), Florida Statutes, for bonds issued pursuant to Sections 1013.68, 1013.70 and 1013.737, Florida Statutes; and,

WHEREAS, the Division has heretofore issued Lottery Revenue and Revenue Refunding Bonds, Series 1998A through 2009A; and,

WHEREAS, The Division has submitted a request for approval by the State Board of Administration as to fiscal sufficiency of an amount not exceeding $180,00,000 Lottery Revenue Bonds, Series (to be determined) (the "Series 2010 Bonds") at its January 26, 2010, meeting; and,

WHEREAS, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $160,000,000 Lottery Revenue Refunding Bonds, Series (to be determined) (the "Series 2006 Refunding Bonds") at its December 5, 2006 meeting; and,

WHEREAS, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $132,000,000 Lottery Revenue Refunding Bonds, Series (to be determined) (the "Series 2008 Refunding Bonds") at its January 31, 2008 meeting; and,

WHEREAS, the Division of Bond Finance of the State Board of Administration has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the Series 2006 Refunding Bonds and the Series 2008 Refunding Bonds; and,

WHEREAS, the proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Pledged Revenues with the outstanding and unpaid Series 1998A through 2009A Bonds and, when and if approved and issued, the Series 2010 Bonds; and,

WHEREAS, the Division has requested the State Board of Administration approve the fiscal sufficiency of the proposed issue as required by Section 215.73, Florida Statutes; 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 Division has furnished sufficient information to enable the State Board of Administration to fulfill its duties pursuant to Section 215.73, Florida Statutes; and,

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

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

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration of Florida to issue an amount not exceeding $475,000,000 State of Florida, State Board of Education Lottery Revenue Refunding Bonds, Series (to be determined), is hereby approved as to fiscal sufficiency. In addition, the approval of fiscal sufficiency with respect to the $160,000,000 State of Florida, State Board of Education Lottery Revenue Refunding Bonds, Series (to be determined) approved on December 5, 2006 and the $132,000,000 State of Florida, State Board of Education Lottery Revenue Refunding Bonds, Series (to be determined) approved on January 31, 2008 is hereby rescinded.

ADOPTED January 26, 2010.

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: January 13, 2010

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $475,000,000 STATE OF FLORIDA, STATE BOARD OF EDUCATION LOTTERY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED):

The Division of Bond Finance of the State Board of Administration of Florida (the "Division") has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding $475,000,000 State of Florida, State Board of Education Lottery Revenue Refunding Bonds, Series (to be determined) (the "Bonds") for the purpose of refunding all or a portion of the callable Series 1998A, Series 1998B, Series 1998C and Series 2000A Bonds. The Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the Governor and Cabinet on December 16, 1997, as amended from time to time and as most recently amended, supplemented and restated on December 18, 2007, and the Sixth Supplemental Resolution, authorizing the issuance and sale of the Bonds (together, the "Authorizing Resolution"), anticipated to be adopted by the Governor and Cabinet on January 26, 2010.

The proposed Bonds shall be secured by a first lien upon the Pledged Revenues, which are defined by the Authorizing Resolution as all revenues pledged pursuant to Section 24.121(2), Florida Statutes for bonds issued pursuant to Sections 1013.68, 1013.70 and 1013.737, Florida Statutes. The Division has submitted a request for approval by the State Board of Administration as to fiscal sufficiency of an amount not exceeding $180,00,000 Lottery Revenue Bonds, Series (to be determined) (the "Series 2010 Bonds") at its January 26, 2010, meeting. The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $160,000,000 Lottery Revenue Refunding Bonds, Series (to be determined) (the "Series 2006 Refunding Bonds") at its December 5, 2006 meeting. The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $132,000,000 Lottery Revenue Refunding Bonds, Series (to be determined) (the "Series 2008 Refunding Bonds") at its January 31, 2008 meeting. The Division of Bond Finance of the State Board of Administration has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the Series 2006 Refunding Bonds and the Series 2008 Refunding Bonds. The proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Pledged Revenues with the outstanding and unpaid Series 1998A through 2009A Bonds and, when and if approved and issued, the Series 2010 Bonds.

A study of this proposal and the estimates of revenue expected to accrue from the Pledged Revenues, 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 $320,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS, (SERIES TO BE DETERMINED)

WHEREAS, the State Board of Education of Florida proposes to issue an amount not exceeding $320,000,000 State of Florida, Full Faith and Credit State Board of Education Public Education Capital Outlay Bonds, (Series to be determined) (the "Bonds") for the purpose of refunding all or a portion of the callable 1999 Series D Refunding Bonds; provided, however, that none of the said Bonds shall be issued in excess of the amount which can be issued in full compliance with the State Bond Act and other applicable provisions of law, and pursuant to Section 9(a)(2), Article XII of the Constitution of Florida, as amended; 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 July 21, 1992; the Forty-eighth Supplemental Authorizing Resolution and a sale resolution which is anticipated to be adopted by the State Board of Education in January, 2010; and,

WHEREAS, the proposed Bonds shall be secured by a lien upon the Gross Receipts Taxes which are required to be deposited in the Public Education Capital Outlay and Debt Service Trust Fund administered by the State Board of Education of Florida (the "Gross Receipts Taxes"), and the Bonds are additionally secured by a pledge of the full faith and credit of the State of Florida; and,

WHEREAS, the State Board of Education has heretofore issued Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds, Series 1985 through 2009 Series F; and,

WHEREAS, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $200,000,000 Public Education Capital Outlay Bonds, 2008 (series to be determined) (the "2008 Series Bonds") at its August 12, 2008, meeting, of which $50,000,000 remains unissued; and,

WHEREAS, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $540,000,000 Public Education Capital Outlay Refunding Bonds, 2009 Series (to be determined) (the "2009 Series Refunding Bonds") at its September 15, 2009, meeting, of which $239,225,000 remains unissued; and,

WHEREAS, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $250,000,000 Public Education Capital Outlay Bonds, 2007 (series to be determined) (the "2007 Series Bonds") at its January 12, 2010 meeting; and,

WHEREAS, the proposed Bonds shall be junior, inferior, and subordinate to the outstanding and unpaid Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds, Series 1985 through 1989-A, as to lien on and source and security for payment from the Gross Receipts Taxes; and,

WHEREAS, the proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Gross Receipts Taxes with the outstanding and unpaid Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds, 1993 Series A through 2009 Series F, and if and when issued, the remaining portion of the 2008 Series Bonds, the 2009 Series Refunding Bonds and the 2007 Series Bonds; and,

WHEREAS, the Division of Bond Finance 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, that the proposal of the State Board of Education of Florida to issue an amount not exceeding $320,000,000 State of Florida, Full Faith and Credit State Board of Education Public Education Capital Outlay Refunding Bonds, (Series to be determined), is hereby approved as to fiscal sufficiency.

ADOPTED January 26, 2010

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: January 13, 2010

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $320,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS, (SERIES TO BE DETERMINED):

The Division of Bond Finance of the State Board of Administration (the "Division"), on behalf of the State Board of Education, has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding $320,000,000 State of Florida, Full Faith and Credit State Board of Education Public Education Capital Outlay Refunding Bonds, (Series to be determined) (the "Bonds") for the purpose of refunding all or a portion of the callable 1999 Series D Refunding Bonds; provided, however, that none of the said Bonds shall be issued in excess of the amount which can be issued in full compliance with the State Bond Act and other applicable provisions of law, and pursuant to Section 9(a)(2), Article XII of the Constitution of Florida, as amended. The Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on July 21, 1992; the Forty-eighth Supplemental Authorizing Resolution and a sale resolution which is anticipated to be adopted by the State Board of Education in January, 2010.

The State Board of Education has heretofore issued Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds, Series 1985 through 2009 Series F. The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $200,000,000 Public Education Capital Outlay Bonds, 2008 Series (to be determined) (the "2008 Series Bonds") at its August 12, 2008, meeting, of which $50,000,000 remains unissued. The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $540,000,000 Public Education Capital Outlay Refunding Bonds, 2009 Series (to be determined) (the "2009 Series Refunding Bonds") at its September 15, 2009, meeting, of which $239,225,000 remains unissued. The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $250,000,000 Public Education Capital Outlay Bonds, 2007 (series to be determined) (the "2007 Series Bonds") at its January 12, 2010 meeting. The proposed Bonds shall be junior, inferior, and subordinate to the outstanding and unpaid Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds Series 1985 through 1989-A, as to lien on and source and security for payment from the Gross Receipts Taxes. The proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Gross Receipts Taxes with the outstanding and unpaid Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds, 1993 Series A through 2009 Series F, and if and when issued, the remaining portion of the 2008 Series Bonds, the 2009 Series Refunding Bonds and the 2007 Series 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 $180,000,000 STATE OF FLORIDA, STATE BOARD OF EDUCATION LOTTERY REVENUE BONDS, SERIES (TO BE DETERMINED)

WHEREAS, the Division of Bond Finance of the State Board of Administration of Florida (the "Division") proposes to issue an amount not exceeding $180,000,000 State of Florida, State Board of Education Lottery Revenue Bonds, Series (to be determined) (the "Bonds") for the purpose of financing the costs of permanent classrooms and other educational facilities in various school districts in Florida under the "Classrooms for Kids" Program established to implement the constitutional amendment requiring class size reduction, to fund the debt service reserve account and to pay certain costs of issuance; and,

WHEREAS, the Bonds will be issued pursuant to the provisions of Article VII, Section 11(d), of the Florida Constitution; Sections 1013.68, 1013.70 and 1013.737, Florida Statutes; the State Bond Act, being Sections 215.57-215.83, Florida Statutes; and other applicable provisions of law; and,

WHEREAS, the Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the Governor and Cabinet on December 16, 1997, as amended from time to time and as most recently amended, supplemented and restated on December 18, 2007, and a sale resolution anticipated to be adopted by the Governor and Cabinet on January 26, 2010 (together, the "Authorizing Resolution"); and,

WHEREAS, the proposed Bonds shall be secured by a first lien upon the Pledged Revenues which are defined by the Authorizing Resolution as all revenues pledged pursuant to Section 24.121(2), Florida Statutes, for bonds issued pursuant to Sections 1013.68, 1013.70 and 1013.737, Florida Statutes; and,

WHEREAS, the Division has heretofore issued Lottery Revenue and Revenue Refunding Bonds, Series 1998A through 2009A; and,

WHEREAS, The Division has submitted a request for approval by the State Board of Administration as to fiscal sufficiency of an amount not exceeding $475,00,000 Lottery Revenue Refunding Bonds, Series (to be determined) (the "Refunding Bonds") at its January 26, 2010, meeting; and,

WHEREAS, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $200,000,000 Lottery Revenue Bonds, (various series) (the "Series 2006 Bonds") at its February 6, 2006 meeting, of which $41,705,000 remains unissued; and,

WHEREAS, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $154,695,000 Lottery Revenue Bonds, (various series) (the "Series 2009 Bonds") at its June 9, 2009 meeting; and,

WHEREAS, the Division of Bond Finance of the State Board of Administration has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the $41,705,000 remaining portion of the Series 2006 Bonds and the Series 2009 Bonds; and,

WHEREAS, the proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Pledged Revenues with the outstanding and unpaid Series 1998A through 2009A Bonds and, when and if approved and issued, the Refunding Bonds; and,

WHEREAS, the Division has requested the State Board of Administration approve the fiscal sufficiency of the proposed issue as required by Section 215.73, Florida Statutes; 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 Division has furnished sufficient information to enable the State Board of Administration to fulfill its duties pursuant to Section 215.73, Florida Statutes; and,

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

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

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration of Florida to issue an amount not exceeding $180,000,000 State of Florida, State Board of Education Lottery Revenue Bonds, Series (to be determined), is hereby approved as to fiscal sufficiency. In addition, the approval of fiscal sufficiency with respect to the $41,705,000 remaining portion of the $200,000,000 State of Florida, State Board of Education Lottery Revenue Bonds, (various series) approved on February 6, 2006 and the $154,695,000 State of Florida, State Board of Education Lottery Revenue Bonds, (various series) approved on June 9, 2009 is hereby rescinded.

ADOPTED January 26, 2010.

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: January 13, 2010

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $180,000,000 STATE OF FLORIDA, STATE BOARD OF EDUCATION LOTTERY REVENUE BONDS, SERIES (TO BE DETERMINED):

The Division of Bond Finance of the State Board of Administration of Florida (the "Division") has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding $180,000,000 State of Florida, State Board of Education Lottery Revenue Bonds, Series (to be determined) (the "Bonds") for the purpose of financing the costs of permanent classrooms and other educational facilities in various school districts in Florida under the "Classrooms for Kids" Program established to implement the constitutional amendment requiring class size reduction, to fund the debt service reserve account and to pay certain costs of issuance. The Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the Governor and Cabinet on December 16, 1997, as amended from time to time and as most recently amended, supplemented and restated on December 18, 2007, and a sale resolution anticipated to be adopted by the Governor and Cabinet on January 26, 2010 (together, the "Authorizing Resolution").

The proposed Bonds shall be secured by a first lien upon the Pledged Revenues, which are defined by the Authorizing Resolution as all revenues pledged pursuant to Section 24.121(2), Florida Statutes for bonds issued pursuant to Sections 1013.68, 1013.70 and 1013.737, Florida Statutes. The Division has submitted a request for approval by the State Board of Administration as to fiscal sufficiency of an amount not exceeding $475,00,000 Lottery Revenue Refunding Bonds, Series (to be determined) (the "Refunding Bonds") at its January 26, 2010, meeting. The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $200,000,000 Lottery Revenue Bonds, (various series) (the "Series 2006 Bonds") at its February 6, 2006 meeting, of which $41,705,000 remains unissued. The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $154,695,000 Lottery Revenue Bonds, (various series) (the "Series 2009 Bonds") at its June 9, 2009 meeting. The Division of Bond Finance of the State Board of Administration has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the $41,705,000 remaining portion of the Series 2006 Bonds and the Series 2009 Bonds. The proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Pledged Revenues with the outstanding and unpaid Series 1998A through 2009A Bonds and, when and if approved and issued, the Refunding Bonds.

A study of this proposal and the estimates of revenue expected to accrue from the Pledged Revenues, 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

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: January 13, 2010

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $57,000,000 STATE OF FLORIDA, DEPARTMENT OF ENVIRONMENTAL PROTECTION EVERGLADES RESTORATION REVENUE BONDS, SERIES (TO BE DETERMINED)

The Division of Bond Finance of the State Board of Administration (the "Division"), on behalf of the Department of Environmental Protection of Florida, has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding $57,000,000 State of Florida, Department of Environmental Protection Everglades Restoration Revenue Bonds, Series (to be determined) (the "Bonds") to finance the costs of acquisition and improvement of lands, water areas, and related property interests and resources in connection with the State's contribution to Everglades restoration. The Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the Governor and Cabinet on October 4, 2005 and a resolution anticipated to be adopted by the Governor and Cabinet on January 26, 2010.

The proposed Bonds will be secured by documentary stamp taxes required to be deposited in or credited to the Save Our Everglades Trust Fund. The Bonds will be on a parity with the outstanding Everglades Restoration Bonds, the Preservation 2000 Revenue and Revenue Refunding Bonds, the Florida Forever Revenue and Revenue Refunding Bonds and the $190,090,000 unissued portion of the not exceeding $278,000,000 Florida Forever Revenue Refunding Bonds approved for fiscal sufficiency on February 12, 2008, when and if issued. The Bonds shall not be secured by a pledge of the full faith and credit or the taxing power of the State of Florida or any political subdivision thereof.

A study of this proposal and the estimates of revenue expected to accrue from the Pledged Revenues, 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 OF NOT EXCEEDING $57,000,000 STATE OF FLORIDA, DEPARTMENT OF ENVIRONMENTAL PROTECTION EVERGLADES RESTORATION REVENUE BONDS, SERIES (TO BE DETERMINED)

WHEREAS, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding $57,000,000 State of Florida, Department of Environmental Protection Everglades Restoration Revenue Bonds, Series (to be determined) (the "Bonds"), on behalf of and in the name of the State of Florida Department of Environmental Protection, to finance the costs of acquisition and improvement of lands, water areas, and related property interests and resources in connection with the State's contribution to Everglades restoration; and,

WHEREAS, the Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the Governor and Cabinet on October 4, 2005 and a resolution anticipated to be adopted by the Governor and Cabinet on January 26, 2010 (together, the "Resolution"); 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 and 375.051, Florida Statutes; and,

WHEREAS, the proposed Bonds will be secured by documentary stamp taxes required to be deposited in or credited to the Save Our Everglades Trust Fund. The Bonds will be on a parity with the outstanding Everglades Restoration Bonds, the Preservation 2000 Revenue and Revenue Refunding Bonds, the Florida Forever Revenue and Revenue Refunding Bonds and the $190,090,000 unissued portion of the not exceeding $278,000,000 Florida Forever Revenue Refunding Bonds approved for fiscal sufficiency on February 12, 2008, when and if issued; and,

WHEREAS, the Bonds to be issued pursuant to the Resolution shall not constitute, directly or indirectly, a debt or a charge against the State of Florida, or any political subdivision thereof under the Constitution and laws of the State of Florida and shall not constitute a lien on any of the lands acquired from the proceeds of the Bonds, or any part thereof; and,

WHEREAS, the excise taxes distributed pursuant to Sections 201.15-(1)(a) and 201.15-(1)(b), Florida Statutes, for a 12 consecutive month period out of the 24 month period immediately preceding the issuance of the Bonds, will cover at least 150% of the maximum debt service requirement; and,

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

WHEREAS, the estimate of revenues available indicates that sufficient monies can be pledged to exceed the debt service requirements of the proposed issue and that in no State fiscal year will the monies pledged for the debt service requirement of the proposed issue be less than the required coverage amount; and,

WHEREAS, the Division, on behalf of Department of Environmental Protection, has furnished sufficient information to enable the State Board of Administration to fulfill its duties pursuant to Section 215.73 and 375.051, 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 Everglades 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 and 375.051, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration to issue an amount not exceeding $57,000,000 State of Florida, Department of Environmental Protection Everglades Restoration Revenue Bonds, Series (to be determined) is hereby approved as to fiscal sufficiency.

ADOPTED January 26, 2010

Protecting Florida's Investments Act (PFIA)

Quarterly Report – January 26, 2010

4Q / 2009

FLORIDA STATE BOARD OF ADMINISTRATION

SBA FLORIDA

www.sbafla.com

Table of Contents

Introduction 3
Primary Requirements of the PFIA 3
Definition of a Scrutinized Company 4
SBA Scrutinized Companies Identification Methodology 5
About the State Board of Administration 6
Key Changes since the Previous PFIA Quarterly Report 7
Table 1: Scrutinized Companies with Activities in Sudan 8
Table 2: Continued Examination Companies with Activities in Sudan 10
Table 3: Scrutinized Companies with Activities in the Iran Petroleum Energy Sector 11
Table 4: Continued Examination Companies with Petroleum Energy Activities in Iran 13
Table 5: Correspondence & Engagement Efforts with Scrutinized Companies 14
Table 6: Correspondence & Engagement Efforts with Cont. Examination Companies 16
Key Dates for PFIA Activities 18
Summary of Investments Sold, Redeemed, Divested or Withdrawn 19
Table 7: List of Prohibited Investments (Scrutinized Companies) 20
Table 8: SBA Holdings in Prohibited Investments Subject to Divestment 22
Summary of Progress, SBA Investment Manager Engagement Efforts 23
Listing of All Publicly Traded Securities (Including Equity Investments) 24

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, if one is appointed, 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 Investment Policy Statement (IPS) of SBA actions taken in accordance with the PFIA. Changes to the IPS are reviewed by the Investment Advisory Council 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 the 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 in and 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 of Scrutinized Companies with active business operations by principally relying on the research and findings of four "External Research Providers:"

1. Conflict Risk Network (CRN). CRN is a project of the Genocide Intervention Network, a non-profit organization focused on fundraising for the UN-supported African Union Mission in Darfur and political activism to pressure governments and the UN to pursue a comprehensive strategy to end the genocide in Darfur. CRN was formerly known as the Sudan Divestment Task Force (SDTF).

2. RiskMetrics Group (ISS). RiskMetrics delivers proxy voting and corporate governance solutions to institutional clients. RiskMetrics offers screening services to help pension funds and their investment managers comply with the specific and unique components of state law pertaining to investments in sanctioned countries, including Sudan and Iran.

3. KLD Research & Analytics (KLD). KLD is an investment research firm producing a Sudan Targeted Divestment Compliance product, which meets the requirements of the CRN. While KLD consults with the CRN on legislative criteria and certain companies, KLD independently performs all of the research involved in creating the product. KLD also produces an Iran Compliance product, which identifies companies generally meeting the criteria of the federal government elements of the Iran Sanctions Act.

4. American Israel Public Affairs Committee (AIPAC). AIPAC works on public policy issues with the intent to strengthen the U.S.-Israel relationship. AIPAC produces a list of foreign companies at risk of being sanctioned by the U.S. for investing in Iran's oil and natural gas sector, in violation of the Iran Sanctions Act (ISA).

The SBA Investment Programs and Governance unit and other senior investment professionals review the assessments of the External Research Providers and other publicly available information. The SBA has utilized the following sources to evaluate over 200 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

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

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

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

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

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

1. **"Scrutinized"** — All applicable External Research Providers indicate 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]. For Sudan, CRN, RiskMetrics Group, and KLD must unanimously agree on the company's status under the PFIA. For Iran, AIPAC, RiskMetrics Group, and KLD must unanimously agree on the company's status under the PFIA. Upon SBA review, no other information sources clearly contradict the conclusions of the External Research Providers.

2. **"Continued Examination"** — At least one, but not all applicable 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]. 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.

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 December 31, 2009, the net asset value of total funds under SBA management was approximately $138 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.

Key Changes since the Previous PFIA Quarterly Report

Sudan

No companies were **added** to the Sudan Scrutinized list this quarter:

Dietswell SA (France) was **removed** from the Sudan Scrutinized list this quarter since it is no longer involved in Sudan-related activities.

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

- Seadrill Ltd. (Bermuda) has reportedly been awarded a contract to conduct drilling activities in Sudan
- Dietswell SA (France) was downgraded from Scrutinized to Continued Examination.
- PTT Public Company Ltd. (Thailand) added to determine company involvement in the Sudan petroleum market.

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

- Areva SA (France) – the company has clarified its ownership structure and affiliate(s) structure, which does not meet the control threshold to be classified as an affiliate firm.
- La Mancha Resources (Canada) – the company is taking substantial action to mitigate its business operations in Sudan.

Iran

No companies were **added** to the Iran Scrutinized list this quarter:

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

- Petrobras, aka Petroleo Brasileiro (Brazil) provided correspondence to the SBA confirming the company no longer has any business operations in Iran.
- Petrobras Energia Participaciones (Argentina) is a subsidiary of Petrobras.
- Petrobras International Finance (Cayman Islands) is a subsidiary of Petrobras.

No companies were **added** to the Iran Continued Examination list this quarter:

No companies were **removed** from the Iran Continued Examination list this quarter.

Table 1: Scrutinized Companies with Activities in Sudan

No companies were added this quarter.

Company	Country of Incorporation	Date of Initial Scrutinized Classification
Alstom	France	September 19, 2007
Alstom Projects India	India	April 14, 2009
AREF Energy Holdings Co.	Kuwait	July 28, 2009
AviChina Industry & Technology Company Limited	China	September 19, 2007
Bharat Heavy Electricals, Ltd.	India	September 19, 2007
Bongaigaon Refinery & Petrochemicals	India	September 19, 2007
Chennai Petroleum Corp Ltd	India	September 19, 2007
China Petroleum & Chemical Corp (CPCC) Sinopec	China	September 19, 2007
CNPC Hong Kong Ltd.	Hong Kong	September 19, 2007
Daqing Huake Group Co Ltd	China	March 25, 2008
Dongan Motor (aka Harbin Dongan Auto Engine)	China	September 19, 2007
DongFeng Automobile Co Ltd	China	September 19, 2007
Egypt Kuwait Holding Co. SAE	Kuwait	January 13, 2009
Electricity Generating Public Co	Thailand	September 19, 2007
Favelle Favco	Malaysia	April 14, 2009
Gas District Cooling (Putrajaya) Sdn Bhd	Malaysia	April 14, 2009
Hafei Aviation Industry Co Ltd	China	September 19, 2007
Harbin Power Equipment	China	September 19, 2007
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
Jiangxi Changhe Automobile	China	September 19, 2007
Jiangxi Hongdu Aviation (aka Hongdu Aviation)	China	September 19, 2007
Jinan Diesel Engine Co. Ltd.	China	July 28, 2009
Kejuruteraan Samudra Timur Bhd	Malaysia	September 19, 2007
Kencana Petroleum Berhad	Malaysia	December 18, 2007
Khanom Electricity Generating Co	Thailand	December 18, 2007
Kingdream PLC	China	April 14, 2009
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
KMCOB Capital Bhd	Malaysia	September 19, 2007
Kuwait Finance House	Kuwait	April 14, 2009
Lanka IOC Ltd	India	September 19, 2007
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
Muhibbah Engineering BHD	Malaysia	September 19, 2007
Oil & Natural Gas Corp (ONGC)	India	September 19, 2007
Optimal Olefins Sdn Bhd	Malaysia	September 19, 2007

Company	Country of Incorporation	Date of Initial Scrutinized Classification
PECD Bhd.	Malaysia	September 19, 2007
PetroChina	China	September 19, 2007
PetroKazakhstan Finance BV	Canada	July 28, 2009
Petroliam Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
Ranhill Bhd	Malaysia	September 16, 2008
Ranhill Labuan Ltd.	Malaysia	April 14, 2009
Ranhill Powertron Sdn	Malaysia	April 14, 2009
SAJ Holdings	Malaysia	July 28, 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
Wartsila Oyj	Finland	December 18, 2007
Wuhan Boiler Company	China	September 19, 2007
# of Companies	**56**	

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

Removed Company	***Country of Incorporation***
Dietswell SA	***France***

Table 2: Continued Examination Companies with Activities in Sudan

New companies on the list are shaded and in bold.

Company	Country of Incorporation
ABB Ltd.	Switzerland
AREF Investment Group	Kuwait
Bharat Electronics Limited	India
Bollore Group	France
China North Industries Group Corp (CNGC/Norinco)	China
Dietswell SA	**France**
GAZ Group	Russia
Korea Plant Service and Engineering Co. Ltd.	South Korea
LS industrial Systems Co. Ltd.	South Korea
Managem	Morocco
Mercator Lines Limited (Mercator Lines Singapore)	India
MMC Bhd	Malaysia
Nam Fatt	Malaysia
Oil India Limited	India
PetroFac	United Kingdom
PTT Public Company Ltd.	**Thailand**
Seadrill Ltd.	**Bermuda**
Sinohydro	China
Sudan Telecommunications (Sudatel)	Sudan
Total SA	France
# of Companies	**20**

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

Removed Company	*Country of Incorporation*
Areva SA	***France***
La Mancha Resources	***Canada***

Table 3: Scrutinized Companies with Activities in the Iran Petroleum Energy Sector

No companies were added this quarter.

Company	Country of Incorporation	Date of Initial Scrutinized Classification
China Petroleum & Chemical Corp (CPCC) Sinopec	China	September 19, 2007
CNPC Hong Kong Ltd.	Hong Kong	September 19, 2007
ENI	Italy	September 19, 2007
Gas District Cooling (Putrajaya) Sdn Bhd	Malaysia	April 14, 2009
Gazprom	Russia	September 19, 2007
Gazprom Neft	Russia	September 16, 2008
GS Engineering & Construction Corp.	S. Korea	September 16, 2008
GS Holdings	S. Korea	September 19, 2007
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
Inpex Corp.	Japan	September 19, 2007
Kingdream PLC	China	April 14, 2009
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
Optimal Olefins Sdn Bhd	Malaysia	September 19, 2007
Persian Gold PLC	United Kingdom	July 28, 2009
PetroChina	China	September 19, 2007
Petroliam Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
Repsol YPF	Spain	September 19, 2007
Royal Dutch Shell PLC	United Kingdom	September 19, 2007
Shell International Finance BV	Netherlands	October 27, 2009
Sinopec Finance	China	April 14, 2009
Sinopec Kantons Holdings Ltd	Bermuda	September 19, 2007
Sinopec Shanghai Petrochemical	China	September 19, 2007
Sinopec Yizheng Chemical Fibre	China	March 25, 2008
Snam Rete Gas	Italy	September 19, 2007
StatoilHydro	Norway	September 19, 2007
Total (Nigeria) PLC	Nigeria	March 25, 2008
Total SA	France	September 19, 2007
# of Companies	**35**	

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

Removed Company	***Country of Incorporation***
Petrobras Energia (Participaciones)	***Argentina***
Petrobras International Finance Company	***Cayman Islands***
Petroleo Brasileiro (Petrobras)	***Brazil***

Table 4: Continued Examination Companies with Petroleum Energy Activities in Iran

No companies were added this quarter.

Company	Country of Incorporation
Aker Kvaerner ASA	Norway
CNOOC Ltd.	China
Daelim Industrial Co.	South Korea
Edison Spa	Italy
Engineers India Ltd.	India
GAIL Ltd.	India
GVA Consultants	Sweden
Hyundai Engineering & Construction Co.	South Korea
Hyundai Heavy Industries	South Korea
Liquefied Natural Gas LNGL	Australia
Lukoil OAO	Russia
OMV AG	Austria
Petrofac Ltd.	United Kingdom
PT Citra Tubindo Tbk	Indonesia
PTT Exploration & Production PCL	Thailand
Samsung Engineering Co. Ltd.	Korea
Sasol Ltd.	South Africa
Siam Cement PCL	Thailand
Siemens AG	Germany
Technip	France
Trevi-Finanziaria Industriale SpA	Italy
Welspun-Gujarat Stahl Rohren Ltd.	India
# of Companies	**22**

No companies were **removed** from the Continued Examination 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	Moved to Sudan Continued Examination 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
CNPC Hong Kong Limited	Yes; October 5, 2007 and May 24, 2008	Iran & Sudan Scrutinized Classification Continues
Electricity Generating PCL	No	Sudan Scrutinized Classification Continues
ENI	Yes; February 13, 2008	Iran Scrutinized Classification Continues
Gazprom	Yes; November 1, 2007	Iran Scrutinized Classification Continues
Harbin Power Equipment	No	Sudan Scrutinized Classification Continues
Indian Oil Corp Ltd (IOCL)	No	Iran & Sudan Scrutinized Classification Continues
Inpex Corp.	Yes; October 15, 2007	Iran Scrutinized Classification Continues
Kencana Petroleum	Yes; October 31, 2008	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	Moved to Iran Continued Examination List
PetroChina	Yes; December 22, 2008	Iran & Sudan Scrutinized Classification Continues
Petroleo Brasileiro (Petrobras)	Yes; January 13, 2010	Removed from Iran Scrutinized List
Ranhill Bhd	Yes; October 22, 2008	Sudan Scrutinized Classification Continues

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

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.

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 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	Sudan CE Classification Continues
Bollore Group	No	Sudan CE Classification Continues
CNOOC Ltd	Yes; October 28, 2008	Iran CE Classification Continues
Costain Group PLC	Yes; November 5, 2007	Removed from Iran List
Daelim Industrial Co.	No	Iran CE Classification Continues
Engineers India Ltd.	Yes; October 16, 2008	Iran CE Classification Continues
Essar Oil	Yes; January 9, 2009	Removed from Iran List
Finmeccanica SpA	No	Removed from Sudan List
GVA Consultants	Yes; September 26, 2007	Iran CE Classification Continues
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
Saipem	Yes; December 12, 2007	Removed from Iran List
Samsung Engineering Co. Ltd.	No	Iran CE Classification Continues

Company	Company Responsive to SBA Communications	Continued Examination Status
Samsung Heavy Industries Co. Ltd.	No	Removed from Iran List
Sasol Ltd.	No	Iran CE Classification Continues
Siemens AG	Yes; October 22, 2009	Iran CE Classification Continues
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	No	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
Weatherford International, Ltd.	No	Removed from Sudan List

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— Prior to this date, the SBA is to identify and offer at least one terror-free investment product for the FRS Investment Plan.

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

Summary of Investments Sold, Redeemed, Divested or Withdrawn

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

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

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

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

Table 7: List of Prohibited Investments (Scrutinized Companies)

No companies were added this quarter.

Company	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Alstom	Sudan	France	September 19, 2007	Yes
Alstom Projects India	Sudan	India	April 14, 2009	Yes
AREF Energy Holdings Co.	Sudan	Kuwait	July 28, 2009	Yes
AviChina Industry & Technology Company Limited	Sudan	China	September 19, 2007	Yes
Bharat Heavy Electricals, Ltd.	Sudan	India	September 19, 2007	Yes
Bongaigaon Refinery & Petrochemicals	Sudan	India	September 19, 2007	Yes
Chennai Petroleum Corp Ltd	Sudan	India	September 19, 2007	Yes
China Petroleum & Chemical Corp (CPCC) Sinopec	Sudan & Iran	China	September 19, 2007	Yes
CNPC Hong Kong Ltd.	Sudan & Iran	Hong Kong	September 19, 2007	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 Automobile Co Ltd	Sudan	China	September 19, 2007	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
Favelle Favco	Sudan	Malaysia	April 14, 2009	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
GS Engineering & Construction Corp.	Iran	S. Korea	September 16, 2008	Yes
GS Holdings	Iran	S. Korea	September 19, 2007	Yes
Hafei Aviation Industry Co Ltd	Sudan	China	September 19, 2007	Yes
Harbin Power Equipment	Sudan	China	September 19, 2007	Yes
Indian Oil Corp Ltd (IOCL)	Sudan & Iran	India	September 19, 2007	Yes
Inpex Corp.	Iran	Japan	September 19, 2007	Yes
Jiangxi Changhe Automobile	Sudan	China	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
Kejuruteraan Samudra Timur Bhd	Sudan	Malaysia	September 19, 2007	Yes
Kencana Petroleum Berhad	Sudan	Malaysia	December 18, 2007	Yes
Khanom Electricity Generating Co	Sudan	Thailand	December 18, 2007	Yes
Kingdream PLC	Sudan & Iran	China	April 14, 2009	Yes
KLCC Property Holdings Bhd	Sudan & Iran	Malaysia	April 14, 2009	Yes
KMCOB Capital Bhd	Sudan	Malaysia	September 19, 2007	Yes
Kuwait Finance House	Sudan	Kuwait	April 14, 2009	Yes
Lanka IOC Ltd	Sudan	India	September 19, 2007	Yes
Mangalore Refinery & Petrochemicals Ltd	Sudan	India	September 19, 2007	Yes
Midciti Resources Sdn Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
MISC Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
MISC Capital Ltd.	Sudan & Iran	Malaysia	April 14, 2009	Yes

Company	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Mosenergo	Iran	Russia	September 16, 2008	Yes
Muhibbah Engineering BHD	Sudan	Malaysia	September 19, 2007	Yes
Oil & Natural Gas Corp (ONGC)	Sudan & Iran	India	September 19, 2007	Yes
Optimal Olefins Sdn Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
PECD Bhd.	Sudan	Malaysia	September 19, 2007	Yes
Persian Gold	Iran	United Kingdom	July 28, 2009	Yes
PetroChina	Sudan & Iran	China	September 19, 2007	Yes
PetroKazakhstan Finance BV	Sudan	Canada	July 28, 2009	Yes
Petroliam Nasional (Petronas)	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Capital Limited	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Dagangan Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Gas Berhad	Sudan & Iran	Malaysia	September 19, 2007	Yes
Ranhill Bhd	Sudan	Malaysia	September 16, 2008	Yes
Ranhill Labuan Ltd.	Sudan	Malaysia	April 14, 2009	Yes
Ranhill Powertron Sdn	Sudan	Malaysia	April 14, 2009	Yes
Repsol YPF	Iran	Spain	September 19, 2007	Yes
Royal Dutch Shell PLC	Iran	United Kingdom	September 19, 2007	Yes
SAJ Holdings	Sudan	Malaysia	July 28, 2009	Yes
Scomi Engineering BHD	Sudan	Malaysia	September 19, 2007	Yes
Scomi Group Bhd	Sudan	Malaysia	September 19, 2007	Yes
Shell International Finance BV	Iran	Netherlands	October 27, 2009	Yes
Sinopec Finance	Sudan & Iran	China	April 14, 2009	Yes
Sinopec Kantons Holdings Ltd	Sudan & Iran	Bermuda	September 19, 2007	Yes
Sinopec Shanghai Petrochemical	Sudan & Iran	China	September 19, 2007	Yes
Sinopec Yizheng Chemical Fibre	Sudan & Iran	China	March 25, 2008	Yes
Snam Rete Gas	Iran	Italy	September 19, 2007	Yes
StatoilHydro	Iran	Norway	September 19, 2007	Yes
Total (Nigeria) PLC	Iran	Nigeria	March 25, 2008	Yes
Total SA	Iran	France	September 19, 2007	Yes
Wartsila Oyj	Sudan	Finland	December 18, 2007	Yes
Wuhan Boiler Company	Sudan	China	September 19, 2007	Yes
# of Companies	**71**	**-**	**-**	

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

Removed Company	***Country of Incorporation***
Dietswell SA	***France***
Petrobras Energia (Participaciones)	***Argentina***
Petrobras International Finance Company	***Cayman Islands***
Petroleo Brasileiro (Petrobras)	***Brazil***

Table 8: SBA Holdings in Prohibited Investments Subject to Divestment

[For the reporting period September 30, 2009 through December 31, 2009]

The SBA currently has no holdings in companies on the January 26, 2010 Prohibited Investments list in accounts subject to the PFIA divestiture requirements.

SBA holdings in the following companies have been divested since the previous PFIA Quarterly Report. (Please note that Petrobras International Finance will no longer be a prohibited investment upon approval of the January 26, 2010 PFIA report.)

Date	Company	Action	Number of Bonds	Proceeds	Account Name
10/05/2009	SHELL INTL FIN B V GTD NT	SOLD	5,110,000	$6,053,765.90	FRSFF1038202
10/22/2009	SHELL INTERNATIONAL FIN	SOLD	2,550,000	$2,546,047.50	FRSFF1038102
11/02/2009	PETROBRAS INTL FIN CO GTD	SOLD	1,000,000	$1,148,750.00	FRSFF1019002

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 telephone from several of the contacted managers.

Listing of All Publicly Traded Securities (Including Equity Investments)

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

For more information, please contact:

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

or send an email to:

pfia@sbafla.com

STATE BOARD OF ADMINISTRATION OF FLORIDA

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

POST OFFICE BOX 13300
32317-3300

CHARLIE CRIST
GOVERNOR
AS CHAIRMAN

ALEX SINK
CHIEF FINANCIAL OFFICER
AS TREASURER

BILL McCOLLUM
ATTORNEY GENERAL
AS SECRETARY

ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO

January 26, 2010

The Honorable Greg Evers
Chair
Joint Legislative Auditing Committee
212 The Capitol
402 South Monroe Street
Tallahassee, Florida 32399-1300

The Honorable Alex Diaz de la Portilla
Alternating Chair
Joint Legislative Auditing Committee
330 Senate Office Building
404 South Monroe Street
Tallahassee, Florida 32399-1100

Dear Representative Evers and Senator Diaz de la Portilla:

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

Please be advised that the Trustees have reviewed the attached reports and authorized me to convey their action to you. During the period October 1 through December 31, 2009, there were no material impacts on the trust funds in question and, therefore, no associated actions or escalations.

Please contact me if you have any questions.

Sincerely,

Ashbel C. Williams
Executive Director & CIO

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

DRAFT

Monthly Summary Report for October 2009

Including Fund B

State Board of Administration

FLORIDA PRIME

CONTENTS

FLORIDA PRIME

Market Conditions..... 3
Investment Strategy..... 4
Cash Flows..... 5
Significant Issues..... 5
Update on SEC Investigation..... 6
Fund Performance..... 7
Inventory of Holdings..... 8
Participant Concentration..... 11
Compliance..... 12
Trading Activity..... 13

FUND B

Portfolio Commentary..... 18
Disclosure/Return of Principal 18
Distributions/Monthly Detail..... 19
Inventory of Holdings..... 20
Compliance..... 21
Trading Activity..... 21

INTRODUCTION

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

(1) Reporting of any material impacts on the funds and any actions or escalations taken by staff to address such impacts;

(2) Presentation of a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month; and

(3) Preparation of the management summary "in a manner that will allow anyone to ascertain whether the investment activities during the reporting period have conformed to investment policies."

This report, which covers the period from October 1, 2009 through October 31, 2009, has been prepared by the SBA with input from Federated Investment Counseling ("Federated"), investment adviser for the funds, in a format intended to comply with the Statute.

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

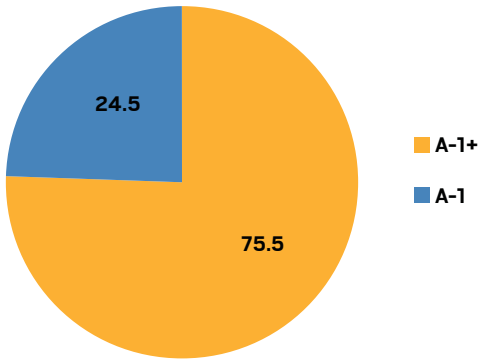
FLORIDA PRIME

PORTFOLIO COMPOSITION
OCTOBER 31, 2009

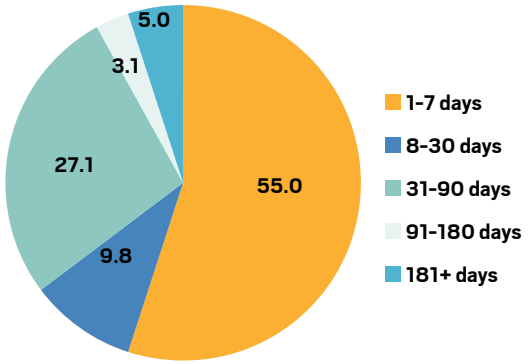
Florida PRIME Assets

$ 5,020,252,674

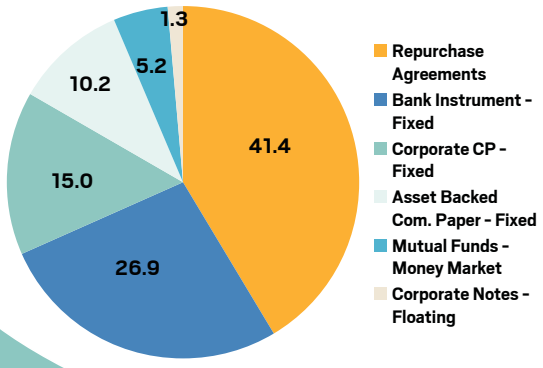
Credit Quality Composition (%)



Effective Maturity Schedule (%)



Portfolio Composition (%)



PORTFOLIO MANAGER COMMENTARY

OCTOBER 2009 MARKET CONDITIONS

Cash yields continued to fall in October, although declines were concentrated on the front end of the cash-yield curve and modest compared to earlier in the year. Notably, interest rates on the one-year London interbank offered rate (LIBOR) and two-year Treasury notes—the security most sensitive to expectations for Federal Reserve policy—actually rose at times during the month as investors perceived subtle changes in tone from various Federal Reserve officials regarding the timing of future rate increases.

In recent months, formal statements from the Federal Open Market Committee (FOMC) had reiterated the Fed's intention to keep benchmark rates exceptionally low for "an extended period." But as the FOMC meets this week, some committee members—including Chairman Ben Bernanke—have seemed to be hedging on that pledge, suggesting in recent comments that the central bank retains the flexibility to tighten policy rates sooner if the economy or inflation revived faster than expected. Clearly, the Fed wants to reassure investors that policymakers are on "bubble alert." While we continue to believe that the initial increase in benchmark rates will not occur until at least the second quarter of 2010, we would not be surprised if this week's meeting produced a more nuanced message regarding the Fed's intentions.

Certainly, the Fed has reason to believe that its super-accommodative policies may be working too well. In late September, overnight interest rates in the repurchase agreement (repo) market dropped below 10 basis points, a development which most observers attributed to technical factors related to quarter-end financing needs. When that pattern persisted into the new quarter, however, it became evident that additional factors were at work. Specifically, large amounts of collateral had been taken out of the repo market through purchases by various parties, including the Fed, flooding the market with liquidity and driving down rates.

In the near future, we expect the Fed to begin withdrawing some of that liquidity by conducting reverse repurchase agreements with nontraditional market participants, possibly to include money market funds. (The Fed has roughly $1.2 trillion available in repo-eligible collateral on its balance sheet, including U.S. agency securities). Such a move is likely to push overnight interest rates back towards

FLORIDA PRIME

PORTFOLIO COMPOSITION
OCTOBER 31, 2009

Top Holdings (%) and Average Maturity

1.	Banco Bilbao Vizcaya Argentaria SA	5.8%
2.	General Electric Capital Services	5.1%
3.	Barclays Bank plc	5.0%
4.	Federated Prime Cash Obligations Fund	5.0%
5.	Mitsubishi UFJ Financial Group, Inc.	5.0%
6.	Credit Agricole Group	4.9%
7.	Danske Bank A/S	4.2%
8.	Federal Home Loan Bank System	3.8%
9.	ING Groep N.V.	3.1%
10.	Enterprise Funding Co. LLC	2.5%

Average Effective Maturity
34.8 Days

Percentages based on total value of investments

Past performance is no guarantee of future results.

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

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

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

PORTFOLIO MANAGER COMMENTARY

the top of the Fed's target range, and is representative of steps the Fed can take to drive market interest rates higher without formally tightening monetary policy.

PORTFOLIO INVESTMENT STRATEGY

During the month of October, assets for Florida PRIME declined, ending the month at $5.0 billion. The very short end of the money market curve remained virtually unchanged, with one-month and three-month LIBOR both declining by half of a basis point, ending the month at 0.24% and 0.28%. Overnight repurchase agreement rates also remained very low, trading in the single digits during most of the month.

Due to our expectation of continued low rates and a Federal Reserve that will not be raising the Fed Funds rate anytime soon, we concentrated purchases in bank and asset-backed commercial paper in the one- and three-month area. We also found value in seven-month bank paper. Our investment management team continues to seek value in its purchases and remains dedicated to providing competitive yields while also preserving capital and liquidity.

Mark Your Calendar

The Participant Local Government Advisory Council will hold its next meeting in Tampa on Monday, November 30 from 11:00 am to 1:00 pm.

This body represents Florida PRIME and Fund B participants and serves in an advisory capacity to the SBA.

Location: R. O. Shelton School Admin. Center
2nd Floor Staff Conference Room
901 East Kennedy Blvd.
Tampa, FL 33602

The agenda and meeting materials are posted at www.sbafla.com/prime

CASH FLOWS

Summary of Cash Flows October 2009		Florida PRIME
Opening Balance (10/1/09)	$	5,354,256,677
Participant Deposits	$	896,881,135
Transfers from Fund B	$	8,050,000
Gross Earnings	$	1,457,407
Participant Withdrawals	$	(1,240,259,871)
Fees	$	(132,674)
Closing Balance (10/31/09)	$	5,020,252,674
Change over Month	$	(334,004,003)

Valuations based on amortized cost

As shown in the table above, Florida PRIME experienced a net outflow of $334.0 million during October 2009.

This change in value consisted of positive flows of $897 million in participant deposits, $8.1 million in transfers from Fund B and $1.5 million in earnings. Negative flows consisted of $1.24 billion in participant withdrawals and about $133,000 in fees.

Overall, the fund ended the month with a closing balance of $5.02 billion.

DISCLOSURE OF SIGNIFICANT ISSUES

LEGAL ISSUES

The SBA asserts that JP Morgan and Lehman Brothers (which is now in liquidation) sold the SBA certain unregistered secured notes that were not exempt from registration under the Securities Act of 1933. These notes (or the collateral distributed upon liquidation of the notes) are a portion of the holdings in Fund B.

The SBA and JP Morgan entered into an Agreement to Extend Tolling Period (the "Extension") effective in June 2009 to facilitate further discussions between JP Morgan, the SBA and its external counsel, the law firm of Berman DeValerio Pease Tabacco Burt & Pucillo, regarding a potential resolution of the dispute.

The Lehman Trustee has not yet responded to the SBA's creditor claim on behalf of Fund B as to whether the Lehman estate will have any assets available for recovery.

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

DISCLOSURE OF MATERIAL IMPACTS

There were no developments during October 2009 that had a material impact on the liquidity or operation of Florida PRIME.

UPDATE ON SEC INVESTIGATION

In response to media requests, the SBA recently released a confidential document titled "Formal Order of Private Investigation" issued by the Securities and Exchange Commission (SEC). This document was issued in connection with an ongoing SEC investigation that the SBA made public more than a year ago and does not involve in any way a new investigation. The SBA made the SEC investigation public in March 2008 and posted information about it on the SBA Website.

Since then, the investigation has been reported in the media on several occasions. The SBA also disclosed the existence of the SEC investigation to the participants of Florida PRIME during phone calls, to the PLGAC and in its management and attorney representation letters prepared to support the statewide and Florida Prime financial statements for the fiscal year ended June 30, 2008.

As part of its ongoing investigation, the SEC issued the Formal Order in July 2008 covering the SBA, J.P. Morgan Securities, Inc., Lehman Brothers, Inc. and Credit Suisse Securities, Inc. (among others). The SEC is required by procedure to issue this order before the SEC can subpoena records and take sworn statements.

Consistent with the SEC rules and as a condition of the release of the Formal Order to the SBA, the SEC required the SBA to warrant that the Formal Order would remain confidential. Consistent with the SEC's request, the SBA did not publicly disclose the Formal Order, but the SBA continued to disclose the ongoing nature of the SEC investigation. When the media recently made a public records request for copies of all correspondence to the SBA from the SEC, the SBA concluded (after consultation with the SEC) that the SEC rule did not trump or preempt the people's constitutional and statutory right to access public records.

The SEC does not comment on its investigations. However, the SBA has provided full and complete cooperation with the SEC beginning with the SEC's initial inquiries in late February 2008 and through the most recent SEC subpoena issued in April 2009.

The SEC, the Office of Financial Regulation (OFR) of the Florida Department of Financial Services, the press and other persons continue to request documents and information from the SBA and to investigate the events and occurrences relating to the purchase and sale of secured notes issued by KKR Atlantic, KKR Pacific, Ottimo and Axon (among others) to the SBA on behalf of the Local Government Surplus Funds Trust Fund ("LGSFTF").[1]

The SBA will continue to cooperate with the SEC and OFR and to comply with the letter and the spirit of Florida's Public Records Law. The SBA continues to believe and to maintain that there is no basis for any allegation of wrongdoing by the SBA. The SEC clearly states in writing that "the information requested should not be construed to be a reflection on the character or reputation, nor as an expression of opinion on the part of the Commission or its staff that any violations of law have occurred." Notwithstanding the SBA's position and belief, the SBA is not certain when these organizations will conclude their inquiries and investigations or what their conclusions will be.

[1] As previously disclosed, the SBA has concluded that Credit Suisse Securities LLC did not sell the notes issued by KKR Atlantic, KKR Pacific, Ottimo and Axon to the SBA on behalf of the LGSFTF.

FLORIDA PRIME

FUND PERFORMANCE
THROUGH OCTOBER 31, 2009

Florida PRIME Participant Performance Data

	Net Participant Yield[1]	Net-of-Fee Benchmark[2]	Above (Below) Benchmark
1 mo	0.30%	0.24%	0.06%
3 mos	0.36%	0.29%	0.07%
12 mos	0.74%	0.69%	0.05%
3 yrs	3.03%	2.97%	0.06%
5 yrs	3.39%	3.24%	0.16%
10 yrs	3.31%	3.07%	0.24%
Since 1.96	3.92%	3.68%	0.23%
	Net asset value ending Oct-31-09:		$5,021.0 m

NOTES TO PERFORMANCE TABLE

[1]Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants. It is otherwise comparable to the Cost-Based Return. See note 1 below.

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

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

Supplemental Performance Information

	Net Fund Cost-Based Return[1]	Gross-of-Fee Benchmark[2]	Marked-to-Market Return[3]
1 mo	0.33%	0.41%	0.21%
3 mos	0.37%	0.47%	0.27%
12 mos	0.74%	0.89%	1.42%
3 yrs	3.14%	3.18%	
5 yrs	3.45%	3.46%	
10 yrs	3.32%	3.30%	
Since 12.84	5.15%	5.14%	
Since 1.08			2.16%

NOTES TO SUPPLEMENTAL INFORMATION

[1]Net of fees. Cost-based return is 30-Day average yield utilizing amortized cost and a 360-day basis pursuant to Chapter 19-7.011, Florida Administrative Code.

[2]The gross-of-fee benchmark is the S&P AAA/AA Rated GIP All 30-Day Gross Index for all time periods. Prior to May 1998, a gross version of this benchmark did not exist. Therefore a proxy was created by adding 30 basis points to the net of fees version of this index for the period through April 1998. However, from December 1984 to March 1995 the gross index was approximated using 1-month LIBOR rates.

[3]Net of fees. The marked-to-market return is calculated by BNY Mellon. The first full month of total return performance measured on a marked-to-market basis began January 2008. Note that marked-to-market valuations and returns are *not* the norm for money market and 2a-7 (or 2a-7-like) funds. Hence, these returns are not comparable to the benchmark or other published data.

FLORIDA PRIME

INVENTORY OF HOLDINGS
OCTOBER 31, 2009

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost [2]	Mkt Value [1]	Unrealized Gain (Loss)
BASF SE CP4-2	COMMERCIAL PAPER - 4-2		12/07/09		$ 105,000,000	0.66	$ 104,927,958	$ 104,972,732	$ 44,773
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.34	05/05/10		$ 100,000,000	0.34	$ 100,000,000	$ 100,005,180	$ 5,180
Banco Bilbao Vizcaya Argentaria SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.71	12/07/09		$ 200,000,000	0.71	$ 200,001,052	$ 200,095,880	$ 94,828
Banco Bilbao Vizcaya Argentaria SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.66	12/09/09		$ 40,000,000	0.66	$ 40,000,221	$ 40,017,968	$ 17,747
Banco Bilbao Vizcaya Argentaria SA CP4-2	COMMERCIAL PAPER - 4-2		11/16/09		$ 50,000,000	1.02	$ 49,976,389	$ 49,995,985	$ 19,596
Bank of America Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.08	11/02/09		$ 1,100,000,000	0.08	$ 1,100,000,000	$ 1,100,000,000	$ -
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.28	12/18/09		$ 75,000,000	0.28	$ 75,000,000	$ 75,003,053	$ 3,053
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.20	11/16/09		$ 100,000,000	0.20	$ 100,000,000	$ 99,998,580	$ (1,420)
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	01/14/10		$ 50,000,000	0.25	$ 50,000,000	$ 49,996,830	$ (3,170)
Barclays Bank PLC, London CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.80	01/19/10		$ 100,000,000	0.81	$ 100,000,000	$ 100,116,780	$ 116,780
Branch Banking & Trust Co. CD	CERTIFICATE OF DEPOSIT	0.65	01/04/10		$ 100,000,000	0.66	$ 100,000,000	$ 100,086,070	$ 86,070
Calyon, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.22	01/13/10		$ 246,000,000	0.22	$ 246,000,000	$ 245,989,742	$ (10,258)
Chariot Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		11/23/09		$ 8,900,000	0.18	$ 8,898,932	$ 8,898,932	$ -
Chariot Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		12/07/09		$ 66,000,000	0.20	$ 65,986,067	$ 65,982,860	$ (3,207)
Danske Corp., Inc. CP4-2	COMMERCIAL PAPER - 4-2		11/06/09		$ 209,000,000	0.21	$ 208,991,669	$ 208,992,685	$ 1,016
Dreyfus Government Cash Management Fund	OVERNIGHT MUTUAL FUND	0.04	11/02/09		$ 12,666,256	0.04	$ 12,666,256	$ 12,666,256	$ -
Du Pont (E.I.) de Nemours & Co. CP4-2	COMMERCIAL PAPER - 4-2		11/09/09		$ 18,000,000	0.12	$ 17,999,400	$ 17,999,060	$ (340)

See notes at end of table.

FLORIDA PRIME

INVENTORY OF HOLDINGS (CONTINUED)
OCTOBER 31, 2009

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost [2]	Mkt Value [1]	Unrealized Gain (Loss)
Du Pont (E.I.) de Nemours & Co. CP4-2	COMMERCIAL PAPER - 4-2		11/13/09		$ 2,290,000	0.12	$ 2,289,893	$ 2,289,824	$ (69)
Edison Asset Securitization LLC	COMMERCIAL PAPER - ABS- 4(2)		11/10/09		$ 63,054,000	0.38	$ 63,046,871	$ 63,050,337	$ 3,465
Enterprise Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		11/02/09		$ 125,111,000	0.11	$ 125,109,853	$ 125,109,853	$ (0)
FHLB .55% 8/04/2010	FHLB NOTE	0.55	08/04/10		$ 100,000,000	0.62	$ 99,948,808	$ 100,117,500	$ 168,692
FHLB .8% 6/22/2010	FHLB NOTE	0.80	06/22/10		$ 50,000,000	0.80	$ 50,000,000	$ 50,037,500	$ 37,500
FHLB Floating Rate Series 2 3/11/2010	FHLB FLOATING RATE NOTE	0.80	03/11/10	11/02/09	$ 40,000,000	0.81	$ 39,998,115	$ 40,091,440	$ 93,325
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		12/16/09		$ 25,000,000	0.24	$ 24,992,167	$ 24,985,640	$ (6,527)
Federated Prime Cash Obligations Fund, Class	MUTUAL FUND MONEY MARKET	0.18	11/02/09	11/02/09	$ 250,082,743	0.32	$ 250,082,743	$ 250,082,743	$ -
General Electric Capital Corp. CP	COMMERCIAL PAPER		11/23/09		$ 50,000,000	0.40	$ 49,987,000	$ 49,993,565	$ 6,565
General Electric Capital Corp. CP	COMMERCIAL PAPER		12/01/09		$ 10,000,000	0.40	$ 9,996,533	$ 9,998,187	$ 1,654
General Electric Capital Corp., Dec 15, 2009	VARIABLE MEDIUM TERM NOTE	0.42	12/15/09	12/15/09	$ 7,000,000	4.31	$ 6,966,949	$ 7,001,470	$ 34,521
General Electric Capital Services CP	COMMERCIAL PAPER		11/10/09		$ 50,000,000	0.76	$ 49,988,542	$ 49,997,250	$ 8,708
General Electric Capital Services CP	COMMERCIAL PAPER		11/23/09		$ 100,000,000	0.66	$ 99,956,667	$ 99,987,130	$ 30,463
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		03/15/10		$ 158,000,000	0.39	$ 157,773,182	$ 157,823,324	$ 50,142
Morgan Stanley & Co., Inc. Triparty Repo	REPO TRIPARTY OVERNIGHT FIXED	0.08	11/02/09		$ 980,000,000	0.08	$ 980,000,000	$ 980,000,000	$ -
Mullenix-St. Charles Properties, L.P., Times	VARIABLE RATE DEMAND NOTE	0.35	01/01/28	11/05/09	$ 13,500,000	0.35	$ 13,500,000	$ 13,500,000	$ -
Robert Louis Stevenson School, Series 2007, Aug	VARIABLE RATE DEMAND NOTE	2.00	08/01/37	11/05/09	$ 6,000,000	2.00	$ 6,000,000	$ 6,000,000	$ -

See notes at end of table.

FLORIDA PRIME

INVENTORY OF HOLDINGS (CONTINUED)
OCTOBER 31, 2009

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost [2]	Mkt Value [1]	Unrealized Gain (Loss)
Roche Holding AG, Feb 25, 2010	VARIABLE RATE TERM NOTE	1.39	02/25/10	11/25/09	$ 28,000,000	1.41	$ 28,000,000	$ 28,001,708	$ 1,708
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		11/16/09		$ 10,000,000	0.18	$ 9,999,150	$ 9,997,828	$ (1,322)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		11/17/09		$ 12,400,000	0.18	$ 12,398,884	$ 12,397,148	$ (1,736)
Sheffield Receivables Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/12/10		$ 10,600,000	0.21	$ 10,595,424	$ 10,590,304	$ (5,120)
Societe Generale, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.65	12/10/09		$ 120,000,000	0.66	$ 120,000,000	$ 120,058,680	$ 58,680
St. Andrew United Methodist Church, Series	VARIABLE RATE DEMAND NOTE	0.35	07/01/29	11/05/09	$ 10,235,000	0.35	$ 10,235,000	$ 10,235,000	$ -
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		12/02/09		$ 10,050,000	0.19	$ 10,048,250	$ 10,045,689	$ (2,561)
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/15/10		$ 19,500,000	0.24	$ 19,489,990	$ 19,480,564	$ (9,426)
Surrey Funding Corporation CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/15/10		$ 45,000,000	0.23	$ 44,977,863	$ 44,957,075	$ (20,788)
Surrey Funding Corporation CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/19/10		$ 25,000,000	0.22	$ 24,987,625	$ 24,974,858	$ (12,768)
Surrey Funding Corporation CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/20/10		$ 80,000,000	0.22	$ 79,959,911	$ 79,918,544	$ (41,367)
Union Bank of California, N.A. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.33	11/30/09		$ 25,000,000	0.33	$ 25,000,000	$ 25,004,303	$ 4,303
Yorktown Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		11/02/09		$ 12,680,000	0.10	$ 12,679,894	$ 12,679,894	$ 0
Total Value of Investments					**$ 5,019,068,999**		**$ 5,018,457,258**	**$ 5,019,225,948**	**$ 768,690**

Notes:

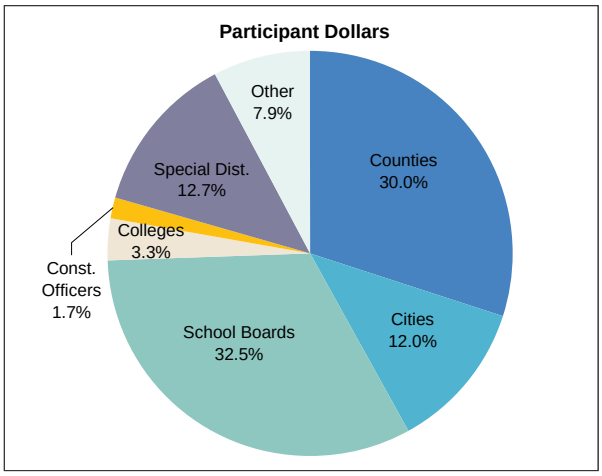
[1] Market values of the portfolio securities are provided by the custodian, BNY Mellon. The portfolio manager, Federated Investment Counseling, is the source for other data shown above.

[2] Amortized cost is calculated using a straight line method.

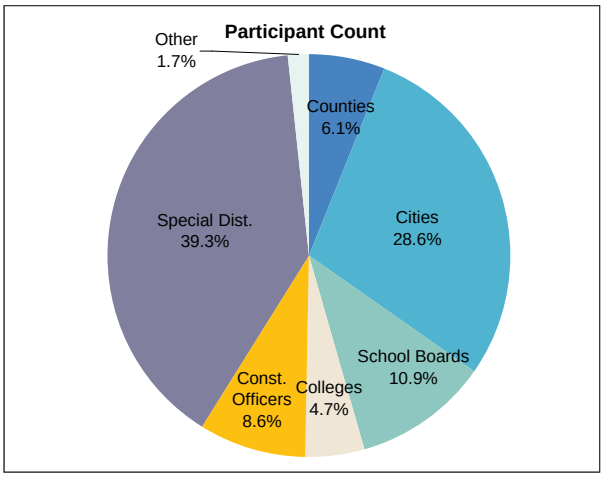
The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one day lag in the above valuations.

PARTICIPANT CONCENTRATION DATA - OCTOBER 31, 2009

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
All Participants	**100.0%**	**100.0%**	**Colleges & Universities**	**3.3%**	**4.7%**
Top 10	39.6%	1.2%	Top 10	3.0%	1.2%
$100 million or more	39.6%	1.2%	$100 million or more	0.0%	0.0%
$10 million up to $100 million	49.5%	9.6%	$10 million up to $100 million	2.5%	0.6%
$1 million up to $10 million	9.8%	16.4%	$1 million up to $10 million	0.7%	1.1%
Under $1 million	1.2%	72.8%	Under $1 million	0.03%	3.0%
Counties	**30.0%**	**6.1%**	**Constitutional Officers**	**1.7%**	**8.6%**
Top 10	25.3%	1.2%	Top 10	1.2%	1.2%
$100 million or more	15.0%	0.4%	$100 million or more	0.0%	0.0%
$10 million up to $100 million	14.3%	1.9%	$10 million up to $100 million	0.8%	0.2%
$1 million up to $10 million	0.6%	1.1%	$1 million up to $10 million	0.8%	1.4%
Under $1 million	0.0%	2.7%	Under $1 million	0.1%	7.0%
Municipalities	**12.0%**	**28.6%**	**Special Districts**	**12.7%**	**39.3%**
Top 10	6.3%	1.2%	Top 10	8.9%	1.2%
$100 million or more	0.0%	0.0%	$100 million or more	2.3%	0.1%
$10 million up to $100 million	8.4%	2.4%	$10 million up to $100 million	7.4%	1.5%
$1 million up to $10 million	3.1%	5.3%	$1 million up to $10 million	2.5%	4.5%
Under $1 million	0.4%	20.9%	Under $1 million	0.4%	33.2%
School Boards	**32.5%**	**10.9%**	**Other**	**7.9%**	**1.7%**
Top 10	25.4%	1.2%	Top 10	7.9%	1.2%
$100 million or more	20.2%	0.6%	$100 million or more	2.0%	0.1%
$10 million up to $100 million	10.4%	2.2%	$10 million up to $100 million	5.6%	0.7%
$1 million up to $10 million	1.7%	2.7%	$1 million up to $10 million	0.2%	0.2%
Under $1 million	0.1%	5.3%	Under $1 million	0.0%	0.6%



Total Fund Value: $5,020,252,674



Total Participant Count: 804

FLORIDA PRIME

INVESTMENT POLICY COMPLIANCE - OCTOBER 2009

Test by Source	Pass/Fail
Florida PRIME's Investment Policy	
Securities must be USD denominated.	Pass
Ratings requirements	
The Pool must purchase exclusively first tier securities. Securities purchased with short-term ratings by an NRSRO, or comparable in quality and security to other obligations of the issuer that have received short-term ratings from an NRSRO, are eligible if they are in one of the two highest rating categories.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Maturity	
Securities, excluding Government floating rate notes/variable rate notes, purchased did not have a maturity in excess of 397 days.	Pass
Government floating rate notes/variable rate notes purchased did not have a maturity in excess of 762 days.	Pass
The Pool must maintain a Spread WAM of 120 days or less.	Pass
Issuer Diversification	
First-tier issuers (limit does not apply to cash, cash items, U.S. Government securities refunded securities and repo collateralized by these securities) are limited, at the time of purchase, to 5% of the Pool's total assets.[1]	Pass
Demand Feature and Guarantor Diversification	
First tier securities issued by or subject to demand features and guarantees of a non-controlled person, at time of purchase, are limited to 10% with respect to 75% of the Pool's total assets.	Pass
First tier securities issued by or subject to demand features and guarantees of a control person, at time of purchase, are limited to 10% with respect to the Pool's total assets.	Pass
Money Market Mutual Funds	
The account, at time of purchase, will not have exposure to any one Money Market Mutual Fund in excess of 10% of the Pool's total assets.	Pass
Concentration Tests	
The account, at time of purchase, will not have exposure to an industry sector, excluding the financial services industry, in excess of 25% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to any single Government Agency in excess of 33.33% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to illiquid securities in excess of 10% of the Pool's total assets.	Pass
The account, at time of purchase, will invest at least 5% of the Pool's total assets in securities accessible within one day.	Pass
The account, at time of purchase, will invest at least 20% of the Pool's total assets in securities accessible within seven days.	Pass
S&P Requirements	
The Pool must maintain a Dollar Weighted Average Maturity of 60 days or less.	Pass
The account, at time of purchase, will invest at least 50% of the Pool's total assets in Securities in Highest Rating Category (A-1+ or equivalent) .	Pass

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

FLORIDA PRIME

TRADING ACTIVITY FOR OCTOBER 2009

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys								
BNP PARIBAS SACDYAN	05/05/10	10/23/09	10/27/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
BNP PARIBAS SACDYAN	05/05/10	10/23/09	10/27/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
BANK OF TOKYO-MITSUCDYAN	11/16/09	10/14/09	10/14/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
BANK OF TOKYO-MITSUCDYAN	11/16/09	10/14/09	10/14/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
BANK OF TOKYO-MITSUCDYAN	01/14/10	10/14/09	10/14/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
CALYON, PARISCDYAN	01/13/10	10/15/09	10/16/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
CALYON, PARISCDYAN	01/13/10	10/15/09	10/16/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
CALYON, PARISCDYAN	01/13/10	10/15/09	10/16/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
CALYON, PARISCDYAN	01/13/10	10/15/09	10/16/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
CALYON, PARISCDYAN	01/13/10	10/15/09	10/16/09	$ 46,000,000	$ 46,000,000	$ -	$ 46,000,000	$ -
CHARIOT FUNDING LLCCPABS4	10/22/09	10/16/09	10/16/09	$ 50,000,000	$ 49,998,750	$ -	$ 49,998,750	$ -
CHARIOT FUNDING LLCCPABS4	10/22/09	10/16/09	10/16/09	$ 1,002,000	$ 1,001,975	$ -	$ 1,001,975	$ -
CHARIOT FUNDING LLCCPABS4	10/26/09	10/23/09	10/23/09	$ 18,900,000	$ 18,899,843	$ -	$ 18,899,843	$ -
CHARIOT FUNDING LLCCPABS4	10/26/09	10/23/09	10/23/09	$ 25,000,000	$ 24,999,792	$ -	$ 24,999,792	$ -
CHARIOT FUNDING LLCCPABS4	10/26/09	10/23/09	10/23/09	$ 25,000,000	$ 24,999,792	$ -	$ 24,999,792	$ -
CHARIOT FUNDING LLCCPABS4	10/29/09	10/28/09	10/28/09	$ 9,400,000	$ 9,399,977	$ -	$ 9,399,977	$ -
CHARIOT FUNDING LLCCPABS4	11/23/09	10/30/09	10/30/09	$ 8,900,000	$ 8,898,932	$ -	$ 8,898,932	$ -
CHARIOT FUNDING LLCCPABS4	12/07/09	10/07/09	10/07/09	$ 50,000,000	$ 49,983,056	$ -	$ 49,983,056	$ -
CHARIOT FUNDING LLCCPABS4	12/07/09	10/07/09	10/07/09	$ 16,000,000	$ 15,994,578	$ -	$ 15,994,578	$ -
DANSKE CORP,, INC,CP4-2	11/06/09	10/02/09	10/02/09	$ 50,000,000	$ 49,990,035	$ -	$ 49,990,035	$ -
DANSKE CORP,, INC,CP4-2	11/06/09	10/02/09	10/02/09	$ 50,000,000	$ 49,990,035	$ -	$ 49,990,035	$ -
DANSKE CORP,, INC,CP4-2	11/06/09	10/02/09	10/02/09	$ 50,000,000	$ 49,990,035	$ -	$ 49,990,035	$ -
DANSKE CORP,, INC,CP4-2	11/06/09	10/02/09	10/02/09	$ 50,000,000	$ 49,990,035	$ -	$ 49,990,035	$ -
DANSKE CORP,, INC,CP4-2	11/06/09	10/02/09	10/02/09	$ 9,000,000	$ 8,998,206	$ -	$ 8,998,206	$ -
DU PONT (E,I,) DE NCP4-2	11/09/09	10/27/09	10/27/09	$ 18,000,000	$ 17,999,220	$ -	$ 17,999,220	$ -
DU PONT (E,I,) DE NCP4-2	11/13/09	10/27/09	10/27/09	$ 2,290,000	$ 2,289,870	$ -	$ 2,289,870	$ -
ENTERPRISE FUNDING CPABS4	11/02/09	10/30/09	10/30/09	$ 25,111,000	$ 25,110,770	$ -	$ 25,110,770	$ -
ENTERPRISE FUNDING CPABS4	11/02/09	10/30/09	10/30/09	$ 50,000,000	$ 49,999,542	$ -	$ 49,999,542	$ -
ENTERPRISE FUNDING CPABS4	11/02/09	10/30/09	10/30/09	$ 50,000,000	$ 49,999,542	$ -	$ 49,999,542	$ -
GENERAL ELECTRIC CO CP	10/14/09	10/13/09	10/13/09	$ 50,000,000	$ 49,999,834	$ -	$ 49,999,834	$ -
GENERAL ELECTRIC CO CP	10/14/09	10/13/09	10/13/09	$ 50,000,000	$ 49,999,834	$ -	$ 49,999,834	$ -
GENERAL ELECTRIC CO CP	10/27/09	10/20/09	10/20/09	$ 50,000,000	$ 49,998,931	$ -	$ 49,998,931	$ -
GENERAL ELECTRIC CO CP	10/27/09	10/20/09	10/20/09	$ 18,900,000	$ 18,899,596	$ -	$ 18,899,596	$ -
JUPITER SECURITIZATCPABS4	10/29/09	10/28/09	10/28/09	$ 12,898,000	$ 12,897,968	$ -	$ 12,897,968	$ -
KITTY HAWK FUNDING CPABS4	10/28/09	10/22/09	10/22/09	$ 50,000,000	$ 49,999,000	$ -	$ 49,999,000	$ -
KITTY HAWK FUNDING CPABS4	10/28/09	10/22/09	10/22/09	$ 9,823,000	$ 9,822,804	$ -	$ 9,822,804	$ -
SALISBURY RECEIVABLCPABS4	11/16/09	10/20/09	10/20/09	$ 10,000,000	$ 9,998,650	$ -	$ 9,998,650	$ -
SALISBURY RECEIVABLCPABS4	11/17/09	10/20/09	10/20/09	$ 12,400,000	$ 12,398,264	$ -	$ 12,398,264	$ -
SHEFFIELD RECEIVABLCPABS4	01/12/10	10/22/09	10/22/09	$ 10,600,000	$ 10,594,930	$ -	$ 10,594,930	$ -
STARBIRD FUNDING COCPABS4	12/02/09	10/28/09	10/28/09	$ 10,050,000	$ 10,048,144	$ -	$ 10,048,144	$ -
STARBIRD FUNDING COCPABS4	01/15/10	10/20/09	10/20/09	$ 19,500,000	$ 19,488,690	$ -	$ 19,488,690	$ -
SURREY FUNDING CORPCPABS4	01/15/10	10/19/09	10/19/09	$ 45,000,000	$ 44,974,700	$ -	$ 44,974,700	$ -
SURREY FUNDING CORPCPABS4	01/19/10	10/20/09	10/20/09	$ 25,000,000	$ 24,986,097	$ -	$ 24,986,097	$ -
SURREY FUNDING CORPCPABS4	01/20/10	10/22/09	10/22/09	$ 50,000,000	$ 49,972,500	$ -	$ 49,972,500	$ -
SURREY FUNDING CORPCPABS4	01/20/10	10/22/09	10/22/09	$ 30,000,000	$ 29,983,500	$ -	$ 29,983,500	$ -

FLORIDA PRIME

TRADING ACTIVITY FOR OCTOBER 2009 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys (continued)								
YORKTOWN CAPITAL LLCPABS4	11/02/09	10/30/09	10/30/09	$ 12,680,000	$ 12,679,894	$ -	$ 12,679,894	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/05/09	10/05/09	$ 5,589,307	$ 5,589,307	$ -	$ 5,589,307	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/06/09	10/06/09	$ 2,306,270	$ 2,306,270	$ -	$ 2,306,270	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/08/09	10/08/09	$ 8,760,443	$ 8,760,443	$ -	$ 8,760,443	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/09/09	10/09/09	$ 60,145,898	$ 60,145,898	$ -	$ 60,145,898	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/14/09	10/14/09	$ 13,946,295	$ 13,946,295	$ -	$ 13,946,295	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/19/09	10/19/09	$ 9,341,493	$ 9,341,493	$ -	$ 9,341,493	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/21/09	10/21/09	$ 113,874,820	$ 113,874,820	$ -	$ 113,874,820	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/26/09	10/26/09	$ 120,482,299	$ 120,482,299	$ -	$ 120,482,299	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/29/09	10/29/09	$ 24,152,950	$ 24,152,950	$ -	$ 24,152,950	$ -
FEDERATED PRIME CASH OBLIGATIONS FU	10/01/40	10/01/09	10/01/09	$ 55,597	$ 55,597	$ -	$ 55,597	$ -
MORGAN STANLEY TRIPARTY	10/02/09	10/01/09	10/01/09	$ 800,000,000	$ 800,000,000	$ -	$ 800,000,000	$ -
BANK OF AMERICA TRIPARTY	10/02/09	10/01/09	10/01/09	$ 949,000,000	$ 949,000,000	$ -	$ 949,000,000	$ -
MORGAN STANLEY TRIPARTY	10/05/09	10/02/09	10/02/09	$ 747,000,000	$ 747,000,000	$ -	$ 747,000,000	$ -
BANK OF AMERICA TRIPARTY	10/05/09	10/02/09	10/02/09	$ 947,000,000	$ 947,000,000	$ -	$ 947,000,000	$ -
MORGAN STANLEY TRIPARTY	10/06/09	10/05/09	10/05/09	$ 842,000,000	$ 842,000,000	$ -	$ 842,000,000	$ -
BANK OF AMERICA TRIPARTY	10/06/09	10/05/09	10/05/09	$ 842,000,000	$ 842,000,000	$ -	$ 842,000,000	$ -
MORGAN STANLEY TRIPARTY	10/07/09	10/06/09	10/06/09	$ 900,000,000	$ 900,000,000	$ -	$ 900,000,000	$ -
BANK OF AMERICA TRIPARTY	10/07/09	10/06/09	10/06/09	$ 739,000,000	$ 739,000,000	$ -	$ 739,000,000	$ -
MORGAN STANLEY TRIPARTY	10/08/09	10/07/09	10/07/09	$ 945,000,000	$ 945,000,000	$ -	$ 945,000,000	$ -
BANK OF AMERICA TRIPARTY	10/08/09	10/07/09	10/07/09	$ 725,000,000	$ 725,000,000	$ -	$ 725,000,000	$ -
MORGAN STANLEY TRIPARTY	10/09/09	10/08/09	10/08/09	$ 940,000,000	$ 940,000,000	$ -	$ 940,000,000	$ -
BANK OF AMERICA TRIPARTY	10/09/09	10/08/09	10/08/09	$ 805,000,000	$ 805,000,000	$ -	$ 805,000,000	$ -
MORGAN STANLEY TRIPARTY	10/13/09	10/09/09	10/09/09	$ 945,000,000	$ 945,000,000	$ -	$ 945,000,000	$ -
BANK OF AMERICA TRIPARTY	10/13/09	10/09/09	10/09/09	$ 942,000,000	$ 942,000,000	$ -	$ 942,000,000	$ -
MORGAN STANLEY TRIPARTY	10/14/09	10/13/09	10/13/09	$ 1,038,000,000	$ 1,038,000,000	$ -	$ 1,038,000,000	$ -
BANK OF AMERICA TRIPARTY	10/14/09	10/13/09	10/13/09	$ 1,038,000,000	$ 1,038,000,000	$ -	$ 1,038,000,000	$ -
MORGAN STANLEY TRIPARTY	10/15/09	10/14/09	10/14/09	$ 1,031,000,000	$ 1,031,000,000	$ -	$ 1,031,000,000	$ -
BANK OF AMERICA TRIPARTY	10/15/09	10/14/09	10/14/09	$ 1,031,000,000	$ 1,031,000,000	$ -	$ 1,031,000,000	$ -
MORGAN STANLEY TRIPARTY	10/16/09	10/15/09	10/15/09	$ 1,000,000,000	$ 1,000,000,000	$ -	$ 1,000,000,000	$ -
BANK OF AMERICA TRIPARTY	10/16/09	10/15/09	10/15/09	$ 1,032,000,000	$ 1,032,000,000	$ -	$ 1,032,000,000	$ -
MORGAN STANLEY TRIPARTY	10/19/09	10/16/09	10/16/09	$ 900,000,000	$ 900,000,000	$ -	$ 900,000,000	$ -
BANK OF AMERICA TRIPARTY	10/19/09	10/16/09	10/16/09	$ 840,000,000	$ 840,000,000	$ -	$ 840,000,000	$ -
MORGAN STANLEY TRIPARTY	10/20/09	10/19/09	10/19/09	$ 845,000,000	$ 845,000,000	$ -	$ 845,000,000	$ -
BANK OF AMERICA TRIPARTY	10/20/09	10/19/09	10/19/09	$ 850,000,000	$ 850,000,000	$ -	$ 850,000,000	$ -
MORGAN STANLEY TRIPARTY	10/21/09	10/20/09	10/20/09	$ 1,050,000,000	$ 1,050,000,000	$ -	$ 1,050,000,000	$ -
BANK OF AMERICA TRIPARTY	10/21/09	10/20/09	10/20/09	$ 940,000,000	$ 940,000,000	$ -	$ 940,000,000	$ -
MORGAN STANLEY TRIPARTY	10/22/09	10/21/09	10/21/09	$ 1,035,000,000	$ 1,035,000,000	$ -	$ 1,035,000,000	$ -
BANK OF AMERICA TRIPARTY	10/22/09	10/21/09	10/21/09	$ 1,035,000,000	$ 1,035,000,000	$ -	$ 1,035,000,000	$ -
MORGAN STANLEY TRIPARTY	10/23/09	10/22/09	10/22/09	$ 933,000,000	$ 933,000,000	$ -	$ 933,000,000	$ -
BANK OF AMERICA TRIPARTY	10/23/09	10/22/09	10/22/09	$ 1,133,000,000	$ 1,133,000,000	$ -	$ 1,133,000,000	$ -
MORGAN STANLEY TRIPARTY	10/26/09	10/23/09	10/23/09	$ 1,000,000,000	$ 1,000,000,000	$ -	$ 1,000,000,000	$ -
BANK OF AMERICA TRIPARTY	10/26/09	10/23/09	10/23/09	$ 1,030,000,000	$ 1,030,000,000	$ -	$ 1,030,000,000	$ -
MORGAN STANLEY TRIPARTY	10/27/09	10/26/09	10/26/09	$ 1,150,000,000	$ 1,150,000,000	$ -	$ 1,150,000,000	$ -
BANK OF AMERICA TRIPARTY	10/27/09	10/26/09	10/26/09	$ 930,000,000	$ 930,000,000	$ -	$ 930,000,000	$ -

FLORIDA PRIME

TRADING ACTIVITY FOR OCTOBER 2009 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys (continued)								
MORGAN STANLEY TRIPARTY	10/28/09	10/27/09	10/27/09	$ 1,050,000,000	$ 1,050,000,000	$ -	$ 1,050,000,000	$ -
BANK OF AMERICA TRIPARTY	10/28/09	10/27/09	10/27/09	$ 1,040,000,000	$ 1,040,000,000	$ -	$ 1,040,000,000	$ -
MORGAN STANLEY TRIPARTY	10/29/09	10/28/09	10/28/09	$ 1,160,000,000	$ 1,160,000,000	$ -	$ 1,160,000,000	$ -
BANK OF AMERICA TRIPARTY	10/29/09	10/28/09	10/28/09	$ 1,040,000,000	$ 1,040,000,000	$ -	$ 1,040,000,000	$ -
MORGAN STANLEY TRIPARTY	10/30/09	10/29/09	10/29/09	$ 1,100,000,000	$ 1,100,000,000	$ -	$ 1,100,000,000	$ -
BANK OF AMERICA TRIPARTY	10/30/09	10/29/09	10/29/09	$ 1,100,000,000	$ 1,100,000,000	$ -	$ 1,100,000,000	$ -
MORGAN STANLEY TRIPARTY	11/02/09	10/30/09	10/30/09	$ 980,000,000	$ 980,000,000	$ -	$ 980,000,000	$ -
BANK OF AMERICA TRIPARTY	11/02/09	10/30/09	10/30/09	$ 1,100,000,000	$ 1,100,000,000	$ -	$ 1,100,000,000	$ -
Total Buys				**$ 42,359,109,372**	**$ 42,358,932,685**	**$ -**	**$ 42,358,932,685**	**$ -**
Maturities								
ABN AMRO N,A,, FINACP	10/21/09	10/21/09	10/21/09	$ 11,000,000	$ 11,000,000	$ -	$ 11,000,000	$ -
ABN AMRO BANK NV, ACDYAN	10/09/09	10/09/09	10/09/09	$ 130,000,000	$ 130,000,000	$ -	$ 130,000,000	$ -
ATLANTIC ASSET SECUCPABS4	10/09/09	10/09/09	10/09/09	$ 62,000,000	$ 62,000,000	$ -	$ 62,000,000	$ -
BNP PARIBAS FINANCECP	10/14/09	10/14/09	10/14/09	$ 15,000,000	$ 15,000,000	$ -	$ 15,000,000	$ -
BNP PARIBAS SACDYAN	10/20/09	10/20/09	10/20/09	$ 150,000,000	$ 150,000,000	$ -	$ 150,000,000	$ -
BANK OF AMERICA N,ACD	10/13/09	10/13/09	10/13/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
CALYON, PARISCDYAN	10/13/09	10/13/09	10/13/09	$ 100,000,000	$ 100,000,000	$ -	$ 100,000,000	$ -
CALYON, PARISCDYAN	10/13/09	10/13/09	10/13/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
CHARIOT FUNDING LLCCPABS4	10/22/09	10/22/09	10/22/09	$ 51,002,000	$ 51,002,000	$ -	$ 51,002,000	$ -
CHARIOT FUNDING LLCCPABS4	10/26/09	10/26/09	10/26/09	$ 68,900,000	$ 68,900,000	$ -	$ 68,900,000	$ -
CHARIOT FUNDING LLCCPABS4	10/29/09	10/29/09	10/29/09	$ 9,400,000	$ 9,400,000	$ -	$ 9,400,000	$ -
DANSKE CORP,, INC,CP4-2	10/26/09	10/26/09	10/26/09	$ 56,000,000	$ 56,000,000	$ -	$ 56,000,000	$ -
FALCON ASSET SECURICPABS4	10/08/09	10/08/09	10/08/09	$ 35,000,000	$ 35,000,000	$ -	$ 35,000,000	$ -
GENERAL ELECTRIC CO CP	10/14/09	10/14/09	10/14/09	$ 100,000,000	$ 100,000,000	$ -	$ 100,000,000	$ -
GENERAL ELECTRIC CO CP	10/27/09	10/27/09	10/27/09	$ 68,900,000	$ 68,900,000	$ -	$ 68,900,000	$ -
GOTHAM FUNDING CORPCPABS4	10/13/09	10/13/09	10/13/09	$ 10,000,000	$ 10,000,000	$ -	$ 10,000,000	$ -
GOTHAM FUNDING CORPCPABS4	10/14/09	10/14/09	10/14/09	$ 164,979,000	$ 164,979,000	$ -	$ 164,979,000	$ -
JUPITER SECURITIZATCPABS4	10/20/09	10/20/09	10/20/09	$ 125,000,000	$ 125,000,000	$ -	$ 125,000,000	$ -
JUPITER SECURITIZATCPABS4	10/29/09	10/29/09	10/29/09	$ 12,898,000	$ 12,898,000	$ -	$ 12,898,000	$ -
KITTY HAWK FUNDING CPABS4	10/28/09	10/28/09	10/28/09	$ 59,823,000	$ 59,823,000	$ -	$ 59,823,000	$ -
ROYAL BANK OF SCOTLCDYAN	10/16/09	10/16/09	10/16/09	$ 25,000,000	$ 25,000,000	$ -	$ 25,000,000	$ -
SALISBURY RECEIVABLCPABS4	10/20/09	10/20/09	10/20/09	$ 92,000,000	$ 92,000,000	$ -	$ 92,000,000	$ -
SOCIETE GENERALE NOCP	10/21/09	10/21/09	10/21/09	$ 175,000,000	$ 175,000,000	$ -	$ 175,000,000	$ -
STARBIRD FUNDING COCPABS4	10/19/09	10/19/09	10/19/09	$ 32,000,000	$ 32,000,000	$ -	$ 32,000,000	$ -
STARBIRD FUNDING COCPABS4	10/22/09	10/22/09	10/22/09	$ 38,410,000	$ 38,410,000	$ -	$ 38,410,000	$ -
STATE STREET BANK ACD	10/13/09	10/13/09	10/13/09	$ 25,000,000	$ 25,000,000	$ -	$ 25,000,000	$ -
STATE STREET BANK ACD	10/07/09	10/07/09	10/07/09	$ 100,000,000	$ 100,000,000	$ -	$ 100,000,000	$ -
SURREY FUNDING CORPCPABS4	10/08/09	10/08/09	10/08/09	$ 66,000,000	$ 66,000,000	$ -	$ 66,000,000	$ -
SURREY FUNDING CORPCPABS4	10/20/09	10/20/09	10/20/09	$ 25,000,000	$ 25,000,000	$ -	$ 25,000,000	$ -
SURREY FUNDING CORPCPABS4	10/22/09	10/22/09	10/22/09	$ 80,000,000	$ 80,000,000	$ -	$ 80,000,000	$ -
MORGAN STANLEY TRIPARTY	10/01/09	10/01/09	10/01/09	$ 585,000,000	$ 585,000,000	$ -	$ 585,000,000	$ -
BANK OF AMERICA TRIPARTY	10/01/09	10/01/09	10/01/09	$ 945,000,000	$ 945,000,000	$ -	$ 945,000,000	$ -
MORGAN STANLEY TRIPARTY	10/02/09	10/02/09	10/02/09	$ 800,000,000	$ 800,000,000	$ -	$ 800,000,000	$ -
BANK OF AMERICA TRIPARTY	10/02/09	10/02/09	10/02/09	$ 949,000,000	$ 949,000,000	$ -	$ 949,000,000	$ -

FLORIDA PRIME

TRADING ACTIVITY FOR OCTOBER 2009 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Maturities (continued)								
MORGAN STANLEY TRIPARTY	10/05/09	10/05/09	10/05/09	$ 747,000,000	$ 747,000,000	$ -	$ 747,000,000	$ -
BANK OF AMERICA TRIPARTY	10/05/09	10/05/09	10/05/09	$ 947,000,000	$ 947,000,000	$ -	$ 947,000,000	$ -
MORGAN STANLEY TRIPARTY	10/06/09	10/06/09	10/06/09	$ 842,000,000	$ 842,000,000	$ -	$ 842,000,000	$ -
BANK OF AMERICA TRIPARTY	10/06/09	10/06/09	10/06/09	$ 842,000,000	$ 842,000,000	$ -	$ 842,000,000	$ -
MORGAN STANLEY TRIPARTY	10/07/09	10/07/09	10/07/09	$ 900,000,000	$ 900,000,000	$ -	$ 900,000,000	$ -
BANK OF AMERICA TRIPARTY	10/07/09	10/07/09	10/07/09	$ 739,000,000	$ 739,000,000	$ -	$ 739,000,000	$ -
MORGAN STANLEY TRIPARTY	10/08/09	10/08/09	10/08/09	$ 945,000,000	$ 945,000,000	$ -	$ 945,000,000	$ -
BANK OF AMERICA TRIPARTY	10/08/09	10/08/09	10/08/09	$ 725,000,000	$ 725,000,000	$ -	$ 725,000,000	$ -
MORGAN STANLEY TRIPARTY	10/09/09	10/09/09	10/09/09	$ 940,000,000	$ 940,000,000	$ -	$ 940,000,000	$ -
BANK OF AMERICA TRIPARTY	10/09/09	10/09/09	10/09/09	$ 805,000,000	$ 805,000,000	$ -	$ 805,000,000	$ -
MORGAN STANLEY TRIPARTY	10/13/09	10/13/09	10/13/09	$ 945,000,000	$ 945,000,000	$ -	$ 945,000,000	$ -
BANK OF AMERICA TRIPARTY	10/13/09	10/13/09	10/13/09	$ 942,000,000	$ 942,000,000	$ -	$ 942,000,000	$ -
MORGAN STANLEY TRIPARTY	10/14/09	10/14/09	10/14/09	$ 1,038,000,000	$ 1,038,000,000	$ -	$ 1,038,000,000	$ -
BANK OF AMERICA TRIPARTY	10/14/09	10/14/09	10/14/09	$ 1,038,000,000	$ 1,038,000,000	$ -	$ 1,038,000,000	$ -
MORGAN STANLEY TRIPARTY	10/15/09	10/15/09	10/15/09	$ 1,031,000,000	$ 1,031,000,000	$ -	$ 1,031,000,000	$ -
BANK OF AMERICA TRIPARTY	10/15/09	10/15/09	10/15/09	$ 1,031,000,000	$ 1,031,000,000	$ -	$ 1,031,000,000	$ -
MORGAN STANLEY TRIPARTY	10/16/09	10/16/09	10/16/09	$ 1,000,000,000	$ 1,000,000,000	$ -	$ 1,000,000,000	$ -
BANK OF AMERICA TRIPARTY	10/16/09	10/16/09	10/16/09	$ 1,032,000,000	$ 1,032,000,000	$ -	$ 1,032,000,000	$ -
MORGAN STANLEY TRIPARTY	10/19/09	10/19/09	10/19/09	$ 900,000,000	$ 900,000,000	$ -	$ 900,000,000	$ -
BANK OF AMERICA TRIPARTY	10/19/09	10/19/09	10/19/09	$ 840,000,000	$ 840,000,000	$ -	$ 840,000,000	$ -
MORGAN STANLEY TRIPARTY	10/20/09	10/20/09	10/20/09	$ 845,000,000	$ 845,000,000	$ -	$ 845,000,000	$ -
BANK OF AMERICA TRIPARTY	10/20/09	10/20/09	10/20/09	$ 850,000,000	$ 850,000,000	$ -	$ 850,000,000	$ -
MORGAN STANLEY TRIPARTY	10/21/09	10/21/09	10/21/09	$ 1,050,000,000	$ 1,050,000,000	$ -	$ 1,050,000,000	$ -
BANK OF AMERICA TRIPARTY	10/21/09	10/21/09	10/21/09	$ 940,000,000	$ 940,000,000	$ -	$ 940,000,000	$ -
MORGAN STANLEY TRIPARTY	10/22/09	10/22/09	10/22/09	$ 1,035,000,000	$ 1,035,000,000	$ -	$ 1,035,000,000	$ -
BANK OF AMERICA TRIPARTY	10/22/09	10/22/09	10/22/09	$ 1,035,000,000	$ 1,035,000,000	$ -	$ 1,035,000,000	$ -
MORGAN STANLEY TRIPARTY	10/23/09	10/23/09	10/23/09	$ 933,000,000	$ 933,000,000	$ -	$ 933,000,000	$ -
BANK OF AMERICA TRIPARTY	10/23/09	10/23/09	10/23/09	$ 1,133,000,000	$ 1,133,000,000	$ -	$ 1,133,000,000	$ -
MORGAN STANLEY TRIPARTY	10/26/09	10/26/09	10/26/09	$ 1,000,000,000	$ 1,000,000,000	$ -	$ 1,000,000,000	$ -
BANK OF AMERICA TRIPARTY	10/26/09	10/26/09	10/26/09	$ 1,030,000,000	$ 1,030,000,000	$ -	$ 1,030,000,000	$ -
MORGAN STANLEY TRIPARTY	10/27/09	10/27/09	10/27/09	$ 1,150,000,000	$ 1,150,000,000	$ -	$ 1,150,000,000	$ -
BANK OF AMERICA TRIPARTY	10/27/09	10/27/09	10/27/09	$ 930,000,000	$ 930,000,000	$ -	$ 930,000,000	$ -
MORGAN STANLEY TRIPARTY	10/28/09	10/28/09	10/28/09	$ 1,050,000,000	$ 1,050,000,000	$ -	$ 1,050,000,000	$ -
BANK OF AMERICA TRIPARTY	10/28/09	10/28/09	10/28/09	$ 1,040,000,000	$ 1,040,000,000	$ -	$ 1,040,000,000	$ -
MORGAN STANLEY TRIPARTY	10/29/09	10/29/09	10/29/09	$ 1,160,000,000	$ 1,160,000,000	$ -	$ 1,160,000,000	$ -
BANK OF AMERICA TRIPARTY	10/29/09	10/29/09	10/29/09	$ 1,040,000,000	$ 1,040,000,000	$ -	$ 1,040,000,000	$ -
MORGAN STANLEY TRIPARTY	10/30/09	10/30/09	10/30/09	$ 1,100,000,000	$ 1,100,000,000	$ -	$ 1,100,000,000	$ -
BANK OF AMERICA TRIPARTY	10/30/09	10/30/09	10/30/09	$ 1,100,000,000	$ 1,100,000,000	$ -	$ 1,100,000,000	$ -
Total Maturities				**$ 41,917,312,000**	**$ 41,917,312,000**	**$ -**	**$ 41,917,312,000**	**$ -**

TRADING ACTIVITY FOR OCTOBER 2009 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Sells								
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/01/09	10/01/09	$ 255,353,748	$ 255,353,748	$ -	$ 255,353,748	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/02/09	10/02/09	$ 13,288,838	$ 13,288,838	$ -	$ 13,288,838	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/02/09	10/02/09	$ 35,212,822	$ 35,212,822	$ -	$ 35,212,822	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/02/09	10/02/09	$ 78,807,680	$ 78,807,680	$ -	$ 78,807,680	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/07/09	10/07/09	$ 2,623,820	$ 2,623,820	$ -	$ 2,623,820	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/07/09	10/07/09	$ 7,508,911	$ 7,508,911	$ -	$ 7,508,911	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/07/09	10/07/09	$ 2,236,007	$ 2,236,007	$ -	$ 2,236,007	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/13/09	10/13/09	$ 14,950,822	$ 14,950,822	$ -	$ 14,950,822	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/13/09	10/13/09	$ 60,145,898	$ 60,145,898	$ -	$ 60,145,898	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/15/09	10/15/09	$ 3,843,530	$ 3,843,530	$ -	$ 3,843,530	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/16/09	10/16/09	$ 12,318,592	$ 12,318,592	$ -	$ 12,318,592	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/20/09	10/20/09	$ 14,227,645	$ 14,227,645	$ -	$ 14,227,645	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/20/09	10/20/09	$ 5,346,759	$ 5,346,759	$ -	$ 5,346,759	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/20/09	10/20/09	$ 1,745,776	$ 1,745,776	$ -	$ 1,745,776	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/20/09	10/20/09	$ 852,655	$ 852,655	$ -	$ 852,655	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/22/09	10/22/09	$ 40,288,708	$ 40,288,708	$ -	$ 40,288,708	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/23/09	10/23/09	$ 63,186,769	$ 63,186,769	$ -	$ 63,186,769	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/27/09	10/27/09	$ 8,102,938	$ 8,102,938	$ -	$ 8,102,938	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/28/09	10/28/09	$ 78,147,630	$ 78,147,630	$ -	$ 78,147,630	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/30/09	10/30/09	$ 2,306,270	$ 2,306,270	$ -	$ 2,306,270	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/30/09	10/30/09	$ 657,505	$ 657,505	$ -	$ 657,505	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/30/09	10/30/09	$ 775,048	$ 775,048	$ -	$ 775,048	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/30/09	10/30/09	$ 9,341,493	$ 9,341,493	$ -	$ 9,341,493	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/30/09	10/30/09	$ 10,399,343	$ 10,399,343	$ -	$ 10,399,343	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/30/09	10/30/09	$ 42,334,669	$ 42,334,669	$ -	$ 42,334,669	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	10/30/09	10/30/09	$ 11,486,694	$ 11,486,694	$ -	$ 11,486,694	$ -
Total Sells				**$ 775,490,569**	**$ 775,490,569**	**$ -**	**$ 775,490,569**	**$ -**

FUND B

FUND B FACTS

INVESTMENT OBJECTIVE

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

COMPOSITION

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

DISTRIBUTIONS

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

ACCOUNTING

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

STATUS OF INVESTMENTS

Florida East and West: Restructured from KKR and receiving principal and interest.
Issuer Entity: Restructured from Ottimo and receiving principal and interest.
Axon: Receiving principal and interest.

COMMENTARY FROM THE PORTFOLIO MANAGER

All cash from paydowns on securities in Fund B are invested in overnight securities, repurchase agreements, overnight time deposits or commercial paper pending monthly distribution to participant accounts in the LGIP. Specifically, $8.1 million in liquid assets were transferred from Fund B to the LGIP on October 7.

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

DISCLOSURE OF MATERIAL IMPACTS

There were no developments during October 2009 that had a material impact on the liquidity or operation of Fund B. However, see the discussion on page 5 regarding a significant legal issue.

RETURN OF FUND B PRINCIPAL

The table on the following page details the SBA's progress in returning principal to investors in Fund B. Through the end of October 2009, investors cumulatively received distributions from Fund B totaling nearly $1.50 billion or 74.5% of their original balances. The $8.1 million distribution on October 7 consisted of principal paydowns and income from the securities in the Fund.

The securities remaining in Fund B are legacy items from the four issuers whose financial circumstances gave rise to the November 2007 run (in addition to overnight instruments temporarily holding fund earnings). As of October 31, 2009, their par value (amortized cost) was $680.8 million, or 33.1% more than remaining participant positions in Fund B. Conversely, the current estimated liquidation (market) value of these securities is pegged at $310.6 million or 60.7% of remaining participant positions.

It is important to note that due to the lack of an actively traded market for Fund B securities, their "market value" is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. See footnote 1 on page 20.

FUND B

FUND B DISTRIBUTIONS

FUND B DISTRIBUTIONS TO PARTICIPANTS

	Distributions to Participants	Cumulative Distributions	Participant Principal	Proportion of Original Principal Returned
12/05/07	$	$	$ 2,009,451,941	0.0%
01/18/08	$ 50,000,000	$ 50,000,000	$ 1,959,451,941	2.5%
02/11/08	$ 518,000,000	$ 568,000,000	$ 1,441,451,941	28.3%
03/18/08	$ 210,550,000	$ 778,550,000	$ 1,230,901,941	38.7%
04/21/08	$ 106,000,000	$ 884,550,000	$ 1,124,901,941	44.0%
06/19/08	$ 291,500,000	$ 1,176,050,000	$ 833,401,941	58.5%
06/26/08	$ 150,500,000	$ 1,326,550,000	$ 682,901,941	66.0%
07/07/08	$ 34,700,000	$ 1,361,250,000	$ 648,201,941	67.7%
08/06/08	$ 10,400,000	$ 1,371,650,000	$ 637,801,941	68.3%
09/05/08	$ 9,300,000	$ 1,380,950,000	$ 628,501,941	68.7%
10/07/08	$ 11,750,000	$ 1,392,700,000	$ 616,751,941	69.3%
11/07/08	$ 8,700,000	$ 1,401,400,000	$ 608,051,941	69.7%
12/04/08	$ 20,500,000	$ 1,421,900,000	$ 587,551,941	70.8%
01/09/09	$ 7,900,000	$ 1,429,800,000	$ 579,651,941	71.2%
02/09/09	$ 6,800,000	$ 1,436,600,000	$ 572,851,941	71.5%
03/09/09	$ 5,800,000	$ 1,442,400,000	$ 567,051,941	71.8%
04/09/09	$ 6,600,000	$ 1,449,000,000	$ 560,451,941	72.1%
05/08/09	$ 8,200,000	$ 1,457,200,000	$ 552,251,941	72.5%
06/08/09	$ 7,500,000	$ 1,464,700,000	$ 544,751,941	72.9%
07/09/09	$ 7,100,000	$ 1,471,800,000	$ 537,651,941	73.2%
08/07/09	$ 8,150,000	$ 1,479,950,000	$ 529,501,941	73.6%
09/04/09	$ 10,000,000	$ 1,489,950,000	$ 519,501,941	74.1%
10/07/09	$ 8,050,000	$ 1,498,000,000	$ 511,451,941	74.5%

FUND B MONTHLY DISTRIBUTION DETAIL

October 2009 Distribution: Summary of Cash Flows (9/5/09 through 10/6/09)	**Fund B**	
	Participant Allocation	**Expense Allocation**
Beginning Balance	$ -	$ 50,635.14
Receipts:		
Axon Financial	$ 328,596.17	
Florida East	$ 2,045,398.79	
Florida West	$ 4,376,402.55	
Issuer Entity LLC	$ 1,323,147.59	
Overnight Investments	$ 106.05	
Total Receipts	$ 8,073,651.15	
Distributions:		
Allocation to/from Expense Reserve	$ (23,651.15)	$ 23,651.15
Expenses Paid		$ (21,757.51)
Participant Distribution	$ (8,050,000.00)	$ -
Ending Balance	$ -	$ 52,528.78

FUND B

INVENTORY OF HOLDINGS - AS OF OCTOBER 30, 2009

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost [2]	Mkt Value [1]	Unrealized Gain (Loss)
Axon Financial Funding LLC, Dec 31, 2015	VARIABLE RATE COMMERCIAL PAPER	0.24	(3)	11/25/09	$ 160,153,791	0.25	$ 160,149,802	$ 62,618,385	$ (97,531,417)
Dreyfus Government Cash Management Fund	OVERNIGHT MUTUAL FUND	0.04	11/02/09		$ 6,808,860	0.04	$ 6,808,860	$ 6,808,860	$ -
Florida East Funding LLC, Dec 31, 2015	VARIABLE RATE TERM NOTE	0.59	(3)	11/28/09	$ 118,174,075	0.60	$ 118,174,075	$ 69,318,075	$ (48,856,000)
Florida West Funding LLC, Dec 31, 2015	VARIABLE RATE TERM NOTE	0.59	(3)	11/28/09	$ 250,052,994	0.60	$ 250,052,994	$ 133,601,884	$ (116,451,109)
Issuer Entity LLC (Ottimo), Dec 31, 2015	VARIABLE RATE COMMERCIAL PAPER	2.16	(3)	08/25/09	$ 145,643,291	3.35	$ 145,643,291	$ 38,290,329	$ (107,352,962)
Total Value of Investments					**$ 680,833,010**		**$ 680,829,021**	**$ 310,637,533**	**$ (370,191,488)**

Notes:

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

2 Amortized cost is calculated using a straight line method.

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

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

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

FUND B

COMPLIANCE WITH INVESTMENT POLICY - OCTOBER 2009

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

TRADING ACTIVITY - OCTOBER 2009

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys								
DREYFUS GOVT CASH MGMT FUND		10/01/09	10/01/09	$ 297,073	$ 297,073	$ -	$ 297,073	$ -
DREYFUS GOVT CASH MGMT FUND		10/13/09	10/13/09	$ 284,774	$ 284,774	$ -	$ 284,774	$ -
DREYFUS GOVT CASH MGMT FUND		10/28/09	10/28/09	$ 1,288,374	$ 1,288,374	$ -	$ 1,288,374	$ -
DREYFUS GOVT CASH MGMT FUND		10/29/09	10/29/09	$ 5,184,590	$ 5,184,590	$ -	$ 5,184,590	$ -
Total Buys				**$ 7,054,811**	**$ 7,054,811**	**$ -**	**$ 7,054,811**	**$ -**
Sells								
ISSUER ENTITY LLC	10/28/10	10/28/09	10/28/09	$ 1,237,336	$ 1,237,336	$ -	$ 1,237,336	$ -
FLORIDA EAST FUNDING LLC	03/25/10	10/29/09	10/29/09	$ 1,636,259	$ 1,636,259	$ -	$ 1,636,259	$ -
FLORIDA WEST FUNDING LLC	03/25/10	10/29/09	10/29/09	$ 3,369,063	$ 3,369,063	$ -	$ 3,369,063	$ -
DREYFUS GOVT CASH MGMT FUND		10/06/09	10/06/09	$ 8,050,000	$ 8,050,000	$ -	$ 8,050,000	$ -
DREYFUS GOVT CASH MGMT FUND		10/22/09	10/22/09	$ 1,407	$ 1,407	$ -	$ 1,407	$ -
Total Sells				**$ 14,294,065**	**$ 14,294,065**	**$ -**	**$ 14,294,065**	**$ -**

Our Mission

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

SBA FLORIDA

State Board of Administration
www.SBAFLA.com

Monthly Summary Report for November 2009

Including Fund B

State Board of Administration

FLORIDA PRIME

CONTENTS

FLORIDA PRIME

Market Conditions..... 3
Investment Strategy..... 4
Cash Flows..... 5
Significant Issues..... 5
Detailed Fee Disclosure..... 5
Fund Performance..... 6
Inventory of Holdings..... 7
Participant Concentration..... 10
Compliance..... 11
Trading Activity..... 12

FUND B

Portfolio Commentary..... 16
Disclosure/Return of Principal 16
Distributions/Monthly Detail..... 17
Inventory of Holdings..... 18
Portfolio Transition..... 18
Compliance..... 19
Trading Activity..... 19

INTRODUCTION

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

(1) Reporting of any material impacts on the funds and any actions or escalations taken by staff to address such impacts;

(2) Presentation of a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month; and

(3) Preparation of the management summary "in a manner that will allow anyone to ascertain whether the investment activities during the reporting period have conformed to investment policies."

This report, which covers the period from November 1, 2009 through November 30, 2009, has been prepared by the SBA with input from Federated Investment Counseling ("Federated"), investment adviser for the funds, in a format intended to comply with the Statute.

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

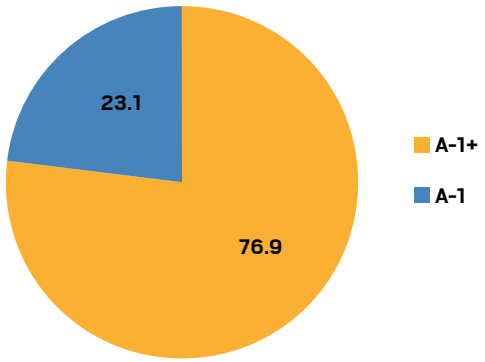
FLORIDA PRIME

PORTFOLIO COMPOSITION
NOVEMBER 30, 2009

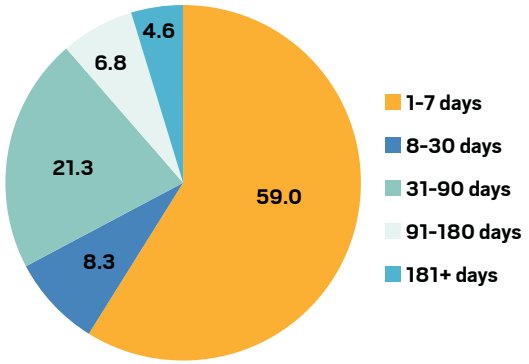
Florida PRIME Assets

$ 4,737,250,923

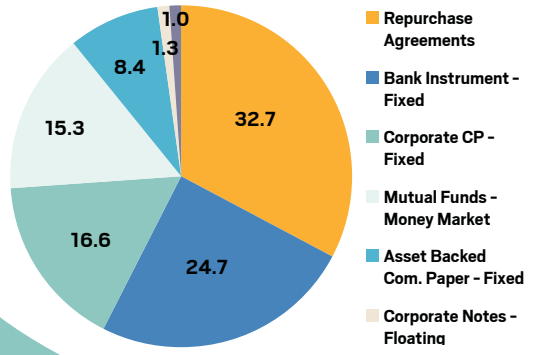
Credit Quality Composition (%)



Effective Maturity Schedule (%)



Portfolio Composition (%)



PORTFOLIO MANAGER COMMENTARY

NOVEMBER 2009 MARKET CONDITIONS

Though investors began and ended the month deciphering messages from the Federal Reserve, central bank guidance didn't change the painful reality for savers: short-term interest rates are near zero and are likely to remain there until next summer. On November 4th, the policy-setting Federal Open Market Committee reaffirmed its federal funds target rate range of zero to 0.25%, where it has stood since mid-December 2008. Unlike previous communications, however, policymakers added language displaying sensitivity to the possibility that free money could inflate another asset bubble or fuel inflationary pressures. Specifically, the Fed stated that it will maintain rates at "exceptionally low levels" for an "extended period" while reassuring markets that it will actively monitor the size and composition of its bloated balance sheet, making "adjustments to its credit and liquidity programs as warranted." The Fed is watching the spread between yields on traditional Treasury securities and those on TIPS (Treasury Inflation-Protected Securities) for indications that inflationary expectations are becoming unhinged.

On the final day of the month, the Fed announced it will offer small-scale reverse repurchase agreements in which it loans assets to primary dealers. The purpose of this largely technical exercise is to insure that the Fed will have the operational ability to manage the vast amount of excess reserves that are in the system when it becomes time to do so. Doing reverse repurchase agreements on a larger scale with institutional investors, which could possibly take place in early 2010 and which may include non-traditional counterparties such as money market funds, could be a part of the various strategies the Fed will employ in its looming efforts to remove the extraordinary monetary accommodation it put in place last year. We still expect that actual monetary policy tightening will not occur until well into 2010, however.

Meanwhile, yields across the cash curve were dragged even lower as a diminished supply of government debt collided with expanding demand from institutions which were window-dressing their portfolios or positioning them to meet year-end liquidity requirements. In fact, yields on some overnight Treasury bills dipped below zero (meaning investors were willing to pay the government to hold their money) while yields on three- and six-month T-bills closed the month at 0.06% and 0.15%, respectively.

FLORIDA PRIME

PORTFOLIO COMPOSITION
NOVEMBER 30, 2009

Top Holdings (%) and Average Maturity

1.	Federal Home Loan Bank System	5.4%
2.	Barclays Bank plc	5.2%
3.	Federated Prime Cash Obligations Fund	5.1%
4.	Federated Prime Obligations Fund	5.1%
5.	Credit Agricole Group	5.0%
6.	Banco Bilbao Vizcaya Argentaria SA	4.9%
7.	Dreyfus Government Cash Management	4.7%
8.	Societe Generale, Paris	4.3%
9.	Mitsubishi UFJ Financial Group, Inc.	4.1%
10.	Chariot Funding LLC	3.6%

Average Effective Maturity

36.7 Days

Percentages based on total value of investments

Past performance is no guarantee of future results.

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

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

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

PORTFOLIO MANAGER COMMENTARY

Elsewhere, the three-month London Interbank Offered Rate (LIBOR) declined by another two basis points, to 0.26%. In our view, yields on most longer-dated debt do not adequately reward investors for the strong possibility that the Fed will begin a new monetary tightening cycle around the middle of next year. Until then, however, we expect relatively little change in a market that is taking the brunt of government efforts to revive economic growth.

PORTFOLIO INVESTMENT STRATEGY

Assets for Florida Prime declined slightly throughout November to end the month at $4.74 billion. The pool's average maturity was 37 days. There was very little movement in the short end of the money market curve with one-month LIBOR unchanged at 0.24%. Three-month LIBOR declined two basis points to end the month at 0.26%. Overnight repurchase agreement rates remained very low and traded in the single digits to low double digits throughout the month.

Due to our expectation of continued low rates for repurchase agreements through the end of the year and a Federal Reserve that will not be raising the Fed Funds rate anytime soon, we focused our purchases on asset backed commercial paper in the one- and three-month area. We also found value in one-year callable government agency securities. Our investment management team continues to seek value in its purchases and remains dedicated to providing competitive yields while also preserving capital and liquidity.

FLORIDA PRIME

CASH FLOWS

Summary of Cash Flows November 2009		Florida PRIME
Opening Balance (11/1/09)	$	5,020,252,674
Participant Deposits		841,819,975
Transfers from Fund B		6,750,000
Gross Earnings		1,158,461
Participant Withdrawals		(1,132,633,719)
Fees		(96,468)
Closing Balance (11/30/09)	$	4,737,250,923
Net Change over Month		(283,001,751)

Valuations based on amortized cost

As shown in the table above, Florida PRIME experienced a net outflow of $283.0 million during November 2009.

This change in value consisted of positive flows of $842 million in participant deposits, $6.8 million in transfers from Fund B and $1.2 million in earnings. Negative flows consisted of $1.13 billion in participant withdrawals and about $96,000 in fees.

Overall, the fund ended the month with a closing balance of $4.74 billion.

DISCLOSURE OF SIGNIFICANT ISSUES

LEGAL ISSUES

The SBA asserts that JP Morgan and Lehman Brothers (which is now in liquidation) sold the SBA certain unregistered secured notes that were not exempt from registration under the Securities Act of 1933. These notes (or the collateral distributed upon liquidation of the notes) are a portion of the holdings in Fund B.

The SBA and JP Morgan entered into an Agreement to Extend Tolling Period (the "Extension") effective in June 2009 to facilitate further discussions between JP Morgan, the SBA and its external counsel, the law firm of Berman DeValerio Pease Tabacco Burt & Pucillo, regarding a potential resolution of the dispute.

The Lehman Trustee has not yet responded to the SBA's creditor claim on behalf of Fund B as to whether the Lehman estate will have any assets available for recovery.

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

DISCLOSURE OF MATERIAL IMPACTS

There were no developments during November 2009 that had a material impact on the liquidity or operation of Florida PRIME.

FLORIDA PRIME DETAILED FEE DISCLOSURE

Charges for November 2009	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	$ 23,925.93	0.59
Federated Investment Management & Client Outreach Fee	58,738.33	1.44
BNY Mellon Custodial Fee	116.67	0.00
Bank of America Transfer Agent Fee	5,878.70	0.14
S&P Rating Maintenance Fee	2,465.75	0.06
Audit/External Review Fees	5,342.47	0.13
Total Fees	**$ 96,467.85**	**2.37**

*Annualized rate based on current month fees x 12, relative to an average of the fund's beginning and ending total value (amortized cost) for the month which was $4,878,751,799.

FLORIDA PRIME

FUND PERFORMANCE
THROUGH NOVEMBER 30, 2009

Florida PRIME Participant Performance Data

	Net Participant Yield[1]	Net-of-Fee Benchmark[2]	Above (Below) Benchmark
1 mo	0.28%	0.22%	0.06%
3 mos	0.32%	0.25%	0.06%
12 mos	0.65%	0.57%	0.08%
3 yrs	2.88%	2.83%	0.05%
5 yrs	3.37%	3.22%	0.15%
10 yrs	3.27%	3.03%	0.24%
Since 1.96	3.89%	3.66%	0.23%
	Net asset value ending Nov-30-09:		$4,737.6 m

Supplemental Performance Information

	Net Fund Cost-Based Return[1]	Gross-of-Fee Benchmark[2]	Marked-to-Market Return[3]
1 mo	0.28%	0.39%	0.15%
3 mos	0.33%	0.43%	0.22%
12 mos	0.65%	0.76%	0.67%
3 yrs	3.00%	3.04%	
5 yrs	3.42%	3.43%	
10 yrs	3.27%	3.26%	
Since 12.84	5.13%	5.12%	
Since 1.08			2.07%

NOTES TO PERFORMANCE TABLE

[1]Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants. It is otherwise comparable to the Cost-Based Return. See note 1 below.

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

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

NOTES TO SUPPLEMENTAL INFORMATION

[1]Net of fees. Cost-based return is 30-Day average yield utilizing amortized cost and a 360-day basis pursuant to Chapter 19-7.011, Florida Administrative Code.

[2]The gross-of-fee benchmark is the S&P AAA/AA Rated GIP All 30-Day Gross Index for all time periods. Prior to May 1998, a gross version of this benchmark did not exist. Therefore a proxy was created by adding 30 basis points to the net of fees version of this index for the period through April 1998. However, from December 1984 to March 1995, the gross index was approximated using 1-month LIBOR rates.

[3]Net of fees. The marked-to-market return is calculated by BNY Mellon. The first full month of total return performance measured on a marked-to-market basis began January 2008. Note that marked-to-market valuations and returns are *not* the norm for money market and 2a-7 (or 2a-7-like) funds. Hence, these returns are not comparable to the benchmark or other published data.

FLORIDA PRIME

INVENTORY OF HOLDINGS
NOVEMBER 30, 2009

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost [2]	Mkt Value [1]	Unrealized Gain (Loss)
Australia & New Zealand Banking Group,	VARIABLE RATE COMMERCIAL PAPER	0.29	11/23/10	12/23/09	$ 50,000,000	0.29	$ 50,000,000	$ 49,952,900	$ (47,100)
BASF SE CP4-2	COMMERCIAL PAPER - 4-2		12/07/09		$ 105,000,000	0.66	$ 104,986,729	$ 104,995,916	$ 9,186
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.34	05/05/10		$ 100,000,000	0.34	$ 100,000,000	$ 100,030,260	$ 30,260
Banco Bilbao Vizcaya Argentaria SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.71	12/07/09		$ 200,000,000	0.71	$ 200,000,194	$ 200,018,840	$ 18,646
Banco Bilbao Vizcaya Argentaria SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.66	12/09/09		$ 40,000,000	0.66	$ 40,000,050	$ 40,004,344	$ 4,294
Bank of America Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.17	12/01/09		$ 940,000,000	0.17	$ 940,000,000	$ 940,000,000	$ -
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.28	12/18/09		$ 75,000,000	0.28	$ 75,000,000	$ 75,002,243	$ 2,243
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	01/14/10		$ 50,000,000	0.25	$ 50,000,000	$ 50,000,620	$ 620
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	03/02/10		$ 75,000,000	0.24	$ 75,000,000	$ 75,000,000	$ -
Barclays Bank PLC, London CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.80	01/19/10		$ 100,000,000	0.81	$ 100,000,000	$ 100,077,650	$ 77,650
Branch Banking & Trust Co. CD	CERTIFICATE OF DEPOSIT	0.65	01/04/10		$ 100,000,000	0.66	$ 100,000,000	$ 100,049,540	$ 49,540
Calyon, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.22	01/13/10		$ 246,000,000	0.22	$ 246,000,000	$ 246,006,002	$ 6,002
Chariot Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		12/02/09		$ 29,000,000	0.17	$ 28,999,726	$ 28,999,678	$ (48)
Chariot Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		12/07/09		$ 66,000,000	0.20	$ 65,997,433	$ 65,997,433	$ (1)
Chariot Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		12/23/09		$ 78,100,000	0.16	$ 78,092,016	$ 78,088,527	$ (3,489)
Chariot Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		12/28/09		$ 4,145,000	0.16	$ 4,144,484	$ 4,144,258	$ (226)
Danske Corp., Inc. CP4-2	COMMERCIAL PAPER - 4-2		02/16/10		$ 8,800,000	0.20	$ 8,796,187	$ 8,794,890	$ (1,297)

See notes at end of table.

FLORIDA PRIME

INVENTORY OF HOLDINGS (CONTINUED)
NOVEMBER 30, 2009

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost [2]	Mkt Value [1]	Unrealized Gain (Loss)
Dreyfus Government Cash Management Fund	OVERNIGHT MUTUAL FUND	0.03	12/01/09		$ 230,305,289	0.03	$ 230,305,289	$ 230,305,289	$ -
Edison Asset Securitization LLC	COMMERCIAL PAPER - ABS- 4(2)		02/08/10		$ 63,097,000	0.22	$ 63,070,009	$ 63,070,392	$ 383
FHLB .4% 12/27/2010	FHLB NOTE	0.40	12/27/10		$ 145,000,000	0.40	$ 145,000,000	$ 145,000,000	$ -
FHLB .55% 8/04/2010	FHLB NOTE	0.55	08/04/10		$ 100,000,000	0.62	$ 99,954,516	$ 100,127,100	$ 172,584
FHLB .8% 6/22/2010	FHLB NOTE	0.80	06/22/10		$ 50,000,000	0.80	$ 50,000,000	$ 50,015,100	$ 15,100
FHLB Floating Rate Series 2 3/11/2010	FHLB FLOATING RATE NOTE	0.81	03/11/10	12/01/09	$ 40,000,000	0.82	$ 39,998,558	$ 40,075,480	$ 76,922
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		12/16/09		$ 25,000,000	0.24	$ 24,997,333	$ 24,995,778	$ (1,556)
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/11/10		$ 19,118,000	0.20	$ 19,113,539	$ 19,109,569	$ (3,970)
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		02/02/10		$ 95,963,000	0.22	$ 95,925,468	$ 95,897,659	$ (27,809)
Federated Prime Cash Obligations Fund, Class	MUTUAL FUND MONEY MARKET	0.16	12/01/09	12/01/09	$ 250,127,782	0.15	$ 250,127,782	$ 250,127,782	$ -
Federated Prime Obligations Fund, Class	MUTUAL FUND MONEY MARKET	0.16	12/01/09	12/01/09	$ 250,000,000	0.17	$ 250,000,000	$ 250,000,000	$ -
General Electric Capital Corp. CP	COMMERCIAL PAPER		12/01/09		$ 10,000,000	0.40	$ 10,000,000	$ 9,999,953	$ (47)
General Electric Capital Corp., Dec 15, 2009	VARIABLE MEDIUM TERM NOTE	0.42	12/15/09	12/15/09	$ 7,000,000	4.31	$ 6,989,223	$ 7,000,490	$ 11,268
General Electric Co.	COMMERCIAL PAPER		12/01/09		$ 35,476,000	0.15	$ 35,475,852	$ 35,475,852	$ (0)
General Electric Co.	COMMERCIAL PAPER		12/14/09		$ 6,100,000	0.16	$ 6,099,620	$ 6,099,535	$ (85)
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		03/15/10		$ 158,000,000	0.39	$ 157,824,883	$ 157,864,057	$ 39,173
Morgan Stanley & Co., Inc. Triparty Repo	REPO TRIPARTY OVERNIGHT FIXED	0.17	12/01/09		$ 600,000,000	0.17	$ 600,000,000	$ 600,000,000	$ -

See notes at end of table.

FLORIDA PRIME

INVENTORY OF HOLDINGS (CONTINUED)
NOVEMBER 30, 2009

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost [2]	Mkt Value [1]	Unrealized Gain (Loss)
Mullenix-St. Charles Properties, L.P., Times	VARIABLE RATE DEMAND NOTE	0.30	01/01/28	12/03/09	$ 13,500,000	0.30	$ 13,500,000	$ 13,500,000	$ -
Robert Louis Stevenson School, Series 2007, Aug	VARIABLE RATE DEMAND NOTE	1.25	08/01/37	12/03/09	$ 6,000,000	1.25	$ 6,000,000	$ 6,000,000	$ -
Roche Holding AG, Feb 25, 2010	VARIABLE RATE TERM NOTE	1.26	02/25/10	02/25/10	$ 28,000,000	1.28	$ 28,000,000	$ 28,008,316	$ 8,316
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/06/10		$ 50,000,000	0.21	$ 49,989,500	$ 49,980,420	$ (9,080)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/11/10		$ 82,000,000	0.21	$ 81,980,389	$ 81,964,797	$ (15,591)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/15/10		$ 13,200,000	0.21	$ 13,196,458	$ 13,193,911	$ (2,547)
Sheffield Receivables Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/12/10		$ 10,600,000	0.21	$ 10,597,341	$ 10,595,252	$ (2,089)
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		12/02/09		$ 88,000,000	0.15	$ 87,999,267	$ 87,999,067	$ (199)
Societe Generale, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.65	12/10/09		$ 120,000,000	0.66	$ 120,000,000	$ 120,014,304	$ 14,304
St. Andrew United Methodist Church, Series	VARIABLE RATE DEMAND NOTE	0.35	07/01/29	12/03/09	$ 10,235,000	0.35	$ 10,235,000	$ 10,235,000	$ -
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		12/02/09		$ 10,050,000	0.19	$ 10,049,894	$ 10,049,777	$ (117)
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/15/10		$ 19,500,000	0.24	$ 19,494,020	$ 19,490,258	$ (3,762)
Surrey Funding Corporation CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/15/10		$ 45,000,000	0.23	$ 44,986,775	$ 44,978,666	$ (8,110)
Surrey Funding Corporation CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/19/10		$ 25,000,000	0.22	$ 24,992,361	$ 24,987,048	$ (5,314)
Surrey Funding Corporation CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/20/10		$ 80,000,000	0.22	$ 79,975,067	$ 79,957,616	$ (17,451)
Union Bank of California, N.A. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	02/02/10		$ 2,000,000	0.25	$ 2,000,000	$ 2,000,284	$ 284
Total Value of Investments					**$ 4,955,317,071**		**$ 4,954,894,963**	**$ 4,955,281,852**	**$ 386,889**

Notes:

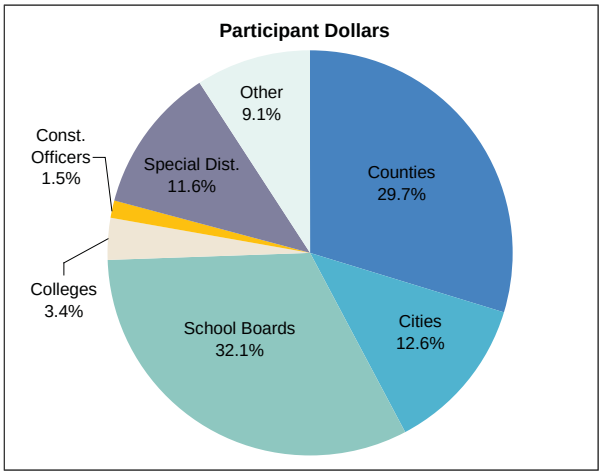
[1] Market values of the portfolio securities are provided by the custodian, BNY Mellon. The portfolio manager, Federated Investment Counseling, is the source for other data shown above.

[2] Amortized cost is calculated using a straight line method.

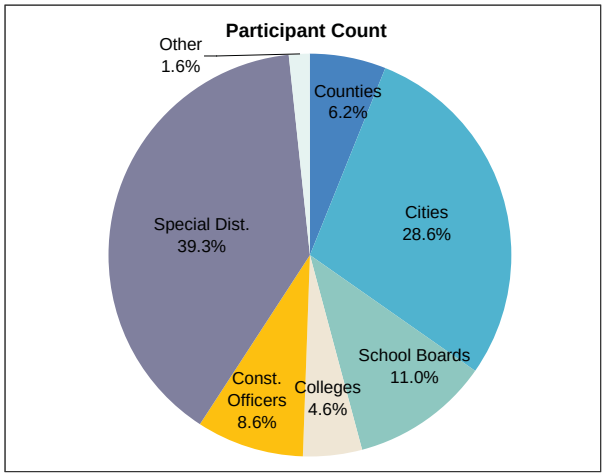
The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

PARTICIPANT CONCENTRATION DATA - NOVEMBER 30, 2009

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
All Participants	**100.0%**	**100.0%**	**Colleges & Universities**	**3.4%**	**4.6%**
Top 10	38.9%	1.2%	Top 10	3.2%	1.2%
$100 million or more	41.0%	1.4%	$100 million or more	0.0%	0.0%
$10 million up to $100 million	47.9%	9.2%	$10 million up to $100 million	2.6%	0.6%
$1 million up to $10 million	9.8%	15.9%	$1 million up to $10 million	0.8%	1.1%
Under $1 million	1.3%	73.5%	Under $1 million	0.03%	2.9%
Counties	**29.7%**	**6.2%**	**Constitutional Officers**	**1.5%**	**8.6%**
Top 10	24.7%	1.2%	Top 10	1.2%	1.2%
$100 million or more	13.9%	0.4%	$100 million or more	0.0%	0.0%
$10 million up to $100 million	15.1%	1.9%	$10 million up to $100 million	0.6%	0.1%
$1 million up to $10 million	0.6%	1.1%	$1 million up to $10 million	0.8%	1.2%
Under $1 million	0.0%	2.9%	Under $1 million	0.1%	7.2%
Municipalities	**12.6%**	**28.6%**	**Special Districts**	**11.6%**	**39.3%**
Top 10	6.6%	1.2%	Top 10	8.3%	1.2%
$100 million or more	0.0%	0.0%	$100 million or more	2.5%	0.1%
$10 million up to $100 million	8.8%	2.4%	$10 million up to $100 million	6.4%	1.4%
$1 million up to $10 million	3.3%	5.4%	$1 million up to $10 million	2.3%	4.1%
Under $1 million	0.5%	20.8%	Under $1 million	0.5%	33.7%
School Boards	**32.1%**	**11.0%**	**Other**	**9.1%**	**1.6%**
Top 10	25.0%	1.2%	Top 10	9.1%	1.2%
$100 million or more	19.7%	0.6%	$100 million or more	4.9%	0.2%
$10 million up to $100 million	10.4%	2.2%	$10 million up to $100 million	4.0%	0.6%
$1 million up to $10 million	1.9%	2.6%	$1 million up to $10 million	0.2%	0.2%
Under $1 million	0.1%	5.5%	Under $1 million	0.0%	0.5%



Total Fund Value: $4,737,250,923



Total Participant Count: 801

INVESTMENT POLICY COMPLIANCE - NOVEMBER 2009

Test by Source	Pass/Fail
Florida PRIME's Investment Policy	
Securities must be USD denominated.	Pass
Ratings requirements	
The Pool must purchase exclusively first-tier securities. Securities purchased with short-term ratings by an NRSRO, or comparable in quality and security to other obligations of the issuer that have received short-term ratings from an NRSRO, are eligible if they are in one of the two highest rating categories.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Maturity	
Securities, excluding Government floating rate notes/variable rate notes, purchased did not have a maturity in excess of 397 days.	Pass
Government floating rate notes/variable rate notes purchased did not have a maturity in excess of 762 days.	Pass
The Pool must maintain a Spread WAM of 120 days or less.	Pass
Issuer Diversification	
First-tier issuers (limit does not apply to cash, cash items, U.S. Government securities refunded securities and repo collateralized by these securities) are limited, at the time of purchase, to 5% of the Pool's total assets.[1]	Pass
Demand Feature and Guarantor Diversification	
First tier securities issued by or subject to demand features and guarantees of a non-controlled person, at time of purchase, are limited to 10% with respect to 75% of the Pool's total assets.	Pass
First tier securities issued by or subject to demand features and guarantees of a control person, at time of purchase, are limited to 10% with respect to the Pool's total assets.	Pass
Money Market Mutual Funds	
The account, at time of purchase, will not have exposure to any one Money Market Mutual Fund in excess of 10% of the Pool's total assets.	Pass
Concentration Tests	
The account, at time of purchase, will not have exposure to an industry sector, excluding the financial services industry, in excess of 25% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to any single Government Agency in excess of 33.33% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to illiquid securities in excess of 10% of the Pool's total assets.	Pass
The account, at time of purchase, will invest at least 5% of the Pool's total assets in securities accessible within one day.	Pass
The account, at time of purchase, will invest at least 20% of the Pool's total assets in securities accessible within seven days.	Pass
S&P Requirements	
The Pool must maintain a Dollar Weighted Average Maturity of 60 days or less.	Pass
The account, at time of purchase, will invest at least 50% of the Pool's total assets in Securities in Highest Rating Category (A-1+ or equivalent) .	Pass

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

FLORIDA PRIME

TRADING ACTIVITY FOR NOVEMBER 2009

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys								
AUSTRALIA & NEW ZEALAND BANKING GRO	11/23/10	11/19/09	11/23/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
BNP PARIBAS FINANCECP	11/03/09	11/02/09	11/02/09	$ 36,000,000	$ 35,999,870	$ -	$ 35,999,870	$ -
BANK OF TOKYO-MITSUCDYAN	03/02/10	11/30/09	12/02/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
BANK OF TOKYO-MITSUCDYAN	03/02/10	11/30/09	12/02/09	$ 25,000,000	$ 25,000,000	$ -	$ 25,000,000	$ -
BANK OF AMERICA CORCP	11/16/09	11/13/09	11/13/09	$ 50,000,000	$ 49,999,542	$ -	$ 49,999,542	$ -
BANK OF AMERICA CORCP	11/16/09	11/13/09	11/13/09	$ 50,000,000	$ 49,999,542	$ -	$ 49,999,542	$ -
BANK OF AMERICA CORCP	11/16/09	11/13/09	11/13/09	$ 50,000,000	$ 49,999,542	$ -	$ 49,999,542	$ -
BANK OF AMERICA CORCP	11/16/09	11/13/09	11/13/09	$ 50,000,000	$ 49,999,542	$ -	$ 49,999,542	$ -
BANK OF AMERICA CORCP	11/16/09	11/13/09	11/13/09	$ 2,472,000	$ 2,471,977	$ -	$ 2,471,977	$ -
CHARIOT FUNDING LLCCPABS4	11/25/09	11/03/09	11/03/09	$ 2,000,000	$ 1,999,792	$ -	$ 1,999,792	$ -
CHARIOT FUNDING LLCCPABS4	12/02/09	11/04/09	11/04/09	$ 29,000,000	$ 28,996,166	$ -	$ 28,996,166	$ -
CHARIOT FUNDING LLCCPABS4	12/23/09	11/23/09	11/23/09	$ 50,000,000	$ 49,993,334	$ -	$ 49,993,334	$ -
CHARIOT FUNDING LLCCPABS4	12/23/09	11/23/09	11/23/09	$ 28,100,000	$ 28,096,253	$ -	$ 28,096,253	$ -
CHARIOT FUNDING LLCCPABS4	12/28/09	11/25/09	11/25/09	$ 4,145,000	$ 4,144,392	$ -	$ 4,144,392	$ -
DANSKE CORP,, INC,CP4-2	02/16/10	11/17/09	11/17/09	$ 8,800,000	$ 8,795,551	$ -	$ 8,795,551	$ -
EDISON ASSET SECURICPABS4	02/08/10	11/10/09	11/10/09	$ 13,097,000	$ 13,089,797	$ -	$ 13,089,797	$ -
EDISON ASSET SECURICPABS4	02/08/10	11/10/09	11/10/09	$ 50,000,000	$ 49,972,500	$ -	$ 49,972,500	$ -
FAIRWAY FINANCE CO,CPABS4	01/11/10	11/05/09	11/05/09	$ 19,118,000	$ 19,110,884	$ -	$ 19,110,884	$ -
FAIRWAY FINANCE CO,CPABS4	02/02/10	11/04/09	11/04/09	$ 50,000,000	$ 49,972,500	$ -	$ 49,972,500	$ -
FAIRWAY FINANCE CO,CPABS4	02/02/10	11/04/09	11/04/09	$ 45,963,000	$ 45,937,720	$ -	$ 45,937,720	$ -
FALCON ASSET SECURICPABS4	11/30/09	11/25/09	11/25/09	$ 50,000,000	$ 49,999,028	$ -	$ 49,999,028	$ -
FALCON ASSET SECURICPABS4	11/30/09	11/25/09	11/25/09	$ 50,000,000	$ 49,999,028	$ -	$ 49,999,028	$ -
FALCON ASSET SECURICPABS4	11/30/09	11/25/09	11/25/09	$ 1,003,000	$ 1,002,981	$ -	$ 1,002,981	$ -
FEDERAL HOME LOAN BANKS	12/27/10	11/30/09	12/07/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
FEDERAL HOME LOAN BANKS	12/27/10	11/30/09	12/07/09	$ 25,000,000	$ 25,000,000	$ -	$ 25,000,000	$ -
FEDERAL HOME LOAN BANKS	12/27/10	11/30/09	12/07/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
FEDERAL HOME LOAN BANKS	12/27/10	11/30/09	12/07/09	$ 20,000,000	$ 20,000,000	$ -	$ 20,000,000	$ -
GENERAL ELECTRIC CO CP	12/01/09	11/30/09	11/30/09	$ 35,476,000	$ 35,475,852	$ -	$ 35,475,852	$ -
GENERAL ELECTRIC CO CP	12/14/09	11/12/09	11/12/09	$ 6,100,000	$ 6,099,132	$ -	$ 6,099,132	$ -
ING (U,S,) FUNDING CP	11/24/09	11/17/09	11/17/09	$ 50,000,000	$ 49,998,639	$ -	$ 49,998,639	$ -
ING (U,S,) FUNDING CP	11/24/09	11/17/09	11/17/09	$ 20,000,000	$ 19,999,456	$ -	$ 19,999,456	$ -
SALISBURY RECEIVABLCPABS4	01/06/10	11/05/09	11/05/09	$ 50,000,000	$ 49,981,917	$ -	$ 49,981,917	$ -
SALISBURY RECEIVABLCPABS4	01/11/10	11/05/09	11/05/09	$ 32,000,000	$ 31,987,493	$ -	$ 31,987,493	$ -
SALISBURY RECEIVABLCPABS4	01/11/10	11/05/09	11/05/09	$ 50,000,000	$ 49,980,459	$ -	$ 49,980,459	$ -
SALISBURY RECEIVABLCPABS4	01/15/10	11/17/09	11/17/09	$ 13,200,000	$ 13,195,457	$ -	$ 13,195,457	$ -
SOCIETE GENERALE NOCP	11/06/09	11/05/09	11/05/09	$ 28,900,000	$ 28,899,888	$ -	$ 28,899,888	$ -
SOCIETE GENERALE NOCP	11/06/09	11/05/09	11/05/09	$ 50,000,000	$ 49,999,806	$ -	$ 49,999,806	$ -
SOCIETE GENERALE NOCP	11/06/09	11/05/09	11/05/09	$ 50,000,000	$ 49,999,806	$ -	$ 49,999,806	$ -
SOCIETE GENERALE NOCP	11/24/09	11/17/09	11/17/09	$ 50,000,000	$ 49,998,445	$ -	$ 49,998,445	$ -
SOCIETE GENERALE NOCP	11/24/09	11/17/09	11/17/09	$ 50,000,000	$ 49,998,445	$ -	$ 49,998,445	$ -
SOCIETE GENERALE NOCP	11/24/09	11/17/09	11/17/09	$ 8,000,000	$ 7,999,751	$ -	$ 7,999,751	$ -
SOCIETE GENERALE NOCP	12/02/09	11/25/09	11/25/09	$ 50,000,000	$ 49,998,542	$ -	$ 49,998,542	$ -
SOCIETE GENERALE NOCP	12/02/09	11/25/09	11/25/09	$ 38,000,000	$ 37,998,892	$ -	$ 37,998,892	$ -
UBS FINANCE (DELAWACP	11/20/09	11/19/09	11/19/09	$ 50,000,000	$ 49,999,847	$ -	$ 49,999,847	$ -
UBS FINANCE (DELAWACP	11/20/09	11/19/09	11/19/09	$ 50,000,000	$ 49,999,847	$ -	$ 49,999,847	$ -

TRADING ACTIVITY FOR NOVEMBER 2009 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys (continued)								
UBS FINANCE (DELAWACP	11/20/09	11/19/09	11/19/09	$ 36,000,000	$ 35,999,890	$ -	$ 35,999,890	$ -
UNION BANK OF CALIFCDYAN	02/02/10	11/04/09	11/04/09	$ 2,000,000	$ 2,000,000	$ -	$ 2,000,000	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/02/09	11/02/09	$ 104,594,425	$ 104,594,425	$ -	$ 104,594,425	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/03/09	11/03/09	$ 52,120,440	$ 52,120,440	$ -	$ 52,120,440	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/05/09	11/05/09	$ 33,387,444	$ 33,387,444	$ -	$ 33,387,444	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/09/09	11/09/09	$ 48,162,629	$ 48,162,629	$ -	$ 48,162,629	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/12/09	11/12/09	$ 410,441	$ 410,441	$ -	$ 410,441	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/13/09	11/13/09	$ 92,535,161	$ 92,535,161	$ -	$ 92,535,161	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/18/09	11/18/09	$ 32,087,523	$ 32,087,523	$ -	$ 32,087,523	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/20/09	11/20/09	$ 107,136,221	$ 107,136,221	$ -	$ 107,136,221	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/24/09	11/24/09	$ 13,250,495	$ 13,250,495	$ -	$ 13,250,495	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/30/09	11/30/09	$ 198,734,292	$ 198,734,292	$ -	$ 198,734,292	$ -
FEDERATED PRIME CASH OBLIGATIONS FU	10/01/40	11/01/09	11/01/09	$ 45,040	$ 45,040	$ -	$ 45,040	$ -
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	11/04/09	11/04/09	$ 250,000,000	$ 250,000,000	$ -	$ 250,000,000	$ -
MORGAN STANLEY TRIPARTY	11/03/09	11/02/09	11/02/09	$ 1,050,000,000	$ 1,050,000,000	$ -	$ 1,050,000,000	$ -
BANK OF AMERICA TRIPARTY	11/03/09	11/02/09	11/02/09	$ 1,050,000,000	$ 1,050,000,000	$ -	$ 1,050,000,000	$ -
MORGAN STANLEY TRIPARTY	11/04/09	11/03/09	11/03/09	$ 1,050,000,000	$ 1,050,000,000	$ -	$ 1,050,000,000	$ -
BANK OF AMERICA TRIPARTY	11/04/09	11/03/09	11/03/09	$ 1,050,000,000	$ 1,050,000,000	$ -	$ 1,050,000,000	$ -
MORGAN STANLEY TRIPARTY	11/05/09	11/04/09	11/04/09	$ 800,000,000	$ 800,000,000	$ -	$ 800,000,000	$ -
BANK OF AMERICA TRIPARTY	11/05/09	11/04/09	11/04/09	$ 1,055,000,000	$ 1,055,000,000	$ -	$ 1,055,000,000	$ -
MORGAN STANLEY TRIPARTY	11/06/09	11/05/09	11/05/09	$ 865,000,000	$ 865,000,000	$ -	$ 865,000,000	$ -
BANK OF AMERICA TRI PARTY	11/06/09	11/05/09	11/05/09	$ 600,000,000	$ 600,000,000	$ -	$ 600,000,000	$ -
MORGAN STANLEY TRIPARTY	11/09/09	11/06/09	11/06/09	$ 800,000,000	$ 800,000,000	$ -	$ 800,000,000	$ -
BANK OF AMERICA TRIPARTY	11/09/09	11/06/09	11/06/09	$ 860,000,000	$ 860,000,000	$ -	$ 860,000,000	$ -
MORGAN STANLEY TRIPARTY	11/10/09	11/09/09	11/09/09	$ 900,000,000	$ 900,000,000	$ -	$ 900,000,000	$ -
BANK OF AMERICA TRIPARTY	11/10/09	11/09/09	11/09/09	$ 655,000,000	$ 655,000,000	$ -	$ 655,000,000	$ -
MORGAN STANLEY TRIPARTY	11/12/09	11/10/09	11/10/09	$ 955,000,000	$ 955,000,000	$ -	$ 955,000,000	$ -
BANK OF AMERICA TRIPARTY	11/12/09	11/10/09	11/10/09	$ 710,000,000	$ 710,000,000	$ -	$ 710,000,000	$ -
MORGAN STANLEY TRIPARTY	11/13/09	11/12/09	11/12/09	$ 800,000,000	$ 800,000,000	$ -	$ 800,000,000	$ -
BANK OF AMERICA TRIPARTY	11/13/09	11/12/09	11/12/09	$ 800,000,000	$ 800,000,000	$ -	$ 800,000,000	$ -
MORGAN STANLEY TRIPARTY	11/16/09	11/13/09	11/13/09	$ 400,000,000	$ 400,000,000	$ -	$ 400,000,000	$ -
BANK OF AMERICA TRIPARTY	11/16/09	11/13/09	11/13/09	$ 825,000,000	$ 825,000,000	$ -	$ 825,000,000	$ -
MORGAN STANLEY TRIPARTY	11/17/09	11/16/09	11/16/09	$ 795,000,000	$ 795,000,000	$ -	$ 795,000,000	$ -
BANK OF AMERICA TRIPARTY	11/17/09	11/16/09	11/16/09	$ 845,000,000	$ 845,000,000	$ -	$ 845,000,000	$ -
MORGAN STANLEY TRIPARTY	11/18/09	11/17/09	11/17/09	$ 750,000,000	$ 750,000,000	$ -	$ 750,000,000	$ -
BANK OF AMERICA TRIPARTY	11/18/09	11/17/09	11/17/09	$ 705,000,000	$ 705,000,000	$ -	$ 705,000,000	$ -
MORGAN STANLEY TRIPARTY	11/19/09	11/18/09	11/18/09	$ 700,000,000	$ 700,000,000	$ -	$ 700,000,000	$ -
BANK OF AMERICA TRIPARTY	11/19/09	11/18/09	11/18/09	$ 700,000,000	$ 700,000,000	$ -	$ 700,000,000	$ -
MORGAN STANLEY TRIPARTY	11/20/09	11/19/09	11/19/09	$ 544,000,000	$ 544,000,000	$ -	$ 544,000,000	$ -
BANK OF AMERICA TRIPARTY	11/20/09	11/19/09	11/19/09	$ 744,000,000	$ 744,000,000	$ -	$ 744,000,000	$ -
MORGAN STANLEY TRIPARTY	11/23/09	11/20/09	11/20/09	$ 335,000,000	$ 335,000,000	$ -	$ 335,000,000	$ -
BANK OF AMERICA TRIPARTY	11/23/09	11/20/09	11/20/09	$ 1,035,000,000	$ 1,035,000,000	$ -	$ 1,035,000,000	$ -
MORGAN STANLEY TRIPARTY	11/24/09	11/23/09	11/23/09	$ 840,000,000	$ 840,000,000	$ -	$ 840,000,000	$ -
BANK OF AMERICA TRIPARTY	11/24/09	11/23/09	11/23/09	$ 590,000,000	$ 590,000,000	$ -	$ 590,000,000	$ -
MORGAN STANLEY TRIPARTY	11/25/09	11/24/09	11/24/09	$ 840,000,000	$ 840,000,000	$ -	$ 840,000,000	$ -

FLORIDA PRIME

TRADING ACTIVITY FOR NOVEMBER 2009 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys (continued)								
BANK OF AMERICA TRIPARTY	11/25/09	11/24/09	11/24/09	$ 700,000,000	$ 700,000,000	$ -	$ 700,000,000	$ -
MORGAN STANLEY TRIPARTY	11/30/09	11/25/09	11/25/09	$ 800,000,000	$ 800,000,000	$ -	$ 800,000,000	$ -
BANK OF AMERICA TRIPARTY	11/30/09	11/25/09	11/25/09	$ 640,000,000	$ 640,000,000	$ -	$ 640,000,000	$ -
MORGAN STANLEY TRIPARTY	12/01/09	11/30/09	11/30/09	$ 600,000,000	$ 600,000,000	$ -	$ 600,000,000	$ -
BANK OF AMERICA TRIPARTY	12/01/09	11/30/09	11/30/09	$ 940,000,000	$ 940,000,000	$ -	$ 940,000,000	$ -
Total Buys				**$ 30,889,838,109**	**$ 30,889,655,608**	**$ -**	**$ 30,889,655,608**	**$ -**
Maturities								
BNP PARIBAS FINANCECP	11/03/09	11/03/09	11/03/09	$ 36,000,000	$ 36,000,000	$ -	$ 36,000,000	$ -
BANCO BILBAO VIZCAYCP4-2	11/16/09	11/16/09	11/16/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
BANK OF TOKYO-MITSUCDYAN	11/16/09	11/16/09	11/16/09	$ 100,000,000	$ 100,000,000	$ -	$ 100,000,000	$ -
BANK OF AMERICA CORCP	11/16/09	11/16/09	11/16/09	$ 202,472,000	$ 202,472,000	$ -	$ 202,472,000	$ -
CHARIOT FUNDING LLCCPABS4	11/23/09	11/23/09	11/23/09	$ 8,900,000	$ 8,900,000	$ -	$ 8,900,000	$ -
CHARIOT FUNDING LLCCPABS4	11/25/09	11/25/09	11/25/09	$ 2,000,000	$ 2,000,000	$ -	$ 2,000,000	$ -
DANSKE CORP,, INC,CP4-2	11/06/09	11/06/09	11/06/09	$ 209,000,000	$ 209,000,000	$ -	$ 209,000,000	$ -
DU PONT (E,I,) DE NCP4-2	11/09/09	11/09/09	11/09/09	$ 18,000,000	$ 18,000,000	$ -	$ 18,000,000	$ -
DU PONT (E,I,) DE NCP4-2	11/13/09	11/13/09	11/13/09	$ 2,290,000	$ 2,290,000	$ -	$ 2,290,000	$ -
EDISON ASSET SECURICPABS4	11/10/09	11/10/09	11/10/09	$ 63,054,000	$ 63,054,000	$ -	$ 63,054,000	$ -
ENTERPRISE FUNDING CPABS4	11/02/09	11/02/09	11/02/09	$ 125,111,000	$ 125,111,000	$ -	$ 125,111,000	$ -
FALCON ASSET SECURICPABS4	11/30/09	11/30/09	11/30/09	$ 101,003,000	$ 101,003,000	$ -	$ 101,003,000	$ -
GENERAL ELECTRIC CA CP	11/23/09	11/23/09	11/23/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
GENERAL ELECTRIC CA CP	11/10/09	11/10/09	11/10/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
GENERAL ELECTRIC CA CP	11/23/09	11/23/09	11/23/09	$ 100,000,000	$ 100,000,000	$ -	$ 100,000,000	$ -
ING (U,S,) FUNDING CP	11/24/09	11/24/09	11/24/09	$ 70,000,000	$ 70,000,000	$ -	$ 70,000,000	$ -
SALISBURY RECEIVABLCPABS4	11/16/09	11/16/09	11/16/09	$ 10,000,000	$ 10,000,000	$ -	$ 10,000,000	$ -
SALISBURY RECEIVABLCPABS4	11/17/09	11/17/09	11/17/09	$ 12,400,000	$ 12,400,000	$ -	$ 12,400,000	$ -
SOCIETE GENERALE NOCP	11/06/09	11/06/09	11/06/09	$ 128,900,000	$ 128,900,000	$ -	$ 128,900,000	$ -
SOCIETE GENERALE NOCP	11/24/09	11/24/09	11/24/09	$ 108,000,000	$ 108,000,000	$ -	$ 108,000,000	$ -
UBS FINANCE (DELAWACP	11/20/09	11/20/09	11/20/09	$ 136,000,000	$ 136,000,000	$ -	$ 136,000,000	$ -
UNION BANK OF CALIFCDYAN	11/30/09	11/30/09	11/30/09	$ 25,000,000	$ 25,000,000	$ -	$ 25,000,000	$ -
YORKTOWN CAPITAL LLCPABS4	11/02/09	11/02/09	11/02/09	$ 12,680,000	$ 12,680,000	$ -	$ 12,680,000	$ -
MORGAN STANLEY TRIPARTY	11/02/09	11/02/09	11/02/09	$ 980,000,000	$ 980,000,000	$ -	$ 980,000,000	$ -
BANK OF AMERICA TRIPARTY	11/02/09	11/02/09	11/02/09	$ 1,100,000,000	$ 1,100,000,000	$ -	$ 1,100,000,000	$ -
MORGAN STANLEY TRIPARTY	11/03/09	11/03/09	11/03/09	$ 1,050,000,000	$ 1,050,000,000	$ -	$ 1,050,000,000	$ -
BANK OF AMERICA TRIPARTY	11/03/09	11/03/09	11/03/09	$ 1,050,000,000	$ 1,050,000,000	$ -	$ 1,050,000,000	$ -
MORGAN STANLEY TRIPARTY	11/04/09	11/04/09	11/04/09	$ 1,050,000,000	$ 1,050,000,000	$ -	$ 1,050,000,000	$ -
BANK OF AMERICA TRIPARTY	11/04/09	11/04/09	11/04/09	$ 1,050,000,000	$ 1,050,000,000	$ -	$ 1,050,000,000	$ -
MORGAN STANLEY TRIPARTY	11/05/09	11/05/09	11/05/09	$ 800,000,000	$ 800,000,000	$ -	$ 800,000,000	$ -
BANK OF AMERICA TRIPARTY	11/05/09	11/05/09	11/05/09	$ 1,055,000,000	$ 1,055,000,000	$ -	$ 1,055,000,000	$ -
MORGAN STANLEY TRIPARTY	11/06/09	11/06/09	11/06/09	$ 865,000,000	$ 865,000,000	$ -	$ 865,000,000	$ -
BANK OF AMERICA TRI PARTY	11/06/09	11/06/09	11/06/09	$ 600,000,000	$ 600,000,000	$ -	$ 600,000,000	$ -
MORGAN STANLEY TRIPARTY	11/09/09	11/09/09	11/09/09	$ 800,000,000	$ 800,000,000	$ -	$ 800,000,000	$ -
BANK OF AMERICA TRIPARTY	11/09/09	11/09/09	11/09/09	$ 860,000,000	$ 860,000,000	$ -	$ 860,000,000	$ -
MORGAN STANLEY TRIPARTY	11/10/09	11/10/09	11/10/09	$ 900,000,000	$ 900,000,000	$ -	$ 900,000,000	$ -
BANK OF AMERICA TRIPARTY	11/10/09	11/10/09	11/10/09	$ 655,000,000	$ 655,000,000	$ -	$ 655,000,000	$ -

TRADING ACTIVITY FOR NOVEMBER 2009 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Maturities (continued)								
MORGAN STANLEY TRIPARTY	11/12/09	11/12/09	11/12/09	$ 955,000,000	$ 955,000,000	$ -	$ 955,000,000	$ -
BANK OF AMERICA TRIPARTY	11/12/09	11/12/09	11/12/09	$ 710,000,000	$ 710,000,000	$ -	$ 710,000,000	$ -
MORGAN STANLEY TRIPARTY	11/13/09	11/13/09	11/13/09	$ 800,000,000	$ 800,000,000	$ -	$ 800,000,000	$ -
BANK OF AMERICA TRIPARTY	11/13/09	11/13/09	11/13/09	$ 800,000,000	$ 800,000,000	$ -	$ 800,000,000	$ -
MORGAN STANLEY TRIPARTY	11/16/09	11/16/09	11/16/09	$ 400,000,000	$ 400,000,000	$ -	$ 400,000,000	$ -
BANK OF AMERICA TRIPARTY	11/16/09	11/16/09	11/16/09	$ 825,000,000	$ 825,000,000	$ -	$ 825,000,000	$ -
MORGAN STANLEY TRIPARTY	11/17/09	11/17/09	11/17/09	$ 795,000,000	$ 795,000,000	$ -	$ 795,000,000	$ -
BANK OF AMERICA TRIPARTY	11/17/09	11/17/09	11/17/09	$ 845,000,000	$ 845,000,000	$ -	$ 845,000,000	$ -
MORGAN STANLEY TRIPARTY	11/18/09	11/18/09	11/18/09	$ 750,000,000	$ 750,000,000	$ -	$ 750,000,000	$ -
BANK OF AMERICA TRIPARTY	11/18/09	11/18/09	11/18/09	$ 705,000,000	$ 705,000,000	$ -	$ 705,000,000	$ -
MORGAN STANLEY TRIPARTY	11/19/09	11/19/09	11/19/09	$ 700,000,000	$ 700,000,000	$ -	$ 700,000,000	$ -
BANK OF AMERICA TRIPARTY	11/19/09	11/19/09	11/19/09	$ 700,000,000	$ 700,000,000	$ -	$ 700,000,000	$ -
MORGAN STANLEY TRIPARTY	11/20/09	11/20/09	11/20/09	$ 544,000,000	$ 544,000,000	$ -	$ 544,000,000	$ -
BANK OF AMERICA TRIPARTY	11/20/09	11/20/09	11/20/09	$ 744,000,000	$ 744,000,000	$ -	$ 744,000,000	$ -
MORGAN STANLEY TRIPARTY	11/23/09	11/23/09	11/23/09	$ 335,000,000	$ 335,000,000	$ -	$ 335,000,000	$ -
BANK OF AMERICA TRIPARTY	11/23/09	11/23/09	11/23/09	$ 1,035,000,000	$ 1,035,000,000	$ -	$ 1,035,000,000	$ -
MORGAN STANLEY TRIPARTY	11/24/09	11/24/09	11/24/09	$ 840,000,000	$ 840,000,000	$ -	$ 840,000,000	$ -
BANK OF AMERICA TRIPARTY	11/24/09	11/24/09	11/24/09	$ 590,000,000	$ 590,000,000	$ -	$ 590,000,000	$ -
MORGAN STANLEY TRIPARTY	11/25/09	11/25/09	11/25/09	$ 840,000,000	$ 840,000,000	$ -	$ 840,000,000	$ -
BANK OF AMERICA TRIPARTY	11/25/09	11/25/09	11/25/09	$ 700,000,000	$ 700,000,000	$ -	$ 700,000,000	$ -
MORGAN STANLEY TRIPARTY	11/30/09	11/30/09	11/30/09	$ 800,000,000	$ 800,000,000	$ -	$ 800,000,000	$ -
BANK OF AMERICA TRIPARTY	11/30/09	11/30/09	11/30/09	$ 640,000,000	$ 640,000,000	$ -	$ 640,000,000	$ -
Total Maturities				**$ 30,488,810,000**	**$ 30,488,810,000**	**$ -**	**$ 30,488,810,000**	**$ -**
Sells								
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/04/09	11/04/09	$ 104,594,425	$ 104,594,425	$ -	$ 104,594,425	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/04/09	11/04/09	$ 18,313,024	$ 18,313,024	$ -	$ 18,313,024	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/06/09	11/06/09	$ 32,108,821	$ 32,108,821	$ -	$ 32,108,821	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/06/09	11/06/09	$ 33,387,444	$ 33,387,444	$ -	$ 33,387,444	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/10/09	11/10/09	$ 33,521,439	$ 33,521,439	$ -	$ 33,521,439	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/16/09	11/16/09	$ 70,384,027	$ 70,384,027	$ -	$ 70,384,027	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/17/09	11/17/09	$ 15,964,329	$ 15,964,329	$ -	$ 15,964,329	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/19/09	11/19/09	$ 2	$ 2	$ -	$ 2	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/19/09	11/19/09	$ 14,641,190	$ 14,641,190	$ -	$ 14,641,190	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/19/09	11/19/09	$ 282,700	$ 282,700	$ -	$ 282,700	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/19/09	11/19/09	$ 6,186,805	$ 6,186,805	$ -	$ 6,186,805	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/19/09	11/19/09	$ 32,087,523	$ 32,087,523	$ -	$ 32,087,523	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/23/09	11/23/09	$ -	$ -	$ -	$ -	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/23/09	11/23/09	$ 41,408,113	$ 41,408,113	$ -	$ 41,408,113	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	11/25/09	11/25/09	$ 61,900,194	$ 61,900,194	$ -	$ 61,900,194	$ -
Total Sells				**$ 464,780,036**	**$ 464,780,036**	**$ -**	**$ 464,780,036**	**$ -**

FUND B

FUND B FACTS

INVESTMENT OBJECTIVE

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

COMPOSITION

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

DISTRIBUTIONS

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

ACCOUNTING

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

STATUS OF INVESTMENTS

Florida East and West: Restructured from KKR and receiving principal and interest.
Florida Funding I: Restructured from Ottimo (Issuer Entity) and receiving principal and interest.
Axon: Receiving principal and interest.

COMMENTARY FROM THE PORTFOLIO MANAGER

All cash from paydowns on securities in Fund B are invested in overnight securities, repurchase agreements, overnight time deposits or commercial paper pending monthly distribution to participant accounts in the LGIP. Specifically, $6.75 million in liquid assets were transferred from Fund B to the LGIP on November 6.

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

DISCLOSURE OF MATERIAL IMPACTS

There were no developments during November 2009 that had a material impact on the liquidity or operation of Fund B. However, see the discussion on page 5 regarding a significant legal issue.

RETURN OF FUND B PRINCIPAL

The table on the following page details the SBA's progress in returning principal to investors in Fund B. Through the end of November 2009, investors cumulatively received distributions from Fund B totaling nearly $1.50 billion or 74.9% of their original balances. The $6.75 million distribution on November 6 consisted of principal paydowns and income from the securities in the Fund.

The securities remaining in Fund B are legacy items from the four issuers whose financial circumstances gave rise to the November 2007 run (in addition to overnight instruments temporarily holding fund earnings). As of November 30, 2009, their par value (amortized cost) was $673.1 million, or 33.4% more than remaining participant positions in Fund B. Conversely, the current estimated liquidation (market) value of these securities is pegged at $292.0 million or 57.8% of remaining participant positions.

It is important to note that due to the lack of an actively traded market for Fund B securities, their "market value" is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. See footnote 1 on page 18.

FUND B

FUND B DISTRIBUTIONS

FUND B DISTRIBUTIONS TO PARTICIPANTS

	Distributions to Participants	Cumulative Distributions	Participant Principal	Proportion of Original Principal Returned
12/05/07	$	$	$ 2,009,451,941	0.0%
01/18/08	$ 50,000,000	$ 50,000,000	$ 1,959,451,941	2.5%
02/11/08	$ 518,000,000	$ 568,000,000	$ 1,441,451,941	28.3%
03/18/08	$ 210,550,000	$ 778,550,000	$ 1,230,901,941	38.7%
04/21/08	$ 106,000,000	$ 884,550,000	$ 1,124,901,941	44.0%
06/19/08	$ 291,500,000	$ 1,176,050,000	$ 833,401,941	58.5%
06/26/08	$ 150,500,000	$ 1,326,550,000	$ 682,901,941	66.0%
07/07/08	$ 34,700,000	$ 1,361,250,000	$ 648,201,941	67.7%
08/06/08	$ 10,400,000	$ 1,371,650,000	$ 637,801,941	68.3%
09/05/08	$ 9,300,000	$ 1,380,950,000	$ 628,501,941	68.7%
10/07/08	$ 11,750,000	$ 1,392,700,000	$ 616,751,941	69.3%
11/07/08	$ 8,700,000	$ 1,401,400,000	$ 608,051,941	69.7%
12/04/08	$ 20,500,000	$ 1,421,900,000	$ 587,551,941	70.8%
01/09/09	$ 7,900,000	$ 1,429,800,000	$ 579,651,941	71.2%
02/09/09	$ 6,800,000	$ 1,436,600,000	$ 572,851,941	71.5%
03/09/09	$ 5,800,000	$ 1,442,400,000	$ 567,051,941	71.8%
04/09/09	$ 6,600,000	$ 1,449,000,000	$ 560,451,941	72.1%
05/08/09	$ 8,200,000	$ 1,457,200,000	$ 552,251,941	72.5%
06/08/09	$ 7,500,000	$ 1,464,700,000	$ 544,751,941	72.9%
07/09/09	$ 7,100,000	$ 1,471,800,000	$ 537,651,941	73.2%
08/07/09	$ 8,150,000	$ 1,479,950,000	$ 529,501,941	73.6%
09/04/09	$ 10,000,000	$ 1,489,950,000	$ 519,501,941	74.1%
10/07/09	$ 8,050,000	$ 1,498,000,000	$ 511,451,941	74.5%
11/06/09	$ 6,750,000	$ 1,504,750,000	$ 504,701,941	74.9%

FUND B MONTHLY DISTRIBUTION DETAIL

November 2009 Distribution: Summary of Cash Flows (10/7/09 through 11/5/09)	Fund B Participant Allocation	Fund B Expense Allocation
Beginning Balance	$ -	$ 52,528.78
Receipts:		
Axon Financial	$ -	
Florida East	$ 1,772,065.14	
Florida West	$ 3,697,299.14	
Issuer Entity LLC	$ 1,288,374.00	
Overnight Investments	$ 75.70	
Total Receipts	$ 6,757,813.98	
Distributions:		
Allocation to/from Expense Reserve	$ (7,813.98)	$ 7,813.98
Expenses Paid		$ (21,126.30)
Participant Distribution	$ (6,750,000.00)	$ -
Ending Balance	$ -	$ 39,216.46

FUND B

INVENTORY OF HOLDINGS - AS OF NOVEMBER 30, 2009

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost [2]	Mkt Value [1]	Unrealized Gain (Loss)
Axon Financial Funding LLC	VARIABLE RATE COMMERCIAL PAPER	0.24	(3)	12/28/09	$ 160,153,875	0.24	$ 160,153,875	$ 62,723,653	$ (97,430,222)
Dreyfus Government Cash Management Fund	OVERNIGHT MUTUAL FUND	0.03	12/01/09		$ 17,444	0.03	$ 17,444	$ 17,444	$ -
Florida East Funding LLC	VARIABLE RATE TERM NOTE	0.58	(3)	12/28/09	$ 118,174,075	0.59	$ 118,174,075	$ 66,054,803	$ (52,119,272)
Florida Funding I LLC	VARIABLE RATE TERM NOTE	2.16	(3)	08/25/09	$ 144,676,527	3.35	$ 144,676,527	$ 37,403,497	$ (107,273,030)
Florida West Funding LLC	VARIABLE RATE TERM NOTE	0.58	(3)	12/28/09	$ 250,052,994	0.59	$ 250,052,994	$ 125,752,678	$ (124,300,315)
Total Value of Investments					**$ 673,074,914**		**$ 673,074,914**	**$ 291,952,075**	**$ (381,122,839)**

Notes:

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

2 Amortized cost is calculated using a straight line method.

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

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

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

PORTFOLIO TRANSITION

On November 9, 2009, the security in Fund B identified as "Issuer Entity LLC (Ottimo)" was replaced by a newly issued security identified as "Florida Funding I LLC" as a result of a restructuring of the SBA's interest in the collateral distributed in the Ottimo liquidation. Going forward, this new security will be the liquidating vehicle for the SBA's share of the collateral distributed in the Ottimo liquidation (instead of Issuer Entity), and this change will be reflected in all Fund B reporting and disclosures.

The SBA is the sole noteholder of Florida Funding I which will permit the SBA to control the disposition or exchange of the collateral.

FUND B

COMPLIANCE WITH INVESTMENT POLICY - NOVEMBER 2009

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

TRADING ACTIVITY - NOVEMBER 2009

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys								
FLORIDA FUNDING I LLC	11/09/10	11/13/09	11/13/09	$ 0.01	$ 0.01	$ -	$ 0.01	$ -
DREYFUS GOVT CASH MGMT FUND		11/02/09	11/02/09	$ 134.03	$ 134.03	$ -	$ 134.03	$ -
Total Buys				**$ 134.04**	**$ 134.04**	**$ -**	**$ 134.04**	**$ -**
Sells								
DREYFUS GOVT CASH MGMT FUND		11/04/09	11/04/09	$ 117	$ 117	$ -	$ 117	$ -
DREYFUS GOVT CASH MGMT FUND		11/05/09	11/05/09	$ 6,769,661	$ 6,769,661	$ -	$ 6,769,661	$ -
DREYFUS GOVT CASH MGMT FUND		11/18/09	11/18/09	$ 1,583	$ 1,583	$ -	$ 1,583	$ -
DREYFUS GOVT CASH MGMT FUND		11/30/09	11/30/09	$ 20,189	$ 20,189	$ -	$ 20,189	$ -
Total Sells				**$ 6,791,550**	**$ 6,791,550**	**$ -**	**$ 6,791,550**	**$ -**

Our Mission

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

SBA FLORIDA

State Board of Administration
www.SBAFLA.com

Monthly Summary Report for December 2009

Including Fund B

State Board of Administration

FLORIDA PRIME

CONTENTS

FLORIDA PRIME

Market Conditions..... 3
Investment Strategy..... 4
Significant Issues..... 4
Cash Flows..... 5
Detailed Fee Disclosure..... 5
Fund Performance..... 6
Inventory of Holdings..... 7
Participant Concentration..... 10
Compliance..... 11
Trading Activity..... 12

FUND B

Portfolio Commentary..... 17
Disclosure of Material Impacts..... 17
Return of Fund B Principal..... 17
Distributions/Distribution Detail..... 18
Inventory of Holdings..... 19
Compliance..... 20
Trading Activity..... 20

INTRODUCTION

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

(1) Reporting of any material impacts on the funds and any actions or escalations taken by staff to address such impacts;

(2) Presentation of a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month; and

(3) Preparation of the management summary "in a manner that will allow anyone to ascertain whether the investment activities during the reporting period have conformed to investment policies."

This report, which covers the period from December 1, 2009 through December 31, 2009, has been prepared by the SBA with input from Federated Investment Counseling ("Federated"), investment adviser for the funds, in a format intended to comply with the Statute.

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

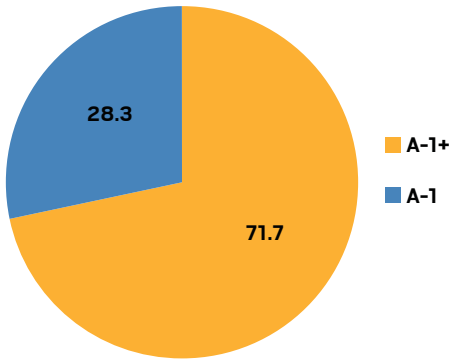
FLORIDA PRIME

PORTFOLIO COMPOSITION
DECEMBER 31, 2009

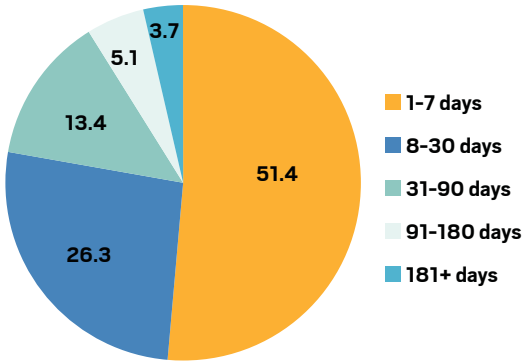
Florida PRIME Assets

$ 6,537,858,013.40

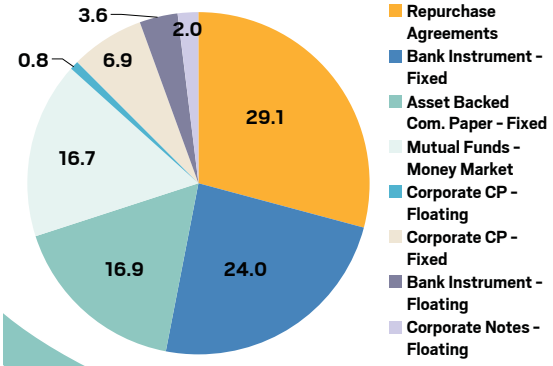
Credit Quality Composition (%)



Effective Maturity Schedule (%)



Portfolio Composition (%)



PORTFOLIO MANAGER COMMENTARY

DECEMBER 2009 MARKET CONDITIONS

With monetary policy in a prolonged holding pattern, the cash market in December was impacted mostly by seasonal forces that exerted downward pressure on yields at the extreme short end of the cash-yield curve. Though this phenomenon also is observed at quarter end, it is usually more pronounced as the New Year approaches. In the context of a rock-bottom interest rate environment, those seasonal factors—caused by institutional window dressing and year-end corporate financing needs—pushed overnight yields on commercial paper and Treasury securities to zero or below. Some longer-dated yields also declined slightly, with the six-month London interbank offered rate (LIBOR) falling another five basis points to 0.43% and 12-month LIBOR dropping three basis points to 0.98%. However, the yield on two-year Treasury notes rose to 1.09% from 0.67% a month earlier, mostly due to scant year-end supply, but also in reflection of the growing confidence that the fledgling economic recovery is gaining traction.

If investors thought they saw the first light of higher benchmark interest rates over the horizon, it was not because of any Federal Reserve pronouncement. The official statement accompanying the mid-December Federal Open Market Committee (FOMC) meeting repeated—at considerable length—what the market already knew about the pending withdrawal of various liquidity programs. The Fed did conduct a pair of successful tests of reverse repo transactions in a tri-party arrangement with its traditional counterparts in the primary dealer market. The tests had no policy significance; they were meant only to ensure from an operational standpoint that the system the Fed eventually will rely upon to soak up the excess reserves sloshing around the financial system as part of its exit strategy is sound and efficient. Though the scale of the tests was small, the process went smoothly.

On December 24, the Treasury Department announced that the government would remove the $200 billion limit on capital support that had been in place for Fannie Mae and Freddie Mac. Implicit in the move was the expectation that those agencies will have additional losses and that Uncle Sam remains ready to finance the mounting red ink. The timing of the Treasury announcement was designed to eliminate the need for Congressional authority to raise the $200 billion credit line for both Fannie and Freddie.

FLORIDA PRIME

PORTFOLIO COMPOSITION
DECEMBER 31, 2009

Top Holdings (%) and Average Maturity

1.	Dreyfus Government Cash Management	9.0%
2.	Federal Home Loan Bank System	4.4%
3.	Societe Generale, Paris	4.3%
4.	Bank of Montreal	4.3%
5.	Banco Bilbao Vizcaya Argentaria SA	4.2%
6.	Barclays Bank plc	3.9%
7.	Chariot Funding LLC	3.9%
8.	Federated Prime Cash Obligations Fund	3.8%
9.	Federated Prime Obligations Fund	3.8%
10.	Atlantic Asset Securitization LLC	3.8%

Average Effective Maturity

31.8 Days

Percentages based on total value of investments

Past performance is no guarantee of future results.

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

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

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

PORTFOLIO MANAGER COMMENTARY

Looking ahead, we continue to believe that the Fed will not raise interest rates until at least this summer. However, there are steps that the Fed can take in the meantime—such as a broader application of the reverse repo process—that will at least move the actual fed funds rate closer to the upper end of its zero to 25 basis point target range. On balance, we are guardedly optimistic that the unfriendly environment for savers that has prevailed for over a year will gradually become more hospitable as the new year unfolds.

PORTFOLIO INVESTMENT STRATEGY

Florida PRIME's assets increased dramatically in December reflecting the typical seasoned inflows of cash for public entities. Assets ended the month at $6.54 billion, up from $4.74 billion at the end of November. In order to appropriately invest the new money accumulated throughout the month, the pool shortened its average maturity to 32 days. There was no movement at the short end of the money market curve with one-month and three-month LIBOR unchanged at 0.23% and 0.25%, respectively. Overnight repurchase agreement rates remained very low and traded in the single to low double digits throughout the month. We anticipate continued low interest rates through the first half of 2010. The money markets are taking their cue from the Federal Reserve, and until the central bank shifts course, we do not see money market yields improving.

Security purchases during December included both asset backed commercial paper and bank instruments. Purchases were primarily focused in the one- to four-month portion of the money market curve. We also found value in one-year floating rate bank paper. Our investment management team continues to seek value in its purchases and remains dedicated to providing competitive yields while also preserving capital and liquidity.

DISCLOSURE OF SIGNIFICANT ISSUES

LEGAL ISSUE

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

CASH FLOWS

Summary of Cash Flows December 2009		Florida PRIME
Opening Balance (12/1/09)	$	4,737,250,923
Participant Deposits		3,494,880,241
Transfers from Fund B		6,250,000
Gross Earnings		1,116,140
Participant Withdrawals		(1,701,520,344)
Fees		(118,947)
Closing Balance (12/31/09)	$	6,537,858,013
Net Change over Month		1,800,607,090

Valuations based on amortized cost

As shown in the table above, Florida PRIME experienced a net inflow of $1.80 billion during December 2009.

This change in value consisted of positive flows of $3.49 billion in participant deposits, $6.3 million in transfers from Fund B and $1.1 million in earnings. Negative flows consisted of $1.70 billion in participant withdrawals and about $119,000 in fees.

Overall, the fund ended the month with a closing balance of $6.54 billion.

DISCLOSURE OF SIGNIFICANT ISSUES (CONTINUED)

Effective as of December 14, 2009 the SBA and JP Morgan entered into a Second Agreement to Extend Tolling Period (the "Extension") to facilitate further discussions between JP Morgan and the SBA and its external counsel, the law firm of Berman DeValerio, regarding a potential resolution of the dispute. The Office of Financial Regulation and Florida Attorney General's Office have been assisting with the negotiations.

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

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

DISCLOSURE OF MATERIAL IMPACTS

There were no developments during December 2009 that had a material impact on the liquidity or operation of Florida PRIME.

FLORIDA PRIME DETAILED FEE DISCLOSURE

Charges for December 2009	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	$ 29,860.06	0.64
Federated Investment Management & Client Outreach Fee	76,202.53	1.62
BNY Mellon Custodial Fee	116.67	0.00
Bank of America Transfer Agent Fee	4,699.62	0.10
S&P Rating Maintenance Fee	2,547.95	0.05
Audit/External Review Fees	5,520.55	0.12
Total Fees	**$118,947.38**	**2.53**

*The basis point equivalent is an annualized rate based on the dollar amount of fees charged for the month times 12, divided by an average of the fund's beginning and ending total value (amortized cost) for the month which was $5,637,554,468.

FLORIDA PRIME

NOTES TO PERFORMANCE TABLE

[1]Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants. It is otherwise comparable to the Cost-Based Return. See note 1 below.

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

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

NOTES TO SUPPLEMENTAL INFORMATION

[1]Net of fees. Cost-Based Return is 30-Day average yield utilizing amortized cost and a 360-day basis pursuant to Chapter 19-7.011, Florida Administrative Code.

[2]The gross-of-fee benchmark is the S&P AAA/AA Rated GIP All 30-Day Gross Index for all time periods. Prior to May 1998, a gross version of this benchmark did not exist. Therefore a proxy was created by adding 30 basis points to the net of fees version of this index for the period through April 1998. However, from December 1984 to March 1995, the gross index was approximated using 1-month LIBOR rates.

[3]Net of fees. The marked-to-market return is calculated by BNY Mellon. The first full month of total return performance measured on a marked-to-market basis began January 2008. Note that marked-to-market valuations and returns are *not* the norm for money market and 2a-7 (or 2a-7-like) funds. Hence, these returns are not comparable to the benchmark or other published data.

FUND PERFORMANCE THROUGH DECEMBER 31, 2009

Florida PRIME Participant Performance Data

	Net Participant Yield[1]	Net-of-Fee Benchmark[2]	Above (Below) Benchmark
1 mo	0.21%	0.21%	0.00%
3 mos	0.26%	0.22%	0.04%
12 mos	0.58%	0.46%	0.12%
3 yrs	2.73%	2.69%	0.04%
5 yrs	3.33%	3.19%	0.14%
10 yrs	3.22%	2.98%	0.23%
Since 1.96	3.87%	3.64%	0.23%
	Net asset value ending Dec-31-09:		$6,537.5 m

Supplemental Performance Information

	Net Fund Cost-Based Return[1]	Gross-of-Fee Benchmark[2]	Marked-to-Market Return[3]
1 mo	0.20%	0.38%	0.08%
3 mos	0.27%	0.39%	0.16%
12 mos	0.58%	0.65%	0.53%
3 yrs	2.85%	2.90%	n/a
5 yrs	3.38%	3.40%	n/a
10 yrs	3.23%	3.21%	n/a
Since 12.84	5.12%	5.10%	n/a
Since 1.08			1.99%

FLORIDA PRIME

INVENTORY OF HOLDINGS
DECEMBER 31, 2009

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost [2]	Mkt Value [1]	Unrealized Gain (Loss)
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/19/10		$ 25,000,000	0.19	$ 24,997,493	$ 24,995,475	$ (2,018)
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		02/04/10		$ 43,800,000	0.18	$ 43,792,335	$ 43,784,543	$ (7,792)
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		03/02/10		$ 186,100,000	0.20	$ 186,036,933	$ 185,979,537	$ (57,395)
Australia & New Zealand Banking Group, Melbourne, Nov 23, 2010	VARIABLE RATE COMMERCIAL PAPER	0.28	11/23/10	01/25/10	$ 50,000,000	0.29	$ 50,000,000	$ 49,957,300	$ (42,700)
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.34	05/05/10		$ 100,000,000	0.34	$ 100,000,000	$ 100,020,750	$ 20,750
Banco Bilbao Vizcaya Argentaria SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	04/12/10		$ 236,000,000	0.25	$ 236,003,341	$ 235,963,231	$ (40,109)
Banco Bilbao Vizcaya Argentaria SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	03/17/10		$ 40,000,000	0.25	$ 40,000,422	$ 39,998,732	$ (1,690)
Bank of America Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.01	01/04/10		$ 920,000,000	0.01	$ 920,000,000	$ 920,000,000	$ -
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.21	03/18/10		$ 100,000,000	0.21	$ 100,000,000	$ 99,987,170	$ (12,830)
Bank of Montreal, Dec 20, 2010	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.23	12/20/10	01/20/10	$ 138,000,000	0.24	$ 138,000,000	$ 137,934,036	$ (65,964)
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	01/14/10		$ 50,000,000	0.25	$ 50,000,000	$ 50,000,580	$ 580
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	03/02/10		$ 75,000,000	0.24	$ 75,000,000	$ 74,996,183	$ (3,818)
Barclays Bank PLC, London CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.80	01/19/10		$ 100,000,000	0.81	$ 100,000,000	$ 100,030,560	$ 30,560
Branch Banking & Trust Co. CD	CERTIFICATE OF DEPOSIT	0.65	01/04/10		$ 100,000,000	0.66	$ 100,000,000	$ 100,005,880	$ 5,880
Calyon, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.22	01/13/10		$ 246,000,000	0.22	$ 246,000,000	$ 246,003,542	$ 3,542
Chariot Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/15/10		$ 147,760,000	0.16	$ 147,750,149	$ 147,750,144	$ (5)
Chariot Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/20/10		$ 16,414,000	0.16	$ 16,412,541	$ 16,412,469	$ (72)
Chariot Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/26/10		$ 88,000,000	0.16	$ 87,989,831	$ 87,988,815	$ (1,016)

See notes at end of table.

FLORIDA PRIME

INVENTORY OF HOLDINGS (CONTINUED)
DECEMBER 31, 2009

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost [2]	Mkt Value [1]	Unrealized Gain (Loss)
Citibank NA, New York CD	CERTIFICATE OF DEPOSIT	0.20	01/29/10		$ 240,000,000	0.20	$ 240,000,000	$ 240,015,456	$ 15,456
Danske Corp., Inc. CP4-2	COMMERCIAL PAPER - 4-2		02/16/10		$ 8,800,000	0.20	$ 8,797,702	$ 8,797,668	$ (34)
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.00	01/04/10		$ 591,020,749	0.00	$ 591,020,749	$ 591,020,749	$ -
Edison Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		02/08/10		$ 63,097,000	0.22	$ 63,081,962	$ 63,073,862	$ (8,100)
Edison Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		03/16/10		$ 10,685,000	0.21	$ 10,680,325	$ 10,679,658	$ (668)
Enterprise Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		03/02/10		$ 2,000,000	0.20	$ 1,999,322	$ 1,999,288	$ (34)
FHLB .4% 12/27/2010	FHLB NOTE	0.40	12/27/10		$ 145,000,000	0.40	$ 145,000,000	$ 144,726,530	$ (273,470)
FHLB .55% 8/04/2010	FHLB NOTE	0.55	08/04/10		$ 100,000,000	0.62	$ 99,960,225	$ 100,005,200	$ 44,975
FHLB Floating Rate Series 2 3/11/2010	FHLB FLOATING RATE NOTE	0.80	03/11/10	01/01/10	$ 40,000,000	0.81	$ 39,999,000	$ 40,047,360	$ 48,360
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/11/10		$ 19,118,000	0.20	$ 19,116,832	$ 19,116,073	$ (759)
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		02/02/10		$ 95,963,000	0.22	$ 95,943,647	$ 95,931,159	$ (12,488)
Falcon Asset Securitization Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/25/10		$ 12,250,000	0.17	$ 12,248,554	$ 12,248,520	$ (34)
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.13	01/04/10	01/04/10	$ 250,163,461	0.14	$ 250,163,461	$ 250,163,461	$ -
Federated Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.10	01/04/10	01/04/10	$ 250,029,652	0.10	$ 250,029,652	$ 250,029,652	$ -
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		03/15/10		$ 158,000,000	0.39	$ 157,876,584	$ 157,925,629	$ 49,045
Morgan Stanley & Co., Inc. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.01	01/04/10		$ 980,000,000	0.01	$ 980,000,000	$ 980,000,000	$ -
Mullenix-St. Charles Properties, L.P., Times Centre Apartments Project Series 2004, Jan 1, 2028	VARIABLE RATE DEMAND NOTE	0.30	01/01/28	01/07/10	$ 13,500,000	0.30	$ 13,500,000	$ 13,500,000	$ -
Robert Louis Stevenson School, Series 2007, Aug 01, 2037	VARIABLE RATE DEMAND NOTE	1.00	08/01/37	01/07/10	$ 6,000,000	1.00	$ 6,000,000	$ 6,000,000	$ -

See notes at end of table.

FLORIDA PRIME

INVENTORY OF HOLDINGS (CONTINUED)
DECEMBER 31, 2009

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost [2]	Mkt Value [1]	Unrealized Gain (Loss)
Roche Holding AG, Feb 25, 2010	VARIABLE RATE TERM NOTE	1.26	02/25/10	02/25/10	$ 28,000,000	1.28	$ 28,000,000	$ 28,005,208	$ 5,208
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/06/10		$ 50,000,000	0.21	$ 49,998,250	$ 49,997,335	$ (915)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/11/10		$ 82,000,000	0.21	$ 81,994,738	$ 81,991,980	$ (2,758)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/15/10		$ 13,200,000	0.21	$ 13,198,845	$ 13,198,240	$ (605)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/22/10		$ 16,900,000	0.18	$ 16,898,141	$ 16,896,478	$ (1,663)
Sheffield Receivables Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/12/10		$ 10,600,000	0.21	$ 10,599,258	$ 10,598,834	$ (424)
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		01/04/10		$ 100,000,000	0.01	$ 99,999,889	$ 99,998,220	$ (1,669)
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		01/22/10		$ 118,000,000	0.18	$ 117,987,020	$ 117,987,598	$ 578
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		03/01/10		$ 63,800,000	0.22	$ 63,776,607	$ 63,776,605	$ (2)
St. Andrew United Methodist Church, Series 2004, Jul 1, 2029	VARIABLE RATE DEMAND NOTE	0.30	07/01/29	01/07/10	$ 10,235,000	0.30	$ 10,235,000	$ 10,235,000	$ -
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/15/10		$ 19,500,000	0.24	$ 19,498,050	$ 19,497,157	$ (893)
Surrey Funding Corporation CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/15/10		$ 45,000,000	0.23	$ 44,995,688	$ 44,993,813	$ (1,875)
Surrey Funding Corporation CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/19/10		$ 25,000,000	0.22	$ 24,997,097	$ 24,995,475	$ (1,622)
Surrey Funding Corporation CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/20/10		$ 80,000,000	0.22	$ 79,990,222	$ 79,984,576	$ (5,646)
Toronto Dominion Bank, Dec 09, 2010	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.23	12/09/10	01/11/10	$ 100,000,000	0.24	$ 100,000,000	$ 99,953,700	$ (46,300)
Union Bank of California, N.A. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	02/02/10		$ 2,000,000	0.25	$ 2,000,000	$ 2,000,202	$ 202
Westpac Banking Corp. Ltd., Sydney, Dec 11, 2010	VARIABLE MEDIUM TERM NOTE	0.28	12/11/10	01/11/10	$ 75,000,000	0.29	$ 75,000,000	$ 74,964,975	$ (35,025)
Yorktown Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		01/07/10		$ 50,070,000	0.16	$ 50,068,442	$ 50,066,590	$ (1,852)
Total Value of Investments					**$ 6,537,005,862**		**$ 6,536,638,308**	**$ 6,536,231,200**	**$ (407,108)**

Notes:

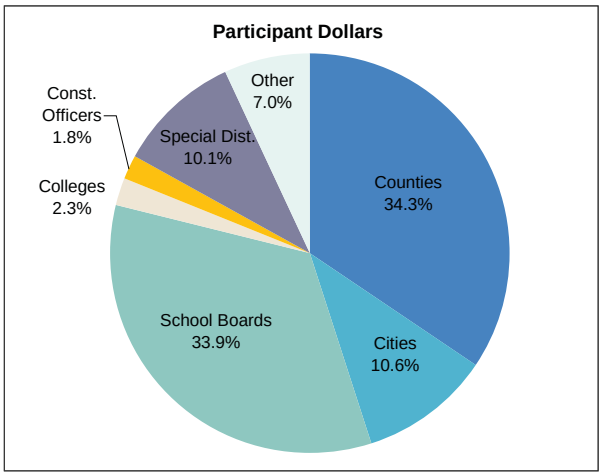
[1] Market values of the portfolio securities are provided by the custodian, BNY Mellon. The portfolio manager, Federated Investment Counseling, is the source for other data shown above.

[2] Amortized cost is calculated using a straight line method.

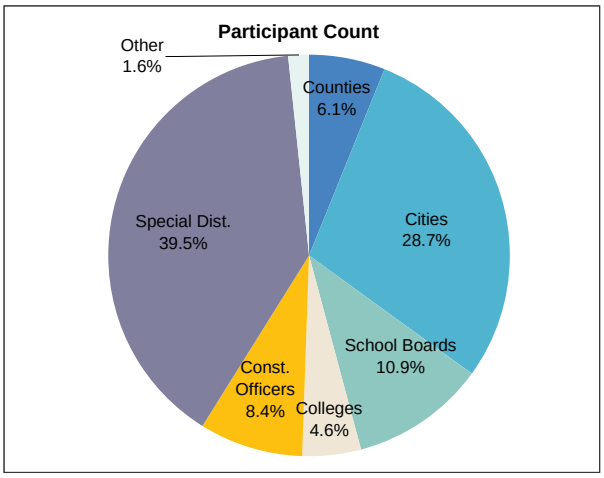
The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

PARTICIPANT CONCENTRATION DATA - DECEMBER 31, 2009

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
All Participants	**100.0%**	**100.0%**	**Colleges & Universities**	**2.3%**	**4.6%**
Top 10	43.7%	1.3%	Top 10	2.1%	1.3%
$100 million or more	53.8%	2.0%	$100 million or more	0.0%	0.0%
$10 million up to $100 million	38.4%	10.0%	$10 million up to $100 million	1.7%	0.6%
$1 million up to $10 million	7.0%	15.4%	$1 million up to $10 million	0.6%	1.1%
Under $1 million	0.9%	72.5%	Under $1 million	0.01%	2.9%
Counties	**34.3%**	**6.1%**	**Constitutional Officers**	**1.8%**	**8.4%**
Top 10	29.7%	1.3%	Top 10	0.9%	1.3%
$100 million or more	25.5%	0.9%	$100 million or more	0.0%	0.0%
$10 million up to $100 million	8.1%	1.4%	$10 million up to $100 million	1.1%	0.3%
$1 million up to $10 million	0.7%	1.3%	$1 million up to $10 million	0.6%	1.1%
Under $1 million	0.0%	2.6%	Under $1 million	0.1%	7.0%
Municipalities	**10.6%**	**28.7%**	**Special Districts**	**10.1%**	**39.5%**
Top 10	5.8%	1.3%	Top 10	7.1%	1.3%
$100 million or more	0.0%	0.0%	$100 million or more	3.6%	0.3%
$10 million up to $100 million	7.8%	2.5%	$10 million up to $100 million	4.5%	1.6%
$1 million up to $10 million	2.5%	5.4%	$1 million up to $10 million	1.6%	4.0%
Under $1 million	0.3%	20.8%	Under $1 million	0.3%	33.6%
School Boards	**33.9%**	**10.9%**	**Other**	**7.0%**	**1.6%**
Top 10	26.3%	1.3%	Top 10	7.0%	1.3%
$100 million or more	21.0%	0.6%	$100 million or more	3.7%	0.3%
$10 million up to $100 million	12.0%	3.0%	$10 million up to $100 million	3.2%	0.6%
$1 million up to $10 million	0.9%	2.3%	$1 million up to $10 million	0.1%	0.3%
Under $1 million	0.1%	5.0%	Under $1 million	0.0%	0.5%



Total Fund Value: $6,537,858,013



Total Participant Count: 797

INVESTMENT POLICY COMPLIANCE - DECEMBER 2009

Test by Source	Pass/Fail
Florida PRIME's Investment Policy	
Securities must be USD denominated.	Pass
Ratings requirements	
The Pool must purchase exclusively first-tier securities. Securities purchased with short-term ratings by an NRSRO, or comparable in quality and security to other obligations of the issuer that have received short-term ratings from an NRSRO, are eligible if they are in one of the two highest rating categories.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Maturity	
Securities, excluding Government floating rate notes/variable rate notes, purchased did not have a maturity in excess of 397 days.	Pass
Government floating rate notes/variable rate notes purchased did not have a maturity in excess of 762 days.	Pass
The Pool must maintain a Spread WAM of 120 days or less.	Pass
Issuer Diversification	
First-tier issuers (limit does not apply to cash, cash items, U.S. Government securities refunded securities and repo collateralized by these securities) are limited, at the time of purchase, to 5% of the Pool's total assets.[1]	Pass
Demand Feature and Guarantor Diversification	
First tier securities issued by or subject to demand features and guarantees of a non-controlled person, at time of purchase, are limited to 10% with respect to 75% of the Pool's total assets.	Pass
First tier securities issued by or subject to demand features and guarantees of a control person, at time of purchase, are limited to 10% with respect to the Pool's total assets.	Pass
Money Market Mutual Funds	
The account, at time of purchase, will not have exposure to any one Money Market Mutual Fund in excess of 10% of the Pool's total assets.	Pass
Concentration Tests	
The account, at time of purchase, will not have exposure to an industry sector, excluding the financial services industry, in excess of 25% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to any single Government Agency in excess of 33.33% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to illiquid securities in excess of 10% of the Pool's total assets.	Pass
The account, at time of purchase, will invest at least 5% of the Pool's total assets in securities accessible within one day.	Pass
The account, at time of purchase, will invest at least 20% of the Pool's total assets in securities accessible within seven days.	Pass
S&P Requirements	
The Pool must maintain a Dollar Weighted Average Maturity of 60 days or less.	Pass
The account, at time of purchase, will invest at least 50% of the Pool's total assets in Securities in Highest Rating Category (A-1+ or equivalent) .	Pass

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

FLORIDA PRIME

TRADING ACTIVITY FOR DECEMBER 2009

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys								
ATLANTIC ASSET SECUCPABS4	01/19/10	12/24/09	12/24/09	$ 25,000,000	$ 24,996,570	$ -	$ 24,996,570	$ -
ATLANTIC ASSET SECUCPABS4	02/04/10	12/04/09	12/04/09	$ 43,800,000	$ 43,786,422	$ -	$ 43,786,422	$ -
ATLANTIC ASSET SECUCPABS4	03/02/10	12/02/09	12/02/09	$ 50,000,000	$ 49,975,000	$ -	$ 49,975,000	$ -
ATLANTIC ASSET SECUCPABS4	03/02/10	12/02/09	12/02/09	$ 50,000,000	$ 49,975,000	$ -	$ 49,975,000	$ -
ATLANTIC ASSET SECUCPABS4	03/02/10	12/02/09	12/02/09	$ 50,000,000	$ 49,975,000	$ -	$ 49,975,000	$ -
ATLANTIC ASSET SECUCPABS4	03/02/10	12/02/09	12/02/09	$ 36,100,000	$ 36,081,950	$ -	$ 36,081,950	$ -
BANCO BILBAO VIZCAYCDYAN	04/12/10	12/10/09	12/14/09	$ 50,000,000	$ 50,000,826	$ -	$ 50,000,826	$ -
BANCO BILBAO VIZCAYCDYAN	04/12/10	12/10/09	12/14/09	$ 50,000,000	$ 50,000,826	$ -	$ 50,000,826	$ -
BANCO BILBAO VIZCAYCDYAN	04/12/10	12/10/09	12/14/09	$ 50,000,000	$ 50,000,826	$ -	$ 50,000,826	$ -
BANCO BILBAO VIZCAYCDYAN	04/12/10	12/10/09	12/14/09	$ 50,000,000	$ 50,000,826	$ -	$ 50,000,826	$ -
BANCO BILBAO VIZCAYCDYAN	04/12/10	12/10/09	12/14/09	$ 36,000,000	$ 36,000,594	$ -	$ 36,000,594	$ -
BANCO BILBAO VIZCAYCDYAN	03/17/10	12/15/09	12/17/09	$ 40,000,000	$ 40,000,500	$ -	$ 40,000,500	$ -
BANK OF MONTREAL/CHICAGO	12/20/10	12/17/09	12/18/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
BANK OF MONTREAL/CHICAGO	12/20/10	12/17/09	12/18/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
BANK OF MONTREAL/CHICAGO	12/20/10	12/17/09	12/18/09	$ 38,000,000	$ 38,000,000	$ -	$ 38,000,000	$ -
BANK OF MONTREAL (CCDYAN	03/18/10	12/18/09	12/18/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
BANK OF MONTREAL (CCDYAN	03/18/10	12/18/09	12/18/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
BARCLAYS US FUNDING CORP	12/31/09	12/30/09	12/30/09	$ 26,000,000	$ 25,999,928	$ -	$ 25,999,928	$ -
CHARIOT FUNDING LLCCPABS4	12/28/09	12/07/09	12/07/09	$ 13,300,000	$ 13,298,836	$ -	$ 13,298,836	$ -
CHARIOT FUNDING LLCCPABS4	01/15/10	12/23/09	12/23/09	$ 50,000,000	$ 49,994,889	$ -	$ 49,994,889	$ -
CHARIOT FUNDING LLCCPABS4	01/15/10	12/23/09	12/23/09	$ 50,000,000	$ 49,994,889	$ -	$ 49,994,889	$ -
CHARIOT FUNDING LLCCPABS4	01/15/10	12/23/09	12/23/09	$ 47,760,000	$ 47,755,118	$ -	$ 47,755,118	$ -
CHARIOT FUNDING LLCCPABS4	01/20/10	12/23/09	12/23/09	$ 16,414,000	$ 16,411,957	$ -	$ 16,411,957	$ -
CHARIOT FUNDING LLCCPABS4	01/26/10	12/02/09	12/02/09	$ 50,000,000	$ 49,987,778	$ -	$ 49,987,778	$ -
CHARIOT FUNDING LLCCPABS4	01/26/10	12/02/09	12/02/09	$ 38,000,000	$ 37,990,711	$ -	$ 37,990,711	$ -
CITIBANK NA, NEW YOCD	01/29/10	12/29/09	12/29/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
CITIBANK NA, NEW YOCD	01/29/10	12/29/09	12/29/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
CITIBANK NA, NEW YOCD	01/29/10	12/29/09	12/29/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
CITIBANK NA, NEW YOCD	01/29/10	12/29/09	12/29/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
CITIBANK NA, NEW YOCD	01/29/10	12/29/09	12/29/09	$ 40,000,000	$ 40,000,000	$ -	$ 40,000,000	$ -
EDISON ASSET SECURICPABS4	03/16/10	12/16/09	12/16/09	$ 10,685,000	$ 10,679,390	$ -	$ 10,679,390	$ -
ENTERPRISE FUNDING CPABS4	03/02/10	12/16/09	12/16/09	$ 2,000,000	$ 1,999,156	$ -	$ 1,999,156	$ -
FALCON ASSET SECURICPABS4	01/25/10	12/02/09	12/02/09	$ 12,250,000	$ 12,246,876	$ -	$ 12,246,876	$ -
GENERAL ELECTRIC CO CP	12/24/09	12/23/09	12/23/09	$ 50,000,000	$ 49,999,834	$ -	$ 49,999,834	$ -
GENERAL ELECTRIC CO CP	12/24/09	12/23/09	12/23/09	$ 50,000,000	$ 49,999,834	$ -	$ 49,999,834	$ -
GENERAL ELECTRIC CO CP	12/24/09	12/23/09	12/23/09	$ 50,000,000	$ 49,999,834	$ -	$ 49,999,834	$ -
GENERAL ELECTRIC CO CP	12/24/09	12/23/09	12/23/09	$ 50,000,000	$ 49,999,834	$ -	$ 49,999,834	$ -
GENERAL ELECTRIC CO CP	12/24/09	12/23/09	12/23/09	$ 50,000,000	$ 49,999,834	$ -	$ 49,999,834	$ -
GENERAL ELECTRIC CO CP	12/24/09	12/23/09	12/23/09	$ 50,000,000	$ 49,999,834	$ -	$ 49,999,834	$ -
GENERAL ELECTRIC CO CP	12/28/09	12/24/09	12/24/09	$ 50,000,000	$ 49,999,445	$ -	$ 49,999,445	$ -
GENERAL ELECTRIC CO CP	12/28/09	12/24/09	12/24/09	$ 50,000,000	$ 49,999,445	$ -	$ 49,999,445	$ -
GENERAL ELECTRIC CO CP	12/28/09	12/24/09	12/24/09	$ 50,000,000	$ 49,999,445	$ -	$ 49,999,445	$ -
GENERAL ELECTRIC CO CP	12/28/09	12/24/09	12/24/09	$ 50,000,000	$ 49,999,445	$ -	$ 49,999,445	$ -
GENERAL ELECTRIC CO CP	12/28/09	12/24/09	12/24/09	$ 50,000,000	$ 49,999,445	$ -	$ 49,999,445	$ -
GENERAL ELECTRIC CO CP	12/28/09	12/24/09	12/24/09	$ 50,000,000	$ 49,999,445	$ -	$ 49,999,445	$ -
GENERAL ELECTRIC CO CP	12/28/09	12/24/09	12/24/09	$ 15,000,000	$ 14,999,833	$ -	$ 14,999,833	$ -

TRADING ACTIVITY FOR DECEMBER 2009 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys (continued)								
SALISBURY RECEIVABLCPABS4	01/22/10	12/08/09	12/08/09	$ 16,900,000	$ 16,896,198	$ -	$ 16,896,198	$ -
SOCIETE GENERALE NOCP	12/23/09	12/09/09	12/09/09	$ 50,000,000	$ 49,996,889	$ -	$ 49,996,889	$ -
SOCIETE GENERALE NOCP	12/23/09	12/09/09	12/09/09	$ 13,000,000	$ 12,999,191	$ -	$ 12,999,191	$ -
SOCIETE GENERALE NOCP	12/31/09	12/30/09	12/30/09	$ 50,000,000	$ 49,999,806	$ -	$ 49,999,806	$ -
SOCIETE GENERALE NOCP	12/31/09	12/30/09	12/30/09	$ 50,000,000	$ 49,999,806	$ -	$ 49,999,806	$ -
SOCIETE GENERALE NOCP	12/31/09	12/30/09	12/30/09	$ 42,000,000	$ 41,999,837	$ -	$ 41,999,837	$ -
SOCIETE GENERALE NOCP	01/04/10	12/31/09	12/31/09	$ 50,000,000	$ 49,999,945	$ -	$ 49,999,945	$ -
SOCIETE GENERALE NOCP	01/04/10	12/31/09	12/31/09	$ 50,000,000	$ 49,999,945	$ -	$ 49,999,945	$ -
SOCIETE GENERALE NOCP	01/22/10	12/23/09	12/23/09	$ 50,000,000	$ 49,992,500	$ -	$ 49,992,500	$ -
SOCIETE GENERALE NOCP	01/22/10	12/23/09	12/23/09	$ 50,000,000	$ 49,992,500	$ -	$ 49,992,500	$ -
SOCIETE GENERALE NOCP	01/22/10	12/23/09	12/23/09	$ 18,000,000	$ 17,997,300	$ -	$ 17,997,300	$ -
SOCIETE GENERALE NOCP	03/01/10	12/08/09	12/08/09	$ 50,000,000	$ 49,974,639	$ -	$ 49,974,639	$ -
SOCIETE GENERALE NOCP	03/01/10	12/08/09	12/08/09	$ 13,800,000	$ 13,793,000	$ -	$ 13,793,000	$ -
TORONTO DOMINION BANK/NY	12/09/10	12/03/09	12/09/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
TORONTO DOMINION BANK/NY	12/09/10	12/03/09	12/09/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
WESTPAC BANKING CORP	12/11/10	12/07/09	12/11/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
WESTPAC BANKING CORP	12/11/10	12/07/09	12/11/09	$ 25,000,000	$ 25,000,000	$ -	$ 25,000,000	$ -
YORKTOWN CAPITAL LLCPABS4	12/16/09	12/07/09	12/07/09	$ 50,000,000	$ 49,998,125	$ -	$ 49,998,125	$ -
YORKTOWN CAPITAL LLCPABS4	12/16/09	12/07/09	12/07/09	$ 23,640,000	$ 23,639,114	$ -	$ 23,639,114	$ -
YORKTOWN CAPITAL LLCPABS4	01/07/10	12/07/09	12/07/09	$ 50,000,000	$ 49,993,111	$ -	$ 49,993,111	$ -
YORKTOWN CAPITAL LLCPABS4	01/07/10	12/07/09	12/07/09	$ 70,000	$ 69,990	$ -	$ 69,990	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/03/09	12/03/09	$ 42,088,078	$ 42,088,078	$ -	$ 42,088,078	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/04/09	12/04/09	$ 166,618,862	$ 166,618,862	$ -	$ 166,618,862	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/08/09	12/08/09	$ 18,156,070	$ 18,156,070	$ -	$ 18,156,070	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/11/09	12/11/09	$ 218,436,870	$ 218,436,870	$ -	$ 218,436,870	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/15/09	12/15/09	$ 106,885,186	$ 106,885,186	$ -	$ 106,885,186	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/18/09	12/18/09	$ 20,376,017	$ 20,376,017	$ -	$ 20,376,017	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/21/09	12/21/09	$ 82,851,398	$ 82,851,398	$ -	$ 82,851,398	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/22/09	12/22/09	$ 234,895,211	$ 234,895,211	$ -	$ 234,895,211	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/28/09	12/28/09	$ 170,096,992	$ 170,096,992	$ -	$ 170,096,992	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/31/09	12/31/09	$ 519,660,581	$ 519,660,581	$ -	$ 519,660,581	$ -
FEDERATED PRIME CASH OBLIGATIONS FU	10/01/40	12/01/09	12/01/09	$ 35,679	$ 35,679	$ -	$ 35,679	$ -
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	12/01/09	12/01/09	$ 29,652	$ 29,652	$ -	$ 29,652	$ -
MORGAN STANLEY TRIPARTY	12/02/09	12/01/09	12/01/09	$ 970,000,000	$ 970,000,000	$ -	$ 970,000,000	$ -
BANK OF AMERICA TRIPARTY	12/02/09	12/01/09	12/01/09	$ 800,000,000	$ 800,000,000	$ -	$ 800,000,000	$ -
MORGAN STANLEY TRIPARTY	12/03/09	12/02/09	12/02/09	$ 660,000,000	$ 660,000,000	$ -	$ 660,000,000	$ -
BANK OF AMERICA TRIPARTY	12/03/09	12/02/09	12/02/09	$ 850,000,000	$ 850,000,000	$ -	$ 850,000,000	$ -
MORGAN STANLEY TRIPARTY	12/04/09	12/03/09	12/03/09	$ 950,000,000	$ 950,000,000	$ -	$ 950,000,000	$ -
BANK OF AMERICA TRIPARTY	12/04/09	12/03/09	12/03/09	$ 462,000,000	$ 462,000,000	$ -	$ 462,000,000	$ -
MORGAN STANLEY TRIPARTY	12/07/09	12/04/09	12/04/09	$ 940,000,000	$ 940,000,000	$ -	$ 940,000,000	$ -
BANK OF AMERICA TRIPARTY	12/07/09	12/04/09	12/04/09	$ 470,000,000	$ 470,000,000	$ -	$ 470,000,000	$ -
MORGAN STANLEY TRIPARTY	12/08/09	12/07/09	12/07/09	$ 950,000,000	$ 950,000,000	$ -	$ 950,000,000	$ -
BANK OF AMERICA TRIPARTY	12/08/09	12/07/09	12/07/09	$ 850,000,000	$ 850,000,000	$ -	$ 850,000,000	$ -
MORGAN STANLEY TRIPARTY	12/09/09	12/08/09	12/08/09	$ 900,000,000	$ 900,000,000	$ -	$ 900,000,000	$ -
BANK OF AMERICA TRIPARTY	12/09/09	12/08/09	12/08/09	$ 945,000,000	$ 945,000,000	$ -	$ 945,000,000	$ -
MORGAN STANLEY TRIPARTY	12/10/09	12/09/09	12/09/09	$ 860,000,000	$ 860,000,000	$ -	$ 860,000,000	$ -

FLORIDA PRIME

TRADING ACTIVITY FOR DECEMBER 2009 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys (continued)								
BANK OF AMERICA TRIPARTY	12/10/09	12/09/09	12/09/09	$ 900,000,000	$ 900,000,000	$ -	$ 900,000,000	$ -
MORGAN STANLEY TRIPARTY	12/11/09	12/10/09	12/10/09	$ 955,000,000	$ 955,000,000	$ -	$ 955,000,000	$ -
BANK OF AMERICA TRIPARTY	12/11/09	12/10/09	12/10/09	$ 950,000,000	$ 950,000,000	$ -	$ 950,000,000	$ -
MORGAN STANLEY TRIPARTY	12/14/09	12/11/09	12/11/09	$ 960,000,000	$ 960,000,000	$ -	$ 960,000,000	$ -
BANK OF AMERICA TRIPARTY	12/14/09	12/11/09	12/11/09	$ 900,000,000	$ 900,000,000	$ -	$ 900,000,000	$ -
MORGAN STANLEY TRIPARTY	12/15/09	12/14/09	12/14/09	$ 960,000,000	$ 960,000,000	$ -	$ 960,000,000	$ -
BANK OF AMERICA TRIPARTY	12/15/09	12/14/09	12/14/09	$ 1,000,000,000	$ 1,000,000,000	$ -	$ 1,000,000,000	$ -
MORGAN STANLEY TRIPARTY	12/16/09	12/15/09	12/15/09	$ 970,000,000	$ 970,000,000	$ -	$ 970,000,000	$ -
BANK OF AMERICA TRIPARTY	12/16/09	12/15/09	12/15/09	$ 1,200,000,000	$ 1,200,000,000	$ -	$ 1,200,000,000	$ -
MORGAN STANLEY TRIPARTY	12/17/09	12/16/09	12/16/09	$ 1,165,000,000	$ 1,165,000,000	$ -	$ 1,165,000,000	$ -
BANK OF AMERICA TRIPARTY	12/17/09	12/16/09	12/16/09	$ 1,170,000,000	$ 1,170,000,000	$ -	$ 1,170,000,000	$ -
MORGAN STANLEY TRIPARTY	12/18/09	12/17/09	12/17/09	$ 400,000,000	$ 400,000,000	$ -	$ 400,000,000	$ -
MORGAN STANLEY TRIPARTY	12/18/09	12/17/09	12/17/09	$ 965,000,000	$ 965,000,000	$ -	$ 965,000,000	$ -
BANK OF AMERICA TRIPARTY	12/18/09	12/17/09	12/17/09	$ 870,000,000	$ 870,000,000	$ -	$ 870,000,000	$ -
MORGAN STANLEY TRIPARTY	12/21/09	12/18/09	12/18/09	$ 1,072,000,000	$ 1,072,000,000	$ -	$ 1,072,000,000	$ -
BANK OF AMERICA TRIPARTY	12/21/09	12/18/09	12/18/09	$ 1,070,000,000	$ 1,070,000,000	$ -	$ 1,070,000,000	$ -
MORGAN STANLEY TRIPARTY	12/22/09	12/21/09	12/21/09	$ 970,000,000	$ 970,000,000	$ -	$ 970,000,000	$ -
BANK OF AMERICA TRIPARTY	12/22/09	12/21/09	12/21/09	$ 1,170,000,000	$ 1,170,000,000	$ -	$ 1,170,000,000	$ -
MORGAN STANLEY TRIPARTY	12/23/09	12/22/09	12/22/09	$ 970,000,000	$ 970,000,000	$ -	$ 970,000,000	$ -
BANK OF AMERICA TRIPARTY	12/23/09	12/22/09	12/22/09	$ 1,400,000,000	$ 1,400,000,000	$ -	$ 1,400,000,000	$ -
MORGAN STANLEY TRIPARTY	12/24/09	12/23/09	12/23/09	$ 970,000,000	$ 970,000,000	$ -	$ 970,000,000	$ -
BANK OF AMERICA TRIPARTY	12/24/09	12/23/09	12/23/09	$ 1,275,000,000	$ 1,275,000,000	$ -	$ 1,275,000,000	$ -
MORGAN STANLEY TRIPARTY	12/28/09	12/24/09	12/24/09	$ 975,000,000	$ 975,000,000	$ -	$ 975,000,000	$ -
BANK OF AMERICA TRIPARTY	12/28/09	12/24/09	12/24/09	$ 1,300,000,000	$ 1,300,000,000	$ -	$ 1,300,000,000	$ -
MORGAN STANLEY TRIPARTY	12/29/09	12/28/09	12/28/09	$ 975,000,000	$ 975,000,000	$ -	$ 975,000,000	$ -
BANK OF AMERICA TRIPARTY	12/29/09	12/28/09	12/28/09	$ 1,500,000,000	$ 1,500,000,000	$ -	$ 1,500,000,000	$ -
MORGAN STANLEY TRIPARTY	12/30/09	12/29/09	12/29/09	$ 970,000,000	$ 970,000,000	$ -	$ 970,000,000	$ -
BANK OF AMERICA TRIPARTY	12/30/09	12/29/09	12/29/09	$ 1,500,000,000	$ 1,500,000,000	$ -	$ 1,500,000,000	$ -
MORGAN STANLEY TRIPARTY	12/31/09	12/30/09	12/30/09	$ 970,000,000	$ 970,000,000	$ -	$ 970,000,000	$ -
BANK OF AMERICA TRIPARTY	12/31/09	12/30/09	12/30/09	$ 1,370,000,000	$ 1,370,000,000	$ -	$ 1,370,000,000	$ -
MORGAN STANLEY TRIPARTY	01/04/10	12/31/09	12/31/09	$ 980,000,000	$ 980,000,000	$ -	$ 980,000,000	$ -
BANK OF AMERICA TRIPARTY	01/04/10	12/31/09	12/31/09	$ 920,000,000	$ 920,000,000	$ -	$ 920,000,000	$ -
Total Buys				**$ 48,651,849,597**	**$ 48,651,621,858**	**$ -**	**$ 48,651,621,858**	**$ -**
Maturities								
BASF SECP4-2	12/07/09	12/07/09	12/07/09	$ 105,000,000	$ 105,000,000	$ -	$ 105,000,000	$ -
BANCO BILBAO VIZCAYCDYAN	12/07/09	12/07/09	12/07/09	$ 200,000,000	$ 200,000,000	$ -	$ 200,000,000	$ -
BANCO BILBAO VIZCAYCDYAN	12/09/09	12/09/09	12/09/09	$ 40,000,000	$ 40,000,000	$ -	$ 40,000,000	$ -
BANK OF TOKYO-MITSUCDYAN	12/18/09	12/18/09	12/18/09	$ 75,000,000	$ 75,000,000	$ -	$ 75,000,000	$ -
BARCLAYS US FUNDING CORP	12/31/09	12/31/09	12/31/09	$ 26,000,000	$ 26,000,000	$ -	$ 26,000,000	$ -
CHARIOT FUNDING LLCCPABS4	12/02/09	12/02/09	12/02/09	$ 29,000,000	$ 29,000,000	$ -	$ 29,000,000	$ -
CHARIOT FUNDING LLCCPABS4	12/07/09	12/07/09	12/07/09	$ 66,000,000	$ 66,000,000	$ -	$ 66,000,000	$ -
CHARIOT FUNDING LLCCPABS4	12/23/09	12/23/09	12/23/09	$ 78,100,000	$ 78,100,000	$ -	$ 78,100,000	$ -
CHARIOT FUNDING LLCCPABS4	12/28/09	12/28/09	12/28/09	$ 17,445,000	$ 17,445,000	$ -	$ 17,445,000	$ -
FAIRWAY FINANCE CO,CPABS4	12/16/09	12/16/09	12/16/09	$ 25,000,000	$ 25,000,000	$ -	$ 25,000,000	$ -
GENERAL ELECTRIC CA CP	12/01/09	12/01/09	12/01/09	$ 10,000,000	$ 10,000,000	$ -	$ 10,000,000	$ -

TRADING ACTIVITY FOR DECEMBER 2009 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Maturities (continued)								
GENERAL ELECTRIC CO CP	12/01/09	12/01/09	12/01/09	$ 35,476,000	$ 35,476,000	$ -	$ 35,476,000	$ -
GENERAL ELECTRIC CO CP	12/14/09	12/14/09	12/14/09	$ 6,100,000	$ 6,100,000	$ -	$ 6,100,000	$ -
GENERAL ELECTRIC CO CP	12/24/09	12/24/09	12/24/09	$ 300,000,000	$ 300,000,000	$ -	$ 300,000,000	$ -
GENERAL ELECTRIC CO CP	12/28/09	12/28/09	12/28/09	$ 315,000,000	$ 315,000,000	$ -	$ 315,000,000	$ -
GENERAL ELECTRIC CAPITAL CORP	12/15/09	12/15/09	12/15/09	$ 7,000,000	$ 7,000,000	$ -	$ 7,000,000	$ -
SOCIETE GENERALE NOCP	12/02/09	12/02/09	12/02/09	$ 88,000,000	$ 88,000,000	$ -	$ 88,000,000	$ -
SOCIETE GENERALE NOCP	12/23/09	12/23/09	12/23/09	$ 63,000,000	$ 63,000,000	$ -	$ 63,000,000	$ -
SOCIETE GENERALE NOCP	12/31/09	12/31/09	12/31/09	$ 142,000,000	$ 142,000,000	$ -	$ 142,000,000	$ -
SOCIETE GENERALE, PCDYAN	12/10/09	12/10/09	12/10/09	$ 120,000,000	$ 120,000,000	$ -	$ 120,000,000	$ -
STARBIRD FUNDING COCPABS4	12/02/09	12/02/09	12/02/09	$ 10,050,000	$ 10,050,000	$ -	$ 10,050,000	$ -
YORKTOWN CAPITAL LLCPABS4	12/16/09	12/16/09	12/16/09	$ 73,640,000	$ 73,640,000	$ -	$ 73,640,000	$ -
MORGAN STANLEY TRIPARTY	12/01/09	12/01/09	12/01/09	$ 600,000,000	$ 600,000,000	$ -	$ 600,000,000	$ -
BANK OF AMERICA TRIPARTY	12/01/09	12/01/09	12/01/09	$ 940,000,000	$ 940,000,000	$ -	$ 940,000,000	$ -
MORGAN STANLEY TRIPARTY	12/02/09	12/02/09	12/02/09	$ 970,000,000	$ 970,000,000	$ -	$ 970,000,000	$ -
BANK OF AMERICA TRIPARTY	12/02/09	12/02/09	12/02/09	$ 800,000,000	$ 800,000,000	$ -	$ 800,000,000	$ -
MORGAN STANLEY TRIPARTY	12/03/09	12/03/09	12/03/09	$ 660,000,000	$ 660,000,000	$ -	$ 660,000,000	$ -
BANK OF AMERICA TRIPARTY	12/03/09	12/03/09	12/03/09	$ 850,000,000	$ 850,000,000	$ -	$ 850,000,000	$ -
MORGAN STANLEY TRIPARTY	12/04/09	12/04/09	12/04/09	$ 950,000,000	$ 950,000,000	$ -	$ 950,000,000	$ -
BANK OF AMERICA TRIPARTY	12/04/09	12/04/09	12/04/09	$ 462,000,000	$ 462,000,000	$ -	$ 462,000,000	$ -
MORGAN STANLEY TRIPARTY	12/07/09	12/07/09	12/07/09	$ 940,000,000	$ 940,000,000	$ -	$ 940,000,000	$ -
BANK OF AMERICA TRIPARTY	12/07/09	12/07/09	12/07/09	$ 470,000,000	$ 470,000,000	$ -	$ 470,000,000	$ -
MORGAN STANLEY TRIPARTY	12/08/09	12/08/09	12/08/09	$ 950,000,000	$ 950,000,000	$ -	$ 950,000,000	$ -
BANK OF AMERICA TRIPARTY	12/08/09	12/08/09	12/08/09	$ 850,000,000	$ 850,000,000	$ -	$ 850,000,000	$ -
MORGAN STANLEY TRIPARTY	12/09/09	12/09/09	12/09/09	$ 900,000,000	$ 900,000,000	$ -	$ 900,000,000	$ -
BANK OF AMERICA TRIPARTY	12/09/09	12/09/09	12/09/09	$ 945,000,000	$ 945,000,000	$ -	$ 945,000,000	$ -
MORGAN STANLEY TRIPARTY	12/10/09	12/10/09	12/10/09	$ 860,000,000	$ 860,000,000	$ -	$ 860,000,000	$ -
BANK OF AMERICA TRIPARTY	12/10/09	12/10/09	12/10/09	$ 900,000,000	$ 900,000,000	$ -	$ 900,000,000	$ -
MORGAN STANLEY TRIPARTY	12/11/09	12/11/09	12/11/09	$ 955,000,000	$ 955,000,000	$ -	$ 955,000,000	$ -
BANK OF AMERICA TRIPARTY	12/11/09	12/11/09	12/11/09	$ 950,000,000	$ 950,000,000	$ -	$ 950,000,000	$ -
MORGAN STANLEY TRIPARTY	12/14/09	12/14/09	12/14/09	$ 960,000,000	$ 960,000,000	$ -	$ 960,000,000	$ -
BANK OF AMERICA TRIPARTY	12/14/09	12/14/09	12/14/09	$ 900,000,000	$ 900,000,000	$ -	$ 900,000,000	$ -
MORGAN STANLEY TRIPARTY	12/15/09	12/15/09	12/15/09	$ 960,000,000	$ 960,000,000	$ -	$ 960,000,000	$ -
BANK OF AMERICA TRIPARTY	12/15/09	12/15/09	12/15/09	$ 1,000,000,000	$ 1,000,000,000	$ -	$ 1,000,000,000	$ -
MORGAN STANLEY TRIPARTY	12/16/09	12/16/09	12/16/09	$ 970,000,000	$ 970,000,000	$ -	$ 970,000,000	$ -
BANK OF AMERICA TRIPARTY	12/16/09	12/16/09	12/16/09	$ 1,200,000,000	$ 1,200,000,000	$ -	$ 1,200,000,000	$ -
MORGAN STANLEY TRIPARTY	12/17/09	12/17/09	12/17/09	$ 1,165,000,000	$ 1,165,000,000	$ -	$ 1,165,000,000	$ -
BANK OF AMERICA TRIPARTY	12/17/09	12/17/09	12/17/09	$ 1,170,000,000	$ 1,170,000,000	$ -	$ 1,170,000,000	$ -
MORGAN STANLEY TRIPARTY	12/18/09	12/18/09	12/18/09	$ 400,000,000	$ 400,000,000	$ -	$ 400,000,000	$ -
MORGAN STANLEY TRIPARTY	12/18/09	12/18/09	12/18/09	$ 965,000,000	$ 965,000,000	$ -	$ 965,000,000	$ -
BANK OF AMERICA TRIPARTY	12/18/09	12/18/09	12/18/09	$ 870,000,000	$ 870,000,000	$ -	$ 870,000,000	$ -
MORGAN STANLEY TRIPARTY	12/21/09	12/21/09	12/21/09	$ 1,072,000,000	$ 1,072,000,000	$ -	$ 1,072,000,000	$ -
BANK OF AMERICA TRIPARTY	12/21/09	12/21/09	12/21/09	$ 1,070,000,000	$ 1,070,000,000	$ -	$ 1,070,000,000	$ -
MORGAN STANLEY TRIPARTY	12/22/09	12/22/09	12/22/09	$ 970,000,000	$ 970,000,000	$ -	$ 970,000,000	$ -
BANK OF AMERICA TRIPARTY	12/22/09	12/22/09	12/22/09	$ 1,170,000,000	$ 1,170,000,000	$ -	$ 1,170,000,000	$ -
MORGAN STANLEY TRIPARTY	12/23/09	12/23/09	12/23/09	$ 970,000,000	$ 970,000,000	$ -	$ 970,000,000	$ -
BANK OF AMERICA TRIPARTY	12/23/09	12/23/09	12/23/09	$ 1,400,000,000	$ 1,400,000,000	$ -	$ 1,400,000,000	$ -

FLORIDA PRIME

TRADING ACTIVITY FOR DECEMBER 2009 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Maturities (continued)								
MORGAN STANLEY TRIPARTY	12/24/09	12/24/09	12/24/09	$ 970,000,000	$ 970,000,000	$ -	$ 970,000,000	$ -
BANK OF AMERICA TRIPARTY	12/24/09	12/24/09	12/24/09	$ 1,275,000,000	$ 1,275,000,000	$ -	$ 1,275,000,000	$ -
MORGAN STANLEY TRIPARTY	12/28/09	12/28/09	12/28/09	$ 975,000,000	$ 975,000,000	$ -	$ 975,000,000	$ -
BANK OF AMERICA TRIPARTY	12/28/09	12/28/09	12/28/09	$ 1,300,000,000	$ 1,300,000,000	$ -	$ 1,300,000,000	$ -
MORGAN STANLEY TRIPARTY	12/29/09	12/29/09	12/29/09	$ 975,000,000	$ 975,000,000	$ -	$ 975,000,000	$ -
BANK OF AMERICA TRIPARTY	12/29/09	12/29/09	12/29/09	$ 1,500,000,000	$ 1,500,000,000	$ -	$ 1,500,000,000	$ -
MORGAN STANLEY TRIPARTY	12/30/09	12/30/09	12/30/09	$ 970,000,000	$ 970,000,000	$ -	$ 970,000,000	$ -
BANK OF AMERICA TRIPARTY	12/30/09	12/30/09	12/30/09	$ 1,500,000,000	$ 1,500,000,000	$ -	$ 1,500,000,000	$ -
MORGAN STANLEY TRIPARTY	12/31/09	12/31/09	12/31/09	$ 970,000,000	$ 970,000,000	$ -	$ 970,000,000	$ -
BANK OF AMERICA TRIPARTY	12/31/09	12/31/09	12/31/09	$ 1,370,000,000	$ 1,370,000,000	$ -	$ 1,370,000,000	$ -
Total Maturities				**$ 45,800,811,000**	**$ 45,800,811,000**	**$ -**	**$ 45,800,811,000**	**$ -**
Sells								
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/01/09	12/01/09	$ 183,230,946	$ 183,230,946	$ -	$ 183,230,946	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/02/09	12/02/09	$ 12,000,026	$ 12,000,026	$ -	$ 12,000,026	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/07/09	12/07/09	$ 145,627,775	$ 145,627,775	$ -	$ 145,627,775	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/09/09	12/09/09	$ 12,666,256	$ 12,666,256	$ -	$ 12,666,256	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/09/09	12/09/09	$ 1,698,592	$ 1,698,592	$ -	$ 1,698,592	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/09/09	12/09/09	$ 17,385,332	$ 17,385,332	$ -	$ 17,385,332	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/10/09	12/10/09	$ 9,996,456	$ 9,996,456	$ -	$ 9,996,456	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/10/09	12/10/09	$ 18,156,070	$ 18,156,070	$ -	$ 18,156,070	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/14/09	12/14/09	$ 163,366,977	$ 163,366,977	$ -	$ 163,366,977	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/16/09	12/16/09	$ 3,827,913	$ 3,827,913	$ -	$ 3,827,913	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/16/09	12/16/09	$ 1,250,468	$ 1,250,468	$ -	$ 1,250,468	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/16/09	12/16/09	$ 5,506,891	$ 5,506,891	$ -	$ 5,506,891	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/16/09	12/16/09	$ 782,041	$ 782,041	$ -	$ 782,041	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/16/09	12/16/09	$ 55,069,893	$ 55,069,893	$ -	$ 55,069,893	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/17/09	12/17/09	$ 57,997,981	$ 57,997,981	$ -	$ 57,997,981	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/23/09	12/23/09	$ 10	$ 10	$ -	$ 10	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/23/09	12/23/09	$ -	$ -	$ -	$ -	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/23/09	12/23/09	$ 48,887,205	$ 48,887,205	$ -	$ 48,887,205	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/23/09	12/23/09	$ 10,212,859	$ 10,212,859	$ -	$ 10,212,859	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/23/09	12/23/09	$ 234,895,211	$ 234,895,211	$ -	$ 234,895,211	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/29/09	12/29/09	$ 61,302,786	$ 61,302,786	$ -	$ 61,302,786	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/29/09	12/29/09	$ 170,096,992	$ 170,096,992	$ -	$ 170,096,992	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/30/09	12/30/09	$ 2,823,715	$ 2,823,715	$ -	$ 2,823,715	$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	12/30/09	12/30/09	$ 2,567,410	$ 2,567,410	$ -	$ 2,567,410	$ -
FEDERAL HOME LOAN BANKS	06/22/10	12/22/09	12/22/09	$ 50,000,000	$ 50,000,000	$ -	$ 50,000,000	$ -
Total Sells				**$ 1,269,349,806**	**$ 1,269,349,806**	**$ -**	**$ 1,269,349,806**	**$ -**

FUND B

FUND B FACTS

INVESTMENT OBJECTIVE

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

COMPOSITION

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

DISTRIBUTIONS

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

ACCOUNTING

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

STATUS OF INVESTMENTS

Florida East and West: Restructured from KKR and receiving principal and interest.
Florida Funding I: Restructured from Ottimo (Issuer Entity) and receiving principal and interest.
Axon: Receiving principal and interest.

COMMENTARY FROM THE PORTFOLIO MANAGER

All cash from paydowns on securities in Fund B are invested in overnight securities, repurchase agreements, overnight time deposits or commercial paper pending monthly distribution to participant accounts in the LGIP. Specifically, $6.25 million in liquid assets were transferred from Fund B to Florida PRIME on December 8.

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

DISCLOSURE OF MATERIAL IMPACTS

There were no developments during December 2009 that had a material impact on the liquidity or operation of Fund B. However, see the discussion on page 5 regarding a significant legal issue.

RETURN OF FUND B PRINCIPAL

The table on the following page details the SBA's progress in returning principal to investors in Fund B. Through the end of December 2009, investors cumulatively received distributions from Fund B totaling over $1.51 billion or 75.2% of their original balances. The $6.25 million distribution on December 8 consisted of principal paydowns and income from the securities in the Fund.

The securities remaining in Fund B are legacy items from the four issuers whose financial circumstances gave rise to the November 2007 run (in addition to overnight instruments temporarily holding fund earnings). As of December 31, 2009, their par value (amortized cost) was $674.0 million, or 35.2% more than remaining participant positions in Fund B. Conversely, the current estimated liquidation (market) value of these securities is pegged at $323.4 million or 64.9% of remaining participant positions.

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

FUND B

FUND B DISTRIBUTIONS

FUND B DISTRIBUTIONS TO PARTICIPANTS

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

FUND B MONTHLY DISTRIBUTION DETAIL

December 2009 Distribution: Summary of Cash Flows (11/6/09 through 12/7/09)	**Fund B Participant Allocation**	**Fund B Expense Allocation**
Beginning Balance	$ -	$ 39,216.46
Receipts:		
Axon Financial	$ -	
Florida East	$ 1,744,089.11	
Florida West	$ 3,499,595.63	
Florida Funding I	$ 1,027,503.71	
Overnight Investments	$ 27.68	
Total Receipts	$ 6,271,216.13	
Distributions:		
Allocation to/from Expense Reserve	$ (21,216.13)	$ 21,216.13
Expenses Paid		$ (21,830.49)
Participant Distribution	$ (6,250,000.00)	$ -
Ending Balance	$ -	$ 38,602.10

FUND B

INVENTORY OF HOLDINGS - AS OF DECEMBER 31, 2009

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost [2]	Mkt Value [1]	Unrealized Gain (Loss)
Axon Financial Funding LLC	VARIABLE RATE COMMERCIAL PAPER	0.23	(3)	01/25/10	$ 137,199,948	0.23	$ 137,196,624	$ 55,575,089	$ (81,621,535)
Dreyfus Government Cash Management Fund	OVERNIGHT MUTUAL FUND	0.00	01/04/10		$ 34,850,801	0.00	$ 34,850,801	$ 34,850,802	$ 0.78
Florida East Funding LLC	VARIABLE RATE TERM NOTE	0.58	(3)	01/28/10	$ 114,675,900	0.59	$ 114,675,900	$ 67,752,615	$ (46,923,284)
Florida Funding I LLC	VARIABLE RATE TERM NOTE	2.16	(3)	08/25/09	$ 143,593,886	3.35	$ 143,593,886	$ 37,955,007	$ (105,638,879)
Florida West Funding LLC	VARIABLE RATE TERM NOTE	0.58	(3)	01/28/10	$ 243,702,946	0.59	$ 243,702,946	$ 127,314,270	$ (116,388,677)
Total Value of Investments					**$ 674,023,480**		**$ 674,020,157**	**$ 323,447,783**	**$ (350,572,374)**

Notes:

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

2 Amortized cost is calculated using a straight line method.

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

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

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

FUND B

COMPLIANCE WITH INVESTMENT POLICY - DECEMBER 2009

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

TRADING ACTIVITY - DECEMBER 2009

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys								
DREYFUS GOVT CASH MGMT FUND		12/01/09	12/01/09	$ 6,271,157.28	$ 6,271,157.28	$ -	$ 6,271,157.28	$ -
DREYFUS GOVT CASH MGMT FUND		12/21/09	12/21/09	$ 28,747,734.54	$ 28,747,734.54	$ -	$ 28,747,734.54	$ -
DREYFUS GOVT CASH MGMT FUND		12/28/09	12/28/09	$ 22,955,209.62	$ 22,955,209.62	$ -	$ 22,955,209.62	$ -
DREYFUS GOVT CASH MGMT FUND		12/31/09	12/31/09	$ 6,064,655.49	$ 6,064,655.49	$ -	$ 6,064,655.49	$ -
Total Buys				**$ 64,038,756.93**	**$ 64,038,756.93**	**$ -**	**$ 64,038,756.93**	**$ -**
Sells								
AXON FINANCIAL FUNDING LLC	09/30/10	12/18/09	12/18/09	$ 22,953,934	$ 22,953,934	$ -	$ 22,953,934	$ 1,830
FLORIDA FUNDING I LLC	11/09/10	12/31/09	12/31/09	$ 1,082,641	$ 1,082,641	$ -	$ 1,082,641	$ -
FLORIDA EAST FUNDING LLC	03/25/10	12/01/09	12/01/09	$ 1,679,797	$ 1,679,797	$ -	$ 1,679,797	$ -
FLORIDA EAST FUNDING LLC	03/25/10	12/31/09	12/31/09	$ 1,818,377	$ 1,818,377	$ -	$ 1,818,377	$ -
FLORIDA WEST FUNDING LLC	03/25/10	12/01/09	12/01/09	$ 3,363,556	$ 3,363,556	$ -	$ 3,363,556	$ -
FLORIDA WEST FUNDING LLC	03/25/10	12/31/09	12/31/09	$ 2,986,491	$ 2,986,491	$ -	$ 2,986,491	$ -
DREYFUS GOVT CASH MGMT FUND		12/07/09	12/07/09	$ 6,250,000	$ 6,250,000	$ -	$ 6,250,000	$ -
DREYFUS GOVT CASH MGMT FUND		12/10/09	12/10/09	$ 190	$ 190	$ -	$ 190	$ -
DREYFUS GOVT CASH MGMT FUND		12/29/09	12/29/09	$ 22,955,210	$ 22,955,210	$ -	$ 22,955,210	$ -
Total Sells				**$ 63,090,197**	**$ 63,090,197**	**$ -**	**$ 63,090,197**	**$ 1,830**

Note: The gain reflected on the sale of Axon Financial Funding LLC is an accounting gain. The original Axon Financial Funding LLC security was purchased at a discount and was deemed "in default" prior to the original maturity date. At the point of becoming "in default," amortization of the discount was terminated thus leaving the cost of the security less than par. Any principal payment received at par will result in recognition of a gain, calculated as Proceeds less Cost Basis of the par value being sold.

Our Mission

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

SBA FLORIDA

State Board of Administration
www.SBAFLA.com

Florida Hurricane Catastrophe Fund

Memo

TO: Ashbel C. Williams, Executive Director & CIO

THRU: Jack E. Nicholson, Chief Operating Officer, FHCF

FROM: Tracy Allen, Senior Attorney, FHCF

DATE: January 14, 2010

SUBJECT: Florida Hurricane Catastrophe Fund
Notice of Proposed Rule for Five Rules
Cabinet Agenda for January 26, 2010—Request approval to file five (5) rules for Notice of Proposed Rulemaking and request approval to file these rules for adoption if no member of the public requests a rule hearing.

SUMMARY AND REASONS FOR RULE CHANGES: The rules have been amended to reflect changes to the contract year made in CS/CS/CS/HB 1495, which became effective on May 27, 2009. This bill amended Section 215.555(2)(e)1., F.S., to change the 2010 Contract Year from June 1st through May 31st to January 1st through December 31st. This is a substantive change which affected most of the rules and will not be discussed in the summary of the rule changes below, unless it is the only change made to the rule. Other substantive changes are described in the following amended rules:

Reimbursement Contract (Rule 19-8.010, F.A.C.)
A new paragraph (16) has been added to the rule to incorporate this Contract Year's Reimbursement Contract.

Procedures to Determine Ineligibility for Participation in the Florida Hurricane Catastrophe Fund and to Determine Exemption from Participation in the Florida Hurricane Catastrophe Fund due to Limited Exposure (Rule 19-8.012, F.A.C.)
No substantive changes other than the contract year change.

Revenue Bonds Issued Pursuant to Section 215.555(6),F.S. (Rule 19-8.013, F.A.C.)
This rule is being amended, for administrative purposes, to change the look-back period from 5 months to 4 months for determining the Florida Hurricane Catastrophe Fund's average rate of return for purposes of interest calculations. The SBA and its custodian have modified its process for calculating monthly interest rates and the fifth month is not available in a time sufficient to complete the final installment billing which is due December 1.

Insurer Reporting Requirements (Rule 19-8.029, F.A.C.)
This rule is being amended to adopt the 2010 Data Call (FHCF-D1A) and the 2010 Proof of Loss Reports (FHCF-L1A and FHCF-L1B).

Insurer Responsibilities (Rule 19-8.030, F.A.C.)
This rule is being amended to adopt the 2010 Proof of Loss forms (FHCF-L1A and FHCF-L1B), and to adopt each year's Advance Preparation Instructions (FHCF-LAP1 and FHCF-EAP1) for exposure and loss examinations in the same manner as we do for the contract, data call and Proof of Loss forms.

SUMMARY OF INCORPORATED FORM CHANGES: Attached herewith.

EXTERNAL INTEREST: A rule development workshop was held on January 11, 2010. Representatives of the FHCF attended and presented the rules and forms and engaged in discussion with members of the public who attended. The rulemaking notice was published in the *Florida Administrative Weekly* on December 24, 2009, Vol. 35, No. 51. Also, the rules and forms were presented, discussed, and approved by the FHCF Advisory Council at a public meeting on January 12, 2010.

SIGNIFICANT POLICY ISSUES: None.

CONTROVERSIAL ISSUES: None.

ACTION REQUESTED: It is requested that these proposed rule amendments be presented to the Cabinet Aides on January 20, 2010, and to the State Board of Administration Trustees ("Board") on January 26, 2010, with a request to approve the filing of these rules for Notice of Proposed Rulemaking and to approve filing for adoption with the Department of State if no member of the public timely requests a rule hearing. A notice of the meeting of the Board will be published in the *Florida Administrative Weekly* on January 15, 2010, Vol. 36, No. 02.

ATTACHMENTS TO BE INCLUDED WITH THE SBA AGENDA:

- 2010 Incorporated Form and Rule Changes Summary
- Notice of Proposed Rule
- Notice of Meeting of Board as filed in the *Florida Administrative Weekly*
- **19-8.010, F.A.C., Reimbursement Contract.**
  Incorporated Forms: **FHCF-2010K** – "Reimbursement Contract," Addendums 1 ($10 Million optional), 2 (TICL), and 3 w/Appendix A (Citizens), rev. 05/10.
- **19-8.012, F.A.C., Procedures to Determine Ineligibility for Participation in the Florida Hurricane Catastrophe Fund and to Determine Exemption from Participation in the Florida Hurricane Catastrophe Fund due to Limited Exposure.**
  Incorporated Forms: The forms incorporated into this rule are not being amended and are, therefore, not provided.
- **19-8.013, F.A.C., Revenue Bonds Issued Pursuant to Section 215.555(6), F.S.**
  Incorporated Forms: There are no forms incorporated into this rule.

- **19-8.029, F.A.C., Insurer Reporting Requirements.**
  Incorporated forms: **FHCF-D1A**, "Florida Hurricane Catastrophe Fund 2010 Data Call," rev. 05/10; **FHCF-L1A**, "Contract Year 2010 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," rev. 05/10; **FHCF-L1B**, "Contract Year 2010 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," rev. 05/10; and **FHCF C-1**, "Company Contact Information," rev. 05/10.

  Form incorporated into this rule which will not be amended and is, therefore, not provided herewith: **UNICEDE®/PX Data Exchange Format**, Version 4.0.0.

- **19-8.030, F.A.C., Insurer Responsibilities.**
  Incorporated Forms: **FHCF-EAP1**, "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2010 Advance Preparation Instructions," rev. 05/10; **FHCF-LAP1,** "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year 2010 Advance Preparation Instructions," rev. 05/10; **FHCF-L1A**, "Contract Year 2010 Interim Loss Report, Florida Hurricane Catastrophe Fund," rev. 05/10; and **FHCF-L1B**, "Contract Year 2010 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," rev. 05/10.

All rules and all forms show the proposed amendments in "track changes" format with the exception of Form FHCF-C1, Company Contract Information. This form is provided herewith but not in "track changes" format. This document is a pdf document on which we are unable to show track changes. The only change to this document is to update the FHCF Administrator's address.

Notice of Meeting/Workshop Hearing

STATE BOARD OF ADMINISTRATION

The Florida Hurricane Catastrophe Fund announces a public meeting to which all persons are invited.

DATE AND TIME: January 26, 2010, 9:00 a.m. (ET) to conclusion of the meeting.

PLACE: Cabinet Meeting Room, Lower Level, The Capitol, Tallahassee, Florida.

GENERAL SUBJECT MATTER TO BE CONSIDERED: This is a meeting of the Trustees of the State Board of Administration to provide for permission for the Florida Hurricane Catastrophe Fund to file the following rules for Notice of Proposed Rulemaking and to file these rules for adoption if no rule hearing is requested: Rule 19-8.010, F.A.C., Reimbursement Contract, Rule 19-8.012, F.A.C., Procedures to Determine Ineligibility for Participation in the Florida Hurricane Catastrophe Fund and to Determine Exemption from Participation in the Florida Hurricane Catastrophe Fund due to Limited Exposure, Rule 19-8.013, F.A.C., Revenue Bonds Issued Pursuant to Section 215.555(6), F.S., Rule 19-8.029, F.A.C., Insurer Reporting Requirements, and Rule 19-8.030, F.A.C., Insurer Responsibilities. In addition, the Trustees will address other general business. All of the rules showing the proposed amendments and the incorporated forms are available on the Florida Hurricane Catastrophe Fund website: www.sbafla.com/fhcf.

A copy of the agenda may be obtained by contacting: Not available.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 5 hours before the workshop/meeting by contacting: Tracy Allen, Florida Hurricane Catastrophe Fund, P. O. Drawer 13300, Tallahassee, FL 32317-3300, (850) 413-1341. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

For more information, you may contact: Tracy Allen at the address or number listed above.

NOTICE OF PROPOSED RULE

STATE BOARD OF ADMINISTRATION
Florida Hurricane Catastrophe Fund
RULE NO.: RULE TITLE:

19-8.010: Reimbursement Contract
19-8.012: Procedures to Determine Ineligibility for Participation in the Florida Hurricane Catastrophe Fund and to Determine Exemption from Participation in the Florida Hurricane Catastrophe Fund due to Limited Exposure.
19-8.013: Revenue Bonds Issued Pursuant to Section 215.555(6), F.S.
19-8.029: Insurer Reporting Requirements
19-8.030: Insurer Responsibilities

PURPOSE AND EFFECT: The State Board of Administration, Florida Hurricane Catastrophe Fund, seeks to amend the rules listed above to implement Section 215.555, Florida Statutes, including the changes made to the law during 2009.

SUMMARY: The rules are being amended to reflect the 2009 legislative change in the contract year dates, to reflect the Administrator's new address, and throughout non-substantive changes are made for consistency or clarity. Other than the contract year date, substantive changes are as follows: Rule 19-8.010, F.A.C., Reimbursement Contract, is being amended to adopt the 2010 Contract Year Reimbursement Contract, including Addenda. Other than the contract year date change, there are no substantive changes to Rule 19-8.012, F.A.C., Procedures to Determine Ineligibility for Participation in the Florida Hurricane Catastrophe Fund and to Determine Exemption from Participation in the Florida Hurricane Catastrophe Fund due to Limited Exposure. Rule 19-8.013, F.A.C., Revenue Bonds Issued Pursuant to Section 215.555(6), F.S. is being amended, for administrative purposes, to change the look-back period for determining the Florida Hurricane Catastrophe Fund's rate of return for purposes of interest calculation from a 5 month look-back to a 4 month look-back. Rule 19-8.029, F.A.C., Insurer Reporting Requirements is being amended to adopt the 2010 Data Call and 2010 Interim and Proof of Loss forms. Rule 19-8.030, Insurer Responsibilities is being amended to adopt Exposure and Loss Examination Preparation Instructions and to adopt the 2010 Proof of Loss forms, L1A and L1B.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS: The agency has determined that this rule will ___ or will not _X_ have an impact on small business. A SERC has ___ or has not _X_ been prepared by the agency.
Any person who wishes to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

RULEMAKING AUTHORITY: 215.555(3), FS.

LAW IMPLEMENTED: 215.555(2), (3), (4), (5), (6), (7), (10), (16), (17), F.S.

____IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE, TIME AND PLACE SHOWN BELOW:
__**X**__IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE, TIME AND PLACE SHOWN BELOW (IF NOT REQUESTED, THIS HEARING WILL NOT BE HELD):

DATE AND TIME: March 17, 2010; 2:00 p.m. to 4:00 p.m.
PLACE: Room 116 (Hermitage Conference Room), 1801 Hermitage Blvd., Tallahassee, Florida 32308.
THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Tracy Allen, Senior FHCF Attorney, State Board of Administration, P. O. Box 13300, Tallahassee, Florida 32317-3300; telephone (850) 413-1341; email tracy.allen@sbafla.com.

THE FULL TEXT OF THE PROPOSED RULE IS:

19-8.010 Reimbursement Contract.

No changes paragraphs (1) through (15).
(16) The reimbursement contract for the 2010 contract year, including all Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2010K-"Reimbursement Contract" or "Contract" between (name of insurer) (the "Company")/NAIC #( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 05/10, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2010 through December 31, 2010.
~~(16)~~ (17) Copies of the reimbursement contract may be obtained from the FHCF website, www.sbafla.com/fhcf or by contacting the State Board of Administration. The mailing address is P.O. Box 13300, Tallahassee, Florida 32317-3300. The street address is 1801 Hermitage Blvd., Tallahassee, Florida 32308 and the telephone number is (850) 413-1341.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555 FS. History–New 5-31-94, Amended 8-29-95, 5-19-96, 6-19-97, 5-28-98, 5-17-99, 9-13-99, 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 11-13-05, 5-10-06, 9-5-06, 5-8-07, 8-13-07, 6-8-08, 9-2-08, 3-30-09, 8-23-09,_____.

19-8.012 Procedures to Determine Ineligibility for Participation in the Florida Hurricane Catastrophe Fund and to Determine Exemption from Participation in the Florida Hurricane Catastrophe Fund due to Limited Exposure.

No changes, paragraph (1).
(2) Procedures to Determine Ineligibility for Participation in the Fund.
(a) An insurer must apply for ineligibility from participation in the Fund if it has surrendered its certificate of authority to write insurance in Florida. To apply, the insurer shall submit a written request for ineligibility stating that it will have no covered policies, as that term is defined in Section 215.555(2)(c), F.S., after May 31 of the year for which the ineligibility is sought and provide a copy of the Office of Insurance Regulation Order, if any, revoking the insurer's authority to write insurance in Florida. The request shall be sent to the Fund's Administrator, Paragon Strategic Solutions Inc., at 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, MN 55437 ~~8200 Norman Center Drive, Bloomington, Minnesota 55437~~.
(b) An insurer which is not surrendering its certificate to write insurance in Florida must apply for ineligibility from participation in the Fund if it no longer has any covered policies in force, as that term is defined in Section 215.555(2)(c), F.S. To apply, the insurer shall submit a written request for a determination regarding its ineligibility for participation. The request shall be sent, no later than September 1 of the current contract year, to the Fund's Administrator, Paragon Strategic Solutions Inc., at 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, MN 55437 ~~8200 Norman Center Drive, Bloomington, Minnesota 55437~~, and shall contain the following information:

No changes, (2)(b)1. through (2)(b)2.
(2)(b)3. Form FHCF-E1, "Statement related to Covered Policies as defined in Section 215.555(2)(c), F.S.," rev. 05/08, signed by two executive officers attesting to the fact that the insurer writes no covered policies. Form FHCF-E1 is hereby adopted and incorporated by reference into this rule. The form may be obtained from the Fund's Administrator at the address stated in this paragraph.

No changes, paragraphs (2)(c) through (3)(b).
(3)(c) The request shall be sent to the Fund's Administrator, Paragon Strategic Solutions Inc., at 8200

Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, MN 55437 ~~8200 Norman Center Drive, Bloomington, Minnesota 55437~~. The insurer shall submit the following information no later than September 1 of the current contract year:

No changes, paragraphs (3)(c)1. through (3)(c)2.
(3)(c)3. Form FHCF-E2, "Information regarding De Minimis FHCF Covered Policies In-force at June 30, ____," rev. 05/09. Form FHCF-E2 is hereby adopted and incorporated by reference into this rule. The form may be obtained from the Fund's Administrator at the address stated in this paragraph.
4. Form FHCF-E3, "Statement related to De Minimis Aggregate Exposure for Covered Policies as defined in Section 215.555(2)(c), F.S., on behalf of _____," rev. 05/08, signed by two executive officers attesting to the fact that the insurer writes no covered policies with an aggregate exposure of $10 million or more. Form FHCF-E3 rev. 05/08, is hereby adopted and incorporated by reference into this rule. The form may be obtained from the Fund's Administrator at the address stated in this paragraph.

No changes paragraph (3)(d)1.
(3)(d)2. If the Board determines that the insurer has an aggregate exposure of less than $10 million for covered policies, as defined in Section 215.555(2)(c), F.S., and in Article V of the reimbursement contract, as adopted and incorporated by reference in Rule 19-8.010, F.A.C., and that granting the exemption will not adversely affect the actuarial soundness of the Fund, the Board will notify the insurer that its request has been approved and note that the insurer must immediately notify the Board if its exposure becomes $10 million or more in the aggregate. If this occurs, the insurer will be treated as a "new participant" and will be subject to the provisions of subparagraph 19-8.028(4)(c)3., F.A.C., if its exposure becomes $10 million or more during the period from June 1 through November 30 or will be subject to the provisions of subparagraph 19-8.028(4)(c)4., F.A.C., if its exposure becomes $10 million or more during the period from December 1 through May 31 for contract years prior to the 2010 contract year, or if its exposure becomes $10 million or more during the period from December 1 through December 31 beginning with the 2010 contract year.

No changes paragraphs (3)(e) through (3)(g).

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2) (c), (3), (4), (5) FS. History–New 2-17-97, Amended 6-2-02, 5-13-03, 5-19-04, 5-29-05, 5-10-06, 6-8-08, 3-30-09,_____.

19-8.013 Revenue Bonds Issued Pursuant to Section 215.555(6), F.S.

No changes paragraphs (1) through (2)(d).
(2)(e) Balance of the Fund and Fund Balance have the same meaning given to Balance of the Fund as of December 31 in Article V of the Reimbursement Contract adopted ~~by~~ and incorporated by reference into Rule 19-8.010, F.A.C.

No changes paragraph (2)(f).
(2)(g) Contract Year, prior to June 1, 2010, means the time period which begins at 12:00:01 Eastern Time on June 1 of each calendar year and ends at 12:00 p.m. midnight on May 31 of the following calendar year. The period of time which begins at 12:00:01 Eastern Time on June 1, 2010 and ends at 12:00 p.m. midnight on December 31, 2010 shall be considered the 2010 Contract Year. All Contract Years beginning after December 31, 2010 shall begin at 12:00:01 Eastern Time on January 1 of each calendar year and end at 12:00 p.m. midnight on December 31 of that calendar year. ~~means the time period that begins June 1 of each calendar year and ends May 31 of the following calendar year.~~

No changes paragraphs (2)(h) through (4)(e)2.

(4)(e)3. The Emergency Assessment is subject to interest on delinquent remittances at the average rate earned by the Board for the FHCF for the first four ~~five~~ months of the Contract Year for which such information is available plus 5%. The Emergency Assessment is also subject to annual adjustments by the Board in order to meet debt obligations.

No Changes paragraph (5).

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7) FS. History–New 9-18-97, Amended 12-3-98, 9-12-00, 6-1-03, 5-19-04, 5-29-05, 5-10-06, 9-5-06, 6-8-08, 3-30-09,_____.

19-8.029 Insurer Reporting Requirements.

No changes paragraphs (1) through (2)(b).
(2)(c) Contract Year, prior to June 1, 2010, means the time period which begins at 12:00:01 Eastern Time on June 1 of each calendar year and ends at 12:00 p.m. midnight on May 31 of the following calendar year. The period of time which begins at 12:00:01 Eastern Time on June 1, 2010 and ends at 12:00 p.m. midnight on December 31, 2010 shall be considered the 2010 Contract Year. All Contract Years beginning after December 31, 2010 shall begin at 12:00:01 Eastern Time on January 1 of each calendar year and end at 12:00 p.m. midnight on December 31 of that calendar year. ~~Contract Year means the time period which begins at 12:00:01 Eastern Time on June 1 of each calendar year and ends at 12:00 p.m. midnight on May 31 of the following calendar year.~~

No changes paragraphs (2)(d) through (4)(k)
(4)(l) For the 2010 Contract Year, the reporting shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2010 Data Call," rev. 05/10, hereby adopted and incorporated by reference into this rule. The form may be obtained from the Fund's Administrator at the address stated in subsection (6) below. A new participant writing covered policies on or after June 1 but prior to December 1, shall report its actual exposure as of December 31 of the Contract Year on or before March 1 of the following calendar year, to the Administrator.

No changes, paragraph (5)
(6) All the forms adopted and incorporated by reference in this rule may be obtained from: Administrator, Florida Hurricane Catastrophe Fund, Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, MN 55437. ~~8200 Norman Center Drive, Bloomington, Minnesota 55437.~~

No changes, paragraphs (7)(a) through (7)(e)
(7)(f) For the 2010 Contract Year, the applicable Interim Loss Report is the "Contract Year 2010 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)", FHCF-L1A, rev. 05/10, which is hereby adopted and incorporated by reference into this rule. The applicable Proof of Loss Report is the "Contract Year 2010 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," FHCF-L1B, rev. 05/10, which is hereby adopted and incorporated by reference into this rule. The forms may be obtained from the Fund's Administrator at the address stated in subsection (6) above.

(8) Company Contact Information: Companies must submit Form FHCF C-1, Company Contact Information, rev. 05/10 ~~05/09~~, by June 1 of each Contract Year. This form must be updated by the Company as the information provided thereon changes. The FHCF shall have the right to rely upon the information provided by the Company to the FHCF on this form until receipt by the FHCF of a new properly completed and notarized FHCF C-1 from the Company. The form may be obtained from the Fund's Administrator at the address stated in subsection (6) above.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7), (15) FS. History–

New 5-17-99, Amended 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 5-10-06, 5-8-07, 6-8-08, 3-30-09, 8-2-09,_____.

19-8.030 Insurer Responsibilities.

No changes, paragraphs (1) through (3)(d).
(3)(e) Contract Year, prior to June 1, 2010, means the time period which begins at 12:00:01 Eastern Time on June 1 of each calendar year and ends at 12:00 p.m. midnight on May 31 of the following calendar year. The period of time which begins at 12:00:01 Eastern Time on June 1, 2010 and ends at 12:00 p.m. midnight on December 31, 2010 shall be considered the 2010 Contract Year. All Contract Years beginning after December 31, 2010 shall begin at 12:00:01 Eastern Time on January 1 of each calendar year and end at 12:00 p.m. midnight on December 31 of that calendar year.

No changes, paragraphs (3) (f) through (3) (n).

(4) Reimbursement Contract.
(a) Current Participants: The Reimbursement Contracts are annual contracts ~~effective from June 1 of each Contract Year through May 31 of each Contract Year.~~ Each Insurer required to participate in the FHCF must designate a coverage level in the annual Reimbursement Contract, make any required selections therein and execute the Reimbursement Contract and applicable Addenda so that the Contract, including the schedules and applicable Addenda, have been received by June 1 of each Contract Year.
(b) New Participants during the period of June 1 through November 30: Those Insurers that first begin writing Covered Policies from June 1 through November 30 of a Contract Year are "New Participants." New Participants must designate a coverage level in the annual Reimbursement Contract, make any required selections therein, and execute the Contract and applicable Addenda simultaneously with issuing the first Covered Policy. The completed and executed Reimbursement Contract, including all required selections, schedules and applicable Addenda, must be returned no later than 30 days after the effective date of the first Covered Policy.
(c)1. For Contract Years prior to the 2010 Contract Year, New Participants during the period of December 1 through May 31: Those Insurers that first begin writing Covered Policies from December 1 through May 31 of a Contract Year, along with the Insurers described in paragraph (b) immediately above, are ~~"~~New Participants~~."~~ However, these Insurers shall not complete and submit the Data Call (Form FHCF-D1A) but shall meet all other requirements for New Participants.
2. For Contract Years 2010 and later, New Participants during the period of December 1 through December 31: Those Insurers that first begin writing Covered Policies from December 1 through December 31 of a Contract Year, along with the Insurers described in paragraph (b) above, are New Participants. However, these Insurers shall not complete and submit the Data Call (Form FHCF-D1A) but shall meet all other requirements for New Participants.
(d) Optional coverages authorized by law must be chosen by current participants by executing and returning the applicable Addenda to the Reimbursement Contract by June 1 of the relevant Contract Year. New Participants choosing optional coverage must execute and return the applicable Addenda to the Reimbursement Contract for the relevant Contract Year prior to the time in which a covered loss occurs and within 30 ~~thirty~~ days of writing its first covered policy. Any current or New Participant ~~new participant~~ failing to meet these deadlines shall not be eligible for such optional coverage.

No changes paragraph (5)(a).
(5)(b) Current Participants: Each Insurer, with Covered Policies as of June 1 of a Contract Year must participate in the FHCF and must complete and submit the Data Call. The Data Call is incorporated into Rule 19-8.029, F.A.C., and is due, correctly completed, no later than September 1~~of the Contract Year~~.

No changes (5)(c) through (6)(a).

(6)(b) New Participants during the period of June 1 through November 30: Those Insurers that first begin writing Covered Policies from June 1 through November 30 of a Contract Year must submit a payment of $1,000 on or before the date indicated on the invoice. Once a New Participant's ~~this new participant's~~ Data Call~~, which is filed on or before March 1 of the Contract Year~~, has been reviewed by the Administrator and the company's actual Reimbursement Premium has been determined on its actual exposure, an invoice with the amount due, if any, will be sent to the Company by the Administrator. Payment, if any amounts are shown as due on the invoice, is due within 30 days from the date on the invoice. In no event will the Premium be less than the $1,000.

1. For Contract Years prior to the 2010 Contract Year, the New Participant's Data Call is due on or before March 1 of the Contract Year.

2. For Contract Years 2010 and later, the New Participant's Data Call is due on or before March 1 of the following calendar year.

(c) New Participants ~~during the period of December 1 through May 31~~:

1. For Contract Years prior to the 2010 Contract Year, those ~~Those~~ Insurers that first begin writing Covered Policies from December 1 through May 31 of a Contract Year shall pay a $1,000 Premium within 30 ~~thirty~~ days from the date on the invoice sent to the Insurer by the FHCF.

2. For Contract Years 2010 and later, those Insurers that first begin writing Covered Policies from December 1 through December 31 of a Contract Year shall pay a $1,000 Premium within 30 days from the date on the invoice sent to the Insurer by the FHCF.

No changes paragraphs (6)(d) through (7).

(7)(a) Advance Examination Record Requirements: Within 30 days from the date on the letter from the FHCF, Companies are required to provide the FHCF with the records indicated in the applicable Contract Year's ~~Form FHCF-EAP1,~~ "Exposure Examination Advance Preparation Instructions" ~~rev. 05/08~~ or in the applicable Contract Year's ~~Form FHCF-LAP1~~ "Loss Reimbursement Examination Advance Preparation Instructions" ~~rev. 05/08~~. An extension of 30 days may be granted if the Insurer can show that the need for the additional time is due to circumstances beyond the reasonable control of the participant.

1. For Contract Years prior to the 2003/2004 Contract Year, Form FHCF-AP1 as revised for each Contract Year, is the applicable Exposure Examination Advance Preparation Instructions form to use.

2. For the 2004/2005 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Audit – Contract Year 2004 Advance Preparation Instructions," FHCF-AP1, rev. 5/04. The applicable loss examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year 2004 Advance Preparation Instructions," FHCF-LAP1, rev. 05/2006.

3. For the 2005/2006 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2005 Advance Preparation Instructions," FHCF-AP1, rev. 5/05. The applicable loss examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year 2005 Advance Preparation Instructions," FHCF-LAP1, rev. 05/07.

4. For the 2006/2007 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2006 Advance Preparation Instructions," FHCF-EAP1, rev. 5/2006. The applicable loss examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year XXXX Advance Preparation Instructions," FHCF-LAP1, new 05/2006.

5. For the 2007/2008 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2007 Advance Preparation Instructions," FHCF-EAP1, rev. 05/07. The applicable loss examination instructions form is

the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year XXXX Advance Preparation Instructions," FHCF-LAP1, rev. 05/07.

6. For the 2008/2009 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2008 Advance Preparation Instructions," FHCF-EAP1, rev. 05/08. The applicable loss examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year XXXX Advance Preparation Instructions," FHCF-LAP1, rev. 05/08.

7. For the 2009/2010 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2009 Advance Preparation Instructions," FHCF-EAP1, rev. 05/09. The applicable loss examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year XXXX Advance Preparation Instructions," FHCF-LAP1, rev. 05/09.

8. For the 2010 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2010 Advance Preparation Instructions," FHCF-EAP1, rev. 05/10. The applicable loss examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year 2010 Advance Preparation Instructions," FHCF-LAP1, rev. 05/10.

These forms are hereby adopted and incorporated by reference into this rule. Copies of these forms may be obtained from the FHCF website, www.sbafla.com/fhcf or by contacting the State Board of Administration. The mailing address is P. O. Box 13300, Tallahassee, Florida 32317-3300. The street address is 1801 Hermitage Blvd., Tallahassee, Florida 32308.

(b) On-site Examination Record Requirements: The FHCF-EAP1, "Exposure Examination Advance Preparation Instructions" form and the FHCF-LAP1, "Loss Reimbursement Examination Advance Preparation Instructions" form each contains ~~contain~~ a list of the information that the Companies must have available, on-site, on the date the exposure or loss examination is to begin. These records must be made available to the FHCF examiner upon request.

(c) Response to the FHCF Examination Report: Within 30 days from the date of the letter accompanying the examination report, a Company must provide a written response to the FHCF. The response must indicate whether the Company agrees with the recommendation of the examination report. If the Company disagrees with the examination findings, the reason for the disagreement will be outlined in the response and the Company will provide supporting information to support its objection. An extension of 30 days will be granted if the Company can show that the need for additional time is due to circumstances beyond the reasonable control of the Company.

(d) Resubmissions as a Result of a Completed Examination: A Company required to resubmit exposure data as a result of the examination must do so within 30 days of the date on the letter from the FHCF notifying the Company of the need to resubmit. An extension of 30 days will be granted if the Company can show that the need for additional time is due to circumstances beyond the reasonable control of the Company.

(8) Loss Reporting. Participating Insurers are required to file the following two types of loss reports at the times prescribed in Rule 19-8.029, F.A.C. Form FHCF-L1A, "Florida Hurricane Catastrophe Fund Interim Loss Report," for the applicable Contract Year and Form FHCF-L1B, "Florida Hurricane Catastrophe Fund Proof of Loss Report," for the applicable Contract Year.

(a) For the Contract Year 2006-2007, the applicable "Florida Hurricane Catastrophe Fund Interim Loss Report," is the FHCF-L1A rev. 05/06 and the applicable "Florida Hurricane Catastrophe Fund Proof of Loss Report," is the FHCF-L1B rev. 05/06.

(b) For the Contract Year 2007-2008, the applicable "Florida Hurricane Catastrophe Fund Interim Loss Report," is the FHCF-L1A rev. 05/07 and the applicable "Florida Hurricane Catastrophe Fund Proof of Loss Report," is the FHCF-L1B rev. 05/07.

(c) For the Contract Year 2008-2009, the applicable "Florida Hurricane Catastrophe Fund Interim Loss

Report," is the FHCF-L1A rev. 05/08 and the applicable "Florida Hurricane Catastrophe Fund Proof of Loss Report," is the FHCF-L1B rev. 05/08.

(d) For the Contract Year 2009-2010, the applicable "Florida Hurricane Catastrophe Fund Interim Loss Report," is the FHCF-L1A rev. 05/09 and the applicable "Florida Hurricane Catastrophe Fund Proof of Loss Report," is the FHCF-L1B rev. 05/09. These forms are hereby adopted and incorporated by reference into this rule.

(e) For the Contract Year 2010, the applicable "Florida Hurricane Catastrophe Fund Interim Loss Report," is the FHCF-L1A rev. 05/10 and the applicable "Florida Hurricane Catastrophe Fund Proof of Loss Report," is the FHCF-L1B rev. 05/10. These forms are hereby adopted and incorporated by reference into this rule.

These forms are hereby adopted and incorporated by reference into this rule and ~~These forms~~ may be obtained from the Fund's Administrator, Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, ~~8200 Norman Center Drive, Bloomington~~, Minnesota 55437. Companies must submit a detailed claims listing (in a delimited ASCII format) to support the losses reported in the FHCF-L1B, Proof of Loss Report, at the same time it submits its first Proof of Loss Report for a specific Covered Event that qualifies the company for reimbursement under that Covered Event, and should be prepared to supply a detailed claims listing for any subsequent Proof of Loss Report upon request. Refer to Form FHCF-LAP1 for the required file layout. The Proof of Loss Report and the detailed claims listing are required to be sent to the FHCF Administrator, Paragon Strategic Solutions Inc., at the address listed above. If your company submits its Proof of Loss Reports electronically through the FHCF's Online Claims System at www.sbafla.com/fhcf, the detailed claims listing may be attached to the Company's submission.

No changes, paragraphs (9)(a) through (9)(b).

(9)(c) Consequences for Failure to meet the requirements contained in the FHCF-EAP1, "Exposure Examination Advance Preparation Instructions," the FHCF-LAP1, "Loss Reimbursement Examination Advance Preparation Instructions," or the on-site examination record requirements in a timely manner: In addition to other penalties or consequences, the FHCF has the authority, pursuant to Section 215.555(4)(f), F.S., to require that the Insurer pay for the following services under the circumstances outlined below:

No changes, paragraphs (9)(c)1. through (11).

(12) Company Contact Information: Companies must submit Form FHCF-C1, Company Contact Information, by June 1 of each Contract Year to the FHCF Administrator, Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, ~~8200 Norman Center Drive, Bloomington,~~ Minnesota 55437. This form must be updated by the Company as the information provided thereon changes. The FHCF shall have the right to rely upon the information provided by the Company to the FHCF on this form until receipt by the FHCF of a new properly completed and notarized FHCF C-1 from the Company.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555 FS. History–New 5-13-03, Amended 5-19-04, 5-29-05, 5-10-06, 5-8-07, 8-13-07, 6-8-08, 3-30-09,_____.

NAME OF PERSON ORIGINATING PROPOSED RULE: Jack E. Nicholson, FHCF Chief Operating Officer, State Board of Administration

NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: The Trustees of the State Board of Administration of Florida

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: 1/26/10

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: 12/24/09

2010 Incorporated Form and Rule Changes Summary
Rev. 1/12/10

Per CS/CS/CS HB 1495: Definition of Contract Year changed –6/1/10 to 12/31/10 and thereafter from 1/1/ XX to 12/31/XX

Rules

19-8.010 Reimbursement Contract
* New: (16) added to incorporate this Contract Year's Reimbursement Contract.

19-8.012 Procedures to Determine Ineligibility for Participation in the Florida Hurricane Catastrophe Fund and to Determine Exemption from Participation in the Florida Hurricane Catastrophe Fund due to Limited Exposure.

* Throughout: New Address for the FHCF Administrator.
* Throughout: Dates updated and accommodations made for new contract year period [June 1, 2010 to December 31, 2010; thereafter January 1st through December 31st]

19-8.013 Revenue Bonds Issued Pursuant to Section 215.555(6), F.S
* Throughout—non-substantive changes to make the wording consistent from paragraph to paragraph—example: (2)(e) "adopted by and incorporated into" has been changed to be consistent with the wording in (2)(j) "adopted and incorporated by reference"....
* Amended: (2)(g) Contract Year definition amended due to new contract year period.
* Amended: (4)(e)3. Determining the average rate of return for the FHCF has been changed from looking back at the first "five" months of the Contract Year to looking back at the first "four" months. The SBA has modified their process for determining monthly interest rates, therefore, the 5th month is now not available in a time sufficient to complete the final installment billing which is due December 1. NOTE: Interest authorized pursuant to 215.555(3), F.S.

19-8.029 Insurer Reporting Requirements
* Amended: (2)(c) Contract Year definition revised.
* Amended: (4)(l) adopts this years Data Call.
* Amended: (6) Administrators new address provided.
* Amended: (7)(f) adopts this years FHCF-L1A and FHCF-L1B (Interim Loss Reports and Loss Reports).

19-8.030 Insurer Responsibilities
* Amended: (3)(e) Contract year definition amended.
* Amended: (4)(a) through and (c)2. Amended to reflect dates for Contract Year times prior to the 2010 Contract Year.
* Amended: (4)(d) The words "New Participant" capitalized.
* Amended: (6)(b) The words "New Participant" capitalized.
* New: (6)(b)1. and 2. New paragraphs to accommodate change in Contract Year dates.

* Amended: (6)(c)1. and (new) 2. –Changes are to accommodate change in Contract Year dates.
* New: (7)(a) 1. through 8.—Adopting each year's Exposure and Loss Examination Advance Preparation Instructions individually.
* Amended: (7)(b)—non-substantive clarification
* Amended: (7)(c)—Status Quo--language identical to the last sentence in paragraph (7)(d) added here so that whether it is a resubmission after a completed exam or a response to an examination report, if the time in which to respond is not met, an extension will be granted if the failure to meet the time requirements is due to circumstances beyond the control of the Company.
* Amended: (8)(a) through (d)—Adopting each year's Forms L1A & L1B (Interim Loss Report and Loss Report) and updated the FHCF Administrator's address.
* New: (8)(e): Adopted this year's L1A and L1B
* Amended: (8) and (12) New address for Administrator.

<u>Incorporated Documents</u>

Rule 19-8.010, F.A.C. Incorporated Documents:

FHCF-2010K, Reimbursement Contract:
Throughout: New Address for Administrator.
Throughout: Dates updated.
I—Status Quo but clarified that coverage from FHCF is only for policies in force when covered event occurs.
V(1) New language "or through other means available by law to the SBA" added to make this paragraph consistent with same language in paragraph (7) of IV.
V(27) Language stricken because we are now covering vacant property and clarifying language added to state that the FHCF does not cover "structures used solely for non-residential purposes".
V(30) Status Quo but clarified that coverage from FHCF is only for policies in force when covered event occurs.
VI(13) Status Quo but added for clarification.
VI(17) Exclusion for vacant property deleted and the rest of the paragraphs renumbered.
VI (17) as newly re-numbered—added golf carts; status quo but added for clarification.
VI(18) as newly re-numbered---the words "or liabilities in" added for clarification. Status Quo.
VI(22) Changes to exclude all loss assessment coverage from loss reporting and loss reimbursement.
VI(30) Language stricken as redundant.
VIII(1) Language is added to clarify that the SBA may offset amounts currently owed to the FHCF including premium installments regardless of actual due date for the installment.
VIII(2) AND IX(2): The law allows interest "at the fund's rate of return plus 5%" See 215.555(3), F.S. The SBA has been determining the fund's rate of return using the first 5 months of the calendar year. The SBA has modified their process for determining monthly interest rates, therefore, the 5th month is now not available in a time sufficient to

complete the final installment billing which is due December 1. The language stricken in this section (i.e. that the extra 5% interest did not apply to time that the file is under review) was removed because the time taken to review is prolonged by errors and this language was thought to be a disincentive to get the information in to the FHCF correctly.
X(3)(b)2. This sub-sub-paragraph has been subdivided for clarity and a new sub-sub-sub-paragraph d. added for clarification. Insurers had been confused as to whether the required reports were "quarterly reports" which needed to contain all the data for the quarter or whether the reports were due in a quarterly schedule with the most current data available before time for submission. This language clarifies that the reports are NOT "quarterly reports" with respect to the contents but only with respect to the timing. Insurers are to use the most current data available when submitting the report on a timing basis that is quarterly and the data submitted should be no older than 60 days prior to the end of the applicable quarter or year end.
X(3)(b) 5. Stricken due to Contract Year date changes.
X(3)(d)2.b. The word "adjuster" has been added to provide flexibility in circumstances where a commutation situation would be more suited to the expertise of an adjuster rather than an actuary or appraiser.
X(4)(b) The interest rate currently charged on excess advances is the prime rate as published in the Wall Street Journal. New language has been added to impose an additional 5% for excess advances. This is authorized by Section 215.555(3), F.S.
X(5) Status Quo but reworded to clarify that <u>any</u> delinquent payment, not just premium or premium installment payments, are subject to interest and is a violation of the Insurance Code. A reference to VIII(2) has been added to carry out the expansion to any delinquent payment.
X(7) Language added to include commutation documentation into the category of delinquent submissions.
XVIII—dates updated.

Addendum No. 1—Ten Million optional coverage (This was last year's Addendum No. 4). The only changes from last year's version are the dates.

Addendum No. 2: TICL Option. This addendum is last year's amended Addendum No. 2. Changes from last year's amended Addendum 2 include the removal of language regarding the amendments, date changes, and, due to the change in the law, the reduction in coverage option levels. (CS/CS/CS/HB 1495; Act took effect on May 27, 2009)

Addendum No. 3 (and Appendix A)—Citizens (liquidating insurers)—No substantive changes.

Rule 19-8.012, F.A.C. Incorporated Documents: No changes to incorporated documents.

Rule 19-8.013, F.A.C. Incorporated Documents: There are no forms incorporated into this rule.

Rule 19-8.029, F.A.C. Incorporated Documents:

FHCF-L1A, 2010 Interim Loss Report: Identical to the 2009 form except 2009 has been changed to 2010 in the title.
FHCF-L1B, 2010 Proof of Loss Report: This is the 2010 form; the changes from the 2009 form are as follows:
Section III—Mandatory, top of page--there is now a requirement that the insurer confirm that the losses reported on the form were actually incurred for the hurricane the insurer has named on the form.
Section III—Mandatory, under paragraph 2.--a requirement has been added that the claim files include "evidence to show the loss was a direct result of a hurricane."
Section III---Mandatory—under the note at the bottom of the page, the new address for the Administrator has been provided.

FHCF C-1, Company Contact Information: The only change is to the Administrator's address.
FHCF-D1A, 2010 Data Call: The Data Call contains a list of important changes on Page 2.

Rule 19-8.030, F.A.C. Incorporated Documents:

FHCF-EAP1, Exposure Examination—Contract Year 2010 Advance Preparation Instructions.
Page 2, paragraph 3. Forms and Endorsements: Insurers now required to provide a specimen copy of each form. The last sentence was stricken as repetitive ~~(The examiner may request additional information to support this list.)~~
Page 2, paragraph 4. List of Company Construction Types: New
Page 2, paragraph 5. Definition of Windstorm Mitigation Features: New; now that these features are rating factors, the examiners need to have the supporting documents during the examination.
Pages 4 to end of document: Non-substantive changes (dates updated, capitalization of titles, etc.)

FHCF-LAP1, Loss Reimbursement Examination Contract Year 2010 Advance Preparation Instructions:
Detailed Claims Listing(s)—Status Quo—a new sentence is added for clarification which states that policy numbers in the Detailed Claims Listing must be in the same format as the policy numbers provided in the Exposure Exam File.

New section: "List of Claims with Salvage".
New Section: "Remittance of Required Documents" which requires reports to be provided on a CD-ROM.
Records which must be available on site: Under the list of files which must be available upon request, there is one new requirement for "Evidence the claim was the direct result of a hurricane". The other requirements are underlined as if new but have merely been given new identification letters.

19-8.010 Reimbursement Contract.

(1) The reimbursement contract for the 1995-1996 contract year required by Section 215.555(4), F.S., which is called Form FHCF-1995K – "Reimbursement Agreement ("Agreement") between (name of insurer) (the "Company")/NAIC # ( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("Fund"), rev. 07/95, is hereby adopted and incorporated by reference into this rule.

(2) The reimbursement contract for the 1996-1997 contract year required by Section 215.555(4), F.S., which is called Form FHCF-1996K – "Reimbursement Agreement ("Agreement") between (name of insurer) (the "Company")/NAIC # ( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("Fund"), rev. 05/96, is hereby adopted and incorporated by reference into this rule.

(3) The reimbursement contract for the 1997-1998 contract year required by Section 215.555(4), F.S., which is called Form FHCF-1997K – "Reimbursement Contract ("Contract") between (name of insurer) (the "Company")/NAIC # ( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("Fund"), rev. 05/97, is hereby adopted and incorporated by reference into this rule.

(4) The reimbursement contract for the 1998-1999 contract year required by Section 215.555(4), F.S., which is called Form FHCF-1998K – "Reimbursement Contract ("Contract") between (name of insurer) (the "Company")/NAIC # ( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("Fund"), rev. 05/98, is hereby adopted and incorporated by reference into this rule.

(5) The reimbursement contract for the 1999-2000 contract year required by Section 215.555(4), F.S., which is called Form FHCF-1999K – "Reimbursement Contract ("Contract") between (name of insurer) (the "Company")/NAIC#( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 05/99, is hereby adopted and incorporated by reference into this rule. Addendum No. 1 to the 1999-2000 reimbursement contract, which is called Form FHCF-1999K-1, – "Reimbursement Contract ("Contract") between (name of insurer) (the "Company")/NAIC # ( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 08/99, is hereby adopted and incorporated by reference into this rule.

(6) The reimbursement contract for the 2000-2001 contract year required by Section 215.555(4), F.S., which is called Form FHCF-2000K – "Reimbursement Contract ("Contract") between (name of insurer) (the "Company")/NAIC #( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 05/00, is hereby adopted and incorporated by reference into this rule.

(7) The reimbursement contract for the 2001-2002 contract year required by Section 215.555(4), F.S., which is called Form FHCF-2001K – "Reimbursement Contract" or "Contract" between (name of insurer) (the "Company")/NAIC #( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 05/01, is hereby adopted and incorporated by reference into this rule.

(8) The amended reimbursement contract for the 2002-2003 contract year required by Section 215.555(4), F.S., which is called Form FHCF-2002K – "Reimbursement Contract" or "Contract" between (name of insurer) (the "Company")/NAIC #( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 05/02, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2002 through May 31, 2003.

(9) The reimbursement contract for the 2003-2004 contract year required by Section 215.555(4), F.S., which is called Form FHCF-2003K – "Reimbursement Contract" or "Contract" between (name of insurer) (the "Company")/NAIC #( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 05/03, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2003 through May 31, 2004.

(10) The amended reimbursement contract for the 2004-2005 contract year required by Section 215.555(4), F.S., which is called Form FHCF-2004K – "Reimbursement Contract" or "Contract" between (name of insurer) (the "Company")/NAIC #( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 05/04, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2004 through May 31, 2005.

(11) The reimbursement contract for the 2005-2006 contract year required by Section 215.555(4), F.S., which is called Form FHCF-2005K – "Reimbursement Contract" or "Contract" between (name of insurer) (the "Company")/NAIC #( ) and the State

Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 05/05, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2005 through May 31, 2006. Addendum No. 1 to the 2005-2006 Reimbursement Contract, which is called Form FHCF-2005K-1, "Reimbursement Contract (Contract) between (name of insurer) (the Company)/NAIC # ( ) and the State Board of Administration of the State of Florida (SBA) which administers the Florida Hurricane Catastrophe Fund (FHCF)", rev. 06/05, is hereby adopted and incorporated by reference into this rule.

(12) The reimbursement contract for the 2006-2007 contract year, as amended by Addendums 1., 2., and 3., required by Section 215.555(4), F.S., which is called Form FHCF-2006K – "Reimbursement Contract" or "Contract" between (name of insurer) (the "Company")/NAIC #( ) and the State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 05/06, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2006 through May 31, 2007.

(13) The reimbursement contract for the 2007-2008 contract year, including Addendum required by Section 215.555(4), F.S., which is called Form FHCF-2007K – "Reimbursement Contract" or "Contract" between (name of insurer) (the "Company")/NAIC #( ) and the State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 05/07, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2007 through May 31, 2008.

(14) The reimbursement contract for the 2008-2009 contract year, including all Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2008K – "Reimbursement Contract" or "Contract" between (name of insurer) (the "Company")/NAIC #( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 05/08, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2008 through May 31, 2009.

(15) The reimbursement contract for the 2009-2010 contract year, including all Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2009K-"Reimbursement Contract" or "Contract" between (name of insurer) (the "Company")/NAIC #( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 05/09, as amended, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2009 through May 31, 2010.

(16) The reimbursement contract for the 2010 contract year, including all Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2010K-"Reimbursement Contract" or "Contract" between (name of insurer) (the "Company")/NAIC #( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 05/10, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2010 through December 31, 2010.

(17)~~(16)~~ Copies of the reimbursement contract may be obtained from the FHCF website, www.sbafla.com/fhcf or by contacting the State Board of Administration. The mailing address is P.O. Box 13300, Tallahassee, Florida 32317-3300. The street address is 1801 Hermitage Blvd., Tallahassee, Florida 32308 and the telephone number is (850) 413-1341.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555 FS. History–New 5-31-94, Amended 8-29-95, 5-19-96, 6-19-97, 5-28-98, 5-17-99, 9-13-99, 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 11-13-05, 5-10-06, 9-5-06, 5-8-07, 8-13-07, 6-8-08, 9-2-08, 3-30-09, 8-23-09,_____.

Draft 12-10-09

19-8.012 Procedures to Determine Ineligibility for Participation in the Florida Hurricane Catastrophe Fund and to Determine Exemption from Participation in the Florida Hurricane Catastrophe Fund due to Limited Exposure.

(1) Purpose. The purpose of this rule is to establish procedures to determine ineligibility for participation in the Florida Hurricane Catastrophe Fund ("the Fund") and to establish procedures to determine whether an insurer may be exempted from subsections (4) and (5) of Section 215.555, F.S., because it has less than $10 million in aggregate exposure for covered policies.

(2) Procedures to Determine Ineligibility for Participation in the Fund.

(a) An insurer must apply for ineligibility from participation in the Fund if it has surrendered its certificate of authority to write insurance in Florida. To apply, the insurer shall submit a written request for ineligibility stating that it will have no covered policies, as that term is defined in Section 215.555(2)(c), F.S., after May 31 of the year for which the ineligibility is sought and provide a copy of the Office of Insurance Regulation Order, if any, revoking the insurer's authority to write insurance in Florida. The request shall be sent to the Fund's Administrator, Paragon Strategic Solutions Inc., at 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, MN 55437~~8200 Norman Center Drive, Bloomington, Minnesota 55437~~.

Formatted: Check spelling and grammar, Superscript

(b) An insurer which is not surrendering its certificate to write insurance in Florida must apply for ineligibility from participation in the Fund if it no longer has any covered policies in force, as that term is defined in Section 215.555(2)(c), F.S. To apply, the insurer shall submit a written request for a determination regarding its ineligibility for participation. The request shall be sent, no later than September 1 of the current contract year, to the Fund's Administrator, Paragon Strategic Solutions Inc., at 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, MN 55437~~8200 Norman Center Drive, Bloomington, Minnesota 55437~~, and shall contain the following information:

1. A detailed explanation of any premium appearing on the insurer's Florida Exhibit of Premiums and Losses of the National Association of Insurance Commissioners annual statement for lines of business which may contain covered policies. These lines are: Fire, Allied Lines, Homeowners Multiple Peril, Commercial Multiple Peril (non-liability portion), Inland Marine, Farmowners Multiple Peril.

2. A copy of the insurer's Exhibit of Premiums and Losses of the annual statement, required by Section 624.424, F.S., and any rules adopted thereunder, for the State of Florida for the applicable year.

3. Form FHCF-E1, "Statement related to Covered Policies as defined in Section 215.555(2)(c), F.S.," rev. 05/08, signed by two executive officers attesting to the fact that the insurer writes no covered policies. Form FHCF-E1 is hereby adopted and incorporated by reference into this rule. The form may be obtained from the Fund's Administrator at the address stated in this paragraph.

(c) The State Board of Administration of Florida ("Board") shall review the information received pursuant to paragraph (a) or (b) above.

1. If the Board determines that the insurer writes covered policies, as defined in Section 215.555(2)(c), F.S., and in Article V of the reimbursement contract, as adopted and incorporated by reference in Rule 19-8.010, F.A.C., and must therefore participate in the Fund as required by Section 215.555(4)(a), F.S., the Board will notify the insurer that its request has been denied. All insurers determined to be participants in the Fund will be required to enter into a reimbursement contract with the Board and will be subject to all premium payments and interest thereon, as well as fees for inadequate exposure data.

2. If the Board determines that the insurer does not write covered policies, as defined in Section 215.555(2)(c), F.S., and in Article V of the reimbursement contract, as adopted and incorporated by reference in Rule 19-8.010, F.A.C., the Board will notify the insurer that its request has been approved. This ineligibility continues until the insurer once again begins writing covered policies. The insurer must immediately notify the Board if it begins writing covered policies.

(d) Any Company granted ineligibility status which fails to execute and return the reimbursement contract to the Fund within thirty days of writing its first covered policy following the grant of ineligibility status shall not be eligible for reimbursement for any covered losses from a covered event occurring prior to the receipt by the Fund of the executed reimbursement contract.

(3) Procedures to Determine Exemption from the Fund Due to Limited Exposure.

(a) A current participant requesting exemption from participation in the Fund because its exposure for covered policies, as defined in Section 215.555(2)(c), F.S., and in Article V of the reimbursement contract, as adopted and incorporated by reference in Rule 19-8.010, F.A.C., is less than $10 million in the aggregate shall submit a written request for a determination regarding such an exemption no later than September 1 of the current contract year.

(b) If requested within thirty days of writing its first covered policy, a new participant, as defined in Article V of the reimbursement contract, may request exemption if its exposure is less than $10 million in the aggregate and is expected to remain less than $10 million in the aggregate for the remainder of the contract year.

(c) The request shall be sent to the Fund's Administrator, Paragon Strategic Solutions Inc., at 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, MN 554378~~200 Norman Center Drive, Bloomington, Minnesota 55437~~. The insurer shall submit the following information no later than September 1 of the current contract year:

1. A detailed explanation of any premium appearing on the insurer's Florida Exhibit of Premiums and Losses of the National Association of Insurance Commissioners annual statement for lines of business which may contain covered policies. These lines are: Fire, Allied Lines, Homeowners Multiple Peril, Commercial Multiple Peril (non-liability portion), Inland Marine, Farmowners Multiple Peril.

2. A copy of the insurer's Exhibit of Premiums and Losses of the annual statement, required by Section 624.424, F.S., and any rules adopted thereunder, for the State of Florida for the applicable year.

3. Form FHCF-E2, "Information regarding De Minimis FHCF Covered Policies In-force at June 30, ____," rev. 05/09. Form FHCF-E2 is hereby adopted and incorporated by reference into this rule. The form may be obtained from the Fund's Administrator at the address stated in this paragraph.

4. Form FHCF-E3, "Statement related to De Minimis Aggregate Exposure for Covered Policies as defined in Section 215.555(2)(c), F.S., on behalf of _____," rev. 05/08, signed by two executive officers attesting to the fact that the insurer writes no covered policies with an aggregate exposure of $10 million or more. Form FHCF-E3 rev. 05/08, is hereby adopted and incorporated by reference into this rule. The form may be obtained from the Fund's Administrator at the address stated in this paragraph.

(d) The Board shall review the information received pursuant to paragraph (c) above.

1. If the Board determines that the insurer has an aggregate exposure of $10 million or more for covered policies, as defined in Section 215.555(2)(c), F.S., and in Article V of the reimbursement contract, as adopted and incorporated by reference in Rule 19-8.010, F.A.C., and must therefore participate in the Fund as required by Section 215.555(4)(a), F.S., because it does not qualify for the exemption permitted by Section 215.555(3), F.S., the Board will notify the insurer that its request has been denied. All insurers determined to be participants in the Fund will be required to enter into a reimbursement contract with the Board and will be subject to all premium payments and interest thereon, as well as fees for inadequate exposure data.

2. If the Board determines that the insurer has an aggregate exposure of less than $10 million for covered policies, as defined in Section 215.555(2)(c), F.S., and in Article V of the reimbursement contract, as adopted and incorporated by reference in Rule 19-8.010, F.A.C., and that granting the exemption will not adversely affect the actuarial soundness of the Fund, the Board will notify the insurer that its request has been approved and note that the insurer must immediately notify the Board if its exposure becomes $10 million or more in the aggregate. If this occurs, the insurer will be treated as a "new participant" and will be subject to the provisions of subparagraph 19-8.028(4)(c)3., F.A.C., if its exposure becomes $10 million or more during the period from June 1 through November 30 or will be subject to the provisions of subparagraph 19-8.028(4)(c)4., F.A.C., if its exposure becomes $10 million or more during the period from December 1 through May 31 for contract years prior to the 2010 contract year, or if its exposure becomes $10 million or more during the period from December 1 through December 31 beginning with the 2010 contract year.

(e) The exemption for minimal exposure permitted by Section 215.555(3), F.S., is optional for the insurer but, once the exemption is requested, cannot be withdrawn by the insurer. An insurer with less than $10 million in aggregate exposure for covered policies is not required to ask for an exemption from the Fund. Such an insurer may continue to participate in the Fund if it so desires. An insurer which has been granted an exemption from the Fund may request to be reinstated in the Fund as a participating member. However, such a request must be made prior to June 1 of a contract year. No insurer which has been granted an exemption under this subsection shall be reinstated during the Atlantic Hurricane Season, which begins June 1 and ends November 30 of each year, so long as its aggregate exposure remains below $10 million.

(f) The exemptions for minimal exposure permitted by Section 215.555(3), F.S., shall not be granted by the Board if the aggregate number of anticipated exemptions adversely affects the actuarial soundness of the Fund.

(g) Any Company granted de minimis exempt status which fails to execute and return the reimbursement contract to the Fund within thirty days of writing a covered policy that results in the insurers aggregate covered exposure exceeding $10 million dollars shall not be eligible for reimbursement for any covered losses occurring from a covered event prior to the receipt by the Fund of the executed reimbursement contract.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2)(c), (3), (4), (5) FS. History–New 2-17-97, Amended 6-2-02, 5-13-03, 5-19-04, 5-29-05, 5-10-06, 6-8-08, 3-30-09,_____.

Draft 12-10-09

19-8.013 Revenue Bonds Issued Pursuant to Section 215.555(6), F.S.

(1) Purpose. This rule establishes the Board's policy regarding the issuance of revenue bonds pursuant to Section 215.555(6), F.S. The rule provides definitions; interprets certain terms in Section 215.555, F.S.; establishes factors for determining when to issue revenue bonds, the amount of any such revenue bonds, and the source for repayment of any such revenue bonds; and establishes procedures for levying Emergency Assessments pursuant to Section 215.555(6)(b), F.S.

(2) Definitions. The terms defined below will be capitalized in this rule.

(a) Assessable Insurer means Authorized Insurers writing property and casualty business in this state and any entity created pursuant to Section 627.351, F.S. Surplus lines insurers are not Assessable Insurers. Reinsurers are not Assessable Insurers.

(b) Assessable Insured means each insured procuring property and casualty coverage from surplus lines insurers regulated under Part VIII of Chapter 626, F.S.

(c) Assessable Lines are those lines of property and casualty business subject to assessment under Section 215.555(6)(b)1., F.S., and as more fully described in subsection (5), below.

(d) Authorized Insurer means an insurer as defined in Section 624.09(1), F.S. For purposes of this rule, Authorized Insurer includes Citizens Property Insurance Corporation and any joint underwriting association or similar entity created pursuant to Section 627.351, F.S.

(e) Balance of the Fund and Fund Balance have the same meaning given to Balance of the Fund as of December 31 in Article V of the Reimbursement Contract adopted ~~by~~ and incorporated by reference into Rule 19-8.010, F.A.C.

(f) Board means the State Board of Administration of Florida.

(g) Contract Year, prior to June 1, 2010, means the time period which begins at 12:00:01 Eastern Time on June 1 of each calendar year and ends at 12:00 p.m. midnight on May 31 of the following calendar year. The period of time which begins at 12:00:01 Eastern Time on June 1, 2010 and ends at 12:00 p.m. midnight on December 31, 2010 shall be considered the 2010 Contract Year. All Contract Years beginning after December 31, 2010 shall begin at 12:00:01 Eastern Time on January 1 of each calendar year and end at 12:00 p.m. midnight on December 31 of that calendar year.

~~means the time period that begins June 1 of each calendar year and ends May 31 of the following calendar year.~~

(h) Corporation means the Florida Hurricane Catastrophe Fund Finance Corporation created by Section 215.555(6)(d), F.S.

(i) Covered Event means a hurricane as defined in Section 215.555(2)(b), F.S., and in Article V of the Reimbursement Contract adopted and incorporated by reference in Rule 19-8.010, F.A.C.

(j) Covered Policies means an insurance policy covering residential property, as defined in Section 215.555(2)(c), F.S., and in Article V of the Reimbursement Contract adopted and incorporated by reference in Rule 19-8.010, F.A.C.

(k) Department means the Florida Department of Financial Services, which was created pursuant to Section 20.121, F.S., and which is charged with regulating the Florida insurance market and administering the Florida Insurance Code.

(l) Emergency Assessment means the assessment levied by the Office of Insurance Regulation at the direction of the Board on direct written premiums for all Assessable Lines pursuant to and subject to the exceptions in Section 215.555(6)(b), F.S., and as more fully described in subsection (5) of this rule.

(m) FHCF or Fund means the Florida Hurricane Catastrophe Fund.

(n) Office of Insurance Regulation means that office within the Department which was created in Section 20.121(3), F.S.

(o) Participating Insurer means an insurer which writes Covered Policies in this state and which has entered into a Reimbursement Contract with the Board, pursuant to Section 215.555(4)(a), F.S.

(p) Reimbursement Contract means the annual contract required pursuant to Section 215.555(4)(a), F.S., which provides coverage to Participating Insurers for losses to covered property during a Covered Event.

(q) Reimbursement Premium means the premium determined by multiplying each $1,000 of insured value reported by the Participating Insurer in accordance with Section 215.555(5), F.S., by the rate as derived from the premium formula as described in Rule 19-8.028, F.A.C.

(3) Limitations on the Fund's Liability. The Fund's liability under the Reimbursement Contracts for Covered Events in a Contract Year is determined pursuant to Sections 215.555(4)(c)1., 215.555(16)(e)4., (g) and 215.555(17)(g), (h), F.S.

(4) Determinations Regarding Bond Issuance.

(a) General Factors for Use in Determining Whether to Issue Bonds. Based on the requirements of Section 215.555, F.S., on all rules adopted pursuant thereto, and on the foregoing interpretations, the Board determines that the Legislature intended the Fund to be a sustainable, permanent, and continuing trust fund established within the meaning of Article III, s. 19 of the Florida Constitution

which is available to pay reimbursable losses for Covered Events in more than one year. The Board further determines that the Legislature deliberately and purposefully limited the Fund's liability as to Covered Events in any one Contract Year in order to provide for an on-going Fund. The Board determines that in its fiduciary capacity regarding the Fund, it is prudent to adopt the interpretations set out in this rule and to conform all its other policies, rules, and methods of operation to those fiduciary responsibilities and interpretations.

(b) Quality of Bonds to be Issued. The Board finds that in order to fulfill its fiduciary responsibilities to maintain and enhance the on-going viability and credibility of the Fund and to operate in the most cost-efficient manner, all revenue bonds issued to pay reimbursable losses shall be investment grade bonds, except to the extent that revenue bonds other than investment grade are needed to pay a small amount of legitimate but unexpected reimbursable losses. Upon the occurrence of such an exception, any revenue bonds issued will be issued only after a determination by the Board that the issuance of such bonds is fiscally responsible, in light of the Board's fiduciary responsibilities.

(c) Emergency Assessments.

1. If the Board determines that the amount of revenue produced under Section 215.555(5), F.S., is insufficient to fund the obligations, costs, and expenses of the Fund and the Corporation, including repayment of revenue bonds and that portion of debt service coverage not met by Reimbursement Premiums, the Board shall direct the Office of Insurance Regulation to levy an Emergency Assessment on direct written premiums for all Assessable Lines. In making this determination, the Board may consider the projected Balance of the Fund; anticipated additional Fund revenues; the meteorological severity and geographical area impacted by each Covered Event; estimates of losses from the insurance industry, from individual insurers, from federal, state, and local emergency response entities, from loss reports submitted to the Board by Participating Insurers, from reviews of loss reports by the Fund's Administrator, from information provided by modeling companies, from claims development patterns derived from known historical events, from an analysis of market shares of Participating Insurers in the impacted area, and any other credible sources of loss information; and any other information determined by the Board to be relevant.

2. Except as required by Section 215.555(7)(c), F.S., or as described in the following two sentences, Reimbursement Premiums, together with earnings thereon, received in a given Contract Year will be used only to pay for losses attributable to Covered Events occurring in that Contract Year or for losses attributable to Covered Events in subsequent Contract Years and will not be used to pay for past losses or for debt service on tax-exempt post-event revenue bonds. Amounts collected during the Contract Year 2006/2007 as part of the premium that are attributable to the required 25% rapid cash buildup factor, pursuant to by Section 215.555(5)(b), F.S., may be used to pay for losses attributable to prior Contract Years. Pursuant to Section 215.555(6)(a)1., F.S., Reimbursement Premiums, and earnings thereon may be used for payments relating to tax-exempt post-event revenue bonds in the event Emergency Assessments are insufficient. If Reimbursement Premiums are used for debt service on tax-exempt post-event revenue bonds, then the amount of the Reimbursement Premiums, or earnings thereon so used shall be returned, without interest, to the Fund when Emergency Assessments or other legally available funds remain available after making payments relating to such revenue bonds and any other purposes for which Emergency Assessments were levied.

(d) Specific Procedures Regarding Issuance of Bonds, Notes, Debentures or Other Evidences of Financial Indebtedness on a Pre-Event Basis. In making a determination to authorize the issuance of revenue bonds on a Pre-event basis ("in the absence of a hurricane"), pursuant to Section 215.555(6)(a), F.S., the Board shall consider the following factors: the projected Fund Balance; reserves for mitigation appropriations; estimated amounts needed for administration of the Fund; projected amounts of future Reimbursement Premiums; projected amounts of earnings on collected Reimbursement Premiums; the projected frequency and magnitude of future Covered Events; current and projected interest rates on revenue bonds; current and projected market conditions for the sale of revenue bonds; projected credit ratings for the Fund and for revenue bonds issued on behalf of the Fund; current and projected availability of bond insurance or other credit enhancement for revenue bonds; the costs of issuance of revenue bonds; the debt service requirements of the revenue bonds; the estimated value, both monetary and non-monetary, of the issuance of Pre-event bonds on the costs of Post-event bonds in terms of benchmark pricing, secondary market trading, investor education, confidence of insurers and reinsurers in the Fund's ability to issue revenue bonds Post-event, market education, and document preparation; and any other factors relevant to the determination at the time such determination is made.

(e) Specific Procedures for Issuance of Revenue Bonds on a Post-Covered Event Basis. Upon the occurrence of a Covered Event for which the Board determines that moneys in the Fund are or will be insufficient to pay reimbursement at the levels promised in the Reimbursement Contracts:

1. The Board will determine the projected reimbursable losses of Participating Insurers, whether or not the Fund has or will

have sufficient funds to reimburse Participating Insurers for their reimbursable losses, and the estimated shortfall which shall be covered by the issuance of revenue bonds or through incurrence of other indebtedness.

2. Based on the amount of the shortfall determined in accordance with subparagraph 1., above, the Board will determine the needed percentage of direct premium written for Assessable Lines. The Emergency Assessment percentage will be determined as follows:

a. The Board will review available information, from the Office of Insurance Regulation, the Florida Surplus Lines Service Office and the National Association of Insurance Commissioners, regarding direct premiums written for Assessable Lines in Florida, reportable pursuant to Section 624.424, F.S., or pursuant to Part VIII of Chapter 626, F.S.

b. The Board will review and assess existing market conditions regarding the issuance and sale of bonds or the incurrence of other indebtedness to determine the amount of revenues which will be required to pay debt service on any bonds issued or other indebtedness incurred.

c. Based on the specific information described above and on any other information determined by the Board to be relevant, the Board will determine the Emergency Assessment percentage necessary to fund the obligations, costs, and expenses of the Fund and the Corporation including repayment of revenue bonds and that portion of the debt service coverage not met by Reimbursement Premiums, and shall adopt a resolution directing the Office of Insurance Regulation to levy the Emergency Assessment on all Assessable Lines.

3. The Emergency Assessment is subject to interest on delinquent remittances at the average rate earned by the Board for the FHCF for the first ~~five~~ four months of the Contract Year for which such information is available plus 5%. The Emergency Assessment is also subject to annual adjustments by the Board in order to meet debt obligations.

(5) Procedures regarding Levying Emergency Assessments Pursuant to Section 215.555(6)(b), F.S.

(a) If the Board directs the Office of Insurance Regulation to levy Emergency Assessments, then the Office of Insurance Regulation shall issue Orders to the Florida Surplus Lines Service Office and to each Assessable Insurer levying an Emergency Assessment for the Assessable Lines set out in paragraph (d), below.

(b) Pursuant to the Order issued by the Office of Insurance Regulation levying the Emergency Assessment, each Assessable Insurer shall remit to the entity identified in the Order, an amount equal to the required percentage of its direct written premium for the preceding calendar quarter from all Assessable Lines. Medical malpractice is an Assessable Line of business but only as to covered events occurring on or after June 1, 2010. In addition, policies issued as part of the National Flood Insurance Program are not subject to the Emergency Assessment. The required percentage will be determined in accordance with Section 215.555(6)(b), F.S., and the procedures set out in subsection (4) of this rule.

(c) Pursuant to the Order issued by the Office of Insurance Regulation levying the Emergency Assessment, each Assessable Insured shall remit and each surplus lines agent shall collect an amount equal to the required percentage of its direct written premium from all Assessable Lines. Surplus lines agents shall collect the Emergency Assessment at the same time as the surplus lines agent collects the surplus lines tax required by Section 626.932, F.S., and remit to the Florida Surplus Lines Service Office at the same time as the agent remits the surplus lines tax to that Office. The Emergency Assessment on each insured procuring coverage and filing under Section 626.938, F.S., shall be an amount equal to the required percentage of its direct written premium from all Assessable Lines and shall be remitted by the insured to the Florida Surplus Lines Service Office at the time the insured pays the surplus lines tax to that Office. The Florida Surplus Lines Service Office shall remit the Emergency Assessments received as directed by the Office of Insurance Regulation.

(d) Lines of Business Subject to Assessment.

1. The lines of business described in subparagraph 2., below, are the lines of business subject to the Emergency Assessment under Section 215.555(6)(b)1., F.S. For ease of reference, the lines of business are written and listed as they appear on the Exhibit of Premiums and Losses in the property and casualty annual statement of the National Association of Insurance Commissioners required to be filed by authorized insurers pursuant to Section 624.424, F.S., whether or not the insurer is required to file such exhibit.

2. Assessable Lines. Note that the numbers below preceding the names of the lines of business do not correspond to the line numbers of the property and casualty annual statement referenced in subparagraph 1., immediately above.

a. Fire.

b. Allied Lines.

c. Multiple Peril Crop.

d. Farmowners Multiple Peril.
e. Homeowners Multiple Peril.
f. Commercial Multiple Peril (non-liability).
g. Commercial Multiple Peril (liability).
h. Mortgage Guaranty.
i. Ocean Marine.
j. Inland Marine.
k. Financial Guaranty.
l. Medical Malpractice (Medical Malpractice insurance premiums are not subject to Emergency Assessments attributable to covered events occurring prior to the Contract Year that begins on June 1, 2010).
m. Earthquake.
n. Other Liability.
o. Products Liability.
p. Private Passenger Auto No-Fault.
q. Other Private Passenger Auto Liability.
r. Commercial Auto No-Fault.
s. Other Commercial Auto Liability.
t. Private Passenger Auto Physical Damage.
u. Commercial Auto Physical Damage.
v. Aircraft (all perils).
w. Fidelity.
x. Surety.
y. Burglary and Theft.
z. Boiler and Machinery.
aa. Credit.
bb. Warranty.
cc. Aggregate Write Ins for Other Lines of Business.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7) FS. History–New 9-18-97, Amended 12-3-98, 9-12-00, 6-1-03, 5-19-04, 5-29-05, 5-10-06, 9-5-06, 6-8-08, 3-30-09,_____.

Draft 12-10-09

19-8.029 Insurer Reporting Requirements.

(1) Purpose. The purpose of this rule is to incorporate and adopt the annual reporting of insured values and the Loss Reporting Forms, to provide the time and place for submission of this required information and to address confidentiality of information provided to the Florida Hurricane Catastrophe Fund (FHCF or Fund).

(2) Definitions. The terms defined below will be capitalized in this rule.

(a) Citizens Property Insurance Corporation or "Citizens" means the entity formed under Section 627.351(6), F.S., and includes both the High Risk Account and the Personal Lines and Commercial Lines Accounts.

(b) Commutation means that period of time which is not less than 36 months or more than 60 months after the end of the Contract Year during which the loss occurrence took place. The Reimbursement Contract, adopted and incorporated into Rule 19-8.010, F.A.C., may provide for voluntary commutation earlier than the 36 month period under certain circumstances.

(c) ~~Contract Year means the time period which begins at 12:00:01 Eastern Time on June 1 of each calendar year and ends at 12:00 p.m. midnight on May 31 of the following calendar year.~~Contract Year, prior to June 1, 2010, means the time period which begins at 12:00:01 Eastern Time on June 1 of each calendar year and ends at 12:00 p.m. midnight on May 31 of the following calendar year. The period of time which begins at 12:00:01 Eastern Time on June 1, 2010 and ends at 12:00 p.m. midnight on December 31, 2010 shall be considered the 2010 Contract Year. All Contract Years beginning after December 31, 2010 shall begin at 12:00:01 Eastern Time on January 1 of each calendar year and end at 12:00 p.m. midnight on December 31 of that calendar year.

Formatted: Font: 10 pt, Check spelling and grammar

Formatted: Font: 10 pt, Check spelling and grammar

(d) Covered Policy is defined in Section 215.555(2)(c), F.S., and the Reimbursement Contract adopted by and incorporated into Rule 19-8.010, F.A.C.

(e) Data Call means the annual reporting of insured values forms. These forms are the FHCF-D1A for Contract Years after the 2002/2003 year and the FHCF-D1A and FHCF- D1B for the Contract Year 2002/2003 and all prior years.

(f) FHCF or Fund means the Florida Hurricane Catastrophe Fund.

(g) Independent Consultant means the independent individual, firm, or organization with which the State Board of Administration of Florida (Board) contracts to prepare the premium formula and any other actuarial services for the FHCF, as determined under the contract with the consultant.

(h) Loss Reporting Forms mean the FHCF-L1A and FHCF-L1B for Contract Years after the 2002/2003 Contract Year and means the FHCF-L1A, FHCF-L1B and FHCF-L1C for the Contract Years 2002/2003 and all prior years.

(i) Office of Insurance Regulation means that office within the Department of Financial Services and which was created in Section 20.121(3), F.S.

(3) Reporting of Insurer Exposure Data.

(a) No later than September 1 of each Contract Year, authorized insurers and Citizens pursuant to Sections 215.555(5) and 627.351(6), F.S., shall report insured values reflecting wind exposure under Covered Policies by zip code and other relevant factors required to reflect each insurer's relative exposure to hurricane loss, valued as of June 30 of the current Contract Year. Such other relevant factors shall be determined by the Independent Consultant consistent with principles of actuarial science and in conjunction with the development of the premium formula.

(b) Confidentiality of reports containing insured values under Covered Policies. Section 215.557, F.S., enacted for the express purpose of protecting trade secret and proprietary information submitted to the FHCF by participating insurers, protects the confidentiality of information of the type submitted in the Data Call (FHCF-D1A), examination workpapers, examination reports, or loss reports (FHCF-L1A, FHCF-L1B) and such information is not subject to the provisions of Section 119.07(1), F.S., or Section 24(a), Article I of the Florida State Constitution.

(c) Reporting Regarding Insurers Withdrawing from the State or Discontinuing the Writing of All Kinds of Insurance Prior to June 30 of Each Year. Insurers which discontinue writing insurance in Florida and have no remaining Covered Policy exposure as of June 30 of each Contract Year are required to petition for exemption from the Fund pursuant to Rule 19-8.012, F.A.C. Insurers which withdraw from the Florida insurance market prior to June 30 and have no remaining Covered Policy exposure as of that date shall not participate in the Fund. The affected insurer shall provide written evidence obtained from the Office of Insurance Regulation that it has surrendered its certificate of authority and currently has no outstanding Covered Policies in force. Nothing in this rule shall be construed to conflict with the requirements of Section 624.430(1), F.S.

(d) The requirement that the report is due by September 1 means that the report shall be in the physical possession of the Fund's Administrator in Minneapolis no later than 5:00 p.m., Central Time, on September 1. If September 1 is a Saturday, Sunday or legal holiday, then the applicable due date will be the day immediately following September 1 which is not a Saturday, Sunday or legal

holiday. For purposes of the timeliness of the submission, neither the United States Postal Service postmark nor a postage meter date is in any way determinative. Reports sent to the Board in Tallahassee, Florida, will be returned to the sender. Reports not in the physical possession of the Fund's Administrator by 5:00 p.m., Central Time, on the applicable due date are late.

(4)(a) For the 1999/2000 Contract Year, the reporting shall be in accordance with the following: Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 1999 Data Call," rev. 05/99; Form FHCF-MOD, "CLASIC DATA FORMAT (tm) for Excess Insurance, Version 1.1," rev. 12/22/94; and the FHCF computer validation software provided on diskette and called "FHCF Preliminary Validation Software Version 5.0," with its instructions. The two forms and the software with its instructions identified in the immediately preceding sentence are hereby adopted and incorporated by reference.

(b) For the 2000/2001 Contract Year, the reporting shall be in accordance with the following: Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2000 Data Call," rev. 05/00; Form FHCF-MOD, "CLASIC DATA FORMAT (tm) for Excess Insurance, Version 1.1," rev. 12/22/94; and the FHCF computer validation software provided on diskette and called "FHCF Preliminary Validation Software Version 6.0," with its instructions. The two forms and the software with its instructions identified in the immediately preceding sentence are hereby adopted and incorporated by reference. For new companies, the company shall report its actual exposure as of December 31 of the Contract Year on or before March 1 of the Contract Year, to the Administrator on Form FHCF-D1B, "Florida Hurricane Catastrophe Fund 2000 Data Call for Newly Licensed Companies," rev. 05/00; Form FHCF-MOD, "CLASIC DATA FORMAT (tm) for Excess Insurance, Version 1.1," rev. 12/22/94; and the FHCF computer validation software provided on diskette and called "FHCF Preliminary Validation Software Version 6.0," with its instructions. The two forms and the software with its instructions identified in the immediately preceding sentence are hereby adopted and incorporated by reference.

(c) For the 2001/2002 Contract Year, the reporting shall be in accordance with the following: Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2001 Data Call," rev. 05/01; Form FHCF-MOD, "CLASIC DATA FORMAT (tm) for Excess Insurance, Version 1.1," rev. 12/22/94; and the FHCF computer validation software provided on diskette and called "FHCF Preliminary Validation Software Version 7.0," with its instructions. The two forms and the software with its instructions identified in the immediately preceding sentence are hereby adopted and incorporated by reference. For new companies, the company shall report its actual exposure as of December 31 of the Contract Year on or before March 1 of the Contract Year, to the Administrator on Form FHCF-D1B, "Florida Hurricane Catastrophe Fund 2001 Data Call for Newly Licensed Companies," rev. 05/01; Form FHCF-MOD, "CLASIC DATA FORMAT (tm) for Excess Insurance, Version 1.1," rev. 12/22/94; and the FHCF computer validation software provided on diskette and called "FHCF Preliminary Validation Software Version 7.0," with its instructions. The two forms and the software with its instructions identified in the immediately preceding sentence are hereby adopted and incorporated by reference.

(d) For the 2002/2003 Contract Year, the reporting shall be in accordance with the following: Form FHCF-D1A, "Amended Florida Hurricane Catastrophe Fund 2002 Data Call," rev. 05/02 and Form FHCF-MOD, "CLASIC DATA FORMAT (tm) for Excess Insurance, Version 1.1," rev. 3/27/01. The two forms identified in the immediately preceding sentence are hereby adopted and incorporated by reference. For new companies, the company shall report its actual exposure as of December 31 of the Contract Year on or before March 1 of the Contract Year, to the Administrator on Form FHCF-D1B, "Amended Florida Hurricane Catastrophe Fund 2002 Data Call for Newly Licensed Companies," rev. 05/02; and Form FHCF-MOD "CLASIC DATA FORMAT (tm) for Excess Insurance, Version 1.1," rev. 3/27/01. The two forms identified in the immediately preceding sentence are hereby adopted and incorporated by reference.

(e) For the 2003/2004 Contract Year, the reporting shall be in accordance with the following: Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2003 Data Call," rev. 05/03 and UNICEDE®/PX Data Exchange Format, Version 4.0.0." The two forms identified in the immediately preceding sentence are hereby adopted and incorporated by reference. A new participant shall report its actual exposure as of December 31 of the Contract Year on or before March 1 of the Contract Year, to the Administrator. NOTE: Form FHCF-D1B, "Amended Florida Hurricane Catastrophe Fund 2002 Data Call for Newly Licensed Companies," rev. 05/02 used in past years by new participants is no longer being used. The information new participants must submit is now incorporated into Form FHCF-D1A.

(f) For the 2004/2005 Contract Year, the reporting shall be in accordance with the following: Form FHCF-D1A, "Amended Florida Hurricane Catastrophe Fund 2004 Data Call," rev. 05/11/04 and UNICEDE®/PX Data Exchange Format, Version 4.0.0." The two forms identified in the immediately preceding sentence are hereby adopted and incorporated by reference. A new participant shall report its actual exposure as of December 31 of the Contract Year on or before March 1 of the Contract Year, to the

Administrator.

(g) For the 2005/2006 Contract Year, the reporting shall be in accordance with the following: Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2005 Data Call," rev. 05/05 and "UNICEDE®/PX Data Exchange Format, Version 4.0.0." The two forms identified in the immediately preceding sentence are hereby adopted and incorporated by reference. The forms may be obtained from the Fund's Administrator at the address stated in subsection (6) below. A new participant writing covered policies after June 1 but prior to December 1, shall report its actual exposure as of December 31 of the Contract Year on or before March 1 of the Contract Year, to the Administrator.

(h) For the 2006/2007 Contract Year, the reporting shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2006 Data Call," rev. 05/06, hereby adopted and incorporated by reference. The form may be obtained from the Fund's Administrator at the address stated in subsection (6) below. A new participant writing covered policies on or after June 1 but prior to December 1, shall report its actual exposure as of December 31 of the Contract Year on or before March 1 of the Contract Year, to the Administrator.

(i) For the 2007/2008 Contract Year, the reporting shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2007 Data Call," rev. 05/07, hereby adopted and incorporated by reference. The form may be obtained from the Fund's Administrator at the address stated in subsection (6) below. A new participant writing covered policies on or after June 1 but prior to December 1, shall report its actual exposure as of December 31 of the Contract Year on or before March 1 of the Contract Year, to the Administrator.

(j) For the 2008/2009 Contract Year, the reporting shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2008 Data Call," rev. 05/08, hereby adopted and incorporated by reference. The form may be obtained from the Fund's Administrator at the address stated in subsection (6) below. A new participant writing covered policies on or after June 1 but prior to December 1, shall report its actual exposure as of December 31 of the Contract Year on or before March 1 of the Contract Year, to the Administrator.

(k) For the 2009/2010 Contract Year, the reporting shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2009 Data Call," rev. 05/09, hereby adopted and incorporated by reference. The form may be obtained from the Fund's Administrator at the address stated in subsection (6) below. A new participant writing covered policies on or after June 1 but prior to December 1, shall report its actual exposure as of December 31 of the Contract Year on or before March 1 of the Contract Year, to the Administrator.

(l) For the 2010 Contract Year, the reporting shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2010 Data Call," rev. 05/10, hereby adopted and incorporated by reference into this rule. The form may be obtained from the Fund's Administrator at the address stated in subsection (6) below. A new participant writing covered policies on or after June 1 but prior to December 1, shall report its actual exposure as of December 31 of the Contract Year on or before March 1 of the following calendar year, to the Administrator.

Formatted: Check spelling and grammar

Formatted: Check spelling and grammar

Formatted: Check spelling and grammar

(5) Loss Reimbursement Reporting Requirements.

(a) As directed by the Board, after a covered event occurs, insurers shall report all their estimated ultimate net losses (as defined in the Reimbursement Contract, adopted and incorporated into Rule 19-8.010, F.A.C.) for Covered Policies on the Form FHCF-L1A, "Florida Hurricane Catastrophe Fund Interim Loss Report," for the applicable Contract Year, as specified in subsection (7) herein, in no less than fourteen days from the date of the notice from the Board that such a report is required. The Board may request subsequent Interim Loss Reports. To obtain copies of this form, see subsection (6), below. Prompt reporting in the format requested will aid the Board in determining whether to seek additional sources of funds to pay for reimbursable losses. The losses reported on the Interim Loss Report are expected to result from a good faith effort, using best business practices for the insurance industry, on the part of the insurer to report as accurately as possible. Preliminary reports will not be binding. Reimbursements by the Fund will be made on the basis of the Proof of Loss Report, adopted in subsection (b) below.

(b) Insurers shall report their ultimate net losses (as defined in the Reimbursement Contract, adopted and incorporated into Rule 19-8.010, F.A.C.) for each loss occurrence on the Form FHCF-L1B, "Florida Hurricane Catastrophe Fund Proof of Loss Report," for the applicable Contract Year, as specified in subsection (7) herein. To obtain copies of this form, see subsection (6), below. To qualify for reimbursement, the Proof of Loss Report must have the original signatures of two executive officers authorized by the Company to sign the report. Proof of Loss Reports may be faxed only if the Company does not qualify for a reimbursement. While a Company may submit a Proof of Loss Report requesting reimbursement at any time following a loss occurrence, all Companies shall submit a mandatory Proof of Loss Report for each loss occurrence no earlier than December 1 and no later than December 31 of the

Contract Year during which the Covered Event(s) occurs using the most current data available, regardless of the amount of Ultimate Net Loss or the amount of loss reimbursements or advances already received. After the mandatory December Proof of Loss Report, quarterly Proof of Loss Reports are required. For purposes of this rule, quarterly Proof of Loss Reports shall be those reports submitted at each quarter end date after December 31 of the Contract Year in which the loss occurrence occurs and continuing until all claims and losses resulting from loss occurrences commencing during the Contract Year are fully discharged, including any adjustments to such losses due to salvage or other recoveries, in accordance with the reporting requirements in this paragraph. "Fully Discharged" means the earlier of the date on which the insurer has paid its policyholders in full or the commutation clause, in Article X of the Reimbursement Contract, adopted in Rule 19-8.010, F.A.C., takes effect. For the quarterly report due on March 31, any insurer whose losses exceed 50% of its FHCF retention for a specific loss occurrence shall submit a Proof of Loss Report for that loss occurrence. For the quarterly report due on June 30, any insurer whose losses exceed 75% of its FHCF retention for a specific loss occurrence shall submit a Proof of Loss Report for that loss occurrence. For the quarterly reports due on September 30 and thereafter, any insurer which anticipates that its losses will exceed its FHCF retention for a specific loss occurrence shall submit quarterly Proof of Loss Reports until all its losses are paid to its policyholders and the insurer has received reimbursement from the Fund. Annually, all Companies shall submit a mandatory year-end Proof of Loss Report for each loss occurrence, using the most current data available. This Proof of Loss Report shall be filed no earlier than December 1 and no later than December 31 of each year and shall continue until the earlier of the expiration of the commutation period or until all claims and losses resulting from the loss occurrence are fully discharged including any adjustments to such losses due to salvage or other recoveries.

(c) As a result of reports submitted on Form FHCF-L1B, reimbursements to insurers shall be adjusted in accordance with Section 215.555(4)(d)1., F.S., which requires the Fund to pay additional amounts to insurers and insurers to return overpayments to the Fund, based on the most recent calculation of losses.

(6) All the forms adopted and incorporated by reference in this rule may be obtained from: Administrator, Florida Hurricane Catastrophe Fund, Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, MN 55437.~~8200 Norman Center Drive, Bloomington, Minnesota 55437~~.

Formatted: Check spelling and grammar, Superscript

(7)(a) For the 2005/2006 and earlier Contract Years the applicable Interim Loss Report is that form that was in effect for the Contract Year as reflected by the revision date on the form. For example, the applicable Interim Loss Report for the Contract Year 2004-2005 is the FHCF-L1A, with the revision date of 05/05.

(b) For the 2006/2007 Contract Year, the applicable Interim Loss Report is the "Contract Year 2006 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)", FHCF-L1A, rev. 05/06, which is hereby adopted and incorporated by reference. The applicable Proof of Loss Report is the "Contract Year 2006 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," FHCF-L1B, rev. 05/06, which is hereby adopted and incorporated by reference.

(c) For the 2007/2008 Contract Year, the applicable Interim Loss Report is the "Contract Year 2007 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)", FHCF-L1A, rev. 05/07, which is hereby adopted and incorporated by reference. The applicable Proof of Loss Report is the "Contract Year 2007 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," FHCF-L1B, rev.05/07, which is hereby adopted and incorporated by reference.

(d) For the 2008/2009 Contract Year, the applicable Interim Loss Report is the "Contract Year 2008 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)", FHCF-L1A, rev. 05/08, which is hereby adopted and incorporated by reference. The applicable Proof of Loss Report is the "Contract Year 2008 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," FHCF-L1B, rev. 05/08, which is hereby adopted and incorporated by reference. The forms may be obtained from the Fund's Administrator at the address stated in subsection (6) above.

(e) For the 2009/2010 Contract Year, the applicable Interim Loss Report is the "Contract Year 2009 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)", FHCF-L1A, rev. 05/09, which is hereby adopted and incorporated by reference. The applicable Proof of Loss Report is the "Contract Year 2009 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," FHCF-L1B, rev. 05/09, which is hereby adopted and incorporated by reference. The forms may be obtained from the Fund's Administrator at the address stated in subsection (6) above.

(f) For the 2010 Contract Year, the applicable Interim Loss Report is the "Contract Year 2010 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)", FHCF-L1A, rev. 05/10, which is hereby adopted and incorporated by reference into this rule. The applicable Proof of Loss Report is the "Contract Year 2010 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," FHCF-L1B, rev. 05/10, which is hereby adopted and incorporated by reference into this rule. The forms may be obtained from the Fund's Administrator at the address stated in subsection (6) above.

(8) Company Contact Information: Companies must submit Form FHCF C-1, Company Contact Information, rev. 05/10~~09~~, by June 1 of each Contract Year. This form must be updated by the Company as the information provided thereon changes. The FHCF shall have the right to rely upon the information provided by the Company to the FHCF on this form until receipt by the FHCF of a new properly completed and notarized FHCF C-1 from the Company. The form may be obtained from the Fund's Administrator at the address stated in subsection (6) above.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7), (15) FS. History–New 5-17-99, Amended 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 5-10-06, 5-8-07, 6-8-08, 3-30-09, 8-2-09,_____.

DRAFT 12-10-09

19-8.030 Insurer Responsibilities.

Formatted: Check spelling and grammar

(1) Section 215.555(10), F.S., provides that any violation of any provision of Section 215.555, F.S., or of any rule adopted under Section 215.555, F.S., constitutes a violation of the Florida Insurance Code.

(2) Purpose. The purpose of this rule is to clearly establish certain deadlines and other requirements for insurers required to participate in the Florida Hurricane Catastrophe Fund (Fund or FHCF). It is not the intent or purpose of this rule to address every requirement of Participating Insurers which could result in a referral to the Florida Department of Financial Services.

(3) Definitions. The terms defined below will be capitalized in this rule.

(a) Authorized Insurer means an insurer as defined in Section 624.09(1), F.S. and includes Citizens Property Insurance Corporation and any joint underwriting association or similar entity created pursuant to Section 627.351, F.S.

(b) Board or SBA means the State Board of Administration of Florida.

(c) Fund or FHCF means the Florida Hurricane Catastrophe Fund established pursuant to Section 215.555, F.S.

(d) Citizens Property Insurance Corporation or Citizens means the entity formed under Section 627.351(6), F.S., and includes both the High Risk Account and the Personal Lines and Commercial Lines Accounts.

(e) Contract Year, prior to June 1, 2010, means the time period which begins at 12:00:01 Eastern Time on June 1 of each calendar year and ends at 12:00 p.m. midnight on May 31 of the following calendar year. The period of time which begins at 12:00:01 Eastern Time on June 1, 2010 and ends at 12:00 p.m. midnight on December 31, 2010 shall be considered the 2010 Contract Year. All Contract Years beginning after December 31, 2010 shall begin at 12:00:01 eastern Time on January 1 of each calendar year and end at 12:00 p.m. midnight on December 31 of that calendar year.

(f) A Covered Event or Event is a hurricane as defined in Section 215.555(2)(b), F.S., and in Article V of the Reimbursement Contract adopted and incorporated by reference in Rule 19-8.010, F.A.C.

(g) Covered Policy. This term is defined in Section 215.555(2)(c), F.S., and the Reimbursement Contract adopted by and incorporated into Rule 19-8.010, F.A.C.

(h) Department means the Florida Department of Financial Services.

(i) Data Call means the annual reporting of insured values forms. These forms, as adopted and incorporated into Rule 19-8.029, F.A.C., are the FHCF-D1A for Contract Years after the 2002/2003 year and the FHCF-D1A and FHCF-D1B for Contract Year 2002/2003 and prior years.

(j) Office of Insurance Regulation means that office within the Department of Financial Services and which was created in Section 20.121(3), F.S.

(k) Participating Insurer, Insurer or Company means an insurer which writes Covered Policies in this state and which has entered into a Reimbursement Contract with the Board, pursuant to Section 215.555(4)(a), F.S.

(l) Reimbursement Contract or Contract means the statutorily required annual contract which provides coverage to Participating Insurers for losses to covered property during a Covered Event.

(m) Reimbursement Premium or Premium means the premium determined by multiplying each $1,000 of insured value reported by the Company in accordance with Section 215.555(5), F.S., by the rate as derived from the premium formula as described in Rule 19-8.028, F.A.C.

(n) Quota Share Primary Insurance Arrangement is defined in Section 627.351(6)(c)2.a.(I), F.S.

(4) Reimbursement Contract.

(a) Current Participants: The Reimbursement Contracts are annual contracts~~ effective from June 1 of each Contract Year through May 31 of each Contract Year~~. Each Insurer required to participate in the FHCF must designate a coverage level in the annual Reimbursement Contract, make any required selections therein and execute the Reimbursement Contract and applicable Addenda so that the Contract, including the schedules and applicable Addenda, have been received by June 1 of each Contract Year.

(b) New Participants during the period of June 1 through November 30: Those Insurers that first begin writing Covered Policies from June 1 through November 30 of a Contract Year are "New Participants." New Participants must designate a coverage level in the annual Reimbursement Contract, make any required selections therein, and execute the Contract and applicable Addenda simultaneously with issuing the first Covered Policy. The completed and executed Reimbursement Contract, including all required selections, schedules and applicable Addenda, must be returned no later than 30 days after the effective date of the first Covered Policy.

(c) 1. For Contract Years prior to the 2010 Contract Year, New Participants during the period of December 1 through May 31: Those Insurers that first begin writing Covered Policies from December 1 through May 31 of a Contract Year, along with the

Insurers described in paragraph (b) immediately above, are "New Participants." However, these Insurers shall not complete and submit the Data Call (Form FHCF-D1A) but shall meet all other requirements for New Participants.

2. For Contract Years 2010 and later, New Participants during the period of December 1 through December 31: Those Insurers that first begin writing Covered Policies from December 1 through December 31 of a Contract Year, along with the Insurers described in paragraph (b) above, are New Participants. However, these Insurers shall not complete and submit the Data Call (Form FHCF-D1A) but shall meet all other requirements for New Participants.

Formatted: Check spelling and grammar

(d) Optional coverages authorized by law must be chosen by current participants by executing and returning the applicable Addenda to the Reimbursement Contract by June 1 of the relevant Contract Year. New Participants choosing optional coverage must execute and return the applicable Addenda to the Reimbursement Contract for the relevant Contract Year prior to the time in which a covered loss occurs and within thirty 30 days of writing its first covered policy. Any current or new New participant Participant failing to meet these deadlines shall not be eligible for such optional coverage.

(5) Exposure Reporting Requirements.

(a) Quota Share Primary Insurance: Citizens and Authorized Insurers may enter into Quota Share Primary Insurance Arrangements with respect to the High Risk Account policies. The statute also provides, in Section 627.351(6)(c)2.a.(II), F.S., that Citizens shall be responsible for the annual reporting of insured values to the FHCF for both Citizens and the Insurer participating with Citizens in the Quota Share Arrangement. Citizens shall report the insured values covered by the Quota Share Primary Insurance Arrangements in the same manner that all other current participants, as described in paragraph (b) below, report their insured values. Please note that both Citizens and the Quota Share Primary Insurer must keep complete and accurate records, including copies of policy declaration pages and supporting claims documents, for the purpose of exposure and loss reimbursement examinations by the FHCF.

(b) Current Participants: Each Insurer, with Covered Policies as of June 1 of a Contract Year must participate in the FHCF and must complete and submit the Data Call. The Data Call is incorporated into Rule 19-8.029, F.A.C., and is due, correctly completed, no later than September 1 of the Contract Year.

(c) New Participants during the period of June 1 through November 30: Those Insurers that first begin writing Covered Policies from June 1 through November 30 of a Contract Year must complete and submit the Data Call. The Data Call is incorporated into Rule 19-8.029, F.A.C., and is due, correctly completed, by March 1 of the Contract Year.

(d) Resubmissions of Data: With one exception noted below, any Insurer which submits a Data Call, Form FHCF-D1A, with incorrect data, incomplete data, or data in the wrong format and is required to resubmit will be given 30 days from the date on the letter from the FHCF notifying the Insurer of the need to resubmit. An extension of 30 days will be granted if the Insurer can show that the need for the additional time is due to circumstances beyond the reasonable control of the participant. Exception: If the Insurer, at the time it receives notice of the need to resubmit, has already been issued a notice of examinations, the usual 30 day time limitation (measured from the date of the letter giving notice of the need to resubmit) does not apply. In this situation, the time period in which the Insurer must resubmit is measured by counting backwards 30 days from the date that the examinations are scheduled to begin as reflected on the notice of examinations letter. The FHCF needs the information prior to the examinations; thus, no extensions can be granted.

(6) Premiums.

(a) Current Participants: Premium installments for Current Participants are due on August 1, October 1, and December 1. Premium adjustments are due as indicated on the invoice sent to the Insurer. Premiums paid to the FHCF with reference to property covered by Quota Share Primary Insurance Arrangements, as authorized and defined in Section 627.351(6)(c)2.a.(I), F.S., will be allocated by the FHCF between the Insurer and Citizens in accordance with the percentages specified in the Quota Share Primary Insurance Arrangement.

(b) New Participants during the period of June 1 through November 30: Those Insurers that first begin writing Covered Policies from June 1 through November 30 of a Contract Year must submit a payment of $1,000 on or before the date indicated on the invoice. Once this a new New participant's Participant's Data Call, which is filed on or before March 1 of the Contract Year, has been reviewed by the Administrator and the company's actual Reimbursement Premium has been determined on its actual exposure, an invoice with the amount due, if any, will be sent to the Company by the Administrator. Payment, if any amounts are shown as due on the invoice, is due within 30 days from the date on the invoice. In no event will the Premium be less than the $1,000.

1. For Contract Years prior to the 2010 Contract Year, the New Participant's Data Call is due on or before March 1 of the Contract Year.

2. For Contract Years 2010 and later, the New Participant's Data Call is due on or before March 1 of the following calendar year.

(c) New Participants ~~during the period of December 1 through May 31~~:

1. For Contract Years prior to the 2010 Contract Year, ~~T~~those Insurers that first begin writing Covered Policies from December 1 through May 31 of a Contract Year shall pay a $1,000 Premium within ~~thirty~~ 30 days from the date on the invoice sent to the Insurer by the FHCF.

2. For Contract Years 2010 and later, those Insurers that first begin writing Covered Policies from December 1 through December 31 of a Contract Year shall pay a $1,000 Premium within 30 days from the date on the invoice sent to the Insurer by the FHCF.

Formatted: Font: Not Bold, Check spelling and grammar

Formatted: Check spelling and grammar

(d) With respect to any Company where control of the Company has been transferred through any legal or regulatory proceeding to a state regulator or court appointed receiver or rehabilitator, or the Company has been placed under regulatory supervision, prior to December 1 of the Contract Year, the full annual provisional Reimbursement Premium as billed and any outstanding balances will be due on August 1, or the date that control is transferred if after August 1.

(7) Examination Requirements. A Company is required to prepare and retain an examination file in accordance with the specifications outlined in the Data Call instructions and a detailed claims listing to support losses reported on the Proof of Loss Report. Such records must be retained until the FHCF has completed its examination of a Company's exposure submission and any loss reports applicable to the Data Call Contract Year. The records provided for examination must be from the examination file as originally prepared unless a subsequent resubmission was sent to the FHCF. Note that both Citizens and Insurers participating in Quota Share Primary Insurance Arrangements must keep complete and accurate records, including copies of policy declaration pages and supporting claims documents, for the purpose of exposure and loss reimbursement examinations by the FHCF.

(a) Advance Examination Record Requirements: Within 30 days from the date on the letter from the FHCF, Companies are required to provide the FHCF with the records indicated in the applicable Contract Year's ~~Form FHCF-EAP1,~~ "Exposure Examination Advance Preparation Instructions" ~~rev. 05/08~~ or in the applicable Contract Year's ~~Form FHCF-LAP1~~ "Loss Reimbursement Examination Advance Preparation Instructions" ~~rev. 05/08~~. An extension of 30 days may be granted if the Insurer can show that the need for the additional time is due to circumstances beyond the reasonable control of the participant.

1. For Contract Years prior to the 2003/2004 Contract Year, Form FHCF-AP1 as revised for each Contract Year, is the applicable Exposure Examination Advance Preparation Instructions form to use.

2. For the 2004/2005 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Audit – Contract Year 2004 Advance Preparation Instructions," FHCF-AP1, rev. 5/04. The applicable loss examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year 2004 Advance Preparation Instructions," FHCF-LAP1, rev. 05/2006.

3. For the 2005/2006 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2005 Advance Preparation Instructions," FHCF-AP1, rev. 5/05. The applicable loss examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year 2005 Advance Preparation Instructions," FHCF-LAP1, rev. 05/07.

4. For the 2006/2007 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2006 Advance Preparation Instructions," FHCF-EAP1, rev. 5/2006. The applicable loss examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year XXXX Advance Preparation Instructions," FHCF-LAP1, new 05/2006.

5. For the 2007/2008 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2007 Advance Preparation Instructions," FHCF-EAP1, rev. 05/07. The applicable loss examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year XXXX Advance Preparation Instructions," FHCF-LAP1, rev. 05/07.

Formatted: Check spelling and grammar

6. For the 2008/2009 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2008 Advance Preparation Instructions," FHCF-EAP1, rev. 05/08. The applicable loss examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year XXXX Advance Preparation Instructions," FHCF-LAP1, rev. 05/08.

7. For the 2009/2010 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2009 Advance Preparation Instructions," FHCF-EAP1, rev.

05/09. The applicable loss examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year XXXX Advance Preparation Instructions," FHCF-LAP1, rev. 05/09.

8. For the 2010 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2010 Advance Preparation Instructions," FHCF-EAP1, rev. 05/10. The applicable loss examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Loss Reimbursement Examination – Contract Year 2010 Advance Preparation Instructions," FHCF-LAP1, rev. 05/10.

These forms are hereby adopted and incorporated by reference into this rule. Copies of these forms may be obtained from the FHCF website, www.sbafla.com/fhcf or by contacting the State Board of Administration. The mailing address is P. O. Box 13300, Tallahassee, Florida 32317-3300. The street address is 1801 Hermitage Blvd., Tallahassee, Florida 32308.

(b) On-site Examination Record Requirements: The FHCF-EAP1, "Exposure Examination Advance Preparation Instructions" form and the FHCF-LAP1, "Loss Reimbursement Examination Advance Preparation Instructions" form each contain~~s~~ a list of the information that the Companies must have available, on-site, on the date the exposure or loss examination is to begin. These records must be made available to the FHCF examiner upon request.

(c) Response to the FHCF Examination Report: Within 30 days from the date of the letter accompanying the examination report, a Company must provide a written response to the FHCF. The response must indicate whether the Company agrees with the recommendation of the examination report. If the Company disagrees with the examination findings, the reason for the disagreement will be outlined in the response and the Company will provide supporting information to support its objection. An extension of 30 days will be granted if the Company can show that the need for additional time is due to circumstances beyond the reasonable control of the Company.

(d) Resubmissions as a Result of a Completed Examination: A Company required to resubmit exposure data as a result of the examination must do so within 30 days of the date on the letter from the FHCF notifying the Company of the need to resubmit. An extension of 30 days will be granted if the Company can show that the need for additional time is due to circumstances beyond the reasonable control of the Company.

(8) Loss Reporting. Participating Insurers are required to file the following two types of loss reports at the times prescribed in Rule 19-8.029, F.A.C. Form FHCF-L1A, "Florida Hurricane Catastrophe Fund Interim Loss Report," for the applicable Contract Year and Form FHCF-L1B, "Florida Hurricane Catastrophe Fund Proof of Loss Report," for the applicable Contract Year.

(a) For the Contract Year 2006-2007, the applicable "Florida Hurricane Catastrophe Fund Interim Loss Report," is the FHCF-L1A rev. 05/06 and the applicable "Florida Hurricane Catastrophe Fund Proof of Loss Report," is the FHCF-L1B rev. 05/06.

(b) For the Contract Year 2007-2008, the applicable "Florida Hurricane Catastrophe Fund Interim Loss Report," is the FHCF-L1A rev. 05/07 and the applicable "Florida Hurricane Catastrophe Fund Proof of Loss Report," is the FHCF-L1B rev. 05/07.

(c) For the Contract Year 2008-2009, the applicable "Florida Hurricane Catastrophe Fund Interim Loss Report," is the FHCF-L1A rev. 05/08 and the applicable "Florida Hurricane Catastrophe Fund Proof of Loss Report," is the FHCF-L1B rev. 05/08.

(d) For the Contract Year 2009-2010, the applicable "Florida Hurricane Catastrophe Fund Interim Loss Report," is the FHCF-L1A rev. 05/09 and the applicable "Florida Hurricane Catastrophe Fund Proof of Loss Report," is the FHCF-L1B rev. 05/09. These forms are hereby adopted and incorporated by reference into this rule.

(e) For the Contract Year 2010, the applicable "Florida Hurricane Catastrophe Fund Interim Loss Report," is the FHCF-L1A rev. 05/10 and the applicable "Florida Hurricane Catastrophe Fund Proof of Loss Report," is the FHCF-L1B rev. 05/10. These forms are hereby adopted and incorporated by reference into this rule.

These forms are hereby adopted and incorporated by reference into this rule~~. These forms~~ and may be obtained from the Fund's Administrator, Paragon Strategic Solutions Inc., ~~8200 Norman Center Drive, Bloomington~~ 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, Minnesota 55437. Companies must submit a detailed claims listing (in a delimited ASCII format) to support the losses reported in the FHCF-L1B, Proof of Loss Report, at the same time it submits its first Proof of Loss Report for a specific Covered Event that qualifies the company for reimbursement under that Covered Event, and should be prepared to supply a detailed claims listing for any subsequent Proof of Loss Report upon request. Refer to Form FHCF-LAP1 for the required file layout. The Proof of Loss Report and the detailed claims listing are required to be sent to the FHCF Administrator, Paragon Strategic Solutions Inc., at the address listed above. If your company submits its Proof of Loss Reports electronically through the FHCF's Online Claims System at www.sbafla.com/fhcf, the detailed claims listing may be attached to the Company's submission.

(9) Penalties and Additional Charges. The Participating Insurers' responsibilities outlined in this rule are not an exhaustive list and Section 215.555, F.S., and other rules promulgated under that section may outline additional responsibilities or deadlines. The

Formatted: Check spelling and grammar

Formatted: Check spelling and grammar

Formatted: Check spelling and grammar

Formatted: Check spelling and grammar

Formatted: Check spelling and grammar

Formatted: Check spelling and grammar

Formatted: Check spelling and grammar, Superscript

Formatted: Check spelling and grammar

failure by a Participating Insurer to meet any of the deadlines or responsibilities outlined in this rule, Section 215.555, F.S., or any other rule applicable to the FHCF constitute a violation of the Florida Insurance Code. In the event of a violation, in addition to the consequences outlined below, the FHCF may notify the Office of Insurance Regulation of the violation. The Office of Insurance Regulation may take whatever action it deems appropriate in addressing the violation.

(a) Resubmissions of Data: A $1,000 resubmission fee (for resubmissions that are not the result of an examination by the SBA) will be invoiced by the FHCF for each submission. If a resubmission is necessary as a result of an examination report issued by the SBA, the resubmission fee will be $2,000. If a company's examination-required resubmission is inadequate and the SBA requires an additional resubmission(s), the resubmission fee for each subsequent resubmission shall be $2,000.

(b) Premiums and Other Payments: All late payments of Premium, including Premium adjustments, due to the FHCF from an Insurer are subject to interest.

(c) Consequences for Failure to meet the requirements contained in the FHCF-EAP1, "Exposure Examination Advance Preparation Instructions," the FHCF-LAP1, "Loss Reimbursement Examination Advance Preparation Instructions," or the on-site examination record requirements in a timely manner: In addition to other penalties or consequences, the FHCF has the authority, pursuant to Section 215.555(4)(f), F.S., to require that the Insurer pay for the following services under the circumstances outlined below:

1. If an examination is delayed, cannot be conducted as scheduled or cannot be completed and the insurer is responsible for such, the Insurer shall be required to reimburse the FHCF for all the usual and customary expenses connected to such delay, cancellation or incompletion.

2. If the FHCF finds any Insurer's records or other necessary information to be inadequate or inadequately posted, recorded, or maintained, the FHCF may employ experts to reconstruct, rewrite, record, post, or maintain such records or information, at the expense of the Insurer being examined.

3. An Insurer required to reimburse the FHCF for costs as outlined in subparagraphs 1. and 2. immediately above, will owe interest on the amount owed to the FHCF from the date the FHCF pays such expenses until the date payment from the Insurer is received. The applicable interest rate will be the average rate earned by the SBA for the FHCF for the first five months of the current Contract Year plus 5%. Also, the payment of reimbursements or refunds by the FHCF to any Insurer will be offset by any amounts owed by that Insurer to the FHCF.

(10) Time Deadlines: If any deadline provided for herein falls on a Saturday, Sunday or on a legal holiday, then the applicable due date will be the first business day immediately following the Saturday, Sunday or legal holiday.

(11) Optional Coverage Programs: Except as provided in this subsection, this rule applies to the Temporary Emergency Additional Coverage Option ("TEACO") created in Section 215.555(16), F.S., and the Temporary Increase in Coverage Limit option created in Section 215.555(17), F.S. ("TICL"). The definition of Premium in paragraph (3)(m), above, does not apply to TEACO. With respect to this Option, the word "Premium" when used in this rule shall refer to the amount payable under Section 215.555(16)(f), F.S., for this optional coverage.

(12) Company Contact Information: Companies must submit Form FHCF-C1, Company Contact Information, by June 1 of each Contract Year to the FHCF Administrator, Paragon Strategic Solutions Inc., ~~8200 Norman Center Drive, Bloomington~~8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, Minnesota 55437. This form must be updated by the Company as the information provided thereon changes. The FHCF shall have the right to rely upon the information provided by the Company to the FHCF on this form until receipt by the FHCF of a new properly completed and notarized FHCF C-1 from the Company.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555 FS. History–New 5-13-03, Amended 5-19-04, 5-29-05, 5-10-06, 5-8-07, 8-13-07, 6-8-08, 3-30-09,

Formatted: Check spelling and grammar

Formatted: Check spelling and grammar, Superscript

Formatted: Check spelling and grammar

Formatted: Check spelling and grammar

Formatted: Check spelling and grammar

2010 Forms List

Forms to be Amended

19-8.010	**FHCF-2010K** – Reimbursement Contract Addendums 1 ($10 Million optional), 2 (TICL), 3/w Appendix A (Citizens)
19-8.012	Forms incorporated into this rule will not be amended.
19-8.013	No forms for this rule.
19-8.029	**FHCF-D1A**, "Florida Hurricane Catastrophe Fund 2010 Data Call," rev. 05/10; **FHCF-L1A**, "Contract Year 2010 Interim Loss Report, Florida Hurricane Catastrophe Fund" rev. 05/10 and Form **FHCF-L1B**, "Contract Year 2010 Proof of Loss Report, Florida Hurricane Catastrophe Fund." **FHCF C-1**, Company Contact Information, rev. 05/10.
19-8.030	**FHCF-EAP1**, "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination Contract Year 2010 Advance Preparation Instructions" rev. 05/10; **FHCF-LAP1,** "Loss Reimbursement Examination Advance Preparation Instructions" rev. 05/10; **FHCF-L1A**, "Contract Year 2010 Interim Loss Report, Florida Hurricane Catastrophe Fund" rev. 05/10 and Form **FHCF-L1B**, "Contract Year 2010 Proof of Loss Report, Florida Hurricane Catastrophe Fund," rev. 05/10.

Formatted: Font: Times New Roman

REIMBURSEMENT CONTRACT

Effective: June 1, ~~2009~~2010
(Contract)

between

«Legal_Name»
«Last_Line»
(Company)

NAIC # «NAIC_»

and

THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA)
WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)

PREAMBLE

The Legislature of the State of Florida has enacted Section 215.555, Florida Statutes "Statute", which directs the SBA to administer the FHCF. This Contract, consisting of the principal document entitled Reimbursement Contract, addressing the mandatory FHCF coverage, and Addenda, is subject to the Statute and to any administrative rule adopted pursuant thereto, and is not intended to be in conflict therewith. All provisions in the principle document are equally applicable to each Addenda unless specifically superseded by one of the Addenda.

In consideration of the promises set forth in this Contract, the parties agree as follows:

ARTICLE I - SCOPE OF AGREEMENT

As a condition precedent to the SBA's obligations under this Contract, the Company, an Authorized Insurer or an entity writing Covered Policies under Section 627.351, Florida Statutes, in the State of Florida, shall report to the SBA in a specified format the business it writes which is described in this Contract as Covered Policies.

The terms of this Contract shall determine the rights and obligations of the parties. This Contract provides reimbursement to the Company under certain circumstances, as described herein, and does not provide or extend insurance or reinsurance coverage to any person, firm, corporation or other entity. The SBA shall reimburse the Company for its Ultimate Net Loss on Covered Policies, which were in force

and in effect at the time of the loss, in excess of the Company's Retention as a result of each Loss Occurrence commencing during the Contract Year, to the extent funds are available, all as hereinafter defined.

ARTICLE II - PARTIES TO THE CONTRACT

This Contract is solely between the Company and the SBA which administers the FHCF. In no instance shall any insured of the Company or any claimant against an insured of the Company, or any other third party, have any rights under this Contract, except as provided in Article XIV. The SBA will only disburse funds to the Company, except as provided for in Article XIV of this Contract. The Company shall not, without the prior approval of the Office of Insurance Regulation, sell, assign, or transfer to any third party, in return for a fee or other consideration any sums the FHCF pays under this Contract or the right to receive such sums.

ARTICLE III - TERM

This Contract shall apply to Loss Occurrences which commence during the period from 12:00:01 a.m., Eastern Time, June 1, ~~2009~~2010, to 12:00 midnight Eastern Time, ~~May~~December 31, 2010 (Contract Year).

The Company must designate a coverage level, make the required selections, and return this fully executed Contract (two originals) to the FHCF Administrator so that the Contract is received by the FHCF Administrator no later than 5 p.m., Central Time, June 1, ~~2009~~2010. Failure to do so may result in a referral to the Office of Insurance Regulation within the Department of Financial Services for administrative action. Furthermore, the Company's coverage level under this Contract will be deemed as follows:

(1) For Companies that are a member of a National Association of Insurance Commissioners (NAIC) group, the same coverage level selected by the other Companies of the same NAIC group shall be deemed. If executed Contracts for none of the members of an NAIC group have been received by the FHCF Administrator, the coverage level from the prior Contract Year shall be deemed.
(2) For Companies that are not a member of an NAIC group under which other Companies are active participants in the FHCF, the coverage level from the prior Contract Year shall be deemed.
(3) For New Participants, as that term is defined in Article V(21), that are a member of an NAIC group, the same coverage level selected by the other Companies of the same NAIC group shall be deemed.
(4) For New Participants that are not a member of an NAIC group under which other Companies are active participants in the FHCF, the 45%, 75% or 90% coverage levels may be selected providing that the FHCF Administrator receives executed Contracts within 30 calendar days of the effective date of the first Covered Policy, otherwise, the 45% coverage level shall be deemed.

Pursuant to the terms of this Contract, the SBA shall not be liable for Loss Occurrences which commence after the effective time and date of expiration or termination. Should this Contract expire or terminate while a Loss Occurrence covered hereunder is in progress, the SBA shall be responsible for such Loss Occurrence in progress in the same manner and to the same extent it would have been responsible had the Contract expired the day following the conclusion of the Loss Occurrence in progress.

ARTICLE IV - LIABILITY OF THE FHCF

(1) The SBA shall reimburse the Company, with respect to each Loss Occurrence commencing during the Contract Year for the "Reimbursement Percentage" elected, this percentage times the amount of Ultimate Net Loss paid by the Company in excess of the Company's Retention, as adjusted pursuant to Article V(28), plus 5% of the reimbursed losses for Loss Adjustment Expense Reimbursement.

(2) The Reimbursement Percentage will be 45% or 75% or 90%, at the Company's option as elected under Article XVIII.

(3) The aggregate liability of the FHCF with respect to all Reimbursement Contracts covering this Contract Year shall not exceed the limit set forth under Section 215.555(4)(c)1., Florida Statutes. For specifics regarding loss reimbursement calculations, see section (3)(c) of Article X herein.

(4) Upon the occurrence of a Covered Event, the SBA shall evaluate the potential losses to the FHCF and the FHCF's capacity at the time of the event. The initial Projected Payout Multiple used to reimburse the Company for its losses shall not exceed the Projected Payout Multiple as calculated based on the capacity needed to provide the FHCF's mandatory coverage and the Additional Coverage Option (up to $10 million) pursuant to Section 215.555(4)(b)4., Florida Statutes, as provided under Addendum No. ~~4~~1. to this Contract. The SBA shall make adjustments to the Projected Payout Multiple in order to reimburse the optional Temporary Coverage Limit (TICL) Options coverage based on the SBA's ongoing evaluation of potential losses and capacity. If it appears that the Estimated Claims-Paying Capacity may be exceeded, the SBA shall reduce the published factors or multiples for determining each participating insurer's projected payout uniformly among all insurers to reflect the Estimated Claims-Paying Capacity.

(5) Reimbursement amounts shall not be reduced by reinsurance paid or payable to the Company from other sources.

(6) After the end of the calendar year, the SBA shall notify insurers of the estimated Borrowing Capacity and the Balance of the Fund as of December 31. In May and October of each year, the SBA shall publish in the *Florida Administrative Weekly* a statement of the FHCF's estimated Borrowing Capacity, estimated Claims-Paying Capacity, and the projected Balance of the Fund as of December 31.

(7) The obligation of the SBA with respect to all Contracts covering a particular Contract Year shall not exceed the Balance of the Fund as of December 31 of that Contract Year, together with the maximum amount the SBA is able to raise through the issuance of revenue bonds or through other means available to the SBA under Section 215.555, Florida Statutes, up to the limit in accordance with Section 215.555(4)(c)1., Florida Statutes. The obligations and the liability of the SBA are more fully described in Rule 19-8.013, Florida Administrative Code (F.A.C.).

ARTICLE V - DEFINITIONS

(1) **Actual Claims-Paying Capacity of the FHCF**
This term means the sum of the Balance of the Fund as of December 31 of a Contract Year, plus any reinsurance purchased by the FHCF, plus the amount the SBA is able to raise through the issuance of revenue bonds, or through other means available by law to the SBA, up to the limit in accordance with Section 215.555(4)(c)1. and (6), Florida Statutes.

(2) **Actuarially Indicated**
This term means, with respect to Premiums paid by Companies for reimbursement provided by the FHCF, an amount determined in accordance with the definition provided in Section 215.555(2)(a), Florida Statutes.

(3) **Additional Living Expense (ALE)**
ALE losses covered by the FHCF are not to exceed 40 percent of the insured value of a Residential Structure or its contents based on the coverage provided in the policy. Fair rental value, loss of rents, or business interruption losses are not covered by the FHCF.

(4) **Administrator**
This term means the entity with which the SBA contracts to perform administrative tasks associated with the operations of the FHCF. The Administrator is Paragon Strategic Solutions Inc., ~~8200 Norman Center Drive, Bloomington,~~ 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, Minnesota 55437. The telephone number is (800) 689-3863, and the facsimile number is (800) 264-0492.

(5) **Authorized Insurer**
This term is defined in Section 624.09(1), Florida Statutes.

(6) **Borrowing Capacity**
This term means the amount of funds which are able to be raised by the issuance of revenue bonds or through other financing mechanisms, less bond issuance expenses and reserves.

(7) **Citizens Property Insurance Corporation (Citizens)**
This term means the entity formed under Section 627.351(6), Florida Statutes and refers to both Citizens Property Insurance Corporation High Risk Account and Citizens Property Insurance Corporation Personal Lines and Commercial Lines Accounts.

(8) **Contract**
This term means this Reimbursement Contract for the current Contract Year.

(9) **Covered Event**
This term means any one storm declared to be a hurricane by the National Hurricane Center which causes insured losses in Florida. A Covered Event begins when a hurricane causes damage in Florida while it is a hurricane and continues throughout any subsequent downgrades in storm status by the National Hurricane Center regardless of whether the hurricane makes landfall. Any storm, including a tropical storm, which does not become a hurricane is not a Covered Event.

(10) **Covered Policy or Covered Policies**

(a) Covered Policy, as defined in Section 215.555(2)(c), Florida Statutes, is further clarified to mean only that portion of a binder, policy or contract of insurance that insures real or personal property located in the State of Florida to the extent such policy insures a Residential Structure, as defined in definition (27) herein, or the contents of a Residential Structure, located in the State of Florida.

(b) Due to the specialized nature of the definition of Covered Policies, Covered Policies are not limited to only one line of business in the Company's annual statement required to be filed by Section 624.424, Florida Statutes. Instead, Covered Policies are found in several lines of business on the Company's annual statement. Covered Policies will at a minimum be reported in the Company's statutory annual statement as:

1. Fire
2. Allied Lines
3. Farmowners Multiple Peril
4. Homeowners Multiple Peril
5. Commercial Multiple Peril (non liability portion, covering condominiums and apartments)
6. Inland Marine

Note that where particular insurance exposures, e.g. mobile homes, are reported on an annual statement is not dispositive of whether or not the exposure is a Covered Policy.

(c) This definition applies only to the first-party property section of a policy pertaining strictly to the structure, its contents, appurtenant structures, or ALE coverage.

(d) Covered Policy also includes any collateral protection insurance policy covering personal residences which protects both the borrower's and the lender's financial interest, in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy, if such policy can be accurately reported as required in Section 215.555(5), Florida Statutes. A Company will be deemed to be able to accurately report data if the required data, as specified in the Premium Formula adopted in Section 215.555(5), Florida Statutes, is available.

(e) See Article VI of this Contract for specific exclusions.

(11) **Deductible Buy-Back Policies**
This term means a specific policy that provides coverage to a policyholder for some portion of the policyholder's deductible under a policy issued by another insurer.

(12) **Estimated Claims-Paying Capacity of the FHCF**

This term means the sum of the projected Balance of the Fund as of December 31 of a Contract Year, plus any reinsurance purchased by the FHCF, plus the most recent estimate of the Borrowing Capacity of the FHCF, determined pursuant to Section 215.555(4)(c), Florida Statutes.

(13) **Excess Policies**

This term, for the purposes of this Contract, means a policy that provides insurance protection for large commercial property risks that provides a layer of coverage above a primary layer (which is insured by a different insurer) that acts much the same as a very large deductible.

(14) **Florida Department of Financial Services (Department)**

This term means the Florida regulatory agency, created pursuant to Section 20.121, Florida Statutes, which is charged with regulating the Florida insurance market and administering the Florida Insurance Code.

(15) **Florida Insurance Code**

This term means those chapters identified in Section 624.01, Florida Statutes, which are designated as the Florida Insurance Code.

(16) **Formula or the Premium Formula**

This term means the Formula approved by the SBA for the purpose of determining the Actuarially Indicated Premium to be paid to the FHCF. The Premium Formula is defined as an approach or methodology which leads to the creation of premium rates. The resulting rates are therefore incorporated as part of the Premium Formula. The formula, shall, pursuant to Section 215.555(5)(b), Florida Statutes, include a cash build-up factor in the amount specified therein.

(17) **Fund Balance or Balance of the Fund as of December 31**

These terms mean the amount of assets available to pay claims, not including any bonding proceeds, resulting from Covered Events which occurred during the Contract Year.

(18) **Insurer Group**

For purposes of the coverage option election in Section 215.555(4)(b), Florida Statutes, Insurer Group means the group designation assigned by the National Association of Insurance Commissioners (NAIC) for purposes of filing consolidated financial statements. A Company is a member of a group as designated by the NAIC until such Company is assigned another group designation or is no longer a member of a group recognized by the NAIC.

(19) **Loss Occurrence**

This term means the sum of individual insured losses incurred under Covered Policies resulting from the same Covered Event. "Losses" means direct incurred losses under Covered Policies and excludes Loss Adjustment Expenses.

(20) **Loss Adjustment Expense Reimbursement**

(a) Loss Adjustment Expense Reimbursement shall be 5% of the reimbursed losses under this Contract as provided in Article IV, pursuant to Section 215.555(4)(b)1., Florida Statutes.

(b) To the extent that loss reimbursements are limited to the Payout Multiple applied to each Company, the 5% Loss Adjustment Expense is included in the total Payout Multiple applied to each Company.

(21) **New Participant(s)**

This term means all Companies which begin writing Covered Policies on or after the beginning of the Contract Year. A Company that removes exposure from either Citizens entity, as that term is defined in (7) above, pursuant to an assumption agreement effective on or after June 1 and had written no other Covered Policies before June 1 is also considered a New Participant.

(22) **Office of Insurance Regulation**

This term means that office within the Department of Financial Services and which was created in Section 20.121(3), Florida Statutes.

(23) **Payout Multiple**

This term means the multiple as calculated in accordance with Section 215.555(4)(c), Florida Statutes, which is derived by dividing the single season Claims-Paying Capacity of the FHCF by the total aggregate industry Reimbursement Premium for the FHCF for the Contract Year billed as

of December 31 of the Contract Year. The final Payout Multiple is determined once Reimbursement Premiums have been billed as of December 31 and the amount of bond proceeds has been determined.

(24) **Premium**

This term means the same as Reimbursement Premium.

(25) **Projected Payout Multiple**

The Projected Payout Multiple is used to calculate a Company's projected payout pursuant to Section 215.555(4)(d)2., Florida Statutes. The Projected Payout Multiple is derived by dividing the estimated single season Claims-Paying Capacity of the FHCF by the estimated total aggregate industry Reimbursement Premium for the FHCF for the Contract Year. The Company's Reimbursement Premium as paid to the SBA for the Contract Year is multiplied by the Projected Payout Multiple to estimate the Company's coverage from the FHCF for the Contract Year.

(26) **Reimbursement Premium**

This term means the Premium determined by multiplying each $1,000 of insured value reported by the Company in accordance with Section 215.555(5)(b), Florida Statutes, by the rate as derived from the Premium Formula, as described in Rule 19-8.028, F.A.C.

(27) **Residential Structures**

This term means dwelling units~~ used as a home or residence~~, including the primary structure and appurtenant structures insured under the same policy and any other structures covered under endorsements associated with a policy covering a residential structure~~, the principal function of which at the time of loss was as a primary or secondary residence~~. ***Covered Residential Structures do not include*** any structures listed under Article VI herein or structures used solely for non-residential purposes.

(28) **Retention**

The Company's Retention means the amount of hurricane losses under Covered Policies which must be incurred by the Company before it is eligible for reimbursement from the FHCF.

(a) When the Company experiences covered losses from one or two Covered Events during the Contract Year, the Company's full Retention shall be applied to each of the Covered Events.

(b) When the Company experiences covered losses from more than two Covered Events during the Contract Year, the Company's full Retention shall be applied to each of the two Covered Events causing the largest covered losses for the Company. For each other Covered Event resulting in covered losses, the Company's Retention shall be reduced to one-third of its full Retention and applied to all other Covered Events.

1. All reimbursement of covered losses for each Covered Event shall be based on the Company's full Retention until~~ January 1~~ December 31 of the Contract Year. Adjustments to reflect a reduction to one-third of the full Retention shall be made on or after~~ January 1~~ December 31 of the Contract Year provided the Company reports its losses as specified in this Contract.
2. Adjustments to the Company's Retention shall be based upon its paid and outstanding losses as reported on the Company's Proof of Loss Reports but shall not include incurred but not reported losses. The Company's Proof of Loss Reports shall be used to determine which Covered Events constitute the Company's two largest Covered Events, and the reduction to one-third of the full Retention shall be applied to all other Covered Events for the Contract Year. After this initial determination, any subsequent adjustments shall be made by the SBA only if the quarterly loss reports reveal that loss development patterns have resulted in a change in the order of Covered Events entitled to the reduction to one-third of the full Retention.

(c) The Company's full Retention is established in accordance with the provisions of Section 215.555(2)(e), Florida Statutes, and shall be determined by multiplying the Retention Multiple by the Company's Reimbursement Premium for the Contract Year.

(d) Once the Company's limit of coverage has been exhausted, the Company will not be entitled to further reimbursements.

(29) **Retention Multiple**

(a) The Retention Multiple is applied to the Company's Reimbursement Premium to determine the Company's Retention. The Retention Multiple for the ~~2009/~~2010 Contract Year shall be equal to $4.5 billion, adjusted based upon the reported exposure for the ~~2008~~2009/~~2009~~ 2010 Contract Year to reflect the percentage growth in exposure to the FHCF since 2004, divided by the estimated total industry Reimbursement Premium at the 90% reimbursement percentage level for the Contract Year as determined by the SBA.

(b) The Retention Multiple as determined under (29)(a) above shall be adjusted to reflect the reimbursement percentage elected by the Company under this Contract as follows:

1. If the Company elects a 90% reimbursement percentage, the adjusted Retention Multiple is 100% of the amount determined under (29)(a) above;
2. If the Company elects a 75% reimbursement percentage, the adjusted Retention Multiple is 120% of the amount determined under (29)(a) above; or
3. If the Company elects a 45% reimbursement percentage, the adjusted Retention Multiple is 200% of the amount determined under (29)(a) above.

(30) **Ultimate Net Loss**

(a) This term means all losses of the Company under Covered Policies in force at the time of a Covered Event, as defined under (9) above, prior to the application of the Company's FHCF Retention, as defined under (28) above, and reimbursement percentage, and excluding loss adjustment expense, arising from each Loss Occurrence during the Contract Year, provided, however, that the Company's loss shall be determined in accordance with the deductible level written under the policy sustaining the loss.

(b) Salvages and all other recoveries, excluding reinsurance recoveries, shall be first deducted from such loss to arrive at the amount of liability attaching hereunder.

(c) All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this Contract shall be applied as if recovered or received prior to the aforesaid settlement and all necessary adjustments shall be made by the parties hereto.

(d) Nothing in this clause shall be construed to mean that losses under this Contract are not recoverable until the Company's Ultimate Net Loss has been ascertained.

(e) The SBA shall be subrogated to the rights of the Company to the extent of its reimbursement of the Company. The Company agrees to assist and cooperate with the SBA in all respects as regards such subrogation. The Company further agrees to undertake such actions as may be necessary to enforce its rights of salvage and subrogation, and its rights, if any, against other insurers as respects any claim, loss, or payment arising out of a Covered Event.

ARTICLE VI – EXCLUSIONS

This Contract does not provide reimbursement for:

(1) Any losses not defined as being within the scope of a Covered Policy.

(2) Any policy which excludes wind or hurricane coverage.

(3) Any Excess Policy or Deductible Buy-Back Policy that requires individual ratemaking.

(4) Any policy for Residential Structures, as defined in Article V(27) herein, that provides a layer of coverage underneath an Excess Policy, as defined in Article V(13) herein, issued by a different insurer.

(5) Any liability of the Company attributable to losses for fair rental value, loss of rent or rental income, or business interruption.

(6) Any collateral protection policy that does not meet the definition of Covered Policy as defined in Article V(10)(d) herein.

(7) Any reinsurance assumed by the Company.

(8) Any exposure for hotels, motels, timeshares, shelters, camps, retreats, and any other rental property used solely for commercial purposes.

(9) Any exposure for homeowner associations if no habitational structures are insured under the policy.

(10) Any exposure for homes and condominium structures or units that are non-owner occupied and rented for six (6) or more rental periods by different parties during the course of a twelve (12) month period.

(11) Commercial healthcare facilities and nursing homes; however, a nursing home which is an integral part of a retirement community consisting primarily of habitational structures that are not nursing homes will not be subject to this exclusion.

(12) Any exposure under commercial policies covering only appurtenant structures or structures that do not function as a habitational structure (e.g. a policy covering only the pool of an apartment complex).

(13) Personal contents in a commercial storage facility (including jewelry in an off-premises vault) covered under a policy that covers only those personal contents.

(14) Policies covering only Additional Living Expense.

(15) Any exposure for barns or barns with apartments.

(16) Any exposure for builders risk coverage or new residential structures still under construction.

~~(17)Any exposure described as a vacant property under a commercial policy.~~

Formatted: Bullets and Numbering

~~(18)~~(17) Any exposure for recreational vehicles, golf carts, or boats (including boat related equipment) requiring licensing and written on a separate policy or endorsement.

~~(19)~~(18) Any liability of the Company for extra contractual obligations ~~and~~ or liabilities in excess of original policy limits ~~liabilities~~.

~~(20)~~(19) Any losses paid in excess of a policy's hurricane limit in force at the time of each Covered Event, including individual coverage limits (i.e., building, appurtenant structures, contents, and additional living expense). This exclusion includes overpayments of a specific individual coverage limit even if total payments under the policy are within the aggregate policy limit.

~~(21)~~(20) Any losses paid under a policy for Additional Living Expense, written as a time element coverage, in excess of the Additional Living Expense exposure reported for that policy under the Data Call for the applicable Contract Year (unless policy limits have changed effective after June 30th of the Contract Year).

~~(22)~~(21) Any losses for which the Company's claims files do not adequately support. Claim file support shall be deemed adequate if in compliance with the Records Retention Requirements outlined on the Form FHCF-L1B (Proof of Loss Report) applicable to the Contract Year.

~~(23)~~(22) Any exposure for, or losses attributable to, loss assessment~~s that are not hurricane related expenses~~ coverage.

~~(24)~~(23) Losses in excess of the sum of the Balance of the Fund as of December 31 of the Contract Year and the amount the SBA is able to raise through the issuance of revenue bonds or by the use of other financing mechanisms, up to the limit pursuant to Section 215.555(4)(c), Florida Statutes.

~~(25)~~(24) Any liability assumed by the Company from Pools, Associations, and Syndicates. Exception: Covered Policies assumed from Citizens under the terms and conditions of an executed assumption agreement between the Authorized Insurer and Citizens are covered by this Contract.

~~(26)~~(25) All liability of the Company arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. "Insolvency fund" includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, howsoever denominated, established or governed, which provides for any assessment of or payment or assumption by the Company of part or all of any claim, debt, charge, fee, or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

~~(27)~~(26) Any liability of the Company for loss or damage caused by or resulting from nuclear reaction, nuclear radiation, or radioactive contamination from any cause, whether direct or indirect, proximate

or remote, and regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

~~(28)~~(27) The FHCF does not provide coverage for water damage which is generally excluded under property insurance contracts and has been defined to mean flood, surface water, waves, tidal water, overflow of a body of water, storm surge, or spray from any of these, whether or not driven by wind.

~~(29)~~(28) Specialized Fine Arts Risks as defined in Rule 19-8.028(4)(d), F.A.C.

~~(30)Claims for loss assessment coverage under Covered Policies with an effective date after the date of the Covered Event for which the loss assessments are attributed.~~

Formatted: Font: Bold

ARTICLE VII - MANAGEMENT OF CLAIMS AND LOSSES

The Company shall investigate and settle or defend all claims and losses. All payments of claims or losses by the Company within the terms and limits of the appropriate coverage parts of Covered Policies shall be binding on the SBA, subject to the terms of this Contract, including the provisions in Article XIII relating to inspection of records and examinations.

ARTICLE VIII – LOSS REIMBURSEMENT ADJUSTMENTS

(1) **Offsets**
The SBA reserves the right to offset amounts payable to the SBA from the Company, including amounts payable under previous Contract Years and the Company's full premium for the current Contract Year (regardless of installment due dates), against any reimbursement or advance amounts due and payable to the Company from the SBA as a result of the liability of the SBA.

(2) **Reimbursement Adjustments**
Section 215.555(4)(d) and (e), Florida Statutes, provides the SBA with the right to seek the return of excess loss reimbursements which have been paid to the Company along with interest thereon. Excess loss reimbursements are those payments made to the Company by the SBA that are in excess of the Company's coverage under the Contract Year. Excess loss reimbursements may result from adjustments to the Projected Payout Multiple or the Payout Multiple, incorrect exposure (Data Call) submissions or resubmissions, incorrect calculations of Reimbursement Premiums or Retentions, incorrect Proof of Loss Reports, incorrect calculation of reinsurance recoveries, or subsequent readjustment of policyholder claims, including subrogation and salvage, or any combination of the foregoing. The Company will be sent an invoice showing the due date for adjustments along with the interest due thereon through the due date. The applicable interest rate for interest credits, and for interest charges for adjustments beyond the Company's control, will be the average rate earned by the SBA for the FHCF for the first ~~five~~ four months of the Contract Year. The applicable interest rate for interest charges on excess loss reimbursements due to adjustments resulting from incorrect exposure submissions or Proof of Loss Reports will accrue at this rate plus 5%. ~~However, in recognition that the SBA's loss examination process for a particular Contract Year may span several years, and to eliminate the disparity between Companies scheduled for loss examinations throughout a multi-year process, the interest rate applicable to reimbursement adjustments resulting from loss reimbursement examinations shall not include the additional 5%.~~ All interest will continue to accrue if not paid by the due date.

ARTICLE IX - REIMBURSEMENT PREMIUM

(1) The Company shall, in a timely manner, pay the SBA its Reimbursement Premium for the Contract Year. The Reimbursement Premium for the Contract Year shall be calculated in accordance with Section 215.555, Florida Statutes, with any rules promulgated thereunder, and with Article X(2).

(2) Since the calculation of the Actuarially Indicated Premium assumes that the Companies will pay their Reimbursement Premiums timely, interest charges will accrue under the following

circumstances. A Company may choose to estimate its own Premium installments. However, if the Company's estimation is less than the provisional Premium billed, an interest charge will accrue on the difference between the estimated Premium and the final Premium. If a Company estimates its first installment, the Administrator shall bill that estimated Premium as the second installment as well, which will be considered as an estimate by the Company. No interest will accrue regarding any provisional Premium if paid as billed by the FHCF's Administrator, except in the case of an estimated second installment as set forth in this Article. Also, if a Company makes an estimation that is higher than the provisional Premium billed but is less than the final Premium, interest will not accrue. If the Premium payment is not received from a Company when it is due, an interest charge will accrue on a daily basis until the payment is received. Interest will also accrue on Premiums resulting from submissions or resubmissions finalized after December 1 of the Contract Year. An interest credit will be applied for any Premium which is overpaid as either an estimate or as a provisional Premium. Interest shall not be credited past December 1 of the Contract Year. The applicable interest rate for interest credits will be the average rate earned by the SBA for the FHCF for the first ~~five~~ four months of the Contract Year. The applicable interest rate for interest charges will accrue at this rate plus 5%.

ARTICLE X - REPORTS AND REMITTANCES

(1) **Exposures**

(a) If the Company writes Covered Policies before June 1 of the Contract Year, the Company shall report to the SBA, unless otherwise provided in Rule 19-8.029, F.A.C., no later than the statutorily required date of September 1 of the Contract Year, by ZIP Code or other limited geographical area as specified by the SBA, its insured values under Covered Policies as of June 30 of the Contract Year as outlined in the annual reporting of insured values form, FHCF-D1A (Data Call) adopted for the Contract Year under Rule 19-8.029, F.A.C., and other data or information in the format specified by the SBA.

(b) If the Company first begins writing Covered Policies on or after June 1 but prior to December 1 of the Contract Year, the Company shall report to the SBA, no later than March 1 of the following Contract Year, by ZIP Code or other limited geographical area as specified by the SBA, its insured values under Covered Policies as of December 31 of the Contract Year as outlined in the Supplemental Instructions for New Participants section of the Data Call adopted for the Contract Year under Rule 19-8.029, F.A.C., and other data or information in the format specified by the SBA.

(c) If the Company first begins writing Covered Policies on ~~or after~~ December 1 ~~but~~ through and including ~~May~~ December 31 of the Contract Year, the Company shall not report its exposure data for the Contract Year to the SBA.

(d) The requirement that a report is due on a certain date means that the report shall be in the physical possession of the FHCF's Administrator in Minneapolis no later than 5 p.m. on the due date. If the applicable due date is a Saturday, Sunday or legal holiday, then the actual due date will be the day immediately following the applicable due date which is not a Saturday, Sunday or legal holiday. For purposes of the timeliness of the submission, neither the United States Postal Service postmark nor a postage meter date is in any way determinative. Reports sent to the SBA in Tallahassee, Florida, will be returned to the sender. Reports not in the physical possession of the FHCF's Administrator by 5 p.m., Central Time, on the applicable due date are late.

(e) Pursuant to the provisions of Section 215.557, Florida Statutes, the reports of insured values under Covered Policies by ZIP Code submitted to the SBA pursuant to Section 215.555, Florida Statutes, are confidential and exempt from the provisions of Section 119.07(1), Florida Statutes, and Section 24(a), Art. I of the State Constitution.

(2) **Reimbursement Premium**

(a) If the Company writes Covered Policies before June 1 of the Contract Year, the Company shall pay the FHCF its Reimbursement Premium in installments due on or before August 1, October 1, and December 1 of the Contract Year in amounts to be determined by the FHCF. However, if the Company's Reimbursement Premium for the prior Contract Year was less than $5,000, the Company's full provisional Reimbursement Premium, in an amount equal to the Reimbursement Premium paid in the prior year, shall be due in full on or before August 1 of the Contract Year. The Company will be invoiced for amounts due, if any, beyond the provisional Reimbursement Premium payment, on or before December 1 of the Contract Year. In addition, if control of the Company has been transferred through any legal or regulatory proceeding to a state regulator or court appointed receiver or rehabilitator (referred to in the aggregate as "State action"), the full annual provisional Reimbursement Premium as billed and any outstanding balances will be due and payable on August 1, or the date that such State action occurs after August 1 of the Contract Year. Such acceleration will not apply when the receiver or rehabilitator provides a letter of assurance to the FHCF that the Company will have the resources to pay the premium in installments in accordance with the contractual provisions.

(b) A New Participant that first begins writing Covered Policies on or after June 1 but prior to December 1 of the Contract Year shall pay the FHCF a provisional Reimbursement Premium of $1,000 upon execution of this Contract. The Administrator shall calculate the Company's actual Reimbursement Premium for the period based on its actual exposure as of December 31 of the Contract Year, as reported on or before March 1 of the following Contract Year. To recognize that New Participants have limited exposure during this period, the actual Premium as determined by processing the Company's exposure data shall then be divided in half, the provisional Premium shall be credited, and the resulting amount shall be the total Premium due for the Company for the remainder of the Contract Year. However, if that amount is less than $1,000, then the Company shall pay $1,000. The Premium payment is due no later than May 1 of the following Contract Year. The Company's Retention and coverage will be determined based on the total Premium due as calculated above.

(c) A New Participant that first begins writing Covered Policies on or after December 1 ~~but~~ through ~~and including May 31~~ December 31 of the Contract Year shall pay the FHCF a Reimbursement Premium of $1,000 upon execution of this Contract.

(d) The requirement that the Reimbursement Premium is due on a certain date means that the Premium shall be in the physical possession of the FHCF no later than 5 p.m., Eastern Time, on the due date applicable to the particular installment. If remitted by check to the FHCF's Post Office Box, the check shall be physically in the Post Office Box 550261, Tampa, FL 33655-0261, as set out on the invoice sent to the Company. If remitted by check by hand delivery, the check shall be physically on the premises of the FHCF's bank in Tampa, Florida, as set out on the invoice sent to the Company. If remitted electronically, the wire transfer shall have been completed to the FHCF's account at its bank in Tampa, Florida, as set out on the invoice sent to the Company. If the applicable due date is a Saturday, Sunday or legal holiday, then the actual due date will be the day immediately following the applicable due date which is not a Saturday, Sunday or legal holiday. For purposes of the timeliness of the remittance, neither the United States Postal Service postmark nor a postage meter date is in any way determinative. Premium checks sent to the SBA in Tallahassee, Florida, or to the FHCF's Administrator in Minneapolis, Minnesota, will be returned to the sender. Reimbursement Premiums not in the physical possession of the FHCF by 5 p.m., Eastern Time, on the applicable due date are late.

(e) Except as required by Section 215.555(7)(c), Florida Statutes, or as described in the following sentence, Reimbursement Premiums, together with earnings thereon, received in a given Contract Year will be used only to pay for losses attributable to Covered Events occurring in that Contract Year or for losses attributable to Covered Events in subsequent Contract Years and will not be used to pay for past losses or for debt service on revenue bonds. Pursuant to Section 215.555(6)(a)1., Florida Statutes, Reimbursement Premiums and earnings thereon may

be used for payments relating to revenue bonds in the event Emergency Assessments are insufficient. If Reimbursement Premiums or earnings thereon are used for debt service on revenue bonds, then the amount of the Reimbursement Premiums or earnings thereon so used shall be returned, without interest, to the Fund when Emergency Assessments or other legally available funds remain available after making payment relating to the revenue bonds and any other purposes for which Emergency Assessments were levied.

(3) **Claims and Losses**

(a) **In General**

1. Claims and losses resulting from Loss Occurrences commencing during the Contract Year shall be reported by the Company and reimbursed by the FHCF as provided herein and in accordance with the Statute, this Contract, and any rules adopted pursuant to the Statute. For a Company participating in a quota share primary insurance agreement(s) with Citizens Property Insurance Corporation High Risk Account, Citizens and the Company shall report only their respective portion of losses under the quota share primary insurance agreement(s). Pursuant to Section 215.555(4)(c), Florida Statutes, the SBA is obligated to pay for losses not to exceed the Actual Claims-Paying Capacity of the FHCF, up to the limit in accordance with Section 215.555(4)(c)1., Florida Statutes, for any one Contract Year.
2. If the Company is in non-compliance with Section 215.555, Florida Statutes for any Contract Year, including deadlines for sending in Contracts, addendums or attachments to Contracts, Data Call submissions or resubmissions, loss reports, or in responding to SBA exam requirements, the SBA reserves the right to withhold reimbursements or advances until such time the Company becomes compliant.

(b) **Loss Reports**

1. At the direction of the SBA, the Company shall report its projected Ultimate Net Loss from each Loss Occurrence to provide information to the SBA in determining any potential liability for possible reimbursable losses under the Contract on the Interim Loss Report, Form FHCF-L1A, adopted for the Contract Year under Rule 19-8.029, F.A.C. Interim Loss Reports (including subsequent Interim Loss Reports if required by the SBA) will be due in no less than fourteen days from the date of the notice from the SBA that such a report is required.
2. FHCF loss reimbursements will be issued based on Ultimate Net Loss information reported by the Company on the Proof of Loss Report, Form FHCF-L1B, adopted for the Contract Year under Rule 19-8.029, F.A.C.
   a. To qualify for reimbursement, the Proof of Loss Report must have the original signatures of two executive officers authorized by the Company to sign the report.
   b. The Company must also submit a detailed claims listing (as outlined on the Proof of Loss Report) at the same time it submits its first Proof of Loss Report for a specific Covered Event that qualifies the Company for reimbursement under that Covered Event, and should be prepared to supply a detailed claims listing for any subsequent Proof of Loss Report upon request.
   c. While a Company may submit a Proof of Loss Report requesting reimbursement at any time following a Loss Occurrence, all Companies shall submit a mandatory Proof of Loss Report for each Loss Occurrence no earlier than December 1 and no later than December 31 of the Contract Year during which the Covered Event(s) occurs using the most current data available, regardless of the amount of Ultimate Net Loss or the amount of loss reimbursements or advances already received. Reports may be faxed only if the Company does not qualify for a reimbursement.
   ~~a.~~d. For the Proof of Loss Reports due by December 31 of the Contract Year, and the required subsequent quarterly and annual reports required under subparagraphs 3. and 4. below, the Company shall submit its Proof of Loss Reports by each quarter-end or

Formatted: Indent: Left: 0.88", Tab stops: Not at 1"

Formatted: Bullets and Numbering

year-end using the most current data available. However, the date of such data shall not be more than sixty days prior to the applicable quarter-end or year-end date.

~~2.~~3. Updated Proof of Loss Reports for each Loss Occurrence are due quarterly thereafter until all claims and losses resulting from a Loss Occurrence are fully discharged including any adjustments to such losses due to salvage or other recoveries, or the Company has received its full coverage under the Contract Year in which the Loss Occurrence(s) occurred. Guidelines follow:

a. Quarterly Proof of Loss Reports are due by March 31 from an insurer whose losses exceed, or are expected to exceed, 50% of its FHCF Retention for a specific Loss Occurrence(s).

b. Quarterly Proof of Loss Reports are due by June 30 from an insurer whose losses exceed, or are expected to exceed, 75% of its FHCF Retention for a specific Loss Occurrence(s).

c. Quarterly Proof of Loss Reports are due by September 30 and quarterly thereafter from an insurer whose losses exceed, or are expected to exceed, its FHCF Retention for a specific Loss Occurrence(s).

If the Company's Retention must be recalculated as the result of an exposure resubmission, and if the recalculated Retention changes the FHCF's reimbursement obligations, then the Company shall submit additional Proof of Loss Reports for recalculation of the FHCF's obligations.

~~3.~~4. Annually after December 31 of the Contract Year, all Companies shall submit a mandatory year-end Proof of Loss Report for each Loss Occurrence, as applicable, using the most current data available. This Proof of Loss Report shall be filed no earlier than December 1 and no later than December 31 of each year and shall continue until the earlier of the commutation process described in (3)(d) below or until all claims and losses resulting from the Loss Occurrence are fully discharged including any adjustments to such losses due to salvage or other recoveries.

~~4.~~5. The SBA, except as noted below, will determine and pay, within 30 days or as soon as practicable after receiving Proof of Loss Reports, the reimbursement amount due based on losses paid by the Company to date and adjustments to this amount based on subsequent quarterly information. The adjustments to reimbursement amounts shall require the SBA to pay, or the Company to return, amounts reflecting the most recent determination of losses.

a. The SBA shall have the right to consult with all relevant regulatory agencies to seek all relevant information, and shall consider any other factors deemed relevant, prior to the issuance of reimbursements.

b. The SBA shall require commercial self-insurance funds established under Section 624.462, Florida Statutes, to submit contractor receipts to support paid losses reported on a Proof of Loss Report, and the SBA may hire an independent consultant to confirm losses, prior to the issuance of reimbursements.

c. The SBA shall have the right to conduct a claims examination prior to the issuance of any advances or reimbursements submitted by Companies that have been placed under regulatory supervision by a State or where control has been transferred through any legal or regulatory proceeding to a state regulator or court appointed receiver or rehabilitator.

~~6. If a Covered Event occurs during the Contract Year, but after December 31, at the direction of the SBA, Companies shall file an Interim Loss Report within 30 days after the Covered Event and Proof of Loss Reports quarterly thereafter. Subparagraphs 2-5 above regarding Proof of Loss Reports shall apply.~~

Formatted: Indent: Left: 0.63", Hanging: 0.25"

Formatted: Bullets and Numbering

~~7.~~6. All Proof of Loss Reports received will be compared with the FHCF's exposure data to establish the facial reasonableness of the reports. The SBA may also review the results of current and prior Contract Year exposure and loss examinations to determine the

reasonableness of the reported losses. Except as noted in paragraph 4. above, Companies meeting these tests for reasonableness will be scheduled for reimbursement. Companies not meeting these tests for reasonableness will be handled on a case-by-case basis and will be contacted to provide specific information regarding their individual book of business. The discovery of errors in a Company's reported exposure under the Data Call may require a resubmission of the current Contract Year Data Call which, as the Data Call impacts the Company's premium, retention, and coverage for the Contract Year, will be required before the Company's request for reimbursement or an advance will be fully processed by the Administrator.

(c) **Loss Reimbursement Calculations**

1. In general, the Company's paid Ultimate Net Losses must exceed its full FHCF Retention for a specific Covered Event before any reimbursement is payable from the FHCF for that Covered Event. As described in Article V(28)(b), Retention adjustments will be made on or after ~~January 1~~ December 31 of the Contract Year. No interest is payable on additional payments to the Company due to this type of Retention adjustment. Each Company sustaining reimbursable losses will receive the amount of reimbursement due under the Contract up to the amount of the Company's payout. If more than one Covered Event occurs in any one Contract Year, any reimbursements due from the FHCF shall take into account the Company's Retention for each Covered Event. However, the Company's reimbursements from the FHCF for all Covered Events occurring during the Contract Year shall not exceed, in aggregate, the Projected Payout Multiple or Payout Multiple, as applicable, times the individual Company's Reimbursement Premium for the Contract Year.
2. In determining reimbursements under this Contract, the SBA shall reimburse each of the Companies, including entities created pursuant to Section 627.351(6), Florida Statutes, for the amount (if any) of reimbursement due under the individual Company's Contract, but not to exceed for all Loss Occurrences, an amount equal to the Projected Payout Multiple or the Payout Multiple, as applicable, times the individual Company's Reimbursement Premium for the Contract Year.
3. Reserve established. When a Covered Event occurs in a subsequent Contract Year when reimbursable losses are still being paid for a Covered Event in a previous Contract Year, the SBA will establish a reserve for the outstanding reimbursable losses for the previous Contract Year, based on the length of time the losses have been outstanding, the amount of losses already paid, the percentage of incurred losses still unpaid, and any other factors specific to the loss development of the Covered Events involved.

(d) **Commutation**

1. Not less than 36 months or more than 60 months after the end of the Contract Year, the SBA shall initiate the commutation process. While the Company may request that the SBA consider beginning the commutation process earlier, doing so shall be at the discretion of the SBA.
   a. If the Company's most recently submitted Proof of Loss Report(s) indicate that it has no losses resulting from a Loss Occurrence(s) during the Contract Year, the FHCF's obligations will end 30 days following notice by the SBA of the intent to close out the Company's loss reporting for the Contract Year. If the Company determines that it does have losses to report, the Company must submit an up-to-date Proof of Loss Report(s), along with an explanation of why the losses had not been previously reported, within 30 days following the notice by the SBA. After closure by the FHCF, the company will not be reimbursed for any losses for the Contract Year regardless of circumstances or information discovered following such closure.
   b. If the Company has submitted a Proof of Loss Report(s) indicating that it does have losses resulting from a Loss Occurrence(s) during the Contract Year, the SBA shall initiate the commutation process by requiring the Company to submit within 30 days an

updated, current Proof of Loss Report(s) for each Loss Occurrence during the Contract Year. The Proof of Loss Report(s) must include all paid losses as well as all outstanding losses, including incurred but not reported, which are not finally settled and which may be reimbursable losses under this Contract, and must be accompanied by a copy of a written opinion on the present value of the outstanding losses by the Company's certifying actuary. Failure of the Company to provide an updated current Proof of Loss Report(s) and an opinion by the date requested by the SBA shall result in referral to the Office of Insurance Regulation for a violation of the Contract.

2. Determining the present value of outstanding claims and losses.
   a. If the Company exceeds or expects to exceed its Retention, the Company and the SBA or their respective representatives shall attempt, by mutual agreement, to agree upon the present value of all outstanding claims and losses, both reported and incurred but not reported, resulting from Loss Occurrences during the Contract Year. Payment by the SBA of its portion of any amount or amounts so mutually agreed and certified by the Company's certifying actuary shall constitute a complete and final release of the SBA in respect of all claims and losses, both reported and unreported, under this Contract.
   b. If agreement on present value cannot be reached within 60 days, the Company and the SBA may mutually appoint an actuary, adjuster, or appraiser to investigate and determine such claims or losses. If both parties then agree, the SBA shall pay its portion of the amount so determined to be the present value of such claims or losses.
   c. If the parties fail to agree, then any difference shall be settled by a panel of three actuaries, one to be chosen by each party and the third by the two so chosen. If either party does not appoint an actuary within 30 days, the other party may appoint two actuaries. If the two actuaries fail to agree on the selection of a third actuary within 30 days of their appointment, each of them shall name two, of whom the other shall decline one and the decision shall be made by drawing lots. All the actuaries shall be regularly engaged in the valuation of property claims and losses and shall be members of the Casualty Actuarial Society and of the American Academy of Actuaries. None of the actuaries shall be under the control of either party to this Contract. Each party shall submit its case to its actuary within 30 days of the appointment of the third actuary. The decision in writing of any two actuaries, when filed with the parties hereto, shall be final and binding on both parties.
   d. The reasonable and customary expense of the actuaries and of the commutation (as a result of b. and c. above) shall be equally divided between the two parties. Said commutation shall take place in Tallahassee, Florida, unless some other place is mutually agreed upon by the Company and the SBA.
3. If at any point during the commutation process information which indicates an increase in the Company's reimbursable losses is provided by the Company or discovered as a result of an examination by the SBA, the SBA may suspend the time frame for the commutation process. After such suspension, the SBA shall determine when it is appropriate to resume the commutation process.

(4) **Advances**

(a) In accordance with Section 215.555(4)(e), Florida Statutes, the SBA may make advances for loss reimbursements as defined herein, at market interest rates, to the Company in accordance with Section 215.555(4)(e), Florida Statutes. An advance is an early reimbursement which allows the Company to continue to pay claims in a timely manner. Advances will be made based on the Company's paid and reported outstanding losses for Covered Policies (excluding all incurred but not reported [IBNR] losses) as reported on a Proof of Loss Report, and shall include Loss Adjustment Expense Reimbursement as calculated by the FHCF. In order to be eligible for an advance, the Company must submit its exposure data for the Contract Year as required under paragraph (1) of this Article. Except as noted below, advances, if approved, will

be made as soon as practicable after the SBA receives a written request, signed by two officers of the Company, for an advance of a specific amount and any other information required for the specific type of advance under subparagraphs (c) and (e) below. All reimbursements due to a Company shall be offset against any amount of outstanding advances plus the interest due thereon.

(b) For advances or excess advances, which are advances that are in excess of the amount to which the Company is entitled, the market interest rate shall be the prime rate as published in the Wall Street Journal on the first business day of the Contract Year. This rate will be adjusted annually on the first business day of each subsequent Contract Year, regardless of whether the Company executes subsequent Contracts. In addition to the prime rate, an additional 5% interest charge will apply on excess advances. All interest charged will commence on the date the SBA issues a check for an advance and will cease on the date upon which the FHCF has received the Company's Proof of Loss Report(s) for the Covered Event(s) for which the Company qualifies for reimbursement(s). If such reimbursement(s) are less than the amount of outstanding advance(s) issued to the Company, interest will continue to accrue on the outstanding balance of the advance(s) until subsequent Proof of Loss Reports qualify the Company for reimbursement under any Covered Event equal to or exceeding the amount of any outstanding advance(s). Interest shall be billed on a periodic basis. If it is determined that the Company received funds in excess of those to which it was entitled, the interest as to those sums will not cease on the date of the receipt of the Proof of Loss Report but will continue until the Company reimburses the FHCF for the overpayment.

(c) If the Company has an outstanding advance balance as of December 31 of this or any other Contract Year, the Company is required to have an actuary certify outstanding and incurred but not reported losses as reported on the applicable December Proof of Loss Report.

(d) The specific type of advances enumerated in the Section 215.555, Florida Statutes, follow.

1. Advances to Companies to prevent insolvency, as defined under Article XIV of this Contract.
   a. Section 215.555(4)(e)1., Florida Statutes, provides that the SBA shall advance to the Company amounts necessary to maintain the solvency of the Company, up to 50 percent of the SBA's estimate of the reimbursement due to the Company.
   b. In addition to the requirements outlined in subparagraph (4)(a) above, the requirements for an advance to a Company to prevent insolvency are that the Company demonstrates it is likely to qualify for reimbursement and that the immediate receipt of moneys from the SBA is likely to prevent the Company from becoming insolvent, and the Company provides the following information:
      i. Current assets;
      ii. Current liabilities other than liabilities due to the Covered Event;
      iii. Current surplus as to policyholders;
      iv. Estimate of other expected liabilities not due to the Covered Event; and
      v. Amount of reinsurance available to pay claims for the Covered Event under other reinsurance treaties.
   c. The SBA's final decision regarding an application for an advance to prevent insolvency shall be based on whether or not, considering the totality of the circumstances, including the SBA's obligations to provide reimbursement for all Covered Events occurring during the Contract Year, granting an advance is essential to allowing the entity to continue to pay additional claims for a Covered Event in a timely manner.
2. Advances to entities created pursuant to Section 627.351(6), Florida Statutes.
   a. Section 215.555(4)(e)2., Florida Statutes, provides that the SBA may advance to an entity created pursuant to Section 627.351(6), Florida Statutes, up to 90% of the lesser of the SBA's estimate of the reimbursement due or the entity's share of the actual

aggregate Reimbursement Premium for that Contract Year, multiplied by the current available liquid assets of the FHCF.

b. In addition to the requirements outlined in subparagraph (4)(a) above, the requirements for an advance to entities created pursuant to Section 627.351(6), Florida Statutes are that the entity must demonstrate to the SBA that the advance is essential to allow the entity to pay claims for a Covered Event.

3. Advances to limited apportionment companies.
Section 215.555(4)(e)3., Florida Statutes, provides that the SBA may advance the amount of estimated reimbursement payable to limited apportionment companies.

(e) In determining whether or not to grant an advance and the amount of an advance, the SBA:

1. Shall determine whether its assets available for the payment of obligations are sufficient and sufficiently liquid to fulfill its obligations to other Companies prior to granting an advance;
2. Shall review and consider all the information submitted by such Companies;
3. Shall review such Companies' compliance with all requirements of Section 215.555, Florida Statutes;
4. Shall consult with all relevant regulatory agencies to seek all relevant information;
5. Shall review the damage caused by the Covered Event and when that Covered Event occurred;
6. Shall consider whether the Company has substantially exhausted amounts previously advanced; and
7. Shall consider any other factors deemed relevant.
8. Shall require commercial self-insurance funds established under section 624.462, Florida Statutes, to submit a copy of written estimates of expenses in support of the amount of advance requested.

(f) Any amount advanced by the SBA shall be used by the Company only to pay claims of its policyholders for the Covered Event or Covered Events which have precipitated the immediate need to continue to pay additional claims as they become due.

(5) **Delinquent ~~Premium~~ Payments**
Failure to submit a ~~Premium or Premium installment~~ payment when due is a violation of the terms of this Contract and Section 215.555, Florida Statutes. Interest on late payments shall be due as set forth in Article VIII(2) and Article IX(2) of this Contract.

(6) **Inadequate Data Submissions**
If exposure data or other information required to be reported by the Company under the terms of this Contract is not received by the FHCF in the format specified by the FHCF ~~and~~ or is inadequate to the extent that the FHCF requires resubmission of data, the Company will be required to pay the FHCF a resubmission fee of $1,000 for resubmissions that are not a result of an examination by the SBA. If a resubmission is necessary as a result of an examination report issued by the SBA, the first resubmission fee will be $2,000. If the Company's examination-required resubmission is inadequate and the SBA requires an additional resubmission(s), the resubmission fee for each subsequent resubmission shall be $2,000. A resubmission of exposure data may delay the processing of the Company's request for reimbursement or an advance.

(7) **Delinquent Submissions**
Failure to submit an exposure submission, ~~or~~ resubmission, ~~or~~ loss reports, or commutation documentation when due is a violation of the terms of this Contract and Section 215.555, Florida Statutes.

ARTICLE XI - TAXES

In consideration of the terms under which this Contract is issued, the Company agrees to make no deduction in respect of the Premium herein when making premium tax returns to the appropriate

authorities. Should any taxes be levied on the Company in respect of the Premium herein, the Company agrees to make no claim upon the SBA for reimbursement in respect of such taxes.

ARTICLE XII - ERRORS AND OMISSIONS

Any inadvertent delay, omission, or error on the part of the SBA shall not be held to relieve the Company from any liability which would attach to it hereunder if such delay, omission, or error had not been made.

ARTICLE XIII - INSPECTION OF RECORDS

The Company shall allow the SBA to inspect, examine, and verify, at reasonable times, all records of the Company relating to the Covered Policies under this Contract, including Company files concerning claims, losses, or legal proceedings regarding subrogation or claims recoveries which involve this Contract, including premium, loss records and reports involving exposure data or losses under Covered Policies. This right by the SBA to inspect, examine, and verify shall survive the completion and closure of an exposure examination or loss examination file and the termination of the Contract. The Company shall have no right to re-open an exposure or loss reimbursement examination once closed and the findings have been accepted by the Company; any re-opening shall be at the sole discretion of the SBA. If the FHCF Finance Corporation has issued revenue bonds and relied upon the exposure and loss data submitted and certified by the Company as accurate to determine the amount of bonding needed, the SBA may choose not to require, or accept, a resubmission if the resubmission will result in additional reimbursements to the Company. The SBA may require any discovered errors, inadvertent omissions, and typographical errors associated with the data reporting of insured values, discovered prior to the closing of the file and acceptance of the examination findings by the Company, to be corrected to reflect the proper values. The Company shall retain its records in accordance with the requirements for records retention regarding exposure reports and claims reports outlined herein, and in any administrative rules adopted pursuant to Section 215.555, Florida Statutes. Companies writing covered collateral protection policies, as defined in definition (10)(d) of Article V herein, must be able to provide documentation that the policy covers personal residences, protects both the borrower's and lender's interest, and that the coverage is in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy.

(1) **Examination Requirements for Exposure Verification**

The Company shall retain complete and accurate records, in policy level detail, of all exposure data submitted to the SBA in any Contract Year until the SBA has completed its examination of the Company's exposure submissions. The Company shall also retain complete and accurate records of any completed exposure examination for any Contract Year in which the Company incurred losses until the completion of the loss reimbursement examination for that Contract Year. The records to be retained shall include the exam file which supports the exposure reported to the SBA and any other information which would allow for a complete examination of the Company's reported exposure data. The exam file shall be prepared according to the SBA Exam File Specifications outlined in the Data Call. The Company must also have available, at the time of the examination, a copy of its underwriting manual, a copy of its rating manual, and staff to respond to the questions of the SBA or its agents. The Company is also required to retain declarations pages and policy applications to support reported exposure. To meet the requirement that the application must be retained, the Company may retain either the actual application or may retain the actual application in an electronic format. A complete list of records to be retained is set forth in Form FHCF-EAP1, adopted for the Contract Year under Rule 19-8.030, F.A.C.

(2) **Examination Requirements for Loss Reports**

The Company shall retain complete and accurate records of all reported losses and/or advances submitted to the SBA until the SBA has completed its examination of the Company's reimbursable losses. The records to be retained are set forth as part of the Proof of Loss Report, Form FHCF-L1B, adopted for the Contract Year under Rule 19-8.029, F.A.C., and Form FHCF-LAP1, adopted for the

Contract Year under Rule 19-8.030, F.A.C. The Company must also retain the required exposure exam file for the Contract Year in which the loss occurred, and must have available any other information which would allow for a complete examination of the Company's losses.

(3) **Examination Procedures**

(a) The FHCF will send an examination notice to the Company providing the commencement date of the examination, the site of the examination, any accommodation requirements of the examiner, and the reports and data which must be assembled by the Company and forwarded to the FHCF upon request. The Company shall be prepared to choose one location in which to be examined, unless otherwise specified by the SBA.

(b) The reports and data are required to be forwarded to the FHCF as set forth in an examination notice letter. The information is then forwarded to the examiner. If the FHCF receives accurate and complete records as requested, the examiner will contact the Company to inform the Company as to what policies or other documentation will be required once the examiner is on site. Any records not required to be provided to the examiner in advance shall be made available at the time the examiner arrives on site. Any records to support reported losses which are provided after the examiner has left the work-site will, at the SBA's discretion, result in an additional examination of exposure and/or loss records or an extension or expansion of the examination already in progress. All costs associated with such additional examination or with the extension or expansion of the original examination shall be borne by the Company.

(c) At the conclusion of the examiner's work and the management review of the examiner's report, findings, recommendations, and work papers, the FHCF will forward a preliminary draft of the examination report to the Company and require a response from the Company by a date certain as to the examination findings and recommendations.

(d) If the Company accepts the examination findings and recommendations, and there is no recommendation for additional information, the examination report will be finalized and the exam file closed.

(e) If the Company disputes the examiner's findings, the areas in dispute will be resolved by a meeting or a conference call between the Company and FHCF management.

(f) 1. If the recommendation of the examiner is to resubmit the Company's exposure data for the Contract Year in question, then the FHCF will send the Company a letter outlining the process for resubmission and including a deadline to resubmit. The resubmission will include a data file to be submitted to the FHCF's Administrator and an exam file to be submitted to the offices of the SBA. The resubmission is also required to be accompanied by a detailed written description of the specific changes made to the resubmitted data. Once the resubmission is received by the FHCF's Administrator, the FHCF's Administrator calculates a revised Reimbursement Premium for the Contract Year which has been examined. The SBA shall then review the resubmission with respect to the examiner's findings, and accept the resubmission or contact the Company with any questions regarding the resubmission. Once the SBA has accepted the resubmission as a sufficient response to the examiner's findings, the FHCF's Administrator will send the Company an invoice for any Reimbursement Premium and interest due or to refund Reimbursement Premium, as the case may be. Once the resubmission has been approved, the exam file is closed.

2. If the recommendation of the examiner is either to resubmit the Company's exposure data for the Contract Year in question or giving the option to pay the estimated Premium difference, then the FHCF will send the Company a letter outlining the process for resubmission or for paying the estimated Premium difference and including a deadline for the resubmission or the payment to be received by the FHCF's Administrator. If the Company chooses to resubmit, the same procedures outlined in Article XIII(3)(f)2. apply.

(g) If the recommendation of the examiner is to update the Company's Proof of Loss Report(s) for the Contract Year under review, the FHCF will send the Company a letter outlining the

process for submitting the Proof of Loss Report(s) and including a deadline to file. The updated Proof of Loss Report(s) will be submitted to the FHCF's Administrator with a copy of the Proof of Loss Report(s) and a supporting detailed claims listing to be submitted to the offices of the SBA. The report is required to be accompanied by a detailed written description of the specific changes made. Once the Proof of Loss Report(s) is received by the FHCF Administrator, the FHCF's Administrator will calculate a revised reimbursement. The SBA shall then review the submitted Proof of Loss Report(s) with respect to the examiner's findings, and accept the Proof of Loss Report(s) as filed or contact the Company with any questions. Once the SBA has accepted the corrected Proof of Loss Report(s) as a sufficient response to the examiner's findings, the FHCF's Administrator will send the Company an invoice for any overpayments and interest due. Once the Proof of Loss Report(s) is approved, the exam file is closed.

(h) If the Company continues to dispute the examiner's findings and/or recommendations and no resolution of the disputed matters is obtained through discussions between the Company and FHCF management, then the process within the SBA is at an end and further administrative remedies may be pursued under Chapter 120, Florida Statutes.

(i) The examiner's list of errors is made available in the examination report sent to the Company. Given that the examination was based on a sample of the Company's policies or claims rather than the whole universe of the Company's Covered Policies or reported claims, the error list is not intended to provide a complete list of errors but is intended to indicate what information needs to be reviewed and corrected throughout the Company's book of Covered Policy business or claims information to ensure more complete and accurate reporting to the FHCF.

(4) **Costs of the Examinations**

The costs of the examinations shall be borne by the SBA. However, in order to remove any incentive for a Company to delay preparations for an examination, the SBA shall be reimbursed by the Company for any examination expenses incurred in addition to the usual and customary costs, which additional expenses were incurred as a result of the Company's failure, despite proper notice, to be prepared for the examination or as a result of a Company's failure to provide requested information. All requested information must be complete and accurate. The Company shall be notified of any administrative remedies which may be obtained under Chapter 120, Florida Statutes.

ARTICLE XIV - INSOLVENCY OF THE COMPANY

Company shall notify the FHCF immediately upon becoming insolvent. Except as otherwise provided below, no covered loss reimbursements will be made until the FHCF has completed and closed its examination of the insolvent Company's losses, unless an agreement is entered into by the court appointed receiver specifying that all data and computer systems required for FHCF exposure and loss examinations will be maintained until completion of the Company's exposure and loss examinations. Except as otherwise provided below, in order to account for potential erroneous reporting, the SBA shall hold back 25% of requested loss reimbursements until the exposure and loss examinations for the Company are completed. Only those losses supported by the examination will be reimbursed. Pursuant to Section 215.555(4)(g), Florida Statutes, the FHCF is required to pay the "net amount of all reimbursement moneys" due an insolvent insurer to the Florida Insurance Guaranty Association (FIGA) for the benefit of Florida policyholders. For the purpose of this Contract, a Company is insolvent when an order of liquidation with a finding of insolvency has been entered by a court of competent jurisdiction. In light of the need for an immediate infusion of funds to enable policyholders of insolvent companies to be paid for their claims, the SBA may enter into agreements with FIGA allowing exposure and loss examinations to take place immediately without the usual notice and response time limitations and allowing the FHCF to make loss reimbursements (net of any amounts payable to the SBA from the Company or FIGA) to FIGA before the examinations are completed and before the response time expires for claims filing by reinsurers and financial institutions, which have a priority interest in those funds

pursuant to Section 215.555(4)(g), Florida Statutes. Such agreements must ensure the availability of the necessary records and adequate security must be provided so that if the FHCF determines that it overpaid FIGA on behalf of the Company, or if claims are filed by reinsurers or financial institutions having a priority interest in these funds, that the funds will be repaid to the FHCF by FIGA with in a reasonable time.

ARTICLE XV - TERMINATION

The FHCF and the obligations of both parties under this Contract can be terminated only as may be provided by law or applicable rules.

ARTICLE XVI - VIOLATIONS

Pursuant to the provisions of Section 215.555(10), Florida Statutes, any violation of the terms of this Contract by the Company constitutes a violation of the Insurance Code of the State of the Florida. Pursuant to the provisions of Section 215.555(11), Florida Statutes, the SBA is authorized to take any action necessary to enforce any administrative rules adopted pursuant to Section 215.555, Florida Statutes, and the provisions and requirements of this Contract.

ARTICLE XVII - APPLICABLE LAW

(1) **Applicable Law**: This Contract shall be governed by and construed according to the laws of the State of Florida in respect of any matter relating to or arising out of this Contract.

(2) **Notice of Rights**: Pursuant to Chapter 120, Florida Statutes, and the Uniform Rules of Procedure, codified as Chapters 28-101 through 28-111, F.A.C., a person whose substantial interests are affected by a decision of the SBA regarding the FHCF may request a hearing within 21 days shall have waived his or her right to a hearing. The hearing may be a formal hearing or an informal hearing pursuant to the provisions of Sections 120.569 and 120.57, Florida Statutes. The petition must be filed (received) in the office of the Agency Clerk, General Counsel's Office, State Board of Administration of Florida, P.O. Box 13300, Tallahassee, FL 32317-3300 or 1801 Hermitage Blvd., Suite 100, Tallahassee, FL 32308, within the 21 day period.

ARTICLE XVIII – REIMBURSEMENT CONTRACT ELECTIONS

Reimbursement Percentage

For purposes of determining reimbursement (if any) due the Company under this Contract and in accordance with the Statute, the Company has the option to elect a 45% or 75% or 90% reimbursement percentage under this Contract. If the Company is a member of an NAIC group, all members must elect the same reimbursement percentage, and the individual executing this Contract on behalf of the Company, by placing his or her initials in the box under (a) below, affirms that the Company has elected the same reimbursement percentage as all members of its NAIC group. If the Company is an entity created pursuant to Section 627.351, Florida Statutes, the Company must elect the 90% reimbursement percentage. The Company shall not be permitted to change its reimbursement percentage during the Contract Year. The Company shall be permitted to change its reimbursement percentage at the beginning of a new Contract Year, but may not reduce its reimbursement percentage if a Covered Event required the issuance of revenue bonds, until the bonds have been fully repaid.

IMPORTANT NOTE: The FHCF has issued revenue bonds~~ in July of 2006~~ as a result of its liabilities for Covered Events under the Contract Year effective June 1, 2005. As those bonds have not been fully repaid, the Company may not select a Reimbursement Percentage that is less than its selection under the prior Contract Year effective June 1, ~~2008~~2009.

The Reimbursement Percentage elected by the Company for the prior Contract Year effective June 1, ~~2008~~ 2009 was as follows: «Legal_Name» - «M_~~2008~~2009_Coverage_Option»

(a) **NAIC Group Affirmation**: Initial the following box if the Company is part of an NAIC Group:

☐

(b) **Reimbursement Percentage Election**: The Company hereby elects the following Reimbursement Percentage for the Contract Year from 12:00:01 a.m., Eastern Time, June 1, 2009, to 12:00 a.m., Eastern Time,~~ May~~ December 31, 2010, (the individual executing this Contract on behalf of the Company shall place his or her initials in the box to the left of the percentage elected for the Company):

☐ **45%** **OR** ☐ **75%** **OR** ☐ **90%**

Reporting Exposure for a Single Structure, with a Mix of Commercial Habitational and Commercial Non-Habitational Exposure, Written on a Commercial Policy

This section is applicable to all Companies which either have exposure for single structures with a mix of commercial habitational and commercial non-habitational exposure written under a Commercial Policy, or have the authority to write such policies. If the Company does not have the authority to write this type of exposure, this section **does not** apply; initial the **N/A** box on the next page, which completes this ARTICLE. If the Company **does** write, or has the authority to write, this type of exposure, please read and complete the remainder of this ARTICLE.

Commercial-Residential Class Code
If a single structure is used for both habitational and non-habitational purposes and the structure has a commercial-residential class code (based on a classification plan on file with and reviewed by the Administrator), the entire exposure for the structure should be reported to the FHCF under the Data Call, and the FHCF will reimburse losses for the entire structure as well.

Commercial Non-Residential/Business Class Code
If a single structure is used for both habitational and non-habitational purposes and the structure has a commercial non-residential or business class code (based on a classification plan on file with and reviewed by the Administrator), the habitational portion of that structure should be identified and reported to the FHCF under the Data Call.

However, in recognition of the unusual nature of commercial structures with incidental habitational exposure and the hardship some companies may face in having to carve out such incidental habitational exposure, as well as the losses to such structures, the FHCF will accommodate these companies by allowing them to exclude the entire exposure for the single structure from their Data Call submission, providing the following two conditions are met:

(1) The decision to not carve out and report the incidental habitational exposure shall apply to all such structures insured by the Company; and
(2) If the incidental habitational exposure is not reported to the FHCF, the Company agrees it shall not report losses to the structure and the FHCF shall not reimburse any losses to the structure.

Initial the **CARVING** box below if the Company is able to carve out and report its incidental habitational exposure, **OR**, if this requirement presents a hardship, the Company must communicate its decision to not carve out and to not report the incidental exposure by having the individual executing this Contract on behalf of the Company placing his or her initials in the **NOT CARVING** box below. If the Company does not currently write such policies, but has the authority to write such policies after the start date of this Contract, the decision to carve or not carve out the incidental habitational exposure must be indicated below.

	OR		OR	
CARVING		NOT CARVING		NA

By initialing the **CARVING or NOT CARVING** box above, the Company is making an irrevocable decision for the corresponding Contract Year Data Call submission and any subsequent resubmissions.

Important Note: Since this election will impact your Data Call submission, please share this decision with the individual(s) responsible for compiling your Data Call submission.

Additional Living Expense (ALE)Written as Time Element Coverage
If your Company writes Covered Policies that provide ALE coverage on a time element basis (i.e. coverage is based on a specific period of time as opposed to a stated dollar limit), you must initial the 'Yes – Time Element ALE' box below. If your Company does not write time element ALE coverage, initial 'No – Time Element ALE' box below.

	OR	
Yes – Time Element ALE		No – Time Element ALE

ARTICLE XIX – SIGNATURES

Approved by:

Florida Hurricane Catastrophe Fund
By: State Board of Administration of the State of Florida

By: _____ _____
Ashbel C. Williams Date
Executive Director

Approved as to legality:

By: _____ _____
~~Thomas Beenck~~Gary Moreland Date
~~Acting~~ Assistant General Counsel
FL Bar ID#~~0178785~~0702765

«Legal_Name»

_____
Typed/Printed Name and Title

By: _____ _____
Signature Date

DRAFT DECEMBER 10, 2009

ATTENTION: THIS ADDENDUM MUST BE COMPLETED, SIGNED, AND RETURNED BY ALL COMPANIES ELIGIBLE FOR COVERAGE UNDER THIS ADDENDUM REGARDLESS OF CHOICE TO ACCEPT OR REJECT THIS OPTIONAL COVERAGE

ADDENDUM NO. 41
to
REIMBURSEMENT CONTRACT
Effective: June 1, ~~2009~~2010
(Contract)

between

«Legal_Name»
«addendum_Last_Line»
(Company)

NAIC # «NAIC»

and

THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA) WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)

It is Hereby Agreed, effective at 12:00:01 a.m., Eastern Time, June 1, ~~2009~~2010, that this Contract shall be amended as follows:

ADDITIONAL COVERAGE OPTION (up to $10 million) PURSUANT TO SECTION 215.555(4)(b)4., FLORIDA STATUTES.

Pursuant to Section 215.555(4)(b)4., Florida Statutes, certain Companies may select additional FHCF reimbursement coverage of up to $10 million dollars. The additional premium to be charged for this additional reimbursement coverage shall be 50 percent of the additional reimbursement coverage provided, which shall include one prepaid full reinstatement. The additional premium shall be due and payable in three equal installments on August 1, ~~2009~~2010, on October 1, ~~2009~~2010, and on December 1, ~~2009~~2010.

The minimum retention level that must be retained associated with this additional coverage layer is 30 percent of the insurer's surplus as of December 31, ~~2008~~2009, for each Covered Event. For an insurer which began writing property insurance in ~~2009~~ 2010 and did not have a surplus as of December 31, ~~2008~~2009, surplus shall be deemed to be the surplus reported to the Office of

Insurance Regulation at the time the insurer received its Certificate of Authority. This coverage is designed to apply a retention that triggers coverage prior to the insurer reaching its retention under the mandatory coverage level. The SBA will determine and pay, within 30 days or as soon as practicable after receiving Proof of Loss Reports, the reimbursement amount due under this optional coverage based on losses paid by the Company.

The reimbursement percentage applicable to this additional coverage shall be 100 percent, which includes reimbursement for loss adjustment expense as provided under the Reimbursement Contract. Once the limit of coverage under this option is exhausted, the insurer's retention under the mandatory coverage will apply.

This additional reimbursement coverage shall be in addition to all other coverage provided by the SBA under the Company's Reimbursement Contract and shall be in addition to the claims-paying capacity of the FHCF as defined in Section 215.555(4)(c)1., Florida Statutes, but only with respect to those insurers that select the additional coverage option. Coverage provided in this additional coverage option shall otherwise be consistent with terms and conditions as relates to the Reimbursement Contract including, but not limited to, definitions, coverage for Covered Policies as defined, exclusions, loss reporting, and examination procedures.

While this additional coverage shall not reduce, overlap, or duplicate coverage otherwise provided for in the Reimbursement Contract or offset any co-payments, the amount of coverage selected herein is irrevocable. Any amount of additional coverage selected herein that would in effect overlap FHCF coverage otherwise provided for in the Reimbursement Contract, or any other Addenda to the Reimbursement Contract, shall be deemed by the FHCF to shift above the highest level of coverage otherwise provided by the FHCF.

The claims-paying capacity with respect to all other participating insurers, including eligible Companies that do not select the additional coverage option, shall be limited to their reimbursement premium's proportionate share of the actual claims-paying capacity as defined in Section 215.555(4)(c)1., Florida Statutes and as provided for under the terms of the Reimbursement Contract, plus any coverage provided under any other Addenda to the Reimbursement Contract.

The optional coverage provided in this Addendum expires on ~~May~~December 31, 2010. To be eligible for this optional coverage, the Company must return a fully executed Addendum No. ~~4~~ 1 (two originals) no later than 5 p.m., Central Time, June ~~30~~1, ~~2009~~2010. A Company failing to meet the applicable deadline shall not be eligible for optional coverage under Addendum No. ~~4~~ 1 for the ~~2009~~ 2010 Contract Year. Furthermore, there shall be no coverage under this Addendum for any Loss Occurrence, as defined in Article V of the Contract and under which the Company would be eligible for reimbursements under the Contract, that occurs prior to the FHCF receiving the fully executed Addendum No. ~~4~~ 1 (original copies).

New Participants, as defined in Article V of the Contract, must return a fully executed Addendum No. ~~4~~ 1 (two originals) within thirty days of writing its first Covered Policy and prior to a Loss Occurrence under which the company would be eligible for reimbursements under the Contract. A Company failing to meet the applicable deadline shall not be eligible for optional coverage under Addendum No. ~~4~~ 1 for the ~~2009~~ 2010 Contract Year.

ALL COMPANIES EXECUTING A REIMBURSEMENT CONTRACT AND ELIGIBLE FOR THIS ADDITIONAL COVERAGE MUST INDICATE BELOW THE AMOUNT OF ADDITIONAL COVERAGE SELECTED, IF ANY.

If your Company does not wish to purchase the additional coverage under this Addendum, print "No Coverage" on the line below and initial the box.

_____ ☐

If your Company is eligible for the coverage under this Addendum and elects to purchase this coverage, indicate the amount of additional coverage up to $10 million (there is no additional coverage available in excess of $10 million) on the line below:

$_____

IF THIS ADDENDUM NO. ~~4~~ 1 IS RETURNED WITHOUT THE BLANK SPACE IMMEDIATELY ABOVE FILLED IN WITH A DOLLAR AMOUNT, IT SHALL BE DEEMED BY THE STATE BOARD OF ADMINISTRATION TO BE A CHOICE TO REJECT THE ADDITIONAL COVERAGE.

_____

«Legal Name»

By: _____ _____

Name/Title Date

Approved by:

Florida Hurricane Catastrophe Fund
By: State Board of Administration of the State of Florida

By: _____ _____

Ashbel C. Williams Date
Executive Director & CIO

Approved as to legality:

By: _____ _____

~~Thomas A. Beenck~~Gary Moreland Date
~~Acting~~Assistant General Counsel
FL Bar ID#~~0178785~~0702765

DRAFT DECEMBER 10, 2009

ATTENTION: THIS ADDENDUM MUST BE COMPLETED, SIGNED, AND RETURNED BY ALL COMPANIES EXECUTING A REIMBURSEMENT CONTRACT REGARDLESS OF CHOICE TO ACCEPT OR REJECT THIS OPTIONAL COVERAGE

~~AMENDED~~ ADDENDUM NO. 2
to
REIMBURSEMENT CONTRACT
Effective: June 1, ~~2009~~2010
(Contract)

between

«Legal_Name»
«addendum_Last_Line»
(Company)

NAIC # «NAIC»

and

THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA) WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)

It is Hereby Agreed, effective at 12:00:01 a.m., Eastern Time, June 1, ~~2009~~2010, that this Contract shall be amended as follows:

TEMPORARY INCREASE IN COVERAGE LIMIT OPTIONS FOR ADDITIONAL COVERAGE PURSUANT TO SECTION 215.555(17), FLORIDA STATUTES.

Pursuant to Section 215.555(17), Florida Statutes, the Temporary Increase in Coverage Limit (TICL) Options provision allows the Company to select additional FHCF reimbursement coverage above its mandatory FHCF coverage layer under the Reimbursement Contract. The optional coverage selections provided in this ~~Amended~~ Addendum No. 2 expires on ~~May~~ December 31, 2010. Coverage provided under TICL shall otherwise be consistent with terms and conditions as relates to the Reimbursement Contract including, but not limited to, definitions, coverage for Covered Policies as defined, exclusions, loss reporting, and examination procedures.

To be eligible for this optional coverage, the Company must return a fully executed ~~Amended~~ Addendum No. 2 (two originals) no later than 5 p.m., Central Time, June ~~30~~1, ~~2009~~2010. ~~If the Company fails to meet this deadline, the optional coverage layer selected by the Company under the original Addendum No. 2 shall be deemed to apply, unless the Company had selected the $11~~

~~or $12 billion layers of coverage, in which case the $10 billion layer of coverage shall be deemed, and the price for such coverage shall be as provided in this Amended Addendum No. 2.~~

~~TICL coverage selected in this Amended Addendum No. 2 shall not be in force for the Company for losses from any hurricane which occurs or had occurred, prior to the Company sending the Amended Addendum No. 2 to the Administrator if the Company did not select TICL coverage in the original Addendum No. 2.~~

New Participants, as defined in Article V of the Contract, must return a fully executed ~~Amended~~ Addendum No. 2 (two originals) within thirty days of writing its first Covered Policy and prior to a Loss Occurrence, as both terms are defined in Article V of the Contract, under which the company would be eligible for reimbursements under the Contract.

Any ~~New Participant~~ Company failing to meet the applicable deadline shall not be eligible for optional coverage under ~~Amended~~ Addendum No. 2.

I. TICL Coverage

The Company may purchase one of ~~ten~~ eight optional coverages above its mandatory FHCF coverage provided for in the FHCF Reimbursement Contract. The TICL options allow the Company to purchase its mandatory FHCF premium share of one of the ten optional layers of coverage. The optional layers of coverage above the mandatory FHCF coverage are ~~$10 billion, $9 billion,~~ $8 billion, $7 billion, $6 billion, $5 billion, $4 billion, $3 billion, $2 billion, or $1 billion.

The purchase of a TICL option increases the Company's coverage under the Reimbursement Contract as calculated pursuant to Section 215.555(4)(d)2., Florida Statutes. The Company's increased coverage shall be the FHCF reimbursement premium multiplied by the TICL multiple. Each TICL coverage multiple shall be calculated by dividing ~~$10 billion, $9 billion,~~ $8 billion, $7 billion, $6 billion, $5 billion, $4 billion, $3 billion, $2 billion, or $1 billion by the aggregate mandatory FHCF premium under the Reimbursement Contract paid by all companies.

In order to determine the Company's total limit of coverage, the Company's TICL coverage multiple is added to its regular Payout Multiple under the Reimbursement Contract. The total of these two multiples shall represent a number that, when multiplied by an insurer's mandatory FHCF reimbursement premium under the Reimbursement Contract, defines the Company's total limit of FHCF reimbursement coverage for the Contract Year under the Reimbursement Contract and ~~Amended~~ Addendum No. 2. The SBA shall reimburse the Company for 45 percent, 75 percent, or 90 percent of its losses from each Covered Event in excess of the Company's FHCF Retention under the Reimbursement Contract, plus 5 percent of the reimbursed losses to cover loss adjustment expense, not to exceed the Company's total limit of coverage as defined above. The percentage shall be the same as the coverage level selected by the Company under its Reimbursement Contract.

II. TICL Premium

The Company's TICL premium shall be determined as specified in Sections 215.555(5) and (17), Florida Statutes, as amended, and shall be due and payable in three installments on August 1, ~~2009~~2010, October 1, ~~2009~~2010, and December 1, ~~2009~~2010.

III. Liability of the FHCF

Pursuant to Section 215.555(17)(g), Florida Statutes, the liability of the FHCF with respect to all TICL addenda shall not exceed $~~10~~8 billion and shall depend on the number of insurers that select the TICL optional coverage and the TICL coverage options selected. In no circumstance shall the liability of the FHCF exceed its actual claims-paying capacity as defined in Section 215.555(2)(m), Florida Statutes.

The additional TICL capacity shall apply only to the additional coverage provided under the TICL options and shall not otherwise affect any insurer's reimbursement from the FHCF if the insurer chooses not to select a TICL option to increase its limit of FHCF coverage.

IV. Coordination of Coverage

Reimbursement amounts under TICL shall not be reduced by reinsurance paid or payable to the Company from sources other than the FHCF.

The TICL coverage shall be in addition to all other coverage provided by the FHCF under the Company's Reimbursement Contract or other Addenda to the Reimbursement Contract, and shall be in addition to the claims-paying capacity of the FHCF as defined in Section 215.555(4)(c)1., Florida Statutes, but only with respect to those insurers that select the TICL coverage.

The TICL coverage selected is irrevocable and shall not overlap or duplicate coverage otherwise provided for in the Reimbursement Contract, or any Addenda to the Reimbursement Contract, or offset any co-payments or retention amounts.

V. Addendum No. 2 TICL Coverage Election

ALL COMPANIES EXECUTING A REIMBURSEMENT CONTRACT MUST INDICATE BELOW THE LEVEL OF OPTIONAL TICL COVERAGE SELECTED, IF ANY. IF THE COMPANY FAILS TO MEET THE JUNE ~~30~~1, ~~2009~~ 2010 DEADLINE OR MEETS THIS DEADLINE BUT FAILS TO SELECT~~E~~ AN OPTIONAL COVERAGE UNDER THIS ~~AMENDED~~ ADDENDUM, ~~THE OPTIONAL COVERAGE LAYER SELECTED BY THE COMPANY UNDER THE ORIGINAL ADDENDUM NO. 2 SHALL BE DEEMED TO APPLY, UNLESS THE COMPANY HAD SELECTED THE $11 OR $12 BILLION LAYERS OF COVERAGE, IN WHICH CASE THE $10 BILLION LAYER OF COVERAGE SHALL BE DEEMED. IF AMENDED ADDENDUM NO. 2 IS RETURNED WITHOUT A TICL COVERAGE OPTION SELECTED, AND NO COVERAGE WAS SELECTED UNDER THE ORIGINAL ADDENDUM NO. 2,~~ IT SHALL BE DEEMED BY THE STATE BOARD OF ADMINISTRATION TO BE A CHOICE TO REJECT TICL COVERAGE.

If your Company does not want to purchase any TICL coverage, print "No Coverage" on the line below and initial the box.

_____ ☐

By selecting an option below (initial the applicable box), the Company is selecting its proportionate share based on its mandatory FHCF reimbursement premium to the total mandatory FHCF reimbursement premiums paid by all companies of the layer of optional coverage.

Company selects $1 billion TICL Coverage Option	**OR**	**Company selects $2 billion TICL Coverage Option**	**OR**	**Company selects $3 billion TICL Coverage Option**	**OR**	**Company selects $4 billion TICL Coverage Option**	
Company selects $5 billion TICL Coverage Option	**OR**	**Company selects $6 billion TICL Coverage Option**	**OR**	**Company selects $7 billion TICL Coverage Option**	**OR**	**Company selects $8 billion TICL Coverage Option**	
~~Company selects $9 billion TICL Coverage Option~~	**~~OR~~**	**~~Company selects $10 billion TICL Coverage Option~~**					

VI. Signatures

_____

«Legal_Name 2»

By: _____ _____

Typed/Printed Name and Title Date

Approved by:

Florida Hurricane Catastrophe Fund
By: State Board of Administration of the State of Florida

By: _____ _____

Ashbel C. Williams Date
Executive Director & CIO

Approved as to legality:

By: _____ _____

~~Thomas A. Beenck~~Gary Moreland Date
~~Acting~~Assistant General Counsel, FL Bar ID#~~0178785~~0702765

DRAFT DECEMBER 10, 2009

ADDENDUM NO. 3
to
REIMBURSEMENT CONTRACT
Effective: June 1, ~~2009~~2010
(Contract)

Between

Citizens Property Insurance Corporation
(Citizens or Company)

NAIC # «NAIC»

and

THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA) WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)

It is Hereby Agreed, effective at 12:00:01 a.m., Eastern Time, June 1, ~~2009~~2010, that this Contract shall be amended as follows:

CITIZENS COVERAGE OF POLICIES OF LIQUIDATED INSURERS PURSUANT TO SECTION 215.555(5)(e), FLORIDA STATUTES.

If an insurer is placed in liquidation under Chapter 631, pursuant to Section 627.351(6), Florida Statutes, and Citizens Property Insurance Corporation ("Citizens") provides coverage for Covered Policies of such liquidated insurer, Section 215.555(5)(e), Florida Statutes, provides that Citizens may, subject to provisions below, obtain coverage for such policies under its Reimbursement Contract with the FHCF or accept an assignment of the liquidated insurer's Reimbursement Contract with the FHCF. Prior to the date that Citizens takes a transfer of policies from a liquidated insurer, Citizens shall select one of these options using Appendix A of Addendum No. 3 and submit to the FHCF as instructed.

PROVIDING COVERAGE FOR A LIQUIDATED INSURER'S POLICIES UNDER CITIZENS' FHCF REIMBURSEMENT CONTRACT

(1) If a Covered Event has occurred prior to the transfer of policies from a liquidated insurer to Citizens, Citizens must accept an assignment of such liquidated insurer's FHCF Reimbursement Contract and cannot cover such policies under Citizens' Reimbursement Contract. Only in those situations where a Covered Event has not occurred shall Citizens be

able to obtain coverage under its own FHCF Reimbursement Contract for those policies transferred to Citizens as a result of a liquidation.

(2) Responsibilities relating to the transfer of the liquidated insurer's Covered Policies to Citizens:

(a) Citizens shall accurately report the exposure and loss data related to Covered Policies transferred from a liquidated insurer to Citizens.

1. For a transfer of a liquidated insurer's Covered Policies that occurs on or before June 30, ~~2009~~2010, Citizens shall report the exposure in effect for such policies as of June 30, ~~2009~~2010. If any such policies renewed with Citizens on or before June 30, ~~2009~~2010, Citizens shall include the exposure for those polices as part of its Form FHCF-D1A (Data Call) submission due September 1, ~~2009~~2010.
2. For transfers of Covered Policies from a liquidated insurer to Citizens after June 30, ~~2009~~2010, Citizens shall report exposure in effect for such policies as of the date of the transfer and the FHCF shall treat all such policies as if they were in effect as of June 30, ~~2009~~2010.
3. For purposes of reporting losses to the FHCF, Citizens shall report all losses including those associated with Covered Policies transferred from liquidated insurers on Forms FHCF-L1A and FHCF-L1B as required under the Reimbursement Contract. Citizens shall retain separate data files for examination purposes for losses on Covered Policies transferred from each liquidated insurer.

(b) Citizens shall report the exposure associated with Covered Policies from each liquidated insurer on a separate Data Call, which must be completed in full and must identify the liquidated insurer from whom the policies were transferred and to which the Data Call relates. The Data Call for each liquidated insurer where Covered Policies are transferred to Citizens is due on September 1, ~~2009~~2010, or a maximum of 60 days from the date of transfer, whichever is later.

(c) The FHCF Reimbursement Premium for all Covered Policies transferred from a liquidated insurer to Citizens shall be due on December 1, ~~2009~~2010, or within 15 days of being invoiced by the FHCF, whichever is later. The FHCF Reimbursement Premium associated with the transferred Covered Policies shall be itemized by Citizens for each liquidated insurer, but the total Reimbursement Premium resulting from the reporting of exposure on Citizens Covered Policies and the Reimbursement Premium associated with Covered Policies transferred to Citizens from liquidated insurers shall be combined to determine Citizens' retention and its share of the FHCF's capacity.

(d) An administrative fee of $1,000 shall apply to each resubmission of exposure data for resubmissions that are not a result of an examination by the SBA. If a resubmission is necessary as a result of an examination report issued by the SBA, the first resubmission fee will be $2,000. If the first examination-required resubmission is inadequate and the SBA requires an additional resubmission(s), the resubmission fee for each subsequent resubmission shall be $2,000. Resubmission fees shall be invoiced along with the Reimbursement Premium billing discussed in (c) above.

(e) Citizens shall ensure that the books and records related to the Covered Policies transferred from a liquidated insurer are preserved and accessible to the FHCF for its exposure and loss examinations. Citizens shall retain data related to the FHCF examinations as required in Forms FHCF-D1A, FHCF-EAP1, and FHCF-LAP1 for the exposure transferred from each liquidated insurer.

(3) The Covered Policies of a liquidated insurer transferred to Citizens on the date of such transfer shall be treated as if they were on Citizens' books and records as of June 30, ~~2009~~2010. Citizens' ~~2009~~ 2010 FHCF Reimbursement Premium shall be the aggregate premium based on it direct business and all business associated with Covered Policies of a liquidated insurer transferred to Citizens. Citizens' FHCF retention and limit of coverage shall be based on this aggregate Reimbursement Premium.

CITIZENS' ACCEPTANCE OF AN ASSIGNMENT OF A LIQUIDATED INSURER'S FHCF REIMBURSEMENT CONTRACT

(1) Responsibilities relating to Assigned Reimbursement Contracts:

(a) Citizens, pursuant to Section 215.555(5)(e), Florida Statutes, has the rights and duties of the liquidated insurer beginning on the date it first provides coverage for such transferred Covered Policies.

(b) Citizens is responsible for the Reimbursement Premiums due under the assigned Reimbursement Contract(s). Should any Reimbursement Premium be owed at the time paid losses for Covered Policies under the assigned Reimbursement Contract exceed the retention under the assigned Reimbursement Contract, all Reimbursement Premiums (as well as any applicable fees and interest) shall be offset before the issuance of any reimbursement payment.

(c) Citizens has the responsibility to report all exposure and loss information for Covered Policies under the assigned Reimbursement Contracts separately for each assigned Reimbursement Contract pursuant to the reporting requirements specified in the Reimbursement Contract. If the liquidated insurer has already submitted the required Data Call, Citizens has the responsibility of filing any resubmissions as necessary.

(d) Citizens has the responsibility to ensure that the books and records related to the assigned Reimbursement Contract are preserved and accessible to the FHCF for its exposure and loss examinations. Citizens is responsible to retain data related to FHCF examinations as required in FHCF-D1A, FHCF-EAP1, and FHCF-LAP1 for each assigned Reimbursement Contract.

(2) Citizens will not be reimbursed by the FHCF for any losses occurring prior to the date it first provides coverage for such transferred policies. Reimbursements for those losses shall be made to the insurer, the receiver, or the Florida Insurance Guaranty Association (FIGA), as provided by statute.

Approved by:

Florida Hurricane Catastrophe Fund
By: State Board of Administration of the State of Florida

By: _____ _____
Ashbel C. Williams Date
Executive Director & CIO

Approved as to legality:

By: _____ _____
~~Thomas Beenck~~Gary Moreland Date
~~Acting~~Assistant General Counsel, FL Bar ID#~~0178785~~0702765

_____
Company

By: _____ _____
Typed/Printed Name and Title Date

DRAFT DECEMBER 10, 2009

APPENDIX A TO ADDENDUM NO. 3
to
REIMBURSEMENT CONTRACT
Effective: June 1, ~~2009~~2010
(Contract)

between

Citizens Property Insurance Corporation
(Citizens or Company)

NAIC # «NAIC»

and

THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA)
WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)

Pursuant to Section 215.555(5) (e), Florida Statutes

With reference to

_____
(Name of Liquidated Insurer "Liquidated Insurer")

We, the undersigned, being executive officers of Citizens Property Insurance Corporation ("Citizens"), acting within our authority, hereby make the following election with reference to the Liquidated Insurer named above:

(Check appropriate box and provide date of transfer below):

☐ Citizens elects to obtain FHCF coverage for the Liquidated Insurer's Covered Policies by including such covered policies under Citizens' ~~2009~~ 2010 FHCF Reimbursement Contract.

Date policies transferred to Citizens:_____

☐ Citizens elects to obtain FHCF coverage for the Liquidated Insurer's Covered Policies by accepting an assignment of the Liquidated Insurer's ~~2009~~ 2010 FHCF Reimbursement Contract.

Date policies transferred to Citizens:_____

By: _____ By: _____

Typed Name: _____ Typed Name: _____

Title: _____ Title: _____

Date: _____ Date: _____

RETURN COMPLETED FORM TO:
Paragon Strategic Solutions Inc.
8200 Tower,~~Norman Center Drive~~ 5600 West 83rd Street, Suite 1100
~~Bloomington~~Minneapolis, MN 55437

Formatted: Superscript

DRAFT JANUARY 13, 2010
Note: Page numbers not updated until revision marks accepted.

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

Instruction Sheet

Each authorized insurance company writing Covered Policies in the state of Florida is required to pay a reimbursement premium to the Florida Hurricane Catastrophe Fund (FHCF). This premium is based on the Reimbursement Premium Formula specifying the amount of premium to be paid for each $1,000 of insured value for Covered Policies in each Florida ZIP Code by type of business, construction type, deductible group, and Building Code Effectiveness Grading (BCEG) code combinations.

In order to perform the calculation, each authorized insurance company must submit its total covered property exposure (wind/hurricane insurance in force) **by September 1, ~~2009~~ 2010** for insured values under Covered Policies **as of June 30, ~~2009~~2010**. Covered Policies are defined in subsection (10) of Article V of the FHCF Reimbursement Contract (see page 17 herein; a full copy of the Reimbursement Contract is available on-line at www.sbafla.com/fhcf under "fhcf rules").

Table of Contents

	Page
Important Changes in the 2009 Data Call	2
Steps for Completing Data Call	2
General Data Call Issues	3
Data Quality	3
Covered Policies (See Article V below also)	4
SBA Exam File	5
File Layout	7
List of Attachments & Enclosures	16
Reimbursement Contract Article V – Definitions	17
Reimbursement Contract Article VI - Exclusions	18
Reporting Clarifications	19
Citizens Property Insurance Corporation Takeouts Pursuant to Assumption Agreements	22
Citizens Property Insurance Corporation High Risk Account Quota Share Primary Insurance Reporting Requirements	23
FHCF Construction Types/Definitions & Mappings	24
List of Florida County Codes	25
Reference Guide	26
Data Call Submission Check List	27
Control Totals Form	28
Statement of Exposure Data Validity	29
Statement of Retention of Exam File	30
Collateral Protection Statement	31
Supplemental Instruction Sheet and Forms for New Participants (sent only to new participants)	32

** Important Changes in the ~~2009~~ 2010 Data Call **

1. **Exposure described as a vacant property under a commercial policy.** Beginning with the 2010 Reimbursement Contract, the exclusion for this type of exposure has been deleted. As such, exposure for a residential structure described as a vacant property under an in force policy must be reported under the 2010 Data Call.

2. **Exposure for Loss Assessment coverage and Jewelry in an off-premises vault.** Beginning with the 2010 Reimbursement Contract, the FHCF does not provide reimbursement for these two coverages, and therefore no exposure for these coverages should be reported under this Data Call. See exclusions #13 and #22 of Article VI of the Reimbursement Contract included on page 18 herein.

~~1.~~3. **Golf Cart Coverage.** See General Reporting Clarification #5 on page 19 regarding coverage for golf carts with no stated limit.

Formatted: Centered, Space Before: 0 pt, Tab stops: 1.13", Left + 2.8", Left + 6.5", Right

Formatted: Bullets and Numbering

Formatted: Font: Bold

Formatted: Font: Bold

Formatted: Font: Bold

Formatted: Font: Bold

** Steps for Completing Data Call **

1. Complete the Data Call and return the required items as outlined below.

2. Return the following information to the Administrator, Paragon Strategic Solutions Inc. (Paragon):

Required Documentation	Item to Return
Exposure Data File*	Diskette(s)/CD-ROM
Submission Checklist	Hard Copy (page 27)
Brief Written Verification of Exposure Fluctuations	Cover Letter
Control Totals Form	Hard Copy (page 28)
Statement of Exposure Data Validity	Hard Copy (page 29)
Statement of Retention of Exam File	Hard Copy (page 30)
Collateral Protection Statement (required only for Companies writing Collateral Protection Policies)	Hard Copy (page 31)

*Note: **All data for an individual company should be submitted as one file, unless your company has participated in a Citizens Property Insurance Corporation High Risk Account or Citizens Property Insurance Corporation Personal Lines and Commercial Lines Account assumption agreement (see pages 6 and 22).** If your company has different departments responsible for compiling portions of your data submission, please have one individual coordinate, compile, and submit the complete package to the Administrator.

3. If your company does not have Covered Policies as defined in subsection (10) of Article V of the FHCF Reimbursement Contract (see page 17 herein), but was an active FHCF company for the ~~2008~~2009/~~2009~~ 2010 contract year, a letter requesting to petition for exemption from the FHCF must be returned to the Administrator no later than **September 1, ~~2009~~2010**.

Note: If your company determines at a later time that it does have Covered Policies, or the State Board of Administration of Florida (SBA) denies your company's request for exemption from the FHCF, your company will be subject to any fees and/or administrative action by the Florida Department of Financial Services (Department) for delinquent or inadequate exposure data as defined in this Data Call and/or your company's Reimbursement Contract.

** General Data Call Issues **

Extensions

Data Call submissions must be received by September 1, ~~2009~~2010. Extensions will not be granted.

Media Type

Provide the exposure data file in a fixed length (82-character) ASCII format on ~~diskette or~~ CD-ROM.

Where to Send Your Submission

For your convenience, we have enclosed a self-addressed envelope for returning the required information to:

Ms. Kathy Mackenthun, CPCU, ARe
Vice President – FHCF Administration
Paragon Strategic Solutions Inc.
8200 ~~Norman Center Drive~~ Tower
5600 West 83rd Street, Suite 1100
~~Bloomington~~Minneapolis, MN 55437

Formatted: Superscript

If you have any questions about the information to be supplied or about this Data Call, please do not hesitate to call Holly Bertagnolli, Kathy Mackenthun, or Martin Helgestad of Paragon Strategic Solutions Inc. at 1-800-689-FUND (3863).

** Data Quality **

Any company submitting an exposure data file in an incorrect format or in noncompliance with the specifications herein will be required to resubmit its data. See Resubmissions for information on resubmission fees.

Resubmissions

Any company required to resubmit data will be allowed 30 calendar days to resubmit data (may be less than 30 days if the company has been already notified by the SBA for an exam). A $1,000 resubmission fee (for resubmissions that are not the result of an exam by the SBA) will be invoiced by the FHCF for each resubmission.

If a resubmission is necessary as a result of an examination report issued by the SBA, the resubmission fee will be $2,000. If a company's examination-required resubmission is inadequate and the SBA requires an additional resubmission(s), the resubmission fee for each subsequent resubmission shall be $2,000.

Explanation of Exposure Fluctuations

Compare your current year submission against your submission from the previous year to ensure increases or decreases in reported exposure are valid. The FHCF requires an explanation of exposure increases or decreases for specific FHCF types of business which meet either the combined dollar/ percentage thresholds or the large dollar thresholds below. Please include a brief written explanation of such fluctuations with your Data Call submission. While the degree of detail is left to the discretion of your company, the explanation must provide detail beyond simply stating that "the data has been reviewed and is correct as submitted".

Type of Business	$ Threshold		% Threshold		Large $ Threshold
Commercial:	+/- $ 25,000,000	and	+/- 40%	or	+/- $200,000,000
Residential and Other Contents Policies or Endorsements:	+/- $ 50,000,000	and	+/- 40%	or	+/- $2,000,000,000
Mobile Home:	+/- $ 25,000,000	and	+/- 40%	or	+/- $40,000,000
Tenants:					+/-$20,000,000
Condominium Unit Owners:	+/- $ 25,000,000	and	+/- 40%	or	+/- $40,000,000

Preliminary Validation Software

Running the Preliminary Validation Software (Version ~~2009~~2010) will help ensure that your company's data is in the correct format. However, please keep in mind that the software has been designed to identify data formatting errors, percentage of exposure with valid ZIP Codes, and invalid ZIP-to-county mappings. **The software will not identify records with valid FHCF record formatting that have been coded incorrectly according to the policy details.** Such errors may require a resubmission of exposure data. Any examination conducted by the SBA will be the final determinant of data quality.

Note: If you make changes to the Data Call file as a result of the Preliminary Validation Software, remember to make the same changes to the SBA exam file (see page 5).

Aggregate versus Individual Records

Data may be either aggregated or reported by individual policy record. If aggregating data, please aggregate by each type of business, line of business, construction type, deductible group, county, ZIP Code, Year Built, BCEG, Florida Building Code indicator code, Structure Opening Protection code, Roof Shape code, Roof-Wall Connection code, and Roof-Deck Attachment code combinations.

Rounding

Exposures should be reported in whole dollars and may be rounded to the nearest $1,000, but no greater.

** Covered Policies **

Covered Policies are defined in Section 215.555(2)(c), Florida Statutes, as any insurance policy covering a residential structure, or its contents, located in the State of Florida. Covered Policy is further defined in subsection (10) of Article V of the FHCF Reimbursement Contract (see page 17 herein), which includes personal lines residential coverages, commercial lines residential coverages, and mobile home coverages. **The FHCF provides reimbursement only for losses from policies with wind or hurricane coverage**.

All Covered Policies written by an individual insurer must be reported even if they are written in areas eligible for coverage from Citizens Property Insurance Corporation High Risk Account or Citizens Property Insurance Corporation Personal Lines and Commercial Lines Accounts.

** June 30th "as of" Date **

The data reported under this Data Call pertains to a company's insured values under Covered Policies as of June 30, ~~2009~~2010. This data is used by the FHCF to calculate a company's premium, retention, and maximum FHCF coverage under the applicable Reimbursement Contract.

Although changes to coverage under a policy that are effective after June 30th do not impact reporting under the Data Call (including new policy issuance and policy terminations), the policy terms in effect at a time of loss will be considered in determining a company's losses eligible for reimbursement under the FHCF. For example, if a Covered Policy was written effective July 1, ~~2009~~2010, exposure for that policy would not be included under the ~~2009~~ 2010 Data Call submission, but losses under that policy would be reportable to the FHCF when the company files its loss reports.

Given an "as of" date of June 30th and a statutory Data Call due date of September 1st, a company must determine the date at which it can most accurately capture and report its data to include policy transactions with effective dates of June 30th or earlier, while still being able to meet the statutory Data Call due date. For example, a company writes a policy with an effective date of June 29, ~~2009~~2010, the transaction was processed by the company on July 15, ~~2009~~ 2010 and the company compiled its data on July 20, ~~2009~~2010. The FHCF would expect the policy to be reported since the policy was in effect on June 30th and the transaction was processed before the date the data was compiled. However, the FHCF recognizes that if a transaction was not processed far enough through a company's systems by the date on which the company compiled its Data Call information, then that transaction would not necessarily be reflected in the company's original Data Call submission. Nonetheless, should the company have to resubmit its Data Call at a later date, then the transaction should be included in the resubmitted data.

** SBA Exam File **

Generation of the SBA Exam File

The SBA exam file should be generated at the same time your Data Call file is created. If fields are unique to the SBA exam file, care must be taken to ensure accuracy with your company's files. The total reported exposure and rating factors in the exam file must match the total exposure and rating factors of the Data Call file. If, at the time the SBA reviews your exam file, it is determined that these files are not in agreement and the files cannot be used to conduct the examination, your company will be required to resubmit both files and will be subject to the $1,000 resubmission fee.

Retention of Records for SBA Examination

In accordance with Article XIII of the Reimbursement Contract and the SBA's examination program, all records, including exposure filings (Data Call submission), policy files, and supporting documentation, must be retained along with computer runs (exam file) produced to support the Data Call submission. Companies writing covered collateral protection policies, as defined in this Data Call, must be able to provide documentation that the policy covers the borrower's and lender's interest and that the coverage is in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy. Such records must be retained until the SBA has completed its examination of your company's exposure submission and loss reports (applicable to the Data Call contract year). The exam file must be retained and maintained so that, upon examination by the SBA, changes can be made to correct any errors which may be identified and to allow for a resubmission if required.

SBA Exam File Specifications

The SBA exam file must be by individual policy, sorted by type of business and line of business, must be available in a delimited ASCII format or as a Microsoft Access database, and must contain the following fields (do not include any symbols such as -, +, #, $, “, /) in the order listed on the following page.

Field #	Description	Type	Notes
1	Type of Business	Numeric	Only use the codes on page 8.
2	Line of Business	Numeric	Only use the codes on page 9.
3	Construction Type	Numeric	Only use the codes on pages 9-10.
4	Deductible Group	Text	Only use the codes on pages 10-11.
5	County Code	Numeric	Only use the codes on page 25.
6	ZIP Code	Numeric	
7	Insured Risks	Numeric	Must be greater than zero.
8	Total Insured Value – Building	Numeric	
9	Total Insured Value – Appurtenant Structures	Numeric	
10	Total Insured Value – Contents	Numeric	
11	Total Insured Value – Additional Living Expense	Numeric	
12	Year Built	Numeric	Only use the codes on page 14.
13	BCEG Code	Numeric	Only use the codes on page 14.
14	Florida Building Code Indicator	Numeric	Only use the codes on page 15.
15	Structure Opening Protection	Numeric	Only use the codes on page 15.
16	Roof Shape	Numeric	Only use the codes on page 15.
17	Roof-Wall Connection	Numeric	Only use the codes on page 15.
18	Roof-Deck Attachment	Numeric	Only use the codes on page 15.
19	Policy Effective Date	Numeric or Date/Time	Numeric Format: yyyymmdd Date/Time Format: Month/day/year Effective Date must be in one field and the numeric format must have 8 characters.
20	Policy Expiration Date	Numeric or Date/Time	Numeric Format: yyyymmdd Date/Time Format: month/day/year Expiration Date must be in one field and the numeric format must have 8 characters.
21	Policy Number	Text	
22	Citizens Policy Number	Text	Applies only to policies assumed from Citizens that have not renewed onto the company’s books by June 30, 2009.

Florida Hurricane Catastrophe Fund ~~2009~~ 2010 Data Call

File Layout

The following fields must be provided. If you aggregate your company's data, please do so by type of business, line of business, construction type, deductible group, county, ZIP Code, Year Built, BCEG code, Florida Building Code indicator, Structure Openings Protection, Roof Shape, Roof-Wall Connection, and Roof-Deck Attachment code combinations.

Field #	Description	Position	Length	Type	Notes
1	Type of Business	1	1	Numeric	Only the codes on page 8 are acceptable.
2	Line of Business	2	1	Numeric	Only the codes on page 9 are acceptable.
3	Construction Type	3	2	Numeric	Only the codes on pages 9-10 are acceptable.
4	Deductible Group	5	2	Alpha	Only the codes on pages 10-11 are acceptable.
5	County Code	7	3	Numeric	Only the codes on page 25 are acceptable.
6	ZIP Code	10	5	Numeric	At least 95% of exposure must have a valid ZIP Code.
7	Total Insured Risks	15	12	Numeric	Must be greater than zero.
8	Total Insured Value – Building*	27	12	Numeric	* See note below table.
9	Total Insured Value – Appurtenant Structures*	39	12	Numeric	* See note below table.
10	Total Insured Value – Contents*	51	12	Numeric	* See note below table.
11	Total Insured Value – ALE*	63	12	Numeric	* See note below table.
12	Year Built	75	1	Numeric	Only the codes on page 14 are acceptable.
13	BCEG Code	76	2	Numeric	Only the codes on page 14 are acceptable.
14	Florida Building Code Indicator	78	1	Numeric	Only the codes on page 15 are acceptable.
15	Structure Opening Protection	79	1	Numeric	Only the codes on page 15 are acceptable.
16	Roof Shape	80	1	Numeric	Only the codes on page 15 are acceptable.
17	Roof-Wall Connection	81	1	Numeric	Only the codes on page 15 are acceptable.
18	Roof-Deck Attachment	82	1	Numeric	Only the codes on page 15 are acceptable.

*Note: The sum of these four fields for each record must be greater than zero.

Example: A record with the following information:

Field #	Description	Type	Entry
1	Type of Business	Residential	2
2	Line of Business	Homeowners	2
3	Construction Type	Frame	01
4	Deductible Group	$2,000	RC
5	County Code		025
6	ZIP Code		33130
7	Total Insured Risks		5
8	Total Insured Value – Building		$500,000
9	Total Insured Value – App. Structures		$100,000
10	Total Insured Value – Contents		$250,000
11	Total Insured Value – ALE		$50,000
12	Year Built	Date Range	1
13	BCEG Code	BCEG code of 5	05
14	Florida Building Code Indicator	Meets FL Building Code Standards	1
15	Structure Openings Protection	Basic Shutters	1
16	Roof Shape	Hip, Mansard, or Pyramid	1
17	Roof-Wall Connections	Anchor Bolts, Hurricane Ties, Clips, Wraps, or Structurally Connected	1
18	Roof-Deck Attachment	Reinforced Concrete Roof Deck	4

Each record must have the following layout:

2201RC025331300000000000050000005000000000001000000000002500000000000500001051111 4

Since each field has a defined length, please "zero fill" the positions in each field that will not be used. Each record must be 82 characters in length.

Description of Data Fields

The FHCF strongly encourages any individual involved in completing this Data Call to review the Reporting Clarifications on pages 19-21 herein.

1. **Type of Business (TOB)**

   All exposure should be classified as one of the following FHCF TOBs. Exposure for scheduled personal property written under attachments, endorsements, riders; any policy separately covering personal property; or any policy separately covering commercial residential contents should be reported as the FHCF TOB it is associated with. If the exposure is not associated with another policy, it should be reported as FHCF TOB "4" (Tenants), with the exception of mobile home related property, which must still be reported as FHCF TOB "3" (Mobile Home).

Type of Business	Code
Commercial	1
Residential	2
Mobile Home	3

Type of Business	Code
Tenants	4
Condominium Unit Owners	6

General TOB Instructions:

- **"Commercial"** should be used for commercial-habitational exposures such as apartment buildings and condominium complexes. Do not use this TOB for individual condominium unit owners.
- "**Mobile Home**" should be used for all mobile home coverages, regardless of the policy form on which coverage is written, including coverage provided to a person(s) renting a mobile home.

- "**Tenants**" should be used for policies providing property coverage to a person(s) entitled to occupy a dwelling unit (including a condominium unit) under a rental agreement. Do not use this TOB for any policy providing coverage to a person renting a mobile home. Exposure for scheduled personal property written under attachments, endorsements, riders; any policy separately covering personal property; or any policy separately covering commercial residential contents should be reported as the FHCF TOB it is associated with. If the exposure is not associated with another policy, it should be reported as Tenants.
- "**Condominium Unit Owners**" should be used for individual condominium unit owners, whether owner or tenant occupied. Do not use this TOB for condominium complexes or multi-unit structures.

2. **Line of Business**

Exposure information for Covered Policies is to be reported using the following codes (use the code your company deems most appropriate):

Line of Business	Code
Fire and Allied Lines	1
Homeowners Multiple Peril	2
Farmowners Multiple Peril	3

Line of Business	Code
Commercial Multiple Peril	4
Mobile Homeowners	5
Inland Marine	6

3. **Construction Type**

The FHCF has further condensed its listing of construction types/definitions. The FHCF's construction codes and definitions are provided on page 24. Your company must use the applicable FHCF codes in its Data Call submission.

If your company's construction definitions do not match those of the FHCF, you must provide the Administrator with your company's construction types and definitions and your recommended mapping to the most similar FHCF construction types as defined on pages 24. This will help you avoid a subsequent resubmission due to improper construction reporting. The Administrator will review your method of mapping construction codes and determine if the mapping between your codes and the FHCF's codes match. Once the Administrator has notified you in writing that your mapping is acceptable, you must complete the actual mapping so that only FHCF constructions are reported in your submission. If a mapping review is necessary for your company, such a review must be done each year to ensure changes to the FHCF construction types have not affected the previously reviewed mapping.

For policies in which your company does not capture construction information, exposure should always be reported using the FHCF Unknown construction code "11" (or code "25" for mobile home exposure). Otherwise, if your company does capture construction information, but has less than $50 million of aggregate exposure, you have the option of reporting all non-mobile home exposure with FHCF default construction code "12" and all mobile home exposure with FHCF default construction code "26".

Residential

Construction Type	Code
Frame	01
Masonry	02
Masonry Veneer	10
Unknown (Non-Mobile Home)	11
Non-Mobile Home Default Construction*	12

Commercial, Condominium Unit Owners, Tenants

Construction Type	Code
Frame	01
Masonry	02
Superior	07
Masonry Veneer	10
Unknown (Non-Mobile Home)	11
Non-Mobile Home Default Construction*	12

Mobile Home

Construction Type	Code
Mobile Home - Fully Tied Down, Mfg. before 7/13/94	21
Mobile Home - Fully Tied Down, Mfg. on or after 7/13/94 or documented to be in compliance with ANSI/ASCE 7-88	22
Mobile Home – Other than Fully Tied Down or Unknown	25
Mobile Home - Default Construction*	26

* See paragraph preceding the above tables for reporting eligibility

4. **Deductible Group** – *Wind Including Hurricane Deductible, or Hurricane Deductible Only*

Except as instructed for commercial-habitational policies below, report an FHCF percentage or dollar deductible code based on how the policy deductible is written. For example, a $100,000 Residential policy written with a 2% deductible must be reported with code R2, not code RC ($1,501 to $2,500 deductible), regardless of how the deductible is "stated" to the policyholder.

For policies written with a percentage deductible and a minimum dollar deductible, report the percentage deductible.

For commercial-habitational policies (regardless of the FHCF Type of Business under which the policy's exposure is reported) that have a policy deductible greater than $50,000, the deductible amount must be converted to a percentage of the total insured Building value (Data Call field 8) and reported to the FHCF as a percentage deductible.

For commercial-habitational policies covering multiple structures/contents under an indivisible aggregate deductible, report the full blanket deductible for each record reported.

Following are the FHCF deductible groups and codes:

Commercial

Deductible Group	Code
$0 to $2,500	CA
$2,501 to $7,500	CB
$7,501 to $15,000	CC
$15,001 to $50,000	CD
Greater than $50,000 – Convert to a percentage	See % Ded.'s

Deductible Group	Code
Less than or equal to 1%	C1
Greater than 1%, less than or equal to 2%	C2
Greater than 2%, less than or equal to 3%	C3
Greater than 3%, less than or equal to 4%	C4
Greater than 4%, less than or equal to 5%	C5
Greater than 5%, less than or equal to 6%	C6
Greater than 6%, less than or equal to 7%	C7
Greater than 7%, less than or equal to 8%	C8
Greater than 8%, less than 10%	C9
10% or Greater	C0

Residential, Tenants, or Condominium Unit Owners

Deductible Group	Code
$0	RM
$1 to $500	RA
$501 to $1,500	RB
$1,501 to $2,500	RC
Greater Than $2,500	RD
Greater than $50,000 – Convert to a percentage	See % Ded.'s

Deductible Group	Code
Less than or equal to 1%	R1
Greater than 1%, less than or equal to 2%	R2
Greater than 2%, less than or equal to 3%	R3
Greater than 3%, less than or equal to 4%	R4
Greater than 4%, less than or equal to 5%	R5
Greater than 5%, less than or equal to 6%	R6
Greater than 6%, less than or equal to 7%	R7
Greater than 7%, less than or equal to 8%	R8
Greater than 8%, less than 10%	R9
10% or greater, less than 15%	R0
15% or Greater	RZ

Formatted Table

Mobile Home

Deductible Group	Code
$0	MM
$1 to $250	MA
$251 to $500	MB
Greater Than $500	MC
Greater than $50,000 – Convert to a percentage	See % Ded.'s

Deductible Group	Code
Less than or equal to 1%	M1
Greater than 1%, less than or equal to 2%	M2
Greater than 2%, less than or equal to 3%	M3
Greater than 3%, less than or equal to 4%	M4
Greater than 4%, less than or equal to 5%	M5
Greater than 5%, less than or equal to 6%	M6
Greater than 6%, less than or equal to 7%	M7
Greater than 7%, less than or equal to 8%	M8
Greater than 8%, less than 10%	M9
10% or Greater	M0

Formatted Table

5. **County Code**

   Florida county code specifying the location of each covered risk. All records must be coded with a valid Florida county code listed on page 24. There is no "unknown" county code. ZIP Codes and county codes must be cross-referenced to ensure that 95% of your company's aggregate exposure has a valid Florida ZIP Code to county code match. As the FHCF recognizes some ZIP Codes may span county boundaries, the Preliminary Validation Software Version ~~2009~~ 2010 has been programmed to accept any county immediately bordering the county the FHCF considers to be the county in which a specific ZIP Code resides.

6. **ZIP Code**

   The 5-digit ZIP Code location of each covered risk in Florida. A minimum of 95% of your company's aggregate exposure must be coded with valid Florida ZIP Codes. The FHCF ZIP Code database is as of January ~~2009~~2010. If a record contains a ZIP Code that does not match our database, the rate applied will be based on the county code instead of the ZIP Code.

   A listing of valid ZIP Codes and corresponding county codes and rating regions is installed with the Preliminary Validation Software CD-ROM under the file name "zipinput.csv."

7. **Total Insured Risks (Must be greater than zero.)**

   This is the total number of insured risks for the FHCF Covered Policies included in a given record.

Reportable Exposure (Data Call Fields 8-11)

The only wind exposure that should be reported in response to this Data Call is summarized below. Keep in mind that the exposure reportable to the FHCF is less inclusive than the coverage provided by the FHCF. (Covered policies are defined in subsection (10) of Article V of the Reimbursement Contract. See page 17 herein.) Note that under no circumstances should exposure be reported for Ordinance and Law coverage (this type of coverage is reimbursable but is~~included within~~ built into the FHCF rates) or loss assessment coverage (this coverage is not reimbursable).

1. Basic wind/hurricane limit for dwellings (often referred to as Coverage A);
2. Basic wind/hurricane limit for appurtenant structures or non-habitational structures (often referred to as Coverage B);
3. Basic wind/hurricane limit for contents (often referred to as Coverage C);
4. Basic wind/hurricane limit for additional living expense (often referred to as Coverage D, and sometimes as Coverage E);
5. Any attachments, endorsements, or riders that modify or increase the limits above; and
6. Any attachments, endorsements, or riders that provide additional wind/hurricane limit for personal property or structures, Building Additions and Alterations coverage, or Unit Owners coverage on Condominium Unit Owners policies.~~; and~~

~~7.Report total Loss Assessment limit (total loss assessment coverage provided under the policy, whether basic limit or by endorsement, or a combination of the two) greater than $1,000, including limit written within the policy form (note: for ease of reporting, your company may report the entire limit, including the first $1,000 of limit).~~

Formatted: Bullets and Numbering

Exposure from any additional coverages/coverage extensions written within the policy form and not listed above, regardless of whether the coverage is within the policy limits or in addition to the policy limits, are not reportable to the FHCF under this Data Call.

Examples of exposure to be reported to the FHCF:

- In addition to the $50,000 of Coverage C limit on Patti's renters policy, Patti has $10,000 of coverage for her personal computer system written as scheduled personal property. $60,000 of Coverage C limit must be reported.
- Andy's insurance company does not offer Coverage B as a standard coverage under a homeowners policy, but Coverage B limit can be purchased via an endorsement. If Andy purchases the Coverage B endorsement, this exposure must be reported.
- Jason's insurance policy does not provide a stated limit on the dec page for Coverage B, but under "Other Coverages," Coverage B limit is provided as an additional 10% of Coverage A limit. This exposure must be reported.
- ~~Paul's condominium policy provides for $1,000 loss assessment coverage as an additional coverage within the policy form. Paul purchases an endorsement for an additional $50,000 of loss assessment coverage, for a total loss assessment coverage of $51,000. Therefore $50,000 of loss assessment coverage should be reported. The $1,000 additional coverage provided under the policy form is not required to be reported. However, as noted in 7. above, for ease of reporting, your company may report $51,000.~~
- ~~Linda's deluxe condominium policy provides for $20,000 loss assessment coverage as an additional coverage within the policy form. Your company should report $19,000. However, as noted in 7 above, for ease of reporting, your company may report $20,000.~~
- Marcie's renters policy provides for a Coverage C limit of $50,000. The coverage for the tenants policy includes an additional coverage written within the policy form for buildings additions and alterations of 10% of the Coverage C limit. Marcie has purchased an endorsement to increase the buildings additions and alterations coverage to 25% of the Coverage C limit. In addition to

reporting the $50,000 Coverage C limit, the additional 15% ($7,500) of the Coverage C limit for building additions and alterations coverage is also reportable, for a total of $57,500 of exposure to be reported.

- An apartment complex is covered on a commercial policy with $500,000 for building and $20,000 for contents. The policy also provides a coverage extension for valuable papers of $2,500. This coverage is offered as part of the policy form and not by endorsement. The amount of reportable exposure is $520,000 since the coverage extension for valuable papers is provided as a coverage extension within the policy form.

Examples of exposure <u>not to be reported</u> to the FHCF:

- Any type of Ordinance and Law coverage (coverage is included within the FHCF rates).
- Any exposure for Loss Assessment coverage.
- Any additional exposure for endorsements that specifically increase the limit of liability at the time of a covered loss (i.e. guaranteed replacement cost, specified increase to the dwelling limit.)
- Peggy's renters policy provides for a Coverage C limit of $50,000. The coverage for the tenants policy includes an additional coverage written within the policy form for buildings additions and alterations of 10% of the Coverage C limit. Peggy has not purchased any endorsements to increase the coverages provided under the policy form. The Coverage C limit of $50,000 would be reported. The 10% of the Coverage C limit for building additional and alterations coverage is not reportable as additional exposure.
- Your company's condominium unit owners policy provides for a dwelling limit (additions and alterations coverage) of $1,000, which is listed on every condominium unit owners policy written by the company and is provided at no additional premium. The $1,000 is not reportable to the FHCF as an additional exposure.
- Your company provides ALE coverage at a limit of 50% of the building (Coverage A) limit. Therefore, for a policy with a Coverage A limit of $200,000, your company would also provide $100,000 of ALE limit. Because 40% is the statutory cap with respect to FHCF coverage, your company would only report $80,000 of ALE exposure under this Data Call.
- Appurtenant Structures insured under a policy that does not include coverage for a habitational structure(s) when such a policy is not an attachment/endorsement/rider to a policy providing coverage for a habitational structure(s). For example, if your company writes a policy covering a pool for an apartment complex, but does not insure the apartment complex itself, the pool exposure is not reportable to, or covered by, the FHCF.

For a list of specific exclusions, see Article VI of the Reimbursement Contract applicable to this Data Call.

8. **Total Insured Value - Building**

   This is the total insured building limit for a policy or multiple policies with the same Data Call codes.

9. **Total Insured Value - Appurtenant Structures or Non-Habitational Structures**

   This is the total insured appurtenant structures limit for a policy or multiple policies with the same Data Call codes.

10. **Total Insured Value - Contents**

    This is the total insured contents limit for a policy or multiple policies with the same Data Call codes.

Formatted: Bullets and Numbering

Formatted: Font: (Default) Times New Roman, 11 pt

Formatted: Bullets and Numbering

11. **Total Insured Value – Additional Living Expense (ALE)**

This is the total insured ALE limit for a policy or multiple policies with the same Data Call codes. For ALE coverage provided as a specific dollar limit, report exposure values based on that limit, but not to exceed 40% of the Residential Structure (Coverage A) exposure or 40% of the contents (Coverage C) exposure. If ALE is written as a portion of Coverage A, 40% of Coverage A is the cap. If ALE is written as a portion of Coverage C, 40% of Coverage C is the cap. Note that if the ALE coverage written is less than 40%, ALE should be reported as written.

For covered policies written with ALE as a time element coverage, you must report ALE exposure in an amount not to exceed 40% of the Residential Structure or 40% of the contents exposure based on the type of policy (e.g. a homeowners policy is usually based on structure versus a renters policy based contents).

Note that the 40% threshold is a statutory cap. If your company provides coverage to its policyholders that is in excess of this cap, or if rounding of your building or contents exposure results in a higher ALE percentage, report no more than the cap when reporting ALE exposure to the FHCF.

12. **Year Built**

Enter the Year Built from the table below.

Year Built	FHCF Code
Unknown or Mobile Home	0
1994 or earlier	1
1995 - 2001	2
2002 or later	3

13. **Building Code Effectiveness Grading (BCEG) Code**

This code is **required** to identify qualifying exposure units that also receive a BCEG credit from their direct insurance writers. Report your actual "community graded" BCEG code (Codes 01 - 10 only). If a BCEG credit is not given or the BCEG code is "Ungraded" or "Non-Participating," enter "00."

If your company has less than $50 million of aggregate non-mobile home exposure, you may choose to report all non-mobile home exposure with default FHCF Code "50". Exposures reported with this default will not receive any credits from the FHCF.

The FHCF premium credits below will be given for qualifying exposure units that also receive credits from their direct insurance writers:

Actual BCEG Code	FHCF Credit
00	None
01 - 03	12%
04 - 07	8%
08 - 09	4%
10	None
FHCF Default: 50*	None

*See default eligibility requirement in second paragraph of this section.

With respect to buildings which have been individually graded and certified as "Grade 1" for windstorm/hail, and are eligible for a BCEG credit from the FHCF, such exposure may be reported to the FHCF with BCEG credit code "01."

14. **Florida Building Code Indicator**

This code is used to identify exposure units that meet the 2001 Florida Building Code standards effective March 1, 2002. Enter the appropriate code from the table below. If your company rates dwellings constructed in 2002 or later as meeting the Florida Building Code effective March 1, 2002, then code "1" should be used for those risks. Otherwise, unless there is an inspection report confirming compliance with the code, FHCF code "2" should be used.

Florida Building Code Indicator	FHCF Code
Meets 2002 Florida Building Code	1
Does not Meet Florida Building Code or Unknown	2

15. **Structure Opening Protection**

Enter the appropriate structure opening protection code from the table below.

Structure Opening Protection	FHCF Code
None or Unknown	0
Basic Shutters	1
Hurricane or Engineered Shutters or FBC-Equivalent*	2

* Requires that all openings must be protected with impact resistant coverings, impact resistant doors, and/or impact resistant glazing that meets the requirements of one of: SSTD 12; ASTM E 1886 and ASTM E 1996~~,~~; Miami-Dade PA 201, 202, and 203; or Florida Building Code Testing Application Standards (TAS) 201, 202, and 203. Any structure opening protection devices not meeting one of the preceding standards shall be considered, for the purpose of this Data Call, as basic shutters.

16. **Roof Shape**

Enter the appropriate roof shape code from the table below.

Roof Shape	FHCF Code
Hip, Mansard, or Pyramid	1
Gable, Other, or Unknown	2

17. **Roof-Wall Connection**

Enter the appropriate roof-wall connection code from the table below.

Roof-Wall Connection	FHCF Code
Anchor Bolts, Hurricane Ties, Clips, Single Wraps, Double Wraps or Structurally Connected	1
Nails, Toe Nails, Screws, Gravity, Friction, Adhesive Epoxy, Other, or Unknown	2

18. **Roof-Deck Attachment**

Enter the appropriate roof-deck attachment code from the table below.

Roof-Deck Attachment	FHCF Code

Reinforced Concrete Roof Deck	4
Other or Unknown	8

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

Attachments

- Article V - Definitions of Additional Living Expense, Covered Policy, Excess Insurance, and Residential Structures, as included in the Reimbursement Contract (page 17)
- Article VI – Excluded exposures (page 18)
- Reporting Clarifications (pages 19-21)
- Citizens Property Insurance Corporation Takeouts Pursuant to Assumption Agreements (page 22)
- Citizens Property Insurance Corporation High Risk Account Quota Share Primary Insurance Reporting Requirements (page 23)
- Construction Codes (page 24)
- Florida County Codes (page 25)
- Reference Guide (page 26)
- Submission Checklist (page 27)
- Control Totals Form (page 28)
- Statement of Exposure Data Validity (page 29)
- Statement of Retention of Exam File (page 30)
- Collateral Protection Statement (page 31)
- Supplemental Instruction Sheet for New Participants (page 32)
  (Sent only to new participants)

Enclosures

- FHCF Preliminary Validation Software Version ~~2009~~ 2010 CD-ROM
- FHCF Preliminary Validation Software Version ~~2009~~ 2010 Instruction Sheet

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

Reimbursement Contract: Article V – Selected Definitions

DRAFT NOTE: This page to be finalized once the 2010 Reimbursement Contract is finalized.

(3) **Additional Living Expenses (ALE)**
ALE losses covered by the FHCF are not to exceed 40 percent of the insured value of a Residential Structure or its contents based on the coverage provided in the policy. Fair rental value, loss of rents, or business interruption losses are not covered by the FHCF.

(10) **Covered Policy or Covered Policies**

(a) Covered Policy, as defined in Section 215.555(2)(c), Florida Statutes, is further clarified to mean only that portion of a binder, policy or contract of insurance that insures real or personal property located in the State of Florida to the extent such policy insures a Residential Structure, as defined in definition (27) herein, or the contents of a Residential Structure located in the State of Florida.

(b) Due to the specialized nature of the definition of Covered Policies, Covered Policies are not limited to only one line of business in the Company's annual statement required to be filed by Section 624.424, Florida Statutes. Instead, Covered Policies are found in several lines of business on the Company's annual statement. Covered Policies will at a minimum be reported in the Company's statutory annual statement as:

- Fire
- Allied Lines
- Farmowners Multiple Peril
- Homeowners Multiple Peril
- Commercial Multiple Peril (non liability portion, covering condominiums and apartments)
- Inland Marine

Note that where particular insurance exposures are reported, e.g. mobile home, on an annual statement is not dispositive of whether or not the exposure is a Covered Policy.

(c) This definition applies only to the first-party property section of a policy pertaining strictly to the structure, its contents, appurtenant structures, or ALE coverage.

(d) Covered Policy also includes any collateral protection insurance policy covering personal residences which protects both the borrower's and the lender's financial interest, in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy, if such policy can be accurately reported as required in Section 215.555(5), Florida Statutes. A Company will be deemed to be able to accurately report data if the required data, as specified in the Premium Formula adopted in Section 215.555(5), Florida Statutes, is available.

(e) See Article VI of this Contract for specific exclusions.

(13) **Excess Policies**
This term, for the purposes of this Contract, means a policy that provides insurance protection for large commercial property risks that provide a layer of coverage above a primary layer (which is insured by a different insurer) that acts much the same as a very large deductible.

(27) **Residential Structures**
This term means dwelling units~~ used as a home or residence~~, including the primary structure and appurtenant structures insured under the same policy and any other structure covered under endorsements associated with a policy covering a residential structure~~, the principal function of which at the time of loss was as a primary or secondary residence~~. Covered Residential Structures do not include any structures listed under Article VI herein or structures used solely for non-residential purposes.

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

Reimbursement Contract: Article VI – Exclusions

DRAFT NOTE: This page to be finalized once the 2010 Reimbursement Contract is finalized.

The following selected exclusions from Article VI of the Reimbursement Contract pertain to exposure that should not be reported under this Data Call.

2. Any policy which excludes wind or hurricane coverage.
3. Any Excess Policy or Deductible Buy-Back Policy that requires individual ratemaking.
4. Any policy for Residential Structures, as defined in Article V(27) herein, that provides a layer of coverage underneath an Excess Policy, as defined in Article V(13) herein, issued by a different insurer.
5. Any liability of the Company attributable to losses for fair rental value, loss of use, loss of rents, or business interruption.
6. Any collateral protection policy that does not meet the definition of Covered Policy as defined in Article V(10)(d) herein.
7. Any reinsurance assumed by the Company.
8. Any exposure for hotels, motels, timeshares, shelters, camps, retreats, and any other rental property used solely for commercial purposes.
9. Any exposure for homeowner associations if no habitational structures are insured under the policy.
10. Any exposure for homes and condominium structures or units that are non-owner occupied and rented for six (6) or more rental periods by different parties during the course of a twelve (12) month period.
11. Commercial healthcare facilities and nursing homes; however, a nursing home which is an integral part of a retirement community consisting of primarily habitational structures that are not nursing homes will not be subject to this exclusion.
12. Any exposure under commercial policies covering only appurtenant structures or structures that do not function as a habitational structure (e.g. a policy covering only the pool of an apartment complex).
13. Personal contents in a commercial storage facility (including jewelry in an off-premises vault) covered under a policy that covers only those personal contents.
14. Policies covering only Additional Living Expense.
15. Any exposure for barns or barns with apartments.
16. Any exposure for builders risk coverage or new residential structures still under construction.

~~17.Any exposure described as a vacant property under a commercial policy.~~

~~18.~~17. Any exposure for recreational vehicles, golf carts or boats (including boat related equipment) requiring licensing and written on a separate policy or endorsement.

22. Any exposure for, or losses attributable to, loss assessment coverage.

~~19.~~24. Any liability assumed by the Company from Pools, Associations, and Syndicates. Exception: Covered Policies assumed from Citizens under the terms and conditions of an executed assumption agreement between the Authorized Insurer and Citizens are covered by this Contract.

~~29.~~28. Specialized Fine Arts Risks as defined in Rule 19-8.028(4)(d), F.A.C.

Formatted: Bullets and Numbering

Formatted: Indent: Left: 0", Tab stops: Not at 0.5"

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

Reporting Clarifications

General Clarifications

1. *Aggregate Policy Limits (not applicable to Commercial Residential Policies)*

   For policies that provide an aggregate limit without stating a specific limit for buildings, appurtenant structures, contents, or ALE exposures, report the exposure to the FHCF by allocating the total policy limit to the building field if the policy fits the definition of FHCF types of business Residential or Mobile Home, or to the contents field if the policy fits the definition of FHCF types of business Tenants or Condominium Unit Owners.

2. *Farmowners*

   The only exposure under a Farmowners policy that is reportable to the FHCF is exposure for the dwelling, other private structures appurtenant to dwellings, household personal property, and additional living expense coverage. FHCF commercial codes for type of business and deductible may not be used.

3. *BCEG Credits that Vary by Coverage Within a Policy*

   For policies under which BCEG credits do not apply to every policy coverage (e.g. credit applies to building but not contents), all exposure under the policy may be reported as one record.

4. *Multiple Rating Factors (Construction and Deductible) within the Building, Appurtenant Structures, Contents (including scheduled personal property), and ALE Limits*

   If, within a policy, the limits above have different FHCF rating factors, exposure may be reported under one record using the rating factors applicable to the most exposure (e.g. if 70% of the exposure under such a policy is for Building coverage, report the rating factors applicable to the Building coverage). If your company chooses to break such policies into multiple records for FHCF reporting, you must do so consistently across your non-commercial book of business.

   This clarification is also applicable to the Year Built, Florida Building Code Indicator, Structure Opening Protection, Roof Shape, Roof-Wall Connection, and Roof-Deck Attachment fields.

   For commercial policies covered by the FHCF, see Commercial-Habitational Clarification #1 below.

5. *Golf Cart Coverage*

   If coverage for golf carts is provided with no stated limit (i.e., based on actual cash value at the time of a loss), the exposure required to be reported to the FHCF is $5,000 for each risk. If the coverage is provided by endorsement to a covered policy, the exposure is only reportable when coverage for the golf cart is in addition to the policy limits provided for personal property. If a golf cart requires licensing, it is not reportable to, or covered by, the FHCF.

Formatted: Bullets and Numbering

Formatted: Font: (Default) Times New Roman, 12 pt

Formatted: Font: (Default) Times New Roman, 12 pt

Formatted: Font: 11 pt

Formatted: letter, Left, Indent: Left: 0.25"

Commercial-Habitational Clarifications

The only Commercial policies covered by the FHCF are those covering habitational structures (e.g. apartments and condominiums).

1. *Multiple Rating Factors (Construction and Deductible) within the Building (dwelling), Non-Habitational Structures, Contents, and ALE Limits of a commercial policy*

   One Occupied Dwelling Structure: If, within a commercial policy, the limits above have different rating factors (e.g. a superior masonry apartment building, a frame guardhouse, and a masonry pool), exposure may be reported under one record using the rating factors applicable to the dwelling structure. If your company chooses to break such policies into multiple records to report different constructions and deductibles to the FHCF, you must do so consistently across your commercial book of business.

   Multiple Occupied Dwelling Structures: If, within a commercial policy, several occupied dwelling structures are insured and those structures are in multiple ZIP Codes, a separate record must be reported for each ZIP Code with the exposure applicable to that specific ZIP Code.

   If multiple occupied dwelling structures insured under one policy are in the same ZIP Code and have shared non-habitational structures with different rating factors, your company may report the exposure for the non-habitational structures as appurtenant to the dwelling structure your company deems most appropriate.

   This clarification, in its entirety, is also applicable to the Year Built, Florida Building Code Indicator, Structure Opening Protection, Roof Shape, Roof-Wall Connection, and Roof-Deck Attachment fields.

2. *Commercial Policies Covering Farms*

   For commercial farms with habitational exposure that is written on a commercial policy form, report the exposure as "Residential" type of business, with the exception of any mobile home related exposure. Dwelling mobile home exposure on the policy, including the contents therein and scheduled personal property, must be reported as "Mobile Home" type of business.

3. *Commercial Policies Covering a Variety of Risks (other than Farm coverage)*

   For a commercial policy covering both commercial habitational exposures and incidental non-commercial habitational exposures (i.e. single-family homes, condominium unit owners, tenants coverage, and mobile homes) in the same ZIP Code, all non-mobile home related exposure may be reported under one record using FHCF type of business "Commercial." The construction, deductible, Year Built, Florida Building Code Indicator, Structure Opening Protection, Roof Shape, Roof-Wall Connection, and Roof-Deck Attachment codes applicable to the commercial habitational exposure should be reported for that record. Non-commercial habitational exposure is considered incidental if such exposure accounts for less than 50% of the total reportable exposure under that policy. Any mobile home exposure, regardless of the type of policy under which it is written, must be reported to the FHCF as type of business Mobile Home and with the applicable mobile home construction and deductible codes.

   Note that if the exposures are in different ZIP Codes, the exposures under the single commercial policy must be reported as separate records using the ZIP Code applicable to each exposure(s). Should your company choose to report the exposure under such a policy as multiple records (e.g. an apartment building reported as Commercial, the CEO's home reported as Residential, and the president's condominium reported as Condominium Unit Owners), the decision to do so must be applied consistently to all such policies, and the Data Call codes applicable to each record/type of business must be reported.

4. *Blanket Limits*

   For a multiple location policy with a blanket limit, report the lesser of the full blanket limit or the full wind exposure value for each risk/building/exposure. The company must maintain a copy of the Statement of Values to support the policy exposure reported in order for the SBA to confirm correct reporting during examination.

5. *Blanket Deductibles*

   For a policy covering multiple structures/contents under an indivisible aggregate deductible, report each risk/building/exposure with the full blanket deductible amount.

6. *Multiple Location Policy with Non-Florida Risk*

   For a multiple location policy with non-Florida risk, report the lesser of the full policy limit or the full wind exposure value for each Florida risk/building/exposure. The company must maintain a copy of the Statement of Values to support the policy exposure reported in order for the SBA to confirm correct reporting during examination.

7. *Single Structures with Mix of Commercial-Habitational and Non-Habitational or Business Exposure*

   Important Note: If this section is applicable to your company, it is necessary for you to review your executed ~~2009/~~2010 FHCF Reimbursement Contract.

   A. If a single structure is used for both habitational and non-habitational purposes and the structure has a commercial-residential class code (based on a classification plan submitted to, and reviewed by, the FHCF Administrator), report the entire exposure for the structure to the FHCF. The FHCF will reimburse losses for the entire structure as well. **This requirement applies to all companies insuring such structures.**

   B. If the structure has a commercial non-residential class code (again, as on file with and reviewed by the FHCF Administrator), report only the habitational portion of the policy.

      In recognition of the unusual nature of commercial structures with incidental habitational exposure and the hardship some companies may face in having to carve out such incidental exposure, as well as the losses to such structures, the FHCF will accommodate these companies by allowing them to exclude the entire exposure from their Data Call submission, if all of the following three conditions are met:

      (1) The decision to not carve out and report the incidental habitational exposure shall apply to all such structures insured by the company.
      (2) The company should not report losses to this incidental habitational exposure and the FHCF will not reimburse the losses to this exposure.
      (3) The company must have already indicated its decision to not carve out and report the incidental exposure in the annual Reimbursement Contract. Failure to disclose this decision at the time of the company's execution of the Reimbursement Contract shall be interpreted by the FHCF as the company's intent to carve out and report incidental habitational exposure, and the failure to do so will be considered a reporting error.

   C. If a policy covers multiple structures that each have a mix of commercial-habitational and non-habitational or business exposure, apply the decision rules in A. and B. above separately to each structure. (This process must be consistent with requirement B.(1) above.)

   D. If your company writes policies for which this section is applicable, provide the Administrator with a list of your company's applicable Florida class codes (as on file with and reviewed by the FHCF Administrator), a description of those codes, and your company's recommendation of whether each code is commercial-residential or commercial non-residential. The Administrator will review this information with the SBA, and will respond to your company with respect to the submitted recommendations prior to your Data Call submission.

8. *Policies with a Mix of Commercial Habitational & Non-Habitational Structures*

   Only report exposure which directly covers, or is used in relation to, covered habitational structures. "Used in relation to" is defined as any structure that is used solely by the occupants (or their guests) of the habitational structure. If you are unable to make this determination for a structure, do not report the exposure for that structure in your Data Call submission. Refer to the other clarifications herein with respect to blanket limits or blanket deductibles.

9. *Multiple Family Dwellings on a Commercial Policy & FHCF Type of Business (TOB)*

   Two, three, and four-family dwellings should be reported with an FHCF TOB based on how your company rates the dwellings (either Residential or Commercial FHCF TOB). Dwellings housing more than four families should be reported as FHCF TOB Commercial. For a commercial policy covering exposure that falls under multiple FHCF types of business, see Commercial-Habitational Clarification #3 herein.

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

Citizens Property Insurance Corporation
Takeouts Pursuant to Assumption Agreements

Pursuant to Sections 627.351(6)(p)3. and 627.3511, Florida Statutes, for purposes of reporting exposure, calculating reimbursement premium, and determining retention, all FHCF exposure removed from Citizens Property Insurance Corporation High-Risk Account and/or Citizens Property Insurance Corporation Personal Lines and Commercial Lines Accounts pursuant to an assumption agreement shall be treated as the exposure of the assuming insurer.

Insurers engaged in assumption agreements from July 1, ~~2008~~ 2009 through June 30, ~~2009~~ 2010 with either Citizens entity shall submit **separate** data files to the FHCF (including a Control Totals Form for each file) in the format specified herein. If your company engaged in assumption agreements with both Citizens entities, three files would be submitted in response to this Data Call. One file must contain the insurer's FHCF exposure from direct written premiums. The exposure assumed from either Citizens entity which is renewed by June 30, ~~2009~~ 2010 must be included with the direct portion. The other two file(s) must contain the FHCF exposure which was assumed from each Citizens entity (one file for each entity) and which was not renewed onto your company's book by June 30, ~~2009~~2010. Providing they are clearly labeled, all files may be submitted on the same diskette or CD-ROM.

Note: All data for an individual company should be submitted at the same time. If your company has different departments responsible for compiling portions of your data submission, please have one individual coordinate, compile, and submit the complete package to the Administrator.

For the purpose of this Data Call, each Citizens entity shall submit all of its FHCF exposure not subject to assumption agreements in the format specified herein. In addition, each Citizens entity shall report all FHCF exposure removed from the applicable Citizens entity which, as of June 30, ~~2009~~2010, had not been renewed onto the assuming insurer's policy forms. Such a file is required for each assumption company. Each file shall be reported in the Data Call format specified herein and shall be accompanied by a Control Totals Form.

The FHCF will compare the file(s) submitted by an assumption company against the file(s) submitted by Citizens and the assumption company will be required to explain discrepancies.

The FHCF recognizes that policyholders receiving a notice of assumption from an assumption company can opt to not have their policy assumed any time during the policy period. For purposes of reporting assumed policies to the FHCF, Citizens and the assuming company must track the date the policyholder notified the assumption company or Citizens rejecting the assumption company's offer of coverage since the policy is required to be reported to the FHCF based on its status at June 30th. Any decision made by the policyholder to opt out of the assumption after June 30th will not be recognized for exposure reporting purposes by the FHCF and should not affect how the policy is reported. Furthermore, any retroactive coverage changes subsequent to June 30th will not be considered by the FHCF and will not impact Data Call reporting for Citizens or the assuming insurer.

All exposure files requested from the two Citizens entities and insurers engaged in removing exposure from either Citizens entity pursuant to an assumption agreement are subject to examination by the SBA and must be retained as specified under **Retention of Records for SBA Examination** on page 5 herein.

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

Citizens Property Insurance Corporation High Risk Account
Quota Share Primary Insurance Reporting Requirements

Section 627.351(6)(c)2.f, Florida Statutes, requires that "For all eligible risks covered under quota share primary insurance agreements, the exposure and coverage levels for both the corporation and authorized insurers shall be reported by the corporation to the Florida Hurricane Catastrophe Fund. For all policies of eligible risks covered under quota share primary insurance agreements, the corporation and the authorized insurer shall maintain complete and accurate records for the purpose of exposure and loss reimbursement examinations as required by Florida Hurricane Catastrophe Fund rules. The corporation and the authorized insurer shall each maintain duplicate copies of policy declaration pages and supporting claims documents."

Citizens Property Insurance Corporation High Risk Account (referred to hereafter on this page as Citizens) shall report all quota share primary insurance exposure data to the FHCF in a separate file meeting the requirements below. **Individual insurers shall not report any such exposure to the FHCF.**

1. File must include quota share primary insurance exposure for all insurers engaged in quota share primary insurance agreements;
2. File must include all data fields as specified in this Data Call; and
3. In addition to the data fields specified in this Data Call, the file must include the following two fields:
   - Field #19: Five-character numeric field indicating NAIC# of insurer for each record reported, and
   - Field #20: Two-character numeric field indicating Citizens' specified percentage of hurricane coverage of the risks reported in a specific record, as set forth in the quota share primary insurance agreement between Citizens and an insurer.
4. A separate SBA exam file, as specified on pages 5-6 of this Data Call, shall also be prepared for this data. The two fields specified immediately above shall be included as fields #23-24 of the SBA exam file.

Based on the separate Data Call file, the FHCF shall:

- Calculate the aggregate FHCF premium, based on the Reimbursement Premium Formula as discussed on page 1 of this Data Call, by insurer;
- Based upon the specified Citizens' percentage of hurricane coverage, allocate the applicable share of FHCF premium to Citizens and to each insurer;
- The allocated premium from above will be added to the FHCF premium calculated from non-quota share primary insurance for Citizens and for each insurer participating in a quota share primary insurance agreement(s) with Citizens; and
- This aggregate premium shall be used for the calculation of retentions and FHCF reimbursements.

When reporting loss information to the FHCF, Citizens and insurers will be required to report only their respective portion of losses under quota share primary insurance agreements.

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

FHCF Construction Codes

The construction code identifies the material with which the building is constructed.

Construction Type/Definition	FHCF Code
Frame Buildings where the exterior walls are wood or other combustible materials, including wood iron-clad, stucco on wood, or plaster on combustible supports. Also includes aluminum or plastic siding over frame. If a company's definition of frame includes hardiboard, FHCF Frame construction should be used[1].	1
Masonry Buildings where the exterior walls are constructed of masonry, non-combustible, or fire resistive materials such as adobe, brick, concrete, gypsum block, hollow concrete block, stone, tile or other non-combustible materials.	2
Superior Masonry, non-combustible, or fire resistive construction where one of the following additional conditions exist: ▪ Roof deck has a minimum thickness of 2 inches with roof supports having a minimum dimension of 6 inches; or ▪ Floors and roof constructed of 2 inches of masonry on steel supports or documented to be constructed of 22 gauge metal or heavier on steel supports; or ▪ Roof assembly is documented to have a UL wind uplift classification of 90 or equivalent. **Or** A building of any construction which is 6 or more stories.	7
Masonry Veneer Buildings with exterior walls of combustible construction veneered with brick, masonry, or stone. If a company's definition of veneer includes hardiboard, FHCF Masonry Veneer construction should be used[1].	10
Unknown Construction information not collected for the policy or the reportable exposure. Not valid for mobile home or mobile home-related exposure.	11
Non-Mobile Home Default Construction Construction information collected for the policy, but company is eligible to report all non-mobile home exposure using this default code. See page 10 for restrictions on the use of this default.	12
Mobile Home - Fully Tied Down, manufactured before 7/13/94[2] Mobile/Manufactured Housing, manufactured before 7/13/94, which has anchors and tie-downs as required by Section 320.8325, Florida Statutes, and Florida Administrative Code rules promulgated thereunder.	21
Mobile Home - Fully Tied Down, manufactured on or after 7/13/94[2] Mobile/Manufactured Housing which has anchors and tie-downs as required by Section 320.8325, Florida Statutes, and Florida Administrative Code rules promulgated thereunder, and was manufactured on or after 7/13/94 or is documented to be in compliance with ANSI/ASCE 7-88.	22
Mobile Home – Other than Fully Tied Down or Unknown Mobile home is not fully tied down, the nature of any tie downs is unknown, or tie down information is not available.	25
Mobile Home Default Construction Construction information collected for the policy, but company is eligible to report all mobile home exposure using this default code. See page 11 for restrictions on the use of this default.	26

[1] If your company has a specific rate for hardiboard construction (i.e., a rate other frame or veneer), a proposed mapping must be submitted to the FHCF Administrator as specified on page 9 herein.

[2] If you are uncertain whether a mobile home was manufactured on or after 7/13/94, use the manufactured before 7/13/94 code "21." If your company only tracks the year built and not the month, use code "21."

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

Florida County Codes*

County Code	County Name	County Code	County Name	County Code	County Name
001	Alachua	049	Hardee	093	Okeechobee
003	Baker	051	Hendry	095	Orange
005	Bay	053	Hernando	097	Osceola
007	Bradford	055	Highlands	099	Palm Beach
009	Brevard	057	Hillsborough	101	Pasco
011	Broward	059	Holmes	103	Pinellas
013	Calhoun	061	Indian River	105	Polk
015	Charlotte	063	Jackson	107	Putnam
017	Citrus	065	Jefferson	109	St. Johns
019	Clay	067	Lafayette	111	St. Lucie
021	Collier	069	Lake	113	Santa Rosa
023	Columbia	071	Lee	115	Sarasota
027	De Soto	073	Leon	117	Seminole
029	Dixie	075	Levy	119	Sumter
031	Duval	077	Liberty	121	Suwannee
033	Escambia	079	Madison	123	Taylor
035	Flagler	081	Manatee	125	Union
037	Franklin	083	Marion	127	Volusia
039	Gadsden	085	Martin	129	Wakulla
041	Gilchrist	086	Miami-Dade	131	Walton
043	Glades	087	Monroe	133	Washington
045	Gulf	089	Nassau		
047	Hamilton	091	Okaloosa		

* Derived from the Federal Information Processing Standards (FIPS) Codes.

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

Reference Guide

The FHCF is dedicated to making information pertaining to the FHCF as readily available as possible, and has posted a considerable amount of information on the Internet through both the FHCF (www.sbafla.com/fhcf/) and Paragon (http://fhcf.paragon.aonbenfield.com) web sites.

The following are sample documents/information available on-line:

- Bonding Estimates
- FHCF Calendar
- Contact Request Form (Insurer Contacts)
- Coverage Selections & Premium Calculations
- Data Call
- Examination Information
- Frequently Asked Questions
- Link: FEMA
- Link: Florida Administrative Weekly
- Link: Florida Department of Financial Services
- Link: Online Sunshine
- Loss Reimbursement Preparedness Program
- Loss Reports
- Member Handbook
- Projected Payout Multiple
- Ratemaking Formula Report and Addendum(s), as applicable
- Rates and Retention Multiples
- Reimbursement Contract and Addendum(s), as applicable
- Rule 19-8.010: Reimbursement Contract
- Rule 19-8.012: Ineligibility/Exemption from the FHCF
- Rule 19-8.013: Revenue Bonds
- Rule 19-8.028: Reimbursement Premium Formula
- Rule 19-8.029: Insurer Reporting Requirements
- Rule 19-8.030: Insurer Responsibilities
- Section 215.555, Florida Statutes

RETURN TO PARAGON

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

Submission Checklist

Due September 1, ~~2009~~2010

Please provide us with the following information and return this checklist with your exposure data:

Company Name: _____ **NAIC No**. _____

Item	Included?
Exposure Data File	Y / N
Completed Submission Checklist (page 27)	Y / N
Brief Written Verification of Exposure Fluctuations (criteria on page 3)	Y / N
Completed Control Totals Form (page 28)	Y / N
Completed Statement of Exposure Data Validity (page 29)	Y / N
Completed Statement of Retention of Exam File (page 30)	Y / N
Completed Collateral Protection Policies Statement * (page 31)	Y / N
*The above Statement is required only for Companies writing Collateral Protection Policies	
Validation Printouts (optional)	Y / N

In the event that we have questions regarding the data submitted, please provide the name of the person responsible for data collection:

Name	Telephone Number
Title	Facsimile Number
Street Address (not P.O. Box)	E-Mail Address
City, State, ZIP	

RETURN TO PARAGON

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

Control Totals Form

Due September 1, ~~2009~~2010

Please complete this form, verify that the totals match both your Data Call submission file and your SBA exam file, and return to Paragon along with your exposure data.

Company Name: _____ **NAIC No.** _____

FHCF Type of Business	Insured Risks	Total Insured Value (Exposure)			
		Building	Appurtenant Structures	Contents	ALE
Commercial	_____	_____	_____	_____	_____
Residential	_____	_____	_____	_____	_____
Mobile Home	_____	_____	_____	_____	_____
Tenants	_____	_____	_____	_____	_____
Condominium Unit Owners	_____	_____	_____	_____	_____
Totals	_____	_____	_____	_____	_____

RETURN TO PARAGON

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

Pursuant to Section 215.555(5)(c), Florida Statutes

Due September 1, ~~2009~~2010

Statement of Exposure Data Validity

on behalf of

_____
(Company Name)

We, the undersigned, do state that, to the best of our knowledge, the attached data provided by the captioned Company to the State Board of Administration of Florida under Section 215.555(5)(c), Florida Statutes, is complete and accurate.

The validity of all exposure data sets received by Paragon is subject to examination.

We are each, respectively, executive officers of said Company, acting within our authority in making this declaration, and we have conducted, or have had conducted, a thorough review of said Company's records and systems to determine the truth of this statement.

BY: _____ Signature	**BY**: _____ Signature
NAME: _____ Typed/Printed	**NAME:** _____ Typed/Printed
TITLE: _____	**TITLE:** _____
DATE: _____	**DATE:** _____

RETURN TO PARAGON

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

Pursuant to Section 215.555(5)(c), Florida Statutes

Due September 1, ~~2009~~2010

Statement of Retention of Exam File

on behalf of

_____
(Company Name)

We, the undersigned, state that the State Board of Administration of Florida (SBA) exam file referenced on pages 5-6 of this Data Call has been produced by the captioned Company in accordance with the required specifications and that the SBA exam file will be retained and maintained by the captioned Company in a secure location. We understand that the SBA exam file will be used when the FHCF conducts an examination of the captioned Company's exposure submission for this Contract Year. The captioned Company will provide the SBA exam file to the FHCF or its designated representative upon notification that an exposure examination for this Contract Year has been scheduled. The captioned Company recognizes that the exposure examination will require documentation in addition to the SBA exam file.

We are each, respectively, executive officers of said Company, acting within our authority in making this declaration, and we have conducted, or have had conducted, a thorough review of the said Company's records and systems to determine the truth of this statement. We understand that our SBA exam file should be generated at the same time our Data Call file is created, and that data fields common to both the Data Call file and the SBA exam file must be the same. We acknowledge that if it is determined, subsequent to our Data Call submission, that these files are not in agreement, our company will be required to resubmit both files and will be subject to a $1,000 resubmission fee for each resubmission.

BY: _____ Signature	**BY:** _____ Signature
NAME: _____ Typed/Printed	**NAME:** _____ Typed/Printed
TITLE: _____	**TITLE:** _____
DATE: _____	**DATE:** _____

RETURN TO PARAGON

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

Pursuant to Section 215.555(5)(c), Florida Statutes

Due September 1, ~~2009~~2010

Collateral Protection Statement

(This form may be disregarded if not applicable to your company)

on behalf of

_____

(Company Name)

We, the undersigned, acknowledge that the captioned Company writes collateral protection policies covering personal residences in the State of Florida that protect both the borrower's and the lender's financial interest, in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy. We understand that, as referenced in Section 215.555(2)(c), Florida Statutes, for such policies to be covered by the FHCF, our Company must be able to accurately report exposure information for those policies as required in Section 215.555(5), and specifically, as outlined in this Data Call.

We are each, respectively, executive officers of said Company, acting within our authority in making this declaration. We have conducted, or have had conducted, a thorough review of said Company's records to determine whether all necessary information required for collateral protection policies to be covered by, and reported to, the FHCF, as outlined above and in this Data Call, is available for reporting (whether in a hard copy or an electronic format). Accordingly, we certify that (check appropriate box below):

☐ Said Company has collected all information necessary for such policies to be covered by, and reported to, the FHCF, as outlined in this Statement and this Data Call, and has accordingly included collateral protection exposure covered by the FHCF in this Data Call submission.

☐ Said Company **DOES NOT** have available the data as required by the premium formula as specified in Section 215.555(5), Florida Statutes, and therefore is unable to accurately report its collateral protection exposure. We understand that the said Company is ineligible to collect any reimbursements from the FHCF for losses occurring during the ~~2009/~~2010 FHCF contract year from policies covering collateral protection exposure.

BY: _____ Signature	**BY:** _____ Signature
NAME: _____ Typed/Printed	**NAME:** _____ Typed/Printed
TITLE: _____	**TITLE:** _____
DATE: _____	**DATE:** _____

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

Supplemental Instruction Sheet for New Participants

As explained on page one of this Data Call, each authorized insurance company writing Covered Policies in the state of Florida is required to pay a reimbursement premium to the Florida Hurricane Catastrophe Fund (FHCF). This includes new participants to the FHCF. Rule 19-8.028 Reimbursement Premium Formula, Florida Administrative Code (F.A.C.), defines a new participant as a company that:

> "writes covered policies on or after the beginning of the Fund's contract year on June 1 and did not do so prior to the beginning of the contract year, or if it removes exposure from Citizens Property Insurance Corporation pursuant to an assumption agreement on or after June 1 and had written no other covered policies before June 1."

Rule 19-8.028, F.A.C., requires that a new participant report its insured values under Covered Policies **as of December 31, 2009** by March 1, ~~2010~~2011. To comply with this requirement, please use the ~~2009~~ 2010 Data Call instructions, keeping the following points in mind:

- All references to data as of June 30, ~~2009~~ 2010 should be as of December 31, ~~2009~~ 2010 for new participants.
- The Data Call submission for new participants is due by March 1, ~~2010~~2011. Extensions will not be granted.
- The forms included in this supplemental should be used when compiling and submitting your company's data.
- All references to exposure fluctuations from the prior year may be disregarded.

If you have any questions about the information to be supplied as a new participant, please do not hesitate to call Holly Bertagnolli, Martin Helgestad, or Kathy Mackenthun of Paragon Strategic Solutions Inc. at 1-800-689-FUND (3863).

RETURN TO PARAGON

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

New Participants Submission Checklist

Due March 1, ~~2010~~2011

Please provide us with the following information and return this checklist with your exposure data:

Company Name: _____ NAIC No.: _____

Item	Included?
Exposure Data File	Y / N
Completed New Participants Submission Checklist (page 33)	Y / N
Completed New Participants Control Totals Form (page 34)	Y / N
Completed New Participants Statement of Exposure Data Validity (page 35)	Y / N
Completed New Participants Statement of Retention of Exam File (page 36)	Y / N
Completed New Participants Collateral Protection Policies Statement * (page 37)	Y / N
*The above Statement is required only for Companies writing Collateral Protection Policies	
Validation Printouts (optional)	Y / N

In the event that we have questions regarding the data submitted, please provide the name of the person responsible for data collection:

Name	Telephone Number
Title	Facsimile Number
Street Address (not P.O. Box)	E-Mail Address
City, State, ZIP	

RETURN TO PARAGON

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

New Participants Control Totals Form

Due March 1, ~~2010~~2011

Please complete this form, verify that the totals match both your Data Call submission file and your SBA exam file, and return to Paragon along with your exposure data.

Company Name: _____ **NAIC No.** _____

FHCF Type of Business	Insured Risks	Total Insured Value (Exposure)			
		Building	Appurtenant Structures	Contents	ALE
Commercial	_____	_____	_____	_____	_____
Residential	_____	_____	_____	_____	_____
Mobile Home	_____	_____	_____	_____	_____
Tenants	_____	_____	_____	_____	_____
Condominium Unit Owners	_____	_____	_____	_____	_____
Totals	_____	_____	_____	_____	_____

RETURN TO PARAGON

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

Pursuant to Section 215.555(5)(c), Florida Statutes

Due March 1, ~~2010~~2011

New Participants Statement of Exposure Data Validity

on behalf of

_____
(Company Name)

We, the undersigned, do state that, to the best of our knowledge, the attached data provided by the captioned Company to the State Board of Administration of Florida under Section 215.555(5)(c), Florida Statutes, is complete and accurate.

The validity of all exposure data sets received by Paragon is subject to examination.

We are each, respectively, executive officers of said Company, acting within our authority in making this declaration, and we have conducted, or have had conducted, a thorough review of said Company's records and systems to determine the truth of this statement.

BY: _____ Signature	**BY:** _____ Signature
NAME: _____ Typed/Printed	**NAME:** _____ Typed/Printed
TITLE: _____	**TITLE:** _____
DATE: _____	**DATE:** _____

RETURN TO PARAGON

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

Pursuant to Section 215.555(5)(c), Florida Statutes

Due March 1, ~~2010~~2011

New Participants Statement of Retention of Exam File

on behalf of

_____
(Company Name)

We, the undersigned, state that the State Board of Administration of Florida (SBA) exam file referenced on pages 5-6 of this Data Call has been produced by the captioned Company in accordance with the required specifications and that the SBA exam file will be retained and maintained by the captioned Company in a secure location. We understand that the SBA exam file will be used when the FHCF conducts an examination of the captioned Company's exposure submission for this Contract Year. The captioned Company will provide the SBA exam file to the FHCF or its designated representative upon notification that an exposure examination for this Contract Year has been scheduled. The captioned Company recognizes that the exposure examination will require documentation in addition to the SBA exam file.

We are each, respectively, executive officers of said Company, acting within our authority in making this declaration, and we have conducted, or have had conducted, a thorough review of the said Company's records and systems to determine the truth of this statement. We understand that our SBA exam file should be generated at the same time our Data Call file is created, and that data fields common to both the Data Call file and the SBA exam file must be the same. We acknowledge that if it is determined, subsequent to our Data Call submission, that these files are not in agreement, our company will be required to resubmit both files and will be subject to a $1,000 resubmission fee for each resubmission.

BY: _____ Signature	**BY:** _____ Signature
NAME: _____ Typed/Printed	**NAME:** _____ Typed/Printed
TITLE: _____	**TITLE:** _____
DATE: _____	**DATE:** _____

RETURN TO PARAGON

Florida Hurricane Catastrophe Fund
~~2009~~ 2010 Data Call

Pursuant to Section 215.555(5)(c), Florida Statutes

Due March 1, ~~2010~~2011

New Participants Collateral Protection Statement

(This form may be disregarded if not applicable to your company)

on behalf of

_____

(Company Name)

We, the undersigned, acknowledge that the captioned Company writes collateral protection policies covering personal residences in the State of Florida that protect both the borrower's and the lender's financial interest, in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy. We understand that, as referenced in Section 215.555(2)(c), Florida Statutes, for such policies to be covered by the FHCF, our Company must be able to accurately report exposure information for those policies as required in Section 215.555(5), and specifically, as outlined in this Data Call.

We are each, respectively, executive officers of said Company, acting within our authority in making this declaration. We have conducted, or have had conducted, a thorough review of said Company's records to determine whether all necessary information required for collateral protection policies to be covered by, and reported to, the FHCF, as outlined above and in this Data Call, is available for reporting (whether in a hard copy or an electronic format). Accordingly, we certify that (check appropriate box below):

☐ Said Company has collected all information necessary for such policies to be covered by, and reported to, the FHCF, as outlined in this Statement and this Data Call, and has accordingly included collateral protection exposure covered by the FHCF in this Data Call submission.

☐ Said Company **DOES NOT** have available the data as required by the premium formula as specified in Section 215.555(5), Florida Statutes, and therefore is unable to accurately report its collateral protection exposure. We understand that the said Company is ineligible to collect any reimbursements from the FHCF for losses occurring during the ~~2009/~~2010 FHCF contract year from policies covering collateral protection exposure.

BY: _____ Signature	**BY:** _____ Signature
NAME: _____ Typed/Printed	**NAME:** _____ Typed/Printed
TITLE: _____	**TITLE:** _____
DATE: _____	**DATE:** _____

DRAFT DECEMBER 10, 2009

Contract Year ~~2009~~ 2010 Interim Loss Report
Florida Hurricane Catastrophe Fund (FHCF)

Company Name: _____ Co. NAIC No.: _____

Group NAIC No. (if applicable): _____ Losses as of (most current data available): _____

HURRICANE: _____ PCS CAT. NO.: _____ Report Due Date (see schedule below): _____

ESTIMATED ULTIMATE NET LOSSES ON COVERED POLICIES

	Commercial-Residential	Residential	Mobile Home	Tenants	Condominium Unit Owners	Total
Paid Loss*						
Outstanding Loss*						
IBNR (unknown losses)*						
TOTAL*						

Schedule of Report Due Dates

If the FHCF determines that an Interim Loss Report is required due to the occurrence of a Covered Event, all participants in the FHCF shall be notified of the required filing and the applicable due date (not less than fourteen days from the notice date). The FHCF will notify participants if subsequent Interim Loss Reports are required or if a detailed claims listing (as outlined on the Form FHCF-L1B – Proof of Loss Report) must be provided to the FHCF.

* Report Ultimate Net Losses only. Do not include Loss Adjustment Expenses. If your company has negative IBNR numbers, report the negatives; do not net with the Outstanding Loss numbers. See Article V of the Reimbursement Contract for the definitions of Covered Event, Covered Policy, and Ultimate Net Loss. See Article VI of the Reimbursement Contract for specific coverage exclusions. Copies of this Interim Loss Report, the Reimbursement Contract, and additional information can be found on the Internet at www.sbafla.com/fhcf or http://fhcf.paragon.aonbenfield.com.

Signature: _____ Executive Title: _____ Date: _____

Printed or Typed Name of Executive: _____

DRAFT DECEMBER 10, 2009

Contract Year ~~2009~~ 2010 Proof of Loss Report
Florida Hurricane Catastrophe Fund (FHCF)

Company Name: _____ Co. NAIC No.: _____

Group NAIC No. (if applicable): _____ Losses as of (most current data available): _____

HURRICANE: _____ PCS CAT. NO.: _____ Report Due Date: _____

SECTION I - MANDATORY **ULTIMATE NET LOSSES ON COVERED POLICIES**

	Commercial-Residential	Residential	Mobile Home	Tenants	Condominium Unit Owners	Total
A. Paid Loss*						
B. Outstanding Loss*						
C. IBNR (unknown losses)*						
D. TOTAL*						

* Report Ultimate Net Losses only. Do not include Loss Adjustment Expenses. If your company has negative IBNR numbers, report the negatives; do not net with the Outstanding Loss numbers. See Article V of the Reimbursement Contract for the definitions of Covered Event, Covered Policy, and Ultimate Net Loss. See Article VI of the Reimbursement Contract for specific coverage exclusions. Copies of this Proof of Loss Report, the Reimbursement Contract, and additional information can be found on the Internet at www.sbafla.com/fhcf or http://fhcf.paragon.aonbenfield.com.

SECTION II - OPTIONAL **ESTIMATED RECOVERABLE FROM THE FHCF (excluding reimbursements under 215.555(4)(b)4)**

Section II is provided for your Company's use only. The FHCF will calculate loss reimbursements based on the information provided under Section I above.

		Incurred Basis
A. Incurred Ultimate Net Loss	(Sec. I.D.)	
B. Less Actual Retention		
C. Subtotal (minimum of -0-)	(A - B)	
D. Elected Coverage Percentage		
E. Ultimate Net Loss Excess Retention	(C x D)	
F. LAE (5% of Incurred Losses in Excess of Retention)	(E x 5%)	
G. Estimated Recoverable from the FHCF on Incurred Basis**	(E + F)	

		Paid Basis
A. Paid Ultimate Net Loss	(Sec. I.A)	
B. Less Actual Retention		
C. Subtotal (minimum of -0-)	(A – B)	
D. Elected Coverage Percentage		
E. Ultimate Net Loss Excess of Retention	(C x D)	
F. LAE (5% of Paid Losses in Excess of Retention)	(E x 5%)	
G. Total Estimated Recoverable	(E + F)	
H. Previous Reimbursements		
I. Estimated Recoverable from the FHCF this request**	(G – H)	

***Estimated recoverables are limited by your Company's share of the claims paying capacity of the FHCF, as limited pursuant to Sections 215.555(4)(c), (16) and (17), Florida Statutes.*

Company Name: _____ **Hurricane:** _____

SECTION III - MANDATORY **SIGNATURES**

The undersigned does hereby confirm that all losses reported under Section I of this Proof of Loss Report are losses under FHCF Covered Policies and have been incurred by the named Company for the named hurricane. All reported information is subject to examination by the State Board of Administration of Florida (SBA).

Signature: _____ Executive Title: _____ Date: _____

Printed or Typed Name of Executive: _____

Signature: _____ Executive Title: _____ Date: _____

Printed or Typed Name of Executive: _____

RECORDS RETENTION REQUIREMENTS

Companies reporting losses and receiving reimbursements or advances from the FHCF for paid losses from Covered Events are subject to examination by the FHCF or its agents pursuant to the Reimbursement Contract entered into between the Company and the FHCF. Therefore, all companies shall retain complete and accurate records of all losses paid by the FHCF until the FHCF has completed its examination of the Company. All records, including Form FHCF-L1B (Proof of Loss Report), correspondence, and supporting documentation, must be available with computer runs produced containing the information below. Upon notice of an examination, the Company will be required to provide the following information along with the information outlined in Form FHCF-LAP1 "Loss Reimbursement Examination Advance Preparation Instructions" for the applicable Contract Year.

1. **Detailed claims listing which supports the losses reported on the Proof of Loss Report including:**
   - Claim number
   - Date of loss
   - Policy number
   - Policy effective date
   - FHCF type of business code
   - County code
   - County name
   - ZIP Code
   - Paid loss – habitational building
   - Paid loss – appurtenant structure
   - Paid loss – contents
   - Paid loss – additional living expense
   - Outstanding loss reserve
2. **Claim files which include documentation of the following:**
   - Claim number
   - Date of loss
   - Amount of loss
   - Claim description
   - Policy number and location of property
   - Amount of loss adjustment expense
   - Copies of checks for payment of losses
   - Adjuster reports with estimate of losses
   - Evidence of salvage received
   - Evidence of whether the deductible was applied
   - Receipts for any additional living expenses paid
   - Evidence to show the loss was a direct result of a hurricane
3. **Detailed exposure listing, which was retained at the time the exposure data was submitted to the FHCF, for the Contract Year the loss occurred. See the SBA Exam File specifications section of the Data Call applicable to the Contract Year the loss occurred.**
4. **Additional detail on the loss examination requirements can be accessed on the Internet at www.sbafla.com/fhcf.**

NOTE: Companies must submit a detailed claims listing to support the losses reported in the Proof of Loss Report at the same time it submits its first Proof of Loss Report for a specific Covered Event that qualifies the company for reimbursement under that Covered Event, and should be prepared to supply a detailed claims listing for any subsequent Proof of Loss Report upon request. Refer to Form FHCF-LAP1 for the required file layout. The Proof of Loss Reports and the detailed claims listing are required to be sent to the FHCF Administrator, Paragon Strategic Solutions Inc, 8200 ~~Norman Center Drive, Bloomington,~~ Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, MN 55437. If your company submits its Proof of Loss Reports electronically through the FHCF's Online Claims System at www.sbafla.com/fhcf/, the detailed claims listing must be attached in an ASCII format.

Formatted: Bullets and Numbering

Formatted: Superscript

Florida Hurricane Catastrophe Fund

Company Contact Information

Please cross out incorrect contact information on left and note the changes on the right. Include e-mail addresses. If a P.O. Box address is given, correct it with a street address. If you are a New Participant and are completing this form for the first time, fill in all information on the right. Please have the form notarized and signed by two different executive officers even if all information is correct. Mail the original copy back to the address below.

Ms. Holly Bertagnolli
FHCF Administration
Paragon Strategic Solutions Inc.
8200 Tower - 5600 West 83rd Street, Suite 1100
Minneapolis, MN 55437

NAIC Company Name

Executive

ContactName _____
Title _____
CompanyName _____
AddressLine1 _____
AddressLine2 _____
AddressLine3 _____
AddressLine4 _____
LastLine _____

Telephone: *Ext:* _____
Facsimile: _____
E-mail: _____

Accounting

ContactName _____
Title _____
CompanyName _____
AddressLine1 _____
AddressLine2 _____
AddressLine3 _____
AddressLine4
LastLine _____

Telephone: *Ext:* _____
Facsimile: _____
E-mail: _____

Claims

ContactName
Title
CompanyName
AddressLine1
AddressLine2
AddressLine3
AddressLine4
LastLine

Telephone: *Ext:*
Facsimile:
E-mail:

Contracts

ContactName
Title
CompanyName
AddressLine1
AddressLine2
AddressLine3
AddressLine4
LastLine

Telephone: *Ext:*
Facsimile:
E-mail:

Data Calls

ContactName
Title
CompanyName
AddressLine1
AddressLine2
AddressLine3
AddressLine4
LastLine

Telephone: *Ext:*
Facsimile:
E-mail:

NAIC Company Name

I am an executive officer of said insurer, acting within my authority and within the scope of my customary and usual corporate responsibilities in designating the company contacts listed on this form, FHCF C-1, Company Contact Information.

BY: _____

TYPED/PRINTED NAME: _____

TITLE: _____

DATE: _____

STATE OF _____: COUNTY OF _____:

Before the undersigned authority personally appeared _____, who affirmed or on oath says that he or she signed the foregoing FHCF C-1 Company Contact Information.

Affirmed or Sworn to and subscribed before me this _____ day of _____ _____, by _____, who is personally known to me or who has produced _____ as identification.

(Official Notary Signature and Seal)

I am an executive officer of said insurer, acting within my authority and within the scope of my customary and usual corporate responsibilities in designating the company contacts listed on this form, FHCF C-1, Company Contact Information.

BY: _____

TYPED/PRINTED NAME: _____

TITLE: _____

DATE: _____

STATE OF _____: COUNTY OF _____:

Before the undersigned authority personally appeared _____, who affirmed or on oath says that he or she signed the foregoing FHCF C-1 Company Contact Information.

Affirmed or Sworn to and subscribed before me this _____ day of _____ _____, by _____, who is personally known to me or who has produced _____ as identification.

(Official Notary Signature and Seal)

DRAFT DECEMBER 10, 2009

FLORIDA HURRICANE CATASTROPHE FUND (FHCF) EXPOSURE EXAMINATION – CONTRACT YEAR 201009 ADVANCE PREPARATION INSTRUCTIONS

Company:
Date of Examination:
Advance Records Due:

The following instructions are provided to help your Company prepare for the FHCF's examination. If you have questions pertaining to the preparation and submission of required records, or about the activities or work processes of the examiner which cannot be adequately answered by the examiner, please call Gina T. Wilson, Director of Examinations, at (850) 413-1348.

Please note: If your Company participated in a takeout pursuant to an assumption agreement with Citizens Property Insurance Corporation or the examination is for Citizens Property Insurance Corporation High Risk Account with quota share primary insurance data, additional instructions apply (see pages 5 and 6).

ADVANCE RECORDS:

Your company is required to submit records to the FHCF in advance of the examiner's on-site review to allow the examiner to fully prepare and to ensure the examination begins as scheduled.

All advance records must be provided on a CD-ROM that is labeled with the Company name and contract year. Be sure to check your CD-ROM to be certain the files were saved and can be opened. A cover letter is not required; however, if there is any information related to the data or the exam that you would like the examiner to know, it can be noted in a cover letter. If more than one company is under examination, preparation of separate data for each company is necessary. If your Company has different departments responsible for compiling portions of your data submission, please have one individual coordinate, compile, and submit the complete package to the FHCF.

1. REQUIRED RECORDS CHECKLIST

The Checklist, provided as an attachment in the Notice email, should be completed by the company to ensure that all advance records are submitted to the FHCF and should be returned to the FHCF in electronic form with the remainder of the required advance records. Do not use versions from a prior examination. Using the drop-down options located to the right of the list of required records, the company should indicate whether each of the records is included, not included, or not applicable. The company should also designate the office location where the on-site examination should take place and provide complete contact information of a Company Coordinator and a company executive. All examination correspondence will be directed through the Company Coordinator you have designated, including the Examination Report, unless otherwise noted on the checklist (the FHCF will only send one printed copy of the Report). The Company Coordinator

will be contacted periodically by FHCF staff and the examiner to help guide the Company in the preparation of information needed to expedite the examination.

2. OPERATIONS QUESTIONNAIRE

The electronic questionnaire form should be completed in its entirety and submitted to the FHCF in electronic form. Questions should be answered based on covered policies in force for the contract year being examined. The individual(s) responsible for preparing the questionnaire should be available to answer questions once the examiner arrives on-site.

3. ~~LIST OF~~ FORMS AND ENDORSEMENTS

Your Company must provide a list of all forms and endorsements used (as of the Data Call date) for all covered and reported policies, as well as a specimen copy of each form. The list must include the form and endorsement numbers and titles. ~~The examiner may request additional information to support this list.~~

4. LIST OF COMPANY CONSTRUCTION TYPES

Your Company must provide a list of company construction types with a definition for each type and the applicable FHCF code used to report each construction.

5. DEFINITION OF WINDSTORM MITIGATION FEATURES

Your Company must provide a list of windstorm mitigation features reported to the FHCF for structure opening protection, roof shape, roof-wall connection and roof-deck attachment, along with a definition for each feature and the applicable FHCF code the feature is mapped to.

~~4.~~6. EXAM FILE/EXPOSURE DATA

Your Company is required to submit its Exam File produced and retained in accordance with the specifications given in the Data Call for the current contract year. The Exam File must match the Company's Data Call File submitted to the FHCF Administrator and must be submitted as originally prepared unless a subsequent resubmission was sent to the FHCF. If your Company failed to retain the Exam File, you should immediately contact the FHCF staff for further instructions.

The Exam File must be submitted as one report and be by individual policy, sorted by type of business and line of business. It must be provided in a Microsoft Access database or in delimited ASCII (text) format. The Exam File may not include symbols such as -, +, #, $, ", / and must contain the following fields in the order listed in the table below.

Field #	DESCRIPTION	TYPE	NOTES
1	Type of Business	Numeric	Only use the codes on pg X FHCF Data Call
2	Line of Business	Numeric	Only use the codes on pg X FHCF Data Call
3	Construction Type	Numeric	Only use the codes on pg X FHCF Data Call
4	Deductible Group	Text	Only use the codes on pg X FHCF Data Call
5	County Code	Numeric	Only use the codes on pg X FHCF Data Call
6	ZIP Code	Numeric	
7	Insured Risks	Numeric	Must be greater than zero
8	Total Insured Value – Building	Numeric	
9	Total Insured Value – Appurtenant Structures	Numeric	
10	Total Insured Value – Contents	Numeric	

Formatted: Font: 12 pt

Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Tab after: 0.75" + Indent at: 0.75"

Formatted: Bullets and Numbering

Formatted: Font: Not Bold

Formatted: Tab stops: 0.75", Left

Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Tab after: 0.75" + Indent at: 0.75"

Formatted: Bullets and Numbering

Formatted: Tab stops: 0.75", Left

Formatted: Bullets and Numbering

11	Total Insured Value – Additional Living Expenses	Numeric	
12	Year Built	Numeric	Only use the codes on pg X FHCF Data Call
13	BCEG Code	Numeric	Only use the codes on pg X FHCF Data Call
14	Florida Building Code Indicator	Numeric	Only use the codes on pg X FHCF Data Call
15	Structure Opening Protection	Numeric	Only use the codes on pg X FHCF Data Call
16	Roof Shape	Numeric	Only use the codes on pg X FHCF Data Call
17	Roof-Wall Connection	Numeric	Only use the codes on pg X FHCF Data Call
18	Roof-Deck Attachment	Numeric	Only use the codes on pg X FHCF Data Call
19	Policy Effective Date	Numeric or Date/Time	Numeric Format: yyyymmdd Date/Time Format: month/day/year Effective Date must be in one field and the numeric format must have 8 characters
20	Policy Expiration Date	Numeric or Date/ Time	Numeric Format: yyyymmdd Date/Time Format: month/day/year Expiration Date must be in one field and the numeric format must have 8 characters
21	Policy Number	Text	
22	Citizens Policy Number*	Text	*Applies only to policies assumed from Citizens that have not renewed onto the company's books by June 30, 2010~~09~~.

~~5.~~7.DIRECT WRITTEN PREMIUM REPORT

Formatted: Bullets and Numbering

Your Company must provide (1) a copy of the annual statement page with the direct written premiums for Florida and (2) a report which supports your Company's total direct written premium for all lines where any policy or coverage subject to the FHCF may be written. Both documents must be provided for the period ending December 31, 2009~~8~~. Although the direct written premiums for a line of business may include policies covered and policies not covered by the FHCF, the Direct Written Premium Report must include all policies needed to reconcile to the line item total on the annual statement. It would be helpful to include a notation on the report, which distinguishes ex-wind policies from wind policies. Also, if there are any reconciling entries made to the annual statement, enclose a schedule detailing the reconciling items.

The Direct Written Premium Report must be by individual policy, sorted by type and line of business, must be provided as a Microsoft Access database or in a delimited ASCII (text) format, and must contain the fields in the order listed in the table below. **Policy numbers in the Exam File and Direct Written Premium Report must be formatted alike. If not, an explanation on how to match the policies is required.**

NO	DESCRIPTION	TYPE	NOTES
1	Type of Business	Numeric	Only use the codes on pg X FHCF Data Call
2	Line of Business	Numeric	Only use the codes on pg X FHCF Data Call
3	Policy Effective Date	Numeric or Date/Time	Numeric Format: yyyymmdd Date/Time Format: month/day/year Effective Date must be in one field and the numeric format must have 8 characters
4	Policy Expiration Date	Numeric or Date/Time	Numeric Format: yyyymmdd Date/Time Format: month/day/year Expiration Date must be in one field and the numeric format must have 8 characters
5	Direct Written Premium	Numeric	
6	Policy Number	Text	Use the same policy number and format as used in the Exam File
7	Notation Designating FHCF Covered Policies	Text	If available

8	Notation Designating Policy Written with Ex-wind Endorsement	Text	If available
9	Notation Designating Policy has Endorsement for Scheduled Personal Property	Text	If applicable
10	Class code	Numeric	If applicable (typically applies to Commercial policies only)

For Commercial Multiple Peril, only include policies with premium reported under line 5.1. **DO NOT INCLUDE POLICIES REPORTED UNDER LINE 5.2**.

Also, if your Company writes Inland Marine endorsements to covered policies and the premium from these policies is included under a line of business other than Line 9 for Inland Marine, provide a separate listing for this premium. Also, be sure to provide separate listings for lines of business that include premiums for both commercial and residential policies.

ON-SITE REQUIREMENTS

In order for the examiner to properly conduct and expedite an early conclusion of the Exposure Examination, the Company Coordinator should ensure that the examiner has access to the following:

1. ~~Equipment and Space~~EQUIPMENT AND SPACE

The examiner will need a private working space, dedicated telephone line and telephone, and an internet connection.

2. ~~Company Personnel~~COMPANY PERSONNEL

The Company Coordinator may wish to provide names of persons whom the examiner can contact directly for answers to the many questions the examination generates. In addition, the individual(s) responsible for preparing the Operations Questionnaire should be available to answer questions once the examiner arrives on-site.

3. ~~Required Records to Have Available on Site~~REQUIRED RECORDS TO HAVE AVAILABLE ON-SITE

The examiner will also be requesting applications and declaration pages to be available for review on-site. If policy files are in more than one location, your Company is responsible for coordinating the retrieval of the files to one central location. The files must contain at least the following information:

a. Insured's Name
b. Address and zip code for location of property insured
c. Policy Number
d. Policy Period
e. Construction Type
f. Deductible Group
g. County Code
h. Total Insured Values
i. Year Built
j. Building Code Effectiveness Grading Code (BCEG)
k. Evidence the policy complies with the Florida Building Code, if applicable

Formatted: Indent: First line: 0", Tab stops: 0.75", Left

Formatted: Indent: First line: 0", Tab stops: 0.5", Left

Formatted: Indent: First line: 0", Tab stops: 0.75", Left

Formatted: Indent: First line: 0", Tab stops: 0.75", Left

l. Evidence to support the reported structure opening protection, roof shape, roof-wall connection, and roof-deck attachment

m. A copy of the Residential Property Insurance Checklist required by the Office of Insurance Regulation Rule 69O-167.013, F.A.C. (This requirement applies to homeowners', mobile homeowners', dwelling or condominium unit owners' policies)

n. All applicable endorsements and policy changes

~~**Online Policy Files**~~

Online policy files may be acceptable for the review of residential lines of business if the items listed above are viewable on the online system, if the system is the same system that produces the Company's dec pages, and if the examiner determines the system information is reliable. If the examiner determines the on-line system cannot be used for policy review, then your Company must provide the physical policy files including the applications and underwriting files.

For review of commercial policies, the complete policy files, including underwriting files, applications, commercial class codes, and statement of values are required.

4. ~~Additional On-Site Requirements~~ADDITIONAL ON-SITE REQUIREMENTS

a. A copy of your Company's underwriting manual and rating manual for policies covered by the FHCF and the name of a contact that is familiar with these manuals.

~~b. Copies of policy forms and endorsement forms, as requested.~~

~~c~~b. If your Company writes policies covering single structures that contain a mix of both commercial and habitational exposure, your Company is required to submit a classification plan to the FHCF Administrator before the September 1st deadline. Be certain an individual familiar with your Company's class codes is available to answer questions before and during the examination. Also, your Company must be able to identify policies insuring single structures that contain a mix of both commercial and habitational exposure for examination purposes.

c~~d~~. If your Company's reported exposure includes collateral protection policies covered by the FHCF, a copy of the lapsed homeowner's policy or the equivalent of a dec page must be available for the examiner's review in addition to the dec page for the policy in force at June 30, 2010~~09~~.

SPECIAL EXAMS RELATED TO ASSUMPTIONS AND QUOTA SHARE AGREEMENTS WITH CITIZENS PROPERTY INSURANCE CORPORATION (CITIZENS)

1. ~~Citizens Property Insurance Corporation Takeouts Pursuant to Assumption Agreements~~CITIZENS TAKEOUTS PURSUANT TO ASSUMPTION AGREEMENTS~~:~~

~~A.~~a. Requirements for Assuming Companies:

If your Company was engaged in an assumption agreement with Citizens ~~Property Insurance Corporation~~ High Risk Account and/or Citizens ~~Property Insurance~~

Formatted: Indent: Hanging: 0.25", Tab stops: 0.75", List tab + Not at 0.63"

Formatted: Indent: Left: 0.5"

Formatted: Tab stops: 0.5", Left + Not at 0"

Formatted: Indent: First line: 0", Tab stops: 0.75", Left

Formatted: Indent: Left: 0.25"

Formatted: Indent: Hanging: 0.25", Tab stops: 0.75", Left + Not at 0.63"

Formatted: Indent: Hanging: 0.25", Tab stops: 0.75", Left + Not at 0.63"

Formatted: Indent: Hanging: 0.25", Tab stops: 0.75", Left + Not at 0.63"

Formatted: Font: 12 pt, Bold

Formatted: Font: Bold

Formatted: Indent: Left: 0.5", Hanging: 0.25", Tab stops: 0.75", Left

Formatted: Indent: Left: 0.5", Tab stops: 0.75", Left

Formatted: Bullets and Numbering

~~Corporation~~ Personal Lines and Commercial Lines Accounts, a separate Exam File should be submitted. One file must contain your Company's FHCF exposure from direct written premiums. The exposure assumed from either Citizens ~~Property Insurance Corporation~~ entity which is renewed by June 30, 20~~09~~10 must be included with the direct portion. The other file(s) must contain the FHCF exposure which was assumed from each Citizens ~~Property Insurance Corporation~~ entity (one file for each entity) and which was not renewed onto your Company's book by June 30, 2010~~09~~.

~~B~~b. Requirements for each Citizens ~~Property Insurance Corporation~~ entity engaged in an assumption:

In addition to the Exam File for all of its FHCF exposure not subject to an assumption agreement, each Citizens ~~Property Insurance Corporation~~ entity shall submit the following information for each assumption occurring between July 1, 200~~8~~9 through June 30, 20~~09~~10:

1. A separate file that includes a list of all policies that were assumed by each company on the date of the assumption. This file must include the policy number, policy written premium, and policy effective/expiration date.
2. A separate listing of all assumed policies with indicators that identify policies with no wind coverage and cancellations (June 30th monthly extract).
3. A separate file for all FHCF exposure removed from the applicable Citizens ~~Property Insurance Corporation~~ entity, which, as of June 30, 20~~09~~10, had not been renewed onto the assuming company's policy forms. This file must be prepared with the Exam File specifications outlined in the Contract Year 20~~09~~10 Data Call.
4. A copy of the assumption agreement between the Citizens ~~Property Insurance Corporation entity~~ and the assuming company along with copies of exhibits to show the number of policies assumed.

2. ~~Citizens Property Insurance Corporation High Risk Account – Quota Share Primary Insurance Reporting Requirements:~~CITIZENS HIGH RISK ACCOUNT – QUOTA SHARE PRIMARY INSURANCE REPORTING REQUIREMENTS

Citizens ~~Property Insurance Corporation~~ High Risk Account ~~(referred to hereafter as Citizens)~~ shall report all quota share primary insurance exposure data to the FHCF in a separate file meeting the requirements on page X of the Contract Year 20~~09~~10 Data Call. This file is to contain all of the fields in the Exam File specifications and the following two additional fields:

- Field #23: Five-character field indicating NAIC# of insurer for each policy reported, and
- Field #24: Two-character field indicating Citizens' specified percentage of hurricane coverage of the risks reported in a specific record, as set forth in the quota share primary insurance agreement between Citizens and an insurer.

For those policies under a Quota Share Primary Insurance Agreement, Citizens and each participating insurer are required to maintain duplicate copies of policy declaration pages. After receiving a notice for examination, Citizens must have a copy of the following information available on-site:

Formatted: Indent: Left: 0.5", First line: 0", Tab stops: 0.5", Left

Formatted: Indent: Left: 0.75", Hanging: 0.25", Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 2.38" + Tab after: 2.88" + Indent at: 2.88", Tab stops: 1", List tab

Formatted: Bullets and Numbering

Formatted: Indent: Left: 0.5", Hanging: 0.25"

Formatted: No underline

Formatted: No underline

a. The all-perils policy issued by the insurer for each policy under the Quota Share Primary Insurance Agreement

b. Each endorsement attached to the all-perils policies that shows the specified percentage of participation by Citizens and the insurer under the Quota Share Primary Insurance Agreement

c. The Quota Share Primary Insurance Agreement

Formatted: Indent: Left: 0.5", Hanging: 0.25", Tab stops: 0.75", Left

Formatted: Bullets and Numbering

Formatted: Indent: Left: 0.5", Tab stops: 0.75", Left

All records, including exposure filings (Data Call File and Exam File), policy files, and supporting documentation must be retained along with any information produced to support the Data Call submission. Such records must be retained until the FHCF has completed its examination of your Company's exposure submission and claims reports (applicable to the Data Call contract year).

DRAFT DECEMBER 10, 2009

FLORIDA HURRICANE CATASTROPHE FUND (FHCF)
LOSS REIMBURSEMENT EXAMINATION – CONTRACT YEAR 2010~~XXXX~~
ADVANCE PREPARATION INSTRUCTIONS

Company:
Date Examination Scheduled:
Date Required Records Due:
Events: **(Event Name) – Proof of Loss Report with losses as of:**
(Event Name) – Proof of Loss Report with losses as of:
(Event Name) – Proof of Loss Report with losses as of:

In order for the examiner to properly conduct and expedite an early conclusion of the Loss Reimbursement Examination, please follow the guidelines below. If more than one company is under examination, preparation of separate data for each company is necessary. If more than one contract year is scheduled for examination, preparation and submission of separate data for each contract year is necessary.

(1) Company Coordinator:

All correspondence will be directed through the Company Coordinator you have designated. The Company Coordinator will be contacted periodically by FHCF staff and the examiner to ensure proper receipt of records and to help guide the Company Coordinator in the preparation of information needed to expedite the examination. Your Company Coordinator may wish to provide the names of people whom the examiner can directly contact for answers to the many questions the examination generates. Please remember that if you do not understand what we need, feel free to ask questions.

(2) Equipment and Space:

The examiner will need a private working space, dedicated telephone line and telephone, and an internet connection.

(3) Work Processes:

If, at any time, you have questions about the activities or work processes of the examiner, which cannot be adequately answered by the examiner, please call Gina T. Wilson, Director of Examinations, at 850-413-1348.

(4) Required Records:

A. Required Records to be submitted to the FHCF in advance:

Claims Process Memo

Provide a written narrative of your Company's hurricane claim process. The narrative should start with how a claim is originated to the time the claim is paid. Please indicate the name and title of primary employees with responsibilities in the process.

Detailed Claims Listing(s)

Your Company is required to maintain records of all losses paid by the FHCF until the FHCF has completed its examination of the Company. The records retention requirement, as stipulated in the Proof of Loss Report, page 2, requires the Company to maintain all records, including the Proof of Loss Report, correspondence and supporting documentation to support the losses reported to the FHCF.

The Detailed Claims Listing, which supports the losses reported in the Proof of Loss Report(s), by hurricane, must match the aggregate total amounts for paid losses and outstanding losses reported on page 1~~2~~ of the Proof of Loss Report. The Detailed Claims Listing must be provided as a Microsoft Access database or in a fixed-width ASCII (text) format, and contain the following fields (do not include symbols, such as, -, +, #, $,", /) in the order listed. Please note: Policy numbers in the Detailed Claims Listing must be in the same format as policy numbers provided in the Exposure Exam File.

FIELD #	DESCRIPTION	POSITION	LENGTH	TYPE	NOTES
1	Claim Number	1	20	Text	Only numbers and letters are acceptable.
2	Date of Loss	21	8	Text	mmddyyyy
3	Policy Number	29	30	Text	Only numbers and letters are acceptable and must match the policy numbers and format provided in the ~~XXXX~~2010 Exposure Exam File for policies required to be reported at 6/30/10~~XX~~
4	Policy Effective Date	59	8	Text	mmddyyyy
5	FHCF Type of Business Code	67	1	Text	Only use the codes on pg x of the Contract Year ~~XXXX~~2010 FHCF Data Call
6	County Code	68	3	Text	Only use the codes on pg xx of the Contract Year ~~XXXX~~2010 FHCF Data Call
7	County Name	71	20	Text	All capital letters
8	ZIP Code	91	5	Text	
9	Paid Loss – Habitational Building*	96	12	Text	Enter zeros if none
10	Paid Loss – Appurtenant Structures *	108	12	Text	Enter zeros if none
11	Paid Loss – Contents *	120	12	Text	Enter zeros if none
12	Paid Loss – Additional Living Expense *	132	12	Text	Enter zeros if none
13	Outstanding Loss Reserve	144	12	Text	Enter zeros if none

*** A breakdown of paid losses is required.**

Example: A record with the following information

FIELD #	DESCRIPTION	TYPE	ENTRY
1	Claim Number		336733
2	Date of Loss		091020~~05~~10
3	Policy Number		HCP5670996
4	Policy Effective Date		021520~~05~~10
5	FHCF Type of Business Code	Residential	2
6	County Code		049
7	County Name		HARDEE
8	ZIP Code		33890
9	Paid Loss – Habitational Building		12100
10	Paid Loss – Appurtenant Structures		3600
11	Paid Loss - Contents		8000
12	Paid Loss – Additional Living Expense		1500
13	Outstanding Loss Reserve		5000

Sample record layout:

0000000000000033673309102~~05~~10000000000000000000000HCP5670996021520~~05~~102
0490000000000000HARDEE338900000000121000000000036000000000800000000
0001500000000005000~~000000000000000000000800~~

Each record must have this type of layout. Since each field has a defined length, please "zero fill" the position in each field that will not be used. Each record must be 1~~79~~55 characters in length.

Provide a separate Detailed Claims Listing to support the Proof of Loss Report(s) for each event listed on the first page of these instructions. If your company is unable to provide a Detailed Claims Listing that matches the losses reported in the Proof of Loss Report(s), you should immediately contact the FHCF staff for further instructions.

Incurred But Not Reported (IBNR)

In addition to the Detailed Claims Listing(s), your company is required to submit documentation to support the amount of IBNR reported for each Proof of Loss Report and event listed above.

List of Claims with Salvage

Formatted: Centered

The Company is required to provide a listing of all FHCF covered claims where salvage was received. This listing must be provided as a Microsoft Access database or in a delimited ASCII (text) format.

The listing must contain a single record for each policy with the following information:

FIELD #	DESCRIPTION	TYPE	NOTES
1	Claim Number	Text	
2	Policy Number	Text	
3	Salvage Received	Text	

Formatted: Underline

Multi-State Policy Listing

The Company is required to provide a listing of all FHCF covered commercial policies in effect during the 2010~~XXXX~~ hurricane season that have exposures written with Florida and non-Florida locations on the same policy. This list includes all policies regardless of whether or not a claim was reported to the FHCF for the policy and must be provided as a Microsoft Access database or in a delimited ASCII (text) format.

The listing ~~should~~ must contain a single record for each policy with the following information:

Formatted: Indent: First line: 0"

FIELD #	DESCRIPTION	TYPE	NOTES
1	Policy Number	Text	Only numbers and letters are acceptable and must match the policy numbers and format provided in the 2010~~XXXX~~ Exposure Exam File, if the policy was required to be reported
2	FHCF Type of Business Code	Text	Only use the codes on pg x of the ~~XXXX~~2010 FHCF Data Call

Multi-Risk Policy Listing

The Company is required to provide a listing of all FHCF covered commercial policies in effect during the ~~XXXX~~ 2010 hurricane season that have both covered and non-covered risks written on the same policy. This list includes all policies regardless of whether or not a claim was reported for the policy and must be provided as a Microsoft Access database or in a delimited ASCII (text) format.

The listing ~~should~~ must contain a single record for each policy with the following information:

FIELD #	DESCRIPTION	TYPE	NOTES
1	Policy Number	Text	Only numbers and letters are acceptable and must match the policy numbers and format provided in the ~~XXXX~~2010 Exposure Exam File, if the policy was required to be reported
2	FHCF Type of Business Code	Text	Only use the codes on pg x of the ~~XXXX~~2010 FHCF Data Call

Single Structures Policy Listing

The Company is required to provide a listing of all FHCF covered policies in effect during the ~~XXXX~~2010 hurricane season that insure single structure(s) that are used for both habitational and non-habitational purposes. This listing includes all policies regardless of whether or not a claim was reported for the policy and must be provided as a Microsoft Access database or in a delimited ASCII (text) format.

The listing ~~should~~ must contain a single record for each policy with the following information:

FIELD #	DESCRIPTION	TYPE	NOTES
1	Policy Number	Text	Only numbers and letters are acceptable and must match the policy numbers and format provided in the ~~XXXX~~2010 Exposure Exam File, if the policy was required to be reported
2	FHCF Type of Business Code	Text	Only use the codes on pg x of the ~~XXXX~~2010 FHCF Data Call
3	Class Code	Text	Only numbers and letters are acceptable

~~The reports must be provided on a CD-ROM that is labeled with the Company name, contract year, hurricane(s) and file name. Save each Detailed Claims Listing with the name applicable to each hurricane. Be sure to check your CD-ROM to be certain the files were saved and can be opened.~~

Required Records Checklist and Operations Questionnaire

In addition to the records outlined above, attached ~~is~~are a Required Records Checklist and a Claims Operations Questionnaire that should be prepared electronically and submitted to the FHCF in advance. The individual responsible for preparing the questionnaire should be available to answer questions once the examiner arrives on site.

Remittance of Required Documents

Formatted: Underline

Formatted: Centered

The reports must be provided on a CD-ROM that is labeled with the Company name, contract year, hurricane(s) and file name. Save each Detailed Claims Listing with the name applicable to each hurricane. Be sure to check your CD-ROM to be certain the files were saved and can be opened.

Formatted: Font: Bold

Formatted: Centered

B. Required Records to Have Available On Site:

The examiner will also be requesting claims and policy files, based on the sample selection, to be available once the examiner arrives on site. The claims and policy files can be provided either in electronic or hard copy format. The files should be made available upon request and should contain at least the following information:

Claim File (the complete file)

a. Claim Number
b. Date of Loss
c. Amount of loss

d. Claim description
e. Policy Number and location of property
f. Amount of loss adjustment expense
g. Copies of checks for payment of losses
h. Adjuster's reports with estimate of losses
i. Evidence of salvage received, if any
j. Evidence deductible was applied
k. Receipts for any additional living expenses paid
l. Evidence the claim was the direct result of a hurricane
~~f.Evidence deductible was applied~~
~~g.Receipts for any additional living expenses paid~~
~~h.Evidence of salvage received, if any~~
~~i.Amount of loss adjustment expense~~
~~j.Copies of checks for payment of losses~~
~~k.Adjuster's reports with estimate of losses~~

Formatted: Bullets and Numbering

Formatted: Bullets and Numbering

Policy File (the complete file in effect at the time of loss)
a. Insured's Name
b. Address and ZIP Code for location of property insured
c. Policy Number
d. Policy Period
e. Construction Type
f. Deductible Group
g. County Code
h. County Name
i. Total Insured Values
j. Evidence to support occupancy is primary or secondary residence
k. All applicable endorsements and policy changes

If your Company retains claims and/or policy files on an on-line system, this will be acceptable for the review of residential lines of business as long as the items listed above are available on that system and the examiner determines the system information can be relied on. If the examiner determines the on-line system cannot be used for policy review, then the examiner will need policy files including the application and underwriting files for the specific policies being reviewed. Also, if the Company's on-line system is not the same system that produces the Company's dec pages, then the actual files will need to be provided to the examiner.

For any commercial policies reviewed, you are required to provide the complete policy file, underwriting file, application, commercial class codes, and statement of values.

(5) Additional Requirements:

The Company may be required to provide a walk through of the claims process once the examiner arrives on site. The examiner will coordinate with the Company prior to arriving on site and provide direction on performing the walk through. The Company should make prior arrangements for the examiner to conduct this walk through with the necessary personnel. Be certain an individual familiar with the Company's claims process is available to answer questions before and during the examination.

If claims and/or policy files are in more than one location, your Company is responsible for coordinating the retrieval of the files to one central location.

Also, provide the examiner with a copy of the claims manual for claims covered by the FHCF and the name of a contact familiar with this manual. It is preferable that the claims manual be provided in electronic format.

STATE BOARD OF ADMINISTRATION OF FLORIDA

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

POST OFFICE BOX 13300
32317-3300

CHARLIE CRIST
GOVERNOR
AS CHAIRMAN

ALEX SINK
CHIEF FINANCIAL OFFICER
AS TREASURER

BILL McCOLLUM
ATTORNEY GENERAL
AS SECRETARY

ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO

January 21, 2010

The Honorable Charlie Crist
Governor
The Capitol
Tallahassee, Florida 32399-0001

Dear Governor Crist:

I am writing to respectfully request that you place the attached Good Cause Item (Item 9) on the State Board of Administration's agenda for the January 26, 2010, Cabinet Meeting.

The Evaluation Team for the Invitation to Negotiate for Securities Litigation Counsel has selected a pool of five law firms to serve as counsel for the State Board of Administration. The General Counsel's Office is in the process of finalizing the Master Contract for each of the selected law firms. Item 9 will permit the finalization of the fee provisions for each of the Master Contracts.

Please feel free to contact me should you have any questions or concerns.

Sincerely,

Ashbel C. Williams
Executive Director & CIO

ACW/db
Attachments
cc: Honorable Alex Sink
Honorable Bill McCollum

ITEM 9.

The Master Contract, as originally presented to the responding law firms, did not contain a provision limiting the amount of fees a law firm could receive representing the State Board of Administration in securities litigation cases. A cap of the amount of fees received in the amount of $50,000,000 in opt-out cases and $50,000,000 on the portion of a lead-plaintiff case attributable to the damages recovered on behalf of the State Board of Administration has been suggested as being appropriate.

To permit the finalization of the fee provisions of the Master Contract, the State Board of Administration requires clarification as to whether a $50,000,000 fee cap should be included in the Master Contract for each law firm in the securities litigation pool.

ACTION REQUIRED

MASTER AGREEMENT FOR LEGAL SERVICES

This MASTER AGREEMENT FOR LEGAL SERVICES is entered into as of the ____ day of _____, 2009 (the "Effective Date"), by and between the State Board of Administration of Florida, acting on behalf of the Florida Retirement System Trust Fund, the Local Government Surplus Funds Trust Fund, the Florida Hurricane Catastrophe Trust Fund and/or other state and local governmental funds (the "SBA") located at 1801 Hermitage Boulevard, Suite 100, Tallahassee, Florida 32308, and _____ (the "Law Firm") located at _____.

WHEREAS, during October – December, 2009, the SBA conducted a search to update the pool of law firms that are eligible to serve as the SBA's securities litigation counsel, and on _____, 2009, the SBA selected the Law Firm to be included in the SBA's updated pool of eligible securities litigation counsel; and

WHEREAS, the SBA from time to time may desire to retain the Law Firm, and the Law Firm from time to time may desire to provide certain legal and related services on behalf of the SBA, in connection with certain securities class actions, individual or opt-out actions, derivative actions and related securities litigation matters; and

WHEREAS, the Law Firm has the legal expertise and resources necessary to perform the duties and responsibilities as set forth in this Agreement and in any addendum entered into from time to time, pursuant to this Agreement; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to the terms and provisions of this Agreement.

ARTICLE 1. <u>SCOPE OF SERVICES</u>

(a) The parties acknowledge and agree that the execution and delivery of this Agreement by the SBA and the Law Firm in no way guarantees or assures that (1) the SBA will decide to pursue actively any particular securities-related legal claim, or (2) the SBA will ever engage the Law Firm if and/or when the SBA does elect to pursue actively any securities-related legal claim.

(b) The Law Firm shall provide to the SBA legal and other services in connection with securities litigation and related matters (the "Services") upon the SBA's request from time to time in accordance with the scope of services (including the name of the attorney who personally will be providing the Services), deliverables, period covering the Services, fees and the other terms and conditions mutually agreed upon by the parties as set forth in an addendum to this Agreement (the "Addendum"), which Addendum shall constitute a part of this Agreement and shall be incorporated by reference herein. Except as otherwise modified by an Addendum, the terms and provisions of this Agreement shall apply to all Services that may be provided hereunder from time to time.

(c) When providing the Services to the SBA, the Law Firm shall (i) review and analyze the SBA's legal files, data, documents and other materials concerning the Services and advise on a recommended legal course; (ii) attend and participate in meetings, conference calls, inspections or the like and report on the status of legal matters; (iii) prepare and file pleadings, motions, or briefs and initiate and conduct discovery as required or advised, after consultation and discussion with the SBA; and (iv) represent the SBA in any related litigation and otherwise represent the SBA at trial or on appeal, as directed by the SBA.

(d) The Law Firm shall provide to the SBA copies of all pleadings, motions, briefs, memoranda or other documents (collectively, the "Litigation Documents") to be filed with a court or delivered to the SBA's adversary prior to such filing or delivery, and the Law Firm shall not make any such filing or delivery without the prior consent of the SBA. Upon filing or delivery of any Litigation Documents, the Law Firm shall provide promptly to the SBA a complete copy (including copies of any executed Litigation Documents). The Law Firm also shall notify promptly the SBA of any significant development concerning the Services and shall provide the SBA with quarterly status reports regarding the progress of any Services.

ARTICLE 2. COMPENSATION – FEES AND COSTS AND EXPENSES

(1) In the event that the SBA retains the Law Firm to provide any Services on a contingency fee basis, then the compensation of the Law Firm (the "Contingency Compensation") shall be specified in the Addendum entered into with respect to such Services, but in no event shall such Contingency Compensation exceed the ranges and amounts set forth in Exhibit 1 to this Agreement, which is attached hereto and incorporated by reference herein. Contingency Compensation shall be payable contingent upon the occurrence of a successful result against a party adverse to the SBA either through a settlement or judgment. Notwithstanding the provisions of Article 2 of this Agreement, Contingency Compensation shall be inclusive of all fees, costs and expenses related in any way to the Services covered by such Addendum. Contingency Compensation shall be paid from the Proceeds of a settlement or judgment in favor of the SBA (the "Proceeds') and/or from a court award of attorney's fees and expenses against a party adverse to the SBA. If Contingency Compensation is paid from the Proceeds, then (i) costs and expenses shall be paid from the Proceeds, and (ii) then attorney's fees shall be paid based upon and from the Proceeds net of costs and expenses.

(2) (a) In the event that the SBA retains the Law Firm to provide any Services on a hourly fee basis, then the compensation of the Law Firm (the "Hourly Compensation") shall be specified in the Addendum entered into with respect to such Services, but in no event shall such Hourly Compensation exceed the hourly rates set forth in Exhibit 2 to this Agreement, which is attached hereto and incorporated by reference herein. Fees or compensation in excess of such amount shall not be compensable. The Law Firm shall notify the SBA, in writing, when the Hourly Compensation for billable services reach the threshold dollar amount set forth in such Addendum. Said notification shall be made as soon as is practicable and prior to the next monthly invoice. Failure to comply with these provisions will result in non-payment.

(b) Billable hours shall be measured in six (6) minute increments. Hourly Compensation will be for actual time spent providing the Services to the SBA, in accordance with the terms of such Addendum.

(c) Premium rates will not be paid for overtime work.

(d) Hourly Compensation while traveling will be compensated at _____ percent of the hourly rates reflected in Exhibit 2 to this Agreement, which is attached hereto and incorporated by reference herein.

(3) The Law Firm shall advance all costs and expenses incurred while providing any Services including, without limitation, expert witness fees. Reimbursement of costs and expenses for such items as exhibits, transcripts, and expert witness fees, whether out of Proceeds or otherwise separately by the SBA (if the Services are provided on a hourly basis) requires prior written authorization by the SBA and shall be reimbursed, to the extent possible, based upon documented third party vendor charges including, without limitation, third party invoices which provide sufficient detail for the SBA to conduct an audit. The SBA shall not pay for firm

surcharges added to third party vendor charges. Routine expenses such as local phone calls, local facsimile transmissions, routine postage, copy work, local travel expenses, printed library materials and local courier, word processing, clerical or secretarial services are overhead and will not be separately compensated, whether out of Proceeds or otherwise separately by the SBA (if the Services are provided on an hourly basis). Non-routine office overhead costs and expenses such as long distance phone calls, long distance facsimile transmissions, long distance courier services, bulk mailings, bulk third party copying, blueprints, x-rays, photographs and computer-assisted legal research services must be justified to the SBA and shall be reimbursed based on documented third party vendor charges. In-house bulk mailings and bulk copying expenses must be supported by usage logs or similar documentation. Firm surcharges are not reimbursable. Reimbursable costs and expenses shall not exceed the threshold amount set forth in the Addendum. The Law Firm shall notify the SBA in writing when costs reach the threshold amount set forth in the Addendum. Said notification shall be made as soon as is practicable and prior to the next month invoice.

(4) Notwithstanding anything to the contrary set forth in this Article 2, when providing Services under this Agreement (including any Addendum), Law Firm shall be entitled to reasonable expenses for travel, when authorized in advance by the SBA's Executive Director & CIO or his or her designee, as provided in Section 112.061, Florida Statutes, as amended from time to time, and administrative rules interpreting the same. The SBA will provide the Law Firm with a summary of per diem rates and other travel related requirements to assist the Law Firm in abiding with the State of Florida's requirements.

(5) The Law Firm shall only bill the SBA (if the Services are provided on an hourly basis) or request payment out of Proceeds (if the Services are provided on a contingency fee

basis) for the SBA's proportionate share of fees, costs and expenses including the costs of legal research, attending hearings or engaging in client representation of any type, which is applicable to other clients in addition to the SBA.

(6) The SBA is exempted from payment of Florida state sales and use taxes and Federal Excise tax; however, the SBA will reimburse the Law Firm for any sales taxes incurred in furtherance of this Agreement. The Law Firm, however, shall not use the SBA's Tax exemption number to secure any materials or services. The Law Firm shall be responsible and liable for the payment of all its FICA/Social Security and other taxes resulting from this Agreement.

(7) The Law Firm shall not pledge the SBA's credit or make the SBA a guarantor of payment or surety for any contract, debt, obligation, judgment, lien, or any form of indebtedness.

ARTICLE 3. <u>FORMAT FOR INVOICES</u>

Within thirty (30) days of providing any Service, the Law Firm shall provide to the SBA a statement for fees, expenses, and costs in a format that includes, at a minimum, the following information:

a. Case name and number, if applicable, or other legal matter reference.

b. Invoice number for the particular bill.

c. Law Firm taxpayer identification number.

d. Law Firm and SBA contact name.

e. Inclusive dates of the month covered by the invoice.

f. Itemization of the date; hours billed (if hourly); a concise, meaningful description of the Services rendered with sufficient detail to enable the SBA to evaluate the Services rendered and expenses and costs; the person(s) who performed the Services for each day during which the Law Firm performed the Services; their hourly rate (if hourly) as specified in and named by <u>Exhibit 2</u> to this Agreement, and any billing rate that is for

some reason different from the one furnished in Exhibit 2 (e.g., travel time at a reduced hourly rate or the rates set forth in Exhibit 1).

g. A listing of all invoiced expenses and costs, together with copies of actual receipts.

h. The total of only the current bill. Prior balances or payment history should be shown separately, if at all.

i. A certification statement, signed by the Law Firm's contact that reads: "I certify that all costs and fees claimed for payment are accurate and were performed in furtherance of the Agreement between the Law Firm and the SBA."

j. Any other information as may be requested by the SBA.

ARTICLE 5. TERMINATION OF AGREEMENT

(1) The term of this Agreement shall be five (5) years, commencing on the Effective Date; provided, however, that the SBA may, in its sole discretion, extend the term of this Agreement with respect only to the Services provided by or to be provided by the Law Firm, pursuant to an Addendum that was entered into by the parties prior to the expiration of this Agreement. The SBA may terminate the Agreement at any time by providing to the other party written notice, effective as of the date specified in such termination notice.

(2) If this Agreement is terminated, the Law Firm shall be required to provide to the SBA all final and draft documents, data, studies, correspondence, reports and other products prepared by or for the Law Firm in connection with any Services.

(3) Notwithstanding any termination of this Agreement, the Law Firm shall not be relieved of liability to the SBA for damages sustained by the SBA by virtue of a breach of this Agreement by the Law Firm or any other act or omission by the Law Firm.

ARTICLE 6. LIABILITY

The SBA shall not assume any liability for the acts, omissions, or negligence of the Law Firm, its agents, servants, and employees, nor shall the Law Firm disclaim or limit its own negligence or liability to the SBA or any related third party. The Law Firm shall maintain, during the period of this Agreement, a professional liability insurance policy for the Services.

ARTICLE 7. NONDISCRIMINATION AND COMPLIANCE

The Law Firm shall comply with all federal, state and local laws and ordinances applicable to the work and shall not discriminate on the grounds of race, color, religion, sex, or national origin in the performance of work.

ARTICLE 8. ADMINISTRATION OF AGREEMENT; NOTICE

(1) The SBA's contact is the SBA's General Counsel.

(2) The Law Firm contact is _____.

(3) All written and oral approvals required under this Agreement (including any Addendum) must be obtained from the parties' named contact above or their designees.

(4) All notices, requests, instructions, or other communications hereunder shall be in writing and shall be deemed to have been properly given and effective, if addressed or sent to the other party at the address or number indicated below or such other address or number provided in writing by the party, (i) on the date of actual receipt if provided by hand delivery, certified or registered mail (return receipt requested), United States Express Mail, or courier service (e.g. Federal Express or UPS) or (ii) on the date sent if provided by facsimile transmission confirmed afterwards as soon as reasonably possible by telephone call, first-class mail, and there exists tangible evidence of the facsimile transmission such as a transmission or confirmation report produced by the transmitting machines.

If to the SBA:

If mailed: State Board of Administration of Florida
Post Office Box 13300
Tallahassee, Florida 32317-3300
Attention: Executive Director & CIO
Phone No: (850) 413-1250
Fax No: (850) 413-1255
With a copy to: General Counsel

If hand delivered: State Board of Administration of Florida
1801 Hermitage Blvd, Suite 100
Tallahassee, Florida 32308
Attention: Executive Director & CIO
Phone No: (850) 413-1250
Fax No: (850) 413-1255
With a copy to: General Counsel

If to the Law Firm: _____
_____
_____
Attention: _____
Phone No: _____
Fax No: _____

(5) This Agreement shall be governed by, interpreted under and construed in accordance with the laws of the State of Florida without regard to conflict of interest principles. Any action or proceeding to resolve disputes regarding or arising out of this Agreement (including any Addendum) shall be brought and conducted in a state court situated in Leon County, Florida, and the parties hereby consent to the jurisdiction and venue of such courts.

ARTICLE 9. <u>OTHER AVAILABLE SERVICES</u>

Upon receiving approval from the SBA, the Law Firm shall use existing SBA agreements, when available and cost effective, to acquire services (e.g., computer-assisted legal research) and the assistance of professionals (e.g., court reporters, expert witnesses) at reduced rates.

ARTICLE 10. PUBLIC RECORDS

All documents prepared pursuant to this Agreement (including any Addendum) are subject to Florida's Public Records Law, and the Law Firm agrees to comply with Florida's Public Records Law.

ARTICLE 11. AGREEMENT AS INCLUDING ENTIRE AGREEMENT; COUNTERPARTS

This Agreement, including any Addendum or Addenda and all exhibits, schedules, annexes, and enclosures attached hereto, which are incorporated into this Agreement by this reference, constitute and embody the entire agreement and understanding of the parties with respect to the subject matter hereof, supersede any prior or contemporaneous agreements or understandings with respect to the subject matter hereof, and unless otherwise provided herein, cannot be altered, amended, supplemented, or abridged or any provisions waived except by mutual written agreement of the parties hereto as herein provided. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single agreement.

ARTICLE 12. SPECIAL CONDITIONS

(1) The Law Firm will make affirmative efforts to achieve cost effectiveness by consolidating court hearings, limiting travel, streamline case processing, using printed forms, using the appropriate level of attorney or staff experience required by task, and taking other actions to improve efficiency.

(2) Multiple staffing at meetings, hearings, depositions, trials, or other proceedings by the Law Firm will not be compensated without prior written approval from the SBA.

(3) Law Firm agrees that all documents shall be promptly returned upon completion of Services or at the termination or expiration of the Agreement (including any Addendum).

(4) SBA in–house staff shall be used in assisting with the Services to the extent directed by the SBA.

(5) A contingency fee contract must be commercially reasonable. "Commercially reasonable" means the fees shall be no more than the amount permissible pursuant to Rule 4-1.5 of the rules regulating The Florida Bar and case law interpreting that rule. Attorney's fees shall be forfeited if, during the pendency of the Services, the Law Firm takes a public position that is adverse to the SBA's litigation or settlement posture.

(6) Law Firm shall, from the Effective Date until at least four (4) years after the Agreement expires or terminates, maintain detailed current records, including documentation of all expenses, disbursements, charges, credits, underlying receipts and invoices, and other financial transactions that concern the provision of any Services. The Law Firm shall make all such records available for inspection and copying upon request in accordance with Chapter 119, Florida Statutes.

(7) The SBA's General Counsel (or his or her designee) must approve and sign this Agreement (including any Addendum) as to form and legality. The Agreement must be executed by the SBA Executive Director & CIO, who also shall maintain custody of the Agreement.

(8) The Law Firm agrees to permanently refrain from using or mentioning its association with the SBA in advertisements, letterhead, business cards, or other publications. The Services provided by the Law Firm to the SBA may be generally described in the Law Firm's professional resume. The Law Firm may not give the impression in any manner that the SBA recommends or endorses the Law Firm other than regarding the matter described in this Agreement (including any Addendum).

(9) All contacts with the news media pertaining to any Services or the subject of this Agreement (including any Addendum) shall generally be referred to the SBA's Director of Communications. Law Firm shall not make any public comments concerning its representation of the SBA without the SBA's prior consent.

(10) The Law Firm shall provide immediate notice by email, facsimile transmission or telephone regarding significant developments which will likely result in media inquiries.

(11) The SBA shall cooperate with the Law Firm in providing information and documentation to the Law Firm when requested and, upon reasonable notice, making its personnel who are knowledgeable about the relevant facts and information relating to the Services available to the Law Firm for consultation.

(12) The Law Firm represents (as of the Effective Date and continuing at all times while Services are being provided under this Agreement, including any Addendum) that it has no conflicts of interest relating to this Agreement (including any Addendum) or any Services that have not previously been disclosed to the SBA in writing and shall immediately advise the SBA's General Counsel if any conflict arises with the SBA. The Law Firm shall also immediately notify the SBA's General Counsel of any representation undertaken by the Law Firm in matters in which its client is suing or being sued by the State of Florida or state entities in any civil or adversarial administrative action.

(13) Anything that is produced by or developed in connection with this Agreement (including any Addendum) shall remain the exclusive property of the SBA and may not be copyrighted, patented, or otherwise restricted as provided by law. Neither the Law Firm nor any other individual employed under this Agreement (including any Addendum) shall have any

proprietary interest in any product(s) developed or produced and reimbursed by the SBA under this Agreement (including an Addendum).

(Signature page immediately to follow.)

IN WITNESS WHEREOF, the State Board of Administration of Florida, acting on behalf of the Florida Retirement System Trust Fund, the Local Government Surplus Funds Trust Fund, the Florida Hurricane Catastrophe Trust Fund and/or other state and local government funds and _____ have executed this Agreement as of the Effective Date.

State Board of Administration of Florida,
acting on behalf of the Florida Retirement
System Trust Fund, the Local Government
Surplus Funds Trust Fund, the Florida
Hurricane Catastrophe Trust Fund and/or
other state and local government funds

_____
Ashbel C. Williams
Executive Director & CIO

Dated: _____

Approved as to Legality:

_____
Thomas A. Beenck
General Counsel

[Law Firm]

_____
Print: _____
Title: _____

Dated: _____

CHARLIE CRIST
GOVERNOR

STATE OF FLORIDA
Office of the Governor

THE CAPITOL
TALLAHASSEE, FLORIDA 32399-0001

www.flgov.com
850-488-7146
850-487-0801 fax

January 21, 2010

Ashbel C. Williams
Executive Director & CIO
State Board of Administration
1801 Hermitage Boulevard
Tallahassee, Florida 32308

Dear Mr. Williams:

Your request to add an item for good cause to the January 26, 2010 State Board of Administration agenda is approved.

I understand that the General Counsel's Office is in the process of finalizing the Master Contract for each of the selected law firms to serve as counsel for the State Board of Administration, and that Item 9 will permit the finalization of the fee provisions for each of the Master Contracts.

Sincerely,

Charlie Crist

cc: The Honorable Bill McCollum
The Honorable Alex Sink