

MEETING OF THE STATE BOARD OF ADMINISTRATION

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

FEBRUARY 24, 2010

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AGENDA - AMENDED

ITEM 1. Request approval of the minutes of January 12, 2010.

(See Attachment 1)

ACTION REQUIRED

ITEM 2. Request approval of the State Board of Administration's resolution regarding the issuance of bonds by the Florida Hurricane Catastrophe Fund Finance Corporation.

The Florida Hurricane Catastrophe Fund requests that the Trustees adopt a resolution which requests the Florida Hurricane Catastrophe Fund Finance Corporation to issue and sell by negotiated sale, not exceeding \$710,000,000 Florida Hurricane Catastrophe Fund Finance Corporation post-event Revenue Bonds. The bonds will have fixed interest rates, will be exempt from federal income taxes, and will be secured by emergency assessments and reimbursement premiums received by the Florida Hurricane Catastrophe Fund. The proceeds of the bonds will be used for the reimbursement of insurance companies for additional claims due to hurricanes during the 2005 hurricane season. The resolution provides that the Florida Hurricane Catastrophe Fund is authorized to execute such documents as are necessary for the issuance of the bonds.

(See Attachment 2)

ACTION REQUIRED

ITEM 3. Request approval of the State Board of Administration's resolution regarding the levy of emergency assessments.

The Florida Hurricane Catastrophe Fund requests a resolution making determinations relating to the adequacy of funds for the obligations, costs and expenses of the Florida Hurricane Catastrophe Fund and the Florida Hurricane Catastrophe Fund Finance Corporation, including the reimbursement of insurance companies for claims paid due to hurricanes; directing the Office of Insurance Regulation to levy, by order, emergency assessments on certain property and casualty insurance premiums; and directing the Office of Insurance Regulation regarding the assessment amount, timing, reporting, collection, remittance verification and enforcement of the collection of emergency assessments and interest on late payments.

(See Attachment 3)

ACTION REQUIRED

ITEM 4. Request approval of modifications of issuance limitations requested by the Vaccine and Gene Therapy Institute of Florida (VGTI).

At the December 8, 2009 Trustees' meeting, an interest rate exception was approved, subject to issuance limitations for the proposed issue, not exceeding \$70,125,000 Research Facility Revenue Bonds, Series 2009 (Oregon Health and Science University and Vaccine Gene Therapy Institute of Florida Corp. Project).

Acting on behalf of VGTI, Prager Sealy & Co. unsuccessfully attempted to market the bonds subject to these conditions and withdrew the bonds from the market December 18, 2009.

After reviewing the matter and related statute, the interest rate exception is still warranted. Prager Sealy has advised the issuer that they will be able to underwrite the bonds if the restrictions are revised. Specifically, it is recommended that the limitations be revised as follows:

- The bonds will be delivered to initial purchasers only, who must be Accredited Investors and bonds will be sold in denominations of \$100,000 or integral multiples of \$5,000 in excess of \$100,000. Subsequent sales may be in denominations of \$5,000.
- The Official Statement relating to the bonds will bear a legend outlining the above limitations and comply with SBA rules issued pursuant to section 215.84 F.S.

The representation of Fishkind & Associates regarding their review of the VGTI Florida Operating Model and validation of the reasonableness of its assumptions will remain, unchanged.

(See Attachment 4)

ACTION REQUIRED

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

Representing:

DIVISION OF BOND FINANCE

STATE BOARD OF ADMINISTRATION

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,
January 12, 2010, commencing at 9:05 a.m.

Reported by:
JO LANGSTON
Registered Professional Reporter

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APPEARANCES:

Representing the Florida Cabinet:

CHARLIE CRIST
Governor

CHARLES H. BRONSON
Commissioner of Agriculture

BILL McCOLLUM
Attorney General

ALEX SINK
Chief Financial Officer

* * *

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2 DIVISION OF BOND FINANCE
(Presented by BEN WATKINS)

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8 STATE BOARD OF ADMINISTRATION
(Presented by ASH WILLIAMS)

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

3 MR. WILLIAMS: Good morning, Governor,
4 Trustees. Happy New Year to you. We have three
5 items on our agenda today, and I have three brief
6 update items for you. If I may, shall I open with
7 the updates?

8 GOVERNOR CRIST: That's fine.

9 MR. WILLIAMS: First of all, on the Florida
10 Retirement System Trust Fund, we closed out calendar
11 year '09 with a 20.8 percent gain. That's 121 basis
12 points ahead of benchmark. And we also have a
13 balance in the FRS Trust Fund currently north of
14 \$115 billion. That is the largest balance we've
15 had. It's been since September of 2008 since we've
16 been north of 115 billion.

17 So I think that's good news. I think it also
18 should be noted that we've grown that balance to
19 that level net of paying out approximately
20 \$300 million per month in cash for retirement
21 benefits.

22 We're also off to a good start for fiscal year
23 '09-'10. Thus far in the fiscal year we're up
24 18.3 percent, also ahead of benchmark, to the tune
25 of 124 basis points.

1 The next quick update item is Florida PRIME.
2 We likewise finished calendar '09 ahead of benchmark
3 on Florida PRIME, and we have continued to progress
4 in reducing the size of Pool B, which are the
5 illiquid securities held over from the period in the
6 fourth quarter of 2007 when there were liquidity
7 issues in the portfolio.

8 On January 7 we transferred \$34.8 million from
9 Pool B back to PRIME for distribution in cash to the
10 underlying investors. So we continue to progress
11 there. And we now have redistributed 76.6 percent
12 of the original value of Pool B back to the owners
13 of those underlying investments.

14 The third area I wanted to offer you an update
15 on is securities litigation. We received a letter
16 from General McCollum on that. All three of your
17 offices have been involved in a very productive
18 search effort for new securities counsel. We thank
19 you for your support and your staff's generous
20 commitment of time and effort there.

21 I just wanted to let you know where we are in
22 that process. We have selected five firms. We may
23 add a sixth firm. There will be another public
24 meeting held day after tomorrow, on the 14th, to
25 examine some issues that came out of the process on

1 that firm, and we will then be prepared to go
2 forward.

3 Our original expectation was that we would hire
4 five to eight firms. There's nothing magic about
5 going above five. So we'll simply take a look at
6 the remaining issues out there and make a decision
7 on the merits.

8 What I would envision the use of these firms
9 being would be primarily in what are called opt-out
10 cases. There are really two kinds of litigation
11 that come out in public pension funds. The first is
12 class-action-related litigation, where some company
13 somewhere has done something that's caused a
14 decrease in their share price, which in turn has
15 affected pension funds and other investors
16 detrimentally.

17 To the extent there is an egregious action and
18 a large number of owners of those shares have lost
19 money and come together to form a class, anyone who
20 owned those shares during the period in which they
21 declined will qualify as a member of that class and
22 will participate in any recovery made in litigation.

23 Some funds have made a practice of being what's
24 called a lead plaintiff in these class actions. And
25 the SBA has some history in that area as well. What

1 we've actually found with experience is that the
2 recovery on a net basis is actually a little bit
3 lower as lead plaintiff than it is if you're simply
4 a member of the class.

5 And the reason for that is that if you're lead
6 plaintiff, you're incurring a lot of costs and
7 resource commitments for discovery, communications,
8 et cetera, et cetera, et cetera, that other class
9 participants don't have. So if you're looking at it
10 with the cold calculus of a beneficiary looking out
11 for the economic interest of -- or as a fiduciary
12 looking out for the economic interest of your
13 beneficiaries, you actually get a better net simply
14 being a member of the class, more often than not.

15 However, there could be circumstances that, in
16 my eyes, would meet probably three criteria in which
17 it would be justifiable for the State Board to go
18 out and initiate its own legislation independent of
19 the class. That's what's called an opt-out. And in
20 those circumstances, I think the criteria that are
21 relevant, and we've certainly discussed these
22 before, would be, first, meaningful economic
23 exposure for the pension fund, second, some sort of
24 moral imperative in whatever the action was that
25 created the loss being sufficiently undesirable,

1 when we really want to be heard on it and send a
2 clear message to the corporate world that we don't
3 like that sort of behavior and will act on it when
4 we see it. And the third criteria would be some
5 reasonable probability of success.

6 The beauty of doing an opt-out is you control
7 your own fee structure. You can hold fees down.
8 You control the terms of the negotiation and you
9 control, in consultation with your outside counsel,
10 the scope and strategy for what you're going after.

11 It is primarily for that purpose that we
12 conducted this search for outside securities
13 litigation firms. As you might imagine, the stakes
14 in this sort of litigation are very high. The
15 defendants tend to be corporations that have deeper
16 sources and very capable counsel. And in most cases
17 it's pretty challenging litigation, so it's
18 important that you have a highly capable team.

19 So to position ourselves to take advantage of
20 those opportunities to the extent we find ourselves
21 in them, which will happen, because 80 percent of
22 our equity exposure is passive in nature, meaning we
23 will have exposure to companies that do bad things
24 and lose money, not because we thought it was a
25 great idea to go out and buy those shares, but

1 simply because, if you're passively invested, you
2 own the entire market, including those companies
3 that go bad.

4 So that's where we are on that process. I
5 think the process we followed was a model of
6 transparency. In addition to the participation of
7 your three offices, we used an outside fiduciary law
8 firm. We had a principal from the EnnisKnupp
9 consulting firm on our selection committee. All the
10 meetings were conducted in public. There was full
11 disclosure of any use of third parties, any campaign
12 contributions, et cetera, et cetera, et cetera. All
13 the things that are usually pointed to as potential
14 sources of conflicts were out in the open in this
15 process, and I think that's a good way to do it.

16 So that very quickly is where we are, and I'll
17 be happy to answer any questions you have on any of
18 those update areas.

19 ATTORNEY GENERAL McCOLLUM: Governor, if I
20 could.

21 GOVERNOR CRIST: Of course.

22 ATTORNEY GENERAL McCOLLUM: Ash, I wrote the
23 letter simply because I wanted you to do what you
24 just did, and I appreciate that. It seems to me
25 that right now you're telling us that the use of the

1 counsel that would be on this panel would be
2 primarily in the situation where we opted out so we
3 were going to use our own lawyer, or law firm, and
4 file our own litigation, but it would be in the
5 process of the class -- other class action going on.
6 In other words, there had been somebody who started
7 this, the process, so we wouldn't be the lead in the
8 class but we would have our own litigation. Is that
9 right?

10 MR. WILLIAMS: Generally that's true. I hate
11 to say never. So there could be a circumstance in
12 which being the lead plaintiff would be attractive
13 to us and collectively we would want to go that way.

14 ATTORNEY GENERAL McCOLLUM: Are there any cases
15 like that that you see out there pending? Are there
16 any potential cases currently, within your
17 knowledge, that you can see that exist out there
18 right now?

19 MR. WILLIAMS: I've really been focused thus
20 far on building the resource base and putting a team
21 in place to undertake this kind of activity. The
22 first thing we had to do was rebuild the legal
23 department within the SBA, which was depleted as of
24 early calendar '09. That is now done. The next
25 thing was to create a search process and execute on

1 it. That's also done. So we will now, pending
2 completion of this last meeting on the 14th, be in
3 position to have a team in place and start
4 considering those specific opportunities.

5 There are various high profile cases out there.
6 There always are. And we will take a look at those
7 and consult with your offices and your general
8 counsels and together make what I think we will
9 agree will be a good decision.

10 ATTORNEY GENERAL MCCOLLUM: One of the reasons
11 I wrote the letter is because I looked at the
12 proposal and the agreement and general principal
13 with all of these firms that we would be subject to
14 contracting with. And I know each case would be
15 different. When we actually had one, you'd have a
16 separate contract with one of the firms to do
17 whatever you chose. This is just a class.

18 But in looking at that, it didn't appear that
19 the standards and the guidelines that were there
20 contained some of the same safety and transparency
21 and accountability measures I would use as a rule
22 with my office right now for potential contingency
23 fee contracts.

24 And they include such things as posting online
25 the contract. They include such things as having

1 some kind of a record-keeping requirement for, even
2 though it's a contingency fee, for time-keeping, so
3 that you have knowledge of what kind of time they're
4 actually putting in. Even if they're being paid on
5 a contingency basis, it's a way of judging what
6 they're really doing.

7 And it didn't have what I think is an essential
8 ingredient, at least in my perspective, and that's
9 some kind of a cap on the ultimate amount of money
10 that could be recovered by the law firm for fees in
11 the state of Florida on a contingency basis.

12 Now, it doesn't look to me like it's likely any
13 of them would reach it. What my office has is a
14 \$50 million total cap, exclusive of costs and any
15 expenses they have for travel and taking depositions
16 and things like that, or expert witnesses. And I'm
17 wondering if you considered any of that.

18 I would certainly encourage my colleagues on
19 the trustee board here to look at that as a possible
20 inclusion in whatever contract you would actually do
21 with these firms. Have you considered any of that
22 transparency and accountability measure similar to
23 what I suggested to you just then?

24 MR. WILLIAMS: At this point, my own
25 involvement has been somewhat distant on this. I've

1 left it to the lawyers on the selection committee.
2 Those are exactly the sorts of conditions we have
3 present in most of our agreements in terms of
4 transparency, record-keeping, availability of
5 information, et cetera. I see no reason why we
6 couldn't consider those very closely when we get to
7 the point of doing individual agreements for
8 individual actions.

9 The selection process so far is simply to name
10 a group of firms that will be our core team. To the
11 extent we pursue any individual actions with any of
12 these firms or some subset of these firms working as
13 a team, if that makes sense, then there would be a
14 separate agreement for that specific litigation.
15 And I believe it would be in that agreement where it
16 would be very appropriate to introduce these
17 concepts and translate them into contractual
18 covenants.

19 ATTORNEY GENERAL McCOLLUM: Well, I welcome
20 comments from my fellow trustees, but today is not a
21 day for formal business. Nothing is noticed to do
22 anything here. But whether we made it our
23 resolution up here or you adopt it as a policy, I
24 would hope one of those would be a total cap of the
25 cost to the State of Florida for any one of these

1 matters of \$50 million, which is a huge amount of
2 money. It would take a billion dollars, almost a
3 billion dollars in recovery in order for that to be
4 justified. And if it were done the way I envision
5 it, that would be just in the state of Florida,
6 because you can't control all of the other parties
7 to one of these big class actions.

8 But it's been my observation that there's been
9 a lot of abuse around the country and there are
10 opportunities there for law firms, however good they
11 are, to go out and look for cases and run up the
12 fees and we don't get nearly the result we want
13 unless there's some constraint on them.

14 Now, maybe that would never happen under these.
15 They look good from the standpoint of the general
16 principal involved. But we don't know the specific
17 cases. You don't have them yet. So at least I
18 would encourage that type of consideration of that
19 provision and maybe bring it back and discuss it
20 later. I don't know if anybody else wants to
21 comment. That's why I wanted to raise it. Thank
22 you.

23 GOVERNOR CRIST: Thank you, General. CFO.

24 CFO SINK: The process has, I think, been open
25 and good, and from what my staff people say, I think

1 the interviewers learned a lot from interviewing
2 these dozen or so law firms that came in. And in my
3 mind, the question is being aggressive, being very
4 aggressive and proactive about looking for
5 opportunities to recover money for our
6 beneficiaries. And we've not really been engaged in
7 this kind of activity for the past four or eight or
8 ten years, is my understanding.

9 So now that you've put the process in place,
10 then are you truly thinking that we will be more
11 aggressive? We've got these five or six firms. Are
12 they going to present to us opportunities and then
13 are you going to be carefully evaluating these
14 opportunities? Because I would assume that the
15 timing is critical to make a decision about whether
16 or not you're going to opt out and take your own
17 case.

18 And I like the fact that you said that we want
19 to be sure that, because I know that this takes a
20 lot of your staff's time and our legal counsels'
21 time, that we don't go down some pig trail of a case
22 that doesn't return anything back to our
23 beneficiaries and our investors in the fund. So
24 would you speak a little bit to what we can expect
25 to see going forward.

1 MR. WILLIAMS: Yes. I think the key is to
2 retain some sort of balance. The history here is
3 that the State Board, in years gone by, did have a
4 level of activity in this area. Certainly when I
5 was here in the early and mid-nineties we did, both
6 as lead plaintiff and as opt-out activity.

7 That activity, as I understand it, after I left
8 accelerated quite dramatically, and the level of
9 litigation actually became so high that it began to
10 create resource constraints at the board and crowd
11 out other business that our legal department needed
12 to take care of and that other parts of the board
13 needed to deal with.

14 Understand, when you get into litigation of
15 this nature, it's not just our legal department that
16 bears the weight of it, because when discovery is
17 going on and people are asking for documents, et
18 cetera, et cetera, you're talking about involving
19 all parts of the board, our accounting crew,
20 portfolio, staff, my office, et cetera. It's a draw
21 on everybody.

22 So what happened was, it was sort of a natural
23 trend as we often see in nature or in financial
24 markets, where the litigation activity reached a
25 level that it became obtrusive and was somewhat of a

1 problem internally. That then led to a pulling back
2 and a deliberate reduction of activity, which in
3 turn slowed to almost nothing. And so what we need
4 to do is restore some balance between too much and
5 too little.

6 What I would envision would be probably at any
7 given time having a small number of cases active.
8 And when I say small number, I'm thinking three to
9 five, something like that. I'm a little cautious
10 about the idea of simply going to law firms and
11 saying, give us some ideas. We've had any number of
12 calls unsolicited from law firms saying, we'd love
13 to come in and give you ideas for people you can
14 sue.

15 Well, their economic incentive is to sue more
16 people more frequently because that's the only way
17 they get paid. And in a recessionary environment,
18 any source of large dollar business is better than
19 no source.

20 So I think we would use judgment and work
21 collectively with the three offices to pick our
22 fights, so to speak. But we want to be heard. When
23 people do things that show bad judgment and
24 managements do things that are egregious, they need
25 to be held to account. And at the end of the day,

1 it's our beneficiaries who get harmed, and the State
2 at large by extension. So we want to be heard and
3 we want to make our point.

4 CFO SINK: Thank you.

5 ATTORNEY GENERAL McCOLLUM: I think I'm right,
6 but correct me if I'm wrong, Ash. This is exclusive
7 of the small government investment pool area, where
8 we've been involved, have we not, in being pretty
9 aggressive about some potential liability there to
10 us to try to get stuff back? I know my office has
11 been working with some of your shop and in the
12 Office of Financial Regulation on this over there
13 for some time. So we're talking now about
14 litigation primarily dealing with losses, somebody
15 does something in the stock market or bond market.

16 These class action suits that I'm envisioning
17 you're talking about are -- I don't want to call
18 them routine, but they're pretty common. I see them
19 in the Wall Street Journal regularly. And some of
20 them we participate in, but we just haven't taken
21 our own role in it, taken the --

22 MR. WILLIAMS: That's exactly correct. By
23 definition, if we have exposure to a class action,
24 we will participate in it and we will gain a like
25 amount to any other participant. It's not like

1 we're missing anything in terms of recovery by not
2 going and doing opt-outs. We will participate in a
3 class either way, unless we made a constructive
4 decision to opt out. And the reasons we would do
5 that are the three criteria I touched on earlier, if
6 you agree those are appropriate criteria.

7 ATTORNEY GENERAL McCOLLUM: That's my point,
8 that the small government investment pool, which is
9 a separate thing over here that we're dealing with,
10 and then you have -- because there are special
11 issues there. But then routine things we're talking
12 about, we've not missed out on being part of the
13 class. We might just not have been as aggressive in
14 the sense of opting out or taking the lead on some
15 of these as we had been years ago, right?

16 MR. WILLIAMS: Yes, sir.

17 ATTORNEY GENERAL McCOLLUM: Okay. Thank you.

18 GOVERNOR CRIST: Ash, it sounds like you have a
19 very good process in place. We appreciate that.
20 And I wanted to echo the comments of the General
21 regarding the cap. I think that's more than
22 reasonable and something we should look at going
23 forward. On to Item 1, I guess.

24 MR. WILLIAMS: Request approval of the minutes
25 of 17 November.

1 GOVERNOR CRIST: Is there a motion on the
2 minutes?

3 ATTORNEY GENERAL McCOLLUM: So move.

4 CFO SINK: Second.

5 GOVERNOR CRIST: Moved and seconded. Show the
6 minutes approved without objection.

7 MR. WILLIAMS: Thank you. Item 2 is a fiscal
8 sufficiency not to exceed \$250 million for the State
9 Board of Education Public Education Capital Outlay
10 Bonds, request approval.

11 CFO SINK: Move it.

12 ATTORNEY GENERAL McCOLLUM: Second.

13 GOVERNOR CRIST: Moved and seconded. Show Item
14 2 approved without objection.

15 MR. WILLIAMS: Item 3, request approval to file
16 amended Rule 19-11.006. These are enrollment
17 procedures for new hires in the defined contribution
18 plan. These are essentially simplified forms that
19 are more employee-friendly. We noticed a workshop
20 and rule hearing. There was no interest in either.
21 Therefore, we did not hold either and would like to
22 go ahead and file the rule.

23 ATTORNEY GENERAL McCOLLUM: I move Item 3.

24 CFO SINK: Second.

25 GOVERNOR CRIST: Moved and seconded. Show it

1 approved without objection.

2 MR. WILLIAMS: Thank you.

3 GOVERNOR CRIST: Ash, thank you very much. We
4 are adjourned.

5 (Whereupon, the meeting was concluded at 10:20
6 a.m.)

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CERTIFICATE OF REPORTER

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4 STATE OF FLORIDA)

5 COUNTY OF LEON)

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I, Jo Langston, Registered Professional Reporter,
do hereby certify that the foregoing pages 4 through 27,
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.

16

IN WITNESS WHEREOF, I have hereunto set my hand
this 28th day of January 2010.

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JO LANGSTON
Registered Professional Reporter

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A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA, ACTING AS THE GOVERNING BODY OF THE FLORIDA HURRICANE CATASTROPHE FUND, MAKING A DETERMINATION THAT THE ISSUANCE AND SALE OF REVENUE BONDS BY THE FLORIDA HURRICANE CATASTROPHE FUND FINANCE CORPORATION IS NECESSARY AND REQUESTING THE ISSUANCE OF SUCH BONDS; RATIFYING THE MASTER TRUST INDENTURE AND THE PLEDGE AND SECURITY AGREEMENT PREVIOUSLY ENTERED INTO; AUTHORIZING THE EXECUTION AND DELIVERY OF A FIFTH SUPPLEMENTAL INDENTURE, A PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT, AND A PURCHASE CONTRACT IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Section 215.555, Florida Statutes (the "Act"), created the Florida Hurricane Catastrophe Fund (the "Fund"), a trust fund administered by the State Board of Administration of Florida (the "Board"), for the purpose of establishing a program to provide insurers who write covered policies, as defined in the Section 215.555(2)(c), Florida Statutes (the "Covered Policies") with reimbursement for a portion of their catastrophic hurricane losses; and

WHEREAS, the Fund is authorized pursuant to Section 215.555(5), Florida Statutes, to collect reimbursement premiums from insurers writing Covered Policies (the "Insurers") and to enter into annual reimbursement contracts with participating Insurers requiring payment by the Insurers of reimbursement premiums and payment by the Fund to reimburse Insurers for claims paid for hurricane damage; and

WHEREAS, the Fund is authorized to collect emergency assessments pursuant to Section 215.555(6)(b), Florida Statutes, on premiums for certain property and casualty insurance policies; and

WHEREAS, pursuant to the Act, moneys derived from reimbursement premiums and emergency assessments may be pledged to secure revenue bonds issued pursuant to the Act; and

WHEREAS, the Act created the Florida Hurricane Catastrophe Fund Finance Corporation (the "Corporation") with the authority to issue revenue bonds and pay the

proceeds of the bonds, through the Fund, to participating Insurers to reimburse such Insurers for claims paid for hurricane damages; and

WHEREAS, the issuance of revenue bonds for the benefit of the Fund by the Corporation is authorized by Section 215.555(6)(a), Florida Statutes, when a hurricane has caused insured losses in Florida and a determination has been made that the legally available moneys in the Fund are or will be insufficient to pay reimbursement at the levels promised in the reimbursement contracts; and

WHEREAS, Hurricanes Dennis, Katrina, Rita and Wilma caused substantial property damage in Florida during the 2005 hurricane season; and

WHEREAS, the Corporation issued its Florida Hurricane Catastrophe Fund Finance Corporation Revenue Bonds, Series 2006A (the "Series 2006A Bonds") to pay a portion of the reimbursement caused by such storms; and

WHEREAS, the Corporation also issued its Florida Hurricane Catastrophe Fund Finance Corporation Revenue Bonds, Series 2008A (the "Series 2008A Bonds") to pay a portion of the reimbursement caused by the aforementioned storms; and

WHEREAS, the Board deems it desirable to issue additional bonds to provide funds to pay additional reimbursement costs resulting from said storms;

NOW, THEREFORE, BE IT RESOLVED by the State Board of Administration of the State of Florida, as the governing body of the Fund, as follows:

1. The Board hereby determines, as required pursuant to Section 215.555(6)(a)l., Florida Statutes, and Rule 19-8.013(4)(e), Florida Administrative Code, that the legally available moneys in the Fund, including moneys derived from the 2006A Bonds and the Series 2008A Bonds, will be insufficient to pay reimbursement at the levels promised in the reimbursement contracts. Further, pursuant to Rule 19-8.013(4)(e), Florida Administrative Code, the Board has determined the projected reimbursable losses of participating Insurers, has determined that the Fund will not have sufficient legally available funds, including taking into account the moneys derived from the Series 2006A Bonds and the Series 2008A Bonds, to reimburse participating Insurers for their reimbursable losses, and has determined the estimated shortfall, a portion of which will be covered by the issuance of the Series 2010A Bonds (as herein defined), all as based upon reports of consultants to and staff of the Fund. The Board has also determined, based upon the Fund's review of available information from the Office of Insurance Regulation, the Florida Surplus Lines Service Office and the National Association of Insurance Commissioners, regarding direct written premiums on Assessable Lines in Florida and upon the Fund's review of existing market conditions regarding the issuance and sale of Series 2010A Bonds, that the Emergency Assessment levied pursuant to direction of the Board and Orders for Case Numbers 86203-06 and 86443-06 issued by

the Office of Insurance Regulation ("OIR"), dated June 12, 2006, as superseded by Orders to be issued by OIR prior to the issuance of the Series 2010A Bonds pursuant to the direction of the Board, will be sufficient to fund the necessary obligations of the Fund, including the debt service on the Series 2006A Bonds, the Series 2008A Bonds and the proposed Series 2010A Bonds through the term of such Bonds.

2. The Board hereby determines that the issuance of revenue bonds by the Corporation is necessary and requests the Corporation to issue and sell not exceeding \$710,000,000 Florida Hurricane Catastrophe Fund Finance Corporation Revenue Bonds, Series 2010A for hurricane losses during the 2005 hurricane season (the "Series 2010A Bonds"). The Series 2010A Bonds may be issued in multiple series as determined by the Corporation to be necessary or desirable.

3. The Board hereby confirms and ratifies the Pledge and Security Agreement, dated as of June 1, 2006 and attached hereto as Exhibit A, between the Fund and the Corporation and confirms and ratifies its prior pledge of revenues to the repayment of debt of the Corporation as provided in the documents approved by the Board on May 31, 2006, as supplemented or amended, including but not limited to the pledge of revenues from reimbursement premiums levied pursuant to Section 215.555(5), Florida Statutes, and revenues from emergency assessments levied pursuant to Section 215.555(6)(b), Florida Statutes. The Corporation is authorized to execute any further pledge to the extent determined by the Corporation to be necessary and any pledge to debt of the Corporation shall be to the extent provided for in the documents executed by the Board and by the Corporation in relation to the issuance of debt of the Corporation.

4. The Board hereby confirms and ratifies the Master Trust Indenture, dated as of June 1, 2006, between the Corporation and Wells Fargo Bank, N.A., as Master Trustee, attached hereto as Exhibit B; and authorizes the execution and implementation of the Fifth Supplemental Indenture, in the form attached hereto as Exhibit C. The documents approved herein shall be subject to such changes, completion, insertions, or omissions as may be approved by an officer of the Corporation, and the execution or certification of such document by an officer of the Corporation shall be conclusive evidence of any such approval. Additionally, the Corporation is authorized to amend or revise, or authorize the amendment or revisions of any other documents relating to debt of the Corporation which has previously been approved or authorized by the Corporation.

5. The Board hereby authorizes and directs the Corporation to negotiate, approve, execute and deliver a contract for the sale of the Series 2010A Bonds to the underwriters approved by the Corporation (the "Purchase Contract") in the form attached hereto as Exhibit D. The Purchase Contract shall contain such terms and provisions as are customary for obligations such as the Series 2010A Bonds with such changes, completion, insertions or omissions as may be approved by an officer of the Corporation and which are not inconsistent with this resolution, and the execution of the Purchase Contract by an officer of the Corporation shall be conclusive evidence of such approval.

The officers, employees, and Trustees of the Board and the Fund are authorized to execute or endorse the Purchase Contract and are authorized to take all actions necessary to fulfill the obligations of the Board thereunder.

6. The Board hereby authorizes and directs the Corporation to cause the preparation, execution and delivery of a preliminary official statement in the form attached hereto as Exhibit E, an official statement, and any other disclosure document relating to the Series 2010A Bonds which is determined by the Corporation to be necessary or desirable. The officers, employees, and Trustees of the Board and the Fund are also authorized to execute and deliver, on behalf of the Board, the official statement and any other disclosure document, and any certificates in connection with any official statement and any other disclosure document and any amendment thereto, as they determine are necessary or appropriate. The Board hereby further authorizes and directs the Corporation to cause the preparation, execution and delivery of a continuing disclosure agreement relating to the Series 2010A Bonds, which continuing disclosure agreement shall comply with Securities and Exchange Commission Rule 15c2-12. The officers, employees, and Trustees of the Board and the Fund are authorized to execute or endorse the continuing disclosure agreement and are authorized to take all actions necessary to fulfill the obligations of the Board thereunder.

7. The officers, employees and Trustees of the Board and the Fund and the members of the board of directors and the officers of the Corporation are hereby authorized and directed, jointly and severally, to execute the named documents and to execute such additional agreements, documents, instruments, assents, acceptances, assignments, financing statements, and approvals as they determine to be necessary and to do any and all things which they may deem necessary or advisable in order to consummate the transactions contemplated by this resolution.

8. All resolutions, or parts thereof, or other official actions of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

9. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED THIS ____ day of _____, 2010.

STATE OF FLORIDA

COUNTY OF LEON

I, _____, of the State Board of Administration of the State of Florida, in and for the County and State aforesaid, do hereby certify that the above and foregoing is a true and correct copy of the resolution passed and adopted by the State Board of Administration of the State of Florida on the ____ day of _____, 2010.

IN WITNESS WHEREOF, I hereunto set my hand and official seal of the State Board of Administration of the State of Florida this ____ day of _____, 2010.

Title

(SEAL)

EXHIBIT A

Pledge and Security Agreement

EXHIBIT B

Master Trust Indenture

EXHIBIT C

Form of Fifth Supplemental Indenture

EXHIBIT D

Form of Purchase Contract

EXHIBIT E

Form of Preliminary Official Statement

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA, ACTING AS THE GOVERNING BODY OF THE FLORIDA HURRICANE CATASTROPHE FUND, A TRUST FUND OF THE STATE OF FLORIDA CREATED BY SECTION 215.555, FLORIDA STATUTES; MAKING CERTAIN DETERMINATIONS; DIRECTING THE OFFICE OF INSURANCE REGULATION TO LEVY, BY ORDER, EMERGENCY ASSESSMENTS; AND DIRECTING THE OFFICE OF INSURANCE REGULATION REGARDING THE ASSESSMENT AMOUNT, TIMING, REPORTING, COLLECTION, REMITTANCE VERIFICATION AND ENFORCEMENT OF THE COLLECTION OF EMERGENCY ASSESSMENTS, AND ANY INTEREST THEREON.

WHEREAS, Section 215.555, Florida Statutes, (the "Act"), created the Florida Hurricane Catastrophe Fund (the "Fund"), a trust fund administered by the State Board of Administration (the "Board") of the State of Florida (the "State"), for the purpose of establishing a program to provide insurers who write covered policies, as defined in Section 215.555(2)(c), Florida Statutes (the "Covered Policies"), with reimbursement for a portion of their catastrophic hurricane losses;

WHEREAS, pursuant to the Act, the Fund is authorized to collect reimbursement premiums from insurers writing Covered Policies in this State which have entered into a reimbursement contract with the Board, pursuant to Section 215.555(4)(a), Florida Statutes (the "Participating Insurers");

WHEREAS, the Act created the Florida Hurricane Catastrophe Fund Finance Corporation (the "Corporation") with the authority to issue revenue bonds and pay the

proceeds of the bonds, through the Fund, to Participating Insurers, thereby enabling Participating Insurers to pay the claims of policyholders for hurricane damage to properties;

WHEREAS, the Board is authorized pursuant to Section 215.555(6)(b), Florida Statutes, to direct the Office of Insurance Regulation (the "Office") to levy emergency assessments on the premiums on certain property and casualty lines of business in the State;

WHEREAS, Hurricanes Dennis, Katrina, Rita and Wilma caused substantial property damage in Florida during the 2005 hurricane season (the "2005 Hurricanes");

WHEREAS, the Office shall verify the accurate and timely collection and remittance of emergency assessments and shall report the information to the Board in a form and at a time specified by the Board.

NOW, THEREFORE, BE IT RESOLVED by the Board, as the governing body of the Fund, as follows:

1. Pursuant to Section 215.555(6)(b)1., Florida Statutes, and Rule 19-8.013(4)(c)1., Florida Administrative Code, the Board hereby determines that the amount of revenue produced from reimbursement premiums 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. In making this determination the Board has considered, pursuant to Rule 19-8.013(4)(c)1., Florida Administrative Code, the projected balance of the fund; anticipated additional Fund revenues; the meteorological severity and geographical area impacted by each covered event; and 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, including the 2005 Hurricanes, and from an analysis of market shares of Participating Insurers in the impacted area. In addition, pursuant to Rule 19-8.013(4)(e), Florida Administrative Code, the Board hereby determines that legally available moneys in the Fund will be insufficient to pay reimbursement at the levels promised in the reimbursement contracts, has determined the projected reimbursable losses of Participating Insurers, has determined that the Fund will not have sufficient legally available funds to reimburse Participating Insurers for their reimbursable losses, and has determined the estimated shortfall which will be covered by the issuance of revenue bonds.

2. Subject to Section 5 hereof, the Board hereby directs the Office to levy, by Order, a 1.30% emergency assessment on the direct written premiums for property and casualty lines of business in the State, including all lines of business identified on the Exhibit of Premiums and Losses, in the National Association of Insurance Commissioners (the "NAIC") annual statement required of authorized insurers by Section

624.424, Florida Statutes, except those lines identified as accident and health insurance, workers' compensation insurance, medical malpractice insurance and policies written under the National Flood Insurance Program and the Federal Crop Insurance Act. The Office is also directed to levy by Order a 1.30% emergency assessment on the same property and casualty lines of business of surplus lines regulated under Part VIII of Chapter 626, Florida Statutes, and on each insured procuring property and casualty coverage and filing under Section 626.938, Florida Statutes, which assessments will be collected by the Florida Surplus Lines Service Office (the "FSLSO"). In determining the rate of emergency assessment, pursuant to Rule 19-8.013(4)(e)2., Florida Administrative Code, the Board reviewed available information from the Office of Insurance Regulation, the FSLSO and the NAIC, regarding direct written premiums, and has reviewed and assessed existing market conditions regarding the issuance and sale of bonds to determine the amount of revenues which will be required to pay debt service on any bonds issued. Based upon this review, the Board hereby determines, pursuant to Rule 19-8.013(4)(e)2.c, Florida Administrative Code, that the rate of emergency assessment established herein is necessary 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.

3. The Order to be issued by the Office which is directed at authorized insurers regulated by the Office and other "Insurers" is included herein as Appendix A. "Insurer" shall have the meaning that it is given in the Order in Appendix A. The Order

to be issued by the Office, which is directed to the FLSO and to insureds independently procuring property and casualty coverage and filing under Section 626.938, Florida Statutes, is included herein as Appendix B.

4. The Orders provide that the emergency assessment shall be collected and remitted with respect to all policies issued or renewed on or after the effective date designated in the Orders. The emergency assessments levied under the Orders shall continue until the Office is directed by the Board to issue an Order superseding or terminating an Order levying emergency assessments, and the Office issues such Order.

5. The Orders each dated June 12, 2006 for Case Number 86203-06, which was directed to Authorized Insurers and Case No. 86443-06, which was directed to the Florida Surplus Lines Service Office, shall each stay in effect until December 31, 2010. Commencing on January 1, 2011, the Orders provided in Appendices A and B hereto shall become effective and shall supersede the Orders for Case Numbers 86203-06 and 86443-06, respectively.

6. The emergency assessments collected on policies, other than surplus lines policies, must be collected by Insurers from each policyholder at the same time the policyholder makes a premium payment. Emergency assessments, and any interest collected on delinquent remittance of emergency assessments pursuant to Section 215.555(3), Florida Statutes, and Rule 19-8.013(4)(e)3., Florida Administrative Code, must be remitted by Insurers in the manner directed by the Office.

7. The emergency assessments collected on surplus lines policies must be collected by each surplus lines agent at the same time as the agent collects the surplus lines tax required by Section 626.932, Florida Statutes, and the agent must remit the emergency assessment together with any interest collected on delinquent remittance of emergency assessments pursuant to Section 215.555(3), Florida Statutes, and Rule 19-8.013(4)(e)3., Florida Administrative Code, as directed by the FLSO, at the same time as the agent remits the surplus lines tax to the FLSO. Insureds procuring coverage and filing under Section 626.938, Florida Statutes, must remit the emergency assessment as directed by the FLSO, at the time the insured pays the surplus lines tax.

8. The Orders shall be issued by the Office no later than 15 days following the adoption of this resolution. Executed copies of the Orders and any other information distributed therewith, shall be provided to the Board immediately after issuance.

9. In order to facilitate compliance with the Act, the Office shall:

a. Verify the accurate and timely collection and remittance of emergency assessments pursuant to Section 215.555(6)(b), Florida Statutes.

b. Report this information to the Board in a form and at a time specified by the Board. The type of information shall include, but not be limited to, reported assessment base (direct written premium) by company and aggregate, assessments reported, assessments remitted, date of the remittance, number of days late, date of reporting to the Office, late filers, non filers, company contacts, non-compliance, and any

issues, actions or, comments. The Office shall also provide annually a calendar year-end report reconciling, by Insurer, the amount remitted to the Board to the Exhibit of Premiums and Losses on their NAIC annual statement filing if the Insurer is required to file such.

c. On or before each April 15th and September 15th, provide the Board, if requested, by line of business and by company, the most recent prior year end aggregate direct written premium on such property and casualty lines of business as are subject to the levy of emergency assessments pursuant to Section 215.555, Florida Statutes.

d. Provide in the manner and time specified by the Board, any other information requested which is available to the Office and which is relevant to the levy, collection and verification of the emergency assessments.

10. In order to facilitate compliance with the Act, the Fund shall:

a. Provide to the Office remittance reports from the assessment collection agent selected by the Fund. Such reports shall be remitted on a daily basis fifteen days before and fifteen days after the assessment due dates, and on a monthly basis for all other periods.

b. Based on reports obtained from the Office, the Fund shall submit bills for interest on delinquent emergency assessments to Insurers as directed by the Board.

11. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this ____ day of _____, 2010.

STATE OF FLORIDA

COUNTY OF LEON

_____ of the State Board of Administration of the State of Florida, in and for the County and State aforesaid, do hereby certify that the above and foregoing is a true and correct copy of the resolution passed and adopted by the State Board of Administration of the State of Florida on ____ day of _____, 2010.

IN WITNESS WHEREOF, I hereunto set my hand and official seal of the State Board of Administration of the State of Florida this ____ day of _____, 2010.

Title: Executive Director & CIO

(SEAL)

APPENDIX A

FORM OF ORDER FOR INSURERS

APPENDIX B

**FORM OF ORDER FOR FLORIDA SURPLUS LINES SERVICE OFFICE
AND ALL ENTITIES SUBJECT TO PART VIII OF
CHAPTER 626, FLORIDA STATUTES**

OFFICE OF INSURANCE REGULATION

Kevin M. McCarty
COMMISSIONER

IN THE MATTER OF:

**Emergency Assessments, Percentages, Timing,
Procedures for Remitting and Reporting.**

CASE NO.: _____

ORDER

TO: All "Insurers" as defined herein, which write property and casualty lines of business in this state.

THIS CAUSE came on for consideration upon the determination by the State Board of Administration (the "Board"), pursuant to the provisions of Section 215.555(6)(b), Florida Statutes, that the amount of revenue produced under Section 215.555(5), Florida Statutes, is insufficient to fund the obligations, costs, and expenses of the Florida Hurricane Catastrophe Fund (the "Fund") and the Florida Hurricane Catastrophe Fund Finance Corporation (the "Corporation"), including repayment of revenue bonds and that portion of the debt service coverage not met by reimbursement premiums. Pursuant to the provisions of S. 215.555(6)(b), Florida Statutes, the Board has directed the Office of Insurance Regulation (the "Office") to levy, by order, an emergency assessment on direct premiums for all property and casualty lines of business

in this state. The Office, having considered the statutory direction of the Board and being otherwise fully advised in the premises, hereby finds as follows:

JURISDICTION AND FINDINGS OF FACT

1. The Office has the requisite authority and duty, pursuant to Section 215.555, Florida Statutes (the "Act"), and the Florida Insurance Code, Section 624.307, Florida Statutes, to issue and enforce this Order.

2. Hurricanes Dennis, Katrina, Rita and Wilma, caused substantial property damage in Florida during the 2005 hurricane season; and

3. Certain of the hurricanes causing property damage in the 2005 hurricane season caused insured losses covered by the Fund.

4. The Board, pursuant to the Act, has determined that the amount of revenue produced from reimbursement premiums is insufficient 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. Therefore, pursuant to Section 215.555(6)(b), Florida Statutes, the Board has adopted the Resolution (the "Resolution" attached as Exhibit "A" hereto), directing the Office to levy emergency assessments.

5. The Resolution directs the Office to levy the emergency assessment on the direct written premiums for property and casualty lines of business in this state, with the exception of premiums for workers' compensation policies, premiums for accident and

health insurance policies, premiums of medical malpractice insurance policies and premiums for policies written under the National Flood Insurance Program and the Federal Crop Insurance Act.

WHEREFORE, pursuant to the Act and the Resolution, the Office issues this Order.

Accordingly, IT IS HEREBY ORDERED:

(1) Commencing on January 1, 2011, an emergency assessment is hereby levied upon the direct written premiums for property and casualty lines of business (as defined in paragraph 2 below) of Insurers as defined herein. Insurers shall include those authorized insurers as defined in Section 624.09(1), Florida Statutes, any residual market entity created pursuant to Section 627.351, Florida Statutes, and any other entity writing or procuring property or casualty lines of business in this State, other than those subject to part VIII of Chapter 626, Florida Statutes, unless specifically exempt by law (the "Insurers"). Insurers includes all property and casualty insurers holding a valid Certificate of Authority regardless of whether the Certificate of Authority was issued prior to or during an effective Assessment Period (as hereafter defined).

(2) The term "property and casualty lines of business" includes those lines of business identified on the Exhibit of Premiums and Losses for the State of Florida in the National Association of Insurance Commissioners annual statement required of Authorized Insurers by Section 624.424, Florida Statutes. This definition of "property

and casualty lines of business" is applicable whether or not an Insurer, as defined herein, is required to file such annual statement. The term "property and casualty lines of business" for purposes of this Order does not include workers' compensation policies, accident and health policies, medical malpractice policies, or policies written under the National Flood Insurance Program and the Federal Crop Insurance Act. The lines of business currently subject to emergency assessment under this Order are:

- 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. Earthquake.
- m. Other Liability.
- n. Products Liability.
- o. Private Passenger Auto No-Fault.
- p. Other Private Passenger Auto Liability.
- q. Commercial Auto No-Fault.
- r. Other Commercial Auto Liability.
- s. Private Passenger Auto Physical Damage.
- t. Commercial Auto Physical Damage.
- u. Aircraft (all perils).
- v. Fidelity.
- w. Surety.
- x. Burglary and Theft.
- y. Boiler and Machinery.
- z. Credit.
- aa. Warranty.
- bb. Aggregate Write Ins For Other Lines of Insurance.

(3) Insurers shall collect the emergency assessment from each property and casualty policyholder with a policy that is issued or renewed during an Assessment Period. An "Assessment Period" begins on each January 1 and continues for twelve-months. The emergency assessment shall be assessed in each successive Assessment Period until further Order of the Office. Each Insurer shall collect the emergency assessment at the same time it collects a premium payment. When an Insurer is required to return an unearned premium, it shall also return any collected emergency assessment attributable to the unearned premium.

(4) The emergency assessment is 1.30% of direct written premium on each policy and the same percentage shall apply to all transactions "related" to each policy. A transaction that is "related" to a policy subject to the emergency assessment includes, but is not limited to, endorsements on that policy, and audit premiums.

(5) Emergency assessment remittances are due from Insurers on the full amount of the direct written premiums attributable to policies issued or renewed within an Assessment Period, even if the Insurer collects premium through installment billing plans or other similar mechanisms.

(6) Each Insurer shall remit emergency assessments, quarterly by wire transfer or ACH.

- (a) If remitting by wire transfer, the wire shall be submitted to:

Bank of America, Tallahassee, Florida
ABA #026009593
Account #5566388313
Account Name: SBA Florida Hurricane Catastrophe Fund
Emergency Assessment

- (b) If remitting by ACH:

Bank of America, Tallahassee, Florida
ABA #063100277
Account #5566388313
Account Name: SBA Florida Hurricane Catastrophe Fund
Emergency Assessment

For ACH transactions, payment is considered paid on date of receipt not date of payment.

- (c) Assessments shall be remitted in an amount equal to 1.30% of the direct written premium, for the first calendar quarter no later than May 15, for the second quarter no later than August 15, for the third quarter no later than November 15, and for the fourth quarter no later than March 1 of the following year. If the applicable due date is Saturday, Sunday, or a legal holiday, then the actual due date will be the first business day immediately following the applicable due date.

- (7) Adjustments to direct written premium shall be performed in the normal course of business and resulting impact reflected in the quarterly assessment remittances. The direct written premium reported for the fourth quarter shall be reconciled with the Exhibit of Premiums and Losses in the annual statement required of authorized insurers by Section 624.424, Florida Statutes, for the applicable year. The Insurer is required to

provide the Office an explanation of any differences between the direct written premium reported to the Office and the direct written premium reported on such annual statement. No refunds of payments by Insurers are permitted.

(8) The payment of emergency assessments by the Insurer is subject to interest on delinquent remittances at a rate determined by the Board and invoiced by the Fund.

(9) Emergency assessments are not premiums and are not subject to the premium tax, to any fees, or to any commissions. An Insurer shall diligently attempt to collect all assessments owed by an insured. An Insurer must treat the failure of an insured to pay an assessment as failure to pay the premium.

(10) Insurers shall report such information relating to emergency assessments and direct written premiums as is required by the Office.

(11) Pursuant to Section 215.555(10), Florida Statutes, the failure to timely remit emergency assessments, to file any report required by this Order, or by the Office, or to otherwise fail to abide by this Order shall be deemed to be a violation of the Florida Insurance Code. The Office shall take all actions authorized by law or rule to enforce this Order and to assure that the emergency assessments (including any interest thereon) are properly collected and remitted.

(12) The Order to Authorized Insurers, Case Number 86203-06, issued on June 12, 2006, shall stay in force and effect until 12:00 p.m. midnight, Eastern Time, on

December 31, 2010. Commencing at 12:01 a.m., Eastern Time on January 1, 2011, this Order shall become effective and shall supersede the Order for Case Number 86203-06.

DONE AND ORDERED this ____ day of _____, 2010.

Kevin M. McCarty
Commissioner
Office of Insurance Regulation

NOTICE OF RIGHTS

Pursuant to Sections 120.569 and 120.57, Florida Statutes, and Rule Chapters 28-106 and 28-107, Florida Administrative Code (F.A.C.), you have a right to request a proceeding to contest this action by the Office of Insurance Regulation (hereinafter the "Office"). You may request a proceeding by filing a Petition. Your Petition for a proceeding must be in writing and must be filed with the General Counsel acting as the Agency Clerk, Office of Insurance Regulation. If served by U.S. Mail the Petition should be addressed to the Florida Office of Insurance Regulation at 612 Larson Building, Tallahassee, Florida 32399-4206. If Express Mail or hand-delivery is utilized, the Petition should be delivered to 612 Larson Building, 200 East Gaines Street, Tallahassee, Florida 32399-0300. The written Petition must be received by, and filed in the Office no later than 5:00 p.m. on the twenty-first (21) day after your receipt of this notice. Unless your Petition challenging this action is received by the Office within twenty-one (21) days from the date of the receipt of this notice, the right to a proceeding shall be deemed waived. Mailing the response on the twenty-first day will not preserve your right to a hearing.

If a proceeding is requested and there is no dispute of material fact the provisions of Section 120.57(2), Florida Statutes would apply. In this regard you may submit oral or written evidence in opposition to the action taken by this agency or a written statement challenging the grounds upon which the agency has relied. While a hearing is normally not required in the absence of a dispute of fact, if you feel that a hearing is necessary one will be conducted in Tallahassee, Florida or by telephonic conference call upon your request.

If you dispute material facts, which are the basis for this agency's action, you may request a formal adversarial proceeding pursuant to Sections 120.569 and 120.57(1), Florida Statutes. If you request this type of proceeding, the request must comply with all of the requirements of Rule Chapter 28-106.201, F.A.C., must demonstrate that your substantial interests have been affected by this agency's action, and contain:

a) A statement of all disputed issues of material fact. If there are none, the petition must so indicate;

b) A concise statement of the ultimate facts alleged, including the specific facts the Petitioner contends warrant reversal or modification of the agency's proposed action;

c) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action; and

d) A statement of the relief sought by the petitioner, stating precisely the action Petitioner wishes the agency to take with respect to the agency's proposed action.

These proceedings are held before a State hearing officer of the Division of Administrative Hearings. Unless the majority of witnesses are located elsewhere, the Office will request that the hearing be conducted in Tallahassee.

In some instances you may have additional statutory rights than the ones described herein.

Failure to follow the procedure outlined with regard to your response to this notice may result in the request being denied. Any request for administrative proceeding received prior to the date of this notice shall be deemed abandoned unless timely renewed in compliance with the guidelines as set out above.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of this Order was sent by Electronic Email and Facsimile, this ____ day of _____, ____.

Assistant General Counsel
Florida Office of Insurance Regulation
Legal Service Office
200 East Gaines Street
Tallahassee, Florida 32399-4206

OFFICE OF INSURANCE REGULATION

**Kevin M. McCarty
COMMISSIONER**

IN THE MATTER OF:

**Emergency Assessments on Premiums; Percentages,
Timing, Procedures for Remitting and Reporting.**

CASE NO.: _____

ORDER

**TO: The Florida Surplus Lines Service Office and all entities subject to Part VIII
of Chapter 626, Florida Statutes**

THIS CAUSE came on for consideration upon the determination by the State Board of Administration (the "Board"), pursuant to the provisions of Section 215.555(6)(b), Florida Statutes, that the amount of revenue produced under Section 215.555(5), Florida Statutes, is insufficient to fund the obligations, costs, and expenses of the Florida Hurricane Catastrophe Fund (the "Fund") and the Florida Hurricane Catastrophe Fund Finance Corporation (the "Corporation"), including repayment of revenue bonds and that portion of the debt service coverage not met by reimbursement premiums. Pursuant to the provisions of Section 215.555(6)(b), Florida Statutes, the Board has directed the Office of Insurance Regulation (the "Office") to levy, by order, an emergency assessment, and the Commissioner being fully informed in the premises,

NOW THEREFORE, the Commissioner hereby finds as follows:

JURISDICTION AND FINDINGS OF FACT

1. The Office has the requisite authority and duty, pursuant to Section 215.555, Florida Statutes (the "Act"), and the Florida Insurance Code, Section 624.307, Florida Statutes, to issue and enforce this Order.

2. Hurricanes Dennis, Katrina, Rita and Wilma, caused substantial property damage in Florida during the 2005 hurricane season; and

3. Certain of the hurricanes causing property damage in the 2005 hurricane season caused insured losses covered by the Fund.

4. The Board, pursuant to the Act, has determined that the amount of revenue produced from reimbursement premiums is insufficient 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. Therefore, pursuant to Section 215.555(6)(b), Florida Statutes, the Board has adopted the Resolution (the "Resolution" attached as Exhibit "A", hereto), directing the Office to levy the emergency assessment.

5. The Resolution directs the Office to levy the emergency assessment on the premiums for property and casualty lines of business in this state, including surplus lines property and casualty business regulated under part VIII of Chapter 626, Florida Statutes, and on each insured procuring property and casualty coverage and filing under Section 626.938, Florida Statutes, with the exception of premiums for workers' compensation

policies, premiums for accident and health insurance policies, premiums of medical malpractice insurance policies and premiums for policies written under the National Flood Insurance Program and the Federal Crop Insurance Act.

WHEREFORE, pursuant to the Act and the Resolution, the Office issues this Order.

Accordingly, IT IS HEREBY ORDERED:

(1) Commencing January 1, 2011, an emergency assessment is hereby levied upon the premiums for property and casualty lines written through surplus lines regulated under part VIII of Chapter 626, Florida Statutes, and on each insured procuring property and casualty coverage and filing under Section 626.938, Florida Statutes.

(2) The term "property and casualty lines of business" includes those lines of business identified on the Exhibit of Premiums and Losses in the annual statement required of Authorized Insurers by Section 624.424, Florida Statutes. The term "property and casualty lines of business" for purposes of this Order includes all those lines of business except workers' compensation policies, accident and health policies, medical malpractice policies, or policies written under the National Flood Insurance Program and the Federal Crop Insurance Act.

(3) The Florida Surplus Lines Service Office (the "FSLSO") shall instruct each surplus lines agent to collect the assessment at the same time as the agent collects the

surplus lines tax required by Section 626.932, Florida Statutes, and shall instruct the agent to remit the assessment as directed by the FLSO at the same time as the agent remits the surplus lines tax to the FLSO (on or before the end of the month next following each calendar quarter). The FLSO shall instruct each insured procuring coverage and filing under Section 626.938, Florida Statutes, to remit the emergency assessment as directed by the FLSO at the time the insured pays the surplus lines tax to the FLSO (within 30 days after the insurance is procured, continued or renewed). Emergency assessments shall be collected from each property and casualty policyholder with a policy that is issued or renewed during an Assessment Period. An "Assessment Period" begins on each January 1 and continues for twelve-months. The emergency assessment shall be assessed in each successive Assessment Period until further Order of the Office.

(4) The emergency assessment is 1.30% of premium on each policy and the same percentage shall apply to all transactions "related" to each policy. A transaction that is "related" to a policy subject to the emergency assessment includes, but is not limited to, endorsements on that policy, policy cancellations, and audit premiums.

(5) Emergency assessment remittances are due on the full annual premium attributable to policies issued or renewed within an Assessment Period.

(6) The FLSO shall remit emergency assessments to the Board in such manner as is subsequently directed by the Board. When a surplus lines insured or an

insured who has procured coverage and filed under Section 626.938, Florida Statutes, is entitled to the return of an unearned premium, the FSLSO shall provide a credit where applicable to agents or the Fund shall refund to the agent or such insured for the collected assessment attributable to the unearned premium.

(7) The payment of emergency assessments is subject to interest on delinquent remittances at a rate determined by the Board and invoiced by the FSLSO.

(8) Emergency assessments are not premiums and are not subject to the surplus lines premium tax, to the FSLSO fee, or to any other statutorily imposed assessment or surcharge. Each surplus lines agent shall diligently attempt to collect all assessments owed by an insured and must treat the failure of an insured to pay an assessment as failure to pay the premium.

(9) Each surplus lines agent and insured procuring coverage and filing under Section 626.938, Florida Statutes, shall report such information relating to emergency assessments and premiums as is required by the FSLSO.

(10) The FSLSO shall verify the proper application of emergency assessments and shall assist the Board in ensuring the accurate and timely collection and remittance of assessments as required by the Board. The FSLSO shall annually calculate the aggregate written premium on property and casualty business procured through surplus lines agents and for insureds procuring coverage and filing under Section 626.938, Florida Statutes, other than premiums relating to workers' compensation policies, accident and health

policies, medical malpractice policies, or policies written under the National Flood Insurance Program and the Federal Crop Insurance Act, and shall report the information to the Board, in a form and at a time specified by the Board.

(11) Pursuant to Section 215.555(10), Florida Statutes, the failure to timely remit emergency assessments, to file any report required by this Order or by the Office, or to otherwise fail to abide by this Order shall be deemed to be a violation of the Florida Insurance Code. The Office shall take all action authorized by law to enforce this Order and to assure that emergency assessments (including any interest thereon) are properly collected and remitted.

(12) The Order to the FLSO, Case Number 86443-06, issued on June 12, 2006, shall stay in force and effect until 12:00 p.m., Eastern Time, midnight on December 31, 2010. Commencing at 12:01 a.m., Eastern Time, on January 1, 2011, this Order shall become effective and shall supersede the Order for Case Number 86443-06.

DONE AND ORDERED this ____ day of _____, 2010.

Kevin M. McCarty
Commissioner
Office of Insurance Regulation

NOTICE OF RIGHTS

Pursuant to Sections 120.569 and 120.57, Florida Statutes, and Rule Chapters 28-106 and 28-107, Florida Administrative Code (F.A.C.), you have a right to request a proceeding to contest this action by the Office of Insurance Regulation (hereinafter the "Office"). You may request a proceeding by filing a Petition. Your Petition for a proceeding must be in writing and must be filed with the General Counsel acting as the Agency Clerk, Office of Insurance Regulation. If served by U.S. Mail the Petition should be addressed to the Florida Office of Insurance Regulation at 612 Larson Building, Tallahassee, Florida 32399-4206. If Express Mail or hand-delivery is utilized, the Petition should be delivered to 612 Larson Building, 200 East Gaines Street, Tallahassee, Florida 32399-0300. The written Petition must be received by, and filed in the Office no later than 5:00 p.m. on the twenty-first (21) day after your receipt of this notice. Unless your Petition challenging this action is received by the Office within twenty-one (21) days from the date of the receipt of this notice, the right to a proceeding shall be deemed waived. Mailing the response on the twenty-first day will not preserve your right to a hearing.

If a proceeding is requested and there is no dispute of material fact the provisions of Section 120.57(2), Florida Statutes would apply. In this regard you may submit oral or written evidence in opposition to the action taken by this agency or a written statement challenging the grounds upon which the agency has relied. While a hearing is normally not required in the absence of a dispute of fact, if you feel that a hearing is necessary one will be conducted in Tallahassee, Florida or by telephonic conference call upon your request.

If you dispute material facts, which are the basis for this agency's action, you may request a formal adversarial proceeding pursuant to Sections 120.569 and 120.57(1), Florida Statutes. If you request this type of proceeding, the request must comply with all of the requirements of Rule Chapter 28-106.201, F.A.C., must demonstrate that your substantial interests have been affected by this agency's action, and contain:

a) A statement of all disputed issues of material fact. If there are none, the petition must so indicate;

b) A concise statement of the ultimate facts alleged, including the specific facts the Petitioner contends warrant reversal or modification of the agency's proposed action;

c) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action; and

d) A statement of the relief sought by the petitioner, stating precisely the action Petitioner wishes the agency to take with respect to the agency's proposed action.

These proceedings are held before a State hearing officer of the Division of Administrative Hearings. Unless the majority of witnesses are located elsewhere, the Office will request that the hearing be conducted in Tallahassee.

In some instances you may have additional statutory rights than the ones described herein.

Failure to follow the procedure outlined with regard to your response to this notice may result in the request being denied. Any request for administrative proceeding received prior to the date of this notice shall be deemed abandoned unless timely renewed in compliance with the guidelines as set out above.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of this Order was sent by Electronic Email and Facsimile this ____ day of _____, ____.

Assistant General Counsel
Florida Office of Insurance Regulation
Legal Services Office
200 East Gaines Street
Tallahassee, Florida 32399-4206

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

To: Ash Williams
From: Robert Copeland
Subject: Modification of Interest Rate Exception
Date: February 18, 2010

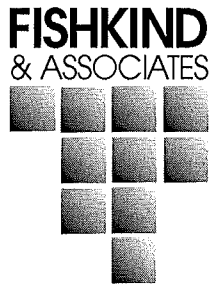
**MODIFICATION OF INTEREST RATE EXCEPTION PURSUANT TO
SECTION 215.84, F.S.:**

On December 8, 2009, the State Board of Administration granted an interest rate exception on a proposed bond issue of the Southern Grove Community Development District for the Oregon Health and Science University Vaccine and Gene Therapy Institute of Florida Corporation. This exception contained various conditions, including a limit on the minimum denomination of the bonds. The District Manager for the District, Dr. Henry Fishkind, has requested that the State Board of Administration remove or modify certain of the conditions, primarily to provide that the \$100,000 required minimum denomination only apply to the initial sale of the bonds. Subsequent sales of the bonds would be permitted in \$5,000 minimum denominations.

Attachments:

1. February 18, 2010 letter from Dr. Henry Fishkind, District Manager for the Southern Grove Community Development District.
2. February 18, 2010 letter from Prager, Sealy & Co., LLC, underwriter of the proposed bonds.
3. February 18, 2010 letter from Public Resources Advisory Group, financial advisor to the State Board of Administration.

ATTACHMENT 4



February 18, 2010

VIA FEDERAL EXPRESS

Mr. Ash Williams
State Board of Administration
1801 Hermitage Boulevard
Tallahassee, Florida 32308

Re: Interest Rate Waiver Request of Southern Grove Community
Development District No. 5 (Amended Supplemental Request)

Dear Mr. Williams:

This firm serves as District Manager (the "District Manager") of Southern Grove Community Development District No. 5 (the "Issuer"). The Issuer is a community development district and local unit of special purpose government duly organized, created, established and existing under the provisions of the Uniform Community Development District Act of 1980, Chapter 190, Florida Statutes, as amended and Ordinance No. 07-37 enacted by the City of Port St. Lucie, Florida on April 9, 2007, as amended. The undersigned, on behalf of the Issuer, previously submitted an application (the "Application") to the State Board of Administration for an interest rate waiver with respect to certain Bonds (as defined and described in the Application) sought to be issued by the Issuer.

On December 8, 2009, the State Board of Administration granted an interest rate waiver for the Bonds. This waiver, however, contained various conditions, including limitations on the authorized denominations in which the Bonds could be issued and sold to initial purchasers and in subsequent transfers. For reference, the waiver conditions are set forth below:

- Initial sale of the Bonds is restricted to Qualified Institutional Buyers in minimum denominations of \$100,000.
- Written representation is provided from the underwriter that the initial purchasers of the Bonds intend to hold the Bonds as a long-term

investment and do not intend to resell or re-offer the Bonds in the secondary market.

- Written representation is provided from the underwriter that they will only resell the Bonds in the secondary market to Accredited Investors and only in authorized minimum denominations of \$100,000.

- Legend in Limited Offering Memorandum which provides that the sale of securities is limited to Accredited Investors in minimum denominations of \$100,000.

- Written representation is provided from Fishkind & Associates which states they have reviewed VGTI Florida Operating Model and are validating reasonableness of assumptions contained in the report.

As further described in the accompanying letter from Prager, Sealy & Co., LLC ("Prager, Sealy"), as the underwriter of the Bonds, attempted to market the Bonds, subject to these conditions. Ultimately, Prager, Sealy was unsuccessful in its attempt and withdrew the Bonds from the market on December 18, 2009. It is Prager Sealy's opinion, based on its market information and experience, that the first through fourth conditions placed on the interest rate waiver had a negative effect on the marketability of the Bonds. We note that Fishkind & Associates provided the written validation required pursuant to the fifth condition, and we are comfortable with this condition remaining in the waiver.

In view of the foregoing, the undersigned, as a responsible official of the Issuer, pursuant to Section 215.84(3), Florida Statutes and the administrative rules promulgated thereunder, respectfully requests the State Board of Administration to consider modifying the first through fourth interest rate waiver conditions listed above. Specifically, the Issuer requests that the conditions set forth in the State Board of Administration's interest rate waiver for the Bonds be modified to read as follows:

(i) With respect to the initial sale only, the minimum denominations in which the Bonds may be sold shall be in minimum denominations of \$100,000 or integral multiples of \$5,000 in excess of \$100,000;

(ii) The Official Statement relating to the Bonds may bear a legend providing that the Bonds will be sold in authorized denominations of \$5,000 and integral multiples thereof; provided, however, that the Bonds will be delivered to the initial purchasers only, who will consist of Accredited Investors, in denominations of \$100,000 or integral multiples of \$5,000 in excess of \$100,000; and

(iii) Written representation is provided from Fishkind & Associates which states they have reviewed VGTI Florida Operating Model and are validating reasonableness of assumptions contained in the report.

Again, please note that item (iii) above has been provided by Fishkind and Associates.

Prager, Sealy has advised the Issuer that it will be able to underwrite the Bonds if the requested modifications are accomplished. Based on current market conditions, it is expected that the interest rate on the Bonds will exceed the average net interest cost on the bonds as permitted by Section 215.84(3), Florida Statutes as determined by adding 300 basis points to The Bond Buyer "20 Bond Index" and have an interest rate per annum not exceeding 9%. The actual interest rate will be based on market conditions at the time of the Bond sale.

In support of its request, the Issuer notes the following:

As described in the Application, it is acting solely as a conduit issuer of the Bonds. The Issuer will loan the proceeds of the Bonds to the Oregon Health and Science University Vaccine and Gene Therapy Institute Florida Corp., a Florida not-for-profit corporation (the "Borrower"). The Borrower provides for the operation of a scientific research institute which has as its primary mission (i) the investigation of issues and problems of infection, immunity and inflammation in the elderly, (ii) the investigation of immune system defects in the elderly, and (iii) the development of vaccines and therapeutics for existing and emerging infectious diseases.

Initially the Borrower intended to lease building space from the master developer of the Florida Center for Innovation (the "Research Park"). However, given the steep decline of the real estate market, the master developer determined it would be unable to provide the building. To meet its obligations under the Innovation Incentive Funding Agreement, as described in the Application, the Borrower requested that the Issuer issue the Bonds for the purpose of financing an approximately 99,000 square foot research facility to be located within the Research Park, which is within the Issuer's boundaries. The Borrower is currently operating out of temporary facilities within the Research Park. In order to fully maximize its potential and fulfill its requirements under the Innovation Incentive Funding Agreement, the Borrower will need its own facilities and has sought the issuance of the Bonds as a way to finance the building on its own without the master developer. After meeting with management of the Borrower and completing its due diligence, Standard & Poor's, a nationally recognized rating agency, has given the Bonds an investment grade rating.

Since opening in July 2008, the Borrower has established collaborations with the scientific community within the State, as well as begun its first clinical trial. In addition, one of its principal investigators, Dr. Rafick-Pierre Sèkaly, led a team of researchers who recently made a discovery regarding HIV eradication. This breakthrough could provide new ways to fight HIV-AIDS as it is thought to open the way towards innovative HIV therapies that are completely differently

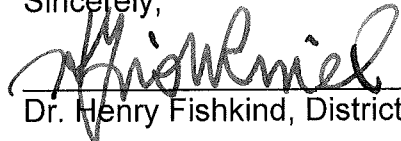
from current approaches. To date, staffing totals 26 (4 principal investigators; 8 administration; 14 scientific), which exceeds the Innovation Incentive Funding Agreement requirements.

Because of the inability of the Issuer to issue the Bonds with the current interest rate waiver conditions, the Borrower is at risk of losing the guaranteed maximum price for construction of the building (contractor has provided two extensions to date) as well as staff mentioned above who have moved their families to the area. There is great concern among staff that the building will not be constructed causing the overall project to not go forward. Moreover, the Borrower is at risk of losing its ownership of the site for the building. The Borrower paid for the cost of the site and related infrastructure through the delivery of a promissory note to the seller of the site. The seller has provided multiple extensions of the note, which currently matures on March 31, 2010. The Borrower is at risk of losing its ownership of the site if the note is not paid with proceeds of the Bonds at its maturity.

The Official Statement relating to the Bonds contains sufficient risk factors that alert potential purchasers about risks associated with the purchase of the Bonds. In addition, pursuant to Rule 15c2-12 of the Securities Exchange Commission, at the time the Bonds are issued, Prager, Sealy is required to obtain the Borrower's written undertaking to provide continuing disclosure of certain information contained in the Official Statement and notice of certain material events, all as specified in the Rule. This assists in providing the secondary market with updated data the Borrower and its operations through the life of the Bonds.

Time is of the essence in this transaction and the Issuer would greatly appreciate your placing this request for a modification of the interest rate waiver on the agenda of the State Board of Administration (the "Board") for its meeting of February 24, 2010 or, if that is not possible, at the next scheduled meeting following that date. Representatives of the Issuer, the Borrower and Prager, Sealy are available to attend, in person, any staff meetings and the meeting of the Board. If you have any questions or if you need any additional information, please do not hesitate to contact the undersigned.

Sincerely,



Dr. Henry Fishkind, District Manager



PRAGER, SEALY & CO., LLC

INVESTMENT BANKERS

February 18, 2010

Mr. Ash Williams
State Board of Administration
1801 Hermitage Boulevard
Tallahassee, Florida 32308

Re: Supplemental Interest Rate Waiver Request of Southern Grove Community
Development District No. 5

Dear Mr. Williams:

The Southern Grove Community Development District No. 5 (the “Issuer”) previously submitted an application (the “Application”) to the State Board of Administration for an interest rate waiver with respect to certain Bonds sought to be issued by the Issuer. As described in the Application, it is acting solely as a conduit issuer of the Bonds. The Issuer will loan the proceeds of the Bonds to the Oregon Health and Science University Vaccine and Gene Therapy Institute Florida Corp., a Florida not-for-profit corporation (the “Borrower”). Prager, Sealy & Co., LLC (“Prager, Sealy”) is the underwriter of the Bonds.

Issuance of the Bonds will allow the Borrower to meet its covenants under the Innovation Incentive Funding Agreement between the Borrower and the State of Florida, Executive Office of the Governor’s Office of Tourism, Trade, and Economic Development. The Bonds are being issued for the purpose of financing an approximately 99,000 square foot research facility to be located within the Issuer’s boundaries, in an area referred to as the Florida Center of Innovation. After meeting with management of the Borrower and completing its due diligence, Standard & Poor’s, a nationally recognized rating agency, has given the Bonds an investment grade rating of BBB-.

On December 8, 2009, the State Board of Administration granted an interest rate waiver for the Bonds. This waiver, however, contained various conditions, including limitations on the authorized denominations in which the Bonds could be issued and sold to initial purchasers and in subsequent transfers. Prager, Sealy attempted to market the Bonds subject to these conditions. Ultimately, having called in excess of 50 institutional investors

PRAGER, SEALY & CO., LLC

INVESTMENT BANKERS

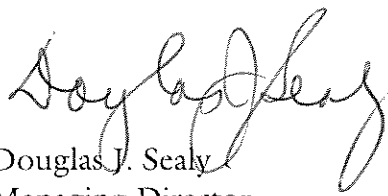
Page 2

and other broker dealers, we were unsuccessful in our attempt and withdrew the Bonds from the market on December 18, 2009. It is our opinion, based on market information and our experience that the conditions placed on the interest rate waiver had a negative effect on the marketability of the Bonds, because, among other reasons, we were competing with bonds that had similar credit profiles but no such restrictions. Accordingly, it is absolutely essential that the conditions be modified to enable us to market the Bonds.

We support the request of the Issuer that the conditions be waived in order to successfully market the Bonds. Specifically, the waiver conditions should be modified to allow the Bonds be sold in authorized denominations of \$5,000 and integral multiples thereof; provided, however, that the Bonds will be delivered to the initial purchasers only, who will consist of Accredited Investors, in denominations of \$100,000 or integral multiples of \$5,000 in excess of \$100,000. We have advised the Issuer that we will be able to underwrite the Bonds if the requested modification is accomplished.

Should you have any questions or if you need any additional information, please do not hesitate to contact me.

Sincerely,
PRAGER, SEALY & CO., LLC



Douglas J. Sealy
Managing Director

cc: Henry Fishkind, Ph.D., District Manager

February 18, 2010

Ash Williams
Executive Director
State Board of Administration
1801 Hermitage Boulevard
Tallahassee, FL

**RE: Additional Information Concerning Interest Rate Waiver Request
Southern Grove Community Development District No. 5
Research Facilities Revenue Bonds, Series 2009
(Oregon Health and Science University Vaccine and Gene Therapy Institute Florida Corp. Project)**

Dear Mr. Williams:

Pursuant to your request, we are updating our review of the above referenced Interest Rate Waiver Request in order to determine whether or not an interest rate waiver is still required for the sale of the above referenced bonds (the "Research Facility Bonds"). Section 215.84 Florida Statutes requires an interest rate waiver if the interest rate on the bonds is more than 300 basis points above The Bond Buyer "20 Bond Index" published the day immediately preceding the first day of the month in which the bonds are issued.

In order to respond to this request we have reviewed market conditions and comparable bond transactions. We have not undertaken any additional review of the Project since our last update on December 7, 2009.

Primary and Secondary Market Comparables

There continues to be limited market activity for non rated or issues rated below A. We utilized the Bloomberg system to identify comparable transactions sold during December, January and February. Our survey was limited to bonds rated in or below the Baa/BBB/BBB categories of Moody's, Standard & Poor's or Fitch and with a final maturity between 2029 and 2045. A listing of these transactions is included as Attachment I. Our survey found three issues with a Standard & Poor's BBB- rating, and those bonds were sold at interest rates at or below 7%. We also reviewed comparable transactions provided to us by Prager Sealy & Co., investment banker for the Research Facility Bonds. The transactions identified by Prager Sealy were sold in December 2009. Two of the issues had a BBB- rating from Standard & Poor's; one of those issues would have required an interest rate waiver. The information provided by Prager Sealy is included as Attachment II.

The Interest Rate Limitations

Pursuant to Section 215.84 Florida Statutes, the maximum rate allowable for bonds not rated in the top three rating categories during the month of February is 7.39%. This rate is the "20 Bond Index" of 4.39% as of January 28, 2010, plus 300 basis points. The maximum rate for bonds issued in March will be based on the "20 Bond Index" as of February 25, 2010. While that rate is not yet known, the current "20 Bond Index" of 4.34% is evidence that there has been little change in the market during the last month.

Conclusion

In our letter of December 7, 2009 we concluded that an interest rate waiver was reasonable considering the start up nature of the project and the conditions imposed that limited the liquidity of the securities. Irrespective of the restrictive conditions, an interest rate waiver will be needed to assure the successful sale of the Research Facility Bonds. The necessity of the interest rate waiver is based upon the BBB- rating from Standard & Poor's, the nature of the project and the unpredictability of the financial markets.

In reaching these conclusions, Public Resources Advisory Group has relied upon certain information provided by the issuing district, its Bond Counsel and the investment banker marketing the bonds. Public Resources Advisory Group does not assume any responsibility for, and makes no expressed or implied warranty with respect to the accuracy or completeness of the data provided by these entities. If you have any questions or require additional information, please feel free to contact Marianne Edmonds at 727-822-3339.

Sincerely,

PUBLIC RESOURCES ADVISORY GROUP, INC.

Marianne F. Edmonds
Senior Managing Director

Attachments

Attachment I

Name	Issue Date	Ratings (Moody' s/S& P/Fitch)	Final Maturity	Coupon	Yield	Min demon/Other
Travis County Health Facility, TX	2/23/2010	--/--/BB+	11/2040	7.125%	7.125%	
Glendale Redevelopment Agency, CA	3/2/2010	Baa2/A/--	12/2024	5.500%	5.650%	
California State Community Development Authority, CA	2/18/2010	NR	6/2042	7.500%	7.500%	100m
California State Community Development Authority, CA	2/24/2010	--/BBB-/BBB+	10/2039	6.250%	6.470%	
Chautauqua County, IA	2/1/2010	Baa3/BB+/ --	4/2042	5.875%	5.875%	
Kirkwood Industrial Development Authority— Aberdeen Heights Project, MD	2/10/2010	NR	5/2045	8.250%	8.500%	
Harbor Point Improvement Bonds, CT	2/4/2010	NR	4/2039	7.875%	7.875%	100m
Michigan Public Educational Facilities, MI	1/21/2010	--/BBB-/--	12/2039	7.000%	7.000%	
Alhambra Housing, CA	1/28/2010	--/BB/--	1/2040	7.625%	7.625%	
Pima County Industrial Development, AZ	1/12/2010	Baa3/BBB-/BB+	9/2029	5.750%	5.750%	
Carmel Redevelopment Community, IN	1/21/2010	NR	1/2035	8.000%	8.000%	
St. Louis Industrial Development Authority, MD	12/31/2009	NR	12/2039	8.500%	8.750%	Private Placement
Crown Point Economic, IN	12/30/2009	NR	11/2039	8.000%	8.250%	
Irvine USD Community Facility District, CA	1/28/2010	NR	9/2035	6.700%	6.700%	
Maryland Economic Development Corp., MD	1/12/2010	NR	6/2035	5.750%	5.875%	100m
Clayton County Development Authority, GA	12/22/2009	Caa1/CCC+/--	6/2029	8.750%	8.750%	

Attachment II

Southern Grove Community Development District No. 5
Oregon Health and Science University Vaccine and Gene Therapy Institute Florida Corp.
Summary of Recently Priced Non-Rated and Lower Investment Grade Transactions

Sale Date	Issuer	Borrower / Project	Par Amount	Denoms	Rating (Moody's/S&P/Fitch)	Credit Enhancement	Maturity	Coupon	Yield	Spread to MMD
12/07/09	Texas Private Activity Bond Surface Transportation Corporation	NTE Mobility Partners LLC North Tarrant Express Project	\$400,000,000	\$5,000 / \$5,000	Baa2/--/BBB-	None	12/31/2031 12/31/2039	7.500% 6.875%	6.750% 7.000%	290 bp 282 bp
12/07/09	Adelanto Public Utility Authority	Utility System Project	\$76,825,000	\$5,000 / \$5,000	Non-Rated	None	7/1/2031 7/1/2039	6.625% 6.750%	6.750% 6.900%	290 bp 272 bp
12/07/09	City of Rochester, Minnesota	Samaritan Bethany Inc. Project (Series A)	\$29,680,000	\$25,000 / \$5,000	Non-Rated	None	12/1/2041	7.375%	7.500%	332 bp
12/14/09	Brooklyn Arena Local Development Corporation	Barclays Center Project (Current Interest Bonds)	\$482,085,000	\$5,000 / \$5,000	Baa3/BBB/--	None	7/15/2030 7/15/2030 7/15/2040 7/15/2043	6.000% 6.500% 6.250% 6.375%	6.100% 5.875% 6.350% 6.476%	239 bp 217 bp 235 bp 235 bp
12/14/09	Brooklyn Arena Local Development Corporation	Barclays Center Project (Capital Apprection Bonds)	\$28,914,997	\$5,000 / \$5,000	Baa3/BBB/--	None	7/1/2047	--	8.000%	388 bp
12/14/09	Development Authority of Clayton County (Georgia)	Delta Air Lines, Inc. Project (Series A)	\$64,985,000	\$5,000 / \$5,000	Caa1/CCC+/-	None	6/1/2035	8.750%	8.750%	470 bp
12/14/09	Development Authority of Clayton County (Georgia)	Delta Air Lines, Inc. Project (Series B)	\$85,015,000	\$5,000 / \$5,000	Caa1/CCC+/-	None	6/1/2035	9.000%	9.350%	530 bp
12/14/09	Erie County Hospital Authority	Saint Vincent Health Center (Series 2010A)	\$21,030,000	\$5,000 / \$5,000	Baa2/--/--	None	7/1/2027	7.000%	7.000%	353 bp

AGENDA
FLORIDA HURRICANE CATASTROPHE FUND FINANCE CORPORATION

Governor Charlie Crist, Chair
Chief Financial Officer Alex Sink
Attorney General Bill McCollum
J. Ben Watkins, III
Jack E. Nicholson, President

February 24, 2010

To View Agenda Items, Click on the Following Link:

www.sbafla.com

9:00 A.M.
LL-03, The Capitol
Tallahassee, Florida

Contact Person:
Dr. Jack E. Nicholson
(850) 413-1340

ITEM 1. REQUEST APPROVAL OF JULY 29, 2008 MINUTES.

(See Attachment 1)

ACTION REQUIRED

ITEM 2. REQUEST ADOPTION OF A RESOLUTION AUTHORIZING THE CORPORATION TO ISSUE REVENUE BONDS.

The President of the Florida Hurricane Catastrophe Fund Finance Corporation requests that the Board of Directors of the Corporation adopt a resolution authorizing the Corporation to issue and sell by negotiated sale, not exceeding \$710,000,000 Florida Hurricane Catastrophe Fund post-event Revenue Bonds. The bonds will have fixed interest rates, will be exempt from federal income taxes, and will be secured by emergency assessments and reimbursement premiums received by the Florida Hurricane Catastrophe Fund. The proceeds of the bonds will be used for the reimbursement of insurance companies for additional claims due to hurricanes during the 2005 season. The resolution also authorizes the President to enter into any agreements necessary to retain a trustee for the bonds and to execute such documents as are necessary for the issuance of the bonds.

(See Attachment 2) – **BACK UP TO FOLLOW**

ACTION REQUIRED

FLORIDA HURRICANE CATASTROPHE FUND FINANCE CORPORATION

JULY 29, 2008

MINUTES

A meeting of the Florida Hurricane Catastrophe Fund Finance Corporation was held on July 29, 2008, at the Capitol, Tallahassee, Florida.

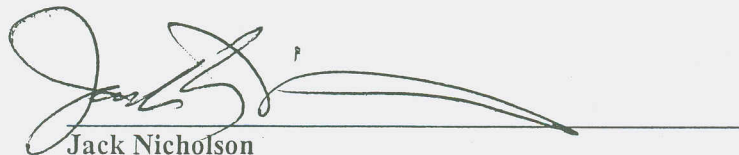
Board Members present were:

Governor Charlie Crist, Chairman
Chief Financial Officer Alex Sink
Attorney General Bill McCollum
Dr. Jack Nicholson, President

ITEM 1. Approved the minutes of June 10, and July 2, 2008.

ITEM 2. Accepted and acknowledged, with Attorney General McCollum dissenting, the Put Option Agreement between the State Board of Administration (SBA) and Berkshire Hathaway Inc., which would require the issuance of bonds by the Florida Hurricane Catastrophe Fund Finance Corporation (Corporation) upon the giving of Notice by the SBA to Berkshire Hathaway Inc.

The Florida Hurricane Catastrophe Fund Finance Corporation's agenda was concluded.

A handwritten signature in black ink, appearing to read 'Jack Nicholson', is written over a horizontal line. The signature is stylized with a large loop at the beginning and a long, sweeping tail that extends to the right.

Jack Nicholson
President
Florida Hurricane Catastrophe Fund Finance Corporation

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE FLORIDA HURRICANE CATASTROPHE
FUND FINANCE CORPORATION AUTHORIZING
THE ISSUANCE AND NEGOTIATED SALE OF
ADDITIONAL POST-EVENT REVENUE BONDS;
RATIFYING THE MASTER TRUST INDENTURE AND
THE PLEDGE AND SECURITY AGREEMENT
PREVIOUSLY ENTERED INTO BY THE
CORPORATION; AUTHORIZING THE EXECUTION
AND DELIVERY OF A FIFTH SUPPLEMENTAL
INDENTURE, A PRELIMINARY OFFICIAL
STATEMENT AND OFFICIAL STATEMENT, AND A
PURCHASE CONTRACT; AND PROVIDING AN
EFFECTIVE DATE.**

WHEREAS, Section 215.555, Florida Statutes (the "Act"), created the Florida Hurricane Catastrophe Fund (the "Fund"), a trust fund administered by the State Board of Administration of Florida (the "Board"), for the purpose of establishing a program to provide insurers who write covered policies, as defined in the Section 215.555(2)(c), Florida Statutes (the "Covered Policies") with reimbursement for a portion of their catastrophic hurricane losses;

WHEREAS, the Act also created the Florida Hurricane Catastrophe Fund Finance Corporation (the "Corporation") with the authority, pursuant to Section 215.555(6)(d), Florida Statutes, to issue revenue bonds for the benefit of the Fund and pay the proceeds of the bonds, through the Fund, to certain insurers, thereby enabling such insurers to pay the claims of policyholders for hurricane damage to properties;

WHEREAS, Hurricanes Dennis, Katrina, Rita and Wilma caused insured losses in Florida during the 2005 hurricane season and a determination has been made by the Board that the moneys in the Fund will be insufficient pay certain obligations of the Fund;

WHEREAS, the Corporation is authorized, pursuant to Section 215.555(6)(d), Florida Statutes, to issue revenue bonds for the benefit of the Fund;

WHEREAS, by prior action, the Corporation authorized the issuance of not exceeding \$10 billion of such revenue bonds;

WHEREAS, the Corporation has previously issued both pre-event notes and post-event bonds, as follows: on July 6, 2006, the Corporation issued \$1,350,025,000 in post-event revenue bonds (the "Series 2006A Bonds"); on July 21, 2006, the Corporation issued \$2,800,000,000 in pre-event extendible floating rate notes (the "Series 2006B

Notes"); on October 3, 4, 5, 10, 12 and 15, 2007, the Corporation issued a total of \$3,500,000,000 in pre-event floating rate notes (the "Series 2007A Notes"); and on July 31, 2008, the Corporation issued \$625,000,000 in post-event revenue bonds (the "Series 2008A Bonds").

WHEREAS, it is now necessary to issue and sell additional post-event revenue bonds;

WHEREAS, through an invitation to negotiate issued by the Board on behalf of the Fund, a syndicate of underwriters was selected to serve on the Fund's financial services team (the "Financial Services Team"), with the Fund to select firms from the Financial Services Team to serve on individual financings;

WHEREAS, the syndicate of underwriters selected by the Board on behalf of the Fund to serve on the Fund's Financial Services Team includes Goldman, Sachs & Co., JP Morgan Securities, Inc., Citigroup Global Markets Inc., Barclays Capital, as successor in interest to Lehman Brothers, Morgan Stanley & Co., Incorporated, Merrill Lynch & Co./Banc of America Securities LLC, Wells Fargo Securities, as successor in interest to Wachovia Securities, RBC Capital Markets, Jefferies & Co. Inc., as successor in interest to DEPFA First Albany Securities LLC, Morgan Keegan & Company, Inc., SunTrust Robinson Humphrey, Inc., Ramirez & Co., Inc., Loop Capital Markets, LLC, BB&T Capital Markets, M.R. Beal & Company, and Siebert Brandford Shank & Co. LLC (collectively, the "Underwriters");

WHEREAS, the Board on behalf of the Fund designated JP Morgan Securities, Inc. to serve as lead senior manager and Goldman, Sachs & Co., Citigroup Global Markets Inc. and Barclays Capital, as successor in interest to Lehman Brothers, to serve as co-senior managers for the issuance of the post-event revenue bonds authorized by this Resolution;

WHEREAS, the following factors require that post-event revenue bonds issued by the Corporation receive extensive pre-sale marketing in a manner not likely to be available in a competitive sale:

- (a) The uncertain conditions in the global financial markets,
- (b) The nature of and source of the security for the post-event revenue bonds is still relatively unfamiliar in the credit markets; and
- (c) A large principal amount of post-event revenue bonds is being sold for each maturity and in total;

WHEREAS, considering the above, it is in the best interests of the State and the Corporation to authorize at this time the negotiated sale of the post-event revenue bonds;

WHEREAS, it is hereby determined that the post-event revenue bonds authorized herein will be sold through negotiated sale to the Underwriters;

WHEREAS, it is necessary to delegate to the chief executive officer of the Corporation or his designee (the "President") the authority to negotiate and approve the final terms of the sale and issuance of the post-event revenue bonds, subject to certain restrictions set forth herein.

NOW, THEREFORE, BE IT RESOLVED by the Florida Hurricane Catastrophe Fund Finance Corporation, as follows:

1. The Corporation hereby finds, determines and declares the matters hereinabove set forth.

2. The Corporation hereby authorizes the issuance and sale of not exceeding \$710,000,000 Florida Hurricane Catastrophe Fund Finance Corporation Revenue Bonds, Series 2010A for hurricane losses during the 2005 hurricane season (the "Series 2010A Bonds"), which Series 2010A Bonds shall be in addition to the obligations described in the preambles hereof.

3. The Corporation hereby confirms and ratifies the Pledge and Security Agreement, dated June 1, 2006 and attached hereto as Exhibit A (the "Pledge and Security Agreement"), between the Fund and the Corporation, as supplemented or amended, and confirms and ratifies its prior pledge of revenues to the repayment of debt of the Corporation as provided in the documents approved by the Corporation on May 31, 2006, as supplemented or amended, including but not limited to the pledge of reimbursement premiums levied pursuant to Section 215.555(5), Florida Statutes, and revenues from emergency assessments levied pursuant to Section 215.555(6)(b), Florida Statutes. The pledge of such revenues shall be as provided in the documents executed by the Corporation in relation to debt of the Corporation.

4. The Corporation hereby confirms and ratifies the Master Trust Indenture, dated June 1, 2006 and attached hereto as Exhibit B, between the Corporation and Wells Fargo Bank, N.A., as supplemented or amended.

5. The selection of the Underwriters and the designation of the lead senior manager and the co-senior managers are hereby confirmed.

6. The President is hereby delegated the authority to negotiate and approve the final terms of sale and the fiscal details of the Series 2010A Bonds, subject to compliance with the following:

(a) The Series 2010A Bonds shall be issued and sold in one or more series, all as determined by the President.

(b) The Series 2010A Bonds shall be sold to the Underwriters pursuant to a purchase contract containing such terms and conditions which are not inconsistent with this resolution and which are approved by the President (the "Purchase Contract"). The President is authorized to define and designate the roles of the Underwriters and co-senior managers in connection with their participation in the sale of the Series 2010A Bonds. The President is hereby further authorized to remove any Underwriter from participation in the sale of the Series 2010A Bonds.

(c) The President is hereby authorized to approve the final terms of the Series 2010A Bonds, subject to the restrictions set forth herein, without need of further authorization of the Corporation. The maturities, interest rate or rates, redemption provisions, sale price, and other terms and details of the Series 2010A Bonds shall be consistent with the provisions of and shall be within the restrictions set forth in this resolution and shall, in the judgment of the President, produce the lowest true interest cost to the Corporation reasonably available in the financial markets at that time.

7. The Corporation hereby approves the form of and authorizes the execution and delivery of the Fifth Supplemental Indenture to the Master Trust Indenture. Such form of the Fifth Supplemental Indenture is attached hereto as Exhibit C. The document approved herein is subject to such changes, completion, insertions or omissions as may be approved by the President, and the execution or certification of such document shall be conclusive evidence of such approval. Additionally, the President is authorized to amend or revise any other documents relating to debt of the Corporation which have previously been approved or authorized by the Corporation.

8. The Corporation hereby authorizes and directs the President to negotiate, approve, execute and deliver the Purchase Contract for the sale of the Series 2010A Bonds to the Underwriters in the form attached hereto as Exhibit D. The Purchase Contract shall contain such terms and provisions as are customary for such obligations with such changes, completion, insertions or omissions as may be approved by the President and which are not inconsistent with this resolution, and the execution thereof by the President shall be conclusive evidence of such approval. The President shall have and is hereby acknowledged to have full power and authority to bind the Corporation with respect to the negotiation of the terms of the Purchase Contract.

9. The Corporation hereby authorizes and directs the President to cause a preliminary official statement, in the form attached hereto as Exhibit E and an official statement to be prepared and delivered. The President is hereby authorized to certify or otherwise represent when the preliminary official statement shall be "deemed final" by the Corporation as of its date (except for permitted omissions), in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). The President and any

members of the board of directors of the Corporation are also authorized to execute and deliver to the Underwriters, on behalf of the Corporation, the official statement and such certificates in connection therewith and any amendment thereto, as they determine are necessary or appropriate. The distribution and use of any preliminary official statement or official statement by the Underwriters in connection with the original issuance of the Series 2010A Bonds is further approved.

10. The President is hereby authorized to approve, execute and deliver a Continuing Disclosure Agreement satisfying the requirements of the Rule. The President, officers and members of the board of directors of the Corporation are authorized to execute and deliver the continuing disclosure agreement and are authorized to take all actions necessary to fulfill the obligations of the Corporation thereunder.

11. Wells Fargo Bank, N.A., previously designated as trustee under the Master Trust Indenture and as registrar and paying agent thereunder is hereby confirmed.

12. The President, officers, and members of the board of directors of the Corporation are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver the named documents and any and all other agreements, documents, instruments, assents, acceptances, assignments, financing statements and approvals which they may deem necessary or advisable in order to consummate the transactions contemplated by this resolution. In the absence or unavailability of the President, the Treasurer is authorized to take all actions provided herein of the President.

13. This resolution shall take effect immediately upon its adoption.

ADOPTED THIS ____ day of _____, 2010.

STATE OF FLORIDA

COUNTY OF LEON

I, Tracy L. Allen, Senior Attorney, do hereby certify that the above and foregoing is a true and correct copy of the resolution passed and adopted by the Florida Hurricane Catastrophe Fund Finance Corporation on the ____ day of _____, 2010.

IN WITNESS WHEREOF, I hereunto set my hand and official seal of the Florida Hurricane Catastrophe Fund Finance Corporation this ____ day of _____, 2010.

(SEAL)

Tracy L. Allen, Secretary
Florida Hurricane Catastrophe Fund Finance
Corporation

EXHIBIT A

Pledge and Security Agreement

EXHIBIT B

Master Trust Indenture

EXHIBIT C

Form of Fifth Supplemental Indenture

EXHIBIT D

Form of Purchase Contract

EXHIBIT E

Form of Preliminary Official Statement