

**MEETING OF THE STATE BOARD OF ADMINISTRATION**

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

**SEPTEMBER 18, 2012**

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**AGENDA**

- ITEM 1. REQUEST APPROVAL OF THE MINUTES OF THE JUNE 26, 2012 QUARTERLY MEETING.**

**(See Attachment 1A)**

**ACTION REQUIRED**

- ITEM 2. REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$278,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, DEPARTMENT OF TRANSPORTATION RIGHT-OF-WAY ACQUISITION AND BRIDGE CONSTRUCTION REFUNDING BONDS, SERIES (TO BE DETERMINED).**

**(See Attachment 2A)**

**ACTION REQUIRED**

- ITEM 3. REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$120,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION TURNPIKE REVENUE BONDS, SERIES 2012 (TO BE DETERMINED) AND REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$85,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION TURNPIKE REVENUE REFUNDING BONDS, SERIES 2012 (TO BE DETERMINED).**

**(See Attachments 3A and 3B)**

**ACTION REQUIRED**

- ITEM 4. REQUEST APPROVAL OF A FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$2,750,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE DESIGNATED) (THE ANCHORAGE APARTMENTS).**

**(See Attachment 4A)**

**ACTION REQUIRED**

- ITEM 5. REQUEST APPROVAL OF SBA QUARTERLY REPORT REQUIRED BY THE PROTECTING FLORIDA'S INVESTMENTS ACT (PFIA).**

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

**(See Attachment 5A)**

**ACTION REQUIRED**

- ITEM 6. REQUEST APPROVAL OF A DRAFT LETTER TO THE JOINT LEGISLATIVE AUDITING COMMITTEE AFFIRMING THAT THE SBA TRUSTEES HAVE “REVIEWED AND APPROVED THE MONTHLY [FLORIDA PRIME AND FUND B MANAGEMENT SUMMARY] REPORTS AND ACTIONS TAKEN, IF ANY, TO ADDRESS ANY [MATERIAL] IMPACTS,” AND “HAVE CONDUCTED A REVIEW OF THE [FUND B] TRUST FUND AND THAT THE TRUST FUND IS IN COMPLIANCE WITH THE REQUIREMENTS OF THIS SECTION.” (SECTIONS 218.409(6)(a)1 AND 218.421(2)(a), F.S.)**

During the second quarter of 2012, there were no materials impacts. Copies of the April, May, and June 2012 reports are attached.

(See Attachments 6A, 6B, 6C, and 6D)

**ACTION REQUIRED**

- ITEM 7. REQUEST APPROVAL OF, AND AUTHORITY TO FILE, A NOTICE OF PROPOSED RULE FOR RULE 19-8.010, F.A.C., REIMBURSEMENT CONTRACT, AND TO FILE THIS RULE, ALONG WITH THE INCORPORATED FORMS, FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING OR IF A HEARING IS REQUESTED, NO CHANGES ARE NEEDED.**

(See Attachments 7A-7I)

**ACTION REQUIRED**

- ITEM 8. QUARTERLY REPORTS PURSUANT TO 215.44 (2)(e), FLORIDA STATUTES**

- Executive Director & CIO Introductory Remarks and Standing Reports – *Ash Williams*
  - **REQUEST APPROVAL OF CHANGES TO THE CHARTER OF THE AUDIT COMMITTEE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA (Charter).** Pursuant to Sections 215.44, F.S., the Audit Committee was created to assist the Board in fulfilling its oversight responsibilities. The Charter was last changed in August 2011. Recommended changes include qualifications for members of the Audit Committee.

(See Attachment 8C.1)

**ACTION REQUIRED**

- Major Mandates Investment Performance Reports as of June 30, 2012 – *Mike Sebastian & Katie Rizzo – Hewitt EnnisKnupp*
  - Florida Retirement System Pension Plan (DB)
  - Florida Retirement System Investment Plan (DC)
  - Florida PRIME (Local Government Surplus Funds Trust Fund) and Fund B
  - Florida Hurricane Catastrophe Fund (FHCF)

(See Attachments 8A through 8H)

**INFORMATION/DISCUSSION ITEMS**

S T A T E   O F   F L O R I D A

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*JOINT MEETING OF THE  
CABINET OF THE STATE OF FLORIDA  
AND THE  
STATE BOARD OF ADMINISTRATION*

---

DATE: June 26, 2012

LOCATION: Cabinet Meeting Room, LL-03  
The Capitol  
Tallahassee, Florida

TIME: Commenced at 11:48 a.m.  
Concluded at 12:20 p.m.

REPORTED BY: CAROLYN L. RANKINE  
Registered Professional  
Reporter and Notary Public

ACCURATE STENOTYPE REPORTERS, INC.  
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TALLAHASSEE, FLORIDA 32308  
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## APPEARANCES:

Representing the Florida Cabinet:

RICK SCOTT  
Governor

PAM BONDI  
Attorney General

JEFF ATWATER  
Chief Financial Officer

# INDEX

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE</u>
1	APPROVED	5
2	APPROVED	8
3	APPROVED	8
4	QUARTERLY REPORTS	
	Executive Director/CIO Introductory Remarks	8
	Standing Reports:	
	Investment Advisory Council - David Grain	10
	Audit Committee - Rolf Engmann	13
	Major Mandates Investment Performance	24
	Reports as of March 31, 2012 -	
	Mike Sebastian, Hewlitt EnnisKnupp	
5	UPDATE ON FLORIDA GROWTH FUND -	19
	MARIO GIANNINI, HAMILTON LANE	
	<u>ACTION</u>	
6	APPROVED	33
7	APPROVED	33
8	APPROVED	34
9	APPROVED	36
	CERTIFICATE OF REPORTER	37

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

GOVERNOR SCOTT: All right. Now, I would like to recognize Ash Williams with the state Board of Education to provide the quarterly update. And I know everybody that is going to present is a Florida resident, right?

EXECUTIVE DIRECTOR WILLIAMS: Yes, sir, I have my papers right here.

GOVERNOR SCOTT: Oh, Board of Administration, I'm sorry. My edification.

COMMISSIONER PUTNAM: Just one second before Ash goes. I'd love to stick around for all the fun of the SBA, but the Constitution didn't put me on there and I'm taking my daughter to a lunch for her birthday. So there you go. You all enjoy. Ash, it's all in your hands.

EXECUTIVE DIRECTOR WILLIAMS: Thank you. Video will be available after the item.

Good morning, Governor, Trustees. First item we have today is the minutes from the April 24 meeting for your approval.

GOVERNOR SCOTT: Is there a motion?

CFO ATWATER: So moved.

GOVERNOR SCOTT: Okay. And I'll second.

1 Moved and seconded. The item is approved  
2 without objection.

3 EXECUTIVE DIRECTOR WILLIAMS: Thank you.  
4 Also I failed to give my usual update. We'll  
5 give you detail performance in just a moment.  
6 But as of last night's close, the Florida  
7 Retirement System Trust Fund stood at  
8 \$120.6 billion, fiscal year to date. That is  
9 down 1.94 percent which is 85 basis points  
10 ahead of target --

11 GOVERNOR SCOTT: Fiscal year, since last  
12 July 1st.

13 EXECUTIVE DIRECTOR WILLIAMS: Correct.  
14 Fiscal year ending June 30. Calendar year to  
15 date were up 3.88 percent which is 104 basis  
16 points ahead of target.

17 GOVERNOR SCOTT: But May and June have  
18 both been the tough months. Those have been  
19 the tough months this year.

20 EXECUTIVE DIRECTOR WILLIAMS: Yes.

21 GOVERNOR SCOTT: I think before we get  
22 started I think, CFO, you wanted to  
23 introduce --

24 CFO ATWATER: If you would mind, Governor,  
25 I think we certainly have all recognized for

1       years and certainly this past year no change on  
2       how valuable the Investment Advisory Committee  
3       is to -- to this work. And all of us, you  
4       know, have a couple of choices: we go to  
5       marketplace and see if we could ask very, very  
6       talented individuals if they would dedicate  
7       their life's wisdom and their work, their  
8       skills, and now is time to this process. And I  
9       just would like to recognize that the most  
10      recent appointment that I had the privilege of  
11      making had -- I think first experience of the  
12      process yesterday, Ambassador, and he's here  
13      today, Ambassador Chuck Cobb. Ambassador,  
14      thank you very much for your dedication to the  
15      people in Florida.

16            AMBASSADOR COBB: Certainly, sir.

17            (Applause.)

18            GOVERNOR SCOTT: And this is not a high-  
19      paying job, everybody understands. These are  
20      individuals that don't make -- don't get paid  
21      anything for doing this, and they are -- they  
22      provide a great service and I think they're  
23      very -- I think, Ash, you've said they're very  
24      helpful to you.

25            EXECUTIVE DIRECTOR WILLIAMS: Absolutely



1 right. Ambassador Cobb was with us for a good  
2 day yesterday, in fact, one of my opening  
3 comments today was to thank the members of our  
4 advisory councils, our Audit Committee, and all  
5 our outside investment advisory partners who  
6 made the trek in Tropical Storm Debby from as  
7 far away as Puerto Rico, Pennsylvania, New  
8 York, *et cetera*, got here, showed up with  
9 smiles on their faces, and were on deck from  
10 nine till about five yesterday in meetings. So  
11 thank you all, very positive and the  
12 contributions are very significant. So we  
13 thank you.

14 Items 2 and 3, both relate to bonds  
15 finance agenda you just heard. They're both  
16 fiscal sufficiencies. The first of these  
17 relates to item 3 on the bond finance agenda  
18 which is the \$630 million -- up to \$630 million  
19 State of Florida, full faith and credit Board  
20 of Education PECO refunding bond.

21 Item 4 is a fiscal sufficiency for the  
22 University of Florida student activity revenue  
23 bonds, which is an item 4 on the bond finance  
24 agenda. Request approval of those two items  
25 taken together if we could.

1           GOVERNOR SCOTT: Those items 2 and 3 on  
2           ours, right? Items 2 and 3 on ours.

3           EXECUTIVE DIRECTOR WILLIAMS: Correct.

4           GOVERNOR SCOTT: Is there a motion to  
5           approve the fiscal sufficiencies?

6           CFO ATWATER: Moved.

7           GOVERNOR SCOTT: Is there a second?

8           ATTORNEY GENERAL BONDI: Second.

9           GOVERNOR SCOTT: Moved and seconded.  
10          Items 2 and 3 are approved without objection.

11          EXECUTIVE DIRECTOR WILLIAMS: Thank you.  
12          So with that we'll move into the quarterly SBA  
13          meeting. And I know we're a little close for  
14          time here so we'll move expeditiously.

15          We have the normal group of standard  
16          reports in here from SBA staff and from our  
17          advisory groups. On the staff reports I think  
18          they all speak for themselves. All of the  
19          normal staff people who provide separate  
20          reports including our general counsel, our  
21          inspector general, our corporate governance  
22          director, our chief risk and compliance officer  
23          are all present and can answer any questions  
24          you may have in person.

25          In addition we have David Grain, the

1 Chairman of IAC here together with Ambassador  
2 Cobb, new IAC member, and Dan Wolfson the  
3 Chairman of the Participant Local Government  
4 Advisory Council was not able to be with us.  
5 Roger Wishner is here having had his flight  
6 canceled yesterday curtesy of the storm.

7 But basically yesterday was an important  
8 day for the PLGAC and IAC in that it was the  
9 annual joint meeting of those two bodies. The  
10 statute contemplates on an annual basis the IAC  
11 approving the investment policy for Florida  
12 PRIME, which is a cash pool of approximately \$7  
13 billion scale that we run for local governments  
14 in Florida, and also to certify compliance with  
15 the 2008 laws relating to the local pool on a  
16 backward looking basis for the prior year, and  
17 to certify compliance with the best investment  
18 practices.

19 So on legal certification and best  
20 practice certification, those are done by  
21 external independent parties. Lewis Longman &  
22 Walker, a law firm, does the legal compliance,  
23 and the best practice piece is done by Hewitt  
24 EnnisKnupp. So those two things were taken up  
25 yesterday. Minor changes to the investment

1 policy and investment guidelines were made to  
2 reflect best practice and keep us in line  
3 there.

4 So with that, unless you have questions  
5 for me, let me introduce the Chairman of the  
6 Investment Advisory Council David Grain.

7 MR. GRAIN: Thanks, Ash. Governor Scott,  
8 Attorney General Bondi, and CFO Atwater, thanks  
9 very much for providing me the opportunity to  
10 address you today. As you're aware, I was  
11 voted Chairman of IAC at the March meeting of  
12 the IAC and was subsequently presented to you  
13 at your last Trustee meeting by former Chairman  
14 Rob Gidel.

15 So with that I'm pleased to provide you  
16 with an update of the activities of the  
17 Investment Advisory Council. Since the last  
18 report to you, a meeting was held by the IAC  
19 yesterday, June 25th. During that meeting in  
20 addition to approving the minutes of the March  
21 IAC meeting, I was pleased to introduce  
22 Ambassador Chuck Cobb and, as you know, he's  
23 here today.

24 I received an overview of comments from  
25 the Executive Director and CIO, Ash Williams,

1 outlining the progress of the SBA's  
2 activities. We were very pleased to learn that  
3 the SBA's meeting or exceeding all targets  
4 across all measure -- measuring periods and is  
5 in compliance with all risk parameters.

6 In addition representatives of our  
7 consultant Hewitt EnnisKnupp presented a  
8 detailed performance review of each major  
9 mandate of the SBA. They're also here with us  
10 today and will present same to you shortly.

11 A focus of yesterday's meeting includes IAC  
12 unanimously approving investment policy for  
13 Florida PRIME with minor amendments to the  
14 policy.

15 One of the major topics yesterday was the  
16 private equity marketplace. We'll have a  
17 review of that shortly. Progress of our  
18 private equity portfolio as well as an  
19 extremely positive update on Florida Growth  
20 Fund from our representatives of Hamilton Lane,  
21 our consultant in that asset class. And as I  
22 mentioned they're here today.

23 With respect to the Florida Growth Fund,  
24 I'll note there was quite a bit of discussion  
25 about the early success of the fund and the key

1 success factors and also how to expect -- how  
2 to expand on the fund's early success. So I  
3 hope that there will be an opportunity to  
4 provide you an update on some of those  
5 opportunities during future reports.

6 Additional topics covered during our  
7 meeting were the tactical management of the  
8 Lawton Chiles Endowment Fund given the  
9 Legislature's instructions to provide liquidity  
10 in a portion of the fund by mid 2013. While  
11 there was no action required by the IAC,  
12 feedback was provided to the SBA and by  
13 investment staff.

14 Lastly the IAC discussed the impending  
15 compensation study and there was agreement on  
16 the process and timeline as shared with you  
17 since the last Trustee meeting.

18 Notwithstanding the weather, we a strong  
19 audience was present and there were no comments  
20 or questions. That concludes my report. If  
21 there are any questions, I'm happy to entertain  
22 them.

23 GOVERNOR SCOTT: Thank you very much.

24 MR. GRAIN: Thank you.

25 ATTORNEY GENERAL BONDI: Thank you for

1       serving as chair and thank you for your  
2       service.

3               MR. GRAIN: Oh, it's been a pleasure. And  
4       particularly to work with this staff. Ash has  
5       done a great job and the rest of the staff has  
6       also been great to work with. Thank you.

7               ATTORNEY GENERAL BONDI: Thank you.

8               EXECUTIVE DIRECTOR WILLIAMS: Okay. We  
9       also have with us Rolf Engmann this morning.  
10      And I think we had a little update on the  
11      conditions of I-10. I think he's made the trip  
12      from Jacksonville so he can tell us about the  
13      Live Oak piece.

14              GOVERNOR SCOTT: Do you want give us a  
15      mile marker?

16              EXECUTIVE DIRECTOR WILLIAMS: Do the Audit  
17      Committee report?

18              MR. ENGMANN: I-10 was shut down, but U.S.  
19      90 was a great detour.

20              Good morning; it's still morning. Well,  
21      almost. We've had two meetings since we last  
22      met. And customary reports: we have the  
23      external auditor's presenting reports, we get  
24      to review the financial reports for 24 real  
25      estate basically properties, we actually looked

1 at four special-purpose entities where  
2 basically debt trust to basically pass cash  
3 back and through, and we had special purpose  
4 audit having to do with service entity up to  
5 the north.

6 All the reports came out clean. The  
7 auditors, external auditors were answering all  
8 of our questions. We pay a lot of attention to  
9 the new accounting requirements having to do  
10 with how do you determine fair value. So they  
11 had their experts in and were able to answer  
12 our questions.

13 Well, the internal audit staff had four  
14 audits, primarily in fixed income, and they  
15 also did follow ups to Cliff Gunderson's  
16 investment compliance report. All these  
17 reports, the financial reports, the internal  
18 reports, the consultant reports came clean.  
19 There were no issues that were brought up. And  
20 with the real estate reports, we do agreed-upon  
21 procedures to make sure the contracts are being  
22 honored as they're supposed to with the  
23 property managers/the investment managers.

24 As these reports produce items of  
25 interest, they flow into what we call our A



1 list and our B list. The A list are the ones  
2 that internal auditors have found to be perhaps  
3 a breakdown in the system of internal controls  
4 so they'll follow up and make sure that  
5 everything's working out pretty well. There's  
6 nothing major in there, but we follow up on  
7 every item there.

8 The B categories are a fairly recent  
9 phenomena and that's where we have  
10 recommendations coming from consultants. The  
11 largest group of those are the Crowe Horwath  
12 report that came out last December, and we  
13 followed up through that and with that the  
14 internal audit department goes through -- when  
15 they look at the risk of the area they're about  
16 to audit, they take into account these  
17 consultant reports. So unlike the A list, we  
18 do -- we don't go specifically to make sure  
19 everything's been followed up on.

20 And speaking of Crowe Horwath, the risk  
21 and compliance department is taking an active  
22 role to follow through on there. June 30th is  
23 going to be a big milestone. We'll be -- about  
24 half of the recommendations should have been  
25 addressed. So in our meeting in August we'll

1       get a full report from Eric Nelson and that's  
2       progressing well.

3               But of note something that brings a great  
4       joy to me being an ex risk type person, the SBA  
5       has fully embraced the new enterprise risk  
6       management system. Instead of us doing the  
7       mandated things, they're actually using this  
8       concept of risk and looking at it forward  
9       looking.

10              And the risk managers were involved in a  
11       strategic risk assessment where they look at  
12       five global risks. And this is all used in  
13       part with strategic planning initiative. So  
14       this has kind of gone from a compliance-  
15       oriented risk management function to actually  
16       being part of the management systems.

17              And other than that the risk management  
18       team's been looking at systems and trying to  
19       figure out what kind of database they'll be  
20       using to capture to risk such that we have the  
21       right policies and procedures and mitigating  
22       devices in them. But everything's progressing  
23       well, nothing to alarm you at. But any  
24       questions?

25              GOVERNOR SCOTT: That's good. No.

1 CFO ATWATER: No.

2 ATTORNEY GENERAL BONDI: No.

3 GOVERNOR SCOTT: Thank you very much.

4 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

5 Then I think at this point it would make sense  
6 to go ahead and go into the update on the  
7 Florida Growth Fund unless anyone has any  
8 questions on any of the staff reports that are  
9 here.

10 GOVERNOR SCOTT: I don't.

11 CFO ATWATER: No.

12 ATTORNEY GENERAL BONDI: No.

13 GOVERNOR SCOTT: We're good.

14 MR. ENGMANN: Thank you.

15 EXECUTIVE DIRECTOR WILLIAMS: Mario  
16 Giannini, Chief Executive, Hamilton Lane.

17 MR. GIANNINI: Thanks, Ash. Do I just  
18 flick? Sorry, one minute. I can just work off  
19 the slides if that's easier. Either way.

20 GOVERNOR SCOTT: How are you doing?

21 MR. GIANNINI: Good.

22 GOVERNOR SCOTT: Where do you live?

23 MR. GIANNINI: I live in Philadelphia. I  
24 do have some news on that though because I was  
25 told that you would ask the question of why

1       aren't you in Florida.

2               GOVERNOR SCOTT:   Okay.

3               MR. GIANNINI:    So what I will say is, we  
4       have 170 people in our firm.  We were zero in  
5       Florida a couple of years ago; we're now four,  
6       which -- well, it's not me.  You may not want  
7       me in Florida.  So you'll have to see when  
8       we're done here.  There's four in Florida from  
9       zero --

10              GOVERNOR SCOTT:   We want all 170.

11              MR. GIANNINI:    Well, they'll slowly come  
12       down.  The other thing is --

13              GOVERNOR SCOTT:   You have to.

14              MR. GIANNINI:    -- this is just two weeks  
15       ago, we had one employee we sent down for two  
16       years, we said, go down to Florida, work down  
17       there.  And he fully intended to come back; we  
18       intended him to come back.

19              GOVERNOR SCOTT:   He's not going back.

20              MR. GIANNINI:    Two weeks ago he said, I'm  
21       not coming back so I would like to stay in  
22       Florida so --

23              GOVERNOR SCOTT:   Good.

24              MR. GIANNINI:    -- we'll see how many more  
25       we send down.

1 GOVERNOR SCOTT: You'll be here. It's  
2 just a matter of time.

3 MR. GIANNINI: I'll just use -- I'll just  
4 use -- do you have slides? And I will be brief  
5 unless you interrupt with questions.

6 Page 3. This is really designed to talk  
7 about the Florida Growth Fund, but I do think  
8 it should be mentioned in terms of your overall  
9 private equity portfolio -- portfolio, the  
10 Florida Growth Fund is part of it, you have a  
11 very strong private equity portfolio. If you  
12 look at the numbers, and divide it into two  
13 parts. It was before the asset class creation  
14 is the inception number, but since asset class  
15 creation itself, 2012 plus return in your  
16 private equity portfolio, strong, mature, well-  
17 managed portfolio. Staff has done a very good  
18 job on it.

19 On the Florida Growth Fund itself I'll  
20 cover two things quickly, one is quantitative,  
21 the performance, and second is the qualitative  
22 aspects of it, which sometimes with these kinds  
23 of programs are equally important. You sort of  
24 have a dual mandate, do well and do good. And  
25 what I'm happy to report is certainly on page 5

1       on the doing well.

2               Thanks. I'll just flick along. Let me  
3       move on to page 5 here. I'm never going to get  
4       this right, Emma. I'm going to do it wrong  
5       immediately. Okay. The doing well. The  
6       program as you recall is divided into two  
7       parts, direct investments in companies, usually  
8       alongside other general partners, and then  
9       partnership investments in the hope of  
10      encouraging partnership groups in the State of  
11      Florida to really make even more investments,  
12      bring money in from outside of Florida even.

13             You can see here the two parts, a little  
14      bit more on the co-investment side, which was  
15      surprising to us. I think reflects the deal  
16      flow in Florida and really the publicity around  
17      this program, which has been very good. And  
18      returns, very strong in both parts of the  
19      portfolio, 20 plus. It is early in the  
20      portfolio and so I think that has been  
21      considered.

22             But again everyone talks about private  
23      equity being a long-term asset class; shorter  
24      term, it doesn't matter, it's always negative.  
25      There are ways to create a better experience in

1 the earlier days. We've tried to do that; it  
2 has succeeded. It's been a good environment  
3 for that in Florida.

4 As you described, the state has recovered  
5 and so we have invested in a good period. But  
6 I think the performance has been very strong.  
7 We have completed the first trage, the 250, and  
8 move forward on the second allocation of  
9 capital to the program. So all very good on  
10 the number side.

11 On the next page you can see we've tried  
12 to capture some of the profiles in terms of the  
13 portfolio diversification. You can see very  
14 diversified across industry with a bent, as was  
15 intended in the program, towards more the  
16 technology side, the health sciences side.  
17 What's really good from our prospective is  
18 diversification across the entire state.

19 Obviously private equity tends to be  
20 concentrated in larger metropolitan areas, but  
21 you can see here that the companies and the  
22 general partner groups across the entire  
23 state. I would like to say that was really  
24 intended, but it is a byproduct of really the  
25 amount of publicity and the kinds of deals that

1       have come in.

2               The co-investment portfolio, the next two  
3       pages, really focus (1) on the co-investment  
4       side. You can see there's not much difference  
5       between, on page 7, the co-investment portfolio  
6       and then on page 8, the primary partnership  
7       portfolio in terms of diversification by  
8       strategy or industry. The one big difference  
9       is that the partnership portfolio has more  
10      early stage than the co-investment.

11             That is intended in the sense that early  
12      stages are riskier and so if you're doing  
13      direct investments there our view was tend to  
14      minimize that early in the co-investment side,  
15      and foster it on the partnership side, to  
16      really get the diversification, begin building  
17      that ecosystem around the early-stage part in  
18      which Florida is very strong. There are a lot  
19      of early-stage participants in the Florida  
20      environment.

21             Which then brings to the final point  
22      really on page 9 in terms of the -- the doing  
23      good. This program is in part in our view  
24      designed -- and selfishly because it will  
25      create better returns -- but it's designed to



1 get more private equity activity in the State  
2 of Florida. That is a longer term process and  
3 it is really meant to say how do we outreach,  
4 how do we bring in other groups.

5 We've recently had a very well-known  
6 world-class health sciences partnership that  
7 has located an office in Florida. They are a  
8 Boston- and Silicon Valley-based group. It's  
9 those kinds of things where you begin to get  
10 people coming here, you begin to build a  
11 critical mass. You can see here some of the  
12 things that we have tried to do.

13 Again, this is not part of a return, which  
14 is the prime objective of this program, but in  
15 our view it is part of what you have to do to  
16 sustain those returns. You have to create an  
17 environment in the State of Florida where  
18 private equity is an accepted part, whether  
19 it's on the venture capital side or on growth  
20 equity side and it's very early stages, but we  
21 feel very good about the kind of private equity  
22 activity that is going on.

23 Happy to answer any questions or leave and  
24 look at buying a house in Florida.

25 GOVERNOR SCOTT: Buy a house in Florida.

1 MR. GIANNINI: Thank you.

2 GOVERNOR SCOTT: There are still a lot for  
3 sale; less than a year ago though. Thank you  
4 very much.

5 EXECUTIVE DIRECTOR WILLIAMS: Thank you,  
6 Mario. I apologize, I overlooked a very  
7 important report in a prior item that I would  
8 like to go back to, that being Mike Sebastian  
9 and Christian Doyle from Hewitt EnnisKnupp to  
10 provide the overall performance on major  
11 mandates for the FRS. We'll do a quick summary  
12 here for you. Mike.

13 GOVERNOR SCOTT: Have you found a house in  
14 Florida yet?

15 MR. SEBASTIAN: Not yet. I'm still trying  
16 to convince my wife and kids to do it. But I  
17 travel here --

18 GOVERNOR SCOTT: Give me your telephone  
19 number.

20 MR. SEBASTIAN: -- a lot on business --  
21 sir?

22 GOVERNOR SCOTT: We have Disney World, we  
23 got lots of things.

24 MR. SEBASTIAN: I know. And great job  
25 growth too.

1 Well, thanks very much for having me.

2 I'll give a brief overview of the performance  
3 of the major mandates managed by the SBA, and  
4 I'll begin here with a discussion of FRS  
5 Pension Plan.

6 We compare actual performance over periods  
7 ranging from a quarter up to 15 years against  
8 two benchmarks. One is in blue and labeled  
9 performance benchmark, and that's a  
10 representation of the pension plan's investment  
11 strategy. So performance well to that  
12 benchmark represents how good implementation of  
13 that strategy was on the part of the SBA and  
14 its staff. And performance relative to that is  
15 positive over every period shown here. A good  
16 implementation over short- and long-time  
17 periods.

18 We also show performance relative to the  
19 absolute nominal target rate of return. That's  
20 CPI inflation plus five percent. And that's a  
21 representation of the adequacy of the  
22 investment policy over time. That --

23 GOVERNOR SCOTT: Can you go back for a  
24 second.

25 MR. SEBASTIAN: -- CPI --

1           GOVERNOR SCOTT: On nominally, it's --  
2           what period on time on the CPI plus five? Is  
3           it trailing time frame on inflation?

4           MR. SEBASTIAN: It's --

5           GOVERNOR SCOTT: How do you do it?

6           MR. SEBASTIAN: -- the actual inflation  
7           experienced over the historical time period.

8           GOVERNOR SCOTT: That time frame.

9           MR. SEBASTIAN: Yes.

10          GOVERNOR SCOTT: So if you do quarters  
11          that CPI plus five percent.

12          MR. SEBASTIAN: Yes, exactly. So that CPI  
13          plus five percent is intended to be the return  
14          that plan needs to earn over the long term to  
15          meet its financial objectives. So again it's a  
16          measure of adequacy of the investment policy.

17          And the performance is mixed relative to  
18          that target over shorter periods, very strong  
19          for the quarter, and for the three-year  
20          period. Over longer periods, particularly the  
21          15-year actual performance, matched that  
22          target. And it's not surprising there's  
23          fluctuation over shorter periods because  
24          relative to an absolute target rate of return,  
25          performance will be driven by the results of

1 the stock market in shorter periods. It's  
2 meant to be a long-term benchmark. And over  
3 the longer periods, 15 years, matched the  
4 return, and over 20, 25 years, out performance  
5 of that target, which is a positive.

6 GOVERNOR SCOTT: Do you know what the  
7 number is for 10 years?

8 MR. SEBASTIAN: Yes. It is shown on the  
9 previous page, 5.9 percent versus 7.2.

10 We like to show --

11 GOVERNOR SCOTT: Is that up, right? 5.9  
12 is up. Is that up for 2011, I guess? It  
13 wouldn't be though, would it? Seems like 5.9  
14 is higher than what the 10 year was the last  
15 time we looked at it.

16 MR. SEBASTIAN: It may well have been. It  
17 would have increased with recent market  
18 performance, yes.

19 GOVERNOR SCOTT: Increase with it.

20 MR. SEBASTIAN: Yes. We like to show  
21 comparisons with peers, and just to set the  
22 stage for that we show the representation of  
23 the investment policy of the FRS Pension Plan  
24 relative to the TUCS Top Ten. This is Trust  
25 Universe Comparison system. This is the 10

1 largest public and corporate defined benefit  
2 plans, average size of about \$110 billion.

3 The FRS Pension Plan allocation of global  
4 equity is higher than peers, its allocation to  
5 bonds is about the same, its allocation to  
6 alternative investments: private equity, hedge  
7 funds, it is somewhat lower, but there's a  
8 shift toward that direction. Not because peers  
9 are doing it, but because that's a way to  
10 maximize the risk-adjusted returns, to increase  
11 returns without increasing the risk or even  
12 reducing risk. So there's a move in the  
13 direction of alternatives.

14 Performance relative to median of that  
15 top-10 peer group as shown here, over the short  
16 term, it's been very positive, over the  
17 quarter, 8.3 percent versus 6.9, and over the  
18 long term it's approximated, the results of  
19 median of the peer group. These returns are  
20 showing gross of fees, because that's how the  
21 information is reported to us, but where it's  
22 shown net of fees, because the SBA is a lower  
23 cost investment provider, results would look  
24 even better.

25 GOVERNOR SCOTT: Why don't you do that?

1 MR. SEBASTIAN: I'm sorry?

2 GOVERNOR SCOTT: Why don't you put that up  
3 there?

4 MR. SEBASTIAN: We could. We could just  
5 net out returns. We probably should do that.

6 In the interest of time I'll move to the  
7 defined contribution plan, the investment  
8 plan. We show in these two panels here,  
9 results relative to the two benchmarks. The  
10 one labeled total plan aggregate benchmark is a  
11 combination of the performance index for each  
12 individual option, aggregated up to the top.  
13 This is a measure of how well again the plan  
14 has been implemented. It's something that SBA  
15 has a measure of control over, which options  
16 and investment managers are chosen. And we see  
17 over every time period the investment plan has  
18 outperformed its aggregate benchmark.

19 Another comparison, one over which the SBA  
20 doesn't have direct control, is how  
21 participants choose to construct their  
22 portfolios. And one way to measure that is the  
23 investment plan's results relative to a median  
24 of similar plans, and that's shown in the  
25 bottom panel. And in the five-year period,

1        what's available, both average return and gross  
2        value added relative to the benchmarks, there's  
3        been out performance. So that's an indication  
4        that participants are choosing portfolios that  
5        are at least as good or better than defined  
6        contribution peers.

7                That's been done at a lower expense. So  
8        expense ratio relative to peer DC plans are  
9        shown at the top here, 23 basis point versus  
10       27, lower, and also relative to another option  
11       defined benefit plan, corporate and public, the  
12       SBA has operated as a lower cost provider there  
13       as well. And the same is true within each type  
14       of investment category, each option category,  
15       lower fees across the board.

16               The plan is growing as measured by assets  
17       under management. There's been a substantial  
18       and fairly steady increase from year to year.  
19       And also in membership, the number of members  
20       has also increased steadily. So the plan is  
21       growing and has been successful.

22               I will move to the Hurricane Catastrophe  
23       Fund, the Cat Fund. Oops, sorry. Wrong  
24       direction. Apologize. Summarizing performance  
25       over periods ranging from a quarter to 10



1       years, performance relative to the benchmark,  
2       which is a short-term bond benchmark reflecting  
3       that fund's investment strategy has been  
4       positive over every period for five years where  
5       it lagged by a moderate amount. So good  
6       results relative --

7               GOVERNOR SCOTT: How do you beat a return  
8       on this?

9               MR. SEBASTIAN: -- to the benchmark.

10              GOVERNOR SCOTT: How can you beat a  
11       benchmark on this one? Because it's all short  
12       term, right?

13              MR. SEBASTIAN: It's all short term, but  
14       there's all elements of security selection that  
15       is done by the -- by the manager that allows  
16       them to add -- to target modest amount value  
17       added, and that's what they've achieved.

18              GOVERNOR SCOTT: Achieved capital  
19       appreciation, is that what you're getting?

20              MR. SEBASTIAN: I would like to also talk  
21       about the Lawton Chiles Endowment Fund.  
22       Performance here is shown relative -- it's  
23       labeled target. That represents the endowment  
24       funds' investment policy, 71 percent stocks; 29  
25       percent bonds, and this is largely passively

1 managed. So tracking market returns with one  
2 active component in the foreign equity area  
3 that attempts to add value, and it's done so  
4 over every period shown here, performance has  
5 been good relative to the benchmark.

6 And then lastly I'll summarize performance  
7 of Florida PRIME. So these are shown as yields  
8 over again many time periods relative to a  
9 benchmark of similar government investment  
10 pools. That's the long name here, S&P AAA & AA  
11 Government Investment Pool benchmark, and it's  
12 used above benchmark performance over every  
13 period.

14 GOVERNOR SCOTT: Maintaining it because  
15 it's capital, like picking assets better.

16 MR. SEBASTIAN: That's right. Picking  
17 assets better, capital appreciation, and  
18 avoiding risks. And that concludes my report.

19 GOVERNOR SCOTT: Thank you very much.

20 ATTORNEY GENERAL BONDI: Thank you.

21 EXECUTIVE DIRECTOR WILLIAMS: Thank you  
22 very much, Mike. So moving on. Item 6.  
23 Request approval of a draft letter to the Joint  
24 Legislative Auditing Committee for annual  
25 certification of legal compliance and best

1 investment practice compliance for the Local  
2 Government Surplus Funds Trust Fund. This is  
3 the Florida PRIME exercise that I explained  
4 earlier that the Advisory Councils took up  
5 yesterday.

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

8 ATTORNEY GENERAL BONDI: So moved.

9 GOVERNOR SCOTT: Is there a second?

10 CFO ATWATER: Second.

11 GOVERNOR SCOTT: Moved and seconded. The  
12 item is approved without objection.

13 EXECUTIVE DIRECTOR WILLIAMS: Thank you.  
14 Item 7. Request approval of investment policy  
15 statements for the Local Government Surplus  
16 Funds Trust Fund as requested -- as required  
17 under Florida Statute and for the Fund B  
18 Surplus Funds Trust Fund, again reflecting  
19 yesterday's work.

20 GOVERNOR SCOTT: Is there a motion to  
21 approve?

22 ATTORNEY GENERAL BONDI: So moved.

23 GOVERNOR SCOTT: Is there a second?

24 CFO ATWATER: Second.

25 GOVERNOR SCOTT: Moved and seconded. Show

1           it approved without objection.

2           EXECUTIVE DIRECTOR WILLIAMS: Thank you.

3           Item 8. Request approval of the SBA Quarterly  
4           Report required by the protecting Florida  
5           Investments Act. And there's a summary in the  
6           materials of the changes made. This is the  
7           Sudan and Iran.

8           And essentially the quick summary is on  
9           Sudan two companies were added to the  
10          scrutinized list, there were no changes to the  
11          other lists relating to the Sudan. And on Iran  
12          no countries were added to the scrutinized  
13          list, eight were removed from the scrutinized  
14          list, four added to continued examination and  
15          two removed for continued examination. Again  
16          details are in your packet. Request approval  
17          of the Quarterly Report, please.

18          GOVERNOR SCOTT: Is there a motion to  
19          approve?

20          ATTORNEY GENERAL BONDI: So moved.

21          GOVERNOR SCOTT: Is there a second?

22          CFO ATWATER: Second.

23          GOVERNOR SCOTT: Moved and seconded. The  
24          item is approved without objection.

25          EXECUTIVE DIRECTOR WILLIAMS: Thank you.

1       Item 9. Request budget approval for the -- or  
2       request approval of the State Board of  
3       Administration's proposed budgets for fiscal  
4       year '12-13. These include the Board of  
5       Administration, the FRS Investment Plan,  
6       Hurricane Catastrophe Fund, Division of Bond  
7       Finance, and Florida Prepaid.

8               Of these the SBA and the Division of Bond  
9       Finance have nominal increases, the other three  
10      entities have decreases in their budgets. And  
11      there's detail in the packet and I've met with  
12      your staff on this. Happy to cover any  
13      questions you may have on this.

14             GOVERNOR SCOTT: And this will continue to  
15      show -- our -- our cost structure will still be  
16      below --

17             EXECUTIVE DIRECTOR WILLIAMS: Yes, sir.

18             GOVERNOR SCOTT: -- national averages.

19             EXECUTIVE DIRECTOR WILLIAMS: Correct.

20             GOVERNOR SCOTT: Okay. Any questions?

21             (No response.)

22             GOVERNOR SCOTT: Is there a motion to  
23      approve this item?

24             CFO ATWATER: So moved.

25             GOVERNOR SCOTT: Is there a second?

1 Ma'am, is there a second?

2 ATTORNEY GENERAL BONDI: I'm sorry.

3 Second.

4 GOVERNOR SCOTT: Moved and seconded. The  
5 item is approved without objection. Thank you  
6 very much.

7 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

8 GOVERNOR SCOTT: Ambassador Cobb, I'm glad  
9 you're doing this. Thank you for your  
10 service.

11 ATTORNEY GENERAL BONDI: Thank you.

12 GOVERNOR SCOTT: This concludes our  
13 Cabinet meeting. Our next meeting will be  
14 August 7th in Tallahassee. We're adjourned.  
15 Thank you very much everybody.

16 (State Board of Administration quarterly  
17 meeting concluded at 12:20 p.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA:

COUNTY OF LEON:

I, CAROLYN L. RANKINE, do hereby certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter translated under my supervision; and the foregoing pages numbered 1 through 36 are a true and correct record of the aforesaid proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor relative or employee of such attorney or counsel, or financially interested in the foregoing action.

DATED THIS \_\_\_\_\_ day of July, 2012.

CAROLYN L. RANKINE  
2894-A Remington Green Lane  
Tallahassee, Florida 32308  
850.878.2221

**End of Section**



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

---

**TO:** Ash Williams  
**FROM:** Robert Copeland  
**SUBJECT:** Fiscal Sufficiency  
**DATE:** August 29, 2012



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**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$278,000,000  
STATE OF FLORIDA, FULL FAITH AND CREDIT, DEPARTMENT OF TRANSPORTATION  
RIGHT-OF-WAY ACQUISITION AND BRIDGE CONSTRUCTION REFUNDING BONDS,  
SERIES (TO BE DETERMINED)**

The Division of Bond Finance of the State Board of Administration (the "Division") has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$278,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series (to be determined) (the "Bonds"), in one or more series, for the purpose of refunding all or a portion of the outstanding Series 2004A Bonds and to pay costs associated with the issuance and sale of the Bonds. The Bonds will be issued pursuant to an authorizing resolution adopted by the Governor and Cabinet on February 28, 1989, as amended and supplemented by various resolutions and an authorizing and sale resolution which is anticipated to be adopted by the Governor and Cabinet on September 18, 2012.

The Bonds to be issued pursuant to Section 17 of Article VII of the State Constitution and Chapter 88-247, Laws of Florida, are to be secured by a pledge of and shall be payable primarily from motor fuel and special fuel taxes, except those defined in Section 9(c) of Article XII of the State Constitution, as provided by law (the "Pledged Gas Taxes"), and shall additionally be secured by the full faith and credit of the State. The Division has heretofore issued State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds and Refunding Bonds, Series 2003A through 2012A (the "Outstanding Bonds"). The Division has submitted for approval as to fiscal sufficiency a proposal to issue not exceeding \$102,500,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series (to be determined) (the "2012 Bonds") for approval at the September 18, 2012, meeting of the State Board of Administration. The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$310,000,000 Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series (to be determined) (the "Series 2012 Refunding Bonds") at its March 20, 2012, meeting, of which \$42,610,000 remains unissued. The Division has requested, and it is anticipated that the State Board of Administration will rescind its approval of fiscal sufficiency with respect to the unissued portion of the Series 2012 Refunding Bonds. The Bonds will be issued on a parity as to lien and security for payment from the Pledged Gas Taxes with the Outstanding Bonds, and the 2012 Bonds when and if approved and issued.

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

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

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION  
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT  
EXCEEDING \$278,000,000 STATE OF FLORIDA, FULL FAITH AND  
CREDIT, DEPARTMENT OF TRANSPORTATION RIGHT-OF-WAY  
ACQUISITION AND BRIDGE CONSTRUCTION REFUNDING BONDS,  
SERIES (TO BE DETERMINED)**

**WHEREAS**, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding \$278,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series (to be determined) (the "Bonds"), in one or more series, for the purpose of refunding all or a portion of the outstanding Series 2004A Bonds and to pay costs associated with the issuance and sale of the Bonds; and,

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

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

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

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

**WHEREAS**, the Bonds will be issued pursuant to an authorizing resolution adopted by the Governor and Cabinet on February 28, 1989, as amended and supplemented by various resolutions and an authorizing and sale resolution which is anticipated to be adopted by the Governor and Cabinet on September 18, 2012; and,

**WHEREAS**, the Division has heretofore issued State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds and Refunding Bonds, Series 2003A through 2012A (the "Outstanding Bonds"); and,

**WHEREAS**, the Division has submitted for approval as to fiscal sufficiency a proposal to issue not exceeding \$102,500,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series (to be determined) (the "2012 Bonds") for approval at the September 18, 2012, meeting of the State Board of Administration.

**WHEREAS**, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$310,000,000 Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series (to be determined) (the "Series 2012 Refunding Bonds") at its March 20, 2012, meeting, of which \$42,610,000 remains unissued; and,

**WHEREAS**, the Division of Bond Finance of the State Board of Administration has requested, and it is anticipated that the State Board of Administration will rescind its approval of fiscal sufficiency with respect to the unissued portion of the Series 2012 Refunding Bonds; and,

**WHEREAS**, the Bonds will be issued on a parity as to lien and security for payment from the Pledged Gas Taxes with the Outstanding Bonds, and the 2012 Bonds when and if approved and issued; and,

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

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

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

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

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

**BE IT RESOLVED**, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration of Florida to issue an amount not exceeding \$278,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series (to be determined), is hereby approved as to fiscal sufficiency. In addition, the approval of fiscal sufficiency with respect to the \$42,610,000 remaining portion of the \$310,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds (to be determined) approved on March 20, 2012 is hereby rescinded.

**ADOPTED** September 18, 2012



**J. BEN WATKINS III**  
DIRECTOR

STATE OF FLORIDA

**DIVISION OF BOND FINANCE**  
OF THE STATE BOARD OF ADMINISTRATION

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**RICK SCOTT**  
GOVERNOR  
AS CHAIRMAN

**PAM BONDI**  
ATTORNEY GENERAL  
AS SECRETARY

**JEFF ATWATER**  
CHIEF FINANCIAL OFFICER  
AS TREASURER

**ADAM H. PUTNAM**  
COMMISSIONER OF AGRICULTURE

August 3, 2012

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

RE: Not Exceeding \$278,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of September 18, 2012.

The bonds will be payable from pledged gas taxes, consisting of certain motor fuel and diesel fuel taxes, and are additionally secured by the full faith and credit of the State of Florida. The proposed bonds will be payable on a parity with the previously issued Series 2003A through 2012A bonds and the \$102,500,000 Series (to be determined) bonds expected to be approved for fiscal sufficiency on September 18, 2012. The fiscal sufficiency for the remaining \$42,610,000 2012A Series (to be determined) refunding bonds approved for fiscal sufficiency on March 20, 2012 should be rescinded.

The proposed bonds are being issued to refund all or a portion of the outstanding Series 2004A bonds and to pay costs associated with the issuance and sale of the proposed bonds. The bonds will only be issued if there is a savings.

The bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the Governor and Cabinet on February 28, 1989, as amended and supplemented by various resolutions and a resolution authorizing the issuance and sale of the refunding bonds expected to be adopted on September 18, 2012. Copies of the February 28, 1989 authorizing resolution and its subsequent supplemental resolutions have previously been provided to you. A draft copy of the authorizing and sale resolution anticipated to be adopted September 18, 2012 will be provided when available.


August 3, 2012  
Page Two

The following documents are enclosed for your consideration:

- Enclosure 1: A coverage table based on the estimated pledged revenues available for debt service. Coverage is based on existing program debt service including \$102,500,000 of new issue bonds pending approval as to fiscal sufficiency, but does not include the potential savings from the proposed \$280,000,000 refunding bonds;
- Enclosure 2: Estimated savings schedule for the proposed refunding bonds;
- Enclosure 3: A schedule showing the estimated Highway Fuel Sales Tax collections (the motor and diesel fuel taxes pledged) as projected by the Florida Consensus Estimating Conference at its January 2012 meeting.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "J. Ben Watkins III", with a stylized flourish at the end.

J. Ben Watkins III  
Director

JBW\cy

Enclosures

cc: Robert Copeland  
Janie Knight  
Anthony Doheny

**STATE OF FLORIDA FULL FAITH AND CREDIT  
RIGHT-OF-WAY ACQUISITION AND BRIDGE CONSTRUCTION BONDS  
Series (to be determined)  
ESTIMATED SCHEDULE OF COVERAGE ON OUTSTANDING BONDS**

Fiscal Year Ended June 30	Projected Motor & Diesel Fuel Sales Tax Available for Debt Service (1)	Outstanding Debt Service	2012B Estimated Debt Service			Total Estimated Debt Service	Debt Service Coverage (2)	Maximum Allowable Debt Service (3)	Pro Forma Debt Service Coverage (4)
			Principal	Interest	Debt Service				
2013	\$1,139,300,000	\$155,847,978	\$1,120,000	\$4,813,229	\$5,933,229	\$161,781,207	7.31x	\$209,923,000	5.43x
2014	1,184,600,000	163,133,903	1,435,000	5,829,350	7,264,350	170,398,253	7.26x	219,163,000	5.41x
2015	1,239,500,000	163,195,146	1,520,000	5,746,838	7,266,838	170,461,984	7.60x	229,901,000	5.39x
2016	1,301,300,000	163,192,440	1,605,000	5,659,438	7,264,438	170,456,878	7.97x	240,289,000	5.42x
2017	1,358,900,000	163,241,340	1,700,000	5,567,150	7,267,150	170,508,490	8.32x	249,620,000	5.44x
2018	1,411,700,000	163,289,615	1,795,000	5,469,400	7,264,400	170,554,015	8.65x	259,238,000	5.45x
2019	1,468,300,000	163,221,053	1,900,000	5,366,188	7,266,188	170,487,240	9.00x	268,359,000	5.47x
2020	1,521,600,000	163,313,821	2,010,000	5,256,938	7,266,938	170,580,759	9.32x	275,000,000	5.53x
2021	1,579,400,000	163,317,590	2,125,000	5,141,363	7,266,363	170,583,953	9.67x	275,000,000	5.74x
2022	1,579,400,000	159,979,053	2,245,000	5,019,175	7,264,175	167,243,228	9.87x	275,000,000	5.74x
2023	1,579,400,000	159,062,298	2,375,000	4,890,088	7,265,088	166,327,385	9.93x	275,000,000	5.74x
2024	1,579,400,000	155,555,370	2,510,000	4,753,525	7,263,525	162,818,895	10.15x	275,000,000	5.74x
2025	1,579,400,000	145,156,670	2,655,000	4,609,200	7,264,200	152,420,870	10.88x	275,000,000	5.74x
2026	1,579,400,000	145,194,838	2,810,000	4,456,538	7,266,538	152,461,375	10.88x	275,000,000	5.74x
2027	1,579,400,000	135,555,894	2,970,000	4,294,963	7,264,963	142,820,856	11.65x	275,000,000	5.74x
2028	1,579,400,000	113,710,131	3,140,000	4,124,188	7,264,188	120,974,319	13.89x	275,000,000	5.74x
2029	1,579,400,000	105,182,725	3,320,000	3,943,638	7,263,638	112,446,363	15.02x	275,000,000	5.74x
2030	1,579,400,000	105,156,063	3,510,000	3,752,738	7,262,738	112,418,800	15.02x	275,000,000	5.74x
2031	1,579,400,000	105,105,750	3,715,000	3,550,913	7,265,913	112,371,663	15.03x	275,000,000	5.74x
2032	1,579,400,000	96,621,763	3,930,000	3,337,300	7,267,300	103,889,063	16.35x	275,000,000	5.74x
2033	1,579,400,000	85,379,275	4,155,000	3,111,325	7,266,325	92,645,600	18.50x	275,000,000	5.74x
2034	1,579,400,000	48,558,650	4,390,000	2,872,413	7,262,413	55,821,063	32.53x	275,000,000	5.74x
2035	1,579,400,000	28,931,988	4,645,000	2,619,988	7,264,988	36,196,975	54.59x	275,000,000	5.74x
2036	1,579,400,000	28,886,350	4,910,000	2,352,900	7,262,900	36,149,250	54.68x	275,000,000	5.74x
2037	1,579,400,000	28,846,688	5,195,000	2,070,575	7,265,575	36,112,263	54.75x	275,000,000	5.74x
2038	1,579,400,000	18,895,100	5,495,000	1,771,863	7,266,863	26,161,963	83.59x	275,000,000	5.74x
2039	1,579,400,000	18,894,100	5,810,000	1,455,900	7,265,900	26,160,000	83.59x	275,000,000	5.74x
2040	1,579,400,000	5,905,600	6,145,000	1,121,825	7,266,825	13,172,425	267.44x	275,000,000	5.74x
2041	1,579,400,000	5,907,200	6,495,000	768,488	7,263,488	13,170,688	267.37x	275,000,000	5.74x
2042	1,579,400,000	-	6,870,000	395,025	7,265,025	7,265,025	217.40x	275,000,000	5.74x
		<u>\$ 3,158,238,388</u>	<u>\$ 102,500,000</u>	<u>\$ 114,122,454</u>	<u>\$ 216,622,454</u>	<u>\$ 3,374,860,842</u>		<u>\$8,001,493,000</u>	

(1) The bonds are payable from the motor fuel and diesel fuel taxes pursuant to Sections 206.41(g) and 206.87(1)(e), Florida Statutes. The projected motor and diesel fuel tax collections are as adopted by the Florida Consensus Estimating Conference on Transportation Revenues, January 2012, and are rounded to the nearest thousand dollars. The projections are held constant in Fiscal Year 2020-2021 for future years. **The projections are based on the best information available when the estimates are made, which is believed to be accurate. Projections are statements of opinion and are subject to future events which may cause the actual results to differ materially from those set forth herein. Undue reliance should not be placed on these projections.**

(2) Coverage has been calculated by dividing the amount of Projected Motor and Diesel Fuel Sales Tax Available for Debt Service by the Outstanding Total Debt Service

(3) Pursuant to Section 206.46(2), Florida Statutes, debt service cannot exceed the lesser of 7% of state revenues transferred to the STTF or \$275 million.

(4) Coverage has been calculated by dividing the amount of Projected Motor and Diesel Fuel Sales Tax Available for Debt Service by the Maximum Allowable Debt Service.

**End of Section**

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

---

**TO:** Ash Williams  
**FROM:** Robert Copeland  
**SUBJECT:** Fiscal Sufficiency  
**DATE:** September 4, 2012



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**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING  
\$120,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION  
TURNPIKE REVENUE BONDS, SERIES 2012 (TO BE DETERMINED):**

The Division of Bond Finance of the State Board of Administration (the "Division"), on behalf of the State of Florida Department of Transportation, has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$120,000,000 State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2012 (to be determined) (the "Bonds") for the purpose of financing the construction or acquisition of capital improvements to the turnpike system. The Bonds will be issued pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Thirty-second Supplemental Resolution anticipated to be adopted by the Governor and Cabinet on September 18, 2012.

The Division, on behalf of the Department of Transportation, has heretofore issued Turnpike Revenue and Revenue Refunding Bonds, Series 1998A through 2011A (the "Outstanding Bonds"). The Division has submitted for approval as to fiscal sufficiency a proposal to issue not exceeding \$85,000,000 Turnpike Revenue Refunding Bonds, Series 2012 (to be determined) (The "2012 Refunding Bonds") for approval at the September 18, 2012, meeting of the State Board of Administration. The Bonds shall be issued on a parity as to source and security for payment with the Outstanding Bonds and when and if approved and issued, the 2012 Refunding Bonds. The Bonds shall not be secured by a pledge of the full faith and credit or the taxing power of the State of Florida or any political subdivision thereof.

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

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

cc: Janie Knight



**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION  
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT  
EXCEEDING \$120,000,000 STATE OF FLORIDA, DEPARTMENT OF  
TRANSPORTATION TURNPIKE REVENUE BONDS,  
SERIES 2012 (TO BE DETERMINED)**

**WHEREAS**, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding \$120,000,000 State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2012 (to be determined) (the "Bonds"), on behalf of the State of Florida Department of Transportation, for the purpose of financing the construction or acquisition of capital improvements to the turnpike system; and,

**WHEREAS**, the Bonds will be issued pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Thirty-second Supplemental Resolution anticipated to be adopted by the Governor and Cabinet on September 18, 2012, authorizing the issuance and sale of the Bonds (collectively referred to herein as the "Resolution"); and,

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

**WHEREAS**, the Division, on behalf of the Department of Transportation has heretofore issued Turnpike Revenue and Revenue Refunding Bonds, Series 1998A through 2011A (the "Outstanding Bonds"); and,

**WHEREAS**, the Division has submitted for approval as to fiscal sufficiency a proposal to issue not exceeding \$85,000,000 Turnpike Revenue Refunding Bonds, Series 2012 (to be determined) (The "2012 Refunding Bonds") for approval at the September 18, 2012, meeting of the State Board of Administration; and,

**WHEREAS**, the proposed Bonds shall be issued on a parity as to source and security for payment with the Outstanding Bonds and when and if approved and issued, the 2012 Refunding Bonds; and,

**WHEREAS**, the proposed Bonds shall be secured by a first lien upon Net Revenues of the Turnpike System, which consists of all tolls, revenues, rates, fees, charges, receipts, rents or other income derived from, or in connection with, the operation of the Florida Turnpike, less any necessary contribution to fund the Cost of Maintenance and Cost of Operation after taking into account other sources of funds available to fund the Cost of Maintenance and Cost of Operation; and,

**WHEREAS**, the Florida Department of Transportation has covenanted to pay the Cost of Maintenance and Cost of Operation of the Turnpike System from moneys in the State Transportation Trust Fund; and,

**WHEREAS**, tolls are required to be fixed, and adjusted if necessary, so that gross revenues shall be sufficient to pay at least (i) 100% of Operation and Maintenance costs; (ii) 120% of the Annual Debt Service Requirement; and (iii) 100% of all other payments required by the Resolution; and,

**WHEREAS**, an examination of this plan of financing indicated that the same will be executed pursuant to the applicable provisions of law, and that the revenue to be used in servicing and liquidating the indebtedness to be created thereby may be reasonably expected to accrue in amounts sufficient to accomplish this purpose; and,

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

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

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

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

**BE IT RESOLVED**, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration to issue an amount not exceeding \$120,000,000 State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2012 (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

**ADOPTED** September 18, 2012



**J. BEN WATKINS III**  
DIRECTOR

STATE OF FLORIDA  
**DIVISION OF BOND FINANCE**  
OF THE STATE BOARD OF ADMINISTRATION

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

**POST OFFICE BOX 13300  
TALLAHASSEE, FLORIDA 32317-3300**  
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**TELEPHONE: (850) 488-4782  
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**RICK SCOTT**  
GOVERNOR  
AS CHAIRMAN

**PAM BONDI**  
ATTORNEY GENERAL  
AS SECRETARY

**JEFF ATWATER**  
CHIEF FINANCIAL OFFICER  
AS TREASURER

**ADAM H. PUTNAM**  
COMMISSIONER OF AGRICULTURE

August 31, 2012

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

RE: Not Exceeding \$120,000,000 State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2012 (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of September 18, 2012.

The bonds will be payable from the net revenues of the turnpike system on a parity with the outstanding Series 1998A through 2011A Bonds and the \$85,000,000 Series 2012 (to be determined) Refunding Bonds expected to be approved for fiscal sufficiency on September 18, 2012, when and if issued. The bonds will be issued for the purpose of financing the construction or acquisition of capital improvements to the turnpike system.

The bonds will be issued in one or more series pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Thirty-second Supplemental Resolution anticipated to be adopted by the Governor and Cabinet on September 18, 2012.

The following documents are enclosed for your consideration:

Enclosure 1: An estimated coverage table for the program, including the proposed \$120,000,000 Turnpike Bonds, without considering the potential savings from the proposed \$85,000,000 refunding bonds;

Enclosure 2: An estimated debt service schedule for the proposed bonds; and

Enclosure 3: a draft copy of the Thirty-second Supplemental Resolution anticipated to be adopted by the Governor and Cabinet on September 18, 2012.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "J. Ben Watkins III". The signature is fluid and cursive, with a large, stylized "J" and "W".

J. Ben Watkins III  
Director

JBW\kb

Enclosures

cc: Robert Copeland  
Janie Knight  
Anthony Doheny

**NOT EXCEEDING \$120,000,000**  
**STATE OF FLORIDA**  
**DEPARTMENT OF TRANSPORTATION**  
**TURNPIKE REVENUE BONDS, SERIES 2012 (to be determined)**

**ESTIMATED COVERAGE TABLE -- Tax-Exempt Issue**

FISCAL YEAR ENDING JUNE 30	HISTORICAL/PROJECTED PLEDGED REVENUES <sup>1</sup>			ESTIMATED DEBT SERVICE <sup>2</sup>			TOTAL			LESS FEDERAL SUBSIDY <sup>3</sup>			NET		NET DEBT SERVICE COVERAGE	
	TURNPIKE SYSTEM REVENUES	OPERATIONS & MAINTENANCE EXPENSES <sup>2</sup>	NET REVENUE	OUTSTANDING DEBT SERVICE <sup>3</sup>	PRINCIPAL	INTEREST							DEBT SERVICE	NET		
<b>Historical</b>																
2007	\$681,615,000	\$175,386,000	\$506,229,000	\$168,454,130	-	-	-	-	-	-	-	-	\$168,454,130	\$168,454,130	3.01 x	
2008	650,743,000	184,218,000	466,525,000	194,387,007	-	-	-	-	-	-	-	-	194,387,007	194,387,007	2.40 x	
2009	604,897,000	190,603,000	414,294,000	203,145,004	-	-	-	-	-	-	-	-	203,145,004	203,145,004	2.04 x	
2010	611,596,000	172,422,000	439,174,000	224,220,717	-	-	-	-	-	(\$5,811,097)	(\$5,811,097)	(\$5,811,097)	218,409,620	218,409,620	2.01 x	
2011	611,946,000	180,060,000	431,886,000	243,061,034	-	-	-	-	-	(5,943,001)	(5,943,001)	(5,943,001)	237,118,033	237,118,033	1.82 x	
<b>Projected</b>																
2012	\$615,980,864	\$174,500,000	\$441,480,864	\$249,182,170	-	-	-	\$5,498,452	\$4,453,452	(\$5,943,001)	(\$5,943,001)	(\$5,943,001)	\$243,239,169	\$243,239,169	1.82 x	
2013	704,923,000	184,614,937	520,308,063	249,519,184	\$1,045,000	\$4,453,452	\$5,498,452	8,249,975	6,619,975	(5,943,001)	(5,943,001)	(5,943,001)	249,074,636	249,074,636	2.09 x	
2014	736,622,000	186,908,236	549,713,764	249,236,284	1,630,000	6,619,975	8,249,975	8,249,975	6,619,975	(5,943,001)	(5,943,001)	(5,943,001)	251,543,258	251,543,258	2.15 x	
2015	738,106,000	190,111,302	547,994,698	247,138,972	1,725,000	6,526,250	8,252,250	8,252,250	6,526,250	(5,943,001)	(5,943,001)	(5,943,001)	249,447,221	249,447,221	2.20 x	
2016	755,257,000	189,121,679	566,135,321	247,218,934	1,825,000	6,427,063	8,252,063	8,252,063	6,427,063	(5,943,001)	(5,943,001)	(5,943,001)	249,527,996	249,527,996	2.27 x	
2017	779,340,000	183,714,074	595,625,926	247,280,584	1,930,000	6,322,125	8,252,125	8,252,125	6,322,125	(5,943,001)	(5,943,001)	(5,943,001)	249,589,708	249,589,708	2.39 x	
2018	809,105,000	188,423,539	620,681,461	248,449,684	2,040,000	6,211,150	8,251,150	8,251,150	6,211,150	(5,943,001)	(5,943,001)	(5,943,001)	250,757,833	250,757,833	2.48 x	
2019	836,737,000	195,152,718	641,584,282	247,407,034	2,155,000	6,093,850	8,248,850	8,248,850	6,093,850	(5,943,001)	(5,943,001)	(5,943,001)	249,712,883	249,712,883	2.57 x	
2020	866,809,000	198,756,880	668,052,120	229,087,847	2,280,000	5,969,938	8,249,938	8,249,938	5,969,938	(5,943,001)	(5,943,001)	(5,943,001)	231,394,783	231,394,783	2.89 x	
2021	898,762,000	204,149,292	694,612,708	229,087,290	2,410,000	5,838,838	8,248,838	8,248,838	5,838,838	(5,601,632)	(5,601,632)	(5,601,632)	206,214,733	206,214,733	3.51 x	
2022	932,404,000	209,253,024	723,150,976	203,566,103	2,550,000	5,700,263	8,250,263	8,250,263	5,700,263	(5,405,966)	(5,405,966)	(5,405,966)	196,954,362	196,954,362	3.67 x	
2023	932,404,000	209,253,024	723,150,976	194,111,691	2,695,000	5,538,638	8,248,638	8,248,638	5,538,638	(5,202,456)	(5,202,456)	(5,202,456)	198,123,752	198,123,752	3.65 x	
2024	932,404,000	209,253,024	723,150,976	195,077,533	2,850,000	5,398,675	8,248,675	8,248,675	5,398,675	(4,990,887)	(4,990,887)	(4,990,887)	198,624,926	198,624,926	3.64 x	
2025	932,404,000	209,253,024	723,150,976	195,366,012	3,015,000	5,234,800	8,249,800	8,249,800	5,234,800	(4,770,829)	(4,770,829)	(4,770,829)	173,682,000	173,682,000	4.16 x	
2026	932,404,000	209,253,024	723,150,976	170,201,391	3,190,000	5,061,438	8,251,438	8,251,438	5,061,438	(4,517,478)	(4,517,478)	(4,517,478)	173,680,390	173,680,390	4.16 x	
2027	932,404,000	209,253,024	723,150,976	169,944,855	3,375,000	4,878,013	8,248,963	8,248,963	4,878,013	(4,252,941)	(4,252,941)	(4,252,941)	144,487,019	144,487,019	5.00 x	
2028	932,404,000	209,253,024	723,150,976	140,491,010	3,565,000	4,683,950	8,248,950	8,248,950	4,683,950	(3,976,623)	(3,976,623)	(3,976,623)	129,951,853	129,951,853	5.56 x	
2029	932,404,000	209,253,024	723,150,976	133,148,693	3,770,000	4,478,963	8,248,963	8,248,963	4,478,963	(3,688,167)	(3,688,167)	(3,688,167)	127,258,581	127,258,581	5.68 x	
2030	932,404,000	209,253,024	723,150,976	125,387,833	3,990,000	4,262,188	8,252,188	8,252,188	4,262,188	(2,743,902)	(2,743,902)	(2,743,902)	127,252,681	127,252,681	5.68 x	
2031	932,404,000	209,253,024	723,150,976	122,392,678	4,220,000	4,032,763	8,252,763	8,252,763	4,032,763	(2,400,944)	(2,400,944)	(2,400,944)	114,401,246	114,401,246	6.32 x	
2032	932,404,000	209,253,024	723,150,976	122,070,095	4,460,000	3,790,113	8,250,113	8,250,113	3,790,113	(2,042,754)	(2,042,754)	(2,042,754)	96,943,361	96,943,361	7.46 x	
2033	932,404,000	209,253,024	723,150,976	121,747,920	4,715,000	3,533,663	8,248,663	8,248,663	3,533,663	(1,668,737)	(1,668,737)	(1,668,737)	96,948,171	96,948,171	7.46 x	
2034	932,404,000	209,253,024	723,150,976	108,549,640	4,990,000	3,262,550	8,252,550	8,252,550	3,262,550	(1,278,179)	(1,278,179)	(1,278,179)	63,226,674	63,226,674	11.44 x	
2035	932,404,000	209,253,024	723,150,976	90,364,595	5,275,000	2,975,625	8,252,313	8,252,313	2,975,625	(870,366)	(870,366)	(870,366)	50,685,282	50,685,282	14.27 x	
2036	932,404,000	209,253,024	723,150,976	56,253,390	5,500,000	2,672,313	8,251,463	8,251,463	2,672,313	(444,584)	(444,584)	(444,584)	31,204,413	31,204,413	23.17 x	
2037	932,404,000	209,253,024	723,150,976	43,303,435	6,240,000	2,012,213	8,252,213	8,252,213	2,012,213				15,030,600	15,030,600	48.11 x	
2038	932,404,000	209,253,024	723,150,976	42,793,103	6,600,000	1,653,413	8,253,413	8,253,413	1,653,413				8,248,850	8,248,850	87.67 x	
2039	932,404,000	209,253,024	723,150,976	22,955,500	6,975,000	1,273,913	8,252,850	8,252,850	1,273,913							
2040	932,404,000	209,253,024	723,150,976	6,777,750	7,380,000	872,850	8,252,850	8,252,850	872,850							
2041	932,404,000	209,253,024	723,150,976		7,800,000	448,500	8,248,500	8,248,500	448,500							
2042	932,404,000	209,253,024	723,150,976													
				4,798,846,699	\$116,175,000	128,593,939.95	244,768,939.95			(\$119,592,433)	(\$119,592,433)	(\$119,592,433)	\$ 5,043,615,639			

<sup>1</sup> Historical and projected revenues through fiscal year 2022 provided by the Turnpike's traffic and revenue consultant. Historical and projected expenses through fiscal year 2022 provided by the Turnpike Finance Office. For fiscal years 2023 and thereafter, revenue and O&M expense projections have been held constant. However, no representation is made that the amounts shown in any fiscal year will be collected.

<sup>2</sup> The operations and maintenance expenses are paid by the Department of Transportation under an operations agreement and then reimbursed by the Turnpike after debt service. The operations agreement is enforceable by bondholders.

<sup>3</sup> Includes debt service for Turnpike Revenue Bonds Series 1998A through 2011A. Excludes debt service for the 2003C Bonds which were refunded by the 2011A Bonds and will be called on 7/1/13.

<sup>4</sup> Interest has been calculated at 5.75%, the REC adopted rate.

<sup>5</sup> Federal subsidy payments on Build America Bonds Series 2009B

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

---

**TO:** Ash Williams  
**FROM:** Robert Copeland  
**SUBJECT:** Fiscal Sufficiency  
**DATE:** September 4, 2012



---

**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$85,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION TURNPIKE REVENUE REFUNDING BONDS, SERIES 2012 (TO BE DETERMINED):**

The Division of Bond Finance of the State Board of Administration (the "Division"), on behalf of the State of Florida Department of Transportation, has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$85,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2012 (to be determined) (the "Bonds") for the purpose of refunding all or a portion of the outstanding Series 1998A and 1999A Bonds. The Bonds will be issued pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Thirty-first Supplemental Resolution anticipated to be adopted by the Governor and Cabinet on September 18, 2012.

The Division, on behalf of the Department of Transportation, has heretofore issued Turnpike Revenue and Revenue Refunding Bonds, Series 1998A through 2011A (the "Outstanding Bonds"). The Division has submitted for approval as to fiscal sufficiency a proposal to issue not exceeding \$120,000,000 Turnpike Revenue Bonds, Series 2012 (to be determined) (The "2012 Bonds") for approval at the September 18, 2012, meeting of the State Board of Administration. The Bonds shall be issued on a parity as to source and security for payment with the Outstanding Bonds and when and if approved and issued, the 2012 Bonds. The Bonds shall not be secured by a pledge of the full faith and credit or the taxing power of the State of Florida or any political subdivision thereof.

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

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

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION  
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT  
EXCEEDING \$85,000,000 STATE OF FLORIDA, DEPARTMENT OF  
TRANSPORTATION TURNPIKE REVENUE REFUNDING BONDS,  
SERIES 2012 (TO BE DETERMINED)**

**WHEREAS**, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding \$85,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2012 (to be determined) (the "Bonds"), on behalf of the State of Florida Department of Transportation, for the purpose of refunding all or a portion of the outstanding Series 1998A and 1999A Bonds; and,

**WHEREAS**, the Bonds will be issued pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Thirty-first Supplemental Resolution anticipated to be adopted by the Governor and Cabinet on September 18, 2012, authorizing the issuance and sale of the Bonds (collectively referred to herein as the "Resolution"); and,

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

**WHEREAS**, the Division, on behalf of the Department of Transportation has heretofore issued Turnpike Revenue and Revenue Refunding Bonds, Series 1998A through 2011A (the "Outstanding Bonds"); and,

**WHEREAS**, the Division has submitted for approval as to fiscal sufficiency a proposal to issue not exceeding \$120,000,000 Turnpike Revenue Bonds, Series 2012 (to be determined) (The "2012 Bonds") for approval at the September 18, 2012, meeting of the State Board of Administration; and,

**WHEREAS**, the proposed Bonds shall be issued on a parity as to source and security for payment with the Outstanding Bonds and when and if approved and issued, the 2012 Bonds; and,

**WHEREAS**, the proposed Bonds shall be secured by a first lien upon Net Revenues of the Turnpike System, which consists of all tolls, revenues, rates, fees, charges, receipts, rents or other income derived from, or in connection with, the operation of the Florida Turnpike, less any necessary contribution to fund the Cost of Maintenance and Cost of Operation after taking into account other sources of funds available to fund the Cost of Maintenance and Cost of Operation; and,

**WHEREAS**, the Florida Department of Transportation has covenanted to pay the Cost of Maintenance and Cost of Operation of the Turnpike System from moneys in the State Transportation Trust Fund; and,

**WHEREAS**, tolls are required to be fixed, and adjusted if necessary, so that gross revenues shall be sufficient to pay at least (i) 100% of Operation and Maintenance costs; (ii) 120% of the Annual Debt Service Requirement; and (iii) 100% of all other payments required by the Resolution; and,

**WHEREAS**, an examination of this plan of financing indicated that the same will be executed pursuant to the applicable provisions of law, and that the revenue to be used in servicing and liquidating the indebtedness to be created thereby may be reasonably expected to accrue in amounts sufficient to accomplish this purpose; and,

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

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

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

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

**BE IT RESOLVED**, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration to issue an amount not exceeding \$85,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2012 (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

**ADOPTED** September 18, 2012





**J. BEN WATKINS III**  
DIRECTOR

STATE OF FLORIDA  
**DIVISION OF BOND FINANCE**  
OF THE STATE BOARD OF ADMINISTRATION

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

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

**TELEPHONE: (850) 488-4782  
TELECOPIER: (850) 413-1315**

**RICK SCOTT**  
GOVERNOR  
AS CHAIRMAN

**PAM BONDI**  
ATTORNEY GENERAL  
AS SECRETARY

**JEFF ATWATER**  
CHIEF FINANCIAL OFFICER  
AS TREASURER

**ADAM H. PUTNAM**  
COMMISSIONER OF AGRICULTURE

August 31, 2012

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

RE: Not Exceeding \$85,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2012 (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of September 18, 2012.

The bonds will be payable from the net revenues of the turnpike system on a parity with the outstanding Series 1998A through 2011A Bonds and the \$120,000,000 Series 2012 (to be determined) Bonds expected to be approved for fiscal sufficiency on September 18, 2012. The bonds will be issued for the purpose of refunding the outstanding Series 1998A and 1999A. The proposed refunding bonds will only be issued if there is a savings.

The bonds will be issued in one or more series pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Thirty-first Supplemental Turnpike Revenue Bond Resolution anticipated to be adopted by the Governor and Cabinet on September 18, 2012.

The following documents are enclosed for your consideration:

- Enclosure 1: An estimated coverage table for the program, including the proposed \$120,000,000 Turnpike Bonds, without considering the potential savings from the proposed \$85,000,000 refunding bonds;
- Enclosure 2: An estimated debt service and savings schedule from a recent sizing of the proposed refunding bonds; and

August 31, 2012

Page Two

Enclosure 3: A draft copy of the Thirty-first Supplemental Resolution anticipated to be adopted by the Governor and Cabinet on September 18, 2012.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "J. Ben Watkins III". The signature is fluid and cursive, with a large, stylized "J" and "W".

J. Ben Watkins III  
Director

JBW\kb

Enclosures

cc: Robert Copeland  
Janie Knight  
Anthony Doheny

**NOT EXCEEDING \$120,000,000**  
**STATE OF FLORIDA**  
**DEPARTMENT OF TRANSPORTATION**  
**TURNPIKE REVENUE BONDS, SERIES 2012 (to be determined)**

**ESTIMATED COVERAGE TABLE -- Tax-Exempt Issue**

FISCAL YEAR ENDING JUNE 30	HISTORICAL/PROJECTED PLEDGED REVENUES <sup>1</sup>			ESTIMATED DEBT SERVICE <sup>1</sup>			TOTAL DEBT SERVICE	LESS FEDERAL SUBSIDY <sup>2</sup>	NET DEBT SERVICE	NET DEBT SERVICE COVERAGE
	TURNPIKE SYSTEM REVENUES	OPERATIONS & MAINTENANCE EXPENSES <sup>3</sup>	NET REVENUE	OUTSTANDING DEBT SERVICE <sup>3</sup>	PRINCIPAL	INTEREST				
<u>Historical</u>										
2007	\$681,615,000	\$175,386,000	\$506,229,000	\$168,454,130	-	-	\$168,454,130	-	\$168,454,130	3.01 x
2008	650,743,000	184,218,000	466,525,000	194,387,007	-	-	194,387,007	-	194,387,007	2.40 x
2009	604,897,000	190,603,000	414,294,000	203,145,004	-	-	203,145,004	-	203,145,004	2.04 x
2010	611,596,000	172,422,000	439,174,000	224,220,717	-	-	224,220,717	(\$5,811,097)	218,409,620	2.01 x
2011	611,946,000	180,060,000	431,886,000	243,061,034	-	-	243,061,034	(5,943,001)	237,118,033	1.82 x
<u>Projected</u>										
2012	\$615,980,864	\$174,500,000	\$441,480,864	\$249,182,170	-	-	\$249,182,170	(\$5,943,001)	\$243,239,169	1.82 x
2013	704,923,000	184,614,937	520,308,063	249,519,184	\$1,045,000	\$4,453,452	\$5,498,452	(5,943,001)	249,074,636	2.09 x
2014	726,622,000	186,908,236	539,713,764	249,236,284	1,630,000	6,619,975	8,249,975	(5,943,001)	251,543,258	2.15 x
2015	738,106,000	190,111,302	547,994,698	247,138,972	1,725,000	6,526,250	8,251,250	(5,943,001)	249,447,221	2.20 x
2016	755,257,000	189,121,679	566,135,321	247,218,934	1,825,000	6,427,063	8,252,063	(5,943,001)	249,527,996	2.27 x
2017	779,340,000	183,714,074	595,625,926	247,280,584	1,930,000	6,322,125	8,252,125	(5,943,001)	249,589,708	2.39 x
2018	809,105,000	188,423,539	620,681,461	248,449,684	2,040,000	6,211,150	8,251,150	(5,943,001)	250,757,833	2.48 x
2019	836,737,000	195,152,718	641,584,282	247,407,034	2,155,000	6,093,850	8,248,850	(5,943,001)	249,712,883	2.57 x
2020	866,809,000	198,756,880	668,052,120	229,087,847	2,280,000	5,969,938	8,248,938	(5,943,001)	237,337,784	2.89 x
2021	898,762,000	204,149,292	694,612,708	229,087,290	2,410,000	5,838,838	8,248,838	(5,943,001)	231,394,783	3.00 x
2022	932,404,000	209,253,024	723,150,976	203,566,103	2,550,000	5,700,263	8,250,263	(5,601,632)	206,214,733	3.51 x
2023	932,404,000	209,253,024	723,150,976	194,111,691	2,695,000	5,553,638	8,248,638	(5,405,966)	196,954,362	3.67 x
2024	932,404,000	209,253,024	723,150,976	195,366,012	2,850,000	5,398,675	8,248,675	(5,202,456)	198,123,752	3.65 x
2025	932,404,000	209,253,024	723,150,976	170,201,391	3,015,000	5,234,800	8,249,800	(4,990,887)	198,624,926	3.64 x
2026	932,404,000	209,253,024	723,150,976	169,944,855	3,190,000	5,061,438	8,251,438	(4,770,829)	173,682,000	4.16 x
2027	932,404,000	209,253,024	723,150,976	140,491,010	3,375,000	4,878,013	8,253,013	(4,517,478)	173,680,390	4.16 x
2028	932,404,000	209,253,024	723,150,976	133,148,693	3,565,000	4,683,950	8,248,950	(4,252,941)	144,487,019	5.00 x
2029	932,404,000	209,253,024	723,150,976	125,387,833	3,770,000	4,478,963	8,248,963	(3,976,623)	137,421,032	5.26 x
2030	932,404,000	209,253,024	723,150,976	122,392,678	3,990,000	4,262,188	8,252,188	(3,688,167)	129,951,853	5.56 x
2031	932,404,000	209,253,024	723,150,976	122,070,095	4,220,000	4,032,763	8,252,763	(3,386,859)	127,258,581	5.68 x
2032	932,404,000	209,253,024	723,150,976	121,747,920	4,460,000	3,790,113	8,250,113	(3,072,342)	127,247,866	5.68 x
2033	932,404,000	209,253,024	723,150,976	108,549,640	4,715,000	3,533,663	8,248,663	(2,743,902)	127,252,681	5.68 x
2034	932,404,000	209,253,024	723,150,976	90,735,490	4,990,000	3,262,550	8,252,550	(2,402,944)	114,401,246	6.32 x
2035	932,404,000	209,253,024	723,150,976	90,364,595	5,275,000	2,975,625	8,250,625	(2,042,754)	96,948,361	7.46 x
2036	932,404,000	209,253,024	723,150,976	56,253,390	5,900,000	2,672,313	8,252,313	(1,668,737)	96,948,171	7.46 x
2037	932,404,000	209,253,024	723,150,976	43,303,435	6,240,000	2,351,463	8,251,463	(1,278,179)	63,226,674	11.44 x
2038	932,404,000	209,253,024	723,150,976	42,793,103	6,600,000	2,012,213	8,252,213	(870,366)	50,685,282	14.27 x
2039	932,404,000	209,253,024	723,150,976	22,955,500	6,975,000	1,653,413	8,253,413	(444,584)	50,601,931	14.29 x
2040	932,404,000	209,253,024	723,150,976	6,777,750	7,380,000	872,850	8,252,850	-	31,204,413	23.17 x
2041	932,404,000	209,253,024	723,150,976	-	7,800,000	448,500	8,248,500	-	15,030,600	48.11 x
2042	932,404,000	209,253,024	723,150,976	-	7,800,000	448,500	8,248,500	-	8,248,500	87.67 x
				<u>4,798,846,699</u>	<u>\$116,175,000</u>	<u>128,593,939.95</u>	<u>244,768,939.95</u>	<u>(\$19,592,433)</u>	<u>\$ 5,043,615,639</u>	

<sup>1</sup> Historical and projected revenues through fiscal year 2022 provided by the Turnpike's traffic and revenue consultant. Historical and projected expenses through fiscal year 2022 provided by the Turnpike Finance Office. For fiscal years 2023 and thereafter, revenue and O&M expense projections have been held constant. However, no representation is made that the amounts shown in any fiscal year will be collected.

<sup>2</sup> The operations and maintenance expenses are paid by the Department of Transportation under an operations agreement and then reimbursed by the Turnpike after debt service. The operations agreement is enforceable by bondholders.

<sup>3</sup> Includes debt service for Turnpike Revenue Bonds Series 1998A through 2011A. Excludes debt service for the 2003C Bonds which were refunded by the 2011A Bonds and will be called on 7/1/13.

<sup>4</sup> Interest has been calculated at 5.75%, the REC adopted rate.

<sup>5</sup> Federal subsidy payments on Build America Bonds Series 2009B

**End of Section**

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

---

**TO:** Ash Williams  
**FROM:** Robert Copeland  
**SUBJECT:** Fiscal Determination  
**DATE:** August 29, 2012

---



**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA  
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE  
OF AN AMOUNT NOT EXCEEDING \$2,750,000 FLORIDA HOUSING FINANCE  
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE  
DESIGNATED) (THE ANCHORAGE APARTMENTS)**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$2,750,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of providing financing for the construction of a multifamily rental development located in Miami-Dade County, Florida (The Anchorage Apartments). The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

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

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA  
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE  
OF AN AMOUNT NOT EXCEEDING \$2,750,000 FLORIDA HOUSING FINANCE  
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS,  
(SERIES TO BE DESIGNATED) (THE ANCHORAGE APARTMENTS)**

**WHEREAS**, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$2,750,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose financing the construction of a multifamily rental development located in Miami-Dade County, Florida (The Anchorage Apartments); and,

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

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

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

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

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

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

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

**BE IT RESOLVED**, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (The Anchorage Apartments), in an amount not exceeding \$2,750,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

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

**ADOPTED** September 18, 2012

August 23, 2012

VIA HAND DELIVERY

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

RE: FHFC Multifamily Mortgage Revenue Bonds,  
Not to exceed \$2,750,000 Tax-Exempt Bonds,  
The Anchorage

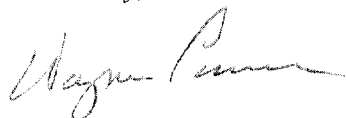
Dear Mr. Williams:

On behalf of the Florida Housing Finance Corporation, I am submitting a cash flow analysis for the approval of fiscal determination of the above-referenced bond issue prepared by the bond underwriter, Raymond James/Morgan Keegan. Florida Housing endorses this analysis and believes it will show sufficient coverage.

This bond issue is recommended to be a negotiated sale. We request that this item be placed on the agenda for approval at the State Board of Administration's September 18, 2012 Cabinet meeting, due to financing and closing schedules. The Final Authorizing Resolutions are enclosed.

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

Sincerely,



Wayne Conner  
Director of Multifamily Bonds

WC/lis  
Enclosures

Rick Scott, Governor

Board of Directors: Leonard Tylka, Chairman • Ken Reecy, Florida Department of Economic Opportunity  
Marilyn L. Carl • Mary L. Demetree • Lynn Hanfman • Clifford Hardy • Natacha Munilla • Jose "Joe" Sanchez • Bernard "Barney" Smith  
Executive Director: Stephen P. Auger



## Source and Payment of Interest Expense During Construction

MONTHS:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>
<i>Beginning Note Balance</i>	0	159,288	695,023	1,241,166	1,786,336	2,282,463	2,430,520	2,505,554	2,624,732	2,637,191	2,648,804	2,750,000
Advances	\$159,288	\$535,735	\$546,143	\$545,170	\$496,127	\$148,058	\$75,034	\$119,178	\$12,459	\$11,613	101,196	0
Repayment from NSP Loan(1)	0	0	0	0	0	0	0	0	0	0	0	0
Ending Note Balance	159,288	695,023	1,241,166	1,786,336	2,282,463	2,430,520	2,505,554	2,624,732	2,637,191	2,648,804	2,750,000	2,750,000

MONTHS:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>
<i>Capitalized Interest (2)</i>	0	550	2,398	4,282	6,163	7,874	8,385	8,644	9,055	9,098	9,138	9,487

MONTHS:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>
<i>Capitalized Interest Fund</i>												
Beginning Fund Balance	132,001	132,001	131,451	129,053	124,771	118,608	110,734	102,349	93,705	84,649	75,551	66,412
Interest Expense	0	550	2,398	4,282	6,163	7,874	8,385	8,644	9,055	9,098	9,138	9,487
Ending Fund Balance	132,001	131,451	129,053	124,771	118,608	110,734	102,349	93,705	84,649	75,551	66,412	56,925

(1) Repayment is from available NSP Loan.

(2) An interest rate of 4.14% has been assumed.

## Source and Payment of Interest Expense During Construction

	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>
<b>Beginning Note Balance</b>	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000
Advances	0	0	0	0	0	0
Repayment from NSP Loan(1)	0	0	0	0	0	2,750,000
Ending Note Balance	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	(0)
<b>Capitalized Interest (2)</b>	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>
	9,487	9,487	9,487	9,487	9,487	9,487
						132,001
<b>Capitalized Interest Fund</b>	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>
						Total Cap. Int.
Beginning Fund Balance	56,925	47,437	37,950	28,462	18,975	9,487
Interest Expense	9,487	9,487	9,487	9,487	9,487	9,487
Ending Fund Balance	47,437	37,950	28,462	18,975	9,487	0

(1) Repayment is from available NSP Loan.

(2) An interest rate of 4.14% has been assumed.

**End of Section**

# Protecting Florida's Investments Act (PFIA)

Quarterly Report – September 18, 2012



## *Table of Contents*

About the State Board of Administration .....	2
Primary Requirements of the PFIA .....	3
Definition of a Scrutinized Company .....	4
SBA Scrutinized Companies Identification Methodology .....	5
Key Changes Since the Previous PFIA Quarterly Report .....	7
Table 1: Scrutinized Companies with Activities in Sudan .....	8
Table 2: Continued Examination Companies with Activities in Sudan .....	10
Table 3: Scrutinized Companies with Activities in the Iran Petroleum Energy Sector .....	12
Table 4: Continued Examination Companies with Petroleum Energy Activities in Iran .....	13
Table 5: Correspondence & Engagement Efforts with Scrutinized Companies .....	14
Table 6: Correspondence & Engagement Efforts with Continued Examination Companies .....	16
Key Dates for PFIA Activities .....	18
Summary of Investments Sold, Redeemed, Divested or Withdrawn .....	19
Table 7: List of Prohibited Investments (Scrutinized Companies) .....	20
Table 8: SBA Holdings in Prohibited Investments Subject to Divestment .....	22
Summary of Progress, SBA Investment Manager Engagement Efforts .....	23
Listing of All Publicly Traded Securities (Including Equity Investments) .....	23

### ***About the State Board of Administration***

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

As of June 30, 2012, the net asset value of total funds under SBA management was approximately \$151.7 billion. The FRS Pension Plan provides defined pension benefits to 1.1 million beneficiaries and retirees. The strong long-term performance of the FRS Pension Plan, the fourth-largest public pension fund in the nation, reflects our commitment to responsible fiscal management.

The SBA's mission is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary, and professional standards.

We encourage you to review additional information about the SBA and FRS on our website at [www.sbafla.com](http://www.sbafla.com).

## ***Introduction***

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

### ***Primary Requirements of the PFIA***

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

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

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

### ***Definition of a Scrutinized Company***

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

#### ***Sudan:***

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

#### ***Iran:***

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

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

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

### ***SBA Scrutinized Companies Identification Methodology***

The SBA has developed two lists (the Sudan List and the Iran List) of Scrutinized Companies with active business operations. The lists are developed by principally relying on the research and findings of our "External Research Providers". Below is a brief description of our External Research Providers, which are maintained to provide input from multiple sources.

1. **Conflict Risk Network (CRN).** CRN is a network of institutional investors, financial service providers and related stakeholders and is a project of the Genocide Intervention Network / Save Darfur Coalition (GI-NET/SDC), a non-profit organization that works to prevent and stop genocide and mass atrocities. In support of GI-NET/SDC's overall mission, CRN acts as an intermediary between the business and investment communities, engaging companies operating in GINET/SDC's Areas of Concern, including Sudan. CRN was formerly known as the Sudan Divestment Task Force (SDTF).
2. **MSCI ESG Research (MSCI).** MSCI combined, through acquisition, the resources of the RiskMetrics Group (Institutional Shareholder Services) and KLD Research & Analytics (KLD). MSCI delivers proxy voting and corporate governance analysis to institutional investors. Through its ESG Research unit, MSCI offers screening services with specific and unique components of state law pertaining to investments in sanctioned countries, including Sudan and Iran.
3. **IW Financial (IWF).** IWF is a provider of environmental, social, and governance research and consulting. IWF partners with Conflict Securities Advisory Group (CSAG) to provide clients with detailed information on the business ties of publicly traded companies in Sudan and Iran.
4. **Jantzi-Sustainalytics, Inc. (Jantzi).** Jantzi provides environmental, social and governance research and analysis, sustainability benchmarks, and investment services, and is the result of the merger between Jantzi Research, Inc. and Sustainalytics in 2009. Jantzi's company database, "Sustainalytics Global Platform," covers business operations in both Iran and Sudan.



Staff members within the Investment Programs & Governance unit, as well as other senior investment staff, review the assessments of the External Research Providers and other publicly available information. The SBA has utilized the following sources to evaluate over 400 companies and affiliates with reported links to Sudan or Iran:

Company disclosures:

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

Investment/Finance Organizations:

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

U.S Government Agencies:

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

Non-Governmental Organizations (NGOs):

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

Other Sources:

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

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

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

## ***Key Changes Since the Previous PFIA Quarterly Report***

### **Sudan**

Companies added to the Sudan Scrutinized List this quarter:

- **CNPC Golden Autumn**
  - Added as a subsidiary of China National Petroleum Corporation, a Chinese state-owned enterprise with scrutinized investments in Sudan.
- **Oil India Ltd.**
  - Holds a participating interest in Sudan oil pipeline.
- **Petronas Global Sukuk**
  - Added as a subsidiary of Petroliaam Nasional Berhad (Petronas), Malaysia's state-owned oil company with scrutinized investments in Sudan.

Companies removed from the Sudan Scrutinized List this quarter:

- **China Petroleum Finance Co Ltd.**
  - No longer publicly traded—bonds have matured.

Companies added to the Sudan Continued Examination List this quarter:

- **none**

Companies removed from the Sudan Continued Examination List this quarter:

- **Oil India Ltd.**

**Recent Sudan developments:** On August 4, African Union officials announced that Sudan and South Sudan had reached an interim agreement on oil pipeline fees. The proposed deal could potentially pave the way to the resumption of oil production. However, uncertainty remains as Sudan has said that it will not sign the agreement until a final deal is reached on security issues.

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### **Iran**

Companies added to the Iran Scrutinized List this quarter:

- **Shanghai Zhenhua Heavy Industry Co. Ltd.**
  - Providing drilling rigs to the Iranian oil industry.

Companies removed from the Iran Scrutinized List this quarter:

- **none**

Companies added to the Iran Continued Examination List this quarter:

- **China Nonferrous Metal Industry's Foreign Engineering and Construction**
- **Oil India Ltd.**
- **Petronet LNG Ltd.**
- **PetroVietnam Drilling and Well Services Joint Stock Co.**

Companies removed from the Iran Continued Examination List this quarter:

- **Edison SpA**
- **ENI SpA**
- **OMV AG**
- **PTT Exploration & Production PCL**
- **Royal Dutch Shell PLC**
- **Shanghai Zhenhua Heavy Industry Co. Ltd.**
- **Siam Cement Public Co Ltd.**
- **Total SA**

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

Company	Country of Incorporation	Date of Initial Scrutinized Classification
AREF Energy Holdings Co.	Kuwait	July 28, 2009
AviChina Industry & Technology Company Limited	China	September 19, 2007
Chennai Petroleum Corp Ltd	India	September 19, 2007
China Petroleum & Chemical Corp (CPCC) Sinopec	China	September 19, 2007
CNPC General Capital Ltd	China	June 26, 2012
<b>CNPC Golden Autumn</b>	<b>China</b>	<b>September 18, 2012</b>
CNPC HK Overseas Capital Ltd	China	June 16, 2011
Daqing Huake Group Co Ltd	China	March 25, 2008
Dongfeng Motor Group Co. Ltd.	China	July 29, 2010
Egypt Kuwait Holding Co. SAE	Kuwait	January 13, 2009
Electricity Generating Public Co	Thailand	September 19, 2007
Gas District Cooling (Putrajaya) Sdn Bhd	Malaysia	April 14, 2009
Groupe ONA (ONA SA)	Morocco	November 9, 2010
Harbin Electric Co. Ltd. (fka: Harbin Power Equipment)	China	September 19, 2007
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
Jiangxi Hongdu Aviation (aka Hongdu Aviation)	China	September 19, 2007
Jinan Diesel Engine Co. Ltd.	China	July 28, 2009
Kingdream PLC	China	April 14, 2009
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
KMCOB Capital Bhd	Malaysia	September 19, 2007
Kunlun Energy Company Ltd (fka: CNPC Hong Kong Limited)	Hong Kong	September 19, 2007
Kuwait Finance House	Kuwait	April 14, 2009
Lanka IOC Ltd	India	September 19, 2007
LS Industrial Systems	South Korea	September 20, 2011
Managem SA	Morocco	November 9, 2010
Mangalore Refinery & Petrochemicals Ltd	India	September 19, 2007
Midciti Resources Sdn Bhd	Malaysia	September 19, 2007
MISC Bhd	Malaysia	September 19, 2007
MISC Capital Ltd.	Malaysia	April 14, 2009
<b>Oil India Ltd.</b>	<b>India</b>	<b>September 18, 2012</b>
Oil & Natural Gas Corp (ONGC)	India	September 19, 2007
PetroChina	China	September 19, 2007
Petroliam Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007
Petronas Chemicals Bhd	Malaysia	June 16, 2011
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007

<b>Company</b>	<b>Country of Incorporation</b>	<b>Date of Initial Scrutinized Classification</b>
<b>Petronas Global Sukuk</b>	<b>Malaysia</b>	<b>September 18, 2012</b>
Ranhill Bhd	Malaysia	September 16, 2008
Ranhill Power Sdn Bhd	Malaysia	September 20, 2011
Ranhill Powertron Sdn	Malaysia	April 14, 2009
Scomi Engineering Bhd	Malaysia	September 19, 2007
Scomi Group Bhd	Malaysia	September 19, 2007
Sinopec Finance	China	April 14, 2009
Sinopec Group Overseas Development 2012 Ltd	China	June 26, 2012
Sinopec Kantons Holdings Ltd	Bermuda	September 19, 2007
Sinopec Shanghai Petrochemical	China	September 19, 2007
Sinopec Yizheng Chemical Fibre	China	March 25, 2008
Societe Metallurgique D'imiter	Morocco	November 9, 2010
<b># of Sudan Scrutinized Companies</b>	<b>49</b>	

Companies removed from the Scrutinized Company List for Sudan during the quarter.

<b><i>Removed Company</i></b>	<b><i>Country of Incorporation</i></b>
<b><i>China Petroleum Finance Co.</i></b>	<b><i>China</i></b>

**Table 2: Continued Examination Companies with Activities in Sudan***No companies were added to the list this quarter.*

Company	Country of Incorporation
Alstom	France
Alstom Projects India	India
AREF Investment Group	Kuwait
ASEC Company for Mining S.A.E.	Egypt
Bharat Heavy Electricals, Ltd.	India
Bollore Group	France
China Gezhouba Group Company Ltd	China
China North Industries Group Corp (CNGC/Norinco)	China
Dongan Motor (aka Harbin Dongan Auto Engine)	China
Drake & Scull International PJSC	United Arab Emirates
El Sewedy Cables Holding Company	Egypt
GAZ Group	Russia
Glencore International AG	Switzerland
Hafei Aviation Industry Co Ltd.	China
Infotel Broadband Services Ltd.	India
JX Holdings Inc.	Japan
Kencana Petroleum Berhad	Malaysia
KEPCO Plant Service & Engineering Co Ltd	South Korea
Korea Electric Power (KEPCO)	South Korea
Mercator Lines Limited (Mercator Lines Singapore)	India
Muhibbah Engineering Bhd	Malaysia
Nam Fatt	Malaysia
Nippo Corporation	Japan
Nippon Oil Finance	Japan
PetroFac	United Kingdom
PT Pertamina Persero	Indonesia
PTT Public Company Ltd.	Thailand
Reliance Industries Ltd.	India
Seadrill Ltd.	Bermuda
Sinohydro	China
Sudan Telecommunications (Sudatel)	Sudan
Total SA	France
Wartsila Oyj	Finland
Wuhan Boiler Company	China
<b># of Companies</b>	<b>34</b>

Companies removed from the Continued Examination List for Sudan during the quarter.

<i>Removed Company</i>	<i>Country of Incorporation</i>
<i>Oil India Ltd.</i>	<i>India</i>

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

New companies on the list are shaded and in bold.

Company	Country of Incorporation	Date of Initial Scrutinized Classification
China Petroleum & Chemical Corp (CPCC) Sinopec	China	September 19, 2007
China Oilfield Services Ltd.	China	June 16, 2011
CNOOC Ltd.	China	June 16, 2011
CNPC HK Overseas Capital Ltd.	China	June 16, 2011
Daelim Industrial Co Ltd	South Korea	June 16, 2011
Gas District Cooling (Putrajaya) Sdn Bhd	Malaysia	April 14, 2009
Gazprom	Russia	September 19, 2007
Gazprom Neft	Russia	September 16, 2008
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
Kingdream PLC	China	April 14, 2009
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong Limited)	Hong Kong	September 19, 2007
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
Maire Technimont	Italy	December 6, 2011
Midciti Resources Sdn Bhd	Malaysia	September 19, 2007
MISC Bhd	Malaysia	September 19, 2007
MISC Capital Ltd.	Malaysia	April 14, 2009
Mosenergo	Russia	September 16, 2008
Oil & Natural Gas Corp (ONGC)	India	September 19, 2007
PetroChina	China	September 19, 2007
Petroleum Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007
Petronas Chemicals Bhd	Malaysia	June 16, 2011
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
<b>Shanghai Zhenhua Heavy Industry Co. Ltd.</b>	<b>China</b>	<b>September 18, 2012</b>
Sinopec Finance	China	April 14, 2009
Sinopec Kantons Holdings Ltd.	Bermuda	September 19, 2007
Sinopec Shanghai Petrochemical	China	September 19, 2007
Sinopec Yizheng Chemical Fibre	China	March 25, 2008
<b># of Iran Scrutinized Companies</b>	<b>29</b>	

No companies were removed from the Scrutinized Company List for IRAN during the quarter.

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

<b>Company</b>	<b>Country of Incorporation</b>
Aker Solutions ASA (fka Aker Kvaerner ASA)	Norway
China Communications Construction Co	China
<b>China Nonferrous Metal Industry's Foreign Engineering and Construction</b>	<b>China</b>
Clontarf Energy Plc (fka Persian Gold PLC)	United Kingdom
GAIL (India) Limited, aka GAIL Ltd.	India
GS Engineering & Construction Corp.	South Korea
GS Holdings	South Korea
Hyundai Engineering & Construction Co.	South Korea
Hyundai Heavy Industries	South Korea
INA-Industrija Nafta DD	Croatia
Liquefied Natural Gas LNL	Australia
Lukoil OAO	Russia
<b>Oil India Ltd.</b>	<b>India</b>
Petrofac Ltd.	United Kingdom
<b>Petronet LNG Ltd.</b>	<b>India</b>
<b>PetroVietnam Drilling and Well Services Joint Stock Co.</b>	<b>Vietnam</b>
Repsol YPF	Spain
Saipem SpA	Italy
Sasol Ltd.	South Africa
Technip	France
<b># of Companies</b>	<b>20</b>

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

<b>Removed Company</b>	<b>Country of Incorporation</b>
<b>Edison SpA</b>	<b>Italy</b>
<b>ENI SpA</b>	<b>Italy</b>
<b>OMV AG</b>	<b>Austria</b>
<b>PTT Exploration &amp; Production PCL</b>	<b>Thailand</b>
<b>Royal Dutch Shell PLC</b>	<b>United Kingdom</b>
<b>Shanghai Zhenhua Heavy Industry Co. Ltd.</b>	<b>China</b>
<b>Siam Cement Public Co. Ltd.</b>	<b>Thailand</b>
<b>Total SA</b>	<b>France</b>



**Table 5: Correspondence & Engagement Efforts with Scrutinized Companies**

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

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

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

Company	Company Responsive to SBA Communications	Status
ABB	Yes; January 29, 2009	Removed from Sudan Scrutinized List
Alstom	Yes; October 1, 2007 and October 25, 2011	Moved to Sudan Continued Examination List
Bharat Heavy Electricals Limited	Yes; October 4, 2007	Sudan Scrutinized Classification Continues
Bow Valley Energy	Yes; October 22, 2008	Removed from Iran Scrutinized List
Chennai Petroleum Corporation Limited	Yes; October 16, 2008	Sudan Scrutinized Classification Continues
China Petroleum & Chemical Corp (Sinopec)	No	Iran & Sudan Scrutinized Classification Continues
CNOOC Ltd	Yes; October 28, 2008	Iran Scrutinized Classification Continues
Dongfeng Motor Group Co. Ltd.	No	Sudan Scrutinized Classification Continues
Electricity Generating PCL	No	Sudan Scrutinized Classification Continues
ENI	Yes; February 13, 2008 and May 13, 2011	Removed from Iran Scrutinized and CE Lists
GAIL (India) Limited, aka GAIL Ltd.	Yes; October 5, 2010	Moved to Iran Continued Examination List
Gazprom	Yes; November 1, 2007	Iran Scrutinized Classification Continues
Harbin Electric Co. (fka Harbin Power Equipment)	No	Sudan Scrutinized Classification Continues
Indian Oil Corp Ltd (IOCL)	No	Iran & Sudan Scrutinized Classification Continues
Inpex Corp.	Yes; October 15, 2007 and July 11, 2011	Removed Iran Scrutinized List
Kencana Petroleum	Yes; October 31, 2008	Moved to Sudan Continued Examination List
Korea Electric Power (and subsidiaries, KEPCO Plant/Korea Plant)	Yes; December 27, 2011	Removed from Sudan Scrutinized List
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong Limited)	Yes; October 5, 2007 and May 24, 2008	Iran & Sudan Scrutinized Classification Continues
Lukoil OAO	Yes; October 8, 2007	Moved to Iran Continued Examination List
Lundin Petroleum AB	Yes; October 17, 2008	Removed from Sudan Scrutinized List
Lundin International SA	No	Removed from Sudan Scrutinized List
MISC Bhd	No	Iran & Sudan Scrutinized Classification Continues
Norsk Hydro	Yes; November 30, 2007	Removed from Iran Scrutinized List

Company	Company Responsive to SBA Communications	Status
OMV AG	Yes; November 6, 2007 and April 14, 2010	Removed from Iran Continued Examination List
PetroChina	Yes; December 22, 2008	Iran & Sudan Scrutinized Classification Continues
Petroleo Brasileiro (Petrobras)	Yes; January 13, 2010	Removed from Iran Scrutinized List
Ranhill Bhd	Yes; October 22, 2008	Sudan Scrutinized Classification Continues
Repsol YPF	Yes; October 15, 2007	Iran Scrutinized Classification Continues
Royal Dutch Shell PLC	Yes; October 5, 2007; January 27, 2011; April 13, 2011	Removed from Iran Scrutinized and CE Lists
Sinopec Kantons Holdings Ltd.	No	Iran & Sudan Scrutinized Classification Continues
Sinopec Shanghai Petrochemical Company	No	Sudan Scrutinized Classification Continues
Snam Rete Gas	Yes; October 9, 2008	Removed from Iran Scrutinized Classification
Statoil ASA (fka: StatoilHydro)	Yes; February 4, 2008; January 24, 2011; June 16, 2011	Removed from Iran Continued Examination List
Total Capital	Yes; January 26, 2011 and April 25, 2011	Removed from Iran Scrutinized List
Total SA	Yes; October 12, 2007; October 29, 2010; April 25, 2011	Removed from Iran Scrutinized and CE Lists
Wärtsilä Oyj	Yes; December 4, 2007	Moved to Sudan Continued Examination List

**Table 6: Correspondence & Engagement Efforts with Continued Examination Companies**

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

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

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

### ***Key Dates for PFIA Activities***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**April 27, 2010**  
**July 29, 2010**  
**November 9, 2010**  
**February 22, 2011**  
**June 16, 2011**  
**September 20, 2011**  
**December 6, 2011**  
**March 20, 2012**  
**June 26, 2012**  
**September 18, 2012**

### Summary of Investments Sold, Redeemed, Divested or Withdrawn

In accordance with the PFIA, the SBA must divest all holdings of any scrutinized companies within 12 months of their original appearance on the prohibited securities list. External managers are contractually responsible for administering investments in accordance with restrictions set forth by the SBA, including the prohibited securities list of the PFIA. Historical divestment transaction data is contained in prior PFIA Quarterly Reports. The table below presents the cumulative market capitalization of scrutinized companies divested by the SBA since the PFIA's inception:

Royal Dutch Shell**	\$215,784,700.79
Total SA**	\$214,536,015.45
Petroleo Brasileiro SA (Petrobras) **	\$206,135,264.10
ENI**	\$141,403,034.78
CNOOC Ltd	\$131,737,735.86
Gazprom (a.k.a. OAO Gazprom)	\$71,275,453.14
Alstom**	\$65,897,698.67
Repsol YPF**	\$53,420,179.87
Statoil ASA** (fka: StatoilHydro)	\$46,792,677.58
China Petroleum and Chemical Corp (CPCC) Sinopec	\$38,455,440.48
PetroChina	\$25,723,158.75
Inpex Corp.**	\$24,835,110.63
MISC Bhd	\$16,448,397.44
Snam Rete Gas**	\$9,596,905.78
Lukoil OAO**	\$9,487,631.46
OMV AG **	\$8,601,977.98
Shell International Finance**	\$8,599,813.40
Wärtsilä Oyj**	\$1,797,871.96
Daelim Industrial Co Ltd	\$1,566,926.73
Petrofac Ltd **	\$1,496,881.43
The Weir Group PLC **	\$1,322,666.62
Petrobras International Finance**	\$1,148,750.00
Lundin Petroleum AB **	\$1,133,120.04
Oil & Natural Gas Corporation (ONGC)	\$945,363.83
Petrobras Energia (Participaciones) **	\$298,632.08
Dongfeng Motor Group	\$158,623.49
Electricity Generating Public Company	\$121,321.38
Gazprom Neft	\$37,892.73
** denotes companies no longer on the Prohibited Company list.	<b>\$1,298,759,246.45</b>

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

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

Company	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
AREF Energy Holdings Co.	Sudan	Kuwait	July 28, 2009	Yes
AviChina Industry & Technology Company Limited	Sudan	China	September 19, 2007	Yes
Chennai Petroleum Corp Ltd	Sudan	India	September 19, 2007	Yes
China Petroleum & Chemical Corp (CPCC) Sinopec	Sudan & Iran	China	September 19, 2007	Yes
China Oilfield Services Ltd	Iran	China	June 16, 2011	Yes
CNOOC Ltd	Iran	China	June 16, 2011	Yes
CNPC General Capital Ltd	Sudan	China	June 26, 2012	Yes
<b>CNPC Golden Autumn</b>	<b>Sudan</b>	<b>China</b>	<b>September 18, 2012</b>	<b>Yes</b>
CNPC HK Overseas Capital Ltd	Sudan & Iran	China	June 16, 2011	Yes
Daelim Industrial Co Ltd	Iran	South Korea	June 16, 2011	Yes
Daqing Huake Group Co Ltd	Sudan	China	March 25, 2008	Yes
Dongfeng Motor Group Co. Ltd.	Sudan	China	July 29, 2010	Yes
Egypt Kuwait Holding Co. SAE	Sudan	Kuwait	January 13, 2009	Yes
Electricity Generating Public Co	Sudan	Thailand	September 19, 2007	Yes
Gas District Cooling (Putrajaya) Sdn Bhd	Sudan & Iran	Malaysia	April 14, 2009	Yes
Gazprom	Iran	Russia	September 19, 2007	Yes
Gazprom Neft	Iran	Russia	September 16, 2008	Yes
Groupe ONA (ONA SA)	Sudan	Morocco	November 9, 2010	Yes
Harbin Electric Co. Ltd. (fka: Harbin Power Equipment)	Sudan	China	September 19, 2007	Yes
Indian Oil Corp Ltd (IOCL)	Sudan & Iran	India	September 19, 2007	Yes
Jiangxi Hongdu Aviation (aka Hongdu Aviation)	Sudan	China	September 19, 2007	Yes
Jinan Diesel Engine	Sudan	China	July 28, 2009	Yes
Kingdream PLC	Sudan & Iran	China	April 14, 2009	Yes
KLCC Property Holdings Bhd	Sudan & Iran	Malaysia	April 14, 2009	Yes
KMCOB Capital Bhd	Sudan	Malaysia	September 19, 2007	Yes
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong)	Sudan & Iran	Hong Kong	September 19, 2007	Yes
Kuwait Finance House	Sudan	Kuwait	April 14, 2009	Yes
Lanka IOC Ltd	Sudan	India	September 19, 2007	Yes
LS Industrial Systems	Sudan	South Korea	September 20, 2011	Yes
Managem SA	Sudan	Morocco	November 9, 2010	Yes
Mangalore Refinery & Petrochemicals Ltd	Sudan	India	September 19, 2007	Yes
Maire Tecnimont	Iran	Italy	December 6, 2011	Yes
Midciti Resources Sdn Bhd	Sudan	Malaysia	September 19, 2007	Yes
MISC Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
MISC Capital Ltd.	Sudan & Iran	Malaysia	April 14, 2009	Yes
Mosenergo	Iran	Russia	September 16, 2008	Yes
<b>Oil India Ltd.</b>	<b>Sudan</b>	<b>India</b>	<b>September 18, 2012</b>	<b>Yes</b>
Oil & Natural Gas Corp (ONGC)	Sudan & Iran	India	September 19, 2007	Yes
PetroChina	Sudan & Iran	China	September 19, 2007	Yes
Petroliaam Nasional (Petronas)	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Capital Limited	Sudan & Iran	Malaysia	September 19, 2007	Yes

Company	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Petronas Chemicals Bhd	Sudan & Iran	Malaysia	June 16, 2011	Yes
Petronas Dagangan Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Gas Berhad	Sudan & Iran	Malaysia	September 19, 2007	Yes
<b>Petronas Global Sukuk</b>	<b>Sudan</b>	<b>Malaysia</b>	<b>September 18, 2012</b>	<b>Yes</b>
Ranhill Bhd	Sudan	Malaysia	September 16, 2008	Yes
Ranhill Power Sdn Bhd	Sudan	Malaysia	September 20, 2011	Yes
Ranhill Powertron Sdn	Sudan	Malaysia	April 14, 2009	Yes
Scomi Engineering BHD	Sudan	Malaysia	September 19, 2007	Yes
Scomi Group Bhd	Sudan	Malaysia	September 19, 2007	Yes
<b>Shanghai Zhenhua Heavy Industry Co. Ltd.</b>	<b>Iran</b>	<b>China</b>	<b>September 18, 2012</b>	<b>Yes</b>
Sinopec Finance	Sudan & Iran	China	April 14, 2009	Yes
Sinopec Group Overseas Development 2012 Ltd	Sudan	China	June 26, 2012	Yes
Sinopec Kantons Holdings Ltd	Sudan & Iran	Bermuda	September 19, 2007	Yes
Sinopec Shanghai Petrochemical	Sudan & Iran	China	September 19, 2007	Yes
Sinopec Yizheng Chemical Fibre	Sudan & Iran	China	March 25, 2008	Yes
Societe Metallurgique D'imiter	Sudan	Morocco	November 9, 2010	Yes
<b># of Prohibited Investments</b>	<b>57</b>	<b>-</b>	<b>-</b>	

The following company was removed from the Prohibited Investments List this quarter.

Removed Company	Country of Incorporation
<b>China Petroleum Finance Co Ltd</b>	<b>China</b>



**Table 8: SBA Holdings in Prohibited Investments Subject to Divestment**

As of July 31, 2012, the SBA did not hold shares of any company on the Prohibited Investments List in accounts subject to the PFIA divestiture requirements. The SBA's prior investment in CNOOC Ltd., consisting of 68,980 shares as of the prior PFIA report, was sold prior to the June 15<sup>th</sup> deadline. CNOOC Ltd. was added to the Prohibited Investments List on June 16, 2011 and was subject to full divestment as of June 15, 2012.

The following table summarizes the SBA's CNOOC divestment since the previous PFIA Quarterly Report.

Date	Company	Action	Shares	Proceeds
6/08/12	CNOOC Ltd. ADRs	Sold	46,480	\$8,364,131.54
6/11/12	CNOOC Ltd ADRs	Sold	22,500	\$4,179,435.53

### ***Summary of Progress, SBA Investment Manager Engagement Efforts***

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

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

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

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

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

### ***Listing of All Publicly Traded Securities (Including Equity Investments)***

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

For more information, please contact:

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

or send an email to:

[pfia@sbafla.com](mailto:pfia@sbafla.com)



**End of Section**



**STATE BOARD OF ADMINISTRATION  
OF FLORIDA**

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

**POST OFFICE BOX 13300  
32317-3300**

**RICK SCOTT  
GOVERNOR  
AS CHAIRMAN  
JEFF ATWATER  
CHIEF FINANCIAL OFFICER  
AS TREASURER  
PAM BONDI  
ATTORNEY GENERAL  
AS SECRETARY  
ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO**

September 18, 2012

Honorable Debbie Mayfield  
Alternating Chair  
Joint Legislative Auditing Committee  
317 House Office Bldg.  
402 S. Monroe Street  
Tallahassee, Florida 32399

Honorable Jim Norman  
Alternating Chair  
Joint Legislative Auditing Committee  
214 Senate Office Bldg.  
404 S. Monroe Street  
Tallahassee, Florida 32399

Dear Representative Mayfield and Senator Norman:

Pursuant to section 218.409(6)(a)1, Florida Statutes, the Trustees of the State Board of Administration are required to "provide a quarterly report to the Joint Legislative Auditing Committee that the trustees have reviewed and approved the monthly reports [on the Florida PRIME and Fund B Management Summary] and actions taken, if any, to address any [material] impacts," and "have conducted a review of the [Fund B] trust fund and that the trust fund is in compliance with the requirements of this section." (Sections 218.409(6)(a)1 and 218.421(2)(a), F.S.)

Please be advised that the Trustees have reviewed the attached reports and authorized me to convey their action to you. During the period April 1 through June 30, 2012, there were no material impacts on the trust funds in question and, therefore, no associated actions or escalations.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, which appears to read "Ashbel C. Williams".

Ashbel C. Williams  
Executive Director & CIO

ACW/db  
Attachments

cc: Honorable Larry Ahern  
Honorable Daphne Campbell  
Honorable Jeff Clemens  
Honorable Bryan Nelson  
Honorable Kenneth Roberson  
Honorable Arthenia Joyner  
Honorable Evelyn Lynn  
Honorable Maria Lorts Sachs  
Honorable Stephen Wise  
Ms. Kathy Dubose, Director



# Monthly Summary Report for April 2012

Including Fund B

State Board of Administration

## CONTENTS

### FLORIDA PRIME

Disclosure of Material Impacts.....	2
Market Conditions.....	3
Investment Strategy.....	4
Cash Flows.....	5
Detailed Fee Disclosure.....	5
Fund Performance.....	6
Inventory of Holdings.....	7
Participant Concentration.....	12
Compliance.....	13
Trading Activity.....	14

### FUND B

Portfolio Commentary.....	20
Legal Issue.....	20
Disclosure of Material Impacts.....	20
Return of Fund B Principal.....	21
Distributions/Distribution Detail.....	21
Inventory of Holdings.....	22
Compliance.....	23
Trading Activity.....	23

#### Past performance is no guarantee of future results.

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

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

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

## INTRODUCTION

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

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

This report, which covers the period from April 1, 2012 through April 30, 2012, has been prepared by the SBA with input from Federated Investment Counseling (“Federated”), investment advisor for Florida PRIME and Apollo Global Management (formerly known as Stone Tower Debt Advisors LLC), the collateral manager for Fund B, in a format intended to comply with the statute.

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

### DISCLOSURE OF MATERIAL IMPACTS

There were no developments during April 2012 that had a material impact on the liquidity or operation of Florida PRIME.

### SBA FEE TO INCREASE EFFECTIVE JULY 1, 2012

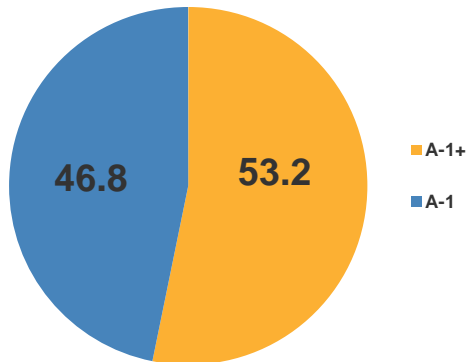
The current charges related to the SBA’s Administrative & Oversight Fee will be raised to 1.0 basis point, an increase of 0.4 basis points. This fee change is being made to adequately cover costs related to operating Florida PRIME. No other Florida PRIME fees are affected by this change, and Florida PRIME’s cost structure remains the lowest of any cash management vehicle available in the State of Florida.

## PORTFOLIO COMPOSITION APRIL 30, 2012

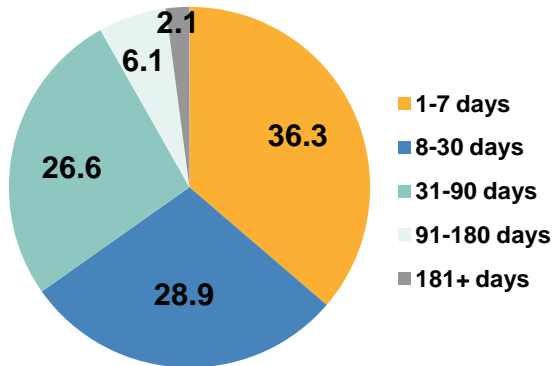
### Florida PRIME Assets

\$ 7,069,510,945

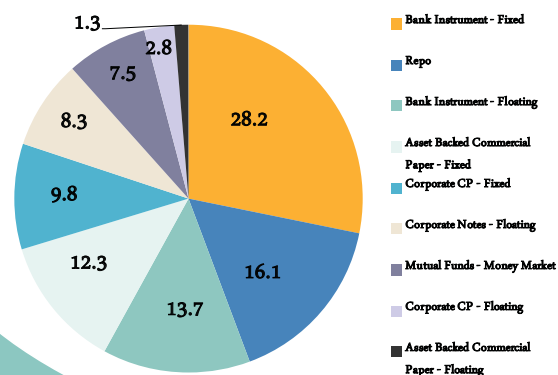
### Credit Quality Composition (%)



### Effective Maturity Schedule (%)



### Portfolio Composition (%)



## PORTFOLIO MANAGER COMMENTARY

### APRIL 2012 MARKET CONDITIONS

London interbank offered rates (LIBOR) were virtually unchanged last month as the domestic economy continued to plod along with a few hiccups and a very proactive European Central Bank (ECB) provided the necessary mechanisms to assure liquidity for European banks. While some European countries continue to struggle with debt issues, the market appears to be comfortable with the support that European banking institutions are getting from the ECB—even if the banks are using the funds more to shore up their balance sheets than to do much good for their respective countries' economies.

Domestically, the initial estimate of first-quarter growth came in slightly below expectations, but not enough to derail our view that the economy is on a sustainable albeit very modest growth path. That is not to say that general uncertainty is not weighing on the markets. While expectations are that a number of banking institutions may be downgraded by Moody's Investors Service, the ratings agency has pushed off the announcement of its review of U.S. and European banks until May, forcing the money markets to wait and see which and how many institutions might be effected.

As expected, there were no great surprises at the conclusion of the late April meeting of Federal Reserve policymakers. The tweaks that were made to the policy language tended to reflect a slightly more optimistic view of the economy, with a modest upgrade in the Fed's forecasts for growth and the unemployment rate this year. Perhaps most notably, the Fed's anonymous vote on the timing and pace of monetary policy tightening pushed the potential move on the target federal funds rate up a bit, though the official statement stuck to the "exceptionally low levels" at least through "late 2014" language. Of 17 participants, three thought the Fed would tighten by the end of this year and three thought it would start next year—the same as January's inaugural vote. What did change is that seven thought tightening could occur in 2014, up from five previously, and four thought it would start in 2015, up from two in January (the other two previously didn't see any movement until 2016). There was more evidence of disagreement within the confines of the Fed as to what "exceptionally low" means, though it seemed clear that Fed Chairman Ben Bernanke sees no ambiguity: exceptionally low means the current 0% to 0.25% range.

It is also noteworthy for what the policy-setting Federal Open Market Committee did not do—make any commitment to potential new quantitative easing when its current program of purchasing longer-term Treasury securities with proceeds from the sale of shorter-term securities runs its course next month. In his press conference



APRIL 30, 2012

### Top Holdings (%) and Average Maturity

1. ING Groep N.V.	5.2%
2. Mitsubishi UFJ Financial Group, Inc.	5.2%
3. Bank of Montreal	5.1%
4. Royal Bank of Canada, Montreal	4.7%
5. Mizuho Financial Group, Inc.	4.6%
6. Credit Suisse Group AG	4.6%
7. Bank of America Corp.	4.5%
8. Windmill Funding Corp.	4.0%
9. Federated Prime Obligations Fund	3.9%
10. General Electric Capital Corp.	3.6%

### **Average Effective Maturity (WAM)**

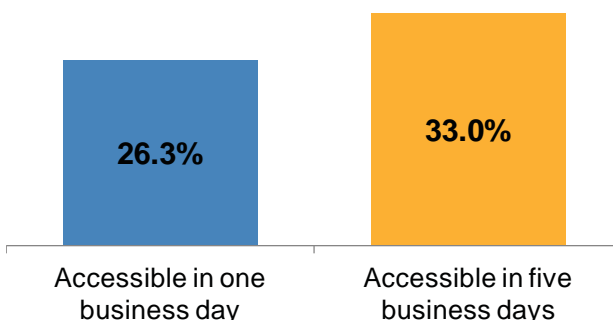
30.4 Days

### **Weighted Average Life (Spread WAM)**

46.6 Days

Percentages based on total value of investments

### Highly Liquid Holdings (% at month end)



Effective May 1, 2012, the reporting of the daily rate and 30 day rate on the PRIME website is compliant with the SEC yield methodology, to be consistent with the present reporting of the 7 day yield.

### **PORTFOLIO MANAGER COMMENTARY (CON'T.)**

that followed, Bernanke did indicate that the Fed has the means and the method to carry out additional stimulus if necessary—a remark welcomed by markets concerned about an apparent recent slowing in job growth and the overall economy. So far, however, that slowing has yet to impact the repo market, where rates have remained relatively elevated compared to last year. We had been anticipating a softening of repo rates in the middle of April and got a little bit of that, but not to the extent that we had seen in the past. The combination of higher rates on overnight repos and improving credit conditions have allowed investors to venture a littler further out on the yield curve, helping money market yields rise marginally.

### **PORTFOLIO INVESTMENT STRATEGY**

As of the end of April 2012, Florida PRIME pool assets totaled \$7.1 billion, a decline of \$223 million from the beginning of the month. This change was due to seasonal cash outflows, as the state has finished with tax collection and investors in the pool are starting to use that cash to make expenditures. At the end of April, the gross yield for Florida PRIME was down one basis point, a small movement attributable to the slight decline in the repo rate throughout the month of April. London interbank offered rates (LIBOR) rates remained virtually unchanged throughout April. The pool finished April with a weighted average maturity of 30.4 days, down from a 34-day weighted average maturity at the end of March. The pool's weighted average life came in from 53 days at March month-end to 47 days at the end of April.

Portfolio management focused purchases for the month largely on bank instruments, with exposure up 2%, to make up 28% of the pool. Purchases concentrated on European banks as well as some other foreign banks outside of the euro zone. Management made purchases in the 30- to 90-day range, and in the seven-month range in those situations where value could be found on the longer end of the yield curve. The pool also saw some purchases of asset-backed commercial paper in the one- to two-month range. Portfolio management adjusted the composition of the portfolio only slightly in other areas. Investment in money market funds was up 1% to 10%, exposure to variable rate instruments was down 3% to 24%, and exposure to commercial paper instruments remained steady at 22% of the pool. The pool's repurchase agreement position was also kept steady at 16%.

## CASH FLOWS

### Summary of Cash Flows

April 2012	Florida PRIME
Opening Balance (4/1/12)	\$ 7,292,347,546
Participant Deposits	851,631,315
Transfers from Fund B	4,400,000
Gross Earnings	2,094,335
Participant Withdrawals	(1,080,810,110)
Fees	(152,141)
Closing Balance (4/30/12)	\$ 7,069,510,945
Net Change over Month	(222,836,601)

Valuations based on amortized cost

As shown in the table above, Florida PRIME experienced a net outflow of \$222.8 million during April 2012.

This change in value consisted of positive flows of \$851.6 million in participant deposits, \$4.4 million in transfers from Fund B and \$2.1 million in earnings. Negative flows consisted of \$1.08 billion in participant withdrawals and about \$152,000 in fees.

Overall, the fund ended the month with a closing balance of \$7.07 billion.

## FLORIDA PRIME DETAILED FEE DISCLOSURE

April 2012	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 37,380.34	\$ 0.62
Federated Investment Management Fee	100,558.91	1.68
BNY Mellon Custodial Fee	116.67	0.00
Bank of America Transfer Agent Fee	5,597.53	0.09
S&P Rating Maintenance Fee	3,196.72	0.05
Audit/External Review Fees	5,291.06	0.09
<b>Total Fees</b>	<b>\$ 152,141.23</b>	<b>2.54</b>

\*The basis point equivalent is an annualized rate based on the dollar amount of fees charged for the month times 12, divided by an average of the fund's beginning and ending total value (amortized cost) for the month which was \$7,180,929,246.

## THE NEW FLORIDA PRIME EDUCATION CENTER

A NEW TRAINING PORTAL WITHIN THE FLORIDA PRIME WEBSITE IS NOW AVAILABLE THAT ALLOWS POOL INVESTORS TO ENROLL IN HUNDREDS OF ON-LINE COURSES AT *SIGNIFICANTLY DISCOUNTED PRICES* COVERING ACCOUNTING, AUDITING, FINANCIAL AND INVESTMENT TOPICS. MANY OF THE COURSES OFFER CPE AND CEU CREDIT.



The screenshot shows the Florida PRIME Education Center website. The header includes the Florida PRIME logo and the tagline "Investing In Your FUTURE Through Education". The main content area is divided into several sections: "Educational Opportunities" with links for "Intuition 'Know-How'" and "BISKEasy 'On-Demand'", "Quick Links" for Florida PRIME, Contact Us, and Support, "Intuition Courses" with links for "Intuition Course Catalog" and "Intuition CPE Courses", and "BISKEasy 'On-Demand' Courses" with links for "BISKEasy Course Catalog" and "BISKEasy CPE Courses". The right side of the page features a "Welcome Lucy to the Florida PRIME Education Center" message and a "Your Resource For Online LEARNING" section. Below this, there are two registration process flows: "Intuition 'Know-How' Registration Process" and "BISKEasy 'On-Demand' Registration Process", each with four steps: Step 1 (Intuition 'Know-How' or CPEasy 'On-Demand'), Step 2 (Intuition CPEs or 'On-Demand' Three Flavors), Step 3 ('Know-How' Free Demo or CPEasy Free Demo), and Step 4 (How To Register). Each step has a "READ MORE" button.

## FUND PERFORMANCE THROUGH APRIL 30, 2012

### NOTES TO PERFORMANCE TABLE

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

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

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

### Florida PRIME Participant Performance Data

	Net Participant Yield <sup>1</sup>	Net-of-Fee Benchmark <sup>2</sup>	Above (Below) Benchmark
1 mo	0.33%	0.10%	0.23%
3 mos	0.33%	0.10%	0.23%
12 mos	0.27%	0.08%	0.19%
3 yrs	0.31%	0.17%	0.14%
5 yrs	1.40%	1.32%	0.08%
10 yrs	2.14%	1.93%	0.21%
Since 1.96	3.35%	3.13%	0.22%

Net asset value at month end: \$7,070.1 m

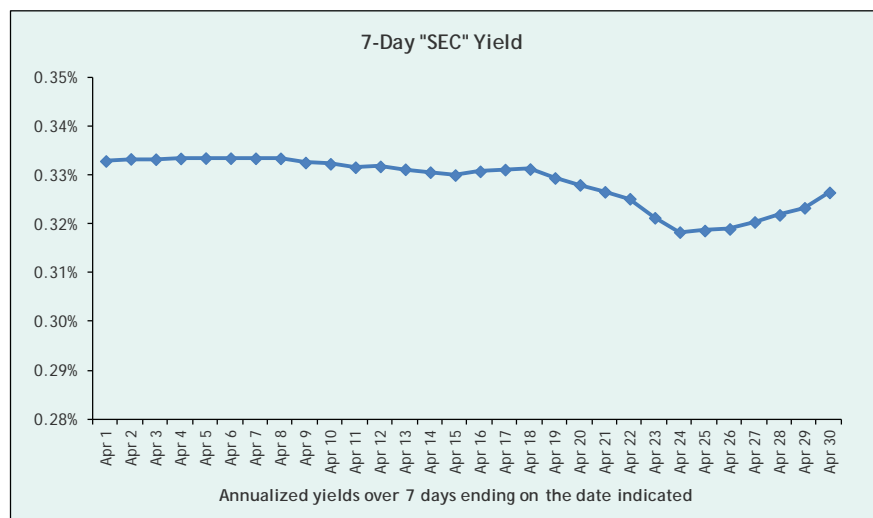
### NOTES TO CHART

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

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

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

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



For performance comparisons to other short-term investment options, see [www.sbafla.com/prime](http://www.sbafla.com/prime) and click on "Pool Performance."

### ABOUT ANNUALIZED YIELDS

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

For example, ignoring the effects of compounding,

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

**INVENTORY OF HOLDINGS**  
**APRIL 30, 2012**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost <sup>2</sup>	Mkt Value <sup>1</sup>	Unrealized Gain (Loss)
							\$	\$	\$
Alpine Securitization Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		07/12/12		100,000,000	0.31	99,939,167	99,939,980	813
Amsterdam Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/07/12		25,000,000	0.31	24,998,542	24,999,078	536
Amsterdam Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/09/12		25,000,000	0.27	24,998,313	24,998,783	470
Amsterdam Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/29/12		125,000,000	0.32	124,968,785	124,978,850	10,065
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/14/12		100,000,000	0.43	99,983,667	99,992,690	9,023
Australia & New Zealand Banking Group, Melbourne, Jun 07, 2012	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.47	06/07/12	06/07/12	100,000,000	0.48	100,000,000	100,004,200	4,200
Australia & New Zealand Banking Group, Melbourne, Nov 02, 2012	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.39	11/02/12	05/04/12	100,000,000	0.40	100,000,000	100,000,000	0
Bank of America N.A. BNOTE	BANK NOTE	0.46	05/09/12		100,000,000	0.47	100,000,000	100,004,990	4,990
Bank of America N.A. BNOTE	BANK NOTE	0.46	05/11/12		100,000,000	0.47	100,000,000	100,006,100	6,100
Bank of America N.A. BNOTE	BANK NOTE	0.44	06/05/12		80,000,000	0.45	80,000,000	80,004,776	4,776
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.20	05/01/12		640,000,000	0.20	640,000,000	640,000,000	0
Bank of Montreal, Jun 06, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.26	06/06/12	05/07/12	50,000,000	0.26	50,000,000	49,998,700	(1,300)
Bank of Montreal, Mar 04, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.42	03/04/13	05/04/12	50,000,000	0.43	50,000,000	50,054,300	54,300
Bank of Montreal, Sep 14, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.39	09/14/12	05/14/12	250,000,000	0.40	250,000,000	250,035,750	35,750
Bank of Nova Scotia, Toronto, May 08, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.39	05/08/12	05/08/12	50,000,000	0.40	50,000,000	50,002,300	2,300
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.39	05/07/12		60,000,000	0.40	60,000,000	60,002,334	2,334
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.41	06/06/12		129,800,000	0.39	129,803,992	129,822,650	18,658
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.37	06/11/12		175,000,000	0.38	175,000,000	175,026,513	26,513

See notes at end of table.

**INVENTORY OF HOLDINGS (CONTINUED)**  
**APRIL 30, 2012**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost <sup>2</sup>	Mkt Value <sup>1</sup>	Unrealized Gain (Loss)
							\$	\$	\$
Barclays Bank PLC CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.29	07/09/12		59,000,000	0.29	59,000,000	59,001,139	1,139
BlackRock Municipal Bond Trust, VMTP Preferred Shares (Series T0014), 01/02/2015	MUNICIPAL VARIABLE RATE DEMAND PREFERRED	0.35	01/02/15	05/01/12	20,000,000	0.35	20,000,000	20,000,000	0
BlackRock Municipal Income Trust II, VMTP Preferred Shares (Series T0008), 01/02/2015	MUNICIPAL VARIABLE RATE DEMAND PREFERRED	0.32	01/02/15	05/01/12	146,750,000	0.35	146,750,000	146,750,000	0
BlackRock Strategic Municipal Trust, VMTP Preferred Shares (Series T0015), 01/02/2015	MUNICIPAL VARIABLE RATE DEMAND PREFERRED	0.35	01/02/15	05/01/12	9,135,000	0.35	9,135,000	9,135,000	0
Commonwealth Bank of Australia CP4-2	COMMERCIAL PAPER - 4-2		06/04/12		150,000,000	0.61	149,912,500	149,986,395	73,895
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.40	05/18/12		100,000,000	0.41	100,000,000	100,002,500	2,500
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.40	05/21/12		100,000,000	0.41	100,000,000	100,002,910	2,910
Credit Suisse, Zurich CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.30	07/05/12		101,000,000	0.31	101,000,000	101,001,838	1,838
Credit Suisse, Zurich, Jun 08, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.33	06/08/12	05/08/12	200,000,000	0.31	200,000,000	200,000,200	200
Deutsche Bank AG CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.42	07/02/12		60,000,000	0.43	60,000,000	59,997,888	(2,112)
Deutsche Bank AG CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.43	08/01/12		100,000,000	0.44	100,000,000	99,981,930	(18,070)
Deutsche Bank Securities, Inc. REP3P	REPO TRIPARTY OVERNIGHT FIXED	0.21	05/01/12		500,000,000	0.21	500,000,000	500,000,000	0
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.01	05/01/12		1,944,903	0.01	1,944,903	1,944,903	0
FCAR Owner Trust, A1+/P1 Series CPABS3A3	COMMERCIAL PAPER - ABS 3A3		08/01/12		75,000,000	0.51	74,903,125	74,937,225	34,100
FCAR Owner Trust, A1/P1 Series CPABS3A3	COMMERCIAL PAPER - ABS 3A3		06/11/12		75,000,000	0.24	74,979,000	74,981,453	2,453
Fairway Finance Co. LLC, Jul 11, 2012	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.28	07/11/12	05/11/12	20,000,000	0.29	20,000,000	19,998,720	(1,280)
Fairway Finance Co. LLC, Jun 08, 2012	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.28	06/08/12	05/08/12	25,000,000	0.29	25,000,000	24,999,200	(800)
Fairway Finance Co. LLC, Jun 15, 2012	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.28	06/15/12	05/15/12	50,000,000	0.28	50,000,000	50,000,050	50

See notes at end of table.

**INVENTORY OF HOLDINGS (CONTINUED)**  
**APRIL 30, 2012**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost <sup>2</sup>	Mkt Value <sup>1</sup>	Unrealized Gain (Loss)
							\$	\$	\$
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.20	05/01/12	05/01/12	251,176,072	0.19	251,176,072	251,176,072	0
Federated Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.17	05/01/12	05/01/12	276,527,190	0.17	276,527,190	276,527,190	0
General Electric Capital Corp. CP	COMMERCIAL PAPER		07/23/12		24,100,000	0.23	24,087,066	24,090,553	3,486
General Electric Capital Corp. CP	COMMERCIAL PAPER		10/04/12		100,000,000	0.36	99,847,361	99,860,880	13,519
General Electric Capital Corp., Jul 27, 2012	VARIABLE MEDIUM TERM NOTE	0.64	07/27/12	07/27/12	10,000,000	0.64	9,999,650	10,009,700	10,050
General Electric Capital Corp., Jul 27, 2012	VARIABLE MEDIUM TERM NOTE	0.64	07/27/12	07/27/12	2,100,000	0.65	2,099,935	2,102,037	2,102
General Electric Capital Corp., Note, 3.500%, 08/13/2012	CORPORATE BOND	3.50	08/13/12		50,000,000	0.56	50,419,151	50,436,050	16,899
General Electric Capital Corp., Series GMTN, 5.250%, 10/19/2012	CORPORATE BOND	5.25	10/19/12		4,913,000	0.81	5,014,935	5,021,553	6,617
General Electric Capital Corp., Sr. Unsecd. Note, 2.800%, 01/08/2013	CORPORATE BOND	2.80	01/08/13		24,410,000	0.51	24,793,631	24,782,326	(11,306)
General Electric Capital, Series MTNA, 6%, 6/15/2012	CORPORATE BOND	6.00	06/15/12		2,750,000	0.48	2,769,119	2,770,163	1,044
General Electric Capital, Series MTNA, 6%, 6/15/2012	CORPORATE BOND	6.00	06/15/12		11,250,000	0.51	11,327,349	11,332,485	5,136
General Electric Capital, Series MTNA, 6%, 6/15/2012	CORPORATE BOND	6.00	06/15/12		3,760,000	0.51	3,785,795	3,787,568	1,774
General Electric Capital, Series MTNA, 6%, 6/15/2012	CORPORATE BOND	6.00	06/15/12		3,000,000	0.66	3,020,052	3,021,996	1,944
General Electric Capital, Series MTNA, 6%, 6/15/2012	CORPORATE BOND	6.00	06/15/12		10,000,000	0.66	10,066,814	10,073,320	6,506
General Electric Capital, Sr. Unsecd. Note, Series EMTN, 4.25%, 1/31/2013	EURO MEDIUM TERM NOTE	4.25	01/31/13		7,307,000	0.92	7,488,611	7,489,149	538
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		05/30/12		125,000,000	0.46	124,953,125	124,975,000	21,875
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		06/05/12		145,000,000	0.46	144,934,750	144,961,720	26,970
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		06/13/12		50,000,000	0.46	49,972,500	49,981,910	9,410

See notes at end of table.



**INVENTORY OF HOLDINGS (CONTINUED)**  
**APRIL 30, 2012**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost <sup>2</sup>	Mkt Value <sup>1</sup>	Unrealized Gain (Loss)
							\$	\$	\$
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		06/18/12		50,000,000	0.41	49,972,778	49,978,700	5,922
J.P. Morgan Chase & Co., 5.375%, 10/01/2012	CORPORATE BOND	5.38	10/01/12		23,520,000	0.43	24,008,096	23,981,204	(26,893)
Michigan Finance Authority, Unemployment Obligation Assessment Variable Rate Demand Revenue Bonds (Series 2011), 07/01/2014	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.24	07/01/14	05/02/12	50,000,000	0.27	50,000,000	50,000,000	0
Michigan State Hospital Finance Authority, (Henry Ford Health System, MI), (Series 2007), 11/15/2042	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.21	11/15/42	05/02/12	53,900,000	0.23	53,900,000	53,900,000	0
Mizuho Corporate Bank Ltd. CDEUR	CERTIFICATE OF DEPOSIT - EURO	0.00	07/25/12		75,000,000	0.42	74,925,724	74,921,405	(4,318)
Mizuho Corporate Bank Ltd. CDEUR	CERTIFICATE OF DEPOSIT - EURO	0.55	05/03/12		25,000,000	0.55	25,000,010	25,000,750	740
Mizuho Corporate Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.40	05/14/12		150,000,000	0.41	150,000,000	150,012,240	12,240
Mizuho Corporate Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.36	06/07/12		75,000,000	0.37	75,000,000	75,008,693	8,693
Mullenix-St. Charles Properties, L.P., Times Centre Apartments Project Series 2004, Jan 01, 2028	VARIABLE RATE DEMAND NOTE	0.19	01/01/28	05/03/12	13,500,000	0.19	13,500,000	13,500,000	0
National Australia Bank Ltd., Melbourne, Jun 08, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.47	06/08/12	06/07/12	100,000,000	0.48	100,000,000	100,007,800	7,800
Rabobank Nederland NV, Utrecht, May 08, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.33	05/08/12	05/08/12	20,000,000	0.34	20,000,000	20,000,080	80
Reno, NV Capital Improvement Revenue Bonds, (Series 2005A), 06/01/2032	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.30	06/01/32	05/03/12	35,515,000	0.32	35,515,000	35,515,000	0
Royal Bank of Canada, Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.50	09/26/12		80,000,000	0.51	80,000,000	80,089,088	89,088
Royal Bank of Canada, Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.55	11/07/12		100,000,000	0.56	100,000,000	100,142,640	142,640
Royal Bank of Canada, Montreal, Dec 21, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.54	12/21/12	06/21/12	100,000,000	0.55	100,000,000	99,990,300	(9,700)
Royal Bank of Canada, Montreal, Feb 06, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.54	02/06/13	05/07/12	50,000,000	0.61	50,000,000	50,029,600	29,600
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		06/04/12		37,000,000	0.36	36,987,410	36,991,978	4,569
Societe Generale, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.42	05/11/12		100,000,000	0.43	100,000,000	100,000,000	0

See notes at end of table.

**INVENTORY OF HOLDINGS (CONTINUED)**  
**APRIL 30, 2012**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost <sup>2</sup>	Mkt Value <sup>1</sup>	Unrealized Gain (Loss)
							\$	\$	\$
Societe Generale, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.50	06/01/12		100,000,000	0.51	100,000,000	100,013,330	13,330
St. Andrew United Methodist Church, Series 2004, Jul 01, 2029	VARIABLE RATE DEMAND NOTE	0.18	07/01/29	05/03/12	9,475,000	0.18	9,475,000	9,475,000	0
Svenska Handelsbanken, Stockholm CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.27	05/07/12		100,000,000	0.27	100,000,097	100,001,550	1,453
Svenska Handelsbanken, Stockholm, Oct 16, 2012	VARIABLE MEDIUM TERM NOTE	0.55	10/16/12	05/17/12	45,000,000	0.55	45,000,000	44,999,370	(630)
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		05/07/12		50,000,000	0.55	49,994,750	49,999,125	4,375
U.S. Treasury Note 1.75% 4/15/2013	US TREASURY NOTE	1.75	04/15/13		15,000,000	0.25	15,214,918	15,220,320	5,402
University of Texas System Board of Regents, Series 2007 B, 08/01/2034	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.16	08/01/34	05/03/12	49,400,000	0.19	49,400,000	49,400,000	0
Westpac Banking Corp. Ltd., Sydney, Jul 13, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.39	07/13/12	05/14/12	25,000,000	0.40	25,000,000	25,000,350	350
Westpac Banking Corp. Ltd., Sydney, Jul 17, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.34	07/17/12	05/17/12	25,000,000	0.34	25,000,000	24,994,225	(5,775)
Westpac Banking Corp. Ltd., Sydney, Jun 15, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.33	06/15/12	05/16/12	50,000,000	0.34	49,999,377	49,993,450	(5,927)
Windmill Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/21/12		75,000,000	0.34	74,985,563	74,990,378	4,815
Windmill Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/23/12		129,000,000	0.31	128,975,275	128,981,540	6,265
Windmill Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/25/12		100,000,000	0.31	99,979,167	99,984,100	4,933
					<b><u>7,065,233,164</u></b>		<b><u>\$7,066,433,262</u></b>	<b><u>\$7,067,115,230</u></b>	<b><u>\$681,967</u></b>

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

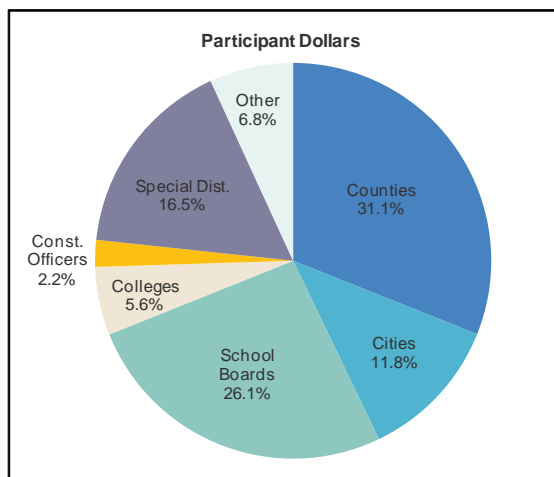
<sup>1</sup> Market values of the portfolio securities are provided by the custodian, BNY Mellon. The portfolio manager, Federated Investment Counseling, is the source for other data shown above.

<sup>2</sup> Amortized cost is calculated using a straight line method.

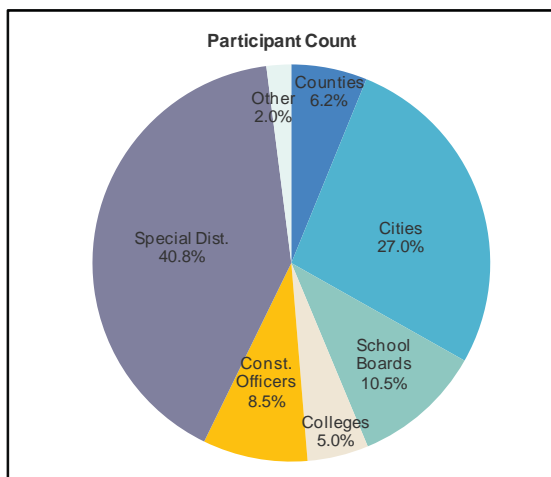


### PARTICIPANT CONCENTRATION DATA - APRIL 30, 2012

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
<b>All Participants</b>	<b>100.0%</b>	<b>100.0%</b>	<b>Colleges &amp; Universities</b>	<b>5.6%</b>	<b>5.0%</b>
Top 10	40.8%	1.2%	Top 10	4.9%	1.2%
\$100 million or more	55.4%	2.1%	\$100 million or more	2.4%	0.1%
\$10 million up to \$100 million	35.7%	9.8%	\$10 million up to \$100 million	2.2%	0.7%
\$1 million up to \$10 million	8.0%	17.9%	\$1 million up to \$10 million	1.0%	1.5%
Under \$1 million	0.8%	70.1%	Under \$1 million	0.01%	2.6%
<b>Counties</b>	<b>31.1%</b>	<b>6.2%</b>	<b>Constitutional Officers</b>	<b>2.2%</b>	<b>8.5%</b>
Top 10	26.0%	1.2%	Top 10	0.9%	1.2%
\$100 million or more	23.6%	0.9%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	6.7%	1.3%	\$10 million up to \$100 million	1.3%	0.5%
\$1 million up to \$10 million	0.7%	1.2%	\$1 million up to \$10 million	0.9%	1.8%
Under \$1 million	0.0%	2.7%	Under \$1 million	0.1%	6.3%
<b>Municipalities</b>	<b>11.8%</b>	<b>27.0%</b>	<b>Special Districts</b>	<b>16.5%</b>	<b>40.8%</b>
Top 10	7.1%	1.2%	Top 10	10.7%	1.2%
\$100 million or more	0.0%	0.0%	\$100 million or more	6.7%	0.5%
\$10 million up to \$100 million	9.3%	2.4%	\$10 million up to \$100 million	7.4%	2.1%
\$1 million up to \$10 million	2.3%	5.6%	\$1 million up to \$10 million	2.0%	5.1%
Under \$1 million	0.3%	19.1%	Under \$1 million	0.3%	33.1%
<b>School Boards</b>	<b>26.1%</b>	<b>10.5%</b>	<b>Other</b>	<b>6.8%</b>	<b>2.0%</b>
Top 10	22.1%	1.2%	Top 10	6.8%	1.2%
\$100 million or more	18.1%	0.4%	\$100 million or more	4.6%	0.2%
\$10 million up to \$100 million	6.8%	2.4%	\$10 million up to \$100 million	1.9%	0.5%
\$1 million up to \$10 million	0.9%	2.1%	\$1 million up to \$10 million	0.3%	0.6%
Under \$1 million	0.1%	5.7%	Under \$1 million	0.0%	0.7%



Total Fund Value: \$7,069,510,945



Total Participant Count: 844

## INVESTMENT POLICY COMPLIANCE - APRIL 2012

Test by Source	Pass/Fail
<b>Florida PRIME's Investment Policy</b>	
Securities must be USD denominated.	Pass
<b><u>Ratings requirements</u></b>	
The Pool must purchase exclusively first-tier securities. Securities purchased with short-term ratings by an NRSRO, or comparable in quality and security to other obligations of the issuer that have received short-term ratings from an NRSRO, are eligible if they are in one of the two highest rating categories.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Repurchase Agreement Counterparties must be rated by S&P	Pass
S&P Weighted Average Life - maximum 90 days <sup>1</sup>	Pass
<b><u>Maturity</u></b>	
Securities, excluding Government floating rate notes/variable rate notes, purchased did not have a maturity in excess of 397 days.	Pass
Government floating rate notes/variable rate notes purchased did not have a maturity in excess of 762 days.	Pass
The Pool must maintain a Spread WAM of 120 days or less.	Pass
<b><u>Issuer Diversification</u></b>	
First-tier issuers (limit does not apply to cash, cash items, U.S. Government securities refunded securities and repo collateralized by these securities) are limited, at the time of purchase, to 5% of the Pool's total assets. <sup>2</sup>	Pass
<b><u>Demand Feature and Guarantor Diversification</u></b>	
First-tier securities issued by or subject to demand features and guarantees of a non-controlled person, at time of purchase, are limited to 10% with respect to 75% of the Pool's total assets.	Pass
First-tier securities issued by or subject to demand features and guarantees of a control person, at time of purchase, are limited to 10% with respect to the Pool's total assets.	Pass
<b><u>Money Market Mutual Funds</u></b>	
The account, at time of purchase, will not have exposure to any one Money Market Mutual Fund in excess of 10% of the Pool's total assets.	Pass
<b><u>Concentration Tests</u></b>	
The account, at time of purchase, will not have exposure to an industry sector, excluding the financial services industry, in excess of 25% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to any single Government Agency in excess of 33.33% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to illiquid securities in excess of 5% of the Pool's total assets.	Pass
The account, at time of purchase, will invest at least 10% of the Pool's total assets in securities accessible within one business day.	Pass
The account, at time of purchase, will invest at least 30% of the Pool's total assets in securities accessible within five business days. <sup>3</sup>	Pass
<b><u>S&amp;P Requirements</u></b>	
The Pool must maintain a Dollar Weighted Average Maturity of 60 days or less.	Pass
The account, at time of purchase, will invest at least 50% of the Pool's total assets in Securities in Highest Rating Category (A-1+ or equivalent) .	Pass

<sup>1</sup> The fund may use floating rate government securities to extend the limit up to 120 days

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

<sup>3</sup> This limitation applies at time of trade. Under Rule 2a-7, a fund is not required to take immediate corrective measures if asset movements cause the exposure to be below the specified percentage.

### TRADING ACTIVITY FOR APRIL 2012

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<b>Buys</b>					\$	\$	\$	\$
ALPINE SECURITIZATICPABS4	07/12/12	04/10/12	04/10/12	50,000,000	49,961,250	-	49,961,250	-
ALPINE SECURITIZATICPABS4	07/12/12	04/10/12	04/10/12	50,000,000	49,961,250	-	49,961,250	-
AMSTERDAM FUNDING CCPABS4	05/07/12	04/12/12	04/12/12	25,000,000	24,994,792	-	24,994,792	-
AMSTERDAM FUNDING CCPABS4	05/09/12	04/05/12	04/05/12	25,000,000	24,993,625	-	24,993,625	-
AMSTERDAM FUNDING CCPABS4	05/29/12	04/26/12	04/26/12	25,000,000	24,992,896	-	24,992,896	-
AMSTERDAM FUNDING CCPABS4	05/29/12	04/26/12	04/26/12	50,000,000	49,985,792	-	49,985,792	-
AMSTERDAM FUNDING CCPABS4	05/29/12	04/26/12	04/26/12	50,000,000	49,985,792	-	49,985,792	-
ATLANTIC ASSET SECUCPABS4	05/14/12	04/13/12	04/13/12	50,000,000	49,981,917	-	49,981,917	-
ATLANTIC ASSET SECUCPABS4	05/14/12	04/13/12	04/13/12	50,000,000	49,981,917	-	49,981,917	-
BARCLAYS BANK PLCCDYAN	07/09/12	04/05/12	04/05/12	9,000,000	9,000,000	-	9,000,000	-
BARCLAYS BANK PLCCDYAN	07/09/12	04/05/12	04/05/12	50,000,000	50,000,000	-	50,000,000	-
MIZUHO CORPORATE BACDEUR	07/25/12	04/23/12	04/25/12	75,000,000	74,921,405	-	74,921,405	-
CREDIT AGRICOLE CORCDYAN	05/18/12	04/18/12	04/18/12	50,000,000	50,000,000	-	50,000,000	-
CREDIT AGRICOLE CORCDYAN	05/18/12	04/18/12	04/18/12	50,000,000	50,000,000	-	50,000,000	-
CREDIT AGRICOLE CORCDYAN	05/21/12	04/19/12	04/19/12	50,000,000	50,000,000	-	50,000,000	-
CREDIT AGRICOLE CORCDYAN	05/21/12	04/19/12	04/19/12	50,000,000	50,000,000	-	50,000,000	-
CREDIT SUISSE, ZURICDYAN	07/05/12	04/04/12	04/04/12	1,000,000	1,000,000	-	1,000,000	-
CREDIT SUISSE, ZURICDYAN	07/05/12	04/04/12	04/04/12	50,000,000	50,000,000	-	50,000,000	-
CREDIT SUISSE, ZURICDYAN	07/05/12	04/04/12	04/04/12	50,000,000	50,000,000	-	50,000,000	-
DEUTSCHE BANK AGCDYAN	07/02/12	04/03/12	04/03/12	50,000,000	50,000,000	-	50,000,000	-
DEUTSCHE BANK AGCDYAN	07/02/12	04/03/12	04/03/12	10,000,000	10,000,000	-	10,000,000	-
DEUTSCHE BANK AGCDYAN	08/01/12	04/25/12	04/25/12	50,000,000	50,000,000	-	50,000,000	-
DEUTSCHE BANK AGCDYAN	08/01/12	04/25/12	04/25/12	50,000,000	50,000,000	-	50,000,000	-
FCAR OWNER TRUST, ACPABS3	06/11/12	04/10/12	04/10/12	50,000,000	49,979,334	-	49,979,334	-
FCAR OWNER TRUST, ACPABS3	06/11/12	04/10/12	04/10/12	25,000,000	24,989,667	-	24,989,667	-
GENERAL ELECTRIC CA CP	10/04/12	04/11/12	04/11/12	50,000,000	49,914,445	-	49,914,445	-
GENERAL ELECTRIC CA CP	10/04/12	04/11/12	04/11/12	50,000,000	49,914,445	-	49,914,445	-
JPMORGAN CHASE & CO	10/01/12	04/09/12	04/12/12	23,520,000	24,065,147	38,628	24,103,775	-
SOCIETE GENERALE, PCDYAN	05/11/12	04/12/12	04/12/12	50,000,000	50,000,000	-	50,000,000	-
SOCIETE GENERALE, PCDYAN	05/11/12	04/12/12	04/12/12	50,000,000	50,000,000	-	50,000,000	-

# TRADING ACTIVITY FOR APRIL 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<i><b>Buys (continued)</b></i>					\$	\$	\$	\$
SOCIETE GENERALE, PCDYAN	06/01/12	04/27/12	04/27/12	50,000,000	50,000,000	-	50,000,000	-
SOCIETE GENERALE, PCDYAN	06/01/12	04/27/12	04/27/12	50,000,000	50,000,000	-	50,000,000	-
UNIVERSITY OF TEXAS SYSTEM	08/01/34	04/26/12	04/27/12	49,400,000	49,400,000	5,642	49,405,642	-
WINDMILL FUNDING COCPABS4	05/21/12	04/16/12	04/16/12	25,000,000	24,991,979	-	24,991,979	-
WINDMILL FUNDING COCPABS4	05/21/12	04/16/12	04/16/12	50,000,000	49,983,959	-	49,983,959	-
WINDMILL FUNDING COCPABS4	05/23/12	04/26/12	04/26/12	29,000,000	28,993,475	-	28,993,475	-
WINDMILL FUNDING COCPABS4	05/23/12	04/26/12	04/26/12	50,000,000	49,988,750	-	49,988,750	-
WINDMILL FUNDING COCPABS4	05/23/12	04/26/12	04/26/12	50,000,000	49,988,750	-	49,988,750	-
WINDMILL FUNDING COCPABS4	05/25/12	04/23/12	04/23/12	50,000,000	49,986,667	-	49,986,667	-
WINDMILL FUNDING COCPABS4	05/25/12	04/23/12	04/23/12	50,000,000	49,986,667	-	49,986,667	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/03/12	04/03/12	6,152,090	6,152,090	-	6,152,090	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/05/12	04/05/12	3,281,810	3,281,810	-	3,281,810	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/10/12	04/10/12	3,604,754	3,604,754	-	3,604,754	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/12/12	04/12/12	3,000,420	3,000,420	-	3,000,420	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/17/12	04/17/12	217,841	217,841	-	217,841	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/18/12	04/18/12	2,320,046	2,320,046	-	2,320,046	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/20/12	04/20/12	4,958,776	4,958,776	-	4,958,776	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/24/12	04/24/12	2,307,371	2,307,371	-	2,307,371	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/26/12	04/26/12	4,310,598	4,310,598	-	4,310,598	-
FEDERATED PRIME CASH OBLIGATIONS	10/01/40	04/01/12	04/01/12	43,891	43,891	-	43,891	-
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	04/01/12	04/01/12	47,374	47,374	-	47,374	-
DEUTSCHE BANK	04/03/12	04/02/12	04/02/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/03/12	04/02/12	04/02/12	815,000,000	815,000,000	-	815,000,000	-
DEUTSCHE BANK	04/04/12	04/03/12	04/03/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/04/12	04/03/12	04/03/12	915,000,000	915,000,000	-	915,000,000	-
DEUTSCHE BANK	04/05/12	04/04/12	04/04/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/05/12	04/04/12	04/04/12	830,000,000	830,000,000	-	830,000,000	-
DEUTSCHE BANK	04/09/12	04/05/12	04/05/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/09/12	04/05/12	04/05/12	940,000,000	940,000,000	-	940,000,000	-
DEUTSCHE BANK	04/10/12	04/09/12	04/09/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/10/12	04/09/12	04/09/12	928,000,000	928,000,000	-	928,000,000	-

**TRADING ACTIVITY FOR APRIL 2012 (CONTINUED)**

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<i><b>Buys (continued)</b></i>					\$	\$	\$	\$
DEUTSCHE BANK	04/11/12	04/10/12	04/10/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/11/12	04/10/12	04/10/12	865,000,000	865,000,000	-	865,000,000	-
DEUTSCHE BANK	04/12/12	04/11/12	04/11/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/12/12	04/11/12	04/11/12	790,000,000	790,000,000	-	790,000,000	-
DEUTSCHE BANK	04/13/12	04/12/12	04/12/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/13/12	04/12/12	04/12/12	840,000,000	840,000,000	-	840,000,000	-
DEUTSCHE BANK	04/16/12	04/13/12	04/13/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/16/12	04/13/12	04/13/12	990,000,000	990,000,000	-	990,000,000	-
DEUTSCHE BANK	04/17/12	04/16/12	04/16/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/17/12	04/16/12	04/16/12	970,000,000	970,000,000	-	970,000,000	-
DEUTSCHE BANK	04/18/12	04/17/12	04/17/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/18/12	04/17/12	04/17/12	955,000,000	955,000,000	-	955,000,000	-
DEUTSCHE BANK	04/19/12	04/18/12	04/18/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/19/12	04/18/12	04/18/12	890,000,000	890,000,000	-	890,000,000	-
DEUTSCHE BANK	04/20/12	04/19/12	04/19/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/20/12	04/19/12	04/19/12	830,000,000	830,000,000	-	830,000,000	-
DEUTSCHE BANK	04/23/12	04/20/12	04/20/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/23/12	04/20/12	04/20/12	835,000,000	835,000,000	-	835,000,000	-
DEUTSCHE BANK	04/24/12	04/23/12	04/23/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/24/12	04/23/12	04/23/12	960,000,000	960,000,000	-	960,000,000	-
DEUTSCHE BANK	04/25/12	04/24/12	04/24/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/25/12	04/24/12	04/24/12	955,000,000	955,000,000	-	955,000,000	-
DEUTSCHE BANK	04/26/12	04/25/12	04/25/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/26/12	04/25/12	04/25/12	870,000,000	870,000,000	-	870,000,000	-
DEUTSCHE BANK	04/27/12	04/26/12	04/26/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/27/12	04/26/12	04/26/12	700,000,000	700,000,000	-	700,000,000	-
DEUTSCHE BANK	04/30/12	04/27/12	04/27/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/30/12	04/27/12	04/27/12	490,000,000	490,000,000	-	490,000,000	-
DEUTSCHE BANK	05/01/12	04/30/12	04/30/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/01/12	04/30/12	04/30/12	640,000,000	640,000,000	-	640,000,000	-
<b>Total Buys</b>				<b>28,760,164,972</b>	<b>\$28,760,188,887</b>	<b>\$44,270</b>	<b>\$28,760,233,157</b>	-

# TRADING ACTIVITY FOR APRIL 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<b>Maturities</b>					\$	\$	\$	\$
AMSTERDAM FUNDING CCPABS4	04/05/12	04/05/12	04/05/12	40,000,000	40,000,000	-	40,000,000	-
AMSTERDAM FUNDING CCPABS4	04/11/12	04/11/12	04/11/12	60,000,000	60,000,000	-	60,000,000	-
AMSTERDAM FUNDING CCPABS4	04/12/12	04/12/12	04/12/12	75,000,000	75,000,000	-	75,000,000	-
AMSTERDAM FUNDING CCPABS4	04/13/12	04/13/12	04/13/12	100,000,000	100,000,000	-	100,000,000	-
AMSTERDAM FUNDING CCPABS4	04/26/12	04/26/12	04/26/12	68,255,000	68,255,000	-	68,255,000	-
BARCLAYS US FUNDINGC	04/25/12	04/25/12	04/25/12	100,000,000	100,000,000	-	100,000,000	-
BARCLAYS BANK PLCCDYAN	04/05/12	04/05/12	04/05/12	60,000,000	60,000,000	-	60,000,000	-
BARCLAYS BANK PLCCDYAN	04/30/12	04/30/12	04/30/12	200,000,000	200,000,000	-	200,000,000	-
DEUTSCHE BANK AGCDYAN	04/03/12	04/03/12	04/03/12	80,000,000	80,000,000	-	80,000,000	-
DEUTSCHE BANK AGCDYAN	04/12/12	04/12/12	04/12/12	100,000,000	100,000,000	-	100,000,000	-
DEUTSCHE BANK AGCDYAN	04/23/12	04/23/12	04/23/12	200,000,000	200,000,000	-	200,000,000	-
FCAR OWNER TRUST, ACPABS3	04/02/12	04/02/12	04/02/12	7,000,000	7,000,000	-	7,000,000	-
FCAR OWNER TRUST, ACPABS3	04/10/12	04/10/12	04/10/12	75,000,000	75,000,000	-	75,000,000	-
MIZUHO CORPORATE BACDYAN	04/19/12	04/19/12	04/19/12	100,000,000	100,000,000	-	100,000,000	-
NATIONAL AUSTRALIA BANK/NEW YORK	04/13/12	04/13/12	04/13/12	20,000,000	20,000,000	-	20,000,000	-
COOPERATIEVE CENTRALE RAIFFEISEN-	04/02/12	04/02/12	04/02/12	200,000,000	200,000,000	-	200,000,000	-
SHEFFIELD RECEIVABLECPABS4	04/03/12	04/03/12	04/03/12	34,000,000	34,000,000	-	34,000,000	-
WINDMILL FUNDING COCPABS4	04/05/12	04/05/12	04/05/12	128,340,000	128,340,000	-	128,340,000	-
WINDMILL FUNDING COCPABS4	04/12/12	04/12/12	04/12/12	75,000,000	75,000,000	-	75,000,000	-
WINDMILL FUNDING COCPABS4	04/13/12	04/13/12	04/13/12	150,000,000	150,000,000	-	150,000,000	-
WINDMILL FUNDING COCPABS4	04/23/12	04/23/12	04/23/12	20,000,000	20,000,000	-	20,000,000	-
DEUTSCHE BANK	04/02/12	04/02/12	04/02/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/02/12	04/02/12	04/02/12	635,000,000	635,000,000	-	635,000,000	-
DEUTSCHE BANK	04/03/12	04/03/12	04/03/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/03/12	04/03/12	04/03/12	815,000,000	815,000,000	-	815,000,000	-
DEUTSCHE BANK	04/04/12	04/04/12	04/04/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/04/12	04/04/12	04/04/12	915,000,000	915,000,000	-	915,000,000	-
DEUTSCHE BANK	04/05/12	04/05/12	04/05/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/05/12	04/05/12	04/05/12	830,000,000	830,000,000	-	830,000,000	-

**TRADING ACTIVITY FOR APRIL 2012 (CONTINUED)**

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<b>Maturities (continued)</b>					\$	\$	\$	\$
DEUTSCHE BANK	04/09/12	04/09/12	04/09/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/09/12	04/09/12	04/09/12	940,000,000	940,000,000	-	940,000,000	-
DEUTSCHE BANK	04/10/12	04/10/12	04/10/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/10/12	04/10/12	04/10/12	928,000,000	928,000,000	-	928,000,000	-
DEUTSCHE BANK	04/11/12	04/11/12	04/11/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/11/12	04/11/12	04/11/12	865,000,000	865,000,000	-	865,000,000	-
DEUTSCHE BANK	04/12/12	04/12/12	04/12/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/12/12	04/12/12	04/12/12	790,000,000	790,000,000	-	790,000,000	-
DEUTSCHE BANK	04/13/12	04/13/12	04/13/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/13/12	04/13/12	04/13/12	840,000,000	840,000,000	-	840,000,000	-
DEUTSCHE BANK	04/16/12	04/16/12	04/16/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/16/12	04/16/12	04/16/12	990,000,000	990,000,000	-	990,000,000	-
DEUTSCHE BANK	04/17/12	04/17/12	04/17/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/17/12	04/17/12	04/17/12	970,000,000	970,000,000	-	970,000,000	-
DEUTSCHE BANK	04/18/12	04/18/12	04/18/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/18/12	04/18/12	04/18/12	955,000,000	955,000,000	-	955,000,000	-
DEUTSCHE BANK	04/19/12	04/19/12	04/19/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/19/12	04/19/12	04/19/12	890,000,000	890,000,000	-	890,000,000	-
DEUTSCHE BANK	04/20/12	04/20/12	04/20/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/20/12	04/20/12	04/20/12	830,000,000	830,000,000	-	830,000,000	-
DEUTSCHE BANK	04/23/12	04/23/12	04/23/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/23/12	04/23/12	04/23/12	835,000,000	835,000,000	-	835,000,000	-
DEUTSCHE BANK	04/24/12	04/24/12	04/24/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/24/12	04/24/12	04/24/12	960,000,000	960,000,000	-	960,000,000	-
DEUTSCHE BANK	04/25/12	04/25/12	04/25/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/25/12	04/25/12	04/25/12	955,000,000	955,000,000	-	955,000,000	-
DEUTSCHE BANK	04/26/12	04/26/12	04/26/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/26/12	04/26/12	04/26/12	870,000,000	870,000,000	-	870,000,000	-
DEUTSCHE BANK	04/27/12	04/27/12	04/27/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/27/12	04/27/12	04/27/12	700,000,000	700,000,000	-	700,000,000	-
DEUTSCHE BANK	04/30/12	04/30/12	04/30/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	04/30/12	04/30/12	04/30/12	490,000,000	490,000,000	-	490,000,000	-
<b>Total Maturities</b>				<b>28,895,595,000</b>	<b>\$28,895,595,000</b>	<b>\$0</b>	<b>\$28,895,595,000</b>	<b>-</b>

# TRADING ACTIVITY FOR APRIL 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<b>Sells</b>					\$	\$	\$	\$
NEW YORK STATE HOUSING FINANCE	11/01/36	04/03/12	04/03/12	54,400,000	54,400,000	461	54,400,461	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/02/12	04/02/12	160,477	160,477	-	160,477	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/02/12	04/02/12	67,749	67,749	-	67,749	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/02/12	04/02/12	683,408	683,408	-	683,408	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/02/12	04/02/12	652,228	652,228	-	652,228	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/04/12	04/04/12	4,231,620	4,231,620	-	4,231,620	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/09/12	04/09/12	323,390	323,390	-	323,390	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/09/12	04/09/12	2,822,481	2,822,481	-	2,822,481	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/09/12	04/09/12	3,281,810	3,281,810	-	3,281,810	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/11/12	04/11/12	348,134	348,134	-	348,134	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/11/12	04/11/12	54,232	54,232	-	54,232	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/13/12	04/13/12	2,406,340	2,406,340	-	2,406,340	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/16/12	04/16/12	1,582,323	1,582,323	-	1,582,323	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/16/12	04/16/12	3,000,420	3,000,420	-	3,000,420	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/19/12	04/19/12	2,299,323	2,299,323	-	2,299,323	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/23/12	04/23/12	283,915	283,915	-	283,915	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/23/12	04/23/12	1,198,414	1,198,414	-	1,198,414	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/23/12	04/23/12	217,841	217,841	-	217,841	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/23/12	04/23/12	20,722	20,722	-	20,722	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/23/12	04/23/12	1,132,944	1,132,944	-	1,132,944	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/25/12	04/25/12	3,825,832	3,825,832	-	3,825,832	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/25/12	04/25/12	503,721	503,721	-	503,721	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/27/12	04/27/12	2,688,810	2,688,810	-	2,688,810	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	04/30/12	04/30/12	1,480,535	1,480,535	-	1,480,535	-
<b>Total Sells</b>				<b>87,666,670</b>	<b>\$87,666,670</b>	<b>\$461</b>	<b>\$87,667,130</b>	-



# FUND B

## FUND B FACTS

### INVESTMENT OBJECTIVE

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

### COMPOSITION

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

### DISTRIBUTIONS

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

### ACCOUNTING

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

### STATUS OF INVESTMENTS

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

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

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

## COMMENTARY ON PORTFOLIO MANAGEMENT

All cash from paydowns on securities in Fund B are invested in AAAM-rated money market funds pending monthly distribution to participant accounts in Florida PRIME. This month, \$4.4 million in liquid assets were transferred from Fund B to Florida PRIME, consisting of principal paydowns and income from the securities in the Fund.

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

## LEGAL ISSUE

As an ongoing legal matter, the SBA asserts Lehman Brothers (which is now in liquidation) sold the SBA certain unregistered secured notes that were not exempt from registration under the Securities Act of 1933. The Lehman Trustee has not yet responded to the SBA's general creditor claim on behalf of Fund B as to whether the Lehman estate will have any assets available for recovery. The Trustee's latest reports have stated that "returns to general estate creditors will be limited at best." However, the secured notes sold by Lehman Brothers were secured by certain collateral. Fund B has been receiving and is expected to continue receiving monetary distributions of principal and interest from that underlying collateral.

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

## DISCLOSURE OF MATERIAL IMPACTS

There were no developments during April 2012 that had a material impact on the liquidity or operation of Fund B.

# FUND B

## FUND B DISTRIBUTIONS

### RETURN OF FUND B PRINCIPAL

The first table below details the SBA's progress in returning principal to investors in Fund B. Through the end of April 2012, investors cumulatively received distributions from Fund B totaling over \$1.72 billion or 85.6% of their original balances.

The securities remaining in Fund B are legacy items from the four issuers whose financial circumstances gave rise to the November 2007 run (as well as overnight instruments temporarily holding fund earnings). As of April 30, 2012, their remaining amortized cost was \$496 million, or

70.8% more than remaining participant positions in Fund B. Conversely, the current estimated liquidation (market) value of these securities is pegged at \$240.0 million or 82.7% of remaining participant positions.

It is important to note that due to the lack of an actively traded market for Fund B securities, their "market value" is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. See footnote 1 on page 22.

### FUND B DISTRIBUTIONS TO PARTICIPANTS

	Distributions to Participants	Cumulative Distributions	Participant Principal	Proportion of Original Principal Returned
12/05/07	\$	\$	\$ 2,009,451,941	0.0%
CY 2008	\$ 1,421,900,000	\$ 1,421,900,000	\$ 587,551,941	70.8%
CY 2009	\$ 89,100,000	\$ 1,511,000,000	\$ 498,451,941	75.2%
CY 2010	\$ 135,100,000	\$ 1,646,100,000	\$ 363,351,941	81.9%
CY 2011	\$ 57,425,000	\$ 1,703,525,000	\$ 305,926,941	84.8%
01/09/12	\$ 4,325,000	\$ 1,707,850,000	\$ 301,601,941	85.0%
02/07/12	\$ 3,200,000	\$ 1,711,050,000	\$ 298,401,941	85.2%
03/06/12	\$ 3,925,000	\$ 1,714,975,000	\$ 294,476,941	85.3%
04/05/12	\$ 4,400,000	\$ 1,719,375,000	\$ 290,076,941	85.6%

### FUND B MONTHLY DISTRIBUTION DETAIL

April 2012 Distribution Detail Including Receipts by Source For the period 3/6/12 - 4/5/12	Fund B	
	Participant Allocation	Expense Allocation
Beginning Balance	\$ -	\$ 20,692.29
Receipts:		
Florida East	\$ 873,544.56	
Florida West	\$ 1,252,956.47	
Florida Funding I	\$ 417,977.60	
Florida Funding II	\$ 1,855,785.97	
Overnight Investments	\$ 2.18	
Total Receipts	\$ 4,400,266.78	
Distributions:		
Allocation to/from Expense Reserve	\$ (266.78)	\$ 266.78
Expenses Paid		\$ (1,199.30)
Participant Distribution	\$ (4,400,000.00)	
Ending Balance	\$ -	\$ 19,759.77

# FUND B

## INVENTORY OF HOLDINGS - AS OF APRIL 30, 2012

Security Name	Type	Rate Reset	Par	Current Yield	Amort Cost <sup>2</sup>	Mkt Value <sup>1</sup>	Unrealized Gain (Loss)
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND		5,305,200	0.00	\$ 5,305,200	\$ 5,305,200	\$ -
Florida East Funding LLC	VARIABLE RATE TERM NOTE	04/26/12	79,350,645	0.59	\$ 79,350,645	\$ 54,043,117	\$ (25,307,528)
Florida West Funding LLC	VARIABLE RATE TERM NOTE	04/26/12	184,976,708	0.59	\$ 184,976,708	\$ 95,797,371	\$ (89,179,337)
Florida Funding I LLC	VARIABLE RATE TERM NOTE	04/29/12	122,596,422	0.41	\$ 122,596,422	\$ 26,365,097	\$ (96,231,325)
Florida Funding II LLC	VARIABLE RATE COMMERCIAL PAPER	04/29/12	103,317,885	0.71	\$ 103,309,646	\$ 58,460,376	\$ (44,849,270)
<b>Total Value of Investments</b>			<b><u>495,546,858</u></b>		<b><u>\$495,538,620</u></b>	<b><u>\$239,971,160</u></b>	<b><u>(\$255,567,460)</u></b>

### Notes:

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

<sup>2</sup> Amortized cost is calculated using a straight line method.

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

The collateral manager, Apollo Global Management, is the source for data shown above other than market value. See note 1.

The amounts shown above are the value of investments. Income accruals, payables and uninvested cash are not included. The data is unaudited.

# FUND B

## COMPLIANCE AND TRADING ACTIVITY

### COMPLIANCE WITH INVESTMENT POLICY - APRIL 2012

Investment Policy Statement Compliance is conducted on Fund B by SBA Risk Management and Compliance and reported on a monthly basis to the Investment Oversight Group. Portfolio activity is reviewed to ensure that transactions and holdings are in compliance with guideline requirements and with those stipulated in the respective Investment Management Agreements with Apollo Global Management, the collateral manager for the four special purpose entities held in Fund B (Florida East Funding LLC, Florida West Funding LLC, Florida Funding I LLC, and Florida Funding II LLC). Since the principal holdings in the fund are the notes issued by these special purpose entities, and no deposits or withdrawals are permitted by participants, transactions are typically limited to 1) the receipt cash flows from the underlying note collateral, 2) the investment of these cash flows in AAAM money market funds, and 3) periodic distributions to participants. Apollo Global Management may also sell, exchange, or restructure the notes, consistent with the objective of maximizing the present value of cash flows from the collateral. For the month of April 2012, Fund B was in compliance with its Investment Policy Statement.

### TRADING ACTIVITY - APRIL 2012

Security Description	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<b>Buys</b>				\$	\$	\$	\$
DREYFUS GOVERNMENT CASH MANAGEMENT	04/03/12	04/03/12	2	2	0	2	0
DREYFUS GOVERNMENT CASH MANAGEMENT	04/30/12	04/30/12	5,286,676	5,286,676	0	5,286,676	0
<b>Total Buys</b>			<b>5,286,679</b>	<b>\$5,286,679</b>	<b>\$0</b>	<b>\$5,286,679</b>	<b>\$0</b>
<b>Sells</b>							
FLORIDA FUNDING I LLC	04/30/12	04/30/12	469,741	469,741	0	469,741	0
FLORIDA EAST FUNDING LLC	04/30/12	04/30/12	1,059,100	1,059,100	0	1,059,100	0
FLORIDA WEST FUNDING LLC	04/30/12	04/30/12	1,225,246	1,225,246	0	1,225,246	0
FLORIDA FUNDING II	04/30/12	04/30/12	2,269,519	2,269,519	0	2,269,519	181
DREYFUS GOVERNMENT CASH MANAGEMENT	04/02/12	04/02/12	58	58	0	58	0
DREYFUS GOVERNMENT CASH MANAGEMENT	04/05/12	04/05/12	4,400,000	4,400,000	0	4,400,000	0
DREYFUS GOVERNMENT CASH MANAGEMENT	04/18/12	04/18/12	1,237	1,237	0	1,237	0
<b>Total Sells</b>			<b>9,424,901</b>	<b>\$9,424,901</b>	<b>\$0</b>	<b>\$9,424,901</b>	<b>\$181</b>

Note: In the Trading Activity table above, the gain reflected on the sales from Florida Funding II is an accounting gain. The original Axon Financial Funding LLC security was purchased at a discount and was deemed "in default" prior to the original maturity date. At the point of becoming "in default," amortization of the discount was terminated thus leaving the cost of the security less than par. Any principal payment received at par will result in recognition of a gain, calculated as Proceeds less Cost Basis of the par value being sold.

## Our Mission

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



STATE BOARD OF ADMINISTRATION  
[WWW.SBAFLA.COM](http://WWW.SBAFLA.COM)



# Monthly Summary Report for May 2012

Including Fund B

State Board of Administration

## CONTENTS

### FLORIDA PRIME

Disclosure of Material Impacts.....	2
Market Conditions.....	3
Investment Strategy.....	4
Cash Flows.....	5
Detailed Fee Disclosure.....	5
Fund Performance.....	6
Inventory of Holdings.....	7
Participant Concentration.....	12
Compliance.....	13
Trading Activity.....	14

### FUND B

Portfolio Commentary.....	20
Legal Issue.....	20
Disclosure of Material Impacts.....	20
Return of Fund B Principal.....	21
Distributions/Distribution Detail.....	21
Inventory of Holdings.....	22
Compliance.....	23
Trading Activity.....	23

#### Past performance is no guarantee of future results.

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

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

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

## INTRODUCTION

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

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

This report, which covers the period from May 1, 2012 through May 31, 2012, has been prepared by the SBA with input from Federated Investment Counseling (“Federated”), investment advisor for Florida PRIME and Apollo Global Management (formerly known as Stone Tower Debt Advisors LLC), the collateral manager for Fund B, in a format intended to comply with the statute.

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

### DISCLOSURE OF MATERIAL IMPACTS

There were no developments during May 2012 that had a material impact on the liquidity or operation of Florida PRIME.

### SBA FEE TO INCREASE EFFECTIVE JULY 1, 2012

The current charges related to the SBA’s Administrative & Oversight Fee will be raised to 1.0 basis point, an increase of 0.4 basis points. This fee change is being made to adequately cover costs related to operating Florida PRIME. No other Florida PRIME fees are affected by this change, and Florida PRIME’s cost structure remains the lowest of any cash management vehicle available in the State of Florida.

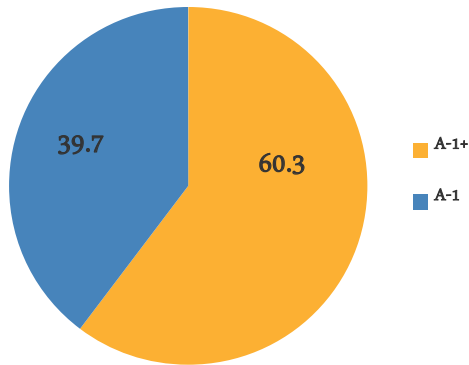


## PORTFOLIO COMPOSITION MAY 31, 2012

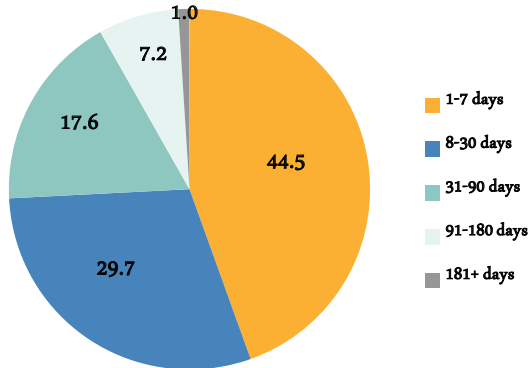
### Florida PRIME Assets

\$ 7,072,495,291

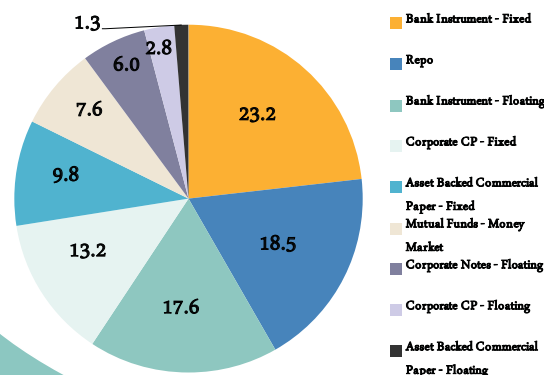
### Credit Quality Composition (%)



### Effective Maturity Schedule (%)



### Portfolio Composition (%)



## PORTFOLIO MANAGER COMMENTARY

### MAY 2012 MARKET CONDITIONS

Rates continued to remain steady throughout May, with few developments likely in the immediate future that could change that outlook. Overnight repo and federal fund rates have been holding in at the mid-teens, a positive sign, and the Treasury curve remains positively sloped. London interbank offered rates (LIBOR) have remained virtually unchanged for another month, with three- and six-month steady at 0.47% and 0.74% respectively, and one-year LIBOR at 1.07%. The Federal Reserve also continues in a holding pattern. Fed Chairman Ben Bernanke and other Federal Open Market Committee members have indicated that we should not expect to see a third round of quantitative easing in our immediate future, but they also won't rule out additional easing should the situation warrant further action. The domestic economy continues to develop nicely, but without enough growth that we should worry about inflation. Bottom line: The end of low rates is not in sight. Of course, savers and some investors would love to see some positive news on this front, but it's just more of the same.

On the regulatory front, there has been continued talk about additional regulation of money market funds. But even among Securities and Exchange Commission commissioners, there does not seem to be a consensus as to whether further money fund reform is actually needed. As such, nothing's been proposed at this point and we don't really expect anything to come to fruition in the immediate future.

Looking overseas, Greece is on a lot of minds right now and getting a good deal of press. The May elections didn't resolve any issues, and in fact left the country at a political stalemate, with neither the pro-austerity or anti-bailout sides able to form a government. There will be another election in mid-June, where a new government could be formed, or it could just mean reelection of the same players, leading to additional lack of progress. While there's a lot of "noise" in the marketplace right now over Europe, with this ongoing Greek drama and Moody's Investors Service's decision to downgrade the ratings of 16 Spanish and 26 Italian banks, these concerns aren't directly applicable to Florida PRIME. We've seen some widening of spreads in the eurozone, but generally, the portfolio deals in very short instruments, so we're always in a position to quickly reevaluate exposure to any bank should conditions deteriorate.

In addition, we've had a credit barbell strategy in place for some time



MAY 31, 2012

### Top Holdings (%) and Average Maturity

1. Bank of Montreal	5.1%
2. ING Groep N.V.	5.1%
3. Mitsubishi UFJ Financial Group, Inc.	5.0%
4. Royal Bank of Canada, Montreal	4.9%
5. Deutsche Bank AG	4.9%
6. Credit Suisse Group AG	4.7%
7. General Electric Capital Corp.	4.6%
8. Federated Prime Obligations Fund	3.9%
9. Canadian Imperial Bank of Commerce	3.9%
10. Windmill Funding Corp.	3.6%

### **Average Effective Maturity (WAM)**

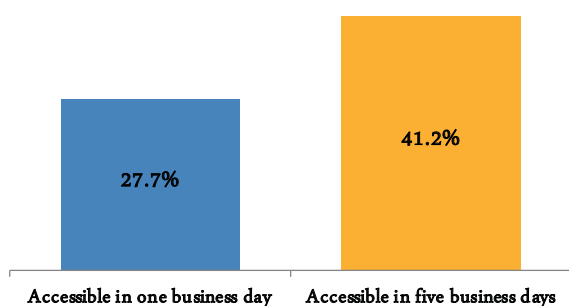
30.1 Days

### **Weighted Average Life (Spread WAM)**

51.2 Days

Percentages based on total value of investments

### Highly Liquid Holdings (% at month end)



Effective May 1, 2012, the reporting of the daily rate and 30 day rate on the PRIME website is compliant with the SEC yield methodology, to be consistent with the present reporting of the 7 day yield.

### **PORTFOLIO MANAGER COMMENTARY (CON'T.)**

now. We've concentrated the long end of our barbell—12- and 13-month purchases—in the non-European sector, specifically Canadian, Australian, some non-EU Scandinavian and Nordic country investments. Our exposure to EU countries has been concentrated strictly at the short end of the credit barbell, with a focus on banks in the more stable countries such as the UK, France and Germany. There is clearly a storm brewing over the continent, and it may eventually have implications for world economies, but it has little immediate impact on the portfolio, as we've already battened down the hatches and secured our sails as much as possible against this particular threat.

### **PORTFOLIO INVESTMENT STRATEGY**

The Florida PRIME pool remained relatively steady throughout the month of May 2012. As of the end of the month, Florida PRIME pool assets remained at \$7.1 billion, with no change from the previous month, as is generally expected during this season. At the end of May, the gross yield for Florida PRIME remained at 35 basis points, reflecting the static nature of London interbank offered rates (LIBOR), which were virtually unchanged throughout May, with only slight movement in the six- and twelve-month range. The pool finished May with an unchanged weighted average maturity of 30 days. The pool's weighted average life went out from 47 days at April month-end to 51 days at the end of May.

Exposure to bank instruments was down 5%, to make up 23% of the pool. Exposure to variable rate instruments was up 1% to 25%, with bank purchases in the six-, nine- and twelve-month range in cases where management saw value. Those purchases were expected to benefit the portfolio should LIBOR begin to trend up, as those variable rate instruments would move accordingly. The pool also saw some purchases of asset-backed commercial paper in the 30-day range. Exposure to commercial paper instruments was up 1% to 23% of the pool. The pool's repurchase agreement position was increased 3% to 19%, while investment in money market funds remained at 10%.

## CASH FLOWS

### Summary of Cash Flows

May 2012	Florida PRIME
Opening Balance (5/1/12)	\$ 7,069,510,945
Participant Deposits	1,007,187,604
Transfers from Fund B	5,275,000
Gross Earnings	2,038,239
Participant Withdrawals	(1,011,366,746)
Fees	(149,751)
Closing Balance (5/31/12)	\$ 7,072,495,291
Net Change over Month	2,984,346

Valuations based on amortized cost

As shown in the table above, Florida PRIME experienced a net inflow of \$2.98 million during May 2012.

This change in value consisted of positive flows of \$1.01 billion in participant deposits, \$5.3 million in transfers from Fund B and \$2.0 million in earnings. Negative flows consisted of \$1.01 billion in participant withdrawals and about \$150,000 in fees.

Overall, the fund ended the month with a closing balance of \$7.07 billion.

### FLORIDA PRIME DETAILED FEE DISCLOSURE

May 2012	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 35,908.66	\$ 0.61
Federated Investment Management Fee	99,879.87	1.70
BNY Mellon Custodial Fee	116.67	0.00
Bank of America Transfer Agent Fee	5,075.23	0.09
S&P Rating Maintenance Fee	3,303.28	0.06
Audit/External Review Fees	5,467.43	0.09
<b>Total Fees</b>	<b>\$ 149,751.14</b>	<b>2.54</b>

\*The basis point equivalent is an annualized rate based on the dollar amount of fees charged for the month times 12, divided by an average of the fund's beginning and ending total value (amortized cost) for the month which was \$7,071,003,118.

## A Change in Personnel

Since June of 2005, Susan Croswell has been the voice of the SBA for Local Government Investment Pool participants across the state of Florida. Effective June 30, 2012, she has decided step down from her post and enjoy retirement. We are sad to see her go.

Donna Owens will assume the PRIME operational duties. Donna has worked with the Board providing operational oversight to Florida Retirement System accounts since July of 2007. We know that you will find her just as friendly and helpful as Susan. Donna can be reached at (850) 488-7311 or LocalGovPool@sbafla.com.

## FUND PERFORMANCE THROUGH MAY 31, 2012

### NOTES TO PERFORMANCE TABLE

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

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

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

### Florida PRIME Participant Performance Data

	Net Participant Yield <sup>1</sup>	Net-of-Fee Benchmark <sup>2</sup>	Above (Below) Benchmark
1 mo	0.32%	0.10%	0.22%
3 mos	0.33%	0.10%	0.23%
12 mos	0.28%	0.08%	0.19%
3 yrs	0.29%	0.16%	0.14%
5 yrs	1.31%	1.24%	0.08%
10 yrs	2.13%	1.92%	0.21%
Since 1.96	3.33%	3.11%	0.22%
Net asset value at month end:			\$7,072.8 m

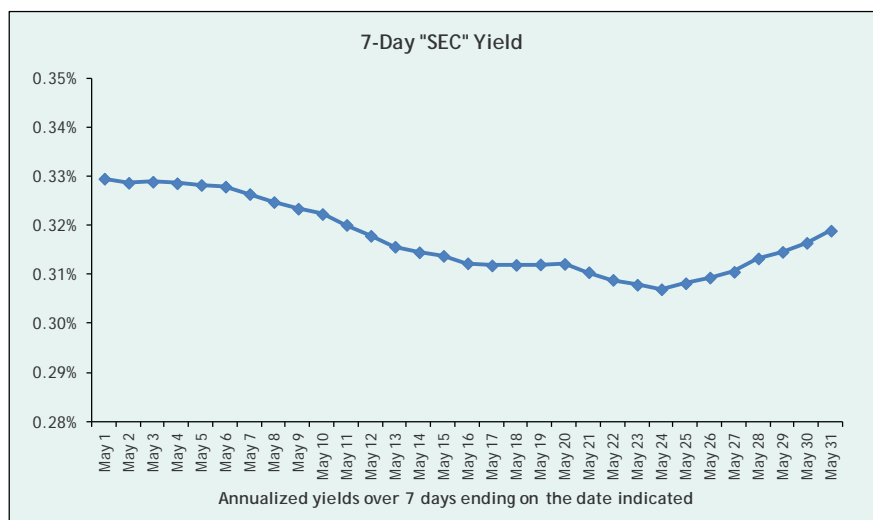
### NOTES TO CHART

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

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

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

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



For performance comparisons to other short-term investment options, see [www.sbafla.com/prime](http://www.sbafla.com/prime) and click on "Pool Performance."

### ABOUT ANNUALIZED YIELDS

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

For example, ignoring the effects of compounding,

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

**INVENTORY OF HOLDINGS  
MAY 31, 2012**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost <sup>2</sup>	Mkt Value <sup>1</sup>	Unrealized Gain (Loss)
							\$	\$	\$
Alpine Securitization Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		07/12/12		100,000,000	0.31	99,965,000	99,971,530	6,530
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		06/14/12		60,000,000	0.41	59,990,667	59,994,864	4,197
Australia & New Zealand Banking Group, Melbourne, Jun 07, 2012	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.47	06/07/12	06/07/12	100,000,000	0.48	100,000,000	100,000,200	200
Australia & New Zealand Banking Group, Melbourne, Nov 02, 2012	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.39	11/02/12	06/04/12	100,000,000	0.39	100,000,000	99,928,000	(72,000)
BNP Paribas SA, Jun 11, 2012	VARIABLE MEDIUM TERM NOTE	1.47	06/11/12	06/11/12	10,000,000	1.49	10,002,449	10,001,590	(859)
Bank of America N.A. BNOTE	BANK NOTE	0.44	06/05/12		80,000,000	0.45	80,000,000	80,002,000	2,000
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.21	06/01/12		810,000,000	0.21	810,000,000	810,000,000	0
Bank of Montreal, Jun 06, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.26	06/06/12	06/06/12	50,000,000	0.26	50,000,000	49,999,950	(50)
Bank of Montreal, Mar 04, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.42	03/04/13	06/04/12	50,000,000	0.42	50,000,000	50,048,500	48,500
Bank of Montreal, Sep 14, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.39	09/14/12	06/14/12	250,000,000	0.39	250,000,000	250,027,000	27,000
Bank of Nova Scotia, Toronto, May 09, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.39	05/09/13	06/11/12	50,000,000	0.39	50,000,000	49,986,100	(13,900)
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.41	06/06/12		129,800,000	0.39	129,800,647	129,804,751	4,103
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.37	06/11/12		175,000,000	0.38	175,000,000	175,009,608	9,608
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.35	08/29/12		50,000,000	0.36	50,000,000	50,000,000	0
Barclays Bank PLC CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.29	07/09/12		59,000,000	0.29	59,000,000	59,005,104	5,104
Barton Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		06/25/12		36,000,000	0.36	35,991,250	35,995,680	4,430
Canadian Imperial Bank of Commerce, Nov 26, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.33	11/26/12	06/25/12	275,000,000	0.33	275,000,000	274,961,225	(38,775)
Commonwealth Bank of Australia CP4-2	COMMERCIAL PAPER - 4-2		06/04/12		150,000,000	0.61	149,990,000	149,998,665	8,665

See notes at end of table.

**INVENTORY OF HOLDINGS (CONTINUED)**  
**MAY 31, 2012**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost <sup>2</sup>	Mkt Value <sup>1</sup>	Unrealized Gain (Loss)
							\$	\$	\$
Credit Agricole North America, Inc. CP	COMMERCIAL PAPER		06/25/12		200,000,000	0.41	199,944,444	199,969,020	24,576
Credit Suisse, Zurich CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.30	07/05/12		101,000,000	0.31	101,000,000	101,004,899	4,899
Credit Suisse, Zurich, Jun 08, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.33	06/08/12	06/08/12	200,000,000	0.30	200,000,000	200,000,000	0
Credit Suisse, Zurich, Sr. Unsecd. Note, Series MTN, 3.450%, 07/02/2012	CORPORATE BOND	3.45	07/02/12		10,000,000	0.36	10,026,938	10,022,550	(4,388)
Deutsche Bank AG CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.41	07/30/12		135,000,000	0.42	135,000,000	135,013,473	13,473
Deutsche Bank AG CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.44	08/17/12		50,000,000	0.45	50,000,000	49,998,905	(1,095)
Deutsche Bank AG CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.42	07/02/12		60,000,000	0.43	60,000,000	60,003,720	3,720
Deutsche Bank AG CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.43	08/01/12		100,000,000	0.44	100,000,000	99,996,520	(3,480)
Deutsche Bank Securities, Inc. REP3P	REPO TRIPARTY OVERNIGHT FIXED	0.22	06/01/12		500,000,000	0.22	500,000,000	500,000,000	0
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.01	06/01/12		6,415,452	0.01	6,415,452	6,415,452	0
FCAR Owner Trust, A1+/P1 Series CPABS3A3	COMMERCIAL PAPER - ABS 3A3		08/01/12		75,000,000	0.51	74,935,417	74,965,898	30,481
FCAR Owner Trust, A1/P1 Series CPABS3A3	COMMERCIAL PAPER - ABS 3A3		06/11/12		75,000,000	0.24	74,994,500	74,995,185	685
Fairway Finance Co. LLC, Jul 11, 2012	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.28	07/11/12	06/11/12	20,000,000	0.28	20,000,000	19,999,380	(620)
Fairway Finance Co. LLC, Jun 08, 2012	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.28	06/08/12	06/08/12	25,000,000	0.28	25,000,000	25,000,000	0
Fairway Finance Co. LLC, Jun 15, 2012	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.28	06/15/12	06/15/12	50,000,000	0.28	50,000,000	50,000,050	50
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.16	06/01/12	06/01/12	251,215,801	0.16	251,215,801	251,215,801	0
Federated Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.16	06/01/12	06/01/12	276,568,633	0.16	276,568,633	276,568,633	0
General Electric Capital Corp. CP	COMMERCIAL PAPER		07/23/12		24,100,000	0.23	24,091,839	24,094,997	3,157

See notes at end of table.

**INVENTORY OF HOLDINGS (CONTINUED)**  
**MAY 31, 2012**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost <sup>2</sup>	Mkt Value <sup>1</sup>	Unrealized Gain (Loss)
							\$	\$	\$
General Electric Capital Corp. CP	COMMERCIAL PAPER		10/04/12		100,000,000	0.36	99,877,500	99,909,000	31,500
General Electric Capital Corp. CP	COMMERCIAL PAPER		11/19/12		50,000,000	0.36	49,916,389	49,921,405	5,016
General Electric Capital Corp., Jul 27, 2012	VARIABLE MEDIUM TERM NOTE	0.64	07/27/12	07/27/12	10,000,000	0.64	9,999,773	10,006,130	6,357
General Electric Capital Corp., Jul 27, 2012	VARIABLE MEDIUM TERM NOTE	0.64	07/27/12	07/27/12	2,100,000	0.65	2,099,958	2,101,287	1,330
General Electric Capital Corp., Note, 3.500%, 08/13/2012	CORPORATE BOND	3.50	08/13/12		50,000,000	0.56	50,295,402	50,286,600	(8,802)
General Electric Capital Corp., Series GMTN, 5.250%, 10/19/2012	CORPORATE BOND	5.25	10/19/12		4,913,000	0.81	4,996,563	5,000,505	3,942
General Electric Capital Corp., Sr. Unsecd. Note, 2.800%, 01/08/2013	CORPORATE BOND	2.80	01/08/13		24,410,000	0.51	24,746,625	24,722,912	(23,713)
General Electric Capital Corp., Sr. Unsecd. Note, 2.800%, 01/08/2013	CORPORATE BOND	2.80	01/08/13		20,281,000	0.56	20,554,043	20,540,982	(13,061)
General Electric Capital, Series MTNA, 6%, 6/15/2012	CORPORATE BOND	6.00	06/15/12		2,750,000	0.48	2,756,234	2,754,584	(1,650)
General Electric Capital, Series MTNA, 6%, 6/15/2012	CORPORATE BOND	6.00	06/15/12		11,250,000	0.51	11,275,223	11,268,754	(6,469)
General Electric Capital, Series MTNA, 6%, 6/15/2012	CORPORATE BOND	6.00	06/15/12		3,760,000	0.51	3,768,411	3,766,268	(2,143)
General Electric Capital, Series MTNA, 6%, 6/15/2012	CORPORATE BOND	6.00	06/15/12		3,000,000	0.66	3,006,539	3,005,001	(1,538)
General Electric Capital, Series MTNA, 6%, 6/15/2012	CORPORATE BOND	6.00	06/15/12		10,000,000	0.66	10,021,787	10,016,670	(5,117)
General Electric Capital, Sr. Unsecd. Note, Series EMTN, 4.25%, 1/31/2013	EURO MEDIUM TERM NOTE	4.25	01/31/13		7,307,000	0.92	7,468,212	7,463,867	(4,346)
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		06/05/12		145,000,000	0.46	144,990,938	144,996,781	5,844
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		06/13/12		50,000,000	0.46	49,991,875	49,996,570	4,695
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		06/18/12		50,000,000	0.41	49,990,000	49,994,875	4,875
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		08/28/12		115,000,000	0.36	114,899,072	114,867,509	(31,563)

See notes at end of table.

**INVENTORY OF HOLDINGS (CONTINUED)**  
**MAY 31, 2012**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost <sup>2</sup>	Mkt Value <sup>1</sup>	Unrealized Gain (Loss)
							\$	\$	\$
J.P. Morgan Chase & Co., 5.375%, 10/01/2012	CORPORATE BOND	5.38	10/01/12		23,520,000	0.43	23,909,843	23,895,262	(14,582)
Market Street Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		08/29/12		30,000,000	0.23	29,982,750	29,983,317	567
Michigan Finance Authority, Unemployment Obligation Assessment Variable Rate Demand Revenue Bonds (Series 2011), 07/01/2014	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.20	07/01/14	06/06/12	50,000,000	0.20	50,000,000	50,000,000	0
Michigan State Hospital Finance Authority, (Henry Ford Health System, MI), (Series 2007), 11/15/2042	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.18	11/15/42	06/06/12	53,900,000	0.18	53,900,000	53,900,000	0
Mizuho Corporate Bank Ltd. CDEUR	CERTIFICATE OF DEPOSIT - EURO	0.00	07/25/12		75,000,000	0.42	74,952,498	74,959,920	7,422
Mizuho Corporate Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.36	06/07/12		75,000,000	0.37	75,000,000	75,002,475	2,475
Mizuho Corporate Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.34	08/08/12		50,000,000	0.35	50,000,000	49,999,035	(965)
Mullenix-St. Charles Properties, L.P., Times Centre Apartments Project Series 2004, Jan 01, 2028	VARIABLE RATE DEMAND NOTE	0.23	01/01/28	06/07/12	13,500,000	0.23	13,500,000	13,500,000	0
National Australia Bank Ltd., Melbourne CDEUR	CERTIFICATE OF DEPOSIT - EURO	0.38	11/19/12		100,000,000	0.38	100,002,384	100,007,140	4,756
National Australia Bank Ltd., Melbourne, Jun 08, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.47	06/08/12	06/07/12	100,000,000	0.48	100,000,000	100,000,700	700
Reno, NV Capital Improvement Revenue Bonds, (Series 2005A), 06/01/2032	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.22	06/01/32	06/07/12	35,515,000	0.22	35,515,000	35,515,000	0
Royal Bank of Canada, Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.50	09/26/12		80,000,000	0.51	80,000,000	80,088,968	88,968
Royal Bank of Canada, Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.55	11/07/12		100,000,000	0.56	100,000,000	100,164,060	164,060
Royal Bank of Canada, Montreal, Dec 21, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.54	12/21/12	06/21/12	100,000,000	0.55	100,000,000	99,991,800	(8,200)
Royal Bank of Canada, Montreal, Feb 06, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.54	02/06/13	08/07/12	50,000,000	0.54	50,000,000	50,022,200	22,200
Royal Bank of Canada, Montreal, May 22, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.48	05/22/13	06/22/12	18,000,000	0.49	18,000,000	17,945,564	(54,436)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		06/04/12		37,000,000	0.36	36,998,561	36,999,012	451
Societe Generale, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.50	06/01/12		100,000,000	0.51	100,000,000	100,000,720	720

See notes at end of table.



**INVENTORY OF HOLDINGS (CONTINUED)**  
**MAY 31, 2012**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost <sup>2</sup>	Mkt Value <sup>1</sup>	Unrealized Gain (Loss)
							\$	\$	\$
Societe Generale, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.42	06/20/12		100,000,000	0.43	100,000,000	100,010,000	10,000
St. Andrew United Methodist Church, Series 2004, Jul 01, 2029	VARIABLE RATE DEMAND NOTE	0.18	07/01/29	06/07/12	9,475,000	0.18	9,475,000	9,475,000	0
Svenska Handelsbanken, Stockholm, Oct 16, 2012	VARIABLE MEDIUM TERM NOTE	0.52	10/16/12	08/17/12	45,000,000	0.47	45,000,000	44,996,670	(3,330)
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		11/13/12		50,000,000	0.41	49,907,778	49,923,840	16,062
U.S. Treasury Note 1.75% 4/15/2013	US TREASURY NOTE	1.75	04/15/13		15,000,000	0.25	15,195,882	15,201,570	5,688
University of Texas System Board of Regents, Series 2007 B, 08/01/2034	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.11	08/01/34	06/07/12	24,250,000	0.11	24,250,000	24,250,000	0
Westpac Banking Corp. Ltd., Sydney, Jul 13, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.39	07/13/12	06/13/12	25,000,000	0.39	25,000,000	25,000,300	300
Westpac Banking Corp. Ltd., Sydney, Jul 17, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.34	07/17/12	06/18/12	25,000,000	0.34	25,000,000	24,996,525	(3,475)
Westpac Banking Corp. Ltd., Sydney, Jun 15, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.33	06/15/12	06/15/12	50,000,000	0.34	49,999,797	49,998,050	(1,747)
Windmill Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		06/26/12		50,000,000	0.33	49,988,444	49,991,805	3,361
Windmill Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		06/27/12		175,000,000	0.33	174,958,000	174,969,813	11,813
Windmill Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		07/02/12		53,200,000	0.36	53,183,449	53,188,275	4,826
					<b><u>7,067,230,886</u></b>		<b><u>\$7,068,306,967</u></b>	<b><u>\$7,068,595,967</u></b>	<b><u>\$289,000</u></b>

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

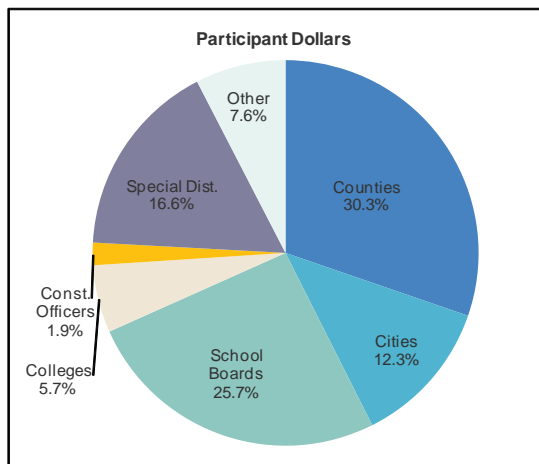
<sup>1</sup> Market values of the portfolio securities are provided by the custodian, BNY Mellon. The portfolio manager, Federated Investment Counseling, is the source for other data shown above.

<sup>2</sup> Amortized cost is calculated using a straight line method.

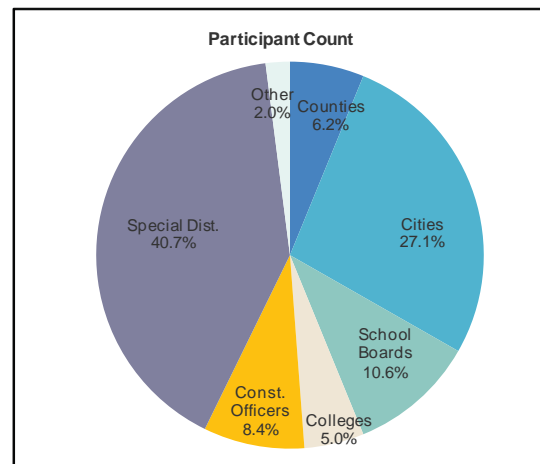


### PARTICIPANT CONCENTRATION DATA - MAY 31, 2012

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
<b>All Participants</b>	<b>100.0%</b>	<b>100.0%</b>	<b>Colleges &amp; Universities</b>	<b>5.7%</b>	<b>5.0%</b>
Top 10	39.9%	1.2%	Top 10	5.1%	1.2%
\$100 million or more	57.4%	2.3%	\$100 million or more	2.4%	0.1%
\$10 million up to \$100 million	34.1%	10.1%	\$10 million up to \$100 million	2.5%	1.0%
\$1 million up to \$10 million	7.8%	17.8%	\$1 million up to \$10 million	0.7%	1.3%
Under \$1 million	0.8%	69.8%	Under \$1 million	0.01%	2.6%
<b>Counties</b>	<b>30.3%</b>	<b>6.2%</b>	<b>Constitutional Officers</b>	<b>1.9%</b>	<b>8.4%</b>
Top 10	25.9%	1.2%	Top 10	0.9%	1.2%
\$100 million or more	23.7%	1.0%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	5.9%	1.3%	\$10 million up to \$100 million	0.9%	0.4%
\$1 million up to \$10 million	0.7%	1.2%	\$1 million up to \$10 million	0.9%	1.9%
Under \$1 million	0.0%	2.7%	Under \$1 million	0.1%	6.2%
<b>Municipalities</b>	<b>12.3%</b>	<b>27.1%</b>	<b>Special Districts</b>	<b>16.6%</b>	<b>40.7%</b>
Top 10	7.3%	1.2%	Top 10	11.0%	1.2%
\$100 million or more	0.0%	0.0%	\$100 million or more	7.0%	0.5%
\$10 million up to \$100 million	9.8%	2.5%	\$10 million up to \$100 million	7.1%	2.0%
\$1 million up to \$10 million	2.2%	5.6%	\$1 million up to \$10 million	2.1%	5.2%
Under \$1 million	0.3%	19.0%	Under \$1 million	0.3%	33.0%
<b>School Boards</b>	<b>25.7%</b>	<b>10.6%</b>	<b>Other</b>	<b>7.6%</b>	<b>2.0%</b>
Top 10	21.8%	1.2%	Top 10	7.5%	1.2%
\$100 million or more	18.8%	0.5%	\$100 million or more	5.5%	0.2%
\$10 million up to \$100 million	6.0%	2.5%	\$10 million up to \$100 million	1.8%	0.5%
\$1 million up to \$10 million	0.9%	2.0%	\$1 million up to \$10 million	0.3%	0.6%
Under \$1 million	0.1%	5.6%	Under \$1 million	0.0%	0.7%



Total Fund Value: \$7,072,495,291



Total Participant Count: 842

## INVESTMENT POLICY COMPLIANCE - MAY 2012

Test by Source	Pass/Fail
<b>Florida PRIME's Investment Policy</b>	
Securities must be USD denominated.	Pass
<b><u>Ratings requirements</u></b>	
The Pool must purchase exclusively first-tier securities. Securities purchased with short-term ratings by an NRSRO, or comparable in quality and security to other obligations of the issuer that have received short-term ratings from an NRSRO, are eligible if they are in one of the two highest rating categories.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Repurchase Agreement Counterparties must be rated by S&P	Pass
S&P Weighted Average Life - maximum 90 days <sup>1</sup>	Pass
<b><u>Maturity</u></b>	
Securities, excluding Government floating rate notes/variable rate notes, purchased did not have a maturity in excess of 397 days.	Pass
Government floating rate notes/variable rate notes purchased did not have a maturity in excess of 762 days.	Pass
The Pool must maintain a Spread WAM of 120 days or less.	Pass
<b><u>Issuer Diversification</u></b>	
First-tier issuers (limit does not apply to cash, cash items, U.S. Government securities refunded securities and repo collateralized by these securities) are limited, at the time of purchase, to 5% of the Pool's total assets. <sup>2</sup>	Pass
<b><u>Demand Feature and Guarantor Diversification</u></b>	
First-tier securities issued by or subject to demand features and guarantees of a non-controlled person, at time of purchase, are limited to 10% with respect to 75% of the Pool's total assets.	Pass
First-tier securities issued by or subject to demand features and guarantees of a control person, at time of purchase, are limited to 10% with respect to the Pool's total assets.	Pass
<b><u>Money Market Mutual Funds</u></b>	
The account, at time of purchase, will not have exposure to any one Money Market Mutual Fund in excess of 10% of the Pool's total assets.	Pass
<b><u>Concentration Tests</u></b>	
The account, at time of purchase, will not have exposure to an industry sector, excluding the financial services industry, in excess of 25% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to any single Government Agency in excess of 33.33% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to illiquid securities in excess of 5% of the Pool's total assets.	Pass
The account, at time of purchase, will invest at least 10% of the Pool's total assets in securities accessible within one business day.	Pass
The account, at time of purchase, will invest at least 30% of the Pool's total assets in securities accessible within five business days. <sup>3</sup>	Pass
<b><u>S&amp;P Requirements</u></b>	
The Pool must maintain a Dollar Weighted Average Maturity of 60 days or less.	Pass
The account, at time of purchase, will invest at least 50% of the Pool's total assets in Securities in Highest Rating Category (A-1+ or equivalent) .	Pass

<sup>1</sup> The fund may use floating rate government securities to extend the limit up to 120 days

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

<sup>3</sup> This limitation applies at time of trade. Under Rule 2a-7, a fund is not required to take immediate corrective measures if asset movements cause the exposure to be below the specified percentage.

### TRADING ACTIVITY FOR MAY 2012

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<b>Buys</b>					\$	\$	\$	\$
AMSTERDAM FUNDING CCPABS4	05/08/12	05/01/12	05/01/12	50,000,000	49,998,056	-	49,998,056	-
AMSTERDAM FUNDING CCPABS4	05/08/12	05/01/12	05/01/12	50,000,000	49,998,056	-	49,998,056	-
AMSTERDAM FUNDING CCPABS4	05/11/12	05/07/12	05/07/12	35,000,000	34,999,222	-	34,999,222	-
AMSTERDAM FUNDING CCPABS4	05/14/12	05/08/12	05/08/12	50,000,000	49,998,334	-	49,998,334	-
AMSTERDAM FUNDING CCPABS4	05/18/12	05/14/12	05/14/12	50,000,000	49,998,889	-	49,998,889	-
AMSTERDAM FUNDING CCPABS4	05/18/12	05/14/12	05/14/12	50,000,000	49,998,889	-	49,998,889	-
AMSTERDAM FUNDING CCPABS4	05/18/12	05/14/12	05/14/12	50,000,000	49,998,889	-	49,998,889	-
AMSTERDAM FUNDING CCPABS4	05/18/12	05/14/12	05/14/12	20,800,000	20,799,538	-	20,799,538	-
AMSTERDAM FUNDING CCPABS4	05/18/12	05/14/12	05/14/12	50,000,000	49,998,889	-	49,998,889	-
ATLANTIC ASSET SECUCPABS4	06/14/12	05/14/12	05/14/12	10,000,000	9,996,556	-	9,996,556	-
ATLANTIC ASSET SECUCPABS4	06/14/12	05/14/12	05/14/12	50,000,000	49,982,778	-	49,982,778	-
BNP PARIBAS / BNP PARIBAS US MEDIUM-	06/11/12	05/17/12	05/22/12	10,000,000	10,004,452	29,062	10,033,514	-
BANK OF AMERICA N,ABNOTE	05/18/12	05/11/12	05/11/12	50,000,000	50,000,486	7,347	50,007,833	-
BANK OF AMERICA N,ABNOTE	05/18/12	05/11/12	05/11/12	50,000,000	50,000,486	7,347	50,007,833	-
BANK OF AMERICA N,ABNOTE	05/18/12	05/11/12	05/11/12	50,000,000	50,000,486	7,347	50,007,833	-
BANK OF AMERICA N,ABNOTE	05/18/12	05/11/12	05/11/12	50,000,000	50,000,486	7,347	50,007,833	-
BANK OF AMERICA N,ABNOTE	05/18/12	05/11/12	05/11/12	30,000,000	30,000,292	4,408	30,004,700	-
BANK OF NOVA SCOTIA/HOUSTON	05/09/13	05/08/12	05/09/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF TOKYO-MITSUCDYAN	08/29/12	05/29/12	05/29/12	50,000,000	50,000,000	-	50,000,000	-
BARTON CAPITAL LLC/PABS4-	06/25/12	05/25/12	05/25/12	36,000,000	35,989,150	-	35,989,150	-
NATIONAL AUSTRALIA CDEUR	11/19/12	05/18/12	05/22/12	100,000,000	100,002,509	-	100,002,509	-
CANADIAN IMPERIAL BANK OF	05/26/15	05/21/12	05/24/12	50,000,000	50,000,000	-	50,000,000	-
CANADIAN IMPERIAL BANK OF	05/26/15	05/21/12	05/24/12	50,000,000	50,000,000	-	50,000,000	-
CANADIAN IMPERIAL BANK OF	05/26/15	05/21/12	05/24/12	50,000,000	50,000,000	-	50,000,000	-
CANADIAN IMPERIAL BANK OF	05/26/15	05/21/12	05/24/12	50,000,000	50,000,000	-	50,000,000	-
CANADIAN IMPERIAL BANK OF	05/26/15	05/21/12	05/24/12	25,000,000	25,000,000	-	25,000,000	-
CREDIT AGRICOLE NORCP	06/25/12	05/25/12	05/25/12	50,000,000	49,982,778	-	49,982,778	-
CREDIT AGRICOLE NORCP	06/25/12	05/25/12	05/25/12	50,000,000	49,982,778	-	49,982,778	-
CREDIT AGRICOLE NORCP	06/25/12	05/25/12	05/25/12	50,000,000	49,982,778	-	49,982,778	-
CREDIT AGRICOLE NORCP	06/25/12	05/25/12	05/25/12	50,000,000	49,982,778	-	49,982,778	-
CREDIT SUISSE/NEW YORK NY	07/02/12	05/03/12	05/08/12	10,000,000	10,046,300	108,292	10,154,592	-
DEUTSCHE BANK AGCDYAN	07/30/12	05/08/12	05/08/12	50,000,000	50,000,000	-	50,000,000	-
DEUTSCHE BANK AGCDYAN	07/30/12	05/08/12	05/08/12	50,000,000	50,000,000	-	50,000,000	-
DEUTSCHE BANK AGCDYAN	07/30/12	05/08/12	05/08/12	35,000,000	35,000,000	-	35,000,000	-

# TRADING ACTIVITY FOR MAY 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<b>Buys (continued)</b>					\$	\$	\$	\$
DEUTSCHE BANK AGCDYAN	08/17/12	05/09/12	05/09/12	50,000,000	50,000,000	-	50,000,000	-
GENERAL ELECTRIC CA CP	11/19/12	05/22/12	05/22/12	50,000,000	49,912,014	-	49,912,014	-
GENERAL ELECTRIC CO CP	05/25/12	05/24/12	05/24/12	50,000,000	49,999,722	-	49,999,722	-
GENERAL ELECTRIC CO CP	05/25/12	05/24/12	05/24/12	50,000,000	49,999,722	-	49,999,722	-
GENERAL ELECTRIC CAPITAL CORP	01/08/13	05/16/12	05/17/12	20,281,000	20,571,262	203,486	20,774,748	-
ING (U.S.) FUNDING CP	08/28/12	05/30/12	05/30/12	50,000,000	49,955,625	-	49,955,625	-
ING (U.S.) FUNDING CP	08/28/12	05/30/12	05/30/12	50,000,000	49,955,625	-	49,955,625	-
ING (U.S.) FUNDING CP	08/28/12	05/30/12	05/30/12	15,000,000	14,986,688	-	14,986,688	-
MARKET STREET FUNDICPABS4	08/29/12	05/25/12	05/25/12	30,000,000	29,981,600	-	29,981,600	-
MIZUHO CORPORATE BACDYAN	08/08/12	05/08/12	05/08/12	50,000,000	50,000,000	-	50,000,000	-
ROYAL BANK OF CANADA/NEW YORK NY	05/22/13	05/18/12	05/22/12	18,000,000	18,000,000	-	18,000,000	-
SOCIETE GENERALE, PCDYAN	06/20/12	05/17/12	05/17/12	50,000,000	50,000,000	-	50,000,000	-
SOCIETE GENERALE, PCDYAN	06/20/12	05/17/12	05/17/12	50,000,000	50,000,000	-	50,000,000	-
TOYOTA MOTOR CREDIT CP	11/13/12	05/07/12	05/07/12	50,000,000	49,894,445	-	49,894,445	-
UNIVERSITY OF TEXAS SYSTEM	08/01/34	05/24/12	05/24/12	24,250,000	24,250,000	2,385	24,252,385	-
WINDMILL FUNDING COCPABS4	06/26/12	05/22/12	05/22/12	50,000,000	49,984,445	-	49,984,445	-
WINDMILL FUNDING COCPABS4	06/27/12	05/23/12	05/23/12	50,000,000	49,984,445	-	49,984,445	-
WINDMILL FUNDING COCPABS4	06/27/12	05/23/12	05/23/12	50,000,000	49,984,445	-	49,984,445	-
WINDMILL FUNDING COCPABS4	06/27/12	05/23/12	05/23/12	50,000,000	49,984,445	-	49,984,445	-
WINDMILL FUNDING COCPABS4	06/27/12	05/23/12	05/23/12	25,000,000	24,992,222	-	24,992,222	-
WINDMILL FUNDING COCPABS4	07/02/12	05/30/12	05/30/12	50,000,000	49,983,959	-	49,983,959	-
WINDMILL FUNDING COCPABS4	07/02/12	05/30/12	05/30/12	3,200,000	3,198,973	-	3,198,973	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/01/12	05/01/12	7,962,428	7,962,428	-	7,962,428	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/04/12	05/04/12	1,556,939	1,556,939	-	1,556,939	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/07/12	05/07/12	1,533,902	1,533,902	-	1,533,902	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/10/12	05/10/12	4,944,679	4,944,679	-	4,944,679	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/11/12	05/11/12	1,479,739	1,479,739	-	1,479,739	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/15/12	05/15/12	2,489,859	2,489,859	-	2,489,859	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/18/12	05/18/12	2,613,804	2,613,804	-	2,613,804	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/23/12	05/23/12	509,104	509,104	-	509,104	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/24/12	05/24/12	4,757,494	4,757,494	-	4,757,494	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/29/12	05/29/12	5,980	5,980	-	5,980	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/30/12	05/30/12	3,753,443	3,753,443	-	3,753,443	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/31/12	05/31/12	268,897	268,897	-	268,897	-
FEDERATED PRIME CASH OBLIGATIONS	10/01/40	05/01/12	05/01/12	39,730	39,730	-	39,730	-
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	05/01/12	05/01/12	41,443	41,443	-	41,443	-

### TRADING ACTIVITY FOR MAY 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<i>Buys (continued)</i>					\$	\$	\$	\$
DEUTSCHE BANK	05/02/12	05/01/12	05/01/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/02/12	05/01/12	05/01/12	490,000,000	490,000,000	-	490,000,000	-
DEUTSCHE BANK	05/03/12	05/02/12	05/02/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/03/12	05/02/12	05/02/12	500,000,000	500,000,000	-	500,000,000	-
DEUTSCHE BANK	05/04/12	05/03/12	05/03/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/04/12	05/03/12	05/03/12	480,000,000	480,000,000	-	480,000,000	-
DEUTSCHE BANK	05/07/12	05/04/12	05/04/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/07/12	05/04/12	05/04/12	495,000,000	495,000,000	-	495,000,000	-
DEUTSCHE BANK	05/08/12	05/07/12	05/07/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/08/12	05/07/12	05/07/12	667,000,000	667,000,000	-	667,000,000	-
DEUTSCHE BANK	05/09/12	05/08/12	05/08/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/09/12	05/08/12	05/08/12	735,000,000	735,000,000	-	735,000,000	-
DEUTSCHE BANK	05/10/12	05/09/12	05/09/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/10/12	05/09/12	05/09/12	795,000,000	795,000,000	-	795,000,000	-
DEUTSCHE BANK	05/11/12	05/10/12	05/10/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/11/12	05/10/12	05/10/12	800,000,000	800,000,000	-	800,000,000	-
DEUTSCHE BANK	05/14/12	05/11/12	05/11/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/14/12	05/11/12	05/11/12	800,000,000	800,000,000	-	800,000,000	-
DEUTSCHE BANK	05/15/12	05/14/12	05/14/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/15/12	05/14/12	05/14/12	765,000,000	765,000,000	-	765,000,000	-
DEUTSCHE BANK	05/16/12	05/15/12	05/15/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/16/12	05/15/12	05/15/12	830,000,000	830,000,000	-	830,000,000	-
DEUTSCHE BANK	05/17/12	05/16/12	05/16/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/17/12	05/16/12	05/16/12	830,000,000	830,000,000	-	830,000,000	-
DEUTSCHE BANK	05/18/12	05/17/12	05/17/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/18/12	05/17/12	05/17/12	635,000,000	635,000,000	-	635,000,000	-
DEUTSCHE BANK	05/21/12	05/18/12	05/18/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/21/12	05/18/12	05/18/12	1,200,000,000	1,200,000,000	-	1,200,000,000	-
DEUTSCHE BANK	05/22/12	05/21/12	05/21/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/22/12	05/21/12	05/21/12	1,470,000,000	1,470,000,000	-	1,470,000,000	-
DEUTSCHE BANK	05/23/12	05/22/12	05/22/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/23/12	05/22/12	05/22/12	1,260,000,000	1,260,000,000	-	1,260,000,000	-
DEUTSCHE BANK	05/24/12	05/23/12	05/23/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/24/12	05/23/12	05/23/12	1,240,000,000	1,240,000,000	-	1,240,000,000	-
DEUTSCHE BANK	05/25/12	05/24/12	05/24/12	500,000,000	500,000,000	-	500,000,000	-

## TRADING ACTIVITY FOR MAY 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<b>Buys (continued)</b>					\$	\$	\$	\$
BANK OF AMERICA TRIPARTY	05/25/12	05/24/12	05/24/12	935,000,000	935,000,000	-	935,000,000	-
DEUTSCHE BANK	05/29/12	05/25/12	05/25/12	600,000,000	600,000,000	-	600,000,000	-
BANK OF AMERICA TRIPARTY	05/29/12	05/25/12	05/25/12	865,000,000	865,000,000	-	865,000,000	-
DEUTSCHE BANK	05/30/12	05/29/12	05/29/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/30/12	05/29/12	05/29/12	1,030,000,000	1,030,000,000	-	1,030,000,000	-
DEUTSCHE BANK	05/31/12	05/30/12	05/30/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/31/12	05/30/12	05/30/12	885,000,000	885,000,000	-	885,000,000	-
DEUTSCHE BANK	06/01/12	05/31/12	05/31/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/01/12	05/31/12	05/31/12	810,000,000	810,000,000	-	810,000,000	-
<b>Total Buys</b>				<b>32,096,488,439</b>	<b>32,096,320,926</b>	<b>377,022</b>	<b>32,096,697,948</b>	-
<b>Maturities</b>								
AMSTERDAM FUNDING CCPABS4	05/07/12	05/07/12	05/07/12	25,000,000	25,000,000	-	25,000,000	-
AMSTERDAM FUNDING CCPABS4	05/08/12	05/08/12	05/08/12	100,000,000	100,000,000	-	100,000,000	-
AMSTERDAM FUNDING CCPABS4	05/09/12	05/09/12	05/09/12	25,000,000	25,000,000	-	25,000,000	-
AMSTERDAM FUNDING CCPABS4	05/11/12	05/11/12	05/11/12	35,000,000	35,000,000	-	35,000,000	-
AMSTERDAM FUNDING CCPABS4	05/14/12	05/14/12	05/14/12	50,000,000	50,000,000	-	50,000,000	-
AMSTERDAM FUNDING CCPABS4	05/18/12	05/18/12	05/18/12	220,800,000	220,800,000	-	220,800,000	-
AMSTERDAM FUNDING CCPABS4	05/29/12	05/29/12	05/29/12	125,000,000	125,000,000	-	125,000,000	-
ATLANTIC ASSET SECUCPABS4	05/14/12	05/14/12	05/14/12	100,000,000	100,000,000	-	100,000,000	-
BANK OF AMERICA N,ABNOTE	05/09/12	05/09/12	05/09/12	100,000,000	100,000,000	-	100,000,000	-
BANK OF AMERICA N,ABNOTE	05/11/12	05/11/12	05/11/12	100,000,000	100,000,000	-	100,000,000	-
BANK OF AMERICA N,ABNOTE	05/18/12	05/18/12	05/18/12	230,000,000	230,000,000	-	230,000,000	-
BANK OF NOVA SCOTIA/HOUSTON	05/08/12	05/08/12	05/08/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF TOKYO-MITSUCDYAN	05/07/12	05/07/12	05/07/12	60,000,000	60,000,000	-	60,000,000	-
MIZUHO CORPORATE BACDEUR	05/03/12	05/03/12	05/03/12	25,000,000	25,000,000	-	25,000,000	-
CREDIT AGRICOLE CORCDYAN	05/18/12	05/18/12	05/18/12	100,000,000	100,000,000	-	100,000,000	-
CREDIT AGRICOLE CORCDYAN	05/21/12	05/21/12	05/21/12	100,000,000	100,000,000	-	100,000,000	-
GENERAL ELECTRIC CO CP	05/25/12	05/25/12	05/25/12	100,000,000	100,000,000	-	100,000,000	-
ING (U.S.) FUNDING CP	05/30/12	05/30/12	05/30/12	125,000,000	125,000,000	-	125,000,000	-
MIZUHO CORPORATE BACDYAN	05/14/12	05/14/12	05/14/12	150,000,000	150,000,000	-	150,000,000	-
COOPERATIEVE CENTRALE RAIFFEISEN-	05/08/12	05/08/12	05/08/12	20,000,000	20,000,000	-	20,000,000	-
SOCIETE GENERALE, PCDYAN	05/11/12	05/11/12	05/11/12	100,000,000	100,000,000	-	100,000,000	-
SVENSKA HANDELSBANKCDYAN	05/07/12	05/07/12	05/07/12	100,000,000	100,000,000	-	100,000,000	-
TOYOTA MOTOR CREDIT CP	05/07/12	05/07/12	05/07/12	50,000,000	50,000,000	-	50,000,000	-
WINDMILL FUNDING COCPABS4	05/21/12	05/21/12	05/21/12	75,000,000	75,000,000	-	75,000,000	-

## TRADING ACTIVITY FOR MAY 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<i>Maturities (continued)</i>					\$	\$	\$	\$
WINDMILL FUNDING COCPABS4	05/23/12	05/23/12	05/23/12	129,000,000	129,000,000	-	129,000,000	-
WINDMILL FUNDING COCPABS4	05/25/12	05/25/12	05/25/12	100,000,000	100,000,000	-	100,000,000	-
DEUTSCHE BANK	05/01/12	05/01/12	05/01/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/01/12	05/01/12	05/01/12	640,000,000	640,000,000	-	640,000,000	-
DEUTSCHE BANK	05/02/12	05/02/12	05/02/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/02/12	05/02/12	05/02/12	490,000,000	490,000,000	-	490,000,000	-
DEUTSCHE BANK	05/03/12	05/03/12	05/03/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/03/12	05/03/12	05/03/12	500,000,000	500,000,000	-	500,000,000	-
DEUTSCHE BANK	05/04/12	05/04/12	05/04/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/04/12	05/04/12	05/04/12	480,000,000	480,000,000	-	480,000,000	-
DEUTSCHE BANK	05/07/12	05/07/12	05/07/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/07/12	05/07/12	05/07/12	495,000,000	495,000,000	-	495,000,000	-
DEUTSCHE BANK	05/08/12	05/08/12	05/08/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/08/12	05/08/12	05/08/12	667,000,000	667,000,000	-	667,000,000	-
DEUTSCHE BANK	05/09/12	05/09/12	05/09/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/09/12	05/09/12	05/09/12	735,000,000	735,000,000	-	735,000,000	-
DEUTSCHE BANK	05/10/12	05/10/12	05/10/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/10/12	05/10/12	05/10/12	795,000,000	795,000,000	-	795,000,000	-
DEUTSCHE BANK	05/11/12	05/11/12	05/11/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/11/12	05/11/12	05/11/12	800,000,000	800,000,000	-	800,000,000	-
DEUTSCHE BANK	05/14/12	05/14/12	05/14/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/14/12	05/14/12	05/14/12	800,000,000	800,000,000	-	800,000,000	-
DEUTSCHE BANK	05/15/12	05/15/12	05/15/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/15/12	05/15/12	05/15/12	765,000,000	765,000,000	-	765,000,000	-
DEUTSCHE BANK	05/16/12	05/16/12	05/16/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/16/12	05/16/12	05/16/12	830,000,000	830,000,000	-	830,000,000	-
DEUTSCHE BANK	05/17/12	05/17/12	05/17/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/17/12	05/17/12	05/17/12	830,000,000	830,000,000	-	830,000,000	-
DEUTSCHE BANK	05/18/12	05/18/12	05/18/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/18/12	05/18/12	05/18/12	635,000,000	635,000,000	-	635,000,000	-
DEUTSCHE BANK	05/21/12	05/21/12	05/21/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/21/12	05/21/12	05/21/12	1,200,000,000	1,200,000,000	-	1,200,000,000	-
DEUTSCHE BANK	05/22/12	05/22/12	05/22/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/22/12	05/22/12	05/22/12	1,470,000,000	1,470,000,000	-	1,470,000,000	-
DEUTSCHE BANK	05/23/12	05/23/12	05/23/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/23/12	05/23/12	05/23/12	1,260,000,000	1,260,000,000	-	1,260,000,000	-

### TRADING ACTIVITY FOR MAY 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<b>Maturities (continued)</b>					\$	\$	\$	\$
DEUTSCHE BANK	05/24/12	05/24/12	05/24/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/24/12	05/24/12	05/24/12	1,240,000,000	1,240,000,000	-	1,240,000,000	-
DEUTSCHE BANK	05/25/12	05/25/12	05/25/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/25/12	05/25/12	05/25/12	935,000,000	935,000,000	-	935,000,000	-
DEUTSCHE BANK	05/29/12	05/29/12	05/29/12	600,000,000	600,000,000	-	600,000,000	-
BANK OF AMERICA TRIPARTY	05/29/12	05/29/12	05/29/12	865,000,000	865,000,000	-	865,000,000	-
DEUTSCHE BANK	05/30/12	05/30/12	05/30/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/30/12	05/30/12	05/30/12	1,030,000,000	1,030,000,000	-	1,030,000,000	-
DEUTSCHE BANK	05/31/12	05/31/12	05/31/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	05/31/12	05/31/12	05/31/12	885,000,000	885,000,000	-	885,000,000	-
<b>Total Maturities</b>				<b>31,841,800,000</b>	<b>\$31,841,800,000</b>	-	<b>\$31,841,800,000</b>	-
<b>Sells</b>								
JP MORGAN CHASE PUTTERS/DRIVERS	01/02/15	05/08/12	05/08/12	146,750,000	146,750,000	9,342	146,759,342	-
JP MORGAN CHASE PUTTERS/DRIVERS	01/02/15	05/09/12	05/09/12	20,000,000	20,000,000	1,448	20,001,448	-
JP MORGAN CHASE PUTTERS/DRIVERS	01/02/15	05/09/12	05/09/12	9,135,000	9,135,000	661	9,135,661	-
UNIVERSITY OF TEXAS SYSTEM	08/01/34	05/17/12	05/24/12	49,400,000	49,400,000	4,859	49,404,859	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/02/12	05/02/12	3,231,091	3,231,091	-	3,231,091	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/03/12	05/03/12	987,934	987,934	-	987,934	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/08/12	05/08/12	233,986	233,986	-	233,986	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/09/12	05/09/12	581,731	581,731	-	581,731	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/09/12	05/09/12	141,253	141,253	-	141,253	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/09/12	05/09/12	4,731,336	4,731,336	-	4,731,336	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/09/12	05/09/12	1,356,053	1,356,053	-	1,356,053	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/14/12	05/14/12	200,886	200,886	-	200,886	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/14/12	05/14/12	1,533,902	1,533,902	-	1,533,902	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/14/12	05/14/12	71,175	71,175	-	71,175	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/14/12	05/14/12	1,479,739	1,479,739	-	1,479,739	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/16/12	05/16/12	557,051	557,051	-	557,051	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/17/12	05/17/12	1,451,116	1,451,116	-	1,451,116	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/21/12	05/21/12	1,712,709	1,712,709	-	1,712,709	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/22/12	05/22/12	4,873,504	4,873,504	-	4,873,504	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/22/12	05/22/12	481,692	481,692	-	481,692	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/22/12	05/22/12	901,094	901,094	-	901,094	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/22/12	05/22/12	0	0	-	0	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/22/12	05/22/12	0	0	-	0	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	05/25/12	05/25/12	2,879,465	2,879,465	-	2,879,465	-
<b>Total Sells</b>				<b>252,690,718</b>	<b>\$252,690,718</b>	<b>\$16,311</b>	<b>\$252,707,028</b>	-



# FUND B

## FUND B FACTS

### INVESTMENT OBJECTIVE

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

### COMPOSITION

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

### DISTRIBUTIONS

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

### ACCOUNTING

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

### STATUS OF INVESTMENTS

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

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

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

## COMMENTARY ON PORTFOLIO MANAGEMENT

All cash from paydowns on securities in Fund B are invested in AAAM-rated money market funds pending monthly distribution to participant accounts in Florida PRIME. This month, \$5.3 million in liquid assets were transferred from Fund B to Florida PRIME, consisting of principal paydowns and income from the securities in the Fund.

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

## LEGAL ISSUE

As an ongoing legal matter, the SBA asserts Lehman Brothers (which is now in liquidation) sold the SBA certain unregistered secured notes that were not exempt from registration under the Securities Act of 1933. The Lehman Trustee has not yet responded to the SBA's general creditor claim on behalf of Fund B as to whether the Lehman estate will have any assets available for recovery. The Trustee's latest reports have stated that "returns to general estate creditors will be limited at best." However, the secured notes sold by Lehman Brothers were secured by certain collateral. Fund B has been receiving and is expected to continue receiving monetary distributions of principal and interest from that underlying collateral.

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

## DISCLOSURE OF MATERIAL IMPACTS

There were no developments during May 2012 that had a material impact on the liquidity or operation of Fund B.

# FUND B

## FUND B DISTRIBUTIONS

### RETURN OF FUND B PRINCIPAL

The first table below details the SBA's progress in returning principal to investors in Fund B. Through the end of May 2012, investors cumulatively received distributions from Fund B totaling over \$1.72 billion or 85.8% of their original balances.

The securities remaining in Fund B are legacy items from the four issuers whose financial circumstances gave rise to the November 2007 run (as well as overnight instruments temporarily holding fund earnings). As of May 31, 2012, their remaining amortized cost was \$491 million, or

72.2% more than remaining participant positions in Fund B. Conversely, the current estimated liquidation (market) value of these securities is pegged at \$236.0 million or 82.9% of remaining participant positions.

It is important to note that due to the lack of an actively traded market for Fund B securities, their "market value" is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. See footnote 1 on page 22.

### FUND B DISTRIBUTIONS TO PARTICIPANTS

	Distributions to Participants	Cumulative Distributions	Participant Principal	Proportion of Original Principal Returned
12/05/07	\$	\$	\$ 2,009,451,941	0.0%
CY 2008	\$ 1,421,900,000	\$ 1,421,900,000	\$ 587,551,941	70.8%
CY 2009	\$ 89,100,000	\$ 1,511,000,000	\$ 498,451,941	75.2%
CY 2010	\$ 135,100,000	\$ 1,646,100,000	\$ 363,351,941	81.9%
CY 2011	\$ 57,425,000	\$ 1,703,525,000	\$ 305,926,941	84.8%
01/09/12	\$ 4,325,000	\$ 1,707,850,000	\$ 301,601,941	85.0%
02/07/12	\$ 3,200,000	\$ 1,711,050,000	\$ 298,401,941	85.2%
03/06/12	\$ 3,925,000	\$ 1,714,975,000	\$ 294,476,941	85.3%
04/05/12	\$ 4,400,000	\$ 1,719,375,000	\$ 290,076,941	85.6%
05/04/12	\$ 5,275,000	\$ 1,724,650,000	\$ 284,801,941	85.8%

### FUND B MONTHLY DISTRIBUTION DETAIL

May 2012 Distribution Detail Including Receipts by Source For the period 4/6/12 - 5/4/12	Fund B	
	Participant Allocation	Expense Allocation
Beginning Balance	\$ -	\$ 19,759.77
Receipts:		
Florida East	\$ 1,101,359.63	
Florida West	\$ 1,323,105.78	
Florida Funding I	\$ 515,276.89	
Florida Funding II	\$ 2,346,934.02	
Overnight Investments	\$ 0.48	
Total Receipts	\$ 5,286,676.80	
Distributions:		
Allocation to/from Expense Reserve	\$ (11,676.80)	\$ 11,676.80
Expenses Paid		\$ (1,294.85)
Participant Distribution	\$ (5,275,000.00)	
Ending Balance	\$ -	\$ 30,141.72

# FUND B

## INVENTORY OF HOLDINGS - AS OF MAY 31, 2012

Security Name	Type	Rate Reset	Par	Current Yield	Amort Cost <sup>2</sup>	Mkt Value <sup>1</sup>	Unrealized Gain (Loss)
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND		7,068,030	0.00	\$ 7,068,030	\$ 7,068,030	\$ -
Florida East Funding LLC	VARIABLE RATE TERM NOTE	05/29/12	78,695,807	0.59	\$ 78,695,807	\$ 53,470,557	\$ (25,225,251)
Florida West Funding LLC	VARIABLE RATE TERM NOTE	05/29/12	183,291,154	0.59	\$ 183,291,154	\$ 94,890,461	\$ (88,400,693)
Florida Funding I LLC	VARIABLE RATE TERM NOTE	05/30/12	122,170,253	0.45	\$ 122,170,253	\$ 25,736,207	\$ (96,434,046)
Florida Funding II LLC	VARIABLE RATE COMMERCIAL PAPER	05/30/12	99,293,439	0.74	\$ 99,285,522	\$ 54,985,104	\$ (44,300,417)
<b>Total Value of Investments</b>			<b><u>490,518,684</u></b>		<b><u>\$490,510,767</u></b>	<b><u>\$236,150,359</u></b>	<b><u>(\$254,360,408)</u></b>

### Notes:

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

<sup>2</sup> Amortized cost is calculated using a straight line method.

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

The collateral manager, Apollo Global Management, is the source for data shown above other than market value. See note 1.

The amounts shown above are the value of investments. Income accruals, payables and uninvested cash are not included. The data is unaudited.

# FUND B

## COMPLIANCE AND TRADING ACTIVITY

### COMPLIANCE WITH INVESTMENT POLICY - MAY 2012

Investment Policy Statement Compliance is conducted on Fund B by SBA Risk Management and Compliance and reported on a monthly basis to the Investment Oversight Group. Portfolio activity is reviewed to ensure that transactions and holdings are in compliance with guideline requirements and with those stipulated in the respective Investment Management Agreements with Apollo Global Management, the collateral manager for the four special purpose entities held in Fund B (Florida East Funding LLC, Florida West Funding LLC, Florida Funding I LLC, and Florida Funding II LLC). Since the principal holdings in the fund are the notes issued by these special purpose entities, and no deposits or withdrawals are permitted by participants, transactions are typically limited to 1) the receipt cash flows from the underlying note collateral, 2) the investment of these cash flows in AAAm money market funds, and 3) periodic distributions to participants. Apollo Global Management may also sell, exchange, or restructure the notes, consistent with the objective of maximizing the present value of cash flows from the collateral. For the month of May 2012, Fund B was in compliance with its Investment Policy Statement.

### TRADING ACTIVITY - MAY 2012

Security Description	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<b>Buys</b>				\$	\$	\$	\$
DREYFUS GOVERNMENT CASH MANAGEMENT	05/02/12	05/02/12	0.48	0.48	0	0.48	0
DREYFUS GOVERNMENT CASH MANAGEMENT	05/31/12	05/31/12	7,039,068	7,039,068	0	7,039,068	0
<b>Total Buys</b>			<b><u>7,039,069</u></b>	<b><u>\$7,039,069</u></b>	<b><u>\$0</u></b>	<b><u>\$7,039,069</u></b>	<b><u>\$0</u></b>
<b>Sells</b>							
FLORIDA FUNDING I LLC	05/31/12	05/31/12	426,168	426,168	0	426,168	0
FLORIDA EAST FUNDING LLC	05/31/12	05/31/12	654,837	654,837	0	654,837	0
FLORIDA WEST FUNDING LLC	05/31/12	05/31/12	1,685,553	1,685,553	0	1,685,553	0
FLORIDA FUNDING II	05/31/12	05/31/12	1,816,322	1,816,322	0	1,816,322	145
FLORIDA FUNDING II	05/31/12	05/31/12	2,208,123	2,208,123	0	2,208,123	176
DREYFUS GOVERNMENT CASH MANAGEMENT	05/01/12	05/01/12	58	58	0	58	0
DREYFUS GOVERNMENT CASH MANAGEMENT	05/04/12	05/04/12	5,275,000	5,275,000	0	5,275,000	0
DREYFUS GOVERNMENT CASH MANAGEMENT	05/17/12	05/17/12	1,180	1,180	0	1,180	0
<b>Total Sells</b>			<b><u>12,067,243</u></b>	<b><u>\$12,067,243</u></b>	<b><u>\$0</u></b>	<b><u>\$12,067,243</u></b>	<b><u>\$321</u></b>

Note: In the Trading Activity table above, the gain reflected on the sales from Florida Funding II is an accounting gain. The original Axon Financial Funding LLC security was purchased at a discount and was deemed "in default" prior to the original maturity date. At the point of becoming "in default," amortization of the discount was terminated thus leaving the cost of the security less than par. Any principal payment received at par will result in recognition of a gain, calculated as Proceeds less Cost Basis of the par value being sold.

## Our Mission

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



STATE BOARD OF ADMINISTRATION  
[WWW.SBAFLA.COM](http://WWW.SBAFLA.COM)



# Monthly Summary Report for June 2012

Including Fund B

State Board of Administration

## CONTENTS

### FLORIDA PRIME

Disclosure of Material Impacts.....	2
Market Conditions.....	3
Investment Strategy.....	4
Cash Flows.....	5
Detailed Fee Disclosure.....	5
Fund Performance.....	6
Inventory of Holdings.....	7
Participant Concentration.....	12
Compliance.....	13
Trading Activity.....	14

### FUND B

Portfolio Commentary.....	20
Legal Issue.....	20
Disclosure of Material Impacts.....	20
Return of Fund B Principal.....	21
Distributions/Distribution Detail.....	21
Inventory of Holdings.....	22
Compliance.....	23
Trading Activity.....	23

#### Past performance is no guarantee of future results.

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

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

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

## INTRODUCTION

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

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

This report, which covers the period from June 1, 2012 through June 30, 2012, has been prepared by the SBA with input from Federated Investment Counseling (“Federated”), investment advisor for Florida PRIME and Apollo Global Management (formerly known as Stone Tower Debt Advisors LLC), the collateral manager for Fund B, in a format intended to comply with the statute.

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

### DISCLOSURE OF MATERIAL IMPACTS

There were no developments during June 2012 that had a material impact on the liquidity or operation of Florida PRIME.

### SBA FEE TO INCREASE EFFECTIVE JULY 1, 2012

The current charges related to the SBA’s Administrative & Oversight Fee will be raised to 1.0 basis point, an increase of 0.4 basis points. This fee change is being made to adequately cover costs related to operating Florida PRIME. No other Florida PRIME fees are affected by this change, and Florida PRIME’s cost structure remains the lowest of any cash management vehicle available in the State of Florida.

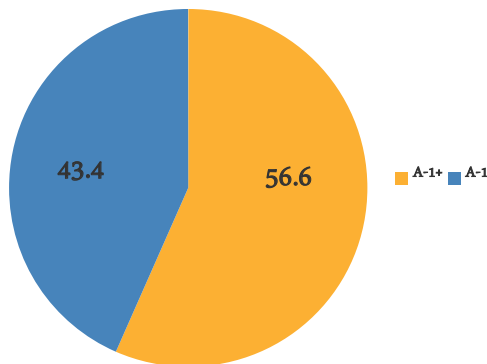


## PORTFOLIO COMPOSITION JUNE 30, 2012

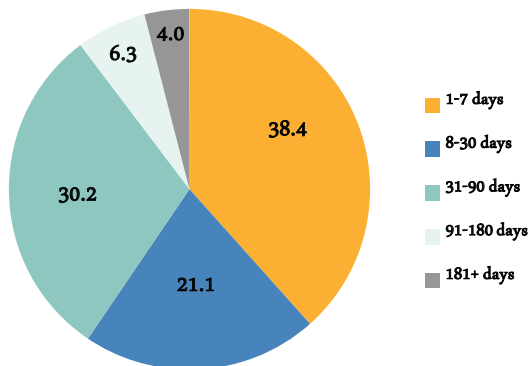
### Florida PRIME Assets

\$ 6,752,444,139

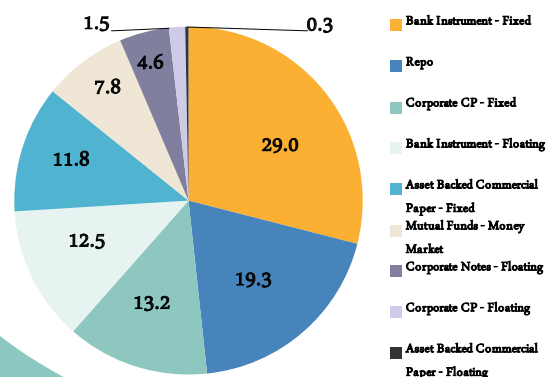
### Credit Quality Composition (%)



### Effective Maturity Schedule (%)



### Portfolio Composition (%)



## PORTFOLIO MANAGER COMMENTARY

### JUNE 2012 MARKET CONDITIONS

As expected, Moody's Investors Service last month completed its review of major global banks in the U.S., U.K., Germany, France and Switzerland, downgrading all of them from one to three notches on a long-term basis. The announcement, while clearly significant, did not meet with any real resistance or reaction from the marketplace, mainly because the moves had been priced into the markets long before. Moody's announced the review in February, and in the four months since, the markets had plenty of time to adjust to the implications of a potential downgrade. The downgrades have not affected money markets much, either. The banks Moody's downgraded to second-tier issuers are still rated as first-tier institutions by Standard & Poor's and Fitch Ratings and, as a result, can still be used in money funds in accordance with SEC Rule 2a-7. That is not to say that the money markets have not adjusted by reducing exposure to and shortening maturities within these institutions to account for the possibility that S&P or Fitch might review their ratings. For the time being the impact of Moody's downgrade has been minimal.

June also saw the Federal Reserve extend "Operation Twist"—purchases of longer-term Treasury securities with the proceeds from the sale of short-term Treasuries—in accordance with expectations. This represented the path of least resistance for the Fed. To do nothing might have caused market turmoil, while outright purchases would have resulted in a somewhat unpalatable balance sheet expansion. Faced with few effective options for stimulus, extending a program that has generally been considered successful at keeping longer-term rates low, if not particularly effective at spurring economic growth, buys the Fed a bit more time to sort through whatever tricks it might have left in its bag and to develop consensus.

For the money market world, Twist's extension represented a rare case in which increased monetary policy stimulus did not hurt and, on the margins, actually helped. The sale of shorter securities in effect has put a floor beneath repo and Treasury rates, helping keep repo rates elevated while making Treasuries relatively more attractive compared with government agencies. Agency securities are fine; it is just that with Treasuries having the benefit of this Twist-induced support, it makes sense to allocate more money in that direction than may have been the case otherwise. This is particularly welcome given that in the fourth quarter of 2011, money



JUNE 30, 2012

### Top Holdings (%) and Average Maturity

1. Royal Bank of Canada, Montreal	5.2%
2. Deutsche Bank AG	5.1%
3. Windmill Funding Corp.	4.5%
4. Bank of Montreal	4.5%
5. Sumitomo Mitsui Financial Group, Inc.	4.4%
6. General Electric Capital Corp.	4.4%
7. Bank of America Corp.	4.2%
8. Mitsubishi UFJ Financial Group, Inc.	4.1%
9. Federated Prime Obligations Fund	4.1%
10. Canadian Imperial Bank of Commerce	4.1%

#### Average Effective Maturity (WAM) <sup>1</sup>

38.0 Days

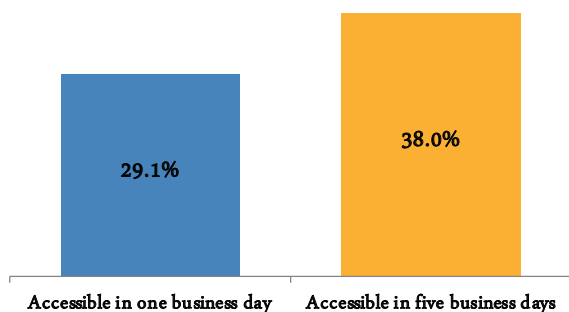
#### Weighted Average Life (Spread WAM)

57.6 Days

Percentages based on total value of investments

<sup>1</sup> As of June 29, 2012, the last business day of the month, the WAM was 38.9 days.

### Highly Liquid Holdings (% at month end)



Effective June 1, 2012, the reporting of the daily rate and 30 day rate on the PRIME website is compliant with the SEC yield methodology, to be consistent with the present reporting of the 7 day yield.

### PORTFOLIO MANAGER COMMENTARY (CON'T.)

markets regularly faced overnight repo rates of one or two basis points and negative rates for Treasuries.

Overall, short interest rates—whether London interbank offered rates (LIBOR), repo, Treasuries or commercial paper—have remained very steady in this softening economic recovery. We are still seeing enough issuance on the short end of the yield curve, and short-term commercial paper is sufficient to finance working capital needs, so it is steady as she goes. The lack of progress on unemployment is a disappointment to the marketplace, but again, it has not had a real impact on money market rates. We are still growing, just at a slower rate, and the yield curve remains the same.

### PORTFOLIO INVESTMENT STRATEGY

As of the end of June 2012, Florida PRIME pool assets were down \$320 million to \$6.8 billion, as is generally expected during this season. At the end of June, the gross yield for Florida PRIME was down one basis point reflecting the current state of the London interbank offered rates (LIBOR) curve, which was either steady or down a single basis point—for June, one-month LIBOR remained steady at 0.24%, three-month was down one basis point to 0.46%, six-month was down one basis point to 0.73%, and one-year LIBOR held steady at 1.07%. The weighted average maturity of the pool went out 9 days to 39 days. The pool's weighted average life went out from 51 days at May month-end to 58 days at the end of June.

The bulk of management purchases for the pool were concentrated in the shorter end of the curve, in 30- and 90-day asset-backed commercial paper, industrial commercial paper, and bank instruments. Management did buy a small amount of longer term six-month bank instruments, and exposure to bank instruments was up 6%, to make up 29% of the pool. Exposure to variable rate instruments declined due to maturities, down 8% to 17%. Exposure to commercial paper instruments was up 2% to make up 25% of the pool. The pool's repurchase agreement position was unchanged at 19%, while investment in money market funds remained at 10%.

## CASH FLOWS

### Summary of Cash Flows

June 2012	Florida PRIME
Opening Balance (6/1/12)	\$ 7,072,495,291
Participant Deposits	1,039,307,308
Transfers from Fund B	7,050,000
Gross Earnings	1,873,504
Participant Withdrawals	(1,368,142,186)
Fees	(139,778)
Closing Balance (6/30/12)	\$ 6,752,444,139
Net Change over Month	(320,051,152)

Valuations based on amortized cost

As shown in the table above, Florida PRIME experienced a net outflow of \$3.20 million during June 2012.

This change in value consisted of positive flows of \$1.04 billion in participant deposits, \$7.1 million in transfers from Fund B and \$1.9 million in earnings. Negative flows consisted of \$1.37 billion in participant withdrawals and about \$140,000 in fees.

Overall, the fund ended the month with a closing balance of \$6.75 billion.

### FLORIDA PRIME DETAILED FEE DISCLOSURE

June 2012	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 33,536.11	\$ 0.58
Federated Investment Management Fee	93,901.67	1.63
BNY Mellon Custodial Fee	116.67	0.00
Bank of America Transfer Agent Fee	6,073.06	0.11
S&P Rating Maintenance Fee	3,196.72	0.06
Audit/External Review Fees	2,953.85	0.05
<b>Total Fees</b>	<b>\$ 139,778.08</b>	<b>2.43</b>

\*The basis point equivalent is an annualized rate based on the dollar amount of fees charged for the month times 12, divided by an average of the fund's beginning and ending total value (amortized cost) for the month which was \$6,912,469,715.

## A Change in Personnel

Since June of 2005, Susan Croswell has been the voice of the SBA for Local Government Investment Pool participants across the state of Florida. Effective June 30, 2012, she has decided step down from her post and enjoy retirement. We are sad to see her go.

Donna Owens will assume the PRIME operational duties. Donna has worked with the Board providing operational oversight to Florida Retirement System accounts since July of 2007. We know that you will find her just as friendly and helpful as Susan. Donna can be reached at (850) 488-7311 or LocalGovPool@sbafla.com.

## FUND PERFORMANCE THROUGH JUNE 30, 2012

### NOTES TO PERFORMANCE TABLE

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

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

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

### Florida PRIME Participant Performance Data

	Net Participant Yield <sup>1</sup>	Net-of-Fee Benchmark <sup>2</sup>	Above (Below) Benchmark
1 mo	0.31%	0.10%	0.21%
3 mos	0.32%	0.10%	0.22%
12 mos	0.28%	0.09%	0.20%
3 yrs	0.29%	0.15%	0.14%
5 yrs	1.23%	1.15%	0.07%
10 yrs	2.11%	1.90%	0.21%
Since 1.96	3.32%	3.10%	0.22%

Net asset value at month end: \$6,752.9 m

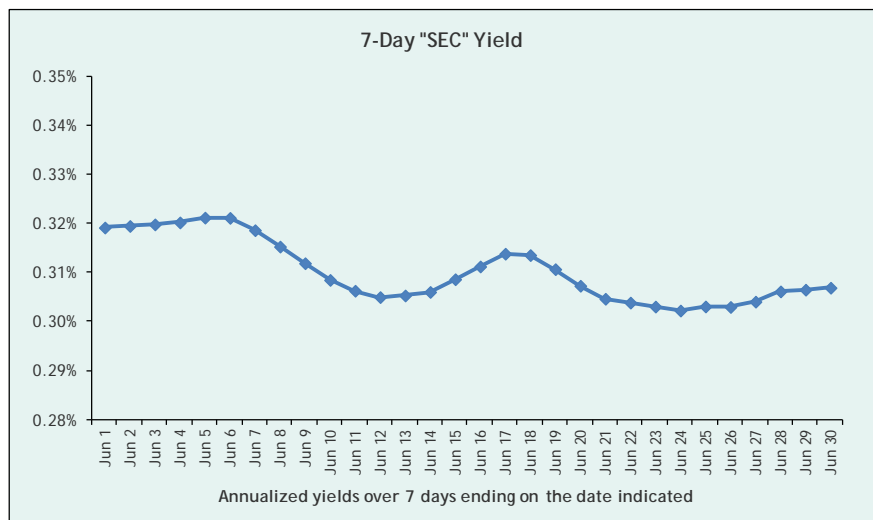
### NOTES TO CHART

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

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

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

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



For performance comparisons to other short-term investment options, see [www.sbafla.com/prime](http://www.sbafla.com/prime) and click on "Pool Performance."

### ABOUT ANNUALIZED YIELDS

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

For example, ignoring the effects of compounding,

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

**INVENTORY OF HOLDINGS  
JUNE 30, 2012**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost <sup>2</sup>	Mkt Value <sup>1</sup>	Unrealized Gain (Loss)
							\$	\$	\$
Alpine Securitization Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		07/12/12		100,000,000	0.31	99,989,167	99,992,780	3,613
Alpine Securitization Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		09/18/12		100,000,000	0.35	99,923,500	99,930,480	6,980
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		07/19/12		15,000,000	0.49	14,996,000	14,998,334	2,334
Australia & New Zealand Banking Group, Melbourne, Dec 04, 2012	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.41	12/04/12	07/04/12	100,000,000	0.39	100,000,000	99,930,300	(69,700)
Bank of America N.A. BNOTE	BANK NOTE	0.47	09/05/12		150,000,000	0.48	150,000,000	149,991,465	(8,535)
Bank of America N.A. BNOTE	BANK NOTE	0.47	09/07/12		50,000,000	0.48	50,000,000	49,997,075	(2,925)
Bank of America N.A. CD	CERTIFICATE OF DEPOSIT	0.47	09/05/12		50,000,000	0.48	50,000,000	49,997,155	(2,845)
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.18	07/02/12		900,000,000	0.18	900,000,000	900,000,000	0
Bank of Montreal, Mar 04, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.42	03/04/13	07/04/12	50,000,000	0.42	50,000,000	50,043,300	43,300
Bank of Montreal, Sep 14, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.39	09/14/12	07/16/12	250,000,000	0.40	250,000,000	250,018,500	18,500
Bank of Nova Scotia, Toronto, May 09, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.39	05/09/13	07/09/12	50,000,000	0.40	50,000,000	49,987,300	(12,700)
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.18	07/05/12		200,000,000	0.18	200,000,000	199,999,660	(340)
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.35	08/27/12		50,000,000	0.36	50,000,000	50,008,185	8,185
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.36	09/06/12		30,000,000	0.37	30,000,000	29,999,421	(579)
Barclays Bank PLC CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.29	07/09/12		59,000,000	0.29	59,000,000	59,001,800	1,800

See notes at end of table.

**INVENTORY OF HOLDINGS (CONTINUED)**  
**JUNE 30, 2012**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost <sup>2</sup>	Mkt Value <sup>1</sup>	Unrealized Gain (Loss)
							\$	\$	\$
Canadian Imperial Bank of Commerce, Nov 26, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.34	11/26/12	07/24/12	275,000,000	0.34	275,000,000	274,966,725	(33,275)
Credit Agricole North America, Inc. CP	COMMERCIAL PAPER		07/25/12		200,000,000	0.41	199,942,222	199,951,160	8,938
Credit Suisse, Zurich CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.30	07/05/12		101,000,000	0.31	101,000,000	101,001,515	1,515
Credit Suisse, Zurich, Sr. Unsecd. Note, Series MTN, 3.450%, 07/02/2012	CORPORATE BOND	3.45	07/02/12		10,000,000	0.36	10,002,525	10,000,000	(2,525)
Deutsche Bank AG CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.41	07/30/12		135,000,000	0.42	135,000,000	135,020,912	20,912
Deutsche Bank AG CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.44	08/17/12		50,000,000	0.45	50,000,000	50,006,790	6,790
Deutsche Bank AG CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.42	07/02/12		60,000,000	0.43	60,000,000	60,000,948	948
Deutsche Bank AG CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.43	08/01/12		100,000,000	0.44	100,000,000	100,008,220	8,220
Deutsche Bank Securities, Inc. REP3P	REPO TRIPARTY OVERNIGHT FIXED	0.20	07/02/12		400,000,000	0.20	400,000,000	400,000,000	0
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.01	07/02/12		1,730,149	0.01	1,730,149	1,730,149	0
FCAR Owner Trust, A1+/P1 Series CPABS3A3	COMMERCIAL PAPER - ABS 3A3		08/01/12		75,000,000	0.51	74,965,625	74,986,523	20,898
FCAR Owner Trust, A1/P1 Series CPABS3A3	COMMERCIAL PAPER - ABS 3A3		08/10/12		72,100,000	0.24	72,079,812	72,081,997	2,185
Fairway Finance Co. LLC, Jul 11, 2012	VARIABLE RATE COMMERCIAL PAPER - ABS-4(2)	0.28	07/11/12	07/11/12	20,000,000	0.28	20,000,000	20,000,020	20
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.17	07/02/12	07/02/12	251,253,581	0.18	251,253,581	251,253,581	0
Federated Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.18	07/02/12	07/02/12	276,606,546	0.17	276,606,546	276,606,546	0

See notes at end of table.

**INVENTORY OF HOLDINGS (CONTINUED)**  
**JUNE 30, 2012**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost <sup>2</sup>	Mkt Value <sup>1</sup>	Unrealized Gain (Loss)
							\$	\$	\$
General Electric Capital Corp. CP	COMMERCIAL PAPER		07/23/12		24,100,000	0.23	24,096,305	24,098,072	1,767
General Electric Capital Corp. CP	COMMERCIAL PAPER		10/04/12		100,000,000	0.36	99,905,694	99,943,690	37,996
General Electric Capital Corp. CP	COMMERCIAL PAPER		11/19/12		50,000,000	0.36	49,930,486	49,938,830	8,344
General Electric Capital Corp., Jul 27, 2012	VARIABLE MEDIUM TERM NOTE	0.64	07/27/12	07/27/12	10,000,000	0.64	9,999,889	10,002,370	2,481
General Electric Capital Corp., Jul 27, 2012	VARIABLE MEDIUM TERM NOTE	0.64	07/27/12	07/27/12	2,100,000	0.65	2,099,979	2,100,498	518
General Electric Capital Corp., Note, 3.500%, 08/13/2012	CORPORATE BOND	3.50	08/13/12		50,000,000	0.56	50,179,636	50,166,550	(13,086)
General Electric Capital Corp., Series GMTN, 5.250%, 10/19/2012	CORPORATE BOND	5.25	10/19/12		500,000	0.41	507,394	507,000	(394)
General Electric Capital Corp., Series GMTN, 5.250%, 10/19/2012	CORPORATE BOND	5.25	10/19/12		4,913,000	0.81	4,979,377	4,981,777	2,400
General Electric Capital Corp., Sr. Unsecd. Note, 2.800%, 01/08/2013	CORPORATE BOND	2.80	01/08/13		24,410,000	0.51	24,702,652	24,694,669	(7,982)
General Electric Capital Corp., Sr. Unsecd. Note, 2.800%, 01/08/2013	CORPORATE BOND	2.80	01/08/13		20,281,000	0.56	20,518,375	20,517,517	(858)
General Electric Capital, Sr. Unsecd. Note, Series EMTN, 4.25%, 1/31/2013	EURO MEDIUM TERM NOTE	4.25	01/31/13		7,307,000	0.92	7,449,130	7,445,336	(3,794)
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		08/28/12		115,000,000	0.36	114,931,958	114,936,750	4,792
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		09/04/12		50,000,000	0.38	49,965,569	49,966,685	1,116
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		09/12/12		105,000,000	0.38	104,919,062	104,914,688	(4,375)
J.P. Morgan Chase & Co., 5.375%, 10/01/2012	CORPORATE BOND	5.38	10/01/12		23,520,000	0.43	23,817,929	23,797,536	(20,393)

See notes at end of table.

**INVENTORY OF HOLDINGS (CONTINUED)**  
**JUNE 30, 2012**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost <sup>2</sup>	Mkt Value <sup>1</sup>	Unrealized Gain (Loss)
							\$	\$	\$
Market Street Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		08/29/12		30,000,000	0.23	29,988,308	29,988,765	457
Michigan State Hospital Finance Authority, (Henry Ford Health System, MI), (Series 2007), 11/15/2042	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.18	11/15/42	07/04/12	53,900,000	0.18	53,900,000	53,900,000	0
Mizuho Corporate Bank Ltd. CDEUR	CERTIFICATE OF DEPOSIT - EURO	0.00	07/25/12		75,000,000	0.42	74,977,544	74,987,003	9,458
Mizuho Corporate Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.34	08/08/12		50,000,000	0.35	50,000,000	50,005,550	5,550
Mullenix-St. Charles Properties, L.P., Times Centre Apartments Project Series 2004, Jan 01, 2028	VARIABLE RATE DEMAND NOTE	0.23	01/01/28	07/05/12	13,500,000	0.23	13,500,000	13,500,000	0
National Australia Bank Ltd., Melbourne CDEUR	CERTIFICATE OF DEPOSIT - EURO	0.38	11/19/12		100,000,000	0.38	100,001,982	100,037,650	35,668
Reno, NV Capital Improvement Revenue Bonds, (Series 2005A), 06/01/2032	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.30	06/01/32	07/05/12	35,235,000	0.30	35,235,000	35,235,000	0
Royal Bank of Canada, Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.50	09/26/12		80,000,000	0.51	80,000,000	80,071,072	71,072
Royal Bank of Canada, Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.55	11/07/12		100,000,000	0.56	100,000,000	100,137,970	137,970
Royal Bank of Canada, Montreal, Dec 21, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.54	12/21/12	09/21/12	100,000,000	0.55	100,000,000	99,993,100	(6,900)
Royal Bank of Canada, Montreal, Feb 06, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.54	02/06/13	08/07/12	50,000,000	0.54	50,000,000	50,015,700	15,700
Royal Bank of Canada, Montreal, May 22, 2013	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.49	05/22/13	07/23/12	18,000,000	0.49	18,000,000	17,945,564	(54,436)
Societe Generale, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.51	08/02/12		100,000,000	0.52	100,000,000	100,000,000	0
Societe Generale, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.51	08/02/12		100,000,000	0.52	100,000,000	100,000,000	0
St. Andrew United Methodist Church, Series 2004, Jul 01, 2029	VARIABLE RATE DEMAND NOTE	0.18	07/01/29	07/05/12	9,475,000	0.18	9,475,000	9,475,000	0

See notes at end of table.



**INVENTORY OF HOLDINGS (CONTINUED)**  
**JUNE 30, 2012**

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost <sup>2</sup>	Mkt Value <sup>1</sup>	Unrealized Gain (Loss)
							\$	\$	\$
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		07/06/12		75,000,000	0.26	74,996,208	74,996,208	(0)
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.35	09/10/12		300,000,000	0.36	300,000,000	299,981,700	(18,300)
Svenska Handelsbanken, Stockholm, Oct 16, 2012	VARIABLE MEDIUM TERM NOTE	0.57	10/16/12	08/17/12	45,000,000	0.52	45,000,000	44,998,335	(1,665)
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		11/13/12		50,000,000	0.41	49,923,889	49,939,490	15,601
U.S. Treasury Note 1.75% 4/15/2013	US TREASURY NOTE	1.75	04/15/13		15,000,000	0.25	15,178,075	15,179,880	1,805
Westpac Banking Corp. Ltd., Sydney CP	COMMERCIAL PAPER		12/27/12		100,000,000	0.41	99,798,889	99,773,250	(25,639)
Westpac Banking Corp. Ltd., Sydney CP	COMMERCIAL PAPER		01/03/13		100,000,000	0.41	99,791,111	99,760,820	(30,291)
Westpac Banking Corp. Ltd., Sydney, Jul 13, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.39	07/13/12	07/13/12	25,000,000	0.40	25,000,000	25,000,275	275
Westpac Banking Corp. Ltd., Sydney, Jul 17, 2012	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.34	07/17/12	07/17/12	25,000,000	0.35	25,000,000	24,998,600	(1,400)
Windmill Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		07/02/12		53,200,000	0.36	53,198,448	53,199,292	844
Windmill Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		07/09/12		50,000,000	0.40	49,994,583	49,997,570	2,987
Windmill Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		07/20/12		175,000,000	0.45	174,955,083	174,977,548	22,465
Windmill Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		07/27/12		52,000,000	0.49	51,980,587	51,990,172	9,585
					<b>6,749,131,276</b>		<b>\$6,749,387,271</b>	<b>\$6,749,608,320</b>	<b>\$221,049</b>

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

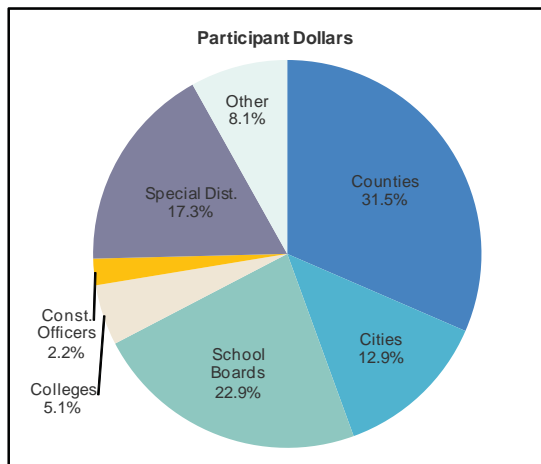
<sup>1</sup> Market values of the portfolio securities are provided by the custodian, BNY Mellon. The portfolio manager, Federated Investment Counseling, is the source for other data shown above.

<sup>2</sup> Amortized cost is calculated using a straight line method.

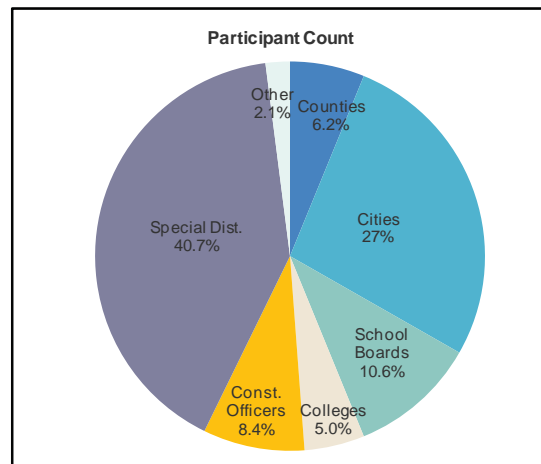


### PARTICIPANT CONCENTRATION DATA - JUNE 30, 2012

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
<b>All Participants</b>	<b>100.0%</b>	<b>100.0%</b>	<b>Colleges &amp; Universities</b>	<b>5.1%</b>	<b>5.0%</b>
Top 10	39.4%	1.2%	Top 10	4.5%	1.2%
\$100 million or more	57.7%	2.3%	\$100 million or more	2.0%	0.1%
\$10 million up to \$100 million	32.8%	9.0%	\$10 million up to \$100 million	2.0%	0.7%
\$1 million up to \$10 million	8.7%	18.6%	\$1 million up to \$10 million	1.0%	1.5%
Under \$1 million	0.9%	70.0%	Under \$1 million	0.01%	2.6%
<b>Counties</b>	<b>31.5%</b>	<b>6.2%</b>	<b>Constitutional Officers</b>	<b>2.2%</b>	<b>8.4%</b>
Top 10	26.8%	1.2%	Top 10	1.0%	1.2%
\$100 million or more	24.7%	0.9%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	6.1%	1.3%	\$10 million up to \$100 million	1.3%	0.4%
\$1 million up to \$10 million	0.7%	1.2%	\$1 million up to \$10 million	0.9%	1.9%
Under \$1 million	0.0%	2.7%	Under \$1 million	0.1%	6.2%
<b>Municipalities</b>	<b>12.9%</b>	<b>27.0%</b>	<b>Special Districts</b>	<b>17.3%</b>	<b>40.7%</b>
Top 10	7.8%	1.2%	Top 10	11.9%	1.2%
\$100 million or more	0.0%	0.0%	\$100 million or more	7.7%	0.5%
\$10 million up to \$100 million	10.2%	2.4%	\$10 million up to \$100 million	7.2%	2.0%
\$1 million up to \$10 million	2.5%	5.8%	\$1 million up to \$10 million	2.0%	4.9%
Under \$1 million	0.3%	18.9%	Under \$1 million	0.4%	33.3%
<b>School Boards</b>	<b>22.9%</b>	<b>10.6%</b>	<b>Other</b>	<b>8.1%</b>	<b>2.1%</b>
Top 10	19.8%	1.2%	Top 10	8.0%	1.2%
\$100 million or more	17.4%	0.5%	\$100 million or more	5.9%	0.2%
\$10 million up to \$100 million	4.1%	1.8%	\$10 million up to \$100 million	1.9%	0.5%
\$1 million up to \$10 million	1.3%	2.6%	\$1 million up to \$10 million	0.4%	0.7%
Under \$1 million	0.1%	5.7%	Under \$1 million	0.0%	0.6%



Total Fund Value: \$6,752,444,139



Total Participant Count: 843

## INVESTMENT POLICY COMPLIANCE - JUNE 2012

Test by Source	Pass/Fail
<b>Florida PRIME's Investment Policy</b>	
Securities must be USD denominated.	Pass
<b><u>Ratings requirements</u></b>	
The Pool must purchase exclusively first-tier securities. Securities purchased with short-term ratings by an NRSRO, or comparable in quality and security to other obligations of the issuer that have received short-term ratings from an NRSRO, are eligible if they are in one of the two highest rating categories.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Repurchase Agreement Counterparties must be rated by S&P	Pass
S&P Weighted Average Life - maximum 90 days <sup>1</sup>	Pass
<b><u>Maturity</u></b>	
Securities, excluding Government floating rate notes/variable rate notes, purchased did not have a maturity in excess of 397 days.	Pass
Government floating rate notes/variable rate notes purchased did not have a maturity in excess of 762 days.	Pass
The Pool must maintain a Spread WAM of 120 days or less.	Pass
<b><u>Issuer Diversification</u></b>	
First-tier issuers (limit does not apply to cash, cash items, U.S. Government securities refunded securities and repo collateralized by these securities) are limited, at the time of purchase, to 5% of the Pool's total assets. <sup>2</sup>	Pass
<b><u>Demand Feature and Guarantor Diversification</u></b>	
First-tier securities issued by or subject to demand features and guarantees of a non-controlled person, at time of purchase, are limited to 10% with respect to 75% of the Pool's total assets.	Pass
First-tier securities issued by or subject to demand features and guarantees of a control person, at time of purchase, are limited to 10% with respect to the Pool's total assets.	Pass
<b><u>Money Market Mutual Funds</u></b>	
The account, at time of purchase, will not have exposure to any one Money Market Mutual Fund in excess of 10% of the Pool's total assets.	Pass
<b><u>Concentration Tests</u></b>	
The account, at time of purchase, will not have exposure to an industry sector, excluding the financial services industry, in excess of 25% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to any single Government Agency in excess of 33.33% of the Pool's total assets.	Pass
The account, at time of purchase, will not have exposure to illiquid securities in excess of 5% of the Pool's total assets.	Pass
The account, at time of purchase, will invest at least 10% of the Pool's total assets in securities accessible within one business day.	Pass
The account, at time of purchase, will invest at least 30% of the Pool's total assets in securities accessible within five business days. <sup>3</sup>	Pass
<b><u>S&amp;P Requirements</u></b>	
The Pool must maintain a Dollar Weighted Average Maturity of 60 days or less.	Pass
The account, at time of purchase, will invest at least 50% of the Pool's total assets in Securities in Highest Rating Category (A-1+ or equivalent) .	Pass

<sup>1</sup> The fund may use floating rate government securities to extend the limit up to 120 days

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

<sup>3</sup> This limitation applies at time of trade. Under Rule 2a-7, a fund is not required to take immediate corrective measures if asset movements cause the exposure to be below the specified percentage.

## TRADING ACTIVITY FOR JUNE 2012

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<b>Buys</b>					\$	\$	\$	\$
ALPINE SECURITIZATICPABS4	09/18/12	06/19/12	06/19/12	50,000,000	49,957,028	-	49,957,028	-
ALPINE SECURITIZATICPABS4	09/18/12	06/19/12	06/19/12	50,000,000	49,957,028	-	49,957,028	-
ATLANTIC ASSET SECUCPABS4	07/19/12	06/19/12	06/19/12	15,000,000	14,994,000	-	14,994,000	-
BANK OF AMERICA N,ABNOTE	09/05/12	06/05/12	06/05/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF AMERICA N,ABNOTE	09/05/12	06/05/12	06/05/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF AMERICA N,ABNOTE	09/05/12	06/05/12	06/05/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF AMERICA N,ACD	09/05/12	06/07/12	06/07/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF AMERICA N,ABNOTE	09/07/12	06/08/12	06/08/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF TOKYO-MITSUCDYAN	07/05/12	06/27/12	06/27/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF TOKYO-MITSUCDYAN	07/05/12	06/27/12	06/27/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF TOKYO-MITSUCDYAN	07/05/12	06/27/12	06/27/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF TOKYO-MITSUCDYAN	07/05/12	06/27/12	06/27/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF TOKYO-MITSUCDYAN	09/06/12	06/06/12	06/06/12	30,000,000	30,000,000	-	30,000,000	-
CREDIT AGRICOLE NORCP	07/25/12	06/25/12	06/25/12	50,000,000	49,983,334	-	49,983,334	-
CREDIT AGRICOLE NORCP	07/25/12	06/25/12	06/25/12	50,000,000	49,983,334	-	49,983,334	-
CREDIT AGRICOLE NORCP	07/25/12	06/25/12	06/25/12	50,000,000	49,983,334	-	49,983,334	-
CREDIT AGRICOLE NORCP	07/25/12	06/25/12	06/25/12	50,000,000	49,983,334	-	49,983,334	-
FCAR OWNER TRUST, ACPABS3	08/10/12	06/11/12	06/11/12	22,100,000	22,091,160	-	22,091,160	-
FCAR OWNER TRUST, ACPABS3	08/10/12	06/11/12	06/11/12	50,000,000	49,980,000	-	49,980,000	-
GENERAL ELECTRIC CAPITAL CORP	10/19/12	06/13/12	06/18/12	500,000	508,120	4,302	512,422	-
ING (U.S.) FUNDING CP	09/04/12	06/06/12	06/06/12	50,000,000	49,953,750	-	49,953,750	-
ING (U.S.) FUNDING CP	09/12/12	06/13/12	06/13/12	5,000,000	4,995,324	-	4,995,324	-
ING (U.S.) FUNDING CP	09/12/12	06/13/12	06/13/12	50,000,000	49,953,236	-	49,953,236	-
ING (U.S.) FUNDING CP	09/12/12	06/13/12	06/13/12	50,000,000	49,953,236	-	49,953,236	-
SOCIETE GENERALE NOCP	06/28/12	06/27/12	06/27/12	10,000,000	9,999,944	-	9,999,944	-
SOCIETE GENERALE NOCP	06/28/12	06/27/12	06/27/12	50,000,000	49,999,722	-	49,999,722	-
SOCIETE GENERALE, PCDYAN	08/02/12	06/28/12	06/28/12	50,000,000	50,000,000	-	50,000,000	-
SOCIETE GENERALE, PCDYAN	08/02/12	06/28/12	06/28/12	50,000,000	50,000,000	-	50,000,000	-
SOCIETE GENERALE, PCDYAN	06/29/12	06/04/12	06/04/12	50,000,000	50,000,000	-	50,000,000	-
SOCIETE GENERALE, PCDYAN	06/29/12	06/04/12	06/04/12	50,000,000	50,000,000	-	50,000,000	-
SOCIETE GENERALE, PCDYAN	08/02/12	06/29/12	06/29/12	50,000,000	50,000,000	-	50,000,000	-
SOCIETE GENERALE, PCDYAN	08/02/12	06/29/12	06/29/12	50,000,000	50,000,000	-	50,000,000	-
STARBIRD FUNDING COCPABS4	07/06/12	06/29/12	06/29/12	25,000,000	24,998,736	-	24,998,736	-

# TRADING ACTIVITY FOR JUNE 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<i>Buys (continued)</i>					\$	\$	\$	\$
STARBIRD FUNDING COCPABS4	07/06/12	06/29/12	06/29/12	50,000,000	49,997,472	-	49,997,472	-
SUMITOMO MITSUI BANC DYAN	09/10/12	06/04/12	06/04/12	50,000,000	50,000,000	-	50,000,000	-
SUMITOMO MITSUI BANC DYAN	09/10/12	06/04/12	06/04/12	50,000,000	50,000,000	-	50,000,000	-
SUMITOMO MITSUI BANC DYAN	09/10/12	06/04/12	06/04/12	50,000,000	50,000,000	-	50,000,000	-
SUMITOMO MITSUI BANC DYAN	09/10/12	06/04/12	06/04/12	50,000,000	50,000,000	-	50,000,000	-
SUMITOMO MITSUI BANC DYAN	09/10/12	06/04/12	06/04/12	50,000,000	50,000,000	-	50,000,000	-
SUMITOMO MITSUI BANC DYAN	09/10/12	06/04/12	06/04/12	50,000,000	50,000,000	-	50,000,000	-
WESTPAC BANKING CORCP	12/27/12	06/25/12	06/26/12	50,000,000	49,897,778	-	49,897,778	-
WESTPAC BANKING CORCP	12/27/12	06/25/12	06/26/12	50,000,000	49,897,778	-	49,897,778	-
WESTPAC BANKING CORCP	01/03/13	06/27/12	06/28/12	50,000,000	49,895,000	-	49,895,000	-
WESTPAC BANKING CORCP	01/03/13	06/27/12	06/28/12	50,000,000	49,895,000	-	49,895,000	-
WINDMILL FUNDING COCPABS4	07/09/12	06/04/12	06/04/12	50,000,000	49,981,042	-	49,981,042	-
WINDMILL FUNDING COCPABS4	07/20/12	06/20/12	06/20/12	25,000,000	24,990,833	-	24,990,833	-
WINDMILL FUNDING COCPABS4	07/20/12	06/20/12	06/20/12	50,000,000	49,981,667	-	49,981,667	-
WINDMILL FUNDING COCPABS4	07/20/12	06/20/12	06/20/12	50,000,000	49,981,667	-	49,981,667	-
WINDMILL FUNDING COCPABS4	07/20/12	06/20/12	06/20/12	50,000,000	49,981,667	-	49,981,667	-
WINDMILL FUNDING COCPABS4	07/27/12	06/26/12	06/26/12	2,000,000	1,999,173	-	1,999,173	-
WINDMILL FUNDING COCPABS4	07/27/12	06/26/12	06/26/12	50,000,000	49,979,334	-	49,979,334	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/04/12	06/04/12	286,677	286,677	-	286,677	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/06/12	06/06/12	10,220,524	10,220,524	-	10,220,524	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/08/12	06/08/12	1,122,688	1,122,688	-	1,122,688	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/11/12	06/11/12	2,584,263	2,584,263	-	2,584,263	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/12/12	06/12/12	154,930	154,930	-	154,930	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/15/12	06/15/12	2,518,004	2,518,004	-	2,518,004	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/19/12	06/19/12	1,584,278	1,584,278	-	1,584,278	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/20/12	06/20/12	213,994	213,994	-	213,994	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/22/12	06/22/12	2,172,606	2,172,606	-	2,172,606	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/26/12	06/26/12	3,581,476	3,581,476	-	3,581,476	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/27/12	06/27/12	51,022,447	51,022,447	-	51,022,447	-
FEDERATED PRIME CASH OBLIGATIONS	10/01/40	06/01/12	06/01/12	37,780	37,780	-	37,780	-
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	06/01/12	06/01/12	37,913	37,913	-	37,913	-
DEUTSCHE BANK	06/04/12	06/01/12	06/01/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/04/12	06/01/12	06/01/12	830,000,000	830,000,000	-	830,000,000	-
DEUTSCHE BANK	06/05/12	06/04/12	06/04/12	500,000,000	500,000,000	-	500,000,000	-

## TRADING ACTIVITY FOR JUNE 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<i>Buys (continued)</i>					\$	\$	\$	\$
BANK OF AMERICA TRIPARTY	06/05/12	06/04/12	06/04/12	535,000,000	535,000,000	-	535,000,000	-
DEUTSCHE BANK	06/06/12	06/05/12	06/05/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/06/12	06/05/12	06/05/12	575,000,000	575,000,000	-	575,000,000	-
DEUTSCHE BANK	06/07/12	06/06/12	06/06/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/07/12	06/06/12	06/06/12	650,000,000	650,000,000	-	650,000,000	-
DEUTSCHE BANK	06/08/12	06/07/12	06/07/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/08/12	06/07/12	06/07/12	735,000,000	735,000,000	-	735,000,000	-
DEUTSCHE BANK	06/11/12	06/08/12	06/08/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/11/12	06/08/12	06/08/12	1,040,000,000	1,040,000,000	-	1,040,000,000	-
DEUTSCHE BANK	06/12/12	06/11/12	06/11/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/12/12	06/11/12	06/11/12	1,230,000,000	1,230,000,000	-	1,230,000,000	-
DEUTSCHE BANK	06/13/12	06/12/12	06/12/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/13/12	06/12/12	06/12/12	1,220,000,000	1,220,000,000	-	1,220,000,000	-
DEUTSCHE BANK	06/14/12	06/13/12	06/13/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/14/12	06/13/12	06/13/12	1,150,000,000	1,150,000,000	-	1,150,000,000	-
DEUTSCHE BANK	06/15/12	06/14/12	06/14/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/15/12	06/14/12	06/14/12	1,095,000,000	1,095,000,000	-	1,095,000,000	-
DEUTSCHE BANK	06/18/12	06/15/12	06/15/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/18/12	06/15/12	06/15/12	1,255,000,000	1,255,000,000	-	1,255,000,000	-
DEUTSCHE BANK	06/19/12	06/18/12	06/18/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/19/12	06/18/12	06/18/12	1,301,000,000	1,301,000,000	-	1,301,000,000	-
DEUTSCHE BANK	06/20/12	06/19/12	06/19/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/20/12	06/19/12	06/19/12	1,175,000,000	1,175,000,000	-	1,175,000,000	-
DEUTSCHE BANK	06/21/12	06/20/12	06/20/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/21/12	06/20/12	06/20/12	1,240,000,000	1,240,000,000	-	1,240,000,000	-
DEUTSCHE BANK	06/22/12	06/21/12	06/21/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/22/12	06/21/12	06/21/12	1,210,000,000	1,210,000,000	-	1,210,000,000	-
DEUTSCHE BANK	06/25/12	06/22/12	06/22/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/25/12	06/22/12	06/22/12	1,310,000,000	1,310,000,000	-	1,310,000,000	-
DEUTSCHE BANK	06/26/12	06/25/12	06/25/12	750,000,000	750,000,000	-	750,000,000	-
BANK OF AMERICA TRIPARTY	06/26/12	06/25/12	06/25/12	1,145,000,000	1,145,000,000	-	1,145,000,000	-
DEUTSCHE BANK	06/27/12	06/26/12	06/26/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/27/12	06/26/12	06/26/12	1,295,000,000	1,295,000,000	-	1,295,000,000	-
DEUTSCHE BANK	06/28/12	06/27/12	06/27/12	500,000,000	500,000,000	-	500,000,000	-

# TRADING ACTIVITY FOR JUNE 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<b>Buys (continued)</b>					\$	\$	\$	\$
BANK OF AMERICA TRIPARTY	06/28/12	06/27/12	06/27/12	950,000,000	950,000,000	-	950,000,000	-
DEUTSCHE BANK	06/29/12	06/28/12	06/28/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/29/12	06/28/12	06/28/12	860,000,000	860,000,000	-	860,000,000	-
DEUTSCHE BANK	07/02/12	06/29/12	06/29/12	400,000,000	400,000,000	-	400,000,000	-
BANK OF AMERICA TRIPARTY	07/02/12	06/29/12	06/29/12	900,000,000	900,000,000	-	900,000,000	-
<b>Total Buys</b>				<b>34,661,137,580</b>	<b>34,660,290,608</b>	<b>4,302</b>	<b>34,660,294,910</b>	-
<b>Maturities</b>								
ATLANTIC ASSET SECUCPABS4	06/14/12	06/14/12	06/14/12	60,000,000	60,000,000	-	60,000,000	-
AUSTRALIA & NEW ZEALAND BANKING	06/07/12	06/07/12	06/07/12	100,000,000	100,000,000	-	100,000,000	-
BNP PARIBAS / BNP PARIBAS US MEDIUM-	06/11/12	06/11/12	06/11/12	10,000,000	10,000,000	-	10,000,000	-
BANK OF AMERICA NABNOTE	06/05/12	06/05/12	06/05/12	80,000,000	80,000,000	-	80,000,000	-
BANK OF MONTREAL/CHICAGO IL	06/06/12	06/06/12	06/06/12	50,000,000	50,000,000	-	50,000,000	-
BANK OF TOKYO-MITSUCDYAN	06/06/12	06/06/12	06/06/12	129,800,000	129,800,000	-	129,800,000	-
BANK OF TOKYO-MITSUCDYAN	06/11/12	06/11/12	06/11/12	175,000,000	175,000,000	-	175,000,000	-
BARTON CAPITAL LLCPCABS4-	06/25/12	06/25/12	06/25/12	36,000,000	36,000,000	-	36,000,000	-
COMMONWEALTH BANK OCP4-2	06/04/12	06/04/12	06/04/12	150,000,000	150,000,000	-	150,000,000	-
CREDIT AGRICOLE NORCP	06/25/12	06/25/12	06/25/12	200,000,000	200,000,000	-	200,000,000	-
CREDIT SUISSE/NEW YORK NY	06/08/12	06/08/12	06/08/12	200,000,000	200,000,000	-	200,000,000	-
FCAR OWNER TRUST, ACPABS3	06/11/12	06/11/12	06/11/12	75,000,000	75,000,000	-	75,000,000	-
FAIRWAY FINANCE LLC	06/08/12	06/08/12	06/08/12	25,000,000	25,000,000	-	25,000,000	-
FAIRWAY FINANCE LLC	06/15/12	06/15/12	06/15/12	50,000,000	50,000,000	-	50,000,000	-
GENERAL ELECTRIC CAPITAL CORP	06/15/12	06/15/12	06/15/12	30,760,000	30,760,000	-	30,760,000	-
ING (U.S.) FUNDING CP	06/05/12	06/05/12	06/05/12	145,000,000	145,000,000	-	145,000,000	-
ING (U.S.) FUNDING CP	06/13/12	06/13/12	06/13/12	50,000,000	50,000,000	-	50,000,000	-
ING (U.S.) FUNDING CP	06/18/12	06/18/12	06/18/12	50,000,000	50,000,000	-	50,000,000	-
MIZUHO CORPORATE BACDYAN	06/07/12	06/07/12	06/07/12	75,000,000	75,000,000	-	75,000,000	-
NATIONAL AUSTRALIA BANK/NEW YORK	06/08/12	06/08/12	06/08/12	100,000,000	100,000,000	-	100,000,000	-
SALISBURY RECEIVABLEPCABS4	06/04/12	06/04/12	06/04/12	37,000,000	37,000,000	-	37,000,000	-
SOCIETE GENERALE NOCP	06/28/12	06/28/12	06/28/12	60,000,000	60,000,000	-	60,000,000	-
SOCIETE GENERALE, PCDYAN	06/01/12	06/01/12	06/01/12	100,000,000	100,000,000	-	100,000,000	-
SOCIETE GENERALE, PCDYAN	06/20/12	06/20/12	06/20/12	100,000,000	100,000,000	-	100,000,000	-

## TRADING ACTIVITY FOR JUNE 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<i>Maturities (continued)</i>					\$	\$	\$	\$
SOCIETE GENERALE, PCDYAN	06/29/12	06/29/12	06/29/12	100,000,000	100,000,000	-	100,000,000	-
WESTPAC BANKING CORP/NY	06/15/12	06/15/12	06/15/12	50,000,000	50,000,000	-	50,000,000	-
WINDMILL FUNDING COCPABS4	06/26/12	06/26/12	06/26/12	50,000,000	50,000,000	-	50,000,000	-
DEUTSCHE BANK	06/01/12	06/01/12	06/01/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/01/12	06/01/12	06/01/12	810,000,000	810,000,000	-	810,000,000	-
DEUTSCHE BANK	06/04/12	06/04/12	06/04/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/04/12	06/04/12	06/04/12	830,000,000	830,000,000	-	830,000,000	-
DEUTSCHE BANK	06/05/12	06/05/12	06/05/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/05/12	06/05/12	06/05/12	535,000,000	535,000,000	-	535,000,000	-
DEUTSCHE BANK	06/06/12	06/06/12	06/06/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/06/12	06/06/12	06/06/12	575,000,000	575,000,000	-	575,000,000	-
DEUTSCHE BANK	06/07/12	06/07/12	06/07/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/07/12	06/07/12	06/07/12	650,000,000	650,000,000	-	650,000,000	-
DEUTSCHE BANK	06/08/12	06/08/12	06/08/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/08/12	06/08/12	06/08/12	735,000,000	735,000,000	-	735,000,000	-
DEUTSCHE BANK	06/11/12	06/11/12	06/11/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/11/12	06/11/12	06/11/12	1,040,000,000	1,040,000,000	-	1,040,000,000	-
DEUTSCHE BANK	06/12/12	06/12/12	06/12/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/12/12	06/12/12	06/12/12	1,230,000,000	1,230,000,000	-	1,230,000,000	-
DEUTSCHE BANK	06/13/12	06/13/12	06/13/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/13/12	06/13/12	06/13/12	1,220,000,000	1,220,000,000	-	1,220,000,000	-
DEUTSCHE BANK	06/14/12	06/14/12	06/14/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/14/12	06/14/12	06/14/12	1,150,000,000	1,150,000,000	-	1,150,000,000	-
DEUTSCHE BANK	06/15/12	06/15/12	06/15/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/15/12	06/15/12	06/15/12	1,095,000,000	1,095,000,000	-	1,095,000,000	-
DEUTSCHE BANK	06/18/12	06/18/12	06/18/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/18/12	06/18/12	06/18/12	1,255,000,000	1,255,000,000	-	1,255,000,000	-
DEUTSCHE BANK	06/19/12	06/19/12	06/19/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/19/12	06/19/12	06/19/12	1,301,000,000	1,301,000,000	-	1,301,000,000	-
DEUTSCHE BANK	06/20/12	06/20/12	06/20/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/20/12	06/20/12	06/20/12	1,175,000,000	1,175,000,000	-	1,175,000,000	-
DEUTSCHE BANK	06/21/12	06/21/12	06/21/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/21/12	06/21/12	06/21/12	1,240,000,000	1,240,000,000	-	1,240,000,000	-

# TRADING ACTIVITY FOR JUNE 2012 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<b>Maturities (continued)</b>					\$	\$	\$	\$
DEUTSCHE BANK	06/22/12	06/22/12	06/22/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/22/12	06/22/12	06/22/12	1,210,000,000	1,210,000,000	-	1,210,000,000	-
DEUTSCHE BANK	06/25/12	06/25/12	06/25/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/25/12	06/25/12	06/25/12	1,310,000,000	1,310,000,000	-	1,310,000,000	-
DEUTSCHE BANK	06/26/12	06/26/12	06/26/12	750,000,000	750,000,000	-	750,000,000	-
BANK OF AMERICA TRIPARTY	06/26/12	06/26/12	06/26/12	1,145,000,000	1,145,000,000	-	1,145,000,000	-
DEUTSCHE BANK	06/27/12	06/27/12	06/27/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/27/12	06/27/12	06/27/12	1,295,000,000	1,295,000,000	-	1,295,000,000	-
DEUTSCHE BANK	06/28/12	06/28/12	06/28/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/28/12	06/28/12	06/28/12	950,000,000	950,000,000	-	950,000,000	-
DEUTSCHE BANK	06/29/12	06/29/12	06/29/12	500,000,000	500,000,000	-	500,000,000	-
BANK OF AMERICA TRIPARTY	06/29/12	06/29/12	06/29/12	860,000,000	860,000,000	-	860,000,000	-
<b>Total Maturities</b>				<b>34,649,560,000</b>	<b>34,649,560,000</b>	<b>0</b>	<b>34,649,560,000</b>	<b>-</b>
<b>Sells</b>								
CITY OF RENO NV	06/01/32	06/01/12	06/01/12	280,000	280,000	-	280,000	-
MICHIGAN STATE FINANCE AUTHORITY	07/01/14	06/27/12	06/27/12	50,000,000	50,000,000	47,913	50,047,913	-
UNIVERSITY OF TEXAS SYSTEM	08/01/34	06/06/12	06/13/12	24,250,000	24,250,000	875	24,250,875	-
WINDMILL FUNDING COCPABS4	06/27/12	06/20/12	06/20/12	50,000,000	49,996,889	-	49,996,889	0.10
WINDMILL FUNDING COCPABS4	06/27/12	06/20/12	06/20/12	50,000,000	49,996,889	-	49,996,889	0.10
WINDMILL FUNDING COCPABS4	06/27/12	06/20/12	06/20/12	25,000,000	24,998,445	-	24,998,445	0.05
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/01/12	06/01/12	1,488,211	1,488,211	-	1,488,211	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/05/12	06/05/12	1,647,468	1,647,468	-	1,647,468	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/07/12	06/07/12	2,105,974	2,105,974	-	2,105,974	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/07/12	06/07/12	227,444	227,444	-	227,444	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/07/12	06/07/12	10,220,524	10,220,524	-	10,220,524	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/13/12	06/13/12	509,104	509,104	-	509,104	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/13/12	06/13/12	389,818	389,818	-	389,818	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/13/12	06/13/12	192,071	192,071	-	192,071	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/14/12	06/14/12	5,980	5,980	-	5,980	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/14/12	06/14/12	41,453	41,453	-	41,453	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/14/12	06/14/12	94,606	94,606	-	94,606	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/14/12	06/14/12	19,963	19,963	-	19,963	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/14/12	06/14/12	2,584,263	2,584,263	-	2,584,263	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/18/12	06/18/12	611,960	611,960	-	611,960	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/21/12	06/21/12	242,725	242,725	-	242,725	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/21/12	06/21/12	2,518,004	2,518,004	-	2,518,004	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/25/12	06/25/12	1,977,807	1,977,807	-	1,977,807	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/28/12	06/28/12	2,768,597	2,768,597	-	2,768,597	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/28/12	06/28/12	51,022,447	51,022,447	-	51,022,447	-
DREYFUS GOVT CASH MGMT FUND	10/01/12	06/29/12	06/29/12	1,478,770	1,478,770	-	1,478,770	-
<b>Total Sells</b>				<b>329,677,191</b>	<b>\$329,666,302</b>	<b>\$48,788</b>	<b>\$329,715,090</b>	<b>\$0.35</b>



# FUND B

## FUND B FACTS

### INVESTMENT OBJECTIVE

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

### COMPOSITION

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

### DISTRIBUTIONS

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

### ACCOUNTING

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

### STATUS OF INVESTMENTS

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

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

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

## COMMENTARY ON PORTFOLIO MANAGEMENT

All cash from paydowns on securities in Fund B are invested in AAAM-rated money market funds pending monthly distribution to participant accounts in Florida PRIME. This month, \$7.1 million in liquid assets were transferred from Fund B to Florida PRIME, consisting of principal paydowns and income from the securities in the Fund.

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

## LEGAL ISSUE

As an ongoing legal matter, the SBA asserts Lehman Brothers (which is now in liquidation) sold the SBA certain unregistered secured notes that were not exempt from registration under the Securities Act of 1933. The Lehman Trustee has not yet responded to the SBA's general creditor claim on behalf of Fund B as to whether the Lehman estate will have any assets available for recovery. The Trustee's latest reports have stated that "returns to general estate creditors will be limited at best." However, the secured notes sold by Lehman Brothers were secured by certain collateral. Fund B has been receiving and is expected to continue receiving monetary distributions of principal and interest from that underlying collateral.

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

## DISCLOSURE OF MATERIAL IMPACTS

There were no developments during June 2012 that had a material impact on the liquidity or operation of Fund B.

# FUND B

## FUND B DISTRIBUTIONS

### RETURN OF FUND B PRINCIPAL

The first table below details the SBA's progress in returning principal to investors in Fund B. Through the end of June 2012, investors cumulatively received distributions from Fund B totaling over \$1.73 billion or 86.2% of their original balances.

The securities remaining in Fund B are legacy items from the four issuers whose financial circumstances gave rise to the November 2007 run (as well as overnight instruments temporarily holding fund earnings). As of June 30, 2012, their remaining amortized cost was \$483.7 million, or

74.1% more than remaining participant positions in Fund B. Conversely, the current estimated liquidation (market) value of these securities is pegged at \$231.8 million or 83.5% of remaining participant positions.

It is important to note that due to the lack of an actively traded market for Fund B securities, their "market value" is an estimate of current liquidation value that has been determined through a collaborative process among various pricing experts and sources in the marketplace. See footnote 1 on page 22.

### FUND B DISTRIBUTIONS TO PARTICIPANTS

	Distributions to Participants	Cumulative Distributions	Participant Principal	Proportion of Original Principal Returned
12/05/07	\$	\$	\$ 2,009,451,941	0.0%
CY 2008	\$ 1,421,900,000	\$ 1,421,900,000	\$ 587,551,941	70.8%
CY 2009	\$ 89,100,000	\$ 1,511,000,000	\$ 498,451,941	75.2%
CY 2010	\$ 135,100,000	\$ 1,646,100,000	\$ 363,351,941	81.9%
CY 2011	\$ 57,425,000	\$ 1,703,525,000	\$ 305,926,941	84.8%
01/09/12	\$ 4,325,000	\$ 1,707,850,000	\$ 301,601,941	85.0%
02/07/12	\$ 3,200,000	\$ 1,711,050,000	\$ 298,401,941	85.2%
03/06/12	\$ 3,925,000	\$ 1,714,975,000	\$ 294,476,941	85.3%
04/05/12	\$ 4,400,000	\$ 1,719,375,000	\$ 290,076,941	85.6%
05/04/12	\$ 5,275,000	\$ 1,724,650,000	\$ 284,801,941	85.8%
06/05/12	\$ 7,050,000	\$ 1,731,700,000	\$ 277,751,941	86.2%

### FUND B MONTHLY DISTRIBUTION DETAIL

June 2012 Distribution Detail Including Receipts by Source For the period 5/5/12 - 6/5/12	Fund B	
	Participant Allocation	Expense Allocation
Beginning Balance	\$ -	\$ 30,141.72
Receipts:		
Florida East	\$ 695,066.27	
Florida West	\$ 1,779,332.82	
Florida Funding I	\$ 474,230.46	
Florida Funding II	\$ 4,090,438.72	
Overnight Investments	\$ 2.09	
Total Receipts	\$ 7,039,070.36	
Distributions:		
Allocation to/from Expense Reserve	\$ 10,929.64	\$ (10,929.64)
Expenses Paid		\$ (1,238.55)
Participant Distribution	\$ (7,050,000.00)	
Ending Balance	\$ -	\$ 17,973.53

# FUND B

## INVENTORY OF HOLDINGS - AS OF JUNE 30, 2012

Security Name	Type	Rate Reset	Par	Current Yield	Amort Cost <sup>2</sup>	Mkt Value <sup>1</sup>	Unrealized Gain (Loss)
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND		5,454,362	0.00	\$ 5,454,362	\$ 5,454,362	\$ -
Florida East Funding LLC	VARIABLE RATE TERM NOTE	06/26/12	77,819,484	0.60	\$ 77,819,484	\$ 53,445,246	\$ (24,374,238)
Florida West Funding LLC	VARIABLE RATE TERM NOTE	06/26/12	181,813,846	0.60	\$ 181,813,846	\$ 94,513,546	\$ (87,300,300)
Florida Funding I LLC	VARIABLE RATE TERM NOTE	06/27/12	121,619,117	0.49	\$ 121,619,117	\$ 25,532,598	\$ (96,086,519)
Florida Funding II LLC	VARIABLE RATE COMMERCIAL PAPER	06/27/12	96,974,493	0.61	\$ 96,966,760	\$ 52,903,155	\$ (44,063,605)
<b>Total Value of Investments</b>			<b><u>483,681,302</u></b>		<b><u>\$483,673,569</u></b>	<b><u>\$231,848,908</u></b>	<b><u>(\$251,824,662)</u></b>

### Notes:

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

<sup>2</sup> Amortized cost is calculated using a straight line method.

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

The collateral manager, Apollo Global Management, is the source for data shown above other than market value. See note 1.

The amounts shown above are the value of investments. Income accruals, payables and uninvested cash are not included. The data is unaudited.

# FUND B

## COMPLIANCE AND TRADING ACTIVITY

### COMPLIANCE WITH INVESTMENT POLICY - JUNE 2012

Investment Policy Statement Compliance is conducted on Fund B by SBA Risk Management and Compliance and reported on a monthly basis to the Investment Oversight Group. Portfolio activity is reviewed to ensure that transactions and holdings are in compliance with guideline requirements and with those stipulated in the respective Investment Management Agreements with Apollo Global Management, the collateral manager for the four special purpose entities held in Fund B (Florida East Funding LLC, Florida West Funding LLC, Florida Funding I LLC, and Florida Funding II LLC). Since the principal holdings in the fund are the notes issued by these special purpose entities, and no deposits or withdrawals are permitted by participants, transactions are typically limited to 1) the receipt cash flows from the underlying note collateral, 2) the investment of these cash flows in AAAm money market funds, and 3) periodic distributions to participants. Apollo Global Management June also sell, exchange, or restructure the notes, consistent with the objective of maximizing the present value of cash flows from the collateral. For the month of June 2012, Fund B was in compliance with its Investment Policy Statement.

### TRADING ACTIVITY - JUNE 2012

Security Description	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
<b>Buys</b>				\$	\$	\$	\$
DREYFUS GOVERNMENT CASH MANAGEMENT	06/04/12	06/04/12	2	2	0	2	0
DREYFUS GOVERNMENT CASH MANAGEMENT	06/28/12	06/28/12	5,437,588	5,437,588	0	5,437,588	0
<b>Total Buys</b>			<b><u>5,437,590</u></b>	<b><u>\$5,437,590</u></b>	<b><u>\$0</u></b>	<b><u>\$5,437,590</u></b>	<b><u>\$0</u></b>
<b>Sells</b>							
FLORIDA FUNDING I LLC	06/28/12	06/28/12	551,137	551,137	0	551,137	0
FLORIDA EAST FUNDING LLC	06/28/12	06/28/12	876,323	876,323	0	876,323	0
FLORIDA WEST FUNDING LLC	06/28/12	06/28/12	1,477,308	1,477,308	0	1,477,308	0
FLORIDA FUNDING II	06/28/12	06/28/12	2,318,946	2,318,946	0	2,318,946	185
DREYFUS GOVERNMENT CASH MANAGEMENT	06/01/12	06/01/12	58	58	0	58	0
DREYFUS GOVERNMENT CASH MANAGEMENT	06/06/12	06/06/12	28,903	28,903	0	28,903	0
DREYFUS GOVERNMENT CASH MANAGEMENT	06/06/12	06/06/12	7,021,097	7,021,097	0	7,021,097	0
DREYFUS GOVERNMENT CASH MANAGEMENT	06/19/12	06/19/12	1,200	1,200	0	1,200	0
<b>Total Sells</b>			<b><u>12,274,972</u></b>	<b><u>\$12,274,972</u></b>	<b><u>\$0</u></b>	<b><u>\$12,274,972</u></b>	<b><u>\$185</u></b>

Note: In the Trading Activity table above, the gain reflected on the sales from Florida Funding II is an accounting gain. The original Axon Financial Funding LLC security was purchased at a discount and was deemed "in default" prior to the original maturity date. At the point of becoming "in default," amortization of the discount was terminated thus leaving the cost of the security less than par. Any principal payment received at par will result in recognition of a gain, calculated as Proceeds less Cost Basis of the par value being sold.



## Our Mission

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



STATE BOARD OF ADMINISTRATION  
[WWW.SBAFLA.COM](http://WWW.SBAFLA.COM)

**End of Section**

# Memo

**TO:** Ashbel C. Williams, Executive Director & CIO

**THRU:** Jack E. Nicholson, Chief Operating Officer, FHCF

**FROM:** Tracy Allen, Senior Attorney, FHCF

**DATE:** August 29, 2012

**SUBJECT:** Cabinet Meeting for September 18, 2012

Request approval of, and authority to file, a Notice of Proposed Rule for Rule 19-8.010, F.A.C., Reimbursement Contract, and to file this rule, along with the incorporated forms, for adoption if no member of the public timely requests a rule hearing or if a hearing is requested, no changes are needed.

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## **ITEM 7. SUMMARY AND REASONS FOR RULE CHANGES:**

*Reimbursement Contract (Rule 19-8.010, F.A.C.)*

This rule is being amended to adopt the 2013 Reimbursement Contract.

**SUMMARY OF INCORPORATED FORM CHANGES:** Attached hereto.

**EXTERNAL INTEREST:** A rule development workshop was held on August 30, 2012. Representatives of the FHCF attended and presented the rule and incorporated forms and engaged in discussion with members of the public who attended. The rulemaking notice was published in the *Florida Administrative Weekly* on August 10, 2012, Vol. 38, No. 32. Also, the rule and forms were presented, discussed, and approved by the FHCF Advisory Council at a public meeting on August 30, 2012.

**SIGNIFICANT POLICY ISSUES:** None.

**CONTROVERSIAL ISSUES:** None.

**ACTION REQUESTED:** It is requested that this proposed rule amendment be presented to the Cabinet Aides on September 12, 2012, and to the State Board of Administration Trustees ("Board") on September 18, 2012, with a request to approve the filing of this rule for Notice of Proposed Rule and to approve filing for adoption with the Department of State if no member of the public timely requests a rule hearing or if a rule hearing is requested but no changes to the

rule are necessary. A notice of the meeting of the Board will be published in the *Florida Administrative Weekly* on September 7, 2012, Vol. 38, No. 36.

**ATTACHMENTS TO BE INCLUDED WITH THE SBA AGENDA ITEM 7:**

- 2013 Rule 19-8.010, F.A.C., and Incorporated Forms Summary of Changes
- Notice of Proposed Rule
- Notice of Meeting of Board as filed in the *Florida Administrative Weekly*
- Rule 19-8.010, F.A.C., Reimbursement Contract
- 2013 Incorporated Forms – **19-8.010, F.A.C., Reimbursement Contract**  
*Incorporated Forms: FHCF-2013K* – “Reimbursement Contract,” Addenda 1 (TICL), rev. XX, and 2/w Appendix A (Citizens), rev. XX, and Optional Amendment to Change Prior Elections Made in the Reimbursement Contract or the Addenda to the Reimbursement Contract, rev. XX.

The rule and all forms show the proposed amendments in “track changes” format.



## **2013 Rule 19-8.010, F.A.C., and Incorporated Forms Summary of Changes**

### **Rule**

#### **19-8.010, Reimbursement Contract**

Deleted: Paragraphs (1) through (9) are deleted as obsolete. Former paragraphs (10) through (18) have been renumbered (1) through (9).

New: Subsection (10) has been added to incorporate the 2013/2014 Contract Year, Reimbursement Contract, and former subsection (19) has been renumbered (11).

### **Incorporated Forms**

#### ***Rule 19-8.010, F.A.C., Incorporated Forms:***

##### **FHCF-2013K, Reimbursement Contract:**

Throughout: Non-substantive clean up, and last year's references to 2012/2013 are replaced by references to 2013/2014.

Article VI(13) This exclusion is deleted:

~~Personal contents in a commercial storage facility (including jewelry in an off premises vault) covered under a policy that covers only those personal contents.~~

We have learned that whether insured by a stand-alone policy, an endorsement, or as scheduled personal property, many companies are unable to accurately report certain data elements without having to do manual reviews to distinguish personal property covered versus not covered by the FHCF. Eliminating this exclusion eliminates that reporting confusion and simplifies the Data Call. Striking this paragraph necessitated renumbering the remaining paragraphs.

**Article IX:** Revised. A new paragraph (2) has been added but this is not a change. It was added to serve as an additional reminder to companies that the Reimbursement Premium is, as it always has been, determined with reference to the exposure in effect on the statutory June 30 "as of" date. Premium is not impacted by increases or decreases effective after the "as of" date. The same message has been a part of Rule 19-8.028, F.A.C., for many, many years.

New (2) reads as follows:

The Company's Reimbursement Premium is based on its June 30 exposure in accordance with Article X, except as provided for New Participants under Article X, and is not adjusted to reflect an increase or decrease in exposure for Covered Policies effective after June 30 nor is the Reimbursement Premium adjusted when the Company cancels policies or is liquidated or otherwise changes its business status (merger, acquisition, or termination) or stops writing new business (continues in business with its policies in a runoff mode). Similarly, new business written after June 30 will not increase or decrease the Company's FHCF Reimbursement Premium or impact its FHCF coverage. FHCF Reimbursement Premiums are required of all companies based on their writing Covered Policies in Florida as of June 30, and each company's

FHCF coverage as based on the definition in Section 215.555(2)(m), Florida Statutes, shall exist for the entirety of the Contract Year regardless of exposure changes, except as provided for New Participants under Article X.

**Article X(1)(b):** The March 1 reporting deadline and the December 31 “as of” date for companies which write their first FHCF covered policies on or after June 1 but prior to December 1 of a particular Contract Year have been changed to February 1 for reporting and November 30 for the “as of” date. Currently, a New Participant that wrote new business between June 1 of a Contract Year and December 1 of that year must report, and pay Reimbursement Premium based upon, its exposure as of December 31 of that year. The purpose of these changes was to remove a potential impediment to Citizens depopulation plans, under which take-out companies often begin taking policies out on December 1, after the end of the hurricane season.

**Article X(1)(e)** has been stricken and replaced with a new paragraph (8) which expands former (1)(e) to add information regarding the confidentiality of trade secrets under Florida law. This new paragraph reads as follows:

**Confidential Information/Trade Secret Information**

Pursuant to the provisions of Section 215.557, Florida Statutes, the reports of insured values under Covered Policies by ZIP Code submitted to the SBA pursuant to Section 215.555, Florida Statutes, are confidential and exempt from the provisions of Section 119.07(1), Florida Statutes, and Section 24(a), Art. I of the State Constitution. If other information submitted by the Company to the FHCF could reasonably be ruled a “trade secret” as defined in Section 812.081, Florida Statutes, such information must be clearly marked “Trade Secret Information.”

**Article X(2)(a)** has been divided into (2)(a) and (2)(b) and former paragraph (2)(b) has been relabeled (2)(c).

**Article X(2) Reimbursement Premium:** The Reimbursement Contract specifies separate requirements for premium payments depending on whether or not the company is currently under the control of a state regulator or court-appointed receiver. No changes are proposed to the way companies pay the reimbursement premium if they are not under the control of a state regulator or court-appointed receiver.

Overview of how Reimbursement Premium Payments currently work for a company not under the control of a state regulator or court-appointed receiver: The amount owed by any particular company for FHCF coverage for a Contract Year cannot be determined until sometime after September 1 of a Contract Year since the companies gather the exposure data as of June 30<sup>th</sup> (a statutory deadline) and need some time to get that data to the FHCF. By statute, they must have the data in by September 1. Since the exposure of a company for a given Contract Year is not known by the FHCF until September 1, the actual amount due cannot be determined until sometime after that date. Therefore, companies pay a portion of the amount that was paid by that company for the prior Contract Year and make those “provisional” payments on August 1 and October 1. The FHCF administrator sends out an invoice for a December 1 payment that is a “true up” of the difference between what is actually due for that Contract Year for a particular company based on its September 1 reported exposure and what was estimated using the company’s prior Contract Year’s reimbursement premium payments. Note: if a company’s full

reimbursement premium for the prior year was \$5,000 or less, the full \$5,000 is due on August 1. The company will be invoiced in December for the true-up, if any.

Overview of how Reimbursement Premium Payments currently work for a company under the control of a state regulator or court appointed receiver: Currently, if the control of a company is transferred to a state regulator or court-appointed receiver, the company makes one “provisional” payment on August 1 (or upon transfer of control if that occurs after August 1) that reflects the reimbursement premium paid in the prior Contract Year, and there is a true-up in December.

Proposed Changes for X(2)(b): Currently, the word “control” is used. “Control” is retained but the words “administrative supervision” and “oversight” are added as clarification.

Proposed Changes for X(2)(b)1: No change.

Proposed Changes for X(2)(b)2.: New language. If the company does not comply with the provisions of X(2)(b)1, then the coverage level for that company drops from the percentage selected by that company in the Reimbursement Contract to the lowest level available, i.e. 45% for the entire Contract Year.

Article X(2)(b)3.: New language. The provisions of X(2)(b)1 and 2 will not apply if the state regulator, receiver, or rehabilitator provides a letter of assurance of payment of the FHCF reimbursement premium for the coverage selected in the Reimbursement Contract.

Article X(2)(b)4: New language. Outlines a company’s duty to notify the FHCF of transfer of control, or existence of administrative supervision or oversight and requires a statement of intention regarding payment of the Reimbursement Premium or intent to default to 45% or the intention to provide the assurances outlined in X(2)(b)3.

Article X(2)(c): The March 1 reporting deadline and the December 31 “as of” date for Companies which write their first FHCF covered policies on or after June 1 but prior to December 1 of a particular contract year have been changed from March 1 to February 1 for reporting and from December 31 to November 30 for the “as of” date. The first premium payment date of May 1 has been changed to April 1.

**Article X(8)**, see explanation of this new paragraph above under Article X(1)(e).

**Article XIII(1):** This paragraph outlines information that is status quo but is important and good to have in the Reimbursement Contract as a reminder.

**Article XIII(3)(h) and (4) and Article XVII(2)** refer to Chapter 120 rights. All references to Chapter 120 rights have been stricken. These rights are provided by law and exist outside of the Reimbursement Contract and therefore are stricken as unnecessary.

**Addendum No. 1, TICL Option:**

Pursuant to the changes made by CS/CS/CS/HB 1495 during the 2009 Legislative session, the TICL options have been reduced and the premium increased. Other than these coverage changes, the only other changes are dates that have been updated.

**Addendum No. 2 (and Appendix A), Citizens** (liquidating insurers):  
No substantive changes, date changes only.

**Optional Amendment to Change Prior Selections Made in the Reimbursement Contract or the Addenda to the Reimbursement Contract:**  
TICL options have been reduced and the dates have been updated.

## DRAFT 8-28-2012

### 19-8.010 Reimbursement Contract.

~~(1) The reimbursement contract for the 1995-1996 contract year required by Section 215.555(4), F.S., which is called Form FHCF 1995K—“Reimbursement Agreement (“Agreement”) between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“Fund”), rev. 07/95, is hereby adopted and incorporated by reference into this rule.~~

~~(2) The reimbursement contract for the 1996-1997 contract year required by Section 215.555(4), F.S., which is called Form FHCF 1996K—“Reimbursement Agreement (“Agreement”) between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“Fund”), rev. 05/96, is hereby adopted and incorporated by reference into this rule.~~

~~(3) The reimbursement contract for the 1997-1998 contract year required by Section 215.555(4), F.S., which is called Form FHCF 1997K—“Reimbursement Contract (“Contract”) between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“Fund”), rev. 05/97, is hereby adopted and incorporated by reference into this rule.~~

~~(4) The reimbursement contract for the 1998-1999 contract year required by Section 215.555(4), F.S., which is called Form FHCF 1998K—“Reimbursement Contract (“Contract”) between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“Fund”), rev. 05/98, is hereby adopted and incorporated by reference into this rule.~~

~~(5) The reimbursement contract for the 1999-2000 contract year required by Section 215.555(4), F.S., which is called Form FHCF 1999K—“Reimbursement Contract (“Contract”) between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/99, is hereby adopted and incorporated by reference into this rule. Addendum No. 1 to the 1999-2000 reimbursement contract, which is called Form FHCF 1999K-1—“Reimbursement Contract (“Contract”) between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 08/99, is hereby adopted and incorporated by reference into this rule.~~

~~(6) The reimbursement contract for the 2000-2001 contract year required by Section 215.555(4), F.S., which is called Form FHCF 2000K—“Reimbursement Contract (“Contract”) between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/00, is hereby adopted and incorporated by reference into this rule.~~

~~(7) The reimbursement contract for the 2001-2002 contract year required by Section 215.555(4), F.S., which is called Form FHCF 2001K—“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/01, is hereby adopted and incorporated by reference into this rule.~~

~~(8) The amended reimbursement contract for the 2002-2003 contract year required by Section 215.555(4), F.S., which is called Form FHCF 2002K—“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/02, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2002 through May 31, 2003.~~

~~(9) The reimbursement contract for the 2003-2004 contract year required by Section 215.555(4), F.S., which is called Form FHCF 2003K—“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/03, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2003 through May 31, 2004.~~

~~(10)~~ (1) The amended reimbursement contract for the 2004-2005 contract year required by Section 215.555(4), F.S., which is called Form FHCF-2004K – “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/04, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2004 through May 31, 2005.

~~(2)(44)~~ The reimbursement contract for the 2005-2006 contract year required by Section 215.555(4), F.S., which is called Form FHCF-2005K – “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # ( ) and the State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/05, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2005 through May 31, 2006. Addendum No. 1 to the 2005-2006 Reimbursement Contract, which is called Form FHCF-2005K-1 – “Reimbursement Contract (Contract) between (name of insurer) (the Company)/NAIC # ( ) and the State Board of Administration of the State of Florida (SBA) which administers the Florida Hurricane Catastrophe Fund (FHCF)”, rev. 06/05, is hereby adopted and incorporated by reference into this rule.

~~(3)(42)~~ The reimbursement contract for the 2006-2007 contract year, as amended by Addendums 1., 2., and 3., required by Section 215.555(4), F.S., which is called Form FHCF-2006K – “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # ( ) and the State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/06, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2006 through May 31, 2007.

~~(4)(43)~~ The reimbursement contract for the 2007-2008 contract year, including Addendum required by Section 215.555(4), F.S., which is called Form FHCF-2007K – “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # ( ) and the State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/07, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2007 through May 31, 2008.

~~(5)(44)~~ The reimbursement contract for the 2008-2009 contract year, including all Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2008K – “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/08, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2008 through May 31, 2009.

~~(6)(45)~~ The reimbursement contract for the 2009-2010 contract year, including all Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2009K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/09, as amended, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2009 through May 31, 2010.

~~(7)(46)~~ The reimbursement contract for the 2010-2011 contract year, including all Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2010K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/10, as amended, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2010 through May 31, 2011.

~~(8)(47)~~ The reimbursement contract for the 2011-2012 contract year, <http://www.flrules.org/Gateway/reference.asp?No=Ref-00518>, including all Amendments and Addenda, <http://www.flrules.org/Gateway/reference.asp?No=Ref-00519>, required by Section 215.555(4), F.S., which is called Form FHCF-2011K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 06/11, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2011 through May 31, 2012.

~~(9)(48)~~ The reimbursement contract for the 2012-2013 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-00777>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2012K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 12/11 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2012 through May 31, 2013.

(10) The reimbursement contract for the 2013-2014 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-XXXXX>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2013K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 12/XX is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2013 through May 31, 2014.

[\(11\)](#)~~(49)~~ Copies of the reimbursement contract may be obtained from the FHCF website, [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf) or by contacting the State Board of Administration. The mailing address is P. O. Box 13300, Tallahassee, Florida 32317-3300. The street address is 1801 Hermitage Blvd., Tallahassee, Florida 32308 and the telephone number is (850) 413-1341.

*Rulemaking Authority 215.555(3) FS. Law Implemented 215.555 FS. History—New 5-31-94, Amended 8-29-95, 5-19-96, 6-19-97, 5-28-98, 5-17-99, 9-13-99, 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 11-13-05, 5-10-06, 9-5-06, 5-8-07, 8-13-07, 6-8-08, 9-2-08, 3-30-09, 8-23-09, 3-29-10, 8-8-10, 12-12-10, 9-11-11, 12-19-11, [XX-XX-12](#).*

## Notice of Proposed Rule

### STATE BOARD OF ADMINISTRATION

RULE NO.: RULE TITLE:

19-8.010: Reimbursement Contract

PURPOSE AND EFFECT: The State Board of Administration of Florida, Florida Hurricane Catastrophe Fund, seeks to amend the rule listed above to implement Section 215.555, F.S.

SUMMARY: The rule is being amended to adopt the 2013-2014 Reimbursement Contract, including Addenda and Optional Amendment. In addition, obsolete material is being removed.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION:

The Agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of \$200,000 in the aggregate within one year after the implementation of the rule. A SERC has not been prepared by the agency.

The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: A Reimbursement Contract meeting the requirements set forth in Section 215.555, F.S., must be adopted annually pursuant to Section 215.555(4) and (18)(b), F.S. Upon review of the proposed changes to the upcoming Contract Year's Reimbursement Contract, which is incorporated into Rule 19-8.010, F.A.C., Reimbursement Contract, the State Board of Administration of Florida has determined that the preparation of a Statement of Estimated Regulatory Costs is not necessary and that this rule does not meet the statutory threshold for ratification by the Legislature. The changes to this rule also do not directly or indirectly have an adverse impact on economic growth, private sector job creation or employment, or private sector investment, business competitiveness, or innovation or increase regulatory costs, including any transactional costs, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule.

Any person who wishes to provide information regarding a statement of estimated regulatory costs, or provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

RULEMAKING AUTHORITY: 215.555(3), F.S.

LAW IMPLEMENTED: 215.555(2), (3), (4), (5), (6), (7), (10), (17), (18), F.S.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE, TIME AND PLACE SHOWN BELOW:

DATE AND TIME: October 22, 2012, 9:00 a.m. to 12:00 p.m. (ET).

PLACE: FHCF Conference Room, 1801 Hermitage Blvd., Tallahassee, Florida 32308.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 7 days before the workshop/meeting by contacting: Tracy Allen, 1801 Hermitage Blvd., Tallahassee, FL 32308, 850-413-1341, [tracy.allen@sbafla.com](mailto:tracy.allen@sbafla.com). If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Tracy Allen at the number or email listed above.

THE FULL TEXT OF THE PROPOSED RULE IS:

#### **19-8.010 Reimbursement Contract.**

~~(1) The reimbursement contract for the 1995-1996 contract year required by Section 215.555(4), F.S., which is called Form FHCF 1995K —“Reimbursement Agreement (“Agreement”) between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“Fund”), rev. 07/95, is hereby adopted and incorporated by reference into this rule.~~

~~(2) The reimbursement contract for the 1996-1997 contract year required by Section 215.555(4), F.S., which is called Form FHCF 1996K —“Reimbursement Agreement (“Agreement”) between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“Fund”), rev. 05/96, is hereby adopted and incorporated by reference into this rule.~~



~~(3) The reimbursement contract for the 1997-1998 contract year required by Section 215.555(4), F.S., which is called Form FHCF 1997K — “Reimbursement Contract (“Contract”) between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“Fund”), rev. 05/97, is hereby adopted and incorporated by reference into this rule.~~

~~(4) The reimbursement contract for the 1998-1999 contract year required by Section 215.555(4), F.S., which is called Form FHCF 1998K — “Reimbursement Contract (“Contract”) between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“Fund”), rev. 05/98, is hereby adopted and incorporated by reference into this rule.~~

~~(5) The reimbursement contract for the 1999-2000 contract year required by Section 215.555(4), F.S., which is called Form FHCF 1999K — “Reimbursement Contract (“Contract”) between (name of insurer) (the “Company”)/NAIC#( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/99, is hereby adopted and incorporated by reference into this rule. Addendum No. 1 to the 1999-2000 reimbursement contract, which is called Form FHCF 1999K-1 — “Reimbursement Contract (“Contract”) between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 08/99, is hereby adopted and incorporated by reference into this rule.~~

~~(6) The reimbursement contract for the 2000-2001 contract year required by Section 215.555(4), F.S., which is called Form FHCF 2000K — “Reimbursement Contract (“Contract”) between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/00, is hereby adopted and incorporated by reference into this rule.~~

~~(7) The reimbursement contract for the 2001-2002 contract year required by Section 215.555(4), F.S., which is called Form FHCF 2001K — “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/01, is hereby adopted and incorporated by reference into this rule.~~

~~(8) The amended reimbursement contract for the 2002-2003 contract year required by Section 215.555(4), F.S., which is called Form FHCF 2002K — “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/02, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2002 through May 31, 2003.~~

~~(9) The reimbursement contract for the 2003-2004 contract year required by Section 215.555(4), F.S., which is called Form FHCF 2003K — “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/03, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2003 through May 31, 2004.~~

~~(1) (40) The amended reimbursement contract for the 2004-2005 contract year required by Section 215.555(4), F.S., which is called Form FHCF-2004K — “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # ( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/04, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2004 through May 31, 2005.~~

~~(2) (44) The reimbursement contract for the 2005-2006 contract year required by Section 215.555(4), F.S., which is called Form FHCF-2005K — “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC # ( ) and the State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 05/05, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2005 through May 31, 2006. Addendum No. 1 to the 2005-2006 Reimbursement Contract, which is called Form FHCF-2005K-1 — “Reimbursement Contract (Contract) between~~

(name of insurer) (the Company)/NAIC # ( ) and the State Board of Administration of the State of Florida (SBA) which administers the Florida Hurricane Catastrophe Fund (FHCF)", rev. 06/05, is hereby adopted and incorporated by reference into this rule.

(3) ~~(42)~~ The reimbursement contract for the 2006-2007 contract year, as amended by Addendums 1., 2., and 3., required by Section 215.555(4), F.S., which is called Form FHCF-2006K – "Reimbursement Contract" or "Contract" between (name of insurer) (the "Company")/NAIC # ( ) and the State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 05/06, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2006 through May 31, 2007.

(4) ~~(43)~~ The reimbursement contract for the 2007-2008 contract year, including Addendum required by Section 215.555(4), F.S., which is called Form FHCF-2007K – "Reimbursement Contract" or "Contract" between (name of insurer) (the "Company")/NAIC # ( ) and the State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 05/07, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2007 through May 31, 2008.

(5) ~~(44)~~ The reimbursement contract for the 2008-2009 contract year, including all Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2008K – "Reimbursement Contract" or "Contract" between (name of insurer) (the "Company")/NAIC # ( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 05/08, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2008 through May 31, 2009.

(6) ~~(45)~~ The reimbursement contract for the 2009-2010 contract year, including all Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2009K-"Reimbursement Contract" or "Contract" between (name of insurer) (the "Company")/NAIC # ( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 05/09, as amended, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2009 through May 31, 2010.

(7) ~~(46)~~ The reimbursement contract for the 2010-2011 contract year, including all Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2010K-"Reimbursement Contract" or "Contract" between (name of insurer) (the "Company")/NAIC # ( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 05/10, as amended, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2010 through May 31, 2011.

(8) ~~(47)~~ The reimbursement contract for the 2011-2012 contract year, <http://www.flrules.org/Gateway/reference.asp?No=Ref-00518>, including all Amendments and Addenda, <http://www.flrules.org/Gateway/reference.asp?No=Ref-00519>, required by Section 215.555(4), F.S., which is called Form FHCF-2011K-"Reimbursement Contract" or "Contract" between (name of insurer) (the "Company")/NAIC # ( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 06/11, is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2011 through May 31, 2012.

(9) ~~(48)~~ The reimbursement contract for the 2012-2013 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-00777>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2012K-"Reimbursement Contract" or "Contract" between (name of insurer) (the "Company")/NAIC # ( ) and The State Board of Administration of the State of Florida ("SBA") which administers the Florida Hurricane Catastrophe Fund ("FHCF"), rev. 12/11 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2012 through May 31, 2013.

(10) The reimbursement contract for the 2013-2014 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-XXXXX>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2013K-"Reimbursement Contract" or "Contract" between (name of insurer) (the "Company")/NAIC # ( ) and The State Board of Administration of the State of Florida

(“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 12/XX is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2013 through May 31, 2014.

(11) (49) Copies of the reimbursement contract may be obtained from the FHCF website, [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf) or by contacting the State Board of Administration. The mailing address is P. O. Box 13300, Tallahassee, Florida 32317-3300. The street address is 1801 Hermitage Blvd., Tallahassee, Florida 32308 and the telephone number is (850) 413-1341.

*Rulemaking Authority 215.555(3) FS. Law Implemented 215.555 FS. History—New 5-31-94, Amended 8-29-95, 5-19-96, 6-19-97, 5-28-98, 5-17-99, 9-13-99, 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 11-13-05, 5-10-06, 9-5-06, 5-8-07, 8-13-07, 6-8-08, 9-2-08, 3-30-09, 8-23-09, 3-29-10, 8-8-10, 12-12-10, 9-11-11, 12-19-11, XX-XX-12.*

NAME OF PERSON ORIGINATING PROPOSED RULE: Jack E. Nicholson, FHCF Chief Operating Officer, State Board of Administration of Florida.

NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: The Trustees of the State Board of Administration of Florida.

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: September 18, 2012

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: August 10, 2012

## Notice of Meeting/Workshop Hearing

### **STATE BOARD OF ADMINISTRATION**

The State Board of Administration of Florida (SBA) announces a public meeting to which all persons are invited.

DATE AND TIME: September 18, 2012, 9:00 a.m. (ET) to conclusion of the meeting.

PLACE: Cabinet Meeting Room, Lower Level, The Capitol, Tallahassee, Florida.

GENERAL SUBJECT MATTER TO BE CONSIDERED: This is a meeting of the Trustees of the SBA to obtain approval to file Rule 19-8.010, F.A.C., Reimbursement Contract, for Notice of Proposed Rulemaking and to file this rule for adoption if no member of the public timely requests a hearing or if a hearing is requested, no changes need to be made. This meeting is also to address and take action on the need for liquidity of the Florida Hurricane Catastrophe Fund and to request that the Florida Hurricane Catastrophe Fund Finance Corporation, pursuant to Section 215.555, F.S., engage in financial transactions to provide sufficient funds to achieve the purposes of Section 215.555, F.S. In addition, other general business may be addressed.

A copy of the agenda may be obtained by contacting: Not available.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 7 days before the workshop/meeting by contacting: Tracy Allen, Florida Hurricane Catastrophe Fund, at (850) 413-1341 or [tracy.allen@sbafla.com](mailto:tracy.allen@sbafla.com). If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

For more information, you may contact: Tracy Allen at the number or email listed above.

## **REIMBURSEMENT CONTRACT**

**Effective: June 1, ~~2012~~2013**  
**(Contract)**

between

**«Legal\_Name»**  
(Company)

**NAIC # «NAIC\_»**

and

**THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA)  
WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)**

### **PREAMBLE**

The Legislature of the State of Florida has enacted Section 215.555, Florida Statutes “Statute”, which directs the SBA to administer the FHCF. This Contract, consisting of the principal document entitled Reimbursement Contract, addressing the mandatory FHCF coverage, and Addenda, is subject to the Statute and to any administrative rule adopted pursuant thereto, and is not intended to be in conflict therewith. All provisions in the ~~principle~~ principal document are equally applicable to each ~~Addenda~~ Addendum unless specifically superseded by one of the Addenda.

In consideration of the promises set forth in this Contract, the parties agree as follows:

### **ARTICLE I - SCOPE OF AGREEMENT**

As a condition precedent to the SBA’s obligations under this Contract, the Company, an Authorized Insurer or an entity writing Covered Policies under Section 627.351, Florida Statutes, in the State of Florida, shall report to the SBA in a specified format the business it writes which is described in this Contract as Covered Policies.

The terms of this Contract shall determine the rights and obligations of the parties. This Contract provides reimbursement to the Company under certain circumstances, as described herein, and does not provide or extend insurance or reinsurance coverage to any person, firm, corporation or other entity. The SBA shall reimburse the Company for its Ultimate Net Loss on Covered Policies, which were in force and in effect at the time of the Covered Event causing the loss, in excess of the Company’s Retention as a result of each Loss Occurrence commencing during the Contract Year, to the extent funds are available, all as hereinafter defined.

## ARTICLE II - PARTIES TO THE CONTRACT

This Contract is solely between the Company and the SBA which administers the FHCF. In no instance shall any insured of the Company or any claimant against an insured of the Company, or any other third party, have any rights under this Contract, except as provided in Article XIV. The SBA will only disburse funds to the Company, except as provided for in Article XIV of this Contract. The Company shall not, without the prior approval of the Office of Insurance Regulation, sell, assign, or transfer to any third party, in return for a fee or other consideration any sums the FHCF pays under this Contract or the right to receive such sums.

## ARTICLE III - TERM

This Contract shall apply to Loss Occurrences which commence during the period from 12:00:01 a.m., Eastern Time, June 1, ~~2012~~2013, to 12:00 midnight, Eastern Time, May 31, ~~2013~~2014 (Contract Year).

The Company must designate a coverage level, make the required selections, and return this fully executed Contract (two originals) to the FHCF Administrator so that the Contract is received by the FHCF Administrator no later than 5 p.m., Central Time, March 1, ~~2012~~2013. Failure to do so may result in a referral to the Office of Insurance Regulation within the Department of Financial Services for administrative action. Furthermore, the Company's coverage level under this Contract will be deemed as follows:

- (1) For Companies that are a member of a National Association of Insurance Commissioners (NAIC) group, the same coverage level selected by the other Companies of the same NAIC group shall be deemed. If executed Contracts for none of the members of an NAIC group have been received by the FHCF Administrator, the coverage level from the prior Contract Year shall be deemed.
- (2) For Companies that are not a member of an NAIC group under which other Companies are active participants in the FHCF, the coverage level from the prior Contract Year shall be deemed.
- (3) For New Participants, as that term is defined in Article V(21), that are a member of an NAIC group, the same coverage level selected by the other Companies of the same NAIC group shall be deemed.
- (4) For New Participants that are not a member of an NAIC group under which other Companies are active participants in the FHCF, the 45%, 75% or 90% coverage levels may be selected providing that the FHCF Administrator receives executed Contracts within 30 calendar days of the effective date of the first Covered Policy, otherwise, the 45% coverage level shall be deemed.

Pursuant to the terms of this Contract, the SBA shall not be liable for Loss Occurrences which commence after the effective time and date of expiration or termination. Should this Contract expire or terminate while a Loss Occurrence covered hereunder is in progress, the SBA shall be responsible for such Loss Occurrence in progress in the same manner and to the same extent it would have been responsible had the Contract expired the day following the conclusion of the Loss Occurrence in progress.

## ARTICLE IV - LIABILITY OF THE FHCF

- (1) The SBA shall reimburse the Company, with respect to each Loss Occurrence commencing during the Contract Year for the "Reimbursement Percentage" elected, this percentage times the amount of Ultimate Net Loss paid by the Company in excess of the Company's Retention, as adjusted pursuant to Article V(28), plus 5% of the reimbursed losses for Loss Adjustment Expense Reimbursement.
- (2) The Reimbursement Percentage will be 45% or 75% or 90%, at the Company's option as elected under Article XVIII.
- (3) The aggregate liability of the FHCF with respect to all Reimbursement Contracts covering this Contract Year shall not exceed the limit set forth under Section 215.555(4)(c)1., Florida Statutes. For specifics regarding loss reimbursement calculations, see section (3)(c) of Article X herein.

- (4) Upon the occurrence of a Covered Event, the SBA shall evaluate the potential losses to the FHCF and the FHCF's capacity at the time of the event. The initial Projected Payout Multiple used to reimburse the Company for its losses shall not exceed the Projected Payout Multiple as calculated based on the capacity needed to provide the FHCF's mandatory coverage. The SBA shall make adjustments to the Projected Payout Multiple in order to reimburse the optional Temporary Increase in Coverage Limit (TICL) Options coverage based on the SBA's ongoing evaluation of potential losses and capacity. If it appears that the Estimated Claims-Paying Capacity may be exceeded, the SBA shall reduce the projected payout factors or multiples for determining each participating insurer's projected payout uniformly among all insurers to reflect the Estimated Claims-Paying Capacity.
- (5) Reimbursement amounts shall not be reduced by reinsurance paid or payable to the Company from other sources.
- (6) After the end of the calendar year, the SBA shall notify insurers of the estimated Borrowing Capacity and the Balance of the Fund as of December 31. In May and October of each year, the SBA shall publish in the *Florida Administrative Weekly* a statement of the FHCF's estimated Borrowing Capacity, Estimated Claims-Paying Capacity, and the projected Balance of the Fund as of December 31.
- (7) The obligation of the SBA with respect to all Contracts covering a particular Contract Year shall not exceed the Balance of the Fund as of December 31 of that Contract Year, together with the maximum amount the SBA is able to raise through the issuance of revenue bonds or through other means available to the SBA under Section 215.555, Florida Statutes, up to the limit in accordance with Section 215.555(4)(c)1., Florida Statutes. The obligations and the liability of the SBA are more fully described in Rule 19-8.013, Florida Administrative Code (F.A.C.).

## ARTICLE V - DEFINITIONS

### (1) **Actual Claims-Paying Capacity of the FHCF**

This term means the sum of the Balance of the Fund as of December 31 of a Contract Year, plus any reinsurance purchased by the FHCF, plus the amount the SBA is able to raise through the issuance of revenue bonds, or through other means available by law to the SBA, up to the limit in accordance with Section 215.555(4)(c)1. and (6), Florida Statutes.

### (2) **Actuarially Indicated**

This term means, with respect to Premiums paid by Companies for reimbursement provided by the FHCF, an amount determined in accordance with the definition provided in Section 215.555(2)(a), Florida Statutes.

### (3) **Additional Living Expense (ALE)**

ALE losses covered by the FHCF are not to exceed 40 percent of the insured value of a Residential Structure or its contents based on the coverage provided in the policy. Fair rental value, loss of rents, or business interruption losses are not covered by the FHCF.

### (4) **Administrator**

This term means the entity with which the SBA contracts to perform administrative tasks associated with the operations of the FHCF. The Administrator is Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83<sup>rd</sup> Street, Suite 1100, Minneapolis, Minnesota 55437. The telephone number is (800) 689-3863, and the facsimile number is (800) 264-0492.

### (5) **Authorized Insurer**

This term is defined in Section 624.09(1), Florida Statutes.

(6) **Borrowing Capacity**

This term means the amount of funds which are able to be raised by the issuance of revenue bonds or through other financing mechanisms, less bond issuance expenses and reserves.

(7) **Citizens Property Insurance Corporation (Citizens)**

This term means the entity formed under Section 627.351(6), Florida Statutes, and refers to both Citizens Property Insurance Corporation Coastal Account and Citizens Property Insurance Corporation Personal Lines and Commercial Lines Accounts.

(8) **Contract**

This term means this Reimbursement Contract for the current Contract Year.

(9) **Covered Event**

This term means any one storm declared to be a hurricane by the National Hurricane Center which causes insured losses in Florida. A Covered Event begins when a hurricane causes damage in Florida while it is a hurricane and continues throughout any subsequent downgrades in storm status by the National Hurricane Center regardless of whether the hurricane makes landfall. Any storm, including a tropical storm, which does not become a hurricane is not a Covered Event.

(10) **Covered Policy or Covered Policies**

(a) Covered Policy, as defined in Section 215.555(2)(c), Florida Statutes, is further clarified to mean only that portion of a binder, policy or contract of insurance that insures real or personal property located in the State of Florida to the extent such policy insures a Residential Structure, as defined in definition (27) herein, or the contents of a Residential Structure, located in the State of Florida.

(b) Due to the specialized nature of the definition of Covered Policies, Covered Policies are not limited to only one line of business in the Company's annual statement required to be filed by Section 624.424, Florida Statutes. Instead, Covered Policies are found in several lines of business on the Company's annual statement. Covered Policies will at a minimum be reported in the Company's statutory annual statement as:

1. Fire
2. Allied Lines
3. Farmowners Multiple Peril
4. Homeowners Multiple Peril
5. Commercial Multiple Peril (non liability portion, covering condominiums and apartments)
6. Inland Marine

Note that where particular insurance exposures, e.g., mobile homes, are reported on an annual statement is not dispositive of whether or not the exposure is a Covered Policy.

(c) This definition applies only to the first-party property section of a policy pertaining strictly to the structure, its contents, appurtenant structures, or ALE coverage.

(d) Covered Policy also includes any collateral protection insurance policy covering personal residences which protects both the borrower's and the lender's financial interest, in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy, if such policy can be accurately reported as required in Section 215.555(5), Florida Statutes. A Company will be deemed to be able to accurately report data if the required data, as specified in the Premium Formula adopted in Section 215.555(5), Florida Statutes, is available.

(e) See Article VI of this Contract for specific exclusions.

(11) **Deductible Buy-Back Policies**

This term means a specific policy that provides coverage to a policyholder for some portion of the policyholder's deductible under a policy issued by another insurer.



- (12) **Estimated Claims-Paying Capacity of the FHCF**  
This term means the sum of the projected Balance of the Fund as of December 31 of a Contract Year, plus any reinsurance purchased by the FHCF, plus the most recent estimate of the Borrowing Capacity of the FHCF, determined pursuant to Section 215.555(4)(c), Florida Statutes.
- (13) **Excess Policies**  
This term, for the purposes of this Contract, means a policy that provides insurance protection for large commercial property risks and that provides a layer of coverage above a primary layer (which is insured by a different insurer) that acts much the same as a very large deductible.
- (14) **Florida Department of Financial Services (Department)**  
This term means the Florida regulatory agency, created pursuant to Section 20.121, Florida Statutes, which is charged with regulating the Florida insurance market and administering the Florida Insurance Code.
- (15) **Florida Insurance Code**  
This term means those chapters identified in Section 624.01, Florida Statutes, which are designated as the Florida Insurance Code.
- (16) **Formula or the Premium Formula**  
This term means the Formula approved by the SBA for the purpose of determining the Actuarially Indicated Premium to be paid to the FHCF. The Premium Formula is defined as an approach or methodology which leads to the creation of premium rates. The resulting rates are therefore incorporated as part of the Premium Formula. The Formula, shall, pursuant to Section 215.555(5)(b), Florida Statutes, include a cash build-up factor in the amount specified therein.
- (17) **Fund Balance or Balance of the Fund as of December 31**  
These terms mean the amount of assets available to pay claims, not including any bonding proceeds, resulting from Covered Events which occurred during the Contract Year.
- (18) **Insurer Group**  
For purposes of the coverage option election in Section 215.555(4)(b), Florida Statutes, Insurer Group means the group designation assigned by the National Association of Insurance Commissioners (NAIC) for purposes of filing consolidated financial statements. A Company is a member of a group as designated by the NAIC until such Company is assigned another group designation or is no longer a member of a group recognized by the NAIC.
- (19) **Loss Occurrence**  
This term means the sum of individual insured Losses incurred under Covered Policies resulting from the same Covered Event. "Losses" means all incurred losses under Covered Policies, including Additional Living Expenses not to exceed 40 percent of the insured value of a Residential Structure or its contents and amounts paid as fees on behalf of or inuring to the benefit of a policyholder, and excludes allocated or unallocated Loss Adjustment Expenses.
- (20) **Loss Adjustment Expense Reimbursement**  
(a) Loss Adjustment Expense Reimbursement shall be 5% of the reimbursed losses under this Contract as provided in Article IV, pursuant to Section 215.555(4)(b)1., Florida Statutes.  
(b) To the extent that loss reimbursements are limited to the Payout Multiple applied to each Company, the 5% Loss Adjustment Expense is included in the total Payout Multiple applied to each Company.
- (21) **New Participant(s)**  
This term means all Companies which begin writing Covered Policies on or after the beginning of the Contract Year. A Company that removes exposure from either Citizens entity, as that term is defined in (7) above, pursuant to an assumption agreement effective on or after June 1 and had written no other Covered Policies before June 1 is also considered a New Participant.
- (22) **Office of Insurance Regulation**  
This term means that office within the Department of Financial Services and which was created in Section 20.121(3), Florida Statutes.

(23) **Payout Multiple**

This term means the multiple as calculated in accordance with Section 215.555(4)(c), Florida Statutes, which is derived by dividing the single season Claims-Paying Capacity of the FHCF by the total aggregate industry Reimbursement Premium for the FHCF for the Contract Year billed as of December 31 of the Contract Year. The final Payout Multiple is determined once Reimbursement Premiums have been billed as of December 31 and the amount of bond proceeds has been determined.

(24) **Premium**

This term means the same as Reimbursement Premium.

(25) **Projected Payout Multiple**

The Projected Payout Multiple is used to calculate a Company's projected payout pursuant to Section 215.555(4)(d)2., Florida Statutes. The Projected Payout Multiple is derived by dividing the estimated single season Claims-Paying Capacity of the FHCF by the estimated total aggregate industry Reimbursement Premium for the FHCF for the Contract Year. The Company's Reimbursement Premium as paid to the SBA for the Contract Year is multiplied by the Projected Payout Multiple to estimate the Company's coverage from the FHCF for the Contract Year.

(26) **Reimbursement Premium**

This term means the Premium determined by multiplying each \$1,000 of insured value reported by the Company in accordance with Section 215.555(5)(b), Florida Statutes, by the rate as derived from the Premium Formula, as described in Rule 19-8.028, F.A.C.

(27) **Residential Structures**

This term means dwelling units, including the primary structure and appurtenant structures insured under the same policy and any other structures covered under endorsements associated with a policy covering a residential structure. ***Covered Residential Structures do not include*** any structures listed under Article VI herein or structures used solely for non-residential purposes.

(28) **Retention**

The Company's Retention means the amount of hurricane losses under Covered Policies which must be incurred by the Company before it is eligible for reimbursement from the FHCF.

(a) When the Company experiences covered losses from one or two Covered Events during the Contract Year, the Company's full Retention shall be applied to each of the Covered Events.

(b) When the Company experiences covered losses from more than two Covered Events during the Contract Year, the Company's full Retention shall be applied to each of the two Covered Events causing the largest covered losses for the Company. For each other Covered Event resulting in covered losses, the Company's Retention shall be reduced to one-third of its full Retention and applied to all other Covered Events.

1. All reimbursement of covered losses for each Covered Event shall be based on the Company's full Retention until December 31 of the Contract Year. Adjustments to reflect a reduction to one-third of the full Retention shall be made on or after December 31 of the Contract Year provided the Company reports its losses as specified in this Contract.

2. Adjustments to the Company's Retention shall be based upon its paid and outstanding losses as reported on the Company's Proof of Loss Reports but shall not include incurred but not reported losses. The Company's Proof of Loss Reports shall be used to determine which Covered Events constitute the Company's two largest Covered Events, and the reduction to one-third of the full Retention shall be applied to all other Covered Events for the Contract Year. After this initial determination, any subsequent adjustments shall be made by the SBA only if the quarterly loss reports reveal that loss development patterns have resulted in a change in the order of Covered Events entitled to the reduction to one-third of the full Retention.

(c) The Company's full Retention is established in accordance with the provisions of Section 215.555(2)(e), Florida Statutes, and shall be determined by multiplying the Retention Multiple by the Company's Reimbursement Premium for the Contract Year.

- (d) Once the Company's limit of coverage has been exhausted, the Company will not be entitled to further reimbursements.
- (29) **Retention Multiple**
- (a) The Retention Multiple is applied to the Company's Reimbursement Premium to determine the Company's Retention. The Retention Multiple for the ~~2012/2013~~2013/2014 Contract Year shall be equal to \$4.5 billion, adjusted based upon the reported exposure for the ~~2010/2011~~2011/2012 Contract Year to reflect the percentage growth in exposure to the FHCF since 2004, divided by the estimated total industry Reimbursement Premium at the 90% reimbursement percentage level for the Contract Year as determined by the SBA.
- (b) The Retention Multiple as determined under (29)(a) above shall be adjusted to reflect the reimbursement percentage elected by the Company under this Contract as follows:
1. If the Company elects a 90% reimbursement percentage, the adjusted Retention Multiple is 100% of the amount determined under (29)(a) above;
  2. If the Company elects a 75% reimbursement percentage, the adjusted Retention Multiple is 120% of the amount determined under (29)(a) above; or
  3. If the Company elects a 45% reimbursement percentage, the adjusted Retention Multiple is 200% of the amount determined under (29)(a) above.
- (30) **Ultimate Net Loss**
- (a) This term means all Losses of the Company under Covered Policies in force at the time of a Covered Event, as defined under (9) above, prior to the application of the Company's FHCF Retention, as defined under (28) above, and reimbursement percentage, and excluding loss adjustment expense and any exclusions under Article VI herein, arising from each Loss Occurrence during the Contract Year, provided, however, that the Company's Ultimate Net Loss shall be determined in accordance with the deductible level written under the policy sustaining the loss.
- (b) Salvages and all other recoveries, excluding reinsurance recoveries, shall be first deducted from such loss to arrive at the amount of liability attaching hereunder.
- (c) All salvages, recoveries or payments recovered or received subsequent to a loss settlement under this Contract shall be applied as if recovered or received prior to the aforesaid settlement and all necessary adjustments shall be made by the parties hereto.
- (d) Nothing in this clause shall be construed to mean that losses under this Contract are not recoverable until the Company's Ultimate Net Loss has been ascertained.
- (e) The SBA shall be subrogated to the rights of the Company to the extent of its reimbursement of the Company. The Company agrees to assist and cooperate with the SBA in all respects as regards such subrogation. The Company further agrees to undertake such actions as may be necessary to enforce its rights of salvage and subrogation, and its rights, if any, against other insurers as respects any claim, loss, or payment arising out of a Covered Event.

## ARTICLE VI – EXCLUSIONS

This Contract does not provide reimbursement for:

- (1) Any losses not defined as being within the scope of a Covered Policy.
- (2) Any policy which excludes wind or hurricane coverage.
- (3) Any Excess Policy or Deductible Buy-Back Policy that requires individual ratemaking, as determined by the FHCF.
- (4) Any policy for Residential Structures, as defined in Article V(27) herein, that provides a layer of coverage underneath an Excess Policy, as defined in Article V(13) herein, issued by a different insurer.
- (5) Any liability of the Company attributable to losses for fair rental value, loss of rent or rental income, or business interruption.

- (6) Any collateral protection policy that does not meet the definition of Covered Policy as defined in Article V(10)(d) herein.
- (7) Any reinsurance assumed by the Company.
- (8) Any exposure for hotels, motels, timeshares, shelters, camps, retreats, and any other rental property used solely for commercial purposes.
- (9) Any exposure for homeowner associations if no habitational structures are insured under the policy.
- (10) Any exposure for homes and condominium structures or units that are non-owner occupied and rented for six (6) or more rental periods by different parties during the course of a twelve (12) month period.
- (11) Commercial healthcare facilities and nursing homes; however, a nursing home which is an integral part of a retirement community consisting primarily of habitational structures that are not nursing homes will not be subject to this exclusion.
- (12) Any exposure under commercial policies covering only appurtenant structures or structures that do not function as a habitational structure (e.g., a policy covering only the pool of an apartment complex).
- ~~(13) Personal contents in a commercial storage facility (including jewelry in an off-premises vault) covered under a policy that covers only those personal contents.~~
- ~~(14)~~(13) Policies covering only Additional Living Expense.
- ~~(15)~~(14) Any exposure for barns or barns with apartments.
- ~~(16)~~(15) Any exposure for builders risk coverage or new Residential Structures still under construction.
- ~~(17)~~(16) Any exposure for recreational vehicles, golf carts, or boats (including boat related equipment) requiring licensing and written on a separate policy or endorsement.
- ~~(18)~~(17) Any liability of the Company for extra contractual obligations or liabilities in excess of original policy limits. This exclusion includes, but is not limited to, amounts paid as bad faith awards, punitive damages awards, or other court-imposed fines, sanctions, or penalties; or other amounts in excess of the coverage limits under the Covered Policy.
- ~~(19)~~(18) Any losses paid in excess of a policy's hurricane limit in force at the time of each Covered Event, including individual coverage limits (i.e., building, appurtenant structures, contents, and additional living expense), or other amounts paid as the result of a voluntary expansion of coverage by the insurer, including, but not limited to, a waiver of an applicable deductible. This exclusion includes overpayments of a specific individual coverage limit even if total payments under the policy are within the aggregate policy limit.
- ~~(20)~~(19) Any losses paid under a policy for Additional Living Expense, written as a time element coverage, in excess of the Additional Living Expense exposure reported for that policy under the Data Call for the applicable Contract Year (unless policy limits have changed effective after June 30 of the Contract Year).
- ~~(21)~~(20) Any losses for which the Company's claims files do not adequately support. Claim file support shall be deemed adequate if in compliance with the Records Retention Requirements outlined on the Form FHCF-L1B (Proof of Loss Report) applicable to the Contract Year.
- ~~(22)~~(21) Amounts paid to reimburse a policyholder for condominium association loss assessments or under similar coverages for contractual liabilities.
- ~~(23)~~(22) Losses in excess of the sum of the Balance of the Fund as of December 31 of the Contract Year and the amount the SBA is able to raise through the issuance of revenue bonds or by the use of other financing mechanisms, up to the limit pursuant to Section 215.555(4)(c), Florida Statutes.
- ~~(24)~~(23) Any liability assumed by the Company from Pools, Associations, and Syndicates. Exception: Covered Policies assumed from Citizens under the terms and conditions of an executed assumption agreement between the Authorized Insurer and Citizens are covered by this Contract.
- ~~(25)~~(24) All liability of the Company arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. "Insolvency fund" includes any guaranty fund, insolvency fund, plan, pool, association, fund or other

arrangement, howsoever denominated, established or governed, which provides for any assessment of or payment or assumption by the Company of part or all of any claim, debt, charge, fee, or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

| ~~(26)~~(25) Property losses that are proximately caused by any peril other than a Covered Event, including, but not limited to, fire, theft, flood or rising water, or windstorm that does not constitute a Covered Event, or any liability of the Company for loss or damage caused by or resulting from nuclear reaction, nuclear radiation, or radioactive contamination from any cause, whether direct or indirect, proximate or remote, and regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

| ~~(27)~~(26) The FHCF does not provide coverage for water damage which is generally excluded under property insurance contracts and has been defined to mean flood, surface water, waves, tidal water, overflow of a body of water, storm surge, or spray from any of these, whether or not driven by wind.

| ~~(28)~~(27) Specialized Fine Arts Risks as defined in Rule 19-8.028(4)(d), F.A.C.

| ~~(29)~~(28) Any losses under liability coverages.

## **ARTICLE VII - MANAGEMENT OF CLAIMS AND LOSSES**

The Company shall investigate and settle or defend all claims and losses. All payments of claims or losses by the Company within the terms and limits of the appropriate coverage parts of Covered Policies shall be binding on the SBA, subject to the terms of this Contract, including the provisions in Article XIII relating to inspection of records and examinations.

## **ARTICLE VIII – LOSS REIMBURSEMENT ADJUSTMENTS**

### **(1) Offsets**

The SBA reserves the right to offset amounts payable to the SBA from the Company, including amounts payable under any Contract Year and the Company's full Premium for the current Contract Year (regardless of installment due dates), against any reimbursement or advance amounts, or amounts agreed to in a commutation agreement, which are due and payable to the Company from the SBA as a result of the liability of the SBA.

### **(2) Reimbursement Adjustments**

Section 215.555(4)(d) and (e), Florida Statutes, provides the SBA with the right to seek the return of excess loss reimbursements which have been paid to the Company along with interest thereon. Excess loss reimbursements are those payments made to the Company by the SBA that are in excess of the Company's coverage under the Contract Year. Excess loss reimbursements may result from adjustments to the Projected Payout Multiple or the Payout Multiple, incorrect exposure (Data Call) submissions or resubmissions, incorrect calculations of Reimbursement Premiums or Retentions, incorrect Proof of Loss Reports, incorrect calculation of reinsurance recoveries, or subsequent readjustment of policyholder claims, including subrogation and salvage, or any combination of the foregoing. The Company will be sent an invoice showing the due date for adjustments along with the interest due thereon through the due date. The applicable interest rate for interest credits, and for interest charges for adjustments beyond the Company's control, will be the average rate earned by the SBA for the FHCF for the first four months of the Contract Year. The applicable interest rate for interest charges on excess loss reimbursements due to adjustments resulting from incorrect exposure submissions or Proof of Loss Reports will accrue at this rate plus 5%. All interest will continue to accrue if not paid by the due date.

## ARTICLE IX - REIMBURSEMENT PREMIUM

- (1) The Company shall, in a timely manner, pay the SBA its Reimbursement Premium for the Contract Year. The Reimbursement Premium for the Contract Year shall be calculated in accordance with Section 215.555, Florida Statutes, with any rules promulgated thereunder, and with Article X(2).
- (2) The Company's Reimbursement Premium is based on its June 30 exposure in accordance with Article X, except as provided for New Participants under Article X, and is not adjusted to reflect an increase or decrease in exposure for Covered Policies effective after June 30 or is the Reimbursement Premium adjusted when the Company cancels policies or is liquidated or otherwise changes its business status (merger, acquisition, or termination) or stops writing new business (continues in business with its policies in a runoff mode). Similarly, new business written after June 30 will not increase or decrease the Company's FHCF Reimbursement Premium or impact its FHCF coverage. FHCF Reimbursement Premiums are required of all companies based on their writing Covered Policies in Florida as of June 30, and each company's FHCF coverage as based on the definition in Section 215.555(2)(m), Florida Statutes, shall exist for the entirety of the Contract Year regardless of exposure changes, except as provided for New Participants under Article X.
- ~~(2)~~(3) Since the calculation of the Actuarially Indicated Premium assumes that the Companies will pay their Reimbursement Premiums timely, interest charges will accrue under the following circumstances. A Company may choose to estimate its own Premium installments. However, if the Company's estimation is less than the provisional Premium billed, an interest charge will accrue on the difference between the estimated Premium and the final Premium. If a Company estimates its first installment, the Administrator shall bill that estimated Premium as the second installment as well, which will be considered as an estimate by the Company. No interest will accrue regarding any provisional Premium if paid as billed by the FHCF's Administrator, except in the case of an estimated second installment as set forth in this Article. Also, if a Company makes an estimation that is higher than the provisional Premium billed but is less than the final Premium, interest will not accrue. If the Premium payment is not received from a Company when it is due, an interest charge will accrue on a daily basis until the payment is received. Interest will also accrue on Premiums resulting from submissions or resubmissions finalized after December 1 of the Contract Year. An interest credit will be applied for any Premium which is overpaid as either an estimate or as a provisional Premium. Interest shall not be credited past December 1 of the Contract Year. The applicable interest rate for interest credits will be the average rate earned by the SBA for the FHCF for the first four months of the Contract Year. The applicable interest rate for interest charges will accrue at this rate plus 5%.

## ARTICLE X - REPORTS AND REMITTANCES

### (1) Exposures

- (a) If the Company writes Covered Policies before June 1 of the Contract Year, the Company shall report to the SBA, unless otherwise provided in Rule 19-8.029, F.A.C., no later than the statutorily required date of September 1 of the Contract Year, by ZIP Code or other limited geographical area as specified by the SBA, its insured values under Covered Policies as of June 30 of the Contract Year as outlined in the annual reporting of insured values form, FHCF-D1A (Data Call) adopted for the Contract Year under Rule 19-8.029, F.A.C., and other data or information in the format specified by the SBA.
- (b) If the Company first begins writing Covered Policies on or after June 1 but prior to December 1 of the Contract Year, the Company shall report to the SBA, no later than ~~March~~ February 1 of the Contract Year, by ZIP Code or other limited geographical area as specified by the SBA, its insured values under Covered Policies as of ~~December 31~~ November 30 of the Contract Year as outlined in the Supplemental Instructions for New Participants section of the Data Call adopted for the Contract Year under Rule 19-8.029, F.A.C., and other data or information in the format specified by the SBA.



- (c) If the Company first begins writing Covered Policies on December 1 through and including May 31 of the Contract Year, the Company shall not report its exposure data for the Contract Year to the SBA.
- (d) The requirement that a report is due on a certain date means that the report shall be in the physical possession of the FHCF's Administrator in Minneapolis no later than 5 p.m. Central Time on the due date. If the applicable due date is a Saturday, Sunday or legal holiday, then the actual due date will be the day immediately following the applicable due date which is not a Saturday, Sunday or legal holiday. For purposes of the timeliness of the submission, neither the United States Postal Service postmark nor a postage meter date is in any way determinative. Reports sent to the SBA in Tallahassee, Florida, will be returned to the sender. Reports not in the physical possession of the FHCF's Administrator by 5 p.m., Central Time, on the applicable due date are late.
- ~~(e) Pursuant to the provisions of Section 215.557, Florida Statutes, the reports of insured values under Covered Policies by ZIP Code submitted to the SBA pursuant to Section 215.555, Florida Statutes, are confidential and exempt from the provisions of Section 119.07(1), Florida Statutes, and Section 24(a), Art. I of the State Constitution.~~

**(2) Reimbursement Premium**

- (a) If the Company writes Covered Policies before June 1 of the Contract Year, the Company shall pay the FHCF its Reimbursement Premium in installments due on or before August 1, October 1, and December 1 of the Contract Year in amounts to be determined by the FHCF. However, if the Company's Reimbursement Premium for the prior Contract Year was less than \$5,000, the Company's full provisional Reimbursement Premium, in an amount equal to the Reimbursement Premium paid in the prior year, shall be due in full on or before August 1 of the Contract Year. The Company will be invoiced for amounts due, if any, beyond the provisional Reimbursement Premium payment, on or before December 1 of the Contract Year.
- ~~(b) In addition, if the Company is under administrative supervision, or if any control or oversight of the Company has been transferred through any legal or regulatory proceeding action to a state regulator or court appointed receiver or rehabilitator (referred to in the aggregate as "State action")):~~
  - ~~1. the~~The full annual provisional Reimbursement Premium as billed and any outstanding balances will be due and payable on August 1, or the date that such State action occurs after August 1 of the Contract Year.
  - 2. Failure by such Company to pay the full annual provisional Reimbursement Premium as specified in 1. above by the applicable due date(s) shall result in the 45% coverage level being deemed for the complete Contract Year regardless of the level selected for the Company through the execution of this Contract and regardless of whether a hurricane event occurred or triggered coverage.
  - ~~3. Such acceleration~~The provisions required in 1. and 2. above will not apply when the state regulator, receiver, or rehabilitator provides a letter of assurance to the FHCF that the Company will have the resources to and will pay the full Reimbursement Premium in installments in accordance with the contractual provisions for the coverage level selected through the execution of this Contract.
  - 4. When control or oversight has been transferred, in whole or in part, through a legal or regulatory action, the controlling management of the Company shall specify by August 1 or as soon thereafter as possible (but not to exceed two weeks after any regulatory or legal action) in a letter to the FHCF as to the Company's intentions to either pay the full FHCF Reimbursement Premium as specified in 1. above, to default to the 45% coverage being deemed as specified in 2. above, or to provide the assurances as specified in 3. above.
- ~~(b)(c)~~ A New Participant that first begins writing Covered Policies on or after June 1 but prior to December 1 of the Contract Year shall pay the FHCF a provisional Reimbursement Premium of \$1,000 upon execution of this Contract. The Administrator shall calculate the Company's

actual Reimbursement Premium for the period based on its actual exposure as of ~~December 31~~ November 30 of the Contract Year, as reported on or before ~~March~~ February 1 of the Contract Year. To recognize that New Participants have limited exposure during this period, the actual Premium as determined by processing the Company's exposure data shall then be divided in half, the provisional Premium shall be credited, and the resulting amount shall be the total Premium due for the Company for the remainder of the Contract Year. However, if that amount is less than \$1,000, then the Company shall pay \$1,000. The Premium payment is due no later than ~~May~~ April 1 of the Contract Year. The Company's Retention and coverage will be determined based on the total Premium due as calculated above.

~~(e)~~(d) A New Participant that first begins writing Covered Policies on or after December 1 through and including May 31 of the Contract Year shall pay the FHCF a Reimbursement Premium of \$1,000 upon execution of this Contract.

~~(e)~~(e) The requirement that the Reimbursement Premium is due on a certain date means that the Premium shall be in the physical possession of the FHCF no later than 2 p.m., Eastern Time, on the due date applicable to the particular installment. If remitted by check to the FHCF's Post Office Box, the check shall be physically in the Post Office Box 100822, Atlanta, GA 30384-0822, as set out on the invoice sent to the Company. If remitted by check by hand delivery, the check shall be physically on the premises of the FHCF's bank in College Park, Georgia, as set out on the invoice sent to the Company. If remitted electronically, the wire transfer shall have been completed to the FHCF's account at its bank in Atlanta, Georgia, as set out on the invoice sent to the Company. If the applicable due date is a Saturday, Sunday or legal holiday, then the actual due date will be the day immediately following the applicable due date which is not a Saturday, Sunday or legal holiday. For purposes of the timeliness of the remittance, neither the United States Postal Service postmark nor a postage meter date is in any way determinative. Premium checks sent to the SBA in Tallahassee, Florida, or to the FHCF's Administrator in Minneapolis, Minnesota, will be returned to the sender. Reimbursement Premiums not in the physical possession of the FHCF by 2 p.m., Eastern Time, on the applicable due date are late.

~~(e)~~(f) Except as required by Section 215.555(7)(c), Florida Statutes, or as described in the following sentence, Reimbursement Premiums, together with earnings thereon, received in a given Contract Year will be used only to pay for losses attributable to Covered Events occurring in that Contract Year or for losses attributable to Covered Events in subsequent Contract Years and will not be used to pay for past losses or for debt service on revenue bonds. Pursuant to Section 215.555(6)(a)1., Florida Statutes, Reimbursement Premiums and earnings thereon may be used for payments relating to revenue bonds in the event emergency assessments are insufficient. If Reimbursement Premiums or earnings thereon are used for debt service on revenue bonds, then the amount of the Reimbursement Premiums or earnings thereon so used shall be returned, without interest, to the Fund when emergency assessments or other legally available funds remain available after making payment relating to the revenue bonds and any other purposes for which emergency assessments were levied.

### (3) **Claims and Losses**

#### (a) **In General**

1. Claims and losses resulting from Loss Occurrences commencing during the Contract Year shall be reported by the Company and reimbursed by the FHCF as provided herein and in accordance with the Statute, this Contract, and any rules adopted pursuant to the Statute. For a Company participating in a quota share primary insurance agreement(s) with Citizens Property Insurance Corporation Coastal Account, Citizens and the Company shall report only their respective portion of losses under the quota share primary insurance agreement(s). Pursuant to Section 215.555(4)(c), Florida Statutes, the SBA is obligated to pay for losses not to exceed the Actual Claims-Paying Capacity of the FHCF, up to the limit in accordance with Section 215.555(4)(c)1., Florida Statutes, for any one Contract Year.



2. If the Company is in non-compliance with Section 215.555, Florida Statutes for any Contract Year, including deadlines for sending in Contracts, addenda or attachments to Contracts, Data Call submissions or resubmissions, loss reports, or in responding to SBA exam requirements, the SBA reserves the right to withhold any payments or advances until such time the Company becomes compliant.

(b) **Loss Reports**

1. At the direction of the SBA, the Company shall report its projected Ultimate Net Loss from each Loss Occurrence to provide information to the SBA in determining any potential liability for possible reimbursable losses under the Contract on the Interim Loss Report, Form FHCF-L1A, adopted for the Contract Year under Rule 19-8.029, F.A.C. Interim Loss Reports (including subsequent Interim Loss Reports if required by the SBA) will be due in no less than fourteen days from the date of the notice from the SBA that such a report is required.
2. FHCF loss reimbursements will be issued based on Ultimate Net Loss information reported by the Company on the Proof of Loss Report, Form FHCF-L1B, adopted for the Contract Year under Rule 19-8.029, F.A.C.
  - a. To qualify for reimbursement, the Proof of Loss Report must have the *original* signatures of two executive officers authorized by the Company to sign the report.
  - b. The Company must also submit a detailed claims listing (as outlined on the Proof of Loss Report) at the same time it submits its first Proof of Loss Report for a specific Covered Event that qualifies the Company for reimbursement under that Covered Event, and should be prepared to supply a detailed claims listing for any subsequent Proof of Loss Report upon request.
  - c. While a Company may submit a Proof of Loss Report requesting reimbursement at any time following a Loss Occurrence, all Companies shall submit a mandatory Proof of Loss Report for each Loss Occurrence no earlier than December 1 and no later than December 31 of the Contract Year during which the Covered Event(s) occurs using the most current data available, regardless of the amount of Ultimate Net Loss or the amount of loss reimbursements or advances already received. Reports may be faxed only if the Company does not qualify for a reimbursement.
  - d. For the Proof of Loss Reports due by December 31 of the Contract Year, and the required subsequent quarterly and annual reports required under subparagraphs 3. and 4. below, the Company shall submit its Proof of Loss Reports by each quarter-end or year-end using the most current data available. However, the date of such data shall not be more than sixty days prior to the applicable quarter-end or year-end date.
3. Updated Proof of Loss Reports for each Loss Occurrence are due quarterly thereafter until all claims and losses resulting from a Loss Occurrence are fully discharged including any adjustments to such losses due to salvage or other recoveries, or the Company has received its full coverage under the Contract Year in which the Loss Occurrence(s) occurred. Guidelines follow:
  - a. Quarterly Proof of Loss Reports are due by March 31 from an insurer whose losses exceed, or are expected to exceed, 50% of its FHCF Retention for a specific Loss Occurrence(s).
  - b. Quarterly Proof of Loss Reports are due by June 30 from an insurer whose losses exceed, or are expected to exceed, 75% of its FHCF Retention for a specific Loss Occurrence(s).
  - c. Quarterly Proof of Loss Reports are due by September 30 and quarterly thereafter from an insurer whose losses exceed, or are expected to exceed, its FHCF Retention for a specific Loss Occurrence(s).

If the Company's Retention must be recalculated as the result of an exposure resubmission, and if the recalculated Retention changes the FHCF's reimbursement obligations, then the

Company shall submit additional Proof of Loss Reports for recalculation of the FHCF's obligations.

4. Annually after December 31 of the Contract Year, all Companies shall submit a mandatory year-end Proof of Loss Report for each Loss Occurrence, as applicable, using the most current data available. This Proof of Loss Report shall be filed no earlier than December 1 and no later than December 31 of each year and shall continue until the earlier of the commutation process described in (3)(d) below or until all claims and losses resulting from the Loss Occurrence are fully discharged including any adjustments to such losses due to salvage or other recoveries.
  5. The SBA, except as noted below, will determine and pay, within 30 days or as soon as practicable after receiving Proof of Loss Reports, the reimbursement amount due based on losses paid by the Company to date and adjustments to this amount based on subsequent quarterly information. The adjustments to reimbursement amounts shall require the SBA to pay, or the Company to return, amounts reflecting the most recent determination of losses.
    - a. The SBA shall have the right to consult with all relevant regulatory agencies to seek all relevant information, and shall consider any other factors deemed relevant, prior to the issuance of reimbursements.
    - b. The SBA shall require commercial self-insurance funds established under Section 624.462, Florida Statutes, to submit contractor receipts to support paid losses reported on a Proof of Loss Report, and the SBA may hire an independent consultant to confirm losses, prior to the issuance of reimbursements.
    - c. The SBA shall have the right to conduct a claims examination prior to the issuance of any advances or reimbursements submitted by Companies that have been placed under regulatory supervision by a State or where control has been transferred through any legal or regulatory proceeding to a state regulator or court appointed receiver or rehabilitator.
  6. All Proof of Loss Reports received will be compared with the FHCF's exposure data to establish the facial reasonableness of the reports. The SBA may also review the results of current and prior Contract Year exposure and loss examinations to determine the reasonableness of the reported losses. Except as noted in paragraph 4. above, Companies meeting these tests for reasonableness will be scheduled for reimbursement. Companies not meeting these tests for reasonableness will be handled on a case-by-case basis and will be contacted to provide specific information regarding their individual book of business. The discovery of errors in a Company's reported exposure under the Data Call may require a resubmission of the current Contract Year Data Call which, as the Data Call impacts the Company's Premium, Retention, and coverage for the Contract Year, will be required before the Company's request for reimbursement or an advance will be fully processed by the Administrator.
- (c) **Loss Reimbursement Calculations**
1. In general, the Company's paid Ultimate Net Losses must exceed its full FHCF Retention for a specific Covered Event before any reimbursement is payable from the FHCF for that Covered Event. As described in Article V(28)(b), Retention adjustments will be made on or after December 31 of the Contract Year. No interest is payable on additional payments to the Company due to this type of Retention adjustment. Each Company sustaining reimbursable losses will receive the amount of reimbursement due under the Contract up to the amount of the Company's payout. If more than one Covered Event occurs in any one Contract Year, any reimbursements due from the FHCF shall take into account the Company's Retention for each Covered Event. However, the Company's reimbursements from the FHCF for all Covered Events occurring during the Contract Year shall not exceed, in aggregate, the Projected Payout Multiple or Payout Multiple, as applicable, times the individual Company's Reimbursement Premium for the Contract Year.

2. In determining reimbursements under this Contract, the SBA shall reimburse each of the Companies, including entities created pursuant to Section 627.351(6), Florida Statutes, for the amount (if any) of reimbursement due under the individual Company's Contract, but not to exceed for all Loss Occurrences, an amount equal to the Projected Payout Multiple or the Payout Multiple, as applicable, times the individual Company's Reimbursement Premium for the Contract Year.
3. Reserve established. When a Covered Event occurs in a subsequent Contract Year when reimbursable losses are still being paid for a Covered Event in a previous Contract Year, the SBA will establish a reserve for the outstanding reimbursable losses for the previous Contract Year, based on the length of time the losses have been outstanding, the amount of losses already paid, the percentage of incurred losses still unpaid, and any other factors specific to the loss development of the Covered Events involved.

**(d) Commutation**

1. Not less than 36 months or more than 60 months after the end of the Contract Year, the Company shall file a final Proof of Loss Report(s), with the exception of Companies having no reportable losses as described in paragraph (3)(d)1.a. below. Otherwise, the final Proof of Loss Report(s) is required as specified in paragraph (3)(d)1.b. below. The Company and SBA may mutually agree to initiate commutation after 36 months and prior to 60 months after the end of the Contract Year. The commutation negotiations shall begin at the later of 60 months after the end of the Contract Year or upon completion of the FHCF loss examination for the Company and the resolution of all outstanding examination issues.
  - a. If the Company's most recently submitted Proof of Loss Report(s) indicate that it has no losses resulting from a Loss Occurrence(s) during the Contract Year, the SBA shall after 36 months request that the Company execute a final commutation agreement. The final commutation agreement shall constitute a complete and final release of all obligations of the SBA with respect to all claims and losses. If the Company chooses not to execute a final commutation agreement, the SBA shall be released from all obligations 60 months following the end of the Contract Year if no Proof of Loss Report(s) indicating reimbursable losses have been filed and the commutation shall be deemed concluded. However during this time, if the Company determines that it does have losses to report for FHCF reimbursement, the Company must submit an updated Proof of Loss Report(s) prior to the end of 60 months after the Contract Year and the Company shall be required to follow the commutation provisions and time frames otherwise specified in this section.
  - b. If the Company has submitted a Proof of Loss Report(s) indicating that it does have losses resulting from a Loss Occurrence(s) during the Contract Year, the SBA may require the Company to submit within 30 days an updated, current Proof of Loss Report(s) for each Loss Occurrence during the Contract Year. The Proof of Loss Report(s) must include all paid losses as well as all outstanding losses and incurred but not reported losses, which are not finally settled and which may be reimbursable losses under this Contract, and must be accompanied by supporting documentation (at a minimum an adjuster's summary report or equivalent details) and a copy of a written opinion on the present value of the outstanding losses and incurred but not reported losses by the Company's certifying actuary. Failure of the Company to provide an updated current Proof of Loss Report(s), supporting documentation, and an opinion by the date requested by the SBA may result in referral to the Office of Insurance Regulation for a violation of the Contract. Increases in reported paid, outstanding, or incurred but not reported losses on original or corrected Proof of Loss Report filings received later than 60 months after the end of the Contract Year shall not be eligible for reimbursement or commutation.
2. Determining the present value of outstanding claims and losses.

- a. If the Company exceeds or expects to exceed its Retention, the Company and the SBA or their respective representatives shall attempt, by mutual agreement, to agree upon the present value of all outstanding claims and losses, both reported and incurred but not reported, resulting from Loss Occurrences during the Contract Year. Payment by the SBA of its portion of any amount or amounts so mutually agreed and certified by the Company's certifying actuary shall constitute a complete and final release of the SBA in respect of all claims and losses, both reported and unreported, under this Contract.
- b. If agreement on present value cannot be reached within 90 days of the FHCF's receipt of the final Proof of Loss Report(s) and supporting documentation, the Company and the SBA may mutually appoint an actuary, adjuster, or appraiser to investigate and determine such claims or losses. If both parties then agree, the SBA shall pay its portion of the amount so determined to be the present value of such claims or losses.
- c. If the parties fail to agree, then any difference shall be settled by a panel of three actuaries, as provided in this paragraph.
  - i. One actuary shall be chosen by each party, and the third actuary shall be chosen by those two actuaries. If either party does not appoint an actuary within 30 days, the other party may appoint two actuaries. If the two actuaries fail to agree on the selection of an independent third actuary within 30 days of their appointment, each of them shall name two, of whom the other shall decline one and the decision shall be made by drawing lots.
  - ii. All of the actuaries shall be regularly engaged in the valuation of property claims and losses and shall be members of the Casualty Actuarial Society and of the American Academy of Actuaries.
  - iii. None of the actuaries shall be under the control of either party to this Contract.
  - iv. Each party shall submit its case to the panel in writing on the 30<sup>th</sup> day after the appointment of the third actuary. Following the submission of the case to the panel, the parties are prohibited from providing any further information or other communication except at the request of the panel. Such responses to requests from the panel must be in writing and simultaneously provided to the other party and all members of the panel, except that the panel may require the response to be provided in a meeting or teleconference attended by both parties and all members of the panel.
  - v. The decision in writing of any two actuaries, when filed with the parties hereto, shall be final and binding on both parties.
- d. The reasonable and customary expense of the actuaries and of the commutation (as a result of b. and c. above) shall be equally divided between the two parties. Said commutation shall take place in Tallahassee, Florida, unless some other place is mutually agreed upon by the Company and the SBA.

**(4) Advances**

- (a) In accordance with Section 215.555(4)(e), Florida Statutes, the SBA may make advances for loss reimbursements as defined herein, at market interest rates, to the Company in accordance with Section 215.555(4)(e), Florida Statutes. An advance is an early reimbursement which allows the Company to continue to pay claims in a timely manner. Advances will be made based on the Company's paid and reported outstanding losses for Covered Policies (excluding all incurred but not reported [IBNR] losses) as reported on a Proof of Loss Report, and shall include Loss Adjustment Expense Reimbursement as calculated by the FHCF. In order to be eligible for an advance, the Company must submit its exposure data for the Contract Year as required under paragraph (1) of this Article. Except as noted below, advances, if approved, will be made as soon as practicable after the SBA receives a written request, signed by two officers of the Company, for an advance of a specific amount and any other information required for the specific type of advance under subparagraphs (c) and (e) below. All reimbursements due to a

Company shall be offset against any amount of outstanding advances plus the interest due thereon.

- (b) For advances or excess advances, which are advances that are in excess of the amount to which the Company is entitled, the market interest rate shall be the prime rate as published in the Wall Street Journal on the first business day of the Contract Year. This rate will be adjusted annually on the first business day of each subsequent Contract Year, regardless of whether the Company executes subsequent Contracts. In addition to the prime rate, an additional 5% interest charge will apply on excess advances. All interest charged will commence on the date the SBA issues a check for an advance and will cease on the date upon which the FHCF has received the Company's Proof of Loss Report(s) for the Covered Event(s) for which the Company qualifies for reimbursement(s). If such reimbursement(s) are less than the amount of outstanding advance(s) issued to the Company, interest will continue to accrue on the outstanding balance of the advance(s) until subsequent Proof of Loss Reports qualify the Company for reimbursement under any Covered Event equal to or exceeding the amount of any outstanding advance(s). Interest shall be billed on a periodic basis. If it is determined that the Company received funds in excess of those to which it was entitled, the interest as to those sums will not cease on the date of the receipt of the Proof of Loss Report but will continue until the Company reimburses the FHCF for the overpayment.
- (c) If the Company has an outstanding advance balance as of December 31 of this or any other Contract Year, the Company is required to have an actuary certify outstanding and incurred but not reported losses as reported on the applicable December Proof of Loss Report.
- (d) The specific type of advances enumerated in Section 215.555, Florida Statutes, follow.
  - 1. Advances to Companies to prevent insolvency, as defined under Article XIV of this Contract.
    - a. Section 215.555(4)(e)1., Florida Statutes, provides that the SBA shall advance to the Company amounts necessary to maintain the solvency of the Company, up to 50 percent of the SBA's estimate of the reimbursement due to the Company.
    - b. In addition to the requirements outlined in subparagraph (4)(a) above, the requirements for an advance to a Company to prevent insolvency are that the Company demonstrates it is likely to qualify for reimbursement and that the immediate receipt of moneys from the SBA is likely to prevent the Company from becoming insolvent, and the Company provides the following information:
      - i. Current assets;
      - ii. Current liabilities other than liabilities due to the Covered Event;
      - iii. Current surplus as to policyholders;
      - iv. Estimate of other expected liabilities not due to the Covered Event; and  
Amount of reinsurance available to pay claims for the Covered Event under other reinsurance treaties.
    - c. The SBA's final decision regarding an application for an advance to prevent insolvency shall be based on whether or not, considering the totality of the circumstances, including the SBA's obligations to provide reimbursement for all Covered Events occurring during the Contract Year, granting an advance is essential to allowing the entity to continue to pay additional claims for a Covered Event in a timely manner.
  - 2. Advances to entities created pursuant to Section 627.351(6), Florida Statutes.
    - a. Section 215.555(4)(e)2., Florida Statutes, provides that the SBA may advance to an entity created pursuant to Section 627.351(6), Florida Statutes, up to 90% of the lesser of the SBA's estimate of the reimbursement due or the entity's share of the actual aggregate Reimbursement Premium for that Contract Year, multiplied by the current available liquid assets of the FHCF.
    - b. In addition to the requirements outlined in subparagraph (4)(a) above, the requirements for an advance to entities created pursuant to Section 627.351(6), Florida Statutes, are

- that the entity must demonstrate to the SBA that the advance is essential to allow the entity to pay claims for a Covered Event.
3. Advances to limited apportionment companies.  
Section 215.555(4)(e)3., Florida Statutes, provides that the SBA may advance the amount of estimated reimbursement payable to limited apportionment companies.
- (e) In determining whether or not to grant an advance and the amount of an advance, the SBA:
1. Shall determine whether its assets available for the payment of obligations are sufficient and sufficiently liquid to fulfill its obligations to other Companies prior to granting an advance;
  2. Shall review and consider all the information submitted by such Companies;
  3. Shall review such Companies' compliance with all requirements of Section 215.555, Florida Statutes;
  4. Shall consult with all relevant regulatory agencies to seek all relevant information;
  5. Shall review the damage caused by the Covered Event and when that Covered Event occurred;
  6. Shall consider whether the Company has substantially exhausted amounts previously advanced;
  7. Shall consider any other factors deemed relevant; and
  8. Shall require commercial self-insurance funds established under section 624.462, Florida Statutes, to submit a copy of written estimates of expenses in support of the amount of advance requested.
- (f) Any amount advanced by the SBA shall be used by the Company only to pay claims of its policyholders for the Covered Event or Covered Events which have precipitated the immediate need to continue to pay additional claims as they become due.
- (5) **Delinquent Payments**  
Failure to submit a payment when due is a violation of the terms of this Contract and Section 215.555, Florida Statutes. Interest on late payments shall be due as set forth in Article VIII(2) and Article IX(2) of this Contract.
- (6) **Inadequate Data Submissions**  
If exposure data or other information required to be reported by the Company under the terms of this Contract is not received by the FHCF in the format specified by the FHCF or is inadequate to the extent that the FHCF requires resubmission of data, the Company will be required to pay the FHCF a resubmission fee of \$1,000 for resubmissions that are not a result of an examination by the SBA. If a resubmission is necessary as a result of an examination report issued by the SBA, the first resubmission fee will be \$2,000. If the Company's examination-required resubmission is inadequate and the SBA requires an additional resubmission(s), the resubmission fee for each subsequent resubmission shall be \$2,000. A resubmission of exposure data may delay the processing of the Company's request for reimbursement or an advance.
- (7) **Delinquent Submissions**  
Failure to submit an exposure submission, resubmission, loss report, or commutation documentation when due is a violation of the terms of this Contract and Section 215.555, Florida Statutes.
- (8) **Confidential Information/Trade Secret Information**  
Pursuant to the provisions of Section 215.557, Florida Statutes, the reports of insured values under Covered Policies by ZIP Code submitted to the SBA pursuant to Section 215.555, Florida Statutes, are confidential and exempt from the provisions of Section 119.07(1), Florida Statutes, and Section 24(a), Art. I of the State Constitution. If other information submitted by the Company to the FHCF could reasonably be ruled a "trade secret" as defined in Section 812.081, Florida Statutes, such information must be clearly marked "Trade Secret Information."

## ARTICLE XI - TAXES

In consideration of the terms under which this Contract is issued, the Company agrees to make no deduction in respect of the Premium herein when making premium tax returns to the appropriate authorities. Should any taxes be levied on the Company in respect of the Premium herein, the Company agrees to make no claim upon the SBA for reimbursement in respect of such taxes.

## **ARTICLE XII - ERRORS AND OMISSIONS**

Any inadvertent delay, omission, or error on the part of the SBA shall not be held to relieve the Company from any liability which would attach to it hereunder if such delay, omission, or error had not been made.

## **ARTICLE XIII - INSPECTION OF RECORDS**

The Company shall allow the SBA to inspect, examine, and verify, at reasonable times, all records of the Company relating to the Covered Policies under this Contract, including Company files concerning claims, losses, or legal proceedings regarding subrogation or claims recoveries which involve this Contract, including premium, loss records and reports involving exposure data or losses under Covered Policies. This right by the SBA to inspect, examine, and verify shall survive the completion and closure of an exposure examination or loss examination file and the termination of the Contract. The Company shall have no right to re-open an exposure or loss reimbursement examination once closed and the findings have been accepted by the Company; any re-opening shall be at the sole discretion of the SBA. If the FHCF Finance Corporation has issued revenue bonds and relied upon the exposure and loss data submitted and certified by the Company as accurate to determine the amount of bonding needed, the SBA may choose not to require, or accept, a resubmission if the resubmission will result in additional reimbursements to the Company. The SBA may require any discovered errors, inadvertent omissions, and typographical errors associated with the data reporting of insured values, discovered prior to the closing of the file and acceptance of the examination findings by the Company, to be corrected to reflect the proper values. The Company shall retain its records in accordance with the requirements for records retention regarding exposure reports and claims reports outlined herein, and in any administrative rules adopted pursuant to Section 215.555, Florida Statutes. Companies writing covered collateral protection policies, as defined in definition (10)(d) of Article V herein, must be able to provide documentation that the policy covers personal residences, protects both the borrower's and lender's interest, and that the coverage is in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy.

### **(1) Purpose of FHCF Examination**

The purpose of the examinations conducted by the SBA is to evaluate the accuracy of the FHCF exposure or loss data reported by the Company. However, due to the limited nature of the examination, it cannot be relied upon as an assurance that a company's data is reported accurately or in its entirety. The company should not rely on the FHCF to identify every type of reporting error in its data. In addition, the reporting requirements are subject to change each Contract Year so it is the Company's responsibility to be familiar with the applicable Contract Year requirements and to incorporate any changes into its data for that Contract Year. It is also the Company's responsibility to ensure that its data is reported accurately and to comply with Florida Statutes and any applicable rules when reporting exposure data. The examination report is not intended to provide a legal determination of the Company's compliance.

### **(2) Examination Requirements for Exposure Verification**

The Company shall retain complete and accurate records, in policy level detail, of all exposure data submitted to the SBA in any Contract Year until the SBA has completed its examination of the Company's exposure submissions. The Company shall also retain complete and accurate records of any completed exposure examination for any Contract Year in which the Company incurred losses until the completion of the loss reimbursement examination for that Contract Year. The records to be retained shall include the exam file which supports the exposure reported to the SBA and any other information which would allow for a complete examination of the Company's reported exposure

data. The exam file shall be prepared according to the SBA Exam File Specifications outlined in the Data Call. The Company must also have available, at the time of the examination, a copy of its underwriting manual, a copy of its rating manual, and staff to respond to the questions of the SBA or its agents. The Company is also required to retain declarations pages and policy applications to support reported exposure. To meet the requirement that the application must be retained, the Company may retain either the actual application or may retain the actual application in an electronic format. A complete list of records to be retained is set forth in Form FHCF-EAP1, adopted for the Contract Year under Rule 19-8.030, F.A.C.

### **(3) Examination Requirements for Loss Reports**

The Company shall retain complete and accurate records of all reported losses and/or advances submitted to the SBA until the SBA has completed its examination of the Company's reimbursable losses and commutation for the Contract Year (if applicable) has been concluded. The records to be retained are set forth as part of the Proof of Loss Report, Form FHCF-L1B, adopted for the Contract Year under Rule 19-8.029, F.A.C., and Form FHCF-LAP1, adopted for the Contract Year under Rule 19-8.030, F.A.C. The Company must also retain the required exposure exam file for the Contract Year in which the loss occurred, and must have available any other information which would allow for a complete examination of the Company's losses.

### **(4) Examination Procedures**

- (a) The FHCF will send an examination notice to the Company providing the commencement date of the examination, the site of the examination, any accommodation requirements of the examiner, and the reports and data which must be assembled by the Company and forwarded to the FHCF upon request. The Company shall be prepared to choose one location in which to be examined, unless otherwise specified by the SBA.
- (b) The reports and data are required to be forwarded to the FHCF as set forth in an examination notice letter. The information is then forwarded to the examiner. If the FHCF receives accurate and complete records as requested, the examiner will contact the Company to inform the Company as to what policies or other documentation will be required once the examiner is on site. Any records not required to be provided to the examiner in advance shall be made available at the time the examiner arrives on site. Any records to support reported losses which are provided after the examiner has left the work-site will, at the SBA's discretion, result in an additional examination of exposure and/or loss records or an extension or expansion of the examination already in progress. All costs associated with such additional examination or with the extension or expansion of the original examination shall be borne by the Company.
- (c) At the conclusion of the examiner's work and the management review of the examiner's report, findings, recommendations, and work papers, the FHCF will forward an examination report to the Company and require a response from the Company by a date certain as to the examination findings and recommendations.
- (d) If the Company accepts the examination findings and recommendations, and there is no recommendation for additional information, the examination report will be finalized and the exam file closed.
- (e) If the Company disputes the examiner's findings, the areas in dispute will be resolved by a meeting or a conference call between the Company and FHCF management.
- (f) 1. If the recommendation of the examiner is to resubmit the Company's exposure data for the Contract Year in question, then the FHCF will send the Company a letter outlining the process for resubmission and including a deadline to resubmit. The resubmission will include a data file to be submitted to the FHCF's Administrator and an exam file to be submitted to the offices of the SBA. The resubmission is also required to be accompanied by a detailed written description of the specific changes made to the resubmitted data. Once the resubmission is received by the FHCF's Administrator, the FHCF's Administrator calculates a revised Reimbursement Premium for the Contract Year which has been examined. The SBA shall



then review the resubmission with respect to the examiner's findings, and accept the resubmission or contact the Company with any questions regarding the resubmission. Once the SBA has accepted the resubmission as a sufficient response to the examiner's findings, the exam is closed.

2. If the recommendation of the examiner is either to resubmit the Company's exposure data for the Contract Year in question or giving the option to pay the estimated Premium difference, then the FHCF will send the Company a letter outlining the process for resubmission or for paying the estimated Premium difference and including a deadline for the resubmission or the payment to be received by the FHCF's Administrator. If the Company chooses to resubmit, the same procedures outlined in Article XIII(3)(f)1. apply.
  - (g) If the recommendation of the examiner is to update the Company's Proof of Loss Report(s) for the Contract Year under review, the FHCF will send the Company a letter outlining the process for submitting the Proof of Loss Report(s) and including a deadline to file. The updated Proof of Loss Report(s) will be submitted to the FHCF's Administrator with a copy of the Proof of Loss Report(s) and a supporting detailed claims listing to be submitted to the offices of the SBA. The report is required to be accompanied by a detailed written description of the specific changes made. Once the Proof of Loss Report(s) is received by the FHCF Administrator, the FHCF's Administrator will calculate a revised reimbursement. The SBA shall then review the submitted Proof of Loss Report(s) with respect to the examiner's findings, and accept the Proof of Loss Report(s) as filed or contact the Company with any questions. Once the SBA has accepted the corrected Proof of Loss Report(s) as a sufficient response to the examiner's findings, the exam is closed.
  - ~~(h) If the Company continues to dispute the examiner's findings and/or recommendations and no resolution of the disputed matters is obtained through discussions between the Company and FHCF management, then the process within the SBA is at an end and further administrative remedies may be pursued under Chapter 120, Florida Statutes.~~
  - ~~(i) The examiner's list of errors is made available in the examination report sent to the Company. Given that the examination was based on a sample of the Company's policies or claims rather than the whole universe of the Company's Covered Policies or reported claims, the error list is not intended to provide a complete list of errors but is intended to indicate what information needs to be reviewed and corrected throughout the Company's book of Covered Policy business or claims information to ensure more complete and accurate reporting to the FHCF.~~
- (4) **Costs of the Examinations**
- The costs of the examinations shall be borne by the SBA. However, in order to remove any incentive for a Company to delay preparations for an examination, the SBA shall be reimbursed by the Company for any examination expenses incurred in addition to the usual and customary costs, which additional expenses were incurred as a result of the Company's failure, despite proper notice, to be prepared for the examination or as a result of a Company's failure to provide requested information. All requested information must be complete and accurate. ~~The Company shall be notified of any administrative remedies which may be obtained under Chapter 120, Florida Statutes.~~

#### ARTICLE XIV - INSOLVENCY OF THE COMPANY

Company shall notify the FHCF immediately upon becoming insolvent. Except as otherwise provided below, no covered loss reimbursements will be made until the FHCF has completed and closed its examination of the insolvent Company's losses, unless an agreement is entered into by the court appointed receiver specifying that all data and computer systems required for FHCF exposure and loss examinations will be maintained until completion of the Company's exposure and loss examinations. Except as otherwise provided below, in order to account for potential erroneous reporting, the SBA shall hold back 25% of requested loss reimbursements until the exposure and loss examinations for the Company are completed. Only those losses supported by the examination will be reimbursed. Pursuant

to Section 215.555(4)(g), Florida Statutes, the FHCF is required to pay the “net amount of all reimbursement moneys” due an insolvent insurer to the Florida Insurance Guaranty Association (FIGA) for the benefit of Florida policyholders. For the purpose of this Contract, a Company is insolvent when an order of liquidation with a finding of insolvency has been entered by a court of competent jurisdiction. In light of the need for an immediate infusion of funds to enable policyholders of insolvent companies to be paid for their claims, the SBA may enter into agreements with FIGA allowing exposure and loss examinations to take place immediately without the usual notice and response time limitations and allowing the FHCF to make loss reimbursements (net of any amounts payable to the SBA from the Company or FIGA) to FIGA before the examinations are completed and before the response time expires for claims filing by reinsurers and financial institutions, which have a priority interest in those funds pursuant to Section 215.555(4)(g), Florida Statutes. Such agreements must ensure the availability of the necessary records and adequate security must be provided so that if the FHCF determines that it overpaid FIGA on behalf of the Company, or if claims are filed by reinsurers or financial institutions having a priority interest in these funds, that the funds will be repaid to the FHCF by FIGA within a reasonable time.

#### **ARTICLE XV - TERMINATION**

The FHCF and the obligations of both parties under this Contract can be terminated only as may be provided by law or applicable rules.

#### **ARTICLE XVI - VIOLATIONS**

Pursuant to the provisions of Section 215.555(10), Florida Statutes, any violation of the terms of this Contract by the Company constitutes a violation of the Insurance Code of the State of Florida. Pursuant to the provisions of Section 215.555(11), Florida Statutes, the SBA is authorized to take any action necessary to enforce any administrative rules adopted pursuant to Section 215.555, Florida Statutes, and the provisions and requirements of this Contract.

#### **ARTICLE XVII - APPLICABLE LAW**

(+) ~~**Applicable Law:**~~ This Contract shall be governed by and construed according to the laws of the State of Florida in respect of any matter relating to or arising out of this Contract.

(2) ~~**Notice of Rights:**~~ Pursuant to Chapter 120, Florida Statutes, and the Uniform Rules of Procedure, codified as Chapters 28-101 through 28-111, F.A.C., a person whose substantial interests are affected by a decision of the SBA regarding the FHCF may request a hearing within 21 days shall have waived his or her right to a hearing. The hearing may be a formal hearing or an informal hearing pursuant to the provisions of Sections 120.569 and 120.57, Florida Statutes. The petition must be filed (received) in the office of the Agency Clerk, General Counsel's Office, State Board of Administration of Florida, P.O. Box 13300, Tallahassee, FL 32317-3300 or 1801 Hermitage Blvd., Suite 100, Tallahassee, FL 32308, within the 21-day period.

## ARTICLE XVIII – REIMBURSEMENT CONTRACT ELECTIONS

### (1) Reimbursement Percentage

For purposes of determining reimbursement (if any) due the Company under this Contract and in accordance with the Statute, the Company has the option to elect a 45% or 75% or 90% reimbursement percentage under this Contract. If the Company is a member of an NAIC group, all members must elect the same reimbursement percentage, and the individual executing this Contract on behalf of the Company, by placing his or her initials in the box under (a) below, affirms that the Company has elected the same reimbursement percentage as all members of its NAIC group. If the Company is an entity created pursuant to Section 627.351, Florida Statutes, the Company must elect the 90% reimbursement percentage. The Company shall not be permitted to change its reimbursement percentage during the Contract Year. The Company shall be permitted to change its reimbursement percentage at the beginning of a new Contract Year, but may not reduce its reimbursement percentage if a Covered Event required the issuance of revenue bonds, until the bonds have been fully repaid.

**IMPORTANT NOTE:** The FHCF has issued revenue bonds as a result of its liabilities for Covered Events under the Contract Year effective June 1, 2005. As those bonds have not been fully repaid, the Company may not select a Reimbursement Percentage that is less than its selection under the prior Contract Year effective June 1, ~~2011~~2012.

The Reimbursement Percentage elected by the Company for the prior Contract Year effective June 1, ~~2011~~2012 was as follows: «Legal\_Name» - «M\_~~2011~~2012\_Coverage\_Option»

- (a) **NAIC Group Affirmation:** Initial the following box if the Company is part of an NAIC Group:

☐

- (b) **Reimbursement Percentage Election:** The Company hereby elects the following Reimbursement Percentage for the Contract Year from 12:00:01 a.m., Eastern Time, June 1, ~~2012~~2013, to 12:00 a.m., Eastern Time, May 31, ~~2013~~2014, (the individual executing this Contract on behalf of the Company shall place his or her initials in the box to the left of the percentage elected for the Company):

☐

45%

OR

☐

75%

OR

☐

90%

### (2) Reporting Exposure for a Single Structure, with a Mix of Commercial Habitational and Commercial Non-Habitational Exposure, Written on a Commercial Policy

This section is applicable to all Companies which either have exposure for single structures with a mix of commercial habitational and commercial non-habitational exposure written under a Commercial Policy, or have the authority to write such policies. If the Company does not have the authority to write this type of exposure, this section **does not** apply; initial the N/A box ~~on the next page at the end of this section~~, which completes this section of ARTICLE XVIII. If the Company **does** write, or has the authority to write, this type of exposure, please read and complete the remainder of this ~~ARTICLE~~ section.

**Commercial-Residential Class Code**

If a single structure is used for both habitational and non-habitational purposes and the structure has a commercial-residential class code (based on a classification plan on file with and reviewed by the Administrator), the entire exposure for the structure should be reported to the FHCF under the Data Call, and the FHCF will reimburse losses for the entire structure as well.

**Commercial Non-Residential/Business Class Code**

If a single structure is used for both habitational and non-habitational purposes and the structure has a commercial non-residential or business class code (based on a classification plan on file with and reviewed by the Administrator), the habitational portion of that structure should be identified and reported to the FHCF under the Data Call.

However, in recognition of the unusual nature of commercial structures with incidental habitational exposure and the hardship some companies may face in having to carve out such incidental habitational exposure, as well as the losses to such structures, the FHCF will accommodate these companies by allowing them to exclude the entire exposure for the single structure from their Data Call submission, providing the following two conditions are met:

- (1)(a) The decision to not carve out and report the incidental habitational exposure shall apply to all such structures insured by the Company; and
- (2)(b) If the incidental habitational exposure is not reported to the FHCF, the Company agrees it shall not report losses to the structure and the FHCF shall not reimburse any losses to the structure.

Initial the **CARVING** box below if the Company is able to carve out and report its incidental habitational exposure, **OR**, if this requirement presents a hardship, the Company must communicate its decision to not carve out and to not report the incidental exposure by having the individual executing this Contract on behalf of the Company placing his or her initials in the **NOT CARVING** box below. If the Company does not currently write such policies, but has the authority to write such policies after the start date of this Contract, the decision to carve or not carve out the incidental habitational exposure must be indicated below.

**OR**

**OR**

**CARVING**

**NOT CARVING**

**NOT**  
**APPLICABLE**

By initialing the **CARVING or NOT CARVING** box above, the Company is making an irrevocable decision for the corresponding Contract Year Data Call submission and any subsequent resubmissions.

**Important Note:** Since this election will impact your Data Call submission, please share this decision with the individual(s) responsible for compiling your Data Call submission.

**(3) Additional Living Expense (ALE) Written as Time Element Coverage**

If your Company writes Covered Policies that provide ALE coverage on a time element basis (i.e., coverage is based on a specific period of time as opposed to a stated dollar limit), you must initial the 'Yes – Time Element ALE' box below. If your Company does not write time element ALE coverage, initial 'No – Time Element ALE' box below.

**OR**

**Yes – Time**

**No – Time**

---

**Element ALE**

---

**Element ALE**

## ARTICLE XIX – SIGNATURES

### Approved by:

Florida Hurricane Catastrophe Fund

By: State Board of Administration of the State of Florida

By: \_\_\_\_\_  
Ashbel C. Williams  
Executive Director & CIO  
Date \_\_\_\_\_

Approved as to legality:

By: \_\_\_\_\_  
Date \_\_\_\_\_

\_\_\_\_\_  
«Legal\_Name»

\_\_\_\_\_  
Typed/Printed Name and Title

By: \_\_\_\_\_  
Signature  
Date \_\_\_\_\_

**ATTENTION: THIS ADDENDUM MUST BE COMPLETED, SIGNED, AND  
RETURNED BY ALL COMPANIES EXECUTING A  
REIMBURSEMENT CONTRACT REGARDLESS OF CHOICE TO  
ACCEPT OR REJECT THIS OPTIONAL COVERAGE**

**ADDENDUM NO. 1  
to  
REIMBURSEMENT CONTRACT  
Effective: June 1, ~~2012~~2013  
(Contract)**

between

**«Legal\_Name»  
(Company)**

**NAIC #**

and

**THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA)  
WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)**

**It is Hereby Agreed**, effective at 12:00:01 a.m., Eastern Time, June 1, ~~2012~~2013, that this Contract shall be amended as follows:

**TEMPORARY INCREASE IN COVERAGE LIMIT OPTIONS FOR ADDITIONAL  
COVERAGE PURSUANT TO SECTION 215.555(17), FLORIDA STATUTES.**

Pursuant to Section 215.555(17), Florida Statutes, the Temporary Increase in Coverage Limit (TICL) Options provision allows the Company to select additional FHCF reimbursement coverage above its mandatory FHCF coverage layer under the Reimbursement Contract. The optional coverage selections provided in this Addendum No. 1 expires on May 31, ~~2013~~2014. Coverage provided under TICL shall otherwise be consistent with terms and conditions as relates to the Reimbursement Contract including, but not limited to, definitions, coverage for Covered Policies as defined, exclusions, loss reporting, and examination procedures.

To be eligible for this optional coverage, the Company must return a fully executed Addendum No. 1 (two originals) no later than 5 p.m., Central Time, March 1, ~~2012~~2013. New Participants, as defined in Article V of the Contract, must return a fully executed Addendum No. 1 (two

originals) within thirty days of writing its first Covered Policy and prior to a Loss Occurrence, as both terms are defined in Article V of the Contract, under which the Company would be eligible for reimbursements under the Contract.

Any Company failing to meet the applicable deadline shall not be eligible for optional coverage under Addendum No. 1.

## **I. TICL Coverage**

The Company may purchase one of ~~six~~ two optional coverages above its mandatory FHCF coverage provided for in the FHCF Reimbursement Contract. The TICL options allow the Company to purchase its mandatory FHCF premium share of one of the ~~four~~ two optional layers of coverage. The optional layers of coverage above the mandatory FHCF coverage are ~~\$4 billion, \$3 billion, \$2 billion,~~ or \$1 billion.

The purchase of a TICL option increases the Company's coverage under the Reimbursement Contract as calculated pursuant to Section 215.555(4)(d)2., Florida Statutes. The Company's increased coverage shall be the FHCF reimbursement premium multiplied by the TICL multiple. Each TICL coverage multiple shall be calculated by dividing ~~\$4 billion, \$3 billion,~~ \$2 billion, or \$1 billion by the aggregate mandatory FHCF premium under the Reimbursement Contract paid by all Companies.

In order to determine the Company's total limit of coverage, the Company's TICL coverage multiple is added to its regular Payout Multiple under the Reimbursement Contract. The total of these two multiples shall represent a number that, when multiplied by an Company's mandatory FHCF reimbursement premium under the Reimbursement Contract, defines the Company's total limit of FHCF reimbursement coverage for the Contract Year under the Reimbursement Contract and Addendum No. 1. The SBA shall reimburse the Company for 45 percent, 75 percent, or 90 percent of its losses from each Covered Event in excess of the Company's FHCF Retention under the Reimbursement Contract, plus 5 percent of the reimbursed losses to cover loss adjustment expense, not to exceed the Company's total limit of coverage as defined above. The percentage shall be the same as the coverage level selected by the Company under its Reimbursement Contract.

## **II. TICL Premium**

The Company's TICL premium shall be determined as specified in Sections 215.555(5) and (17), Florida Statutes, and shall be due and payable in three installments on August 1, ~~2012~~ 2013, October 1, ~~2012~~ 2013, and December 1, ~~2012~~ 2013.

## **III. Liability of the FHCF**

Pursuant to Section 215.555(17)(g), Florida Statutes, the liability of the FHCF with respect to all TICL addenda shall not exceed \$42 billion and shall depend on the number of insurers that select the TICL optional coverage and the TICL coverage options selected. In no circumstance shall the liability of the FHCF exceed its actual claims-paying capacity as defined in Section 215.555(2)(m), Florida Statutes.

The additional TICL capacity shall apply only to the additional coverage provided under the TICL options and shall not otherwise affect any insurer's reimbursement from the FHCF if the insurer chooses not to select a TICL option to increase its limit of FHCF coverage.



#### IV. Coordination of Coverage

Reimbursement amounts under TICL shall not be reduced by reinsurance paid or payable to the Company from sources other than the FHCF.

The TICL coverage shall be in addition to all other coverage provided by the FHCF under the Company's Reimbursement Contract or other Addenda to the Reimbursement Contract, and shall be in addition to the claims-paying capacity of the FHCF as defined in Section 215.555(4)(c)1., Florida Statutes, but only with respect to those insurers that select the TICL coverage.

The TICL coverage selected is irrevocable and shall not overlap or duplicate coverage otherwise provided for in the Reimbursement Contract, or any Addenda to the Reimbursement Contract, or offset any co-payments or retention amounts.

#### V. Addendum No. 1 TICL Coverage Election

ALL COMPANIES EXECUTING A REIMBURSEMENT CONTRACT MUST INDICATE BELOW THE LEVEL OF OPTIONAL TICL COVERAGE SELECTED, IF ANY. IF THE COMPANY FAILS TO MEET THE MARCH 1, ~~2012~~2013 DEADLINE OR MEETS THIS DEADLINE BUT FAILS TO SELECT AN OPTIONAL COVERAGE UNDER THIS ADDENDUM, IT SHALL BE DEEMED BY THE STATE BOARD OF ADMINISTRATION TO BE A CHOICE TO REJECT TICL COVERAGE.

If your Company does not want to purchase any TICL coverage, print "No Coverage" on the line below and initial the box.

\_\_\_\_\_ ☐

By selecting an option below (initial the applicable box), the Company is selecting its proportionate share based on its mandatory FHCF reimbursement premium to the total mandatory FHCF reimbursement premiums paid by all Companies of the layer of optional coverage.

<b>Company selects \$1 billion TICL Coverage Option</b>	<b>OR</b>	<b>Company selects \$2 billion TICL Coverage Option</b>	<b>OR</b>	<b>Company selects <del>\$3 billion</del> <del>TICL Coverage</del> Option</b>	<b>OR</b>	<b>Company selects <del>\$4 billion</del> <del>TICL Coverage</del> Option</b>

## VI. Signatures

\_\_\_\_\_  
«Legal\_Name»

By: \_\_\_\_\_  
Typed/Printed Name and Title
Date

### Approved by:

Florida Hurricane Catastrophe Fund  
 By: State Board of Administration of the State of Florida

By: \_\_\_\_\_  
Ashbel C. Williams
Date  
Executive Director & CIO

Approved as to legality:

By: \_\_\_\_\_  
Date

**ADDENDUM NO. 2**  
**to**  
**REIMBURSEMENT CONTRACT**  
**Effective: June 1, ~~2012~~2013**  
**(Contract)**

Between

**Citizens Property Insurance Corporation**  
(Citizens or Company)

**NAIC #**

and

**THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA)**  
**WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)**

**It is Hereby Agreed**, effective at 12:00:01 a.m., Eastern Time, June 1, ~~2012~~2013, that this Contract shall be amended as follows:

**CITIZENS COVERAGE OF POLICIES OF LIQUIDATED INSURERS PURSUANT TO SECTION 215.555(5)(e), FLORIDA STATUTES.**

If an insurer is placed in liquidation under Chapter 631, pursuant to Section 627.351(6), Florida Statutes, and Citizens Property Insurance Corporation ("Citizens") provides coverage for Covered Policies of such liquidated insurer, Section 215.555(5)(e), Florida Statutes, provides that Citizens may, subject to provisions below, obtain coverage for such policies under its Reimbursement Contract with the FHCF or accept an assignment of the liquidated insurer's Reimbursement Contract with the FHCF. Prior to the date that Citizens takes a transfer of policies from a liquidated insurer, Citizens shall select one of these options using Appendix A of Addendum No. 2 and submit to the FHCF as instructed.

**PROVIDING COVERAGE FOR A LIQUIDATED INSURER'S POLICIES UNDER CITIZENS' FHCF REIMBURSEMENT CONTRACT**

- (1) If a Covered Event has occurred prior to the transfer of policies from a liquidated insurer to Citizens, Citizens must accept an assignment of such liquidated insurer's FHCF Reimbursement Contract and cannot cover such policies under Citizens' Reimbursement Contract. Only in those situations where a Covered Event has not occurred shall Citizens be

able to obtain coverage under its own FHCF Reimbursement Contract for those policies transferred to Citizens as a result of a liquidation.

(2) Responsibilities relating to the transfer of the liquidated insurer's Covered Policies to Citizens:

(a) Citizens shall accurately report the exposure and loss data related to Covered Policies transferred from a liquidated insurer to Citizens.

1. For a transfer of a liquidated insurer's Covered Policies that occurs on or before June 30, ~~2012~~2013, Citizens shall report the exposure in effect for such policies as of June 30, ~~2012~~2013. If any such policies renewed with Citizens on or before June 30, ~~2012~~2013, Citizens shall include the exposure for those policies as part of its Form FHCF-D1A (Data Call) submission due September 1, ~~2012~~2013.
2. For transfers of Covered Policies from a liquidated insurer to Citizens after June 30, ~~2012~~2013, Citizens shall report exposure in effect for such policies as of the date of the transfer and the FHCF shall treat all such policies as if they were in effect as of June 30, ~~2012~~2013.
3. For purposes of reporting losses to the FHCF, Citizens shall report all losses including those associated with Covered Policies transferred from liquidated insurers on Forms FHCF-L1A and FHCF-L1B as required under the Reimbursement Contract. Citizens shall retain separate data files for examination purposes for losses on Covered Policies transferred from each liquidated insurer.

(b) Citizens shall report the exposure associated with Covered Policies from each liquidated insurer on a separate Data Call, which must be completed in full and must identify the liquidated insurer from whom the policies were transferred and to which the Data Call relates. The Data Call for each liquidated insurer where Covered Policies are transferred to Citizens is due on September 1, ~~2012~~2013, or a maximum of 60 days from the date of transfer, whichever is later.

(c) The FHCF Reimbursement Premium for all Covered Policies transferred from a liquidated insurer to Citizens shall be due on December 1, ~~2012~~2013, or within 15 days of being invoiced by the FHCF, whichever is later. The FHCF Reimbursement Premium associated with the transferred Covered Policies shall be itemized by Citizens for each liquidated insurer, but the total Reimbursement Premium resulting from the reporting of exposure on Citizens Covered Policies and the Reimbursement Premium associated with Covered Policies transferred to Citizens from liquidated insurers shall be combined to determine Citizens' retention and its share of the FHCF's capacity.

(d) An administrative fee of \$1,000 shall apply to each resubmission of exposure data for resubmissions that are not a result of an examination by the SBA. If a resubmission is necessary as a result of an examination report issued by the SBA, the first resubmission fee will be \$2,000. If the first examination-required resubmission is inadequate and the SBA requires an additional resubmission(s), the resubmission fee for each subsequent resubmission shall be \$2,000. Resubmission fees shall be invoiced along with the Reimbursement Premium billing discussed in (c) above.

(e) Citizens shall ensure that the books and records related to the Covered Policies transferred from a liquidated insurer are preserved and accessible to the FHCF for its exposure and loss examinations. Citizens shall retain data related to the FHCF examinations as required

in Forms FHCF-D1A, FHCF-EAP1, and FHCF-LAP1 for the exposure transferred from each liquidated insurer.

- (3) The Covered Policies of a liquidated insurer transferred to Citizens on the date of such transfer shall be treated as if they were on Citizens' books and records as of June 30, ~~2012~~2013. Citizens' ~~2012~~2013 FHCF Reimbursement Premium shall be the aggregate premium based on its direct business and all business associated with Covered Policies of a liquidated insurer transferred to Citizens. Citizens' FHCF retention and limit of coverage shall be based on this aggregate Reimbursement Premium.

**CITIZENS' ACCEPTANCE OF AN ASSIGNMENT OF A LIQUIDATED INSURER'S FHCF REIMBURSEMENT CONTRACT**

(1) Responsibilities relating to Assigned Reimbursement Contracts:

- (a) Citizens, pursuant to Section 215.555(5)(e), Florida Statutes, has the rights and duties of the liquidated insurer beginning on the date it first provides coverage for such transferred Covered Policies.
  - (b) Citizens is responsible for the Reimbursement Premiums due under the assigned Reimbursement Contract(s). Should any Reimbursement Premium be owed at the time paid losses for Covered Policies under the assigned Reimbursement Contract exceed the retention under the assigned Reimbursement Contract, all Reimbursement Premiums (as well as any applicable fees and interest) shall be offset before the issuance of any reimbursement payment.
  - (c) Citizens has the responsibility to report all exposure and loss information for Covered Policies under the assigned Reimbursement Contracts separately for each assigned Reimbursement Contract pursuant to the reporting requirements specified in the Reimbursement Contract. If the liquidated insurer has already submitted the required Data Call, Citizens has the responsibility of filing any resubmissions as necessary.
  - (d) Citizens has the responsibility to ensure that the books and records related to the assigned Reimbursement Contract are preserved and accessible to the FHCF for its exposure and loss examinations. Citizens has the responsibility to retain data related to FHCF examinations as required in FHCF-D1A, FHCF-EAP1, and FHCF-LAP1 for each assigned Reimbursement Contract.
- (2) Citizens will not be reimbursed by the FHCF for any losses occurring prior to the date it first provides coverage for such transferred policies. Reimbursements for those losses shall be made to the insurer, the receiver, or the Florida Insurance Guaranty Association (FIGA), as provided by statute.

**Approved by:**

Florida Hurricane Catastrophe Fund

By: State Board of Administration of the State of Florida

By: \_\_\_\_\_  
Ashbel C. Williams  
Executive Director & CIO  
Date \_\_\_\_\_

Approved as to legality:

By: \_\_\_\_\_  
Date \_\_\_\_\_

\_\_\_\_\_  
Company

By: \_\_\_\_\_  
Typed/Printed Name and Title  
Date \_\_\_\_\_

**Draft 8-28-2012**

**APPENDIX A TO ADDENDUM NO. 2**  
**to**  
**REIMBURSEMENT CONTRACT**  
**Effective: June 1, ~~2012~~2013**  
**(Contract)**

between

**Citizens Property Insurance Corporation**  
(Citizens or Company)

**NAIC #**

and

**THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA)**  
**WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)**

Pursuant to Section 215.555(5) (e), Florida Statutes

With reference to

\_\_\_\_\_  
(Name of Liquidated Insurer "Liquidated Insurer")

We, the undersigned, being executive officers of Citizens Property Insurance Corporation ("Citizens"), acting within our authority, hereby make the following election with reference to the Liquidated Insurer named above:

(Check appropriate box and provide date of transfer below):

☐

Citizens elects to obtain FHCF coverage for the Liquidated Insurer's Covered Policies by including such covered policies under Citizens' ~~2012~~2013 FHCF Reimbursement Contract.

Date policies transferred to Citizens: \_\_\_\_\_

☐

Citizens elects to obtain FHCF coverage for the Liquidated Insurer's Covered Policies by accepting an assignment of the Liquidated Insurer's ~~2012~~2013 FHCF Reimbursement Contract.

Date policies transferred to Citizens: \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Typed Name: \_\_\_\_\_

Typed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**RETURN COMPLETED FORM TO:**

Paragon Strategic Solutions Inc.  
8200 Tower, 5600 West 83<sup>rd</sup> Street, Suite 1100  
Minneapolis, MN 55437



**DRAFT 8-28-2012**

**OPTIONAL AMENDMENT TO CHANGE PRIOR ELECTIONS MADE IN THE  
REIMBURSEMENT CONTRACT OR THE ADDENDA TO  
THE REIMBURSEMENT CONTRACT**

Effective: June 1, ~~2012~~2013  
(Contract)

between

«Legal\_Name»  
(Company)

NAIC #

and

**THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA)  
WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)**

WHEREAS, pursuant to Section 215.555, F.S., the FHCF Reimbursement Contract, including any Addenda, was required to be executed by March 1, ~~2012~~2013, and,

WHEREAS, in the FHCF Reimbursement Contract, including Addenda, certain options were required to be made by the Company, and,

WHEREAS, there is some benefit to the Company to have the option to change some or all of the Contract elections made in the FHCF ~~2012/2013~~2013/2014 Reimbursement Contract, including any Addenda, if such changes are made prior to the commencement of hurricane season on June 1, ~~2012~~2013, and,

WHEREAS, the Board, finds that the operation and administration of the FHCF will not be harmed by allowing changes to these options prior to June 1, ~~2012~~2013, and,

NOW THEREFORE, in consideration of mutual promises hereinafter set forth, the parties agree as follows:

1. This Optional Amendment To Change Prior Elections Made In The Reimbursement Contract Or The Addenda To The Reimbursement Contract ("Optional Amendment") shall not take effect if the Company fails to complete all of the elections herein. If the Company makes a change to any option elected in the ~~2012/2013~~2013/2014 Reimbursement Contract or Addenda thereto, then all the options in the Contract and all Addenda must be reselected in this Optional Amendment. The Company is not required to make changes to the options as originally selected, but if the Company chooses to enter into this Optional Amendment to change any option, all options must be redesignated. Failure to re-select any option in this Optional Amendment shall result in the Company being deemed to have chosen the same selections as it chose in the Reimbursement Contract or, if the Company failed to make an option selection in the Reimbursement Contract, the option which the Company was deemed to have selected in the Reimbursement Contract.

FHCF-2013K-O  
Rule 19-8.010 F.A.C.

2. This Optional Amendment shall not take effect if the Company fails to fully execute this Optional Amendment or fails to ensure receipt of this Optional Amendment by the FHCF Administrator, Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83<sup>rd</sup> Street, Suite 1100, Minneapolis, Minnesota 55437, on or before June 1, ~~2012~~2013;
3. If the requirements of paragraphs 1. and 2. above are met, this Optional Amendment shall take effect at 12:00:01 a.m., Eastern Time, June 1, ~~2012~~2013 and terminate on 12:00 midnight Eastern Time, May 31, ~~2013~~2014.
4. Option Selection: **All of the options below must be addressed:**

**A. Reimbursement Percentage**

For purposes of determining reimbursement (if any) due the Company under this Contract and in accordance with the Statute, the Company has the option to elect a 45% or 75% or 90% reimbursement percentage under this Contract. If the Company is a member of an NAIC group, all members must elect the same reimbursement percentage, and the individual executing this Contract on behalf of the Company, by placing his or her initials in the box under (a) below, affirms that the Company has elected the same reimbursement percentage as all members of its NAIC group. If the Company is an entity created pursuant to Section 627.351, Florida Statutes, the Company must elect the 90% reimbursement percentage. The Company shall not be permitted to change its reimbursement percentage during the Contract Year. The Company shall be permitted to change its reimbursement percentage at the beginning of a new Contract Year, but may not reduce its reimbursement percentage if a Covered Event required the issuance of revenue bonds, until the bonds have been fully repaid.

**IMPORTANT NOTE: The FHCF has issued revenue bonds as a result of its liabilities for Covered Events under the Contract Year effective June 1, 2005. As those bonds have not been fully repaid, the Company may not select a Reimbursement Percentage that is less than its selection under the prior Contract Year effective June 1, ~~2011~~2012.**

The Reimbursement Percentage elected by the Company for the prior Contract Year effective June 1, ~~2011~~2012 was as follows: «Legal\_Name» - «M\_~~2011~~2012\_Coverage\_Option»

(a) **NAIC Group Affirmation:** Initial the following box if the Company is part of an NAIC Group:

(b) **Reimbursement Percentage Election:** The Company hereby elects the following Reimbursement Percentage for the Contract Year from 12:00:01 a.m., Eastern Time, June 1, ~~2012~~2013, to 12:00 a.m., Eastern Time, May 31, ~~2013~~2014, (the individual executing this Contract on behalf of the Company shall place his or her initials in the box to the left of the percentage elected for the Company):

45%

OR

75%

OR

90%

**B. Commercial Non-Residential/Business Class Code**

If a single structure is used for both habitational and non-habitational purposes and the structure has a commercial non-residential or business class code (based on a classification plan on file with and reviewed by the Administrator), the habitational portion of that structure should be identified and reported to the FHCF under the Data Call.

However, in recognition of the unusual nature of commercial structures with incidental habitational exposure and the hardship some companies may face in having to carve out such incidental habitational exposure, as well as the losses to such structures, the FHCF will accommodate these companies by allowing them to exclude the entire exposure for the single structure from their Data Call submission, providing the following two conditions are met:

- (1) The decision to not carve out and report the incidental habitational exposure shall apply to all such structures insured by the Company; and
- (2) If the incidental habitational exposure is not reported to the FHCF, the Company agrees it shall not report losses to the structure and the FHCF shall not reimburse any losses to the structure.

Initial the **CARVING** box below if the Company is able to carve out and report its incidental habitational exposure, **OR**, if this requirement presents a hardship, the Company must communicate its decision to not carve out and to not report the incidental exposure by having the individual executing this Contract on behalf of the Company placing his or her initials in the **NOT CARVING** box below. If the Company does not currently write such policies, but has the authority to write such policies after the start date of this Contract, the decision to carve or not carve out the incidental habitational exposure must be indicated below.

<div style="border: 1px solid black; height: 40px; width: 100%;"></div>	<b>OR</b>	<div style="border: 1px solid black; height: 40px; width: 100%;"></div>	<b>OR</b>	<div style="border: 1px solid black; height: 40px; width: 100%;"></div>
<b>CARVING</b>		<b>NOT CARVING</b>		<del>NA</del> <b>NOT</b> <u>APPLICABLE</u>

By initialing the **CARVING or NOT CARVING** box above, the Company is making an irrevocable decision for the corresponding Contract Year Data Call submission and any subsequent resubmissions.

**Important Note:** Since this election will impact your Data Call submission, please share this decision with the individual(s) responsible for compiling your Data Call submission.

**C. Additional Living Expense (ALE) Written as Time Element Coverage**

If your Company writes Covered Policies that provide ALE coverage on a time element basis (i.e., coverage is based on a specific period of time as opposed to a stated dollar limit), you must initial the 'Yes – Time Element ALE' box below. If your Company does not write time element ALE coverage, initial 'No – Time Element ALE' box below.

<div style="border: 1px solid black; height: 50px; width: 100%;"></div>	<b>OR</b>	<div style="border: 1px solid black; height: 50px; width: 100%;"></div>
<b>Yes – Time Element ALE</b>		<b>No – Time Element ALE</b>

**End of Section**

**MINUTES  
JOINT MEETING OF  
PARTICIPANT LOCAL GOVERNMENT ADVISORY COUNCIL (PLGAC)  
AND THE INVESTMENT ADVISORY COUNCIL (IAC)  
JUNE 25, 2012**

**A joint meeting of the Participant Local Government Advisory Council (PLGAC) and Investment Advisory Council (IAC) was held on Monday, June 25, 2012, in the Hermitage Room of the State Board of Administration of Florida (SBA), Tallahassee, Florida.**

**PLGAC Members Present:**     **Dan Wolfson (Chair)**  
                                      **John Mark Peterson (Vice Chair)**  
                                      **MaryEllen Elia**  
                                      **Patsy Heffner**  
                                      **Barbara Scott (Telephonically)**  
                                      **Roger Wishner**

**IAC Members Present:**       **David Grain (Chair)**  
                                      **Martin Garcia (Vice Chair) (Telephonically)**  
                                      **Will Harrell (Telephonically)**  
                                      **Charles Cobb**  
                                      **Rob Gidel**  
                                      **Chuck Newman**  
                                      **Gary Wendt (Telephonically)**

**IAC Members Absent:**       **Les Daniels**  
                                      **Michael Price**

**CALL TO ORDER/OPENING REMARKS/UPDATE**

Mr. Williams called the joint meeting to order, highlighting performance, deposits, and comparison of Florida PRIME to other investment opportunities for local governments.

**FLORIDA PRIME LEGAL COMPLIANCE REVIEW – CHAPTER 218, PT. IV, FLORIDA STATUTES**

Ms. Ann Longman, of Lewis, Longman & Walker, presented their statutory compliance review and indicated that the Florida PRIME has been managed and operated in accordance with the statutory requirements of Part IV of Chapter 218, Florida Statutes from May 2011 to May 2012. Ms. Longman also reviewed the Florida PRIME website to determine if materials were up-to-date, and noted that a few changes had been made to update enrollment forms and operational policies.

**FLORIDA PRIME PERFORMANCE REVIEW AND BEST INVESTMENT PRACTICES REVIEW**

Mr. Mike Sebastian and Ms. Kristen Doyle, Hewitt EnnisKnupp, gave a performance review. Ms. Doyle presented the performance report through March 31, 2012, for both Florida PRIME and Fund B and the annual best practices review. The presentation then moved to the annual participant survey and status of changes from the 2011 best practices review. Recommendations from the current best practices review were presented, including the compliance process conducted by the SBA staff and ongoing regulatory changes to money market funds. Discussion concluded with questions between the IAC and PLGAC.

**FLORID PRIME PORTFOLIO REVIEW**

Ms. Paige Wilhelm, Federated Investors, provided the first quarter economic overview for the Florida PRIME portfolio, including the maturity schedule, credit quality, portfolio composition, top holdings, average net yield, and performance. Questions were posed and answered.

**REVIEW OF FUND B SURPLUS FUNDS TRUST FUND, FLORIDA EAST AND WEST AND FLORIDA FUNDING I AND II COLLATERAL**

Mr. Jim Galowski, Apollo Capital Management, presenting telephonically, provided background on Apollo Capital Management, a review of the four Fund B securities, a discussion of loss probability, and appropriateness of the investment policy statement to maximize the present value of Fund B. Discussion ensued and questions were posed and answered.

**REVIEW OF FLORIDA PRIME AND FUND B SURPLUS FUNDS TRUST FUND INVESTMENT POLICY GUIDELINES (ACTION REQUIRED)**


Mr. Kevin SigRist presented minor changes to the investment policy statement for Florida PRIME. Questions were posed by board members and answered concerning Florida PRIME, after which a vote was taken to accept the changes presented. It was agreed that the investment policy statement for Fund B would be discussed at the next quarterly PLGAC meeting.

**OPEN AGENDA ITEMS/AUDIENCE COMMENTS/ADJOURN**

The joint PLGAC/IAC meeting agenda was concluded and the meeting adjourned at 12:36 P.M.

  
\_\_\_\_\_  
Daniel Wolfson, Chairman  
Participant Local Government Advisory Council

9/5/12  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
David Grain, Chairman  
Investment Advisory Council

9/4/12  
\_\_\_\_\_  
Date

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



**MINUTES  
INVESTMENT ADVISORY COUNCIL  
JUNE 25, 2012**

A meeting of the Investment Advisory Council (IAC) was held on Monday, June 25, 2012, in the Hermitage Room of the State Board of Administration of Florida (SBA), Tallahassee, Florida.

Members Present: David Grain, Chair  
Martin Garcia, Vice Chair (Telephonically)  
Chuck Cobb  
Rob Gidel  
Will Harrell (Telephonically)  
Chuck Newman  
Gary Wendt (Telephonically)

Members Absent: Les Daniels  
Michael Price

**WELCOME/CALL TO ORDER/APPROVAL OF MINUTES**

Mr. David Grain called the meeting to order at 1:40 PM and welcomed Mr. Chuck Cobb, IAC's newest member. Mr. Grain requested a motion to approve the minutes of the March 19, 2012, meeting. Mr. Newman made the motion to approve the minutes; seconded by Mr. Gidel; approved without objection.

**OPENING REMARKS/REPORTS**

Mr. Williams thanked everyone for participating and provided a brief update on performance and observations on current market conditions.

**COMPENSATION STUDY**

Mr. Grain provided an overview of steps taken to secure approval from the Trustees for moving forward with a compensation study, reviewed letters to the Trustees outlining the approach, provided an outline of the process moving forward and results of a survey of peer funds on their approach to compensation reviews. After discussion among members, it was decided that Mr. Grain would lead the project with support from SBA staff, and report back to the IAC prior to the next quarterly meeting. The members approved moving forward with the project as discussed, with recognition that there may be an interim meeting conducted via conference call.

**MAJOR MANDATE PERFORMANCE REVIEWS**

Mr. Mike Sebastian and Ms. Kristen Doyle, Hewitt EnnisKnupp, presented the quarterly report on major mandates managed by the SBA, including performance and of the Pension Plan, Investment Plan, the CAT Fund, the Lawton Chiles Endowment Fund, and Florida PRIME. Questions from members were posed and answered.

**PRIVATE EQUITY INVESTMENT REVIEW AND UPDATE ON FLORIDA GROWTH FUND**

Messrs. Mario Giannini, Mike Koenig, and Greg Baty, Hamilton Lane, presented an overview of the private equity market and fund's private equity portfolio, including the Florida Growth Fund. Discussion ensued and questions from members were answered.

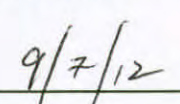
**UPDATE ON LAWTON CHILES ENDOWMENT FUND**

Mr. Kevin SigRist provided an overview of the fund's historic mission, performance, and current challenges given a need to make another extraordinary appropriation out of the fund during a volatile market environment. Potential approaches to execute the next appropriation from the fund, scheduled for June 15, 2013, were presented. Discussion among members ensued and questions were posed and answered.

**AUDIENCE COMMENTS/2012 MEETINGS/CLOSING REMARKS/ADJOURN**

Mr. Grain closed the meeting after receiving no comments from the audience. The meeting ended at 4:00 P.M.

  
\_\_\_\_\_  
David Grain, Chair

  
\_\_\_\_\_  
Date

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



**MINUTES  
INVESTMENT ADVISORY COUNCIL CONFERENCE CALL  
AUGUST 16, 2012**

A meeting of the Investment Advisory Council (IAC) was held on Thursday August 16, 2012, in the Hermitage Room of the State Board of Administration of Florida (SBA), Tallahassee, Florida.

Members Present: David Grain, Chair  
Martin Garcia, Vice Chair (Via Telephone)  
Chuck Cobb (Via Telephone)  
Les Daniels (Via Telephone)  
Rob Gidel (Via Telephone)  
Will Harrell (Via Telephone)  
Chuck Newman (Via Telephone)  
Michael Price (Via Telephone)  
Gary Wendt (Via Telephone)

**WELCOME/CALL TO ORDER**

Mr. David Grain called the meeting to order at 2:04 PM and called roll.

**PRESENTATION OF RECOMMENDATE BY MR. GRAIN**

Mr. Grain provided an overview of steps taken to come to a recommendation of Mercer as the consultant to complete a comprehensive compensation study for the SBA, with data supplied by McLagan. Questions were posed by IAC members and answered by Mr. Grain and SBA staff on scope of services, the IAC role, the SBA's relationship with Mercer, and fees.

**PRESENTATION BY THE RECOMMENDED CONSULTANT**

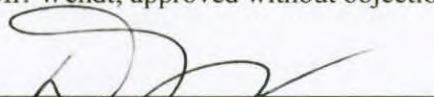
Mr. Josh Wilson, Ms. Jan Olson, and Mr. Jon Mason, Mercer, provided an overview of Mercer's proposal including background and objective, scope of services, the project plan, and estimated timeline. Questions were posed and answered.

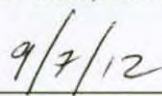
**QUESTIONS AND ANSWERS/DISCUSSION OF RECOMMENDED CONSULTANT/SELECTION OF COMPENSATION CONSULTANT**

After Mercer left the room, Mr. Grain initiated a discussion among IAC members on process, strategy, and intent of the project. Mr. Grain motioned that the IAC engage Mercer, which was seconded by Mr. Gidel. Questions were posed and answered. After clarifications, the amended motion was made and seconded, and approved unanimously by the IAC.

**CLOSING REMARKS/ADJOURN**

Mr. Grain requested a motion to adjourn the meeting at 3:27 PM; the motion made by Mr. Daniels, seconded by Mr. Wendt; approved without objection.

  
\_\_\_\_\_  
David Grain, Chair

  
\_\_\_\_\_  
Date

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



**STATE BOARD OF ADMINISTRATION  
OF FLORIDA**

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

**POST OFFICE BOX 13300  
32317-3300**

**RICK SCOTT  
GOVERNOR  
AS CHAIRMAN**  
**JEFF ATWATER  
CHIEF FINANCIAL OFFICER  
AS TREASURER**  
**PAM BONDI  
ATTORNEY GENERAL  
AS SECRETARY**  
**ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO**

## **MEMORANDUM**

**To:** Board of Trustees  
**From:** Daniel Wolfson, Chairman  
Participant Local Government Advisory Council (PLGAC)  
**Date:** September 4, 2012  
**Subject:** Quarterly Update – Florida PRIME

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The Participant Local Government Advisory Council (the "Council") last met on June 25, 2012 and is scheduled to meet next on September 6, 2012. Over the prior quarter, the Council continued to oversee the operations and investment management of Florida PRIME and approved the annual best practice and legal compliance reviews.

### **CASH FLOWS / PERFORMANCE**

- Over the quarter ending June 30, 2012, participant deposits totaled \$2.89 billion; participant withdrawals totaled \$3.46 billion, for a net decrease of approximately \$0.54 billion.
- During the 2<sup>nd</sup> quarter, Florida PRIME delivered an aggregate \$6.0 million in investment earnings.
- Performance of Florida PRIME has been strong over short and long-term time periods. For the period ending June 30, 2012, Florida PRIME generated excess returns (performance above the pool's benchmark) of approximately 22 basis points (0.22 percent, annualized) over the last three months, and 19 basis points (0.19 percent) over the last 12 months.

### **POOL CHARACTERISTICS**

- As of June 30, 2012, the total market value of Florida PRIME was \$6.75 billion, a decrease of 1 percent since the end of fiscal year 2011.
- As of June 30, 2012, the investment pool had a 7 Day SEC Yield equal to 0.31 percent, a Weighted Average Maturity (WAM) equal to 38.0 days, and a Weighted Average Life (WAL or Spread WAM) equal to 57.6 days.

### **ANNUAL COMPLIANCE WITH FLORIDA STATUTES**

- In June, the Council received the 2012 Legal Compliance Review and the 2012 Best Practices Review.

### **FUND B**

- Fund B continues to pay principal and interest, with cumulative distributions to participants of \$1,731,700,000 through the June 2012 monthly distribution.
- As of June 30, 2012, 86.2 percent of the original principal in Fund B has been returned to participants.

**MINUTES**  
**Participant Local Government Advisory Council (PLGAC) Meeting**  
**June 25, 2012**

A meeting of the Participant Local Government Advisory Council (PLGAC) was held on Monday, June 25, 2012, in the Hermitage Room of the Hermitage Centre, 1801 Hermitage Blvd, Tallahassee, FL 32317.

**Members Present:** MaryEllen Elia, Superintendent, Hillsborough County Public Schools  
Patsy Heffner, Tax Collector, Osceola County  
Mark Peterson, Brevard County Clerk of Court  
Barbara Scott, Charlotte County Clerk of Court (via phone)  
Roger Wishner, Commissioner, City of Sunrise  
Daniel Wolfson, Manatee County Clerk of Court

**Also Present:** Ash Williams, State Board of Administration  
Michael McCauley, State Board of Administration  
Amy Michaliszyn, Federated Investors  
Paige Wilhelm, Federated Investors

**Call to Order**

Mr. Mark Peterson, Vice-Chair, called the meeting to order at 9:37 A.M.

**Approval of Minutes**

Mr. Peterson requested a motion to approve the minutes of the March 8, 2012 meeting— Ms. Patsy Heffner made the motion to approve the minutes; seconded by Ms. MaryEllen Elia. The minutes were approved unanimously.

**Quarterly Update – Operations**

Mr. Michael McCauley, State Board of Administration (SBA), provided an overview of Florida PRIME's reporting and financial transactions over the most recent quarter. Mr. McCauley noted the opening of the Florida PRIME Education Center on the pool's website in April, and a small number of participant registrations. Then Mr. McCauley briefly discussed Fund B's financial transactions, distributions, and current level of outstanding principal.

**Quarterly Update – Communications**

Ms. Amy Michaliszyn, Federated Investors, provided an overview of recent participant outreach efforts. Ms. Michaliszyn reviewed the event calendar for the prior quarter and noted Federated's participation in several events. During the entire fiscal year, Federated participated in approximately 15 statewide events. Ms. Michaliszyn also noted recent marketing actions directed at specific types of organizations and members. Mr. McCauley noted that a participant communication was sent to all Florida PRIME investors in April announcing the scheduled increase in the SBA's portion of total pool charges.

**Annual Participant Survey**

Mr. McCauley provided the Council with an overview of the 2012 annual participant survey, noting favorable client satisfaction levels. Mr. McCauley covered the structure of the survey, discussing the level and types of responses. He reviewed the responses on several topics, including competing funds and their utilization, participants' investment policy constraints, as well as the characteristics of favored cash management vehicles. Council members briefly discussed the survey results, noting the continuing outstanding principal balances within Fund B as a major underlying concern.

**Open Agenda Items/Audience Comments**

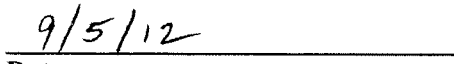
Mr. Wolfson asked for comments from Council members and in-person attendees. There were no other comments.

**2012 Scheduled Meetings/Closing Remarks/Adjourn**

The Council discussed dates for upcoming meetings and agreed on September 6, 2012 for the date of the next quarterly meeting to be held in Tampa at the offices of the Hillsborough County School Board.

The agenda was concluded and the meeting was adjourned at 10:34 A.M.

  
Daniel Wolfson, Chair

  
Date

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



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AS SECRETARY  
ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO**

Date: August 31, 2012  
To: Board of Trustees  
From: Rodolfo Engmann, Audit Committee Chair  
Subject: Quarterly Audit Committee Report

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The State Board of Administration (SBA) Audit Committee met on June 8, 2012 and August 13, 2012. Following were the results of those Audit Committee meetings and audit activities during the past three months.

**I. Qualifications of the Audit Committee and Audit Committee Charter**

We reviewed the required qualifications for the members of the Audit Committee. We agreed to include these qualifications to the Audit Committee Charter. A copy of the revised Charter is attached and we respectfully request the approval of the Charter.

**II. External Audit**

**A. We discussed the results of the following audits:**

1. Ernst & Young's financial statement audits of the SBA's three wholly-owned companies with March 31, 2012 year-end.
2. Grant Thornton's financial statement audit of RAMCO, one of the SBA's joint venture entities.
3. KPMG's audit of MS Inland, another joint venture entity of the SBA.

We also reviewed the related audited financial statements, and reports on agreed upon procedures, tax compliance, internal control over financial reporting, and compliance with debt agreements. There were neither adverse opinions nor items for management's attention as a result of the aforementioned work. The agreed upon procedures did not disclose major findings.

- B. We discussed the 2012 audit plan for the financial statement audits, agreed upon procedures, debt and tax compliance of the 43 wholly-owned entities and 15 joint ventures of the SBA. We reviewed and approved the scope of work, deliverables, timing and key considerations for the audits.**

**III. SBA Internal Audit**

**A. We reviewed and approved the following:**

1. Office of Internal Audit (OIA) annual audit plan for the fiscal year 2012-2013 and
2. OIA Charter

- B. We reviewed the following OIA reports:
1. Operational Audit of the Office of Defined Contributions Program and
  2. Fourth Quarter Follow-up Audit which included prior recommendations from two reports:
    - a. OIA Financial Reporting Process, and
    - b. OIA Real Estate Fourth Follow-up Audit

In addition, the Chief Audit Executive (CAE) provided report on progress related to the OIA Annual Audit Plan (AAP) for the fiscal year 2011-2012, the external auditors' reports reviewed by OIA before the reports were finalized, status of Categories A and B recommendations, OIA quality assurance and improvement program and OIA professional staff training and development.

- C. Open Recommendations
- The tables below summarize the progress made on open recommendations as of August 31, 2012. Additional details related to open recommendations are presented in Appendices 1, 2, and 3.

#### CATEGORY "A" RECOMMENDATIONS

	As of 5/31/2012	Changes from 5/31 to 8/31	As of 8/31/2012
Total Number of Recommendations	384	14	398
Closed Recommendations	(351)	(17)	(368)
<b>Open Recommendations</b>	<b>33</b>	<b>(3)</b>	<b>30</b>

#### CATEGORY "B" RECOMMENDATIONS

	As of 5/31/2012	Changes from 5/31 to 8/31	As of 8/31/2012
Total Number of Recommendations	143	0	143
Closed Recommendations	(36)	(73)	(109)
<b>Open Recommendations</b>	<b>107</b>	<b>(73)</b>	<b>34</b>

#### Breakdown of Category "B" Open Recommendations:

	As of 5/31/2012	Changes from 5/31 to 8/31	As of 8/31/2012
Not yet implemented	49	(28)	21
Partially implemented and the remainder is in progress	12	(7)	5
Implemented, per SBA Management	46	(38)	8
<b>Open Recommendations</b>	<b>107</b>	<b>(73)</b>	<b>34</b>

Category “A” refers to recommendations made either by internal or external auditors. OIA monitors and performs follow-up procedures on these recommendations in accordance with the *IIA Standard 2500.A1*.<sup>1</sup> In certain cases, follow-up procedures are performed by external auditors.

Category “B” refers to recommendations made by consultants resulting from an assessment of a program or activity such as governance, risk management, compliance, ethics, disaster recovery preparedness program, etc. The OIA monitors the disposition of these recommendations in accordance with the *IIA Standard 2500.C1*.<sup>2</sup> Please note that the *IIA Standard* does **not** require the CAE to establish a follow-up process for consulting engagements, but the OIA does take into account the disposition of these recommendations when performing a risk assessment for purposes of establishing the nature, timing, and scope of audit engagements involving the affected areas.

Seventy-three (73) Category B recommendations reported as “implemented by SBA Management” were moved to “closed” recommendations after these were considered by the OIA in its 2012 annual risk assessment.

Of the 34 open items in Category “B”, 21 are reported as not yet implemented (NYI) and five are partially implemented. Nineteen (19) of the 21 NYI recommendations came from the work conducted by Crowe Horwath and their follow-up of governance work conducted by Deloitte. These items will be part of a distinct follow up progress activity by the Chief Risk & Compliance Officer (CRCO). The other two NYI recommendations pertain to work done by BDA Global in 2010. The SBA engaged BDA Global to conduct a review to determine if its Continuity of Operations Program provides reasonable assurance that the SBA has the ability to timely recover from a major disruption or disaster and continue critical business functions as defined by the goals of the program. The five recommendations that are reported as partially implemented refer to the governance work done by Deloitte in 2009/10.

#### IV. Enterprise Risk Management and Compliance

##### A. Category B Recommendations

###### Deloitte & Touche (Deloitte)

Of the remaining seven Deloitte recommendations, two have been closed since the last update to the Audit Committee on August 13, 2012. Work continues to progress on the remaining five recommendations. The future target completion dates for three recommendations have been extended from December 2012 to June 2013.

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<sup>1</sup> *Standard 2500.A1- The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.*

<sup>2</sup> *Standard 2500.C1-The internal audit activity must monitor the disposition of results of consulting engagements to the extent agreed upon with the client.*

BDA Global

Work continues on the remaining two recommendations. A future target completion date of December 2012 has been extended to June 2013 for one of the recommendations.

Crowe Horwath

Since the August 2, 2012, update, six additional Crowe Horwath recommendations have been closed by management. Of the sixty-three original recommendations, forty-four have now been closed, and progress continues on the remaining nineteen recommendations. The future target completion dates for seven recommendations (six September 2012 and one December 2012) have been extended into 2013.

B. Compliance Program Self-Assessment

The SBA's first compliance program self assessment for the fiscal year ended 6/30/12 was completed and published by the Risk Management and Compliance unit. The report was developed through review of examples from external investment managers and includes resources allocated, summary of compliance activities, performance metrics, a compliance "Customer" Satisfaction Survey, and future plans for the Compliance unit. The compliance program self assessment was distributed as part of the meeting materials and presented by the CRCO at the August 13, 2012 Audit Committee meeting.

C. Involvement with 2013-2015 Strategic Plan

The CRCO presented and discussed the SBA's newly finalized three-year Strategic Plan for fiscal years 12/13 through 14/15. Strategic goals and objectives developed taking into account a variety of factors, including results from the "Tone at the Top" survey as well as the "top five" strategic risks identified through a management survey tool. The final ten approved strategic objectives were mapped to the SBA's enterprise risk management framework and documented as part of the published plan. The Strategic Plan was distributed to the Audit Committee as part of the August 13, 2012 meeting materials.



## APPENDIX 1

### STATUS OF CATEGORY "A" RECOMMENDATIONS AS OF 8/31/12

#### 1. OPEN RECOMMENDATIONS BY YEAR & RISK RATING

Year	Risk Rating				%
	High	Medium	Low	Total	
2007	1	0	0	1	3.3%
2010	2	6	0	8	26.7%
2011	6	3	5	14	46.7%
2012	4	2	1	7	23.3%
	13	11	6	30	
	43%	37%	20%		

#### 2. DETAILS OF OPEN RECOMMENDATIONS

Report Title		Report Date	Risk Rating				Status				%
			High	Medium	Low	Total	NYI	PIRP	OTV	Total	
Disaster Recovery		7/31/2007	1			1	1			1	3.3%
Financial Reporting		6/9/2010	1			1			1	1	3.3%
Real Estate 3 <sup>rd</sup> Follow-up		8/23/2010	1			1		1		1	3.3%
EY – Fiscal Year 2009-10 FRS Audit		12/17/2010		6		6			6	6	20.0%
Real Estate 4 <sup>th</sup> Follow-up		7/13/2011	5			5	4	1		5	16.7%
EY SBA Network Security Assessment		9/27/2011		1	1	2	1		1	2	6.7%
EY SBA Security Assessments		9/29/2011	1	2	4	7			7	7	23.3%
EY SBA Security Assessment – Follow-up		5/9/2012	2	2	1	5			5	5	16.7%
Defined Contribution Programs		6/15/2012	2			2		2		2	6.7%
			13	11	6	30	6	4	20	30	

#### 3. DEFINITIONS

- Category A** - Recommendations made either by internal or external auditors. OIA monitors and performs follow-up procedures on these recommendations in accordance with the *IIA Standard 2500. A.1*<sup>3</sup>. In certain cases, follow-up procedures are performed by external auditors.
- NYI** - Not Yet Implemented
- PIRP** - Partially Implemented and the Remainder is in Progress
- OTV** - OIA To Verify

<sup>3</sup> Standard 2500.A1- The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

## APPENDIX 2

### STATUS OF CATEGORY "B" RECOMMENDATIONS AS OF 8/31/12

#### 1. OPEN RECOMMENDATIONS BY YEAR & RISK RATING

Year	Risk Rating				%
	High	Medium	Low	Total	
2009	2	3	2	7	20.6%
2010	2	0	0	2	5.9%
2011	2	18	5	25	73.5%
	6	21	7	34	
	18%	62%	20%		

#### 2. DETAILS OF OPEN RECOMMENDATIONS

Report Title	Report Date	Risk Rating				Status				%
		High	Medium	Low	Total	NYI	PIRP	IMP	Total	
Deloitte & Touche Phase I	1/15/2009	1	3	2	6		4	2	6	17.6%
Deloitte & Touche Phase II	6/16/2009	1			1		1		1	2.9%
BDA Global – Disaster Recovery	8/23/2010	2			2	2			2	5.9%
Crowe Horwath – Compliance Review	10/21/2011	2	18	5	25	19		6	25	73.6%
		6	21	7	34	21	5	8	34	

#### 3. DEFINITIONS

- Category B** - Recommendations made by consultants resulting from an assessment of a program or activity such as governance, risk management, compliance, ethics, disaster recovery preparedness program, etc. OIA monitors the disposition of these recommendations in accordance with the *IIA Standard 2500.C1*.<sup>4</sup>
- NYI** - Not Yet Implemented
- PIRP** - Partially Implemented and the Remainder is in Progress
- IMP** - Implemented, as represented by SBA management

## APPENDIX 3

<sup>4</sup> Standard 2500.C1-The internal audit activity must monitor the disposition of results of consulting engagements to the extent agreed upon with the client.

**STATUS OF ALL RECOMMENDATIONS (CATEGORIES A & B COMBINED)  
AS OF 8/31/2012**

**1. OPEN RECOMMENDATIONS BY YEAR & RISK RATING**

Year	Risk Rating				%
	High	Medium	Low	Total	
2007	1	0	0	1	1.6%
2009	2	3	2	7	10.9%
2010	4	6	0	10	15.7%
2011	8	21	10	39	60.9%
2012	4	2	1	7	10.9%
	19	32	13	<b>64</b>	
	30%	50%	20%		

**2. DETAILS OF OPEN RECOMMENDATIONS**

Report Title	Report Date	High	Medium	Low	Total	NYI	PIRP	OTV	IMP	Total	%
Disaster Recovery Plan	7/31/2007	1			1	1				1	1.6%
Deloitte & Touche Phase I	1/15/2009	1	3	2	6		4		2	6	9.4%
Deloitte & Touche Phase II	6/16/2009	1			1		1			1	1.6%
Financial Reporting	6/9/2010	1			1			1		1	1.6%
BDA Global – Disaster Recovery	8/23/2010	2			2	2				2	3.1%
Real Estate 3 <sup>rd</sup> Follow-up	8/23/2010	1			1		1			1	1.6%
EY – Fiscal Year 2009-10 FRS Audit	12/17/2010		6		6			6		6	9.4%
Real Estate 4 <sup>th</sup> Follow-up	7/13/2011	5			5	4	1			5	7.8%
EY SBA Network Security Assessment	9/27/2011		1	1	2	1		1		2	3.1%
EY SBA Security Assessments	9/29/2011	1	2	4	7			7		7	10.9%
Crowe Horwath – Compliance Review	10/21/2011	2	18	5	25	19			6	25	39.0%
EY SBA Network Security – Follow-up	5/9/2012	2	2	1	5			5		5	7.8%
Defined Contribution Programs	6/15/2012	2			2		2			2	3.1%
		19	32	13	<b>64</b>	27	9	20	8	<b>64</b>	

**3. DEFINITIONS**

- NYI** - Not Yet Implemented
- PIRP** - Partially Implemented and the Remainder is in Progress
- OTV** - OIA To Verify
- IMP** - Implemented, as represented by SBA management



**STATE BOARD OF ADMINISTRATION  
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CHIEF FINANCIAL OFFICER  
AS TREASURER  
PAM BONDI  
ATTORNEY GENERAL  
AS SECRETARY  
ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO**

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

**A. PURPOSE:**

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

**B. AUTHORITY:**

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

**C. MEMBERSHIP:**

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

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

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

#### **D. MEMBERSHIP QUALIFICATIONS:**

The Committee members are appointed by the Board pursuant to s. 215.44(1)(c), Florida Statutes. At the time of his or her appointment, each member shall be independent and financially literate according to the following standards:

1. Each member must meet the independence requirement of the United States Securities and Exchange Commission (SEC) with respect to the activities and funds of the State Board of Administration.
2. Each member must be able to read and understand fundamental financial statements, including balance sheet, income statement and statement of cash flows and have working familiarity with financial practices applicable to fiduciary trust, banking, brokerage, asset management or other similar financial services operations.

The Board shall consider the following guidelines when appointing members to ensure the Audit Committee, as an entity, has the collective knowledge, skills, and abilities necessary to accomplish its statutory mission. Members must possess one or more of the following attributes:

1. Financial expertise as defined in the “audit committee financial expert” corporate governance rules and regulations of the SEC.
2. Investment literacy consistent with a current working knowledge of investment products commonly used by institutional investors.
3. Knowledge and experience in the practice of internal and/or external auditing, including familiarity with current auditing standards.

The Board shall endeavor to ensure at least one member is deemed to meet the requirements of an “audit committee financial expert” as defined by the corporate governance rules and regulations of the SEC, to the extent practical.

#### **E. MEETINGS AND COMMUNICATIONS:**

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

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

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

#### **F. REPORTING RESPONSIBILITIES:**

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

#### **G. DUTIES AND RESPONSIBILITIES:**

The primary duties and responsibilities of the Committee are to:

##### **1. Financial Reporting**

- Review the annual financial statements of all Trust Funds required to be audited and any certification, report, opinion, or review rendered by internal or external auditors.
- Inquire as to the external auditors' independent qualitative judgments about the appropriateness, not just the acceptability, of the accounting principles and clarity of financial disclosures practices used or proposed to be adopted by SBA.
- Inquire as to the external auditors' views about whether management's choices of accounting principles are conservative, moderate or aggressive from the perspective of income, asset and liability recognition, and whether those principles are common practices or a minority practice.
- Review, in consultation with the external auditors and the CAE, the integrity of SBA's financial reporting processes.

## **2. Internal Controls and Risk Assessment**

- Review OIA or external evaluation of the effectiveness of the SBA's process for assessing significant risks or exposures and the steps management has taken to monitor and control such risks, including internal controls.
- Review significant findings and recommendations of the auditors (internal and external) with management's responses, including the timetable for implementation of recommendations to correct weaknesses in the internal controls.
- Review with the independent auditors, CAE and financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of the SBA and review any significant recommendations for the improvement of such internal control procedures or particular areas where more effective controls or procedures are desirable.

## **3. Compliance**

- Review OIA or external provider's evaluation of the effectiveness of the system for ensuring compliance with laws, rules, regulations, policies, and procedures and the results of management's investigation and follow-up of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies.
- Review information from management and legal counsel regarding compliance matters.
- Review reports on compliance activities from the Chief Risk and Compliance Officer.
- Review the results of the externally commissioned governance, risk and compliance review as it pertains to compliance activities.

## **4. Enterprise Risk Management**

- Review quarterly reports on enterprise risk management activities from the Chief Risk and Compliance Officer.
- Review the results of the externally commissioned governance, risk and compliance review as it pertains to enterprise risk management activities.

## **5. Internal Audit**

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

- Receive internal audit reports and a progress report on the approved annual plan on a periodic basis.
- Assist the Board in decisions regarding the appointment and removal of the CAE.
- Review periodic internal and no less frequently than every five years external quality assurance reviews required by the Standards.

## **6. External Audit**

- Search, select, and engage external audit firms by approving:
  - Scope of work for competitive solicitations
  - Selection process
  - Final engagement letters (for execution by the Executive Director and CIO)
- Meet, as needed, with the representatives of the Auditor General and other external auditors regarding the proposed scope and approach of their external auditing functions and subsequently the results of their audit of the SBA.
- Meet, as needed, with representatives of OPPAGA regarding its review of the performance of the SBA.
- Review with management the results of all audits, including any difficulties encountered by the auditors or disputes with management during the course of their audit. External auditors will be consulted, as needed.

## **7. Other Responsibilities**

- Review and assess the adequacy of the Committee Charter no less than annually, and request Board approval for the proposed changes.
- Commission a SBA governance, risk management and compliance (GRC) program evaluation and performance improvement analysis (including the assessment of the utilization and effectiveness of both the internal and external audit functions) to be performed by an external provider no less frequently than every three years and incorporating input from SBA management.

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



**Approved:**

\_\_\_\_\_  
(Date)

**Chair of the Audit Committee**  
(Rodolfo Engmann)

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_



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PAM BONDI  
ATTORNEY GENERAL  
AS SECRETARY  
ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO**

## **MEMORANDUM**

**To:** Ash Williams  
**From:** Michael McCauley  
**Date:** September 4, 2012  
**Subject:** Board of Trustees Meeting – Standing Report / Investment Programs & Governance

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### **CORPORATE GOVERNANCE & PROXY VOTING OVERSIGHT GROUP**

The SBA's Corporate Governance & Proxy Voting Oversight Group (Proxy Committee) met last on June 20, 2012 and is scheduled to meet next on September 27, 2012. The Proxy Committee continues to discuss ongoing governance issues including the volume and trends for recent proxy votes, governance factors within global equity markets, regulatory developments and company research tied to the Protecting Florida's Investments Act (PFIA).

### **GLOBAL EQUITY PROXY VOTING**

During the trailing 12 months ending June 30, 2012, the SBA executed 9,420 votes on public company proxies covering 84,881 individual voting items, including director elections, audit firm ratifications, executive compensation plans, mergers, acquisitions, and other management and shareowner proposals. The SBA voted "for" 77 percent of all executed proxy votes. The table below provides major statistics on the SBA's proxy voting activities through the last 12 months ending June 30, 2012:

<b>Votes in Favor of Directors</b> 80.4% (FY2011=76.7%)	<b>Votes in Favor of Say-on-Pay</b> 77.4% (FY2011=74.6%)	<b>Votes with Management</b> 80.8% (FY2011=78.9%)
<b>Votes in Favor of Auditors</b> 91.3% (FY2011=90%)	<b>Votes in Favor of Proxy Access</b> 100% (FY2011= no votes)	<b>Total Ballot Items Voted</b> 84,881 (FY2011=56,536)
<b>Votes in Favor of All Governance Proposals</b> 66.7% (FY2011=71%)	<b>Votes in Favor of Environmental and Social Issue Proposals</b> 22.6% (FY2011=47.8%)	<b>Total Proxies Voted</b> 9,420 (FY2011=6,138)

Highlights from the SBA's proxy votes for the fiscal year ending June 30, 2012 included:

- Fiscal year-over-year growth rate of 54 percent in the total number of proxy votes.
- The SBA's proxy votes were cast in 81 countries, with the top 5 countries comprised of the United States (2,827 votes), Japan (1,173), Hong Kong (604), United Kingdom (426), and Canada (405).
- Voted 77 percent "for," 16 percent "against," 3 percent "withheld," 4 percent "abstained" or "did not vote" (due to various local market regulations and/or liquidity restrictions placed on voted shares).
- Of all votes cast, 19.2 percent were against the management-recommended-vote, down from 21 percent during the same period last year.
- Among all global proxy votes, the SBA cast at least one dissenting vote at 6,605 annual shareowner meetings, or 68.2 percent of all meetings.

**Key proxy voting items during Fiscal Year 2012 are described below:**

**DIRECTOR ELECTIONS**—Board of director elections represent one of the most critical areas in proxy voting since shareowners rely on the board to monitor the performance of a company's executive management. The SBA supported 80.4 percent of individual nominees for boards of directors, voting against the remaining portion of directors primarily due to concerns about candidate independence, qualifications, attendance, or overall board performance. The SBA policy is to withhold support from directors who fail to observe good corporate governance practices or demonstrate a disregard for the interests of shareowners.

- During the first half of 2012, 41 directors at 29 U.S. companies in the Russell 3000 index failed to receive majority support by shareowners. The SBA withheld votes for 95.1 percent of these same directors.
- 54 percent of these companies underperformed their industry peers over a three year period.
- Only 1 in 10 of these firms has implemented a majority voting election procedures, underscoring the need for U.S. companies to move away from the older method of plurality voting.
- Directors at Mentor Graphics Corporation and Chesapeake Energy Corporation were among those receiving the lowest level of shareowner support. Other corporations experiencing director approval rates less than a majority of the votes cast included Aircastle Limited, Cablevision Systems, and Vornado Realty Trust. The SBA voted against one or more directors at each of these firms.
- Mentor Graphics had 5 directors fail to receive majority support due to the board's failure to submit a shareowners rights plan ("poison pill") for investor approval and extending and increasing the exercise price of a shareowner rights plan without shareowner approval.
- The two directors that were up for reelection at Chesapeake Energy Corporation received less than 30 percent of shareowner support due to the board's failure to adequately monitor and disclose the financial activities of co-founder and CEO Aubrey McClendon, who engaged in a variety of personal transactions that posed a clear and substantial risk for conflicts of interest.

**EXECUTIVE COMPENSATION**—The SBA considers on a case-by-case basis whether a company's board has proposed or implemented equity-based compensation plans that are excessive relative to other peer companies or plans that may not have an appropriate performance orientation. As a part of this analysis, the SBA reviews the level and quality of a company's compensation disclosure—believing strongly that shareowners are entitled to comprehensive reporting on compensation practices in order to make efficient investment decisions.

Compensation-related proxy votes during 2012 were again dominated by the 'Say-on-Pay' issue ("SOP") mandated by the Dodd-Frank Act. The SBA voted to approve remuneration reports (compensation plans for named executive officers) for 68.8 percent of companies during the 2012 proxy season, very similar to our 2011 approval rate of 70 percent. At U.S. companies, the SBA voted against approximately 23 percent of all SOP voting items. On a national basis, approximately 97 percent of companies won a majority of shareowner support for their compensation plans.

Among large capitalization firms in the U.S., 12 constituent companies of the Standard & Poor's 500 index had their compensation practices voted down by shareowners, including Abercrombie & Fitch Co., Best Buy Co., Big Lots, Chesapeake Energy, Citigroup, Cooper Industries, International Game Technology, Mylan, Nabors Industries, NRG Energy, Pitney Bowes, and Simon Property Group, Inc. The SBA voted against each of these firms' executive compensation practices. Additionally, at Big Lots, Chesapeake Energy, Nabors Industries, and Simon Property Group, the SBA voted against one or more other executive compensation item(s) such as an omnibus compensation plan or long-term incentive plan (LTIP) adoption and/or amendment.

The following individual SOP votes made headlines during the 2012 proxy season:

- **Citigroup**—In April, institutional investors voted down Citigroup CEO Vikram Pandit's \$15 million pay package in a historic say-on-pay vote. Approximately 55 percent of the company's shareowners rejected the pay plan, which also included a controversial bonus arrangement. The bonuses would allow top senior managers to collect millions of dollars if Citigroup's operating businesses posted \$12 billion in cumulative pretax earnings during 2011 and 2012. That target amount is less than half of the sum those businesses earned in 2009 and 2010. Citigroup is the first major bank and the largest company by market value to have its executive pay plan rejected by shareowners.

- **Nabors Industries**—The advisory vote on executive pay received only 25 percent of the votes cast, while the 2012 incentive bonus plan registered just 48 percent of the votes cast and the 2012 stock plan garnered a low 45 percent of the votes cast. At last year’s annual meeting, just 43 percent of the votes cast supported the say-on-pay proposal. In February, Nabors Chairman Eugene Isenberg agreed not to collect a \$100 million termination payment that he was slated to receive after being replaced as CEO of the company in October of 2011. The payout, which would have been one of the largest in U.S. corporate history, sparked a significant amount of criticism among the company’s top shareowners.
- **Chesapeake Energy**—Only 20 percent of shareowners voted for management’s say-on-pay proposal. The move comes as both the IRS and SEC are investigating a controversial investment program that granted CEO Aubrey McClendon minority stakes in Chesapeake’s natural gas wells. Reuters published a report in June revealing that Mr. McClendon had taken out as much as \$1.1 billion in personal loans using his well stakes as collateral.

Below are the SBA’s Say-on-Pay voting statistics through June 30, 2012, broken out for both global (U.S. and Non-U.S. companies) and U.S.-only portfolios:

2012 SOP Voting	Total Votes	“For” Votes	“Against” Votes
SBA Global SOP Votes	3,486	2,494 (68.8%)	992 (27.6%)
SBA U.S. SOP Votes	2,190	1,693 (77.3%)	497 (22.7%)
Glass, Lewis & Co. <sup>1</sup>	n/a	84.9%	15.1%
Farient Advisors <sup>2</sup>	n/a	83%	17%
ISS <sup>1</sup>	n/a	2,273 (88.4%)	299 (11.6%)

<sup>1</sup> Actual data, covering SOP recommendations at U.S. firms in the Russell 3000 index, for shareowner meetings occurring on or before June 30, 2012.

<sup>2</sup> Actual data, covering SOP recommendations at U.S. firms within the S&P 1,500 index, for shareowner meetings occurring on or before June 30, 2012.

For other compensation-related voting items apart from SOP, over the last fiscal year the SBA supported 52.7 percent of all non-salary (equity) compensation items—while supporting 76.7 percent of executive incentive bonus plans, and 43.2 percent of management proposals to adopt restricted stock plans in which company executives or directors would participate (51.2 percent for the amendment of such plans).

**SUSTAINABLE BUSINESS PRACTICES**—The SBA generally supported investor proposals to adopt or strengthen sustainability reporting requirements and improved environmental disclosures. Improved corporate reporting allows investors to better gauge a firm’s potential environmental risks and business practices. The SBA supported 75 percent of shareowner resolutions asking companies to publish sustainability reports and 28.6 percent of shareowner resolutions asking companies to produce reports assessing the impact on local communities.

**AUDITOR RATIFICATION**—Auditors are responsible for safeguarding investor interests and assuring financial statements are presented fairly. Therefore, auditor independence and impartiality are paramount in maintaining public trust. The SBA supported 91.3 percent of ballot items to ratify the board of directors’ selection of external auditor. Votes against auditor ratification are cast in instances where the audit firm has demonstrated a failure to provide appropriate oversight, when there have been significant restatements in the financial statements, or when significant conflicts-of-interest exist, such as the provision of outsized non-audit services.

**PROXY ACCESS**—Proxy access shareowner proposals, which facilitate investor-nominated director candidates, were a major focus of investors during 2012—the first year such proxy access proposals were allowed to be submitted under new SEC rules. While these proposals received quite a bit of investor attention, only a few garnered majority support. Chesapeake Energy’s investors voted almost 2-to-1 in favor of a proxy access shareowner proposal calling for shareowner ability to nominate candidates to the board of directors if they owned three percent of the company’s

stock for the prior three year period. Nabors Industries' investors also supported a similarly structured proxy access proposal. The SBA voted in favor of all nine proxy access proposals submitted by investors during the first half of 2012.

#### **REGULATORY DEVELOPMENTS & OTHER COMMENTARY**

On June 20, 2012, the Securities and Exchange Commission (SEC) adopted rules under Section 10C of the Securities Exchange Act of 1934, as mandated by Section 952 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The rules impose independence requirements, authorize compensation committees to retain compensation consultants, and require compensation committees to assess the independence of any consultant, legal counsel, or other adviser, codifying what is now standard practice at many U.S. companies. The rules are effective for annual proxy statements filed after January 1, 2013. The new rule covering compensation committee independence is not likely to dramatically change the board make up at large firms. An Institutional Shareholder Services (ISS) analysis of Russell 3000 firms found that 98 percent of all S&P 500 and S&P MidCap companies' compensation committees were fully independent by ISS standards. The new rules mandate compensation committees meet independence standards set under listing rules to be established by the relevant stock exchanges, and also that compensation committees consider the independence of, and disclose potential conflicts with, external compensation consultants and legal advisors providing advice on executive compensation arrangements. Notably, the new rules require companies to disclose conflicts and, if any, how they are being addressed for any adviser, "that has played a role in determining or recommending the amount or form of executive and director compensation." This goes beyond the current requirement of disclosure relative to a company's use of pay consultants and associated fees.

On July 11, 2012, in conjunction with other members of the Asian Corporate Governance Association (ACGA), SBA staff co-signed investor letters to KYOCERA Corporation, a large Japanese electronics firm, and NIDEC, a Japanese motor manufacturing company. The investor letters requested the board of directors provide enhanced disclosure to shareowners about the quality of its financial statements, as well as the quality and performance of its external auditor, Kyoto Audit. In late 2011, the Public Company Accounting Oversight Board (PCAOB) released an audit inspection report citing numerous problems with Kyoto Audit's audit practices. These problems included failure to test and substantiate revenue, failure to test allowances for doubtful accounts, and failure to test investor valuations. The ACGA has focused on several Japanese companies in response to the experience of Olympus Corporation, which had manipulated various accounting treatments and historical merger transaction values.

On August 10, 2012, SBA staff submitted a comment letter to the Securities and Futures Commission (SFC) of Hong Kong, providing input on the Consultation Paper on the Regulation of Sponsors. The SBA's comments largely supported the previous submission made to the SFC by the Asian Corporate Governance Association (ACGA), covering recommendations on a code of conduct, coordinated listing rules, and improved investor disclosure.

On August 22, 2012, the SEC released a final rule on Disclosure of Payments by Resource Extraction Issuers. The new rules require a resource extraction issuer (mainly energy and mining companies), "to disclose certain payments made to a foreign government (including subnational governments) or the U.S. government." Critics of the disclosure requirements have contended that it will make U.S. companies less competitive versus non-US and particularly state-owned companies (only companies that file an annual report with the SEC are required to make the disclosures).

On August 22, 2012, the SEC adopted a final rule covering the reporting requirements for companies using conflict minerals from the Democratic Republic of the Congo (DRC) and adjoining countries. "Conflict minerals" are defined to include gold, cassiterite, columbite-tantalite, and wolframite, or other minerals determined by the U.S. Secretary of State to be financing conflict in the DRC, Angola, Burundi, the Central African Republic, the Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, or Zambia.

On August 29, 2012, SBA staff co-signed a follow up letter to Petroleo Brasileiro SA ("Petrobras") expressing concerns about the recent election process for board members specifically designated for minority shareholder representation. For future annual or extraordinary shareholder meetings, the investor group recommended the company prevent voting by investors affiliated with the government. The letter also applauded the company's announcement of new nomination and voting mechanisms aimed at improving the director election process for minority shareowners. The letter noted that all of the issues were important to global shareowners, "in light of the value destruction experienced by Petrobras' shareholders over the past few years. Since the model of the rights issue was announced on August 31st 2009, shares of Petrobras as measured in U.S. dollars fell by 48 percent."



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ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO

## MEMORANDUM

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**To:** Ashbel C. Williams, Executive Director & CIO  
**From:** Maureen M. Hazen, General Counsel *Maureen M. Hazen*  
**Date:** August 29, 2012  
**Subject:** Office of General Counsel: Standing Report to Trustees  
For Period June 1, 2012 – August 28, 2012

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### SBA Agreements.

During the period covered by this report, the General Counsel's Office drafted, reviewed and negotiated: (i) 27 new agreements – including 4 private equity investments, 2 real estate investments and 5 strategic investments; (ii) 90 contract amendments, addenda or renewals; and (iii) 3 contract terminations.

### SBA Litigation.

(a) Passive. As of August 28, 2012, the SBA was a putative, passive member of the class in 612 active and open securities class actions. From June 1, 2012 through July 31, 2012<sup>1</sup>, the SBA collected recoveries in the amount of \$13,057,121.49 as a passive member in 19 securities class actions.

(b) Active. (i) Abu Dhabi Commercial Bank v. Morgan Stanley & Co. (Cheyne Litigation). During the period covered by this report, the Court considered and denied the Motions for Summary Judgment filed in this matter. The Court has scheduled a case status conference for September 19, 2012.

(ii) In re Tribune Litigation. On January 24, 2012, the SBA was served a complaint (along with other defendants) now pending in the U.S. Bankruptcy Court, Southern District of New York by the Official Committee of Unsecured Creditors of the Tribune Company alleging damages for fraudulent conveyance and requesting the return of proceeds received by all defendant investors in a leveraged buy-out of the Tribune Company (which subsequently declared bankruptcy). The SBA received approximately \$11 million in connection with this leveraged buy-out. The Court has stayed all answer and motion filing deadlines pending the issuance of master scheduling order.

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<sup>1</sup> As of the date of this report, recoveries made in August, 2012 were not yet available.



(iii) *In re Lyondell* Litigation. On January 17, 2012, the SBA was served a complaint (along with other defendants) filed in the U.S. Bankruptcy Court, Southern District of New York alleging damages for fraudulent conveyance and seeking the return of proceeds received by all defendant investors that tendered stock in a leveraged merger of Lyondell Chemical Company (which subsequently declared bankruptcy). The SBA received approximately \$32 million in connection with stock tendered in the leveraged merger. On March 12, 2012, the SBA filed a Joinder to existing Motions to Dismiss. The Court has yet to rule on the Motions.

(iv) *Williams v. Scott* (FRS Contribution Litigation). On June 20, 2011, various plaintiffs filed a complaint against the Trustees and the Secretary of DMS challenging the constitutionality of Senate Bill 2100 (the legislation mandating the deduction of 3% of employees' salaries for contribution into the Florida Retirement System). On March 6, 2012, the trial court ruled the law unconstitutional as to its application to employees who were members of the FRS prior to July 1, 2011. The Appellants appealed the ruling to the First District Court of Appeal, which certified the case as presenting issues of great public importance. The Florida Supreme Court accepted jurisdiction. During the period covered by this report, all briefs were submitted. The Court has scheduled oral argument for September 7, 2012.

(c) FRS Investment Plan. During the period from June 1, 2012 through August 28, 2012, the General Counsel's Office monitored and/or managed the following cases for the Florida Retirement System Investment Plan. The SBA issued ten (10) Final Orders, received notice of filing of six (6) new cases, continued to litigate eleven (11) cases that were pending during the periods covered by previous reports, including defending four (4) appellate cases.

#### **Other Matters.**

(a) Public Records Requests. During the period covered by this report, the General Counsel's Office received 20 new public records requests and provided responses to 16 requests. As of the date of this report, the General Counsel's Office continues to work on 9 open requests.

(b) SBA Rules. (i) During the period covered by this report, the SBA filed the following rule amendments, all of which became effective on July 12, 2012: (A) Rule 19-9.001: Investment Policy Guidelines, which adopted the revised Investment Policy Statement approved by the Trustees effective February 9, 2012 for the FRS Investment Plan; (B) Rule Chapter 19-11, which updated information contained in all of the rules, removed unnecessary and redundant rule provisions, and adopted the latest versions of applicable forms; (C) Rule Chapter 19-12, which served to repeal all of the rules contained therein as unnecessary and duplicative. The few provisions that were not duplicative were moved to rules in Chapter 19-11 that covered the same subject matter; (D) Rule Chapter 19-13, which updated information regarding the roles and responsibilities of the various entities providing services to the FRS Investment Plan; and (E) Rule 19-14.001, which adopted the most recent version of the Policy Statement for the Non-FRS Defined Contribution Programs.

(ii) On June 27, 2012, the SBA filed with the Legislature the 2012-2013 Annual Regulatory Plan, which sets forth the rules that the SBA will propose to begin rulemaking during the period beginning on July 1, 2012 and ending on June 30, 2013. The SBA indicated it will be filing amendments to rules in Rule Chapters 19-3, 19-4 and 19-5 to update provisions, delete unnecessary rules and consolidate information.



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ATTORNEY GENERAL  
AS SECRETARY  
ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO**

**MEMORANDUM**

**DATE:** August 31, 2012  
**TO:** Board of Trustees  
**FROM:** Ken Chambers, Inspector General  
**SUBJECT:** Quarterly Report on SBA Inspector General Activities

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The SBA Inspector General (IG) is responsible for serving as the organization's ethics officer; conducting internal investigations; overseeing investment protection principles (IPP) compliance; and handling special projects as directed by the Executive Director.

**Ethics and Training**

- Mandatory ethics training and certification of compliance are required for all SBA employees on an annual basis. The training covers gifts, conflicts of interest, financial disclosure, outside employment, lobbyist/principal restrictions, honorarium related events, etc. Currently, the Inspector General is involved in a review of the ethics policy and corresponding training course to determine if any changes/revisions are warranted.
- During the period June 8, 2012 to August 30, 2012, two instances were reported to the Inspector General concerning non-compliance with the SBA gift policy. In each case, the violation was unintentional and self-reported by the employee, and the provider was reimbursed for the gift in accordance with the policy.
- As a proactive measure, a licensure and corporate records search was conducted for all SBA employees. This involved a search against the investment licensure data base maintained by the Office of Financial Regulation, and the corporate records data base maintained by the Division of Corporations within the Department of State. Other than a few minor issues, the search did not disclose any material non-compliance with the SBA's outside employment policy.

**Investment Protection Principles Compliance**

In September 2002, the Trustees of the SBA adopted Investment Protection Principles (IPPs) for broker-dealers and investment managers in the wake of Wall Street scandals involving tainted equity research and conflicts of interest. Subsequently, principles have been developed to cover



investment consultants. The IPPs are geared toward promoting independence, transparency and regulatory compliance, and adherence to the highest standards of ethics and professionalism. On an annual basis, written certification is required from equity and fixed income investment managers, broker-dealers, and investment consultants.

As previously reported, all of the equity and fixed income investment managers completed and returned their IPP certification forms for the 2011 reporting period. An analysis of the 2011 certifications indicated full compliance with the IPP's by most of the equity and fixed income managers. For the others, explanations were provided supporting that the managers are in compliance with the spirit of the IPP's.

Certification forms for broker-dealers have been disseminated to the applicable firms. All but a few of the broker-dealers have completed and returned their IPP certification forms, and the compliance results will be included in the next Trustee's report.

#### Investment Advisory Council Disclosures

As required by Chapter 215.444, Florida Statutes, all current IAC members have completed the annual Conflict Disclosure Statement. Additionally, eight of the nine IAC members have completed the fiduciary training program as stipulated in Chapter 215.444.

#### SBA Fraud Hotline

Since July 2006, The Network Inc. has been the independent provider of SBA Fraud Hotline services. Through an 800 number, SBA employees may anonymously report tips or information related to fraud, theft, or financial misconduct. The telephone number and information is prominently displayed on the SBA intranet home page. Additionally, the hotline information is available on the SBA internet site as part of the SBA Internal Control and Fraud Policy.

To date, no reports or tips have been received by the Hotline for 2012.

#### Financial Disclosure Forms

The Commission on Ethics requires certain state employees and officials who meet the reporting requirement to file an annual Financial Disclosure Form. All SBA employees who met this requirement have filed a Financial Disclosure Form with the Commission on Ethics for the year ending December 31, 2011.

cc: Ash Williams



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AS SECRETARY  
ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO**

**MEMORANDUM**

**DATE:** August 31, 2012  
**TO:** Ash Williams  
**FROM:** Eric Nelson  
**SUBJECT:** Trustee Update – September 2012

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Attached is Risk Management and Compliance's quarterly summarized compliance report as of June 30, 2012 for transmission to the Trustees, Investment Advisory Council and Audit Committee. Where possible, compliance data being reported is current information as of the date of this memorandum.

Additionally, the following is a brief status report of Risk Management and Compliance activities and initiatives completed or in progress during the period 6/11/12 through 8/31/12:

- Progress continues on the BarraOne total fund risk model implementation. We have just received reports for the March through June 2012 time periods. Risk management staff is currently evaluating these reports. Recent indications are that MSCI Barra is on track to meet the contractually required monthly reporting deadlines for the 7/31/12 reporting period.
- Risk management staff is actively engaged in documenting the system of internal controls to mitigate risks across the organization. Efforts are focused on identifying both preventative and detective controls and key risk indicators for monitoring and reporting.
- The SBA's first compliance program self assessment was completed and published for the fiscal year ended 6/30/12. The report was developed through review of examples from external investment managers and includes analysis of resources allocated, summaries of compliance activities, performance metrics, a compliance "Customer" Satisfaction Survey, and future plans for the Compliance unit. The compliance program self assessment was presented and discussed by the Chief Risk & Compliance Officer at the August 13, 2012 Audit Committee meeting.
- SBA management finalized the Strategic Plan for fiscal years 12/13 through 14/15. Strategic goals and objectives were developed taking into account a variety of factors,

including results from the “Tone at the Top” survey as well as the “top five” strategic risks identified through a management survey tool. The final ten approved strategic objectives were mapped to the SBA’s enterprise risk management framework and documented as part of the published plan. The Strategic Plan was distributed to the Audit Committee as part of the August 13, 2012 meeting materials.

- A draft of the risk management plan for fiscal year 12/13 was presented at the Risk and Compliance Committee meeting on 8/30/12. The core of the plan is an aggregate initiatives list, which details strategic objective support projects as well as business unit level initiatives - all documented and linked to the ERM framework. After thorough discussion, senior management was allocated two more weeks to identify any additional risk mitigation activities for inclusion in the final plan which will be presented at the November Audit Committee meeting.
- During the period, Risk Management and Compliance received affirmation from SBA management that 26 Crowe Horwath and 9 Deloitte “Category B” recommendations were completed and should be considered closed.

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## SBA Risk Management and Compliance

Compliance Report for Quarter Ended June 30, 2012



A. STATUTORY / REGULATORY COMPLIANCE		STATUS
1	Chapter 215.47, F.S. - Investments	All investments statutorily permitted All investments within statutory limits
2	Quarterly Report to Joint Legislative Auditing Committee on Florida PRIME and Fund B	Monthly Florida PRIME reports for quarter ending 6/30/12 anticipated to be reviewed and approved by SBA Trustees and to be sent to the JLAC on 9/18/12
3	Annual Florida PRIME Statutory Compliance Review reported and evaluated by IAC and PLGAC	FY 2011-12 report completed and reviewed on 6/25/12 at joint meeting of IAC and PLGAC
4	Annual Florida PRIME Best Practices Review	FY 2012-12 report completed and reviewed on 6/25/12 at joint meeting of IAC and PLGAC
5	Protecting Florida's Investment Act Compliance (Iran/Sudan)	No violations reported - latest quarterly report approved by Trustees on 6/26/12
6	Free Cuba Act of 1993 (Chapter 215.471, F.S.)	No restricted securities identified as of 8/31/12 - no compliance violations
7	Northern Ireland (Chapter 121.153, F.S.)	No restricted securities identified as of 8/31/12 - no compliance violations
8	SEC Form 13F - Institutional investment managers that have discretion over \$100 million in Section 13(f) securities	All securities reported to the SEC
9	SEC Form 13H - Large Trader Registration	No changes to report for the quarter
10	CFTC Form 40 - Statement of Reporting Trader	No reporting required for the quarter
11	Basket Clause Securities	No proposed plans for such investments were reported to the IAC
B. INVESTMENT POLICY STATEMENTS APPROVED BY TRUSTEES		STATUS
1	FRS Pension Plan	Asset allocation within specified ranges Performance measured to approved benchmarks
2	FRS Investment Plan	Education requirements in compliance Investment Plan Administrator and Bundled Provider requirements in compliance Performance measured to approved benchmarks
3	Lawton Chiles Endowment Fund	Asset allocation within specified ranges Performance measured to approved benchmarks
4	Florida PRIME	Portfolio securities and transactions in compliance with Investment Policy Statement Federated conducted monthly stress tests - results reported to the Investment Oversight Group on 7/23/12 Daily NAV and other high risk ranked parameters independently verified and in compliance Received all new account disclosure statements
5	Fund B Surplus Fund	Securities and transactions independently reviewed and all principal and interest payments distributed to participants net of fees
C. ETHICS / CONFLICTS OF INTEREST		STATUS
1	Insider Trading Policy	No compliance violations reported
2	Personal Investment Activity Policy	All personal investment holdings reports received for new employees Two minor personal trading violations detected on 5/12/12 and 5/30/12 - CRCO sent cautionary e-mail to employees and supervisors
3	Conflict of Interest Certification - SBA Employees participating in selection process for external investment manager or private market investments	All certifications executed

## SBA Risk Management and Compliance

Compliance Report for Quarter Ended June 30, 2012



D. GOVERNANCE AND POLICY OVERSIGHT		STATUS
1	Governance and Oversight Group Meetings	Senior Investment Group did not meet in April 2012 and the Risk and Compliance Committee did not meet during the quarter
2	Investment Portfolio Guidelines Compliance (# of portfolios) FRS: Global Equity and REIT Portfolios (70) Fixed Income & High Yield Portfolios (21) Private Market Asset Classes (10) Other Non-FRS mandates / Trust Funds (30)	No material compliance violations through 6/30/12 No material compliance violations through 6/30/12 No material compliance violations as of 3/31/12 (one quarter lag) No material compliance violations through 6/30/12
3	External Investment Manager and Private Market Investment Acquisition	Acquisition checklists completed for all new managers and funds Placement Agent disclosures received and reviewed on all new investments and amended contracts with economic impact
4	External Investment Manager and Private and Public Market Investment Retention and Termination	No External Investment Managers terminated during the quarter
5	Private Equity Investment Plan	Plan updated for 2012-13
6	Strategic Investments Work Plan	Plan updated for 2012-13
7	Private Real Estate Work Plan	Plan updated for 2012-13
8	Internal Trading Policy	Twenty-five exceptions reported to the Fixed Income Investment Oversight Group during the quarter - all exceptions addressed and policy modified to resolve timing issues associated with input of newly issued securities
9	Compliance Procedures Annual Review	All compliance procedures reviewed and updated for improvement opportunities
10	2012 Compliance Self-Assessment	Presented to the Audit Committee on 8/13/12
11	Annual Review of Policies	Confirmation of annual policy review was sent via email to Senior Management - three responses not received
12	Derivative Instruments Usage	Verified usage permitted by policy Reviewed counterparty risk exposures - within historically normal ranges
13	Leverage Usage	No new loan activities for the quarter ending 3/31/12
14	Trading Counterparty Management	Approved trading counterparty and direct issuer lists updated as of 8/29/12 Additions include: Deutsche Bank AG was added for Fixed Income, RBC Capital Markets, LLC, and Stifel Nicolaus & Company, Incorporated were added for Global Equity Development Corp for Israel was reclassified from the Authorized Trading Counterparty List to the Direct Issuer List Asset class trading volumes within monitoring standards Global Equity quarterly trade cost analysis performed and reviewed on 8/28/12
15	Rebalancing and Liquidity Assessments	All funds currently within policy operating ranges
16	Risk Budget	Aggregate active investment risks (sources, levels and trends) reviewed by Senior Investment Group as of 8/29/12
17	New Investment Vehicles and Programs	No new investment vehicles approved during the quarter
18	Securities Lending	No material compliance violations
19	Investment Valuation	All direct-owned real estate properties externally appraised within last 12 months (unless newly acquired or in the process of being sold) Public Market Securities: 100.0% (valued as of 6/30/12) Real Estate: 99.9% (valued as of 03/31/12 or later) Private Equity: 99.6% (valued as of 03/31/12 or later) Strategic Investments: 95.6% (valued as of 03/31/12 or later)
20	Private Market Allocation Policies	Real Estate: within intra-asset class allocation ranges Private Equity: certain categories outside intra-asset class operating ranges - DED notified Strategic Investments: certain categories outside intra-asset class operating ranges - DED notified
21	Performance Measurement	All calculations performed in compliance with policy
22	Procurement	3 ITN's in progress, no new ITN's during the quarter



## State Board of Administration of Florida

Major Mandate Review  
Second Quarter 2012

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## Table of Contents

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1. Executive Summary
  - Market Update
  - Major Mandate Review
2. Pension Plan Review
3. Investment Plan Review
4. CAT Fund Review
5. Lawton Chiles Endowment Fund Review
6. Florida PRIME and Fund B Review
7. Appendix
  - Pension Plan Performance Report
  - Investment Plan Performance Report
  - Lawton Chiles Endowment Fund Performance Report



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# Executive Summary

Second Quarter 2012

**Hewitt** ennisknupp

*An Aon Company*

## Executive Summary

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- Through June 2012, the major mandates outperformed their respective benchmarks over all longer time periods, with one exception. The CAT Operating Fund modestly trailed its benchmark over the trailing five-year period.
- The Pension Plan outperformed its Performance Benchmark over all trailing periods, as Global Equity continued to be the main source of value add to relative performance.
- Over the trailing three-, five-, and ten-year periods, the Pension Plan performed roughly in line with the median plan's performance in the TUCS Defined Benefit Plan universe.
- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the three- and five-year period, suggesting strong relative performance of the underlying fund options in which participants are invested.
- During a difficult year for active management, the FRS Investment Plan performed roughly in line with its benchmark and the majority of the active underlying fund options outperformed the median fund in its respective universe.
- The Lawton Chiles Endowment Fund outperformed its benchmark over all longer time periods and approximated its benchmark return over the trailing one-year period.
- Absolute yields on the CAT Fund and Florida PRIME remain muted during this period of low interest rates, though both mandates continue to outperform their respective benchmarks over both short and long time periods, an exception being the CAT Operating Fund which slightly trailed its benchmark over the trailing five-year period.

# State Board of Administration of Florida Florida Retirement System

Pension Plan Review  
Second Quarter 2012

## Executive Summary

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- The Fund assets total \$122.7 billion as of June 30, 2012, which represents a \$3.8 billion decrease since last quarter.
- The Pension Plan, when measured against the Performance Benchmark, outperformed over all time periods.
- Relative to the Absolute Nominal Target Rate of Return, the Pension Plan underperformed over the trailing one-, five-, ten-, and fifteen-year periods, but outperformed over the trailing three-year period along with all longer time periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
  - Public market asset class investments do not significantly deviate from their broad market based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
  - Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, and investment strategy.
  - Asset allocation is monitored on a daily basis to ensure the actual asset allocation of the Pension Plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Hewitt EnnisKnupp and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

## FRS Pension Plan Change in Market Value Periods Ending 6/30/2012

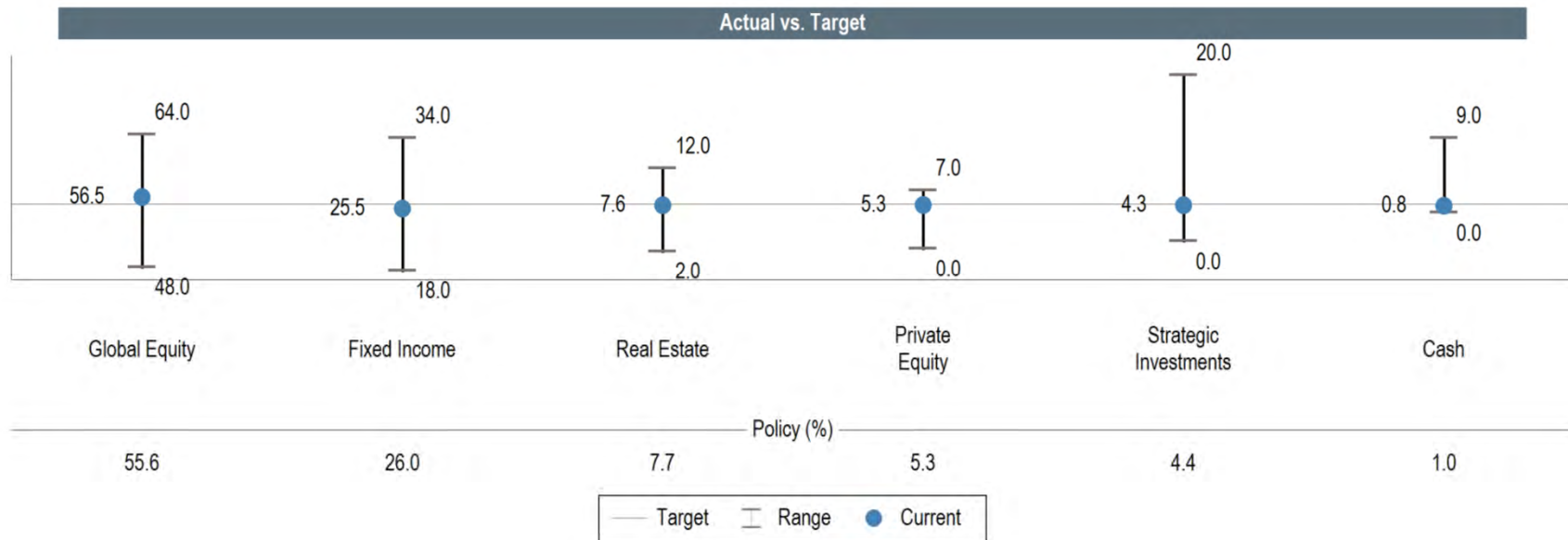
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Summary of Cash Flows		
	Second Quarter	Fiscal YTD*
<b>Beginning Market Value</b>	\$126,535,647,927	\$128,532,863,218
<b>+/- Net Contributions/(Withdrawals)</b>	(\$1,441,239,824)	(\$5,960,171,739)
<b>Investment Earnings</b>	(\$2,348,434,552)	\$173,282,072
<b>= Ending Market Value</b>	\$122,745,973,551	\$122,745,973,551
<b>Net Change</b>	(\$3,789,674,377)	(\$5,786,889,668)

\*Period July 2011 – June 2012

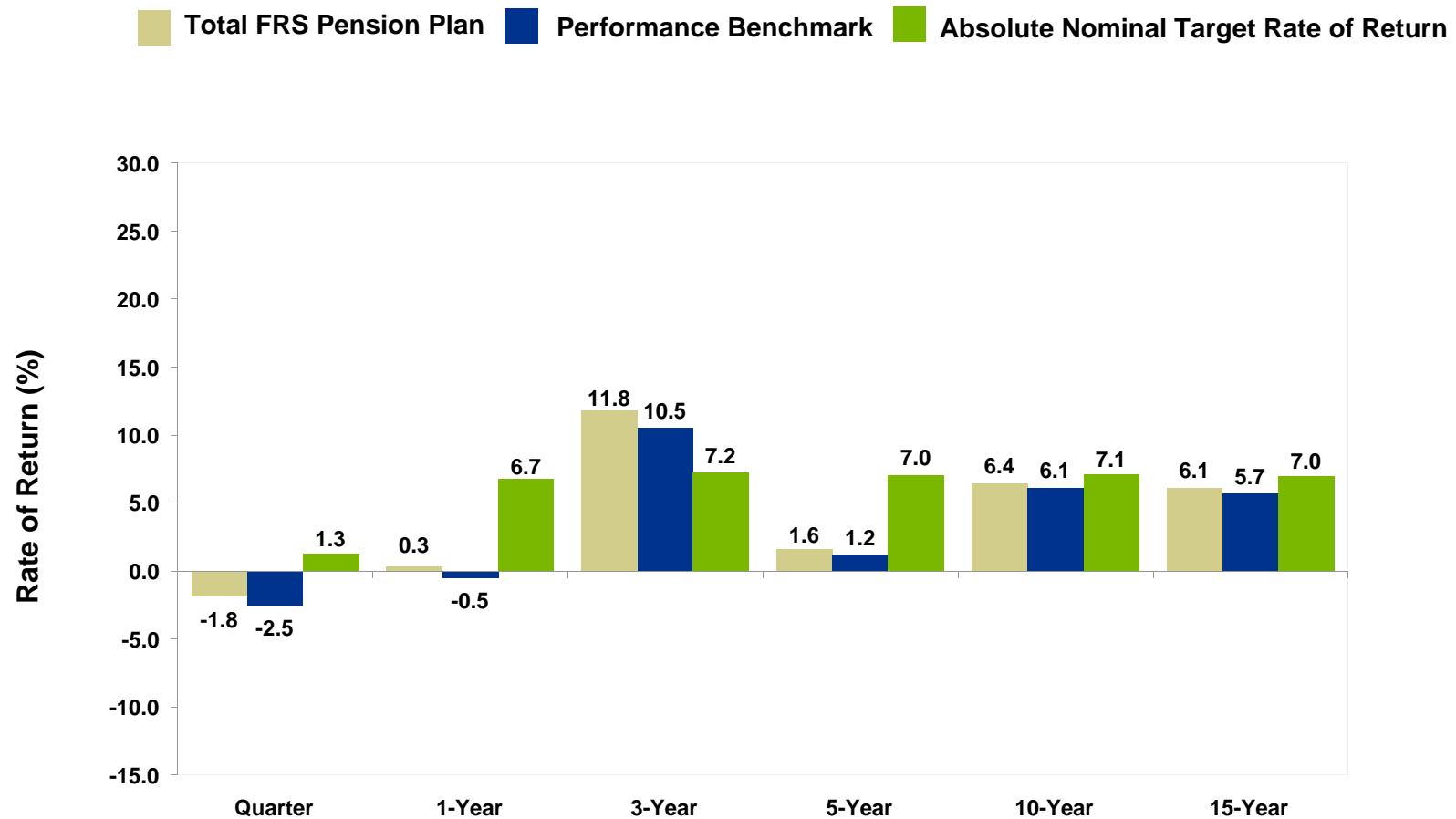
## Asset Allocation as of 6/30/2012

Total Fund Assets = \$122.7 Billion



## FRS Pension Plan Investment Results Periods Ending 6/30/2012

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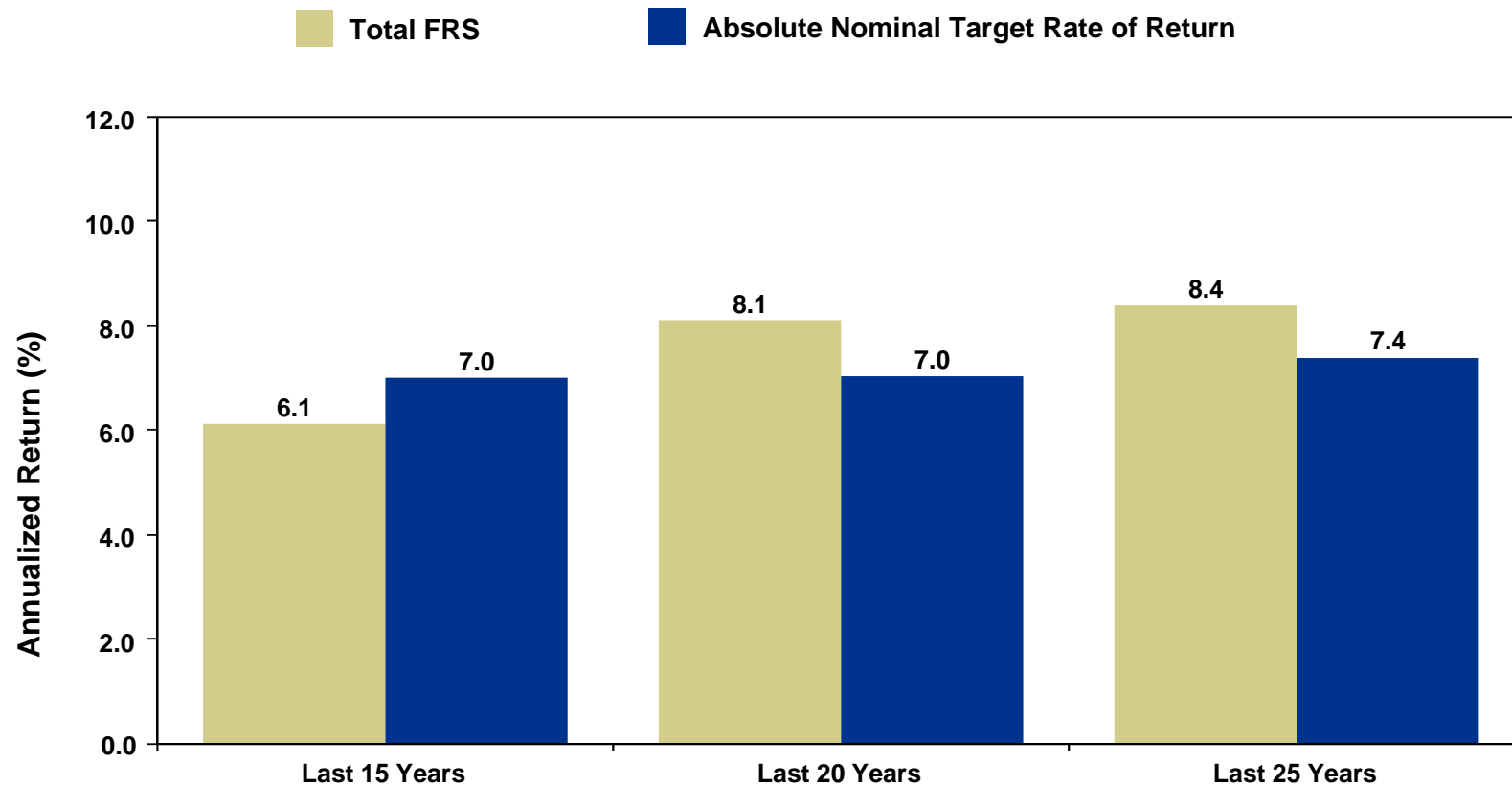




## FRS Pension Plan Investment Results Periods Ending 6/30/2012

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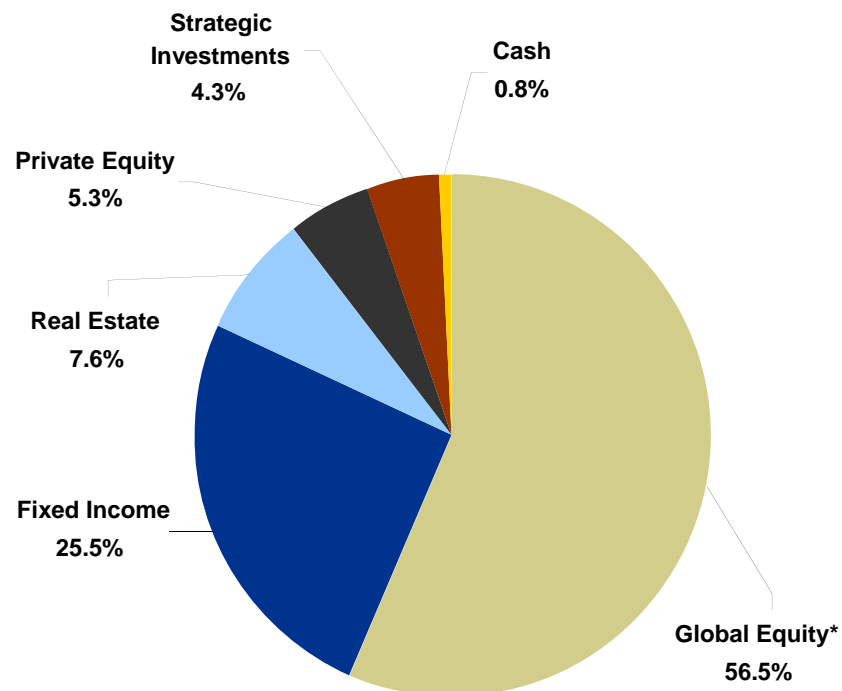
### Long-Term FRS Pension Plan Performance Results vs. SBA's Long-Term Investment Objective



## Comparison of Asset Allocation As of 6/30/2012

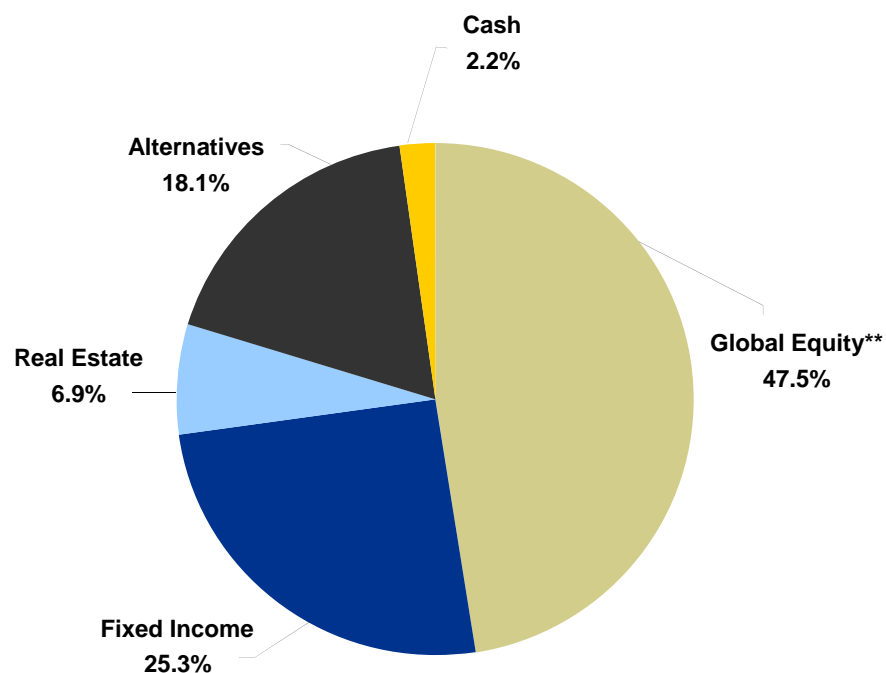
### FRS Pension Plan vs. Top Ten Defined Benefit Plans

FRS TOTAL FUND



\*Global Equity Allocation: 25.9% Domestic Equities; 27.8% Foreign Equities; 2.8% Global Equities. Percentages are of the Total FRS Fund.

TUCS TOP TEN

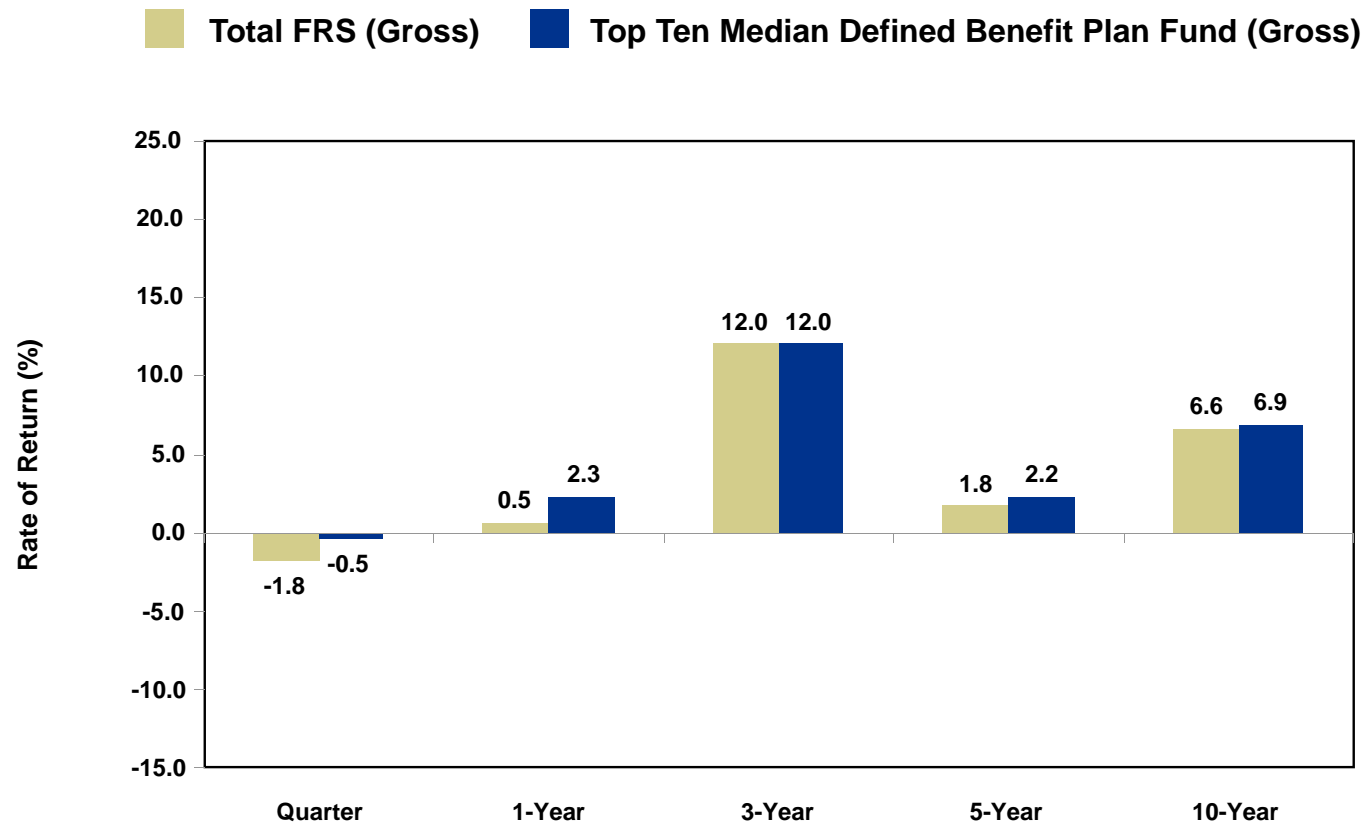


\*\*Global Equity Allocation: 28.5% Domestic Equities; 19.0% Foreign Equities.

Note: The TUCS Top Ten Universe includes \$1.1 trillion in total assets. The median fund size was \$108.9 billion and the average fund size was \$107.7 billion.

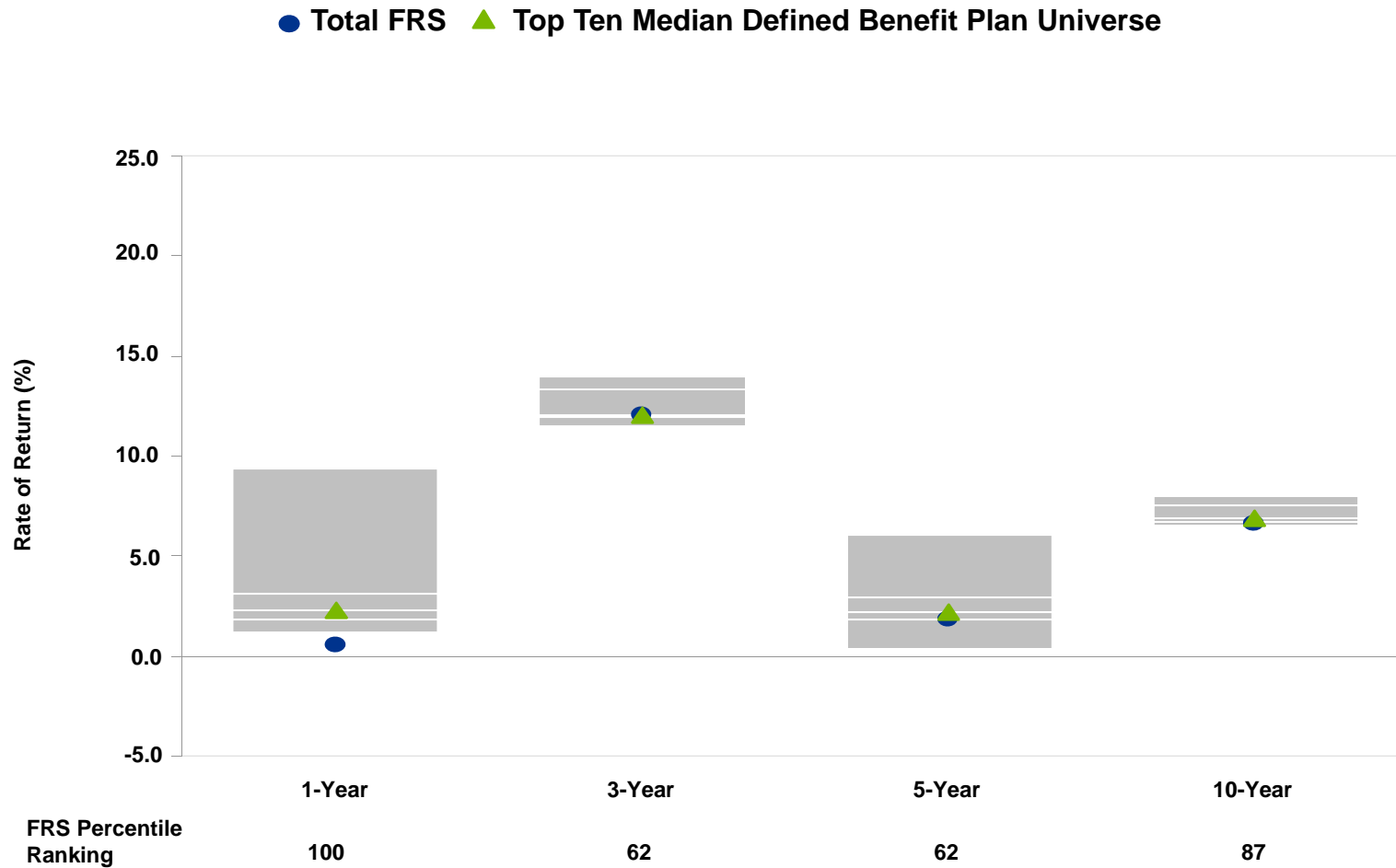
## FRS Results Relative to TUCS Top Ten Defined Benefit Plans Periods Ending 6/30/2012

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Note: The TUCS Top Ten Universe includes \$1.1 trillion in total assets. The median fund size was \$108.9 billion and the average fund size was \$107.7 billion.

# Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS) Periods Ending 6/30/2012



Note: The TUCS Top Ten Universe includes \$1.1 trillion in total assets. The median fund size was \$108.9 billion and the average fund size was \$107.7 billion.

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# State Board of Administration of Florida Florida Retirement System

Investment Plan Review  
Second Quarter 2012

## Executive Summary

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

## Total Investment Plan Returns

### Periods Ending 6/30/2012

	One-Year	Three-Year	Five-Year
<b>FRS Investment Plan</b>	<b>1.1%</b>	<b>9.9%</b>	<b>1.4%</b>
<i>Total Plan Aggregate Benchmark*</i>	1.2	9.4	0.8
<i>FRS Investment Plan vs. Total Plan Aggregate Benchmark</i>	-0.1	0.5	0.6

### Periods Ending 12/31/2010

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

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

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



## FRS Investment Plan Costs

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<b>FRS Investment Plan Expense Ratio*</b>	<b>0.22%</b>
<b>Peer DC Plan Expense Ratio*</b>	<b>0.24%</b>

\* Source: CEM Benchmarking 2011 Report – Custom Peer Group for FSBA of 19 DC plans including corporate and public plans with assets between \$2.0 - \$12.6 billion.

## FRS Investment Plan Costs (cont.)

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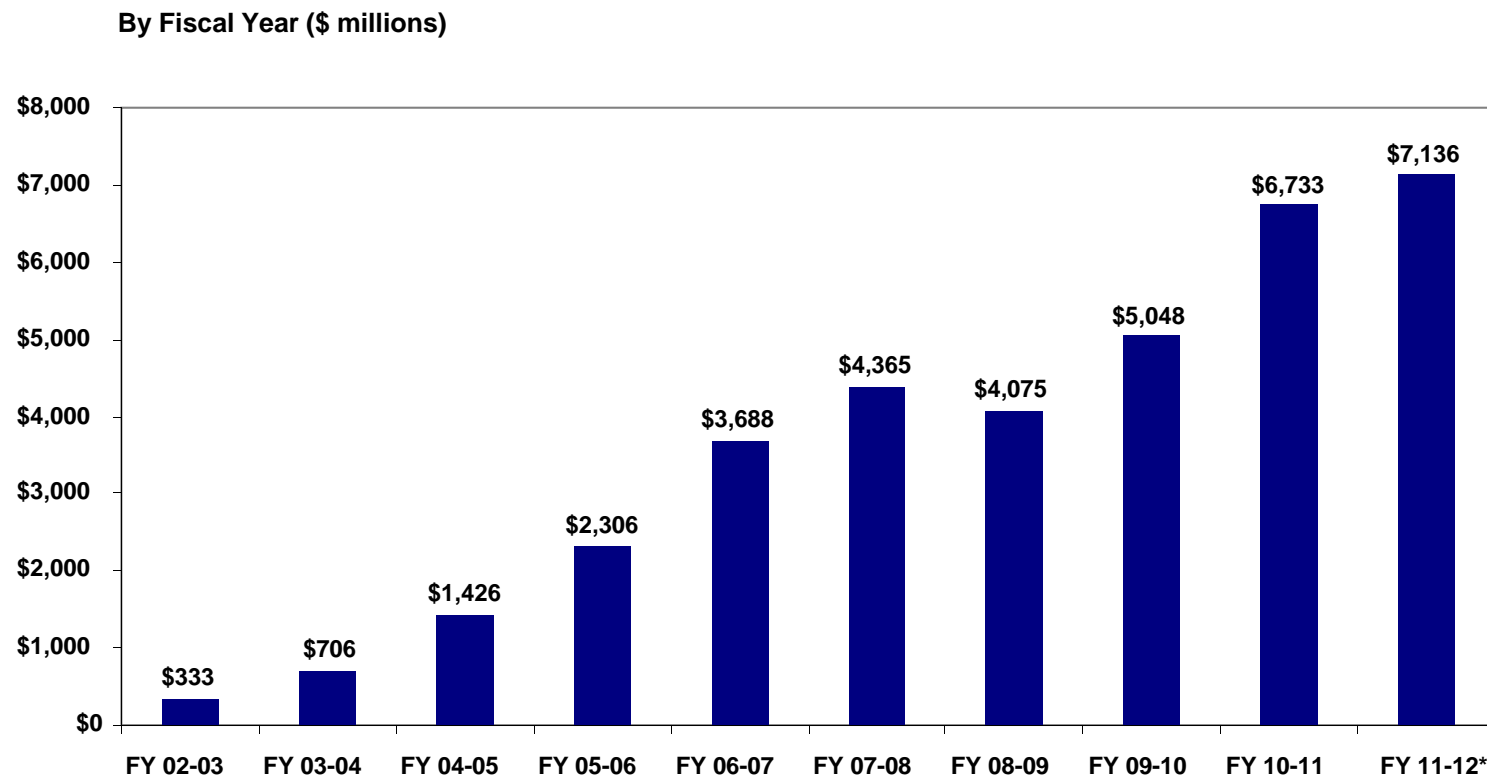
Investment Category	Investment Plan Fee*	Average Mutual Fund Fee**
Large Cap Equity Fund	0.25%	0.85%
Mid Cap Equity Fund	0.51%	0.98%
Small Cap Equity Fund	0.89%	1.06%
International Equity Fund	0.38%	1.03%
Diversified Bond Fund	0.27%	0.55%
Balanced Fund	0.05%	0.88%
Money Market	0.06%	0.26%

\*Average Fee if Multiple Products in Category as of 6/30/2012.

\*\*Source: Morningstar as of 6/30/2012.

## Investment Plan Fiscal Year End Assets Under Management

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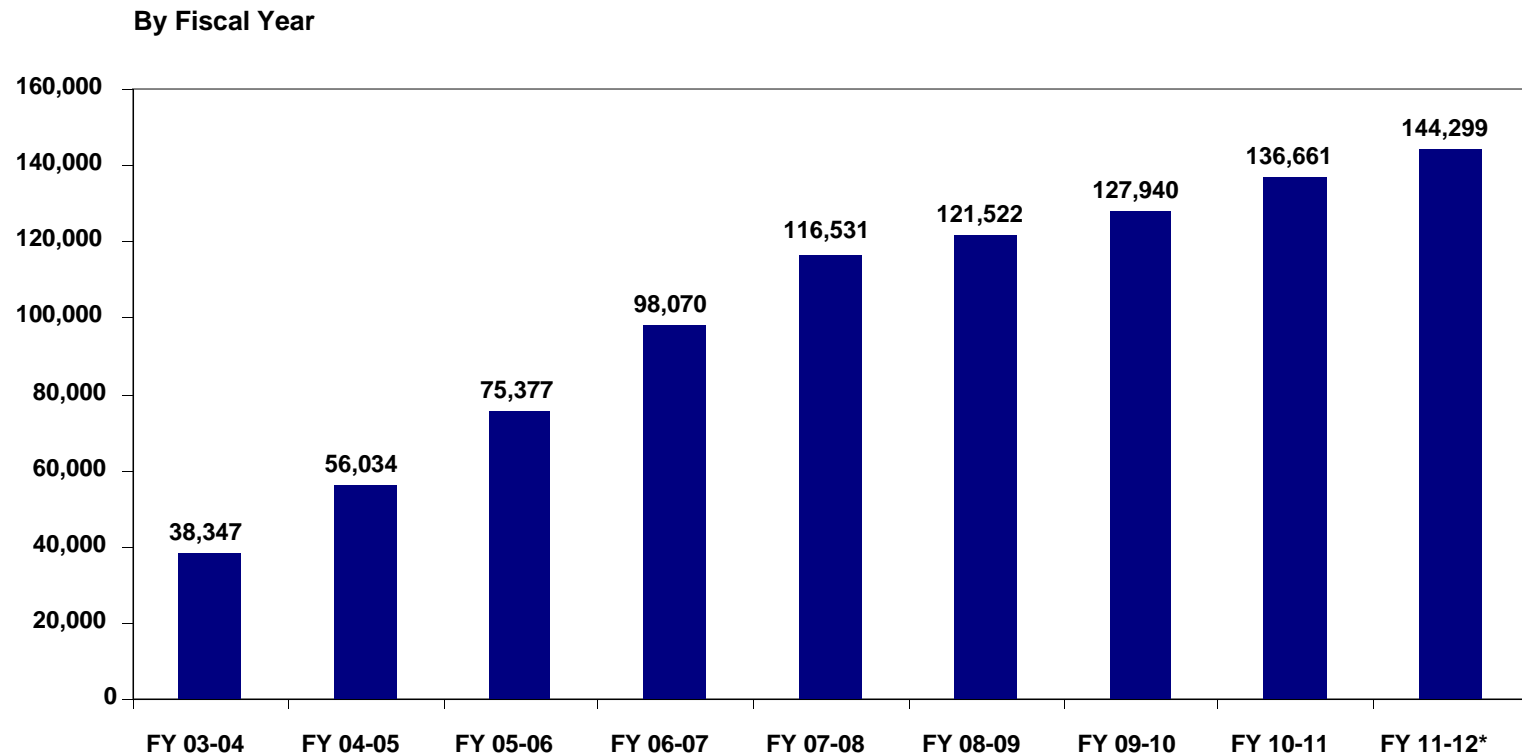


\*Period Ending 6/30/2012

Source: Investment Plan Administrator

## Investment Plan Membership

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**\*Period Ending 6/30/2012**

Source: Investment Plan Administrator

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# State Board of Administration of Florida CAT Fund Review

Second Quarter 2012

## Florida Hurricane Catastrophe Fund Background

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- The purpose of the Florida Hurricane Catastrophe Fund (FHCF) is to provide a stable, ongoing and timely source of reimbursement to insurers for a portion of their hurricane losses.
- The State Board of Administration of Florida (SBA) manages five FHCF accounts, the CAT Fund (Operating Fund), the CAT 2006 A Fund (Post-Event Tax-Exempt Revenue Bonds), the CAT 2007 A Fund (Pre-Event Floating Rate Taxable Notes), the CAT 2008 A Fund (Post-Event Tax-Exempt Revenue Bonds), and the CAT 2010 A Fund (Post-Event Tax-Exempt Revenue Bonds).
- Both the CAT Fund (Operating Fund) and the CAT 2007 A Fund are internally managed portfolios benchmarked to a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Fund Net Index.
- The CAT 2006 A Fund, the CAT 2008 A Fund and the CAT 2010 A Fund are invested in State and Local Government Series (SLGS) securities.
- As of June 30, 2012, the total value of all FHCF accounts was \$11.9 billion.

## Executive Summary

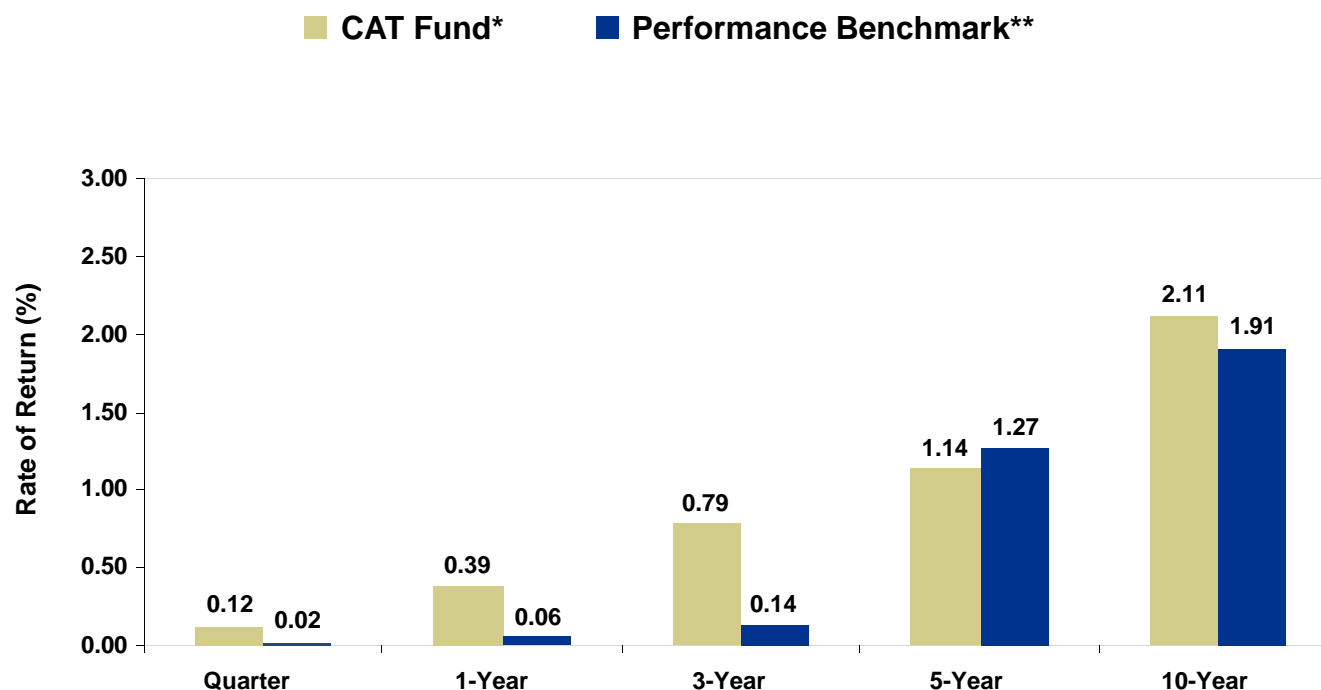
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- Performance of the CAT Fund on both an absolute and relative basis has been strong over short- and long-term time periods. The CAT Fund did underperform over the five-year period mostly due to poor performance during the 2008 credit crisis.
- The CAT Fund is adequately diversified across issuers within the short-term bond market.
- The Investment Policy Statement appropriately constrains the CAT Fund to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Adequate liquidity exists to address the cash flow obligations of the CAT Fund.
- The Investment Policy Statement is revisited periodically to ensure the structure and guidelines of the CAT Fund are appropriate, taking into consideration the CAT Fund's goals and objectives.



## CAT Fund Investment Results Periods Ending 6/30/2012

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\*CAT Fund: Beginning March 2008, the returns for the CAT Fund reflect marked-to-market returns. Prior to that time, cost-based returns are used.

\*\*Performance Benchmark: The CAT Fund was benchmarked to the IBC First Tier through February 2008. From March 2008 to December 2009, it was the Merrill Lynch 1-Month LIBOR. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Fund Gross Index. Effective July 2010, it is a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Fund Net Index.

## CAT Fund Characteristics

### Period Ending 6/30/2012

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<b>Effective Maturity Schedule</b>	
O/N* - 14 Days	28.8%
15 - 30 Days	6.1%
31 - 60 Days	7.6%
61 - 90 Days	5.1%
91 - 120 Days	7.3%
121 - 150 Days	5.7%
151 - 180 Days	4.9%
181 - 210 Days	6.7%
211 - 240 Days	3.5%
241 - 270 Days	1.8%
271 - 300 Days	3.5%
301 - 365 Days	6.6%
366 - 732 Days	5.9%
733 - 1,098 Days	5.5%
1,099 - 1,875 Days	1.1%
<b>Total % of Portfolio:</b>	<b>100.0%</b>

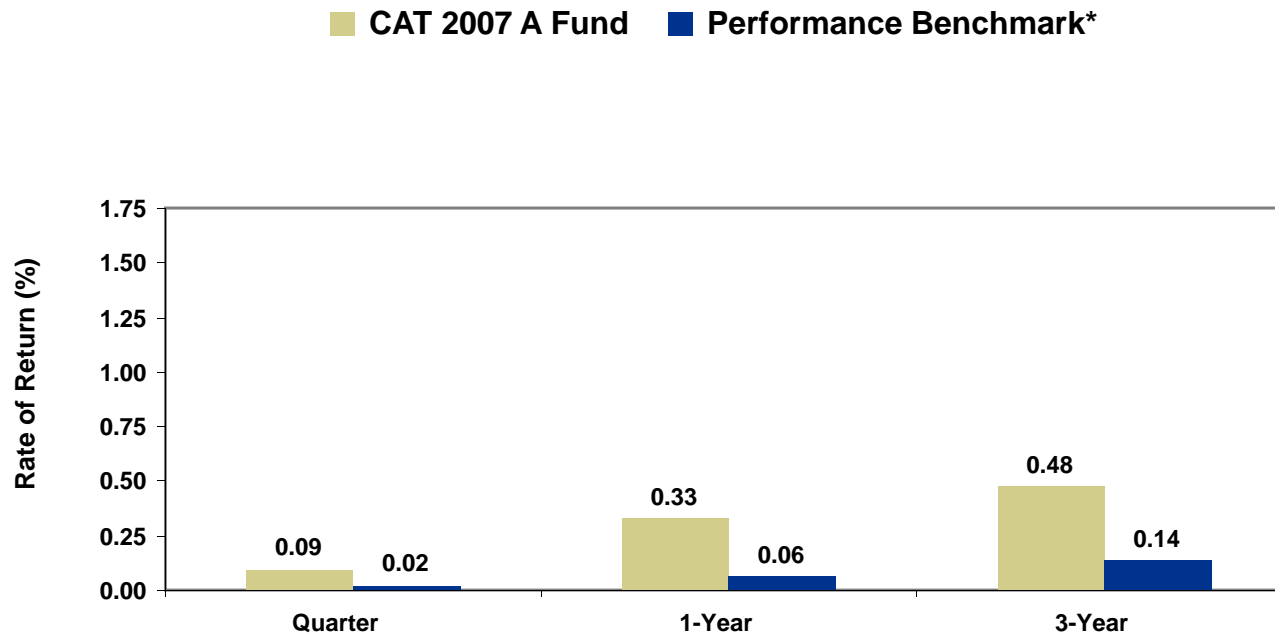
  

<b>S &amp; P Credit Quality Composition</b>	
AAA	50.6%
AA	10.6%
A	37.7%
BBB	0.0%
Non-Investment Grade	1.1%
<b>Total % of Portfolio:</b>	<b>100.0%</b>

\*O/N stands for overnight.

## CAT 2007 A Fund Investment Results Periods Ending 6/30/2012

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\*Performance Benchmark: The CAT 2007 A Fund was benchmarked to the Merrill Lynch 1-Month LIBOR from March 2008 to December 2009. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Fund Gross Index. Effective July 2010, it is a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Fund Net Index.

## CAT 2007 A Fund Characteristics

### Period Ending 6/30/2012

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<b>Effective Maturity Schedule</b>	
O/N* - 14 Days	24.2%
15 - 30 Days	10.4%
31 - 60 Days	12.7%
61 - 90 Days	38.1%
91 - 120 Days	5.4%
121 - 150 Days	0.0%
151 - 180 Days	0.0%
181 - 210 Days	0.0%
211 - 240 Days	0.9%
241 - 270 Days	0.0%
271 - 300 Days	0.0%
301 - 365 Days	5.7%
366 - 732 Days	2.7%
733 - 1,098 Days	0.0%
1,099 - 1,875 Days	0.0%
<b>Total % of Portfolio:</b>	<b>100.0%</b>

<b>S &amp; P Credit Quality Composition</b>	
AAA	52.9%
AA	13.5%
A	33.6%
BBB	0.0%
Non-Investment Grade	0.0%
<b>Total % of Portfolio:</b>	<b>100.0%</b>

\*O/N stands for overnight.

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# State Board of Administration of Florida Lawton Chiles Endowment Fund Review

Second Quarter 2012

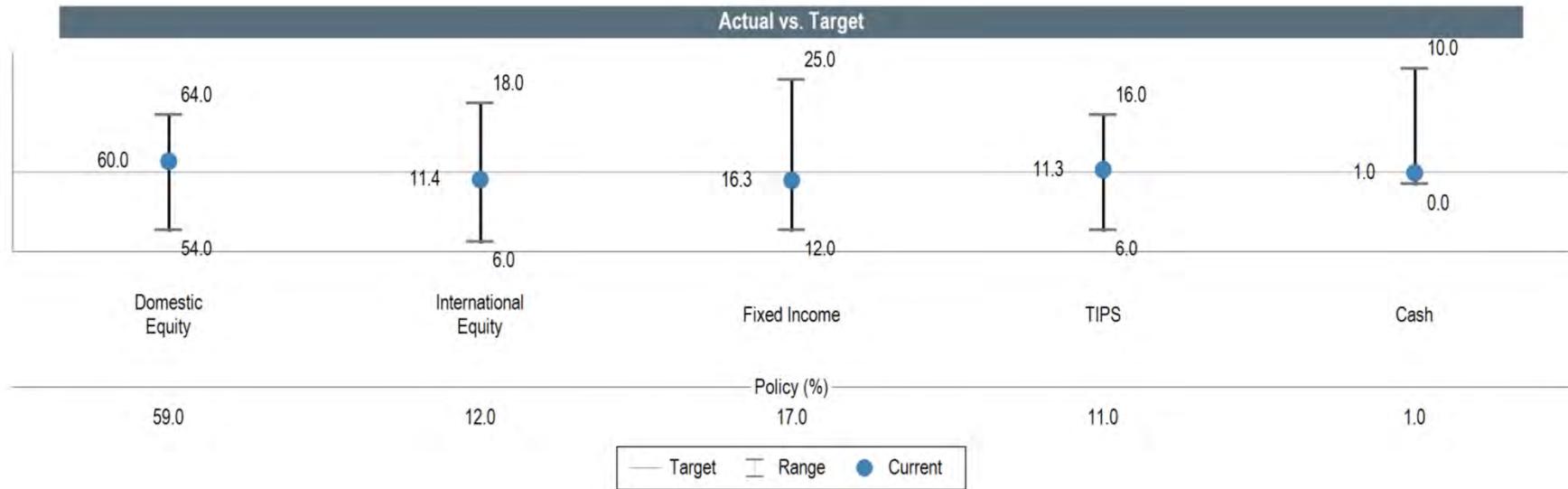
## Executive Summary

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- Established in July 1999, the Lawton Chiles Endowment Fund (LCEF) was created to provide a source of funding for child health and welfare programs, elder programs, and research related to tobacco use.
  - Investment objective is to preserve the real value of the net contributed principal and provide annual cash flows for appropriation.
  - The Endowment's investments are diversified across various asset classes including domestic equity, foreign equity, fixed income, inflation-indexed bonds (TIPS), and cash.
- The Endowment assets totaled \$776.1 million as of June 30, 2012.
  - At quarter-end, the Endowment's actual allocations were very close to the policy target.
- The Endowment's return outperformed that of its Target over the trailing three-, five-, and ten-year time periods.

## LCEF Asset Allocation as of 6/30/2012

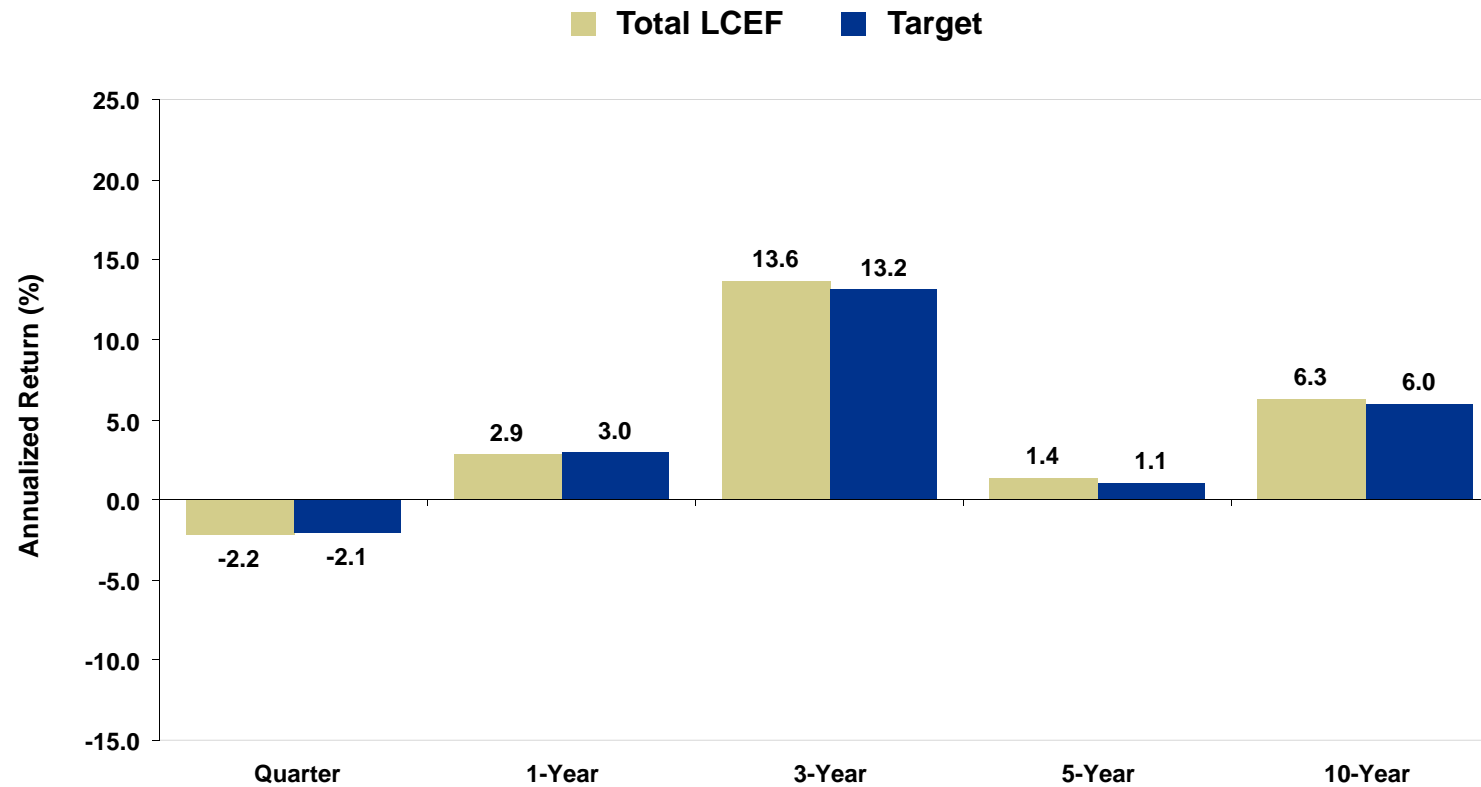
Total Fund Assets = \$776.1 Million





## LCEF Investment Results Periods Ending 6/30/2012

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# State Board of Administration of Florida Florida PRIME and Fund B Review

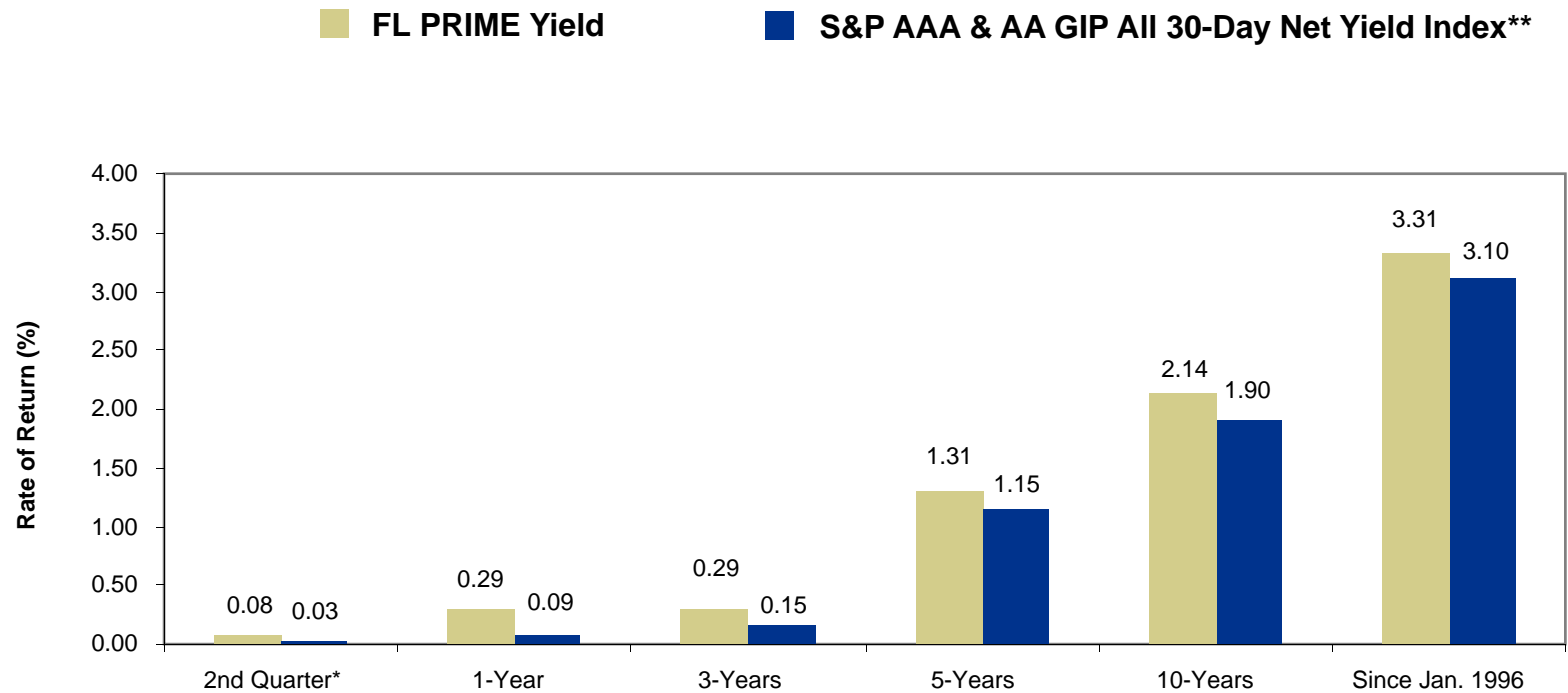
Second Quarter 2012

## Executive Summary

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- The purpose of Florida PRIME is safety, liquidity, and competitive returns with minimal risk for participants.
- The Investment Policy Statement appropriately constrains Florida PRIME to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Florida PRIME is adequately diversified across issuers within the short-term bond market and adequate liquidity exists to address the cash flow obligations of Florida PRIME.
- Performance of Florida PRIME on both an absolute and relative basis has been strong over short- and long-term time periods.
- As of June 30, 2012, the total market value of Florida PRIME was \$6.75 billion.
- Hewitt EnnisKnupp, in conjunction with SBA staff, compiles an annual best practices report that includes a full review of the Investment Policy Statement, operational items, and investment structure for Florida PRIME.

## Florida PRIME Investment Results Periods Ending 6/30/2012



\*Returns less than one year are not annualized.

\*\*S&P AAA & AA GIP All 30-Day Net Yield Index for all time periods shown.

## Florida PRIME Characteristics

### Quarter Ending 6/30/2012

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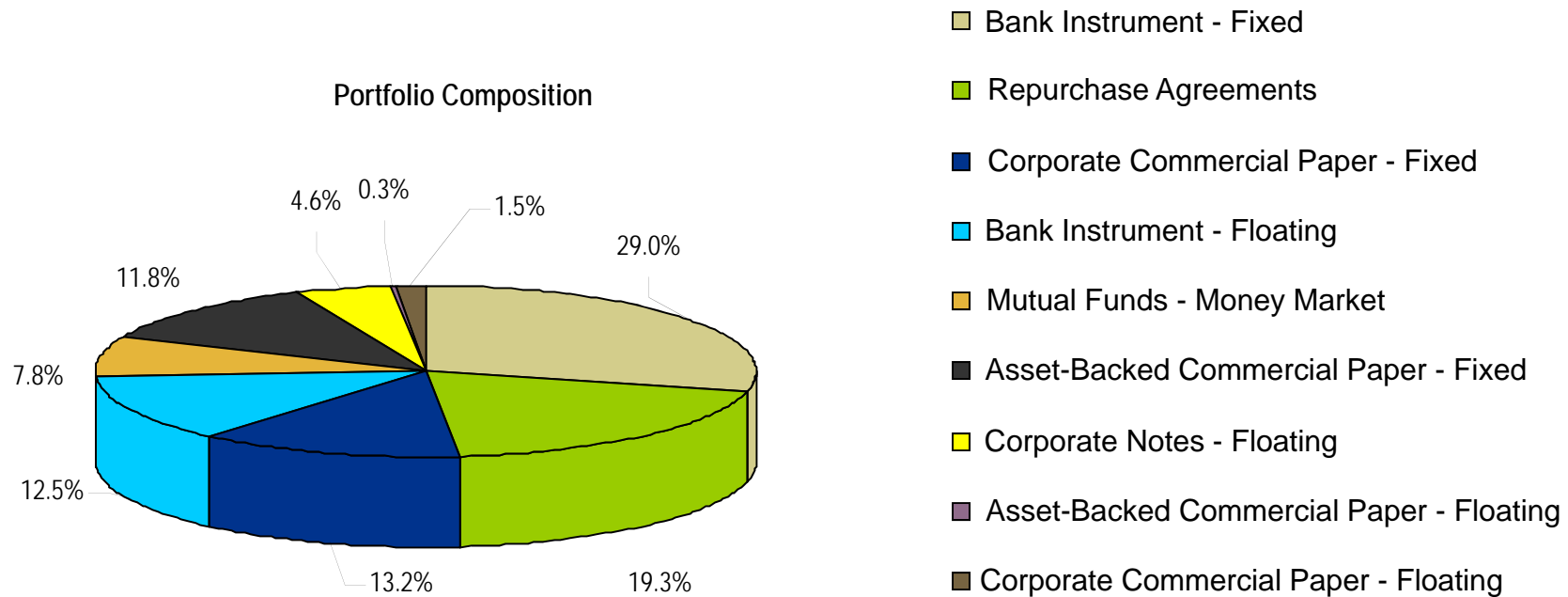
Cash Flows as of 6/30/2012	Second Quarter	Fiscal YTD*
Opening Balance	\$7,292,347,546	\$6,823,921,541
Participant Deposits	\$2,898,126,227	\$15,255,527,428
Transfers from Fund B	\$16,725,000	\$56,300,000
Gross Earnings	\$6,006,078	\$21,407,956
Participant Withdrawals	(\$3,460,319,042)	(\$15,402,975,502)
Fees	(\$441,670)	(\$1,737,283)
Closing Balance (6/30/2012)	\$6,752,444,139	\$6,752,444,139
<b>Change</b>	<b>(\$539,903,407)</b>	<b>(\$71,477,402)</b>

\*Period July 2011 – June 2012

## Florida PRIME Characteristics Quarter Ending 6/30/2012

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### Portfolio Composition



## Florida PRIME Characteristics

### Period Ending 6/30/2012

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Effective Maturity Schedule	
1-7 days	38.4%
8-30 days	21.1
31-90 days	30.2
91-180 days	6.3
181+ days	4.0
<b>Total % of Portfolio:</b>	<b>100.0%</b>

S & P Credit Quality Composition	
A-1+	56.6%
A-1	43.4
<b>Total % of Portfolio:</b>	<b>100.0%</b>

## Fund B Change in Market Value Period Ending 6/30/2012

---

Cash Flows as of 6/30/2012	Second Quarter	Fiscal YTD*
Opening Balance	\$243,292,988	\$263,794,745
Participant Distributions	(\$16,725,000)	(\$56,300,000)
Expenses Paid	(\$3,733)	(\$228,317)
Price Change	\$5,284,653	\$7,853,748
Closing Balance	\$231,848,908	\$231,848,908
<b>Change</b>	<b>(\$11,444,080)</b>	<b>(\$31,945,837)</b>

\*Period July 2011 – June 2012

- As of June 2012, 86.2% of the original principal in Fund B has been returned to participants.



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## State Board of Administration of Florida

### Major Mandate Review Second Quarter 2012

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## Table of Contents

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1. Executive Summary
  - Market Update
  - Major Mandate Review
2. Pension Plan Review
3. Investment Plan Review
4. CAT Fund Review
5. Lawton Chiles Endowment Fund Review
6. Florida PRIME and Fund B Review
7. Appendix
  - Pension Plan Performance Report
  - Investment Plan Performance Report
  - Lawton Chiles Endowment Fund Performance Report

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## Executive Summary

Second Quarter 2012



## Executive Summary

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- Through June 2012, the major mandates outperformed their respective benchmarks over all longer time periods, with one exception. The CAT Operating Fund modestly trailed its benchmark over the trailing five-year period.
- The Pension Plan outperformed its Performance Benchmark over all trailing periods, as Global Equity continued to be the main source of value add to relative performance.
- Over the trailing three-, five-, and ten-year periods, the Pension Plan performed roughly in line with the median plan's performance in the TUCS Defined Benefit Plan universe.
- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the three- and five-year period, suggesting strong relative performance of the underlying fund options in which participants are invested.
- During a difficult year for active management, the FRS Investment Plan performed roughly in line with its benchmark and the majority of the active underlying fund options outperformed the median fund in its respective universe.
- The Lawton Chiles Endowment Fund outperformed its benchmark over all longer time periods and approximated its benchmark return over the trailing one-year period.
- Absolute yields on the CAT Fund and Florida PRIME remain muted during this period of low interest rates, though both mandates continue to outperform their respective benchmarks over both short and long time periods, an exception being the CAT Operating Fund which slightly trailed its benchmark over the trailing five-year period.

# Market Update

Second Quarter 2012

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## Market Highlights

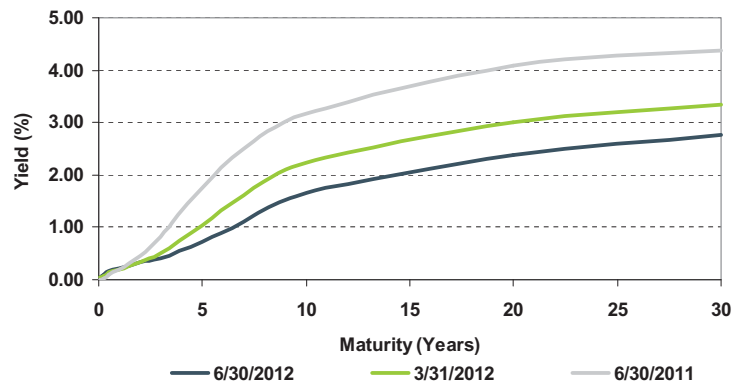
Returns of the Major Capital Markets						
Annualized Periods Ending 6/30/2012						
	Second Quarter	Year-to-Date	1-Year	3-Year	5-Year	10-Year
<b>Domestic Stock Indices</b>						
Dow Jones U.S. Total Stock Market Index	-3.1%	9.4%	4.0%	16.9%	0.6%	6.1%
Russell 3000 Index	-3.1%	9.3%	3.8%	16.7%	0.4%	5.8%
S&P 500 Index	-2.8%	9.5%	5.4%	16.4%	0.2%	5.3%
Russell 2000 Index	-3.5%	8.5%	-2.1%	17.8%	0.5%	7.0%
<b>Global Stock Indices</b>						
MSCI All Country World IMI Index	-5.7%	5.8%	-6.9%	11.3%	-2.4%	6.2%
MSCI All Country World ex-U.S. IMI Index	-7.8%	2.9%	-14.8%	7.4%	-4.5%	7.2%
MSCI EAFE Index	-7.1%	3.0%	-13.8%	6.0%	-6.1%	5.1%
MSCI Emerging Markets Index	-8.9%	3.9%	-15.9%	9.8%	-0.1%	14.1%
<b>Domestic/Foreign Bond Indices</b>						
Barclays Aggregate Bond Index	2.1%	2.4%	7.5%	6.9%	6.8%	5.6%
Barclays Long Gov't Index	10.3%	4.2%	31.4%	13.5%	11.9%	8.9%
Barclays Long Credit Index	5.0%	5.8%	19.2%	15.1%	10.0%	8.6%
Barclays Long Gov't/Credit Index	7.3%	5.0%	24.6%	14.4%	11.0%	8.7%
SSB Non-U.S. WGBI Index	0.2%	0.0%	0.4%	5.1%	7.4%	7.1%

- U.S. economic growth, as well as job growth, slowed during the second quarter.
- European economic data remained weak throughout the second quarter.
- Europe's strongest economy, Germany, fell victim to waning economic conditions while its unemployment rate rose to 6.8%.
- Equity markets rebounded during the last week of June mainly due to the extension of Operation Twist, an expected rate cut by the European Central Bank, and market anticipation of quantitative easing by the Bank of England.
- Non-U.S. equity significantly underperformed U.S. equity.
- The 10-year U.S. Treasury approached a record low yield of 1.44% at the beginning of June.
- The Spanish 10-year yield rose above 7.0% amid concerns over the deepening European debt crisis.
- Long duration bonds outperformed shorter duration bonds.
- Commodity indices experienced negative returns during the quarter, primarily stemming from lower energy prices.

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## U.S. Fixed Income Markets

U.S. TREASURY YIELD CURVE



Source: U.S. Department of Treasury

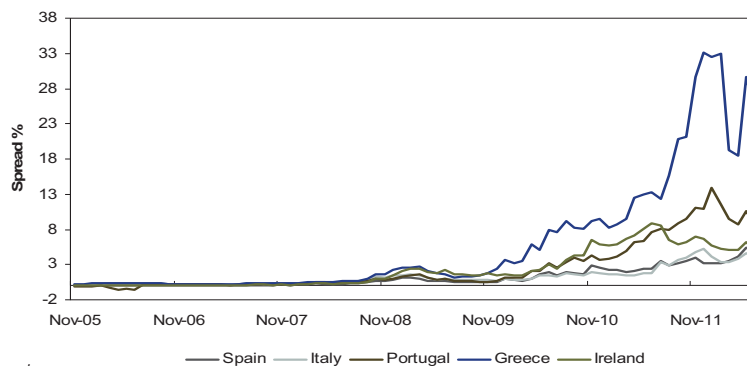
- Concern over mounting European uncertainty and worsening emerging markets economic conditions forced investors to look for a safe haven in the U.S., pushing Treasury yields to historic lows.
- The U.S. 10-year Treasury yield hit a record low of 1.44%, while the 30-year Treasury yield remained at an exceptionally low level.
- The Federal Open Market Committee pledged to keep downward pressure on long-term Treasury rates, while also extending Operation Twist through the end of the year.

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9

## European Fixed Income Markets

EUROZONE PERIPHERAL BOND YIELDS  
(Yield differences with Germany)



Source: Bloomberg

- Spanish and Italian 10-year bond yields rose during the quarter amid renewed investor concerns over the debt crises in both countries.
- Greece's 10-year spread decreased prior to elections, but a lack of commitment from the new government to stay in the European Union pushed spreads wider towards the end of the second quarter.
- Spanish, Italian, and Greek 10-year spreads widened, while Portuguese and Irish 10-year spreads narrowed during the quarter.

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10

## Major Mandate Investment Results Periods Ending 7/31/2012

	Year-to- Date	Trailing One-Year	Trailing Three-Year	Trailing Five-Year	Trailing Ten-Year
FRS Pension Plan	7.6%	1.9%	10.3%	2.1%	7.2%
<i>Performance Benchmark*</i>	6.4%	1.2%	8.9%	1.7%	6.8%
FRS Investment Plan	5.8%	2.6%	8.5%	2.0%	6.4%
<i>Total Plan Aggregate Benchmark**</i>	5.4%	2.7%	8.1%	1.4%	6.0%
CAT Operating Fund	0.3%	0.4%	0.7%	1.1%	2.1%
<i>Performance Benchmark***</i>	0.0%	0.1%	0.1%	1.2%	1.9%
CAT 2007A Fund	0.2%	0.3%	0.5%	--	--
<i>Performance Benchmark***</i>	0.0%	0.1%	0.1%	--	--
Lawton Chiles Endowment	8.4%	5.1%	11.9%	2.0%	7.1%
<i>Performance Benchmark****</i>	8.0%	5.1%	11.4%	1.7%	6.7%
Florida PRIME	0.2%	0.3%	0.3%	1.2%	2.1%
<i>S&amp;P AAA &amp; AA GIP All 30 Day Net Yield Index</i>	0.1%	0.1%	0.1%	1.1%	1.9%

\* A combination of the Global Equity Target, the Barclays Aggregate Bond Index, the Private Equity Target, the Real Estate Investments Target, the Strategic Investments Target, and the iMoneyNet First Tier Institutional Money Market Fund Net Index.

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

\*\*\* A 50/50 blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Fund Net Index.

\*\*\*\* A combination of the custom Domestic Equity Target, Foreign Equity Target, the Barclays Aggregate Bond Index, the Barclays U.S. TIPS Index and the S&P U.S. AAA & AA Rated GIP 30-Day Net Index.

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# State Board of Administration of Florida Florida Retirement System

## Pension Plan Review Second Quarter 2012



### Executive Summary

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- The Fund assets total \$122.7 billion as of June 30, 2012, which represents a \$3.8 billion decrease since last quarter.
- The Pension Plan, when measured against the Performance Benchmark, outperformed over all time periods.
- Relative to the Absolute Nominal Target Rate of Return, the Pension Plan underperformed over the trailing one-, five-, ten-, and fifteen-year periods, but outperformed over the trailing three-year period along with all longer time periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
  - Public market asset class investments do not significantly deviate from their broad market based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
  - Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, and investment strategy.
  - Asset allocation is monitored on a daily basis to ensure the actual asset allocation of the Pension Plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Hewitt EnnisKnupp and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.



## FRS Pension Plan Change in Market Value Periods Ending 6/30/2012

Summary of Cash Flows		
	Second Quarter	Fiscal YTD*
Beginning Market Value	\$126,535,647,927	\$128,532,863,218
+/- Net Contributions/(Withdrawals)	(\$1,441,239,824)	(\$5,960,171,739)
Investment Earnings	(\$2,348,434,552)	\$173,282,072
= Ending Market Value	\$122,745,973,551	\$122,745,973,551
Net Change	(\$3,789,674,377)	(\$5,786,889,668)

\*Period July 2011 – June 2012

15

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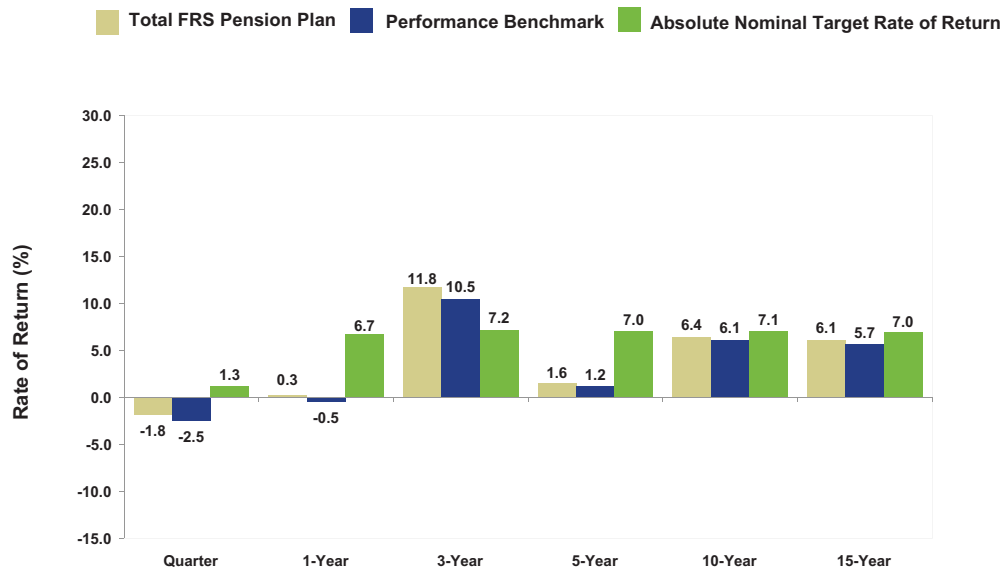
## Asset Allocation as of 6/30/2012 Total Fund Assets = \$122.7 Billion



16

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## FRS Pension Plan Investment Results Periods Ending 6/30/2012

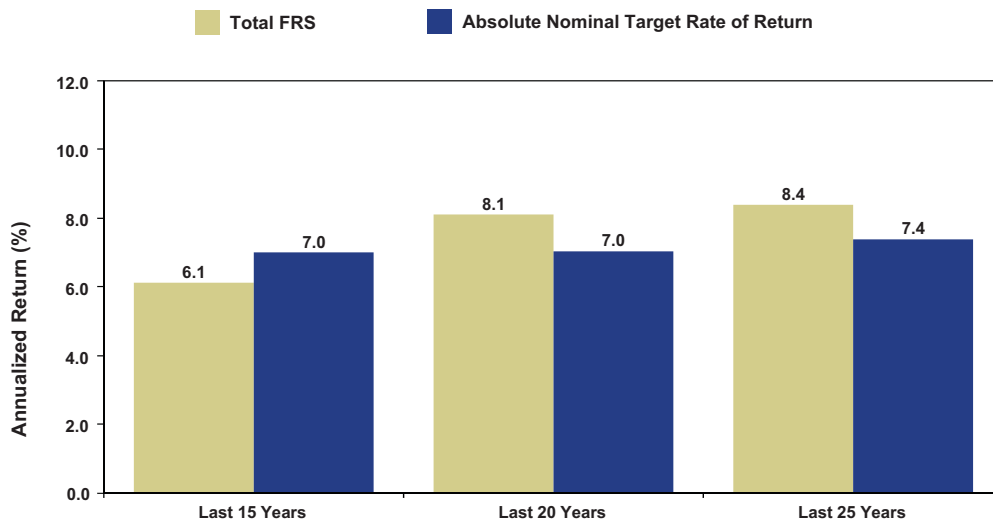


17

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## FRS Pension Plan Investment Results Periods Ending 6/30/2012

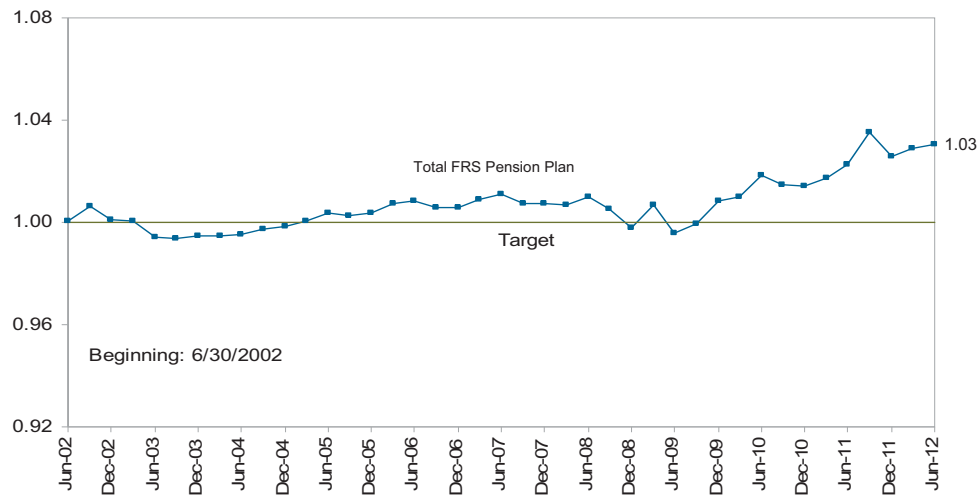
### Long-Term FRS Pension Plan Performance Results vs. SBA's Long-Term Investment Objective



18

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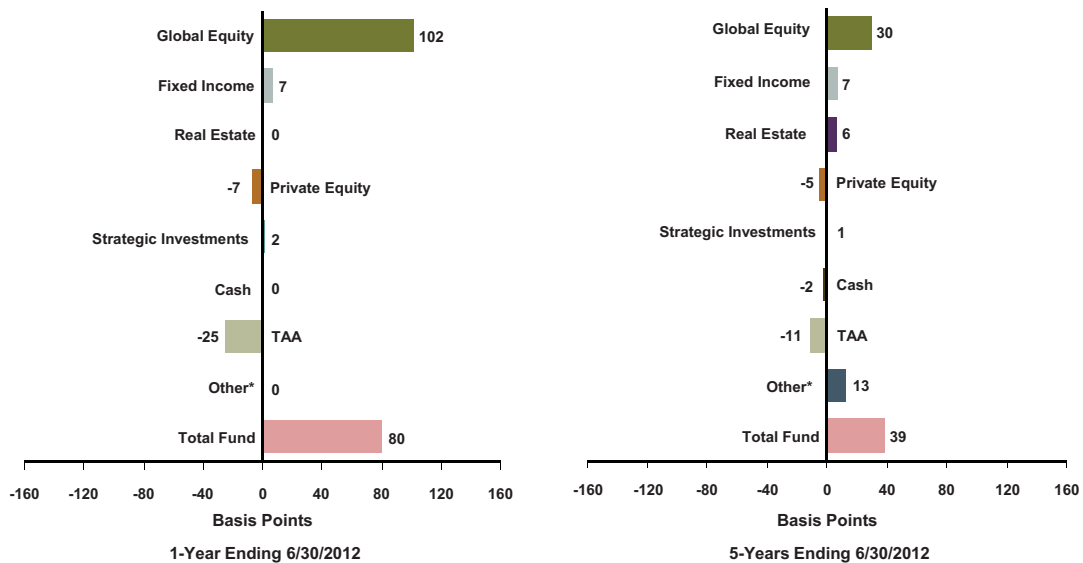
## Total FRS Pension Plan Cumulative Relative Performance 10 Years Ending 6/30/2012



19

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## Total FRS Pension Plan Attribution Analysis



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

20

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## FRS Pension Plan Investment Results - Trailing Period Periods Ending 6/30/2012

Total Fund As of June 30, 2012 \$122,746.0 Million and 100.0% of Fund

### Trailing Period Performance

	Market Value (\$)	% of Portfolio	Policy %	Ending June 30, 2012											
				2012 Q2 (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
<b>Total Fund</b>	<b>122,745,973,551</b>	<b>100.0</b>	<b>100.0</b>	<b>-1.8</b>	<b>57</b>	<b>6.2</b>	<b>15</b>	<b>0.3</b>	<b>62</b>	<b>11.8</b>	<b>43</b>	<b>1.6</b>	<b>46</b>	<b>6.4</b>	<b>39</b>
Performance Benchmark				-2.5	80	5.3	65	-0.5	87	10.5	84	1.2	59	6.1	55
Absolute Nominal Target Rate of Return				1.3	4	4.2	89	6.7	6	7.2	99	7.0	1	7.1	13
<b>Global Equity</b>	<b>69,337,101,114</b>	<b>56.5</b>	<b>55.6</b>	<b>-5.1</b>	<b>--</b>	<b>6.8</b>	<b>--</b>	<b>-5.1</b>	<b>--</b>	<b>12.8</b>	<b>--</b>	<b>-1.4</b>	<b>--</b>	<b>5.7</b>	<b>--</b>
Asset Class Target				-5.6	--	5.9	--	-6.8	--	11.5	--	-2.2	--	5.3	--
<b>Domestic Equities</b>	<b>31,795,995,361</b>	<b>25.9</b>	<b>--</b>	<b>-3.4</b>	<b>37</b>	<b>9.3</b>	<b>31</b>	<b>3.9</b>	<b>21</b>	<b>17.0</b>	<b>25</b>	<b>0.6</b>	<b>35</b>	<b>5.8</b>	<b>32</b>
Asset Class Target				-3.1	18	9.3	30	3.8	22	16.7	33	0.4	46	5.8	32
<b>Foreign Equities</b>	<b>34,075,288,268</b>	<b>27.8</b>	<b>--</b>	<b>-6.9</b>	<b>34</b>	<b>4.6</b>	<b>31</b>	<b>-12.2</b>	<b>27</b>	<b>9.4</b>	<b>5</b>	<b>-2.9</b>	<b>12</b>	<b>7.6</b>	<b>11</b>
Asset Class Target				-7.7	79	3.1	83	-14.8	79	7.4	61	-4.4	43	6.9	36
<b>Global Equities Benchmark</b>	<b>3,465,817,282</b>	<b>2.8</b>	<b>--</b>	<b>-3.7</b>	<b>--</b>	<b>6.5</b>	<b>--</b>	<b>-5.9</b>	<b>--</b>	<b>10.9</b>	<b>--</b>	<b>-3.0</b>	<b>--</b>	<b>--</b>	<b>--</b>
Asset Class Target				-5.2	--	5.9	--	-5.5	--	11.3	--	-2.4	--	--	--
<b>Fixed Income</b>	<b>31,301,149,920</b>	<b>25.5</b>	<b>26.0</b>	<b>2.3</b>	<b>37</b>	<b>3.6</b>	<b>52</b>	<b>7.8</b>	<b>45</b>	<b>9.6</b>	<b>44</b>	<b>7.1</b>	<b>44</b>	<b>6.1</b>	<b>43</b>
Asset Class Target				2.1	57	2.4	92	7.5	60	6.9	94	6.8	50	5.8	54
<b>Private Equity</b>	<b>6,476,576,140</b>	<b>5.3</b>	<b>5.3</b>	<b>5.9</b>	<b>--</b>	<b>9.5</b>	<b>--</b>	<b>6.8</b>	<b>--</b>	<b>15.3</b>	<b>--</b>	<b>4.2</b>	<b>--</b>	<b>6.3</b>	<b>--</b>
Asset Class Target				-2.3	--	11.4	--	6.8	--	20.2	--	4.5	--	10.1	--
Secondary Target*				5.3	--	10.4	--	11.0	--	17.7	--	6.8	--	13.0	--
<b>Real Estate</b>	<b>9,282,198,424</b>	<b>7.6</b>	<b>7.7</b>	<b>2.4</b>	<b>45</b>	<b>8.1</b>	<b>1</b>	<b>12.8</b>	<b>6</b>	<b>6.3</b>	<b>69</b>	<b>0.6</b>	<b>32</b>	<b>8.0</b>	<b>32</b>
Asset Class Target				2.5	44	6.3	22	12.6	7	6.1	71	-0.1	44	3.7	92
<b>Strategic Investments</b>	<b>5,308,244,446</b>	<b>4.3</b>	<b>4.4</b>	<b>2.7</b>	<b>--</b>	<b>7.6</b>	<b>--</b>	<b>3.7</b>	<b>--</b>	<b>16.8</b>	<b>--</b>	<b>-1.0</b>	<b>--</b>	<b>--</b>	<b>--</b>
Short-Term Target				0.9	--	4.2	--	3.3	--	8.7	--	-1.7	--	--	--
<b>Cash</b>	<b>1,040,703,506</b>	<b>0.8</b>	<b>1.0</b>	<b>0.1</b>	<b>--</b>	<b>0.1</b>	<b>--</b>	<b>0.3</b>	<b>--</b>	<b>0.9</b>	<b>--</b>	<b>-0.4</b>	<b>--</b>	<b>1.3</b>	<b>--</b>
Asset Class Target				0.0	--	0.0	--	0.1	--	0.2	--	1.3	--	2.1	--

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

21

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## Ratio of Cumulative Wealth As of 6/30/2012

### Domestic Equities



### Foreign Equities

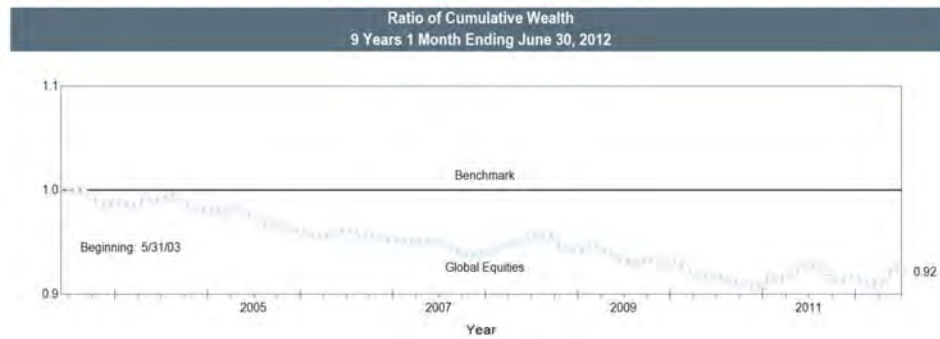


22

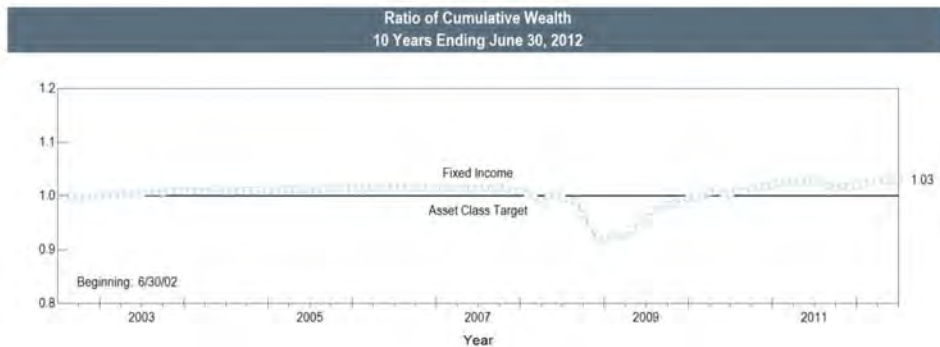
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## Ratio of Cumulative Wealth As of 6/30/2012

### Global Equities



### Fixed Income



23

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## Ratio of Cumulative Wealth As of 6/30/2012

### Private Equity



### Private Equity Post Asset Class



24

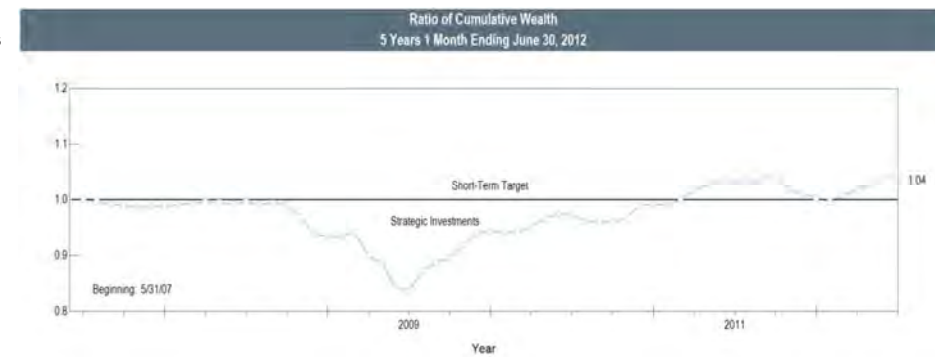
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## Ratio of Cumulative Wealth As of 6/30/2012

### Real Estate



### Strategic Investments

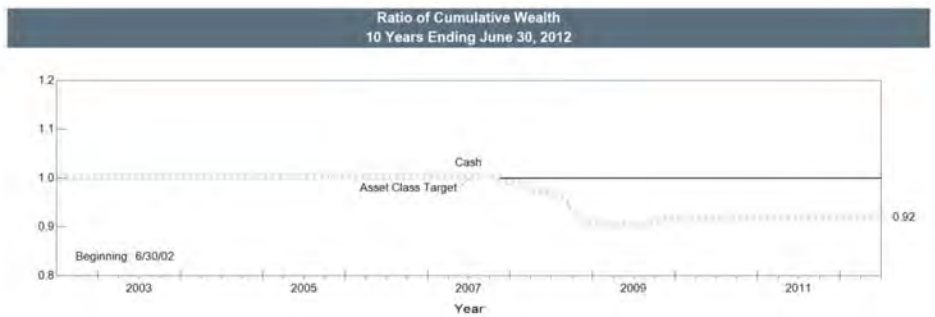


25

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## Ratio of Cumulative Wealth As of 6/30/2012

### Cash

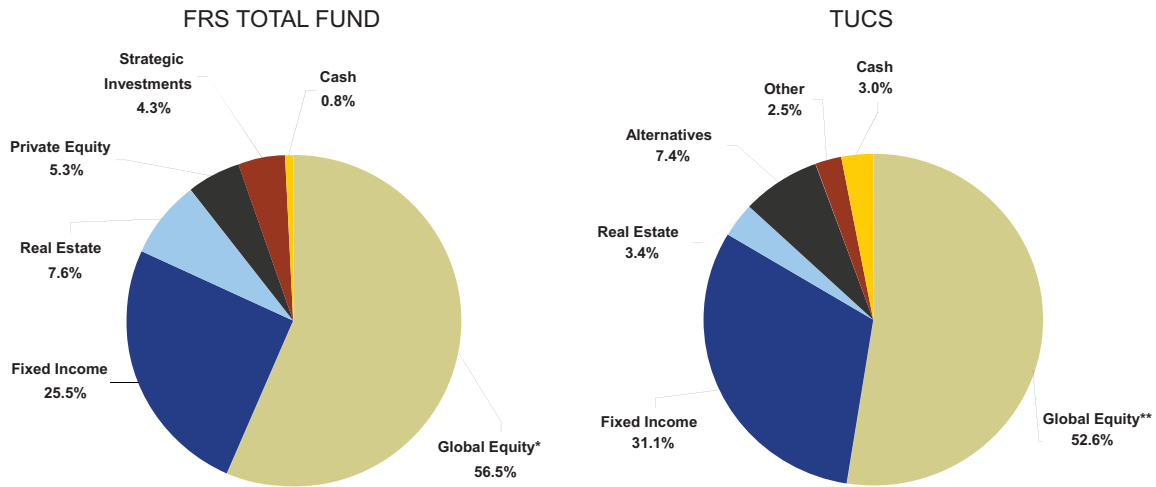


26

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## Comparison of Asset Allocation As of 6/30/2012

### FRS Pension Plan vs. Median Defined Benefit Plans



\*Global Equity Allocation: 25.9% Domestic Equities; 27.8% Foreign Equities; 2.8% Global Equities. Percentages are of the Total FRS Fund.

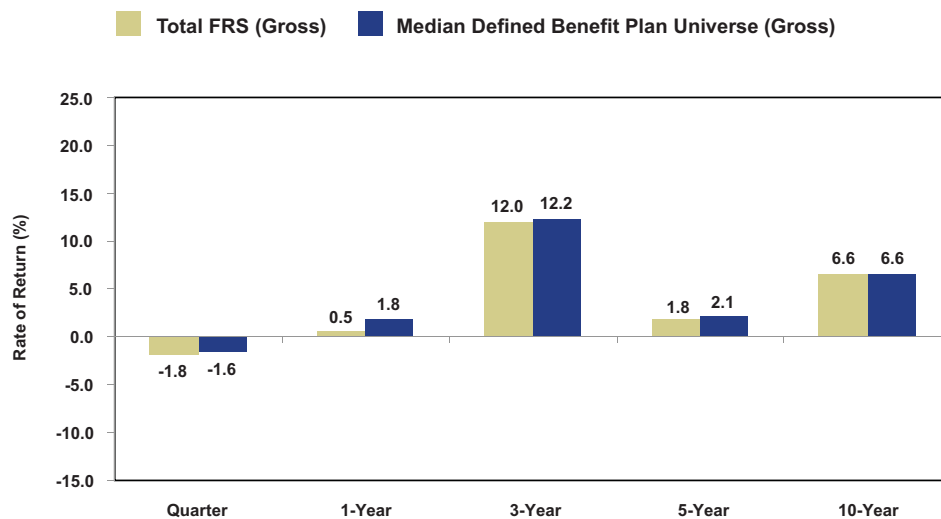
\*\*Global Equity Allocation: 38.2% Domestic Equities; 14.3% Foreign Equities.

Note: The TUCS Universe is comprised of 250 defined benefit plan sponsors with \$2.3 trillion in total assets. The median fund size was \$1.1 billion and the average fund size was \$9.4 billion.

27

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## FRS Results Relative to TUCS Universe Periods Ending 6/30/2012

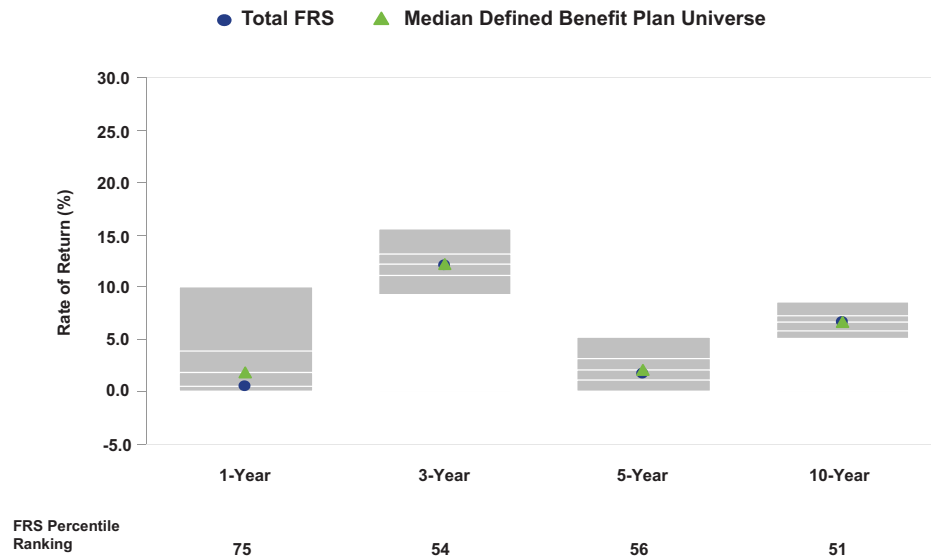


Note: The TUCS Universe is comprised of 250 defined benefit plan sponsors with \$2.3 trillion in total assets. The median fund size was \$1.1 billion and the average fund size was \$9.4 billion.

28

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## Total FRS Universe Comparison (TUCS) Periods Ending 6/30/2012



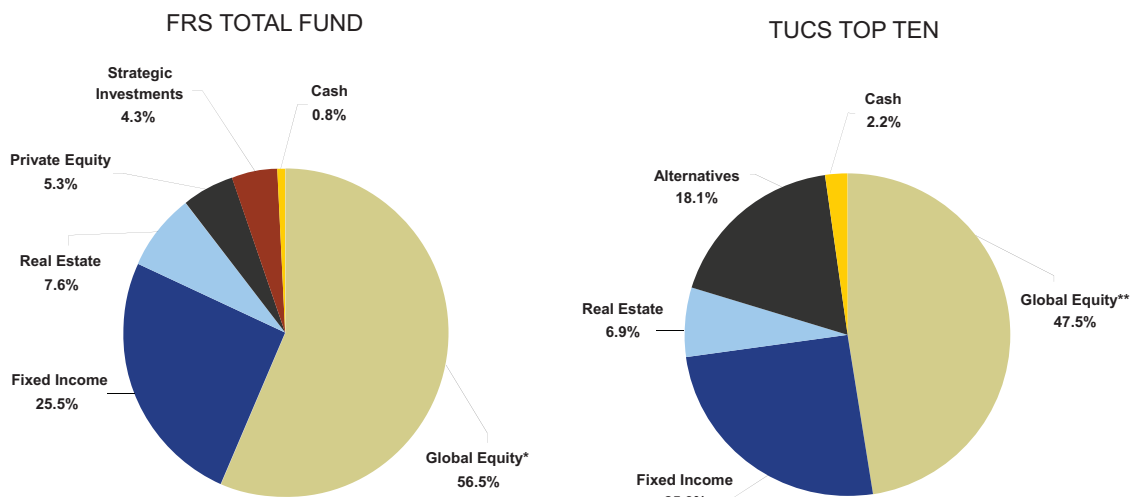
Note: The TUCS Universe is comprised of 250 defined benefit plan sponsors with \$2.3 trillion in total assets. The median fund size was \$1.1 billion and the average fund size was \$9.4 billion.

29

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## Comparison of Asset Allocation As of 6/30/2012

### FRS Pension Plan vs. Top Ten Defined Benefit Plans



\*Global Equity Allocation: 25.9% Domestic Equities; 27.8% Foreign Equities; 2.8% Global Equities. Percentages are of the Total FRS Fund.

\*\*Global Equity Allocation: 28.5% Domestic Equities; 19.0% Foreign Equities.

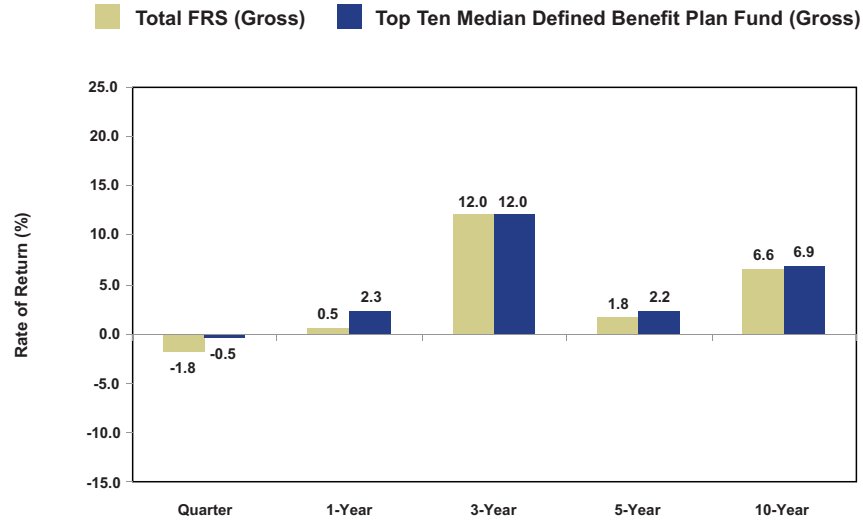
Note: The TUCS Top Ten Universe includes \$1.1 trillion in total assets. The median fund size was \$108.9 billion and the average fund size was \$107.7 billion.

30

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## FRS Results Relative to TUCS Top Ten Defined Benefit Plans Periods Ending 6/30/2012

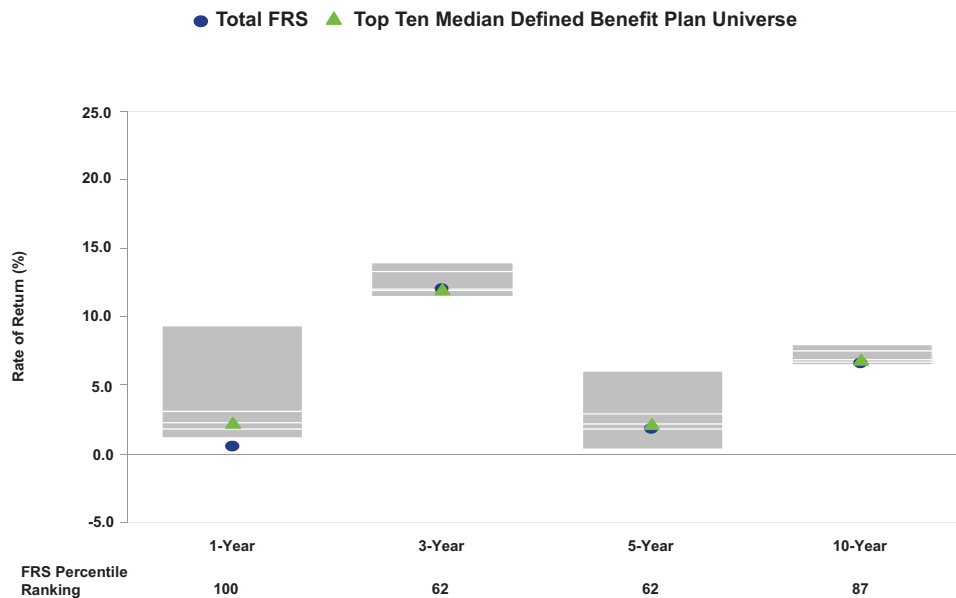


Note: The TUCS Top Ten Universe includes \$1.1 trillion in total assets. The median fund size was \$108.9 billion and the average fund size was \$107.7 billion.

31

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## Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS) Periods Ending 6/30/2012



Note: The TUCS Top Ten Universe includes \$1.1 trillion in total assets. The median fund size was \$108.9 billion and the average fund size was \$107.7 billion.

32

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# State Board of Administration of Florida Florida Retirement System

## Investment Plan Review Second Quarter 2012



### Executive Summary

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

## Total Investment Plan Returns

### Periods Ending 6/30/2012

	One-Year	Three-Year	Five-Year
<b>FRS Investment Plan</b>	<b>1.1%</b>	<b>9.9%</b>	<b>1.4%</b>
<i>Total Plan Aggregate Benchmark*</i>	1.2	9.4	0.8
<i>FRS Investment Plan vs. Total Plan Aggregate Benchmark</i>	-0.1	0.5	0.6

### Periods Ending 12/31/2010

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

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

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

## Investment Plan Change in Market Value Periods Ending 6/30/2012

Summary of Cash Flows*		
	Second Quarter	Fiscal YTD**
<b>Beginning Market Value</b>	\$7,160,304,723	\$6,733,932,750
<b>+/- Net Contributions/(Withdrawals)</b>	\$96,757,524	\$330,105,110
<b>Investment Earnings</b>	(\$121,307,646)	\$71,716,741
<b>= Ending Market Value</b>	\$7,135,754,601	\$7,135,754,601
<b>Net Change</b>	(\$24,550,122)	\$401,821,851

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

\*\* Period July 2011 – June 2012

## FRS Investment Plan Results - Trailing Period Periods Ending 6/30/2012

FRS Investment Plan			As of June 30, 2012				\$7,135.8 Million and 100.0% of Fund							
Trailing Period Performance														
Ending June 30, 2012														
	Market Value (\$)	% of Portfolio	2012 Q2 (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank		
<b>FRS Investment Plan</b>	<b>7,135,754,601</b>	<b>100.0</b>	<b>-1.7</b>	<b>--</b>	<b>4.9</b>	<b>--</b>	<b>1.1</b>	<b>--</b>	<b>9.9</b>	<b>--</b>	<b>1.4</b>	<b>--</b>		
Total Plan Aggregate Benchmark			-1.6	--	4.5	--	1.2	--	9.4	--	0.8	--		
<b>Balanced Funds</b>	<b>3,080,724,173</b>	<b>43.2</b>	<b>-1.2</b>	<b>--</b>	<b>4.1</b>	<b>--</b>	<b>1.5</b>	<b>--</b>	<b>9.0</b>	<b>--</b>	<b>1.0</b>	<b>--</b>		
FRS Select Conservative Balanced Fund	665,958,015	9.3	0.4	--	2.4	--	3.4	--	5.9	--	3.5	--		
Conservative Balanced Fund Target Benchmark			0.4	--	2.2	--	3.3	--	5.7	--	3.0	--		
FRS Select Moderate Balanced Fund	1,861,049,448	26.1	-1.4	--	4.4	--	1.5	--	9.6	--	1.0	--		
Moderate Balanced Fund Target Benchmark			-1.4	--	4.4	--	1.6	--	9.4	--	0.5	--		
FRS Select Aggressive Balanced Fund	553,716,710	7.8	-2.6	--	5.2	--	-0.4	--	10.4	--	-1.1	--		
Aggressive Balanced Fund Target Benchmark			-2.5	--	5.3	--	-0.2	--	10.5	--	-1.1	--		
<b>Cash</b>	<b>921,560,508</b>	<b>12.9</b>	<b>0.1</b>	<b>1</b>	<b>0.1</b>	<b>1</b>	<b>0.3</b>	<b>1</b>	<b>0.2</b>	<b>2</b>	<b>1.2</b>	<b>24</b>		
FRS Select Yield Plus Money Market Active Fund	921,560,508	12.9	0.1	1	0.1	1	0.3	1	0.2	2	1.2	24		
MoneyNet 1st Tier Institutional Net Index			0.0	24	0.0	24	0.1	24	0.2	10	1.3	5		
<b>TIPS</b>	<b>328,143,952</b>	<b>4.6</b>	<b>3.2</b>	<b>--</b>	<b>4.1</b>	<b>--</b>	<b>11.8</b>	<b>--</b>	<b>9.7</b>	<b>--</b>	<b>8.6</b>	<b>--</b>		
FRS Select TIPS Fund	328,143,952	4.6	3.2	30	4.1	22	11.8	19	9.7	25	8.6	25		
Barclays Capital US TIPS			3.2	36	4.0	29	11.7	28	9.6	31	8.4	30		
<b>Fixed Income</b>	<b>691,682,144</b>	<b>9.7</b>	<b>2.1</b>	<b>51</b>	<b>3.2</b>	<b>67</b>	<b>7.1</b>	<b>63</b>	<b>8.1</b>	<b>61</b>	<b>7.3</b>	<b>38</b>		
FRS Select U.S. Bond Enhanced Index Fund	158,233,297	2.2	2.1	86	2.5	99	7.7	86	7.1	96	7.1	60		
Barclays Aggregate Bond Index			2.1	87	2.4	99	7.5	88	6.9	97	6.8	63		
Pyramis Intermediate Duration Pool Fund	75,587,332	1.1	1.6	83	2.5	84	5.8	83	7.2	81	5.9	78		
Barclays Int Aggregate			1.3	91	2.0	95	5.3	90	6.0	93	6.2	71		
FRS Select High Yield Fund	144,930,940	2.0	1.6	32	5.9	82	7.6	22	--	--	--	--		
Barclays Capital U.S. High Yield Ba-2% Issuer Cap			2.0	11	6.5	67	8.5	6	--	--	--	--		
PIMCO Total Return Fund	312,920,574	4.4	2.7	9	5.7	5	6.8	70	6.5	54	9.1	6		
Barclays Aggregate Bond Index			2.1	51	2.4	87	7.5	47	6.9	83	6.8	53		

37

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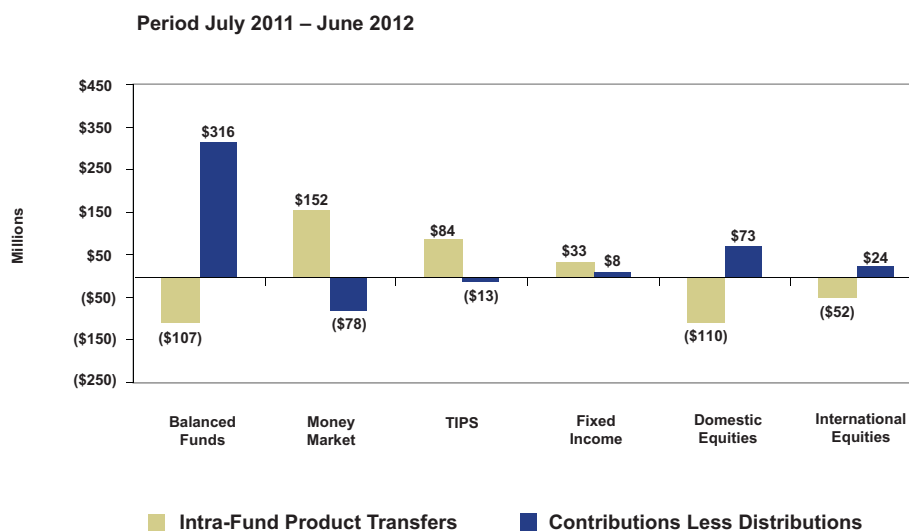
## FRS Investment Plan Results - Trailing Period Periods Ending 6/30/2012

FRS Investment Plan			As of June 30, 2012				\$7,135.8 Million and 100.0% of Fund							
Trailing Period Performance														
Ending June 30, 2012														
	Market Value (\$)	% of Portfolio	2012 Q2 (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank		
<b>Domestic Equity</b>	<b>1,650,978,493</b>	<b>23.1</b>	<b>-4.1</b>	<b>51</b>	<b>9.3</b>	<b>24</b>	<b>1.8</b>	<b>39</b>	<b>18.0</b>	<b>19</b>	<b>1.2</b>	<b>22</b>		
FRS Select U.S. Stock Market Index Fund	262,452,688	3.7	-3.1	38	9.3	27	3.9	39	16.8	11	0.5	24		
Russell 3000 Index			-3.1	39	9.3	30	3.8	40	16.7	12	0.4	26		
FRS Select U.S. Large Value Stock Fund	196,679,223	2.8	-2.9	36	7.5	50	2.4	34	16.1	18	-1.8	51		
Russell 1000 Value Index			-2.2	23	8.7	19	3.0	25	15.8	21	-2.2	60		
OMA Mid Cap Quantitative Core Fund	270,435,720	3.8	-5.4	58	8.3	35	-2.6	41	21.2	6	2.7	26		
S&P 400 MidCap			-4.9	44	7.9	42	-2.3	36	19.4	19	2.5	28		
FRS Select U.S. Large Growth Stock Active Fund	95,009,019	1.3	-6.1	64	10.9	27	3.8	26	16.5	28	3.7	15		
Russell 1000 Growth Index			-4.0	17	10.1	42	5.8	13	17.5	20	2.9	26		
Pioneer Fund	130,110,735	1.8	-4.6	70	4.8	91	-4.1	90	12.7	77	-1.4	74		
S&P 500 Index			-2.8	21	9.5	18	5.4	15	16.4	17	0.2	32		
Fidelity Growth Company Fund	316,994,861	4.4	-6.5	71	13.3	3	3.7	27	20.0	5	5.0	6		
Russell 3000 Growth Index			-4.0	17	10.0	43	5.0	17	17.5	20	2.8	27		
American Beacon Small Cap Value Fund	121,017,587	1.7	-5.7	83	6.1	65	-3.2	57	18.8	26	0.2	61		
Russell 2000 Value Index			-3.0	16	8.2	26	-1.4	40	17.4	62	-1.0	84		
T. Rowe Price Small Cap Stock Fund	235,186,323	3.3	-2.7	12	10.5	20	1.7	8	22.7	5	4.3	13		
Russell 2000 Index			-3.5	20	8.5	41	-2.1	26	17.8	62	0.5	67		
Fidelity Low Priced Stock Fund	23,092,337	0.3	-5.6	67	7.7	49	-0.8	14	17.5	42	2.0	23		
Russell 2500 Value Index			-3.0	13	8.1	28	-1.5	15	18.6	29	-0.2	59		
<b>International/Global Equity</b>	<b>462,665,329</b>	<b>6.5</b>	<b>-6.3</b>	<b>33</b>	<b>4.3</b>	<b>49</b>	<b>-11.8</b>	<b>31</b>	<b>7.9</b>	<b>40</b>	<b>-3.4</b>	<b>27</b>		
FRS Select Foreign Stock Index Fund	127,914,474	1.8	-7.0	53	2.7	78	-13.8	48	6.6	58	-5.3	51		
MSCI World ex USA			-7.2	60	2.4	83	-14.1	56	6.2	64	-5.7	56		
American Funds New Perspective Fund	180,103,666	2.5	-4.1	25	9.1	11	-3.2	25	12.6	32	0.8	16		
MSCI World Index			-5.1	36	5.9	47	-5.0	33	11.0	52	-3.0	57		
American Funds Euro-Pacific Growth Fund	154,847,189	2.2	-6.1	27	5.5	27	-12.6	28	7.5	34	-2.2	12		
MSCI All Country World ex-U.S. Index			-7.4	65	3.1	77	-14.1	55	6.8	44	-5.4	48		

38

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## FRS Investment Plan Member Cash Flow by Product Type



39

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## FRS Investment Plan Costs

FRS Investment Plan Expense Ratio*	0.22%
Peer DC Plan Expense Ratio*	0.24%

\* Source: CEM Benchmarking 2011 Report – Custom Peer Group for FSBA of 19 DC plans including corporate and public plans with assets between \$2.0 - \$12.6 billion.

40

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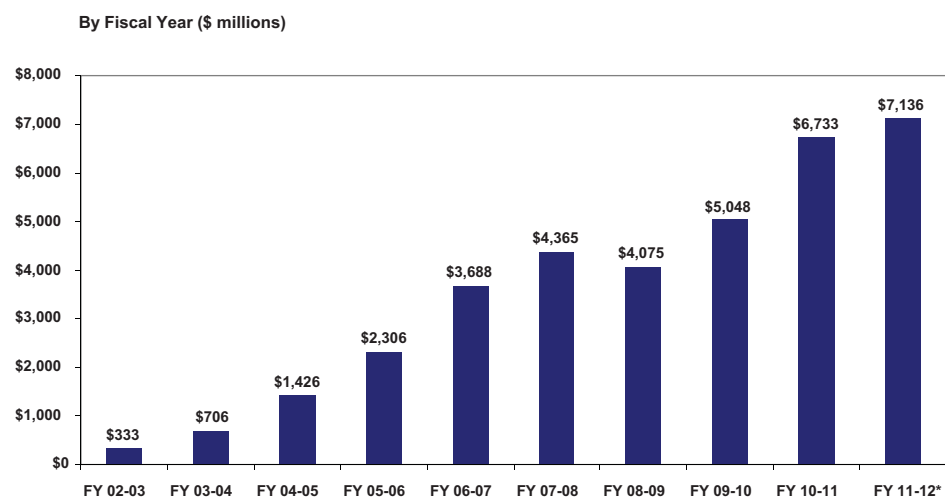
## FRS Investment Plan Costs (cont.)

Investment Category	Investment Plan Fee*	Average Mutual Fund Fee**
Large Cap Equity Fund	0.25%	0.85%
Mid Cap Equity Fund	0.51%	0.98%
Small Cap Equity Fund	0.89%	1.06%
International Equity Fund	0.38%	1.03%
Diversified Bond Fund	0.27%	0.55%
Balanced Fund	0.05%	0.88%
Money Market	0.06%	0.26%

\*Average Fee if Multiple Products in Category as of 6/30/2012.

\*\*Source: Morningstar as of 6/30/2012.

## Investment Plan Fiscal Year End Assets Under Management

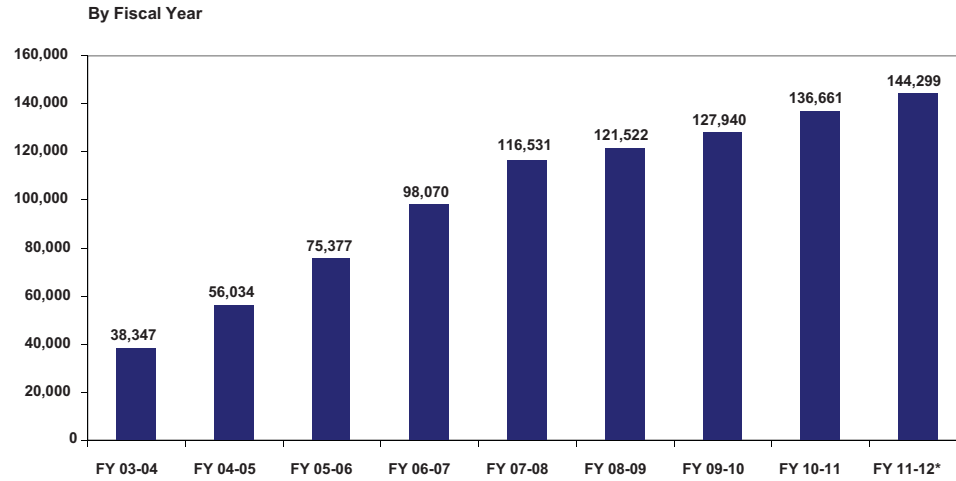


\*Period Ending 6/30/2012

Source: Investment Plan Administrator

## Investment Plan Membership

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\*Period Ending 6/30/2012

Source: Investment Plan Administrator

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# State Board of Administration of Florida CAT Fund Review

Second Quarter 2012



## Florida Hurricane Catastrophe Fund Background

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- The purpose of the Florida Hurricane Catastrophe Fund (FHCF) is to provide a stable, ongoing and timely source of reimbursement to insurers for a portion of their hurricane losses.
- The State Board of Administration of Florida (SBA) manages five FHCF accounts, the CAT Fund (Operating Fund), the CAT 2006 A Fund (Post-Event Tax-Exempt Revenue Bonds), the CAT 2007 A Fund (Pre-Event Floating Rate Taxable Notes), the CAT 2008 A Fund (Post-Event Tax-Exempt Revenue Bonds), and the CAT 2010 A Fund (Post-Event Tax-Exempt Revenue Bonds).
- Both the CAT Fund (Operating Fund) and the CAT 2007 A Fund are internally managed portfolios benchmarked to a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Fund Net Index.
- The CAT 2006 A Fund, the CAT 2008 A Fund and the CAT 2010 A Fund are invested in State and Local Government Series (SLGS) securities.
- As of June 30, 2012, the total value of all FHCF accounts was \$11.9 billion.



## Executive Summary

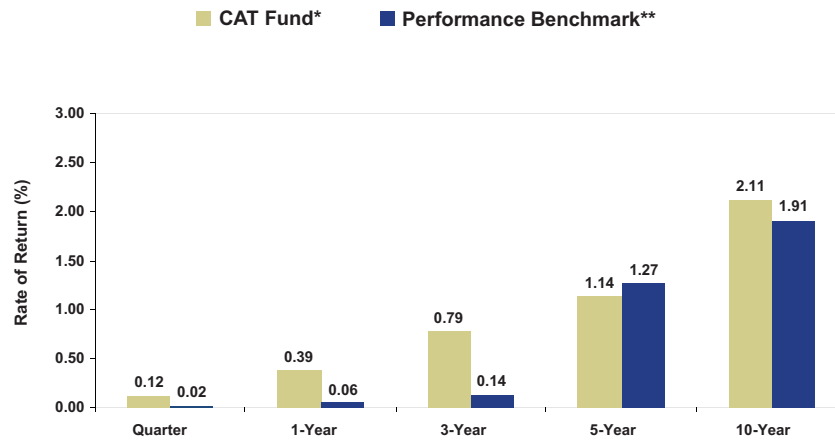
- Performance of the CAT Fund on both an absolute and relative basis has been strong over short- and long-term time periods. The CAT Fund did underperform over the five-year period mostly due to poor performance during the 2008 credit crisis.
- The CAT Fund is adequately diversified across issuers within the short-term bond market.
- The Investment Policy Statement appropriately constrains the CAT Fund to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Adequate liquidity exists to address the cash flow obligations of the CAT Fund.
- The Investment Policy Statement is revisited periodically to ensure the structure and guidelines of the CAT Fund are appropriate, taking into consideration the CAT Fund's goals and objectives.

## CAT Fund Change in Market Value Periods Ending 6/30/2012

Summary of Cash Flows		
	Second Quarter	Fiscal YTD*
Beginning Market Value	\$7,183,838,453	\$5,916,504,386
+/- Net Contributions/(Withdrawals)	\$1,196,223	\$1,250,521,373
Investment Earnings	\$8,635,193	\$26,644,109
= Ending Market Value	\$7,193,669,869	\$7,193,669,869
Net Change	\$9,831,416	\$1,277,165,483

\*Period July 2011 – June 2012

## CAT Fund Investment Results Periods Ending 6/30/2012



\*CAT Fund: Beginning March 2008, the returns for the CAT Fund reflect marked-to-market returns. Prior to that time, cost-based returns are used.

\*\*Performance Benchmark: The CAT Fund was benchmarked to the IBC First Tier through February 2008. From March 2008 to December 2009, it was the Merrill Lynch 1-Month LIBOR. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Fund Gross Index. Effective July 2010, it is a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Fund Net Index.

## CAT Fund Characteristics Period Ending 6/30/2012

Effective Maturity Schedule	
O/N* - 14 Days	28.8%
15 - 30 Days	6.1%
31 - 60 Days	7.6%
61 - 90 Days	5.1%
91 - 120 Days	7.3%
121 - 150 Days	5.7%
151 - 180 Days	4.9%
181 - 210 Days	6.7%
211 - 240 Days	3.5%
241 - 270 Days	1.8%
271 - 300 Days	3.5%
301 - 365 Days	6.6%
366 - 732 Days	5.9%
733 - 1,098 Days	5.5%
1,099 - 1,875 Days	1.1%
<b>Total % of Portfolio:</b>	<b>100.0%</b>
S & P Credit Quality Composition	
AAA	50.6%
AA	10.6%
A	37.7%
BBB	0.0%
Non-Investment Grade	1.1%
<b>Total % of Portfolio:</b>	<b>100.0%</b>

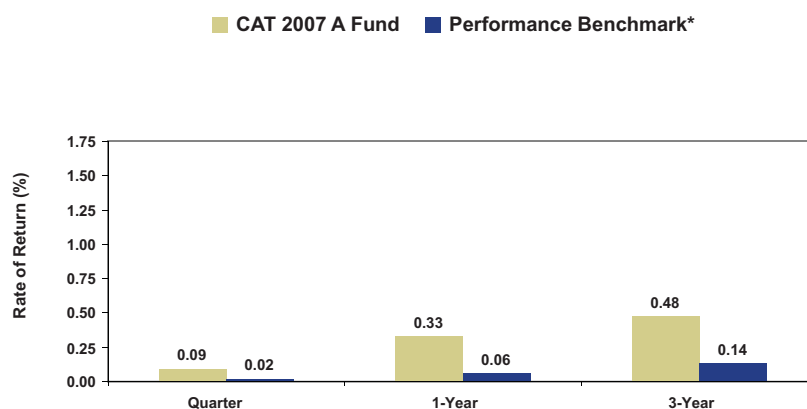
\*O/N stands for overnight.

## CAT 2007 A Fund Change in Market Value Periods Ending 6/30/2012

Summary of Cash Flows		
	Second Quarter	Fiscal YTD*
Beginning Market Value	\$3,513,376,850	\$3,520,574,843
+/- Net Contributions/(Withdrawals)	--	(\$15,290,037)
Investment Earnings	\$2,854,947	\$10,946,992
= Ending Market Value	\$3,516,231,797	\$3,516,231,797
Net Change	\$2,854,947	(\$4,343,045)

\*Period July 2011 – June 2012

## CAT 2007 A Fund Investment Results Periods Ending 6/30/2012



\*Performance Benchmark: The CAT 2007 A Fund was benchmarked to the Merrill Lynch 1-Month LIBOR from March 2008 to December 2009. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Fund Gross Index. Effective July 2010, it is a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Fund Net Index.

## CAT 2007 A Fund Characteristics

### Period Ending 6/30/2012

Effective Maturity Schedule	
O/N* - 14 Days	24.2%
15 - 30 Days	10.4%
31 - 60 Days	12.7%
61 - 90 Days	38.1%
91 - 120 Days	5.4%
121 - 150 Days	0.0%
151 - 180 Days	0.0%
181 - 210 Days	0.0%
211 - 240 Days	0.9%
241 - 270 Days	0.0%
271 - 300 Days	0.0%
301 - 365 Days	5.7%
366 - 732 Days	2.7%
733 - 1,098 Days	0.0%
1,099 - 1,875 Days	0.0%
<b>Total % of Portfolio:</b>	<b>100.0%</b>

S & P Credit Quality Composition	
AAA	52.9%
AA	13.5%
A	33.6%
BBB	0.0%
Non-Investment Grade	0.0%
<b>Total % of Portfolio:</b>	<b>100.0%</b>

\*O/N stands for overnight.

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# State Board of Administration of Florida Lawton Chiles Endowment Fund Review

Second Quarter 2012



## Executive Summary

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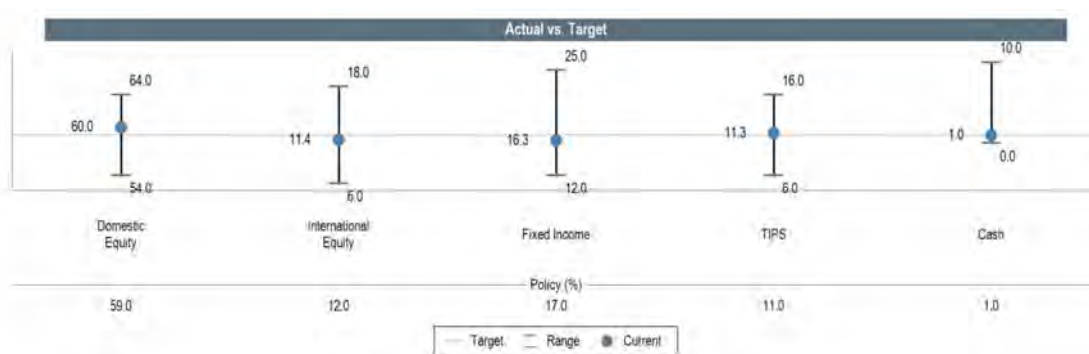
- Established in July 1999, the Lawton Chiles Endowment Fund (LCEF) was created to provide a source of funding for child health and welfare programs, elder programs, and research related to tobacco use.
  - Investment objective is to preserve the real value of the net contributed principal and provide annual cash flows for appropriation.
  - The Endowment's investments are diversified across various asset classes including domestic equity, foreign equity, fixed income, inflation-indexed bonds (TIPS), and cash.
- The Endowment assets totaled \$776.1 million as of June 30, 2012.
  - At quarter-end, the Endowment's actual allocations were very close to the policy target.
- The Endowment's return outperformed that of its Target over the trailing three-, five-, and ten-year time periods.

## LCEF Change in Market Value Periods Ending 6/30/2012

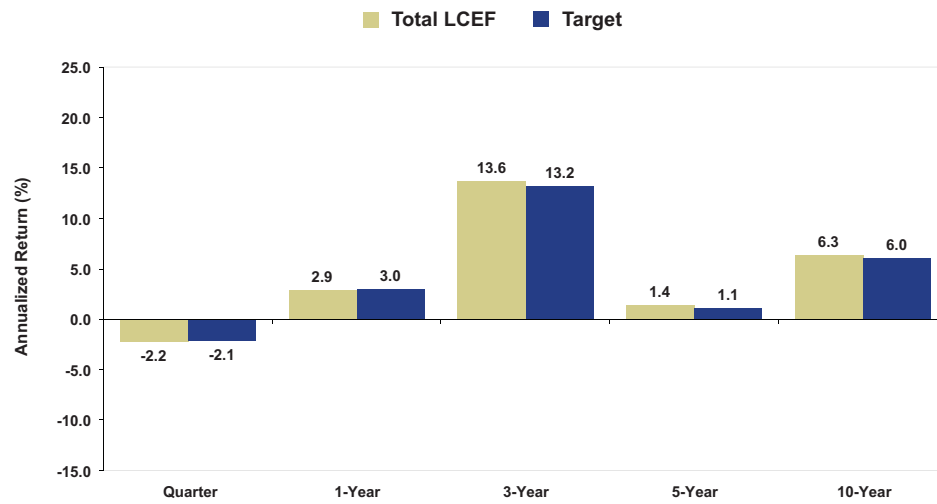
Summary of Cash Flows		
	Second Quarter	Fiscal YTD*
Beginning Market Value	\$793,903,983	\$767,566,265
+/- Net Contributions/(Withdrawals)	--	(\$13,800,000)
Investment Earnings	(\$17,773,322)	\$22,364,396
= Ending Market Value	\$776,130,661	\$776,130,661
Net Change	(\$17,773,322)	\$8,564,396

\*Period July 2011 – June 2012

## LCEF Asset Allocation as of 6/30/2012 Total Fund Assets = \$776.1 Million



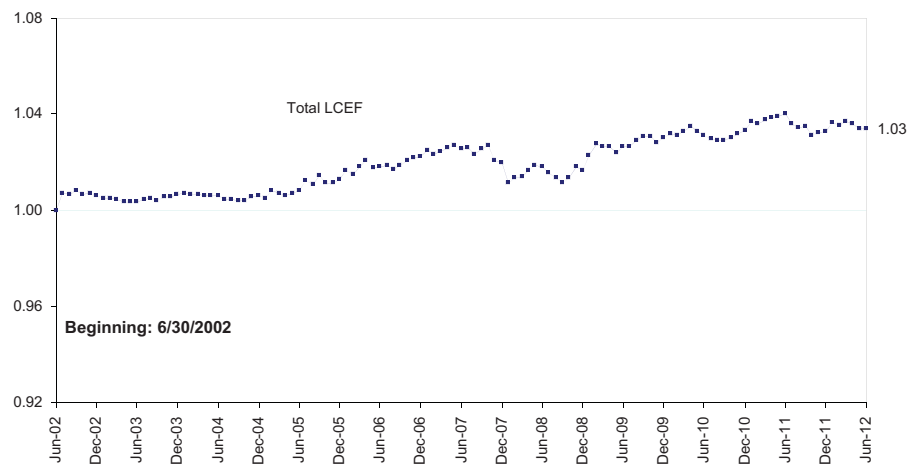
## LCEF Investment Results Periods Ending 6/30/2012



59

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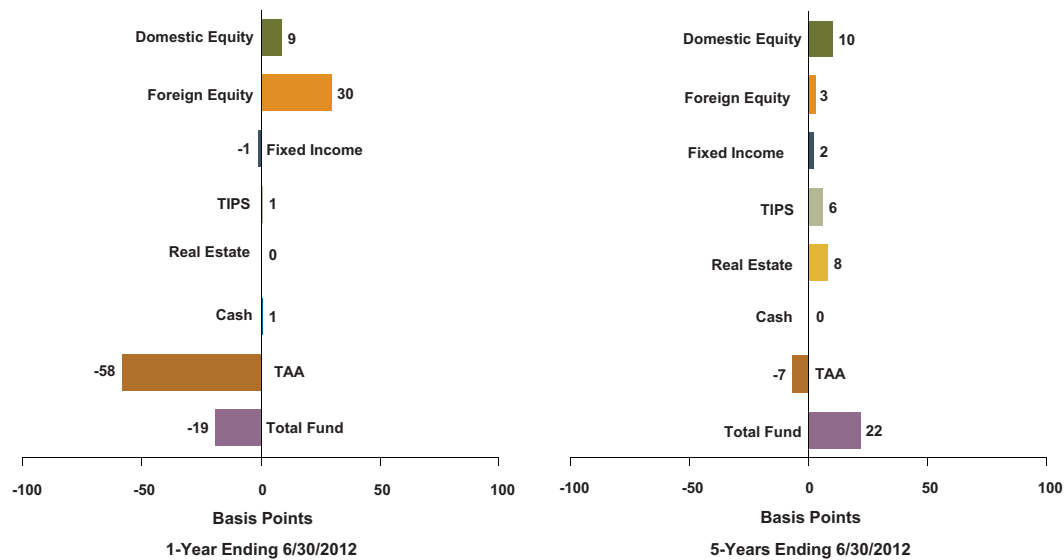
## LCEF Cumulative Relative Performance 10 Years Ending 6/30/2012



60

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LCEF Attribution Analysis



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# State Board of Administration of Florida Florida PRIME and Fund B Review

Second Quarter 2012

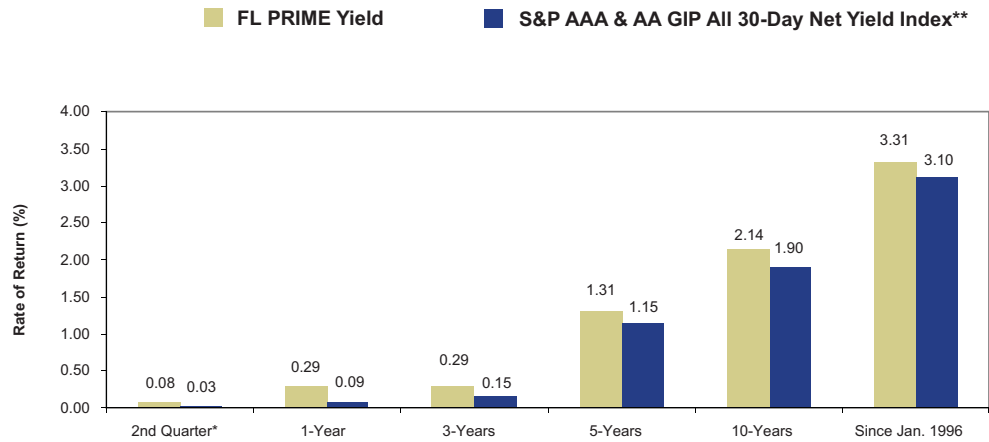


## Executive Summary

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- The purpose of Florida PRIME is safety, liquidity, and competitive returns with minimal risk for participants.
- The Investment Policy Statement appropriately constrains Florida PRIME to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Florida PRIME is adequately diversified across issuers within the short-term bond market and adequate liquidity exists to address the cash flow obligations of Florida PRIME.
- Performance of Florida PRIME on both an absolute and relative basis has been strong over short- and long-term time periods.
- As of June 30, 2012, the total market value of Florida PRIME was \$6.75 billion.
- Hewitt EnnisKnupp, in conjunction with SBA staff, compiles an annual best practices report that includes a full review of the Investment Policy Statement, operational items, and investment structure for Florida PRIME.

## Florida PRIME Investment Results Periods Ending 6/30/2012



\*Returns less than one year are not annualized.

\*\*S&P AAA & AA GIP All 30-Day Net Yield Index for all time periods shown.

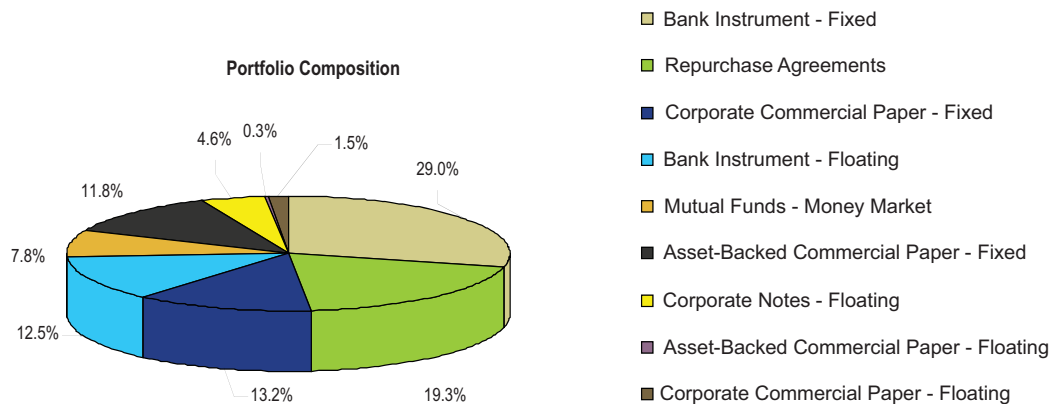
## Florida PRIME Characteristics Quarter Ending 6/30/2012

Cash Flows as of 6/30/2012	Second Quarter	Fiscal YTD*
Opening Balance	\$7,292,347,546	\$6,823,921,541
Participant Deposits	\$2,898,126,227	\$15,255,527,428
Transfers from Fund B	\$16,725,000	\$56,300,000
Gross Earnings	\$6,006,078	\$21,407,956
Participant Withdrawals	(\$3,460,319,042)	(\$15,402,975,502)
Fees	(\$441,670)	(\$1,737,283)
Closing Balance (6/30/2012)	\$6,752,444,139	\$6,752,444,139
<b>Change</b>	<b>(\$539,903,407)</b>	<b>(\$71,477,402)</b>

\*Period July 2011 – June 2012

## Florida PRIME Characteristics Quarter Ending 6/30/2012

### Portfolio Composition



67

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## Florida PRIME Characteristics Period Ending 6/30/2012

Effective Maturity Schedule	
1-7 days	38.4%
8-30 days	21.1
31-90 days	30.2
91-180 days	6.3
181+ days	4.0
<b>Total % of Portfolio:</b>	<b>100.0%</b>

S & P Credit Quality Composition	
A-1+	56.6%
A-1	43.4
<b>Total % of Portfolio:</b>	<b>100.0%</b>

68

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## Fund B Change in Market Value Period Ending 6/30/2012

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Cash Flows as of 6/30/2012	Second Quarter	Fiscal YTD*
Opening Balance	\$243,292,988	\$263,794,745
Participant Distributions	(\$16,725,000)	(\$56,300,000)
Expenses Paid	(\$3,733)	(\$228,317)
Price Change	\$5,284,653	\$7,853,748
Closing Balance	\$231,848,908	\$231,848,908
<b>Change</b>	<b>(\$11,444,080)</b>	<b>(\$31,945,837)</b>

\*Period July 2011 – June 2012

- As of June 2012, 86.2% of the original principal in Fund B has been returned to participants.

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**State Board of Administration of Florida**

**FRS Pension Plan**

Second Quarter 2012

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## CONTENTS

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1	Market Environment
21	Total Fund
33	Global Equity
35	Domestic Equities
41	Foreign Equities
47	Global Equities
51	Fixed Income
57	Private Equity
67	Real Estate
75	Strategic Investments
81	Cash
85	Appendix

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# Market Environment

Second Quarter 2012

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## Market Highlights

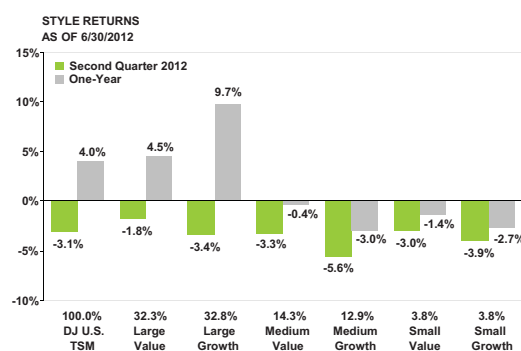
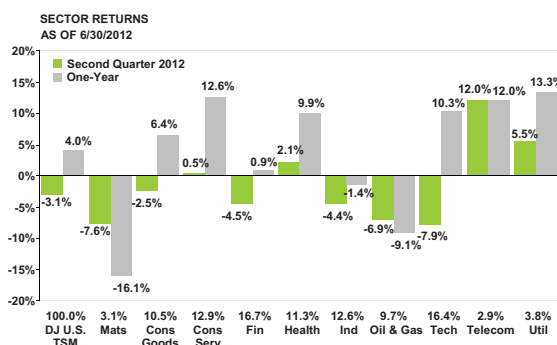
Returns of the Major Capital Markets						
Annualized Periods Ending 6/30/2012						
	Second Quarter	Year-to-Date	1-Year	3-Year	5-Year	10-Year
<b>Domestic Stock Indices</b>						
Dow Jones U.S. Total Stock Market Index	-3.1%	9.4%	4.0%	16.9%	0.6%	6.1%
Russell 3000 Index	-3.1%	9.3%	3.8%	16.7%	0.4%	5.8%
S&P 500 Index	-2.8%	9.5%	5.4%	16.4%	0.2%	5.3%
Russell 2000 Index	-3.5%	8.5%	-2.1%	17.8%	0.5%	7.0%
<b>Global Stock Indices</b>						
MSCI All Country World IMI Index	-5.7%	5.8%	-6.9%	11.3%	-2.4%	6.2%
MSCI All Country World ex-U.S. IMI Index	-7.8%	2.9%	-14.8%	7.4%	-4.5%	7.2%
MSCI EAFE Index	-7.1%	3.0%	-13.8%	6.0%	-6.1%	5.1%
MSCI Emerging Markets Index	-8.9%	3.9%	-15.9%	9.8%	-0.1%	14.1%
<b>Domestic/Foreign Bond Indices</b>						
Barclays Aggregate Bond Index	2.1%	2.4%	7.5%	6.9%	6.8%	5.6%
Barclays Long Gov't Index	10.3%	4.2%	31.4%	13.5%	11.9%	8.9%
Barclays Long Credit Index	5.0%	5.8%	19.2%	15.1%	10.0%	8.6%
Barclays Long Gov't/Credit Index	7.3%	5.0%	24.6%	14.4%	11.0%	8.7%
SSB Non-U.S. WGBI Index	0.2%	0.0%	0.4%	5.1%	7.4%	7.1%

- U.S. economic growth, as well as job growth, slowed during the second quarter.
- European economic data remained weak throughout the second quarter.
- Europe's strongest economy, Germany, fell victim to waning economic conditions while its unemployment rate rose to 6.8%.
- Equity markets rebounded during the last week of June mainly due to the extension of Operation Twist, an expected rate cut by the European Central Bank, and market anticipation of quantitative easing by the Bank of England.
- Non-U.S. equity significantly underperformed U.S. equity.
- The 10-year U.S. Treasury approached a record low yield of 1.44% at the beginning of June.
- The Spanish 10-year yield rose above 7.0% amid concerns over the deepening European debt crisis.
- Long duration bonds outperformed shorter duration bonds.
- Commodity indices experienced negative returns during the quarter, primarily stemming from lower energy prices.

3

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## U.S. Equity Markets



- Sluggish growth in the U.S., China, and Germany created downward momentum in equity markets during the second quarter.
- Consumer spending fell for the third straight month while disappointing data from the U.S. labor market and manufacturing sector reduced investor risk appetite.
- The Dow Jones U.S. Total Stock Market fell 3.1% for the quarter, but remained positive over the one-year period.
- Technology, materials, and oil & gas were among the worst-performing sectors, posting returns of -7.9%, -7.6%, and -6.9%, respectively. Telecommunications and utilities were market leaders, producing returns of 12.0% and 5.5%, respectively, during the second quarter.
- Large-cap outperformed both small-cap and mid-cap helping the Dow Jones U.S. Total Stock Market Index to remain positive over the one-year period.

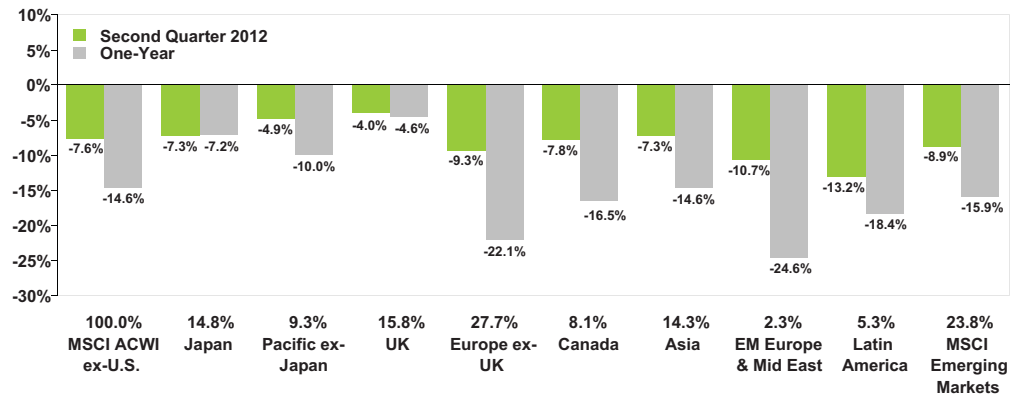
4

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## Non-U.S. Equity Markets

COUNTRY / REGION RETURNS  
AS OF 6/30/2012

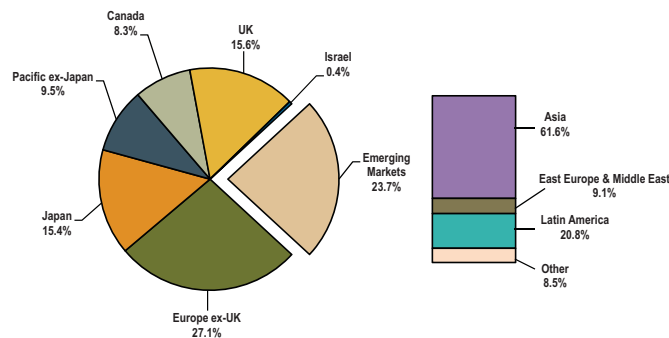


- A slower than expected recovery in Europe, India, and China kept non-U.S. equity markets negative during the second quarter.
- Disappointing economic data out of Germany, France and Spain resulted in lower second quarter returns of -12.4%, -9.0% and -12.5%, respectively.
- Latin America fell sharply over the quarter and the one-year period.
- EM Europe & Mid East was the worst performing region over the one-year period.

5

## Non-U.S. Equity Markets

MSCI ALL COUNTRY WORLD ex-U.S. IMI  
GEOGRAPHIC ALLOCATION AS OF 6/30/2012

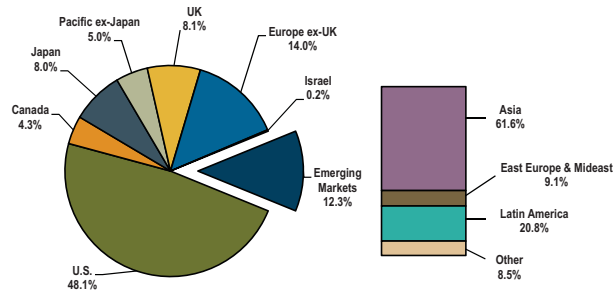


- The exhibit above illustrates the percent each country/region represents of the non-U.S. equity market as measured by the MSCI All Country World ex-U.S. IMI.
- Note on Other: Includes South Africa, Egypt, and Morocco.

6

## Global Stock Markets

MSCI ALL COUNTRY WORLD IMI  
GEOGRAPHIC ALLOCATION AS OF 6/30/2012



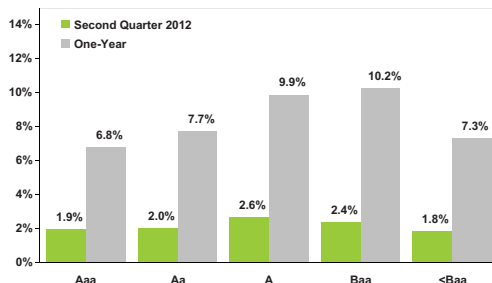
- The MSCI All Country World IMI is a capitalization-weighted index of stocks representing 24 developed stock markets and 21 emerging stock markets. The graph above shows the allocation to each country/region at quarter-end.
- Note on Other: Includes South Africa, Egypt, and Morocco.

7

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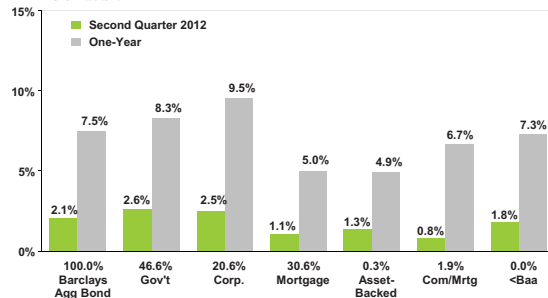
## U.S. Fixed Income Markets

RETURNS BY QUALITY  
AS OF 6/30/2012



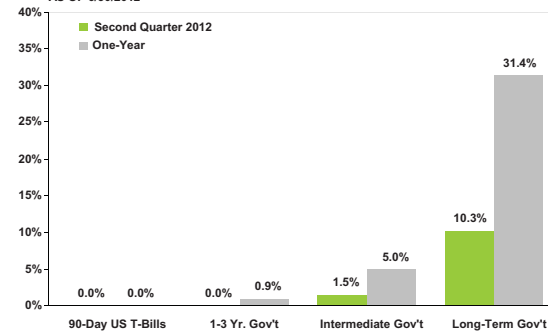
Source: Barclays Live

SECTOR RETURNS  
AS OF 6/30/2012



Source: Barclays Live

RETURNS BY MATURITY  
AS OF 6/30/2012



Source: Barclays Live

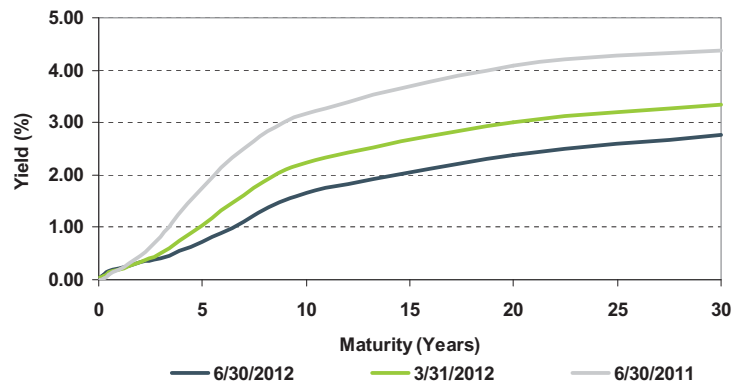
8

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- An inadequate economic recovery helped fuel a flight to quality favoring government bonds.
- Long duration outperformed intermediate and short-term bonds.
- Long-term government bonds remained the strongest performing sector over the one-year period.
- Government and corporate bonds outperformed their peers during the quarter and the one-year period.
- Investment grade outperformed high-yield during the quarter and one-year period.

## U.S. Fixed Income Markets

U.S. TREASURY YIELD CURVE



Source: U.S. Department of Treasury

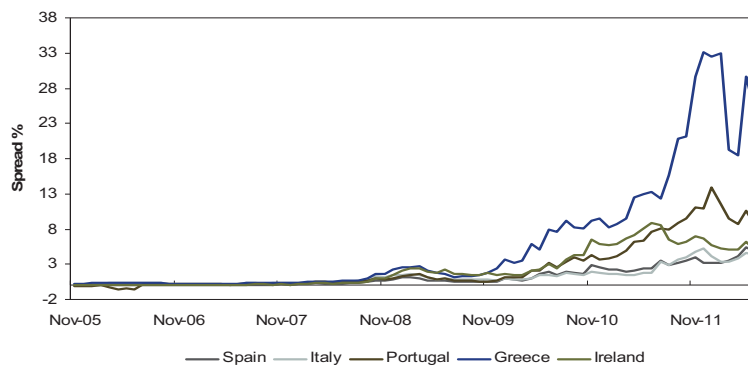
- Concern over mounting European uncertainty and worsening emerging markets economic conditions forced investors to look for a safe haven in the U.S., pushing Treasury yields to historic lows.
- The U.S. 10-year Treasury yield hit a record low of 1.44%, while the 30-year Treasury yield remained at an exceptionally low level.
- The Federal Open Market Committee pledged to keep downward pressure on long-term Treasury rates, while also extending Operation Twist through the end of the year.

9

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## European Fixed Income Markets

EUROZONE PERIPHERAL BOND YIELDS  
(Yield differences with Germany)



Source: Bloomberg

- Spanish and Italian 10-year bond yields rose during the quarter amid renewed investor concerns over the debt crises in both countries.
- Greece's 10-year spread decreased prior to elections, but a lack of commitment from the new government to stay in the European Union pushed spreads wider towards the end of the second quarter.
- Spanish, Italian, and Greek 10-year spreads widened, while Portuguese and Irish 10-year spreads narrowed during the quarter.

10

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## Credit Spreads

AS OF 6/30/2012

Spread (bps)	06/30/2012	03/31/2012	06/30/2011	Quarterly Change (bps)	1-Year Change (bps)
U.S. Aggregate	77	64	54	13	23
Long Govt.	5	5	4	0	1
Long Credit	228	198	168	30	60
Long Govt./Credit	130	114	97	16	33
MBS	76	53	37	23	3
CMBS	235	221	243	14	-8
ABS	59	65	81	-6	-22
Corporate	199	176	153	23	46
High Yield	615	576	525	39	90
Global Emerging Markets	408	359	294	49	114

Source: Barclays Live

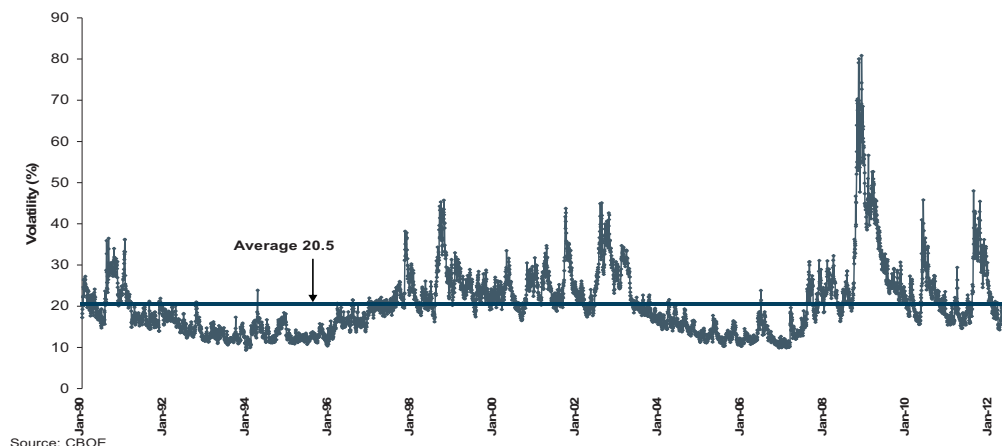
- Credit spreads widened during the quarter across most segments, mainly due to a persistent decline in U.S. Treasury yields.
- Credit spreads across most segments remain higher relative to a year ago.
- Over the year, high-yield and emerging market bonds have seen their credit spreads widen by 90 bps and 114 bps, respectively.

11

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## Market Volatility

Historical Daily VIX Closing Prices  
Since Inception through 6/30/2012



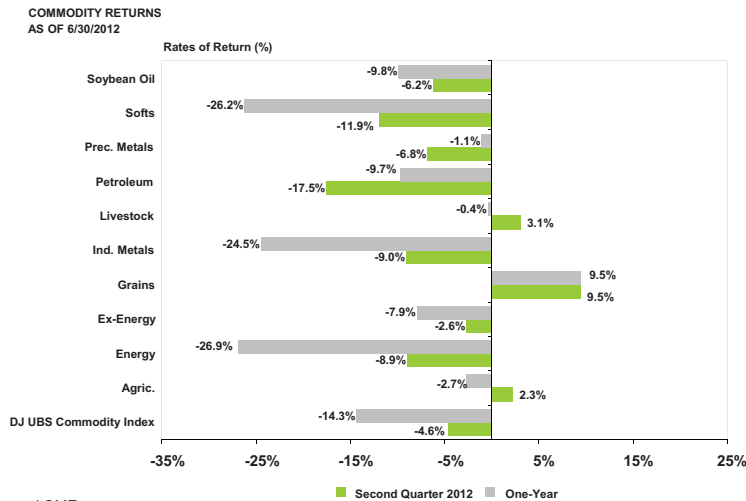
Source: CBOE

- Volatility, as measured by the VIX, ended the quarter below its long-term average.
- The VIX was trending up to end the quarter, as economic data across the globe turned negative.

12

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## Commodities



Sources: Dow Jones and CME

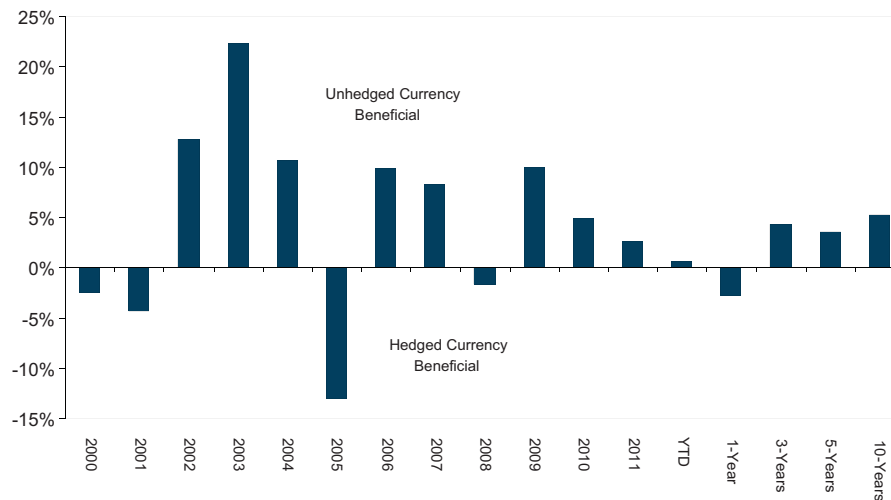
- The Dow Jones UBS Commodity Index fell by 4.6% for the quarter mainly due to poor performance in petroleum, softs (i.e., coffee, cocoa, and sugar), and industrial metals sectors.
- Higher than normal temperatures and below average rainfall in the U.S. East and Midwest caused corn and soybean futures to spike during the month of June.
- Corn was the best-performing grain in June posting a return of 25.4%, while soybeans returned 13.9%. Both components helped the grains sub-index produce positive returns.

13

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## Currency

Difference Between MSCI EAFE Unhedged and Hedged Indices  
AS OF 6/30/2012



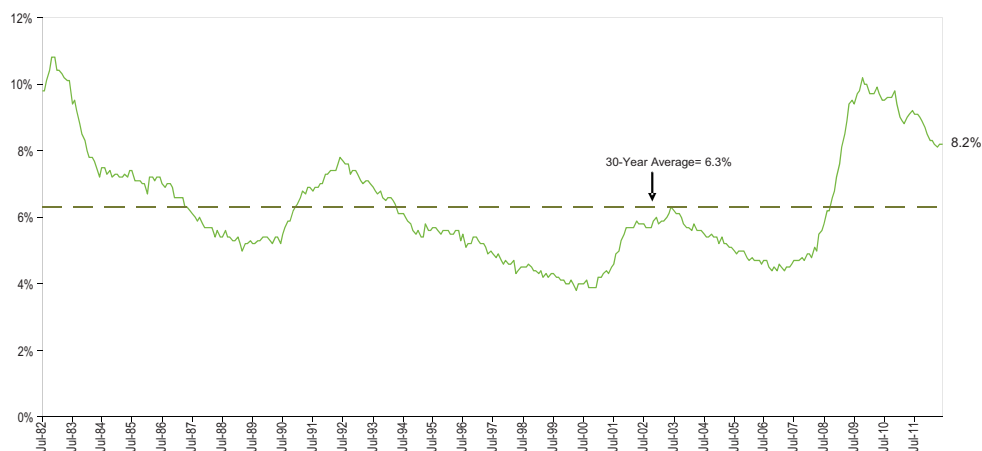
- MSCI EAFE Unhedged outperformed the EAFE Hedged Index YTD and over the trailing 3-, 5-, and 10-year periods.

14

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## U.S. Unemployment Rate

Unemployment Rate  
AS OF 6/30/2012



Source: Bureau of Labor Statistics

- At the end of the second quarter, the U.S. unemployment rate remained unchanged at 8.2%.
- After adding 677,000 jobs during the first quarter, growth slowed during the second quarter and only 225,000<sup>1</sup> jobs were created.

<sup>1</sup> Preliminary data: The U.S. Bureau of Labor Statistics.

15

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## Active Manager Report Card<sup>1</sup>

Peer Group/Index	Median Return <sup>2</sup>		Index Return		Index Return <sup>1</sup>	
	Qtr.	1 Year	Qtr.	1 Year	Qtr.	1 Year
All Cap Equity/Russell 3000 Index	-4.7%	-0.6%	-3.1%	3.8%	26 <sup>th</sup> Percentile	20 <sup>th</sup> Percentile
Large Cap Equity/Russell 1000 Index	-4.0%	2.9%	-3.1%	4.4%	30 <sup>th</sup> Percentile	32 <sup>nd</sup> Percentile
Small Cap Equity/Russell 2000 Index	-4.9%	-3.9%	-3.5%	-2.1%	30 <sup>th</sup> Percentile	33 <sup>rd</sup> Percentile
Non-U.S. Equity/MSCI ACWI ex U.S.	-7.3%	-13.9%	-7.6%	-14.6%	55 <sup>th</sup> Percentile	61 <sup>st</sup> Percentile
Global Equity/MSCI ACWI	-5.8%	-11.8%	-5.6%	-6.5%	45 <sup>th</sup> Percentile	36 <sup>th</sup> Percentile
Core Fixed Income/Barclays Aggregate	2.0%	7.5%	2.1%	7.5%	48 <sup>th</sup> Percentile	60 <sup>th</sup> Percentile

- During the second quarter, active management underperformed relative to passive management in all areas shown above with the exception of non-U.S. equity.
- Passive management within U.S. equity significantly outperformed active management over the quarter and the one-year period.
- Passive management within fixed income edged out active management over the quarter.

<sup>1</sup> Actual peer group performance reported in client reports may vary based on the constituent peer group utilized (e.g., mutual fund universe, separate account universe). Percentile rankings are based on a system in which 1=best and 99=worst.

<sup>2</sup> Based on preliminary peer group information as of June 30, 2012, provided by eVestment Alliance. Data was aggregated on July 17, 2012. Information is presented net of fees.

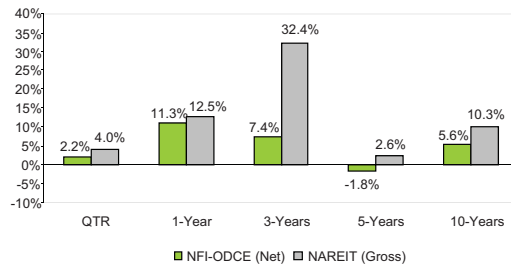
16

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## U.S. Commercial Real Estate Markets

### RETURNS: PRIVATE vs. PUBLIC

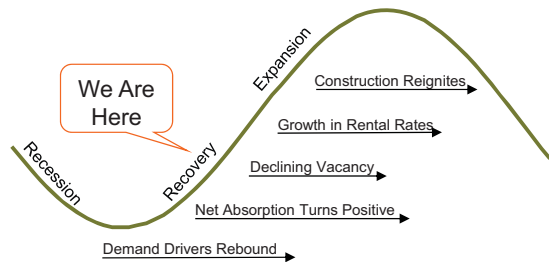
AS OF 6/30/2012



Source: NCREIF, NAREIT

### STAGES OF FUNDAMENTAL RECOVERY

U.S. REAL ESTATE MARKET



17

### Total Returns

- The NFI-ODCE returned 2.2% during the second quarter (preliminary), down from 2.5% during the first quarter. For the year, NFI-ODCE returned 11.3% (preliminary) demonstrating a continued waning in momentum. In 2012, return expectations are closer to the sector's long-term average of 7%-9%.
- REIT performance remained relatively strong in the second quarter, rising 4.0%. Given high volatility over the last 12 months, the FTSE NAREIT Equity Index rose a total of 12.5% over the trailing one-year period. In 2012, REITs are expected to move more in line with the their long-term trend, returning 8%–11%, though volatility is likely to remain above average.

### Sector Fundamentals

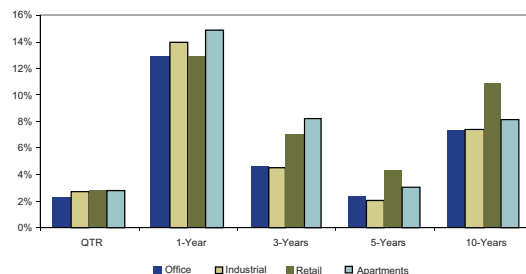
- Improvements in sector fundamentals (e.g., demand, vacancy, and rent) continued in the second quarter; though significant variations still exist by market and property type.
- Transaction volumes, while positive, remained below trend as the capital markets are still under pressure from broader investment market concerns. With the availability of capital increasing, momentum should pick up with investor confidence.
- Downward pressure is expected to remain on non-residential net operating income in most markets as leases expire this year and re-sign at today's substantially lower rates. Going forward (2013 and beyond), growing demand in most property types is expected to reverse this trend.

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## U.S. Commercial Real Estate Markets

### UNLEVERED PRIVATE CORE RETURNS BY PROPERTY TYPE

AS OF 3/31/2012



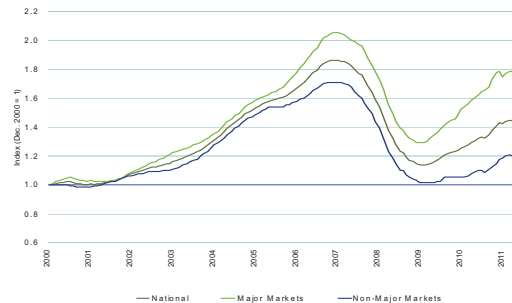
Source: NCREIF

### Total Returns for Core Assets by Property Type

- The apartment sector has led the pricing rebound to date benefiting from the residential housing crisis and an early onset job recovery.
- Strip retail assets have performed best over the long-term due largely to a growing national population; however, regional performance varies significantly.
- Office assets generally lag in a recovery due to a stronger reliance on corporate confidence and job growth. Stronger and more consistent job growth is required to drive higher returns.
- Recent industrial sector indicators remain challenged.

### RETURNS: CORE MARKETS RELATIVE TO DISTRESSED

AS OF 5/31/2012



Source: CPPI Moody's/REAL National All Property Types

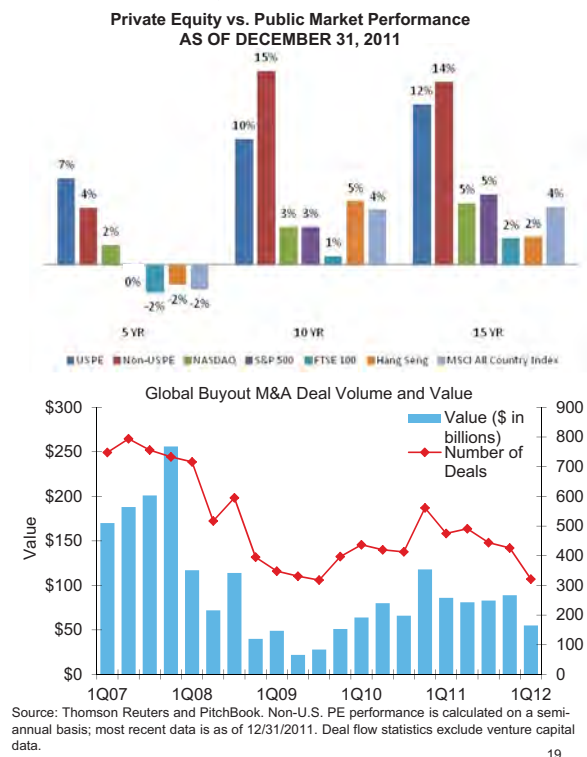
### Total Returns by Market and Distress

- Core assets in major markets have attracted significant new capital since the sector's trough. As such, price rebounds have been significant as shown above. Capitalization rates for many of these assets now approach pre-recession levels, although based off much lower net operating income.
- Price recovery in non-stabilized assets and in secondary markets has lagged the core rebound to date due to limited investor appetite and lack of available financing. However, banks are now more willing to address their distress, thus the backlog of distressed assets is likely to reduce more significantly in 2012.

18

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## Private Equity Market Overview – Q1 2012

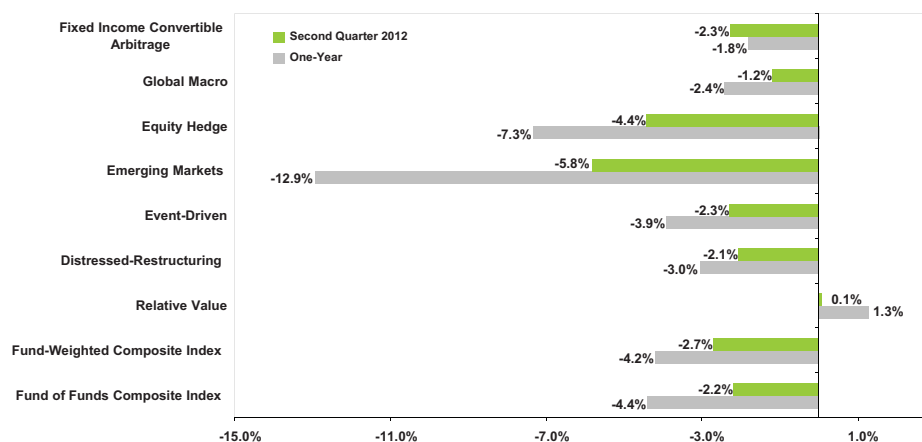


- **Fundraising:** Healthy but not excessive levels. Remains well below pre-crisis levels (\$591 billion). Overhang significant (\$750 billion) but decreasing.
- **Buyout:** A 20% decrease in total deal value over the end of 2011; purchase price multiples are decreasing and are just above the 10-year average; equity currently comprising approximately 44% of the purchase price; activity in Europe remains slow due to scarcity of financing.
- **Venture capital:** First quarter 2012 investment levels below the quarterly 2011 average; a number of M&A exits down approximately 26% to 2011 quarterly average while IPOs were up 43% but then stalled after a poor Facebook debut.
- **Mezzanine:** Situation in Europe continues to favor mezzanine lenders as CLOs have limited cash to re-invest and European banks are dealing with capital constraints; U.S. mezzanine lenders continue to be active in smaller transactions, while getting squeezed out of larger transactions in favor of high-yield.
- **Distressed Debt:** Default rates increased slightly but remain at historically low levels; investment levels remain low due to heavy refinancing activity and low default rates; attractive opportunities exist looking forward to 2013-2014 due to fragile economy and reduced high-yield and leveraged loan activity.
- **Secondaries:** \$10 billion raised in first half of 2012; \$22 billion in transactions, \$2 billion shy of full-year 2011; pricing discounts decreased to 16% for buyout and increased to 31% for venture.
- **Infrastructure:** \$16.1 billion raised through the first quarter (slightly down from 2011); deal activity lowest level since 2009.

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## Hedge Fund Markets Overview

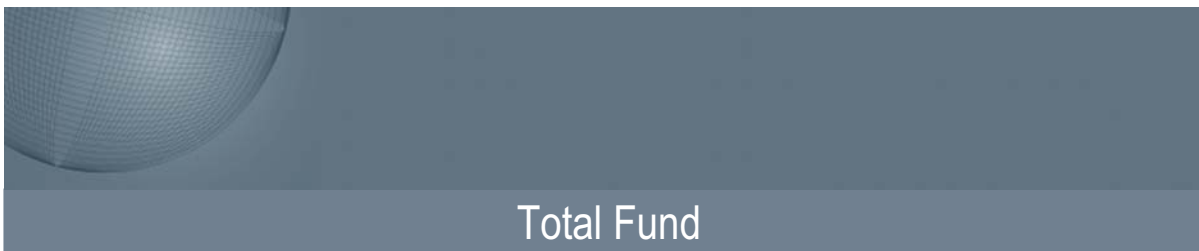
**HEDGE FUND SECTOR PERFORMANCE  
AS OF 6/30/2012**



- Hedge funds declined during the quarter with the majority of strategies posting negative returns.
- Emerging markets and equity hedge strategies were the weakest performers as the market sell-off in May, driven by continued concerns over European sovereign debt issues and disappointing economic data, weighed on performance.
- Relative-value strategies produced marginal positive results during the quarter as those managers that reduced market exposures and/or had a tilt towards structured credit experienced larger gains than peers.

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Total Fund	As of June 30, 2012	\$122,746.0 Million and 100.0% of Fund
Highlights		

#### Executive Summary

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

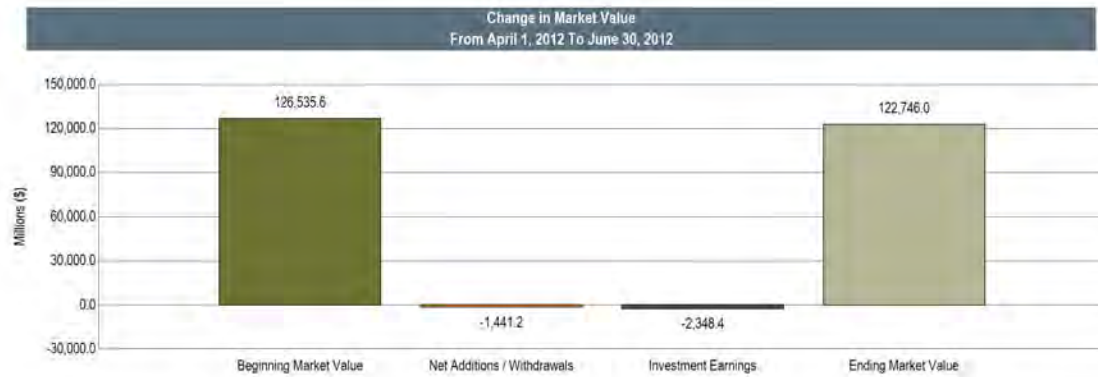
#### Performance Highlights

- Over the trailing one-, three-, five-, and ten-year periods, the Total Fund outperformed the Performance Benchmark. During the second quarter, the Fund returned -1.8% and outperformed its Benchmark by 0.7 percentage points.

#### Asset Allocation

- The Fund assets total \$122.7 billion as of June 30, 2012, which represents a \$3.8 billion decrease since last quarter.
- Actual allocations for all asset classes were within their respective policy ranges at quarter-end.
- The Fund was overweight to global equity with corresponding marginal underweight to fixed income, real estate, strategic investments, and cash at quarter-end.

## Plan Summary



Summary of Cash Flows		
Sources of Portfolio Growth	Second Quarter	Fiscal YTD*
Beginning Market Value	\$126,535,647,927	\$128,532,863,218
Net Additions/Withdrawals	(\$1,441,239,824)	(\$5,960,171,739)
Investment Earnings	(\$2,348,434,552)	\$173,282,072
Ending Market Value	\$122,745,973,551	\$122,745,973,551

\*Period July 2011 - June 2012

## Plan Performance

Benchmark: Performance Benchmark



## Trailing Period Performance

Ending June 30, 2012															
	Market Value (\$)	% of Portfolio	Policy %	2012 Q2 (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
<b>Total Fund</b>	<b>122,745,973,551</b>	<b>100.0</b>	<b>100.0</b>	<b>-1.8</b>	<b>57</b>	<b>6.2</b>	<b>15</b>	<b>0.3</b>	<b>62</b>	<b>11.8</b>	<b>43</b>	<b>1.6</b>	<b>46</b>	<b>6.4</b>	<b>39</b>
<i>Performance Benchmark</i>				-2.5	80	5.3	65	-0.5	87	10.5	84	1.2	59	6.1	55
<i>Absolute Nominal Target Rate of Return</i>				1.3	4	4.2	89	6.7	6	7.2	99	7.0	1	7.1	13
<b>Global Equity</b>	<b>69,337,101,114</b>	<b>56.5</b>	<b>55.6</b>	<b>-5.1</b>	<b>--</b>	<b>6.8</b>	<b>--</b>	<b>-5.1</b>	<b>--</b>	<b>12.8</b>	<b>--</b>	<b>-1.4</b>	<b>--</b>	<b>5.7</b>	<b>--</b>
<i>Asset Class Target</i>				-5.6	--	5.9	--	-6.8	--	11.5	--	-2.2	--	5.3	--
<b>Domestic Equities</b>	<b>31,795,995,361</b>	<b>25.9</b>	<b>--</b>	<b>-3.4</b>	<b>37</b>	<b>9.3</b>	<b>31</b>	<b>3.9</b>	<b>21</b>	<b>17.0</b>	<b>25</b>	<b>0.6</b>	<b>35</b>	<b>5.8</b>	<b>32</b>
<i>Asset Class Target</i>				-3.1	18	9.3	30	3.8	22	16.7	33	0.4	46	5.8	32
<b>Foreign Equities</b>	<b>34,075,288,268</b>	<b>27.8</b>	<b>--</b>	<b>-6.9</b>	<b>34</b>	<b>4.6</b>	<b>31</b>	<b>-12.2</b>	<b>27</b>	<b>9.4</b>	<b>5</b>	<b>-2.9</b>	<b>12</b>	<b>7.6</b>	<b>11</b>
<i>Asset Class Target</i>				-7.7	79	3.1	83	-14.8	79	7.4	61	-4.4	43	6.9	36
<b>Global Equities</b>	<b>3,465,817,282</b>	<b>2.8</b>	<b>--</b>	<b>-3.7</b>	<b>--</b>	<b>6.5</b>	<b>--</b>	<b>-5.9</b>	<b>--</b>	<b>10.9</b>	<b>--</b>	<b>-3.0</b>	<b>--</b>	<b>--</b>	<b>--</b>
<i>Benchmark</i>				-5.2	--	5.9	--	-5.5	--	11.3	--	-2.4	--	--	--
<b>Fixed Income</b>	<b>31,301,149,920</b>	<b>25.5</b>	<b>26.0</b>	<b>2.3</b>	<b>37</b>	<b>3.6</b>	<b>52</b>	<b>7.8</b>	<b>45</b>	<b>9.6</b>	<b>44</b>	<b>7.1</b>	<b>44</b>	<b>6.1</b>	<b>43</b>
<i>Asset Class Target</i>				2.1	57	2.4	92	7.5	60	6.9	94	6.8	50	5.8	54
<b>Private Equity</b>	<b>6,476,576,140</b>	<b>5.3</b>	<b>5.3</b>	<b>5.9</b>	<b>--</b>	<b>9.5</b>	<b>--</b>	<b>6.8</b>	<b>--</b>	<b>15.3</b>	<b>--</b>	<b>4.2</b>	<b>--</b>	<b>6.3</b>	<b>--</b>
<i>Asset Class Target</i>				-2.3	--	11.4	--	6.8	--	20.2	--	4.5	--	10.1	--
<i>Secondary Target*</i>				5.3	--	10.4	--	11.0	--	17.7	--	6.8	--	13.0	--
<b>Real Estate</b>	<b>9,282,198,424</b>	<b>7.6</b>	<b>7.7</b>	<b>2.4</b>	<b>45</b>	<b>8.1</b>	<b>1</b>	<b>12.8</b>	<b>6</b>	<b>6.3</b>	<b>69</b>	<b>0.6</b>	<b>32</b>	<b>8.0</b>	<b>32</b>
<i>Asset Class Target</i>				2.5	44	6.3	22	12.6	7	6.1	71	-0.1	44	3.7	92
<b>Strategic Investments</b>	<b>5,308,244,446</b>	<b>4.3</b>	<b>4.4</b>	<b>2.7</b>	<b>--</b>	<b>7.6</b>	<b>--</b>	<b>3.7</b>	<b>--</b>	<b>16.8</b>	<b>--</b>	<b>-1.0</b>	<b>--</b>	<b>--</b>	<b>--</b>
<i>Short-Term Target</i>				0.9	--	4.2	--	3.3	--	8.7	--	-1.7	--	--	--
<b>Cash</b>	<b>1,040,703,506</b>	<b>0.8</b>	<b>1.0</b>	<b>0.1</b>	<b>--</b>	<b>0.1</b>	<b>--</b>	<b>0.3</b>	<b>--</b>	<b>0.9</b>	<b>--</b>	<b>-0.4</b>	<b>--</b>	<b>1.3</b>	<b>--</b>
<i>iMoneyNet First Tier Institutional Money Market Funds Net Index</i>				0.0	--	0.0	--	0.1	--	0.2	--	1.3	--	2.1	--

Benchmark and universe descriptions can be found in the Appendix.

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

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

25

## Calendar Year Performance

	2011 (%)	Rank	2010 (%)	Rank	2009 (%)	Rank	2008 (%)	Rank	2007 (%)	Rank	2006 (%)	Rank	2005 (%)	Rank	2004 (%)	Rank	2003 (%)	Rank	2002 (%)	Rank
<b>Total Fund</b>	<b>-0.5</b>	<b>71</b>	<b>13.5</b>	<b>37</b>	<b>20.8</b>	<b>36</b>	<b>-26.7</b>	<b>49</b>	<b>9.1</b>	<b>28</b>	<b>14.6</b>	<b>33</b>	<b>7.8</b>	<b>40</b>	<b>12.0</b>	<b>47</b>	<b>23.8</b>	<b>40</b>	<b>-11.2</b>	<b>90</b>
<i>Performance Benchmark</i>	-1.2	84	12.9	52	19.5	46	-26.1	47	8.9	32	14.4	38	7.3	62	11.5	54	24.5	28	-11.6	95
<i>Absolute Nominal Target Rate of Return</i>	8.1	4	6.6	98	7.9	99	5.1	1	8.9	33	6.6	96	7.6	47	7.4	96	6.1	98	6.8	2
<b>Global Equity</b>	<b>-6.5</b>	<b>--</b>	<b>16.0</b>	<b>--</b>	<b>33.7</b>	<b>--</b>	<b>-39.8</b>	<b>--</b>	<b>8.6</b>	<b>--</b>	<b>17.5</b>	<b>--</b>	<b>8.6</b>	<b>--</b>	<b>14.4</b>	<b>--</b>	<b>32.4</b>	<b>--</b>	<b>-19.8</b>	<b>--</b>
<i>Asset Class Target</i>	-7.9	--	15.1	--	33.8	--	-40.4	--	8.5	--	18.4	--	8.7	--	14.1	--	33.2	--	-20.3	--
<b>Domestic Equities</b>	<b>1.6</b>	<b>21</b>	<b>17.2</b>	<b>65</b>	<b>28.8</b>	<b>46</b>	<b>-37.4</b>	<b>48</b>	<b>5.3</b>	<b>52</b>	<b>14.7</b>	<b>61</b>	<b>6.3</b>	<b>76</b>	<b>12.3</b>	<b>44</b>	<b>30.2</b>	<b>72</b>	<b>-21.4</b>	<b>68</b>
<i>Asset Class Target</i>	1.0	30	16.9	70	28.3	55	-37.3	45	5.1	53	15.7	40	6.1	88	11.9	68	31.1	68	-21.5	72
<b>Foreign Equities</b>	<b>-12.9</b>	<b>45</b>	<b>15.2</b>	<b>7</b>	<b>42.7</b>	<b>9</b>	<b>-44.4</b>	<b>37</b>	<b>16.1</b>	<b>39</b>	<b>26.4</b>	<b>31</b>	<b>16.1</b>	<b>46</b>	<b>21.3</b>	<b>29</b>	<b>39.8</b>	<b>28</b>	<b>-12.7</b>	<b>30</b>
<i>Asset Class Target</i>	-14.6	80	13.0	41	43.7	8	-46.1	78	16.4	30	26.7	28	16.6	39	20.9	32	40.8	17	-14.7	57
<b>Global Equities</b>	<b>-5.7</b>	<b>--</b>	<b>10.4</b>	<b>--</b>	<b>32.8</b>	<b>--</b>	<b>-41.8</b>	<b>--</b>	<b>10.2</b>	<b>--</b>	<b>20.0</b>	<b>--</b>	<b>9.4</b>	<b>--</b>	<b>15.4</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<i>Benchmark</i>	-6.7	--	13.1	--	34.6	--	-42.1	--	11.8	--	21.1	--	11.3	--	16.4	--	--	--	--	--
<b>Fixed Income</b>	<b>7.6</b>	<b>45</b>	<b>9.2</b>	<b>34</b>	<b>14.4</b>	<b>46</b>	<b>-3.9</b>	<b>43</b>	<b>6.7</b>	<b>29</b>	<b>4.7</b>	<b>39</b>	<b>2.8</b>	<b>28</b>	<b>5.0</b>	<b>51</b>	<b>6.0</b>	<b>56</b>	<b>9.7</b>	<b>36</b>
<i>Asset Class Target</i>	7.8	38	6.5	92	5.9	91	5.2	9	7.2	21	4.7	38	2.5	45	4.7	67	5.1	67	9.7	36
<b>Private Equity</b>	<b>8.0</b>	<b>--</b>	<b>18.6</b>	<b>--</b>	<b>-12.1</b>	<b>--</b>	<b>-4.3</b>	<b>--</b>	<b>16.5</b>	<b>--</b>	<b>12.2</b>	<b>--</b>	<b>12.9</b>	<b>--</b>	<b>0.6</b>	<b>--</b>	<b>10.3</b>	<b>--</b>	<b>-1.4</b>	<b>--</b>
<i>Asset Class Target</i>	4.0	--	19.9	--	32.8	--	-32.8	--	9.6	--	20.2	--	10.6	--	16.5	--	33.8	--	-15.4	--
<i>Secondary Target*</i>	14.2	--	17.2	--	-9.8	--	-4.5	--	30.1	--	22.9	--	36.0	--	19.1	--	11.6	--	-8.0	--
<b>Real Estate</b>	<b>14.5</b>	<b>18</b>	<b>5.1</b>	<b>70</b>	<b>-22.8</b>	<b>30</b>	<b>-1.5</b>	<b>28</b>	<b>13.6</b>	<b>43</b>	<b>22.5</b>	<b>6</b>	<b>17.2</b>	<b>85</b>	<b>17.4</b>	<b>22</b>	<b>12.2</b>	<b>28</b>	<b>6.3</b>	<b>17</b>
<i>Asset Class Target</i>	15.3	12	8.8	61	-29.7	63	-1.1	23	12.1	68	6.5	95	8.8	99	7.8	99	11.6	31	7.0	15
<b>Strategic Investments</b>	<b>5.5</b>	<b>--</b>	<b>8.9</b>	<b>--</b>	<b>22.0</b>	<b>--</b>	<b>-37.4</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<i>Short-Term Target</i>	4.2	--	3.5	--	20.8	--	-33.6	--	--	--	--	--	--	--	--	--	--	--	--	--

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

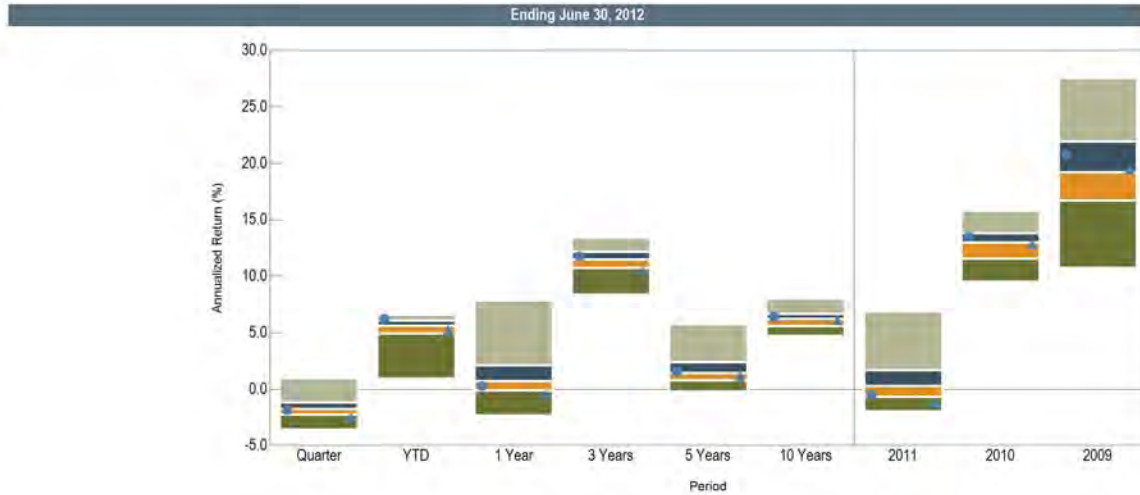
\* The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index.

26

## Universe Comparison

Benchmark: Performance Benchmark

Universe: Public Funds &gt;\$1B Net



	Return (Rank)									
5th Percentile	1.0	6.6	7.9	13.4	5.7	8.0	6.9	15.8	27.6	
25th Percentile	-1.2	6.1	2.1	12.2	2.4	6.7	1.7	13.8	22.0	
Median	-1.7	5.6	0.7	11.5	1.5	6.2	0.3	13.0	19.2	
75th Percentile	-2.2	5.0	-0.1	10.8	0.8	5.6	-0.7	11.6	16.7	
95th Percentile	-3.6	1.0	-2.3	8.4	-0.2	4.8	-2.0	9.6	10.8	
# of Portfolios	67	67	67	63	62	54	72	67	67	
• Total Fund	-1.8 (57)	6.2 (15)	0.3 (62)	11.8 (43)	1.6 (46)	6.4 (39)	-0.5 (71)	13.5 (37)	20.8 (36)	
▲ Performance Benchmark	-2.5 (80)	5.3 (65)	-0.5 (87)	10.5 (84)	1.2 (59)	6.1 (55)	-1.2 (84)	12.9 (52)	19.5 (46)	

27

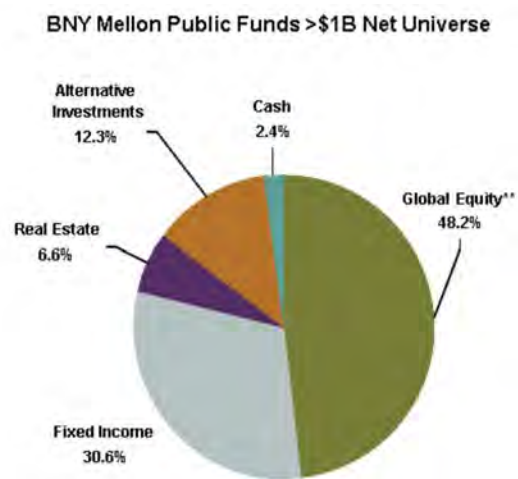
## Universe Asset Allocation Comparison

Benchmark: Performance Benchmark

Universe: Public Funds &gt;\$1B Net



\*Global Equity Allocation: 25.9% Domestic Equities; 27.8% Foreign Equities; 2.8% Global Equities. Percentages are of the Total FRS Fund.



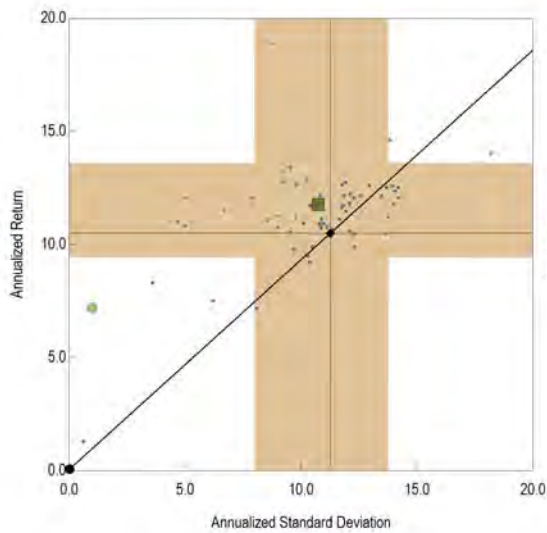
\*\*Global Equity Allocation: 31.6% Domestic Equities; 16.6% Foreign Equities.

## Risk Profile

Benchmark: Performance Benchmark

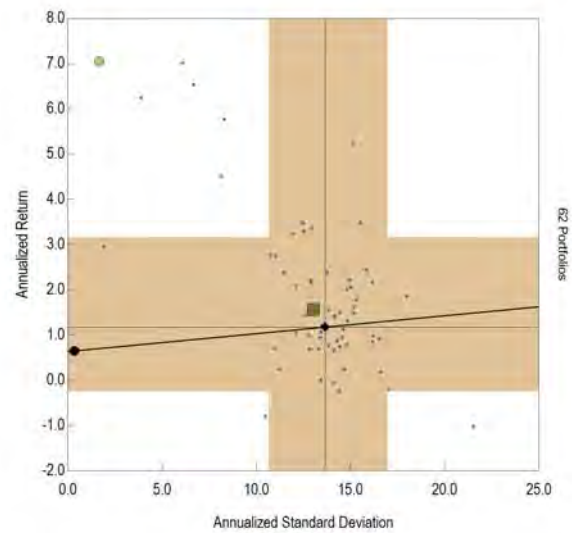
Universe: Public Funds &gt;\$1B Net

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending June 30, 2012



- Total Fund
- Performance Benchmark
- Absolute Nominal Target Rate of Return
- Risk Free
- 68% Confidence Interval
- Public Funds >\$1B Net

Annualized Return vs. Annualized Standard Deviation  
5 Years Ending June 30, 2012

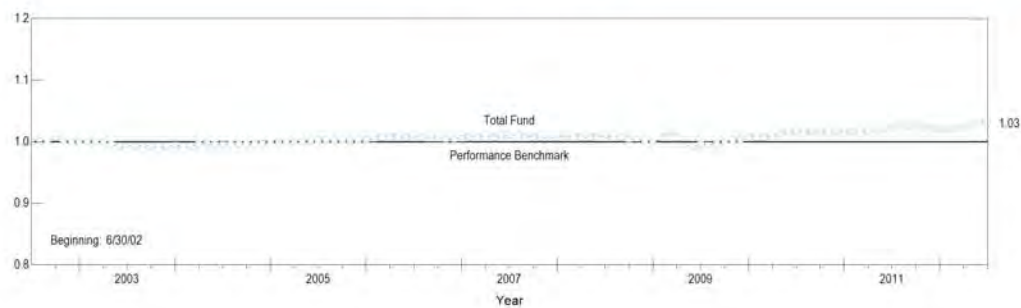


- Total Fund
- Performance Benchmark
- Absolute Nominal Target Rate of Return
- Risk Free
- 68% Confidence Interval
- Public Funds >\$1B Net

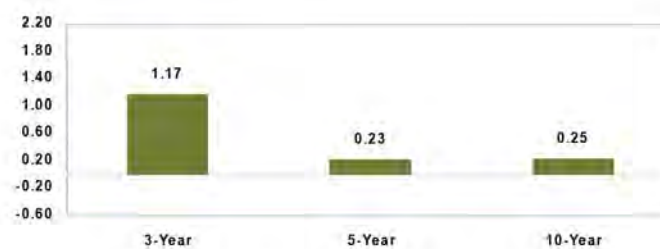
29

## Attribution

Ratio of Cumulative Wealth  
10 Years Ending June 30, 2012

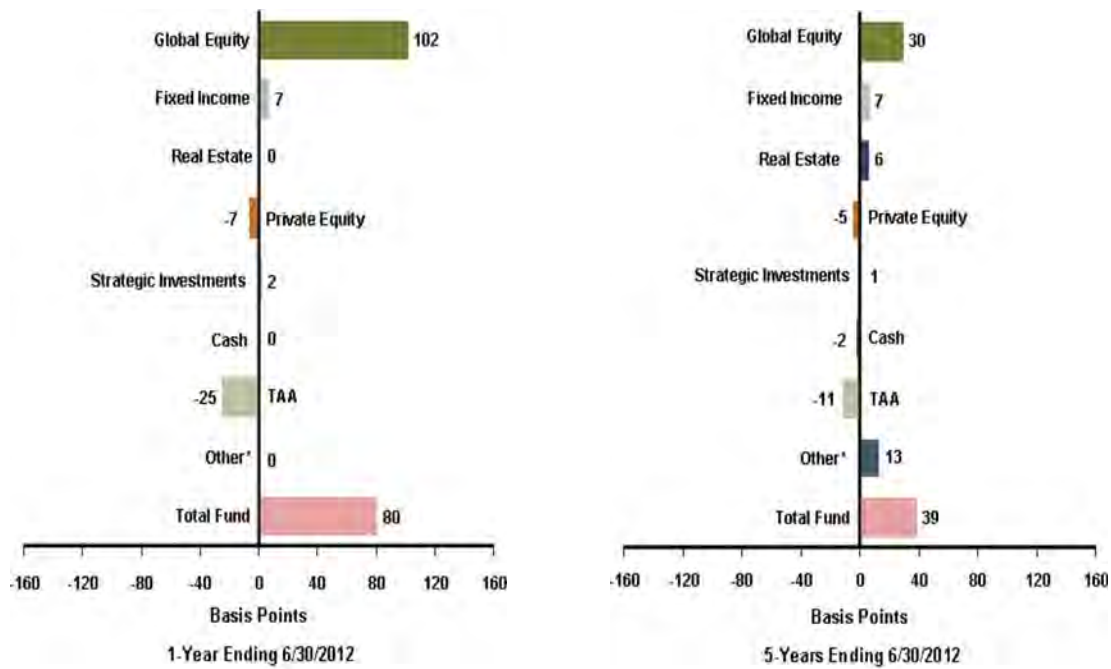


Total FRS Pension Plan Information Ratio



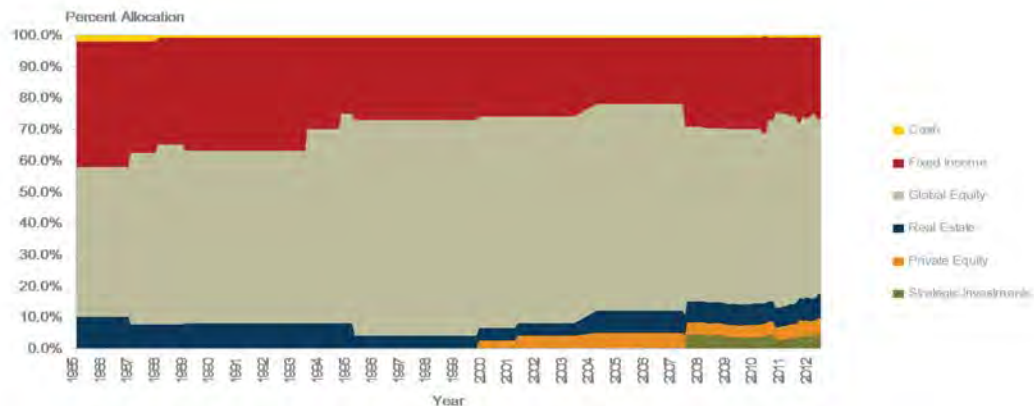
30

## Attribution



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

## Asset Allocation





# Global Equity

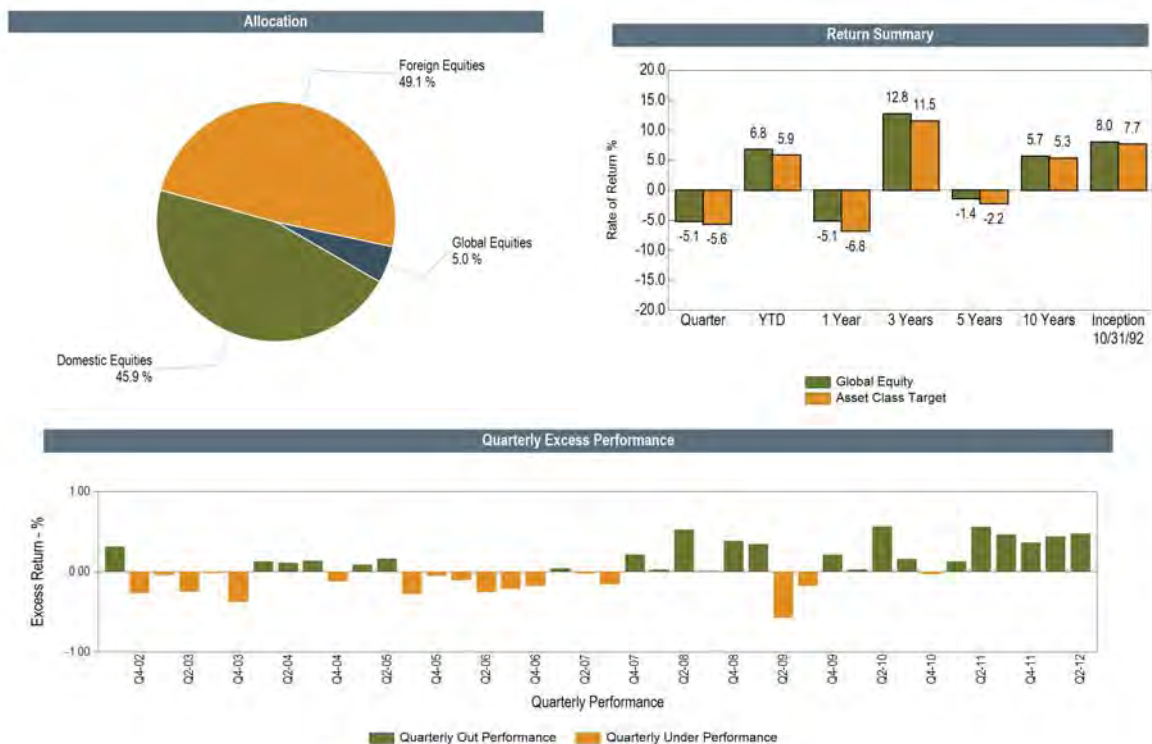
Global Equity

As of June 30, 2012

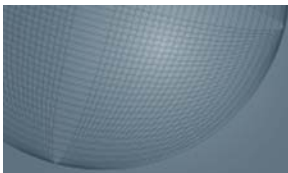
\$69,337.1 Million and 56.5% of Fund

## Overview

Benchmark: Asset Class Target



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



## Domestic Equities

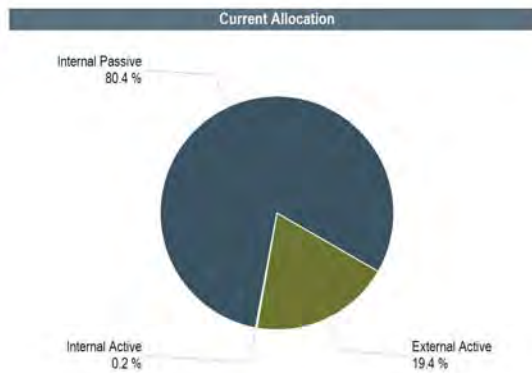
Domestic Equities

As of June 30, 2012

\$31,796.0 Million and 25.9% of Fund

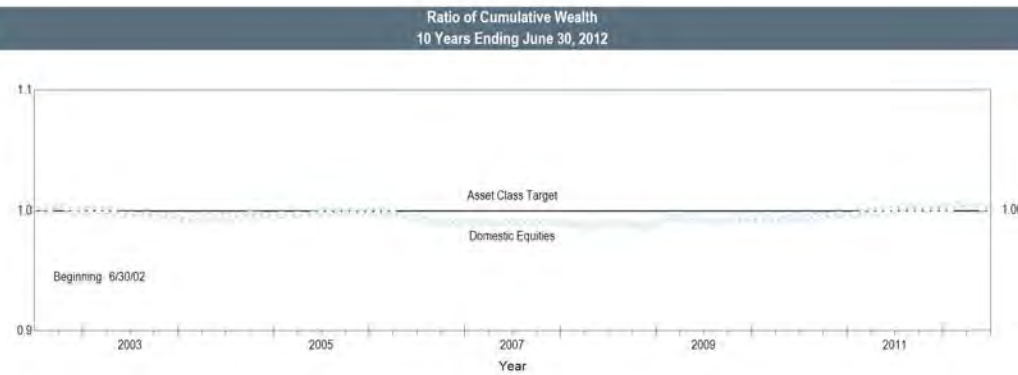
### Overview

Benchmark: Asset Class Target





## Overview

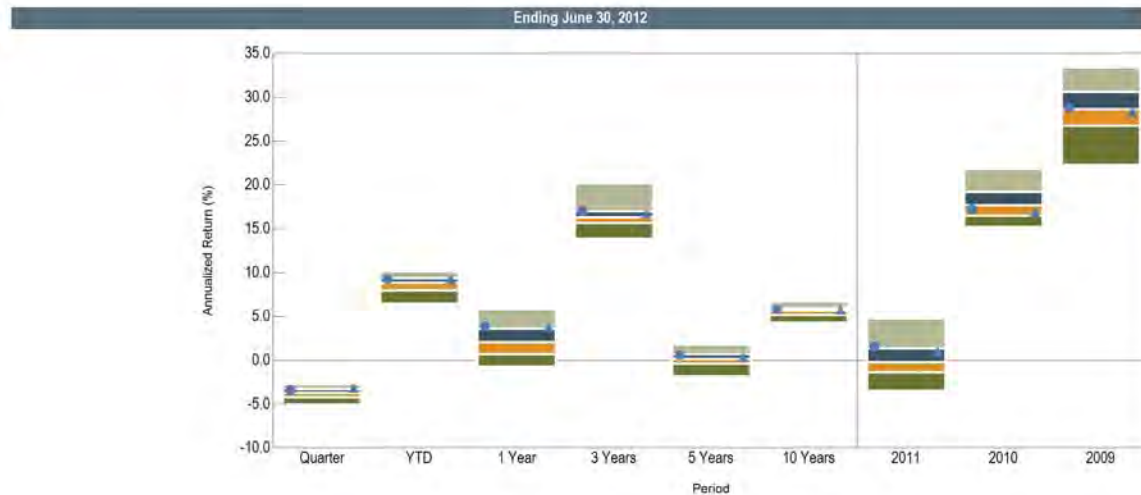


37

## Universe Comparison

Benchmark: Asset Class Target

Universe: Public Funds &gt;\$1B - US Eq Net



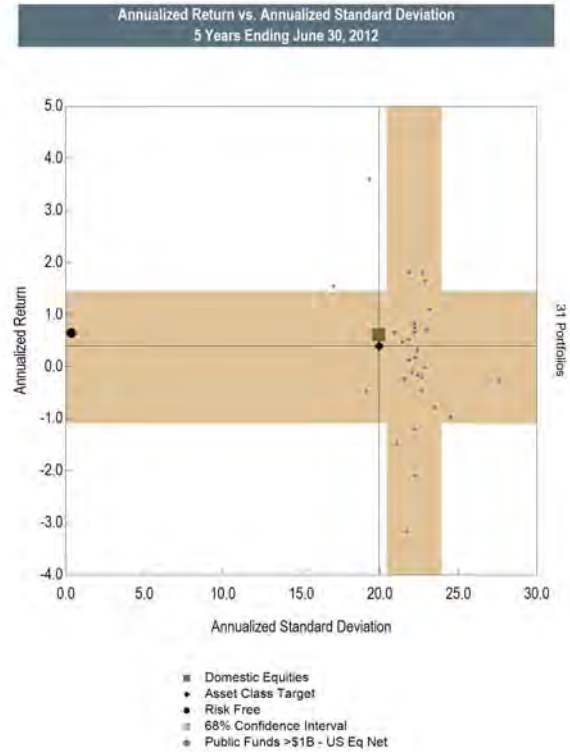
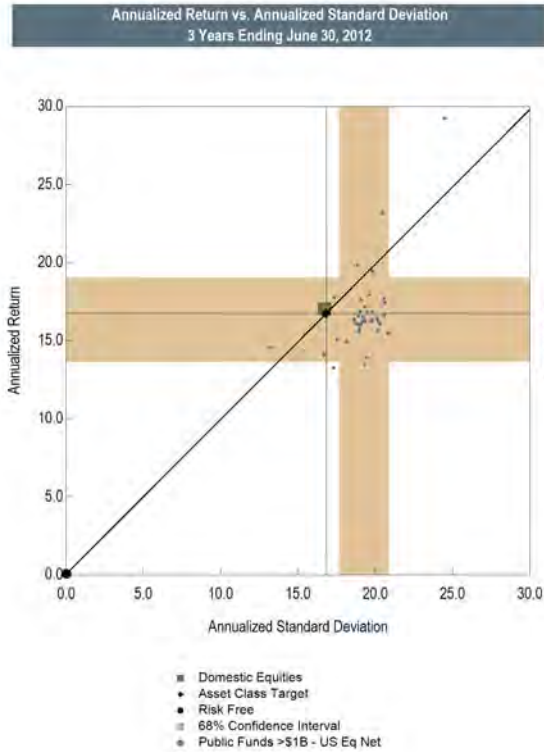
	Return (Rank)									
5th Percentile	-2.7	10.1	5.8	20.2	1.8	6.7	4.8	21.8	33.4	
25th Percentile	-3.2	9.4	3.6	17.0	0.7	6.0	1.4	19.2	30.6	
Median	-3.7	8.9	2.1	16.3	0.2	5.7	-0.2	17.7	28.7	
75th Percentile	-4.2	8.0	0.8	15.7	-0.3	5.2	-1.3	16.5	26.8	
95th Percentile	-5.0	6.5	-0.7	13.9	-1.8	4.3	-3.4	15.2	22.3	
# of Portfolios	47	47	47	39	31	19	51	46	40	
Domestic Equities	-3.4 (37)	9.3 (31)	3.9 (21)	17.0 (25)	0.6 (35)	5.8 (32)	1.6 (21)	17.2 (65)	28.8 (46)	
Asset Class Target	-3.1 (18)	9.3 (30)	3.8 (22)	16.7 (33)	0.4 (46)	5.8 (32)	1.0 (30)	16.9 (70)	28.3 (55)	

38

## Risk Profile

Benchmark: Asset Class Target

Universe: Public Funds &gt;\$1B - US Eq Net



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# Foreign Equities

Foreign Equities

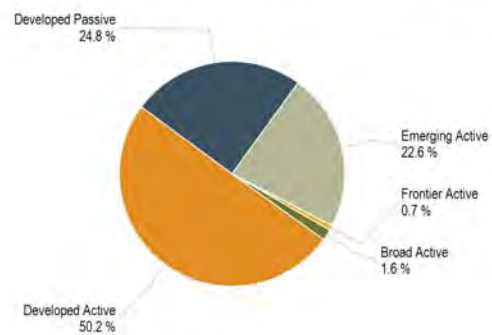
As of June 30, 2012

\$34,075.3 Million and 27.8% of Fund

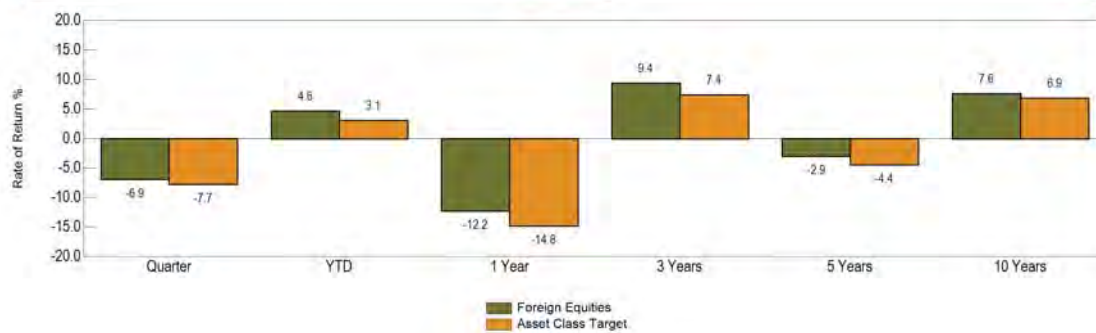
## Overview

Benchmark: Asset Class Target

### Current Allocation

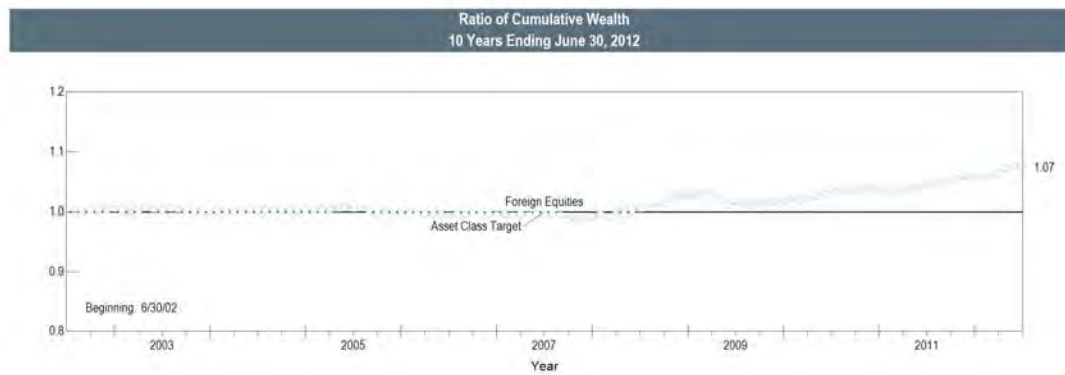


### Return Summary



## Overview

Benchmark: Asset Class Target

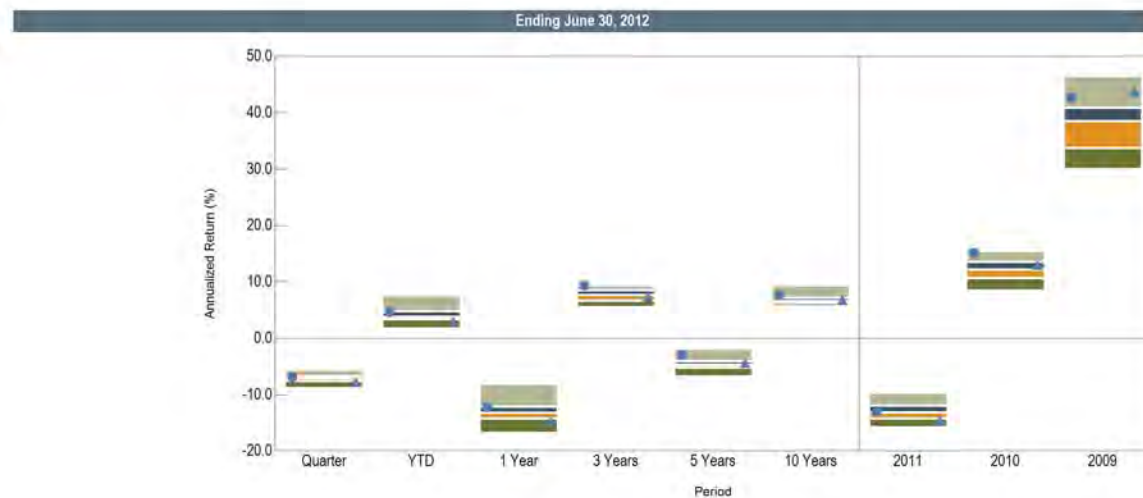


43

## Universe Comparison

Benchmark: Asset Class Target

Universe: Public Funds &gt;\$1B - Non-US Eq Net



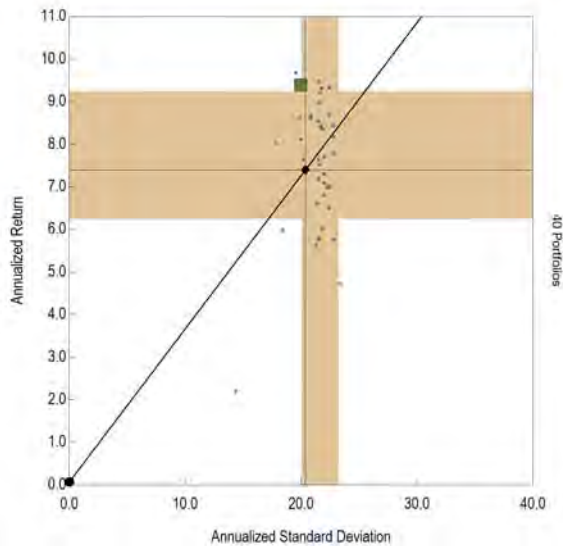
	Return (Rank)								
5th Percentile	-5.6	7.7	-8.1	9.3	-1.9	9.4	-9.7	15.5	46.5
25th Percentile	-6.7	4.8	-12.1	8.6	-4.0	7.2	-11.9	13.6	40.9
Median	-7.0	3.9	-13.2	7.7	-4.6	6.7	-13.1	12.2	38.6
75th Percentile	-7.5	3.4	-14.2	6.8	-5.2	6.3	-14.2	10.7	33.7
95th Percentile	-8.8	1.8	-16.8	5.6	-6.8	5.7	-15.8	8.5	30.0
# of Portfolios	45	45	45	40	33	20	45	40	38
Foreign Equities	-6.9 (34)	4.6 (31)	-12.2 (27)	9.4 (5)	-2.9 (12)	7.6 (11)	-12.9 (45)	15.2 (7)	42.7 (9)
Asset Class Target	-7.7 (79)	3.1 (83)	-14.8 (79)	7.4 (61)	-4.4 (43)	6.9 (36)	-14.6 (80)	13.0 (41)	43.7 (8)

44

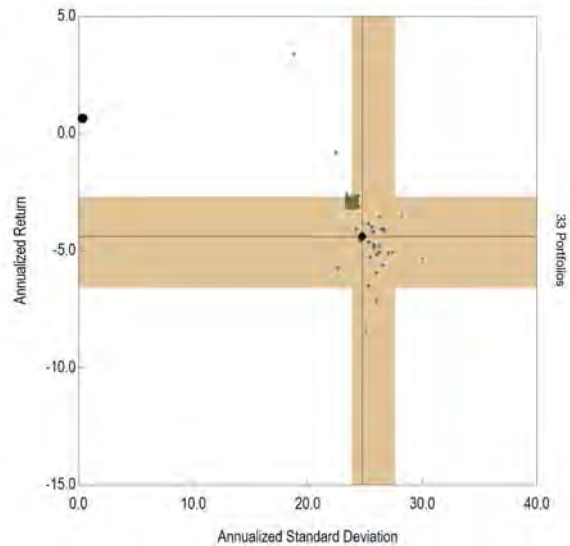
## Risk Profile

Benchmark: Asset Class Target

Universe: Public Funds &gt;\$1B - Non-US Eq Net

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending June 30, 2012

- Foreign Equities
- ◆ Asset Class Target
- Risk Free
- 68% Confidence Interval
- Public Funds >\$1B - Non-US Eq Net

Annualized Return vs. Annualized Standard Deviation  
5 Years Ending June 30, 2012

- Foreign Equities
- ◆ Asset Class Target
- Risk Free
- 68% Confidence Interval
- Public Funds >\$1B - Non-US Eq Net

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# Global Equities

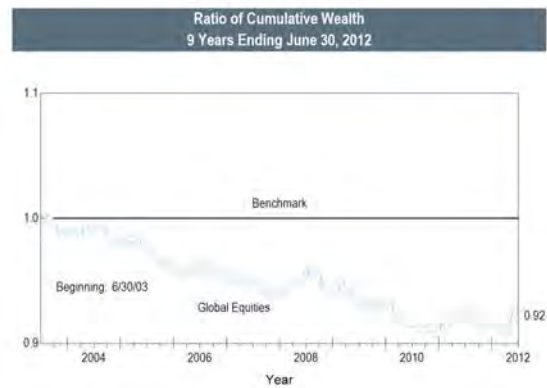
Global Equities

As of June 30, 2012

\$3,465.8 Million and 2.8% of Fund

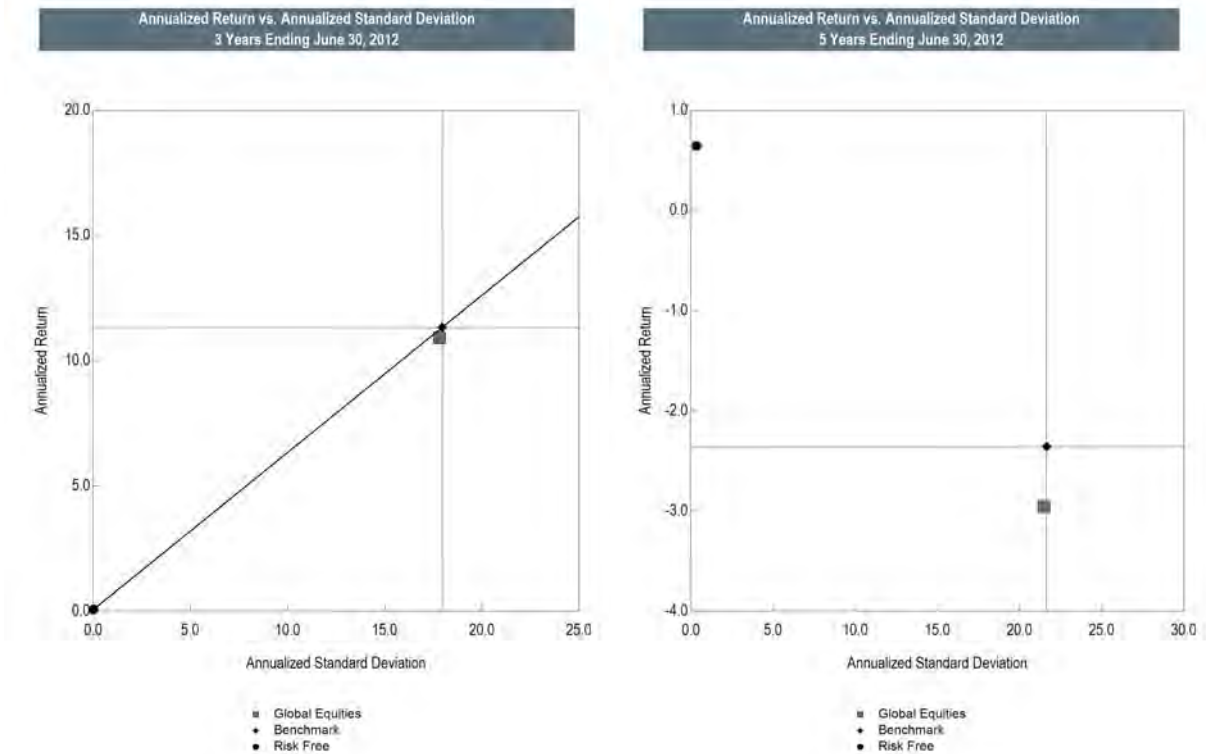
## Overview

Benchmark: Aggregate Benchmark



## Risk Profile

Benchmark: Aggregate Benchmark



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# Fixed Income

Fixed Income

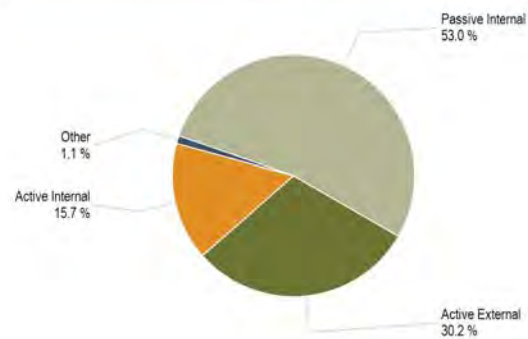
As of June 30, 2012

\$31,301.1 Million and 25.5% of Fund

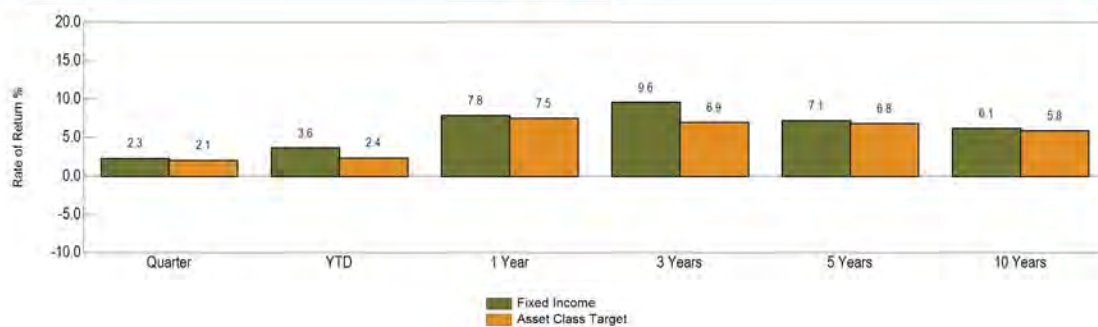
## Overview

Benchmark: Asset Class Target

### Current Allocation



### Return Summary





## Overview

Benchmark: Asset Class Target

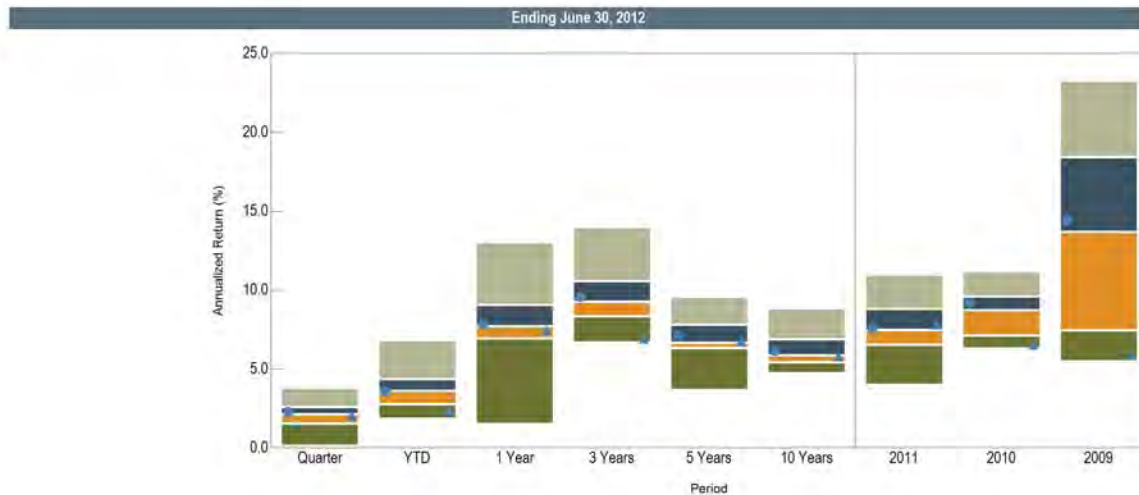


53

## Universe Comparison

Benchmark: Asset Class Target

Universe: Public Funds &gt;\$1B - US FI Net



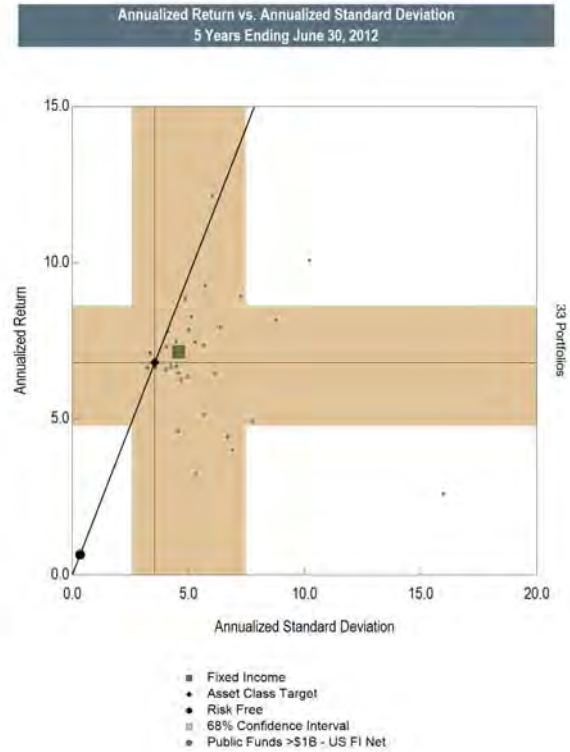
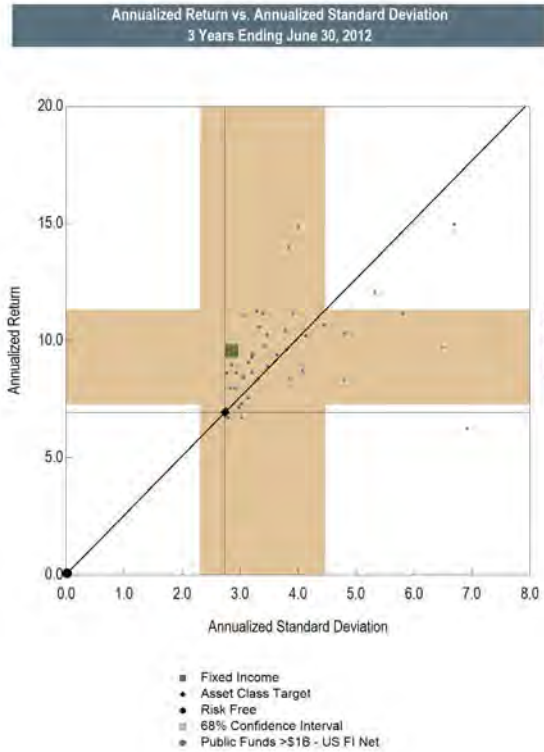
	Return (Rank)								
5th Percentile	3.8	6.8	13.1	14.0	9.6	8.9	11.0	11.2	23.3
25th Percentile	2.6	4.4	9.1	10.6	7.8	6.9	8.8	9.6	18.4
Median	2.2	3.6	7.7	9.3	6.7	5.9	7.5	8.8	13.7
75th Percentile	1.6	2.8	7.0	8.4	6.3	5.5	6.5	7.1	7.5
95th Percentile	0.2	1.9	1.5	6.7	3.7	4.8	4.0	6.3	5.5
# of Portfolios	51	51	51	41	33	20	51	47	45
Fixed Income	2.3 (37)	3.6 (52)	7.8 (45)	9.6 (44)	7.1 (44)	6.1 (43)	7.6 (45)	9.2 (34)	14.4 (46)
Asset Class Target	2.1 (57)	2.4 (92)	7.5 (60)	6.9 (94)	6.8 (50)	5.8 (54)	7.8 (38)	6.5 (92)	5.9 (91)

54

## Risk Profile

Benchmark: Asset Class Target

Universe: Public Funds &gt;\$1B - US FI Net



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## Private Equity

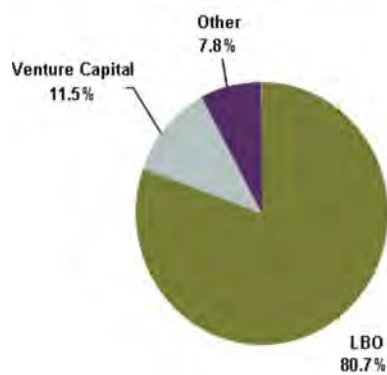
Private Equity

As of June 30, 2012

\$6,476.6 Million and 5.3% of Fund

### Overview

FRS Private Equity by Market Value\*



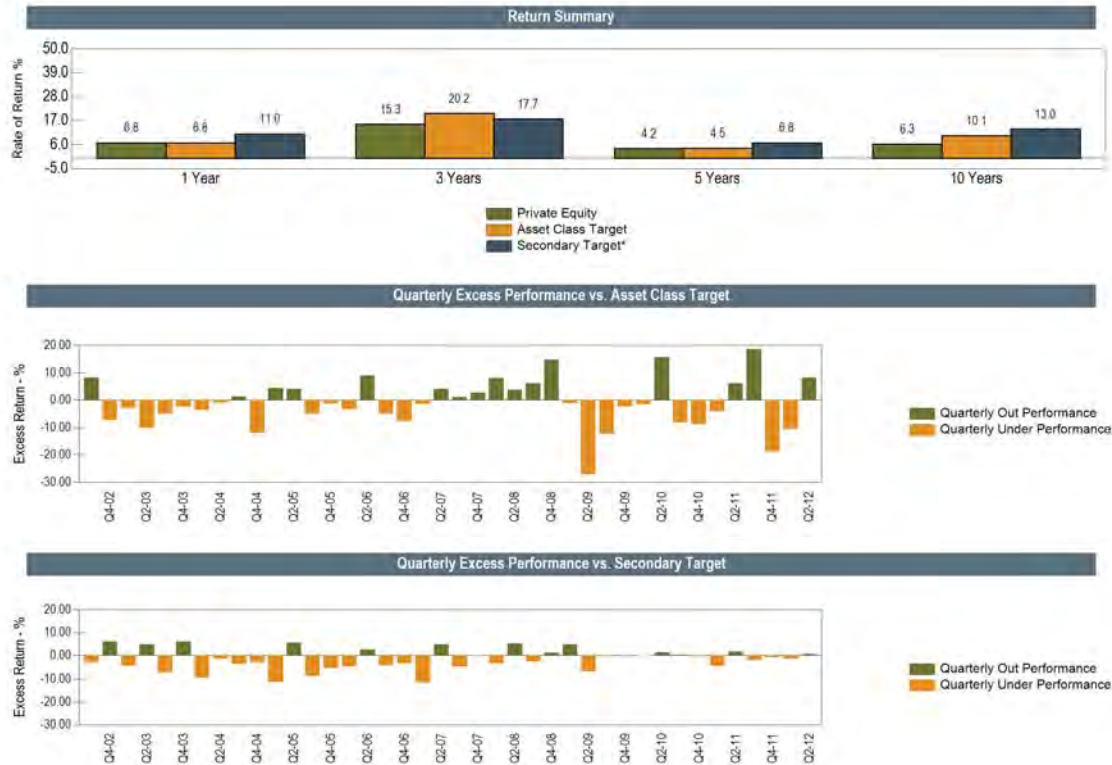
Venture Economics by Market Value\*



\* Allocation data is as of March 31, 2012.

## Time-Weighted Investment Results

Benchmark: Asset Class Target



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

59

## Time-Weighted Investment Results

Benchmark: Asset Class Target

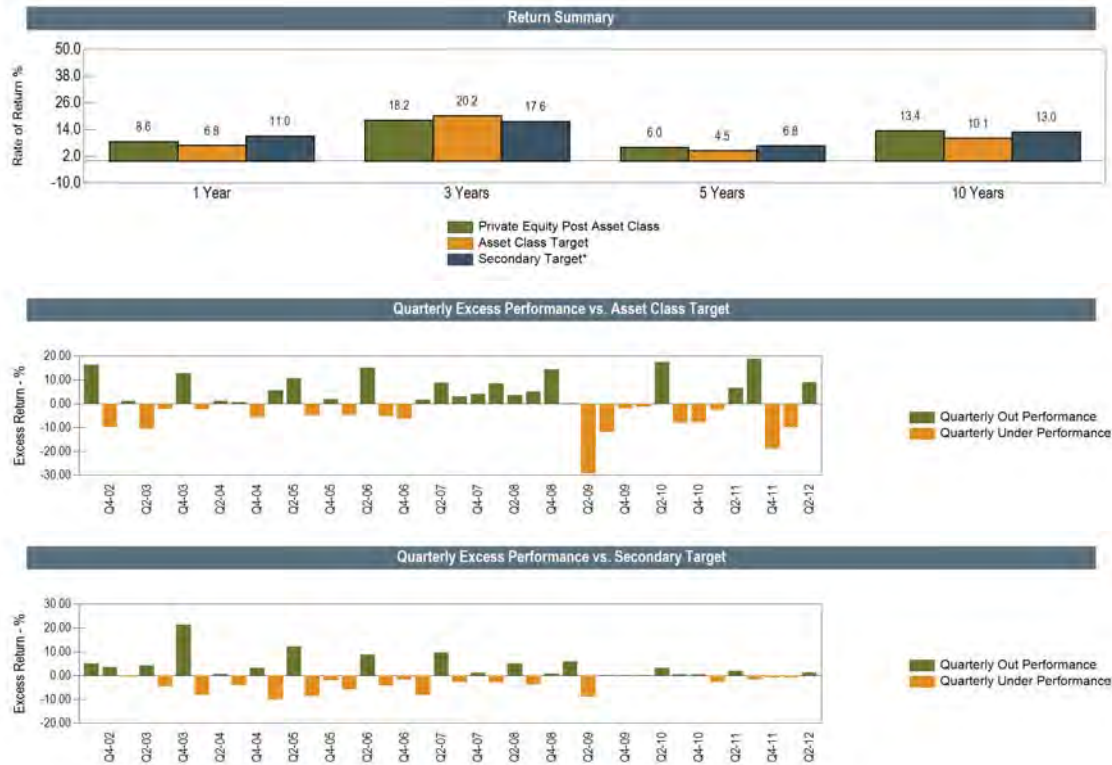


\* The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index.

60

## Time-Weighted Investment Results

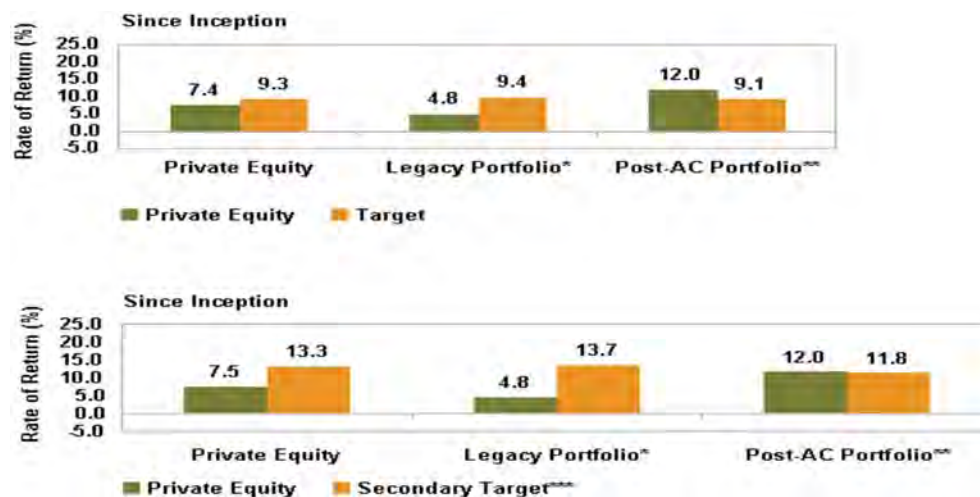
Benchmark: Asset Class Target



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

61

## Dollar-Weighted Investment Results



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

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

\*\*\* The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index based on actual ABAL weights. Secondary Target data is on a quarterly lag.

62



**Private Equity Dollar-Weighted Performance**  
**Cumulative Performance Measures Since Inception Through June 30, 2012**

<u>Name</u>	<u>Years Since Inception</u>	<u>Commitment</u>	<u>Net Paid In Cap.</u>	<u>Net Asset Value</u>	<u>IRR</u>
Corporate Partners	CLOSED	N/A	-\$133,709,385	N/A	N/A
Liberty Partners I, L.P.	CLOSED	N/A	-\$267,090,548	N/A	N/A
Liberty Partners IV, L.P.	CLOSED	N/A	\$66,000,789	N/A	N/A
Thomas H. Lee Equity Fund IV, L.P.	CLOSED	N/A	\$12,688,674	N/A	N/A
Ripplewood Partners I, L.P.	CLOSED	N/A	-\$75,695,566	N/A	N/A
TSG Capital Fund II, L.P.	CLOSED	N/A	\$46,347,448	\$72,830	N/A
Liberty Partners II, L.P.	18.01	\$659,789,821	-\$213,314,703	\$21,084,250	10.84%
Cypress Equity Group Trust Fund	16.81	\$15,000,000	-\$10,109,240	\$968,097	16.37%
Centre Capital Investors II, L.P.	16.47	\$200,000,000	\$52,090,331	\$2,039,611	-4.20%
Liberty Partners III, L.P.	16.01	\$506,208,481	\$6,349,591	\$10,000,000	0.18%
Carlyle Partners II, L.P.	15.81	\$200,000,000	-\$274,912,329	\$8,691,033	19.96%
Hicks, Muse, Tate & Furst Fund III, L.P.	15.32	\$200,000,000	\$24,793,309	\$23,920,256	-0.07%
Lexington Co-Investment Partners, L.P.	14.47	\$500,000,000	-\$140,419,457	\$8,845,995	5.62%
Apollo Investment Fund IV, L.P.	14.03	\$250,000,000	-\$165,366,212	\$5,219,156	8.57%
Chartwell Capital Investors II, L.P.	13.71	\$50,000,000	-\$12,451,250	\$10,147,346	5.56%
Hicks, Muse, Tate & Furst Fund IV, L.P.	13.58	\$400,000,000	\$141,908,790	\$10,710,189	-7.18%
Liberty Partners V, L.P.	13.35	\$329,664,359	-\$20,704,780	\$25,602,139	2.56%
Green Equity Investors III, L.P.	13.30	\$60,000,000	-\$65,616,553	\$5,382,513	21.46%
Private Equity Cash	13.28	N/A	\$39,346,337	\$65,560,878	3.10%
Willis Stein & Partners II, L.P.	13.24	\$40,000,000	\$16,789,706	\$103,090	-9.61%
Carlyle Partners III, L.P.	11.84	\$200,000,000	-\$249,152,671	\$2,979,109	22.89%
Willis Stein & Partners III, L.P.	11.57	\$100,000,000	\$31,680,106	\$34,688,528	0.50%
Ripplewood Partners II, L.P.	11.35	\$100,000,000	\$19,696,163	\$42,664,547	5.91%
Lexington Capital Partners IV, L.P.	11.21	\$200,000,000	-\$130,347,953	\$18,246,003	19.48%
Apollo Investment Fund V, L.P.	11.13	\$150,000,000	-\$168,857,112	\$54,764,205	37.33%
Thomas H. Lee Equity Fund V, L.P.	11.00	\$50,000,000	-\$15,899,325	\$15,423,906	13.34%
Hicks, Muse, Tate & Furst Fund V, L.P.	10.65	\$25,000,000	-\$18,658,674	\$1,598,545	19.56%
Liberty Partners VI, L.P.	10.46	\$595,484,687	\$306,169,839	\$224,263,166	-2.65%
Lexington Capital Partners V, L.P.	9.89	\$100,000,000	-\$37,490,116	\$25,986,818	19.45%
Lexington Co-Investment Partners II, L.P.	9.76	\$500,000,000	-\$243,462,183	\$272,997,284	24.61%
Wellspring Capital Partners III, L.P.	9.14	\$50,000,000	-\$41,545,657	\$13,053,881	26.84%
Green Equity Investors IV, L.P.	8.83	\$100,000,000	\$61,873,751	\$135,043,646	10.84%
Top Tier Venture Capital II	8.76	\$120,000,000	\$73,823,033	\$90,752,740	2.62%
Gores Capital Partners I, L.P.	8.44	\$50,000,000	-\$8,758,590	\$31,465,614	16.87%

63

**Private Equity Dollar-Weighted Performance (continued)**  
**Cumulative Performance Measures Since Inception Through June 30, 2012**

<u>Name</u>	<u>Years Since Inception</u>	<u>Commitment</u>	<u>Net Paid In Cap.</u>	<u>Net Asset Value</u>	<u>IRR</u>
Platinum Equity Capital Partners I, L.P.	8.39	\$50,000,000	-\$45,186,381	\$23,012,499	59.39%
Pantheon Venture Partners II, L.P.	8.38	\$100,000,000	\$68,547,500	\$82,551,234	4.50%
FS Equity Partners V, L.P.	8.17	\$50,000,000	-\$4,971,843	\$34,904,139	15.99%
TPG Partners IV, L.P.	8.09	\$50,000,000	-\$6,360,703	\$31,609,118	15.17%
GS Partners Ventures, LLC	8.01	\$200,000,000	\$148,552,603	\$194,325,290	5.01%
Kelso Investment Associates VII, L.P.	8.00	\$50,000,000	\$10,985,322	\$42,685,218	13.06%
Fairview Ventures Fund II, L.P.	8.00	\$50,000,000	\$39,410,268	\$36,325,112	-1.60%
Hellman & Friedman Capital Partners V, L.P.	7.56	\$75,000,000	-\$53,418,840	\$55,028,024	29.32%
Kohlberg Investors V, L.P.	7.51	\$45,000,000	\$22,161,237	\$29,223,213	3.66%
New Mountain Partners II, L.P.	7.47	\$50,000,000	\$5,469,525	\$29,464,844	10.22%
Top Tier Venture Capital III	7.22	\$75,000,000	\$53,261,057	\$67,922,760	5.87%
Carlyle Partners IV, L.P.	7.18	\$75,000,000	\$13,643,699	\$71,009,211	12.65%
Warburg Pincus Private Equity IX, L.P.	6.83	\$75,000,000	\$34,638,085	\$79,112,162	10.12%
Lexington Co-Investment Partners 2005, L.P.	6.79	\$500,000,000	\$335,669,491	\$357,627,925	1.12%
Pomona Capital VI, L.P.	6.79	\$50,000,000	\$23,333,313	\$35,450,188	6.18%
Liberty Partners VII, L.P.	6.68	\$290,808,542	\$54,250,947	\$36,390,545	-3.54%
Lexington Capital Partners VI-B, L.P.	6.57	\$100,000,000	\$53,201,646	\$68,528,096	4.73%
Apollo Investment Fund VI, L.P.	6.56	\$200,000,000	\$142,002,762	\$209,505,152	7.51%
Wellspring Capital Partners IV, L.P.	6.43	\$75,000,000	\$62,361,788	\$84,051,646	7.37%
Blackstone Capital Partners V, L.P.	6.30	\$150,000,000	\$122,081,804	\$131,360,390	1.63%
TowerBrook Investors II, L.P.	6.25	\$75,000,000	\$11,728,861	\$40,481,841	9.79%
Thoma Cressey Fund VIII, L.P.	6.24	\$50,000,000	\$12,523,416	\$53,712,018	14.19%
TPG Partners V, L.P.	6.01	\$100,000,000	\$75,922,344	\$60,537,912	-4.52%
Fairview Ventures Fund III, L.P.	6.01	\$75,000,000	\$49,477,158	\$59,404,872	8.08%
Permira IV, L.P.	5.87	€ 50,000,000	\$54,651,343	\$64,021,043	4.11%
Lindsay Goldberg & Bessemer II, L.P.	5.87	\$100,000,000	\$48,914,610	\$89,716,391	9.71%
Grove Street Partners Buyouts, LLC	5.76	\$150,000,000	\$81,170,120	\$100,424,937	7.01%
Thomas H. Lee Equity Fund VI, L.P.	5.63	\$75,000,000	\$50,148,333	\$58,104,957	3.44%
First Reserve Fund XI, L.P.	5.63	\$100,000,000	\$68,294,589	\$83,865,353	4.67%
3i Europartners Vb L.P.	5.63	€ 59,000,000	\$63,541,405	\$36,661,973	-14.53%
RCP Advisors Fund IV, LLC	5.51	\$50,000,000	\$25,920,707	\$35,322,531	7.20%
Hellman & Friedman Capital Partners VI, L.P.	5.45	\$100,000,000	\$61,226,333	\$77,499,898	4.97%
Providence Equity Partners VI, L.P.	5.30	\$50,000,000	\$37,188,725	\$45,707,094	5.64%
Carlyle Partners Europe III	5.28	€ 49,000,000	\$51,780,297	\$48,944,502	-2.11%

64

Private Equity Dollar-Weighted Performance (continued)					
Cumulative Performance Measures Since Inception Through June 30, 2012					
Name	Years Since Inception	Commitment	Net Paid In Cap.	Net Asset Value	IRR
Green Equity Investors V, L.P.	5.16	\$100,000,000	\$53,287,220	\$84,229,201	15.17%
Gores Capital Partners II, L.P.	4.93	\$50,000,000	\$18,688,563	\$32,576,063	11.01%
New Mountain Partners III, L.P.	4.90	\$100,000,000	\$58,531,199	\$66,490,452	5.14%
Carlyle Partners V, L.P.	4.76	\$200,000,000	\$95,909,371	\$130,052,975	8.59%
Kohlberg Investors VI, L.P.	4.72	\$50,000,000	\$18,878,862	\$37,560,266	16.10%
Apollo Investment Fund VII, L.P.	4.70	\$200,000,000	\$98,832,985	\$180,631,149	19.37%
Kelso Investment Associates VIII, L.P.	4.70	\$100,000,000	\$48,960,667	\$47,038,491	-2.22%
Platinum Equity Capital Partners II, L.P.	4.70	\$75,000,000	\$36,809,938	\$68,721,781	17.29%
RCP Advisors, LLC (Fund V)	4.65	\$50,000,000	\$25,199,242	\$28,774,785	5.13%
Warburg Pincus X	4.61	\$150,000,000	\$133,621,092	\$145,465,324	3.33%
Top Tier Venture Capital IV	4.40	\$100,000,000	\$67,766,885	\$84,708,915	11.82%
TPG Partners VI, L.P.	4.21	\$200,000,000	\$107,053,967	\$111,506,038	2.05%
PAI Europe V	4.13	€ 27,500,000	\$26,841,412	\$23,264,521	-5.27%
Pomona Capital VII, L.P.	4.02	\$50,000,000	\$27,070,677	\$36,484,400	12.10%
GS Partners Ventures II, LLC	4.01	\$200,000,000	\$81,781,100	\$90,927,805	7.88%
Advent International GPE VI	3.98	\$58,000,000	\$43,197,196	\$53,274,500	11.20%
Lindsay Goldberg III	3.96	\$100,000,000	\$35,862,673	\$35,091,948	-1.26%
CVC European Equity Partners V	3.96	€ 70,000,000	\$47,801,778	\$60,929,630	10.00%
Thoma Bravo Fund IX	3.96	\$50,000,000	\$10,825,187	\$48,470,242	37.74%
TowerBrook Investors III, L.P.	3.96	\$150,000,000	\$62,607,261	\$92,598,794	18.83%
KKR European Fund III	3.85	€ 40,000,000	\$28,765,867	\$26,111,586	-5.22%
Ares Corporate Opportunities Fund III	3.77	\$100,000,000	\$31,365,759	\$71,024,263	24.76%
RCP Advisors, LLC (Fund VI)	3.73	\$50,000,000	\$18,409,142	\$17,067,803	-4.15%
Blackstone Capital Partners VI	3.65	\$200,000,000	\$26,850,464	\$23,018,370	-21.49%
Cressey & Company Fund IV	3.65	\$50,000,000	\$18,012,941	\$15,145,463	-8.82%
First Reserve Fund XII	3.63	\$200,000,000	\$137,800,548	\$148,454,271	3.23%
Carlyle Asia Growth Partners IV	3.54	\$75,000,000	\$38,324,560	\$37,571,841	-1.22%
Charterhouse Capital Partners IX	3.18	€ 70,000,000	\$38,452,600	\$39,348,936	1.45%
Top Tier Special Opportunities Fund	3.10	\$12,450,000	\$10,646,539	\$11,744,750	5.00%
Riverside Capital Appreciation Fund V	3.04	\$75,000,000	\$48,286,975	\$58,002,575	10.05%
FS Equity Partners VI	2.93	\$75,000,000	\$39,981,260	\$39,474,079	-0.80%
Energy Capital Partners II	2.92	\$100,000,000	\$41,695,183	\$49,407,644	9.34%
KPS Special Situations Fund III	2.77	\$50,000,000	\$27,288,303	\$27,507,892	0.96%
Gores Capital Partners III, L.P.	2.75	\$125,000,000	\$51,974,302	\$44,276,375	-17.95%

65

Private Equity Dollar-Weighted Performance (continued)					
Cumulative Performance Measures Since Inception Through June 30, 2012					
Name	Years Since Inception	Commitment	Net Paid In Cap.	Net Asset Value	IRR
Charlesbank Equity Fund VII, L.P.	2.89	\$75,000,000	\$26,055,328	\$29,142,187	8.27%
Lexington Capital Partners VII	2.58	\$200,000,000	\$73,709,275	\$93,982,888	17.02%
3i Growth Capital Fund	2.27	€ 40,000,000	\$29,907,758	\$22,912,882	-13.18%
Riverside Europe Fund IV, L.P.	2.04	€ 40,000,000	\$37,235,396	\$30,644,513	-15.24%
TA XI	1.92	\$100,000,000	\$37,750,000	\$39,668,961	4.56%
Snow Phipps II, L.P.	1.89	\$50,000,000	\$14,503,862	\$16,453,960	12.62%
Pantheon Global Secondary Fund IV, L.P.	1.86	\$100,000,000	\$24,912,500	\$31,719,269	21.22%
JH Whitney VII	1.72	\$75,000,000	\$17,391,792	\$16,229,486	-6.10%
Trident V	1.67	\$75,000,000	\$26,540,630	\$25,111,005	-5.79%
RCP Fund VII	1.58	\$50,000,000	\$8,999,995	\$6,846,384	-33.18%
Enervest Energy XII-A	1.51	\$60,000,000	\$33,191,666	\$33,217,902	0.09%
EnCap Energy Capital Fund VIII	1.37	\$75,000,000	\$20,042,754	\$26,176,972	49.08%
Cortec Group V	1.20	€ 50,000,000	\$7,673,855	\$6,583,479	-61.79%
Montagu Private Equity Fund IV	1.10	\$40,000,000	\$8,029,619	\$6,908,423	-21.57%
Wellspring Capital Partners V	1.00	\$150,000,000	\$32,044,688	\$27,890,612	-22.38%
GS Partners Buyouts II	0.94	\$200,000,000	\$13,297,879	\$12,986,174	"
Fairview Special Opportunities Fund	0.92	\$110,000,000	\$9,095,231	\$8,547,329	"
ABRY Partners VII	0.89	\$75,000,000	\$16,119,446	\$16,763,550	"
Hellman & Friedman Capital Partners VII, L.P.	0.89	\$200,000,000	\$43,563,817	\$38,862,192	"
Berkshire Fund VIII	0.85	\$60,000,000	\$3,612,198	\$3,230,413	"
BC European Capital IX	0.78	€ 70,000,000	\$10,032,589	\$8,680,810	"
Strategic Investors Fund V-A	0.75	\$125,000,000	\$16,915,921	\$16,093,433	"
Francisco Partners III	0.68	\$75,000,000	\$12,750,000	\$11,877,059	"
TPG Growth II	0.52	\$100,000,000	\$7,845,733	\$6,224,778	"
Truebridge - Kauffman Fellows Endowment Fund II	0.45	\$100,000,000	\$22,988,514	\$21,849,226	"
Truebridge/FLSBA Special Purpose, LLC	0.45	\$50,000,000	\$4,650,000	\$4,606,869	"
Lexington Co-Investment Partners 2005 II (Pool III)	0.38	\$500,000,000	\$56,249,132	\$55,661,183	"
Platinum Equity Capital Partners III	0.26	\$200,000,000	\$32,799,161	\$31,058,947	"
Denham Commodity Partners Fund VI	0.25	\$100,000,000	\$4,214,057	\$2,347,748	"
Thoma Bravo Fund X	0.24	\$100,000,000	\$25,781,784	\$24,880,317	"
Providence Equity Partners VII	0.14	\$150,000,000	\$9,374,741	\$9,374,741	"
Warburg Pincus Private Equity XI	0.10	\$200,000,000	\$12,571,585	\$12,230,601	"
AXA Secondary Fund V	0.05	\$100,000,000	\$17,965,234	\$16,918,659	"
Summit Partners Growth Equity Fund VII-A	0.04	\$125,000,000	\$5,625,000	\$5,625,000	"
RCP Fund VIII	0.00	\$50,000,000	\$1,250,000	\$1,250,000	"
Liberty Partners Group II	"	\$12,825,000	\$643,243	-\$2,403	"
Private Equity Aggregate			\$2,762,853,188	\$6,476,576,140	7.44%

"IRR returns less than one year are not reported.

\*\*Account has not been funded. Net Paid in Capital indicates fees paid.

66

# Real Estate

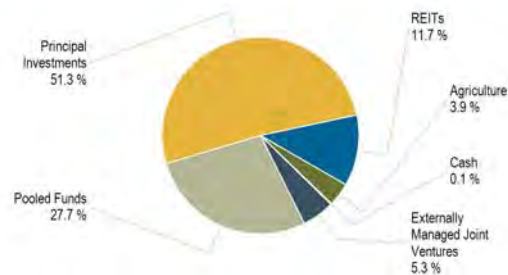
Real Estate

As of June 30, 2012

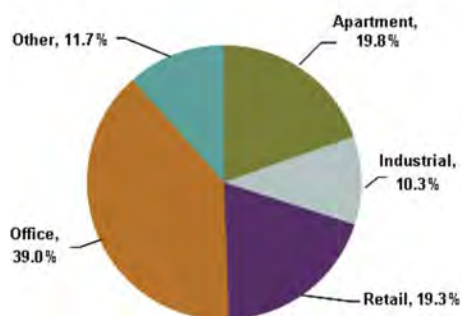
\$9,282.2 Million and 7.6% of Fund

## Overview

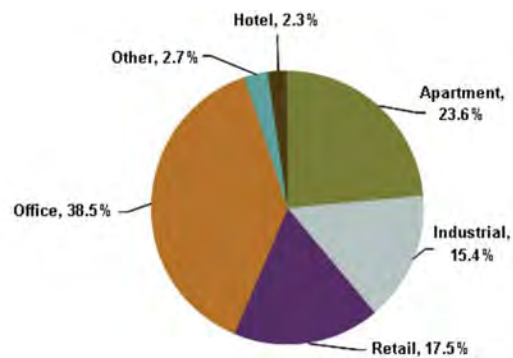
### Current Allocation



### FRS\*



### NFI-ODCE Index\*

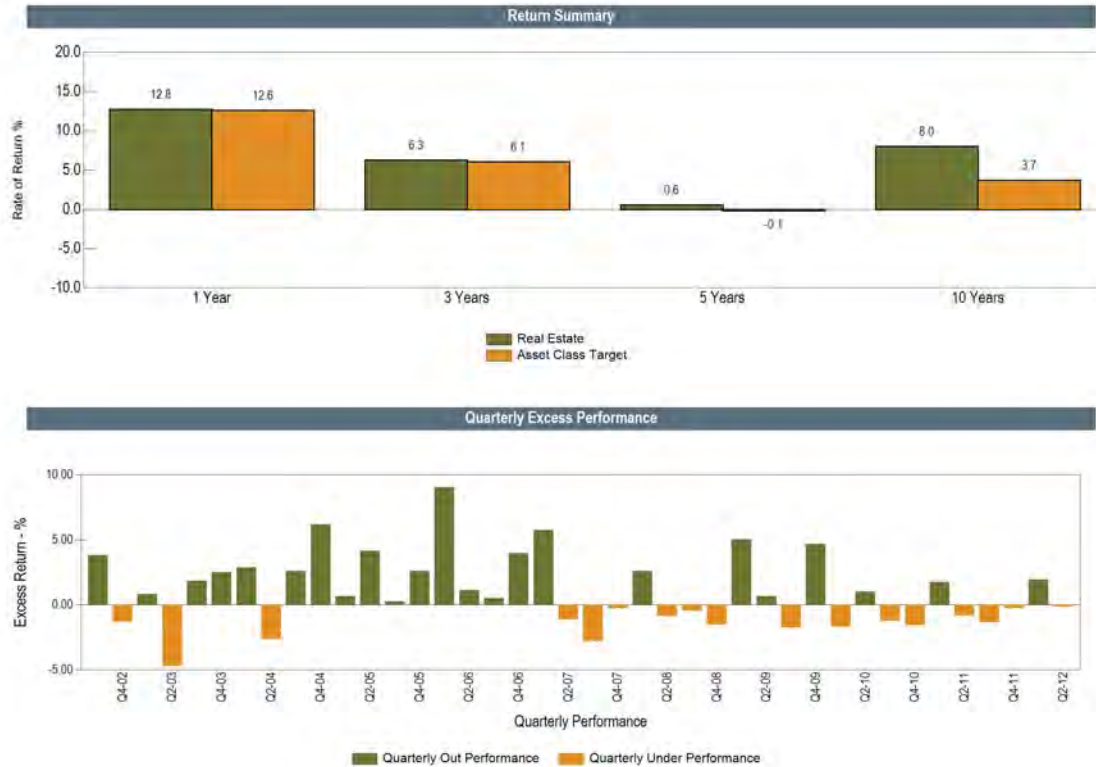


\*Property Allocation data is as of March 31, 2012. The FRS chart includes only the FRS private real estate assets. Property type information for the REIT portfolios is not included.



## Overview

Benchmark: Asset Class Target



69

## Principal Investments

Benchmark: NCREIF NPI Index



70

## Pooled Funds

Benchmark: NFI-ODCE Index Net of Fees



71

## REITs

Benchmark: FTSE EPRA/NAREIT Developed Index



72

Real Estate Pooled Funds Time-Weighted Performance				
Performance Measures Through June 30, 2012				
Name	Inception Date	Commitment	Net Asset Value	Since Inception Managed Return
<b>Pooled Funds</b>				
Beacon Capital SP Fund VI	Sep-07	\$100,000,000	\$40,786,180	-19.7%
Black Rock Granite Fund	Sep-03	\$150,000,000	\$141,155,676	1.4%
Blackrock Retail Opportunity Fund	Nov-07	\$60,000,000	\$15,032,660	-38.9%
Blackstone Real Estate Partners VI	Oct-07	\$200,000,000	\$233,141,036	0.2%
Diamond Property Fund	Aug-06	\$100,000,000	\$36,501,925	-15.3%
Enhanced Property Fund	May-07	\$100,000,000	\$62,334,989	-6.4%
Hines US Office Value Added Fund II	Sep-07	\$135,437,699	\$47,608,987	-29.6%
JP Morgan Pooled Fund	Sep-03	\$250,000,000	\$283,266,210	6.7%
JP Morgan Special Situation Fund	Jan-08	\$150,000,000	\$105,192,104	-7.5%
Prime Property Fund	Jun-06	\$250,000,000	\$248,865,447	2.4%
Principal Financial Group Pooled Fund	Oct-03	\$175,000,000	\$207,810,226	4.9%
Prudential PRISA	Apr-05	\$250,000,000	\$234,569,591	2.8%
Prudential PRISA Fund II	Sep-07	\$145,000,000	\$121,393,000	-6.2%
Prudential PRISA III	Jan-08	\$150,000,000	\$149,856,535	-9.9%
Rockpoint Real Estate Fund III, L.P.*	Jan-08	\$100,000,000	\$76,786,829	-66.2%
RREEF America REIT Pooled Fund	Jul-03	\$250,000,000	\$265,804,765	4.7%
UBS Pooled Fund	Jul-03	\$200,000,000	\$222,400,715	6.4%
Carlyle Realty Partners VI	Feb-12	\$83,000,000	\$15,397,768	-3.4%
Blackstone RE Partners VII	May-12	\$300,000,000	\$66,097,974	7.1%
Rockpoint RE Fund IV	Jun-12	\$100,000,000	\$0	0.0%
<b>Total Pooled Funds</b>		<b>\$3,248,437,699</b>	<b>\$2,574,002,617</b>	<b>2.21%</b>

\* The since inception IRR is 16.36%.

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# Strategic Investments

Strategic Investments

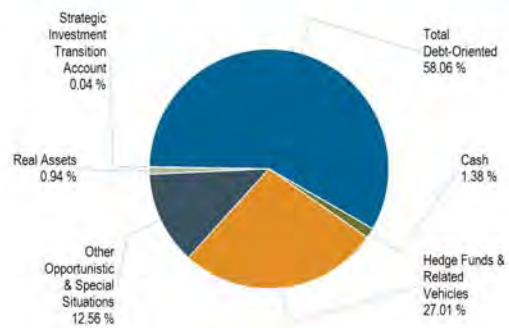
As of June 30, 2012

\$5,308.2 Million and 4.3% of Fund

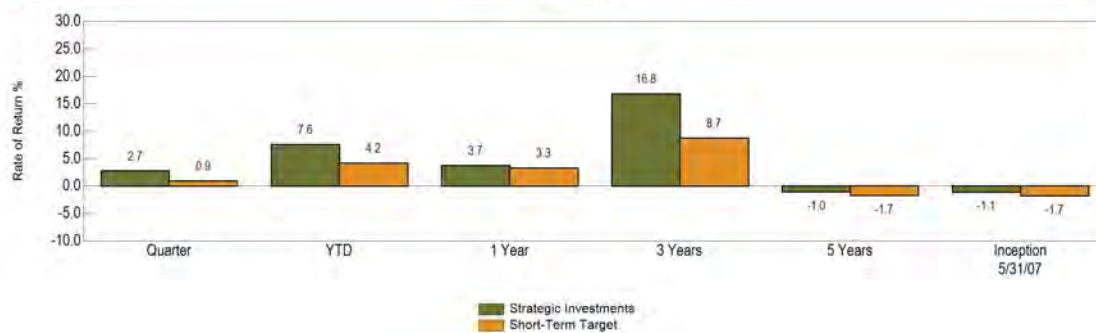
## Overview

Benchmark: Short-Term Target

### Current Allocation



### Return Summary



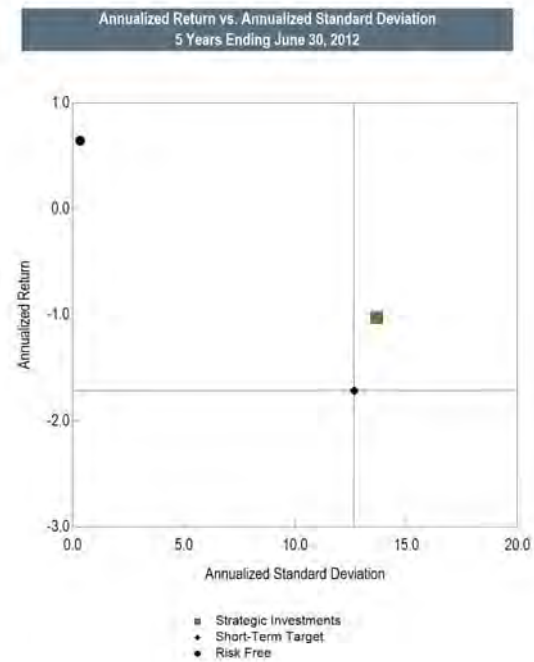
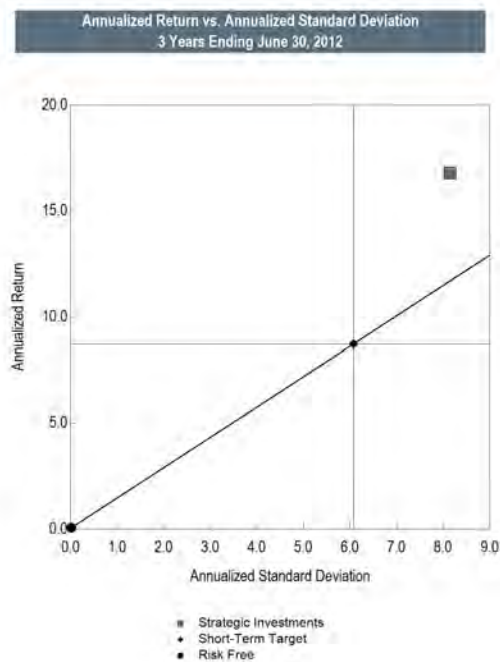
## Overview

Benchmark: Short-Term Target



## Risk Profile

Benchmark: Short-Term Target





Strategic Investments Dollar-Weighted Performance					
Cumulative Performance Measures Since Inception Through June 30, 2012					
Name	Years Since Inception	Commitment	Net Paid In Cap.	Net Asset Value	Managed Return
Gross Credit Investors	CLOSED	N/A	\$-33,634,166	\$0.00	N/A
PGO Special Situations Partners, L.P.	8.87	150,000,000	\$33,513,591	\$83,207,306	5.7%
Goldman Sachs Distressed Opportunities, L.P.	7.58	150,000,000	\$74,072,554	\$80,713,312	1.0%
Special Situations Partners II	5.18	100,000,000	\$66,350,036	\$92,770,541	6.9%
OGM Opportunities Fund VIIb	4.70	50,000,000	\$2,717,805	\$30,395,655	17.4%
TAC 2007 (TPG Credit Fund)	4.55	321,325,676	\$59,401,384	\$66,345,523	1.0%
Apelle Credit Liquidity Fund	4.54	238,233,051	\$53,715,010	\$123,575,891	10.1%
Blackstone Credit Liquidity Partners, L.P.	4.53	250,000,000	\$13,975,050	\$91,587,002	12.9%
Morgan Stanley Mezzanine Partners Pooled Fund	4.51	177,500,000	\$25,929,462	\$782,390	-24.4%
Wayzata Opportunities Fund II	4.50	50,000,000	\$20,056,957	\$47,713,214	15.1%
Providence TMT Special Situation Fund	4.19	150,000,000	\$67,038,497	\$139,800,933	14.2%
GSO Capital Opportunities Fund	3.90	200,000,000	\$87,829,702	\$159,786,434	15.7%
Carlyle Mezzanine Partners II, L.P.	3.50	150,000,000	\$77,180,358	\$85,835,379	3.5%
ABRY Advanced Securities Fund	3.79	150,000,000	\$57,692,275	\$113,710,176	16.5%
TCW Crescent Mezzanine Partners V	3.65	150,000,000	\$82,459,327	\$102,225,835	9.4%
Tricon IX	3.63	105,000,000	\$78,240,782	\$93,722,422	7.5%
Blackrock Carbon Capital III	3.49	100,000,000	\$66,384,815	\$80,902,451	7.6%
Square Mile Partners III	3.49	100,000,000	\$80,054,522	\$65,589,131	8.3%
VSS Structured Capital II	3.08	75,000,000	\$25,189,714	\$31,499,429	9.9%
Principal RE Debt (SBAF Mortgage Fund)	2.60	300,000,000	\$189,683,720	\$220,951,281	11.1%
Falcon Strategic Partners III	3.04	75,000,000	\$56,139,309	\$74,479,400	15.4%
Levine Leichtman Capital Partners IV	2.63	100,000,000	\$57,375,679	\$84,842,490	26.7%
Vardo Fund X, L.P.	2.17	100,000,000	\$85,000,000	\$81,212,254	5.1%
Oaktree Opportunities Fund VIII, L.P.	2.15	100,000,000	\$99,710,583	\$109,880,925	8.6%
Aurix Credit Opportunities	1.97	200,000,000	\$199,969,990	\$216,764,790	7.0%
Bayview Opportunity Master Fund II b	1.95	100,000,000	\$83,360,158	\$92,322,013	7.8%
ABRY Senior Equity III, L.P.	1.89	60,000,000	\$42,379,969	\$45,516,412	7.0%
Blackstone/GSO Capital Solutions Fund	1.87	100,000,000	\$53,948,091	\$62,522,124	11.4%
Providence TMT Debt Opportunity Fund II, L.P.	1.81	100,000,000	\$80,529,833	\$85,842,629	6.7%
CVI Credit Value Fund A	1.55	100,000,000	\$94,439,378	\$106,727,881	12.1%
ABRY Advanced Securities Fund II	1.15	150,000,000	\$58,586,540	\$61,147,344	6.1%
Oaktree Opportunities Fund VIIIb, L.P.	0.86	50,000,000	\$20,000,000	\$20,246,462	*
GSO Capital Opportunities Fund II	0.66	150,000,000	\$26,343,448	\$29,219,688	*
Colony Distressed Credit Fund II	0.61	75,000,000	\$30,077,155	\$30,542,038	*
<b>Strategic Investments Debt-Oriented</b>			<b>\$2,115,873,018</b>	<b>\$2,852,144,017</b>	<b>8.2%</b>
Boston Timber Opportunities	0.10	300,000,000	\$47,435,897	\$47,435,897	*
Jackson Timberland Opportunities	0.10	150,000,000	\$2,564,103	\$2,564,103	*
<b>Strategic Investments Real Assets</b>			<b>\$50,000,000</b>	<b>\$50,000,000</b>	<b>*</b>
CVI Global Value Fund A-Class P	3.65	250,000,000	\$123,475,601	\$301,644,476	20.6%
GI Partners III	3.44	100,000,000	\$78,846,770	\$301,644,476	13.5%
Florida Growth Fund	2.99	250,000,000	\$131,850,435	\$152,736,467	10.5%
Lexington GP Holdings	2.04	41,250,000	\$37,096,404	\$68,269,345	32.4%
KV Partners	1.95	250,000,000	\$217,096,409	\$142,061,331	-26.2%
Airline Credit Opportunities II	1.54	75,000,000	\$27,773,298	\$32,765,894	14.2%
Starboard Value and Opportunity Fund	1.16	125,000,000	\$125,000,000	\$143,132,254	14.7%
Florida Growth Fund Tranche II	0.74	250,000,000	\$11,528,101	\$10,651,349	*
Scopia PX LLC	0.24	100,000,000	\$50,000,000	\$50,379,368	*

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

\*\*Account has not been funded. Net Paid in Capital indicates fees paid.

Strategic Investments - Hedge Fund and Related Vehicles				
Time-Weighted Returns Since Inception Through June 30, 2012				
Name	Inception Date	Commitment	Net Asset Value	Since Inception Managed Return
Anchorage Capital Fund	10/03/2011	100,000,000	\$104,297,417	4.3%
Devan Capital II	04/01/2010	100,000,000	\$125,817,000	10.7%
Gross Global Investors Fund	07/01/2011	150,000,000	\$149,442,952	-0.4%
Highline Capital Partners	04/01/2011	150,000,000	\$147,986,592	-1.1%
King Street Capital Fund	06/01/2011	150,000,000	\$149,428,396	-2.0%
KV Partners	07/20/2010	250,000,000	\$142,061,331	-19.6%
Mason Capital Fund	04/01/2011	150,000,000	\$150,270,462	2.2%
P2 Capital Fund	09/29/2010	100,000,000	\$121,250,889	11.6%
Scopia PX LLC	04/02/2012	100,000,000	\$50,379,368	0.8%
Starboard Value and Opportunity Fund	05/05/2011	125,000,000	\$143,132,254	12.4%
Taconic Opportunity Fund	05/31/2011	150,000,000	\$149,564,795	-2.4%

# Cash

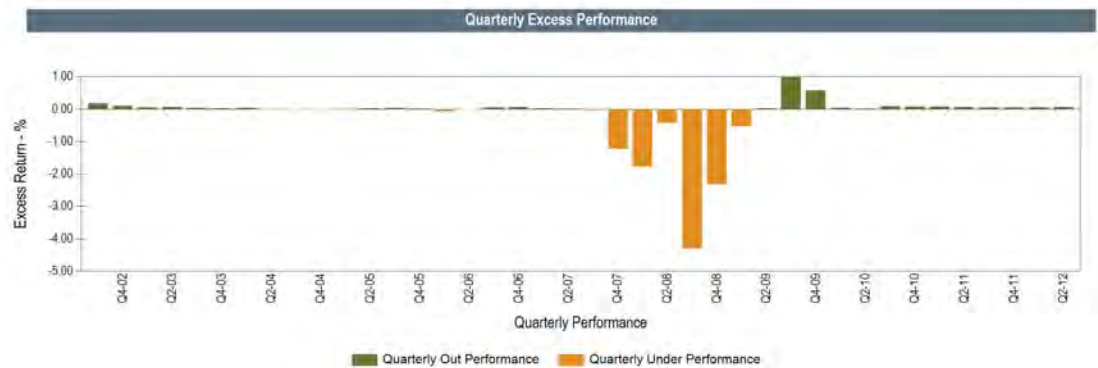
Cash

As of June 30, 2012

\$1,040.7 Million and 0.8% of Fund

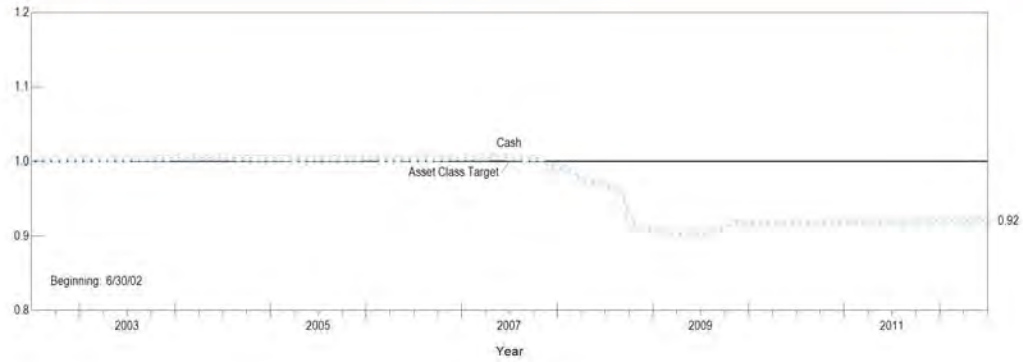
## Overview

Benchmark: iMoneyNet First Tier Institutional Money Market Funds Net Index



## Overview

Benchmark: iMoneyNet First Tier Institutional Money Market Funds Net Index

Ratio of Cumulative Wealth  
10 Years Ending June 30, 2012



## Appendix

As of June 30, 2012

### Securities Lending

#### FRS Pension Plan

Lending Agent	Lendable Base	Market Value on Loan	LOANS		
			% on Loan	Intrinsic Market Value on Loan #	% Intrinsic on Loan
Bank of New York Mellon	\$59,699,120,457	\$2,548,657,194	4.27%	\$2,536,142,663	99.51%
Deutsche Bank	\$23,014,551,832	\$2,322,429,996	10.09%	\$1,308,987,422	56.36%
Total FRS Pension Plan	\$82,713,672,289	\$4,871,087,190	5.89%	\$3,845,130,085	78.94%

Lending Agent	Book Value	Market Value	REINVESTMENT	
			Unrealized Gain/(Loss)	
Bank of New York Mellon	\$2,663,171,167	\$2,561,983,695	(\$101,187,472)	
Deutsche Bank	\$2,378,322,580	\$2,376,284,185	(\$2,038,395)	
Total FRS Pension Plan	\$5,041,493,747	\$4,938,267,880	(\$103,225,867)	

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

## Appendix

### Returns Of The Major Capital Markets

	Second Quarter	1-Year	3-Year	5-Year	10-Year	15-Year
<b>Annualized Periods Ending 6/30/12</b>						
<b>Domestic Stock Indices:</b>						
Dow Jones US Total Stock Index	-3.1	4.0	16.9	0.6	6.1	5.3
S&P 500 Index	-2.8	5.4	16.4	0.2	5.3	4.8
Russell 3000 Index	-3.1	3.8	16.7	0.4	5.8	5.2
Russell 1000 Value Index	-2.2	3.0	15.8	-2.2	5.3	5.7
Russell 1000 Growth Index	-4.0	5.8	17.5	2.9	6.0	3.9
Russell MidCap Value Index	-3.3	-0.4	19.9	-0.1	8.2	8.5
Russell MidCap Growth Index	-5.6	-3.0	19.0	1.9	8.5	6.4
Russell 2000 Value Index	-3.0	-1.4	17.4	-1.0	6.5	7.6
Russell 2000 Growth Index	-3.9	-2.7	18.1	2.0	7.4	4.2
<b>Domestic Bond Indices:</b>						
Barclays Capital Aggregate Index	2.1	7.5	6.9	6.8	5.6	6.3
Barclays Capital Govt/Credit Index	2.6	8.8	7.3	6.9	5.8	6.4
Barclays Capital Long Govt/Credit Index	7.3	24.6	14.4	11.0	8.7	8.6
Barclays Capital 1-3 Year Govt/Credit Index	0.2	1.1	2.3	3.7	3.4	4.5
Barclays Capital U.S. MBS Index	1.1	5.0	5.4	6.7	5.4	6.1
Barclays Capital High Yield Index	1.8	7.3	16.3	8.4	10.2	7.0
Barclays Capital Universal Index	2.0	7.4	7.6	6.8	6.0	6.4
<b>Real Estate Indices:</b>						
NCREIF Property Index	2.7	12.0	8.8	2.5	8.3	9.4
NCREIF ODCE Index	2.3	11.3	7.4	-1.8	5.6	7.3
Dow Jones Real Estate Securities Index	3.7	12.8	33.5	1.8	10.3	9.5
FTSE NAREIT US Real Estate Index	4.0	12.5	32.4	2.6	10.3	9.5
<b>Foreign/Global Stock Indices:</b>						
MSCI All Country World Index	-5.6	-6.5	10.8	-2.7	5.7	3.8
MSCI All Country World IMI	-5.7	-6.9	11.3	-2.4	6.2	4.1
MSCI All Country World ex-U.S. Index	-7.6	-14.6	7.0	-4.6	6.7	3.7
MSCI All Country World ex-U.S. IMI	-7.8	-14.8	7.4	-4.5	7.2	3.8
MSCI All Country World ex-U.S. Small Cap Index	-8.9	-16.4	10.4	-3.7	10.1	5.3
MSCI EAFE Index	-7.1	-13.8	6.0	-6.1	5.1	2.9
MSCI EAFE IMI	-7.3	-14.0	6.3	-5.9	5.6	3.1
MSCI EAFE Index (in local currency)	-5.4	-8.6	4.4	-7.5	2.1	1.6
MSCI Emerging Markets IMI	-8.8	-16.3	10.0	0.0	14.1	4.5
<b>Foreign Bond Indices:</b>						
Citigroup World Gov't Bond Index	0.2	0.4	5.1	7.4	7.1	5.8
Citigroup Hedged World Gov't Bond Index	1.1	6.2	3.7	4.8	4.5	5.5
<b>Cash Equivalents:</b>						
Treasury Bills (30-Day)	0.0	0.0	0.1	0.6	1.4	2.4
Hewitt EnnisKnupp STIF Index	0.1	0.2	0.3	1.3	2.1	3.1
<b>Inflation Index:</b>						
Consumer Price Index	0.0	1.7	2.1	2.0	2.5	2.4

## Historical Policy Allocation

	Global Equity (%)	Domestic Equity (%)	Foreign Equity (%)	Global Equity Legacy (%)	Strategic Investments (%)	Fixed Income (%)	Real Estate (%)	Private Equity (%)	High Yield (%)	Cash (%)
06/30/2012	55.6	--	--	--	4.4	26.0	7.7	5.3	--	1.0
03/31/2012	57.1	--	--	--	4.0	26.0	7.2	4.7	--	1.0
12/31/2011	56.8	--	--	--	4.1	26.0	7.2	4.9	--	1.0
09/30/2011	57.6	--	--	--	3.7	26.0	6.9	4.7	--	1.0
06/30/2011	59.1	--	--	--	3.2	26.0	6.4	4.3	--	1.0
03/31/2011	60.0	--	--	--	2.6	26.0	6.3	4.0	--	1.0
12/31/2010	59.6	--	--	--	2.9	26.0	6.3	4.3	--	1.0
09/30/2010	58.1	--	--	--	4.2	26.0	6.5	4.2	--	1.0
06/30/2010	--	36.5	19.2	--	3.9	26.9	6.7	3.8	1.9	1.0
03/31/2010	--	36.6	19.3	--	3.7	27.0	6.7	3.9	1.9	1.0
12/31/2009	--	36.6	19.3	--	3.6	27.0	6.7	3.9	1.9	1.0
09/30/2009	--	36.7	19.3	--	3.5	27.0	6.8	3.9	1.9	1.0
06/30/2009	--	36.7	19.3	--	3.4	27.1	6.8	3.9	1.9	1.0
03/31/2009	--	36.6	19.3	--	3.6	27.0	6.8	3.9	1.9	1.0
12/31/2008	--	36.5	19.2	--	4.0	26.9	6.7	3.8	1.9	1.0
09/30/2008	--	36.4	19.1	--	4.3	26.8	6.7	3.8	1.9	1.0
06/30/2008	--	36.4	19.2	--	4.2	26.8	6.7	3.8	1.9	1.0
03/31/2008	--	36.4	19.1	--	4.5	26.7	6.7	3.8	1.8	1.0
12/31/2007	--	37.2	18.7	--	4.5	26.7	6.7	3.8	1.4	1.0
09/30/2007	--	38.1	17.8	--	4.4	26.8	6.7	3.8	1.4	1.0
06/30/2007	--	41.6	14.4	--	4.4	26.8	6.7	3.8	1.4	1.0
03/01/04 - 03/31/04	--	49.0	14.0	3.0	--	21.0	7.0	5.0	--	1.0
02/02/04 - 02/29/04	--	49.0	14.0	3.0	--	21.4	6.7	4.9	--	1.0
01/01/04 - 02/01/04	--	50.0	14.0	2.0	--	21.8	6.4	4.8	--	1.0
12/01/03 - 12/31/03	--	50.0	14.0	2.0	--	22.2	6.1	4.7	--	1.0
11/03/03 - 11/30/03	--	50.5	13.5	2.0	--	22.6	5.8	4.6	--	1.0
10/29/03 - 11/02/03	--	50.5	13.5	2.0	--	23.0	5.5	4.5	--	1.0
10/01/03 - 10/28/03	--	51.0	13.0	2.0	--	23.0	5.5	4.5	--	1.0
09/01/03 - 09/30/03	--	52.5	12.5	1.0	--	23.4	5.2	4.4	--	1.0
08/01/03 - 08/31/03	--	52.5	12.5	1.0	--	23.8	4.9	4.3	--	1.0
07/01/03 - 07/31/03	--	52.5	12.5	1.0	--	24.2	4.6	4.2	--	1.0
06/02/03 - 06/30/03	--	52.5	12.5	1.0	--	24.6	4.3	4.1	--	1.0
04/01/01 - 06/01/03	--	54.0	12.0	0.0	--	25.0	4.0	4.0	--	1.0
10/31/99 - 03/31/01	--	55.5	12.0	0.0	--	25.0	4.0	2.5	--	1.0
03/31/95 - 10/31/99	--	61.0	8.0	0.0	--	26.0	4.0	0.0	--	1.0
09/30/94 - 03/31/95	--	59.0	8.0	0.0	--	24.0	8.0	0.0	--	1.0
06/30/93 - 09/30/94	--	59.0	3.0	0.0	--	29.0	8.0	0.0	--	1.0
11/30/88 - 06/30/93	--	55.0	0.0	0.0	--	36.0	8.0	0.0	--	1.0
12/31/87 - 11/30/88	--	50.0	5.0	0.0	--	36.5	7.5	0.0	--	1.0
12/31/86 - 12/31/87	--	50.0	5.0	0.0	--	35.5	7.5	0.0	--	2.0
12/31/84 - 12/31/86	--	48.0	0.0	0.0	--	40.0	10.0	0.0	--	2.0

## Appendix

### Total FRS Assets

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

### Total Global Equity

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

### Total Domestic Equities

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

### Total Foreign Equities

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

### Total Global Equities

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

## Appendix

### Total Fixed Income

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

### Total Private Equity

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

### Total Real Estate

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

### Total Strategic Investments

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

### Total Cash

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

## Appendix

### Description of Benchmarks

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

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

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

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

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

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

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

## Appendix

### Description of Universes

**Total Fund** - A universe comprised of 67 total fund portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$635.0 billion as of quarter-end and the average market value was \$20.5 billion.

**Domestic Equity** - A universe comprised of 47 total domestic equity portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$174.4 billion as of quarter-end and the average market value was \$6.0 billion.

**Foreign Equity** - A universe comprised of 45 total international equity portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$121.7 billion as of quarter-end and the average market value was \$4.3 billion.

**Fixed Income** - A universe comprised of 51 total fixed income portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$181.7 billion as of quarter-end and the average market value was \$5.9 billion.

**Real Estate** - A universe comprised of 12 total real estate portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$18.6 billion as of quarter-end and the average market value was \$2.7 billion.

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

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

## Appendix

### Explanation of Exhibits

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

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

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

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



*An Aon Company*

**State Board of Administration of Florida**

**FRS Investment Plan**

Second Quarter 2012

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## CONTENTS

---

1	FRS Investment Plan
9	Appendix

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# FRS Investment Plan

FRS Investment Plan

As of June 30, 2012

\$7,135.8 Million and 100.0% of Fund

## Trailing Period Performance

Ending June 30, 2012												
	Market Value (\$)	% of Portfolio	2012 Q2 (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank
<b>FRS Investment Plan</b>	<b>7,135,754,601</b>	<b>100.0</b>	<b>-1.7</b>	<b>--</b>	<b>4.9</b>	<b>--</b>	<b>1.1</b>	<b>--</b>	<b>9.9</b>	<b>--</b>	<b>1.4</b>	<b>--</b>
<i>Total Plan Aggregate Benchmark</i>			<i>-1.6</i>	<i>--</i>	<i>4.5</i>	<i>--</i>	<i>1.2</i>	<i>--</i>	<i>9.4</i>	<i>--</i>	<i>0.8</i>	<i>--</i>
<b>Balanced Funds</b>	<b>3,080,724,173</b>	<b>43.2</b>	<b>-1.2</b>	<b>--</b>	<b>4.1</b>	<b>--</b>	<b>1.5</b>	<b>--</b>	<b>9.0</b>	<b>--</b>	<b>1.0</b>	<b>--</b>
FRS Select Conservative Balanced Fund	665,958,015	9.3	0.4	--	2.4	--	3.4	--	5.9	--	3.5	--
<i>Conservative Balanced Fund Target Benchmark</i>			<i>0.4</i>	<i>--</i>	<i>2.2</i>	<i>--</i>	<i>3.3</i>	<i>--</i>	<i>5.7</i>	<i>--</i>	<i>3.0</i>	<i>--</i>
FRS Select Moderate Balanced Fund	1,861,049,448	26.1	-1.4	--	4.4	--	1.5	--	9.6	--	1.0	--
<i>Moderate Balanced Fund Target Benchmark</i>			<i>-1.4</i>	<i>--</i>	<i>4.4</i>	<i>--</i>	<i>1.6</i>	<i>--</i>	<i>9.4</i>	<i>--</i>	<i>0.5</i>	<i>--</i>
FRS Select Aggressive Balanced Fund	553,716,710	7.8	-2.6	--	5.2	--	-0.4	--	10.4	--	-1.1	--
<i>Aggressive Balanced Fund Target Benchmark</i>			<i>-2.5</i>	<i>--</i>	<i>5.3</i>	<i>--</i>	<i>-0.2</i>	<i>--</i>	<i>10.5</i>	<i>--</i>	<i>-1.1</i>	<i>--</i>
<b>Cash</b>	<b>921,560,508</b>	<b>12.9</b>	<b>0.1</b>	<b>1</b>	<b>0.1</b>	<b>1</b>	<b>0.3</b>	<b>1</b>	<b>0.2</b>	<b>2</b>	<b>1.2</b>	<b>24</b>
FRS Select Yield Plus Money Market Active Fund	921,560,508	12.9	0.1	1	0.1	1	0.3	1	0.2	2	1.2	24
<i>iMoneyNet 1st Tier Institutional Net Index</i>			<i>0.0</i>	<i>24</i>	<i>0.0</i>	<i>24</i>	<i>0.1</i>	<i>24</i>	<i>0.2</i>	<i>10</i>	<i>1.3</i>	<i>5</i>
<b>TIPS</b>	<b>328,143,952</b>	<b>4.6</b>	<b>3.2</b>	<b>--</b>	<b>4.1</b>	<b>--</b>	<b>11.8</b>	<b>--</b>	<b>9.7</b>	<b>--</b>	<b>8.6</b>	<b>--</b>
FRS Select TIPS Fund	328,143,952	4.6	3.2	30	4.1	22	11.8	19	9.7	25	8.6	25
<i>Barclays Capital US TIPS</i>			<i>3.2</i>	<i>36</i>	<i>4.0</i>	<i>29</i>	<i>11.7</i>	<i>28</i>	<i>9.6</i>	<i>31</i>	<i>8.4</i>	<i>30</i>
<b>Fixed Income</b>	<b>691,682,144</b>	<b>9.7</b>	<b>2.1</b>	<b>51</b>	<b>3.2</b>	<b>67</b>	<b>7.1</b>	<b>63</b>	<b>8.1</b>	<b>61</b>	<b>7.3</b>	<b>38</b>
FRS Select U.S. Bond Enhanced Index Fund	158,233,297	2.2	2.1	86	2.5	99	7.7	86	7.1	96	7.1	60
<i>Barclays Aggregate Bond Index</i>			<i>2.1</i>	<i>87</i>	<i>2.4</i>	<i>99</i>	<i>7.5</i>	<i>88</i>	<i>6.9</i>	<i>97</i>	<i>6.8</i>	<i>63</i>
Pyramis Intermediate Duration Pool Fund	75,597,332	1.1	1.6	83	2.5	84	5.8	83	7.2	81	5.9	78
<i>Barclays Int Aggregate</i>			<i>1.3</i>	<i>91</i>	<i>2.0</i>	<i>95</i>	<i>5.3</i>	<i>90</i>	<i>6.0</i>	<i>93</i>	<i>6.2</i>	<i>71</i>
FRS Select High Yield Fund	144,930,940	2.0	1.6	32	5.9	82	7.6	22	--	--	--	--
<i>Barclays Capital U.S. High Yield Ba-2% Issuer Cap</i>			<i>2.0</i>	<i>11</i>	<i>6.5</i>	<i>67</i>	<i>8.5</i>	<i>6</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>
PIMCO Total Return Fund	312,920,574	4.4	2.7	9	5.7	5	6.8	70	8.5	54	9.1	6
<i>Barclays Aggregate Bond Index</i>			<i>2.1</i>	<i>51</i>	<i>2.4</i>	<i>87</i>	<i>7.5</i>	<i>47</i>	<i>6.9</i>	<i>83</i>	<i>6.8</i>	<i>53</i>



## Trailing Period Performance

Ending June 30, 2012												
	Market Value (\$)	% of Portfolio	2012 Q2 (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank
<b>Domestic Equity</b>	<b>1,650,978,493</b>	<b>23.1</b>	<b>-4.1</b>	<b>51</b>	<b>9.3</b>	<b>24</b>	<b>1.8</b>	<b>39</b>	<b>18.0</b>	<b>19</b>	<b>1.2</b>	<b>22</b>
FRS Select U.S. Stock Market Index Fund	262,452,688	3.7	-3.1	38	9.3	27	3.9	39	16.8	11	0.5	24
<i>Russell 3000 Index</i>			-3.1	39	9.3	30	3.8	40	16.7	12	0.4	26
FRS Select U.S. Large Value Stock Fund	196,679,223	2.8	-2.9	36	7.5	50	2.4	34	16.1	18	-1.6	51
<i>Russell 1000 Value Index</i>			-2.2	23	8.7	19	3.0	25	15.8	21	-2.2	60
QMA Mid Cap Quantitative Core Fund	270,435,720	3.8	-5.4	58	8.3	35	-2.6	41	21.2	6	2.7	26
<i>S&amp;P 400 MidCap</i>			-4.9	44	7.9	42	-2.3	36	19.4	19	2.5	28
FRS Select U.S. Large Growth Stock Active Fund	95,009,019	1.3	-6.1	64	10.9	27	3.8	26	16.5	28	3.7	15
<i>Russell 1000 Growth Index</i>			-4.0	17	10.1	42	5.8	13	17.5	20	2.9	26
Pioneer Fund	130,110,735	1.8	-4.6	70	4.8	91	-4.1	90	12.7	77	-1.4	74
<i>S&amp;P 500 Index</i>			-2.8	21	9.5	18	5.4	15	16.4	17	0.2	32
Fidelity Growth Company Fund	316,994,861	4.4	-6.5	71	13.3	3	3.7	27	20.0	5	5.0	6
<i>Russell 3000 Growth Index</i>			-4.0	17	10.0	43	5.0	17	17.5	20	2.8	27
American Beacon Small Cap Value Fund	121,017,587	1.7	-5.7	83	6.1	65	-3.2	57	18.8	26	0.2	61
<i>Russell 2000 Value Index</i>			-3.0	16	8.2	26	-1.4	40	17.4	62	-1.0	84
T. Rowe Price Small Cap Stock Fund	235,186,323	3.3	-2.7	12	10.5	20	1.7	8	22.7	5	4.3	13
<i>Russell 2000 Index</i>			-3.5	20	8.5	41	-2.1	26	17.8	62	0.5	67
Fidelity Low Priced Stock Fund	23,092,337	0.3	-5.6	67	7.7	49	-0.8	14	17.5	42	2.0	23
<i>Russell 2500 Value Index</i>			-3.0	13	8.1	28	-1.5	15	18.8	29	-0.2	59
<b>International/Global Equity</b>	<b>462,665,329</b>	<b>6.5</b>	<b>-6.3</b>	<b>33</b>	<b>4.3</b>	<b>49</b>	<b>-11.8</b>	<b>31</b>	<b>7.9</b>	<b>40</b>	<b>-3.4</b>	<b>27</b>
FRS Select Foreign Stock Index Fund	127,914,474	1.8	-7.0	53	2.7	79	-13.8	48	6.6	58	-5.3	51
<i>MSCI World ex USA</i>			-7.2	60	2.4	83	-14.1	56	6.2	64	-5.7	56
American Funds New Perspective Fund	180,103,666	2.5	-4.1	25	9.1	11	-3.2	25	12.6	32	0.6	16
<i>MSCI World Index</i>			-5.1	36	5.9	47	-5.0	33	11.0	52	-3.0	57
American Funds Euro-Pacific Growth Fund	154,647,189	2.2	-6.1	27	5.5	27	-12.6	28	7.5	34	-2.2	12
<i>MSCI All Country World ex-U.S. Index</i>			-7.4	65	3.1	77	-14.1	55	6.8	44	-5.4	48

## Calendar Year Performance

	2011 (%)	Rank	2010 (%)	Rank	2009 (%)	Rank	2008 (%)	Rank	2007 (%)	Rank	2006 (%)	Rank	2005 (%)	Rank	2004 (%)	Rank
<b>FRS Investment Plan</b>	<b>0.7</b>	<b>--</b>	<b>10.6</b>	<b>--</b>	<b>18.4</b>	<b>--</b>	<b>-23.2</b>	<b>--</b>	<b>7.8</b>	<b>--</b>	<b>12.4</b>	<b>--</b>	<b>7.4</b>	<b>--</b>	<b>10.6</b>	<b>--</b>
<i>Total Plan Aggregate Benchmark</i>	<i>0.9</i>	<i>--</i>	<i>10.2</i>	<i>--</i>	<i>16.8</i>	<i>--</i>	<i>-23.4</i>	<i>--</i>	<i>6.1</i>	<i>--</i>	<i>13.9</i>	<i>--</i>	<i>6.1</i>	<i>--</i>	<i>11.0</i>	<i>--</i>
<b>Balanced Funds</b>	<b>1.4</b>	<b>--</b>	<b>9.2</b>	<b>--</b>	<b>16.4</b>	<b>--</b>	<b>-22.8</b>	<b>--</b>	<b>7.7</b>	<b>--</b>	<b>13.9</b>	<b>--</b>	<b>6.9</b>	<b>--</b>	<b>11.0</b>	<b>--</b>
FRS Select Conservative Balanced Fund	3.9	--	5.3	--	9.3	--	-7.3	--	8.5	--	7.1	--	4.4	--	6.4	--
<i>Conservative Balanced Fund Target Benchmark</i>	<i>4.0</i>	<i>--</i>	<i>4.8</i>	<i>--</i>	<i>8.7</i>	<i>--</i>	<i>-8.0</i>	<i>--</i>	<i>7.6</i>	<i>--</i>	<i>6.7</i>	<i>--</i>	<i>4.0</i>	<i>--</i>	<i>6.3</i>	<i>--</i>
FRS Select Moderate Balanced Fund	1.2	--	10.0	--	17.2	--	-23.8	--	7.4	--	14.2	--	6.8	--	11.3	--
<i>Moderate Balanced Fund Target Benchmark</i>	<i>1.3</i>	<i>--</i>	<i>9.7</i>	<i>--</i>	<i>15.9</i>	<i>--</i>	<i>-24.5</i>	<i>--</i>	<i>7.0</i>	<i>--</i>	<i>14.7</i>	<i>--</i>	<i>6.8</i>	<i>--</i>	<i>11.4</i>	<i>--</i>
FRS Select Aggressive Balanced Fund	-0.9	--	11.3	--	20.9	--	-32.2	--	8.2	--	17.6	--	8.6	--	13.1	--
<i>Aggressive Balanced Fund Target Benchmark</i>	<i>-0.8</i>	<i>--</i>	<i>11.0</i>	<i>--</i>	<i>21.1</i>	<i>--</i>	<i>-32.4</i>	<i>--</i>	<i>7.5</i>	<i>--</i>	<i>18.6</i>	<i>--</i>	<i>8.5</i>	<i>--</i>	<i>14.1</i>	<i>--</i>
<b>Cash</b>	<b>0.2</b>	<b>1</b>	<b>0.3</b>	<b>2</b>	<b>0.3</b>	<b>41</b>	<b>2.4</b>	<b>46</b>	<b>5.4</b>	<b>2</b>	<b>5.2</b>	<b>1</b>	<b>3.5</b>	<b>1</b>	<b>1.4</b>	<b>1</b>
FRS Select Yield Plus Money Market Active Fund	0.2	1	0.3	2	0.3	41	2.4	46	5.4	2	5.2	1	3.5	1	1.5	1
<i>iMoneyNet 1st Tier Institutional Net Index</i>	<i>0.1</i>	<i>25</i>	<i>0.2</i>	<i>7</i>	<i>0.7</i>	<i>4</i>	<i>3.0</i>	<i>4</i>	<i>5.4</i>	<i>1</i>	<i>5.2</i>	<i>1</i>	<i>3.3</i>	<i>1</i>	<i>1.5</i>	<i>1</i>
<b>TIPS</b>	<b>13.6</b>	<b>--</b>	<b>6.4</b>	<b>--</b>	<b>11.3</b>	<b>--</b>	<b>-2.0</b>	<b>--</b>	<b>11.7</b>	<b>--</b>	<b>0.5</b>	<b>--</b>	<b>2.8</b>	<b>--</b>	<b>8.4</b>	<b>--</b>
FRS Select TIPS Fund	13.6	9	6.4	28	11.3	27	-2.0	46	11.7	19	0.5	34	2.8	22	8.4	35
<i>Barclays Capital US TIPS</i>	<i>13.6</i>	<i>9</i>	<i>6.3</i>	<i>41</i>	<i>11.4</i>	<i>26</i>	<i>-2.4</i>	<i>54</i>	<i>11.6</i>	<i>20</i>	<i>0.4</i>	<i>43</i>	<i>2.8</i>	<i>20</i>	<i>8.5</i>	<i>27</i>
<b>Fixed Income</b>	<b>6.7</b>	<b>53</b>	<b>7.6</b>	<b>56</b>	<b>11.7</b>	<b>59</b>	<b>1.4</b>	<b>29</b>	<b>6.9</b>	<b>16</b>	<b>4.8</b>	<b>24</b>	<b>2.7</b>	<b>13</b>	<b>4.8</b>	<b>32</b>
FRS Select U.S. Bond Enhanced Index Fund	7.9	75	6.7	97	6.5	59	5.9	32	7.1	18	4.3	58	2.5	57	4.3	98
<i>Barclays Aggregate Bond Index</i>	<i>7.8</i>	<i>76</i>	<i>6.5</i>	<i>97</i>	<i>5.9</i>	<i>60</i>	<i>5.2</i>	<i>33</i>	<i>7.0</i>	<i>20</i>	<i>4.3</i>	<i>57</i>	<i>2.4</i>	<i>59</i>	<i>4.3</i>	<i>98</i>
Pyramis Intermediate Duration Pool Fund	5.9	70	7.0	67	11.9	58	-1.7	43	6.0	42	4.8	26	2.2	48	3.9	70
<i>Barclays Int Aggregate</i>	<i>6.0</i>	<i>69</i>	<i>6.1</i>	<i>88</i>	<i>6.5</i>	<i>91</i>	<i>4.9</i>	<i>13</i>	<i>7.0</i>	<i>14</i>	<i>4.6</i>	<i>33</i>	<i>2.0</i>	<i>63</i>	<i>3.7</i>	<i>79</i>
FRS Select High Yield Fund	6.0	10	13.6	77	--	--	--	--	--	--	--	--	--	--	--	--
<i>Barclays Capital U.S. High Yield Ba-2% Issuer Cap</i>	<i>6.9</i>	<i>3</i>	<i>13.9</i>	<i>65</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>
PIMCO Total Return Fund	4.0	91	8.7	33	13.7	48	4.7	15	8.9	2	3.9	82	2.8	11	5.0	27
<i>Barclays Aggregate Bond Index</i>	<i>7.8</i>	<i>17</i>	<i>6.5</i>	<i>81</i>	<i>5.9</i>	<i>92</i>	<i>5.2</i>	<i>10</i>	<i>7.0</i>	<i>15</i>	<i>4.3</i>	<i>44</i>	<i>2.4</i>	<i>30</i>	<i>4.3</i>	<i>54</i>

## Calendar Year Performance

	2011 (%)	Rank	2010 (%)	Rank	2009 (%)	Rank	2008 (%)	Rank	2007 (%)	Rank	2006 (%)	Rank	2005 (%)	Rank	2004 (%)	Rank
<b>Domestic Equity</b>	<b>0.3</b>	<b>36</b>	<b>20.4</b>	<b>35</b>	<b>30.9</b>	<b>36</b>	<b>-36.5</b>	<b>40</b>	<b>5.2</b>	<b>51</b>	<b>14.1</b>	<b>64</b>	<b>8.2</b>	<b>32</b>	<b>12.9</b>	<b>49</b>
FRS Select U.S. Stock Market Index Fund	1.0	44	17.1	12	28.6	42	-37.2	53	5.2	60	15.7	37	6.2	52	12.0	35
Russell 3000 Index	1.0	44	16.9	13	28.3	43	-37.3	56	5.1	63	15.7	34	6.1	53	11.9	35
FRS Select U.S. Large Value Stock Fund	1.6	27	15.2	33	20.8	66	-35.2	36	--	--	--	--	--	--	--	--
Russell 1000 Value Index	0.4	37	15.5	29	19.7	73	-36.8	57	--	--	--	--	--	--	--	--
QMA Mid Cap Quantitative Core Fund	0.1	22	28.9	13	36.5	50	-36.8	27	8.3	55	11.9	53	11.6	42	--	--
S&P 400 MidCap	-1.7	35	26.6	26	37.4	46	-36.2	25	8.0	56	10.3	63	12.5	31	--	--
FRS Select U.S. Large Growth Stock Active Fund	1.2	25	13.6	70	41.5	25	-37.3	25	11.9	66	4.1	84	13.3	16	4.6	88
Russell 1000 Growth Index	2.6	13	16.7	42	37.2	38	-38.4	36	11.8	66	9.1	38	5.3	70	6.3	73
Pioneer Fund	-4.2	82	16.2	19	24.9	70	-34.1	17	5.1	64	16.9	18	6.8	42	12.1	32
S&P 500 Index	2.1	22	15.1	31	26.5	54	-37.0	44	5.5	50	15.8	32	4.9	65	10.9	46
Fidelity Growth Company Fund	0.9	26	20.8	12	41.5	25	-40.7	52	20.2	21	9.8	31	13.8	15	12.4	23
Russell 3000 Growth Index	2.2	18	17.6	33	37.0	38	-38.4	36	11.4	71	9.5	35	5.2	71	6.9	69
American Beacon Small Cap Value Fund	-4.0	52	26.2	47	35.4	31	-31.9	57	-6.4	50	14.7	73	5.8	61	--	--
Russell 2000 Value Index	-5.5	63	24.5	72	20.6	91	-28.9	35	-9.8	79	23.5	9	4.7	74	--	--
T. Rowe Price Small Cap Stock Fund	-0.1	29	32.5	21	38.5	37	-33.3	7	-1.7	90	12.8	44	8.4	37	18.8	20
Russell 2000 Index	-4.2	65	26.9	57	27.2	83	-33.8	7	-1.6	90	18.4	9	4.6	71	18.3	20
Fidelity Low Priced Stock Fund	0.2	11	21.0	74	39.4	29	-36.0	26	3.4	69	18.0	15	8.9	53	22.5	13
Russell 2500 Value Index	-3.4	56	24.8	42	27.7	90	-32.0	14	-7.3	99	20.2	9	7.7	65	21.6	19
<b>International/Global Equity</b>	<b>-11.3</b>	<b>25</b>	<b>10.1</b>	<b>63</b>	<b>34.8</b>	<b>43</b>	<b>-40.9</b>	<b>17</b>	<b>15.0</b>	<b>36</b>	<b>23.2</b>	<b>76</b>	<b>14.9</b>	<b>52</b>	<b>17.9</b>	<b>60</b>
FRS Select Foreign Stock Index Fund	-11.8	31	9.2	68	32.3	52	-42.5	32	12.7	49	25.8	48	14.7	55	20.5	36
MSCI World ex USA	-12.2	35	8.9	70	33.7	47	-43.6	41	12.4	51	25.7	49	14.5	58	20.4	37
American Funds New Perspective Fund	-7.4	48	13.0	49	37.7	32	-37.7	24	16.3	30	20.1	53	11.5	56	14.5	62
MSCI World Index	-5.5	36	11.8	59	30.0	60	-40.7	48	9.0	59	20.1	53	10.0	64	15.2	55
American Funds Euro-Pacific Growth Fund	-13.3	42	9.8	62	39.6	18	-40.3	10	19.3	15	22.3	84	21.4	12	--	--
MSCI All Country World ex-U.S. Index	-13.3	43	11.6	44	32.5	42	-43.1	39	11.6	60	26.9	27	14.0	59	--	--

## Asset Allocation

	Total Market Value	% of Portfolio	U.S. Equity	Non-U.S. Equity	Balanced	Fixed Income	TIPS	Cash
<b>Balanced Funds</b>								
FRS Select Conservative Balanced Fund	\$665,958,015	9.3%			\$665,958,015			
FRS Select Moderate Balanced Fund	\$1,861,049,448	26.1%			\$1,861,049,448			
FRS Select Aggressive Balanced Fund	\$553,716,710	7.8%			\$553,716,710			
<b>Cash</b>								
FRS Select Yield Plus Money Market Active Fund	\$921,560,508	12.9%						\$921,560,508
<b>TIPS</b>								
FRS Select TIPS Fund	\$328,143,952	4.6%					\$328,143,952	
<b>Fixed Income</b>								
FRS Select U.S. Bond Enhanced Index Fund	\$158,233,297	2.2%				\$158,233,297		
Pyramis Intermediate Duration Pool Fund	\$75,597,332	1.1%				\$75,597,332		
FRS Select High Yield Fund	\$144,930,940	2.0%				\$144,930,940		
PIMCO Total Return Fund	\$312,920,574	4.4%				\$312,920,574		
<b>Domestic Equity</b>								
FRS Select U.S. Stock Market Index Fund	\$262,452,688	3.7%	\$262,452,688					
FRS Select U.S. Large Value Stock Fund	\$196,679,223	2.8%	\$196,679,223					
QMA Mid Cap Quantitative Core Fund	\$270,435,720	3.8%	\$270,435,720					
FRS Select U.S. Large Growth Stock Active Fund	\$95,009,019	1.3%	\$95,009,019					
Pioneer Fund	\$130,110,735	1.8%	\$130,110,735					
Fidelity Growth Company Fund	\$316,994,861	4.4%	\$316,994,861					
American Beacon Small Cap Value Fund	\$121,017,587	1.7%	\$121,017,587					
T. Rowe Price Small Cap Stock Fund	\$235,186,323	3.3%	\$235,186,323					
Fidelity Low Priced Stock Fund	\$23,092,337	0.3%	\$23,092,337					
<b>International/Global Equity</b>								
FRS Select Foreign Stock Index Fund	\$127,914,474	1.8%		\$127,914,474				
American Funds New Perspective Fund	\$180,103,666	2.5%		\$180,103,666				
American Funds Euro-Pacific Growth Fund	\$154,647,189	2.2%		\$154,647,189				
<b>Total</b>	<b>\$7,135,754,601</b>	<b>100.0%</b>	<b>\$1,650,978,493</b>	<b>\$462,665,329</b>	<b>\$3,080,724,173</b>	<b>\$691,682,144</b>	<b>\$328,143,952</b>	<b>\$921,560,508</b>
Percent of Total			23.1%	6.5%	43.2%	9.7%	4.6%	12.9%

## Asset Allocation

Asset Allocation as of 6/30/2012							
	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	TIPS	Cash	Total	% of Total
FRS Select Conservative Balanced Fund	39,957,481	53,276,641	239,744,885	99,893,702	233,085,305	665,958,015	9.3%
FRS Select Moderate Balanced Fund	521,093,846	372,209,890	967,745,713			1,861,049,448	26.1%
FRS Select Aggressive Balanced Fund	238,098,185	143,966,345	171,652,180			553,716,710	7.8%
<b>Total Balanced Funds</b>	<b>\$ 799,149,512</b>	<b>\$ 569,452,875</b>	<b>\$ 1,379,142,779</b>	<b>\$ 99,893,702</b>	<b>\$ 233,085,305</b>	<b>\$ 3,080,724,173</b>	<b>43.2%</b>
FRS Select Yield Plus Money Market Active Fund					921,560,508	921,560,508	12.9%
<b>Total Cash</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 921,560,508</b>	<b>\$ 921,560,508</b>	<b>12.9%</b>
FRS Select TIPS Fund				328,143,952		328,143,952	4.6%
<b>Total TIPS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 328,143,952</b>	<b>\$ -</b>	<b>\$ 328,143,952</b>	<b>4.6%</b>
FRS Select U.S. Bond Enhanced Index Fund			158,233,297			158,233,297	2.2%
Pyramis Intermediate Duration Pool Fund			75,597,332			75,597,332	1.1%
FRS Select High Yield Fund			144,930,940			144,930,940	2.0%
PIMCO Total Return Fund			312,920,574			312,920,574	4.4%
<b>Total Fixed Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 691,682,144</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 691,682,144</b>	<b>9.7%</b>
FRS Select U.S. Stock Market Index Fund	262,452,688					262,452,688	3.7%
FRS Select U.S. Large Value Stock Fund	196,679,223					196,679,223	2.8%
QMA Mid Cap Quantitative Core Fund	270,435,720					270,435,720	3.8%
FRS Select U.S. Large Growth Stock Active Fund	95,009,019					95,009,019	1.3%
Pioneer Fund	130,110,735					130,110,735	1.8%
Fidelity Growth Company Fund	316,994,861					316,994,861	4.4%
American Beacon Small Cap Value Fund	121,017,587					121,017,587	1.7%
T. Rowe Price Small Cap Stock Fund	235,186,323					235,186,323	3.3%
Fidelity Low Priced Stock Fund	23,092,337					23,092,337	0.3%
<b>Total Domestic Equity</b>	<b>\$ 1,650,978,493</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,650,978,493</b>	<b>23.1%</b>
FRS Select Foreign Stock Index Fund		127,914,474				127,914,474	1.8%
American Funds New Perspective Fund	73,122,088	92,213,077			14,768,501	160,103,666	2.5%
American Funds Euro-Pacific Growth Fund	154,647	139,337,117	154,647		15,000,777	154,647,189	2.2%
<b>Total International/Global Equity</b>	<b>\$ 73,276,735</b>	<b>\$ 359,464,669</b>	<b>\$ 154,647</b>	<b>\$ -</b>	<b>\$ 29,769,278</b>	<b>\$ 462,865,329</b>	<b>6.5%</b>
<b>Total Portfolio</b>	<b>\$ 2,523,404,741</b>	<b>\$ 928,917,544</b>	<b>\$ 2,070,979,570</b>	<b>\$ 428,037,655</b>	<b>\$ 1,184,415,091</b>	<b>\$ 7,135,754,601</b>	<b>100.0%</b>
<b>Percent of Total</b>	<b>35.36%</b>	<b>13.02%</b>	<b>29.02%</b>	<b>6.00%</b>	<b>16.60%</b>	<b>100.0%</b>	

## Manager Scorecard

Statistics Summary 3 Years Ending June 30, 2012							
	Annualized Return (%)	Annualized Standard Deviation	Sharpe Ratio	Tracking Error	Information Ratio	Up Market Capture Ratio (%)	Down Market Capture Ratio (%)
FRS Investment Plan	9.86%	9.06%	1.08	0.52%	0.93	103.86%	100.83%
FRS Select Conservative Balanced Fund	5.87%	3.07%	1.89	0.29%	0.75	102.61%	98.43%
FRS Select Moderate Balanced Fund	9.61%	8.44%	1.13	0.47%	0.51	101.51%	99.75%
FRS Select Aggressive Balanced Fund	10.45%	11.76%	0.88	0.71%	-0.03	99.84%	99.98%
FRS Select Yield Plus Money Market Active Fund	0.25%	0.01%	16.10	0.05%	1.69	147.39%	--
FRS Select TIPS Fund	9.71%	4.80%	2.01	0.17%	0.48	100.03%	97.61%
FRS Select U.S. Bond Enhanced Index Fund	7.12%	2.77%	2.54	0.15%	1.19	101.88%	97.62%
Pyramis Intermediate Duration Pool Fund	7.16%	2.80%	2.53	0.85%	1.38	123.71%	130.63%
FRS Select High Yield Fund	--	--	--	--	--	--	--
PIMCO Total Return Fund	8.54%	3.59%	2.36	2.79%	0.57	115.99%	75.69%
FRS Select U.S. Stock Market Index Fund	16.82%	16.84%	1.00	0.07%	1.24	100.28%	99.90%
FRS Select U.S. Large Value Stock Fund	16.07%	16.75%	0.96	1.30%	0.20	99.40%	98.50%
QMA Mid Cap Quantitative Core Fund	21.16%	20.28%	1.04	1.91%	0.94	108.53%	101.39%
FRS Select U.S. Large Growth Stock Active Fund	16.52%	17.38%	0.95	2.55%	-0.39	102.06%	106.03%
Pioneer Fund	12.69%	17.36%	0.73	2.93%	-1.27	93.66%	108.95%
Fidelity Growth Company Fund	20.03%	18.86%	1.06	4.10%	0.61	126.63%	113.52%
American Beacon Small Cap Value Fund	18.81%	22.51%	0.83	2.95%	0.47	104.84%	99.83%
T. Rowe Price Small Cap Stock Fund	22.72%	21.19%	1.07	2.28%	2.16	103.79%	90.46%
Fidelity Low Priced Stock Fund	17.49%	17.14%	1.02	5.68%	-0.23	77.14%	83.94%
FRS Select Foreign Stock Index Fund	6.56%	20.17%	0.32	2.12%	0.17	101.12%	99.71%
American Funds New Perspective Fund	12.64%	17.69%	0.71	2.84%	0.59	101.66%	95.80%
American Funds Euro-Pacific Growth Fund	7.52%	19.95%	0.37	3.49%	0.20	98.16%	97.12%

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

## Appendix

### Market Returns

	Second Quarter	1-Year	Annualized Periods Ending 6/30/12			
			3-Year	5-Year	10-Year	15-Year
<b>Domestic Stock Indices:</b>						
Dow Jones US Total Stock Index	-3.1	4.0	16.9	0.6	6.1	5.3
S&P 500 Index	-2.8	5.4	16.4	0.2	5.3	4.8
Russell 3000 Index	-3.1	3.8	16.7	0.4	5.8	5.2
Russell 1000 Value Index	-2.2	3.0	15.8	-2.2	5.3	5.7
Russell 1000 Growth Index	-4.0	5.8	17.5	2.9	6.0	3.9
Russell MidCap Value Index	-3.3	-0.4	19.9	-0.1	8.2	8.5
Russell MidCap Growth Index	-5.6	-3.0	19.0	1.9	8.5	6.4
Russell 2000 Value Index	-3.0	-1.4	17.4	-1.0	6.5	7.6
Russell 2000 Growth Index	-3.9	-2.7	18.1	2.0	7.4	4.2
<b>Domestic Bond Indices:</b>						
Barclays Capital Aggregate Index	2.1	7.5	6.9	6.8	5.6	6.3
Barclays Capital Govt/Credit Index	2.6	8.8	7.3	6.9	5.8	6.4
Barclays Capital Long Govt/Credit Index	7.3	24.6	14.4	11.0	8.7	8.6
Barclays Capital 1-3 Year Govt/Credit Index	0.2	1.1	2.3	3.7	3.4	4.5
Barclays Capital U.S. MBS Index	1.1	5.0	5.4	6.7	5.4	6.1
Barclays Capital High Yield Index	1.8	7.3	16.3	8.4	10.2	7.0
Barclays Capital Universal Index	2.0	7.4	7.6	6.8	6.0	6.4
<b>Real Estate Indices:</b>						
NCREIF Property Index	2.7	12.0	8.8	2.5	8.3	9.4
NCREIF ODCE Index	2.3	11.3	7.4	-1.8	5.6	7.3
Dow Jones Real Estate Securities Index	3.7	12.8	33.5	1.8	10.3	9.5
FTSE NAREIT US Real Estate Index	4.0	12.5	32.4	2.6	10.3	9.5
<b>Foreign/Global Stock Indices:</b>						
MSCI All Country World Index	-5.6	-6.5	10.8	-2.7	5.7	3.8
MSCI All Country World IMI	-5.7	-6.9	11.3	-2.4	6.2	4.1
MSCI All Country World ex-U.S. Index	-7.6	-14.6	7.0	-4.6	6.7	3.7
MSCI All Country World ex-U.S. IMI	-7.8	-14.8	7.4	-4.5	7.2	3.8
MSCI All Country World ex-U.S. Small Cap Index	-8.9	-16.4	10.4	-3.7	10.1	5.3
MSCI EAFE Index	-7.1	-13.8	6.0	-6.1	5.1	2.9
MSCI EAFE IMI	-7.3	-14.0	6.3	-5.9	5.6	3.1
MSCI EAFE Index (in local currency)	-5.4	-8.6	4.4	-7.5	2.1	1.6
MSCI Emerging Markets IMI	-8.8	-16.3	10.0	0.0	14.1	4.5
<b>Foreign Bond Indices:</b>						
Citigroup World Gov't Bond Index	0.2	0.4	5.1	7.4	7.1	5.8
Citigroup Hedged World Gov't Bond Index	1.1	6.2	3.7	4.8	4.5	5.5
<b>Cash Equivalents:</b>						
Treasury Bills (30-Day)	0.0	0.0	0.1	0.6	1.4	2.4
Hewitt EnnisKnupp STIF Index	0.1	0.2	0.3	1.3	2.1	3.1
<b>Inflation Index:</b>						
Consumer Price Index	0.0	1.7	2.1	2.0	2.5	2.4

## Benchmark Descriptions

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

**iMoneyNet 1st Tier Institutional Net Index** - An index made up of the entire universe of money market mutual funds. The index currently represents over 1,300 funds, or approximately 99 percent of all money fund assets.

**Barclays Inflation Index** - Measures the performance of the U.S. Treasury Inflation-Protected Securities ("TIPS") market.

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

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

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

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

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

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

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

## Benchmark Descriptions

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

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

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

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

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

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

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

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

## Description of Universes

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

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

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

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

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

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

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

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

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

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

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

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

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

## Description of Universes

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

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

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

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

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



*An Aon Company*

## **Lawton Chiles Endowment Fund**

Second Quarter 2012

**Hewitt EnnisKnupp, Inc.**

10 South Riverside Plaza, Suite 1600

Chicago, IL 60606

phone: 1-312-715-1700

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[www.hewittennisknupp.com](http://www.hewittennisknupp.com)

## CONTENTS

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1	LCEF Total Fund
11	Domestic Equity
15	Foreign Equity
19	Fixed Income
23	TIPS
27	Cash Equivalents
31	Appendix

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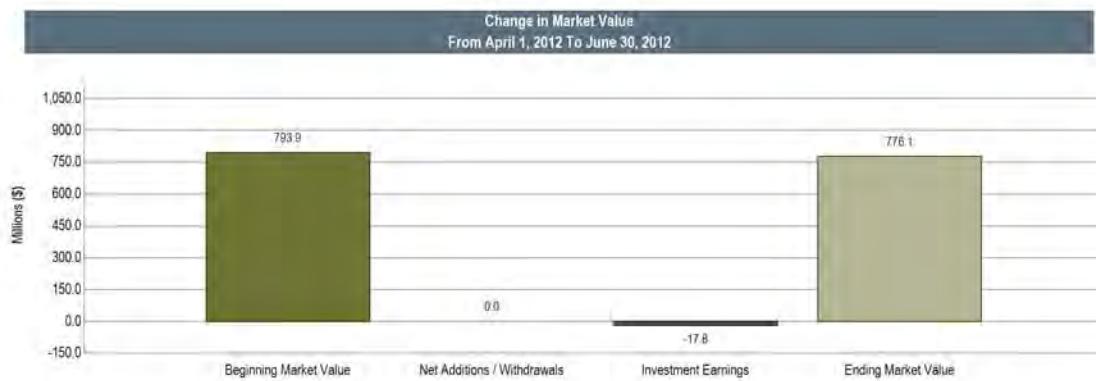
## LCEF Total Fund

LCEF Total Fund

As of June 30, 2012

\$776.1 Million and 100.0% of Fund

### Plan Summary



### Summary of Cash Flows

Sources of Portfolio Growth	Second Quarter	Fiscal YTD*
Beginning Market Value	\$793,903,983	\$767,566,265
Net Additions/Withdrawals	--	(\$13,800,000)
Investment Earnings	(\$17,773,322)	\$22,364,396
Ending Market Value	\$776,130,661	\$776,130,661

\*Period July 2011 - June 2012

## Plan Performance

Benchmark: Total Endowment Target



3

## Trailing Period Performance

				Ending June 30, 2012											
	Market Value (\$)	% of Portfolio	Policy %	2012 Q2 (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
<b>LCEF Total Fund</b>	<b>776,130,661</b>	<b>100.0</b>	<b>100.0</b>	<b>-2.2</b>	<b>70</b>	<b>6.9</b>	<b>6</b>	<b>2.9</b>	<b>7</b>	<b>13.6</b>	<b>1</b>	<b>1.4</b>	<b>51</b>	<b>6.3</b>	<b>47</b>
<i>Total Endowment Target</i>				-2.1	68	6.8	6	3.0	7	13.2	1	1.1	58	6.0	61
<b>Domestic Equity</b>	<b>465,579,824</b>	<b>60.0</b>	<b>59.0</b>	<b>-3.2</b>	<b>38</b>	<b>9.3</b>	<b>31</b>	<b>3.6</b>	<b>28</b>	<b>16.7</b>	<b>28</b>	<b>0.3</b>	<b>36</b>	<b>5.6</b>	<b>51</b>
<i>Russell 3000 ex-Tobacco</i>				-3.3	41	9.2	34	3.4	29	16.5	28	0.2	43	5.6	50
<b>Foreign Equity</b>	<b>88,617,514</b>	<b>11.4</b>	<b>12.0</b>	<b>-8.0</b>	<b>79</b>	<b>4.1</b>	<b>32</b>	<b>-13.1</b>	<b>49</b>	<b>10.3</b>	<b>15</b>	<b>-4.6</b>	<b>67</b>	<b>6.9</b>	<b>31</b>
<i>MSCI ACWI ex-U.S. IMI ex-Tobacco</i>				-7.9	71	2.8	73	-15.1	75	7.2	61	-4.5	64	6.8	38
<b>Fixed Income</b>	<b>126,804,841</b>	<b>16.3</b>	<b>17.0</b>	<b>2.1</b>	<b>56</b>	<b>2.5</b>	<b>92</b>	<b>7.4</b>	<b>37</b>	<b>7.2</b>	<b>78</b>	<b>6.8</b>	<b>68</b>	<b>5.7</b>	<b>55</b>
<i>Barclays Aggregate Bond Index</i>				2.1	57	2.4	94	7.5	36	6.9	88	6.8	68	5.6	55
<b>TIPS</b>	<b>87,409,818</b>	<b>11.3</b>	<b>11.0</b>	<b>3.2</b>	<b>--</b>	<b>4.1</b>	<b>--</b>	<b>11.8</b>	<b>--</b>	<b>9.9</b>	<b>--</b>	<b>9.0</b>	<b>--</b>	<b>7.6</b>	<b>--</b>
<i>Barclays U.S. TIPS</i>				3.2	--	4.0	--	11.7	--	9.6	--	8.4	--	7.2	--
<b>Cash Equivalents</b>	<b>7,718,558</b>	<b>1.0</b>	<b>1.0</b>	<b>0.3</b>	<b>--</b>	<b>0.9</b>	<b>--</b>	<b>0.7</b>	<b>--</b>	<b>1.7</b>	<b>--</b>	<b>1.8</b>	<b>--</b>	<b>2.3</b>	<b>--</b>
<i>S&amp;P US AAA &amp; AA Rated GIP 30D</i>				0.0	--	0.0	--	0.1	--	0.3	--	1.1	--	2.0	--

Benchmark and universe descriptions are provided in the Appendix.

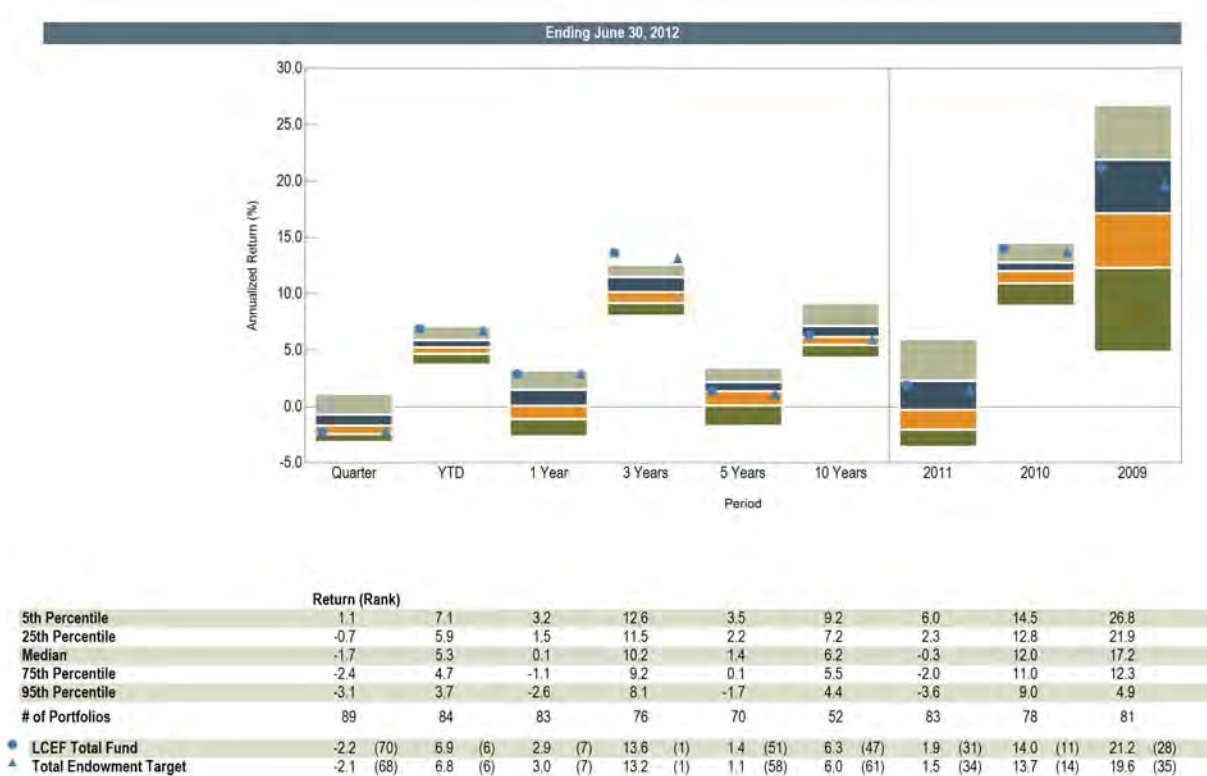
## Calendar Year Performance

	2011 (%)	Rank	2010 (%)	Rank	2009 (%)	Rank	2008 (%)	Rank	2007 (%)	Rank	2006 (%)	Rank	2005 (%)	Rank	2004 (%)	Rank	2003 (%)	Rank	2002 (%)	Rank
<b>LCEF Total Fund</b>	<b>1.9</b>	<b>31</b>	<b>14.0</b>	<b>11</b>	<b>21.2</b>	<b>28</b>	<b>-29.2</b>	<b>74</b>	<b>6.3</b>	<b>92</b>	<b>15.0</b>	<b>40</b>	<b>7.4</b>	<b>69</b>	<b>12.0</b>	<b>54</b>	<b>25.0</b>	<b>25</b>	<b>-10.9</b>	<b>66</b>
<i>Total Endowment Target</i>	1.5	34	13.7	14	19.6	35	-28.9	74	6.5	89	14.0	52	6.7	80	12.1	51	24.9	25	-11.0	66
<b>Domestic Equity</b>	<b>0.8</b>	<b>28</b>	<b>17.0</b>	<b>48</b>	<b>28.5</b>	<b>52</b>	<b>-37.4</b>	<b>46</b>	<b>5.0</b>	<b>71</b>	<b>14.6</b>	<b>43</b>	<b>5.7</b>	<b>77</b>	<b>11.9</b>	<b>72</b>	<b>30.6</b>	<b>72</b>	<b>-21.6</b>	<b>72</b>
<i>Russell 3000 ex-Tobacco</i>	0.6	35	16.8	51	28.4	53	-37.5	47	5.0	71	15.6	29	5.9	72	11.8	73	30.9	65	-21.8	74
<b>Foreign Equity</b>	<b>-9.7</b>	<b>14</b>	<b>16.6</b>	<b>15</b>	<b>39.8</b>	<b>36</b>	<b>-49.0</b>	<b>99</b>	<b>14.3</b>	<b>61</b>	<b>28.4</b>	<b>12</b>	<b>21.2</b>	<b>6</b>	<b>16.2</b>	<b>83</b>	<b>39.4</b>	<b>38</b>	<b>-15.3</b>	<b>57</b>
<i>MSCI ACWI ex-U.S. IMI ex-Tobacco</i>	-14.6	76	12.7	54	43.8	28	-46.1	71	16.5	38	26.6	18	16.6	42	20.8	29	40.9	19	-14.9	52
<b>Fixed Income</b>	<b>7.6</b>	<b>32</b>	<b>7.0</b>	<b>73</b>	<b>4.6</b>	<b>85</b>	<b>5.8</b>	<b>14</b>	<b>7.3</b>	<b>43</b>	<b>4.4</b>	<b>35</b>	<b>2.7</b>	<b>24</b>	<b>4.4</b>	<b>69</b>	<b>4.1</b>	<b>90</b>	<b>11.0</b>	<b>2</b>
<i>Barclays Aggregate Bond Index</i>	7.8	29	6.5	75	5.9	78	5.2	20	7.0	50	4.3	37	2.4	54	4.3	70	4.1	90	10.3	6
<b>TIPS</b>	<b>13.6</b>	<b>--</b>	<b>6.1</b>	<b>--</b>	<b>13.3</b>	<b>--</b>	<b>-2.0</b>	<b>--</b>	<b>12.4</b>	<b>--</b>	<b>0.8</b>	<b>--</b>	<b>2.9</b>	<b>--</b>	<b>8.8</b>	<b>--</b>	<b>8.4</b>	<b>--</b>	<b>17.0</b>	<b>--</b>
<i>Barclays U.S. TIPS</i>	13.6	--	6.3	--	11.4	--	-2.4	--	11.6	--	0.4	--	2.8	--	8.5	--	8.4	--	16.6	--
<b>Cash Equivalents</b>	<b>0.1</b>	<b>--</b>	<b>2.0</b>	<b>--</b>	<b>2.6</b>	<b>--</b>	<b>0.5</b>	<b>--</b>	<b>5.4</b>	<b>--</b>	<b>5.2</b>	<b>--</b>	<b>3.3</b>	<b>--</b>	<b>1.4</b>	<b>--</b>	<b>1.2</b>	<b>--</b>	<b>1.7</b>	<b>--</b>
<i>S&amp;P US AAA &amp; AA Rated GIP 30D</i>	0.2	--	0.3	--	0.7	--	2.3	--	4.7	--	5.1	--	3.4	--	1.4	--	1.1	--	1.7	--

## Universe Comparison

Benchmark: Total Endowment Target

Universe: Endowments Net

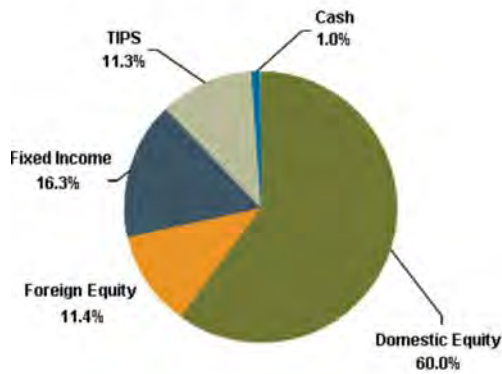


## Universe Asset Allocation Comparison

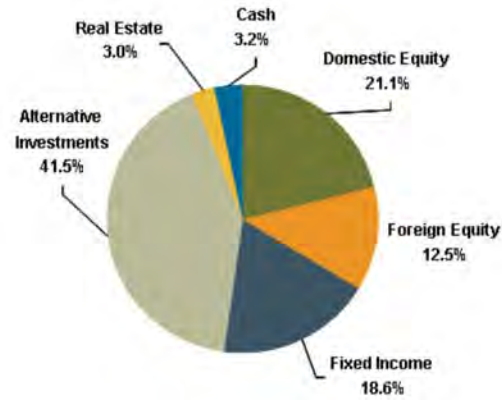
Benchmark: Total Endowment Target

Universe: Endowments Net

LCEF Total Fund



BNY Mellon Endowment Universe

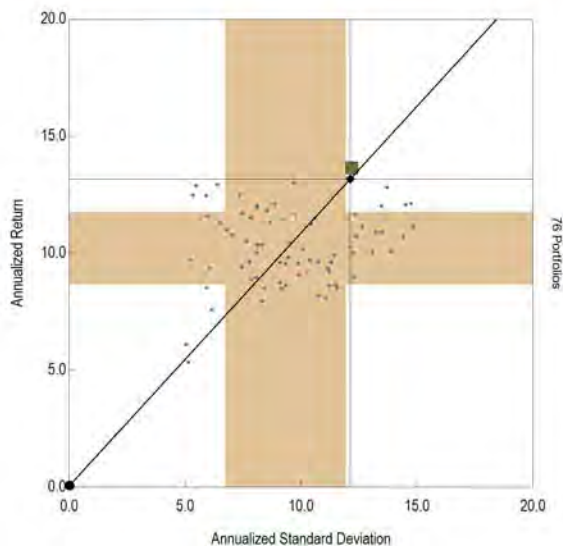


7

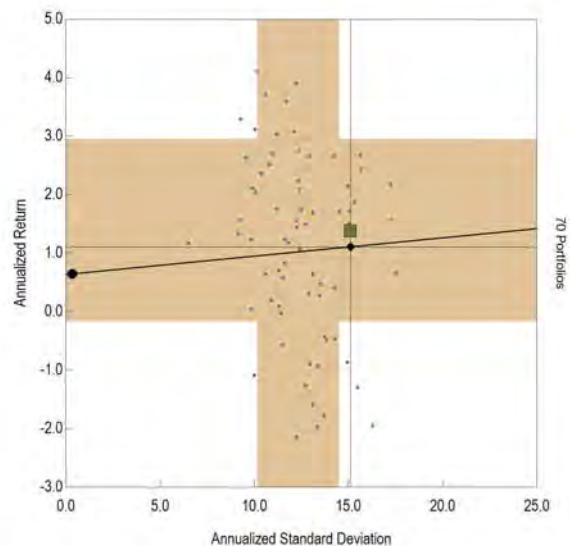
## Risk Profile

Benchmark: Total Endowment Target

Universe: Endowments Net

Annualized Return vs. Annualized Standard Deviation  
3 Years Ending June 30, 2012

- LCEF Total Fund
- Total Endowment Target
- Risk Free
- 68% Confidence Interval
- Endowments Net

Annualized Return vs. Annualized Standard Deviation  
5 Years Ending June 30, 2012

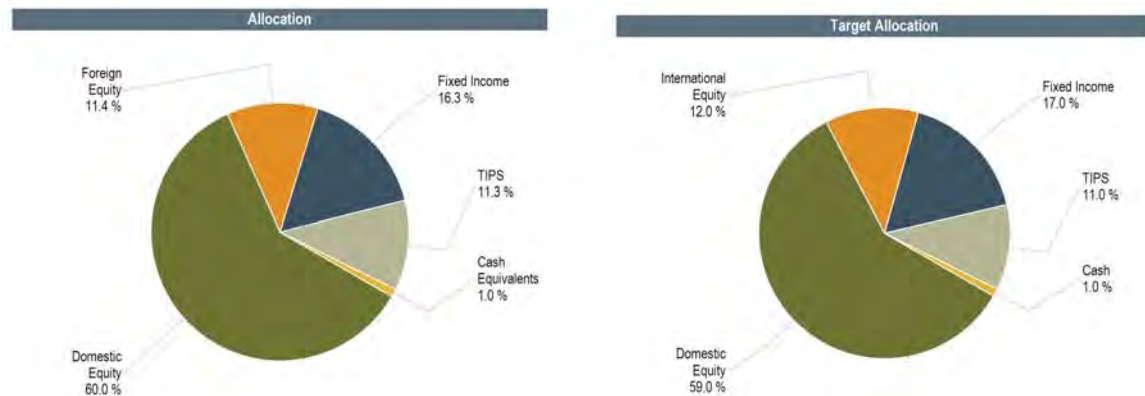
- LCEF Total Fund
- Total Endowment Target
- Risk Free
- 68% Confidence Interval
- Endowments Net

8

## Attribution

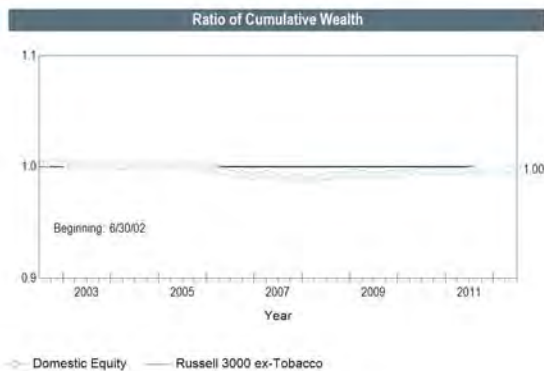


## Asset Allocation



# Domestic Equity

Domestic Equity As of June 30, 2012 \$465.6 Million and 60.0% of Fund  
 Overview  
 Benchmark: Russell 3000 ex-Tobacco

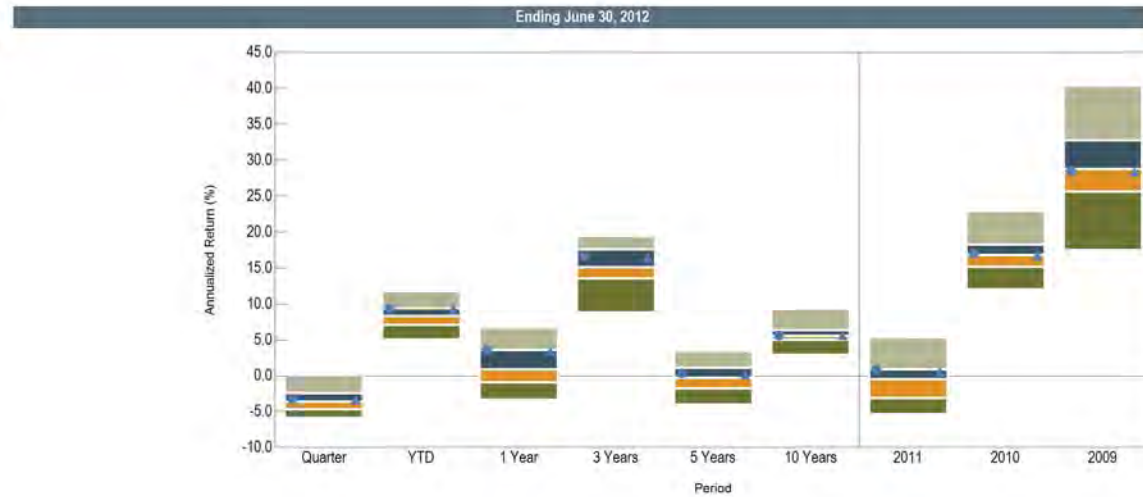




## Universe Comparison

Benchmark: Russell 3000 ex-Tobacco

Universe: Endowments - US Eq Net



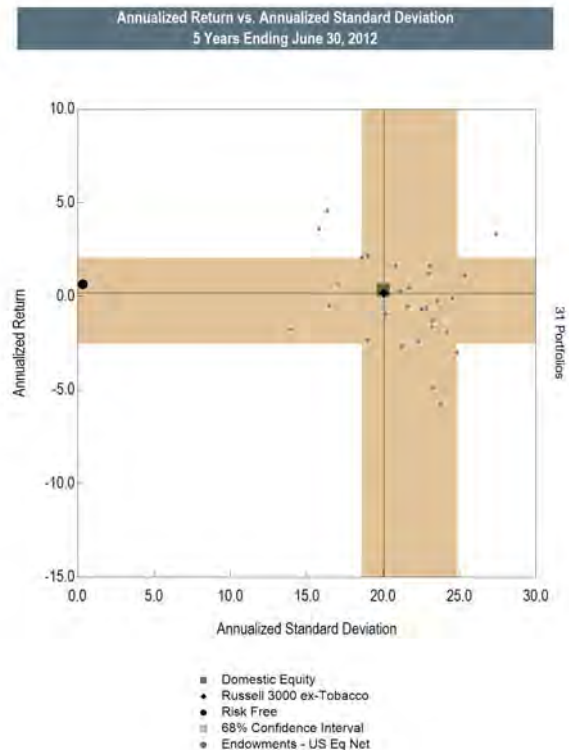
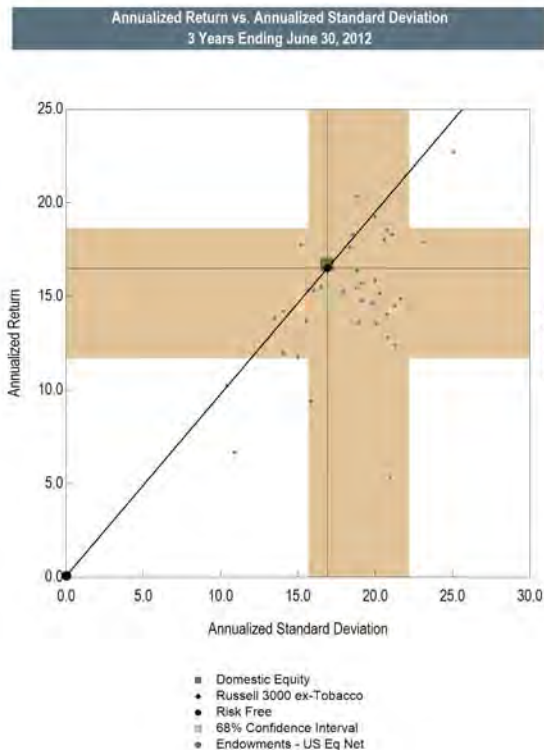
	Return (Rank)								
5th Percentile	0.2	11.8	6.7	19.5	3.5	9.3	5.3	22.9	40.4
25th Percentile	-2.4	9.4	3.6	17.6	1.2	6.4	1.0	18.3	32.8
Median	-3.6	8.4	0.9	15.2	-0.2	5.6	-0.4	16.8	28.8
75th Percentile	-4.6	7.1	-0.9	13.6	-1.7	5.1	-3.0	15.2	25.7
95th Percentile	-5.8	5.1	-3.3	8.8	-3.9	3.0	-5.3	12.1	17.5
# of Portfolios	61	57	55	37	31	18	51	43	43
Domestic Equity	-3.2 (38)	9.3 (31)	3.6 (28)	16.7 (28)	0.3 (36)	5.6 (51)	0.8 (28)	17.0 (48)	28.5 (52)
Russell 3000 ex-Tobacco	-3.3 (41)	9.2 (34)	3.4 (29)	16.5 (28)	0.2 (43)	5.6 (50)	0.6 (35)	16.8 (51)	28.4 (53)

13

## Risk Profile

Benchmark: Russell 3000 ex-Tobacco

Universe: Endowments - US Eq Net



14

# Foreign Equity

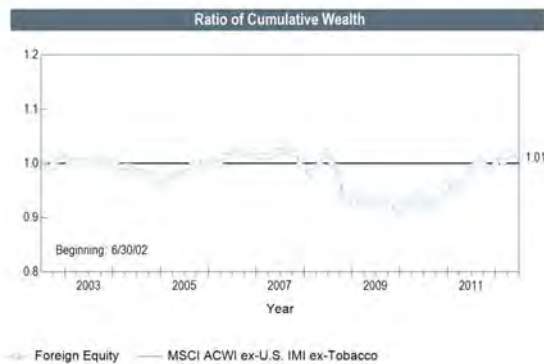
Foreign Equity

As of June 30, 2012

\$88.6 Million and 11.4% of Fund

## Overview

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

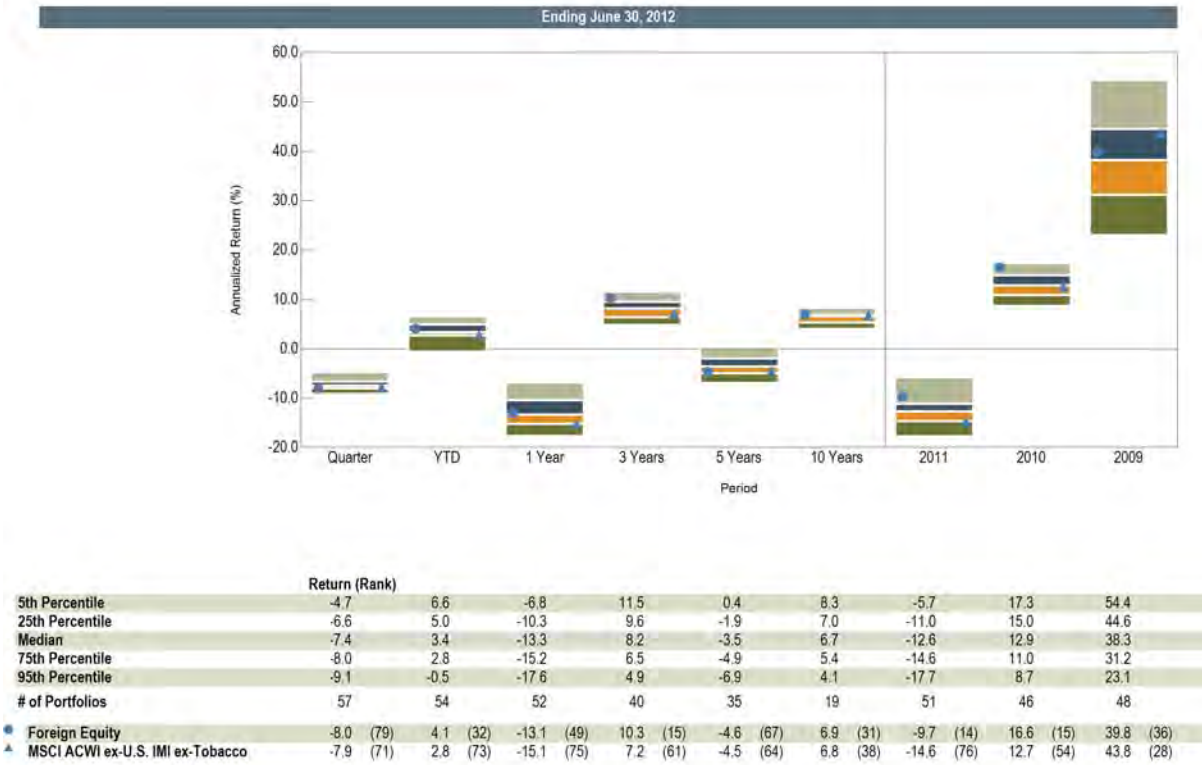




## Universe Comparison

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

Universe: Endowments - Non-US Eq Net

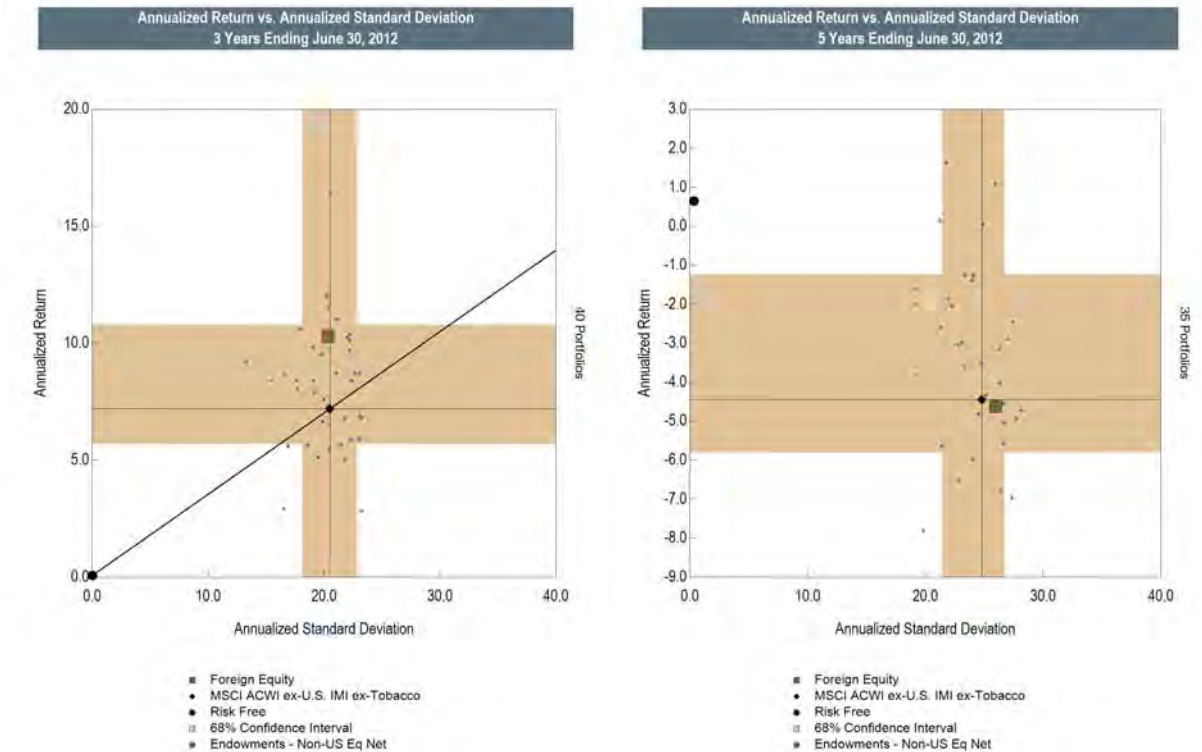


17


## Risk Profile

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

Universe: Endowments - Non-US Eq Net



18

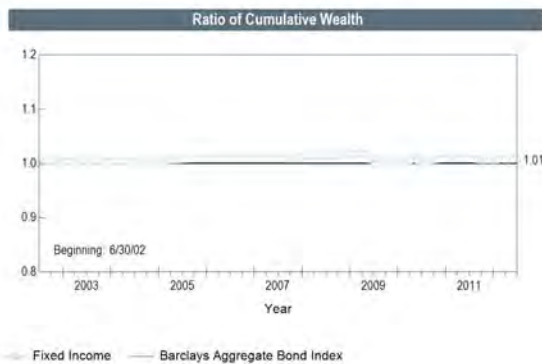
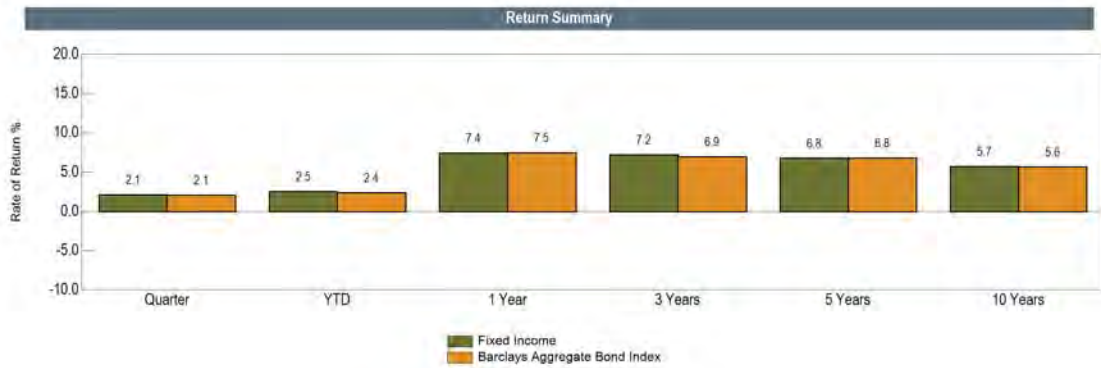


# Fixed Income

Fixed Income As of June 30, 2012 \$126.8 Million and 16.3% of Fund

Overview

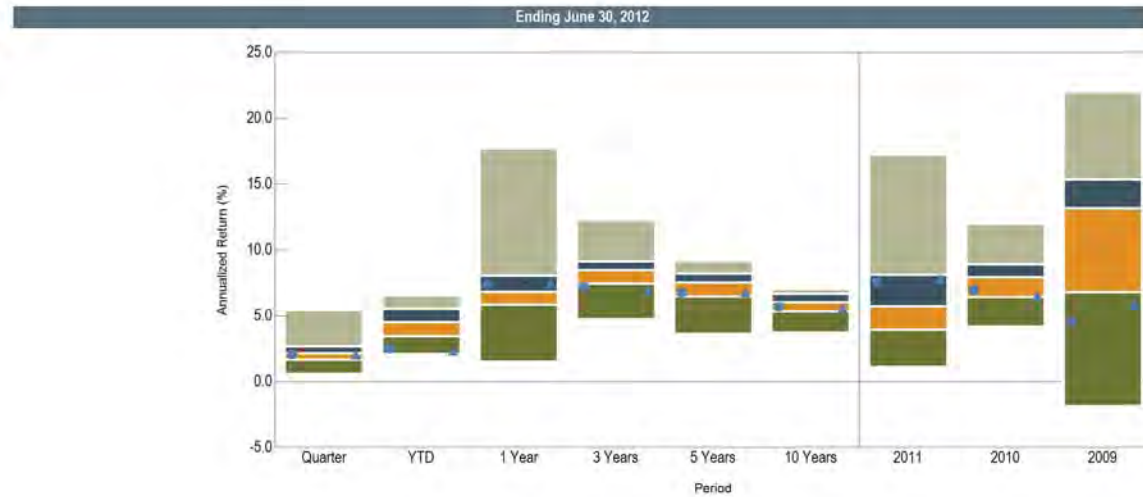
Benchmark: Barclays Aggregate Bond Index



## Universe Comparison

Benchmark: Barclays Aggregate Bond Index

Universe: Endowments - US FI Net



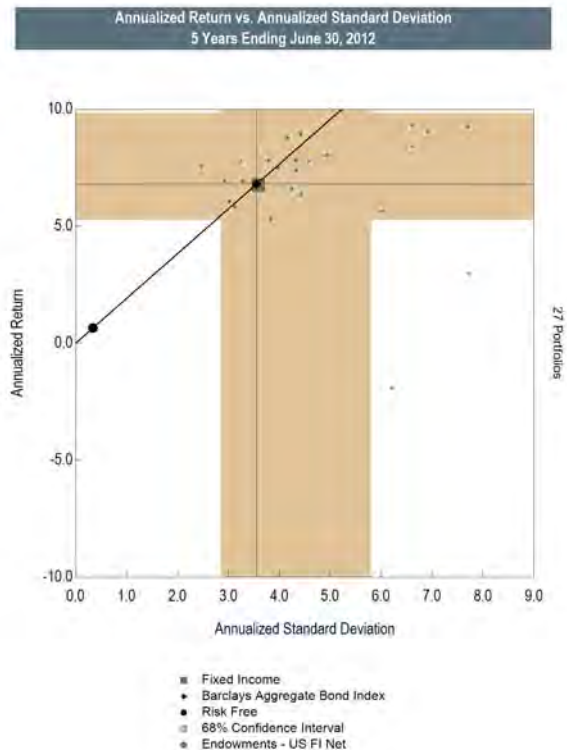
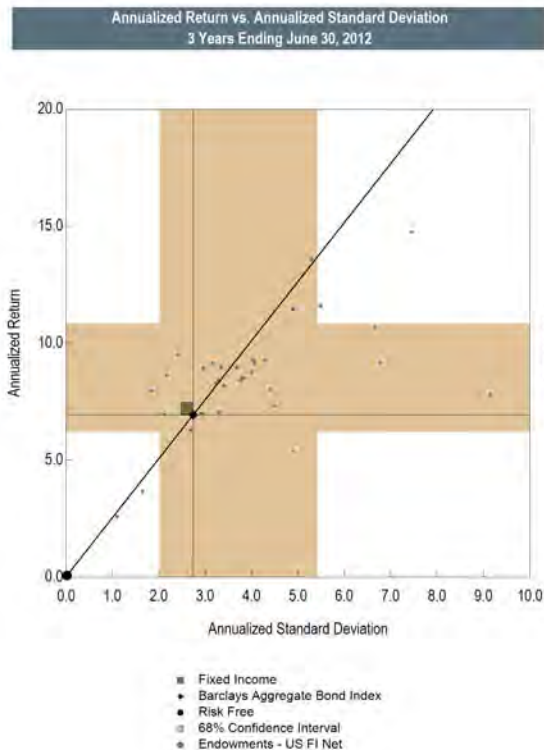
	Return (Rank)								
5th Percentile	5.4	6.5	17.7	12.3	9.2	7.0	17.2	12.0	22.0
25th Percentile	2.7	5.6	8.1	9.2	8.2	6.7	8.1	8.9	15.4
Median	2.2	4.5	6.8	8.5	7.6	6.1	5.7	8.0	13.2
75th Percentile	1.7	3.5	5.9	7.5	6.5	5.4	4.0	6.4	6.8
95th Percentile	0.6	2.1	1.5	4.8	3.7	3.8	1.2	4.2	-1.8
# of Portfolios	58	53	49	34	27	19	49	41	46
Fixed Income	2.1 (56)	2.5 (92)	7.4 (37)	7.2 (78)	6.8 (68)	5.7 (55)	7.6 (32)	7.0 (73)	4.6 (85)
Barclays Aggregate Bond Index	2.1 (57)	2.4 (94)	7.5 (36)	6.9 (88)	6.8 (68)	5.6 (55)	7.8 (29)	6.5 (75)	5.9 (78)

21

## Risk Profile

Benchmark: Barclays Aggregate Bond Index

Universe: Endowments - US FI Net



22

# TIPS

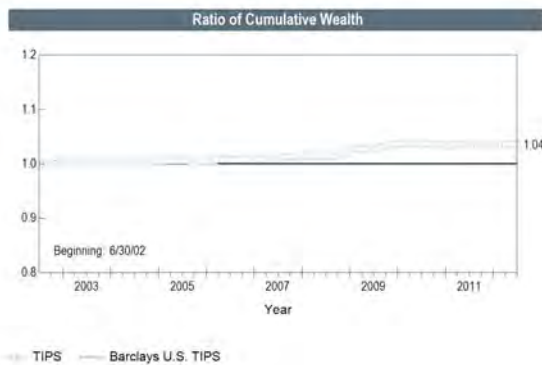
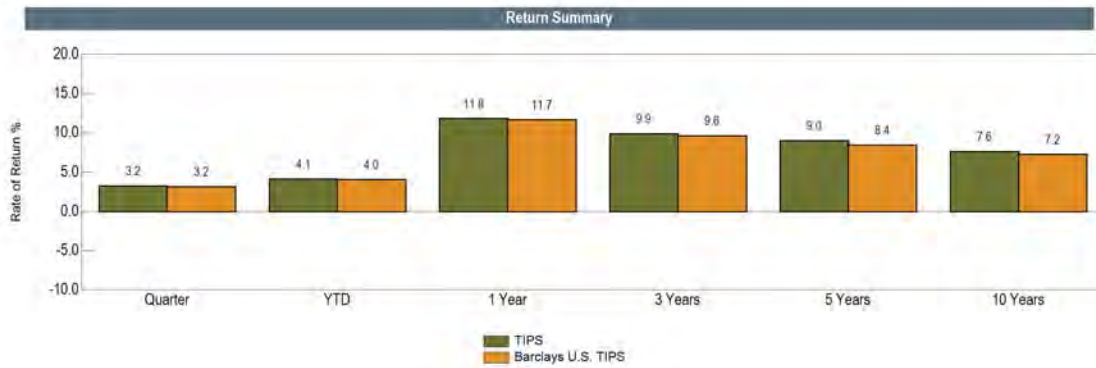
TIPS

As of June 30, 2012

\$87.4 Million and 11.3% of Fund

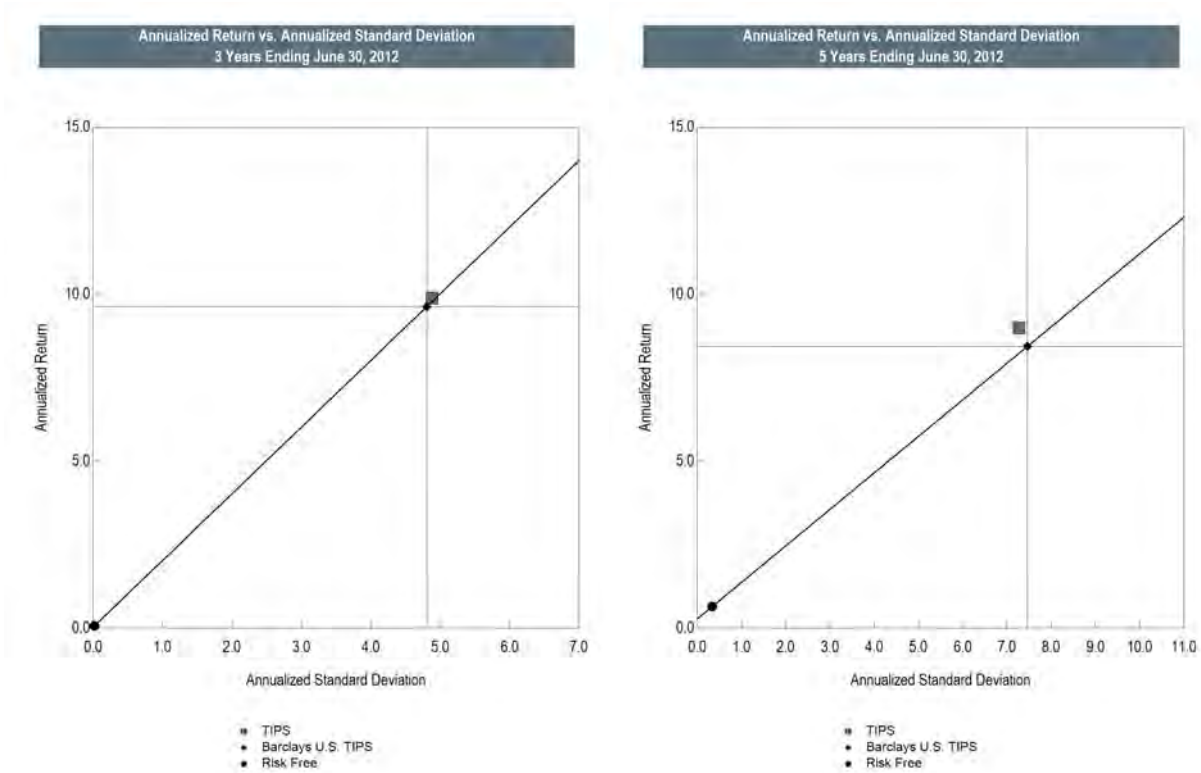
## Overview

Benchmark: Barclays U.S. TIPS



## Risk Profile

Benchmark: Barclays U.S. TIPS



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# Cash Equivalents

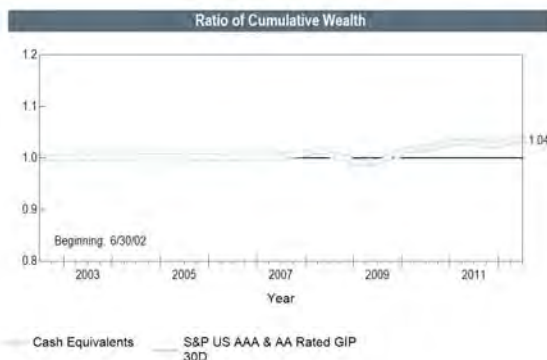
Cash Equivalents

As of June 30, 2012

\$7.7 Million and 1.0% of Fund

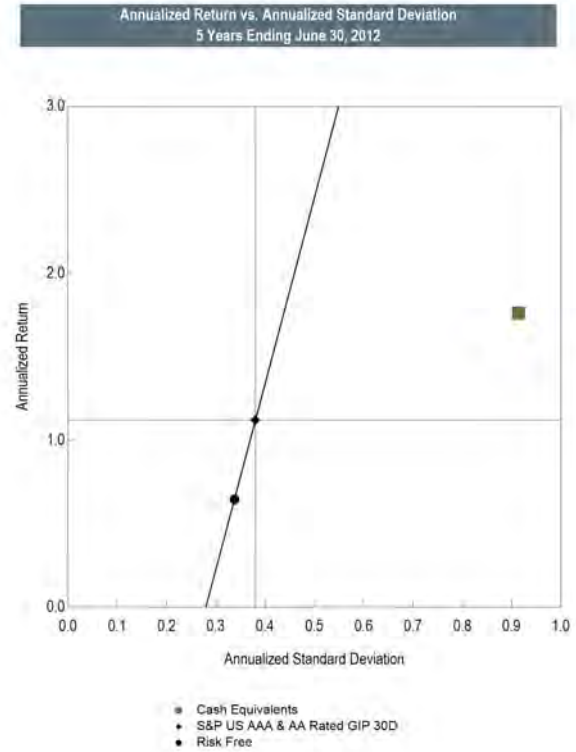
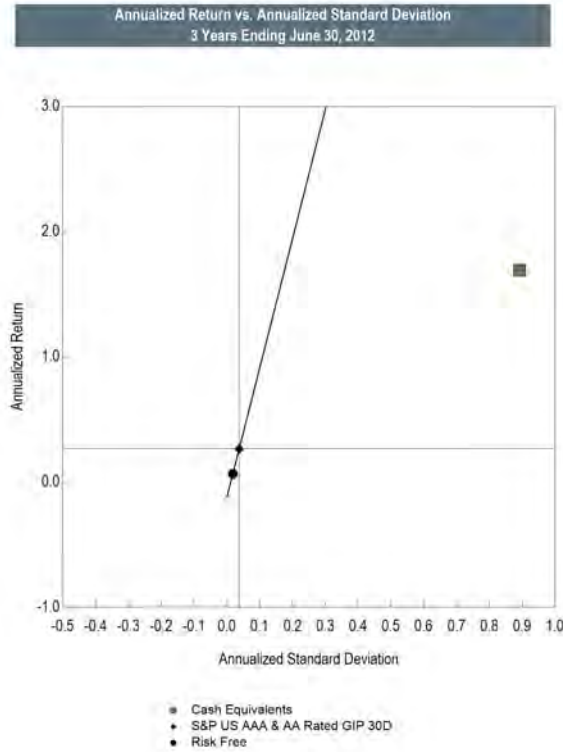
## Overview

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



## Risk Profile

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



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## Appendix

As of June 30, 2012

### Securities Lending

#### Lawton Chiles Endowment Fund

LOANS			
Lending Agent	Lendable Base	Market Value on Loan	% on Loan
Bank of New York Mellon	\$613,942,772	\$19,043,953	3.10%
Total Lawton Chiles Endowment Fund	\$613,942,772	\$19,043,953	3.10%
REINVESTMENT			
Lending Agent	Book Value	Market Value	Unrealized Gain/(Loss)
Bank of New York Mellon	\$20,212,497	\$20,207,321	(\$5,176)
Total Lawton Chiles Endowment Fund	\$20,212,497	\$20,207,321	(\$5,176)



## Market Returns

	Second Quarter	1-Year	Annualized Periods Ending 6/30/12			
			3-Year	5-Year	10-Year	15-Year
<b>Domestic Stock Indices:</b>						
Dow Jones US Total Stock Index	-3.1	4.0	16.9	0.6	6.1	5.3
S&P 500 Index	-2.8	5.4	16.4	0.2	5.3	4.8
Russell 3000 Index	-3.1	3.8	16.7	0.4	5.8	5.2
Russell 1000 Value Index	-2.2	3.0	15.8	-2.2	5.3	5.7
Russell 1000 Growth Index	-4.0	5.8	17.5	2.9	6.0	3.9
Russell MidCap Value Index	-3.3	-0.4	19.9	-0.1	8.2	8.5
Russell MidCap Growth Index	-5.6	-3.0	19.0	1.9	8.5	6.4
Russell 2000 Value Index	-3.0	-1.4	17.4	-1.0	6.5	7.6
Russell 2000 Growth Index	-3.9	-2.7	18.1	2.0	7.4	4.2
<b>Domestic Bond Indices:</b>						
Barclays Capital Aggregate Index	2.1	7.5	6.9	6.8	5.6	6.3
Barclays Capital Govt/Credit Index	2.6	8.8	7.3	6.9	5.8	6.4
Barclays Capital Long Govt/Credit Index	7.3	24.6	14.4	11.0	8.7	8.6
Barclays Capital 1-3 Year Govt/Credit Index	0.2	1.1	2.3	3.7	3.4	4.5
Barclays Capital U.S. MBS Index	1.1	5.0	5.4	6.7	5.4	6.1
Barclays Capital High Yield Index	1.8	7.3	16.3	8.4	10.2	7.0
Barclays Capital Universal Index	2.0	7.4	7.6	6.8	6.0	6.4
<b>Real Estate Indices:</b>						
NCREIF Property Index	2.7	12.0	8.8	2.5	8.3	9.4
NCREIF ODCE Index	2.3	11.3	7.4	-1.8	5.6	7.3
Dow Jones Real Estate Securities Index	3.7	12.8	33.5	1.8	10.3	9.5
FTSE NAREIT US Real Estate Index	4.0	12.5	32.4	2.6	10.3	9.5
<b>Foreign/Global Stock Indices:</b>						
MSCI All Country World Index	-5.6	-6.5	10.8	-2.7	5.7	3.8
MSCI All Country World IMI	-5.7	-6.9	11.3	-2.4	6.2	4.1
MSCI All Country World ex-U.S. Index	-7.6	-14.6	7.0	-4.6	6.7	3.7
MSCI All Country World ex-U.S. IMI	-7.8	-14.8	7.4	-4.5	7.2	3.8
MSCI All Country World ex-U.S. Small Cap Index	-8.9	-16.4	10.4	-3.7	10.1	5.3
MSCI EAFE Index	-7.1	-13.8	6.0	-6.1	5.1	2.9
MSCI EAFE IMI	-7.3	-14.0	6.3	-5.9	5.6	3.1
MSCI EAFE Index (in local currency)	-5.4	-8.6	4.4	-7.5	2.1	1.6
MSCI Emerging Markets IMI	-8.8	-16.3	10.0	0.0	14.1	4.5
<b>Foreign Bond Indices:</b>						
Citigroup World Gov't Bond Index	0.2	0.4	5.1	7.4	7.1	5.8
Citigroup Hedged World Gov't Bond Index	1.1	6.2	3.7	4.8	4.5	5.5
<b>Cash Equivalents:</b>						
Treasury Bills (30-Day)	0.0	0.0	0.1	0.6	1.4	2.4
Hewitt EnnisKnupp STIF Index	0.1	0.2	0.3	1.3	2.1	3.1
<b>Inflation Index:</b>						
Consumer Price Index	0.0	1.7	2.1	2.0	2.5	2.4

## Benchmark Descriptions

### LCEF Total Fund

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

### Total Domestic Equity

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

### Total Foreign Equity

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

### Total Fixed Income

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

### Total TIPS

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

### Total Cash Equivalents

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

## Universe Descriptions

### **LCEF Total Fund**

A universe comprised of 89 total endowment portfolio returns, net of fees, calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$200.2 billion as of quarter-end and the average market value was \$1.9 billion.

### **Total Domestic Equity**

A universe comprised of 61 total domestic equity portfolio returns, net of fees, of endowment plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$51.0 billion as of quarter-end and the average market value was \$525.9 million.

### **Total Foreign Equity**

A universe comprised of 57 total foreign equity portfolio returns, net of fees, of endowment plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$17.1 billion as of quarter-end and the average market value was \$196.7 million.

### **Total Fixed Income**

A universe comprised of 58 total fixed income portfolio returns, net of fees, of endowment plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$21.6 billion as of quarter-end and the average market value was \$253.8 million.

## Explanation of Exhibits

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

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

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

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