

MEETING OF THE STATE BOARD OF ADMINISTRATION

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

APRIL 27, 2010

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AGENDA

- ITEM 1.** Request approval of minutes of the March 4, 2010, and March 9, 2010, meetings.

(See Attachments 1 and 1-A)

ACTION REQUIRED

- ITEM 2.** 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 2)

ACTION REQUIRED

- ITEM 3.** Request approval of a draft letter to Joint Legislative Auditing Committee affirming that the SBA Trustees have "reviewed and approved the monthly [LGIP Management Summary] reports and actions taken, if any, to address any [material] impacts." (s. 218.409(6)(a)1., F.S.) During the first quarter of 2010, there were no material impacts. Copies of the January, February, and March 2010 reports are attached.

(See Attachments 3, 3-A, 3-B, & 3-C)

ACTION REQUIRED

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

Representing:

STATE BOARD OF ADMINISTRATION

FLORIDA HURRICANE CATASTROPHE FUND FINANCE CORPORATION

The above agencies came to be heard before
THE FLORIDA CABINET, Honorable Governor Crist presiding,
in the Cabinet Meeting Room, LL-03, The Capitol,
Tallahassee, Florida, on Thursday, March 4, 2010,
commencing at approximately 9:06 a.m.

Reported by:

MARY ALLEN NEEL
Registered Professional Reporter
Florida Professional Reporter
Notary Public

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APPEARANCES:

Representing the Florida Cabinet:

CHARLIE CRIST
Governor

BILL McCOLLUM
Attorney General

ALEX SINK
Chief Financial Officer

* * *

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P R O C E E D I N G S

(The agenda items commenced at 9:10 a.m.)

GOVERNOR CRIST: Ash Williams. Good morning, Ash.

MR. WILLIAMS: Good morning, Governor and Trustees.

Item 1, we would request approval of the minutes from the January 26 meeting.

GOVERNOR CRIST: Is there a motion to approve the minutes?

ATTORNEY GENERAL MCCOLLUM: So moved.

CFO SINK: Second.

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

MR. WILLIAMS: Thank you. We have a quite full agenda today that covers our normal quarterly format, and the primary activity we have will be to advance our effort on the asset-liability study that we've discussed before. We had a very full and productive meeting of the Investment Advisory Council yesterday, at which we undertook a lot of work on a number of the topics you're going to be hearing about today. Our plan is between now and our late May, early June meeting date to be determined, we will work with the IAC, with

1 EnnisKnupp and our other advisors, and come back
2 with some further specificity within the subjects
3 we're going to be discussing later this morning,
4 and hopefully bring you some things that have been
5 as recommendations that have been signed off by the
6 IAC.

7 Before we get under way this morning, I just
8 wanted to let you know that as of yesterday's
9 close, the FRS Trust Fund stands at \$113.4 billion.
10 Fiscal year-to-date, we're up 16.65 percent.
11 That's 67 basis points ahead of target.

12 So why don't we, with that, go ahead and move
13 to EnnisKnupp and talk about investment
14 performance.

15 Oh, and let me mention one other thing, if I
16 may, for the benefit of those who may be in the
17 audience. Items 6 and 7 relating to the Hurricane
18 Catastrophe Fund we have deferred to the -- we
19 would like to defer to the March 23 meeting, and
20 likewise, the Florida Hurricane Finance Corporation
21 Items 1 and 2 we would also like to defer.

22 GOVERNOR CRIST: Would you like a motion to
23 that effect now?

24 MR. WILLIAMS: Yes.

25 GOVERNOR CRIST: Is there a motion to that

1 effect?

2 CFO SINK: Yes, I move it.

3 ATTORNEY GENERAL McCOLLUM: Second.

4 GOVERNOR CRIST: Moved and seconded. Show
5 those items deferred without objection.

6 MR. WILLIAMS: Thank you. So why don't we
7 move on to the investment performance reports.

8 GOVERNOR CRIST: Good morning.

9 MR. CUMMINGS: Good morning, Governor and
10 Trustees.

11 GOVERNOR CRIST: How are you?

12 MR. CUMMINGS: My name is Steve Cummings. I'm
13 one of three representatives who'll be speaking
14 with you today from EnnisKnupp & Associates, and I
15 have the honor of handling the most routine of our
16 three presentations, which is an update on the
17 performance of the various portfolios under the
18 stewardship of the Florida State Board of
19 Administration.

20 The data in my report is as of 12/31 of 2009,
21 so it's slightly dated, but still fairly relevant.
22 And before I begin stepping through the slides,
23 which I will do in a fairly summary fashion, the
24 bottom line message for you today is that the
25 turbulent investment conditions that have been

1 present over the last 18 months have had their
2 impact on these portfolios. But I can tell you
3 that on an absolute basis, the year was a favorable
4 one for the FRS relative to its benchmark and
5 relative to its peer groups. So most of the news I
6 have to share with you today is favorable.

7 With that, let me flip forward to the second
8 slide. This is just a graphical representation of
9 the major capital markets' performance during 2009.
10 You'll notice the year began very precipitously
11 downward on most of the world's equity markets
12 represented here by non-U.S. markets in the dark
13 blue line and the U.S. stock market in the gray
14 line. But there was a very pronounced and rapid
15 recovery starting in late February, early March,
16 that continued throughout the year, with stocks
17 leading the way, and non-U.S. stocks in particular
18 having very, very strong performance.

19 As of the end of the year, the FRS had a
20 little over \$113 billion. And as is communicated
21 graphically here, all of the asset classes present
22 in the portfolio were within policy ranges. As a
23 reminder, the bars on the left-hand side for each
24 asset class represent the target as well as the
25 upper and lower rebalancing ranges for each of the

1 primary asset classes present in the portfolio.

2 The orangish bar shows where the allocations
3 actually were as of the end of the year. And what
4 we're looking for is orange bars that fall between
5 the upper and lower bars indicated on the left
6 graph. And as you cast your eye across the asset
7 classes, you'll see that the portfolio was fully in
8 compliance with all policy ranges.

9 Performance is represented graphically here
10 over several time periods ending December 31, 2009.
11 The FRS, the Florida Retirement System performance
12 is shown in the leftmost bar for each time period,
13 the olive green color. The performance benchmark
14 is the return that the portfolio would have earned
15 over these time periods had it been invested purely
16 in a passive fashion, if all the investments had
17 been invested in so-called index funds and
18 perfectly earned their benchmark return.

19 So when we see a difference between the green
20 bar and the orange bar, it's a result of the
21 actively managed components doing better or worse
22 than their respective benchmarks. And as you look
23 from left to right, you'll see that relative to the
24 performance benchmark, in every time period, the
25 FRS has performed better. And these are net of

1 expenses.

2 The third bar over each time period is the
3 absolute nominal target rate of return, which, as a
4 reminder, is the Consumer Price Index plus
5 5 percent per year. The idea there is that over
6 long period of times, we would like this portfolio
7 to not just beat the market benchmarks, but also
8 provide an above-inflation return.

9 Relative to that benchmark, the portfolio
10 performed handily during the quarter and the
11 one-year period, less well over the three, five,
12 and ten-year periods. This has been the case for
13 all institutional investors. Over those time
14 periods, it has been literally impossible to beat a
15 benchmark of CPI plus 5 percent.

16 So although that may look like bad news, if
17 you'll cast your eye to the following page, we've
18 represented that longest time period again,
19 repeated the last ten years, where you see the FRS
20 underperforming that absolute return. But if we go
21 even longer, 15 and 20 years, you'll see that the
22 story changes, and we have a more favorable result,
23 with the portfolio exceeding this long-term
24 investment objective.

25 Any questions on the performance of the FRS

1 over those time periods?

2 That is a graphic that just shows the pattern
3 of that outperformance, and it's a pattern that we
4 like to see, very stable value added relative to
5 the benchmark.

6 This chart is worth a comment or two. What we
7 do here is decompose the relative performance of
8 the FRS versus the benchmark into the various
9 components, the asset class components that make up
10 that relative performance. And here we're focusing
11 on the one-year and five-year periods ending
12 December 31st.

13 You'll notice that the primary contributors to
14 performance during 2009 were the fixed income
15 portfolio and the real estate portfolio. We all
16 know the real estate market has had a very
17 difficult time, and the portfolio here has held up
18 relatively well compared to a very depressed
19 market.

20 The fixed income portfolio is really a
21 reversal of the downdraft that the portfolio
22 incurred in 2008 and early 2009, so it's a very,
23 very strong rebound, which was very good to see
24 after the disappointing negative numbers I was
25 sharing with you about a year ago.

1 Over the five-year period, much more
2 stable-looking results, with all the asset classes
3 contributing nominally on a positive or negative
4 basis, real estate once again showing strong
5 leadership relative to its benchmark over the
6 five-year period.

7 CFO SINK: Steve -- Governor, is it all right
8 if I just comment?

9 GOVERNOR CRIST: Uh-huh.

10 CFO SINK: If I could comment about the real
11 estate results, because obviously, that's an asset
12 class that has gotten a lot of attention in our
13 particular fund. Why don't you just explain a
14 little bit more about what this 35 and 86 number
15 means?

16 MR. CUMMINGS: Well, the actual components of
17 the real estate program that contributed to that
18 five-year number, I may need to defer to Ash or
19 Kevin to go into detail. What we're looking at
20 there is the cumulative relative performance of
21 your real estate assets versus the benchmark. It
22 doesn't mean that there weren't some negative
23 numbers along the way and some positive numbers
24 along the way. So what we're looking at here is,
25 at a very macro level, how did real estate

1 contribute or detract to the total fund's
2 performance.

3 Now, there's two things that drive the
4 magnitude of those numbers. I mentioned the first
5 one just a moment ago, the relative performance of
6 that asset class relative to that asset class's
7 benchmark.

8 The other thing that contributes to the size
9 of those bars is the size of that portfolio in the
10 total fund. The larger the footprint the asset
11 class has in the total portfolio, the greater
12 impact that relative favorable or unfavorable
13 performance will have.

14 So real estate, as you may recall, is a
15 relatively small component of the total portfolio.
16 As of the end of the year, it was about 6 percent,
17 and that is not materially lower or higher than it
18 was over the five years trailing. So the
19 contribution is primarily a result of the size of
20 the relative performance.

21 I don't know if Ash or Kevin wanted to comment
22 on any underlying investments that were
23 particularly contributive to that positive
24 performance.

25 MR. WILLIAMS: I don't know that I would

1 single out individual investments, but I would say
2 that -- two points. First of all, I think it's
3 worthy of note that in the aggregate, the real
4 estate asset class has done well, net of at least
5 one project we're all very familiar with that we've
6 discussed at some length in these meetings
7 previously that went all the way to zero. And I
8 think that illustrates that one can have isolated
9 bad experience, but still have broadly good
10 experience in any portfolio that's properly
11 diversified and managed.

12 I would also add that probably a component of
13 the portfolio that has done very, very well
14 historically is what we call the stabilized
15 component of the portfolio, which are those
16 properties we own directly with little or no
17 leverage. They are rented up, but they are
18 essentially cash flowing assets.

19 We may very well be able to opportunistically
20 add to that component of the portfolio over the
21 next several years, and we think it may make sense
22 to do so, and that was one of the subjects that was
23 discussed at the IAC yesterday. We'll be hearing a
24 bit about possibly expanding our allocation in the
25 real estate area later this morning.

1 Thank you.

2 CFO SINK: Thank you.

3 MR. CUMMINGS: Turning now to peer group
4 comparisons, in a real sense, it's difficult to
5 find true peers to the FRS. Every fund has its own
6 circumstances, its own set of liabilities. And as
7 you're well aware, most of your peers do not enjoy
8 the healthy funded status that the FRS does.

9 But we nonetheless attempt to show you a
10 comparison of the results of the FRS to a peer
11 group. The one that we're using here today is a
12 subset of a universe that is referred to as the
13 Trust Universe Comparison Service or TUCS, T-U-C-S.
14 And in particular what we're looking at is the
15 largest ten defined benefit plans that are in that
16 universe.

17 The statistics are at the bottom of this slide
18 for that universe. It represents slightly less
19 than a trillion dollars in assets. The median fund
20 is a little under 100 billion, and the average is a
21 little under 100 billion. This is about as close
22 as we can get to peers in terms of a mandate in
23 size to the FRS.

24 These two pie charts compare the asset
25 allocation of the FRS to this Trust Universe

1 Comparison System top ten universe. There's a
2 couple of big differences that are worth noting.
3 The first is the difference in the allocation to
4 domestic U.S. equity. For FRS we're showing
5 38 percent, the olive green slice, whereas this top
6 ten peer group has only 25 percent in domestic
7 equity. The offsetting underweights in the FRS
8 program relative to the Trust Universe Comparison
9 peer group are on the kind of upper left-hand
10 quadrant. They are fixed income a little bit, but
11 most pronounced are real estate and private equity.
12 The alternatives slice of the Trust Universe
13 Comparison System is where private equity, hedge
14 funds, hedge fund of funds are.

15 So those are the primary differences between
16 FRS and its other peers, and the differences drive
17 the differences in performance that we see on the
18 following slide. You'll notice here that compared
19 to that peer group -- oh, I should add that these
20 numbers are slightly different than the ones we saw
21 earlier. We've added back expenses, because the
22 data that comes to us from TUCS is gross of fees.
23 So to make sure we have an apples-to-apples
24 comparison, we put the fees back into the FRS
25 results.

1 Over the quarter of the year, strong results
2 relative to the peers, and still strong, still
3 positive, but less strongly positive relative to
4 peers for the three and five-year, and then
5 slightly under that peer median for the ten years.

6 What's really driving these results is that
7 domestic equity allocation. When the domestic
8 equity market roared back as it did so strongly in
9 2009, that lifted these results relative to peers,
10 whereas over longer periods of time, the higher
11 allocation to non-U.S. equity and to alternatives
12 has buoyed the peer movement slightly.

13 This final chart on the FRS simply gives you
14 the same information graphically. These gray bands
15 represent the low, medium, and high of that
16 universe of top ten plans for the various time
17 period. You'll notice for the three, five, and
18 ten-year, you really have to get your magnifying
19 glass out to make out the differences here, that
20 the returns are very tightly clustered together.
21 You can get an idea of the volatility we've seen in
22 the markets over the last year by the pronounced
23 expansion in that bar for the one-year period
24 ending 12/31/09, with the FRS showing up as the top
25 ranked fund in that universe, the first percentile.

1 Any questions on the FRS before I move on to
2 the other portfolios?

3 All right. I have a few slides on the
4 investment plan. As you may recall, when we look
5 at the performance of the participant-directed
6 plan, we do it in a couple of ways. The first is
7 to compare the aggregate returns, which are shown
8 in the top row here of 18.4 percent, a loss of .7,
9 and 3.4, to a proxy we've created for a typical
10 defined contribution plan out there in the United
11 States.

12 Relative to -- and that's the second row
13 there. Relative to that proxy for other
14 participant-directed plans, performance was weak
15 during the year, stronger during the three and five
16 years. The primary driver of that is that in the
17 average defined contribution plan is a sizable
18 allocation to company stock. There's a lot of
19 corporate 401(k) plans in there. What we use as a
20 proxy for the company stock component of those
21 plans is the U.S. stock market. So the allocation
22 of that average defined contribution plan to U.S.
23 stocks was -- I think it's literally double what we
24 see in the FRS plan. And with the strong rebound
25 in the U.S. market, that's really driving that

1 number more than anything else.

2 So I point that out not necessarily because
3 it's a fair benchmark for the plan, but it's
4 illustrative of the differences between your
5 participants' aggregate asset allocation and those
6 of corporate American participants.

7 The more meaningful benchmark is the one
8 represented in the bottom two rows. What we've
9 done here is aggregate up the benchmarks for each
10 of the underlying components of the investment plan
11 to give you a total apples-to-apples comparison for
12 that top row. And we see here that for the one,
13 three, and five-year period, the investment plan
14 has outperformed its benchmark by a significant
15 margin.

16 I spent a fair amount of time talking about
17 expenses during our last time together. I want to
18 remind you that this is a highly efficient
19 investment program relative to other large defined
20 contribution plans shown on the top panel.
21 Twenty-four basis points is less than 30 basis
22 points, and a dollar saved in fees spends just as
23 well as a dollar earned in return. The lower panel
24 shows you what corporate America and public fund
25 America is paying for their participant-directed

1 plans, and again, the FRS compares quite favorably
2 in terms of expenses.

3 This table shows you fund by fund how those
4 expenses stack up, and I won't belabor it other
5 than to tell you that in every case, the investment
6 options of the FRS are below those found in the
7 mutual fund industry and by, in most cases, a very
8 substantial margin, a very cost-efficient program.

9 Two final slides. It's good to see that the
10 dollars have rebounded, and we are now a little
11 under \$5 billion here as of the end of the year,
12 and we are at an all-time high in terms of
13 participation in the plan.

14 Any other questions on the
15 participant-directed plan?

16 All right. I have a few slides on the PRIME
17 Fund. The first is the performance. Again, for
18 all periods ending December 31, 2009, good news.
19 The portfolio has outperformed the benchmark over
20 all periods.

21 As you know, this fund, this program often has
22 the look and feel of a checking account. You'll
23 see that the opening balance as of October 1st was
24 a little under 5 1/2 million. There was inflows of
25 over 5 and outflows of about 4, leaving the ending

1 balancing at about 6 1/2. So there's quite a bit
2 of cash inflow and outflow, which is why this
3 program is invested so conservatively and with such
4 a short duration.

5 As indicated here on the next slide, we see
6 that over 90 percent of this portfolio is invested
7 in investments that have maturities of 90 days or
8 less, the first three rows in the top panel, and
9 over 70 percent is in the highest credit quality
10 rating that Standard & Poor's creates.

11 Fund B. The primary way we've been
12 score-keeping the performance of Fund B is how much
13 of it has returned, and as of the end of the year,
14 it's a little over 75 percent. I apologize for the
15 size of the font here, but the bottom row shows --
16 the bottom row, rightmost number, a little over
17 75 percent of the original principal has returned.

18 I couldn't find it in the minutes before
19 coming before you, but I believe there was a very
20 sizable distribution in January. I believe it was
21 over \$30 million, which is raising that number to
22 about 76 or 77 percent of principal returned.

23 Any questions on either the PRIME or the
24 Fund B?

25 All right. Then my last portfolio is the

1 Florida Hurricane Catastrophe Fund. Total value of
2 a little over \$8 billion as of December 31st. The
3 performance here is positive relative to the
4 benchmark for the quarter and the year and ten-year
5 period, and then under performance for the three
6 and five-year.

7 I spent a fair amount of time talking about
8 this last time we were together. There are two
9 important changes that are embedded in this time
10 series. The first is, we began using a
11 marked-to-market performance calculation for the
12 Cat Fund as of the first quarter of 2008.
13 Previously it had been a book value computation, so
14 any unrealized losses would not be reflected in the
15 performance. Given the volatility in the fixed
16 income market, we made collectively with staff the
17 decision that we should really start pricing this
18 portfolio and marking it to market.

19 The timing of that was, as you might recall,
20 inauspicious. When we began marking to market
21 short-term fixed income investments in early 2008,
22 there was a significant downdraft in those
23 valuations. A lot of those investments have
24 subsequently bounced back, so the large relative
25 performance that we're seeing during the quarter

1 and one-year period is not an indication of
2 aggressive risk-taking in this portfolio or
3 outsized bets. It's simply a function of those
4 marks that were made downward in valuation starting
5 to recover back towards their par value, and in
6 many cases, paying off their principal.

7 CFO SINK: I have a question about this. This
8 might go to you, Kevin.

9 Because of the unique nature of this money
10 that we have to manage, because obviously we have
11 to count on having liquidity during -- at some
12 point in time -- well, I started to say during
13 hurricane season, but that's not exactly right,
14 because by the time the -- the way the process
15 works, by the time the claims get filed and the
16 insurance companies handle them, there's really a
17 lag effect.

18 So is there an oppor -- I know you all have
19 thought about this, because when you look at this
20 return for the quarter, 0.2 percent, obviously,
21 it's better than the 0.1 percent that everybody
22 else is making, but it's kind of pitiful. Is there
23 a way to develop a strategy to enable us to go
24 longer out on the yield scale rather than just stay
25 so, you know, short in the 30 day or less range.

1 MR. SIGRIST: There is in fact flexibility
2 under the existing guidelines, which were just
3 changed. We went to the Investment Advisory
4 Council in the December meeting and then amended
5 the guidelines shortly thereafter.

6 There is flexibility under the new guidelines
7 to go a little bit longer. But we revisited the
8 risk tolerance of the Cat Fund with Jack Nicholson
9 and Raymond James as to what's the fundamental
10 purpose of having these assets held in trust, and
11 it's to be able to make the reimbursements, as you
12 well know.

13 We went through Jack to understand what are
14 the requirements in the case of a severe storm, how
15 quickly and how much money needs to be generated.
16 So in fact, we looked at on a month-by-month basis
17 actuarial projections as to how much liquidity
18 needed to be provided.

19 So a big change in the guidelines was to
20 require at least 50 percent of the assets to be
21 invested in governmental securities and treasuries
22 and agencies and so on so that there is always
23 liquidity.

24 But we also shortened the amount of interest
25 rate risk, curtailed the amount of interest rate

1 risk that's permissible within the guidelines,
2 while still trying to balance the objective to have
3 a competitive return over time and to give the
4 portfolio managers some flexibility to go a little
5 bit longer perhaps in the off-season. And they're
6 able to do that not with commercial paper or
7 corporate bonds, but with Treasuries, so they're
8 still very liquid.

9 But over time, I think you'll see that, given
10 the refocused emphasis on preservation of principal
11 and liquidity, that there will be some minimal
12 sacrifice of yield. So I think that's the way we
13 viewed it, and that's the way the Investment
14 Advisory Council viewed it as well.

15 CFO SINK: Okay. Could I just ask -- would it
16 be all right if I ask John Forney to speak to this?
17 John is still the independent financial advisor for
18 the Cat Fund; correct?

19 John, would you just mind making a comment
20 from the perspective of the independent advisor or
21 the way that the funds are managed? I know you're
22 not prepared to do this this morning, except that
23 you're going back to get your papers.

24 MR. FORNEY: Thank you, CFO Sink. For the
25 record, my name is John Forney. I work for Raymond

1 James, and we are the financial advisors to the Cat
2 Fund.

3 I agree with what Kevin said. We looked at
4 the tolerances of the Cat Fund, and the key driver
5 really was the actuarial estimates of how quickly
6 moneys would be paid out, and it really drove our
7 policy to try to balance liquidity with risk. And
8 we're in a period right now where short-term rates
9 are very low, so the risks are -- excuse me, the
10 yields are very low. But we think the policy over
11 time is one that has balanced well.

12 CFO SINK: Okay. Thank you.

13 MR. CUMMINGS: And I believe I have one slide
14 left, which is the relative performance for the CAT
15 2007A Fund, which, as was the case for the previous
16 fund, shows relative performance of a very positive
17 nature for the quarter and one-year period.

18 That concludes my prepared comments. I would
19 just close, as I opened, with the observation that
20 although it has been a very turbulent time, I have
21 to tell you that I find myself standing in front of
22 many similar organizations -- we have the pleasure
23 of serving other state retirement systems. But I
24 can tell that I've had no other presentations that
25 I've made over the last weeks that have such

1 favorable results relative to benchmarks and peers.
2 So congratulations on having weathered not only the
3 downdraft, but the upswing, in a favorable fashion.

4 I'll be happy to take any additional questions
5 you might have before surrendering the microphone.

6 GOVERNOR CRIST: Yes, I just have a couple.
7 It really pertains to your last comment, I guess
8 sort of peer review. What other states do you work
9 with?

10 MR. CUMMINGS: Well, we serve Colorado Public
11 Employees Retirement Association, the Maine State
12 Retirement System, or Maine -- they've changed
13 their name to Maine Public Employees Retirement
14 System.

15 GOVERNOR CRIST: I'm sorry. I can't hear what
16 states you're saying.

17 MR. CUMMINGS: I'm sorry. I'll get a little
18 closer to the mike.

19 GOVERNOR CRIST: That's okay. It's my fault,
20 not yours.

21 MR. CUMMINGS: Colorado Public Employees, the
22 State of Maine Public Employees, the Maryland
23 Public Employees, Texas Teachers Retirement System,
24 the State of Nebraska. It's called the Nebraska
25 Investment Council.

1 Mike, help me out. Who am I --

2 MR. SEBASTIAN: State of Wisconsin.

3 MR. CUMMINGS: State of Wisconsin, the State
4 of Wisconsin Investment Board, which is their state
5 retirement system. Who am I forgetting?

6 Oh, we do the participant-directed plan of
7 federal employees. It's called the Thrift Savings
8 Plan. It's actually our largest client by assets,
9 but it's a purely passive investment program for
10 participant-directed investments of the federal
11 government employees.

12 GOVERNOR CRIST: Sounds like the only other
13 mega-state, unless I missed one, is Texas.

14 MR. CUMMINGS: Yes. We do a fair amount of
15 project-only work for CalPERS and CalSTRS, but we
16 do not serve either of those funds as their general
17 or policy consultant. We do mostly fiduciary
18 governance work for those two institutions.

19 GOVERNOR CRIST: If I counted right, it's one,
20 two, three, four, five, six, seven states you're
21 involved with in one form or another.

22 MR. CUMMINGS: And I know I'm forgetting one
23 or two.

24 GOVERNOR CRIST: That's okay. It's not a pop
25 quiz or anything. I'm just trying to get a sense

1 of things.

2 And going back to your comment just a few
3 minutes ago, then, you said that this is the best
4 report you've been privileged to give?

5 MR. CUMMINGS: As of this speaking, it is,
6 relative -- over the various time periods and
7 relative to both benchmarks and peers.

8 GOVERNOR CRIST: What do you attribute that
9 to?

10 MR. CUMMINGS: Well, I attribute it to a
11 couple of things. I think --

12 GOVERNOR CRIST: I'm sure your good work is a
13 significant factor contributing to that. What is
14 it? Strength through knowing?

15 MR. CUMMINGS: Strength from knowing. Thank
16 you very much.

17 GOVERNOR CRIST: I like it. It's relevant.

18 MR. CUMMINGS: I would attribute it to a few
19 things.

20 GOVERNOR CRIST: Knowledge is good.

21 MR. CUMMINGS: Had you asked the same question
22 of me before the market downdraft and recovery, the
23 results were probably not as positive for the FRS
24 than they were for these other investment programs,
25 for the same reasons that they are positive today,

1 and that is, this portfolio's, relative to its
2 peers, relative overemphasis of publicly traded
3 U.S. equities and relative underemphasis of
4 so-called alternative investments. That has been
5 the primary driver of the results being so
6 favorable for this portfolio during the time period
7 ending 12/31/09.

8 If we rolled the clock back two and a half
9 years, you would still see good results here, but
10 probably not the most favorable of the public funds
11 that we see because of those differences.

12 GOVERNOR CRIST: What would be some examples
13 of the alternative investment category?

14 MR. CUMMINGS: The most pronounced difference
15 between the FRS and the other large public
16 retirement systems is the allocation to private
17 equity.

18 GOVERNOR CRIST: No, I think you misheard me.
19 I think you said that the same reason that we
20 weren't doing well before and that we are doing
21 well now is the domestic investment.

22 MR. CUMMINGS: That would be the largest
23 contributor.

24 GOVERNOR CRIST: As opposed to the alternative
25 investment that others might make.

1 MR. CUMMINGS: Correct.

2 GOVERNOR CRIST: What would examples of
3 alternative investments be?

4 MR. CUMMINGS: Private equity.

5 GOVERNOR CRIST: Oh, I'm sorry. Okay.

6 MR. CUMMINGS: Hedge funds.

7 GOVERNOR CRIST: Yes, sir.

8 MR. CUMMINGS: There are a fair number of
9 public retirement systems that have been making
10 infrastructure investments, which some categorize
11 as real estate investments, some categorize as
12 private equity, and some categorize as so-called
13 alternatives. Those would be the primary.

14 There's a few, but only a few, that are
15 investing in commodities, which would also fall
16 into the alternatives category. But the primary
17 components would be private equity and hedge funds.

18 GOVERNOR CRIST: So of all the other states
19 that you've involved in, to your knowledge, at this
20 speaking, is Florida doing the best?

21 MR. CUMMINGS: Relative to your benchmarks, I
22 believe I can say yes.

23 GOVERNOR CRIST: Well, when you know you can
24 say yes, let me know, will you?

25 MR. CUMMINGS: I will.

1 GOVERNOR CRIST: Thank you, sir.

2 MR. CUMMINGS: Thank you. Are there any other
3 questions?

4 CFO SINK: Governor, let me just add something
5 else along the lines of your questioning. When you
6 think back on history, it's that sometimes it's
7 better to be lucky than good.

8 GOVERNOR CRIST: I'll take both. Good and
9 lucky is great.

10 CFO SINK: Because, of course, Florida was
11 somewhat criticized probably for not being more
12 aggressive in this alternative asset class. That's
13 how Harvard and Yale and a lot of the big pension
14 funds were really returning these enormous
15 double-digit increases, and, of course, we've seen
16 what happened with them. They kind of crashed. So
17 in this case, being late in the game has certainly
18 paid off for us.

19 But we ought to remember also that one of the
20 first meetings that we all had when we came into
21 office three years ago was that our equity asset
22 allocations had gotten really far too high. We
23 were probably well north of 80 percent, I think.
24 Ash, you weren't here, but Kevin was.

25 And we did one of these asset allocation

1 studies that we're getting ready to do another one
2 of now, and we as a board did make a decision to
3 scale back our exposure to the overall equity
4 class, which proved again that -- that ended up
5 being a very wise and fortuitous decision. We
6 would have been in a much more serious situation
7 had we not made that enormous effort to reduce the
8 amount of equity exposure that we had.

9 MR. CUMMINGS: Absolutely. And that is a
10 topic for presentations later today. And one of
11 the slides that you'll see shortly is, the asset
12 allocation of the FRS has changed quite a bit over
13 the years, for a number of reasons. Legislative
14 changes to permissible caps have changed, the
15 market environment has changed, and decisions the
16 Trustees have made based on analysis and studies
17 have changed.

18 One of the topics that we spent a fair amount
19 of time yesterday at the IAC meeting on was that
20 with volatility and uncertainty also comes
21 opportunity. And this could be a very fortuitous
22 time for patient, long-term, large investors such
23 as the FRS.

24 Any other questions for me? Well, thank you
25 again for your attention. It was a pleasure to be

1 with you.

2 MR. WILLIAMS: Thank you, Steve. Why don't we
3 move ahead with standing reports if we could,
4 please, starting with our Audit Committee chair,
5 Mr. Bill Sweeney.

6 MR. SWEENEY: Good morning. I have a brief
7 report and a small presentation that I'm going to
8 ask Kevin SigRist to make.

9 The first item on our agenda is a report that
10 we have now hired an outside auditor for
11 direct-owned real estates investments.

12 CFO SINK: Bill, be sure you speak up.

13 MR. SWEENEY: I'm sorry.

14 CFO SINK: Governor, let's ask our staff -- I
15 had a problem at the Cabinet meeting the last time.
16 Something is wrong with the mike system.

17 GOVERNOR CRIST: Is there a way to turn up the
18 volume a little bit on the podium mike?

19 MS. GOODSON: I just did.

20 GOVERNOR CRIST: I think ours are pretty good.

21 CFO SINK: We had this problem with the
22 Cabinet, I think, Governor, at the last meeting.

23 GOVERNOR CRIST: We did, yes, ma'am.

24 CFO SINK: So speak up, Bill.

25 MR. SWEENEY: Some say I'm too loud.

1 GOVERNOR CRIST: We're not them.

2 MR. SWEENEY: Ernst & Young has been -- we've
3 negotiated and selected them through a competitive
4 selection process to do the real estate.

5 The audit of our financial statements that was
6 approved in your last meeting, we've issued an RFQ.
7 The responses are due tomorrow. We hope that we
8 will have someone selected in early April.

9 The follow-up on our audit recommendations, we
10 have -- this has been a continuing process and
11 something that has taken up a lot of our time as a
12 committee, and these are the recommendations that
13 have evolved from various audit reports over the
14 years. Some of them were as long as five years
15 ago, so we've been trying to whittle these down.

16 And part of the process is that there is an
17 audit recommendation, the board responds and tries
18 to comply with it, and then the internal auditor
19 verifies that compliance. So we're a little bit
20 behind in the verification, so we're going to hire
21 an outside auditor to try to trim this. We're
22 trying to get from 131 outstanding recommendations
23 as of the beginning of this calendar year to less
24 than 28 by June.

25 The last item on our agenda is something that

1 I have brought up several times, and it has to do
2 with the liquidity requirement, and I thought the
3 trustees should have some idea of how this is being
4 addressed.

5 Now, the context in which I'm talking about
6 liquidity for the fund is, if you look at an
7 immature fund, which we were for many years, the
8 contributions into the fund less the payouts, we
9 had a net amount of money always going into the
10 fund, so we were quite liquid. We didn't have to
11 worry about liquidity.

12 In recent times, now we have to make up some
13 of the payouts to beneficiaries by drawing down the
14 fund, because the contributions that we receive
15 annually are not sufficient to pay the
16 beneficiaries, and that happens as a fund matures.

17 So the importance of this particular liquidity
18 thing is that when you get in and you need to know
19 what your obligations are, which we can work with
20 the actuaries and find out what our fixed
21 obligations are, we can handle some of that from
22 cash flow.

23 But to the extent that you need to liquidate
24 your investments, you don't want to be assuming
25 that it's always a good market. So you have to

1 make some strategy decisions and have -- actually,
2 it's more of a prophylactic move to try to save the
3 value of your portfolio. When you have a down
4 market like last March, you wouldn't want to be
5 selling stocks, because that locks in the loss, and
6 so you need to adopt some other strategies.

7 And one strategy might be that to the extent
8 that we know -- and we do know what our cash outlay
9 commitments are to the beneficiaries -- that you
10 might adopt a plan where you would just isolate a
11 certain amount of cash and sink out those things so
12 that you would not be calling upon your portfolio
13 to pass that -- that normally in a positive shaped
14 yield curve might lead to diminished returns, and
15 particularly with the yield curve that we have
16 today.

17 So this is a developing strategy. I would
18 like to have Kevin just give you a brief overview
19 of where we've been to date, because we're new in
20 this, and then I think later in the agenda there
21 are outside consultants that are going to propose
22 even different strategies. But I think it's a very
23 important strategy for you to be aware of and to
24 see how it's addressed by the managers.

25 Are there any questions?

1 CFO SINK: Kevin is going to speak to us about
2 this?

3 MR. SIGRIST: I've just got a couple of quick
4 slides. This is a very important issue. As
5 pension funds and endowments came through the last
6 downdraft in the financial markets, they found that
7 they had entered into legal commitments to fund
8 private equity investments and other types of
9 investments, and they found that they had to make
10 regular payments to their beneficiaries or to, say,
11 the university which the endowment has been set up
12 to support, and found that liquidity, which is
13 literally just having cash in hand to meet your
14 obligations, was not readily available.

15 So let me just talk very briefly to give you a
16 big-picture sense of what the pension plan faces in
17 terms of its liquidity requirements.

18 This table show both the sources of cash or
19 liquidity as well as the uses. The uses are fairly
20 straightforward from the standpoint that the trust
21 fund is there to make payments to beneficiaries,
22 retirees and members.

23 We also have transfers between the defined
24 benefit program and the defined contribution
25 program as participants move between the plans,

1 principally leaving defined benefit to go to
2 defined contribution. Those occur on a monthly
3 basis. There's a fair degree of regularity to the
4 size of those, although DROP payments happen in a
5 much more lumpy fashion throughout the year.
6 Private market capital calls are those related to
7 private equity predominantly, but also to a certain
8 extent in the asset class we call strategic
9 investments.

10 And we have to rebalance periodically as the
11 markets go up and down and the bond market does not
12 closely track the stock market and we get
13 underweight stocks or we get overweight stocks and
14 we have to move moneys to maintain the overall risk
15 position of the trust fund. We pay expenses,
16 right, to invest the moneys, to pay for staff and
17 overhead.

18 The sources are regular employer contribution
19 that come in monthly. We do get distributions back
20 from our private market investments. We collect
21 dividends and interest on the investments we have,
22 whether it's bonds or stocks. And then we have
23 actual maturities of investments within the fixed
24 income asset classes, and we sell securities
25 periodically to raise cash particularly for

1 rebalancing.

2 How do I move forward?

3 MS. GOODSON: Left.

4 MR. SIGRIST: Left button. Thank you.

5 To give you a picture of where we were last
6 fiscal year in terms of what I'm calling our
7 external liquidity profile, so this is literally
8 money coming into the trust fund and money leaving
9 the trust fund, we had \$6.2 billion of payments to
10 beneficiaries. We had about -- just under a
11 billion dollars of moneys that went out to meet our
12 contractual capital calls for private market
13 investments. Expenses are shown in row 3. And
14 then employer contributions were \$2.9 billion.

15 So what the chair of the Audit Committee was
16 referring to specifically is, if you compare row 1
17 to row 5, the payments to beneficiaries are
18 substantially in excess of what we get in the form
19 of employer contributions. This in fact has been
20 the case for about a decade.

21 So one of the benefits of being fully fund,
22 which happened around 1998, was that contribution
23 rates started to decline. The benefit payments did
24 not. In fact, the benefit payments grew over time
25 due to retirements. And so at this juncture,

1 having been fully funded for roughly a decade, we
2 have payments which are a little bit more than
3 double the employer contributions.

4 On the other hand, we do in fact have
5 substantial collections of dividends and interest
6 on our actual investments, so we do see \$3.7
7 billion of moneys coming in the door on a monthly
8 and quarterly basis and so on. So net of both the
9 demands and the needs of actual cash in hand to
10 meet our obligations, we're roughly in balance.

11 In terms of the way we actually manage
12 liquidity, later this morning EnnisKnupp is going
13 to talk about the long-range planning portion,
14 which is the asset-liability studies. And we
15 actually update this on an annual basis. We do not
16 go all the way through, though, to look at the
17 actual allocation by asset class on an annual
18 basis. That happens about every three to five
19 years.

20 But we do these multi-year projections of
21 benefit payments and contributions to ensure that
22 we're paying attention to the fact that the fund
23 does mature over time, particularly given that
24 about 20 to 25 percent of new hires go into the
25 defined contribution plan rather than the defined

1 benefit. So over time, that causes the defined
2 benefit plan to mature.

3 In that asset-liability study, the consulting
4 actuary will show you some figures which relate to
5 both retiree payments, contributions, available
6 liquid assets, and then look at some scenario
7 analysis should current law, current administration
8 change. There have been bills filed in both
9 chambers of the Legislature that will close the
10 defined benefit program to new hires. That over
11 time could have a very significant impact on how we
12 run the defined benefit program, both from an
13 investment perspective, but also in terms of
14 planning to ensure that we have sufficient moneys
15 in hand to pay our benefits.

16 On a day-to-day basis, what we do is, one of
17 the key risks we manage is, we can't allow our
18 asset allocation to drift too far away from the
19 long-term policy allocations that the Trustees
20 approve, because that's what will allow us to have
21 sufficient moneys over time to pay the benefits.
22 So we monitor that on a day-to-day basis, and as we
23 get overweight, say, in bonds, we'll sell bonds,
24 get the cash and allocate it to the underweight
25 asset classes, such as equities, which is what

1 happened in '08 and '09.

2 A challenge that we have is that the timing
3 and the amount of income that comes in does not
4 coincide with the need to make monthly payments out
5 to beneficiaries or even to effect rebalancings.
6 So what we do is, on a monthly basis, we manage and
7 plan out three to four months what we're going to
8 be getting from employers in the form of
9 contributions, what we need to send out in the form
10 of benefit payments, which would include DROP
11 payments, so that does spike in the middle of the
12 year and around the turn of the calendar year, and
13 we look at the asset classes that are overweight
14 relative to the long-term policy allocation.

15 So when bonds were overweight because the
16 stock market had fallen so precipitously in late
17 '08, early '09, we looked to our fixed income
18 portfolios and raised moneys there. We did that in
19 a fashion that we believe was quite prudent, in the
20 sense that we set out a schedule to raise moneys,
21 500 million to a billion dollars, over a monthly
22 period from fixed income.

23 It was very difficult for fixed income to sell
24 their securities at good prices, and so we gave
25 them more time than we would normally provide so

1 that they could go to their individual managers and
2 the managers could look at individual securities
3 and sell the ones that were most appropriate for
4 the circumstances.

5 And ultimately, we raised moneys, held excess
6 cash for a period of time because we were in
7 abeyance on our rebalancing rules, to ensure that
8 we could meet any kind of requirements that were
9 coming in the form of benefit payments, which we
10 would never, ever want to miss, as well as any
11 capital calls.

12 And ultimately, then as we built up excess
13 cash, we moved some of that to the equity market.
14 It turned out to be very good timing, probably more
15 luck than anything, but in the sense that in
16 January and February and March, as the stock market
17 was near its low, we had in fact in an orderly
18 fashion built up some excess cash so that we could
19 meet our liquidity demands, and we moved some of
20 the excess over to the stock market. And then the
21 stock market turned up in early March and since has
22 been quite strong.

23 We have in fact looked at a number of
24 different alternatives, as the chair of the Audit
25 Committee indicated, in terms of how we might

1 manage this differently. And we have done this
2 with each asset allocation study and each
3 asset-liability study that we've conducted since
4 I've been involved going back to the mid-'90s.

5 And what you'll see is, we could in fact hold
6 more cash. There's a cost to that, in the sense
7 that cash is the lowest yielding asset class, and
8 when you have a long-term pension plan, you need to
9 consider a 15-year or a 30-year horizon. So if
10 you're giving up some yield or interest, that's
11 relevant. It can affect your funded status over
12 time.

13 We've looked at other approaches, kind of a
14 laddered bond portfolio, where we would buy bonds
15 that would mature in an amount sufficient to make
16 benefit payments at a very specific point in time
17 and keep that as an evergreen portfolio over time.
18 We've not found that to be appealing given to the
19 alternatives.

20 But with that, let me stop, because I think
21 the meat of the long-term planning will be taken up
22 by the actuary, unless there's questions.

23 ATTORNEY GENERAL McCOLLUM: Could I ask a
24 question?

25 GOVERNOR CRIST: Of course.

1 ATTORNEY GENERAL McCOLLUM: Kevin, in terms of
2 just thinking grossly about this overall viewpoint
3 of the funds in the defined benefit plan,
4 contributions, since we're a mature fund, as you've
5 indicated and Bill has, are now less than
6 sufficient to meet the payments. And the question
7 I have pertains to the earnings or the return on
8 the overall fund over a period of time.

9 It looks like from what you're presenting, the
10 objective is sort of being met to have the
11 contributions that are coming in plus the net
12 earnings over time make those payments. Is there a
13 projection that you or others have as to whether or
14 not 25, 50 years from now we're likely to be
15 drawing down on the corpus of the contributions
16 that have already been put aside?

17 In other words, there was a time, I'm sure,
18 until we reached this point where we were mature,
19 where there was a buildup of our funds, which is
20 why we have the base, if you will, to make
21 investments and have earnings. And that base, I
22 gather, is pretty stable right now. It can go up
23 and down, obviously, with the market and
24 investments and so on. But is there a projection
25 in a mature fund like this where we're likely to

1 see us digging into that corpus, if you will, that
2 pool of base contributions that have been sitting
3 there and gradually eroding them over a period of
4 decades?

5 MR. SIGRIST: In fact, that's part of what the
6 actuarial analysis does. You'll see a nearer term
7 picture of that under a couple different scenarios,
8 a 15-year look under current law, current
9 administration, and then a look over 15 years if
10 the defined benefit program were closed to new
11 hires.

12 So that's what the actuary does in the
13 actuarial liability study. The plan actuary, which
14 is not affiliated with the SBA -- they're
15 affiliated with the Department of Management
16 Services, Millaman -- they also look at it over
17 very long periods of time.

18 But you're exactly correct. In the early '90s
19 when we were still underfunded, contributions
20 greatly exceeded benefit payments, and that helped
21 build the fund over time. Additionally, we moved
22 the asset allocation more towards the equities, and
23 the fund enjoyed the benefit of a very strong stock
24 market for a long period of time. And ultimately,
25 that's what led in 1998 to becoming fully funded.

1 But this is something that we do plan for over
2 the long term to make sure that we have sufficient
3 liquidity both in the form of current income, and
4 then to the extent necessary, that we need to dip
5 into the corpus.

6 ATTORNEY GENERAL McCOLLUM: But one of the
7 objectives is to keep that corpus there, obviously.
8 That's got to be an overriding objective, is to
9 obviously be able to make the payments, but to keep
10 the corpus there.

11 MR. SIGRIST: And the way I think about it as
12 kind of a single data point is the funded status.
13 The funded status idea, as a non-actuary, as a lay
14 person, the way I think about it is that we have
15 sufficient moneys there, as long as we earn the
16 expected rate of return over a long period of time
17 to meet all of the future obligations with the
18 corpus.

19 ATTORNEY GENERAL McCOLLUM: Thank you.

20 GOVERNOR CRIST: CFO.

21 CFO SINK: Thanks, Governor. Kevin, I don't
22 know if you're the one to answer this, but it
23 occurred to me that, of course, we've been able to
24 maintain fairly low or relatively low employer
25 contributions because the performance of the fund

1 has been tremendous over the past ten years, and
2 now we've kind of hit this bump in the road.

3 At what point in time does a decision need to
4 be made about -- I guess it's to you, Ash. In
5 terms of the timing and thinking out upon the
6 obligations, at what point in time will a decision
7 need to be made, and by whom, about the sufficiency
8 of the employer contributions as they stand now?

9 MR. WILLIAMS: Well, that is the Legislature's
10 decision. That's why we have a very specific
11 Actuarial Estimating Conference process that is
12 very objective. It's very public. It's rooted in
13 the constitution. We have a constitutional
14 requirement that benefits provided by the pension
15 fund be funded on an actuarially sound basis,
16 et cetera.

17 So I think the Legislature has the benefit not
18 only of the insights we and others would offer on
19 the propriety of some of the inputs to what that
20 contribution level should be, including a
21 reasonable investment return assumption, including
22 some reasonable judgment on what the cost picture
23 looks like currently and going forward for the
24 pension fund, and whether the benefit structure
25 itself or the ongoing viability, in terms of

1 whether it's open or closed, of the pension plan
2 itself is there.

3 So I think all the right inputs are in place.
4 Florida has -- as pointed out recently by the Pew
5 Center for the States reports, of all the states in
6 the country, they identified only four that had
7 really done a good job over a long period of time,
8 not from an investment standpoint, but from the
9 standpoint of having, number one, a responsible
10 benefits structure, and number two, a responsible
11 funding process.

12 The Florida Legislature, across generations of
13 leadership and decades of experience, has been a
14 very effective partner with the Trustees of the
15 State Board and the staff of the State Board of
16 Administration, the Division of Retirement, in
17 terms of doing the right thing, in terms of
18 funding.

19 The contrasts that are out there among other
20 states can be extraordinarily stark. Some have
21 literally made no contributions whatsoever from
22 years upon years, and yet in good times and bad,
23 Florida has stepped up and done the right thing in
24 terms of contributions. That is a decision that is
25 made annually. It's not one that's made with great

1 periods of time in between, and it's done in the
2 sunshine. So I think we're in the right place
3 there.

4 And the exercise we're going through that
5 you're about to hear a lot more about in the next
6 few minutes is aimed toward making sure we
7 understand what those variables are so that this
8 board is aware of the whole situation and can be
9 good fiduciaries and participants in that process
10 as needed.

11 CFO SINK: Thank you.

12 MR. WILLIAMS: Mr. Chairman of the Audit
13 Committee --

14 CFO SINK: Ash, excuse me. I would just like
15 to make a comment. I think the Audit Committee
16 report is done.

17 MR. SWEENEY: Yes, ma'am.

18 CFO SINK: About all the work that Melinda and
19 Kim and Bill have been doing to be able to go ahead
20 and be able announce that through a competitive
21 process that you do have E&Y in place to do the
22 real estate audit and that you're well under way --
23 I know how much work it's going to take to do these
24 RFQs and select an auditing firm for the Board.
25 It's really important work, and I appreciate your

1 time, and I'm really anxious -- I presume that by
2 the next Board meeting, you'll be prepared to
3 announce who is going to be doing the financial
4 audit of the FRS going forward.

5 MR. WILLIAMS: Certainly by the next quarterly
6 meeting, yes.

7 CFO SINK: That's really good work.

8 And the third thing is, on this report that
9 there were 138 outstanding audit items, this goes
10 all the way back to the disclosures that were made
11 when we were having the problems with the LGIP,
12 that there had been a lack of attention and focus
13 maybe on identified audit issues.

14 And, Ash, I just want to thank you and your
15 team for putting the resources behind and paying
16 the attention to getting these outstanding audit
17 issues down. To get it down to a mere 28 is
18 probably what the base is going to be from here on
19 out, because there are always outstanding issues.
20 As a board member, it's really important to me.

21 MR. WILLIAMS: Thank you. I think it was a
22 well-placed priority, and that's obviously
23 reflected by our progress.

24 And I have to amplify your expression of
25 gratitude to the chairman and the members of the

1 Audit Committee. The number of hours that have
2 gone into these meetings, which are commonly set at
3 two o'clock on Friday afternoon and not uncommonly
4 end at six o'clock on Friday nights, is pretty
5 amazing. These are all people who have day jobs,
6 and our meeting fees are pretty low, which is to
7 say zero. So the amount of time that they've put
8 in is just terrific.

9 And I think the amount of effort that our
10 internal auditor, Flerida, and her crew have put in
11 is remarkable as well. And the fact that we have
12 created a situation where we actually now have a
13 backlog of audit issues that have been addressed
14 and are now awaiting verification -- we've been
15 able to push enough things through the process of
16 addressing them that they're now piling up in
17 internal audit, and we're working creatively to
18 bring in some commercial support for the internal
19 audit team to get them cleared out more rapidly.
20 That's a very high-class problem, so we're
21 delighted to have it.

22 And while we're at it, I'm going to say too
23 that the PLGAC and the IAC are also very, very
24 generous with their time and expertise, and all
25 three of those bodies are invaluable partners for

1 us to have in doing our jobs every day, and we
2 thank them and appreciate them.

3 GOVERNOR CRIST: Let me add my gratitude as
4 well to the auditors, and particularly Melinda from
5 our office. I appreciate your great work. You
6 know, those Friday afternoon meetings, I'm sure
7 they're just a joy, but it's very much appreciated
8 by the people of Florida.

9 So thank you so much for your hard work, all
10 three of you. Thanks. And you too, Ash.

11 MR. WILLIAMS: Thank you.

12 Okay. So why don't we move on with our
13 standing reports and move to the Participant Local
14 Government Advisory Council. We have with us today
15 Mayor Roger Wishner.

16 GOVERNOR CRIST: Good morning, Mr. Mayor.

17 MR. WISHNER: Very good, Governor.

18 GOVERNOR CRIST: How are you?

19 MR. WISHNER: Great. Good morning. And on
20 behalf of the Council, I want to thank the staff of
21 the SBA for the hard work that they've been doing,
22 as well as you, the Trustees, that are dedicated to
23 ensure the protection of the local government
24 investment funds are there.

25 Since our prior meeting of the Trustees in

1 December, the Participant Local Government Advisory
2 Council has met, and we are scheduled to meet on
3 March 17th of this year in Tampa. In 2009 the
4 Council met a total of four times, and most
5 recently, we met on November 30th.

6 Since the last Trustee meeting in August, the
7 PLGAC has continued to work on several issues
8 designed to improve operations, client services,
9 and investment management of the pool. In
10 addition, the Council members have maintained a
11 continuous dialogue with the SBA staff on matters
12 related to Florida PRIME and Fund B.

13 And most recently, the Council has been
14 involved with overseeing a very healthy cash inflow
15 which began in November and continued through
16 January. Over the quarter ending in December of
17 2009, participants deposited, as you heard a little
18 while ago, \$5.23 billion, and the withdrawals were
19 \$4.07 billion, for net of approximately
20 \$1.2 billion new assets deposited into Florida
21 PRIME.

22 Number two, we enhanced the quality and scope
23 of information and reports to the investors through
24 our monthly summary report, and most recently
25 providing them with additional information on our

1 fees.

2 Number three, monitored SEC reforms affecting
3 Rule 2a-7 and money market fund operations.

4 Although not registered as a fund with the SEC, the
5 Florida PRIME does operate like a 2a-7 money market
6 fund.

7 Number four, we continue to evaluate and to
8 further enhance the pool's operations, including
9 the impact on reforms promulgated by the SEC, which
10 will be covered in the pool's best practices
11 reports later in the fiscal year. Florida PRIME
12 has performed exceptionally well, as you've heard,
13 and I think we all should feel a great deal of
14 pride, as the direction that you've given as well
15 as staff and/or your advisory boards have done such
16 a wonderful job to hear good news about where we're
17 going in the direction of the investments that we
18 have.

19 So we've been outperforming our benchmarks for
20 all periods and beating the targeted index of 12
21 basis points for the calendar year of 2009. The
22 members of the Council continue to reach out to
23 past investors as well as looking for potentially
24 new investors in order to reassure them that this
25 fund and this investment is safe and is a good

1 quality investment.

2 Once again, thank you for the opportunity to
3 serve you as well as the State of Florida.

4 GOVERNOR CRIST: Thank you, Mayor. I
5 appreciate it. Any questions? Thank you.

6 MR. WILLIAMS: Moving on, we'll do the
7 Investment Advisory Council report, the vice
8 chairman, Robert Gidel.

9 MR. GIDEL: Good morning.

10 GOVERNOR CRIST: Good morning.

11 MR. GIDEL: The IAC met yesterday, and we
12 reviewed the financial performance for the year
13 ended 12/31/09, which you have seen.

14 I would draw one item to your attention. A
15 number of these investments, particularly private
16 equity and alternative investments, do have a lag
17 effect on reporting, and the Investment Advisory
18 Council is going to be paying keen attention to
19 those returns and metrics over the course of the
20 next 90 days.

21 We also reviewed and discussed the
22 asset-liability study proposed by EnnisKnupp, which
23 you will see shortly. We focused on our current
24 position with regards to our risk-reward analysis
25 and risk tolerance. We discussed whether the

1 current policy evaluations are appropriate going
2 forward, and you'll see more of those in the coming
3 moments.

4 We also reviewed and discussed the asset
5 allocation study that you'll see from -- a
6 preliminary report from EnnisKnupp shortly that
7 focused on potential changes and additions to our
8 current allocations that might improve the
9 probability of achieving target returns, while
10 maintaining appropriate risk, which you raised,
11 General McCollum.

12 We observed that given where the fund is in
13 terms of asset components, size, and future
14 reliability requirements, that we believe we are in
15 a very good position to take advantage of the
16 alternatives and opportunities that may be
17 presented to the fund over time.

18 I will draw attention -- Madam CFO, you
19 pointed out appropriately that one of the changes
20 that you all made several years ago in asset
21 allocation strategy worked very well on behalf of
22 the fund. And many of the numbers that you're
23 seeing, and particularly as you see these wonderful
24 graphs and charts you're going to see shortly, puts
25 us in a position to be able to take a little bit

1 more risk and achieve a little bit more return.

2 Had you not done that, we very well might not be in
3 that position. So whether it was luck or
4 opportunity or brains, sometimes it's good to just
5 pat yourself on the back and take credit.

6 The committee also reviewed the staff's effort
7 to evaluate their own business model, particularly
8 focused on active and passive management
9 strategies, and the committee discussed how best to
10 assess and execute some of these alternative
11 strategies. This is going to be very important
12 going forward. With a fund as sizable as the FRS
13 is, the ability to not only find and access and
14 execute alternative strategies can be very
15 complicated, and the committee extended a great
16 deal of support to the staff for taking on what
17 becomes somewhat of a mature approach to doing
18 their own self-evaluation. We're highly
19 complimentary of their efforts.

20 The committee recognizes, particularly I do,
21 that there's going to be a lot more work that's got
22 to be done before we finally commit to a long-term
23 asset-liability strategy and models, but I can tell
24 you that I'm very confident that we do know where
25 we are, we do know where we need to go, and we have

1 a very good view of how we need to get there. So I
2 hope that with the upcoming presentation that
3 you'll find this to be extremely helpful.

4 The good folks at EnnisKnupp as well as the
5 staff have done an extraordinary job of educating
6 us and including us in evaluation and discussion.
7 And these slides that I think you will thoroughly
8 enjoy over the course of the next 15 or 20 minutes
9 -- I will say this. There are some of us in this
10 world that actually find these slides to be
11 intellectually stimulating and exhilarating. So it
12 will be up to you to judge later how you feel about
13 some of us that actually like this line of work.

14 With that, the committee report is so
15 submitted, and I'll entertain any questions that
16 you have.

17 GOVERNOR CRIST: Thank you.

18 ATTORNEY GENERAL McCOLLUM: I've got one
19 question for you, Rob. Do you find the committee
20 making recommendations that are well received, or
21 are you just still absorbing most of this? You
22 know, there's a lot of feedback. It's a give and
23 take proposition. You obviously reported to us on
24 the cooperation, the learning, your favorable
25 responses, but has there been much opportunity for

1 the team to say to Ash and the crew, we think you
2 ought to this or that, or is that still kind of a
3 formative basis?

4 MR. GIDEL: Ash continues to take the risk of
5 asking for an opinion. And most of us, as you well
6 know, are more than happy to give it.

7 I find these meetings to be incredibly
8 educational, in the sense that what staff has
9 enabled us to do is, they bring the facts, which is
10 the most important thing to me. If I know the
11 facts, we can have legitimate discussion and
12 entertaining debate. And a lot of these, there's a
13 bit of math, and there's a bit of science, and
14 there's also the human experience when you do these
15 kinds of investment strategies. And I think that
16 what is enlightening for me is that we've got a lot
17 of very smart people at the staff level and the
18 consultants. And from that standpoint, this is
19 good discussion, and I think we're making the right
20 decisions as a result of that.

21 ATTORNEY GENERAL McCOLLUM: Thank you.

22 MR. GIDEL: Thank you.

23 MR. WILLIAMS: Thank you, Rob.

24 For our general counsel's report, we have
25 Maureen Hazen with us this morning.

1 GOVERNOR CRIST: Good morning.

2 MS. HAZEN: Good morning. I thought that I
3 would provide a comprehensive and hopefully not too
4 mundane report about what has been going on in the
5 general counsel's office over the last couple of
6 months.

7 The first big-picture topic I thought I would
8 start with is litigation. As you are all aware, in
9 the last quarter of 2009, we conducted a search,
10 securities litigation counsel search. There was a
11 sixth firm that was under consideration in that
12 search. In early February, that firm withdrew
13 voluntarily from consideration, so the pool now
14 stands at the final five firms, which are Berman
15 DeValerio, Bernstein Litowitz, Kaplan Fox,
16 Pomerantz Haudek, and Barrak Rodos.

17 We are currently in the process of finalizing
18 the master agreements with those five firms. Two
19 of them have been completed and executed. The
20 other three are in the process and will probably be
21 completed in the next week or ten days.

22 The master agreements do include the
23 clarification points from the members at the
24 meeting in January, notably the cap on attorney's
25 fees in the amount of \$50 million, and also an

1 affirmative statement that when the SBA selects a
2 firm to handle a particular matter, it will be done
3 so on a competitive basis.

4 We're pleased with the outcome of the process.
5 We've had a lot of discussions with other public
6 pension funds that have inquired about the process
7 and our experience. We've had discussion with our
8 consultant, also our fiduciary counsel who assisted
9 us during the process, Groom Law Group, which also
10 acts as fiduciary counsel for several other public
11 pension funds.

12 And we do believe that in fact we did set an
13 industry best practice with respect to selection of
14 securities litigation council. The competitiveness
15 of the process and the unprecedented transparency
16 ensured that we would complete our goal, which was
17 to retain the most highly qualified and effective
18 counsel with respect to securities litigation
19 matters, while also eliminating the appearance of
20 the possibility of pay to play.

21 It was a rigorous process. We reviewed 31
22 responses. We short listed it down to 12 and then
23 had 12 interviews, which, as you can imagine with
24 an evaluation team of six attorneys, the
25 questioning was quite robust.

1 We learned a lot about the substantive areas,
2 securities litigations and developments in case law
3 and trends. But also, we learned -- the process
4 was very helpful to us in drawing conclusions about
5 what the SBA really should be doing going forward
6 with respect to litigation.

7 The first point that I would say we learned,
8 and we heard this from every single one of the
9 firms during the process, and I do believe this
10 became the consensus of the team, is that the SBA
11 really should be selective in the cases that it
12 chooses to actively litigate, for various reasons,
13 primarily the use of our resources, but also just
14 from a reputational standpoint, that it wouldn't be
15 prudent to become a serial plaintiff.

16 But notwithstanding that, the SBA also should
17 probably be a little bit more active than it has
18 been in the last couple of years. Just based on
19 discussions, the appropriate number of cases,
20 assuming that they're the right case, is probably
21 in the three to five range of active cases over,
22 you know, a couple of year period, not go out today
23 and file three cases, but kind of escalate our
24 active involvement.

25 I note that at a previous meeting, Ash

1 communicated --

2 GOVERNOR CRIST: May I ask a question?

3 MS. HAZEN: Yes, please.

4 GOVERNOR CRIST: I'm sorry. Why would that be
5 a good idea?

6 MS. HAZEN: Well, I think if --

7 GOVERNOR CRIST: I mean, I think I know the
8 answer. I'm just curious.

9 MS. HAZEN: It's a good idea if they are the
10 correct cases, the proper cases. And the reason is
11 that there are certain cases, opt-out cases,
12 individual cases separate from a class, in which
13 you can substantially enhance your economic
14 recovery if you file and actively litigate a case.

15 GOVERNOR CRIST: My presumption is -- and I'll
16 just throw it out there -- that a more aggressive
17 litigation policy, if you will, would inure to the
18 benefit of those who are to be protected by that
19 litigation; right? Protect the funds, the assets,
20 the money?

21 MS. HAZEN: Correct.

22 GOVERNOR CRIST: Excellent. Thanks.

23 MS. HAZEN: And that's a nice segue into the
24 point that I was going to make about the criteria
25 that Ash had previously communicated, which I

1 believe are the correct criteria.

2 In order for the SBA to make a decision about
3 whether it should actively litigate a case, there
4 are three primary criteria, the first being the
5 economic enhancement, whether or not the SBA's
6 ultimate net recovery would be significantly
7 enhanced by actively pursuing a case.

8 The second criterion would be the merits of
9 the case, whether the particular factual and legal
10 merits associated with the SBA's claim are strong
11 compared to the defenses, and also the redress of
12 the misconduct, the extent and nature of the
13 wrongdoing, the likelihood that filing a separate
14 case in addition to a class case, how that will
15 impact industry reform. So I think those are three
16 important criteria that should be evaluated when
17 deciding whether we're going to pursue a case.

18 So with that sort of backdrop, the natural
19 conclusion is that most, if not all, of the cases
20 that we'll probably be recommending in the future
21 will be opt-out cases rather than as a lead
22 plaintiff in a class action, although I would never
23 say never. There could be a very special or unique
24 case that would warrant that kind of participation.

25 The next category of litigation, subcategory

1 that I was going to talk about is specific active
2 cases. Now that we've substantially completed our
3 process, we will be evaluating cases. The first
4 case that we will be evaluating, per CFO Sink's
5 directive, is the Bank of America case for a
6 possible opt-out. We have already gathered the
7 trading data that we need and have instructed
8 Berman DeValerio, which is one of the firms that
9 has a contract in place, to start its analysis.
10 And we will do so with the other firms as soon as
11 the contracts are finalized.

12 The second active case I just wanted to
13 mention is the AIG case. We do have one active
14 opt-out case in the AIG matter that was filed back
15 in 2005 alleging securities fraud and other
16 misrepresentation claims for the massive accounting
17 fraud from 2000 to early 2005.

18 That case for various reasons -- our opt-out
19 case as well as the class case has had some stops
20 and starts since 2005, but recently the court in
21 the class case certified the class. And what that
22 means practically with respect to both the class
23 case and our opt-out case is that we should start
24 to see some movement both in discovery and perhaps
25 settlement discussions and/or proceeding to trial.

1 The third active case I want to just mention
2 is the sale of unregistered securities claim with
3 respect to the LGIP. The SBA continues to engage
4 very diligently and practically in settlement
5 discussions. We recently had the opportunity to
6 meet with the senior legal staffs of all three of
7 your offices to keep your offices apprised of the
8 details of those discussions, and we all continue
9 to plan to do that.

10 The next --

11 CFO SINK: Are you at a good stopping point
12 for those three --

13 MS. HAZEN: I was going to move on to past
14 recoveries.

15 CFO SINK: Go ahead. I'll save my questions
16 until you finish.

17 MS. HAZEN: Okay. The next subset of
18 litigation I just want to mention is our role in
19 recoveries as a passive member of the class.
20 Currently the SBA is a class member in over 250
21 open class actions, securities class actions.

22 During the months of December and January, the
23 SBA collected \$21 1/2 million in class action
24 settlements as a passive member. I note that just
25 as a fact. It shouldn't assumed to be annualized.

1 There were a couple of very high recoveries during
2 those months, so I wouldn't anticipate seeing those
3 kinds of numbers going forward. There's no real
4 pattern to the collections.

5 I guess only other thing I was going to say
6 about passive is, I know, Governor, you had asked a
7 question about the Schering-Plough case during our
8 last meeting. In the Schering-Plough case, the SBA
9 served as lead plaintiff in that case. And in that
10 case the court recently approved the class action
11 settlement back in December of \$165 million.

12 And I believe that you had asked what our
13 share of the recovery was going to be, and at the
14 time, we did not know. And we still do not know,
15 but I can tell you when we'll know, hopefully, and
16 what's going on. The claims administrator in that
17 case -- notwithstanding that the SBA was the lead
18 plaintiff, we collect and recover our settlement
19 just like any other member of the class. So we
20 filed a claim with the claims administrator, and
21 our claim has been filed.

22 But the claims administrator has indicated
23 that it has received over 65,000 claims in that
24 case, and so it will need to review them and look
25 for deficiencies, correct any deficiencies, and

1 then recognize and calculate the losses based on
2 the settled plan of allocation. And due to the
3 volume we anticipate, we should know what our exact
4 recovery will be sometime in the summer.

5 One other point sort of litigation-related
6 relates to the SEC investigation. The SBA has
7 received correspondence from the SEC indicating
8 that it has completed its investigation as to the
9 SBA and that it will not be taking any action with
10 respect to the SBA.

11 CFO SINK: Just a couple of questions back on
12 the securities litigation situation. The first
13 case you mentioned was the Bank of America
14 situation. We've closed the contract with one
15 firm. Is that significant?

16 MS. HAZEN: We've finalized the contracts with
17 two of the five firms. The Bank of America case is
18 a little bit unusual with respect to our securities
19 litigation counsel pool, because it just so happens
20 that two out of the five firms are also counsel to
21 the class, which means they're going to be
22 conflicted in representing us. So although one of
23 the firms that serves as lead counsel, the contract
24 is not finalized and they haven't confirmed this
25 for me, I anticipate that they will not be able to

1 analyze the case, so that means that it will be
2 three firms that will be analyzing the case.

3 CFO SINK: And what would the timing be in
4 terms of them getting back to you, and when would
5 it be too late to make a decision to opt out, if
6 that's the decision that you would recommend?

7 MS. HAZEN: We are actually months ahead of a
8 time in which, even we were to recommend, that we
9 file anything, so we're way ahead of the curve.

10 CFO SINK: Okay. The second question I had
11 was about -- you mentioned the AIG case, which
12 we've been involved in since 2005. Is a previous
13 firm representing us or one of the five firms that
14 we just selected going to be representing --

15 MS. HAZEN: It happens to be that one of the
16 five firms, Berman DeValerio --

17 CFO SINK: They're already involved?

18 MS. HAZEN: Correct, yes, ma'am.

19 CFO SINK: Thank you. Those are my questions.

20 GOVERNOR CRIST: General.

21 ATTORNEY GENERAL McCOLLUM: I think we let
22 that pass too lightly, the fact that you just --
23 that last comment, the SEC has cleared the SBA of
24 any wrongdoing in this matter that they were
25 looking into. Is that not correct? That's what

1 you just said?

2 MS. HAZEN: I wouldn't be able to speculate on
3 what the SEC thinks or concluded or doesn't think.
4 I can say affirmatively that it has concluded its
5 investigation and will not be taking any action.

6 So from the perspective of the SBA, the
7 investigation is over and completed.

8 ATTORNEY GENERAL McCOLLUM: Well, you know, I
9 can write my own conclusions around that. Sounds
10 like we were cleared to me.

11 GOVERNOR CRIST: No action.

12 ATTORNEY GENERAL McCOLLUM: Right, right,
13 right. That was very lawyerly.

14 MS. HAZEN: I'm sorry. I'm a lawyer.

15 ATTORNEY GENERAL McCOLLUM: I understand.

16 I also wanted to ask you to comment, if you
17 could, on the criticism in -- in one of the papers
18 yesterday there was an article critical of the way
19 we vetted these five law firms. And among other
20 things, they claimed that thorough background
21 checks were not done for high-profile position
22 candidates. They said that we just did reference
23 searches, but we didn't really do a -- whatever a
24 thorough background check is. I don't know what
25 that might be, but you might want to comment on

1 that.

2 And secondly, they pointed to two instances in
3 which some firm that was seeking to be part of this
4 team claimed that they were on the winning side or
5 favorable side in some case, that they, according
6 to this paper's article, were not correct, that
7 they were just the opposite of that, and that we
8 could have found that had we looked for it. I
9 don't know if that's even relevant, but would you
10 care to comment on the criticism that was in that
11 piece yesterday on those two matters?

12 MS. HAZEN: Certainly. And I am generally,
13 General McCollum, generally familiar with the
14 article, but not the details, but I'm happy to
15 comment certainly to the questions that you asked.

16 On the first question, with respect to our
17 process, this is the most thorough process that I'm
18 aware of that has ever been undertaken in
19 connection with securities litigation counsel.

20 And we actually are obtaining -- it's in draft
21 form, but I've seen the most final draft of it --
22 an opinion from our outside fiduciary counsel
23 providing a statement to that effect, that it was a
24 prudent process and that it was in fact industry
25 best practices.

1 This process has been commented on by other
2 national publications, the American Law Journal
3 notably. As I mentioned, I have had discussions
4 with several other public pension funds and
5 consultants, and everybody's conclusion is
6 basically the opposite of the conclusion of that
7 particular article.

8 With respect to the specific background check
9 question, as a fund, when we set up this process,
10 we received advice from our fiduciary counsel about
11 what was the best way to utilize our resources in
12 order to obtain the best counsel.

13 And it wouldn't be prudent or feasible to go
14 and spend a million dollars doing a background
15 check which ultimately would not find anything that
16 is substantively different or an inaccuracy in any
17 of the responses, but rather a characterization. I
18 mean, we could go and hire someone to say, "What
19 was your view of this case?" or "What was your view
20 of how they performed in this case?" and everybody
21 is going to have a different opinion, and that is
22 not a useful use of the pension's resources, in my
23 view.

24 I believe that the countless number of hours
25 spent by our staff as well as your staff reading

1 these things and asking very pointed, robust
2 questions is a much more useful exercise in
3 determining who will serve as effective counsel for
4 the SBA.

5 ATTORNEY GENERAL McCOLLUM: Thank you.
6 Appreciate that.

7 MS. HAZEN: And your second question was about
8 the merits of some of --

9 ATTORNEY GENERAL McCOLLUM: Well, the second
10 point of that article that at least I took away
11 from it was that there were a couple of rulings by
12 courts that these firms cited as enhancing their
13 position that they were -- one finalist, it says,
14 took credit for a major securities case that in
15 fact had been dismissed, and that could have been
16 easily checked by using the court system's website.

17 Another one says here that a certain other
18 firm touted repeatedly its win in a landmark
19 U.S. Supreme Court ruling favoring shareholder
20 rights over Wall Street. A Google search would
21 have shown the ruling was the opposite of how the
22 firm portrayed it. In other words, the article is
23 trying to say that the team, yours and ours, didn't
24 do a sufficient background research that would have
25 been easily available had they gone to the

1 Internet, which presumably this reporter did.

2 MS. HAZEN: I can't comment on the substance
3 of the first example, but I can, I believe, comment
4 on the substance of the second example. The U.S.
5 Supreme Court case I believe is referring to
6 Pomerantz's work on the Stoneridge case, which was
7 a case heard in 2008 by the U.S. Supreme Court. It
8 was a seminal case because it attempted to extend
9 liability to secondary actors with respect to
10 securities fraud, such as accountants and auditors,
11 rather than just issuers.

12 And while it is true that the Court had opined
13 -- had a very limited holding, and it basically
14 said that those secondary actors couldn't be held
15 liable under the same standards as an issuer, the
16 Court did leave open the possibility that if there
17 was actual direct reliance by investors on the acts
18 of the secondary actors, that that cause of action
19 under Section 10b-5 of the Securities and Exchange
20 Act would in fact exist.

21 So I would take issue -- while it certainly
22 wasn't a win, as you know the way that laws and
23 holdings work, there is certainly very much a door
24 open there for secondary liability with respect to
25 -- if there's actual reliance.

1 ATTORNEY GENERAL McCOLLUM: You say the firm
2 that touted that case and their role in it was
3 right to say pridefully that they had accomplished
4 something in that case?

5 MS. HAZEN: I would say that attorneys who are
6 experienced in securities litigation or are public
7 pension counsel understood the distinction.

8 ATTORNEY GENERAL McCOLLUM: Okay. Thank you.

9 MS. HAZEN: If you'll just indulge me half a
10 minute on something a little bit more mundane, but
11 near and dear to my heart and our staff's heart, I
12 just want to mention that from December to
13 February, we did enter into 15 new contracts and
14 over 50 amendments. And while litigation is
15 obviously extremely critical to what we do,
16 contract work is about 80, 90 percent of what we
17 do, and that we can't do the investing without
18 doing the contract work, so I just wanted to just
19 mention that.

20 And unless you have any other questions, I
21 certainly thank you for your time this morning.

22 GOVERNOR CRIST: Great job. Where did you go
23 to law school?

24 MS. HAZEN: University of Florida.

25 GOVERNOR CRIST: Congratulations. Well done.

1 General.

2 ATTORNEY GENERAL McCOLLUM: I can tout that.
3 That's all right. We'll take that.

4 GOVERNOR CRIST: Of course. Thank you very
5 much. Appreciate your time.

6 MR. WILLIAMS: Thank you, Maureen.

7 All right. Why don't we keep moving. We have
8 our inspector general's report, Bruce Meeks.

9 GOVERNOR CRIST: Good morning.

10 MR. MEEKS: Good morning. I am Bruce Meeks,
11 the SBA's inspector general and ethics officer.

12 The first matter that I would like to brief
13 you on this morning is the status of the Securities
14 and Exchange Commission's proposed rule to curtail
15 pay-to-play practices involving placement agents.

16 There have been several reports in the
17 industry press indicating the SEC is expected to
18 retreat from their proposed ban on the use of
19 placement agents by investment firms in marketing
20 their products to public pension funds.

21 Essentially, it's speculated that instead of
22 imposing an absolute ban on placement agents, the
23 SEC may allow registered broker/dealers with
24 licensed staff to continue to work on behalf of
25 investment firms seeking to do work with public

1 funds.

2 Since the public comment period for that rule
3 ended in the fall and we had not seen any statement
4 from the SEC on the matter, I called and spoke with
5 a staff attorney at the SEC's Division of
6 Investment Management, and not surprisingly, was
7 told that Commission staff was still analyzing the
8 issues, considering the public comments, and
9 weighing all of their options, and that no
10 recommendation had been made as of yet to the
11 Commissioners.

12 The staff attorney did, however, direct me to
13 a letter written by the division director to the
14 Financial Industry Regulatory Authority, FINRA,
15 asking if they would consider crafting and adopting
16 rules to prohibit pay-to-play activities for their
17 broker/dealer members who serve as legitimate
18 placement agents.

19 In addition, I was directed to a letter
20 written by Christopher Dodd, chairman of the U.S.
21 Senate Banking Committee, urging the Commission to,
22 quote, address the issues raised by third-party
23 placement agents through strong regulation rather
24 than across-the-board prohibition, end quote.

25 That being said, although we have no time

1 frame for when a final rule will be issued, the
2 good news is that the placement agent disclosure
3 policy that the SBA implemented in December 2009
4 contain those provisions related to placement agent
5 firm registration with regulatory authorities and
6 licensure of staff, which appears to be the
7 direction that the SEC may be heading once we see a
8 final rule.

9 Now, with regards to compliance with our
10 investment protection principles, written
11 certifications from our broker/dealers or money
12 managers and our investment consultants are
13 required annually on a retrospective basis. In
14 other words, for calendar year 2009, the compliance
15 certifications are due the first quarter of this
16 year. The consultant independence and disclosure
17 certifications have been submitted by all six of
18 the SBA's investment consultants, including
19 EnnisKnupp. Full compliance is indicated by all of
20 the consulting ant firms responding.

21 Federated Investors, the external investment
22 manager for Florida PRIME, has also submitted their
23 2009 certification indicating their compliance with
24 the ethical standards imposed by Florida statutes
25 as well as additional requirements imposed by the

1 SBA.

2 The compliance certifications from our
3 broker/dealers and our managers are still trickling
4 in. For that group, in order to conform with
5 related SEC and regulatory requirements, the due
6 dates for those certifications won't be until April
7 of 2010, but they are trickling in.

8 The Office of Inspector General, my office, is
9 currently finalizing a personal investment
10 activities compliance review with a focus on
11 front-running. Specifically, front-running is a
12 prohibited and unethical practice which occurs when
13 an employee has knowledge about an imminent large
14 institutional trade in a particular security and
15 uses that information to execute a personal trade
16 in the same security immediately prior to the
17 institutional trading, thereby unfairly benefiting
18 from the predictable price change the large trade
19 would have on the security.

20 And our review, it involved 402 personal
21 equity trades executed by SBA employees in their
22 personal portfolios between May of 2008 and June of
23 2009. The timing of the employee trades were
24 compared against SBA trades for the same
25 securities. The elements of analysis included

1 whether the SBA trade was executed by internal
2 staff versus an external manager, whether the
3 employee who executed a potential matching trade
4 worked in the same asset class where the SBA trade
5 was transacted, and whether the employee's trade
6 exceeded the de minimis threshold amount that we've
7 established of \$5,000 or not. Ultimately, no
8 instances of front-running were discovered by the
9 review.

10 Finally, mandatory ethics training and sexual
11 harassment training, which is required annually for
12 all SBA employees, has been completed. Further,
13 SBA employees, certain SBA employees are also
14 required to participate in annual training on
15 insider trading and the personal investment
16 activities policy. This training began last month
17 and will continue through March. To date, about
18 80 percent of the required employees have completed
19 the training.

20 And that concludes my report, and I'll
21 entertain any questions you might have.

22 GOVERNOR CRIST: CFO.

23 CFO SINK: Yes. Thanks for that report.

24 I'll just ask you a question that I ask in
25 another board formats, especially to inspectors

1 general. Is there anything that you think that we
2 as board members should know about, that should be
3 brought to our attention?

4 MR. MEEKS: No, I do not. If I did, I would
5 tell you.

6 CFO SINK: Okay. Good. Thank you very much.

7 MR. MEEKS: Sure.

8 GOVERNOR CRIST: Thank you, sir.

9 MR. MEEKS: Thank you.

10 MR. WILLIAMS: Thank you, Bruce.

11 Mike McCauley will do the corporate governance
12 activity report.

13 GOVERNOR CRIST: Good morning.

14 MR. McCAULEY: Good morning. Just a couple of
15 updates since the last meeting.

16 The first thing is, we released our 2010
17 annual report on corporate governance in the first
18 week of February. And this is a report that we've
19 done for several years now. It essentially covers
20 -- it's primarily focused on the proxy voting done
21 over the most recent fiscal year, but it also
22 extends through the calendar year. It covers kind
23 of major topics, voting statistics, that sort of
24 thing.

25 We also have a couple of sections that are

1 kind of devoted to significant shareowner issues.
2 We had two sections in this year's report. The
3 first was on the financial performance of companies
4 with dual class stock schemes, and the second was
5 the efficacy of corporate governance ratings. And
6 we believe these are kind of under-represented
7 topics and are interested -- excuse me. Investors
8 should have an interest in really looking at these
9 things closely, more closely than they already have
10 been.

11 In mid-January we had the first meeting of a
12 newly created subcommittee of the SBA Standing
13 Investment Group. It was the -- the subcommittee's
14 name is the Corporate Governance and Proxy Voting
15 Oversight Group. And this is one of several new
16 subcommittees that have been created as part of the
17 risk management compliance formal procedures that
18 we're implementing. And this oversight group is
19 really going to look at major, significant
20 corporate governance activities, policy reforms,
21 policy considerations, high-profile votes during
22 the season, which I'll touch on in a minute.

23 And also in mid-January we submitted a
24 follow-on commentary letter to the SEC on its
25 proposed reforms related to proxy access which

1 would allow investors under certain circumstances
2 and prescribed scenarios the ability to nominate
3 directors alongside those director candidates that
4 are nominated by the company themselves, and also
5 included on the proxy, so it's kind of a dual
6 candidate structure. This hasn't been passed yet,
7 but the expectation is that it will in some form.

8 And this was opened up by the SEC last summer.
9 We submitted an extensive commentary letter, and
10 they opened it up again in late '09, in December,
11 and we submitted a letter in January that touched
12 on some of the empirical studies and some of the
13 issues with the second release.

14 Just to follow up on Hospitality Properties
15 Trust, this is a company that we are submitting a
16 -- we have submitted a shareowner resolution
17 designed to ask the board to reconsider certain
18 supermajority voting thresholds in their articles
19 of incorporation. And we had expected the company
20 to challenge that submission at the SEC, and we had
21 several weeks of kind of a quiet period where we
22 didn't hear anything, and ultimately we saw in
23 their preliminary filing of their proxy that they
24 had indeed included the resolution, so we're very
25 pleased with that. And now they've filed their

1 definitive proxy, so it will be voted on during
2 their April 15th annual meeting, and we're just
3 working on the logistics and trying to evaluate
4 that.

5 On average, these types of proposals do pass.
6 You know, not every one will pass, but the average
7 is about 60 percent, so hopefully we expect it to
8 be ratified by shareowners.

9 And just to kind of maybe give you a little
10 bit more flavor of it, this is what's called a
11 precatory resolution or an advisory proposal. The
12 company and the board is not legally bound to adopt
13 it even if it is ratified by shareowners. It's
14 simply advisory and just, you know, asks them to
15 take it under consideration. Hopefully they will
16 if it passes, and they'll make some changes, but
17 we'll have to wait and see.

18 And then kind of on those heels, we're right
19 on the cusp of the 2010 proxy season. This is
20 usually the months of April, May, and June, in
21 which about 70 percent of all the annual meetings
22 are conducted and proxy voting is done. So we're
23 starting to see an uptick in the volume of voting
24 items and ballots and kind of all the mechanics of
25 the actual proxy voting.

1 This will be probably a very lively proxy
2 season or year for a couple of reasons, many
3 reasons, but mainly due to recently enacted SEC
4 reforms, and then even some companies' actions
5 ahead of forecasted SEC reforms.

6 But one notable reform that happened last year
7 was the change to what's called Rule 452 that had
8 allowed brokers -- mainly for retail accounts,
9 allowed brokers to vote the shares of certain
10 beneficial owners who didn't make any voting
11 decisions. And those broker -- they call them
12 broker non-votes. Those broker non-votes almost
13 entirely went to management.

14 So the SEC has reformed that and excluded the
15 ability for these broker non-votes to be counted
16 and have the discretion by the brokerage house to
17 be counted in favor of management for the election
18 of directors. The director election ballot item
19 was considered to be kind of a routine item, and
20 over the last couple of years, the mindset and
21 philosophy on that policy issue has changed
22 dramatically, so they've moved it from being a
23 routine item to a non-routine, so the brokers will
24 no longer have that ability.

25 And what that means from a corporate

1 governance perspective is that on average, about 15
2 to 20 percent of all the shares that are
3 outstanding for your average company have been
4 voted in favor of management by using this Rule
5 452, the broker non-vote. So in 2010, that will
6 change, and coupled with the fact that many
7 companies are now moving away from plurality voting
8 systems as well for director elections to a
9 majority requirement, where a director in order to
10 serve on a board must get at least 50 percent or
11 more of the shareowner support to be nominated and
12 placed on the board. That wasn't always the case
13 and still isn't the case at many companies, but the
14 momentum for that has shifted in the favor of
15 shareowners.

16 So those two things will make it, I think, a
17 very interesting proxy season.

18 That's all I have. Any questions?

19 CFO SINK: Yes. Thanks for taking a lead on
20 the Hospitality Properties Trust. I think it's
21 important for the fourth largest pension fund to be
22 looking for opportunities to improve governance,
23 and you certainly have a good reputation.

24 As we go into this proxy season, are there
25 other particular company issues or specific ones?

1 You've talked in generalities, but what are going
2 to be some of the proxy fights that we're going to
3 be seeing on the front page of the Wall Street
4 Journal, for example, that we might be involved in?

5 MR. McCAULEY: Well, I can't --

6 CFO SINK: As a voter.

7 MR. McCAULEY: Yes. I can't really forecast
8 kind of the proxy contests, but I could tell you
9 some -- you know, maybe the top three or four
10 items.

11 CFO SINK: Yes, just a couple of examples.

12 MR. McCAULEY: "Say on pay" will be kind of
13 front and center. And this is an executive
14 compensation idea that allows, again, an advisory
15 vote for investors to kind of give a thumbs up or
16 thumbs down to a company's compensation practices,
17 overall, kind of holistic, comprehensive, you know,
18 are they doing the right thing, are they not, you
19 know, how concerned are investors about that.

20 And there's a lot of, you know, pros and cons
21 to that approach and that structure. We have not
22 been a huge proponent of the "say on pay." We have
23 supported the proposals when shareowners have
24 submitted the proposal to have a company put a "say
25 on pay" vote on the ballot. We've supported that

1 because we've just kind of -- you know, as a
2 foundation policy item, we kind of believe that's a
3 good thing, all else equal. But it's not going to
4 solve -- you know, in our view, it's not going to
5 solve the executive compensation problems, kind of
6 the principal agent in the complex.

7 But the SEC also came out with some proxy
8 disclosure enhancements in December, and one of
9 them will be to disclose more information about
10 compensation consultants and the fees that are paid
11 to the consultant that break out for compensation
12 related versus non-compensation related and whether
13 or not the consultant works for the CEO and the
14 management versus the board, because it's been a
15 common practice that the company will pay for and
16 hire a consultant that is hired and fired by the
17 members of senior management as opposed to the
18 board or the compensation committee on the board
19 itself.

20 So that's going to be a fairly significant
21 change. We'll just have to see how that plays out
22 in terms of the proxy disclosures. But that's kind
23 of a related item to "say on pay," and I think a
24 lot of investors will look to that information in
25 making their decision on "say on pay."

1 TARP, when TARP was implemented, that was
2 another requirement for any company that received
3 assistance. They had to put up a "say on pay"
4 ballot item. So there is some experience with
5 that, but that's some movement at the federal level
6 to mandate that for all companies, so that will be
7 a top item.

8 The SEC also came out with interpretive
9 guidance on disclosures related to climate change
10 and global warming. That was another big one
11 recently. That's probably a little new. In terms
12 of the 2010 season, there won't be very many more
13 or new types of resolutions, I wouldn't think,
14 because of the timing of it, but next year
15 certainly.

16 But I think investors are in a position
17 related to all these disclosures to see just how
18 forthcoming the companies will be, especially
19 insurance companies, given the risks in coastal
20 areas due to rising sea levels, and then utility
21 companies and various industry and sector exposures
22 that will have certain risks and opportunities
23 related to that discussion.

24 But the SEC has kind of put the burden on the
25 companies to disclose what they feel the risks and

1 opportunities are, but we haven't really seen much
2 disclosure heretofore, so we'll just have to wait
3 and see. It's a bit of an unknown.

4 CFO SINK: Thank you.

5 MR. McCAULEY: Any other questions?

6 GOVERNOR CRIST: Thank you.

7 MR. WILLIAMS: Thank you, Mike. Why don't we
8 then move on into the real meat of today's meeting,
9 which is the asset and liability study, Rowland
10 Davis, EnnisKnupp.

11 MR. DAVIS: Thank you. Good morning. With
12 your permission, before I go right into my
13 material, I wonder if I might offer some general
14 observations on some of the questions that have
15 been addressed earlier as an actuary that perhaps I
16 can provide some value to.

17 General McCollum, you asked about liquidity
18 and how that long term might affect the corpus of
19 the trust. CFO Sink, you asked about funding, the
20 discipline of the plan.

21 And in a perfect world, the maturing plan
22 ultimately reaches a stable condition. It's never
23 going to be perfect, but people are hired. Many of
24 them terminate. Some of them retire and start
25 drawing an annuity, and the retirees die. But the

1 balance of retirees to actives stays -- the ratio
2 stays very stable once you get there. You're not
3 there, but you're probably not that far from being
4 at a fairly mature, stable situation.

5 When that happens, the liabilities of the plan
6 continue to grow, but basically at the rate of
7 inflation. If you then maintain an asset base that
8 matches those liabilities, the asset base will also
9 grow roughly at the rate of inflation.

10 So in nominal dollars, you would still have a
11 continuing corpus of the trust. In real dollars,
12 it would be stable, a stable dollar value that
13 would transact. So you would be liquidating some
14 assets to meet your outflows, but only some, and
15 the corpus of the trust would never shrink towards
16 zero unless you closed the plan, and then, of
17 course, everything would ultimately --

18 ATTORNEY GENERAL McCOLLUM: Could I just
19 interject one thought in that, and that is that we
20 are seeing in this country particularly a greater
21 life expectancy. Health care has improved
22 dramatically. That has distorted Medicare
23 projections. It has distorted lots of health care
24 projections. I assume in the retirement world, it
25 has changed that too so that we -- that's one

1 reason I was concerned. I know many will be
2 receiving these benefits a lot longer maybe than
3 originally one might have anticipated. So I assume
4 that's taken into account, but I don't want to
5 assume anything here.

6 MR. DAVIS: You're absolutely right. When you
7 start with a perfect world, the scenario of a
8 perfect world would be when the actuary does a
9 calculation and you know exactly what's going to
10 happen 60, 70, 80 years into the future, which is
11 not the case, so we're constantly adjusting. So
12 the actuary will be adjusting.

13 But in broad terms at least, those underlying
14 forces towards a stable relationship, stable kind
15 of funding positions are always at work. The trick
16 is in a noisy and uncertain real world, you know,
17 to keep that discipline towards that stable
18 relationship going.

19 And on the funding side, again in that perfect
20 world where you've got a fully funded plan, the
21 cost of the plan depends upon how rich it is. And
22 in your case, the current structure is priced by
23 the actuary at about 12 to 13 percent of payroll.
24 And if your plan was fully funded, that would be
25 the sort of stable cost of the plan.

1 To the extent you have some excess assets,
2 which we've enjoyed in recent years, you can bring
3 that cost down, which I think has been the 10 to
4 11 percent contribution rates that you've seen in
5 the past. To the extent that unfunded gaps develop
6 as we now have, then the cost goes up to start to
7 close that gap. The Legislature will need to
8 finalize what funding should be, but the actuaries'
9 calculations right now probably are about 15
10 percent of payroll, something like that.

11 So that's the very, very long-term view from
12 the actuarial underlying models. And as I said,
13 it's the noisy parts that are always the trick.
14 But it's important to understand that those forces
15 towards stable relationships are always at work,
16 and with the discipline, and the discipline that
17 you have had over the years, you can survive the
18 noisy bumps along the road.

19 Okay. Enough of that. My main purpose is to
20 talk to you about the asset-liability study. By
21 nature and by law, most actuaries are never
22 entitled to be absolutely certain about anything,
23 but I am absolutely certain about one thing, and
24 that is that Rob Gidel set the expectations way too
25 high about how stimulating some of this material

1 might be. Let me give it a crack anyway.

2 Let's talk very quickly about the methodology.
3 What is an asset-liability study? What do we do,
4 and why do we do it? Let's talk about why we do it
5 first. The asset-liability is actually part of the
6 broader process of reviewing and setting asset
7 allocation policy. So it's the first step. And as
8 the first step, what we try and focus on is the
9 very high-level, macro view of how much overall
10 portfolio risk is appropriate given the nature of
11 the promises that are being made, the liabilities
12 of the plan. That we feel is probably the most
13 important question to answer.

14 Once that question is answered, then I hand
15 off to colleagues who then drill down and say,
16 "Okay. We know how much risk. How can we be
17 efficient at taking that risk, what kind of
18 specific asset class allocations?" So that can be
19 addressed in another part.

20 But the macro question is how much overall
21 portfolio risk, and that's what we try and do with
22 the asset-liability study, which is really nothing
23 more than using forecasts to help translate
24 investment risk into financial risk that you may
25 experience with the plan, cost and funded status.

1 So it's a translation modeling process.

2 We do 15-year projections into the future.
3 And to capture things that the regular actuary
4 doesn't focus on, namely, risk, we do a full
5 simulation of scenarios from very good to very bad
6 and everything in between. So we have a simulation
7 model, and we run a thousand scenarios. And that
8 gives us the ability to capture not only expected
9 trend lines, but how uncertain the results might be
10 around those trend lines. And it's that
11 uncertainty that can create risk, and that's what
12 we do, is try and find the balance between that.

13 Since we're dealing at the macro level with
14 the overall portfolio risk, we will talk in terms
15 of a broad category of risk assets, which are any
16 of those asset classes where you might expect to
17 earn a premium over bonds, over fixed income. So
18 it includes equity, both private and public, real
19 estate. Any strategic and opportunistic type of
20 investment falls into that, and high yield bonds.
21 So when we talk about risk assets, we're talking
22 about that whole category of asset classes. And
23 currently the allocation policy is to have
24 71 percent of the fund in that broad category of
25 risk assets and the remaining 29 percent in the

1 fixed income category.

2 The nature of the policy setting, of course,
3 is that you would like to have the highest possible
4 return, which would indicate a higher allocation to
5 these risk assets. But the flip side is -- because
6 the higher return will help you keep the costs
7 down, keep the plan well funded, the flip side is,
8 as you seek to increase the return, you're going to
9 also increase the uncertainty of that return, and
10 you need to find the balance between controlling
11 downside risk and seeking excess return. That's
12 the exercise that we try and help with.

13 Because we use a forecast and simulation
14 process, assumptions are very key to what we do.
15 We need, first of all, some expectations about
16 asset returns in broad classes. We start with
17 bonds. They're a little easier to start with
18 because we know current yields. We have some
19 inputs about what economists expect yields to do in
20 the future. We put that all together, and we come
21 up with a 4.6 percent expected return over the next
22 15 years for bonds, U.S. bonds.

23 U.S. stocks are a little harder to capture
24 expectations, but the process we go through is to
25 add an equity risk premium on top of the bond

1 return. And for this exercise, in 2010, our equity
2 risk premium is 3.4 percent, which gets us to an
3 8 percent total expected return for U.S. stocks.

4 Now, where does that 3.4 percent equity risk
5 premium come from? The process that we follow here
6 is to get input from the four consulting firms that
7 work with the SBA, including EnnisKnupp, but also
8 Mercer, Callan, and Wilshire. Each consulting firm
9 has its own set of assumptions and own
10 expectations. We take the average of those four to
11 come up with the 3.4 percent.

12 For information, this is the single most
13 important assumption that we put into our model,
14 because it basically is the price of risk. It
15 tells you how much am I expected to earn if I take
16 this extra risk, so it is a very critical
17 assumption.

18 When we did this exercise in 2007, the equity
19 risk premium was 2.7 percent. So back then we had
20 sort of market signals telling us it was not quite
21 as rewarding to take risk, and that was the main
22 driver of the decision back then that the Trustees
23 adopted, was to take some of that risky asset
24 allocation off the table, which turned out to be a
25 very favorable move. But now with markets priced

1 lower, the forward-looking expectation is that
2 risky assets are likely to provide a better premium
3 than we saw three years ago.

4 For reference, the average over the last 50
5 years has also been very, very close to the current
6 assumption, about 3.5 percent.

7 When we put this all together, then, for your
8 current portfolio, we get an expected average
9 return of 7.4 percent, with some pretty broad
10 ranges of uncertainty over the next 15 years. If
11 we take inflation out of that, we get an expected
12 average real return of 4.7 percent, again with a
13 significant amount of uncertainty.

14 So this is what we feed into our model, and we
15 then do our 15-year projections under this full set
16 of 1,000 scenarios. This is a chart which Rob
17 found stimulating, I think, but it's a chart that
18 shows the projections of funded ratio for the plan.
19 And the best way to understand this kind of chart,
20 particularly here in Florida, is probably to think
21 about what the weatherman shows when a hurricane is
22 approaching. They show, you know, here's where the
23 hurricane is now, here is the expected path, but
24 here's the sort of range of landfall probability.
25 So they have different zones of probability.

1 This is exactly the same concept. On the
2 left-hand side, we know where we are now. As we
3 move from left to right, we're trying to project
4 where we might be in the future, and that red line
5 in the middle is the best guess trend line, but the
6 shaded areas represent sort of this growing
7 uncertainty that we have the farther out we move
8 into the future. So the dark shaded area is a 50
9 percent probability zone, and the whole shaded area
10 is a 90 percent probability zone. So you can see
11 that there's a large, sort of increasing amount of
12 uncertainty that we have to deal with.

13 The risk part in this chart is the possibility
14 of low funded ratios, because that would create
15 high costs and insecurity and so forth, so that's
16 the part we need to control. The trend line,
17 obviously, we want to see that bending upwards
18 towards 100 percent, and it does. It's fairly
19 stable for a number of years, actually, and then
20 starts to bend up towards 100 percent.

21 Now, the one key difference between this --

22 CFO SINK: Excuse me. Would you just clarify
23 what is meant -- the starting point was 88 percent,
24 the funded ratio. Would you just define that once
25 again?

1 MR. DAVIS: Okay. The funded ratio is the
2 ratio of assets to liabilities. The unique thing
3 about the funded ratio that the actuary prepares
4 and presents and is published is that the actuary
5 does not directly use market value of assets. They
6 smooth asset fluctuations out over a multi-year
7 period. And so this does not fully reflect the
8 market downfall, but which will work its way into
9 future asset values that the actuary uses.

10 CFO SINK: So how does this compare with our
11 statements that we're over 100 percent funded?

12 MR. DAVIS: Well, in prior years, you have
13 been over 100 percent funded. So this is as of
14 July 1, 2009.

15 CFO SINK: Okay. So it's not reflective of
16 the market uptick that we've had since --

17 MR. DAVIS: Not directly. The projections
18 incorporate at least the first six months of
19 favorable experience that you've had in the first
20 part of this fiscal year.

21 CFO SINK: Okay. Thank you.

22 MR. DAVIS: I was offering the comment that
23 the one big difference between this chart and the
24 one that the weatherman is going to show for
25 hurricanes is, you have the ability to some degree

1 to steer this thing. You could only wish that you
2 could steer hurricanes, but you do by setting
3 policy have the ability to shape the nature of this
4 projection. If you take more risk and earn a
5 higher return or expected return, you will bend
6 that trend line up a little bit, but you'll have
7 more uncertainty. And vice versa, if you take less
8 risk, the trend line will bend down a little bit,
9 but you might have a little more certainty about
10 where you're going to be on that.

11 And that's the trick, is the balance between
12 bending it up, the trend, which is a good thing,
13 but dealing with the possibility of increased
14 downside risk. And that's what our exercise is all
15 about, to help you focus on that balance.

16 The key message from -- when we get to that
17 point, what we do is rerun these charts under not
18 only your current policy, but more aggressive and
19 less aggressive policies, and we see how these
20 charts and how all the numbers adjust themselves
21 and change and give you a risk-reward analysis.

22 And what we have as sort of a punch line to
23 this whole thing is, when we do that this year, we
24 see that your current allocation to risk assets of
25 71 percent seems to be exactly in the right spot.

1 We have a comfort range from 61 to 81 percent, and
2 you're right in the middle. That's different than
3 what we saw three years ago when the curve showed
4 that taking less risk would be the appropriate
5 thing to do. But right now, everything points
6 towards you're in a good spot, no recommendation
7 for any significant changes on that.

8 One caveat there is --

9 ATTORNEY GENERAL McCOLLUM: Could there be
10 some point where you would recommend our taking
11 more risk?

12 MR. DAVIS: Sure, yes. In general, the things
13 that will lead to that is, if the plan is
14 underfunded, any plan that's underfunded will
15 probably have a little more incentive to take some
16 risk, and vice versa. If -- not vice versa. If
17 the markets are pricing things so that it appears
18 that you would get a high equity risk premium, then
19 that would tilt that.

20 So we have certainly situations that could
21 show that either way. Like in 2007, it pointed in
22 one direction, and it could under different
23 assumptions and different circumstances point the
24 other way.

25 ATTORNEY GENERAL McCOLLUM: Thank you.

1 MR. DAVIS: The last bullet point is just a
2 comment that we know of a number of things that are
3 in the legislative hopper, and if there are any
4 significant changes, we're keyed up to come back
5 and rerun our model and see if anything of
6 significance changes there.

7 We were asked this year to address two special
8 areas of interest, one just a hypothetical of what
9 if the plan were closed to new entrants, because
10 that is at least one thing that has been submitted
11 for consideration. This slide just offers a few
12 observations about what happens at least over the
13 next 15 years if the plan were closed to new
14 entrants. And one thing that happens is that the
15 payroll of the defined benefit participants
16 actually diminishes pretty quickly.

17 So by the time you get out 15 years, even
18 through terminations and retirements, the active
19 population without new entrants coming in becomes a
20 fraction of what it would have been, and after 20
21 to 25 years, it's probably pretty much gone. So at
22 that point, you probably have transitioned to a
23 plan that is basically all retirees, maybe a few
24 lingering active employees, but mostly you have a
25 plan of retirees.

1 The liabilities will grow more slowly because
2 we're not putting new participants in. If you go
3 out 15 years, we would project the liabilities
4 might be about 15 percent lower than they would
5 have been, and a higher percentage of that would be
6 for retirees. So it would kind of more quickly
7 mature into an all-retiree plan.

8 The assets also would grow more slowly. We
9 project that after 15 years, the assets might be
10 about 18 percent below what they would have been.
11 And on the liquidity side, the benefit payouts as a
12 percent of the fund would now become much larger,
13 and the cash inflows, of course, would be smaller.
14 So liquidity issues would start to become a pretty
15 important issue in a closed plan situation.

16 Cost impact, if we looked at the blended cost
17 rate, the contribution rate for both the defined
18 benefit and the defined contribution plans, we see
19 that after about ten years, the combined rate would
20 be about 1 percent of payroll lower than it would
21 have been as you move people who otherwise would
22 have been in the pension plan into the defined
23 contribution plan, and about 1.3 percent of payroll
24 lower after 15 years.

25 The volatility also shrinks, because the

1 defined contribution plan has no volatility, no
2 uncertainty in cost, so you are seeing a more
3 certain pattern. And from an investment policy
4 point of view, if the plan were to be closed, there
5 would be, initially at least, a modest shift
6 towards probably a more conservative investment
7 policy, but that would over a period of several
8 years start to show up more and more. And so with
9 a closed plan situation, you would probably be
10 finding yourself moving gradually towards some more
11 and more conservative posture as the plan becomes
12 mostly retirees.

13 ATTORNEY GENERAL McCOLLUM: Would this
14 necessitate at some point, a closed plan, an
15 increase in the contributions by the participants
16 that were already there in order to fund it out
17 through the termination, which I assume at some
18 point would occur?

19 MR. DAVIS: The source of the funding, whether
20 participant or employer, would be a subjective
21 political decision, and a lot of it would depend on
22 how well the plan performed in that closed state.
23 Because the payroll base is shrinking, any good
24 investment results or bad investment results or any
25 other thing that affects liability is amplified as

1 a percentage of that diminished payroll, and so the
2 potential for finding sources of funding beyond the
3 employer certainly could be an expanded reality
4 there, yes.

5 I've addressed that question as directly as I
6 can, I think.

7 ATTORNEY GENERAL McCOLLUM: I think the answer
8 is it probably would have to have additional
9 contributions.

10 MR. DAVIS: It's certainly possible.

11 The other thing we were asked to look at,
12 which has been addressed a bit earlier by Kevin, is
13 liquidity. And what we have done here in the chart
14 is put together the basics of benefit payouts,
15 employer contributions flowing into the plan, and
16 an estimate of the cash yield on funds, which we
17 assume initially would be about 3 percent, which is
18 where it has been, grading down to a little more
19 conservative 2 percent, and showing the range of
20 net-net cash flow as a percentage of the fund. In
21 the chart there, the median value is the 50th
22 percentile values.

23 You can see that we this year and in prior
24 years have had a net-net negative cash flow.
25 Assuming that contributions go up, that's not good

1 news, but one thing that happens is the liquidity
2 situation changes, and so for even a few years, you
3 may well have a net-net positive cash inflow
4 situation, and then it turns gradually more
5 negative.

6 But the key thing from this chart is that in
7 all those situations, we rarely see anything more
8 than a negative 1 percent cash outflow. Your
9 current policy has a 1 percent cash allocation. So
10 we think at least currently things will emerge to a
11 different position over the years, but currently we
12 think the liquidity issues are probably well
13 addressed. But this ignores a lot of the detailed
14 issues that Kevin got into about capital calls and
15 rebalancing issues that we did not try and capture
16 in this.

17 And that concludes my presentation. Again, I
18 think the key message is that from a risk-taking
19 standpoint, you seem very well positioned relative
20 to what our models are telling us about the
21 uncertain future, but everything seems to be in
22 about the right place.

23 GOVERNOR CRIST: Thank you.

24 MR. WILLIAMS: Thank you, Rowland.

25 Progressing in this same vein, why don't we

1 move on to the asset allocation study, Mike
2 Sebastian, EnnisKnupp.

3 CFO SINK: Governor, let me ask a question
4 first because, because I'm trying to figure out
5 where we're going with this. What is the timing?
6 Are we already in the middle of the asset
7 allocation study, or is there going to be a more --
8 a different presentation in our next -- just
9 explain what the timing is going to be, Ash.

10 MR. WILLIAMS: What we're trying to do today
11 is frame the appropriate issues, explain to you how
12 we look at what the questions are and why the
13 questions are what they are, which is exactly what
14 Rowland just outlined for you.

15 What you're now going to hear is the
16 ramifications of the positioning we're in and where
17 we are or where we think we are going forward in
18 Rowland's actuarial context, what is the import and
19 impact of that information on our investment
20 strategy going forward, what are some potential
21 tweaks that we might choose to make to our
22 strategy. We're going to lay those issues out and
23 what those options are and what we believe the
24 associated issues with each are today so that you
25 can understand and be thinking about them.

1 Between now and our next quarterly meeting,
2 we're going to go back to the shop on our own end,
3 work among ourselves with the IAC, your staffs,
4 et cetera, EnnisKnupp, and others as appropriate,
5 and turn those general discussions into something
6 direct and actionable that will be adopted in the
7 way of a revised investment plan going forward.

8 CFO SINK: Okay. Thank you.

9 MR. SEBASTIAN: Thank you very much. For the
10 record, my name is Mike Sebastian, and I'm a
11 colleague of Rowland's and Steve's from EnnisKnupp
12 & Associates.

13 Ash has kind of laid the ground. The
14 asset-liability work that you just heard from
15 Rowland about helps us determine the appropriate
16 level of risk to take within the pension plan using
17 very broad categories, what he described as risky
18 assets and non-risky assets. And the next step is
19 to look at how to take that risk in the most
20 efficient way possible through diversification.
21 And that's what the asset allocation study does,
22 looking at asset allocation within those broader
23 categories and taking a finer cut.

24 This is a work in progress, as Ash had said.
25 We are not bringing any recommendations to the

1 table today. We can talk about some different
2 scenarios to look at, but we're not recommending an
3 asset allocation policy or changes to your existing
4 policy, but rather talking about the process that
5 we go through, some of the assumptions that go into
6 it, and also talking a little bit about some
7 practices of peers, which you had seen some
8 information on previously.

9 If we could start with looking at the exhibit
10 that shows the changes in the pension plan's policy
11 asset allocation over time, this is a long-term
12 exhibit, about 25 years. At one time before,
13 what's shown on this exhibit, the pension plan was
14 entirety invested in U.S. fixed income. And over
15 time, clearly that has changed. Fixed income or
16 bond investments have become a smaller portion of
17 the plan's investments, and you can see that as the
18 purple in this particular exhibit. Equity
19 investments, both U.S. and non-U.S. stocks, have
20 become a larger portion. That's the blue and the
21 yellow.

22 And the plan has become more diversified with
23 allocations to private equity and other alternative
24 investments in order to improve the amount of
25 return that the plan could earn at an appropriate

1 level of risk. And you see that towards the bottom
2 of the exhibit with the orange and the blue, the
3 private equity and global equity being added to the
4 plan, and the strategic investments asset class
5 being added in the 2007-2008 period.

6 Over the period of time shown here, a few
7 circumstances have changed as well. Legislation
8 has allowed more authority in terms what sorts of
9 investments are permitted within the plan. The
10 investment opportunity set has changed. Markets
11 have become more efficient. They've become more
12 global, and more investment possibilities have come
13 into existence for consideration by the plan's
14 Trustees. And over time, the plan's decision
15 makers, the Trustees have become more comfortable
16 with additional strategic investment opportunities
17 to improve the diversification of the plan and
18 again to boost the amount of return that can be
19 earned at a prudent level of risk.

20 Now, these changes over time don't mean to say
21 that the plan's investment policy has not been the
22 right one at a particular point in time, but just
23 that this decision is a dynamic one that changes
24 through time, which is why every few years we look
25 at investment policy to see ways that it might be

1 updated. And that's what we with staff and most
2 recently yesterday with the Investment Advisory
3 Council have done over the past couple of months.

4 In my brief presentation today, what I would
5 like to accomplish first of all is to share some
6 observations about how the plan's peers invest and
7 how your policy compares with theirs, and to share
8 some ideas about investment policy that we've
9 talked about with staff and also at yesterday's
10 Investment Advisory Council meeting.

11 I recognize this is a lot of data in this
12 exhibit. You saw something similar in Steve's
13 presentation earlier. But just to explain what
14 you're seeing here, this shows the plan's current
15 investment policy, which is shown in the green
16 bars, with a couple of peer groups of similar
17 public pension funds, wherever possible, ones that
18 are similar in size to yours.

19 The first comparison is the results of a
20 survey done by Greenwich & Associates, which is
21 shown with the orange bars. And this peer group
22 contains 87 public pension funds with at least each
23 \$5 billion in assets, and then secondly, the
24 results of an industry-wide survey of public fund
25 best practices and management done by the firm

1 Cost-Effectiveness Measurement. You see that in
2 the blue bars. This sample included 17 funds that
3 are similar to your pension plan in terms of size.

4 So as we get closer and closer to a smaller
5 group, we try to find plans that are a comparable
6 size to you, because their circumstances and
7 practices may be closest to your own.

8 Comparisons with peers ought to always be
9 interpreted with a certain amount of caution. As
10 is the case with Florida, other plans set
11 investment policy with their own circumstances and
12 their own goals in mind. Those circumstances and
13 goals can and do differ from yours. So your
14 investment policy should be and has been
15 historically set based on Florida's specific
16 situation and goals. But keeping that in mind, it
17 can be interesting and useful to see how other
18 plans invest.

19 There's a lot of different things you can take
20 from this exhibit. The main observations we make,
21 though, are that the Florida pension plan generally
22 has a smaller part of the total fund invested in
23 foreign equities and a smaller part allocated to
24 alternative investments. And alternatives can
25 include private equities, hedge funds, hedge fund

1 of funds, and other than smaller investment
2 categories, commodities, timberland,
3 infrastructure, and so on. It varies widely by the
4 plan that you look at.

5 The message from this is that we're not sure
6 there is not a good reason to consider, at least
7 consider going forward with allocations to those
8 asset classes, foreign equity and alternatives,
9 that are more similar to peers. We're not saying
10 you need to do that today, but simply that it's one
11 part of the consideration in the asset allocation
12 policy process. And that's why it has been part of
13 the discussion with staff and yesterday with the
14 IAC.

15 This exhibit is similar. It shows the same
16 sort of comparison of peer practices. Here again,
17 the Florida pension plan's allocations, current
18 policy allocations are shown in the green bars.
19 This is of December 31st, 2009.

20 GOVERNOR CRIST: Would you pardon my
21 interruption for a second? I want to recognize two
22 gentlemen that just came in the room, two former
23 Attorneys General of Florida, Bob Butterworth and
24 Jim Smith. And we're grateful to have you here,
25 and it's an honor to have now four current and

1 former Attorneys General in the room. Forgive me.

2 CFO SINK: Better go up, better go up.

3 GOVERNOR CRIST: Go ahead. I'm sorry. Good
4 to see you guys.

5 MR. SMITH: We just remembered how exciting
6 the Board meetings were.

7 (Laughter.)

8 MR. SEBASTIAN: I didn't promise excitement.

9 MR. SMITH: A little levity.

10 MR. SEBASTIAN: Remember, it's showing the
11 plan's, Florida's plan's current investment policy
12 in the green bars compared with three sets of peer
13 groups, first of all, the Trust Universe Comparison
14 System data or TUCS that we saw in the performance
15 report earlier today. This is on the ten biggest
16 pension plans, both public plans and corporate.
17 Those funds together manage nearly \$1 trillion in
18 assets, so it's a very large peer group; secondly,
19 the Bank of New York Mellon data on 42 public
20 pension funds, each with over \$10 billion in
21 assets; and then lastly, data from RV Kuhns, the
22 consulting firm named for Russell V. Kuhns, its
23 founder, of 15 public funds, each with over
24 \$20 billion in assets.

25 The takeaways are the same. We see that the

1 Florida plan generally has a lower allocation to
2 foreign equity and a lower allocation to
3 alternative investments, and it's particularly
4 pronounced in this peer comparison.

5 If I might, I would like to spend a moment
6 talking about how we started the investment policy
7 discussion with the SBA staff and in the
8 presentation we did yesterday to the Investment
9 Advisory Council.

10 Again, there's a lot of data here, but what
11 these are are assumptions about risk and return for
12 different assets that are the starting point for
13 our analysis of investment policy. A lot of
14 different investment advisors, ones like us, have
15 different ideas about expectations for different
16 investment types, and you see ours here. These are
17 the ones that we use in investment policy work that
18 is currently in progress and that we've discussed
19 with staff and the Investment Advisory Council.

20 It's not possible to know what future returns
21 will be for any particular asset class, either the
22 broad ones, the equity and fixed income, or the
23 more narrow ones, but these represent our best
24 estimate. And again, we're using a 15-year period
25 as our modeling process.

1 We've been modeling returns of investment
2 types like this as a firm for about the past 30
3 years, and we've used this particular methodology
4 for about the last 15, including with past
5 asset-liability and asset allocation work we've
6 done for the SBA. And what it allows us to do is
7 to model what different investment policies might
8 look like in terms of risk and return. And it's
9 the quantitative model behind the advice that we
10 give to all of our clients, and an important one,
11 the Florida State Board of Administration.

12 To round out our presentation of assumptions,
13 here are the risk-return expectations for the
14 strategic investments asset class. You'll see here
15 some asset types that are already included in the
16 pension plan, some that are under consideration,
17 and some alternatives that have been part of our
18 discussions with staff and the IAC, but they're not
19 currently present in the plan, but might be
20 potentially part of the alternative asset
21 allocation.

22 And we focus on this because it represents the
23 newest category that has been added to the pension
24 plan, its investment policy, and it's an area in
25 which we've met with a certain amount of success in

1 terms of absolute return and also improving overall
2 diversification of the fund.

3 The next several exhibits present some
4 potential combinations of investments at various
5 levels of risk and return. And again, they're not
6 recommendations to you, to the Investment Advisory
7 Council, or to staff. What they are are
8 alternatives that we've discussed with staff in
9 beginning the process of talking about alternatives
10 to current investment policy.

11 I would like to focus, if I might, just
12 quickly on one portfolio and then one alternative.
13 This is a pretty dense table. I recognize that.
14 What it shows is the current investment policy of
15 the FRS pension plan. And without spending a lot
16 of time on the allocations that are shown in blue,
17 I would like to focus on the information, if I
18 might, in the bottom panel.

19 First, the current allocation to risky assets,
20 such as U.S. and foreign equity, private equity,
21 real estate, high yield, around 70 percent of the
22 portfolio, as you see, in the baseline analysis in
23 the asset-liability work that Rowland Davis just
24 talked to you about. The allocation to non-risky
25 assets, such as bonds and cash, are right now about

1 30 percent in the current policy. And then a
2 number for risk, which is a measure of volatility
3 of returns and uncertainty of future investment
4 outcomes, the current policy is about 12 percent,
5 just keeping that number in mind in terms of
6 comparing levels of risk from one scenario to
7 another.

8 And if I might, we've talked about a lot of
9 alternatives, but I'll focus on one just briefly
10 which is here in this exhibit, the current policy
11 again, and then the current policy with the
12 addition of the strategic investments asset class,
13 which is the current allocations to strategic
14 investments that are in the portfolio, with also an
15 allocation to hedge funds of \$2 billion. That's
16 one of the possibilities being considered for a
17 future change.

18 I would highlight two things about what we
19 see, first of all, a slightly larger allocation to
20 risky assets, 72 percent versus 71 percent in the
21 current policy, but a lower risk in terms of
22 volatility of returns. And what this illustrates,
23 I think, is the power of diversification. When you
24 combine assets that don't move in lockstep with the
25 stocks and bonds that make up most of your

1 investment plan, you have the ability to
2 potentially reduce your risk, and that's what we
3 see here.

4 So the bottom line is lower risk, and at the
5 same time, a greater chance of meeting long-term
6 investment objectives. We see that in the very
7 bottom of the exhibit, the probability of achieving
8 the 7.75 percent return. We see that number above
9 50 percent to begin with in the current policy and
10 improving modestly in the alternative portfolio.

11 So my comments have been brief, and I'll end
12 here unless there's questions on the remainder of
13 it. But I just wanted to describe the process that
14 we plan to bring to staff and to the Investment
15 Advisory Council, and ultimately to you, the
16 Trustees, as the process that we intend to conclude
17 around you.

18 GOVERNOR CRIST: Thank you.

19 MR. WILLIAMS: Thank you, Mike.

20 So unless there are any questions on this
21 area, I will come back during the executive
22 director wrap-up and talk a little bit about where
23 I think we may be headed in some of these areas.

24 Why don't we then go ahead and do the Florida
25 Growth Fund update. We have Mike Koenig with us

1 from Hamilton Lane.

2 MR. KOENIG: Thank you very much. I would
3 like to begin by saying thank you for the
4 opportunity to present this update.

5 The Florida Growth Fund launched in roughly
6 the spring of last year, and really from that
7 moment on, it has been an incredible source of
8 pride for the entire firm of Hamilton Lane, so
9 thanks for the opportunity.

10 And I'll jump in with an update on the team
11 and a bit of the process around the Growth Fund.
12 The blue box you see in the middle here is the core
13 Florida Growth Fund team, and I'll draw your
14 attention particularly to the names on the left
15 side of that that you see, Greg Baty, Casey
16 Swercheck, and Asha Munroe. They are Hamilton Lane
17 employees here in the State of Florida in our Fort
18 Lauderdale office, so new additions to Hamilton
19 Lane in order to properly manage the fund as well
20 as become a part of the environment, which I'll
21 talk more about later.

22 That team then pulls on the entire resources
23 of the firm, so you can see here a fund investment
24 team and a co-investment team, which co-investment
25 in our terminology is direct investment into

1 companies alongside other general partners. That
2 is broad-based throughout the world. We have ten
3 offices around the world. And the team here in
4 Florida will source the subject matter expert as
5 needed to assist them in diligencing and making the
6 investments.

7 The other piece of it as an investment
8 decision is made is legal negotiations. Monitoring
9 and reporting, et cetera, are required. That's
10 also handled by a broad central team that the team
11 here in Florida can call on as needed.

12 The composition of the Growth Fund breaks down
13 into two pieces, and the first is co-investments,
14 or direct investments into companies alongside
15 general partners, and the second is fund
16 partnership investments. So this page shows a bit
17 of the activity, if you will, for that first piece,
18 the co-investments that we've done.

19 When we are looking at potential co-investment
20 opportunities, we're looking for companies
21 headquartered in or conducting significant business
22 in Florida. Obviously, a strong management team
23 and strong return potential goes without saying,
24 and then generally looking for opportunities in the
25 3 to \$15 million range at this point for the check

1 written to the company.

2 The way that pipeline is broken out, since the
3 inception of the fund, we've seen about 180 deals
4 in total. To step through this process at each
5 step through diligence, meaning all the way down to
6 closing on an investment, the universe continues to
7 shrink because of our diligence process. So where
8 we end is with about four investments on this part
9 of the portfolio out of that total universe of 183
10 that we've seen.

11 The two charts on the right talk a little bit
12 about the composition of the deals that we've seen
13 of that 183 number. And I would say a couple of
14 things about it: First, a very broad
15 representation of industries, growth-based, venture
16 capital-based industries here in the State of
17 Florida, which you can see from the top, and then
18 on the bottom, a strong representation of early
19 stage opportunities that have flowed through in
20 addition to what we think of as some later growth
21 equity or late stage venture capital opportunities.

22 The other component of the portfolio is the
23 fund partnership piece. Here we're looking for
24 venture capital and growth equity type partnerships
25 with funds that are based in Florida or with a

1 significant amount of investments historically in
2 Florida. Very similar in our mindset, attractive
3 management teams of these funds are a requirement,
4 as well as strong return potential and a
5 significant track record, whether it's directly
6 through where they are now, or we'll look to track
7 records from these investors in previously roles.
8 Five to \$15 million commitments is roughly what
9 we're targeting here.

10 And the pipeline, a similar process, to start
11 with the broadest base of fund opportunities and
12 then shrinking that down as an our diligence
13 process continues. And the example here is
14 beginning at the highest level of a 30-member
15 universe of funds that meet the general criteria
16 that we've identified up to this point, shrinking
17 down to ultimately three investments that are
18 closed or with pending closing coming up in the
19 future, such that universe gets smaller as you get
20 more actionable for what our goals are.

21 The allocation by strategy is on the right
22 side here. I think in contrast to thinking about
23 what I showed a second ago in the direct company
24 investments, the fund investments we see generally
25 look across stages. So 60 percent or more of the

1 funds we've seen up to this point have been what
2 would describe themselves as multi-stage managers,
3 including everything from some piece of their
4 portfolio being in early stage, late stage, to even
5 growth equity, so more mature companies as you work
6 through those stages.

7 Stepping away from the direct investment piece
8 for a second, a second part of the portfolio, part
9 of our efforts in relation to the portfolio that we
10 think is incredibly crucial is the way we interact
11 with the network of entrepreneurs, of business
12 leaders, universities, et cetera here in Florida.
13 We see that as incumbent upon us to try to enhance
14 and try to become a part of that in conjunction
15 with the Florida Growth Fund.

16 So this page just shows some of what we've
17 been able to do up to this point in terms of our
18 outreach effort, meeting with, again, those
19 university leaders, entrepreneurs, and in some
20 cases, service providers and other elements of the
21 environment here, meetings with general partners
22 where we've gone into their offices to do full
23 diligence on them, and then finally, a significant
24 number of conferences and events, a really rich
25 environment in Florida in terms of the business

1 community specific to what the Growth Fund was
2 designed to invest in. So we're doing our best to
3 learn from that, to take advantage. And where we
4 can attend a conference or where we can participate
5 in a conference, we've tried to use those
6 opportunities as best we can.

7 And then --

8 CFO SINK: Excuse me. Have you made a list of
9 -- I mean, have you disclosed the names of the
10 seven -- or the four investments and the three
11 pending ones?

12 MR. KOENIG: We've not disclosed a full list.
13 I could characterize them into industries.

14 CFO SINK: And why is that? Obviously, we're
15 a public fund, so --

16 MR. KOENIG: Sure.

17 CFO SINK: -- what's the theory behind keeping
18 it a secret?

19 MR. KOENIG: You know, in our negotiations
20 with certain companies, we're required to keep
21 information confidential, given they are companies
22 that maybe have proprietary technology, have a
23 significant growth path, et cetera. And the
24 documents that we've written with them, we do every
25 attempt to keep information as confidential as

1 possible.

2 CFO SINK: It seems counterintuitive to me,
3 because it would seem to me that they would be
4 thrilled and excited and want to disclose the fact
5 that the State of Florida has confidence in their
6 business plan and the business model of their
7 manager.

8 MR. KOENIG: Sure. And they certainly are
9 thrilled and excited, as you say. It is really
10 just a function of the environment and a function
11 of the way they're operating with their investors.
12 There are examples where that doesn't exist, but
13 generally the ability for us to release the full
14 list of names, that confidentiality in certain
15 examples makes it --

16 CFO SINK: Well, who does know who they are?

17 MR. KOENIG: Pardon me?

18 CFO SINK: Who does know who they are? You
19 know, obviously.

20 MR. KOENIG: Certainly we know.

21 CFO SINK: But does someone in the SBA know?

22 MR. KOENIG: Yes. We report to the SBA a
23 diligent summary of all the investments we've made.

24 CFO SINK: And who is that?

25 MR. KOENIG: It would be the full team,

1 including Ash and the balance.

2 MR. WILLIAMS: Let me just clarify for a
3 moment, because --

4 MR. KOENIG: Please.

5 MR. WILLIAMS: -- I see the path we're on, and
6 I understand exactly where we're headed. It's a
7 good line of inquiry.

8 First of all, we do regular update calls on
9 the pipeline that Hamilton Lane has with the
10 Florida Growth Fund, and we're very aware of the
11 individual transactions that are being done. And
12 there have actually been a couple of cases where
13 we've had portfolio companies that have chosen to
14 do releases for exactly the reasons you've pointed
15 to.

16 But this is a discretionary investment program
17 that Hamilton Lane is managing, and I think at the
18 end of the day, we want to be respectful of the
19 dynamics of what's going on there, just as we would
20 be if we had a private equity manager that was in
21 negotiations with numerous companies for potential
22 investments. We obviously have extensive
23 discretion.

24 CFO SINK: So you know who the -- just tell me
25 who the people are in the SBA who know what the

1 names and the amounts of the investments are.

2 MR. WILLIAMS: Well, I'm aware of them. Jim
3 Treanor certainly, the whole strategic team. Kevin
4 usually participates in these discussions as well.
5 Believe me, it's well known. The pipeline meetings
6 are well attended, and we have a very close rapport
7 with Hamilton Lane on this.

8 CFO SINK: Well, would you be able to provide
9 to the Trustees a list -- I mean, Company A, this
10 amount of investment, and this is the kind of
11 business it's engaged in? What would you be able
12 to disclose to the Trustees?

13 MR. KOENIG: Yes, absolutely. We could
14 provide a list of investments with generic names
15 and then full details of the businesses, the size
16 of them, the number of employees in Florida,
17 et cetera.

18 CFO SINK: Well, I would be very much
19 interested --

20 GOVERNOR CRIST: I would too.

21 CFO SINK: -- in seeing that, because this is
22 one of our opportunities, our first opportunity to
23 really use the power of our pension fund to invest
24 in Florida-based companies who we hope will hit a
25 grand slam home run with some of these companies.

1 I think as we go along, I would also like to see
2 some reporting about the -- you know, what their
3 results have been or what their accomplishments
4 are, and just do a little bit -- a lot more dynamic
5 reporting, because it is the people's money.

6 GOVERNOR CRIST: The reality is that probably
7 everything the SBA has is a public record under
8 law. So if anybody makes a request for it --

9 MR. WILLIAMS: Up to a point. There are
10 certain exclusions, but that's largely true.

11 GOVERNOR CRIST: That's largely good.
12 General.

13 ATTORNEY GENERAL McCOLLUM: I'm certainly
14 proud of what you're doing. This is a great step
15 forward in terms of Florida and our opportunities
16 to get a return in venture capital that we already
17 have as part of our portfolio and now have that
18 return be as well an investment in our state
19 largely, and so it's a tremendous step forward in
20 the past few months to see this happening. And
21 you've got a great outline for us here about how
22 you're proceeding methodically to do that, so all
23 of that is positive.

24 One thing I do want to comment on, though, is
25 that in your fund allocation strategy, and I can't

1 tell for sure in these other allocations, but
2 listening to the amount of money you put into the
3 companies you have directly invested in, it sounds
4 to me that the area that I hear the most need for
5 in Florida from people who talk to me like Space
6 Florida or different sources of business investment
7 and economic development groups are the really
8 early stage companies that need a million dollars
9 or less in early stage capital, and they need
10 hands-on management. They need some fund person in
11 there probably who -- not necessarily Hamilton
12 Lane, but maybe one of these fund groups you're
13 investing in to go invest in them.

14 And it just worries me a little bit that,
15 whether it's because that's the type of company or
16 the fund that's coming forward, that multi-stage
17 companies have such a large portion of this pie
18 down here and not as much in early stage. And even
19 then when you've got early stage being reviewed in
20 the top pie up there, it's a large hunk of it.

21 But you indicated that the investments so far
22 made are between, I think, 5 and 15 million, and
23 that doesn't seem to get to those little companies,
24 the start-ups that are the engines of the creation
25 of jobs that we all sort of think of when we're

1 thinking of the deficiencies of Florida's venture
2 capital at the moment. Can you address some of
3 that, please?

4 MR. KOENIG: Sure. I can say a couple of
5 things in relation to early stage. To the point of
6 the 60 percent being in multi-stage, some component
7 of that is early stage. It's largely at the
8 discretion of the fund managers, but I would be
9 honest and tell you that that number is some number
10 south of 20 percent of the fund opportunities
11 looking directly or investing directly in early
12 stage.

13 But again, back to my first slide, a
14 significant number of the deals we've seen and
15 screened being in early stage, I think when we
16 started the Florida Growth, it became apparent to
17 us that we would spend a lot of time looking at
18 early stage opportunities, thinking about early
19 stage opportunities, and to one of my later points,
20 really trying to become a part of the environment
21 and the network such that we could bring to bear
22 other sets of resources for those early stage
23 companies.

24 So at this point, sort of ten months into a
25 portfolio build-out, we've not found a specific

1 company in the early stage arena that is a perfect
2 fit for the Growth Fund, but yet we've tried to
3 make introductions in other ways, to other angel
4 investor groups or whatever the case might be.

5 And we're also continuing to source those
6 early stage opportunities and find the right ones
7 that may fit. I think we agree with you that we
8 recognize that a huge part of the environment here
9 in Florida is about early stage. We're doing a lot
10 to screen those, to talk to those companies and
11 learn from them, and we'll try to place the dollars
12 into them in a way that's prudent and that meets
13 all of the objectives of the fund, which is proper
14 diversification and a return target.

15 ATTORNEY GENERAL McCOLLUM: Does the bottom
16 pie down there about the fund allocation and the
17 mezzanine number reflect perhaps an absence of
18 sufficient early stage venture capital funds, funds
19 that are targeted just to that million dollar or so
20 range, or \$2 million range or under?

21 MR. KOENIG: I think that's right. I think
22 the funds that are the most compelling invest
23 across stages, so again, some piece of what we're
24 calling multi-stage is early stage. Early stage
25 dedicated funds, there are fewer, and that's true

1 of private equity overall, and it's true of private
2 equity in Florida.

3 ATTORNEY GENERAL McCOLLUM: As you go through
4 this, you may not know the answer today, and it may
5 be something Hamilton Lane learns because you're
6 interviewing so many companies and doing all of
7 this, but I think it would very good for us to hear
8 from you in the coming weeks and months what you
9 discover about the need for more of that capital
10 and presence in Florida. I'm told that, you know,
11 capital in New York or somewhere, one of the bigger
12 funds is unlikely to be down here investing very
13 much in early stage themselves, that you really
14 need early stage funds and we don't have nearly
15 enough of those that are devoted principally to
16 that. And as you said, in the multi-stage growth
17 funds, they're still only allocating a fraction of
18 what they're putting out to the early stage part of
19 it.

20 So I'm just trying to put a benchmark down for
21 future discussion, because I really think that if I
22 am correct and that is a big hole, if you will, in
23 Florida's venture world and in our growth world,
24 then your analysis and hands-on knowledge of this
25 and evaluation of it would be immensely helpful for

1 us.

2 And certainly we want to make the right policy
3 decisions and fiduciary decisions. We don't want
4 you -- we don't want to be pushing you towards
5 riskier investments than we should, but at the same
6 time, I think the whole idea of the Florida Growth
7 Fund was to help grow Florida.

8 So I just -- I don't know if I've made myself
9 clear, but I'm just hoping that I'm saying to you
10 clearly that I'm looking for things down the road,
11 where can we go, what do you see as the
12 deficiencies, and later on, will you be able to
13 report back to us what you think, whether it's the
14 investment by the Florida Growth Fund or not, what
15 Florida may be missing, or not. Maybe my
16 perception is wrong about that.

17 MR. KOENIG: Yes, I think we absolutely
18 understand that learning the component of the
19 environment, where the capital need is,
20 particularly the early stage, is part of our role
21 now. We will have as part of that reporting back
22 to you as we continue to build the fund how we
23 learn more it and how we act on it.

24 ATTORNEY GENERAL McCOLLUM: Thank you.

25 MR. KOENIG: And that really concludes my

1 update. Thank you.

2 GOVERNOR CRIST: Thank you, sir.

3 MR. WILLIAMS: Thank you, Mike. Just one
4 follow-up comment, if I may, on the Growth Fund
5 report. We absolutely will find a good way to
6 report to you meaningful information, and
7 reasonably close to real-time for your benefit.

8 I do want to say too that one of the
9 investments that we have made is a central Florida
10 based technology company with I want to say roughly
11 140 employees that as a consequence of our
12 investment in that company, they anticipate
13 potentially doubling their payroll here in Florida.
14 So we're very tuned in to the engine of job growth,
15 and to the extent we can fuel that engine
16 consistent with our fiduciary obligation, count on
17 us doing it.

18 CFO SINK: Ash, that's the kind of information
19 I think we would all like to know more about.

20 MR. WILLIAMS: Sure, sure. And I can envision
21 a profile of a company by industry type, general
22 location, number of employees, potential for
23 growth, nature of product, nature of market.

24 GOVERNOR CRIST: Average salary, that kind of
25 thing. That would be great.

1 MR. WILLIAMS: Okay. I'm mindful of our time,
2 so I'm going to move fairly rapidly.

3 Just picking up on a couple of points that
4 we've talked about already, both the CFO and the
5 Attorney General asked questions earlier that sort
6 of lead to where we're going with this whole
7 asset-liability and asset allocation project we're
8 on.

9 And I think it was foreshadowed when Mike
10 Sebastian made his remarks. We are conspicuously
11 like a couple of areas relative to some significant
12 peer groups, and those are alternative investments
13 and ex-U.S. equities. So it is very possible we're
14 going to be moving in the direction of coming back
15 to you with a recommendation of expanding activity
16 in both those areas.

17 We already have legislation in process now to
18 increase the allowable exposure to ex-U.S.
19 equities. That's not a tactical motivation on that
20 legislation. It simply addresses the reality that
21 as the rest of the world grows, develops, and
22 matures economically, the component of the global
23 equity market capitalization represented by the
24 United States is contracting.

25 To the extent we move in the direction of some

1 of our peers in alternatives, we would probably
2 need to adjust the cap currently of 10 percent on
3 alternative investments that is imposed by Florida
4 Statutes. That was discussed by the Investment
5 Advisory Council yesterday. There was interest in
6 going there. Our view was that's not something we
7 need to do right away, let's go through this
8 exercise, come back to you, see what your appetite
9 is, and move from there. So those are just a
10 couple of general comments.

11 Going back to our presentation slides, I think
12 one of the things that we really value as coming
13 out of this process is getting input from the
14 Advisory Council and our consultants on our
15 business models, something Rob Gidel touched on.
16 One of the things that's critical for us is the
17 sustainability of what we're doing and the logic of
18 how we're doing it.

19 So what we want to do is look at some
20 questions that we've all discussed in this forum
21 previously, and that is how we deploy our resources
22 for internally managed funds versus externally
23 managed funds and actively managed funds versus
24 passively managed funds. We're currently, for
25 example, about 80 percent passive in domestic

1 equities. We're considering the merits of possibly
2 going a little more passive and then lowering our
3 risk that we're taking there and reallocating that
4 risk to areas where we think we can be better
5 compensated for taking the risk.

6 Likewise, we would look at the comparative
7 advantages and disadvantages of internal management
8 versus external. There are some areas of the
9 Board, for example, our passive U.S. equity
10 exposure we're running on our own desk with
11 extraordinary efficiency and just stunningly low
12 cost. That's huge, and doing more of that might
13 make sense. We're also running active fixed income
14 internally, which a number of other major funds do,
15 with significant value added. The difference
16 between running that money internally and
17 externally is probably a cost differential of five
18 to ten times. It's huge.

19 But in order to be able to run that money
20 internally and do it right, you've got to retain
21 the professionals, you have to compensate them, you
22 have to be comfortable that you're managing the
23 risk properly, et cetera. So we're going to be
24 very honest in our assessment of our appetite
25 institutionally to be able to do the things we need

1 to do to sustain internal management.

2 We're going to be looking at how best to
3 access opportunistic investments and opportunistic
4 investment management skills. This is also
5 something we've discussed before. Hedge funds are
6 a logical complement to what we're doing already in
7 the active management area and some in of the other
8 alternative areas such as private equity.

9 Talking about private market strategies, we'll
10 look at some other areas there, including
11 infrastructure, private debt, timberland,
12 et cetera. I know some of these have been on the
13 burner for a while. Some have been unattractive in
14 the immediate past because of pricing.

15 Things have changed. Opportunities in some
16 ways are moving to the forefront again. We
17 interviewed just within the past week or so five
18 timberland managers. We're way down the road with
19 Cambridge Associates on the hedge fund effort.

20 Infrastructure is something that was pretty
21 dramatically undesirable probably a year to six
22 months ago for two simple reasons. Number one,
23 most of the properties became overpriced; number
24 two, most of these strategies were highly
25 leveraged. As you know, we don't like leverage.

1 It magnifies risk, and we would much prefer to get
2 an investment right on the front end from a
3 valuation standpoint and have the underlying
4 business be a sufficiently strong engine of profit
5 that it doesn't need leverage to be attractive.

6 What we're seeing now is, we've come across at
7 least one model that really relies on little or no
8 leverage in the infrastructure area, so this is a
9 much, much better alignment of economic interest.
10 Prices on many assets have come down through the
11 financial crisis.

12 And the only remaining issue, which is also
13 fundamental, but at least it's one of several, not
14 all of several, and that's pricing power. With
15 infrastructure investments, the normal idea is that
16 you pay a lot of money up front for a long-lived
17 asset that will pay you incrementally over time.
18 The classic Warren Buffett example is owning a toll
19 road. But owning a toll road is only a good idea
20 if you get to set the toll, because if the toll is
21 artificially suppressed and you spend more money
22 maintaining the road and enforcing collection of
23 the toll than you collect in toll receipts, it's a
24 loser. So those are the sorts of variables we'll
25 be looking at in infrastructure.

1 In terms of -- just talking a little bit more
2 about the ex-U.S. equities, when we look at how we
3 do equities currently, we do domestic equities and
4 foreign equities. It might make more sense to
5 simply take a global view -- why create this
6 artificial boundary? -- and have flexibility to
7 simply look for the best ideas worldwide and let
8 the allocation be in some measure a derivative of
9 that fundamental decision process and to some
10 degree a derivative of our diversification
11 strategy.

12 Likewise, we currently have high yield as a
13 separate asset class. That's a somewhat arbitrary
14 choice. And one could easily say, "Well, gosh, if
15 you've got a great big credit portfolio, why are
16 you carving out a fixed allocation to high yield?
17 Why not let that allocation fall out of the broader
18 judgment of the global attractiveness of high yield
19 across the spectrum of credit opportunities and go
20 that way?" So we may come back to you and suggest
21 that high yield no longer makes sense as an asset
22 class.

23 But what this all comes down to is something
24 that at the end of the day we have to all do
25 together. And it's your final decision, and that

1 is, what's the level of risk that we're comfortable
2 with? What makes sense for our risk exposure? And
3 Rowland did a great job of sketching out the risky
4 versus non-risky assets.

5 And I think Mike showed something that was
6 very interesting, and that is that perhaps
7 counterintuitively, you can add an asset like hedge
8 funds that most people would see as sort of a
9 potentially risky asset that they don't feel
10 well-informed about and might be uncomfortable with
11 for that reason. But adding something like hedge
12 funds and a greater global equity exposure can
13 actually reduce the risk in a portfolio where it
14 matters, and that's the risk that over the long
15 term, you don't have enough money to pay your
16 obligations.

17 So that's the way we're looking at it, and I
18 would think that the conclusion we will be pushing
19 toward completing at our next meeting will be what
20 is that right mix of risky versus non-risky assets
21 that puts us in that sweet spot of being able to
22 sleep at night knowing we that we've properly
23 bounded the risk that we don't have the money
24 long-term to meet our obligations. That is far
25 more important over the long term than day-to-day

1 volatility or asset-specific volatility. It's
2 somewhat counterintuitive, but it's an important
3 point.

4 We've already talked about our major mandates,
5 so I don't know that there's really anything to add
6 there. Two quick comments, though, on our
7 performance. And these were touched on earlier, so
8 I won't amplify on them. Fixed income was a
9 tremendous contributor over the past 12 months.
10 That's a 180-degree reversal from the prior year.
11 And I think that represents, as was said earlier,
12 largely the snap-back in some of the same assets
13 that were problematic previously.

14 Likewise, private equity shows up as a big
15 detractor, and there's an interesting back story
16 there. We have met just in the past few weeks with
17 a couple of our big private equity partners, two
18 just in the past two or three days, and the stories
19 we're hearing back are very, very positive and
20 encouraging there. There's a tremendous lag in the
21 formal numbers you get for reporting, so what we're
22 hearing isn't showing in these numbers, and we're
23 seeing some pretty dramatic moves back.

24 I'll give you an example. One fund that we
25 talked to which had been marked at a level of about

1 15 cents on the dollar when I got to the Board,
2 through no intervention on our behalf, just the
3 skill of the managers and their judgment in staying
4 put on various assets that they already held and
5 adding others, they posted a subsequent return of
6 more than 100 percent over about a 12-month period
7 and have now brought that fund back pretty close to
8 parity. And their projection is that it will earn
9 a total return of something on the order of one and
10 a half to two times our original capital, so very,
11 very encouraging, from the basement to the
12 penthouse, and we're seeing that in a number of
13 situations.

14 Some of the club deals that were widely
15 reported in the private equity area -- think names
16 like Hilton, Harris, Freescale Semiconductor,
17 et cetera -- that are entities that in some
18 measures had been given up for dead a year ago have
19 bounced back very precipitously. We had a
20 discussion with one of our managers about Hilton
21 earlier this week. They've already seen a pretty
22 significant turn in the room nights statistics,
23 which in the hotel business are very important.
24 They have not seen any turn yet in room rates, but
25 the way it usually works is that first the

1 occupancy goes up, and then you have the pricing
2 power start pushing the rates up a little bit. And
3 in a state where we have the number of hotels that
4 we do, that's a nice indicator to hear about,
5 particularly since we own a number of those hotels.

6 So real estate is an area of focus. We have
7 shared with you in the past a number of
8 conversations about real estate. Values there have
9 fallen pretty significantly. But I think -- and
10 frankly, there's more pain to come. There's a lag
11 on those assets just like there is on private
12 equity.

13 But I think the good news is that the vast
14 majority of our portfolio is what we call
15 stabilized assets. And frankly, the day-to-day
16 marked-to-market on those isn't very relevant from
17 the standpoint that if you own a property that's
18 leased up, you've got a tenant with solid credit
19 quality -- think a couple of tenants on our roster.
20 Well, I guess I shouldn't name names, but suffice
21 it to say, they're federal agencies with long-term
22 leases. There's no better credit than the
23 government of the United States of America.

24 And if you have a good tenant like that with a
25 long-term lease, frankly, if some advisor somewhere

1 says the value of the building has dropped by X
2 because of the current market, it doesn't matter.
3 The cash flow is there, and we own the asset for
4 the long term.

5 We also have significant dollars in terms of
6 dry powder in opportunistic real estate funds that
7 are there to be put to work as we come through the
8 remainder of the tough period in real estate.
9 Interestingly, I talked this week -- we talked this
10 week to two very senior, very large U.S. investors
11 with significant expertise in real estate. Both of
12 them seem to feel that we may be not seeing the
13 severity of trouble in the next couple of years
14 that I had certainly believed we would be seeing.
15 That's welcome news if it's the case. We're sort
16 of torn between on the one hand, that's good,
17 because we'll feel less pain on our existing
18 portfolio, but on the other hand, from an
19 investment standpoint, if you want to put new
20 capital to work, a little pain is not such a bad
21 thing. It makes for good purchase prices.

22 Strategic investments, again, I think it's a
23 good contrast to the comment we made earlier about
24 strategic. It has actually been the strongest
25 asset class over the fiscal year, up 26 percent in

1 seven months. So now you're seeing why we're in
2 some of these areas. They can be painful at times,
3 but over the fullness of time, they're the right
4 place to be, and you will get robust returns. And
5 if you put that portfolio together in a manner that
6 the risky assets complement the non-risky ones and
7 the correlations collectively reduce your overall
8 risk, that's good cooking, and you can do well with
9 that over time.

10 So things we're researching in the strategic
11 area, we're looking at additional residential and
12 commercial real estate funds and some corporate
13 governance activist funds. I touched on timberland
14 and hedge funds already.

15 So that, I think, covers us for today, unless
16 anyone has any questions.

17 CFO SINK: Yes, I do, Ash. I do want to add
18 something that occurred to me. I was able to
19 attend a conference recently with a number of --
20 several trillion dollars worth of investment fund
21 managers. And this is around the area of global
22 investments in clean energy and renewables.

23 There's an expectation that there are
24 literally billions of dollars of investments,
25 investors who are really hungry to invest in these

1 types industries that they believe are the
2 industries of the future. And I don't know whether
3 we are looking specifically at that kind of whole
4 area of clean energy and renewables as a class or
5 whether it will be incorporated into some other
6 portfolio.

7 Would you just speak to that a little bit,
8 because I do think if you miss the opportunity,
9 then it's too late. And it still feels that it's
10 pretty early in to all sorts of companies actually
11 that I have met in my travels around Florida who
12 are involved in recycling activities and solar
13 activities and all sorts of renewable research, and
14 just incredibly interesting things going on. Would
15 you just speak to that, please?

16 MR. WILLIAMS: Well, first, I share the idea
17 that there's tremendous opportunity in that area.
18 If you look at water and clean energy alone, those
19 technologies are going to be critical to the
20 evolution of a number of cultures and the survival
21 of a number of existing developed cultures that we
22 know today. And I would say, yes, we certainly
23 have an interest in that area. The Growth and
24 Technology Act specifically contemplated green tech
25 and clean tech within its ambit. But I think these

1 are themes that are known to investors at all
2 levels, and one does not necessarily need to
3 allocate dollars to a green fund/clean fund to have
4 exposure in that area.

5 For example, even in our passive portfolio
6 where you would have a company like General
7 Electric as a major holding because it's a major
8 component of the S&P 500, what does General
9 Electric do? They're one of the top providers in
10 the world of electrical generating equipment and
11 water purification equipment, and the water
12 purification area is one of the ones they're really
13 pushing. And they're particularly well positioned
14 in Asia and a number of the largest, fastest
15 growing, emerging economies on earth. So, yes, I
16 think this is an area where you'll see a lot of
17 activity.

18 Going back to one of those names I touched on
19 earlier this week with one of our big private
20 equity partners, they're going to be putting money
21 to work or are putting to work money right now in
22 their latest fund. And one of the comments they
23 offered when we said, "How do you think the
24 opportunity set we'll see in this fund will differ
25 from the opportunity set we saw in the last fund,"

1 one of the interesting flavors was that a lot of
2 the activity will be in India and China and Asia,
3 et cetera, and a lot of that is going to be
4 infrastructure that's related to green tech in one
5 form or another, because people who have the luxury
6 of building out infrastructures without legacy
7 issues will probably go the right way, which will
8 be a green way to begin with.

9 I think the short answer to your question is,
10 yes, we're very tuned in to that area, and we have
11 looked at a couple of specific funds, but there's
12 no reason that theme can't be evidenced throughout
13 our portfolio.

14 Thank you.

15 GOVERNOR CRIST: Thank you. Thanks, Ash.
16 We're adjourned. Good meeting.

17 (Proceedings concluded at 12:12 p.m.)
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25

CERTIFICATE OF REPORTER

STATE OF FLORIDA:

COUNTY OF LEON:

I, MARY ALLEN NEEL, Registered Professional Reporter, 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 152 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 29th day of March, 2010.

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

Representing:

DIVISION OF BOND FINANCE
FINANCIAL SERVICES COMMISSION, INSURANCE REGULATION
DEPARTMENT OF VETERANS' AFFAIRS
DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES
BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND
STATE BOARD OF ADMINISTRATION

The above agencies came to be heard before
THE FLORIDA CABINET, Honorable Governor Crist presiding,
in the Cabinet Meeting Room, LL-03, The Capitol,
Tallahassee, Florida, on Tuesday, March 9, 2010,
commencing at approximately 9:10 a.m.

Reported by:

MARY ALLEN NEEL
Registered Professional Reporter
Florida Professional Reporter
Notary Public

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APPEARANCES:

Representing the Florida Cabinet:

CHARLIE CRIST
Governor

CHARLES H. BRONSON
Commissioner of Agriculture

BILL McCOLLUM
Attorney General

ALEX SINK
Chief Financial Officer

* * *

I N D E X

PAROLE QUALIFICATIONS COMMITTEE

ITEM	ACTION	PAGE
VOTE	Approved	4

DIVISION OF BOND FINANCE
(Presented by BEN WATKINS)

ITEM	ACTION	PAGE
1	Approved	5
2	Approved	5
3	Approved	6
4	Approved	7
5	Approved	7

CONTINUED INDEXFINANCIAL SERVICES COMMISSION, INSURANCE REGULATION
(Presented by BELINDA MILLER)

ITEM	ACTION	PAGE
1	Approved	9
2	Approved	11
3	Approved	12

DEPARTMENT OF VETERANS' AFFAIRS
(Presented by ADMIRAL LEROY COLLINS)

ITEM	ACTION	PAGE
1	Approved	16
2	Approved	16
3	Discussed	16

DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES
(Presented by JULIE JONES)

ITEM	ACTION	PAGE
1	Approved	28
2	Approved	29
3	Approved	29
4	Approved	33

BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND
(Presented by MIKE SOLE)

ITEM	ACTION	PAGE
1	Approved	36
2	Approved	60
3	Approved	61
4	Approved	63

STATE BOARD OF ADMINISTRATION
(Presented by ASH WILLIAMS)

ITEM	ACTION	PAGE
1	Approved	70
2	Approved	70

CERTIFICATE OF REPORTER	71
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1 GOVERNOR CRIST: Well, now I think we're off
2 to SBA. Ash.

3 Thank you, Commissioner, very much.

4 MR. WILLIAMS: Good morning, Governor and
5 Trustees.

6 GOVERNOR CRIST: Yes, sir.

7 MR. WILLIAMS: Item 1 is a fiscal sufficiency
8 in an amount not to exceed \$280 million State of
9 Florida, Department of Transportation Turnpike
10 Revenue Bonds.

11 GOVERNOR CRIST: Is there a motion on Item 1?

12 CFO SINK: Move it.

13 ATTORNEY GENERAL McCOLLUM: Second.

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

16 MR. WILLIAMS: Item 2 is also a fiscal
17 sufficiency in an amount not to exceed \$200 million
18 State of Florida, full faith and credit, State
19 Board of Education PECO bonds, 2008 series.

20 CFO SINK: Move it.

21 ATTORNEY GENERAL McCOLLUM: Second.

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

24 Thanks, Ash. Have a nice day.

25 (Proceedings concluded at 10:40 a.m.)

Protecting Florida's Investments Act (PFIA)

Quarterly Report – April 27, 2010



1Q / 2010

FLORIDA STATE BOARD OF ADMINISTRATION



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About the State Board of Administration

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

As of March 31, 2010, the net asset value of total funds under SBA management was approximately \$141 billion. The FRS Pension Plan provides defined pension benefits to 1.1 million beneficiaries and retirees. The strong long-term performance of the FRS Pension Plan, the fourth-largest public pension fund in the nation, reflects our commitment to responsible fiscal management. The SBA strives to meet the highest ethical, fiduciary and professional standards while performing its mission, with a continued emphasis on keeping operating and investment management costs as low as possible for the benefit of Florida taxpayers.

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

Introduction

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

Primary Requirements of the PFIA

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

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

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

Definition of a Scrutinized Company

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

Sudan:

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

Iran:

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

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

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

SBA Scrutinized Companies Identification Methodology

The SBA has developed two lists of Scrutinized Companies with active business operations by principally relying on the research and findings of four "External Research Providers:"

1. Conflict Risk Network (CRN). CRN is a project of the Genocide Intervention Network, a non-profit organization focused on fundraising for the UN-supported African Union Mission in Darfur and political activism to pressure governments and the UN to pursue a comprehensive strategy to end the genocide in Darfur. CRN was formerly known as the Sudan Divestment Task Force (SDTF).
2. RiskMetrics Group (ISS). RiskMetrics delivers proxy voting and corporate governance solutions to institutional clients. RiskMetrics offers screening services to help pension funds and their investment managers comply with the specific and unique components of state law pertaining to investments in sanctioned countries, including Sudan and Iran.
3. KLD Research & Analytics (KLD). KLD is an investment research firm producing a Sudan Targeted Divestment Compliance product, which meets the requirements of the CRN. While KLD consults with the CRN on legislative criteria and certain companies, KLD independently performs all of the research involved in creating the product. KLD also produces an Iran Compliance product, which identifies companies generally meeting the criteria of the federal government elements of the Iran Sanctions Act. {NOTE: The RiskMetrics Group recently purchased KLD Research & Analytics. We are currently in correspondence with the companies as they integrate operations.}
4. American Israel Public Affairs Committee (AIPAC). AIPAC works on public policy issues with the intent to strengthen the U.S.-Israel relationship. AIPAC produces a list of foreign companies at risk of being sanctioned by the U.S. for investing in Iran's oil and natural gas sector, in violation of the Iran Sanctions Act (ISA).

The SBA Investment Programs and Governance unit and other senior investment professionals review the assessments of the External Research Providers and other publicly available information. The SBA has utilized the following sources to evaluate over 200 companies and affiliates with reported links to Sudan or Iran:

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:

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

Non-Governmental Organizations (NGOs):

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

Other Sources:

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

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

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

Key Changes since the Previous PFIA Quarterly Report**Sudan**

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

The following changes are the result of name changes for two companies on the Sudan Scrutinized list:

- **Jiangxi Changhe Automobile Co. Ltd**, which is a Scrutinized company, has changed its name to **China Avic Avionics Equipment Company Ltd**.
- **CNPC Hong Kong Limited**, which is a Scrutinized company, has changed its name to **Kunlun Energy Company Ltd**.

The following company was **removed** from the Sudan Scrutinized list this quarter:

- **Wartsila Oyj** has committed to humanitarian actions in Sudan and has been removed from Scrutinized status.

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

- **Glencore International AG**
- **Nippon Oil Finance**
- **Nippo Corp.**
- **Wartsila Oyj** has been downgraded from Scrutinized to Continued Examination.

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

- **ABB Ltd.**
- **MMC Bhd**

Iran

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

The following change is the result of a name change for one company on the Iran Scrutinized list:

- **CNPC Hong Kong Limited**, which is a Scrutinized company, has changed its name to **Kunlun Energy Company Ltd**.

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

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

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

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

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

Company	Country of Incorporation	Date of Initial Scrutinized Classification
Optimal Olefins Sdn Bhd	Malaysia	September 19, 2007
PECD Bhd.	Malaysia	September 19, 2007
PetroChina	China	September 19, 2007
PetroKazakhstan Finance BV	Canada	July 28, 2009
Petrolia Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
Ranhill Bhd	Malaysia	September 16, 2008
Ranhill Labuan Ltd.	Malaysia	April 14, 2009
Ranhill Powertron Sdn	Malaysia	April 14, 2009
SAJ Holdings	Malaysia	July 28, 2009
Scomi Engineering BHD	Malaysia	September 19, 2007
Scomi Group Bhd	Malaysia	September 19, 2007
Sinopec Finance	China	April 14, 2009
Sinopec Kantons Holdings Ltd	Bermuda	September 19, 2007
Sinopec Shanghai Petrochemical	China	September 19, 2007
Sinopec Yizheng Chemical Fibre	China	March 25, 2008
Wuhan Boiler Company	China	September 19, 2007
# of Companies	55	

The following company was removed from the Scrutinized Company list for SUDAN during the quarter.

<i>Removed Company</i>	<i>Country of Incorporation</i>
<i>Wartsila Oyj</i>	<i>Finland</i>

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

Company	Country of Incorporation
AREF Investment Group	Kuwait
Bharat Electronics Limited	India
Bollore Group	France
China North Industries Group Corp (CNGC/Norinco)	China
Dietswell SA	France
GAZ Group	Russia
Glencore International AG	Switzerland
Korea Plant Service and Engineering Co. Ltd.	South Korea
LS industrial Systems Co. Ltd.	South Korea
Managem	Morocco
Mercator Lines Limited (Mercator Lines Singapore)	India
Nam Fatt	Malaysia
Nippo Corp.	Japan
Nippon Oil Finance	Japan
Oil India Limited	India
PetroFac	United Kingdom
PTT Public Company Ltd.	Thailand
Seadrill Ltd.	Bermuda
Sinohydro	China
Sudan Telecommunications (Sudatel)	Sudan
Total SA	France
Wartsila Oyj	Finland
# of Companies	22

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

Removed Company	Country of Incorporation
ABB Ltd.	Switzerland
MMC Bhd	Malaysia

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

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

Table 4: Continued Examination Companies with Petroleum Energy Activities in Iran
No companies were added or removed from the list this quarter.

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

Table 5: Correspondence & Engagement Efforts with Scrutinized Companies

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

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

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

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

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

Table 6: Correspondence & Engagement Efforts with Continued Examination Companies

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

Company	Company Responsive to SBA Communications	Continued Examination Status
Actividades de Construcción y Servicios S.A.(ACS)	No	Removed from Iran List
Aggreko PLC	Yes; January 28, 2008	Removed from Iran List
Air Liquide	Yes; November 30, 2007 January 28, 2008	Removed from Iran List
Aker Kvaerner ASA	No	Iran CE Classification Continues
AREF Investment Group	No	Removed from Sudan List
Areva SA	Yes; October 27, 2008 December 29, 2009	Removed from Sudan List
Bauer Aktiengesellschaft	Yes; March 13, 2008	Removed from Sudan List
BG Group	Yes; November 23, 2007	Removed from Iran List
Bharat Electronics Limited	No	Sudan CE Classification Continues
Bolloré Group	No	Sudan CE Classification Continues
CNOOC Ltd	Yes; October 28, 2008	Iran CE Classification Continues
Costain Group PLC	Yes; November 5, 2007	Removed from Iran List
Daelim Industrial Co.	No	Iran CE Classification Continues
Engineers India Ltd.	Yes; October 16, 2008	Iran CE Classification Continues
Essar Oil	Yes; January 9, 2009	Removed from Iran List
Finmeccanica SpA	No	Removed from Sudan List
GVA Consultants	Yes; September 26, 2007	Iran CE Classification Continues
ICSA India Limited	No	Removed from Sudan List
Itochu Corp	Yes; May 9, 2008	Removed from Iran List
JGC Corp	Yes; October 1, 2007	Removed from Iran List
La Mancha Resources	Yes; October 21, 2008	Removed from Sudan List
Linde AG	Yes; November 14, 2007	Removed from Iran List
Liquefied Natural Gas 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
Saipem	Yes; December 12, 2007	Removed from Iran List

Company	Company Responsive to SBA Communications	Continued Examination Status
Samsung Engineering Co. Ltd.	No	Iran CE Classification Continues
Samsung Heavy Industries Co. Ltd.	No	Removed from Iran List
Sasol Ltd.	No	Iran CE Classification Continues
Siemens AG	Yes; October 22, 2009	Iran CE Classification Continues
Schlumberger Limited NV	Yes; October 19, 2007	Removed from Iran and Sudan Lists
Siam Cement PCL	Yes; October 21, 2008	Iran CE Classification Continues
SNC - Lavalin Group Inc.	Yes; September 25, 2007	Removed from Iran List
Sudan Telecommunications (Sudatel)	No	Sudan CE Classification Continues
Technip	No	Iran CE Classification Continues
The Weir Group PLC	Yes; November 16, 2007	Removed from Iran and Sudan Lists
Total SA	Yes; October 12, 2007	Sudan CE Classification Continues
Weatherford International, Ltd.	No	Removed from Sudan List

Key Dates for PFIA Activities

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

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

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

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

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

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

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

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

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

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

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

March 1, 2010— 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

Summary of Investments Sold, Redeemed, Divested or Withdrawn

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

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

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

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

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

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

Company	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Mosenergo	Iran	Russia	September 16, 2008	Yes
Muhibbah Engineering BHD	Sudan	Malaysia	September 19, 2007	Yes
Oil & Natural Gas Corp (ONGC)	Sudan & Iran	India	September 19, 2007	Yes
Optimal Olefins Sdn Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
PECD Bhd.	Sudan	Malaysia	September 19, 2007	Yes
Persian Gold	Iran	United Kingdom	July 28, 2009	Yes
PetroChina	Sudan & Iran	China	September 19, 2007	Yes
PetroKazakhstan Finance BV	Sudan	Canada	July 28, 2009	Yes
Petroliaam Nasional (Petronas)	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Capital Limited	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Dagangan Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Gas Berhad	Sudan & Iran	Malaysia	September 19, 2007	Yes
Ranhill Bhd	Sudan	Malaysia	September 16, 2008	Yes
Ranhill Labuan Ltd.	Sudan	Malaysia	April 14, 2009	Yes
Ranhill Powertron Sdn	Sudan	Malaysia	April 14, 2009	Yes
Repsol YPF	Iran	Spain	September 19, 2007	Yes
Royal Dutch Shell PLC	Iran	United Kingdom	September 19, 2007	Yes
SAJ Holdings	Sudan	Malaysia	July 28, 2009	Yes
Scomi Engineering BHD	Sudan	Malaysia	September 19, 2007	Yes
Scomi Group Bhd	Sudan	Malaysia	September 19, 2007	Yes
Shell International Finance BV	Iran	Netherlands	October 27, 2009	Yes
Sinopec Finance	Sudan & Iran	China	April 14, 2009	Yes
Sinopec Kantons Holdings Ltd	Sudan & Iran	Bermuda	September 19, 2007	Yes
Sinopec Shanghai Petrochemical	Sudan & Iran	China	September 19, 2007	Yes
Sinopec Yizheng Chemical Fibre	Sudan & Iran	China	March 25, 2008	Yes
Snam Rete Gas	Iran	Italy	September 19, 2007	Yes
StatoilHydro	Iran	Norway	September 19, 2007	Yes
Total (Nigeria) PLC	Iran	Nigeria	March 25, 2008	Yes
Total SA	Iran	France	September 19, 2007	Yes
Wuhan Boiler Company	Sudan	China	September 19, 2007	Yes
# of Companies	70	-	-	

The following company was **removed** from the Prohibited Investments list during the quarter.

<i>Removed Company</i>	<i>Country of Incorporation</i>
<i>Wartsila Oyj</i>	<i>Finland</i>

Table 8: SBA Holdings in Prohibited Investments Subject to Divestment

[As of March 31, 2010]

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

Summary of Progress, SBA Investment Manager Engagement Efforts

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

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

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

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

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

Listing of All Publicly Traded Securities (Including Equity Investments)

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

For more information, please contact:

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

or send an email to:

pfia@sbafla.com



**STATE BOARD OF ADMINISTRATION
OF FLORIDA**

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

**POST OFFICE BOX 13300
32317-3300**

**CHARLIE CRIST
GOVERNOR
AS CHAIRMAN**
**ALEX SINK
CHIEF FINANCIAL OFFICER
AS TREASURER**
**BILL McCOLLUM
ATTORNEY GENERAL
AS SECRETARY**
**ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO**

April 27, 2010

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

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

Dear Representative Evers and Senator Diaz de la Portilla:

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

Please be advised that the Trustees have reviewed the attached reports and authorized me to convey their action to you. During the period January 1 through March 31, 2010, there were no material impacts on the trust funds in question and, therefore, no associated actions or escalations.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Ashbel C. Williams".

Ashbel C. Williams
Executive Director & CIO

ACW/db
Attachments

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



Monthly Summary Report for January 2010

Including Fund B

State Board of Administration

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INTRODUCTION

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

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

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

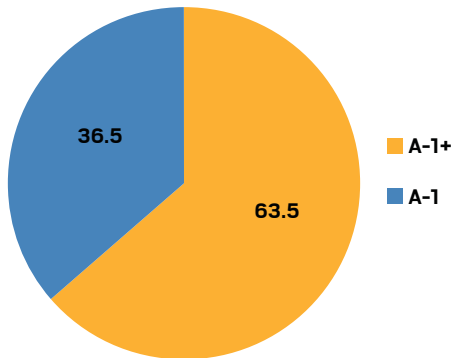
During the reporting period, Florida PRIME and Fund B were in material compliance with investment policy. Details are available in the compliance tables in the body of this report. This report also includes details on market conditions; client outreach; fund holdings, transactions and performance; and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

PORTFOLIO COMPOSITION JANUARY 31, 2010

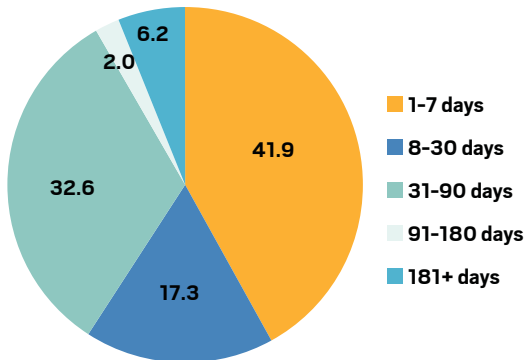
Florida PRIME Assets

\$ 6,318,686,586

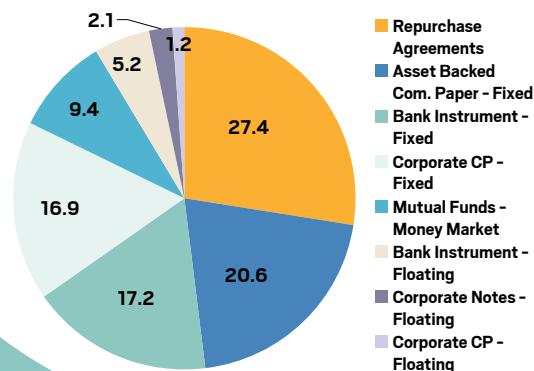
Credit Quality Composition (%)



Effective Maturity Schedule (%)



Portfolio Composition (%)



PORTFOLIO MANAGER COMMENTARY

JANUARY 2010 MARKET CONDITIONS

The bottoming process in the cash market continued at a glacial pace in January as overnight yields moved marginally higher and longer-dated rates declined by about an equal amount. For example, yields on the overnight London Interbank Offered Rate (LIBOR) rose from zero to 18 basis points, while six-month LIBOR dropped by five basis points to 0.38% and 12-month LIBOR fell by 13 basis points to 0.85%. The uptick in yields at the extreme short-term end of the cash curve was caused by the unwinding of seasonal liquidity-related factors; the rate declines among six- to 12-month maturities reflected better credit metrics and a firming of the consensus view that higher rates are not imminent.

Against the backdrop of a flattening yield curve—and amid unexpectedly contentious Senate deliberations on the reconfirmation of Federal Reserve Chairman Ben Bernanke—the Fed’s monetary policy committee met late in the month and left the target range for official interest rates unchanged at between zero and 0.25%. While noting that inflationary expectations remained anchored and that economic conditions (including the labor market) had strengthened since its last meeting in mid-December, the Federal Open Market Committee (FOMC) nonetheless gave no hint that it intended to stray from its oft-repeated promise of virtually open-ended monetary accommodation. One member of the committee, Kansas City Fed President Thomas M. Hoenig, dissented from the wording of the FOMC decision. Though Hoenig did not argue for a rate increase, he believed that economic and financial conditions had improved enough that “the expectation of exceptionally low levels of the federal funds rate for an extended period was no longer warranted.”

Of course, an earlier-than-expected rise in benchmark rates would be good news for long-suffering savers. Yet barring an acceleration in consumer inflation or a tightening in resource markets, we believe that the first rate hike is not likely to occur until the Fed’s August or September meetings, at the earliest. As we have noted previously, however, there are steps that the Fed probably will soon take to nudge rates higher without formally raising the funds target range. Specifically, we expect the central bank to soon implement its reverse repo program, a move that will effectively shrink the Fed’s balance sheet while draining reserves from the banking system.

PORTFOLIO COMPOSITION JANUARY 31, 2010

Top Holdings (%) and Average Maturity

1. Federal Home Loan Bank System	6.1%
2. Danske Bank A/S	5.0%
3. Banco Bilbao Vizcaya Argentaria SA	4.7%
4. Societe Generale, Paris	4.6%
5. Atlantic Asset Securitization LLC	4.5%
6. Bank of Montreal	4.4%
7. Federated Prime Cash Obligations Fund	3.9%
8. Federated Prime Obligations Fund	3.9%
9. Salisbury Receivables Company LLC	3.9%
10. ING Groep N.V.	3.9%
Average Effective Maturity	
44.3 Days	

Percentages based on total value of investments

Past performance is no guarantee of future results.

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

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

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

PORTFOLIO MANAGER COMMENTARY

The Fed successfully undertook several small procedural tests of the reverse repo process in December. Assuming the plan goes forward, overnight yields should move closer to the upper end of the zero to 0.25 basis point target range.

PORTFOLIO INVESTMENT STRATEGY

Florida PRIME's assets decreased slightly from month-end December to approximately \$6.3 billion at the end of January. The seasonal inflow pattern continues with large purchases into the pool. As expected, a portion of this money is frequently withdrawn within a short time frame to meet the participants' cash management needs. We lengthened the average maturity from 32 to 44 days throughout the month. We reduced the pool's positions in overnight securities and invested in commercial paper and government agency debt.

There continues to be virtually no movement at the short end of the LIBOR curve with one- and three-month LIBOR both ending the month unchanged at 0.23% and 0.25%. Because overnight rates remained mixed in the single digits, we focused purchases in the one-, two-, and three-month area of the curve. We also found value in one-year floating rate securities issued by banks and government agencies. Our investment management team continues to seek value in its purchases and remains dedicated to providing competitive yields while also preserving capital and liquidity.

FLORIDA PRIME DETAILED FEE DISCLOSURE

Charges for January 2010	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 32,551.65	0.61
Federated Investment Management & Client Outreach Fee	88,660.20	1.66
BNY Mellon Custodial Fee	116.67	0.00
Bank of America Transfer Agent Fee	4,745.77	0.09
S&P Rating Maintenance Fee	8,358.01	0.16
Audit/External Review Fees	5,520.55	0.10
Total Fees	\$ 139,952.85	2.61

*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 \$6,428,272,300.

CASH FLOWS

Summary of Cash Flows	
January 2010	Florida PRIME
Opening Balance (1/1/10)	\$ 6,537,858,013
Participant Deposits	798,164,289
Transfers from Fund B	34,800,000
Gross Earnings	1,087,607
Participant Withdrawals	(1,053,083,370)
Fees	(139,953)
Closing Balance (1/31/10)	<u>\$ 6,318,686,586</u>
Net Change over Month	(219,171,427)

Valuations based on amortized cost

As shown in the table above, Florida PRIME experienced a net outflow of \$219 million during January 2010.

This change in value consisted of positive flows of \$798 million in participant deposits, \$34.8 million in transfers from Fund B and \$1.09 million in earnings. Negative flows consisted of \$1.05 billion in participant withdrawals and about \$140,000 in fees.

Overall, the fund ended the month with a closing balance of \$6.32 billion.

DISCLOSURE OF SIGNIFICANT ISSUES

LEGAL ISSUE

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

Effective as of December 14, 2009, the SBA and JP Morgan entered into a Second Agreement to Extend Tolling Period (the "Extension") to facilitate further discussions between JP Morgan and the SBA and its external counsel, the law firm of Berman DeValerio, regarding a potential resolution of the dispute. The Office of Financial Regulation and Florida Attorney General's Office have been assisting with the negotiations.

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

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

DISCLOSURE OF MATERIAL IMPACTS

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

Mark Your Calendar

The Participant Local Government Advisory Council will hold its next meeting in Tampa on **March 17** from 11am to 1pm. This body represents participants in Florida PRIME and Fund B and serves in an advisory capacity to the SBA.

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

FUND PERFORMANCE THROUGH JANUARY 31, 2010

NOTES TO PERFORMANCE TABLE

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

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

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

Florida PRIME Participant Performance Data

	Net Participant Yield ¹	Net-of-Fee Benchmark ²	Above (Below) Benchmark
1 mo	0.17%	0.16%	0.01%
3 mos	0.22%	0.20%	0.02%
12 mos	0.52%	0.39%	0.13%
3 yrs	2.58%	2.55%	0.03%
5 yrs	3.29%	3.15%	0.14%
10 yrs	3.17%	2.94%	0.23%
Since 1.96	3.85%	3.62%	0.23%
Net asset value ending Jan-31-10:			\$6,318.5 m

NOTES TO SUPPLEMENTAL INFORMATION

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

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

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

Supplemental Performance Information

	Net Fund Cost-Based Return ¹	Gross-of-Fee Benchmark ²	Marked-to-Market Return ³
1 mo	0.19%	0.32%	0.23%
3 mos	0.22%	0.36%	0.15%
12 mos	0.52%	0.58%	0.51%
3 yrs	2.70%	2.75%	n/a
5 yrs	3.35%	3.37%	n/a
10 yrs	3.18%	3.17%	n/a
Since 12.84	5.08%	5.08%	
Since 1.08			1.92%

INVENTORY OF HOLDINGS JANUARY 31, 2010

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
ABN AMRO N.A., Finance, Inc. CP	COMMERCIAL PAPER		02/04/10		\$ 100,000,000	0.14	\$ 99,997,667	\$ 99,997,500	\$ (167)
ABN AMRO N.A., Finance, Inc. CP	COMMERCIAL PAPER		02/19/10		\$ 84,000,000	0.18	\$ 83,991,180	\$ 83,991,180	\$ -
ABN AMRO N.A., Finance, Inc. CP	COMMERCIAL PAPER		02/24/10		\$ 5,500,000	0.25	\$ 5,499,007	\$ 5,499,261	\$ 254
Alpine Securitization Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		02/08/10		\$ 250,000,000	0.15	\$ 249,989,583	\$ 249,980,550	\$ (9,033)
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		02/04/10		\$ 43,800,000	0.18	\$ 43,798,686	\$ 43,797,955	\$ (731)
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		03/02/10		\$ 186,100,000	0.20	\$ 186,066,916	\$ 186,048,711	\$ (18,205)
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		03/08/10		\$ 64,300,000	0.17	\$ 64,288,462	\$ 64,278,961	\$ (9,501)
Australia & New Zealand Banking Group, Melbourne, Jan 28, 2011	VARIABLE RATE COMMERCIAL PAPER	0.26	01/28/11	03/01/10	\$ 25,000,000	0.26	\$ 25,000,000	\$ 25,000,000	\$ -
Australia & New Zealand Banking Group, Melbourne, Nov 23, 2010	VARIABLE RATE COMMERCIAL PAPER	0.28	11/23/10	02/23/10	\$ 50,000,000	0.28	\$ 50,000,000	\$ 49,961,400	\$ (38,600)
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.34	05/05/10		\$ 100,000,000	0.34	\$ 100,000,000	\$ 100,029,260	\$ 29,260
Banco Bilbao Vizcaya Argentaria SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	04/12/10		\$ 236,000,000	0.25	\$ 236,002,391	\$ 236,002,360	\$ (31)
Banco Bilbao Vizcaya Argentaria SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	03/17/10		\$ 40,000,000	0.25	\$ 40,000,261	\$ 40,001,300	\$ 1,039
Banco Bilbao Vizcaya Argentaria SA CP4-2	COMMERCIAL PAPER - 4-2		04/14/10		\$ 22,000,000	0.19	\$ 21,991,292	\$ 21,991,064	\$ (228)
Bank of America Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.12	02/01/10		\$ 760,000,000	0.12	\$ 760,000,000	\$ 760,000,000	\$ -
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.21	03/18/10		\$ 100,000,000	0.21	\$ 100,000,000	\$ 99,997,330	\$ (2,670)
Bank of Montreal, Dec 20, 2010	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.23	12/20/10	02/22/10	\$ 138,000,000	0.23	\$ 138,000,000	\$ 137,939,556	\$ (60,444)
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	03/02/10		\$ 75,000,000	0.24	\$ 75,000,000	\$ 75,000,660	\$ 660
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.19	02/22/10		\$ 100,000,000	0.19	\$ 100,000,000	\$ 99,998,670	\$ (1,330)
Barclays Bank PLC, London CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.71	01/21/11		\$ 50,000,000	0.72	\$ 50,000,000	\$ 50,009,795	\$ 9,795
Barclays Bank plc, Jan 21, 2011	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.48	01/21/11	02/22/10	\$ 94,500,000	0.49	\$ 94,500,000	\$ 94,481,856	\$ (18,144)
Chariot Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		02/05/10		\$ 9,414,000	0.15	\$ 9,413,725	\$ 9,413,707	\$ (18)

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)

JANUARY 31, 2010

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Chariot Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		02/08/10		\$ 22,342,000	0.14	\$ 22,341,131	\$ 22,340,957	\$ (175)
Chariot Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		02/16/10		\$ 70,000,000	0.14	\$ 69,995,100	\$ 69,993,525	\$ (1,575)
Danske Corp., Inc. CP4-2	COMMERCIAL PAPER - 4-2		02/16/10		\$ 8,800,000	0.20	\$ 8,799,120	\$ 8,799,252	\$ 132
Danske Corp., Inc. CP4-2	COMMERCIAL PAPER - 4-2		04/06/10		\$ 100,000,000	0.19	\$ 99,964,639	\$ 99,958,680	\$ (5,959)
Danske Corp., Inc. CP4-2	COMMERCIAL PAPER - 4-2		04/12/10		\$ 210,750,000	0.20	\$ 210,664,529	\$ 210,654,277	\$ (10,252)
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.03	02/01/10		\$ 97,079,848	0.03	\$ 97,079,848	\$ 97,079,848	\$ -
Edison Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		02/08/10		\$ 63,097,000	0.22	\$ 63,093,144	\$ 63,073,862	\$ (19,282)
Edison Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		03/16/10		\$ 10,685,000	0.21	\$ 10,682,133	\$ 10,682,392	\$ 259
Enterprise Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		03/02/10		\$ 2,000,000	0.20	\$ 1,999,644	\$ 1,999,762	\$ 117
FHLB .4% 12/27/2010	FHLB NOTE	0.40	12/27/10		\$ 145,000,000	0.40	\$ 145,000,000	\$ 144,959,690	\$ (40,310)
FHLB .55% 1/26/2011	FHLB NOTE	0.55	01/26/11		\$ 100,000,000	0.55	\$ 100,000,000	\$ 100,013,800	\$ 13,800
FHLB .55% 8/04/2010	FHLB NOTE	0.55	08/04/10		\$ 100,000,000	0.62	\$ 99,965,565	\$ 100,161,700	\$ 196,135
FHLB Floating Rate Series 2 3/11/2010	FHLB FLOATING RATE NOTE	0.81	03/11/10	02/01/10	\$ 40,000,000	0.82	\$ 39,999,415	\$ 40,029,040	\$ 29,625
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		02/02/10		\$ 95,963,000	0.22	\$ 95,960,654	\$ 95,960,016	\$ (639)
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		04/06/10		\$ 2,500,000	0.18	\$ 2,499,163	\$ 2,498,516	\$ (647)
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		04/15/10		\$ 13,924,000	0.18	\$ 13,918,709	\$ 13,914,270	\$ (4,439)
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.11	02/01/10	02/01/10	\$ 250,196,209	0.14	\$ 250,196,209	\$ 250,196,209	\$ -
Federated Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.10	02/01/10	02/01/10	\$ 250,058,746	0.10	\$ 250,058,746	\$ 250,058,746	\$ -
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		03/08/10		\$ 89,000,000	0.17	\$ 88,984,029	\$ 88,982,147	\$ (1,883)
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		03/15/10		\$ 158,000,000	0.39	\$ 157,924,950	\$ 157,962,475	\$ 37,525
Jupiter Securitization Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		03/08/10		\$ 46,312,000	0.16	\$ 46,304,178	\$ 46,295,870	\$ (8,309)
Morgan Stanley & Co., Inc. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.13	02/01/10		\$ 980,000,000	0.13	\$ 980,000,000	\$ 980,000,000	\$ -

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
JANUARY 31, 2010

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Mullenix-St. Charles Properties, L.P., Times Centre Apartments Project Series 2004, 1/1/2028	VARIABLE RATE DEMAND NOTE	0.28	01/01/28	02/04/10	\$ 13,500,000	0.28	\$ 13,500,000	\$ 13,500,000	\$ -
Robert Louis Stevenson School, Series 2007, Aug 01, 2037	VARIABLE RATE DEMAND NOTE	0.75	08/01/37	02/04/10	\$ 6,000,000	0.75	\$ 6,000,000	\$ 6,000,000	\$ -
Roche Holding AG, Feb 25, 2010	VARIABLE RATE TERM NOTE	1.26	02/25/10	02/25/10	\$ 28,000,000	1.28	\$ 28,000,000	\$ 28,002,296	\$ 2,296
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		02/24/10		\$ 8,100,000	0.15	\$ 8,099,123	\$ 8,098,268	\$ (854)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		03/11/10		\$ 110,400,000	0.17	\$ 110,378,625	\$ 110,362,276	\$ (16,349)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		03/23/10		\$ 10,600,000	0.16	\$ 10,597,503	\$ 10,595,318	\$ (2,185)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		04/07/10		\$ 19,000,000	0.20	\$ 18,992,822	\$ 18,988,839	\$ (3,983)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		04/12/10		\$ 100,000,000	0.18	\$ 99,963,500	\$ 99,935,720	\$ (27,780)
Sheffield Receivables Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/05/10		\$ 27,000,000	0.21	\$ 26,984,880	\$ 26,973,648	\$ (11,232)
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		03/01/10		\$ 63,800,000	0.22	\$ 63,787,913	\$ 63,789,562	\$ 1,649
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		04/07/10		\$ 125,000,000	0.24	\$ 124,943,333	\$ 124,947,350	\$ 4,017
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		04/15/10		\$ 104,300,000	0.21	\$ 104,253,760	\$ 104,250,458	\$ (3,303)
St. Andrew United Methodist Church, Series 2004, 7/1/2029	VARIABLE RATE DEMAND NOTE	0.25	07/01/29	02/04/10	\$ 10,090,000	0.25	\$ 10,090,000	\$ 10,090,000	\$ -
Surrey Funding Corporation CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		04/05/10		\$ 62,000,000	0.20	\$ 61,977,267	\$ 61,963,854	\$ (13,413)
Toronto Dominion Bank, Dec 09, 2010	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.23	12/09/10	02/09/10	\$ 100,000,000	0.23	\$ 100,000,000	\$ 99,957,700	\$ (42,300)
Union Bank of California, N.A. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	02/02/10		\$ 2,000,000	0.25	\$ 2,000,000	\$ 2,000,031	\$ 31
Westpac Banking Corp. Ltd., Sydney, Dec 11, 2010	VARIABLE MEDIUM TERM NOTE	0.28	12/11/10	02/11/10	\$ 75,000,000	0.29	\$ 75,000,000	\$ 74,967,900	\$ (32,100)
Yorktown Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		04/12/10		\$ 89,533,000	0.19	\$ 89,498,505	\$ 89,470,005	\$ (28,500)
Total Value of Investments					<u>\$ 6,343,644,802</u>		<u>\$ 6,343,037,307</u>	<u>\$ 6,342,929,332</u>	<u>\$ (107,974)</u>

Notes:

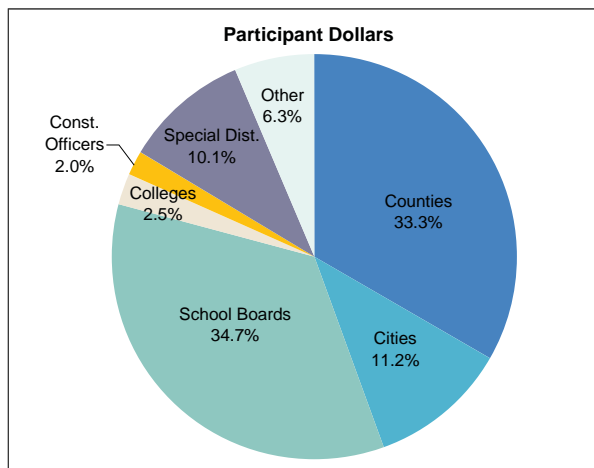
¹ Market values of the portfolio securities are provided by the custodian, BNY Mellon. The portfolio manager, Federated Investment Counseling, is the source for other data shown above.

² Amortized cost is calculated using a straight line method.

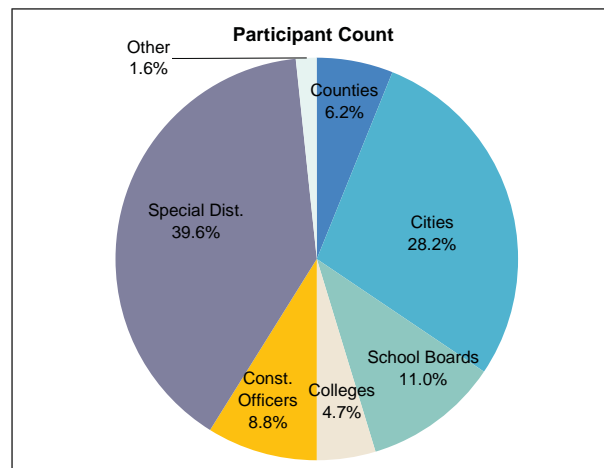
The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

PARTICIPANT CONCENTRATION DATA - JANUARY 31, 2010

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
All Participants	100.0%	100.0%	Colleges & Universities	2.5%	4.7%
Top 10	42.4%	1.2%	Top 10	2.3%	1.2%
\$100 million or more	48.8%	1.7%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	42.8%	10.1%	\$10 million up to \$100 million	1.9%	0.6%
\$1 million up to \$10 million	7.5%	15.2%	\$1 million up to \$10 million	0.6%	1.1%
Under \$1 million	0.9%	72.9%	Under \$1 million	0.01%	3.0%
Counties	33.3%	6.2%	Constitutional Officers	2.0%	8.8%
Top 10	28.4%	1.2%	Top 10	0.9%	1.2%
\$100 million or more	24.2%	0.9%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	8.4%	1.4%	\$10 million up to \$100 million	1.2%	0.4%
\$1 million up to \$10 million	0.6%	1.2%	\$1 million up to \$10 million	0.7%	1.1%
Under \$1 million	0.0%	2.7%	Under \$1 million	0.1%	7.3%
Municipalities	11.2%	28.2%	Special Districts	10.1%	39.6%
Top 10	6.1%	1.2%	Top 10	7.0%	1.2%
\$100 million or more	0.0%	0.0%	\$100 million or more	3.5%	0.2%
\$10 million up to \$100 million	8.3%	2.5%	\$10 million up to \$100 million	4.5%	1.6%
\$1 million up to \$10 million	2.6%	5.4%	\$1 million up to \$10 million	1.7%	4.0%
Under \$1 million	0.3%	20.3%	Under \$1 million	0.4%	33.7%
School Boards	34.7%	11.0%	Other	6.3%	1.6%
Top 10	26.8%	1.2%	Top 10	6.3%	1.2%
\$100 million or more	19.4%	0.5%	\$100 million or more	1.6%	0.1%
\$10 million up to \$100 million	14.0%	3.0%	\$10 million up to \$100 million	4.5%	0.7%
\$1 million up to \$10 million	1.2%	2.1%	\$1 million up to \$10 million	0.1%	0.2%
Under \$1 million	0.1%	5.4%	Under \$1 million	0.0%	0.5%



Total Fund Value: \$6,318,686,586



Total Participant Count: 809

INVESTMENT POLICY COMPLIANCE - JANUARY 2010

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

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

TRADING ACTIVITY FOR JANUARY 2010

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys								
ABN AMRO N.A., FINACP	02/04/10	01/08/10	01/08/10	\$ 50,000,000	\$ 49,994,750	\$ -	\$ 49,994,750	\$ -
ABN AMRO N.A., FINACP	02/04/10	01/08/10	01/08/10	\$ 50,000,000	\$ 49,994,750	\$ -	\$ 49,994,750	\$ -
ABN AMRO N.A., FINACP	02/19/10	01/22/10	01/22/10	\$ 50,000,000	\$ 49,993,000	\$ -	\$ 49,993,000	\$ -
ABN AMRO N.A., FINACP	02/19/10	01/22/10	01/22/10	\$ 34,000,000	\$ 33,995,240	\$ -	\$ 33,995,240	\$ -
ABN AMRO N.A., FINACP	02/24/10	01/25/10	01/25/10	\$ 5,500,000	\$ 5,498,854	\$ -	\$ 5,498,854	\$ -
ALPINE SECURITIZATICPABS4	02/08/10	01/11/10	01/12/10	\$ 50,000,000	\$ 49,994,375	\$ -	\$ 49,994,375	\$ -
ALPINE SECURITIZATICPABS4	02/08/10	01/11/10	01/12/10	\$ 50,000,000	\$ 49,994,375	\$ -	\$ 49,994,375	\$ -
ALPINE SECURITIZATICPABS4	02/08/10	01/11/10	01/12/10	\$ 50,000,000	\$ 49,994,375	\$ -	\$ 49,994,375	\$ -
ALPINE SECURITIZATICPABS4	02/08/10	01/11/10	01/12/10	\$ 50,000,000	\$ 49,994,375	\$ -	\$ 49,994,375	\$ -
ALPINE SECURITIZATICPABS4	02/08/10	01/11/10	01/12/10	\$ 50,000,000	\$ 49,994,375	\$ -	\$ 49,994,375	\$ -
ATLANTIC ASSET SECUCPABS4	03/08/10	01/08/10	01/08/10	\$ 50,000,000	\$ 49,986,070	\$ -	\$ 49,986,070	\$ -
ATLANTIC ASSET SECUCPABS4	03/08/10	01/08/10	01/08/10	\$ 14,300,000	\$ 14,296,016	\$ -	\$ 14,296,016	\$ -
AUSTRALIA & NEW ZEALAND BANKING GRO	01/28/11	01/28/10	02/01/10	\$ 25,000,000	\$ 25,000,000	\$ -	\$ 25,000,000	\$ -
BANCO BILBAO VIZCAYCP4-2	04/14/10	01/12/10	01/14/10	\$ 22,000,000	\$ 21,989,550	\$ -	\$ 21,989,550	\$ -
BANK OF TOKYO-MITSUCDYAN	02/22/10	01/21/10	01/22/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
BANK OF TOKYO-MITSUCDYAN	02/22/10	01/21/10	01/22/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
BANK OF AMERICA CORCP	01/25/10	01/07/10	01/07/10	\$ 50,000,000	\$ 49,997,000	\$ -	\$ 49,997,000	\$ -
BANK OF AMERICA CORCP	01/25/10	01/07/10	01/07/10	\$ 50,000,000	\$ 49,997,000	\$ -	\$ 49,997,000	\$ -
BANK OF AMERICA CORCP	01/25/10	01/07/10	01/07/10	\$ 50,000,000	\$ 49,997,000	\$ -	\$ 49,997,000	\$ -
BANK OF AMERICA CORCP	01/25/10	01/07/10	01/07/10	\$ 50,000,000	\$ 49,997,000	\$ -	\$ 49,997,000	\$ -
BANK OF AMERICA CORCP	01/25/10	01/07/10	01/07/10	\$ 50,000,000	\$ 49,997,000	\$ -	\$ 49,997,000	\$ -
BARCLAYS BANK PLC, CDYAN	01/21/11	01/19/10	01/21/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
BARCLAYS BANK PLC/NY	01/21/11	01/19/10	01/21/10	\$ 44,500,000	\$ 44,500,000	\$ -	\$ 44,500,000	\$ -
BARCLAYS BANK PLC/NY	01/21/11	01/19/10	01/21/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
BARTON CAPITAL LLCPCABS4	01/19/10	01/12/10	01/12/10	\$ 8,001,000	\$ 8,000,829	\$ -	\$ 8,000,829	\$ -
CHARIOT FUNDING LLCPCABS4	02/05/10	01/04/10	01/04/10	\$ 9,414,000	\$ 9,412,745	\$ -	\$ 9,412,745	\$ -
CHARIOT FUNDING LLCPCABS4	02/08/10	01/11/10	01/11/10	\$ 22,342,000	\$ 22,339,567	\$ -	\$ 22,339,567	\$ -
CHARIOT FUNDING LLCPCABS4	02/16/10	01/28/10	01/28/10	\$ 50,000,000	\$ 49,996,306	\$ -	\$ 49,996,306	\$ -
CHARIOT FUNDING LLCPCABS4	02/16/10	01/28/10	01/28/10	\$ 20,000,000	\$ 19,998,522	\$ -	\$ 19,998,522	\$ -
DANSKE CORP., INC.CP4-2	04/06/10	01/07/10	01/08/10	\$ 50,000,000	\$ 49,976,778	\$ -	\$ 49,976,778	\$ -
DANSKE CORP., INC.CP4-2	04/06/10	01/07/10	01/08/10	\$ 50,000,000	\$ 49,976,778	\$ -	\$ 49,976,778	\$ -
DANSKE CORP., INC.CP4-2	04/12/10	01/12/10	01/12/10	\$ 50,000,000	\$ 49,975,000	\$ -	\$ 49,975,000	\$ -
DANSKE CORP., INC.CP4-2	04/12/10	01/12/10	01/12/10	\$ 50,000,000	\$ 49,975,000	\$ -	\$ 49,975,000	\$ -
DANSKE CORP., INC.CP4-2	04/12/10	01/12/10	01/12/10	\$ 50,000,000	\$ 49,975,000	\$ -	\$ 49,975,000	\$ -
DANSKE CORP., INC.CP4-2	04/12/10	01/12/10	01/12/10	\$ 50,000,000	\$ 49,975,000	\$ -	\$ 49,975,000	\$ -
DANSKE CORP., INC.CP4-2	04/12/10	01/12/10	01/12/10	\$ 10,750,000	\$ 10,744,625	\$ -	\$ 10,744,625	\$ -
FAIRWAY FINANCE CO,CPABS4	01/26/10	01/11/10	01/11/10	\$ 50,000,000	\$ 49,997,084	\$ -	\$ 49,997,084	\$ -
FAIRWAY FINANCE CO,CPABS4	01/26/10	01/11/10	01/11/10	\$ 27,203,000	\$ 27,201,413	\$ -	\$ 27,201,413	\$ -
FAIRWAY FINANCE CO,CPABS4	04/06/10	01/12/10	01/12/10	\$ 2,500,000	\$ 2,498,950	\$ -	\$ 2,498,950	\$ -
FAIRWAY FINANCE CO,CPABS4	04/15/10	01/22/10	01/22/10	\$ 13,924,000	\$ 13,918,222	\$ -	\$ 13,918,222	\$ -
FEDERAL HOME LOAN BANKS	01/26/11	01/06/10	01/26/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
FEDERAL HOME LOAN BANKS	01/26/11	01/06/10	01/26/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
ING (U.S.) FUNDING CP	03/08/10	01/08/10	01/08/10	\$ 50,000,000	\$ 49,986,070	\$ -	\$ 49,986,070	\$ -
ING (U.S.) FUNDING CP	03/08/10	01/08/10	01/08/10	\$ 39,000,000	\$ 38,989,134	\$ -	\$ 38,989,134	\$ -
JUPITER SECURITIZATCPABS4	03/08/10	01/08/10	01/08/10	\$ 46,312,000	\$ 46,299,856	\$ -	\$ 46,299,856	\$ -
SALISBURY RECEIVABLCPCABS4	02/24/10	01/13/10	01/13/10	\$ 8,100,000	\$ 8,098,583	\$ -	\$ 8,098,583	\$ -

TRADING ACTIVITY FOR JANUARY 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys (continued)								
SALISBURY RECEIVABLC PABS4	03/11/10	01/08/10	01/08/10	\$ 50,000,000	\$ 49,985,361	\$ -	\$ 49,985,361	\$ -
SALISBURY RECEIVABLC PABS4	03/11/10	01/08/10	01/08/10	\$ 50,000,000	\$ 49,985,361	\$ -	\$ 49,985,361	\$ -
SALISBURY RECEIVABLC PABS4	03/11/10	01/08/10	01/08/10	\$ 10,400,000	\$ 10,396,955	\$ -	\$ 10,396,955	\$ -
SALISBURY RECEIVABLC PABS4	03/23/10	01/15/10	01/15/10	\$ 10,600,000	\$ 10,596,844	\$ -	\$ 10,596,844	\$ -
SALISBURY RECEIVABLC PABS4	04/07/10	01/06/10	01/06/10	\$ 19,000,000	\$ 18,990,394	\$ -	\$ 18,990,394	\$ -
SALISBURY RECEIVABLC PABS4	04/12/10	01/11/10	01/11/10	\$ 50,000,000	\$ 49,977,250	\$ -	\$ 49,977,250	\$ -
SALISBURY RECEIVABLC PABS4	04/12/10	01/11/10	01/11/10	\$ 50,000,000	\$ 49,977,250	\$ -	\$ 49,977,250	\$ -
SHEFFIELD RECEIVABLC PABS4	05/05/10	01/05/10	01/05/10	\$ 27,000,000	\$ 26,981,100	\$ -	\$ 26,981,100	\$ -
SOCIETE GENERALE NOCP	01/06/10	01/05/10	01/05/10	\$ 50,000,000	\$ 49,999,792	\$ -	\$ 49,999,792	\$ -
SOCIETE GENERALE NOCP	01/06/10	01/05/10	01/05/10	\$ 50,000,000	\$ 49,999,792	\$ -	\$ 49,999,792	\$ -
SOCIETE GENERALE NOCP	01/06/10	01/05/10	01/05/10	\$ 10,000,000	\$ 9,999,958	\$ -	\$ 9,999,958	\$ -
SOCIETE GENERALE NOCP	04/07/10	01/06/10	01/07/10	\$ 50,000,000	\$ 49,970,000	\$ -	\$ 49,970,000	\$ -
SOCIETE GENERALE NOCP	04/07/10	01/06/10	01/07/10	\$ 50,000,000	\$ 49,970,000	\$ -	\$ 49,970,000	\$ -
SOCIETE GENERALE NOCP	04/07/10	01/06/10	01/07/10	\$ 25,000,000	\$ 24,985,000	\$ -	\$ 24,985,000	\$ -
SOCIETE GENERALE NOCP	04/15/10	01/22/10	01/22/10	\$ 50,000,000	\$ 49,975,792	\$ -	\$ 49,975,792	\$ -
SOCIETE GENERALE NOCP	04/15/10	01/22/10	01/22/10	\$ 50,000,000	\$ 49,975,792	\$ -	\$ 49,975,792	\$ -
SOCIETE GENERALE NOCP	04/15/10	01/22/10	01/22/10	\$ 4,300,000	\$ 4,297,918	\$ -	\$ 4,297,918	\$ -
SURREY FUNDING CORP C PABS4	04/05/10	01/05/10	01/05/10	\$ 50,000,000	\$ 49,975,000	\$ -	\$ 49,975,000	\$ -
SURREY FUNDING CORP C PABS4	04/05/10	01/05/10	01/05/10	\$ 12,000,000	\$ 11,994,000	\$ -	\$ 11,994,000	\$ -
YORKTOWN CAPITAL LLC PABS4	04/12/10	01/11/10	01/11/10	\$ 50,000,000	\$ 49,975,986	\$ -	\$ 49,975,986	\$ -
YORKTOWN CAPITAL LLC PABS4	04/12/10	01/11/10	01/11/10	\$ 39,533,000	\$ 39,514,013	\$ -	\$ 39,514,013	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/06/10	01/06/10	\$ 31,531,089	\$ 31,531,089	\$ -	\$ 31,531,089	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/07/10	01/07/10	\$ 45,172,731	\$ 45,172,731	\$ -	\$ 45,172,731	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/11/10	01/11/10	\$ 14,962,513	\$ 14,962,513	\$ -	\$ 14,962,513	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/13/10	01/13/10	\$ 9,366,135	\$ 9,366,135	\$ -	\$ 9,366,135	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/14/10	01/14/10	\$ 25,825,415	\$ 25,825,415	\$ -	\$ 25,825,415	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/19/10	01/19/10	\$ 35,492,575	\$ 35,492,575	\$ -	\$ 35,492,575	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/21/10	01/21/10	\$ 18,097,013	\$ 18,097,013	\$ -	\$ 18,097,013	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/25/10	01/25/10	\$ 92,548,224	\$ 92,548,224	\$ -	\$ 92,548,224	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/28/10	01/28/10	\$ 2,306,789	\$ 2,306,789	\$ -	\$ 2,306,789	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/29/10	01/29/10	\$ 69,076,134	\$ 69,076,134	\$ -	\$ 69,076,134	\$ -
FEDERATED PRIME CASH OBLIGATIONS FU	10/01/40	01/01/10	01/01/10	\$ 32,748	\$ 32,748	\$ -	\$ 32,748	\$ -
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	01/01/10	01/01/10	\$ 29,093	\$ 29,093	\$ -	\$ 29,093	\$ -
MORGAN STANLEY TRIPARTY	01/05/10	01/04/10	01/04/10	\$ 1,250,000,000	\$ 1,250,000,000	\$ -	\$ 1,250,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/05/10	01/04/10	01/04/10	\$ 1,300,000,000	\$ 1,300,000,000	\$ -	\$ 1,300,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/06/10	01/05/10	01/05/10	\$ 1,400,000,000	\$ 1,400,000,000	\$ -	\$ 1,400,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/06/10	01/05/10	01/05/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/07/10	01/06/10	01/06/10	\$ 1,490,000,000	\$ 1,490,000,000	\$ -	\$ 1,490,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/07/10	01/06/10	01/06/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/08/10	01/07/10	01/07/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/08/10	01/07/10	01/07/10	\$ 1,100,000,000	\$ 1,100,000,000	\$ -	\$ 1,100,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/11/10	01/08/10	01/08/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/11/10	01/08/10	01/08/10	\$ 700,000,000	\$ 700,000,000	\$ -	\$ 700,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/12/10	01/11/10	01/11/10	\$ 700,000,000	\$ 700,000,000	\$ -	\$ 700,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/12/10	01/11/10	01/11/10	\$ 800,000,000	\$ 800,000,000	\$ -	\$ 800,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/13/10	01/12/10	01/12/10	\$ 750,000,000	\$ 750,000,000	\$ -	\$ 750,000,000	\$ -

TRADING ACTIVITY FOR JANUARY 2010 (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	01/13/10	01/12/10	01/12/10	\$ 285,000,000	\$ 285,000,000	\$ -	\$ 285,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/14/10	01/13/10	01/13/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/14/10	01/13/10	01/13/10	\$ 275,000,000	\$ 275,000,000	\$ -	\$ 275,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/15/10	01/14/10	01/14/10	\$ 850,000,000	\$ 850,000,000	\$ -	\$ 850,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/15/10	01/14/10	01/14/10	\$ 300,000,000	\$ 300,000,000	\$ -	\$ 300,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/19/10	01/15/10	01/15/10	\$ 500,000,000	\$ 500,000,000	\$ -	\$ 500,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/19/10	01/15/10	01/15/10	\$ 900,000,000	\$ 900,000,000	\$ -	\$ 900,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/20/10	01/19/10	01/19/10	\$ 800,000,000	\$ 800,000,000	\$ -	\$ 800,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/20/10	01/19/10	01/19/10	\$ 750,000,000	\$ 750,000,000	\$ -	\$ 750,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/21/10	01/20/10	01/20/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/21/10	01/20/10	01/20/10	\$ 650,000,000	\$ 650,000,000	\$ -	\$ 650,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/22/10	01/21/10	01/21/10	\$ 1,400,000,000	\$ 1,400,000,000	\$ -	\$ 1,400,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/25/10	01/22/10	01/22/10	\$ 350,000,000	\$ 350,000,000	\$ -	\$ 350,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/25/10	01/22/10	01/22/10	\$ 965,000,000	\$ 965,000,000	\$ -	\$ 965,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/26/10	01/25/10	01/25/10	\$ 600,000,000	\$ 600,000,000	\$ -	\$ 600,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/26/10	01/25/10	01/25/10	\$ 900,000,000	\$ 900,000,000	\$ -	\$ 900,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/27/10	01/26/10	01/26/10	\$ 935,000,000	\$ 935,000,000	\$ -	\$ 935,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/27/10	01/26/10	01/26/10	\$ 665,000,000	\$ 665,000,000	\$ -	\$ 665,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/28/10	01/27/10	01/27/10	\$ 985,000,000	\$ 985,000,000	\$ -	\$ 985,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/28/10	01/27/10	01/27/10	\$ 695,000,000	\$ 695,000,000	\$ -	\$ 695,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/29/10	01/28/10	01/28/10	\$ 800,000,000	\$ 800,000,000	\$ -	\$ 800,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/29/10	01/28/10	01/28/10	\$ 700,000,000	\$ 700,000,000	\$ -	\$ 700,000,000	\$ -
MORGAN STANLEY TRIPARTY	02/01/10	01/29/10	01/29/10	\$ 980,000,000	\$ 980,000,000	\$ -	\$ 980,000,000	\$ -
BANK OF AMERICA TRIPARTY	02/01/10	01/29/10	01/29/10	\$ 760,000,000	\$ 760,000,000	\$ -	\$ 760,000,000	\$ -
Total Buys				\$ 34,440,119,458	\$ 34,439,504,579	\$ -	\$ 34,439,504,579	\$ -
<i>Maturities</i>								
ATLANTIC ASSET SECUCPABS4	01/19/10	01/19/10	01/19/10	\$ 25,000,000	\$ 25,000,000	\$ -	\$ 25,000,000	\$ -
BANK OF TOKYO-MITSUCDYAN	01/14/10	01/14/10	01/14/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
BANK OF AMERICA CORCP	01/25/10	01/25/10	01/25/10	\$ 250,000,000	\$ 250,000,000	\$ -	\$ 250,000,000	\$ -
BARCLAYS BANK PLC, CDYAN	01/19/10	01/19/10	01/19/10	\$ 100,000,000	\$ 100,000,000	\$ -	\$ 100,000,000	\$ -
BARTON CAPITAL LLCCPABS4-	01/19/10	01/19/10	01/19/10	\$ 8,001,000	\$ 8,001,000	\$ -	\$ 8,001,000	\$ -
BRANCH BANKING TRCD	01/04/10	01/04/10	01/04/10	\$ 100,000,000	\$ 100,000,000	\$ -	\$ 100,000,000	\$ -
CALYON, PARISCDYAN	01/13/10	01/13/10	01/13/10	\$ 246,000,000	\$ 246,000,000	\$ -	\$ 246,000,000	\$ -
CHARIOT FUNDING LLCCPABS4	01/15/10	01/15/10	01/15/10	\$ 147,760,000	\$ 147,760,000	\$ -	\$ 147,760,000	\$ -
CHARIOT FUNDING LLCCPABS4	01/20/10	01/20/10	01/20/10	\$ 16,414,000	\$ 16,414,000	\$ -	\$ 16,414,000	\$ -
CHARIOT FUNDING LLCCPABS4	01/26/10	01/26/10	01/26/10	\$ 88,000,000	\$ 88,000,000	\$ -	\$ 88,000,000	\$ -
CITIBANK NA, NEW YOCD	01/29/10	01/29/10	01/29/10	\$ 240,000,000	\$ 240,000,000	\$ -	\$ 240,000,000	\$ -
FAIRWAY FINANCE CO,CPABS4	01/11/10	01/11/10	01/11/10	\$ 19,118,000	\$ 19,118,000	\$ -	\$ 19,118,000	\$ -
FAIRWAY FINANCE CO,CPABS4	01/26/10	01/26/10	01/26/10	\$ 77,203,000	\$ 77,203,000	\$ -	\$ 77,203,000	\$ -
FALCON ASSET SECURICPABS4	01/25/10	01/25/10	01/25/10	\$ 12,250,000	\$ 12,250,000	\$ -	\$ 12,250,000	\$ -
SALISBURY RECEIVABLC PABS4	01/06/10	01/06/10	01/06/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
SALISBURY RECEIVABLC PABS4	01/11/10	01/11/10	01/11/10	\$ 82,000,000	\$ 82,000,000	\$ -	\$ 82,000,000	\$ -
SALISBURY RECEIVABLC PABS4	01/15/10	01/15/10	01/15/10	\$ 13,200,000	\$ 13,200,000	\$ -	\$ 13,200,000	\$ -
SALISBURY RECEIVABLC PABS4	01/22/10	01/22/10	01/22/10	\$ 16,900,000	\$ 16,900,000	\$ -	\$ 16,900,000	\$ -
SHEFFIELD RECEIVABLC PABS4	01/12/10	01/12/10	01/12/10	\$ 10,600,000	\$ 10,600,000	\$ -	\$ 10,600,000	\$ -

TRADING ACTIVITY FOR JANUARY 2010 (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 NOCP	01/04/10	01/04/10	01/04/10	\$ 100,000,000	\$ 100,000,000	\$ -	\$ 100,000,000	\$ -
SOCIETE GENERALE NOCP	01/06/10	01/06/10	01/06/10	\$ 110,000,000	\$ 110,000,000	\$ -	\$ 110,000,000	\$ -
SOCIETE GENERALE NOCP	01/22/10	01/22/10	01/22/10	\$ 118,000,000	\$ 118,000,000	\$ -	\$ 118,000,000	\$ -
STARBIRD FUNDING COCPABS4	01/15/10	01/15/10	01/15/10	\$ 19,500,000	\$ 19,500,000	\$ -	\$ 19,500,000	\$ -
SURREY FUNDING CORPCPABS4	01/15/10	01/15/10	01/15/10	\$ 45,000,000	\$ 45,000,000	\$ -	\$ 45,000,000	\$ -
SURREY FUNDING CORPCPABS4	01/19/10	01/19/10	01/19/10	\$ 25,000,000	\$ 25,000,000	\$ -	\$ 25,000,000	\$ -
SURREY FUNDING CORPCPABS4	01/20/10	01/20/10	01/20/10	\$ 80,000,000	\$ 80,000,000	\$ -	\$ 80,000,000	\$ -
YORKTOWN CAPITAL LLCPABS4	01/07/10	01/07/10	01/07/10	\$ 50,070,000	\$ 50,070,000	\$ -	\$ 50,070,000	\$ -
MORGAN STANLEY TRIPARTY	01/04/10	01/04/10	01/04/10	\$ 980,000,000	\$ 980,000,000	\$ -	\$ 980,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/04/10	01/04/10	01/04/10	\$ 920,000,000	\$ 920,000,000	\$ -	\$ 920,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/05/10	01/05/10	01/05/10	\$ 1,250,000,000	\$ 1,250,000,000	\$ -	\$ 1,250,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/05/10	01/05/10	01/05/10	\$ 1,300,000,000	\$ 1,300,000,000	\$ -	\$ 1,300,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/06/10	01/06/10	01/06/10	\$ 1,400,000,000	\$ 1,400,000,000	\$ -	\$ 1,400,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/06/10	01/06/10	01/06/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/07/10	01/07/10	01/07/10	\$ 1,490,000,000	\$ 1,490,000,000	\$ -	\$ 1,490,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/07/10	01/07/10	01/07/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/08/10	01/08/10	01/08/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/08/10	01/08/10	01/08/10	\$ 1,100,000,000	\$ 1,100,000,000	\$ -	\$ 1,100,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/11/10	01/11/10	01/11/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/11/10	01/11/10	01/11/10	\$ 700,000,000	\$ 700,000,000	\$ -	\$ 700,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/12/10	01/12/10	01/12/10	\$ 700,000,000	\$ 700,000,000	\$ -	\$ 700,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/12/10	01/12/10	01/12/10	\$ 800,000,000	\$ 800,000,000	\$ -	\$ 800,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/13/10	01/13/10	01/13/10	\$ 750,000,000	\$ 750,000,000	\$ -	\$ 750,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/13/10	01/13/10	01/13/10	\$ 285,000,000	\$ 285,000,000	\$ -	\$ 285,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/14/10	01/14/10	01/14/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/14/10	01/14/10	01/14/10	\$ 275,000,000	\$ 275,000,000	\$ -	\$ 275,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/15/10	01/15/10	01/15/10	\$ 850,000,000	\$ 850,000,000	\$ -	\$ 850,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/15/10	01/15/10	01/15/10	\$ 300,000,000	\$ 300,000,000	\$ -	\$ 300,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/19/10	01/19/10	01/19/10	\$ 500,000,000	\$ 500,000,000	\$ -	\$ 500,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/19/10	01/19/10	01/19/10	\$ 900,000,000	\$ 900,000,000	\$ -	\$ 900,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/20/10	01/20/10	01/20/10	\$ 800,000,000	\$ 800,000,000	\$ -	\$ 800,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/20/10	01/20/10	01/20/10	\$ 750,000,000	\$ 750,000,000	\$ -	\$ 750,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/21/10	01/21/10	01/21/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/21/10	01/21/10	01/21/10	\$ 650,000,000	\$ 650,000,000	\$ -	\$ 650,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/22/10	01/22/10	01/22/10	\$ 1,400,000,000	\$ 1,400,000,000	\$ -	\$ 1,400,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/25/10	01/25/10	01/25/10	\$ 350,000,000	\$ 350,000,000	\$ -	\$ 350,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/25/10	01/25/10	01/25/10	\$ 965,000,000	\$ 965,000,000	\$ -	\$ 965,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/26/10	01/26/10	01/26/10	\$ 600,000,000	\$ 600,000,000	\$ -	\$ 600,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/26/10	01/26/10	01/26/10	\$ 900,000,000	\$ 900,000,000	\$ -	\$ 900,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/27/10	01/27/10	01/27/10	\$ 935,000,000	\$ 935,000,000	\$ -	\$ 935,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/27/10	01/27/10	01/27/10	\$ 665,000,000	\$ 665,000,000	\$ -	\$ 665,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/28/10	01/28/10	01/28/10	\$ 985,000,000	\$ 985,000,000	\$ -	\$ 985,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/28/10	01/28/10	01/28/10	\$ 695,000,000	\$ 695,000,000	\$ -	\$ 695,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/29/10	01/29/10	01/29/10	\$ 800,000,000	\$ 800,000,000	\$ -	\$ 800,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/29/10	01/29/10	01/29/10	\$ 700,000,000	\$ 700,000,000	\$ -	\$ 700,000,000	\$ -
Total Maturities				\$ 33,795,016,000	\$ 33,795,016,000	\$ -	\$ 33,795,016,000	\$ -

TRADING ACTIVITY FOR JANUARY 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Sells								
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/04/10	01/04/10	\$ 21,746,457	\$ 21,746,457	\$ -	\$ 21,746,457	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/04/10	01/04/10	\$ 519,660,581	\$ 519,660,581	\$ -	\$ 519,660,581	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/05/10	01/05/10	\$ 7,595,748	\$ 7,595,748	\$ -	\$ 7,595,748	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/05/10	01/05/10	\$ 20,659,978	\$ 20,659,978	\$ -	\$ 20,659,978	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/08/10	01/08/10	\$ 4,758,783	\$ 4,758,783	\$ -	\$ 4,758,783	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/08/10	01/08/10	\$ 31,531,089	\$ 31,531,089	\$ -	\$ 31,531,089	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/08/10	01/08/10	\$ 45,172,731	\$ 45,172,731	\$ -	\$ 45,172,731	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/12/10	01/12/10	\$ 6,342,306	\$ 6,342,306	\$ -	\$ 6,342,306	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/15/10	01/15/10	\$ 4,999,794	\$ 4,999,794	\$ -	\$ 4,999,794	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/15/10	01/15/10	\$ 25,825,415	\$ 25,825,415	\$ -	\$ 25,825,415	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/20/10	01/20/10	\$ 26,891,571	\$ 26,891,571	\$ -	\$ 26,891,571	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/22/10	01/22/10	\$ 0	\$ 0	\$ -	\$ 0	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/22/10	01/22/10	\$ 127,741	\$ 127,741	\$ -	\$ 127,741	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/22/10	01/22/10	\$ 15,582,828	\$ 15,582,828	\$ -	\$ 15,582,828	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/22/10	01/22/10	\$ 888,634	\$ 888,634	\$ -	\$ 888,634	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/22/10	01/22/10	\$ 3,620,413	\$ 3,620,413	\$ -	\$ 3,620,413	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/22/10	01/22/10	\$ 9,366,135	\$ 9,366,135	\$ -	\$ 9,366,135	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/22/10	01/22/10	\$ 8,601,004	\$ 8,601,004	\$ -	\$ 8,601,004	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/22/10	01/22/10	\$ 18,097,013	\$ 18,097,013	\$ -	\$ 18,097,013	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/26/10	01/26/10	\$ 6,353,474	\$ 6,353,474	\$ -	\$ 6,353,474	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/27/10	01/27/10	\$ 60,497,824	\$ 60,497,824	\$ -	\$ 60,497,824	\$ -
ST ANDREW UNITED METHODIST CHURCH	07/01/29	01/14/10	01/14/10	\$ 145,000	\$ 145,000	\$ 15	\$ 145,015	\$ -
Total Sells				\$ 838,464,518	\$ 838,464,518	\$ 15	\$ 838,464,533	\$ -

FUND B

FUND B FACTS

INVESTMENT OBJECTIVE

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

COMPOSITION

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

DISTRIBUTIONS

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

ACCOUNTING

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

STATUS OF INVESTMENTS

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

COMMENTARY FROM THE PORTFOLIO MANAGER

All cash from paydowns on securities in Fund B are invested in overnight securities, repurchase agreements, overnight time deposits or commercial paper pending monthly distribution to participant accounts in the LGIP. Specifically, \$34.8 million in liquid assets were transferred from Fund B to Florida PRIME on January 8th.

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

DISCLOSURE OF MATERIAL IMPACTS

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

RETURN OF FUND B PRINCIPAL

The table on the following page details the SBA's progress in returning principal to investors in Fund B. Through the end of January 2010, investors cumulatively received distributions from Fund B totaling nearly \$1.55 billion or 76.9% of their original balances. The \$34.8 million distribution on January 8 consisted of principal paydowns and income from the securities in the Fund. This amount was atypically large because it includes a payment of principal and interest made by the security trustee for Axon Financial Funding that had accrued during the ongoing restructuring of Axon.

The securities remaining in Fund B are legacy items from the four issuers whose financial circumstances gave rise to the November 2007 run (in addition to overnight instruments temporarily holding fund earnings). As of January 31, 2010, their par value (amortized cost) was \$637.3 million, or 37.5% more than remaining participant positions in Fund B. Conversely, the current estimated liquidation (market) value of these securities is pegged at \$304.6 million or 65.7% 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 19.

FUND B

FUND B DISTRIBUTIONS

FUND B DISTRIBUTIONS TO PARTICIPANTS

Fund B Distributions to Participants

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

FUND B MONTHLY DISTRIBUTION DETAIL

January 2010 Distribution Detail Including Receipts by Source For the Period 12/8/09 - 1/7/10		Fund B Participant Allocation		Expense
Beginning Balance	\$	-	\$	38,602.10
Receipts:				
Axon Financial	\$	28,749,180.25		
Florida East	\$	1,875,198.50		
Florida West	\$	3,106,816.04		
Florida Funding I	\$	1,082,451.10		
Overnight Investments	\$	78.75		
Total Receipts	\$	34,813,724.64		
Distributions:				
Allocation to/from Expense Reserve	\$	(13,724.64)	\$	13,724.64
Expenses Paid			\$	(21,374.98)
Participant Distribution	\$	(34,800,000.00)		
Ending Balance	\$	-	\$	30,951.76

FUND B

INVENTORY OF HOLDINGS - AS OF JANUARY 31, 2010

Security Name	Type	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ⁽²⁾	Mkt Value ⁽¹⁾	Unrealized Gain (Loss)
Axon Financial Funding LLC	VARIABLE RATE COMMERCIAL PAPER	0.23	(3)	02/25/10	\$ 135,067,668	0.23	\$ 135,067,668	\$ 56,852,920	\$ (78,214,747)
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.03	02/01/10		\$ 6,460,779	0.03	\$ 6,460,779	\$ 6,460,779	\$ 0.05
Florida East Funding LLC	VARIABLE RATE TERM NOTE	0.58	(3)	02/28/10	\$ 112,985,421	0.59	\$ 112,985,421	\$ 68,752,070	\$ (44,233,351)
Florida Funding I LLC	VARIABLE RATE TERM NOTE	2.16	(3)	08/25/09	\$ 142,511,500	3.35	\$ 142,511,500	\$ 40,244,820	\$ (102,266,680)
Florida West Funding LLC	VARIABLE RATE TERM NOTE	0.58	(3)	02/28/10	\$ 240,260,865	0.59	\$ 240,260,865	\$ 132,278,200	\$ (107,982,666)
					\$ 637,286,233		\$ 637,286,233	\$ 304,588,790	\$ (332,697,443)

Notes:

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

² Amortized cost is calculated using a straight line method.

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

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

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

FUND B

COMPLIANCE AND TRADING ACTIVITY

COMPLIANCE WITH INVESTMENT POLICY - JANUARY 2010

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

TRADING ACTIVITY - JANUARY 2010

Security Description	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys							
DREYFUS GOVT CASH MGMT FUND	01/28/10	01/28/10	\$ 6,431,475.37	\$ 6,431,475.37	\$ -	\$ 6,431,475.37	\$ -
Total Buys			\$ 6,431,475.37	\$ 6,431,475.37	\$ -	\$ 6,431,475.37	\$ -
Sells							
AXON FINANCIAL FUNDING LLC	01/31/10	02/01/10	\$ 2,132,280	\$ 2,132,280	\$ -	\$ 2,132,280	\$ 170
FLORIDA FUNDING I LLC	01/28/10	01/28/10	\$ 1,082,385	\$ 1,082,385	\$ -	\$ 1,082,385	\$ -
FLORIDA EAST FUNDING LLC	01/28/10	01/28/10	\$ 1,690,479	\$ 1,690,479	\$ -	\$ 1,690,479	\$ -
FLORIDA WEST FUNDING LLC	01/28/10	01/28/10	\$ 3,442,081	\$ 3,442,081	\$ -	\$ 3,442,081	\$ -
DREYFUS GOVT CASH MGMT FUND	01/04/10	01/04/10	\$ 58	\$ 58	\$ -	\$ 58	\$ -
DREYFUS GOVT CASH MGMT FUND	01/05/10	01/05/10	\$ 19,792	\$ 19,792	\$ -	\$ 19,792	\$ -
DREYFUS GOVT CASH MGMT FUND	01/07/10	01/07/10	\$ 34,800,000	\$ 34,800,000	\$ -	\$ 34,800,000	\$ -
DREYFUS GOVT CASH MGMT FUND	01/26/10	01/26/10	\$ 1,648	\$ 1,648	\$ -	\$ 1,648	\$ -
Total Sells			\$ 43,168,723	\$ 43,168,723	\$ -	\$ 43,168,723	\$ 170

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



Our Mission

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



STATE BOARD OF ADMINISTRATION
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Monthly Summary Report for February 2010

Including Fund B

State Board of Administration

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FUND B

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INTRODUCTION

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

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

This report, which covers the period from February 1, 2010 through February 28, 2010, has been prepared by the SBA with input from Federated Investment Counseling (“Federated”), investment adviser for the funds, in a format intended to comply with the Statute.

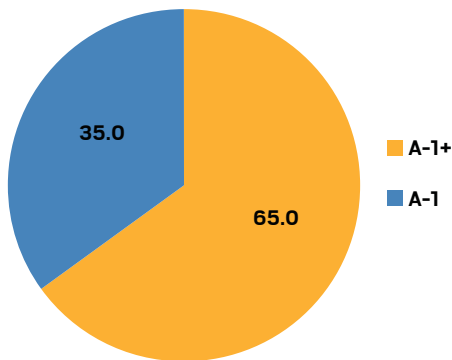
During the reporting period, Florida PRIME and Fund B were in material compliance with investment policy. Details are available in the compliance tables in the body of this report. This report also includes details on market conditions; client outreach; fund holdings, transactions and performance; and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

PORTFOLIO COMPOSITION FEBRUARY 28, 2010

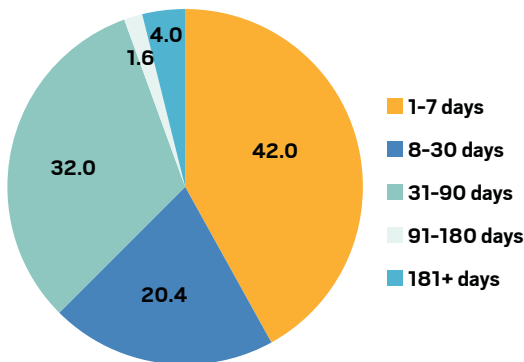
Florida PRIME Assets

\$ 6,200,052,759

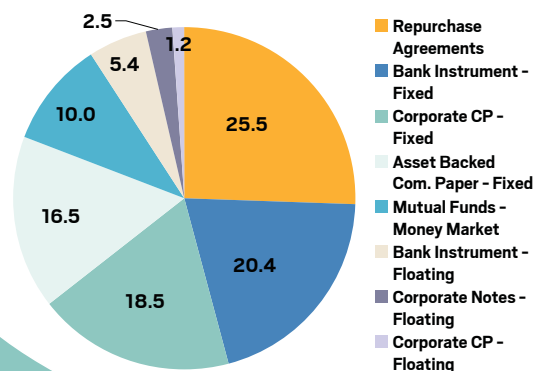
Credit Quality Composition (%)



Effective Maturity Schedule (%)



Portfolio Composition (%)



PORTFOLIO MANAGER COMMENTARY

FEBRUARY 2010 MARKET CONDITIONS

Cash yields finished February virtually unchanged from January as investors looked to the Federal Reserve for clues about when interest rates would finally begin to rise. In both word and deed, there was much to consider. Early in the month, Fed Chairman Ben Bernanke hinted that the central bank would soon take a tentative (if mostly symbolic) step towards normalizing policy by raising the discount rate, or the price that banks pay for Fed loans. One week later, Bernanke followed through on his pledge, moving the discount rate higher by 25 basis points to 0.75%. Even at that marginally elevated level, however, it is still below the traditional 100 basis-points premium over the benchmark fed funds rate, which remained near the middle of the Fed's zero to 0.25% target range. In subsequent testimony to Congress, Bernanke repeated his intention to keep interest rates low for an extended period.

Though an increase in the discount rates does nothing to make cash yields more attractive, we view it as the beginning of a process that eventually will lead to that end. In effect, the virtually free-money policies that have penalized and frustrated savers over the last two years might be compared to speeding in the left lane of a superhighway; the discount rate hike is akin to turning on the right-hand blinker, thus signaling the intention to exit the fast lane—and eventually the highway itself—even though the exit ramp is still an indefinite ways off.

Meanwhile, the Fed is likely to take additional measures of a largely technical nature, including ending its massive purchases of mortgage-backed securities and using assets on its balance sheet as collateral to drain reserves from the banking system through reverse repurchase agreements. The reverse repo program should at least push overnight cash rates towards the upper end of the Fed's super-low target range. Yet with excess capacity remaining in domestic labor and product markets, policymakers have latitude to wait before raising the funds rate, which serves as the basis for yields on cash equivalents. In fact, core consumer prices fell in January for the first time since 1982, and U.S. economic growth appeared to weaken markedly amid poor weather in February.

With no significant or lasting changes in the yield curve—three-, six- and 12-month London interbank offered rates (LIBOR) finished

PORTFOLIO COMPOSITION FEBRUARY 28, 2010

Top Holdings (%) and Average Maturity

1. Societe Generale, Paris	5.0%
2. Danske Bank A/S	5.0%
3. Barclays Bank plc	5.0%
4. ING Groep N.V.	4.9%
5. BNP Paribas SA	4.8%
6. Banco Bilbao Vizcaya Argentaria SA	4.8%
7. Federal Home Loan Bank System	4.6%
8. Mitsubishi UFJ Financial Group, Inc.	4.4%
9. Bank of Montreal	4.4%
10. Federated Prime Cash Obligations Fund	4.0%

Average Effective Maturity

38.8 Days

Percentages based on total value of investments

Past performance is no guarantee of future results.

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

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

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

PORTFOLIO MANAGER COMMENTARY

the month at 0.25%, 0.39%, and 0.84%, respectively—we believe the prudent course at this nascent stage of the economic recovery is to nibble opportunistically across the yield curve in response to market reactions to the daily flow of economic data and Fed activity.

PORTFOLIO INVESTMENT STRATEGY

Florida PRIME's assets were relatively flat, ending the month at \$6.2 billion. Repurchase agreement rates traded in the low double digits throughout the month. The Federal Reserve's surprise increase in the discount rate as well as continued discussions regarding the unwinding of their balance sheets did have a slight positive impact on three-month commercial paper rates. For this reason, the bulk of the purchases for Florida PRIME were in three-month bank paper and some asset-backed commercial paper.

There continues to be virtually no movement at the short end of the LIBOR curve with one- and three-month LIBOR unchanged at 0.23% and 0.25%, and only modest movement in six-month and one-year LIBOR, at 0.38% and 0.84%, respectively. Since we saw little value at the long end of the yield curve, purchases were concentrated in the three-month area.

Our investment management team continues to seek value in its purchases and remains dedicated to providing competitive yields while also preserving capital and liquidity.

FLORIDA PRIME DETAILED FEE DISCLOSURE

Charges for February 2010	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 28,733.40	0.55
Federated Investment Management & Client Outreach Fee	77,792.92	1.49
BNY Mellon Custodial Fee	116.67	0.00
Bank of America Transfer Agent Fee	5,034.63	0.10
S&P Rating Maintenance Fee	7,549.17	0.14
Audit/External Review Fees	1,195.20	0.02
Total Fees	\$ 120,421.99	2.31

*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 \$6,259,369,672.

CASH FLOWS

Summary of Cash Flows	
February 2010	Florida PRIME
Opening Balance (2/1/10)	\$ 6,318,686,586
Participant Deposits	822,890,060
Transfers from Fund B	8,575,000
Gross Earnings	1,059,803
Participant Withdrawals	(951,038,268)
Fees	(120,422)
Closing Balance (2/28/10)	\$ 6,200,052,759
Net Change over Month	(118,633,827)

Valuations based on amortized cost

As shown in the table above, Florida PRIME experienced a net outflow of \$118.6 million during February 2010.

This change in value consisted of positive flows of \$823 million in participant deposits, \$8.58 million in transfers from Fund B and \$1.06 million in earnings. Negative flows consisted of \$951 million in participant withdrawals and about \$120,000 in fees.

Overall, the fund ended the month with a closing balance of \$6.20 billion.

DISCLOSURE OF SIGNIFICANT ISSUES

LEGAL ISSUE

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

Effective as of December 14, 2009, the SBA and JP Morgan entered into a Second Agreement to Extend Tolling Period (the "Extension") to facilitate further discussions between JP Morgan and the SBA and its external counsel, the law firm of Berman DeValerio, regarding a potential resolution of the dispute. The Office of Financial Regulation and Florida Attorney General's Office have been assisting with the negotiations.

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

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

DISCLOSURE OF MATERIAL IMPACTS

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

Update on SEC Investigation

The Securities and Exchange Commission formally notified the State Board of Administration on Wednesday, March 3, 2010, that the investigation involving the SBA has been completed and they do not intend to recommend any enforcement

action by the commission. A copy of the SEC communication is available at www.sbafla.com/prime. Click on "Read More" under the March 5, 2010 entry under "Latest News" on the left.

FUND PERFORMANCE THROUGH FEBRUARY 28, 2010

NOTES TO PERFORMANCE TABLE

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

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

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

Florida PRIME Participant Performance Data

	Net Participant Yield ¹	Net-of-Fee Benchmark ²	Above (Below) Benchmark
1 mo	0.17%	0.15%	0.02%
3 mos	0.18%	0.17%	0.01%
12 mos	0.46%	0.34%	0.12%
3 yrs	2.44%	2.42%	0.03%
5 yrs	3.26%	3.12%	0.13%
10 yrs	3.12%	2.89%	0.23%
Since 1.96	3.83%	3.60%	0.23%
Net asset value ending Feb-28-10:			\$6,200.1 m

NOTES TO SUPPLEMENTAL INFORMATION

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

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

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

Supplemental Performance Information

	Net Fund Cost-Based Return ¹	Gross-of-Fee Benchmark ²	Marked-to-Market Return ³
1 mo	0.17%	0.31%	0.22%
3 mos	0.18%	0.34%	0.18%
12 mos	0.47%	0.53%	0.44%
3 yrs	2.57%	2.62%	n/a
5 yrs	3.31%	3.34%	n/a
10 yrs	3.13%	3.12%	n/a
Since 12.84	5.05%	5.05%	
Since 1.08			1.85%

All performance data on this page is annualized, meaning that the amounts represents actual performance for the periods indicated in the table, converted to their compounded equivalent for 12-months. 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.

INVENTORY OF HOLDINGS FEBRUARY 28, 2010

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		03/02/10		\$ 186,100,000	0.20	\$ 186,095,864	\$ 186,094,212	\$ (1,652)
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		03/08/10		\$ 64,300,000	0.17	\$ 64,296,964	\$ 64,294,856	\$ (2,108)
Australia & New Zealand Banking Group, Melbourne, Jan 28, 2011	VARIABLE RATE COMMERCIAL PAPER	0.25	01/28/11	03/01/10	\$ 25,000,000	0.26	\$ 25,000,000	\$ 24,996,625	\$ (3,375)
Australia & New Zealand Banking Group, Melbourne, Nov 23, 2010	VARIABLE RATE COMMERCIAL PAPER	0.28	11/23/10	03/23/10	\$ 50,000,000	0.28	\$ 50,000,000	\$ 49,965,550	\$ (34,450)
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.22	05/10/10		\$ 200,000,000	0.22	\$ 200,000,000	\$ 199,987,820	\$ (12,180)
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.34	05/05/10		\$ 100,000,000	0.34	\$ 100,000,000	\$ 100,016,940	\$ 16,940
Banco Bilbao Vizcaya Argentaria SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	04/12/10		\$ 236,000,000	0.25	\$ 236,001,474	\$ 236,007,340	\$ 5,866
Banco Bilbao Vizcaya Argentaria SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	03/17/10		\$ 40,000,000	0.25	\$ 40,000,105	\$ 40,000,736	\$ 631
Banco Bilbao Vizcaya Argentaria SA CP4-2	COMMERCIAL PAPER - 4-2		04/14/10		\$ 22,000,000	0.19	\$ 21,994,543	\$ 21,995,118	\$ 575
Bank of America Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.12	03/01/10		\$ 590,000,000	0.12	\$ 590,000,000	\$ 590,000,000	\$ -
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.21	03/18/10		\$ 100,000,000	0.21	\$ 100,000,000	\$ 99,999,440	\$ (560)
Bank of Montreal, Dec 20, 2010	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.23	12/20/10	03/22/10	\$ 138,000,000	0.23	\$ 138,000,000	\$ 137,945,214	\$ (54,786)
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	03/02/10		\$ 75,000,000	0.24	\$ 75,000,000	\$ 75,000,165	\$ 165
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.23	05/24/10		\$ 100,000,000	0.23	\$ 100,000,000	\$ 99,995,170	\$ (4,830)
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.23	05/25/10		\$ 100,000,000	0.23	\$ 100,000,000	\$ 99,995,110	\$ (4,890)
Barclays Bank PLC, London CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.71	01/21/11		\$ 50,000,000	0.72	\$ 50,000,000	\$ 50,008,860	\$ 8,860
Barclays Bank plc, Jan 21, 2011	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.48	01/21/11	03/22/10	\$ 94,500,000	0.49	\$ 94,500,000	\$ 94,483,463	\$ (16,538)
Barclays US Funding Corp. CP	COMMERCIAL PAPER		05/12/10		\$ 20,000,000	0.20	\$ 19,991,667	\$ 19,992,500	\$ 833
Danske Corp., Inc. CP4-2	COMMERCIAL PAPER - 4-2		04/06/10		\$ 100,000,000	0.19	\$ 99,979,417	\$ 99,978,770	\$ (647)
Danske Corp., Inc. CP4-2	COMMERCIAL PAPER - 4-2		04/12/10		\$ 210,750,000	0.20	\$ 210,697,313	\$ 210,697,313	\$ -
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.01	03/01/10		\$ 117,344,284	0.01	\$ 117,344,284	\$ 117,344,284	\$ -

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
FEBRUARY 28, 2010

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Edison Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		03/16/10		\$ 10,685,000	0.21	\$ 10,683,878	\$ 10,684,145	\$ 267
Edison Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/10/10		\$ 50,936,000	0.19	\$ 50,916,375	\$ 50,913,069	\$ (3,307)
Enterprise Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		03/02/10		\$ 2,000,000	0.20	\$ 1,999,956	\$ 1,999,971	\$ 16
FHLB .4% 12/27/2010	FHLB NOTE	0.40	12/27/10		\$ 145,000,000	0.40	\$ 145,000,000	\$ 145,013,050	\$ 13,050
FHLB .55% 8/04/2010	FHLB NOTE	0.55	08/04/10		\$ 100,000,000	0.62	\$ 99,970,721	\$ 100,173,600	\$ 202,879
FHLB Floating Rate Series 2 3/11/2010	FHLB FLOATING RATE NOTE	0.83	03/11/10	03/01/10	\$ 40,000,000	0.82	\$ 39,999,814	\$ 40,005,760	\$ 5,946
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		04/06/10		\$ 2,500,000	0.18	\$ 2,499,513	\$ 2,499,209	\$ (303)
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		04/15/10		\$ 13,924,000	0.18	\$ 13,920,658	\$ 13,918,430	\$ (2,228)
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/19/10		\$ 75,052,000	0.20	\$ 75,017,810	\$ 74,995,756	\$ (22,054)
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.13	03/01/10	03/01/10	\$ 250,223,389	0.09	\$ 250,223,389	\$ 250,223,389	\$ -
Federated Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.08	03/01/10	03/01/10	\$ 250,080,625	0.08	\$ 250,080,625	\$ 250,080,625	\$ -
General Electric Capital Corp., Sr. Unsec'd. Note, 5.000%, 12/01/2010	CORPORATE BOND	5.00	12/01/10		\$ 50,000,000	0.56	\$ 51,691,732	\$ 51,724,500	\$ 32,768
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		03/08/10		\$ 89,000,000	0.17	\$ 88,995,797	\$ 88,996,093	\$ 296
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		03/15/10		\$ 158,000,000	0.39	\$ 157,971,648	\$ 157,987,313	\$ 15,665
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		05/11/10		\$ 55,000,000	0.20	\$ 54,977,389	\$ 54,976,372	\$ (1,017)
Jupiter Securitization Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		03/08/10		\$ 46,312,000	0.16	\$ 46,309,942	\$ 46,308,036	\$ (1,906)
Morgan Stanley & Co., Inc. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.12	03/01/10		\$ 975,000,000	0.12	\$ 975,000,000	\$ 975,000,000	\$ -
Mullenix-St. Charles Properties, L.P., Times Centre Apartments Project Series 2004, 01/01/28	VARIABLE RATE DEMAND NOTE	0.26	01/01/28	03/04/10	\$ 13,500,000	0.28	\$ 13,500,000	\$ 13,500,000	\$ -
RBS Finance NV (North America) Inc. CP	COMMERCIAL PAPER		03/19/10		\$ 178,000,000	0.21	\$ 177,978,195	\$ 177,982,342	\$ 4,147
Robert Louis Stevenson School, Series 2007, Aug 01, 2037	VARIABLE RATE DEMAND NOTE	0.57	08/01/37	03/04/10	\$ 6,000,000	0.60	\$ 6,000,000	\$ 6,000,000	\$ -
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		03/11/10		\$ 110,400,000	0.17	\$ 110,393,223	\$ 110,388,640	\$ (4,583)

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
FEBRUARY 28, 2010

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		03/23/10		\$ 10,600,000	0.16	\$ 10,598,822	\$ 10,597,887	\$ (935)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		04/07/10		\$ 19,000,000	0.20	\$ 18,995,778	\$ 18,994,026	\$ (1,751)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		04/12/10		\$ 100,000,000	0.18	\$ 99,977,500	\$ 99,963,750	\$ (13,750)
Sheffield Receivables Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/05/10		\$ 27,000,000	0.21	\$ 26,989,290	\$ 26,984,140	\$ (5,150)
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		03/01/10		\$ 63,800,000	0.22	\$ 63,798,830	\$ 63,799,203	\$ 372
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		04/07/10		\$ 125,000,000	0.24	\$ 124,966,667	\$ 124,972,638	\$ 5,971
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		04/15/10		\$ 104,300,000	0.21	\$ 104,270,796	\$ 104,272,183	\$ 1,387
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		04/30/10		\$ 19,600,000	0.21	\$ 19,592,797	\$ 19,593,071	\$ 274
St. Andrew United Methodist Church, Series 2004, Jul 01, 2029	VARIABLE RATE DEMAND NOTE	0.25	07/01/29	03/04/10	\$ 10,090,000	0.25	\$ 10,090,000	\$ 10,090,000	\$ -
Surrey Funding Corporation CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		04/05/10		\$ 62,000,000	0.20	\$ 61,986,911	\$ 61,980,954	\$ (5,958)
Surrey Funding Corporation CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/04/10		\$ 75,000,000	0.20	\$ 74,972,083	\$ 74,956,868	\$ (15,216)
Toronto Dominion Bank, Dec 09, 2010	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.23	12/09/10	03/09/10	\$ 100,000,000	0.23	\$ 100,000,000	\$ 99,961,800	\$ (38,200)
Westpac Banking Corp. Ltd., Sydney, Dec 11, 2010	VARIABLE MEDIUM TERM NOTE	0.28	12/11/10	03/11/10	\$ 75,000,000	0.28	\$ 75,000,000	\$ 74,970,975	\$ (29,025)
Yorktown Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		04/12/10		\$ 89,533,000	0.19	\$ 89,511,736	\$ 89,515,093	\$ 3,357
Yorktown Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/10/10		\$ 76,044,000	0.19	\$ 76,014,702	\$ 76,016,244	\$ 1,542
Total Value of Investments					\$ 6,197,574,298		\$ 6,198,798,206	\$ 6,198,838,617	\$ 40,411

Notes:

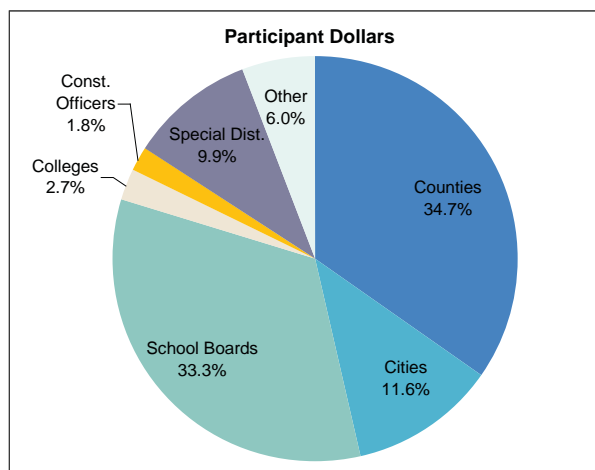
¹ Market values of the portfolio securities are provided by the custodian, BNY Mellon. The portfolio manager, Federated Investment Counseling, is the source for other data shown above.

² Amortized cost is calculated using a straight line method.

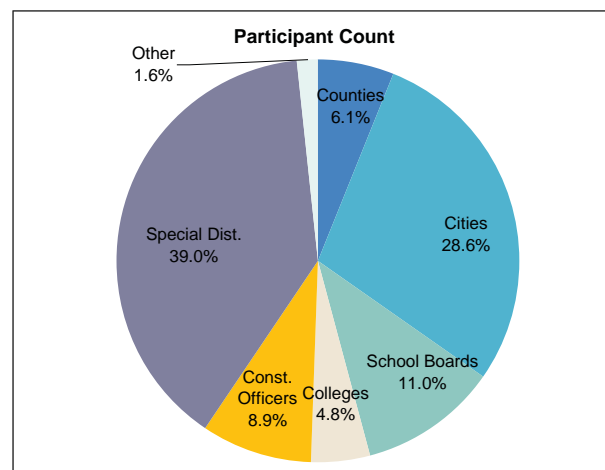
The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

PARTICIPANT CONCENTRATION DATA - FEBRUARY 28, 2010

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
All Participants	100.0%	100.0%	Colleges & Universities	2.7%	4.8%
Top 10	43.3%	1.3%	Top 10	2.5%	1.3%
\$100 million or more	49.8%	1.8%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	41.5%	9.9%	\$10 million up to \$100 million	2.1%	0.6%
\$1 million up to \$10 million	7.8%	16.4%	\$1 million up to \$10 million	0.7%	1.1%
Under \$1 million	0.9%	72.0%	Under \$1 million	0.01%	3.0%
Counties	34.7%	6.1%	Constitutional Officers	1.8%	8.9%
Top 10	29.4%	1.3%	Top 10	1.0%	1.3%
\$100 million or more	26.7%	1.0%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	7.3%	1.3%	\$10 million up to \$100 million	1.2%	0.5%
\$1 million up to \$10 million	0.6%	1.1%	\$1 million up to \$10 million	0.6%	1.4%
Under \$1 million	0.0%	2.8%	Under \$1 million	0.1%	7.0%
Municipalities	11.6%	28.6%	Special Districts	9.9%	39.0%
Top 10	6.5%	1.3%	Top 10	6.7%	1.3%
\$100 million or more	0.0%	0.0%	\$100 million or more	1.9%	0.1%
\$10 million up to \$100 million	8.7%	2.5%	\$10 million up to \$100 million	5.8%	1.8%
\$1 million up to \$10 million	2.6%	5.6%	\$1 million up to \$10 million	1.8%	4.5%
Under \$1 million	0.3%	20.5%	Under \$1 million	0.3%	32.6%
School Boards	33.3%	11.0%	Other	6.0%	1.6%
Top 10	26.4%	1.3%	Top 10	6.0%	1.3%
\$100 million or more	19.6%	0.5%	\$100 million or more	1.6%	0.1%
\$10 million up to \$100 million	12.2%	2.6%	\$10 million up to \$100 million	4.2%	0.6%
\$1 million up to \$10 million	1.4%	2.4%	\$1 million up to \$10 million	0.1%	0.3%
Under \$1 million	0.1%	5.5%	Under \$1 million	0.0%	0.6%



Total Fund Value: \$6,200,052,759



Total Participant Count: 800

INVESTMENT POLICY COMPLIANCE - FEBRUARY 2010

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

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

TRADING ACTIVITY FOR FEBRUARY 2010

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys								
ABN AMRO N.A., FINACP	02/04/10	01/08/10	01/08/10	\$ 50,000,000	\$ 49,994,750	\$ -	\$ 49,994,750	\$ -
ABN AMRO N.A., FINACP	02/04/10	01/08/10	01/08/10	\$ 50,000,000	\$ 49,994,750	\$ -	\$ 49,994,750	\$ -
ABN AMRO N.A., FINACP	02/19/10	01/22/10	01/22/10	\$ 50,000,000	\$ 49,993,000	\$ -	\$ 49,993,000	\$ -
ABN AMRO N.A., FINACP	02/19/10	01/22/10	01/22/10	\$ 34,000,000	\$ 33,995,240	\$ -	\$ 33,995,240	\$ -
ABN AMRO N.A., FINACP	02/24/10	01/25/10	01/25/10	\$ 5,500,000	\$ 5,498,854	\$ -	\$ 5,498,854	\$ -
ALPINE SECURITIZATCPABS4	02/08/10	01/11/10	01/12/10	\$ 50,000,000	\$ 49,994,375	\$ -	\$ 49,994,375	\$ -
ALPINE SECURITIZATCPABS4	02/08/10	01/11/10	01/12/10	\$ 50,000,000	\$ 49,994,375	\$ -	\$ 49,994,375	\$ -
ALPINE SECURITIZATCPABS4	02/08/10	01/11/10	01/12/10	\$ 50,000,000	\$ 49,994,375	\$ -	\$ 49,994,375	\$ -
ALPINE SECURITIZATCPABS4	02/08/10	01/11/10	01/12/10	\$ 50,000,000	\$ 49,994,375	\$ -	\$ 49,994,375	\$ -
ALPINE SECURITIZATCPABS4	02/08/10	01/11/10	01/12/10	\$ 50,000,000	\$ 49,994,375	\$ -	\$ 49,994,375	\$ -
ATLANTIC ASSET SECUCPABS4	03/08/10	01/08/10	01/08/10	\$ 50,000,000	\$ 49,986,070	\$ -	\$ 49,986,070	\$ -
ATLANTIC ASSET SECUCPABS4	03/08/10	01/08/10	01/08/10	\$ 14,300,000	\$ 14,296,016	\$ -	\$ 14,296,016	\$ -
AUSTRALIA & NEW ZEALAND BANKING GRO	01/28/11	01/28/10	02/01/10	\$ 25,000,000	\$ 25,000,000	\$ -	\$ 25,000,000	\$ -
BANCO BILBAO VIZCAYCP4-2	04/14/10	01/12/10	01/14/10	\$ 22,000,000	\$ 21,989,550	\$ -	\$ 21,989,550	\$ -
BANK OF TOKYO-MITSUCDYAN	02/22/10	01/21/10	01/22/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
BANK OF TOKYO-MITSUCDYAN	02/22/10	01/21/10	01/22/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
BANK OF AMERICA CORCP	01/25/10	01/07/10	01/07/10	\$ 50,000,000	\$ 49,997,000	\$ -	\$ 49,997,000	\$ -
BANK OF AMERICA CORCP	01/25/10	01/07/10	01/07/10	\$ 50,000,000	\$ 49,997,000	\$ -	\$ 49,997,000	\$ -
BANK OF AMERICA CORCP	01/25/10	01/07/10	01/07/10	\$ 50,000,000	\$ 49,997,000	\$ -	\$ 49,997,000	\$ -
BANK OF AMERICA CORCP	01/25/10	01/07/10	01/07/10	\$ 50,000,000	\$ 49,997,000	\$ -	\$ 49,997,000	\$ -
BANK OF AMERICA CORCP	01/25/10	01/07/10	01/07/10	\$ 50,000,000	\$ 49,997,000	\$ -	\$ 49,997,000	\$ -
BARCLAYS BANK PLC, CDYAN	01/21/11	01/19/10	01/21/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
BARCLAYS BANK PLC/NY	01/21/11	01/19/10	01/21/10	\$ 44,500,000	\$ 44,500,000	\$ -	\$ 44,500,000	\$ -
BARCLAYS BANK PLC/NY	01/21/11	01/19/10	01/21/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
BARTON CAPITAL LLCPCABS4	01/19/10	01/12/10	01/12/10	\$ 8,001,000	\$ 8,000,829	\$ -	\$ 8,000,829	\$ -
CHARIOT FUNDING LLCPCABS4	02/05/10	01/04/10	01/04/10	\$ 9,414,000	\$ 9,412,745	\$ -	\$ 9,412,745	\$ -
CHARIOT FUNDING LLCPCABS4	02/08/10	01/11/10	01/11/10	\$ 22,342,000	\$ 22,339,567	\$ -	\$ 22,339,567	\$ -
CHARIOT FUNDING LLCPCABS4	02/16/10	01/28/10	01/28/10	\$ 50,000,000	\$ 49,996,306	\$ -	\$ 49,996,306	\$ -
CHARIOT FUNDING LLCPCABS4	02/16/10	01/28/10	01/28/10	\$ 20,000,000	\$ 19,998,522	\$ -	\$ 19,998,522	\$ -
DANSKE CORP., INC.CP4-2	04/06/10	01/07/10	01/08/10	\$ 50,000,000	\$ 49,976,778	\$ -	\$ 49,976,778	\$ -
DANSKE CORP., INC.CP4-2	04/06/10	01/07/10	01/08/10	\$ 50,000,000	\$ 49,976,778	\$ -	\$ 49,976,778	\$ -
DANSKE CORP., INC.CP4-2	04/12/10	01/12/10	01/12/10	\$ 50,000,000	\$ 49,975,000	\$ -	\$ 49,975,000	\$ -
DANSKE CORP., INC.CP4-2	04/12/10	01/12/10	01/12/10	\$ 50,000,000	\$ 49,975,000	\$ -	\$ 49,975,000	\$ -
DANSKE CORP., INC.CP4-2	04/12/10	01/12/10	01/12/10	\$ 50,000,000	\$ 49,975,000	\$ -	\$ 49,975,000	\$ -
DANSKE CORP., INC.CP4-2	04/12/10	01/12/10	01/12/10	\$ 50,000,000	\$ 49,975,000	\$ -	\$ 49,975,000	\$ -
DANSKE CORP., INC.CP4-2	04/12/10	01/12/10	01/12/10	\$ 10,750,000	\$ 10,744,625	\$ -	\$ 10,744,625	\$ -
FAIRWAY FINANCE CO,CPABS4	01/26/10	01/11/10	01/11/10	\$ 50,000,000	\$ 49,997,084	\$ -	\$ 49,997,084	\$ -
FAIRWAY FINANCE CO,CPABS4	01/26/10	01/11/10	01/11/10	\$ 27,203,000	\$ 27,201,413	\$ -	\$ 27,201,413	\$ -
FAIRWAY FINANCE CO,CPABS4	04/06/10	01/12/10	01/12/10	\$ 2,500,000	\$ 2,498,950	\$ -	\$ 2,498,950	\$ -
FAIRWAY FINANCE CO,CPABS4	04/15/10	01/22/10	01/22/10	\$ 13,924,000	\$ 13,918,222	\$ -	\$ 13,918,222	\$ -
FEDERAL HOME LOAN BANKS	01/26/11	01/06/10	01/26/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
FEDERAL HOME LOAN BANKS	01/26/11	01/06/10	01/26/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
ING (U.S.) FUNDING CP	03/08/10	01/08/10	01/08/10	\$ 50,000,000	\$ 49,986,070	\$ -	\$ 49,986,070	\$ -
ING (U.S.) FUNDING CP	03/08/10	01/08/10	01/08/10	\$ 39,000,000	\$ 38,989,134	\$ -	\$ 38,989,134	\$ -
JUPITER SECURITIZATCPABS4	03/08/10	01/08/10	01/08/10	\$ 46,312,000	\$ 46,299,856	\$ -	\$ 46,299,856	\$ -

TRADING ACTIVITY FOR FEBRUARY 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys (continued)								
SALISBURY RECEIVABLC PABS4	02/24/10	01/13/10	01/13/10	\$ 8,100,000	\$ 8,098,583	\$ -	\$ 8,098,583	\$ -
SALISBURY RECEIVABLC PABS4	03/11/10	01/08/10	01/08/10	\$ 50,000,000	\$ 49,985,361	\$ -	\$ 49,985,361	\$ -
SALISBURY RECEIVABLC PABS4	03/11/10	01/08/10	01/08/10	\$ 50,000,000	\$ 49,985,361	\$ -	\$ 49,985,361	\$ -
SALISBURY RECEIVABLC PABS4	03/11/10	01/08/10	01/08/10	\$ 10,400,000	\$ 10,396,955	\$ -	\$ 10,396,955	\$ -
SALISBURY RECEIVABLC PABS4	03/23/10	01/15/10	01/15/10	\$ 10,600,000	\$ 10,596,844	\$ -	\$ 10,596,844	\$ -
SALISBURY RECEIVABLC PABS4	04/07/10	01/06/10	01/06/10	\$ 19,000,000	\$ 18,990,394	\$ -	\$ 18,990,394	\$ -
SALISBURY RECEIVABLC PABS4	04/12/10	01/11/10	01/11/10	\$ 50,000,000	\$ 49,977,250	\$ -	\$ 49,977,250	\$ -
SALISBURY RECEIVABLC PABS4	04/12/10	01/11/10	01/11/10	\$ 50,000,000	\$ 49,977,250	\$ -	\$ 49,977,250	\$ -
SHEFFIELD RECEIVABLC PABS4	05/05/10	01/05/10	01/05/10	\$ 27,000,000	\$ 26,981,100	\$ -	\$ 26,981,100	\$ -
SOCIETE GENERALE NOCP	01/06/10	01/05/10	01/05/10	\$ 50,000,000	\$ 49,999,792	\$ -	\$ 49,999,792	\$ -
SOCIETE GENERALE NOCP	01/06/10	01/05/10	01/05/10	\$ 50,000,000	\$ 49,999,792	\$ -	\$ 49,999,792	\$ -
SOCIETE GENERALE NOCP	01/06/10	01/05/10	01/05/10	\$ 10,000,000	\$ 9,999,958	\$ -	\$ 9,999,958	\$ -
SOCIETE GENERALE NOCP	04/07/10	01/06/10	01/07/10	\$ 50,000,000	\$ 49,970,000	\$ -	\$ 49,970,000	\$ -
SOCIETE GENERALE NOCP	04/07/10	01/06/10	01/07/10	\$ 50,000,000	\$ 49,970,000	\$ -	\$ 49,970,000	\$ -
SOCIETE GENERALE NOCP	04/07/10	01/06/10	01/07/10	\$ 25,000,000	\$ 24,985,000	\$ -	\$ 24,985,000	\$ -
SOCIETE GENERALE NOCP	04/15/10	01/22/10	01/22/10	\$ 50,000,000	\$ 49,975,792	\$ -	\$ 49,975,792	\$ -
SOCIETE GENERALE NOCP	04/15/10	01/22/10	01/22/10	\$ 50,000,000	\$ 49,975,792	\$ -	\$ 49,975,792	\$ -
SOCIETE GENERALE NOCP	04/15/10	01/22/10	01/22/10	\$ 4,300,000	\$ 4,297,918	\$ -	\$ 4,297,918	\$ -
SURREY FUNDING CORP C PABS4	04/05/10	01/05/10	01/05/10	\$ 50,000,000	\$ 49,975,000	\$ -	\$ 49,975,000	\$ -
SURREY FUNDING CORP C PABS4	04/05/10	01/05/10	01/05/10	\$ 12,000,000	\$ 11,994,000	\$ -	\$ 11,994,000	\$ -
YORKTOWN CAPITAL LLC PABS4	04/12/10	01/11/10	01/11/10	\$ 50,000,000	\$ 49,975,986	\$ -	\$ 49,975,986	\$ -
YORKTOWN CAPITAL LLC PABS4	04/12/10	01/11/10	01/11/10	\$ 39,533,000	\$ 39,514,013	\$ -	\$ 39,514,013	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/06/10	01/06/10	\$ 31,531,089	\$ 31,531,089	\$ -	\$ 31,531,089	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/07/10	01/07/10	\$ 45,172,731	\$ 45,172,731	\$ -	\$ 45,172,731	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/11/10	01/11/10	\$ 14,962,513	\$ 14,962,513	\$ -	\$ 14,962,513	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/13/10	01/13/10	\$ 9,366,135	\$ 9,366,135	\$ -	\$ 9,366,135	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/14/10	01/14/10	\$ 25,825,415	\$ 25,825,415	\$ -	\$ 25,825,415	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/19/10	01/19/10	\$ 35,492,575	\$ 35,492,575	\$ -	\$ 35,492,575	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/21/10	01/21/10	\$ 18,097,013	\$ 18,097,013	\$ -	\$ 18,097,013	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/25/10	01/25/10	\$ 92,548,224	\$ 92,548,224	\$ -	\$ 92,548,224	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/28/10	01/28/10	\$ 2,306,789	\$ 2,306,789	\$ -	\$ 2,306,789	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/29/10	01/29/10	\$ 69,076,134	\$ 69,076,134	\$ -	\$ 69,076,134	\$ -
FEDERATED PRIME CASH OBLIGATIONS FU	10/01/40	01/01/10	01/01/10	\$ 32,748	\$ 32,748	\$ -	\$ 32,748	\$ -
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	01/01/10	01/01/10	\$ 29,093	\$ 29,093	\$ -	\$ 29,093	\$ -
MORGAN STANLEY TRIPARTY	01/05/10	01/04/10	01/04/10	\$ 1,250,000,000	\$ 1,250,000,000	\$ -	\$ 1,250,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/05/10	01/04/10	01/04/10	\$ 1,300,000,000	\$ 1,300,000,000	\$ -	\$ 1,300,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/06/10	01/05/10	01/05/10	\$ 1,400,000,000	\$ 1,400,000,000	\$ -	\$ 1,400,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/06/10	01/05/10	01/05/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/07/10	01/06/10	01/06/10	\$ 1,490,000,000	\$ 1,490,000,000	\$ -	\$ 1,490,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/07/10	01/06/10	01/06/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/08/10	01/07/10	01/07/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/08/10	01/07/10	01/07/10	\$ 1,100,000,000	\$ 1,100,000,000	\$ -	\$ 1,100,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/11/10	01/08/10	01/08/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/11/10	01/08/10	01/08/10	\$ 700,000,000	\$ 700,000,000	\$ -	\$ 700,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/12/10	01/11/10	01/11/10	\$ 700,000,000	\$ 700,000,000	\$ -	\$ 700,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/12/10	01/11/10	01/11/10	\$ 800,000,000	\$ 800,000,000	\$ -	\$ 800,000,000	\$ -

TRADING ACTIVITY FOR FEBRUARY 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys (continued)								
MORGAN STANLEY TRIPARTY	01/13/10	01/12/10	01/12/10	\$ 750,000,000	\$ 750,000,000	\$ -	\$ 750,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/13/10	01/12/10	01/12/10	\$ 285,000,000	\$ 285,000,000	\$ -	\$ 285,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/14/10	01/13/10	01/13/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/14/10	01/13/10	01/13/10	\$ 275,000,000	\$ 275,000,000	\$ -	\$ 275,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/15/10	01/14/10	01/14/10	\$ 850,000,000	\$ 850,000,000	\$ -	\$ 850,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/15/10	01/14/10	01/14/10	\$ 300,000,000	\$ 300,000,000	\$ -	\$ 300,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/19/10	01/15/10	01/15/10	\$ 500,000,000	\$ 500,000,000	\$ -	\$ 500,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/19/10	01/15/10	01/15/10	\$ 900,000,000	\$ 900,000,000	\$ -	\$ 900,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/20/10	01/19/10	01/19/10	\$ 800,000,000	\$ 800,000,000	\$ -	\$ 800,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/20/10	01/19/10	01/19/10	\$ 750,000,000	\$ 750,000,000	\$ -	\$ 750,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/21/10	01/20/10	01/20/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/21/10	01/20/10	01/20/10	\$ 650,000,000	\$ 650,000,000	\$ -	\$ 650,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/22/10	01/21/10	01/21/10	\$ 1,400,000,000	\$ 1,400,000,000	\$ -	\$ 1,400,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/25/10	01/22/10	01/22/10	\$ 350,000,000	\$ 350,000,000	\$ -	\$ 350,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/25/10	01/22/10	01/22/10	\$ 965,000,000	\$ 965,000,000	\$ -	\$ 965,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/26/10	01/25/10	01/25/10	\$ 600,000,000	\$ 600,000,000	\$ -	\$ 600,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/26/10	01/25/10	01/25/10	\$ 900,000,000	\$ 900,000,000	\$ -	\$ 900,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/27/10	01/26/10	01/26/10	\$ 935,000,000	\$ 935,000,000	\$ -	\$ 935,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/27/10	01/26/10	01/26/10	\$ 665,000,000	\$ 665,000,000	\$ -	\$ 665,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/28/10	01/27/10	01/27/10	\$ 985,000,000	\$ 985,000,000	\$ -	\$ 985,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/28/10	01/27/10	01/27/10	\$ 695,000,000	\$ 695,000,000	\$ -	\$ 695,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/29/10	01/28/10	01/28/10	\$ 800,000,000	\$ 800,000,000	\$ -	\$ 800,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/29/10	01/28/10	01/28/10	\$ 700,000,000	\$ 700,000,000	\$ -	\$ 700,000,000	\$ -
MORGAN STANLEY TRIPARTY	02/01/10	01/29/10	01/29/10	\$ 980,000,000	\$ 980,000,000	\$ -	\$ 980,000,000	\$ -
BANK OF AMERICA TRIPARTY	02/01/10	01/29/10	01/29/10	\$ 760,000,000	\$ 760,000,000	\$ -	\$ 760,000,000	\$ -
Total Buys				\$ 34,440,119,458	\$ 34,439,504,579	\$ -	\$ 34,439,504,579	\$ -
Maturities								
ATLANTIC ASSET SECUCPABS4	01/19/10	01/19/10	01/19/10	\$ 25,000,000	\$ 25,000,000	\$ -	\$ 25,000,000	\$ -
BANK OF TOKYO-MITSUCDYAN	01/14/10	01/14/10	01/14/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
BANK OF AMERICA CORCP	01/25/10	01/25/10	01/25/10	\$ 250,000,000	\$ 250,000,000	\$ -	\$ 250,000,000	\$ -
BARCLAYS BANK PLC, CDYAN	01/19/10	01/19/10	01/19/10	\$ 100,000,000	\$ 100,000,000	\$ -	\$ 100,000,000	\$ -
BARTON CAPITAL LLCCPABS4-BRANCH BANKING TRCD	01/19/10	01/19/10	01/19/10	\$ 8,001,000	\$ 8,001,000	\$ -	\$ 8,001,000	\$ -
CALYON, PARISCDYAN	01/13/10	01/13/10	01/13/10	\$ 246,000,000	\$ 246,000,000	\$ -	\$ 246,000,000	\$ -
CHARIOT FUNDING LLCCPABS4	01/15/10	01/15/10	01/15/10	\$ 147,760,000	\$ 147,760,000	\$ -	\$ 147,760,000	\$ -
CHARIOT FUNDING LLCCPABS4	01/20/10	01/20/10	01/20/10	\$ 16,414,000	\$ 16,414,000	\$ -	\$ 16,414,000	\$ -
CHARIOT FUNDING LLCCPABS4	01/26/10	01/26/10	01/26/10	\$ 88,000,000	\$ 88,000,000	\$ -	\$ 88,000,000	\$ -
CITIBANK NA, NEW YOCD	01/29/10	01/29/10	01/29/10	\$ 240,000,000	\$ 240,000,000	\$ -	\$ 240,000,000	\$ -
FAIRWAY FINANCE CO,CPABS4	01/11/10	01/11/10	01/11/10	\$ 19,118,000	\$ 19,118,000	\$ -	\$ 19,118,000	\$ -
FAIRWAY FINANCE CO,CPABS4	01/26/10	01/26/10	01/26/10	\$ 77,203,000	\$ 77,203,000	\$ -	\$ 77,203,000	\$ -
FALCON ASSET SECURICPABS4	01/25/10	01/25/10	01/25/10	\$ 12,250,000	\$ 12,250,000	\$ -	\$ 12,250,000	\$ -
SALISBURY RECEIVABLC PABS4	01/06/10	01/06/10	01/06/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
SALISBURY RECEIVABLC PABS4	01/11/10	01/11/10	01/11/10	\$ 82,000,000	\$ 82,000,000	\$ -	\$ 82,000,000	\$ -
SALISBURY RECEIVABLC PABS4	01/15/10	01/15/10	01/15/10	\$ 13,200,000	\$ 13,200,000	\$ -	\$ 13,200,000	\$ -
SALISBURY RECEIVABLC PABS4	01/22/10	01/22/10	01/22/10	\$ 16,900,000	\$ 16,900,000	\$ -	\$ 16,900,000	\$ -
SHEFFIELD RECEIVABLC PABS4	01/12/10	01/12/10	01/12/10	\$ 10,600,000	\$ 10,600,000	\$ -	\$ 10,600,000	\$ -

TRADING ACTIVITY FOR FEBRUARY 2010 (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 NOCP	01/04/10	01/04/10	01/04/10	\$ 100,000,000	\$ 100,000,000	\$ -	\$ 100,000,000	\$ -
SOCIETE GENERALE NOCP	01/06/10	01/06/10	01/06/10	\$ 110,000,000	\$ 110,000,000	\$ -	\$ 110,000,000	\$ -
SOCIETE GENERALE NOCP	01/22/10	01/22/10	01/22/10	\$ 118,000,000	\$ 118,000,000	\$ -	\$ 118,000,000	\$ -
STARBIRD FUNDING COCPABS4	01/15/10	01/15/10	01/15/10	\$ 19,500,000	\$ 19,500,000	\$ -	\$ 19,500,000	\$ -
SURREY FUNDING CORPCPABS4	01/15/10	01/15/10	01/15/10	\$ 45,000,000	\$ 45,000,000	\$ -	\$ 45,000,000	\$ -
SURREY FUNDING CORPCPABS4	01/19/10	01/19/10	01/19/10	\$ 25,000,000	\$ 25,000,000	\$ -	\$ 25,000,000	\$ -
SURREY FUNDING CORPCPABS4	01/20/10	01/20/10	01/20/10	\$ 80,000,000	\$ 80,000,000	\$ -	\$ 80,000,000	\$ -
YORKTOWN CAPITAL LLCPABS4	01/07/10	01/07/10	01/07/10	\$ 50,070,000	\$ 50,070,000	\$ -	\$ 50,070,000	\$ -
MORGAN STANLEY TRIPARTY	01/04/10	01/04/10	01/04/10	\$ 980,000,000	\$ 980,000,000	\$ -	\$ 980,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/04/10	01/04/10	01/04/10	\$ 920,000,000	\$ 920,000,000	\$ -	\$ 920,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/05/10	01/05/10	01/05/10	\$ 1,250,000,000	\$ 1,250,000,000	\$ -	\$ 1,250,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/05/10	01/05/10	01/05/10	\$ 1,300,000,000	\$ 1,300,000,000	\$ -	\$ 1,300,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/06/10	01/06/10	01/06/10	\$ 1,400,000,000	\$ 1,400,000,000	\$ -	\$ 1,400,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/06/10	01/06/10	01/06/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/07/10	01/07/10	01/07/10	\$ 1,490,000,000	\$ 1,490,000,000	\$ -	\$ 1,490,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/07/10	01/07/10	01/07/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/08/10	01/08/10	01/08/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/08/10	01/08/10	01/08/10	\$ 1,100,000,000	\$ 1,100,000,000	\$ -	\$ 1,100,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/11/10	01/11/10	01/11/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/11/10	01/11/10	01/11/10	\$ 700,000,000	\$ 700,000,000	\$ -	\$ 700,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/12/10	01/12/10	01/12/10	\$ 700,000,000	\$ 700,000,000	\$ -	\$ 700,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/12/10	01/12/10	01/12/10	\$ 800,000,000	\$ 800,000,000	\$ -	\$ 800,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/13/10	01/13/10	01/13/10	\$ 750,000,000	\$ 750,000,000	\$ -	\$ 750,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/13/10	01/13/10	01/13/10	\$ 285,000,000	\$ 285,000,000	\$ -	\$ 285,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/14/10	01/14/10	01/14/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/14/10	01/14/10	01/14/10	\$ 275,000,000	\$ 275,000,000	\$ -	\$ 275,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/15/10	01/15/10	01/15/10	\$ 850,000,000	\$ 850,000,000	\$ -	\$ 850,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/15/10	01/15/10	01/15/10	\$ 300,000,000	\$ 300,000,000	\$ -	\$ 300,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/19/10	01/19/10	01/19/10	\$ 500,000,000	\$ 500,000,000	\$ -	\$ 500,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/19/10	01/19/10	01/19/10	\$ 900,000,000	\$ 900,000,000	\$ -	\$ 900,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/20/10	01/20/10	01/20/10	\$ 800,000,000	\$ 800,000,000	\$ -	\$ 800,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/20/10	01/20/10	01/20/10	\$ 750,000,000	\$ 750,000,000	\$ -	\$ 750,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/21/10	01/21/10	01/21/10	\$ 1,000,000,000	\$ 1,000,000,000	\$ -	\$ 1,000,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/21/10	01/21/10	01/21/10	\$ 650,000,000	\$ 650,000,000	\$ -	\$ 650,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/22/10	01/22/10	01/22/10	\$ 1,400,000,000	\$ 1,400,000,000	\$ -	\$ 1,400,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/25/10	01/25/10	01/25/10	\$ 350,000,000	\$ 350,000,000	\$ -	\$ 350,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/25/10	01/25/10	01/25/10	\$ 965,000,000	\$ 965,000,000	\$ -	\$ 965,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/26/10	01/26/10	01/26/10	\$ 600,000,000	\$ 600,000,000	\$ -	\$ 600,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/26/10	01/26/10	01/26/10	\$ 900,000,000	\$ 900,000,000	\$ -	\$ 900,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/27/10	01/27/10	01/27/10	\$ 935,000,000	\$ 935,000,000	\$ -	\$ 935,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/27/10	01/27/10	01/27/10	\$ 665,000,000	\$ 665,000,000	\$ -	\$ 665,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/28/10	01/28/10	01/28/10	\$ 985,000,000	\$ 985,000,000	\$ -	\$ 985,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/28/10	01/28/10	01/28/10	\$ 695,000,000	\$ 695,000,000	\$ -	\$ 695,000,000	\$ -
MORGAN STANLEY TRIPARTY	01/29/10	01/29/10	01/29/10	\$ 800,000,000	\$ 800,000,000	\$ -	\$ 800,000,000	\$ -
BANK OF AMERICA TRIPARTY	01/29/10	01/29/10	01/29/10	\$ 700,000,000	\$ 700,000,000	\$ -	\$ 700,000,000	\$ -
Total Maturities				\$ 33,795,016,000	\$ 33,795,016,000	\$ -	\$ 33,795,016,000	\$ -

TRADING ACTIVITY FOR FEBRUARY 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Sells								
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/04/10	01/04/10	\$ 21,746,457	\$ 21,746,457	\$ -	\$ 21,746,457	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/04/10	01/04/10	\$ 519,660,581	\$ 519,660,581	\$ -	\$ 519,660,581	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/05/10	01/05/10	\$ 7,595,748	\$ 7,595,748	\$ -	\$ 7,595,748	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/05/10	01/05/10	\$ 20,659,978	\$ 20,659,978	\$ -	\$ 20,659,978	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/08/10	01/08/10	\$ 4,758,783	\$ 4,758,783	\$ -	\$ 4,758,783	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/08/10	01/08/10	\$ 31,531,089	\$ 31,531,089	\$ -	\$ 31,531,089	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/08/10	01/08/10	\$ 45,172,731	\$ 45,172,731	\$ -	\$ 45,172,731	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/12/10	01/12/10	\$ 6,342,306	\$ 6,342,306	\$ -	\$ 6,342,306	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/15/10	01/15/10	\$ 4,999,794	\$ 4,999,794	\$ -	\$ 4,999,794	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/15/10	01/15/10	\$ 25,825,415	\$ 25,825,415	\$ -	\$ 25,825,415	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/20/10	01/20/10	\$ 26,891,571	\$ 26,891,571	\$ -	\$ 26,891,571	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/22/10	01/22/10	\$ 0	\$ 0	\$ -	\$ 0	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/22/10	01/22/10	\$ 127,741	\$ 127,741	\$ -	\$ 127,741	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/22/10	01/22/10	\$ 15,582,828	\$ 15,582,828	\$ -	\$ 15,582,828	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/22/10	01/22/10	\$ 888,634	\$ 888,634	\$ -	\$ 888,634	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/22/10	01/22/10	\$ 3,620,413	\$ 3,620,413	\$ -	\$ 3,620,413	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/22/10	01/22/10	\$ 9,366,135	\$ 9,366,135	\$ -	\$ 9,366,135	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/22/10	01/22/10	\$ 8,601,004	\$ 8,601,004	\$ -	\$ 8,601,004	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/22/10	01/22/10	\$ 18,097,013	\$ 18,097,013	\$ -	\$ 18,097,013	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/26/10	01/26/10	\$ 6,353,474	\$ 6,353,474	\$ -	\$ 6,353,474	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	01/27/10	01/27/10	\$ 60,497,824	\$ 60,497,824	\$ -	\$ 60,497,824	\$ -
ST ANDREW UNITED METHODIST CHURCH	07/01/29	01/14/10	01/14/10	\$ 145,000	\$ 145,000	\$ 15	\$ 145,015	\$ -
Total Sells				\$ 838,464,518	\$ 838,464,518	\$ 15	\$ 838,464,533	\$ -

FUND B

FUND B FACTS

INVESTMENT OBJECTIVE

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

COMPOSITION

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

DISTRIBUTIONS

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

ACCOUNTING

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

STATUS OF INVESTMENTS

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

COMMENTARY FROM THE PORTFOLIO MANAGER

All cash from paydowns on securities in Fund B are invested in overnight securities, repurchase agreements, overnight time deposits or commercial paper pending monthly distribution to participant accounts in the LGIP. Specifically, \$8.58 million in liquid assets were transferred from Fund B to Florida PRIME on February 8th.

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

DISCLOSURE OF MATERIAL IMPACTS

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

RETURN OF FUND B PRINCIPAL

The table on the following page details the SBA's progress in returning principal to investors in Fund B. Through the end of February 2010, investors cumulatively received distributions from Fund B totaling over \$1.55 billion or 77.4% of their original balances. The \$8.58 million distribution on February 8th consisted of principal paydowns and income from the securities in the Fund.

The securities remaining in Fund B are legacy items from the four issuers whose financial circumstances gave rise to the November 2007 run (in addition to overnight instruments temporarily holding fund earnings). As of February 28, 2010, their amortized cost value was \$630.9 million, or 38.6% more than remaining participant positions in Fund B. Conversely, the current estimated liquidation (market) value of these securities is pegged at \$296.6 million or 65.2% of remaining participant positions.

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

FUND B

FUND B DISTRIBUTIONS

FUND B DISTRIBUTIONS TO PARTICIPANTS

Fund B Distributions to Participants

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

FUND B MONTHLY DISTRIBUTION DETAIL

February 2010 Distribution Detail Including Receipts by Source For the period 1/8/10 - 2/5/10		Fund B Participant Allocation		Expense
Beginning Balance	\$	-	\$	30,951.76
Receipts:				
Axon Financial	\$	2,182,131.91		
Florida East	\$	1,742,294.13		
Florida West	\$	3,552,195.99		
Florida Funding I	\$	1,136,985.24		
Overnight Investments	\$	27.80		
Total Receipts	\$	8,613,635.07		
Distributions:				
Allocation to/from Expense Reserve	\$	(38,635.07)	\$	38,635.07
Expenses Paid			\$	(1,706.41)
Participant Distribution	\$	(8,575,000.00)		
Ending Balance	\$	-	\$	67,880.42

FUND B

INVENTORY OF HOLDINGS - AS OF FEBRUARY 28, 2010

Security Name	Type	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ⁽²⁾	Mkt Value ⁽¹⁾	Unrealized Gain (Loss)
Axon Financial Funding LLC	VARIABLE RATE COMMERCIAL PAPER	0.23	(3)	03/25/10	\$ 135,067,668	0.23	\$ 135,064,481	\$ 57,717,986	\$ (77,346,495)
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.01	03/01/10		\$ 27,933	0.01	\$ 27,933	\$ 27,933	\$ 0.28
Florida East Funding LLC	VARIABLE RATE TERM NOTE	0.58	(3)	02/28/10	\$ 112,985,421	0.59	\$ 112,985,421	\$ 69,910,543	\$ (43,074,878)
Florida Funding I LLC	VARIABLE RATE TERM NOTE	2.16	(3)	08/25/09	\$ 142,511,500	3.35	\$ 142,511,500	\$ 39,208,467	\$ (103,303,034)
Florida West Funding LLC	VARIABLE RATE TERM NOTE	0.58	(3)	02/28/10	\$ 240,260,865	0.59	\$ 240,260,865	\$ 129,769,422	\$ (110,491,443)
Total Value of Investments					\$ 630,853,387		\$ 630,850,200	\$ 296,634,350	\$ (334,215,850)

Notes:

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

² Amortized cost is calculated using a straight line method.

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

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

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

FUND B

COMPLIANCE AND TRADING ACTIVITY

COMPLIANCE WITH INVESTMENT POLICY - FEBRUARY 2010

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

TRADING ACTIVITY - FEBRUARY 2010

Security Description	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys							
DREYFUS GOVT CASH MGMT FUND	01/28/10	01/28/10	\$ 6,431,475.37	\$ 6,431,475.37	\$ -	\$ 6,431,475.37	\$ -
Total Buys			\$ 6,431,475.37	\$ 6,431,475.37	\$ -	\$ 6,431,475.37	\$ -
Sells							
AXON FINANCIAL FUNDING LLC	01/31/10	02/01/10	\$ 2,132,280	\$ 2,132,280	\$ -	\$ 2,132,280	\$ 170
FLORIDA FUNDING I LLC	01/28/10	01/28/10	\$ 1,082,385	\$ 1,082,385	\$ -	\$ 1,082,385	\$ -
FLORIDA EAST FUNDING LLC	01/28/10	01/28/10	\$ 1,690,479	\$ 1,690,479	\$ -	\$ 1,690,479	\$ -
FLORIDA WEST FUNDING LLC	01/28/10	01/28/10	\$ 3,442,081	\$ 3,442,081	\$ -	\$ 3,442,081	\$ -
DREYFUS GOVT CASH MGMT FUND	01/04/10	01/04/10	\$ 58	\$ 58	\$ -	\$ 58	\$ -
DREYFUS GOVT CASH MGMT FUND	01/05/10	01/05/10	\$ 19,792	\$ 19,792	\$ -	\$ 19,792	\$ -
DREYFUS GOVT CASH MGMT FUND	01/07/10	01/07/10	\$ 34,800,000	\$ 34,800,000	\$ -	\$ 34,800,000	\$ -
DREYFUS GOVT CASH MGMT FUND	01/26/10	01/26/10	\$ 1,648	\$ 1,648	\$ -	\$ 1,648	\$ -
Total Sells			\$ 43,168,723	\$ 43,168,723	\$ -	\$ 43,168,723	\$ 170

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



Our Mission

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



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Monthly Summary Report for March 2010

Including Fund B

State Board of Administration

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INTRODUCTION

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

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

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

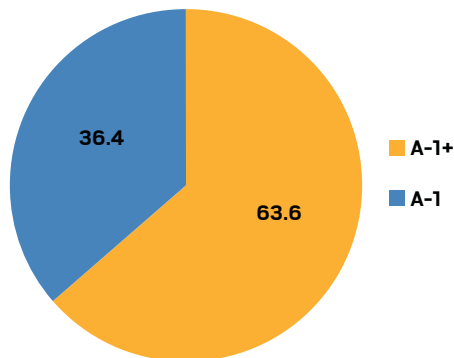
During the reporting period, Florida PRIME and Fund B were in material compliance with investment policy. Details are available in the compliance tables in the body of this report. This report also includes details on market conditions; client outreach; fund holdings, transactions and performance; and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

PORTFOLIO COMPOSITION MARCH 31, 2010

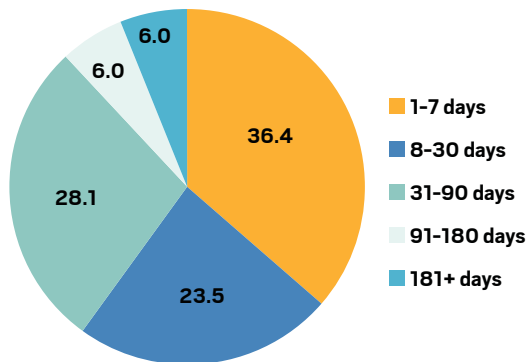
Florida PRIME Assets

\$ 5,794,197,917

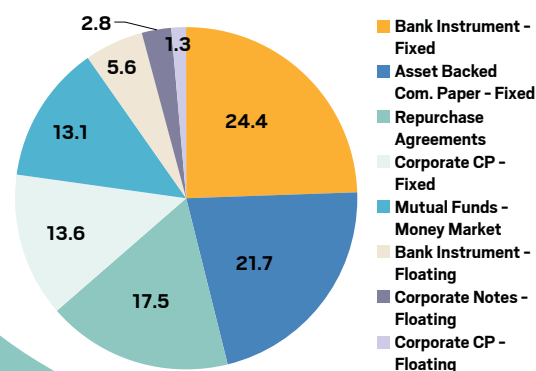
Credit Quality Composition (%)



Effective Maturity Schedule (%)



Portfolio Composition (%)



PORTFOLIO MANAGER COMMENTARY

MARCH 2010 MARKET CONDITIONS

Market interest rates moved higher across the cash-yield curve in March as the relative absence of unsettling economic news reinforced growing investor expectations that a Fed rate hike will occur during late summer or early fall.

Overnight repo rates, which had traded close to 10 basis points earlier in the year, briefly climbed into the low 20s before settling back to the high teens. Farther out the cash curve, the one-month London interbank offered rate (LIBOR) rose two basis points to 0.25%, three-month LIBOR climbed four basis points to 0.29%, six-month LIBOR increased five basis points to 0.44%, and 12-month LIBOR rose seven basis points to 0.91%. In perhaps the clearest reflection of market expectations, the yield on the U.S. Treasury's two-year note—the security most sensitive to consensus shifts in the outlook for monetary policy—climbed 18 basis points to finish the month at 1.04%. That was the highest close on the two-year note since early January, when year-end technical conditions temporarily distorted its yield.

The marginal yet meaningful upward shift in short-term rates was accomplished despite no apparent change in official policy. Though the rate-setting Federal Open Market Committee met in mid-March, the accompanying statement betrayed no inclination to move away from the Fed's oft-repeated stance of keeping benchmark interest rates at "extremely low levels ... for an extended period." In testimony before Congress, Chairman Ben Bernanke also declined to signal changes in the Fed's official position while reiterating the central bank's plan to keep to its timetable for ending numerous loan facilities and security purchase programs which had expedited the flow of credit. The Fed also moved forward with the technical requirements for its reverse repo program, though actual implementation remains at least a few months away.

While no one doubts the Fed's resolve to avoid tightening monetary policy prematurely, the marketplace is signaling that a self-sustaining recovery is gaining traction. Of course, there remain trouble spots, mostly notably in housing, employment and consumer confidence. On balance, however, the stabilization of house prices and the labor market, combined with rising industrial activity, greatly reduce the odds of a double-dip recession. Though yields at the longer

PORTFOLIO COMPOSITION MARCH 31, 2010

Top Holdings (%) and Average Maturity

1. Federal Home Loan Bank System	5.9%
2. Danske Bank A/S	5.3%
3. Barclays Bank PLC	5.2%
4. BNP Paribas SA	5.1%
5. Banco Bilbao Vizcaya Argentaria SA	4.8%
6. Mitsubishi UFJ Financial Group, Inc.	4.8%
7. Dreyfus Government Cash Management	4.6%
8. Federated Prime Cash Obligations Fund	4.2%
9. Federated Prime Obligations Fund	4.2%
10. Societe Generale, Paris	4.2%

Average Effective Maturity

44.4 Days

Percentages based on total value of investments

Past performance is no guarantee of future results.

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

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

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

PORTFOLIO MANAGER COMMENTARY

end of the cash curve have risen, we do not believe they have yet climbed far enough to adequately compensate for the added risk of higher official interest rates later this year and in 2011.

PORTFOLIO INVESTMENT STRATEGY

Florida PRIME assets declined from \$6.2 billion to approximately \$5.8 billion at the end of March. This month finally saw some movement in LIBOR rates, with one-month, three-month, six-month and 12-month rates all increasing. During March, we focused our investments in the 60- to 90-day area – primarily in asset-backed commercial paper – in order to take advantage of the rise in three-month LIBOR. In addition, we increased our exposure to industrial-type commercial paper (one- to three-month) and one-year government paper. With the backup in rates, and because of the longer-term purchases mentioned above, we extended the average maturity of the pool from 38 days to 44 days.

With purchases focused in the two- to three-month range, we decreased our repurchase agreements exposure to 17% from 25% in February and instead chose to invest in those areas where we saw the most value (banking sector and government agency paper). Our investment management team continues to seek value in its purchases and remains dedicated to providing competitive yields while also preserving capital and liquidity.

FLORIDA PRIME DETAILED FEE DISCLOSURE

Charges for March 2010	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 30,650.96	0.61
Federated Investment Management & Client Outreach Fee	82,157.02	1.64
BNY Mellon Custodial Fee	116.67	0.00
Bank of America Transfer Agent Fee	4,038.49	0.08
S&P Rating Maintenance Fee	8,358.01	0.17
Audit/External Review Fees	5,520.55	0.11
Total Fees	\$ 130,841.70	2.62

*The basis point equivalent is an annualized rate based on the dollar amount of fees charged for the month times 12, divided by an average of the fund's beginning and ending total value (amortized cost) for the month which was \$5,997,125,338.

CASH FLOWS

Summary of Cash Flows	
March 2010	Florida PRIME
Opening Balance (3/1/10)	\$ 6,200,052,759
Participant Deposits	614,320,170
Transfers from Fund B	6,100,000
Gross Earnings	1,129,207
Participant Withdrawals	(1,027,273,378)
Fees	(130,842)
Closing Balance (3/31/10)	\$ 5,794,197,917
Net Change over Month	(405,854,842)

As shown in the table above, Florida PRIME experienced a net outflow of \$406 million during March 2010.

This change in value consisted of positive flows of \$614 million in participant deposits, \$6.1 million in transfers from Fund B and \$1.1 million in earnings. Negative flows consisted of \$1.03 billion in participant withdrawals and about \$131,000 in fees.

Overall, the fund ended the month with a closing balance of \$5.79 billion.

DISCLOSURE OF SIGNIFICANT ISSUES

LEGAL ISSUE

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

Effective as of March 14, 2010, the SBA and JP Morgan entered into a Third Agreement to Extend Tolling Period (the "Extension") to facilitate further discussions between JP Morgan and the SBA and its external counsel, the law firm of Berman DeValerio, regarding a potential resolution of the dispute. The Office of Financial Regulation and Florida Attorney General's Office have been assisting with the negotiations.

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

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

DISCLOSURE OF MATERIAL IMPACTS

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

Attending the 2010 FGFOA Annual Conference in Orlando?

Please join representatives of Federated and the SBA at a reception open to all FGFOA participants in the conference hotel, from 6 to 8 pm on Monday, May 24.

We look forward to seeing you!

FUND PERFORMANCE THROUGH MARCH 31, 2010

NOTES TO PERFORMANCE TABLE

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

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

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

Florida PRIME Participant Performance Data

	Net Participant Yield ¹	Net-of-Fee Benchmark ²	Above (Below) Benchmark
1 mo	0.20%	0.15%	0.05%
3 mos	0.18%	0.15%	0.03%
12 mos	0.41%	0.30%	0.11%
3 yrs	2.29%	2.27%	0.02%
5 yrs	3.21%	3.08%	0.13%
10 yrs	3.07%	2.84%	0.22%
Since 1.96	3.81%	3.58%	0.23%
Net asset value ending Mar-31-10:			\$5,793.6 m

NOTES TO SUPPLEMENTAL INFORMATION

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

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

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

Supplemental Performance Information

	Net Fund Cost-Based Return ¹	Gross-of-Fee Benchmark ²	Marked-to-Market Return ³
1 mo	0.20%	0.30%	0.09%
3 mos	0.18%	0.31%	0.18%
12 mos	0.41%	0.48%	0.37%
3 yrs	2.42%	2.47%	n/a
5 yrs	3.27%	3.30%	n/a
10 yrs	3.08%	3.07%	n/a
Since 12.84	5.07%	5.06%	
Since 1.08			1.78%

All performance data on this page is annualized, meaning that the amounts represent actual performance for the periods indicated in the table, converted to their compounded equivalent for 12 months.

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 MARCH 31, 2010

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		06/01/10		\$ 150,000,000	0.20	\$ 149,948,333	\$ 149,932,320	\$ (16,013)
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		06/02/10		\$ 50,000,000	0.20	\$ 49,982,500	\$ 49,976,990	\$ (5,510)
Australia & New Zealand Banking Group, Melbourne, Jan 28, 2011	VARIABLE RATE COMMERCIAL PAPER	0.27	01/28/11	04/28/10	\$ 25,000,000	0.28	\$ 25,000,000	\$ 24,996,950	\$ (3,050)
Australia & New Zealand Banking Group, Melbourne, Nov 23, 2010	VARIABLE RATE COMMERCIAL PAPER	0.30	11/23/10	04/23/10	\$ 50,000,000	0.30	\$ 50,000,000	\$ 49,969,300	\$ (30,700)
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.22	05/10/10		\$ 200,000,000	0.22	\$ 200,000,000	\$ 199,988,880	\$ (11,120)
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.34	05/05/10		\$ 100,000,000	0.34	\$ 100,000,000	\$ 100,006,770	\$ 6,770
Banco Bilbao Vizcaya Argentaria SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.28	06/21/10		\$ 24,000,000	0.27	\$ 24,000,273	\$ 23,998,632	\$ (1,641)
Banco Bilbao Vizcaya Argentaria SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	04/12/10		\$ 236,000,000	0.25	\$ 236,000,393	\$ 236,000,378	\$ (15)
Banco Bilbao Vizcaya Argentaria SA CP4-2	COMMERCIAL PAPER - 4-2		04/14/10		\$ 22,000,000	0.19	\$ 21,998,374	\$ 21,998,579	\$ 204
Bank of America Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.02	04/01/10		\$ 110,000,000	0.02	\$ 110,000,000	\$ 110,000,000	\$ -
Bank of Montreal, Dec 20, 2010	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.24	12/20/10	04/20/10	\$ 138,000,000	0.24	\$ 138,000,000	\$ 137,950,320	\$ (49,680)
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.23	05/24/10		\$ 100,000,000	0.23	\$ 100,000,000	\$ 99,992,490	\$ (7,510)
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.23	05/25/10		\$ 100,000,000	0.23	\$ 100,000,000	\$ 99,992,350	\$ (7,650)
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.28	06/23/10		\$ 80,000,000	0.28	\$ 80,000,000	\$ 79,996,264	\$ (3,736)
Barclays Bank PLC, London CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.71	01/21/11		\$ 50,000,000	0.72	\$ 50,000,000	\$ 49,991,420	\$ (8,580)
Barclays Bank plc, Jan 21, 2011	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.49	01/21/11	04/21/10	\$ 94,500,000	0.50	\$ 94,500,000	\$ 94,484,219	\$ (15,782)
Barclays US Funding Corp. CP	COMMERCIAL PAPER		05/12/10		\$ 20,000,000	0.20	\$ 19,995,333	\$ 19,995,426	\$ 93
Chariot Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		07/07/10		\$ 50,000,000	0.25	\$ 49,965,972	\$ 49,959,030	\$ (6,942)
Danske Corp., Inc. CP4-2	COMMERCIAL PAPER - 4-2		04/06/10		\$ 100,000,000	0.19	\$ 99,996,833	\$ 99,997,170	\$ 337
Danske Corp., Inc. CP4-2	COMMERCIAL PAPER - 4-2		04/12/10		\$ 210,750,000	0.20	\$ 210,735,950	\$ 210,736,723	\$ 773
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.00	04/01/10		\$ 273,726,298	0.00	\$ 273,726,298	\$ 273,726,298	\$ -

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
MARCH 31, 2010

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Edison Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/10/10		\$ 50,936,000	0.19	\$ 50,925,247	\$ 50,925,079	\$ (168)
Edison Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		06/09/10		\$ 16,000,000	0.21	\$ 15,993,467	\$ 15,992,440	\$ (1,027)
Enterprise Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/26/10		\$ 25,000,000	0.20	\$ 24,992,222	\$ 24,992,028	\$ (195)
Enterprise Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/26/10		\$ 70,000,000	0.21	\$ 69,977,133	\$ 69,977,677	\$ 544
FHLB .4% 12/27/2010	FHLB NOTE	0.40	12/27/10		\$ 145,000,000	0.40	\$ 145,000,000	\$ 144,807,585	\$ (192,415)
FHLB .55% 8/04/2010	FHLB NOTE	0.55	08/04/10		\$ 100,000,000	0.62	\$ 99,976,798	\$ 100,102,300	\$ 125,502
FHLB .6% 4/18/2011	FHLB NOTE	0.60	04/18/11		\$ 100,000,000	0.60	\$ 100,000,000	\$ 99,753,200	\$ (246,800)
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		04/06/10		\$ 2,500,000	0.18	\$ 2,499,925	\$ 2,499,917	\$ (8)
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		04/15/10		\$ 13,924,000	0.18	\$ 13,922,956	\$ 13,922,608	\$ (348)
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/19/10		\$ 75,052,000	0.20	\$ 75,031,569	\$ 75,026,152	\$ (5,417)
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		06/14/10		\$ 81,000,000	0.24	\$ 80,959,500	\$ 80,953,595	\$ (5,905)
Falcon Asset Securitization Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		06/17/10		\$ 23,658,000	0.23	\$ 23,646,210	\$ 23,643,954	\$ (2,256)
Falcon Asset Securitization Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		07/07/10		\$ 125,000,000	0.25	\$ 124,914,931	\$ 124,897,020	\$ (17,911)
Falcon Asset Securitization Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		07/08/10		\$ 79,500,000	0.25	\$ 79,445,344	\$ 79,434,530	\$ (10,814)
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.14	04/01/10	04/01/10	\$ 250,245,298	0.12	\$ 250,245,298	\$ 250,245,298	\$ -
Federated Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.12	04/01/10	04/01/10	\$ 250,098,854	0.08	\$ 250,098,854	\$ 250,098,854	\$ -
General Electric Capital Corp., Note, 4.875%, 10/21/2010	CORPORATE BOND	4.88	10/21/10		\$ 7,155,000	0.41	\$ 7,332,075	\$ 7,306,607	\$ (25,468)
General Electric Capital Corp., Sr. Unsec'd. Note, 5.000%, 12/01/2010	CORPORATE BOND	5.00	12/01/10		\$ 50,000,000	0.56	\$ 51,490,915	\$ 51,472,750	\$ (18,165)
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		05/11/10		\$ 55,000,000	0.20	\$ 54,987,472	\$ 54,985,909	\$ (1,563)
Mizuho Corporate Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	06/10/10		\$ 100,000,000	0.24	\$ 100,000,000	\$ 99,990,140	\$ (9,860)
Mizuho Corporate Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.23	04/23/10		\$ 100,000,000	0.23	\$ 100,000,000	\$ 100,001,280	\$ 1,280

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
MARCH 31, 2010

Security Name	Security Classification	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Morgan Stanley & Co., Inc. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.02	04/01/10		\$ 920,000,000	0.02	\$ 920,000,000	\$ 920,000,000	\$ -
Mullenix-St. Charles Properties, L.P., Times Centre Apartments Project Series 2004, 01/01/28	VARIABLE RATE DEMAND NOTE	0.27	01/01/28	04/01/10	\$ 13,500,000	0.27	\$ 13,500,000	\$ 13,500,000	\$ -
Robert Louis Stevenson School, Series 2007, Aug 01, 2037	VARIABLE RATE DEMAND NOTE	0.63	08/01/37	04/01/10	\$ 6,000,000	0.63	\$ 6,000,000	\$ 6,000,000	\$ -
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		04/07/10		\$ 19,000,000	0.20	\$ 18,999,261	\$ 18,999,299	\$ 38
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		04/12/10		\$ 100,000,000	0.18	\$ 99,994,000	\$ 99,992,830	\$ (1,170)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		04/19/10		\$ 8,800,000	0.20	\$ 8,799,071	\$ 8,798,932	\$ (139)
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/10/10		\$ 11,420,000	0.21	\$ 11,417,335	\$ 11,416,993	\$ (342)
Sheffield Receivables Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/05/10		\$ 27,000,000	0.21	\$ 26,994,488	\$ 26,993,623	\$ (865)
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		04/07/10		\$ 125,000,000	0.24	\$ 124,994,167	\$ 124,995,863	\$ 1,696
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		04/15/10		\$ 104,300,000	0.21	\$ 104,290,874	\$ 104,291,312	\$ 438
Societe Generale North America, Inc. CP	COMMERCIAL PAPER		04/30/10		\$ 19,600,000	0.21	\$ 19,596,570	\$ 19,596,570	\$ -
St. Andrew United Methodist Church, Series 2004, Jul 01, 2029	VARIABLE RATE DEMAND NOTE	0.29	07/01/29	04/01/10	\$ 10,090,000	0.25	\$ 10,090,000	\$ 10,090,000	\$ -
Surrey Funding Corporation CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		04/05/10		\$ 62,000,000	0.20	\$ 61,998,278	\$ 61,998,276	\$ (1)
Surrey Funding Corporation CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/04/10		\$ 75,000,000	0.20	\$ 74,985,833	\$ 74,982,788	\$ (3,046)
Toronto Dominion Bank, Dec 09, 2010	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.23	12/09/10	04/09/10	\$ 100,000,000	0.23	\$ 100,000,000	\$ 99,966,000	\$ (34,000)
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		05/24/10		\$ 95,000,000	0.30	\$ 94,957,250	\$ 94,963,235	\$ 5,985
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		06/02/10		\$ 50,000,000	0.33	\$ 49,971,125	\$ 49,976,025	\$ 4,900
Westpac Banking Corp. Ltd., Sydney, Dec 11, 2010	VARIABLE MEDIUM TERM NOTE	0.28	12/11/10	04/12/10	\$ 75,000,000	0.28	\$ 75,000,000	\$ 74,974,050	\$ (25,950)
Yorktown Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		04/12/10		\$ 89,533,000	0.19	\$ 89,527,330	\$ 89,528,228	\$ 898
Yorktown Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		05/10/10		\$ 76,044,000	0.19	\$ 76,027,946	\$ 76,028,791	\$ 845
Total Value of Investments					\$ 5,891,332,450		\$ 5,892,433,703	\$ 5,891,812,244	\$ (621,459)

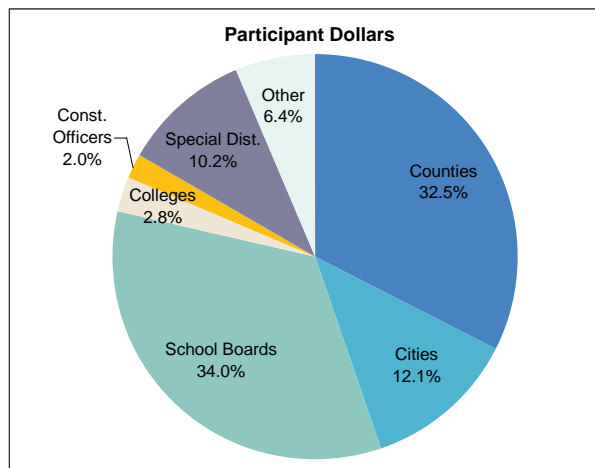
Notes: The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

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

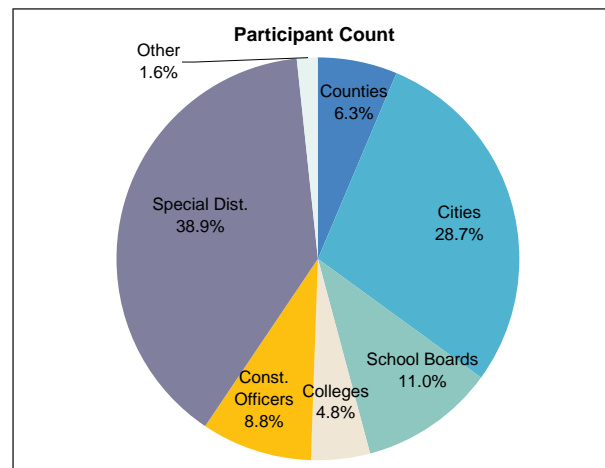
² Amortized cost is calculated using a straight line method.

PARTICIPANT CONCENTRATION DATA - MARCH 31, 2010

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
All Participants	100.0%	100.0%	Colleges & Universities	2.8%	4.8%
Top 10	43.2%	1.3%	Top 10	2.6%	1.3%
\$100 million or more	45.0%	1.4%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	45.7%	10.0%	\$10 million up to \$100 million	2.1%	0.6%
\$1 million up to \$10 million	8.3%	16.3%	\$1 million up to \$10 million	0.7%	1.1%
Under \$1 million	1.0%	72.3%	Under \$1 million	0.01%	3.0%
Counties	32.5%	6.3%	Constitutional Officers	2.0%	8.8%
Top 10	27.5%	1.3%	Top 10	1.1%	1.3%
\$100 million or more	21.9%	0.8%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	9.9%	1.5%	\$10 million up to \$100 million	1.3%	0.5%
\$1 million up to \$10 million	0.6%	1.1%	\$1 million up to \$10 million	0.6%	1.4%
Under \$1 million	0.0%	2.9%	Under \$1 million	0.1%	6.9%
Municipalities	12.1%	28.7%	Special Districts	10.2%	38.9%
Top 10	6.7%	1.3%	Top 10	6.9%	1.3%
\$100 million or more	0.0%	0.0%	\$100 million or more	2.0%	0.1%
\$10 million up to \$100 million	9.0%	2.5%	\$10 million up to \$100 million	5.7%	1.6%
\$1 million up to \$10 million	2.8%	5.8%	\$1 million up to \$10 million	2.1%	4.4%
Under \$1 million	0.3%	20.4%	Under \$1 million	0.4%	32.8%
School Boards	34.0%	11.0%	Other	6.4%	1.6%
Top 10	27.2%	1.3%	Top 10	6.4%	1.3%
\$100 million or more	19.3%	0.4%	\$100 million or more	1.8%	0.1%
\$10 million up to \$100 million	13.1%	2.6%	\$10 million up to \$100 million	4.5%	0.6%
\$1 million up to \$10 million	1.5%	2.4%	\$1 million up to \$10 million	0.0%	0.1%
Under \$1 million	0.1%	5.6%	Under \$1 million	0.0%	0.8%



Total Fund Value: \$5,794,197,917



Total Participant Count: 799

INVESTMENT POLICY COMPLIANCE - MARCH 2010

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

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

TRADING ACTIVITY FOR MARCH 2010

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys								
ATLANTIC ASSET SECUCPABS4	06/01/10	03/02/10	03/02/10	\$ 50,000,000	\$ 49,974,722	\$ -	\$ 49,974,722	\$ -
ATLANTIC ASSET SECUCPABS4	06/01/10	03/02/10	03/02/10	\$ 50,000,000	\$ 49,974,722	\$ -	\$ 49,974,722	\$ -
ATLANTIC ASSET SECUCPABS4	06/01/10	03/02/10	03/02/10	\$ 50,000,000	\$ 49,974,722	\$ -	\$ 49,974,722	\$ -
ATLANTIC ASSET SECUCPABS4	06/02/10	03/03/10	03/04/10	\$ 50,000,000	\$ 49,975,000	\$ -	\$ 49,975,000	\$ -
BANCO BILBAO VIZCAYCDYAN	06/21/10	03/17/10	03/17/10	\$ 24,000,000	\$ 24,000,320	\$ -	\$ 24,000,320	\$ -
BANK OF TOKYO-MITSUCDYAN	06/23/10	03/22/10	03/23/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
BANK OF TOKYO-MITSUCDYAN	06/23/10	03/22/10	03/23/10	\$ 30,000,000	\$ 30,000,000	\$ -	\$ 30,000,000	\$ -
CHARIOT FUNDING LLCCPABS4	07/07/10	03/17/10	03/17/10	\$ 50,000,000	\$ 49,961,111	\$ -	\$ 49,961,111	\$ -
EDISON ASSET SECURICPABS4	06/09/10	03/11/10	03/11/10	\$ 16,000,000	\$ 15,991,600	\$ -	\$ 15,991,600	\$ -
ENTERPRISE FUNDING CPABS4	03/26/10	03/25/10	03/25/10	\$ 50,000,000	\$ 49,999,750	\$ -	\$ 49,999,750	\$ -
ENTERPRISE FUNDING CPABS4	03/26/10	03/25/10	03/25/10	\$ 8,767,000	\$ 8,766,956	\$ -	\$ 8,766,956	\$ -
ENTERPRISE FUNDING CPABS4	03/30/10	03/29/10	03/29/10	\$ 34,701,000	\$ 34,700,836	\$ -	\$ 34,700,836	\$ -
ENTERPRISE FUNDING CPABS4	05/26/10	03/08/10	03/08/10	\$ 25,000,000	\$ 24,989,028	\$ -	\$ 24,989,028	\$ -
ENTERPRISE FUNDING CPABS4	05/26/10	03/12/10	03/12/10	\$ 50,000,000	\$ 49,978,125	\$ -	\$ 49,978,125	\$ -
ENTERPRISE FUNDING CPABS4	05/26/10	03/12/10	03/12/10	\$ 20,000,000	\$ 19,991,250	\$ -	\$ 19,991,250	\$ -
FAIRWAY FINANCE CO,CPABS4	06/14/10	03/17/10	03/17/10	\$ 50,000,000	\$ 49,970,334	\$ -	\$ 49,970,334	\$ -
FAIRWAY FINANCE CO,CPABS4	06/14/10	03/17/10	03/17/10	\$ 31,000,000	\$ 30,981,607	\$ -	\$ 30,981,607	\$ -
FALCON ASSET SECURICPABS4	06/17/10	03/18/10	03/18/10	\$ 23,658,000	\$ 23,644,245	\$ -	\$ 23,644,245	\$ -
FALCON ASSET SECURICPABS4	07/07/10	03/17/10	03/17/10	\$ 50,000,000	\$ 49,961,111	\$ -	\$ 49,961,111	\$ -
FALCON ASSET SECURICPABS4	07/07/10	03/17/10	03/17/10	\$ 50,000,000	\$ 49,961,111	\$ -	\$ 49,961,111	\$ -
FALCON ASSET SECURICPABS4	07/07/10	03/17/10	03/17/10	\$ 25,000,000	\$ 24,980,556	\$ -	\$ 24,980,556	\$ -
FALCON ASSET SECURICPABS4	07/08/10	03/17/10	03/17/10	\$ 50,000,000	\$ 49,960,764	\$ -	\$ 49,960,764	\$ -
FALCON ASSET SECURICPABS4	07/08/10	03/17/10	03/17/10	\$ 29,500,000	\$ 29,476,851	\$ -	\$ 29,476,851	\$ -
FEDERAL HOME LOAN BANKS	04/18/11	03/19/10	04/05/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
FEDERAL HOME LOAN BANKS	04/18/11	03/19/10	04/05/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
GENERAL ELECTRIC CAPITAL CORP	10/21/10	03/18/10	03/23/10	\$ 7,155,000	\$ 7,339,019	\$ 147,274	\$ 7,486,293	\$ -
ING US FUNDING LLC	03/11/10	03/09/10	03/09/10	\$ 50,000,000	\$ 49,999,500	\$ -	\$ 49,999,500	\$ -
ING US FUNDING LLC	03/11/10	03/09/10	03/09/10	\$ 22,600,000	\$ 22,599,774	\$ -	\$ 22,599,774	\$ -
MIZUHO CORPORATE BACDYAN	06/10/10	03/11/10	03/11/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
MIZUHO CORPORATE BACDYAN	06/10/10	03/11/10	03/11/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
MIZUHO CORPORATE BACDYAN	06/23/10	03/19/10	03/23/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
MIZUHO CORPORATE BACDYAN	06/23/10	03/19/10	03/23/10	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -
SALISBURY RECEIVBLCPABS4	04/19/10	03/22/10	03/22/10	\$ 8,800,000	\$ 8,798,631	\$ -	\$ 8,798,631	\$ -
SALISBURY RECEIVBLCPABS4	05/10/10	03/12/10	03/12/10	\$ 11,420,000	\$ 11,416,070	\$ -	\$ 11,416,070	\$ -
SOCIETE GENERALE NORTH AMERICA INC	03/10/10	03/09/10	03/09/10	\$ 50,000,000	\$ 49,999,778	\$ -	\$ 49,999,778	\$ -
SOCIETE GENERALE NORTH AMERICA INC	03/10/10	03/09/10	03/09/10	\$ 5,000,000	\$ 4,999,978	\$ -	\$ 4,999,978	\$ -
SOCIETE GENERALE NORTH AMERICA INC	03/24/10	03/23/10	03/23/10	\$ 4,415,000	\$ 4,414,978	\$ -	\$ 4,414,978	\$ -
TOYOTA MOTOR CREDIT CP	05/24/10	03/23/10	03/23/10	\$ 50,000,000	\$ 49,974,167	\$ -	\$ 49,974,167	\$ -
TOYOTA MOTOR CREDIT CP	05/24/10	03/23/10	03/23/10	\$ 45,000,000	\$ 44,976,750	\$ -	\$ 44,976,750	\$ -
TOYOTA MOTOR CREDIT CP	06/02/10	03/22/10	03/22/10	\$ 50,000,000	\$ 49,967,000	\$ -	\$ 49,967,000	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/05/10	03/05/10	\$ 32,242,884	\$ 32,242,884	\$ -	\$ 32,242,884	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/10/10	03/10/10	\$ 12,180,330	\$ 12,180,330	\$ -	\$ 12,180,330	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/11/10	03/11/10	\$ 38,140,443	\$ 38,140,443	\$ -	\$ 38,140,443	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/12/10	03/12/10	\$ 10,049,287	\$ 10,049,287	\$ -	\$ 10,049,287	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/16/10	03/16/10	\$ 5,652,247	\$ 5,652,247	\$ -	\$ 5,652,247	\$ -

TRADING ACTIVITY FOR MARCH 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys (continued)								
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/17/10	03/17/10	\$ 12,847,262	\$ 12,847,262	\$ -	\$ 12,847,262	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/19/10	03/19/10	\$ 24,856,993	\$ 24,856,993	\$ -	\$ 24,856,993	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/24/10	03/24/10	\$ 24,133,401	\$ 24,133,401	\$ -	\$ 24,133,401	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/26/10	03/26/10	\$ 72,838,123	\$ 72,838,123	\$ -	\$ 72,838,123	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/30/10	03/30/10	\$ 10,588,807	\$ 10,588,807	\$ -	\$ 10,588,807	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/31/10	03/31/10	\$ 254,111,276	\$ 254,111,276	\$ -	\$ 254,111,276	\$ -
FEDERATED PRIME CASH OBLIGATIONS FU	10/01/40	03/01/10	03/01/10	\$ 21,908	\$ 21,908	\$ -	\$ 21,908	\$ -
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	03/01/10	03/01/10	\$ 18,229	\$ 18,229	\$ -	\$ 18,229	\$ -
MORGAN STANLEY TRIPARTY	03/02/10	03/01/10	03/01/10	\$ 975,000,000	\$ 975,000,000	\$ -	\$ 975,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/02/10	03/01/10	03/01/10	\$ 700,000,000	\$ 700,000,000	\$ -	\$ 700,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/03/10	03/02/10	03/02/10	\$ 965,000,000	\$ 965,000,000	\$ -	\$ 965,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/03/10	03/02/10	03/02/10	\$ 815,000,000	\$ 815,000,000	\$ -	\$ 815,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/04/10	03/03/10	03/03/10	\$ 1,450,000,000	\$ 1,450,000,000	\$ -	\$ 1,450,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/04/10	03/03/10	03/03/10	\$ 285,000,000	\$ 285,000,000	\$ -	\$ 285,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/05/10	03/04/10	03/04/10	\$ 970,000,000	\$ 970,000,000	\$ -	\$ 970,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/05/10	03/04/10	03/04/10	\$ 700,000,000	\$ 700,000,000	\$ -	\$ 700,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/08/10	03/05/10	03/05/10	\$ 1,470,000,000	\$ 1,470,000,000	\$ -	\$ 1,470,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/08/10	03/05/10	03/05/10	\$ 170,000,000	\$ 170,000,000	\$ -	\$ 170,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/09/10	03/08/10	03/08/10	\$ 970,000,000	\$ 970,000,000	\$ -	\$ 970,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/09/10	03/08/10	03/08/10	\$ 875,000,000	\$ 875,000,000	\$ -	\$ 875,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/10/10	03/09/10	03/09/10	\$ 970,000,000	\$ 970,000,000	\$ -	\$ 970,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/10/10	03/09/10	03/09/10	\$ 780,000,000	\$ 780,000,000	\$ -	\$ 780,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/11/10	03/10/10	03/10/10	\$ 970,000,000	\$ 970,000,000	\$ -	\$ 970,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/11/10	03/10/10	03/10/10	\$ 900,000,000	\$ 900,000,000	\$ -	\$ 900,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/12/10	03/11/10	03/11/10	\$ 1,500,000,000	\$ 1,500,000,000	\$ -	\$ 1,500,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/12/10	03/11/10	03/11/10	\$ 380,000,000	\$ 380,000,000	\$ -	\$ 380,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/15/10	03/12/10	03/12/10	\$ 1,500,000,000	\$ 1,500,000,000	\$ -	\$ 1,500,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/15/10	03/12/10	03/12/10	\$ 230,000,000	\$ 230,000,000	\$ -	\$ 230,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/16/10	03/15/10	03/15/10	\$ 1,250,000,000	\$ 1,250,000,000	\$ -	\$ 1,250,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/16/10	03/15/10	03/15/10	\$ 660,000,000	\$ 660,000,000	\$ -	\$ 660,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/17/10	03/16/10	03/16/10	\$ 660,000,000	\$ 660,000,000	\$ -	\$ 660,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/17/10	03/16/10	03/16/10	\$ 1,250,000,000	\$ 1,250,000,000	\$ -	\$ 1,250,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/18/10	03/17/10	03/17/10	\$ 660,000,000	\$ 660,000,000	\$ -	\$ 660,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/18/10	03/17/10	03/17/10	\$ 900,000,000	\$ 900,000,000	\$ -	\$ 900,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/19/10	03/18/10	03/18/10	\$ 675,000,000	\$ 675,000,000	\$ -	\$ 675,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/19/10	03/18/10	03/18/10	\$ 955,000,000	\$ 955,000,000	\$ -	\$ 955,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/22/10	03/19/10	03/19/10	\$ 665,000,000	\$ 665,000,000	\$ -	\$ 665,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/22/10	03/19/10	03/19/10	\$ 1,100,000,000	\$ 1,100,000,000	\$ -	\$ 1,100,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/23/10	03/22/10	03/22/10	\$ 660,000,000	\$ 660,000,000	\$ -	\$ 660,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/23/10	03/22/10	03/22/10	\$ 1,090,000,000	\$ 1,090,000,000	\$ -	\$ 1,090,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/24/10	03/23/10	03/23/10	\$ 660,000,000	\$ 660,000,000	\$ -	\$ 660,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/24/10	03/23/10	03/23/10	\$ 790,000,000	\$ 790,000,000	\$ -	\$ 790,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/25/10	03/24/10	03/24/10	\$ 960,000,000	\$ 960,000,000	\$ -	\$ 960,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/25/10	03/24/10	03/24/10	\$ 430,000,000	\$ 430,000,000	\$ -	\$ 430,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/26/10	03/25/10	03/25/10	\$ 460,000,000	\$ 460,000,000	\$ -	\$ 460,000,000	\$ -

TRADING ACTIVITY FOR MARCH 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys (continued)								
BANK OF AMERICA TRIPARTY	03/26/10	03/25/10	03/25/10	\$ 850,000,000	\$ 850,000,000	\$ -	\$ 850,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/29/10	03/26/10	03/26/10	\$ 960,000,000	\$ 960,000,000	\$ -	\$ 960,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/29/10	03/26/10	03/26/10	\$ 400,000,000	\$ 400,000,000	\$ -	\$ 400,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/30/10	03/29/10	03/29/10	\$ 960,000,000	\$ 960,000,000	\$ -	\$ 960,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/30/10	03/29/10	03/29/10	\$ 400,000,000	\$ 400,000,000	\$ -	\$ 400,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/31/10	03/30/10	03/30/10	\$ 960,000,000	\$ 960,000,000	\$ -	\$ 960,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/31/10	03/30/10	03/30/10	\$ 350,000,000	\$ 350,000,000	\$ -	\$ 350,000,000	\$ -
MORGAN STANLEY TRIPARTY	04/01/10	03/31/10	03/31/10	\$ 920,000,000	\$ 920,000,000	\$ -	\$ 920,000,000	\$ -
BANK OF AMERICA TRIPARTY	04/01/10	03/31/10	03/31/10	\$ 110,000,000	\$ 110,000,000	\$ -	\$ 110,000,000	\$ -
Total Buys				\$ 39,279,697,189	\$ 39,279,381,553	\$ -	\$ 39,279,528,827	\$ -
Maturities								
ATLANTIC ASSET SECUCPABS4	03/02/10	03/02/10	03/02/10	\$ 186,100,000	\$ 186,100,000	\$ -	\$ 186,100,000	\$ -
ATLANTIC ASSET SECUCPABS4	03/08/10	03/08/10	03/08/10	\$ 64,300,000	\$ 64,300,000	\$ -	\$ 64,300,000	\$ -
BANCO BILBAO VIZCAYCDYAN	03/17/10	03/17/10	03/17/10	\$ 40,000,000	\$ 40,000,000	\$ -	\$ 40,000,000	\$ -
BANK OF MONTREAL (CCDYAN	03/18/10	03/18/10	03/18/10	\$ 100,000,000	\$ 100,000,000	\$ -	\$ 100,000,000	\$ -
BANK OF TOKYO-MITSUCDYAN	03/02/10	03/02/10	03/02/10	\$ 75,000,000	\$ 75,000,000	\$ -	\$ 75,000,000	\$ -
EDISON ASSET SECURICPABS4	03/16/10	03/16/10	03/16/10	\$ 10,685,000	\$ 10,685,000	\$ -	\$ 10,685,000	\$ -
ENTERPRISE FUNDING CPABS4	03/02/10	03/02/10	03/02/10	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -
ENTERPRISE FUNDING CPABS4	03/26/10	03/26/10	03/26/10	\$ 58,767,000	\$ 58,767,000	\$ -	\$ 58,767,000	\$ -
ENTERPRISE FUNDING CPABS4	03/30/10	03/30/10	03/30/10	\$ 34,701,000	\$ 34,701,000	\$ -	\$ 34,701,000	\$ -
FEDERAL HOME LOAN BANKS	03/11/10	03/11/10	03/11/10	\$ 40,000,000	\$ 40,000,000	\$ -	\$ 40,000,000	\$ -
ING (U.S.) FUNDING CP	03/08/10	03/08/10	03/08/10	\$ 89,000,000	\$ 89,000,000	\$ -	\$ 89,000,000	\$ -
ING US FUNDING LLC	03/11/10	03/11/10	03/11/10	\$ 72,600,000	\$ 72,600,000	\$ -	\$ 72,600,000	\$ -
ING (U.S.) FUNDING CP	03/15/10	03/15/10	03/15/10	\$ 158,000,000	\$ 158,000,000	\$ -	\$ 158,000,000	\$ -
JUPITER SECURITIZATCPABS4	03/08/10	03/08/10	03/08/10	\$ 46,312,000	\$ 46,312,000	\$ -	\$ 46,312,000	\$ -
ABN AMRO N.A., FINACP	03/19/10	03/19/10	03/19/10	\$ 178,000,000	\$ 178,000,000	\$ -	\$ 178,000,000	\$ -
SALISBURY RECEIVABLC PABS4	03/11/10	03/11/10	03/11/10	\$ 110,400,000	\$ 110,400,000	\$ -	\$ 110,400,000	\$ -
SALISBURY RECEIVABLC PABS4	03/23/10	03/23/10	03/23/10	\$ 10,600,000	\$ 10,600,000	\$ -	\$ 10,600,000	\$ -
SOCIETE GENERALE NOCP	03/01/10	03/01/10	03/01/10	\$ 63,800,000	\$ 63,800,000	\$ -	\$ 63,800,000	\$ -
SOCIETE GENERALE NORTH AMERICA INC	03/10/10	03/10/10	03/10/10	\$ 55,000,000	\$ 55,000,000	\$ -	\$ 55,000,000	\$ -
SOCIETE GENERALE NORTH AMERICA INC	03/24/10	03/24/10	03/24/10	\$ 4,415,000	\$ 4,415,000	\$ -	\$ 4,415,000	\$ -
MORGAN STANLEY TRIPARTY	03/01/10	03/01/10	03/01/10	\$ 975,000,000	\$ 975,000,000	\$ -	\$ 975,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/01/10	03/01/10	03/01/10	\$ 590,000,000	\$ 590,000,000	\$ -	\$ 590,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/02/10	03/02/10	03/02/10	\$ 975,000,000	\$ 975,000,000	\$ -	\$ 975,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/02/10	03/02/10	03/02/10	\$ 700,000,000	\$ 700,000,000	\$ -	\$ 700,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/03/10	03/03/10	03/03/10	\$ 965,000,000	\$ 965,000,000	\$ -	\$ 965,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/03/10	03/03/10	03/03/10	\$ 815,000,000	\$ 815,000,000	\$ -	\$ 815,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/04/10	03/04/10	03/04/10	\$ 1,450,000,000	\$ 1,450,000,000	\$ -	\$ 1,450,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/04/10	03/04/10	03/04/10	\$ 285,000,000	\$ 285,000,000	\$ -	\$ 285,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/05/10	03/05/10	03/05/10	\$ 970,000,000	\$ 970,000,000	\$ -	\$ 970,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/05/10	03/05/10	03/05/10	\$ 700,000,000	\$ 700,000,000	\$ -	\$ 700,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/08/10	03/08/10	03/08/10	\$ 1,470,000,000	\$ 1,470,000,000	\$ -	\$ 1,470,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/08/10	03/08/10	03/08/10	\$ 170,000,000	\$ 170,000,000	\$ -	\$ 170,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/09/10	03/09/10	03/09/10	\$ 970,000,000	\$ 970,000,000	\$ -	\$ 970,000,000	\$ -

TRADING ACTIVITY FOR MARCH 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Maturities (continued)								
BANK OF AMERICA TRIPARTY	03/09/10	03/09/10	03/09/10	\$ 875,000,000	\$ 875,000,000	\$ -	\$ 875,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/10/10	03/10/10	03/10/10	\$ 970,000,000	\$ 970,000,000	\$ -	\$ 970,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/10/10	03/10/10	03/10/10	\$ 780,000,000	\$ 780,000,000	\$ -	\$ 780,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/11/10	03/11/10	03/11/10	\$ 970,000,000	\$ 970,000,000	\$ -	\$ 970,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/11/10	03/11/10	03/11/10	\$ 900,000,000	\$ 900,000,000	\$ -	\$ 900,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/12/10	03/12/10	03/12/10	\$ 1,500,000,000	\$ 1,500,000,000	\$ -	\$ 1,500,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/12/10	03/12/10	03/12/10	\$ 380,000,000	\$ 380,000,000	\$ -	\$ 380,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/15/10	03/15/10	03/15/10	\$ 1,500,000,000	\$ 1,500,000,000	\$ -	\$ 1,500,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/15/10	03/15/10	03/15/10	\$ 230,000,000	\$ 230,000,000	\$ -	\$ 230,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/16/10	03/16/10	03/16/10	\$ 1,250,000,000	\$ 1,250,000,000	\$ -	\$ 1,250,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/16/10	03/16/10	03/16/10	\$ 660,000,000	\$ 660,000,000	\$ -	\$ 660,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/17/10	03/17/10	03/17/10	\$ 660,000,000	\$ 660,000,000	\$ -	\$ 660,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/17/10	03/17/10	03/17/10	\$ 1,250,000,000	\$ 1,250,000,000	\$ -	\$ 1,250,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/18/10	03/18/10	03/18/10	\$ 660,000,000	\$ 660,000,000	\$ -	\$ 660,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/18/10	03/18/10	03/18/10	\$ 900,000,000	\$ 900,000,000	\$ -	\$ 900,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/19/10	03/19/10	03/19/10	\$ 675,000,000	\$ 675,000,000	\$ -	\$ 675,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/19/10	03/19/10	03/19/10	\$ 955,000,000	\$ 955,000,000	\$ -	\$ 955,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/22/10	03/22/10	03/22/10	\$ 665,000,000	\$ 665,000,000	\$ -	\$ 665,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/22/10	03/22/10	03/22/10	\$ 1,100,000,000	\$ 1,100,000,000	\$ -	\$ 1,100,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/23/10	03/23/10	03/23/10	\$ 660,000,000	\$ 660,000,000	\$ -	\$ 660,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/23/10	03/23/10	03/23/10	\$ 1,090,000,000	\$ 1,090,000,000	\$ -	\$ 1,090,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/24/10	03/24/10	03/24/10	\$ 660,000,000	\$ 660,000,000	\$ -	\$ 660,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/24/10	03/24/10	03/24/10	\$ 790,000,000	\$ 790,000,000	\$ -	\$ 790,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/25/10	03/25/10	03/25/10	\$ 960,000,000	\$ 960,000,000	\$ -	\$ 960,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/25/10	03/25/10	03/25/10	\$ 430,000,000	\$ 430,000,000	\$ -	\$ 430,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/26/10	03/26/10	03/26/10	\$ 460,000,000	\$ 460,000,000	\$ -	\$ 460,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/26/10	03/26/10	03/26/10	\$ 850,000,000	\$ 850,000,000	\$ -	\$ 850,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/29/10	03/29/10	03/29/10	\$ 960,000,000	\$ 960,000,000	\$ -	\$ 960,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/29/10	03/29/10	03/29/10	\$ 400,000,000	\$ 400,000,000	\$ -	\$ 400,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/30/10	03/30/10	03/30/10	\$ 960,000,000	\$ 960,000,000	\$ -	\$ 960,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/30/10	03/30/10	03/30/10	\$ 400,000,000	\$ 400,000,000	\$ -	\$ 400,000,000	\$ -
MORGAN STANLEY TRIPARTY	03/31/10	03/31/10	03/31/10	\$ 960,000,000	\$ 960,000,000	\$ -	\$ 960,000,000	\$ -
BANK OF AMERICA TRIPARTY	03/31/10	03/31/10	03/31/10	\$ 350,000,000	\$ 350,000,000	\$ -	\$ 350,000,000	\$ -
Total Maturities				\$ 39,244,680,000	\$ 39,244,680,000	\$ -	\$ 39,244,680,000	\$ -

TRADING ACTIVITY FOR MARCH 2010 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Sells								
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/01/10	03/01/10	\$ 67,521,448	\$ 67,521,448	\$ -	\$ 67,521,448	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/02/10	03/02/10	\$ 831,184	\$ 831,184	\$ -	\$ 831,184	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/02/10	03/02/10	\$ 4,874,255	\$ 4,874,255	\$ -	\$ 4,874,255	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/02/10	03/02/10	\$ 2,260,201	\$ 2,260,201	\$ -	\$ 2,260,201	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/02/10	03/02/10	\$ 14,495,180	\$ 14,495,180	\$ -	\$ 14,495,180	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/03/10	03/03/10	\$ 970,366	\$ 970,366	\$ -	\$ 970,366	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/04/10	03/04/10	\$ 3,393,121	\$ 3,393,121	\$ -	\$ 3,393,121	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/08/10	03/08/10	\$ 2,692,359	\$ 2,692,359	\$ -	\$ 2,692,359	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/08/10	03/08/10	\$ 32,242,884	\$ 32,242,884	\$ -	\$ 32,242,884	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/09/10	03/09/10	\$ 1,192,845	\$ 1,192,845	\$ -	\$ 1,192,845	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/15/10	03/15/10	\$ 19,113,325	\$ 19,113,325	\$ -	\$ 19,113,325	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/15/10	03/15/10	\$ 35,832,920	\$ 35,832,920	\$ -	\$ 35,832,920	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/18/10	03/18/10	\$ 129,046	\$ 129,046	\$ -	\$ 129,046	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/18/10	03/18/10	\$ 5,652,247	\$ 5,652,247	\$ -	\$ 5,652,247	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/18/10	03/18/10	\$ 12,847,262	\$ 12,847,262	\$ -	\$ 12,847,262	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/22/10	03/22/10	\$ 12,180,330	\$ 12,180,330	\$ -	\$ 12,180,330	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/22/10	03/22/10	\$ 2,178,477	\$ 2,178,477	\$ -	\$ 2,178,477	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/22/10	03/22/10	\$ 10,049,287	\$ 10,049,287	\$ -	\$ 10,049,287	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/22/10	03/22/10	\$ 10,679,615	\$ 10,679,615	\$ -	\$ 10,679,615	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/23/10	03/23/10	\$ 5,575,921	\$ 5,575,921	\$ -	\$ 5,575,921	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/25/10	03/25/10	\$ 20,017,967	\$ 20,017,967	\$ -	\$ 20,017,967	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/29/10	03/29/10	\$ 3,690,676	\$ 3,690,676	\$ -	\$ 3,690,676	\$ -
DREYFUS GOVT CASH MGMT FUND	09/30/10	03/29/10	03/29/10	\$ 72,838,123	\$ 72,838,123	\$ -	\$ 72,838,123	\$ -
Total Sells				\$ 341,259,038	\$ 341,259,038	\$ -	\$ 341,259,038	\$ -

FUND B

FUND B FACTS

INVESTMENT OBJECTIVE

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

COMPOSITION

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

DISTRIBUTIONS

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

ACCOUNTING

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

STATUS OF INVESTMENTS

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

COMMENTARY FROM THE PORTFOLIO MANAGER

All cash from paydowns on securities in Fund B are invested in overnight securities, repurchase agreements, overnight time deposits or commercial paper pending monthly distribution to participant accounts in the LGIP. Specifically, \$6.10 million in liquid assets were transferred from Fund B to Florida PRIME on March 8th.

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

DISCLOSURE OF MATERIAL IMPACTS

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

RETURN OF FUND B PRINCIPAL

The table on the following page details the SBA's progress in returning principal to investors in Fund B. Through the end of March 2010, investors cumulatively received distributions from Fund B totaling over \$1.56 billion or 77.7% of their original balances. The \$6.10 million distribution on March 8th consisted of principal paydowns and income from the securities in the Fund.

The securities remaining in Fund B are legacy items from the four issuers whose financial circumstances gave rise to the November 2007 run (in addition to overnight instruments temporarily holding fund earnings). As of March 31, 2010, their amortized cost value was \$625.2 million, or 39.2% more than remaining participant positions in Fund B. Conversely, the current estimated liquidation (market) value of these securities is pegged at \$294.3 million or 65.6% of remaining participant positions.

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

FUND B

FUND B DISTRIBUTIONS

FUND B DISTRIBUTIONS TO PARTICIPANTS

Fund B Distributions to Participants

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

FUND B MONTHLY DISTRIBUTION DETAIL

March 2010 Distribution Detail Including Receipts by Source For the period 2/6/10 - 3/5/10		Fund B Participant Allocation		Expense
Beginning Balance	\$	-	\$	67,880.42
Receipts:				
Axon Financial	\$	828,915.86		
Florida East	\$	1,664,187.73		
Florida West	\$	2,583,539.23		
Florida Funding I	\$	1,037,533.50		
Overnight Investments	\$	24.54		
Total Receipts	\$	6,114,200.86		
Distributions:				
Allocation to/from Expense Reserve	\$	(14,200.86)	\$	14,200.86
Expenses Paid			\$	(40,005.47)
Participant Distribution	\$	(6,100,000.00)		
Ending Balance	\$	-	\$	42,075.81

FUND B

INVENTORY OF HOLDINGS - AS OF MARCH 31, 2010

Security Name	Type	Cpn/ Disc	Maturity	Rate Reset	Par	Current Yield	Amort Cost ²	Mkt Value ¹	Unrealized Gain (Loss)
Axon Financial Funding LLC	VARIABLE RATE COMMERCIAL PAPER	0.25	(3)	04/26/10	\$ 134,265,569	0.25	\$ 134,262,450	\$ 58,164,461	\$ (76,097,989)
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.00	04/01/10		\$ 5,592,936	0.00	\$ 5,592,936	\$ 5,592,936	\$ 0.01
Florida East Funding LLC	VARIABLE RATE TERM NOTE	0.60	(3)	04/28/10	\$ 109,837,119	0.61	\$ 109,837,119	\$ 69,078,691	\$ (40,758,428)
Florida Funding I LLC	VARIABLE RATE TERM NOTE	2.16	(3)	08/25/09	\$ 140,500,065	3.35	\$ 140,500,065	\$ 37,969,651	\$ (102,530,414)
Florida West Funding LLC	VARIABLE RATE TERM NOTE	0.60	(3)	04/28/10	\$ 234,994,777	0.61	\$ 234,994,777	\$ 123,505,914	\$ (111,488,864)
Total Value of Investments					\$ 625,190,467		\$ 625,187,348	\$ 294,311,652	\$ (330,875,696)

Notes:

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

² Amortized cost is calculated using a straight line method.

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

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

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

FUND B

COMPLIANCE AND TRADING ACTIVITY

COMPLIANCE WITH INVESTMENT POLICY - MARCH 2010

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

TRADING ACTIVITY - MARCH 2010

Security Description	Trade Date	Settlement Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain (Loss)
Buys							
DREYFUS GOVT CASH MGMT FUND	03/02/10	03/02/10	\$ 5,285,284.75	\$ 5,285,284.75	\$ -	\$ 5,285,284.75	\$ -
DREYFUS GOVT CASH MGMT FUND	03/03/10	03/03/10	\$ 828,916	\$ 828,916	\$ -	\$ 828,916	\$ -
DREYFUS GOVT CASH MGMT FUND	03/30/10	03/30/10	\$ 5,569,407.34	\$ 5,569,407.34	\$ -	\$ 5,569,407.34	\$ -
Total Buys			\$ 11,683,607.77	\$ 11,683,607.77	\$ -	\$ 11,683,607.77	\$ -
Sells							
AXON FINANCIAL FUNDING LLC	03/02/10	03/02/10	\$ 802,099	\$ 802,099	\$ -	\$ 802,099	\$ 64
FLORIDA FUNDING I LLC	03/02/10	03/02/10	\$ 988,168	\$ 988,168	\$ -	\$ 988,168	\$ -
FLORIDA FUNDING I LLC	03/30/10	03/30/10	\$ 1,023,267	\$ 1,023,267	\$ -	\$ 1,023,267	\$ -
FLORIDA EAST FUNDING LLC	03/02/10	03/02/10	\$ 1,604,052	\$ 1,604,052	\$ -	\$ 1,604,052	\$ -
FLORIDA EAST FUNDING LLC	03/30/10	03/30/10	\$ 1,544,250	\$ 1,544,250	\$ -	\$ 1,544,250	\$ -
FLORIDA WEST FUNDING LLC	03/02/10	03/02/10	\$ 2,455,662	\$ 2,455,662	\$ -	\$ 2,455,662	\$ -
FLORIDA WEST FUNDING LLC	03/30/10	03/30/10	\$ 2,810,426	\$ 2,810,426	\$ -	\$ 2,810,426	\$ -
DREYFUS GOVT CASH MGMT FUND	03/01/10	03/01/10	\$ 58	\$ 58	\$ -	\$ 58	\$ -
DREYFUS GOVT CASH MGMT FUND	03/05/10	03/05/10	\$ 6,100,000	\$ 6,100,000	\$ -	\$ 6,100,000	\$ -
DREYFUS GOVT CASH MGMT FUND	03/16/10	03/16/10	\$ 17,180	\$ 17,180	\$ -	\$ 17,180	\$ -
DREYFUS GOVT CASH MGMT FUND	03/19/10	03/19/10	\$ 1,366	\$ 1,366	\$ -	\$ 1,366	\$ -
Total Sells			\$ 17,346,529	\$ 17,346,529	\$ -	\$ 17,346,529	\$ 64

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



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