The regular meeting of the State Board of Administration was held on February 22, 2000, in the Cabinet Meeting Room of the Capitol in Tallahassee.

Members present were:

Governor Jeb Bush, Chairman
State Treasurer Bill Nelson, Treasurer

Member absent was:

State Comptroller Robert F. Milligan, Secretary

Mr. Tom Herndon, Executive Director of the SBA was also present.

The following items were considered by the Board:

APPROVAL OF MINUTES

Item 1. Mr. Herndon requested the approval of the minutes of the January 25, 2000 meeting.

Moved and seconded. Approved without objection.

FISCAL SUFFICIENCY

Item 2. Mr. Herndon recommended approval of a fiscal sufficiency for the Division of Bond Finance on behalf of the Department of Management Services.

Moved and seconded. Approved without objection.

FLORIDA RETIREMENT SYSTEM

Item 3. Mr. Herndon requested that the Trustees make the following recommendations to the Florida Legislature, pursuant to their responsibilities under Section 121.0312, F.S.:

1. **The actuarial model used to determine contribution rates for the purposes of the regular actuarial valuation report should include a specific rate stabilization mechanism.**
2. **This mechanism should be developed by pension system finance professionals, taking into account possible volatility in investment returns and the uncertainty over actual growth in plan liabilities. At the same time, the mechanism should not allow an unnecessarily large surplus to accumulate.**
3. **Once adopted, the mechanism should not be altered in response to short-term budget exigencies.**

After discussion, item was approved without objection.

REPORT OF THE SPECIAL DISABILITY TRUST FUND PRIVATIZATION COMMISSION – SUBMITTED FOR INFORMATION ONLY

Item 4. Mr. Herndon submitted for information only the final report of the Commission's February 10, 2000 meeting. The Chairperson of the Privatization Commission, Ms. Colleen Castille, reviewed the work of the Commission and highlighted the fact that the Commission's report recommended not to privatize.

The report was accepted as submitted.

STATUS REPORT ON PENSION REFORM ACTIVITIES – SUBMITTED FOR INFORMATION ONLY

Item 5. Mr. Herndon submitted for information only the status report of the pension reform activities.

The report was accepted as submitted.

LEGISLATIVE INITIATIVES

Item 6. Mr. Herndon submitted the following legislative items for approval by the Trustees.

6A) The Florida Hurricane Catastrophe Fund is seeking technical/clarification language related to its statute, 215.555(4)(d)2 F.S. In last year's legislation implementing the $11 billion industry cap, language regarding reimbursement contracts was inadvertently placed in an incorrect section. This year's proposed technical correction will correct the error by placing a corresponding reference in Section (4) Reimbursement Contracts referring to the method used by the Board for the reimbursement of covered losses to companies, taking into consideration the $11 billion cap.

Moved and seconded. Approved without objection.

6B) The State Board of Administration is requesting the repeal of current statutory language related to Northern Ireland investments (121.153 F.S.). The recent success of the Northern Ireland peace talks eliminates the need for the current statutory prohibition regarding investments. Current language directs the State Board of Administration to invest in companies making advances in eliminating ethnic and religious discrimination in Northern Ireland as well as directs the State Board of Administration to correspond with financial institutions with which we maintain accounts in order to gauge their exposure to operations in Northern Ireland. Since enactment of the statute, we have monitored and reported on our investments in Northern Ireland. To date, no transactions have occurred. Repeal of the language

would streamline our investment and reporting process. The Investment Advisory Council supported this repeal proposal at their December 17, 1999 meeting.

Moved and seconded. Approved without objection.

6C) The State Board of Administration is proposing language to streamline the reporting requirements related to the Lawton Chiles Endowment Fund (215.5601 F.S.). The statute requires the State Board of Administration to report on the financial status of the endowment to the Governor, Speaker of the House of Representatives, President of the Senate, the chairs of the respective appropriations and appropriate substantive committees of each chamber and the Revenue Estimating Conference on February 15 and August 15 of each year. By statute, the State Board of Administration currently reports annually, by January 1, on the status of each fund under management. Additionally, we report similar investment information to the Trustees on a monthly basis. The proposed statutory revision would reduce the Endowment's reporting requirement to one annual report and 12 monthly reports, consistent with current State Board of Administration practice.

Moved and seconded. Approved without objection.

REPORT BY THE EXECUTIVE DIRECTOR

Item 7. Mr. Herndon submitted for information and review the fund activity report for the month of December 1999.

The report was accepted as submitted.

The State Board of Administration's agenda was concluded.

Tom Herndon

Tom Herndon
Executive Director
State Board of Administration

The regular meeting of the State Board of Administration was held on March 14, 2000, in the Cabinet Meeting Room of the Capitol in Tallahassee.

Members present were:

Governor Jeb Bush, Chairman
State Treasurer Bill Nelson, Treasurer
State Comptroller Robert F. Milligan, Secretary

Mr. Tom Herndon, Executive Director of the SBA was also present.

The following items were considered by the Board:

APPROVAL OF MINUTES

Item 1. Mr. Herndon requested the approval of the minutes of the February 22, 2000 meeting.

Moved and seconded. Approved without objection.

FISCAL SUFFICIENCY

Item 2. Mr. Herndon recommended approval of a fiscal sufficiency for the Division of Bond Finance on behalf of the Department of Environmental Protection.

Moved and seconded. Approved without objection.

FISCAL DETERMINATIONS

Item 3. Mr. Herndon recommended approval of a fiscal determination on behalf of the Florida Housing Finance Corporation.

Moved and seconded. Approved without objection.

Item 4. Mr. Herndon recommended approval of a fiscal determination on behalf of the Florida Housing Finance Corporation.

Moved and seconded. Approved without objection.

THE FLORIDA HURRICANE CATASTROPHE FUND

Item 5. Mr. Herndon requested, on behalf of the Florida Hurricane Catastrophe Fund, that the Trustees approve filing of the following rules for notice to begin the process for implementing the 2000/2001 contract year: the amendment of Rule 19-8.010 to adopt the reimbursement contract for the 2000-2001 contract year and of rule 19-8.029 to adopt the 2000 insurer reporting requirement. Mr. Herndon also requested that the Trustees approve filing the notice for repeal of Rule 19-8.011 Loss Reimbursements.

Moved and seconded. Approved without objection.

The State Board of Administration's agenda was concluded.

Tom Herndon

Tom Herndon
Executive Director
State Board of Administration

The regular meeting of the State Board of Administration was held on March 28, 2000, in the Cabinet Meeting Room of the Capitol in Tallahassee.

Members present were:

Governor Jeb Bush, Chairman
State Treasurer Bill Nelson, Treasurer
State Comptroller Robert F. Milligan, Secretary

Ms. Barbara Jarriel, Chief of Fixed Income, on behalf of the Executive Director of the SBA was also present.

The following items were considered by the Board:

APPROVAL OF MINUTES

Item 1. Ms. Jarriel requested the approval of the minutes of the March 14, 2000 meeting.

Moved and seconded. Approved without objection.

FISCAL SUFFICIENCY

Item 2. Ms. Jarriel recommended approval of a Resolution of the SBA approving a fiscal sufficiency for the Division of Bond Finance on behalf of the State Board of Education.

Moved and seconded. Approved without objection.

REPORT BY THE EXECUTIVE DIRECTOR

Item 3. Ms. Jarriel submitted for information and review the fund activity analysis report for the month of January 2000.

The report was accepted as submitted.

INLAND PROTECTION FINANCING CORPORATION

Item 4. Ms. Jarriel presented to the Trustees an agenda to hold a Board of Directors' meeting of the Inland Protection Financing Corporation which was necessary to approve the appointment of Coleman Stipanovich as Treasurer of the Inland Protection Financing Corporation, and designate the position of Chief of Administrative Services of the State Board of Administration as the Treasurer of the Corporation.

Moved and seconded. Approved without objection.

The business of the State Board of Administration and the Inland Protection Financing Corporation was concluded.

Barbara Jarriel
Chief of Fixed Income
On behalf of the Executive Director
State Board of Administration

The regular meeting of the State Board of Administration was held on April 11, 2000, in the Cabinet Meeting Room of the Capitol in Tallahassee.

Members present were:

Governor Jeb Bush, Chairman
State Treasurer Bill Nelson, Treasurer
State Comptroller Robert F. Milligan, Secretary

Mr. Tom Herndon, Executive Director of the SBA was also present.

The following items were considered by the Board:

APPROVAL OF MINUTES

Item 1. Mr. Herndon requested the approval of the minutes of the March 28, 2000 meeting.

Moved and seconded. Approved without objection.

FISCAL SUFFICIENCIES

Item 2. Mr. Herndon requested approval of a fiscal sufficiency for the Division of Bond Finance on behalf of the Board of Regents.

Moved and seconded. Approved without objection.

Item 3. Mr. Herndon requested approval of a fiscal sufficiency for the Division of Bond Finance on behalf of the State Board of Education.

Moved and seconded. Approved without objection.

PENSION REFORM – RATE STABILIZATION

Mr. Herndon presented an additional item to the Trustees regarding Pension Reform.

After considerable discussion and review of slides, etc., the Trustees requested an additional meeting for next week to review the staff's recommendations on which rate stabilization mechanisms to adopt.

The State Board of Administration's agenda was concluded.

Tom Herndon

Tom Herndon
Executive Director
State Board of Administration

A special meeting of the State Board of Administration was held at 1:30 p.m., April 19, 2000, in the Cabinet Meeting Room of the Capitol in Tallahassee.

Members present were:

Governor Jeb Bush, Chairman
State Treasurer Bill Nelson, Treasurer
State Comptroller Robert F. Milligan, Secretary

Mr. Tom Herndon, Executive Director of the SBA was also present.

The following item was considered by the Board:

THE SBA STAFF RECOMMEND THAT THE TRUSTEES ADOPT A SPECIFIC RATE STABILIZATION MECHANISM (RSM) IN ORDER TO HELP MAINTAIN THE FULLY FUNDED STATUS OF THE FLORIDA RETIREMENT SYSTEM (FRS) AND DAMPEN CONTRIBUTION RATE VOLATILITY. THIS MECHANISM WOULD IMPOSE A "RESERVE ACCOUNT" ON TOP OF THE FULLY FUNDED LEVEL FOR THE PENSION FUND, WHICH WOULD BE USED TO OFFSET CONTRIBUTION RATE INCREASES CAUSED BY NEGATIVE ECONOMIC EVENTS. IN EFFECT, THE (RSM) WOULD BE A SAVINGS ACCOUNT WHICH YOU DRAW AGAINST IN BAD TIMES AND REPLENISH IN GOOD TIMES.

Item 1. Mr. Herndon presented the SBA staff's recommendation to the Trustees to adopt a specific rate stabilization mechanism (RSM) known as Simulation 13, in order to help maintain the fully funded status of the Florida Retirement System (FRS) and dampen contribution rate volatility.

After considerable discussion, slide presentations and public testimony, the Trustees considered the staff recommendation but instead adopted, on a 2-1 vote Bush/Milligan for, Nelson against, (RSM) Simulation 11 and directed that the SBA Executive Director prepare a letter conveying their position to the Legislature. They also recommended that future actuarial valuation data be moved forward from July 1 of each year to at least November or later. General Milligan supported a December 31 date, along with Commissioner Nelson, but Governor Bush was concerned about the timing of the Governor's budget cycle and thought an earlier date might be preferable.

The State Board of Administration's agenda was concluded.

Tom Herndon

Tom Herndon
Executive Director
State Board of Administration

The regular meeting of the State Board of Administration was held on April 25, 2000, in the Cabinet Meeting Room of the Capitol in Tallahassee.

Members present were:

Governor Jeb Bush, Chairman
State Comptroller Robert F. Milligan, Secretary
State Treasurer Bill Nelson, Treasurer

Mr. Tom Herndon, Executive Director of the SBA was also present.

APPROVAL OF MINUTES

Item 1. Mr. Herndon requested the approval of the minutes of the April 11, 2000 meeting.

Moved and seconded. Approved without objection.

PROPOSED CHANGES TO THE FRS TOTAL FUND INVESTMENT PLAN TO BE EFFECTIVE APRIL 30, 2000

Item 2. Mr. Herndon requested approval to adopt a new investment objective for the FRS investment portfolio based on achieving an inflation-adjusted target rate of return of at least 4.3 percent. The Board's consulting actuary has estimated that attaining this real rate of return (compounded and net of investment expenses) should ensure the timely payment of promised benefits to current and future participants, keep plan cost at a reasonable level and avoid excessive volatility in short-term plan cost levels.

Mr. Herndon also stated that the current FRS investment objective is to maximize the probability of achieving the actuarial rate of return (8 percent). However, future FRS benefit payments are very sensitive to inflation and real economic growth. Investment returns should keep pace with the drivers of expected benefit payments. If inflation were 6 percent, the Board's consulting actuary has estimated that investments should return over 10 percent to be able to pay future benefits-well in excess of 8 percent. The return objective determines the level of investment risk in the Trust Fund, and this decision requires approval of the Trustees.

After considerable discussion, this item was approved as recommended.

PROPOSED TWO-MONTH PAYMENT HOLIDAY

Item 3. Mr. Herndon presented to the Trustees SBA's long-standing practice to maintain a fund balance in the Administrative Expense Trust Fund equal to approximately one year's operating expense. With the growth in the surplus in the Trust Fund, the SBA is proposing a payment holiday for investment management services for the last two months of fiscal year 1999-2000. This payment holiday will provide an estimated

savings of $3.6 million to our trust fund clients. Implementation of this payment holiday is contingent upon the effect of legislation assigning additional responsibilities to the SBA.

Moved and seconded. Approved without objection.

PENSION REFORM STATUS REPORT #8

Item 4. Mr. Herndon presented to the Trustees the Pension Reform Status Report #8 for information purposes only.

THE FLORIDA HURRICANE CATASTROPHE FUND REQUESTS APPROVAL OF THE FOLLOWING

Item 5.1. Mr. Herndon requested that the Trustees approve the premium formula for the 2000-2001 contract year without a stabilization fund charge.

After considerable discussion, the premium formula was approved as recommended.

Items 5.2, 5.3, and 5.4. Mr. Herndon requested that the Trustees approve filing of the following rules for adoption to implement the 2000-2001 contract year: the amendment to Rule 19-8.010 to adopt the reimbursement contract for the 2000-2001 contract year and of Rule 19-8.029 to adopt the 2000 insurer reporting requirements. Filing of Rule 19-8.011, the loss reimbursement rule, for repeal; and approve filing of Rule 19-8.028, to implement the premium formula for the 2000-2001 contract year.

After considerable discussion, the above rules were approved as recommended.

THE FLORIDA HURRICANE CATASTROPHE FUND – FOR INFORMATION ONLY

Item 5.5A. Mr. Herndon presented to the Trustees, for information only, the selection of Paragon Reinsurance Risk Management Services, Inc. as administrator for the Florida Hurricane Catastrophe Fund.

Item 5.5B. Mr. Herndon presented to the Trustees, for information only, that the Florida Hurricane Catastrophe Fund is in the process of evaluating various risk management approaches in order to enhance the loss reimbursement process. The goal will be to make a recommendation to the Trustees at the June 26, 2000, SBA Cabinet meeting in order to be able to gain approval to put a program in place on July 1, 2000, or shortly thereafter. The costs of financing such a program are expected to require a budget amendment and may entail an adjustment to the Florida Hurricane Catastrophe Fund

premium formula. The 1% stabilization fund charge, which is not included in the 2000 premium formula, may be required to fund the cost of such a program.

The above two items were presented for information only.

REPORTS BY THE EXECUTIVE DIRECTOR

Item 6. Mr. Herndon submitted for information and review the fund activity analysis for the month of February 2000.

The report was accepted as submitted.

The State Board of Administration's agenda was concluded.

Tom Herndon

Tom Herndon
Executive Director
State Board of Administration

The regular meeting of the State Board of Administration was held on May 9, 2000, in the Cabinet Meeting Room of the Capitol in Tallahassee.

Members present were:

Governor Jeb Bush, Chairman
State Comptroller Robert F. Milligan, Secretary
State Treasurer Bill Nelson, Treasurer

Mr. Tom Herndon, Executive Director of the SBA was also present.

The following items were considered by the Board:

APPROVAL OF MINUTES

Item 1. Mr. Herndon requested the approval of the minutes, as amended, of the Special meeting held April 19, 2000 meeting.

Moved and seconded. Approved without objection.

Item 2. Mr. Herndon requested approval of the minutes of the April 25, 2000 meeting.

Moved and seconded. Approved without objection.

FISCAL DETERMINATIONS

Item 3. Mr. Herndon recommended approval of a fiscal determination for the Florida Housing Finance Corporation, Waverly Apartments Project, Palm Beach County, Florida.

Moved and seconded. Approved without objection.

The State Board of Administration's agenda was concluded.

Tom Herndon

Tom Herndon
Executive Director
State Board of Administration

The regular meeting of the State Board of Administration was held on May 23, 2000, in the County Administration Building, Sarasota, Florida.

Members present were:

Governor Jeb Bush, Chairman
State Comptroller Robert F. Milligan, Secretary

Member absent:

State Treasurer Bill Nelson, Treasurer

Mr. Horace Schow, General Counsel for the SBA, was also present.

The following items were considered by the Board:

APPROVAL OF MINUTES

Item 1. Mr. Schow requested the approval of the minutes of the May 9, 2000 meeting.

Moved and seconded. Approved without objection.

FISCAL DETERMINATIONS

Item 2. Mr. Schow recommended approval of a fiscal determination for the Florida Housing Finance Corporation, Waterford Pointe Apartments Project, Orange County, Florida.

Moved and seconded. Approved without objection.

Item 3. Mr. Schow recommended approval of a fiscal determination for the Florida Housing Finance Corporation, Mystic Pointe II Apartments Project, Orange County, Florida.

Moved and seconded. Approved without objection.

INTEREST RATE EXCEPTION

Item 4. Item was withdrawn.

REPORT BY THE EXECUTIVE DIRECTOR

Item 5. Mr. Schow submitted for information and review the fund activity analysis report for the month of March 2000.

The report was accepted as submitted.

The State Board of Administration's agenda was concluded.

Horace Schow
General Counsel for the SBA
State Board of Administration

The regular meeting of the State Board of Administration was held on June 13, 2000, in the Cabinet Meeting Room of the Capitol in Tallahassee.

Members present were:

Governor Jeb Bush, Chairman
State Comptroller Robert F. Milligan, Secretary
State Treasurer Bill Nelson, Treasurer

Mr. Tom Herndon, Executive Director of the SBA, was also present.

The following items were considered by the Board:

APPROVAL OF MINUTES

Item 1. Mr. Herndon requested the approval of the minutes, as amended, of the May 23, 2000 meeting.

Moved and seconded. Approved without objection.

FISCAL SUFFICIENCY

Item 2. Mr. Herndon recommended approval of a fiscal sufficiency for the Division of Bond Finance, on behalf of the Board of Regents for $16,645,000, Florida International University Housing Facility Revenue Bonds, Series 2000.

Moved and seconded. Approved without objection.

STATE BOARD OF ADMINISTRATION'S BUDGET FOR FISCAL YEAR 2000-2001

Item 3. Mr. Herndon requested approval of the operating budget for fiscal year 2000-2001 for the Defined Benefit Program and other trust fund management activities for the State Board of Administration, including the Division of Bond Finance, Florida Prepaid College Board, and the Florida Hurricane Catastrophe Fund.

Moved and seconded. Approved without objection.

PUBLIC EMPLOYEES OPTIONAL RETIREMENT PROGRAM (PEORP/DC)

Item 4. Mr. Herndon requested that the Trustees consider several issues associated with the implementation of the Public Employees Optional Retirement Program (PEORP/DC). The issues considered were the organizational chart of the program, the timeline set for the Public Employees Optional Retirement Program, and the operating budget for the FY 2000-2001 for the Public Employees Optional Retirement Program.

This item was deferred, after considerable discussion, to the June 26, 2000 Cabinet meeting.

THE FLORIDA HURRICANE CATASTROPHE FUND REQUESTED APPROVAL OF THE FOLLOWING ITEMS

Item 5(A). Mr. Herndon presented to the Trustees, on behalf of the Florida Hurricane Catastrophe Fund, a request to approve filing a rule for adoption to implement the 2000-2001 contract year: the amendment of Rule 19-8.028 to adopt the premium formula for the 2000-2001 contract year.

Item 5(B). Mr. Herndon presented to the Trustees, on behalf of the Florida Hurricane Catastrophe Fund, a report to approve filing Rule 19-8.013, regarding the FHCA's bonding procedures, for notice.

Moved and seconded. Approved without objection.

THE FLORIDA HURRICANE CATASTROPHE FUND SUBMITTED THIS ITEM FOR INFORMATION ONLY

Item 6. Mr. Herndon presented, for information only, on behalf of the Florida Hurricane Catastrophe Fund, the selection of Guy Carpenter/Lehman Risk Advisors as the reinsurance intermediary for the Florida Hurricane Catastrophe Fund.

This item was accepted after considerable discussion.

THE STATE BOARD OF ADMINISTRATION REQUESTS APPROVAL OF INSURANCE FINANCE EXPERT TO CHAIR THE FLORIDA COMMISSION OF HURRICANE LOSS PROJECTION METHODOLOGY

Item 7. Mr. Herndon requested that the Trustees approve David Nye, Insurance Finance Expert, Professor at the University of Florida, to chair the Florida Commission of Hurricane Loss Projection Methodology for the 2000-2001 year.

Moved and seconded. Approved without objection.

The State Board of Administration's agenda was concluded.

Tom Herndon

Tom Herndon
Executive Director
State Board of Administration

The regular meeting of the State Board of Administration was held on June 26, 2000, in the Cabinet Meeting Room of the Capitol in Tallahassee.

Members present were:

Governor Jeb Bush, Chairman
State Comptroller Robert F. Milligan, Secretary
State Treasurer Bill Nelson, Treasurer

Mr. Tom Herndon, Executive Director of the SBA, was also present.

The following items were considered by the Board:

APPROVAL OF MINUTES

Item 1. Mr. Herndon requested the approval of the minutes of the June 13, 2000 meeting.

Moved and seconded. Approved without objection.

FISCAL DETERMINATION

Item 2. Mr. Herndon recommended approval of a fiscal determination for the Florida Housing Finance Corporation of an amount not exceeding $8,800,000 for the Falls of Venice Apartments Project, Sarasota County, Florida.

Moved and seconded. Approved without objection.

PUBLIC EMPLOYEE OPTIONAL RETIREMENT PROGRAM (PEORP/DC)

Item 3. Mr. Herndon requested that the Trustees consider several issues associated with the implementation of the Public Employee Optional Retirement Program. The issues considered were the organizational chart, the timeline, and the revised operating budget.

The revised SBA budget portion was approved. Mr. Art Simon spoke for the Department of Banking and Finance, and Mr. Ron Poppell spoke for the Division of Retirement's portion of the budget.

The organizational chart and timeline were discussed and received by the Trustees.

FLORIDA HURRICANE CATASTROPHE FUND REINSURANCE ISSUE

Item 4. Mr. Herndon requested that the Trustees approve the Florida Hurricane Catastrophe Fund Reinsurance. Dr. Nicholson, Executive Director of the Florida Hurricane Catastrophe Fund, made a presentation on Reinsurance.

This item was deferred after considerable discussion.

The State Board of Administration's agenda was concluded.

Tom Herndon

Tom Herndon
Executive Director
State Board of Administration

The regular meeting of the State Board of Administration was held on July 11, 2000, in the Cabinet Meeting Room of the Capitol in Tallahassee.

Members present were:

Governor Jeb Bush, Chairman
State Comptroller Robert F. Milligan, Secretary
State Treasurer Bill Nelson, Treasurer

Mr. Tom Herndon, Executive Director of the SBA, was also present.

APPROVAL OF MINUTES

Item 1. Mr. Herndon requested the approval of the minutes of the June 26, 2000 meeting.

Moved and seconded. Approved without objection.

THE FLORIDA HURRICANE CATASTROPHE FUND REINSURANCE ISSUE:

Item 2. Mr. Herndon presented the Florida Hurricane Catastrophe Fund Reinsurance Issue, which was deferred from the June 26, 2000 Cabinet meeting, to the Trustees to advise that the Florida Hurricane Catastrophe Fund Advisory Council met and voted against purchasing the two financial products---a bonding shortfall reinsurance product and a loan facility commitment product (liquidity facility).

No action was required.

The State Board of Administration's agenda was concluded.

Tom Herndon

Tom Herndon
Executive Director
State Board of Administration

The regular meeting of the State Board of Administration was held on July 25, 2000, in the Cabinet Meeting Room of the Capitol in Tallahassee.

Members present were:

Governor Jeb Bush, Chairman
State Comptroller Robert F. Milligan, Secretary
State Treasurer Bill Nelson, Treasurer

Mr. Tom Herndon, Executive Director of the SBA, was also present.

The following items were considered by the Board:

APPROVAL OF MINUTES

Item 1. Mr. Herndon requested the approval of the minutes of the July 11, 2000 meeting.

Moved and seconded. Approved without objection.

FISCAL SUFFICIENCIES

Item 2. Mr. Herndon recommended approval of a fiscal sufficiency for the Division of Bond Finance, on behalf of the State Board of Education, in an amount Not Exceeding $220,000,000.

Moved and seconded. Approved without objection.

Item 3. Mr. Herndon recommended approval of a fiscal sufficiency for the Division of Bond Finance, on behalf of the Board of Regents, in an amount Not Exceeding $24,400,000.

Moved and seconded. Approved without objection.

FISCAL DETERMINATIONS

Item 4. Mr. Herndon recommended approval of a fiscal determination for the Florida Housing Finance Corporation, Villas de Mallorca Apartments.

Moved and seconded. Approved without objection.

Item 5. Mr. Herndon recommended approval of a fiscal determination for the Florida Housing Finance Corporation, Sundance Pointe Apartments.

Moved and seconded. Approved without objection.

Item 6. Mr. Herndon recommended approval of a fiscal determination for the Florida Housing Finance Corporation, Walker Avenue Club Apartments.

Moved and seconded. Approved without objection.

Item 7. **Mr. Herndon recommended approval of a fiscal determination for the Florida Housing Finance Corporation, Sabal Chase Apartments.**

Moved and seconded. Approved without objection.

Item 8. **Mr. Herndon recommended approval of a fiscal determination for the Florida Housing Finance Corporation, Riverside Apartments.**

Moved and seconded. Approved without objection.

Item 9. **Mr. Herndon recommended approval of a fiscal determination for the Florida Housing Finance Corporation, Stratford Pointe Apartments.**

Moved and seconded. Approved without objection.

INTERNATIONAL PROXY VOTING GUIDELINES FOR APPROVAL

Item 10. **Mr. Herndon presented the International Proxy Voting Guidelines for approval.**

Moved and seconded. Approved without objection.

REPORT BY THE EXECUTIVE DIRECTOR

Item 11. **Mr. Herndon presented for information and review the fund activity analysis report for the month of May 2000.**

The report was accepted as submitted.

THE FLORIDA HURRICANE CATASTROPHE FUND

Item 12. **Mr. Herndon presented to the Trustees, on behalf of the Florida Hurricane Catastrophe Fund, a request to approve filing a rule for adoption of amendment of Rule 19-8.013 to implement changes to the FHCF statute enacted in the 1999 legislative session.**

Moved and seconded. Approved without objection.

STATUS REPORT ON THE IMPLEMENTATION OF THE DEFINED CONTRIBUTION PLAN

Item 13. **Mr. Herndon gave a status report on the Defined Contribution Plan, for information only.**

The report was accepted as submitted.

REVIEW OF SBA PERFORMANCE FOR FY 1999-2000

Item 14. **Mr. Herndon gave a review of the SBA Performance for FY 1999-2000.**

The review was accepted as submitted.

SBA CONSIDERS PERFORMANCE CONTRACT FOR FY 2000-2001

Item 15. **Mr. Herndon presented the SBA Performance Contract for FY 2000-2001.**

This item was deferred.

THE FLORIDA WATER POLLUTION CONTROL FINANCING CORPORATION AGENDA

Item 16. **Mr. Herndon presented to the Trustees, for information only, information regarding the Florida Water Pollution Control Financing Corporation, which was created in the 2000 Legislative session in Section 403.1837, F.S. to provide for the financing of water pollution control projects through the issuance of bonds. Items discussed were RFPs for various consulting services, a corporate charter, and bylaws relating to establishing the corporation.**

This item was received as information only.

The agenda for the State Board of Administration, and the Florida Water Pollution Control Financing Corporation information item were concluded.

Tom Herndon

Tom Herndon
Executive Director
State Board of Administration

Item 7. **Mr. Herndon recommended approval of a fiscal determination for the Florida Housing Finance Corporation, Sabal Chase Apartments.**

Moved and seconded. Approved without objection.

Item 8. **Mr. Herndon recommended approval of a fiscal determination for the Florida Housing Finance Corporation, Riverside Apartments.**

Moved and seconded. Approved without objection.

Item 9. **Mr. Herndon recommended approval of a fiscal determination for the Florida Housing Finance Corporation, Stratford Pointe Apartments.**

Moved and seconded. Approved without objection.

INTERNATIONAL PROXY VOTING GUIDELINES FOR APPROVAL

Item 10. **Mr. Herndon presented the International Proxy Voting Guidelines, as amended, for approval.**

Moved and seconded. Approved without objection.

REPORT BY THE EXECUTIVE DIRECTOR

Item 11. **Mr. Herndon presented for information and review the fund activity analysis report for the month of May 2000.**

The report was accepted as submitted.

THE FLORIDA HURRICANE CATASTROPHE FUND

Item 12. **Mr. Herndon presented to the Trustees, on behalf of the Florida Hurricane Catastrophe Fund, to approve filing rule for adoption of amendment of Rule 19-8.013 to implement changes to the FHCF statute enacted in the 1999 legislative session.**

Moved and seconded. Approved without objection.

STATUS REPORT ON THE IMPLEMENTATION OF THE DEFINED CONTRIBUTION PLAN

Item 13. **Mr. Herndon gave a status report on the Defined Contribution Plan, for information only.**

The report was accepted as submitted.

REVIEW OF SBA PERFORMANCE FOR FY 1999-2000

Item 14. **Mr. Herndon gave a review of the SBA Performance for FY 1999-2000.**

The review was ~~accepted~~ *approved* as submitted.

SBA CONSIDERS PERFORMANCE CONTRACT FOR FY 2000-2001

Item 15. **Mr. Herndon presented the SBA Performance Contract for FY 2000-2001.**

This item was deferred.

THE FLORIDA WATER POLLUTION CONTROL FINANCING CORPORATION

Item 16. **Mr. Herndon presented to the Trustees, for information only, the separate agenda for the Florida Water Pollution Control Financing Corporation authorized in the legislature's last session in Section 403.1837, F.S. to provide for the financing of water pollution control projects through the issuance of bonds.**

This item was received as information only.

The State Board of Administration and the Florida Water Pollution Control Financing Corporation agendas were concluded.

Tom Herndon

Tom Herndon
Executive Director
State Board of Administration

The regular meeting of the State Board of Administration was held on September 12, 2000, in the Cabinet Meeting Room of the Capitol in Tallahassee.

Members present were:

Governor Jeb Bush, Chairman
State Comptroller Robert F. Milligan, Secretary
State Treasurer Bill Nelson, Treasurer

Mr. Tom Herndon, Executive Director of the SBA, was also present.

The following items were considered by the Board:

APPROVAL OF MINUTES

Item 1. Mr. Herndon requested the approval of the minutes of the July 25, 2000 meeting.

Moved and seconded. Approved without objection.

FISCAL DETERMINATIONS

Item 2. Mr. Herndon recommended approval of a fiscal determination for the Florida Housing Finance Corporation, Ashton Pointe Apartments, Volusia County.

Moved and seconded. Approved without objection.

General Milligan expressed his continuing concern about the FHFC and the duties of the SBA. Governor Bush indicated that Mr. Kaplan, Executive Director of FHFC, would come to a future meeting and brief Trustees on the FHFC.

Item 3. Mr. Herndon recommended approval of a fiscal determination for the Florida Housing Finance Corporation, Cobblestone Apartments, Osceola County.

Moved and seconded. Approved without objection.

Item 4. Mr. Herndon recommended approval of a fiscal determination for the Florida Housing Finance Corporation, Grande Pointe Apartment, Orange County.

Moved and seconded. Approved without objection.

Item 5. Mr. Herndon recommended approval of a fiscal determination for the Florida Housing Finance Corporation, The Park at Palm Bay Apartments, Brevard County.

Moved and seconded. Approved without objection.

Mr. Herndon noted for the record that the original resolution was not available as a certified copy – fact pattern unchanged.

Item 6. Mr. Herndon recommended approval of a fiscal determination for the Florida Housing Finance Corporation, Raintree Apartments, Lake County.

Moved and seconded. Approved without objection.

Item 7. Mr. Herndon recommended approval of a fiscal determination for the Florida Housing Finance Corporation, Summer Palms Apartment, Hillsborough County.

Moved and seconded. Approved without objection.

Item 8. Mr. Herndon recommended approval of a fiscal determination for the Florida Housing Finance Corporation, in an amount Not to Exceed $75,000,000 Florida Housing Finance Corporation Affordable Housing Guarantee Bonds.

Moved and seconded. Approved without objection.

ADOPTION OF PROPOSED PEORP IMPLEMENTATION PERFORMANCE CRITERIA

Item 9. This item was deferred.

DISCUSSION OF AN INVESTMENT POLICY STATEMENT (IPS) FOR THE PUBLIC EMPLOYEE OPTIONAL RETIREMENT PROGRAM (PEORP)

Item 10. Mr. Herndon presented the Investment Policy Statement for the Public Employees Optional Retirement Program to the Trustees for discussion.

Governor Bush emphasized his desire for extensive choice that is aimed at the diverse population of members. General Milligan briefly discussed the cost to DB members issue that he has highlighted and pointed out the initial briefing he has received.

After discussion, item was deferred.

DC IMPLEMENTATION STATUS REPORT #2 – Information Only

Item 11. Status Report #2 of the DC Implementation was accepted as presented.

POTENTIAL CONFLICT OF INTEREST OF INVESTMENT ADVISORY COUNCIL ("IAC") MEMBER BILL McBRIDE AND PUBLIC EMPLOYEE OPTIONAL RETIREMENT PROGRAM ADVISORY COMMITTEE ("PEORPAC") APPOINTEE MARY KAY CARISEO

Item 12. Mr. Herndon presented to the Trustees IAC member Bill McBride's request to inform the Executive Director and IAC members, pursuant to Section 215.444 and (new) Section 121.4501 (12)(a), Florida Statutes, that his law firm represents a client seeking to do business with the SBA, regarding the Public Employee Optional Retirement Program to be administered by the SBA. Mr. McBride does not intend to vote on any matter where a conflict is present and, consequently, does not request a waiver.

This item was accepted.

Mr. Herndon presented to the Trustees that PEORPAC appointee Mary Kay Cariseo's request to inform the Executive Director, pursuant to Section 215.444 and (new) Section 121.4501 (12)(a), Florida Statutes, that her employer, the Florida Association of Counties, has an ongoing endorsement relationship with Nationwide Retirement Solutions, Inc. and that Nationwide has an interest in becoming a provider to the Public Employee Optional Retirement Program to be administered by the SBA.

Governor Bush waived conflict per statute.

REPORT BY THE EXECUTIVE DIRECTOR

Item 13. Mr. Herndon presented for information and review the fund activity report for the month of June 2000.

This report was accepted as submitted.

THE FLORIDA WATER POLLUTION CONTROL FINANCING CORPORATION AGENDA

Item 14. Mr. Herndon presented to the Trustees an agenda to hold a Board of Directors meeting of the Florida Water Pollution Control Financing Corporation to commence the process to hire the necessary professionals to issue bonds to finance the costs of water pollution control projects and for the corporation to perform its responsibilities as set forth in Sections 403.1835 to 403.1837, Florida Statutes.

(1) The Executive Director, in his capacity as Chief Executive Officer of the Corporation called David Struhs, Secretary of the Department of Environmental Protection, and Donna Arduin, the Governor's Budget Director, to the podium and called the organizational meeting of the Corporation to order, and the following actions were taken.

(2) (a)Election of Officers

Chairperson of the Board of Directors: David Struhs, Secretary of the Department of Environmental Protection.
President of the Corporation: Tom Herndon, Executive Director of the State Board of Administration.
Treasurer: Coleman Stipanovich, Chief of Administrative Services of the State Board of Administration.
Secretary: Thomas A. Beenck, Assistant General Counsel of the State Board of Administration.

b. Acceptance of the Articles of Incorporation filed with the Department of State.
c. Adoption of the By-Laws of the Corporation.
d. Approval of the Corporate Seal.
e. Ratification of the previous distribution of Requests for Proposal for the hiring of bond counsel, disclosure counsel, and underwriters.
f. Direction to the Secretary to set out all these actions in the Minutes of the Corporation.

A motion was made to accept item 2, a-f, and name the officers by position.

Moved and accepted. Approved without objection.

The business of the State Board of Administration and the Florida Water Pollution Control Financing Corporation agendas were concluded and the meeting adjourned.

Tom Herndon

Tom Herndon
Executive Director
State Board of Administration

The regular meeting of the State Board of Administration was held on September 26, 2000, in the City Commission Chambers, City Hall, in Panama City, Florida.

Members present were:

Governor Jeb Bush, Chairman
State Comptroller Robert F. Milligan, Secretary
State Treasurer Bill Nelson, Treasurer

Mr. Tom Herndon, Executive Director of the SBA, was also present.

The following items were considered by the Board:

APPROVAL OF MINUTES

Item 1. Mr. Herndon requested the approval of the minutes of the September 12, 2000 meeting.

Moved and seconded. Approved without objection.

FISCAL SUFFICIENCY

Item 2. Mr. Herndon recommended approval of a fiscal sufficiency for the Division of Bond Finance on behalf of the Department of Transportation.

Moved and seconded. Approved without objection.

ADOPTION OF PROPOSED PEORP IMPLEMENTATION CRITERIA

Item 3. Mr. Herndon presented the adoption of the proposed PEORP Implementation Performance criteria to the Trustees.

Moved and seconded. Approved without objection.

DISCUSSION OF AN INVESTMENT POLICY STATEMENT (IPS) FOR THE PUBLIC EMPLOYEE OPTIONAL RETIREMENT PROGRAM (PEORP)

Item 4. Mr. Herndon presented the Investment Policy Statement for the Public Employee Optional Retirement Program to the Trustees for approval.

After considerable discussion and public testimony, item was moved and seconded. Approved without objection.

The trustees emphasized that they expected to see this item again at the completion of the rulemaking process.

REPORT BY THE EXECUTIVE DIRECTOR

Item 5. **Mr. Herndon presented for information and review the fund activity report for the month of July 2000.**

Moved and seconded. Approved without objection.

THE FLORIDA WATER POLLUTION CONTROL FINANCING CORPORATION AGENDA

Item 6. **The Florida Water Pollution Financing Corporation requested that the Conptroller and Treasurer, the Governor's Budget Director and the Secretary of the Department of Environmental Protection, in their capacity as directors, to hold a meeting of the Board of Directors of the Corporation to approve resolution selecting bond counsel, disclosure counsel and underwriters for the Corporation's proposed bond issues.**

This item was deferred.

The business of the State Board of Administration and the Florida Water Pollution Control Financing Corporation agendas was concluded and the meeting adjourned.

Tom Herndon

Tom Herndon
Executive Director
State Board of Administration

The regular meeting of the State Board of Administration was held on October 10, 2000, in the Cabinet Meeting room of the Capitol in Tallahassee.

Members present were:

Governor Jeb Bush, Chairman
State Comptroller Robert F. Milligan, Secretary
State Treasurer Bill Nelson, Treasurer

Mr. Tom Herndon, Executive Director of the SBA, was also present.

The following items were considered by the Board:

APPROVAL OF MINUTES

Item 1. Mr. Herndon requested the approval of the minutes of the September 26, 2000 meeting.

Moved and seconded. Approved without objection.

FISCAL SUFFICIENCY

Item 2. Mr. Herndon requested approval of a fiscal sufficiency for the Division of Bond Finance on behalf of the State Board of Education.

Moved and seconded. Approved without objection.

FISCAL DETERMINATIONS

Mr. Herndon stated that Mr. Mark Kaplan of the Florida Housing Finance Corporation was at the meeting as Comptroller Milligan had requested, to present information regarding the Corporation. Mr. Kaplan reviewed several of the activities that were going on at the Corporation, and stated that he hoped to have most of the issues identified in the audit corrected prior to the six months deadline set by the Comptroller's office.

Item 3. Mr. Herndon presented to the Trustees a resolution on behalf of the State Board of Administration to rescind its approval of a fiscal determination for the Florida Housing Finance Corporation of an amount not exceeding $40,530,000 Florida Housing Finance Corporation Revenue Bonds, 2000 Series, (Augustine Club, Plantations at Killearn and Woodlake at Killearn Apartment projects), and approving the fiscal determination of an amount not exceeding $36,865,000 Florida Housing Finance Corporation Housing Revenue Bonds, 2000 Series (one or more series to be designated) (Augustine Club, Plantation at Killearn and Woodlake at Killearn Apartment projects).

Moved and seconded. Approved without objection.

Item 4. Mr. Herndon requested approval of fiscal determination for the Florida Housing Finance Corporation.

Moved and seconded. Approved without objection.

Item 5. Mr. Herndon requested approval of fiscal determinations for the Florida Housing Finance Corporation, Marine Bay Apartments, Palm Beach County.

Moved and seconded. Approved without objection.

Item 6. Mr. Herndon requested approval of a fiscal determination for the Florida Housing Finance Corporation, River Trace Senior Apartments, Manatee County.

Moved and seconded. Approved without objection.

DC IMPLEMENTATION STATUS REPORT #3

Item 7. Mr. Herndon submitted status report #3 on the DC Implementation.

The report was received as submitted.

THE FLORIDA WATER POLLUTION CONTROL FINANCING CORPORATION

Item 8. The meeting of the Florida Water Pollution Control Finance Corporation was called to order. Secretary Struhs served as Chairman for the meeting. Ben Watkins made a presentation on the selection process used to recommend bond counsel, disclosure counsel and underwriters for the Corporation. The Board discussed the desire to have separate law firms serve as bond counsel and disclosure counsel. A recommendation that Squire Sanders be designated as bond counsel was moved, seconded and approved without objection. A recommendation that the second ranked firm, Kutak Rock, be designated as disclosure counsel was moved, seconded and approved without objection. A recommendation that the Corporation engage a nine member underwriting syndicate with the firms Solomon Smith Barney and Painewebber serving as book-running senior managers was moved, seconded and approved without objection. A motion that Tom Herndon, as chief executive officer of the Corporation, be delegated authority to negotiate and execute an administrative services contract among the Department of Environmental Protection, the State Board of Administration and the Corporation was moved, seconded and approved without objection.

The business of the State Board of Administration and the Florida Water Pollution Control Financing Corporation agendas was concluded and the meeting adjourned.

Tom Herndon

Tom Herndon
Executive Director
State Board of Administration

The regular meeting of the State Board of Administration was held on October 24, 2000, in the Cabinet Meeting room of the Capitol in Tallahassee.

Members present were:

Governor Jeb Bush, Chairman
State Comptroller Robert F. Milligan, Secretary
State Treasurer Bill Nelson, Treasurer

Mr. Tom Herndon, Executive Director of the SBA, was also present.

The following items were considered by the Board:

APPROVAL OF MINUTES

Item 1. Mr. Herndon requested the approval of the minutes of the October 10, 2000 meeting.

Moved and seconded. Approved without objection.

FISCAL SUFFICIENCY

Item 2. Mr. Herndon requested approval of a fiscal sufficiency for the Division of Bond Finance on behalf of the Department of Transportation.

Moved and seconded. Approved without objection.

FISCAL DETERMINATIONS

Item 3. Mr. Herndon requested approval of a fiscal determination for the Florida Housing Finance Corporation, Grande Pointe Apartments, Orange County.

Moved and seconded. Approved without objection.

Item 4. Mr. Herndon requested approval of fiscal determination for the Florida Housing Finance Corporation for the Westwood Apartments, Lee County.

Moved and seconded. Approved without objection.

INVESTMENT POLICY STATEMENT

Item 5. Mr. Herndon requested that the Trustees approve filing the Investment Policy Statement, which was initially approved at the September 26, 2000 Trustees meeting.

Moved and seconded. Approved without objection.

REPORT BY THE EXECUTIVE DIRECTOR

Item 6. **Mr. Herndon submitted for information and review the fund activity analysis for the month of August 2000.**

The report was accepted as submitted.

The business of the State Board of Administration's agenda was concluded.

Tom Herndon

Tom Herndon
Executive Director
State Board of Administration

The regular meeting of the State Board of Administration was held on November 16, 2000, in the Cabinet Meeting room of the Capitol in Tallahassee, Florida.

Members present were:

Governor Jeb Bush, Chairman
State Comptroller Robert F. Milligan, Secretary
State Treasurer Bill Nelson, Treasurer

Mr. Tom Herndon, Executive Director for the SBA, was also present.

The following items were considered by the Board:

APPROVAL OF MINUTES

Item 1. Mr. Herndon requested the approval of the minutes of the October 24, 2000 meeting.

Moved and seconded. Approved without objection.

FISCAL SUFFICIENCY

Item 2. Mr. Herndon requested approval of a fiscal sufficiency for the Division of Bond Finance on behalf of the Board of Regents.

Moved and seconded. Approved without objection.

THE INVESTMENT SERVICES IMPLEMENTATION GROUP - INFORMATION ONLY

Item 3. Mr. Herndon presented to the Trustees, for information only, that the Investment Services Implementation Group, working with Callan & Associates, the investment services consultant, had completed the Product Design for the seven actively managed funds in Tiers I and III of the Investment Policy Statement, as was intially approved by the Trustees on September 26, 2000.

After discussion, the information was accepted as presented.

DC IMPLEMENTATION STATUS REPORT #4

Item 4. Mr. Herndon presented the DC Implementation Status Report #4.

After discussion and questions from the Board, the DC Implementation Status Report #4 was accepted as presented.

The State Board of Administration's agenda was concluded.

Tom Herndon

Tom Herndon
Executive Director of the
State Board of Administration