

MEETING OF THE STATE BOARD OF ADMINISTRATION

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

JULY 28, 2009

AGENDA

ITEM 1. Request approval of the minutes of June 9, 2009.

(See Attachment 1)

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 the Joint Legislative Auditing Committee for annual certification of legal compliance and best investment practices for the Local Government Investment Pool. (s 218.405 (3), F.S.)

Lewis, Longman & Walker, P.A. independently performed the statutory compliance review and presented their findings to the Investment Advisory Council and Participant Local Government Advisory Council in their joint session of June 18, 2009. Lewis, Longman & Walker, P.A. indicated that the Local Government Investment Pool has been managed and operated in accordance with the statutory requirements of Part IV of Chapter 218, Florida Statutes from May 2008 to May 2009. Any items noted in the review were, in their judgment, details, matters of interpretation or have now been corrected.

Ennis, Knupp + Associates independently performed a comprehensive review of the various aspects of the Local Government Investment Pool to determine if the management and operations are in line with best practices and presented their findings to the Investment Advisory Council and Participant Local Government Advisory Council in their joint session of June 18, 2009. Ennis, Knupp + Associates concluded that the Local Government Investment Pool is managed and operated according to best practices and is in line with, or compares favorably to its peers, in virtually all areas. Recommendations to further improve the management of the Local Government Investment Pool are incorporated in proposed changes to the Investment Policy Guidelines or are under active review.

(See Attachments 3, 3-A, 3-B, 3-C, and 3-D)

ACTION REQUIRED

- ITEM 4.** Request approval of the updated Investment Policy Guidelines for the Local Government Surplus Funds Trust Fund (i.e., Local Government Investment Pool) as required under s. 218.409(2)(d), F.S.

The Investment Policy Guidelines for the Local Government Investment Pool must be annually reviewed by the Investment Advisory Council and the Participant Local Government Advisory Council, and reviewed and approved by the Trustees. Recommended changes to the Investment Policy Guidelines:

1. Were developed by staff, Ennis, Knupp + Associates and Federated Investment Counseling based on evolving best practices in the money market fund industry.
2. Are largely taken from the Investment Company Institute Money Market Working Group, which was formed to develop best practices in the wake of the Federal government support of money market funds in late 2008.
3. Codify elements of Federated Investment Counseling's investment process, that are conservative by design (i.e., low interest rate risk, high liquidity and minimal credit risk). Current Local Government Investment Pool investments are already in compliance with the recommended changes.
4. Were endorsed by the Investment Advisory Council and Participant Local Government Advisory Council in their joint session of June 18, 2009.

(See Attachment 4 and 4-A)

ACTION REQUIRED

- ITEM 5.** Request approval of a draft letter to Joint Legislative Auditing Committee affirming that the SBA Trustees have "reviewed and approved the monthly [Local Government Investment Pool (LGIP) Management Summary] reports and actions taken, if any, to address any [material] impacts." (s. 218.409(6)(a)1., F.S.)

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

(See Attachments 5, 5-A, 5-B, and 5-C)

ACTION REQUIRED

- ITEM 6.** Florida Commission on Hurricane Loss Projection Methodology—Appointment of Chair. Each year, the SBA is required to appoint a Commission member to serve as chair. Section 627.0628(2)(d), F.S. During a regularly scheduled meeting on June 3, 2009, the Commission voted to recommend to the Trustees that Randy Dumm, Ph.D., Insurance Finance Expert, Florida State University, be reappointed to serve as Chair for the 2009-2010 year.

A copy of Dr. Dumm's curriculum vita and a list of all Commission members are provided.

(See Attachments 6 and 6-A)

ACTION REQUIRED

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ITEM 7. Request authority to amend the approved FY 2009-2010 (FY 2008-2009 Spending Authority) State Board of Administration operating budget.

(See Attachment 7)

ACTION REQUIRED