

MEETING OF THE STATE BOARD OF ADMINISTRATION

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

APRIL 5, 2011

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AGENDA

ITEM 1. Request approval of the minutes of the February 1, 2011, and February 22, 2011, meetings.

(See Attachments 1 and 1-A)

ACTION REQUIRED

ITEM 2. Request approval of a fiscal determination of an amount not exceeding \$25,780,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (Series to be Designated) (Monterra Apartments).

(See Attachment 2)

ACTION REQUIRED

ITEM 3. Request approval of a fiscal determination of an amount not exceeding \$25,100,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (Series to be Designated) (Sorrento at Miramar Apartments).

(See Attachment 3)

ACTION REQUIRED

ITEM 4. Request approval of a fiscal determination of an amount not exceeding \$5,760,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (Series to be Designated) (Griffin Heights Apartments).

(See Attachment 4)

ACTION REQUIRED

ITEM 5. Request approval of the appointment of Leslie B. "Les" Daniels to the Investment Advisory Council.

(See Attachment 5, 5-A*, and 5-B)

***Attachment 5-A, Appointment Letter, Will Follow.**

ACTION REQUIRED

ITEM 6. Request permission to file, for notice, three rule amendments pertaining to the Florida Retirement System's (FRS) Investment Plan.

The proposed amendments are being made for the purpose of making it easier for plan participants to understand their benefits and to make desired changes to their plan accounts.

Rule 19-11.002 (Beneficiary Designation for FRS Investment Plan)

Rule 19-11.003 (Distributions from FRS Investment Plan Accounts)

Rule 19-11.009 (Reemployment with an FRS-Covered Employer after Retirement)

A rule development workshop was offered on January 3, 2011, but it was not held as it was not requested.

If the Trustees give permission to file the amended rules for notice, a rule hearing will be held on May 9, 2011, if requested.

(See Attachments 6, 6-A, and 6-B)

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

DIVISION OF BOND FINANCE

FINANCIAL SERVICES COMMISSION, OFFICE OF
FINANCIAL REGULATION

The above agencies came to be heard before
THE FLORIDA CABINET, Honorable Governor Scott
presiding, in the Cabinet Meeting Room, LL-03,
The Capitol, Tallahassee, Florida, on Tuesday,
February 1, 2011, commencing at 9:00 a.m.

Reported by:
JO LANGSTON
Registered Professional Reporter
Notary Public

ACCURATE STENOGRAPHY REPORTERS, INC.
2894 REMINGTON GREEN LANE
TALLAHASSEE, FLORIDA 32308
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APPEARANCES:

Representing the Florida Cabinet:

RICK SCOTT
Governor

ADAM H. PUTNAM
Commissioner of Agriculture

PAM BONDI
Attorney General

JEFF ATWATER
Chief Financial Officer

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P R O C E E D I N G S

* * *

(Agenda items commenced at 9:05 a.m.)

GOVERNOR SCOTT: The first agenda is the State Board of Administration presented by Ash Williams. So, Ash, good morning.

MR. WILLIAMS: Good morning, Governor, Trustees. Before we get started this morning, I just wanted to let you know, as of last evening's close, January 31, the balance of the Florida Retirement System Trust Fund stood at \$125.1 billion fiscal year to date. We're up 16.99 percent net of all costs.

GOVERNOR SCOTT: That's great.

MR. WILLIAMS: Thank you. Item 1, request approval of the minutes from the November 9 and December 7, 2010 meetings.

GOVERNOR SCOTT: Is there a motion to approve?

CFO ATWATER: So move.

GOVERNOR SCOTT: And is there a second?

ATTORNEY GENERAL BONDI: Second.

GOVERNOR SCOTT: Moved and seconded. Show Item 1 approved without objection.

MR. WILLIAMS: Thank you. Item 2, request approval of a fiscal determination of an amount not

1 exceeding \$650 million Florida Housing Finance
2 Corporation Homeowner Mortgage Revenue Bonds.

3 GOVERNOR SCOTT: Is there a motion to approve?

4 ATTORNEY GENERAL BONDI: Motion to approve.

5 GOVERNOR SCOTT: And second?

6 CFO ATWATER: Second.

7 GOVERNOR SCOTT: Moved and seconded. Show Item
8 2 approved without objection.

9 MR. WILLIAMS: Thank you. Item 3, request
10 approval of a fiscal sufficiency of an amount not
11 exceeding \$380 million State of Florida, Full Faith
12 and Credit, State Board of Education Public
13 Education Capital Outlay Refunding Bonds.

14 GOVERNOR SCOTT: Is there a motion on Item 3?

15 ATTORNEY GENERAL BONDI: Motion to approve.

16 (Seconded by Governor Scott.)

17 GOVERNOR SCOTT: Moved and seconded. Show Item
18 3 approved without objection.

19 MR. WILLIAMS: Thank you. Item 4, request
20 approval of a fiscal sufficiency of an amount not
21 exceeding \$33 million State of Florida, Board of
22 Governors, University of Florida Clinical
23 Translational Research Building Revenue Bonds.

24 GOVERNOR SCOTT: Mr. Williams, can you explain
25 how this is used on this one? Can you explain what

1 it's going to be used for?

2 MR. WILLIAMS: The fiscal sufficiency function
3 or the actual programmatic use of the
4 Translational --

5 GOVERNOR SCOTT: The use.

6 MR. WILLIAMS: That I don't know. Our job here
7 is solely limited to looking at the revenues
8 dedicated to a project and assuring that they're
9 adequate to cover the principal and interest of the
10 related financing.

11 GOVERNOR SCOTT: Okay. All right. Is there a
12 motion?

13 ATTORNEY GENERAL BONDI: Motion to approve.

14 (Seconded by Governor Scott.)

15 GOVERNOR SCOTT: Moved and seconded, show Item
16 4 approved without objection.

17 MR. WILLIAMS: Thank you. Item 5, request
18 approval of a fiscal determination of an amount not
19 exceeding \$11,650,000 Florida Housing Finance
20 Corporation Multifamily Mortgage Revenue Bonds.

21 GOVERNOR SCOTT: Is there a motion on Item 5?

22 CFO ATWATER: So moved.

23 (Seconded by Governor Scott.)

24 GOVERNOR SCOTT: Moved and seconded. Show Item
25 5 approved without objection.

1 MR. WILLIAMS: Thank you. Item 6, request
2 approval of a fiscal determination of an amount not
3 exceeding \$10,400,000 Florida Housing Finance
4 Corporation Multifamily Mortgage Revenue Bonds.

5 GOVERNOR SCOTT: Is there a motion on Item 6?

6 ATTORNEY GENERAL BONDI: So moved.

7 (Seconded by Governor Scott.)

8 GOVERNOR SCOTT: Moved and seconded. Show Item
9 6 approved without objection.

10 MR. WILLIAMS: Thank you. Item 7, request
11 approval of a fiscal determination of an amount not
12 exceeding \$7 million Florida Housing Finance
13 Corporation Multifamily Mortgage Revenue Bonds.

14 GOVERNOR SCOTT: Is there a motion on Item 7?

15 ATTORNEY GENERAL BONDI: Motion to approve.

16 (Seconded by Governor Scott.)

17 GOVERNOR SCOTT: Moved and seconded. Show Item
18 7 approved without objection.

19 MR. WILLIAMS: Thank you. Last item, request
20 approval for certification to the Joint Legislative
21 Auditing Committee that the Auditor General's Annual
22 Financial Audit Report of the Local Government
23 Surplus Funds Trust Fund, Florida PRIME, has been
24 received and there are no reported material
25 differences -- deficiencies in internal controls and

1 no reported instances of noncompliance, a clean
2 audit.

3 GOVERNOR SCOTT: Is there a motion on Item 8?

4 ATTORNEY GENERAL BONDI: Motion to approve.

5 GOVERNOR SCOTT: And second?

6 CFO ATWATER: Second.

7 GOVERNOR SCOTT: Moved and seconded. Show Item
8 8 approved without objection.

9 MR. WILLIAMS: Thank you very much.

10 ATTORNEY GENERAL BONDI: Governor, may I ask
11 Mr. Williams a question?

12 GOVERNOR SCOTT: Sure.

13 ATTORNEY GENERAL BONDI: Mr. Williams, I know
14 that we've expanded recently the Investment Advisory
15 Council, and we're ready, in the Office of the
16 Attorney General, with a highly qualified
17 individual. Do you know what time frame that's
18 going to take place and when fellow Cabinet members
19 can make their appointments as well?

20 MR. WILLIAMS: I think we have flexibility.
21 The IAC, as you know, is a very important advisory
22 body for the State Board, appointed by the Trustees,
23 confirmed by the Senate, composed of individuals
24 with significant personal investment expertise.
25 They've been a tremendous sounding board, oversight

1 body and sort of guidance group over the years.

2 The law was changed last year to expand that
3 group from six to three (sic) effective today. I
4 believe it's today. And there's not a hard time
5 frame within which appointments can be made. I
6 think at any point we're ready to go forward with
7 individuals. We'd certainly love to have them and
8 get the process in motion.

9 ATTORNEY GENERAL BONDI: Okay. Thank you.

10 MR. WILLIAMS: Thank you.

11 GOVERNOR SCOTT: Okay. The next -- thank you,
12 Attorney General Bondi.

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1 GOVERNOR SCOTT: The next agenda is Division of
2 Bond Finance, presentation by Ben Watkins.

3 Thank you, Mr. Williams.

4 MR. WATKINS: Good morning, Governor, Cabinet
5 members.

6 GOVERNOR SCOTT: Good morning.

7 MR. WATKINS: Item Number 1 is approval of the
8 minutes of the December 7th meeting.

9 GOVERNOR SCOTT: Is there a motion on the
10 minutes?

11 COMMISSIONER PUTNAM: I'll move.

12 GOVERNOR SCOTT: Is there a second?

13 CFO ATWATER: Second.

14 GOVERNOR SCOTT: Moved and seconded. Show Item
15 1 approved without objection.

16 MR. WATKINS: Item Number 2 are resolutions
17 authorizing the issuance and competitive sale of
18 \$380 million of Public Education Capital Outlay
19 Refunding Bonds. These bonds will be issued to
20 refund current outstanding indebtedness and lower
21 the interest rate in order to achieve a debt service
22 savings for the PECO program.

23 GOVERNOR SCOTT: What's the anticipated
24 savings?

25 MR. WATKINS: Approximately 30 million on a

1 gross basis, approximately 25 million on a present
2 value basis. We're looking at taking bonds that are
3 outstanding between 5 percent and 5.15 percent and
4 lowering the interest rate to probably about
5 3.6 percent. And these obviously are estimates, and
6 the actual results will depend on the interest rates
7 we get at the time we sell the bonds.

8 GOVERNOR SCOTT: And you'll give us an update
9 after they're sold?

10 MR. WATKINS: Absolutely. As soon as we sell
11 the bonds, I'll send you a report and let you know
12 what the results are, all of you.

13 GOVERNOR SCOTT: Is there a motion on Item 2?

14 CFO ATWATER: So moved.

15 GOVERNOR SCOTT: And a second?

16 ATTORNEY GENERAL BONDI: Second.

17 GOVERNOR SCOTT: Moved and seconded. Show Item
18 2 approved without objection.

19 MR. WATKINS: Item 3 are resolutions
20 authorizing the issuance and competitive sale of
21 \$33 million in Revenue Bonds for the College of
22 Medicine at the University of Florida for a
23 translational research facility.

24 GOVERNOR SCOTT: Okay. And what's backing up
25 the bonds?

1 MR. WATKINS: This is secured by the indirect
2 cost component of grants and contracts for the
3 College of Medicine. So a portion of the revenues
4 received from grants is for -- to reimburse the
5 university for administrative costs of administering
6 the grants. And it's that component of the grants
7 that is securing these bonds.

8 GOVERNOR SCOTT: And so the State is not
9 backing the bonds?

10 MR. WATKINS: No, sir. This is secured by
11 revenues of the university, generated from grants
12 for the College of Medicine. And so it's not
13 included within the State's debt cap. It's a debt
14 of the university, not of the State of Florida. But
15 we're administering the financing, so that's why it
16 comes before you.

17 GOVERNOR SCOTT: And there's no way it ever
18 becomes an obligation of the State.

19 MR. WATKINS: Not a legal obligation of the
20 State. Of course, if it were to go south, you can
21 rest assured that investors would show up knocking
22 on the legislature's door asking for an
23 appropriation, and hence the interest of the State,
24 but it is not a legal obligation of the state.

25 And I do not have any reservations about the

1 fiscal solvency, about whether this is going to pay
2 or not. The university has a long history of
3 generating grant revenues far beyond what would be
4 necessary to pay this debt.

5 GOVERNOR SCOTT: So are there any other
6 questions?

7 CFO ATWATER: Governor, just one. So I take
8 it, Mr. Watkins, that the marketplace has long seen
9 that future grant revenues has been a stable source
10 and a comfortable source for them purchasing the
11 bonds.

12 MR. WATKINS: It's not a conventional credit in
13 the sense that it's pledging a tax revenue stream,
14 which is mandatory. It is dependent on the
15 university's ability to generate a flow of grants
16 through the duration of the financing. So it is not
17 something that the municipal market is used to
18 seeing.

19 However, given the diligence that we've done on
20 the university, the revenue flow from the university
21 and grants, there is extraordinary coverage relative
22 to the amount of debt service that would be required
23 to be paid with this.

24 GOVERNOR SCOTT: Commissioner Putnam, did you
25 have a question?

1 COMMISSIONER PUTNAM: Atwater covered it for
2 me.

3 GOVERNOR SCOTT: Okay.

4 ATTORNEY GENERAL BONDI: Can I just clarify?
5 Can I clarify? I just want to clarify. So the
6 indirect portion of these bonds will cover the debt
7 service.

8 MR. WATKINS: Yes, ma'am.

9 ATTORNEY GENERAL BONDI: Okay.

10 MR. WATKINS: We are actually -- because of the
11 nature of the credit, which is an indirect component
12 of grants and contracts, we're actually offering
13 this competitively to financial institutions only
14 and not retail investors. And so the execution is
15 limited to sophisticated investors who can assess
16 the creditworthiness. But I don't have any
17 reservations about the creditworthiness, or I
18 wouldn't be asking you-all for approval.

19 COMMISSIONER PUTNAM: Governor?

20 GOVERNOR SCOTT: Yes.

21 COMMISSIONER PUTNAM: I don't think any of us
22 have any question that the University of Florida is
23 creditworthy. I'm just shocked that, given the
24 political risk in both Tallahassee and in
25 Washington, that you can secure a bond to such an

1 unstable revenue stream as the projection of future
2 federal grants or future state grants.

3 That is surprising to me that the markets
4 accept that. I don't have any doubt that the
5 University of Florida is creditworthy and can cover
6 a \$33 million bond issuance. It's just the
7 securitization of those bonds that's pretty, I
8 think, surprising to us all.

9 MR. WATKINS: Well, my reaction to that would
10 be that the street will loan you more money than you
11 could ever possibly afford to repay.

12 COMMISSIONER PUTNAM: They'll always give you
13 all the rope you need to hang yourself with.

14 MR. WATKINS: Exactly. And so our job is to
15 make sure that we are comfortable with
16 creditworthiness of what we're putting into the
17 market, because it obviously affects the State's
18 reputation in the credit market, which is critically
19 important to ongoing access to credit.

20 GOVERNOR SCOTT: Do you think that the buyer is
21 relying on the State's credit, though, in -- I know
22 they're not, based on contract, but do you think
23 they're relying on it in the fact that we're going
24 to bail them out if they ever have a problem?

25 MR. WATKINS: No, I don't think so. We make it

1 eminently clear that the pledged revenues are
2 limited to, and by the nature of the obligation, it
3 being a revenue bond, they understand that. And
4 these are -- the people who operate in our market
5 understand the differences in what they're buying
6 into.

7 And so it is -- I think there's a clear
8 understanding of exactly what their security is and
9 what they can rely on.

10 GOVERNOR SCOTT: Any other questions?

11 CFO ATWATER: Just one last one, Governor.
12 Thank you. Do you have a sense of the size or the
13 magnitude of the dollars presently outstanding under
14 this type of an arrangement?

15 MR. WATKINS: Nationally or for the University
16 of Florida?

17 CFO ATWATER: For the University of Florida.

18 MR. WATKINS: There's one prior obligation
19 outstanding secured by this revenue stream, and
20 it's -- let me look and see exactly how much it is.
21 I can tell you what the annual repayment obligation
22 is.

23 CFO ATWATER: And I take it your recollection
24 is the market picked up on that fast and
25 purchased --

1 MR. WATKINS: Yes. It was \$2.3 million a year,
2 is the annual debt service requirement on the
3 outstanding debt. We will be adding debt service of
4 about another \$3 million a year. And the indirect
5 cost component covering that is \$25 million a year,
6 has been historically for the last year 25 million a
7 year. So there's five times more revenues from the
8 indirect cost component than the annual debt service
9 requirements.

10 So that -- basically what that means is the
11 grants would have to drop to 20 percent of what they
12 are currently for there to be an issue with respect
13 to repaying the debt.

14 CFO ATWATER: And that would be something for
15 the market to consider at some point, I suspect.
16 I'll move it, if there's no --

17 MR. WATKINS: Absolutely.

18 GOVERNOR SCOTT: There's a motion?

19 CFO ATWATER: Yes. So move.

20 GOVERNOR SCOTT: Okay.

21 ATTORNEY GENERAL BONDI: Second.

22 GOVERNOR SCOTT: Moved and seconded. Show Item
23 3 approved without objection.

24 MR. WATKINS: Item Number 4 is a report of
25 award on a competitive sale of \$15,635,000 of

1 Revenue Bonds for the University of North Florida
2 that were sold to finance a student health and
3 wellness center, secured by the health fee imposed
4 on the student's tuition bill.

5 The bonds were split into two separate series.
6 They were the first -- the early bonds were sold as
7 Tax-Exempt Bonds, \$2,575,000 Tax-Exempt Bonds, and
8 \$13,060,000 of Build America Bonds, which are
9 taxable bonds. And we are reimbursed for 35 percent
10 of the interest cost associated with that.

11 The Tax-Exempt Bonds were sold at a competitive
12 sale to the low bidder at a true interest cost of
13 2.45 percent, and the Taxable Build America Bonds
14 were sold to the low bidder at a true interest, a
15 net true interest cost, that is, net of the federal
16 subsidy for interest cost is 4.55 percent. When you
17 combine those two transactions, the true interest
18 cost on the overall financing is 4.44 percent.

19 GOVERNOR SCOTT: And, again, there's no
20 obligation of the State?

21 MR. WATKINS: No, sir. This is secured solely
22 by the revenues generated from the mandatory student
23 fee on the students at the University of North
24 Florida.

25 GOVERNOR SCOTT: Is the university responsible

1 other than the student fee?

2 MR. WATKINS: No, sir. It's limited to the
3 student fees pledged. Actually, statutorily it
4 is -- there are certain revenue streams that are
5 authorized to be pledged and a multitude of other
6 revenue streams that are prohibited from being
7 pledged. And this is one that the Legislature has
8 authorized and we have used previously to secure
9 these kinds of obligations.

10 GOVERNOR SCOTT: Any other questions?

11 ATTORNEY GENERAL BONDI: No.

12 GOVERNOR SCOTT: Is there a motion?

13 CFO ATWATER: So moved.

14 GOVERNOR SCOTT: Okay. A second?

15 ATTORNEY GENERAL BONDI: Second.

16 GOVERNOR SCOTT: Moved and seconded. Show Item
17 4 approved without objection.

18 MR. WATKINS: And, lastly, Item 5 is a report
19 of award on the competitive sale of \$154.8 million
20 of Public Education Capital Outlay Bonds. This is
21 half of the appropriation for the current fiscal
22 year, roughly half of the appropriation for the
23 current fiscal year for the PECO Bond program. The
24 bonds were awarded to the low bidder at a true
25 interest cost of approximately 4.84 percent.

1 GOVERNOR SCOTT: And is the State obligated on
2 these?

3 MR. WATKINS: These are state general
4 obligation bonds. So the primary security is gross
5 receipts taxes, but then it is additionally secured
6 by the State's full faith and credit.

7 GOVERNOR SCOTT: Okay. Any questions on this
8 one?

9 CFO ATWATER: So move.

10 GOVERNOR SCOTT: Second?

11 ATTORNEY GENERAL BONDI: Second.

12 GOVERNOR SCOTT: Moved and seconded. Show Item
13 5 approved without objection. Thank you.

14 MR. WATKINS: Thank you.

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1 GOVERNOR SCOTT: The next agenda is the
2 Financial Services Commission, Office of Financial
3 Regulation, presented by Tom Cardwell.

4 Thank you, Mr. Watkins.

5 MR. WATKINS: Thank you.

6 MR. CARDWELL: Good morning, Governor Scott,
7 members of the Cabinet, members of the Financial
8 Services Commission. Two items. First is the
9 approval of the minutes of the October 12th, 2010
10 meeting.

11 GOVERNOR SCOTT: Is there a motion on the
12 minutes?

13 CFO ATWATER: So moved.

14 GOVERNOR SCOTT: Second?

15 ATTORNEY GENERAL BONDI: Second.

16 GOVERNOR SCOTT: Moved and seconded, show Item
17 1 approved without objection.

18 MR. CARDWELL: Thank you. The second item is a
19 request for the final adoption of a rule amending
20 Rule Chapters 69V-85, 160 and 560. This is an
21 amendment to an existing set of rules. The Florida
22 Statutes authorize the agency to require applicants
23 who fill out applications and pay fees to do so
24 electronically. This electronic payment has been a
25 significant efficiency, both for businesses and for

1 the agency.

2 There are, however, a few cases in which the
3 licensees do not have bank accounts or computer
4 access. And the existing rules deal with this by
5 permitting such persons to seek a waiver of the
6 electronic filing by sending a letter, which they
7 must compose, or in one case by actually filing a
8 petition. Last year we had two requests for waiver.

9 It was recommended and we agreed to simplify
10 this process to assist people and to make it easier
11 particularly for small businesses. And we have
12 developed a very simple waiver form. The Small
13 Business Regulatory Council has reviewed the
14 amendment and is supportive of it. This amendment
15 has been in process for some time and I think will
16 be of benefit to the business community and to the
17 agency. And I would request approval for final
18 adoption.

19 GOVERNOR SCOTT: Any questions?

20 CFO ATWATER: So moved.

21 GOVERNOR SCOTT: Second?

22 ATTORNEY GENERAL BONDI: Second.

23 GOVERNOR SCOTT: Moved and seconded. Show Item
24 2 approved without objection. Thank you,
25 Mr. Cardwell.

1 MR. CARDWELL: Thank you.

2 GOVERNOR SCOTT: This concludes our meeting.

3 We are adjourned. Thank you very much.

4 (Whereupon, the meeting was concluded at 9:25
5 a.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)

COUNTY OF LEON)

I, Jo Langston, Registered Professional Reporter, do hereby certify that the foregoing pages 4 through 23, both inclusive, comprise a true and correct transcript of the proceeding; that said proceeding was taken by me stenographically and transcribed by me as it now appears; that I am not a relative or employee or attorney or counsel of the parties, or a relative or employee of such attorney or counsel, nor am I interested in this proceeding or its outcome.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of February, 2010.

JO LANGSTON
Registered Professional Reporter

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
DIVISION OF BOND FINANCE
DEPARTMENT OF REVENUE
DEPARTMENT OF VETERANS' AFFAIRS
ADMINISTRATION COMMISSION
BOARD OF TRUSTEES, INTERNAL IMPROVEMENT TRUST FUND

The above agencies came to be heard before
THE FLORIDA CABINET, Honorable Governor Scott
presiding, in the Cabinet Meeting Room, LL-03,
The Capitol, Tallahassee, Florida, on Tuesday,
February 22, 2011, commencing at 9:00 a.m.

Reported by:
JO LANGSTON
Registered Professional Reporter
Notary Public

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APPEARANCES:

Representing the Florida Cabinet:

RICK SCOTT
Governor

ADAM H. PUTNAM
Commissioner of Agriculture

PAM BONDI
Attorney General

JEFF ATWATER
Chief Financial Officer

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P R O C E E D I N G S

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(Agenda Items Commenced at 9:15 a.m.)

GOVERNOR SCOTT: The first -- now we're going to the State Board of Administration. The first agenda is the State Board of Administration, presented by Ash Williams.

MR. WILLIAMS: Good morning, Governor, Trustees.

GOVERNOR SCOTT: Good morning.

MR. WILLIAMS: The first thing I want to do this morning is thank each of you for your generosity with your time last week. As you know, we conducted fiduciary training in all three offices. I think that's an impressive accomplishment, and it's the right foundation on which to build your leadership with the State Board.

Secondly, I wanted to report to you that as of the close of business on Friday -- yesterday was a market holiday -- the Florida Retirement System Trust Fund is up 19.96 percent, net of all costs, fiscal year to date, leaving our balance at \$128.4 billion. And also we have with us this morning a couple of senior executives from Hewitt EnnisKnupp, Mr. Steve Cummings, chief executive, and

1 Rowland Davis, one of the senior consultants with
2 whom we work regularly, just in case anyone has any
3 questions.

4 Unless there are any questions or comments on
5 any of those points, I'm happy to proceed with the
6 agenda. The first item, request approval of two
7 appointments to the Investment Advisory Council,
8 Martin Garcia and Mr. Charles Newman. Mr. Garcia is
9 with us this morning.

10 GOVERNOR SCOTT: Is there a motion to approve
11 Item 1?

12 CFO ATWATER: So moved.

13 GOVERNOR SCOTT: Is there a second?

14 ATTORNEY GENERAL BONDI: Second.

15 GOVERNOR SCOTT: Moved and seconded. Show Item
16 1 approved without objection.

17 MR. WILLIAMS: Thank you. Item 2, request
18 approval of a draft letter to the Joint Legislative
19 Auditing Committee affirming that the SBA trustees
20 have reviewed and approved the monthly Florida PRIME
21 and Fund B management summary reports and actions
22 taken, if any, to address material impacts. There
23 have been no material impacts.

24 Just as background on this item, the Florida
25 Legislature created the authority for the State

1 Board to manage a local government cash investment
2 pool back in 1977. The pool has been through a
3 number of iterations over the years, was
4 restructured by the Legislature in 2008 and
5 currently is a AAAM-rated full liquidity facility
6 that offers very, very low-cost cash management
7 services to governmental entities in Florida.

8 We provide very extensive transparency. We are
9 overseen by a separate advisory council, similar to
10 the Investment Advisory Council, called the
11 Participant Local Government Advisory Council, which
12 had a public meeting last week here in Tallahassee.
13 They meet quarterly, as does the IAC.

14 We have a very extensive website for the pool.
15 Currently the pool includes some 815 governmental
16 participants, \$7.3 billion in assets as of calendar
17 yearend 2010, and 1,800 different accounts. And,
18 again, we have pretty extensive audit oversight and
19 other oversight.

20 GOVERNOR SCOTT: Mr. Williams, can you explain
21 the benefit of the State in doing this and the
22 risk -- if there's any risk to the State in doing
23 this, having PRIME?

24 MR. WILLIAMS: I don't think there's any risk
25 to the State in doing it, from the standpoint that

1 the State is not guaranteeing any of the assets in
2 PRIME, number one. Number two, the investment
3 policies of the fund were completely rewritten and
4 risk reduced significantly in the wake of the
5 liquidity issues in the fourth quarter of 2007.

6 We run essentially -- the PRIME runs
7 essentially in keeping with the SEC's 2a-7
8 regulations, which are money market fund
9 regulations. So the statutory priorities for the
10 way the fund is managed, I believe, are quite
11 appropriate. And they are, in order of priority,
12 number one, safety, number two, liquidity and number
13 three, return. So the perspective is correct.

14 And the positive, I think, for having the PRIME
15 is the amount of money it saves local governments.
16 I'll be honest with you. When I came back to
17 Florida at the end of '08, one of the first issues I
18 had on my plate was should we be in this business at
19 all, should we simply close this thing down and
20 allow local banks or other institutions to handle
21 these assets.

22 And I was somewhat surprised when I went around
23 and spoke with local government officials, local
24 government associations, et cetera, that, no,
25 notwithstanding the issues that took place in

1 '07 and the subsequent actions to avoid their
2 recurrence, that they really valued the PRIME
3 vehicle.

4 And I think what has changed in investor
5 thinking that is appropriate is that it's not seen
6 as a place to put all of one's eggs. It has an
7 appropriate place as a very, very low cost, of a
8 high liquidity, very safe, but not particularly
9 exciting yield vehicle, as a diversifier and a low
10 cost service.

11 GOVERNOR SCOTT: Okay.

12 ATTORNEY GENERAL BONDI: May I ask a question,
13 Governor? Mr. Williams, could you comment on the
14 low fees that are charged to the local governments?

15 MR. WILLIAMS: Yes. The all-in cost of Florida
16 PRIME is roughly 2.6 basis points. That's a little
17 more than two and a half hundredths of one percent,
18 which is quite inexpensive by any standard. To put
19 that in context, the average of the competing
20 alternatives that local governments have access to
21 is about 20 basis points, or a significant multiple
22 of our costs.

23 The reason those costs are so low is really two
24 things. First, scale. Costs for managing assets
25 commonly are on a declining scale. So the more

1 money you're managing, the lower the fee is per
2 dollar invested. That's the big thing we have going
3 for us. The second factor is that we're not for
4 profit. So that is a big tailwind.

5 The history of Florida PRIME is at one time it
6 was the largest cash pool in the country. That
7 distinction now belongs to the State of Texas, with
8 an institution they run called TexPool. The Florida
9 PRIME fund is -- we don't manage that money
10 in-house. It's contracted out to Federated
11 Investors. Because of our scale, again, our pricing
12 is very advantageous. Federated also manages the
13 assets of TexPool in Texas.

14 And at the rate -- growth has come back as
15 confidence, I think, has returned to the fund. The
16 fund bottomed at \$4 billion at its low. It's now,
17 as I said, back over seven. So the confidence has
18 been earned back, I believe.

19 ATTORNEY GENERAL BONDI: Thank you.

20 GOVERNOR SCOTT: Anything else? Okay. So
21 there's a request for approval of the draft letter;
22 is that right?

23 MR. WILLIAMS: Yes.

24 GOVERNOR SCOTT: Is there a motion?

25 CFO ATWATER: So moved.

1 GOVERNOR SCOTT: Is there a second?

2 ATTORNEY GENERAL BONDI: Second.

3 GOVERNOR SCOTT: Moved and seconded. Show Item
4 2 approved without objection.

5 MR. WILLIAMS: Thank you.

6 GOVERNOR SCOTT: Can we go back to Item 1?

7 MR. WILLIAMS: Yes, sir.

8 GOVERNOR SCOTT: So Attorney General Bondi,
9 would you like to say something about your
10 appointment?

11 ATTORNEY GENERAL BONDI: Thank you, Governor.
12 Mr. Garcia is with us today. Not to embarrass him,
13 will you just stand for a moment, Mr. Garcia? He is
14 abundantly qualified. I'd like you all to know not
15 only does he have an extensive financial background
16 but exhibits the highest ethical standards, and I am
17 so proud that he is now a member of our Advisory
18 Council.

19 Mr. Garcia is one of the founding members of
20 Hill, Ward & Henderson law firm, and his public
21 service -- I could continue on all day. He's been
22 on the Florida Board of Governors for the Florida
23 Bar. He has been a trustee for Wake Forest
24 University, and he's been on the Judicial
25 Qualifications Commission, the Federal Nominating

1 Commission, and is currently on the Supreme Court
2 Nominating Commission. And we are honored to have
3 you. Thank you. And thank you, Governor.

4 GOVERNOR SCOTT: Thank you. And thanks for
5 serving. Okay. I'd like to recognize CFO Atwater.
6 I'm sure you'd like to say something.

7 CFO ATWATER: He'll be here Thursday, if we
8 could meet again. I guess we will be. Charles
9 Newman, Chuck Newman, has spent his entire
10 professional life in the financial services
11 industry. He served as the chief financial officer
12 and controller of Barnett Banks, Incorporated, which
13 at the time was about the 20th largest bank in the
14 country, responsible for the company's accounting,
15 financial reporting, management systems and investor
16 relations. Additionally, he served as a trustee of
17 the Barnett Bank's pension committee, with over 400
18 million in assets.

19 Prior to his banking career, he was a certified
20 public accountant with Ernst & Ernst. He and his
21 family have tremendous volunteer time in
22 not-for-profit work, just an outstanding individual.
23 We're going to benefit greatly from his
24 participation. Thank you.

25 GOVERNOR SCOTT: Thank you very much. Mr.

1 Williams, if you could go on to Item 3, please.

2 MR. WILLIAMS: Thank you, Governor. Item 3,
3 request approval of the SBA quarterly report
4 required by the Protecting Florida's Investments
5 Act. Now, again, by way of background on this one,
6 since this is a matter of first impression for you,
7 the Legislature in 2007 created the Protecting
8 Florida's Investments Act, which focuses on Sudan
9 and Iran and is designed to ensure that the SBA does
10 not have investments in companies that are
11 consorting with the governments of those countries,
12 supporting their military activities or otherwise in
13 any way aiding or abetting certain human rights
14 conditions that have been prevalent and are
15 disagreeable in those areas.

16 As a practical matter, the way we implement
17 this is to use outside advisory firms to do the
18 analysis on individual companies. And depending on
19 what the degree of consensus is we can form among
20 those advisory firms, we have two levels on which we
21 can place companies, either scrutinized, which means
22 they're on our list of companies that we will not
23 own their shares, or continued examination, meaning
24 they're on a watch list and they're under close
25 scrutiny.

1 We also communicate with those companies,
2 advise them of our concerns about their activities
3 and their relationships, et cetera, and what our
4 desired outcomes are, and make very clear that we
5 will not own their shares if they indulge in certain
6 prescribed behaviors.

7 Over time, a number of these companies have, in
8 fact, responded to that sort of communication and
9 have gone from being on the scrutinized list to the
10 continued exam to no scrutiny at all because they've
11 done what was asked of them. This has been part of
12 an effort that's taken place around the United
13 States, I believe has some federal support as well.
14 So that's the history of it.

15 In this particular report with regard to Sudan,
16 we've removed two companies from the scrutinized
17 list, which is to say they've responded to requests.
18 There have been no changes, no additions to that
19 list. And on continued examination, there have been
20 two companies added and none removed. With regard
21 to Iran, there have been no changes in the
22 scrutinized list and two companies added to the
23 continued examination list.

24 Mr. Mike McCauley is with us this morning at
25 the Board staff. Mike, among his other duties,

1 manages this program and is very, very familiar with
2 it, if there are any follow-up questions.

3 GOVERNOR SCOTT: Mr. Williams, does the federal
4 government require the same thing? Is this
5 something the federal government also does and then
6 the State does it also?

7 MR. WILLIAMS: I don't know that the federal
8 government has a requirement of this nature that
9 would cover states. I believe the federal
10 government, to the extent it has anything like this,
11 it would cover commerce, that is, U.S. companies
12 doing business with regimes of Iran, for example.

13 GOVERNOR SCOTT: And do you know what it costs
14 us to do this?

15 MR. WILLIAMS: Yes. The cost to date is
16 somewhere under three basis points. And the cost
17 actually over time sometimes is negative, which is
18 to say it's actually additive. Other times there is
19 a cost. What we see is a correlation between the
20 performance of energy companies, because that tends
21 to be where this will come to bear, oil and energy
22 companies.

23 So if energy companies generally are accreting
24 value, then -- and we have lower exposure as a
25 consequence of this, then it will tend to have a

1 drag on our portfolio. If they're falling, it will
2 tend perversely to seem to add value. But it's
3 generally been de minimus either way.

4 GOVERNOR SCOTT: That makes sense. Okay. Is
5 there a motion?

6 ATTORNEY GENERAL BONDI: Move to approve.

7 GOVERNOR SCOTT: Is there a second?

8 CFO ATWATER: Second.

9 GOVERNOR SCOTT: Moved and seconded. Show Item
10 3 approved without objection.

11 MR. WILLIAMS: Thank you very much.

12 GOVERNOR SCOTT: Thank you, Mr. Williams.

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**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$25,780,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS,
(SERIES TO BE DESIGNATED) (MONTERRA APARTMENTS)**

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$25,780,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of providing financing for the construction of a multifamily rental development located in Broward County, Florida (Monterra Apartments); and,

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

WHEREAS, the State Board of Administration has previously made a fiscal determination in connection with the Bonds at its November 10, 2010, meeting; and,

WHEREAS, the Corporation has requested the State Board of Administration of Florida to rescind its previous fiscal determination made in connection with the Bonds; and,

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

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

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

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

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

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

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (Monterra Apartments), in an amount not exceeding \$25,780,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes. In addition, the previous fiscal determination made in connection with the Bonds by the State Board of Administration at its November 10, 2010, meeting is hereby rescinded.

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

ADOPTED April 5, 2011

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

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: March 23, 2011

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$25,780,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE
DESIGNATED) (MONTERRA APARTMENTS):**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$25,780,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of providing financing for the construction of a multifamily rental development located in Broward County, Florida (Monterra Apartments). The Bonds were approved as to fiscal determination by the State Board of Administration at its November 10, 2010 Meeting. However, due to modifications to some of the terms of financing, Florida Housing Finance Corporation has resubmitted the proposal to the State Board of Administration for review and approval as to fiscal determination of the Bonds as modified.

The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

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

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$25,100,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS,
(SERIES TO BE DESIGNATED) (SORRENTO AT MIRAMAR APARTMENTS)**

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$25,100,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of providing financing for the construction of a multifamily rental development located in Broward County, Florida (Sorrento at Miramar Apartments); and,

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

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

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

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

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

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

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

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (Sorrento at Miramar Apartments), in an amount not exceeding \$25,100,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

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

ADOPTED April 5, 2011

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

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: March 23, 2011

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$25,100,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE
DESIGNATED) (SORRENTO AT MIRAMAR APARTMENTS):**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$25,100,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of providing financing for the construction of a multifamily rental development located in Broward County, Florida (Sorrento at Miramar Apartments).

The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

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

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$5,760,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS,
(SERIES TO BE DESIGNATED) (GRIFFIN HEIGHTS APARTMENTS)**

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$5,760,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of providing financing for the acquisition and rehabilitation of a multifamily rental development located in Leon County, Florida (Griffin Heights Apartments); and,

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

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

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

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

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

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

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

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (Griffin Heights Apartments), in an amount not exceeding \$5,760,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

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

ADOPTED April 5, 2011

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

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: March 23, 2011

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CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE
DESIGNATED) (GRIFFIN HEIGHTS APARTMENTS):**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$5,760,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of providing financing for the acquisition and rehabilitation of a multifamily rental development located in Leon County, Florida (Griffin Heights Apartments).

The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

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

cc: Janie Knight



STATE BOARD OF ADMINISTRATION
OF FLORIDA

1801 HERMITAGE BOULEVARD
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RICK SCOTT
GOVERNOR
AS CHAIRMAN
JEFF ATWATER
CHIEF FINANCIAL OFFICER
AS TREASURER
PAM BONDI
ATTORNEY GENERAL
AS SECRETARY
ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO

MEMORANDUM

TO: Honorable Rick Scott
Honorable Jeff Atwater
Honorable Pam Bondi

FROM: Ash Williams

DATE: April 5, 2011

SUBJECT: **Appointment of Leslie B. "Les" Daniels to the
Investment Advisory Council**

Leslie B. "Les" Daniels has been appointed to serve on the Investment Advisory Council. Pursuant to Section 215.444, F.S., upon approval of this appointment by the Trustees, the appointment will be submitted to the Florida Senate for confirmation during the 2011 legislative session.

Additional background materials are attached.

ATTACH. 5

Leslie B. Daniels

Managing Partner

Les Daniels, based in New York, was a founding partner of CAI in 1989. He was previously President of Burdge, Daniels & Co., Inc., a company engaged as a principal in venture capital and buyout investments, as well as the trading of private placement securities. Mr. Daniels was responsible for financing, overseeing and disposing of investments made on behalf of the Company. Prior to forming Burdge, Daniels, Mr. Daniels was a Senior Vice President of Blyth, Eastman, Dillon & Co., having responsibility for the corporate fixed income sales and trading departments.

Mr. Daniels is a former Director of Aster-Cephac SA, Douglas Machine & Tool Co., Inc., IVAX Corporation, MIM Corporation, MIST Inc., Mylan Laboratories Inc., NBS Technologies Inc. and Safeguard Health Enterprises Inc. He was also Chairman of Zenith Laboratories, Inc. He currently serves as a Director of AeroSat Corporation and Bioanalytical Systems, Inc., and he is Chairman of TurboCombustor Technology Inc.

Mr. Daniels has had substantial experience investing as a principal in the health care, aviation and aerospace industries. Over the last twenty years, Mr. Daniels has invested in numerous startup, venture capital and buyout transactions in various sectors across the health care spectrum including health maintenance organizations, generic drug companies, pre-clinical and clinical contract research organizations and pharmacy benefit companies. As a result, Mr. Daniels has established a broad base of relationships with people associated with the health care industry. More recently a concentration on the aviation and aerospace industries has provided a steady flow of transaction opportunities.

Mr. Daniels is a graduate of Fordham University.

ATTACH. 5-B



STATE BOARD OF ADMINISTRATION
OF FLORIDA

1801 Hermitage Boulevard-Suite 100
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AS TREASURER
PAM BONDI
ATTORNEY GENERAL
AS SECRETARY
ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO

MEMORANDUM

To: Ash Williams, Executive Director & CIO

From: Ron Poppell

Date: Agenda Item for the April 5, 2011 Cabinet Meeting: Proposed Amendment to Rules 19-11.002, 19-11.003, and 19-11.009 – Request Approval to File the Rules for Notice

Subject: March 22, 2011

ACTION REQUESTED:

The staff of the State Board of Administration (“SBA”) requests that the Trustees approve filing, for notice, the three rules pertaining to the Florida Retirement System (“FRS”) Investment Plan set forth below.

On December 23, 2010, the SBA had published a Notice of Development of Rulemaking in the *Florida Administrative Weekly* to commence the rulemaking process for the proposed amendments. In view of Executive Order Number 11-01, the SBA suspended the rulemaking process and sought a review of the proposed rule amendments by the Office of Fiscal Accountability and Regulatory Reform (“Office”). The SBA has received authorization from the Office to proceed with rulemaking for these rule amendments.

The proposed changes are being made for the purpose of making it easier for plan participants to understand their benefits and to make desired changes to their plan accounts.

The proposed rule amendments are as follows:

Rule 19-11.002 (Beneficiary Designation for FRS Investment Plan)

Proposed amendments will:

- * add information regarding members who inadvertently use an incorrect beneficiary designation form or fail to obtain their spouse’s acknowledgement that a beneficiary, other than the spouse has been named;
- *provide that a beneficiary who unlawfully and intentionally kills or procures the death of a member forfeits all rights to the member’s benefits;
- *to indicate under what circumstances an account will be established for a beneficiary.

Rule 19-11.003 (Distributions from FRS Investment Plan Accounts)

Proposed amendments will:

- *add specific information regarding distributions currently set forth in Rule 12-19.006, FAC, in anticipation of the eventual repeal of Rule Chapter 19-12 as being unnecessary;
- * provide that a beneficiary who unlawfully and intentionally kills or procures the death of a member forfeits all rights to the member's benefits;
- *to clarify certain information regarding required minimum distributions ("RMD");
- *to add information pertaining to requests by members seeking documentation of a disbursement made prior to August 30, 2007.

Rule 19-11.009 (Reemployment with an FRS-Covered Employer After Retirement)

Proposed amendments will:

- *reflect legislative changes enacted by the 2008 Legislature regarding members who retire and then are rehired by an FRS-covered employer on or after July 1, 2010;
- *adopt the certification form for employers that can be provided to prospective employees to indicate their retirement status.

A rule development workshop was offered on January 3, 2011, but it was not held as it was not requested.

If the Trustees give permission to file the amended rules for notice, a rule hearing will be held on May 9, 2011, if requested.

Attachments

Proposed Amended Rules 19-11.002, 19-11.003, and 19-11.009
Certification Form

19-11.002 Beneficiary Designation for FRS Investment Plan.

(1) An FRS Investment Plan member may name a beneficiary to receive the benefits which may be payable in the event of the member's death. If the member does not name a beneficiary(ies) then the member's beneficiary(ies) will be those as described in Section 121.4501(20), F.S. which are: first, the spouse if he or she is still living after the member's death; second, living children, if the spouse is dead; third, the member's father or mother, if living; fourth, to the member's estate. This means that the spouse will receive the member's account balance if living; but if not, the children will receive the account balance, if living; but if not, the father or mother will receive the account balance, and if none of the people mentioned in this section are still living, the account balance will be paid to the member's estate.

(2) A designation of beneficiary shall only be effective after it has been received by the FRS Investment Plan Administrator. The most recent designation of beneficiary filed with the FRS Investment Plan Administrator shall replace any previous designation whether made before or after the member's termination of employment or retirement. The member should determine after the designation has been mailed that the form has arrived in the offices of the FRS Investment Plan Administrator. It is the responsibility of the member to ensure the beneficiary designation has been made. Beneficiary information can be reviewed every quarter on the member's quarterly statement.

(3) If the FRS Investment Plan member enrolls in the FRS Investment Plan using the EZ Retirement Plan Enrollment Form for Regular, Special Risk and Special Risk Administrative Support Class Employees, Form ELE-1-EZ, rev. 06/06, the General Retirement Plan Enrollment Form for Regular Special Risk and Special Risk Administrative Support Class Employees, Form ELE-1, rev. 10/06, which are adopted and incorporated by reference in subsection 19-11.006(4), F.A.C., or the 2nd Election EZ Retirement Plan Enrollment Form, Form ELE-2-EZ, rev. 12/06, or the 2nd Election Retirement Plan Enrollment Form, Form ELE-2, rev 12/06, which are adopted and incorporated by reference in Rule 19-11.007, F.A.C., the member has chosen the beneficiary designation contained in Section 121.4501(20), F.S. (See subsection (1), above.) Note that the statutory section provides that the member's spouse at the time of death shall be the member's beneficiary unless the deceased member had designated a different beneficiary after his or her most recent marriage. Therefore, if the member marries after designating a beneficiary, the member must file an updated beneficiary designation form if the member wishes to name someone else other than the spouse as a beneficiary. If the member does not file an updated beneficiary designation form, the member's spouse will be the beneficiary of the member's account. Example: John is married to Betty and has named her as his beneficiary. John divorces Betty and marries Carol. Carol will be John's beneficiary unless he files another beneficiary form and names, for example, his son, Bob. Pursuant to subsection (1), once the member is enrolled in the FRS Investment Plan, the member may change his beneficiary designation at any time.

(4) A member may name a beneficiary or beneficiaries at any time, as follows:

(a) A member may name a beneficiary or beneficiaries to receive the assets of the member's FRS Investment Plan account, either sequentially or jointly.

(b) A member may name as beneficiary any person, organization, trust, or his estate.

(c) A primary beneficiary is someone who will receive the member's funds from the FRS Investment Plan account, if that person is living at the death of the member. If there are more than one primary beneficiary, named with percentages of the funds, they will each receive their member-designated percentages if they are still living at the death of the member. Example: if the member names his four sons, in equal shares (25% each), but two of the four sons die before their father, the other two living sons split the funds two ways, 50% each.

(d) A contingent beneficiary is one or more persons who are named, in case all primary beneficiaries die before the member. Naming a contingent beneficiary is optional. The member does not have to name anyone as a contingent beneficiary.

(e) Any such beneficiary designation may be made on Form IPBEN-1, rev. 09-09, which is hereby adopted and incorporated by reference. This form is available in paper form and may be obtained by calling

the toll-free MyFRS Financial Guidance Line at 1(866)446-9377, Monday through Friday, except holidays, 9:00 a.m. to 8:00 p.m. or by accessing the MyFRS.com website and clicking on “Resources” and then “Forms.” The beneficiary designation form must be completed and received by the FRS Investment Plan Administrator before it becomes effective. Alternatively, a beneficiary may be designated electronically by logging on to MyFRS.com, clicking on “manage benefits,” then clicking on “manage investments,” and then clicking on “personal info.”

(f) If a member inadvertently uses an incorrect beneficiary designation form, the FRS Investment Plan Administrator will notify the member and request that the member complete and submit the correct form, Beneficiary Designation Form IPBEN-1, rev. 12-09. If the member should die prior to completing and submitting the IPBEN-1 form, the FRS Investment Plan Administrator will consider the beneficiary set forth on the incorrect form as being the member’s intended beneficiary for the purpose of paying benefits.

(fg) A member may change his beneficiary designation at any time by filing a new beneficiary designation form or by designating a new beneficiary electronically. There is no separate form for changes of beneficiary designation.

(5)(a) If a member is married and names his or her spouse as a primary beneficiary, regardless of whether the percentage allocated to the spouse on the form is less than 100%, the member is not required to notify the spouse. However, if a member is married and names a primary beneficiary(ies) and the person(s) named is not the spouse of the member, then the member is required to notify the spouse that he or she is not a primary beneficiary of the proceeds of the member’s FRS Investment Plan account(s). The spouse must acknowledge that he or she understands that he or she is not a primary beneficiary of the member’s FRS Investment Plan account(s) by signing the beneficiary designation form, Form IPBEN-1, rev. 09-09, in the appropriate place. If a married member fails to obtain the spouse’s acknowledgment on the beneficiary designation form, then the member will be sent an Acknowledgement of Beneficiary Designation, reminding the member of the necessity of obtaining the spousal acknowledgement. The member can return this Acknowledgement of Beneficiary Designation with the spouse’s signature which will provide the acknowledgement from the spouse that the spouse is aware that he or she is not the primary beneficiary of the member’s FRS Investment Plan account(s). Alternatively, the spouse may provide the FRS Investment Plan Administrator with a notarized statement reflecting the spouse’s understanding that the spouse is not the beneficiary of the member’s FRS Investment Plan account(s).

(b) If the member fails to obtain his or her spouse’s acknowledgement that a beneficiary, other than the spouse, has been designated as the primary beneficiary of the member’s Investment Plan benefit, the beneficiary designation on file with the FRS Investment Plan Administrator at the time of the member’s death will be honored only if the spouse’s rights as a beneficiary are not compromised under Florida law.

(6)(a) An Alternate Payee may name a beneficiary to receive the benefits which may be payable in the event of the Alternate Payee’s death at any time, as outlined in paragraphs (4)(a) through (f) above, once the Alternate Payee’s account has been established by the FRS Investment Plan Administrator.

(b) If the Alternate Payee does not name a beneficiary(ies), then the Alternate Payee’s beneficiary(ies) will be those as described in Section 121.4501(20)(a), F.S., which are: first, the spouse, if he or she is still living after the member’s death; second, living children, if the spouse is dead; third, the member’s father or mother, if living; fourth, to the member’s estate. This means that the spouse will receive the member’s account balance if living; but if not, the children will receive the account balance, if living; but if not, the father or mother will receive the account balance, and if none of the people mentioned in this paragraph are still living, the account balance will be paid to the Alternate Payee’s estate.

(7) A beneficiary, whether designated or pursuant to Florida law, of a deceased member who, by a verdict of a jury or by a court trying the case without a jury, is found guilty, or who has entered a plea of guilty or nolo contendere, of unlawfully and intentionally killing or procuring the death of such member shall forfeit all rights to the deceased member’s retirement benefits. Any benefits will be paid as if such beneficiary had predeceased the deceased member. No benefits will be paid until there is a final resolution of such charges against the beneficiary.

(78)(a) If the deceased member has named a beneficiary but has not provided the beneficiary's social security number or address, or if the social security number is incorrect, then, after at least three unsuccessful attempts by the SBA or the FRS Investment Plan Administrator to contact the beneficiary, the FRS Investment Plan Administrator advise the SBA and the account will not be distributed.

(b) The FRS Investment Plan Administrator will, with the assistance of the SBA, at the time of notification of death, make a reasonable effort to obtain the beneficiary's Social Security Number or Taxpayer Identification Number, using available search tools, including the internet, LexisNexis Accurint, the Internal Revenue Service, and the Social Security Administration. Additionally, by calendar year-end, of each year following the transfer to the Suspense Account, the FRS Investment Plan Administrator will attempt to locate and obtain the Social Security Number or the Taxpayer Identification Number of the beneficiary

(c) If after one year from date of death no information is available to identify the beneficiary, the FRS Investment Plan Administrator will transfer the funds to the FRS Investment Plan Suspense Account, indicating the name of the deceased member and the name of the beneficiary. The transferred funds shall be invested in the FRS Select U.S. Treasury Inflation-Protected Securities Index Fund. The amount will be held in the FRS Investment Plan Suspense Account until (1) the beneficiary contacts the FRS Investment Plan; or (2) another beneficiary requests consideration as the deceased's proper beneficiary; or, (3) at the end of 10 years in the Suspense Account, the amount is transferred to the FRS Investment Plan Forfeiture Account, where it is held indicating the name of the deceased member and the name of the beneficiary.

(d) Should the beneficiary be located and provides a social security number, a check will be issued, with actual earnings, from the date of transfer from the member's account to the Suspense Account subject to applicable income tax withholding, which shall be paid to the tax authorities at the time of such payment to the beneficiary.

(89)(a) Pursuant to Federal guidelines, if the deceased member's account is to be paid to the member's estate but no Estate Identification Number is provided, the account will not be paid to the Estate until receipt of the Estate Identification Number. In the event that no Estate Identification Number is provided, the FRS Investment Plan Administrator transfer the deceased member's account to the Suspense Account indicating the name of the deceased member and the name of the beneficiary. If after 10 years after the date of death, the FRS Investment Plan Administrator has not received an Estate Identification Number, the deceased member's account will be transferred to the FRS Investment Plan Forfeiture Account where it will be held indicating the name of the deceased member. The transferred funds shall be invested in the FRS Select U.S. Treasury Inflation-Protected Securities Index Fund.

(b) The FRS Investment Plan Administrator will, at the time of the transfer to the Suspense Account, make a reasonable effort to obtain the Estate Identification Number. Additionally, by calendar year-end of each year following the transfer to the Suspense Account, the FRS Investment Plan Administrator will attempt to locate and obtain the Estate Identification Number.

(c) The amount will be held in the FRS Investment Plan Suspense Account until (1) the member's estate representative contacts the FRS Investment Plan; or (2) a beneficiary requests consideration as the deceased's proper beneficiary; or, (3) at the end of 10 years in the Suspense Account, the amount is transferred to the FRS Investment Plan Forfeiture Account, where it is held indicating the name of the deceased member.

(d) Should the estate's representative subsequently provide an Estate Identification Number, a check will be issued, with actual earnings, from the date of transfer from the member's account to the Suspense Account while invested in the FRS Select U.S. Treasury Inflation-Protected Securities Index Fund subject to applicable income tax withholding, which shall be paid to the tax authorities at the time of such payment to the estate.

(10)(a) If the social security number and date of birth of the named beneficiary are known, an account will be established in the beneficiary's name and funds will be transferred thereto. However, no distribution will be made to any beneficiary until a certified copy of the member's death certificate has been received.

In the meantime, the beneficiary will have control over any investment elections/allocations for the account. The beneficiary will be notified of the establishment of the account and will receive a PIN to access information pertaining to the account.

Rulemaking Authority 121.4501(8) FS. Law Implemented 121.091 (5)(j),(8), 121.4501(20), 121.591(3), 732.802, FS. History—New 10-21-04, Amended 3-9-06, 11-26-07, 12-8-08, 1-7-10, _____.

19-11.003 Distributions from FRS Investment Plan Accounts.

(1) Purpose. The purpose of this rule is to clarify the provisions regarding distributions from FRS Investment Plan accounts. Distributions from FRS Investment Plan accounts are made either after the account-holder terminates employment or at the account-holder's death.

(2) Forms. All forms identified in this rule may be obtained by calling the (toll-free) MyFRS Financial Guidance Line at 1(866)446-9377, or by accessing the MyFRS website at www.MyFRS.com, clicking on Resources, and then on Forms.

(3) Distributions available after the member terminates FRS-covered employment.

(a) An FRS Investment Plan member shall not be entitled to a distribution from his account unless he has been terminated from all FRS-covered employment, including temporary, part-time, Other Personal Services (OPS) and any regularly established position with an FRS employer, for three (3) calendar months following the month of termination. Example: If a member terminates on May 15, the three calendar months are June, July, and August. Therefore, the member cannot request a distribution until September.

(b) If the member's termination date has not been submitted by the employer via the monthly payroll file within three (3) calendar months, the employee can complete and return the "Employment Termination Form," Form ETF-2, rev. 048/0910. The termination form can be found on the MyFRS.com website. This form has instructions and a section for employer certification. Alternatively, the employer can log onto the employer page at MyFRS.com and go to Online Payroll and submit the termination date electronically.

(c) Upon the expiration of the three calendar months after termination, the member may request a distribution from the FRS Investment Plan Administrator, by calling the toll free MyFRS Financial Guidance Line at 1(866)446-9377, Option 4, or by logging on to the MyFRS.com website, accessing his or her personal account information, and then requesting the distribution through the online services.

(d) If a member has terminated employment from all FRS-covered employment for one calendar month and he has reached his normal retirement date, in accordance with Section 121.021(29), F.S., he may request a one-time distribution of up to 10 percent (10%) of his account balance. For example, if a member terminates on May 15, the one calendar month is June. Therefore, the member can request a one-time distribution of up to 10 percent (10%) in July.

(e) A member who transfers to the Pension Plan from the Investment Plan and leaves a balance in the member's Investment Plan account is a member of the Pension Plan and, as such, the member cannot take a distribution of the surplus Investment Plan funds until he begins receiving his Pension Plan benefits.

(4) (1) All distribution of benefits from a Participant's account(s) in the Plan shall begin and be made no later than as prescribed by Code s. 401(a)(9) and the regulations issued thereunder, including any proposed regulations, and shall be subject to the incidental death benefit rules of Code s. 401(a)(9)(G). A copy of the Code section can be obtained by accessing the IRS website at irs.gov and clicking on the Tax Professionals section, and then clicking on the Code, Regs. & Guidance section.

(a) Distribution of benefits to a Participant shall be made or commence not later than April 1 following the close of the later of the calendar year during which the Participant attains age 70 1/2 or retires.

(b) If distribution of benefits has commenced before a Participant's death, any remaining benefits must be distributed at least as rapidly as under the method of distribution being used as of the date of the Participant's death.

(c) If a Participant dies before the commencement of distributions from the Participant's account(s) in the Plan, the method of distribution shall be as follows:

1. Any benefits not payable to a beneficiary designated by the Participant shall be distributed within five years after the Participant's death.

2. Any benefits payable to a beneficiary designated by the Participant shall be distributed over the life of such beneficiary (or over a period certain not extending beyond the life expectancy of such beneficiary), commencing not later than the end of the calendar year immediately following the calendar year in which the Participant died. If the designated beneficiary is the surviving spouse of the Participant, distributions shall commence on or before the later of the end of the calendar year immediately following the calendar year in which the Participant died and the end of the calendar year in which the Participant would have attained age 70 1/2.

3. If the designated beneficiary is the surviving spouse of the Participant and the surviving spouse dies before distributions to such spouse begin, this paragraph (c) shall be applied as if the surviving spouse were the Participant.

(2) Benefits shall be distributed to a Participant as a periodic distribution, a partial lump-sum payment whereby a portion of the accrued benefit is paid to the Participant less withholding taxes remitted to the Internal Revenue Service and the remaining amount is transferred directly to the custodian of an eligible retirement plan on behalf of the Participant, or as otherwise provided by Section 121.591(1)(c), F.S. Benefits shall be distributed to a survivor as provided in Section 121.591(3)(c), F.S. A distributee shall have the option to have all or any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(3) All distributions of benefits must be made in accordance with Code provisions, which shall override any distribution options inconsistent with such provisions.

~~(4)~~ (5) Distributions to beneficiaries on the death of a member.

(a) If a member dies before his effective date of retirement, the member's spouse at the time of his or her death shall be the member's beneficiary, unless the member has designated a different beneficiary after the member's most recent marriage. If the member did name another beneficiary after his or her most recent marriage, the named beneficiary will receive the member's account balance.

(b) Procedures for beneficiary designations are addressed in Rule 19-11.002, F.A.C.

(c) On the death of a member, the beneficiary must file Form IP-DBF, "Death Benefit Information and Distribution Claim Form," rev. ~~09-09~~ 01/10, which is hereby adopted and incorporated by reference, with the FRS Investment Plan Administrator, to receive benefits.

This form is available in paper form and may be obtained by calling the toll-free MyFRS Financial Guidance Line at 1(866)446-9377, Monday through Friday, except holidays, 9:00 a.m. to 8:00 p.m. or by accessing the MyFRS.com website and clicking on "Resources" and then "Forms." ~~This form is available in paper form and may be obtained by calling the toll-free MyFRS Financial Guidance Line at 1(866)446-9377, Monday through Friday, except holidays, 9:00 a.m. to 8:00 p.m. or by accessing the MyFRS.com website and clicking on "Resources" and the "Forms."~~

(d) A beneficiary, whether designated or pursuant to Florida law, of a deceased member who, by a verdict of a jury or by a court trying the case without a jury, is found guilty, or who has entered a plea of guilty or nolo contendere, of unlawfully and intentionally killing or procuring the death of such member shall forfeit all rights to the deceased member's retirement benefits. Any benefits will be paid as if such beneficiary had predeceased the deceased member. No benefits will be paid until there is a final resolution of such charges against the beneficiary.

~~(5)~~ (6) Distributions to Alternate Payees as a result of a Qualified Domestic Relations Order (QDRO).

(a) Upon receipt of a QDRO from a court of competent jurisdiction, the named alternate payee may leave their account in the Plan or request a distribution from the account once the account has been established in the alternate payee's name as provided in the QDRO and the Alternate Payee has received their PIN.

(b) Upon receipt of the PIN, the alternate payee may request a distribution by calling the toll free MyFRS Financial Guidance Line at 1(866)446-9377, Option 4 or by logging on to MyFRS.com, go to “Manage My Benefits,” “Manage Investments,” accessing their personal account information, and then requesting the distribution through the online services.

~~(6)~~ (7) De Minimus Distributions.

(a) If an inactive member’s account balance is \$1,000 or less, such amount may be subject to an automatic distribution. However, a distribution will not occur until the member has been terminated from all employment with FRS-covered employers for a minimum of six (6) calendar months.

(b) If the member meets the termination requirements and upon receiving notification of the automatic distribution, the distribution either will be made as a complete lump-sum liquidation of the account balance, subject to the provisions of the Internal Revenue Code, or if so instructed by the member, a lump-sum direct rollover distribution on the member’s behalf paid directly to the custodian of an eligible retirement plan, as defined by the Internal Revenue Code. If a member rolls money into the Investment Plan from another qualified plan, which brings the account balance greater than \$1,000, no automatic distribution will occur unless the balance should become \$1,000-~~00~~ or less in the future.

(c) If such member returns to FRS-covered employment after receiving this automatic distribution, the member is not considered a reemployed retiree and will not be subject to any limitation applicable to such employees.

~~(7)~~ (8) Required Minimum Distributions (“RMD”).

(a) Members, age 70½ or older, must begin taking an annual minimum distribution from their qualified plan accounts including 401(k), 457, 403(b) plans and IRA accounts if they have terminated employment. The amount of an RMD in any year is based on account balances as of December 31st of the prior year. The member must have terminated all FRS covered employment in order for an RMD to be processed. Once the RMD has been calculated, the RMD will be paid to the member, even if the member returns to active FRS employment during the calendar year.

(b) The FRS Investment Plan Administrator will notify a member who is subject to an RMD distribution at the beginning of each calendar year. At the end of the calendar year in which the RMD was required to be paid, if the member has not requested the required RMD distribution amount ~~met the RMD requirements~~, the FRS Investment Plan Administrator will initiate an automatic RMD to meet the mandatory required distribution amount. ~~The member must have terminated all FRS covered employment in order for an RMD to be processed.~~ Members have the right to defer the initial RMD to April of the year following the year in which the RMD was payable. Members can defer the initial RMD by calling the FRS Investment Plan Administrator by November 30.

(c) If such member returns to FRS-covered employment after receiving this automatic distribution, the member is not considered a reemployed retiree and will not be subject to any limitations applicable to such employees.

~~(8)~~ (9) Distributions to non-spousal beneficiaries.

(a) In accordance with Internal Revenue Service (IRS) rules, non-spousal beneficiary accounts cannot be held indefinitely in the FRS Investment Plan. The amount of time a non-spousal beneficiary has before benefits must commence are more restrictive than for a spousal beneficiary. The “required minimum distribution” is required by the Internal Revenue Service and spelled out in IRS Code Section 401(a)(9), requiring that if the beneficiary is not a spouse, the Investment Plan can hold the distribution for no more than 5 years from the date of the member’s death.

(b) For a non-spousal beneficiary, there are two possibilities, depending upon whether payments from the account had commenced to the member before his or her death:

1. Where distributions have already begun to the member, but the member dies before his or her entire account has been distributed, the remaining portion of the account must be distributed at least as rapidly as under the method of distribution being used as of the date of the member’s death.

2. If a member dies before the distribution of the member's account has begun, the entire account of the member must be distributed within 5 years after the death of the member, unless:

a. The member's account will be distributed over the life of the designated beneficiary (or over a period not extending beyond the life expectancy of such beneficiary), and

b. Such distributions begin no later than 1 year after the date of the member's death.

(c) The non-spousal beneficiary must decide within 1 year of the date of death to take lifetime installment or annuity payouts; otherwise, the entire account balance must be distributed within 5 years.

(d) If the whole amount is not paid out during the required 5-year period, the remaining funds in the account will be paid in a lump sum to the non-spousal beneficiary.

~~(9)~~ (10) Beneficiaries who are minors.

(a) A minor is a child under the age of 18. Section 744.301, F.S., allows for the natural guardian (surviving parent) to handle benefits to a minor child where that amount does not exceed \$15,000, without court appointment, authority or bond.

(b) In all cases where a minor child or children are the beneficiary(ies) of the member, a copy of the birth certificate of all minor children shall be sent to the FRS Investment Plan Administrator, and shall be received prior to any payout, regardless of the amount. The purpose is to provide proof that the surviving parent is the natural guardian of the children. The FRS Investment Plan Administrator shall confirm that the surviving parent is providing the instructions for any payment arrangements being made.

(c) In all cases in which a minor is a beneficiary of an account balance which is greater than \$15,000, the FRS Investment Plan Administrator shall place a hold on the account and advise the SBA of the situation and the SBA shall send instructions to the FRS Investment Plan Administrator for any additional action.

(d) If the individual responding to the correspondence sent by the Administrator and providing instructions for payout is not the surviving parent, the Administrator shall request the individual to provide a Court Order wherein a guardian has been appointed for the minor, prior to payout of any balance and the Administrator shall take directions only from the named guardian.

(e) If no instructions for payout are received, the Administrator shall notify the SBA and the SBA will contact the probate court with jurisdiction over the estate of the member to request direction on the disposition of the minor's interest in the account. Expenses shall be deducted from the member's account.

~~(10)~~ (11) Invalid distributions.

(a) An "invalid distribution" is a distribution given to a member to which the member is not entitled.

(b) If a member or a former member of the FRS Investment Plan receives an invalid distribution, the member or former member is required to repay the entire invalid distribution within 90 days of the member's receipt of a final notification from the SBA. If the member fails to repay the invalid distribution, the employer is liable for the repayment of the invalid distribution even if the member signed a statement at the time the member was hired that no benefit had been received from the Plan.

1. If a member repays the entire distribution, the member's repayment will be deposited in his FRS Investment Plan account; he will be returned to the Investment Plan; and all future employer contributions will be deposited in the funds he has chosen.

2. If the employer repays the entire distribution, the repayment will be deposited in the Investment Plan Trust Fund and allocated to the Investment Plan's forfeiture account to offset plan expenses. The member will be returned to the Investment Plan; and all future employer contributions will be deposited in the funds the member has chosen.

3. If the member fails to repay the invalid distribution, the SBA will declare the member a "retiree" and will pursue the repayment of the invalid distribution pursuant to paragraph (b) above. As a "retiree," the member is subject to the restrictions of Section 121.122, F.S., which means that if the member is reemployed in the future with an FRS-covered employer, the member is not eligible for Special Risk membership, or for the Deferred Retirement Option Program, nor for disability benefits. Section 121.122, F.S., has other restrictions and should be read by the member with his or her particular situation in mind.

(c) The following are examples of scenarios that could result in invalid distributions. They are only examples and are not inclusive of all possible situations. Members and employers are encouraged to contact the FRS Investment Plan Administrator to discuss the particular situation.

1. Example 1: A member joined the FRS Investment Plan effective September 1, 2002. He terminated all employment from his FRS-covered employer on August 24, 2009. On December 15, 2009, he takes a partial distribution from his Investment Plan account. However, he returned to FRS-covered employment on December 1, 2009. The member took an invalid distribution because he was working for an FRS-covered employer at the time he received the distribution. His payroll record reflected the August 24, 2009, termination date but did not yet reflect his rehire date. Therefore, because the payroll report is not required from the employer to the Division of Retirement until the 5th business day of the month following the end of the work-month, the FRS Investment Plan Administrator, which receives its information from the Division of Retirement, had no knowledge of his return to work in the middle of December, since the information would not have arrived until at least January 6. The member is asked at the time of the distribution whether he is employed or pending employment with an FRS covered employer. If it is determined that the member knew or reasonably knew the answer to this question was yes, the member has taken an invalid distribution.

2. Example 2: A member joined the FRS Investment Plan effective April 1, 2004. He terminates all FRS-covered employment on November 12, 2009. The member has not reached his normal retirement date. On March 1, 2010, the member takes a total distribution from his Investment Plan account. The member returns to FRS-covered employment on April 15, 2010. The March 1, 2010 distribution is invalid since the member returned to work within 6 calendar months of his retirement date.

3. Example 3: A member joined the FRS Investment Plan effective May 1, 2005. He terminates all FRS-covered employment on November 12, 2009. The member has reached his normal retirement date. On January 5, 2010, the member receives his one-time distribution of up to 10 percent from his Investment Plan account. The member returns to FRS-covered employment on May 15, 2010. The January 5, 2010 distribution is invalid since the member returned to work within 6 calendar months of his retirement date.

(12) Documentation of a distribution made prior to August 30, 2007.

A member or beneficiary who requests documentation of a distribution made prior to August 30, 2007 will incur a special service charge due to the extensive resources required to retrieve and produce such documentation. The requestor will be advised of the amount of such charge at the time request is made. Upon payment of the charge by the requestor, the request will be promptly processed.

Rulemaking Authority 121.4501(8)(a) FS. Law implemented 119.07(4)(d), 121.021(29), (39), 121.091(5)(j), 121.4501(20), 121.591, 121.7, 732.802. FS. History-New 3-9-06, Amended 11-26-07, 5-19-09, 1-7-10, _____.

19-11.009 Reemployment with an FRS-covered Employer after Retirement.

(1) Purpose: The purpose of this rule is to clarify the provisions regarding reemployment after retirement for FRS Investment Plan members. The limitations of this rule apply to reemployment in any capacity irrespective of the category of funds from which the member is compensated.

(2)(a) A member who has terminated FRS-covered employment and has taken a distribution from his Investment Plan account is considered a retiree, as of the date of the distribution, in accordance with Section 121.4501(2)(j), F.S. As a retiree, the former member shall not be reemployed with an FRS-covered employer until he has been retired for 12 months, except under certain limitations. Any retiree may return to employment with an FRS-covered employer after 12 calendar months of retirement and may take distributions from prior career benefits, even while reemployed. A retiree may work for any private employer or for any public employer who does not participate in the FRS without affecting his/her FRS retirement benefits.

(b) A member who is reemployed with an employer during the first six calendar months after retirement shall be deemed to not have retired. The distribution will be deemed an invalid distribution.

The member shall be required to repay the entire invalid distribution within 90 days of the member's receipt of a final notification.

(c) ~~(b)~~ There are exceptions to paragraph (2)(a) above. This paragraph does not contain an exhaustive list of all possible situations. Members who are not in exactly the same circumstances as described in this paragraph should call the toll-free MyFRS Financial Guidance Line at 1 (866) 446-9377, Option 1, to have their situations properly analyzed.

1. If reemployed prior to July 1, 2010, ~~4. A~~ a member who has reached his normal retirement date, in accordance with Section 121.021(29), F.S., may return to FRS-covered employment after being retired for ~~one six~~ six calendar months. ~~Six One~~ six calendar months means ~~six the~~ six full calendar months following the month the member retired. For example, if a member retires in January, the six calendar months are February, March, April, May, June, and July. The retiree may return to employment in August. The retiree may return to employment in one of the excepted positions identified in Section 121.091(9)(b), F.S., and continue to take distributions from prior career benefits. If the retiree returns to work in a position that is not one of the exceptions allowed by law, he/she must suspend receipt of any remaining retirement benefits until either employment is terminated or the completion of for the remainder of the 12 calendar months of after retirement.

~~2. A member who has not reached his normal retirement date, in accordance with Section 121.021(29), F.S., can return to work in one of the excepted positions identified in Section 121.091(9)(b), F.S., FRS covered employment after being retired for three calendar months. "Three calendar months" means three full calendar months following the month in which the member retired. For example, if a member retires in January, the three calendar months are February, March, and April. The retiree may return to employment in May in one of the excepted positions identified in Section 121.091(9)(b), F.S., and continue to take distributions from prior career benefits. If the retiree returns to work in a position that is not one of the exceptions allowed by law, he/she must suspend receipt of any remaining retirement benefits for the remainder of the 12 months after retirement.~~

2. If reemployed on or after July 1, 2010, a member may return to work in any position with an FRS-covered employer after being retired for six calendar months. Six calendar months means six full calendar months following the month the member retired. For example, if a member retires in January, the six calendar months are February, March, April, May, June, and July. The retiree may return to employment in August. The member must suspend receipt of any remaining retirement benefits until either employment is terminated or the completion of 12 calendar months of retirement. Effective July 1, 2010, there are no excepted positions. A member reemployed on or after July 1, 2010 will not be permitted to renew membership in the FRS.

(3) The Plan Choice Administrator must be informed whenever an FRS Investment Plan retiree returns to employment with an FRS-covered employer during the first 12 calendar months of retirement.

(4)(a) Any retiree employed in violation of the FRS Investment Plan reemployment limitations and ~~any employing agency which knowingly an employer~~ that employs or appoints such person are jointly and severally liable to the retirement trust fund for reimbursement of any benefits paid. ~~To avoid liability, such employing agency must have a written statement from the retiree that he or she is not retired from a state-administered retirement system.~~

(b) To help prevent this issue, the employer should obtain a written statement from each prospective employee as to the employee's retirement status. The written statement can be set forth on the "Certification Form," Form CERT, rev. 09/2010 and can be found on the MyFRS website. This form should be retained in the employee's personnel file.

(c) When a prospective employee signs the Certification Form, the employee is certifying that he or she has not retired from any State of Florida administered retirement plan nor concluded participation in the Deferred Retirement Option Program (DROP) within the past 12 months, or received an initial distribution or rollover from the FRS Investment Plan within the last 6 calendar months.

Specific Authority 121.4501(8)(a) FS. Law Implemented 121.021(29), (39), 121.091(9)(b),(c), 121.4501(2)(j), 121.591(1)(a)4. FS. History--New 11-26-07, Amended 12-8-08, _____.