

MEETING OF THE STATE BOARD OF ADMINISTRATION

**GOVERNOR SCOTT AS CHAIR
CHIEF FINANCIAL OFFICER PATRONIS
ATTORNEY GENERAL BONDI**

June 13, 2018

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AGENDA

**ITEM 1. REQUEST APPROVAL OF THE MINUTES OF THE MARCH 7, 2018
CABINET MEETING.**

(See Attachment 1)

ACTION REQUIRED

**ITEM 2. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF
FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION
WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$28,000,000
FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY
MORTGAGE REVENUE BONDS, 2018 (SERIES TO BE DESIGNATED)
(LOGAN HEIGHTS APARTMENTS)**

(See Attachment 2)

ACTION REQUIRED

**ITEM 3. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF
FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION
WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$16,500,000
FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY
MORTGAGE REVENUE BONDS, 2018 (SERIES TO BE DESIGNATED)
(CARIBBEAN VILLAGE)**

(See Attachment 3)

ACTION REQUIRED

- ITEM 4. APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$280,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, DEPARTMENT OF TRANSPORTATION RIGHT-OF-WAY ACQUISITION AND BRIDGE CONSTRUCTION BONDS, SERIES (TO BE DETERMINED)**

(See Attachment 4)

ACTION REQUIRED

- ITEM 5. APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$330,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION TURNPIKE REVENUE BONDS, SERIES (TO BE DETERMINED)**

(See Attachment 5)

ACTION REQUIRED

- ITEM 6. REQUEST APPROVAL OF A DRAFT LETTER TO THE JOINT LEGISLATIVE AUDITING COMMITTEE AFFIRMING “THE SBA TRUSTEES HAVE REVIEWED AND APPROVED THE AUDITOR GENERAL’S ANNUAL FINANCIAL AUDIT OF LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND (FLORIDA PRIME) Report No. 2017-099 AND ACTIONS TAKEN, IF ANY, TO ADDRESS ANY IMPACTS.” (SECTION 218.409(6)(a)1, F.S.)**

(See Attachment 6)

ACTION REQUIRED

- ITEM 7. REQUEST APPROVAL OF THE 2018-2019 FLORIDA HURRICANE CATASTROPHE FUND REIMBURSEMENT PREMIUM FORMULA.**

REQUEST AUTHORITY TO FILE A NOTICE OF PROPOSED RULE FOR THE FLORIDA HURRICANE CATASTROPHE FUND FOR RULE 19-8.028, F.A.C., REIMBURSEMENT PREMIUM FORMULA, AND TO FILE THIS RULE, ALONG WITH THE INCORPORATED FORM, FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING, OR IF A HEARING IS REQUESTED BUT NO NOTICE OF CHANGE IS NEEDED.

(See Attachment 7)

ACTION REQUIRED

ITEM 8. REQUEST APPROVAL OF THE STATE BOARD OF ADMINISTRATION'S 2018 CORPORATE GOVERNANCE PRINCIPLES AND VOTING GUIDELINES.

(See Attachment 9)

ACTION REQUIRED

ITEM 9. REQUEST APPROVAL OF CHANGES TO THE INVESTMENT POLICY STATEMENT FOR THE FLORIDA RETIREMENT SYSTEM PENSION PLAN (i.e., FLORIDA RETIREMENT SYSTEM DEFINED BENEFIT (DB) PLAN), AS REQUIRED UNDER s. 215.475(2), F.S.

The Investment Policy Statement, required pursuant to s. 215.475, F.S., is the principal vehicle through which the Trustees establish investment objective(s), risk tolerance, asset allocation and address associated policy issues for the DB Plan.

Every year, the State Board of Administration (SBA) staff and SBA investment consultants perform an in-depth analysis of the DB Plan's assets and liabilities or asset liability study. The purpose of the asset liability study is to reassess the DB Plan's investment policy in light of the latest actuarial study and long-term capital market return and risk expectations. At the March 19, 2018 Investment Advisory Council meeting, the SBA's investment consultant presented the results of the asset liability study and recommended changes to the Fixed Income asset class benchmark. Prior to any changes to the Investment Policy Statement being presented to the Trustees, the Executive Director of the Board must present such changes to the Investment Advisory Council for review. Results of the council's review must be presented to the Trustees before final approval of changes to the Investment Policy Statement.

(See Attachment 9 for DRAFT versions of the FRS DB Plan Investment Policy Statement that were reviewed by the Investment Advisory Council on June 11, 2018.)

ACTION REQUIRED

ITEM 10. REQUEST APPROVAL OF THE INVESTMENT POLICY STATEMENT FOR THE LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND (NOW KNOWN AS "FLORIDA PRIME"), AS REQUIRED UNDER s. 218.409(2)(d), F.S.

The Investment Policy Statement for the Local Government Surplus Funds Trust Fund must be annually reviewed by the Investment Advisory Council and the Participant Local Government Advisory Council, and reviewed and approved by the Trustees. The last review and approval of the Local Government Surplus Funds Trust Fund Investment Policy Guidelines by the Trustees was on June 14, 2017.

(See Attachment 10)

ACTION REQUIRED

ITEM 11. REQUEST APPROVAL OF SBA QUARTERLY REPORT REQUIRED BY THE PROTECTING FLORIDA’S INVESTMENTS ACT (PFIA).

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

(See Attachment 11)

ACTION REQUIRED

ITEM 12. REQUEST APPROVAL OF A DRAFT LETTER TO THE JOINT LEGISLATIVE AUDITING COMMITTEE AFFIRMING “THE SBA TRUSTEES HAVE REVIEWED AND APPROVED THE MONTHLY [FLORIDA PRIME] SUMMARY REPORTS AND ACTIONS TAKEN, IF ANY, TO ADDRESS ANY IMPACTS.” (SECTION 218.409(6)(a)1, F.S.)

(See Attachment 12)

ACTION REQUIRED

ITEM 13. QUARTERLY REPORTS PURSUANT TO SECTION 215.44 (2)(e), FLORIDA STATUTES

- Executive Director & CIO Introductory Remarks and Standing Reports
- Major Mandates Investment Performance Reports as of December 31, 2017
 - Florida Retirement System Pension Plan (DB)
 - Florida Retirement System Investment Plan (DC)
 - Florida PRIME (Local Government Surplus Funds Trust Fund)
 - Lawton Chiles Endowment Fund (LCEF)
 - Florida Hurricane Catastrophe Fund (FHCF)

(See Attachments 13A – 13B)

ITEM 14. REQUEST APPROVAL OF THE STATE BOARD OF ADMINISTRATION’S PROPOSED BUDGETS FOR FISCAL YEAR 2018-2019: (1) STATE BOARD OF ADMINISTRATION; (2) FRS INVESTMENT PLAN; (3) FLORIDA HURRICANE CATASTROPHE FUND; (4) DIVISION OF BOND FINANCE; AND, (5) FLORIDA PREPAID COLLEGE BOARD.

(See Attachment 14 – Back up to Follow)

ACTION REQUIRED

STATE OF FLORIDA

IN RE: MEETING OF THE GOVERNOR AND CABINET

CABINET MEMBERS: GOVERNOR RICK SCOTT
 ATTORNEY GENERAL PAM BONDI
 CHIEF FINANCIAL OFFICER JIMMY PATRONIS
 COMMISSIONER OF AGRICULTURE ADAM PUTNAM

DATE: WEDNESDAY, MARCH 7, 2018

LOCATION: CABINET MEETING ROOM
 LOWER LEVEL, THE CAPITOL
 TALLAHASSEE, FLORIDA

REPORTED BY: LISA SNYDER
 COURT REPORTER

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1 **STATE BOARD OF ADMINISTRATION**

2 GOVERNOR SCOTT: I'd like to recognize Ash
3 Williams, with the State Board of Administration.

4 EXECUTIVE DIRECTOR WILLIAMS: Thank you. Good
5 afternoon, Governor, Trustees and Cabinet members.

6 By way of update on the Fund, as of last night's
7 close fiscal year-to-date, Florida Retirement System
8 Trust Fund is up 8.71 percent. That's five basis
9 points ahead of target. Leaves the Fund balance at
10 \$162.2 Billion, which is 8.7 Billion ahead of where we
11 started the year, net of distributions that, as you
12 know, average about 600 Million a month.

13 I would also report, we had yesterday a report
14 from a firm called CEM, which is Cost Effectiveness
15 Management, based in Toronto. They manage-- they study
16 data on major pension funds, both public and private,
17 in north America, and they come out with reports that
18 show relative value added, and relative cost, etc., and
19 the CEN that's the source of our cost effectiveness
20 information that we share with you. I'm happy to
21 report that we continue to be among the lowest cost
22 funds in north America.

23 But, I think of equal, if not greater, interest is
24 that on a trailing five year basis our value added
25 relative to our policy portfolio, which is to say the

1 value added by the way we execute that policy, through
2 our active management decision making, the amount of
3 value we added, compared to all the other pension funds
4 in north America, puts us in the 98th percentile of
5 accomplishment over a trailing five year period, and
6 the dollar value of that out performance is 74.4
7 Billion. So, that's a nice thing to have. Happy to
8 report on that.

9 GOVERNOR SCOTT: That's very positive.
10 Congratulations, sir.

11 EXECUTIVE DIRECTOR WILLIAMS: Thank you.
12 Appreciate your support in getting there, because it's
13 good governance and policy on your part that makes a
14 lot of that possible.

15 So, with that, I will jump on into the agenda.

16 Item one, request approval of the minutes of the
17 December 13, 2017 Cabinet meeting.

18 GOVERNOR SCOTT: So, item one and two together,
19 they are both minutes. Is there a motion on items one
20 and two?

21 ATTORNEY GENERAL BONDI: So moved.

22 GOVERNOR SCOTT: Is there a second?

23 CFO PATRONIS: Second.

24 GOVERNOR SCOTT: Comments or objections?

25 (NO RESPONSE)

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Items three and four are fiscal determinations relating to the Florida Housing Finance agency.

The first is construction of a multi-family rental apartment facility in Palm Beach County. And, item four is construction of a multi-family facility in Hernando County. If we want to do those two together, Governor.

GOVERNOR SCOTT: Three and four. Is there a motion?

ATTORNEY GENERAL BONDI: So moved.

GOVERNOR SCOTT: Is there a second?

CFO PATRONIS: Second.

GOVERNOR SCOTT: Comments or objections?

(NO RESPONSE)

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item five, is the fiscal sufficiency, not exceeding \$52 Million, State of Florida Department of Education, Florida College System, Capital Improvement Revenue Refunding Bonds.

GOVERNOR SCOTT: Is there a motion on the item?

ATTORNEY GENERAL BONDI: So moved.

GOVERNOR SCOTT: Is there a second?

CFO PATRONIS: Second.

GOVERNOR SCOTT: Comments or objections?

(NO RESPONSE)

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

The next item, item six, approval of fiscal sufficiency of an amount not exceeding \$100 Million, State of Florida, Department of Transportation, Right-of-Way Acquisition and Bridge Construction Bonds.

GOVERNOR SCOTT: Is there a motion on the item?

ATTORNEY GENERAL BONDI: So moved.

GOVERNOR SCOTT: Is there a second?

CFO PATRONIS: Second.

GOVERNOR SCOTT: Comments or objections?

(NO RESPONSE)

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item seven, this is the report on the Protecting Florida's Investments Act. We have the same group of companies that appear relative to both Soudan and Iran. We added six to the scrutinized category. Did not take any away, and we did not add any to the continued exam category. With regard to Soudan, we took two off.

There were no changes regarding to Iran.

I do have a compliance item I'd like to report on.

1 Last week, tail-end of the week, we learned of
 2 something that's rare, but not unprecedented, and that
 3 is we were accomplishing a transaction between several
 4 of our external third-party investment partner managers
 5 where we were terminating one and moving to some
 6 others, and incorrectly shares of two companies, that
 7 are on the prohibited list, were purchased. We caught
 8 the error immediately. Reversed the trades. Were out
 9 of them, and we are economically neutral on the whole
 10 experience.

11 So, it's cured, but nonetheless it occurred, and
 12 that's a statutory compliance issue. So, I wanted to
 13 report it to you. Immediately it's dealt with. We
 14 located the source of that error, and we will do
 15 whatever is necessary to make sure it doesn't recur.

16 So, unless there is anything further on that one.

17 GOVERNOR SCOTT: Is there a motion on item seven?

18 ATTORNEY GENERAL BONDI: So moved.

19 GOVERNOR SCOTT: Is there a second?

20 CFO PATRONIS: Second.

21 GOVERNOR SCOTT: Comments or objections?

22 (NO RESPONSE)

23 GOVERNOR SCOTT: Hearing none, the motion carries.

24 Item eight?

25 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

1 Item eight, request approval of a draft letter to
 2 the Joint Legislative Auditing Committee affirming that
 3 the SBA trustees have reviewed and approved the monthly
 4 Florida Prime summary reports, and taken actions as
 5 needed to address any impacts. There are no impacts,
 6 and therefore no action is needed.

7 GOVERNOR SCOTT: All right. Is there a motion on
 8 the item?

9 ATTORNEY GENERAL BONDI: So moved.

10 GOVERNOR SCOTT: Is there a second?

11 CFO PATRONIS: Second.

12 GOVERNOR SCOTT: Comments or objections?

13 (NO RESPONSE)

14 GOVERNOR SCOTT: Hearing none, the motion carries.

15 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

16 Item nine, is the normal sweep of quarterly
 17 reports, and I guess what I would say there, in the
 18 interest of time, is that when we look at both the
 19 defined benefit and the defined contribution plan,
 20 performance is ahead of target for one, three, five,
 21 and ten year periods.

22 With regard to the pension plan, we finished in
 23 the top quartile of the TUCS, Trust Universe Comparison
 24 Service of major pension funds for all periods. And,
 25 as I said earlier, we've been very successful in adding

1 value.

2 I would say that the one period in which we have
3 under-performed in the pension plan is the ten year
4 timeframe on the absolute nominal basis, and that's
5 because that ten year period has both the great
6 financial crisis in it--

7 GOVERNOR SCOTT: Because you weren't here, right?

8 EXECUTIVE DIRECTOR WILLIAMS: Almost. I got that
9 defense for a few more months. It will be 10 years in
10 October I've been back. So, but, yes-- I thank you for
11 that. I will take that defense.

12 Also, I would say, you know we always have
13 included in the background materials for the quarterly
14 meetings major mandate performance, which covers
15 Florida Prime, Hurricane Catastrophe Fund, and the
16 Lawton Chiles Endowment; all of those are performing
17 ahead of target, and none have compliance issues.

18 We also have reports from our Inspector General,
19 our Chief Audit Executive, our audit committee, local
20 government advisory counsel, and investment advisory
21 counsel; the key thing there is an update on
22 legislation, that you had previously approved, to
23 repeal the participant local government advisory
24 counsel.

25 Representative White and Senator Montford have

1 been handling that for us. It will be on special order
2 in the Senate Thursday. It's already out of the House.
3 That's going well. So, we thank them for their
4 assistance.

5 Um, and--

6 GOVERNOR SCOTT: CFO, you have a question?

7 CFO PATRONIS: Yeah. thank you, Governor.

8 Give us a recap. Storm's over. What's the CAT
9 fund gonna look like for the 2018 season?

10 EXECUTIVE DIRECTOR WILLIAMS: Good question. We
11 are holding back an anticipated \$2 Billion in
12 Irma-related losses. You know, losses can take years
13 to develop, so we still think that's a good estimate.

14 We have \$14.1 Billion in cash, unincumbered. We
15 have \$2.2 Billion in pre-event data issuance proceeds.
16 We will eventually have to pay those back, so we always
17 treat those differently. But, that gives us
18 essentially enough cash in pre-event, on-hand, and we
19 are taking into consideration of premium for the
20 upcoming hurricane season.

21 We are within a fairly limited-- short striking
22 distance, \$700 Million, or so, from our statutory limit
23 of \$17 Billion.

24 Our debt capacity estimate, which will be renewed
25 in May, is currently about 8 Billion. So, 700 Million

1 short fall, versus 8 Billion debt capacity, we've got
2 plenty of runway. And, I think we come into the
3 current season-- the coming season in very strong
4 position.

5 We will make a decision a little bit later on, on
6 risk transfer.

7 We've got-- we'll be looking at that market very
8 closely in the next few weeks to get a better sense of
9 capacity pricing, et cetera, see where we were, where
10 we are, relative to the past few seasons, and we'll
11 make that call at the appropriate time and come to you
12 with a recommendation.

13 GOVERNOR SCOTT: Thanks, Ash.

14 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

15 GOVERNOR SCOTT: All right. This concludes our
16 meeting. Our next one is May 15th.

17 WHEREUPON, the meeting was adjourned at 1:59 p.m.
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1
2 CERTIFICATE OF REPORTER
3

4 I HEREBY CERTIFY that I, Lisa C. Snyder, Court Reporter
5 and Notary Public, did report the foregoing proceedings and
6 that these proceedings were reduced to computer
7 transcription under my personal supervision and is a true
8 and accurate record of the proceedings;

9 THAT the proceedings were taken at the time and place
10 as specified.

11 THAT I am neither of kin nor counsel to any of the
12 parties involved in this matter, nor in any manner
13 interested in the results thereof.

14 THIS 20th of March, 2018.
15

16 /s/_____
17 LISA C. SNYDER
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25

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

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: May 25, 2018

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$28,000,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, 2018 (SERIES TO BE DESIGNATED) (LOGAN HEIGHTS APARTMENTS)

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$28,000,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2018 (series to be designated) (the "Bonds") for the purpose of financing the acquisition and rehabilitation of a multifamily rental development located in Seminole County, Florida (Logan 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

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$28,000,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS,
2018 (SERIES TO BE DESIGNATED) (LOGAN HEIGHTS APARTMENTS)**

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$28,000,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2018 (one or more series to be designated) (the "Bonds") for the purpose of financing the acquisition and rehabilitation of a multifamily rental development located in Seminole County, Florida (Logan Heights Apartments); and,

WHEREAS, the Corporation has requested the State Board of Administration of Florida (the "Board") 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 described in 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, 2018 (one or more series to be designated) (Logan Heights Apartments), in an amount not exceeding \$28,000,000, 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 June 13, 2018

STATE OF FLORIDA)
:
COUNTY OF LEON)

I, **Ashbel C. Williams**, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting June 13, 2018, making the fiscal determination in connection with the issuance of an amount not exceeding \$28,000,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2018 (series to be designated) (Logan Heights Apartments).

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 13th day of June 2018.

Ashbel C. Williams, Executive Director & CIO

(SEAL)

May 21, 2018

VIA HAND DELIVERY

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

RE: FHFC Multifamily Mortgage Revenue Bonds
Not to Exceed \$28,000,000 Tax-Exempt Bonds
Logan Heights Apartments

Dear Mr. Williams:

On behalf of Florida Housing Finance Corporation ("Florida Housing or "FHFC"), I am submitting a cash flow analysis for the approval of fiscal determination of the above-referenced bond issue prepared by the Bond Underwriter, RBC Capital Markets. Florida Housing endorses this analysis and believes it will show sufficient coverage.

This bond issue will be a Public Offering. We request that this item be placed on the agenda for approval at the State Board of Administration's June 13, 2018 Cabinet meeting, due to financing and closing schedules.

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

Sincerely,



Tim Kennedy
Assistant Director of Multifamily Programs

TK/rg

Enclosures

Rick Scott, Governor

Board of Directors: Ray Dubuque, Chairman • Ron Lieberman, Vice Chairman
Natalia Bastian • Renier Diaz de la Portilla • LaTasha Green-Cobb • Creston Leifried • Bernard "Barney" Smith • Mario Facella
Julie Dennis, Florida Department of Economic Opportunity

Harold "Trey" Price, Executive Director

Florida Housing Finance Corporation
Multifamily Housing Revenue Bonds
Logan Heights Apartments

Principal Amount of Bonds Issued:	\$ 28,000,000
Interest Rate:	2.0000%
Maturity:	1/1/2020

Par Amount of US Treasuries Purchased	\$ 28,120,000.00
Cost of US Treasuries	\$ 27,889,818.75
Cost of US Treasuries including Accrued Interest	\$ 27,914,752.17
Deposit to rebate	\$ 85,247.83

Deposit of Funds: It is assumed that the bond proceeds will be deposited at closing to the Project Fund and funds derived from the FHA lender advance will be deposited to the Collateral Fund and the Capitalized Interest Account of the Bond Fund. Shortly after closing, bond proceeds will be used to acquire and rehab the development. Amounts on deposit in the Project Fund, Collateral Fund and Capitalized Interest Account will be invested in Eligible Investments.

Cash Flow Report

Funds Available to Pay Debt Service								Remaining Assets	Princ. & Intr. Debt Coverage Ratio (DCR)
Date	US Treasury Principal Amount	Price of Treasuries	Interest Rate	2.000% Interest Due on Bonds	Principal Due on Bonds	Total Debt Service & Fees Payable	Outstanding Bond Balance	Balance Remaining in Accounts	P&I Debt Coverage Ratio (DCR)
07/19/18							\$ 28,000,000.00	\$ -	
01/01/19	\$ 2,000,000.00	99.58203125%	1.500%	\$ 252,000.00		\$ 252,000.00	\$ 28,000,000.00	\$ 28,122,875.00	112.60
07/01/19	\$ 4,000,000.00	99.2500000%	1.625%	\$ 280,000.00		\$ 280,000.00	\$ 28,000,000.00	\$ 28,082,750.00	101.30
01/01/20	\$ 22,120,000.00	99.1328125%	1.875%	\$ 280,000.00	\$ 28,000,000.00	\$ 28,280,000.00	\$ -	\$ 10,125.00	1.00
Total	\$ 28,120,000.00			\$ 812,000.00	\$ 28,000,000.00	\$ 28,812,000.00			

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

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: May 25, 2018

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$16,500,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, (SERIES TO BE DESIGNATED) (CARIBBEAN VILLAGE)

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$16,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (the "Notes") for the purpose of financing the construction of a multifamily rental development located in Miami-Dade County, Florida (Caribbean Village). The Notes 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 Notes and all other bonds or notes 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 note 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 \$16,500,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES,
(SERIES TO BE DESIGNATED) (CARIBBEAN VILLAGE)**

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$16,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (the "Notes") for the purpose of financing the construction of a multifamily rental development located in Miami-Dade County, Florida (Caribbean Village); and,

WHEREAS, the Corporation has requested the State Board of Administration of Florida (the "Board") 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 Notes 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 Notes 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 Notes proposed to be issued and all other bonds or notes 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 Notes 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 as described in Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (Caribbean Village), in an amount not exceeding \$16,500,000, 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 Notes and all other bonds or notes 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 June 13, 2018

STATE OF FLORIDA)
:
COUNTY OF LEON)

I, Ashbel C. Williams, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body as described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held June 13, 2018, making the fiscal determination in connection with the issuance of an amount not exceeding \$16,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (Caribbean Village).

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 13th day of June 2018.

Ashbel C. Williams, Executive Director & CIO

(SEAL)

May 21, 2018

VIA HAND DELIVERY

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

RE: FHFC Multifamily Mortgage Revenue Notes
Not to Exceed \$16,500,000 Tax-Exempt Notes
Caribbean Village

Dear Mr. Williams:

On behalf of Florida Housing Finance Corporation ("Florida Housing or "FHFC"), I am submitting a cash flow analysis for the approval of fiscal determination of the above-referenced note issue prepared by the Placement Agent, RBC Capital Markets. Florida Housing endorses this analysis and believes it will show sufficient coverage.

This note issue will be a private placement. We request that this item be placed on the agenda for approval at the State Board of Administration's June 13, 2018 Cabinet meeting, due to financing and closing schedules.

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

Sincerely,



Tim Kennedy
Assistant Director of Multifamily Programs

TK/rg

Enclosures

Rick Scott, Governor

Board of Directors: Ray Dubuque, Chairman • Ron Lieberman, Vice Chairman
Natacha Bastian • Renier Diaz de la Portilla • LaTasha Green-Cobb • Creston Leifried • Bernard "Barney" Smith • Mario Facella
Julie Dennis, Florida Department of Economic Opportunity

Harold "Trey" Price, Executive Director

Florida Housing Finance Corporation
Multifamily Mortgage Revenue Note, Series 2018
Caribbean Village

Debt Service Coverage Schedule

Par Amount of Note: \$ 16,500,000
All-In Note Interest Rate: (1) 4.05%

Debt Service													Debt Service Coverage Ratio
Cumulative Note Balance Outstanding													
Month	Note Draw	Outstanding	Interest Payable (2)	Principal Repayment	Total Debt Service	Interest Expense Line Item from Draw	Miami-Dade County Surtax/HOME Funds	Taxable Loan Proceeds	Tax Credit Proceeds Deposited	Cumulative Sources Available to Pay DS	Less Amounts Required to Pay Debt Service		
Closing		\$ -								\$ -			
1		\$ -	\$ -		\$ -					\$ -		0.00	
2		\$ -	\$ -		\$ -					\$ -		0.00	
3		\$ -	\$ -		\$ -					\$ -		0.00	
4	\$ 1,451,290	\$ 1,451,290	\$ -		\$ -					\$ -		0.00	
5	\$ 1,775,070	\$ 3,226,360	\$ 4,898		\$ 4,898	\$ 4,898				\$ 4,898	\$ 4,898	1.00	
6	\$ 1,873,685	\$ 5,100,045	\$ 10,889		\$ 10,889	\$ 10,889				\$ 10,889	\$ 10,889	1.00	
7	\$ 1,873,685	\$ 6,973,730	\$ 17,213		\$ 17,213	\$ 17,213				\$ 17,213	\$ 17,213	1.00	
8	\$ 1,577,840	\$ 8,551,570	\$ 23,536		\$ 23,536	\$ 23,536				\$ 23,536	\$ 23,536	1.00	
9	\$ 1,577,840	\$ 10,129,410	\$ 28,862		\$ 28,862	\$ 28,862				\$ 28,862	\$ 28,862	1.00	
10	\$ 1,577,840	\$ 11,707,250	\$ 34,187		\$ 34,187	\$ 34,187				\$ 34,187	\$ 34,187	1.00	
11	\$ 1,577,840	\$ 13,285,090	\$ 39,512		\$ 39,512	\$ 39,512				\$ 39,512	\$ 39,512	1.00	
12	\$ 1,380,610	\$ 14,665,700	\$ 44,837		\$ 44,837	\$ 44,837				\$ 44,837	\$ 44,837	1.00	
13	\$ 986,150	\$ 15,651,850	\$ 49,497		\$ 49,497	\$ 49,497				\$ 49,497	\$ 49,497	1.00	
14	\$ 848,150	\$ 16,500,000	\$ 52,825		\$ 52,825	\$ 52,825				\$ 52,825	\$ 52,825	1.00	
15		\$ 16,500,000	\$ 55,688		\$ 55,688	\$ 55,688				\$ 55,688	\$ 55,688	1.00	
16		\$ 16,500,000	\$ 55,688		\$ 55,688	\$ 55,688				\$ 55,688	\$ 55,688	1.00	
17		\$ 16,500,000	\$ 55,688		\$ 55,688	\$ 55,688				\$ 55,688	\$ 55,688	1.00	
18		\$ 16,500,000	\$ 55,688		\$ 55,688	\$ 55,688				\$ 55,688	\$ 55,688	1.00	
19		\$ 16,500,000	\$ 55,688		\$ 55,688	\$ 55,688				\$ 55,688	\$ 55,688	1.00	
20		\$ 16,500,000	\$ 55,688		\$ 55,688	\$ 55,688				\$ 55,688	\$ 55,688	1.00	
21		\$ 16,500,000	\$ 55,688		\$ 55,688	\$ 55,688				\$ 55,688	\$ 55,688	1.00	
22		\$ 16,500,000	\$ 55,688		\$ 55,688	\$ 55,688				\$ 55,688	\$ 55,688	1.00	
23		\$ 16,500,000	\$ 55,688		\$ 55,688	\$ 55,688				\$ 55,688	\$ 55,688	1.00	
24		\$ -	\$ 55,688	\$ 16,500,000	\$ 16,555,688	\$ 55,688	\$ 3,744,000	\$ 2,300,000	\$ 10,456,000	\$ 16,555,688	\$ 16,555,688	1.00	
Total	\$ 16,500,000	\$ -	\$ 863,130	\$ 16,500,000	\$ 17,363,130	\$ 863,130	\$ 3,744,000	\$ 2,300,000	\$ 10,456,000	\$ 17,363,130	\$ 17,363,130	1.00	

Notes:
(1) All-in Note interest rate of 4.05% includes the LIBOR base rate plus a spread of 2.15% plus the Issuer fee, Fiscal Agent fee, and a 25bps cushion.
(2) Interest only payments will be paid out of the monthly Note draws (ex. Note draw 1 for \$1,451,290 includes the \$4,898 in interest payable)

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

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: May 25, 2018

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$280,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, DEPARTMENT OF TRANSPORTATION RIGHT-OF-WAY ACQUISITION AND BRIDGE CONSTRUCTION BONDS, SERIES (TO BE DETERMINED)

The Division of Bond Finance of the State Board of Administration (the "Division") has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$280,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series (to be determined) (the "Bonds"), in one or more series, for the purpose of financing the acquisition of right-of-way and bridge construction for the Department of Transportation, and to pay costs associated with the issuance and sale of the Bonds. The Bonds will be issued pursuant to an authorizing resolution adopted by the Governor and Cabinet on February 28, 1989, as amended and supplemented by various resolutions and a sale resolution which is anticipated to be adopted by the Governor and Cabinet on June 13, 2018.

The Bonds to be issued pursuant to Section 17 of Article VII of the State Constitution and Chapter 88-247, Laws of Florida, are to be secured by a pledge of and shall be payable primarily from motor fuel and special fuel taxes, except those defined in Section 9(c) of Article XII of the State Constitution, as provided by law (the "Pledged Gas Taxes"), and shall additionally be secured by the full faith and credit of the State. The Division has heretofore issued State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds and Refunding Bonds, Series 2009A through 2018A (the "Outstanding Bonds"). The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$100,000,000 Right-of-Way Acquisition and Bridge Construction Bonds, Series (to be determined) (the "Series 2018 Bonds") at its March 7, 2018, meeting of which \$10,000 remains unissued. The Division has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the \$10,000 remaining portion of the Series 2018 Bonds. The Bonds will be issued on a parity as to lien and security for payment from the Pledged Gas Taxes with the Outstanding Bonds.

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

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

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT
EXCEEDING \$280,000,000 STATE OF FLORIDA, FULL FAITH AND
CREDIT, DEPARTMENT OF TRANSPORTATION RIGHT-OF-WAY
ACQUISITION AND BRIDGE CONSTRUCTION BONDS,
SERIES (TO BE DETERMINED)**

WHEREAS, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding \$280,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series (to be determined) (the "Bonds"), in one or more series, for the purpose of financing the acquisition of right-of-way and bridge construction for the Department of Transportation, and to pay costs associated with the issuance and sale of the Bonds; and,

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

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

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

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

WHEREAS, the Bonds will be issued pursuant to an authorizing resolution adopted by the Governor and Cabinet on February 28, 1989, as amended and supplemented by various resolutions and a sale resolution which is anticipated to be adopted by the Governor and Cabinet on June 13, 2018; and,

WHEREAS, the Division has heretofore issued State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds and Refunding Bonds, Series 2009A through 2018A (the "Outstanding Bonds"); and,

WHEREAS, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$100,000,000 Right-of-Way Acquisition and Bridge Construction Bonds, Series (to be determined) (the "Series 2018 Bonds") at its March 7, 2018, meeting of which \$10,000 remains unissued; and,

WHEREAS, the Division has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the \$10,000 remaining portion of the Series 2018 Bonds; and,

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

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

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

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

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

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

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body described Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration of Florida to issue an amount not exceeding \$280,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series (to be determined), is hereby approved as to fiscal sufficiency. In addition, the approval of fiscal sufficiency with respect to the unissued portion of the \$100,000,000 Right-of-Way Acquisition and Bridge Construction Bonds, Series (to be determined) approved on March 7, 2018, is hereby rescinded.

ADOPTED June 13, 2018

STATE OF FLORIDA)
:
COUNTY OF LEON)

I, **Ashbel C. Williams**, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held June 13, 2018, approving the fiscal sufficiency of an issue of an amount not exceeding \$280,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series (to be determined), and rescinding the approval of fiscal sufficiency with respect to the unissued portion of the \$100,000,000 Right-of-Way Acquisition and Bridge Construction Bonds, Series (to be determined) approved on March 7, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 13th day of June 2018.

Ashbel C. Williams, Executive Director & CIO

(SEAL)



J. BEN WATKINS III
DIRECTOR

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

1801 HERMITAGE BOULEVARD, SUITE 200
TALLAHASSEE, FLORIDA 32308

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

RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL
AS SECRETARY

JIMMY PATRONIS
CHIEF FINANCIAL OFFICER
AS TREASURER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

May 21, 2018

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

RE: Not Exceeding \$280,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of June 13, 2018.

The bonds will be payable from pledged gas taxes, consisting of certain motor fuel and diesel fuel taxes, and are additionally secured by the full faith and credit of the State of Florida. The proposed bonds will be payable on a parity with the outstanding Series 2009A through 2017A Bonds and the \$99,990,000 Series 2018A Bonds which are expected to be delivered on June 7, 2018. The remaining \$10,000 unsold balance of bonds approved for fiscal sufficiency on March 7, 2018 should be rescinded. The proposed bonds are being issued to finance the acquisition of right-of-way and bridge construction for the Department of Transportation.

The bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the Governor and Cabinet on February 28, 1989, as amended and supplemented by various resolutions and a sale resolution expected to be adopted by the Governor and Cabinet on June 13, 2018. Copies of the February 28, 1989 authorizing resolution and its subsequent supplemental resolutions have previously been provided to you.

May 21, 2018
Page Two

The following documents are enclosed for your consideration:

- Enclosure 1: An estimated coverage schedule based upon the estimated pledged revenues available for debt service;
- Enclosure 2: an estimated debt service schedule for the proposed bonds;
- Enclosure 3: a schedule showing the estimated Highway Fuel Sales Tax collections (the motor and diesel fuel taxes pledged) as projected by the Florida Consensus Estimating Conference at its February 2018 meeting; and,
- Enclosure 4: a draft copy of the sale resolution expected to be adopted on June 13, 2018.

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

Very truly yours,

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

J. Ben Watkins III
Director

JBW:cy

Enclosures

cc: Robert Copeland
Janie Knight
Anthony Doheny
Alex Nottingham
Sharon Vice

NOT EXCEEDING \$280,000,000
STATE OF FLORIDA FULL FAITH AND CREDIT
DEPARTMENT OF TRANSPORTATION
RIGHT-OF-WAY ACQUISITION AND BRIDGE CONSTRUCTION BONDS
SERIES (TO BE DETERMINED)
ESTIMATED SCHEDULE OF COVERAGE ON BONDS

Fiscal Year Ended June 30	Projected Motor & Diesel Fuel Sales Tax Available for Debt Service (1)	Outstanding Debt Service	Debt Service on \$99,990,000 of Series 2018A Bonds which are expected to be delivered on June 7, 2018			Estimated Debt Service on \$280,000,000 of Bonds Requested for Fiscal Sufficiency Approval at June 13, 2018 Meeting (2)			Total Debt Service	Debt Service Coverage (3)	Maximum Allowable Debt Service (4)	Pro Forma Debt Service Coverage (5)
			Principal	Interest	Total	Principal	Interest	Total				
2018	\$ 1,422,700,000	\$ 156,229,179							\$ 156,229,179	9.11x	\$ 275,000,000	5.17x
2019	1,476,100,000	157,325,375	\$ 1,470,000	\$ 4,496,883	\$ 5,966,883	\$ 4,190,000	\$ 13,922,160	\$ 18,112,160	181,404,418	8.14x	275,000,000	5.37x
2020	1,527,100,000	157,433,875	1,825,000	4,142,150	5,967,150	4,425,000	13,790,500	18,215,500	181,616,525	8.41x	275,000,000	5.55x
2021	1,577,900,000	157,430,025	1,915,000	4,050,900	5,965,900	4,645,000	13,569,250	18,214,250	181,610,175	8.69x	275,000,000	5.74x
2022	1,643,700,000	154,345,725	2,015,000	3,955,150	5,970,150	4,880,000	13,337,000	18,217,000	178,532,875	9.21x	275,000,000	5.98x
2023	1,709,700,000	153,431,725	2,115,000	3,854,400	5,969,400	5,125,000	13,093,000	18,218,000	177,619,125	9.63x	275,000,000	6.22x
2024	1,772,100,000	149,932,725	2,220,000	3,748,650	5,968,650	5,380,000	12,836,750	18,216,750	174,118,125	10.18x	275,000,000	6.44x
2025	1,831,100,000	139,525,975	2,330,000	3,637,650	5,967,650	5,650,000	12,567,750	18,217,750	163,711,375	11.18x	275,000,000	6.66x
2026	1,899,100,000	136,253,225	2,445,000	3,521,150	5,966,150	5,930,000	12,285,250	18,215,250	160,434,625	11.84x	275,000,000	6.91x
2027	1,968,200,000	127,926,225	2,570,000	3,398,900	5,968,900	6,225,000	11,988,750	18,213,750	152,108,875	12.94x	275,000,000	7.16x
2028	1,968,200,000	110,502,675	2,700,000	3,270,400	5,970,400	6,540,000	11,677,500	18,217,500	134,690,575	14.61x	275,000,000	7.16x
2029	1,968,200,000	101,983,700	2,835,000	3,135,400	5,970,400	6,865,000	11,350,500	18,215,500	126,169,600	15.60x	275,000,000	7.16x
2030	1,968,200,000	101,962,413	2,945,000	3,022,000	5,967,000	7,210,000	11,007,250	18,217,250	126,146,663	15.60x	275,000,000	7.16x
2031	1,968,200,000	101,924,375	3,065,000	2,904,200	5,969,200	7,570,000	10,646,750	18,216,750	126,110,325	15.61x	275,000,000	7.16x
2032	1,968,200,000	93,445,275	3,185,000	2,781,600	5,966,600	7,945,000	10,268,250	18,213,250	117,625,125	16.73x	275,000,000	7.16x
2033	1,968,200,000	82,209,125	3,315,000	2,654,200	5,969,200	8,345,000	9,871,000	18,216,000	106,394,325	18.50x	275,000,000	7.16x
2034	1,968,200,000	64,833,225	3,445,000	2,521,600	5,966,600	8,760,000	9,453,750	18,213,750	89,013,575	22.11x	275,000,000	7.16x
2035	1,968,200,000	48,131,188	3,585,000	2,383,800	5,968,800	9,200,000	9,015,750	18,215,750	72,315,738	27.22x	275,000,000	7.16x
2036	1,968,200,000	48,093,119	3,730,000	2,240,400	5,970,400	9,660,000	8,555,750	18,215,750	72,279,269	27.23x	275,000,000	7.16x
2037	1,968,200,000	48,066,881	3,875,000	2,091,200	5,966,200	10,145,000	8,072,750	18,217,750	72,250,831	27.24x	275,000,000	7.16x
2038	1,968,200,000	39,886,588	4,030,000	1,936,200	5,966,200	10,650,000	7,565,500	18,215,500	64,068,288	30.72x	275,000,000	7.16x
2039	1,968,200,000	39,884,925	4,195,000	1,775,000	5,970,000	11,185,000	7,033,000	18,218,000	64,072,925	30.72x	275,000,000	7.16x
2040	1,968,200,000	26,896,275	4,360,000	1,607,200	5,967,200	11,740,000	6,473,750	18,213,750	51,077,225	38.53x	275,000,000	7.16x
2041	1,968,200,000	26,901,775	4,535,000	1,432,800	5,967,800	12,330,000	5,886,750	18,216,750	51,086,325	38.53x	275,000,000	7.16x
2042	1,968,200,000	20,990,525	4,715,000	1,251,400	5,966,400	12,945,000	5,270,250	18,215,250	45,172,175	43.57x	275,000,000	7.16x
2043	1,968,200,000	20,992,875	4,905,000	1,062,800	5,967,800	13,595,000	4,623,000	18,218,000	45,178,675	43.56x	275,000,000	7.16x
2044	1,968,200,000	20,993,125	5,100,000	866,600	5,966,600	14,275,000	3,943,250	18,218,250	45,177,975	43.57x	275,000,000	7.16x
2045	1,968,200,000	20,992,850	5,305,000	662,600	5,967,600	14,985,000	3,229,500	18,214,500	45,174,950	43.57x	275,000,000	7.16x
2046	1,968,200,000	20,991,375	5,520,000	450,400	5,970,400	15,735,000	2,480,250	18,215,250	45,177,025	43.57x	275,000,000	7.16x
2047	1,968,200,000	16,058,025	5,740,000	229,600	5,969,600	16,520,000	1,693,500	18,213,500	40,241,125	48.91x	275,000,000	7.16x
2048	1,968,200,000	-	-	-	-	17,350,000	867,500	18,217,500	18,217,500	108.04x	275,000,000	7.16x
Total	\$ 2,545,574,366	\$ 99,990,000	\$ 73,085,233	\$ 173,075,233	\$ 280,000,000	\$ 266,375,910	\$ 546,375,910	\$ 3,265,025,509				

(1) The bonds are payable from the motor fuel and diesel fuel taxes pursuant to Sections 206.41(g) and 206.87(1)(e), Florida Statutes. The projected motor and diesel fuel tax collections for fiscal years 2018 through 2027 are as adopted by the Florida Consensus Estimating Conference on Transportation Revenues, February 2018. The fiscal year 2027 projections are held constant for future years. The projections are based on the best information available when the estimates are made, which is believed to be accurate. Projections are statements of opinion and are subject to future events which may cause the actual results to differ materially from those set forth herein. Undue reliance should not be placed on these projections.

(2) Estimated interest calculated at 5%.

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

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

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

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

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: May 25, 2018

**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING
\$330,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION
TURNPIKE REVENUE BONDS, SERIES (TO BE DETERMINED):**

The Division of Bond Finance of the State Board of Administration (the "Division"), on behalf of the State of Florida Department of Transportation, has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$330,000,000 State of Florida, Department of Transportation Turnpike Revenue Bonds, Series (to be determined) (the "Bonds") for the purpose of financing the construction or acquisition of capital improvements to the Turnpike System. The Bonds will be issued pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Forty-seventh Supplemental Turnpike Revenue Bond Resolution anticipated to be adopted by the Governor and Cabinet on June 13, 2018.

The Division, on behalf of the Department of Transportation, has heretofore issued Turnpike Revenue and Revenue Refunding Bonds, Series 2006A through 2017A (the "Outstanding Bonds"). The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$250,000,000 Turnpike Revenue Bonds, Series (to be determined) at its May 10, 2016, meeting. The Division has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to \$250,000,000 Turnpike Revenue Bonds, Series (to be determined) approved at its May 10, 2016, meeting. The Bonds shall be issued on a parity as to source and security for payment with the Outstanding Bonds. The Bonds shall not be secured by a pledge of the full faith and credit or the taxing power of the State of Florida or any political subdivision thereof.

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

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

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT
EXCEEDING \$330,000,000 STATE OF FLORIDA, DEPARTMENT OF
TRANSPORTATION TURNPIKE REVENUE BONDS, SERIES (TO BE DETERMINED)**

WHEREAS, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding \$330,000,000 State of Florida, Department of Transportation Turnpike Revenue Bonds, Series (to be determined) (the "Bonds"), on behalf of the State of Florida Department of Transportation, for the purpose of financing the construction or acquisition of capital improvements to the Turnpike System; and,

WHEREAS, the Bonds will be issued pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Forty-seventh Supplemental Turnpike Revenue Bond Resolution anticipated to be adopted by the Governor and Cabinet on June 13, 2018, (together, the "Resolution"); and,

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

WHEREAS, the Division, on behalf of the Department of Transportation has heretofore issued Turnpike Revenue and Revenue Refunding Bonds, Series 2006A through 2017A (the "Outstanding Bonds"); and,

WHEREAS, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$250,000,000 Turnpike Revenue Bonds, Series (to be determined) (the "Series 2016 New Money Bonds") at its May 10, 2016, meeting; and,

WHEREAS, the Division of Bond Finance of the State Board of Administration has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the Series 2016 New Money Bonds; and

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

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

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

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

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

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

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

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

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

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration to issue an amount not exceeding \$330,000,000 State of Florida, Department of Transportation Turnpike Revenue Bonds, Series (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency. In addition, the approval of fiscal sufficiency with respect to the \$250,000,000 Turnpike Revenue Bonds, Series (to be determined) approved on May 10, 2016, is hereby rescinded.

ADOPTED June 13, 2018

STATE OF FLORIDA)
:
COUNTY OF LEON)

I, **Ashbel C. Williams**, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held June 13, 2018, approving the fiscal sufficiency of an amount not exceeding \$330,000,000 State of Florida, Department of Transportation Turnpike Revenue Bonds, Series (to be determined), and rescinding the approval of fiscal sufficiency with respect to the \$250,000,000 Turnpike Revenue Bonds, Series (to be determined) approved on May 10, 2016.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 13th day of June 2018.

Ashbel C. Williams, Executive Director & CIO

(SEAL)



J. BEN WATKINS III
DIRECTOR

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

1801 HERMITAGE BOULEVARD, SUITE 200
TALLAHASSEE, FLORIDA 32308

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

RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL
AS SECRETARY

JIMMY PATRONIS
CHIEF FINANCIAL OFFICER
AS TREASURER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

May 21, 2018

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

RE: Not Exceeding \$330,000,000 State of Florida, Department of Transportation Turnpike Revenue Bonds, Series (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of June 13, 2018.

The bonds will be payable from the net revenues of the turnpike system on a parity with the outstanding Series 2006A through 2017A Bonds. The proposed bonds are being issued to finance a portion of the costs of acquisition of the turnpike projects. The \$250,000,000 of Series 2016 (to be determined) bonds approved for fiscal sufficiency on May 10, 2016, should be rescinded.

The bonds will be issued in one or more series pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Forty-seventh Supplemental Turnpike Revenue Bond Resolution expected to be adopted by the Governor and Cabinet on June 13, 2018.

The following documents are enclosed for your consideration:

Enclosure 1: An estimated coverage table for the program including the issuance of the proposed bonds;

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

Enclosure 3: a draft copy of the Forty-seventh Supplemental Resolution expected to be adopted on June 13, 2018.

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

Very truly yours,



J. Ben Watkins III
Director

JBW:wr

Enclosures

cc: Robert Copeland
Janie Knight
Anthony Doheny
Alex Nottingham
Sharon Vice

NOT EXCEEDING \$330,000,000
STATE OF FLORIDA
DEPARTMENT OF TRANSPORTATION
TURNPIKE REVENUE BONDS

ESTIMATED COVERAGE TABLE

FISCAL YEAR ENDING JUNE 30	HISTORICAL/PROJECTED PLEDGED REVENUES ¹				Estimated New Money Debt Service			TOTAL DEBT SERVICE	LESS FEDERAL SUBSIDY ⁴	NET DEBT SERVICE	NET DEBT SERVICE COVERAGE
	TURNPIKE SYSTEM REVENUES	OPERATIONS & MAINTENANCE EXPENSES ²	NET REVENUE	OUTSTANDING DEBT SERVICE							
					Principal	Interest ³	Total				
<u>Historical</u>											
2013	\$ 767,985,000	\$ 157,388,000	\$ 610,597,000	\$ 250,913,432				\$ 250,913,432	\$ (5,684,481)	\$ 245,228,952	2.49 x
2014	816,869,000	165,838,000	651,031,000	251,945,453				251,945,453	(5,515,105)	246,430,348	2.64 x
2015	894,589,000	177,160,000	717,429,000	259,490,034				259,490,034	(5,509,162)	253,980,872	2.82 x
2016	987,149,000	192,458,000	794,691,000	266,964,090				266,964,090	(5,538,877)	261,425,213	3.04 x
2017	1,044,530,000	208,198,000	836,332,000	262,926,889				262,926,889	(5,532,934)	257,393,955	3.25 x
<u>Projected</u>											
2018	\$ 1,042,453,000	\$ 219,969,000	\$ 822,484,000	\$ 262,065,250				\$ 262,065,250	\$ (5,550,763)	\$ 256,514,487	3.21 x
2019	1,129,462,000	221,800,000	907,662,000	254,819,674	\$ 4,455,000	\$ 17,050,000	\$ 21,505,000	276,324,674	(5,550,763)	270,773,911	3.35 x
2020	1,163,309,000	220,390,000	942,919,000	237,113,174	5,225,000	16,277,250	21,502,250	258,615,424	(5,550,763)	253,064,661	3.73 x
2021	1,184,107,000	224,711,000	959,396,000	237,097,892	5,485,000	16,016,000	21,501,000	258,598,892	(5,407,652)	253,191,240	3.79 x
2022	1,214,942,000	229,120,000	985,822,000	218,479,585	5,760,000	15,741,750	21,501,750	239,981,335	(5,231,925)	234,749,411	4.20 x
2023	1,251,108,000	233,618,000	1,017,490,000	209,942,351	6,045,000	15,453,750	21,498,750	231,441,101	(5,049,172)	226,391,929	4.49 x
2024	1,288,187,000	238,247,000	1,049,940,000	209,849,643	6,350,000	15,151,500	21,501,500	231,351,143	(4,859,094)	226,492,049	4.64 x
2025	1,322,428,000	242,972,000	1,079,456,000	209,665,160	6,665,000	14,834,000	21,499,000	231,164,160	(4,661,488)	226,502,672	4.77 x
2026	1,356,414,000	247,792,000	1,108,622,000	188,719,361	7,000,000	14,500,750	21,500,750	210,220,111	(4,455,954)	205,764,157	5.39 x
2027	1,390,318,000	252,709,000	1,137,609,000	187,578,001	7,350,000	14,150,750	21,500,750	209,078,751	(4,219,324)	204,859,427	5.55 x
2028	1,426,284,000	257,708,000	1,168,576,000	163,080,723	7,720,000	13,783,250	21,503,250	184,583,973	(4,252,941)	180,331,032	6.48 x
2029	1,426,284,000	257,708,000	1,168,576,000	156,772,043	8,105,000	13,397,250	21,502,250	178,274,293	(3,976,623)	174,297,670	6.70 x
2030	1,426,284,000	257,708,000	1,168,576,000	149,267,814	8,510,000	12,992,000	21,502,000	170,769,814	(3,688,167)	167,081,647	6.99 x
2031	1,426,284,000	257,708,000	1,168,576,000	146,479,734	8,935,000	12,566,500	21,501,500	167,981,234	(3,386,859)	164,594,375	7.10 x
2032	1,426,284,000	257,708,000	1,168,576,000	146,157,239	9,380,000	12,119,750	21,499,750	167,656,989	(3,072,342)	164,584,647	7.10 x
2033	1,426,284,000	257,708,000	1,168,576,000	145,836,889	9,850,000	11,650,750	21,500,750	167,337,639	(2,743,902)	164,593,737	7.10 x
2034	1,426,284,000	257,708,000	1,168,576,000	134,550,328	10,340,000	11,158,250	21,498,250	156,048,578	(2,400,944)	153,647,634	7.61 x
2035	1,426,284,000	257,708,000	1,168,576,000	118,689,278	10,860,000	10,641,250	21,501,250	140,190,528	(2,042,754)	138,147,774	8.46 x
2036	1,426,284,000	257,708,000	1,168,576,000	118,318,395	11,400,000	10,098,250	21,498,250	139,816,645	(1,668,737)	138,147,908	8.46 x
2037	1,426,284,000	257,708,000	1,168,576,000	88,222,865	11,975,000	9,528,250	21,503,250	109,726,115	(1,278,179)	108,447,936	10.78 x
2038	1,426,284,000	257,708,000	1,168,576,000	76,845,566	12,570,000	8,929,500	21,499,500	98,345,066	(870,366)	97,474,700	11.99 x
2039	1,426,284,000	257,708,000	1,168,576,000	76,339,109	13,200,000	8,301,000	21,501,000	97,840,109	(444,584)	97,395,525	12.00 x
2040	1,426,284,000	257,708,000	1,168,576,000	56,498,375	13,860,000	7,641,000	21,501,000	77,999,375		77,999,375	14.98 x
2041	1,426,284,000	257,708,000	1,168,576,000	40,318,150	14,550,000	6,948,000	21,498,000	61,816,150		61,816,150	18.90 x
2042	1,426,284,000	257,708,000	1,168,576,000	33,546,750	15,280,000	6,220,500	21,500,500	55,047,250		55,047,250	21.23 x
2043	1,426,284,000	257,708,000	1,168,576,000	27,239,675	16,045,000	5,456,500	21,501,500	48,741,175		48,741,175	23.98 x
2044	1,426,284,000	257,708,000	1,168,576,000	16,818,200	16,845,000	4,654,250	21,499,250	38,317,450		38,317,450	30.50 x
2045	1,426,284,000	257,708,000	1,168,576,000	10,041,200	17,690,000	3,812,000	21,502,000	31,543,200		31,543,200	37.05 x
2046	1,426,284,000	257,708,000	1,168,576,000	-	18,575,000	2,927,500	21,502,500	21,502,500		21,502,500	54.35 x
2047	1,426,284,000	257,708,000	1,168,576,000	-	19,500,000	1,998,750	21,498,750	21,498,750		21,498,750	54.36 x
2048	1,426,284,000	257,708,000	1,168,576,000	-	20,475,000	1,023,750	21,498,750	21,498,750		21,498,750	54.36 x
	\$ 3,920,352,421	\$ 330,000,000	\$ 315,024,000	\$ 645,024,000	\$ 4,565,376,421	\$ (80,363,296)	\$ 4,463,514,375				*

¹ Fiscal Years 2013 through 2017 represent audited financial results. Projected revenues and expenses for fiscal year 2018 through fiscal year 2028 provided by the Turnpike's traffic and revenue consultant. For fiscal years 2029 and thereafter, revenue and expense projections have been held constant. However, no representation is made that the amounts shown in any projected fiscal year will be collected.

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

³ Estimated interest calculated at 5%.

⁴ Federal subsidy payments on Build America Bonds Series 2009D, adjusted for actual impact for Sequestration in 2013 through 2017, and an estimated 6.6% reduction through 2027.



**STATE BOARD OF ADMINISTRATION
OF FLORIDA**

**1801 HERMITAGE BOULEVARD, SUITE 100
TALLAHASSEE, FLORIDA 32308
(850) 488-4406**

**POST OFFICE BOX 13300
32317-3300**

**RICK SCOTT
GOVERNOR
CHAIR**

**JIMMY PATRONIS
CHIEF FINANCIAL OFFICER**

**PAM BONDI
ATTORNEY GENERAL**

**ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO**

June 13, 2018

Honorable Jennifer Sullivan
Alternating Chair
Joint Legislative Auditing Committee
317 The Capitol
402 South Monroe Street
Tallahassee, Florida 32399-1300

Honorable Debbie Mayfield
Alternating Chair
Joint Legislative Auditing Committee
324 Senate Office Building
404 South Monroe Street
Tallahassee, Florida 32399-1100

Dear Representative Sullivan and Senator Mayfield:

Section 218.409(9), Florida Statutes, requires the Trustees to report to the Joint Legislative Auditing Committee that they have reviewed the Auditor General's Annual Financial Audit (Report No. 2017-099) of the Local Government Surplus Funds Trust Fund (now known as Florida PRIME). The fund's Financial Audit for the fiscal years 2016 and 2015 was completed in January 2017. The Trustees are also required to certify that any necessary item(s) are being addressed by corrective action by the State Board of Administration (SBA). The Auditor General did not report any material deficiencies.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, which appears to read "Ashbel C. Williams". The signature is fluid and cursive.

Ashbel C. Williams
Executive Director & CIO

ACW/aw
Attachment

cc: Honorable Dennis Baxley
Honorable Tracie Davis
Honorable Randy Fine
Honorable Audrey Gibson
Honorable Joe Gruters
Honorable Roy Hardemon
Honorable Kathleen Passidomo
Honorable Cyndi Stevenson
Honorable Perry Thurston
Ms. Kathy Dubose, Coordinator

**STATE OF FLORIDA
STATE BOARD OF ADMINISTRATION
LOCAL GOVERNMENT SURPLUS
FUNDS TRUST FUND
(FLORIDA PRIME)**

(An External Investment Pool)

For the Fiscal Years Ended
June 30, 2017, and June 30, 2016



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and Executive Director of the State Board of Administration

The State Board of Administration's Board of Trustees is composed of the Governor, as Chair, the Chief Financial Officer, and the Attorney General. The Trustees delegate administrative and investment authority to an appointed Executive Director. Mr. Ashbel Williams served as Executive Director during the audit period.

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The team leader was Barbara St. George, CPA, and the audit was supervised by Allen G. Weiner, CPA.

Please address inquiries regarding this report to Kathryn D. Walker, CPA, Audit Manager, by e-mail at kathrynwalker@aud.state.fl.us or by telephone at (850) 412-2781.

This report and other reports prepared by the Auditor General are available at:

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State of Florida Auditor General

Claude Pepper Building, Suite G74 • 111 West Madison Street • Tallahassee, FL 32399-1450 • (850) 412-2722

**STATE BOARD OF ADMINISTRATION
LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND (FLORIDA PRIME)
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SUMMARY

SUMMARY OF REPORT ON FINANCIAL STATEMENTS

Our audit disclosed that the basic financial statements prepared by the State Board of Administration (SBA) present fairly, in all material respects, the net position of the Local Government Surplus Funds Trust Fund (Florida PRIME) and the changes in net position thereof in accordance with prescribed financial reporting standards.

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

Our audit did not disclose any deficiencies in internal control over Florida PRIME's financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

AUDIT OBJECTIVES AND SCOPE

Our audit objectives were to determine whether the SBA had:

- Presented Florida PRIME's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements;
- Complied with the various provisions of laws, rules, regulations, contracts, Florida PRIME's investment policy, and other guidelines that are material to the financial statements; and
- Taken corrective actions for the finding included in our report No. 2017-099.

The scope of this audit included an examination of Florida PRIME's basic financial statements as of and for the fiscal years ended June 30, 2017, and June 30, 2016. We obtained an understanding of the SBA's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and Florida PRIME's investment policy.

AUDIT METHODOLOGY

The audit methodology included the examination of pertinent SBA records in connection with the application of procedures required by auditing standards generally accepted in the United States of America and applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the State Board of Administration (SBA) Local Government Surplus Funds Trust Fund (Florida PRIME), as of and for the fiscal years ended June 30, 2017, and June 30, 2016, and the related notes to the financial statements, which collectively comprise Florida PRIME's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of Florida PRIME as of June 30, 2017, and June 30, 2016, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note I.A., the financial statements present only Florida PRIME and do not purport to, and do not, present fairly the financial position of the State of Florida as of June 30, 2017, and June 30, 2016, or the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note II. to the financial statements, Florida PRIME adopted the provisions of Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all investments at amortized cost. Adoption of this statement resulted in additional disclosures related to any limitations or restrictions on participant withdrawals. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS** on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2017, on our consideration of the SBA's internal control over financial reporting relating to Florida PRIME and on our tests of its compliance with certain provisions of laws, rules, regulations,

contracts, and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the SBA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SBA's internal control over financial reporting and compliance.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
November 28, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2017, AND JUNE 30, 2016

The State Board of Administration (SBA) is responsible for the management of the Local Government Surplus Funds Trust Fund (Florida PRIME).¹ The SBA was established on June 21, 1929, pursuant to Chapter 14486, Laws of Florida (1929). The SBA was subsequently created as a constitutional body corporate on January 1, 1943, by Article IX, Section 16 of the State Constitution of 1885, as amended. The SBA was subsequently continued as a body corporate by Article IV, Section 4(e) of the State Constitution (1968), as amended. The SBA is governed by the Governor, as Chair, the Chief Financial Officer, and the Attorney General.

As management of the SBA, we offer readers of Florida PRIME's financial statements this overview and analysis of Florida PRIME's financial results and position for the fiscal years ended June 30, 2017, and 2016. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the financial statements, which begin on page 8.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements provide financial information about Florida PRIME as an investment trust fund, a fiduciary fund type. Investment trust funds are accounted for using an economic resources measurement focus and the accrual basis of accounting. Earnings on investments are recognized as revenue when earned, and expenses are recorded when a liability is incurred.

The SBA presents the following Florida PRIME basic financial statements: Statements of Net Position and Statements of Changes in Net Position. The Statements of Net Position present information about the nature and amounts of Florida PRIME's assets and liabilities, with the difference reported as net position. The Statements of Changes in Net Position report the increase or decrease in net position during the year as a result of investment activities and participant contributions and withdrawals.

FINANCIAL SUMMARY

The following Condensed Statements of Net Position and Condensed Statements of Changes in Net Position summarize Florida PRIME's financial statements for each of the last three fiscal years.

Condensed Statements of Net Position (in thousands)

	As of June 30,		
	2017	2016	2015
Total assets	\$ 9,335,381	\$ 7,837,778	\$ 7,013,345
Total liabilities	6,031	48,347	10,120
Net position	<u>\$ 9,329,350</u>	<u>\$ 7,789,431</u>	<u>\$ 7,003,225</u>

¹ As of August 3, 2009, the SBA began using the name "Florida PRIME" when referring to the Local Government Surplus Funds Trust Fund.

Condensed Statements of Changes in Net Position
(in thousands)

	For the Fiscal Year Ended June 30,		
	2017	2016	2015
Changes in net position:			
Interest income	\$ 86,107	\$ 34,098	\$ 14,177
Investment expenses	(2,933)	(1,389)	(1,655)
Net income from investing activity	83,174	32,709	12,522
Distributions paid and payable	(84,702)	(33,482)	(12,522)
Participant contributions	19,731,306	16,263,782	15,880,965
Reinvested distributions	84,681	33,501	12,530
Participant withdrawals	(18,274,540)	(15,553,640)	(16,112,436)
Investment transfer from Fund B	-	43,336	30,747
Changes in net position	1,539,919	786,206	(188,194)
Net position, July 1	7,789,431	7,003,225	7,191,419
Net position, June 30	\$ 9,329,350	\$ 7,789,431	\$ 7,003,225

FINANCIAL ANALYSIS

Assets

Total assets at the end of fiscal years 2017, 2016, and 2015 were \$9.3 billion, \$7.8 billion, and \$7.0 billion, respectively. The increase in total assets and net position in fiscal year 2017 was due primarily to participant contributions exceeding withdrawals by \$1.5 billion. The increase in total assets and net position during fiscal year 2016 was mainly the result of participant contributions and investment transfers from Fund B exceeding withdrawals by \$753 million.

Liabilities

Total liabilities at the end of fiscal years 2017, 2016, and 2015 were \$6.0 million, \$48.3 million, and \$10.1 million, respectively. Liabilities decreased by \$42.3 million in fiscal year 2017 following an increase of \$38.2 million in fiscal year 2016. The decrease in fiscal year 2017 was primarily due to a \$42.8 million decrease in unregistered deposits (deposits sent without prior notification to the SBA), offset by a \$463 thousand increase in investment expenses payable. Deposits sent in without being registered by participants are recorded as liabilities until the depositor is identified and credit is awarded to the participant. The increase in fiscal year 2016 was due to a \$38.2 million increase in unregistered deposits.

Net Position and Changes in Net Position

Florida PRIME's net position increased by \$1.5 billion (20 percent) to \$9.3 billion at June 30, 2017, from \$7.8 billion at June 30, 2016, following a \$786.2 million (11 percent) increase in the previous fiscal year from \$7.0 billion.

Net income from investing activity of \$83.2 million for the fiscal year ended June 30, 2017, was \$50.5 million higher than the \$32.7 million earned for fiscal year 2016, primarily due to higher investment yields, but also aided by higher average daily participant balances throughout the fiscal year. Net income from investing activity for fiscal year 2016 was \$20.2 million higher than the \$12.5 million earned for fiscal year 2015, also primarily due to higher investment yields. After many years of maintaining a policy stance

to keep overnight interest rates to nearly zero in an effort to help stabilize global financial markets, the Federal Reserve raised the target range for the federal funds interest rate by 0.25 percent in December 2015. In the fiscal year ended June 30, 2017, the target range was raised three more times by 0.25 percent increments, starting in December 2016, and continuing in each of the next two quarters, with promises of more rate hikes to come if the economy continued to rebound.

There were no investment transfers from Fund B for fiscal year 2017, a decrease of \$43.3 million from fiscal year 2016. The \$43.3 million received for fiscal year 2016 was \$12.6 million more than the transfers received from Fund B for fiscal year 2015. The final transfer of \$43.3 million to eligible participants of the Local Government Surplus Funds Trust Fund, who had been entitled to, but had not received, a November 2007 interest payment on invested funds, was made in July 2015. Following this final transfer, Fund B was closed.

Total investment expenses of \$2.9 million increased approximately \$1.5 million during fiscal year 2017, and rose mainly because of an increase in investment management fees of almost \$1.4 million. The increase in investment management fees in fiscal year 2017 was partially due to a decrease in Florida PRIME's investment in two money market funds managed by Federated, which increased the daily net assets subject to investment management fees, and partially due to higher average daily participant balances over the fiscal year. Investment expenses decreased approximately \$266 thousand, or more than 16 percent, during fiscal year 2016 over 2015. This decrease was primarily a result of a reduction in investment management fees, which were partially offset by an increase in administrative service charges and bank fees. Total investment expenses in fiscal years 2017 and 2016 were 3.3 and 1.8 basis points, respectively, or 0.033 and 0.018 percent of average assets under management.

FINANCIAL HIGHLIGHTS

Florida PRIME is governed by Chapters 215 and 218, Florida Statutes, and SBA Rules, Chapter 19-7, Florida Administrative Code. The purpose of Chapter 218, Part IV, Florida Statutes, is to promote, through State assistance, the maximization of net interest earnings on invested surplus funds of units of local government, based on the principles of investor protection, mandated transparency, and proper governance, with the goal of reducing the need for imposing additional taxes. The primary investment objectives, in priority order, are safety, liquidity, and competitive returns with minimization of risks.

Units of local government eligible to participate in Florida PRIME include, but are not limited to, any county, municipality, school district, special district, clerk of the circuit court, sheriff, property appraiser, tax collector, supervisor of elections, state university, state college, community college, authority, board, public corporation, or any other political subdivision or direct support organization of the State.

For the fiscal year ended June 30, 2017:

- Participant contributions increased 21.3 percent compared with the prior fiscal year, while participant withdrawals increased 17.5 percent, resulting in net contributions of \$1.46 billion.
- Net income from investing activity increased \$50.5 million over the prior fiscal year resulting in an average participant yield for the fiscal year of 0.93 percent, which was higher than the average participant yield of 0.42 percent for the prior fiscal year. The increase in net income from investing activity was due primarily to an increase in interest rates during the fiscal year, following the

Federal Reserve's announcements to raise their target interest rate range by 0.25 percent in December 2016, and in each of the next two quarters.

- The SBA continued a fee holiday that began in the prior fiscal year, whereby all participants' monthly Florida PRIME expenses were offset using proceeds from liquidity redemption fees charged to participants in 2008. The total amount of fees offset during the period July 1, 2016, through January 31, 2017, was \$1.5 million. The SBA ended the fee holiday during January 2017.
- The number of active participants decreased from 775 to 742.

For the fiscal year ended June 30, 2016:

- Participant contributions increased 2.4 percent compared with the prior fiscal year, while participant withdrawals decreased 3.5 percent, resulting in net contributions of \$710.1 million.
- Net income from investing activity increased \$20.2 million over the prior fiscal year resulting in an average participant yield for the fiscal year of 0.42 percent, which was higher than the average participant yield of 0.18 percent for the prior fiscal year. The increase in net income from investing activity was due primarily to an increase in interest rates during the second half of the fiscal year, following the December 2015 target range rate increase announced by the Federal Reserve.
- The SBA implemented a fee holiday beginning January 1, 2016, whereby all participants' monthly Florida PRIME expenses are offset using proceeds from liquidity redemption fees charged to participants in 2008. The total amount of fees offset during the period January 1, 2016, through June 30, 2016, was \$729 thousand.
- The number of active participants decreased from 790 to 775.

CONTACT INFORMATION

These financial statements reflect only the transactions and balances for Florida PRIME. For additional information on Florida PRIME, please contact the State Board of Administration, Chief Operating & Financial Officer, 1801 Hermitage Boulevard, Suite 100, Tallahassee, Florida 32308 or visit SBA's website at <https://www.sbafla.com/prime/>.

BASIC FINANCIAL STATEMENTS

State Board of Administration Local Government Surplus Funds Trust Fund (Florida PRIME) Statements of Net Position

**As of June 30, 2017, and June 30, 2016
(In Thousands)**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
ASSETS		
Cash and cash equivalents	\$ 920,157	\$ 46,539
Investments:		
Certificates of deposit	1,957,005	2,404,957
Commercial paper	5,865,556	3,224,753
Repurchase agreements	30,000	140,000
Money market funds	386,400	1,512,112
Domestic corporate bonds and notes	139,890	308,607
Municipal bonds and notes	17,415	60,640
Foreign corporate bonds and notes (\$ denom)	10,506	135,722
Total investments	<u>8,406,772</u>	<u>7,786,791</u>
Interest receivable	8,418	4,393
Prepaid fees	23	23
Undistributed expenses	<u>11</u>	<u>32</u>
Total Assets	<u>9,335,381</u>	<u>7,837,778</u>
LIABILITIES		
Accounts payable and accrued liabilities	632	170
Distributions payable	63	62
Due to local governments	<u>5,336</u>	<u>48,115</u>
Total Liabilities	<u>6,031</u>	<u>48,347</u>
NET POSITION		
Held in trust for pool participants	<u>\$ 9,329,350</u>	<u>\$ 7,789,431</u>

The notes to the financial statements are an integral part of this statement.

**State Board of Administration
Local Government Surplus Funds Trust Fund (Florida PRIME)
Statements of Changes in Net Position**

**Years Ended June 30, 2017, and June 30, 2016
(In Thousands)**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
ADDITIONS		
Income from investing activity:		
Interest income	\$ 86,107	\$ 34,098
Investment expenses:		
Investment management fees	(1,747)	(350)
Administrative service charges	(894)	(761)
Bank fees	(185)	(179)
Compliance review fees	(62)	(57)
Standard and Poor's rating maintenance fees	(45)	(42)
Investment expenses	<u>(2,933)</u>	<u>(1,389)</u>
Net income from investing activity	<u>83,174</u>	<u>32,709</u>
Total Additions	<u>83,174</u>	<u>32,709</u>
 DEDUCTIONS		
Distributions paid and payable	<u>84,702</u>	<u>33,482</u>
Total Deductions	<u>84,702</u>	<u>33,482</u>
 SHARE TRANSACTIONS		
Participant contributions	19,731,306	16,263,782
Reinvested distributions	84,681	33,501
Participant withdrawals	(18,274,540)	(15,553,640)
Investment transfer from Fund B	<u>-</u>	<u>43,336</u>
Net Increase (Decrease) Resulting from Share Transactions	<u>1,541,447</u>	<u>786,979</u>
 Increase (decrease) in net position	<u>1,539,919</u>	<u>786,206</u>
 Net position, beginning of year	<u>7,789,431</u>	<u>7,003,225</u>
Net position, end of year	<u>\$ 9,329,350</u>	<u>\$ 7,789,431</u>

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following summary of the significant accounting policies of the Local Government Surplus Funds Trust Fund (Florida PRIME) is presented to assist the reader in interpreting the financial statements. These policies should be viewed as an integral part of the accompanying financial statements.

A. Reporting Entity

The State Board of Administration (SBA) is responsible for the management of Florida PRIME. The SBA was established on June 21, 1929, pursuant to Chapter 14486, Laws of Florida (1929). The SBA was subsequently created as a constitutional body corporate on January 1, 1943, by Article IX, Section 16 of the State Constitution of 1885, as amended. The SBA was subsequently continued as a body corporate by Article IV, Section 4(e) of the State Constitution (1968), as amended. The SBA is composed of the Governor, as Chair, the Chief Financial Officer, and the Attorney General.

The Local Government Surplus Funds Trust Fund was created by act of the Florida Legislature effective October 1, 1977, (Chapter 218, Part IV, Florida Statutes). The law allowed the SBA to manage investments on an individual basis or to establish a pooled account. The funds were managed on an individual basis until January 1, 1982. On August 3, 2009, the SBA began using "Florida PRIME" when referring to the Local Government Surplus Funds Trust Fund.

Sections 218.40 through 218.415, Florida Statutes, and SBA Rules 19-7.002 through 19-7.016, Florida Administrative Code, promulgated pursuant to Section 218.405(4), Florida Statutes, govern the operation of Florida PRIME.

The assets and liabilities of Florida PRIME are included in the Comprehensive Annual Financial Report (CAFR) of the State of Florida. The accompanying financial statements present only Florida PRIME and are not intended to present fairly the financial position of the State of Florida and the results of its operations in conformity with generally accepted accounting principles.

B. Regulatory Oversight

Securities and Exchange Commission (SEC) Rule 2a-7 sets out certain requirements pertaining to money market funds required to register with the SEC under the Investment Company Act of 1940. Florida PRIME is not required to register (and has not registered) with the SEC; however, the fund is an external investment pool that has historically adopted operating procedures consistent with those required by SEC Rule 2a-7, which was significantly amended in 2014. In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79, *Certain External Investment Pools and Pool Participants*, which addresses for certain external investment pools like Florida PRIME and their participants, the accounting and financial reporting implications that result from the SEC Rule 2a-7 amendments.

GASB Statement No. 79 allows an external investment pool for financial reporting purposes to elect to measure all of its investments at amortized cost if the pool meets certain criteria such as portfolio maturity, quality, diversification, and liquidity requirements, and transacts with its participants at a stable net asset value per share. Florida PRIME will seek to operate in a manner consistent with the

criteria and requirements of GASB Statement No. 79. Consequently, the SBA has elected to measure for financial reporting purposes all of Florida PRIME's investments at amortized cost.

C. Basis of Presentation

These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP). The GASB is the accepted standard-setting body for establishing governmental accounting and reporting principles.

Florida PRIME is reported as an investment trust fund, a fiduciary fund type.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP. Under this method, earnings on investments, including interest income, are recognized as revenue when earned, and expenses are recognized when a liability is incurred.

E. Cash and Cash Equivalents

Florida PRIME reports as "Cash and cash equivalents" all cash on hand and on deposit in banks, including demand deposits, time deposits, and non-negotiable certificates of deposit.

F. Investments

Florida PRIME's investments are recorded at amortized cost, consistent with GASB Statement No. 79. Fair values, for note disclosures, are calculated using quoted market prices. If quoted market prices are not available, the discounted cash flow model and broker quotes are used to price securities. Cost or book value may be used as an estimate of fair value when an independent pricing source is not available.

G. Method Used to Determine Participants' Shares Sold and Redeemed

Participants' shares are sold and redeemed in Florida PRIME at a stable net asset value per share and earnings are allocated at month-end using the amortized cost method, which is consistent with the method used to report Florida PRIME's investments. The amortized cost method calculates an investment's value by adjusting its acquisition cost for the accretion of discount or amortization of premium over the period from purchase to maturity.

H. Legally Binding Guarantees

The SBA has not provided or obtained any legally binding guarantees during the fiscal years ended June 30, 2017, and June 30, 2016, for Florida PRIME.

I. Involuntary Participation

There is no requirement under Florida Statutes for any local government or state agency to participate in Florida PRIME.

J. Frequency of Determining Fair Value of Shares

The fair value of the investments of Florida PRIME is determined on a daily basis by the custodian bank. Florida PRIME's Investment Policy Statement provides that the custodian will, on a daily basis, mark to market the portfolio holdings of Florida PRIME and communicate both the amortized cost price and the market price to the SBA and the investment manager. The Investment Policy Statement also provides that the investment manager perform daily compliance monitoring of the amortized cost price and market price. The SBA performs periodic oversight, at least monthly, of the investment manager's compliance monitoring. When the deviation between the fair value and amortized cost of Florida PRIME exceeds 0.50 percent, Section 218.409(8), Florida Statutes, authorizes the Executive Director of the SBA to promptly consider what action, if any, should be initiated. Where the Executive Director believes the extent of any deviation from Florida PRIME's amortized cost price per share may result in material dilution or other unfair results to investors or existing shareholders, the Executive Director will cause Florida PRIME to take such action as deemed appropriate to eliminate or reduce to the extent reasonably practicable such dilution or unfair results. For each of the fiscal years ended June 30, 2017, and June 30, 2016, the ratio of fair value to amortized cost was 100.01 percent.

K. Limitations on Participant Contributions and Withdrawals

Florida PRIME currently has in place no limitations or restrictions on participant withdrawals, does not currently charge liquidity fees, and has not put in place a redemption gate. Each participant has the ability to withdraw 100 percent of its account balance any day Florida PRIME is open for business.

However, with respect to redemption gates, Section 218.409(8)(a), Florida Statutes, provides that the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of Florida PRIME, for 48 hours limit contributions to or withdrawals from Florida PRIME to ensure that the SBA can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the Executive Director may extend the moratorium until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days.

With respect to liquidity fees, Section 218.409(4), Florida Statutes, provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials for Florida PRIME of the amount and purpose of such fees. At present, no such disclosure has been made or deemed necessary, as Florida PRIME does not charge liquidity fees.

L. Fees and Administrative Service Charges

Federated Investment Counseling (Federated) is the investment manager for Florida PRIME. Federated charges an annual investment management fee based on the average daily net assets (i.e., average daily amortized cost) of Florida PRIME (excluding Federated money market fund balances), as follows:

First \$1 billion in Account Assets	3.5 basis points
Next \$1.5 billion in Account Assets	3.0 basis points
Next \$2.5 billion in Account Assets	2.5 basis points
Balance of Account Assets over \$5 billion	2.0 basis points

This fee is taken out of monthly earnings prior to the allocation of net earnings to participant balances. Total investment management fees incurred by Florida PRIME in the fiscal years ended June 30, 2017, and June 30, 2016, were \$1.7 million and \$350 thousand, respectively. The increase in investment management fees in fiscal year 2017 was partially due to a decrease in Florida PRIME's investment in two money market funds managed by Federated, which increased the daily net assets subject to investment management fees, and partially due to higher average daily participant balances over the fiscal year.

In accordance with SBA Rule 19-3.016(17), Florida Administrative Code, the SBA charges an administrative service charge to recover its costs related to operating Florida PRIME. The charge is taken out of the monthly earnings prior to the distribution of net earnings to participant balances each month. Currently, the SBA service charge is 1.0 basis point (.0001) on total Florida PRIME assets. Total administrative service charges incurred by Florida PRIME for the fiscal years ended June 30, 2017, and June 30, 2016, were \$894 thousand and \$761 thousand, respectively.

Florida PRIME incurs various bank fees (including transaction charges), custody fees, performance analytics, and consulting fees. These fees are taken out of the monthly earnings prior to the distribution of net earnings to participant balances each month. The total bank fees incurred by Florida PRIME for the fiscal year ended June 30, 2017, were \$185 thousand, slightly higher than the \$179 thousand in bank fees incurred during the prior fiscal year. Standard and Poor's (S&P) rating maintenance fees were \$45 thousand and \$43 thousand for the fiscal years ended June 30, 2017, and June 30, 2016, respectively. Compliance review fees were \$62 thousand and \$57 thousand for those same years. The compliance review service fees resulted from the provisions of Section 218.405(3), Florida Statutes, which require that the trustees annually certify to the Joint Legislative Auditing Committee that Florida PRIME is in compliance with Florida law.

The SBA implemented a fee holiday beginning January 1, 2016, whereby all participants' monthly Florida PRIME expenses were offset using proceeds from liquidity redemption fees charged to participants in 2008. The total amount of fees offset during the period July 1, 2017, through January 31, 2017, was \$1.5 million and during the period January 1, 2016, through June 30, 2016, was \$729 thousand. The financial statement expense amounts presented are the investment fees and administrative service charges incurred by Florida PRIME as a whole, and do not contain any reduction by the amount of the fee holiday given to participants. At January 31, 2017, the liquidity

redemption money available to provide fee holidays to participants was exhausted, and the program ended.

M. Fund B Surplus Funds Trust Fund

Pursuant to Section 218.417, Florida Statutes, the Fund B Surplus Funds Trust Fund (Fund B) was created in May 2008. Amounts credited to Fund B consisted of the investments, interest earned, and reserve in Fund B of Florida PRIME. Fund B of Florida PRIME was originally formed as part of a restructuring of the Local Government Surplus Funds Trust Fund in December 2007 to hold certain securities with limited liquidity.

The SBA administered Fund B and distributed cash holdings from May 2008 through September 2014 to eligible Florida PRIME participants as they became available from maturities, sales, investment interest, and other income received from the assets in Fund B. These distributions are recorded on the Statements of Changes in Net Position as an Investment transfer from Fund B. With the September 2014 distribution, original principal balances were distributed in full to each participant.

Pursuant to Section 218.421(2)(e), Florida Statutes, in July 2015, the SBA transferred the residual cash held in Fund B to eligible participants of the Local Government Surplus Funds Trust Fund, who had been entitled to, but had not received, a November 2007 interest payment on invested funds. After this final transfer, Fund B was closed.

II. ACCOUNTING AND REPORTING CHANGES

Florida PRIME implemented the provisions in paragraphs 18, 19, 23-26, and 40 of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which are effective for reporting periods beginning after December 15, 2015. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes.

III. DEPOSITS AND INVESTMENTS

A. Deposits

Florida PRIME holds cash in deposit accounts at various financial institutions. These deposits totaled \$920,156,809 at June 30, 2017, and \$46,538,558 at June 30, 2016. Chapter 280, Florida Statutes, generally requires public funds to be deposited in a bank or savings association designated by the State of Florida Chief Financial Officer (State CFO) as a qualified public depository (QPD).

The State CFO determines the collateral requirements and collateral pledging level for each QPD following guidelines outlined in Department of Financial Services Rules, Chapter 69C-2, Florida Administrative Code, and Section 280.04, Florida Statutes. Eligible collateral includes Federal, federally guaranteed, state and local government obligations; corporate bonds; and letters of credit issued by a Federal Home Loan Bank. Other collateral may be eligible, with the State CFO's permission.

At June 30, 2017, Florida PRIME held several overnight time deposits totaling \$915 million that were exposed to custodial credit risk because they were uninsured and uncollateralized. Under the

investment policy for Florida PRIME, the investment manager is allowed to invest in unsecured interest bearing deposits with banks if they have capital, surplus, and undivided profits of over \$100,000,000, or if the Deposit Insurance Fund, which is administered by the Federal Deposit Insurance Corporation, insures the principal amount of the instrument. All time deposits were held in banks that met the \$100,000,000 requirement for capital, surplus, and undivided profits.

GASB Statement No. 79 requires that deposits should either (1) be held by a depository institution with a credit rating within the highest category of short-term credit ratings (or its long-term equivalent category) or determined (based upon the qualifying external investment pool's analysis) to be of comparable quality, or (2) be insured or collateralized such that it is not exposed to custodial credit risk. The depositories holding the time deposits at June 30, 2017, met the first criteria. All other June 30, 2017, deposits in Florida PRIME were covered by Federal insurance or the State's collateral pool pursuant to Chapter 280, Florida Statutes.

At June 30, 2016, all deposits held in Florida PRIME were covered by Federal insurance or the State's collateral pool pursuant to Chapter 280, Florida Statutes.

B. Investment Authority and Compliance

The SBA has the authority to administer and invest the funds of Florida PRIME in accordance with Chapter 218, Part IV, Florida Statutes. The statute states the SBA shall invest the moneys of Florida PRIME in the same manner and subject to the same restrictions as are set forth in Section 215.47, Florida Statutes, which identifies all authorized securities.

Section 215.47, Florida Statutes, includes a broad range of instruments to enable the SBA to administer its varied investment responsibilities. The Investment Policy Statement for Florida PRIME lists the following authorized principal investments:

- United States (U.S.) Treasury obligations.
- U.S. Government Agency obligations.
- Government securities, which are defined as any security issued or guaranteed as to principal or interest by the United States, or by a person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States; or any certificate of deposit for any of the foregoing.
- Insurance contracts, including guaranteed investment contracts, funding agreements, and annuities.
- Corporate debt securities, such as notes, bonds, debentures, commercial paper, interests in bank loans to companies, and demand instruments.
- Bank instruments (including Yankee and Eurodollar), such as bank accounts, time deposits, certificates of deposit, and bankers' acceptances. Yankee instruments are denominated in U.S. dollars and issued by U.S. branches of foreign banks. Eurodollar instruments are denominated in U.S. dollars and issued by non-U.S. branches of U.S. or foreign banks.
- Asset-backed securities, which may be in the form of commercial paper, notes, or pass-through certificates.
- Municipal securities issued by states, counties, cities, and other political subdivisions and authorities.
- Foreign securities (i.e., U.S. dollar-denominated securities of issuers based outside the U.S.).

- Mortgage-backed securities representing interests in pools of mortgages. Mortgages may have fixed or adjustable interest rates.
- Private placements of securities – The SBA has determined that Florida PRIME constitutes (i) an “accredited investor” as defined in Rule 501(a)(7) promulgated under the Securities Act of 1933, as amended (the Securities Act), as long as Florida PRIME has total assets in excess of \$5,000,000 and (ii) a “qualified purchaser” as defined in Section 2(a)(51)(A)(iv) of the Investment Company Act of 1940 (1940 Act), as long as Florida PRIME in the aggregate owns and invests on a discretionary basis not less than \$25,000,000 in investments, but does not constitute a “qualified institutional buyer” as defined in Rule 144A(a)(1) promulgated under the Securities Act. Florida PRIME is restricted from purchasing or acquiring securities or investments that would require Florida PRIME to represent in connection with such purchase or acquisition that it is a “qualified institutional buyer” as defined in Rule 144A(a)(1) promulgated under the Securities Act.
- Shares of registered investment companies that are money market mutual funds, including those that are affiliated with Federated (Investment Manager).
- Special transactions, including repurchase agreements and delayed delivery transactions. Repurchase agreements are transactions in which Florida PRIME buys a security from a dealer or bank and agrees to sell the security back at a mutually agreed-upon time and price. Delayed delivery transactions, including when-issued transactions, are arrangements in which Florida PRIME buys securities for a set price, with payment and delivery of the securities scheduled for a future time but no later than seven days in the future.

The primary investment objectives for Florida PRIME, in priority order, are safety, liquidity, and competitive returns with minimization of risks. This is accomplished by structuring the portfolio consistent with the diversification, maturity, liquidity, and credit quality conditions required by GASB Statement No. 79. In buying and selling portfolio securities for Florida PRIME, the Investment Manager will comply with the conditions imposed by GASB Statement No. 79; with the requirements imposed by any nationally recognized statistical rating organization (NRSRO) that rates Florida PRIME to ensure that it maintains a AAAm rating (or the equivalent); and with the investment limitations imposed by Section 215.47, Florida Statutes.

When the deviation between the fair value and amortized cost of Florida PRIME exceeds 0.25 percent, the Investment Policy Statement requires that the Investment Manager establish a formal action plan. The Investment Policy Statement also requires that the Investment Oversight Group review the formal action plan and prepare a recommendation for the Executive Director’s consideration.

When the deviation between the fair value and amortized cost of Florida PRIME exceeds 0.50 percent, Section 218.409(8), Florida Statutes, authorizes the Executive Director to promptly consider what action, if any, should be initiated. Where the Executive Director believes the extent of any deviation from Florida PRIME’s amortized cost price per share may result in material dilution or other unfair results to investors or existing shareholders, the Executive Director will cause Florida PRIME to take such action as deemed appropriate to eliminate or reduce to the extent reasonably practicable such dilution or unfair results.

C. Summary of Investment Holdings

The following tables provide a summary of the par value or share amount, carrying value, fair value, range of interest rates, and range of maturity dates for each major investment classification as of June 30, 2017, and June 30, 2016 (expressed in thousands):

As of June 30, 2017					
Investment Type	Par	Carrying Value	Fair Value	Range of Interest Rates ⁽¹⁾	Range of Maturity Dates
Time deposits ⁽²⁾	\$ 915,000	\$ 915,000	\$ 915,000	1.06%-1.13%	7/3/17-7/7/17
Certificates of deposit	1,957,000	1,957,005	1,957,599	1.13%-1.72%	7/3/17-6/12/18
Commercial paper	5,872,910	5,865,556	5,865,751	1.04%-1.73%	7/3/17-6/5/18
Money market funds	386,359	386,400	386,435	.91%-1.12%	N/A ⁽³⁾
Domestic corporate bonds and notes	139,890	139,890	139,886	1.22%-1.28%	10/5/17-2/2/43 ⁽⁴⁾
Municipal bonds and notes	17,415	17,415	17,415	1.18%-1.32%	6/1/22-4/1/44 ⁽⁴⁾
Foreign corporate bonds and notes (\$ denom)	10,506	10,506	10,506	1.35%	7/11/17
Repurchase agreements	30,000	30,000	30,000	1.10%-1.13%	7/3/17
Totals	\$ 9,329,080	\$ 9,321,772	\$ 9,322,592		

(1) The coupon rate in effect at June 30, 2017, is reported. If a security is discounted, the purchase yield is reported. The 7-day yield as of June 30, 2017, is reported for the money market funds. The yields fluctuate daily.

(2) Time deposits are included in "Cash and cash equivalents" on the Statements of Net Position.

(3) Money market funds do not have a specified maturity date.

(4) Florida PRIME has six positions in domestic corporate bonds and notes that it may tender for 100 percent of the principal amount, plus accrued interest with a minimum of seven days prior notification to the trustee of the bonds or notes. The maturity dates on these positions range from June 1, 2022, to February 2, 2043.

Florida PRIME has two positions in municipal bonds and notes that it may tender for 100 percent of the principal amount, plus accrued interest with a minimum of seven days prior notification to the trustee of the bonds or notes. The maturity dates on these positions are June 1, 2022, and April 1, 2044.

As of June 30, 2016					
Investment Type	Par	Carrying Value	Fair Value	Range of Interest Rates ⁽¹⁾	Range of Maturity Dates
Certificates of deposit	\$ 2,405,000	\$ 2,404,957	\$ 2,405,560	.43%-1.04%	7/1/16-5/4/17
Commercial paper	3,228,811	3,224,753	3,225,176	.42%-1.22%	7/1/16-6/23/17
Money market funds	1,512,112	1,512,112	1,512,112	.25%-.41%	N/A ⁽²⁾
Domestic corporate bonds and notes	308,606	308,607	308,607	.42%-1.50%	7/6/16-8/1/45 ⁽³⁾
Municipal bonds and notes	60,640	60,640	60,640	.46%-.75%	4/1/24-3/1/39 ⁽³⁾
Foreign corporate bonds and notes (\$ denom)	135,680	135,722	135,729	1.12%-3.13%	7/12/16-9/09/16
Repurchase agreements	140,000	140,000	140,000	.44%-.48%	7/1/16
Totals	\$ 7,790,849	\$ 7,786,791	\$ 7,787,824		

(1) The coupon rate in effect at June 30, 2016, is reported. If a security is discounted, the purchase yield is reported. The 7-day yield as of June 30, 2016, is reported for the money market funds. The yields fluctuate daily.

(2) Money market funds do not have a specified maturity date.

(3) Florida PRIME has one position in domestic corporate bonds and notes that it may tender for 100 percent of the principal amount, plus accrued interest with a minimum of seven days prior notification to the trustee of the bonds or notes. The final maturity date on this position is August 1, 2045.

Florida PRIME has three positions in municipal bonds and notes that it may tender for 100 percent of the principal amount, plus accrued interest with a minimum of seven days prior notification to the trustee of the bonds or notes. The maturity dates on these positions are April 1, 2024, January 1, 2036, and March 1, 2039.

D. Investments, Fair Value Hierarchy

Florida PRIME's investments are carried at amortized cost, but fair value is reported in certain note disclosures as required by GAAP. Florida PRIME's investments are measured and reported at fair value and classified according to the following hierarchy:

Level 1 – Investments reflect unadjusted quoted prices in active markets for identical assets.

Level 2 – Investments reflect prices that are based on inputs that are either directly or indirectly observable for an asset (including quoted prices for similar assets), which may include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable inputs for an asset.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a pricing methodology that uses evaluation models, such as matrix pricing, to value securities based on a security's relationship to benchmark quoted prices. Debt securities classified in Level 3 of the fair value hierarchy are subject to being priced by an alternative pricing source utilizing discounted cash flow models and broker bids, or may have an estimated fair value equal to cost, due to the absence of an independent pricing source.

Certain investments, such as time deposits, money market funds (with a stable NAV of \$1 per share), and repurchase agreements, are not included in the following tables because they are not negotiable instruments and are valued at cost.

Florida PRIME has the following fair value measurements as of June 30, 2017, and June 30, 2016 (expressed in thousands):

		Fair Value Measurements Using		
		Quoted Prices in Active Market for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
	Total Fair Value June 30, 2017			
Investments by fair value level:				
Debt securities:				
Certificates of deposit	\$ 1,957,599	\$ -	\$ 1,907,599	\$ 50,000
Commercial paper	5,865,751	-	5,865,751	-
Money market funds	380,136	380,136	-	-
Domestic corporate bonds and notes	139,886	-	85,086	54,800
Municipal bonds and notes	17,415	-	17,415	-
Foreign corporate bonds and notes (\$ denom)	10,506	-	10,506	-
Total investments measured at fair value	<u>\$ 8,371,293</u>	<u>\$ 380,136</u>	<u>\$ 7,886,357</u>	<u>\$ 104,800</u>

		Fair Value Measurements Using		
		Quoted Prices in Active Market for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
	Total Fair Value June 30, 2016			
Investments by fair value level:				
Debt securities:				
Certificates of deposit	\$ 2,405,560	\$ -	\$ 2,205,560	\$ 200,000
Commercial paper	3,225,176	-	2,990,177	234,999
Domestic corporate bonds and notes	308,607	-	308,607	-
Municipal bonds and notes	60,640	-	60,640	-
Foreign corporate bonds and notes (\$ denom)	135,729	-	135,729	-
Total investments measured at fair value	<u>\$ 6,135,712</u>	<u>\$ -</u>	<u>\$ 5,700,713</u>	<u>\$ 434,999</u>

E. Investment Credit Risk and Concentration of Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer.

Pursuant to the Investment Policy Statement in effect at June 30, 2017, investment credit risk and concentration of credit risk of debt securities were managed as follows:

- The Investment Manager will purchase short-term, high-quality fixed income securities. To be considered high-quality, a security must be rated in the highest short-term rating category by one or more NRSROs, or be deemed to be of comparable quality thereto by the Investment Manager, subject to Section 215.47(1)(j), Florida Statutes.
- The Investment Manager will perform a credit analysis to develop a database of issuers and securities that meet the Investment Manager's standard for minimal credit risk. The Investment Manager will monitor the credit risks of all Florida PRIME's portfolio securities on an ongoing basis by reviewing the financial data, issuer news and developments, and ratings of designated NRSROs.
- The Investment Manager generally will comply with the following diversification limitations that are additional to those set forth in GASB Statement No. 79. First, at least 50 percent of Florida PRIME assets will be invested in securities rated "A-1+" or those deemed to be of comparable credit quality thereto by the Investment Manager (i.e., so long as such deeming is consistent with the requirements of the NRSRO's AAAm (or equivalent) rating criteria), subject to Section 215.47(1)(j), Florida Statutes. Second, exposure to any single non-governmental issuer will not exceed 5 percent (at the time a security is purchased) and exposure to any single money market mutual fund will not exceed 10 percent of Florida PRIME assets.

In the event that a security receives a credit rating downgrade and ceases to be in the highest rating category, or the Investment Manager determines that the security is no longer of comparable quality to the highest short-term rating category (in either case, a "downgrade"), the Investment Manager will reassess whether the security continues to present minimal credit risk and will cause Florida PRIME to take any actions determined by the Investment Manager to be in the best interest of Florida PRIME. The Investment Manager will not be required to make reassessments if Florida PRIME disposes of the security (or the security matures) within five business days of the downgrade.

In the event that a security no longer meets the criteria for purchase due to default, event of insolvency, a determination that the security no longer presents minimal credit risks, or other material event (affected security), the Investment Manager must dispose of the security as soon as practical, consistent with achieving an orderly disposition of the affected security, by sale, exercise of a demand feature or otherwise. An affected security may be held only if the Executive Director has determined, based upon a recommendation from the Investment Manager and the Investment Oversight Group, that it would not be in the best interest of Florida PRIME to dispose of the security taking into account market conditions that may affect an orderly disposition.

Florida PRIME's credit quality ratings were as follows at June 30, 2017, and June 30, 2016 (fair values expressed in thousands):

Ratings ⁽¹⁾		Fair Value of Florida PRIME Investments as of June 30, 2017						
S&P	Moody's	Total	Certificates of Deposit	Commercial Paper	Money Market Funds	Repurchase Agreements ⁽²⁾	Corporate and Municipal Bonds and Notes	Foreign Corp. Bonds and Notes (\$ denom)
AAAm		\$ 386,435	\$ -	\$ -	\$ 386,435	\$ -	\$ -	\$ -
A-1		5,777,712	-	5,777,712	-	-	-	-
AA		29,465	-	-	-	-	29,465	-
A		10,506	-	-	-	-	-	10,506
Not rated ⁽¹⁾	P-1	88,039	-	88,039	-	-	-	-
Not rated ⁽¹⁾	Aa	67,840	-	-	-	-	67,840	-
Not rated ⁽¹⁾	Not rated ⁽¹⁾	2,032,595	1,957,599	-	-	15,000	59,996	-
		<u>\$ 8,392,592</u>	<u>\$ 1,957,599</u>	<u>\$ 5,865,751</u>	<u>\$ 386,435</u>	<u>\$ 15,000</u>	<u>\$ 157,301</u>	<u>\$ 10,506</u>
Not rated ⁽³⁾	Not rated ⁽³⁾	15,000	Repurchase agreements					
		<u>\$ 8,407,592</u>	Total					

- (1) Ratings for investments are presented using S&P credit ratings. If S&P did not rate a security, then Moody's ratings are presented, if available. All of the investments presented as "Not rated" (including repurchase agreement collateral) had short-term issuer credit ratings that met Florida PRIME's investment and GASB Statement No. 79 guidelines.
- (2) Collateral underlying the repurchase agreements was not rated.
- (3) Collateral for repurchase agreements which are explicitly guaranteed by the U.S. government do not require disclosure of credit quality.

Ratings ⁽¹⁾		Fair Value of Florida PRIME Investments as of June 30, 2016						
S&P	Moody's	Total	Certificates of Deposit	Commercial Paper	Money Market Funds	Repurchase Agreements ⁽²⁾	Corporate and Municipal Bonds and Notes	Foreign Corp. Bonds and Notes (\$ denom)
AAAm		\$ 1,512,112	\$ -	\$ -	\$ 1,512,112	\$ -	\$ -	\$ -
AAA		24,120	-	-	-	-	24,120	-
AA		318,285	45,024	-	-	-	231,230	42,031
A		144,698	-	-	-	-	51,000	93,698
A-1		3,225,176	-	3,225,176	-	-	-	-
Not rated ⁽¹⁾	Aa	37,980	-	-	-	-	37,980	-
Not rated ⁽¹⁾	A	9,920	-	-	-	-	9,920	-
Not rated ⁽¹⁾	Not rated ⁽¹⁾	2,500,533	2,360,536	-	-	125,000	14,997	-
		<u>\$ 7,772,824</u>	<u>\$ 2,405,560</u>	<u>\$ 3,225,176</u>	<u>\$ 1,512,112</u>	<u>\$ 125,000</u>	<u>\$ 369,247</u>	<u>\$ 135,729</u>
Not rated ⁽³⁾	Not rated ⁽³⁾	15,000	Repurchase agreements					
		<u>\$ 7,787,824</u>	Total					

- (1) Ratings for investments are presented using S&P credit ratings. If S&P did not rate a security, then Moody's ratings are presented, if available. All of the investments presented as "Not rated" (including repurchase agreement collateral) had short-term issuer credit ratings that met Florida PRIME's investment and GASB Statement No. 79 guidelines.
- (2) Collateral underlying the repurchase agreements was not rated.
- (3) Collateral for repurchase agreements which are explicitly guaranteed by the U.S. government do not require disclosure of credit quality.

With respect to the concentration of credit risk at June 30, 2017, Florida PRIME had exposure of more than 5 percent to each of the following issuers (carrying values and fair values expressed in thousands):

As of June 30, 2017				
Issuer Name	Carrying Value	Percent of Portfolio Carrying Value	Fair Value	Percent of Portfolio Fair Value
Barton Capital S.A. ⁽¹⁾	\$ 479,049	5.14%	\$ 478,603	5.13%
Sumitomo Mitsui Trust Bank Ltd. ⁽¹⁾	\$ 470,000	5.04%	\$ 469,999	5.04%

(1) Under GASB Statement No. 79, liquidations are not required for exposures over 5 percent if the overage is caused by participant account movements (i.e., withdrawals). The excess exposure was caused by participant account movements.

At June 30, 2016, Florida PRIME did not have exposure of more than 5 percent of total assets to any single issuer.

F. Investments, Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the SBA will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The SBA's policy is that custodial credit risk will be minimized through the use of trust accounts maintained at top tier third-party custodian banks. To the extent possible, negotiated trust and custody contracts shall require that all deposits, investments, and collateral be held in accounts in the SBA's name, separate and apart from the assets of the custodian banks.

The SBA engaged BNY Mellon (Custodian) to provide asset safekeeping, custody, fund accounting, and performance measurement services to Florida PRIME. At June 30, 2017, and June 30, 2016, all investments, except those in money market funds in which the SBA invests (i.e., in commingled funds with other investors), were held in the SBA's name by the SBA's custodial bank.

G. Investments, Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Pursuant to the Investment Policy Statement, the Investment Manager will target a dollar-weighted average maturity (DWAM) range for Florida PRIME based on its interest rate outlook. The Investment Manager will formulate its interest rate outlook by analyzing a variety of factors, such as current and expected U.S. economic growth; current and expected interest rates and inflation; and the Federal Reserve Board's monetary policy. The Investment Manager will generally shorten Florida PRIME's DWAM when it expects interest rates to rise and extend Florida PRIME's DWAM when it expects interest rates to fall. The Investment Manager will exercise reasonable care to maintain a

DWAM of 60 days or less for Florida PRIME. For purposes of calculating DWAM, the maturity of an adjustable rate security generally will be the period remaining until its next interest rate reset date.

Presented below are the investments held in Florida PRIME at June 30, 2017, and June 30, 2016, at fair value (expressed in thousands), with the DWAM for each security type:

As of June 30, 2017		
Investment Type	Fair Value	Dollar Weighted Average Maturity (in Days)⁽¹⁾
Time deposits ⁽²⁾	\$ 915,000	4
Certificates of deposit ⁽³⁾	1,957,599	57
Commercial paper ⁽³⁾	5,865,751	42
Money market funds ⁽⁴⁾	386,435	3
Domestic corporate bonds and notes	139,886	6
Municipal bonds and notes	17,415	7
Foreign corporate bonds and notes (\$ denom)	10,506	11
Repurchase agreements	30,000	3
Total	\$ 9,322,592	
Portfolio dollar-weighted average maturity (DWAM)		39

- (1) Interest rate reset dates are used in the calculation of the DWAM.
- (2) Time deposits are included in "Cash and cash equivalents" on the Statements of Net Position.
- (3) Certificates of deposit and commercial paper include domestic and U.S. dollar-denominated foreign issues.
- (4) The DWAM of the underlying securities in the two money market funds at June 30, 2017, ranged from 22 to 32 days. However, the money market funds provided daily liquidity.

As of June 30, 2016		
Investment Type	Fair Value	Dollar Weighted Average Maturity (in Days)⁽¹⁾
Certificates of deposit ⁽²⁾	\$ 2,405,560	40
Commercial paper ⁽²⁾	3,225,176	58
Money market funds ⁽³⁾	1,512,112	1
Domestic corporate bonds and notes	308,607	47
Municipal bonds and notes	60,640	7
Foreign corporate bonds and notes (\$ denom)	135,729	29
Repurchase agreements	140,000	1
Total	\$ 7,787,824	
Portfolio dollar-weighted average maturity (DWAM)		39

- (1) Interest rate reset dates are used in the calculation of the DWAM.
- (2) Certificates of deposit and commercial paper include domestic and U.S. dollar-denominated foreign issues.
- (3) The DWAM of the underlying securities in the three money market funds at June 30, 2016, ranged from 19 to 28 days. However, the money market funds provided daily liquidity.

GASB Statement No. 79 also requires the portfolio of a qualifying external investment pool to maintain a weighted average life (WAL) of 120 days or less. A weighted average life measure expresses the average length of time that each dollar of principal remains unpaid without taking into account the maturity shortening features used in calculating the DWAM. Pursuant to the Investment Policy Guidelines, the Investment Manager will exercise reasonable care to maintain a maximum WAL within the range of 90 to 120 days for Florida PRIME. The WAL for Florida PRIME at June 30, 2017, and June 30, 2016, was 76 days and 58 days, respectively.

H. Investments, Foreign Currency Risk

Investment policy guidelines prohibit the Investment Manager from purchasing investments denominated in foreign currency, therefore all Florida PRIME securities are U.S. dollar denominated. Florida PRIME was not exposed to foreign currency risk during the fiscal years ended June 30, 2017, and June 30, 2016.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State Board of Administration (SBA) Local Government Surplus Funds Trust Fund (Florida PRIME), as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Florida PRIME's basic financial statements, and have issued our report thereon dated November 28, 2017, included under the heading **INDEPENDENT AUDITOR'S REPORT**.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SBA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SBA's internal control. Accordingly, we do not express an opinion on the effectiveness of the SBA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Florida PRIME's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

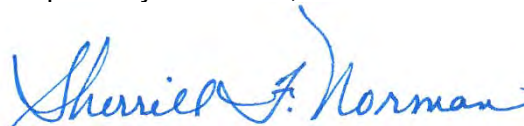
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Florida PRIME's financial statements are free from material misstatement, we performed tests of the SBA's compliance with certain provisions of laws, rules, regulations, contracts, and policies, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the SBA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SBA's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
November 28, 2017

Memo

TO: Ashbel C. Williams, Executive Director & CIO

FROM: Anne Bert, Chief Operating Officer, FHCF

DATE: May 29, 2018

SUBJECT: Cabinet Meeting for June 13, 2018

Request approval of the 2018-2019 Florida Hurricane Catastrophe Fund Reimbursement Premium Formula.

Request authority to file a Notice of Proposed Rule for the Florida Hurricane Catastrophe Fund for Rule 19-8.028, F.A.C., Reimbursement Premium Formula, and authority to file for adoption if no member of the public timely requests a rule hearing or if a hearing is requested but no Notice of Change is needed.

ITEM A. REIMBURSEMENT PREMIUM FORMULA:

BACKGROUND: The Florida Hurricane Catastrophe Fund (FHCF) provides reimbursement to insurers writing residential property insurance in Florida for a portion of their hurricane losses. The FHCF is statutorily required to charge an “actuarially indicated premium” for the coverage provided to the participants pursuant to a premium formula that is developed by an independent consultant and meets specified criteria. The FHCF statute requires that the premium formula be approved by unanimous vote of the Trustees.

In accordance with these statutory requirements, the FHCF has contracted with Paragon Strategic Solutions Inc. to provide the actuarial services necessary to develop the Premium Formula.

EXTERNAL INTEREST: On March 21, 2018, the 2018-2019 Premium Formula was presented to the FHCF Advisory Council. Members of the public were present and also participated by telephone. The Advisory Council voted to recommend approval of the Premium Formula. Subsequent to the initial presentation of the Premium Formula, it was updated to reflect actual risk transfer costs.

ACTIONS REQUESTED: Request approval of the 2018-2019 Florida Hurricane Catastrophe Fund Reimbursement Premium Formula as updated.

ITEM B. REIMBURSEMENT PREMIUM FORMULA (RULE 19-8.028, F.A.C.):

SUMMARY OF RULE CHANGES: The proposed rule adopts the 2018-2019 Premium Formula, as updated. The proposed rule also deletes obsolete or duplicative material and makes nonsubstantive editorial changes. In addition, the portion of the rule addressing “special circumstances” is amended to provide an exemption from participation in the FHCF for a policy solely covering jewelry which is not associated with a residential structure in Florida and is not written by an insurer that writes policies covering residential structures in Florida. This exception is authorized by the FHCF statute, which provides for flexibility in rulemaking to treat situations of an unusual nature, provided that the public purpose of the FHCF is not impaired and the action is consistent with sound insurance practices.

EXTERNAL INTEREST: A rule development workshop was held on March 21, 2018. Representatives of the FHCF attended and presented the current draft of the proposed rule, and members of the public were present and also participated by telephone. In addition, written comments were received concerning certain policies not associated with coverage of a residential structure. The rulemaking notice was published in the *Florida Administrative Register* on March 6, 2018, Vol. 44, No. 45. On March 21, 2018, the proposed changes to Rule 19-8.028, F.A.C., Reimbursement Premium Formula, were presented to the FHCF Advisory Council. Members of the public were present and also participated by telephone. The Advisory Council voted to recommend approval of the Premium Formula, the filing of a Notice of Proposed Rule, and the filing of the Rule for adoption if no member of the public timely requests a rule hearing or if a hearing is requested but no Notice of Change is needed.

ACTION REQUESTED: It is requested that the proposed amendments to this rule along with the incorporated form be presented to the Cabinet Aides on June 6, 2018, and to the State Board of Administration Trustees on June 13, 2018, with a request to approve the filing of this rule for Notice of Proposed Rule and for adoption if no member of the public timely requests a rule hearing or if a hearing is requested but no Notice of Change is needed. A notice of the meeting of the Board will be published in the *Florida Administrative Register* on May 30, 2018, Vol. 44, No. 105.

ATTACHMENTS TO BE INCLUDED WITH SBA AGENDA ITEM A:

- Memorandum dated May 29, 2018, from Anne Bert to Ash Williams regarding the 2018-2019 FHCF Reimbursement Premium Formula as updated
- “Florida Hurricane Catastrophe Fund: 2018 Ratemaking Formula Report Presented to the State Board of Administration of Florida, March 21, 2018, Updated June 13, 2018”

ATTACHMENTS TO BE INCLUDED WITH SBA AGENDA ITEM B:

- 2018-2019 Contract Year Summary of Changes
- Notice of Proposed Rule
- Notice of Meeting of Board filed in the *Florida Administrative Register*
- Rule 19-8.028, F.A.C., Reimbursement Premium Formula

The rule shows the proposed amendments with new language underscoring and deleted language ~~stricken through~~.

Memo

To: Ashbel C. Williams, Executive Director & Chief Investment Officer
From: Anne Bert, Chief Operating Officer -- FHCF
Date: May 29, 2018
Re: SBA Cabinet Agenda for June 13, 2018 - The FHCF's 2018-2019 Reimbursement Premium Formula

There are two Florida Hurricane Catastrophe Fund (FHCF) agenda items for the June 13, 2018, SBA Cabinet meeting related to the FHCF premium formula. These items are as follows:

- Vote to approve the Contract Year 2018-2019 FHCF Reimbursement Premium Formula as updated (unanimous vote of the Trustees required).
- Vote to file a Notice of Proposed Rule (Rule 19-8.028, Florida Administrative Code, Reimbursement Premium Formula) and to file for adoption if no hearing is timely requested or if a hearing is requested but no Notice of Change is needed.

Statutory Requirements

Under subsection (5) of section 215.555, Florida Statutes:

- The premium formula must be developed by an **independent consultant** selected by the SBA;
- The premium formula must be used to determine the **actuarially indicated** premiums to be paid to the FHCF by participating insurers; and
- The premium formula must be approved by a **unanimous vote** of the Trustees.

Updated Information

The costs of risk transfer options for the FHCF were not known at the time the premium formula was prepared or at the time it was presented at the workshop or the Advisory Council. Therefore, the premium formula's approach to addressing the FHCF's risk transfer options was to assume a cost based on the ceded premium for the risk transfer arrangement for the prior (2017) contract year, while providing in Exhibit XVII appropriate adjustment factors for risk transfer options. Following the premium formula as proposed, and based on the adjustments specified in Exhibit XVII, the 2018 Ratemaking Formula Report updated June 13, 2018 reflects the impact of the actual 2018 risk transfer costs. The formula itself is not changed; the updated report incorporates the adjustments provided for in the premium formula.

Contract Year 2018-2019 Recommended Reimbursement Premium Formula (as updated June 13, 2018)

	2018 Contract Year Modeled	2017 Contract Year Actual
FHCF Coverage		
Industry Retention	\$7.255 billion	\$6.790 billion
Limit	\$17.0 billion	\$17.0 billion
Average Coverage	73.121%	74.524%
FHCF Premium Revenue	\$1.109 billion	\$1.128 billion
Overall Premium Revenue Change	-1.70%	-0.97%
Due to Exposure Change	2.83%	2.22%
Due to Annual Ratemaking	-4.40%	-3.12%
Exposure Base	\$2.238 trillion	\$2.177 trillion

The industry retention has increased to **\$7.255 billion** to reflect the percentage growth in exposure, as statutorily required. Individual insurers can trigger FHCF coverage below the industry retention.

The overall impact to FHCF *rates* is an average **decrease of 4.40%**. The premium *revenues* are projected at **\$1.109 billion**, which is \$19 million lower than the actual Contract Year 2017-2018 premium of \$1.128 billion.

The primary factors driving the average rate decrease of 4.40% are:

- Lower loss costs as reflected in the hurricane loss models meeting the most recent (2015) applicable standards of the Florida Commission on Hurricane Loss Projection Methodology.
- A decrease in expenses for the Series 2013A and 2016A pre-event notes. Contract Year 2018-2019 expenses are \$27.7 million, down from Contract Year 2017-2018 expenses of \$44.6 million. The change is primarily the result of the July 1, 2018 maturation of \$500 million of the Series 2013A notes and changes in investment income.

Overall premium revenues are also affected by changes in exposure (i.e., aggregate insured values of covered properties) and the percentage coverage selections of FHCF participating insurers (who currently have the annual option of electing a reimbursement percentage of 90%, 75%, or 45%). The primary factors affecting the overall reduction in premium revenue to \$1.109 billion are:

- Rate reduction of 4.40%;
- Growth in exposure of 2.83%; and
- A projected average coverage selection of 73.121%, down from 74.524 % for the previous contract year.

The premium formula as updated reflects the FHCF's risk-transfer arrangements for the 2018-2019 Contract Year. As updated, the estimated reinsurance premium and ceded losses included in this year's rate indication presentation are based on 2018 projected ceded premium and 2018 ceded losses for the \$1 billion excess of \$10.5 billion layer. The 2017 FHCF premium formula included a reinsurance structure of \$1 billion excess of \$11.5 billion.

Premiums paid by insurers to the FHCF represent approximately 10% of the total premium paid by property owners for residential property insurance coverage in Florida. The 4.40% reduction in FHCF rates could therefore potentially translate to an average rate reduction of 0.440% for consumers, or an \$8.91 reduction based on an average residential premium of \$2,025. The actual impact on consumers will vary from insurer to insurer.

The premium formula includes average rate reductions for all types of business (i.e., personal lines residential, tenant, condominium unit owner, mobile home, and commercial-habitational). The average rate changes by type of business are as follows:

Type of Business	Average Percentage Change
Personal Residential	-4.94%
Tenant	-10.01%
Condominium Unit Owner	-0.39%
Mobile Home	-0.45%
Commercial Habitational	-1.91%
Total	-4.40%

The Premium Formula Development Process

The premium formula is detailed in a document provided by Paragon Strategic Solutions Inc. whose actuary, Andrew Rapoport, FCAS, MAAA, serves as the FHCF's independent consultant. The premium formula development process also includes input from other members of Paragon's actuarial team and the actuary member on the FHCF Advisory Council, Floyd Yager. FHCF staff members also participate in order to provide information and monitor the process.

The basic process for developing the premium formula has been in place since 1995. The process involves these steps:

- By September 1 of each year, insurers report their exposure data as of June 30 to the FHCF.
- The exposure data is trended (i.e., adjusted for such factors as exposure growth and changes in construction costs) and given to hurricane modelers to estimate losses.
 - By law, the FHCF must use hurricane models found acceptable by the Florida Commission on Hurricane Loss Projection Methodology “to the extent feasible.” In practice, all five models found acceptable by the Commission are used.
 - Five models are used to determine the “average annual hurricane loss.” The results from the five models are weighted such that the models with the highest and lowest results count for 5% each, the next-highest and next-lowest count for 20% each, and the model with results in the middle counts for 50%. By limiting the impact of the outliers, this weighting scheme tends to create stability over time. Also, three models are equally weighted and used for allocating loss results by various rating factors.
- Next, the actuary calculates the projected aggregate deductible (known as “retention”) for participating insurers. The Contract Year 2018-2019 premium formula uses a projected industry retention of \$7.255 billion. The projected retention and coverage percentages are then applied to determine loss costs.
- Adjustments are then made to reflect other costs, including FHCF operating costs, pre-event note expenses and the loss adjustment expense (the statute provides for a loss adjustment expense payment to insurers of 5% of reimbursed losses).
- Rates are then allocated by type of business, territory, construction type, and deductible, and then further adjusted to reflect mitigation classifications (year built, structure opening protection, and roof shape).
- Finally, the statutory cash buildup factor of 25% is applied and provision is made for potential risk-transfer arrangements.

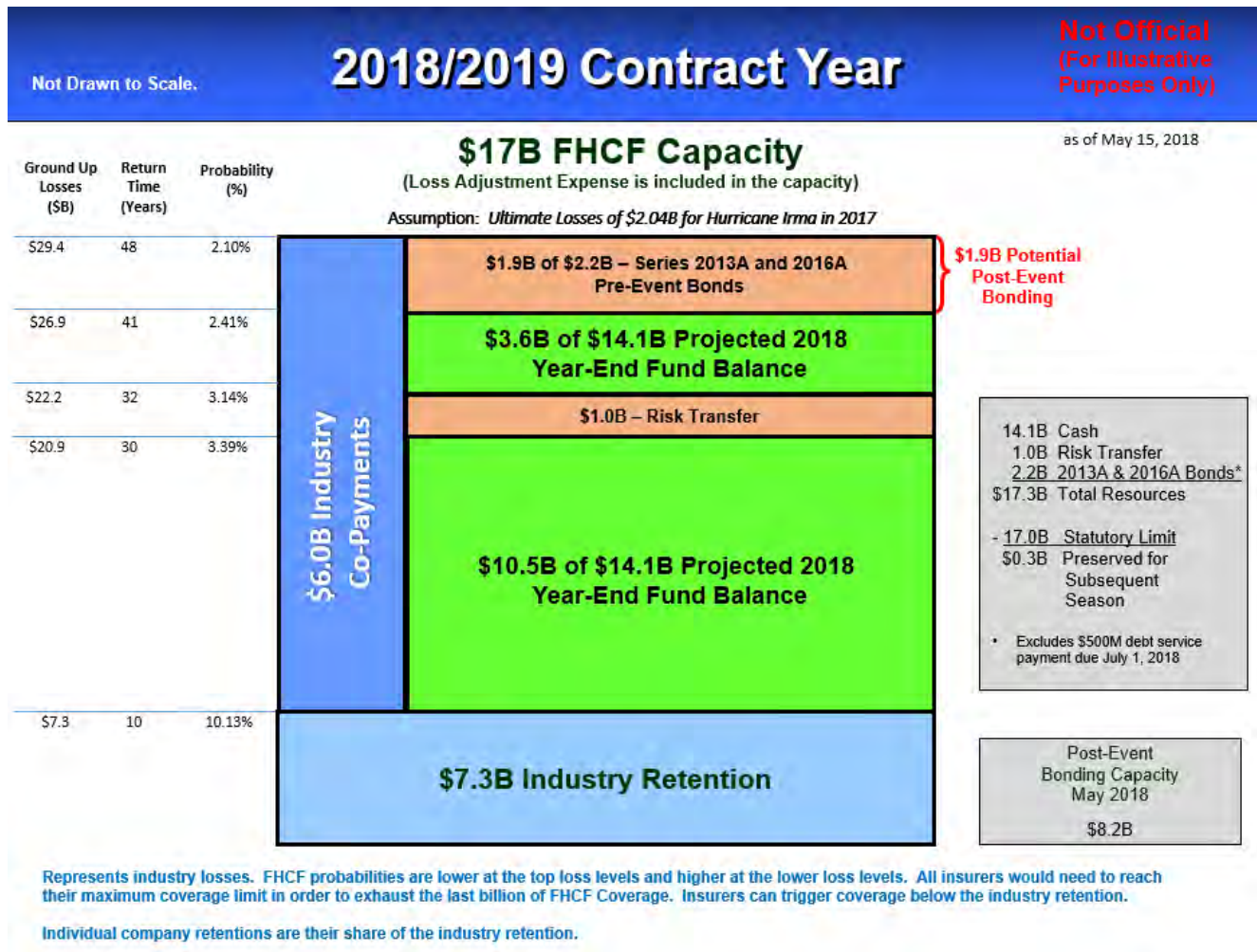
FHCF Coverage Summary

Below is a chart illustrating the liquid resources identified for claims payment and potential bonding requirements for the 2018-2019 contract year, **assuming \$2.04 billion in ultimate losses from Hurricane Irma**. The 12/31/2018 cash balance of the FHCF is projected to be **\$14.1 billion**.

Additional liquidity to enable the FHCF to timely pay losses after a very large event is provided by **\$1 billion** in risk transfer and **\$2.2 billion** in pre-event bond proceeds. These bond proceeds consist of \$1.0 billion remaining of the \$2.0 billion of Series 2013A pre-event bonds issued on April 23, 2013, and \$1.2 billion of Series 2016A pre-event bonds that were issued on March 8, 2016. The total of \$2.2 billion does not include the \$500 million of

the Series 2013A bonds that matures on July 1, 2018, and would not be available to cover Contract Year 2018-2019 losses.

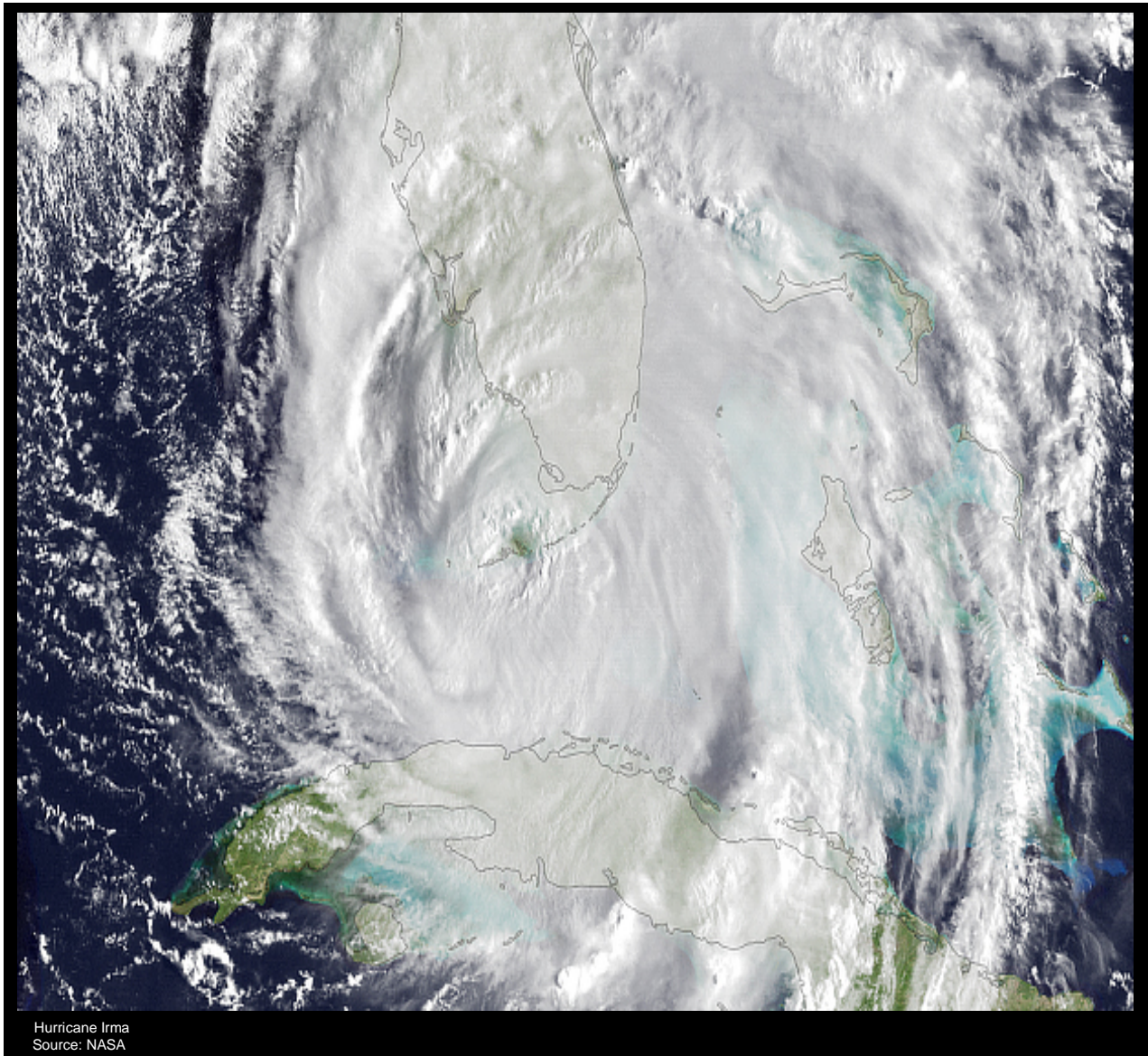
The **maximum** amount of post-event bonding that would be required to enable the FHCF to meet all contractual obligations is **\$1.9 billion**.



Florida Hurricane Catastrophe Fund 2018 Ratemaking Formula Report

**Presented to the
State Board of Administration of Florida
March 21, 2018**

Updated June 13, 2018



May 29, 2018

The Florida Hurricane Catastrophe Fund (FHCF) 2018 Ratemaking Formula Report was discussed as part of the Rule Development Workshop on revisions to Rule 19-8.028, Florida Administrative Code, on March 21, 2018, and was also presented at a meeting of the FHCF Advisory Council on that date.

The costs of risk transfer options for the FHCF were not known at the time the premium formula was prepared or at the time it was presented at the workshop or the Advisory Council. Therefore, the premium formula's approach to addressing the FHCF's risk transfer options was to assume a cost based on the ceded premium for the risk transfer arrangement for the prior (2017) contract year, while providing in Exhibit XVII appropriate adjustment factors for risk transfer options. Following the premium formula as proposed, and based on the adjustments specified in Exhibit XVII, the 2018 Ratemaking Formula Report updated June 13, 2018 reflects the impact of the actual 2018 risk transfer costs. The formula itself is not changed; the updated report incorporates the adjustments provided for in the premium formula.

The applicable changes have been made throughout the exhibits of the updated report. A summary of how the change in risk transfer costs affected premium and Retention and Projected Payout multiples is also included in Exhibit I, Part 1.P.

The rates developed in this report assume an FHCF per event insurance industry aggregate retention of \$7.255 billion (which applies to a participating insurer's two largest events and drops to 1/3 for all other events) and an FHCF limit level of \$17.000 billion.

Also included in this report are windstorm mitigation construction rating factor relativities, as well as formulas to adjust the presented rates for any additional pre-event financing or changes to the reinsurance structure should they become applicable subsequent to the presentation of this report.

Distribution and Use

The attached report was prepared for the use of the State Board of Administration of Florida for the sole purpose of developing a formula for determining the actuarially indicated premium to be paid by individual companies for the FHCF for the 2018 contract year as specified by Section 215.555, Florida Statutes. The data, assumptions, methodology and results in this report may not be appropriate for other than the intended use. We recommend that any party using this report have its own actuary review this report to ensure that the party understands the assumptions and uncertainties inherent in our estimates.

Discussion of report limitations, including scope, data sources and variability of projections, can be found in Exhibit 1, Part III of the report.

A copy of this report will be available on the web site of the FHCF.

Sincerely,



Andrew J. Rapoport, FCAS, FSA, MAAA
Managing Director and Actuary
Paragon Strategic Solutions Inc.

March 15, 2018

Enclosed is the Florida Hurricane Catastrophe Fund (FHCF) 2018 Ratemaking Formula Report which will be presented to the FHCF Advisory Council on March 21, 2018. The rates developed in this report assume an FHCF per event insurance industry aggregate retention of \$7.255 billion (which applies to a participating insurer's two largest events and drops to 1/3 for all other events) and an FHCF limit level of \$17.000 billion.

Also included in this report are windstorm mitigation construction rating factor relativities, as well as formulas to adjust the presented rates for any additional pre-event financing or changes to the reinsurance structure should they become applicable subsequent to the presentation of this report.

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The attached report was prepared for the use of the State Board of Administration of Florida for the sole purpose of developing a formula for determining the actuarially indicated premium to be paid by individual companies for the FHCF for the 2018 contract year as specified by Section 215.555, Florida Statutes. The data, assumptions, methodology and results in this report may not be appropriate for other than the intended use. We recommend that any party using this report have its own actuary review this report to ensure that the party understands the assumptions and uncertainties inherent in our estimates.

Discussion of report limitations, including scope, data sources and variability of projections, can be found in Exhibit 1, Part III of the report.

A copy of this report will be available on the web site of the FHCF.

Sincerely,



Andrew J. Rapoport, FCAS, MAAA
Managing Director and Actuary
Paragon Strategic Solutions Inc.

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Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
Presented to the
State Board of Administration of Florida on March 21, 2018
Updated June 13, 2018

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EXHIBIT

I

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
Presented to the
State Board of Administration of Florida March 21, 2018
Updated June 13, 2018

Executive Summary

1. **Rates:** Paragon recommends an average 4.40% decrease in Florida Hurricane Catastrophe Fund (FHCF) rates for the 2018-2019 (2018) Contract Year, based on coverage under Section 215.555, Florida Statutes.
2. **Premium Change:** FHCF premium will decrease by \$19 million (driven primarily by rate changes due to model change) from \$1.128 billion to \$1.109 billion based on the recommended rate change.

	2018 Contract Year Modeled	2017 Contract Year Actual	2017 Contract Year Modeled Updated 04/19/2017
FHCF Coverage			
Industry Retention	\$7.255 billion	\$6.790 billion	\$7.029 billion
Limit	\$17 billion	\$17 billion	\$17 billion
Average Coverage	73.121%	74.524%	74.829%
FHCF Premium	\$1.109 billion	\$1.128 billion	\$1.173 billion
Overall Premium Change	-1.70%	-0.97%	2.94%
Due to Exposure Change	2.83%	2.22%	2.76%
Due to Annual Ratemaking	-4.40%	-3.12%	0.18%
Projected Payout Multiple	15.3247	15.0653	14.4924
90% Retention Multiple	5.3135	4.982	4.982
Exposure Base	\$2.238 trillion	\$2.177 trillion	\$2.188 trillion
Overall FHCF Rate/\$1,000 Exp.	0.4956	0.5184	0.5360

Part I: The Ratemaking Process

Overview

Paragon recommends an average 4.40% decrease in Florida Hurricane Catastrophe Fund (FHCF) rates for the 2018 Contract Year based on a \$17.000 billion coverage limit and a \$7.255 billion per event retention, which drops to \$2.418 billion for the third largest and subsequent events (1/3 of \$7.255 billion). The rates in this report are developed for the limits and retentions, as specified by Section 215.555, Florida Statutes, for the 2018 Contract Year.

This rating formula will produce an estimated \$1.109 billion in total FHCF premium compared to \$1.128 billion in FHCF premium for the 2017 Contract Year. The decrease in overall premium would be 1.70% and is based on projected growth in exposure of 2.83% and a 4.40% overall rate decrease. There is no change in the statutory mandated cash build up factor of 25% from 2017 to 2018. This premium estimate assumes a reinsurance structure of \$1 billion excess of \$10.5 billion compared to the 2017 reinsurance structure of \$1 billion excess of \$11.5 billion of FHCF losses. Exhibit XVII provides the methodology for adjusting 2018 rates for potential changes in reinsurance structure and contracted reinsurance premium should the actual FHCF reinsurance structure differ from the assumed structure used in this rating formula.

For 2018, FHCF coverage is a layer of \$17.000 billion excess of \$7.255 billion. There are two major factors affecting the FHCF layer of coverage for the 2018 Contract Year:

1. Pursuant to Section 215.555, Florida Statutes, the industry retention is equal to \$4.5 billion adjusted for the increase in reported exposure from 2004 through 2016. As exposures have grown 61.2% over this period, the modeled retention for 2018 is \$7.255 billion.
2. Pursuant to Section 215.555, Florida Statutes, the FHCF limit is equal to \$17.000 billion until there is sufficient estimated claims-paying capacity to fund \$17.000 billion of loss in subsequent Contract Years. As the State Board of Administration of Florida (SBA) has not made this determination, the FHCF limit for 2018 is \$17.000 billion.

The above changes will vary by deductible, construction, and territory. In 2017, we modified the methodology used in the previous ten years to develop territory relativities. To improve stability in ZIP Code rating groups, the new methodology will shift a ZIP Code to a different rating territory only if the indication is for a shift of two or more rating territories or if the indicated shift of one rating territory is consistent for three years. 2018 is the second year of this new methodology.

Type of Business Allocation

Because we are projecting FHCF exposure growth, we have included columns showing indicated changes in exposure and premium as well as rate for Section I by type of business. The indications are as follows:

	Rate	Exposure	Premium
Residential	-4.94%	3.00%	-2.08%
Tenants	-10.01%	7.00%	-3.71%
Condominium Unit Owner	-0.39%	3.50%	3.09%
Mobile Home	-0.45%	0.00%	-0.45%
Commercial Habitational	-1.91%	0.00%	-1.91%
Total	-4.40%	2.83%	-1.70%

Territory Changes

The 2018 recommended territories, like the 2017 FHCF territories, are based on analysis of losses in the FHCF coverage as modeled by AIR Worldwide Corporation (AIR), Corelogic-EQECAT (EQE), and Risk Management Solutions (RMS). The relationship between lowest rate and highest rate is approximately 1:37, similar to 2017. As was done last year, this ratio was adjusted to accurately reflect the indicated loss costs for territory 1. Indicated territory changes were tempered so that ZIP Codes would only shift one

territory up or down if the indication was for a shift of two or more territories or if there has been an indicated one territory shift consistently for three years.

Premium Summary

We project premium, exposure, and retention changes as follows:

Exposure Growth (2017 to 2018)	2.83%
Retention	\$7.255 billion
Premium – 2017 (as of 10/24/17)	\$1.128 billion
Premium – 2018 (Projected)	\$1.109 billion

Use of Five Models Found Acceptable by the Florida Commission on Hurricane Loss Projection Methodology

For 2018, a weighting of five models found acceptable by the Florida Commission on Hurricane Loss Projection Methodology as of December 1, 2017, was used for aggregate results. The five models were AIR, EQE, RMS, Applied Research Associates (ARA), and the Florida Public Model (FPM). Model results were compared in detail to construct an industry distribution of losses by size. For the industry aggregate basis, consistent with the weighting methodology used in all years when the FHCF had five models, 5%, 20%, 50%, 20%, and 5% weights were applied to the models ranked from lowest to highest based on annual expected aggregate FHCF losses.

In 2017, all 5 models were updated to meet 2015 standards. As a result of these updates, 4 out of 5 models produced lower loss cost indications than in 2017 ratemaking, and therefore the 5 model weighted indication was lower.

For analysis of detailed allocation to type of business, territory, construction, and deductible, and for special coverage questions, three models (AIR, EQE, and RMS) were used for all types of business. Model results were compared in detail and 1/3 weight was given to each model for all types of business.

Summary of Changes to the 2018 Ratemaking Formula

The changes that occurred in the 2018 ratemaking formula include:

1. The 2017 average coverage selection was 74.524%. The projected 2018 average coverage is 73.121% based on March 1, 2018 selections and adjustments for rating mitigation factor changes. This change affects the size of the 100% FHCF layer.
2. The projected exposure trend increased from 2.76% in 2017 to 2.83% in 2018.
3. The modeling for the 2018 per company retention limit adjustment is based on the average of the AIR and RMS models. The change in this adjustment factor this year produced a decrease in projected losses of \$2.3 million.
4. Expenses for 2013A and 2016A pre event notes decreased from \$44.6 million in 2017 to \$27.7 million in 2018 due to increased investment returns on held funds and the maturation of \$500 million of 2013A notes.
5. Estimated reinsurance premium and ceded losses included in this year's rate indication presentation are based on 2018 projected ceded premium and 2018 ceded losses for the \$1 billion excess of \$10.5 billion layer. The 2017 FHCF premium formula included a reinsurance structure of \$1 billion excess of \$11.5 billion. Due to changes in the FHCF modeled ceded losses and available reinsurance market prices, the change in reinsurance net cost reduced FHCF rates by 0.11%. A table to adjust premium, ceded losses, payout and retention multiples, and the indicated rate change is included in Exhibit XVII to accommodate any reinsurance purchase changes subsequent to the presentation of the 2018 Ratemaking Formula Report.

Details of the overall changes can be found in Exhibit II, which contains the following exhibits:

1. Summary of 2018 Rate Calculation;
2. Adjustment to Exposure Base and Summary of Rate Change;
3. Summary of Results; and
4. Historical Comparison of Exposures, Premiums, and Rates.

Details of the Ratemaking Process

This ratemaking formula for the FHCF is based on Section 215.555, Florida Statutes. We have followed the same basic process used since 1995. Legislation enacted in 2005 (Chapter 2005-111, Laws of Florida, CS/SBN 1486) addressed retention in multiple-event seasons by creating a per event retention that applies to a participating insurer's two largest events and drops to 1/3 for all other events. This drop down coverage has again been incorporated into the 2018 rates.

A. Trend

For 2018 ratemaking, we reviewed construction data indices from Marshall & Swift and the actual exposures by coverage reported to the FHCF from 1995 to 2017. The Marshall & Swift construction indices for the Southeast were up 2.8% in 2017 compared to down 0.4% in 2016 as of October. Countrywide indices were up 2.9% compared to up 0.1% the prior year.

Our selection of exposure and risk count trends for 2018 was based predominantly on the last three years of historical FHCF data. The table below displays the last five years of annual growth in exposure and risks. In making selections, the FHCF trend data was benchmarked against the indications generated from the Marshall & Swift construction indices.

Historical FHCF exposure and risk counts can be found in Exhibit III. Note that the trended exposure data in Exhibit III is based on exposure reported to the FHCF as of 10/25/2017. This data was used in the catastrophe modeling process.

**Annual Growth in Exposure and Risk Counts Reported
by FHCF Participating Insurers as of 10/25/2017**

	Residential		Tenants		Condominiums		Mobile Homes		Commercial	
	Exposure	Risk Count	Exposure	Risk Count	Exposure	Risk Count	Exposure	Risk Count	Exposure	Risk Count
2012-2013	-2.8%	-1.2%	7.3%	10.2%	0.9%	0.7%	-9.6%	-6.2%	-0.9%	-1.4%
2013-2014	1.6%	0.3%	7.3%	12.0%	2.1%	0.8%	-3.7%	-1.0%	-4.3%	-5.1%
2014-2015	2.1%	0.0%	1.3%	12.2%	2.0%	0.8%	-5.8%	-7.9%	-9.8%	-7.2%
2015-2016	3.9%	1.3%	13.1%	10.4%	5.4%	3.1%	0.6%	-1.8%	-5.3%	28.3%
2016-2017	2.8%	0.8%	7.5%	11.3%	3.4%	1.4%	1.2%	-1.2%	-5.1%	-0.8%
Selected	3.0%	0.5%	7.0%	10.0%	3.5%	1.5%	0.0%	0.0%	0.0%	0.0%

B. Insurance Industry Aggregate Retention for Ratemaking Purposes (Exhibit IV)

For development of this premium formula, it is necessary to assume a projected aggregate insurance industry retention to estimate losses in the aggregate layer of coverage.

Section 215.555, Florida Statutes, specifies the calculation of the retention multiple for each participating insurer. The numerator of the retention multiple is \$4.5 billion adjusted by the percentage growth in FHCF covered exposure from 2004 to the Contract Year two years prior to the current year. The historical exposure for 2016 was \$2,129.3 billion (as of 10/25/2017) as compared to \$1,320.6 billion in 2004. The percent adjustment is 61.2%, so the numerator of the retention multiple is \$7.255 billion (rounded to the nearest million).

The denominator of the retention multiple is the projected total FHCF reimbursement premium assuming all participating insurers have selected the 90% coverage option. Retention multiples by coverage % are displayed below.

Coverage %	90%	75%	45%
Retention Multiple	5.3135	6.3762	10.6270

Each participating insurer's provisional retention is the retention multiple (adjusted for coverage selection) times its provisional premium. An insurer's actual retention is the retention multiple times its actual premium.

Based on the above calculation, the retention multiple numerator of \$7.255 billion is used as the insurance industry aggregate retention for simulating losses in the aggregate layer of coverage. This value is equivalent to the sum of retentions for all insurers.

Since 2003, 100% of all FHCF premiums are calculated based on the premium formula rates applied to individual company exposures. This is called Section I premium. Section II premium refers to a premium calculated from exposure under covered policies that would require individual ratemaking, with each policy risk modeled and rated individually by company. There is currently no Section II exposure and therefore no Section II premium. The Section I insurance industry aggregate retention is \$7.255 billion (based on 100% of projected premium) and the Section II aggregate retention is \$0 (based on 0% of projected premium.)

C. Industry Excess Layer (Exhibit IV)

Under Section 215.555(4)(c)1, Florida Statutes, "The contract shall also provide that the obligation of the board with respect to all contracts covering a particular contract year shall not exceed the actual claims-paying capacity of the fund up to a limit of \$17 billion for that contract year, unless the board determines that there is sufficient estimated claims-paying capacity to provide \$17 billion of capacity for the current contract year and an additional \$17 billion of capacity for subsequent contract years."

As no such determination regarding capacity in excess of \$17 billion has been made, the limit for the 2018 Contract Year is \$17 billion. This \$17 billion represents the total capacity at selected coverage levels for loss and loss adjustment expense. Loss adjustment expense is statutorily set at 5% of losses recoverable from the FHCF. Participating insurers report only losses and do not report loss adjustment expenses.

The loss and loss expense limit of \$17 billion is first divided by 1.05 to produce a loss only limit of \$16,190,476,190. This limit is then split between Sections I and II based on trended actual premium at current selected coverage levels. We view this as the best indicator of expected losses in the layer. Based on this split, 100% of the \$16,190,476,190 limit is in Section I. This value is the Section I loss only limit.

The next step is to gross up the limit for coverage level. The 2017 average coverage level is 74.524%, which produced the actual 2017 100% loss limit of \$21,725,316,447. Final 2018 company coverage selections as of March 1, 2018 produced an average coverage level of 73.121% based on 2017 company market shares and rating group definitions. The 2017 market shares were then adjusted to 2018 rating group definitions, resulting in a projected 2018 coverage level of 73.121%.

Finally, the FHCF limit is grossed up for the 2018 projected average coverage level of 73.121% to get the 100% loss limit of \$22,142,054,671. The top end of the loss only layer is then an estimated projected aggregate retention of \$7,255,000,000 for ratemaking purposes plus this limit, which equals \$29,397,054,671.

In summary, for Section I and II loss only modeling purposes we use the following layer:

73.121% of \$22,142,054,671 xs \$7,255,000,000

For publication purposes, the Sections I and II loss and loss adjustment expense layer is:

73.121% of \$23,249,157,404 xs \$7,255,000,000

The simulations produced by the modelers are for producing manual rates per \$1,000 of exposure under covered policies. The rates resulting from such simulations are referred to as Section I rates.

D. Industry Detail Exposure Data

Actual 2017 industry FHCF exposures for buildings, contents, and appurtenant structures were summarized by:

1. Type of Business (residential, tenants, condominium unit owners, mobile home, commercial habitation);
2. ZIP Code;
3. Construction/Tie-Down Type; and
4. Deductible.

For modeling, we used data as of 6/30/2017 as reported through 10/24/2017 by 156 of 156 companies reporting FHCF Section I exposure for the 2017 year. This data was trended one year as described in Section A. Exhibit III contains trended control totals of the FHCF exposures used in the modeling process.

E. Modeling Assumption and Data Changes: Combining Five Models - AIR, EQE, RMS, ARA & FPM

Table of Models Used to Calculate Overall Industry Losses

Model	2006-2007	2008-2018
AIR	X	X
ARA	X	X
EQE	X	X
RMS	X	X
FPM		X

The table above lists the models that were used to calculate the overall FHCF losses by year. Only models that had been found acceptable by the Florida Commission on Hurricane Loss Projection Methodology as of December 1 of the prior year were used in that year's ratemaking session.

In 2017, all 5 models were updated to meet 2015 standards. As a result of these updates, 4 out of 5 models produced lower loss cost indications than in 2017 ratemaking, and therefore the 5 model weighted indication was lower.

All five of the modelers produce a distribution of industry-wide losses based on trended reported exposures by type of business, deductible, construction, and ZIP Code. The AIR model produces a listing of losses for 50,000 simulated years while the FPM model losses are based on 58,000 simulated years. The ARA model produced a listing of losses for 300,000 simulated years. The other models produce a listing of losses by size with assigned annual frequencies. Since 2008, demand surge has been modeled directly by each of the accepted modelers. Adjustments to these loss distributions are described in the next section.

Exposure data for invalid ZIP Codes was provided to the modelers who then modeled such exposure at the county level. Less than 0.01% of total reported exposure comes from invalid ZIP Codes, which are either ZIP Codes that are located outside of the state of Florida, or are ZIP Codes that the U.S. Postal Service does not recognize or has decommissioned. In the latter case, the FHCF continues to produce rates for such codes for several years in order to give companies time to update their data.

Paragon used the results from each modeler to produce industry-wide gross (that is, net of policy deductibles and after application of policy limits) annual expected losses by type of business and to produce industry-wide FHCF excess losses for all coverages combined. Data from the modelers was combined by giving weights of 5%, 20%, 50%, 20%, and 5% to the model results from lowest to highest. A weighted loss distribution is included in Exhibit V.

The FHCF weighted loss curve in Exhibit V is developed solely for estimating excess hurricane losses within the FHCF layer. Estimates of losses above the FHCF layer were not taken into consideration in

developing the curve. Shifts in modeler weights within the FHCF loss layer may have an amplified impact on loss estimates above the FHCF layer.

Although it is not used for ratemaking purposes, we have included an additional loss distribution based on uniform modeler weights (20% / 20% / 20% / 20% / 20%) in Exhibit V. Over time this curve may show greater stability for losses above the FHCF layer. As repeated in our disclaimer in Part III herein, we recommend that any party using this report have its own actuary review this report to ensure that the party understands the assumptions and uncertainties inherent in our estimates.

Table of Models Used for Classifications

Model	2006-2008	2009-2012	2013-2018
AIR	X	X	X
EQE	X	X	X
RMS	X	X	X
FPM		X	

Three of the modelers ran our 2017 Contract Year trended exposures through their models and provided more detailed outputs (i.e., losses by ZIP Code, construction, and deductible codes for each type of business) that were used to update the class plan relativities. We used a straight average of the indicated loss costs for each rating cell as a basis in order to populate our class plan with rates. Details of the allocation of rates to type of business, deductible, construction, and territory are described in Part III.

Exhibit V contains tables and graphs of modeled loss severity distributions:

1. Gross Loss per Event;
2. Excess Retention Aggregate;
3. Single Event FHCF Liabilities; and
4. FHCF Layer Aggregate.

F. Losses in the Layer at Coverage Percent

The limit for the 2018 Contract Year is \$17 billion. Because the size of the excess layer is dependent on the average coverage selections of all the FHCF participating insurers, losses must be modeled after coverage selection. Coverage percentage varies by type of business, so modeled losses need to also reflect this variation. As a result, we start with the allocation to type of business and apply the coverage percentages to the layered loss (a method used consistently since 2001). We calculate the overall rates and premiums at the different coverage percentages at the end of the calculations.

Excess losses are allocated to type of business based on their adjusted gross losses. The allocations are adjusted so that no type of business has an overall rate change exceeding 15% in any one year, prior to legislated rate changes. This allocation appears in line 9 of the summary in Exhibit II. See Exhibit VI for additional details.

G. Adjustments to Modeled Losses

- **Law and Ordinance Coverage**
- **Aggregate Wind Deductible Adjustment**

These adjustments are similar to the adjustments made in the 2017 ratemaking formula.

The projected industry retention was applied to the adjusted modeled losses to estimate the FHCF excess losses. Details on the Law and Ordinance adjustments discussed here are presented in Exhibit VII. The overall increase in modeled gross losses due to these adjustments is 4.28%, compared to an increase of 4.23% in 2017.

Law and Ordinance Coverage

Law and ordinance coverage provides extra limit for Coverage A (building) in the case where additional rebuilding costs are incurred in order to comply with local laws and ordinances.

We again recommend the FHCF continue to use the factor of 4.86% of residential modeled losses. We assume most companies charge approximately 3% of premium for law and ordinance coverage. We assume approximately 45% of the losses that would generate law and ordinance losses would be FHCF hurricane losses and 25% of the base premium is FHCF premium, so $3\% \times (45\%/25\%) = 5.4\%$. We also assume that only 90% of all residential policies will have this coverage in place at the time of a hurricane loss. Then the loading to FHCF residential modeled losses would be $5.4\% \times 90\% = 4.86\%$. See Exhibit VII for additional details.

Aggregate Wind Deductible Adjustment

Under Section 627.701, Florida Statutes, residential property insurance policies issued on or after May 1, 2005 must have hurricane deductibles that apply on an annual, rather than a per-event, basis. Insurers may apply the "other perils" deductible or any amount remaining from the hurricane deductible, whichever is greater, to a loss for a second hurricane and each subsequent hurricane that year.

The loss events were adjusted to account for this change in loss exposure. Adjustment factors by type of business were developed. Exhibit VII details the derivation of these factors. The take-up ratio only impacts the commercial type of business as only these policyholders have the option of having an annual hurricane deductible. The adjusted load was then weighted with the adjusted load from 2017 giving 33% weight and 67% weight to 2018. The selected adjustment factor is the rounded value of the weighted load after the "take-up" modification.

H. Adjustments for Per Company Limits and Retentions

In this year's ratemaking report Paragon has updated the adjustment to expected losses for individual company limits, retentions and coverage based on information from an analysis based on detailed loss projections run by Paragon from the RMS and AIR model runs used for 2018 ratemaking. The average of the results from the two separate analyses is 0.1618%. Weighting this result against the prior adjustment factor of 0.5724% (2/3 current indication, 1/3 prior selection), we recommend a factor of 0.2987%. To summarize the approach, using the same exposure inputs and assumptions used by AIR and RMS, Paragon generated files of simulated Florida statewide gross hurricane losses. Average gross losses were first adjusted by type of business for AIR and RMS to match the average gross loss generated by the five models used in FHCF ratemaking. Each simulated gross loss was then allocated to ZIP Code and type of business. Next, FHCF market shares were applied by ZIP Code and company (based on 2017 FHCF premium) to allocate each simulated gross loss to all the FHCF companies. Simulated gross losses for each individual company were then summed and applied the companies' projected retention, limit, and coverage percentage (based on 2017 FHCF premium market shares and 2018 selected coverages) to generate company FHCF losses. These were summed by simulated event to get FHCF total loss by event. Paragon summed losses by simulated year applying aggregate limits and impact of retention drop downs. Separately for the AIR and RMS runs, the average annual FHCF loss based individual company losses was compared to the average annual FHCF loss based on industry total losses, retention, limit and coverage percentage. The average of the resulting adjustment factors was 0.1618% indicating, on an average basis, the two approaches generate almost identical results.

As we stated in last year's Report:

Using this more detailed approach, we also observed that there is actually significant variability between industry gross losses and FHCF layer losses. This variability cannot be determined when using industry gross losses, limits, and retentions to calculate FHCF layered losses. One observation is that the return time for the FHCF to exhaust its total capacity is actually longer than the value based on industry gross losses. Another observation is that due to increased market share of a single FHCF participating insurer in specific parts of the state, losses in areas where that insurer has very limited market share cannot generate full capacity FHCF layer losses. On the

other hand, in parts of the state where one member company has significant market share, that company's retention becomes the effective retention for the industry on storm tracks in that area.

The current and prior special analyses indications can be found in Exhibit VIII.

The shape of the exceedance curves presented in Exhibits V and VIII are different, but the overall expected values of the FHCF loss layers are very similar. The Exhibit VIII curve is the more appropriate curve to use for analysis of interval FHCF losses within the FHCF layer because it more realistically recognizes the impact of company exposure distributions, retentions, and limits. Therefore Exhibit VIII is used for analysis of expected FHCF losses offset by potential risk transfer options in section P below.

I. Other Post-Model Adjustments: (5%)

There are a few coverages that may appear on some FHCF covered policies that are not explicitly modeled in the FHCF's requested simulation. These coverages include guaranteed replacement cost, inflation guard, and reimbursable amounts paid as fees on behalf of or inuring to the benefit of a policyholder. We do not believe there is sufficient FHCF exposure from these coverages to justify additional administrative reporting and modeling at this time, but we do believe it is appropriate to load for these coverages in the post model adjustment.

Consistent with prior years, we recommend judgmentally increasing the modeled excess loss costs by 5% for all types of business to account for these coverages and other factors that are not directly included in the modeled loss results.

J. Investment Income Credit – Eliminated in 2012

Since 2012, the FHCF has not used investment income in current year rates. Exhibit IX contains the following tables:

1. FHCF rate of return history;
2. Graph of Interest Rate Assumption; and
3. FHCF Financial Statement Investment Income.

K. Operating Expenses and Mitigation Funding

Operating expenses of \$7,932,277 are based on an estimate of 2018 fiscal year operating expenses provided by the SBA. This value is an increase of \$184,277 from the 2017 Contract Year projected expense of \$7,748,000.

Per section J, the estimated mitigation funding target underlying the rates is set at zero since no investment income will be used to reduce 2018 rates. Pursuant to Section 215.555, Florida Statutes, the minimum appropriation is \$10 million and the maximum appropriation is 35% of the prior fiscal year's investment income. For the 2018-2019 FHCF contract year, the calculated maximum amount subject to mitigation appropriation will be 35% of \$109,450,000 which equals \$38,307,500. In 2018, the Florida legislature appropriated \$13.5 million for mitigation. Appropriation of mitigation funding will not affect the FHCF rates in 2018.

L. Pre-Event Notes Expense

This year's estimate of \$27.7 million is the sum of the projected cost estimates for 2013A and 2016A pre-event notes. This estimate includes the net carrying cost and a judgmental loading for potential asset loss during the Contract Year.

The 2018 carrying cost estimates are provided by the FHCF's Financial Advisor, Raymond James & Associates. Raymond James' cost estimate is the projected difference between the interest payments to note holders and the investment income on the note proceeds during the 2018 Contract Year (see Exhibit X). Due to increased projected investment returns, costs are projected to be \$14.0 million for the 2013A notes and \$7.0 million for the 2016A notes, summing to \$21.0 million, which is a \$15.5 million reduction from 2017.

A 0.3% judgmental loading (based on historical FHCF information) is added to the carrying cost for potential asset loss during the Contract Year. The sum of this loading is \$6.7 million. The value for the 2013A notes is \$3.1 million (0.3% of \$1.04 billion). \$500 million of the 2013A notes come due on 7/1/2018 so the remaining value of the 2013A notes will be \$1 billion for the last 11 months of the 2018 contract year. The value for the 2016A notes is \$3.6 million (0.3% of \$1.2 billion).

Should the SBA authorize additional expenditure for pre-event notes during the 2018 Contract Year, the rates, retention multiples, and payout multiple should be modified using the factors provided in Exhibit XI.

M. Premium Credits (Windstorm Mitigation Construction Credits)

We are using the same approach to windstorm mitigation construction factors as we used in the 2017 Ratemaking Formula Report, including the incorporation of factors for the following mitigation features recognized since 2012:

<i>Type of Business</i>	<i>Year Built</i>	<i>Structure Opening Protection</i>	<i>Roof Shape</i>
<i>Commercial Residential</i>	X	X	X
<i>Residential</i>	X	X	X
<i>Mobile Home</i>			
<i>Tenants</i>	X	X	X
<i>Condominium Owners</i>	X	X	X

The proposed rate factors associated with each variable are shown in Exhibit XIV. We propose that these be applied to calculate the final rate for any covered policy subject to the following:

- Year built, structure opening protection, and roof shape factors be applied multiplicatively;
- The combined factor for any risk will not be capped;
- Every risk will be evaluated for its rating factor; and
- A final factor will be applied by type of business so that the indicated premium levels for each type of business are achieved.

Exhibit XII includes:

1. Calculation of actual 2017 premium credits/surcharges;
2. 2017 distribution of credits/surcharges;
3. 2017 distribution of exposure and counts by rating region and type of business.

N. Section II (Excess) Adjustment

We included \$0 of Section II premium, based on the fact that there was no Section II exposure reported in 2017. Section II premium covers policies that require individual rating procedures. These exposures would be modeled and rated individually by company.

O. Adjustment for Updated Exposures

In the past, we have included an adjustment for change in premiums and exposures between November of the prior year and February of the current year. This change does not affect rate changes, but should improve the accuracy of projected premium. For this year, there was no material change to FHCF exposure, so an adjustment was not included.

P. Risk Transfer Options

The rates presented in this report include a loading for the cost of risk transfer for a ceded layer of \$1 billion excess of \$10.5 billion. The 2017 FHCF premium formula included a reinsurance structure of \$1 billion excess of \$11.5 billion. Due to changes in the FHCF modeled ceded losses and available reinsurance market prices in 2018, the change in reinsurance net cost reduced FHCF rates by 0.11%. The ceded premium is set equal to the 2018 initial premium of \$63.0 million. Should the FHCF 2018 risk transfer arrangement be modified from the assumptions used in this formula, the cost shall be determined based on the actual ceded layer selected and contracted initial reinsurance premium. The 2018 FHCF premium rates and factors would be adjusted accordingly, by the formula specified in Exhibit XVII.

The estimates for FHCF loss credits are based on the average of 2018 AIR and RMS data distributions in Exhibit VIII. Exhibit XVII is based on the same loss severity distribution and displays probability of exceedance for specific FHCF layers with the adjustments to the FHCF loss layer level prior to fixed expenses. These values are used to illustrate a range of potential risk transfer structures and costs in Exhibit XVII. The details of the formula calculation, along with potential revised factors, are provided in Exhibit XVII.

The Net Risk Transfer Cost Premium in Exhibit XVII and the Estimated Additional Annual Cost of Pre-Event Notes in Exhibit XI are additive in their impact on FHCF premium and rates. Retention and Projected Payout Multiples can be adjusted with interpolation based on the sum of the combined impact on FHCF premiums.

2018 Reinsurance Update Note: The FHCF premium formula as presented on March 21, 2018 has not changed. The original March 21, 2018 report assumed no change in reinsurance structure and premium from 2017. The reinsurance layer in the March 21, 2018 report was \$1 billion excess of \$11.5 billion with a reinsurance premium of \$61 million. The reinsurance layer in the June 13, 2018 updated report is \$1 billion excess of \$10.5 billion with a reinsurance premium of \$63 million. The impact of the change to the actual reinsurance structure on FHCF premiums, Retention and Projected Payout multiples are summarized in the following table. All changes are based on Exhibit XVII formulas.

	1	Total FHCF proposed premium from Ratemaking Formula Report 3/21/2018 with estimated risk transfer		1,112,115,989	
	2	Premium adjustment for actual risk transfer placement		-2,799,325	
	3	Total FHCF proposed premium with actual risk transfer		1,109,316,664	
	4	Factor Adjustment		0.9975	
	5	% Adjustment		-0.25%	
Part 2:		Projected Payout and Retention Multiple Adjustments		3/21/2018 Ratemaking Report (with estimated risk transfer)	6/13/2018 Ratemaking Report (with actual risk transfer)
	6	Projected Payout Multiple		15.2862	15.3247
	7	Retention Multiples	100%	4.7701	4.7822
	8		90%	5.3001	5.3135
	9		75%	6.3602	6.3762
	10		45%	10.6003	10.6270

Part II: Allocation of Premium

Within a type of business, premium is allocated to territory, construction, and deductible based on a set of relativities. This is the same process that has been used since the creation of the 2001 rates. In all cases, the relativities recommended for 2018 have been adjusted so that none of them has changed by more than 15%.

In 2018 the allocation process for territories was changed as described below. There were no other significant changes in the allocation process for 2018. Following is an overview of the FHCF rating classifications and the entire allocation process.

Overview of the Rating Classifications

1. Type of Business

The actuarially indicated FHCF premium is allocated first among the five types of business: commercial, residential, mobile home, tenants, and condominium unit owners. This allocation is based on the hurricane catastrophe modeling. For each modeled event, the proportion of FHCF layer losses allocated to each type of business is identical to the allocation of gross losses from that event. This process incorporates the varying weighted average coverage selection of each type of business. This approach produces indicated allocations, which are then adjusted so that no type of business has an indicated rate change of more than 15%. Actual allocations can be found in Exhibit VI.

2. Territorial Definitions

For 2001, the FHCF revised rating territories to incorporate information from three hurricane models: AIR, EQE, and RMS. Furthermore, territory definitions shifted from applying gross loss costs to excess layer loss costs, the latter being more indicative of what insurers might recover from the FHCF. Actual changes to territories were tempered each year since 2001, to minimize the magnitude of rate changes. For 2018, indicated territories have been recalculated for each ZIP Code using the latest data from these models.

In order to increase rating stability, the FHCF territory tempering method was changed in 2017. Review of past FHCF rating history shows that there have been many years when there were large numbers of ZIP Codes shifting one territory in a year and then shifting back one territory the following year (see Exhibit XVIII). Starting in 2017 a ZIP Code is shifted by one territory to a new territory only if the indication is for a shift of two or more territories or a shift of one territory has been consistent for three years. The new methodology should improve the stability of rating territory definitions.

3. Construction

In 2017, FHCF data was collected for four residential, seven commercial, and three mobile home construction types. Tenants and condominium unit owners exposures have the same construction classes as commercial. The mobile home codes relate to the extent of their tie downs and their compliance with Federal Housing and Urban Development building codes that went into effect in July 1994.

4. Deductibles

The rates proposed are for the same sets of deductibles as for 2017. Relativities for each deductible vary by type of business. As with construction relativities, changes in deductible relativities were limited to changing no more than 15%.

General Overview of the Rate Allocation Process

Construction Classes

Relativities between the most common construction within a type of business and the other construction types were calculated using AIR, EQE, and RMS generated ZIP Code level loss costs. The indicated relativities were selected, except that they were limited to changing from the 2017 relativities by no more than 15%.

Rates for unknown construction are calculated using the same method as other construction types, not to exceed the highest rate for all known constructions in the same type of business.

Rating Region (Territory) Definition

To begin the process this year, we identified the 1,461 ZIP Codes for which rates would be produced. These are the currently valid U.S. Postal Service ZIP Codes in Florida, plus some recently deactivated ZIP Codes for which we continue to produce rates. We identified 926 of the ZIP Codes that had at least \$30 million of total exposure. The remaining 535 ZIP Codes were mapped to these 935 ZIP Codes by location. Most of these 535 ZIP Codes were exclusively post office boxes. They inherited their territory from the territory of the ZIP Code to which they were mapped. The purpose of this step was to avoid trying to assign ZIP Codes to territories if they had very little exposure. When a ZIP Code has no frame exposure, for example, the models produce a 0.00 loss cost. To avoid these problems and to increase the reliability of the modeled losses, this mapping technique was employed.

In order to define territories, residential base deductible ZIP Code level loss costs to the FHCF layer were used. The excess loss costs from three models (AIR, EQE, and RMS) were averaged and then weighted by the amount of construction in the three classes: frame, masonry, and masonry veneer. Together, these constructions account for over 99% of residential exposure. The result was a weighted average loss cost for each ZIP Code.

The ZIP Codes were ranked by weighted average loss cost and partitioned into 25 territories, or rating regions. We set the relativities between rating regions ahead of time, and then fit the ZIP Codes to these values. This enabled a more consistent spread of values between the highest and lowest rates. In keeping with past rates, the ratio of the rates in the highest and lowest regions was set at 35:1. Subject to these guidelines, statistical methods were used to maximize the differences between regions and minimize the variation within a region. This same procedure was performed for this year's rates. Subsequently, we judgmentally adjusted the territory 1 loss cost down to better reflect actual indications for territory 1. This adjustment had the effect of changing the ratio to approximately 37:1.

We tempered the change in territory from 2017 to 2018 by limiting the territory movement to no more than one from its 2017 territory assignment and only if there is an indication of a movement of two or more territories. This change has been made in 2018 to increase stability of territory definitions.

The proposed (tempered) territories, or rating groups, are presented in Exhibit XIII. Exhibit XV shows exposure and counts by territory. Exhibit XIX displays the proposed territories as maps.

Production of Rates

The total FHCF losses have been allocated to five types of business (Exhibit VI). Within each, construction and deductible relativities have been calculated. In this process, ZIP Code level modeled loss costs were combined using a straight average. Relativities between territories were determined in the territorial definition process.

An overall premium adjustment factor was calculated for each type of business, so that the modeled exposure, when rated using 90% coverage rates, produced the desired total premium for each type of business. In this last step, the premium required was adjusted to the 90% coverage level.

Rates for 75% and 45% coverage level were calculated as 75/90ths and 45/90ths, respectively, of the 90% coverage rates.

The proposed rates produced for the base set of deductibles are found in Exhibit XIV.

Exhibit XV shows exposure and counts by territory.

Exhibit XVI compares rate changes for Residential Masonry (2% Deductible) by rating region across the state before application of windstorm mitigation credits.

The rates that are published in these exhibits are base rates. To calculate the final rate for an insured risk, one must take into consideration the relativities applicable for the three construction characteristics:

Preliminary factor = (year built factor) x (roof shape factor) x (opening protection factor)

2018 mitigation factors do not have a cap. Prior to 2014 the preliminary factor was tempered by minimum and maximum caps. In 2014 we removed the cap of plus or minus 30% to unlimited due to increased credibility in reported company data.

Actual factor = Preliminary Factor

A small on balance factor is applied so that the final rates will produce the indicated FHCF reimbursement premium levels by type of business.

Final rate = (Base rate) x (actual factor) x (on balance factor)

All rate factors for the windstorm mitigation construction rating classifications and the on balance factor are shown in Exhibit XIV.

Part III: Limitations

Scope

This report was prepared for the use of the State Board of Administration of Florida (SBA) for the sole purpose of developing a formula for determining the actuarially indicated premium to be paid by individual companies for the Florida Hurricane Catastrophe Fund (FHCF) for the 2018 Contract Year as specified by Section 215.555, Florida Statutes. The formula must be approved by unanimous vote of the SBA Trustees and they may, at any time, revise the formula pursuant to the procedure provided in Section 215.555(5)(b), Florida Statutes.

The rates in this report are developed for the limits and retentions specified by Section 215.555, Florida Statutes, for the 2018 Contract Year. No adjustments have been made to reflect availability of FHCF financial capacity during and subsequent to the 2018 Contract Year.

Actual coverage provided by the FHCF for the 2018 Contract Year is subject to modification due to legislative, judicial, or regulatory actions. Except where explicitly noted, such modifications are not considered in this report.

Data Sources

In developing the 2018 FHCF ratemaking formula, we have relied on the following data from various sources:

1. FHCF exposure data as of 6/30/2017 as reported by 156 FHCF companies and compiled by Paragon. This data has not been fully audited yet and could be subject to variability in terms of amounts and classifications of exposure data.
2. Historical FHCF exposure data from prior years, subject to audit by FHCF auditors and compiled by Paragon.
3. Projections of 2018 season hurricane losses prepared by AIR, ARA, EQE, FPM, and RMS for use in determining overall expected industry losses. All loss projections are based on catastrophe models that have been accepted by the Florida Commission on Hurricane Loss Projection Methodology as of December 1, 2017.
4. Allocations of projected 2018 season hurricane losses prepared by AIR, EQE, and RMS for use in developing various rating classifications.
5. Special analyses of mitigation rating factors prepared by AIR, ARA, EQE and RMS.
6. Special analyses of projected hurricane losses by county by ARA, EQE and RMS.
7. Special analyses of projected hurricane losses by ZIP Code by Paragon using AIR and RMS models.
8. Historical FHCF investment returns as reported by the SBA.
9. Industry residential construction cost trends for Florida and the United States as developed by Marshall & Swift.
10. Estimates of projected FHCF operating expenses by FHCF staff.
11. Estimates of projected net expenses for 2013A and 2016A Pre-Event Notes by Raymond James and Associates.

We have not audited or verified the sources of the data and information. If the underlying data or information is inaccurate or incomplete, the results of our formula report may be impacted.

Variability of Results

Ratemaking is the projection of future losses and expenses and their relationship to future exposures. The projected rates contained in the attached report represent our best professional judgment. In property catastrophe reinsurance, actual losses are likely to vary from expected losses. The degree of variation could be substantial and could be in either direction from estimates. There is also significant potential for future variability in projections of expenses and exposures.

Distribution and Use

This report was prepared for the use of the SBA for the sole purpose of developing a formula for determining the actuarially indicated premium to be paid by individual companies for the FHCF for the 2018 Contract Year as specified by Section 215.555, Florida Statutes. The data, assumptions, methodology, and results in this report may not be appropriate for other than the intended use. We recommend that any party using this report have its own actuary review this report to ensure that the party understands the assumptions and uncertainties inherent in our estimates.

A copy of this report will be available on the web site of the FHCF.

EXHIBIT

II

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
Summary of Rate Calculation

Section I : Retention, Attachment and Coverage		Residential	Tenants	Condos	Mobile Home	Commercial	Total		
Coverage Avg. % as of 10/25/2017		75.637%	77.806%	81.567%	89.108%	57.830%	74.524%		
Coverage Avg. % as of 03/01/2018		73.691%	77.879%	80.078%	88.767%	60.105%	73.121%	(1)	
Coverage Change		-2.573%	0.093%	-1.825%	-0.383%	3.934%	-1.882%		
Retention	7,255,000,000							(2)	
Loss Only Limit	22,142,054,671							(3)	
Retention + Limit	29,397,054,671							(4)	(2)+(3)
Loss and LAE at Coverage Limit	17,000,000,000							(5)	(3)*total(1)*1.05
Section I		Residential	Tenants	Condos	Mobile Home	Commercial	Total		
Gross Losses at 100% Unadjusted		2,406,442,350	22,049,654	192,183,263	103,916,757	319,230,583	3,043,822,607	(6)	
Gross Losses at 100% Adjusted*		2,535,187,016	22,060,679	192,433,101	104,384,382	319,932,890	3,173,998,069	(7)	
% Adjustment		5.350%	0.050%	0.130%	0.450%	0.220%	4.277%	(8)	(7)/(6) - 1
* Adjustment includes factors for law and ordinance coverage and annual aggregate deductibles.									
Allocation of Excess Loss to Type of Business at Coverage Level		80.477%	0.794%	6.559%	3.896%	8.273%	100.000%	(9)	[Alloc of Excess Losses] (7)
Excess Losses and LAE at Coverage		633,967,253	6,255,833	51,672,564	30,693,466	65,169,606	787,758,722	(10)	(9)*total(10)
Per Company Analysis Factors									
Retention Adjustment								(11)	(11 Factor)*(10)
Limit Adjustment								(14)	(14 Factor)*(10)
Combined Retention and Limit Adjustment		0.299%	1,893,589	18,685	154,340	194,654	2,352,947	(15)	(15 Factor)*(10)
Total Loss After Per Company Analysis Factors		635,860,842	6,274,518	51,826,904	30,785,144	65,364,260	790,111,669	(16)	(10)+(15)
Post Model Adjustment Factors		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	(17)	
		31,793,042	313,726	2,591,345	1,539,257	3,268,213	39,505,583	(18)	(17)*(16)
Total Gross Excess Loss and LAE		667,653,884	6,588,244	54,418,250	32,324,401	68,632,473	829,617,252	(19)	(18)+(16)
Special Adjustments									
Investment Income		0.000%	0	0	0	0	0	(20)	(20 Factor)*(19)
Ceded Loss & LAE (\$1 B xs. \$10.5 B)		-3.402%	-22,710,290	-224,100	-1,851,040	-1,099,517	-2,334,538	(21)	Estimated Ceded Losses from Exhibit XVII
Total Special Adjustment		-3.402%	-22,710,290	-224,100	-1,851,040	-1,099,517	-2,334,538	(22)	(20)+(21)
Net Loss & LAE Prior to Expense Loadings and Credits (Base Prem)		644,943,594	6,364,145	52,567,209	31,224,884	66,297,935	801,397,767	(23)	(19)+(22)
Fixed Expense Loadings									
Operating Expense		0.990%	6,383,685	62,993	520,313	309,066	7,932,277	(24a)	SBA Operating Expenses
2016A Note Expense		1.323%	8,530,598	84,178	695,301	413,008	10,600,000	(24b)	Debt Service Payment & Held Asset Risk Charge
2013A Note Expense		2.137%	13,780,366	135,981	1,123,192	667,175	17,123,288	(24c)	Debt Service Payment & Held Asset Risk Charge
Mitigation Funding		0.000%	0	0	0	0	0	(25)	Paid from Investment Income (not from premium)
Offset for Premium Credits and Adjustments			0	0	0	0	0	(26)	-(((1+(33))^(1+(37)))-1)*((24a+24b+24c+24d)+(25)))/(((1+(33))^(1+(37)))
Total Fixed Expense Loadings		4.449%	28,694,649	283,152	2,338,806	1,389,249	35,655,565	(27)	(24a)+(24b)+(24c)+(24d)+(25)+(26)
2018 Section I Base Premium at Coverage Level prior to Cash Build Up		673,638,243	6,647,296	54,906,015	32,614,133	69,247,644	837,053,331	(34)	

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
Section I: Adjustment to 10/25/2017 Exposure Base And Summary of Rate Change

			Residential	Tenants	Condos	Mobile Home	Commercial	Total		
Adjustment for Change in Reportings 10/25/2017 to 10/25/2017										
2017 Section I Base Premium (Net of Credits)	as of 10/25/2017		911,744,752	9,149,278	70,582,024	43,415,597	93,558,651	1,128,450,302	(35)	
	as of 10/25/2017		911,744,752	9,149,278	70,582,024	43,415,597	93,558,651	1,128,450,302	(36)	
	Change		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	(37)	(36)/(35) - 1
2017 Section I Exposure (All ZIP Codes)	as of 10/25/2017		1,873,752,532,503	27,371,616,373	96,464,337,994	26,350,579,769	152,937,257,976	2,176,876,324,615	(38)	
	as of 10/25/2017		1,873,752,532,503	27,371,616,373	96,464,337,994	26,350,579,769	152,937,257,976	2,176,876,324,615	(39)	
	Change		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	(40)	(39)/(38) - 1
Exposure Trend (2017 to 2018)			3.00%	7.00%	3.50%	0.00%	0.00%	2.83%	(41)	
2018 Section I Exposure			1,929,965,108,626	29,287,628,681	99,840,589,647	26,350,579,769	152,937,257,976	2,238,381,164,699	(42)	(1+(41))*(39)
2018 Section I Actuarially Indicated Base Premium at Coverage Level			673,638,243	6,647,296	54,906,015	32,614,133	69,247,644	837,053,331	(43)	(34)
2018 Section I Actuarially Indicated Base Premium at Cov. Level Adj. For Reporting Change			673,638,243	6,647,296	54,906,015	32,614,133	69,247,644	837,053,331	(43.01)	(1+(37))*(43)
Cash Build-up Factor										
2018 Adjusted Sect. I Base Premium at Coverage at 2017 Cash Build-up Level			25%	842,047,804	8,309,120	68,632,519	40,767,666	86,559,555	1,046,316,664	(45) (43.01)*1.25
Variable Expense Loading										
Reinsurance Factor			6.021%	50,700,723	500,302	4,132,447	2,454,671	5,211,856	63,000,000	(45a) (45)*(1/(1-Reins %))
2018 Section I Base Premium at Coverage with Cash Build-up & Variable Expenses			5.6792%	892,748,527	8,809,423	72,764,966	43,222,337	91,771,411	1,109,316,664	(45b) (45)+(45a)
Summary of Section I , Premium, Exposure and Rate Change										
			Residential	Tenants	Condos	Mobile Home	Commercial	Total		
Base Premium (25% CB)	2017	as of 10/25/2017	911,744,752	9,149,278	70,582,024	43,415,597	93,558,651	1,128,450,302	(46)	(36)
	2018		892,748,527	8,809,423	72,764,966	43,222,337	91,771,411	1,109,316,664	(47)	
	Change		-2.08%	-3.71%	3.09%	-0.45%	-1.91%	-1.70%	(48)	((47)/(46))-1
Exposure	2017	as of 10/25/2017	1,873,752,532,503	27,371,616,373	96,464,337,994	26,350,579,769	152,937,257,976	2,176,876,324,615	(49)	(39)
	2018		1,929,965,108,626	29,287,628,681	99,840,589,647	26,350,579,769	152,937,257,976	2,238,381,164,699	(50)	(42)
	Change		3.00%	7.00%	3.50%	0.00%	0.00%	2.83%	(51)	((50)/(49))-1
Rate (at 25% CB)	2017	as of 10/25/2017	0.4866	0.3343	0.7317	1.6476	0.6117	0.5184	(52)	1000*(46)/(49)
	2018		0.4626	0.3008	0.7288	1.6403	0.6001	0.4956	(53)	1000*(47)/(50)
	Change		-4.94%	-10.01%	-0.39%	-0.45%	-1.91%	-4.40%	(54)	((53)/(52))-1
Rate at 25% CB			2018	0.4626	0.3008	0.7288	1.6403	0.6001	0.4956	(54.01)
Rate Change			-4.94%	-10.01%	-0.39%	-0.45%	-1.91%	-4.40%	(55)	((1000*(45b)/(50))/(52))-1

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
Summary of Results

	Retention	Limit	Residential	Tenants	Condos	Mobile Home	Commercial	Total	
Premium									
Section I: Basic Cov.			892,748,527	8,809,423	72,764,966	43,222,337	91,771,411	1,109,316,664	(69) (45b)
Section I: Extended Cov.			-	-	-	-	-	-	(70) There is no Extended Coverage Charge for Citizens
Section I: Subtotal	7,255,000,000	17,000,000,000	892,748,527	8,809,423	72,764,966	43,222,337	91,771,411	1,109,316,664	(71) (70)+(69)
Section II	0	0	0	0	0	0	0	0	(72) There is no Section II exposure
Total	7,255,000,000	17,000,000,000	892,748,527	8,809,423	72,764,966	43,222,337	91,771,411	1,109,316,664	(73) (71)+(72)
Coverage %			73.691%	77.879%	80.078%	88.767%	60.105%	73.121%	(74) (1)
Projected Payout Multiple		15.3247							(73Limit)/(73total prem)
Retention Multiples	100%	4.7822	1,211,482,276	11,311,747	90,867,747	48,692,044	152,685,906	1,517,093,810	(75) (73ret)/(73 tot prem)*(74tot)/100%
	90%	5.3135	1,090,334,048	10,180,572	81,780,973	43,822,839	137,417,316	1,365,384,429	(76) (73ret)/(73 tot prem)*(74tot)/90%
	75%	6.3762	908,611,707	8,483,810	68,150,810	36,519,033	114,514,430	1,137,820,358	(77) (73ret)/(73 tot prem)*(74tot)/75%
	45%	10.6270	545,167,024	5,090,286	40,890,486	21,911,420	68,708,658	682,692,215	(78) (73ret)/(73 tot prem)*(74tot)/45%
Sect. I Projected Exposure		2018	1,929,965,108,626	29,287,628,681	99,840,589,647	26,350,579,769	152,937,257,976	2,238,381,164,699	(79) (49)
Sect. I Avg. Basic Rates	100%		0.6277	0.3862	0.9101	1.8479	0.9984	0.6778	(80) 1000*(69)/(79)*((100%/(74))
	90%		0.5650	0.3476	0.8191	1.6631	0.8985	0.6100	(81) 1000*(69)/(79)*((90%/(74))
	75%		0.4708	0.2897	0.6826	1.3859	0.7488	0.5083	(82) 1000*(69)/(79)*((75%/(74))
	45%		0.2825	0.1738	0.4096	0.8315	0.4493	0.3050	(83) 1000*(69)/(79)*((45%/(74))
Average Coverage			0.4626	0.3008	0.7288	1.6403	0.6001	0.4956	(84) 1000*(69)/(79) or (52)
Overall Section I Rate Change									
Total Premium		2017	911,744,752	9,149,278	70,582,024	43,415,597	93,558,651	1,128,450,302	(85) (45)
		2018	892,748,527	8,809,423	72,764,966	43,222,337	91,771,411	1,109,316,664	(86) (73)
Total Exposure		2017	1,873,752,532,503	27,371,616,373	96,464,337,994	26,350,579,769	152,937,257,976	2,176,876,324,615	(87) (48)
		2018	1,929,965,108,626	29,287,628,681	99,840,589,647	26,350,579,769	152,937,257,976	2,238,381,164,699	(88) (49)
Average Rate (000s)		2017	0.4866	0.3343	0.7317	1.6476	0.6117	0.5184	(89) 1000*(85)/(87)
		2018	0.4626	0.3008	0.7288	1.6403	0.6001	0.4956	(90) 1000*(86)/(88)
Overall Rate Change			-4.94%	-10.01%	-0.39%	-0.45%	-1.91%	-4.40%	(91) (90)/(89) - 1

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
Section I: Historical Exposures and Premiums

	Residential	Tenants*	Condo-Owners	Mobile Home	Commercial	Total
Section I Exposures (as of 10/24/2016)						
2008	\$1,783,139,166,905	\$17,697,307,503	\$79,407,858,258	\$37,368,104,549	\$197,900,227,178	\$2,115,512,664,393
2009	\$1,815,472,177,828	\$17,345,852,866	\$84,198,948,574	\$36,761,961,986	\$212,460,681,802	\$2,166,239,623,056
2010	\$1,817,662,481,519	\$17,569,203,805	\$83,886,023,190	\$35,542,039,480	\$209,853,976,263	\$2,164,513,724,257
2011	\$1,777,677,567,002	\$18,329,345,968	\$84,448,798,032	\$33,837,366,975	\$203,072,396,562	\$2,117,365,474,539
2012	\$1,742,101,137,356	\$19,311,739,294	\$84,152,063,133	\$31,569,203,791	\$199,076,994,510	\$2,076,211,138,084
2013	\$1,692,585,905,910	\$20,716,140,015	\$84,939,169,492	\$28,539,351,997	\$197,362,838,239	\$2,024,143,405,653
2014	\$1,719,567,803,513	\$22,229,245,146	\$86,702,102,354	\$27,474,291,575	\$186,824,739,041	\$2,044,799,181,629
2015	\$1,755,391,542,183	\$22,511,196,987	\$89,456,399,349	\$25,920,223,302	\$170,638,350,230	\$2,062,917,712,051
2016	\$1,823,113,728,771	\$25,411,606,383	\$93,388,534,943	\$25,960,036,639	\$161,744,631,029	\$2,129,618,537,765
2017	\$1,873,752,532,503	\$27,371,616,373	\$96,464,337,994	\$26,350,579,769	\$152,937,257,976	\$2,176,876,324,615
2018 (Proj.)	\$1,929,965,108,626	\$29,287,628,681	\$99,840,589,647	\$26,350,579,769	\$152,937,257,976	\$2,238,381,164,699
2019						

Section I Premiums (as of 10/24/2016)						
2008	\$751,531,398	\$7,069,055	\$48,188,923	\$35,517,945	\$149,973,088	\$992,290,410
2009	\$821,700,186	\$6,499,295	\$52,307,156	\$39,714,714	\$155,523,244	\$1,075,744,595
2010	\$859,864,344	\$6,502,492	\$51,872,015	\$43,539,127	\$153,444,469	\$1,115,222,446
2011	\$880,754,111	\$6,505,495	\$53,683,414	\$45,968,427	\$150,384,875	\$1,137,296,322
2012	\$981,901,520	\$8,032,833	\$60,505,008	\$43,863,584	\$167,063,181	\$1,261,366,127
2013	\$977,906,580	\$9,143,951	\$64,528,991	\$37,315,378	\$175,438,169	\$1,264,333,070
2014	\$981,990,781	\$10,188,137	\$66,375,860	\$35,208,908	\$173,880,302	\$1,267,643,988
2015	\$975,338,163	\$9,277,170	\$67,840,387	\$34,740,400	\$129,024,607	\$1,216,220,727
2016	\$908,761,071	\$8,997,273	\$69,002,510	\$39,255,768	\$113,505,081	\$1,139,521,703
2017	\$911,744,752	\$9,149,278	\$70,582,024	\$43,415,597	\$93,558,651	\$1,128,450,302
2018 (Proj.)	\$892,748,527	\$8,809,423	\$72,764,966	\$43,222,337	\$91,771,411	\$1,109,316,664
2019						

Section I Average Rates (per \$1000)						
2008	0.4215	0.3994	0.6069	0.9505	0.7578	0.4690
2009	0.4526	0.3747	0.6212	1.0803	0.7320	0.4966
2010	0.4731	0.3701	0.6184	1.2250	0.7312	0.5152
2011	0.4955	0.3549	0.6357	1.3585	0.7405	0.5371
2012	0.5636	0.4160	0.7190	1.3894	0.8392	0.6075
2013	0.5778	0.4414	0.7597	1.3075	0.8889	0.6246
2014	0.5711	0.4583	0.7656	1.2915	0.9209	0.6199
2015	0.5556	0.4121	0.7669	1.3403	0.7561	0.5896
2016	0.4985	0.3541	0.7389	1.5122	0.7018	0.5351
2017	0.4866	0.3343	0.7317	1.6476	0.6117	0.5184
2018 (Proj.)	0.4626	0.3008	0.7288	1.6403	0.6001	0.4956
2019						

Percent Change in Rates						
2008-09	7.39%	-6.20%	2.37%	13.66%	-3.41%	5.87%
2009-10	4.52%	-1.22%	-0.46%	13.39%	-0.11%	3.75%
2010-11	4.73%	-4.10%	2.80%	10.90%	1.28%	4.25%
2011-12	13.76%	17.20%	13.10%	2.28%	13.32%	13.11%
2012-13	2.51%	6.12%	5.66%	-5.90%	5.93%	2.81%
2013-14	-1.16%	3.84%	0.77%	-1.99%	3.59%	-0.75%
2014-15	-2.70%	-10.08%	0.18%	4.59%	-17.89%	-4.90%
2015-16	-10.29%	-14.09%	-3.66%	12.82%	-7.19%	-9.24%
2016-17	-2.38%	-5.59%	-0.97%	8.96%	-12.83%	-3.12%
2017-18	-4.94%	-10.01%	-0.39%	-0.45%	-1.91%	-4.40%

Historical Rates as Percent of 2018 Rates						
2008	91%	133%	83%	58%	126%	95%
2009	98%	125%	85%	66%	122%	100%
2010	102%	123%	85%	75%	122%	104%
2011	107%	118%	87%	83%	123%	108%
2012	122%	138%	99%	85%	140%	123%
2013	125%	147%	104%	80%	148%	126%
2014	123%	152%	105%	78%	153%	125%
2015	120%	137%	105%	102%	126%	119%
2016	108%	118%	101%	92%	117%	108%
2017	105%	111%	100%	100%	102%	105%
2018	100%	100%	100%	100%	100%	100%

Historical Rate on Line (Mandatory Coverage only)						
	Limit(\$B)					
2008	16,530					6.0%
2009	17,175					6.3%
2010	17,000					6.6%
2011	17,000					6.7%
2012	17,000					7.4%
2013	17,000					7.4%
2014	17,000					7.5%
2015	17,000					7.2%
2016	17,000					6.7%
2017	17,000					6.6%
2018	17,000					6.5%

*Includes Inland Marine/Stand Alone & Other Contents Type Policies

EXHIBIT

III

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2017 Reported Exposures as of 10/25/17 (Trended to 6/30/18)

Trended Control Totals By Type

Type	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
Commercial	210,062	3.0%	\$152,937,257,976	\$728,058	6.8%
Residential	4,432,493	63.2%	\$1,929,965,108,626	\$435,413	86.2%
Mobile Home	333,972	4.8%	\$26,350,579,769	\$78,901	1.2%
Tenants	1,174,061	16.7%	\$29,287,628,681	\$24,946	1.3%
Condominium Unit Owners	859,595	12.3%	\$99,840,589,647	\$116,148	4.5%
Total	7,010,183	100.0%	\$2,238,381,164,699	\$319,304	100.0%

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2017 Reported Exposures as of 10/25/17 (Trended to 6/30/18)

Trended Commercial Control Totals By Construction

Construction	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
Frame	31,840	15.2%	\$19,451,762,743	\$610,922	12.7%
Masonry	165,750	78.9%	\$72,771,713,547	\$439,045	47.6%
Masonry with Reinforced Concrete Roof	7,853	3.7%	\$18,559,435,361	\$2,363,356	12.1%
Superior	406	0.2%	\$5,168,195,378	\$12,729,545	3.4%
Superior with Reinforced Concrete Roof	2,354	1.1%	\$36,759,939,206	\$15,615,947	24.0%
Masonry Veneer	22	0.0%	\$10,923,688	\$496,531	0.0%
Unknown/Non Mobile Home Default	1,837	0.9%	\$215,288,053	\$117,195	0.1%
Total	210,062	100.0%	\$152,937,257,976	\$728,058	100.0%

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2017 Reported Exposures as of 10/25/17 (Trended to 6/30/18)

Trended Residential Control Totals By Construction

Construction	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
Frame	943,083	21.3%	\$384,179,549,147	\$407,366	19.9%
Masonry	3,187,612	71.9%	\$1,398,979,560,532	\$438,880	72.5%
Masonry Veneer	274,562	6.2%	\$140,410,974,074	\$511,400	7.3%
Unknown/Non Mobile Home Default	27,236	0.6%	\$6,395,024,873	\$234,800	0.3%
Total	4,432,493	100.0%	\$1,929,965,108,626	\$435,413	100.0%

2018 Ratemaking Formula Report
2017 Reported Exposures as of 10/25/17 (Trended to 6/30/18)

Trended Mobile Home Control Totals By Construction

Construction	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
Mobile Home - Fully Tied Down, Mfg before 7/13/94	181,012	54.2%	\$10,424,296,706	\$57,589	39.6%
Mobile Home - Fully Tied Down, Mfg on or after 7/13/94	142,105	42.5%	\$15,047,230,746	\$105,888	57.1%
Mobile Home - Other Than Fully Tied Down or Unknown	10,855	3.3%	\$879,052,317	\$80,981	3.3%
Total	333,972	100.0%	\$26,350,579,769	\$78,901	100.0%

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2017 Reported Exposures as of 10/25/17 (Trended to 6/30/18)

Trended Tenants Control Totals By Construction

Construction	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
Frame	139,130	11.9%	\$3,579,009,532	\$25,724	12.2%
Masonry	187,816	16.0%	\$6,717,549,711	\$35,767	22.9%
Masonry with Reinforced Concrete Roof	477	0.0%	\$53,872,632	\$112,941	0.2%
Superior	7,049	0.6%	\$377,569,418	\$53,564	1.3%
Superior with Reinforced Concrete Roof	877	0.1%	\$124,422,811	\$141,873	0.4%
Masonry Veneer	16,761	1.4%	\$632,142,766	\$37,715	2.2%
Unknown/Non Mobile Home Default	821,951	70.0%	\$17,803,061,811	\$21,660	60.8%
Total	1,174,061	100.0%	\$29,287,628,681	\$24,946	100.0%

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2017 Reported Exposures as of 10/25/17 (Trended to 6/30/18)

Trended Condominium Unit Owners Control Totals By Construction

Construction	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
Frame	88,893	10.3%	\$8,910,116,947	\$100,234	8.9%
Masonry	499,647	58.1%	\$49,302,674,911	\$98,675	49.4%
Masonry with Reinforced Concrete Roof	74,482	8.7%	\$8,949,552,797	\$120,157	9.0%
Superior	73,921	8.6%	\$10,427,502,402	\$141,063	10.4%
Superior with Reinforced Concrete Roof	102,996	12.0%	\$20,135,900,241	\$195,502	20.2%
Masonry Veneer	7,208	0.8%	\$776,468,169	\$107,723	0.8%
Unknown/Non Mobile Home Default	12,448	1.4%	\$1,338,374,180	\$107,517	1.3%
Total	859,595	100.0%	\$99,840,589,647	\$116,148	100.0%

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Trended Commercial Control Totals By Deductible Code

Deductible Code	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
CA (\$0 to \$2,500)	169	0.1%	\$65,534,816	\$387,780	0.0%
CB (\$2,501 to \$7,500)	98	0.0%	\$19,930,159	\$203,369	0.0%
CC (\$7,501 to \$15,000)	467	0.2%	\$131,930,998	\$282,507	0.1%
CD (\$15,001 to \$50,000)	850	0.4%	\$113,056,659	\$133,008	0.1%
C1 (1%)	7,482	3.6%	\$7,139,225,476	\$954,187	4.7%
C2 (2%)	44,885	21.4%	\$26,895,605,111	\$599,211	17.6%
C3 (3%)	107,604	51.2%	\$78,791,211,039	\$732,233	51.5%
C4 (4%)	27	0.0%	\$652,413,166	\$24,163,451	0.4%
C5 (5%)	47,777	22.7%	\$38,256,736,763	\$800,735	25.0%
C6 (6%)	435	0.2%	\$497,528,351	\$1,143,743	0.3%
C7 (7%)	3	0.0%	\$81,197,932	\$27,065,977	0.1%
C8 (8%)	1	0.0%	\$12,933,966	\$12,933,966	0.0%
C9 (9%)	0	0.0%	\$0	\$0	0.0%
C0 (10%)	264	0.1%	\$279,953,540	\$0	0.2%
Total	210,062	100.0%	\$152,937,257,976	\$728,058	100.0%

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Trended Residential Control Totals By Deductible Code

Deductible Code	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
RM (\$0)	24,544	0.6%	\$1,022,094,690	\$41,643	0.1%
RA (\$1 to \$500)	133,625	3.0%	\$46,059,622,049	\$344,693	2.4%
RB (\$501 to \$1,500)	13,814	0.3%	\$6,878,897,740	\$497,966	0.4%
RC (\$1,501 to \$2,500)	2,413	0.1%	\$665,333,372	\$275,729	0.0%
RD (Greater Than \$2,500)	2,266	0.1%	\$1,510,325,026	\$666,516	0.1%
R1 (1%)	10,888	0.2%	\$6,290,306,073	\$577,728	0.3%
R2 (2%)	3,846,464	86.8%	\$1,674,054,263,678	\$435,219	86.7%
R3 (3%)	35,849	0.8%	\$13,341,628,675	\$372,162	0.7%
R4 (4%)	3,561	0.1%	\$2,311,180,631	\$649,026	0.1%
R5 (5%)	317,464	7.2%	\$149,680,583,596	\$471,488	7.8%
R6 (6%)	33	0.0%	\$17,802,435	\$539,468	0.0%
R7 (7%)	25	0.0%	\$8,523,711	\$340,948	0.0%
R8 (8%)	64	0.0%	\$45,549,194	\$711,706	0.0%
R9 (9%)	2	0.0%	\$437,872	\$218,936	0.0%
R0 (10% to 14%)	40,115	0.9%	\$25,545,932,560	\$636,817	1.3%
RZ (15% or Greater)	1,366	0.0%	\$2,532,627,324	\$1,854,046	0.1%
Total	4,432,493	100.0%	\$1,929,965,108,626	\$435,413	100.0%

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2017 Reported Exposures as of 10/25/17 (Trended to 6/30/18)

Trended Mobile Home Control Totals By Deductible Code

Deductible Code	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
MM (\$0)	197	0.1%	\$1,440,515	\$7,312	0.0%
MA (\$1 to \$250)	1,213	0.4%	\$13,486,454	\$11,118	0.1%
MB (\$251 to \$500)	133,538	40.0%	\$8,597,396,433	\$64,382	32.6%
MC (Greater Than \$500)	6,129	1.8%	\$524,274,678	\$85,540	2.0%
M1 (1%)	155	0.0%	\$18,781,839	\$121,173	0.1%
M2 (2%)	108,450	32.5%	\$11,476,373,349	\$105,822	43.6%
M3 (3%)	171	0.1%	\$14,846,379	\$86,821	0.1%
M4 (4%)	17	0.0%	\$874,850	\$51,462	0.0%
M5 (5%)	72,068	21.6%	\$5,038,154,099	\$69,908	19.1%
M6 (6%)	5	0.0%	\$540,360	\$108,072	0.0%
M7 (7%)	0	0.0%	\$0	\$0	0.0%
M8 (8%)	1	0.0%	\$161,000	\$161,000	0.0%
M9 (9%)	444	0.1%	\$48,315,360	\$108,818	0.2%
M0 (10% or Greater)	11,584	3.5%	\$615,934,453	\$53,171	2.3%
Total	333,972	100.0%	\$26,350,579,769	\$78,901	100.0%

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2017 Reported Exposures as of 10/25/17 (Trended to 6/30/18)

Trended Tenants Control Totals By Deductible Code

Deductible Code	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
RM (\$0)	344,758	29.4%	\$6,375,852,517	\$18,494	21.8%
RA (\$1 to \$500)	477,755	40.7%	\$12,725,533,620	\$26,636	43.5%
RB (\$501 to \$1,500)	260,401	22.2%	\$6,307,408,075	\$24,222	21.5%
RC (\$1,501 to \$2,500)	2,712	0.2%	\$118,751,853	\$43,788	0.4%
RD (Greater Than \$2,500)	2,260	0.2%	\$129,615,348	\$57,352	0.4%
R1 (1%)	45	0.0%	\$3,591,306	\$79,807	0.0%
R2 (2%)	75,353	6.4%	\$3,214,573,691	\$42,660	11.0%
R3 (3%)	11	0.0%	\$452,986	\$41,181	0.0%
R4 (4%)	4	0.0%	\$3,345,355	\$836,339	0.0%
R5 (5%)	7,798	0.7%	\$302,437,022	\$38,784	1.0%
R6 (6%)	0	0.0%	\$0	\$0	0.0%
R7 (7%)	0	0.0%	\$0	\$0	0.0%
R8 (8%)	0	0.0%	\$0	\$0	0.0%
R9 (9%)	0	0.0%	\$0	\$0	0.0%
R0 (10% to 14%)	2,853	0.2%	\$80,385,326	\$28,176	0.3%
RZ (15% or Greater)	111	0.0%	\$25,681,582	\$231,366	0.1%
Total	1,174,061	100.0%	\$29,287,628,681	\$24,946	100.0%

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2017 Reported Exposures as of 10/25/17 (Trended to 6/30/18)

Trended Condominium Unit Owners Control Totals By Deductible Code

Deductible Code	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
RM (\$0)	4,196	0.5%	\$169,869,022	\$40,484	0.2%
RA (\$1 to \$500)	250,900	29.2%	\$18,342,532,437	\$73,107	18.4%
RB (\$501 to \$1,500)	87,281	10.2%	\$10,459,424,015	\$119,836	10.5%
RC (\$1,501 to \$2,500)	12,250	1.4%	\$1,832,720,594	\$149,610	1.8%
RD (Greater Than \$2,500)	2,548	0.3%	\$585,649,837	\$229,847	0.6%
R1 (1%)	62	0.0%	\$29,763,312	\$480,053	0.0%
R2 (2%)	441,900	51.4%	\$58,336,058,963	\$132,012	58.4%
R3 (3%)	682	0.1%	\$150,525,938	\$220,713	0.2%
R4 (4%)	209	0.0%	\$37,789,383	\$180,810	0.0%
R5 (5%)	47,405	5.5%	\$7,825,008,310	\$165,067	7.8%
R6 (6%)	0	0.0%	\$0	\$0	0.0%
R7 (7%)	0	0.0%	\$0	\$0	0.0%
R8 (8%)	35	0.0%	\$3,011,632	\$86,047	0.0%
R9 (9%)	0	0.0%	\$0	\$0	0.0%
R0 (10% to 14%)	11,303	1.3%	\$1,497,627,326	\$132,498	1.5%
RZ (15% or Greater)	824	0.1%	\$570,608,878	\$692,487	0.6%
Total	859,595	100.0%	\$99,840,589,647	\$116,148	100.0%

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2017 Reported Exposures as of 10/25/17 (Trended to 6/30/17)

Trended Exposures and Risks from Invalid ZIP Codes

Type	Invalid ZIP Code Data			Valid Zip Code Data		
	Units	Exposure	Average	Units	Exposure	Average
Commercial	2	\$2,487,200	\$1,243,600	210,060	152,934,770,776	\$728,053
Residential	40	\$16,193,504	\$404,838	4,432,453	1,929,948,915,122	\$435,413
Mobile Home	111	\$5,894,951	\$53,108	333,861	26,344,684,818	\$78,909
Tenants	90	\$1,517,595	\$16,862	1,173,971	29,286,111,086	\$24,946
Condo Owners	8	\$812,683	\$101,585	859,587	99,839,776,964	\$116,149
Total	251	\$26,905,933	\$107,195	7,009,932	\$2,238,354,258,766	\$319,312

Type	All Data			% from Invalid ZIP Codes	
	Units	Exposure	Average	Units	Exposure
Commercial	210,062	\$152,937,257,976	\$728,058	0.00%	0.00%
Residential	4,432,493	\$1,929,965,108,626	\$435,413	0.00%	0.00%
Mobile Home	333,972	\$26,350,579,769	\$78,901	0.03%	0.02%
Tenants/Other	1,174,061	\$29,287,628,681	\$24,946	0.01%	0.01%
Condo Owners	859,595	\$99,840,589,647	\$116,148	0.00%	0.00%
Total	7,010,183	\$2,238,381,164,699	\$319,304	0.00%	0.00%

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
Exposures, Unit Counts and Averages
As of 10/25/17

						Annual Change (%)**					
Exposures (\$)						Exposures					
	Commercial	Residential*	Mobile Home	Stand Alone I.M.**	Total		Commercial	Residential*	Mobile Home	Stand Alone I.M.**	Total
1994	250,798,066,574	573,595,663,128	27,708,002,887	N/A	852,101,732,589	1994-1995	NA	12.9	(0.9)	N/A	N/A
1995	72,259,223,184	647,611,806,441	27,471,321,323	N/A	747,342,350,948	1995-1996	(0.3)	1.3	(3.0)	N/A	0.9
1996	72,045,415,920	655,747,424,327	26,641,265,399	N/A	754,434,105,646	1996-1997	(6.9)	1.5	3.6	N/A	0.8
1997	67,060,941,081	665,706,907,693	27,603,802,377	N/A	760,371,651,151	1997-1998	(6.9)	2.1	3.2	N/A	1.3
1998	62,406,306,257	679,581,831,252	28,500,346,256	N/A	770,488,483,765	1998-1999	(0.2)	4.1	2.9	N/A	3.7
1999	62,310,422,803	707,168,630,617	29,321,225,365	N/A	798,800,278,785	1999-2000	28.9	9.0	1.7	N/A	10.3
2000	80,327,371,492	771,151,251,493	29,805,027,583	N/A	881,283,650,568	2000-2001	19.4	3.2	1.8	N/A	4.6
2001	95,903,685,545	795,830,648,826	30,336,699,432	N/A	922,071,033,803	2001-2002	17.9	19.2	12.6	N/A	19.3
2002	113,055,152,173	948,240,567,004	34,158,045,008	4,649,506,167	1,100,103,270,352	2002-2003	8.5	8.3	(0.1)	78.7	8.4
2003	122,711,546,221	1,027,400,432,961	34,109,501,584	8,307,577,221	1,192,529,057,987	2003-2004	(1.7)	12.5	2.7	9.4	10.7
2004	120,567,809,498	1,155,969,925,095	35,014,550,966	9,090,209,248	1,320,642,494,807	2004-2005	4.1	17.2	3.7	16.6	15.6
2005	125,518,806,067	1,354,455,492,240	36,309,216,467	10,602,304,913	1,526,885,819,687	2005-2006	8.6	19.4	4.8	N/A	17.3
2006	136,340,614,829	1,617,264,717,950	38,069,099,793	N/A	1,791,674,432,572	2006-2007	37.0	11.2	(1.5)	N/A	12.9
2007	186,827,864,101	1,798,433,070,223	37,500,069,047	N/A	2,022,761,003,371	2007-2008	5.9	4.5	(0.4)	N/A	4.6
2008	197,900,227,178	1,880,244,332,666	37,368,104,549	N/A	2,115,512,664,393	2008-2009	7.4	2.0	(1.6)	N/A	2.4
2009	212,460,681,802	1,917,016,979,268	36,761,961,986	N/A	2,166,239,623,056	2009-2010	(1.2)	0.1	(3.3)	N/A	(0.1)
2010	209,853,976,263	1,919,117,708,514	35,542,039,480	N/A	2,164,513,724,257	2010-2011	(3.2)	(2.0)	(4.8)	N/A	(2.2)
2011	203,072,396,562	1,880,455,711,002	33,837,366,975	N/A	2,117,365,474,539	2011-2012	(2.0)	(1.9)	(6.7)	N/A	(1.9)
2012	199,076,994,510	1,845,564,939,783	31,569,203,791	N/A	2,076,211,138,084	2012-2013	(0.9)	(2.6)	(9.6)	N/A	(2.5)
2013	197,362,838,239	1,798,241,215,417	28,539,351,997	N/A	2,024,143,405,653	2013-2014	(4.3)	1.7	(3.7)	N/A	1.0
2014	188,824,739,041	1,828,499,151,013	27,474,291,575	N/A	2,044,798,181,629	2014-2015	(9.8)	2.0	(5.8)	N/A	0.8
2015	170,243,010,515	1,865,931,881,566	25,877,523,024	N/A	2,062,052,415,105	2015-2016	(5.3)	4.1	0.6	N/A	3.3
2016	161,158,548,280	1,942,110,684,911	26,037,614,203	N/A	2,129,306,847,394	2016-2017	(5.1)	2.9	1.2	N/A	2.2
2017	152,937,257,976	1,997,588,486,870	26,350,579,769	N/A	2,176,876,324,615	Avg. 95-17	4.1	5.4	(0.1)	N/A	5.2
Unit Counts						Unit Counts					
	Commercial	Residential*	Mobile Home	Stand Alone I.M.**	Total		Commercial	Residential*	Mobile Home	Stand Alone I.M.**	Total
1994	667,009	4,523,478	630,092	N/A	5,820,579	1994-1995	NA	3.1	(0.1)	N/A	N/A
1995	217,433	4,662,527	629,593	N/A	5,509,553	1995-1996	7.1	(1.6)	(6.1)	N/A	(1.8)
1996	232,810	4,589,144	590,981	N/A	5,412,935	1996-1997	(14.4)	2.9	1.7	N/A	2.0
1997	199,267	4,722,716	601,167	N/A	5,523,150	1997-1998	(13.8)	(0.6)	(0.5)	N/A	(1.0)
1998	171,866	4,695,966	598,446	N/A	5,466,278	1998-1999	(23.1)	(1.4)	1.5	N/A	(1.8)
1999	132,195	4,627,958	607,162	N/A	5,367,315	1999-2000	(8.9)	4.2	(0.2)	N/A	3.4
2000	120,422	4,820,714	606,046	N/A	5,547,182	2000-2001	39.5	1.2	(2.1)	N/A	1.6
2001	167,961	4,877,216	593,148	N/A	5,638,325	2001-2002	13.2	0.3	(0.3)	N/A	3.7
2002	190,197	4,889,766	591,094	174,492	5,845,549	2002-2003	(5.4)	(0.1)	(2.3)	99.5	2.5
2003	179,954	4,885,715	577,547	348,037	5,991,253	2003-2004	(15.1)	2.3	(2.5)	(5.9)	0.8
2004	152,720	4,998,614	562,979	327,482	6,041,795	2004-2005	(4.6)	4.6	(3.3)	2.9	3.6
2005	145,657	5,229,215	544,433	336,976	6,256,281	2005-2006	(2.7)	9.8	(4.1)	N/A	2.4
2006	141,782	5,742,372	522,009	N/A	6,406,163	2006-2007	36.7	0.5	(6.0)	N/A	0.7
2007	193,852	5,768,968	490,926	N/A	6,453,746	2007-2008	(3.6)	(0.6)	(1.9)	N/A	(0.8)
2008	186,851	5,736,170	481,647	N/A	6,404,668	2008-2009	4.8	0.4	(2.7)	N/A	0.3
2009	195,884	5,757,481	468,744	N/A	6,422,109	2009-2010	(0.8)	0.2	(3.4)	N/A	(0.1)
2010	194,310	5,767,950	452,889	N/A	6,415,149	2010-2011	(0.6)	0.3	(4.1)	N/A	(0.0)
2011	193,114	5,784,513	434,355	N/A	6,411,982	2011-2012	(1.5)	(0.1)	(7.3)	N/A	(0.7)
2012	190,172	5,776,731	402,738	N/A	6,369,641	2012-2013	(1.4)	0.3	(6.2)	N/A	(0.1)
2013	187,504	5,794,914	377,877	N/A	6,360,295	2013-2014	(5.1)	1.8	(1.0)	N/A	1.4
2014	178,004	5,896,356	374,055	N/A	6,448,415	2014-2015	(7.2)	1.7	(7.9)	N/A	0.9
2015	165,116	5,998,865	344,350	N/A	6,508,331	2015-2016	28.3	2.9	(1.8)	N/A	3.3
2016	211,774	6,170,407	338,035	N/A	6,720,216	2016-2017	(0.8)	2.5	(1.2)	N/A	2.2
2017	210,062	6,323,392	333,972	N/A	6,867,426	Avg. 95-17	0.9	1.4	(2.8)	N/A	1.0
Averages (\$)						Averages					
	Commercial	Residential*	Mobile Home	Stand Alone I.M.**	Total		Commercial	Residential*	Mobile Home	Stand Alone I.M.**	Total
1994	376,004	126,804	43,975	N/A	146,395	1994-1995	NA	9.5	(0.8)	N/A	N/A
1995	332,329	138,897	43,633	N/A	135,645	1995-1996	(6.9)	2.9	3.3	N/A	2.8
1996	309,460	142,891	45,080	N/A	139,376	1996-1997	8.8	(1.4)	1.9	N/A	(1.2)
1997	336,538	140,958	45,917	N/A	137,670	1997-1998	7.9	2.7	3.7	N/A	2.4
1998	363,110	144,716	47,624	N/A	140,953	1998-1999	29.8	5.6	1.4	N/A	5.6
1999	471,352	152,804	48,292	N/A	148,827	1999-2000	41.5	4.7	1.8	N/A	6.7
2000	667,049	159,966	49,179	N/A	158,871	2000-2001	(14.4)	2.0	4.0	N/A	2.9
2001	570,988	163,173	51,145	N/A	163,536	2001-2002	4.1	18.8	13.0	N/A	15.1
2002	594,411	193,924	57,788	26,646	188,195	2002-2003	14.7	8.4	2.2	(10.4)	5.8
2003	681,905	210,287	59,059	23,870	199,045	2003-2004	15.8	10.0	5.3	16.3	9.8
2004	789,470	231,258	62,195	27,758	218,584	2004-2005	9.2	12.0	7.2	13.3	11.7
2005	861,742	259,017	66,692	31,463	244,056	2005-2006	11.6	8.7	9.4	N/A	14.6
2006	961,621	281,637	72,928	N/A	279,680	2006-2007	0.2	10.7	4.7	N/A	12.1
2007	963,765	311,743	76,386	N/A	313,424	2007-2008	9.9	5.1	1.6	N/A	5.4
2008	1,059,134	327,787	77,584	N/A	330,308	2008-2009	2.4	1.6	1.1	N/A	2.1
2009	1,084,625	332,961	78,427	N/A	337,310	2009-2010	(0.4)	(0.1)	0.1	N/A	0.0
2010	1,079,996	332,721	78,478	N/A	337,407	2010-2011	(2.6)	(2.3)	(0.7)	N/A	(2.1)
2011	1,051,567	325,085	77,903	N/A	330,220	2011-2012	(0.5)	(1.7)	0.6	N/A	(1.3)
2012	1,046,826	319,483	78,386	N/A	325,954	2012-2013	0.5	(2.9)	(3.6)	N/A	(2.4)
2013	1,052,579	310,314	75,526	N/A	318,247	2013-2014	0.8	(0.1)	(2.7)	N/A	(0.4)
2014	1,060,789	310,107	73,450	N/A	317,101	2014-2015	(2.8)	0.3	2.3	N/A	(0.1)
2015	1,031,051	311,047	75,149	N/A	316,833	2015-2016	(26.2)	1.2	2.5	N/A	0.0
2016	760,993	314,746	77,026	N/A	316,851	2016-2017	(4.3)	0.4	2.4	N/A	0.0
2017	728,058	315,905	78,901	N/A	316,986	Avg. 95-17	4.5	3.9	2.8	N/A	4.1

* Includes Residential, Tenants, and Condominium Unit Owner policies.

**2002 was the first year Stand Alone Inland Marine data was reported. Stand Alone Inland Marine was defined as inland marine policies not associated with the policy that covers the main building/structure.

In 2003, it was referred to as "Stand Alone/Contents Type Policies" and also included scheduled personal property written under attachments, endorsements, and riders.

In 2004, it was referred to as "Other Contents Policies or Endorsements."

In 2006, it was removed.

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Commercial Totals By Mitigation Features

Mitigation Feature	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
YEAR BUILT					
Unknown	1,623	0.8%	\$594,405,972	\$366,239	0.4%
1994 or Earlier	124,480	59.3%	\$92,326,359,725	\$741,696	60.4%
1995-2001	27,228	13.0%	\$15,830,560,025	\$581,407	10.4%
2002-2011	46,481	22.1%	\$38,318,379,260	\$824,388	25.1%
2012 or Later	10,250	4.9%	\$5,867,552,994	\$572,444	3.8%
TOTAL	210,062	100.0%	\$152,937,257,976	\$728,058	100.0%
STRUCTURE OPENING PROTECTION					
No Credit is Given to Policyholder	182,175	86.7%	\$117,321,302,818	\$644,003	76.7%
Credit is Given to Policyholder	27,887	13.3%	\$35,615,955,158	\$1,277,153	23.3%
TOTAL	210,062	100.0%	\$152,937,257,976	\$728,058	100.0%
ROOF SHAPE					
Hip, Mansard, or Pyramid	74,674	35.5%	\$36,311,097,793	\$486,262	23.7%
Gable, Other, or Unknown	135,388	64.5%	\$116,626,160,183	\$861,422	76.3%
TOTAL	210,062	100.0%	\$152,937,257,976	\$728,058	100.0%

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Residential Totals By Mitigation Features

Mitigation Feature	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
YEAR BUILT					
Unknown	19,397	0.4%	\$4,012,616,197	\$206,868	0.2%
1994 or Earlier	2,549,323	57.5%	\$934,158,529,132	\$366,434	48.4%
1995-2001	625,399	14.1%	\$319,883,909,226	\$511,488	16.6%
2002-2011	953,427	21.5%	\$504,788,059,700	\$529,446	26.2%
2012 or Later	284,947	6.4%	\$167,121,994,371	\$586,502	8.7%
TOTAL	4,432,493	100.0%	\$1,929,965,108,626	\$435,413	100.0%
STRUCTURE OPENING PROTECTION					
No Credit is Given to Policyholder	3,720,978	83.9%	\$1,494,644,726,421	\$401,681	77.4%
Credit is Given to Policyholder	711,515	16.1%	\$435,320,382,205	\$611,822	22.6%
TOTAL	4,432,493	100.0%	\$1,929,965,108,626	\$435,413	100.0%
ROOF SHAPE					
Hip, Mansard, or Pyramid	1,317,478	29.7%	\$735,811,428,729	\$558,500	38.1%
Gable, Other, or Unknown	3,115,015	70.3%	\$1,194,153,679,897	\$383,354	61.9%
TOTAL	4,432,493	100.0%	\$1,929,965,108,626	\$435,413	100.0%

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Mobile Home Totals By Mitigation Features

Mitigation Feature	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
YEAR BUILT					
Unknown or Mobile Home	333,972	100.0%	\$26,350,579,769	\$78,901	100.0%
1994 or Earlier	0	0.0%	\$0	\$0	0.0%
1995-2001	0	0.0%	\$0	\$0	0.0%
2002 or Later	0	0.0%	\$0	\$0	0.0%
TOTAL	333,972	100.0%	\$26,350,579,769	\$78,901	100.0%
STRUCTURE OPENING PROTECTION					
No Credit is Given to Policyholder	333,966	100.0%	\$26,350,318,959	\$78,901	100.0%
Credit is Given to Policyholder	6	0.0%	\$260,810	\$0	0.0%
TOTAL	333,972	100.0%	\$26,350,579,769	\$78,901	100.0%
ROOF SHAPE					
Hip, Mansard, or Pyramid	30	0.0%	\$371,160	\$12,372	0.0%
Gable, Other, or Unknown	333,942	100.0%	\$26,350,208,609	\$78,907	100.0%
TOTAL	333,972	100.0%	\$26,350,579,769	\$78,901	100.0%

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Tenants Totals By Mitigation Features

Mitigation Feature	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
YEAR BUILT					
Unknown	687,595	58.6%	\$12,347,527,912	\$17,958	42.2%
1994 or Earlier	222,364	18.9%	\$7,427,731,481	\$33,403	25.4%
1995-2001	86,836	7.4%	\$2,953,075,265	\$34,007	10.1%
2002-2011	127,558	10.9%	\$4,932,581,709	\$38,669	16.8%
2012 or Later	49,708	4.2%	\$1,626,712,314	\$32,725	5.6%
TOTAL	1,174,061	100.0%	\$29,287,628,681	\$24,946	100.0%
STRUCTURE OPENING PROTECTION					
No Credit is Given to Policyholder	1,168,128	99.5%	\$28,798,797,346	\$24,654	98.3%
Credit is Given to Policyholder	5,933	0.5%	\$488,831,335	\$82,392	1.7%
TOTAL	1,174,061	100.0%	\$29,287,628,681	\$24,946	100.0%
ROOF SHAPE					
Hip, Mansard, or Pyramid	14,917	1.3%	\$1,038,225,488	\$69,600	3.5%
Gable, Other, or Unknown	1,159,144	98.7%	\$28,249,403,194	\$24,371	96.5%
TOTAL	1,174,061	100.0%	\$29,287,628,681	\$24,946	100.0%

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Condominium Unit Owners Totals By Mitigation Features

Mitigation Feature	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
YEAR BUILT					
Unknown	5,046	0.6%	\$404,245,111	\$80,112	0.4%
1994 or Earlier	574,553	66.8%	\$54,006,265,345	\$93,997	54.1%
1995-2001	91,051	10.6%	\$14,072,128,642	\$154,552	14.1%
2002-2011	170,469	19.8%	\$27,475,832,872	\$161,178	27.5%
2012 or Later	18,476	2.1%	\$3,882,117,677	\$210,117	3.9%
TOTAL	859,595	100.0%	\$99,840,589,647	\$116,148	100.0%
STRUCTURE OPENING PROTECTION					
No Credit is Given to Policyholder	740,089	86.1%	\$72,176,755,489	\$97,524	72.3%
Credit is Given to Policyholder	119,506	13.9%	\$27,663,834,157	\$231,485	27.7%
TOTAL	859,595	100.0%	\$99,840,589,647	\$116,148	100.0%
ROOF SHAPE					
Hip, Mansard, or Pyramid	113,568	13.2%	\$15,189,560,354	\$133,749	15.2%
Gable, Other, or Unknown	746,027	86.8%	\$84,651,029,292	\$113,469	84.8%
TOTAL	859,595	100.0%	\$99,840,589,647	\$116,148	100.0%

EXHIBIT

IV

Florida Hurricane Catastrophe Fund
2018 Calculation of Layer of Coverage
Using 6/30/2017 FHCF Premium and Exposure Data as of 10/25/2017

Type of Business	Coverage Option	Total Insured Risks	Total Exposure	Gross FHCF Premium	Net FHCF Premium	Net FHCF Prem at 100%
Section I						
1	45%	157,564	100,921,624,201	51,814,010	52,044,722	115,654,938
1	75%	15	6,132,500	5,813	7,396	9,862
1	90%	52,483	52,009,501,275	47,688,039	41,506,532	46,118,369
2	45%	1,065,145	523,989,041,268	165,681,434	161,241,400	358,314,223
2	75%	247,565	107,789,252,585	65,187,129	59,469,271	79,292,361
2	90%	3,097,112	1,241,974,238,650	699,341,986	691,034,081	767,815,645
3	45%	8,360	385,963,805	434,633	434,633	965,852
3	75%	0	0	0	0	0
3	90%	325,612	25,964,615,964	42,980,964	42,980,964	47,756,627
4	45%	367,707	8,629,322,154	1,431,286	1,422,260	3,160,579
4	75%	4,913	140,526,309	60,012	58,170	77,560
4	90%	694,699	18,601,767,910	7,695,592	7,668,848	8,520,942
6	45%	113,868	17,011,387,823	6,962,642	6,089,366	13,531,925
6	75%	85,034	6,589,281,383	4,843,343	6,040,921	8,054,561
6	90%	647,349	72,863,668,788	59,343,515	58,451,737	64,946,375
Section II						
1	45%		0	0	0	0
1	75%		0	0	0	0
1	90%		0	0	0	0
Section I Totals						
1	xx	210,062	152,937,257,976	99,507,863	93,558,651	161,783,169
2	xx	4,409,822	1,873,752,532,503	930,210,548	911,744,752	1,205,422,229
3	xx	333,972	26,350,579,769	43,415,597	43,415,597	48,722,478
4	xx	1,067,319	27,371,616,373	9,186,890	9,149,278	11,759,081
6	xx	846,251	96,464,337,994	71,149,500	70,582,024	86,532,861
xx	45%	1,712,644	650,937,339,251	226,324,005	221,232,382	491,627,517
xx	75%	337,527	114,525,192,777	70,096,297	65,575,758	87,434,344
xx	90%	4,817,255	1,411,413,792,587	857,050,096	841,642,162	935,157,958
Section I Total		6,867,426	2,176,876,324,615	1,153,470,398	1,128,450,302	1,514,219,818
Section II Total*		0	0	0	0	0
Grand Total		6,867,426	2,176,876,324,615	1,153,470,398	1,128,450,302	1,514,219,818
* We last had a very small amount of Section II exposure in 2002.						
Weighted Average Coverage Multiples - Section I Only					For Exh II Ratemaking	
	Risks	Exposure			Premium	
1	Commercial	0.56245	0.60304		0.57830	
2	Residential	0.78289	0.76553		0.75637	
3	Mobile Home	0.88874	0.89341		0.89108	
4	Tenants	0.74428	0.75736		0.77806	
6	Condos	0.82438	0.81040		0.81567	
Total		0.78040	0.75755		0.74524	
Weighted Average Coverage Multiple - Sections I and II						
Total		0.78040	0.75755		0.74524	

Florida Hurricane Catastrophe Fund
2018 Calculation of Layer of Coverage
Using 6/30/2017 FHCF Premium and Exposure Data as of 10/25/2017

1. Calculate Section I and II Retention

Historical Exposure

		Data as of 10/25/2017	Estimate of Missing Data	Total	
2004	Total	1,320,642,494,807	-	1,320,642,494,807	
2016	Total	2,129,306,847,394	-	2,129,306,847,394	
Growth in exposure, 2004 to 2016			61.233%		[1a]
Base FHCF Retention			4,500,000,000		[1b]
2017 Retention (Actual, based on premiums paid)			6,789,565,981		
2018 Target Retention			7,255,469,100	Change 2017 to 2018	[1c]=(1+[1a])x[1b]
2018 Selected Retention			7,255,000,000	6.86%	[1d]=[1c], rnd'd to \$M

2. Allocate Retention to Sections I and II

2017 Net Full Coverage FHCF Premium (ie at 100%)					
	Section I	1,514,219,818	100.000%	[2a]	
	Section II	-	0.000%	[2b]	
	Total	1,514,219,818	100.000%	[2c]=[2a]+[2b]	
<i>Note: Allocate Retention based on full coverage premium, which is the best indicator of expected ground-up losses</i>					
2018 Selected Retention (using full coverage FHCF premium for weighting)					
	Section I	7,255,000,000	100.000%	[2d]	
	Section II	-	0.000%	[2e]	
	Total	7,255,000,000	100.000%	[2f]=[2d]+[2e]	

3. Calculate FHCF Limit

Estimated Claims Paying Capacity Average		\$26,600,000,000		[3a]	
Source: Raymond James: FHCF Estimated Claims Paying Capacity, Oct. 26, 2017 Page 15					
Dollar growth in cash balance over prior calendar year					
Cash Balance @12/31/2016	\$	13,800,000,000		[3b]	
Est Cash Balance @ 12/31/2017	\$	12,900,000,000		[3c]	
Change in Cash Balance	\$	(900,000,000)		[3d]=[3c]-[3b]	
2017 Statutory Maximum Coverage Limit		17,000,000,000		[3e]=[3g prior year]	
2018 Statutory Coverage Limit Prior to Change in Cash Balance Limit		17,000,000,000		[3f]=17Billion + .5*(max(3a-\$34 billion	
2018 Statutory Coverage Limit	\$	17,000,000,000	0.00%	[3g]=[3e]+min([3f]-[3e],max([3d],0))	

Florida Hurricane Catastrophe Fund
2018 Calculation of Layer of Coverage
Using 6/30/2017 FHCF Premium and Exposure Data as of 10/25/2017

4. Allocate Limit to Sections I and II

Total FHCF Capacity	17,000,000,000		[4a]
Pure Loss	16,190,476,190		[4b] = [4a]/1.05
Loss Adjustment Expenses	809,523,810		[4c] = [4a] - [4b]
Actual Coverage FHCF Premium			
Section I	1,128,450,302	100.000%	[4d]
Section II	-	0.000%	[4e]
Total	1,128,450,302	100.000%	[4f] = [4d] + [4e]

Note: Allocate Limit based on **actual** premium, which is the best indicator of expected FHCF losses.

Sections I and II Limit Allocations

	Pure loss	LAE	Total
Section I	16,190,476,190	809,523,810	17,000,000,000
Section II	-	-	-
Total	16,190,476,190	809,523,810	17,000,000,000

5. FHCF Layer Structure for Sections I and II

Section I	Based on 2017 Selections	Based on 2018 Selections	
Retention	7,255,000,000	7,255,000,000	[5a] = [2d]
Pure Loss Limit Available	16,190,476,190	16,190,476,190	[5b] from Part 3
Total Limit Available	17,000,000,000	17,000,000,000	[5c] from Part 3
Wtd Average Coverage	74.524%	73.121%	[5d]
Top of Loss Layer	28,980,316,447	29,397,054,671	[5e] = [5a] + [5b] / [5d]

Layer used for modeled losses:	73.121% of \$22,142,054,671 xs \$7,255,000,000
<i>(Modeled losses are Section I losses only, no LAE)</i>	

Sections I and II

	2017 Selections	2018 Selections	
Retention	7,255,000,000	7,255,000,000	[5f] = [2f]
Pure Loss Limit Available	16,190,476,190	16,190,476,190	[5g] from Part 3
Total Limit Available	17,000,000,000	17,000,000,000	[5h] from Part 3
Wtd Average Coverage	74.524%	73.121%	[5i]
Top of Loss Layer	28,980,316,447	29,397,054,671	[5j] = [5f] + [5g] / [5i]

Layer used for FHCF publications:	
Loss only:	73.121% of \$22,142,054,671 xs \$7,255,000,000
Loss + LAE:	73.121% of \$23,249,157,404 xs \$7,255,000,000

EXHIBIT

V

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
Modeled Adjusted Loss Severity Distributions

Summary

	Size of Event(s)	Probability	Return Time (Years)	5 Year Probability	10 Year Probability
Single Event					
Attach industry retention	\$7,255,000,000	10.13%	9.9	41.37%	65.62%
Attach FHCF Projected Reinsurance	\$10,500,000,000	3.31%	30.2	15.49%	28.59%
Exhaust FHCF Projected Reinsurance	\$11,500,000,000	3.06%	32.7	14.40%	26.72%
ExhaustFHCF Projected Cash Balance and Reinsurance	\$15,107,730,292	2.34%	42.7	11.19%	21.12%
Exhaust FHCF Projected Cash Balance, Reins. and Pre-Event Notes	\$17,000,000,000	2.03%	49.2	9.76%	18.57%
Exhaust Estimated Claims Paying Capacity	\$17,000,000,000	2.03%	49.2	9.76%	18.57%
Exhaust FHCF limit	\$17,000,000,000	2.03%	49.2	9.76%	18.57%
Annual Aggregate					
Attach FHCF Projected Reinsurance	\$10,500,000,000	3.39%	29.5	15.83%	29.15%
Exhaust FHCF Projected Reinsurance	\$11,500,000,000	3.14%	31.9	14.74%	27.31%
ExhaustFHCF Projected Cash Balance and Reinsurance	\$15,107,730,292	2.41%	41.5	11.49%	21.66%
Exhaust FHCF Projected Cash Balance, Reins. and Pre-Event Notes	\$17,000,000,000	2.10%	47.6	10.07%	19.12%
Exhaust Estimated Claims Paying Capacity	\$17,000,000,000	2.10%	47.6	10.07%	19.12%
Exhaust FHCF limit	\$17,000,000,000	2.10%	47.6	10.07%	19.12%
Expected Annual Losses					
Adjusted Gross losses at 100% coverage	\$3,173,998,069				
Loss to Mandatory FHCF layer, at actual coverage					
Loss only	\$750,246,401				
Loss + LAE	\$787,758,722				

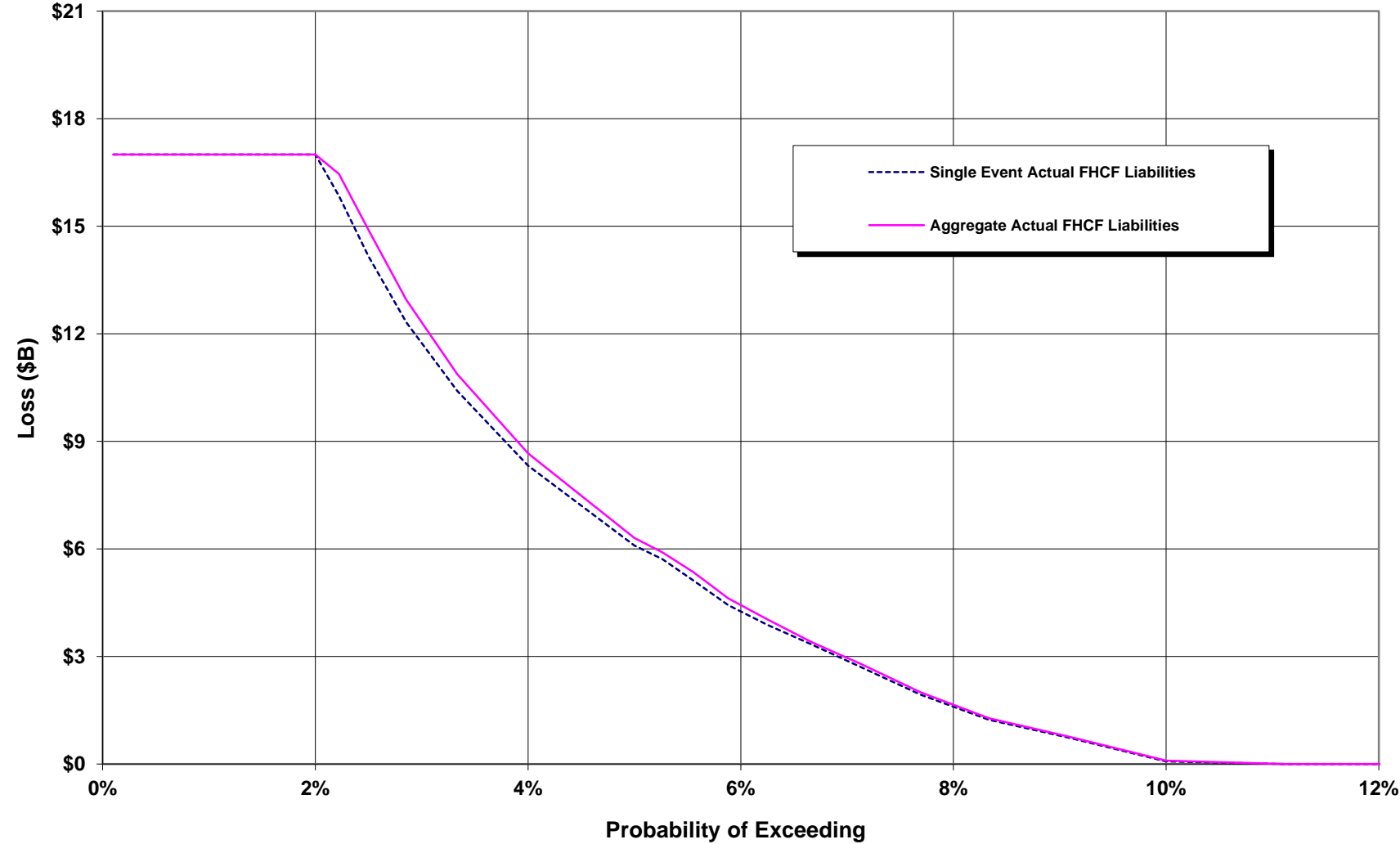
Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
Modeled Adjusted Loss Severity Distributions

Traditional FHCF Only Layer						
Return Time	Probability of Exceedance	Uniform Weighted Section I Gross Per Event (100% Coverage, no LAE)	FHCF Layer Weighted Section I Gross Per Event (100% Coverage, no LAE)	Section I Excess Retention Aggregate (100% Coverage, no LAE)	Single Event Actual Liabilities	Aggregate Actual Liabilities
1000	0.0010	\$112,340,226,723	\$115,846,166,395	\$110,745,000,000	\$17,000,000,000	\$17,000,000,000
900	0.0011	\$109,023,874,150	\$111,000,000,000	\$105,850,065,096	\$17,000,000,000	\$17,000,000,000
800	0.0013	\$105,247,629,820	\$107,920,306,266	\$102,650,246,154	\$17,000,000,000	\$17,000,000,000
700	0.0014	\$100,376,617,794	\$102,185,826,084	\$97,745,000,000	\$17,000,000,000	\$17,000,000,000
600	0.0017	\$97,614,873,792	\$98,892,541,457	\$91,637,541,457	\$17,000,000,000	\$17,000,000,000
500	0.0020	\$91,657,659,393	\$91,941,993,832	\$86,591,101,185	\$17,000,000,000	\$17,000,000,000
400	0.0025	\$84,571,816,255	\$84,100,000,000	\$78,545,000,000	\$17,000,000,000	\$17,000,000,000
300	0.0033	\$75,769,830,281	\$73,911,552,428	\$68,345,000,000	\$17,000,000,000	\$17,000,000,000
250	0.0040	\$70,954,009,827	\$67,983,016,674	\$62,501,757,592	\$17,000,000,000	\$17,000,000,000
200	0.0050	\$64,466,283,949	\$62,288,210,413	\$55,971,918,972	\$17,000,000,000	\$17,000,000,000
150	0.0067	\$57,398,742,727	\$54,441,496,961	\$48,592,761,390	\$17,000,000,000	\$17,000,000,000
100	0.0100	\$47,500,000,000	\$44,454,023,664	\$38,316,408,662	\$17,000,000,000	\$17,000,000,000
90	0.0111	\$44,600,000,000	\$41,876,734,747	\$35,545,000,000	\$17,000,000,000	\$17,000,000,000
80	0.0125	\$41,700,000,000	\$39,592,195,188	\$33,181,809,681	\$17,000,000,000	\$17,000,000,000
70	0.0143	\$38,767,777,576	\$36,486,227,217	\$30,045,000,000	\$17,000,000,000	\$17,000,000,000
65	0.0154	\$37,064,938,331	\$35,261,955,707	\$28,675,380,053	\$17,000,000,000	\$17,000,000,000
60	0.0167	\$35,608,031,259	\$33,500,000,000	\$27,006,842,174	\$17,000,000,000	\$17,000,000,000
55	0.0182	\$33,659,912,130	\$31,700,000,000	\$25,096,270,749	\$17,000,000,000	\$17,000,000,000
50	0.0200	\$31,749,422,284	\$29,659,188,332	\$23,045,000,000	\$17,000,000,000	\$17,000,000,000
45	0.0222	\$29,443,848,395	\$27,900,000,000	\$21,033,545,992	\$15,850,657,683	\$16,458,691,533
40	0.0250	\$27,210,163,064	\$25,703,849,309	\$19,045,000,000	\$14,164,514,170	\$14,902,659,797
35	0.0286	\$24,795,706,318	\$23,300,000,000	\$16,545,000,000	\$12,318,905,426	\$12,946,416,715
30	0.0333	\$22,100,000,000	\$20,813,698,967	\$13,903,169,555	\$10,409,992,538	\$10,879,191,703
25	0.0400	\$19,137,562,453	\$18,100,000,000	\$11,078,659,454	\$8,326,489,831	\$8,669,020,365
20	0.0500	\$16,000,000,000	\$15,200,000,000	\$8,066,444,542	\$6,099,950,365	\$6,311,970,532
19	0.0526	\$15,252,290,888	\$14,700,000,000	\$7,545,000,000	\$5,716,064,250	\$5,903,941,621
18	0.0556	\$14,580,381,468	\$13,920,611,777	\$6,836,256,503	\$5,117,671,617	\$5,349,351,795
17	0.0588	\$13,800,000,000	\$13,024,269,267	\$5,905,635,223	\$4,429,484,729	\$4,621,143,220
16	0.0625	\$12,966,094,741	\$12,316,761,845	\$5,161,388,144	\$3,886,280,178	\$4,038,771,940
15	0.0667	\$12,188,523,298	\$11,600,000,000	\$4,345,000,000	\$3,335,970,338	\$3,399,950,476
14	0.0714	\$11,330,685,137	\$10,758,604,786	\$3,545,000,000	\$2,689,970,458	\$2,773,952,690
13	0.0769	\$10,430,284,731	\$9,780,569,467	\$2,555,000,000	\$1,939,062,101	\$1,999,280,430
12	0.0833	\$9,507,626,158	\$8,860,539,655	\$1,630,508,436	\$1,232,688,761	\$1,275,868,339
11	0.0909	\$8,615,590,072	\$8,210,000,000	\$975,000,000	\$733,222,479	\$762,934,802
10	0.1000	\$7,700,000,000	\$7,350,000,000	\$120,705,568	\$72,938,362	\$94,451,773
9	0.1111	\$6,718,599,423	\$6,520,000,000	\$0	\$0	\$0
8	0.1250	\$5,797,319,976	\$5,700,000,000	\$0	\$0	\$0
7	0.1429	\$4,770,000,000	\$4,845,632,304	\$0	\$0	\$0
6	0.1667	\$3,633,444,183	\$3,707,837,094	\$0	\$0	\$0
5	0.2000	\$2,473,927,409	\$2,513,270,243	\$0	\$0	\$0
4	0.2500	\$1,420,000,000	\$1,516,626,320	\$0	\$0	\$0
3	0.3333	\$518,898,021	\$567,000,000	\$0	\$0	\$0

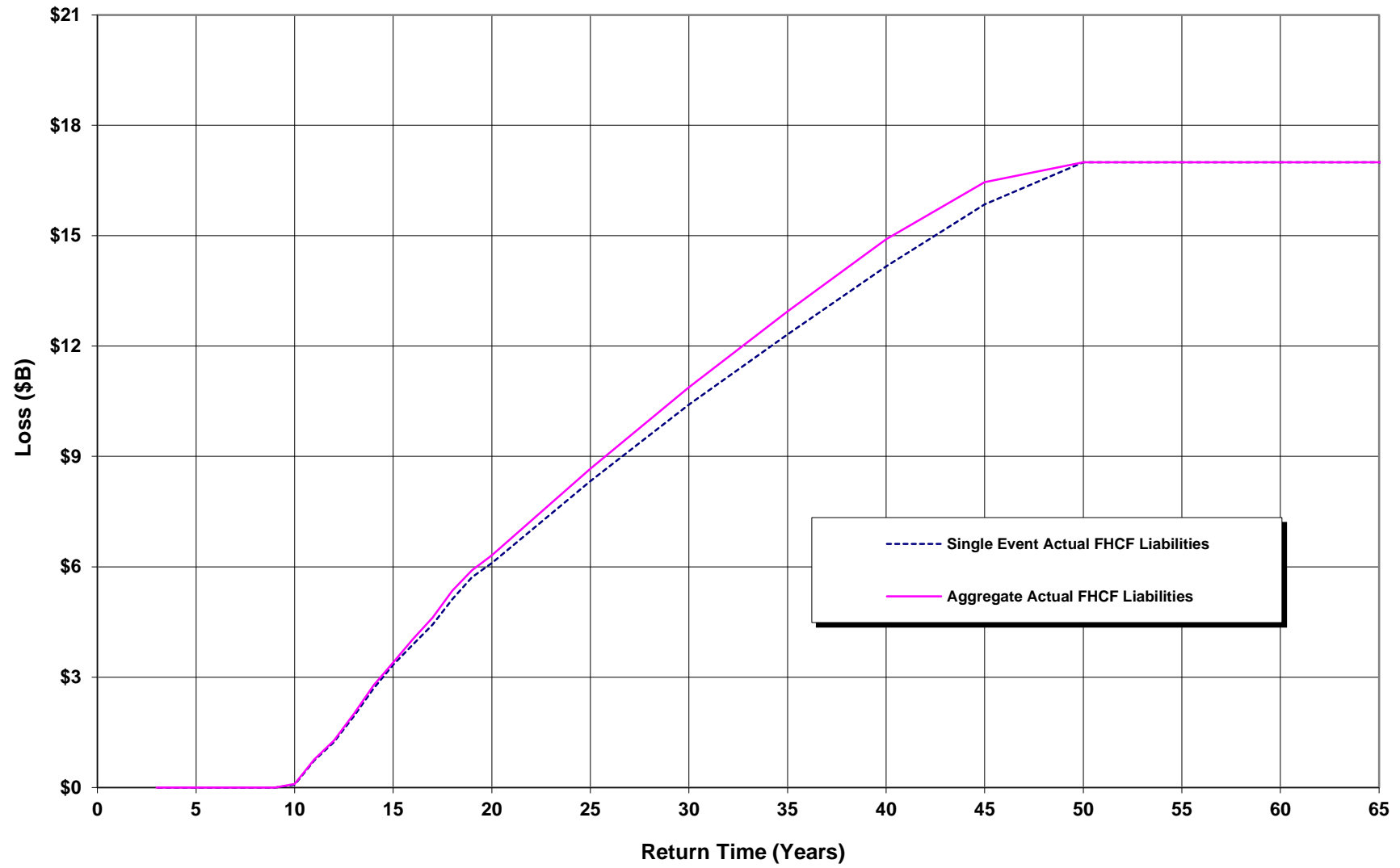
Notes:

Aggregate FHCF Liabilities include Sections I, II and LAE, and are at weighted average coverage.
2018 severity distributions based on AIR, EQE, RMS, ARA and FPM models.

2018 Projected FHCF Liabilities



2018 Projected FHCF Liabilities



EXHIBIT

VI

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
Allocation of Excess Losses to Type of Business at Coverage Level

	Evaluated	Residential	Tenants	Condos	Mobile Home	Commercial	Total
(1) Coverage Selection by Type of Business	10/25/2017	75.637%	77.806%	81.567%	89.108%	57.830%	74.524%
(2) Coverage Selection by Type of Business	3/01/2018	73.691%	77.879%	80.078%	88.767%	60.105%	73.121%
(3) Allocation of XS Loss Using 100% Adjusted Gross Losses		79.87%	0.70%	6.06%	3.29%	10.08%	100.00%
(4) Allocation of XS Loss at Coverage Level (2) x (3)		58.86%	0.54%	4.85%	2.92%	6.06%	73.12%
(5) Allocation of XS Loss at Cov. Level to Type of Business (4)/Total(4)		80.50%	0.74%	6.64%	3.99%	8.29%	100.15%
(6) Balance Adjustment to Allocation (5)/Total (5)		80.37%	0.74%	6.63%	3.99%	8.27%	100.00%
(7) Selected Allocation of XS Loss at Coverage Level for Ratemaking		80.48%	0.79%	6.56%	3.90%	8.27%	100.00%
(8) Rate Change by Type of Business		-4.94%	-10.01%	-0.39%	-0.45%	-1.91%	-4.40%

EXHIBIT

VII

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
Law and Ordinance Adjustment Factors

FHCF Premium as a Percentage of Base Premium

<u>Distribution of Premium</u>	Expenses	Liability	Non-hurr. Property	Hurricane Outside FHCF Layer	Hurricane Within FHCF Layer [*]	Total
Commercial Habitational	30%	10%	10%	33%	17%	100%
Residential	30%	10%	10%	33%	17%	100%
Mobile Home	30%	10%	10%	33%	17%	100%
Tenants	30%	10%	10%	33%	17%	100%
Condo-Owners	30%	10%	10%	33%	17%	100%

% of Law and Ordinance Premium Applicable to FHCF Layer

	Expenses	Liability	Non-hurr. Property	Hurricane Outside FHCF Layer	Hurricane Within FHCF Layer [**]	Total
Commercial Habitational	0%	0%	10%	60%	30%	100%
Residential	0%	0%	10%	60%	30%	100%
Mobile Home	0%	0%	10%	60%	30%	100%
Tenants	0%	0%	10%	60%	30%	100%
Condo-Owners	0%	0%	10%	60%	30%	100%

Selections for 2018 Ratemaking

Type of Business	% of Base Premium for Law and Ordinance Coverage [1] Insurer Survey	% of Law and Ordinance Premium Applicable to FHCF Layer [2] = [**]	FHCF Premium as a Percentage of Base Premium [3] = [*]	Law and Ordinance Premium as a Percentage of Base Premium [4] = [1] x [2]/[3]	Percent of Policies with Coverage [5] Insurer Survey	Implied Law and Ordinance Adjustment Factors [6] = [4] x [5]	Selected Law and Ordinance Adjustment Factors [7]
Commercial Habitational	6.50%	30.00%	16.67%	11.70%	5%	0.59%	0.00%
Residential	3.00%	30.00%	16.67%	5.40%	95%	5.13%	4.86%
Mobile Home	0.00%	30.00%	16.67%	0.00%	0%	0.00%	0.00%
Tenants	0.00%	30.00%	16.67%	0.00%	50%	0.00%	0.00%
Condo-Owners	0.00%	30.00%	16.67%	0.00%	65%	0.00%	0.00%

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
Wind Deductible Adjustment Factor

Calculation of Loading Factor to Adjust Modeled Losses for the Impact of Aggregate Wind Deductibles

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Type of Business	Per Event Deductibles	Annual Wind Deductible + AOP Deductible	Ratio	Implied Load	Take-up Rate	2018 Adjusted Load	2017 Adjusted Load	2017/2018 Weighted Load	2018 Selected Load
Commercial Residential	345,445,255	346,898,664	1.00421	0.421%	50%	0.210%	0.232%	0.217%	0.220%
Residential	2,678,703,521	2,691,314,501	1.00471	0.471%	100%	0.471%	0.477%	0.473%	0.470%
Mobile Home	156,907,228	157,619,205	1.00454	0.454%	100%	0.454%	0.443%	0.450%	0.450%
Tenants	33,874,708	33,892,347	1.00052	0.052%	100%	0.052%	0.059%	0.054%	0.050%
Condo	217,898,793	218,174,044	1.00126	0.126%	100%	0.126%	0.132%	0.128%	0.130%
Total	3,432,829,505	3,447,898,760	1.00439						

Notes:

AIR Deliverable 2 is per event, AIR Deliverable 5 is aggregate

(1) Based on AIR study (Deliverable 2) completed in 2018

(2) Based on AIR study (Deliverable 5) completed in 2018

(3) = (2) / (1)

(4) = (3) - 1

(5) Judgmentally Selected

(6) = (4) * (5)

(7) Indication in 2017

(8) = (6)*2/3+(7)*1/3

EXHIBIT

VIII

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
AIR and RMS 2018 Retention Limit Analyses: Adjustment to Expected FHCF Layer Losses
Coverage Selections as of 3/01/2017

		RMS Adjusted Aggregate Run	AIR Adjusted Aggregate Run	Average RMS AIR Adjusted Aggregate Runs	RMS/WTD	AIR/WTD	AVE/WTD	
	2018 (WTD)							
1 Wtd Ave. Expected Gross Loss Adjusted	3,173,998,069	3,173,998,069	3,173,984,027	3,173,991,048	100.000%	100.000%	100.000%	2018 Ex. 2 (7)
2 Expected FHCF Wtd Ave. Aggregate Layer Loss and LAE at Coverage Level	787,758,722	758,007,436	757,801,372	757,904,404	96.223%	96.197%	96.210%	2018 Ex. 2 (10)
2a Expected FHCF RMS Aggregate Layer Loss and LAE at Coverage Level Using Company Limits, Retentions		773,604,488	744,657,176	759,130,832				
3 Model Adjustment Factor		1.020576384	0.982654827	1.001618183				(2a)/(2)
4 Indicated Adjustment Factor		2.058%	-1.735%	0.1618%	(3)-1.00			Weights 67%
5 Prior Selected Factor (2017)				0.5724%				33%
6 Current Year Selected Factor Weighted (2/3 Indicated , 1/3 Prior)				0.2987%				2018 Ex. 2 (15)

**Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
Retention and Limit Adjustment Factor Calculation History**

Year	Indicated	Selected	Modeler Data
2013	-1.9000%	-0.7347%	ARA
2014	0.3103%	-0.0371%	RMS
2015	0.3103%	-0.0371%	RMS (prior year , no update)
2016	0.0298%	0.0075%	AIR,RMS run by Paragon
2017	0.8549%	0.5724%	AIR,RMS run by Paragon
2018	0.1618%	0.2987%	AIR,RMS run by Paragon

Florida Hurricane Catastrophe Fund 2018 Ratemaking Formula Report
Average (AIR,RMS) Modeled Adjusted Loss Severity Distributions
Coverage Selections Data as of 03/01/2018

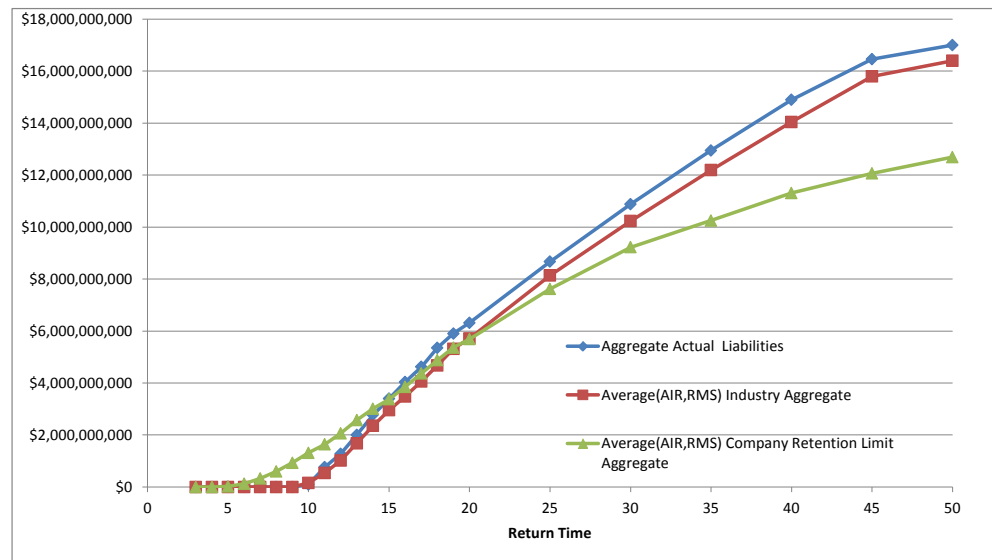
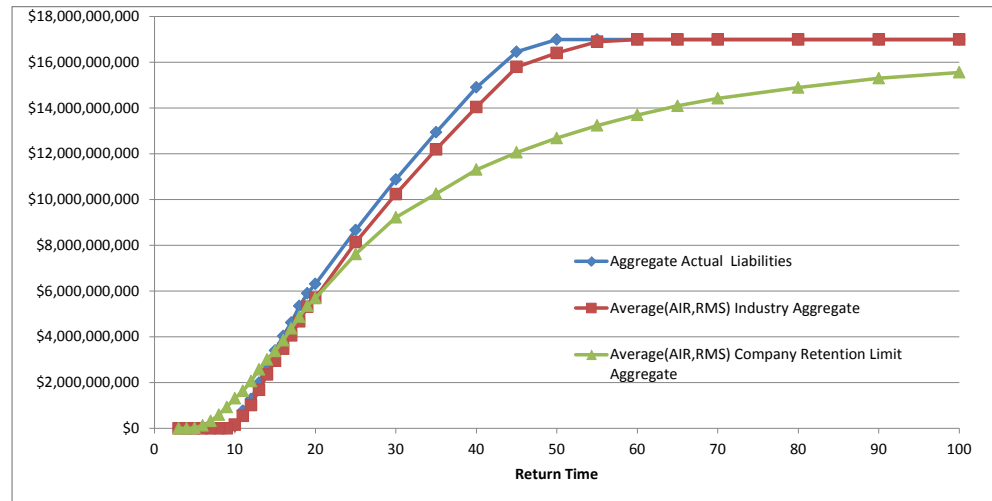
Return Time	Probability of Exceedance	Uniform Weighted Section I Gross Per Event (100% Coverage, no LAE)	FHCF Layer Weighted Section I Gross Per Event (100% Coverage, no LAE)	Section I Excess Retention Aggregate (100% Coverage, no LAE)	Traditional FHCF Only Layer		FHCF Layer adj Average (AIR,RMS) Section I Gross Annual (100% Coverage, no LAE)	Average(AIR,RMS) Industry Aggregate	Average(AIR,RMS) Company Retention Limit Aggregate
					Single Event Actual Liabilities	Aggregate Actual Liabilities			
1000	0.0010	\$112,340,226,723	\$115,846,166,395	\$110,745,000,000	\$17,000,000,000	\$17,000,000,000	130,490,114,905	17,000,000,000	16,993,739,509
900	0.0011	\$109,023,874,150	\$111,000,000,000	\$105,850,065,096	\$17,000,000,000	\$17,000,000,000	126,966,912,208	17,000,000,000	16,990,799,017
800	0.0013	\$105,247,629,820	\$107,920,306,266	\$102,650,246,154	\$17,000,000,000	\$17,000,000,000	119,527,426,108	17,000,000,000	16,987,206,796
700	0.0014	\$100,376,617,794	\$102,185,826,084	\$97,745,000,000	\$17,000,000,000	\$17,000,000,000	112,160,649,368	17,000,000,000	16,983,281,324
600	0.0017	\$97,614,873,792	\$98,892,541,457	\$91,637,541,457	\$17,000,000,000	\$17,000,000,000	108,083,998,752	17,000,000,000	16,971,422,665
500	0.0020	\$91,657,659,393	\$91,941,993,832	\$86,591,101,185	\$17,000,000,000	\$17,000,000,000	99,017,212,647	17,000,000,000	16,949,035,797
400	0.0025	\$84,571,816,255	\$84,100,000,000	\$78,545,000,000	\$17,000,000,000	\$17,000,000,000	90,678,290,106	17,000,000,000	16,905,267,542
300	0.0033	\$75,769,830,281	\$73,911,552,428	\$68,345,000,000	\$17,000,000,000	\$17,000,000,000	80,179,300,314	17,000,000,000	16,813,680,128
250	0.0040	\$70,954,009,827	\$67,983,016,674	\$62,501,757,592	\$17,000,000,000	\$17,000,000,000	74,412,573,367	17,000,000,000	16,737,497,254
200	0.0050	\$64,466,283,949	\$62,288,210,413	\$55,971,918,972	\$17,000,000,000	\$17,000,000,000	67,689,091,696	17,000,000,000	16,616,247,155
150	0.0067	\$57,398,742,727	\$54,441,496,961	\$48,592,761,390	\$17,000,000,000	\$17,000,000,000	58,649,995,402	17,000,000,000	16,312,930,864
100	0.0100	\$47,500,000,000	\$44,454,023,664	\$38,316,408,662	\$17,000,000,000	\$17,000,000,000	47,731,640,278	17,000,000,000	15,560,735,975
90	0.0111	\$44,600,000,000	\$41,876,734,747	\$35,545,000,000	\$17,000,000,000	\$17,000,000,000	45,076,978,457	17,000,000,000	15,308,676,272
80	0.0125	\$41,700,000,000	\$39,592,195,188	\$33,181,809,681	\$17,000,000,000	\$17,000,000,000	42,123,472,515	17,000,000,000	14,892,870,323
70	0.0143	\$38,767,777,576	\$36,486,227,217	\$30,045,000,000	\$17,000,000,000	\$17,000,000,000	38,846,700,181	17,000,000,000	14,425,733,243
65	0.0154	\$37,064,938,331	\$35,261,955,707	\$28,675,380,053	\$17,000,000,000	\$17,000,000,000	36,949,267,091	17,000,000,000	14,094,316,242
60	0.0167	\$35,608,031,259	\$33,500,000,000	\$27,006,842,174	\$17,000,000,000	\$17,000,000,000	35,339,176,052	17,000,000,000	13,699,476,181
55	0.0182	\$33,659,912,130	\$31,700,000,000	\$25,096,270,749	\$17,000,000,000	\$17,000,000,000	33,475,287,089	16,902,010,204	13,240,523,741
50	0.0200	\$31,749,422,284	\$29,659,188,332	\$23,045,000,000	\$17,000,000,000	\$17,000,000,000	31,628,378,308	16,405,093,718	12,688,983,882
45	0.0222	\$29,443,848,395	\$27,900,000,000	\$21,033,545,992	\$15,850,657,683	\$16,458,691,533	29,694,073,724	15,798,177,448	12,065,928,598
40	0.0250	\$27,210,163,064	\$25,703,849,309	\$19,045,000,000	\$14,164,514,170	\$14,902,659,797	27,191,086,898	14,043,275,014	11,309,538,650
35	0.0286	\$24,795,706,318	\$23,300,000,000	\$16,545,000,000	\$12,318,905,426	\$12,946,416,715	24,774,414,014	12,193,907,002	10,251,312,287
30	0.0333	\$22,100,000,000	\$20,813,698,967	\$13,903,169,555	\$10,409,992,538	\$10,879,191,703	22,071,927,288	10,234,196,685	9,224,748,882
25	0.0400	\$19,137,562,453	\$18,100,000,000	\$11,078,659,454	\$8,326,489,831	\$8,669,020,365	19,326,056,303	8,136,791,487	7,622,382,005
20	0.0500	\$16,000,000,000	\$15,200,000,000	\$8,066,444,542	\$6,099,950,365	\$6,311,970,532	16,191,608,728	5,710,041,261	5,690,245,103
19	0.0526	\$15,252,290,888	\$14,700,000,000	\$7,545,000,000	\$5,716,064,250	\$5,903,941,621	15,404,413,127	5,317,826,049	5,361,250,575
18	0.0556	\$14,580,381,468	\$13,920,611,777	\$6,836,256,503	\$5,117,671,617	\$5,349,351,795	14,608,145,632	4,674,442,388	4,879,157,731
17	0.0588	\$13,800,000,000	\$13,024,269,267	\$5,905,635,223	\$4,429,484,729	\$4,621,143,220	13,934,424,175	4,059,394,255	4,365,142,694
16	0.0625	\$12,966,094,741	\$12,316,761,845	\$5,161,388,144	\$3,886,280,178	\$4,038,771,940	12,996,169,359	3,483,816,234	3,848,553,538
15	0.0667	\$12,188,523,298	\$11,600,000,000	\$4,345,000,000	\$3,335,970,338	\$3,399,950,476	12,206,353,698	2,955,436,747	3,376,805,517
14	0.0714	\$11,330,685,137	\$10,758,604,786	\$3,545,000,000	\$2,689,970,458	\$2,773,952,690	11,392,701,590	2,353,465,741	3,010,464,808
13	0.0769	\$10,430,284,731	\$9,780,569,467	\$2,555,000,000	\$1,939,062,101	\$1,999,280,430	10,580,751,893	1,682,513,527	2,573,662,668
12	0.0833	\$9,507,626,158	\$8,860,539,655	\$1,630,508,436	\$1,232,688,761	\$1,275,868,339	9,658,479,441	1,017,666,140	2,064,456,005
11	0.0909	\$8,615,590,072	\$8,210,000,000	\$975,000,000	\$733,222,479	\$762,934,802	8,763,477,965	541,938,233	1,639,143,141
10	0.1000	\$7,700,000,000	\$7,350,000,000	\$120,705,568	\$72,938,362	\$94,451,773	7,936,864,199	157,781,066	1,310,907,688
9	0.1111	\$6,718,599,423	\$6,520,000,000	\$0	\$0	\$0	7,042,077,394	-	932,410,447
8	0.1250	\$5,797,319,976	\$5,700,000,000	\$0	\$0	\$0	6,102,855,669	-	595,764,240
7	0.1429	\$4,770,000,000	\$4,845,632,304	\$0	\$0	\$0	5,188,322,487	-	325,288,752
6	0.1667	\$3,633,444,183	\$3,707,837,094	\$0	\$0	\$0	4,175,920,037	-	124,189,233
5	0.2000	\$2,473,927,409	\$2,513,270,243	\$0	\$0	\$0	2,937,209,840	-	19,180,040
4	0.2500	\$1,420,000,000	\$1,516,626,320	\$0	\$0	\$0	1,749,552,605	-	395,316
3	0.3333	\$518,898,021	\$567,000,000	\$0	\$0	\$0	713,552,478	-	-

Notes:

Aggregate FHCF Liabilities include Sections I, II and LAE, and are at weighted average coverage.
2018 Severity distributions based on AIR, EQE, RMS, ARA and FPM models.

FHCF: Adjusted Curve for Company Retentions and Limits

Based on Average (AIR, RMS) 2018 Analysis



EXHIBIT

IX

Florida Hurricane Catastrophe Fund
Monthly Investment Return History
Most Recent Five Years

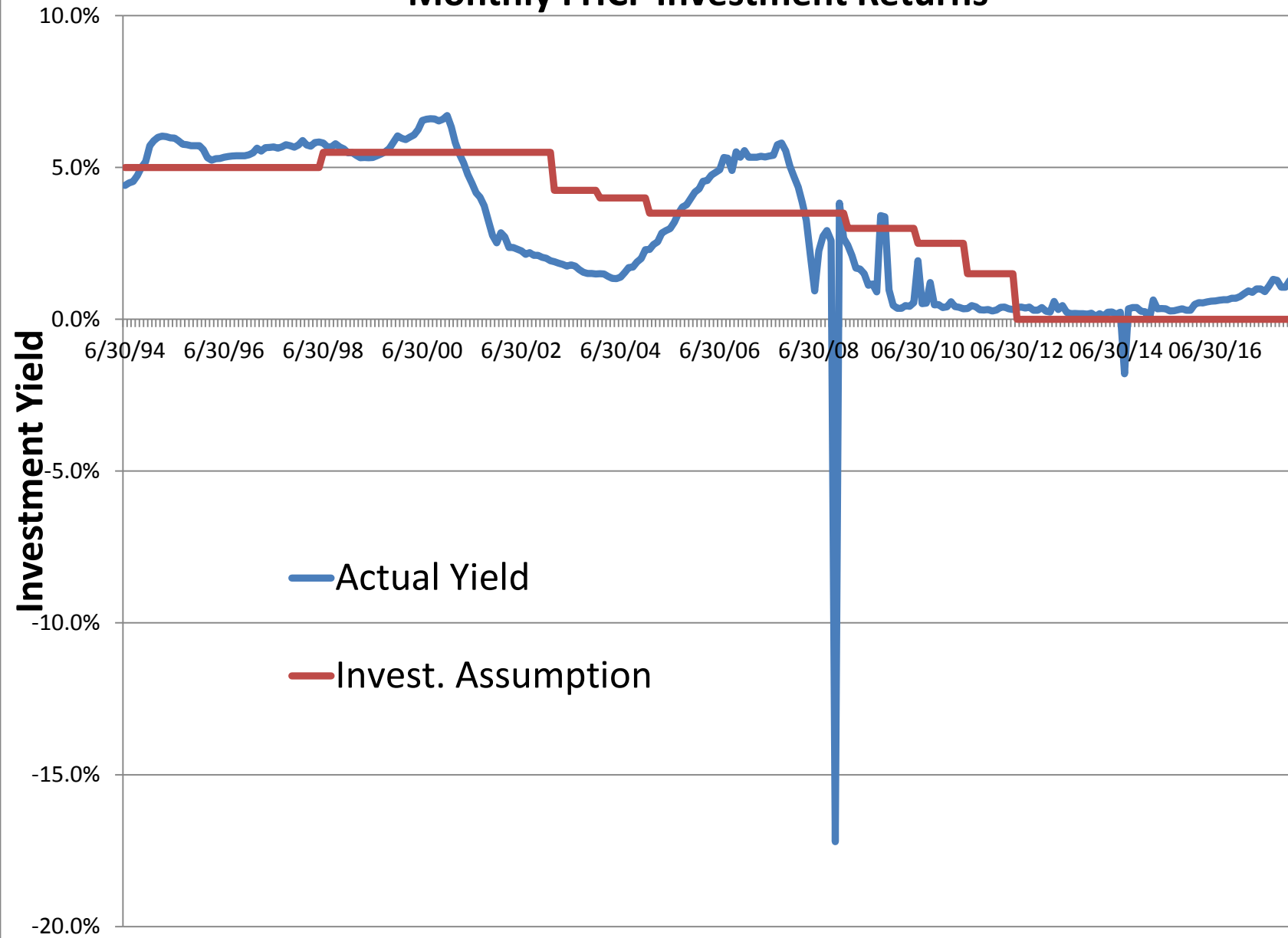
	Month Ending	FHCF Rate of Return	12 Month Rolling Average		Month Ending	FHCF Rate of Return	12 Month Rolling Average
1	01/31/13	0.26		31	07/31/15	0.27	0.15
2	02/28/13	0.24		32	08/31/15	0.28	0.32
3	03/31/13	0.59		33	09/30/15	0.31	0.32
4	04/30/13	0.32		34	10/31/15	0.34	0.32
5	05/31/13	0.46		35	11/30/15	0.30	0.31
6	06/30/13	0.23		36	12/31/15	0.30	0.31
7	07/31/13	0.19		37	01/31/16	0.49	0.33
8	08/31/13	0.19		38	02/29/16	0.55	0.38
9	09/30/13	0.19		39	03/31/16	0.54	0.37
10	10/31/13	0.18		40	04/30/16	0.57	0.39
11	11/30/13	0.17		41	05/31/16	0.60	0.41
12	12/31/13	0.20	0.27	42	06/30/16	0.60	0.43
13	01/31/14	0.10	0.26	43	07/31/16	0.63	0.46
14	02/28/14	0.18	0.25	44	08/31/16	0.65	0.49
15	03/31/14	0.11	0.21	45	09/30/16	0.65	0.52
16	04/30/14	0.24	0.20	46	10/31/16	0.69	0.55
17	05/31/14	0.24	0.19	47	11/30/16	0.69	0.58
18	06/30/14	0.17	0.18	48	12/31/16	0.75	0.62
19	07/31/14	0.23	0.18	49	01/31/17	0.85	0.65
20	08/31/14	-1.79	0.02	50	02/28/17	0.93	0.68
21	09/30/14	0.35	0.03	51	03/31/17	0.89	0.71
22	10/31/14	0.39	0.05	52	04/30/17	1.00	0.74
23	11/30/14	0.39	0.07	53	05/31/17	1.00	0.78
24	12/31/14	0.26	0.07	54	06/30/17	0.91	0.80
25	01/31/15	0.25	0.09	55	07/31/17	1.10	0.84
26	02/28/15	-0.01	0.07	56	08/31/17	1.32	0.90
27	03/31/15	0.64	0.11	57	09/30/17	1.29	0.95
28	04/30/15	0.34	0.12	58	10/31/17	1.06	0.98
29	05/31/15	0.36	0.13	59	11/30/17	1.06	1.01
30	06/30/15	0.35	0.15	60	12/31/17	1.27	1.06

RM Report	Average
1 year	1.06
2 year	0.84
3 year	0.66
4 year	0.51
5 year	0.47
Incept to date	2.87

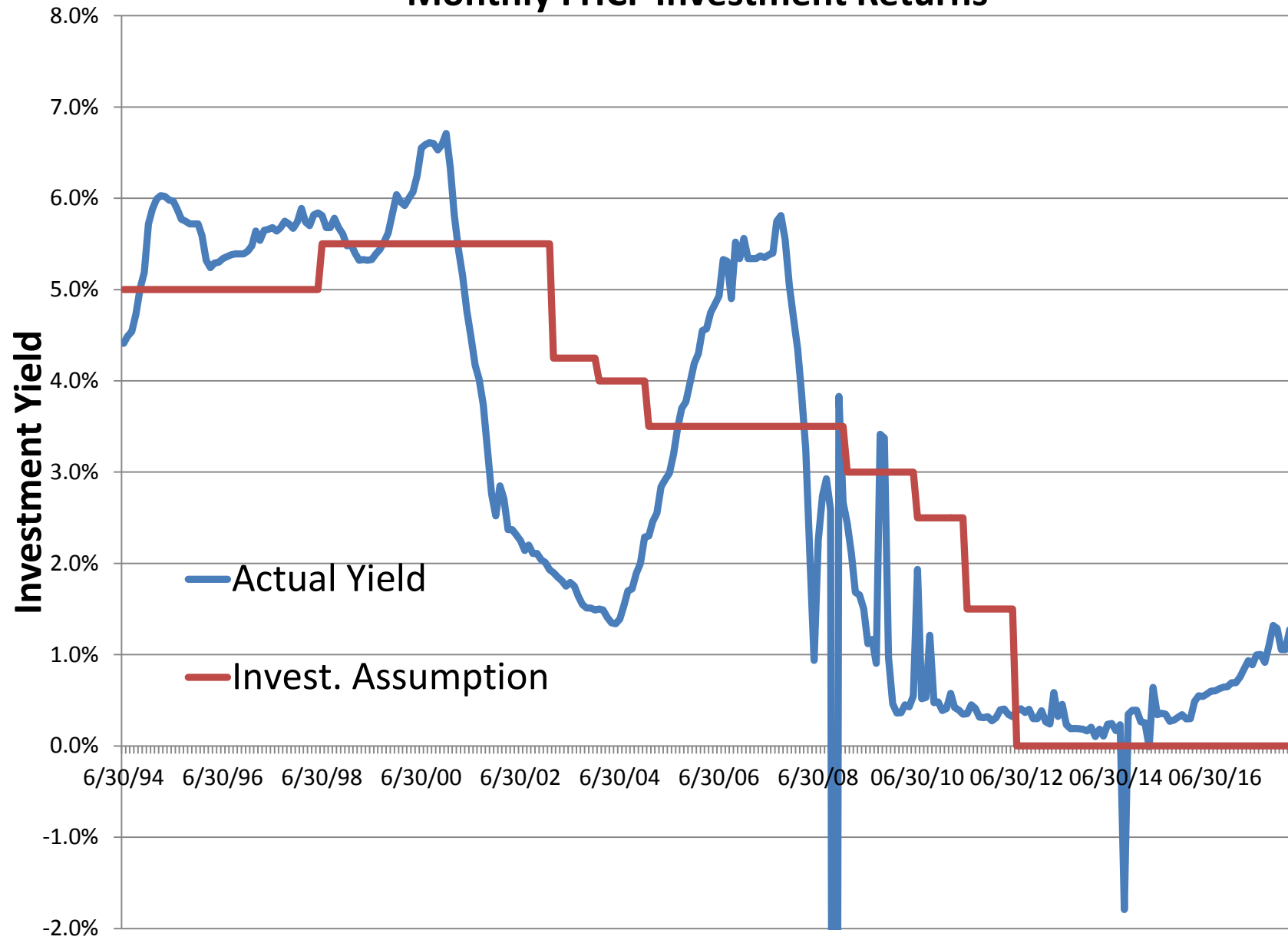
*

* Return values prior to 01/31/2016 were based on original cost. Values 01/31/2016 and subsequent are based on amortized cost, which is consistent with FHCF investment policy. Going forward we will use the amortized cost annualized returns and we do not expect to revise evaluations prior to 01/31/2016.

Monthly FHCF Investment Returns



Monthly FHCF Investment Returns



FHCF INVESTMENT INCOME*

(Excludes Finance Corporation)

<u>Year</u>	<u>Investment Income</u>	35% of <u>Investment Income</u>
1 June 30, 1995	20,183,000	7,064,050
2 June 30, 1996	46,379,000	16,232,650
3 June 30, 1997	74,425,000	26,048,750
4 June 30, 1998	109,979,000	38,492,650
5 June 30, 1999	132,516,000	46,380,600
6 June 30, 2000	173,839,000	60,843,650
7 June 30, 2001	220,915,000	77,320,250
8 June 30, 2002	122,535,000	42,887,250
9 June 30, 2003	104,939,000	36,728,650
10 June 30, 2004	58,127,000	20,344,450
11 June 30, 2005	108,672,000	38,035,200
12 June 30, 2006	103,175,000	36,111,250
13 June 30, 2007	36,065,000	12,622,750
14 June 30, 2008	46,816,000	16,385,600
15 June 30, 2009	7,803,000	2,731,050
16 June 30, 2010	54,298,000	19,004,300
17 June 30, 2011	29,983,000	10,494,050
18 June 30, 2012	26,634,000	9,321,900
19 June 30, 2013	34,636,000	12,122,600
20 June 30, 2014	19,086,000	6,680,100
20 June 30, 2015	29,009,000	10,153,150
21 June 30, 2016	56,143,000	19,650,050
22 June 30, 2017	109,450,000	38,307,500
	\$1,725,607,000	\$603,962,450

*Source: FHCF Audited Financial Statements

Note: 1997 was the first year of mitigation funding.

F.S. 215.555(7)(c) Each fiscal year, the Legislature shall appropriate from the investment income of the Florida Hurricane Catastrophe Fund an amount no less than \$10 million and no more than 35 percent of the investment income based upon the most recent fiscal year-end audited financial statements for the purpose of providing funding for local governments, state agencies, public and private educational institutions, and nonprofit organizations to support programs intended to improve hurricane preparedness, reduce potential losses in the event of a hurricane, provide research into means to reduce such losses, educate or inform the public as to means to reduce hurricane losses, assist the public in determining the appropriateness of particular upgrades to structures or in the financing of such upgrades, or protect local infrastructure from potential damage from a hurricane. Moneys shall first be available for appropriation under this paragraph in fiscal year 1997-1998. Moneys in excess of the \$10 million specified in this paragraph shall not be available for appropriation under this paragraph if the State Board of Administration finds that an appropriation of investment income from the fund would jeopardize the actuarial soundness of the fund.

EXHIBIT

X

Florida Hurricane Catastrophe Fund
Addendum to the 2018 Ratemaking Formula Report
Pre-Event Note Expense Loading
Contract Term : 6/01/2018 to 5/31/2019

	2013A Projected Debt Service	2016A Projected Debt Service	Total Debt Service Net Cost
Reimbursement Deposit			
1 Premium	14,000,000	7,000,000	21,000,000
2 Average Market Value	1,041,095,890	1,200,000,000	2,241,095,890
3 Exp. Default Loading %	0.3%	0.3%	
4 Exp. Default Cost (2)*(3)	3,123,288	3,600,000	6,723,288
Total Projected Liquidity			
5 Facility Cost (1)+(4)	17,123,288	10,600,000	27,723,288

Notes

- This method uses values projected by the FHCF's Financial Advisor, Raymond James (01/11/2018 for 2013A); (1/11/2018 for 2016A); plus a judgmental loading for potential asset loss.
- \$500 million of \$1.5 billion 2013A Bonds come due on 7/1/2018.

EXHIBIT

XI

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
Additional Pre-Event Note Options

1 Est. FHCF Premium (with cash build up)	1,109,316,664	Exhibit 2, Line 73	
2 Cash Build-up Factor	25%		
3 Limit	\$17,000,000,000	Projected Payout Multiple	15.3247
4 Retention	\$7,255,000,000	Retention Multiple 100%	4.7822
5 Coverage %	73.121%	Retention Multiple 90%	5.3135
		Retention Multiple 75%	6.3762
		Retention Multiple 45%	10.6270

		Change in Cost + Cash		Projected	Retention	Retention	Retention
Est. Additional Annual Cost		Build-up	Impact on Rate	Payout Multiple	Multiple 90%	Multiple 75%	Multiple 45%
1	At Current Level Costs	0	0.00%	15.3247	5.3135	6.3762	10.6270
2	5,000,000	6,250,000	0.56%	15.2389	5.2838	6.3405	10.5675
3	10,000,000	12,500,000	1.13%	15.1540	5.2543	6.3052	10.5086
4	15,000,000	18,750,000	1.69%	15.0700	5.2252	6.2702	10.4504
5	20,000,000	25,000,000	2.25%	14.9870	5.1964	6.2357	10.3928
6	25,000,000	31,250,000	2.82%	14.9049	5.1679	6.2015	10.3359
7	30,000,000	37,500,000	3.38%	14.8236	5.1398	6.1677	10.2795
8	35,000,000	43,750,000	3.94%	14.7433	5.1119	6.1343	10.2238
9	40,000,000	50,000,000	4.51%	14.6638	5.0844	6.1012	10.1687
10	45,000,000	56,250,000	5.07%	14.5852	5.0571	6.0685	10.1142
11	50,000,000	62,500,000	5.63%	14.5074	5.0301	6.0361	10.0602
12	55,000,000	68,750,000	6.20%	14.4304	5.0034	6.0041	10.0069
13	60,000,000	75,000,000	6.76%	14.3543	4.9770	5.9724	9.9541

EXHIBIT

XII

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2017 FHCF Reimbursement Premium Credits as of 10/25/17

	2017 FHCF Premium (Base Premium)					
	Commercial	Residential	Mobile Home	Tenants	Condo-Owners	Total
Total Gross FHCF Premium	\$99,507,863	\$930,210,548	\$43,415,597	\$9,186,890	\$71,149,500	\$1,153,470,398
FHCF Premium Credits/Debits	-\$5,949,212	-\$18,465,796	\$0	-\$37,612	-\$567,476	-\$25,020,096
Net FHCF Premium	\$93,558,651	\$911,744,752	\$43,415,597	\$9,149,278	\$70,582,024	\$1,128,450,302

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2017 FHCF Reimbursement Premium Credits as of 10/25/17

	Percent of Gross Premium					
	Commercial	Residential	Mobile Home	Tenants	Condo-Owners	Total
Total Gross FHCF Premium	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FHCF Premium Credits/Debits	-5.98%	-1.99%	0.00%	-0.41%	-0.80%	-2.17%
Net FHCF Premium	94.02%	98.01%	100.00%	99.59%	99.20%	97.83%

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2017 FHCF Reimbursement Premium Credits as of 10/25/17

	2017 FHCF Exposure					
	Commercial	Residential	Mobile Home	Tenants	Condo-Owners	Total
Total Exposure	\$152,937,257,976	\$1,873,752,532,503	\$26,350,579,769	\$27,371,616,373	\$96,464,337,994	\$2,176,876,324,615
Debit = 30% or greater	\$68,338,878,663	\$608,082,391,671	\$0	\$6,604,595,124	\$37,456,351,713	\$720,482,217,171
20%<Debit<30%	\$0	\$252,891,144,354	\$0	\$0	\$0	\$252,891,144,354
15%<Debit<20%	\$9	\$3,890,370,511	\$0	\$0	\$4,168,060,949	\$8,058,431,469
10%<Debit<15%	\$14,232,285,804	\$0	\$0	\$251,364,273	\$327,813,082	\$14,811,463,159
5%<Debit <10%	\$0	\$0	\$0	\$11,538,595,922	\$9,279,329,053	\$20,817,924,975
0%<Debit<=5%	\$9,345,760,662	\$0	\$135,423,599	\$0	\$0	\$9,481,184,261
No Credit/Debit	\$0	\$0	\$26,215,156,170	\$0	\$0	\$26,215,156,170
0%<Credit<=5%	\$0	\$45,976,492,096	\$0	\$0	\$0	\$45,976,492,096
5%<Credit<10%	\$240,511	\$0	\$0	\$0	\$0	\$240,511
10%<Credit<15%	\$1,003,600,048	\$2,214,790	\$0	\$0	\$35,749,614	\$1,041,564,452
15%<Credit<20%	\$0	\$121,364,062,377	\$0	\$86,269,324	\$8,098,399,916	\$129,548,731,617
20%<Credit<30%	\$0	\$0	\$0	\$2,546,849,337	\$0	\$2,546,849,337
Credit =30% or greater	\$60,016,492,279	\$841,545,856,704	\$0	\$6,343,942,393	\$37,098,633,667	\$945,004,925,043

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2017 FHCF Reimbursement Premium Credits as of 10/25/17

	Percent of Total Exposure					
	Commercial	Residential	Mobile Home	Tenants	Condo-Owners	Total
Total Exposure	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Debit = 30% or greater	44.68%	32.45%	0.00%	24.13%	38.83%	33.10%
20%<Debit<30%	0.00%	13.50%	0.00%	0.00%	0.00%	11.62%
15%<Debit<20%	0.00%	0.21%	0.00%	0.00%	4.32%	0.37%
10%<Debit<15%	9.31%	0.00%	0.00%	0.92%	0.34%	0.68%
5%<Debit <10%	0.00%	0.00%	0.00%	42.16%	9.62%	0.96%
0%<Debit<=5%	6.11%	0.00%	0.51%	0.00%	0.00%	0.44%
No Credit/Debit	0.00%	0.00%	99.49%	0.00%	0.00%	1.20%
0%<Credit<=5%	0.00%	2.45%	0.00%	0.00%	0.00%	2.11%
5%<Credit<10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10%<Credit<15%	0.66%	0.00%	0.00%	0.00%	0.04%	0.05%
15%<Credit<20%	0.00%	6.48%	0.00%	0.32%	8.40%	5.95%
20%<Credit<30%	0.00%	0.00%	0.00%	9.30%	0.00%	0.12%
Credit =30% or greater	39.24%	44.91%	0.00%	23.18%	38.46%	43.41%

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2017 FHCF Reimbursement Premium Credits as of 10/25/17

	2017 FHCF Risk Counts					
	Commercial	Residential	Mobile Home	Tenants	Condo-Owners	Total
Total Risk Counts	210,062	4,409,822	333,972	1,067,319	846,251	6,867,426
Debit = 30% or greater	88,607	1,870,799	0	207,658	456,433	2,623,497
20%<Debit<30%	0	601,392	0	0	0	601,392
15%<Debit<20%	1	18,953	0	0	44,773	63,727
10%<Debit<15%	32,599	0	0	3,850	4,326	40,775
5%<Debit <10%	0	0	0	608,303	56,661	664,964
0%<Debit<=5%	3,488	0	1,897	0	0	5,385
No Credit/Debit	0	0	332,075	0	0	332,075
0%<Credit<=5%	0	66,278	0	0	0	66,278
5%<Credit<10%	4	0	0	0	0	4
10%<Credit<15%	1,404	6	0	0	382	1,792
15%<Credit<20%	0	283,263	0	1,449	66,172	350,884
20%<Credit<30%	0	0	0	78,311	0	78,311
Credit =30% or greater	83,959	1,569,131	0	167,748	217,504	2,038,342

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2017 FHCF Reimbursement Premium Credits as of 10/25/17

	Percent of All Risks					
	Commercial	Residential	Mobile Home	Tenants	Condo-Owners	Total
Total Risk Counts	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Debit = 30% or greater	42.18%	42.42%	0.00%	19.46%	53.94%	38.20%
20%<Debit<30%	0.00%	13.64%	0.00%	0.00%	0.00%	8.76%
15%<Debit<20%	0.00%	0.43%	0.00%	0.00%	5.29%	0.93%
10%<Debit<15%	15.52%	0.00%	0.00%	0.36%	0.51%	0.59%
5%<Debit <10%	0.00%	0.00%	0.00%	56.99%	6.70%	9.68%
0%<Debit<=5%	1.66%	0.00%	0.57%	0.00%	0.00%	0.08%
No Credit/Debit	0.00%	0.00%	99.43%	0.00%	0.00%	4.84%
0%<Credit<=5%	0.00%	1.50%	0.00%	0.00%	0.00%	0.97%
5%<Credit<10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10%<Credit<15%	0.67%	0.00%	0.00%	0.00%	0.05%	0.03%
15%<Credit<20%	0.00%	6.42%	0.00%	0.14%	7.82%	5.11%
20%<Credit<30%	0.00%	0.00%	0.00%	7.34%	0.00%	1.14%
Credit =30% or greater	39.97%	35.58%	0.00%	15.72%	25.70%	29.68%

EXHIBIT

XIII

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2018 County Rating Groups

County	Dominant Group	Other Groups	County	Dominant Group	Other Groups
ALACHUA	1	2	LAKE	4	2,3,5
BAKER	1		LEE	8	7,9,10,12,13,14,15,16,17
BAY	3	1,2,4,5,7,10	LEON	1	
BRADFORD	1		LEVY	2	4,5
BREVARD	5	4,7,9,10,11,12,13,14,15	LIBERTY	1	
BROWARD	11	9,10,12,13,14,17,18,19,20,21,22,23	MADISON	1	
CALHOUN	1		MANATEE	6	5,7,8,9,10,13,14,15
CHARLOTTE	7	6,8,9,13	MARION	2	1,3
CITRUS	3	2	MARTIN	17	11,13,14,16,18
CLAY	1		MIAMI-DADE	13	11,12,14,15,16,17,18,19,2,21,22,23,24,25
COLLIER	10	7,8,9,11,14,15,16,18	MONROE	20	18,25
COLUMBIA	1		NASSAU	1	2
DESOTO	6		OKALOOSA	10	1,2,5,6,7
DIXIE	1	3,4	OKEECHOBEE	8	11
DUVAL	1	2,3	ORANGE	4	3,6
ESCAMBIA	8	1,2,3,4,5,6,7,9,10,11	OSCEOLA	4	3
FLAGLER	6	2,4	PALM BEACH	12	9,10,11,13,14,15,16,17,18,19,20,21,22
FRANKLIN	4	6	PASCO	4	5,6,7,8
GADSDEN	1		PINELLAS	7	4,5,6,8,9,10,11,12,13
GILCHRIST	1		POLK	5	3,4
GLADES	8		PUTNAM	1	2
GULF	6	1	SAINT JOHNS	1	2,3,5
HAMILTON	1		SAINT LUCIE	9	10,11,12,13,14,15,18
HARDEE	5	4	SANTA ROSA	3	2,8,11,13
HENDRY	7	10	SARASOTA	11	5,6,7,8,9,10
HERNANDO	4	3,6	SEMINOLE	3	2
HIGHLANDS	5	7,	SUMTER	3	2
HILLSBOROUGH	4	5,6,7,8,9,10	SUWANNEE	1	
HOLMES	1		TAYLOR	1	
INDIAN RIVER	12	7,9,10,13,14,16	UNION	1	
JACKSON	1		VOLUSIA	5	2,3,4,7,8
JEFFERSON	1		WAKULLA	1	3
LAFAYETTE	1		WALTON	2	1,3,7,9,11
			WASHINGTON	1	2,7

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
County Rating Regions

County Number	County Name	2018 Region	County Number	County Name	2018 Region
1	ALACHUA	1	71	LEE	9
3	BAKER	1	73	LEON	1
5	BAY	5	75	LEVY	2
7	BRADFORD	1	77	LIBERTY	1
9	BREVARD	8	79	MADISON	1
11	BROWARD	13	81	MANATEE	7
13	CALHOUN	1	83	MARION	2
15	CHARLOTTE	7	85	MARTIN	14
17	CITRUS	3	86	MIAMI-DADE	16
19	CLAY	1	87	MONROE	22
21	COLLIER	11	89	NASSAU	2
23	COLUMBIA	1	91	OKALOOSA	6
27	DE SOTO	6	93	OKEECHOBEE	10
29	DIXIE	2	95	ORANGE	3
31	DUVAL	1	97	OSCEOLA	4
33	ESCAMBIA	6	99	PALM BEACH	14
35	FLAGLER	3	101	PASCO	5
37	FRANKLIN	6	103	PINELLAS	8
39	GADSDEN	1	105	POLK	4
41	GILCHRIST	1	107	PUTNAM	1
43	GLADES	8	109	SAINT JOHNS	2
45	GULF	5	111	SAINT LUCIE	10
47	HAMILTON	1	113	SANTA ROSA	7
49	HARDEE	5	115	SARASOTA	8
51	HENDRY	8	117	SEMINOLE	3
53	HERNANDO	4	119	SUMTER	3
55	HIGHLANDS	6	121	SUWANNEE	1
57	HILLSBOROUGH	5	123	TAYLOR	1
59	HOLMES	1	125	UNION	1
61	INDIAN RIVER	12	127	VOLUSIA	4
63	JACKSON	1	129	WAKULLA	1
65	JEFFERSON	1	131	WALTON	7
67	LAFAYETTE	1	133	WASHINGTON	1
69	LAKE	4			

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2018 Rating Group Definitions by Group

Group 1 223 Zips	32003	32066	32204	32247	32331	32425	32608
	32006	32067	32205	32254	32332	32426	32609
	32008	32068	32207	32255	32333	32427	32610
	32009	32071	32208	32256	32334	32428	32611
	32011	32073	32209	32257	32336	32430	32612
	32013	32079	32210	32258	32337	32431	32614
	32024	32081	32211	32259	32340	32432	32615
	32025	32083	32212	32260	32341	32438	32616
	32026	32087	32214	32277	32343	32440	32618
	32030	32091	32216	32301	32344	32442	32619
	32033	32092	32217	32302	32345	32443	32622
	32038	32094	32218	32303	32347	32445	32627
	32040	32096	32219	32304	32348	32446	32628
	32041	32097	32220	32305	32350	32447	32631
	32042	32099	32221	32306	32351	32448	32635
	32043	32113	32222	32307	32352	32449	32640
	32044	32134	32223	32308	32353	32452	32641
	32046	32138	32224	32309	32355	32455	32643
	32050	32140	32225	32310	32356	32460	32653
	32052	32145	32226	32311	32357	32463	32654
	32053	32147	32229	32312	32358	32464	32655
	32054	32148	32231	32313	32359	32465	32656
	32055	32160	32232	32314	32360	32535	32658
	32056	32177	32234	32315	32361	32538	32662
	32058	32178	32236	32316	32362	32567	32666
	32059	32182	32237	32317	32395	32601	32667
	32060	32185	32238	32318	32399	32602	32669
	32061	32187	32239	32321	32420	32603	32680
	32062	32189	32241	32324	32421	32604	32693
	32063	32201	32244	32326	32422	32605	32694
	32064	32202	32245	32327	32423	32606	32697
	32065	32203	32246	32330	32424	32607	

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2018 Rating Group Definitions by Group

Group 2 89 Zips	32639	32722	32639	32639	32639	32639	32639
	32644	32723	32644	32644	32644	32644	32644
	32663	32724	32663	32663	32663	32663	32663
	32664	32736	32664	32664	32664	32664	32664
	32668	32744	32668	32668	32668	32668	32668
	32681	32752	32681	32681	32681	32681	32681
	32683	32763	32683	32683	32683	32683	32683
	32686	32767	32686	32686	32686	32686	32686
	32696	32774	32696	32696	32696	32696	32696
	32702	32779	32702	32702	32702	32702	32702
	32706	32791	32706	32706	32706	32706	32706
	32720	34430	32720	32720	32720	32720	
	32721	34431	32721	32721	32721	32721	

Group 3 143 Zips	32004	32404	32713	32765	32821	33538	34461
	32082	32409	32714	32766	32822	33585	34464
	32084	32439	32715	32771	32825	33597	34465
	32085	32444	32716	32772	32826	33849	34487
	32086	32530	32718	32773	32828	33897	34491
	32128	32533	32719	32776	32829	34420	34492
	32133	32560	32725	32784	32831	34421	34601
	32158	32570	32728	32789	32833	34423	34613
	32159	32571	32730	32790	32835	34428	34614
	32162	32572	32732	32792	32837	34429	34636
	32163	32577	32733	32793	32860	34436	34661
	32174	32583	32738	32794	32861	34441	34713
	32195	32648	32739	32795	32867	34442	34714
	32227	32701	32745	32799	32868	34446	34731
	32228	32703	32746	32810	32872	34447	34747
	32233	32704	32747	32812	32877	34448	34762
	32240	32707	32750	32814	32878	34450	34785
	32250	32708	32751	32816	32887	34451	
	32266	32709	32753	32817	33513	34452	
	32346	32710	32762	32818	33514	34453	
	32403	32712	32764	32820	33521	34460	

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2018 Rating Group Definitions by Group

Group 4 164 Zips	32129	32803	32885	33563	33687	33890	34734
	32137	32804	32886	33564	33688	33896	34736
	32168	32805	32891	33565	33689	34498	34737
	32322	32806	32896	33566	33694	34602	34741
	32323	32807	33508	33567	33801	34603	34742
	32405	32808	33509	33574	33802	34604	34743
	32509	32809	33510	33576	33803	34605	34745
	32526	32811	33511	33583	33804	34606	34746
	32534	32819	33523	33584	33805	34608	34748
	32559	32824	33524	33587	33806	34609	34749
	32692	32827	33525	33592	33807	34610	34753
	32726	32830	33526	33593	33809	34611	34755
	32727	32832	33527	33594	33810	34637	34758
	32735	32836	33530	33595	33811	34638	34759
	32754	32839	33537	33596	33812	34639	34761
	32756	32853	33540	33613	33813	34654	34786
	32757	32854	33543	33617	33815	34655	34787
	32768	32855	33544	33618	33836	34669	34788
	32775	32856	33548	33620	33837	34685	34789
	32777	32857	33549	33624	33840	34688	34797
	32778	32858	33550	33625	33846	34705	
	32798	32859	33556	33626	33848	34711	
	32801	32862	33558	33637	33858	34712	
	32802	32869	33559	33647	33868	34715	

Group 5 111 Zips	32080	32406	33539	33661	33839	33867	34286
	32114	32514	33541	33662	33841	33872	34289
	32116	32578	33542	33674	33843	33873	34653
	32117	32580	33545	33680	33844	33875	34656
	32119	32588	33547	33682	33845	33877	34677
	32120	32625	33568	33782	33847	33880	34684
	32121	32759	33569	33820	33850	33881	34729
	32122	32780	33571	33823	33851	33882	34739
	32123	32781	33573	33825	33853	33883	34744
	32125	32783	33578	33826	33854	33884	34756
	32127	32796	33579	33827	33855	33885	34769
	32132	32815	33598	33830	33856	33888	34770
	32141	32926	33604	33831	33859	33898	34771
	32173	32927	33610	33834	33860	34201	34772
	32175	32959	33612	33835	33863	34211	34773
	32198	33503	33660	33838	33865	34251	

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Group 6 88 Zips	32135	32512	33602	33780	34212	34270	34740	
	32136	32516	33603	33781	34219	34287	34760	
	32142	32542	33614	33870	34222	34288	34777	
	32143	32547	33619	33871	34232	34290	34778	
	32328	32904	33633	33876	34233	34291		
	32401	32907	33635	33938	34235	34607		
	32402	32908	33646	33954	34240	34667		
	32410	32909	33655	33960	34241	34668		
	32412	32910	33672	33982	34243	34673		
	32456	32934	33673	33983	34265	34674		
	32457	32955	33761	34202	34266	34679		
	32505	32956	33763	34203	34267	34680		
	32506	33534	33764	34204	34268	34690		
	32511	33601	33766	34208	34269	34692		
Group 7 91 Zips	32115	32579	33586	33677	33769	33912	33950	34221
	32126	32899	33605	33684	33771	33913	33951	34249
	32170	32922	33607	33685	33773	33915	33952	34292
	32176	32923	33615	33702	33777	33916	33953	34652
	32320	32924	33622	33714	33852	33917	33955	34682
	32329	32940	33623	33716	33857	33918	33966	34683
	32407	32948	33630	33732	33862	33920	33975	34695
	32413	32953	33631	33742	33903	33927	33980	
	32417	32954	33634	33758	33905	33930	33990	
	32437	33570	33650	33759	33906	33935	33994	
	32459	33572	33663	33760	33909	33948	34117	
	32504	33575	33675	33765	33910	33949	34119	
Group 8 62 Zips	32118	33606	33784	33944	33991	34237	34972	
	32169	33609	33901	33965	33993	34238	34973	
	32501	33679	33902	33967	34116	34250		
	32503	33709	33904	33970	34120	34278		
	32513	33713	33907	33971	34142	34660		
	32523	33729	33911	33972	34143	34681		
	32524	33730	33919	33973	34205	34689		
	32566	33733	33928	33974	34206	34691		
	32591	33762	33929	33976	34220	34697		
	33471	33778	33936	33981	34234	34698		
Group 9 42 Zips	32461	32912	33076	33710	33779	34207	34282	
	32507	32935	33478	33743	33908	34224	34293	
	32508	32936	33608	33755	33914	34239	34945	
	32905	32966	33611	33756	33947	34260	34986	
	32906	32968	33629	33757	34114	34264	34987	
	32911	32969	33681	33770	34135	34281	34988	

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Group 10 49 Zips	32408	32549	32952	33440	33772	34137	34272	
	32411	32569	32967	33616	33774	34138	34274	
	32520	32901	32970	33621	33775	34139	34275	
	32540	32902	33028	33703	34104	34141	34280	
	32541	32919	33082	33704	34109	34209	34953	
	32544	32941	33412	33734	34110	34210	34983	
	32548	32950	33414	33740	34133	34229	34984	
Group 11 73 Zips	32502	33067	33320	33415	33731	34236	34990	
	32521	33068	33321	33418	33747	34242		
	32522	33071	33322	33421	33767	34276		
	32550	33073	33324	33430	33776	34277		
	32562	33075	33327	33449	33785	34284		
	32563	33077	33329	33467	33786	34285		
	32925	33093	33338	33470	34105	34295		
	33016	33097	33345	33472	34112	34951		
	33029	33198	33351	33701	34113	34954		
	33063	33317	33388	33707	34223	34956		
	33065	33318	33411	33711	34230	34974		
	33066	33319	33413	33712	34231	34981		
Group 12 36 Zips	32937	32978	33325	33433	33459	33497		
	32949	33025	33328	33434	33463	33498		
	32957	33055	33355	33437	33473	33705		
	32958	33175	33359	33446	33488	34134		
	32962	33313	33417	33448	33493	34136		
	32965	33323	33428	33454	33496	34947		
Group 13 67 Zips	32561	33011	33027	33166	33199	33331	33736	34952
	32903	33012	33056	33169	33222	33332	33738	34985
	32920	33013	33069	33172	33247	33442	33741	34991
	32960	33014	33072	33174	33266	33458	33744	34997
	32961	33015	33084	33178	33269	33482	33922	
	32964	33017	33102	33183	33283	33484	33945	
	32976	33018	33112	33184	33314	33706	33946	
	33002	33024	33122	33188	33326	33708	34228	
	33010	33026	33152	33192	33330	33715	34946	
Group 14 37 Zips	32931	33083	33177	33309	33436	34994		
	32932	33126	33182	33310	33956	34995		
	32971	33144	33185	33311	34108			
	33021	33147	33186	33312	34215			
	33023	33165	33193	33336	34216			
	33054	33167	33265	33340	34218			
	33081	33173	33299	33409	34982			

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Group 15 32 Zips	32951	33116	33176	33242	33420	33932	34950
	33030	33134	33187	33255	33438	33957	34979
	33034	33142	33194	33406	33445	34103	
	33090	33155	33196	33410	33476	34217	
	33114	33168	33234	33416	33931	34948	
Group 16 21 Zips	32963	33033	33092	33179	33461	34101	34107
	33031	33035	33150	33238	33466	34102	34140
	33032	33039	33170	33422	33921	34106	34992
Group 17 18 Zips	33064	33307	33407	33426	33474	33924	
	33074	33334	33424	33427	33475	34957	
	33125	33335	33425	33455	33486	34958	
Group 18 32 Zips	33042	33135	33157	33190	33261	33462	34949
	33043	33136	33161	33191	33315	33465	34996
	33060	33143	33162	33197	33403	33481	
	33061	33146	33164	33243	33404	34145	
	33127	33156	33189	33257	33419	34146	
Group 19 20 Zips	33020	33138	33245	33303	33401	33441	33469
	33022	33145	33280	33305	33408	33443	33477
	33137	33153	33301	33394	33431	33468	
Group 20 20 Zips	33004	33045	33128	33158	33233	33302	33487
	33040	33101	33132	33181	33256	33304	33499
	33041	33124	33133	33195	33296	33444	
Group 21 20 Zips	33008	33051	33130	33231	33316	33348	33435
	33009	33052	33131	33306	33339	33402	33480
	33050	33106	33206	33308	33346	33405	
Group 22 9 Zips	33062	33163	33429	33460	33483		
	33129	33180	33432	33464			

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Group 23 3 Zips	33019	33154	33160	
Group 24 8 Zips	33001 33036	33037 33119	33139 33140	33141 33239
Group 25 3 Zips	33070	33109	33149	

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ZIP Code	2018 Group	ZIP Code	2018 Group	ZIP Code	2018 Group	ZIP Code	2018 Group
32003	1	32102	2	32181	2	32257	1
32004	3	32105	2	32182	1	32258	1
32006	1	32110	2	32183	2	32259	1
32007	2	32111	2	32185	1	32260	1
32008	1	32112	2	32187	1	32266	3
32009	1	32113	1	32189	1	32277	1
32011	1	32114	5	32190	2	32301	1
32013	1	32115	7	32192	2	32302	1
32024	1	32116	5	32193	2	32303	1
32025	1	32117	5	32195	3	32304	1
32026	1	32118	8	32198	5	32305	1
32030	1	32119	5	32201	1	32306	1
32033	1	32120	5	32202	1	32307	1
32034	2	32121	5	32203	1	32308	1
32035	2	32122	5	32204	1	32309	1
32038	1	32123	5	32205	1	32310	1
32040	1	32124	2	32206	2	32311	1
32041	1	32125	5	32207	1	32312	1
32042	1	32126	7	32208	1	32313	1
32043	1	32127	5	32209	1	32314	1
32044	1	32128	3	32210	1	32315	1
32046	1	32129	4	32211	1	32316	1
32050	1	32130	2	32212	1	32317	1
32052	1	32131	2	32214	1	32318	1
32053	1	32132	5	32216	1	32320	7
32054	1	32133	3	32217	1	32321	1
32055	1	32134	1	32218	1	32322	4
32056	1	32135	6	32219	1	32323	4
32058	1	32136	6	32220	1	32324	1
32059	1	32137	4	32221	1	32326	1
32060	1	32138	1	32222	1	32327	1
32061	1	32139	2	32223	1	32328	6
32062	1	32140	1	32224	1	32329	7
32063	1	32141	5	32225	1	32330	1
32064	1	32142	6	32226	1	32331	1
32065	1	32143	6	32227	3	32332	1
32066	1	32145	1	32228	3	32333	1
32067	1	32147	1	32229	1	32334	1
32068	1	32148	1	32231	1	32336	1
32071	1	32157	2	32232	1	32337	1
32073	1	32158	3	32233	3	32340	1
32079	1	32159	3	32234	1	32341	1
32080	5	32160	1	32235	2	32343	1
32081	1	32162	3	32236	1	32344	1
32082	3	32163	3	32237	1	32345	1
32083	1	32164	2	32238	1	32346	3
32084	3	32168	4	32239	1	32347	1
32085	3	32169	8	32240	3	32348	1
32086	3	32170	7	32241	1	32350	1
32087	1	32173	5	32244	1	32351	1
32091	1	32174	3	32245	1	32352	1
32092	1	32175	5	32246	1	32353	1
32094	1	32176	7	32247	1	32355	1
32095	2	32177	1	32250	3	32356	1
32096	1	32178	1	32254	1	32357	1
32097	1	32179	2	32255	1	32358	1
32099	1	32180	2	32256	1	32359	1

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ZIP Code	2018 Group	ZIP Code	2018 Group	ZIP Code	2018 Group	ZIP Code	2018 Group
32360	1	32466	2	32588	5	32701	3
32361	1	32501	8	32591	8	32702	2
32362	1	32502	11	32601	1	32703	3
32395	1	32503	8	32602	1	32704	3
32399	1	32504	7	32603	1	32706	2
32401	6	32505	6	32604	1	32707	3
32402	6	32506	6	32605	1	32708	3
32403	3	32507	9	32606	1	32709	3
32404	3	32508	9	32607	1	32710	3
32405	4	32509	4	32608	1	32712	3
32406	5	32511	6	32609	1	32713	3
32407	7	32512	6	32610	1	32714	3
32408	10	32513	8	32611	1	32715	3
32409	3	32514	5	32612	1	32716	3
32410	6	32516	6	32614	1	32718	3
32411	10	32520	10	32615	1	32719	3
32412	6	32521	11	32616	1	32720	2
32413	7	32522	11	32617	2	32721	2
32417	7	32523	8	32618	1	32722	2
32420	1	32524	8	32619	1	32723	2
32421	1	32526	4	32621	2	32724	2
32422	1	32530	3	32622	1	32725	3
32423	1	32531	2	32625	5	32726	4
32424	1	32533	3	32626	2	32727	4
32425	1	32534	4	32627	1	32728	3
32426	1	32535	1	32628	1	32730	3
32427	1	32536	2	32631	1	32732	3
32428	1	32537	2	32633	2	32733	3
32430	1	32538	1	32634	2	32735	4
32431	1	32539	2	32635	1	32736	2
32432	1	32540	10	32639	2	32738	3
32433	2	32541	10	32640	1	32739	3
32434	2	32542	6	32641	1	32744	2
32435	2	32544	10	32643	1	32745	3
32437	7	32547	6	32644	2	32746	3
32438	1	32548	10	32648	3	32747	3
32439	3	32549	10	32653	1	32750	3
32440	1	32550	11	32654	1	32751	3
32442	1	32559	4	32655	1	32752	2
32443	1	32560	3	32656	1	32753	3
32444	3	32561	13	32658	1	32754	4
32445	1	32562	11	32662	1	32756	4
32446	1	32563	11	32663	2	32757	4
32447	1	32564	2	32664	2	32759	5
32448	1	32565	2	32666	1	32762	3
32449	1	32566	8	32667	1	32763	2
32452	1	32567	1	32668	2	32764	3
32455	1	32568	2	32669	1	32765	3
32456	6	32569	10	32680	1	32766	3
32457	6	32570	3	32681	2	32767	2
32459	7	32571	3	32683	2	32768	4
32460	1	32572	3	32686	2	32771	3
32461	9	32577	3	32692	4	32772	3
32462	2	32578	5	32693	1	32773	3
32463	1	32579	7	32694	1	32774	2
32464	1	32580	5	32696	2	32775	4
32465	1	32583	3	32697	1	32776	3

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ZIP Code	2018 Group	ZIP Code	2018 Group	ZIP Code	2018 Group	ZIP Code	2018 Group
32777	4	32858	4	32960	13	33055	12
32778	4	32859	4	32961	13	33056	13
32779	2	32860	3	32962	12	33060	18
32780	5	32861	3	32963	16	33061	18
32781	5	32862	4	32964	13	33062	22
32783	5	32867	3	32965	12	33063	11
32784	3	32868	3	32966	9	33064	17
32789	3	32869	4	32967	10	33065	11
32790	3	32872	3	32968	9	33066	11
32791	2	32877	3	32969	9	33067	11
32792	3	32878	3	32970	10	33068	11
32793	3	32885	4	32971	14	33069	13
32794	3	32886	4	32976	13	33070	25
32795	3	32887	3	32978	12	33071	11
32796	5	32891	4	33001	24	33072	13
32798	4	32896	4	33002	13	33073	11
32799	3	32899	7	33004	20	33074	17
32801	4	32901	10	33008	21	33075	11
32802	4	32902	10	33009	21	33076	9
32803	4	32903	13	33010	13	33077	11
32804	4	32904	6	33011	13	33081	14
32805	4	32905	9	33012	13	33082	10
32806	4	32906	9	33013	13	33083	14
32807	4	32907	6	33014	13	33084	13
32808	4	32908	6	33015	13	33090	15
32809	4	32909	6	33016	11	33092	16
32810	3	32910	6	33017	13	33093	11
32811	4	32911	9	33018	13	33097	11
32812	3	32912	9	33019	23	33101	20
32814	3	32919	10	33020	19	33102	13
32815	5	32920	13	33021	14	33106	21
32816	3	32922	7	33022	19	33109	25
32817	3	32923	7	33023	14	33112	13
32818	3	32924	7	33024	13	33114	15
32819	4	32925	11	33025	12	33116	15
32820	3	32926	5	33026	13	33119	24
32821	3	32927	5	33027	13	33122	13
32822	3	32931	14	33028	10	33124	20
32824	4	32932	14	33029	11	33125	17
32825	3	32934	6	33030	15	33126	14
32826	3	32935	9	33031	16	33127	18
32827	4	32936	9	33032	16	33128	20
32828	3	32937	12	33033	16	33129	22
32829	3	32940	7	33034	15	33130	21
32830	4	32941	10	33035	16	33131	21
32831	3	32948	7	33036	24	33132	20
32832	4	32949	12	33037	24	33133	20
32833	3	32950	10	33039	16	33134	15
32835	3	32951	15	33040	20	33135	18
32836	4	32952	10	33041	20	33136	18
32837	3	32953	7	33042	18	33137	19
32839	4	32954	7	33043	18	33138	19
32853	4	32955	6	33045	20	33139	24
32854	4	32956	6	33050	21	33140	24
32855	4	32957	12	33051	21	33141	24
32856	4	32958	12	33052	21	33142	15
32857	4	32959	5	33054	14	33143	18

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ZIP Code	2018 Group	ZIP Code	2018 Group	ZIP Code	2018 Group	ZIP Code	2018 Group
33144	14	33238	16	33348	21	33461	16
33145	19	33239	24	33351	11	33462	18
33146	18	33242	15	33355	12	33463	12
33147	14	33243	18	33359	12	33464	22
33149	25	33245	19	33388	11	33465	18
33150	16	33247	13	33394	19	33466	16
33152	13	33255	15	33401	19	33467	11
33153	19	33256	20	33402	21	33468	19
33154	23	33257	18	33403	18	33469	19
33155	15	33261	18	33404	18	33470	11
33156	18	33265	14	33405	21	33471	8
33157	18	33266	13	33406	15	33472	11
33158	20	33269	13	33407	17	33473	12
33160	23	33280	19	33408	19	33474	17
33161	18	33283	13	33409	14	33475	17
33162	18	33296	20	33410	15	33476	15
33163	22	33299	14	33411	11	33477	19
33164	18	33301	19	33412	10	33478	9
33165	14	33302	20	33413	11	33480	21
33166	13	33303	19	33414	10	33481	18
33167	14	33304	20	33415	11	33482	13
33168	15	33305	19	33416	15	33483	22
33169	13	33306	21	33417	12	33484	13
33170	16	33307	17	33418	11	33486	17
33172	13	33308	21	33419	18	33487	20
33173	14	33309	14	33420	15	33488	12
33174	13	33310	14	33421	11	33493	12
33175	12	33311	14	33422	16	33496	12
33176	15	33312	14	33424	17	33497	12
33177	14	33313	12	33425	17	33498	12
33178	13	33314	13	33426	17	33499	20
33179	16	33315	18	33427	17	33503	5
33180	22	33316	21	33428	12	33508	4
33181	20	33317	11	33429	22	33509	4
33182	14	33318	11	33430	11	33510	4
33183	13	33319	11	33431	19	33511	4
33184	13	33320	11	33432	22	33513	3
33185	14	33321	11	33433	12	33514	3
33186	14	33322	11	33434	12	33521	3
33187	15	33323	12	33435	21	33523	4
33188	13	33324	11	33436	14	33524	4
33189	18	33325	12	33437	12	33525	4
33190	18	33326	13	33438	15	33526	4
33191	18	33327	11	33440	10	33527	4
33192	13	33328	12	33441	19	33530	4
33193	14	33329	11	33442	13	33534	6
33194	15	33330	13	33443	19	33537	4
33195	20	33331	13	33444	20	33538	3
33196	15	33332	13	33445	15	33539	5
33197	18	33334	17	33446	12	33540	4
33198	11	33335	17	33448	12	33541	5
33199	13	33336	14	33449	11	33542	5
33206	21	33338	11	33454	12	33543	4
33222	13	33339	21	33455	17	33544	4
33231	21	33340	14	33458	13	33545	5
33233	20	33345	11	33459	12	33547	5
33234	15	33346	21	33460	22	33548	4

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2018 Rating Group Definitions by ZIP Code

ZIP Code	2018 Group	ZIP Code	2018 Group	ZIP Code	2018 Group	ZIP Code	2018 Group
33549	4	33625	4	33741	13	33836	4
33550	4	33626	4	33742	7	33837	4
33556	4	33629	9	33743	9	33838	5
33558	4	33630	7	33744	13	33839	5
33559	4	33631	7	33747	11	33840	4
33563	4	33633	6	33755	9	33841	5
33564	4	33634	7	33756	9	33843	5
33565	4	33635	6	33757	9	33844	5
33566	4	33637	4	33758	7	33845	5
33567	4	33646	6	33759	7	33846	4
33568	5	33647	4	33760	7	33847	5
33569	5	33650	7	33761	6	33848	4
33570	7	33655	6	33762	8	33849	3
33571	5	33660	5	33763	6	33850	5
33572	7	33661	5	33764	6	33851	5
33573	5	33662	5	33765	7	33852	7
33574	4	33663	7	33766	6	33853	5
33575	7	33672	6	33767	11	33854	5
33576	4	33673	6	33769	7	33855	5
33578	5	33674	5	33770	9	33856	5
33579	5	33675	7	33771	7	33857	7
33583	4	33677	7	33772	10	33858	4
33584	4	33679	8	33773	7	33859	5
33585	3	33680	5	33774	10	33860	5
33586	7	33681	9	33775	10	33862	7
33587	4	33682	5	33776	11	33863	5
33592	4	33684	7	33777	7	33865	5
33593	4	33685	7	33778	8	33867	5
33594	4	33687	4	33779	9	33868	4
33595	4	33688	4	33780	6	33870	6
33596	4	33689	4	33781	6	33871	6
33597	3	33694	4	33782	5	33872	5
33598	5	33701	11	33784	8	33873	5
33601	6	33702	7	33785	11	33875	5
33602	6	33703	10	33786	11	33876	6
33603	6	33704	10	33801	4	33877	5
33604	5	33705	12	33802	4	33880	5
33605	7	33706	13	33803	4	33881	5
33606	8	33707	11	33804	4	33882	5
33607	7	33708	13	33805	4	33883	5
33608	9	33709	8	33806	4	33884	5
33609	8	33710	9	33807	4	33885	5
33610	5	33711	11	33809	4	33888	5
33611	9	33712	11	33810	4	33890	4
33612	5	33713	8	33811	4	33896	4
33613	4	33714	7	33812	4	33897	3
33614	6	33715	13	33813	4	33898	5
33615	7	33716	7	33815	4	33901	8
33616	10	33729	8	33820	5	33902	8
33617	4	33730	8	33823	5	33903	7
33618	4	33731	11	33825	5	33904	8
33619	6	33732	7	33826	5	33905	7
33620	4	33733	8	33827	5	33906	7
33621	10	33734	10	33830	5	33907	8
33622	7	33736	13	33831	5	33908	9
33623	7	33738	13	33834	5	33909	7
33624	4	33740	10	33835	5	33910	7

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2018 Rating Group Definitions by ZIP Code

ZIP Code	2018 Group	ZIP Code	2018 Group	ZIP Code	2018 Group	ZIP Code	2018 Group
33911	8	34103	15	34235	6	34449	2
33912	7	34104	10	34236	11	34450	3
33913	7	34105	11	34237	8	34451	3
33914	9	34106	16	34238	8	34452	3
33915	7	34107	16	34239	9	34453	3
33916	7	34108	14	34240	6	34460	3
33917	7	34109	10	34241	6	34461	3
33918	7	34110	10	34242	11	34464	3
33919	8	34112	11	34243	6	34465	3
33920	7	34113	11	34249	7	34470	2
33921	16	34114	9	34250	8	34471	2
33922	13	34116	8	34251	5	34472	2
33924	17	34117	7	34260	9	34473	2
33927	7	34119	7	34264	9	34474	2
33928	8	34120	8	34265	6	34475	2
33929	8	34133	10	34266	6	34476	2
33930	7	34134	12	34267	6	34477	2
33931	15	34135	9	34268	6	34478	2
33932	15	34136	12	34269	6	34479	2
33935	7	34137	10	34270	6	34480	2
33936	8	34138	10	34272	10	34481	2
33938	6	34139	10	34274	10	34482	2
33944	8	34140	16	34275	10	34483	2
33945	13	34141	10	34276	11	34484	2
33946	13	34142	8	34277	11	34487	3
33947	9	34143	8	34278	8	34488	2
33948	7	34145	18	34280	10	34489	2
33949	7	34146	18	34281	9	34491	3
33950	7	34201	5	34282	9	34492	3
33951	7	34202	6	34284	11	34498	4
33952	7	34203	6	34285	11	34601	3
33953	7	34204	6	34286	5	34602	4
33954	6	34205	8	34287	6	34603	4
33955	7	34206	8	34288	6	34604	4
33956	14	34207	9	34289	5	34605	4
33957	15	34208	6	34290	6	34606	4
33960	6	34209	10	34291	6	34607	6
33965	8	34210	10	34292	7	34608	4
33966	7	34211	5	34293	9	34609	4
33967	8	34212	6	34295	11	34610	4
33970	8	34215	14	34420	3	34611	4
33971	8	34216	14	34421	3	34613	3
33972	8	34217	15	34423	3	34614	3
33973	8	34218	14	34428	3	34636	3
33974	8	34219	6	34429	3	34637	4
33975	7	34220	8	34430	2	34638	4
33976	8	34221	7	34431	2	34639	4
33980	7	34222	6	34432	2	34652	7
33981	8	34223	11	34433	2	34653	5
33982	6	34224	9	34434	2	34654	4
33983	6	34228	13	34436	3	34655	4
33990	7	34229	10	34441	3	34656	5
33991	8	34230	11	34442	3	34660	8
33993	8	34231	11	34445	2	34661	3
33994	7	34232	6	34446	3	34667	6
34101	16	34233	6	34447	3	34668	6
34102	16	34234	8	34448	3	34669	4

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2018 Rating Group Definitions by ZIP Code

ZIP Code	2018 Group	ZIP Code	2018 Group
34673	6	34787	4
34674	6	34788	4
34677	5	34789	4
34679	6	34797	4
34680	6	34945	9
34681	8	34946	13
34682	7	34947	12
34683	7	34948	15
34684	5	34949	18
34685	4	34950	15
34688	4	34951	11
34689	8	34952	13
34690	6	34953	10
34691	8	34954	11
34692	6	34956	11
34695	7	34957	17
34697	8	34958	17
34698	8	34972	8
34705	4	34973	8
34711	4	34974	11
34712	4	34979	15
34713	3	34981	11
34714	3	34982	14
34715	4	34983	10
34729	5	34984	10
34731	3	34985	13
34734	4	34986	9
34736	4	34987	9
34737	4	34988	9
34739	5	34990	11
34740	6	34991	13
34741	4	34992	16
34742	4	34994	14
34743	4	34995	14
34744	5	34996	18
34745	4	34997	13
34746	4		
34747	3		
34748	4		
34749	4		
34753	4		
34755	4		
34756	5		
34758	4		
34759	4		
34760	6		
34761	4		
34762	3		
34769	5		
34770	5		
34771	5		
34772	5		
34773	5		
34777	6		
34778	6		
34785	3		
34786	4		

EXHIBIT

XIV

PROPOSED FHCF 2018 Commercial Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 90%

Deductible: 3%

ZIP Code				Masonry with Reinforced Concrete		Superior with Reinforced Concrete	Non-MH Default and Unknown
Group	Frame	Masonry Veneer	Masonry	Roof Deck	Superior	Roof Deck	
1	0.1120	0.1054	0.0854	0.0672	0.0504	0.0410	0.0773
2	0.2059	0.1936	0.1570	0.1235	0.0927	0.0754	0.1420
3	0.2957	0.2781	0.2255	0.1773	0.1331	0.1083	0.2040
4	0.3886	0.3655	0.2963	0.2330	0.1749	0.1423	0.2681
5	0.4848	0.4561	0.3698	0.2908	0.2183	0.1776	0.3345
6	0.5848	0.5501	0.4460	0.3507	0.2633	0.2142	0.4035
7	0.6887	0.6478	0.5253	0.4130	0.3101	0.2523	0.4752
8	0.7970	0.7497	0.6079	0.4780	0.3588	0.2920	0.5499
9	0.9102	0.8562	0.6942	0.5459	0.4098	0.3334	0.6280
10	1.0287	0.9676	0.7845	0.6169	0.4631	0.3768	0.7098
11	1.1531	1.0847	0.8794	0.6916	0.5192	0.4224	0.7956
12	1.2841	1.2079	0.9794	0.7701	0.5781	0.4704	0.8860
13	1.4225	1.3381	1.0849	0.8531	0.6405	0.5211	0.9815
14	1.5692	1.4761	1.1968	0.9411	0.7065	0.5748	1.0827
15	1.7251	1.6228	1.3157	1.0346	0.7767	0.6320	1.1904
16	1.8916	1.7793	1.4426	1.1345	0.8516	0.6929	1.3052
17	2.0698	1.9470	1.5786	1.2414	0.9319	0.7582	1.4282
18	2.2614	2.1272	1.7247	1.3563	1.0181	0.8284	1.5604
19	2.4681	2.3217	1.8824	1.4802	1.1112	0.9041	1.7030
20	2.6920	2.5322	2.0531	1.6145	1.2120	0.9861	1.8575
21	2.9353	2.7612	2.2387	1.7605	1.3216	1.0753	2.0254
22	3.2009	3.0109	2.4412	1.9197	1.4411	1.1726	2.2086
23	3.4916	3.2845	2.6630	2.0941	1.5720	1.2791	2.4092
24	3.8112	3.5850	2.9067	2.2857	1.7159	1.3961	2.6297
25	4.1635	3.9165	3.1754	2.4971	1.8746	1.5252	2.8729

PROPOSED FHCF 2018 Commercial Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 75%

Deductible: 3%

ZIP Code				Masonry with Reinforced Concrete		Superior with Reinforced Concrete	Non-MH Default and Unknown
<u>Group</u>	<u>Frame</u>	<u>Masonry Veneer</u>	<u>Masonry</u>	<u>Roof Deck</u>	<u>Superior</u>	<u>Roof Deck</u>	
1	0.0933	0.0878	0.0712	0.0560	0.0420	0.0342	0.0644
2	0.1716	0.1614	0.1308	0.1029	0.0772	0.0628	0.1184
3	0.2464	0.2318	0.1879	0.1478	0.1109	0.0903	0.1700
4	0.3238	0.3046	0.2470	0.1942	0.1458	0.1186	0.2234
5	0.4040	0.3801	0.3081	0.2423	0.1819	0.1480	0.2788
6	0.4873	0.4584	0.3717	0.2923	0.2194	0.1785	0.3362
7	0.5739	0.5399	0.4377	0.3442	0.2584	0.2102	0.3960
8	0.6642	0.6248	0.5066	0.3983	0.2990	0.2433	0.4583
9	0.7585	0.7135	0.5785	0.4549	0.3415	0.2778	0.5233
10	0.8572	0.8064	0.6538	0.5141	0.3859	0.3140	0.5915
11	0.9609	0.9039	0.7329	0.5763	0.4326	0.3520	0.6630
12	1.0701	1.0066	0.8161	0.6418	0.4818	0.3920	0.7384
13	1.1854	1.1151	0.9041	0.7110	0.5337	0.4342	0.8179
14	1.3076	1.2301	0.9973	0.7843	0.5887	0.4790	0.9023
15	1.4376	1.3523	1.0964	0.8622	0.6473	0.5266	0.9920
16	1.5763	1.4828	1.2022	0.9454	0.7097	0.5774	1.0877
17	1.7248	1.6225	1.3155	1.0345	0.7766	0.6318	1.1901
18	1.8845	1.7727	1.4372	1.1302	0.8485	0.6903	1.3003
19	2.0567	1.9347	1.5686	1.2335	0.9260	0.7534	1.4192
20	2.2433	2.1102	1.7109	1.3454	1.0100	0.8218	1.5479
21	2.4461	2.3010	1.8656	1.4670	1.1013	0.8961	1.6878
22	2.6674	2.5091	2.0343	1.5998	1.2009	0.9771	1.8405
23	2.9097	2.7371	2.2192	1.7451	1.3100	1.0659	2.0077
24	3.1760	2.9875	2.4222	1.9048	1.4299	1.1634	2.1914
25	3.4696	3.2637	2.6462	2.0809	1.5621	1.2710	2.3940

PROPOSED FHCF 2018 Commercial Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 45%

Deductible: 3%

ZIP Code				Masonry with Reinforced Concrete		Superior with Reinforced Concrete	Non-MH Default
<u>Group</u>	<u>Frame</u>	<u>Masonry Veneer</u>	<u>Masonry</u>	<u>Roof Deck</u>	<u>Superior</u>	<u>Roof Deck</u>	<u>and Unknown</u>
1	0.0560	0.0527	0.0427	0.0336	0.0252	0.0205	0.0386
2	0.1029	0.0968	0.0785	0.0617	0.0463	0.0377	0.0710
3	0.1478	0.1391	0.1127	0.0887	0.0666	0.0542	0.1020
4	0.1943	0.1828	0.1482	0.1165	0.0875	0.0712	0.1341
5	0.2424	0.2280	0.1849	0.1454	0.1091	0.0888	0.1673
6	0.2924	0.2750	0.2230	0.1754	0.1316	0.1071	0.2017
7	0.3443	0.3239	0.2626	0.2065	0.1550	0.1261	0.2376
8	0.3985	0.3749	0.3039	0.2390	0.1794	0.1460	0.2750
9	0.4551	0.4281	0.3471	0.2729	0.2049	0.1667	0.3140
10	0.5143	0.4838	0.3923	0.3085	0.2316	0.1884	0.3549
11	0.5765	0.5423	0.4397	0.3458	0.2596	0.2112	0.3978
12	0.6420	0.6040	0.4897	0.3851	0.2891	0.2352	0.4430
13	0.7112	0.6691	0.5425	0.4266	0.3202	0.2605	0.4908
14	0.7846	0.7380	0.5984	0.4706	0.3532	0.2874	0.5414
15	0.8626	0.8114	0.6579	0.5173	0.3884	0.3160	0.5952
16	0.9458	0.8897	0.7213	0.5672	0.4258	0.3465	0.6526
17	1.0349	0.9735	0.7893	0.6207	0.4659	0.3791	0.7141
18	1.1307	1.0636	0.8623	0.6781	0.5091	0.4142	0.7802
19	1.2340	1.1608	0.9412	0.7401	0.5556	0.4521	0.8515
20	1.3460	1.2661	1.0265	0.8072	0.6060	0.4931	0.9287
21	1.4677	1.3806	1.1193	0.8802	0.6608	0.5376	1.0127
22	1.6004	1.5055	1.2206	0.9599	0.7206	0.5863	1.1043
23	1.7458	1.6422	1.3315	1.0470	0.7860	0.6395	1.2046
24	1.9056	1.7925	1.4533	1.1429	0.8580	0.6981	1.3149
25	2.0818	1.9582	1.5877	1.2485	0.9373	0.7626	1.4364

PROPOSED FHCF 2018 Residential Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 90%

Deductible: 2%

ZIP Code				Non-MH Default
Group	<u>Frame</u>	<u>Masonry Veneer</u>	<u>Masonry</u>	<u>Unknown</u>
1	0.1045	0.0972	0.0794	0.1045
2	0.1920	0.1787	0.1459	0.1920
3	0.2757	0.2566	0.2095	0.2757
4	0.3624	0.3373	0.2753	0.3624
5	0.4522	0.4209	0.3435	0.4522
6	0.5454	0.5076	0.4143	0.5454
7	0.6423	0.5978	0.4879	0.6423
8	0.7433	0.6918	0.5647	0.7433
9	0.8489	0.7901	0.6448	0.8489
10	0.9594	0.8929	0.7288	0.9594
11	1.0754	1.0009	0.8169	1.0754
12	1.1976	1.1146	0.9098	1.1976
13	1.3267	1.2348	1.0078	1.3267
14	1.4635	1.3621	1.1117	1.4635
15	1.6090	1.4975	1.2222	1.6090
16	1.7642	1.6419	1.3402	1.7642
17	1.9304	1.7967	1.4664	1.9304
18	2.1091	1.9630	1.6022	2.1091
19	2.3019	2.1424	1.7486	2.3019
20	2.5107	2.3367	1.9072	2.5107
21	2.7377	2.5480	2.0796	2.7377
22	2.9853	2.7785	2.2678	2.9853
23	3.2565	3.0309	2.4738	3.2565
24	3.5545	3.3082	2.7002	3.5545
25	3.8831	3.6141	2.9498	3.8831

PROPOSED FHCF 2018 Residential Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 75%

Deductible: 2%

ZIP Code				Non-MH Default
Group	<u>Frame</u>	<u>Masonry Veneer</u>	<u>Masonry</u>	<u>Unknown</u>
1	0.0871	0.0810	0.0661	0.0871
2	0.1600	0.1489	0.1215	0.1600
3	0.2298	0.2139	0.1746	0.2298
4	0.3020	0.2811	0.2294	0.3020
5	0.3768	0.3507	0.2863	0.3768
6	0.4545	0.4230	0.3453	0.4545
7	0.5353	0.4982	0.4066	0.5353
8	0.6195	0.5765	0.4706	0.6195
9	0.7074	0.6584	0.5374	0.7074
10	0.7995	0.7441	0.6073	0.7995
11	0.8962	0.8341	0.6808	0.8962
12	0.9980	0.9289	0.7581	0.9980
13	1.1056	1.0290	0.8399	1.1056
14	1.2196	1.1351	0.9265	1.2196
15	1.3408	1.2479	1.0185	1.3408
16	1.4701	1.3683	1.1168	1.4701
17	1.6087	1.4972	1.2220	1.6087
18	1.7576	1.6358	1.3351	1.7576
19	1.9182	1.7853	1.4572	1.9182
20	2.0922	1.9473	1.5894	2.0922
21	2.2814	2.1233	1.7330	2.2814
22	2.4878	2.3154	1.8898	2.4878
23	2.7138	2.5257	2.0615	2.7138
24	2.9621	2.7569	2.2501	2.9621
25	3.2360	3.0117	2.4582	3.2360

PROPOSED FHCF 2018 Residential Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 45%

Deductible: 2%

ZIP Code				Non-MH Default
Group	<u>Frame</u>	<u>Masonry Veneer</u>	<u>Masonry</u>	<u>Unknown</u>
1	0.0522	0.0486	0.0397	0.0522
2	0.0960	0.0893	0.0729	0.0960
3	0.1379	0.1283	0.1047	0.1379
4	0.1812	0.1686	0.1376	0.1812
5	0.2261	0.2104	0.1718	0.2261
6	0.2727	0.2538	0.2072	0.2727
7	0.3212	0.2989	0.2440	0.3212
8	0.3717	0.3459	0.2823	0.3717
9	0.4244	0.3950	0.3224	0.4244
10	0.4797	0.4465	0.3644	0.4797
11	0.5377	0.5005	0.4085	0.5377
12	0.5988	0.5573	0.4549	0.5988
13	0.6634	0.6174	0.5039	0.6634
14	0.7318	0.6810	0.5559	0.7318
15	0.8045	0.7487	0.6111	0.8045
16	0.8821	0.8210	0.6701	0.8821
17	0.9652	0.8983	0.7332	0.9652
18	1.0545	0.9815	0.8011	1.0545
19	1.1509	1.0712	0.8743	1.1509
20	1.2553	1.1684	0.9536	1.2553
21	1.3688	1.2740	1.0398	1.3688
22	1.4927	1.3892	1.1339	1.4927
23	1.6283	1.5154	1.2369	1.6283
24	1.7773	1.6541	1.3501	1.7773
25	1.9416	1.8070	1.4749	1.9416

PROPOSED FHCF 2018 Mobile Home Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 90%

Deductible: \$251 - \$500

ZIP Code Group	Fully Tied Down -- Manufactured		Other than Fully Tied
	<u>Prior to 7/13/94</u>	<u>On or After 7/13/94</u>	<u>Unknown</u>
1	0.4193	0.4067	0.5735
2	0.7705	0.7475	1.0541
3	1.1066	1.0735	1.5138
4	1.4544	1.4108	1.9895
5	1.8147	1.7604	2.4825
6	2.1888	2.1232	2.9941
7	2.5778	2.5006	3.5263
8	2.9832	2.8938	4.0809
9	3.4067	3.3046	4.6602
10	3.8503	3.7349	5.2669
11	4.3160	4.1866	5.9040
12	4.8064	4.6623	6.5748
13	5.3244	5.1649	7.2835
14	5.8734	5.6974	8.0345
15	6.4572	6.2637	8.8330
16	7.0801	6.8679	9.6851
17	7.7472	7.5150	10.5977
18	8.4643	8.2107	11.5787
19	9.2381	8.9612	12.6371
20	10.0760	9.7740	13.7833
21	10.9869	10.6576	15.0294
22	11.9808	11.6217	16.3890
23	13.0692	12.6775	17.8778
24	14.2652	13.8377	19.5139
25	15.5841	15.1170	21.3180

PROPOSED FHCF 2018 Mobile Home Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 75%

Deductible: \$251 - \$500

ZIP Code Group	Fully Tied Down -- Manufactured		Other than Fully Tied
	<u>Prior to 7/13/94</u>	<u>On or After 7/13/94</u>	<u>Unknown</u>
1	0.3494	0.3389	0.4779
2	0.6421	0.6229	0.8784
3	0.9222	0.8946	1.2615
4	1.2120	1.1757	1.6579
5	1.5123	1.4670	2.0687
6	1.8240	1.7693	2.4951
7	2.1482	2.0838	2.9386
8	2.4860	2.4115	3.4007
9	2.8390	2.7539	3.8835
10	3.2085	3.1124	4.3891
11	3.5966	3.4888	4.9200
12	4.0053	3.8853	5.4790
13	4.4370	4.3040	6.0696
14	4.8945	4.7478	6.6954
15	5.3810	5.2197	7.3609
16	5.9001	5.7233	8.0710
17	6.4560	6.2625	8.8314
18	7.0536	6.8422	9.6489
19	7.6984	7.4677	10.5309
20	8.3967	8.1450	11.4861
21	9.1558	8.8814	12.5245
22	9.9840	9.6848	13.6575
23	10.8910	10.5646	14.8982
24	11.8877	11.5314	16.2616
25	12.9867	12.5975	17.7650

PROPOSED FHCF 2018 Mobile Home Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 45%

Deductible: \$251 - \$500

ZIP Code Group	Fully Tied Down -- Manufactured		Other than Fully Tied
	<u>Prior to 7/13/94</u>	<u>On or After 7/13/94</u>	<u>Unknown</u>
1	0.2096	0.2033	0.2868
2	0.3853	0.3737	0.5270
3	0.5533	0.5367	0.7569
4	0.7272	0.7054	0.9948
5	0.9074	0.8802	1.2412
6	1.0944	1.0616	1.4971
7	1.2889	1.2503	1.7631
8	1.4916	1.4469	2.0404
9	1.7034	1.6523	2.3301
10	1.9251	1.8674	2.6335
11	2.1580	2.0933	2.9520
12	2.4032	2.3312	3.2874
13	2.6622	2.5824	3.6417
14	2.9367	2.8487	4.0172
15	3.2286	3.1318	4.4165
16	3.5401	3.4340	4.8426
17	3.8736	3.7575	5.2989
18	4.2322	4.1053	5.7893
19	4.6190	4.4806	6.3185
20	5.0380	4.8870	6.8917
21	5.4935	5.3288	7.5147
22	5.9904	5.8109	8.1945
23	6.5346	6.3387	8.9389
24	7.1326	6.9188	9.7570
25	7.7920	7.5585	10.6590

PROPOSED FHCF 2018 Tenants Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 90%

Deductible: \$1 - \$500

ZIP Code				Masonry with Reinforced Concrete		Superior with Reinforced Concrete	Non-MH Default and Unknown
<u>Group</u>	<u>Frame</u>	<u>Masonry Veneer</u>	<u>Masonry</u>	<u>Roof Deck</u>	<u>Superior</u>	<u>Roof Deck</u>	
1	0.0586	0.0568	0.0443	0.0369	0.0301	0.0260	0.0426
2	0.1078	0.1045	0.0815	0.0679	0.0554	0.0478	0.0784
3	0.1548	0.1500	0.1170	0.0975	0.0796	0.0687	0.1126
4	0.2034	0.1972	0.1538	0.1281	0.1046	0.0903	0.1479
5	0.2538	0.2460	0.1919	0.1598	0.1305	0.1126	0.1846
6	0.3061	0.2968	0.2315	0.1928	0.1574	0.1358	0.2226
7	0.3606	0.3495	0.2726	0.2271	0.1854	0.1600	0.2622
8	0.4173	0.4045	0.3155	0.2628	0.2145	0.1851	0.3034
9	0.4765	0.4619	0.3603	0.3001	0.2450	0.2114	0.3465
10	0.5385	0.5220	0.4072	0.3391	0.2768	0.2389	0.3916
11	0.6037	0.5852	0.4565	0.3802	0.3103	0.2678	0.4390
12	0.6723	0.6517	0.5083	0.4234	0.3456	0.2983	0.4888
13	0.7447	0.7219	0.5631	0.4690	0.3828	0.3304	0.5415
14	0.8215	0.7963	0.6212	0.5173	0.4223	0.3645	0.5974
15	0.9032	0.8755	0.6829	0.5688	0.4643	0.4007	0.6567
16	0.9903	0.9599	0.7488	0.6236	0.5091	0.4394	0.7201
17	1.0836	1.0504	0.8194	0.6824	0.5571	0.4808	0.7880
18	1.1839	1.1476	0.8952	0.7456	0.6086	0.5253	0.8609
19	1.2921	1.2525	0.9770	0.8137	0.6643	0.5733	0.9396
20	1.4093	1.3661	1.0657	0.8875	0.7245	0.6253	1.0248
21	1.5368	1.4896	1.1620	0.9678	0.7900	0.6818	1.1175
22	1.6758	1.6244	1.2671	1.0553	0.8615	0.7435	1.2185
23	1.8280	1.7720	1.3822	1.1512	0.9397	0.8110	1.3292
24	1.9953	1.9341	1.5087	1.2565	1.0257	0.8853	1.4509
25	2.1798	2.1129	1.6482	1.3727	1.1206	0.9671	1.5850

PROPOSED FHCF 2018 Tenants Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 75%

Deductible: \$1 - \$500

ZIP Code	Masonry with			Reinforced Concrete	Superior with			Non-MH Default
Group	Frame	Masonry Veneer	Masonry	Roof Deck	Superior	Reinforced Concrete	Roof Deck	and Unknown
1	0.0489	0.0474	0.0370	0.0308	0.0251	0.0217	0.0355	
2	0.0898	0.0871	0.0679	0.0566	0.0462	0.0398	0.0653	
3	0.1290	0.1250	0.0975	0.0812	0.0663	0.0572	0.0938	
4	0.1695	0.1643	0.1282	0.1068	0.0871	0.0752	0.1233	
5	0.2115	0.2050	0.1599	0.1332	0.1087	0.0938	0.1538	
6	0.2551	0.2473	0.1929	0.1607	0.1312	0.1132	0.1855	
7	0.3005	0.2913	0.2272	0.1892	0.1545	0.1333	0.2185	
8	0.3477	0.3371	0.2629	0.2190	0.1788	0.1543	0.2528	
9	0.3971	0.3849	0.3003	0.2501	0.2041	0.1762	0.2887	
10	0.4488	0.4350	0.3393	0.2826	0.2307	0.1991	0.3263	
11	0.5031	0.4876	0.3804	0.3168	0.2586	0.2232	0.3658	
12	0.5602	0.5431	0.4236	0.3528	0.2880	0.2486	0.4074	
13	0.6206	0.6016	0.4693	0.3908	0.3190	0.2753	0.4513	
14	0.6846	0.6636	0.5177	0.4311	0.3519	0.3037	0.4978	
15	0.7526	0.7296	0.5691	0.4740	0.3869	0.3339	0.5473	
16	0.8253	0.8000	0.6240	0.5197	0.4242	0.3661	0.6001	
17	0.9030	0.8753	0.6828	0.5687	0.4642	0.4006	0.6566	
18	0.9866	0.9564	0.7460	0.6213	0.5072	0.4377	0.7174	
19	1.0768	1.0438	0.8142	0.6781	0.5535	0.4777	0.7830	
20	1.1745	1.1385	0.8881	0.7396	0.6038	0.5211	0.8540	
21	1.2806	1.2414	0.9683	0.8065	0.6583	0.5682	0.9312	
22	1.3965	1.3537	1.0559	0.8794	0.7179	0.6196	1.0154	
23	1.5233	1.4766	1.1519	0.9593	0.7831	0.6759	1.1077	
24	1.6627	1.6118	1.2573	1.0471	0.8548	0.7377	1.2091	
25	1.8165	1.7608	1.3735	1.1439	0.9338	0.8059	1.3208	

PROPOSED FHCF 2018 Tenants Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 45%

Deductible: \$1 - \$500

ZIP Code				Masonry with Reinforced Concrete		Superior with Reinforced Concrete	
<u>Group</u>	<u>Frame</u>	<u>Masonry Veneer</u>	<u>Masonry</u>	<u>Roof Deck</u>	<u>Superior</u>	<u>Roof Deck</u>	<u>Non-MH Default and Unknown</u>
1	0.0293	0.0284	0.0222	0.0185	0.0151	0.0130	0.0213
2	0.0539	0.0522	0.0407	0.0339	0.0277	0.0239	0.0392
3	0.0774	0.0750	0.0585	0.0487	0.0398	0.0343	0.0563
4	0.1017	0.0986	0.0769	0.0641	0.0523	0.0451	0.0740
5	0.1269	0.1230	0.0960	0.0799	0.0652	0.0563	0.0923
6	0.1531	0.1484	0.1157	0.0964	0.0787	0.0679	0.1113
7	0.1803	0.1748	0.1363	0.1135	0.0927	0.0800	0.1311
8	0.2086	0.2022	0.1578	0.1314	0.1073	0.0926	0.1517
9	0.2383	0.2309	0.1802	0.1500	0.1225	0.1057	0.1732
10	0.2693	0.2610	0.2036	0.1696	0.1384	0.1195	0.1958
11	0.3018	0.2926	0.2282	0.1901	0.1552	0.1339	0.2195
12	0.3361	0.3258	0.2542	0.2117	0.1728	0.1491	0.2444
13	0.3724	0.3610	0.2816	0.2345	0.1914	0.1652	0.2708
14	0.4108	0.3982	0.3106	0.2587	0.2112	0.1822	0.2987
15	0.4516	0.4377	0.3415	0.2844	0.2321	0.2004	0.3284
16	0.4952	0.4800	0.3744	0.3118	0.2545	0.2197	0.3601
17	0.5418	0.5252	0.4097	0.3412	0.2785	0.2404	0.3940
18	0.5920	0.5738	0.4476	0.3728	0.3043	0.2626	0.4304
19	0.6461	0.6263	0.4885	0.4069	0.3321	0.2866	0.4698
20	0.7047	0.6831	0.5328	0.4438	0.3623	0.3126	0.5124
21	0.7684	0.7448	0.5810	0.4839	0.3950	0.3409	0.5587
22	0.8379	0.8122	0.6336	0.5277	0.4307	0.3717	0.6093
23	0.9140	0.8860	0.6911	0.5756	0.4699	0.4055	0.6646
24	0.9976	0.9671	0.7544	0.6283	0.5129	0.4426	0.7254
25	1.0899	1.0565	0.8241	0.6863	0.5603	0.4836	0.7925

PROPOSED FHCF 2018 Condominium Unit Owners Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 90%

Deductible: \$1 - \$500

ZIP Code				Masonry with Reinforced Concrete		Superior with Reinforced Concrete	Non-MH Default
<u>Group</u>	<u>Frame</u>	<u>Masonry Veneer</u>	<u>Masonry</u>	<u>Roof Deck</u>	<u>Superior</u>	<u>Roof Deck</u>	<u>and Unknown</u>
1	0.1174	0.1032	0.0855	0.0665	0.0555	0.0401	0.0813
2	0.2158	0.1896	0.1572	0.1222	0.1020	0.0738	0.1495
3	0.3099	0.2723	0.2258	0.1755	0.1465	0.1060	0.2147
4	0.4073	0.3578	0.2967	0.2306	0.1925	0.1393	0.2822
5	0.5082	0.4465	0.3702	0.2878	0.2402	0.1738	0.3521
6	0.6130	0.5385	0.4465	0.3471	0.2897	0.2096	0.4246
7	0.7219	0.6343	0.5259	0.4088	0.3412	0.2468	0.5001
8	0.8355	0.7340	0.6086	0.4730	0.3948	0.2856	0.5788
9	0.9541	0.8382	0.6950	0.5402	0.4509	0.3262	0.6609
10	1.0783	0.9473	0.7855	0.6105	0.5096	0.3686	0.7470
11	1.2087	1.0619	0.8805	0.6844	0.5712	0.4132	0.8373
12	1.3461	1.1826	0.9806	0.7621	0.6361	0.4602	0.9325
13	1.4912	1.3100	1.0863	0.8443	0.7047	0.5098	1.0330
14	1.6449	1.4451	1.1983	0.9313	0.7774	0.5624	1.1395
15	1.8084	1.5888	1.3174	1.0239	0.8546	0.6183	1.2527
16	1.9829	1.7420	1.4445	1.1227	0.9371	0.6779	1.3736
17	2.1697	1.9062	1.5806	1.2284	1.0254	0.7418	1.5030
18	2.3706	2.0826	1.7269	1.3422	1.1203	0.8104	1.6421
19	2.5872	2.2730	1.8847	1.4648	1.2227	0.8845	1.7922
20	2.8219	2.4791	2.0557	1.5977	1.3336	0.9647	1.9548
21	3.0770	2.7033	2.2415	1.7421	1.4541	1.0520	2.1315
22	3.3554	2.9478	2.4443	1.8997	1.5857	1.1471	2.3244
23	3.6602	3.2156	2.6663	2.0723	1.7297	1.2513	2.5355
24	3.9952	3.5099	2.9103	2.2620	1.8880	1.3659	2.7675
25	4.3645	3.8344	3.1794	2.4711	2.0626	1.4921	3.0234

PROPOSED FHCF 2018 Condominium Unit Owners Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 75%

Deductible: \$1 - \$500

ZIP Code				Masonry with Reinforced Concrete		Superior with Reinforced Concrete	Non-MH Default
<u>Group</u>	<u>Frame</u>	<u>Masonry Veneer</u>	<u>Masonry</u>	<u>Roof Deck</u>	<u>Superior</u>	<u>Roof Deck</u>	<u>and Unknown</u>
1	0.0978	0.0860	0.0713	0.0554	0.0462	0.0335	0.0678
2	0.1798	0.1580	0.1310	0.1018	0.0850	0.0615	0.1246
3	0.2583	0.2269	0.1881	0.1462	0.1221	0.0883	0.1789
4	0.3394	0.2982	0.2473	0.1922	0.1604	0.1160	0.2351
5	0.4235	0.3721	0.3085	0.2398	0.2002	0.1448	0.2934
6	0.5108	0.4488	0.3721	0.2892	0.2414	0.1746	0.3539
7	0.6016	0.5285	0.4383	0.3406	0.2843	0.2057	0.4168
8	0.6962	0.6117	0.5072	0.3942	0.3290	0.2380	0.4823
9	0.7951	0.6985	0.5792	0.4502	0.3757	0.2718	0.5508
10	0.8986	0.7894	0.6546	0.5088	0.4247	0.3072	0.6225
11	1.0073	0.8849	0.7338	0.5703	0.4760	0.3444	0.6978
12	1.1217	0.9855	0.8171	0.6351	0.5301	0.3835	0.7771
13	1.2426	1.0917	0.9052	0.7036	0.5873	0.4248	0.8608
14	1.3708	1.2043	0.9986	0.7761	0.6478	0.4686	0.9496
15	1.5070	1.3240	1.0978	0.8532	0.7122	0.5152	1.0439
16	1.6524	1.4517	1.2037	0.9356	0.7809	0.5649	1.1447
17	1.8081	1.5885	1.3171	1.0237	0.8545	0.6181	1.2525
18	1.9755	1.7355	1.4390	1.1185	0.9336	0.6754	1.3684
19	2.1560	1.8941	1.5706	1.2207	1.0189	0.7371	1.4935
20	2.3516	2.0659	1.7131	1.3314	1.1113	0.8040	1.6290
21	2.5642	2.2527	1.8679	1.4518	1.2118	0.8766	1.7763
22	2.7962	2.4565	2.0369	1.5831	1.3214	0.9559	1.9370
23	3.0502	2.6797	2.2219	1.7269	1.4415	1.0428	2.1129
24	3.3293	2.9249	2.4253	1.8850	1.5734	1.1382	2.3063
25	3.6371	3.1953	2.6495	2.0592	1.7188	1.2434	2.5195

PROPOSED FHCF 2018 Condominium Unit Owners Rates (Not Yet Approved by FHCF Trustees for Use)

Rates are Dollars per \$1000 of Exposure

Coverage Level: 45%

Deductible: \$1 - \$500

ZIP Code				Masonry with Reinforced Concrete		Superior with Reinforced Concrete	Non-MH Default
<u>Group</u>	<u>Frame</u>	<u>Masonry Veneer</u>	<u>Masonry</u>	<u>Roof Deck</u>	<u>Superior</u>	<u>Roof Deck</u>	<u>and Unknown</u>
1	0.0587	0.0516	0.0428	0.0332	0.0277	0.0201	0.0407
2	0.1079	0.0948	0.0786	0.0611	0.0510	0.0369	0.0747
3	0.1550	0.1361	0.1129	0.0877	0.0732	0.0530	0.1073
4	0.2037	0.1789	0.1484	0.1153	0.0962	0.0696	0.1411
5	0.2541	0.2233	0.1851	0.1439	0.1201	0.0869	0.1760
6	0.3065	0.2693	0.2233	0.1735	0.1448	0.1048	0.2123
7	0.3610	0.3171	0.2630	0.2044	0.1706	0.1234	0.2501
8	0.4177	0.3670	0.3043	0.2365	0.1974	0.1428	0.2894
9	0.4771	0.4191	0.3475	0.2701	0.2254	0.1631	0.3305
10	0.5392	0.4737	0.3928	0.3053	0.2548	0.1843	0.3735
11	0.6044	0.5310	0.4403	0.3422	0.2856	0.2066	0.4187
12	0.6730	0.5913	0.4903	0.3811	0.3181	0.2301	0.4662
13	0.7456	0.6550	0.5431	0.4221	0.3524	0.2549	0.5165
14	0.8225	0.7226	0.5991	0.4657	0.3887	0.2812	0.5697
15	0.9042	0.7944	0.6587	0.5119	0.4273	0.3091	0.6264
16	0.9914	0.8710	0.7222	0.5613	0.4685	0.3389	0.6868
17	1.0849	0.9531	0.7903	0.6142	0.5127	0.3709	0.7515
18	1.1853	1.0413	0.8634	0.6711	0.5601	0.4052	0.8211
19	1.2936	1.1365	0.9424	0.7324	0.6113	0.4423	0.8961
20	1.4110	1.2396	1.0278	0.7989	0.6668	0.4824	0.9774
21	1.5385	1.3516	1.1208	0.8711	0.7271	0.5260	1.0658
22	1.6777	1.4739	1.2221	0.9499	0.7928	0.5736	1.1622
23	1.8301	1.6078	1.3332	1.0362	0.8649	0.6257	1.2678
24	1.9976	1.7549	1.4552	1.1310	0.9440	0.6829	1.3838
25	2.1823	1.9172	1.5897	1.2355	1.0313	0.7461	1.5117

Florida Hurricane Catastrophe Fund

2018 Ratemaking Formula Report

Windstorm Mitigation Construction Rating Classification Factors

To Calculate the Final FHCF Rate for a risk:

Preliminary factor = (year built factor) x (roof shape factor) x (opening protection factor)

Capped factor = Preliminary Factor*

Final rate = (Base rate) x (Capped factor) x (On balance factor)

**Capped factor = 100% of Preliminary Factor (i.e. no cap in current factors)*

Rating Factor	Description	Type of Business				
		Commercial	Residential	Mobile Home	Tenants	Condos
Year Built	2012 or later	0.4029	0.4321	1.0000	0.4496	0.4336
	2002 - 2011	0.4273	0.4640	1.0000	0.4787	0.4586
	1995-2001	0.6558	0.7323	1.0000	0.7431	0.7201
	1994 or Earlier	1.3256	1.4177	1.0000	1.4051	1.3424
	Unknown or Mobile Home	1.0943	1.0309	1.0000	1.0479	1.0209
Roof Shape	Hip, Mansard, or Pyramid	0.8605	0.8395	1.0000	0.7836	0.8032
	Gable, Other or Unknown	1.0418	1.1138	1.0000	1.0116	1.0374
Opening Protection	Structure Opening Protection**	0.8200	0.8451	1.0000	0.7458	0.7940
	No Structure Opening Protection	1.0693	1.0910	1.0000	1.0086	1.1089
On Balance Factor		0.9775	0.9667	1.0000	0.9956	0.9835

**Structure Opening Protection Credit requires that primary policy has structure opening protection credit.

EXHIBIT

XV

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2017 FHCF Exposure and Risks as of 10/25/17

Total Exposure (\$)						
2018 FHCF Rating Region	Commercial	Residential	Mobile Home	Tenants	Condominium- Owners	Total
1	4,376,298,663	205,508,017,627	4,843,646,413	3,359,241,315	2,702,474,653	220,789,678,671
2	769,615,302	75,733,553,882	1,852,193,599	786,981,883	1,348,943,022	80,491,287,688
3	5,966,900,506	239,232,919,082	3,824,167,994	3,681,388,862	4,237,687,973	256,943,064,417
4	7,074,667,036	272,774,713,340	4,024,596,661	3,986,222,765	3,899,841,624	291,760,041,426
5	4,016,701,804	118,303,543,794	4,051,301,741	1,442,588,663	2,762,469,750	130,576,605,752
6	5,018,914,033	104,283,687,416	1,744,046,990	1,436,698,858	3,440,311,783	115,923,659,080
7	8,015,941,651	111,140,336,569	2,117,842,918	1,528,642,242	5,647,607,869	128,450,371,249
8	7,458,819,798	79,310,338,875	547,283,005	1,047,821,253	5,477,447,016	93,841,709,947
9	6,728,623,835	80,461,811,612	692,757,361	1,101,795,455	4,854,637,954	93,839,626,217
10	6,135,006,543	79,652,153,526	314,405,397	1,055,326,711	5,072,399,716	92,229,291,893
11	19,584,842,546	127,002,481,452	798,849,882	1,848,566,729	10,557,849,349	159,792,589,958
12	9,847,066,134	74,379,360,245	239,365,682	1,096,148,396	5,260,900,746	90,822,841,203
13	15,091,787,507	77,017,715,665	641,721,304	974,472,464	6,672,051,240	100,397,748,180
14	6,996,906,859	47,352,371,863	247,645,886	521,736,112	3,849,319,655	58,967,980,375
15	4,549,817,988	35,782,212,258	149,608,865	461,048,341	3,450,987,128	44,393,674,580
16	2,327,733,088	23,420,571,293	7,632,138	241,944,112	1,536,437,364	27,534,317,995
17	2,049,545,964	17,529,084,178	101,255,078	240,651,659	965,794,461	20,886,331,340
18	5,186,632,087	37,195,080,292	49,831,259	482,795,741	3,103,262,959	46,017,602,338
19	4,926,994,520	19,228,349,624	8,688,501	516,955,053	3,431,419,131	28,112,406,829
20	3,594,109,777	10,928,873,677	13,090,685	392,712,854	2,540,750,731	17,469,537,724
21	7,813,171,328	16,148,732,634	49,361,233	414,457,239	4,711,918,720	29,137,641,154
22	5,221,163,860	8,813,608,185	-	344,886,106	4,003,680,044	18,383,338,195
23	4,324,420,859	3,530,822,265	-	157,746,023	2,880,649,237	10,893,638,384
24	4,010,420,169	7,007,322,002	24,912,387	197,577,618	2,706,207,283	13,946,439,459
25	1,851,156,119	2,014,871,147	6,374,790	53,209,919	1,349,288,586	5,274,900,561
Total	\$152,937,257,976	\$1,873,752,532,503	\$26,350,579,769	\$27,371,616,373	\$96,464,337,994	\$2,176,876,324,615
1-5	\$22,204,183,311	\$911,552,747,725	\$18,595,906,408	\$13,256,423,488	\$14,951,417,022	\$980,560,677,954
6-10	\$33,357,305,860	\$454,848,327,998	\$5,416,335,671	\$6,170,284,519	\$24,492,404,338	\$524,284,658,386
11-15	\$56,070,421,034	\$361,534,141,483	\$2,077,191,619	\$4,901,972,042	\$29,791,108,118	\$454,374,834,296
16-20	\$18,085,015,436	\$108,301,959,064	\$180,497,661	\$1,875,059,419	\$11,577,664,646	\$140,020,196,226
21-25	\$23,220,332,335	\$37,515,356,233	\$80,648,410	\$1,167,876,905	\$15,651,743,870	\$77,635,957,753
% of Total within Type of Business						
1-5	14.5%	48.6%	70.6%	48.4%	15.5%	45.0%
6-10	21.8%	24.3%	20.6%	22.5%	25.4%	24.1%
11-15	36.7%	19.3%	7.9%	17.9%	30.9%	20.9%
16-20	11.8%	5.8%	0.7%	6.9%	12.0%	6.4%
21-25	15.2%	2.0%	0.3%	4.3%	16.2%	3.6%
% of Total within Territory						
Total	7.0%	86.1%	1.2%	1.3%	4.4%	100.0%
1-5	2.3%	93.0%	1.9%	1.4%	1.5%	100.0%
6-10	6.4%	86.8%	1.0%	1.2%	4.7%	100.0%
11-15	12.3%	79.6%	0.5%	1.1%	6.6%	100.0%
16-20	12.9%	77.3%	0.1%	1.3%	8.3%	100.0%
21-25	29.9%	48.3%	0.1%	1.5%	20.2%	100.0%

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2017 FHCF Exposure and Risks as of 10/25/17

2018 FHCF Rating Region	Total Risks					
	Commercial	Residential	Mobile Home	Tenants	Condominium- Owners	Total
1	4,494	507,055	60,167	133,858	25,612	731,186
2	1,486	186,375	23,677	27,289	10,435	249,262
3	6,586	566,935	45,855	147,259	40,021	806,656
4	14,561	638,892	49,670	162,844	38,181	904,148
5	9,492	321,923	48,736	59,955	28,492	468,598
6	30,963	268,580	23,646	60,468	35,292	418,949
7	20,305	267,394	27,132	66,066	54,355	435,252
8	11,838	204,451	8,656	42,860	54,547	322,352
9	20,671	181,280	10,517	42,532	41,462	296,462
10	10,702	171,655	4,757	39,488	42,809	269,411
11	22,288	266,420	9,883	72,283	111,097	481,971
12	10,823	154,418	3,090	41,602	55,851	265,784
13	13,751	190,210	7,522	40,576	75,911	327,970
14	7,325	140,250	3,702	21,753	32,928	205,958
15	4,719	83,736	2,290	15,984	24,445	131,174
16	2,301	41,640	189	6,348	10,931	61,409
17	2,194	41,386	1,626	9,622	11,448	66,276
18	3,511	76,161	798	15,880	25,941	122,291
19	3,148	33,595	120	17,460	26,179	80,502
20	1,997	21,644	365	12,029	15,520	51,555
21	2,435	19,096	819	12,061	31,402	65,813
22	1,874	13,077	-	9,237	23,891	48,079
23	682	3,935	-	4,066	13,767	22,450
24	1,691	7,406	609	4,981	13,218	27,905
25	225	2,308	146	818	2,516	6,013
Total	210,062	4,409,822	333,972	1,067,319	846,251	6,867,426
1-5	36,619	2,221,180	228,105	531,205	142,741	3,159,850
6-10	94,479	1,093,360	74,708	251,414	228,465	1,742,426
11-15	58,906	835,034	26,487	192,198	300,232	1,412,857
16-20	13,151	214,426	3,098	61,339	90,019	382,033
21-25	6,907	45,822	1,574	31,163	84,794	170,260
% of Total within Type of Business						
1-5	17.4%	50.4%	68.3%	49.8%	16.9%	46.0%
6-10	45.0%	24.8%	22.4%	23.6%	27.0%	25.4%
11-15	28.0%	18.9%	7.9%	18.0%	35.5%	20.6%
16-20	6.3%	4.9%	0.9%	5.7%	10.6%	5.6%
21-25	3.3%	1.0%	0.5%	2.9%	10.0%	2.5%
% of Total within Territory						
Total	3.1%	64.2%	4.9%	15.5%	12.3%	100.0%
1-5	1.2%	70.3%	7.2%	16.8%	4.5%	100.0%
6-10	5.4%	62.7%	4.3%	14.4%	13.1%	100.0%
11-15	4.2%	59.1%	1.9%	13.6%	21.2%	100.0%
16-20	3.4%	56.1%	0.8%	16.1%	23.6%	100.0%
21-25	4.1%	26.9%	0.9%	18.3%	49.8%	100.0%

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
2017 FHCF Exposure and Risks as of 10/25/17

2018 FHCF Rating Region	Averages				
	Commercial	Residential	Mobile Home	Tenants	Condominium- Owners
1	973,809	405,297	80,503	25,096	105,516
2	517,911	406,350	78,228	28,839	129,271
3	905,998	421,976	83,397	24,999	105,887
4	485,864	426,950	81,027	24,479	102,141
5	423,167	367,490	83,127	24,061	96,956
6	162,094	388,278	73,757	23,760	97,481
7	394,777	415,643	78,057	23,138	103,902
8	630,074	387,919	63,226	24,448	100,417
9	325,510	443,854	65,870	25,905	117,086
10	573,258	464,025	66,093	26,725	118,489
11	878,717	476,700	80,831	25,574	95,033
12	909,828	481,675	77,465	26,348	94,195
13	1,097,505	404,909	85,313	24,016	87,893
14	955,209	337,628	66,895	23,985	116,901
15	964,149	427,322	65,331	28,844	141,174
16	1,011,618	562,454	40,382	38,113	140,558
17	934,160	423,551	62,272	25,011	84,364
18	1,477,252	488,374	62,445	30,403	119,628
19	1,565,119	572,357	72,404	29,608	131,075
20	1,799,755	504,938	35,865	32,647	163,708
21	3,208,695	845,660	60,270	34,363	150,052
22	2,786,107	673,978	-	37,337	167,581
23	6,340,793	897,286	-	38,796	209,243
24	2,371,626	946,168	40,907	39,666	204,737
25	8,227,361	872,994	43,663	65,049	536,283
Total	\$728,058	\$424,904	\$78,901	\$25,645	\$113,990
1-5	\$606,357	\$410,391	\$81,523	\$24,955	\$104,745
6-10	\$353,066	\$416,010	\$72,500	\$24,542	\$107,204
11-15	\$951,863	\$432,957	\$78,423	\$25,505	\$99,227
16-20	\$1,375,182	\$505,078	\$58,263	\$30,569	\$128,614
21-25	\$3,361,855	\$818,719	\$51,238	\$37,476	\$184,586

EXHIBIT

XVI

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report Valid Zip Codes
2018 Residential Masonry Base Premium (2% Deductible) Comparison
Prior to Application of Premium Credits/Surcharges

% Change in Rates

Maximum Decrease -21.59%
Minimum Decrease -1.68%

Threshold From To		Count of ZIP Codes	Percentage of Zip Codes in Group	Residential Exposure (in 000's)	Percentage of Res Exposure in Group	Residential Exposure Risk Counts (Houses)	Percentage of Risk Counts in Group
Less Than	-15%	5	0.34%	6,887,169	0.41%	13,265	0.34%
-15%	-10%	16	1.10%	23,665,568	1.41%	43,740	1.14%
-10%	-5%	683	46.75%	840,587,252	50.21%	1,990,931	51.76%
-5%	0%	757	51.81%	802,902,175	47.96%	1,798,493	46.76%
0%	5%	0	0.00%	-	0.00%	-	0.00%
5%	10%	0	0.00%	-	0.00%	-	0.00%
10%	15%	0	0.00%	-	0.00%	-	0.00%
Greater Than	15%	0	0.00%	-	0.00%	-	0.00%
New ZIP Codes in 2018		1461	100.00%	1,674,042,163	100.00%	3,846,429	100.00%
		0	0.00%	-	0.00%	-	0.00%
		1461	100.00%	1,674,042,163	100.00%	3,846,429	100.00%

\$ Change in Rates

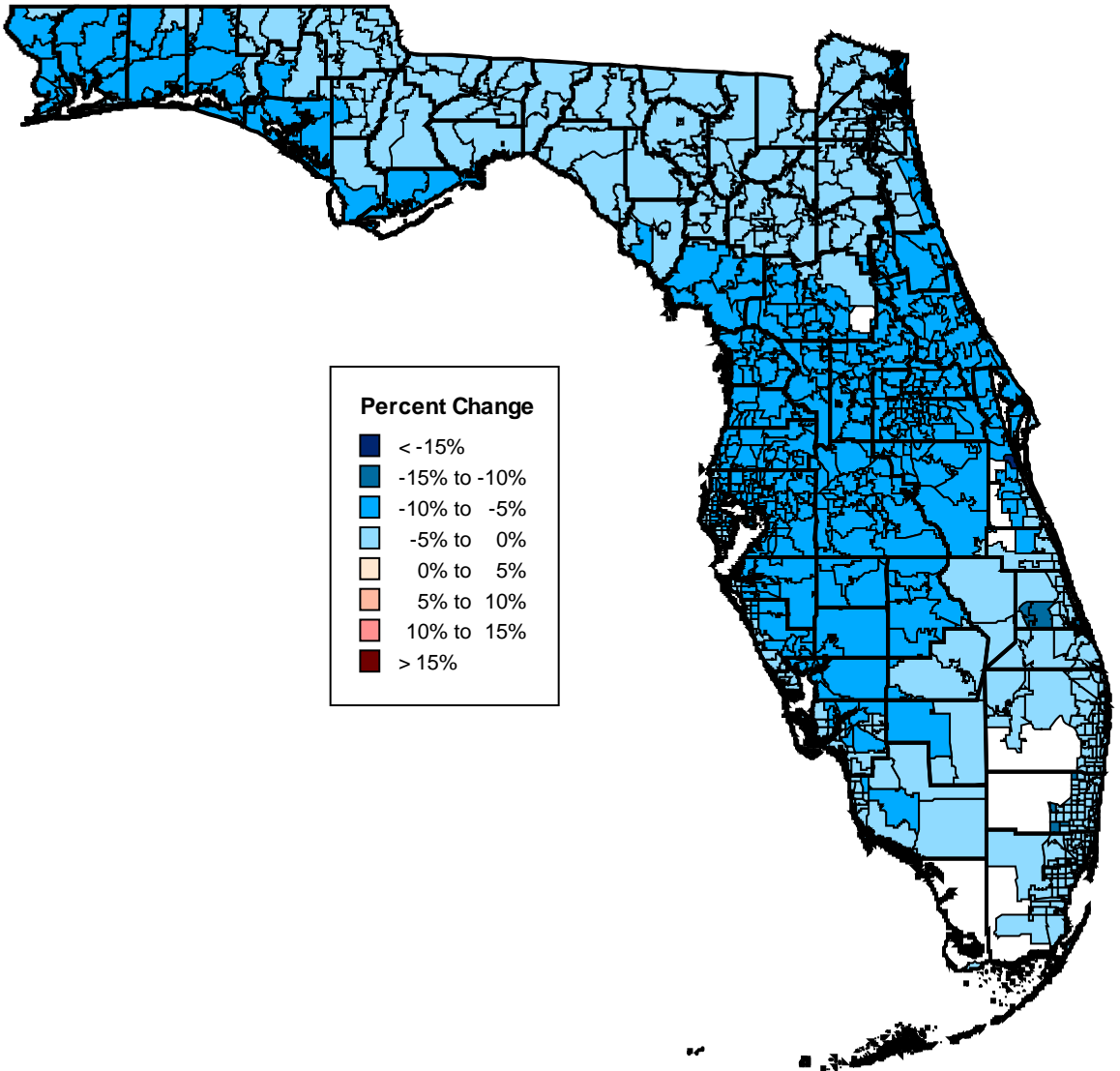
Maximum Decrease (\$101.12)
Minimum Decrease (\$1.21)

Premium Threshold* From To		Count of ZIP Codes	Percentage of Zip Codes in Group	Residential Exposure (in 000's)	Percentage of Res Exposure in Group	Residential Exposure Risk Counts (Houses)	Percentage of Risk Counts in Group
-\$115	-\$80	3	0.21%	-	0.00%	-	0.00%
-\$80	-\$40	20	1.37%	30,552,737	1.83%	57,005	1.48%
-\$40	-\$10	712	48.73%	802,323,412	47.93%	1,808,642	47.02%
-\$10	\$0	726	49.69%	841,166,015	50.25%	1,980,782	51.50%
\$0	\$10	0	0.00%	-	0.00%	-	0.00%
\$10	\$20	0	0.00%	-	0.00%	-	0.00%
\$20	\$30	0	0.00%	-	0.00%	-	0.00%
\$30	\$40	0	0.00%	-	0.00%	-	0.00%
New ZIP Codes in 2018		1461	100.00%	1,674,042,163	100.00%	3,846,429	100.00%
		0	0.00%	-	0.00%	-	0.00%
		1461	100.00%	1,674,042,163	100.00%	3,846,429	100.00%

***Exposure Assumptions**

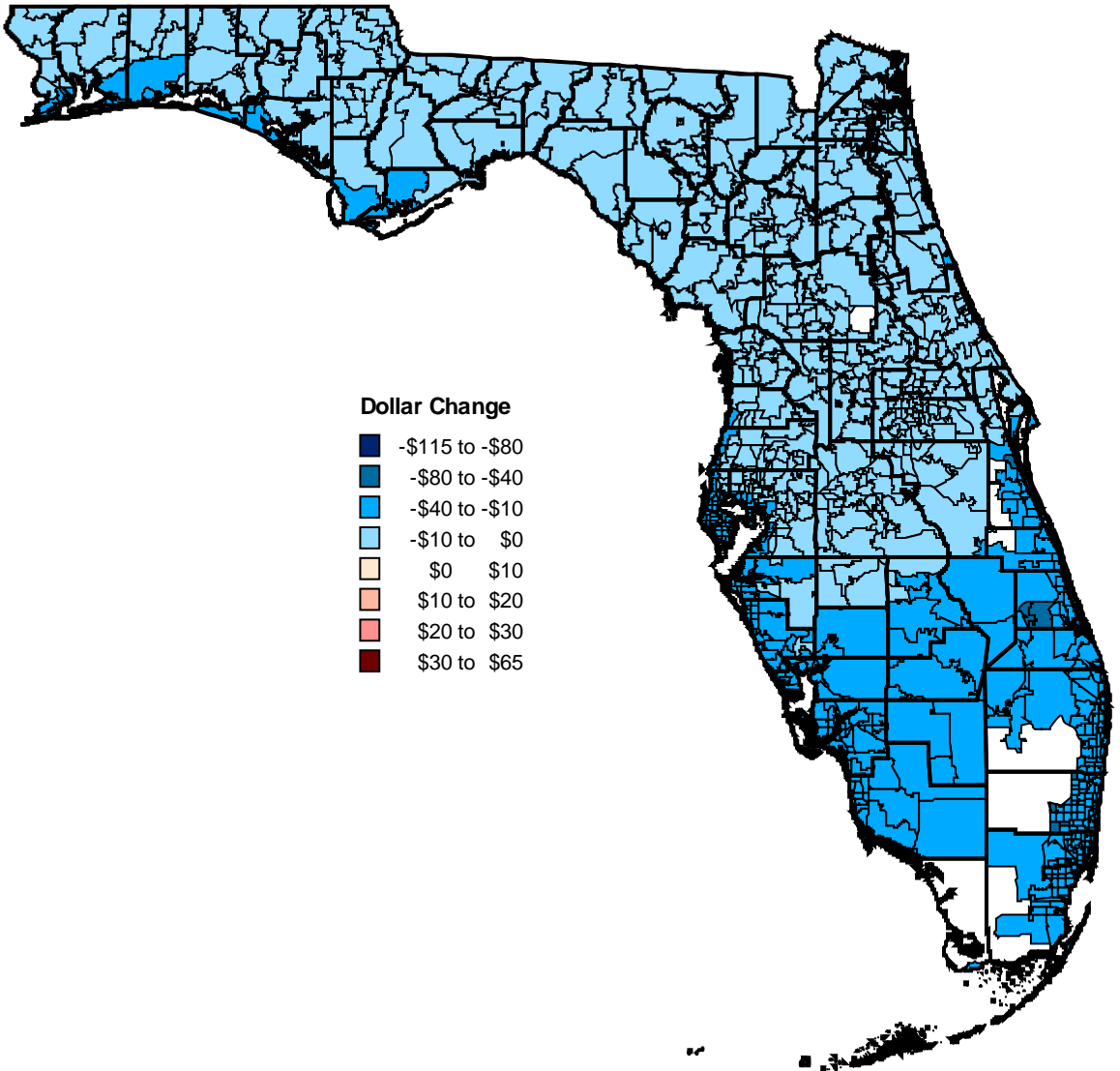
Coverages: \$ 256 Building Value
(in thousands) \$ 26 Appurtenant Structures
 \$ 128 Contents
 \$ 26 Additional Living Expense
 \$ 435 FHCF Exposure

Florida Hurricane Catastrophe Fund
Proposed 2018 Percentage Rate Change by 5-Digit ZIP Code
Entire State



Updated 06/13/2018

Florida Hurricane Catastrophe Fund
Proposed 2018 Dollar Rate Change by 5-Digit ZIP Code
Entire State



Updated 06/13/2018

EXHIBIT

XVII

Florida Hurricane Catastrophe Fund
2018 Ratemaking Premium Formula Report
Exhibit XVII - Risk Transfer Options Formula

The rates presented in this report include a loading for the cost of risk transfer for the \$1 billion excess of \$10.5 billion layer, assuming reinsurance premium equal to the 2018 initial premium of \$63.0 million. Should the FHCF enter into a different risk transfer arrangement, the impact of the cost shall be determined, and the 2018-2019 FHCF premium rates and factors would be accordingly adjusted, by using the formula specified in this Exhibit.

The estimates for FHCF loss credits are based on the average of the AIR and RMS data distributions in Exhibit VIII. Exhibit XVII is based on the same loss severity distribution and displays probability of exceedance for specific FHCF layers with the adjustments to the FHCF loss layer level prior to fixed expenses. These values are used to illustrate a range of potential risk transfer structures, costs and factors in the tables of this exhibit.

To adjust the FHCF premium/rates to account for the impact of a future risk transfer arrangement, if any, the rates presented in this 2018 Ratemaking Formula Report would be adjusted by a Risk Transfer Adjustment Factor (RTAF):

$$\text{Amended FHCF Rate} = \text{Original FHCF Rate} \times \text{RTAF}$$

The details of the formula calculation are provided below.

Definitions

1. Amended FHCF Rate: Original FHCF Rate x RTAF
2. Amended FHCF Rate Change: FHCF Current Rate Change x RTAF
3. Amended FHCF Projected Payout Multiple: FHCF Current Projected Payout Multiple/RTAF
4. Amended FHCF Retention Multiple: FHCF Current Retention Multiple/RTAF
5. AP = Amended FHCF Premium: OP x RTAF
6. CBF: Cash Build-up Factor [25% for the 2018 Contract Year]
7. ELC: Expected Loss Credit
8. NRCP: Net Risk Transfer Cost Premium = $(\text{RTC} - (\text{ELC} \times (1 + \text{CBF})))$
9. OP = Original FHCF Premium: \$1,109,316,664 for the 2018 Contract Year [Exh. II, line 73]
10. ONRCP: = Original Net Risk Transfer Cost Premium = Reinsurance [Exh. II, line 45a] – (ceded loss and lae [Exh. II, line 21] x (1+CBF)) = \$63,000,000 – (\$28,219,485 x 1.25) = \$27,725,644
11. RTAF = $(\text{OP} - \text{ONRCP} + \text{NRCP}) / \text{OP}$
12. RTC: Risk Transfer Costs

Calculation of the Expected Loss Credit (ELC)

The ELC is calculated, based on the Modeled Adjusted Loss Severity Distributions in Exhibit XVII, as $ELC = ((P(LA) + P(LE)/2)) \times (LE - LA) \times TUP$, whereas:

1. LA : Layer Attachment
2. LE : Layer Exhaustion
3. P(LA) : probability of exceedance for Layer Attachment
4. P(LE) : probability of exceedance for Layer Exhaustion
5. TUP: True Up Factor = FHCF Losses Prior to special adjustments and expenses (Exh. II, Line 19) / Exh. XVII total expected losses (no LAE, Adj.) = $829,617,252 / 762,750,262 = 1.08766563943$

Example of RTAF Calculation

Risk Transfer of \$500 million excess of \$12.5 billion purchased for 5% Rate on Line (\$25 million)

- $RTC = 25,000,000$
- Layer Attachment: \$12,500,000,000, $P(LA) = 2.08025\%$
- Layer Exhaustion: \$13,000,000,000, $P(LE) = 1.90225\%$
- $ELC = ((.0208025 + 0.0190225)/2) \times (13,000,000,000 - 12,500,000,000) \times 1.08766563943 = 10,829,071$
- $NRCP = 25,000,000 - (10,829,071 \times 1.25) = 11,463,661$

$$RTAF = (1,109,316,664 - 27,725,644 + 11,463,661) / 1,109,316,664 = .9853410$$

Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
Expected Loss and Premium by Layer
Based on Avg. (AIR, RMS) 2017 Trended Zip Code Loss Data and 2018 Per Company Estimated Limits and Retentions

Aggregate FHCF Loss Level	Return Time	Prob(Exceed)	Expected Loss Company Ret, Lim	Adjust to Total Gross Loss and LAE (Expected Loss Credits)
0	3.5	28.72125%	2,462,175	2,678,023
10,000,000	4.9	20.52225%	16,955,550	18,441,969
100,000,000	5.8	17.15675%	24,182,250	26,302,202
250,000,000	6.6	15.08625%	35,341,250	38,439,463
500,000,000	7.6	13.18675%	60,116,250	65,386,379
1,000,000,000	9.2	10.85975%	96,540,000	105,003,241
2,000,000,000	11.8	8.44825%	77,998,750	84,836,560
3,000,000,000	14.0	7.15150%	66,431,250	72,254,988
4,000,000,000	16.3	6.13475%	58,011,250	63,096,843
5,000,000,000	18.3	5.46750%	51,476,250	55,988,948
6,000,000,000	20.7	4.82775%	45,765,000	49,777,018
7,000,000,000	23.1	4.32525%	40,497,500	44,047,739
8,000,000,000	26.5	3.77425%	35,925,000	39,074,388
9,000,000,000	29.3	3.41075%	31,980,000	34,783,547
10,000,000,000	33.5	2.98525%	14,366,250	15,625,676
10,500,000,000	36.2	2.76125%	13,396,875	14,571,321
11,000,000,000	38.5	2.59750%	12,548,125	13,648,164
11,500,000,000	41.3	2.42175%	11,634,375	12,654,310
12,000,000,000	44.8	2.23200%	10,780,625	11,725,715
12,500,000,000	48.1	2.08025%	9,956,250	10,829,071
13,000,000,000	52.6	1.90225%	9,095,000	9,892,319
13,500,000,000	57.6	1.73575%	8,261,875	8,986,158
14,000,000,000	63.7	1.56900%	7,467,500	8,122,143
14,500,000,000	70.5	1.41800%	6,608,750	7,188,110
15,000,000,000	81.6	1.22550%	5,643,750	6,138,513
15,500,000,000	96.9	1.03200%	2,438,125	2,651,865
15,750,000,000	108.9	0.91850%	2,123,125	2,309,250
16,000,000,000	128.2	0.78000%	1,843,438	2,005,044
16,250,000,000	143.9	0.69475%	2,903,311	3,157,832
16,999,000,000	1,242.2	0.08050%	414	450
17,000,000,000	44,444.4	0.00225%		
Total			762,750,262	829,617,252
True Up Factor				1.08766563943
Average AIR,RMS detail modeled expected losses			759,130,832	

Florida Hurricane Catastrophe Fund
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Risk Transfer Estimated Cost and Rate Impact
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Aggregate

Reinsurance Attachment	\$10,500,000,000	Limit	\$17,000,000,000	Projected Payout Multiple	15.7176						
FHCF Premium with Cash Build Up	\$1,081,591,021	Retention	\$7,255,000,000	Retention Multiple 100%	4.9988						
Cash Build Up Factor	25%	Coverage %	74.524%	Retention Multiple 90%	5.5542						
				Retention Multiple 75%	6.6651						
Rate Change	-6.79%	2017 Model Net Rein	\$28,918,819	Retention Multiple 45%	11.1085						
Risk Transfer Premiums Gross		Risk Transfer Rate on Line									
Limit	Expected Loss Credit	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	
	\$500,000,000	\$14,571,321	\$20,000,000	\$22,500,000	\$25,000,000	\$27,500,000	\$30,000,000	\$32,500,000	\$35,000,000	\$37,500,000	\$40,000,000
	\$1,000,000,000	\$28,219,485	\$40,000,000	\$45,000,000	\$50,000,000	\$55,000,000	\$60,000,000	\$65,000,000	\$70,000,000	\$75,000,000	\$80,000,000
	\$1,500,000,000	\$40,873,795	\$60,000,000	\$67,500,000	\$75,000,000	\$82,500,000	\$90,000,000	\$97,500,000	\$105,000,000	\$112,500,000	\$120,000,000
	\$2,000,000,000	\$52,599,510	\$80,000,000	\$90,000,000	\$100,000,000	\$110,000,000	\$120,000,000	\$130,000,000	\$140,000,000	\$150,000,000	\$160,000,000
Risk Transfer Dollar Impact on Premiums		Net Risk Transfer Cost Premium									
Limit	Expected Loss Credit	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	
	\$500,000,000	\$14,571,321	\$1,785,849	\$4,285,849	\$6,785,849	\$9,285,849	\$11,785,849	\$14,285,849	\$16,785,849	\$19,285,849	\$21,785,849
	\$1,000,000,000	\$28,219,485	\$4,725,644	\$9,725,644	\$14,725,644	\$19,725,644	\$24,725,644	\$29,725,644	\$34,725,644	\$39,725,644	\$44,725,644
	\$1,500,000,000	\$40,873,795	\$8,907,756	\$16,407,756	\$23,907,756	\$31,407,756	\$38,907,756	\$46,407,756	\$53,907,756	\$61,407,756	\$68,907,756
	\$2,000,000,000	\$52,599,510	\$14,250,612	\$24,250,612	\$34,250,612	\$44,250,612	\$54,250,612	\$64,250,612	\$74,250,612	\$84,250,612	\$94,250,612
Risk Transfer % Impact on Rates		FHCF Rate Impact									
Limit	Expected Loss Credit	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	
	\$500,000,000	\$14,571,321	0.2%	0.4%	0.6%	0.9%	1.1%	1.3%	1.6%	1.8%	2.0%
	\$1,000,000,000	\$28,219,485	0.4%	0.9%	1.4%	1.8%	2.3%	2.7%	3.2%	3.7%	4.1%
	\$1,500,000,000	\$40,873,795	0.8%	1.5%	2.2%	2.9%	3.6%	4.3%	5.0%	5.7%	6.4%
	\$2,000,000,000	\$52,599,510	1.3%	2.2%	3.2%	4.1%	5.0%	5.9%	6.9%	7.8%	8.7%
Risk Transfer: Revised Rate Change		FHCF Revised Rate Change									
Limit	Expected Loss Credit	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	
	\$500,000,000	\$14,571,321	-6.63%	-6.42%	-6.20%	-5.99%	-5.77%	-5.55%	-5.34%	-5.12%	-4.91%
	\$1,000,000,000	\$28,219,485	-6.38%	-5.95%	-5.52%	-5.09%	-4.66%	-4.22%	-3.79%	-3.36%	-2.93%
	\$1,500,000,000	\$40,873,795	-6.02%	-5.37%	-4.73%	-4.08%	-3.43%	-2.79%	-2.14%	-1.49%	-0.85%
	\$2,000,000,000	\$52,599,510	-5.56%	-4.70%	-3.83%	-2.97%	-2.11%	-1.25%	-0.39%	0.47%	1.34%
Projected Payout Multiple		Revised Payout Mutiples									
Limit	Expected Loss Credit	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	
	\$500,000,000	15.6917	15.6556	15.6196	15.5838	15.5482	15.5127	15.4774	15.4422	15.4072	
	\$1,000,000,000	15.6492	15.5775	15.5065	15.4361	15.3663	15.2972	15.2287	15.1607	15.0934	
	\$1,500,000,000	15.5892	15.4827	15.3777	15.2741	15.1718	15.0709	14.9714	14.8732	14.7762	
	\$2,000,000,000	15.5132	15.3729	15.2351	15.0998	14.9669	14.8363	14.7079	14.5817	14.4577	
Retention Multiple 90%		Revised Retention Multiple 90%									
Limit	Expected Loss Credit	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	
	\$500,000,000	5.5451	5.5323	5.5196	5.5070	5.4944	5.4818	5.4694	5.4569	5.4446	
	\$1,000,000,000	5.5301	5.5048	5.4796	5.4548	5.4301	5.4057	5.3815	5.3575	5.3337	
	\$1,500,000,000	5.5089	5.4713	5.4341	5.3975	5.3614	5.3257	5.2906	5.2558	5.2216	
	\$2,000,000,000	5.4820	5.4324	5.3838	5.3359	5.2890	5.2428	5.1974	5.1529	5.1090	
Retention Multiple 75%		Revised Retention Multiple 75%									
Limit	Expected Loss Credit	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	
	\$500,000,000	6.6541	6.6388	6.6235	6.6084	6.5933	6.5782	6.5632	6.5483	6.5335	
	\$1,000,000,000	6.6361	6.6057	6.5756	6.5457	6.5161	6.4868	6.4578	6.4290	6.4004	
	\$1,500,000,000	6.6107	6.5655	6.5210	6.4770	6.4337	6.3909	6.3487	6.3070	6.2659	
	\$2,000,000,000	6.5784	6.5189	6.4605	6.4031	6.3468	6.2914	6.2369	6.1834	6.1309	
Retention Multiple 45%		Revised Retention Multiple 45%									
Limit	Expected Loss Credit	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	
	\$500,000,000	11.0902	11.0647	11.0392	11.0139	10.9888	10.9637	10.9387	10.9139	10.8892	
	\$1,000,000,000	11.0602	11.0095	10.9593	10.9095	10.8602	10.8114	10.7629	10.7149	10.6674	
	\$1,500,000,000	11.0178	10.9425	10.8683	10.7950	10.7228	10.6515	10.5811	10.5117	10.4432	
	\$2,000,000,000	10.9640	10.8649	10.7675	10.6719	10.5779	10.4856	10.3949	10.3057	10.2181	

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Aggregate

Reinsurance Attachment	\$11,500,000,000	Limit	\$17,000,000,000	Projected Payout Multiple	15.7176
FHCF Premium with Cash Build Up	\$1,081,591,021	Retention	\$7,255,000,000	Retention Multiple 100%	4.9988
Cash Build Up Factor	25%	Coverage %	74.524%	Retention Multiple 90%	5.5542
				Retention Multiple 75%	6.6651
Rate Change	-6.79%			Retention Multiple 45%	11.1085
Risk Transfer Premiums Gross					
Limit	Expected Loss Credit	Risk Transfer Rate on Line			
		4.00%	4.50%	5.00%	5.50%
\$500,000,000	\$12,654,310	\$20,000,000	\$22,500,000	\$25,000,000	\$27,500,000
\$1,000,000,000	\$24,380,025	\$40,000,000	\$45,000,000	\$50,000,000	\$55,000,000
\$1,500,000,000	\$35,209,096	\$60,000,000	\$67,500,000	\$75,000,000	\$82,500,000
\$2,000,000,000	\$45,101,415	\$80,000,000	\$90,000,000	\$100,000,000	\$110,000,000
				\$120,000,000	\$130,000,000
				\$140,000,000	\$150,000,000
				\$160,000,000	\$170,000,000
Risk Transfer Dollar Impact on Premiums					
Limit	Expected Loss Credit	Net Risk Transfer Cost Premium			
		4.00%	4.50%	5.00%	5.50%
\$500,000,000	\$12,654,310	\$4,182,113	\$6,682,113	\$9,182,113	\$11,682,113
\$1,000,000,000	\$24,380,025	\$9,524,968	\$14,524,968	\$19,524,968	\$24,524,968
\$1,500,000,000	\$35,209,096	\$15,988,630	\$23,488,630	\$30,988,630	\$38,488,630
\$2,000,000,000	\$45,101,415	\$23,623,231	\$33,623,231	\$43,623,231	\$53,623,231
				\$63,623,231	\$73,623,231
				\$83,623,231	\$93,623,231
				\$103,623,231	\$113,623,231
Risk Transfer % Impact on Rates					
Limit	Expected Loss Credit	FHCF Rate Impact			
		4.00%	4.50%	5.00%	5.50%
\$500,000,000	\$12,654,310	0.4%	0.6%	0.8%	1.1%
\$1,000,000,000	\$24,380,025	0.9%	1.3%	1.8%	2.3%
\$1,500,000,000	\$35,209,096	1.5%	2.2%	2.9%	3.6%
\$2,000,000,000	\$45,101,415	2.2%	3.1%	4.0%	5.0%
				5.9%	6.8%
				7.7%	8.7%
				9.6%	10.6%
Risk Transfer: Revised Rate Change					
Limit	Expected Loss Credit	FHCF Revised Rate Change			
		4.00%	4.50%	5.00%	5.50%
\$500,000,000	\$12,654,310	-6.43%	-6.21%	-5.99%	-5.78%
\$1,000,000,000	\$24,380,025	-5.97%	-5.53%	-5.10%	-4.67%
\$1,500,000,000	\$35,209,096	-5.41%	-4.76%	-4.12%	-3.47%
\$2,000,000,000	\$45,101,415	-4.75%	-3.89%	-3.03%	-2.16%
				-1.30%	-0.44%
				0.42%	1.28%
				2.14%	3.00%
Projected Payout Multiple					
Limit	Expected Loss Credit	Revised Payout Multiples			
		4.00%	4.50%	5.00%	5.50%
\$500,000,000	\$12,654,310	15.6570	15.6211	15.5853	15.5496
\$1,000,000,000	\$24,380,025	15.5804	15.5093	15.4389	15.3691
\$1,500,000,000	\$35,209,096	15.4886	15.3835	15.2798	15.1775
\$2,000,000,000	\$45,101,415	15.3816	15.2437	15.1082	14.9751
				14.8444	14.7159
				14.5896	14.4654
				14.3434	14.2143
Retention Multiple 90%					
Limit	Expected Loss Credit	Revised Retention Multiple 90%			
		4.00%	4.50%	5.00%	5.50%
\$500,000,000	\$12,654,310	5.5329	5.5201	5.5075	5.4949
\$1,000,000,000	\$24,380,025	5.5058	5.4806	5.4558	5.4311
\$1,500,000,000	\$35,209,096	5.4733	5.4362	5.3995	5.3634
\$2,000,000,000	\$45,101,415	5.4355	5.3868	5.3389	5.2919
				5.2457	5.2003
				5.1556	5.1118
				5.0686	5.0251
Retention Multiple 75%					
Limit	Expected Loss Credit	Revised Retention Multiple 75%			
		4.00%	4.50%	5.00%	5.50%
\$500,000,000	\$12,654,310	6.6394	6.6242	6.6090	6.5939
\$1,000,000,000	\$24,380,025	6.6069	6.5768	6.5469	6.5173
\$1,500,000,000	\$35,209,096	6.5680	6.5234	6.4795	6.4361
\$2,000,000,000	\$45,101,415	6.5226	6.4641	6.4067	6.3503
				6.2948	6.2403
				6.1868	6.1341
				6.0824	6.0311
Retention Multiple 45%					
Limit	Expected Loss Credit	Revised Retention Multiple 45%			
		4.00%	4.50%	5.00%	5.50%
\$500,000,000	\$12,654,310	11.0657	11.0403	11.0150	10.9898
\$1,000,000,000	\$24,380,025	11.0115	10.9613	10.9115	10.8622
\$1,500,000,000	\$35,209,096	10.9467	10.8724	10.7991	10.7268
\$2,000,000,000	\$45,101,415	10.8711	10.7736	10.6778	10.5838
				10.4914	10.4005
				10.3113	10.2235
				10.1373	10.0511

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Aggregate

Reinsurance Attachment	\$12,500,000,000	Limit	\$17,000,000,000	Projected Payout Multiple	15.7176						
FHCF Premium with Cash Build Up	\$1,081,591,021	Retention	\$7,255,000,000	Retention Multiple 100%	4.9988						
Cash Build Up Factor	25%	Coverage %	74.524%	Retention Multiple 90%	5.5542						
				Retention Multiple 75%	6.6651						
Rate Change	-6.79%			Retention Multiple 45%	11.1085						
Risk Transfer Premiums Gross		Risk Transfer Rate on Line									
Limit	Expected Loss Credit	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	
	\$500,000,000	\$10,829,071	\$20,000,000	\$22,500,000	\$25,000,000	\$27,500,000	\$30,000,000	\$32,500,000	\$35,000,000	\$37,500,000	\$40,000,000
	\$1,000,000,000	\$20,721,390	\$40,000,000	\$45,000,000	\$50,000,000	\$55,000,000	\$60,000,000	\$65,000,000	\$70,000,000	\$75,000,000	\$80,000,000
	\$1,500,000,000	\$29,707,548	\$60,000,000	\$67,500,000	\$75,000,000	\$82,500,000	\$90,000,000	\$97,500,000	\$105,000,000	\$112,500,000	\$120,000,000
	\$2,000,000,000	\$37,829,691	\$80,000,000	\$90,000,000	\$100,000,000	\$110,000,000	\$120,000,000	\$130,000,000	\$140,000,000	\$150,000,000	\$160,000,000
Risk Transfer Dollar Impact on Premiums		Net Risk Transfer Cost Premium									
Limit	Expected Loss Credit	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	
	\$500,000,000	\$10,829,071	\$6,463,661	\$8,963,661	\$11,463,661	\$13,963,661	\$16,463,661	\$18,963,661	\$21,463,661	\$23,963,661	\$26,463,661
	\$1,000,000,000	\$20,721,390	\$14,098,262	\$19,098,262	\$24,098,262	\$29,098,262	\$34,098,262	\$39,098,262	\$44,098,262	\$49,098,262	\$54,098,262
	\$1,500,000,000	\$29,707,548	\$22,865,566	\$30,365,566	\$37,865,566	\$45,365,566	\$52,865,566	\$60,365,566	\$67,865,566	\$75,365,566	\$82,865,566
	\$2,000,000,000	\$37,829,691	\$32,712,887	\$42,712,887	\$52,712,887	\$62,712,887	\$72,712,887	\$82,712,887	\$92,712,887	\$102,712,887	\$112,712,887
Risk Transfer % Impact on Rates		FHCF Rate Impact									
Limit	Expected Loss Credit	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	
	\$500,000,000	\$10,829,071	0.6%	0.8%	1.1%	1.3%	1.5%	1.8%	2.0%	2.2%	2.4%
	\$1,000,000,000	\$20,721,390	1.3%	1.8%	2.2%	2.7%	3.2%	3.6%	4.1%	4.5%	5.0%
	\$1,500,000,000	\$29,707,548	2.1%	2.8%	3.5%	4.2%	4.9%	5.6%	6.3%	7.0%	7.7%
	\$2,000,000,000	\$37,829,691	3.0%	3.9%	4.9%	5.8%	6.7%	7.6%	8.6%	9.5%	10.4%
Risk Transfer: Revised Rate Change		FHCF Revised Rate Change									
Limit	Expected Loss Credit	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	
	\$500,000,000	\$10,829,071	-6.23%	-6.01%	-5.80%	-5.58%	-5.37%	-5.15%	-4.94%	-4.72%	-4.51%
	\$1,000,000,000	\$20,721,390	-5.57%	-5.14%	-4.71%	-4.28%	-3.85%	-3.42%	-2.99%	-2.55%	-2.12%
	\$1,500,000,000	\$29,707,548	-4.82%	-4.17%	-3.52%	-2.88%	-2.23%	-1.58%	-0.94%	-0.29%	0.36%
	\$2,000,000,000	\$37,829,691	-3.97%	-3.11%	-2.24%	-1.38%	-0.52%	0.34%	1.20%	2.07%	2.93%
Projected Payout Multiple		Revised Payout Multiples									
Limit		4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	
	\$500,000,000	15.6242	15.5884	15.5527	15.5173	15.4819	15.4468	15.4117	15.3769	15.3422	
	\$1,000,000,000	15.5153	15.4449	15.3750	15.3058	15.2372	15.1692	15.1019	15.0351	14.9689	
	\$1,500,000,000	15.3922	15.2884	15.1859	15.0849	14.9851	14.8867	14.7896	14.6937	14.5991	
	\$2,000,000,000	15.2562	15.1205	14.9872	14.8562	14.7275	14.6010	14.4767	14.3544	14.2342	
Retention Multiple 90%		Revised Retention Multiple 90%									
Limit		4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	
	\$500,000,000	5.5213	5.5086	5.4960	5.4835	5.4710	5.4585	5.4462	5.4339	5.4216	
	\$1,000,000,000	5.4828	5.4579	5.4332	5.4087	5.3845	5.3605	5.3367	5.3131	5.2897	
	\$1,500,000,000	5.4393	5.4026	5.3664	5.3307	5.2954	5.2606	5.2263	5.1924	5.1590	
	\$2,000,000,000	5.3912	5.3432	5.2961	5.2499	5.2044	5.1597	5.1157	5.0725	5.0301	
Retention Multiple 75%		Revised Retention Multiple 75%									
Limit		4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	
	\$500,000,000	6.6255	6.6103	6.5952	6.5801	6.5652	6.5503	6.5354	6.5206	6.5059	
	\$1,000,000,000	6.5793	6.5495	6.5198	6.4905	6.4614	6.4326	6.4040	6.3757	6.3476	
	\$1,500,000,000	6.5271	6.4831	6.4397	6.3968	6.3545	6.3128	6.2716	6.2309	6.1908	
	\$2,000,000,000	6.4694	6.4119	6.3554	6.2998	6.2452	6.1916	6.1389	6.0870	6.0361	
Retention Multiple 45%		Revised Retention Multiple 45%									
Limit		4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%	8.00%	
	\$500,000,000	11.0425	11.0172	10.9920	10.9669	10.9419	10.9171	10.8923	10.8677	10.8432	
	\$1,000,000,000	10.9656	10.9158	10.8664	10.8175	10.7690	10.7209	10.6733	10.6261	10.5793	
	\$1,500,000,000	10.8785	10.8051	10.7328	10.6613	10.5908	10.5213	10.4526	10.3849	10.3180	
	\$2,000,000,000	10.7824	10.6865	10.5923	10.4997	10.4087	10.3193	10.2315	10.1451	10.0601	

EXHIBIT

XVIII

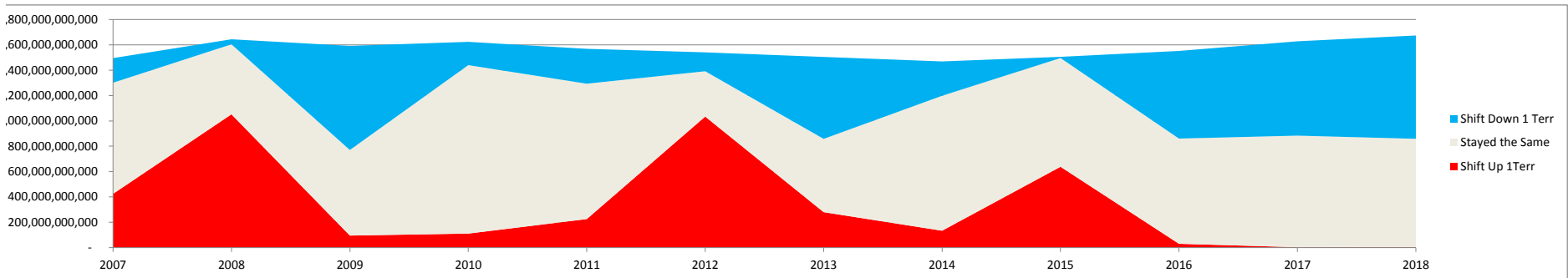
Florida Hurricane Catastrophe Fund
2018 Ratemaking Formula Report
Summary of Changes in Zip Codes 2007 to 2018

The table below outlines how the Zip Codes, after tempering, have moved relative to the prior year's territory allocations.
Columns in yellow highlight years when large numbers of zip code changes were reversed in the following year.
2017 and 2018 indicated shifts were not implemented, except if the indication was for a change of two or more territories.

	Zip Count	Zip Count	Zip Count	Zip Count	Zip Count	Zip Count	Zip Count	Zip Count	Zip Count	Zip Count	Zip Count	Zip Count
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shift Up 1Terr	415	848	117	136	244	884	286	153	615	58	14	11
Stayed the Same	913	579	641	1182	935	394	610	1042	796	660	811	769
Shift Down 1 Terr	143	47	707	146	286	187	569	271	54	743	639	681
Grand Total	1471	1474	1465	1464	1465	1465	1465	1466	1465	1461	1464	1461

The table below outlined how the Modeled Residential exposure, after tempering, has moved relative to last year's territory allocations.
2017 and 2018 indicated shifts were not implemented, except if the indication was for a change of two or more territories.

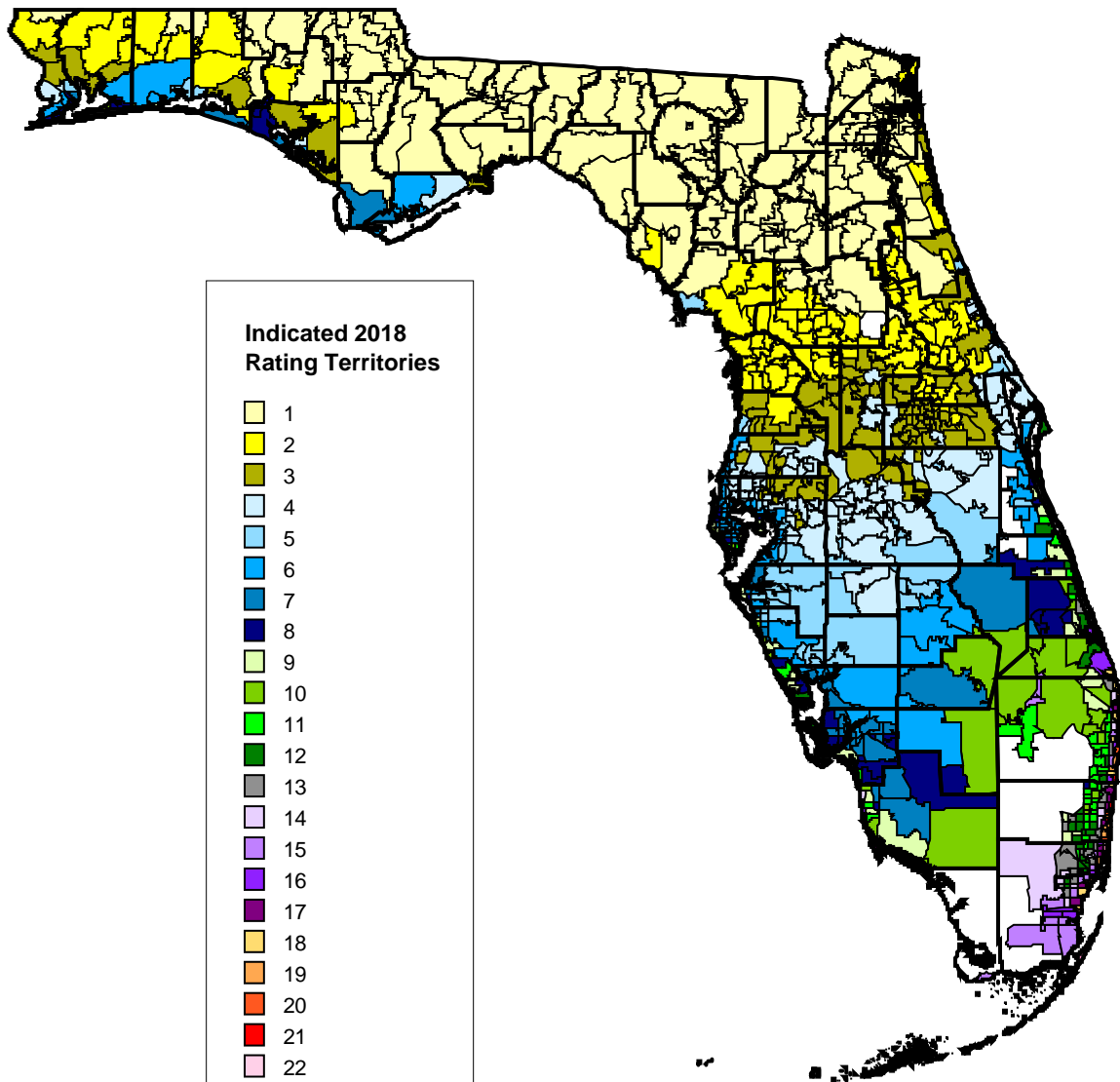
	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Shift Up 1Terr	424,239,189,098	1,052,071,843,315	95,153,867,703	110,793,850,670	225,354,576,503	1,034,102,124,911	279,982,310,693	133,372,324,850	638,038,689,041	30,355,393,045	3,067,928,183	4,633,160,184
Stayed the Same	876,709,520,929	552,189,825,165	675,246,787,074	1,329,194,622,054	1,068,072,705,322	357,624,555,304	578,054,403,377	1,064,750,757,567	857,963,061,092	830,059,146,159	880,648,180,716	854,085,060,259
Shift Down 1 Terr	194,377,582,850	39,769,466,565	821,485,686,346	183,788,837,645	275,251,133,171	149,042,393,925	646,657,288,762	271,116,842,049	9,470,255,881	691,630,004,707	744,323,398,847	815,323,942,820
Grand Total	1,495,326,292,877	1,644,031,135,044	1,591,886,341,123	1,623,777,310,369	1,568,678,414,996	1,540,769,074,140	1,504,694,002,832	1,469,239,924,466	1,505,472,006,014	1,552,044,543,911	1,628,039,507,746	1,674,042,163,263



EXHIBIT

XIX

Florida Hurricane Catastrophe Fund
Indicated 2018 Rating Territories by 5-Digit ZIP Code
Entire State



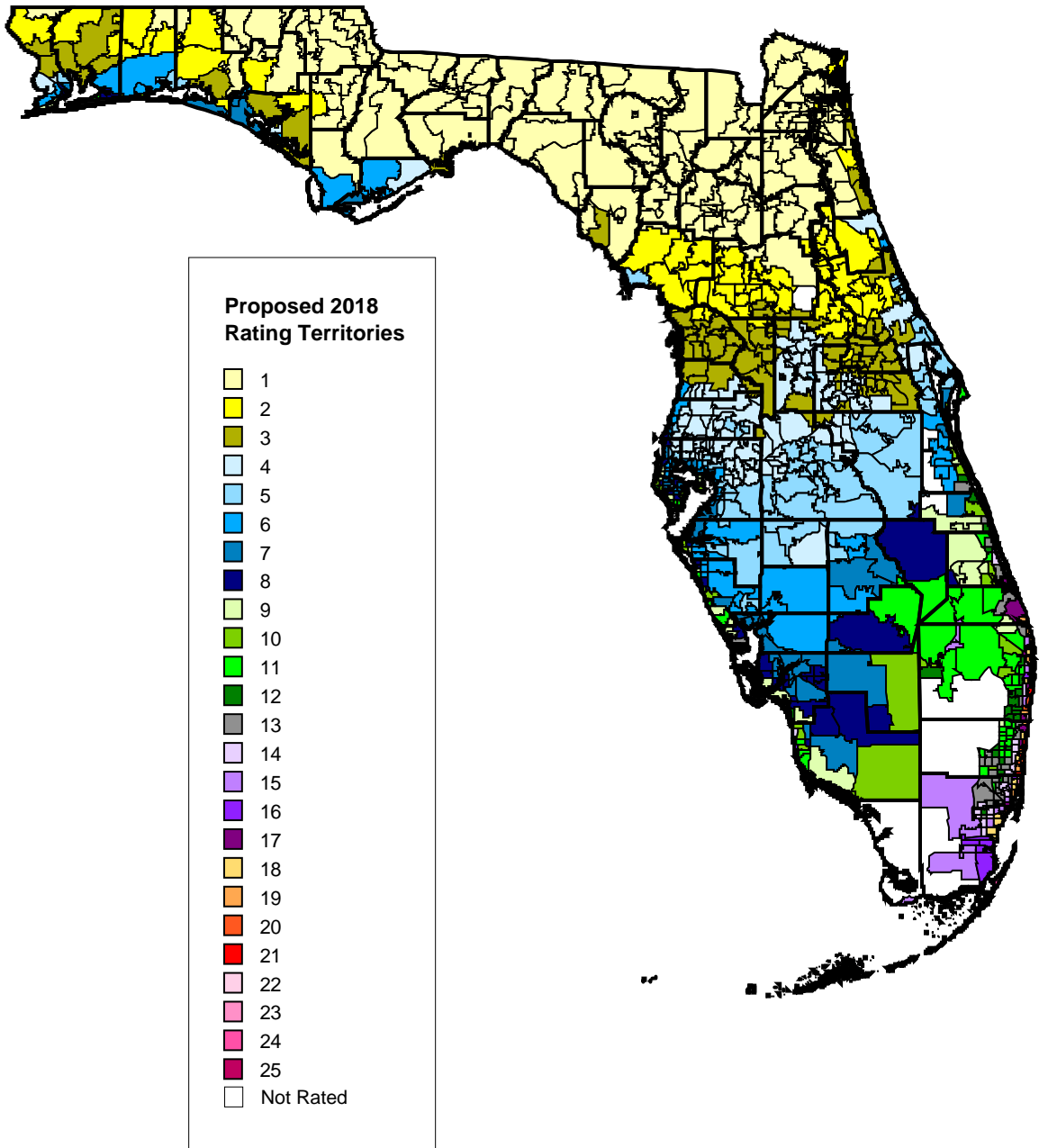
**Indicated 2018
Rating Territories**

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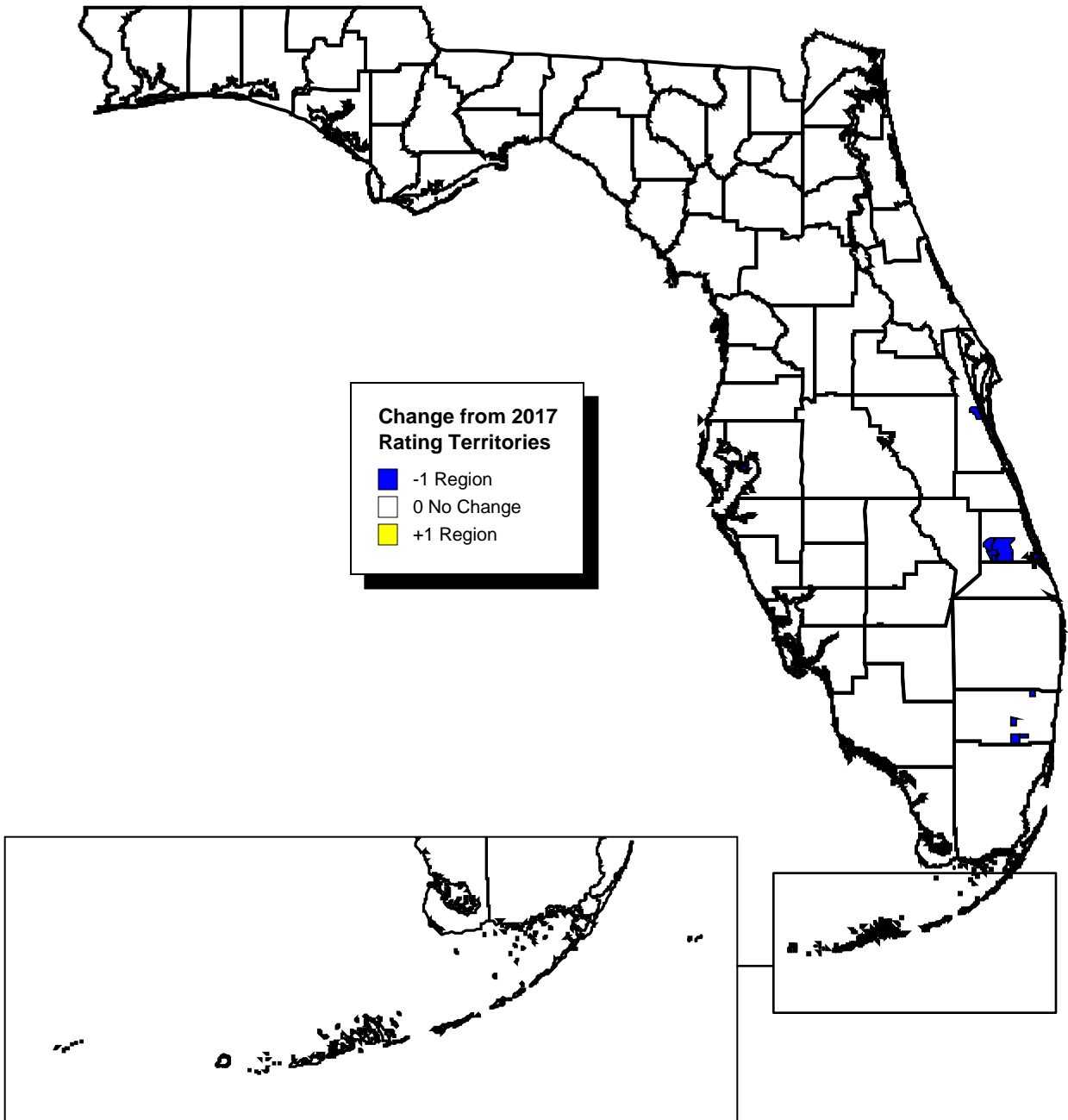
Not Rated

(No Residential Risks)

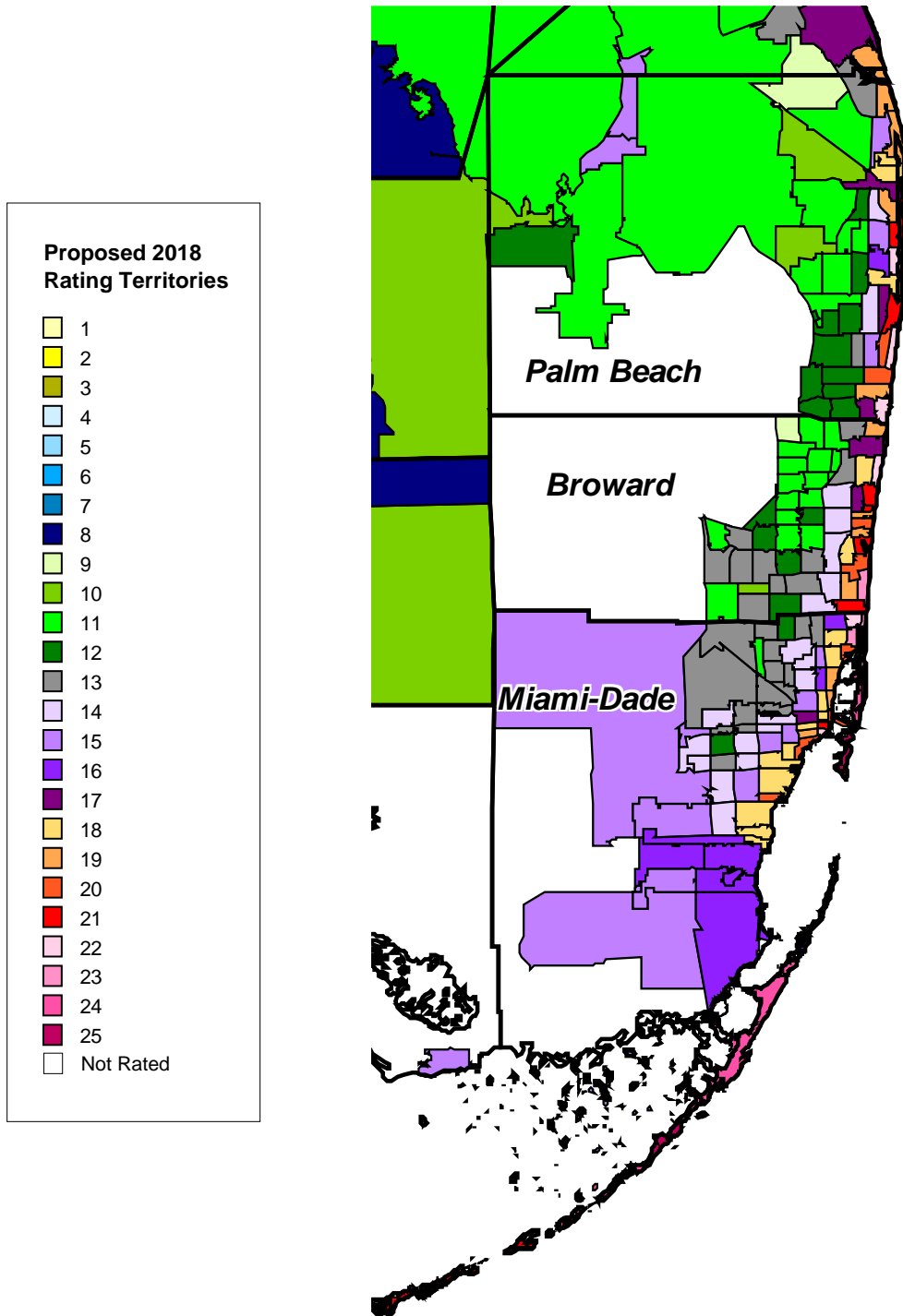
Florida Hurricane Catastrophe Fund
Proposed 2018 Rating Territories by 5-Digit ZIP Code
Entire State



Florida Hurricane Catastrophe Fund
Proposed 2018 Rating Territories by 5-Digit ZIP Code
Entire State - Change From 2017 Territories



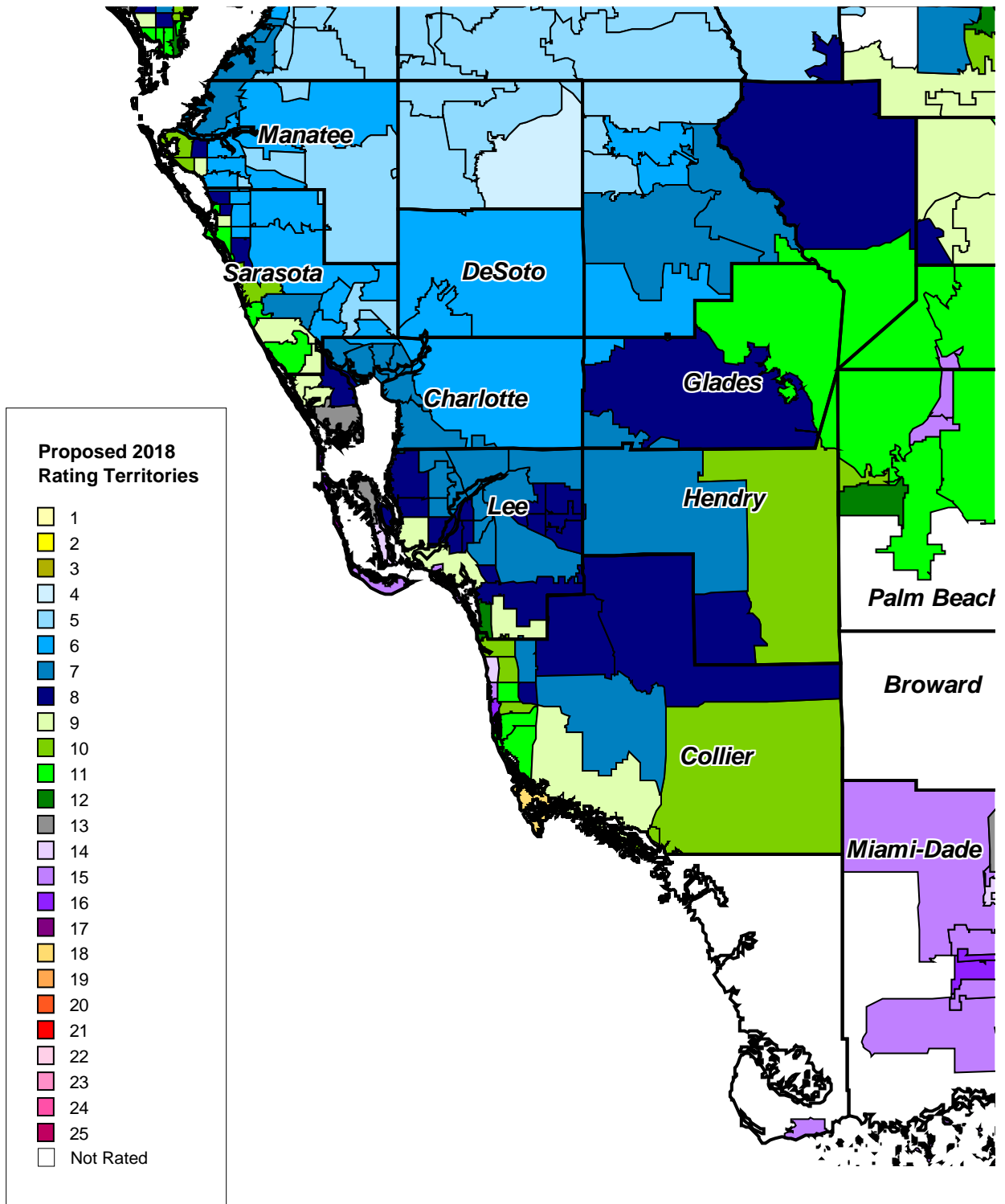
Florida Hurricane Catastrophe Fund
Proposed 2018 Rating Territories by 5-Digit ZIP Code
Miami and Surrounding Areas



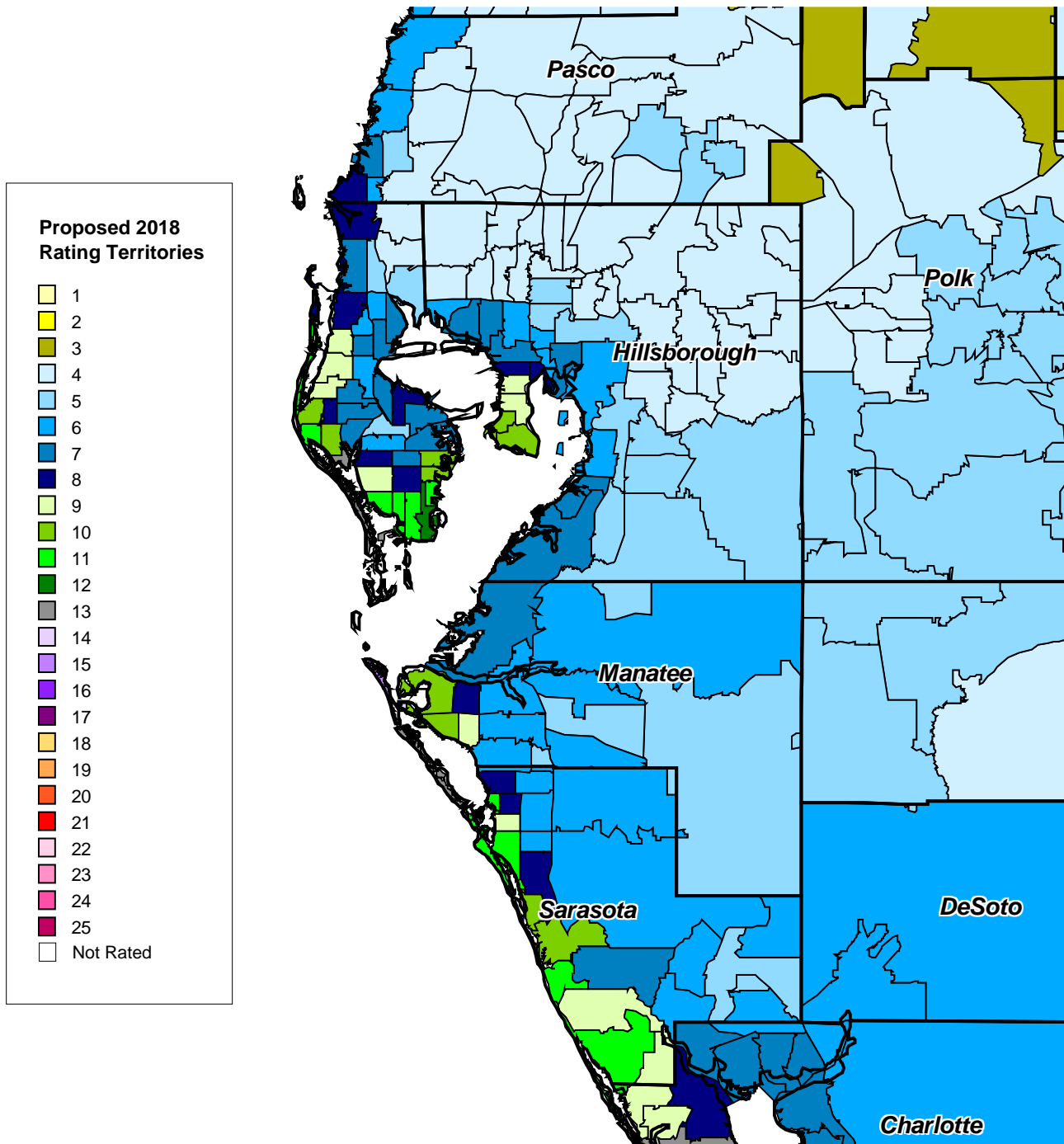
Florida Hurricane Catastrophe Fund

Proposed 2018 Rating Territories by 5-Digit ZIP Code

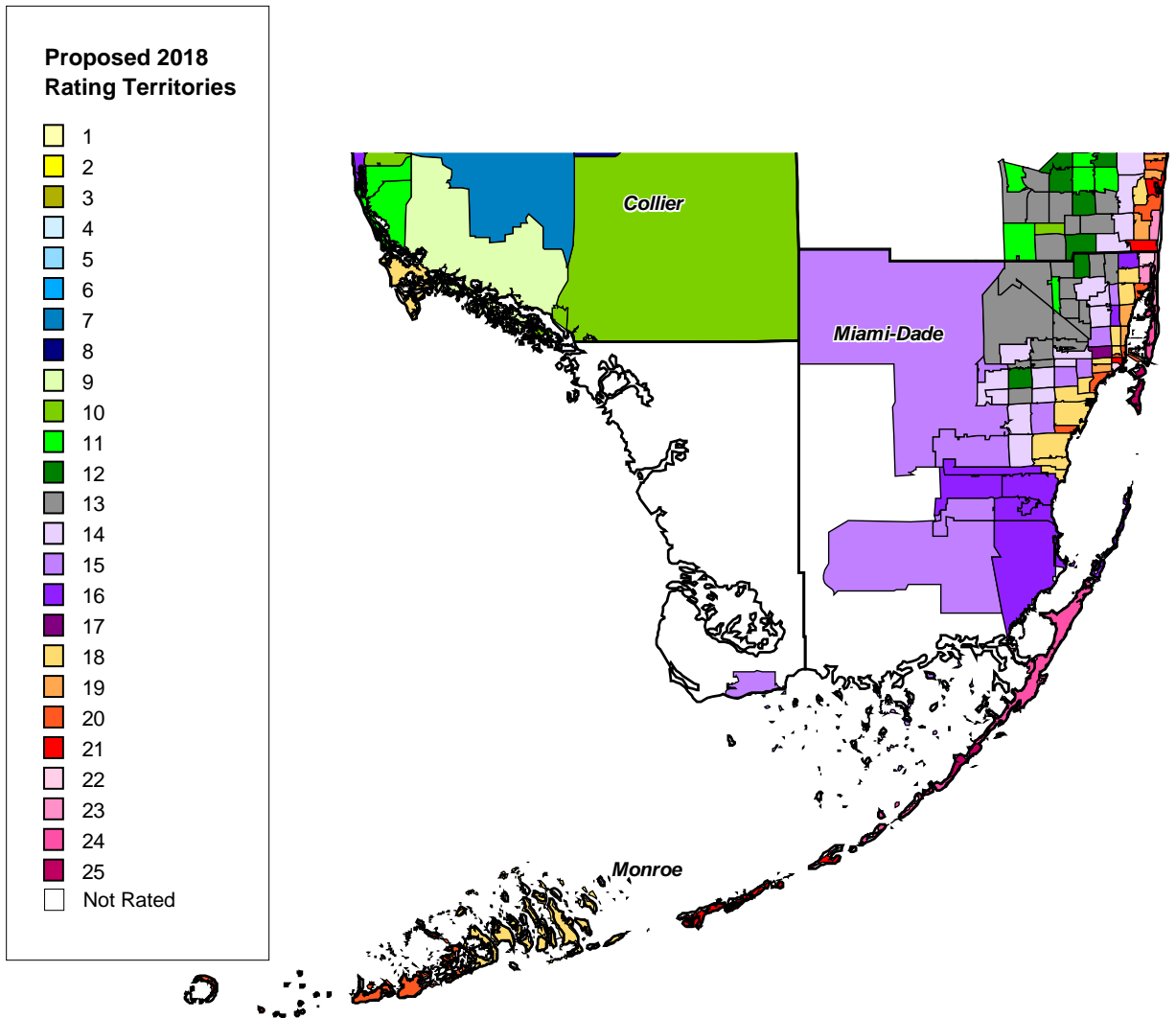
Fort Myers and Surrounding Areas



Florida Hurricane Catastrophe Fund
Proposed 2018 Rating Territories by 5-Digit ZIP Code
Tampa/Saint Petersburg and Surrounding Areas



Florida Hurricane Catastrophe Fund
Proposed 2018 Rating Territories by 5-Digit ZIP Code
Florida Keys



Rule 19-8.028, F.A.C., Reimbursement Premium Formula
2018-2019 Contract Year
Summary of Changes
(As of May 29, 2018)

Rule 19-8.028, Reimbursement Premium Formula

(2) Amended to revise definitions of the terms “SBA” and “Independent Consultant” so that the definitions apply only to terms actually used in the Rule.

(3)(a) Amended to clarify that the “Consultant” is the “Independent Consultant” as defined in subsection (2).

(3)(b) Adopts the FHCF Ratemaking Formula for the 2018-2019 Contract Year (“Florida Hurricane Catastrophe Fund 2018 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 21, 2018, Updated June 13, 2018”). Deletes as obsolete material existing language that adopted the FHCF Ratemaking Formula for Contract Year 2017-2018.

(4)(c) Addresses specialized jewelry policies under “Special Circumstances.” This new paragraph provides a special circumstances exemption from the FHCF for a policy solely covering jewelry which is not associated with a policy covering a residential structure in Florida and which is not issued by an insurer that writes policies covering residential structures in Florida.

Notice of Proposed Rule

STATE BOARD OF ADMINISTRATION

RULE NO.: RULE TITLE:

19-8.028: Reimbursement Premium Formula

PURPOSE AND EFFECT: This rule is promulgated to implement Section 215.555, Florida Statutes, regarding the Florida Hurricane Catastrophe Fund, for the 2018-2019 contract year.

SUMMARY: In accordance with Section 215.555(5), Florida Statutes, proposed amended Rule 19-8.028, F.A.C., Reimbursement Premium Formula, adopts the 2018-2019 reimbursement premium formula for the Florida Hurricane Catastrophe Fund ("Florida Hurricane Catastrophe Fund 2018 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 21, 2018, Updated June 13, 2018"). In addition, the proposed amended Rule makes editorial and grammatical corrections and provides a "special circumstances" exemption for certain policies solely covering jewelry.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION:

The Agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of \$200,000 in the aggregate within one year after the implementation of the rule. A SERC has not been prepared by the Agency.

The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: Upon review of the proposed changes to the rule and the incorporated documents, the State Board of Administration of Florida has determined that the rule does not meet the statutory threshold for ratification by the legislature.

Any person who wishes to provide information regarding a statement of estimated regulatory costs, or provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

RULEMAKING AUTHORITY: 215.555(3), F.S.

LAW IMPLEMENTED: 215.555(2), (3), (4), (5), (6), (7), F.S.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE, TIME AND PLACE SHOWN BELOW (IF NOT REQUESTED, THIS HEARING WILL NOT BE HELD):

DATE AND TIME: July 9, 2018, 9:00 a.m. to 11:00 a.m. (ET).

PLACE: Room 116 (Hermitage Conference Room), 1801 Hermitage Blvd., Tallahassee, Florida 32308.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 7 days before the workshop/meeting by contacting: Leonard Schulte, Florida Hurricane Catastrophe Fund, 1801 Hermitage Blvd., Tallahassee, FL 32308, 850-413-1335, leonard.schulte@sbafla.com. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Leonard Schulte at the number or email listed above.

THE FULL TEXT OF THE PROPOSED RULE IS:

19-8.028 Reimbursement Premium Formula.

(1) Purpose. This rule adopts the Premium Formula to determine the Actuarially Indicated Reimbursement

Premium to be paid to the Florida Hurricane Catastrophe Fund, as required by Section 215.555(5)(b), F.S.

(2) Definitions. The definitions in the Reimbursement Contract for the applicable Contract Year also apply to this rule and the forms referenced in this rule. In addition, as used in this rule:

(a) ~~“Board” or~~ “SBA” means the State Board of Administration of Florida.

(b) “Contract Year” is defined in Section 215.555(2), F.S.

(c) “Independent Consultant” ~~or “Consultant”~~ means the independent individual, firm, or organization with which the SBA contracts to prepare the Premium Formula and any other actuarial services for the FHCF, as determined under the contract with the Independent Consultant.

(3) The Premium Formula.

(a) The Formula for determining the Actuarially Indicated Reimbursement Premium to be paid to the Fund, as required by Section 215.555(5)(b), F.S., is the rate times the exposure per \$1,000 of insured value and this equals the Premium to be paid in dollars. The premium rates are determined by taking into account geographic location by zip code; construction type; policy deductible; type of insurance and other such factors deemed by the SBA to be appropriate. The Formula is developed by an Independent Consultant selected by the SBA, as required by Section 215.555(5)(b), F.S.

(b) For the 2018/2019 Contract Year, the Formula developed by the SBA’s Independent Consultant, “Florida Hurricane Catastrophe Fund 2018 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 21, 2018. Updated June 13, 2018,” <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>, and approved by the SBA on XXXX XX, 2018, is hereby adopted and incorporated by reference into this rule. The premium rates are developed in accordance with the Premium Formula methodology approved by the SBA.

~~(b) For the 2017/2018 Contract Year, the Formula developed by the Board’s Independent Consultant, “Florida Hurricane Catastrophe Fund 2017 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 23, 2017,” <http://www.flrules.org/Gateway/reference.asp?No=Ref-08183>, and approved by the Board on April 11, 2017, is hereby adopted and incorporated by reference into this rule. The premium rates are developed in accordance with the Premium Formula methodology approved by the Board.~~

(4) Special Circumstances.

(a) Allocation of Premium. Premiums paid to the FHCF with reference to property covered by Quota Share Primary Insurance Arrangements, as that phrase is defined in Section 627.351(6)(c)2.a.(I), F.S., will be allocated by the FHCF between the Company and Citizens in accordance with the percentages specified in the Quota Share Primary Insurance Arrangement for the purposes of premium billing, calculating retentions and determining reimbursement payments.

(b) Special Rating Circumstances. The Premium Formula for policies that, based upon sound actuarial principles, require individual ratemaking and which are not excluded by rule will be based on the use of computer modeling for each individual Company for which it is applicable, i.e., portfolio modeling. The Independent Consultant will recommend guidelines for individual Company portfolio reporting and modeling to estimate individual Company FHCF expected losses. Individual Company FHCF expected losses for portfolio modeling exposures will be loaded for investments and expenses on the same basis as the FHCF premium rates used for non-portfolio modeling exposures, but will also include a loading for the additional cost of individual Company modeling. The minimum exposure threshold for FHCF portfolio modeling rating will be sufficient to generate estimated FHCF premium greater than the cost of modeling and other considerations and will be calculated by the Independent Consultant for the separate coverage levels of 45%, 75%, and 90% using the premium rates established pursuant to subsection (3). The methodology used by the Independent Consultant will be based on sound actuarial principles to establish greater actuarial equity in the premium structure.

Special recognition is not given to Companies that do not have exposure for Covered Policies for an entire Contract Year, except for New Participants as required by Article X(1) and X(2) of the Reimbursement Contract.

(c) Specialized Jewelry Policies.

1. A policy solely covering jewelry which is not associated with a policy covering a Residential Structure located in Florida and is not issued by an insurer that provides coverage of Residential Structures in Florida is deemed to be a situation of an unusual nature or where undue hardship may result, and providing an exemption from the Fund for

such policies would be consistent with sound insurance practices.

2. Pursuant to the authority provided in Section 215.555(3), Florida Statutes, beginning with the 2018-2019 Contract Year, any policy solely covering jewelry which is not associated with a policy covering a Residential Structure located in Florida and is not issued by an insurer that provides coverage of Residential Structures in Florida is exempt from participation in the Fund.

(5) All the forms adopted and incorporated by reference in this rule may be obtained from the FHCF website at www.sbafla.com/fhcf, or from the Florida Hurricane Catastrophe Fund Administrator, Paragon Strategic Solutions Inc., at 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, MN 55437.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7) FS. History—New 9-20-99, Amended 7-3-00, 9-17-01, 7-17-02, 7-2-03, 7-29-04, 7-17-05, 7-6-06, 7-17-07, 6-16-08, 8-2-09, 7-8-10, 7-3-11, 6-25-12, 6-18-13, 6-10-14, 6-2-15, 5-18-16, 5-30-17, X-XX-18.

NAME OF PERSON ORIGINATING PROPOSED RULE: Anne Bert, FHCF Chief Operating Officer, State Board of Administration of Florida.

NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: The Trustees of the State Board of Administration of Florida.

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: June 13, 2018

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAR: March 6, 2018

Notice of Meeting/Workshop Hearing

STATE BOARD OF ADMINISTRATION

RULE NO.: RULE TITLE:

19-8.028: Reimbursement Premium Formula

The Florida Hurricane Catastrophe Fund announces a public meeting to which all persons are invited.

DATE AND TIME: June 13, 2018, 9:00 a.m. (ET) to conclusion of the meeting.

PLACE: Cabinet Meeting Room, Lower Level, The Capitol, Tallahassee, Florida.

GENERAL SUBJECT MATTER TO BE CONSIDERED: This is a meeting of the Trustees of the State Board of Administration to authorize the Florida Hurricane Catastrophe Fund (the Fund) to file a Notice of Proposed Rule for Rule 19-8.028, F.A.C., Reimbursement Premium Formula, and to file this rule for adoption if no member of the public timely requests a rule hearing or if a rule hearing is requested but no Notice of Change is needed. The rule and incorporated form are available on the Fund's website: www.sbafla.com/fhcf.

A copy of the agenda may be obtained by contacting: Not available.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 7 days before the workshop/meeting by contacting: Donna Sirmons, Florida Hurricane Catastrophe Fund, (850) 413-1349, donna.sirmons@sbafla.com. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

19-8.028 Reimbursement Premium Formula.

(1) Purpose. This rule adopts the Premium Formula to determine the Actuarially Indicated Reimbursement Premium to be paid to the Florida Hurricane Catastrophe Fund, as required by Section 215.555(5)(b), F.S.

(2) Definitions. The definitions in the Reimbursement Contract for the applicable Contract Year also apply to this rule and the forms referenced in this rule. In addition, as used in this rule:

(a) ~~“Board” or~~ “SBA” means the State Board of Administration of Florida.

(b) “Contract Year” is defined in Section 215.555(2), F.S.

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(3) The Premium Formula.

(a) The Formula for determining the Actuarially Indicated Reimbursement Premium to be paid to the Fund, as required by Section 215.555(5)(b), F.S., is the rate times the exposure per \$1,000 of insured value and this equals the Premium to be paid in dollars. The premium rates are determined by taking into account geographic location by zip code; construction type; policy deductible; type of insurance and other such factors deemed by the SBA to be appropriate. The Formula is developed by an Independent Consultant selected by the SBA, as required by Section 215.555(5)(b), F.S.

(b) For the 2018/2019 Contract Year, the Formula developed by the SBA’s Independent Consultant, “Florida Hurricane Catastrophe Fund 2018 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 21, 2018, Updated June 13, 2018,” <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>, and approved by the SBA on XXXX XX, 2018, is hereby adopted and incorporated by reference into this rule. The premium rates are developed in accordance with the Premium Formula methodology approved by the SBA.

~~(b) For the 2017/2018 Contract Year, the Formula developed by the Board’s Independent Consultant, “Florida Hurricane Catastrophe Fund 2017 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 23, 2017,” <http://www.flrules.org/Gateway/reference.asp?No=Ref 08183>, and approved by the Board on April 11, 2017, is hereby adopted and incorporated by reference into this rule. The premium rates are developed in accordance with the Premium Formula methodology approved by the Board.~~

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(b) Special Rating Circumstances. The Premium Formula for policies that, based upon sound actuarial principles, require individual ratemaking and which are not excluded by rule will be based on the use of computer modeling for each individual Company for which it is applicable, i.e., portfolio modeling. The Independent Consultant will recommend guidelines for individual Company portfolio reporting and modeling to estimate individual Company FHCF expected losses. Individual Company FHCF expected losses for portfolio modeling exposures will be loaded for investments and expenses on the same basis as the FHCF premium rates used for non-portfolio modeling exposures, but will also include a loading for the additional cost of individual Company modeling. The minimum exposure threshold for FHCF portfolio modeling rating will be sufficient to generate estimated FHCF premium greater than the cost of modeling and other considerations and will be calculated by the Independent Consultant for the separate coverage levels of 45%, 75%, and 90% using the premium rates established pursuant to subsection (3). The methodology used by the Independent Consultant will be based on sound actuarial principles to establish greater actuarial equity in the premium structure.

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(c) Specialized Jewelry Policies.

1. A policy solely covering jewelry which is not associated with a policy covering a Residential Structure

located in Florida and is not issued by an insurer that provides coverage of Residential Structures in Florida is deemed to be a situation of an unusual nature or where undue hardship may result, and providing an exemption from the Fund for such policies would be consistent with sound insurance practices.

2. Pursuant to the authority provided in Section 215.555(3), Florida Statutes, beginning with the 2018-2019 Contract Year, any policy solely covering jewelry which is not associated with a policy covering a Residential Structure located in Florida and is not issued by an insurer that provides coverage of Residential Structures in Florida is exempt from participation in the Fund.

(5) All the forms adopted and incorporated by reference in this rule may be obtained from the FHCF website at www.sbafla.com/fhcf, or from the Florida Hurricane Catastrophe Fund Administrator, Paragon Strategic Solutions Inc., at 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, MN 55437.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7) FS. History—New 9-20-99, Amended 7-3-00, 9-17-01, 7-17-02, 7-2-03, 7-29-04, 7-17-05, 7-6-06, 7-17-07, 6-16-08, 8-2-09, 7-8-10, 7-3-11, 6-25-12, 6-18-13, 6-10-14, 6-2-15, 5-18-16, 5-30-17, X-XX-18.



**STATE BOARD OF ADMINISTRATION
OF FLORIDA**

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

**POST OFFICE BOX 13300
32317-3300**

**RICK SCOTT
GOVERNOR
CHAIR**

**JEFF ATWATER
CHIEF FINANCIAL OFFICER**

**PAM BONDI
ATTORNEY GENERAL**

**ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO**

MEMORANDUM

To: Ash Williams
From: Michael McCauley
Date: May 1, 2018
Subject: 2018 Proposed Amendments to SBA Corporate Governance Principles & Proxy Voting Guidelines

Consistent with the requirements of SBA policy #10-015 and policy #10-007, staff annually reviews the corporate governance principles and proxy voting guidelines affecting publicly traded securities within SBA portfolios. As part of the 2018 policy review, several minor changes are proposed to update individual policies and incorporate clarifying language in several items. There is one new voting guideline proposed for adoption in 2018, covering the access and disclosure of preliminary proxy voting tabulations. Attached is a summary of the proposed changes and the full policy document, with tracked changes showing all changes made to the current 2017 guideline document.

Pursuant to Policy 10-007, there is created a Corporate Governance and Proxy Voting Oversight Group ("Proxy Committee") which deliberates on specific proxy voting activities, advises on the development of governance policies and related voting guidelines, and monitors other governance initiatives. The Proxy Committee has reviewed and approved the proposed policy amendments for application during the 2018 proxy year.

Managing stock ownership rights and the proxy vote includes the establishment of written proxy voting guidelines, which must include voting policies on issues likely to be presented, procedures for determining votes that are not covered or which present conflicts of interest for plan sponsor fiduciaries, procedures for ensuring that all shares held on record date are voted, and procedures for documentation of voting records. In accordance with national regulations, stock ownership rights, which include proxy votes, participation in corporate bankruptcy proceedings, and shareowner litigation, are financial assets. They must be managed with the same care, skill, prudence, and diligence as any other financial asset and exercised to protect and enhance long-term portfolio value, for the exclusive benefit of our pension plan participants, clients, and beneficiaries.

Proposed 2018 Proxy Voting Guideline Amendments

<https://www.sbafla.com/fsb/Portals/FSB/Content/CorporateGovernance/ProxyVoting/2017%20SBA%20Corporate%20Governance%20Voting%20Guidelines.pdf?ver=2017-05-25-120900-293>

Page 12, Add at the end of the ESTABLISH OR SET MEMBERSHIP OF BOARD COMMITTEES GUIDELINE: SBA is typically unsupportive of proposals that specify establishment of a governmental party committee (as seen in certain proposals to add a Communist party committee for Chinese or Hong Kong state-owned entities) without disclosing board decision-making processes or the respective responsibilities of the party organization and the board. Companies should disclose as much relevant information on the interaction between the company and the government party committee as possible to help shareowners understand the company's decision-making process—particularly in those circumstances where the board allows the party committee to make material decisions. SBA generally votes against such proposals as they may erode the ability of shareowner-elected directors to govern the firm and sever the ties of accountability between the board and shareowners.

Page 20

EXCLUSIVE FORUMRESTRICT LEGAL RECOURSE METHODS: AGAINST

The SBA generally opposes restrictions on shareowner ability to pursue options of legal recourse. This includes binding or forced arbitration, fee-shifting, and exclusive forum bylaws.~~derivative claims and to participate in the selection of appropriate venue.~~⁴³ Standard access to the court system is considered to be a fundamental shareowner right. SBA generally votes against proposals to establish exclusive forum and supports proposals requesting that exclusive forum provisions be ratified by shareowners. SBA will critically examine the company's rationale for limiting shareowners' rights to legal remedy, including choice of venue and any material harm that may have been caused by related litigation outside its jurisdiction of incorporation in making a voting decision.

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CHANGE AUTHORIZED SHARE CAPITAL: CASE-BY-CASE

The SBA generally supports authorized share capital increases up to 100 percent of the current number of outstanding shares. We will consider additional increases if management demonstrates a reasonable use. It is important that publicly-held corporations have authorization for shares needed for ordinary business purposes, including raising new capital, funding reasonable executive compensation programs, business acquisitions, and facilitating stock splits and stock dividends. Increases beyond 100 percent of the current number of outstanding shares will be carefully scrutinized to ensure its use will benefit shareowners. We apply a stricter standard if the company has not stated a use for the additional shares or has significant levels of previously authorized shares still available for issue. Proposals that include shares with unequal voting rights will likely be opposed.

In the case of rights offerings, SBA considers the dilution and extent to which issued rights may be subscribed, both by SBA individually and other shareowners collectively, and how that may affect or adversely concentrate the level of control if a large single shareowner exists.

Proposals to reduce authorized share capital can result from a variety of corporate actions, ranging from routine accounting measures to reductions pertaining to a significant corporate restructuring in the face of bankruptcy. These proposals can vary significantly from market to market as a result of local laws and accounting standards. In all instances, the SBA considers whether the reduction in authorized share capital is for legitimate corporate purposes and not to be used as an antitakeover tactic.

Page 30 (new guideline)

ACCESS TO PRELIMINARY VOTING TABULATIONS CONCERNING SHAREOWNER PROPOSALS: CASE-BY-CASE: The SBA supports equal access by management and shareowner proponents to preliminary voting results of shareowner proposals. Some proponents are concerned that companies may receive preliminary voting results and use the information to target shareowner engagement at a disadvantage to the proponent. Generally, the SBA will not support restricting access to this voting data to either party. Some proposals seek to restrict access while others may seek to place conditions on using the information.

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MANDATORY HOLDING PERIODS: CASE-BY-CASE

SBA supports proposals asking companies to adopt ~~a-substantial~~ mandatory holding periods for their executives, as well as requiring executives to meet stock ownership ~~requirements~~retention of at least of majority of shares granted or otherwise transferred in executive compensation arrangements. When making voting decisions, SBA considers whether the company has any holding period or officer ownership requirements in place and how ~~the company's executives'~~ actual stock ownership of executive officers compares to the proposal's suggested holding period and the company's present ownership or retention requirements.

Page 41, append to OPERATIONS IN HIGH RISK MARKETS guideline:

SBA will not vote in favor of any proxy resolution advocating the support of the Maduro Regime in Venezuela per resolution of the Trustees of the State Board of Administration.

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About the SBA

The State Board of Administration (SBA) of Florida is an agency of Florida state government that provides a variety of investment services to governmental entities. The SBA has three Trustees: the Governor, as Chairman, the Chief Financial Officer, as Treasurer, and the Attorney General, as Secretary. All three of the Trustees of the Board are elected statewide to their respective positions as Governor, Chief Financial Officer, and Attorney General. SBA Trustees are dedicated to ensuring that the SBA invests assets and discharges its duties in accordance with Florida law, guided by strict policies and a code of ethics to ensure integrity, prudent risk management and top-tier performance. The Board of Trustees appoints nine members to serve on the Investment Advisory Council (IAC) and six members to serve on the Participant Local Government Advisory Council (PLGAC). The IAC provides independent oversight of SBA's funds and major investment responsibilities, and the PLGAC provides member oversight for Florida PRIME™, a governmental investment pool.

The SBA is an investment fiduciary under law, and subject to the stringent fiduciary duties and standards of care defined by the Employee Retirement Income Security Act of 1974 (ERISA), as incorporated into Florida law.

The SBA strives to meet the highest ethical, fiduciary and professional standards while performing its mission, with a continued emphasis on keeping operating and investment management costs as low as possible for the benefit of Florida taxpayers.

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INTRODUCTION

The Florida State Board of Administration (SBA) manages the fourth largest U.S. pension fund and other non-pension trust funds with assets spanning domestic and international capital markets. Our primary function is to represent the interests of our beneficiaries so that they will see fair returns on their investment; therefore, we have a clear interest in promoting the success of companies in which we invest. To ensure returns for our beneficiaries, we support the adoption of internationally recognized governance structures for public companies. This includes a basic and unabridged set of shareholder rights, strong independent boards, performance-based executive compensation, accurate accounting and audit practices, and transparent board procedures and policies covering issues such as succession planning and meaningful shareholder participation. All proposals are evaluated through a common lens by considering both how the proposal might impact the company's financial health as well as its impact on shareholder rights.

Corporate Governance Principles

The SBA believes that, as a long-term investor, good corporate governance practices serve to protect and enhance our long-term portfolio values.¹ In accordance with the Department of Labor Interpretive Bulletin §2509.08-2, stock ownership rights, which include proxy votes, participation in corporate bankruptcy proceedings, and shareholder litigation, are financial assets. They must be managed with the same care, skill, prudence, and diligence as any other financial asset and exercised to protect and enhance long-term portfolio value, for the exclusive benefit of our pension plan participants, clients, and beneficiaries. Pursuant to the provisions set forth in the Employment Retirement Income Security Act of 1974, this is generally referred to as the "duty of loyalty" or the "exclusive purpose" rule. Under this rule, fiduciaries, defined as any person who, in part, "exercises any discretionary authority or discretionary control respecting management of such plan or exercises any authority or control respecting management or disposition of its assets" must act solely in the interest of plan participants and beneficiaries in making decisions concerning the management or disposition of plan assets.² While the SBA is exempt from most provisions of ERISA, we agree with this treatment of the value of proxy voting rights and follow the standard as a part of our fiduciary duty. Section 215.47(10) of the Florida Statutes encompass the prudent persons standards and fiduciary responsibilities of the SBA and its employees.

Another significant regulation affecting proxy voting is the U.S. Securities & Exchange Commission's (SEC) Rule 206(4)-6 under the Investment Advisors Act, promulgated in 2003. This SEC Rule made it, "fraudulent for an investment adviser to exercise proxy voting authority without having procedures reasonably designed to ensure that the adviser votes in the best interest of its clients. In the rule's adopting release, the SEC confirmed that an adviser owes fiduciary duties of care and loyalty to its clients with respect to all services undertaken on its client's behalf, including proxy voting."³ The adopting release states, "The duty of care requires an adviser with proxy voting authority to monitor corporate events and to vote the proxies. To satisfy its duty of loyalty, the adviser must cast the proxy votes in a manner consistent with the best interest of its clients and must not subrogate client interests for its own."⁴

In 2014, the SEC issued a staff legal bulletin, providing guidance on investment advisers' responsibilities in voting client proxies and retaining proxy advisory firms, as well as on the availability and requirements of two exemptions to the federal proxy rules that are often relied upon by proxy advisory firms. In the Bulletin, the SEC outlined several new requirements for proxy advisors, including: 1) requirements to disclose significant relationships or material interests to the recipient of the advice; 2) clarified that advisors are not required to register with the SEC; and 3) clarified that advisors are not required to provide publicly-traded companies time to review proxy advisers' voting recommendations prior to client distribution. Additionally, the SEC outlined several new requirements for fund managers, including: 1) requirements to review their proxy voting policies at least annually to ensure proxies are voted in the best interests of investor clients; 2) requirements to determine whether the proxy advisers they use have the capacity and competency to adequately analyze proxy issues; and 3) clarified that investment advisers that vote client shares are not required to vote all proxies or all

¹ CFA Centre for Financial Market Integrity, "The Corporate Governance of Listed Companies: A Manual for Investors," 2009.

² Lannof, Ian D., "DOL Advisory Opinion 2007-07A." Groom Law Group, February 2008.

³ The Conference Board, "The Separation of Ownership from Ownership," 2013.

⁴ "Proxy Voting by Investment Advisers," SEC Final Rule adopted January 31, 2003, effective April 14, 2003; www.sec.gov/rules/final/ia-2106.htm.

proposals on ballots (clarifying SEC Rule 206(4)-6, and confirming existing Department of Labor (DOL) Interpretive Bulletin §2509.08-2).⁵

In 2016, the SEC issued Interpretive Bulletin 2016-1 which emphasized that a fiduciary's obligation to manage plan assets prudently extends to proxy voting, and that it is appropriate for plan fiduciaries to incur reasonable expenses in fulfilling those fiduciary obligations.

Managing stock ownership rights and the proxy vote includes the establishment of written proxy voting guidelines, which must include voting policies on issues likely to be presented, procedures for determining votes that are not covered or which present conflicts of interest for plan sponsor fiduciaries, procedures for ensuring that all shares held on record date are voted, and procedures for documentation of voting records. The following corporate governance principles and proxy voting guidelines are primarily designed to cover publicly traded equity securities. Other investment forms, such as privately held equity, limited liability corporations, privately held REITs, etc., are not specifically covered by individual guidelines, although broad application of the principles and guidelines can be used for these more specialized forms of equity investments.

The primary role of shareowners within the corporate governance system is in some ways limited, although critical. Shareowners have the duty to communicate with management and encourage them to align their processes with corporate governance best practices. This means shareowners have two primary obligations: 1) to monitor the performance of the company and 2) to protect their right to act when it is necessary.

In the 1930's, Benjamin Graham and David Dodd succinctly described the agenda for corporate governance activity by stating that shareowners should focus their attention on matters where the interest of the officer and the stockholders may be in conflict. This includes questions about preserving the full integrity and value of the characteristics of ownership appurtenant to shares of common stock. For example, the right to vote may be diluted by a classified board or by dual class capitalization, and the right to transfer the stock to a willing buyer at a mutually agreeable price may be abrogated by the adoption of a poison pill.

Since management and board composition change over time, while shareowners continue their investment, shareowners must ensure that the corporate governance structure of companies will allow them to exercise their ownership rights permanently. Good corporate management is not an excuse or rationale upon which institutional investors may relinquish their ownership rights and responsibilities.

The proxy voting system must be an even playing field. Neither management nor shareowners should be able to dominate or influence voting dynamics. A 2006 article analyzed the corporate governance implications of the decoupling of voting power and economic ownership through methods such as vote trading and equity swaps, methods largely hidden from public view and not captured by current regulation or disclosure rules. This method has been used by finance-savvy activist hedge funds, for example, who have borrowed shares just before the record date in order to better support proposals they favor, reversing the transactions after the record date. The SBA believes that enhanced disclosure rules are critical to reveal hidden control of voting power.⁶

Management needs protection from the market's frequent focus on the short-term in order to concentrate on long-term returns, productivity, and competitiveness. Shareowners need protection from coercive takeover tactics and directors with personal agendas. Ideal governance provisions should provide both sides with adequate protection. They should be designed to give management the flexibility and continuity it needs to make long-term plans, to permit takeover bids in cases where management performance is depressing long-term value, to ensure that management is accountable to shareowners, and to prevent coercive offers that force shareowners to take limited short-term gains.

⁵ Securities & Exchange Commission, Staff Legal Bulletin No. 20, "Proxy Voting: Proxy Voting Responsibilities of Investment Advisers and Availability of Exemptions from the Proxy Rules for Proxy Advisory Firms," June 30, 2014.

⁶ Hu, Henry T.C. and Black, Bernard S., "Empty Voting and Hidden (Morphable) Ownership: Taxonomy, Implications, and Reforms". As published in *Business Lawyer*, Vol. 61, pp. 1011-1070, 2006 Available at SSRN: <http://ssrn.com/abstract=887183>. Also, Christoffersen, S.E.K., Geczy, C.C., Musto, D.K., and Reed, A.V. 2006, "Vote Trading and Information Aggregation."

A study on shareowner activism and corporate governance in the United States found that shareowner opposition has slowed the spread of takeover defenses, such as staggered boards, that require shareowner approval. However, shareowners have failed in their efforts to get companies to roll back takeover defenses and, perhaps more importantly, managers frequently ignore even a majority shareowner vote in favor of a proposal.⁷

Global Standards of Corporate Governance

The SBA believes strongly that good corporate governance practices are important to encourage investments in countries and companies in a globalized economy where gaining access to capital markets is increasingly viewed as critical. Empirical evidence demonstrates the relationship between corporate valuation and corporate governance structures, finding that foreign institutional investors invested lower amounts in firms with higher insider control, lower transparency, and are domiciled in countries with weak investor protections.⁸ A comparative analysis of corporate governance in US and international firms shows that the ability of controlling shareowners to extract private benefits is strongly determined by a country's investor protection. Thus, if investor protection is weaker, improvements in firm-level governance will be costlier for the controlling shareowner.⁹

Over the last several years, many countries, international organizations, and prominent institutional investors have developed and implemented international policies on corporate governance and proxy voting issues (e.g., the Organization for Economic Co-operation and Development, and the International Corporate Governance Network).¹⁰ Many of these promulgated guidelines recognize that each country need not adopt a "one-size-fits-all" code of practice. However, SBA expects all capital markets to exhibit basic and fundamental structures that include the following:

1. Corporate Objective

The overriding objective of the corporation should be to optimize the returns to its shareowners over time. Where other considerations affect this objective, they should be clearly stated and disclosed. To achieve this objective, the corporation should endeavor to ensure the long-term viability of its business, and to manage effectively its relationship with stakeholders.

2. Communications & Reporting

Corporations should disclose accurate, adequate and timely information, in particular meeting market guidelines where they exist, so as to allow investors to make informed decisions about the acquisition, ownership obligations and rights, and sale of shares. Material developments and foreseeable risk factors, and matters related to corporate governance should be routinely disseminated to shareowners. Shareowners, the board, and management should discuss corporate governance issues. Where appropriate, these parties should converse with government and regulatory representatives, as well as other concerned bodies, so as to resolve disputes, if possible, through negotiation, mediation, or arbitration. For example, investors should have the right to sponsor resolutions and convene extraordinary meetings. Formal procedures outlining how shareowners can communicate with board members should be implemented at all companies and be clearly disclosed.

3. Voting Rights

Corporations' ordinary shares should feature one vote for each share. Corporations should act to ensure the owners' rights to vote and apply this principle to all shareowners regardless of their size. Shareowners should be able to vote in person or in absentia, and equal effect should be given to votes whether cast in person or absentia. Votes should be cast by custodians or nominees, in a manner agreed upon with the beneficial owner of the shares. Impediments to cross border voting should be eliminated. Minority shareholders should be protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and should have effective means of redress.¹¹

⁷ Black, B., 1998. "Shareowner Activism and Corporate Governance in the United States."

⁸ Christian Leuz, Karl V. Lins, and Francis E. Warnock, "Do Foreigners Invest Less in Poorly Governed Firms?" *The Review of Financial Studies*, 22 (2009).

⁹ Aggraval, Reena et al, 2007, "Differences in Governance Practices between US and Foreign Firms: Measurement, Causes, and Consequences", Charles A. Dice Center for Research in Financial Economics, Working Paper 2007-14.

¹⁰ Organization for Economic Co-operation & Development (OECD), "Corporate Governance Factbook," February 2014.

¹¹ Organization for Economic Cooperation & Development (OECD), *Role of Institutional Investors in Promoting Good Corporate Governance*, January 11, 2012.

4. Corporate Boards

The Board of Directors, or Supervisory Board, as an entity, and each of its members, as individuals, is a fiduciary for all shareowners, and they should be accountable to the shareowner body as a whole. Each member should stand for election on a regular basis, preferably with annual election cycles. Corporations should disclose upon appointment to the board, and thereafter in each annual report or proxy statement, information on the identities, core competencies, professional or other backgrounds, factors affecting independence, other commitments, and overall qualifications of board members and nominees so as to enable investors to weigh the value that they add to the company. Information on the appointment procedure should also be disclosed annually. Boards should include a sufficient number of independent, non-executive members with appropriate qualifications. Responsibilities should include monitoring and contributing effectively to the strategy and performance of management, staffing key committees of the board, and influencing the conduct of the board as a whole. Accordingly, independent non-executives should comprise no fewer than three (3) members and as much as a substantial majority. Audit, Compensation and Nomination committees should be composed entirely of independent non-executives.

5. Executive & Director Compensation

Remuneration of corporate directors or supervisory board members and key executives should be aligned with the interests of shareowners. Corporations should disclose in each annual report or proxy statement the board's policies on remuneration and, preferably, the remuneration of individual board members and top executives; so that shareowners can judge whether corporate pay policies and practices meet this standard. Broad-based employee share ownership plans or other profit-sharing programs are effective market mechanisms that promote employee participation.

6. Strategic Planning

Major strategic modifications to the core business of a corporation should not be made without prior shareowner approval of the proposed modification. Equally, major corporate changes that, in substance or effect, materially dilute the equity or erode the economic interests or share ownership rights of existing shareowners should not be made without prior shareowner approval of the proposed change. Shareowners should be given sufficient information about any such proposal early enough to allow them to make an informed judgment and exercise their voting rights.

7. Voting Responsibilities

The exercise of ownership rights by all shareowners, including institutional investors should be facilitated. Institutional investors acting in a fiduciary capacity should disclose their overall corporate governance and voting policies with respect to their investments, including the procedures that they have in place for deciding on the use of their voting rights. Institutional investors acting in a fiduciary capacity should disclose how they manage material conflicts of interest that may affect the exercise of key ownership rights regarding their investments. Shareowners, including institutional investors, should be allowed to consult with each other on issues concerning their basic shareowner rights, subject to exceptions to prevent abuse. The corporate governance framework should be complemented by an effective approach that addresses and promotes the provision of analysis or advice by analysts, brokers, rating agencies, and others that is relevant to decisions by investors, free from material conflicts of interest that might compromise the integrity of their analysis or advice.

Active Strategies & Company Engagement

The objective of SBA corporate governance engagement is to improve the governance structures at companies in which the SBA owns significant shares in order to enhance the value of SBA equity holdings.

A study on the evolution of shareowner activism in the United States affirms that activism by investors has increased considerably since the mid-1980s due to the involvement of public pension funds and institutional shareowners. The study identifies the potential to enhance value of investments as the main motive for active participation in the monitoring of corporations. However, as shareowner activism entails concentrated costs and widely disbursed benefits, only investors with large positions are likely to obtain a large enough return on their investment to justify the costs.¹² One recent study

¹² Gillan, Stuart L. and Laura T. Starks, 2007, "The Evolution of Shareowner Activism in the United States", Journal of Applied Corporate Finance, Volume 19, Number 1, Winter 2007, Published by Morgan Stanley.

demonstrated strong relative market returns based on investor engagement activities.¹³ Researchers found an abnormal one-year return of +1.8% in the year following investor engagements involving environmental, social, and corporate governance factors, with improvements in operating performance and profitability.

The two primary obligations of shareowners are to monitor the performance of the companies and to protect their right to act when necessary. The SBA has neither the time nor resources to micromanage companies in which it holds publicly traded stock. Furthermore, the legal duties of care and loyalty rest with the corporate Board of Directors, not with the shareowners. For these reasons, the SBA views its role as one of fostering improved management and accountability within the companies in which we own shares. Other recent SBA corporate governance activities have included dealing with conflicts of interest within organizations with which we do business.

Department of Labor (DOL) Interpretive Bulletin \$2509.08 states that voting proxies is a fiduciary responsibility and that proxies should be treated like any other financial asset, executed in the best interest of beneficiaries in accordance with written guidelines. Additionally, Florida Law may prohibit investment in companies or mandate reporting on certain investments due to geopolitical, ethnic, religious, or other factors. Compliance with these laws and any related reporting requirements have similarities to corporate governance issues and are consolidated organizationally.

Consistent with prudent and responsible investment policy, all or some of the following measures may be instituted when a corporation is found by the SBA to be under-performing market indices or in need of corporate governance reform:

- The SBA will discuss the corporate governance deficiencies with a representative and/or the Board of Directors. Deficiencies may occur in the form of policies or actions, and often result from the failure to adopt policies that sufficiently protect shareowner assets or rights. The SBA may request to be informed of the progress in ameliorating such deficiencies.
- Under SEC Rule 14(a) 8, shareowner proposals may be submitted to companies with identified performance deficiencies. Shareowners proposals will be used to place significant issues on a company's meeting ballot in order to allow all shareowners to approve or disapprove of significant issues and voice the collective displeasure of company owners.¹⁴
- Any other strategies to achieve desired corporate governance improvements as necessary.

Investor engagement can be classified into three categories, including "Extensive," "Moderate," and "Basic." Extensive engagement is defined as multiple instances of focused interaction with a company on issues identified with a view to changing the company's behavior. The engagements were systematic and begun with a clear goal in mind. Moderate engagement is defined as more than one interaction with a company on issues identified. The engagement was somewhat systematic, but the specific desired outcome may not have been clear at the outset. Basic engagement is defined as direct contact with companies but engagement tended to be ad-hoc and reactive. Such engagement may not have pursued the issue beyond the initial contact with the company and includes supporting letters authored by other investors or groups.

In addition to overseeing the corporate governance of companies in which we invest, the SBA must also govern the accessibility of our own records by these companies. As a beneficial owner of over 10,000 publicly traded companies, the SBA has elected to be an objecting beneficial owner, or an "OBO." By being an OBO, the SBA does not give permission to a financial intermediary to release our name and address to public companies that we are invested in. This keeps our holdings or trading strategies confidential, and allows us to avoid unwanted solicitations.

Recent developments have led many to believe that the distinction between OBO and non-objecting beneficial owners or "NOBO's" should be eliminated. However, the SEC is likely to be cautious in seeking to change the current framework in significant ways.¹⁵ Strong opponents to an elimination of OBO and NOBO distinction are brokers and banks, who have a large incentive to ward off this change due to fee income derived from forwarding proxy materials.

¹³ Elroy Dimson, Oguzhan Karakas, and Xi Li, "Active Ownership," December 2012, Moskowitz Prize winner in 2012 by the Berkely-Haas Center for Responsible Business.

¹⁴ Rule 14a-8 is an SEC rulemaking promulgated under the Securities Exchange Act of 1934 and offers a set of procedural requirements governing how and when shareowners may submit resolutions for inclusion in a corporation's proxy statement.

¹⁵ Beller, Alan L. and Janet L. Fisher. "The OBO/NOBO Distinction in Beneficial Ownership: Implications for Shareowner Communications and Voting." Council of Institutional Investors. February 2010.

While shareowner communication can be very important, a number of steps must be taken to address the distinction between OBO and NOBO companies and to respect the privacy of beneficial owners involved. Proposals that eliminate the possibility of anonymity are not supported. It is necessary for any changes made to the current system to accommodate the strong privacy interests of current OBO firms, such as SBA.

Disclosure of Proxy Voting Decisions

SBA discloses all proxy voting decisions once they have been made, typically seven to ten calendar days prior to the date of the shareowner meeting. Disclosing proxy votes prior to the meeting date improves the transparency of our voting decisions. Historical proxy votes are available electronically on the SBA's website.¹⁶

Proxy Voting and Securities Lending

SBA participates in securities lending in order to enhance the return on its investment portfolios. In the process of lending securities, the legal rights attached to those shares are transferred to the borrower of the securities during the period that the securities are on loan. As a result, SBA's right to exercise proxy voting on loaned securities is forfeited unless those affected shares have been recalled from the borrower in a timely manner (i.e. on, or prior to, the share's record date). SBA has a fiduciary duty to exercise its right to vote proxies and to recall shares on loan when it is in the best interest of our beneficiaries. The ability to vote in corporate meetings is an asset of the fund which needs to be weighed against the incremental returns of the securities lending program.

Although SBA shall reserve the right to recall the shares on a timely basis prior to the record date for the purpose of exercising voting rights for domestic as well as international securities, the circumstances required to recall loaned securities are expected to be atypical. Circumstances that lead SBA to recall shares include, but are not limited to, occasions when there are significant voting items on the ballot such as mergers or proxy contests or instances when SBA has actively pursued coordinated efforts to reform the company's governance practices, such as submission of shareholder proposals or conducting an extensive engagement. In each case, the direct monetary impact of recalled shares will be considered and weighed against the discernible benefits of recalling shares to exercise voting rights. However, because companies are not required to disclose an upcoming meeting and its agenda items in advance of the record date, it usually is not possible to recall shares on loan.

¹⁶ Reporting is publicly available at www.sbafla.com, including real time voting decisions prior to shareowner meetings.

THE BOARD OF DIRECTORS

Of the voting items that come before shareowners, the matters of the board and its operation are the most pivotal. Shareowners must be able to elect and maintain a board of directors whose main charge is to monitor management on the behalf of shareowners, but who will also sufficiently heed majority shareowner input on matters of substantial importance. These voting items concern the election of the board members, as well as chairmanship and committee service, and the processes that govern the frequency, setting and outcome of elections. The nominees' qualifications, performance, and overall contribution to the board skillset are of great importance to shareowners casting votes on the elections of individuals, particularly in cases of proxy contests.

SBA votes with the intent of electing candidates who are qualified and able to effectively contribute, and we support election processes that allow shareowners in the aggregate to exercise meaningful control over who may serve as board members and under what circumstances. We favor transparent election procedures and structures that sufficiently allow for shareowners to elect and consequently hold directors accountable for their performance.

ELECTION OF DIRECTORS: CASE-BY-CASE

Director elections are of the most important voting decisions that shareowners make. Directors function as the representatives of shareowners and serve a critical role in monitoring management. The SBA generally considers a nominee's qualifications, relevant industry experience, independence, performance and overall contribution to the board when assessing election votes.¹⁷ At the board level, we consider the need for diversity in gender, race, experience, and other appropriate categories. In cases where a proxy contest has resulted in more nominees than available board seats, it's important to assess each candidate's relative expertise and experience, as well as differences in strategic vision if applicable.

The SBA may vote against (i.e., "withhold" support for) director nominees for one or more of the following reasons:

Poor performance or oversight in duties of the board or board committees -- including poor performance in board service at other public companies. Board members exhibiting poor performance may have failed to appropriately monitor or discipline management in cases where failed strategies continue to be implemented or when the board refuses to consider views from a large majority of shareowners, analysts and market participants. In the case of a breakdown of proper board oversight, SBA is likely to vote against all or most members of the board, and in cases where a dissident has launched a proxy contest, SBA may be supportive of the dissident nominees if they present with appropriate qualifications and strategies, as discussed below. Shareowners sometimes target under-performing directors through "vote no" campaigns. An empirical study found that "vote no" campaigns are an effective tool to voice concerns with a particular director and often successfully pressure the company to take action.¹⁸ This underscores that performance is an essential component of governance and should be considered when evaluating director elections.

Boards are expected to conduct internal and external evaluations of their own functioning to assess how well they are performing their responsibilities.¹⁹ These evaluations can be particularly helpful for committees as well, such as in assessing audit committee performance. The audit committee is responsible for independent oversight of the company's financial statements and, in the absence of a separate risk committee, is also often responsible for risk oversight.²⁰ Regular self-assessments are critical to a productive audit committee. The SBA will consider the audit com-

¹⁷ The SBA generally does not consider age as a rationale for withholding votes. Length of service on a board is sometimes a factor in determining independence for a director, but is not used to justify a withhold vote except in rare instances with unusual circumstances. See the guideline for "Limits on board service".

¹⁸ Diane Del Guercio, Laura Seery, and Tracie Woidtke, "Do Boards Pay Attention when Institutional Investor Activists 'Just Vote No,'" available at <http://ssrn.com/abstract=575242>. The study finds a forced CEO turnover rate of 25 percent in firms targeted with "vote no" campaigns.

¹⁹ A paper by the Global Corporate Governance Forum recommends using board evaluations as open communication to focus on inadequacies, identify strategic priorities and become more efficient through the review of policies and procedures [GCGF, Board Performance Evaluation].

²⁰ SEC Rule 10A-3 under the Exchange Act mandates that stock exchanges adopt listing standards that require that each member of the audit committee of a listed company has (1) not received compensation from the issuer other than for board services and (2) is not an "affiliated person" of the issuer that either controls, is controlled by, or is under common control with the issuer.

mittee's performance, especially as it relates to oversight and risk management, when voting on individual committee members. Evidence of poor audit committee performance are financial restatements, including as a result of option backdating, un-remediated material weaknesses, and attempts to limit auditor liability through auditor engagement contracts. The severity, breadth, chronological sequence and duration of financial restatements, and the company's efforts at remediation will be examined in determining whether withhold votes are warranted.

Likewise, the function of the nominating and governance committees will be assessed by considering how the committees have approached implementation of governance rules and the impact on shareowners' rights, particularly in cases of bylaw amendments or votes on shareowner and management proposals. When a company goes public with a dual or multi-class share structure without a sunset provision on unequal voting rights such as in the case of an IPO or spinoff, SBA may withhold votes from or vote against directors. Bylaws that create supermajority voting thresholds or limit shareowner rights are generally undesirable, but depends on the context of the individual company. This committee also is responsible for board nominations, and SBA judges this function by the qualifications and diversity of the nominees. This committee should make an effort to seek candidates that are diversified not only in experience, gender and race, but in all other aspects appropriate for the individual company and should disclose these efforts to shareowners.

Members of the compensation committee are judged in accordance with the aspects of the compensation philosophy, plan and implementation. Compensation that is out of line with respect to magnitude, peers, or performance is problematic, as are plans that reward compensation without appropriate performance-based conditions or feature undesirable elements such as gross-ups or single-trigger severance packages.

Restricting shareowner rights or failing to sufficiently act on shareowner input -- such as ignoring a shareowner proposal that received majority support of votes cast or attempting to block or limit the ability of shareowners to file precatory or binding proposals or adopt or amend bylaws

Serving on too many boards ("over-boarding") – generally a director who serves on more than 3 company boards and who is employed in a full-time position.²¹ Directors with significant outside responsibilities such as serving as CEO of a public company should not exceed one external board membership.²² Surveys of directors have indicated that the average board membership requires over 200 hours of active, committed work, making service on multiple boards difficult for executives, particularly CEOs, and leading to many investors embracing similar limits as the SBA.

Poor attendance at meetings without just cause – less than 75 percent attendance rate.

Lack of independence – most markets should have independent board representation that meets a minimum two-thirds threshold. Independence is defined as having no business, financial or personal affiliation with the firm other than being a member of its board of directors. Directors or nominees that are affiliated with outside companies that conduct business with the company, have significant outside links to senior management, were previously employed by the company or are engaged directly or indirectly in related-party transactions are highly likely to be considered non-independent, depending on the materiality of the circumstances. At controlled companies (where an investor controls a majority of a firm's equity capital), support may be withheld from directors at boards with less than a one-third proportion of independent directors.

Boards without adequate independence from management may suffer from conflicts of interest and impaired judgment in their decision-making. In addition to poor transparency, directors with ties to management may be perceived to be less willing and able to effectively evaluate and scrutinize company strategy and performance. SBA carefully scrutinizes management nominees to the board, because of the conflict of interest inherent in serving on the

²¹ See Fich, Eliezer M. and Anil Shivdasani, 2006, "Are Busy Boards Effective Monitors?," The Journal of Finance, Vol. 61, No. 2, pp. 689-724 (36), Blackwell Publishing. This study of U.S. industrial firms between 1989 and 1995, found that when a majority of outside directors serve on three or more boards, firms exhibit lower market-to-book ratios, as well as weaker operating profitability. When a majority of outside directors are over boarded, the sensitivity of CEO turnover to performance is significantly lower than when a majority of outside directors are not busy. Investors react positively to the departure of over boarded directors, while firms, whose directors acquire an additional board seat and become over boarded, end up experiencing negative abnormal returns.

²² Neil Roland, "Directors at troubled companies overbooked, research firm claims" Financial Week, February 25, 2009. This article gives examples of over-boarding problems at struggling U.S. financial institutions.

board which in turn is charged with overseeing the performance of senior management. In most markets, we support the CEO of the company as the only reasonable management team member to serve on the board.

Lack of disclosures -- because there are differences in each market as to disclosures and voting procedures for director elections, SBA takes into account practices in the local market, but does not compromise on fundamental tenets such as the right to elect individual directors (as opposed to a slate as a whole) and the need for proof that director candidates can provide independent oversight of management. Global markets increasingly depend on the homogenization of better governance standards to increase shareowner value and liquidity in emerging markets. The protection of fundamental voting rights may be at odds with local market customs in the short run²³, but through voting the SBA aims to encourage companies to adopt minimum-level best practices throughout the portfolio of holdings.

In certain markets where the quality and depth of disclosures about the nominees are less than desirable, we work with other investors to advocate for improvements in these markets as a matter of course. In a few markets, the directors may be proposed as a group in a single bundled voting item, preventing a vote on each director, which is considered a very poor practice in developed economies.

When nominees are bundled or insufficient information is disclosed, we typically oppose the item. When appropriate information is disclosed, we make voting decisions based on the qualifications of the nominee, the performance of the nominee on this or other boards, if applicable, and the needs of the board considering the other nominees' overall skillset.

Minimal or no stock ownership -- in regard to industry or market peers. Companies should adopt a policy covering stock ownership for directors and annually review compliance among members. Certain markets have laws prohibiting ownership or discourage ownership among directors as a potential conflict of interest, so SBA is more nuanced in assessing directors on these markets.

Proxy contests are less typical election events, only occurring in a small fraction of director elections, but require shareowners to judge between competing views of strategic direction for the company. When analyzing proxy contests, the SBA focuses on two central questions: (1) Have the dissidents demonstrated that change is warranted at the company, and if so, (2) will the dissidents be better able to affect such change versus the incumbent board?

When dissidents seek board control with a majority of nominees, they face a high burden of proof and must provide a well-reasoned and detailed business plan, including the dissidents' strategic initiatives, a transition plan that describes how the dissidents will affect change in control, and the identification of a qualified and credible new management team. The SBA compares the detailed dissident plan against the incumbents' plan and compares the dissidents' proposed board and management team against the incumbent team.

Usually dissidents run a "short slate", which seeks to place just a few nominees on the board, not a majority. In these cases, the SBA places a lower burden of proof on the dissidents. In such cases, the SBA's policy does not necessarily require the dissidents to provide a detailed plan of action or proof that its plan is preferable to the incumbent plan. Instead, the dissidents must prove that change is preferable to the status quo and that the dissident slate will add value to board deliberations, including by considering the issues from a viewpoint different than current management, among other factors.

PROXY ACCESS: FOR

Proxy access is an important mechanism for shareowners with substantial holdings to nominate directors directly in the company's proxy materials. Generally, we support proposals that have reasonable share ownership (3% or less) and

²³ For instance, Italy amended its "Consolidated Financial Act" to mandate that Italian issuers reserve a certain number of board seats for candidates presented by minority shareowners. This mandate affects Board of Director elections, Supervisory Board elections, and Board of Statutory Auditor elections. See, "Italian Issuers- Guidelines for the election of the Board of Directors (or Supervisory Board) or Board of Statutory Auditors," Trevisan & Associati February 19, 2009 available at http://www.trevisanlaw.it/en_mask.html?5 (last visited March 2, 2009).

holding history (3 years or less) requirements, allow shareowners to aggregate holdings for joint nominations (permitting groups of at least 20 shareowners), cap the number of shareowner nominees at the greater of 2 or at least 20% of the board seats, and feature other procedural elements that are not unduly burdensome on shareowners seeking to make nominations. The SBA may vote against proposals which contain burdensome or otherwise restrictive requirements, such as ownership or holding thresholds which are set at impractical levels.

SEPARATE CHAIRMAN & CHIEF EXECUTIVE OFFICER (CEO): CASE-BY-CASE

Because the board's main responsibility is to monitor management on behalf of shareowners, it is generally desirable for the chairman of the board to be an independent director, as opposed to the current CEO or a non-independent director such as a former CEO. Most academic evidence concludes that there is more benefit to shareowners when the chair is an independent director.²⁴ SBA typically supports proposals to provide for an independent board chairman; however, in certain cases where strong performance and governance provisions are evident, SBA may support the status quo of a serving combined CEO and chairman.

When considering whether to support a separate CEO and chairman proposal, SBA takes into account factors such as if there is a designated, independent lead director with the authority to develop and set the agenda for meetings and to lead sessions outside the presence of the executive chair, as well as short and long-term corporate performance on an absolute and peer-relative basis. In order to maintain board accountability, the SBA will not endorse the combined role of CEO and chair unless there is a strong, empowered lead director, superior company performance, and exemplary governance practices in other areas such as shareowner rights and executive compensation.

MAJORITY VOTING FOR DIRECTOR ELECTIONS: FOR

Proxy contests are rare; most elections feature uncontested elections where the number of directors nominated equals the number of board seats. When plurality voting is used as the voting standard in uncontested elections, the members are guaranteed election, no matter how few shareowners supported them. The SBA supports a majority voting standard for uncontested elections because it adds the requirement that a majority of shareowners must vote for each member to be considered duly elected. We prefer for the board to make this requirement in the bylaws of the company, not as a board policy. Policies that require the board members failing to achieve majority support to offer a resignation, which in turn may or may not be accepted by the board or committee, are not acceptable alternatives to a true majority vote standard for uncontested elections.

The SBA strongly endorses the majority voting election standard for the meaningful accountability it affords shareowners and because it provides another element to the system of checks and balances of power within the corporate structure. In contested elections, however, plurality voting remains the most effective voting standards, so all bylaws should specify that the majority voting standard applies only to uncontested elections.

ANNUAL ELECTIONS / NON-CLASSIFIED BOARD: FOR

A classified, or staggered, board is one in which directors are divided into three "classes" with each director serving three-year terms. All directors on a non-classified board serve one-year terms and the entire board is re-elected each year. The SBA opposes classified boards and their provisions because we believe that annual accountability will ultimately lead to

²⁴ Grinstein, Yaniv and Valles Arellano, Yearim, "Separating the CEO from the Chairman Position: Determinants and Changes after the New Corporate Governance Regulation." March 2008; Lorsch, Jay and Zelleke, Andy, "Should the CEO Be the Chairman?" MIT Sloan Management Review, 2005; Ryan Krause, Semadeni, Matthew, "Apprentice, Departure, and Demotion: An Examination of the Three Types of CEO-Board Chair Separation," Academy of Management Journal 55(6), 2012; Tonello, Matteo, John C. Wilcox, and June Eichbaum, "The Role of the Board in Turbulent Times: CEO Succession Planning." The Corporate Board, August 2009; Lucier, Chuck, Steven Wheeler, and Rolf Habbel, "The Era of the Inclusive Leader." The Corporate Board, September/October 2007; "Charing the Board: The Case for Independent Leadership in Corporate North America," Policy Briefing No. 4, Millstein Center for Corporate Governance & Performance, Yale School of Management, 2009.

increased corporate performance. Classified boards decrease corporate accountability by protecting directors from election on an annual basis. Alternatively, the SBA supports changing from a staggered board structure to annual elections for all directors.

Studies performed by economists at the SEC and by academics support the view that classified boards are contrary to shareowner interests, showing negative effects on share value for companies that adopt classified boards.²⁵ While classified board proponents cite stability, independence, and long-term strategic risk taking as justification for staggered boards, recent research has shown little evidence of such benefits.²⁶

REQUIRE MAJORITY OF INDEPENDENT DIRECTORS: FOR

SBA supports a majority independence requirement because shareowners are best served when the board includes a significant number of independent outside directors who will represent their interests without personal conflict. The most important role of the board is to objectively evaluate the performance of senior management, so outside directors with relevant, substantial industry qualifications are most likely to perform well in this role.

SBA considers local market practices, but is likely to vote against current members if less than a majority of independent directors exists. In developed markets, we expect a supermajority of independent directors and consider a two-to-one ratio of independent directors to inside and affiliated directors to be a reasonable standard and will withhold support from individual director nominee who are not independent in those circumstances. Furthermore, SBA supports restricting service on compensation, audit, and governance/nominating committees to independent outside directors only.

ESTABLISH OR SET MEMBERSHIP OF BOARD COMMITTEES: CASE-BY-CASE

SBA supports the audit, compensation, and governance/nominating committees being composed solely of independent board members. Independent directors face fewer conflicts of interests and are better prepared to protect shareowner interests.²⁷

Some proposals seek to add committees on specific issues such as risk management, sustainability issues, and even specific issues such as technology and cybersecurity. When voting on proposals suggesting the establishment of new board committees, we assess the rationale for the committee and the process for handling discussions and decisions on such topics currently in place at the company. We support formation of committees that would protect or enhance shareowner rights when the company's current practices are failing to do so adequately.

In most markets, SBA expects board to have key committees such as compensation, nominating/governance and audit committees. SBA generally encourages companies, especially financial companies, to have a standing enterprise risk management committee of the board with formal risk management oversight responsibilities.²⁸ We may withhold support for individual directors if there are indications that directors failed to understand company risk exposures and/or failed to take reasonable steps to mitigate the effects of the risk, leading to large losses.

²⁵ For example, the SEC studied the impact of 649 anti-takeover proposals submitted between 1979 and 1985. The proposals consisted of fair price provisions, institution of supermajority vote requirements, classified board proposals, and authorization of blank check preferred stock. Stocks within the group showed an average loss in value of 1.31 percent. The study also found that the proposals were most harmful when implemented at firms that have higher insider and lower institutional shareholdings.

²⁶ Faleye, Olubunmi, "Classified Boards, Stability, and Strategic Risk Taking," *Financial Analysts Journal*, Volume 65, No. 1, 2009. Also see, Lucian A. Bebchuk, "The Myth That Insulating Boards Serves Long-Term Value," *Columbia Law Review*, Vol. 113, October 2013 and Bebchuk, Lucian, Cohen, Alma, and Wang, Charles C.Y.; "Staggered Boards and the Wealth of Shareholders: Evidence from a Natural Experiment," *Harvard Law School John M. Olin Center Discussion Paper No. 694*, June, 2010; Gompers, Paul A., Joy L. Ishii, and Andrew Metrick, "Corporate Governance and Equity Prices," *National Bureau of Economic Research Working Paper No. W8449*, August 2001; Bates, Thomas W., David A. Becher and Michael L. Lemmon, 2007, "Board Classification and Managerial Entrenchment from the Market for Corporate Control", electronic copy available at: <http://ssrn.com/abstract=923408>; Jiraporn, Pornsit and Yixin Liu, 2008, "Capital Structure, Staggered Boards, and Firm Value," *Financial Analyst Journal*, Volume 64, Number 1.

²⁷ T Aggraval, Reena et al, 2007, "Differences in Governance Practices between US and Foreign Firms: Measurement, Causes, and Consequences", Charles A. Dice Center for Research in Financial Economics, Working Paper 2007-14

²⁸ In 2004, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) defined Enterprise Risk Management (ERM) as, "a process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives."

Shareowner advisory committees may advise the board on shareowner concerns and create formal means of communication between company stockholders and company management. SBA generally supports advisory committee proposals, particularly those intended to improve poor corporate governance practices.

SBA is typically unsupportive of proposals that specify establishment of a governmental party committee (as seen in certain proposals to add a Communist party committee for Chinese or Hong Kong state-owned entities) without disclosing board decision-making processes or the respective responsibilities of the party organization and the board. Companies should disclose as much relevant information on the interaction between the company and the government party committee as possible to help shareowners understand the company's decision-making process—particularly in those circumstances where the board allows the party committee to make material decisions. SBA generally votes against such proposals as they may erode the ability of shareowner-elected directors to govern the firm and sever the ties of accountability between the board and shareowners.

CUMULATIVE VOTING: CASE-BY-CASE

Cumulative voting generally is useful to minority shareowners at companies where a large or controlling shareowner or block of shareowners that may act in concert (such as a family-owned company) exists. It guarantees that minority shareowners will be able to elect at least one of their preferred candidates to the board of directors, even if the candidate does not win a majority vote. In contrast, only majority shareowners are guaranteed board representation at companies without cumulative voting.

The SBA will examine proposals to adopt cumulative voting in light of the company's ownership profile (particularly whether there is a majority or near majority voting block) and the presence of other governance provisions such as proxy access and majority voting election requirements that directly address the voting process. A majority vote election standard ensures board accountability in uncontested elections and in some cases mitigates the need for cumulative voting. Although majority voting is meaningful in uncontested elections, it can convolute voting outcomes in contested elections. Cumulative voting, on the other hand, is meaningful primarily in contested elections, and therefore pairs well with proxy access provisions at controlled companies.

The SBA is likely to support cumulative voting proposals at majority-controlled companies to ensure that a single shareowner or small group of shareowners is unable to control voting outcomes in full. The SBA may vote against proposals to adopt cumulative voting if the company has no large shareowner blocks that aggregate easily to majority control and has adopted a full majority voting in elections bylaw (not a resignation policy), as well as proxy access or a similar structure that proactively encourages shareowners to nominate directors to the company's ballot.

REIMBURSE SHAREOWNERS FOR PROXY EXPENSES: CASE-BY-CASE

SBA generally supports proposals requiring reimbursement of proxy solicitation costs for successful dissident nominees. The expenses associated with promoting incumbent directors in a proxy contest are paid by the company, and for parity, dissidents elected by shareowners should have this benefit as well.

In some circumstances at firms with no reimbursement policy, dissidents are reimbursed only for proxy solicitation expenses if they gain control of the company and seek shareowner approval for the use of company funds to reimburse themselves for the costs of solicitation. SBA would typically support reimbursement of reasonable costs in these instances.

CONFIDENTIAL VOTING: FOR

SBA supports greater transparency in election tabulations and the use of independent tabulators and inspectors, and we support to concept of end-to-end vote confirmation so that shareowners can be confident that their vote was correctly cast and counted. However, we are respectful of shareowners who may prefer anonymity. In a confidential voting system, only vote tabulators and inspectors of elections may examine individual proxies and ballots—management and shareholders are given only voting totals. The SBA supports resolutions requesting that corporations adopt a policy of confidential voting combined with the use of independent vote tabulators and inspectors of elections because it is the best way to guarantee confidentiality. However, the SBA generally does not support resolutions calling for confidential voting if they lack an independent inspector requirement.

In the absence of such policies, shareowners can vote confidentially by registering their shares with third-parties as objecting beneficial owners (OBOs), allowing anonymity in the voting process. In an open voting system, management can determine who has voted against its director nominees (or proposals) and then re-solicit those shareowners before the final vote count. As a result of the re-solicitation, shareowners may be pressured to change their vote. On the positive side, many companies are increasing their interactions with shareowners before the voting occurs through expanded proxy solicitation conversations and other paths of engagement.

MINIMUM STOCK OWNERSHIP: FOR

The SBA typically supports proposals that require directors to own a reasonable minimum amount of company stock.²⁹ The SBA will consider voting against directors who own no company stock and have served on the board for more than one year. One of the best ways for directors to align their interests with those of the shareowners is to own stock in the corporation, and since director fees are typically paid partially in stock, retention guidelines encourage long-term ownership of these shares. SBA typically expects non-employee directors to maintain ownership of a number of shares having a market value equal to five times their annual retainer.

Boards should establish a policy and annually review and identify the positions covered by directors and executives. The annual review should also provide information to shareowners on whether guidelines are met and describe any action taken for non-compliance. The guidelines should identify what compensation types may be considered as ownership and what holdings are not (such as hedged positions).

NOMINEE QUALIFICATIONS: CASE-BY-CASE

SBA may support proposals concerning nominee qualifications if there is justification for doing so and the criteria include reasonable limits, restrictions, or requirements.

Some boards of directors may unilaterally implement changes to their corporate bylaws or articles aimed at restricting the ability of shareowners to nominate director candidates who receive third-party compensation or payments for serving as a director candidate or for service as a director of the company. Such restrictive director qualification requirements may deter legitimate investor efforts to seek board representation via a proxy contest and could exclude highly qualified individuals from being candidates for board service. When such provisions are adopted without shareowner ratification, the SBA may withhold support from members of the full board of directors or members of the governance committee serving at the time of the bylaw amendment. However, SBA does support disclosure of all compensation and payments made by a third-party to nominees or directors.

LIMITS ON BOARD SERVICE: AGAINST

The SBA generally votes AGAINST proposals to limit the service of outside directors. While refreshing a board with new outside directors often brings in fresh ideas and a healthy mix of director experience that benefit shareowners, we do not believe arbitrary limits such as tenure limits and mandatory retirement ages are appropriate ways to achieve that goal.

²⁹ Executive stock ownership is covered in the executive compensation section of these guidelines.

They preclude a board's more nuanced examination of its members' contributions and could harm shareowners' interests by preventing some experienced and knowledgeable directors from serving on the board. Age limits in particular are a form of discrimination.

Boards of directors should evaluate director tenure as part of the analysis of a director's independence and overall performance. Some studies indicate a correlation between director tenure and firm performance. A study of companies in the U.S. found that the relationship between average director tenure and firm value was negatively correlated, but highly dependent on tenure levels over time.³⁰

SET BOARD SIZE: CASE-BY-CASE

The voting decision for these proposals depends on who is making the proposal and why. On occasion, management proposals seek to limit a shareowner's ability to alter the size of the board, while at the same time, allowing management to increase or decrease the size of the board at its discretion. Corporate management argues that the purpose of such proposals is to prevent a dominant shareowner from taking control of the board by drastically increasing the number of directors and electing its own nominees to fill the newly created vacancies. Other scenarios may include a board's downsizing in response to business changes or acquisitions. The SBA generally supports such proposals when a reasonable rationale is presented for the change. We prefer a shareowner vote for any changes in board size because the directors serving are representatives of the shareowners, and they should collectively determine the size of the board. Often, state law supersedes corporate bylaws by specifying minimum and maximum board size, as well as the process governing changes in board size.

REQUIRE MORE NOMINEES THAN BOARD SEATS: AGAINST

SBA opposes shareowner proposals requiring two candidates per board seat. Proxy access is a preferable mechanism for shareowners to nominate directors when necessary.

DIRECTOR LIABILITY AND/OR INDEMNIFICATION: CASE-BY-CASE (AND ACCORDING TO STATE LAWS)

Indemnification literally means "to make whole." When a corporation indemnifies its directors and officers, the directors are covered by the company or insured by a purchased policy against certain legal expenses, damages and judgments incurred as a result of lawsuits relating to their corporate actions. SBA may vote in favor if the covered acts provide that a "good faith" standard was satisfied. The SBA votes against such proposals if coverage expands beyond legal expenses and to applies to acts that are more serious violations of fiduciary obligation, such as negligence or violating the duty of care.

SUPPORT SHAREOWNER COMMUNICATIONS WITH THE BOARD: FOR

The SBA generally supports shareowners proposals requesting that the board establish a procedure for shareowners to communicate directly with the board, such as through creating an office of the board of directors, unless the company has done all of the following:

- Established a communication structure that goes beyond the exchange requirements to facilitate the exchange of information between shareowners and members of the board;
- Disclosed information with respect to this structure to its shareowners;
- Heeded majority-supported shareowner proposals or a majority withhold vote on a director nominee;
- Established an independent chairman or a lead/presiding director. This individual must be made available for periodic consultation and direct communication with major shareowners.

³⁰ Huang, Sterling, "Board Tenure and Firm Performance," INSEAD Business School, May 2013.

ADOPT TWO-TIERED (SUPERVISORY/MANAGEMENT) BOARD STRUCTURE: CASE-BY-CASE

Companies in some countries have a two-tiered board structure, comprising a supervisory board of non-executive directors and a management board with executive directors. The supervisory board oversees the actions of the management board, while the management board is responsible for the company's daily operations. At companies with two-tiered boards, shareowners elect members to the supervisory board only; the supervisory board appoints management board members. In Austria, Brazil, the Czech Republic, Germany, Peru, Poland, Portugal, and Russia, two-tiered boards are the norm. They are also permitted by Company law in France and Spain.

The merits of the new structure will be weighed against the merits of the old structure in terms of its ability to represent shareowners' interests adequately, provide for optimal governance structure, and also to generate higher shareowner value.

RATIFY ACTIONS TAKEN BY BOARD DURING PAST YEAR: CASE-BY-CASE

Many countries require that shareowners discharge the board or management for actions taken in the previous year. In most cases, discharge is a routine item and does not preclude future shareowner action in the event that wrongdoing is discovered.³¹ Unless there is clear evidence of negligence or action counter to shareowners' interests, the SBA will typically support the proposals. However, in the United States, given the unusual nature of discharge proposals, the SBA will typically vote against proposals that would limit the board or management from any future legal options.

APPROVE PROPOSED/COMPLETED TRANSACTIONS BETWEEN DIRECTORS AND COMPANY: CASE-BY-CASE

Transactions between a parent company and its subsidiary, or a company's dealings with entities that employ the company's directors, are usually classified as related-party transactions and are subject to company law or stock exchange listing requirements that mandate shareowner approval. Shareowner approval of these transactions is critical as they are meant to protect shareowners against abuses of power. Transactions should be completed at arm's length and not benefit directors and/or insiders at company or shareowners' expense. We also support reviews of director transactions by independent committees.

³¹ In June 2008, Manifest and Morley Fund Management analyzed governance practices in continental Europe and issued a report that emphasized the country-specific implications of discharging directors. "Directors' Liability Discharge Proposals: The Implications for Shareowners" stressed that the nature and scope of directors' liabilities vary by jurisdiction. "Each market has its own rules, regulations and best practice guidelines against which informed decisions should be measured and carefully weighed." One similarity noted in the report was that "in all the markets covered by the study, a failure to grant a discharge from liability does not have an immediate effect on the liability of directors, but merely leaves the possibility open for the company to initiate an action for liability."

INVESTOR PROTECTIONS

Investor protections encompass voting items that impact the ability of shareowners to access information needed to make prudent decisions about ownership and to exercise their rights to influence the board, election processes, and governance structure of the company. These items fall into categories relating to audits, disclosures, anti-takeover defenses and vote-related mechanisms. SBA is committed to strong investor rights across all of these domains and will exercise our votes to protect and strengthen the rights of shareowners in these crucial areas.

While SBA is deferential to the company and board on many issues affecting the operations of the firm whenever prudent, we are not deferential when it comes to the ability to exercise shareowner responsibilities, which includes monitoring the firm and the board of directors and acting to support change when it is warranted. We require and therefore will support strong audit functioning and detailed disclosures in a variety of areas. Strong investor rights, as well as policies that do not allow board entrenchment, are necessary for investors to protect share value.

Auditors

RATIFICATION OF AUDITORS: CASE-BY-CASE

Most major companies around the world use one of the major international auditing firms to conduct their audits. As such, concerns about the quality and objectivity of the audit are typically minimal, and the reappointment of the auditor is usually a routine matter. In the United States, companies are not legally required to allow shareowners to ratify the selection of auditors; however, a growing number are doing so. Typically, proxy statements disclose the name of the company's auditor and state that the board is responsible for selection of the firm.

The auditor's role in safeguarding investor interests is critical. Independent auditors have an important public trust, for it is the auditor's impartial and professional opinion that assures investors that a company's financial statements are accurate.³² Therefore, the practice of auditors providing non-audit services to companies must be closely scrutinized. While large auditors may have internal barriers to ensure that there are no conflicts of interest, an auditor's ability to remain objective becomes questionable when fees paid to the auditor for non-audit services such as management consulting, general bookkeeping, and special situation audits exceed the standard annual audit fees. In addition to ensuring that the auditor is free from conflicts of interest with the company, it is also important to ensure the quality of the work that is being performed.³³

One of the major threats to high quality financial reporting and audit quality is the risk of material financial fraud. Several studies have analyzed the nature, extent and characteristics of fraudulent financial reporting, as well as the negative consequences for investors and management.³⁴ The studies' authors noted that auditing standards place a responsibility on auditors to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud.

SBA generally supports proposals to ratify auditors unless there is reason to believe that the auditing firm has become complacent in its duties or its independence has been compromised.³⁵ SBA believes all publicly held corporations should

³² Hollis Ashbaugh-Skaife, et al, The Effect of SOX Internal Control Deficiencies on Firm Risk and Cost of Equity June 10, 2008.

³³ Joseph Carcello & Chan Li, "Costs and Benefits of Requiring an Engagement Partner Signature: Recent Experience in the United Kingdom," Corporate Governance Center at the University of Tennessee, Working Paper, 2012. This study found that when an audit partner's name is included within the audit report, the quality of the audit increases, along with auditor fees.

³⁴ Mark S. Beasley, Joseph V. Carcello, Dana R. Hermanson, and Terry L. Neal, "An Analysis of Alleged Auditor Deficiencies in SEC Fraud Investigation: 1998-2010," University of Tennessee Corporate Governance Center, May 2013. Also see, Committee of Sponsoring Organizations of the Treadway Commission (COSO), "Fraudulent Financial Reporting: 1998-2007, An Analysis of U.S. Public Companies," 2010.

³⁵ Jonath Stanley, Auburn University, "Is the Audit Fee Disclosure a Leading Indicator of Clients' Business Risk?," American Association of Accountants Quarterly Journal, 2011. For example, non-audit fees, primarily tax and other consulting fees, can exceed audit fee revenue by a large margin, impairing an audit firm's objectivity. This study examined about 5,000 small sized companies over a seven year period and concluded that rising audit fees were a leading indicator for future deterioration in financial performance as measured by firms' return on assets, determined by both earnings and cash flows.

rotate their choice of auditor's periodically. Shareowners should be given the opportunity to review the performance of the auditors annually and ratify the board's selection of an auditor for the coming year.³⁶

The audit committee should oversee the firm's interaction with the external auditor and disclose any non-audit fees completed by the auditor. Audit committees should disclose all factors considered when selecting or reappointing an audit firm, information related to negotiating auditor fees, the tenure of the current external audit firm, and a description of how the audit committee oversees and evaluates the work of their external auditor. Serial or significant restatements are potential indications of a poorly performing auditor, audit committee, or both.

APPOINT INTERNAL STATUTORY AUDITORS (JAPAN, HONG KONG, SOUTH KOREA): FOR

Most votes for auditors in Japan are to approve internal statutory auditors (also known as corporate auditors) rather than external auditors. Statutory auditors have the right to attend board meetings, although not to vote, and the obligation to cooperate with the external auditor and to approve its audit. They are required by law to keep board members informed of the company's activities, but this has become a largely symbolic function. They do not have the ability to remove directors from office. Internal auditors serve for terms of four years, and may be renominated an indefinite number of times. While many investors view statutory auditors in a positive light, they are not substitutes for independent directors.

In Japan, at least half of internal auditors must be independent. While companies have complied with the technical requirements of the law, many have ignored its spirit. It is in shareowners' interests to improve the audit and oversight functions in Japan and to increase the accountability of companies to shareowners. Therefore, the SBA will not support internal auditors specified as independent but with a past affiliation with the company. When a statutory auditor attends fewer than 75 percent of board and auditor meetings, without a reasonable excuse, the SBA will generally vote against the auditor's appointment.

In other capital markets, such as South Korea, proposals seeking shareowner approval for statutory auditors' fees are not controversial. Generally, management should disclose details of all fees paid to statutory auditors well in advance of the meeting date so that shareowners can make informed decisions about statutory auditor remuneration requests. In any market, SBA may vote against the appointment of the auditor if necessary information about the auditors and fees has not been appropriately disclosed.

REMOVE/ACCEPT RESIGNATION OF AUDITORS: CASE-BY-CASE

SBA seeks to ensure auditors have not been pressured to resign in retaliation for their opinions or for providing full disclosure.

AUDITOR INDEMNIFICATION AND LIMITATION OF LIABILITY: CASE-BY-CASE

Auditor indemnification and limitation of liability are evaluated on an individual basis. Factors to be assessed by the SBA include:

- the terms of the auditor agreement and degree to which it impacts shareowners' rights;
- motivation and rationale for establishing the agreements;
- quality of disclosure; and
- historical practices in the audit area.

³⁶ Under Rule 10A-3(b)(2) of the Securities Exchange Act of 1934, as amended, the audit committee, "must be directly responsible for the appointment, compensation, retention and oversight," of the independent auditor. Section 303A.06 of the New York Stock Exchange Listed Company Manual requires that the audit committees of its listed companies satisfy the requirements of Rule 10A-3. As a result of these requirements, audit committee charters normally include the responsibility for and total discretion to select, evaluate, compensate and oversee the work of any registered public accounting firm engaged in preparing or issuing audit report(s).

SBA will consider voting against auditor ratification if the auditor engagement contract includes provisions for alternative dispute resolution, liability caps, and caps on punitive damages (or the exclusion of punitive damages). Such limitations on liability and indemnification shift the risk from the auditor to the company, and therefore, the shareowners. The staff of the Securities and Exchange Commission (SEC) has stated that it believes caps on punitive damages in audit contracts are not in the public interest and compromises auditor independence.³⁷ SBA will also consider voting against audit committee members if they have diminished the value or independence of the audit, such as when a company has entered into an agreement with its auditor requiring alternative dispute resolution or punitive liability caps.

APPROVE ACCOUNTING TRANSACTIONS (OTHER THAN DIVIDEND): CASE-BY-CASE

In many international markets, proposals to approve accounting transfers are common and are often required to maintain specified balances in accounts as required by relevant market law. Companies are required to keep specific amounts in each of their reserves. Additionally companies may, in some instances, be required by law to present shareowners with a special auditors' report confirming the presence or absence of any non-tax-deductible expenses, as well as the transfer of these to the company's taxable income if applicable. In the absence of any contentious matters, the SBA is generally in favor.

AUDIT FIRM ROTATION, TERM RESTRICTIONS, AND SCOPE OF ENGAGEMENT PROPOSALS: CASE-BY-CASE

These shareowner proposals typically ask companies to adopt practices that are thought to help preserve auditor independence, such as prohibiting the auditor from providing non-audit services or capping the level of non-audit services and/or requiring periodic rotation of the audit firm. These practices are expected to help maintain a neutral and independent auditor by making the auditor's relationship with the company less lucrative.³⁸

While term limits may actually result in higher audit fees, the positive impact would be that a new auditor would periodically provide a fresh look at the company's accounting practices. A practice of term limits also ensures that the audit won't see the company as a never-ending client, and perhaps will be more inclined to flag questionable practices. Despite attracting a lot of attention, mandatory audit rotation has not been required by regulators or by exchange listing standards. ³⁹ SBA weighs the aspects of the individual situation and proposal terms when making voting decisions concerning audit rotation, considering the length of tenure for the auditor, the level of audit and non-audit fees, and the history of audit quality. A history of restatements or atypical fees increases the likelihood of SBA supporting these proposals. Most companies seek shareowner ratification of the auditor, and the lack of this provision would also increase the likelihood of SBA supporting a reasonable proposal.

Disclosures

COMPANY REPORTS OR DISCLOSURES: CASE-BY-CASE

Often, shareowner proposals do not request that companies take a specific action, but instead simply request information in the form of reports or disclosures on their policies or actions. Disclosure requests cover a variety of topics. SBA considers supporting disclosure requests when there is a reasonable expectation that the information would help investors make better risk assessments and for topics that cover issues that could have a substantial impact on shareowner value. We evaluate the company's existing disclosures on the topic and weigh the benefit from additional disclosures against the

³⁷ U.S. Securities and Exchange Commission, Office of the Chief Accountant: Application of the Commission's Rules on Auditor Independence – Frequently Asked Questions, December 13, 2004.

³⁸ Max H. Bazerman, George Loewenstein, and Don A. Moore, "Why Good Accountants Do Bad Audits." Harvard Business Review, Vol. 80, Issue 11, Nov. 1, 2002.

³⁹ The Conference Board Commission on Public Trust and Private Enterprise, "Corporate Governance: Principles, Recommendations and Specific Best Practice Suggestions." Parts 2 and 3, Jan. 9, 2003. PCAOB Concept Release No. 2011-006. August 16, 2011. http://pcaobus.org/Rules/Rulesmaking/Docket037/Release_2011-006.pdf. Jackson, Modrich, and Roebuck, "Mandatory Audit Firm Rotation and Audit Quality," 2007; Chung, H., "Selective Mandatory Rotation and Audit Quality: An Empirical Investigation of Auditor Designation Policy in Korea," 2004. Also see, Martinez and Reis, "Audit Firm Rotation and Earnings Management in Brazil," 2010.

cost to the company, which includes not just the direct cost of compiling information but potential of disclosing sensitive or competitively-damaging information. For each proposal, the SBA considers whether such information is already publicly provided by the company, and we do not support redundant proposal requests.

Common disclosure requests and SBA's evaluation process:

- Environmental and sustainability—SBA generally supports proposals seeking greater disclosure of a company's environmental practices and contingency plans. We also tend to support greater disclosure of a company's environmental risks and liabilities, as well as company opportunities and strengths in this area.
- Greenhouse gas emissions—Companies are already required by the Securities and Exchange Commission (SEC) to disclose material expected capital expenditures when operating in locales with greenhouse gas emission standards. Companies may also be required to disclose risk factors regarding existing or pending legislation that relates to climate change and assess whether such regulation will likely have any material effect on the company's financial condition or results, the impact of which is not limited to negative consequences but should include new opportunities as well.
- Energy efficiency—SBA considers the current level of disclosure related to energy efficiency policies, initiatives, and performance measures; the company's level of participation in voluntary energy efficiency programs and initiatives; the company's compliance with applicable legislation and/or regulations regarding energy efficiency; and the company's energy efficiency policies and initiatives relative to industry peers.
- Water supply and conservation—Companies should disclose crucial water supply issues, as well as contingency planning to ensure adequate supply for anticipated company demand levels. SBA often supports proposals seeking disclosure of water supply dependency or preparation of a report pertaining to sustainable water supply for company operations.
- Political contributions and expenditure—Companies should disclose the amount and rationales for making donations to political campaigns, political action committees (PACs), and other trade groups or special interest organizations. SBA typically considers the following factors:
 - Recent significant controversy or litigation related to the company's political contributions or governmental affairs;
 - The public availability of a company policy on political contributions and trade association spending, including the types of organizations supported;
 - The business rationale for supporting political organizations; and
 - The board oversight and compliance procedures related to such expenditures of corporate assets.
- Operations in protected or sensitive areas—such operations may expose companies to increased oversight and the potential for associated risk and controversy. The SBA generally supports requests for reports outlining potential environmental damage from operations in protected regions unless operations in the specified regions are not permitted by current laws or regulations, the company does not currently have operations or plans to develop operations in protected regions, or the company provides disclosure on its operations and environmental policies in these regions comparable to industry peers.
- Community impact assessments—Controversies, fines, and litigation can have a significant negative impact on a company's financials, public reputation, and even ability to operate. Companies operating in areas where potential impact is a concern often develop internal controls aimed at mitigating exposure to these risks by enforcing, and in many cases, exceeding local regulations and laws. SBA considers proposals to report on company policies in this area by evaluating the company's current disclosures, industry norms, and the potential impact and severity of risks associated with the company's operations.
- Supply chain risks—Often these proposals seek information for better understanding risks to the company through their materials purchasing and labor practices. For example, allegations of sweatshop labor or child labor can harm sales and reputation, so knowledge of the company's policies for preventing these practices are highly relevant to shareowners. SBA considers the terms of the proposal against the current company disclosures and industry standards, as well as the potential severity of risks.

- Corporate diversity—SBA will generally support requests for additional information and disclosures at companies where diversity across members of the board, management and employees lags those of peers or the population. Board members, management and employees with differing backgrounds, experiences and knowledge will enhance corporate performance.⁴⁰

Anti-takeover Defenses

ADVANCE NOTICE REQUIREMENTS FOR SHAREOWNER PROPOSALS/NOMINATIONS: CASE-BY-CASE

SBA generally supports proposals that allow shareowners to submit proposals as close to the meeting date as reasonably possible and within the broadest window possible. Requests to shrink the window and/or move advance notice deadlines to as early as 150 days or 180 days prior to meetings have been presented by a number of company boards in recent years. Such early deadlines hinder shareowners' ability to make proposals and go beyond what is reasonably required for sufficient board notice. In addition, many companies now request shareowner approval of "second generation advance notice bylaws", which require shareowner nominees to submit company-prepared director questionnaires.⁴¹ While the SBA appreciates increased disclosure of the qualifications of nominees (and incumbents), we disapprove of such requirements if they serve to frustrate shareowner-proposed nominees.

AMEND BYLAWS WITHOUT SHAREOWNER CONSENT: AGAINST

The SBA does not support proposals giving the board exclusive authority to amend the bylaws. We also discourage board members from taking such unilateral actions and may withhold votes from board members that do so. Shareowners should be party to any such decisions, a view supported by Delaware courts where a majority of U.S. firms are domiciled.⁴² If unusual circumstances necessitate such action, at a minimum, unilateral adoption should incorporate a sunset provision or a near-term window for eventual shareowner approval.

RESTRICT LEGAL RECOURSE METHODSEXCLUSIVE FORUM: AGAINST

The SBA generally opposes restrictions on shareowner ability to pursue options of legal recourse. This includes binding or forced arbitration, fee-shifting, and exclusive forum bylaws, derivative claims and to participate in the selection of appropriate venue.⁴³ Standard access to the court system is considered to be a fundamental shareowner right. SBA generally votes against proposals to establish exclusive forum and supports proposals requesting that exclusive forum provisions be ratified by shareowners. SBA will critically examine the company's rationale for limiting shareowners' rights to legal remedy, including choice of venue and any material harm that may have been caused by related litigation outside its jurisdiction of incorporation in making a voting decision.

POISON PILLS: AGAINST

Poison pills used to be the most prevalent takeover defense among S&P 500 companies, but their utilization has steadily declined since 2002. The vast majority of pills were instituted after November 1985, when the Delaware Supreme Court upheld a company's right to adopt a poison pill without shareowner approval in *Moran v. Household International, Inc.* Poison pills are financial devices that, when triggered by potential acquirers, do one or more of the following: (1) dilute

⁴⁰ Carter, David A., D'Souza, Frank, Simkins, Betty J., and Simpson, W. Gary, "The Diversity of Corporate Board Committees and Financial Performance," Oklahoma State University, 2007. Also see, Mijntje Lückers-Rovers, "Women on Board and Firm Performance," April 2010.

⁴¹ Weingarten, Marc and Erin Magnor, "Second Generation Advance Notification Bylaws" Harvard Law School Corporate Governance Forum, March 17, 2009.

⁴² Claudia H. Allen, "Delaware Corporations – Can Delaware Forum Selection Clauses in Charters or Bylaws Keep Litigation in the Court of Chancery?," April 18, 2011. Early adopters of the exclusive forum provision chose to enact bylaw provisions without seeking shareowner approval. However, the *Galaviz v. Berg* decision by the U.S. District Court for Northern California provided that Oracle's exclusive forum provision was unenforceable, in part due to Oracle's failure to bring the provision before shareowners.

⁴³ In a March 2010 opinion, the Delaware Court of Chancery provided an opportunity for any Delaware corporation to establish the Court as the exclusive forum for "intra-entity" corporate disputes, such as claims of breach of fiduciary duty. Such claims have been used to overturn directors' business judgments on mergers, and other matters. Subsequently, a number of U.S. companies have decided to bring the exclusive forum provision to a shareowner vote, and others have amended their charter or by-law provisions.

the acquirer's equity holdings in the target company; (2) dilute the acquirer's voting interests in the target company; or (3) dilute the acquirer's equity holdings in a post-merger company. Generally, poison pills accomplish these tasks by issuing rights or warrants to shareowners that are essentially worthless unless triggered by a hostile acquisition attempt. They are often referred to by the innocuous but misleading name "shareowner rights plans".

The SBA supports proposals asking a company to submit its poison pill for shareowner ratification and generally votes against proposals approving or creating a poison pill. The best defense against hostile takeovers is not necessarily a poison pill, but an effective board making prudent financial and strategic decisions for the company.⁴⁴ SBA will consider voting against board members that adopt or renew a poison pill unless the pill is subject to shareowner ratification within a year of adoption or renewal.

LIMIT WRITTEN CONSENT: CASE-BY-CASE

The SBA votes against proposals to unduly restrict or prohibit shareowners' ability to take action by written consent and supports proposals to allow or make easier shareowner action by written consent. Most states allow shareowners to take direct action such as adopting a shareowner resolution or electing directors through a consent solicitation, which does not involve a physical meeting. Alternatively, consent solicitations can be used to call special meetings and vote on substantive items taking place at the meeting itself.

LIMIT SPECIAL MEETINGS: CASE-BY-CASE

The SBA votes against proposals that unduly restrict or prohibit a shareowner's ability to call special meetings. We generally support proposals that make it easier for shareowners to call special meetings. Most states' corporate statutes allow shareowners to call a special meeting when they want to present certain matters before the next annual meeting. The percentage of shareowner votes required to force the corporation to call the meeting often depends on the particular state's statutes, as does the corporation's ability to limit or deny altogether a shareowner's right to call a special meeting.

SUPERMAJORITY VOTE REQUIREMENTS: AGAINST

The SBA does not support shareowner proposals that require supermajority voting thresholds. Supermajority requirements can be particularly burdensome if combined with a requirement for the vote result to be calculated using the number of shares outstanding (rather than the votes cast). There have been many instances when a company's requirements called for a proposal to be supported by eighty percent of shares outstanding but failed because just under eighty percent of shares outstanding were voted. This can be particularly problematic for resolutions to approve mergers and other significant business combinations. Voting results should simply be determined by a majority vote of the disinterested shares.⁴⁵ SBA supports simple majority voting requirements based on shares voted for the passage of any resolution, ordinary or extraordinary, and regardless of whether proposed by management or shareowners.

ADOPT SUPERVOTING RIGHTS ("TIME-PHASED VOTING"): AGAINST

Time-phased voting involves the granting of super-voting rights to shareowners who have held their stock for some specified period of time, commonly for a period of 3-5 years.⁴⁶ The practice is intended to be a reward for long-term shareowners and to make the votes of entities with a short-term focus relatively less effective. However, differential voting rights distort the commensurate relationship between ownership and voting power, and however well-intentioned, the practice

⁴⁴ Srinidhi, Bin and Sen, Kaustav, "Effect of Poison Pills on Value Relevance of Earnings."

⁴⁵ Ravid, S. Abraham and Matthew I. Spiegel, "Toehold Strategies, Takeover Laws and Rival Bidders." *Journal of Banking and Finance*, Vol. 23, No. 8, 1999, pp. 1219-1242.

⁴⁶ Under SEC Rule 19c-4, firms are generally prohibited from utilizing several forms of stock that deviate from a one-share, one-vote standard. Such instances include tracking stocks, different stock classes with asymmetric voting rights (e.g. dual class shares), shares with time-phased voting rights as well as shares of stock with capped voting or even no rights whatsoever. However, under an amendment to the Rule made in 1994, most U.S. companies are exempted from such restrictions under particular circumstances.

ultimately risks harm to companies and their shareowners. By undermining the fundamental connection between voting power and economic interest, it increases risk to investors rather than reducing it. Further, it creates murkiness in the voting process where transparency is already lacking. While we value our right to vote and at times would even have increased rights under such a policy as a long-term owner, we do not wish to subvert the economic process for our own benefit, and we are concerned the practice has potential for significant harm and abuse. We do not endorse any practice that undermines the fundamental link between ownership and determination: one share, one vote.

LIMIT VOTING RIGHTS: AGAINST

The SBA supports maximization of shareowners' voting rights at corporations. Any attempts to restrict or impair shareowner-voting rights, such as caps on voting rights, holding period requirements, and restrictions to call special meetings, will be opposed.

ABSTENTION VOTING TABULATION: CASE-BY-CASE

Abstentions should count for quorum purposes but should be excluded from voting statistics reporting percentages for and against. Some companies request to count abstentions in with against votes when reporting tabulations. This practice makes for inaccurate voting statistics and defies the intentions of the shareowners casting their votes. We strongly support abstention tabulation for matters of quorum satisfaction only.

TABULATING VOTES: CASE-BY-CASE

The SBA supports proposals that allow for independent third parties to examine and tabulate ballots. We support practices of end-to-end vote confirmation for accuracy and security in casting votes.

ESTABLISH A DISTINCTION FAVORING REGISTERED HOLDERS/BENEFICIAL HOLDERS: AGAINST

An extremely small and shrinking percentage of shareowners hold shares in registered form, nearing only one percent of shares outstanding. SBA does not believe any preference or distinction in ownership holding mechanism is necessary or useful. We oppose the adoption of any policy using distinctions among shareowners based on how shares are held.

CORPORATE STRUCTURE

These proposals seek to make some change in the corporate structure and are often operational in nature. In every case, SBA makes a decision by considering the impact of the change on the financial value and health of the company, as well as its impact on shareowner rights.

These proposals include corporate restructurings, capital structure changes, changes to the articles of incorporation and other various operational items. While many of these proposals are considered to be routine, they are not inconsequential. Some have profound impact on shareowner value and rights. Shareowners should have the opportunity to approve any issuance of shares or securities that carry equity-like claims or rights. Furthermore, companies may bundle non-routine items with routine items in an attempt to obtain a more favorable outcome, so the SBA must examine these proposals on a case-by-case basis. SBA may vote against bundled items in any case if the bundle includes highly negative components.

MERGERS/ACQUISITIONS/SPINOFFS: CASE-BY-CASE

SBA evaluates these proposals based on the economic merits of the proposal and anticipated synergies or advantages. We also consider opinions of financial advisors. Support for the proposal may be mitigated by potential conflicts between management's interests and those of shareowners and negative impacts on corporate governance and shareowner rights. The SBA may oppose the proposal if there is a significant lack of information in order to make an informed voting decision.

For any proposal, the following items are evaluated:

- Economic merits and anticipated synergies;
- Independence of board, or special committee, recommending the transaction;
- Process for identifying, selecting, and negotiating with partners;
- Independence of financial advisor and financial opinion for the transaction;
- Tax and regulatory impacts;
- Corporate governance changes; and
- Aggregate valuation of the proposal.

APPRAISAL RIGHTS: FOR

SBA generally supports proposals to restore or provide shareowners with rights of appraisal. In many states, mergers and other corporate restructuring transactions are subject to appraisal rights. Rights of appraisal provide shareowners who are not satisfied with the terms of certain corporate transactions the right to demand a judicial review to determine a fair value for their shares. If a majority of shareowners approve a given transaction, the exercise of appraisal rights by a minority of shareowners will not necessarily prevent the transaction from taking place. Therefore, assuming that a small minority of shareowners succeed in obtaining what they believe is a fair value, appraisal rights may benefit all shareowners. If enough shareowners dissented and if the courts found a transaction's terms were unfair, such rights could prevent a transaction that other shareowners had already approved.

ASSET PURCHASES/SALES: CASE-BY-CASE

Boards may propose a shareowner vote on the sale or purchase of significant assets; sometimes these proposals are part of a strategy shift driven by changes in the marketplace, problematic corporate performance, or activist-investor campaigns. The SBA evaluates asset purchase proposals on a case-by-case basis, considering the following factors:

- Transaction price;
- Fairness opinion;
- Financial and strategic benefits;

- Impact on the balance sheet and working capital;
- The negotiation history and process;
- Conflicts of interest;
- Other alternatives for the business; and
- Non-completion risk.

APPROVE REORGANIZATION OF DIVISION OR DEPARTMENT/ARRANGEMENT SCHEME, LIQUIDATION: CASE-BY-CASE

Resolutions approving corporate reorganizations or restructurings range from the routine shuffling of subsidiaries within a group to major rescue programs for ailing companies. Such resolutions are usually supported unless there are clear conflicts of interest among the various parties or negative impact on shareowners' rights. In the case of routine reorganizations of assets or subsidiaries within a group, the primary focus with the proposed changes is to ensure that shareowner value is being preserved, including the impact of the reorganization on the control of group assets, final ownership structure, relative voting power of existing shareowners if the share capital is being adjusted, and the expected benefits arising from the changes.

Options are far more limited in the case of a distress restructuring of a company or group as shareowners often have few choices and little time. In most of these instances, the company has a negative asset value, and shareowners would have no value remaining after liquidation. SBA seeks to ensure that the degree of dilution proposed is consistent with the claims of outside parties and is commensurate with the relative commitments of other company shareowners.

APPROVE SPECIAL PURPOSE ACQUISITION COMPANY (SPAC) TRANSACTION: CASE-BY-CASE

A SPAC is a pooled investment vehicle designed to invest in private-equity type transactions, particularly leveraged buy-outs. SPACs are shell companies that have no operations at the time of their initial public offering, but are intended to merge with or acquire other companies. Most SPACs grant shareowners voting rights to approve proposed business combinations. SBA evaluates these proposals based on their financial impact as well as their impact on shareowners' ability to maintain and exercise their rights.

FORMATION OF HOLDING COMPANY: CASE-BY-CASE

The SBA evaluates proposals to create a parent holding company on a case-by-case basis, considering the rationale for the change, any financial, regulatory or tax benefits, and impact on capital and ownership structure. SBA may vote against proposals that result in increases in common or preferred stock in excess of the allowable maximum or adverse changes in shareowner rights.

APPROVE A "GOING DARK" TRANSACTION: CASE-BY-CASE

Deregistrations, or "going-dark" transactions, occur rarely, whereby companies cease SEC reporting but continue to trade publicly. Such transactions are intended to reduce the number of shareowners below three hundred and are typically achieved either by a reverse stock split (at a very high ratio with fractional shares resulting from the reverse split being cashed out), by a reverse/forward stock split (with fractional shares resulting from the reverse split being cashed out), or through a cash buyout of shares from shareowners owning less than a designated number of shares (tender offer or odd-lot stock repurchase). Such transactions allow listed companies to de-list from their particular stock exchange and to terminate the registration of their common stock under the Securities & Exchange Act of 1934, so that, among other things, they do not have to comply with the requirements of the Sarbanes-Oxley Act of 2002.⁴⁷ Companies seeking this approval

⁴⁷ "Why Do Firms Go Dark? Causes and Economic Consequences of Voluntary SEC Deregistrations," Christian Leuz, Alexander Triantis and Tracy Wang, Finance Working Paper Number 155/2007, European Corporate Governance Institute, March 2008.

tend to be smaller capitalization firms and those with lower quality financial accounting. SBA would consider the impact of the lack of disclosure and oversight and loss of liquidity and shareowner rights in making a decision.

LEVERAGED BUYOUT (LBO): CASE-BY-CASE

A leveraged buyout is a takeover of a company using borrowed funds, normally by management or a group of investors. Most often, the target company's assets serve as security for the loan taken out by the acquiring firm, which repays the loan out of cash flow of the acquired company. SBA may support LBOs when shareowners receive a fair value including an appropriate premium over the current market value of their shares.

When the acquirer is a controlling shareowner, legal rulings have imposed a higher standard of review to ensure that this type of transaction, referred to as an entire fairness review, is fair to existing shareowners. Typically, investor protections include review by an independent committee of the board and/or approval by a majority of the remaining shareowners. Whether a buyout is pursued by a controlling shareowner can impact the valuation and premiums, with one study finding that buyouts in which an independent committee reviewed the deal terms produced 14 percent higher average premiums for investors.⁴⁸ However, deals requiring majority-of-the-minority ratification did not significantly impact the level of premium paid to investors. Researchers found that the size of the premium paid changed depending on who initiated the transaction, with significantly lower premiums associated with deals initiated by management. As well, the study's findings mimic other empirical evidence demonstrating that 'go-shop' provisions, whereby additional bidders are solicited, were ineffective and may be used to camouflage under-valued management buyouts.⁴⁹

NET OPERATING LOSS CARRY-FORWARD (NOL) & ACQUISITION RESTRICTIONS: CASE-BY-CASE

Companies may seek approval of amendments to their certificate of incorporation intended to restrict certain acquisitions of its common stock in order to preserve net operating loss carry-forwards (or "NOLs"). NOLs can represent a significant asset for the company, one that can be effective at reducing future taxable income. Section 382 of the Internal Revenue Code of 1986 imposes limitations on the future use of the company's NOLs if the company undergoes an ownership change; therefore, some companies seek to limit certain transactions by adopting ownership limits. Firms often utilize a shareowner rights plan (poison pill) in conjunction with NOL-oriented acquisition restrictions.

While stock ownership limitations may allow the company to maximize use of its NOLs to offset future income, they may significantly restrict certain shareowners from increasing their ownership stake in the company. Such ownership limitations can be viewed as an anti-takeover device. Though these restrictions on shareowners are undesirable, SBA often supports proposals when firms seek restrictions solely in order to protect NOLs. We review the company's corporate governance structure and other control protections in conjunction with the proposal and weigh the negative impact of the restrictions against the financial value of the NOLs (relative to the firm's market capitalization) in making a decision.

CHANGE OF CORPORATE FORM (GERMANY, AUSTRALIA, NEW ZEALAND): CASE-BY-CASE

This proposal seeks shareowner approval to convert the company from one corporate form to another. Examples of different corporate forms include: Inc., LLP, PLP, LLC, AG, SE. The SBA generally votes FOR such proposals, unless there are concerns with the motivation or financial impact of a change to firm's corporate structure.

Capital Structure

⁴⁸ Matthew Cain, and Steven Davidoff, "Form Over Substance? The Value of Corporate Process and Management Buyouts," August 2010.

⁴⁹ Adonis Antoniadis, Charles Calomiris, and Donna M Hitscherich, "No Free Shop: Why Target Companies in MBOs and Private Equity Transactions Sometimes Choose Not to Buy 'Go-Shop' Options," November 2013; Guhan Subramanian, "Go-Shops vs. No-Shops in Private Equity Deals: Evidence and Implications," The Business Lawyer, Volume 63, May 2008.

CHANGE AUTHORIZED SHARE CAPITAL: CASE-BY-CASE

The SBA generally supports authorized share capital increases up to 100 percent of the current number of outstanding shares. We will consider additional increases if management demonstrates a reasonable use. It is important that publicly-held corporations have authorization for shares needed for ordinary business purposes, including raising new capital, funding reasonable executive compensation programs, business acquisitions, and facilitating stock splits and stock dividends. Increases beyond 100 percent of the current number of outstanding shares will be carefully scrutinized to ensure its use will benefit shareowners. We apply a stricter standard if the company has not stated a use for the additional shares or has significant levels of previously authorized shares still available for issue. Proposals that include shares with unequal voting rights will likely be opposed.

In the case of rights offerings, SBA considers the dilution and extent to which issued rights may be subscribed, both by SBA individually and other shareowners collectively, and how that may affect or adversely concentrate the level of control if a large single shareowner exists.

Proposals to reduce authorized share capital can result from a variety of corporate actions, ranging from routine accounting measures to reductions pertaining to a significant corporate restructuring in the face of bankruptcy. These proposals can vary significantly from market to market as a result of local laws and accounting standards. In all instances, the SBA considers whether the reduction in authorized share capital is for legitimate corporate purposes and not to be used as an anti-takeover tactic.

STOCK SPLIT OR REVERSE STOCK SPLIT: FOR

Typically SBA supports reasonable proposals for stock splits or reverse stock splits. These proposals often seek to scale back the cost of each share into what is traditionally thought of as a comfortable price and trading zone, which seeks to influence the psychology of the market's perception of price more than anything else. Reverse stock splits may be requested to ensure a company's shares will not be subject to delisting by their exchange's standards, often following a significant negative shock to the share price.

DUAL CLASS STOCK AUTHORIZATION: AGAINST

SBA opposes dual-class share structures. The one share, one vote principle is essential to proper functioning of capitalism; dual class shares distort the commensurate relationship between economic interest and voting power and ultimately risk harm to companies and their shareowners.⁵⁰ A number of academic studies have documented an array of value-destroying effects stemming directly from dual class share structures.⁵¹ SBA will support proposals asking companies to move away from dual class structures. SBA may withhold votes or cast votes against the election of directors in cases where a company completes an IPO with a dual or multi-class share structure without a reasonable sunset provision on the unequal voting rights.

⁵⁰ Bebchuk, Lucian Arye, Kraakman, Reinier H. and Triantis, George G., "Stock Pyramids, Cross-Ownership, and Dual Class Equity: The Creation and Agency Costs of Separating Control from Cash Flow Rights". As published in CONCENTRATED CORPORATE OWNERSHIP, R. Morck, Ed., pp. 445-460, 2000 Available at SSRN: <http://ssrn.com/abstract=147590>. Masulis, Ronald W., Wang, Cong and Xie, Fei, "Agency Problems at Dual-Class Companies" (November 12, 2006). Available at SSRN: <http://ssrn.com/abstract=961158>. Tinaikar, Surjit, "The Voluntary Disclosure Effects of Separating Control Rights from Cash Flow Rights" (November 2006). Available at SSRN: <http://ssrn.com/abstract=951547>.

⁵¹ Kastiel, Kobi, "Executive Compensation in Controlled Companies," Harvard Law School Working Paper, October 2014. Claessens, Stijn & Fan, Joseph P.H. & Lang, Larry, 2002. "The Benefits and Costs of Group Affiliation: Evidence from East Asia," CEPR Discussion Papers 3364, C.E.P.R. Discussion Papers, revised. Bennedsen, Morten and Nielsen, Kasper Meisner, "The Principle of Proportional Ownership, Investor Protection and Firm Value in Western Europe" (October 2006). ECGI - Finance Working Paper No. 134/2006 Available at SSRN: <http://ssrn.com/abstract=941054>. Gompers, Paul A., Ishii, Joy L. and Metrick, Andrew, "Extreme Governance: An Analysis of Dual-Class Companies in the United States" (May 1, 2008). AFA 2005 Philadelphia Meetings Available at SSRN: <http://ssrn.com/abstract=562511> or DOI: 10.2139/ssrn.562511. Cremers, Martijn and Allen Ferrell, "Thirty Years of Corporate Governance: Firms Valuation & Stock Returns" (September 2009). Yale ICF Working Paper No. 09-09. Available at <http://ssrn.com/abstract=1279650>. Puttonen, Vesa, Ikaheimo, Seppo and Ratilainen, Tuomas, "External Corporate Governance and Performance - Evidence from the Nordic Countries" (January 30, 2007) Available at SSRN: <http://ssrn.com/abstract=960431>. Jiraporn, Pornsit, 2005, "An Empirical Analysis of Corporate Takeover Defenses and Earnings Management: Evidence from the U.S.", Applied financial Economics (University of Warwick, U.K.), Vol. 15, No. 5, pp. 293-303. Li, Kai, Ortiz-Molina, Hernan and Zhao, Shelly, "Do Voting Rights Affect Institutional Investment Decisions? Evidence from Dual-Class Firms" (November 2007). Available at SSRN: <http://ssrn.com/abstract=950295>. Dimitrov, Valentin and Jain, Prem C., "Recapitalization of One Class of Common Stock into Dual-class: Growth and Long-run Stock Returns" (September 1, 2004). Available at SSRN: <http://ssrn.com/abstract=422080> or DOI: 10.2139/ssrn.422080.

APPROVE GENERAL SHARE ISSUANCE WITH PRE-EMPTIVE RIGHTS: CASE-BY-CASE

General issuance requests under both authorized and conditional capital systems allow companies to issue shares to raise funds for general financing purposes. Approval of such requests gives companies sufficient flexibility to carry out ordinary business activities without having to bear the expense of calling shareowner meetings for every issuance. Pre-emptive rights guarantee current shareowners the first opportunity to purchase shares of new issuances of stock in the class they own in an amount proportional to the percentage of the class they already own. SBA generally supports issuance requests with pre-emptive rights when the amount of shares requested is less than the unissued ordinary share capital or one-third of the issued ordinary share capital. Issuance authority should be limited to a five year timeframe. SBA also considers the issue price and any potential pricing discounts, as well as past issuance practices at the company, in judging the appropriateness of the terms and potential for misuse (such as granting large blocks at a discount to a third party). If insufficient information is disclosed about the issuance and conditions of its implementation, SBA may vote against authorization. Proposals that include shares with unequal voting rights will likely be opposed.

APPROVE GENERAL SHARE ISSUANCE WITHOUT PREEMPTIVE RIGHTS: CASE-BY-CASE

Companies may need the ability to raise funds for routine business contingencies without the expense of carrying out a rights issue. Such contingencies include, but are not limited to, facilitating stock compensation plans, small acquisitions, or payment for services. Recognizing that shareowners suffer dilution as a result of issuances, authorizations should be limited to a fixed number of shares or a percentage of capital at the time of issuance. The SBA generally supports issuance requests without pre-emptive rights up to a maximum of 20 percent above current levels of issued capital. Proposals that include shares with unequal voting rights will likely be opposed.

APPROVE ISSUE OF PREFERRED SHARES: CASE-BY-CASE

“Preferred share” typically refers to a class of stock that provides preferred dividend distributions and preferred liquidation rights as compared to common stock; however, preferred shares typically do not carry voting rights. SBA typically votes against preferred share issues that carry voting rights, include conversion rights, or have “blank check” ability. We typically support issuances without conversion or voting rights when the company demonstrates legitimate financial needs.

Blank check preferred stock gives the board of directors the power to issue shares of preferred stock at their discretion, with voting, conversion, distribution, and other rights set by the board at the time of issuance. Blank check preferred stock can be used for sound corporate purposes like raising capital, stock acquisition, employee compensation, or stock splits or dividends. However, blank check preferred stock is also suited for use as an entrenchment device. The company could find a “white knight,” sell the knight a large block of shares, and defeat any possible takeover attempt. With such discretion outside the control of common stock shareowners, the SBA typically opposes any proposals to issue blank check preferred stock.

RESTRUCTURE/RECAPITALIZE: CASE-BY-CASE

These proposals deal with the alteration of a corporation’s capital structure, such as an exchange of bonds for stock. The SBA is in favor of recapitalizations when our overall investment position is protected during the restructuring process.

TARGETED SHARE PLACEMENT: CASE-BY-CASE

SBA typically supports shareowner proposals requesting that companies first obtain shareowner authorization before issuing voting stock, warrants, rights or other securities convertible into voting stock, to any person or group, unless the voting rights at stake in the placement represent less than 5 percent of existing voting rights.

SHARE REPURCHASE: CASE-BY-CASE

When a company has excess cash, SBA's preferred method for distributing it to shareowners is through adopting a quarterly dividend. Dividends are an effective means for returning cash and serve as an important signal to the market of earnings stability. Because dividend adoptions and subsequent changes are scrutinized carefully, they serve as an important marker of a company's commitment to return cash to shareowners. Repurchases on the other hand require no commitment to ongoing return of profits to shareowners. Repurchased shares often end up being granted to executives as part of stock compensation packages; this common use of cash is in actuality paying compensation and not a form of profit return to owners. Because of this, SBA strongly prefers dividend adoption over share repurchases. We support repurchases only in cases of unusual cash accumulation, such as from a divestiture of assets. Cash flows from operations that have an expected long-term generation pattern should be committed to owners through quarterly dividends. Repurchases are also supported if the rationale is that management believes the stock is undervalued. Companies should not commit to long term repurchases at any market price; evidence shows that many companies tend to repurchase shares at market-highs with these plans and generally buy at inopportune times.

DECLARE DIVIDENDS: FOR

Declaring a dividend is a preferred use of cash and method of releasing profits to shareowners. SBA generally supports dividend declarations unless the pay-out is unreasonably low or the dividends are not sustainable by reserves and cash flow. Pay-outs less than 30 percent of net income for most markets are considered low.

TRACKING STOCK: CASE-BY-CASE

The SBA closely examines the issuance of tracking stock shares, particularly corporate governance rights attached to those shares. Normally, tracking stock is a separate class of common stock that "tracks" the performance of an individual business of a company. Tracking stock represents an equity claim on the cash flows of the tracked business as opposed to legal ownership of the company's assets. Tracking stock is generally created through a charter amendment and provides for different classes of common stock, subject to shareowner approval. Due to their unique equity structure, we examine closely all of the following issues when determining our support for such proposals: corporate governance features of tracking stock (including voting rights, if any), distribution method (share dividend or initial public offering), conversion terms and structure of stock-option plans tied to tracking stock.

APPROVE ISSUE OF BONDS, DEBENTURES, AND OTHER DEBT INSTRUMENTS: FOR

Generally, SBA supports debt issuance of reasonable amounts for the purpose of financing future growth and corporate needs. Debt issues may also add a beneficial monitoring component, making managers more accountable for corporate performance because if the company does not perform well financially, the company may not be able to meet its financial obligations. Studies have also examined the relationship between firms' capital structure and the quality of their corporate governance mechanisms, confirming that corporations use debt in place of corporate governance tools.⁵² While the SBA recognizes the need to employ various tools to minimize agency costs and align management interests with shareowner interests, corporations must not abdicate their corporate governance duties by expanding leverage.

When companies seek to issue convertible debt or debt with warrants, SBA considers the impact of the potential conversion on existing shareowners' rights when making a decision. We may also support limits on conversion rights to prevent significant dilution of SBA's ownership.

⁵² Marquardt, Carol, "Managing EPS Through Accelerated Share Repurchases: Compensation Versus Capital Market Incentives." Baruch College-CUNY, September 2007.

PRIVATE PLACEMENTS: CASE-BY-CASE

Private placement is a method of raising capital through the sale of securities to a relatively small number of investors rather than a public offering. Investors involved in private placement offerings typically include large banks, mutual funds, insurance companies and pension funds.

Because the private placement is offered to a limited number of investors, detailed financial information is not always disclosed and the need for a prospectus is waived. Moreover, in the United States, the authority does not have to be registered with the Securities and Exchange Commission.

The SBA evaluates private placements on a case-by-case basis, voting against if the private placement contains extraordinary voting rights or if it may be used in some other way as an anti-takeover defense.

Operational Items

ADJOURN MEETING: CASE-BY-CASE

SBA generally votes against proposals to provide management with the authority to adjourn an annual or special meeting absent compelling reasons to support the proposal. The SBA may support proposals that relate specifically to soliciting votes for a merger or transaction if we support that merger or transaction.

TRANSACT OTHER BUSINESS: AGAINST

This proposal provides a forum for addressing resolutions that may be brought up at the annual shareowner meeting. In most countries, the item is a formality and does not require a shareowner vote, but companies in certain countries include permission to transact other business as a voting item. This discretion is overly broad, and it is against the best interest of shareowners to give directors unbound permission to make corporate decisions without broad shareowner approval. Because most shareowners vote by proxy and would not know what issues will be raised under this item, SBA does not support this proposal.

AMEND SHAREOWNERS' MEETING QUORUM REQUIREMENTS: CASE-BY-CASE

SBA supports quorums of a simple majority. We do not support super-majority quorum requirements.

AMEND BYLAWS OR ARTICLES OF ASSOCIATION: CASE-BY-CASE

The SBA considers the merits of the proposed amendment and its potential impact on shareowner rights and value. Different amendments should not be presented in a bundled format, which would prevent shareowners from making individual decisions on each provision. We may not support a bundled proposal that contains a mix of desirable and undesirable features.

NAME CHANGE: FOR

Changing a company's name is a major step that has likely gone through extensive management consideration and/or marketing research. SBA generally supports these proposals.

RECEIVE/APPROVE/AMEND REPORTS AND AUDITED ACCOUNTS FOR PREVIOUS FINANCIAL REPORTING PERIODS: CASE-BY-CASE

Generally, SBA supports these proposals unless we are aware of serious concerns about the accounting principles used or doubt the integrity of the company's auditor. Annual audits of a firm's financial statements should be mandatory and carried out by an independent auditor.

CHANGE METHOD OF PREPARING ACCOUNTS/DISTRIBUTING FINANCIAL STATEMENTS TO SHAREOWNERS: CASE-BY-CASE

If the changes have been instituted by a nationwide regulation, they will be approved. Otherwise, they will be carefully scrutinized to ensure they are not damaging to our interests. For instance, managers may seek to reclassify accounts to enhance their perceived performance. If this is the case, then managers may earn more in performance-based compensation without adding actual value to the firm.

ADOPT OR CHANGE STAKE DISCLOSURE REQUIREMENT(S): CASE-BY-CASE

Proposals may be submitted to conform to recent changes in home market disclosure laws or other regulations. However, proposed levels that are below typical market standards are often only a pretext for an anti-takeover defense. Low disclosure levels may require a greater number of shareowners to disclose their ownership, causing a greater burden to shareowners and to the company. Positions of more than five percent are significant, however, and would be supported by SBA.

ACCESS TO PRELIMINARY VOTING TABULATIONS CONCERNING SHAREOWNER PROPOSALS: CASE-BY-CASE

The SBA supports equal access by management and shareowner proponents to preliminary voting results of shareowner proposals. Some proponents are concerned that companies may receive preliminary voting results and use the information to target shareowner engagement at a disadvantage to the proponent. Generally, the SBA will not support restricting access to this voting data to either party. Some proposals seek to restrict access while others may seek to place conditions on using the information.

RESTRICT INTER-SHAREOWNER COMMUNICATIONS: AGAINST

The ability to dialogue assists shareowners in seeing each other's perspective and helps owners exercise their rights in a free, capitalist market. SBA would not typically support restrictions beyond those of market regulators. In U.S. markets, the SEC has established enforceable guidelines that govern communications from shareowners or other parties for the purposes of soliciting proxies or pursuing corporate takeover measures.

CHANGE DATE OF FISCAL YEAR-END: FOR

Companies may seek shareowner approval to change their fiscal year end. Most countries require companies to hold their annual shareowners meeting within a certain period of time after the close of the fiscal year. While the SBA typically supports this routine proposal, opposition may be considered in cases where the company is seeking the change solely to postpone its annual meeting.

AUTHORIZE DIRECTORS TO MAKE APPLICATION FOR ONE OR MORE EXCHANGE LISTINGS: FOR

SBA generally supports proposals to authorize secondary share listings, absent evidence that important shareowner rights will not be harmed or restricted to an unreasonable extent. Secondary listings may provide additional funding in other capital markets and/or increase share liquidity.

SET OR CHANGE DATE OR PLACE OF ANNUAL MEETING: FOR

Flexibility is necessary in time and location of board meetings. As such, the SBA typically supports proposals that provide reasonable discretion to the board for scheduling a shareowner meeting. SBA would not support changes if their impact is expected to inhibit participation by shareowners.

CHANGE/SET PROCEDURE FOR CALLING BOARD MEETINGS: CASE-BY-CASE

The SBA embraces full disclosure regarding the procedures for calling board meetings. Therefore, we typically vote FOR improvements in these procedures and the disclosure of these procedures.

ALLOW DIRECTORS TO VOTE ON MATTERS IN WHICH THEY ARE INTERESTED: CASE-BY-CASE

Generally, SBA does not support these proposals unless it is shown that the directors' interests are not material or the proposal conforms to federal regulations or stock exchange requirements.

CHANGE QUORUM REQUIREMENT FOR BOARD MEETINGS: CASE-BY-CASE

SBA may support reasonable changes in quorum requirements for board meetings. We would not support a quorum of less than fifty percent.

REINCORPORATION TO A DIFFERENT STATE: CASE-BY-CASE

Corporations may change the state in which they are incorporated as a way of changing minimum or mandatory governance provisions. A corporation having no business contacts or connections in a state may nonetheless choose that state as its place of incorporation and that state's laws will determine certain aspects of its internal governance structure. The ability of corporations to choose their legal domicile has led many states to compete for revenue from corporate fees and taxes by enacting management-friendly incorporation codes. This competition has encouraged states to support an array of anti-takeover devices and provide wide latitude in restricting the rights of shareowners.

Many companies changed their state of incorporation to Delaware since the 1980s because they viewed it as having a predictable and favorable legal climate for management. In 2007, North Dakota changed its laws of incorporation in an effort to create an environment of corporate governance best practices and strong shareowner rights. SBA will support proposals to shift the state of incorporation to states with net improvements in shareowner protections; however, the opportunity to increase shareowner rights will be weighed against the costs and potential disruption of changing the state of incorporation.⁵³

OFFSHORE REINCORPORATION: CASE-BY-CASE

In some circumstances the costs of a corporation's reincorporation may outweigh the benefits, primarily tax and other financial advantages. Reincorporation can also result in the loss of shareowner rights, financial penalties, future detrimental tax treatment, litigation, or lost business. The SBA evaluates reincorporation proposals by examining the economic costs and benefits and comparing governance and regulatory provisions between the locations.

CONTROL SHARE ACQUISITION PROVISIONS: CASE-BY-CASE

⁵³ Subramanian, Guhan, "The Influence of Anti-takeover Statutes on Incorporation Choice: Evidence on the 'Race' Debate and Anti-takeover Overreaching." Harvard NOM Research Paper No. 01-10, December 2001.

Control share acquisition statutes function by denying shares their voting rights when they contribute to ownership in excess of certain thresholds. Voting rights for those shares exceeding set ownership limits may only be restored by approval of either a majority or supermajority of disinterested shares. Thus, control share acquisition statutes effectively require a hostile bidder to put its offer to a shareowner vote or risk voting disenfranchisement if the bidder continues buying up a large block of shares. SBA supports proposals to opt out of control share acquisition statutes unless doing so would enable the completion of a takeover that would be detrimental to shareowners. SBA opposes proposals to amend the charter to include control share acquisition provisions or limit voting rights.

CONTROL SHARE CASH-OUT PROVISIONS: FOR

Control share cash-out statutes give dissident shareowners the right to “cash-out” of their position in a company at the expense of the shareowner who has taken a control position. When an investor crosses a preset threshold level, the remaining shareowners are given the right to sell their shares to the acquirer, who must buy them at the highest acquiring price. SBA typically supports proposals to opt out of control share cash-out statutes.

OPT-OUT OF DISGORGEMENT PROVISIONS: FOR

Disgorgement provisions require an acquirer or potential acquirer of more than a certain percentage of a company’s stock to disgorge (or pay back) to the company any profits realized from the sale of that company’s stock purchased 24 months before achieving control status. All sales of company stock by the acquirer occurring within a certain period of time (between 18 months and 24 months) prior to the investor’s gaining control status are subject to these recapture-of-profits provisions. SBA supports proposals to opt out of state disgorgement provisions.

ANTI-GREENMAIL: FOR

Greenmail payments are targeted share repurchases by management of company stock from individuals or groups seeking control of the company. They are one of the most wasteful entrenchment devices available to management. Since only the hostile party receives payment, usually at a substantial premium over the market value of his shares, the practice is discriminatory to all other shareowners of the company. With greenmail, management transfers significant sums of corporate cash to one entity for the purpose of fending off a hostile takeover. SBA supports proposals to adopt anti-greenmail charter or bylaw amendments or otherwise restrict a company’s ability to make greenmail payments.

FAIR PRICE AND SIMILAR PROVISIONS IN TWO-TIERED TENDER OFFERS: CASE-BY-CASE

SBA supports proposals to adopt a fair price provision as long as the shareowners’ vote requirement embedded in the provisions is no more than a majority of the disinterested shares. The SBA will vote against all other management fair price proposals. SBA also will typically support shareowner proposals to lower the shareowners’ vote requirement embedded in existing fair price provisions.

FAIR PRICE PROVISION: CASE-BY-CASE

Fair price provisions are a variation on standard supermajority voting requirements for mergers, whereby shareowners vote before a significant business combination can be affected. Fair price provisions add a third option, allowing a bidder to consummate a merger without board approval or a shareowner vote as long as the offer satisfies the price requirements stipulated in the provision. Fair price provisions are normally adopted as amendments to a corporation’s charter. The provisions normally include a super majority lock-in, a clause requiring a super majority shareowner vote to alter or repeal the provisions itself. We typically support management proposals to adopt a fair price provision, as long as the

shareowner vote requirement imbedded in the provision is no more than a majority of the disinterested shares. We generally support shareowner proposals to lower the shareowner vote requirement imbedded in existing fair price provisions.

OPT OUT OF ANTI-TAKEOVER LAW: FOR

The SBA does not support corporations opting into state anti-takeover laws (e.g. Delaware). Such laws may prohibit an acquirer from making a well-financed bid for a target, which provides a premium to shareowners. We support proposals to opt-out of state anti-takeover laws.

APPROVE STAKEHOLDER PROVISIONS: AGAINST

Stakeholder provisions or laws permit directors to weigh the interests of constituencies other than shareowners, including bondholders, employees, creditors, customers, suppliers, the surrounding community, and even society as a whole, in the process of corporate decision making. The SBA does not support proposals for the board to consider non-shareowner constituencies or other nonfinancial effects when evaluating making important corporate decisions, such as a merger or business combination.

Evaluating the impact on non-shareowner constituencies provides a board with an explicit basis, approved by the shareowners, which it may invoke to reject a purchase offer that may be attractive in purely financial terms. Some state laws also allow corporate directors to consider non-financial effects, whether or not the companies have adopted such a charter or bylaw provision. SBA would support proposals to opt-out of such provisions.

COMPENSATION

Compensation is an area that merits particular oversight from investors, as it exemplifies the delicate principal-agent relationship between shareowners and directors. Directors create compensation plans, often with the assistance of compensation consultants, which aim to motivate performance and retain management. Ultimately, it is the shareowners that bear the cost of these plans, and as average compensation packages have climbed steadily in value in recent years, shareowners have concern over the level of pay, the lack of disclosure, the role of compensation advisers, and the loyalty of board members to shareowners' interests over management's. Voting against plans with exorbitant pay or poor design is an important shareowner duty, and engagement with companies on their plans and features is a meaningful way for shareowners to protect value and contribute to oversight of their agents.⁵⁴

ADOPT OR AMEND STOCK AWARD OR OPTION PLAN: CASE-BY-CASE

The SBA supports compensation structures that provide incentives to directors, managers, and other employees by aligning their performance and economic interests with those of the shareowners. Therefore, we evaluate incentive-based compensation plans on reasonableness of the total cost to shareowners and the incentive aspects of the plan, as well as the overall design and transparency of the program.

Stock-based incentive plans should require some financial risk. Proper and full disclosure is essential for shareowners to assess the degree of pay-for-performance inherent in plans. Some companies disclose metrics and thresholds that are inappropriately low and easy to attain; other companies refrain from disclosing metrics and/or thresholds at all. When there is insufficient disclosure on plan metrics and compensation levels appear out of line with peers or problematic pay practices are used, SBA will not support the plan.

For plans to provide proper incentives, executive compensation should be linked directly with the performance of the business. Typically, companies use peer groups when developing compensation packages to make peer-relative assessments of performance. A company's choice of peers can have a significant impact on the ultimate scope and scale of executive compensation, and in many cases, companies set executive compensation at or above the fiftieth percentile of the peer group.⁵⁵ Problematic issuer-developed peer groups may exhibit the following red flags: 1) too many firms listed (more than 15); 2) bias toward "peers" that are substantially larger and/or more profitable;^{56,57} 3) peer groups with unusually high CEO pay, particularly if not direct competitors; 4) groups with too many industries and geographic markets included; and 5) unexplained year-to-year peer group changes. When the basis of compensation uses benchmarks and relative comparisons to an inappropriate peer group selection, SBA is unlikely to support the compensation plan.

When making voting decisions, we look for reasonable compensation levels, both on an absolute basis and relative to peers, alignment between pay and performance, disclosure of performance metrics and thresholds, and fair plan administration practices. We may vote against compensation plans for the following reasons:

- High compensation levels on an absolute or peer-relative basis
- Disconnect between pay and performance
- Poor disclosure of performance metrics, thresholds, and targets
- Heavy reliance on time-based instead of performance-based vesting
- Imbalance between long-term and short-term incentive program payments
- Large guaranteed payments
- "Long-term" plans with overly short performance measurement and payout periods
- Excessive severance or single-trigger change-in-control packages
- Plans that cover non-employee consultants or advisors

⁵⁴ CFA Centre for Financial Market Integrity, "The Compensation of Senior Executives at Listed Companies: A Manual for Investors," 2007.

⁵⁵ Bizjak, M. John, Lemmon, L. Michael, and Naveen, Lalitha. 2000 "Has the Use of Peer Groups Contributed to Higher Pay and Less Efficient Compensation?"

⁵⁶ Faulkender, Michael W. and Yang, Jun, "Inside the Black Box: The Role and Composition of Compensation Peer Groups," (March 15, 2007). AFA 2008 New Orleans Meetings Paper.

⁵⁷ Albuquerque, Ana M., De Franco, Gus and Verdi, Rodrigo S., "Peer Choice in CEO Compensation," (July 21, 2009). Available at SSRN: <http://ssrn.com/abstract=1362047>.

- Inappropriate peer group selections resulting in out-sized or misaligned pay
- Excessive perquisites
- Lack of stock ownership guidelines for executives
- Tax gross-ups, evergreen issues, or option repricing practices are permitted
- Accelerated or unreasonable vesting provisions
- Dividend payments are made or allowed to accrue on unvested or unearned awards
- Lack of an independent compensation committee or egregious consultant practices
- Poor committee response to investor concerns, proposals or engagements, especially insufficient response to recent low vote outcomes on compensation plan items including say-on-pay votes.

ADVISORY VOTE ON EXECUTIVE COMPENSATION: CASE-BY-CASE

Say-on-pay votes are required in several markets, including the U.S., U.K., Australia, the Netherlands, Sweden, Norway, and Spain. These advisory votes allow investors to provide feedback on the administration of a company's pay program, typically on an annual basis (though in some markets, investors of some companies have voted for lesser frequencies of two or three years). Say-on-pay advisory votes add value because investors can seek accountability if the administration of an approved plan proves to be poor. The combination of compensation plan votes and annual say-on-pay advisory votes allow investors to approve the plans and still weigh in on the actual administration of those plans on a regular basis. SBA uses similar criteria for evaluating say-on-pay proposals as detailed in the "Adopt or amend stock incentive plan" guideline.

ADOPT BONUS 162(M) PLAN (U.S.): CASE-BY-CASE

SBA reviews proposals to adopt performance-based cash bonus plans for executives on a case-by-case basis. These plans are put to a shareowner vote to preserve the tax deductibility of compensation in excess of \$1 million for the five most highly compensated executives, pursuant to section 162(m) of the Internal Revenue Code. A vote against these plans does not necessarily prevent the bonus from being paid, but only precludes the ability to take a tax deduction.⁵⁸ SBA will vote against these proposals under any of these conditions: misalignment of pay and performance, lack of defined or acceptable performance criteria, or unlimited or excessively high maximum pay-outs.

ADOPT OR AMEND EMPLOYEE STOCK PURCHASE PLAN: CASE-BY-CASE

Employee stock purchase plans (ESPP) are normally broad-based equity plans that allow employees to purchase stock via regular payroll deductions, often at a reduced price. Equity-based compensation can be a useful tool in aligning the interests of management and employees with those of the shareowners. ESPPs provide low cost financing for corporate stock and can improve employee productivity, both of which should, in theory, lead to increased shareowner value. Numerous studies favorably link ESPPs with improved corporate performance.⁵⁹ SBA considers the plan's salient features, such as use of evergreen provisions, purchase limits/discounts, pay deductions, matching contributions, holding requirements, tax deductibility, the size and cost of the plan, as well as the company's overall use of equity compensation, in making voting decisions. The plan is generally accepted if the combined amount of equity used across all programs is deemed reasonable.

LINKING PAY WITH PERFORMANCE: CASE-BY-CASE

These proposals would require the company to closely link pay with performance, using performance measures that are mandated in the proposal language or that must be presented to investors by the company for pre-approval.

⁵⁸ "Section 162(m) Requirements, Implications and Practical Concerns," Exequity, September 2008.

⁵⁹ 2006 Employee Stock Purchase Plan Report, Equilar, Inc., 2006.

When the performance measures are mandated by the proposal language, SBA typically supports proposals that reasonably and fairly align pay with specific performance metrics, require detailed disclosures, or mandate adherence to fair compensation practices. We are less likely to support proposals that require metrics that are a degree removed from ultimate performance measures, such as proposals that require pay to be linked to performance on specific social mandates, absent a compelling argument for their usage.

SBA supports meaningful investor oversight of executive compensation practices and generally supports proposals requiring shareowner approval of specific performance metrics in equity compensation plans. SBA supports prior disclosure of performance metrics including quantifiable performance measures, numerical formulas, and other payout schedules covering at least a majority of all performance-based compensation awards to any named executive officers.

OPTION REPRICING: CASE-BY-CASE, TYPICALLY AGAINST

Option repricing is a contravening of the incentive aspect of plans. If the company has a history of repricing underwater options, SBA is unlikely to vote in support. There are very rare instances where repricing is acceptable, but several strict conditions must be met including a dramatic decline in stock value due to serious macroeconomic or industry-wide concerns and the necessity to reprice options in order to retain and motivate employees.

RECOUP BONUSES OR INCENTIVE COMPENSATION THROUGH CLAWBACK PROVISIONS: CASE-BY-CASE

Most commonly, clawback provisions address situations where the company's restated financial statements show that an executive did not achieve the performance results necessary for the executive to receive a bonus or incentive compensation. SBA recognizes that clawback provisions are an important aspect of performance-based compensation plans. To align executive interests with the interests of shareowners, executives should be compensated for achieving performance benchmarks. Equally, an executive should not be rewarded if he or she does not achieve established performance goals. If restated financial statements reveal that the executive was falsely rewarded, he or she should repay any unjust compensation received.

SBA evaluates these proposals by taking into consideration the impact of the proposal in cases of fraud, misstatement, misconduct, and negligence, whether the company has adopted a formal recoupment policy, and if the company has chronic restatement history or material financial problems.

DISCLOSURE OF WORK BY COMPENSATION CONSULTANTS: FOR

External compensation consultants should be independent to ensure that advice is unbiased and uncompromised. Multiple business dealings or significant revenue from the company may impair the independence of a pay consultant's opinions, advice, or recommendations to the compensation committee. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 requires that compensation committees analyze the independence of their compensation consultants and advisers and disclose any conflicts of interest concerning such consultants and advisers. Item 407(e)(3)(iv) of Regulation S-K codifies the SEC's proxy disclosure requirement with respect to compensation consultant conflicts of interest, applicable to proxies filed in 2013 and thereafter.⁶⁰ Compensation committees are required to assess whether the consultant's work raises any conflicts of interest and, if so, disclose to investors information about the nature of any such conflict and how the conflict is being addressed.

SBA generally supports proposals seeking disclosure regarding the company, board, or compensation committee's use of compensation consultants, such as company name, business relationships, fees paid, and identification of any potential conflicts of interest. Additionally, compensation consultants should not be eligible as consultants or advisors on any stock incentive plan at the company.

⁶⁰ Securities and Exchange Commission Final Rule, "Listing Standards for Compensation Committees," adopted June 20, 2012, effective July 27, 2012.

RESTRICT EXECUTIVE PAY: CASE-BY-CASE

SBA supports levels of compensation that are consistent with the goal of aligning management's interests with shareowners' interests. Absolute limits may inhibit the compensation committee's ability to fulfill its duties. When the company's executive compensation and performance have been reasonable and in line with that of peers, SBA is unlikely to support proposals seeking an arbitrary cap.

HEDGING AND PLEDGING COMPANY STOCK: CASE-BY-CASE

Companies are increasingly adopting policies that prohibit insiders, such as board directors and senior executives, from hedging the value of their company equity or pledging company shares as collateral to margin accounts. Hedging is a strategy to offset or reduce the risk of price fluctuations for an asset or equity. Stock-based compensation or open-market purchases of company stock should serve to align executives' or directors' interests with shareowners. Hedging of company stock through a covered call, 'cashless' collar, forward sale, equity swap, or other derivative transactions can sever the alignment with shareowners' interests. Some researchers have found negative stock price performance associated with certain hedging activities.⁶¹ Pledging of company stock as collateral for a loan may have a detrimental impact on shareowners if the officer or director is forced to sell company stock, for example, to meet a margin call. The forced sale of significant amounts of company stock may negatively impact the company's stock price and may also violate a company's insider trading policies and 10b5-1 trading plans. In addition, pledging of shares may be utilized as part of hedging or monetization strategies that could potentially immunize an executive against economic exposure to the company's stock, even while maintaining voting rights. Such strategies may also serve to significantly alter incentives embedded within long-term compensation plans.

SBA generally supports proposals designed to prohibit named executive officers from engaging in derivative or speculative transactions involving company stock, including hedging, holding stock in a margin account, or pledging large amounts of stock as collateral for a loan. SBA will evaluate the company's historical practices, level of disclosure, and current policies on the use of company stock.

PROHIBIT TAX GROSS-UPS: FOR

Tax gross-ups are reimbursements to senior executives paid by the company to cover an executive's tax liability. Tax gross-ups are an unjustifiably costly practice to shareowners; it generally takes at least \$2.50 and as much as \$4 to cover each \$1 of excise tax that must be "grossed-up."⁶² SBA generally supports proposals for companies to adopt a policy of not providing tax gross-up payments to executives, except in situations where gross-ups are provided pursuant to a plan, policy, or arrangement applicable to management employees of the company, such as a relocation or expatriate tax equalization policy.

REQUIRE SUPERMAJORITY OF INDEPENDENT BOARD MEMBERS TO APPROVE CEO COMPENSATION: AGAINST

SBA generally votes against proposals to seek approval of an amendment to the bylaws in order to provide that a company's CEO's compensation must be approved by a supermajority of all independent directors of the board. Proponents of this proposal argue that approval of this proposal would ensure that the company provides a CEO pay package that is widely supported by its independent directors, increasing the likelihood that the company's independent directors are kept informed of and feel shared responsibility for CEO compensation decisions. However, SBA supports the compensation committee members as sufficient to be the knowledgeable arbiters of compensation plan terms, metrics and payouts.

⁶¹ J. Carr Bettis, John M. Bizjak, and Swaminathan L. Kalpathy, "Why Do Insiders Hedge Their Ownership and Options? An Empirical Examination," Social Science Research Network, March 2010.

⁶² "New Study on Tax Gross-ups," Risk & Governance Weekly, 12/5/08.

MANDATORY HOLDING PERIODS: CASE-BY-CASE

SBA supports proposals asking companies to adopt substantial mandatory holding periods for their executives, as well as requiring executives to meet stock ownership retention of at least of majority of shares granted or otherwise transferred in executive compensation arrangements requirements. When making voting decisions, SBA considers whether the company has any holding period or officer ownership requirements in place and how ~~the company's executives'~~ actual stock ownership of executive officers compares to the proposal's suggested holding period and the company's present ownership or retention requirements.

EXECUTIVE SEVERANCE AGREEMENTS OR GOLDEN PARACHUTES: CASE-BY-CASE

SBA examines a variety of factors that influence the voting decision in each circumstance, such as:

- The value of the pay-outs in relation to annual salary plus certain benefits for each covered employee as well as the equity value of the overall transaction;
- The scope of covered employees along with their tenures and positions before and after the transaction, as well as other new or existing employment agreements in connection with the transaction;
- The scope of change in control agreement as it relates to the nature of the transaction;
- The use of tax gross-ups;
- Features that allow accelerated vesting of prior equity awards or automatic removal of performance-based conditions for vesting awards;
- For new or outside executives, the lack of sunset provisions; and
- The type of "trigger" necessary for plan pay-outs. Single triggers involve just a change in control; double triggers require a change in control and termination of employment.

Ideally, a golden parachute should not incentivize the executive to sacrifice ongoing opportunities with the surviving firm and should be triggered by a mechanism that is outside of the control of management. Likewise, careful structuring can enhance shareowner value and result in higher takeover bids; exorbitant pay-outs may discourage acquirers from seeking the company as a target and result in a lower shareowner value. Plans that include excessive potential pay-outs, single triggers, overly broad change in control applications, and/or accelerated vesting features are typically not supported by the SBA. Occasionally, more detrimental features such as single triggers or overly broad application of the plan to lower level employees may warrant withholding votes from compensation committee members in addition to an against vote on the golden parachute plan. Some research indicates that firms adopting golden parachutes experience reductions in enterprise value, as well as negative abnormal stock returns, both during the inter-volume period of adoption and thereafter.⁶³

Some executives may receive provision for severance packages, vested shares, salary, bonuses, perquisites and pension benefits even after death.⁶⁴ Most public companies include death benefits with other types of termination-related pay due their CEOs, with variations for whether the person is fired, becomes disabled or dies in office. Death benefits may be layered on top of pensions, vested stock awards and deferred compensation, which for most CEOs already amount to large sums. Though not all companies provide it, the most common posthumous benefit is acceleration of unvested stock options and grants of restricted stock; these accelerated vesting provisions are not supported by SBA proxy voting guidelines. SBA supports their removal from compensation frameworks.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS (SERPS): CASE-BY-CASE

SERPs are non-qualified, executive-only retirement plans under which the company provides an additional retirement benefit to supplement what is offered under the employee-wide plan where contribution levels are capped. SERPs are different from typical qualified pension plans in two ways. First, they do not receive the favorable tax deductions enjoyed

⁶³ Lucian A. Bebchuk, Alma Cohen, and Charles C. Y. Wang, "Golden Parachutes and the Wealth of Shareholders," Harvard Law and Economics Discussion Paper No. 683 (October 2012).

⁶⁴ "Companies Promise CEOs Lavish Posthumous Paydays," Wall Street Journal, June 10, 2008.

by qualified plans. The company pays taxes on the income it must generate in order to pay the executive in retirement. Therefore, some critics contend that the executive's tax obligation is shifted to the company. Second, SERPs typically guarantee fixed payments to the executive for life. Unlike defined contribution plans, SERPs transfer the risk of investment performance entirely to the firm. Even if the company or its investment performs poorly, the executive is entitled to receive specified stream of payments.⁶⁵

SBA may support proposals to limit their usage if there is evidence of abuse in the SERP program or post-employment benefits that indicate the company is operating the program in excess of peers. SBA also supports the limitation of SERP formulas to base compensation, rather than the extension to variable compensation or other enhancements, and we do not endorse the practice of granting additional years of service that were not worked.

PRE-ARRANGED TRADING PLANS (10b5-1 PLANS): CASE-BY-CASE

The SBA generally supports proposals calling for certain principles regarding the use of prearranged trading plans (10b5-1 plans) for executives. These principles include:

- Adoption, amendment, or termination of a 10b5-1 Plan are disclosed within two business days in a Form 8-K;
- Amendment or early termination of a 10b5-1 Plan is allowed only under extraordinary circumstances, as determined by the board;
- Multiple, overlapping 10b5-1 plans should be prohibited;
- Plans provide that ninety days must elapse between adoption or amendment of a 10b5-1 Plan and initial trading under the plan;
- Reports on Form 4 must identify transactions made pursuant to a 10b5-1 Plan;
- An executive may not trade in company stock outside the 10b5-1 Plan; and
- Trades under a 10b5-1 Plan must be handled by a broker who does not handle other securities transactions for the executive.

Boards of companies that have adopted 10b5-1 plans should adopt policies covering plan practices, periodically monitor plan transactions, and ensure that company policies cover plan use in the context of guidelines or requirements on equity hedging, pledging, holding, and ownership.

DIRECTOR COMPENSATION: CASE-BY-CASE

Non-employee director compensation should be composed of a mix of cash and stock awards, where market practices do not prohibit such a mix. Director compensation plans are evaluated by comparing the cash compensation plus the approximate value of the equity-based compensation per director to a peer group with similar size and enterprise value. The initial compensation that is provided to new directors is also considered. The cash retainer and equity compensation are adequate compensation for board service; therefore, SBA does not support retirement benefits for non-employee directors.

We encourage stock ownership by directors and believe directors should own an equity interest in the companies upon which boards they are members. However, we do not support a specific minimum or absolute ownership levels.

⁶⁵ Bebchuk, Lucian Arye and Fried, Jesse M., "Pay without Performance: Overview of the Issues". Journal of Corporation Law, Vol. 30, No. 4, pp. 647-673, 2005. Also see Bebchuk, Lucian A., Cohen, Alma, and Spamann, Holger, "The Wages of Failure" (Working Draft, November 22, 2009).

BUSINESS CONDUCT

SBA often engages with companies outside of the proxy voting process, speaking directly to corporate and board representatives about business conduct decisions relevant to shareowner value, such as in the guidelines discussed below. Most of the guidelines in this section cover proposals that are submitted by shareowners rather than management, but these issues impact the majority of companies regardless of whether they have had shareowner proposals submitted. Therefore, engagement is an extremely effective and important tool for mitigating the widespread and systematic risks inherent in these issues.

SBA considers the vote on these proposals to be an important part of the communication process with management. We support these proposals when their adoption seems prudent in light of the current circumstances and the proposed actions may reasonably be considered to have a cost-effective, protective impact on shareowner value. These topics cover risks such as product safety, environmental impact, and human rights abuses—areas where investors have experienced significant share value losses over time due to missteps in management of these risks. It is our fiduciary duty to engage companies and make prudent voting decisions in the presence of substantial risks, by supporting reasonable proposals and maintaining a dialogue with companies on these topics.

PRODUCT SAFETY: CASE-BY-CASE

Inadequate product safety standards can be catastrophic to brand and market value through lost sales, fines and legal liability. Failure to implement effective safety standards, and to enforce them throughout the supply chain, creates a risk that is difficult to overstate. Generally, SBA supports reasonable proposals requesting increased disclosure regarding oversight procedures, product safety risks, or the use of potentially dangerous or toxic materials in company products. Proposals asking the company to cease using certain production methods or materials will be evaluated based on the merits of the case supporting the actions called for in the proposal. SBA also considers current regulations, recent significant controversy, litigation and/or fines, and the current level of disclosure by the company.

FACILITY SAFETY (NUCLEAR AND CHEMICAL PLANT SAFETY): CASE-BY-CASE

Resolutions requesting that companies report on risks associated with their operations and/or facilities are examined on a case-by-case basis, by considering the company's compliance with applicable regulations and guidelines; the level of existing disclosure related to security and safety policies, procedures, and compliance monitoring; and the existence of recent, significant violations, fines, or controversy related to the safety and security of the company's operations or facilities.

Some shareowner-sponsored resolutions ask a company to cease production associated with the use of depleted uranium munitions or nuclear weapons components and delivery systems, including disengaging from current and proposed contracts. Such contracts are monitored by government agencies, serve multiple military and non-military uses, and withdrawal from these contracts could have a negative impact on the company's business. SBA evaluates these proposals on a case-by-case basis, but generally leaves decisions on the risk of engaging in certain lines of business up to the board, absent compelling a rationale to intervene.

ANIMAL TESTING AND WELFARE POLICIES: CASE-BY-CASE

Some resolutions ask companies to report on animal welfare conditions or to make changes in procedures relating to the treatment of animals. SBA examines each proposal in the context of current regulations, consumer sentiment, company disclosures, available technology and potential alternatives to the company's present procedures, and the feasibility and cost impact of the proposal when making a voting determination.

ENERGY AND ENVIRONMENT: CASE-BY-CASE

In conjunction with the Ceres principles⁶⁶, we are in favor of reasonable proposals for companies taking actions toward energy conservation and environmental solutions. We generally vote in favor of proposals that ask companies to disclose historical, current, or projected levels of pollutants emitted into the environment and to disclose any control measures to shareowners. The SBA evaluates such proposals, taking into account whether the company has clearly disclosed its current policies and plan of action, as well as an analysis of the potential for regulatory and business risks in their operations. Proposals that request a company engage in specific environmental actions are evaluated on the potential to contribute to long-term shareowner value.

Marketing, Sales, and Business Policies

RESTRICTIONS ON PRODUCT SALES, PRICING AND MARKETING: CASE-BY-CASE

Absent compelling arguments that product marketing or pricing has potential to cause damage such as through increased liability or reputational concern, SBA generally allows management to determine appropriate business strategies and marketing tactics.

PRIVACY AND CENSORSHIP: CASE-BY-CASE

As technology has changed, consumers have become more dependent on products that generate significant amounts of personal data, raising concerns over susceptibility to both government surveillance and invasive corporate marketing. In some markets, freedom to access information on the internet is impaired by government decree. Shareowners may make proposals asking companies to limit their own use of consumer-generated data or prohibit access to the data by other entities, such as governments. Proposals may also ask companies to cease certain business lines in countries where governments demand access to the data or the blocking of certain information. Such restrictions may not only violate human rights, but they also decrease the quality of service provided by companies and threaten the integrity of the industry as a whole. Proposals may also ask companies to provide reports on their practices and policies related to these concerns.

The SBA generally votes in favor of reasonable, disclosure-based resolutions relating to policies on data collection and internet access, unless the company already meets the disclosure provisions requested in the proposal. SBA considers the level of current applicable disclosure on the topic, the history of stakeholder engagement, nature and scope of the company's operations, applicable legislation, and the company's past history of controversy and litigation as it pertains to human rights. SBA generally does not support proposals asking companies to modify or restrict their business operations in certain markets, unless under extraordinary circumstances where a considerable threat to the company's operations or reputation exists.

OPERATIONS IN HIGH RISK MARKETS: CASE-BY-CASE

Shareowners may propose that companies adopt guidelines for doing business with or investing in countries where there is a pattern of ongoing egregious and systematic violations of human rights. Shareowners of companies operating in regions that are politically unstable, including terrorism-sponsoring states, sometimes propose ceasing operations or reporting on operations in high-risk markets. Such concerns are focused over how these business activities or investment may, in truth or by perception, support potentially dangerous and/or oppressive governments, and further, may lead to potential company reputational, regulatory, or supply chain risks. In accordance with §215.471(2) of Florida Statutes, the SBA votes against all proposals advocating increased United States trade with Cuba or Syria. SBA is also prohibited by state law from investing in companies doing certain types of business in Iran and Sudan. [SBA will not vote in favor of any proxy resolution advocating the support of the Maduro Regime in Venezuela per resolution of the Trustees of the State Board of Administration.](#)

⁶⁶ <http://www.ceres.org/about-us/our-history/ceres-principles>

SBA votes on a CASE-BY-CASE basis when evaluating requests to review and report on the company's potential financial and reputation risks associated with operations in high-risk markets, such as a terrorism-sponsoring state or otherwise, taking into account:

- Compliance with Florida state law;
- Compliance with U.S. sanctions and laws;
- Consideration of other international policies, standards, and laws;
- The nature, purpose, and scope of the operations and business involved that could be affected by social or political disruption;
- Current disclosure of applicable risk assessments and risk management procedures; and
- Whether the company has been recently involved in significant controversies or violations in high-risk markets.

CONFLICT MINERALS: CASE-BY-CASE

As a part of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC mandates that public companies using 'conflict minerals' annually report on the scope of their due diligence of their suppliers, in addition to making disclosures about any payments made to foreign governments for the acquisition or production of these resources. SBA evaluates the scope of proposals going beyond the reports required by the SEC, as well as the economic rationale, and compares it to the expected compliance costs in making a voting decision.

POLITICAL NEUTRALITY: CASE-BY-CASE

These resolutions call for companies to maintain political neutrality. They may also propose that appearance of coercion in encouraging its employees to make political contributions be avoided.

The SBA examines proposals requesting the company to affirm political non-partisanship in the workplace on a case-by-case basis. We generally vote against such resolutions provided that the company is in compliance with laws governing corporate political activities and the company has procedures in place to ensure that employee contributions to company-sponsored political action committees (PACs) are strictly voluntary and not coercive.

Codes of Conduct

CODES OF CONDUCT: CASE-BY-CASE

Workplace codes of conduct are designed to safeguard workers' rights in the international marketplace. Advocates of workplace codes of conduct encourage corporations to adopt global corporate standards that ensure minimum wages and safe working conditions for workers at in developing countries. U.S. companies that outsource portions of their manufacturing operations to foreign companies are expected to ensure that the products received from those contractors do not involve the use of forced labor, child labor, or sweatshop labor. A number of companies have implemented vendor standards, which include independent monitoring programs with respected local human rights and religious organizations to strengthen compliance with international human rights norms. Failure to manage the risks to workers' safety and human rights can result in boycotts, litigation and stiff penalties.

When compliance is deemed necessary, SBA favors incorporation of operational monitoring, code enforcement, and robust disclosure mechanisms.⁶⁷ SBA prefers to see companies with supply-chain risks proactively engage an independent monitoring organization to provide objective oversight and publicly disclose such evaluation.

⁶⁷ "Incorporating Labor and Human Rights Risk into Investment Decisions." Aaron Bernstein, Harvard Labor and Worklife Program, Occasional Paper Series No. 2, September, 2008.

NORTHERN IRELAND (MACBRIDE PRINCIPLES): FOR

The MacBride Principles call on companies with operations in Northern Ireland to promote fair employment practices. Signatories of the MacBride Principles agree to make reasonable, good faith efforts to abolish all differential employment criteria whose effect is discrimination on the basis of religion. SBA supports adoption and implementation of the MacBride Principles, along with fair and transparent employment practices by firms operating in Northern Ireland.

HOLY LAND PRINCIPLES: CASE-BY-CASE

SBA supports proposals that seek to end discrimination and underrepresentation in the workplace based on national, racial, ethnic and religious affiliations. When companies cannot reasonably show they are taking steps to accomplish this goal, SBA will support shareowner proposals seeking compliance with these principles.

MUTUAL FUND VOTING

Like shareowners of publicly-held corporations, shareowners of mutual funds are allowed a voice in fund governance. While some funds proscribe annual meetings in their charter documents, all funds must call special meetings of shareowners to amend substantive governance matters such as board composition, investment advisory agreements, distribution agreements, and changes to fundamental investment restrictions. To this end, mutual fund managers issue and solicit proxies similar to the way that stock corporations do.

Mutual fund proxies raise issues that differ substantially from those found in the proxies of public companies. Though mutual fund proxy holders are also frequently asked to elect trustees and ratify auditors, most of the other agenda items are related to the special nature of this type of security. As with elections of directors of corporations, it is preferable to see mechanisms that promote independence, accountability, responsiveness, and competence in regards to the mutual fund. There is evidence demonstrating a positive link between the quality of a mutual fund's board and its future performance and Sharpe ratio.⁶⁸ SBA's voting approach on mutual fund resolutions is similar to that of our approach on publicly-traded company resolutions in that votes are cast with an intention of maximizing value and preserving or enhancing investor rights.

Fund Objective and Structure

The principal investment strategy identifies the financial market asset class or sub-sector in which the fund typically invests, e.g. the fund normally invests at least eighty percent of its assets in stocks included in the S&P 500. A fundamental investment restriction identifies prohibited activities, e.g. the fund may not invest more than twenty-five percent of the value of its total assets in the securities of companies primarily engaged in any one industry.

Beyond a fund's investment objectives, fund structure may also affect shareowner value. The majority of investment funds are open-end investment companies, meaning that they have no set limit on the number of shares that they may issue. A change in fee structure or fundamental investment policy requires the approval of a majority of outstanding voting securities of the fund, which under the Federal Investment Company Act of 1940 is defined as the affirmative vote of the lesser of either sixty-seven percent or more of the shares of the fund represented at the meeting, if at least 50 percent of all outstanding shares are represented at the meeting, or fifty percent or more of the outstanding shares of the fund entitled to vote at the meeting. Failure to reach this "1940 Act majority" subjects the funds to additional solicitation and administrative expenses.

ELECTION OF DIRECTORS: CASE-BY-CASE

Similar to the election of directors of corporations, it is preferable to see mechanisms that promote independence, accountability, responsiveness, and competence within the mutual fund. Votes on director nominees should be determined on a case-by-case basis, considering the following factors:

- Director independence and qualifications, including relevant skills and experience;
- Past performance relative to its peers;
- Board structure;
- Attendance at board and committee meetings ;
- Number of mutual funds' boards and/or corporate boards (directorships) upon which a nominee sits; and
- If a proxy contest, Strategy of the incumbents versus the dissidents.

SBA typically withholds votes from directors if:

- They've attended less than 75 percent of the board and committee meetings without a valid reason for the absences;
- They've ignored a shareowner proposal that was approved by a majority of the shares voting;

⁶⁸ Carl R. Chen and Ying Huang, "Mutual Fund Governance and Performance: A Quantile Regression Analysis of Morningstar's Stewardship Grade," *Corporate Governance: An International Review*, 2011, 19(4): 311-333.

- They are non-independent directors and sit on the audit or nominating committees;
- They are non-independent directors, and the full board serves as the audit or nominating committee, or the company does not have one of these committees; or
- The audit committee did not provide annual auditor ratification, especially in the case of substantial non-audit fees or other poor governance practices.

CONVERTING CLOSED-END FUND TO OPEN-END FUND: CASE-BY-CASE

The SBA evaluates conversion proposals on a case-by-case basis, considering the following factors:

- Rationale for the change;
- Past performance as a closed-end fund;
- Market in which the fund invests;
- Measures taken by the board to address the discount; and
- Past shareowner activism, board activity, and votes on related proposals.

INVESTMENT ADVISORY AGREEMENTS: CASE-BY-CASE

Votes on investment advisory agreements are determined by considering the following factors:

- Proposed and current fee schedules;
- Fund category/investment objective;
- Performance benchmarks;
- Share price performance as compared with peers;
- Resulting fees relative to peers; and
- Assignments (where the advisor undergoes a change of control).

When considering a new investment advisory agreement or an amendment to an existing agreement, the proposed fee schedule should be compared with those fees paid by funds with similar investment objectives. Any increase in advisory fees of more than 10 percent of the prior year's fees are judged to determine the long-term impact on shareowner value, and management must offer a detailed, specific and compelling argument justifying such a request.

APPROVE NEW CLASSES OR SERIES OF SHARES: FOR

The SBA generally votes FOR the establishment of new classes or series of shares. Boards often seek authority for a new class or series of shares for the fund to grow the fund's assets. The ability to create classes of shares enables management to offer different levels of services linked to the class or series of shares that investors purchase. Also, fee structures can be varied and linked to the series of shares, which allows investors to choose the purchasing method best suited to their needs. The board can use separate classes and series of shares to attract a greater number of investors and increase the variety of services offered by the fund.

CHANGE FUND'S INVESTMENT OBJECTIVE OR CLASSIFICATION: CASE-BY-CASE

Votes on changes in a fund's objective or classification are determined on a case-by-case basis, considering the following factors:

- Potential competitiveness;
- Current and potential returns;
- Risk of concentration; and
- Consolidation in target industry.

AUTHORIZE THE BOARD TO HIRE OR TERMINATE SUB-ADVISORS WITHOUT SHAREOWNER APPROVAL: AGAINST

SBA generally opposes proposals authorizing the board to hire or terminate sub-advisors without shareowner approval. Typically, the management company will seek authority, through the investment advisor, to hire or terminate a new sub-advisor, modify the length of a contract, or modify the sub-advisory fees on behalf of the fund. These investment decisions are normally made with majority shareowner approval, as determined by Section 15 of the Investment Company Act of 1940. However, funds may apply to the SEC for exemptions to this rule, and the SEC often grants these exemptions. These exemptions are usually structured so that they do not apply to the investment sub-advisory agreement that is in place at the time, but apply to any future sub-advisory agreement into which the fund enters.

MERGERS: CASE-BY-CASE

The SBA generally evaluates mergers and acquisitions on a case-by-case basis, determining whether the transaction enhances shareowner value by giving consideration to:

- Resulting fee structure;
- Performance of both funds;
- Continuity of management personnel; and
- Changes in corporate governance and the impact on shareowner rights.

CHANGE DOMICILE: CASE-BY-CASE

The SBA votes on fund re-incorporations on a case-by-case basis by considering the regulations and fundamental policies applicable to management investment companies in both states. Shareowner rights can be particularly limited in certain states, including Delaware, Maryland, and Massachusetts.⁶⁹

AMENDMENTS TO THE CHARTER: CASE-BY-CASE

The SBA votes on changes to the charter document on a case-by-case basis, considering the following factors:

- The potential impact and/or improvements, including changes to competitiveness or risk;
- The standards within the state of incorporation; and
- Other regulatory standards and implications.

The SBA generally opposes the following changes:

- Removal of shareowner approval requirement to reorganize or terminate the trust or any of its series;
- Removal of shareowner approval requirement for amendments to the new declaration of trust;
- Removal of shareowner approval requirement to amend the fund's management contract, allowing the contract to be modified by the investment manager and the trust management, as permitted by the 1940 Act;
- Allow the trustees to impose other fees in addition to sales charges on investment in a fund, such as deferred sales charges and redemption fees that may be imposed upon redemption of a fund's shares;
- Removal of shareowner approval requirement to engage in and terminate sub-advisory arrangements; and
- Removal of shareowner approval requirement to change the domicile of the fund.

SHAREOWNER PROPOSALS TO ESTABLISH DIRECTOR OWNERSHIP REQUIREMENT: CASE-BY-CASE

The SBA generally favors the establishment of a director ownership requirement and considers a director nominee's investment in the fund as a critical factor in evaluating his or her candidacy. This decision should be made on an individual

⁶⁹ Lucian Bebchuk and Alma Cohen, "Firms' Decisions Where to Incorporate." National Bureau of Economic Research Working Paper 9107, August 2002.

basis and not according to an inflexible standard. If the director has invested in one fund of the family, he/she is considered to own stock in the fund.

SHAREOWNER PROPOSALS TO TERMINATE INVESTMENT ADVISOR: CASE-BY-CASE

Votes on shareowner proposals to terminate the investment advisor considering the following factors:

- Performance of the fund;
- The fund's history of shareowner relations; and
- Performance of other funds under the advisor's management.

ASSIGN TO THE USUFRUCTUARY (BENEFICIARY), INSTEAD OF THE TRUSTEE, THE VOTING RIGHTS APPURTENANT TO SHARES HELD IN TRUST: CASE-BY-CASE

The SBA votes against if the company assigns voting rights to a foundation allied to management.

SHAREOWNER PROPOSALS TO ADOPT A POLICY TO REFRAIN FROM INVESTING IN COMPANIES THAT SUBSTANTIALLY CONTRIBUTE TO GENOCIDE OR CRIMES AGAINST HUMANITY: CASE-BY-CASE

The SBA will evaluate such proposals with an adherence to the requirements and intent of Florida law, including but not limited to the Protecting Florida's Investments Act, which prohibits investment in companies involved in proscribed activities in Sudan or Iran, and other laws covering companies with policies on or investments in countries such as Cuba, Northern Ireland, and Israel.

FLORIDA RETIREMENT SYSTEM DEFINED BENEFIT PLAN INVESTMENT POLICY STATEMENT

I. DEFINITIONS

Absolute Real Target Rate of Return - The total rate of return by which the FRS Portfolio must grow, in excess of inflation as reported by the U.S. Department of Labor, Bureau of Labor Statistics (Consumer Price Index – All Urban Consumers), in order to achieve the long-run investment objective.

Asset Class - An asset class is an aggregation of one or more portfolios with the same principal asset type.¹ For example, all of the portfolios whose principal asset type was stocks would be aggregated together as the Global Equity asset class. As such, it would contain primarily—but not exclusively—the principal asset type.

Asset Type - An asset type is a category of investment instrument such as common stock or bond.

Portfolio - A portfolio is the basic organization unit of the FRS Fund. Funds are managed within portfolios. A portfolio will typically contain one principal asset type (common stocks, for example), but may contain other asset types as well. The discretion for this mix of asset types is set out in guidelines for each portfolio.

II. OVERVIEW OF THE FRS AND SBA

The State Board of Administration (Board) provides investment management of assets contributed and held on behalf of the Florida Retirement System (FRS). The investment of retirement assets is one aspect of the activity involved in the overall administration of the Florida Retirement System. The Division of Retirement (DOR), the administrative agency for the FRS, provides full accounting and administration of benefits and contributions, commissions actuarial studies, and proposes rules and regulations for the administration of the FRS. The State Legislature has the responsibility of setting contribution and benefit levels, and providing the statutory guidance for the administration of the FRS.

III. THE BOARD

The State Board of Administration has the authority and responsibility for the investment of FRS assets. The Board consists of the Governor, as Chairman, the Chief Financial Officer, and the Attorney General. The Board has statutory responsibility for the investment of FRS assets, subject to limitations on investments as outlined in Section 215.47, Florida Statutes.

The Board shall discharge its fiduciary duties in accordance with the Florida statutory fiduciary standards of care as contained in Sections 215.44(2)(a) and 215.47(10), Florida Statutes.

¹ The Strategic Investments asset class is an exception, purposefully established to contain a variety of portfolios which may represent asset types and strategies not suitable for inclusion in other asset classes.

The Board delegates to the Executive Director the administrative and investment authority, within the statutory limitations and rules, to manage the investment of FRS assets. An Investment Advisory Council (IAC) is appointed by the Board. The IAC meets quarterly, and is charged with the review and study of general portfolio objectives, policies and strategies, including a review of investment performance.

The mission of the State Board of Administration is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary and professional standards.

IV. THE EXECUTIVE DIRECTOR

The Executive Director is charged with the responsibility for managing and directing administrative, personnel, budgeting, and investment functions, including the strategic and tactical allocation of investment assets.

The Executive Director is charged with developing specific individual investment portfolio objectives and policy guidelines, and providing the Board with monthly and quarterly reports of investment activities.

The Executive Director has investment responsibility for maintaining diversified portfolios, and maximizing returns with respect to the broad diversified market standards of individual asset classes, consistent with appropriate risk constraints. The Executive Director will develop policies and procedures to:

- Identify, monitor and control/mitigate key investment and operational risks.
- Maintain an appropriate and effective risk management and compliance program that identifies, evaluates and manages risks within business units and at the enterprise level.
- Maintain an appropriate and effective control environment for SBA investment and operational responsibilities.
- Approve risk allocations and limits, including total fund and asset class risk budgets.

The Executive Director will appoint a Chief Risk and Compliance Officer, whose selection, compensation and termination will be affirmed by the Board, to assist in the execution of the responsibilities enumerated in the preceding list. For day-to-day executive and administrative purposes, the Chief Risk and Compliance Officer will proactively work with the Executive Director and designees to ensure that issues are promptly and thoroughly addressed by management. On at least a quarterly basis, the Chief Risk and Compliance Officer will provide reports to the Investment Advisory Council, Audit Committee and Board and is authorized to directly access these bodies at

any time as appropriate to ensure the integrity and effectiveness of risk management and compliance functions.

Pursuant to written SBA policy, the Executive Director will organize an Investment Oversight Group(s) to regularly review, document and formally escalate guideline compliance exceptions and events that may have a material impact on the Trust Fund. The Executive Director is delegated the authority and responsibility to prudently address any such compliance exceptions, with input from the Investment Advisory Council and Audit Committee as necessary and appropriate, unless otherwise required in this Investment Policy Statement.

The Executive Director is responsible for evaluating the appropriateness of the goals and objectives in this Plan in light of actuarial studies and recommending changes to the Board when appropriate.

V. INVESTMENT OBJECTIVES

The investment objective of the Board is to provide investment returns sufficient for the plan to be maintained in a manner that ensures the timely payment of promised benefits to current and future participants and keeps the plan cost at a reasonable level. To achieve this, a long-term real return approximating 4.05% per annum (compounded and net of investment expenses) should be attained. As additional considerations, the Board seeks to avoid excessive risk in long-term cost trends. To manage these risks, the volatility of annual returns should be reasonably controlled.

The Board's principal means for achieving this goal is through investment directives to the Executive Director. The main object of these investment directives is the asset class. The Board directs the Executive Director to manage the asset classes in ways that, in the Board's opinion, will maximize the likelihood of achieving the Board's investment objective within an appropriate risk management framework. The Board establishes asset classes, sets target allocations and reasonable ranges around them for each and establishes performance benchmarks for them. In addition, it establishes a performance benchmark for the total portfolio.

VI. TARGET PORTFOLIO AND ASSET ALLOCATION RANGES

The Board's investment objective is an absolute one: achieve a specific rate of return, the absolute real target rate of return. In order to achieve it, the Board sets a relative objective for the Executive Director: achieve or exceed the return on a performance benchmark known as the Target Portfolio over time. The Target Portfolio is a portfolio composed of a specific mix of the authorized asset classes. The return on this portfolio is a weighted-average of the returns to passive benchmarks for each of the asset classes. The expectation is that this return will equal or exceed the absolute real target rate of return long-term and will thus assure achievement of the Board's investment objective.

This relative return objective is developed in a risk management framework. Risk from the perspective of the Board is any shortfall of actual investment returns relative to the absolute real target rate of return over long periods of time, and the asset mix is developed to manage this risk. In selecting the Target Portfolio, the Board considers information from actuarial valuation reviews and asset/liability studies of the FRS, as well as asset class risk and return characteristics. In addition, the timing of cash demands on the portfolio to honor benefit payments and other liabilities are an important consideration. Potential asset mixes are thus evaluated with respect to their expected return, volatility, liquidity, and other risk and return measures as appropriate.

The Target Portfolio defined in Table 2 has a long-term expected compound annual real return that approximates the absolute real target rate of return. To achieve the absolute real target rate of return or actuarial return, material market risk must be borne (i.e., year to year volatility of returns). For example, in 2008 the Trust Fund's net managed real return was -26.81% compared to gains of 17.56% in 2009 and 21.48% in 2003. While downside risk is considerably greater over shorter horizons, the natural investment horizon for the Trust Fund is the long-term. Table 1 illustrates a modeled estimate of the Target Portfolio's potential range of real returns that could result over longer-term investment horizons. Over a 15-year investment horizon there is an 80 percent probability that the Target Portfolio will experience a compound annual real return between 0.47% and 8.73% and a 90 percent probability that the Target Portfolio will experience a compound annual real return between -0.65% and 9.96%.

Table 1: Expected Risk in Target Portfolio's Real Returns

Time Horizon	5 th Percentile Real Return	10 th Percentile Real Return	90 th Percentile Real Return	95 th Percentile Real Return
10 Years	-1.78%	-0.42%	9.71%	11.22%
15 Years	-0.65%	0.47%	8.73%	9.96%
20 Years	0.03%	1.00%	8.16%	9.22%
25 Years	0.49%	1.37%	7.77%	8.71%
30 Years	0.84%	1.64%	7.48%	8.34%

Although the Target Portfolio has an expected return and risk associated with it, it is important to note that this expected return is neither an explicit nor an implicit goal for the managers of the Florida Retirement System Trust Fund (FRSTF). These figures are used solely in developing directives for

fund management that will raise the probability of success in achieving the absolute real target rate of return. The Executive Director is held responsible not for specifically achieving the absolute real target rate of return in each period, but rather for doing at least as well as the market using the Target Portfolio's mix of assets.

In pursuit of incremental investment returns, the Executive Director may vary the asset mix from the target allocation based on market conditions and the investment environment for the individual asset classes. The Executive Director shall adopt an asset allocation policy guideline which specifies the process for making these tactical decisions. The guideline shall concentrate on the analysis of economic conditions, the absolute values of asset class investments and the relative values between asset classes. The Board establishes ranges for tactical allocations, as shown in Table 2.

Table 2: Authorized Asset Classes, Target Allocations and Policy Ranges

Asset Class	Target Allocation	Policy Range	
		Policy Range Low	High
Global Equity	53%	45%	70%
Fixed Income	18%	10%	26%
Real Estate	10%	4%	16%
Private Equity	6%	2%	9%
Strategic Investments	12%	0%	16%
Cash Equivalents	1%	0.25%	5%
Total Fund	100%	--	--

For purposes of determining compliance with these policy ranges, an asset class is considered to be an aggregation of one or more portfolios with substantially the same principal asset type.² An asset type is a category of investment instrument such as common stock or bond. For example, all of the portfolios whose principal asset type is bonds would be aggregated together as the Fixed Income asset class. As such, it would contain primarily—but not exclusively—the principal asset type. As a standard management practice, portfolio managers are expected to meet their goals for all assets allocated to their portfolio.

It is expected that the FRS Portfolio will be managed in such a way that the actual allocation mix will remain within these ranges. Investment strategies or market conditions which result in an allocation position for any asset class outside of the enumerated ranges for a period exceeding thirty

² The Strategic Investments asset class is an exception, purposefully established to potentially contain a variety of portfolios which may represent asset types and strategies not suitable for inclusion in other asset classes.

(30) consecutive business days shall be reported to the Board, together with a review of conditions causing the persistent deviation and a recommendation for subsequent investment action.

The asset allocation is established in concert with the investment objective, capital market expectations, projected actuarial liabilities, and resulting cash flows. Table 3 indicates estimated net cash flows (benefit payments less employer and employee contributions) and associated probabilities that are implicit in this policy statement, assuming the Legislature adheres to system funding provisions in current law. Additionally, the annualized income yield of the fund is projected to approximate 2% to 3%.

Table 3: Estimated Net Cash Outflow (\$ millions/ % Fund)

	In 5 Years		In 10 Years	
10 th Percentile	\$ 4,851	3.67%	\$ 3,497	3.14%
25 th Percentile	\$ 6,776	4.15%	\$ 6,329	4.03%
Median	\$ 7,466	4.54%	\$ 8,523	4.60%
75 th Percentile	\$ 8,079	5.04%	\$ 11,561	5.22%
90 th Percentile	\$ 10,690	5.96%	\$ 12,895	6.27%

VII. PERFORMANCE MEASUREMENT

Asset class performance is measured in accordance with a broad market index appropriate to the asset class. The indices identified in Table 4 are used as the primary benchmarks for the authorized asset classes.

Table 4: Authorized Target Indices

Asset Class	Index
Global Equity	A custom version of the MSCI All Country World Investable Market Index (ACWI IMI), in dollar terms, net of withholding taxes on non-resident institutional investors, adjusted to reflect the provisions of the Protecting Florida's Investments Act
Fixed Income	The Barclays Capital U.S. Intermediate Aggregate Index
Real Estate	The core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index – Open-ended Diversified Core Equity, NET of fees, weighted at 76.5%, and the non-core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index – Open-ended Diversified Core Equity, NET of fees, weighted at 13.5%, plus a fixed return premium of 150 basis points per annum, and the FTSE EPRA/NAREIT Developed Index, in dollar terms, net of withholding taxes on non-resident institutional investors, weighted at 10% ³
Private Equity	The MSCI All Country World Investable Market Index (ACWI IMI), in dollar terms, net of withholding taxes on non-resident institutional investors, adjusted to reflect the provisions of the Protecting Florida's Investments Act, plus a fixed premium return of 300 basis points per annum
Strategic Investments	A weighted-average of individual portfolio level benchmark returns
Cash Equivalents	iMoneyNet First Tier Institutional Money Market Funds Net Index Bank of America Merrill Lynch 3-Month US Treasury Index

$$\begin{array}{c}
 \text{3} \quad \text{Core RE} \quad \quad \quad \text{Non-Core RE} \quad \quad \quad \text{Public RE} \\
 \underbrace{\hspace{1.5cm}} \quad \underbrace{\hspace{2.5cm}} \quad \underbrace{\hspace{1.5cm}} \\
 (76.5\% * \text{NFI-ODCE}) + [13.5\% * (\text{NFI-ODCE} + 150 \text{ bps})] + (10\% * \text{REIT Index})
 \end{array}$$

The return on the Target Portfolio shall be calculated as an average of the returns to the target indices indicated in Table 4 weighted by the target allocations indicated by Table 2, but adjusted for floating allocations. The policy allocations for the private market asset classes would all “float” against the public market asset classes (i.e., limited short-term liquidity available for rebalancing and benefit payments means that their policy allocations would equal their actual allocations) as identified in Table 5.

Table 5: Allocations of Private Market (Real Estate, Private Equity and Strategic Investments) Under and Overweights to Public Market (Global Equity, Fixed Income and Cash) Table 2 Target Allocations

Public Market Asset Classes	Float Allocation Limit	Private Market Asset Classes		
		Real Estate	Private Equity	Strategic Investments
Global Equity	N/A	50%	100%	75%
Fixed Income	N/A	50%	0%	25%

Measurement of asset allocation performance shall be made by comparing the actual asset allocation times the return for the appropriate indices to the target allocation times the index returns. For asset classes with floating allocations the basis of tactical measurement shall be the asset class’s actual share.

Performance measurement of the effectiveness of the implementation of the Private Equity asset class shall be based on an internal rate of return (IRR) methodology, applied over significant periods of time. Performance measurement of the effectiveness of the implementation of the Private Equity, ~~and Strategic Investments, and Cash Equivalents~~ asset classes shall be assessed relative to both the applicable index in Table 4 and:

- For Private Equity, the joint Cambridge Associates Global Private Equity and Venture Capital Index pooled return at peer group weights.
- ~~For Strategic Investments, the CPI, as reported by the U.S. Department of Labor, Bureau of Labor Statistics (Consumer Price Index – All Urban Consumers), plus 4.05%. Fundamentally, the Strategic Investments asset class is expected to improve the risk-adjusted return of the total fund over multiple market cycles.~~
- For Cash Equivalents, the iMoneyNet First Tier Institutional Money Market Funds Net Index

VIII. ASSET CLASS PORTFOLIO MANAGEMENT

General Asset Class and Portfolio Guidelines

The Executive Director is responsible for developing asset class and individual portfolio policies and guidelines which reflect the goals and objectives of this Investment Policy Statement. In doing so, he is authorized to use all investment authority spelled out in Section 215.47, Florida Statutes,

except as limited by this Plan or SBA Rules. The Executive Director shall develop guidelines for the selection and retention of portfolios, and shall manage all external contractual relationships in accordance with the fiduciary responsibilities of the Board.

All asset classes shall be invested to achieve or exceed the return on their respective benchmarks over a long period of time. To obtain appropriate compensation for associated performance risks:

- Public market asset classes shall be well diversified with respect to their benchmarks and have a reliance on low cost passive strategies scaled according to the degree of efficiency in underlying securities markets, capacity in effective active strategies, and ongoing total fund liquidity requirements.
- Private Equity, Real Estate and Strategic Investments asset classes shall utilize a prudent process to maximize long-term access to attractive risk-adjusted investment opportunities through use of business partners with appropriate:
 - Financial, operational and investment expertise and resources;
 - Alignment of interests;
 - Transparency and repeatability of investment process; and
 - Controls on leverage.

Strategic Investments Guidelines

The objective of the asset class is to proactively identify and utilize non-traditional and multi-asset class investments, on an opportunistic and strategic basis, in order to accomplish one or more of the following:

- Generate long-term incremental returns in excess of a 4.~~05~~% annualized real rate of return, commensurate with risk.
- ~~Diversify~~ ~~Reduce~~ the volatility of FRS Pension Plan assets and improve the FRS Pension Plan's risk-adjusted return over multiple market cycles.
- ~~Provide a potential hedge against inflation.~~ Outperform the FRS Pension Plan during periods of significant market declines.
- Increase investment flexibility, across market environments, in order to access evolving or opportunistic investments outside of traditional asset classes and effective risk-adjusted portfolio management strategies.

Strategic Investments may include, but not be limited to, direct investments authorized by s. 215.47, Florida Statutes or investments in capital commitment partnerships, hedge funds or other vehicles that make or involve non-traditional, opportunistic and/or long or short investments in marketable

and nonmarketable debt, equity, and/or real assets (e.g., real estate, infrastructure, or commodities). Leverage may be utilized subject to appropriate controls.

Other Guidelines

The Executive Director shall develop and implement policies as appropriate for the orderly and effective implementation of the provisions of Chapter 2007-88, Laws of Florida, the “Protecting Florida’s Investments Act.” Actions taken and determinations made pursuant to said policies are hereby incorporated by reference into this Investment Policy Statement, as required by subsection 215.473(6), Florida Statutes.

The Executive Director shall develop and implement policies as appropriate for the orderly and effective implementation of the provisions of Chapter 2016-36, Laws of Florida, an act relating to companies that boycott Israel. Actions taken and determinations made pursuant to said policies are hereby incorporated by reference into this Investment Policy Statement, as required by subsection 215.4725(5), Florida Statutes.

The Executive Director shall develop and implement policies as appropriate for the orderly and effective implementation of the provisions of Chapter 2018-125, Laws of Florida, an act relating to state investments in or with the government of Venezuela. Actions taken and determinations made pursuant to said policies are hereby incorporated by reference into this Investment Policy Statement, as required by subsection 215.475(3)(a), Florida Statutes.

Subsection 215.475(3)(a) Florida Statutes is consistent with the Resolution adopted by the Trustees of the Board on August 16, 2017. At that meeting, the Board also included in the Resolution the specific direction that the SBA include in this Investment Policy Statement upon review of the IAC in accordance with Section 215.475(2) Florida Statutes, the following: “The SBA will not vote in favor of any proxy resolution advocating the support of the Maduro Regime in Venezuela.”

On August 16, 2017, the Trustees of the Board adopted a Resolution directing the following (the “Venezuela Resolution”) be included in this Investment Policy Statement upon review of the IAC in accordance with Section 215.475(2), Florida Statutes:

1. Prohibited Investments. Until such as time as the SBA determines it is otherwise prudent to do so, the SBA is prohibited from investing in:

(a) any financial institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States, which directly or through a United States or foreign subsidiary and in violation of federal law, makes any loan, extends credit of any kind or character, advances funds in any manner, or purchases or trades any goods or services in or with the government of Venezuela; and
(b) any securities issued by the government of Venezuela or any company that is majority-owned by the government of Venezuela.

2. Proxy Voting. The SBA will not vote in favor of any proxy resolution advocating the support of the Maduro Regime in Venezuela.

The Executive Director shall develop and implement policies as appropriate for the orderly and effective implementing of the Venezuela Resolution. Actions taken and determinations made

~~pursuant to said policies are hereby incorporated by reference into this Investment Policy Statement.~~

IX. REPORTING

The Board directs the Executive Director to coordinate the preparation of quarterly reports of the investment performance of the FRS by the Board's independent performance evaluation consultant.

The following formal periodic reports to the Board shall be the responsibility of the Executive Director:

- An annual report on the SBA and its investment portfolios, including that of the FRS.
- A monthly report on performance and investment actions taken.
- Special investment reports pursuant to Section 215.44-215.53, Florida Statutes.

X. IMPLEMENTATION SCHEDULE

This policy statement shall be effective ~~upon approval by the Board~~ July 1, 2018.

FLORIDA RETIREMENT SYSTEM DEFINED BENEFIT PLAN INVESTMENT POLICY STATEMENT

I. DEFINITIONS

Absolute Real Target Rate of Return - The total rate of return by which the FRS Portfolio must grow, in excess of inflation as reported by the U.S. Department of Labor, Bureau of Labor Statistics (Consumer Price Index – All Urban Consumers), in order to achieve the long-run investment objective.

Asset Class - An asset class is an aggregation of one or more portfolios with the same principal asset type.¹ For example, all of the portfolios whose principal asset type was stocks would be aggregated together as the Global Equity asset class. As such, it would contain primarily—but not exclusively—the principal asset type.

Asset Type - An asset type is a category of investment instrument such as common stock or bond.

Portfolio - A portfolio is the basic organization unit of the FRS Fund. Funds are managed within portfolios. A portfolio will typically contain one principal asset type (common stocks, for example), but may contain other asset types as well. The discretion for this mix of asset types is set out in guidelines for each portfolio.

II. OVERVIEW OF THE FRS AND SBA

The State Board of Administration (Board) provides investment management of assets contributed and held on behalf of the Florida Retirement System (FRS). The investment of retirement assets is one aspect of the activity involved in the overall administration of the Florida Retirement System. The Division of Retirement (DOR), the administrative agency for the FRS, provides full accounting and administration of benefits and contributions, commissions actuarial studies, and proposes rules and regulations for the administration of the FRS. The State Legislature has the responsibility of setting contribution and benefit levels, and providing the statutory guidance for the administration of the FRS.

III. THE BOARD

The State Board of Administration has the authority and responsibility for the investment of FRS assets. The Board consists of the Governor, as Chairman, the Chief Financial Officer, and the Attorney General. The Board has statutory responsibility for the investment of FRS assets, subject to limitations on investments as outlined in Section 215.47, Florida Statutes.

The Board shall discharge its fiduciary duties in accordance with the Florida statutory fiduciary standards of care as contained in Sections 215.44(2)(a) and 215.47(10), Florida Statutes.

¹ The Strategic Investments asset class is an exception, purposefully established to contain a variety of portfolios which may represent asset types and strategies not suitable for inclusion in other asset classes.

The Board delegates to the Executive Director the administrative and investment authority, within the statutory limitations and rules, to manage the investment of FRS assets. An Investment Advisory Council (IAC) is appointed by the Board. The IAC meets quarterly, and is charged with the review and study of general portfolio objectives, policies and strategies, including a review of investment performance.

The mission of the State Board of Administration is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary and professional standards.

IV. THE EXECUTIVE DIRECTOR

The Executive Director is charged with the responsibility for managing and directing administrative, personnel, budgeting, and investment functions, including the strategic and tactical allocation of investment assets.

The Executive Director is charged with developing specific individual investment portfolio objectives and policy guidelines, and providing the Board with monthly and quarterly reports of investment activities.

The Executive Director has investment responsibility for maintaining diversified portfolios, and maximizing returns with respect to the broad diversified market standards of individual asset classes, consistent with appropriate risk constraints. The Executive Director will develop policies and procedures to:

- Identify, monitor and control/mitigate key investment and operational risks.
- Maintain an appropriate and effective risk management and compliance program that identifies, evaluates and manages risks within business units and at the enterprise level.
- Maintain an appropriate and effective control environment for SBA investment and operational responsibilities.
- Approve risk allocations and limits, including total fund and asset class risk budgets.

The Executive Director will appoint a Chief Risk and Compliance Officer, whose selection, compensation and termination will be affirmed by the Board, to assist in the execution of the responsibilities enumerated in the preceding list. For day-to-day executive and administrative purposes, the Chief Risk and Compliance Officer will proactively work with the Executive Director and designees to ensure that issues are promptly and thoroughly addressed by management. On at least a quarterly basis, the Chief Risk and Compliance Officer will provide reports to the Investment Advisory Council, Audit Committee and Board and is authorized to directly access these bodies at

any time as appropriate to ensure the integrity and effectiveness of risk management and compliance functions.

Pursuant to written SBA policy, the Executive Director will organize an Investment Oversight Group(s) to regularly review, document and formally escalate guideline compliance exceptions and events that may have a material impact on the Trust Fund. The Executive Director is delegated the authority and responsibility to prudently address any such compliance exceptions, with input from the Investment Advisory Council and Audit Committee as necessary and appropriate, unless otherwise required in this Investment Policy Statement.

The Executive Director is responsible for evaluating the appropriateness of the goals and objectives in this Plan in light of actuarial studies and recommending changes to the Board when appropriate.

V. INVESTMENT OBJECTIVES

The investment objective of the Board is to provide investment returns sufficient for the plan to be maintained in a manner that ensures the timely payment of promised benefits to current and future participants and keeps the plan cost at a reasonable level. To achieve this, a long-term real return approximating 4.0% per annum (compounded and net of investment expenses) should be attained. As additional considerations, the Board seeks to avoid excessive risk in long-term cost trends. To manage these risks, the volatility of annual returns should be reasonably controlled.

The Board's principal means for achieving this goal is through investment directives to the Executive Director. The main object of these investment directives is the asset class. The Board directs the Executive Director to manage the asset classes in ways that, in the Board's opinion, will maximize the likelihood of achieving the Board's investment objective within an appropriate risk management framework. The Board establishes asset classes, sets target allocations and reasonable ranges around them for each and establishes performance benchmarks for them. In addition, it establishes a performance benchmark for the total portfolio.

VI. TARGET PORTFOLIO AND ASSET ALLOCATION RANGES

The Board's investment objective is an absolute one: achieve a specific rate of return, the absolute real target rate of return. In order to achieve it, the Board sets a relative objective for the Executive Director: achieve or exceed the return on a performance benchmark known as the Target Portfolio over time. The Target Portfolio is a portfolio composed of a specific mix of the authorized asset classes. The return on this portfolio is a weighted-average of the returns to passive benchmarks for each of the asset classes. The expectation is that this return will equal or exceed the absolute real target rate of return long-term and will thus assure achievement of the Board's investment objective.

This relative return objective is developed in a risk management framework. Risk from the perspective of the Board is any shortfall of actual investment returns relative to the absolute real target rate of return over long periods of time, and the asset mix is developed to manage this risk. In selecting the Target Portfolio, the Board considers information from actuarial valuation reviews and asset/liability studies of the FRS, as well as asset class risk and return characteristics. In addition, the timing of cash demands on the portfolio to honor benefit payments and other liabilities are an important consideration. Potential asset mixes are thus evaluated with respect to their expected return, volatility, liquidity, and other risk and return measures as appropriate.

The Target Portfolio defined in Table 2 has a long-term expected compound annual real return that approximates the absolute real target rate of return. To achieve the absolute real target rate of return or actuarial return, material market risk must be borne (i.e., year to year volatility of returns). For example, in 2008 the Trust Fund's net managed real return was -26.81% compared to gains of 17.56% in 2009 and 21.48% in 2003. While downside risk is considerably greater over shorter horizons, the natural investment horizon for the Trust Fund is the long-term. Table 1 illustrates a modeled estimate of the Target Portfolio's potential range of real returns that could result over longer-term investment horizons. Over a 15-year investment horizon there is an 80 percent probability that the Target Portfolio will experience a compound annual real return between 0.47% and 8.73% and a 90 percent probability that the Target Portfolio will experience a compound annual real return between -0.65% and 9.96%.

Table 1: Expected Risk in Target Portfolio's Real Returns

Time Horizon	5 th Percentile Real Return	10 th Percentile Real Return	90 th Percentile Real Return	95 th Percentile Real Return
10 Years	-1.78%	-0.42%	9.71%	11.22%
15 Years	-0.65%	0.47%	8.73%	9.96%
20 Years	0.03%	1.00%	8.16%	9.22%
25 Years	0.49%	1.37%	7.77%	8.71%
30 Years	0.84%	1.64%	7.48%	8.34%

Although the Target Portfolio has an expected return and risk associated with it, it is important to note that this expected return is neither an explicit nor an implicit goal for the managers of the Florida Retirement System Trust Fund (FRSTF). These figures are used solely in developing directives for

fund management that will raise the probability of success in achieving the absolute real target rate of return. The Executive Director is held responsible not for specifically achieving the absolute real target rate of return in each period, but rather for doing at least as well as the market using the Target Portfolio's mix of assets.

In pursuit of incremental investment returns, the Executive Director may vary the asset mix from the target allocation based on market conditions and the investment environment for the individual asset classes. The Executive Director shall adopt an asset allocation policy guideline which specifies the process for making these tactical decisions. The guideline shall concentrate on the analysis of economic conditions, the absolute values of asset class investments and the relative values between asset classes. The Board establishes ranges for tactical allocations, as shown in Table 2.

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Asset Class	Target Allocation	Policy Range Low	Policy Range High
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Fixed Income	18%	10%	26%
Real Estate	10%	4%	16%
Private Equity	6%	2%	9%
Strategic Investments	12%	0%	16%
Cash Equivalents	1%	0.25%	5%
Total Fund	100%	--	--

For purposes of determining compliance with these policy ranges, an asset class is considered to be an aggregation of one or more portfolios with substantially the same principal asset type.² An asset type is a category of investment instrument such as common stock or bond. For example, all of the portfolios whose principal asset type is bonds would be aggregated together as the Fixed Income asset class. As such, it would contain primarily—but not exclusively—the principal asset type. As a standard management practice, portfolio managers are expected to meet their goals for all assets allocated to their portfolio.

It is expected that the FRS Portfolio will be managed in such a way that the actual allocation mix will remain within these ranges. Investment strategies or market conditions which result in an allocation position for any asset class outside of the enumerated ranges for a period exceeding thirty

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(30) consecutive business days shall be reported to the Board, together with a review of conditions causing the persistent deviation and a recommendation for subsequent investment action.

The asset allocation is established in concert with the investment objective, capital market expectations, projected actuarial liabilities, and resulting cash flows. Table 3 indicates estimated net cash flows (benefit payments less employer and employee contributions) and associated probabilities that are implicit in this policy statement, assuming the Legislature adheres to system funding provisions in current law. Additionally, the annualized income yield of the fund is projected to approximate 2% to 3%.

Table 3: Estimated Net Cash Outflow (\$ millions/ % Fund)

	In 5 Years		In 10 Years		
10 th Percentile	\$	4,851	3.67%	\$ 3,497	3.14%
25 th Percentile	\$	6,776	4.15%	\$ 6,329	4.03%
Median	\$	7,466	4.54%	\$ 8,523	4.60%
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Asset class performance is measured in accordance with a broad market index appropriate to the asset class. The indices identified in Table 4 are used as the primary benchmarks for the authorized asset classes.

Table 4: Authorized Target Indices

Asset Class	Index
Global Equity	A custom version of the MSCI All Country World Investable Market Index (ACWI IMI), in dollar terms, net of withholding taxes on non-resident institutional investors, adjusted to reflect the provisions of the Protecting Florida's Investments Act
Fixed Income	The Barclays Capital U.S. Intermediate Aggregate Index
Real Estate	The core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index – Open-ended Diversified Core Equity, NET of fees, weighted at 76.5%, and the non-core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index – Open-ended Diversified Core Equity, NET of fees, weighted at 13.5%, plus a fixed return premium of 150 basis points per annum, and the FTSE EPRA/NAREIT Developed Index, in dollar terms, net of withholding taxes on non-resident institutional investors, weighted at 10% ³
Private Equity	The MSCI All Country World Investable Market Index (ACWI IMI), in dollar terms, net of withholding taxes on non-resident institutional investors, adjusted to reflect the provisions of the Protecting Florida's Investments Act, plus a fixed premium return of 300 basis points per annum
Strategic Investments	A weighted-average of individual portfolio level benchmark returns
Cash Equivalents	Bank of America Merrill Lynch 3-Month US Treasury Index

The return on the Target Portfolio shall be calculated as an average of the returns to the target indices indicated in Table 4 weighted by the target allocations indicated by Table 2, but adjusted for floating allocations. The policy allocations for the private market asset classes would all “float” against the

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public market asset classes (i.e., limited short-term liquidity available for rebalancing and benefit payments means that their policy allocations would equal their actual allocations) as identified in Table 5.

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		Real Estate	Private Equity	Strategic Investments
Global Equity	N/A	50%	100%	75%
Fixed Income	N/A	50%	0%	25%

Measurement of asset allocation performance shall be made by comparing the actual asset allocation times the return for the appropriate indices to the target allocation times the index returns. For asset classes with floating allocations the basis of tactical measurement shall be the asset class's actual share.

Performance measurement of the effectiveness of the implementation of the Private Equity asset class shall be based on an internal rate of return (IRR) methodology, applied over significant periods of time. Performance measurement of the effectiveness of the implementation of the Private Equity, Strategic Investments, and Cash Equivalents asset classes shall be assessed relative to both the applicable index in Table 4 and:

- For Private Equity, the joint Cambridge Associates Global Private Equity and Venture Capital Index pooled return at peer group weights.
- For Strategic Investments, the CPI, as reported by the U.S. Department of Labor, Bureau of Labor Statistics (Consumer Price Index – All Urban Consumers), plus 4.0%.
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VIII. ASSET CLASS PORTFOLIO MANAGEMENT

General Asset Class and Portfolio Guidelines

The Executive Director is responsible for developing asset class and individual portfolio policies and guidelines which reflect the goals and objectives of this Investment Policy Statement. In doing so, he is authorized to use all investment authority spelled out in Section 215.47, Florida Statutes, except as limited by this Plan or SBA Rules. The Executive Director shall develop guidelines for the selection and retention of portfolios, and shall manage all external contractual relationships in accordance with the fiduciary responsibilities of the Board.

All asset classes shall be invested to achieve or exceed the return on their respective benchmarks over a long period of time. To obtain appropriate compensation for associated performance risks:

- Public market asset classes shall be well diversified with respect to their benchmarks and have a reliance on low cost passive strategies scaled according to the degree of efficiency in underlying securities markets, capacity in effective active strategies, and ongoing total fund liquidity requirements.
- Private Equity, Real Estate and Strategic Investments asset classes shall utilize a prudent process to maximize long-term access to attractive risk-adjusted investment opportunities through use of business partners with appropriate:
 - Financial, operational and investment expertise and resources;
 - Alignment of interests;
 - Transparency and repeatability of investment process; and
 - Controls on leverage.

Strategic Investments Guidelines

The objective of the asset class is to proactively identify and utilize non-traditional and multi-asset class investments, on an opportunistic and strategic basis, in order to accomplish one or more of the following:

- Generate long-term incremental returns in excess of a 4.0% annualized real rate of return, commensurate with risk.
- Reduce the volatility of FRS Pension Plan assets and improve the FRS Pension Plan's risk-adjusted return over multiple market cycles.
- Outperform the FRS Pension Plan during periods of significant market declines.
- Increase investment flexibility across market environments in order to access evolving or opportunistic investments outside of traditional asset classes and effective risk-adjusted portfolio management strategies.

Strategic Investments may include, but not be limited to, direct investments authorized by s. 215.47, Florida Statutes or investments in capital commitment partnerships, hedge funds or other vehicles that make or involve non-traditional, opportunistic and/or long or short investments in marketable and nonmarketable debt, equity, and/or real assets (e.g., real estate, infrastructure, or commodities). Leverage may be utilized subject to appropriate controls.

Other Guidelines

The Executive Director shall develop and implement policies as appropriate for the orderly and effective implementation of the provisions of Chapter 2007-88, Laws of Florida, the "Protecting

Florida's Investments Act." Actions taken and determinations made pursuant to said policies are hereby incorporated by reference into this Investment Policy Statement, as required by subsection 215.473(6), Florida Statutes.

The Executive Director shall develop and implement policies as appropriate for the orderly and effective implementation of the provisions of Chapter 2016-36, Laws of Florida, an act relating to companies that boycott Israel. Actions taken and determinations made pursuant to said policies are hereby incorporated by reference into this Investment Policy Statement, as required by subsection 215.4725(5), Florida Statutes.

The Executive Director shall develop and implement policies as appropriate for the orderly and effective implementation of the provisions of Chapter 2018-125, Laws of Florida, an act relating to state investments in or with the government of Venezuela. Actions taken and determinations made pursuant to said policies are hereby incorporated by reference into this Investment Policy Statement, as required by subsection 215.475(3)(a), Florida Statutes.

Subsection 215.475(3)(a) Florida Statutes is consistent with the Resolution adopted by the Trustees of the Board on August 16, 2017. At that meeting, the Board also included in the Resolution the specific direction that the SBA include in this Investment Policy Statement upon review of the IAC in accordance with Section 215.475(2) Florida Statutes, the following: "The SBA will not vote in favor of any proxy resolution advocating the support of the Maduro Regime in Venezuela."

IX. REPORTING

The Board directs the Executive Director to coordinate the preparation of quarterly reports of the investment performance of the FRS by the Board's independent performance evaluation consultant.

The following formal periodic reports to the Board shall be the responsibility of the Executive Director:

- An annual report on the SBA and its investment portfolios, including that of the FRS.
- A monthly report on performance and investment actions taken.
- Special investment reports pursuant to Section 215.44-215.53, Florida Statutes.

X. IMPLEMENTATION SCHEDULE

This policy statement shall be effective July 1, 2018.



**STATE BOARD OF ADMINISTRATION
OF FLORIDA**

**1801 HERMITAGE BOULEVARD, SUITE 100
TALLAHASSEE, FLORIDA 32308
(850) 488-4406**

**POST OFFICE BOX 13300
32317-3300**

**RICK SCOTT
GOVERNOR
CHAIR**

**JIMMY PATRONIS
CHIEF FINANCIAL OFFICER**

**PAM BONDI
ATTORNEY GENERAL**

**ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO**

To: Ash Williams
From: Michael McCauley
cc: Senior Leadership Group
Date: May 22, 2018
Subject: **Annual Review and Approval of Florida PRIME Investment Policy Statement (IPS)**

With respect to Florida PRIME, Section 218.409 Florida Statutes requires:

The trustees shall ensure that the board or a professional money management firm administers the trust fund on behalf of the participants. The board or a professional money management firm shall have the power to invest such funds in accordance with a written investment policy. The investment policy shall be updated annually to conform to best investment practices. [s. 218.409(2)(a), Florida Statutes]

The investment policy shall be reviewed and approved annually by the trustees or when market changes dictate, and in each event the investment policy shall be reviewed by the Investment Advisory Council.[s. 218.409(2)(d), Florida Statutes]

Although there are no investment policy changes recommended at this time for the Florida PRIME Investment Policy Statement (IPS) (attached), a couple of statutory citations need updating:

- 1) Section 215.47(9) needs to reflect the correct reference to the applicable fiduciary standards contained in 215.47(10). The current IPS' Overview section references paragraph (9) instead of paragraph (10) of the statute, which are included below for reference:

(9) Investments in any securities authorized by this section may be under repurchase agreements or reverse repurchase agreements.

(10) Investments made by the State Board of Administration shall be designed to maximize the financial return to the fund consistent with the risks incumbent in each investment and shall be designed to preserve an appropriate diversification of the portfolio. The board shall discharge its duties with respect to a plan solely in the interest of its participants and beneficiaries. The board in performing the above investment duties shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A) through (C). In case of conflict with other provisions of law authorizing investments, the investment and fiduciary standards set forth in this subsection shall prevail.

- 2) Section 218.421 was repealed earlier this year and the Fund B Trust Fund has been terminated. The referenced language needs to be stricken from the Florida PRIME IPS.

Let me know if you have any questions.

Attachments



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**PAM BONDI
ATTORNEY GENERAL**

**ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO**

June 13, 2018

The Honorable Richard Corcoran, Speaker
Florida House of Representatives
420 The Capitol
402 South Monroe Street
Tallahassee, Florida 32399

Re: Protecting Florida's Investments Act, and Prohibited Investments in Companies that Boycott Israel

Dear Speaker Corcoran:

In 2007, the Florida House of Representatives and Florida Senate unanimously passed the Protecting Florida's Investments Act (the "PFIA"), which was signed into law on June 8, 2007. The PFIA requires the Florida State Board of Administration (SBA) to divest of Florida Retirement System Pension Plan investments in companies with certain business operations in the countries of Sudan or Iran, if substantial actions are not taken to limit such operations.

In 2016, the Florida House and Senate passed legislation entitled, "Prohibited Investments by the SBA; Companies that Boycott Israel." The bill prohibits further SBA investment in companies that boycott or limit commercial relations with Israel or Israeli-controlled territories, in a discriminatory manner. The bill was signed into law on March 10, 2016.

Florida Statutes provide that the SBA issue a quarterly report to the Speaker of the Florida House of Representatives, the President of the Florida Senate, SBA Trustees, and the public. On behalf of our Trustees, I am pleased to send you the SBA's quarterly Global Governance Mandates Report that includes the following:

- Scrutinized Companies with Activities in Sudan List
- Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List
- Scrutinized Companies that Boycott Israel List

In accordance with Florida Statutes, the quarterly report provides a summary of the SBA's company engagement efforts, listing which companies responded to SBA written and electronic communication. The SBA continues to communicate and have dialogue with many of the scrutinized companies. The quarterly report also includes a summary of all investments sold since the PFIA's inception. Since September 19, 2007, the SBA has disposed of approximately \$1.3 billion of scrutinized firms' publicly traded securities.

As fiduciaries of the Florida Retirement System Pension Plan, the SBA Trustees and professional investment staff will continue to work diligently and faithfully to implement this important legislation to the best of our abilities. Please let me know if you have any questions. For additional information, you may visit our website:

<https://www.sbafla.com/fsb/FundsWeManage/FRSPensionPlan/GlobalGovernanceMandates.aspx>

Sincerely,

Ashbel C. Williams
Executive Director & CIO
Attachment

cc: Governor Rick Scott
Chief Financial Officer Jimmy Patronis
Attorney General Pam Bondi

Investment Policy Statement
Local Government Surplus Funds Trust Fund (Non-Qualified)
Effective June 1314, 20187

I. Purpose and Scope

The purpose of this Investment Policy Statement (“Policy”) is to set forth the investment objective, investment strategies, and authorized portfolio securities for the Local Government Surplus Funds Trust Fund (“Florida PRIME”). The Policy also describes the risks associated with an investment in Florida PRIME. ~~This Policy does not relate to Fund B as defined in Section 218.421, Florida Statutes.~~

II. Overview of Florida PRIME

The Local Government Surplus Funds Trust Fund was created by an Act of the Florida Legislature effective October 1, 1977 (Chapter 218, Part IV, Florida Statutes). The State Board of Administration (“SBA”) is charged with the powers and duties to administer and invest Florida PRIME, in accordance with the statutory fiduciary standards of care as contained in Section 215.47(109), Florida Statutes. The SBA has contracted with Federated Investment Counseling (the “Investment Manager”) to provide investment advisory services for Florida PRIME.

Florida PRIME is governed by Chapters 215 and 218, Florida Statutes, and Chapter 19-7 of the Florida Administrative Code (collectively, “Applicable Florida Law”).

III. Roles and Responsibilities

The Board of Trustees of the SBA (“Trustees”) consists of the Governor, as Chairman, the Chief Financial Officer, as Treasurer, and the Attorney General, as Secretary. The Trustees will annually certify that Florida PRIME is in compliance with the requirements of Chapter 218, Florida Statutes, and that the management of Florida PRIME is in accord with best investment practices.

The Trustees delegate the administrative and investment authority to manage Florida PRIME to the Executive Director of the SBA, subject to Applicable Florida Law. The Trustees appoint an Investment Advisory Council and a Participant Local Government Advisory Council. Both Councils will, at least annually, review this Policy and any proposed changes prior to its presentation to the Trustees and will undertake other duties set forth in Applicable Florida Law.

IV. Amortized Cost Accounting

In March 1997, the Governmental Accounting Standards Board (“GASB”) issued Statement 31, titled “Accounting and Financial Reporting for Certain Investments and for External Investment Pools.” GASB 31 applies to Florida PRIME.

GASB 31 outlines the two options for accounting and reporting for money market investment pools as either “2a-7 like” or fluctuating net asset value (“NAV”). GASB 31 describes a “2a-7 like” pool as an “external investment pool that is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with Rule 2a-7 under the Investment Company Act of 1940 (the “1940 Act”).” Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions.

In December 2015, GASB issued Statement 79, “Certain External Investment Pools and Pool Participants,” which delinks the accounting treatment of external investment pools from Rule 2a-7, and

establishes criteria for the use of amortized cost to value portfolio assets of an external pool. GASB 79 also made clear that rounding unit value up or down to the nearest penny to maintain a stable NAV of \$1.00 per share for issuances and redemptions of units is an operational decision for an external investment pool, rather than an accounting matter. GASB 79 also specifies, however, that seeking to maintain a stable price of \$1.00 per share is one of the criteria that an external investment pool must meet as a condition to valuing all portfolio assets at amortized cost for financial reporting purposes.

Florida PRIME will seek to operate in a manner consistent with the criteria and requirements in GASB 79, including diversification, credit quality and maturity conditions. Accordingly, it is thereby permitted to value portfolio assets at amortized cost method.

V. Investment Objective

The primary investment objectives for Florida PRIME, in priority order, are safety, liquidity, and competitive returns with minimization of risks. Investment performance of Florida PRIME will be evaluated on a monthly basis against the Standard & Poor's U.S. AAA & AA Rated GIP All 30 Day Net Yield Index. While there is no assurance that Florida PRIME will achieve its investment objectives, it endeavors to do so by following the investment strategies described in this Policy.

VI. Investment Strategies & Specific Limitations

The Investment Manager will invest Florida PRIME's assets in short-term, high-quality fixed income securities. All Florida PRIME assets (100 percent) will be U.S. dollar-denominated. To be considered high-quality, a security must be rated in the highest short-term rating category by one or more nationally recognized statistical rating organizations ("NRSROs"), or be deemed to be of comparable quality thereto by the Investment Manager, subject to Section 215.47(1)(j), Florida Statutes. The Investment Manager also may enter into special transactions for Florida PRIME, like repurchase agreements. Each repurchase agreement counterparty must have an explicit issuer or counterparty credit rating in the highest short-term rating category from Standard & Poor's. Certain of the fixed-income securities in which Florida PRIME invests pay interest at a rate that is periodically adjusted ("Adjustable Rate Securities").

The Investment Manager will manage credit risk by purchasing only high quality securities. The Investment Manager will perform a credit analysis to develop a database of issuers and securities that meet the Investment Manager's standard for minimal credit risk. The Investment Manager monitors the credit risks of all Florida PRIME's portfolio securities on an ongoing basis by reviewing periodic financial data, issuer news and developments, and ratings of certain NRSROs. The Investment Manager will utilize a "new products" or similar committee to review and approve new security structures prior to an investment of Florida PRIME's assets in such securities. The Investment Manager will periodically consider and follow best practices in connection with minimal credit risk determinations (e.g., such as those described in Appendix I of the Investment Company Institute's 2009, *Report of the Money Market Working Group*).

The Investment Manager will manage interest rate risk by purchasing only short-term fixed income securities. The Investment Manager will target a dollar-weighted average maturity range for Florida PRIME based on its interest rate outlook. The Investment Manager will formulate its interest rate outlook by analyzing a variety of factors, such as current and expected U.S. economic growth; current and expected interest rates and inflation; and the Federal Reserve Board's monetary policy. The Investment Manager will generally shorten Florida PRIME's dollar-weighted average maturity when it expects interest rates to rise and extend Florida PRIME's dollar-weighted average maturity when it expects interest rates to fall. In order to meet the investment grade ratings criteria of Standard & Poor's for a pool, the remaining maturity of securities purchased by the Investment Manager shall not exceed 762 days for government floating rate notes/variable rate notes and will not exceed 397 days for all other securities; provided, however, that if not required by the ratings criteria of the applicable NRSRO that is providing

an investment grade rating to the pool and to the extent consistent with the portfolio criteria of GASB 79, longer term floating rate/variable rate notes that are U.S. government securities may be owned by Florida PRIME.

The Investment Manager will exercise reasonable care to maintain (i) a dollar weighted average maturity (“DWAM”) of 60 days or less; and (ii) a maximum weighted average life (WAL) within the range of 90-120 days, depending on the levels of exposure and ratings of certain Adjustable Rate Securities. The maximum WAL will depend upon the percentage exposures to government and non-government Adjustable Rate Securities, with sovereign (government) Adjustable Rate Securities rated AA- and higher allowed a 120-day limit, and non-sovereign (corporate) Adjustable Rate Securities (and sovereign Adjustable Rate Securities rated below AA-) restricted to a 90-day limit. The portfolio’s maximum WAL will be based on a weighted average of the percentage exposures to each type of floating-rate instrument.

For purposes of calculating DWAM, the maturity of an Adjustable Rate Security generally will be the period remaining until its next interest rate adjustment. For purposes of calculating WAL, the maturity of an Adjustable Rate Security will be its stated final maturity, without regard to interest rate adjustments; accordingly, the WAL limitation could serve to restrict Florida PRIME’s ability to invest in Adjustable Rate Securities.

The Investment Manager will exercise reasonable care to limit exposure to not more than 25% of Florida PRIME’s assets in a single industry sector, with the exception that the Investment Manager may invest more than 25% in the financial services industry sector, which includes banks, broker-dealers, and finance companies. This higher limit is in recognition of the large outstanding value of money fund instruments issued by financial services firms. Government securities are not considered to be an industry.

The Investment Manager will exercise reasonable care to not acquire a security, other than (i) a Daily Liquid Asset, if immediately after the acquisition Florida PRIME would have invested less than 10% of its total assets in Daily Liquid Assets; (ii) a Weekly Liquid Asset, if immediately after the acquisition Florida PRIME would have invested less than 30% of its total assets in Weekly Liquid Assets. Daily Liquid Assets include cash, direct obligations of the U.S. government and securities that convert to cash in one business day. Weekly Liquid Assets include cash, direct obligations of the U.S. government, certain government securities with remaining maturities of 60 business days or less and securities that convert to cash in five business days.

Florida PRIME shall seek to hold liquid assets sufficient to meet reasonably foreseeable redemptions, based upon knowledge of the expected cash needs of participants.

The Investment Manager will exercise reasonable care to not acquire securities that cannot be sold or disposed of in the ordinary course of business within five business days at approximately the value ascribed to them by Florida PRIME if, immediately after the acquisition, Florida PRIME would have invested more than 5% of its total assets in such securities.

In buying and selling portfolio securities for Florida PRIME, the Investment Manager will comply with (i) the diversification, maturity and credit quality criteria in GASB 79, (ii) the requirements imposed by any NRSRO that rates Florida PRIME to ensure that it maintains a AAAM rating (or the equivalent) and (iii) the investment limitations imposed by Section 215.47, Florida Statutes except to the extent, as permitted by Section 215.44(3), the trust instrument of Florida PRIME and this investment policy statement specifically authorize investments in addition to those authorized by Section 215.47.

The Investment Manager generally will comply with the following diversification limitations that are additional to those set forth in GASB 79. First, at least 50% of Florida PRIME assets will be invested in securities rated “A-1+” or those deemed to be of comparable credit quality thereto by the Investment Manager (i.e., so long as such deeming is consistent with the requirements of the NRSRO’s AAAM (or

equivalent) rating criteria), subject to Section 215.47(1)(j), Florida Statutes. The Investment Manager will document each instance in which a security is deemed to be of comparable credit quality and its basis for such a determination. Second, exposure to any single non-governmental issuer (other than a money market mutual fund) will not exceed 5% and exposure to any single money market mutual fund will not exceed 10% of Florida PRIME assets.

VII. Portfolio Securities and Special Transactions

The Investment Manager will purchase only fixed income securities for Florida PRIME, and may engage in special transactions, for any purpose that is consistent with Florida PRIME's investment objective.

Fixed income securities are securities that pay interest, dividends or distributions at a specified rate. The rate may be a fixed percentage of the principal or adjusted periodically. In addition, the issuer of a short-term fixed income security must repay the principal amount of the security, normally within a specified time. The fixed income securities in which Florida PRIME may invest include corporate debt securities, bank instruments, asset backed securities, U.S. Treasury securities, U.S. government agency securities, insurance contracts, municipal securities, foreign securities, mortgage backed securities, and shares of money market mutual funds. However, Florida PRIME is not permitted to buy such fixed income securities to the extent that they require Florida PRIME to be a qualified institutional buyer.

Special transactions are transactions into which Florida PRIME may enter, including, but not limited to, repurchase agreements and delayed delivery transactions.

For a more detailed description of Florida PRIME's portfolio securities and special transactions, please see "Additional Information Regarding Florida PRIME's Principal Securities" at Appendix A.

VIII. Risks Associated with Florida PRIME

An investment in Florida PRIME is subject to certain risks. Any investor in Florida PRIME should specifically consider, among other things, the following principal risks before making a decision to purchase shares of Florida PRIME.

Risk that Florida PRIME will not Maintain a Stable Net Asset Value

Although the Investment Manager attempts to manage Florida PRIME such that it maintains a stable NAV of \$1.00 per share, there is no guarantee that it will be able to do so. Florida PRIME is not registered under the 1940 Act or regulated by the SEC.

Interest Rate Risks

The prices of the fixed income securities in which Florida PRIME will invest rise and fall in response to changes in the interest rates paid by similar securities. Generally, when interest rates rise, prices of fixed income securities fall. However, market factors, such as demand for particular fixed income securities, may cause the price of certain fixed income securities to fall while the price of other securities rise or remain unchanged. Interest rate changes have a greater effect on the price of fixed income securities with longer maturities.

Credit Risks

Credit risk is the possibility that an issuer of a fixed income security held by Florida PRIME will default on the security by failing to pay interest or principal when due. If an issuer defaults, Florida PRIME will lose money.

Liquidity Risks

Trading opportunities are more limited for fixed income securities that are not widely held. These features make it more difficult to sell or buy securities at a favorable price or time. Consequently, Florida PRIME may have to accept a lower price to sell a security, sell other securities to raise cash or give up an investment opportunity, any of which could have a negative effect on Florida PRIME's performance.

Concentration Risks

A substantial part of Florida PRIME may be comprised of securities issued by companies in the financial services industry, companies with similar characteristics, or securities credit enhanced by banks or companies with similar characteristics. As a result, Florida PRIME may be more susceptible to any economic, business, or political risks or other developments that generally affect finance companies. Developments affecting companies in the financial services industry or companies with similar characteristics might include changes in interest rates, changes in the economic cycle affecting credit losses and regulatory changes.

Risks of Foreign Investing

Foreign securities pose additional risks because foreign economic or political conditions may be less favorable than those of the United States. Securities in foreign markets also may be subject to taxation policies that reduce returns for U.S. investors.

Call Risks

If a fixed income security is called, Florida PRIME may have to reinvest the proceeds in other fixed income securities with lower interest rates, higher credit risks or other less favorable characteristics.

Prepayment Risks

Unlike traditional fixed income securities, which pay a fixed rate of interest until maturity (when the entire principal amount is due), payments on asset-backed securities include both interest and a partial payment of principal. Partial payment of principal may be comprised of scheduled principal payments as well as unscheduled payments from voluntary prepayment, refinancing, or foreclosure of the underlying loans. If Florida PRIME receives unscheduled prepayments, it may have to reinvest the proceeds in other fixed income securities with lower interest rates, higher credit risks or other less favorable characteristics.

Risks Associated with Amortized Cost Method of Valuation

Florida PRIME will use the amortized cost method to determine the value of its portfolio securities. Under this method, portfolio securities are valued at the acquisition cost as adjusted for amortization of premium or accumulation of discount rather than at current market value. Accordingly, neither the amount of daily income nor the NAV is affected by any unrealized appreciation or depreciation of the portfolio. In periods of declining interest rates, the indicated daily yield on shares computed by dividing the annualized daily income on Florida PRIME's portfolio by the NAV, as computed above, may tend to be higher than a similar computation made by using a method of valuation based on market prices and estimates. In periods of rising interest rates, the opposite may be true.

Changing Distribution Level Risk

There is no guarantee that Florida PRIME will provide a certain level of income or that any such income will exceed the rate of inflation. Further, Florida PRIME's yield will vary. A low interest rate environment may prevent Florida PRIME from providing a positive yield or paying expenses out of current income.

Throughout this section, it shall be understood that actions described as being taken by Florida PRIME refer to actions taken by the Investment Manager on behalf of Florida PRIME.

For additional information regarding Florida PRIME's principal securities and associated risks, please see Appendix A.

IX. Controls and Escalation Procedures

Section 218.409(2), Florida Statutes requires this Policy to document a system of internal controls designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the board or a professional money management firm. The controls include formal escalation reporting guidelines for all employees to address material impacts on Florida PRIME that require reporting and action.

The SBA has engaged BNY Mellon ("Custodian") to provide asset safekeeping, custody, fund accounting and performance measurement services to Florida PRIME. The Custodian will mark to market the portfolio holdings of Florida PRIME on a daily basis and will daily communicate both amortized cost price and mark to market price, so that the SBA and the Investment Manager can monitor the deviations between the amortized cost price and market price. By contractual agreement, the Investment Manager will reconcile accounting and performance measurement reports with the Custodian on at least a monthly basis, under the supervision of the SBA.

The NRSRO that rates Florida PRIME will perform regular independent surveillance of Florida PRIME. The SBA and an independent investment consultant will regularly monitor the Investment Manager with respect to performance and organizational factors according to SBA manager monitoring policies.

The SBA and third parties used to materially implement Florida PRIME will maintain internal control, fraud and ethics policies and procedures designed to prevent the loss of public funds.

The Executive Director will develop policies and procedures to:

- Identify, monitor and control/mitigate key investment and operational risks.
- Maintain an appropriate and effective risk management and compliance program that identifies, evaluates and manages risks within business units and at the enterprise level.
- Maintain an appropriate and effective control environment for SBA investment and operational responsibilities.
- Approve risk allocations and limits, including total fund and asset class risk budgets.

The Executive Director will appoint a Chief Risk and Compliance Officer, whose selection, compensation and termination will be affirmed by the Board, to assist in the execution of the responsibilities enumerated in the preceding list. For day-to-day executive and administrative purposes, the Chief Risk and Compliance Officer will proactively work with the Executive Director and designees to ensure that issues are promptly and thoroughly addressed by management. On at least a quarterly basis, the Chief Risk and Compliance Officer will provide reports to the Investment Advisory Council, Audit Committee and Board, and is authorized to directly access these bodies at any time as appropriate to ensure the integrity and effectiveness of risk management and compliance functions.

Pursuant to written SBA policy, the Executive Director will organize an Investment Oversight Group to regularly review, document and formally escalate compliance exceptions and events that may have a material impact on Florida PRIME. Minutes of the Investment Oversight Group's meetings and a listing of meeting participants shall be timely posted on the Florida PRIME website.

The Investment Oversight Group will meet and report monthly to the Executive Director, except upon the occurrence of a material event. The SBA and the Investment Manager have an affirmative duty to immediately disclose any material impact on Florida PRIME to the participants, including, but not limited to:

1. When the deviation between the market value and amortized cost of Florida PRIME exceeds 0.25%, according to pricing information provided by the Custodian, the Investment Manager will establish a formal action plan. The Investment Oversight Group will review the formal action plan and prepare a recommendation for the Executive Director's consideration.
2. When the deviation between the market value and amortized cost of Florida PRIME exceeds 0.50%, according to pricing information provided by the Custodian, the Executive Director will promptly consider what action, if any, will be initiated. Where the Executive Director believes the extent of any deviation from Florida PRIME's amortized cost price per share may result in material dilution or other unfair results to investors or existing shareholders, he will cause Florida PRIME to take such action as he deems appropriate to eliminate or reduce to the extent reasonably practicable such dilution or unfair results.
3. The Investment Manager will perform daily compliance monitoring to ensure that investment practices comply with the requirements of this Policy, according to documented compliance procedures. The Investment Manager will provide regular compliance reports and will communicate compliance exceptions within 24 hours of identification to the Investment Oversight Group. Additionally, the Investment Oversight Group will periodically conduct independent compliance reviews.
4. In the event that a security receives a credit rating downgrade and ceases to be in the highest rating category, or the Investment Manager determines that the security is no longer of comparable quality to the highest short-term rating category (in either case, a "Downgrade"), the Investment Manager will reassess whether the security continues to present minimal credit risk and will cause Florida PRIME to take any actions determined by the Investment Manager to be in the best interest of Florida PRIME; provided however, that the Investment Manager will not be required to make such reassessments if Florida PRIME disposes of the security (or the security matures) within five business days of the Downgrade.
5. In the event that a security no longer meets the criteria for purchase due to default, event of insolvency, a determination that the security no longer presents minimal credit risks, or other material event ("Affected Security"), the Investment Manager must dispose of the security as soon as practical, consistent with achieving an orderly disposition of the security, by sale, exercise of a demand feature or otherwise, and the requirements of GASB 79. An Affected Security may be held only if the Executive Director has determined, based upon a recommendation from the Investment Manager and the Investment Oversight Group, that it would not be in the best interest of Florida PRIME to dispose of the security taking into account market conditions that may affect an orderly disposition.
6. The Investment Manager will monthly stress test Florida PRIME and at least quarterly report the results of the stress tests to the Investment Oversight Group. Stress tests must be conducted for at least the following events, or combinations of events (i) a change in short-term interest rates; (ii) an increase in net shareholder redemptions; (iii) downgrades or defaults; and (iv)

changes between a benchmark overnight interest rate and the interest rates on securities held by Florida PRIME.

The Investment Manager will at least annually provide the Investment Oversight Group with: (i) their documented compliance procedures; (ii) an assessment of Florida PRIME's ability to withstand events reasonably likely to occur in the coming year and (iii) their list of NRSROs utilized as a component of the credit risk monitoring process.

The Executive Director's delegated authority as described in this section is intended to provide him with sufficient authority and operating flexibility to make professional investment decisions in response to changing market and economic conditions. Nonetheless, the Trustees will at least monthly review and approve management summaries of material impacts on Florida PRIME, any actions or escalations taken thereon, and carry out such duties and make such determinations as are otherwise necessary under applicable law, regulation or rule.

Pursuant to Florida law, the Auditor General will conduct an annual financial audit of Florida PRIME, which will include testing for compliance with this Policy.

X. Deposits and Withdrawals

Investors should refer to the separate Florida PRIME Operating Procedures for detailed descriptions regarding how to make deposits in and withdrawals from Florida PRIME, including (1) any fees and limitations that may be imposed with respect thereto; and (2) reports provided to participants.

XI. Management Reporting

The Executive Director will be responsible for providing the formal periodic reports to the Trustees, legislative committees and other entities:

1. An annual report on the SBA and its investment portfolios, including that of Florida PRIME.
2. A monthly report on performance and investment actions taken.
3. Special reports pursuant to Chapter 218, Florida Statutes.

Appendix A

Additional Information Regarding Florida PRIME's Principal Securities

Throughout this appendix it shall be understood that actions described as being taken by Florida PRIME refer to actions taken by the Investment Manager on behalf of Florida PRIME.

FIXED INCOME SECURITIES

Corporate Debt Securities

Corporate debt securities are fixed income securities issued by businesses. Notes, bonds, debentures and commercial paper are the most prevalent types of corporate debt securities. Florida PRIME also may purchase interests in bank loans to companies.

COMMERCIAL PAPER

Commercial paper is an issuer's obligation with a maturity of generally less than 270 days. Companies typically issue commercial paper to pay for current expenditures. Most issuers constantly reissue their commercial paper and use the proceeds (or bank loans) to repay maturing paper. If the issuer cannot continue to obtain liquidity in this fashion, its commercial paper may default.

DEMAND INSTRUMENTS

Demand instruments are corporate debt securities that the issuer must repay upon demand. Other demand instruments require a third party, such as a dealer or bank, to repurchase the security for its face value upon demand. Florida PRIME treats demand instruments as short-term securities, even though their stated maturity may extend beyond one year.

Bank Instruments

Bank instruments are unsecured interest bearing deposits with banks. Bank instruments include, but are not limited to, bank accounts, time deposits, certificates of deposit and banker's acceptances. Yankee instruments are denominated in U.S. dollars and issued by U.S. branches of foreign banks. Eurodollar instruments are denominated in U.S. dollars and issued by non-U.S. branches of U.S. or foreign banks.

Florida PRIME will not invest in instruments of domestic and foreign banks and savings and loans unless they have capital, surplus, and undivided profits of over \$100,000,000, or if the principal amount of the instrument is insured by the Bank Insurance Fund or the Savings Association Insurance Fund which are administered by the Federal Deposit Insurance Corporation. These instruments may include Eurodollar Certificates of Deposit, Yankee Certificates of Deposit, and Euro-dollar Time Deposits.

Florida PRIME shall further limit its investments in bank instruments consistent with the requirements of GASB 79.

Asset Backed Securities

Asset backed securities are payable from pools of obligations, most of which involve consumer or commercial debts. However, almost any type of fixed income assets (including other fixed income securities) may be used to create an asset backed security. Asset backed securities may take the form of commercial paper, notes or pass-through certificates.

Government Securities

Government security means any security issued or guaranteed as to principal or interest by the United States, or by a person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States; or any certificate of deposit for any of the foregoing.

U.S. Treasury Securities

U.S. Treasury securities are direct obligations of the federal government of the United States. U.S. Treasury securities are generally regarded as having the lowest credit risks.

Agency Securities

Agency securities are issued or guaranteed by a federal agency or other government sponsored entity (GSE) acting under federal authority. Some GSE securities are supported by the full faith and credit of the United States. These include securities issued by the Government National Mortgage Association, Small Business Administration, Farm Credit System Financial Assistance Corporation, Farmer's Home Administration, Federal Financing Bank, General Services Administration, Department of Housing and Urban Development, Export-Import Bank, Overseas Private Investment Corporation, and Washington Metropolitan Area Transit Authority.

Other GSE securities receive support through federal subsidies, loans or other benefits. For example, the U.S. Treasury is authorized to purchase specified amounts of securities issued by (or otherwise make funds available to) the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Student Loan Marketing Association, and Tennessee Valley Authority in support of such obligations.

A few GSE securities have no explicit financial support, but are regarded as having implied support because the federal government sponsors their activities. These include securities issued by the Farm Credit System, Financing Corporation, and Resolution Funding Corporation.

Investors regard agency securities as having low credit risks, but not as low as Treasury securities. Florida PRIME treats mortgage-backed securities guaranteed by a GSE as if issued or guaranteed by a federal agency. Although such a guarantee protects against credit risks, it does not reduce market risks.

Insurance Contracts

Insurance contracts include guaranteed investment contracts, funding agreements and annuities. Florida PRIME treats these contracts as fixed income securities.

Municipal Securities

Municipal securities are issued by states, counties, cities and other political subdivisions and authorities.

Foreign Securities

Foreign securities are U.S. dollar-denominated securities of issuers based outside the United States. Florida PRIME considers an issuer to be based outside the United States if:

- it is organized under the laws of, or has a principal office located in, another country;
- the principal trading market for its securities is in another country; or

- it (or its subsidiaries) derived in its most current fiscal year at least 50% of its total assets, capitalization, gross revenue or profit from goods produced, services performed or sales made in another country.

Mortgage Backed Securities

Mortgage backed securities represent interests in pools of mortgages. The mortgages that comprise a pool normally have similar interest rates, maturities and other terms. Mortgages may have fixed or adjustable interest rates. Interests in pools of adjustable rate mortgages are known as ARMs.

Zero Coupon Securities

Certain of the fixed income securities in which Florida PRIME invests are zero coupon securities. Zero coupon securities do not pay interest or principal until final maturity, unlike debt securities that provide periodic payments of interest (referred to as a “coupon payment”). Investors buy zero coupon securities at a price below the amount payable at maturity. The difference between the purchase price and the amount paid at maturity represents interest on the zero coupon security. Investors must wait until maturity to receive interest and principal, which increases the interest rate and credit risks of a zero coupon security.

Callable Securities

Certain of the fixed income securities in which Florida PRIME invests are callable at the option of the issuer. Callable securities are subject to reinvestment risks.

144A Securities

The SBA has determined that Florida PRIME constitutes (i) an “accredited investor” as defined in Rule 501(a)(7) promulgated under the Securities Act of 1933, as amended (the “Securities Act”), as long as Florida PRIME has total assets in excess of \$5,000,000 and (ii) a “qualified purchaser” as defined in Section 2(a)(51)(A)(iv) of the 1940 Act, as long as Florida PRIME in the aggregate owns and invests on a discretionary basis not less than \$25,000,000 in investments, but does not constitute a “qualified institutional buyer” as defined in Rule 144A(a)(1) promulgated under the Securities Act. Florida PRIME is restricted from purchasing or acquiring securities or investments that would require Florida PRIME to represent in connection with such purchase or acquisition that it is a “qualified institutional buyer” as defined in Rule 144A(a)(1) promulgated under the Securities Act.

Money Market Mutual Funds

Florida PRIME may invest in shares of registered investment companies that are money market mutual funds, including those that are affiliated with the Investment Manager, as an efficient means of implementing its investment strategies and/or managing its uninvested cash. These other money market mutual funds are managed independently of Florida PRIME and incur additional fees and/or expenses that would, therefore, be borne indirectly by Florida PRIME in connection with such investment. However, the Investment Manager believes that the benefits and efficiencies of this approach should outweigh the potential additional fees and/or expenses. The Investment Manager must obtain prior written consent of the SBA to invest Florida PRIME in money market mutual funds that are “affiliated persons” of the Investment Manager.

SPECIAL TRANSACTIONS

The Investment Manager on behalf of Florida PRIME may engage in the following special transactions.

Repurchase Agreements

A repurchase agreement is a transaction in which Florida PRIME buys a security from a dealer or bank and agrees to sell the security back at a mutually agreed-upon time and price. The repurchase price exceeds the sale price, reflecting Florida PRIME's return on the transaction. This return is unrelated to the interest rate on the underlying security. Florida PRIME will enter into repurchase agreements only with banks and other recognized financial institutions, such as securities dealers, deemed creditworthy by the Investment Manager. The securities that are subject to the repurchase transactions are limited to securities in which Florida PRIME would be permitted to invest, except that such securities may have a maturity longer than would otherwise be permitted for Florida PRIME to own.

Florida PRIME's custodian or subcustodian will take possession of the securities subject to repurchase agreements. The Investment Manager or subcustodian will monitor the value of the underlying security each day to ensure that the value of the security always equals or exceeds the repurchase price.

Repurchase agreements are subject to credit risks.

Delayed Delivery Transactions

Delayed delivery transactions, including when-issued transactions, are arrangements in which Florida PRIME buys securities for a set price, with payment and delivery of the securities scheduled for a future time. During the period between purchase and settlement, no payment is made by Florida PRIME to the issuer and no interest accrues to Florida PRIME. Florida PRIME records the transaction when it agrees to buy the securities and reflects their value in determining the price of its units. Settlement dates may not be more than seven business days after entering into these transactions; nonetheless, the market values of the securities bought may vary from the purchase prices. Therefore, delayed delivery transactions create interest rate risks for Florida PRIME. Delayed delivery transactions also involve credit risks in the event of a counterparty default.

Asset Coverage

In order to secure its obligations in connection with special transactions, Florida PRIME will either own the underlying assets, enter into an offsetting transaction or set aside readily marketable securities with a value that equals or exceeds Florida PRIME's obligations. Unless Florida PRIME has other readily marketable assets to set aside, it cannot trade assets used to secure such obligations without terminating a special transaction. This may cause Florida PRIME to miss favorable trading opportunities or to realize losses on special transactions.

Global Governance Mandates

2nd Quarter – June 13, 2018

Protecting Florida's Investments Act (PFIA)
Scrutinized Companies that Boycott Israel
MacBride Principles and Northern Ireland
Cuba/Syria Proxy Voting Safeguards
Venezuela Prohibited Investments

Florida Statutes



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About the State Board of Administration

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

The FRS Pension Plan provides defined pension benefits to 1.1 million beneficiaries and retirees. The strong long-term performance of the FRS Pension Plan, the fourth-largest public pension fund in the nation, reflects our commitment to responsible fiscal management.

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

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

Section 1: Protecting Florida's Investments Act (PFIA)

Summary

On June 8, 2007, the PFIA was signed into law. The PFIA requires the State Board of Administration ("SBA"), acting on behalf of the Florida Retirement System Trust Fund (the "FRSTF"), to assemble and publish a list of "Scrutinized Companies" that have prohibited business operations in Sudan and Iran. Once placed on the list of Scrutinized Companies, the SBA and its investment managers are prohibited from acquiring those companies' securities and are required to divest those securities if the companies do not cease the prohibited activities or take certain compensating actions. The implementation of the PFIA by the SBA will not affect any FRSTF investments in U.S. companies. The PFIA will solely affect foreign companies with certain business operations in Sudan and Iran involving the petroleum or energy sector, oil or mineral extraction, power production or military support activities. This quarterly report is developed pursuant to Section 215.473 (4), Florida Statutes. Scrutinized activity in Sudan is defined by the Statutes as occurring within the "Government of Sudan," or the Republic of the Sudan that has its capital in Khartoum, Sudan. Note, the PFIA only applies to assets governed by Chapter 121 ("Florida Retirement System Act"), and therefore does not affect any non-FRS funds managed by the SBA.

Primary Requirements of the PFIA

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

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

8. Quarterly reporting of the following to each member of the Board of Trustees, the President of the Senate, the Speaker of the House of Representatives, the United States Presidential Special Envoy to Sudan, and the United States Presidential Special Envoy to Iran. The report is made publicly available and posted to the SBA's website.
 - a. A summary of correspondence with engaged companies;
 - b. A listing of all investments sold, redeemed, divested, or withdrawn;
 - c. A listing of all prohibited investments;
 - d. A description of any progress related to external managers offering PFIA compliant funds; and
 - e. A list of all publicly traded securities held directly by the State.
9. Adoption and incorporation into the FRSTF Investment Policy Statement (IPS) of SBA actions taken in accordance with the PFIA. Changes to the IPS are reviewed by the Investment Advisory Council (IAC) and approved by the Trustees.
10. Relevant Sudan portions of the PFIA are discontinued if the United States revokes all sanctions imposed against the government of Sudan, or if the Congress or President of the United States affirmatively and unambiguously states, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that:
 - a. The Darfur genocide has been halted for at least 12 months; or
 - b. The government of Sudan has honored its commitments to cease attacks on civilians, demobilize and demilitarize the Janjaweed and associated militias, grant free and unfettered access for deliveries of humanitarian assistance, and allow for the safe and voluntary return of refugees and internally displaced persons; or
 - c. Mandatory divestment of the type provided for by the PFIA interferes with the conduct of U.S. foreign policy.
11. Relevant Iran portions of the PFIA are discontinued if either of the following occurs:
 - a. The Congress or President of the United States affirmatively and unambiguously states, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that the government of Iran has ceased to acquire weapons of mass destruction and support international terrorism; or
 - b. The United States revokes all sanctions imposed against the government of Iran.
12. Cessation of divestment and/or reinvestment into previously divested companies may occur if the value of all FRSTF assets under management decreases by 50 basis points (0.5%) or more as a result of divestment. If cessation of divestment is triggered, the SBA is required to provide a written report to each member of the Board of Trustees, the President of the Senate, and the Speaker of the House of Representatives prior to initial reinvestment. Such condition is required to be updated semiannually.
13. In 2009, the Florida Legislature approved a bill requiring the SBA to identify and offer, by March 1, 2010, at least one terror-free investment product for the FRS Investment Plan. The product must allocate its funds among securities not subject to divestiture, as provided in F.S. 215.473.
14. As of July 1, 2014, Florida Statute 624.449 requires that a domestic insurer shall provide to the Office of Insurance Regulation on an annual basis a list of investments that the insurer has in companies included on the "Scrutinized Companies with Activities in Sudan List" and the "Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List." Additionally, F.S. 215.473(3)(e)(2) now exempts Exchange Traded Funds from the provisions of the PFIA.
15. As of July 1, 2014, Florida Statutes clarify that the recently created "Government of South Sudan" means the Republic of South Sudan, which has its capital in Juba, South Sudan. Scrutinized activity refers to the

“Government of Sudan,” which means the Republic of the Sudan that has its capital in Khartoum, Sudan. Within this report, “Sudan” refers to the latter.

16. As of July 1, 2016, the requirements for the expiration of PFIA divestment protocol were amended and new quarterly reporting requirements were implemented. Florida Statutes eliminated the following criteria for discontinuing Iran portions of the PFIA: The Congress or President of the United States affirmatively and unambiguously declares, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that mandatory divestment of the type provided for in this section interferes with the conduct of United States foreign policy.

Definition of a Scrutinized Company

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

Sudan:

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

Iran:

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

Affiliates of companies with scrutinized business operations are also subject to the requirements of the PFIA. An affiliated company is generally defined as any other company that either directly or indirectly controls, is controlled by or is under common control with the company conducting scrutinized active business operations. Control generally means the power to exercise a controlling influence over the management or policies of a company. As well, many companies have parent-subsidiary relationships whereby a parent company may own several other companies. In such cases, the SBA has included any known parent and/or subsidiaries that can be clearly linked to a company with scrutinized active business operations. The SBA has used a 50 percent ownership threshold in determining whether companies are affiliated, examining parent company-subsidiary ownership on a pro rata basis.

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

SBA Scrutinized Companies Identification Methodology

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

1. **EIRIS Conflict Risk Network (CRN).** In May 2013, the Conflict Risk Network became part of EIRIS, a global provider of environmental, social, governance, and ethical performance of companies. EIRIS provides services to more than 150 asset owners and managers globally, with a staff of over 60, based primarily in London. CRN was formerly known as the Sudan Divestment Task Force (SDTF).

2. **MSCI ESG Research (MSCI).** MSCI delivers corporate governance analysis and research to institutional investors. Through its ESG Research unit, MSCI offers screening services with specific and unique components of state law pertaining to investments in sanctioned countries, including Sudan and Iran.
3. **ISS-Ethix (formerly IW Financial or IWF).** On January 5, 2017, Institutional Shareholder Services (ISS) announced its acquisition of IW Financial. Going forward, ISS-Ethix will be the ESG arm of ISS, providing environmental and social research for responsible investing. IWF, in partnership with Conflict Securities Advisory Group (CSAG), has been a long-time provider of information on the business ties of publicly traded companies in Sudan and Iran.
4. **Sustainalytics, Inc.** Sustainalytics provides environmental, social and governance research and analysis, sustainability benchmarks, and investment services, and is the result of the merger between Jantzi Research, Inc. and Sustainalytics in 2009. Sustainalytics' company database, "Sustainalytics Global Platform," covers business operations in both Iran and Sudan.

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

Company disclosures:

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

Investment/Finance Organizations:

- Other Institutional Investors/Private Investors

U.S. Government Agencies:

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

Other Sources:

- SBA External Investment Managers
- U.S. Federal Sanctions Laws covering State Sponsors of Terror
- Non-Governmental Organizations (NGOs)

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

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

SUDAN Changes since the Previous PFIA Quarterly Report

(see following page for IRAN changes)

Companies added to the **Sudan** Scrutinized List this quarter:

The following company is added due to status as subsidiary of a scrutinized company.

- **Hindustan Petroleum Corporation Ltd** (subsidiary of Oil & Natural Gas Corp (ONGC))

Companies removed from the **Sudan** Scrutinized List this quarter:

- None

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

- **Siemens AG** (External research providers note that company has supplied power generation equipment to Sudan without corresponding humanitarian relief.)

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

- None

IRAN Changes since the Previous PFIA Quarterly Report

(see previous page for SUDAN changes)

Companies added to the **Iran** Scrutinized List this quarter:

The following company is added due to status as subsidiary of a scrutinized company.

- **Hindustan Petroleum Corporation Ltd** (subsidiary of Oil & Natural Gas Corp (ONGC))

Companies removed from the **Iran** Scrutinized List this quarter:

- None

Companies added to the **Iran** Continued Examination List this quarter:

- None

Companies removed from the **Iran** Continued Examination List this quarter:

- None

Recent Iran Developments:

On May 8, 2018, the United States ended participation in the Joint Comprehensive Plan of Action (JCPOA) regarding Iran. The United States withdrawal from the JCPOA does not directly impact the continued application of the PFIA. The SBA continues to identify scrutinized companies in Iran as defined in Florida statutes (F.S. 215.473). For PFIA purposes, the net effect of the U.S. exiting the JCPOA and reinstating federal sanctions against Iran could be additional disincentives to foreign firms considering investments in the Iranian energy sector. Since adoption of the JCPOA in 2015, numerous foreign firms have entered preliminary contracts with Iran, moving them closer to reinvestment in the Iranian oil sector, and thus closer to scrutinized status under the PFIA. It remains to be seen if the United States exit from the JCPOA will dissuade such firms from finalizing investments in Iran.

As part of President Trump's May 8, 2018 announcement, the Department of Treasury's Office of Foreign Asset Control (OFAC) stated that all U.S. nuclear-related sanctions waived under the JCPOA will be fully reinstated by November 4, 2018, with some sanctions being reinstated as early as August 6, 2018. Any violation of the re-imposed sanctions would be subject to the U.S. Department of State, the Department of Treasury, and OFAC's potential enforcement action or secondary sanctions action with respect to activities engaged in after August 6, 2018, or November 4, 2018, as applicable.

More information on the federal sanctions may be found at the Department of Treasury's Iran Sanctions website.
<https://www.treasury.gov/resource-center/sanctions/Programs/Pages/iran.aspx>

Quarterly Status Update Regarding Potential IRAN Expiration
Florida Statutes, 215.473 (5) EXPIRATION (b) subparagraphs 1. and 2.

Florida Statutes require a quarterly update on events relating to the status of expiration clauses 1 and 2, which are copied below in their entirety:

(b) If either of the following occurs, the board may no longer scrutinize companies according to subparagraph (1)(v)4., may no longer assemble the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, and shall cease engagement, investment prohibitions, and divestment:

1. The Congress or President of the United States affirmatively and unambiguously states, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that the government of Iran has ceased to acquire weapons of mass destruction and support international terrorism;

Update: See developments noted below in section 2.

Or

2. The United States revokes all sanctions imposed against the government of Iran.

Update: On May 8, 2018, President Trump announced the decision to cease the United States' participation in the Joint Comprehensive Plan of Action (JCPOA), and to begin re-imposing the U.S. nuclear-related sanctions that were lifted as part of the JCPOA sanctions relief.

The following is a partial list of U.S. sanctions to be re-imposed, beginning August 6, 2018:

- Sanctions on Iran's trade in gold or precious metals;
- Sanctions on petroleum-related transactions with, among others, the National Iranian Oil Company (NIOC), Naftiran Intertrade Company (NICO), and National Iranian Tanker Company (NITC), including the purchase of petroleum, petroleum products, or petrochemical products from Iran;
- Sanctions on transactions by foreign financial institutions with the Central Bank of Iran and designated Iranian financial institutions under Section 1245 of the National Defense Authorization Act for Fiscal Year 2012 (NDAA);
- Sanctions on Iran's energy sector.

<https://www.treasury.gov/resource-center/sanctions/Programs/Pages/iran.aspx>

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

Scrutinized Company: Sudan	Country of Incorporation	Date of Initial Scrutinized Classification
Bank of Kunlun Co Ltd	China	March 7, 2018
Chennai Petroleum Corp Ltd	India	September 19, 2007
China National Petroleum Corporation (CNPC)	China	December 11, 2012
China Petroleum & Chemical Corp (CPCC) Sinopec	China	September 19, 2007
China Petroleum Engineering Corp	China	March 7, 2018
CNPC Capital Company Limited	China	June 14, 2017
CNPC General Capital Ltd	China	June 26, 2012
CNPC HK Overseas Capital Ltd	China	June 16, 2011
Daqing Huake Group Co Ltd	China	March 25, 2008
Egypt Kuwait Holding Co. SAE	Kuwait	January 13, 2009
Energy House Holding Company (fka: AREF Energy Holdings Co)	Kuwait	July 28, 2009
Engen Botswana	Botswana	March 24, 2015
Gas District Cooling (Putrajaya) Sdn Bhd	Malaysia	April 14, 2009
Harbin Electric Co. Ltd. (fka: Harbin Power Equipment)	China	September 19, 2007
Hindustan Petroleum Corporation Ltd	India	June 13, 2018
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
Jiangxi Hongdu Aviation (aka Hongdu Aviation)	China	September 19, 2007
Jinan Diesel Engine Co Ltd	China	July 28, 2009
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
Kunlun Energy Company Ltd (fka: CNPC Hong Kong Limited)	Hong Kong	September 19, 2007
Kunlun Financial Leasing Co Ltd	China	March 7, 2018
Kuwait Finance House	Kuwait	April 14, 2009
Lanka IOC Ltd	India	September 19, 2007
Malaysia Marine & Heavy Engineering Holdings Bhd	Malaysia	March 18, 2014
Managem SA	Morocco	November 9, 2010
Mangalore Refinery & Petrochemicals Ltd	India	September 19, 2007
MISC Bhd	Malaysia	September 19, 2007
Oil India Ltd	India	September 18, 2012
Oil & Natural Gas Corp (ONGC)	India	September 19, 2007
ONGC Mangalore Petrochemicals Ltd	India	March 7, 2018
ONGC Videsh Limited (OVL)	India	March 18, 2014
Orca Gold Inc.	Canada	December 9, 2014
PetroChina	China	September 19, 2007
Petrolia Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007

Scrutinized Company: Sudan	Country of Incorporation	Date of Initial Scrutinized Classification
Petronas Chemicals Bhd	Malaysia	June 16, 2011
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
Petronas Global Sukuk	Malaysia	August 2, 2016
Putrajaya Management Sdn Bhd	Malaysia	March 18, 2014
Sinopec Capital 2013 Ltd	China	September 24, 2013
Sinopec Engineering Group Co Ltd	China	March 18, 2014
Sinopec Group Overseas Development 2016 Ltd	China	August 2, 2016
Sinopec Group Overseas Development 2014 Ltd	China	March 7, 2018
Sinopec Group Overseas Development 2013 Ltd	China	March 18, 2014
Sinopec Group Overseas Development 2012 Ltd	China	March 7, 2018
Sinopec Kantons Holdings Ltd	Bermuda	September 19, 2007
Sinopec Oilfield Equipment Corporation (fka: Kingdream PLC)	China	April 14, 2009
Sinopec Oilfield Service Corp (fka: Sinopec Yizheng Chemical Fibre)	China	March 25, 2008
Sinopec Shanghai Petrochemical	China	September 19, 2007
Société Nationale d'Investissement	Morocco	December 6, 2016
Societe Metallurgique D'imiter	Morocco	November 9, 2010
# of Sudan Scrutinized Companies	52	

The following companies were removed from the **SUDAN Scrutinized List** during the quarter:

Removed Company	Country of Incorporation
No companies removed this quarter.	

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

Continued Examination Company: Sudan	Country of Incorporation
Bharat Heavy Electricals, Ltd	India
Bollore Group	France
China Gezhouba Group Company Ltd	China
China North Industries Group Corp (CNGC/Norinco)	China
Dongfeng Motor Group Co Ltd	China
Dongan Motor (aka Harbin Dongan Auto Engine)	China
ENGIE SA	France
Glencore Xstrata PLC	Switzerland
Infotel Broadband Services Ltd	India
JX Holdings Inc.	Japan
KMCOB Capital Bhd	Malaysia
LS Industrial Systems	South Korea
Nippo Corporation	Japan
Power Construction Corporation of China Ltd. (fka Sinohydro)	China
PT Pertamina Persero	Indonesia
Shanghai Electric Group Co.	China
Siemens AG	Germany
Statesman Resources Ltd	Canada
Wartsila Oyj	Finland
# of Sudan Continued Examination Companies	19

The following companies were removed from the **SUDAN Continued Examination List** during the quarter:

Removed Company	Country of Incorporation
No companies removed this quarter.	

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

Scrutinized Company: Iran	Country of Incorporation	Date of Initial Scrutinized Classification
Bank of Kunlun Co Ltd	China	March 7, 2018
China BlueChemical Ltd.	China	March 19, 2013
China National Petroleum Corporation (CNPC)	China	December 11, 2012
China Petroleum & Chemical Corp (CPCC) Sinopec	China	September 19, 2007
China Petroleum Engineering Corp	China	March 7, 2018
China Oilfield Services Ltd.	China	June 16, 2011
CNOOC Ltd.	China	June 16, 2011
CNOOC Curtis Funding No.1 Pty Ltd	Australia	October 17, 2017
CNOOC Finance Limited	China	September 24, 2013
CNOOC Nexen Finance	Canada	October 17, 2017
CNPC Capital Company Limited	China	June 14, 2017
CNPC General Capital Ltd	China	December 6, 2016
CNPC HK Overseas Capital Ltd.	China	June 16, 2011
COSL Finance (BVI) Limited	China	September 24, 2013
Daelim Industrial Co Ltd.	South Korea	June 16, 2011
Engen Botswana	Botswana	March 24, 2015
Gas District Cooling (Putrajaya) Sdn Bhd	Malaysia	April 14, 2009
Gazprom	Russia	September 19, 2007
Gazprom Neft	Russia	September 16, 2008
Hindustan Petroleum Corporation Ltd	India	June 13, 2018
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong Limited)	Hong Kong	September 19, 2007
Kunlun Financial Leasing Co Ltd	China	March 7, 2018
Malaysia Marine & Heavy Engineering Holdings Bhd	Malaysia	March 18, 2014
Mangalore Refinery & Petrochemicals Ltd.	India	March 19, 2013
MISC Bhd	Malaysia	September 19, 2007
Mosenergo	Russia	September 16, 2008
Offshore Oil Engineering Co	China	June 14, 2017
Oil & Natural Gas Corp (ONGC)	India	September 19, 2007
ONGC Mangalore Petrochemicals Ltd	India	March 7, 2018
ONGC Videsh Limited (OVL)	India	March 18, 2014
PetroChina	China	September 19, 2007
Petrolia Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007

Scrutinized Company: Iran	Country of Incorporation	Date of Initial Scrutinized Classification
Petronas Chemicals Bhd	Malaysia	June 16, 2011
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
Petronas Global Sukuk	Malaysia	August 2, 2016
Putrajaya Management Sdn Bhd	Malaysia	March 18, 2014
Sinopec Capital 2013 Ltd.	China	March 18, 2014
Sinopec Engineering Group Co Ltd.	China	March 18, 2014
Sinopec Group Overseas Development 2016 Ltd	China	August 2, 2016
Sinopec Group Overseas Development 2014 Ltd	China	March 7, 2018
Sinopec Group Overseas Development 2013 Ltd	China	March 18, 2014
Sinopec Group Overseas Development 2012 Ltd	China	March 7, 2018
Sinopec Kantons Holdings Ltd.	Bermuda	September 19, 2007
Sinopec Oilfield Equipment Corporation (fka: Kingdream PLC)	China	September 29, 2015
Sinopec Oilfield Service Corp (fka: Sinopec Yizheng Chemical Fibre)	China	March 25, 2008
Sinopec Shanghai Petrochemical	China	September 19, 2007
# of Iran Scrutinized Companies	50	

The following companies were **removed** from the **IRAN Scrutinized List** during the quarter:

Removed Company	Country of Incorporation
No companies removed this quarter.	

Table 4: Continued Examination Companies with Petroleum Energy Activities in IRAN
New companies on the list are shaded and in bold. (No companies added this quarter.)

Continued Examination Company: Iran	Country of Incorporation
Anton Oilfield Services Group	China
China Nonferrous Metal Industry's Foreign Engineering and Construction	China
GS Engineering & Construction Corp.	South Korea
GS Holdings	South Korea
Lukoil OAO	Russia
Maire Tecnimont SpA	Italy
Oil India Ltd.	India
Petronet LNG Ltd.	India
Total SA	France
# of Iran Continued Examination Companies	9

The following companies were removed from the **IRAN Continued Examination List** during the quarter:

Removed Company	Country of Incorporation
No companies removed this quarter.	

Table 5: Correspondence & Engagement Efforts with Scrutinized Companies

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

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

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

Company	Company Responsive to SBA Communications	Status
ABB	Yes; January 29, 2009	Removed from Sudan Scrutinized List
Alstom	Yes; October 1, 2007 and October 25, 2011	Moved to Sudan Continued Examination List
Bharat Heavy Electricals Limited	Yes; October 4, 2007	Sudan Scrutinized Classification Continues
Bow Valley Energy	Yes; October 22, 2008	Removed from Iran Scrutinized List
Chennai Petroleum Corporation Limited	Yes; October 16, 2008	Sudan Scrutinized Classification Continues
China Petroleum & Chemical Corp (Sinopec)	No	Iran & Sudan Scrutinized Classification Continues
CNOOC Ltd	Yes; October 28, 2008	Iran Scrutinized Classification Continues
Dongfeng Motor Group Co. Ltd.	No	Moved to Sudan Continued Examination List
Electricity Generating Public Co	No	Removed from Sudan Scrutinized List
ENI	Yes; February 13, 2008 and May 13, 2011	Removed from Iran Scrutinized and CE Lists
GAIL (India) Limited, aka GAIL Ltd.	Yes; October 5, 2010	Removed from Iran Scrutinized and CE Lists
Gazprom	Yes; November 1, 2007 and August 18, 2014	Iran Scrutinized Classification Continues
Gazprom Neft	Yes; August 15, 2013	Iran Scrutinized as subsidiary of Gazprom
Harbin Electric Co. (fka Harbin Power Equipment)	No	Sudan Scrutinized Classification Continues
Indian Oil Corp Ltd (IOCL)	No	Iran & Sudan Scrutinized Classification Continues
Inpex Corp.	Yes; October 15, 2007 and July 11, 2011	Removed Iran Scrutinized List
Kencana Petroleum	Yes; October 31, 2008	Moved to Sudan Continued Examination List
Korea Electric Power (and subsidiaries, KEPCO Plant/Korea Plant)	Yes; December 27, 2011	Removed from Sudan Scrutinized List
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong Limited)	Yes; October 5, 2007 and May 24, 2008	Iran & Sudan Scrutinized Classification Continues
Lukoil OAO	Yes; October 8, 2007	Moved to Iran Continued Examination List
Lundin Petroleum AB	Yes; October 17, 2008	Removed from Sudan Scrutinized List
Lundin International SA	No	Removed from Sudan Scrutinized List

Company	Company Responsive to SBA Communications	Status
Malaysia Marine & Heavy Engineering Holdings Bhd	Yes; November 14, 2014	Iran & Sudan Scrutinized Classification Continues
Mangalore Refinery & Petrochemicals Ltd	Yes; March 8, 2013	Iran & Sudan Scrutinized Classification Continues
MISC Bhd	No	Iran & Sudan Scrutinized Classification Continues
Norsk Hydro	Yes; November 30, 2007	Removed from Iran Scrutinized List
Oil & Natural Gas Corp (ONGC)	Yes; July 23, 2014	Iran & Sudan Scrutinized Classification Continues
OMV AG	Yes; November 6, 2007 and April 14, 2010	Removed from Iran Continued Examination List
PetroChina	Yes; December 22, 2008	Iran & Sudan Scrutinized Classification Continues
Petroleo Brasileiro (Petrobras)	Yes; January 13, 2010	Removed from Iran Scrutinized List
Petroleum Nasional (Petronas)	Yes; July 6, 2015	Iran & Sudan Scrutinized Classification Continues
Putrajaya Management Sdn Bhd	Yes; September 5, 2014	Iran & Sudan Scrutinized Classification Continues
Ranhill Bhd	Yes; October 22, 2008	Removed from Sudan Scrutinized List
Repsol YPF	Yes; October 15, 2007; January 2013	Removed from Iran Scrutinized and CE Lists
Royal Dutch Shell PLC	Yes; October 5, 2007; January 27, 2011; April 13, 2011	Removed from Iran Scrutinized and CE Lists
Sinopec Kantons Holdings Ltd.	No	Iran & Sudan Scrutinized Classification Continues
Sinopec Shanghai Petrochemical Company	No	Sudan Scrutinized Classification Continues
Snam Rete Gas	Yes; October 9, 2008	Removed from Iran Scrutinized Classification
Statoil ASA (fka: StatoilHydro)	Yes; February 4, 2008; January 24, 2011; June 16, 2011	Removed from Iran Scrutinized and CE Lists
Total Capital	Yes; January 26, 2011 and April 25, 2011	Removed from Iran Scrutinized and CE Lists
Total SA	Yes; October 12, 2007; October 29, 2010; April 25, 2011	Removed from Iran Scrutinized List
Wärtsilä Oyj	Yes; December 4, 2007	Moved to Sudan Continued Examination List

Table 6: Correspondence & Engagement Efforts with Continued Examination Companies

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

Company	Company Responsive to SBA Communications	Continued Examination Status
Actividades de Construcción y Servicios S.A.(ACS)	No	Removed from Iran List
Aggreko PLC	Yes; January 28, 2008	Removed from Iran List
Air Liquide	Yes; November 30, 2007 January 28, 2008	Removed from Iran List
Aker Solutions ASA (fka Aker Kvaerner ASA)	No	Iran CE Classification Continues
AREF Investment Group	No	Removed from Sudan List
Areva SA	Yes; October 27, 2008 December 29, 2009	Removed from Sudan List
Bauer Aktiengesellschaft	Yes; March 13, 2008	Removed from Sudan List
BG Group	Yes; November 23, 2007	Removed from Iran List
Bharat Electronics Limited	No	Removed from Sudan CE List
Bolloré Group	No	Sudan CE Classification Continues
Costain Group PLC	Yes; November 5, 2007	Removed from Iran List
Daelim Industrial Co Ltd	No	Moved to Iran Scrutinized List
Engineers India Ltd.	Yes; October 16, 2008; September 9, 2010	Removed from Iran CE List
Essar Oil	Yes; January 9, 2009	Removed from Iran List
Finmeccanica SpA	No	Removed from Sudan List
Glencore Xstrata PLC	Yes; September 20, 2010	Sudan CE Classification Continues
GVA Consultants	Yes; September 26, 2007 September 30, 2010	Removed from Iran CE List
ICSA India Limited	No	Removed from Sudan List
INA-Industrija Nafta DD Zagreb	Yes; April 15, 2014	Removed from Iran List
Itochu Corp	Yes; May 9, 2008	Removed from Iran List
JGC Corp	Yes; October 1, 2007	Removed from Iran List
La Mancha Resources	Yes; October 21, 2008	Removed from Sudan List
Linde AG	Yes; November 14, 2007	Removed from Iran List
Liquefied Natural Gas LNG	No	Iran CE Classification Continues
Mitsubishi Heavy Industries Ltd.	Yes; October 26, 2007	Removed from Iran List
Mitsui & Co.	Yes; October 17, 2007	Removed from Iran List
Mitsui Engineering & Shipbuilding	Yes; November 21, 2007 December 18, 2007	Removed from Iran and Sudan Lists
MMC Bhd	No	Sudan CE Classification Continues
Nam Fatt	No	Removed from Sudan List
PT Citra Tubindo Tbk.	Yes; September 27, 2010	Removed from Iran CE List

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

Key Dates for PFIA Activities

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

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

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

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

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

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

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

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

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

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

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

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

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

September 19, 2007
December 18, 2007
March 25, 2008
June 10, 2008
September 16, 2008
January 13, 2009
April 14, 2009
July 28, 2009
October 27, 2009
January 26, 2010
April 27, 2010
July 29, 2010
November 9, 2010
February 22, 2011
June 16, 2011

September 20, 2011
December 6, 2011
March 20, 2012
June 26, 2012
September 18, 2012
December 11, 2012
March 19, 2013
June 25, 2013
September 24, 2013
December 10, 2013
March 18, 2014
June 17, 2014
September 23, 2014
December 9, 2014
March 24, 2015

June 23, 2015
September 29, 2015
December 8, 2015
March 29, 2016
August 2, 2016
December 6, 2016
March 14, 2017
June 14, 2017
October 17, 2017
December 13, 2017
March 7, 2018
June 13, 2018

Summary of Investments Sold, Redeemed, Divested or Withdrawn

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

Cumulative Divestment	
Royal Dutch Shell**	\$215,784,700.79
Total SA**	\$214,536,015.45
Petroleo Brasileiro SA (Petrobras) **	\$206,135,264.10
ENI**	\$141,403,034.78
CNOOC Ltd	\$131,737,735.86
Gazprom (a.k.a. OAO Gazprom)	\$71,275,453.14
Alstom**	\$65,897,698.67
Repsol YPF**	\$53,420,179.87
Statoil ASA** (fka: StatoilHydro)	\$46,792,677.58
China Petroleum and Chemical Corp (CPCC) Sinopec	\$38,455,440.48
PetroChina	\$25,723,158.75
Inpex Corp.**	\$24,835,110.63
MISC Bhd	\$16,448,397.44
Snam Rete Gas**	\$9,596,905.78
Lukoil OAO**	\$9,487,631.46
OMV AG **	\$8,601,977.98
Shell International Finance**	\$8,599,813.40
China BlueChemical Ltd	\$7,538,215.73
Wärtsilä Oyj**	\$1,797,871.96
Daelim Industrial Co Ltd	\$1,566,926.73
Petrofac Ltd **	\$1,496,881.43
The Weir Group PLC **	\$1,322,666.62
Petrobras International Finance**	\$1,148,750.00
Lundin Petroleum AB **	\$1,133,120.04
Oil & Natural Gas Corporation (ONGC)	\$945,363.83
Petrobras Energia (Participaciones) **	\$298,632.08
Dongfeng Motor Group**	\$158,623.49
Electricity Generating Public Company**	\$121,321.38
Gazprom Neft	\$37,892.73
** denotes companies no longer on the Prohibited Company list	\$1,306,825,533.68

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

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

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Bank of Kunlun Co Ltd	Sudan & Iran	China	March 7, 2018	Yes
Chennai Petroleum Corp Ltd	Sudan	India	September 19, 2007	Yes
China Petroleum Engineering Corp	Sudan & Iran	China	March 7, 2018	Yes
China BlueChemical Ltd	Iran	China	March 19, 2013	Yes
China National Petroleum Corporation (CNPC)	Sudan & Iran	China	December 11, 2012	Yes
China Oilfield Services Ltd	Iran	China	June 16, 2011	Yes
China Petroleum & Chemical Corp (CPCC) Sinopec	Sudan & Iran	China	September 19, 2007	Yes
CNOOC Ltd	Iran	China	June 16, 2011	Yes
CNOOC Curtis Funding No.1 Pty Ltd	Iran	Australia	October 17, 2017	Yes
CNOOC Finance Limited	Iran	China	September 24, 2013	Yes
CNOOC Nexen Finance	Iran	Canada	October 17, 2017	Yes
CNPC Capital Company Limited	Sudan & Iran	China	June 14, 2017	Yes
CNPC General Capital Ltd	Sudan & Iran	China	June 26, 2012	Yes
CNPC HK Overseas Capital Ltd	Sudan & Iran	China	June 16, 2011	Yes
COSL Finance (BVI) Limited	Iran	China	September 24, 2013	Yes
Daelim Industrial Co Ltd	Iran	South Korea	June 16, 2011	Yes
Daqing Huake Group Co Ltd	Sudan	China	March 25, 2008	Yes
Egypt Kuwait Holding Co. SAE	Sudan	Kuwait	January 13, 2009	Yes
Energy House Holding Company (fka: AREF Energy Holdings Co)	Sudan	Kuwait	July 28, 2009	Yes
Engen Botswana	Sudan & Iran	Botswana	March 24, 2015	Yes
Gas District Cooling (Putrajaya) Sdn Bhd	Sudan & Iran	Malaysia	April 14, 2009	Yes
Gazprom	Iran	Russia	September 19, 2007	Yes
Gazprom Neft	Iran	Russia	September 16, 2008	Yes
Harbin Electric Co. Ltd. (fka: Harbin Power Equipment)	Sudan	China	September 19, 2007	Yes

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Hindustan Petroleum Corporation Ltd	Sudan & Iran	India	June 13, 2018	Prior to June13, 2019
Indian Oil Corp Ltd (IOCL)	Sudan & Iran	India	September 19, 2007	Yes
Jiangxi Hongdu Aviation (aka Hongdu Aviation)	Sudan	China	September 19, 2007	Yes
KLCC Property Holdings Bhd	Sudan & Iran	Malaysia	April 14, 2009	Yes
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong)	Sudan & Iran	Hong Kong	September 19, 2007	Yes
Kunlun Financial Leasing Co Ltd	Sudan & Iran	China	March 7, 2018	Yes
Kuwait Finance House	Sudan	Kuwait	April 14, 2009	Yes
Lanka IOC Ltd	Sudan	India	September 19, 2007	Yes
Managem SA	Sudan	Morocco	November 9, 2010	Yes
Mangalore Refinery & Petrochemicals Ltd	Sudan & Iran	India	September 19, 2007	Yes
Malaysia Marine & Heavy Engineering Holdings Bhd	Sudan & Iran	Malaysia	March 18, 2014	Yes
MISC Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
Mosenergo	Iran	Russia	September 16, 2008	Yes
Offshore Oil Engineering Co	Iran	China	June 14, 2017	Yes
Oil India Ltd.	Sudan	India	September 18, 2012	Yes
Oil & Natural Gas Corp (ONGC)	Sudan & Iran	India	September 19, 2007	Yes
ONGC Mangalore Petrochemicals Ltd	Sudan & Iran	India	March 7, 2018	Yes
ONGC Videsh Limited (OVL)	Sudan & Iran	India	March 18, 2014	Yes
Orca Gold Inc.	Sudan	Canada	December 9, 2014	Yes
PetroChina	Sudan & Iran	China	September 19, 2007	Yes
Petrolia Nasional (Petronas)	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Capital Limited	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Chemicals Bhd	Sudan & Iran	Malaysia	June 16, 2011	Yes
Petronas Dagangan Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Gas Berhad	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Global Sukuk	Sudan & Iran	Malaysia	August 2, 2016	Yes

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Putrajaya Management Sdn Bhd	Sudan & Iran	Malaysia	March 18, 2014	Yes
Sinopec Capital 2013 Ltd	Sudan & Iran	China	September 24, 2013	Yes
Sinopec Engineering Group Co Ltd	Sudan & Iran	China	March 18, 2014	Yes
Sinopec Group Overseas Development 2016 Ltd	Sudan & Iran	China	August 2, 2016	Yes
Sinopec Group Overseas Development 2014 Ltd	Sudan & Iran	China	March 7, 2018	Yes
Sinopec Group Overseas Development 2013 Ltd	Sudan & Iran	China	March 18, 2014	Yes
Sinopec Group Overseas Development 2012 Ltd	Sudan & Iran	China	March 7, 2018	Yes
Sinopec Kantons Holdings Ltd	Sudan & Iran	Bermuda	September 19, 2007	Yes
Sinopec Oilfield Equipment Corporation (fka: Kingdream PLC)	Sudan & Iran	China	April 14, 2009	Yes
Sinopec Oilfield Service Corp (fka: Sinopec Yizheng Chemical Fibre)	Sudan & Iran	China	March 25, 2008	Yes
Sinopec Shanghai Petrochemical	Sudan & Iran	China	September 19, 2007	Yes
Société Nationale d'Investissement	Sudan	Morocco	December 6, 2016	Yes
Societe Metallurgique D'imiter	Sudan	Morocco	November 9, 2010	Yes
# of Prohibited Investments	63	-	-	

The following companies were **removed** from the **PFIA Prohibited Investments List** this quarter.

Removed Company	Country of Incorporation
<i>No companies removed this quarter.</i>	

Table 8: SBA Holdings in Prohibited Investments Subject to Divestment

Hindustan Petroleum Corporation Ltd was added to the Prohibited Investments List as of this June 13, 2018 PFIA report, and is therefore subject to be fully divested within one year (prior to June 13, 2019). As of March 30, 2018, the SBA held the following shares in **Hindustan Petroleum Corporation Ltd** in accounts subject to the PFIA divestiture requirements.

Issuer	Shares	Market Value
Hindustan Petroleum Corporation Ltd	2,438,046	\$12,890,803.86

Summary of Progress, SBA Investment Manager Engagement Efforts

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

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

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

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

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

Listing of All Publicly Traded Securities (Including Equity Investments)

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

Section 2: Prohibited Investments by the SBA, Companies that Boycott Israel
Section 215.4725 F.S.

Summary

In 2016, the SBA was directed by state law to create a "scrutinized companies" list, composed of companies that participate in a boycott of Israel including actions that limit commercial relations with Israel or Israeli-controlled territories in a discriminatory manner. The SBA is prohibited from acquiring direct holdings of the companies on this list. The law requires the SBA to use best efforts in identifying companies that boycott Israel, publish the list on a quarterly basis, send written notice to the companies, engage with the SBA's external managers concerning holdings of the companies on the list, and publish a list of the SBA's directly-held securities and certain other information detailed below. Note, Section 215.4725 F.S. applies only to assets governed by Chapter 121 ("Florida Retirement System Act"), and therefore does not affect any non-FRS funds managed by the SBA.

Primary Requirements of Section 215.4725 F.S.

1. Identification of companies

The SBA will make best efforts to identify all scrutinized companies in which the SBA has indirect or direct holdings or possibly could have holdings in the future. As required by statute, SBA will review publicly available information, including from NGOs, non-profits, government entities and research firms, and/or contact asset managers or other institutional investors. SBA staff will contract with external research providers to obtain preliminary lists of potential scrutinized companies, and SBA staff will evaluate the evidence to make a final determination of scrutinized status. The SBA currently contracts with ISS-Ethix and MSCI to provide preliminary lists. Companies that use ESG investment policies in a broadly-applied manner are generally not considered by SBA to be acting in a "discriminatory manner" toward Israel.

Using various information sources, the SBA has developed two separate categorizations of a company's status for consideration under this law.

"Scrutinized" — Information provided by an external research provider, publicly available information or information from the company or another reliable source indicates that a company meets the classification of a Scrutinized Company as defined by the law.

"Continued Examination" — Information suggests but does not clearly demonstrate that a company's activities are a boycott of Israel. The SBA is unable to definitively categorize the company's activities as scrutinized without further research to resolve the differences. For companies classified as "Continued Examination," the SBA will begin an engagement process to clarify each firm's current business relationships.

The following definitions are provided by Florida Statutes to assist in company identification:

"Scrutinized companies" means companies that boycott Israel or engage in a boycott of Israel.

"Boycott Israel" means refusing to deal, terminating business activities, or taking other actions to limit commercial relations with Israel, or persons or entities doing business in Israel or in Israeli-controlled territories, in a discriminatory manner. A statement by a company that it is participating in a boycott of Israel, or that it has initiated a boycott in response to a request for a boycott of Israel or in compliance with, or in furtherance of, calls for a boycott of Israel, may be considered by the State Board of Administration to be evidence that a company is participating in a boycott of Israel. The term does not include restrictive trade practices or boycotts fostered or imposed by foreign countries against Israel.

"Direct holdings" are company securities held directly by the SBA or accounts in which SBA owns all interest (such as non-commingled funds).

"Indirect holdings" are company securities that are held in collective investment with other investors, such as commingled funds and mutual funds.

2. Publish and reporting

By the first meeting of the Trustees of the SBA after August 1, 2016, the SBA will publicly release the "Scrutinized Companies that Boycott Israel List" and thereafter provide quarterly updates of the list based on evolving information and events.

The SBA shall file a report with each member of the Board of Trustees of the SBA, the Speaker of the Florida House of Representatives, and the President of the Florida Senate within 30 days after the list is created and shall make the report publicly available. At each quarterly trustee meeting thereafter, the SBA shall file a publicly available report to these persons. The quarterly reports will include:

- a. A summary of correspondence with companies engaged by the SBA as required above.
- b. All prohibited investments (Scrutinized Companies list).
- c. Any progress made with respect to requests of SBA's external managers to remove scrutinized companies from indirect holdings or create similar funds devoid of such holdings.
- d. A list of all publicly held securities held directly by the SBA.

Actions taken in compliance with this section must be adopted and incorporated into the Investment Policy Statement as provided in Section 215.4725, F.S.

3. Engagement

SBA is required to determine the companies on the Scrutinized Companies list in which the SBA has direct or indirect holdings. For each company newly identified after August 1, 2016, the public fund shall send a written notice informing the company of its scrutinized company status and that it may become subject to investment prohibition by the public fund. The notice must inform the company of the opportunity to clarify its activities regarding the boycott of Israel and encourage the company to cease the boycott of Israel within 90 days in order to avoid qualifying for investment prohibition.

If, within 90 days after the public fund's first engagement with a company pursuant to this paragraph, the company ceases a boycott of Israel, the company shall be removed from the Scrutinized Companies that Boycott Israel List, and the provisions of this section shall cease to apply to that company unless that company resumes a boycott of Israel.

4. Prohibition

The SBA may not acquire directly held securities of companies on the Scrutinized Companies list. The SBA is not required to divest of existing holdings. Indirect holdings are exempt from the prohibition (such as commingled accounts, index funds and mutual funds). However, SBA will submit letters to the managers of such investment funds which hold companies from the Scrutinized Companies list requesting that they consider removing the companies from the fund or creating a similar fund devoid of such holdings. SBA shall replace applicable investments in the similar fund devoid of such holdings in an expedited timeframe subject to prudent investing standards if the manager complies with such a request.

Exchange-traded funds are also exempted from the prohibition, without the requirement to contact the fund management.

A cessation of the investment prohibition is allowed if the fund has evidence that the assets under management become equal or less than 99.50% of the hypothetical fund value assuming no investment prohibition had occurred. This must be reported to the parties listed in "reporting" below and updated semiannually for the cessation to be authorized.

Table 9: Scrutinized Companies that Boycott Israel*New companies on the list are shaded and in bold. (No companies added this quarter.)*

Scrutinized Company that Boycotts Israel	Country of Incorporation	Date of Initial Scrutinized Classification
Cactus SA	Luxembourg	August 2, 2016
Betsah Invest SA	Luxembourg	August 2, 2016
Betsah SA	Luxembourg	August 2, 2016
Co-operative Group Limited	United Kingdom	September 26, 2017
Guloguz Dis Deposu Ticaret Ve Pazarlama Ltd	Turkey	August 2, 2016
# of Companies that Boycott Israel	5	

Companies removed from the **Scrutinized Companies that Boycott Israel List** during the quarter:

Removed Company	Country of Incorporation
<i>No companies removed this quarter.</i>	

Table 10: Continued Examination Companies that Boycott Israel*New companies on the list are shaded and in bold. (No companies added this quarter.)*

Continued Examination Company: Israel	Country of Incorporation
<i>No companies are on the continued examination list at this time.</i>	

Table 11: Correspondence & Engagement Efforts

In accordance with Section 215.4725, F.S., the SBA began to engage companies on the Scrutinized Companies that Boycott Israel and Continued Examination lists. The SBA sent letters to each company per the requirements of the law. Each company's response and classification status is summarized below. Any company that responded to the SBA's written correspondence is highlighted in blue text.

Company	Company Responsive to SBA Communications	Status
Cactus SA	No	Remains on scrutinized list
Betsah Invest SA	No	Remains on scrutinized list
Betsah SA	No	Remains on scrutinized list
FreedomCall Ltd	Yes, November 4, 2016	Removed from scrutinized list
Co-operative Group Ltd	No	Remains on scrutinized list
Cooperative Group Gomersall	No	Removed from scrutinized list
Guloguz Dis Deposu Ticaret Ve Pazarlama Ltd	No	Remains on scrutinized list
U2u Consult NV	Yes, December 29, 2016	Removed from scrutinized list
Danske Bank	Yes, multiple dates	Removed from continued examination list
Dexia	Yes, multiple dates	Removed from continued examination list
Aldi	No	Removed from continued examination list
ASN Bank NV	No	Removed from continued examination list
HEMA BV	No	Removed from continued examination list
Karsten Farms	No	Removed from continued examination list

Section 3: Investments in Publicly Traded Companies Operating in Northern Ireland (Section 215.4702 F.S.)

Summary

The SBA is subject to s. 215.4702, Florida Statutes (F.S.) (“MacBride Principles”), which directs the SBA to notify publicly traded companies of support for the MacBride Principles, inquire regarding the actions a company has taken in support of or furtherance of the MacBride Principles, and encourage publicly traded companies with certain business operations in Northern Ireland to adopt the MacBride Principles. In addition, the SBA will also demonstrate support for the MacBride Principles through its proxy voting authority.

Requirements of the Law

As defined by the Northern Ireland statute, “publicly traded company” is any business organization having equity securities listed on a national or an international exchange that is regulated by a national or an international regulatory authority. In addition, “operating” is defined as actively engaging in commerce geographically in Northern Ireland through the acquisition, development, maintenance, ownership, sale, possession, lease, or operation of equipment, facilities, personnel, products, services, or personal property.

Publishing and Reporting

In making the determination specified in subsection (2) of 215.4702, F.S., the SBA may, to the extent it deems appropriate, rely on available public information, including information provided by nonprofit organizations, research firms, international organizations, and government entities.

The SBA is encouraged to determine which publicly traded companies, in which the Florida Retirement System Trust Fund is invested, operate in Northern Ireland. If the SBA determines that a publicly traded company meets such criteria, it is encouraged to engage with the company and determine its support for the MacBride Principles. SBA staff annually reviews the list of companies that meet the definition of publicly traded companies operating in Northern Ireland, and periodically engages those firms.

Update on Investments in Publicly Traded Companies Operating in Northern Ireland.

Since the initial mailing of letters to listed companies identified in the SBA’s portfolio, staff has received written responses from 18% of engaged companies. Staff also periodically receives phone calls requesting clarification of information regarding the MacBride Principles. Staff will continue to track letter responses annually and demonstrate support for the MacBride Principles as identified in 215.4702 Florida Statutes.

Section 4: Companies Operating in Cuba or Syria (Section 215.471 F.S.)

Summary

The Free Cuba Act of 1993 was passed by the Florida Legislature in accordance with federal law. Chapter 215.471 of the Florida Statutes prohibits the SBA from investing in: (1)(a) any institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States, doing business in or with Cuba, or with agencies or instrumentalities thereof in violation of federal law; and (1)(b) any institution or company domiciled outside of the United States if the President of the United States has applied sanctions against the foreign country in which the institution or company is domiciled. Section (2)(a) states the SBA may not be a fiduciary with respect to voting on, and may not have the right to vote in favor of, any proxy resolution advocating expanded U.S. trade with Cuba or Syria.

Requirements of the Law

In order to comply with this law, the U.S. State Department and/or the Treasury Department's Office of Foreign Assets Control (OFAC) are contacted periodically to confirm that no sanctions have been implemented. Since the Act's inception, sanctions have never been issued against any country. During the fiscal year ending June 30, 2017, there were no shareowner proposals related to expanding trade with Cuba or Syria.

Section 5: Companies Operating in Venezuela

During the 2018 session, the Florida Legislature passed HB 359, prohibiting certain investments related to the Venezuelan government. The bill was signed into law by Governor Rick Scott and is effective July 1, 2018.

Florida Statute, 215.471 now requires that:

The State Board of Administration shall divest any investment under s. 121.151 and ss. 215.44-215.53, and is prohibited from investment in stocks, securities, or other obligations of:

(c)1. Any institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States, doing business in or with the government of Venezuela, or with any agency or instrumentality thereof, in violation of federal law. The term "government of Venezuela" means the government of Venezuela, its agencies or instrumentalities, or any company that is majority-owned or controlled by the government of Venezuela.

2. The Governor may waive the requirements of this paragraph if the existing regime in Venezuela collapses and there is a need for immediate aid to Venezuela before the convening of the Legislature or for other humanitarian reasons as determined by the Governor.

Florida Statute 215.472 addresses state agencies and requires that:

Notwithstanding any other provision of law, each state agency, as defined in s. 216.011, is prohibited from investing in: (3)(a) Any financial institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States which, directly or through the United States or foreign subsidiary, extends credit of any kind or character, advances funds in any manner, or purchases or trades any goods or services with the government of Venezuela, or any company doing business in or with the government of Venezuela, in violation of federal law. The term "government of Venezuela" means the government of Venezuela, its agencies or instrumentalities, or any company that is majority-owned or controlled by the government of Venezuela.

- (b) The Governor may waive the requirements of this subsection if the existing regime in Venezuela collapses and there is a need for immediate aid to Venezuela before the convening of the Legislature or for other humanitarian reasons as determined by the Governor.

On August 16th, 2017, the Trustees of the State Board of Administration set forth a resolution condemning the oppression of the Venezuelan citizens under the current regime and set language to be included in the State Board of Administration's Investment Policy Statement (Florida Retirement System Defined Benefit Plan) upon review of the Investment Advisory Council, and in accordance with s.215.475(2) Florida Statutes. The resolution included the following:

1. Prohibited Investments. Until such time as the SBA determines it is otherwise prudent to do so, the SBA is prohibited from investing in:
 - (a) any financial institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States, which directly or through a United States or foreign subsidiary and in violation of federal law, makes any loan, extends credit of any kind or character, advances funds in any manner, or purchases or trades any goods or services in or with the government of Venezuela; and
 - (b) any securities issued by the government of Venezuela or any company that is majority-owned by the government of Venezuela.
2. Proxy Voting. The SBA will not vote in favor of any proxy resolution advocating the support of the Maduro Regime in Venezuela.

For more information, please contact:

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

or send an email to:
governance@sbafla.com





**STATE BOARD OF ADMINISTRATION
OF FLORIDA**

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

**POST OFFICE BOX 13300
32317-3300**

**RICK SCOTT
GOVERNOR
AS CHAIR
JIMMY PATRONIS
CHIEF FINANCIAL OFFICER
PAM BONDI
ATTORNEY GENERAL
ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO**

June 13, 2018

Honorable Jennifer Sullivan
Alternating Chair
Joint Legislative Auditing Committee
317 The Capitol
402 South Monroe Street
Tallahassee, Florida 32399-1100

Honorable Debbie Mayfield
Alternating Chair
Joint Legislative Auditing Committee
324 Senate Office Building
404 South Monroe Street
Tallahassee, Florida 32399-1300

Dear Representative Sullivan and Senator Mayfield:

Pursuant to section 218.409(6)(a)1, Florida Statutes, the trustees of the State Board of Administration shall "provide quarterly a report to the Joint Legislative Auditing Committee that the trustees have reviewed and approved the monthly reports [Florida PRIME Management Summary] and actions taken, if any, to address any impacts."

Please be advised that the Trustees have reviewed the attached reports and authorized me to convey their action to you. During the period January 1, 2018 through March 31, 2018, there were no material impacts on the trust fund in question and, therefore, no associated actions or escalations.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, reading "Ashbel C. Williams".

Ashbel C. Williams
Executive Director & CIO

ACW/apw
Attachments

cc: Honorable Dennis Baxley
Honorable Tracie Davis
Honorable Randy Fine
Honorable Audrey Gibson
Honorable Joe Gruters
Honorable Roy Hardemon
Honorable Kathleen Passidomo
Honorable Cyndi Stevenson
Honorable Perry Thurston
Ms. Kathy Dubose, Coordinator



MONTHLY SUMMARY REPORT

January 2018

State Board of Administration of Florida

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Past performance is no guarantee of future results.

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

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

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

INTRODUCTION

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

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

This report, which covers the period from January 1, 2018, through January 31, 2018, has been prepared by the SBA with input from Federated Investment Counseling (“Federated”), investment advisor for Florida PRIME in a format intended to comply with the statute.

DISCLOSURE OF MATERIAL IMPACTS

During the reporting period, Florida PRIME was in material compliance with investment policy. There were no developments that had a material impact on the liquidity or operation of Florida PRIME. Details are available in the PRIME policy compliance table. This report also includes details on market conditions; fees; fund holdings, transactions and performance; and client composition.

PRIME™ STATISTICS

(As of January 31, 2018)

Total Participants

735

Florida PRIME™ Assets

\$12,160,786,825

Total Number of Accounts

1,377

FACTS-AT-A-GLANCE PRIME is an exclusive service for Florida governmental organizations, providing a cost-effective investment vehicle for their surplus funds. Florida PRIME, the Local Government Surplus Funds Trust Fund, is utilized by hundreds of governmental investors including state agencies, state universities and colleges, counties, cities, special districts, school boards, and other direct support organizations of the State of Florida.

Florida PRIME is a government investment pool that offers management by an industry leader in professional money management, conservative investment policies, an extensive governance framework, a Standard & Poor’s “AAAm” rating, full transparency, and best-in-class financial reporting.

PORTFOLIO MANAGER COMMENTARY

MARKET CONDITIONS

For an entity whose leader has essentially been let go (“You’re fired”) by the new boss, the Federal Reserve (Fed) is expected to have a smooth transition from Chair Janet Yellen to incoming head Jerome Powell. Down the road, Powell undoubtedly will put his stamp on policy, and probably in the realm of financial regulation. But in the short term, the shift should be like a copilot taking the controls when the pilot needs a break.

Of course, that doesn’t happen when the airplane is fighting turbulence. Powell benefits from an improving domestic economy and normalization policy that are going smoothly. We think he will rely on the central bank’s “data dependent” approach until he is more comfortable with the new position. After all, he has been on the Fed board for some time (since 2012) and has never dissented from the policy-setting Federal Open Market Committee (FOMC) statement under Yellen or former Chairman Ben Bernanke.

Given the amount of open seats on the FOMC—four now and five if New York Fed president William Dudley retires and the Senate doesn’t confirm, or delays the confirmation of, Marvin Goodfriend—Powell might be best served letting the Fed’s economic projections (known as the “dot plot”) and other expectations do the talking. That the tapering of the balance sheet has begun on a set path will help. The point here is that, in the short term, Powell has the luxury of a supportive structure in place for the transition and, frankly, that he should rely on it. Challenges are on the horizon, including the pace of rate hikes if inflation wakes up—or animal spirits rouse it—and the potential that wages finally take off.

Issuance was not a problem throughout month of

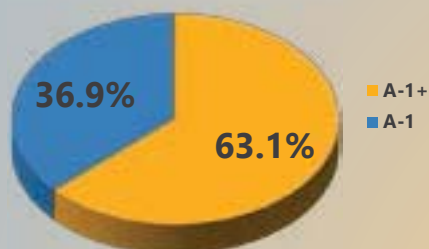
January, with plenty of floating-rate securities from banks, commercial paper issuers and government agencies. On the fixed-rate side, three months and under, we also found good value. Now on the other side of the December 2017 rate hike, the 1-month London interbank offered rate (Libor) was static in January at around 1.57%. But the 3-month area of the curve rose from 1.69% to 1.77% and the 6-month jumped from 1.84% to 1.97%, both starting to anticipate a likely March hike.

INVESTMENT STRATEGY

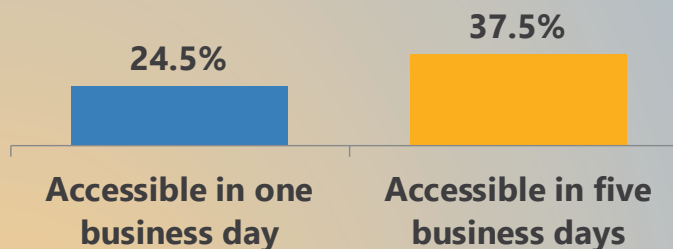
January is typically the peak of the tax-collecting season for participants in the Pool, and this year was no exception. Assets under management (AUM) jumped by \$1.1 billion, from \$11.4 billion at year-end 2017 to \$12.5 billion at the end of January 2018. These exceptional inflows, and the potential for multiple Fed hikes in 2018, prompted the Pool’s manager to lower the portfolio’s weighted average maturity (WAM) target range from 40-50 days to 30-40 days. The Pool’s actual WAM at month-end was 35 days and the weighted average life (WAL) was 73 days, in from 45 and 77, respectively. This was achieved in part by increasing the amount of repo agreements in the portfolio from 2% to 6% of total. The remainder of the portfolio composition ended January as follows: fixed-rate bank paper, 20% of total holdings (up 5% from December 2017); money market funds, 4% (down 4%); variable-rate instruments, 24% (down 3%); and fixed-rate commercial paper, 46% (down 2%). The gross yield of the pool grew 4 basis points to 1.62%.

PORTFOLIO COMPOSITION FOR JANUARY 31, 2018

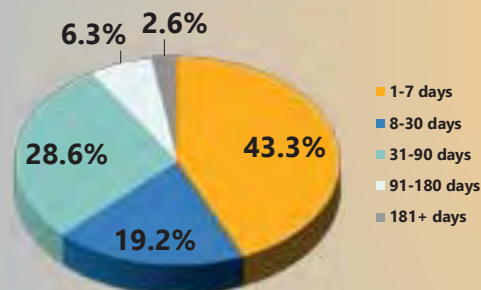
CREDIT QUALITY COMPOSITION



HIGHLY LIQUID HOLDINGS



EFFECTIVE MATURITY SCHEDULE



TOP HOLDINGS & AVG. MATURITY

1. DZ Bank AG Deutsche Zentral-Genossenschaftsbank	4.8%
2. Societe Generale, Paris	4.8%
3. Mitsubishi UFJ Financial Group, Inc.	4.8%
4. Standard Chartered PLC	4.8%
5. Royal Bank of Canada	4.8%
6. Wells Fargo & Co.	4.6%
7. Sumitomo Mitsui Financial Group, Inc.	4.3%
8. Bank of Nova Scotia, Toronto	4.1%
9. Svenska Handelsbanken, Stockholm	4.0%
10. Old Line Funding, LLC	3.7%

Average Effective Maturity (WAM) *

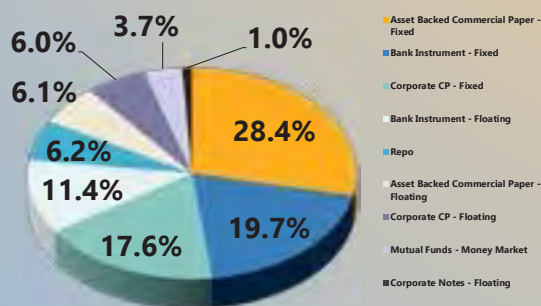
35.3 Days

Weighted Average Life (Spread WAL)

72.7 Days

Percentages based on total value of investments

PORTFOLIO COMPOSITION



FUND PERFORMANCE THROUGH JANUARY 31, 2018

Florida PRIME Performance Data			
	Net Participant Yield ¹	Net-of-Fee Benchmark ²	Above (Below) Benchmark
One Month	1.60%	1.30%	0.30%
Three Months	1.47%	1.19%	0.29%
One Year	1.27%	0.97%	0.30%
Three Years	0.75%	0.50%	0.25%
Five Years	0.52%	0.32%	0.20%
Ten Years	0.62%	0.46%	0.16%
Since 1/96	2.60%	2.38%	0.21%

Note: Net asset value at month end: \$12,160.2 million, which includes investments at market value, plus all cash, accrued interest receivable and payables.

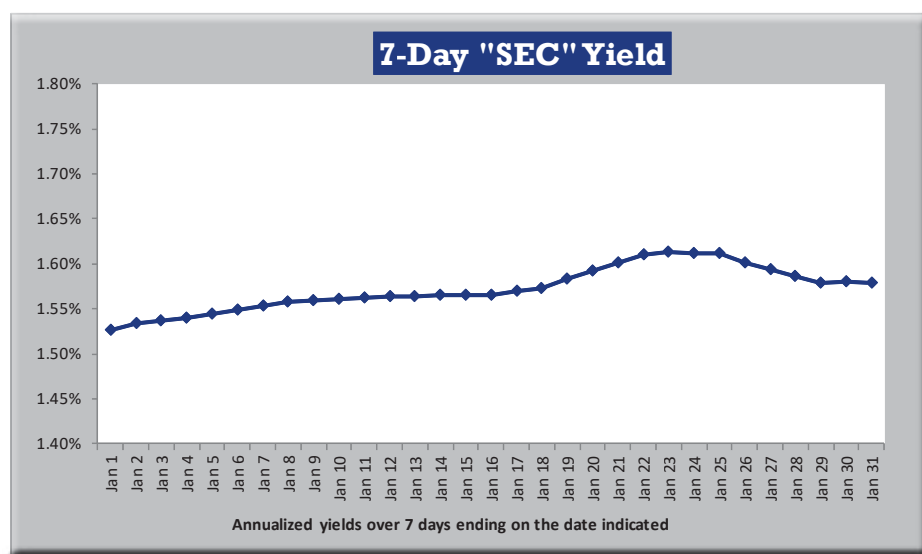
¹Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

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

ABOUT ANNUALIZED YIELDS:

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

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



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

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

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

PRIME ACCOUNT SUMMARY FOR JANUARY 2018

Summary of Cash Flows		
Opening Balance (01/01/18)	\$	11,428,954,534
Participant Deposits		2,373,164,795
Gross Earnings		16,341,504
Participant Withdrawals		(1,657,352,252)
Fees		(321,757)
Closing Balance (01/31/18)	\$	12,160,786,825
Net Change over Month	\$	731,832,291

Detailed Fee Disclosure		
January	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 100,453.04	1.02
Federated Investment Management Fee	192,996.92	1.96
BNY Mellon Custodial Fee**	14,126.72	0.14
Bank of America Transfer Agent Fee	5,323.60	0.05
S&P Rating Maintenance Fee	3,821.92	0.04
Audit/External Review Fees	5,034.49	0.05
Total Fees	\$ 321,756.69	3.27

*The basis point equivalent is an annualized rate based on the dollar amount of fees charged for the month times 12, divided by an average of the fund's beginning and ending total value (amortized cost) for the month which was \$11,794,870,679.

**All custodian banking fees are allocated based on both market value (size) and level of service accurately passing through all charges to pool participants. Charges may fluctuate month-to-month.

INVENTORY OF HOLDINGS FOR JANUARY 2018

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
ABN Amro Bank NV, Amsterdam TD	TIME DEPOSIT	1.46	2/6/2018		100,000,000	1.48	\$100,000,000	\$100,000,000	\$0
ASB Finance Ltd., Jun 05, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.65	6/5/2018	3/7/2018	50,000,000	1.67	\$50,000,000	\$50,024,150	\$24,150
ASB Finance Ltd., Mar 12, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.70	3/12/2018	2/12/2018	50,000,000	1.73	\$50,000,000	\$50,012,350	\$12,350
ASB Finance Ltd., May 17, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.69	5/17/2018	2/19/2018	25,000,000	1.73	\$24,998,086	\$25,003,575	\$5,489
Albion Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/16/2018		30,000,000	1.63	\$29,978,533	\$29,980,213	\$1,680
Albion Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/20/2018		50,000,000	1.62	\$49,955,556	\$49,958,334	\$2,778
Albion Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/26/2018		46,901,000	1.63	\$46,846,465	\$46,849,377	\$2,913
Albion Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/27/2018		55,900,000	1.63	\$55,832,501	\$55,835,939	\$3,438
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/7/2018		50,000,000	1.60	\$49,984,736	\$49,986,263	\$1,526
Anglesea Funding LLC, Jun 04, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.86	6/4/2018	2/6/2018	25,000,000	1.58	\$25,000,000	\$25,000,001	\$1
Anglesea Funding LLC, Jun 08, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.83	6/8/2018	2/12/2018	70,000,000	1.86	\$70,000,000	\$70,030,310	\$30,310
Anglesea Funding LLC, Jun 11, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.84	6/11/2018	2/13/2018	20,000,000	1.87	\$20,000,000	\$19,999,844	-\$156
Anglesea Funding LLC, May 25, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.82	5/25/2018	2/28/2018	140,000,000	1.85	\$140,000,000	\$140,001,154	\$1,154
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/1/2018		40,000,000	1.49	\$39,998,367	\$39,998,361	-\$5
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/1/2018		24,270,000	1.50	\$24,269,002	\$24,269,006	\$3
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/5/2018		44,470,000	1.64	\$44,459,994	\$44,460,828	\$834
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/6/2018		45,540,000	1.49	\$45,528,843	\$45,528,706	-\$137
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/7/2018		57,000,000	1.49	\$56,983,708	\$56,983,486	-\$222
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/12/2018		45,000,000	1.62	\$44,976,000	\$44,977,455	\$1,455
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/22/2018		39,000,000	1.62	\$38,961,867	\$38,963,225	\$1,359
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/26/2018		100,000,000	1.62	\$99,884,444	\$99,887,261	\$2,817
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/16/2018		50,000,000	1.68	\$49,899,167	\$49,900,878	\$1,711
Australia & New Zealand Banking Group, Melbourne CP4-2	COMMERCIAL PAPER - 4-2		6/12/2018		100,000,000	1.76	\$99,369,333	\$99,402,333	\$33,000
BMO Harris Bank, N.A. CD	CERTIFICATE OF DEPOSIT	1.52	2/13/2018		20,000,000	1.54	\$20,000,000	\$19,999,280	-\$720
Bank of America N.A. BNOTE	BANK NOTE	1.50	4/18/2018		59,000,000	1.52	\$59,000,000	\$58,989,775	-\$10,225
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	1.36	2/1/2018		765,000,000	1.38	\$765,000,000	\$765,000,000	\$0
Bank of America N.A., 1.65%, 03/26/2018	CORPORATE BOND	1.65	3/26/2018		11,305,000	1.61	\$11,305,452	\$11,305,000	-\$452
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.42	3/19/2018		50,000,000	1.44	\$50,000,000	\$49,991,849	-\$8,152
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.41	2/26/2018		51,250,000	1.43	\$51,250,000	\$51,247,557	-\$2,443
Bank of Montreal, Feb 22, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.84	2/22/2019	2/22/2018	50,000,000	1.87	\$50,000,000	\$49,998,200	-\$1,800
Bank of Montreal, Jan 04, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.83	1/4/2019	2/5/2018	50,000,000	1.84	\$50,000,000	\$49,994,650	-\$5,350
Bank of Montreal, Jan 07, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.83	1/7/2019	2/7/2018	49,000,000	1.83	\$49,000,000	\$48,993,630	-\$6,370

See notes at end of table.

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Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Bank of Montreal, Jan 11, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.80	1/11/2019	2/12/2018	60,000,000	1.83	\$60,000,069	\$59,990,220	-\$9,849
Bank of Montreal, May 23, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.62	5/23/2018	2/23/2018	25,000,000	1.65	\$25,000,000	\$25,016,175	\$16,175
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		3/19/2018		20,000,000	1.76	\$19,954,828	\$19,959,946	\$5,118
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		3/23/2018		15,000,000	1.48	\$14,969,188	\$14,967,233	-\$1,955
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		3/27/2018		100,000,000	1.50	\$99,775,417	\$99,763,194	-\$12,223
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		3/29/2018		100,000,000	1.80	\$99,719,750	\$99,753,950	\$34,200
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		4/2/2018		100,000,000	1.83	\$99,695,000	\$99,734,989	\$39,989
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		4/13/2018		73,000,000	1.50	\$72,785,380	\$72,765,232	-\$20,148
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		5/23/2018		25,000,000	1.51	\$24,884,889	\$24,865,911	-\$18,978
Bank of Nova Scotia, Toronto, Jul 02, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.76	7/2/2018	2/2/2018	25,000,000	1.77	\$25,000,000	\$25,002,900	\$2,900
Bank of Nova Scotia, Toronto, Mar 09, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.73	3/9/2018	2/9/2018	20,000,000	1.73	\$20,000,000	\$20,004,740	\$4,740
Bank of Tokyo-Mitsubishi UFJ Ltd. CP	COMMERCIAL PAPER		3/22/2018		55,000,000	1.67	\$54,874,722	\$54,874,951	\$229
Bank of Tokyo-Mitsubishi UFJ Ltd. CP	COMMERCIAL PAPER		7/10/2018		50,000,000	1.87	\$49,593,333	\$49,578,445	-\$14,889
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		3/6/2018		64,000,000	1.44	\$63,914,773	\$63,907,580	-\$7,193
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		3/9/2018		46,000,000	1.44	\$45,933,338	\$45,927,381	-\$5,957
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		3/9/2018		30,000,000	1.44	\$29,956,525	\$29,952,640	-\$3,885
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/26/2018		15,000,000	1.73	\$14,981,583	\$14,982,775	\$1,192
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/2/2018		75,000,000	1.68	\$74,896,875	\$74,900,000	\$3,125
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/5/2018		50,000,000	1.68	\$49,924,375	\$49,925,796	\$1,421
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/13/2018		50,000,000	1.68	\$49,906,042	\$49,904,903	-\$1,139
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/16/2018		80,000,000	1.68	\$79,838,667	\$79,834,854	-\$3,813
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/12/2018		50,000,000	1.62	\$49,644,500	\$49,573,400	-\$71,100
Bedford Row Funding Corp., Aug 03, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.76	8/3/2018	2/5/2018	20,000,000	1.77	\$20,000,000	\$19,997,680	-\$2,320
Bedford Row Funding Corp., Feb 08, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	2.07	2/8/2018	2/8/2018	25,000,000	2.07	\$25,000,000	\$25,003,450	\$3,450
Bedford Row Funding Corp., Jan 11, 2019	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.82	1/11/2019	2/12/2018	20,000,000	1.84	\$20,000,000	\$19,998,440	-\$1,560
Bedford Row Funding Corp., Jan 14, 2019	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.82	1/14/2019	2/14/2018	30,000,000	1.84	\$30,000,000	\$30,000,000	\$0
Bedford Row Funding Corp., Jun 28, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.83	6/28/2018	3/28/2018	23,000,000	1.85	\$23,000,000	\$23,015,295	\$15,295
Bedford Row Funding Corp., Mar 22, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.90	3/22/2018	2/22/2018	30,000,000	1.93	\$30,000,000	\$30,000,000	\$0
Bedford Row Funding Corp., Nov 09, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.81	11/9/2018	2/9/2018	13,000,000	1.81	\$13,000,000	\$13,000,364	\$364
Bedford Row Funding Corp., Nov 19, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.79	11/19/2018	2/20/2018	29,000,000	1.81	\$29,000,000	\$29,000,000	\$0
Bedford Row Funding Corp., Oct 01, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.83	10/1/2018	4/2/2018	80,000,000	1.86	\$80,000,000	\$80,000,000	\$0
Bedford Row Funding Corp., Oct 05, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.85	10/5/2018	4/5/2018	20,000,000	1.87	\$20,000,000	\$20,014,720	\$14,720
Bruce T. Brown 2017 Irrevocable Trust, Series 2017, Oct 01, 2024	VARIABLE RATE DEMAND NOTE	1.56	10/1/2024	2/1/2018	5,185,000	1.56	\$5,185,000	\$5,185,000	\$0
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/1/2018		10,000,000	1.42	\$9,999,614	\$9,999,599	-\$15
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/2/2018		25,000,000	1.43	\$24,970,833	\$24,967,917	-\$2,917

See notes at end of table.

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CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/26/2018		50,000,000	1.80	\$49,867,250	\$49,875,800	\$8,550
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/9/2018		93,000,000	1.54	\$92,964,893	\$92,965,055	\$163
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/7/2018		50,000,000	1.74	\$49,700,139	\$49,670,153	-\$29,986
CRC Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/21/2018		56,000,000	1.54	\$55,950,673	\$55,950,412	-\$261
CRC Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/26/2018		58,000,000	1.56	\$57,935,910	\$57,935,449	-\$461
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.57	7/3/2018		100,000,000	1.59	\$100,000,000	\$99,862,816	-\$137,184
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.57	7/5/2018		97,000,000	1.59	\$97,000,000	\$96,863,186	-\$136,814
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.59	7/9/2018		25,000,000	1.61	\$25,000,000	\$24,964,807	-\$35,194
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.76	11/13/2018		25,000,000	1.78	\$25,000,000	\$24,929,000	-\$71,000
Canadian Imperial Bank of Commerce, Apr 19, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.89	4/19/2018	4/19/2018	50,000,000	1.92	\$50,000,000	\$50,032,200	\$32,200
Canadian Imperial Bank of Commerce, Nov 13, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.82	11/13/2018	2/13/2018	1,000,000	1.84	\$1,000,000	\$1,000,289	\$289
Canadian Imperial Bank of Commerce, Sep 13, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.81	9/13/2018	3/13/2018	24,000,000	1.71	\$24,019,463	\$24,002,820	-\$16,643
Citibank NA, New York CD	CERTIFICATE OF DEPOSIT	1.50	2/20/2018		45,000,000	1.52	\$45,000,000	\$44,999,775	-\$225
Citibank NA, New York, Aug 01, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.74	8/1/2018	2/1/2018	100,000,000	1.77	\$100,000,000	\$100,000,000	\$0
Citibank NA, New York, Jul 11, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.71	7/11/2018	2/12/2018	50,000,000	1.74	\$50,000,000	\$50,003,500	\$3,500
Collateralized Commercial Paper Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		6/15/2018		15,000,000	1.62	\$14,911,125	\$14,895,038	-\$16,088
Collateralized Commercial Paper Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		9/7/2018		105,000,000	1.94	\$103,792,763	\$103,718,667	-\$74,095
Collateralized Commercial Paper Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		9/7/2018		54,000,000	1.96	\$53,372,565	\$53,341,029	-\$31,536
Collateralized Commercial Paper Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		9/14/2018		75,000,000	2.11	\$74,034,792	\$74,050,800	\$16,008
Collateralized Commercial Paper Co. LLC, Jul 31, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.79	7/31/2018	2/28/2018	11,000,000	1.82	\$11,000,000	\$10,999,879	-\$121
Collateralized Commercial Paper Co. LLC, Jun 22, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.81	6/22/2018	3/22/2018	95,700,000	1.83	\$95,700,000	\$95,767,277	\$67,277
Collateralized Commercial Paper Co. LLC, May 23, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.78	5/23/2018	2/23/2018	25,000,000	1.81	\$25,000,000	\$25,009,675	\$9,675
Commonwealth Bank of Australia, Apr 27, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.43	4/27/2018	4/27/2018	15,000,000	1.46	\$15,000,045	\$15,009,315	\$9,270
Commonwealth Bank of Australia, Dec 28, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.83	12/28/2018	2/28/2018	50,000,000	1.85	\$50,000,000	\$50,006,200	\$6,200
Commonwealth Bank of Australia, Mar 29, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.83	3/29/2018	3/29/2018	20,000,000	1.86	\$20,000,000	\$20,009,180	\$9,180
Commonwealth Bank of Australia, May 10, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.75	5/10/2018	2/12/2018	70,000,000	1.78	\$70,000,000	\$70,026,250	\$26,250
Corporate Finance Managers, Inc., Series B, Feb 02, 2043	VARIABLE RATE DEMAND NOTE	1.60	2/2/2043	2/1/2018	7,815,000	1.60	\$7,815,000	\$7,815,000	\$0
DNB Bank ASA CP4-2	COMMERCIAL PAPER - 4-2		3/23/2018		25,000,000	1.62	\$24,943,688	\$24,944,219	\$531
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.39	2/2/2018		20,000,000	1.47	\$19,999,933	\$19,999,940	\$7
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.70	3/16/2018		50,000,000	1.72	\$50,000,000	\$50,005,450	\$5,450
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CP4-2	COMMERCIAL PAPER - 4-2		2/1/2018		485,000,000	1.37	\$484,981,813	\$484,981,032	-\$781
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CP4-2	COMMERCIAL PAPER - 4-2		3/22/2018		50,000,000	1.63	\$49,888,889	\$49,891,181	\$2,292
Dreyfus Government Cash Management Fund	OVERNIGHT MUTUAL FUND	1.21	2/1/2018	10/5/2016	6,026,081	1.23	\$6,026,081	\$6,026,081	\$0

See notes at end of table.

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Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/20/2018		50,000,000	1.54	\$49,958,056	\$49,957,834	-\$222
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/7/2018		50,000,000	1.63	\$49,922,222	\$49,922,320	\$97
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/8/2018		3,005,000	1.65	\$3,000,132	\$3,000,186	\$54
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/9/2018		12,600,000	1.65	\$12,579,021	\$12,579,202	\$181
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/13/2018		50,000,000	1.67	\$49,906,611	\$49,907,750	\$1,139
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/15/2018		75,000,000	1.66	\$74,853,979	\$74,854,158	\$179
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/21/2018		43,000,000	1.85	\$42,893,479	\$42,902,961	\$9,482
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/1/2018		30,000,000	1.83	\$29,865,000	\$29,862,000	-\$3,000
Gulf Gate Apartments LLC, Series 2003, Sep 01, 2028	VARIABLE RATE DEMAND NOTE	1.60	9/1/2028	2/1/2018	7,550,000	1.60	\$7,550,000	\$7,550,000	\$0
Henry Andrew Brown, III 2017 Irrevocable Trust, Series 2017, Oct 01, 2042	VARIABLE RATE DEMAND NOTE	1.56	10/1/2042	2/1/2018	4,260,000	1.56	\$4,260,000	\$4,260,000	\$0
Institutional Prime Value Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	1.56	2/1/2018	2/1/2018	456,059,512	1.57	\$456,059,512	\$456,013,906	-\$45,606
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/1/2018		141,600,000	1.37	\$141,594,690	\$141,594,698	\$8
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/2/2018		80,000,000	1.51	\$79,993,378	\$79,993,951	\$573
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/2/2018		100,000,000	1.51	\$99,991,722	\$99,992,439	\$717
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/5/2018		50,000,000	1.52	\$49,989,583	\$49,990,264	\$681
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/16/2018		50,000,000	1.68	\$49,963,333	\$49,965,778	\$2,445
Long Island Power Authority -CPLOC -Series 2015 GR-1A	CALLABLE COMMERCIAL PAPER	0.00	10/9/2018		50,000,000	1.62	\$50,000,000	\$50,000,000	\$0
Los Angeles County Fair Association, Nov 01, 2039	VARIABLE RATE DEMAND NOTE	1.60	11/1/2039	2/7/2018	9,515,000	1.60	\$9,515,000	\$9,515,000	\$0
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		2/5/2018		33,900,000	1.48	\$33,893,173	\$33,893,102	-\$71
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		3/21/2018		83,000,000	1.73	\$82,807,947	\$82,817,324	\$9,376
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		4/13/2018		5,000,000	1.61	\$4,984,200	\$4,983,060	-\$1,140
Manhattan Asset Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/7/2018		184,000,000	1.46	\$183,948,480	\$183,947,407	-\$1,073
Manhattan Asset Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/27/2018		73,179,000	1.83	\$72,977,758	\$72,992,851	\$15,093
Milke P. Sturdivant, Sr. Family Trust, Series 2016, Nov 01, 2036	VARIABLE RATE DEMAND NOTE	1.54	11/1/2036	2/1/2018	2,200,000	1.56	\$2,200,000	\$2,200,000	\$0
Mississippi Business Finance Corp., Kohler Project, Jun 01, 2022	VARIABLE RATE DEMAND NOTE	1.72	6/1/2022	2/1/2018	10,000,000	1.70	\$10,000,000	\$10,000,000	\$0
Mizuho Bank Ltd. CDEUR (Sydney)	CERTIFICATE OF DEPOSIT - EURO	0.00	4/19/2018		270,000,000	1.84	\$268,945,919	\$268,783,753	-\$162,167
Mizuho Bank Ltd. CDEUR (Sydney)	CERTIFICATE OF DEPOSIT - EURO	0.00	4/30/2018		50,000,000	1.86	\$49,777,329	\$49,774,770	-\$2,560
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.60	3/7/2018		75,000,000	1.62	\$75,000,000	\$75,002,775	\$2,775
Mizuho Bank Ltd., Mar 14, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.72	3/14/2018	2/14/2018	25,000,000	1.74	\$25,000,023	\$25,006,650	\$6,627
Mizuho Securities USA, Inc. - REPO TRIPARTY OVERNIGHT FIXED	REPO TRIPARTY OVERNIGHT FIXED	1.37	2/1/2018		15,000,000	1.39	\$15,000,000	\$15,000,000	\$0
NRV Bank CP4-2	COMMERCIAL PAPER - 4-2		3/5/2018		50,000,000	1.44	\$49,935,146	\$49,928,134	-\$7,012
National Australia Bank Ltd., Melbourne, Apr 06, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.84	4/6/2018	4/6/2018	53,000,000	1.87	\$53,000,000	\$53,026,977	\$26,977

See notes at end of table.

INVENTORY OF HOLDINGS FOR JANUARY 2018

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Nederlandse Waterschapsbank NV CP4-2	COMMERCIAL PAPER - 4-2		2/27/2018		5,000,000	1.43	\$4,994,750	\$4,994,270	-\$480
Netherlands, Government of CP4-2	COMMERCIAL PAPER - 4-2		2/7/2018		300,000,000	1.52	\$299,925,000	\$299,918,916	-\$6,084
Novant Health, Inc., Series 1997, Jun 01, 2022	VARIABLE RATE DEMAND NOTE	1.60	6/1/2022	2/7/2018	44,800,000	1.62	\$44,800,000	\$44,800,000	\$0
Novartis Securities Investment Ltd. CP4-2	COMMERCIAL PAPER - 4-2		2/2/2018		120,000,000	1.51	\$119,990,067	\$119,990,900	\$834
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/14/2018		50,000,000	1.50	\$49,914,250	\$49,905,734	-\$8,517
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/20/2018		20,000,000	1.45	\$19,962,133	\$19,956,427	-\$5,707
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/20/2018		25,000,000	1.45	\$24,952,667	\$24,945,533	-\$7,133
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/11/2018		40,000,000	1.74	\$39,752,556	\$39,730,577	-\$21,979
Old Line Funding, LLC, Apr 20, 2018	COMMERCIAL PAPER ASSET BACKED CALLABLE		4/20/2018		50,000,000	1.84	\$49,802,500	\$49,806,999	\$4,499
Old Line Funding, LLC, Apr 30, 2018	COMMERCIAL PAPER ASSET BACKED CALLABLE		4/30/2018		50,000,000	1.84	\$49,777,500	\$49,776,882	-\$618
Old Line Funding, LLC, Mar 19, 2018	COMMERCIAL PAPER ASSET BACKED CALLABLE		3/19/2018		50,000,000	1.59	\$49,898,167	\$49,893,532	-\$4,635
Old Line Funding, LLC, Mar 22, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.76	3/22/2018	3/22/2018	30,000,000	1.78	\$30,000,000	\$30,007,980	\$7,980
Old Line Funding, LLC, May 02, 2018	COMMERCIAL PAPER ASSET BACKED CALLABLE		5/2/2018		100,000,000	1.80	\$99,552,583	\$99,542,219	-\$10,364
Old Line Funding, LLC, Nov 29, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.79	11/29/2018	2/28/2018	50,000,000	1.81	\$50,000,000	\$50,000,000	\$0
Royal Bank of Canada, Dec 06, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.67	12/6/2018	3/6/2018	25,000,000	1.69	\$25,000,000	\$25,020,475	\$20,475
Royal Bank of Canada, Jan 03, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.84	1/3/2019	4/3/2018	50,000,000	1.87	\$50,000,000	\$50,039,750	\$39,750
Royal Bank of Canada, Jan 04, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.83	1/4/2019	2/5/2018	54,000,000	1.84	\$54,000,000	\$54,001,728	\$1,728
Royal Bank of Canada, Jan 08, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.83	1/8/2019	2/8/2018	30,000,000	1.83	\$30,000,000	\$30,000,300	\$300
Royal Bank of Canada, Jun 12, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.68	6/12/2018	3/12/2018	100,000,000	1.70	\$100,000,000	\$100,052,200	\$52,200
Sabri Arac, The Quarry Lane School Series 2005, Oct 01, 2035	VARIABLE RATE DEMAND NOTE	1.60	10/1/2035	2/1/2018	12,260,000	1.60	\$12,260,000	\$12,260,000	\$0
Societe Generale, Paris CP4-2	COMMERCIAL PAPER - 4-2		2/1/2018		85,000,000	1.36	\$84,996,836	\$84,996,478	-\$359
Standard Chartered Bank plc TD	TIME DEPOSIT	1.44	2/1/2018		300,000,000	1.46	\$300,000,000	\$300,000,000	\$0
Standard Chartered Bank plc TD	TIME DEPOSIT	1.44	2/7/2018		300,000,000	1.46	\$300,000,000	\$300,000,000	\$0
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/20/2018		33,000,000	1.53	\$32,972,500	\$32,971,895	-\$605
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/26/2018		50,000,000	1.56	\$49,944,750	\$49,943,631	-\$1,120
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/1/2018		70,000,000	1.62	\$69,909,778	\$69,911,188	\$1,410
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/6/2018		98,500,000	1.60	\$98,353,946	\$98,351,899	-\$2,047
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/9/2018		50,000,000	1.58	\$49,920,347	\$49,917,727	-\$2,621
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/3/2018		98,000,000	1.83	\$97,696,200	\$97,716,791	\$20,591
Sumitomo Mitsui Banking Corp., Jun 01, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.77	6/1/2018	2/1/2018	50,000,000	1.79	\$50,000,000	\$50,003,100	\$3,100
Sumitomo Mitsui Banking Corp., Jun 06, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.78	6/6/2018	2/6/2018	100,000,000	1.78	\$100,000,000	\$100,000,000	\$0
Sumitomo Mitsui Banking Corp., May 21, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.76	5/21/2018	2/21/2018	50,000,000	1.79	\$50,000,000	\$50,007,600	\$7,600
Sumitomo Mitsui Banking Corp., May 21, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.76	5/21/2018	2/21/2018	75,000,000	1.79	\$75,000,000	\$75,011,400	\$11,400
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.65	3/16/2018		75,000,000	1.67	\$75,000,000	\$75,004,250	\$4,250
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.43	2/1/2018		200,000,000	1.45	\$200,000,000	\$199,999,864	-\$136

See notes at end of table.

INVENTORY OF HOLDINGS FOR JANUARY 2018

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Sumitomo Mitsui Trust Bank Ltd. CP4-2	COMMERCIAL PAPER - 4-2		3/16/2018		15,000,000	1.68	\$14,969,750	\$14,970,630	\$880
Svenska Handelsbanken, Stockholm TDCAY	TIME DEPOSIT - CAYMAN	1.33	2/1/2018		500,000,000	1.35	\$500,000,000	\$500,000,000	\$0
TMF Biofuels LLC, Series 2012, Dec 01, 2032	VARIABLE RATE DEMAND NOTE	1.54	12/1/2032	2/1/2018	3,135,000	1.56	\$3,135,000	\$3,135,000	\$0
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/5/2018		30,000,000	1.74	\$29,822,917	\$29,808,125	-\$14,792
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/11/2018		55,000,000	1.74	\$54,659,764	\$54,630,343	-\$29,421
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/15/2018		40,000,000	1.80	\$39,736,000	\$39,722,500	-\$13,500
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/16/2018		20,000,000	1.91	\$19,827,544	\$19,826,346	-\$1,199
Thunder Bay Funding, LLC, Apr 27, 2018	COMMERCIAL PAPER ASSET BACKED CALLABLE		4/27/2018		49,000,000	1.84	\$48,806,450	\$48,812,902	\$6,452
Toronto Dominion Bank, Dec 03, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.80	12/3/2018	2/1/2018	103,000,000	1.82	\$103,000,000	\$102,988,052	-\$11,948
Toronto Dominion Bank, Nov 06, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.90	11/6/2018	2/5/2018	25,000,000	1.52	\$25,000,000	\$25,000,000	\$0
Toronto Dominion Bank, Nov 30, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.80	11/30/2018	2/28/2018	100,000,000	1.82	\$100,000,000	\$99,988,000	-\$12,000
Toronto Dominion Bank, Sep 25, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.79	9/25/2018	2/26/2018	10,000,000	1.82	\$10,000,000	\$10,000,500	\$500
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		4/3/2018		98,000,000	1.52	\$97,748,521	\$97,731,812	-\$16,709
Toyota Motor Credit Corp., Jul 03, 2018	VARIABLE RATE COMMERCIAL PAPER	1.80	7/3/2018	4/2/2018	24,500,000	1.82	\$24,500,000	\$24,514,578	\$14,578
Toyota Motor Finance (Netherlands) B.V., May 11, 2018	VARIABLE RATE COMMERCIAL PAPER	1.76	5/11/2018	2/14/2018	53,000,000	1.78	\$53,000,000	\$53,019,610	\$19,610
UBS AG, Sr. Note, 1.8%, 03/26/2018	CORPORATE BOND	1.80	3/26/2018		2,500,000	1.64	\$2,500,567	\$2,500,152	-\$414
Wells Fargo Bank, N.A., Aug 23, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.77	8/23/2018	2/23/2018	30,000,000	1.80	\$30,000,000	\$30,000,930	\$930
Wells Fargo Bank, N.A., Dec 03, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.81	12/3/2018	2/1/2018	66,000,000	1.83	\$66,000,000	\$66,001,452	\$1,452
Wells Fargo Bank, N.A., Dec 27, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.85	12/27/2018	3/27/2018	89,000,000	1.88	\$89,000,000	\$89,084,639	\$84,639
Wells Fargo Bank, N.A., Feb 01, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.08	2/1/2018	2/1/2018	25,000,000	2.11	\$25,000,000	\$25,000,475	\$475
Wells Fargo Bank, N.A., Feb 06, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.07	2/6/2018	2/6/2018	25,000,000	1.69	\$25,000,000	\$25,001,025	\$1,025
Wells Fargo Bank, N.A., May 04, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.90	5/4/2018	2/5/2018	73,000,000	1.52	\$73,000,000	\$73,045,990	\$45,990
Wells Fargo Bank, N.A., Nov 28, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.80	11/28/2018	2/28/2018	50,000,000	1.82	\$50,000,000	\$49,997,700	-\$2,300
Westpac Banking Corp. Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.57	9/14/2018		50,000,000	1.59	\$50,000,000	\$49,870,125	-\$129,876
Westpac Banking Corp. Ltd., Sydney CP4-2	COMMERCIAL PAPER - 4-2		10/12/2018		15,000,000	1.76	\$14,819,025	\$14,784,523	-\$34,502
Westpac Banking Corp. Ltd., Sydney, Mar 29, 2018	VARIABLE RATE COMMERCIAL PAPER	1.83	3/29/2018	3/29/2018	107,000,000	1.86	\$107,000,000	\$107,060,883	\$60,883
Total Value of Assets					12,515,925,593		12,502,059,534	12,501,689,925	-369,610

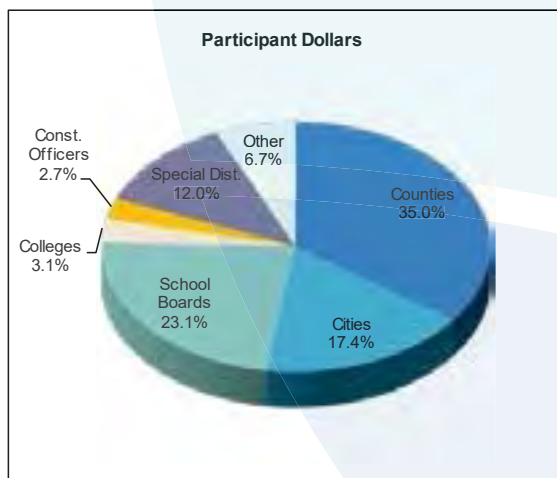
Notes: The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

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

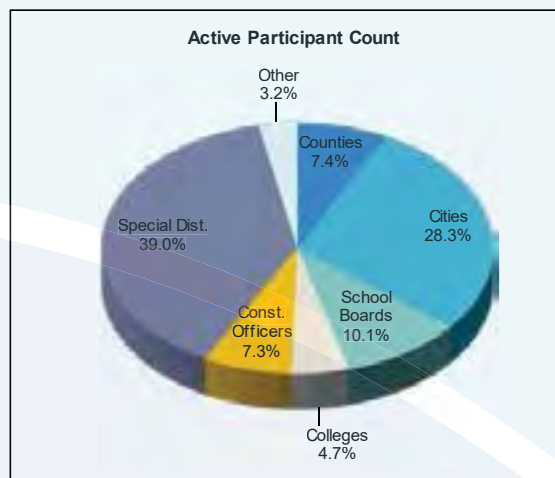
² Amortized cost is calculated using a straight line method.

PARTICIPANT CONCENTRATION DATA - AS OF JANUARY 2018

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
All Participants	100.0%	100.0%	Colleges & Universities	3.1%	4.7%
Top 10	35.7%	1.4%	Top 10	2.8%	1.4%
\$100 million or more	58.7%	4.1%	\$100 million or more	1.2%	0.1%
\$10 million up to \$100 million	35.1%	16.1%	\$10 million up to \$100 million	1.4%	0.8%
\$1 million up to \$10 million	5.7%	22.9%	\$1 million up to \$10 million	0.4%	1.8%
Under \$1 million	0.5%	56.8%	Under \$1 million	0.01%	1.9%
Counties	35.0%	7.4%	Constitutional Officers	2.7%	7.3%
Top 10	27.3%	1.4%	Top 10	0.9%	1.4%
\$100 million or more	30.2%	1.8%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	4.5%	1.7%	\$10 million up to \$100 million	2.0%	0.7%
\$1 million up to \$10 million	0.3%	1.1%	\$1 million up to \$10 million	0.6%	2.5%
Under \$1 million	0.0%	2.9%	Under \$1 million	0.0%	4.1%
Municipalities	17.4%	28.3%	Special Districts	12.0%	39.0%
Top 10	8.4%	1.4%	Top 10	7.1%	1.4%
\$100 million or more	4.7%	0.6%	\$100 million or more	3.5%	0.4%
\$10 million up to \$100 million	10.5%	5.0%	\$10 million up to \$100 million	6.6%	3.3%
\$1 million up to \$10 million	2.0%	8.1%	\$1 million up to \$10 million	1.6%	6.8%
Under \$1 million	0.1%	14.6%	Under \$1 million	0.3%	28.6%
School Boards	23.1%	10.1%	Other	6.7%	3.2%
Top 10	16.8%	1.4%	Top 10	6.1%	1.4%
\$100 million or more	14.1%	0.8%	\$100 million or more	4.9%	0.4%
\$10 million up to \$100 million	8.4%	3.7%	\$10 million up to \$100 million	1.6%	1.0%
\$1 million up to \$10 million	0.5%	1.9%	\$1 million up to \$10 million	0.2%	0.7%
Under \$1 million	0.0%	3.6%	Under \$1 million	0.0%	1.1%



Total Fund Value: \$12,160,786,825



Total Active Participant Count: 725

Note: Active accounts include only those participant accounts valued above zero.

COMPLIANCE WITH INVESTMENT POLICY FOR JANUARY 2018

As investment manager, Federated monitors compliance daily on Florida PRIME to ensure that investment practices comply with the requirements of the Investment Policy Statement (IPS). Federated provides a monthly compliance report to the SBA and is required to notify the Investment Oversight Group (IOG) of compliance exceptions within 24 hours of identification. The IOG meets monthly and on an ad hoc basis to review compliance exceptions, to document responses to exceptions, and to formally escalate recommendations for approval by the Executive Director & CIO. The IOG also reviews the Federated compliance report each month, as well as the results of independent compliance testing conducted by SBA Risk Management and Compliance. Minutes from the IOG meetings are posted to the Florida PRIME website.

In addition to the compliance testing performed by Federated, the SBA conducts independent testing on Florida PRIME using a risk-based approach. Under this approach, each IPS parameter is ranked as "High" or "Low" with respect to the level of risk associated with a potential guideline breach. IPS parameters with risk rankings of "High" are subject to independent verification by SBA Risk Management and Compliance. These rankings, along with the frequency for testing, are reviewed and approved by the IOG on an annual basis or more often if market conditions dictate. Additionally, any parameter reported in "Fail" status on the Federated compliance report, regardless of risk ranking, is also independently verified and escalated accordingly. The results of independent testing are currently reported monthly to the IOG.

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

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

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

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

TRADING ACTIVITY FOR JANUARY 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
Buys								
ALBION CAPITAL LLC CPABS4	01/05/18	01/02/18	01/02/18	2,100,000	2,099,738	0	2,099,738	0
ALBION CAPITAL LLC CPABS4	01/12/18	01/05/18	01/05/18	41,000,000	40,988,042	0	40,988,042	0
ALBION CAPITAL LLC CPABS4	01/19/18	01/12/18	01/12/18	48,848,000	48,833,753	0	48,833,753	0
ALBION CAPITAL LLC CPABS4	01/26/18	01/19/18	01/19/18	46,385,000	46,371,471	0	46,371,471	0
ALBION CAPITAL LLC CPABS4	02/16/18	01/12/18	01/16/18	30,000,000	29,958,408	0	29,958,408	0
ALBION CAPITAL LLC CPABS4	02/20/18	01/22/18	01/22/18	50,000,000	49,935,556	0	49,935,556	0
ALBION CAPITAL LLC CPABS4	02/26/18	01/24/18	01/25/18	46,901,000	46,833,879	0	46,833,879	0
ALBION CAPITAL LLC CPABS4	02/27/18	01/29/18	01/29/18	50,000,000	49,935,153	0	49,935,153	0
ALBION CAPITAL LLC CPABS4	02/27/18	01/29/18	01/29/18	5,900,000	5,892,348	0	5,892,348	0
ANTALIS S.A, CPABS4CPABS4	01/09/18	01/02/18	01/02/18	45,000,000	44,987,313	0	44,987,313	0
ANTALIS S.A, CPABS4CPABS4	01/10/18	01/03/18	01/03/18	50,000,000	49,985,806	0	49,985,806	0
ANTALIS S.A, CPABS4CPABS4	01/10/18	01/03/18	01/03/18	31,700,000	31,691,001	0	31,691,001	0
ANTALIS S.A, CPABS4CPABS4	01/11/18	01/04/18	01/04/18	50,000,000	49,985,806	0	49,985,806	0
ANTALIS S.A, CPABS4CPABS4	01/11/18	01/04/18	01/04/18	50,000,000	49,985,806	0	49,985,806	0
ANTALIS S.A, CPABS4CPABS4	01/11/18	01/04/18	01/04/18	3,240,000	3,239,080	0	3,239,080	0
ANTALIS S.A, CPABS4CPABS4	01/16/18	01/09/18	01/09/18	40,460,000	40,448,514	0	40,448,514	0
ANTALIS S.A, CPABS4CPABS4	01/17/18	01/10/18	01/10/18	50,000,000	49,985,806	0	49,985,806	0
ANTALIS S.A, CPABS4CPABS4	01/17/18	01/10/18	01/10/18	30,000,000	29,991,483	0	29,991,483	0
ANTALIS S.A, CPABS4CPABS4	01/18/18	01/11/18	01/11/18	40,400,000	40,388,531	0	40,388,531	0
ANTALIS S.A, CPABS4CPABS4	01/18/18	01/12/18	01/12/18	14,450,000	14,446,484	0	14,446,484	0
ANTALIS S.A, CPABS4CPABS4	01/24/18	01/17/18	01/17/18	48,000,000	47,986,373	0	47,986,373	0
ANTALIS S.A, CPABS4CPABS4	01/25/18	01/18/18	01/18/18	37,830,000	37,819,187	0	37,819,187	0
ANTALIS S.A, CPABS4CPABS4	01/31/18	01/24/18	01/24/18	50,000,000	49,985,708	0	49,985,708	0
ANTALIS S.A, CPABS4CPABS4	02/01/18	01/25/18	01/25/18	40,000,000	39,988,567	0	39,988,567	0
ANTALIS S.A, CPABS4CPABS4	02/01/18	01/25/18	01/25/18	24,270,000	24,263,016	0	24,263,016	0
ANTALIS S.A, CPABS4CPABS4	02/05/18	01/04/18	01/04/18	44,470,000	44,405,963	0	44,405,963	0
ANTALIS S.A, CPABS4CPABS4	02/06/18	01/30/18	01/30/18	45,540,000	45,526,983	0	45,526,983	0
ANTALIS S.A, CPABS4CPABS4	02/07/18	01/31/18	01/31/18	50,000,000	49,985,708	0	49,985,708	0
ANTALIS S.A, CPABS4CPABS4	02/07/18	01/31/18	01/31/18	7,000,000	6,997,999	0	6,997,999	0
ANTALIS S.A, CPABS4CPABS4	02/12/18	01/11/18	01/11/18	45,000,000	44,936,000	0	44,936,000	0
ANTALIS S.A, CPABS4CPABS4	02/22/18	01/22/18	01/22/18	39,000,000	38,946,267	0	38,946,267	0
ANTALIS S.A, CPABS4CPABS4	02/26/18	01/26/18	01/26/18	50,000,000	49,931,111	0	49,931,111	0
ANTALIS S.A, CPABS4CPABS4	02/26/18	01/26/18	01/26/18	50,000,000	49,931,111	0	49,931,111	0
ANTALIS S.A, CPABS4CPABS4	03/16/18	01/17/18	01/17/18	50,000,000	49,867,083	0	49,867,083	0
ATLANTIC ASSET SECUCPABS4	01/03/18	01/02/18	01/02/18	7,500,000	7,499,704	0	7,499,704	0
ATLANTIC ASSET SECUCPABS4	01/03/18	01/02/18	01/02/18	50,000,000	49,998,028	0	49,998,028	0
ATLANTIC ASSET SECUCPABS4	01/03/18	01/02/18	01/02/18	50,000,000	49,998,028	0	49,998,028	0
ATLANTIC ASSET SECUCPABS4	01/03/18	01/02/18	01/02/18	50,000,000	49,998,028	0	49,998,028	0
ATLANTIC ASSET SECUCPABS4	01/16/18	01/12/18	01/12/18	46,100,000	46,092,675	0	46,092,675	0
ATLANTIC ASSET SECUCPABS4	01/16/18	01/12/18	01/12/18	50,000,000	49,992,111	0	49,992,111	0
ATLANTIC ASSET SECUCPABS4	01/16/18	01/12/18	01/12/18	50,000,000	49,992,111	0	49,992,111	0
ATLANTIC ASSET SECUCPABS4	01/16/18	01/12/18	01/12/18	50,000,000	49,992,111	0	49,992,111	0
ATLANTIC ASSET SECUCPABS4	01/16/18	01/12/18	01/12/18	15,000,000	14,997,633	0	14,997,633	0
ATLANTIC ASSET SECUCPABS4	01/17/18	01/16/18	01/16/18	13,000,000	12,999,484	0	12,999,484	0
ATLANTIC ASSET SECUCPABS4	01/17/18	01/16/18	01/16/18	50,000,000	49,998,028	0	49,998,028	0
ATLANTIC ASSET SECUCPABS4	01/29/18	01/26/18	01/26/18	50,000,000	49,994,083	0	49,994,083	0
ATLANTIC ASSET SECUCPABS4	01/30/18	01/29/18	01/29/18	20,000,000	19,999,206	0	19,999,206	0
ATLANTIC ASSET SECUCPABS4	01/30/18	01/29/18	01/29/18	50,000,000	49,998,014	0	49,998,014	0
ATLANTIC ASSET SECUCPABS4	01/30/18	01/29/18	01/29/18	2,905,000	2,904,885	0	2,904,885	0
LMA-AMERICAS LLC CPABS4-2	01/31/18	01/30/18	01/30/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC CPABS4-2	01/31/18	01/30/18	01/30/18	12,000,000	11,999,523	0	11,999,523	0
BANK OF AMERICA NA	03/26/18	01/29/18	01/31/18	11,305,000	11,305,452	64,768	11,370,220	0
BANK OF MONTREAL/CHICAGO IL	01/04/19	01/04/18	01/04/18	50,000,000	50,000,000	0	50,000,000	0
BANK OF MONTREAL/CHICAGO IL	01/07/19	01/05/18	01/05/18	49,000,000	49,000,000	0	49,000,000	0
BANK OF MONTREAL/CHICAGO IL	01/11/19	01/11/18	01/11/18	50,000,000	50,000,000	0	50,000,000	0
BANK OF MONTREAL/CHICAGO IL	01/11/19	01/12/18	01/12/18	10,000,000	10,000,072	501	10,000,573	0
BANK OF MONTREAL/CHICAGO IL	02/22/19	01/23/18	01/23/18	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCP	03/22/18	01/22/18	01/22/18	50,000,000	49,865,611	0	49,865,611	0
BANK OF TOKYO-MITSUCP	03/22/18	01/22/18	01/22/18	5,000,000	4,986,561	0	4,986,561	0
BANK OF TOKYO-MITSUCP	07/10/18	01/10/18	01/10/18	50,000,000	49,539,958	0	49,539,958	0
BARTON CAPITAL LLC CPABS4-	01/12/18	01/05/18	01/05/18	40,000,000	39,988,722	0	39,988,722	0
BARTON CAPITAL LLC CPABS4-	01/30/18	01/29/18	01/29/18	29,000,000	28,998,848	0	28,998,848	0
BARTON CAPITAL LLC CPABS4-	03/02/18	01/02/18	01/02/18	50,000,000	49,864,792	0	49,864,792	0
BARTON CAPITAL LLC CPABS4-	03/02/18	01/02/18	01/02/18	25,000,000	24,932,396	0	24,932,396	0
BARTON CAPITAL LLC CPABS4-	03/05/18	01/04/18	01/04/18	50,000,000	49,862,500	0	49,862,500	0
BARTON CAPITAL LLC CPABS4-	03/13/18	01/12/18	01/12/18	50,000,000	49,862,500	0	49,862,500	0
BARTON CAPITAL LLC CPABS4-	03/16/18	01/17/18	01/17/18	50,000,000	49,867,083	0	49,867,083	0
BARTON CAPITAL LLC CPABS4-	03/16/18	01/17/18	01/17/18	30,000,000	29,920,250	0	29,920,250	0
BEDFORD ROW FUNDING CORP	01/11/19	01/18/18	01/18/18	20,000,000	20,000,000	0	20,000,000	0
BEDFORD ROW FUNDING CORP	01/14/19	01/17/18	01/19/18	30,000,000	30,000,000	0	30,000,000	0
BNP PARIBAS SA/NEW YORK NY	01/16/18	01/12/18	01/12/18	10,500,000	10,498,367	0	10,498,367	0



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TRADING ACTIVITY FOR JANUARY 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
DZ BANK AG DEUTSCHECP4-2	01/31/18	01/30/18	01/30/18	50,000,000	49,998,042	0	49,998,042	0
DZ BANK AG DEUTSCHECP4-2	01/31/18	01/30/18	01/30/18	50,000,000	49,998,042	0	49,998,042	0
DZ BANK AG DEUTSCHECP4-2	01/31/18	01/30/18	01/30/18	50,000,000	49,998,042	0	49,998,042	0
DZ BANK AG DEUTSCHECP4-2	01/31/18	01/30/18	01/30/18	50,000,000	49,998,042	0	49,998,042	0
DZ BANK AG DEUTSCHECP4-2	01/31/18	01/30/18	01/30/18	50,000,000	49,998,042	0	49,998,042	0
DZ BANK AG DEUTSCHECP4-2	01/31/18	01/30/18	01/30/18	5,000,000	4,999,804	0	4,999,804	0
DZ BANK AG DEUTSCHECP4-2	02/01/18	01/31/18	01/31/18	50,000,000	49,998,125	0	49,998,125	0
DZ BANK AG DEUTSCHECP4-2	02/01/18	01/31/18	01/31/18	50,000,000	49,998,125	0	49,998,125	0
DZ BANK AG DEUTSCHECP4-2	02/01/18	01/31/18	01/31/18	50,000,000	49,998,125	0	49,998,125	0
DZ BANK AG DEUTSCHECP4-2	02/01/18	01/31/18	01/31/18	50,000,000	49,998,125	0	49,998,125	0
DZ BANK AG DEUTSCHECP4-2	02/01/18	01/31/18	01/31/18	50,000,000	49,998,125	0	49,998,125	0
DZ BANK AG DEUTSCHECP4-2	02/01/18	01/31/18	01/31/18	35,000,000	34,998,688	0	34,998,688	0
DZ BANK AG DEUTSCHECP4-2	02/01/18	01/31/18	01/31/18	50,000,000	49,998,125	0	49,998,125	0
DZ BANK AG DEUTSCHECP4-2	02/01/18	01/31/18	01/31/18	50,000,000	49,998,125	0	49,998,125	0
DZ BANK AG DEUTSCHECP4-2	02/01/18	01/31/18	01/31/18	50,000,000	49,998,125	0	49,998,125	0
DZ BANK AG DEUTSCHECP4-2	02/01/18	01/31/18	01/31/18	50,000,000	49,998,125	0	49,998,125	0
EXXON MOBIL CORP	01/18/18	01/17/18	01/17/18	7,900,000	7,899,695	0	7,899,695	0
GOTHAM FUNDING CORP	05/01/18	01/31/18	01/31/18	30,000,000	29,865,000	0	29,865,000	0
LMA-AMERICAS LLC	01/03/18	01/02/18	01/02/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC	01/03/18	01/02/18	01/02/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC	01/04/18	01/03/18	01/03/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC	01/04/18	01/03/18	01/03/18	37,700,000	37,698,502	0	37,698,502	0
LMA-AMERICAS LLC	01/05/18	01/04/18	01/04/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC	01/05/18	01/04/18	01/04/18	39,900,000	39,898,415	0	39,898,415	0
LMA-AMERICAS LLC	01/09/18	01/08/18	01/08/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC	01/09/18	01/08/18	01/08/18	43,500,000	43,498,272	0	43,498,272	0
LMA-AMERICAS LLC	01/10/18	01/09/18	01/09/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC	01/10/18	01/09/18	01/09/18	38,200,000	38,198,483	0	38,198,483	0
LMA-AMERICAS LLC	01/11/18	01/10/18	01/10/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC	01/11/18	01/10/18	01/10/18	38,400,000	38,398,475	0	38,398,475	0
LMA-AMERICAS LLC	01/12/18	01/11/18	01/11/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC	01/12/18	01/11/18	01/11/18	47,100,000	47,098,129	0	47,098,129	0
LMA-AMERICAS LLC	01/16/18	01/12/18	01/12/18	50,000,000	49,992,056	0	49,992,056	0
LMA-AMERICAS LLC	01/16/18	01/12/18	01/12/18	50,000,000	49,992,056	0	49,992,056	0
LMA-AMERICAS LLC	01/17/18	01/16/18	01/16/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC	01/17/18	01/16/18	01/16/18	49,620,000	49,618,029	0	49,618,029	0
LMA-AMERICAS LLC	01/17/18	01/16/18	01/16/18	2,000,000	1,999,921	0	1,999,921	0
LMA-AMERICAS LLC	01/18/18	01/17/18	01/17/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC	01/18/18	01/17/18	01/17/18	40,200,000	40,198,403	0	40,198,403	0
LMA-AMERICAS LLC	01/19/18	01/18/18	01/18/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC	01/19/18	01/18/18	01/18/18	38,800,000	38,798,459	0	38,798,459	0
LMA-AMERICAS LLC	01/22/18	01/19/18	01/19/18	50,000,000	49,994,042	0	49,994,042	0
LMA-AMERICAS LLC	01/22/18	01/19/18	01/19/18	38,700,000	38,695,388	0	38,695,388	0
LMA-AMERICAS LLC	01/23/18	01/22/18	01/22/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC	01/23/18	01/22/18	01/22/18	38,400,000	38,398,475	0	38,398,475	0
LMA-AMERICAS LLC	01/24/18	01/23/18	01/23/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC	01/24/18	01/23/18	01/23/18	38,500,000	38,498,471	0	38,498,471	0
LMA-AMERICAS LLC	01/25/18	01/24/18	01/24/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC	01/25/18	01/24/18	01/24/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC	01/26/18	01/25/18	01/25/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC	01/26/18	01/25/18	01/25/18	40,600,000	40,598,387	0	40,598,387	0
LMA-AMERICAS LLC	01/29/18	01/26/18	01/26/18	50,000,000	49,994,042	0	49,994,042	0
LMA-AMERICAS LLC	01/29/18	01/26/18	01/26/18	38,700,000	38,695,388	0	38,695,388	0
LMA-AMERICAS LLC	01/30/18	01/29/18	01/29/18	39,000,000	38,998,451	0	38,998,451	0
LMA-AMERICAS LLC	01/30/18	01/29/18	01/29/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC	01/30/18	01/29/18	01/29/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC	01/30/18	01/29/18	01/29/18	45,600,000	45,598,189	0	45,598,189	0
LMA-AMERICAS LLC	01/31/18	01/30/18	01/30/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLC	01/31/18	01/30/18	01/30/18	39,600,000	39,598,427	0	39,598,427	0
LMA-AMERICAS LLC	02/01/18	01/31/18	01/31/18	50,000,000	49,998,125	0	49,998,125	0
LMA-AMERICAS LLC	02/01/18	01/31/18	01/31/18	39,800,000	39,798,508	0	39,798,508	0
LMA-AMERICAS LLC	02/01/18	01/31/18	01/31/18	50,000,000	49,998,125	0	49,998,125	0
LMA-AMERICAS LLC	02/01/18	01/31/18	01/31/18	1,800,000	1,799,933	0	1,799,933	0
LONG ISLAND POWER AUTHORITY CPLOC SERIES 2015 GR-1A	10/09/18	01/10/18	01/10/18	50,000,000	50,000,000	0	50,000,000	0
MANHATTAN ASSET FUN	02/07/18	01/31/18	01/31/18	50,000,000	49,986,000	0	49,986,000	0
MANHATTAN ASSET FUN	02/07/18	01/31/18	01/31/18	50,000,000	49,986,000	0	49,986,000	0
MANHATTAN ASSET FUN	02/07/18	01/31/18	01/31/18	50,000,000	49,986,000	0	49,986,000	0

TRADING ACTIVITY FOR JANUARY 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
MANHATTAN ASSET FUNCPABS4	02/07/18	01/31/18	01/31/18	34,000,000	33,990,480	0	33,990,480	0
NEDERLANDSEWATERSCCP4-2	01/25/18	01/18/18	01/18/18	50,000,000	49,986,000	0	49,986,000	0
NEDERLANDSEWATERSCCP4-2	01/25/18	01/18/18	01/18/18	50,000,000	49,986,000	0	49,986,000	0
NEDERLANDSEWATERSCCP4-2	01/25/18	01/18/18	01/18/18	50,000,000	49,986,000	0	49,986,000	0
NEDERLANDSEWATERSCCP4-2	01/25/18	01/18/18	01/18/18	50,000,000	49,986,000	0	49,986,000	0
NEDERLANDSEWATERSCCP4-2	01/25/18	01/18/18	01/18/18	50,000,000	49,986,000	0	49,986,000	0
NEDERLANDSEWATERSCCP4-2	01/25/18	01/18/18	01/18/18	50,000,000	49,986,000	0	49,986,000	0
NOVARTIS SECURITIESCP4-2	02/02/18	01/17/18	01/17/18	50,000,000	49,966,889	0	49,966,889	0
NOVARTIS SECURITIESCP4-2	02/02/18	01/17/18	01/17/18	50,000,000	49,966,889	0	49,966,889	0
NOVARTIS SECURITIESCP4-2	02/02/18	01/17/18	01/17/18	20,000,000	19,986,756	0	19,986,756	0
NOVARTIS FINANCE COCP4-2	01/10/18	01/03/18	01/03/18	45,500,000	45,486,818	0	45,486,818	0
NOVARTIS FINANCE COCP4-2	01/26/18	01/25/18	01/25/18	2,300,000	2,299,909	0	2,299,909	0
OLD LINE FUNDING, LCPABS4	01/05/18	01/04/18	01/04/18	50,000,000	49,998,028	0	49,998,028	0
OLD LINE FUNDING, LCPABS4	01/05/18	01/04/18	01/04/18	16,500,000	16,499,349	0	16,499,349	0
OLD LINE FUNDING, LLC, MA	05/02/18	01/17/18	01/17/18	50,000,000	49,741,875	0	49,741,875	0
OLD LINE FUNDING, LLC, MA	05/02/18	01/17/18	01/17/18	50,000,000	49,741,875	0	49,741,875	0
ROYAL BANK OF CANADA/NEW YORK NY	01/03/19	01/03/18	01/03/18	50,000,000	50,000,000	0	50,000,000	0
ROYAL BANK OF CANADA/NEW YORK NY	01/04/19	01/04/18	01/04/18	50,000,000	50,000,000	0	50,000,000	0
ROYAL BANK OF CANADA/NEW YORK NY	01/04/19	01/04/18	01/04/18	4,000,000	4,000,000	0	4,000,000	0
ROYAL BANK OF CANADA/NEW YORK NY	01/08/19	01/08/18	01/08/18	30,000,000	30,000,000	0	30,000,000	0
SOCIETE GENERALE, PCP4-2	02/01/18	01/31/18	01/31/18	50,000,000	49,998,139	0	49,998,139	0
SOCIETE GENERALE, PCP4-2	02/01/18	01/31/18	01/31/18	35,000,000	34,998,697	0	34,998,697	0
STARBIRD FUNDING COCPABS4	01/03/18	01/02/18	01/02/18	42,100,000	42,098,304	0	42,098,304	0
STARBIRD FUNDING COCPABS4	01/04/18	01/03/18	01/03/18	44,200,000	44,198,220	0	44,198,220	0
STARBIRD FUNDING COCPABS4	01/05/18	01/04/18	01/04/18	44,100,000	44,098,224	0	44,098,224	0
STARBIRD FUNDING COCPABS4	01/08/18	01/05/18	01/05/18	44,400,000	44,394,635	0	44,394,635	0
STARBIRD FUNDING COCPABS4	01/09/18	01/08/18	01/08/18	44,700,000	44,698,199	0	44,698,199	0
STARBIRD FUNDING COCPABS4	01/10/18	01/09/18	01/09/18	45,300,000	45,298,175	0	45,298,175	0
STARBIRD FUNDING COCPABS4	01/10/18	01/09/18	01/09/18	40,000,000	39,998,389	0	39,998,389	0
STARBIRD FUNDING COCPABS4	01/10/18	01/09/18	01/09/18	50,000,000	49,997,986	0	49,997,986	0
STARBIRD FUNDING COCPABS4	01/11/18	01/10/18	01/10/18	41,900,000	41,898,312	0	41,898,312	0
STARBIRD FUNDING COCPABS4	01/12/18	01/11/18	01/11/18	42,000,000	41,998,308	0	41,998,308	0
STARBIRD FUNDING COCPABS4	01/16/18	01/12/18	01/12/18	43,000,000	42,993,072	0	42,993,072	0
STARBIRD FUNDING COCPABS4	01/17/18	01/16/18	01/16/18	41,900,000	41,898,312	0	41,898,312	0
STARBIRD FUNDING COCPABS4	01/18/18	01/17/18	01/17/18	41,600,000	41,598,324	0	41,598,324	0
STARBIRD FUNDING COCPABS4	01/19/18	01/18/18	01/18/18	42,300,000	42,298,296	0	42,298,296	0
STARBIRD FUNDING COCPABS4	01/22/18	01/19/18	01/19/18	42,200,000	42,194,901	0	42,194,901	0
STARBIRD FUNDING COCPABS4	01/23/18	01/22/18	01/22/18	41,900,000	41,898,312	0	41,898,312	0
STARBIRD FUNDING COCPABS4	01/24/18	01/23/18	01/23/18	42,000,000	41,998,308	0	41,998,308	0
STARBIRD FUNDING COCPABS4	01/25/18	01/24/18	01/24/18	41,600,000	41,598,324	0	41,598,324	0
STARBIRD FUNDING COCPABS4	01/26/18	01/25/18	01/25/18	41,900,000	41,898,312	0	41,898,312	0
STARBIRD FUNDING COCPABS4	01/29/18	01/26/18	01/26/18	31,500,000	31,496,194	0	31,496,194	0
STARBIRD FUNDING COCPABS4	03/01/18	01/31/18	01/31/18	50,000,000	49,935,556	0	49,935,556	0
STARBIRD FUNDING COCPABS4	03/01/18	01/31/18	01/31/18	20,000,000	19,974,222	0	19,974,222	0
STARBIRD FUNDING COCPABS4	04/03/18	01/03/18	01/03/18	50,000,000	49,775,000	0	49,775,000	0
STARBIRD FUNDING COCPABS4	04/03/18	01/03/18	01/03/18	48,000,000	47,784,000	0	47,784,000	0
NETHERLANDS, GOVERNCP4-2	01/22/18	01/11/18	01/16/18	50,000,000	49,987,917	0	49,987,917	0
NETHERLANDS, GOVERNCP4-2	01/22/18	01/11/18	01/16/18	50,000,000	49,987,917	0	49,987,917	0
NETHERLANDS, GOVERNCP4-2	01/22/18	01/11/18	01/16/18	50,000,000	49,987,917	0	49,987,917	0
NETHERLANDS, GOVERNCP4-2	01/30/18	01/22/18	01/23/18	50,000,000	49,985,417	0	49,985,417	0
NETHERLANDS, GOVERNCP4-2	01/30/18	01/22/18	01/23/18	50,000,000	49,985,417	0	49,985,417	0
NETHERLANDS, GOVERNCP4-2	01/30/18	01/22/18	01/23/18	50,000,000	49,985,417	0	49,985,417	0
NETHERLANDS, GOVERNCP4-2	01/30/18	01/22/18	01/23/18	50,000,000	49,985,417	0	49,985,417	0
NETHERLANDS, GOVERNCP4-2	02/07/18	01/31/18	02/01/18	50,000,000	49,987,500	0	49,987,500	0
NETHERLANDS, GOVERNCP4-2	02/07/18	01/31/18	02/01/18	50,000,000	49,987,500	0	49,987,500	0
NETHERLANDS, GOVERNCP4-2	02/07/18	01/31/18	02/01/18	50,000,000	49,987,500	0	49,987,500	0
NETHERLANDS, GOVERNCP4-2	02/07/18	01/31/18	02/01/18	50,000,000	49,987,500	0	49,987,500	0
NETHERLANDS, GOVERNCP4-2	02/07/18	01/31/18	02/01/18	50,000,000	49,987,500	0	49,987,500	0
SUMITOMO MITSUI BANKING CORP	01/18/18	01/09/18	01/10/18	6,900,000	6,899,752	49,450	6,949,202	0
SUMITOMO MITSUI TRUCP4-2	03/16/18	01/11/18	01/11/18	15,000,000	14,956,000	0	14,956,000	0
SUMITOMO MITSUI TRUCDYAN	03/16/18	01/10/18	01/10/18	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	03/16/18	01/10/18	01/10/18	25,000,000	25,000,000	0	25,000,000	0
SUMITOMO MITSUI TRUCDYAN	02/01/18	01/25/18	01/25/18	50,000,000	50,000,000	0	50,000,000	0

TRADING ACTIVITY FOR JANUARY 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
SUMITOMO MITSUI TRUCDYAN	02/01/18	01/25/18	01/25/18	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	02/01/18	01/25/18	01/25/18	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	02/01/18	01/25/18	01/25/18	50,000,000	50,000,000	0	50,000,000	0
TMF BIOFUELS LLC	12/01/32	01/12/18	01/18/18	1,435,000	1,435,000	2,493	1,437,493	0
TMF BIOFUELS LLC	12/01/32	01/18/18	01/22/18	1,700,000	1,700,000	3,244	1,703,244	0
THUNDER BAY FUNDINGCPC4-2	07/16/18	01/11/18	01/16/18	20,000,000	19,811,961	0	19,811,961	0
UBS AG/STAMFORD CT	03/26/18	01/25/18	01/29/18	2,500,000	2,500,588	15,375	2,515,963	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/03/18	01/03/18	1,019,614	1,019,614	0	1,019,614	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/05/18	01/05/18	82,048	82,048	0	82,048	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/08/18	01/08/18	1,770,398	1,770,398	0	1,770,398	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/10/18	01/10/18	893,981	893,981	0	893,981	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/16/18	01/16/18	1,540,250	1,540,250	0	1,540,250	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/17/18	01/17/18	179,253	179,253	0	179,253	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/19/18	01/19/18	3,561,053	3,561,053	0	3,561,053	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/25/18	01/25/18	1,473,247	1,473,247	0	1,473,247	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/26/18	01/26/18	184,787	184,787	0	184,787	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/29/18	01/29/18	1,632,303	1,632,303	0	1,632,303	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/31/18	01/31/18	494,057	494,057	0	494,057	0
MIZUHO TRIPARTY	01/03/18	01/02/18	01/02/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/03/18	01/02/18	01/02/18	215,000,000	215,000,000	0	215,000,000	0
MIZUHO TRIPARTY	01/04/18	01/03/18	01/03/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/04/18	01/03/18	01/03/18	225,000,000	225,000,000	0	225,000,000	0
MIZUHO TRIPARTY	01/05/18	01/04/18	01/04/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/05/18	01/04/18	01/04/18	153,000,000	153,000,000	0	153,000,000	0
MIZUHO TRIPARTY	01/08/18	01/05/18	01/05/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/08/18	01/05/18	01/05/18	190,000,000	190,000,000	0	190,000,000	0
MIZUHO TRIPARTY	01/09/18	01/08/18	01/08/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/09/18	01/08/18	01/08/18	220,000,000	220,000,000	0	220,000,000	0
MIZUHO TRIPARTY	01/10/18	01/09/18	01/09/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/10/18	01/09/18	01/09/18	80,000,000	80,000,000	0	80,000,000	0
MIZUHO TRIPARTY	01/11/18	01/10/18	01/10/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/11/18	01/10/18	01/10/18	440,000,000	440,000,000	0	440,000,000	0
MIZUHO TRIPARTY	01/12/18	01/11/18	01/11/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/12/18	01/11/18	01/11/18	386,000,000	386,000,000	0	386,000,000	0
BANK OF AMERICA TRIPARTY	01/16/18	01/12/18	01/12/18	285,000,000	285,000,000	0	285,000,000	0
MIZUHO TRIPARTY	01/16/18	01/12/18	01/12/18	15,000,000	15,000,000	0	15,000,000	0
MIZUHO TRIPARTY	01/17/18	01/16/18	01/16/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/17/18	01/16/18	01/16/18	530,000,000	530,000,000	0	530,000,000	0
MIZUHO TRIPARTY	01/18/18	01/17/18	01/17/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/18/18	01/17/18	01/17/18	380,000,000	380,000,000	0	380,000,000	0
MIZUHO TRIPARTY	01/19/18	01/18/18	01/18/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/19/18	01/18/18	01/18/18	130,000,000	130,000,000	0	130,000,000	0
MIZUHO TRIPARTY	01/22/18	01/19/18	01/19/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/22/18	01/19/18	01/19/18	190,000,000	190,000,000	0	190,000,000	0
MIZUHO TRIPARTY	01/23/18	01/22/18	01/22/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/23/18	01/22/18	01/22/18	270,000,000	270,000,000	0	270,000,000	0
MIZUHO TRIPARTY	01/24/18	01/23/18	01/23/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/24/18	01/23/18	01/23/18	95,000,000	95,000,000	0	95,000,000	0
BANK OF AMERICA TRIPARTY	01/25/18	01/24/18	01/24/18	110,000,000	110,000,000	0	110,000,000	0
MIZUHO TRIPARTY	01/25/18	01/24/18	01/24/18	15,000,000	15,000,000	0	15,000,000	0
MIZUHO TRIPARTY	01/26/18	01/25/18	01/25/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/26/18	01/25/18	01/25/18	50,000,000	50,000,000	0	50,000,000	0
MIZUHO TRIPARTY	01/29/18	01/26/18	01/26/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/29/18	01/26/18	01/26/18	200,000,000	200,000,000	0	200,000,000	0
MIZUHO TRIPARTY	01/30/18	01/29/18	01/29/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/30/18	01/29/18	01/29/18	180,000,000	180,000,000	0	180,000,000	0
MIZUHO TRIPARTY	01/31/18	01/30/18	01/30/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/31/18	01/30/18	01/30/18	92,000,000	92,000,000	0	92,000,000	0
MIZUHO TRIPARTY	02/01/18	01/31/18	01/31/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/01/18	01/31/18	01/31/18	765,000,000	765,000,000	0	765,000,000	0
Total Buys				24,338,309,990	24,331,937,692	135,832	24,332,073,525	0
Cash Closes								
BARTON CAPITAL SA	02/05/18	01/02/18	01/02/18	50,000,000	50,000,000	63,365	50,063,365	0
BARTON CAPITAL SA	02/09/18	01/05/18	01/05/18	43,000,000	43,000,000	47,833	43,047,833	0
OLD LINE FUNDING, LLC	02/27/18	01/17/18	01/17/18	25,000,000	24,956,438	0	24,956,438	0
OLD LINE FUNDING, LLC	02/28/18	01/17/18	01/17/18	25,000,000	24,955,375	0	24,955,375	0
Total Cash Closes				143,000,000	142,911,813	111,198	143,023,010	0
Deposits								
SVENSKA HANDELSBANKTDCA 1.42 20180103	01/03/18	01/02/18	01/02/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCA 1.42 20180104	01/04/18	01/03/18	01/03/18	500,000,000	500,000,000	0	500,000,000	0

TRADING ACTIVITY FOR JANUARY 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
ABN AMRO BANK NV,ATD 1.46 20180110	01/10/18	01/03/18	01/03/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180105	01/05/18	01/04/18	01/04/18	500,000,000	500,000,000	0	500,000,000	0
STANDARD CHARTERED TD 1.45 20180111	01/11/18	01/04/18	01/04/18	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180108	01/08/18	01/05/18	01/05/18	500,000,000	500,000,000	0	500,000,000	0
CREDIT SUISSE AGTDCAY 1.45 20180112	01/12/18	01/05/18	01/05/18	200,000,000	200,000,000	0	200,000,000	0
UBS AGTDCAY 1.43 20180108	01/08/18	01/05/18	01/05/18	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180109	01/09/18	01/08/18	01/08/18	500,000,000	500,000,000	0	500,000,000	0
CREDIT SUISSE AGTDCAY 1.44 20180116	01/16/18	01/09/18	01/09/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180110	01/10/18	01/09/18	01/09/18	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180117	01/17/18	01/10/18	01/10/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180111	01/11/18	01/10/18	01/10/18	500,000,000	500,000,000	0	500,000,000	0
STANDARD CHARTERED TD 1.44 20180118	01/18/18	01/11/18	01/11/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180112	01/12/18	01/11/18	01/11/18	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180116	01/16/18	01/12/18	01/12/18	500,000,000	500,000,000	0	500,000,000	0
CREDIT SUISSE AGTDCAY 1.44 20180119	01/19/18	01/12/18	01/12/18	200,000,000	200,000,000	0	200,000,000	0
DNB BANK ASATDCAY 1.41 20180116	01/16/18	01/12/18	01/12/18	150,000,000	150,000,000	0	150,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180123	01/23/18	01/16/18	01/16/18	90,000,000	90,000,000	0	90,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180117	01/17/18	01/16/18	01/16/18	550,000,000	550,000,000	0	550,000,000	0
CREDIT SUISSE AGTDCAY 1.44 20180123	01/23/18	01/16/18	01/16/18	300,000,000	300,000,000	0	300,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180124	01/24/18	01/17/18	01/17/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180118	01/18/18	01/17/18	01/17/18	500,000,000	500,000,000	0	500,000,000	0
STANDARD CHARTERED TD 1.44 20180124	01/24/18	01/17/18	01/17/18	150,000,000	150,000,000	0	150,000,000	0
STANDARD CHARTERED TD 1.44 20180125	01/25/18	01/18/18	01/18/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180119	01/19/18	01/18/18	01/18/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180122	01/22/18	01/19/18	01/19/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180123	01/23/18	01/22/18	01/22/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180124	01/24/18	01/23/18	01/23/18	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180130	01/30/18	01/23/18	01/23/18	100,000,000	100,000,000	0	100,000,000	0
CREDIT SUISSE AGTDCAY 1.45 20180130	01/30/18	01/23/18	01/23/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180125	01/25/18	01/24/18	01/24/18	500,000,000	500,000,000	0	500,000,000	0
STANDARD CHARTERED TD 1.44 20180131	01/31/18	01/24/18	01/24/18	200,000,000	200,000,000	0	200,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180131	01/31/18	01/24/18	01/24/18	500,000,000	500,000,000	0	500,000,000	0
UBS AGTDCAY 1.43 20180125	01/25/18	01/24/18	01/24/18	150,000,000	150,000,000	0	150,000,000	0
STANDARD CHARTERED TD 1.44 20180201	02/01/18	01/25/18	01/25/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180126	01/26/18	01/25/18	01/25/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180129	01/29/18	01/26/18	01/26/18	500,000,000	500,000,000	0	500,000,000	0
DNB BANK ASATDCAY 1.41 20180129	01/29/18	01/26/18	01/26/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180130	01/30/18	01/29/18	01/29/18	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180206	02/06/18	01/30/18	01/30/18	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180131	01/31/18	01/30/18	01/30/18	500,000,000	500,000,000	0	500,000,000	0
STANDARD CHARTERED TD 1.44 20180207	02/07/18	01/31/18	01/31/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.33 20180201	02/01/18	01/31/18	01/31/18	500,000,000	500,000,000	0	500,000,000	0
Total Deposits				16,990,000,000	16,990,000,000	0	16,990,000,000	0
Maturities								
ALBION CAPITAL LLC CPABS4	01/05/18	01/05/18	01/05/18	56,796,000	56,796,000	0	56,796,000	0
ALBION CAPITAL LLC CPABS4	01/12/18	01/12/18	01/12/18	41,000,000	41,000,000	0	41,000,000	0
ALBION CAPITAL LLC CPABS4	01/19/18	01/19/18	01/19/18	48,848,000	48,848,000	0	48,848,000	0
ALBION CAPITAL LLC CPABS4	01/22/18	01/22/18	01/22/18	71,847,000	71,847,000	0	71,847,000	0
ALBION CAPITAL LLC CPABS4	01/25/18	01/25/18	01/25/18	14,750,000	14,750,000	0	14,750,000	0
ALBION CAPITAL LLC CPABS4	01/26/18	01/26/18	01/26/18	46,385,000	46,385,000	0	46,385,000	0
ANTALIS S.A. CPABS4CPABS4	01/02/18	01/02/18	01/02/18	33,140,000	33,140,000	0	33,140,000	0
ANTALIS S.A. CPABS4CPABS4	01/03/18	01/03/18	01/03/18	70,000,000	70,000,000	0	70,000,000	0
ANTALIS S.A. CPABS4CPABS4	01/04/18	01/04/18	01/04/18	151,070,000	151,070,000	0	151,070,000	0
ANTALIS S.A. CPABS4CPABS4	01/09/18	01/09/18	01/09/18	45,000,000	45,000,000	0	45,000,000	0
ANTALIS S.A. CPABS4CPABS4	01/10/18	01/10/18	01/10/18	82,350,000	82,350,000	0	82,350,000	0
ANTALIS S.A. CPABS4CPABS4	01/11/18	01/11/18	01/11/18	103,240,000	103,240,000	0	103,240,000	0
ANTALIS S.A. CPABS4CPABS4	01/16/18	01/16/18	01/16/18	40,460,000	40,460,000	0	40,460,000	0
ANTALIS S.A. CPABS4CPABS4	01/17/18	01/17/18	01/17/18	80,000,000	80,000,000	0	80,000,000	0
ANTALIS S.A. CPABS4CPABS4	01/18/18	01/18/18	01/18/18	54,850,000	54,850,000	0	54,850,000	0
ANTALIS S.A. CPABS4CPABS4	01/22/18	01/22/18	01/22/18	53,000,000	53,000,000	0	53,000,000	0
ANTALIS S.A. CPABS4CPABS4	01/24/18	01/24/18	01/24/18	48,000,000	48,000,000	0	48,000,000	0
ANTALIS S.A. CPABS4CPABS4	01/25/18	01/25/18	01/25/18	37,830,000	37,830,000	0	37,830,000	0
ANTALIS S.A. CPABS4CPABS4	01/26/18	01/26/18	01/26/18	164,120,000	164,120,000	0	164,120,000	0
ANTALIS S.A. CPABS4CPABS4	01/31/18	01/31/18	01/31/18	50,000,000	50,000,000	0	50,000,000	0
ATLANTIC ASSET SECUCPABS4	01/03/18	01/03/18	01/03/18	157,500,000	157,500,000	0	157,500,000	0
ATLANTIC ASSET SECUCPABS4	01/16/18	01/16/18	01/16/18	211,100,000	211,100,000	0	211,100,000	0
ATLANTIC ASSET SECUCPABS4	01/17/18	01/17/18	01/17/18	63,000,000	63,000,000	0	63,000,000	0
ATLANTIC ASSET SECUCPABS4	01/29/18	01/29/18	01/29/18	50,000,000	50,000,000	0	50,000,000	0
ATLANTIC ASSET SECUCPABS4	01/30/18	01/30/18	01/30/18	72,905,000	72,905,000	0	72,905,000	0
LMA-AMERICAS LLC CPABS4-2	01/31/18	01/31/18	01/31/18	62,000,000	62,000,000	0	62,000,000	0

TRADING ACTIVITY FOR JANUARY 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF MONTREAL/CHICAGO IL	01/04/18	01/04/18	01/04/18	43,000,000	43,000,000	0	43,000,000	0
BANK OF TOKYO-MITSUBISHI UFJ LTD/NEW YORK NY	01/05/18	01/05/18	01/05/18	30,000,000	30,000,000	0	30,000,000	0
BARTON CAPITAL LLCPCABS4-	01/02/18	01/02/18	01/02/18	195,000,000	195,000,000	0	195,000,000	0
BARTON CAPITAL LLCPCABS4-	01/04/18	01/04/18	01/04/18	100,000,000	100,000,000	0	100,000,000	0
BARTON CAPITAL LLCPCABS4-	01/05/18	01/05/18	01/05/18	150,000,000	150,000,000	0	150,000,000	0
BARTON CAPITAL LLCPCABS4-	01/12/18	01/12/18	01/12/18	40,000,000	40,000,000	0	40,000,000	0
BARTON CAPITAL LLCPCABS4-	01/30/18	01/30/18	01/30/18	29,000,000	29,000,000	0	29,000,000	0
BEDFORD ROW FUNDING CORP	01/18/18	01/18/18	01/18/18	20,000,000	20,000,000	0	20,000,000	0
BNP PARIBAS SA/NEW YORK NY	01/16/18	01/16/18	01/16/18	10,500,000	10,500,000	0	10,500,000	0
CRC FUNDING LLCPCABS4-2	01/02/18	01/02/18	01/02/18	8,800,000	8,800,000	0	8,800,000	0
CANADIAN IMPERIAL BANK OF COMMERCE/NEW YORK NY	01/12/18	01/12/18	01/12/18	67,000,000	67,000,000	0	67,000,000	0
CANADIAN IMPERIAL BCP4-2	01/02/18	01/02/18	01/02/18	150,000,000	150,000,000	0	150,000,000	0
CHARTA, LLC CPABS4-CPABS4	01/09/18	01/09/18	01/09/18	34,500,000	34,500,000	0	34,500,000	0
JPMORGAN CHASE BANK NA	01/05/18	01/05/18	01/05/18	75,000,000	75,000,000	0	75,000,000	0
KREDITANSTALT FUR WIEDERA DISC03-JAN-2018	01/03/18	01/03/18	01/03/18	200,000,000	200,000,000	0	200,000,000	0
COMMONWEALTH BANK OF AUSTRALIA	01/10/18	01/10/18	01/10/18	75,000,000	75,000,000	0	75,000,000	0
COOPERATIEVE RABOBANK UA/NY	01/03/18	01/03/18	01/03/18	320,000,000	320,000,000	0	320,000,000	0
COOPERATIEVE RABOBANK UA/NY	01/04/18	01/04/18	01/04/18	487,700,000	487,700,000	0	487,700,000	0
COOPERATIEVE RABOBANK UA/NY	01/05/18	01/05/18	01/05/18	487,600,000	487,600,000	0	487,600,000	0
COOPERATIEVE RABOBANK UA/NY	01/08/18	01/08/18	01/08/18	362,900,000	362,900,000	0	362,900,000	0
COOPERATIEVE RABOBANK UA/NY	01/09/18	01/09/18	01/09/18	488,200,000	488,200,000	0	488,200,000	0
COOPERATIEVE RABOBANK UA/NY	01/10/18	01/10/18	01/10/18	288,200,000	288,200,000	0	288,200,000	0
COOPERATIEVE RABOBANK UA/NY	01/11/18	01/11/18	01/11/18	300,000,000	300,000,000	0	300,000,000	0
COOPERATIEVE RABOBANK UA/NY	01/12/18	01/12/18	01/12/18	388,500,000	388,500,000	0	388,500,000	0
COOPERATIEVE RABOBANK UA/NY	01/16/18	01/16/18	01/16/18	488,700,000	488,700,000	0	488,700,000	0
COOPERATIEVE RABOBANK UA/NY	01/17/18	01/17/18	01/17/18	574,620,000	574,620,000	0	574,620,000	0
COOPERATIEVE RABOBANK UA/NY	01/18/18	01/18/18	01/18/18	488,100,000	488,100,000	0	488,100,000	0
COOPERATIEVE RABOBANK UA/NY	01/19/18	01/19/18	01/19/18	388,800,000	388,800,000	0	388,800,000	0
COOPERATIEVE RABOBANK UA/NY	01/22/18	01/22/18	01/22/18	488,700,000	488,700,000	0	488,700,000	0
COOPERATIEVE RABOBANK UA/NY	01/23/18	01/23/18	01/23/18	475,000,000	475,000,000	0	475,000,000	0
COOPERATIEVE RABOBANK UA/NY	01/24/18	01/24/18	01/24/18	300,000,000	300,000,000	0	300,000,000	0
COOPERATIEVE RABOBANK UA/NY	01/25/18	01/25/18	01/25/18	57,000,000	57,000,000	0	57,000,000	0
COOPERATIEVE RABOBANK UA/NY	01/26/18	01/26/18	01/26/18	260,000,000	260,000,000	0	260,000,000	0
RABOBANK NEDERLAND CP	01/29/18	01/29/18	01/29/18	173,700,000	173,700,000	0	173,700,000	0
COOPERATIEVE RABOBANK UA/NY	01/30/18	01/30/18	01/30/18	389,000,000	389,000,000	0	389,000,000	0
COOPERATIEVE RABOBANK UA/NY	01/31/18	01/31/18	01/31/18	600,000,000	600,000,000	0	600,000,000	0
CREDIT AGRICOLE CORCP	01/16/18	01/16/18	01/16/18	138,700,000	138,700,000	0	138,700,000	0
CREDIT INDUSTRIEL ECDYAN	01/29/18	01/29/18	01/29/18	100,000,000	100,000,000	0	100,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/04/18	01/04/18	01/04/18	175,000,000	175,000,000	0	175,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/09/18	01/09/18	01/09/18	100,000,000	100,000,000	0	100,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/10/18	01/10/18	01/10/18	197,500,000	197,500,000	0	197,500,000	0
DZ BANK AG DEUTSCHECP4-2	01/12/18	01/12/18	01/12/18	447,800,000	447,800,000	0	447,800,000	0
DZ BANK AG DEUTSCHECP4-2	01/16/18	01/16/18	01/16/18	25,000,000	25,000,000	0	25,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/17/18	01/17/18	01/17/18	102,000,000	102,000,000	0	102,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/18/18	01/18/18	01/18/18	100,000,000	100,000,000	0	100,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/19/18	01/19/18	01/19/18	160,100,000	160,100,000	0	160,100,000	0
DZ BANK AG DEUTSCHECP4-2	01/24/18	01/24/18	01/24/18	55,000,000	55,000,000	0	55,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/30/18	01/30/18	01/30/18	29,300,000	29,300,000	0	29,300,000	0
DZ BANK AG DEUTSCHECP4-2	01/31/18	01/31/18	01/31/18	487,000,000	487,000,000	0	487,000,000	0
EXXON MOBIL CORCP	01/18/18	01/18/18	01/18/18	7,900,000	7,900,000	0	7,900,000	0
GOTHAM FUNDING CORPCPABS4	01/05/18	01/05/18	01/05/18	49,500,000	49,500,000	0	49,500,000	0
GOTHAM FUNDING CORPCPABS4	01/09/18	01/09/18	01/09/18	59,750,000	59,750,000	0	59,750,000	0
LMA-AMERICAS LLCPCABS4-2	01/02/18	01/02/18	01/02/18	100,000,000	100,000,000	0	100,000,000	0
LMA-AMERICAS LLCPCABS4-2	01/03/18	01/03/18	01/03/18	100,000,000	100,000,000	0	100,000,000	0
LMA-AMERICAS LLCPCABS4-2	01/04/18	01/04/18	01/04/18	87,700,000	87,700,000	0	87,700,000	0
LMA-AMERICAS LLCPCABS4-2	01/05/18	01/05/18	01/05/18	89,900,000	89,900,000	0	89,900,000	0
LMA-AMERICAS LLCPCABS4-2	01/09/18	01/09/18	01/09/18	93,500,000	93,500,000	0	93,500,000	0
LMA-AMERICAS LLCPCABS4-2	01/10/18	01/10/18	01/10/18	88,200,000	88,200,000	0	88,200,000	0
LMA-AMERICAS LLCPCABS4-2	01/11/18	01/11/18	01/11/18	88,400,000	88,400,000	0	88,400,000	0
LMA-AMERICAS LLCPCABS4-2	01/12/18	01/12/18	01/12/18	97,100,000	97,100,000	0	97,100,000	0
LMA-AMERICAS LLCPCABS4-2	01/16/18	01/16/18	01/16/18	100,000,000	100,000,000	0	100,000,000	0
LMA-AMERICAS LLCPCABS4-2	01/17/18	01/17/18	01/17/18	101,620,000	101,620,000	0	101,620,000	0
LMA-AMERICAS LLCPCABS4-2	01/18/18	01/18/18	01/18/18	90,200,000	90,200,000	0	90,200,000	0
LMA-AMERICAS LLCPCABS4-2	01/19/18	01/19/18	01/19/18	88,800,000	88,800,000	0	88,800,000	0
LMA-AMERICAS LLCPCABS4-2	01/22/18	01/22/18	01/22/18	88,700,000	88,700,000	0	88,700,000	0
LMA-AMERICAS LLCPCABS4-2	01/23/18	01/23/18	01/23/18	88,400,000	88,400,000	0	88,400,000	0
LMA-AMERICAS LLCPCABS4-2	01/24/18	01/24/18	01/24/18	88,500,000	88,500,000	0	88,500,000	0
LMA-AMERICAS LLCPCABS4-2	01/25/18	01/25/18	01/25/18	100,000,000	100,000,000	0	100,000,000	0
LMA-AMERICAS LLCPCABS4-2	01/26/18	01/26/18	01/26/18	90,600,000	90,600,000	0	90,600,000	0

TRADING ACTIVITY FOR JANUARY 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
LMA-AMERICAS LLCPCAB54-2	01/29/18	01/29/18	01/29/18	88,700,000	88,700,000	0	88,700,000	0
LMA-AMERICAS LLCPCAB54-2	01/30/18	01/30/18	01/30/18	184,600,000	184,600,000	0	184,600,000	0
LMA-AMERICAS LLCPCAB54-2	01/31/18	01/31/18	01/31/18	89,600,000	89,600,000	0	89,600,000	0
LONG ISLAND POWER AUTHORITY	01/04/18	01/04/18	01/04/18	50,000,000	50,000,000	0	50,000,000	0
MANHATTAN ASSET FUNCPAB54	01/11/18	01/11/18	01/11/18	127,900,000	127,900,000	0	127,900,000	0
NATIONAL AUSTRALIA BANK LTD	01/19/18	01/19/18	01/19/18	94,000,000	94,000,000	0	94,000,000	0
NEDERLANDSEWATERSCCP4-2	01/25/18	01/25/18	01/25/18	301,600,000	301,600,000	0	301,600,000	0
NOVARTIS FINANCE COCP4-2	01/10/18	01/10/18	01/10/18	45,500,000	45,500,000	0	45,500,000	0
NOVARTIS FINANCE COCP4-2	01/26/18	01/26/18	01/26/18	2,300,000	2,300,000	0	2,300,000	0
OLD LINE FUNDING, LCPAB54	01/05/18	01/05/18	01/05/18	66,500,000	66,500,000	0	66,500,000	0
OLD LINE FUNDING, LCPAB54	01/11/18	01/11/18	01/11/18	50,000,000	50,000,000	0	50,000,000	0
OLD LINE FUNDING LLC	01/09/18	01/09/18	01/09/18	37,300,000	37,300,000	0	37,300,000	0
STANDARD CHARTERED BANK/NEW YORK	01/23/18	01/23/18	01/23/18	75,000,000	75,000,000	0	75,000,000	0
STARBIRD FUNDING COCPAB54	01/02/18	01/02/18	01/02/18	47,800,000	47,800,000	0	47,800,000	0
STARBIRD FUNDING COCPAB54	01/03/18	01/03/18	01/03/18	77,100,000	77,100,000	0	77,100,000	0
STARBIRD FUNDING COCPAB54	01/04/18	01/04/18	01/04/18	44,200,000	44,200,000	0	44,200,000	0
STARBIRD FUNDING COCPAB54	01/05/18	01/05/18	01/05/18	44,100,000	44,100,000	0	44,100,000	0
STARBIRD FUNDING COCPAB54	01/08/18	01/08/18	01/08/18	44,400,000	44,400,000	0	44,400,000	0
STARBIRD FUNDING COCPAB54	01/09/18	01/09/18	01/09/18	111,700,000	111,700,000	0	111,700,000	0
STARBIRD FUNDING COCPAB54	01/10/18	01/10/18	01/10/18	135,300,000	135,300,000	0	135,300,000	0
STARBIRD FUNDING COCPAB54	01/11/18	01/11/18	01/11/18	41,900,000	41,900,000	0	41,900,000	0
STARBIRD FUNDING COCPAB54	01/12/18	01/12/18	01/12/18	42,000,000	42,000,000	0	42,000,000	0
STARBIRD FUNDING COCPAB54	01/16/18	01/16/18	01/16/18	43,000,000	43,000,000	0	43,000,000	0
STARBIRD FUNDING COCPAB54	01/17/18	01/17/18	01/17/18	41,900,000	41,900,000	0	41,900,000	0
STARBIRD FUNDING COCPAB54	01/18/18	01/18/18	01/18/18	41,600,000	41,600,000	0	41,600,000	0
STARBIRD FUNDING COCPAB54	01/19/18	01/19/18	01/19/18	42,300,000	42,300,000	0	42,300,000	0
STARBIRD FUNDING COCPAB54	01/22/18	01/22/18	01/22/18	42,200,000	42,200,000	0	42,200,000	0
STARBIRD FUNDING COCPAB54	01/23/18	01/23/18	01/23/18	41,900,000	41,900,000	0	41,900,000	0
STARBIRD FUNDING COCPAB54	01/24/18	01/24/18	01/24/18	42,000,000	42,000,000	0	42,000,000	0
STARBIRD FUNDING COCPAB54	01/25/18	01/25/18	01/25/18	41,600,000	41,600,000	0	41,600,000	0
STARBIRD FUNDING COCPAB54	01/26/18	01/26/18	01/26/18	41,900,000	41,900,000	0	41,900,000	0
STARBIRD FUNDING COCPAB54	01/29/18	01/29/18	01/29/18	31,500,000	31,500,000	0	31,500,000	0
NETHERLANDS, GOVERNCP4-2	01/22/18	01/22/18	01/22/18	200,000,000	200,000,000	0	200,000,000	0
NETHERLANDS, GOVERNCP4-2	01/30/18	01/30/18	01/30/18	250,000,000	250,000,000	0	250,000,000	0
SUMITOMO MITSUI BANKING CORP	01/18/18	01/18/18	01/18/18	36,900,000	36,900,000	0	36,900,000	0
SUMITOMO MITSUI BANKING CORP	01/16/18	01/16/18	01/16/18	13,750,000	13,750,000	0	13,750,000	0
SUMITOMO MITSUI TRUCDYAN	01/03/18	01/03/18	01/03/18	200,000,000	200,000,000	0	200,000,000	0
TORONTO DOMINION BACDYN	01/16/18	01/16/18	01/16/18	120,000,000	120,000,000	0	120,000,000	0
TORONTO DOMINION BACP4-2	01/02/18	01/02/18	01/02/18	130,000,000	130,000,000	0	130,000,000	0
TORONTO DOMINION BACP4-2	01/03/18	01/03/18	01/03/18	30,000,000	30,000,000	0	30,000,000	0
TOYOTA MOTOR FINANCE NETHERLANDS BV	01/11/18	01/11/18	01/11/18	50,000,000	50,000,000	0	50,000,000	0
WESTPAC BANKING CORCP4-2	01/31/18	01/31/18	01/31/18	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	01/02/18	01/02/18	01/02/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/02/18	01/02/18	01/02/18	250,000,000	250,000,000	0	250,000,000	0
MIZUHO TRIPARTY	01/03/18	01/03/18	01/03/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/03/18	01/03/18	01/03/18	215,000,000	215,000,000	0	215,000,000	0
MIZUHO TRIPARTY	01/04/18	01/04/18	01/04/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/04/18	01/04/18	01/04/18	225,000,000	225,000,000	0	225,000,000	0
MIZUHO TRIPARTY	01/05/18	01/05/18	01/05/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/05/18	01/05/18	01/05/18	153,000,000	153,000,000	0	153,000,000	0
MIZUHO TRIPARTY	01/08/18	01/08/18	01/08/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/08/18	01/08/18	01/08/18	190,000,000	190,000,000	0	190,000,000	0
MIZUHO TRIPARTY	01/09/18	01/09/18	01/09/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/09/18	01/09/18	01/09/18	220,000,000	220,000,000	0	220,000,000	0
MIZUHO TRIPARTY	01/10/18	01/10/18	01/10/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/10/18	01/10/18	01/10/18	80,000,000	80,000,000	0	80,000,000	0
MIZUHO TRIPARTY	01/11/18	01/11/18	01/11/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/11/18	01/11/18	01/11/18	440,000,000	440,000,000	0	440,000,000	0
MIZUHO TRIPARTY	01/12/18	01/12/18	01/12/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/12/18	01/12/18	01/12/18	386,000,000	386,000,000	0	386,000,000	0
BANK OF AMERICA TRIPARTY	01/16/18	01/16/18	01/16/18	285,000,000	285,000,000	0	285,000,000	0
MIZUHO TRIPARTY	01/16/18	01/16/18	01/16/18	15,000,000	15,000,000	0	15,000,000	0
MIZUHO TRIPARTY	01/17/18	01/17/18	01/17/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/17/18	01/17/18	01/17/18	530,000,000	530,000,000	0	530,000,000	0
MIZUHO TRIPARTY	01/18/18	01/18/18	01/18/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/18/18	01/18/18	01/18/18	380,000,000	380,000,000	0	380,000,000	0
MIZUHO TRIPARTY	01/19/18	01/19/18	01/19/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/19/18	01/19/18	01/19/18	130,000,000	130,000,000	0	130,000,000	0
MIZUHO TRIPARTY	01/22/18	01/22/18	01/22/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/22/18	01/22/18	01/22/18	190,000,000	190,000,000	0	190,000,000	0
MIZUHO TRIPARTY	01/23/18	01/23/18	01/23/18	15,000,000	15,000,000	0	15,000,000	0

TRADING ACTIVITY FOR JANUARY 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	01/23/18	01/23/18	01/23/18	270,000,000	270,000,000	0	270,000,000	0
MIZUHO TRIPARTY	01/24/18	01/24/18	01/24/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/24/18	01/24/18	01/24/18	95,000,000	95,000,000	0	95,000,000	0
BANK OF AMERICA TRIPARTY	01/25/18	01/25/18	01/25/18	110,000,000	110,000,000	0	110,000,000	0
MIZUHO TRIPARTY	01/25/18	01/25/18	01/25/18	15,000,000	15,000,000	0	15,000,000	0
MIZUHO TRIPARTY	01/26/18	01/26/18	01/26/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/26/18	01/26/18	01/26/18	50,000,000	50,000,000	0	50,000,000	0
MIZUHO TRIPARTY	01/29/18	01/29/18	01/29/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/29/18	01/29/18	01/29/18	200,000,000	200,000,000	0	200,000,000	0
MIZUHO TRIPARTY	01/30/18	01/30/18	01/30/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/30/18	01/30/18	01/30/18	180,000,000	180,000,000	0	180,000,000	0
MIZUHO TRIPARTY	01/31/18	01/31/18	01/31/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	01/31/18	01/31/18	01/31/18	92,000,000	92,000,000	0	92,000,000	0
ABN AMRO BANK NV,ATD 1.43 20180103	01/03/18	01/03/18	01/03/18	300,000,000	300,000,000	0	300,000,000	0
STANDARD CHARTERED TD 1.39 20180104	01/04/18	01/04/18	01/04/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180103	01/03/18	01/03/18	01/03/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180104	01/04/18	01/04/18	01/04/18	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180110	01/10/18	01/10/18	01/10/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180105	01/05/18	01/05/18	01/05/18	500,000,000	500,000,000	0	500,000,000	0
STANDARD CHARTERED TD 1.45 20180111	01/11/18	01/11/18	01/11/18	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180108	01/08/18	01/08/18	01/08/18	500,000,000	500,000,000	0	500,000,000	0
CREDIT SUISSE AGTDCAY 1.45 20180112	01/12/18	01/12/18	01/12/18	200,000,000	200,000,000	0	200,000,000	0
UBS AGTDCAY 1.43 20180108	01/08/18	01/08/18	01/08/18	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180109	01/09/18	01/09/18	01/09/18	500,000,000	500,000,000	0	500,000,000	0
CREDIT SUISSE AGTDCAY 1.44 20180116	01/16/18	01/16/18	01/16/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180110	01/10/18	01/10/18	01/10/18	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180117	01/17/18	01/17/18	01/17/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180111	01/11/18	01/11/18	01/11/18	500,000,000	500,000,000	0	500,000,000	0
STANDARD CHARTERED TD 1.44 20180118	01/18/18	01/18/18	01/18/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180112	01/12/18	01/12/18	01/12/18	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180116	01/16/18	01/16/18	01/16/18	500,000,000	500,000,000	0	500,000,000	0
CREDIT SUISSE AGTDCAY 1.44 20180119	01/19/18	01/19/18	01/19/18	200,000,000	200,000,000	0	200,000,000	0
DNB BANK ASATDCAY 1.41 20180116	01/16/18	01/16/18	01/16/18	150,000,000	150,000,000	0	150,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180123	01/23/18	01/23/18	01/23/18	90,000,000	90,000,000	0	90,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180117	01/17/18	01/17/18	01/17/18	550,000,000	550,000,000	0	550,000,000	0
CREDIT SUISSE AGTDCAY 1.44 20180123	01/23/18	01/23/18	01/23/18	300,000,000	300,000,000	0	300,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180124	01/24/18	01/24/18	01/24/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180118	01/18/18	01/18/18	01/18/18	500,000,000	500,000,000	0	500,000,000	0
STANDARD CHARTERED TD 1.44 20180124	01/24/18	01/24/18	01/24/18	150,000,000	150,000,000	0	150,000,000	0
STANDARD CHARTERED TD 1.44 20180125	01/25/18	01/25/18	01/25/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180119	01/19/18	01/19/18	01/19/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180122	01/22/18	01/22/18	01/22/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180123	01/23/18	01/23/18	01/23/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180124	01/24/18	01/24/18	01/24/18	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180130	01/30/18	01/30/18	01/30/18	100,000,000	100,000,000	0	100,000,000	0
CREDIT SUISSE AGTDCAY 1.45 20180130	01/30/18	01/30/18	01/30/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180125	01/25/18	01/25/18	01/25/18	500,000,000	500,000,000	0	500,000,000	0
STANDARD CHARTERED TD 1.44 20180131	01/31/18	01/31/18	01/31/18	200,000,000	200,000,000	0	200,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180131	01/31/18	01/31/18	01/31/18	500,000,000	500,000,000	0	500,000,000	0
UBS AGTDCAY 1.43 20180125	01/25/18	01/25/18	01/25/18	150,000,000	150,000,000	0	150,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180126	01/26/18	01/26/18	01/26/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180129	01/29/18	01/29/18	01/29/18	500,000,000	500,000,000	0	500,000,000	0
DNB BANK ASATDCAY 1.41 20180129	01/29/18	01/29/18	01/29/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180130	01/30/18	01/30/18	01/30/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180131	01/31/18	01/31/18	01/31/18	500,000,000	500,000,000	0	500,000,000	0
MIZUHO BANK LTD,CDEUR	01/05/18	01/05/18	01/05/18	80,000,000	80,000,000	0	80,000,000	0
Total Maturities				39,557,931,000	39,557,931,000	0	39,557,931,000	0
Sells								
CORPORATE FINANCE MANAGERS INC	02/02/43	12/11/17	01/02/18	3,985,000	3,985,000	0	3,985,000	0
HARRIS COUNTY CULTURAL EDUCATION FACILITIES FINANCE CORP	12/01/24	01/03/18	01/03/18	28,000,000	28,000,000	1,151	28,001,151	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/02/18	01/02/18	501,943,579	501,943,579	0	501,943,579	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/04/18	01/04/18	2,599,769	2,599,769	0	2,599,769	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/09/18	01/09/18	628,878	628,878	0	628,878	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/11/18	01/11/18	483,956	483,956	0	483,956	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/12/18	01/12/18	464,759	464,759	0	464,759	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/18/18	01/18/18	1,804,456	1,804,456	0	1,804,456	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/22/18	01/22/18	3,154,723	3,154,723	0	3,154,723	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/23/18	01/23/18	1,101,448	1,101,448	0	1,101,448	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/24/18	01/24/18	1,192,950	1,192,950	0	1,192,950	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/30/18	01/30/18	805,869	805,869	0	805,869	0
Total Sells				546,165,387	546,165,387	1,151	546,166,538	0



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www.sbafla.com/prime

Our Mission

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

Federated



MONTHLY SUMMARY REPORT

February 2018

State Board of Administration of Florida

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Past performance is no guarantee of future results.

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

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

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

INTRODUCTION

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

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

This report, which covers the period from February 1, 2018, through February 28, 2018, has been prepared by the SBA with input from Federated Investment Counseling (“Federated”), investment advisor for Florida PRIME in a format intended to comply with the statute.

DISCLOSURE OF MATERIAL IMPACTS

During the reporting period, Florida PRIME was in material compliance with investment policy. There were no developments that had a material impact on the liquidity or operation of Florida PRIME. Details are available in the PRIME policy compliance table. This report also includes details on market conditions; fees; fund holdings, transactions and performance; and client composition.

PRIME™ STATISTICS

(As of February 28, 2018)

Total Participants
738

Florida PRIME™ Assets
\$11,996,147,094

Total Number of Accounts
1,392

FACTS-AT-A-GLANCE PRIME is an exclusive service for Florida governmental organizations, providing a cost-effective investment vehicle for their surplus funds. Florida PRIME, the Local Government Surplus Funds Trust Fund, is utilized by hundreds of governmental investors including state agencies, state universities and colleges, counties, cities, special districts, school boards, and other direct support organizations of the State of Florida.

Florida PRIME is a government investment pool that offers management by an industry leader in professional money management, conservative investment policies, an extensive governance framework, a Standard & Poor’s “AAAm” rating, full transparency, and best-in-class financial reporting.

PORTFOLIO MANAGER COMMENTARY

MARKET CONDITIONS

The Jerome Powell era at the Federal Reserve essentially began in February with the new chairman's high-profile testimony before Congress. You could, for the sake of brevity, summarize the entire event with that sentence. He didn't offer any opinion or statement that was unexpected or materially different than the Fed's outlook under past head Janet Yellen. But the risk markets had a sour reaction to his enthusiasm about the improvement of the U.S. economy since December, causing a stir. We think it was an overreaction and pin it on the uncertainty that comes with any change in leadership. Powell is no Yellen clone, but it will take more than one week to bring the differences to the fore.

It is no surprise, however, that his optimism nudged the fed funds futures market to expect four 25 basis-point moves this year instead of three. Likely many in the faction who shifted were already on the fence and tax reform pushed them over. We, of course, think the tax changes are a positive from a corporate perspective, but are just not as convinced the rewards will be reaped early enough to push up still stubbornly low inflation right off. The Fed's preferred metric of inflation remains below its 2% target.

Much depends on what companies do with the savings from the changes to the tax code—they are just starting to reveal plans and the effects won't show up right away. Even passing on some of the tax relief to employees through bonuses, raises, increasing 401(k) contributions and the like doesn't mean inflation will flare. We want to see how this plays out a bit more before changing our house call of three hikes in 2018, which we have held since the fourth quarter of 2017, although we could certainly see four. (By the way, the pace of hikes is at issue here, not the amount—don't expect to see a half-point jump).

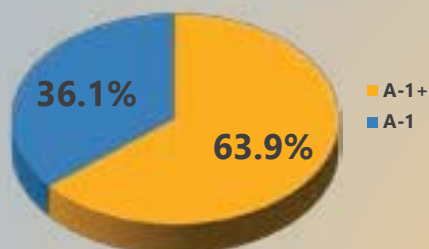
In the end, what matters the most from a cash manager perspective is always the next opportunity for a rate increase, and it is a virtual lock now that policymakers will raise the range from 1.25-1.50% to 1.50-1.75% at the Federal Open Market Committee meeting at the end of March. Short rates are higher but the glut of government issuance this month also is playing a role, as the Treasury scrambles to fund the additions to the national debt that tax cuts and budget proposals likely will create. 1-month Treasury yields rose from 1.44% to 1.50% and 3-month yields increased from 1.43% to 1.65%. The London interbank offered rate (Libor) is pricing in the March move, with 1-month rising from 1.57% to 1.67%, 3-month from 1.77% to 2.02% and 6-month from 1.97% to 2.22%. Therefore, nothing has altered our preference for shorter-dated paper and variable-rate instruments as rates rise.

INVESTMENT STRATEGY

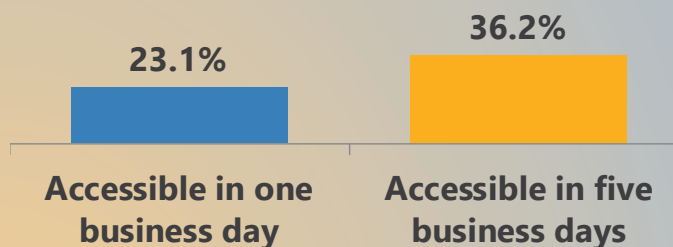
It is in February that participants in the Pool tend to conclude collecting taxes, usually leading to net outflows. Portfolio assets under management (AUM) in February reflected this by decreasing \$600 million to \$11.9 billion. In order to manage the outflows, and to take advantage of rising rates, the Pool's manager reduced the portfolio's weighted average maturity (WAM) by 6 days to 29 days and the weighted average life (WAL) by 3 days to 70 days. This was achieved in part by increasing the amount of floating-rate instruments in the portfolio from 24% to 27% of total and growing the percentage of repo use from 6% to 8%. To accommodate the shift, fixed-rate bank paper holdings were reduced by 5% to 15% of AUM. The rest of the portfolio composition ended February was unchanged: money market funds at 4% and fixed-rate commercial paper at 46%. The gross yield of the pool rose 5 basis points to 1.67%.

PORTFOLIO COMPOSITION FOR FEBRUARY 28, 2018

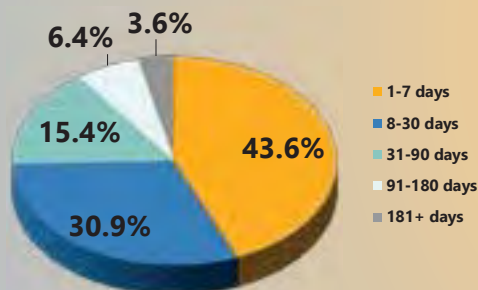
CREDIT QUALITY COMPOSITION



HIGHLY LIQUID HOLDINGS



EFFECTIVE MATURITY SCHEDULE



TOP HOLDINGS & AVG. MATURITY

1. Royal Bank of Canada	5.0%
2. DZ Bank AG Deutsche Zentral-Genossenschaftsbank	5.0%
3. Mitsubishi UFJ Financial Group, Inc.	5.0%
4. Old Line Funding, LLC	4.8%
5. Sumitomo Mitsui Financial Group, Inc.	4.7%
6. Wells Fargo & Co.	4.5%
7. Barton Capital S.A.	4.4%
8. Bank of Nova Scotia, Toronto	4.2%
9. Standard Chartered PLC	4.2%
10. JPMorgan Chase & Co.	3.9%

Average Effective Maturity (WAM) *

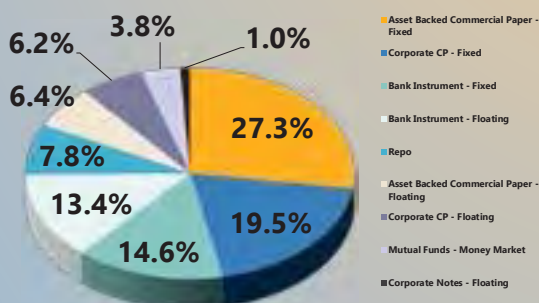
29.4 Days

Weighted Average Life (Spread WAL)

69.5 Days

Percentages based on total value of investments

PORTFOLIO COMPOSITION



FUND PERFORMANCE THROUGH FEBRUARY 28, 2018

Florida PRIME Performance Data			
	Net Participant Yield ¹	Net-of-Fee Benchmark ²	Above (Below) Benchmark
One Month	1.80%	1.37%	0.44%
Three Months	1.61%	1.28%	0.33%
One Year	1.33%	1.02%	0.31%
Three Years	0.79%	0.53%	0.26%
Five Years	0.54%	0.34%	0.20%
Ten Years	0.61%	0.44%	0.17%
Since 1/96	2.59%	2.38%	0.22%

Note: Net asset value at month end: \$11,994.8 million, which includes investments at market value, plus all cash, accrued interest receivable and payables.

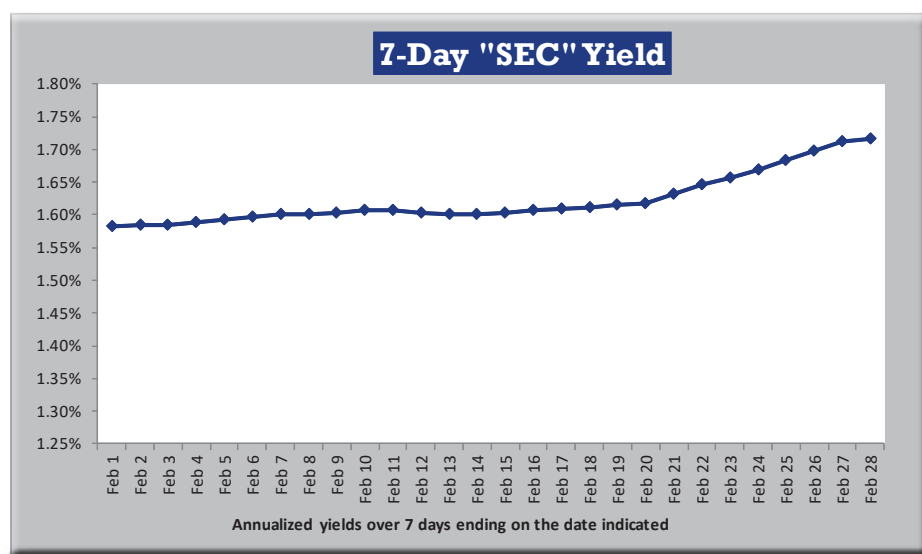
¹Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

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

ABOUT ANNUALIZED YIELDS:

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

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



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

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

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

PRIME ACCOUNT SUMMARY FOR FEBRUARY 2018

Summary of Cash Flows		
Opening Balance (02/01/18)	\$	12,160,786,825
Participant Deposits		1,278,265,395
Gross Earnings		16,847,476
Participant Withdrawals		(1,459,434,300)
Fees		(318,302)
Closing Balance (02/28/18)	\$	11,996,147,094
Net Change over Month	\$	(164,639,731)

Detailed Fee Disclosure		
February	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 92,361.06	0.92
Federated Investment Management Fee	195,921.11	1.95
BNY Mellon Custodial Fee**	12,108.19	0.12
Bank of America Transfer Agent Fee	9,912.71	0.10
S&P Rating Maintenance Fee	3,452.05	0.03
Audit/External Review Fees	4,547.27	0.05
Total Fees	\$ 318,302.39	3.16

*The basis point equivalent is an annualized rate based on the dollar amount of fees charged for the month times 12, divided by an average of the fund's beginning and ending total value (amortized cost) for the month which was \$12,078,466,959.

**All custodian banking fees are allocated based on both market value (size) and level of service accurately passing through all charges to pool participants. Charges may fluctuate month-to-month.

INVENTORY OF HOLDINGS FOR FEBRUARY 2018

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
ASB Finance Ltd., Jun 05, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	2.16	6/5/2018	3/7/2018	50,000,000	1.67	\$50,000,000	\$50,051,900	\$51,900
ASB Finance Ltd., Mar 12, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.89	3/12/2018	3/12/2018	50,000,000	1.75	\$50,000,000	\$50,004,700	\$4,700
ASB Finance Ltd., May 17, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.72	5/17/2018	3/19/2018	25,000,000	1.76	\$24,998,592	\$25,006,125	\$7,533
Albion Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/25/2018		62,319,000	2.03	\$62,125,118	\$62,146,103	\$20,985
Albion Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/27/2018		98,782,000	2.03	\$98,463,702	\$98,511,163	\$47,460
Anglesea Funding LLC, Aug 24, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.93	8/24/2018	3/27/2018	175,000,000	1.96	\$175,000,000	\$174,988,625	-\$11,375
Anglesea Funding LLC, Jun 08, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	2.02	6/8/2018	3/12/2018	70,000,000	1.89	\$70,000,000	\$70,038,220	\$38,220
Anglesea Funding LLC, Jun 11, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.86	6/11/2018	3/13/2018	20,000,000	1.89	\$20,000,000	\$20,000,002	\$2
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/1/2018		53,100,000	1.52	\$53,097,788	\$53,097,792	\$5
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/6/2018		43,610,000	1.52	\$43,599,098	\$43,598,981	-\$116
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/7/2018		73,690,000	1.52	\$73,668,507	\$73,668,220	-\$287
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/12/2018		45,650,000	1.65	\$45,625,197	\$45,626,582	\$1,385
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/16/2018		50,000,000	1.68	\$49,963,333	\$49,965,356	\$2,022
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/28/2018		65,560,000	1.73	\$65,473,315	\$65,474,794	\$1,479
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/1/2018		150,000,000	1.37	\$149,994,375	\$149,994,050	-\$326
Australia & New Zealand Banking Group, Melbourne CP4-2	COMMERCIAL PAPER - 4-2		6/12/2018		100,000,000	1.76	\$99,503,111	\$99,497,911	-\$5,200
BMO Harris Bank, N.A. CD	CERTIFICATE OF DEPOSIT	1.92	5/14/2018		20,000,000	1.95	\$20,000,000	\$19,997,029	-\$2,971
BMW US Capital LLC CP4-2	COMMERCIAL PAPER - 4-2		3/6/2018		13,100,000	1.49	\$13,096,791	\$13,096,736	-\$55
Bank of America N.A. BNOTE	BANK NOTE	1.50	4/18/2018		59,000,000	1.52	\$59,000,000	\$58,985,539	-\$14,461
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	1.39	3/1/2018		915,000,000	1.41	\$915,000,000	\$915,000,000	\$0
Bank of America N.A., 1.65%, 03/26/2018	CORPORATE BOND	1.65	3/26/2018		11,305,000	1.61	\$11,305,218	\$11,301,722	-\$3,496
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.42	3/19/2018		50,000,000	1.44	\$50,000,000	\$49,994,162	-\$5,838
Bank of Montreal, Feb 22, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.88	2/22/2019	3/22/2018	50,000,000	1.90	\$50,000,000	\$49,984,900	-\$15,100
Bank of Montreal, Jan 04, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.94	1/4/2019	3/5/2018	50,000,000	1.85	\$50,000,000	\$49,991,000	-\$9,000
Bank of Montreal, Jan 07, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.95	1/7/2019	3/7/2018	49,000,000	1.86	\$49,000,000	\$48,989,465	-\$10,535
Bank of Montreal, Jan 11, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.99	1/11/2019	3/12/2018	60,000,000	1.86	\$60,000,063	\$59,985,300	-\$14,763
Bank of Montreal, May 23, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.09	5/23/2018	5/23/2018	25,000,000	2.12	\$25,000,000	\$25,023,250	\$23,250
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		3/19/2018		20,000,000	1.76	\$19,981,739	\$19,983,766	\$2,027
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		3/23/2018		15,000,000	1.48	\$14,986,104	\$14,985,050	-\$1,054
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		3/27/2018		100,000,000	1.50	\$99,889,750	\$99,881,275	-\$8,475
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		3/29/2018		100,000,000	1.80	\$99,857,417	\$99,871,594	\$14,177
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		4/2/2018		100,000,000	1.83	\$99,835,000	\$99,851,775	\$16,775

See notes at end of table.

INVENTORY OF HOLDINGS FOR FEBRUARY 2018

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		4/13/2018		73,000,000	1.50	\$72,868,843	\$72,850,196	-\$18,647
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		5/23/2018		25,000,000	1.51	\$24,913,667	\$24,886,950	-\$26,717
Bank of Nova Scotia, Toronto, Jul 02, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.85	7/2/2018	3/2/2018	25,000,000	1.78	\$25,000,000	\$25,002,100	\$2,100
Bank of Nova Scotia, Toronto, Mar 09, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.87	3/9/2018	3/9/2018	20,000,000	1.75	\$20,000,000	\$20,001,460	\$1,460
Bank of Tokyo-Mitsubishi UFJ Ltd. CP	COMMERCIAL PAPER		3/21/2018		70,000,000	1.58	\$69,936,300	\$69,934,667	-\$1,633
Bank of Tokyo-Mitsubishi UFJ Ltd. CP	COMMERCIAL PAPER		3/22/2018		55,000,000	1.67	\$54,944,878	\$54,945,886	\$1,008
Bank of Tokyo-Mitsubishi UFJ Ltd. CP	COMMERCIAL PAPER		7/10/2018		50,000,000	1.87	\$49,664,500	\$49,614,267	-\$50,234
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		3/6/2018		64,000,000	1.44	\$63,984,960	\$63,984,267	-\$693
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		3/9/2018		46,000,000	1.44	\$45,983,785	\$45,982,865	-\$920
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		3/9/2018		30,000,000	1.44	\$29,989,425	\$29,988,825	-\$600
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/1/2018		90,000,000	1.42	\$89,996,500	\$89,996,375	-\$125
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/1/2018		133,500,000	1.48	\$133,494,586	\$133,494,623	\$37
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/2/2018		50,000,000	1.48	\$49,995,944	\$49,995,945	\$0
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/2/2018		75,000,000	1.68	\$74,993,125	\$74,993,917	\$792
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/5/2018		50,000,000	1.68	\$49,988,542	\$49,989,653	\$1,111
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/13/2018		50,000,000	1.68	\$49,970,208	\$49,971,653	\$1,445
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/16/2018		80,000,000	1.68	\$79,941,333	\$79,943,182	\$1,849
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/12/2018		50,000,000	1.62	\$49,705,944	\$49,607,678	-\$98,266
Bedford Row Funding Corp., Aug 03, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.87	8/3/2018	3/5/2018	20,000,000	1.78	\$20,000,000	\$19,999,800	-\$200
Bedford Row Funding Corp., Feb 01, 2019	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.93	2/1/2019	3/1/2018	30,000,000	1.87	\$30,000,000	\$29,992,530	-\$7,470
Bedford Row Funding Corp., Jan 11, 2019	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	2.00	1/11/2019	3/12/2018	20,000,000	1.87	\$20,000,000	\$19,995,920	-\$4,080
Bedford Row Funding Corp., Jan 14, 2019	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.85	1/14/2019	3/14/2018	30,000,000	1.84	\$30,000,000	\$30,000,000	\$0
Bedford Row Funding Corp., Jun 28, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.83	6/28/2018	3/28/2018	23,000,000	1.85	\$23,000,000	\$23,019,711	\$19,711
Bedford Row Funding Corp., Mar 22, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.94	3/22/2018	3/22/2018	30,000,000	1.96	\$30,000,000	\$30,000,000	\$0
Bedford Row Funding Corp., Nov 09, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.95	11/9/2018	3/9/2018	13,000,000	1.83	\$13,000,000	\$12,998,830	-\$1,170
Bedford Row Funding Corp., Nov 19, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.82	11/19/2018	3/19/2018	29,000,000	1.85	\$29,000,000	\$29,000,000	\$0
Bedford Row Funding Corp., Oct 01, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.83	10/1/2018	4/2/2018	80,000,000	1.86	\$80,000,000	\$80,000,000	\$0
Bedford Row Funding Corp., Oct 05, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.85	10/5/2018	4/5/2018	20,000,000	1.87	\$20,000,000	\$20,031,160	\$31,160
Belgium, Government of ECP (USD)	EURO COMMERCIAL PAPER		3/14/2018		300,000,000	1.66	\$299,808,789	\$299,808,789	\$0
Bruce T. Brown 2017 Irrevocable Trust, Series 2017, Oct 01, 2024	VARIABLE RATE DEMAND NOTE	1.57	10/1/2024	3/1/2018	5,185,000	1.54	\$5,185,000	\$5,185,000	\$0
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/2/2018		25,000,000	1.43	\$24,998,056	\$24,997,929	-\$126

See notes at end of table.

INVENTORY OF HOLDINGS FOR FEBRUARY 2018

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/26/2018		50,000,000	1.80	\$49,936,083	\$49,941,211	\$5,128
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/7/2018		50,000,000	1.74	\$49,766,250	\$49,712,350	-\$53,900
Canadian Imperial Bank of Commerce CDYAN	CERT FICATE OF DEPOSIT - YANKEE	1.57	7/3/2018		100,000,000	1.59	\$100,000,000	\$99,852,160	-\$147,840
Canadian Imperial Bank of Commerce CDYAN	CERT FICATE OF DEPOSIT - YANKEE	1.57	7/5/2018		97,000,000	1.59	\$97,000,000	\$96,851,633	-\$148,367
Canadian Imperial Bank of Commerce CDYAN	CERT FICATE OF DEPOSIT - YANKEE	1.59	7/9/2018		25,000,000	1.61	\$25,000,000	\$24,961,088	-\$38,912
Canadian Imperial Bank of Commerce CDYAN	CERT FICATE OF DEPOSIT - YANKEE	1.76	11/13/2018		25,000,000	1.78	\$25,000,000	\$24,900,650	-\$99,350
Canadian Imperial Bank of Commerce, Apr 19, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.89	4/19/2018	4/19/2018	50,000,000	1.92	\$50,000,000	\$50,021,600	\$21,600
Canadian Imperial Bank of Commerce, Nov 13, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.84	11/13/2018	3/13/2018	1,000,000	1.87	\$1,000,000	\$1,000,068	\$68
Canadian Imperial Bank of Commerce, Sep 13, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.81	9/13/2018	3/13/2018	24,000,000	1.71	\$24,017,041	\$24,003,746	-\$13,295
Citibank NA, New York, Aug 01, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.83	8/1/2018	3/1/2018	100,000,000	1.77	\$100,000,000	\$100,000,500	\$500
Citibank NA, New York, Jul 11, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.90	7/11/2018	3/12/2018	50,000,000	1.76	\$50,000,000	\$50,000,650	\$650
Collateralized Commercial Paper Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		6/15/2018		15,000,000	1.62	\$14,929,558	\$14,904,725	-\$24,833
Collateralized Commercial Paper Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		9/7/2018		105,000,000	1.94	\$103,947,113	\$103,744,334	-\$202,778
Collateralized Commercial Paper Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		9/7/2018		54,000,000	1.96	\$53,452,785	\$53,354,229	-\$98,556
Collateralized Commercial Paper Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		9/14/2018		75,000,000	2.11	\$74,154,375	\$74,069,400	-\$84,975
Collateralized Commercial Paper Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		9/26/2018		50,000,000	2.31	\$49,343,750	\$49,340,834	-\$2,917
Collateralized Commercial Paper Co. LLC, Jul 31, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.87	7/31/2018	2/28/2018	11,000,000	1.89	\$11,000,000	\$11,002,112	\$2,112
Collateralized Commercial Paper Co. LLC, Jun 22, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.81	6/22/2018	3/22/2018	95,700,000	1.83	\$95,700,000	\$95,792,446	\$92,446
Collateralized Commercial Paper Co. LLC, May 23, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.82	5/23/2018	3/23/2018	25,000,000	1.85	\$25,000,000	\$25,010,625	\$10,625
Commonwealth Bank of Australia, Apr 27, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.87	4/27/2018	4/27/2018	15,000,000	1.46	\$15,000,030	\$15,006,420	\$6,390
Commonwealth Bank of Australia, Dec 28, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.91	12/28/2018	3/28/2018	50,000,000	1.93	\$50,000,000	\$50,000,400	\$400
Commonwealth Bank of Australia, Mar 29, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.83	3/29/2018	3/29/2018	20,000,000	1.86	\$20,000,000	\$20,005,220	\$5,220
Commonwealth Bank of Australia, May 10, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.94	5/10/2018	3/12/2018	70,000,000	1.81	\$70,000,000	\$70,028,770	\$28,770
Corporate Finance Managers, Inc., Series B, Feb 02, 2043	VARIABLE RATE DEMAND NOTE	1.75	2/2/2043	3/1/2018	7,815,000	1.60	\$7,815,000	\$7,815,000	\$0
Credit Agricole Corporate and Investment Bank CP	COMMERCIAL PAPER		3/1/2018		100,000,000	1.34	\$99,996,333	\$99,996,106	-\$227
Credit Suisse AG TDCAY	TIME DEPOSIT - CAYMAN	1.45	3/7/2018		300,000,000	1.47	\$300,000,000	\$300,000,000	\$0
DNB Bank ASA CP4-2	COMMERCIAL PAPER - 4-2		3/23/2018		25,000,000	1.62	\$24,974,604	\$24,975,994	\$1,390
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERT FICATE OF DEPOSIT - YANKEE	1.70	3/16/2018		50,000,000	1.72	\$50,000,000	\$50,003,170	\$3,170
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CP4-2	COMMERCIAL PAPER - 4-2		3/1/2018		501,750,000	1.37	\$501,731,184	\$501,729,790	-\$1,395
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CP4-2	COMMERCIAL PAPER - 4-2		3/22/2018		50,000,000	1.63	\$49,951,111	\$49,951,845	\$733

See notes at end of table.

INVENTORY OF HOLDINGS FOR FEBRUARY 2018

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Dreyfus Government Cash Management Fund	OVERNIGHT MUTUAL FUND	1.22	3/1/2018	10/5/2016	5,235,058	1.24	\$5,235,058	\$5,235,058	\$0
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/7/2018		50,000,000	1.63	\$49,984,444	\$49,985,806	\$1,361
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/8/2018		3,005,000	1.65	\$3,003,918	\$3,004,021	\$103
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/9/2018		12,600,000	1.65	\$12,594,897	\$12,595,360	\$463
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/13/2018		50,000,000	1.67	\$49,970,389	\$49,972,971	\$2,582
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/15/2018		75,000,000	1.66	\$74,949,063	\$74,952,812	\$3,750
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/21/2018		43,000,000	1.85	\$42,954,348	\$42,959,967	\$5,619
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/1/2018		30,000,000	1.83	\$29,907,000	\$29,900,128	-\$6,872
Gulf Gate Apartments LLC, Series 2003, Sep 01, 2028	VARIABLE RATE DEMAND NOTE	1.60	9/1/2028	3/1/2018	7,550,000	1.60	\$7,550,000	\$7,550,000	\$0
Henry Andrew Brown, III 2017 Irrevocable Trust, Series 2017, Oct 01, 2042	VARIABLE RATE DEMAND NOTE	1.54	10/1/2042	3/1/2018	4,260,000	1.54	\$4,260,000	\$4,260,000	\$0
Institutional Prime Value Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	1.66	3/1/2018	3/1/2018	456,059,512	1.61	\$456,059,512	\$456,059,512	\$0
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/1/2018		232,300,000	1.37	\$232,291,289	\$232,291,159	-\$130
Long Island Power Authority - CPLOC - Series 2015 GR-1A CPLOC	COMMERCIAL PAPER - LOC		3/8/2018		50,000,000	1.73	\$49,981,393	\$49,937,202	-\$44,191
Los Angeles County Fair Association, Nov 01, 2039	VARIABLE RATE DEMAND NOTE	1.75	11/1/2039	3/7/2018	9,515,000	1.60	\$9,515,000	\$9,515,000	\$0
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		3/21/2018		83,000,000	1.73	\$82,917,692	\$82,923,211	\$5,519
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		4/13/2018		5,000,000	1.61	\$4,990,344	\$4,989,367	-\$978
Manhattan Asset Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/27/2018		73,179,000	1.83	\$73,080,208	\$73,087,782	\$7,574
Mike P. Sturdivant, Sr. Family Trust, Series 2016, Nov 01, 2036	VARIABLE RATE DEMAND NOTE	1.57	11/1/2036	3/1/2018	2,200,000	1.54	\$2,200,000	\$2,200,000	\$0
Mississippi Business Finance Corp., Kohler Project, Jun 01, 2022	VARIABLE RATE DEMAND NOTE	1.77	6/1/2022	3/1/2018	10,000,000	1.77	\$10,000,000	\$10,000,000	\$0
Mizuho Bank Ltd. CDEUR (Sydney)	CERTIFICATE OF DEPOSIT - EURO	0.00	4/19/2018		270,000,000	1.84	\$269,324,307	\$268,783,753	-\$540,555
Mizuho Bank Ltd. CDEUR (Sydney)	CERTIFICATE OF DEPOSIT - EURO	0.00	4/30/2018		50,000,000	1.86	\$49,845,649	\$49,777,329	-\$68,320
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.60	3/7/2018		75,000,000	1.62	\$75,000,000	\$75,001,575	\$1,575
Mizuho Bank Ltd., Mar 14, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.75	3/14/2018	3/14/2018	25,000,000	1.77	\$25,000,008	\$25,002,850	\$2,842
Mizuho Securities USA, Inc. - REPO TRIPARTY OVERNIGHT FIXED	REPO TRIPARTY OVERNIGHT FIXED	1.39	3/1/2018		15,000,000	1.41	\$15,000,000	\$15,000,000	\$0
NRW/Bank CP4-2	COMMERCIAL PAPER - 4-2		3/5/2018		50,000,000	1.44	\$49,990,174	\$49,989,882	-\$292
NRW/Bank CP4-2	COMMERCIAL PAPER - 4-2		4/4/2018		100,000,000	1.73	\$99,834,722	\$99,839,389	\$4,667
National Australia Bank Ltd., Melbourne, Apr 06, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.84	4/6/2018	4/6/2018	53,000,000	1.87	\$53,000,000	\$53,016,854	\$16,854
Novant Health, Inc., Series 1997, Jun 01, 2022	VARIABLE RATE DEMAND NOTE	1.60	6/1/2022	3/7/2018	44,800,000	1.62	\$44,800,000	\$44,800,000	\$0
Novartis Finance Corp. CP4-2	COMMERCIAL PAPER - 4-2		3/9/2018		30,000,000	1.52	\$29,988,750	\$29,988,975	\$225
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/14/2018		50,000,000	1.50	\$49,971,417	\$49,969,822	-\$1,595
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/20/2018		20,000,000	1.45	\$19,984,222	\$19,982,244	-\$1,978

See notes at end of table.

INVENTORY OF HOLDINGS FOR FEBRUARY 2018

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/20/2018		25,000,000	1.45	\$24,980,278	\$24,977,806	-\$2,472
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/11/2018		40,000,000	1.74	\$39,805,444	\$39,759,094	-\$46,350
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/28/2018		25,000,000	2.26	\$24,723,472	\$24,720,833	-\$2,639
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/28/2018		40,000,000	2.31	\$39,547,500	\$39,553,332	\$5,832
Old Line Funding, LLC, Apr 20, 2018	COMMERCIAL PAPER ASSET BACKED CALLABLE		4/20/2018		50,000,000	1.84	\$49,872,500	\$49,872,359	-\$142
Old Line Funding, LLC, Apr 30, 2018	COMMERCIAL PAPER ASSET BACKED CALLABLE		4/30/2018		50,000,000	1.84	\$49,847,500	\$49,842,671	-\$4,829
Old Line Funding, LLC, Jun 07, 2018	COMMERCIAL PAPER ASSET BACKED CALLABLE		6/7/2018		50,000,000	2.04	\$49,725,000	\$49,712,075	-\$12,925
Old Line Funding, LLC, Jun 11, 2018	COMMERCIAL PAPER ASSET BACKED CALLABLE		6/11/2018		50,000,000	2.04	\$49,713,889	\$49,691,667	-\$22,222
Old Line Funding, LLC, Mar 22, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.76	3/22/2018	3/22/2018	30,000,000	1.78	\$30,000,000	\$30,004,980	\$4,980
Old Line Funding, LLC, May 02, 2018	COMMERCIAL PAPER ASSET BACKED CALLABLE		5/2/2018		100,000,000	1.80	\$99,690,250	\$99,672,400	-\$17,850
Old Line Funding, LLC, Nov 29, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.87	11/29/2018	2/28/2018	50,000,000	1.89	\$50,000,000	\$50,000,000	\$0
Royal Bank of Canada, Dec 06, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.19	12/6/2018	3/6/2018	25,000,000	1.69	\$25,000,000	\$25,047,350	\$47,350
Royal Bank of Canada, Jan 03, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.84	1/3/2019	4/3/2018	50,000,000	1.87	\$50,000,000	\$50,086,500	\$86,500
Royal Bank of Canada, Jan 04, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.94	1/4/2019	3/5/2018	54,000,000	1.85	\$54,000,000	\$53,996,274	-\$3,726
Royal Bank of Canada, Jan 08, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.96	1/8/2019	3/8/2018	30,000,000	1.85	\$30,000,000	\$29,997,060	-\$2,940
Royal Bank of Canada, Jun 12, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.20	6/12/2018	3/12/2018	100,000,000	1.70	\$100,000,000	\$100,096,700	\$96,700
Sabri Arac, The Quarry Lane School Series 2005, Oct 01, 2035	VARIABLE RATE DEMAND NOTE	1.60	10/1/2035	3/1/2018	12,260,000	1.60	\$12,260,000	\$12,260,000	\$0
Standard Chartered Bank plc TD	TIME DEPOSIT	1.44	3/7/2018		300,000,000	1.46	\$300,000,000	\$300,000,000	\$0
Standard Chartered Bank plc TD	TIME DEPOSIT	1.45	3/5/2018		200,000,000	1.47	\$200,000,000	\$200,000,000	\$0
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/1/2018		51,800,000	1.47	\$51,797,914	\$51,797,846	-\$67
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/1/2018		70,000,000	1.62	\$69,996,889	\$69,997,089	\$201
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/6/2018		98,500,000	1.60	\$98,474,226	\$98,475,112	\$886
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/9/2018		50,000,000	1.58	\$49,980,625	\$49,980,913	\$288
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/3/2018		98,000,000	1.83	\$97,833,400	\$97,841,638	\$8,238
Sumitomo Mitsui Banking Corp. CP4-2	COMMERCIAL PAPER - 4-2		5/21/2018		50,000,000	2.04	\$49,772,222	\$49,768,920	-\$3,303
Sumitomo Mitsui Banking Corp., Aug 10, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.97	8/10/2018	3/12/2018	20,000,000	1.91	\$19,994,090	\$19,999,700	\$5,610
Sumitomo Mitsui Banking Corp., Aug 21, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.90	8/21/2018	3/22/2018	97,500,000	1.92	\$97,500,000	\$97,506,045	\$6,045
Sumitomo Mitsui Banking Corp., Aug 28, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.96	8/28/2018	3/28/2018	50,000,000	1.99	\$50,000,000	\$50,000,000	\$0
Sumitomo Mitsui Banking Corp., Jun 01, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.86	6/1/2018	3/1/2018	50,000,000	1.80	\$50,000,000	\$50,018,950	\$18,950
Sumitomo Mitsui Banking Corp., Jun 06, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.89	6/6/2018	3/6/2018	100,000,000	1.80	\$100,000,000	\$100,000,000	\$0
Sumitomo Mitsui Banking Corp., May 21, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.80	5/21/2018	3/22/2018	50,000,000	1.82	\$50,000,000	\$50,019,200	\$19,200
Sumitomo Mitsui Banking Corp., May 21, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.80	5/21/2018	3/21/2018	75,000,000	1.82	\$75,000,000	\$75,028,800	\$28,800

See notes at end of table.

INVENTORY OF HOLDINGS FOR FEBRUARY 2018

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.65	3/16/2018		75,000,000	1.67	\$75,000,000	\$75,002,915	\$2,915
Sumitomo Mitsui Trust Bank Ltd. CP4-2	COMMERCIAL PAPER - 4-2		3/16/2018		15,000,000	1.68	\$14,989,000	\$14,989,793	\$793
Sumitomo Mitsui Trust Bank Ltd., May 25, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.83	5/25/2018	3/26/2018	13,000,000	1.90	\$12,998,894	\$13,005,070	\$6,176
TMF Biofuels LLC, Series 2012, Dec 01, 2032	VARIABLE RATE DEMAND NOTE	1.56	12/1/2032	3/1/2018	4,920,000	1.54	\$4,920,000	\$4,920,000	\$0
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/5/2018		30,000,000	1.74	\$29,862,583	\$29,833,968	-\$28,615
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/11/2018		55,000,000	1.74	\$54,732,486	\$54,674,892	-\$57,594
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/15/2018		40,000,000	1.80	\$39,790,756	\$39,753,424	-\$37,331
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/16/2018		20,000,000	1.91	\$19,856,633	\$19,837,620	-\$19,013
Thunder Bay Funding, LLC, Apr 20, 2018	COMMERCIAL PAPER ASSET BACKED CALLABLE		4/20/2018		49,000,000	1.84	\$48,875,050	\$48,874,911	-\$139
Toronto Dominion Bank, Dec 03, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.89	12/3/2018	3/1/2018	103,000,000	1.83	\$103,000,000	\$102,980,739	-\$19,261
Toronto Dominion Bank, Nov 06, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.90	11/6/2018	5/7/2018	25,000,000	1.92	\$25,000,000	\$25,000,000	\$0
Toronto Dominion Bank, Nov 30, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.88	11/30/2018	2/28/2018	100,000,000	1.90	\$100,000,000	\$99,979,700	-\$20,300
Toronto Dominion Bank, Sep 25, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.85	9/25/2018	3/26/2018	10,000,000	1.88	\$10,000,000	\$9,999,720	-\$280
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		4/3/2018		98,000,000	1.52	\$97,862,092	\$97,848,209	-\$13,883
Toyota Motor Credit Corp., Jul 03, 2018	VARIABLE RATE COMMERCIAL PAPER	1.80	7/3/2018	4/2/2018	24,500,000	1.82	\$24,500,000	\$24,518,179	\$18,179
Toyota Motor Finance (Netherlands) B.V., May 11, 2018	VARIABLE RATE COMMERCIAL PAPER	1.79	5/11/2018	3/14/2018	53,000,000	1.81	\$53,000,000	\$53,021,995	\$21,995
UBS AG, Sr. Note, 1.8%, 03/26/2018	CORPORATE BOND	1.80	3/26/2018		2,500,000	1.64	\$2,500,273	\$2,499,625	-\$648
Wells Fargo Bank, N.A., Aug 23, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.81	8/23/2018	3/23/2018	30,000,000	1.84	\$30,000,000	\$29,999,280	-\$720
Wells Fargo Bank, N.A., Dec 03, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.90	12/3/2018	3/1/2018	66,000,000	1.84	\$66,000,000	\$65,998,152	-\$1,848
Wells Fargo Bank, N.A., Dec 27, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.85	12/27/2018	3/27/2018	89,000,000	1.88	\$89,000,000	\$89,178,623	\$178,623
Wells Fargo Bank, N.A., Feb 01, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.94	2/1/2019	5/1/2018	50,000,000	1.97	\$50,000,000	\$50,094,500	\$94,500
Wells Fargo Bank, N.A., May 04, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.90	5/4/2018	5/4/2018	73,000,000	1.92	\$73,000,000	\$73,035,478	\$35,478
Wells Fargo Bank, N.A., Nov 28, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.88	11/28/2018	3/28/2018	50,000,000	1.90	\$50,000,000	\$49,994,150	-\$5,850
Westpac Banking Corp. Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.57	9/14/2018		50,000,000	1.59	\$50,000,000	\$49,832,131	-\$167,869
Westpac Banking Corp. Ltd., Sydney CP4-2	COMMERCIAL PAPER - 4-2		10/12/2018		15,000,000	1.76	\$14,838,975	\$14,790,856	-\$48,119
Westpac Banking Corp. Ltd., Sydney, Mar 29, 2018	VARIABLE RATE COMMERCIAL PAPER	1.83	3/29/2018	3/29/2018	107,000,000	1.86	\$107,000,000	\$107,033,919	\$33,919
Total Value of Investments					11,998,749,570		\$11,986,969,566	\$11,985,779,526	-\$1,190,040

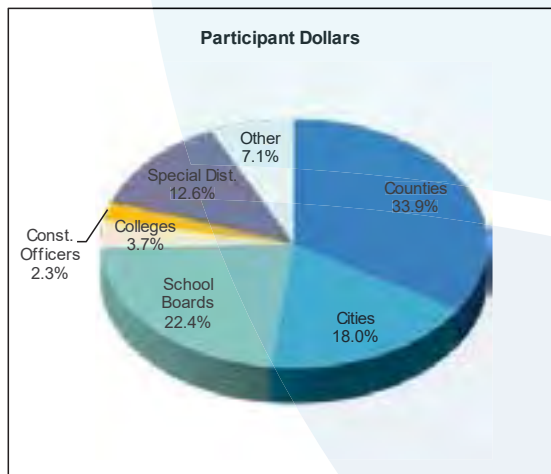
Notes: The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

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

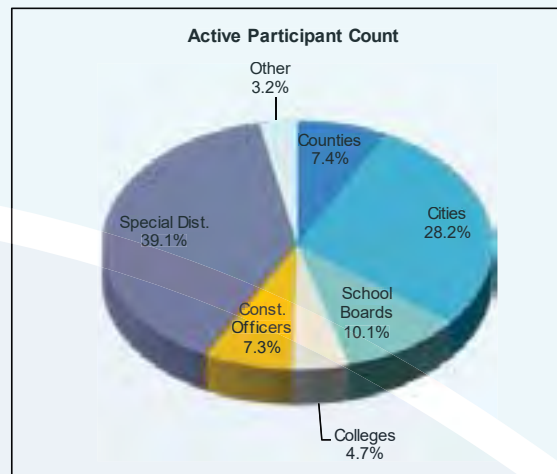
² Amortized cost is calculated using a straight line method.

PARTICIPANT CONCENTRATION DATA - AS OF FEBRUARY 2018

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
All Participants	100.0%	100.0%	Colleges & Universities	3.7%	4.7%
Top 10	34.3%	1.4%	Top 10	3.4%	1.4%
\$100 million or more	57.9%	4.1%	\$100 million or more	1.7%	0.1%
\$10 million up to \$100 million	36.0%	16.5%	\$10 million up to \$100 million	1.6%	1.0%
\$1 million up to \$10 million	5.6%	22.7%	\$1 million up to \$10 million	0.3%	1.5%
Under \$1 million	0.5%	56.6%	Under \$1 million	0.01%	2.1%
Counties	33.9%	7.4%	Constitutional Officers	2.3%	7.3%
Top 10	26.3%	1.4%	Top 10	0.8%	1.4%
\$100 million or more	29.0%	1.8%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	4.5%	1.7%	\$10 million up to \$100 million	1.6%	0.7%
\$1 million up to \$10 million	0.3%	1.1%	\$1 million up to \$10 million	0.7%	2.3%
Under \$1 million	0.0%	2.9%	Under \$1 million	0.0%	4.3%
Municipalities	18.0%	28.2%	Special Districts	12.6%	39.1%
Top 10	8.5%	1.4%	Top 10	7.6%	1.4%
\$100 million or more	4.7%	0.6%	\$100 million or more	3.9%	0.4%
\$10 million up to \$100 million	11.2%	5.1%	\$10 million up to \$100 million	6.9%	3.4%
\$1 million up to \$10 million	2.0%	8.0%	\$1 million up to \$10 million	1.6%	7.3%
Under \$1 million	0.1%	14.6%	Under \$1 million	0.2%	28.0%
School Boards	22.4%	10.1%	Other	7.1%	3.2%
Top 10	16.3%	1.4%	Top 10	6.3%	1.4%
\$100 million or more	13.6%	0.8%	\$100 million or more	5.0%	0.4%
\$10 million up to \$100 million	8.2%	3.6%	\$10 million up to \$100 million	1.9%	1.1%
\$1 million up to \$10 million	0.6%	1.9%	\$1 million up to \$10 million	0.1%	0.6%
Under \$1 million	0.0%	3.7%	Under \$1 million	0.0%	1.1%



Total Fund Value: \$11,996,147,094



Total Active Participant Count: 726

Note: Active accounts include only those participant accounts valued above zero.

COMPLIANCE WITH INVESTMENT POLICY FOR FEBRUARY 2018

As investment manager, Federated monitors compliance daily on Florida PRIME to ensure that investment practices comply with the requirements of the Investment Policy Statement (IPS). Federated provides a monthly compliance report to the SBA and is required to notify the Investment Oversight Group (IOG) of compliance exceptions within 24 hours of identification. The IOG meets monthly and on an ad hoc basis to review compliance exceptions, to document responses to exceptions, and to formally escalate recommendations for approval by the Executive Director & CIO. The IOG also reviews the Federated compliance report each month, as well as the results of independent compliance testing conducted by SBA Risk Management and Compliance. Minutes from the IOG meetings are posted to the Florida PRIME website.

In addition to the compliance testing performed by Federated, the SBA conducts independent testing on Florida PRIME using a risk-based approach. Under this approach, each IPS parameter is ranked as "High" or "Low" with respect to the level of risk associated with a potential guideline breach. IPS parameters with risk rankings of "High" are subject to independent verification by SBA Risk Management and Compliance. These rankings, along with the frequency for testing, are reviewed and approved by the IOG on an annual basis or more often if market conditions dictate. Additionally, any parameter reported in "Fail" status on the Federated compliance report, regardless of risk ranking, is also independently verified and escalated accordingly. The results of independent testing are currently reported monthly to the IOG.

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

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

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

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

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TRADING ACTIVITY FOR FEBRUARY 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
NORDEA BANK ABCP4-2	02/22/18	02/21/18	02/21/18	9,650,000	9,649,622	0	9,649,622	0
NOVARTIS FINANCE COCP4-2	02/02/18	02/01/18	02/01/18	17,900,000	17,899,289	0	17,899,289	0
NOVARTIS FINANCE COCP4-2	02/23/18	02/22/18	02/22/18	50,000,000	49,997,986	0	49,997,986	0
NOVARTIS FINANCE COCP4-2	02/23/18	02/22/18	02/22/18	17,900,000	17,899,279	0	17,899,279	0
NOVARTIS FINANCE COCP4-2	03/09/18	02/28/18	02/28/18	30,000,000	29,988,750	0	29,988,750	0
OLD LINE FUNDING, LCPAB54	08/28/18	02/23/18	02/26/18	25,000,000	24,720,417	0	24,720,417	0
OLD LINE FUNDING, LCPAB54	08/28/18	02/26/18	02/26/18	40,000,000	39,542,500	0	39,542,500	0
OLD LINE FUNDING, LLC, JU	06/07/18	02/16/18	02/16/18	50,000,000	49,691,667	0	49,691,667	0
OLD LINE FUNDING, LLC, JU	06/11/18	02/16/18	02/20/18	50,000,000	49,691,667	0	49,691,667	0
SOCIETE GENERALE SA	02/05/18	02/02/18	02/02/18	50,000,000	49,994,083	0	49,994,083	0
SOCIETE GENERALE SA	02/05/18	02/02/18	02/02/18	50,000,000	49,994,083	0	49,994,083	0
SOCIETE GENERALE SA	02/05/18	02/02/18	02/02/18	25,000,000	24,997,042	0	24,997,042	0
SOCIETE GENERALE SA	02/06/18	02/05/18	02/05/18	50,000,000	49,998,028	0	49,998,028	0
SOCIETE GENERALE SA	02/06/18	02/05/18	02/05/18	50,000,000	49,998,028	0	49,998,028	0
SOCIETE GENERALE SA	02/06/18	02/05/18	02/05/18	50,000,000	49,998,028	0	49,998,028	0
SOCIETE GENERALE SA	02/06/18	02/05/18	02/05/18	10,000,000	9,999,606	0	9,999,606	0
SOCIETE GENERALE SA	02/07/18	02/06/18	02/06/18	50,000,000	49,998,028	0	49,998,028	0
SOCIETE GENERALE SA	02/07/18	02/06/18	02/06/18	50,000,000	49,998,028	0	49,998,028	0
SOCIETE GENERALE SA	02/07/18	02/06/18	02/06/18	50,000,000	49,998,028	0	49,998,028	0
SOCIETE GENERALE SA	02/07/18	02/06/18	02/06/18	20,000,000	19,999,211	0	19,999,211	0
SOCIETE GENERALE SA	02/08/18	02/07/18	02/07/18	50,000,000	49,998,028	0	49,998,028	0
SOCIETE GENERALE SA	02/08/18	02/07/18	02/07/18	50,000,000	49,998,028	0	49,998,028	0
SOCIETE GENERALE SA	02/08/18	02/07/18	02/07/18	30,000,000	29,998,817	0	29,998,817	0
SOCIETE GENERALE SA	02/08/18	02/07/18	02/07/18	50,000,000	49,998,028	0	49,998,028	0
SOCIETE GENERALE SA	02/09/18	02/08/18	02/08/18	50,000,000	49,998,028	0	49,998,028	0
SOCIETE GENERALE SA	02/09/18	02/08/18	02/08/18	50,000,000	49,998,028	0	49,998,028	0
SOCIETE GENERALE SA	02/09/18	02/08/18	02/08/18	20,000,000	19,999,211	0	19,999,211	0
SOCIETE GENERALE SA	02/09/18	02/08/18	02/08/18	50,000,000	49,998,028	0	49,998,028	0
SOCIETE GENERALE SA	02/12/18	02/09/18	02/09/18	50,000,000	49,994,083	0	49,994,083	0
SOCIETE GENERALE SA	02/12/18	02/09/18	02/09/18	50,000,000	49,994,083	0	49,994,083	0
SOCIETE GENERALE SA	02/12/18	02/09/18	02/09/18	50,000,000	49,994,083	0	49,994,083	0
SOCIETE GENERALE SA	02/12/18	02/09/18	02/09/18	27,000,000	26,996,805	0	26,996,805	0
SOCIETE GENERALE SA	02/13/18	02/12/18	02/12/18	50,000,000	49,998,028	0	49,998,028	0
SOCIETE GENERALE SA	02/13/18	02/12/18	02/12/18	50,000,000	49,998,028	0	49,998,028	0
SOCIETE GENERALE SA	02/13/18	02/12/18	02/12/18	50,000,000	49,998,028	0	49,998,028	0
SOCIETE GENERALE SA	02/13/18	02/12/18	02/12/18	35,000,000	34,998,619	0	34,998,619	0
SOCIETE GENERALE, PCP4-2	02/14/18	02/13/18	02/13/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE, PCP4-2	02/14/18	02/13/18	02/13/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE, PCP4-2	02/14/18	02/13/18	02/13/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE, PCP4-2	02/14/18	02/13/18	02/13/18	35,000,000	34,998,610	0	34,998,610	0
SOCIETE GENERALE SA	02/15/18	02/14/18	02/14/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE SA	02/15/18	02/14/18	02/14/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE SA	02/15/18	02/14/18	02/14/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE SA	02/15/18	02/14/18	02/14/18	40,000,000	39,998,411	0	39,998,411	0
SOCIETE GENERALE SA	02/16/18	02/15/18	02/15/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE SA	02/16/18	02/15/18	02/15/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE SA	02/16/18	02/15/18	02/15/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE SA	02/16/18	02/15/18	02/15/18	20,000,000	19,999,206	0	19,999,206	0
SOCIETE GENERALE SA	02/20/18	02/16/18	02/16/18	50,000,000	49,992,056	0	49,992,056	0
SOCIETE GENERALE SA	02/20/18	02/16/18	02/16/18	50,000,000	49,992,056	0	49,992,056	0
SOCIETE GENERALE SA	02/20/18	02/16/18	02/16/18	20,000,000	19,996,822	0	19,996,822	0
SOCIETE GENERALE SA	02/20/18	02/16/18	02/16/18	50,000,000	49,992,056	0	49,992,056	0
SOCIETE GENERALE SA	02/21/18	02/20/18	02/20/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE SA	02/21/18	02/20/18	02/20/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE, PCP4-2	02/22/18	02/21/18	02/21/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE, PCP4-2	02/22/18	02/21/18	02/21/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE, PCP4-2	02/22/18	02/21/18	02/21/18	20,000,000	19,999,206	0	19,999,206	0
SOCIETE GENERALE, PCP4-2	02/28/18	02/21/18	02/21/18	50,000,000	49,985,903	0	49,985,903	0
SOCIETE GENERALE, PCP4-2	02/28/18	02/27/18	02/27/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE, PCP4-2	02/28/18	02/27/18	02/27/18	4,200,000	4,199,833	0	4,199,833	0
SOCIETE GENERALE, PCP4-2	02/28/18	02/27/18	02/27/18	50,000,000	49,998,014	0	49,998,014	0
STARBIRD FUNDING COCPAB54	02/06/18	02/05/18	02/05/18	50,000,000	49,997,986	0	49,997,986	0
STARBIRD FUNDING COCPAB54	02/07/18	02/06/18	02/06/18	50,000,000	49,997,986	0	49,997,986	0
STARBIRD FUNDING COCPAB54	02/08/18	02/07/18	02/07/18	50,000,000	49,997,986	0	49,997,986	0
STARBIRD FUNDING COCPAB54	02/09/18	02/08/18	02/08/18	45,000,000	44,998,188	0	44,998,188	0
STARBIRD FUNDING COCPAB54	02/12/18	02/09/18	02/09/18	42,000,000	41,994,925	0	41,994,925	0
STARBIRD FUNDING COCPAB54	02/13/18	02/12/18	02/12/18	50,000,000	49,997,986	0	49,997,986	0
STARBIRD FUNDING COCPAB54	02/14/18	02/13/18	02/13/18	49,000,000	48,998,026	0	48,998,026	0
STARBIRD FUNDING COCPAB54	02/15/18	02/14/18	02/14/18	44,000,000	43,998,228	0	43,998,228	0
STARBIRD FUNDING COCPAB54	02/16/18	02/15/18	02/15/18	41,000,000	40,998,349	0	40,998,349	0
STARBIRD FUNDING COCPAB54	02/20/18	02/16/18	02/16/18	44,000,000	43,992,911	0	43,992,911	0
STARBIRD FUNDING COCPAB54	02/21/18	02/20/18	02/20/18	41,000,000	40,998,349	0	40,998,349	0
STARBIRD FUNDING COCPAB54	02/22/18	02/21/18	02/21/18	41,000,000	40,998,349	0	40,998,349	0
STARBIRD FUNDING COCPAB54	02/23/18	02/22/18	02/22/18	41,400,000	41,398,333	0	41,398,333	0
STARBIRD FUNDING COCPAB54	02/26/18	02/23/18	02/23/18	41,500,000	41,494,985	0	41,494,985	0
STARBIRD FUNDING COCPAB54	02/27/18	02/26/18	02/26/18	50,000,000	49,997,986	0	49,997,986	0
STARBIRD FUNDING COCPAB54	02/27/18	02/26/18	02/26/18	1,500,000	1,499,940	0	1,499,940	0
STARBIRD FUNDING COCPAB54	02/27/18	02/26/18	02/26/18	50,000,000	49,998,028	0	49,998,028	0
STARBIRD FUNDING COCPAB54	02/27/18	02/26/18	02/26/18	50,000,000	49,998,028	0	49,998,028	0
STARBIRD FUNDING COCPAB54	02/27/18	02/26/18	02/26/18	28,590,000	28,588,872	0	28,588,872	0
STARBIRD FUNDING COCPAB54	02/28/18	02/27/18	02/27/18	50,000,000	49,997,986	0	49,997,986	0
STARBIRD FUNDING COCPAB54	02/28/18	02/27/18	02/27/18	1,600,000	1,599,936	0	1,599,936	0
STARBIRD FUNDING COCPAB54	03/01/18	02/28/18	02/28/18	50,000,000	49,997,986	0	49,997,986	0
STARBIRD FUNDING COCPAB54	03/01/18	02/28/18	02/28/18	1,800,000	1,799,928	0	1,799,928	0
NETHERLANDS, GOVERNCP4-2	02/26/18	02/21/18	02/22/18	50,000,000	49,991,778	0	49,991,778	0

TRADING ACTIVITY FOR FEBRUARY 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain/Loss
NETHERLANDS, GOVERNCP4-2	02/26/18	02/21/18	02/22/18	50,000,000	49,991,778	0	49,991,778	0
NETHERLANDS, GOVERNCP4-2	02/26/18	02/21/18	02/22/18	50,000,000	49,991,778	0	49,991,778	0
NETHERLANDS, GOVERNCP4-2	02/26/18	02/21/18	02/22/18	50,000,000	49,991,778	0	49,991,778	0
NETHERLANDS, GOVERNCP4-2	02/26/18	02/21/18	02/22/18	50,000,000	49,991,778	0	49,991,778	0
NETHERLANDS, GOVERNCP4-2	02/26/18	02/21/18	02/22/18	50,000,000	49,991,778	0	49,991,778	0
SUMITOMO MITSUI BANC4-2	05/21/18	02/20/18	02/20/18	50,000,000	49,750,000	0	49,750,000	0
SUMITOMO MITSUI BANKING CORP/NEW YORK	08/10/18	02/16/18	02/20/18	20,000,000	19,993,800	8,048	20,001,848	0
SUMITOMO MITSUI TRUST BANK LIMITED/ NEW YORK	05/25/18	02/16/18	02/20/18	13,000,000	12,998,791	0	13,015,422	0
SUMITOMO MITSUI BANKING CORP/NEW YORK	08/21/18	02/21/18	02/21/18	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI BANKING CORP/NEW YORK	08/21/18	02/21/18	02/21/18	47,500,000	47,500,000	0	47,500,000	0
SUMITOMO MITSUI BANKING CORP/NEW YORK	08/28/18	02/28/18	02/28/18	50,000,000	50,000,000	0	50,000,000	0
TMF BIOFUELS LLC	12/01/32	02/07/18	02/13/18	865,000	865,000	2,462	867,462	0
TMF BIOFUELS LLC	12/01/32	02/20/18	02/21/18	920,000	920,000	2,929	922,929	0
WELLS FARGO BANK NA	02/01/19	02/01/18	02/01/18	50,000,000	50,000,000	0	50,000,000	0
BELGIUM, GOVERNMENTEC	03/14/18	02/26/18	02/28/18	300,000,000	299,808,789	0	299,808,789	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/01/18	02/01/18	709,328	709,328	0	709,328	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/02/18	02/02/18	558,129	558,129	0	558,129	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/06/18	02/06/18	283,713	283,713	0	283,713	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/07/18	02/07/18	2,289,996	2,289,996	0	2,289,996	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/09/18	02/09/18	2,107,547	2,107,547	0	2,107,547	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/13/18	02/13/18	3,085,617	3,085,617	0	3,085,617	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/21/18	02/21/18	1,943,429	1,943,429	0	1,943,429	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/22/18	02/22/18	1,172,285	1,172,285	0	1,172,285	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/23/18	02/23/18	258,929	258,929	0	258,929	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/27/18	02/27/18	101,078	101,078	0	101,078	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/28/18	02/28/18	2,756,275	2,756,275	0	2,756,275	0
MIZUHO TRIPARTY	02/02/18	02/01/18	02/01/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/02/18	02/01/18	02/01/18	30,000,000	30,000,000	0	30,000,000	0
MIZUHO TRIPARTY	02/05/18	02/02/18	02/02/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/05/18	02/02/18	02/02/18	230,000,000	230,000,000	0	230,000,000	0
MIZUHO TRIPARTY	02/06/18	02/05/18	02/05/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/06/18	02/05/18	02/05/18	290,000,000	290,000,000	0	290,000,000	0
MIZUHO TRIPARTY	02/07/18	02/06/18	02/06/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/07/18	02/06/18	02/06/18	265,000,000	265,000,000	0	265,000,000	0
MIZUHO TRIPARTY	02/08/18	02/07/18	02/07/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/08/18	02/07/18	02/07/18	250,000,000	250,000,000	0	250,000,000	0
MIZUHO TRIPARTY	02/09/18	02/08/18	02/08/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/09/18	02/08/18	02/08/18	240,000,000	240,000,000	0	240,000,000	0
MIZUHO TRIPARTY	02/12/18	02/09/18	02/09/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/12/18	02/09/18	02/09/18	315,000,000	315,000,000	0	315,000,000	0
MIZUHO TRIPARTY	02/13/18	02/12/18	02/12/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/13/18	02/12/18	02/12/18	235,000,000	235,000,000	0	235,000,000	0
MIZUHO TRIPARTY	02/14/18	02/13/18	02/13/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/14/18	02/13/18	02/13/18	180,000,000	180,000,000	0	180,000,000	0
MIZUHO TRIPARTY	02/15/18	02/14/18	02/14/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/15/18	02/14/18	02/14/18	170,000,000	170,000,000	0	170,000,000	0
MIZUHO TRIPARTY	02/16/18	02/15/18	02/15/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/16/18	02/15/18	02/15/18	150,000,000	150,000,000	0	150,000,000	0
MIZUHO TRIPARTY	02/20/18	02/16/18	02/16/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/20/18	02/16/18	02/16/18	300,000,000	300,000,000	0	300,000,000	0
MIZUHO TRIPARTY	02/21/18	02/20/18	02/20/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/21/18	02/20/18	02/20/18	460,000,000	460,000,000	0	460,000,000	0
MIZUHO TRIPARTY	02/22/18	02/21/18	02/21/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/22/18	02/21/18	02/21/18	270,000,000	270,000,000	0	270,000,000	0
BANK OF AMERICA TRIPARTY	02/23/18	02/22/18	02/22/18	180,000,000	180,000,000	0	180,000,000	0
MIZUHO TRIPARTY	02/23/18	02/22/18	02/22/18	15,000,000	15,000,000	0	15,000,000	0
MIZUHO TRIPARTY	02/26/18	02/23/18	02/23/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/26/18	02/23/18	02/23/18	230,000,000	230,000,000	0	230,000,000	0
MIZUHO TRIPARTY	02/27/18	02/26/18	02/26/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/27/18	02/26/18	02/26/18	415,000,000	415,000,000	0	415,000,000	0
MIZUHO TRIPARTY	02/28/18	02/27/18	02/27/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/28/18	02/27/18	02/27/18	285,000,000	285,000,000	0	285,000,000	0
MIZUHO TRIPARTY	03/01/18	02/28/18	02/28/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/01/18	02/28/18	02/28/18	915,000,000	915,000,000	0	915,000,000	0
Total Buys				34,342,022,328	34,336,618,396	13,439	34,336,648,466	0
Cash Closes								
ANGLESEA FUNDING LLC	05/25/18	02/27/18	02/27/18	140,000,000	140,000,000	191,462	140,191,462	0
ANGLESEA FUNDING LLC	06/04/18	02/27/18	02/27/18	25,000,000	25,000,000	27,119	25,027,119	0
LONG ISLAND POWER AUTHORITY CPLOC SERIES 2015 GR-1A	10/09/18	02/08/18	02/08/18	50,000,000	50,000,000	64,444	50,064,444	0
OLD LINE FUNDING, LLC	03/19/18	02/06/18	02/06/18	50,000,000	49,911,167	0	49,911,167	(0)
Total Cash Closes				265,000,000	264,911,167	283,025	265,194,192	(0)
Deposits								
SVENSKA HANDELSBANKTDCAY 1.42 20180202	02/02/18	02/01/18	02/01/18	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180208	02/08/18	02/01/18	02/01/18	300,000,000	300,000,000	0	300,000,000	0
STANDARD CHARTERED TD 1.44 20180208	02/08/18	02/01/18	02/01/18	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180205	02/05/18	02/02/18	02/02/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180206	02/06/18	02/05/18	02/05/18	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180212	02/12/18	02/05/18	02/05/18	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180207	02/07/18	02/06/18	02/06/18	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180213	02/13/18	02/06/18	02/06/18	100,000,000	100,000,000	0	100,000,000	0
STANDARD CHARTERED TD 1.44 20180214	02/14/18	02/07/18	02/07/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180208	02/08/18	02/07/18	02/07/18	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180215	02/15/18	02/08/18	02/08/18	350,000,000	350,000,000	0	350,000,000	0
STANDARD CHARTERED TD 1.44 20180215	02/15/18	02/08/18	02/08/18	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180209	02/09/18	02/08/18	02/08/18	550,000,000	550,000,000	0	550,000,000	0

TRADING ACTIVITY FOR FEBRUARY 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
SVENSKA HANDELSBANKTDCAY 1.42 20180212	02/12/18	02/09/18	02/09/18	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180220	02/20/18	02/12/18	02/12/18	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180213	02/13/18	02/12/18	02/12/18	500,000,000	500,000,000	0	500,000,000	0
RABOBANK NEDERLAND,TD 1.42 20180213	02/13/18	02/12/18	02/12/18	50,000,000	50,000,000	0	50,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180220	02/20/18	02/13/18	02/13/18	125,000,000	125,000,000	0	125,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180214	02/14/18	02/13/18	02/13/18	550,000,000	550,000,000	0	550,000,000	0
UBS AGTDCAY 1.45 20180221	02/21/18	02/14/18	02/14/18	200,000,000	200,000,000	0	200,000,000	0
STANDARD CHARTERED TD 1.44 20180221	02/21/18	02/14/18	02/14/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180215	02/15/18	02/14/18	02/14/18	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180222	02/22/18	02/15/18	02/15/18	350,000,000	350,000,000	0	350,000,000	0
STANDARD CHARTERED TD 1.44 20180222	02/22/18	02/15/18	02/15/18	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180216	02/16/18	02/15/18	02/15/18	550,000,000	550,000,000	0	550,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180220	02/20/18	02/16/18	02/16/18	595,000,000	595,000,000	0	595,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180227	02/27/18	02/20/18	02/20/18	245,000,000	245,000,000	0	245,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180221	02/21/18	02/20/18	02/20/18	595,000,000	595,000,000	0	595,000,000	0
UBS AGTDCAY 1.45 20180228	02/28/18	02/21/18	02/21/18	200,000,000	200,000,000	0	200,000,000	0
STANDARD CHARTERED TD 1.44 20180228	02/28/18	02/21/18	02/21/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180222	02/22/18	02/21/18	02/21/18	600,000,000	600,000,000	0	600,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180223	02/23/18	02/22/18	02/22/18	600,000,000	600,000,000	0	600,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180227	02/27/18	02/22/18	02/22/18	350,000,000	350,000,000	0	350,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180226	02/26/18	02/23/18	02/23/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180227	02/27/18	02/26/18	02/26/18	500,000,000	500,000,000	0	500,000,000	0
STANDARD CHARTERED TD 1.45 20180305	03/05/18	02/26/18	02/26/18	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180228	02/28/18	02/27/18	02/27/18	500,000,000	500,000,000	0	500,000,000	0
STANDARD CHARTERED TD 1.44 20180307	03/07/18	02/28/18	02/28/18	300,000,000	300,000,000	0	300,000,000	0
CREDIT SUISSE AGTDCAY 1.45 20180307	03/07/18	02/28/18	02/28/18	300,000,000	300,000,000	0	300,000,000	0
Total Deposits				14,010,000,000	14,010,000,000	0	14,010,000,000	0
Maturities								
ALBION CAPITAL LLC CPAB54	02/16/18	02/16/18	02/16/18	30,000,000	30,000,000	0	30,000,000	0
ALBION CAPITAL LLC CPAB54	02/20/18	02/20/18	02/20/18	50,000,000	50,000,000	0	50,000,000	0
ALBION CAPITAL LLC CPAB54	02/26/18	02/26/18	02/26/18	46,901,000	46,901,000	0	46,901,000	0
ALBION CAPITAL LLC CPAB54	02/27/18	02/27/18	02/27/18	55,900,000	55,900,000	0	55,900,000	0
ANGLESEA FUNDING LLC CPAB54	02/07/18	02/07/18	02/07/18	50,000,000	50,000,000	0	50,000,000	0
ANGLESEA FUNDING LLC CPAB54	02/09/18	02/09/18	02/09/18	50,000,000	50,000,000	0	50,000,000	0
ANGLESEA FUNDING LLC CPAB54	02/14/18	02/14/18	02/14/18	50,000,000	50,000,000	0	50,000,000	0
ANTALIS S.A. CPAB54CPAB54	02/01/18	02/01/18	02/01/18	64,270,000	64,270,000	0	64,270,000	0
ANTALIS S.A. CPAB54CPAB54	02/05/18	02/05/18	02/05/18	44,470,000	44,470,000	0	44,470,000	0
ANTALIS S.A. CPAB54CPAB54	02/06/18	02/06/18	02/06/18	45,540,000	45,540,000	0	45,540,000	0
ANTALIS S.A. CPAB54CPAB54	02/07/18	02/07/18	02/07/18	57,000,000	57,000,000	0	57,000,000	0
ANTALIS S.A. CPAB54CPAB54	02/08/18	02/08/18	02/08/18	35,000,000	35,000,000	0	35,000,000	0
ANTALIS S.A. CPAB54CPAB54	02/12/18	02/12/18	02/12/18	45,000,000	45,000,000	0	45,000,000	0
ANTALIS S.A. CPAB54CPAB54	02/13/18	02/13/18	02/13/18	45,560,000	45,560,000	0	45,560,000	0
ANTALIS S.A. CPAB54CPAB54	02/14/18	02/14/18	02/14/18	50,000,000	50,000,000	0	50,000,000	0
ANTALIS S.A. CPAB54CPAB54	02/15/18	02/15/18	02/15/18	40,350,000	40,350,000	0	40,350,000	0
ANTALIS S.A. CPAB54CPAB54	02/20/18	02/20/18	02/20/18	43,060,000	43,060,000	0	43,060,000	0
ANTALIS S.A. CPAB54CPAB54	02/21/18	02/21/18	02/21/18	50,000,000	50,000,000	0	50,000,000	0
ANTALIS S.A. CPAB54CPAB54	02/22/18	02/22/18	02/22/18	94,520,000	94,520,000	0	94,520,000	0
ANTALIS S.A. CPAB54CPAB54	02/26/18	02/26/18	02/26/18	100,000,000	100,000,000	0	100,000,000	0
ANTALIS S.A. CPAB54CPAB54	02/27/18	02/27/18	02/27/18	43,080,000	43,080,000	0	43,080,000	0
ANTALIS S.A. CPAB54CPAB54	02/28/18	02/28/18	02/28/18	50,000,000	50,000,000	0	50,000,000	0
ATLANTIC ASSET SECUCPAB54	02/05/18	02/05/18	02/05/18	27,000,000	27,000,000	0	27,000,000	0
ATLANTIC ASSET SECUCPAB54	02/15/18	02/15/18	02/15/18	25,000,000	25,000,000	0	25,000,000	0
ATLANTIC ASSET SECUCPAB54	02/16/18	02/16/18	02/16/18	15,000,000	15,000,000	0	15,000,000	0
ATLANTIC ASSET SECUCPAB54	02/21/18	02/21/18	02/21/18	25,000,000	25,000,000	0	25,000,000	0
ATLANTIC ASSET SECUCPAB54	02/23/18	02/23/18	02/23/18	30,000,000	30,000,000	0	30,000,000	0
ATLANTIC ASSET SECUCPAB54	02/26/18	02/26/18	02/26/18	100,000,000	100,000,000	0	100,000,000	0
ATLANTIC ASSET SECUCPAB54	02/28/18	02/28/18	02/28/18	88,100,000	88,100,000	0	88,100,000	0
BMO HARRIS BANK, N.CD	02/13/18	02/13/18	02/13/18	20,000,000	20,000,000	0	20,000,000	0
BANK OF MONTREAL (CCDYAN	02/26/18	02/26/18	02/26/18	51,250,000	51,250,000	0	51,250,000	0
BARTON CAPITAL LLC CPAB54	02/16/18	02/16/18	02/16/18	48,300,000	48,300,000	0	48,300,000	0
BARTON CAPITAL LLC CPAB54	02/23/18	02/23/18	02/23/18	60,000,000	60,000,000	0	60,000,000	0
BARTON CAPITAL LLC CPAB54	02/26/18	02/26/18	02/26/18	15,000,000	15,000,000	0	15,000,000	0
BARTON CAPITAL LLC CPAB54	02/28/18	02/28/18	02/28/18	150,000,000	150,000,000	0	150,000,000	0
BEDFORD ROW FUNDING CORP	02/08/18	02/08/18	02/08/18	25,000,000	25,000,000	0	25,000,000	0
BNP PARIBAS SACP4-2	02/08/18	02/08/18	02/08/18	375,000,000	375,000,000	0	375,000,000	0
BNP PARIBAS SACP4-2	02/09/18	02/09/18	02/09/18	375,000,000	375,000,000	0	375,000,000	0
BNP PARIBAS SACP4-2	02/12/18	02/12/18	02/12/18	310,000,000	310,000,000	0	310,000,000	0
BNP PARIBAS SACP4-2	02/13/18	02/13/18	02/13/18	175,000,000	175,000,000	0	175,000,000	0
BNP PARIBAS SACP4-2	02/15/18	02/15/18	02/15/18	200,000,000	200,000,000	0	200,000,000	0
BNP PARIBAS SACP4-2	02/16/18	02/16/18	02/16/18	90,000,000	90,000,000	0	90,000,000	0
CAFCO, LLC CPAB54-2	02/01/18	02/01/18	02/01/18	10,000,000	10,000,000	0	10,000,000	0
CRC FUNDING LLC CPAB54-2	02/21/18	02/21/18	02/21/18	56,000,000	56,000,000	0	56,000,000	0
CRC FUNDING LLC CPAB54-2	02/26/18	02/26/18	02/26/18	58,000,000	58,000,000	0	58,000,000	0
CHARTA, LLC CPAB54-CPAB54	02/09/18	02/09/18	02/09/18	93,000,000	93,000,000	0	93,000,000	0
CITIBANK NA, NEWYOD	02/20/18	02/20/18	02/20/18	45,000,000	45,000,000	0	45,000,000	0
RABOBANK NEDERLAND CP	02/02/18	02/02/18	02/02/18	539,700,000	539,700,000	0	539,700,000	0
RABOBANK NEDERLAND CP	02/05/18	02/05/18	02/05/18	575,000,000	575,000,000	0	575,000,000	0
COOPERATIEVE RABOBANK UA/NY	02/06/18	02/06/18	02/06/18	575,000,000	575,000,000	0	575,000,000	0
COOPERATIEVE RABOBANK UA/NY	02/07/18	02/07/18	02/07/18	575,000,000	575,000,000	0	575,000,000	0
COOPERATIEVE RABOBANK UA/NY	02/08/18	02/08/18	02/08/18	574,000,000	574,000,000	0	574,000,000	0
COOPERATIEVE RABOBANK UA/NY	02/09/18	02/09/18	02/09/18	588,000,000	588,000,000	0	588,000,000	0
COOPERATIEVE RABOBANK UA/NY	02/12/18	02/12/18	02/12/18	548,000,000	548,000,000	0	548,000,000	0
COOPERATIEVE RABOBANK UA/NY	02/13/18	02/13/18	02/13/18	550,000,000	550,000,000	0	550,000,000	0
COOPERATIEVE RABOBANK UA/NY	02/14/18	02/14/18	02/14/18	550,000,000	550,000,000	0	550,000,000	0
COOPERATIEVE RABOBANK UA/NY	02/15/18	02/15/18	02/15/18	500,000,000	500,000,000	0	500,000,000	0
COOPERATIEVE RABOBANK UA/NY	02/16/18	02/16/18	02/16/18	500,000,000	500,000,000	0	500,000,000	0
COOPERATIEVE RABOBANK UA/NY	02/20/18	02/20/18	02/20/18	590,000,000	590,000,000	0	590,000,000	0
COOPERATIEVE RABOBANK UA/NY	02/21/18	02/21/18	02/21/18	590,000,000	590,000,000	0	590,000,000	0

TRADING ACTIVITY FOR FEBRUARY 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
RABOBANK NEDERLAND CP	02/22/18	02/22/18	02/22/18	595,000,000	595,000,000	0	595,000,000	0
COOPERATIEVE RABOBANK UA/NY	02/23/18	02/23/18	02/23/18	487,900,000	487,900,000	0	487,900,000	0
COOPERATIEVE RABOBANK UA/NY	02/26/18	02/26/18	02/26/18	501,000,000	501,000,000	0	501,000,000	0
COOPERATIEVE RABOBANK UA/NY	02/27/18	02/27/18	02/27/18	400,000,000	400,000,000	0	400,000,000	0
RABOBANK NEDERLAND CP	02/28/18	02/28/18	02/28/18	388,100,000	388,100,000	0	388,100,000	0
CREDIT AGRICOLE CORCP	02/28/18	02/28/18	02/28/18	297,000,000	297,000,000	0	297,000,000	0
DZ BANK AG DEUTSCHECDYAN	02/02/18	02/02/18	02/02/18	20,000,000	20,000,000	0	20,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/01/18	02/01/18	02/01/18	485,000,000	485,000,000	0	485,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/02/18	02/02/18	02/02/18	296,700,000	296,700,000	0	296,700,000	0
DZ BANK AG DEUTSCHECP4-2	02/05/18	02/05/18	02/05/18	365,000,000	365,000,000	0	365,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/06/18	02/06/18	02/06/18	300,000,000	300,000,000	0	300,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/07/18	02/07/18	02/07/18	400,000,000	400,000,000	0	400,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/08/18	02/08/18	02/08/18	400,000,000	400,000,000	0	400,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/09/18	02/09/18	02/09/18	475,000,000	475,000,000	0	475,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/12/18	02/12/18	02/12/18	483,000,000	483,000,000	0	483,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/13/18	02/13/18	02/13/18	472,500,000	472,500,000	0	472,500,000	0
DZ BANK AG DEUTSCHECP4-2	02/14/18	02/14/18	02/14/18	475,000,000	475,000,000	0	475,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/15/18	02/15/18	02/15/18	485,000,000	485,000,000	0	485,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/16/18	02/16/18	02/16/18	475,000,000	475,000,000	0	475,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/20/18	02/20/18	02/20/18	225,000,000	225,000,000	0	225,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/21/18	02/21/18	02/21/18	171,700,000	171,700,000	0	171,700,000	0
DZ BANK AG DEUTSCHECP4-2	02/22/18	02/22/18	02/22/18	315,000,000	315,000,000	0	315,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/23/18	02/23/18	02/23/18	342,900,000	342,900,000	0	342,900,000	0
DZ BANK AG DEUTSCHECP4-2	02/26/18	02/26/18	02/26/18	400,000,000	400,000,000	0	400,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/27/18	02/27/18	02/27/18	473,000,000	473,000,000	0	473,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/28/18	02/28/18	02/28/18	493,100,000	493,100,000	0	493,100,000	0
GOTHAM FUNDING CORPCPABS4	02/20/18	02/20/18	02/20/18	50,000,000	50,000,000	0	50,000,000	0
LMA-AMERICAS LLCPCPABS4-2	02/01/18	02/01/18	02/01/18	141,600,000	141,600,000	0	141,600,000	0
LMA-AMERICAS LLCPCPABS4-2	02/02/18	02/02/18	02/02/18	269,700,000	269,700,000	0	269,700,000	0
LMA-AMERICAS LLCPCPABS4-2	02/05/18	02/05/18	02/05/18	50,000,000	50,000,000	0	50,000,000	0
LMA-AMERICAS LLCPCPABS4-2	02/06/18	02/06/18	02/06/18	25,000,000	25,000,000	0	25,000,000	0
LMA-AMERICAS LLCPCPABS4-2	02/08/18	02/08/18	02/08/18	100,000,000	100,000,000	0	100,000,000	0
LMA-AMERICAS LLCPCPABS4-2	02/12/18	02/12/18	02/12/18	156,200,000	156,200,000	0	156,200,000	0
LMA-AMERICAS LLCPCPABS4-2	02/13/18	02/13/18	02/13/18	323,700,000	323,700,000	0	323,700,000	0
LMA-AMERICAS LLCPCPABS4-2	02/14/18	02/14/18	02/14/18	419,800,000	419,800,000	0	419,800,000	0
LMA-AMERICAS LLCPCPABS4-2	02/15/18	02/15/18	02/15/18	60,000,000	60,000,000	0	60,000,000	0
LMA-AMERICAS LLCPCPABS4-2	02/16/18	02/16/18	02/16/18	103,600,000	103,600,000	0	103,600,000	0
LMA-AMERICAS LLCPCPABS4-2	02/20/18	02/20/18	02/20/18	114,000,000	114,000,000	0	114,000,000	0
LMA-AMERICAS LLCPCPABS4-2	02/21/18	02/21/18	02/21/18	100,000,000	100,000,000	0	100,000,000	0
LMA-AMERICAS LLCPCPABS4-2	02/22/18	02/22/18	02/22/18	135,000,000	135,000,000	0	135,000,000	0
LMA-AMERICAS LLCPCPABS4-2	02/23/18	02/23/18	02/23/18	100,000,000	100,000,000	0	100,000,000	0
LMA-AMERICAS LLCPCPABS4-2	02/26/18	02/26/18	02/26/18	100,000,000	100,000,000	0	100,000,000	0
LMA-AMERICAS LLCPCPABS4-2	02/27/18	02/27/18	02/27/18	223,000,000	223,000,000	0	223,000,000	0
LMA-AMERICAS LLCPCPABS4-2	02/28/18	02/28/18	02/28/18	288,700,000	288,700,000	0	288,700,000	0
MALAYAN BANKING BERCPLOC	02/05/18	02/05/18	02/05/18	33,900,000	33,900,000	0	33,900,000	0
MANHATTAN ASSET FUNCPABS4	02/07/18	02/07/18	02/07/18	184,000,000	184,000,000	0	184,000,000	0
MANHATTAN ASSET FUNCPABS4	02/12/18	02/12/18	02/12/18	14,800,000	14,800,000	0	14,800,000	0
NRW.BANK CP	02/21/18	02/21/18	02/21/18	100,000,000	100,000,000	0	100,000,000	0
NEDERLANDSEWATERSCCP4-2	02/27/18	02/27/18	02/27/18	5,000,000	5,000,000	0	5,000,000	0
NORDEA BANK ABCP4-2	02/22/18	02/22/18	02/22/18	59,650,000	59,650,000	0	59,650,000	0
NOVARTIS SECURITIESCP4-2	02/02/18	02/02/18	02/02/18	120,000,000	120,000,000	0	120,000,000	0
NOVARTIS FINANCE COCP4-2	02/02/18	02/02/18	02/02/18	17,900,000	17,900,000	0	17,900,000	0
NOVARTIS FINANCE COCP4-2	02/23/18	02/23/18	02/23/18	67,900,000	67,900,000	0	67,900,000	0
SOCIETE GENERALE, PCP4-2	02/01/18	02/01/18	02/01/18	85,000,000	85,000,000	0	85,000,000	0
SOCIETE GENERALE SA	02/05/18	02/05/18	02/05/18	125,000,000	125,000,000	0	125,000,000	0
SOCIETE GENERALE SA	02/06/18	02/06/18	02/06/18	160,000,000	160,000,000	0	160,000,000	0
SOCIETE GENERALE SA	02/07/18	02/07/18	02/07/18	170,000,000	170,000,000	0	170,000,000	0
SOCIETE GENERALE SA	02/08/18	02/08/18	02/08/18	180,000,000	180,000,000	0	180,000,000	0
SOCIETE GENERALE SA	02/09/18	02/09/18	02/09/18	170,000,000	170,000,000	0	170,000,000	0
SOCIETE GENERALE SA	02/12/18	02/12/18	02/12/18	177,000,000	177,000,000	0	177,000,000	0
SOCIETE GENERALE SA	02/13/18	02/13/18	02/13/18	185,000,000	185,000,000	0	185,000,000	0
SOCIETE GENERALE, PCP4-2	02/14/18	02/14/18	02/14/18	185,000,000	185,000,000	0	185,000,000	0
SOCIETE GENERALE SA	02/15/18	02/15/18	02/15/18	190,000,000	190,000,000	0	190,000,000	0
SOCIETE GENERALE SA	02/16/18	02/16/18	02/16/18	170,000,000	170,000,000	0	170,000,000	0
SOCIETE GENERALE SA	02/20/18	02/20/18	02/20/18	170,000,000	170,000,000	0	170,000,000	0
SOCIETE GENERALE SA	02/21/18	02/21/18	02/21/18	150,000,000	150,000,000	0	150,000,000	0
SOCIETE GENERALE, PCP4-2	02/22/18	02/22/18	02/22/18	120,000,000	120,000,000	0	120,000,000	0
SOCIETE GENERALE, PCP4-2	02/28/18	02/28/18	02/28/18	154,200,000	154,200,000	0	154,200,000	0
STARBIRD FUNDING COCPABS4	02/06/18	02/06/18	02/06/18	50,000,000	50,000,000	0	50,000,000	0
STARBIRD FUNDING COCPABS4	02/07/18	02/07/18	02/07/18	50,000,000	50,000,000	0	50,000,000	0
STARBIRD FUNDING COCPABS4	02/08/18	02/08/18	02/08/18	50,000,000	50,000,000	0	50,000,000	0
STARBIRD FUNDING COCPABS4	02/09/18	02/09/18	02/09/18	45,000,000	45,000,000	0	45,000,000	0
STARBIRD FUNDING COCPABS4	02/12/18	02/12/18	02/12/18	42,000,000	42,000,000	0	42,000,000	0
STARBIRD FUNDING COCPABS4	02/13/18	02/13/18	02/13/18	50,000,000	50,000,000	0	50,000,000	0
STARBIRD FUNDING COCPABS4	02/14/18	02/14/18	02/14/18	49,000,000	49,000,000	0	49,000,000	0
STARBIRD FUNDING COCPABS4	02/15/18	02/15/18	02/15/18	44,000,000	44,000,000	0	44,000,000	0
STARBIRD FUNDING COCPABS4	02/16/18	02/16/18	02/16/18	41,000,000	41,000,000	0	41,000,000	0
STARBIRD FUNDING COCPABS4	02/20/18	02/20/18	02/20/18	77,000,000	77,000,000	0	77,000,000	0
STARBIRD FUNDING COCPABS4	02/21/18	02/21/18	02/21/18	41,000,000	41,000,000	0	41,000,000	0
STARBIRD FUNDING COCPABS4	02/22/18	02/22/18	02/22/18	41,000,000	41,000,000	0	41,000,000	0
STARBIRD FUNDING COCPABS4	02/23/18	02/23/18	02/23/18	41,400,000	41,400,000	0	41,400,000	0
STARBIRD FUNDING COCPABS4	02/26/18	02/26/18	02/26/18	91,500,000	91,500,000	0	91,500,000	0
STARBIRD FUNDING COCPABS4	02/27/18	02/27/18	02/27/18	180,090,000	180,090,000	0	180,090,000	0
STARBIRD FUNDING COCPABS4	02/28/18	02/28/18	02/28/18	51,600,000	51,600,000	0	51,600,000	0
NETHERLANDS, GOVERNCP4-2	02/07/18	02/07/18	02/07/18	300,000,000	300,000,000	0	300,000,000	0
NETHERLANDS, GOVERNCP4-2	02/26/18	02/26/18	02/26/18	300,000,000	300,000,000	0	300,000,000	0
SUMITOMO MITSUI TRUCDYAN	02/01/18	02/01/18	02/01/18	200,000,000	200,000,000	0	200,000,000	0
WELLS FARGO BANK NA	02/01/18	02/01/18	02/01/18	25,000,000	25,000,000	0	25,000,000	0

TRADING ACTIVITY FOR FEBRUARY 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
WELLS FARGO BANK NA	02/06/18	02/06/18	02/06/18	25,000,000	25,000,000	0	25,000,000	0
MIZUHO TRIPARTY	02/01/18	02/01/18	02/01/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/01/18	02/01/18	02/01/18	765,000,000	765,000,000	0	765,000,000	0
MIZUHO TRIPARTY	02/02/18	02/02/18	02/02/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/02/18	02/02/18	02/02/18	30,000,000	30,000,000	0	30,000,000	0
MIZUHO TRIPARTY	02/05/18	02/05/18	02/05/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/05/18	02/05/18	02/05/18	230,000,000	230,000,000	0	230,000,000	0
MIZUHO TRIPARTY	02/06/18	02/06/18	02/06/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/06/18	02/06/18	02/06/18	290,000,000	290,000,000	0	290,000,000	0
MIZUHO TRIPARTY	02/07/18	02/07/18	02/07/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/07/18	02/07/18	02/07/18	265,000,000	265,000,000	0	265,000,000	0
MIZUHO TRIPARTY	02/08/18	02/08/18	02/08/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/08/18	02/08/18	02/08/18	250,000,000	250,000,000	0	250,000,000	0
MIZUHO TRIPARTY	02/09/18	02/09/18	02/09/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/09/18	02/09/18	02/09/18	240,000,000	240,000,000	0	240,000,000	0
MIZUHO TRIPARTY	02/12/18	02/12/18	02/12/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/12/18	02/12/18	02/12/18	315,000,000	315,000,000	0	315,000,000	0
MIZUHO TRIPARTY	02/13/18	02/13/18	02/13/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/13/18	02/13/18	02/13/18	235,000,000	235,000,000	0	235,000,000	0
MIZUHO TRIPARTY	02/14/18	02/14/18	02/14/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/14/18	02/14/18	02/14/18	180,000,000	180,000,000	0	180,000,000	0
MIZUHO TRIPARTY	02/15/18	02/15/18	02/15/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/15/18	02/15/18	02/15/18	170,000,000	170,000,000	0	170,000,000	0
MIZUHO TRIPARTY	02/16/18	02/16/18	02/16/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/16/18	02/16/18	02/16/18	150,000,000	150,000,000	0	150,000,000	0
MIZUHO TRIPARTY	02/20/18	02/20/18	02/20/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/20/18	02/20/18	02/20/18	300,000,000	300,000,000	0	300,000,000	0
MIZUHO TRIPARTY	02/21/18	02/21/18	02/21/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/21/18	02/21/18	02/21/18	460,000,000	460,000,000	0	460,000,000	0
MIZUHO TRIPARTY	02/22/18	02/22/18	02/22/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/22/18	02/22/18	02/22/18	270,000,000	270,000,000	0	270,000,000	0
BANK OF AMERICA TRIPARTY	02/23/18	02/23/18	02/23/18	180,000,000	180,000,000	0	180,000,000	0
MIZUHO TRIPARTY	02/23/18	02/23/18	02/23/18	15,000,000	15,000,000	0	15,000,000	0
MIZUHO TRIPARTY	02/26/18	02/26/18	02/26/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/26/18	02/26/18	02/26/18	230,000,000	230,000,000	0	230,000,000	0
MIZUHO TRIPARTY	02/27/18	02/27/18	02/27/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/27/18	02/27/18	02/27/18	415,000,000	415,000,000	0	415,000,000	0
MIZUHO TRIPARTY	02/28/18	02/28/18	02/28/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/28/18	02/28/18	02/28/18	285,000,000	285,000,000	0	285,000,000	0
STANDARD CHARTERED TD 1.44 20180201	02/01/18	02/01/18	02/01/18	300,000,000	300,000,000	0	300,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180206	02/06/18	02/06/18	02/06/18	100,000,000	100,000,000	0	100,000,000	0
STANDARD CHARTERED TD 1.44 20180207	02/07/18	02/07/18	02/07/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.33 20180201	02/01/18	02/01/18	02/01/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180202	02/02/18	02/02/18	02/02/18	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180208	02/08/18	02/08/18	02/08/18	300,000,000	300,000,000	0	300,000,000	0
STANDARD CHARTERED TD 1.44 20180208	02/08/18	02/08/18	02/08/18	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180205	02/05/18	02/05/18	02/05/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180206	02/06/18	02/06/18	02/06/18	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180212	02/12/18	02/12/18	02/12/18	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180207	02/07/18	02/07/18	02/07/18	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180213	02/13/18	02/13/18	02/13/18	100,000,000	100,000,000	0	100,000,000	0
STANDARD CHARTERED TD 1.44 20180214	02/14/18	02/14/18	02/14/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180208	02/08/18	02/08/18	02/08/18	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180215	02/15/18	02/15/18	02/15/18	350,000,000	350,000,000	0	350,000,000	0
STANDARD CHARTERED TD 1.44 20180215	02/15/18	02/15/18	02/15/18	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180209	02/09/18	02/09/18	02/09/18	550,000,000	550,000,000	0	550,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180212	02/12/18	02/12/18	02/12/18	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180220	02/20/18	02/20/18	02/20/18	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180213	02/13/18	02/13/18	02/13/18	500,000,000	500,000,000	0	500,000,000	0
RABOBANK NEDERLAND,TD 1.42 20180213	02/13/18	02/13/18	02/13/18	50,000,000	50,000,000	0	50,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180220	02/20/18	02/20/18	02/20/18	125,000,000	125,000,000	0	125,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180214	02/14/18	02/14/18	02/14/18	550,000,000	550,000,000	0	550,000,000	0
UBS AGTDCAY 1.45 20180221	02/21/18	02/21/18	02/21/18	200,000,000	200,000,000	0	200,000,000	0
STANDARD CHARTERED TD 1.44 20180221	02/21/18	02/21/18	02/21/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180215	02/15/18	02/15/18	02/15/18	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180222	02/22/18	02/22/18	02/22/18	350,000,000	350,000,000	0	350,000,000	0
STANDARD CHARTERED TD 1.44 20180222	02/22/18	02/22/18	02/22/18	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180216	02/16/18	02/16/18	02/16/18	550,000,000	550,000,000	0	550,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180220	02/20/18	02/20/18	02/20/18	595,000,000	595,000,000	0	595,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180227	02/27/18	02/27/18	02/27/18	245,000,000	245,000,000	0	245,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180221	02/21/18	02/21/18	02/21/18	595,000,000	595,000,000	0	595,000,000	0
UBS AGTDCAY 1.45 20180228	02/28/18	02/28/18	02/28/18	200,000,000	200,000,000	0	200,000,000	0
STANDARD CHARTERED TD 1.44 20180228	02/28/18	02/28/18	02/28/18	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180222	02/22/18	02/22/18	02/22/18	600,000,000	600,000,000	0	600,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180223	02/23/18	02/23/18	02/23/18	600,000,000	600,000,000	0	600,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180227	02/27/18	02/27/18	02/27/18	350,000,000	350,000,000	0	350,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180226	02/26/18	02/26/18	02/26/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180227	02/27/18	02/27/18	02/27/18	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 1.42 20180228	02/28/18	02/28/18	02/28/18	500,000,000	500,000,000	0	500,000,000	0
Total Maturities				48,588,141,000	48,588,141,000	0	48,588,141,000	0
Sells								
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/05/18	02/05/18	3,173,897	3,173,897	0	3,173,897	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/08/18	02/08/18	963,177	963,177	0	963,177	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/12/18	02/12/18	3,699,915	3,699,915	0	3,699,915	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/14/18	02/14/18	1,211,901	1,211,901	0	1,211,901	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/15/18	02/15/18	144,852	144,852	0	144,852	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/16/18	02/16/18	394,503	394,503	0	394,503	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/20/18	02/20/18	1,403,741	1,403,741	0	1,403,741	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/26/18	02/26/18	5,324,294	5,324,294	0	5,324,294	0
Total Sells				16,316,279	16,316,279	0	16,316,279	0



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Our Mission

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

Federated



MONTHLY SUMMARY REPORT

March 2018

State Board of Administration of Florida

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Past performance is no guarantee of future results.

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

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

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

INTRODUCTION

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

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

This report, which covers the period from March 1, 2018, through March 31, 2018, has been prepared by the SBA with input from Federated Investment Counseling (“Federated”), investment advisor for Florida PRIME in a format intended to comply with the statute.

DISCLOSURE OF MATERIAL IMPACTS

During the reporting period, Florida PRIME was in material compliance with investment policy. There were no developments that had a material impact on the liquidity or operation of Florida PRIME. Details are available in the PRIME policy compliance table. This report also includes details on market conditions; fees; fund holdings, transactions and performance; and client composition.

PRIME™ STATISTICS

(As of March 31, 2018)

Total Participants
737

Florida PRIME™ Assets
\$11,585,822,722

Total Number of Accounts
1,394

FACTS-AT-A-GLANCE PRIME is an exclusive service for Florida governmental organizations, providing a cost-effective investment vehicle for their surplus funds. Florida PRIME, the Local Government Surplus Funds Trust Fund, is utilized by hundreds of governmental investors including state agencies, state universities and colleges, counties, cities, special districts, school boards, and other direct support organizations of the State of Florida.

Florida PRIME is a government investment pool that offers management by an industry leader in professional money management, conservative investment policies, an extensive governance framework, a Standard & Poor’s “AAAm” rating, full transparency, and best-in-class financial reporting.

PORTFOLIO MANAGER COMMENTARY

MARKET CONDITIONS

Jerome Powell is not only the new chair of the Federal Reserve, but he also essentially has a different job than its last two leaders. While Ben Bernanke had to bail water and Janet Yellen had to right the ship, Chair Powell is charged with steering the economy back into harbor. In the statement and projections from last month's Federal Open Market Committee (FOMC) meeting, the first led by Powell, policymakers saw employment firming, inflation building—not ballooning—and economic activity increasing over the next few years. They seem to be dropping “cautiously” from “cautiously optimistic” about the next couple of years. With rates normalizing and the Fed's balance sheet declining, monetary policy is getting more straightforward. In its place, however, is choppy water of a different sort: political and unpredictable tariffs, taxes, walls, global relations, deficits and more.

What the U.S. economy needs now is a Fed that provides stability amid the uncertainty. Keeping things steady will be difficult, but if Powell can do it with the calm, confident and concise communication he showed in the press conference (only 43 minutes long!), it would be a major accomplishment. This is not a gender issue—both Ben Bernanke and Janet Yellen spoke in a stiff, academic style that was sometimes off-putting. Powell cut to the point in an almost casual way. Of course, the real test will be if Powell can gather consensus within the Fed board—still largely unfilled—and with regional presidents. The FOMC vote to raise the fed funds target range from 1.25-1.50% to 1.50-1.75% was unanimous, but that isn't likely to continue. But for now, we'll take slow and steady.

For cash managers, it was particularly helpful that the March hike and the projections for two more this year and three in 2019 were in line with expectations. We have our hands full with the remarkable amount of short-term Treasury supply in the market. Ever since the suspension of the debt ceiling, the Treasury Department has been borrowing at an accelerated rate to fund

increased government spending with less revenue from taxes and also to build up a cash balance. In fact, short Treasury yields were so elevated that overnight repo rates didn't rise much following the announcement of the hike because they already were nearly there. The London interbank offered rate (Libor) also spiked over the month due to a section of the tax overhaul requiring U.S.-based companies to repatriate overseas cash. That has slashed the demand for the short-term securities these companies traditionally buy with this money, driving up yields. Libor's vault over the month had 1-month closing at 1.88%, from 1.65% at the end of February; 3-month at 2.31%, from 1.99%; and 6-month at 2.45%, from 2.20%. The short end of the Treasury yield curve also increased over the quarter, with 1-month and 3-month Treasury yields rising from 1.50% to 1.71% and 1.65% to 1.76%, respectively.

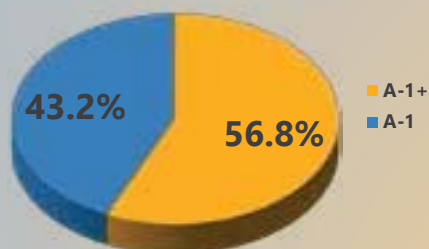
INVESTMENT STRATEGY

The Pool typically doesn't own Treasury securities, but the higher yields on T-bills due to heightened supply mentioned above simply were attractive in March compared to alternative investments in the overnight market or in short-term commercial paper. Therefore, the Pool manager added a 12% position of T-bills to the total holdings of the portfolio. As Libor also grew over March, the Pool manager also increased purchases of floating-rate instruments, pushing variable-rate commercial paper to 31% of total holdings. Fixed-rate commercial and bank paper fell to 11% and 36%, respectively, of total to balance the portfolio, with money market funds and repo relatively unchanged from February.

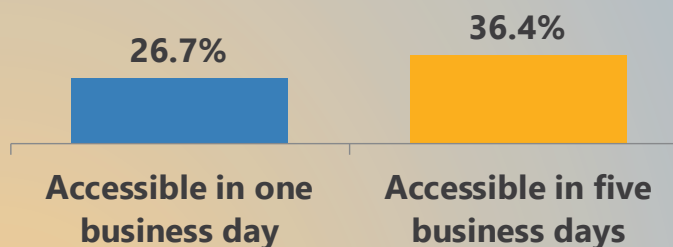
The bump in variable-rate instruments, such as asset-backed commercial paper floaters and bank floaters, caused the Pool's weighted average life (WAL) to move out to 90 days, while quarter-end activity led to an increase in its weighted average maturity (WAM) to 42 days, longer by 13 days. The gross yield of the fund jumped 29 basis points to 1.96% and the assets under management slipped to 11.6 billion on expected seasonal outflows.

PORTFOLIO COMPOSITION FOR MARCH 29, 2018

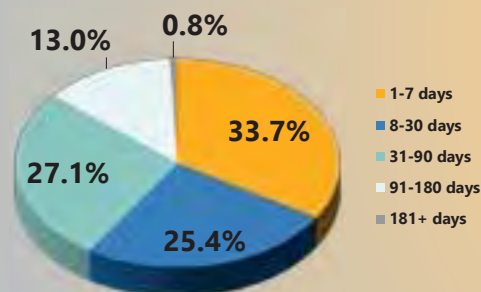
CREDIT QUALITY COMPOSITION



HIGHLY LIQUID HOLDINGS



EFFECTIVE MATURITY SCHEDULE



TOP HOLDINGS & AVG. MATURITY

1. United States Treasury	12.1%
2. Societe Generale, Paris	5.1%
3. Mitsubishi UFJ Financial Group, Inc.	5.0%
4. Royal Bank of Canada	5.0%
5. Mizuho Financial Group, Inc.	4.7%
6. JPMorgan Chase & Co.	4.6%
7. Sumitomo Mitsui Financial Group, Inc.	4.4%
8. Wells Fargo & Co.	4.4%
9. Federated Institutional Prime Value Obligations Fund	3.9%
10. Old Line Funding, LLC	3.7%

Average Effective Maturity (WAM) *

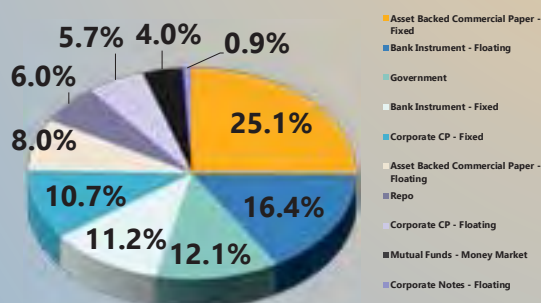
42.4 Days

Weighted Average Life (Spread WAL)

90.2 Days

Percentages based on total value of investments

PORTFOLIO COMPOSITION



FUND PERFORMANCE THROUGH MARCH 31, 2018

Florida PRIME Performance Data			
	Net Participant Yield ¹	Net-of-Fee Benchmark ²	Above (Below) Benchmark
One Month	1.80%	1.50%	0.30%
Three Months	1.73%	1.39%	0.35%
One Year	1.40%	1.09%	0.31%
Three Years	0.84%	0.57%	0.27%
Five Years	0.57%	0.36%	0.21%
Ten Years	0.59%	0.43%	0.17%
Since 1/96	2.59%	2.38%	0.22%

Note: Net asset value at month end: \$11,581.3 million, which includes investments at market value, plus all cash, accrued interest receivable and payables.

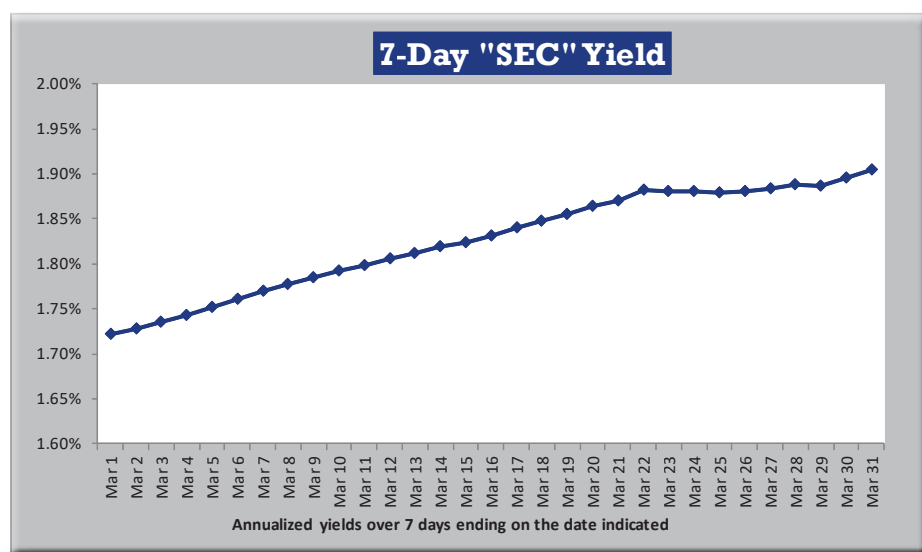
¹Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

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

ABOUT ANNUALIZED YIELDS:

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

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



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

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

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

PRIME ACCOUNT SUMMARY FOR MARCH 2018

Summary of Cash Flows		
Opening Balance (03/01/18)	\$	11,996,147,094
Participant Deposits		1,211,355,573
Gross Earnings		18,161,103
Participant Withdrawals		(1,639,497,587)
Fees		(343,461)
Closing Balance (03/31/18)	\$	11,585,822,722
Net Change over Month	\$	(410,324,372)

Detailed Fee Disclosure		
March	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 99,691.22	1.01
Federated Investment Management Fee	211,889.02	2.16
BNY Mellon Custodial Fee**	16,403.18	0.17
Bank of America Transfer Agent Fee	6,621.27	0.07
S&P Rating Maintenance Fee	3,821.92	0.04
Audit/External Review Fees	5,034.49	0.05
Total Fees	\$ 343,461.10	3.50

*The basis point equivalent is an annualized rate based on the dollar amount of fees charged for the month times 12, divided by an average of the fund's beginning and ending total value (amortized cost) for the month which was \$11,790,984,908.

**All custodian banking fees are allocated based on both market value (size) and level of service accurately passing through all charges to pool participants. Charges may fluctuate month-to-month.

INVENTORY OF HOLDINGS FOR MARCH 29, 2018

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
ABN Amro Bank NV, Amsterdam TD	TIME DEPOSIT	1.72	4/2/2018		200,000,000	1.74	\$200,000,000	\$200,000,000	\$0
ASB Finance Ltd., Jun 05, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	2.16	6/5/2018	6/5/2018	50,000,000	2.19	\$50,000,000	\$50,018,350	\$18,350
ASB Finance Ltd., May 17, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.94	5/17/2018	4/17/2018	25,000,000	1.99	\$24,999,115	\$25,003,425	\$4,310
Albion Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/3/2018		45,000,000	1.81	\$44,988,875	\$44,989,062	\$187
Albion Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/6/2018		40,000,000	1.84	\$39,983,911	\$39,984,311	\$400
Albion Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/25/2018		62,319,000	2.03	\$62,225,521	\$62,224,035	-\$1,486
Albion Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/27/2018		98,782,000	2.03	\$98,622,851	\$98,635,111	\$12,260
Anglesea Funding LLC, Aug 24, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	2.18	8/24/2018	4/27/2018	175,000,000	2.21	\$175,000,000	\$174,924,925	-\$75,075
Anglesea Funding LLC, Aug 31, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	2.20	8/31/2018	4/5/2018	70,000,000	2.03	\$70,000,000	\$70,002,868	\$2,868
Anglesea Funding LLC, Sep 04, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	2.22	9/4/2018	4/9/2018	100,000,000	2.06	\$100,000,000	\$100,000,003	\$3
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/4/2018		50,000,000	1.77	\$49,985,417	\$49,985,492	\$75
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/5/2018		100,000,000	1.79	\$99,965,778	\$99,965,972	\$194
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/5/2018		44,600,000	1.81	\$44,584,563	\$44,584,824	\$260
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/6/2018		94,400,000	1.82	\$94,362,450	\$94,363,100	\$650
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/20/2018		57,920,000	2.03	\$57,849,209	\$57,853,775	\$4,566
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/11/2018		50,000,000	2.07	\$49,878,764	\$49,881,631	\$2,867
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/15/2018		52,550,000	2.11	\$52,407,984	\$52,412,923	\$4,940
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/25/2018		65,310,000	2.19	\$65,087,674	\$65,099,256	\$11,582
Australia & New Zealand Banking Group, Melbourne CP4-2	COMMERCIAL PAPER - 4-2		6/12/2018		100,000,000	1.76	\$99,641,667	\$99,587,500	-\$54,167
BMO Harris Bank, N.A. CD	CERTIFICATE OF DEPOSIT	1.92	5/14/2018		20,000,000	1.95	\$20,000,000	\$19,997,200	-\$2,800
BMW US Capital LLC CP4-2	COMMERCIAL PAPER - 4-2		4/3/2018		70,000,000	1.78	\$69,982,986	\$69,982,967	-\$19
Bank of America N.A. BNOTE	BANK NOTE	1.50	4/18/2018		59,000,000	1.52	\$59,000,000	\$58,994,498	-\$5,502
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	1.81	4/2/2018		675,000,000	1.84	\$675,000,000	\$675,000,000	\$0
Bank of Montreal, Feb 22, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.13	2/22/2019	4/23/2018	50,000,000	2.16	\$50,000,000	\$49,928,350	-\$71,650
Bank of Montreal, Jan 04, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.13	1/4/2019	4/4/2018	50,000,000	1.96	\$50,000,000	\$49,938,850	-\$61,150
Bank of Montreal, Jan 07, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.15	1/7/2019	4/9/2018	49,000,000	1.98	\$49,000,000	\$48,938,113	-\$61,887
Bank of Montreal, Jan 11, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.15	1/11/2019	4/11/2018	60,000,000	2.02	\$60,000,057	\$59,921,820	-\$78,237
Bank of Montreal, Mar 18, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.43	3/18/2019	6/18/2018	25,000,000	2.46	\$25,000,000	\$24,997,529	-\$2,472

See notes at end of table.

INVENTORY OF HOLDINGS FOR MARCH 29, 2018

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Bank of Montreal, May 23, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.09	5/23/2018	5/23/2018	25,000,000	2.12	\$25,000,000	\$25,006,825	\$6,825
Bank of Montreal, Sep 12, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.20	9/12/2018	4/12/2018	50,000,000	2.23	\$50,000,000	\$49,986,750	-\$13,250
Bank of Nova Scotia, Toronto CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	2.28	6/22/2018		50,000,000	2.31	\$50,000,000	\$50,000,000	\$0
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		4/2/2018		100,000,000	1.83	\$99,980,000	\$99,982,500	\$2,500
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		4/13/2018		73,000,000	1.50	\$72,955,288	\$72,949,964	-\$5,323
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		5/23/2018		25,000,000	1.51	\$24,943,472	\$24,927,507	-\$15,965
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		6/7/2018		13,000,000	2.19	\$12,945,653	\$12,948,433	\$2,781
Bank of Nova Scotia, Toronto, Jul 02, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	2.07	7/2/2018	4/2/2018	25,000,000	1.88	\$25,000,000	\$24,999,575	-\$425
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	2.34	6/22/2018		60,000,000	2.37	\$60,000,000	\$60,000,000	\$0
Bank of Tokyo-Mitsubishi UFJ Ltd. CP	COMMERCIAL PAPER		7/10/2018		50,000,000	1.87	\$49,738,208	\$49,666,252	-\$71,957
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/3/2018		45,000,000	1.80	\$44,988,938	\$44,989,000	\$63
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/5/2018		93,800,000	1.81	\$93,767,535	\$93,767,535	\$0
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/6/2018		75,000,000	1.80	\$74,970,500	\$74,933,663	-\$36,838
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/11/2018		50,000,000	2.03	\$49,880,556	\$49,875,300	-\$5,256
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/24/2018		100,000,000	2.24	\$99,657,778	\$99,673,489	\$15,711
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/12/2018		50,000,000	1.62	\$49,769,583	\$49,661,084	-\$108,500
Bedford Row Funding Corp., Aug 03, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	2.07	8/3/2018	4/3/2018	20,000,000	1.89	\$20,000,000	\$19,991,060	-\$8,940
Bedford Row Funding Corp., Feb 01, 2019	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	2.16	2/1/2019	4/2/2018	30,000,000	1.96	\$30,000,000	\$29,940,750	-\$59,250
Bedford Row Funding Corp., Jan 11, 2019	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	2.16	1/11/2019	4/11/2018	20,000,000	2.03	\$20,000,000	\$19,968,160	-\$31,840
Bedford Row Funding Corp., Jan 14, 2019	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	2.02	1/14/2019	4/16/2018	30,000,000	2.05	\$30,000,000	\$30,000,000	\$0
Bedford Row Funding Corp., Jun 28, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	2.43	6/28/2018	6/28/2018	23,000,000	2.47	\$23,000,000	\$23,022,425	\$22,425
Bedford Row Funding Corp., Mar 15, 2019	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	2.35	3/15/2019	4/16/2018	10,000,000	2.39	\$10,000,000	\$9,996,880	-\$3,120
Bedford Row Funding Corp., Nov 09, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	2.13	11/9/2018	4/9/2018	13,000,000	1.97	\$13,000,000	\$12,987,078	-\$12,922
Bedford Row Funding Corp., Nov 19, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	2.04	11/19/2018	4/19/2018	29,000,000	2.07	\$29,000,000	\$29,000,000	\$0
Bedford Row Funding Corp., Oct 01, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	2.45	10/1/2018	4/2/2018	80,000,000	1.86	\$80,000,000	\$80,000,000	\$0
Bedford Row Funding Corp., Oct 05, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	2.47	10/5/2018	4/5/2018	20,000,000	1.87	\$20,000,000	\$20,019,700	\$19,700
Belgium, Government of ECP (USD)	EURO COMMERCIAL PAPER		4/9/2018		100,000,000	1.90	\$99,942,953	\$99,839,231	-\$103,722
Belgium, Government of ECP (USD)	EURO COMMERCIAL PAPER		4/10/2018		200,000,000	2.03	\$199,866,763	\$199,855,658	-\$11,105
Bruce T. Brown 2017 Irrevocable Trust, Series 2017, Oct 01, 2024	VARIABLE RATE DEMAND NOTE	1.80	10/1/2024	4/5/2018	5,185,000	1.80	\$5,185,000	\$5,185,000	\$0

See notes at end of table.

INVENTORY OF HOLDINGS FOR MARCH 29, 2018

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/5/2018		50,000,000	2.37	\$49,684,222	\$49,682,045	-\$2,178
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/7/2018		50,000,000	1.74	\$49,834,722	\$49,788,056	-\$46,667
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.57	7/3/2018		100,000,000	1.59	\$100,000,000	\$99,820,247	-\$179,753
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.57	7/5/2018		97,000,000	1.59	\$97,000,000	\$96,821,019	-\$178,981
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.59	7/9/2018		25,000,000	1.61	\$25,000,000	\$24,952,830	-\$47,170
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.76	11/13/2018		25,000,000	1.78	\$25,000,000	\$24,887,225	-\$112,775
Canadian Imperial Bank of Commerce, Apr 19, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.89	4/19/2018	4/19/2018	50,000,000	1.92	\$50,000,000	\$50,003,150	\$3,150
Canadian Imperial Bank of Commerce, Mar 01, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.19	3/1/2019	6/1/2018	94,500,000	2.22	\$94,500,000	\$94,592,043	\$92,043
Canadian Imperial Bank of Commerce, Nov 13, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.01	11/13/2018	4/13/2018	1,000,000	2.04	\$1,000,000	\$999,124	-\$876
Canadian Imperial Bank of Commerce, Sep 13, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.34	9/13/2018	6/13/2018	24,000,000	2.24	\$24,014,532	\$24,007,352	-\$7,180
Citibank NA, New York, Aug 01, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.06	8/1/2018	4/2/2018	100,000,000	1.86	\$100,000,000	\$99,959,100	-\$40,900
Citibank NA, New York, Jul 11, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.06	7/11/2018	4/11/2018	50,000,000	1.93	\$50,000,000	\$49,989,500	-\$10,500
Collateralized Commercial Paper Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		6/15/2018		15,000,000	1.62	\$14,948,650	\$14,926,940	-\$21,710
Collateralized Commercial Paper Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		9/7/2018		105,000,000	1.94	\$104,106,975	\$103,836,705	-\$270,270
Collateralized Commercial Paper Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		9/7/2018		54,000,000	1.96	\$53,535,870	\$53,401,734	-\$134,136
Collateralized Commercial Paper Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		9/14/2018		75,000,000	2.11	\$74,278,229	\$74,129,298	-\$148,931
Collateralized Commercial Paper Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		9/26/2018		50,000,000	2.31	\$49,434,375	\$49,374,042	-\$60,334
Collateralized Commercial Paper Co. LLC, Jul 31, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	2.11	7/31/2018	3/30/2018	11,000,000	1.89	\$11,000,000	\$10,997,591	-\$2,409
Collateralized Commercial Paper Co. LLC, Jun 22, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	2.40	6/22/2018	6/22/2018	95,700,000	2.43	\$95,700,000	\$95,783,929	\$83,929
Collateralized Commercial Paper Co. LLC, May 23, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	2.08	5/23/2018	4/23/2018	25,000,000	2.11	\$25,000,000	\$25,007,075	\$7,075
Collateralized Commercial Paper Co. LLC, Nov 27, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	2.19	11/27/2018	5/29/2018	50,000,000	2.22	\$50,000,000	\$50,000,000	\$0
Commonwealth Bank of Australia, Apr 27, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.87	4/27/2018	4/27/2018	15,000,000	1.91	\$15,000,015	\$15,000,720	\$705
Commonwealth Bank of Australia, Dec 28, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	2.14	12/28/2018	4/30/2018	50,000,000	2.17	\$50,000,000	\$49,947,750	-\$52,250
Commonwealth Bank of Australia, Feb 28, 2019	VARIABLE RATE COMMERCIAL PAPER - 4-2	2.21	2/28/2019	4/30/2018	54,000,000	2.24	\$54,000,000	\$53,955,936	-\$44,064
Commonwealth Bank of Australia, May 10, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	2.10	5/10/2018	4/10/2018	70,000,000	1.97	\$70,000,000	\$70,014,630	\$14,630
Corporate Finance Managers, Inc., Series B, Feb 02, 2043	VARIABLE RATE DEMAND NOTE	1.89	2/2/2043	4/5/2018	7,815,000	1.88	\$7,815,000	\$7,815,000	\$0
Dreyfus Government Cash Management Fund	OVERNIGHT MUTUAL FUND	1.45	4/2/2018	10/5/2016	4,005,778	1.47	\$4,005,778	\$4,005,778	\$0
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/1/2018		30,000,000	1.83	\$29,950,500	\$29,947,090	-\$3,410

See notes at end of table.

INVENTORY OF HOLDINGS FOR MARCH 29, 2018

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/12/2018		49,500,000	2.28	\$49,269,000	\$49,271,578	\$2,578
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/25/2018		75,000,000	2.38	\$74,572,833	\$74,567,700	-\$5,133
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/2/2018		75,000,000	2.38	\$74,538,854	\$74,527,771	-\$11,083
Gulf Gate Apartments LLC, Series 2003, Sep 01, 2028	VARIABLE RATE DEMAND NOTE	1.89	9/1/2028	4/5/2018	7,550,000	1.88	\$7,550,000	\$7,550,000	\$0
Henry Andrew Brown, III 2017 Irrevocable Trust, Series 2017, Oct 01, 2042	VARIABLE RATE DEMAND NOTE	1.80	10/1/2042	4/5/2018	4,260,000	1.80	\$4,260,000	\$4,260,000	\$0
Institutional Prime Value Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	1.92	4/2/2018	3/30/2018	456,059,512	1.82	\$456,059,512	\$456,059,512	\$0
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/26/2018		123,905,000	2.03	\$123,712,259	\$123,720,451	\$8,192
Los Angeles County Fair Association, Nov 01, 2039	VARIABLE RATE DEMAND NOTE	1.89	11/1/2039	4/4/2018	9,515,000	1.87	\$9,515,000	\$9,515,000	\$0
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		4/13/2018		5,000,000	1.61	\$4,996,708	\$4,996,250	-\$458
Mike P. Sturdivant, Sr. Family Trust, Series 2016, Nov 01, 2036	VARIABLE RATE DEMAND NOTE	1.80	11/1/2036	4/5/2018	2,200,000	1.80	\$2,200,000	\$2,200,000	\$0
Mississippi Business Finance Corp., Kohler Project, Jun 01, 2022	VARIABLE RATE DEMAND NOTE	2.10	6/1/2022	4/5/2018	10,000,000	2.10	\$10,000,000	\$10,000,000	\$0
Mizuho Bank Ltd. CDEUR (London)	CERTIFICATE OF DEPOSIT - EURO	0.00	6/6/2018		100,000,000	2.17	\$99,592,064	\$99,443,448	-\$148,616
Mizuho Bank Ltd. CDEUR (London)	CERTIFICATE OF DEPOSIT - EURO	0.00	6/8/2018		20,000,000	2.22	\$19,914,097	\$19,888,690	-\$25,408
Mizuho Bank Ltd. CDEUR (Sydney)	CERTIFICATE OF DEPOSIT - EURO	0.00	4/19/2018		270,000,000	1.84	\$269,716,209	\$268,783,753	-\$932,456
Mizuho Bank Ltd. CDEUR (Sydney)	CERTIFICATE OF DEPOSIT - EURO	0.00	4/30/2018		50,000,000	1.86	\$49,919,029	\$49,777,329	-\$141,700
Mizuho Bank Ltd. CP4-2	COMMERCIAL PAPER - 4-2		6/13/2018		75,000,000	2.24	\$74,651,667	\$74,659,900	\$8,233
Mizuho Bank Ltd. CP4-2	COMMERCIAL PAPER - 4-2		6/15/2018		25,000,000	2.35	\$24,875,417	\$24,882,783	\$7,367
Mizuho Securities USA, Inc. - REPO TRIPARTY OVERNIGHT FIXED	REPO TRIPARTY OVERNIGHT FIXED	1.82	4/2/2018		15,000,000	1.85	\$15,000,000	\$15,000,000	\$0
NRW Bank CP4-2	COMMERCIAL PAPER - 4-2		4/4/2018		100,000,000	1.73	\$99,971,667	\$99,972,133	\$466
National Australia Bank Ltd., Melbourne, Apr 06, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	2.46	4/6/2018	4/6/2018	53,000,000	1.87	\$53,000,000	\$53,001,325	\$1,325
Novant Health, Inc., Series 1997, Jun 01, 2022	VARIABLE RATE DEMAND NOTE	1.87	6/1/2022	4/4/2018	44,800,000	1.90	\$44,800,000	\$44,800,000	\$0
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/11/2018		40,000,000	1.74	\$39,860,222	\$39,820,344	-\$39,878
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/28/2018		25,000,000	2.26	\$24,767,778	\$24,741,917	-\$25,861
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/28/2018		40,000,000	2.31	\$39,620,000	\$39,587,067	-\$32,933
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/25/2018		75,000,000	2.57	\$74,062,500	\$74,077,500	\$15,000
Old Line Funding, LLC, Jul 25, 2018	COMMERCIAL PAPER ASSET BACKED CALLABLE		7/25/2018		100,000,000	2.40	\$99,229,722	\$99,210,138	-\$19,584
Old Line Funding, LLC, Jun 07, 2018	COMMERCIAL PAPER ASSET BACKED CALLABLE		6/7/2018		50,000,000	2.04	\$49,805,556	\$49,791,264	-\$14,292
Old Line Funding, LLC, Jun 11, 2018	COMMERCIAL PAPER ASSET BACKED CALLABLE		6/11/2018		50,000,000	2.04	\$49,794,444	\$49,691,667	-\$102,778
Old Line Funding, LLC, Nov 29, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	2.10	11/29/2018	4/30/2018	50,000,000	2.13	\$50,000,000	\$50,000,000	\$0

See notes at end of table.

INVENTORY OF HOLDINGS FOR MARCH 29, 2018

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Royal Bank of Canada, Dec 06, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.19	12/6/2018	6/6/2018	25,000,000	2.22	\$25,000,000	\$25,019,725	\$19,725
Royal Bank of Canada, Jan 03, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.46	1/3/2019	4/3/2018	50,000,000	1.87	\$50,000,000	\$50,061,150	\$61,150
Royal Bank of Canada, Jan 04, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.13	1/4/2019	4/4/2018	54,000,000	1.96	\$54,000,000	\$53,932,716	-\$67,284
Royal Bank of Canada, Jan 08, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.15	1/8/2019	4/9/2018	30,000,000	1.99	\$30,000,000	\$29,961,900	-\$38,100
Royal Bank of Canada, Jun 12, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.20	6/12/2018	6/12/2018	100,000,000	2.23	\$100,000,000	\$100,044,700	\$44,700
Sabri Arac, The Quarry Lane School Series 2005, Oct 01, 2035	VARIABLE RATE DEMAND NOTE	1.89	10/1/2035	4/5/2018	12,260,000	1.88	\$12,260,000	\$12,260,000	\$0
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/2/2018		128,000,000	1.77	\$127,975,111	\$127,975,480	\$369
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/3/2018		98,000,000	1.83	\$97,975,500	\$97,976,412	\$912
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/4/2018		100,000,000	2.16	\$99,605,444	\$99,606,375	\$931
Sumitomo Mitsui Banking Corp. CP4-2	COMMERCIAL PAPER - 4-2		5/21/2018		50,000,000	2.04	\$49,852,778	\$49,853,514	\$736
Sumitomo Mitsui Banking Corp. CP4-2	COMMERCIAL PAPER - 4-2		6/6/2018		20,000,000	2.19	\$19,917,583	\$19,919,308	\$1,725
Sumitomo Mitsui Banking Corp., Aug 10, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.13	8/10/2018	4/10/2018	20,000,000	2.07	\$19,995,142	\$19,993,420	-\$1,722
Sumitomo Mitsui Banking Corp., Aug 21, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.15	8/21/2018	4/23/2018	97,500,000	2.18	\$97,500,000	\$97,484,498	-\$15,503
Sumitomo Mitsui Banking Corp., Aug 28, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.19	8/28/2018	5/1/2018	50,000,000	2.22	\$50,000,000	\$49,992,200	-\$7,800
Sumitomo Mitsui Banking Corp., Jun 01, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.09	6/1/2018	4/2/2018	50,000,000	1.89	\$50,000,000	\$49,993,400	-\$6,600
Sumitomo Mitsui Banking Corp., Jun 06, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.09	6/6/2018	4/6/2018	100,000,000	1.92	\$100,000,000	\$100,000,000	\$0
Sumitomo Mitsui Banking Corp., May 21, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.05	5/21/2018	4/23/2018	50,000,000	2.08	\$50,000,000	\$49,994,350	-\$5,650
Sumitomo Mitsui Banking Corp., May 21, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.04	5/21/2018	4/23/2018	75,000,000	2.07	\$75,000,000	\$74,991,525	-\$8,475
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	2.30	6/20/2018		171,000,000	2.33	\$171,000,000	\$171,000,000	\$0
Sumitomo Mitsui Trust Bank Ltd., May 25, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.08	5/25/2018	4/25/2018	13,000,000	2.15	\$12,999,267	\$12,998,895	-\$372
TMF Biofuels LLC, Series 2012, Dec 01, 2032	VARIABLE RATE DEMAND NOTE	1.80	12/1/2032	4/5/2018	5,625,000	1.80	\$5,625,000	\$5,625,000	\$0
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/5/2018		30,000,000	1.74	\$29,903,667	\$29,878,903	-\$24,763
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/11/2018		55,000,000	1.74	\$54,807,806	\$54,752,748	-\$55,058
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/15/2018		40,000,000	1.80	\$39,847,467	\$39,807,600	-\$39,867
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/16/2018		20,000,000	1.91	\$19,886,761	\$19,857,694	-\$29,067
Thunder Bay Funding, LLC, Jul 23, 2018	COMMERCIAL PAPER ASSET BACKED CALLABLE		7/23/2018		35,000,000	2.33	\$34,742,867	\$34,733,732	-\$9,135
Thunder Bay Funding, LLC, Jul 27, 2018	COMMERCIAL PAPER ASSET BACKED CALLABLE		7/27/2018		100,000,000	2.22	\$99,276,667	\$99,150,083	-\$126,584
Thunder Bay Funding, LLC, Mar 21, 2019	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	2.37	3/21/2019	4/23/2018	76,000,000	2.40	\$76,000,000	\$76,056,088	\$56,088
Toronto Dominion Bank, Dec 03, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.12	12/3/2018	4/2/2018	103,000,000	1.92	\$103,000,000	\$102,882,168	-\$117,832
Toronto Dominion Bank, Nov 06, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.90	11/6/2018	5/7/2018	25,000,000	1.92	\$25,000,000	\$25,000,000	\$0

See notes at end of table.

INVENTORY OF HOLDINGS FOR MARCH 29, 2018

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Toronto Dominion Bank, Nov 30, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	2.11	11/30/2018	3/29/2018	100,000,000	2.14	\$100,000,000	\$99,888,000	-\$112,000
Toronto Dominion Bank, Sep 25, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	2.10	9/25/2018	4/25/2018	10,000,000	2.13	\$10,000,000	\$9,993,610	-\$6,390
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		4/3/2018		98,000,000	1.52	\$97,979,719	\$97,977,610	-\$2,110
Toyota Motor Credit Corp., Jul 03, 2018	VARIABLE RATE COMMERCIAL PAPER	2.41	7/3/2018	4/2/2018	24,500,000	1.82	\$24,500,000	\$24,520,090	\$20,090
Toyota Motor Finance (Netherlands) B.V., Dec 07, 2018	VARIABLE RATE COMMERCIAL PAPER	2.04	12/7/2018	4/12/2018	53,000,000	2.07	\$53,000,000	\$52,963,589	-\$36,411
U.S. Treasury Bill 04/05/2018	US TREASURY BILL	0.00	4/5/2018		500,000,000	1.57	\$499,849,305	\$499,932,255	\$82,950
U.S. Treasury Bill 04/12/2018	US TREASURY BILL	0.00	4/12/2018		200,000,000	1.68	\$199,871,667	\$199,909,114	\$37,447
U.S. Treasury Bill 06/21/2018	US TREASURY BILL	0.00	6/21/2018		100,000,000	1.78	\$99,591,667	\$99,624,167	\$32,500
U.S. Treasury Bill 06/21/2018	US TREASURY BILL	0.00	6/21/2018		230,000,000	1.78	\$229,059,492	\$229,135,584	\$76,092
U.S. Treasury Bill 06/28/2018	US TREASURY BILL	0.00	6/28/2018		200,000,000	1.79	\$199,112,750	\$199,186,792	\$74,042
U.S. Treasury Bill 09/20/2018	US TREASURY BILL	0.00	9/20/2018		170,000,000	1.97	\$168,413,333	\$168,484,928	\$71,594
UnitedHealth Group, Inc. CP4-2	COMMERCIAL PAPER - 4-2		4/2/2018		16,200,000	1.97	\$16,196,508	\$16,196,409	-\$99
Wal-Mart Stores, Inc. CP4-2	COMMERCIAL PAPER - 4-2		4/2/2018		105,000,000	1.83	\$104,979,000	\$104,979,502	\$502
Wells Fargo Bank, N.A., Aug 23, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.07	8/23/2018	4/23/2018	30,000,000	2.10	\$30,000,000	\$29,976,510	-\$23,490
Wells Fargo Bank, N.A., Dec 03, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.13	12/3/2018	4/2/2018	66,000,000	1.93	\$66,000,000	\$65,930,832	-\$69,168
Wells Fargo Bank, N.A., Dec 27, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.47	12/27/2018	6/27/2018	89,000,000	2.51	\$89,000,000	\$89,136,081	\$136,081
Wells Fargo Bank, N.A., Feb 01, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.94	2/1/2019	5/1/2018	50,000,000	1.97	\$50,000,000	\$50,055,500	\$55,500
Wells Fargo Bank, N.A., Mar 22, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.36	3/22/2019	4/23/2018	50,000,000	2.40	\$50,000,000	\$49,993,650	-\$6,350
Wells Fargo Bank, N.A., May 04, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.90	5/4/2018	5/4/2018	73,000,000	1.92	\$73,000,000	\$73,003,431	\$3,431
Wells Fargo Bank, N.A., Nov 28, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.11	11/28/2018	4/30/2018	50,000,000	2.14	\$50,000,000	\$49,946,700	-\$53,300
Westpac Banking Corp. Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.57	9/14/2018		50,000,000	1.59	\$50,000,000	\$49,839,481	-\$160,519
Westpac Banking Corp. Ltd., Sydney CP4-2	COMMERCIAL PAPER - 4-2		10/12/2018		15,000,000	1.76	\$14,859,638	\$14,812,193	-\$47,444
Westpac Banking Corp. Ltd., Sydney, Feb 27, 2019	VARIABLE RATE COMMERCIAL PAPER - 4-2	2.20	2/27/2019	5/28/2018	50,000,000	2.24	\$50,000,000	\$50,062,150	\$62,150
Westpac Banking Corp. Ltd., Sydney, Mar 12, 2019	VARIABLE RATE CERTIFICATE OF DEPOSIT	2.31	3/12/2019	6/12/2018	98,000,000	2.34	\$98,000,000	\$98,137,004	\$137,004
Total Value of Assets					11,593,761,290		\$11,575,806,592	\$11,572,321,899	-\$3,484,693

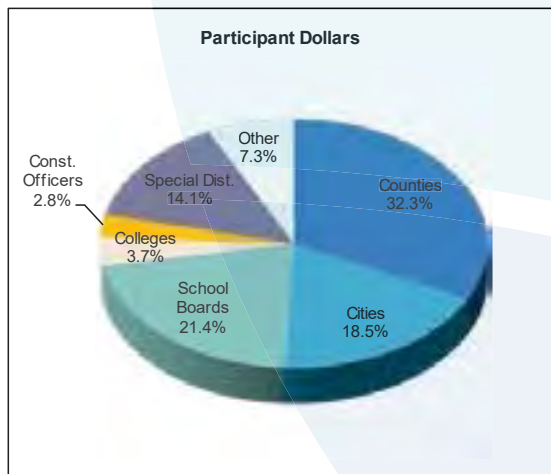
Notes: The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

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

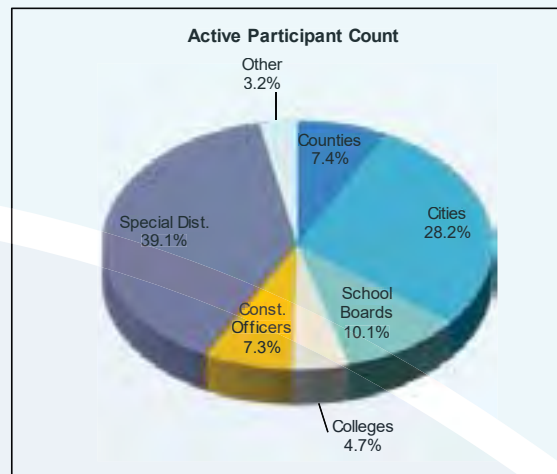
² Amortized cost is calculated using a straight line method.

PARTICIPANT CONCENTRATION DATA - AS OF MARCH 2018

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
All Participants	100.0%	100.0%	Colleges & Universities	3.7%	4.7%
Top 10	33.8%	1.4%	Top 10	3.5%	1.4%
\$100 million or more	53.6%	3.6%	\$100 million or more	1.6%	0.1%
\$10 million up to \$100 million	40.1%	17.5%	\$10 million up to \$100 million	1.7%	1.0%
\$1 million up to \$10 million	5.8%	22.9%	\$1 million up to \$10 million	0.4%	1.7%
Under \$1 million	0.5%	56.1%	Under \$1 million	0.02%	1.9%
Counties	32.3%	7.4%	Constitutional Officers	2.8%	7.3%
Top 10	25.6%	1.4%	Top 10	1.0%	1.4%
\$100 million or more	25.6%	1.4%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	6.3%	1.9%	\$10 million up to \$100 million	2.3%	1.0%
\$1 million up to \$10 million	0.4%	1.2%	\$1 million up to \$10 million	0.5%	1.9%
Under \$1 million	0.0%	2.9%	Under \$1 million	0.0%	4.4%
Municipalities	18.5%	28.2%	Special Districts	14.1%	39.1%
Top 10	8.4%	1.4%	Top 10	8.4%	1.4%
\$100 million or more	4.5%	0.6%	\$100 million or more	4.5%	0.4%
\$10 million up to \$100 million	11.7%	5.1%	\$10 million up to \$100 million	7.6%	3.6%
\$1 million up to \$10 million	2.1%	8.3%	\$1 million up to \$10 million	1.7%	7.4%
Under \$1 million	0.1%	14.3%	Under \$1 million	0.3%	27.7%
School Boards	21.4%	10.1%	Other	7.3%	3.2%
Top 10	15.3%	1.4%	Top 10	6.6%	1.4%
\$100 million or more	12.2%	0.7%	\$100 million or more	5.2%	0.4%
\$10 million up to \$100 million	8.6%	4.0%	\$10 million up to \$100 million	1.8%	1.0%
\$1 million up to \$10 million	0.5%	1.8%	\$1 million up to \$10 million	0.2%	0.6%
Under \$1 million	0.0%	3.6%	Under \$1 million	0.0%	1.2%



Total Fund Value: \$11,585,822,722



Total Active Participant Count: 726

Note: Active accounts include only those participant accounts valued above zero.

COMPLIANCE WITH INVESTMENT POLICY FOR MARCH 2018

As investment manager, Federated monitors compliance daily on Florida PRIME to ensure that investment practices comply with the requirements of the Investment Policy Statement (IPS). Federated provides a monthly compliance report to the SBA and is required to notify the Investment Oversight Group (IOG) of compliance exceptions within 24 hours of identification. The IOG meets monthly and on an ad hoc basis to review compliance exceptions, to document responses to exceptions, and to formally escalate recommendations for approval by the Executive Director & CIO. The IOG also reviews the Federated compliance report each month, as well as the results of independent compliance testing conducted by SBA Risk Management and Compliance. Minutes from the IOG meetings are posted to the Florida PRIME website.

In addition to the compliance testing performed by Federated, the SBA conducts independent testing on Florida PRIME using a risk-based approach. Under this approach, each IPS parameter is ranked as "High" or "Low" with respect to the level of risk associated with a potential guideline breach. IPS parameters with risk rankings of "High" are subject to independent verification by SBA Risk Management and Compliance. These rankings, along with the frequency for testing, are reviewed and approved by the IOG on an annual basis or more often if market conditions dictate. Additionally, any parameter reported in "Fail" status on the Federated compliance report, regardless of risk ranking, is also independently verified and escalated accordingly. The results of independent testing are currently reported monthly to the IOG.

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

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

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

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

TRADING ACTIVITY FOR MARCH 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
Buys								
ALBION CAPITAL LLC CPABS4	03/27/18	03/12/18	03/12/18	17,000,000	16,987,958	0	16,987,958	0
ALBION CAPITAL LLC CPABS4	04/03/18	03/27/18	03/27/18	45,000,000	44,984,425	0	44,984,425	0
ALBION CAPITAL LLC CPABS4	04/06/18	03/07/18	03/07/18	40,000,000	39,939,667	0	39,939,667	0
BELGIUM, GOVERNMENTECP	04/09/18	03/07/18	03/09/18	100,000,000	99,839,231	0	99,839,231	0
BELGIUM, GOVERNMENTECP	04/10/18	03/26/18	03/28/18	200,000,000	199,855,660	0	199,855,660	0
ANGLESEA FUNDING LLC	08/31/18	03/05/18	03/05/18	50,000,000	50,000,000	0	50,000,000	0
ANGLESEA FUNDING LLC	08/31/18	03/05/18	03/05/18	20,000,000	20,000,000	0	20,000,000	0
ANGLESEA FUNDING LLC	09/04/18	03/07/18	03/08/18	50,000,000	50,000,000	0	50,000,000	0
ANGLESEA FUNDING LLC	09/04/18	03/07/18	03/08/18	50,000,000	50,000,000	0	50,000,000	0
ANTALIS S.A, CPABS4CPABS4	03/08/18	03/01/18	03/01/18	48,500,000	48,485,854	0	48,485,854	0
ANTALIS S.A, CPABS4CPABS4	03/14/18	03/07/18	03/07/18	50,000,000	49,985,417	0	49,985,417	0
ANTALIS S.A, CPABS4CPABS4	03/15/18	03/08/18	03/08/18	48,500,000	48,485,854	0	48,485,854	0
ANTALIS S.A, CPABS4CPABS4	03/21/18	03/14/18	03/14/18	50,000,000	49,985,417	0	49,985,417	0
ANTALIS S.A, CPABS4CPABS4	03/21/18	03/14/18	03/14/18	4,840,000	4,838,588	0	4,838,588	0
ANTALIS S.A, CPABS4CPABS4	03/22/18	03/15/18	03/15/18	45,500,000	45,486,287	0	45,486,287	0
ANTALIS S.A, CPABS4CPABS4	03/22/18	03/15/18	03/15/18	50,000,000	49,985,222	0	49,985,222	0
ANTALIS S.A, CPABS4CPABS4	03/23/18	03/16/18	03/16/18	50,000,000	49,984,931	0	49,984,931	0
ANTALIS S.A, CPABS4CPABS4	03/23/18	03/16/18	03/16/18	3,000,000	2,999,096	0	2,999,096	0
ANTALIS S.A, CPABS4CPABS4	03/28/18	03/21/18	03/21/18	50,000,000	49,982,986	0	49,982,986	0
ANTALIS S.A, CPABS4CPABS4	04/04/18	03/28/18	03/28/18	50,000,000	49,982,986	0	49,982,986	0
ANTALIS S.A, CPABS4CPABS4	04/05/18	03/05/18	03/05/18	44,600,000	44,531,638	0	44,531,638	0
ANTALIS S.A, CPABS4CPABS4	04/05/18	03/29/18	03/29/18	50,000,000	49,982,889	0	49,982,889	0
ANTALIS S.A, CPABS4CPABS4	04/05/18	03/29/18	03/29/18	40,000,000	39,986,311	0	39,986,311	0
ANTALIS S.A, CPABS4CPABS4	04/05/18	03/29/18	03/29/18	10,000,000	9,996,578	0	9,996,578	0
ANTALIS S.A, CPABS4CPABS4	04/06/18	03/06/18	03/06/18	50,000,000	49,922,931	0	49,922,931	0
ANTALIS S.A, CPABS4CPABS4	04/06/18	03/06/18	03/06/18	44,400,000	44,331,562	0	44,331,562	0
ANTALIS S.A, CPABS4CPABS4	04/20/18	03/22/18	03/22/18	50,000,000	49,919,444	0	49,919,444	0
ANTALIS S.A, CPABS4CPABS4	04/20/18	03/22/18	03/22/18	7,920,000	7,907,240	0	7,907,240	0
ANTALIS S.A, CPABS4CPABS4	05/11/18	03/12/18	03/12/18	50,000,000	49,830,833	0	49,830,833	0
ANTALIS S.A, CPABS4CPABS4	05/15/18	03/16/18	03/16/18	50,000,000	49,827,500	0	49,827,500	0
ANTALIS S.A, CPABS4CPABS4	05/15/18	03/16/18	03/16/18	2,550,000	2,541,203	0	2,541,203	0
ANTALIS S.A, CPABS4CPABS4	05/25/18	03/26/18	03/26/18	50,000,000	49,820,833	0	49,820,833	0
ANTALIS S.A, CPABS4CPABS4	05/25/18	03/26/18	03/26/18	15,310,000	15,255,139	0	15,255,139	0
ATLANTIC ASSET SECUCPABS4	03/09/18	03/02/18	03/02/18	50,000,000	49,985,806	0	49,985,806	0
ATLANTIC ASSET SECUCPABS4	03/13/18	03/12/18	03/12/18	41,700,000	41,698,320	0	41,698,320	0
ATLANTIC ASSET SECUCPABS4	03/19/18	03/14/18	03/14/18	50,000,000	49,989,653	0	49,989,653	0
ATLANTIC ASSET SECUCPABS4	03/23/18	03/22/18	03/22/18	50,000,000	49,997,639	0	49,997,639	0
ATLANTIC ASSET SECUCPABS4	03/23/18	03/22/18	03/22/18	50,000,000	49,997,639	0	49,997,639	0
ATLANTIC ASSET SECUCPABS4	03/23/18	03/22/18	03/22/18	2,800,000	2,799,868	0	2,799,868	0
ATLANTIC ASSET SECUCPABS4	03/23/18	03/22/18	03/22/18	50,000,000	49,997,639	0	49,997,639	0
BMW US CAPITAL LLCCP4-2	03/26/18	03/19/18	03/19/18	50,000,000	49,983,861	0	49,983,861	0
BMW US CAPITAL LLCCP4-2	04/03/18	03/23/18	03/23/18	50,000,000	49,973,264	0	49,973,264	0
BMW US CAPITAL LLCCP4-2	04/03/18	03/23/18	03/23/18	20,000,000	19,989,306	0	19,989,306	0
BANK OF MONTREAL/CHICAGO IL	03/18/19	03/16/18	03/16/18	25,000,000	25,000,000	0	25,000,000	0
BANK OF MONTREAL/CHICAGO IL	09/12/18	03/16/18	03/16/18	50,000,000	50,000,000	0	50,000,000	0
BANK OF NEWYORK MECP	03/15/18	03/14/18	03/14/18	50,000,000	49,997,944	0	49,997,944	0
BANK OF NEWYORK MECP	03/15/18	03/14/18	03/14/18	30,840,000	30,838,732	0	30,838,732	0
BANK OF NEWYORK MECP	03/15/18	03/14/18	03/14/18	50,000,000	49,997,944	0	49,997,944	0
BANK OF NOVA SCOTIACDYAN	06/22/18	03/19/18	03/19/18	50,000,000	50,000,000	0	50,000,000	0
BANK OF NOVA SCOTIACP4-2	06/07/18	03/07/18	03/07/18	13,000,000	12,928,572	0	12,928,572	0
BANK OF TOKYO-MITSUCDYAN	06/22/18	03/20/18	03/22/18	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	06/22/18	03/20/18	03/22/18	10,000,000	10,000,000	0	10,000,000	0
BARTON CAPITAL LLCCPABS4-	03/09/18	03/08/18	03/08/18	50,000,000	49,997,972	0	49,997,972	0
BARTON CAPITAL LLCCPABS4-	03/09/18	03/08/18	03/08/18	50,000,000	49,997,972	0	49,997,972	0
BARTON CAPITAL LLCCPABS4-	03/09/18	03/08/18	03/08/18	50,000,000	49,997,972	0	49,997,972	0
BARTON CAPITAL LLCCPABS4-	03/09/18	03/08/18	03/08/18	50,000,000	49,997,972	0	49,997,972	0
BARTON CAPITAL LLCCPABS4-	04/03/18	03/02/18	03/02/18	45,000,000	44,929,200	0	44,929,200	0
BARTON CAPITAL LLCCPABS4-	04/05/18	03/05/18	03/05/18	43,800,000	43,732,864	0	43,732,864	0
BARTON CAPITAL LLCCPABS4-	04/05/18	03/05/18	03/05/18	50,000,000	49,923,361	0	49,923,361	0
BARTON CAPITAL LLCCPABS4-	04/06/18	03/02/18	03/02/18	50,000,000	49,913,958	0	49,913,958	0



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TRADING ACTIVITY FOR MARCH 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
COOPERATIEVE RABOBANK UA/NY	03/08/18	03/07/18	03/07/18	50,000,000	49,998,014	0	49,998,014	0
COOPERATIEVE RABOBANK UA/NY	03/08/18	03/07/18	03/07/18	50,000,000	49,998,014	0	49,998,014	0
COOPERATIEVE RABOBANK UA/NY	03/08/18	03/07/18	03/07/18	50,000,000	49,998,014	0	49,998,014	0
DZ BANK AG DEUTSCHECP4-2	03/02/18	03/01/18	03/01/18	50,000,000	49,998,014	0	49,998,014	0
DZ BANK AG DEUTSCHECP4-2	03/02/18	03/01/18	03/01/18	50,000,000	49,998,014	0	49,998,014	0
DZ BANK AG DEUTSCHECP4-2	03/02/18	03/01/18	03/01/18	50,000,000	49,998,014	0	49,998,014	0
DZ BANK AG DEUTSCHECP4-2	03/02/18	03/01/18	03/01/18	50,000,000	49,998,014	0	49,998,014	0
DZ BANK AG DEUTSCHECP4-2	03/02/18	03/01/18	03/01/18	50,000,000	49,998,014	0	49,998,014	0
DZ BANK AG DEUTSCHECP4-2	03/02/18	03/01/18	03/01/18	50,000,000	49,998,014	0	49,998,014	0
DZ BANK AG DEUTSCHECP4-2	03/02/18	03/01/18	03/01/18	50,000,000	49,998,014	0	49,998,014	0
DZ BANK AG DEUTSCHECP4-2	03/02/18	03/01/18	03/01/18	43,300,000	43,298,280	0	43,298,280	0
DZ BANK AG DEUTSCHECP4-2	03/02/18	03/01/18	03/01/18	50,000,000	49,998,014	0	49,998,014	0
DZ BANK AG DEUTSCHECP4-2	03/02/18	03/01/18	03/01/18	50,000,000	49,998,014	0	49,998,014	0
DZ BANK AG DEUTSCHECP4-2	03/02/18	03/01/18	03/01/18	50,000,000	49,998,014	0	49,998,014	0
DZ BANK AG DEUTSCHECP4-2	03/02/18	03/01/18	03/01/18	50,000,000	49,998,014	0	49,998,014	0
DZ BANK AG DEUTSCHECP4-2	03/02/18	03/01/18	03/01/18	50,000,000	49,998,014	0	49,998,014	0
DZ BANK AG DEUTSCHECP4-2	03/05/18	03/02/18	03/02/18	50,000,000	49,994,083	0	49,994,083	0
DZ BANK AG DEUTSCHECP4-2	03/05/18	03/02/18	03/02/18	50,000,000	49,994,083	0	49,994,083	0
DZ BANK AG DEUTSCHECP4-2	03/05/18	03/02/18	03/02/18	40,000,000	39,995,267	0	39,995,267	0
DZ BANK AG DEUTSCHECP4-2	03/05/18	03/02/18	03/02/18	50,000,000	49,994,083	0	49,994,083	0
DZ BANK AG DEUTSCHECP4-2	03/05/18	03/02/18	03/02/18	50,000,000	49,994,083	0	49,994,083	0
DZ BANK AG DEUTSCHECP4-2	03/05/18	03/02/18	03/02/18	50,000,000	49,994,083	0	49,994,083	0
DZ BANK AG DEUTSCHECP4-2	03/05/18	03/02/18	03/02/18	50,000,000	49,994,083	0	49,994,083	0
DZ BANK AG DEUTSCHECP4-2	03/05/18	03/02/18	03/02/18	50,000,000	49,994,083	0	49,994,083	0
DZ BANK AG DEUTSCHECP4-2	03/05/18	03/02/18	03/02/18	50,000,000	49,994,083	0	49,994,083	0
DZ BANK AG DEUTSCHECP4-2	03/05/18	03/02/18	03/02/18	50,000,000	49,994,083	0	49,994,083	0
DZ BANK AG DEUTSCHECP4-2	03/05/18	03/02/18	03/02/18	43,600,000	43,594,841	0	43,594,841	0
DZ BANK AG DEUTSCHECP4-2	03/08/18	03/07/18	03/07/18	50,000,000	49,998,028	0	49,998,028	0
DZ BANK AG DEUTSCHECP4-2	03/08/18	03/07/18	03/07/18	50,000,000	49,998,028	0	49,998,028	0
DZ BANK AG DEUTSCHECP4-2	03/08/18	03/07/18	03/07/18	50,000,000	49,998,028	0	49,998,028	0
DZ BANK AG DEUTSCHECP4-2	03/08/18	03/07/18	03/07/18	50,000,000	49,998,028	0	49,998,028	0
DZ BANK AG DEUTSCHECP4-2	03/08/18	03/07/18	03/07/18	39,000,000	38,998,462	0	38,998,462	0
GOTHAM FUNDING CORPCPABS4	06/12/18	03/14/18	03/14/18	49,500,000	49,222,800	0	49,222,800	0
GOTHAM FUNDING CORPCPABS4	06/25/18	03/22/18	03/23/18	50,000,000	49,695,806	0	49,695,806	0
GOTHAM FUNDING CORPCPABS4	06/25/18	03/22/18	03/23/18	25,000,000	24,847,903	0	24,847,903	0
GOTHAM FUNDING CORPCPABS4	07/02/18	03/26/18	03/26/18	50,000,000	49,682,861	0	49,682,861	0
GOTHAM FUNDING CORPCPABS4	07/02/18	03/26/18	03/26/18	25,000,000	24,841,431	0	24,841,431	0
LMA-AMERICAS LLCPCPABS4-2	03/02/18	03/01/18	03/01/18	38,300,000	38,298,479	0	38,298,479	0
LMA-AMERICAS LLCPCPABS4-2	03/02/18	03/01/18	03/01/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLCPCPABS4-2	03/05/18	03/02/18	03/02/18	50,000,000	49,994,042	0	49,994,042	0
LMA-AMERICAS LLCPCPABS4-2	03/05/18	03/02/18	03/02/18	38,600,000	38,595,400	0	38,595,400	0
LMA-AMERICAS LLCPCPABS4-2	03/06/18	03/05/18	03/05/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLCPCPABS4-2	03/06/18	03/05/18	03/05/18	38,800,000	38,798,459	0	38,798,459	0
LMA-AMERICAS LLCPCPABS4-2	03/07/18	03/06/18	03/06/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLCPCPABS4-2	03/07/18	03/06/18	03/06/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLCPCPABS4-2	03/07/18	03/06/18	03/06/18	33,300,000	33,298,668	0	33,298,668	0
LMA-AMERICAS LLCPCPABS4-2	03/08/18	03/07/18	03/07/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLCPCPABS4-2	03/08/18	03/07/18	03/07/18	38,600,000	38,598,467	0	38,598,467	0
LMA-AMERICAS LLCPCPABS4-2	03/08/18	03/07/18	03/07/18	40,000,000	39,998,278	0	39,998,278	0
LMA-AMERICAS LLCPCPABS4-2	03/08/18	03/07/18	03/07/18	50,000,000	49,997,847	0	49,997,847	0
LMA-AMERICAS LLCPCPABS4-2	03/08/18	03/07/18	03/07/18	50,000,000	49,997,986	0	49,997,986	0
LMA-AMERICAS LLCPCPABS4-2	03/08/18	03/07/18	03/07/18	50,000,000	49,997,986	0	49,997,986	0
LMA-AMERICAS LLCPCPABS4-2	03/08/18	03/07/18	03/07/18	50,000,000	49,997,986	0	49,997,986	0
LMA-AMERICAS LLCPCPABS4-2	03/08/18	03/07/18	03/07/18	50,000,000	49,997,986	0	49,997,986	0
LMA-AMERICAS LLCPCPABS4-2	03/08/18	03/07/18	03/07/18	50,000,000	49,997,986	0	49,997,986	0
LMA-AMERICAS LLCPCPABS4-2	03/09/18	03/08/18	03/08/18	50,000,000	49,997,986	0	49,997,986	0
LMA-AMERICAS LLCPCPABS4-2	03/09/18	03/08/18	03/08/18	38,300,000	38,298,457	0	38,298,457	0
LMA-AMERICAS LLCPCPABS4-2	03/12/18	03/09/18	03/09/18	50,000,000	49,993,958	0	49,993,958	0
LMA-AMERICAS LLCPCPABS4-2	03/12/18	03/09/18	03/09/18	50,000,000	49,993,958	0	49,993,958	0
LMA-AMERICAS LLCPCPABS4-2	03/12/18	03/09/18	03/09/18	38,400,000	38,395,360	0	38,395,360	0
LMA-AMERICAS LLCPCPABS4-2	03/12/18	03/09/18	03/09/18	50,000,000	49,993,958	0	49,993,958	0
LMA-AMERICAS LLCPCPABS4-2	03/12/18	03/09/18	03/09/18	50,000,000	49,993,958	0	49,993,958	0
LMA-AMERICAS LLCPCPABS4-2	03/12/18	03/09/18	03/09/18	48,200,000	48,194,176	0	48,194,176	0

TRADING ACTIVITY FOR MARCH 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
LMA-AMERICAS LLCCPABS4-2	03/13/18	03/12/18	03/12/18	50,000,000	49,997,986	0	49,997,986	0
LMA-AMERICAS LLCCPABS4-2	03/13/18	03/12/18	03/12/18	39,000,000	38,998,429	0	38,998,429	0
LMA-AMERICAS LLCCPABS4-2	03/14/18	03/13/18	03/13/18	50,000,000	49,998,014	0	49,998,014	0
LMA-AMERICAS LLCCPABS4-2	03/14/18	03/13/18	03/13/18	39,000,000	38,998,451	0	38,998,451	0
LMA-AMERICAS LLCCPABS4-2	03/14/18	03/13/18	03/13/18	50,000,000	49,997,986	0	49,997,986	0
LMA-AMERICAS LLCCPABS4-2	03/14/18	03/13/18	03/13/18	50,000,000	49,997,986	0	49,997,986	0
LMA-AMERICAS LLCCPABS4-2	03/14/18	03/13/18	03/13/18	50,000,000	49,997,986	0	49,997,986	0
LMA-AMERICAS LLCCPABS4-2	03/14/18	03/13/18	03/13/18	45,100,000	45,098,183	0	45,098,183	0
LMA-AMERICAS LLCCPABS4-2	03/14/18	03/13/18	03/13/18	50,000,000	49,997,986	0	49,997,986	0
LMA-AMERICAS LLCCPABS4-2	03/15/18	03/14/18	03/14/18	50,000,000	49,997,986	0	49,997,986	0
LMA-AMERICAS LLCCPABS4-2	03/15/18	03/14/18	03/14/18	50,000,000	49,997,986	0	49,997,986	0
LMA-AMERICAS LLCCPABS4-2	03/15/18	03/14/18	03/14/18	50,000,000	49,997,986	0	49,997,986	0
LMA-AMERICAS LLCCPABS4-2	03/15/18	03/14/18	03/14/18	50,000,000	49,997,986	0	49,997,986	0
LMA-AMERICAS LLCCPABS4-2	03/15/18	03/14/18	03/14/18	32,300,000	32,298,699	0	32,298,699	0
LMA-AMERICAS LLCCPABS4-2	03/15/18	03/14/18	03/14/18	50,000,000	49,997,986	0	49,997,986	0
LMA-AMERICAS LLCCPABS4-2	03/15/18	03/14/18	03/14/18	50,000,000	49,997,986	0	49,997,986	0
LMA-AMERICAS LLCCPABS4-2	03/15/18	03/14/18	03/14/18	50,000,000	49,997,986	0	49,997,986	0
LMA-AMERICAS LLCCPABS4-2	03/15/18	03/14/18	03/14/18	25,000,000	24,998,993	0	24,998,993	0
LMA-AMERICAS LLCCPABS4-2	03/20/18	03/19/18	03/19/18	50,000,000	49,997,917	0	49,997,917	0
LMA-AMERICAS LLCCPABS4-2	03/20/18	03/19/18	03/19/18	50,000,000	49,997,917	0	49,997,917	0
LMA-AMERICAS LLCCPABS4-2	03/20/18	03/19/18	03/19/18	39,000,000	38,998,375	0	38,998,375	0
LMA-AMERICAS LLCCPABS4-2	03/20/18	03/19/18	03/19/18	50,000,000	49,997,917	0	49,997,917	0
LMA-AMERICAS LLCCPABS4-2	03/21/18	03/20/18	03/20/18	50,000,000	49,997,917	0	49,997,917	0
LMA-AMERICAS LLCCPABS4-2	03/21/18	03/20/18	03/20/18	50,000,000	49,997,917	0	49,997,917	0
LMA-AMERICAS LLCCPABS4-2	03/21/18	03/20/18	03/20/18	39,000,000	38,998,375	0	38,998,375	0
LMA-AMERICAS LLCCPABS4-2	03/22/18	03/21/18	03/21/18	50,000,000	49,997,917	0	49,997,917	0
LMA-AMERICAS LLCCPABS4-2	03/22/18	03/21/18	03/21/18	50,000,000	49,997,917	0	49,997,917	0
LMA-AMERICAS LLCCPABS4-2	03/22/18	03/21/18	03/21/18	50,000,000	49,997,917	0	49,997,917	0
LMA-AMERICAS LLCCPABS4-2	03/22/18	03/21/18	03/21/18	43,100,000	43,098,204	0	43,098,204	0
LMA-AMERICAS LLCCPABS4-2	03/22/18	03/21/18	03/21/18	50,000,000	49,997,917	0	49,997,917	0
LMA-AMERICAS LLCCPABS4-2	03/22/18	03/21/18	03/21/18	50,000,000	49,997,917	0	49,997,917	0
LMA-AMERICAS LLCCPABS4-2	03/22/18	03/21/18	03/21/18	50,000,000	49,997,917	0	49,997,917	0
LMA-AMERICAS LLCCPABS4-2	03/22/18	03/21/18	03/21/18	1,800,000	1,799,925	0	1,799,925	0
LMA-AMERICAS LLCCPABS4-2	03/22/18	03/21/18	03/21/18	50,000,000	49,997,917	0	49,997,917	0
LMA-AMERICAS LLCCPABS4-2	03/22/18	03/21/18	03/21/18	50,000,000	49,997,917	0	49,997,917	0
LMA-AMERICAS LLCCPABS4-2	03/22/18	03/21/18	03/21/18	50,000,000	49,997,917	0	49,997,917	0
LMA-AMERICAS LLCCPABS4-2	03/23/18	03/22/18	03/22/18	50,000,000	49,997,639	0	49,997,639	0
LMA-AMERICAS LLCCPABS4-2	03/23/18	03/22/18	03/22/18	50,000,000	49,997,639	0	49,997,639	0
LMA-AMERICAS LLCCPABS4-2	03/23/18	03/22/18	03/22/18	50,000,000	49,997,639	0	49,997,639	0
LMA-AMERICAS LLCCPABS4-2	03/23/18	03/22/18	03/22/18	38,800,000	38,798,168	0	38,798,168	0
LMA-AMERICAS LLCCPABS4-2	03/26/18	03/23/18	03/23/18	50,000,000	49,992,833	0	49,992,833	0
LMA-AMERICAS LLCCPABS4-2	03/26/18	03/23/18	03/23/18	50,000,000	49,992,833	0	49,992,833	0
LMA-AMERICAS LLCCPABS4-2	03/26/18	03/23/18	03/23/18	50,000,000	49,992,833	0	49,992,833	0
LMA-AMERICAS LLCCPABS4-2	03/26/18	03/23/18	03/23/18	50,000,000	49,992,833	0	49,992,833	0
LMA-AMERICAS LLCCPABS4-2	03/26/18	03/23/18	03/23/18	16,700,000	16,697,606	0	16,697,606	0
LMA-AMERICAS LLCCPABS4-2	04/26/18	03/27/18	03/27/18	50,000,000	49,916,667	0	49,916,667	0
LMA-AMERICAS LLCCPABS4-2	04/26/18	03/27/18	03/27/18	50,000,000	49,916,667	0	49,916,667	0
LMA-AMERICAS LLCCPABS4-2	04/26/18	03/27/18	03/27/18	23,905,000	23,865,158	0	23,865,158	0
LONG ISLAND POWER AUTHORITY	03/14/18	03/08/18	03/08/18	50,000,000	50,000,000	0	50,000,000	0
MIZUHO BANK LTD,CP	06/13/18	03/09/18	03/09/18	50,000,000	49,706,667	0	49,706,667	0
MIZUHO BANK LTD,CP	06/13/18	03/09/18	03/09/18	25,000,000	24,853,333	0	24,853,333	0
MIZUHO BANK LTD, CPCP4-2	06/15/18	03/15/18	03/16/18	25,000,000	24,854,653	0	24,854,653	0
NOVARTIS FINANCE COCP4-2	03/09/18	03/01/18	03/01/18	35,000,000	34,988,333	0	34,988,333	0
NOVARTIS FINANCE CORP	03/12/18	03/09/18	03/09/18	26,000,000	25,996,858	0	25,996,858	0
NOVARTIS FINANCE CORP	03/12/18	03/09/18	03/09/18	26,000,000	25,996,858	0	25,996,858	0

TRADING ACTIVITY FOR MARCH 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
OLD LINE FUNDING, LCPABS4	09/25/18	03/22/18	03/26/18	50,000,000	49,364,583	0	49,364,583	0
OLD LINE FUNDING, LCPABS4	09/25/18	03/22/18	03/26/18	25,000,000	24,682,292	0	24,682,292	0
OLD LINE FUNDING, LLC, JU	07/25/18	03/22/18	03/26/18	50,000,000	49,605,069	0	49,605,069	0
OLD LINE FUNDING, LLC, JU	07/25/18	03/22/18	03/26/18	50,000,000	49,605,069	0	49,605,069	0
PHILIP MORRIS INTERCP4-2	03/21/18	03/14/18	03/14/18	50,000,000	49,985,222	0	49,985,222	0
PHILIP MORRIS INTERCP4-2	03/21/18	03/14/18	03/14/18	50,000,000	49,985,222	0	49,985,222	0
PHILIP MORRIS INTERCP4-2	03/21/18	03/14/18	03/14/18	50,000,000	49,985,222	0	49,985,222	0
PHILIP MORRIS INTERCP4-2	03/21/18	03/14/18	03/14/18	25,000,000	24,992,611	0	24,992,611	0
PHILIP MORRIS INTERCP4-2	03/21/18	03/14/18	03/14/18	50,000,000	49,985,222	0	49,985,222	0
PHILIP MORRIS INTERCP4-2	03/21/18	03/14/18	03/14/18	40,000,000	39,988,178	0	39,988,178	0
PHILIP MORRIS INTERCP4-2	03/28/18	03/21/18	03/21/18	50,000,000	49,983,375	0	49,983,375	0
PHILIP MORRIS INTERCP4-2	03/28/18	03/21/18	03/21/18	11,300,000	11,296,243	0	11,296,243	0
ROCHE HOLDINGS INC	03/20/18	03/13/18	03/13/18	12,683,000	12,679,301	0	12,679,301	0
SOCIETE GENERALE SA	03/02/18	03/01/18	03/01/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE SA	03/02/18	03/01/18	03/01/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE SA	03/02/18	03/01/18	03/01/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE SA	03/02/18	03/01/18	03/01/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE, PCP4-2	03/05/18	03/02/18	03/02/18	50,000,000	49,994,042	0	49,994,042	0
SOCIETE GENERALE, PCP4-2	03/05/18	03/02/18	03/02/18	50,000,000	49,994,042	0	49,994,042	0
SOCIETE GENERALE SA	03/07/18	03/06/18	03/06/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE SA	03/07/18	03/06/18	03/06/18	20,000,000	19,999,206	0	19,999,206	0
SOCIETE GENERALE SA	03/07/18	03/06/18	03/06/18	50,000,000	49,998,014	0	49,998,014	0
SOCIETE GENERALE SA	03/12/18	03/09/18	03/09/18	50,000,000	49,994,042	0	49,994,042	0
SOCIETE GENERALE SA	03/12/18	03/09/18	03/09/18	50,000,000	49,994,042	0	49,994,042	0
SOCIETE GENERALE SA	03/12/18	03/09/18	03/09/18	22,450,000	22,447,325	0	22,447,325	0
STARBIRD FUNDING COCPABS4	03/02/18	03/01/18	03/01/18	50,000,000	49,997,986	0	49,997,986	0
STARBIRD FUNDING COCPABS4	03/02/18	03/01/18	03/01/18	1,800,000	1,799,928	0	1,799,928	0
STARBIRD FUNDING COCPABS4	03/05/18	03/02/18	03/02/18	50,000,000	49,993,958	0	49,993,958	0
STARBIRD FUNDING COCPABS4	03/05/18	03/02/18	03/02/18	17,100,000	17,097,934	0	17,097,934	0
STARBIRD FUNDING COCPABS4	03/06/18	03/05/18	03/05/18	50,000,000	49,997,986	0	49,997,986	0
STARBIRD FUNDING COCPABS4	03/06/18	03/05/18	03/05/18	17,300,000	17,299,303	0	17,299,303	0
STARBIRD FUNDING COCPABS4	03/07/18	03/06/18	03/06/18	50,000,000	49,997,986	0	49,997,986	0
STARBIRD FUNDING COCPABS4	03/07/18	03/06/18	03/06/18	15,600,000	15,599,372	0	15,599,372	0
STARBIRD FUNDING COCPABS4	03/08/18	03/07/18	03/07/18	50,000,000	49,997,986	0	49,997,986	0
STARBIRD FUNDING COCPABS4	03/08/18	03/07/18	03/07/18	15,600,000	15,599,372	0	15,599,372	0
STARBIRD FUNDING COCPABS4	03/09/18	03/08/18	03/08/18	50,000,000	49,997,972	0	49,997,972	0
STARBIRD FUNDING COCPABS4	03/09/18	03/08/18	03/08/18	50,000,000	49,997,972	0	49,997,972	0
STARBIRD FUNDING COCPABS4	03/09/18	03/08/18	03/08/18	15,300,000	15,299,380	0	15,299,380	0
STARBIRD FUNDING COCPABS4	03/12/18	03/09/18	03/09/18	50,000,000	49,993,958	0	49,993,958	0
STARBIRD FUNDING COCPABS4	03/12/18	03/09/18	03/09/18	15,400,000	15,398,139	0	15,398,139	0
STARBIRD FUNDING COCPABS4	03/12/18	03/09/18	03/09/18	20,000,000	19,997,583	0	19,997,583	0
STARBIRD FUNDING COCPABS4	03/13/18	03/12/18	03/12/18	50,000,000	49,997,986	0	49,997,986	0
STARBIRD FUNDING COCPABS4	03/13/18	03/12/18	03/12/18	16,000,000	15,999,356	0	15,999,356	0
STARBIRD FUNDING COCPABS4	03/14/18	03/13/18	03/13/18	50,000,000	49,997,986	0	49,997,986	0
STARBIRD FUNDING COCPABS4	03/14/18	03/13/18	03/13/18	16,000,000	15,999,356	0	15,999,356	0
STARBIRD FUNDING COCPABS4	03/15/18	03/14/18	03/14/18	45,000,000	44,998,188	0	44,998,188	0
STARBIRD FUNDING COCPABS4	03/15/18	03/14/18	03/14/18	50,000,000	49,997,986	0	49,997,986	0
STARBIRD FUNDING COCPABS4	03/15/18	03/14/18	03/14/18	15,500,000	15,499,376	0	15,499,376	0
STARBIRD FUNDING COCPABS4	03/19/18	03/16/18	03/16/18	50,000,000	49,993,750	0	49,993,750	0
STARBIRD FUNDING COCPABS4	03/19/18	03/16/18	03/16/18	15,900,000	15,898,013	0	15,898,013	0
STARBIRD FUNDING COCPABS4	03/20/18	03/19/18	03/19/18	50,000,000	49,997,917	0	49,997,917	0
STARBIRD FUNDING COCPABS4	03/20/18	03/19/18	03/19/18	38,000,000	37,998,417	0	37,998,417	0
STARBIRD FUNDING COCPABS4	03/21/18	03/20/18	03/20/18	38,000,000	37,998,417	0	37,998,417	0
STARBIRD FUNDING COCPABS4	03/21/18	03/20/18	03/20/18	50,000,000	49,997,917	0	49,997,917	0
STARBIRD FUNDING COCPABS4	03/22/18	03/21/18	03/21/18	50,000,000	49,997,917	0	49,997,917	0
STARBIRD FUNDING COCPABS4	03/22/18	03/21/18	03/21/18	43,100,000	43,098,204	0	43,098,204	0
STARBIRD FUNDING COCPABS4	03/23/18	03/22/18	03/22/18	50,000,000	49,997,639	0	49,997,639	0

TRADING ACTIVITY FOR MARCH 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
STARBIRD FUNDING COCPABS4	03/23/18	03/22/18	03/22/18	42,800,000	42,797,979	0	42,797,979	0
STARBIRD FUNDING COCPABS4	03/27/18	03/26/18	03/26/18	50,000,000	49,997,611	0	49,997,611	0
STARBIRD FUNDING COCPABS4	03/27/18	03/26/18	03/26/18	17,700,000	17,699,154	0	17,699,154	0
STARBIRD FUNDING COCPABS4	03/27/18	03/26/18	03/26/18	50,000,000	49,997,611	0	49,997,611	0
STARBIRD FUNDING COCPABS4	03/28/18	03/27/18	03/27/18	50,000,000	49,997,611	0	49,997,611	0
STARBIRD FUNDING COCPABS4	03/28/18	03/27/18	03/27/18	50,000,000	49,997,611	0	49,997,611	0
STARBIRD FUNDING COCPABS4	03/28/18	03/27/18	03/27/18	17,700,000	17,699,154	0	17,699,154	0
STARBIRD FUNDING COCPABS4	03/29/18	03/28/18	03/28/18	50,000,000	49,997,611	0	49,997,611	0
STARBIRD FUNDING COCPABS4	03/29/18	03/28/18	03/28/18	17,900,000	17,899,145	0	17,899,145	0
STARBIRD FUNDING COCPABS4	03/29/18	03/28/18	03/28/18	50,000,000	49,997,611	0	49,997,611	0
STARBIRD FUNDING COCPABS4	04/02/18	03/29/18	03/29/18	50,000,000	49,990,278	0	49,990,278	0
STARBIRD FUNDING COCPABS4	04/02/18	03/29/18	03/29/18	50,000,000	49,990,278	0	49,990,278	0
STARBIRD FUNDING COCPABS4	04/02/18	03/29/18	03/29/18	28,000,000	27,994,556	0	27,994,556	0
STARBIRD FUNDING COCPABS4	06/04/18	03/01/18	03/01/18	50,000,000	49,720,278	0	49,720,278	0
STARBIRD FUNDING COCPABS4	06/04/18	03/01/18	03/01/18	50,000,000	49,720,278	0	49,720,278	0
SUMITOMO MITSUI BANC4-2	06/06/18	03/05/18	03/05/18	20,000,000	19,888,917	0	19,888,917	0
SUMITOMO MITSUI TRUCDYAN	06/20/18	03/16/18	03/16/18	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	06/20/18	03/16/18	03/16/18	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	06/20/18	03/16/18	03/16/18	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	06/20/18	03/16/18	03/16/18	21,000,000	21,000,000	0	21,000,000	0
TMF BIOFUELS LLC	12/01/32	03/05/18	03/08/18	705,000	705,000	211	705,211	0
THUNDER BAY FUNDING LLC	03/21/19	03/26/18	03/26/18	50,000,000	50,000,000	0	50,000,000	0
THUNDER BAY FUNDING LLC	03/21/19	03/26/18	03/26/18	26,000,000	26,000,000	0	26,000,000	0
THUNDER BAY FUNDING, LLC,	07/23/18	03/13/18	03/13/18	35,000,000	34,707,400	0	34,707,400	0
THUNDER BAY FUNDING, LLC,	07/27/18	03/07/18	03/08/18	50,000,000	49,575,042	0	49,575,042	0
THUNDER BAY FUNDING, LLC,	07/27/18	03/07/18	03/08/18	50,000,000	49,575,042	0	49,575,042	0
TOYOTA MOTOR FINANCE NETHERLANDS BV	12/07/18	03/08/18	03/12/18	50,000,000	50,000,000	0	50,000,000	0
TOYOTA MOTOR FINANCE NETHERLANDS BV	12/07/18	03/08/18	03/12/18	3,000,000	3,000,000	0	3,000,000	0
UNITEDHEALTH GROUPCP4-2	04/02/18	03/20/18	03/20/18	16,200,000	16,188,651	0	16,188,651	0
UNITED STATES TREASURY BILL	06/21/18	03/21/18	03/22/18	50,000,000	49,778,503	0	49,778,503	0
UNITED STATES TREASURY BILL	06/21/18	03/21/18	03/22/18	50,000,000	49,778,503	0	49,778,503	0
UNITED STATES TREASURY BILL	06/21/18	03/21/18	03/22/18	50,000,000	49,778,503	0	49,778,503	0
UNITED STATES TREASURY BILL	06/21/18	03/21/18	03/22/18	50,000,000	49,778,503	0	49,778,503	0
UNITED STATES TREASURY BILL	06/21/18	03/21/18	03/22/18	50,000,000	49,778,819	0	49,778,819	0
UNITED STATES TREASURY BILL	06/21/18	03/21/18	03/22/18	50,000,000	49,778,819	0	49,778,819	0
UNITED STATES TREASURY BILL	04/05/18	03/06/18	03/08/18	50,000,000	49,939,722	0	49,939,722	0
UNITED STATES TREASURY BILL	04/05/18	03/06/18	03/08/18	50,000,000	49,939,722	0	49,939,722	0
UNITED STATES TREASURY BILL	04/05/18	03/06/18	03/08/18	50,000,000	49,939,722	0	49,939,722	0
UNITED STATES TREASURY BILL	04/05/18	03/06/18	03/08/18	50,000,000	49,939,722	0	49,939,722	0
UNITED STATES TREASURY BILL	04/05/18	03/06/18	03/08/18	50,000,000	49,939,722	0	49,939,722	0
UNITED STATES TREASURY BILL	04/05/18	03/06/18	03/08/18	50,000,000	49,939,722	0	49,939,722	0
UNITED STATES TREASURY BILL	04/05/18	03/06/18	03/08/18	50,000,000	49,939,722	0	49,939,722	0
UNITED STATES TREASURY BILL	04/05/18	03/06/18	03/08/18	50,000,000	49,939,722	0	49,939,722	0
UNITED STATES TREASURY BILL	04/05/18	03/06/18	03/08/18	50,000,000	49,939,722	0	49,939,722	0
UNITED STATES TREASURY BILL	04/05/18	03/06/18	03/08/18	50,000,000	49,939,722	0	49,939,722	0
UNITED STATES TREASURY BILL	04/05/18	03/06/18	03/08/18	50,000,000	49,939,722	0	49,939,722	0
UNITED STATES TREASURY BILL	04/05/18	03/06/18	03/08/18	50,000,000	49,939,722	0	49,939,722	0
UNITED STATES TREASURY BILL	04/12/18	03/13/18	03/15/18	50,000,000	49,935,833	0	49,935,833	0
UNITED STATES TREASURY BILL	04/12/18	03/13/18	03/15/18	50,000,000	49,935,833	0	49,935,833	0
UNITED STATES TREASURY BILL	04/12/18	03/13/18	03/15/18	50,000,000	49,935,833	0	49,935,833	0
UNITED STATES TREASURY BILL	04/12/18	03/13/18	03/15/18	50,000,000	49,935,833	0	49,935,833	0
UNITED STATES TREASURY BILL	06/28/18	03/27/18	03/29/18	50,000,000	49,778,188	0	49,778,188	0
UNITED STATES TREASURY BILL	06/28/18	03/27/18	03/29/18	50,000,000	49,778,188	0	49,778,188	0
UNITED STATES TREASURY BILL	06/28/18	03/27/18	03/29/18	50,000,000	49,778,188	0	49,778,188	0
UNITED STATES TREASURY BILL	06/28/18	03/27/18	03/29/18	50,000,000	49,778,188	0	49,778,188	0
UNITED STATES TREASURY BILL	09/20/18	03/21/18	03/22/18	50,000,000	49,514,667	0	49,514,667	0
UNITED STATES TREASURY BILL	09/20/18	03/21/18	03/22/18	50,000,000	49,514,667	0	49,514,667	0
UNITED STATES TREASURY BILL	09/20/18	03/21/18	03/22/18	50,000,000	49,514,667	0	49,514,667	0

TRADING ACTIVITY FOR MARCH 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
UNITED STATES TREASURY BILL	09/20/18	03/21/18	03/22/18	20,000,000	19,805,867	0	19,805,867	0
WALMART INC	04/02/18	03/19/18	03/19/18	50,000,000	49,965,000	0	49,965,000	0
WALMART INC	04/02/18	03/19/18	03/19/18	50,000,000	49,965,000	0	49,965,000	0
WALMART INC	04/02/18	03/19/18	03/19/18	5,000,000	4,996,500	0	4,996,500	0
WELLS FARGO BANK NA	03/22/19	03/22/18	03/22/18	50,000,000	50,000,000	0	50,000,000	0
WESTPAC BANKING CORP/NY	03/12/19	03/13/18	03/14/18	50,000,000	50,000,000	0	50,000,000	0
WESTPAC BANKING CORP/NY	03/12/19	03/13/18	03/14/18	48,000,000	48,000,000	0	48,000,000	0
WESTPAC BANKING CORP	02/27/19	03/02/18	03/05/18	50,000,000	50,000,000	0	50,000,000	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/23/18	02/23/18	258,929	258,929	0	258,929	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/27/18	02/27/18	(101,078)	0	0	(101,078)	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/27/18	02/27/18	101,078	101,078	0	101,078	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/28/18	02/28/18	(2,756,275)	0	0	(2,756,275)	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/28/18	02/28/18	2,756,275	2,756,275	0	2,756,275	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/01/18	03/01/18	2,239,674	2,239,674	0	2,239,674	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/02/18	03/02/18	591,045	591,045	0	591,045	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/05/18	03/05/18	13,058,189	13,058,189	0	13,058,189	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/07/18	03/07/18	1,223,030	1,223,030	0	1,223,030	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/08/18	03/08/18	7,266,104	7,266,104	0	7,266,104	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/12/18	03/12/18	62,798	62,798	0	62,798	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/12/18	03/12/18	3,732,008	3,732,008	0	3,732,008	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/14/18	03/14/18	2,091,356	2,091,356	0	2,091,356	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/16/18	03/16/18	2,501,332	2,501,332	0	2,501,332	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/20/18	03/20/18	2,530,076	2,530,076	0	2,530,076	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/21/18	03/21/18	324,382	324,382	0	324,382	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/23/18	03/23/18	11,783,017	11,783,017	0	11,783,017	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/28/18	03/28/18	899,987	899,987	0	899,987	0
MIZUHO TRIPARTY	03/02/18	03/01/18	03/01/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/02/18	03/01/18	03/01/18	460,000,000	460,000,000	0	460,000,000	0
MIZUHO TRIPARTY	03/05/18	03/02/18	03/02/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/05/18	03/02/18	03/02/18	270,000,000	270,000,000	0	270,000,000	0
MIZUHO TRIPARTY	03/06/18	03/05/18	03/05/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/06/18	03/05/18	03/05/18	460,000,000	460,000,000	0	460,000,000	0
MIZUHO TRIPARTY	03/07/18	03/06/18	03/06/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/07/18	03/06/18	03/06/18	195,000,000	195,000,000	0	195,000,000	0
MIZUHO TRIPARTY	03/08/18	03/07/18	03/07/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/08/18	03/07/18	03/07/18	210,000,000	210,000,000	0	210,000,000	0
MIZUHO TRIPARTY	03/09/18	03/08/18	03/08/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/09/18	03/08/18	03/08/18	355,000,000	355,000,000	0	355,000,000	0
MIZUHO TRIPARTY	03/12/18	03/09/18	03/09/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/12/18	03/09/18	03/09/18	350,000,000	350,000,000	0	350,000,000	0
MIZUHO TRIPARTY	03/13/18	03/12/18	03/12/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/13/18	03/12/18	03/12/18	760,000,000	760,000,000	0	760,000,000	0
MIZUHO TRIPARTY	03/14/18	03/13/18	03/13/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/14/18	03/13/18	03/13/18	295,000,000	295,000,000	0	295,000,000	0
MIZUHO TRIPARTY	03/15/18	03/14/18	03/14/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/15/18	03/14/18	03/14/18	230,000,000	230,000,000	0	230,000,000	0
MIZUHO TRIPARTY	03/16/18	03/15/18	03/15/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/16/18	03/15/18	03/15/18	765,000,000	765,000,000	0	765,000,000	0
MIZUHO TRIPARTY	03/19/18	03/16/18	03/16/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/19/18	03/16/18	03/16/18	705,000,000	705,000,000	0	705,000,000	0
MIZUHO TRIPARTY	03/20/18	03/19/18	03/19/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/20/18	03/19/18	03/19/18	565,000,000	565,000,000	0	565,000,000	0
MIZUHO TRIPARTY	03/21/18	03/20/18	03/20/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/21/18	03/20/18	03/20/18	845,000,000	845,000,000	0	845,000,000	0
MIZUHO TRIPARTY	03/22/18	03/21/18	03/21/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/22/18	03/21/18	03/21/18	835,000,000	835,000,000	0	835,000,000	0
MIZUHO TRIPARTY	03/23/18	03/22/18	03/22/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/23/18	03/22/18	03/22/18	588,000,000	588,000,000	0	588,000,000	0
MIZUHO TRIPARTY	03/26/18	03/23/18	03/23/18	15,000,000	15,000,000	0	15,000,000	0

TRADING ACTIVITY FOR MARCH 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	03/26/18	03/23/18	03/23/18	710,000,000	710,000,000	0	710,000,000	0
MIZUHO TRIPARTY	03/27/18	03/26/18	03/26/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/27/18	03/26/18	03/26/18	1,010,000,000	1,010,000,000	0	1,010,000,000	0
MIZUHO TRIPARTY	03/28/18	03/27/18	03/27/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/28/18	03/27/18	03/27/18	1,020,000,000	1,020,000,000	0	1,020,000,000	0
MIZUHO TRIPARTY	03/29/18	03/28/18	03/28/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/29/18	03/28/18	03/28/18	960,000,000	960,000,000	0	960,000,000	0
MIZUHO TRIPARTY	04/02/18	03/29/18	03/29/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/02/18	03/29/18	03/29/18	675,000,000	675,000,000	0	675,000,000	0
<i>Total Buys</i>				28,530,264,927	28,518,456,931	211	28,515,599,789	0
<i>Cash Closes</i>								
ANGLESEA FUNDING LLC	06/08/18	03/05/18	03/05/18	70,000,000	70,000,000	75,981	70,075,981	0
ANGLESEA FUNDING LLC	06/11/18	03/08/18	03/08/18	20,000,000	20,000,000	23,808	20,023,808	0
LONG ISLAND POWER AUTHORITY	03/14/18	03/14/18	03/14/18	50,000,000	50,000,000	0	50,000,000	0
OLD LINE FUNDING, LLC, AP	04/20/18	03/14/18	03/14/18	50,000,000	49,907,500	0	49,907,500	0
OLD LINE FUNDING, LLC, AP	04/30/18	03/19/18	03/19/18	50,000,000	49,895,000	0	49,895,000	0
OLD LINE FUNDING, LLC, MA	05/02/18	03/26/18	03/26/18	100,000,000	99,818,083	0	99,818,083	(0)
THUNDER BAY FUNDING, LLC,	04/20/18	03/08/18	03/08/18	49,000,000	48,894,650	0	48,894,650	0
<i>Total Cash Closes</i>				389,000,000	388,515,233	99,789	388,615,022	(0)
<i>Deposits</i>								
ABN AMRO BANK NV,ATD 1.46 20180309	03/09/18	03/02/18	03/02/18	350,000,000	350,000,000	0	350,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180312	03/12/18	03/05/18	03/05/18	200,000,000	200,000,000	0	200,000,000	0
CREDIT SUISSE AGTDCAY 1.45 20180312	03/12/18	03/05/18	03/05/18	250,000,000	250,000,000	0	250,000,000	0
CREDIT SUISSE AGTDCAY 1.46 20180314	03/14/18	03/07/18	03/07/18	300,000,000	300,000,000	0	300,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180316	03/16/18	03/09/18	03/09/18	350,000,000	350,000,000	0	350,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180319	03/19/18	03/12/18	03/12/18	225,000,000	225,000,000	0	225,000,000	0
CREDIT SUISSE AGTDCAY 1.46 20180319	03/19/18	03/12/18	03/12/18	200,000,000	200,000,000	0	200,000,000	0
UBS AGTDCAY 1.46 20180320	03/20/18	03/13/18	03/13/18	200,000,000	200,000,000	0	200,000,000	0
ABN AMRO BANK NV,ATD 1.52 20180323	03/23/18	03/16/18	03/16/18	200,000,000	200,000,000	0	200,000,000	0
ABN AMRO BANK NV,ATD 1.61 20180326	03/26/18	03/19/18	03/19/18	350,000,000	350,000,000	0	350,000,000	0
ABN AMRO BANK NV,ATD 1.72 20180402	04/02/18	03/23/18	03/23/18	200,000,000	200,000,000	0	200,000,000	0
<i>Total Deposits</i>				2,825,000,000	2,825,000,000	0	2,825,000,000	0
<i>Maturities</i>								
ASB FINANCE LTD/LONDON	03/12/18	03/12/18	03/12/18	50,000,000	50,000,000	0	50,000,000	0
ALBION CAPITAL LLC CPABS4	03/27/18	03/27/18	03/27/18	17,000,000	17,000,000	0	17,000,000	0
ANTALIS S,A, CPABS4CPABS4	03/01/18	03/01/18	03/01/18	53,100,000	53,100,000	0	53,100,000	0
ANTALIS S,A, CPABS4CPABS4	03/06/18	03/06/18	03/06/18	43,610,000	43,610,000	0	43,610,000	0
ANTALIS S,A, CPABS4CPABS4	03/07/18	03/07/18	03/07/18	73,690,000	73,690,000	0	73,690,000	0
ANTALIS S,A, CPABS4CPABS4	03/08/18	03/08/18	03/08/18	48,500,000	48,500,000	0	48,500,000	0
ANTALIS S,A, CPABS4CPABS4	03/12/18	03/12/18	03/12/18	45,650,000	45,650,000	0	45,650,000	0
ANTALIS S,A, CPABS4CPABS4	03/14/18	03/14/18	03/14/18	50,000,000	50,000,000	0	50,000,000	0
ANTALIS S,A, CPABS4CPABS4	03/15/18	03/15/18	03/15/18	48,500,000	48,500,000	0	48,500,000	0
ANTALIS S,A, CPABS4CPABS4	03/16/18	03/16/18	03/16/18	50,000,000	50,000,000	0	50,000,000	0
ANTALIS S,A, CPABS4CPABS4	03/21/18	03/21/18	03/21/18	54,840,000	54,840,000	0	54,840,000	0
ANTALIS S,A, CPABS4CPABS4	03/22/18	03/22/18	03/22/18	95,500,000	95,500,000	0	95,500,000	0
ANTALIS S,A, CPABS4CPABS4	03/23/18	03/23/18	03/23/18	53,000,000	53,000,000	0	53,000,000	0
ANTALIS S,A, CPABS4CPABS4	03/28/18	03/28/18	03/28/18	115,560,000	115,560,000	0	115,560,000	0
ATLANTIC ASSET SECUCPABS4	03/01/18	03/01/18	03/01/18	150,000,000	150,000,000	0	150,000,000	0
ATLANTIC ASSET SECUCPABS4	03/09/18	03/09/18	03/09/18	50,000,000	50,000,000	0	50,000,000	0
ATLANTIC ASSET SECUCPABS4	03/13/18	03/13/18	03/13/18	41,700,000	41,700,000	0	41,700,000	0
ATLANTIC ASSET SECUCPABS4	03/19/18	03/19/18	03/19/18	50,000,000	50,000,000	0	50,000,000	0
ATLANTIC ASSET SECUCPABS4	03/23/18	03/23/18	03/23/18	152,800,000	152,800,000	0	152,800,000	0
BMW US CAPITAL LLC	03/06/18	03/06/18	03/06/18	13,100,000	13,100,000	0	13,100,000	0
BMW US CAPITAL LLC CP4-2	03/26/18	03/26/18	03/26/18	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA NA	03/26/18	03/26/18	03/26/18	11,305,000	11,305,000	0	11,305,000	0
BANK OF MONTREAL (CCDYAN)	03/19/18	03/19/18	03/19/18	50,000,000	50,000,000	0	50,000,000	0

TRADING ACTIVITY FOR MARCH 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF NEW YORK MECP	03/15/18	03/15/18	03/15/18	130,840,000	130,840,000	0	130,840,000	0
BANK OF NOVA SCOTIACP4-2	03/19/18	03/19/18	03/19/18	20,000,000	20,000,000	0	20,000,000	0
BANK OF NOVA SCOTIACP4-2	03/23/18	03/23/18	03/23/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF NOVA SCOTIACP4-2	03/27/18	03/27/18	03/27/18	100,000,000	100,000,000	0	100,000,000	0
BANK OF NOVA SCOTIACP4-2	03/29/18	03/29/18	03/29/18	100,000,000	100,000,000	0	100,000,000	0
BANK OF NOVA SCOTIA/THE	03/09/18	03/09/18	03/09/18	20,000,000	20,000,000	0	20,000,000	0
BANK OF TOKYO-MITSUCP	03/21/18	03/21/18	03/21/18	70,000,000	70,000,000	0	70,000,000	0
BANK OF TOKYO-MITSUCP	03/22/18	03/22/18	03/22/18	55,000,000	55,000,000	0	55,000,000	0
BANQUE ET CAISSE D'CP	03/06/18	03/06/18	03/06/18	64,000,000	64,000,000	0	64,000,000	0
BANQUE ET CAISSE D'CP	03/09/18	03/09/18	03/09/18	76,000,000	76,000,000	0	76,000,000	0
BARTON CAPITAL LLCPCABS4-	03/01/18	03/01/18	03/01/18	223,500,000	223,500,000	0	223,500,000	0
BARTON CAPITAL LLCPCABS4-	03/02/18	03/02/18	03/02/18	125,000,000	125,000,000	0	125,000,000	0
BARTON CAPITAL LLCPCABS4-	03/05/18	03/05/18	03/05/18	50,000,000	50,000,000	0	50,000,000	0
BARTON CAPITAL LLCPCABS4-	03/09/18	03/09/18	03/09/18	200,000,000	200,000,000	0	200,000,000	0
BARTON CAPITAL LLCPCABS4-	03/13/18	03/13/18	03/13/18	50,000,000	50,000,000	0	50,000,000	0
BARTON CAPITAL LLCPCABS4-	03/16/18	03/16/18	03/16/18	80,000,000	80,000,000	0	80,000,000	0
BEDFORD ROW FUNDING CORP	03/22/18	03/22/18	03/22/18	30,000,000	30,000,000	0	30,000,000	0
CAFCO, LLCPCABS4-2	03/02/18	03/02/18	03/02/18	25,000,000	25,000,000	0	25,000,000	0
CAFCO, LLCPCABS4-2	03/26/18	03/26/18	03/26/18	50,000,000	50,000,000	0	50,000,000	0
COMMONWEALTH BANK OF AUSTRALIA	03/29/18	03/29/18	03/29/18	20,000,000	20,000,000	0	20,000,000	0
RABOBANK NEDERLAND CP	03/02/18	03/02/18	03/02/18	553,500,000	553,500,000	0	553,500,000	0
COOPERATIEVE RABOBANK UA/NY	03/05/18	03/05/18	03/05/18	400,000,000	400,000,000	0	400,000,000	0
COOPERATIEVE RABOBANK UA/NY	03/06/18	03/06/18	03/06/18	388,800,000	388,800,000	0	388,800,000	0
COOPERATIEVE RABOBANK UA/NY	03/07/18	03/07/18	03/07/18	550,000,000	550,000,000	0	550,000,000	0
COOPERATIEVE RABOBANK UA/NY	03/08/18	03/08/18	03/08/18	500,000,000	500,000,000	0	500,000,000	0
CREDIT AGRICOLE CORCP	03/01/18	03/01/18	03/01/18	100,000,000	100,000,000	0	100,000,000	0
DZ BANK AG DEUTSCHECDYAN	03/16/18	03/16/18	03/16/18	50,000,000	50,000,000	0	50,000,000	0
DNB BANK ASA CP4-2CP4-2	03/23/18	03/23/18	03/23/18	25,000,000	25,000,000	0	25,000,000	0
DZ BANK AG DEUTSCHECP4-2	03/01/18	03/01/18	03/01/18	501,750,000	501,750,000	0	501,750,000	0
DZ BANK AG DEUTSCHECP4-2	03/02/18	03/02/18	03/02/18	493,300,000	493,300,000	0	493,300,000	0
DZ BANK AG DEUTSCHECP4-2	03/05/18	03/05/18	03/05/18	483,600,000	483,600,000	0	483,600,000	0
DZ BANK AG DEUTSCHECP4-2	03/08/18	03/08/18	03/08/18	239,000,000	239,000,000	0	239,000,000	0
DZ BANK AG DEUTSCHECP4-2	03/22/18	03/22/18	03/22/18	50,000,000	50,000,000	0	50,000,000	0
GOTHAM FUNDING CORPCABS4	03/07/18	03/07/18	03/07/18	50,000,000	50,000,000	0	50,000,000	0
GOTHAM FUNDING CORPCABS4	03/08/18	03/08/18	03/08/18	3,005,000	3,005,000	0	3,005,000	0
GOTHAM FUNDING CORPCABS4	03/09/18	03/09/18	03/09/18	12,600,000	12,600,000	0	12,600,000	0
GOTHAM FUNDING CORPCABS4	03/13/18	03/13/18	03/13/18	50,000,000	50,000,000	0	50,000,000	0
GOTHAM FUNDING CORPCABS4	03/15/18	03/15/18	03/15/18	75,000,000	75,000,000	0	75,000,000	0
GOTHAM FUNDING CORPCABS4	03/21/18	03/21/18	03/21/18	43,000,000	43,000,000	0	43,000,000	0
LMA-AMERICAS LLCPCABS4-2	03/01/18	03/01/18	03/01/18	232,300,000	232,300,000	0	232,300,000	0
LMA-AMERICAS LLCPCABS4-2	03/02/18	03/02/18	03/02/18	88,300,000	88,300,000	0	88,300,000	0
LMA-AMERICAS LLCPCABS4-2	03/05/18	03/05/18	03/05/18	88,600,000	88,600,000	0	88,600,000	0
LMA-AMERICAS LLCPCABS4-2	03/06/18	03/06/18	03/06/18	88,800,000	88,800,000	0	88,800,000	0
LMA-AMERICAS LLCPCABS4-2	03/07/18	03/07/18	03/07/18	133,300,000	133,300,000	0	133,300,000	0
LMA-AMERICAS LLCPCABS4-2	03/08/18	03/08/18	03/08/18	428,600,000	428,600,000	0	428,600,000	0
LMA-AMERICAS LLCPCABS4-2	03/09/18	03/09/18	03/09/18	88,300,000	88,300,000	0	88,300,000	0
LMA-AMERICAS LLCPCABS4-2	03/12/18	03/12/18	03/12/18	336,600,000	336,600,000	0	336,600,000	0
LMA-AMERICAS LLCPCABS4-2	03/13/18	03/13/18	03/13/18	89,000,000	89,000,000	0	89,000,000	0
LMA-AMERICAS LLCPCABS4-2	03/14/18	03/14/18	03/14/18	384,100,000	384,100,000	0	384,100,000	0
LMA-AMERICAS LLCPCABS4-2	03/15/18	03/15/18	03/15/18	457,300,000	457,300,000	0	457,300,000	0
LMA-AMERICAS LLCPCABS4-2	03/20/18	03/20/18	03/20/18	189,000,000	189,000,000	0	189,000,000	0
LMA-AMERICAS LLCPCABS4-2	03/21/18	03/21/18	03/21/18	189,000,000	189,000,000	0	189,000,000	0
LMA-AMERICAS LLCPCABS4-2	03/22/18	03/22/18	03/22/18	544,900,000	544,900,000	0	544,900,000	0
LMA-AMERICAS LLCPCABS4-2	03/23/18	03/23/18	03/23/18	188,800,000	188,800,000	0	188,800,000	0
LMA-AMERICAS LLCPCABS4-2	03/26/18	03/26/18	03/26/18	266,700,000	266,700,000	0	266,700,000	0
LONG ISLAND POWER ACPLOC	03/08/18	03/08/18	03/08/18	50,000,000	50,000,000	0	50,000,000	0
MALAYAN BANKING BERCPLOC	03/21/18	03/21/18	03/21/18	83,000,000	83,000,000	0	83,000,000	0
MANHATTAN ASSET FUNCPABS4	03/27/18	03/27/18	03/27/18	73,179,000	73,179,000	0	73,179,000	0
MIZUHO BANK LTD/NY	03/14/18	03/14/18	03/14/18	25,000,000	25,000,000	0	25,000,000	0
MIZUHO BANK LTD,CDYAN	03/07/18	03/07/18	03/07/18	75,000,000	75,000,000	0	75,000,000	0

TRADING ACTIVITY FOR MARCH 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
NRW,BANKCP	03/05/18	03/05/18	03/05/18	50,000,000	50,000,000	0	50,000,000	0
NOVARTIS FINANCE COCP4-2	03/09/18	03/09/18	03/09/18	65,000,000	65,000,000	0	65,000,000	0
NOVARTIS FINANCE CORP	03/12/18	03/12/18	03/12/18	52,000,000	52,000,000	0	52,000,000	0
OLD LINE FUNDING, LCPABS4	03/14/18	03/14/18	03/14/18	50,000,000	50,000,000	0	50,000,000	0
OLD LINE FUNDING, LCPABS4	03/20/18	03/20/18	03/20/18	45,000,000	45,000,000	0	45,000,000	0
OLD LINE FUNDING LLC	03/22/18	03/22/18	03/22/18	30,000,000	30,000,000	0	30,000,000	0
PHILIP MORRIS INTERCP4-2	03/21/18	03/21/18	03/21/18	265,000,000	265,000,000	0	265,000,000	0
PHILIP MORRIS INTERCP4-2	03/28/18	03/28/18	03/28/18	61,300,000	61,300,000	0	61,300,000	0
ROCHE HOLDINGS INC	03/20/18	03/20/18	03/20/18	12,683,000	12,683,000	0	12,683,000	0
SOCIETE GENERALE SA	03/02/18	03/02/18	03/02/18	200,000,000	200,000,000	0	200,000,000	0
SOCIETE GENERALE, PCP4-2	03/05/18	03/05/18	03/05/18	100,000,000	100,000,000	0	100,000,000	0
SOCIETE GENERALE SA	03/07/18	03/07/18	03/07/18	120,000,000	120,000,000	0	120,000,000	0
SOCIETE GENERALE SA	03/12/18	03/12/18	03/12/18	122,450,000	122,450,000	0	122,450,000	0
STARBIRD FUNDING COCPABS4	03/01/18	03/01/18	03/01/18	121,800,000	121,800,000	0	121,800,000	0
STARBIRD FUNDING COCPABS4	03/02/18	03/02/18	03/02/18	51,800,000	51,800,000	0	51,800,000	0
STARBIRD FUNDING COCPABS4	03/05/18	03/05/18	03/05/18	67,100,000	67,100,000	0	67,100,000	0
STARBIRD FUNDING COCPABS4	03/06/18	03/06/18	03/06/18	165,800,000	165,800,000	0	165,800,000	0
STARBIRD FUNDING COCPABS4	03/07/18	03/07/18	03/07/18	65,600,000	65,600,000	0	65,600,000	0
STARBIRD FUNDING COCPABS4	03/08/18	03/08/18	03/08/18	65,600,000	65,600,000	0	65,600,000	0
STARBIRD FUNDING COCPABS4	03/09/18	03/09/18	03/09/18	165,300,000	165,300,000	0	165,300,000	0
STARBIRD FUNDING COCPABS4	03/12/18	03/12/18	03/12/18	85,400,000	85,400,000	0	85,400,000	0
STARBIRD FUNDING COCPABS4	03/13/18	03/13/18	03/13/18	66,000,000	66,000,000	0	66,000,000	0
STARBIRD FUNDING COCPABS4	03/14/18	03/14/18	03/14/18	66,000,000	66,000,000	0	66,000,000	0
STARBIRD FUNDING COCPABS4	03/15/18	03/15/18	03/15/18	110,500,000	110,500,000	0	110,500,000	0
STARBIRD FUNDING COCPABS4	03/19/18	03/19/18	03/19/18	65,900,000	65,900,000	0	65,900,000	0
STARBIRD FUNDING COCPABS4	03/20/18	03/20/18	03/20/18	88,000,000	88,000,000	0	88,000,000	0
STARBIRD FUNDING COCPABS4	03/21/18	03/21/18	03/21/18	88,000,000	88,000,000	0	88,000,000	0
STARBIRD FUNDING COCPABS4	03/22/18	03/22/18	03/22/18	93,100,000	93,100,000	0	93,100,000	0
STARBIRD FUNDING COCPABS4	03/23/18	03/23/18	03/23/18	92,800,000	92,800,000	0	92,800,000	0
STARBIRD FUNDING COCPABS4	03/27/18	03/27/18	03/27/18	117,700,000	117,700,000	0	117,700,000	0
STARBIRD FUNDING COCPABS4	03/28/18	03/28/18	03/28/18	117,700,000	117,700,000	0	117,700,000	0
STARBIRD FUNDING COCPABS4	03/29/18	03/29/18	03/29/18	117,900,000	117,900,000	0	117,900,000	0
SUMITOMO MITSUI TRUCP4-2	03/16/18	03/16/18	03/16/18	15,000,000	15,000,000	0	15,000,000	0
SUMITOMO MITSUI TRUCDYAN	03/16/18	03/16/18	03/16/18	75,000,000	75,000,000	0	75,000,000	0
UBS AG/STAMFORD CT	03/26/18	03/26/18	03/26/18	2,500,000	2,500,000	0	2,500,000	0
WESTPAC BANKING CORP	03/29/18	03/29/18	03/29/18	107,000,000	107,000,000	0	107,000,000	0
BELGIUM, GOVERNMENTECP	03/14/18	03/14/18	03/14/18	300,000,000	300,000,000	0	300,000,000	0
MIZUHO TRIPARTY	03/01/18	03/01/18	03/01/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/01/18	03/01/18	03/01/18	915,000,000	915,000,000	0	915,000,000	0
MIZUHO TRIPARTY	03/02/18	03/02/18	03/02/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/02/18	03/02/18	03/02/18	460,000,000	460,000,000	0	460,000,000	0
MIZUHO TRIPARTY	03/05/18	03/05/18	03/05/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/05/18	03/05/18	03/05/18	270,000,000	270,000,000	0	270,000,000	0
MIZUHO TRIPARTY	03/06/18	03/06/18	03/06/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/06/18	03/06/18	03/06/18	460,000,000	460,000,000	0	460,000,000	0
MIZUHO TRIPARTY	03/07/18	03/07/18	03/07/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/07/18	03/07/18	03/07/18	195,000,000	195,000,000	0	195,000,000	0
MIZUHO TRIPARTY	03/08/18	03/08/18	03/08/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/08/18	03/08/18	03/08/18	210,000,000	210,000,000	0	210,000,000	0
MIZUHO TRIPARTY	03/09/18	03/09/18	03/09/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/09/18	03/09/18	03/09/18	355,000,000	355,000,000	0	355,000,000	0
MIZUHO TRIPARTY	03/12/18	03/12/18	03/12/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/12/18	03/12/18	03/12/18	350,000,000	350,000,000	0	350,000,000	0
MIZUHO TRIPARTY	03/13/18	03/13/18	03/13/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/13/18	03/13/18	03/13/18	760,000,000	760,000,000	0	760,000,000	0
MIZUHO TRIPARTY	03/14/18	03/14/18	03/14/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/14/18	03/14/18	03/14/18	295,000,000	295,000,000	0	295,000,000	0
MIZUHO TRIPARTY	03/15/18	03/15/18	03/15/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/15/18	03/15/18	03/15/18	230,000,000	230,000,000	0	230,000,000	0
MIZUHO TRIPARTY	03/16/18	03/16/18	03/16/18	15,000,000	15,000,000	0	15,000,000	0

TRADING ACTIVITY FOR MARCH 2018

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	03/16/18	03/16/18	03/16/18	765,000,000	765,000,000	0	765,000,000	0
MIZUHO TRIPARTY	03/19/18	03/19/18	03/19/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/19/18	03/19/18	03/19/18	705,000,000	705,000,000	0	705,000,000	0
MIZUHO TRIPARTY	03/20/18	03/20/18	03/20/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/20/18	03/20/18	03/20/18	565,000,000	565,000,000	0	565,000,000	0
MIZUHO TRIPARTY	03/21/18	03/21/18	03/21/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/21/18	03/21/18	03/21/18	845,000,000	845,000,000	0	845,000,000	0
MIZUHO TRIPARTY	03/22/18	03/22/18	03/22/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/22/18	03/22/18	03/22/18	835,000,000	835,000,000	0	835,000,000	0
MIZUHO TRIPARTY	03/23/18	03/23/18	03/23/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/23/18	03/23/18	03/23/18	588,000,000	588,000,000	0	588,000,000	0
MIZUHO TRIPARTY	03/26/18	03/26/18	03/26/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/26/18	03/26/18	03/26/18	710,000,000	710,000,000	0	710,000,000	0
MIZUHO TRIPARTY	03/27/18	03/27/18	03/27/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/27/18	03/27/18	03/27/18	1,010,000,000	1,010,000,000	0	1,010,000,000	0
MIZUHO TRIPARTY	03/28/18	03/28/18	03/28/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/28/18	03/28/18	03/28/18	1,020,000,000	1,020,000,000	0	1,020,000,000	0
MIZUHO TRIPARTY	03/29/18	03/29/18	03/29/18	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/29/18	03/29/18	03/29/18	960,000,000	960,000,000	0	960,000,000	0
STANDARD CHARTERED TD 1.45 20180305	03/05/18	03/05/18	03/05/18	200,000,000	200,000,000	0	200,000,000	0
STANDARD CHARTERED TD 1.44 20180307	03/07/18	03/07/18	03/07/18	300,000,000	300,000,000	0	300,000,000	0
CREDIT SUISSE AGTDCAY 1.45 20180307	03/07/18	03/07/18	03/07/18	300,000,000	300,000,000	0	300,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180309	03/09/18	03/09/18	03/09/18	350,000,000	350,000,000	0	350,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180312	03/12/18	03/12/18	03/12/18	200,000,000	200,000,000	0	200,000,000	0
CREDIT SUISSE AGTDCAY 1.45 20180312	03/12/18	03/12/18	03/12/18	250,000,000	250,000,000	0	250,000,000	0
CREDIT SUISSE AGTDCAY 1.46 20180314	03/14/18	03/14/18	03/14/18	300,000,000	300,000,000	0	300,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180316	03/16/18	03/16/18	03/16/18	350,000,000	350,000,000	0	350,000,000	0
ABN AMRO BANK NV,ATD 1.46 20180319	03/19/18	03/19/18	03/19/18	225,000,000	225,000,000	0	225,000,000	0
CREDIT SUISSE AGTDCAY 1.46 20180319	03/19/18	03/19/18	03/19/18	200,000,000	200,000,000	0	200,000,000	0
UBS AGTDCAY 1.46 20180320	03/20/18	03/20/18	03/20/18	200,000,000	200,000,000	0	200,000,000	0
ABN AMRO BANK NV,ATD 1.52 20180323	03/23/18	03/23/18	03/23/18	200,000,000	200,000,000	0	200,000,000	0
ABN AMRO BANK NV,ATD 1.61 20180326	03/26/18	03/26/18	03/26/18	350,000,000	350,000,000	0	350,000,000	0
Total Maturities				31,268,462,000	31,268,462,000	0	31,268,462,000	0
<i>Sells</i>								
TOYOTA MOTOR FINANCE NETHERLANDS BV	05/11/18	03/08/18	03/12/18	3,000,000	3,001,017	3,873	3,004,890	1,017
TOYOTA MOTOR FINANCE NETHERLANDS BV	05/11/18	03/08/18	03/12/18	50,000,000	50,016,950	64,549	50,081,499	16,950
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/26/18	02/26/18	(5,324,294)	0	0	(5,324,294)	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	02/26/18	02/26/18	5,324,294	5,324,294	0	5,324,294	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/06/18	03/06/18	18,284,026	18,284,026	0	18,284,026	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/07/18	03/07/18	2,839,941	2,839,941	0	2,839,941	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/09/18	03/09/18	5,881,236	5,881,236	0	5,881,236	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/13/18	03/13/18	3,619,966	3,619,966	0	3,619,966	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/15/18	03/15/18	1,765,983	1,765,983	0	1,765,983	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/15/18	03/15/18	1,756,911	1,756,911	0	1,756,911	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/16/18	03/16/18	62,798	62,798	0	62,798	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/19/18	03/19/18	1,498,041	1,498,041	0	1,498,041	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/22/18	03/22/18	1,668,858	1,668,858	0	1,668,858	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/26/18	03/26/18	6,747,223	6,747,223	0	6,747,223	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/27/18	03/27/18	4,397,652	4,397,652	0	4,397,652	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	03/29/18	03/29/18	1,009,647	1,009,647	0	1,009,647	0
Total Sells				102,532,279	107,874,540	68,422	102,618,667	17,967



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Our Mission

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

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EXECUTIVE DIRECTOR & CIO

Date: April 30, 2018
To: Board of Trustees
From: Kimberly Ferrell, Audit Committee Chair *KF*
Subject: Quarterly Audit Committee Report

The State Board of Administration's Audit Committee met on April 30, 2018. Please see the attached agenda for the items discussed. Also please see the attached Office of Internal Audit Quarterly Report presented to the Audit Committee at the meeting.

STATE BOARD OF ADMINISTRATION
Audit Committee Open Meeting
Agenda
April 30, 2018
9:30 A.M. – Noon

1. Call to Order
2. Approval of the minutes of Open and Closed meetings held on January 29, 2018
3. SBA Executive Director & CIO status report
 - SBA Update: investment performance, risks, opportunities and challenges
4. Presentation of Crowe Horwath's audit plan for the financial statement audits of FRS Pension Plan and FRS Investment Plan for the year ending June 30, 2018
5. Presentation of OIA's Compliance Advisory Engagement
6. Update on Management's Response to GRC Report
7. Proposed FY 2018-2019 Internal Audit Budget
8. OIA Annual Audit Plan for FY 2018-2019
9. Office of Internal Audit Quarterly Report
10. Chief Risk & Compliance Officer Quarterly Report
11. Other items of interest
12. Closing remarks of the Audit Committee Chair and Members
13. Adjournment



Office of Internal Audit (OIA) Quarterly Report to the Audit Committee

April 30, 2018



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Appendices:	
Open Audit Recommendations and Action Plans at April 18, 2018	Appendix A
Incentive Compensation Audit Report	Appendix B
Periodic Follow-up Audit Report	Appendix C

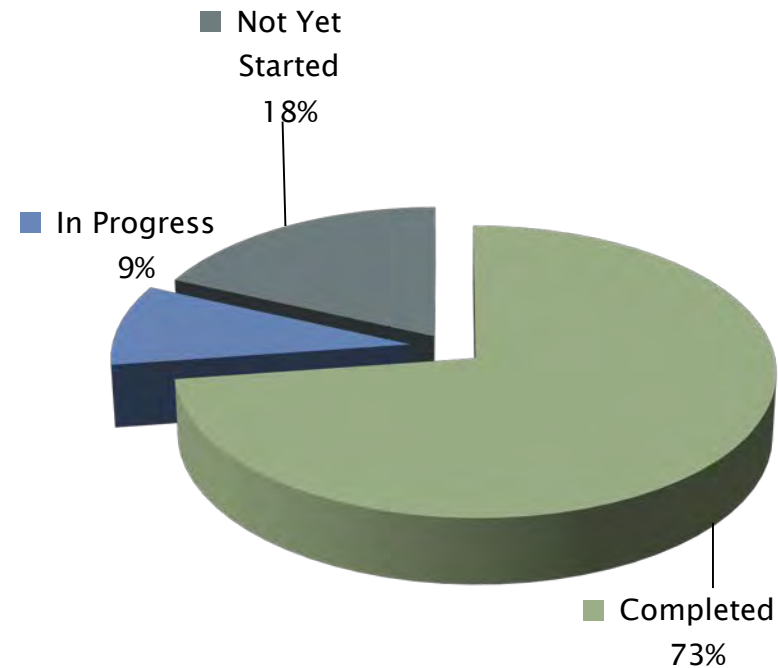


Status of Annual Audit Plan >>



Status of the FY 2017–18 Annual Audit Plan

Internal Audit and Advisory Engagements



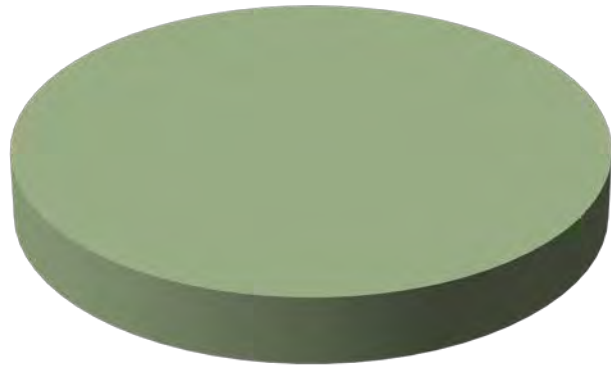
Highlighted: Completed since prior quarterly report.

<u>Projects Status</u>	<u>Type</u>	<u>Planned Timing</u>
Completed		
Internal Controls over Financial Reporting - DC	OIA Advisory	Q1
Real Estate, commingled	OIA Operational Audit	Q1
Continuous Monitoring - GE (Cost by Dealer report only)	OIA Advisory	Q1
Internal Controls Assessment - RE Cash Transfers	OIA Advisory	Q2
Quarterly Follow-up Audits/Action Plan Monitoring	OIA Operational Audit/Project Management	Ongoing
Continuous Monitoring - Payroll	OIA Advisory	Q2
Compliance Advisory, automation, efficiencies and gaps	OIA Advisory	Q2/Q3
Incentive Compensation Audit	OIA Operational Audit	Q3/Q4
In Progress		
Externally Managed Derivatives Audit	OIA Operational Audit	Q3/Q4
Not Started		
Continuous Monitoring - Accounts Payable	OIA Advisory	Q3/Q4
Continuous Monitoring - Pcards	OIA Advisory	Q3/Q4



Status of the FY 2017–18 Annual Audit Plan

External Engagement Oversight



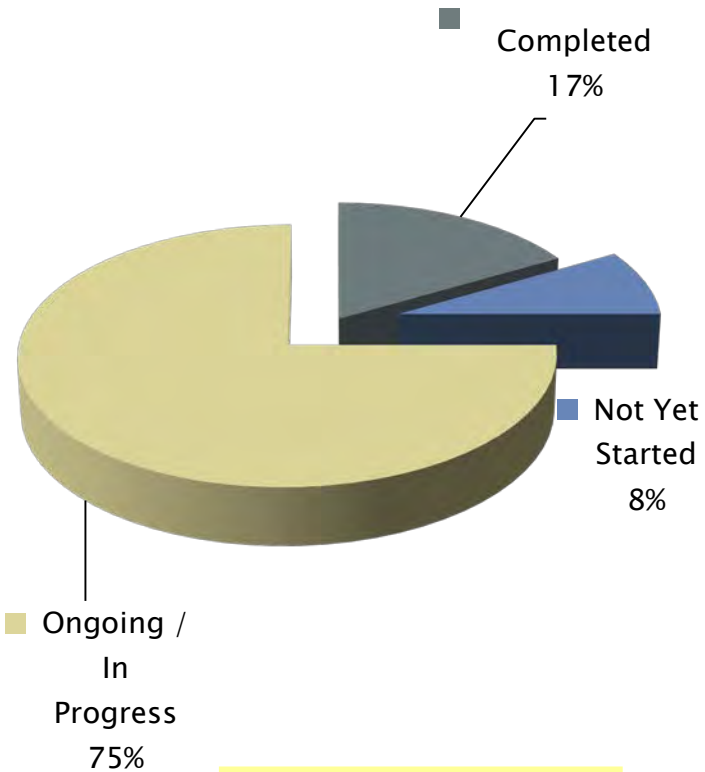
■ Completed
100%

Highlighted: Completed since
prior quarterly report.

<u>Project Status</u>	<u>Service Provider</u>	<u>Type</u>	<u>Planned Timing</u>
Completed			
Operational Audit (follow-up #2015-083)	Auditor General	External Operational Audit	Q1/Q2
Network Security, outsourced	BDO	External IT Audit	Q1/Q2
Florida Hurricane Catastrophe Fund	KPMG	External Financial Statement Audit	Q1/Q2
Florida Retirement System (FRS) Trust Fund	Crowe Horwath	External Financial Statement Audit	Q1/Q2
FRS Investment Plan Trust Fund	Crowe Horwath	External Financial Statement Audit	Q1/Q2
Florida PRIME	Auditor General	External Financial Statement Audit	Q1/Q2
Part of the Statewide CAFR	Auditor General	External Financial Statement Audit	Q2/Q3
Florida Growth Fund Initiative	OPPAGA	External Review	Q1/Q2
Triennial Governance, Risk & Compliance	Funston Advisory Services	External Advisory	Q1/Q2
In Progress			
None			
Not Started			
None			

Status of the FY 2017–18 Annual Audit Plan

Special Projects, Risk Assessments, and Other Activities



Highlighted: Completed since prior quarterly report.

<u>Project Status</u>	<u>Type</u>	<u>Planned Timing</u>
Completed		
Annual Risk Assessment	OIA Risk Assessment	Q1/Q2
Risk Assessment Updates	OIA Risk Assessment	Q3/Q4
Annual Audit Plan	OIA Risk Assessment	Q3/Q4
Ongoing/In Progress		
Special requests from SBA management and/or Audit Committee	OIA Special Projects	Ongoing
WorkSmart Portal Enhancements	OIA Special Projects	Ongoing
Integrated Risk Management Solution Cost Benefit Analysis	OIA Special Projects	Q2/Q3
Data Analytics Tools Enhancements	OIA Special Projects	Ongoing
ISO 22301 Implementation Analysis (new request from management)	OIA Special Projects	Q4
ACH Advisory Project for FHCF	OIA Special Projects	Q4
OIA process improvement initiatives, including QAR identified initiatives	OIA Quality Assurance	Ongoing
Audit Committee Related Activities	OIA Audit Committee	Ongoing
Not Yet Started		
Annual Quality Assessment Review	OIA Quality Assurance	Q3/Q4

Presentation of OIA Projects Complete and Status of Management Action Plans/Recommendations >>



Incentive Compensation Program Operational Audit

Our risk-based audit assessed the existence, adequacy and effectiveness of internal controls, and compliance to relevant policies and procedures for three separate, but similar incentive compensation plans for FY 2015-16 and FY 2016-17. We evaluated the accuracy of participant information in the SBA systems and when possible, we performed data analytics and recalculations on select data for the same period. *For flowcharts of these processes, see the appendix included in the report.*

Plans In-Scope

1. The Incentive Compensation Plan for the ED&CIO
2. The Incentive Compensation Plan for Certain SBA Employees Other than the ED&CIO (Pension Plan)
3. The Incentive Compensation Plan for Certain SBA Employees -FRS Investment Plan

Legend for Control Effectiveness Rating	# of Key Controls
Effective	11
Improvement Needed	1
Not Effective	3
Total Key Controls	15

Observations in the Report:		Status of Action Plan:
0	High	NA
3	Medium	Target completion date for one observation is May 31, 2018 and for the other two observations is June 30, 2018
2	Low	Target completion date for one observation is June 30, 2018 and the second observation, <i>not related to key controls</i> is June 30, 2019
5	Total Observations	

Continuous Monitoring – Payroll

Payroll Continuous Monitoring – This engagement was created to provide management with a means to review potential anomalies in the payroll data at a glance and provide assurance that due diligence was exercised in regard to payroll processing. The two objectives of this engagement:

1. Recreate the tests and scripts of two separate payroll tests in a single consistent, repeatable set of tests in Tableau:
 - a. Tests from the 2014 Payroll Data Analytics, depending on the available data;
 - b. Tests from the pre-packaged IDEA scripts purchased in 2016, depending on the available data;
 - c. Tableau dashboard resulted in 14 tests, with 3 “alternate” looks at 3 of the 14.
2. Identify anomalies (if any exist) in Payroll data

Payroll-10 - Employees Paid *Other Than* Electronically (Advice)

Emplid	Full Name	Check Dt	Paycheck N.	Avg. Total G.	Avg. Total T.	Avg. Total D.	Avg. Net Pay
	BR	7/20/2017	701973	\$371.20	\$121.20	\$0.00	\$250.00
		12/28/2017	701996	\$27,971.31	\$1,398.42	\$24,000.00	\$2,572.89
	LY	12/28/2017	701997	\$9,765.07	\$3,188.30	\$0.00	\$6,576.77
	M	12/28/2017	701998	\$5,595.66	\$951.99	\$3,600.00	\$1,143.67
		1/19/2018	702055	\$676.77	\$176.77	\$0.00	\$500.00
	Y	1/19/2018	702056	\$541.42	\$141.42	\$0.00	\$400.00
	ise	12/28/2017	701999	\$13,079.12	\$4,270.33	\$0.00	\$8,808.79
		10/24/2017	701981	\$742.39	\$242.39	\$0.00	\$500.00
		1/19/2018	702057	\$676.77	\$176.77	\$0.00	\$500.00
	R	12/28/2017	702053	\$12,360.00	\$769.22	\$10,000.00	\$1,590.78
		1/30/2018	702082	\$37,700.00	\$12,056.53	\$0.00	\$25,643.47
	EE	12/28/2017	702000	\$53,941.88	\$14,357.54	\$0.00	\$39,584.34
		10/24/2017	701982	\$742.37	\$242.37	\$0.00	\$500.00
		1/19/2018	702058	\$676.77	\$176.77	\$0.00	\$500.00
		7/20/2017	701974	\$371.20	\$121.20	\$0.00	\$250.00
		12/28/2017	702001	\$34,780.01	\$7,524.31	\$6,700.00	\$20,555.70
	N	1/19/2018	702080	\$676.77	\$176.77	\$0.00	\$500.00
		12/28/2017	702002	\$9,077.90	\$2,963.94	\$0.00	\$6,113.96
		1/19/2018	702059	\$676.77	\$176.77	\$0.00	\$500.00
		1/19/2018	702060	\$676.77	\$176.77	\$0.00	\$500.00
		12/28/2017	702003	\$25,794.05	\$7,291.24	\$0.00	\$18,502.81
	A	12/28/2017	702004	\$78,259.91	\$21,404.09	\$0.00	\$56,855.82

(All)

July 20, 2017

July 26, 2017

July 31, 2017

August 31, 2017

September 29, 2017

October 24, 2017

October 31, 2017

November 30, 2017

December 6, 2017

December 28, 2017

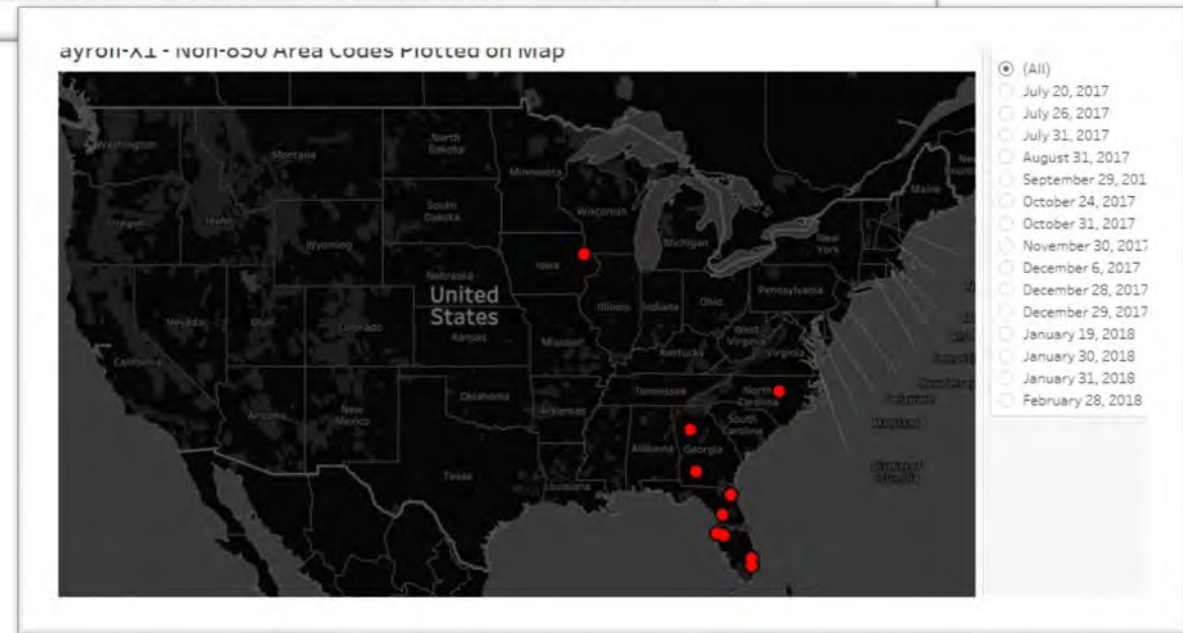
December 29, 2017

January 19, 2018

January 30, 2018

January 31, 2018

February 28, 2018





New/Closed Action Plans & Recommendations

Audit and Advisory Engagements

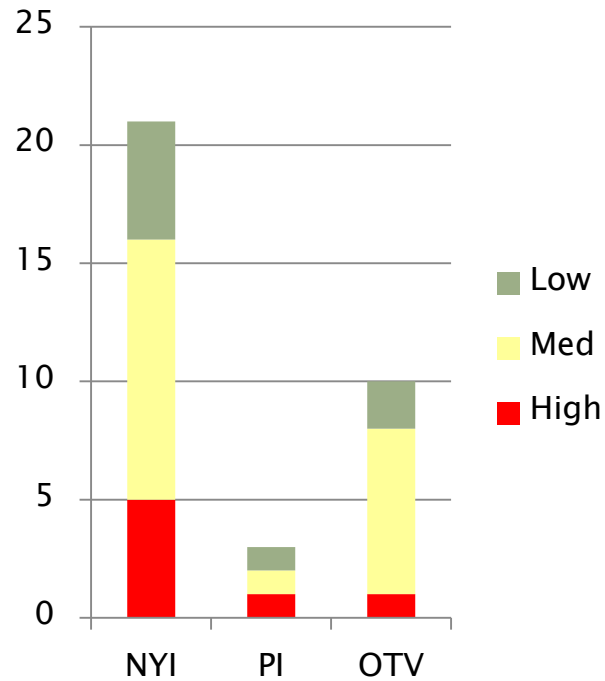
# of Recs	Source	
<i>New recommendations</i>		
2	OIA Report 2018-03 Real Estate Cash Transfers Advisory	
6	OIA Report 2018-06 Incentive Compensation Program Operational Audit (Appendix B)	
85	Governance, Risk Management, and Compliance Assessment (Funston) (Note 1)	
93	<i>Total recommendations added to the database</i>	
<i>Closed action plans and recommendations:</i> (Note 2)		
(1)	OIA Report 2017-03 Global Equity Internal Trading Operational Audit	Reported in the OIA Report 2018-07, Periodic Follow-up Audit (Appendix C)
(4)	OIA Report 2017-05 Internally Managed Derivatives Operational Audit	
(1)	OIA Report 2017-08 Real Estate Externally Managed Portfolios Operational Audit	
(1)	Fiscal Year 2016-17 FRS Audit (Crowe Horwath)	
(7)	<i>Total action plans/recommendations closed in the database</i>	
86	Total Change for both Audit and Advisory Action Plans/Recommendations	

Note 1: Funston's report originally included a total of 110 recommendations. The SBA has reviewed and combined some of these recommendations for a total of 85, and will continue to combine as it makes sense to do so.

Note 2: Advisory recommendations closed as part of our annual risk assessment will be reflected on the next quarterly report to the Audit Committee.



Status of Management Action Plans–Audits



For details, see [Appendix A](#).

Report Title	Report Date
Travel Services Operational Audit (OIA)	02/13/2015
Accounts Payable Continuous Audit (OIA)	08/07/2015
Fixed Income Trading Activities Operational Audit (OIA)	01/29/2016
Trust Services Operational Audit (OIA)	07/25/2016
Global Equity Internal Trading Activities Operational Audit (OIA)	01/18/2017
Internally Managed Derivatives Operational Audit (OIA)	03/31/2017
Auditor General IT Operational Audit 2017	04/05/2017
Auditor General Operational Audit 2017	11/13/2017
Fiscal Year 2016-17 FRS Audit (Crowe Horwath)	11/06/2017
Incentive Compensation Program Operational Audit (OIA)	04/10/2018

Risk Rating				Status			
High	Med	Low	Total	NYI	PIRP	OTV	Total
		1	1	1			1
	2		2	2			2
	1	1	2		2		2
1			1		1		1
1	1		2	2			2
5	1	2	8	6		2	8
	9		9	2		7	9
	1	1	2	1		1	2
		1	1	1			1
	4	2	6	6			6
7	19	8	34	21	3	10	34
21%	56%	24%		62%	9%	29%	

Legend:

NYI - Not Yet Implemented

PIRP - Partially Implemented and the Remainder is in Progress

OTV - OIA to Verify

Management Action Plans relating to findings from audits performed by internal or external auditors. The OIA monitors and performs follow-up procedures on the management action plans in accordance with the IIA Standard 2500. A1. In certain cases, follow-up procedures are performed by external auditors.



Status of Recommendations – Advisory Projects

Report Title	Report Date	Status				
		Pending	NYI	PI	IMP	NA
Information Technology General Controls Advisory Engagement (OIA) ¹	01/20/2017	6		5		11
Internal Controls Over Financial Reporting Advisory – FRS Pension Plan (OIA) ¹	07/19/2017		1		3	4
Internal Controls Over Financial Reporting Advisory – FRS Investment Plan (OIA) ¹	09/28/2017		1		2	3
Network Security Assessment 2017 (BDO) ²	11/02/2017		9		14	23
Governance, Risk Management, and Compliance Assessment (Funston) ¹	01/15/2018	61	17	1		85
Real Estate Cash Transfers Advisory (OIA) ¹	01/16/2018		1		1	2
		67	29	6	20	128

Legend:

- Pending - Further management discussion needed
- NYI - Not yet implemented
- PI - Partially Implemented, as represented by SBA management
- IMP - Implemented, as represented by SBA management
- NA - Not Accepted by SBA management

Advisory Recommendations made by OIA or external consultants resulting from an assessment of a program or activity such as governance, risk management, compliance, ethics, disaster recovery preparedness program, etc. The OIA monitors the disposition of these recommendations in accordance with the IIA Standard 2500.C1.

¹At the advice of the Audit Committee, the OIA closes Advisory Recommendations that management represented as “complete” once the OIA has considered those in the annual risk assessment. The next annual risk assessment will occur during Fiscal Year 2017-2018.

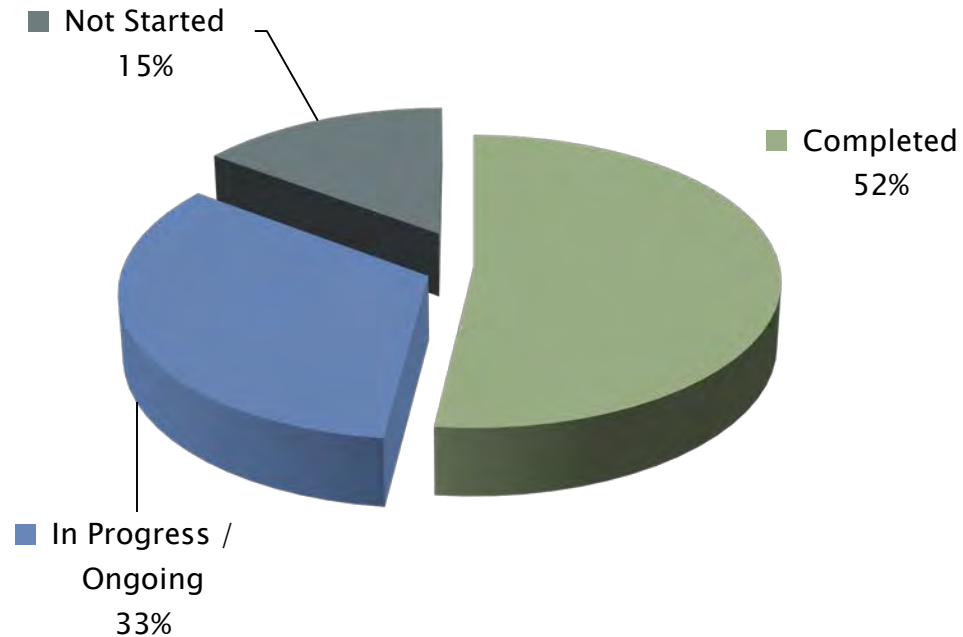
²Recommendations will be reviewed for remediation and closure by BDO as part of the 2018 Network Security Assessment.



Other OIA Activities >>



Status of FY 2017–18 OIA Department Goals



	Completed	In Progress / Ongoing	Not Yet Started
Annual Audit Plan	3	2	1
Successfully deliver the fiscal year 2016-17 Audit Plan and budget. Enhance communication of the COSO internal control framework.			
Internal Audit Process	4	2	2
Focus on enhancing OIA processes, programs and procedures, resulting in more efficient operation of the department administration and the effective development and utilization of department resources.			
Use of Technology	2	3	0
Implement audit technology solutions to enhance department effectiveness and efficiency.			
People	5	2	1
Evaluate staffing and development needs.			



Change in OIA's Annual Quality Assessment Process

- ▶ OIA is recommending a rolling quality assessment process, as follows:
 - 2014: Self-Assessment with external validation
 - 2015: Self-Assessment
 - 2016: Self-Assessment
 - 2017: Self-Assessment
 - 2018: GRC Assessment
 - 2019: Self-Assessment with external validation
 - 2020: Self-Assessment
 - 2021: Self-Assessment
 - 2022: Self-Assessment
 - 2023: GRC Assessment *(Recommending changing the Audit Committee Charter to perform the GRC Assessment every five years instead of every three years)*



Other Items for Discussion

- ▶ Externally Managed Derivatives Audit Update
- ▶ Integrated Risk Management Solution Update
- ▶ Introduce Intern
- ▶ Next Audit Committee Meeting Dates
 - Monday, August 6, 2018
 - Monday, November 26, 2018

Questions/Comments





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OF FLORIDA**

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ATTORNEY GENERAL**

**ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO**

MEMORANDUM

To: Ash Williams
From: Michael McCauley
Date: May 21, 2018
Subject: Quarterly Standing Report - Investment Programs & Governance

GLOBAL EQUITY PROXY VOTING & OPERATIONS

During the first quarter of 2018, SBA staff cast votes at 1,458 companies worldwide, voting on ballot items including director elections, audit firm ratification, executive compensation plans, merger & acquisitions, and a variety of other management and shareowner proposals. These votes involved 11,041 distinct voting items—voting 76.5 percent “For”, 20.9 percent “Against”, and 2.5 percent as “Abstained.” Of all votes cast, 21.6 percent were “Against” the management-recommended-vote. SBA proxy voting was conducted across 55 countries, with the top five countries comprised of the South Korea (433 votes), United States (215), Japan (146), India (82), and China (52). The table below provides major statistics on the SBA’s proxy voting activities during the most recent quarter ending on March 31, 2018:

Votes in Favor 76.5%	Votes aligned to Management’s Recommendation 78.4%
Most Voted Market (# of Votes) South Korea (433)	Total Voting Items (All Markets) 11,041

CORPORATE GOVERNANCE & PROXY VOTING OVERSIGHT GROUP

The most recent meeting of the Corporate Governance & Proxy Voting Oversight Group (Proxy Committee) occurred on March 27, 2018, and the Committee will meet next on June 20, 2018. The Proxy Committee continues to review ongoing governance issues including the volume and trends for recent SBA proxy votes, company-specific voting scenarios, corporate governance policies, governance-related investment factors, major regulatory developments and individual company research related to the Protecting Florida’s Investments Act (PFIA) and recent statutory investment requirements implemented for Israel and Venezuela.

LEADERSHIP & SPEAKING EVENTS

Staff periodically participates in and often is an invited presenter at investor and other governance conferences. Typically, these events include significant involvement by corporate directors, senior members of management,

and other key investor or regulatory stakeholders. The following items detail involvement at events that occurred recently:

- In January, SBA staff participated in the Council of Institutional Investors' (CII) "Real Talk on Executive Compensation" roundtable, discussing the design of incentive plans, equity grant patterns, and other general compensation elements.
- In March, SBA staff participated in Deloitte's 2018 Governance Symposium, discussing major corporate governance issues and the investor perspective. A primary focus of the Symposium was on the rollout and continued engagement by members of the Investor Stewardship Group (ISG), of which the SBA is a founding member.
- In March, SBA staff participated in the Council of Institutional Investors (CII) Spring conference focusing on a variety of investment topics. SBA staff participated as speakers in both the CII Master Class on Activist Investing as well as a panel discussing how to integrate Environmental, Social and Governance (ESG) factors into investment activities.
- In April, SBA staff participated in the ESG4 investor conference serving on a panel covering how investors assure accuracy in the corporate reporting of ESG factors and global disclosure regimes.
- In April, SBA staff participated in the 'Bank of America - Closing Bell Lecture Speaker Series' within the Florida State University (FSU) business school, for a presentation on the SBA's corporate governance program and general investment management topics.
- In May, SBA staff participated in a meeting on public company engagement at the Harvard Business School, sharing information with other U.S. asset owners and asset managers on select activist topics.

ACTIVE OWNERSHIP & CORPORATE ENGAGEMENT

From February through May 2018, SBA staff conducted limited engagement meetings owned within Florida Retirement System (FRS) portfolios, including Broadcom Inc., Tesla Motors, IBM, Goldman Sachs, Prudential, Merlin Properties, Taubman Centers and HomeStreet, Inc.

HIGHLIGHTED PROXY VOTES

Walt Disney Co.—on the March 8, 2018 proxy ballot, SBA staff voted against the advisory vote on executive compensation ("say-on-pay"). Investors voted down the non-binding compensation practices of the company by a slim majority of 52 percent. Disney has struggled with succession planning for the CEO role. Under the board's most recent contract extension in December 2017, Mr. Iger's pay could increase to over \$140 million when combined with Disney's deal to acquire assets of 21st Century Fox Inc. The board is likely to further extend the CEO's contract through 2021 if the Fox deal closes. Disney's board of directors said it accepted the results of the proxy vote and would take it under advisement when structuring future executive compensation. Market observers noted Disney's situation could be one of the most expensive examples of a failure to adequately plan for and manage CEO succession.

Tesla Motors—for the company's March 21, 2018 special meeting, SBA staff voted in support of Tesla's performance stock option agreement with Chief Executive Officer Elon Musk. As one of the largest compensation arrangements in history—with a potential value in excess of \$50 billion—the plan includes a series of increasingly higher market capitalization thresholds. If all performance goals are met during the plan's 10 year life, the company's value will increase more than ten-fold and also exhibit significant gains in both corporate revenues and earnings. Both of the leading proxy advisors recommended their clients vote against the compensation plan. Excluding insider-held shares, approximately 73 percent of voting shareowners supported the pay package.

Telecom Italia S.P.A.—for the May 4, 2018 special meeting, SBA staff supported a slate of board nominees presented by activist fund Elliott Advisors (UK) as part of its challenge to Vivendi and its de facto control over the board of directors. Elliot asked investors to support its proposal to revoke the six incumbent directors from the board and the appointment of six directors in substitution of the revoked directors. Italian board election regulations are rather complex with directors being elected on the basis of lists presented by shareowners representing at least 0.5 percent of a company's issued share capital, within 25 days before the meeting. Additionally, two thirds of the board members are elected from the list that receives the highest number of votes cast, in the order in which they are presented. The remaining directors are elected from the list that receives the second highest number of votes cast. And due to additional procedural requirements at the company, SBA staff also abstained from voting on ballot items to restrict the size of the board and director terms. Ultimately, Elliot defeated Vivendi to take control of Telecom Italia's board, marking its first proxy fight victory in its four decades of operation. Shareowners supported the U.S. activist's call to improve the corporate governance of Telecom Italia and push for asset sales.

General Electric Co. and Wells Fargo & Co.—SBA staff voted against the ratification of the firms' external auditor. In the case of GE, votes were cast against KPMG (which has been in place for 109 years) due to material problems including the ongoing SEC investigation into the company's accounting practices involving internal controls and revenue recognition, and the auditing firm's extremely long tenure. In the case of Wells Fargo, SBA staff voted against KPMG (which has been in place for 87 years) due to material problems including fraudulent account activity (although not involving internal controls), the auditor's prior knowledge of management's activities, and the auditing firm's extremely long tenure. The auditor's role in safeguarding investor interests is critical. Independent auditors have an important public trust, for it is the auditor's impartial and professional opinion that assures investors that a company's financial statements are accurate. Auditing standards place a responsibility on auditors to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. SBA staff generally supports proposals to ratify auditors unless there is reason to believe that the auditing firm has become complacent in its duties or its independence has been compromised. SBA believes all publicly held corporations should rotate their choice of auditor's periodically. Shareowners should be given the opportunity to review the performance of the auditors annually and ratify the board's selection of an auditor for the coming year. Although KPMG was ratified at both companies, the audit firm only received 65 percent support at GE, representing an extremely high level of opposition. At Wells Fargo, the audit firm received over 91 percent of voted shares. The vote at GE marks only the fifth time an external auditor has received less than 90 percent support since 2015.

Sturm, Ruger & Co.—for its May 9, 2018 annual shareowner meeting, SBA staff voted in favor of all director nominees and also supported an investor proposal requesting the company issue a report on the firm's activities related to gun safety measures and the mitigation of harm associated with gun products. The report will cover: 1) monitoring of violent events associated with products produced by the company; 2) efforts underway to research and produce safer guns and gun products; and 3) assessment of the corporate reputational and financial risks related to gun violence. SBA staff supports a more robust discussion of the reputational risks faced by the company on account of ongoing gun violence and public safety concerns. The investor proposal passed overwhelmingly with almost 68 percent of the voted shares in support. This is among the highest vote support levels of any shareowner proposal year to date. As one of the SBA's external proxy advisors noted, it may be unreasonable to assume that the company can adequately monitor gun violence nationally; however, the proposal's requested disclosure of efforts to research and produce safer guns, as well as the assessment of the corporate reputational and financial risks related to gun violence in the U.S., would benefit shareowners. Sturm, Ruger is one of the few publicly-traded firearms manufacturers to perform well compared to industry peers and the broader stock market.

USG Corp.—for its May 9, 2018 annual shareowner meeting, SBA staff voted against four management director nominees due to the board’s refusal to enter into takeover negotiations with Gebr. Knauf Verwaltungsgesellschaft KG (“Knauf”), which publicly announced an offer to acquire USG for \$5.6 billion, or \$42.00 per share in cash, representing a premium of approximately 25.3 percent to USG’s unaffected closing share price on the day of the offer. The USG board’s inaction is protected by the company’s extensive structural defense policies, including a poison pill, a classified board, inability for shareowners to call a special meeting and restrictions on actions by written consent. On April 12, 2018, Berkshire Hathaway publicly announced its intention to vote its entire 31 percent share ownership of USG equity against the four USG director candidates. Berkshire’s action represented the first time the investment holding company had ever cast votes against members of the incumbent management at a company it owned. Warren Buffett stated, “We did not think the [USG’s] directors were essentially doing their job.” After receiving significant negative votes from over 76 percent of the company’s investors, the board announced on May 1, 2018 that it authorized management to enter into negotiations with Knauf regarding a potential sale of the company. On May 4, 2018, USG and Knauf entered into a confidentiality agreement, pursuant to which USG agreed to provide certain non-public information to Knauf. In addition, Knauf stated that the agreement had a term of two years and contained certain standstill provisions lasting through August 31, 2018. Since the date of the Berkshire Hathaway announcement, the price of the company’s stock has risen over 30 percent.

NOTABLE RESEARCH & GOVERNANCE TRENDS

Department of Labor (DOL) Guidance on ESG—on April 23, 2018, the Labor Department’s Employee Benefits Security Administration (EBSA) issued Field Assistance Bulletin 2018-01 (FAB 2018-1) clarifying Issues regarding proxy voting, shareholder engagement, and economically targeted investments. The DOL refers to investments that are chosen for reasons other than the economic return to a plan as “economically targeted investments” (ETIs). The newest FAB clarifies earlier interpretations set forth in Interpretive Bulletins (IB) 2015-01 and 2016-01. In IB 2015-01, the Department held that fiduciaries may not sacrifice returns or assume greater risks to promote collateral environmental, social, or corporate governance (ESG) policy goals when making investment decisions. The DOL found that ESG factors may in fact be part of the economic analysis of investments, and so it may be appropriate to apply ESG factors as more than mere “tiebreakers.” In IB 2016-01, the Department addressed issues surrounding written statements of investment policy, proxy voting, and other exercises of shareholder rights by fiduciaries when managing plan assets that are corporate stock. The DOL found that plan fiduciaries may adopt investment policies requiring ESG factors (including governance issues like board composition, transparency or executive compensation) to be taken into account by investment managers in voting proxies to enhance the long-term economic value of investments.

For decades, the DOL has consistently interpreted the fiduciary standards of ERISA to require investment decisions to be based primarily on economic factors, such as risk and return. ERISA requires fiduciaries to act with the “exclusive purpose” of providing benefits to participants and beneficiaries and paying reasonable expenses of plan administration. DOL’s guidance on how fiduciaries should take into account environmental, social or governance (ESG) factors has evolved over time. Guidance issued in 2008 generally permitted ESG factors to be used only as a “tiebreaker” among investments that were otherwise determined to be economically equivalent based on a quantitative and qualitative analysis of the investments. Similarly, 2008 guidance found that fiduciaries may violate their duties if they “attempt to further legislative, regulatory or public policy issues through the proxy process.” FAB 2018-01 advises fiduciaries of ERISA-covered plans to “avoid too readily treating ESG issues as being economically relevant to any particular investment choice.” It further advises that ERISA does not necessarily require plans to adopt investment policy statements with express guidelines on ESG factors. FAB 2018-01 recognizes that proxy voting of plan investments is typically performed by institutional investment managers with resources available to assess the economic benefits and costs of

proxy voting. Any proxy voting or shareholder engagement policies approved by plan fiduciaries should be intended to enhance the economic return of investments, and fiduciaries should be able to demonstrate that they have analyzed the economic benefit in view of the costs to the plan and that they are not using plan assets to promote public policy preferences. The FAB also clarifies that plan fiduciaries (including investment managers) may not routinely incur significant plan expenses to pay for the costs of shareholder resolutions or special shareholder meetings or to initiate or actively sponsor proxy fights on environmental or social issues. Separately, the U.S. Government Accountability Office (GAO) will issue a report later in 2018 covering how retirement plans should handle ESG investments.



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ATTORNEY GENERAL

ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO

MEMORANDUM

To: Ashbel C. Williams, Executive Director & CIO

From: Maureen M. Hazen, General Counsel

A handwritten signature in blue ink, appearing to read "Maureen M. Hazen", is written over the printed name.

Date: May 18, 2018

Subject: Office of General Counsel: Standing Report
For Period March 1, 2018 – May 14, 2018

SBA Agreements.

During the period covered by this report, the General Counsel's Office drafted, reviewed and negotiated: (i) 21 new agreements – including 2 Private Equity investments, 2 Strategic Investments, and 2 Real Estate investments; (ii) 108 contract amendments, addenda or renewals; and (iii) two (2) contract terminations.

SBA Litigation.

(a) Passive. As of May 14, 2018, the SBA was monitoring (as an actual or putative passive member of the class) 585 securities class actions. During the period from March 1, 2018 – April 30, 2018, the SBA collected recoveries in the amount of \$637,271.32 as a passive member in 12 securities class actions.

(b) Active.

(i) In re Tribune Litigation. On January 24, 2012, the SBA was served a complaint (along with other defendants) now pending in the U.S. Bankruptcy Court, Southern District of New York by the Official Committee of Unsecured Creditors of the Tribune Company alleging damages for fraudulent conveyance and requesting the return of proceeds received by all defendant investors in a leveraged buy-out of the Tribune Company (which subsequently declared bankruptcy). Pursuant to a plan approved in the bankruptcy proceeding, the claim was transferred to the U.S. District Court, Southern District of New York (the "Court") and consolidated with additional parallel cases for multi-district litigation. The SBA received approximately \$11 million in connection with this leveraged buy-out. Several amended complaints have been filed in the action in which the SBA was originally served in January, 2012 (the "FitzSimons Action"). In early 2017, the Court dismissed the intentional fraudulent transfer count (the

only claim applicable to the SBA), and the SBA (and other defendants) are monitoring for a possible appeal.

(ii) Valeant Opt-Out Action. During the period covered by this report, the OGC recommended to the Trustees and you that the SBA file the opt-out with the group of plaintiffs being represented by Bernstein Litowitz. The SBA may have incurred more than \$62 million in recoverable damages. The Trustees approved filing of the action on November 6, 2017, and the SBA subsequently filed the Complaint. On November 29, 2017, the Court issued a stay in discovery in the case pending the conclusion of the trial in the criminal case filed by the U.S. Department of Justice. Therefore, as a practical matter, there will be progress in the case until the conclusion of the criminal matter.

(iii) LIBOR Litigation. The Attorney General's Office has commenced an investigation against several banks with respect to the alleged manipulation of LIBOR. The OGC and other SBA staff (e.g. Fixed Income, Financial Operations and Accounting) have been working with the Attorney General's Office since September, 2012. Since then, the Attorney General (representing the SBA) has settled the case with Barclays Bank and Deutsche Bank, and the SBA has recovered over \$12,000,000 in settlement proceeds. The cases against the other banks are ongoing.

(c) FRS Investment Plan. During the period covered by this report, the General Counsel's Office monitored and/or managed the following cases for the Florida Retirement System Investment Plan (the "Investment Plan"). The SBA issued six (6) Final Orders, received notice of filing of two (2) new cases, and continued to litigate eleven (11) cases (including two appellate cases) that were pending during the periods covered by previous reports.

Other Matters.

(a) Public Records. During the period covered by this report, the General Counsel's Office received 23 new public records requests and provided responses to 22 requests. As of the date of this report, the General Counsel's Office continues to work on 3 open requests.

(b) SBA Rule Activities. During the period covered by this report, there was no rule activity.



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ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO

MEMORANDUM

TO: Board of Trustees

FROM: Ken Chambers, ^{KC} Inspector General

DATE: May 21, 2018

SUBJECT: Quarterly Report on SBA Inspector General Activities

The SBA Inspector General (IG) is responsible for serving as the organization's ethics officer; conducting internal investigations; overseeing investment protection principles (IPP) compliance; and handling special projects as directed by the Executive Director.

Ethics and Training

- Mandatory ethics training and certification of compliance are required for all SBA employees on an annual basis. The on-line training covers gifts, conflicts of interest, financial disclosure, outside employment, lobbyist/principal restrictions, honorarium related events, etc. In addition to ethics training, mandatory training is annually required for all employees in the areas of harassment prevention, personal investment activity, insider trading, incident management framework, fiduciary duties, and cybersecurity awareness. For 2018, employees will also be required to complete training courses for public records and the Sunshine Law (these two courses are required every other year). The deadline for completing the courses is June 30, 2018. All new employees are required to take all of the mandatory training courses within 30 days of their start date.
- During the period March 1, 2018 to May 21, 2018, no instances were reported to the Inspector General concerning non-compliance with the SBA gift policy.

Investment Protection Principles Compliance

In September 2002, the Trustees of the SBA adopted Investment Protection Principles (IPPs) for broker-dealers and investment managers in the wake of Wall Street scandals involving tainted equity research and conflicts of interest. The IPPs are geared toward promoting independence, transparency and regulatory compliance, and adherence to the highest standards of ethics and professionalism. On an annual basis, written certification is required from equity, fixed income and real estate investment managers, and broker-dealers. Additionally, annual certifications have been developed for the investment services related consulting firms engaged by the SBA. These consulting firms are required to certify their compliance with certain independence and disclosure principles.

The compliance results for the consultants were reported in the previous quarterly report.

The IPP certifications for the equity, fixed income and real estate investment managers were disseminated in February 2018. All of the investment managers completed and returned their IPP certification forms for the 2017 reporting period. An analysis of the 2017 certifications indicated full compliance with the IPP's by most of the investment managers. For the others, explanations were provided supporting that the managers are in compliance with the spirit of the IPP's.

Certification forms for broker-dealers were disseminated to the applicable firms in April 2018. All but a few of the certifications have been completed and returned, and the compliance results for all of the broker-dealers will be included in the next Trustee's report.

SBA Fraud Hotline

Since July 2006, The Network Inc. has been the independent provider of SBA Fraud Hotline services. Through an 800 number, SBA employees may anonymously report tips or information related to fraud, theft, or financial misconduct. The telephone number and information is prominently displayed on the SBA intranet home page. Additionally, the hotline information is available on the SBA internet site as part of the SBA Internal Control and Fraud Policy. To date, no reports or tips have been received by the Hotline for 2018.

Financial Disclosure Forms

The Commission on Ethics requires certain state employees and officials who meet the reporting requirement to file an annual Financial Disclosure Form. All SBA employees who met this requirement have filed a Financial Disclosure Form with the Commission on Ethics for the year ending December 31, 2016, as well as all new employees hired during 2017. Disclosure Forms for 2017 were recently submitted to all affected employees, and are due to the Commission by July 1, 2018.

cc: Ash Williams



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ATTORNEY GENERAL**

**ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO**

DATE: May 21, 2018

TO: Ash Williams, Executive Director & CIO

FROM: Karen Chandler, Chief Risk & Compliance Officer

SUBJECT: Trustee Update – June 2018

The role of the Risk Management and Compliance (RMC) unit is to assist the Executive Director & CIO in maintaining an appropriate and effective risk management and compliance program to identify, monitor and mitigate key investment and operational risks. RMC plays a critical role in developing and enhancing the enterprise-wide system of internal controls. RMC proactively works with the Executive Director & CIO and designees to ensure issues are promptly and thoroughly addressed by management.

SBA senior management has created a culture of risk management and compliance through the governance structure, allocation of budgetary resources, policies and associated training and awareness. Management is committed to ethical practices and to serving the best interests of the SBA's clients.

Included below is a brief status report of RMC activities and initiatives completed or in progress during the period March 3, 2018 to May 21, 2018.

Compliance Exceptions

No material compliance exceptions were reported during the period.

Risk Assessments and Management Plans

There were no changes in the residual risk levels of the 13 top-level risks in the Enterprise Risk Management Framework. The Risk and Compliance Committee (RCC) held their quarterly meeting on April 3, 2018 and affirmed Management Plans. The RCC reviewed the proposed SBA Business Model, and have been providing feedback. Once finalized, risks to the model will be documented and key risk indicators formalized.

Triennial Governance, Risk, and Compliance (GRC) Assessment

Recommendations contained in the Triennial external assessment of the SBA's Governance, Risk, and Compliance Program include but are not limited to the following three broad categories:

- Tying a risk framework to an SBA business model with related Key Risk and Key Performance Indicators.
- Clarifying roles and responsibilities regarding operational due diligence.
- Prioritizing and automating compliance activities.

These will be primary focus areas for RMC over the next year.

Business Model Development

Business model development involves first designing a diagram that represents investment management and the functions thereof, rather than basing it on current business unit structure or the current risk framework. Additional diagrams would reflect the non-investment business of the SBA and unique business items, such

as the Florida Hurricane Catastrophe Fund. From this the SBA plans to revise the current risk framework and design and track Key Risk Indicators.

Operational Due Diligence (ODD)

RMC plays a significant role in ODD processes within the SBA and is participating in a cross-functional evaluation of ODD processes conducted on all SBA investments. A new framework is under development and will inform the roles and responsibilities included in policy.

Trading and Compliance Systems

The upgrade of the Charles River Investment Management Solution and move to the new Software as a Service (SAAS) operating model was implemented April 2018. The trading and compliance modules have been enhanced, and workflows have been tested. Going forward, the SAAS model will provide an annual upgrade service to capture the latest technology offered by Charles River. RMC is preparing to implement the Aladdin system for holdings-based compliance, and is currently evaluating additional functionality in existing compliance systems to ensure automated processes are in place to the extent practical.

Compliance Advisory

The OIA Compliance Advisory project was completed April 2018. As part of the engagement, an aggregate compliance rule library was developed containing all compliance rules. This library will be maintained by RMC going forward. The Advisory has provided useful recommendations to advance the program and gain additional efficiencies through automation.

Counterparty Renewal and Monitoring

RMC continues to enhance counterparty evaluation and monitoring processes to ensure current broker/dealer financial information and real-time market signals are considered in trading decisions. Counterparty exposure and market trend information is reported daily. Additional reporting has and continues to be developed. The annual counterparty renewal process led by RMC is planned to begin in June, with the new Authorized Trading Counterparty List being effective October 2018.

Performance and Risk Analytics

RMC recently launched an interactive performance, risk and attribution dashboard as a complement to the on-demand reports. The dashboard allows all SBA staff to quickly view performance, attribution, and asset allocation information for individual portfolios, groups of portfolios, or asset classes. Dashboard enhancements will continue.

As part of this development process, Kelly Marsey, Director of Performance & Risk Analytics, earned the Specialization in Data Science Certificate, following a rigorous 10-course program through Johns Hopkins University. The specialization provides a solid foundation in programming and data visualization that allows RMC to broaden capabilities in managing large data sets, providing enhanced insights into investment performance and risk. Additionally, Carolina Ramirez, Manager of Quantitative Investment Analysis, earned the Certificate in Performance Measurement (CIPM) designation in May 2018. This designation, awarded by the CFA Institute, reflects mastery in concepts relating to investment portfolio performance evaluation and risk analysis.

Florida Asset Manager Evaluation (FLAME) System

A new system has been internally developed to automate information collection from over 200 external investment managers as part of the annual contractual and statutory compliance certification process. This

collaboration between RMC and Information Technology has produced significant benefits including greater efficiency in analysis, process streamlining, and enhanced security in data transmission. Testing has been conducted and RMC is beginning the process of registering asset managers in preparation for July 2018 implementation. Based on positive feedback from investment managers and SBA senior management, planning is in progress for a second phase of implementation to collect a broader range of investment data to support asset class oversight of investment managers.



State Board of Administration of Florida

Major Mandate Review First Quarter 2018

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3. Investment Plan Review
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5. Lawton Chiles Endowment Fund Review
6. Florida PRIME Review
7. Appendix

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Executive Summary

- The major mandates each produced generally strong returns relative to their respective benchmarks over both short- and long-term time periods ending March 31, 2018.
- The Pension Plan outperformed its Performance Benchmark during the quarter and over the trailing one-, three-, five-, ten-, and fifteen-year periods.
 - Over the long-term, Global Equity is the leading source of value added, followed by Strategic Investments, Real Estate and Fixed Income.
 - Over the trailing one-, three-, five-, and ten-year periods, the Pension Plan's return ranked in the top quartile of the TUCS Top Ten Defined Benefit Plan universe.
- The FRS Investment Plan has outperformed the Total Plan Aggregate Benchmark during the quarter and over the trailing one-, three-, five-, and ten-year periods.
- The Lawton Chiles Endowment Fund outperformed its benchmark during the quarter and over the trailing one-, three-, five-, and ten-year periods.
- The CAT Funds' performance is strong over both short-term and long-term periods, outperforming the benchmark over the trailing one-, three-, five-, and ten-year periods.
- Florida PRIME has continued to outperform its benchmark over both short- and long-term time periods.

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Pension Plan: Executive Summary

- The Pension Plan assets totaled \$160.5 billion as of March 31, 2018 which represents a \$1.6 billion decrease since last quarter.
- The Pension Plan, when measured against the Performance Benchmark, outperformed over the quarter and the trailing one-, three-, five-, ten-, and fifteen-year periods.
- Relative to the Absolute Nominal Target Rate of Return, the Pension Plan underperformed over the trailing twenty-year period, and outperformed over the trailing one-, three-, five-, ten-, fifteen-, twenty-five-, and thirty-year time periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
 - Public market asset class investments do not significantly deviate from their broad market-based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
 - Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, and investment strategy.
 - Asset allocation is monitored on a daily basis to ensure that the actual asset allocation of the Pension Plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Aon Hewitt Investment Consulting and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

FRS Pension Plan Change in Market Value Periods Ending 3/31/2018

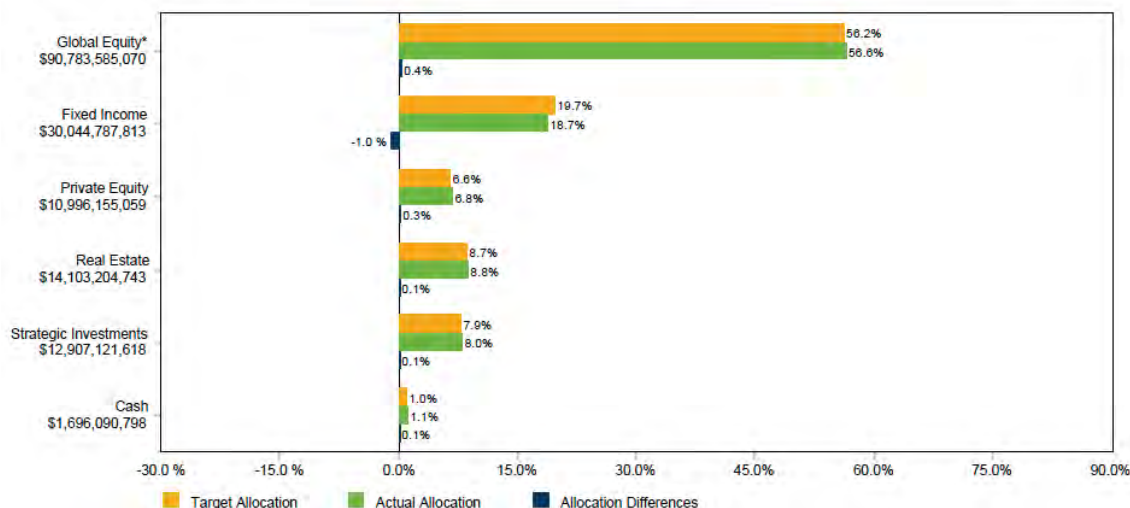
Summary of Cash Flows		
	First Quarter	Fiscal YTD*
Beginning Market Value	\$162,090,223,288	\$153,573,300,933
+/- Net Contributions/(Withdrawals)	\$(1,665,052,159)	\$(5,125,907,869)
Investment Earnings	\$105,773,973	\$12,083,552,038
= Ending Market Value	\$160,530,945,101	\$160,530,945,101
Net Change	\$(1,559,278,187)	\$6,957,644,169

*Period July 2017 – March 2018

Asset Allocation as of 3/31/2018

Total Fund Assets = \$160.5 Billion

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	160,530,945,101	100.0	100.0		
Global Equity*	90,783,585,070	56.6	56.2	45.0	70.0
Fixed Income	30,044,787,813	18.7	19.7	10.0	26.0
Private Equity	10,996,155,059	6.8	6.6	2.0	9.0
Real Estate	14,103,204,743	8.8	8.7	4.0	16.0
Strategic Investments	12,907,121,618	8.0	7.9	0.0	16.0
Cash	1,696,090,798	1.1	1.0	0.3	5.0



* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

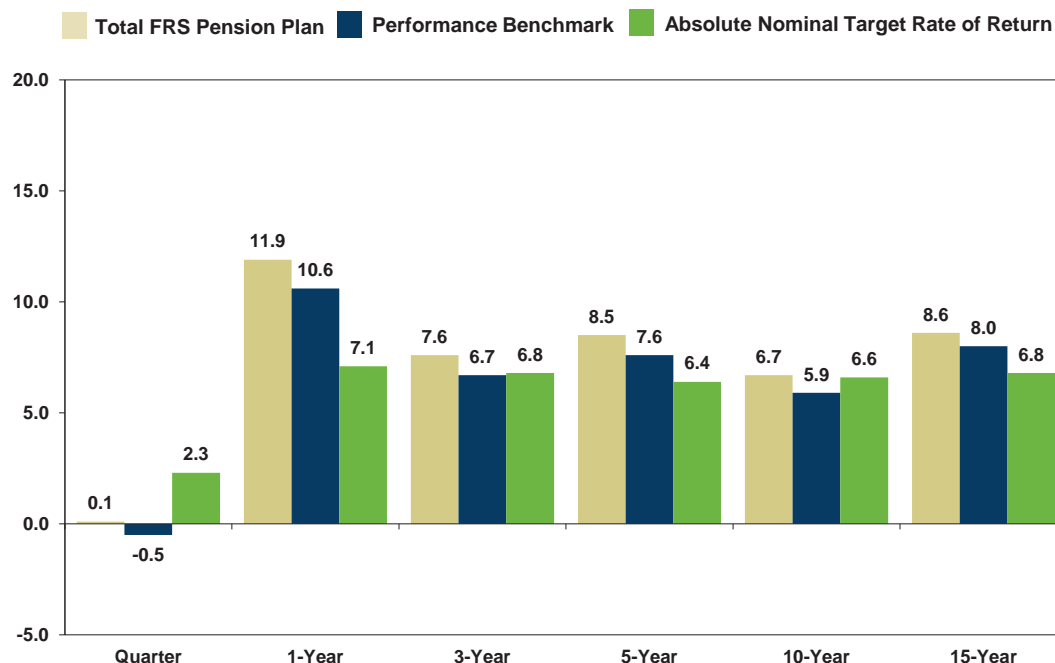
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FRS Pension Plan Investment Results

Periods Ending 3/31/2018



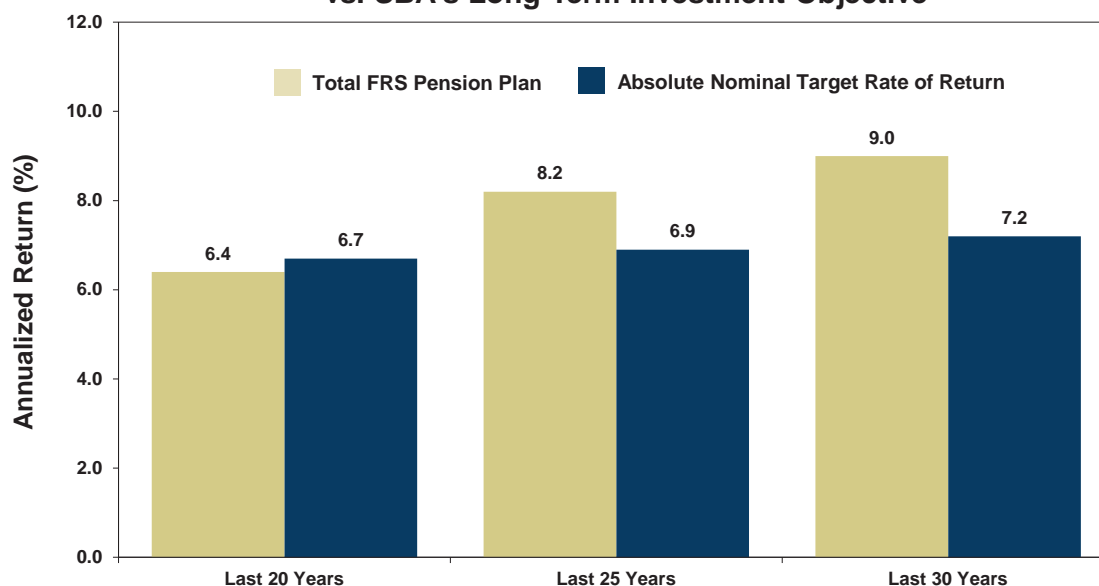
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FRS Pension Plan Investment Results Periods Ending 3/31/2018

Long-Term FRS Pension Plan Performance Results vs. SBA's Long-Term Investment Objective



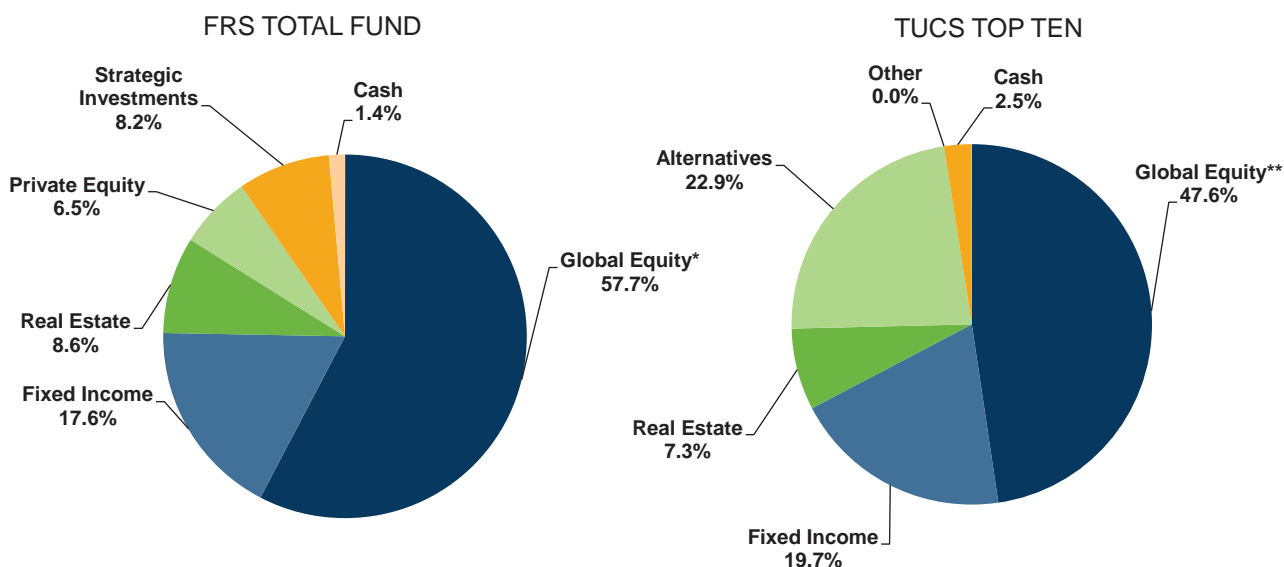
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Comparison of Asset Allocation (TUCS Top Ten) As of 12/31/2017

FRS Pension Plan vs. Top Ten Defined Benefit Plans



*Global Equity Allocation: 26.3% Domestic Equities; 25.2% Foreign Equities; 5.8% Global Equities; 0.4% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

Note: The TUCS Top Ten Universe includes \$1,532.0 billion in total assets. The median fund size was \$151.3 billion and the average fund size was \$153.2 billion.

Note: Due to rounding, percentage totals displayed may not sum perfectly.

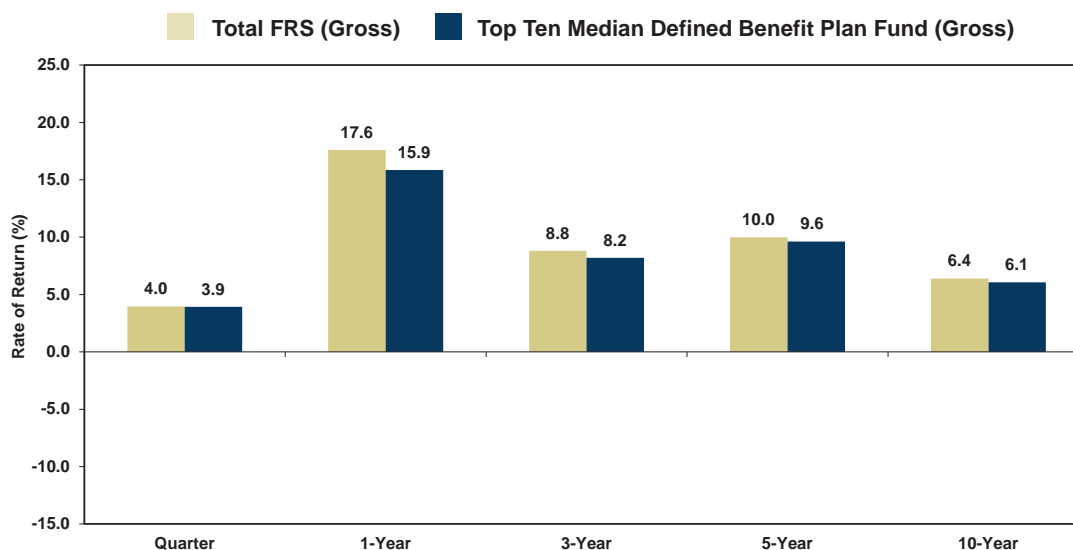
**Global Equity Allocation: 29.3% Domestic Equities; 18.3% Foreign Equities.

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FRS Results Relative to TUCS Top Ten Defined Benefit Plans Periods Ending 12/31/2017



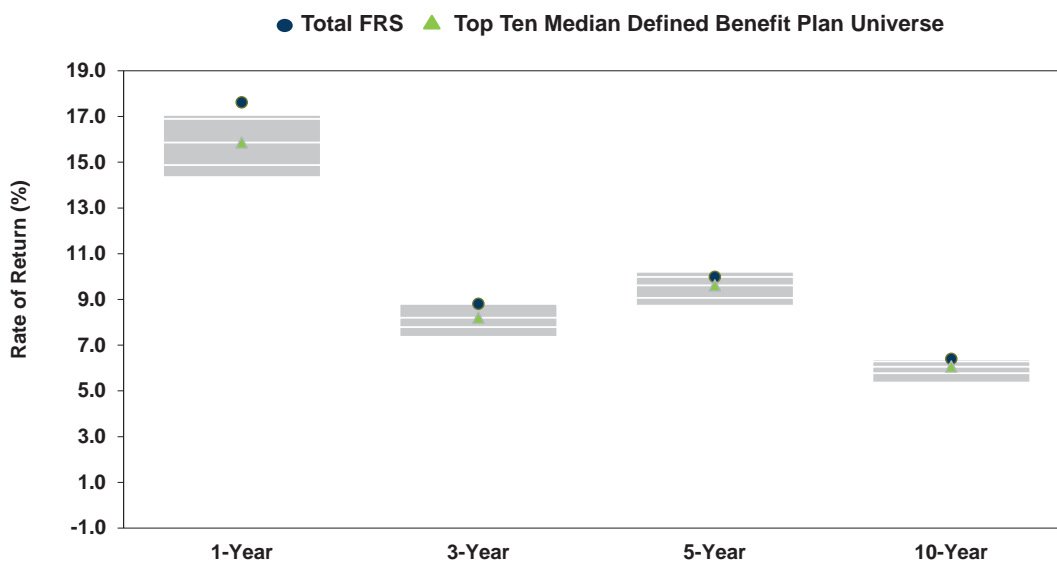
Note: The TUCS Top Ten Universe includes \$1,532.0 billion in total assets. The median fund size was \$151.3 billion and the average fund size was \$153.2 billion.

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Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS) Periods Ending 12/31/2017



Note: The TUCS Top Ten Universe includes \$1,532.0 billion in total assets. The median fund size was \$151.3 billion and the average fund size was \$153.2 billion.

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Investment Plan: Executive Summary

- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the trailing one-, three-, five-, and ten-year periods. This suggests strong relative performance of the underlying fund options in which participants are investing.
- The FRS Investment Plan's total expense ratio is slightly higher, on average, when compared to a defined contribution peer group and is lower than the average corporate and public defined benefit plan, based on year-end 2016 data. The total FRS Investment Plan expense ratio includes investment management fees, as well as administration, communication and education costs. Communication and education costs are not charged to FRS Investment Plan members; however, these and similar costs may be charged to members of plans within the peer group.
- Management fees are lower than the median as represented by Morningstar's mutual fund universe for every investment category.
- The FRS Investment Plan offers an appropriate number of fund options that span the risk and return spectrum.
- The Investment Policy Statement is revisited periodically to ensure that the structure and guidelines of the FRS Investment Plan are appropriate, taking into consideration the FRS Investment Plan's goals and objectives.

Total Investment Plan Returns & Cost

Periods Ending 3/31/2018*

	One-Year	Three-Year	Five-Year	Ten-Year
FRS Investment Plan	11.1%	6.6%	7.5%	5.9%
<i>Total Plan Aggregate Benchmark**</i>	10.0%	6.3%	7.1%	5.4%
FRS Investment Plan vs. Total Plan Aggregate Benchmark	1.1	0.3	0.4	0.5

Periods Ending 12/31/2016***

	Five-Year Average Return****	Five-Year Net Value Added	Expense Ratio
FRS Investment Plan	7.2%	0.1%	0.33%*****
<i>Peer Group</i>	8.2	0.2	0.26
FRS Investment Plan vs. Peer Group	-1.0	-0.1	0.07

*Returns shown are net of fees.

**Aggregate benchmark returns are an average of the individual portfolio benchmark returns at their actual weights.

***Source: 2016 CEM Benchmarking Report. Peer group for the Five-Year Average Return and Value Added represents the U.S. Median plan return based on the CEM 2016 Survey that included 145 U.S. defined contribution plans with assets ranging from \$72 million to \$49.6 billion. Peer group for the Expense Ratio represents a custom peer group for FSBA of 17 DC plans including corporate and public plans with assets between \$2.3 - \$15.5 billion.

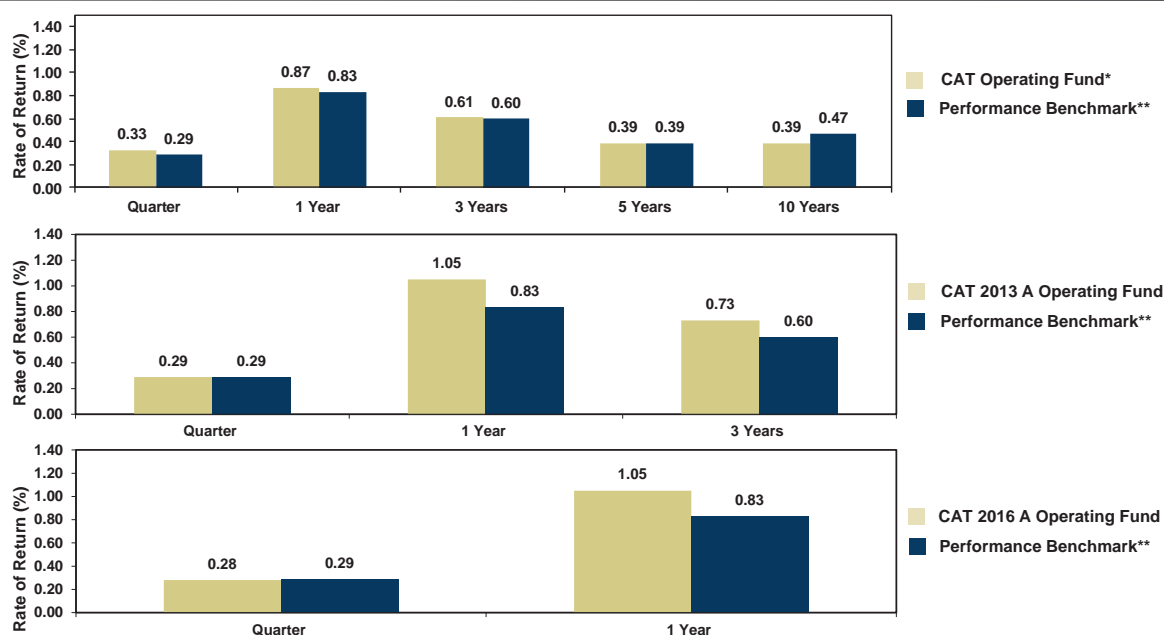
****Returns shown are gross of fees.

*****The total FRS Investment Plan expense ratio includes investment management fees, as well as administration, communication and education costs. These latter costs are not charged to FRS Investment Plan members; however, these and similar costs may be charged to members of plans within the peer group utilized above.

CAT Fund: Executive Summary

- Returns on an absolute basis continue to be modest given the current low interest rate environment.
- Over long-term periods, the relative performance of the CAT Funds has been favorable as they have outperformed the Performance Benchmark over the trailing one-, three-, five-, and ten-year time periods. During the quarter, the CAT Funds either matched or modestly trailed the Performance Benchmark.
- The CAT Funds are adequately diversified across issuers within the short-term bond market.
- The Investment Portfolio Guidelines appropriately constrain the CAT Funds to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Adequate liquidity exists to address the cash flow obligations of the CAT Funds.
- The Investment Portfolio Guidelines are revisited periodically to ensure that the structure and guidelines of the CAT Funds are appropriate, taking into consideration the CAT Funds' goals and objectives.

CAT Funds Investment Results Periods Ending 3/31/2018



*CAT Operating Fund: Beginning March 2008, the returns for the CAT Fund reflect marked-to-market returns. Prior to that time, cost-based returns are used.

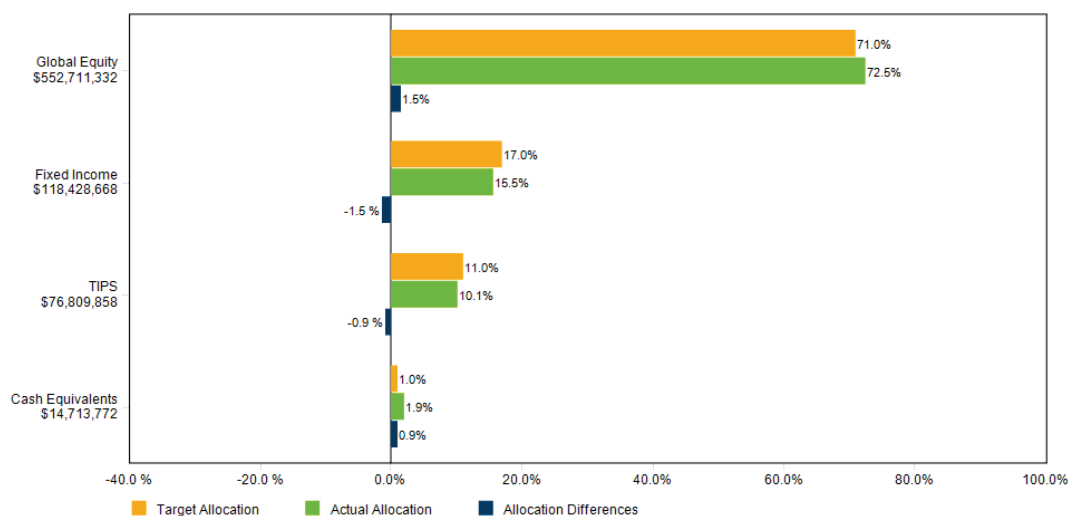
**Performance Benchmark: The CAT Fund was benchmarked to the IBC First Tier through February 2008. From March 2008 to December 2009, it was the Merrill Lynch 1-Month LIBOR. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. From July 2010 to September 2014, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Net Index. Effective October 2014, it is a blend of the average of the Merrill Lynch 1-Yr US Treasury Bill Index and the iMoneyNet First Tier Institutional Money Market Funds Net Index. Beginning February 2018, the CAT Fund was split into two different funds, the CAT Fund Operating Liquidity Fund and the CAT Fund Operating Claims Paying Fund. Beginning February 2018, the CAT Fund Operating Liquidity Fund was benchmarked to the B of A Merrill Lynch 3-6 Month US Treasury Bill Index, and the CAT Fund Operating Claims Paying Fund was benchmarked to itself. Beginning February 2018, the CAT 2013 A and 2016 A Operating Funds were benchmarked to themselves.

Lawton Chiles Endowment Fund: Executive Summary

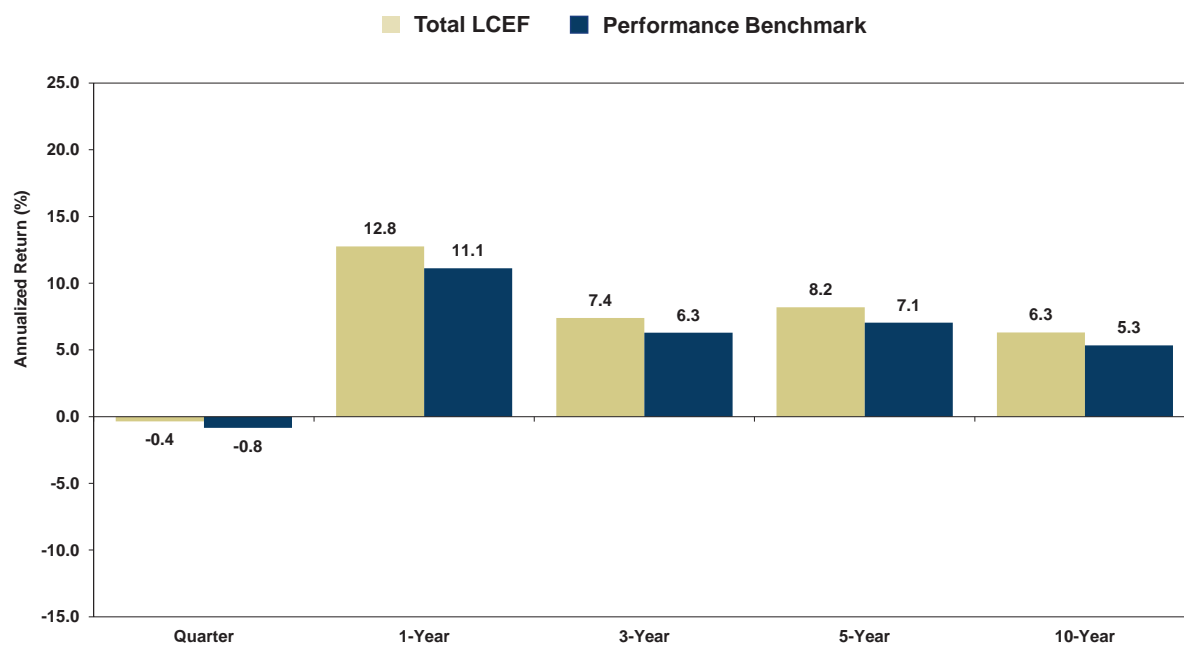
- Established in July 1999, the Lawton Chiles Endowment Fund (LCEF) was created to provide a source of funding for child health and welfare programs, elder programs and research related to tobacco use.
 - The investment objective is to preserve the real value of the net contributed principal and provide annual cash flows for appropriation.
 - The Endowment's investments are diversified across various asset classes including global equity, fixed income, inflation-indexed bonds (TIPS) and cash.
- The Endowment assets totaled \$762.7 million as of March 31, 2018.
- The Endowment's return outperformed its Target over the quarter and the trailing one-, three-, five-, and ten-year time periods.

Asset Allocation as of 3/31/2018 Total LCEF Assets = \$762.7 Million

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
LCEF Total Fund	762,663,629	100.0	100.0		
Global Equity	552,711,332	72.5	71.0	61.0	81.0
Fixed Income	118,428,668	15.5	17.0	12.0	22.0
TIPS	76,809,858	10.1	11.0	6.0	16.0
Cash Equivalents	14,713,772	1.9	1.0	0.0	10.0



LCEF Investment Results Periods Ending 3/31/2018



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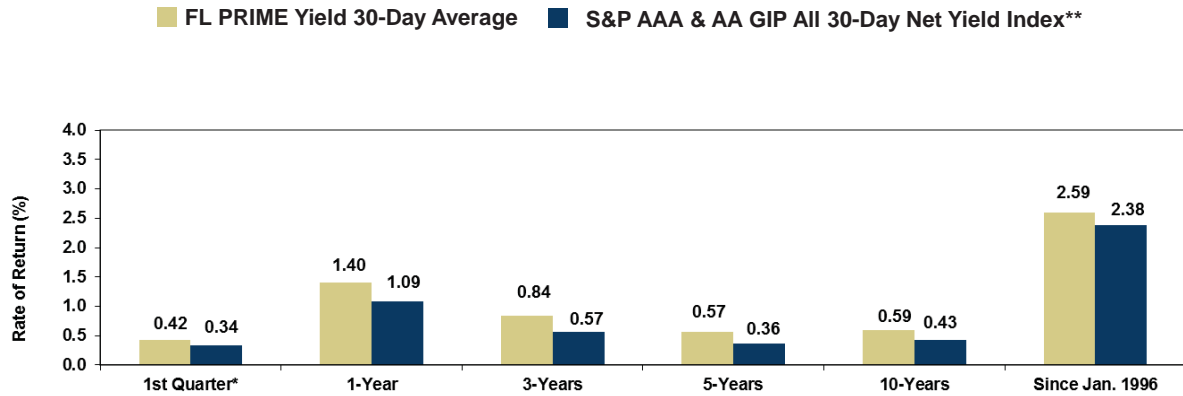
Florida Hurricane Catastrophe Fund Background

- The purpose of the Florida Hurricane Catastrophe Fund (FHCF) is to provide a stable, ongoing and timely source of reimbursement to insurers for a portion of their hurricane losses.
- The CAT Fund (Operating Funds), along with CAT 2016 A Fund and CAT 2013 A Fund are internally managed portfolios.
- As of March 31, 2018, the total value of:
 - The CAT Fund (Operating Funds) was \$14.8 billion
 - The CAT 2016 A Fund was \$1.2 billion
 - The CAT 2013 A Fund was \$1.0 billion

Florida PRIME: Executive Summary

- The purpose of Florida PRIME is safety, liquidity, and competitive returns with minimal risk for participants.
- The Investment Policy Statement appropriately constrains Florida PRIME to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Florida PRIME is adequately diversified across issuers within the short-term bond market, and adequate liquidity exists to address the cash flow obligations of Florida PRIME.
- Performance of Florida PRIME has been strong over short- and long-term time periods, outperforming its performance benchmark during the quarter and over the trailing one-, three-, five-, and ten-year time periods.
- As of March 31, 2018, the total market value of Florida PRIME was \$11.6 billion.
- Aon Hewitt Investment Consulting, in conjunction with SBA staff, compiles an annual best practices report that includes a full review of the Investment Policy Statement, operational items, and investment structure for Florida PRIME.

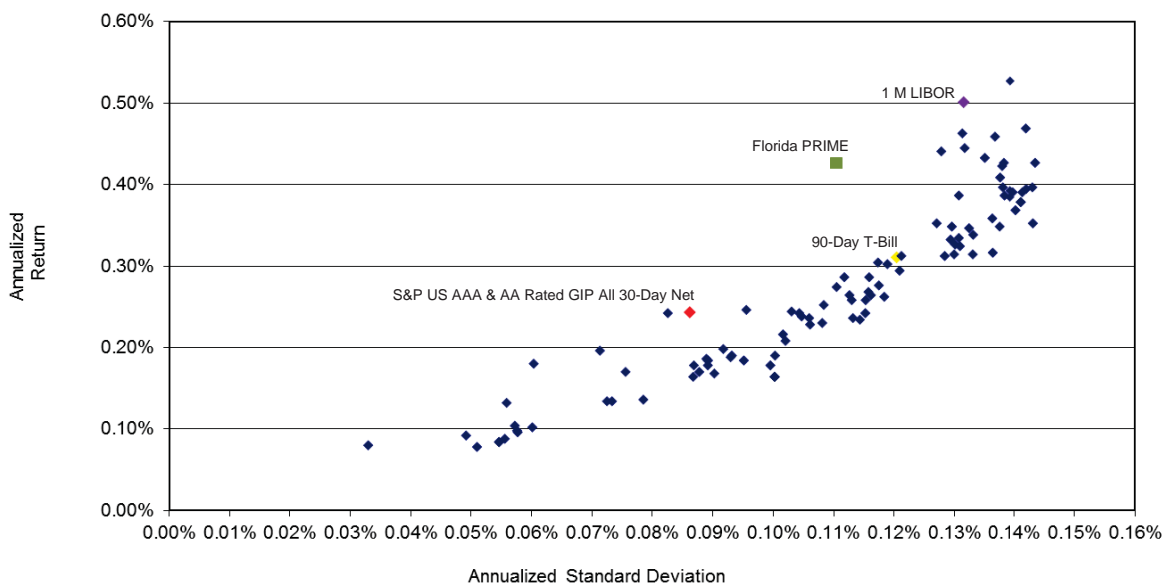
Florida PRIME Investment Results Periods Ending 3/31/2018



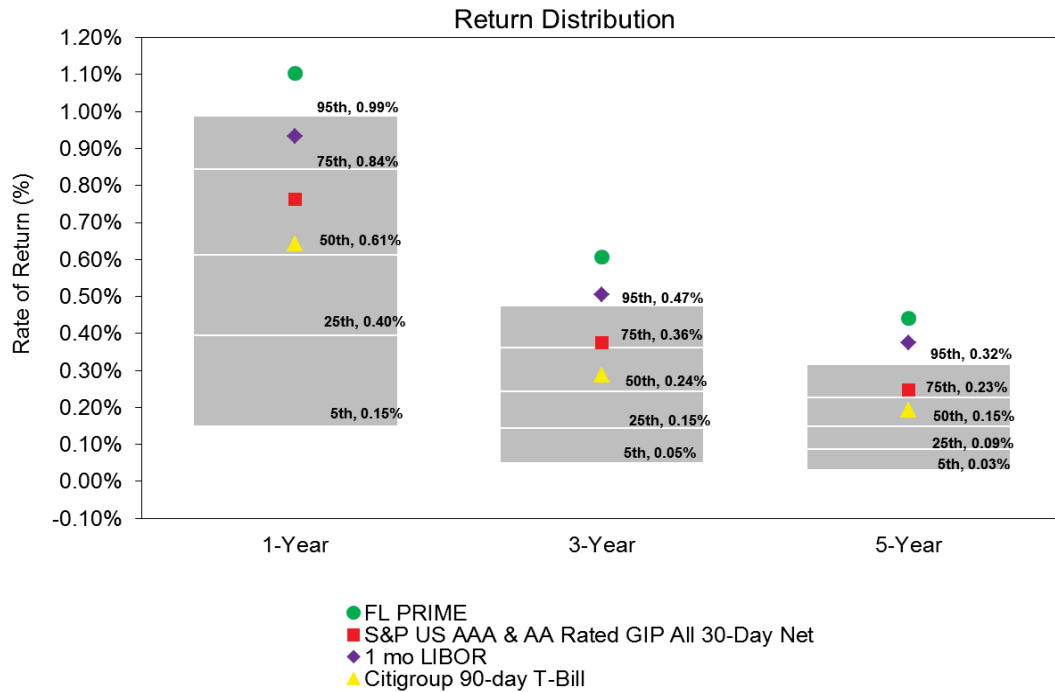
*Returns less than one year are not annualized.

**S&P AAA & AA GIP All 30-Day Net Yield Index for all time periods shown.

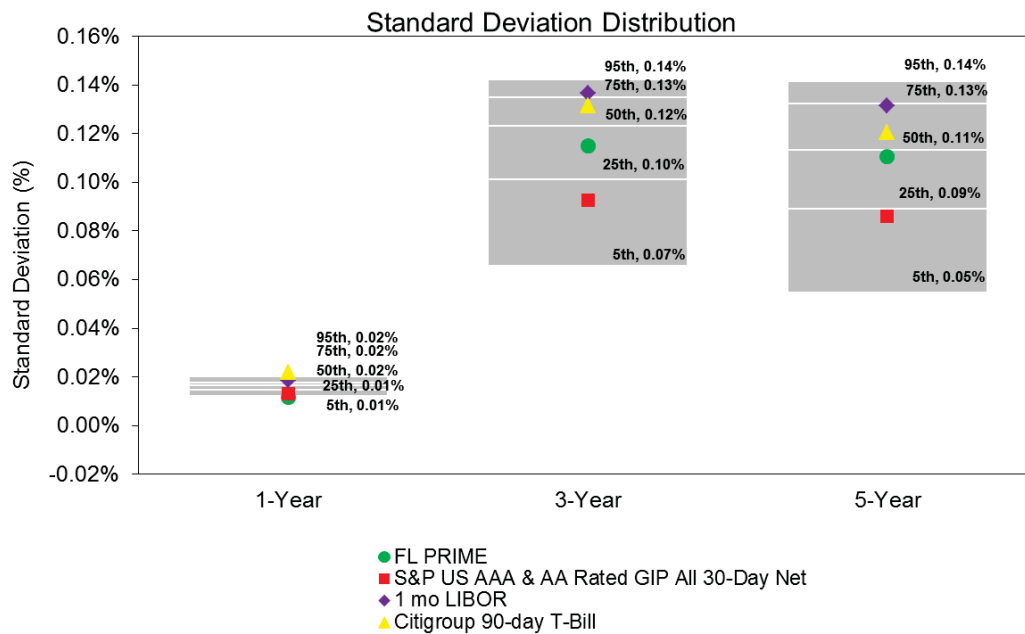
Florida PRIME Risk vs. Return 5 Years Ending 3/31/2018



Return Distribution Periods Ending 3/31/2018



Standard Deviation Distribution Periods Ending 3/31/2018



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Appendix

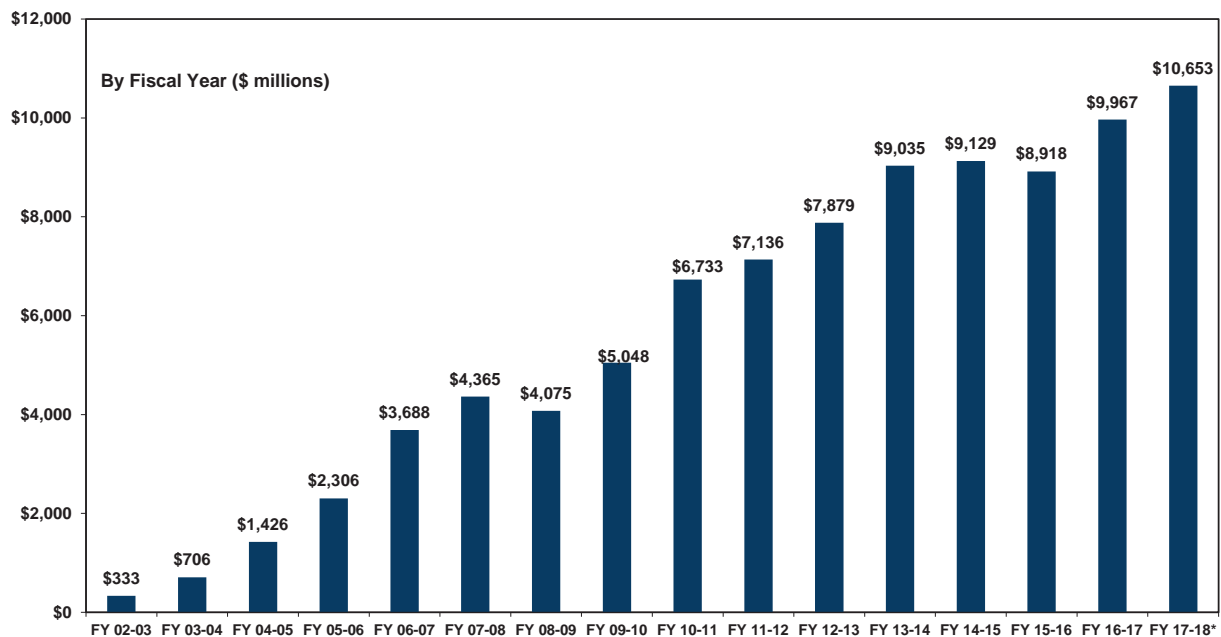
FRS Investment Plan Costs

Investment Category	Investment Plan Fee*	Average Mutual Fund Fee**
Large Cap Equity	0.15%	0.81%
Small-Mid Cap Equity	0.59%	0.95%
International Equity	0.30%	0.97%
Diversified Bonds	0.15%	0.52%
Target Date	0.15%	0.56%
Money Market	0.06%	0.31%

*Average fee of multiple products in category as of 3/31/2018.

**Source: AHIC's annual mutual fund expense analysis as of 12/31/2017.

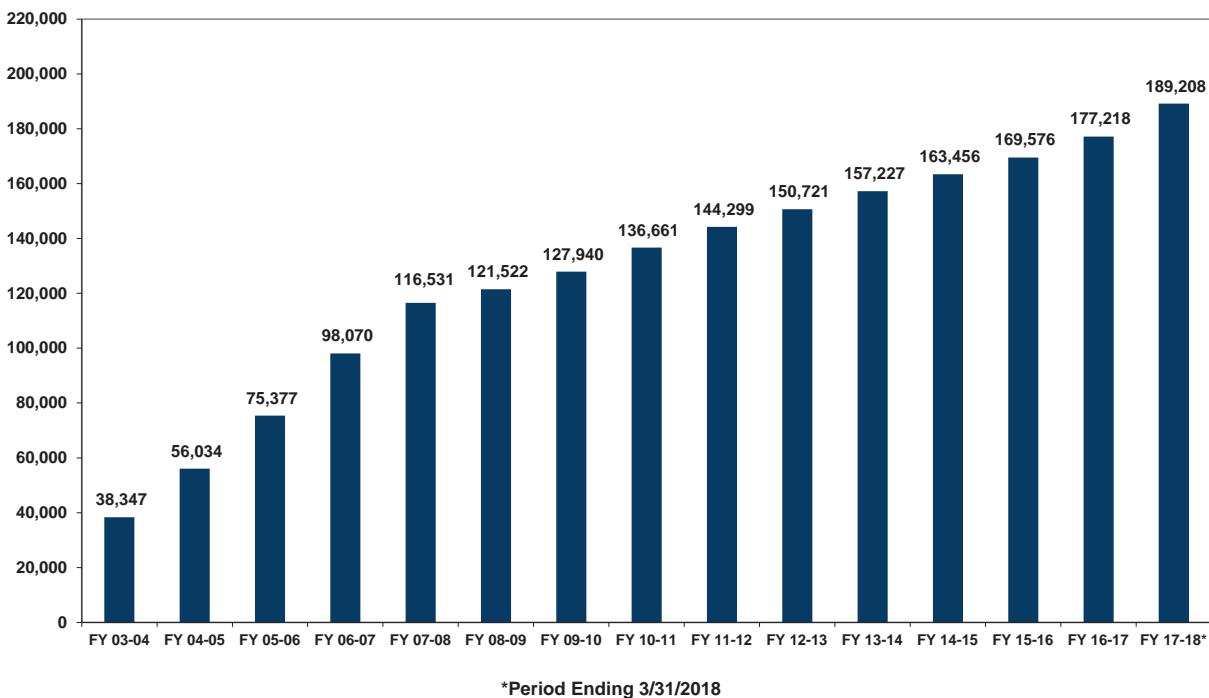
Investment Plan Fiscal Year End Assets Under Management



*Period Ending 3/31/2018

Source: Investment Plan Administrator

Investment Plan Membership



Source: Investment Plan Administrator

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Florida Hurricane Catastrophe Fund Background

- The purpose of the Florida Hurricane Catastrophe Fund (FHCF) is to provide a stable, ongoing and timely source of reimbursement to insurers for a portion of their hurricane losses.
- Both the CAT Fund (Operating Fund) and the CAT 2013 A Fund are internally managed portfolios benchmarked to a blend of the average of the Merrill Lynch 1-Yr US Treasury Bill Index and the iMoneyNet First Tier Institutional Money Market Funds Net Index.
- As of March 31, 2018, the total value of all FHCF accounts was \$7.5 billion.

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CAT Operating Fund Characteristics

Period Ending 3/31/2018

Maturity Analysis	
1 to 30 Days	21.31%
31 to 60 Days	9.69
61 to 90 Days	5.15
91 to 120 Days	4.87
121 to 150 Days	6.70
151 to 180 Days	11.66
181 to 270 Days	10.13
271 to 365 Days	13.82
366 to 455 Days	1.54
>= 456 Days	15.13
Total % of Portfolio:	100.00%

Bond Rating Analysis	
AAA	57.27%
AA	8.43
A	34.30
Baa	0.00
Other	0.00
Total % of Portfolio	100.00%

CAT 2013 A Fund Characteristics

Period Ending 3/31/2018

Maturity Analysis	
1 to 30 Days	7.86%
31 to 60 Days	1.55
61 to 90 Days	2.59
91 to 120 Days	4.75
121 to 150 Days	5.68
151 to 180 Days	2.57
181 to 270 Days	9.53
271 to 365 Days	6.25
366 to 455 Days	10.81
>= 456 Days	48.41
Total % of Portfolio:	100.00%

Bond Rating Analysis	
AAA	80.08%
AA	11.69
A	8.23
Baa	0.00
Other	0.00
Total % of Portfolio	100.00%

CAT 2016 A Fund Characteristics

Period Ending 3/31/2018

Maturity Analysis	
1 to 30 Days	8.97%
31 to 60 Days	0.41
61 to 90 Days	5.47
91 to 120 Days	2.39
121 to 150 Days	4.24
151 to 180 Days	7.70
181 to 270 Days	7.95
271 to 365 Days	6.78
366 to 455 Days	7.53
>= 456 Days	48.56
Total % of Portfolio:	100.00%

Bond Rating Analysis	
AAA	71.47%
AA	15.68
A	12.85
Baa	0.00
Other	0.00
Total % of Portfolio	100.00%

Florida PRIME Characteristics

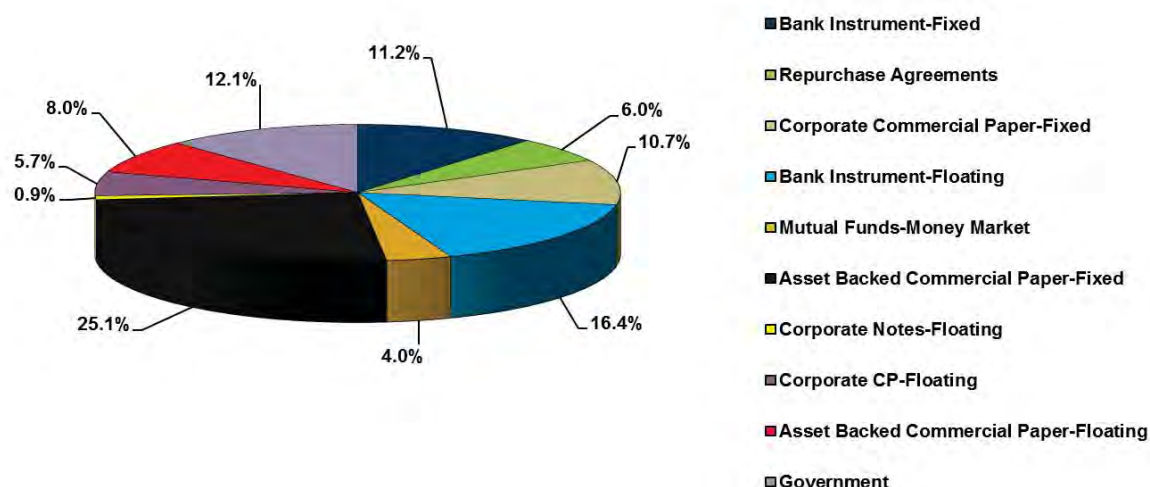
Quarter Ending 3/31/2018

Cash Flows as of 3/31/2018	First Quarter	Fiscal YTD*
Opening Balance	\$11,428,954,534	\$9,329,349,587
Participant Deposits	\$4,862,785,763	\$18,036,255,287
Gross Earnings	\$51,350,083	\$113,250,674
Participant Withdrawals	(\$4,756,284,139)	(\$15,890,581,594)
Fees	(\$983,520)	(\$2,451,234)
Closing Balance (3/31/2018)	\$11,585,822,722	\$11,585,822,722
Change	\$156,868,188	\$2,256,473,135

*Period July 2017 – March 2018

Florida PRIME Characteristics Quarter Ending 3/31/2018

Portfolio Composition



Florida PRIME Characteristics Period Ending 3/31/2018

Effective Maturity Schedule	
1-7 Days	33.7%
8 - 30 Days	25.4%
31 - 90 Days	27.1%
91 - 180 Days	13.0%
181+ Days	0.8%
Total % of Portfolio:	100.0%

S & P Credit Quality Composition	
A-1+	56.8%
A-1	43.2%
Total % of Portfolio:	100.0%



FRS Pension Plan | First Quarter 2018

Quarterly Investment Review

Visit the Aon Retirement and Investment Blog (<http://retirementandinvestmentblog.aon.com>); sharing our best thinking.



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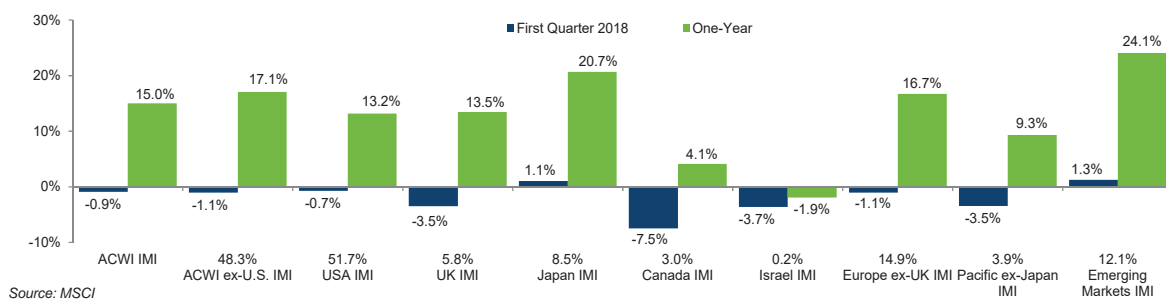
Market Environment

1



Global Equity Markets

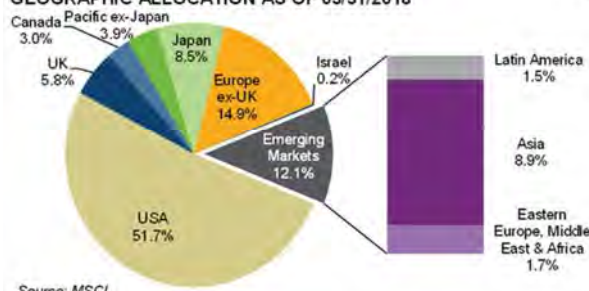
GLOBAL MSCI IMI INDEX RETURNS AS OF 03/31/2018



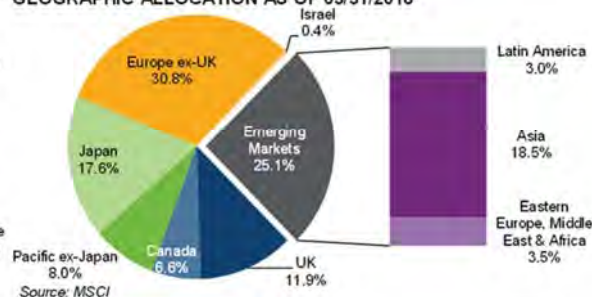
- Following a positive initial start to 2018, bouts of volatility later in the quarter saw global equities slip from their heady heights and even move into "correction" territory. Expectations of a pick up in inflation and later extended by growing fears over a possible trade war between the U.S. and China were key drivers of underperformance last quarter. These events led global equities lower over the quarter with a return of -0.9% in U.S. dollar terms. The weakening of the U.S. dollar (1.3% in trade-weighted terms) dragged down the returns further to -1.7% in local currency terms.
- With the exception of Emerging Markets and Japan, all regions shown above generated negative returns over the quarter. Emerging Markets was the strongest performer, returning 1.3% in the first quarter of 2018. A very strong start to the year (6.8% over January in local currency terms) provided a sufficient enough cushion to offset later market falls. Canadian equities were one of the worst performers over the quarter, returning -7.5% as economic momentum waned while an unscheduled shutdown in oilsands production detracted from energy sector performance.



**MSCI ALL COUNTRY WORLD IMI INDEX
GEOGRAPHIC ALLOCATION AS OF 03/31/2018**



**MSCI ALL COUNTRY WORLD EX-U.S. IMI INDEX
GEOGRAPHIC ALLOCATION AS OF 03/31/2018**

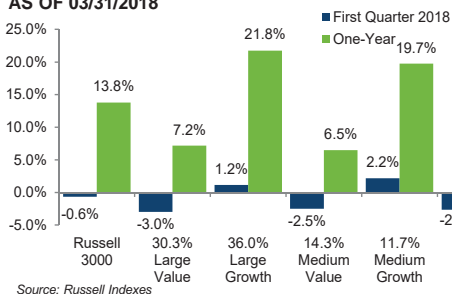


- The two exhibits on this slide illustrate the percentage that each country/region represents of the global and international equity markets as measured by the MSCI All Country World IMI Index and the MSCI All Country World ex-U.S. IMI Index, respectively.

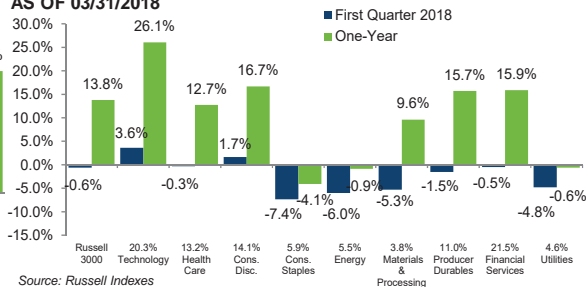
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U.S. Equity Markets

**RUSSELL STYLE RETURNS
AS OF 03/31/2018**



**RUSSELL GICS SECTOR RETURNS
AS OF 03/31/2018**

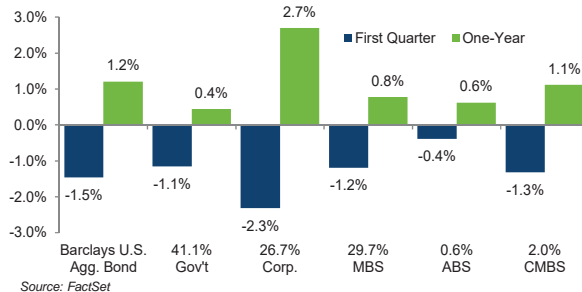


- The Russell 3000 Index returned -0.6% during the first quarter and 13.8% over the one-year period.
- All sectors generated negative returns over the quarter with the exception of Technology (3.6%) and Consumer Discretionary (1.7%) sectors; the former was supported by a strong earnings season. Focusing on the sectors that detracted from returns, Consumer Staples and Energy were the weakest performers with returns of -7.4% and -6.0%, respectively, in Q1 2018.
- In general, smaller cap and growth-oriented U.S. equities outperformed over the quarter. With the majority of their revenue generated domestically, small cap stocks were less affected by fears of rising protectionism while U.S. tax reform provided additional impetus. Over the last twelve months, value stocks continue to lag their growth stock equivalents significantly (double-digit underperformance across the market capitalization spectrum).

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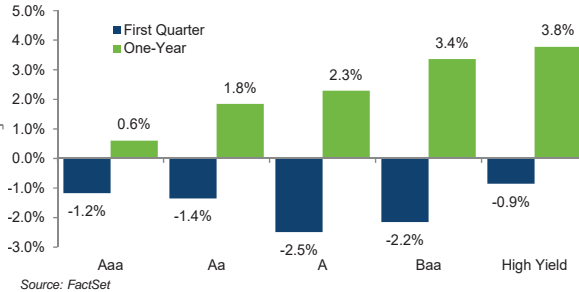
U.S. Fixed Income Markets

**BLOOMBERG BARCLAYS AGGREGATE RETURNS BY SECTOR
AS OF 03/31/2018**

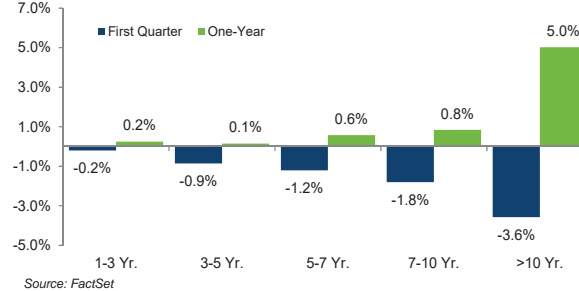


- The Bloomberg Barclays U.S. Aggregate Bond Index returned -1.5% in the first quarter. The turbulence in equity markets seeped into credit markets with credit spreads widening over the quarter. Investment grade corporate bonds fell the most over the quarter, returning -2.3%. ABS performed relatively well, returning -0.4%.
- Performance was negative across all credit qualities with A-rated bonds falling the most at -2.5%. Despite the increase in volatility, high-yield bonds fared relatively well. The -0.9% return outperformed all investment grade qualities.
- Long-maturity bonds underperformed intermediate- and short-maturity bonds through the quarter due to their greater interest rate sensitivity.

**BLOOMBERG BARCLAYS U.S. AGGREGATE RETURNS
BY QUALITY AND HIGH YIELD RETURNS AS OF 03/31/2018**



**BLOOMBERG BARCLAYS AGGREGATE RETURNS BY MATURITY
AS OF 03/31/2018**



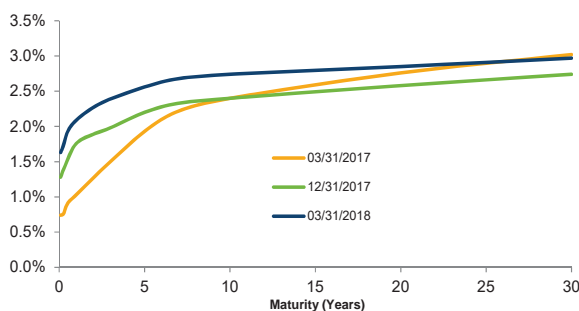
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U.S. Fixed Income Markets

U.S. TREASURY YIELD CURVE



U.S. 10-YEAR TREASURY AND TIPS YIELDS

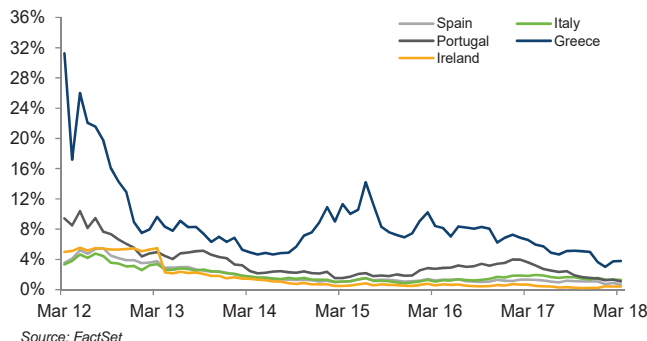


- The Treasury yield curve shifted upwards over the quarter with yields rising across maturities, but to a greater extent at shorter maturities.
- The 10-year U.S. Treasury yield ended the quarter at 2.74%, 34bps higher than at the start of the quarter as expectations of robust growth and an acceleration in inflation drove yields higher. The U.S. Federal Reserve increased its federal rate target to 1.50%-1.75% in Jerome Powell's first meeting as the new Chairman of the U.S. Federal Reserve, taking a more hawkish stance while also noting an improvement in the economic outlook.
- Unlike previous quarters where the upward move in nominal yields was driven by higher inflation expectations, higher real yields were responsible for much of the quarterly change. The 10-year TIPS yield rose by 25bps over the quarter and ended the period at 0.69%.

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**EUROZONE PERIPHERAL BOND SPREADS
(10-YEAR SPREADS OVER GERMAN BUNDS)**


- In the eurozone, bond spreads over 10-year German bunds were mixed across the region. Spanish government bond yields fell by 38bps to 1.16% over the quarter which saw Fitch (a ratings agency) upgrade Spain's sovereign credit rating, citing broad-based economic recovery and limited economic impact caused by Catalonia's declaration of independence.
- Italian bond yields fell by 20bps to 1.79%, despite the greater uncertainty surrounding Italian politics following March's general election. Portuguese government bond yields fell by 32bps to 1.59%.
- Greek government bond yields rose by 22bps to 4.29%, despite a credit rating upgrade by S&P, Fitch, and Moody's. Nonetheless, Greece's credit rating remains several notches below investment grade quality. The spread between Greek bonds and German bunds moved 15bps higher in the first three months of 2018.

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Credit Spreads

Spread (bps)	03/31/2018	12/31/2017	03/31/2017	Quarterly Change (bps)	1-Year Change (bps)
U.S. Aggregate	41	36	44	5	-3
Long Gov't	1	2	3	-1	-2
Long Credit	148	139	168	9	-20
Long Gov't/Credit	88	83	101	5	-13
MBS	29	25	27	4	2
CMBS	67	62	77	5	-10
ABS	48	36	54	12	-6
Corporate	109	93	118	16	-9
High Yield	354	343	383	11	-29
Global Emerging Markets	230	215	257	15	-27

Source: FactSet

- During the fourth quarter, spreads over U.S. Treasuries increased across all the areas of the bond market except for long-maturity U.S. government bonds, which fell by 1bp.
- The increase in spreads was particularly felt within the U.S. investment grade corporate bond market where spreads widened by 16bps. Global Emerging Market and ABS credit spreads were not too far behind, by 15bps and 12bps, respectively.

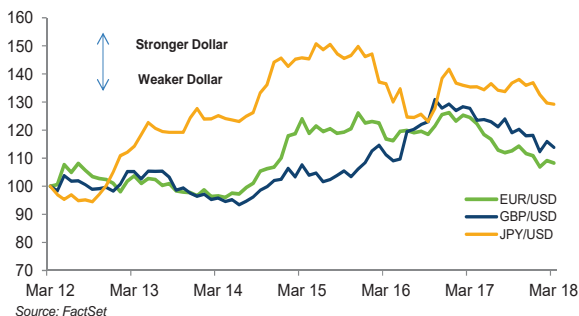
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**TRADE-WEIGHTED U.S. DOLLAR INDEX
(1997 = 100)**



**U.S. DOLLAR RELATIVE TO EUR, GBP, AND JPY
REBASED TO 100 AT 12/31/2012**



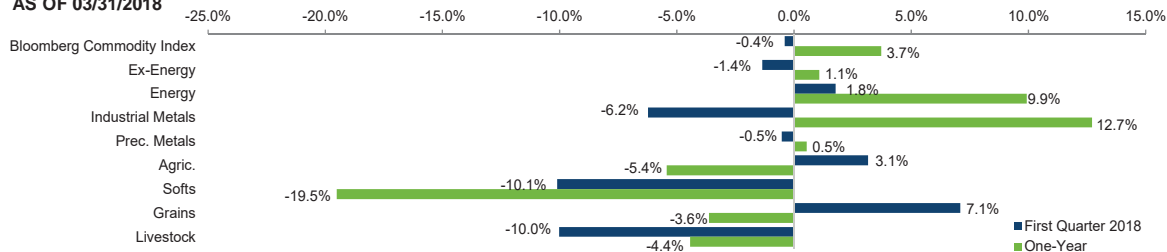
- The downward trend in the U.S. dollar that began early last year continued into 2018 with the U.S. dollar weakening by a further 1.3% on a trade-weighted basis over the quarter. Although the U.S. Federal Reserve hiked the Federal Funds rate in March, widening interest rate differentials were not enough to arrest the downward trend in the U.S. dollar. Instead, expectations of greater U.S. borrowing in order to finance the proposed fiscal stimulus has likely put pressure on the "greenback".
- The U.S. dollar depreciated against all the major currencies. Both the Bank of England (BoE) and the European Central Bank (ECB) left their respective policy rates unchanged at 0.5% and 0.0%. The former looks set to increase their base rate by 25bps in the second quarter of 2018 while a rate hike may be further away for the ECB. Tapering of the ECB's sizable quantitative easing program, however, appears to be firmly on their agenda for later this year.

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Commodities

**COMMODITY RETURNS
AS OF 03/31/2018**



Note: Softs and Grains are part of the wider Agriculture sector.
Source: Bloomberg

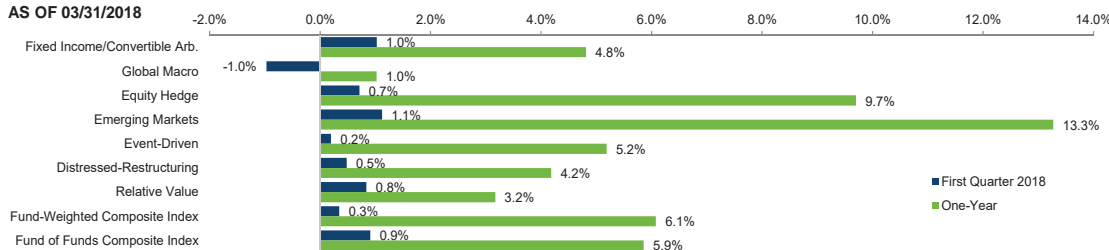
- Commodities had a mixed quarter that saw the Bloomberg Commodity Index return -0.4%, dragged down primarily by the Industrial Metals' poor performance. Higher energy prices on the back of prospects of OPEC maintaining oil production cuts throughout 2018 were not enough to mitigate the 6.2% fall for the Industrial Metals sector.
- The imposition of trade tariffs on steel and aluminum, as well as concerns that there could be further escalation in trade tensions which could stifle demand, was attributable to the negative returns for Industrial Metals. In particular, the price of copper fell by 8.3% over the quarter.
- Over the quarter, the best-performing segment was Agriculture with a return of 3.1%, followed by Energy (1.8%). Within the Agriculture sector, Grains was the best performer with a solid return of 7.1%, which offset the sharp fall in the Softs segment.

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Hedge Fund Markets Overview

HEDGE FUND PERFORMANCE AS OF 03/31/2018



Note: Latest five months of HFR data are estimated by HFR and may change in the future.
Source: HFR

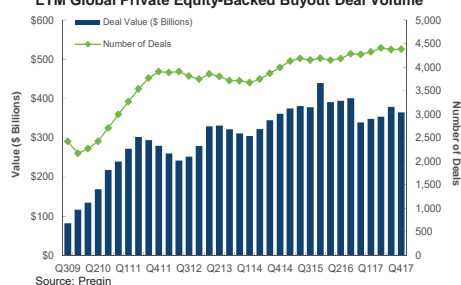
- Against a backdrop of higher equity market volatility, hedge fund performance was generally positive over the first quarter, except for Global Macro strategies. The latter ended the first quarter down 1.0%.
- In the first three months to March 2018, the HFRI Fund-Weighted Composite Index and the HFRI Fund of Funds Composite Index produced returns of 0.3% and 0.9%, respectively.
- Emerging Market hedge funds continued to be the best performer, particularly over the last year, with a return of 13.3%. The level of outperformance relative to other strategies was less marked over the three-month horizon; a return of 1.1% was marginally ahead of the 1.0% recorded by Fixed Income/Convertible Arbitrage strategies.

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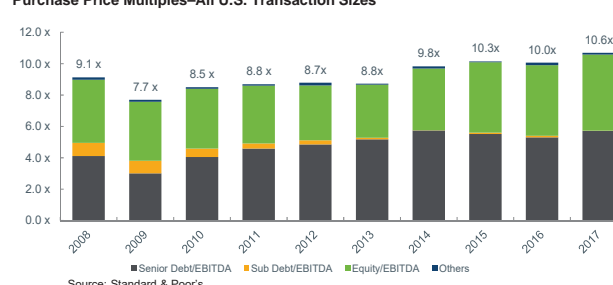
Private Equity Market Overview—Fourth Quarter 2017

LTM Global Private Equity-Backed Buyout Deal Volume



Source: Preqin

Purchase Price Multiples—All U.S. Transaction Sizes



Source: Standard & Poor's

- Fundraising:** In 2017, \$630.6 billion was raised by 1,364 funds, which despite being down 20.9% on a deal basis, was up 3.5% on a capital basis year-over-year. Dry powder stood at nearly \$1.4 trillion at the end of the year, an increase of 7.6% and 34.9% compared to 2016 and the five-year average, respectively.¹
- Buyout:** Global private equity-backed buyout deals totaled \$364.7 billion in 2017, which was an increase of 7.6% and 5.4% from 2016 and the five-year average, respectively.¹ At the end of 2017, the average purchase price multiple for all U.S. LBOs was 10.6x EBITDA, up from both 2016 (10.0x) and the five-year average (9.5x). Middle-market purchase price multiples stood at 11.6x, up compared to 10.2x in 2016. The weighted average purchase price multiple across all European transaction sizes averaged 10.7x EBITDA on a full-year 2017 basis, up from 9.3x in 2016. Purchase prices for transactions of €1.0 billion or more increased slightly from 11.4x to 11.6x year-over-year. Transactions between €250.0 million and €500.0 million were up 0.5x from 2016, and stood at 9.7x.² Globally, exit value totaled \$294.7 billion on 1,796 deals in 2017 compared to \$361.5 billion on 1,950 deals in the prior year.¹
- Venture:** During the year, 5,268 venture-backed transactions totaling \$74.2 billion were completed, which was an increase on a capital basis over the prior year's total of \$61.7 billion across 5,343 deals. This was 39.0% higher than the five-year average of \$53.5 billion.³ Total U.S. venture-backed exit activity totaled approximately \$51.0 billion across 769 completed transactions in 2017, down from \$52.9 billion across 857 exits in 2016.⁴
- Mezzanine:** 35 funds closed on \$11.6 billion during the year. This was a decrease from the prior year's total of \$31.5 billion raised by 46 funds and represented a decline of 40.3% from the five-year average of \$19.4 billion. Estimated dry powder was \$50.5 billion at the end of 2017, which was down 4.7% from year-end 2016.¹
- Distressed Debt:** The LTM U.S. high-yield default rate was 1.8% as of year-end 2017, which was up from September 2017's LTM rate of 1.6%.⁵ Distressed debt and bankruptcy restructuring activity totaled \$282.2 billion during 2017, representing a decline of 18.0% from 2016. U.S. activity accounted for \$114.4 billion in 2017 and was down 38.0% from 2016.⁶
- Secondaries:** 42 funds raised \$42.4 billion during the year, up from \$29.3 billion by 39 funds in 2016.¹ The average discount rate for all private equity sectors finished the year at 7.9%, down from 8.5% at the end of 2016.⁷
- Infrastructure:** \$67.4 billion of capital was raised by 79 funds in 2017 compared to \$65.8 billion of capital raised by 81 partnerships in 2016. At the end of the year, dry powder stood at \$158.0 billion, up from the third quarter's record total of \$154.0 billion. Infrastructure managers completed 2,378 deals with an estimated aggregate deal value of \$916.0 billion in 2017 compared to 2,299 deals totaling \$809.7 billion in 2016.¹
- Natural Resources:** During 2017, 31 funds closed on \$19.4 billion compared to 52 funds totaling \$24.9 billion in 2016. Energy and utilities industry managers completed approximately 130 deals totaling \$36.9 billion in 2017, compared to \$22.0 billion across 215 deals in 2016.¹

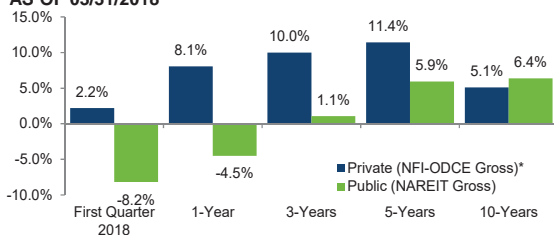
Sources: ¹ Preqin ² Standard & Poor's ³ PWC/CB Insights MoneyTree Report ⁴ PitchBook/NVCA Venture Monitor ⁵ Fitch Ratings ⁶ Thomson Reuters ⁷ UBS

Notes: FY: Fiscal year ended 12/31; YTD: Year to date; LTM: Last twelve months (aka trailing twelve months); PPM: Purchase Price Multiples: Total Purchase Price ÷ EBITDA.

Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.

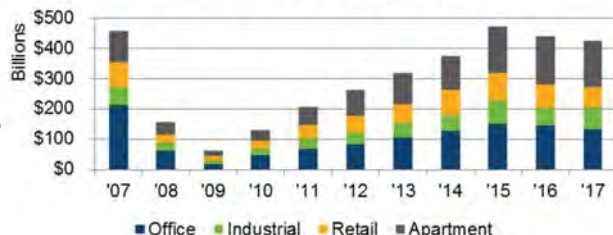


PRIVATE VS. PUBLIC REAL ESTATE RETURNS AS OF 03/31/2018



*First quarter returns are preliminary.
Sources: NCREIF, NAREIT

Annual Transaction Volume



Source: RCA

- Core real estate returns generated 2.19%* in the first quarter, which is 12bps higher than Q4 2017 and a decrease of 29bps year-over-year (YOY). Asset appreciation accelerated during the quarter at a fairly robust 1.15%, surprising and outpacing the income return (1.04%). Investment returns are expected to continue to moderate over the medium term.
- Global property stocks (FTSE EPRA/NAREIT Developed Index) fell 4.3% during the first quarter, posting losses in each of the major regions in conjunction with rising bond yields and weakness in broader equity markets, with the most significant weakness in the U.S. The U.S. REIT market (FTSE NAREIT Equity REITs Index) declined 7.8% in Q1 after gaining 3.9% in the full year 2017. The sector experienced significant weakness through mid-February leading to share price declines in excess of 10% followed by a modest recovery in March. Share price weakness appeared to be largely related to concerns with regard to the impact on REIT share prices in a higher interest rate environment. With asset values for high-quality assets, on average, approximately 15%-20% above 2007 valuations, the sector ended the quarter trading at a 6% discount to NAVs.
- U.S. transaction volume continued to demonstrate a declining trend in early Q1, with February data marking a 10% drop in transaction volume YOY. Property sales remain subdued due to fewer entity and portfolio deals over the past year, as well as concern over a rising interest rate environment and a widening gap between buyers' and sellers' future return expectations.
- Despite the declining trend in sales, pricing is holding fairly firm or still growing, up 8% nationally YOY in February, with Apartment and Industrial leading these results. Cap rates have remained low and sticky, sitting today at similar levels to Q1 2017.
- Dry powder for non core real estate investments currently stands at another all-time peak for all regions. While this should help support current sector pricing for a bit longer, moderating trends in underlying fundamentals (e.g., rent growth, supply-demand balance), interest rates, and economic tailwinds raise investment risk levels at this mature point in the cycle. To-date, the U.S. continues to benefit as a global safe haven.
- The U.S. real estate cycle is mature and thus more susceptible to bumps along the road. While still solid income returns are forecast to continue to support attractive relative returns versus many other asset classes, portfolio construction consideration is critical. At this point in the cycle, appropriate risk mitigation measures should be a staple in all investment portfolios as new investments will likely be required to ride out a cyclical downturn—though none is clearly on the horizon yet.

Sources: NCREIF, RCA, CBRE-EA, Aon Hewitt. *Indicates preliminary NFI-ODCE data (gross of fees)

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Total Fund

As of March 31, 2018

Highlights

Executive Summary

- Performance of the Pension Plan, when measured against the Performance Benchmark, has been strong over short- and long-term time periods.
- Performance relative to peers is also competitive over short- and long-term time periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
- Public market asset class investments do not significantly deviate from their broad market based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
- Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, or investment strategy.
- Asset allocation is monitored on a daily basis to ensure the actual asset allocation of the plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Aon Hewitt Investment Consulting and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

Performance Highlights

- During the quarter, the Total Fund outperformed the Performance Benchmark. The Total Fund outperformed the Performance Benchmark during the trailing one-, three-, five-, and ten-year periods.

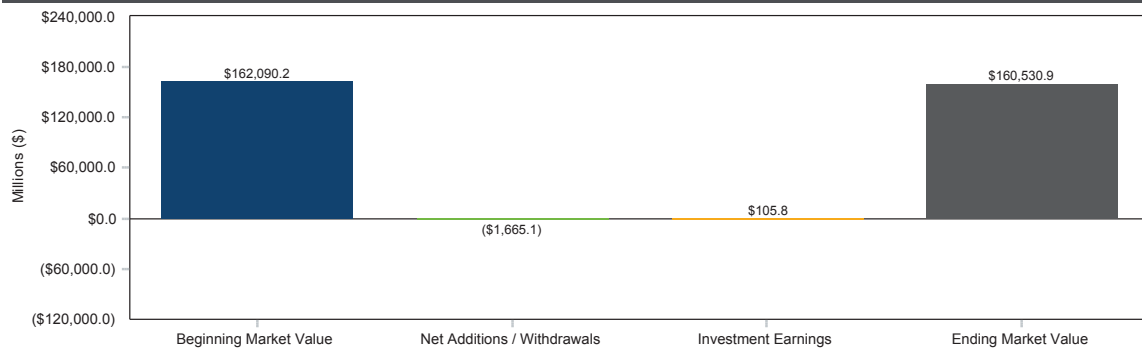
Asset Allocation

- The Fund assets total \$160.5 billion as of March 31, 2018, which represents a \$1.6 billion decrease since last quarter.
- Actual allocations for all asset classes were within their respective policy ranges at quarter-end.
- The Fund was modestly overweight to global equity, with a corresponding underweight to fixed income.

Total Fund

As of March 31, 2018

Total Plan Asset Summary

Change in Market Value
From January 1, 2018 to March 31, 2018

Summary of Cash Flow

Total Fund	1 Quarter	Fiscal* YTD
Beginning Market Value	162,090,223,288	153,573,300,932
+ Additions / Withdrawals	-1,665,052,159	-5,125,907,869
+ Investment Earnings	105,773,973	12,083,552,039
= Ending Market Value	160,530,945,101	160,530,945,101

*Period July 2017 - December 2017

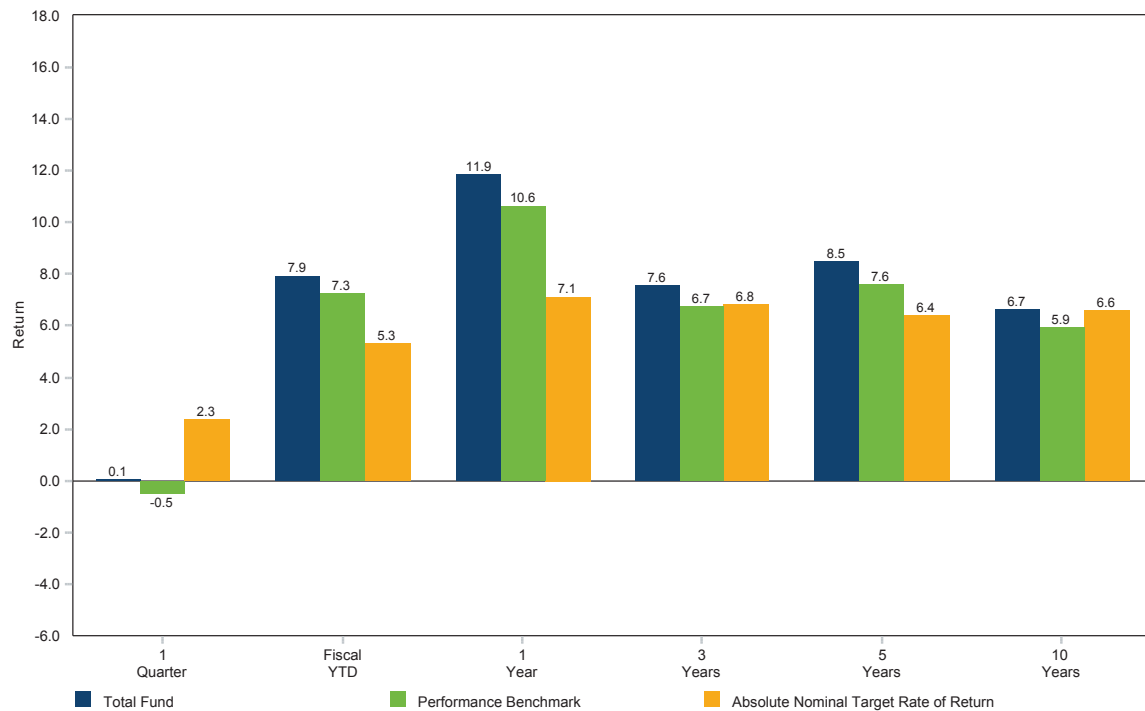


Total Fund

As of March 31, 2018

Total Plan Performance Summary

Return Summary



As of March 31, 2018

Asset Allocation & Performance

	Allocation			Performance(%)					
	Market Value (\$)	%	Policy(%)	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years
Total Fund	160,530,945,101	100.0	100.0	0.1 (36)	7.9 (32)	11.9 (15)	7.6 (9)	8.5 (18)	6.7 (17)
Performance Benchmark				-0.5 (76)	7.3 (49)	10.6 (48)	6.7 (42)	7.6 (45)	5.9 (67)
Absolute Nominal Target Rate of Return				2.3 (1)	5.3 (92)	7.1 (94)	6.8 (33)	6.4 (83)	6.6 (19)
Global Equity*	90,783,585,070	56.6	56.2	-0.7	10.8	16.1	9.0	10.1	7.0
Asset Class Target				-0.9	10.3	15.0	8.3	9.4	6.2
Domestic Equities	41,150,566,477	25.6		-0.6 (57)	10.8 (34)	14.1 (37)	10.0 (31)	13.0 (17)	9.8 (27)
Asset Class Target				-0.6 (58)	10.5 (45)	13.8 (46)	10.2 (19)	13.0 (17)	9.6 (30)
Foreign Equities	39,389,789,846	24.5		-0.4 (44)	11.5 (32)	19.0 (28)	8.0 (23)	7.3 (36)	4.4 (14)
Asset Class Target				-1.1 (73)	10.6 (59)	17.1 (68)	6.8 (59)	6.3 (74)	3.1 (70)
Global Equities	8,827,132,151	5.5		-1.2	9.0	14.0	8.1	9.6	5.7
Benchmark				-1.2	9.4	13.8	8.0	9.5	6.0
Fixed Income	30,044,787,813	18.7	19.7	-0.9 (42)	-0.3 (92)	0.7 (95)	1.2 (82)	1.5 (85)	4.0 (60)
Asset Class Target				-1.1 (52)	-0.4 (94)	0.5 (97)	1.0 (90)	1.3 (89)	3.4 (80)
Private Equity	10,996,155,059	6.8	6.6	4.3	12.4	18.7	14.5	15.4	9.7
Asset Class Target				0.4	12.4	18.0	11.3	13.4	11.8
Real Estate	14,103,204,743	8.8	8.7	1.7 (55)	5.5 (54)	8.4 (49)	9.5 (58)	11.3 (37)	6.1 (1)
Asset Class Target				1.3 (60)	4.8 (74)	6.5 (81)	8.9 (75)	10.1 (72)	4.7 (37)
Strategic Investments	12,907,121,618	8.0	7.9	1.9	6.3	8.6	6.3	8.5	5.6
Short-Term Target				0.6	4.6	5.9	4.2	5.7	3.5
Cash	1,696,090,798	1.1	1.0	0.4	1.0	1.2	0.7	0.5	0.0
iMoneyNet First Tier Institutional Money Market Funds Net Index				0.3	0.8	1.0	0.5	0.3	0.5

Benchmark and universe descriptions can be found in the Appendix.

* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

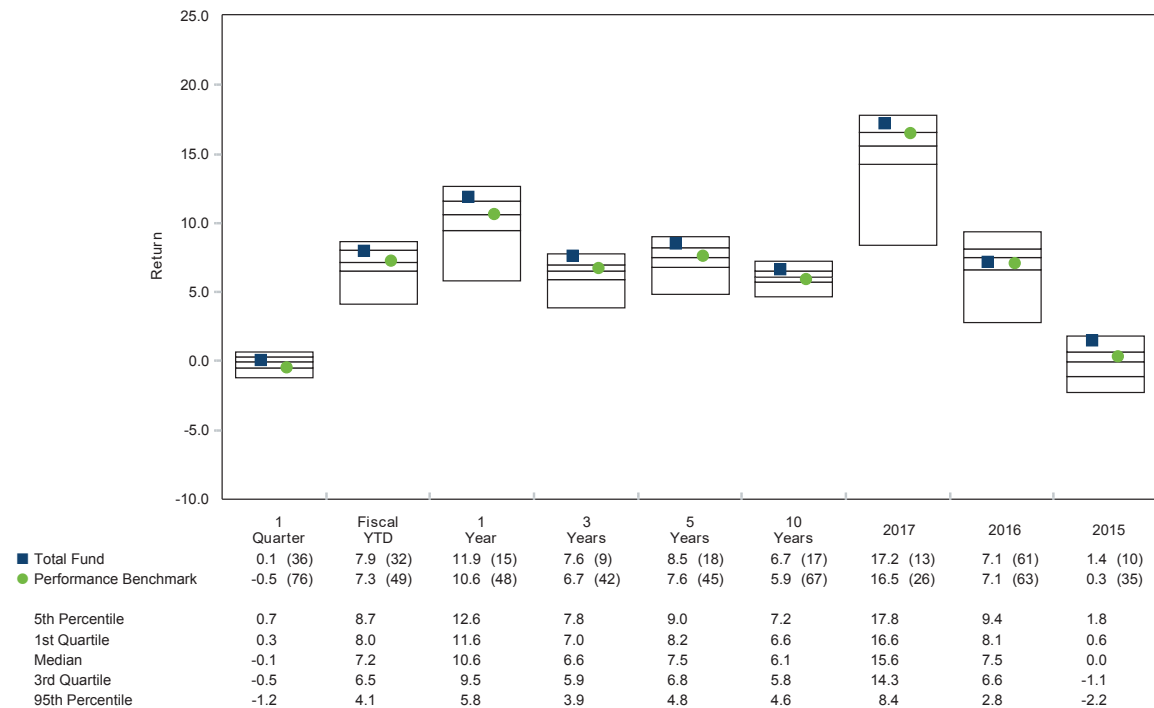
19



As of March 31, 2018

Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-Total Fund



Parentheses contain percentile rankings.

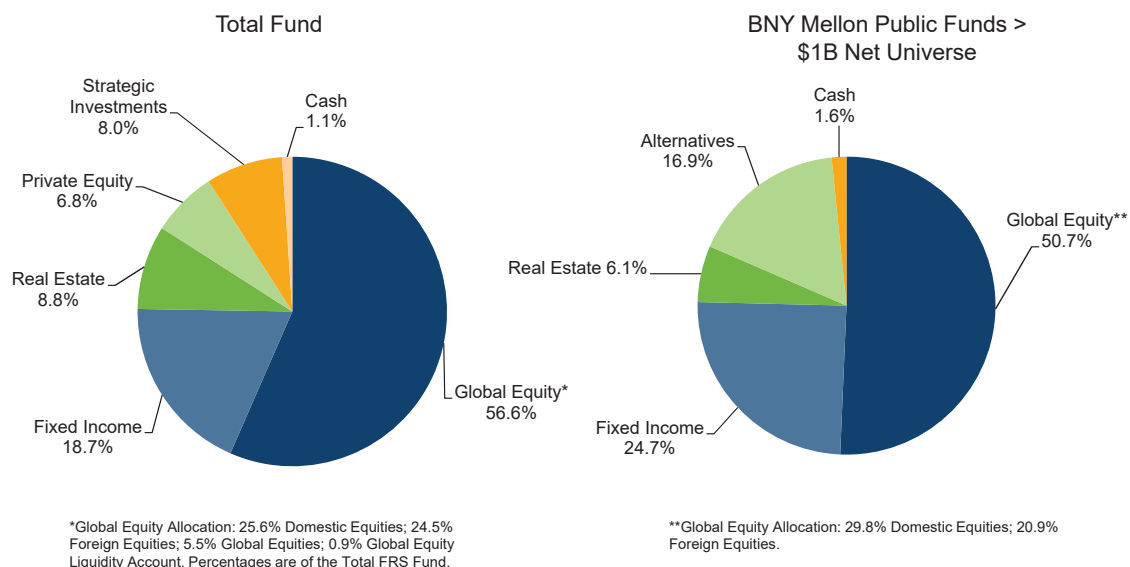
20



Total Fund

As of March 31, 2018

Universe Asset Allocation Comparison



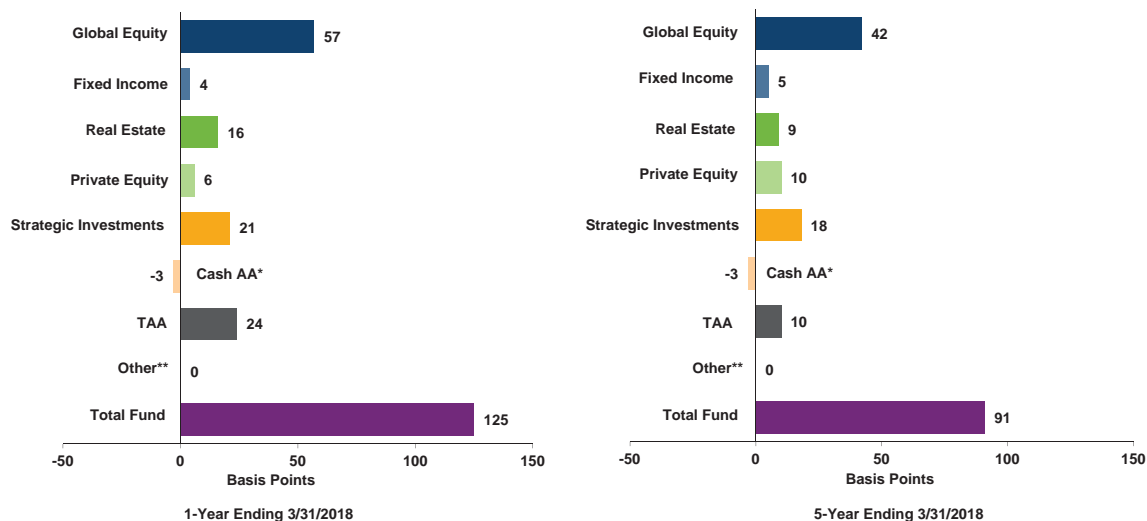
21



Total Fund

As of March 31, 2018

Attribution



*Cash AA includes Cash and Central Custody, Securities Lending Account income from 12/2009 to 3/2013 and unrealized gains and losses on securities lending collateral beginning June 2013, TF STIPFRS NAV Adjustment Account, and the Cash Expense Account.

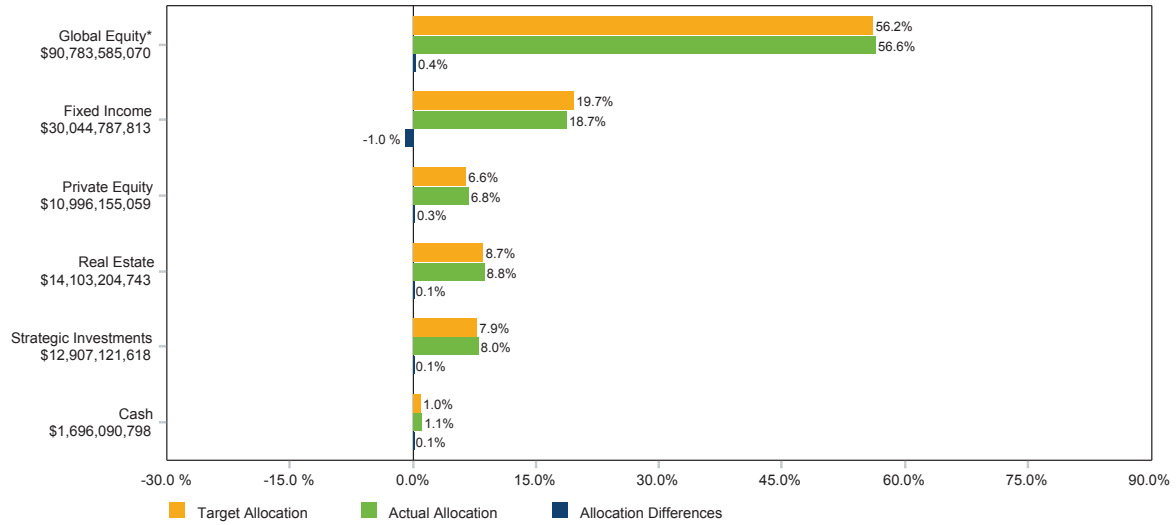
**Other includes legacy accounts and unexplained differences due to methodology.

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Asset Allocation Compliance

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	160,530,945,101	100.0	100.0		
Global Equity*	90,783,585,070	56.6	56.2	45.0	70.0
Fixed Income	30,044,787,813	18.7	19.7	10.0	26.0
Private Equity	10,996,155,059	6.8	6.6	2.0	9.0
Real Estate	14,103,204,743	8.8	8.7	4.0	16.0
Strategic Investments	12,907,121,618	8.0	7.9	0.0	16.0
Cash	1,696,090,798	1.1	1.0	0.3	5.0



* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

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Global Equity

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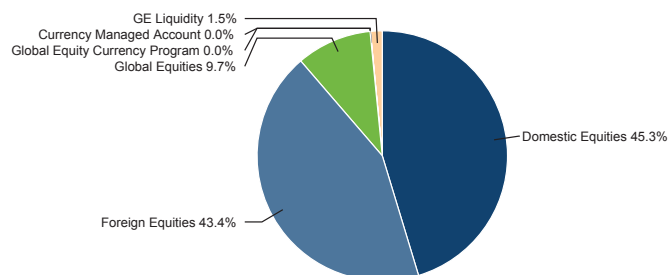
Global Equity*

As of March 31, 2018

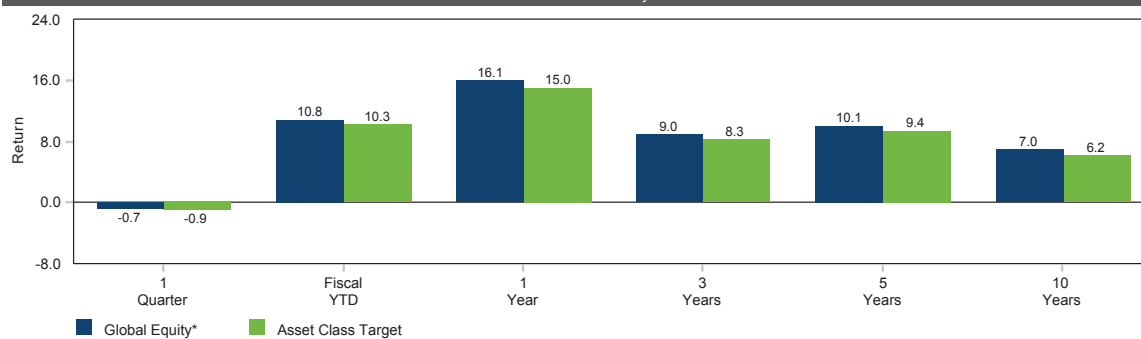
Global Equity* Portfolio Overview

Current Allocation

March 31, 2018 : \$90,784M



Return Summary



* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

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Domestic Equities

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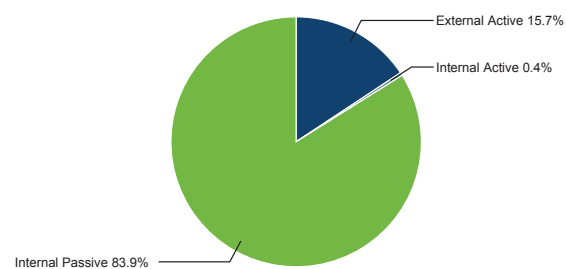
Domestic Equities

As of March 31, 2018

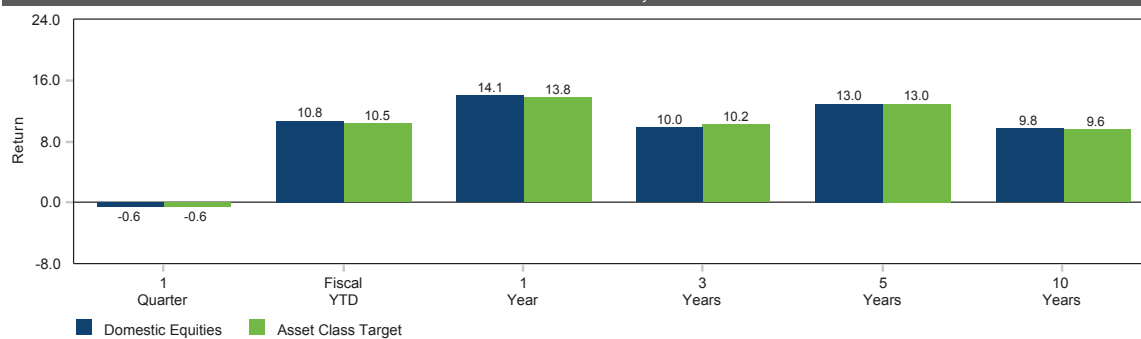
Domestic Equities Portfolio Overview

Current Allocation

March 31, 2018 : \$41,151M



Return Summary



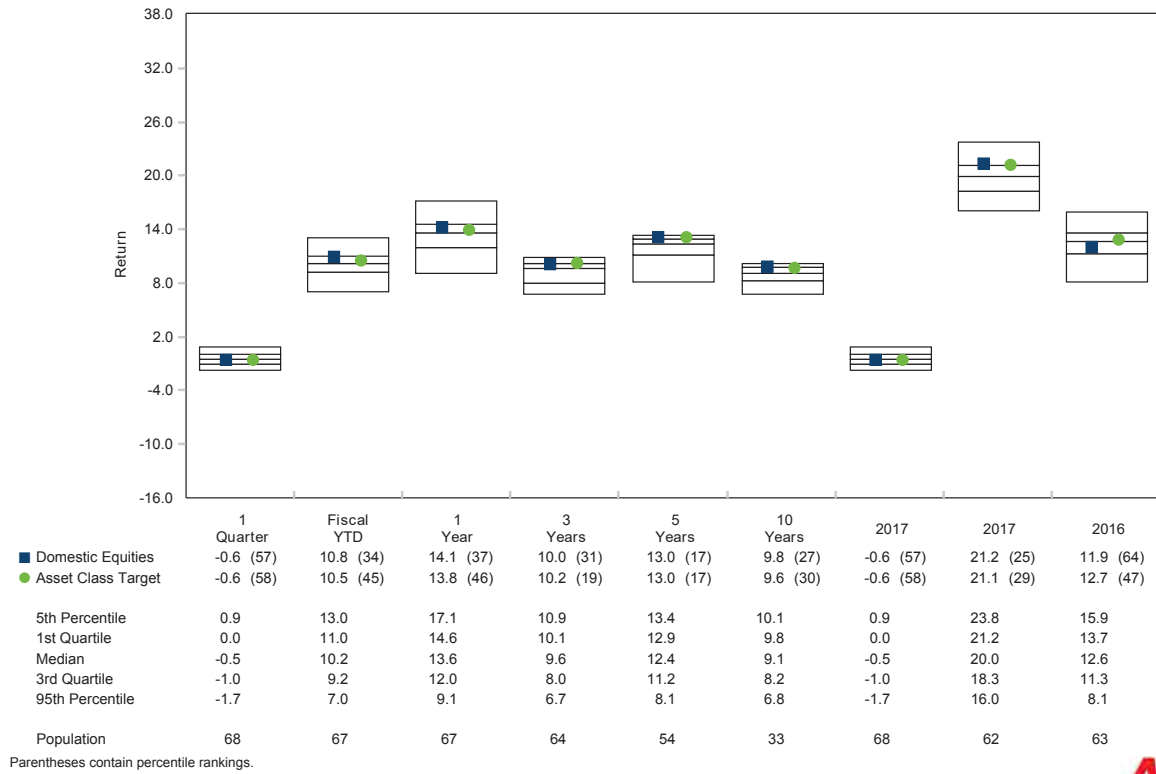
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As of March 31, 2018

Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-US Equity Segment



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Foreign Equities

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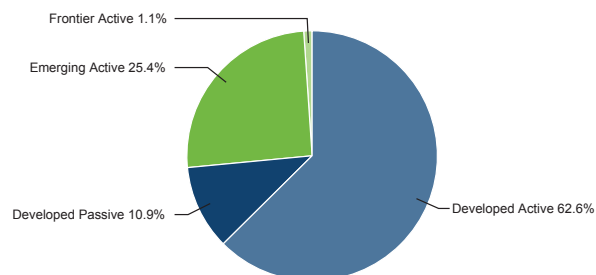
Foreign Equities

As of March 31, 2018

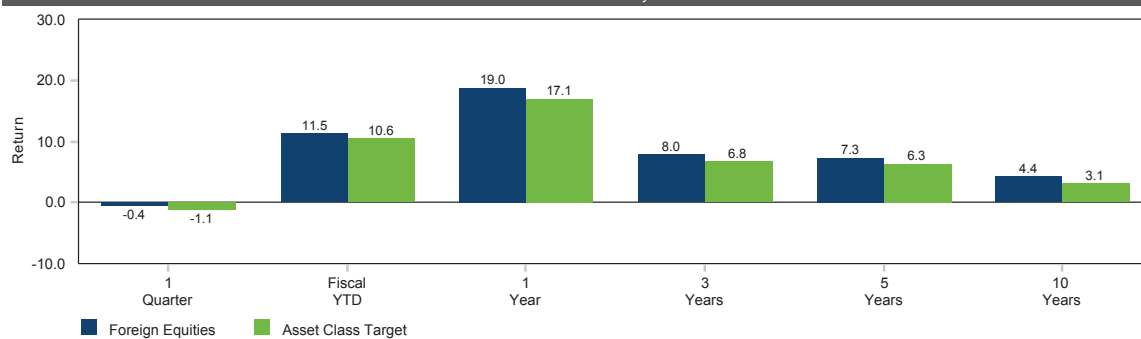
Foreign Equities Portfolio Overview

Current Allocation

March 31, 2018 : \$39,390M



Return Summary



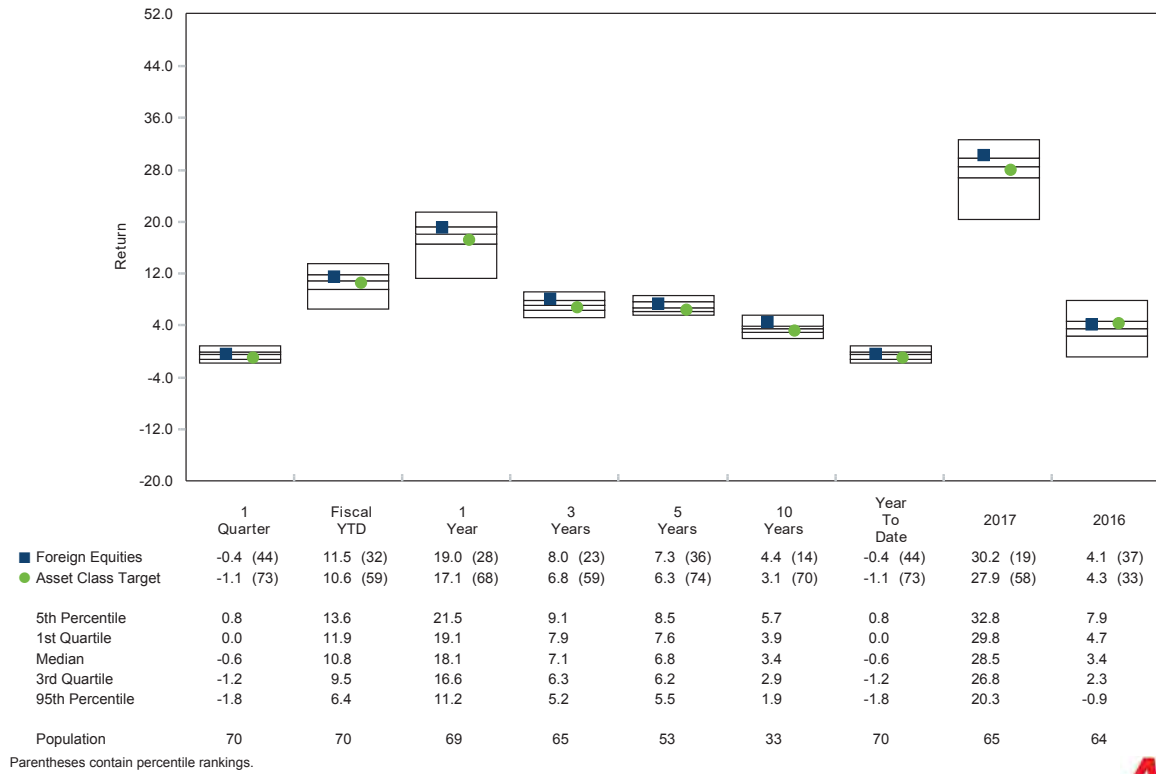
32

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As of March 31, 2018

Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-Intl. Equity Segment



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Global Equities

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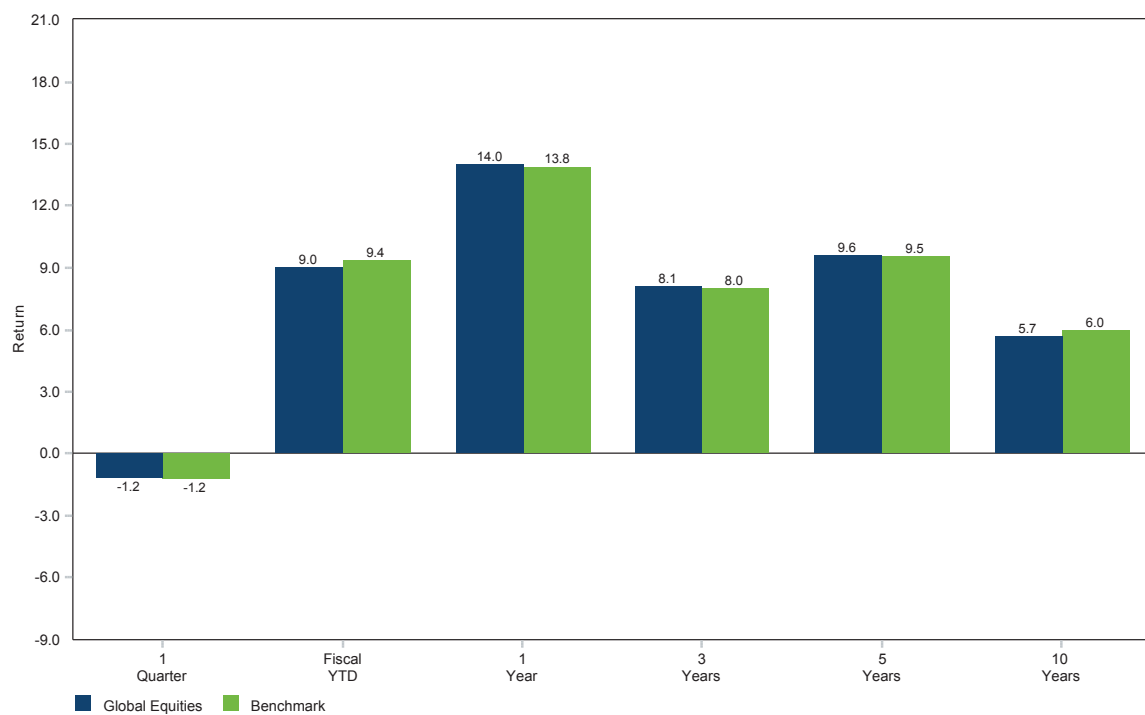
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Global Equities

As of March 31, 2018

Global Equities Performance Summary

Return Summary



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Fixed Income

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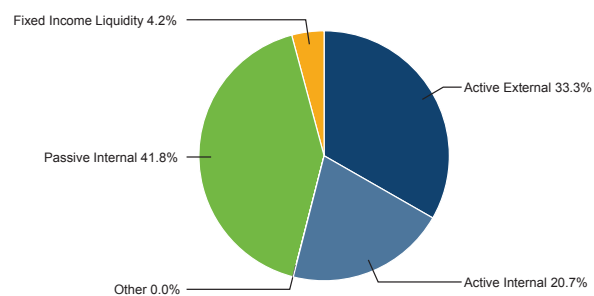
Fixed Income

As of March 31, 2018

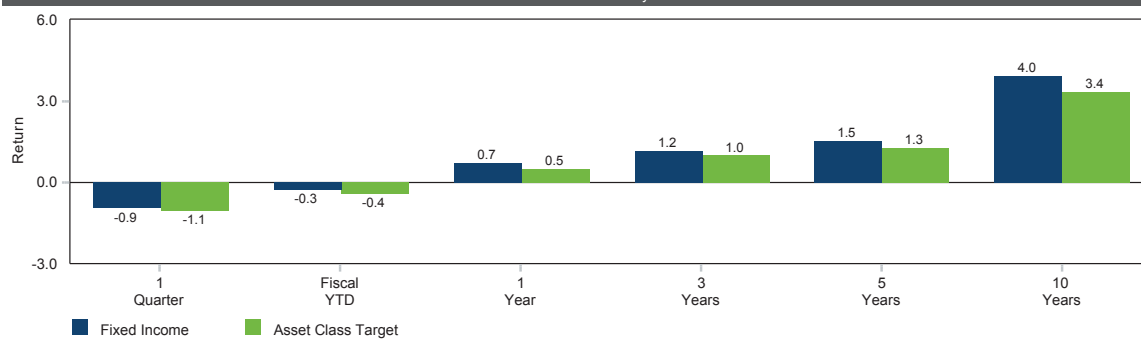
Fixed Income Portfolio Overview

Current Allocation

March 31, 2018 : \$30,045M



Return Summary



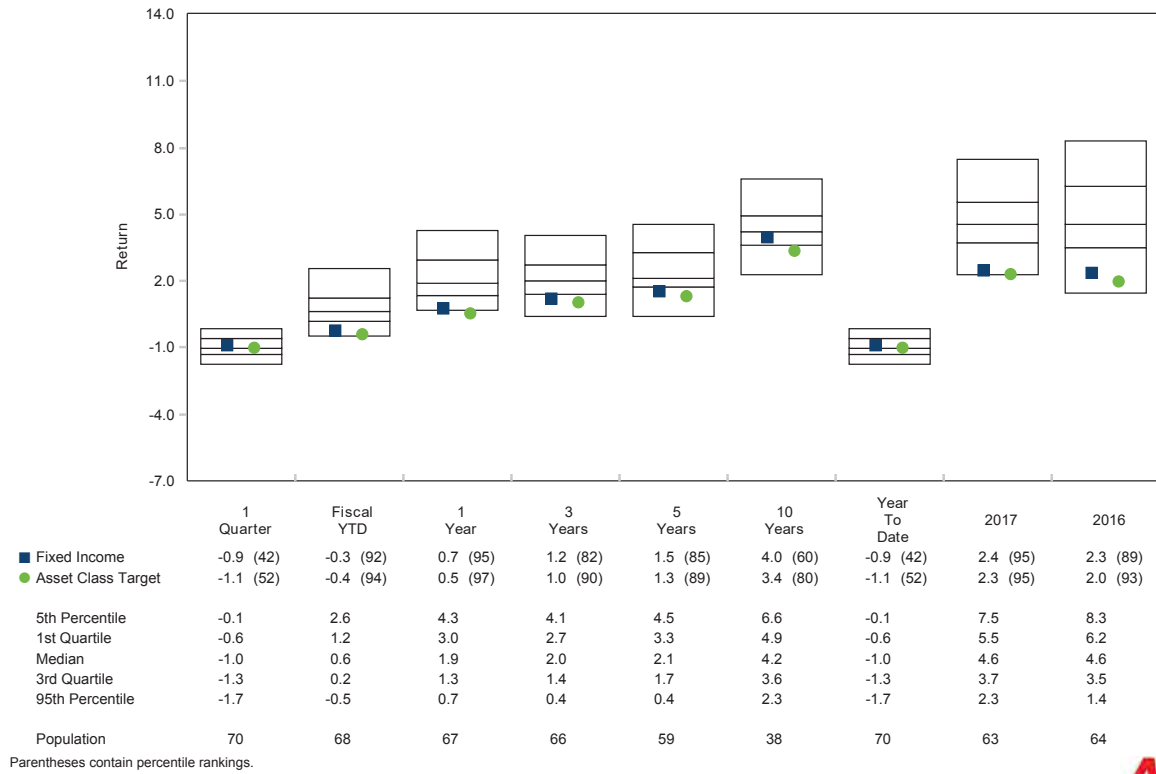
38

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As of March 31, 2018

Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-US Fixed Income Segment



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Private Equity

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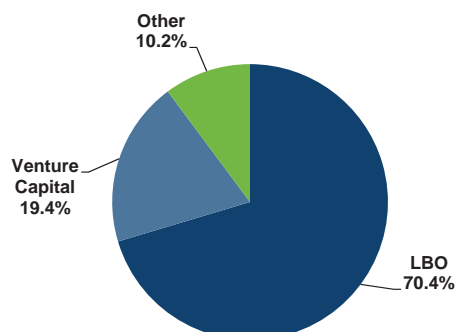
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Private Equity

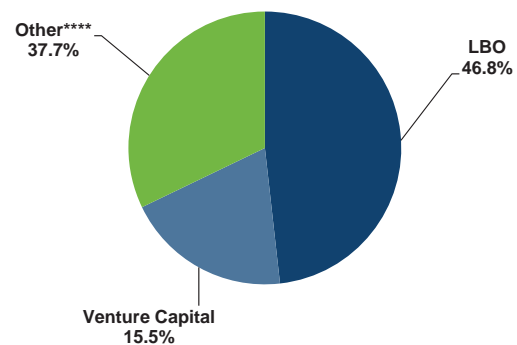
As of March 31, 2018

Overview

FRS Private Equity by Market Value*



Preqin Private Equity Strategies by Market Value**



*Allocation data is as of March 31, 2018.

**Allocation data is as of June 30, 2015, from the Preqin database.

***Other for the FRS Private Equity consists of Growth Capital, Secondary, PE Cash, and PE Transition.

****Other for the Preqin data consists of Distressed PE, Growth, Mezzanine, and other Private Equity/Special Situations.

Preqin universe is comprised of 10,000 private equity funds representing \$3.8 trillion.

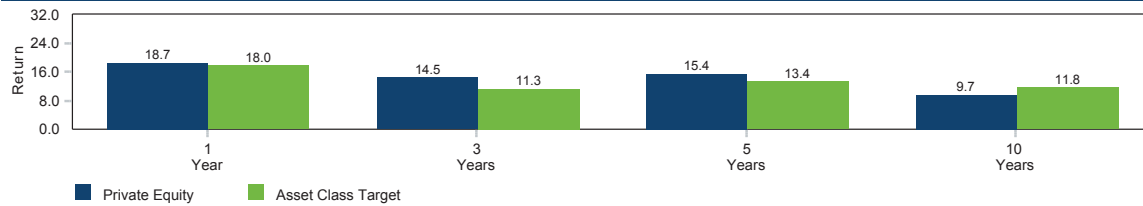
42

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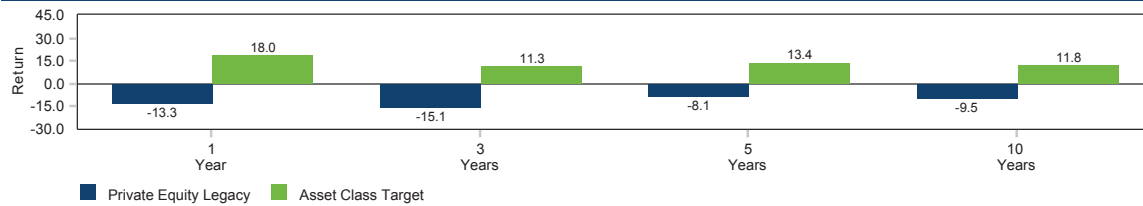
Private Equity

Time-Weighted Investment Results

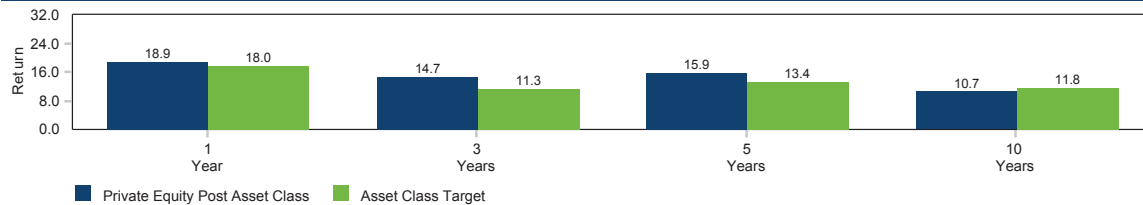
Private Equity Return Summary as of March 31, 2018



Private Equity Legacy Return Summary as of March 31, 2018



Private Equity Post Asset Class Return Summary as of March 31, 2018



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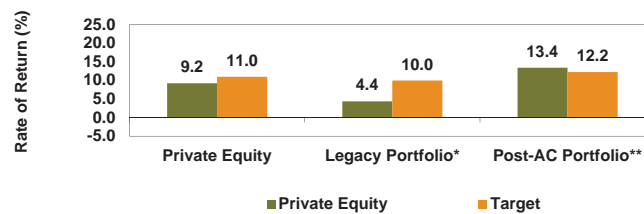


Private Equity

Dollar-Weighted Investment Results

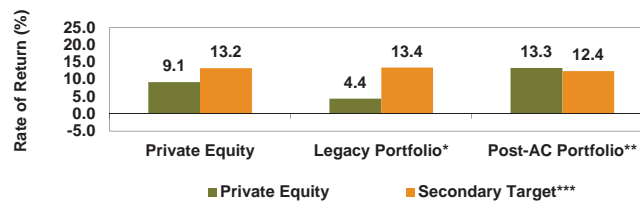
As of March 31, 2018

Since Inception



As of December 31, 2017

Since Inception



*The Inception Date for the Legacy Portfolio is January 1989.

**The Inception Date for the Post-AC Portfolio is September 2000.

***The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index based on actual ABAL weights. Secondary Target data is on a quarterly lag.

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Real Estate

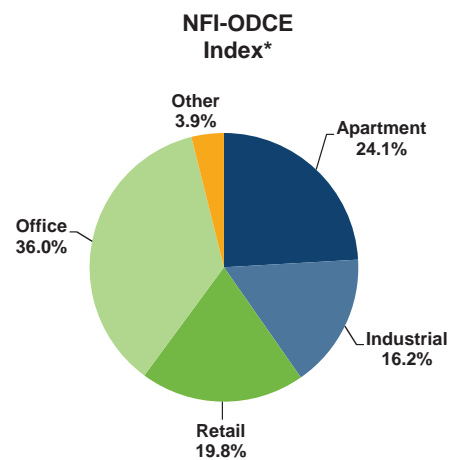
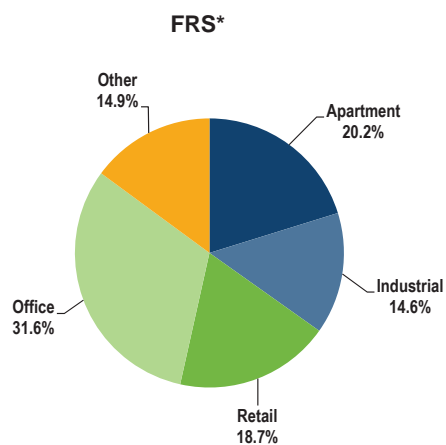
45

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Real Estate

As of December 31, 2017

Overview



*Property Allocation data is as of December 31, 2017. The FRS chart includes only the FRS private real estate assets. Property type information for the REIT portfolios is not included.

**Other for the FRS consists of Hotel, Land, Preferred Equity, Agriculture, Self-Storage and Senior Housing.

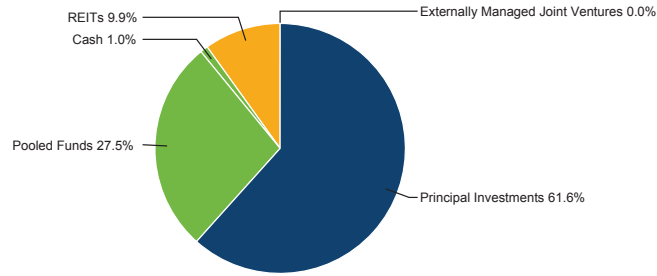
***Other for the NFI-ODCE Index consists of Hotel, Senior Living, Health Care, Mixed Use, Single Family Residential, Parking, Timber/Agriculture, Land and Infrastructure.

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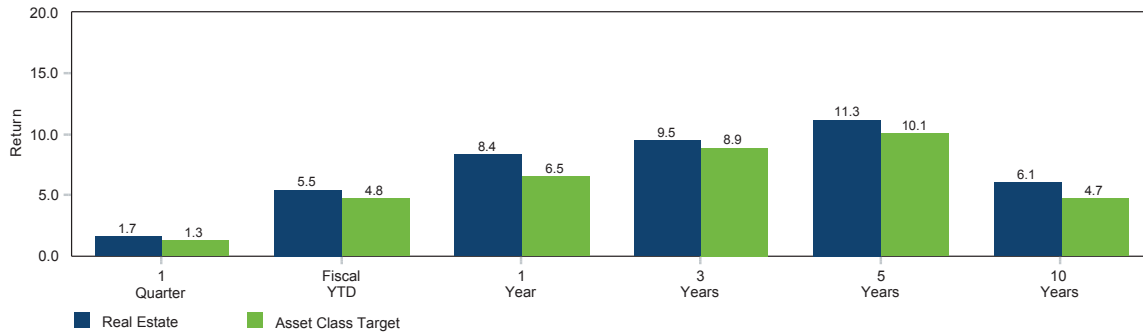
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Real Estate Portfolio Overview

Current Allocation
March 31, 2018 : \$14,103M

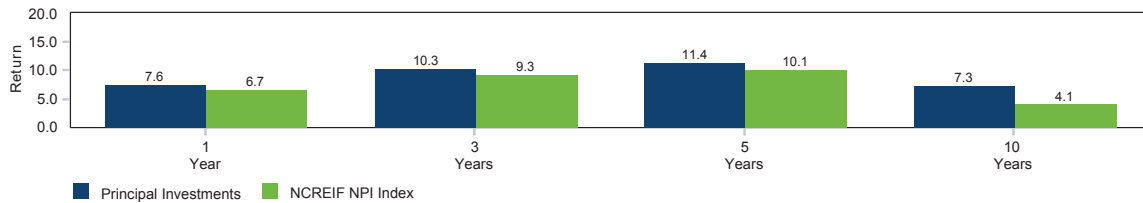


Return Summary

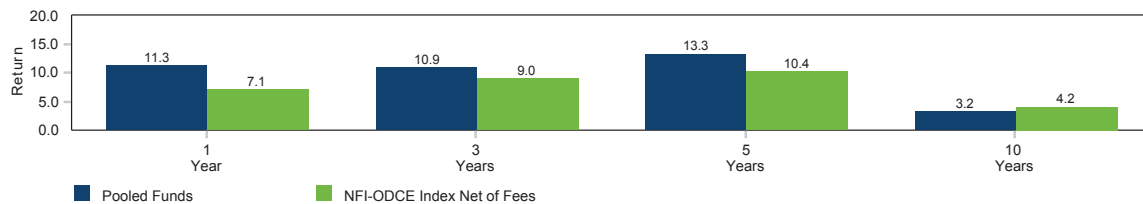


Real Estate

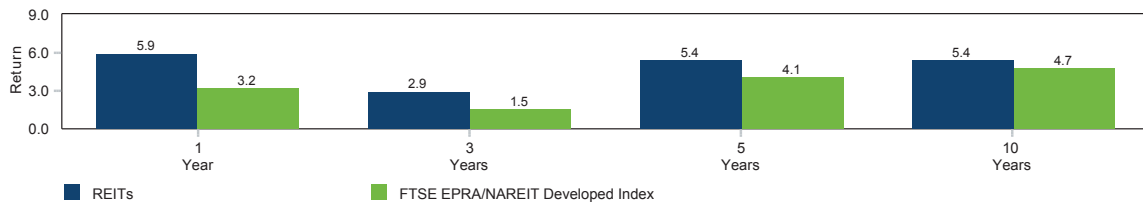
Principal Investments Return Summary as of March 31, 2018



Pooled Funds Return Summary as of March 31, 2018



REITs Return Summary as of March 31, 2018





Strategic Investments

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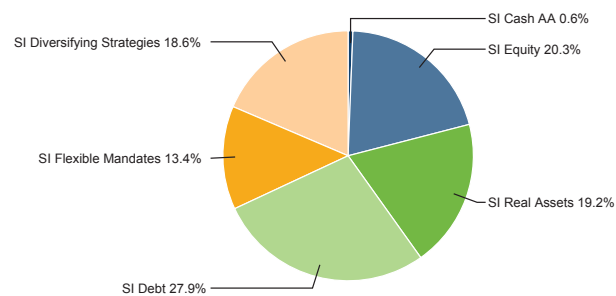
Strategic Investments

As of March 31, 2018

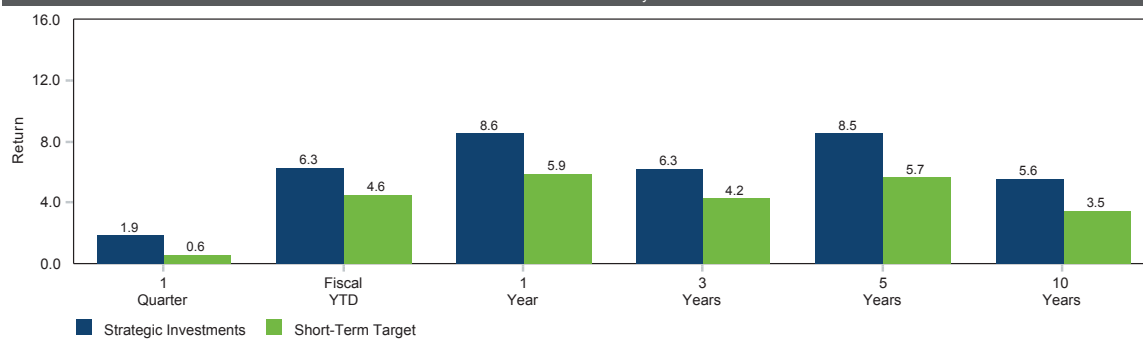
Strategic Investments Portfolio Overview

Current Allocation

March 31, 2018 : \$12,907M



Return Summary



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Cash

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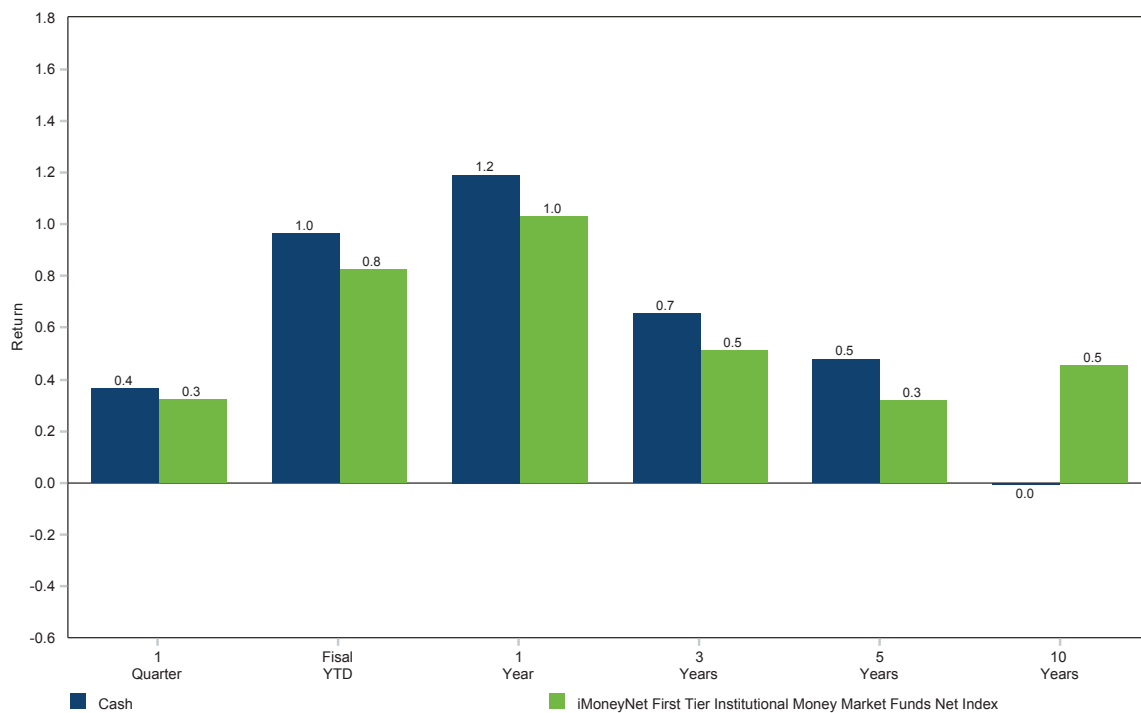
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Cash

As of March 31, 2018

Cash Performance Summary

Return Summary



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Appendix

As of March 31, 2018

Appendix

Total FRS Assets

Performance Benchmark - A combination of the Global Equity Target, the Barclays Capital U.S. Intermediate Aggregate Index, the Private Equity Target Index, the Real Estate Investments Target Index, the Strategic Investments Target Benchmark, and the iMoneyNet First Tier Institutional Money Market Funds Net Index. The short-term target policy allocations to the Strategic Investments, Real Estate and Private Equity asset classes are floating and based on the actual average monthly balance of the Global Equity asset class. Please refer to section VII. Performance Measurement in the FRS Defined Benefit Plan Investment Policy Statement for more details on the calculation of the Performance Benchmark. Prior to October 1, 2013, the Performance benchmark was a combination of the Global Equity Target, the Barclays Aggregate Bond Index, the Private Equity Target Index, the Real Estate Investments Target Index, the Strategic Investments Target Benchmark, and the iMoneyNet First Tier Institutional Money Market Funds Net Index. The short-term target policy allocations to the Strategic Investments, Real Estate and Private Equity asset classes are floating and based on the actual average monthly balance of the Global Equity asset class. Prior to July 2010, the Performance Benchmark was a combination of the Russell 3000 Index, the Foreign Equity Target Index, the Strategic Investments Target Benchmark, the Barclays Aggregate Bond Index, the Real Estate Investments Target Index, the Private Equity Target Index, the Barclays U.S. High Yield Ba/B 2% Issuer Capped Index, and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. During this time, the short-term target policy allocations to Strategic Investments, Real Estate and Private Equity asset classes were floating and based on the actual average monthly balance of the Strategic Investments, Real Estate and Private Equity asset classes. The target weights shown for Real Estate and Private Equity were the allocations that the asset classes were centered around. The actual target weight floated around this target month to month based on changes in asset values.

Total Global Equity

Performance Benchmark - A custom version of the MSCI All Country World Investable Market Index, adjusted to exclude companies divested under the provisions of the Protecting Florida's Investments Act (PFIA). Prior to July 2010, the asset class benchmark is a weighted average of the underlying Domestic Equities, Foreign Equities and Global Equities historical benchmarks.

Total Domestic Equities

Performance Benchmark - The Russell 3000 Index. Prior to July 1, 2002, the benchmark was the Wilshire 2500 Stock Index. Prior to January 1, 2001, the benchmark was the Wilshire 2500 Stock Index ex-Tobacco. Prior to May 1, 1997, the benchmark was the Wilshire 2500 Stock Index. Prior to September 1, 1994, the benchmark was the S&P 500 Stock Index.

Total Foreign Equities

Performance Benchmark - A custom version of the MSCI ACWI ex-U.S. Investable Market Index adjusted to exclude companies divested under the PFIA. Prior to April 1, 2008, it was the MSCI All Country World Index ex-U.S. Investable Market Index. Prior to September 24, 2007, the target was the MSCI All Country World ex-U.S. Free Index. Prior to November 1, 1999, the benchmark was 85% MSCI Europe, Australasia and Far East (EAFE) Foreign Stock Index and 15% IFCI Emerging Markets Index with a half weight in Malaysia. Prior to March 31, 1995, the benchmark was the EAFE Index.

Total Global Equities

Performance Benchmark - Aggregated based on each underlying manager's individual benchmark. The calculation accounts for the actual weight and the benchmark return. The benchmarks used for the underlying managers include both the MSCI FSB All Country World ex-Sudan ex-Iran Net Index and MSCI FSB All Country World ex-Sudan ex-Iran Net Investable Market Index (IMI).

Appendix

Total Fixed Income

Performance Benchmark - The Barclays Capital U.S. Intermediate Aggregate Index. Prior to October 1, 2013, it was the Barclays U.S. Aggregate Bond Index. Prior to June 1, 2007, it was the Fixed Income Management Aggregate (FIMA). Prior to July 1, 1999, the benchmark was the Florida High Yield Extended Duration Index. Prior to July 31, 1997, the benchmark was the Florida Extended Duration Index. Prior to July 1, 1989, the Salomon Brothers Broad Investment-Grade Bond Index was the benchmark. For calendar year 1985, the performance benchmark was 70% Shearson Lehman Extended Duration and 30% Salomon Brothers Mortgage Index.

Total Private Equity

Performance Benchmark - The MSCI All Country World Investable Market Index (ACWI IMI), adjusted to reflect the provisions of the Protecting Florida's Investments Act, plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2014, the benchmark was the domestic equities target index return (Russell 3000 Index) plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2010, it was the domestic equities target index return plus a fixed premium return of 450 basis points per annum. Prior to November 1, 1999, Private Equities was part of the Domestic Equities asset class and its benchmark was the domestic equities target index return plus 750 basis points.

Total Real Estate

Performance Benchmark - The core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index- Open-ended Diversified Core Equity, net of fees, weighted at 76.5%, and the non-core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index- Open-ended Diversified Core Equity, net of fees, weighted at 13.5%, plus a fixed return premium of 150 basis points per annum, and the FTSE EPRA/NAREIT Developed Index, in dollar terms, net of withholding taxes on non-resident institutional investors, weighted at 10%. Prior to July 1, 2014, the benchmark was a combination of 90% NCREIF ODCE Index, net of fees, and 10% FTSE EPRA/NAREIT Developed Index, net of fees. Prior to July 1, 2010, it was a combination of 90% NCREIF ODCE Index, gross of fees, and 10% Dow Jones U.S. Select RESI. Prior to June 1, 2007, it was the Consumer Price Index plus 450 basis points annually. Prior to July 1, 2003, the benchmark was the Dow Jones U.S. Select Real Estate Securities Index Un-Levered. Prior to November 1, 1999, the benchmark was the Russell-NCREIF Property Index.

Total Strategic Investments

Performance Benchmark - Long-term, 4.5% plus the contemporaneous rate of inflation or CPI. Short-term, a weighted aggregation of individual portfolio level benchmarks.

Total Cash

Performance Benchmark - The iMoneyNet First Tier Institutional Money Market Funds Net Index. Prior to July 1, 2010, it was the iMoneyNet First Tier Institutional Money Market Funds Gross Index. Prior to June 1, 2007, it was the return of the Merrill Lynch 90-Day (Auction Average) Treasury Bill Yield Index.

Appendix

Description of Benchmarks

Barclays Capital U.S. Intermediate Aggregate Bond Index - A market value-weighted index consisting of U.S. Treasury securities, corporate bonds and mortgage-related and asset-backed securities with one to ten years to maturity and an outstanding par value of \$250 million or greater.

Consumer Price Index (CPI) - The CPI, an index consisting of a fixed basket of goods bought by the typical consumer and used to measure consumer inflation.

FTSE EPRA/NAREIT Developed Index - An index designed to represent general trends in eligible real estate equities worldwide. Relevant real estate activities are defined as the ownership, disposal and development of income-producing real estate. This index covers the four primary core asset classes (Industrial, Retail, Office, and Apartment).

iMoneyNet First Tier Institutional Money Market Funds Net Index - An average of non-governmental institutional funds that do not hold any second tier securities. It includes money market mutual funds, net of fees, that invest in commercial paper, bank obligations and short-term investments in the highest ratings category and is open to corporations and fiduciaries only.

MSCI All Country World Investable Market Index - A free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets. This investable market index contains constituents from the large, mid, and small cap size segments and targets a coverage range around 99% of free-float adjusted market capitalization.

NCREIF ODCE Property Index - The NCREIF ODCE is a capitalization-weighted, gross of fee, time-weighted return index. The index is a summation of open-end funds, which NCREIF defines as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests.

Russell 3000 Index - A capitalization-weighted stock index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This represents most publicly traded, liquid U.S. stocks.

Appendix

Description of Universes

Total Fund - A universe comprised of 86 total fund portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics and Investment Metrics. Aggregate assets in the universe comprised \$1.4 trillion as of quarter-end and the average market value was \$14.7 billion.

Domestic Equity - A universe comprised of 86 total domestic equity portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$323.1 billion as of quarter-end and the average market value was \$3.5 billion.

Foreign Equity - A universe comprised of 88 total international equity portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$288.3 billion as of quarter-end and the average market value was \$3.1 billion.

Fixed Income - A universe comprised of 89 total fixed income portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$355.6 billion as of quarter-end and the average market value was \$3.8 billion.

Real Estate - A universe comprised of 64 total real estate portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$82.6 billion as of quarter-end and the average market value was \$0.9 billion.

Private Equity - An appropriate universe for private equity is unavailable.

Strategic Investments - An appropriate universe for strategic investments is unavailable.

Appendix

Explanation of Exhibits

Quarterly and Cumulative Excess Performance - The vertical axis, excess return, is a measure of fund performance less the return of the primary benchmark. The horizontal axis represents the time series. The quarterly bars represent the underlying funds' relative performance for the quarter.

Ratio of Cumulative Wealth Graph - An illustration of a portfolio's cumulative, un-annualized performance relative to that of its benchmark. An upward-sloping line indicates superior fund performance versus its benchmark. Conversely, a downward-sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

Performance Comparison - Plan Sponsor Peer Group Analysis - An illustration of the distribution of returns for a particular asset class. The component's return is indicated by the circle and its performance benchmark by the triangle. The top and bottom borders represent the 5th and 95th percentiles, respectively. The solid line indicates the median while the dotted lines represent the 25th and 75th percentiles.

Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.
- Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.

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Quarterly Investment Review

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FRS Investment Plan

As of March 31, 2018

Asset Allocation & Performance

	Allocation		Performance(%)				
	Market Value (\$)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years
FRS Investment Plan	10,653,242,093	100.0	-0.2	11.1	6.6	7.5	5.9
Total Plan Aggregate Benchmark			-0.8	10.0	6.3	7.1	5.4
Retirement Date	4,725,830,818	44.4					
FRS Retirement Fund	385,061,486	3.6	-0.8 (76)	6.5 (39)	3.7 (62)	3.7 (95)	-
Retirement Custom Index			-1.1 (79)	6.1 (54)	3.9 (60)	3.7 (95)	-
FRS 2015 Retirement Date Fund	330,530,665	3.1	-0.8 (56)	7.3 (45)	4.2 (72)	4.3 (83)	-
2015 Retirement Custom Index			-1.1 (97)	6.6 (68)	4.2 (72)	4.2 (85)	-
FRS 2020 Retirement Date Fund	614,518,085	5.8	-0.7 (42)	8.7 (28)	5.2 (41)	5.6 (64)	-
2020 Retirement Custom Index			-1.0 (81)	8.0 (45)	5.0 (50)	5.4 (65)	-
FRS 2025 Retirement Date Fund	699,298,033	6.6	-0.6 (51)	10.3 (20)	6.2 (26)	6.8 (57)	-
2025 Retirement Custom Index			-0.9 (75)	9.5 (50)	5.9 (46)	6.5 (65)	-
FRS 2030 Retirement Date Fund	643,516,004	6.0	-0.6 (46)	11.5 (30)	6.9 (22)	7.9 (52)	-
2030 Retirement Custom Index			-0.9 (75)	10.8 (52)	6.5 (45)	7.6 (57)	-
FRS 2035 Retirement Date Fund	600,028,601	5.6	-0.6 (57)	12.7 (29)	7.6 (21)	8.9 (42)	-
2035 Retirement Custom Index			-0.9 (80)	11.9 (64)	7.0 (55)	8.4 (58)	-
FRS 2040 Retirement Date Fund	523,086,378	4.9	-0.6 (50)	13.4 (25)	7.9 (24)	9.1 (43)	-
2040 Retirement Custom Index			-0.9 (73)	12.8 (54)	7.5 (49)	8.8 (63)	-
FRS 2045 Retirement Date Fund	511,849,311	4.8	-0.6 (58)	13.9 (34)	8.2 (19)	9.3 (50)	-
2045 Retirement Custom Index			-0.9 (81)	13.4 (51)	7.8 (52)	9.0 (69)	-
FRS 2050 Retirement Date Fund	285,409,439	2.7	-0.6 (48)	14.0 (33)	8.2 (21)	9.3 (63)	-
2050 Retirement Custom Index			-0.8 (74)	13.5 (54)	7.8 (50)	9.0 (71)	-
FRS 2055 Retirement Date Fund	124,807,459	1.2	-0.5 (58)	14.0 (48)	8.2 (33)	9.3 (66)	-
2055 Retirement Custom Index			-0.8 (80)	13.5 (68)	7.8 (63)	9.0 (83)	-
FRS 2060 Retirement Date Fund	7,725,357	0.1	-0.5 (57)	-	-	-	-
2060 Retirement Custom Index			-0.8 (80)	-	-	-	-

As of March 31, 2018

Asset Allocation & Performance

	Allocation		Performance(%)				
	Market Value (\$)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years
Cash	863,410,828	8.1	0.4 (1)	1.4 (1)	0.8 (1)	0.6 (1)	0.5 (2)
FRS Money Market Fund	863,410,828	8.1	0.4 (1)	1.4 (1)	0.8 (1)	0.6 (1)	0.5 (2)
iMoneyNet 1st Tier Institutional Net Index			0.3 (25)	1.0 (17)	0.5 (18)	0.3 (18)	0.5 (13)
Real Assets	91,625,046	0.9					
FRS Inflation Adjusted Multi-Assets Fund	91,625,046	0.9	-1.0	4.1	1.0	-0.5	-
FRS Custom Real Assets Index			-1.8	4.0	2.1	-0.1	-
Fixed Income	635,596,395	6.0	-1.3 (100)	1.8 (11)	2.1 (6)	2.2 (4)	4.2 (8)
Total Bond Index			-1.3 (100)	1.5 (15)	1.7 (13)	2.1 (7)	3.8 (17)
FRS U.S. Bond Enhanced Index Fund	242,141,323	2.3	-1.5 (66)	1.3 (27)	1.3 (1)	1.9 (23)	3.8 (35)
Bloomberg, Barc. U.S. Aggregate			-1.5 (66)	1.2 (27)	1.2 (2)	1.8 (26)	3.6 (37)
FRS Intermediate Bond Fund	97,534,594	0.9	-1.0 (93)	0.4 (71)	1.3 (42)	1.6 (34)	3.4 (27)
Bloomberg, Barc. U.S. Intermediate Aggregate			-1.1 (93)	0.5 (66)	1.0 (72)	1.4 (36)	3.2 (47)
FRS Core Plus Bond Fund	295,920,478	2.8	-1.3 (52)	2.4 (25)	2.5 (20)	2.8 (29)	-
FRS Custom Core-Plus Fixed Income Index			-1.4 (64)	1.7 (70)	1.9 (54)	2.6 (36)	-
Domestic Equity	2,893,655,380	27.2	0.0 (41)	14.6 (41)	10.4 (21)	13.3 (24)	10.4 (16)
Total U.S. Equities Index			-0.7 (55)	13.1 (52)	9.8 (33)	12.6 (38)	9.7 (29)
FRS U.S. Stock Market Index Fund	997,369,508	9.4	-0.6 (50)	13.9 (53)	10.3 (41)	13.1 (39)	9.7 (33)
Russell 3000 Index			-0.6 (50)	13.8 (55)	10.2 (45)	13.0 (41)	9.6 (34)
FRS U.S. Large Cap Stock Fund	1,011,052,345	9.5	0.6 (29)	19.0 (23)	11.4 (19)	14.7 (17)	-
Russell 1000 Index			-0.7 (47)	14.0 (45)	10.4 (29)	13.2 (35)	-
FRS U.S. Small/Mid Cap Stock Fund	885,233,527	8.3	1.0 (30)	12.7 (42)	9.9 (26)	12.8 (17)	-
FRS Custom Small/Mid Cap Index			-0.2 (46)	12.3 (44)	8.6 (38)	9.9 (74)	-



As of March 31, 2018

Asset Allocation & Performance

	Allocation		Performance(%)				
	Market Value (\$)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years
International/Global Equity	837,807,043	7.9	-0.1 (51)	18.5 (49)	7.8 (43)	8.1 (28)	4.5 (29)
Total Foreign and Global Equities Index			-1.1 (71)	16.8 (63)	6.9 (52)	7.1 (42)	3.4 (46)
FRS Foreign Stock Index Fund	343,880,178	3.2	-0.6 (61)	17.9 (54)	7.2 (48)	7.3 (39)	3.4 (47)
MSCI All Country World ex-U.S. IMI Index			-1.1 (71)	17.1 (60)	6.7 (54)	6.9 (46)	3.0 (55)
FRS Global Stock Fund	296,645,773	2.8	2.2 (14)	20.5 (18)	10.8 (16)	12.1 (15)	8.2 (18)
MSCI All Country World Index Net			-1.0 (48)	14.8 (39)	8.1 (38)	9.2 (49)	5.6 (54)
FRS Foreign Stock Fund	197,281,092	1.9	1.0 (3)	21.2 (2)	7.9 (1)	8.8 (2)	4.9 (1)
MSCI All Country World ex-U.S. Index			-1.2 (64)	16.5 (28)	6.5 (13)	6.2 (47)	2.8 (42)
FRS Self-Dir Brokerage Acct	605,316,583	5.7					

The returns for the Retirement Date Funds, Inflation Adjusted Multi-Assets Fund, Core Plus Bond Fund, U.S. Large Cap Stock Fund, and U.S. Small/Mid Cap Stock Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.

Note: The SDBA opened for members on 1/2/14. No performance calculations will be made for the SDBA.



As of March 31, 2018

Asset Allocation & Performance

	Performance(%)							
	2017	2016	2015	2014	2013	2012	2011	2010
FRS Investment Plan	16.4	8.0	-0.9	4.9	15.2	10.5	0.7	10.6
Total Plan Aggregate Benchmark	15.5	8.5	-1.3	4.9	14.6	9.7	0.9	10.2
Retirement Date								
FRS Retirement Fund	10.8 (52)	6.2 (50)	-2.6 (100)	4.4 (82)	3.5 (96)	10.7 (59)	3.4 (10)	11.5 (55)
Retirement Custom Index	10.4 (58)	6.2 (50)	-1.8 (95)	3.6 (89)	3.4 (96)	8.5 (78)	5.0 (1)	9.9 (84)
FRS 2015 Retirement Date Fund	12.0 (39)	6.7 (43)	-2.5 (98)	4.4 (78)	5.5 (89)	11.3 (43)	2.1 (20)	11.5 (62)
2015 Retirement Custom Index	11.2 (60)	6.5 (50)	-1.8 (92)	3.7 (92)	5.7 (88)	9.6 (88)	3.2 (1)	10.4 (85)
FRS 2020 Retirement Date Fund	14.0 (23)	7.4 (19)	-2.1 (92)	4.4 (79)	9.6 (75)	12.4 (38)	0.6 (38)	12.2 (64)
2020 Retirement Custom Index	13.3 (46)	7.1 (31)	-1.6 (82)	3.9 (88)	9.7 (75)	11.0 (74)	1.5 (21)	11.2 (86)
FRS 2025 Retirement Date Fund	16.1 (26)	8.0 (14)	-1.7 (80)	4.5 (86)	13.7 (74)	13.5 (43)	-0.7 (35)	12.5 (88)
2025 Retirement Custom Index	15.5 (39)	7.6 (19)	-1.5 (75)	4.2 (91)	13.8 (74)	12.4 (73)	-0.3 (26)	11.8 (93)
FRS 2030 Retirement Date Fund	18.0 (30)	8.5 (17)	-1.3 (60)	4.5 (83)	18.1 (54)	14.6 (34)	-2.1 (50)	13.0 (86)
2030 Retirement Custom Index	17.3 (48)	8.0 (36)	-1.5 (63)	4.4 (83)	18.2 (52)	13.8 (53)	-2.0 (49)	12.5 (91)
FRS 2035 Retirement Date Fund	19.8 (27)	9.1 (18)	-1.4 (46)	4.4 (84)	22.0 (38)	15.8 (23)	-3.0 (46)	13.7 (80)
2035 Retirement Custom Index	18.9 (54)	8.3 (46)	-1.7 (63)	4.3 (85)	22.0 (38)	15.2 (46)	-3.1 (47)	13.3 (89)
FRS 2040 Retirement Date Fund	20.9 (28)	9.2 (19)	-1.4 (52)	4.4 (83)	22.3 (48)	15.8 (36)	-3.0 (38)	13.7 (79)
2040 Retirement Custom Index	20.4 (45)	8.6 (45)	-1.7 (66)	4.3 (84)	22.4 (48)	15.2 (50)	-3.1 (38)	13.3 (85)
FRS 2045 Retirement Date Fund	21.5 (26)	9.4 (20)	-1.5 (48)	4.4 (82)	22.3 (60)	15.8 (38)	-3.0 (26)	13.7 (86)
2045 Retirement Custom Index	21.2 (39)	8.9 (37)	-1.7 (59)	4.3 (83)	22.4 (60)	15.2 (68)	-3.1 (26)	13.3 (89)
FRS 2050 Retirement Date Fund	21.6 (32)	9.5 (21)	-1.5 (55)	4.4 (82)	22.3 (53)	15.8 (36)	-3.0 (20)	13.7 (84)
2050 Retirement Custom Index	21.3 (52)	8.9 (37)	-1.7 (62)	4.3 (82)	22.4 (53)	15.2 (58)	-3.1 (20)	13.3 (87)
FRS 2055 Retirement Date Fund	21.5 (52)	9.3 (27)	-1.4 (54)	4.4 (80)	22.3 (73)	15.8 (45)	-	-
2055 Retirement Custom Index	21.3 (61)	8.9 (33)	-1.7 (68)	4.3 (80)	22.4 (72)	15.2 (75)	-	-
FRS 2060 Retirement Date Fund	-	-	-	-	-	-	-	-
2060 Retirement Custom Index	-	-	-	-	-	-	-	-

As of March 31, 2018

Asset Allocation & Performance

	Performance(%)							
	2017	2016	2015	2014	2013	2012	2011	2010
Cash	1.2 (1)	0.6 (1)	0.2 (4)	0.1 (1)	0.2 (1)	0.3 (1)	0.2 (1)	0.3 (2)
FRS Money Market Fund	1.2 (1)	0.6 (1)	0.2 (4)	0.1 (1)	0.2 (1)	0.3 (1)	0.2 (1)	0.3 (2)
iMoneyNet 1st Tier Institutional Net Index	0.9 (16)	0.3 (24)	0.0 (26)	0.0 (23)	0.0 (23)	0.1 (23)	0.1 (23)	0.2 (7)
Real Assets								
FRS Inflation Adjusted Multi-Assets Fund	8.1	6.0	-7.9	3.2	-9.1	9.1	7.4	11.7
FRS Custom Real Assets Index	8.1	6.2	-5.0	1.8	-8.9	6.6	4.6	13.0
Fixed Income								
Total Bond Index	4.4 (1)	4.7 (9)	0.3 (78)	4.7 (3)	-1.1 (85)	6.0 (36)	6.7 (1)	7.6 (30)
FRS U.S. Bond Enhanced Index Fund	3.9 (3)	4.3 (11)	0.1 (84)	4.9 (2)	-1.2 (88)	4.8 (62)	7.4 (1)	7.0 (35)
Blmbg. Barc. U.S. Aggregate	3.6 (29)	2.7 (3)	0.7 (33)	6.2 (35)	-2.0 (16)	4.4 (14)	7.9 (67)	6.7 (48)
FRS Intermediate Bond Fund	3.5 (29)	2.6 (3)	0.5 (43)	6.0 (36)	-2.0 (17)	4.2 (15)	7.8 (67)	6.5 (49)
FRS Intermediate Bond Fund	2.4 (20)	3.1 (31)	0.9 (30)	3.4 (20)	-0.5 (63)	4.9 (59)	5.9 (12)	7.0 (35)
Blmbg. Barc. U.S. Intermediate Aggregate	2.3 (32)	2.0 (69)	1.2 (16)	4.1 (6)	-1.0 (83)	3.6 (79)	6.0 (11)	6.1 (48)
FRS Core Plus Bond Fund	5.3 (26)	5.7 (28)	0.1 (46)	4.6 (88)	0.8 (21)	11.1 (16)	4.6 (89)	10.1 (28)
FRS Custom Core-Plus Fixed Income Index	4.2 (63)	4.9 (41)	0.2 (41)	5.1 (79)	0.8 (20)	7.8 (51)	7.6 (31)	9.1 (42)
Domestic Equity								
Total U.S. Equities Index	20.8 (48)	13.7 (27)	0.7 (32)	11.5 (42)	35.2 (45)	16.9 (33)	0.3 (38)	20.4 (23)
FRS U.S. Stock Market Index Fund	19.6 (55)	14.9 (22)	-0.5 (43)	11.1 (46)	34.0 (56)	16.5 (37)	-0.1 (41)	19.3 (28)
Russell 3000 Index	21.2 (55)	12.9 (25)	0.6 (52)	12.6 (34)	33.6 (39)	16.5 (40)	1.0 (38)	17.1 (20)
FRS U.S. Large Cap Stock Fund	21.1 (55)	12.7 (26)	0.5 (52)	12.6 (34)	33.6 (40)	16.4 (40)	1.0 (38)	16.9 (21)
Russell 1000 Index	25.5 (24)	9.3 (58)	2.7 (30)	12.8 (42)	36.4 (22)	17.2 (24)	1.2 (45)	17.8 (19)
FRS U.S. Small/Mid Cap Stock Fund	21.7 (43)	12.1 (33)	0.9 (43)	13.2 (33)	33.1 (47)	16.4 (31)	1.5 (41)	16.1 (31)
FRS U.S. Small/Mid Cap Stock Fund	16.3 (54)	19.9 (25)	-1.1 (36)	8.6 (28)	37.1 (46)	18.7 (26)	-0.9 (37)	29.6 (25)
FRS Custom Small/Mid Cap Index	16.8 (49)	19.6 (26)	-4.2 (71)	7.7 (34)	22.0 (98)	15.3 (53)	1.1 (22)	21.3 (85)

As of March 31, 2018

Asset Allocation & Performance

	Performance(%)							
	2017	2016	2015	2014	2013	2012	2011	2010
International/Global Equity	28.6 (50)	4.5 (42)	-2.6 (47)	-3.2 (42)	21.6 (33)	18.6 (53)	-11.3 (23)	10.1 (73)
Total Foreign and Global Equities Index	27.3 (59)	4.9 (39)	-4.4 (54)	-3.0 (41)	20.6 (39)	16.6 (72)	-11.3 (23)	10.1 (73)
FRS Foreign Stock Index Fund	28.3 (53)	5.3 (37)	-4.4 (54)	-4.5 (54)	20.5 (39)	17.6 (63)	-11.8 (27)	9.2 (77)
MSCI All Country World ex-U.S. IMI Index	27.8 (56)	4.4 (42)	-4.6 (55)	-4.2 (51)	21.0 (36)	16.4 (72)	-12.2 (30)	8.9 (78)
FRS Global Stock Fund	29.3 (17)	2.2 (80)	5.6 (13)	3.7 (43)	27.1 (41)	21.0 (15)	-7.4 (46)	13.0 (55)
MSCI All Country World Index Net	24.0 (39)	7.9 (46)	-2.4 (56)	4.2 (39)	22.8 (61)	16.3 (38)	-5.5 (35)	11.8 (60)
FRS Foreign Stock Fund	31.2 (4)	1.0 (62)	-0.5 (23)	-2.3 (14)	20.6 (57)	19.6 (41)	-13.3 (60)	9.8 (24)
MSCI All Country World ex-U.S. Index	27.2 (20)	5.0 (8)	-5.3 (80)	-3.4 (16)	15.8 (79)	17.4 (72)	-13.3 (61)	11.6 (13)
FRS Self-Dir Brokerage Acct								

The returns for the Retirement Date Funds, Inflation Adjusted Multi-Assets Fund, Core Plus Bond Fund, U.S. Large Cap Stock Fund, and U.S. Small/Mid Cap Stock Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.

Note: The SDBA opened for members on 1/2/14. No performance calculations will be made for the SDBA.

FRS Investment Plan

As of March 31, 2018

Asset Allocation

Asset Allocation as of 3/31/2018								
	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	Real Assets	Cash	Brokerage	Total	% of Total
FRS Retirement Fund	60,454,653	55,833,915	139,392,258	129,380,659			385,061,486	3.6%
FRS 2015 Retirement Date Fund	57,842,866	53,215,437	114,363,610	105,108,752			330,530,665	3.1%
FRS 2020 Retirement Date Fund	140,110,123	129,663,316	200,332,896	144,411,750			614,518,085	5.8%
FRS 2025 Retirement Date Fund	202,097,131	186,712,575	206,992,218	103,496,109			699,298,033	6.6%
FRS 2030 Retirement Date Fund	218,151,925	201,420,509	166,027,129	57,916,440			643,516,004	6.0%
FRS 2035 Retirement Date Fund	229,210,926	211,810,096	128,406,121	30,601,459			600,028,601	5.6%
FRS 2040 Retirement Date Fund	219,696,279	202,957,514	86,832,339	13,600,246			523,086,378	4.9%
FRS 2045 Retirement Date Fund	227,772,943	209,858,218	62,445,616	11,772,534			511,849,311	4.8%
FRS 2050 Retirement Date Fund	127,292,610	117,303,279	34,249,133	6,564,417			285,409,439	2.7%
FRS 2055 Retirement Date Fund	55,864,127	51,295,866	14,976,895	2,870,572			124,807,459	1.2%
FRS 2060 Retirement Date Fund	3,445,509	3,175,122	927,043	177,683			7,725,357	0.1%
Total Retirement Date Funds	\$ 1,538,293,584	\$ 1,420,070,726	\$ 1,154,018,213	\$ 605,722,937	\$ -	\$ -	\$ 4,725,830,818	44.4%
FRS Money Market Fund					863,410,828		863,410,828	8.1%
Total Cash	\$ -	\$ -	\$ -	\$ -	\$ 863,410,828	\$ -	\$ 863,410,828	8.1%
FRS Inflation Adjusted Multi-Assets Fund				91,625,046	-		91,625,046	0.9%
Total Real Assets	\$ -	\$ -	\$ -	\$ 91,625,046	\$ -	\$ -	\$ 91,625,046	0.9%
FRS U.S. Bond Enhanced Index Fund			242,141,323				242,141,323	2.3%
FRS Intermediate Bond Fund			97,534,594				97,534,594	0.9%
FRS Core Plus Bond Fund			295,920,478				295,920,478	2.8%
Total Fixed Income	\$ -	\$ -	\$ 635,596,395	\$ -	\$ -	\$ -	\$ 635,596,395	6.0%
FRS U.S. Stock Market Index Fund	997,369,508						997,369,508	9.4%
FRS U.S. Large Cap Stock Fund	1,011,052,345						1,011,052,345	9.5%
FRS U.S. Small/Mid Cap Stock Fund	885,233,527						885,233,527	8.3%
Total Domestic Equity	\$ 2,893,655,380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,893,655,380	27.2%
FRS Foreign Stock Index Fund		343,880,178					343,880,178	3.2%
FRS Global Stock Fund		296,645,773					296,645,773	2.8%
FRS Foreign Stock Fund		197,281,092					197,281,092	1.9%
Total International/Global Equity	\$ -	\$ 837,807,043	\$ -	\$ -	\$ -	\$ -	\$ 837,807,043	7.9%
FRS Self-Dir Brokerage Acct						605,316,583	605,316,583	5.7%
Total Self-Dir Brokerage Acct						\$ 605,316,583	\$ 605,316,583	5.7%
Total Portfolio	\$ 4,431,948,964	\$ 2,257,877,769	\$ 1,789,614,609	\$ 697,347,983	\$ 863,410,828	\$ 605,316,583	\$ 10,653,242,093	100.0%
Percent of Total	41.60%	21.19%	16.80%	6.55%	8.10%	5.68%	99.9%	

The returns for the Retirement Date Funds, Inflation Adjusted Multi-Assets Fund, Core Plus Bond Fund, U.S. Large Cap Stock Fund, and U.S. Small/Mid Cap Stock Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.

Note: The SDBA opened for members on 1/2/14. No performance calculations will be made for the SDBA.

As of March 31, 2018

Multi Timeperiod Statistics

	3 Years Return	3 Years Standard Deviation	3 Years Sharpe Ratio	3 Years Tracking Error	3 Years Information Ratio	3 Years Up Market Capture	3 Years Down Market Capture
FRS Investment Plan	6.62	7.08	0.87	0.50	0.70	102.57	99.55
FRS Retirement Fund	3.72	4.76	0.68	0.45	-0.30	100.23	103.42
FRS 2015 Retirement Date Fund	4.25	5.21	0.73	0.47	0.10	101.48	101.83
FRS 2020 Retirement Date Fund	5.19	6.04	0.78	0.44	0.32	101.95	101.17
FRS 2025 Retirement Date Fund	6.16	6.83	0.84	0.48	0.61	101.55	98.34
FRS 2030 Retirement Date Fund	6.91	7.62	0.85	0.50	0.76	102.04	98.51
FRS 2035 Retirement Date Fund	7.59	8.49	0.85	0.56	1.06	103.37	98.86
FRS 2040 Retirement Date Fund	7.91	8.94	0.84	0.58	0.71	101.49	97.92
FRS 2045 Retirement Date Fund	8.16	9.13	0.85	0.67	0.46	100.06	96.56
FRS 2050 Retirement Date Fund	8.21	9.19	0.85	0.66	0.52	100.39	96.78
FRS 2055 Retirement Date Fund	8.18	9.18	0.85	0.66	0.48	100.15	96.64
FRS 2060 Retirement Date Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FRS Money Market Fund	0.81	0.14	5.67	0.03	9.44	158.04	N/A
FRS Inflation Adjusted Multi-Assets Fund	1.01	5.85	0.11	1.72	-0.59	104.86	123.10
FRS U.S. Bond Enhanced Index Fund	1.29	2.70	0.29	0.08	1.07	101.67	99.24
FRS Intermediate Bond Fund	1.27	2.07	0.37	0.57	0.45	111.70	104.66
FRS Core Plus Bond Fund	2.52	2.89	0.69	0.64	0.98	117.10	105.87
FRS U.S. Stock Market Index Fund	10.34	10.36	0.95	0.05	2.28	100.42	99.67
FRS U.S. Large Cap Stock Fund	11.41	11.53	0.95	2.45	0.43	111.94	114.03
FRS U.S. Small/Mid Cap Stock Fund	9.95	11.90	0.81	1.61	0.75	100.61	90.58
FRS Foreign Stock Index Fund	7.19	12.04	0.59	1.49	0.26	98.96	95.62
FRS Global Stock Fund	10.84	11.02	0.94	3.27	0.77	107.13	88.55
FRS Foreign Stock Fund	7.93	11.41	0.68	3.84	0.32	94.17	82.33

The returns for the Retirement Date Funds, Inflation Adjusted Multi-Assets Fund, Core Plus Bond Fund, U.S. Large Cap Stock Fund, and U.S. Small/Mid Cap Stock Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.



As of March 31, 2018

Multi Timeperiod Statistics

	5 Years Return	5 Years Standard Deviation	5 Years Sharpe Ratio	5 Years Tracking Error	5 Years Information Ratio	5 Years Up Market Capture	5 Years Down Market Capture
FRS Investment Plan	7.50	6.70	1.07	0.45	0.91	102.14	97.85
FRS Retirement Fund	3.70	4.92	0.70	1.24	0.03	105.93	109.86
FRS 2015 Retirement Date Fund	4.34	5.23	0.78	1.06	0.11	105.08	107.18
FRS 2020 Retirement Date Fund	5.58	5.92	0.89	0.79	0.24	104.36	105.28
FRS 2025 Retirement Date Fund	6.82	6.62	0.98	0.57	0.46	102.31	100.51
FRS 2030 Retirement Date Fund	7.94	7.39	1.03	0.44	0.68	101.76	99.26
FRS 2035 Retirement Date Fund	8.89	8.29	1.03	0.49	0.90	102.35	99.11
FRS 2040 Retirement Date Fund	9.14	8.63	1.02	0.50	0.67	101.31	98.52
FRS 2045 Retirement Date Fund	9.30	8.75	1.03	0.57	0.49	100.49	97.63
FRS 2050 Retirement Date Fund	9.33	8.79	1.02	0.56	0.53	100.68	97.77
FRS 2055 Retirement Date Fund	9.31	8.78	1.02	0.56	0.50	100.54	97.69
FRS 2060 Retirement Date Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FRS Money Market Fund	0.56	0.14	5.02	0.03	7.37	176.32	N/A
FRS Inflation Adjusted Multi-Assets Fund	-0.45	6.29	-0.09	1.73	-0.18	110.76	115.00
FRS U.S. Bond Enhanced Index Fund	1.92	2.95	0.54	0.09	1.00	101.91	100.01
FRS Intermediate Bond Fund	1.56	2.26	0.55	0.55	0.20	105.98	104.90
FRS Core Plus Bond Fund	2.77	3.29	0.75	0.73	0.27	112.31	116.47
FRS U.S. Stock Market Index Fund	13.12	10.00	1.25	0.05	1.78	100.29	99.74
FRS U.S. Large Cap Stock Fund	14.66	10.98	1.28	2.60	0.55	108.55	104.45
FRS U.S. Small/Mid Cap Stock Fund	12.83	11.81	1.06	2.30	1.16	109.39	93.91
FRS Foreign Stock Index Fund	7.27	11.70	0.63	1.34	0.26	99.15	95.97
FRS Global Stock Fund	12.05	10.55	1.10	3.11	0.84	105.56	84.50
FRS Foreign Stock Fund	8.81	10.92	0.80	3.69	0.62	96.77	77.84

The returns for the Retirement Date Funds, Inflation Adjusted Multi-Assets Fund, Core Plus Bond Fund, U.S. Large Cap Stock Fund, and U.S. Small/Mid Cap Stock Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.





Appendix

As of March 31, 2018

Benchmark Descriptions

Retirement Date Benchmarks - A weighted average composite of the underlying components' benchmarks for each fund.

iMoneyNet 1st Tier Institutional Net Index - An index made up of the entire universe of money market mutual funds. The index currently represents over 1,300 funds, or approximately 99 percent of all money fund assets.

FRS Custom Real Assets Index - A monthly weighted composite of underlying indices for each TIPS and Real Assets fund. These indices include Barclays U.S. TIPS Index, MSCI AC World Index and the Bloomberg Commodity Total Return Index, NAREIT Developed Index, S&P Global Infrastructure Index, S&P Global Natural Resources Index.

Total Bond Index - A weighted average composite of the underlying benchmarks for each bond fund.

Barclays Aggregate Bond Index - A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of \$250 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.

Barclays Intermediate Aggregate Bond Index - A market value-weighted index consisting of U.S. Treasury securities, corporate bonds and mortgage-related and asset-backed securities with one to ten years to maturity and an outstanding par value of \$250 million or greater.

FRS Custom Core-Plus Fixed Income Index - A monthly rebalanced blend of 80% Barclays U.S. Aggregate Bond Index and 20% Barclays U.S. High Yield Ba/B 1% Issuer Constrained Index.

Total U.S. Equities Index - A weighted average composite of the underlying benchmarks for each domestic equity fund.

Russell 3000 Index - A capitalization-weighted index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This index is a broad measure of the performance of the aggregate domestic equity market.

Russell 1000 Index - An index that measures the performance of the largest 1,000 stocks contained in the Russell 3000 Index.

FRS Custom Small/Mid Cap Index - A monthly rebalanced blend of 25% S&P 400 Index, 30% Russell 2000 Index, 25% Russell 2000 Value Index, and 20% Russell Mid Cap Growth Index.

Total Foreign and Global Equities Index - A weighted average composite of the underlying benchmarks for each foreign and global equity fund.

MSCI All Country World ex-U.S. IMI Index - A capitalization-weighted index of stocks representing 22 developed country stock markets and 23 emerging countries, excluding the U.S. market.

MSCI All Country World Index - A capitalization-weighted index of stocks representing approximately 46 developed and emerging countries, including the U.S. and Canadian markets.

MSCI All Country World ex-U.S. Index - A capitalization-weighted index consisting of 23 developed and 21 emerging countries, but excluding the U.S.

Descriptions of Universes

Retirement Date Funds - Target date universes calculated and provided by Lipper.

FRS Money Market Fund - A money market universe calculated and provided by Lipper.

FRS U.S. Bond Enhanced Index Fund - A long-term bond fixed income universe calculated and provided by Lipper.

FRS Intermediate Bond Fund - A broad intermediate-term fixed income universe calculated and provided by Lipper.

FRS Core Plus Bond Fund - A core plus bond fixed income universe calculated and provided by Lipper.

FRS U.S. Stock Market Index Fund - A large cap blend universe calculated and provided by Lipper.

FRS U.S. Large Cap Stock Fund - A large cap universe calculated and provided by Lipper.

FRS U.S. Small/Mid Cap Stock Fund - A small/mid cap universe calculated and provided by Lipper.

FRS Foreign Stock Index Fund - A foreign blend universe calculated and provided by Lipper.

FRS Global Stock Fund - A global stock universe calculated and provided by Lipper.

FRS Foreign Stock Fund - A foreign large blend universe calculated and provided by Lipper.

Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.
- Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.

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Lawton Chiles Endowment Fund | First Quarter 2018

Quarterly Investment Review

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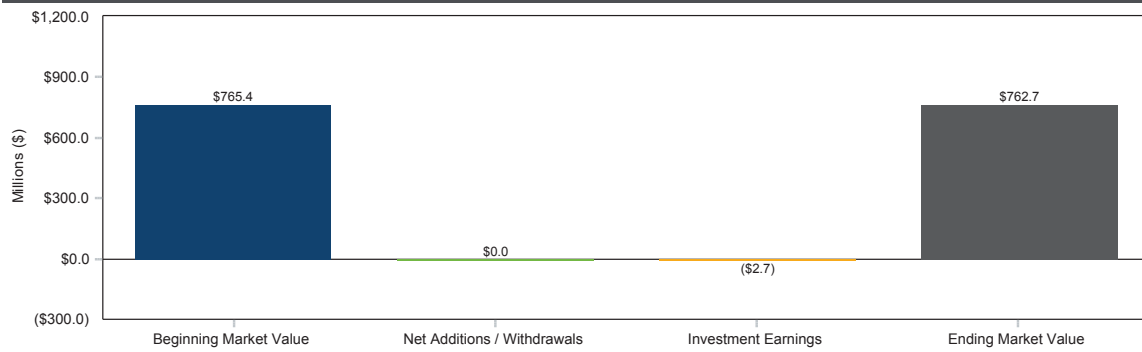
1	LCEF Total Fund	1
2	Appendix	9

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LCEF Total Fund

Total Plan Asset Summary

Change in Market Value
From January 1, 2018 to March 31, 2018

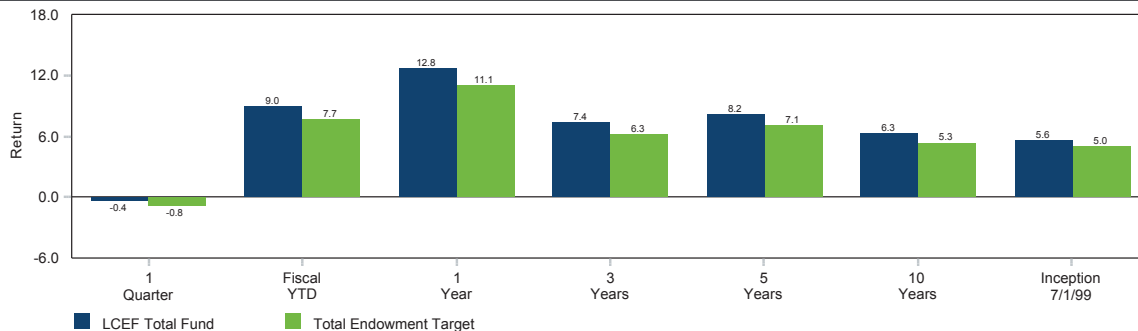
Summary of Cash Flow

	1 Quarter	Fiscal YTD
LCEF Total Fund		
Beginning Market Value	765,375,543	699,743,916
+ Additions / Withdrawals	-	-
+ Investment Earnings	-2,711,914	62,919,713
= Ending Market Value	762,663,629	762,663,629

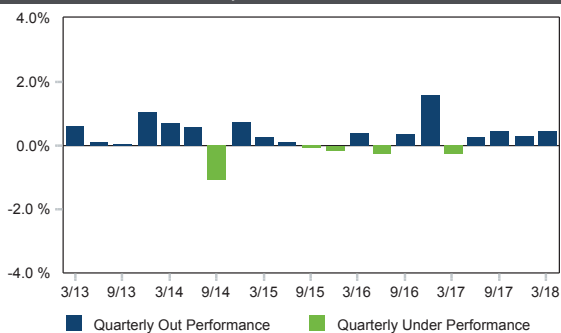
*Period July 2017 - December 2017

Total Plan Performance Summary

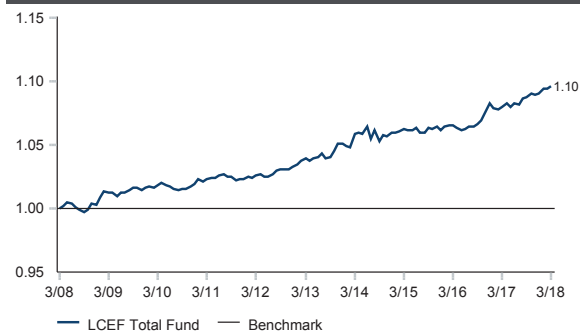
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years



As of March 31, 2018

Asset Allocation & Performance

	Allocation			Performance(%)					
	Market Value (\$)	%	Policy(%)	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years
LCEF Total Fund	762,663,629	100.0	100.0	-0.4 (49)	9.0 (7)	12.8 (5)	7.4 (4)	8.2 (10)	6.3 (13)
Total Endowment Target				-0.8 (79)	7.7 (21)	11.1 (19)	6.3 (22)	7.1 (36)	5.3 (49)
Global Equity*	552,711,332	72.5	71.0	-0.2	12.1	17.1	9.7	10.9	8.3
Global Equity Target				-0.8	10.7	15.4	8.3	9.5	7.2
Fixed Income	118,428,668	15.5	17.0	-1.5 (86)	-0.2 (76)	1.3 (45)	1.3 (45)	1.9 (43)	3.6 (61)
Bimbg. Barc. U.S. Aggregate				-1.5 (87)	-0.2 (79)	1.2 (50)	1.2 (47)	1.8 (47)	3.6 (61)
TIPS	76,809,858	10.1	11.0	-0.7	1.4	1.1	1.4	0.1	3.2
Barclays U.S. TIPS				-0.8	1.3	0.9	1.3	0.0	2.9
Cash Equivalents	14,713,772	1.9	1.0	0.5	1.1	1.4	0.8	0.6	0.9
S&P US AAA & AA Rated GIP 30D Net Yield Index				0.3	0.9	1.1	0.6	0.4	0.5

Benchmark and universe descriptions are provided in the Appendix.

*Global Equity became an asset class in September 2012 by merging the Domestic Equities and Foreign Equities asset classes. The return series prior to September 2012 is a weighted average of Domestic Equities' and Foreign Equities' historical performance.

As of March 31, 2018

Calendar Year Performance

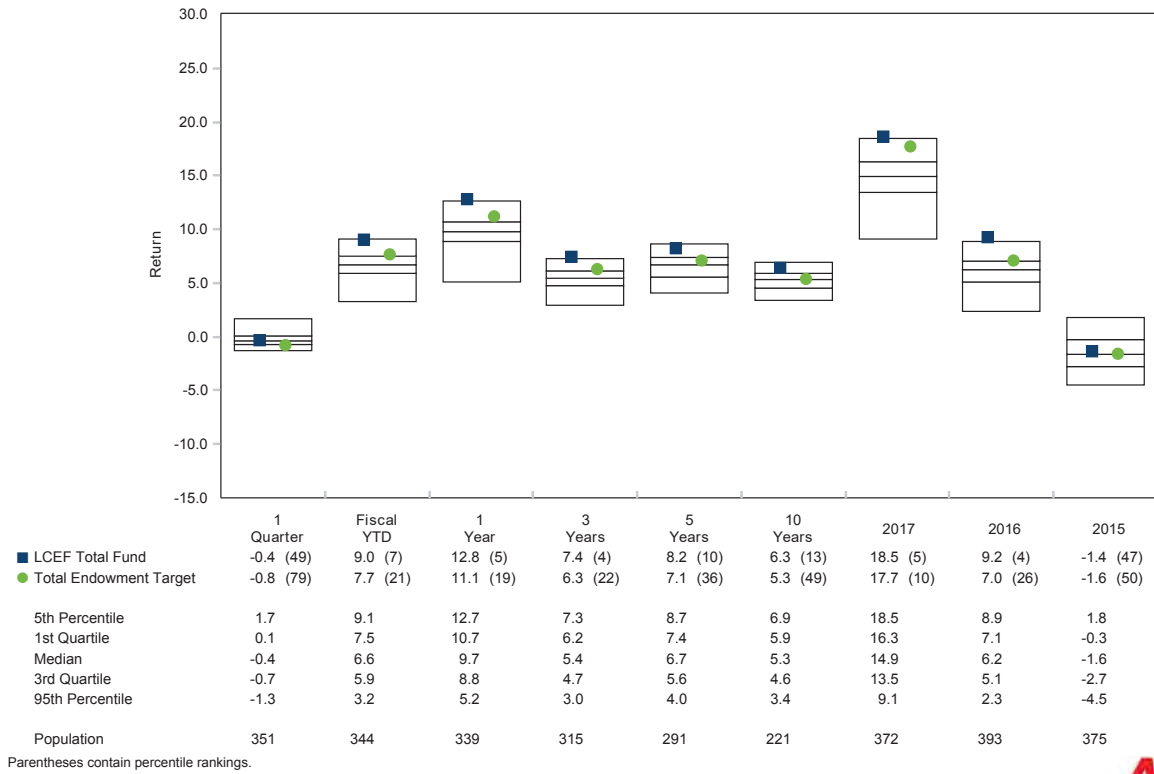
	Performance(%)								
	2017	2016	2015	2014	2013	2012	2011	2010	2009
LCEF Total Fund	18.5 (5)	9.2 (4)	-1.4 (47)	5.2 (41)	14.7 (52)	13.2 (22)	1.9 (15)	14.0 (14)	21.2 (46)
Total Endowment Target	17.7 (10)	7.0 (26)	-1.6 (50)	4.3 (52)	12.8 (74)	12.2 (45)	1.5 (18)	13.7 (17)	19.6 (57)
Global Equity*	24.5	11.4	-1.9	5.3	27.1	20.4	-1.1	17.0	30.8
Global Equity Target	24.1	8.4	-2.4	3.9	24.1	19.4	-2.2	16.1	30.5
Fixed Income	3.7 (33)	2.7 (60)	0.6 (32)	6.0 (20)	-1.8 (70)	4.6 (86)	7.6 (46)	7.0 (79)	4.6 (96)
Bimbg. Barc. U.S. Aggregate	3.5 (39)	2.6 (60)	0.5 (33)	6.0 (21)	-2.0 (72)	4.2 (90)	7.8 (43)	6.5 (83)	5.9 (88)
TIPS	3.2	4.8	-1.2	3.5	-8.7	7.2	13.6	6.1	13.3
Barclays U.S. TIPS	3.0	4.7	-1.4	3.6	-8.6	7.0	13.6	6.3	11.4
Cash Equivalents	1.2	0.7	0.5	0.2	0.2	1.3	0.1	2.0	2.6
S&P US AAA & AA Rated GIP 30D Net Yield Index	0.9	0.4	0.1	0.0	0.1	0.1	0.2	0.3	0.7

*Global Equity became an asset class in September 2012 by merging the Domestic Equities and Foreign Equities asset classes. The return series prior to September 2012 is a weighted average of Domestic Equities' and Foreign Equities' historical performance.

As of March 31, 2018

Plan Sponsor Peer Group Analysis

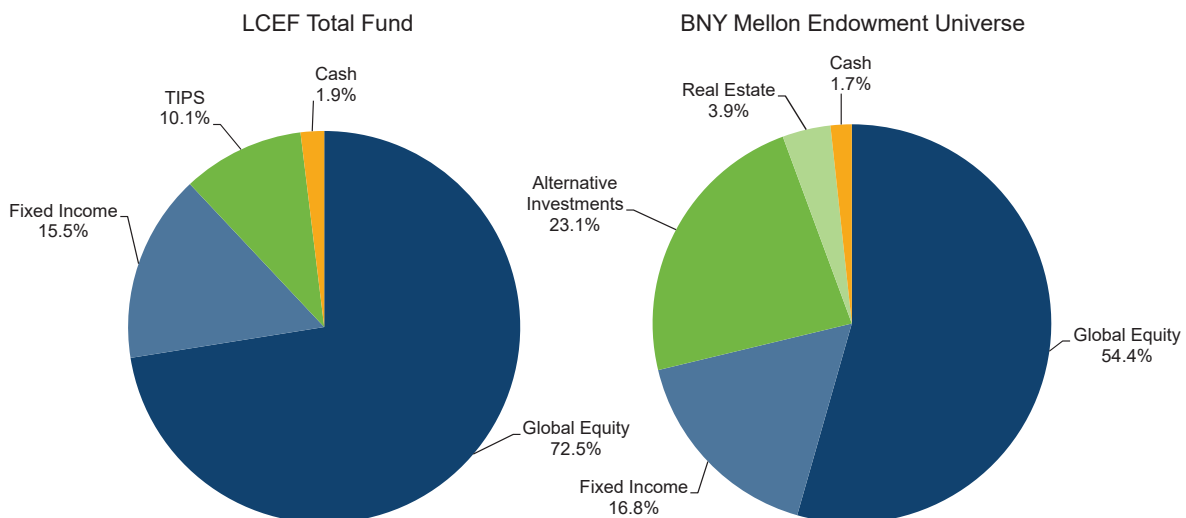
All Endowments-Total Fund



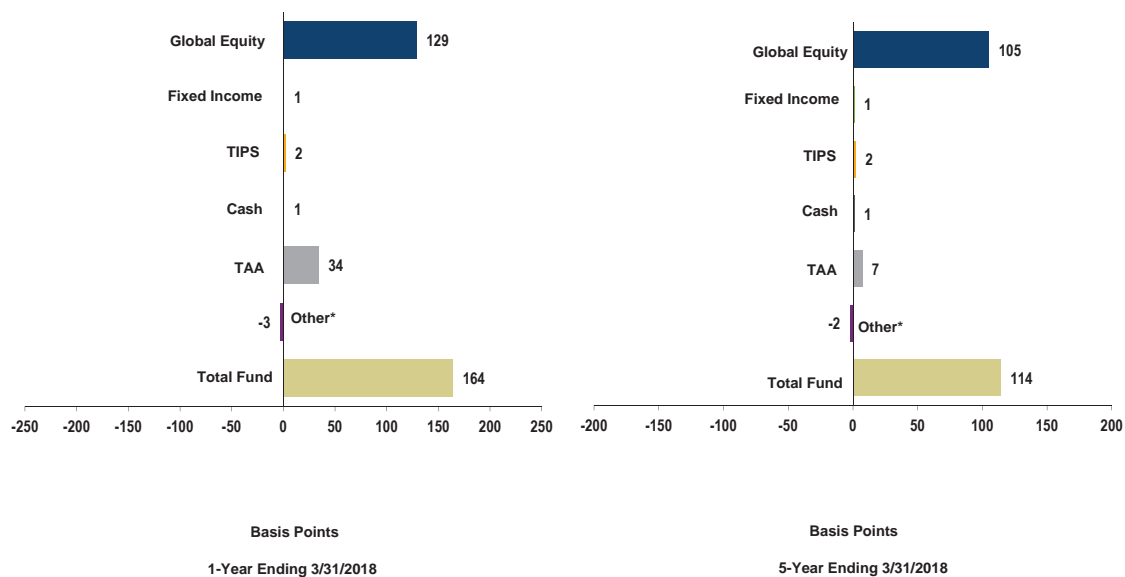
LCEF Total Fund

As of March 31, 2018

Universe Asset Allocation Comparison



Attribution



*Other includes differences between official performance value added due to methodology and extraordinary payouts.



Appendix

As of March 31, 2018

Benchmark Descriptions

LCEF Total Fund

Total Endowment Target - A weighted blend of the individual asset class target benchmarks.

Total Global Equity

MSCI ACWI IMI ex-Tobacco - From 7/1/2014 forward, a custom version of the MSCI ACWI IMI excluding tobacco-related companies. From 10/1/2013 to 6/30/2014, a custom version of the MSCI ACWI IMI adjusted to reflect a 55% fixed weight in the MSCI USA IMI and a 45% fixed weight in the MSCI ACWI ex-USA IMI, and excluding certain equities of tobacco-related companies. From 9/1/2012 to 9/30/2013, a custom version of the MSCI ACWI IMI excluding tobacco-related companies. Prior to 9/1/2012, the benchmark is a weighted average of both the Domestic Equities and Foreign Equities historical benchmarks.

Total Domestic Equities

Russell 3000 Index ex-Tobacco - Prior to 9/1/2012, an index that measures the performance of the 3,000 stocks that make up the Russell 1000 and Russell 2000 Indices, while excluding tobacco companies.

Total Foreign Equities

MSCI ACWI ex-US IMI ex-Tobacco - Prior to 9/1/2012, a capitalization-weighted index representing 44 countries, but excluding the United States. The index includes 23 developed and 21 emerging market countries, and excludes tobacco companies.

Total Fixed Income

Barclays Aggregate Bond Index - A market value-weighted index consisting of the Barclays Credit, Government, and Mortgage-Backed Securities Indices. The index also includes credit card, auto, and home equity loan-backed securities. This index is the broadest available measure of the aggregate investment grade U.S. fixed income market.

Total TIPS

Barclays U.S. TIPS - A market value-weighted index consisting of U.S. Treasury Inflation-Protected Securities with one or more years remaining until maturity with total outstanding issue size of \$500 million or more.

Total Cash Equivalents

S&P U.S. AAA & AA Rated GIP 30-Day Net Yield Index - An unmanaged, net-of-fees, market index representative of the Local Government Investment Pool. On 10/1/2011, the S&P U.S. AAA & AA Rated GIP 30-Day Net Yield Index replaced the S&P U.S. AAA & AA Rated GIP 30-Day Gross Yield Index, which was previously used from 4/30/08 - 9/30/11. Prior to 4/30/08, it was the average 3-month T-bill rate.

As of March 31, 2018

Universe Descriptions

LCEF Total Fund

A universe comprised of 357 total endowment portfolio returns, net of fees, calculated and provided by BNY Mellon Performance & Risk Analytics and Investment Metrics. Aggregate assets in the universe comprised \$360.6 billion as of quarter-end and the average market value was \$1.0 billion.

Total Fixed Income

A universe comprised of 313 total fixed income portfolio returns, net of fees, of endowment plans calculated and provided by BNY Mellon Performance & Risk Analytics and Investment Metrics. Aggregate assets in the universe comprised \$34.4 billion as of quarter-end and the average market value was \$98.5 million.

Explanation of Exhibits

Quarterly and Cumulative Excess Performance - The vertical axis, excess return, is a measure of fund performance less the return of the primary benchmark. The horizontal axis represents the time series. The quarterly bars represent the underlying funds' relative performance for the quarter.

Ratio of Cumulative Wealth Graph - An illustration of a portfolio's cumulative, un-annualized performance relative to that of its benchmark. An upward-sloping line indicates superior fund performance versus its benchmark. Conversely, a downward-sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

Performance Comparison - Plan Sponsor Peer Group Analysis - An illustration of the distribution of returns for a particular asset class. The component's return is indicated by the circle and its performance benchmark by the triangle. The top and bottom borders represent the 5th and 95th percentiles, respectively. The solid line indicates the median while the dotted lines represent the 25th and 75th percentiles.

Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.
- Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.

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State Board of Administration FY 2018-19 Proposed Budget

SBA Operations
FRS Investment Plan
Florida Hurricane Catastrophe Fund

Division of Bond Finance
Florida Prepaid College Board

June 13, 2018



State Board of Administration FY 2018-19 Proposed Budget

SBA Operating Budget
June 13, 2018

SBA Proposed Budget FY 2018-19

Asset Management

- **Assets Under Management (AUM)**

- \$210 billion AUM as of March 28, 2018 (est. market value)

- Pension Fund net asset value (as of 03/28/18) has risen \$76.5 billion since the 03/09/09 bottom despite \$53.5 billion in payouts (net of contributions), so fund investments have returned \$130 billion over last 9 years.
 - Value added by the SBA vs. its benchmark during that period was \$8.1 billion.
 - Assets managed internally increased to \$70 billion (43% of AUM) from \$45 billion (36% of AUM) during this time.

- **33 Mandates**

Mandate	% of Total
FRS Pension Plan	79%
FRS Investment Plan	5%
Florida PRIME	6%
30 Other Mandates	<u>10%</u>
	100%

SBA Proposed Budget FY 2018-19

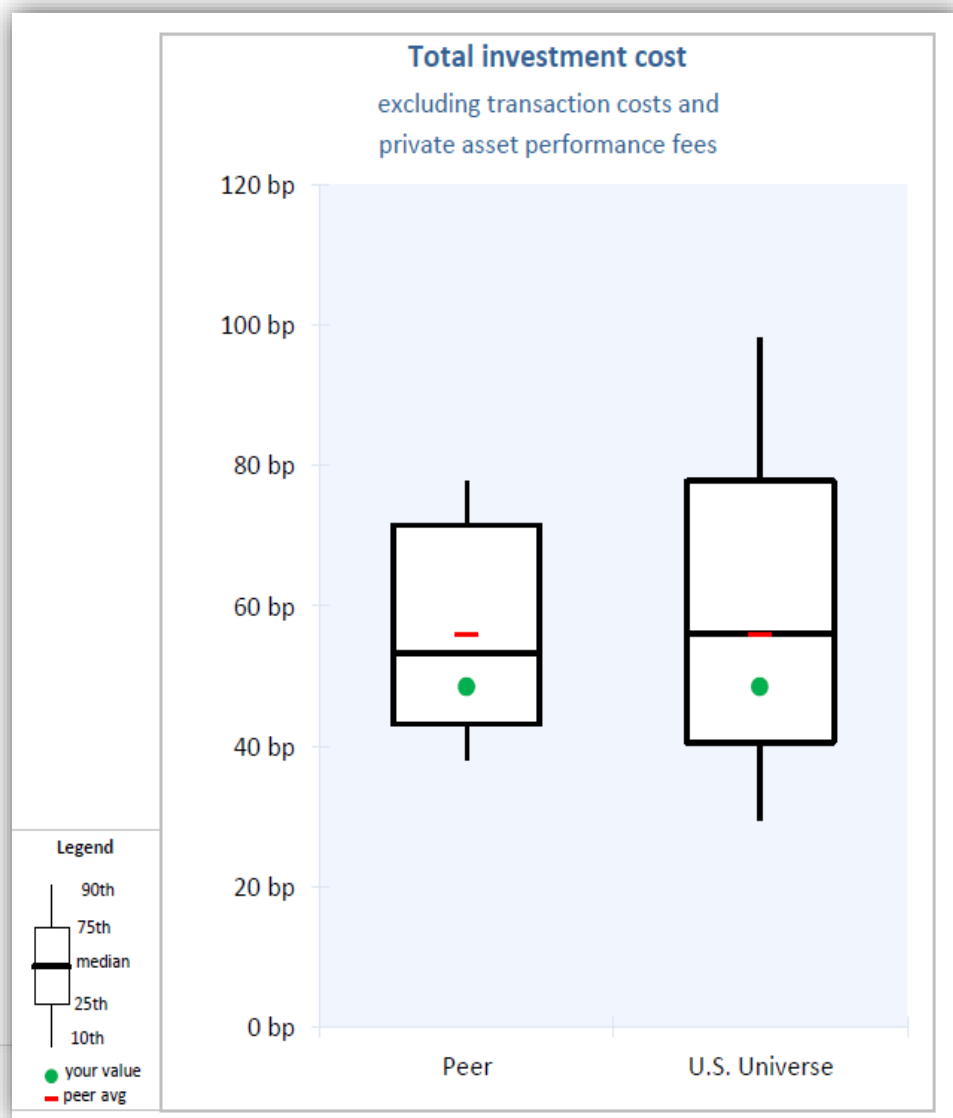
SBA Performance

- Three factors determine Pension Plan's long-term financial health
 - Solid long-term investment performance
 - Receipt of actuarially required annual contributions
 - Responsible benefit package
- SBA's record of long-term investment performance is solid
 - Approximately \$2 of every \$3 paid to a retiree has come from investment gains, not from taxpayers or participants through contributions
 - Every dollar earned through investment performance is a dollar saved by Florida's taxpayers

CEM Benchmarking Study Background

- SBA's total investment management costs and return are benchmarked against peers annually through CEM study.
- SBA peer group includes 17 US public sponsors from \$44 billion to \$303 billion in AUM; median size is \$85 billion
- Cost is major determinant of net investment performance
- Study includes all costs charged against portfolio performance

CEM Benchmarking Study Background

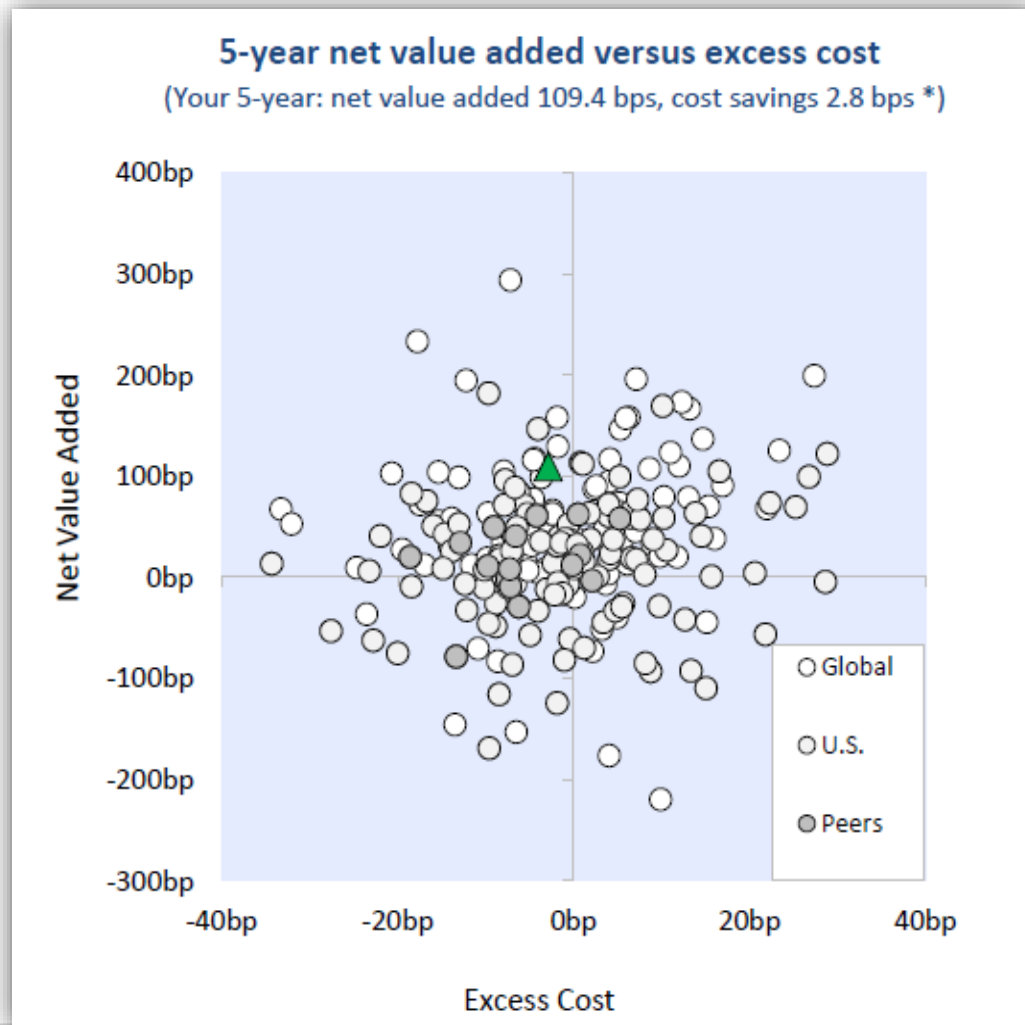


Source: CEM Benchmarking, Inc.

At 48.4 basis points (0.484%), the SBA's all-in cost for managing the FRS Pension Plan was among the lowest in its peer group for the calendar year 2016 study. This marks the fifth time in as many years that the SBA's all-in cost ranked among the lowest of its peer group.

CEM Benchmarking Study

Background



Source: CEM Benchmarking, Inc.

CEM evaluates:

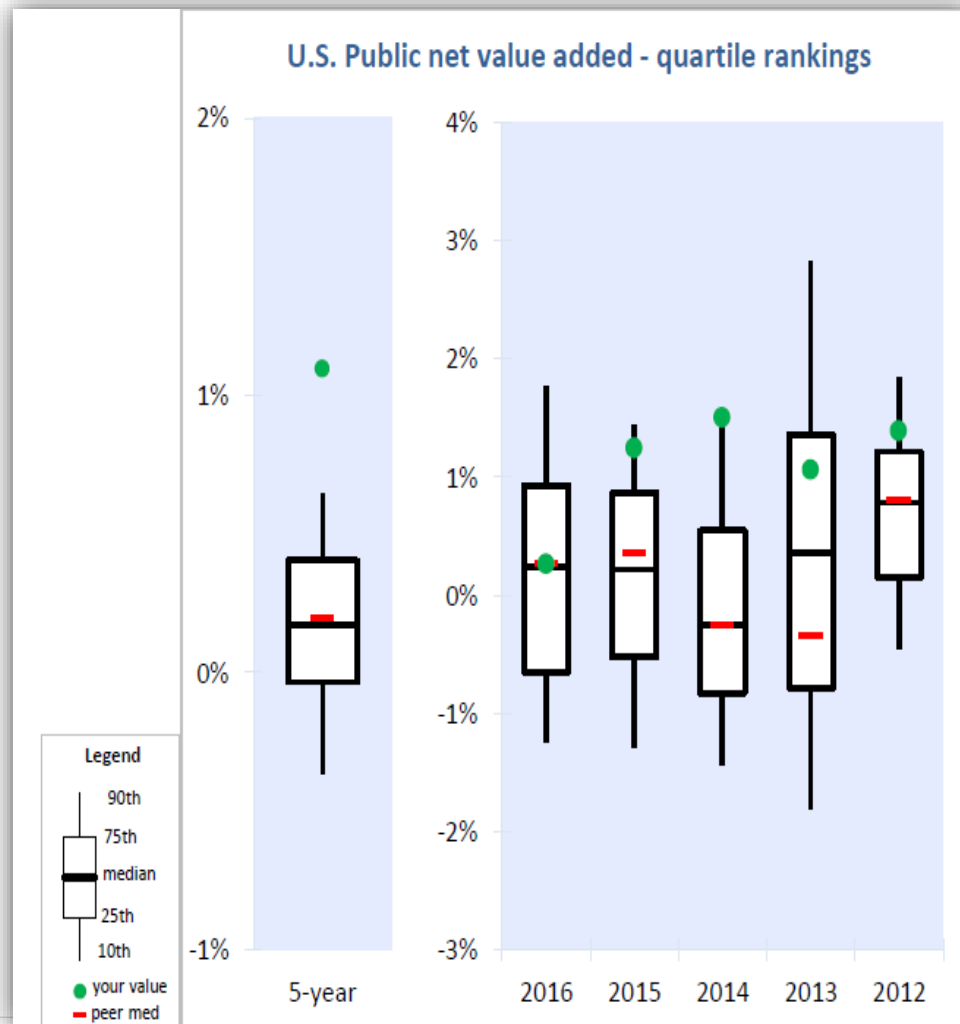
- Value Added
(Performance vs. Benchmark)
- Risk
- Costs

SBA's 5-yr performance placed in most favorable quadrant

- Positive value added at low cost

CEM Benchmarking Study

Background



CEM evaluates:

- Value Added
(Performance vs. Benchmark)
- Risk
- Costs

SBA's 5-year net value added of 109.4 bps far outpaces peers

- Ranked in 98th percentile for 3, 4 and 5-year periods
- 5-year net value added translates into \$8.8 billion in cumulative benefit to the FRS above median fund return

Source: CEM Benchmarking, Inc.

SBA Proposed Budget FY 2018-19

Cost Effectiveness

- SBA's ability to manage a significant portion of assets in-house is major driver of cost effectiveness
 - Growing percentage (currently 43%, up from 36% since 2009) of FRS assets are managed in-house by SBA staff (as of February 2018)
- Thus, strategic emphasis on staff recruitment, development and retention, and technology support, including enhanced information security, automated compliance and risk analytics
- Demographics of organization continue to reveal importance and urgency of succession planning, mentoring and providing career development opportunities
 - 32 FTEs (16% of workforce) are in DROP now or eligible to retire within the next 3 years
 - 12 of these hold management positions (12% of all managers)

SBA Proposed Budget FY 2018-19

Prior-Year Accomplishments

Significant cost reductions due to better project management and vendor selection:

- Initiated 10 major organization-wide projects, having an aggregate non-recurring budgeted cost of \$2 million
- Seven are complete or near complete (>90%) with actual non-recurring budget savings of \$430,000
- Implementing portfolio accounting system upgrade using contract credits with projected non-recurring budget savings of \$240,000
- Transitioning to new total fund risk system vendor with projected recurring net budget savings of \$300,000
- Transitioning to new fixed income risk analytics provider with projected recurring budget savings of \$290,000
- Completed Governance, Risk and Compliance Triennial Review with actual non-recurring budget savings of \$200,000

SBA Proposed Budget FY 2018-19

Total Budget \$47.6 Million

- 1.8% increase requested over FY 2017-18 budget of \$46.7 million
- 11% increase in AUM (estimated) this fiscal year, so SBA service fees will cover increased costs. Costs per dollar under management have been stable.
- Budget Composition

Budget Category	Dollars (M)	% of Total
Salary and Benefits	\$ 30.8	65%
Other Personal/Contractual Services	\$ 10.1	21%
Expense	\$ 6.4	13%
Capital Outlay	\$ 0.2	<u>1%</u>
Total	\$ 47.6	100%

SBA Proposed Budget FY 2018-19

Cost Drivers

- Continued competitive labor market for talented staff
 - Entices staff to leave and increases time to fill vacancies
- Increased benefit rates/premiums (determined by Legislature)
 - Legislative increases in retirement contribution rates for new and existing staff
- Continued enhancements to cybersecurity
 - Enhancement to endpoint, event management and other threat detection and mitigation tools
 - Request of 1 cybersecurity FTE dedicated to endpoint detection and threat management
- Maintaining technology and skills necessary to support internal investment management
 - Continued investments in software licenses, data and training
- Enhanced investment in operational due diligence

SBA Proposed Budget FY 2018-19

One Proposed New Position

Information Security Analyst II (1 FTE):

- ***Information Security Analyst II*** SBA has invested \$385,000 to date in cybersecurity threat detection and mitigation tools in response to evolving cyber security threats and audit recommendations. These tools increasingly require dedicated staff. Benchmarking research indicates midsize financial institutions allocate 2 analysts per shift for 24x7 monitoring (not necessarily dedicated). Outsourced staff augmentation services range from \$150,000 to \$350,000 per year. Estimated cost to insource 1 FTE is \$106,000 (\$79,800 salary, remainder in benefits). SBA manages over \$200 billion in investments, with significant daily money flows and investment activity. Given cost of outsourcing and magnitude of potential loss, SBA is requesting to insource a dedicated analyst.

SBA Proposed Budget FY 2018-19

Increase/(Decrease) By Category

Salaries \$1,064,800

- \$79,800 Salary rate for 1 new position (Benefits included would total \$106,000)
- \$960,000 Recruitment and retention salary rate to reduce human capital risk
 - Equivalent to 5.0% of FY2018-19 salaries
 - Implements the compensation methodology approved by the IAC
 - Third installment of a three year plan to bring salaries to midpoint of 2016 market
 - Turnover has dropped in FYE 18 to 10 departures from 20 in FYE 17
 - Turnover in asset classes is significantly lower than in other departments
 - Dissatisfaction with pay is still second leading reason, second to retirement

Incentive Reserve \$0

- No increase for FY 2018-19; will carry forward budgeted amount

Leave Liability \$25,000

- \$275,000 of leave liability (up from \$250,000) is estimated to be needed based on the number of employees in DROP or retirement eligible

SBA Proposed Budget FY 2018-19

Increase/(Decrease) By Category

- Benefits \$906,320

Increase of \$906,320 (12.5%) driven by one new position request combined with health and dental insurance premium increase and employer retirement contribution changes adopted during the 2018 Legislative Session.

- Other Personal/Contractual Services (\$1,261,782)

Overall decrease of \$1,261,782 (-11.1%) driven primarily (\$1,200,000) by near completion of non-recurring updates to critical SBA enterprise software solutions, specifically the SBA's Enterprise Resource Management solution (PeopleSoft) and the SBA's investment portfolio accounting software (Eagle). An additional significant driver (\$400,000) is completion of the Triennial Governance, Risk and Compliance assessment mandated in the SBA's Audit Committee Charter. These amounts were offset by projected recurring increases in outsourced investment due diligence costs (\$250,000), IT endpoint security maintenance (\$40,000), and additional Eagle support (\$125,000).

SBA Proposed Budget FY 2018-19

Increase/(Decrease) By Category

- Expense \$511,394

Overall increase of \$511,394 (8.7%) due to increase in repairs and maintenance, Insurance & Surety Bonds, training, office materials, rent, supplies and equipment, cubicles/furniture netted against a slight decrease in travel costs.

- \$128,500 (10%) increase in building and computer equipment maintenance costs due to recent building renovations and deferral of equipment purchases
- \$27,605 (1.3%) annual rent escalation increase
- \$36,175 (-4%) decrease in Travel/Training due to better management of expenses
- \$108,200 (146%) increase in Insurance & Surety Bonds including Cyber Security Insurance
- \$154,000 (78%) increase due to deferred maintenance of cubicles/furniture
- \$82,850 (113.5%) increase for replacement PC's, laptops, tablets, printers, etc. (76K)

- Other Capital Outlay (-\$390,100)

Overall decrease of \$390,100 (-61.8%) due to absorption of non-recurring equipment purchases in FY 17-18 budget year, including IT equipment and furniture and equipment for space planning and renovations.

SBA Proposed Budget FY 2018-19

Proposed Funding Plan

- F.S. 215.515 provides that SBA may make reasonable charges for investment services
- No change in current fee structure
 - Florida PRIME - 1.0 bps
 - Bond Trusteeship – 1.0 bps
 - Other Assets – 2.25 bps
- Revenue for FY2018-19 is estimated to be \$46.2M
- To the extent actual operating costs exceed service fees, difference will be drawn from the SBA Administrative Trust Fund.

Revenue Source	Fee Structure	Fee Base (\$B)	Revenue (\$M)	% of Total Revenue
FRS Pension Plan & Others	2.25 bps	\$185	\$41.6	90%
Florida PRIME	1.0 bps	\$12	\$1.2	3%
Bond Trusteeship	1.0 bps	\$19	\$1.9	4%
Others	Fixed Fees	n/a	<u>\$1.5</u>	<u>3%</u>
			\$46.2	100%

SBA Proposed Budget FY 2018-19

SBA Budget Detail By Line Item

Description	Fiscal Year 2017-2018	Fiscal Year 2018-2019	% Change
FTE	201.75	202.75	
Salary & Benefits	28,877,517	30,848,636	6.8%
Salary Subtotal	21,602,898	22,667,698	4.9%
Salaries	18,277,898	19,257,698	
Recruitment & Retention Rate	900,000	960,000	
Leave Liability Payments & Incentive Reserve	2,350,000	2,375,000	
Moving Expense Stipend	75,000	75,000	
Benefit Subtotal	7,274,618	8,180,938	12.5%
Social Security	1,498,014	1,655,353	
Retirement	2,048,071	2,410,160	
Health Insurance	3,461,333	3,808,994	
Life insurance	8,764	9,451	
Disability Insurance	7,391	8,396	
Dental Insurance	251,046	288,583	
Other Personal/Contractual Svcs	11,330,247	10,068,465	-11.1%
Temporary Employment	175,000	169,500	
Other Contractual Services	11,155,247	9,898,965	
Expense	5,908,793	6,420,187	8.7%
Repairs & Maintenance	1,186,090	1,314,590	
Rental of Building/Equipment	2,185,361	2,218,115	
Travel	1,083,572	1,072,698	
Training	190,345	134,583	
SBA Group Training/Employee Reimburse	130,613	211,323	
Communications	271,800	259,700	
Freight & Postage	70,000	70,000	
Insurance & Surety Bonds	74,000	182,200	
Ofc Materials/Supplies/Equipment	347,138	576,246	
Other Charges & Obligations	317,374	331,233	
Printing	40,500	39,500	
Unemployment Compensation	12,000	10,000	
Other Capital Outlay	631,600	241,500	-61.8%
Network Security/IT Equipment	631,600	241,500	
TOTALS	46,748,156	47,578,788	1.8%

FRS Investment Plan
Proposed FY 2018-19 Budget
June 13, 2018

FRS Investment Plan Budget Overview

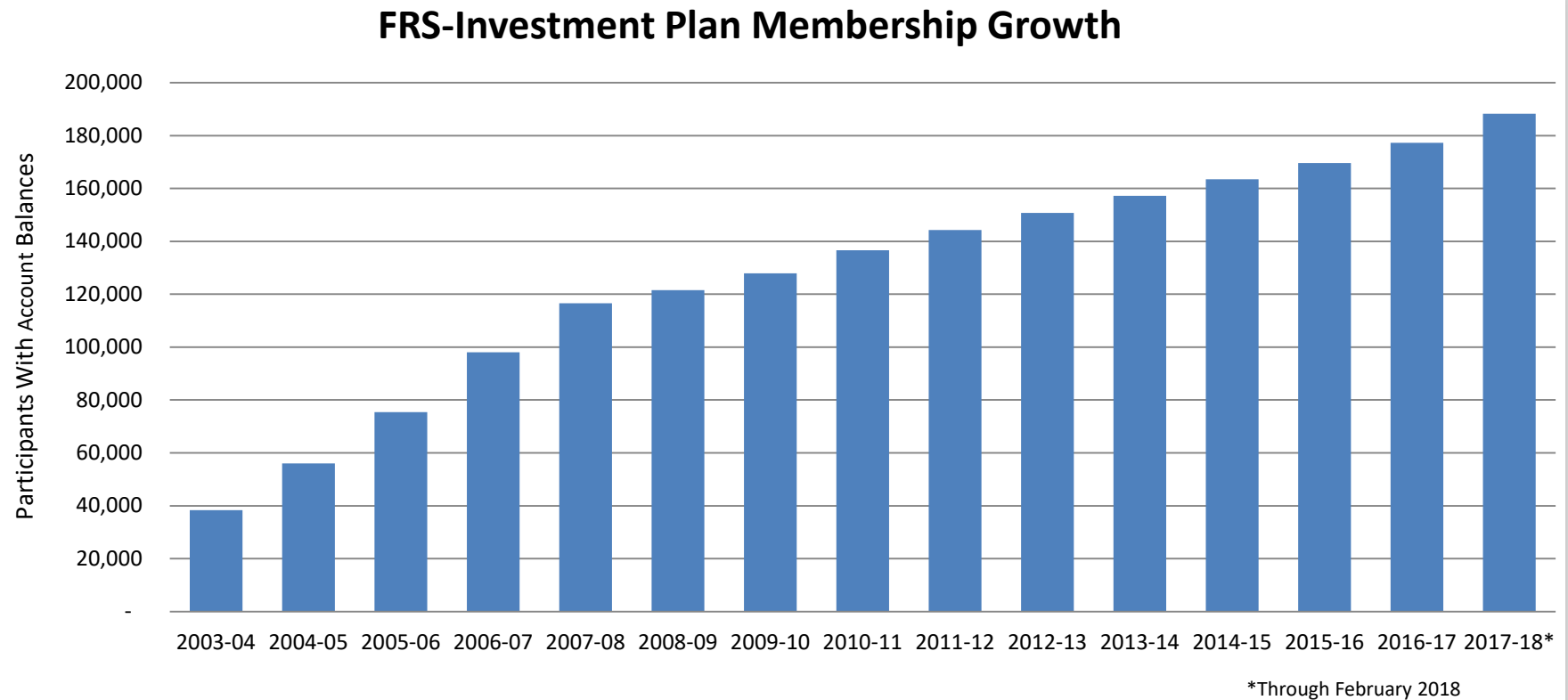
- Projected Investment Plan (IP) budget totals \$29.2 million for FY 2018-19, resulting in a \$2.1 million decrease from the FY 2017-18 budget of \$31.3 million
- Plan expenses are funded from 2 sources:
 1. Proposed operating budget - \$24 million
 - Funded by 6 bps of employer payroll (est. \$18 million) and drawdown from the IP Administrative Trust Fund (est. \$6 million)
 2. Forfeiture Account - \$5.2 million (est.)
 - Funded by forfeitures from employer contributions and benefits transferred from the Pension Plan to IP member accounts that do not vest
 - Only plan expenses that meet IRS criteria can be paid from this account
- Forfeiture Account 6/30/19 (projected) balance approx. \$10,000

FRS Investment Plan Budget Highlights

Overall Decrease: (6.6%)

- Budget provides a contingency for legislative initiatives. Legislation cannot be controlled or predicted.
- Implementing enhanced security project to protect member personal identifying information. Will replace actual member social security number on file transmissions with unique member ID, estimated at approximately \$262,451.
- Estimated \$372,853 savings from move to Cloud Services.

FRS Investment Plan Membership Growth

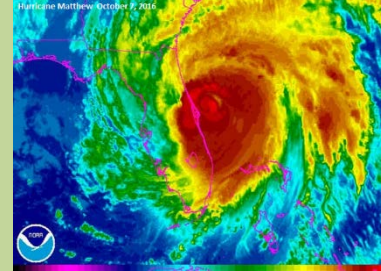


FRS Investment Plan Total Budget

Description	Fiscal Year 2017-2018	Fiscal Year 2018-2019	% Change
FTE	7	7	
Salaries & Benefits	\$1,235,541	\$1,273,737	3.1%
Salary Subtotal	\$936,040	\$975,342	4.2%
Salaries	748,609	786,040	
Recruitment & Retention	37,430	39,302	
Leave Liability Payments & Incentive Reserve	150,000	150,000	
Benefits Subtotal	\$299,501	\$298,396	-0.4%
Social Security	67,223	71,716	
Retirement	87,161	78,279	
Health Insurance	134,911	137,557	
Life insurance	301	301	
Disability Insurance	276	289	
Dental Insurance	9,630	10,255	
Other Personal/Contractual Svcs.	\$23,922,472	\$22,621,068	-5.4%
Temporary Employment	20,000	20,000	
Other Contractual Services	23,902,472	22,601,068	
Expense	\$224,100	\$142,000	-36.6%
Repairs & Maintenance	83,000	2,000	
Rental of Building/Equipment	60,000	60,000	
Travel	38,300	42,750	
Agency Directed Training	0	0	
Insurance & Surety Bonds	1,250	1,250	
Ofc Materials/Supplies/Equipment	4,000	4,000	
Other Charges & Obligations	16,550	11,000	
Printing	21,000	21,000	
Other Capital Outlay	\$13,000	\$7,000	-46.2%
IT Equipment	13,000	7,000	
Total Proposed Operating Budget	\$25,395,113	\$24,043,805	-5.3%
Projected Spending from Forfeiture Account*	5,900,000	5,190,843	-12.0%
TOTAL INVESTMENT PLAN BUDGET	\$31,295,113	\$29,234,648	-6.6%

NOTES:

- Total Investment Plan Expenses estimated at \$29.2M for FY2019, a decrease of \$2.1M (6.6%) over FY2018.
- Expenditures from Administrative Trust Fund (operating budget) estimated at \$24M (5.3% decrease over FY2018), plus projected expenditures of \$5.2M (12% decrease from FY2018) from Forfeiture Account.
- Salary budget includes \$39,302 (5.0%) Recruitment & Retention salary rate to mitigate human capital risk; and Leave Liability & Incentive Reserve resources to fully fund potential incentive reserve, and leave expenses for retiring/terminating staff.
- Health/Dental insurance premiums and employer retirement contribution rates adopted during the 2018 Legislative session.



Florida Hurricane Catastrophe Fund

Proposed FY 2018-19 Budget

June 13, 2018

Florida Hurricane Catastrophe Fund

Budget Detail By Line Item

Description	Fiscal Year 2017-2018	Fiscal Year 2018-2019	% Change
FTE	13	13	
Salaries & Benefits	\$1,866,278	\$1,943,956	4.2%
Salary Subtotal	\$1,361,667	\$1,425,066	4.7%
Salaries	1,207,588	1,267,968	
Recruitment & Retention Rate	60,379	63,398	
Leave Liability Payments	93,700	93,700	
Benefit Subtotal	\$504,611	\$518,890	2.8%
Social Security	96,777	101,302	
Retirement	138,298	153,780	
Health Insurance	250,548	244,541	
Life insurance	648	648	
Disability Insurance	456	476	
Dental Insurance	17,884	18,142	
Other Personal/Contractual Svcs	\$5,569,016	\$5,876,216	5.5%
Temporary Employment	31,120	31,120	
Other Contractual Services	5,537,896	5,845,096	
Expense	\$487,982	\$449,887	-7.8%
Repairs & Maintenance	500	500	
Rental of Building/Equipment	100,235	101,133	
Travel (excl Methodology Commission)	94,700	97,200	
Agency Directed Training	3,250	10,750	
Methodology Commission Travel	260,047	211,054	
Insurance & Surety Bonds	2,000	2,000	
Ofc Materials/Supplies/Equipment	11,500	11,500	
Other Charges & Obligations	8,950	8,950	
Printing	6,800	6,800	
Other Capital Outlay	\$9,000	\$9,000	0.0%
IT Equipment	9,000	9,000	
TOTAL BUDGET	\$7,932,276	\$8,279,059	4.4%

NOTES:

- Total Proposed Operating Budget of \$8.279M is \$346,782 higher (4.4%) than FY2018-19. It assumes no major storms triggering new losses in FY2019.
- Total Budget is less than 1% of projected annual insurer contract premiums, which fund these expenses.
- Salary budget increase includes a Recruitment and Retention rate pool of \$63,398 (5% of salaries).
- Increased employer paid retirement contribution rate increases adopted by the 2018 Legislature.
- \$307,200(5.5%) increase in Other Personal/Contractual Services for costs of Loss Exam Program due to Hurricane Irma losses in current FY and General Consulting Services related to Examination Programs.
- \$38,095 (7.8%) decrease in Expenses due to Flood Standards Model Reviews eliminations.

Division of Bond Finance
Proposed FY 2018-19 Budget
June 13, 2018

Division of Bond Finance

Budget Detail By Line Item

Description	Fiscal Year 2017-2018	Fiscal Year 2018-2019	% Change
Salaries & Benefits (17 FTE)	\$2,700,452	\$2,828,055	4.7%
Salary Subtotal	\$2,064,055	\$2,162,900	4.8%
Salaries*	1,702,671	1,787,905	
Recruitment & Retention Rate	85,234	89,395	
Leave Liability Payments & Incentive Reserve	276,150	285,600	
Benefits Subtotal	\$636,398	\$665,155	4.5%
Social Security	144,907	151,198	
Retirement	195,962	214,016	
Health Insurance	271,474	279,460	
Life insurance	730	730	
Disability Insurance	545	601	
Dental Insurance	20,779	19,151	
Moving Expenses	2,000	0	
Contractual Svcs	\$2,181,455	\$2,196,776	0.7%
Temporary Employment	60,600	60,600	
Other Contractual Services	2,120,855	2,136,176	
Expense	\$445,918	\$382,257	-14.3%
Repairs & Maintenance	9,200	9,200	
Rental of Building/Equipment	188,392	190,067	
Travel	67,000	67,000	
Communication	53,370	67,620	
Freight/Postage	21,000	6,000	
Insurance & Surety Bonds	3,177	3,177	
Ofc Materials/Supplies/Equipment	31,115	16,115	
Other Charges & Obligations	9,589	9,589	
Printing	63,075	13,490	
Other Capital Outlay	\$28,000	\$28,000	0.0%
Furniture/Equipment/Books	28,000	28,000	
TOTALS	\$5,355,825	\$5,435,088	1.5%

* Amount includes compensation recommendations by Mercer, as set-forth in Appendix II, Florida Division of Bond Finance, Compensation Review and Recommendations, April 2018, and their recommendation letter for the DBF Director which will be implemented through the normal SBA budgetary processes.

NOTES:

- Proposed Budget of \$5.44M represents an increase of \$79,263 (1.5%) over the FY 2017-18 Budget.
- Budget is based on 26 potential bond issues, 4% more than the 25 bond issues planned for the current fiscal year.
- No new positions requested. Salary budget includes Recruitment & Retention salary rate of \$89,395 (5%) to mitigate human capital risk, and \$285,600 to fund the approved incentive compensation program.
- Employer paid retirement contribution rates and health insurance premium increases adopted by the 2018 Legislature
- \$63,660 (14.3%) decrease to Expenses primarily due to decrease in printing and associated shipping charges resulting from the Division transitioning from paper to electronic distribution of bond offering documents.



Florida Prepaid College Board
Proposed FY 2018-19 Budget
June 13, 2018

Florida Prepaid College Board

Budget Detail By Line Item

Description	Fiscal Year 2017-2018	Fiscal Year 2018-2019	% Change
Salaries & Benefits (20 FTE)	\$2,743,817	\$2,887,644	5.24%
Salary Subtotal	\$2,023,417	\$2,122,564	4.90%
Salaries	1,899,530	1,976,858	
Recruitment & Retention Rate	77,328	99,147	
Leave Liability Payments & Incentive Reserve	46,559	46,559	
Benefit Subtotal	\$720,400	\$765,080	6.20%
Social Security	135,679	142,915	
Retirement	190,106	212,680	
Health Insurance	365,177	379,966	
Life insurance	902	902	
Disability Insurance	582	630	
Dental Insurance	27,954	27,987	
Other Personal Services	\$18,149,507	\$19,000,807	4.69%
Temporary Employment	36,000	36,000	
Other Contractual Services	18,113,507	18,964,807	
Expense	\$335,361	\$335,361	0.00%
Repairs & Maintenance	5,000	5,000	
Rental of Building/Equipment	135,250	135,250	
Travel	40,740	40,740	
Communications	73,500	73,500	
Freight & Postage	4,705	4,705	
Insurance & Surety Bonds	15,000	15,000	
Ofc Materials/Supplies/Equipment	10,666	10,666	
Other Charges & Obligations	10,000	10,000	
Printing	40,500	40,500	
Other Capital Outlay	\$41,100	\$41,100	0.00%
Furniture/Equipment/Books	41,100	41,100	
TOTALS	\$21,269,785	\$22,264,912	4.68%

Contingent Budget

Under its current contract for records administration services, the Florida Prepaid College Board (Board) has the right to purchase a non-exclusive, perpetual, fully paid, and royalty free license to records administration software during FY 2018-19. If the Board approves the purchase, the Board is approved an additional \$8.1M in nonrecurring budget authority for the cost of the software, hardware, and implementation.

NOTES:

- The proposed budget of \$22.3M represents a 4.68% increase over the FY 2017-18 budget.
- The Florida Prepaid College Board has approved the FY 2018-19 budget as submitted.
- \$99,147 (4.9%) increase in Salaries for Recruitment & Retention and \$44,679 (6.2%) increase in Benefits, totaling a 5.24% increase in Salaries & Benefits, to mitigate human capital risk.
- \$851,300 (4.69%) increase in Other Personal Services due to increased Records Administration costs as a result of new plan sales, the addition of annual SOC 2 costs, and enhanced Foundation processing.
- Contingent Budget addresses potential need for the Board to purchase records administration software.

Authority & Governance

- State Board of Administration
- FRS Investment Plan
- Florida Hurricane Catastrophe Fund
- Division of Bond Finance
- Florida Prepaid College Board

Additional FRS & SBA Information

State Board of Administration

Authority & Governance

The original State Board of Administration (SBA) was created by statute in 1929 as the fiscal agent for counties and special road and bridge districts for the purpose of paying debt service on their bonds. The SBA was later established as a constitutional body corporate in 1942 by Section 16 of Article IX of the 1885 Constitution of the State of Florida, for the purpose of administering the Second Gas Tax for the benefit of Florida counties and county road bonds. As a result of a constitutional amendment, effective January 2003, the Governor as chairman, the Chief Financial Officer as treasurer, and the Attorney General as secretary serve as the three-member body corporate, collectively known as the Board of Trustees.

The Trustees have statutory authority to invest assets and discharge their duties in accordance with the limitations on investments as outlined in section 215.47, Florida Statutes, and in compliance with certain federal fiduciary standards of loyalty, care and prudence that are incorporated into sections 121.4501(15), 215.44(2)(a) and 215.27(10), Florida Statutes. The Trustees appoint the Executive Director & Chief Investment Officer (CIO), review his/her performance and compensation on an annual basis, establish broad policy guidelines (e.g., Investment Policy Statements) and delegate the daily administrative and investment authority to the SBA Executive Director & CIO, who is held to the same fiduciary standards as the Trustees. On February 9, 2012 the role of the SBA Chief Risk & Compliance Officer was codified through Investment Policy Statements approved by the Trustees. The SBA Executive Director & CIO appoints the Chief Risk & Compliance Officer, whose selection, compensation, and termination requires affirmation by the Board. An Investment Advisory Council (IAC) appointed by the Trustees provides advice on investment policy and strategy, and a Participant Local Government Advisory Council (PLGAC) provides advice on the administration of Florida PRIME (formerly known as the Local Government Investment Pool).

Section 215.44(2), Florida Statutes provides for an Audit Committee appointed by the Trustees to assist them in fulfilling oversight responsibilities, serving as an independent and objective party to monitor processes for financial reporting, internal controls, risk assessment, audit processes, and compliance with laws, rules, and regulations, plus directing the efforts of the Board's independent external auditors and the Board's internal audit staff. The Chief Audit Executive reports functionally to the Audit Committee and administratively to the SBA Executive Director & CIO. The SBA Executive Director & CIO authorizes salary changes for the Chief Audit Executive in consultation with the Audit Committee. In addition to the oversight of the Trustees and various advisory groups, the SBA is subject to review by the Auditor General of Florida, Office of Program Policy Analysis & Government Accountability, Office of Internal Audit, Office of Inspector General, Chief Risk & Compliance Office, and the Florida Legislature. The Florida Legislature provides for the operational flexibility required to meet the SBA's specialized responsibilities and fiduciary duties, relative to other public entities. The SBA is not funded by general revenue, has a measurable bottom line and benchmarks against which success and accountability can be assessed.

Primary Purpose

The SBA fulfills a critical role for the State of Florida as a multi-asset class investment management organization investing and safeguarding assets on behalf of trust funds and a variety of state and local government entities. The SBA manages 25 different investment funds housing the assets of 33 mandates and trusts. A mandate is an investment responsibility established as a direct requirement of Florida law. Trusts are investment responsibilities allowed under law and established pursuant to a trust agreement with a client. The SBA invests in all major public and private market asset classes, including U.S. and international stocks and bonds, inflation-protected securities, direct-owned real estate, private equity limited partnerships, and other opportunistic and strategic investments.

Major asset management responsibilities include:

- The FRS Pension Plan trust fund, a defined benefit pension plan.
- The FRS Investment Plan, a defined contribution 401(k)-like alternative to the FRS Pension Plan (originally created under the 2000 Public Employee Optional Retirement Program [PEORP] legislation).
- Florida PRIME, a money market pool with primary investment objectives, in priority order, of safety, liquidity, and competitive returns with minimization of risks. All units of local government in Florida may invest their surplus operating funds in Florida PRIME.

- Investment of the operating funds and other financial resources of the Florida Hurricane Catastrophe Fund and related entities.
- The Lawton Chiles Endowment Fund (LCEF), which originated from tobacco litigation settlement monies as a perpetual source of enhanced funding for Florida health maintenance and research programs related to tobacco use.

Additional responsibilities that do not directly involve asset management include:

- Providing retirement planning support to approximately 630,000 active members of the Florida Retirement System through the MyFRS Financial Guidance Program originating under the 2000 PEORP legislation.
- Administering the Florida Hurricane Catastrophe Fund (FHCF) and its associated programs, including the SBA Finance Corporation (formerly FHCF Finance Corporation) and the Insurance Capital Build-up Program.
- Serving as an investment consultant to retirement programs administered by other state agencies including the State of Florida Deferred Compensation Program and State University Optional Retirement Program.
- Administering all debt service funds for bonds issued pursuant to the State Bond Act, as well as serving as trustee and escrow agent for bonds issued by the Division of Bond Finance.
- Providing administrative support for the Division of Bond Finance and the Florida Prepaid College Board Programs.
- Providing administrative support to the Audit Committee, Investment Advisory Council, and Participant Local Government Advisory Council.

Operational Structure

The Executive Director & CIO and staff (201.75 total FTE) manage the day to day operations of the SBA. The SBA Executive Director & CIO approves compensation for all employees (unless otherwise stipulated herein) pursuant to authority granted in Florida Administrative Code Rule 19-3.016. The SBA staff consists primarily of executive, investment, financial/accounting, operational, and administrative professionals focused on safeguarding and prudently growing the assets of the FRS Pension Plan and the other assets entrusted to it over the long-term. The SBA is committed to providing superior investment and trust services while adhering to the highest ethical, fiduciary and professional standards of care.

Budget Entities

The SBA Operating Budget includes resources to perform functional responsibilities for all but the following programs, which have their own legally required budgets and underlying funding sources:

- FRS Investment Plan
- Florida Hurricane Catastrophe Fund
- Division of Bond Finance (Reports to other Boards)
- Florida Prepaid College Board (Reports to other Boards)

Florida Retirement System (FRS) Investment Plan

Authority & Governance

The 2000 Florida Legislature created the FRS Investment Plan within the Florida Retirement System (FRS). The Investment Plan (operationally referred to as the Office of Defined Contribution Programs) is administered by the State Board of Administration (SBA) and is governed by the Trustees pursuant to Section 121.4501(8), F.S. The Legislature established the Investment Plan Trust Fund in Section 121.4502, F.S.

Primary Purpose

The Office of Defined Contribution Programs serves two primary purposes for the state:

- 1) The FRS Investment Plan. This is the 401(a) defined contribution plan that employees may choose in lieu of the FRS Pension Plan (the traditional defined benefit plan). Investment Plan benefits accrue in individual member accounts that are participant-directed, portable, and funded by employee and employer contributions and earnings. The Office of Defined Contribution Programs is also responsible for the FRS retirement plan choice enrollments.
- 2) The MyFRS Financial Guidance Program. These are the educational resources that support employees' choice between retirement plans and provide approximately 630,000 employees with the information necessary to make informed decisions about choices within their Plan and in preparation for retirement.

Operational Structure

The Office of Defined Contribution Programs, which includes FRS Investment Plan administrative costs and the Financial Guidance Program costs, are budgeted and accounted for separately from the SBA operating budget. Beginning its 15th full year of operations (including the initial choice period in FY 2002-2003), the SBA has been responsible for the day-to-day management of the Investment Plan and the MyFRS Financial Guidance Program within the Office of Defined Contribution Programs. The Office of Defined Contribution Programs is operationally supported by employer contribution rates adopted each fiscal year by the Florida Legislature and “forfeited account balances” accumulated in the Forfeiture Account. FRS Investment Plan expenses for recordkeeping, asset custody and educational services can be paid out of the Forfeiture Account, consistent with SBA policy and IRS requirements.

Under subsections 121.4501(6), Florida Statutes, balances are forfeited by members who take a distribution of their vested balance (which in turn forfeits the unvested balance) or terminate employment with an unvested balance and do not return to FRS employment within five years. The enacting legislation [HB 2393, found at Ch. 2000-169, Laws of Florida] required the SBA to obtain a “favorable determination letter and a favorable private letter ruling from the Internal Revenue Service.” The May 4, 2001 private letter ruling requires that the use of forfeited amounts be limited to two purposes: a) Payment of plan administrative expenses; and b) Reduction of future employer contributions to the plan. The Forfeiture Account Policy (#20-1255) states the SBA will “endeavor to annually expend the proceeds of the Forfeiture Account to pay authorized plan administrative expenses and reduce future employer contributions to the FRS Investment Plan, consistent with applicable federal and state regulation, rule and law.”

The SBA has partnered with external service providers for the majority of Investment Plan and Financial Guidance Program functions. Daily oversight and monitoring of external relationships to ensure compliance with contractual obligations, general contract administration, management of programs subject to goals and objectives established by the Trustees, and program compliance with applicable state and federal laws is performed by 7 FTE, including the Chief of Defined Contribution Programs.

Florida Hurricane Catastrophe Fund

Authority and Governance

The Florida Hurricane Catastrophe Fund (FHCF) is a tax-exempt trust fund created in November 1993 during a Special Session of the Legislature in the aftermath of Hurricane Andrew. The FHCF was created in Section 215.555, Florida Statutes with the purpose of improving the availability and affordability of property insurance in Florida by providing reimbursements to insurers for a portion of their catastrophic hurricane losses. Also included in provisions of Section 215.555 is the creation of a not for profit public benefit corporation, known as the State Board of Administration Finance Corporation governed by the Board of Directors. The FHCF is under the direction and control of the State Board of Administration (SBA), guided by the same trustee leadership of the Governor, Chief Financial Officer, and Attorney General. A nine-member Advisory Council (consisting of an actuary, a meteorologist, an engineer, a representative of insurers, a representative of insurance agents, a representative of reinsurers, and three consumers who are representative of other affected professions and industries) was established to provide the SBA with information and advice.

Funding for the administration of the FHCF is provided for in Section 215.555, Florida Statutes. Financing for the FHCF is obtained from a combination of three sources: 1) reimbursement premiums charged to participating insurers, 2) investment earnings, and 3) emergency assessments levied against all property and casualty lines of business in the state, including surplus lines, but excluding workers' compensation, federal flood, accident and health insurance, and (for losses prior to May 31, 2019) medical malpractice premiums. Monies in the FHCF may not be expended, loaned, or appropriated except to pay obligations of the FHCF from reimbursement contracts entered into under subsection (4), payment of debt service on revenue bonds issued under subsection (6), costs of the mitigation program under subsection (7), costs of procuring reinsurance, and costs of administration of the FHCF. The SBA invests the monies of the FHCF pursuant to Sections 215.44-215.52, Florida Statutes. Earnings from all investments are retained in the FHCF except for monies appropriated for mitigation which is limited to 35% of investment earnings and a minimum of \$10 million annually.

Primary Purpose

The purpose of the FHCF is to protect and advance the State's interest in maintaining insurance capacity in Florida. The FHCF program fulfills a unique and critical role for the state of Florida by serving as a state-administered quasi-reinsurance program and is mandatory for residential property insurers writing covered policies in the state of Florida. The FHCF functions similar to a public-private partnership with insurers, which preserves the private sector's role as the primary risk bearer. Insurers who write residential property insurance on structures and contents in Florida are required to enter into a reimbursement contract with the SBA, to report their exposures, to pay premiums, and to report losses by calendar year-end or at other times as required by the SBA. The FHCF provides very economical coverage for insurers writing residential insurance in the state. The cost of FHCF coverage is less than the cost of private reinsurance due to the FHCF's tax-exempt status, low administrative costs, and lack of a profit or risk-load. In the event of insufficient funds to meet obligations under the reimbursement agreements, the State Board of Administration Finance Corporation has the ability to issue tax-exempt revenue bonds. The FHCF is obligated to pay losses to participating insurers only to the extent of the FHCF's actual claims-paying capacity up to a statutory limit for any single contract year.

Operational Structure

The Chief Operating Officer of the Florida Hurricane Catastrophe Fund manages the day-to-day operations of the FHCF, assisted by staff (13 total FTE). The FHCF staff manages substantial program responsibilities with additional support from external service providers. Responsibilities include, but are not limited to, proposing legislation; responding to legislative requests; implementing legislation; rulemaking; providing information to participating insurers; conducting insurer training workshops; managing and executing the Exposure and Loss Reimbursement Examination Programs; processing and approving loss reimbursement payment requests; finalizing all claims and losses through a commutation process; determining bonding capacity; issuing tax-exempt revenue bonds; collecting emergency assessments pledged to debt service; raising capital in the financial markets to increase claims paying ability; evaluating risk transfer options; executing risk transfer agreements; staffing the activities of the State Board of Administration Finance Corporation including complying with the covenants of all outstanding Bonds and Notes; preparing financial statements and revenue projections; coordinating the activities of a number of external service providers; meeting and discussing policy issues with the FHCF Advisory Council; staffing the Florida Commission on Hurricane Loss Projection Methodology, which determines and develops the standards and the review process that is the basis for evaluating hurricane models used in residential ratemaking in Florida; and administering the SBA Insurance Capital Build-up Incentive Program.

Division of Bond Finance

Authority and Governance

Statutory authority for the Division of Bond Finance is provided for in the state Constitution (primarily Articles VII and XII, the State Bond Act (s.215.57-215.83, Florida Statutes), the Bond Validation Act (chapter 75, Florida Statutes) and various implementing sections of the Florida Statutes. The Division of Bond Finance (the “Division”) was transferred to the State Board of Administration from the Department of General Services on July 1, 1992. The Division is organized into three sections that report to a Division Director, who in turn reports to a governing board consisting of the Governor and Cabinet. The three sections are Legal, Bond Programs, and Arbitrage Compliance.

Primary Purpose

The mission of the Division is to provide capital financing on behalf of state agencies typically by issuing tax-exempt bonds. The proceeds of these bonds are used to finance schools, state office buildings, roads, bridges, prisons and to acquire environmentally sensitive land. Additional Division responsibilities include structuring and conducting bond sales; collecting, maintaining and disseminating information on tax-exempt bonds issued by units of local government; administering the Private Activity Bond Allocation Program as required by federal law; coordinating the continuing annual disclosure of information relating to bonds that it issues; and monitoring tax- exempt securities it issues for compliance with federal arbitrage laws.

Operational Structure

The Division manages the Bond and Arbitrage Compliance programs with 17 FTE, including the Division Director. Fifteen of the positions are allocated to the Legal and Bond Program functions within the Division, operationally supported by the Bond Fee Trust Fund. The legal staff performs a wide range of legal services for the Division, and bond program staff performs the financial and analytical services for new and refunding bond issues. Two positions are allocated to the Arbitrage section, operationally supported by the Arbitrage Compliance Trust Fund. The Arbitrage staff is responsible for monitoring bonds issued by the Division for compliance with federal arbitrage regulations in accordance with the 1986 Tax Reform Act.

Revenue for Division programs is derived from fees charged to each state agency requesting services related to the sale of bond issues and fees collected in relation to the Arbitrage Compliance Program. Fees are charged in accordance with a schedule of fees adopted by the Division as required by Florida Statutes. Fees are deposited into the Bond Fee Trust Fund to support Legal and Bond Program operations and the Arbitrage Compliance Trust Fund to support the Arbitrage Program operations.

Florida Prepaid College Board

Authority and Governance

Sections 1009.97-1009.988, Florida Statutes, establish the Florida Prepaid College Board ("Board") as a corporate body with all the powers to administer the Stanley G. Tate Prepaid College Program ("Prepaid Program") and the Florida College Savings Program ("Savings Plan"). The Board also oversees two direct-support organizations – The Florida Prepaid College Foundation and Florida ABLE, Inc. For purposes of Article IV of the State Constitution, the Board is assigned to and administratively housed within the State Board of Administration (SBA) but independently exercises the powers and duties specified in the statutes.

The seven member Board is composed of the Attorney General, the Chief Financial Officer, the Chancellor of the Board of Governors, the Chancellor of the Division of Florida Colleges, or their designees, and three members appointed by the Governor. Each member appointed by the Governor serves 3-year terms and is subject to confirmation by the Senate.

Primary Purpose

The Florida Prepaid College Board is committed to helping Floridians save for higher education expenses. The Board offers plans under both the Prepaid Program and the Savings Plan to help families save for the various costs of attending college.

The Prepaid Program became operational in 1988 and allows Florida families to prepay the cost for college tuition, specified fees and dormitory housing for their children and grandchildren. When the families' children or grandchildren attend college, the Board will pay the Florida public college or university the fees assessed by the institution at the time of admission. Should the student elect to attend a private college, an out-of-state college or an eligible technical school, the Board will pay the value of the student's plan at the time of admission.

The Savings Plan was implemented in 2002, following federal enactment of Section 529 of the Internal Revenue Service Code. The Savings Plan allows families to defer income taxes on investment earnings, and if the earnings are used for qualified education expenses, the earnings are tax-free. Families may choose to invest in any of eleven customized investment options and decide how much and how often they want to save for college. The funds accumulated in each family's account can be used for any qualified higher education expense including tuition, fees, housing, books, food and even graduate or professional school, in Florida or out-of-state.

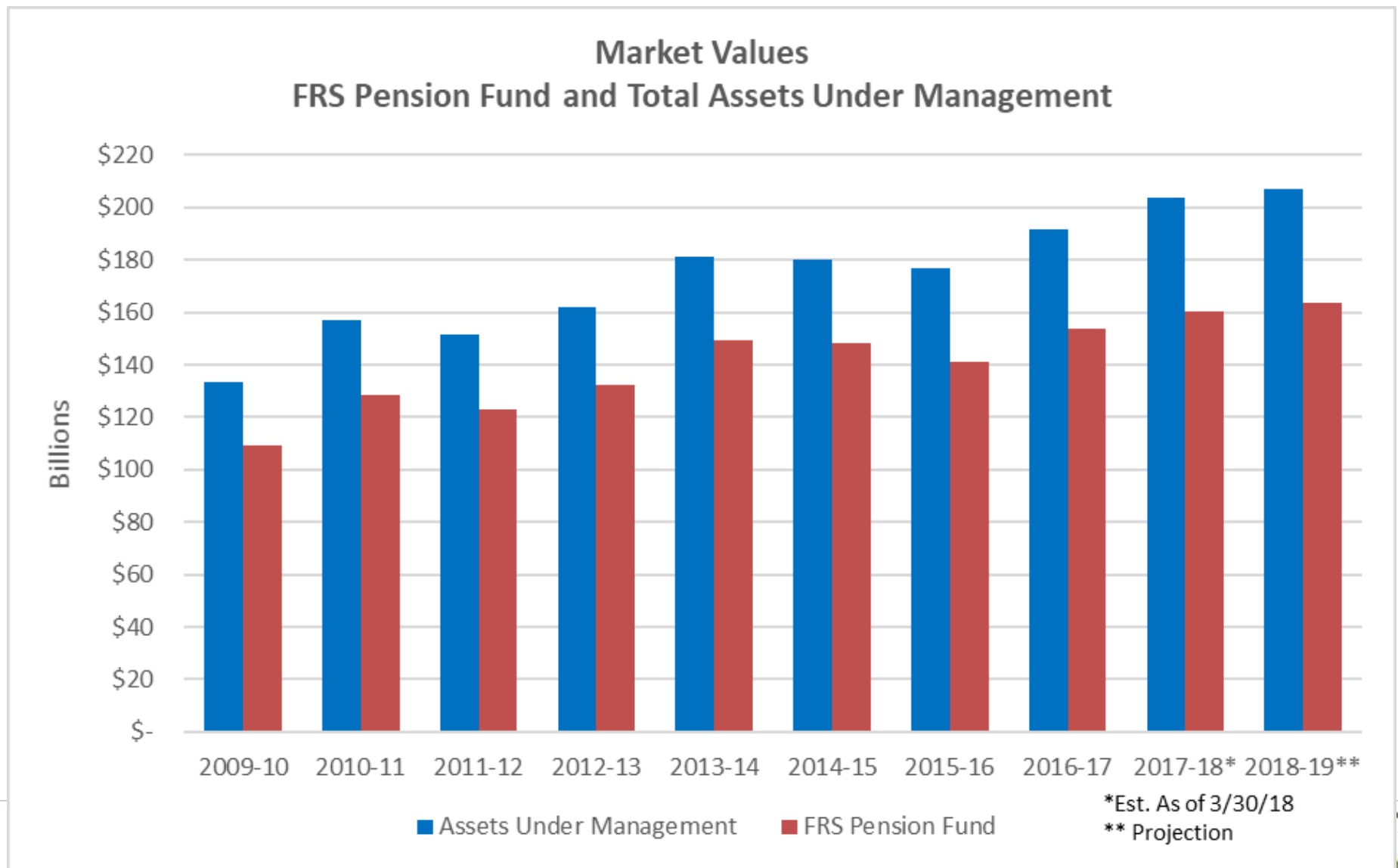
Organization Overview

The Board establishes policy and actively oversees the investment and financial performance of the programs. The Board has authorized 20 FTE, including the Executive Director, to oversee the day-to-day operations of the Board and its programs.

In order to perform its responsibilities in the most effective and efficient manner, the Board contracts with various private companies to provide professional support services for its programs, including actuarial services, investment management services, records administration services, financial services and legal services. The Board's operational costs are funded by investment earnings and fees; it does not receive State general revenue to fund its general and administrative expenses.

SBA Proposed Budget FY 2018-19

Asset Growth

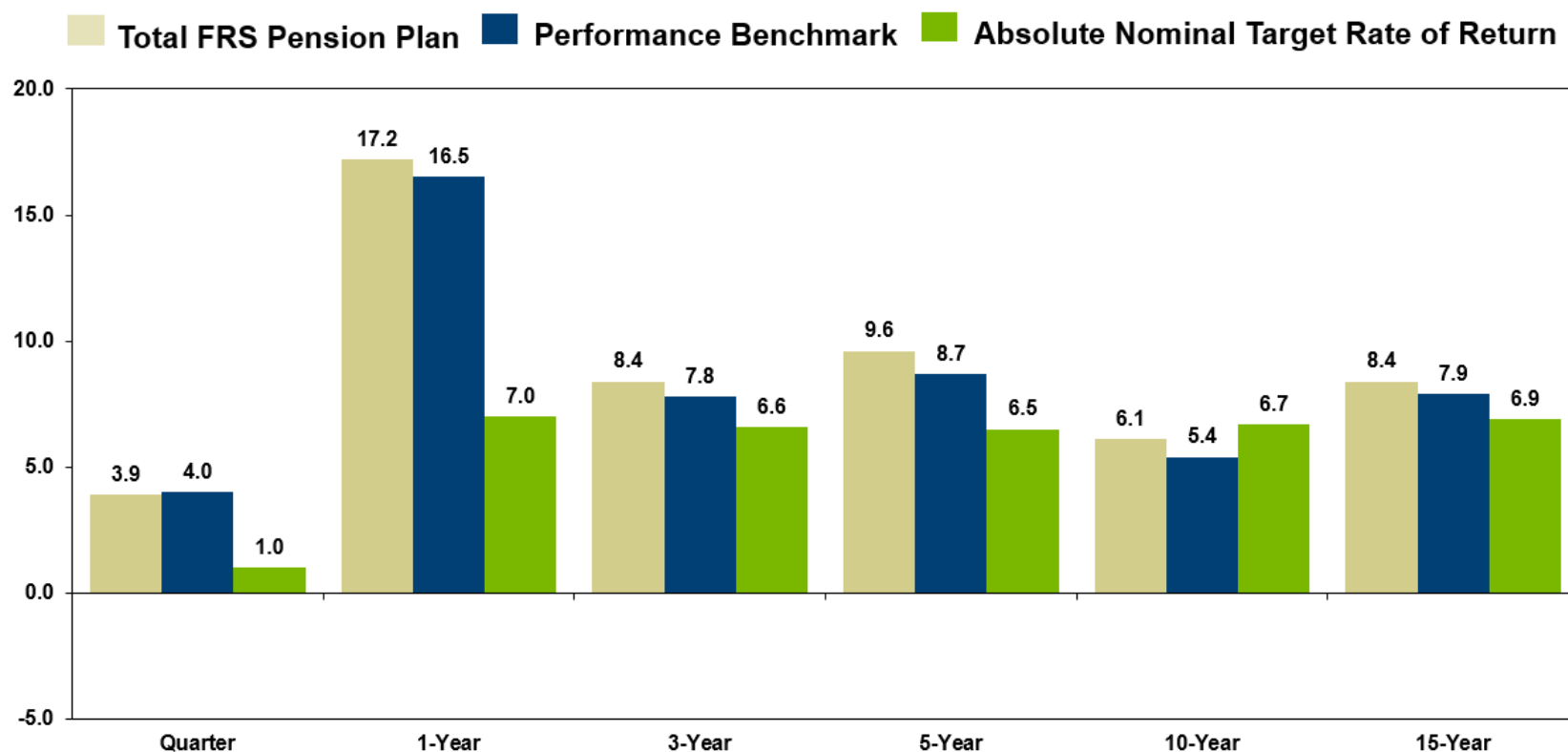


SBA Proposed Budget FY 2018-19

Investment Results

FRS Pension Plan Investment Results

Periods Ending 12/31/2017

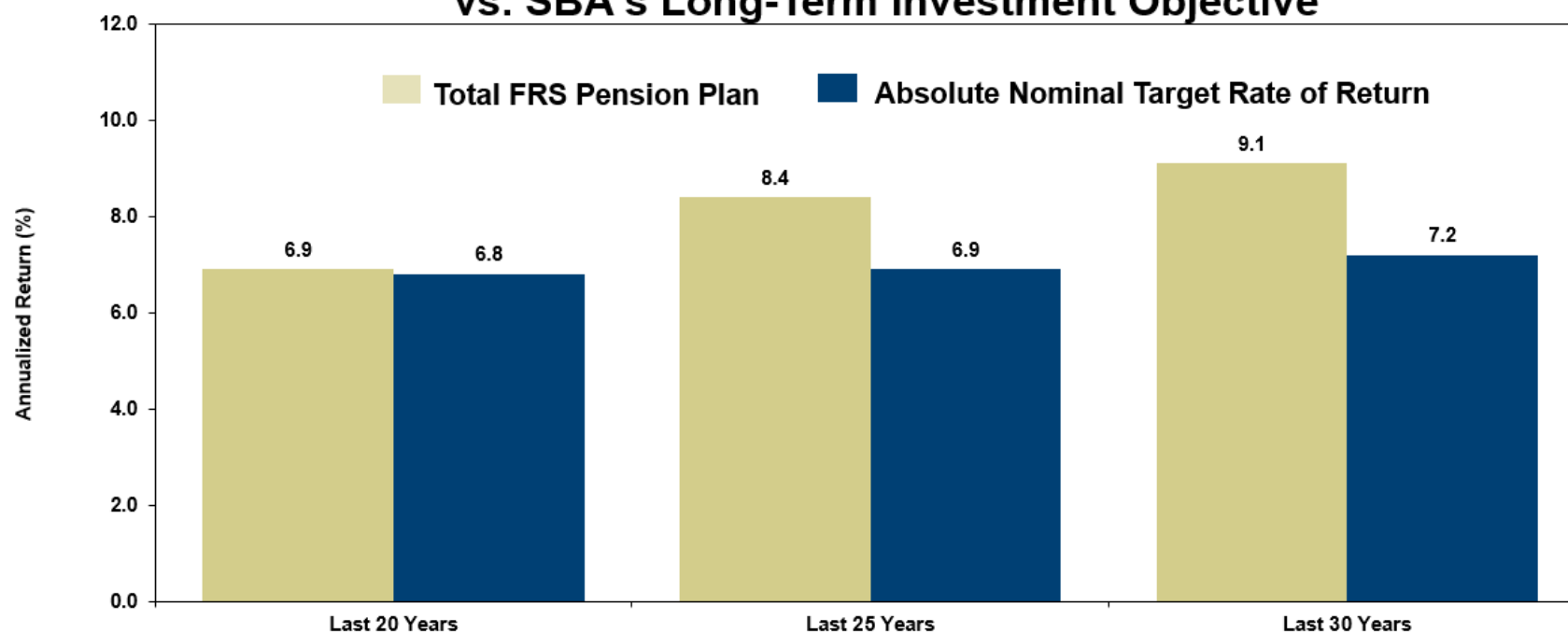


SBA Proposed Budget FY 2018-19

Investment Results

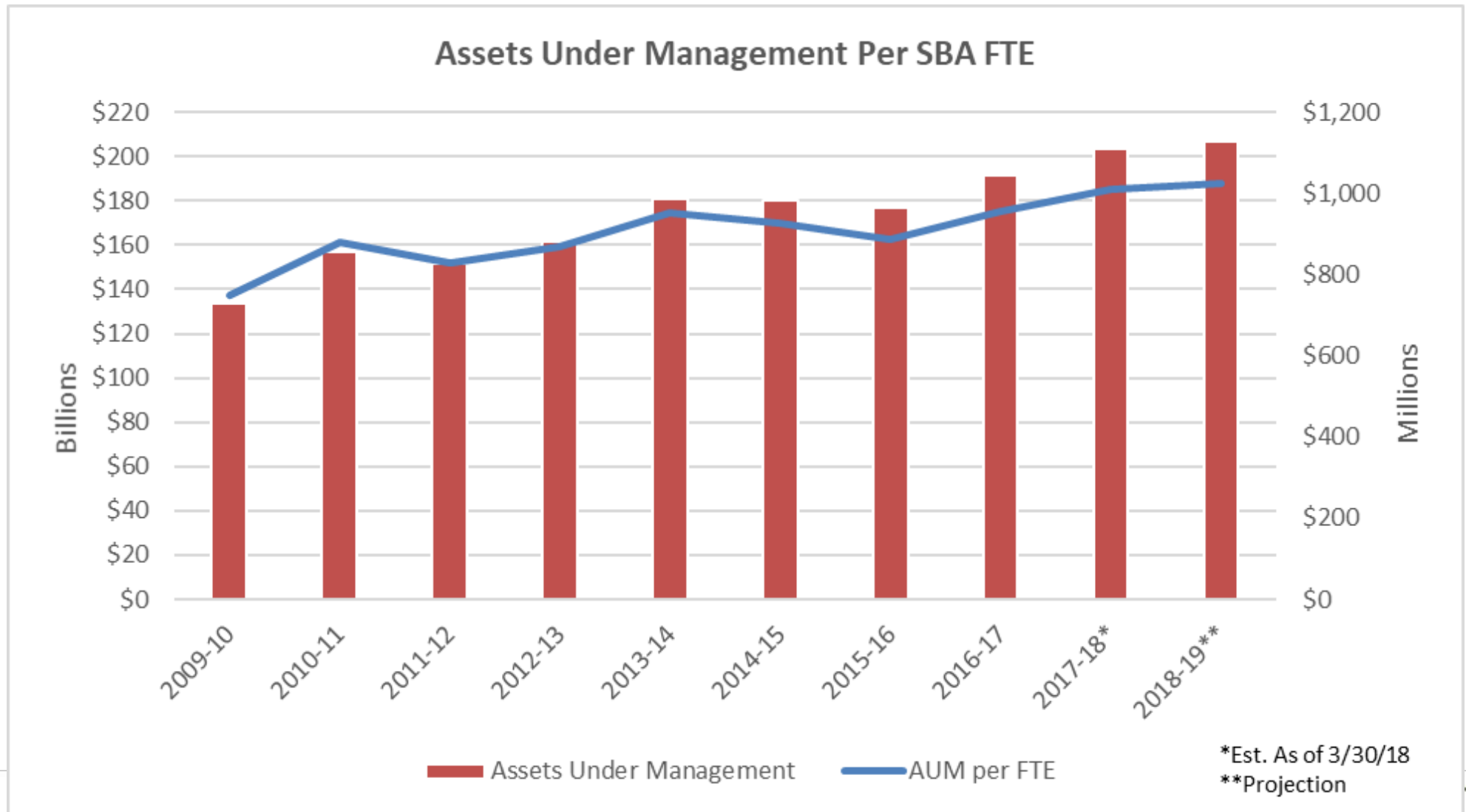
FRS Pension Plan Investment Results Periods Ending 12/31/2017

Long-Term FRS Pension Plan Performance Results vs. SBA's Long-Term Investment Objective



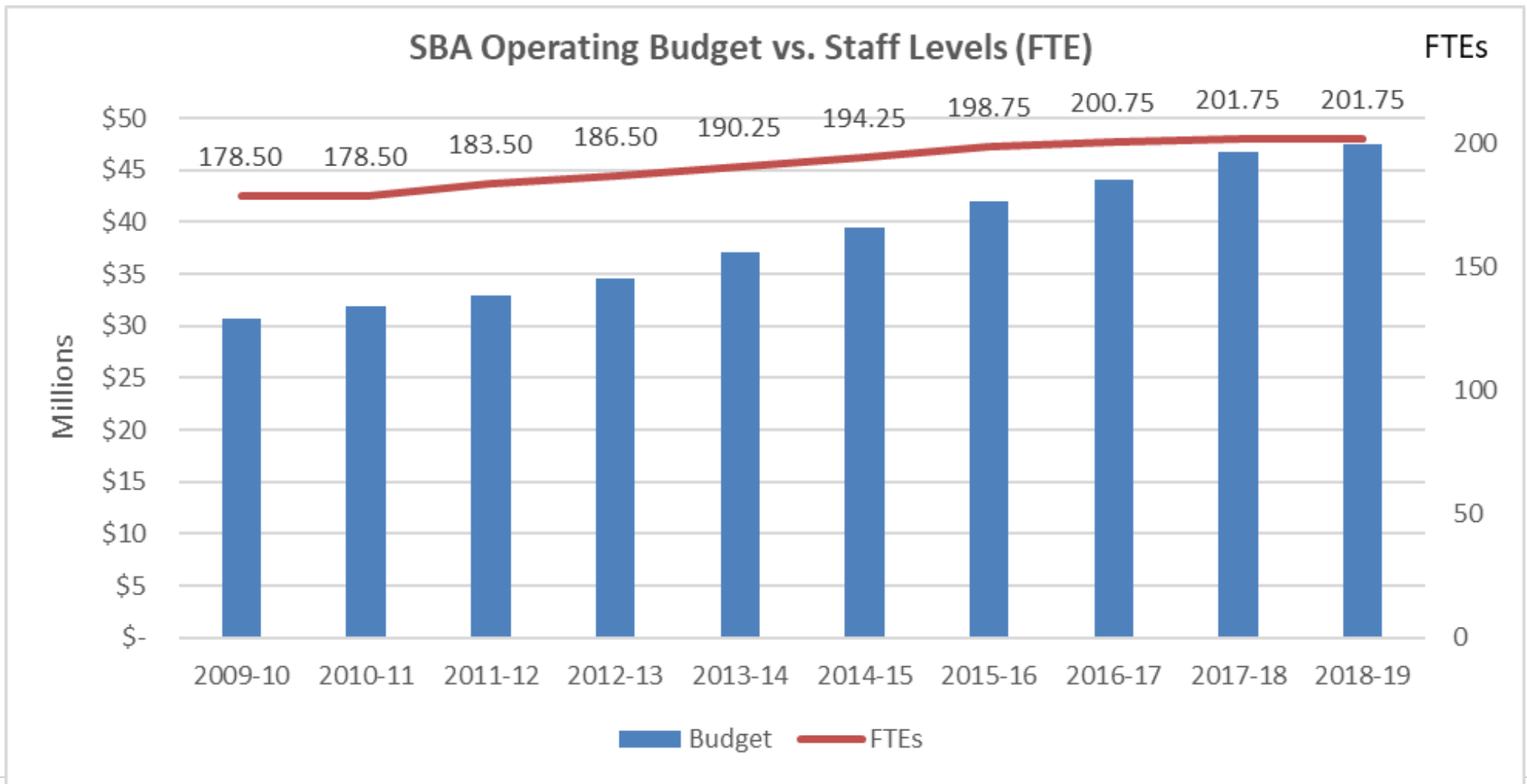
SBA Proposed Budget FY 2018-19

Asset and FTE Growth are Consistent



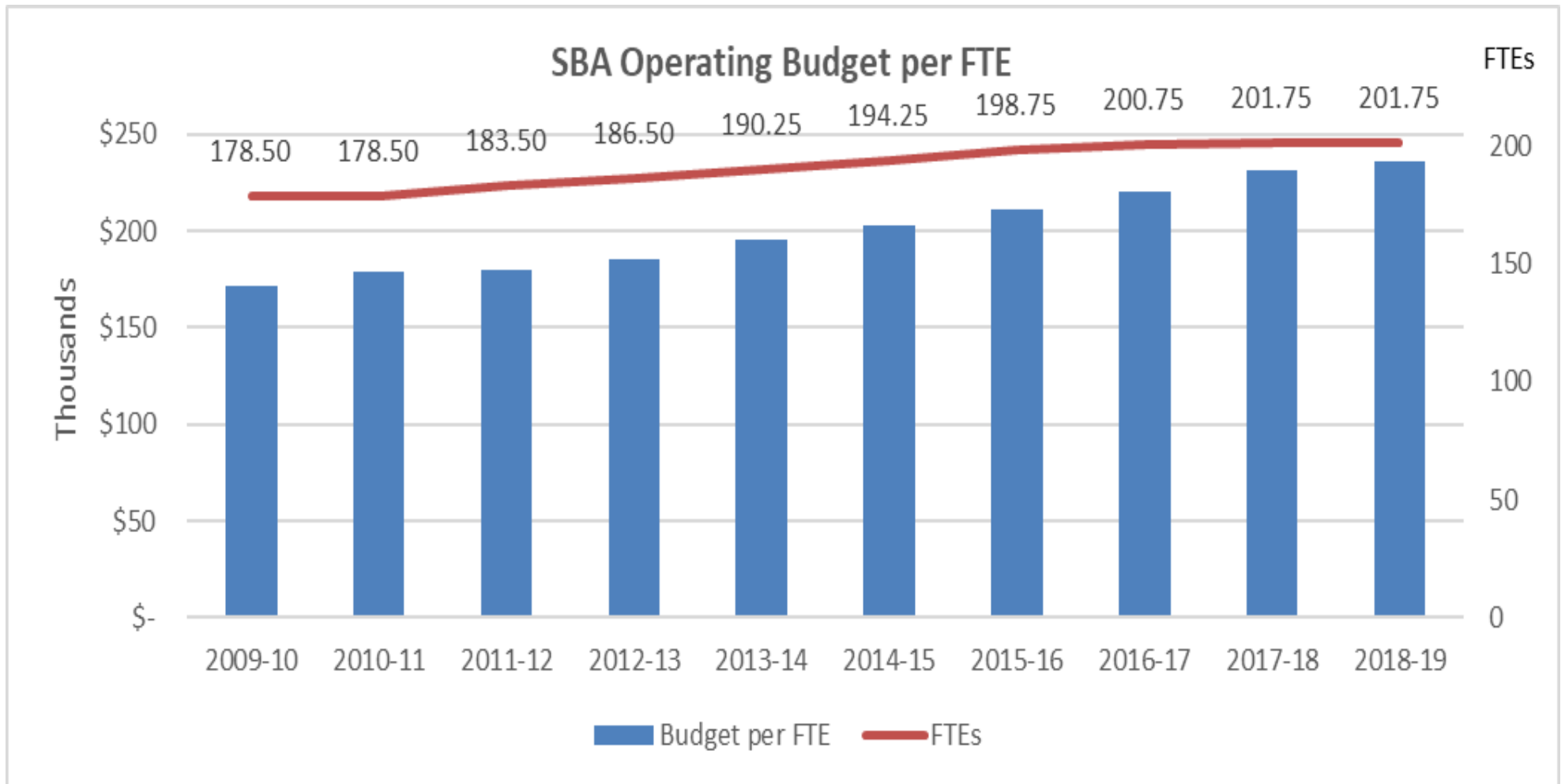
SBA Proposed Budget FY 2018-19

Budget vs. Staffing Levels



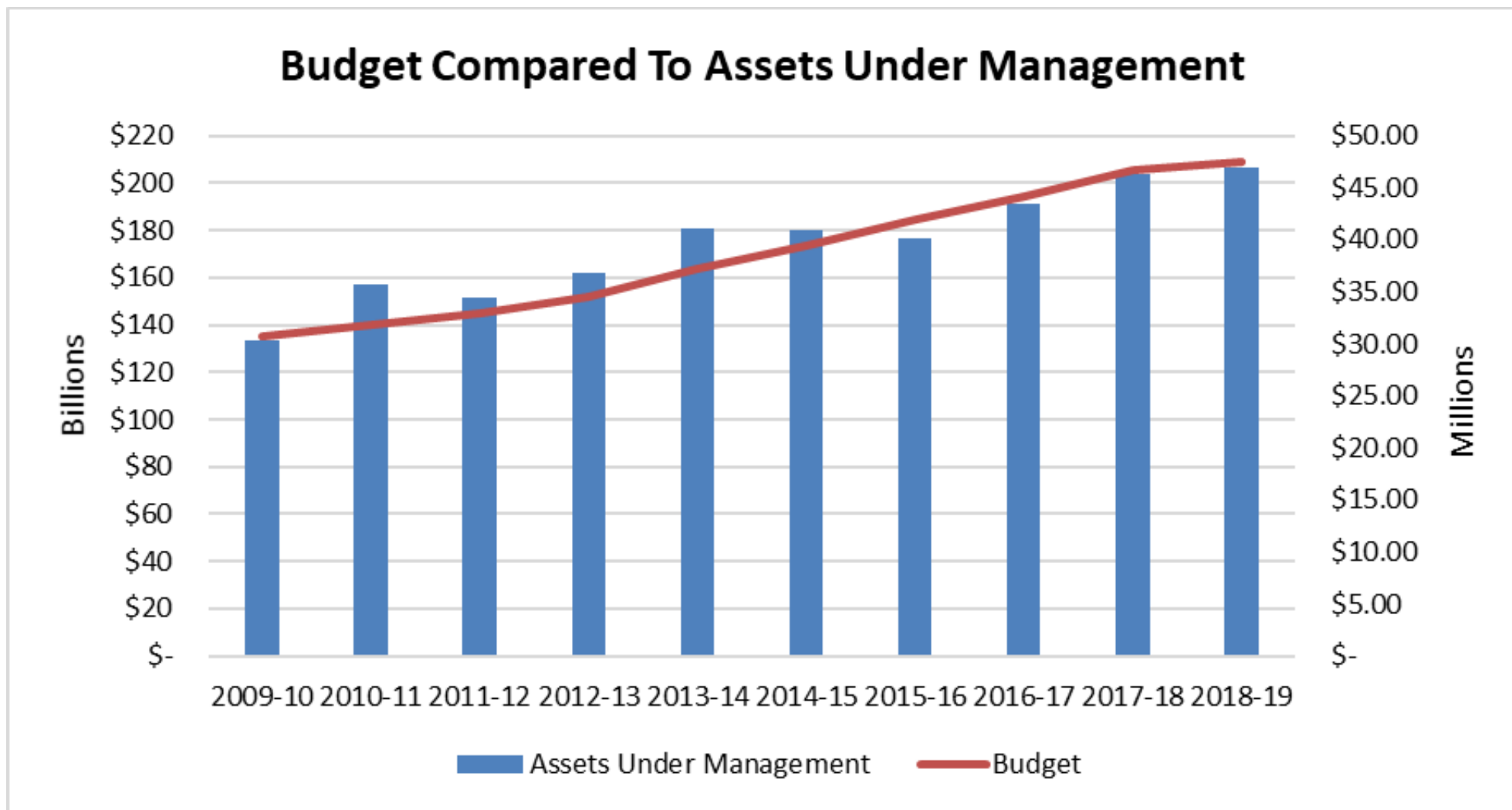
SBA Proposed Budget FY 2018-19

Cost Per FTE



SBA Proposed Budget FY 2018-19

Budget Compared to AUM

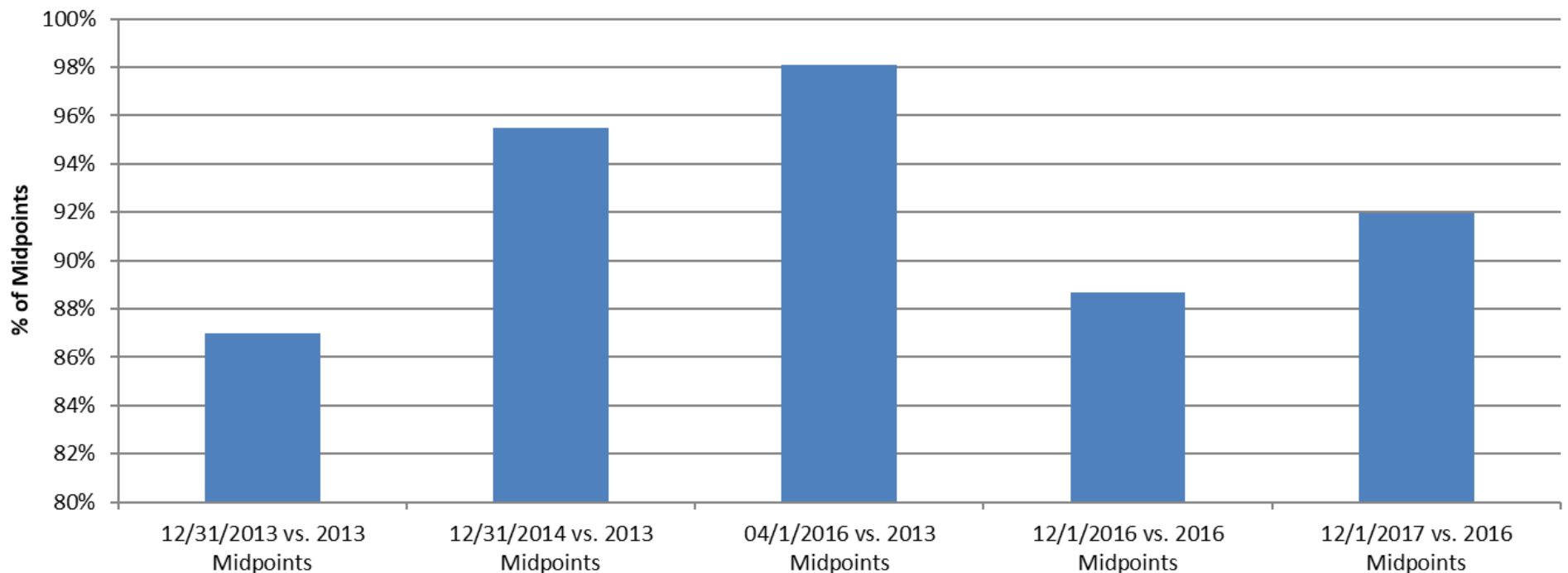


SBA Proposed Budget FY 2018-19

Compensation Progress

Progress Toward Target Salaries

Salary as Percent of Pay Grade Midpoint
(Total Salaries ÷ Total Midpoints)

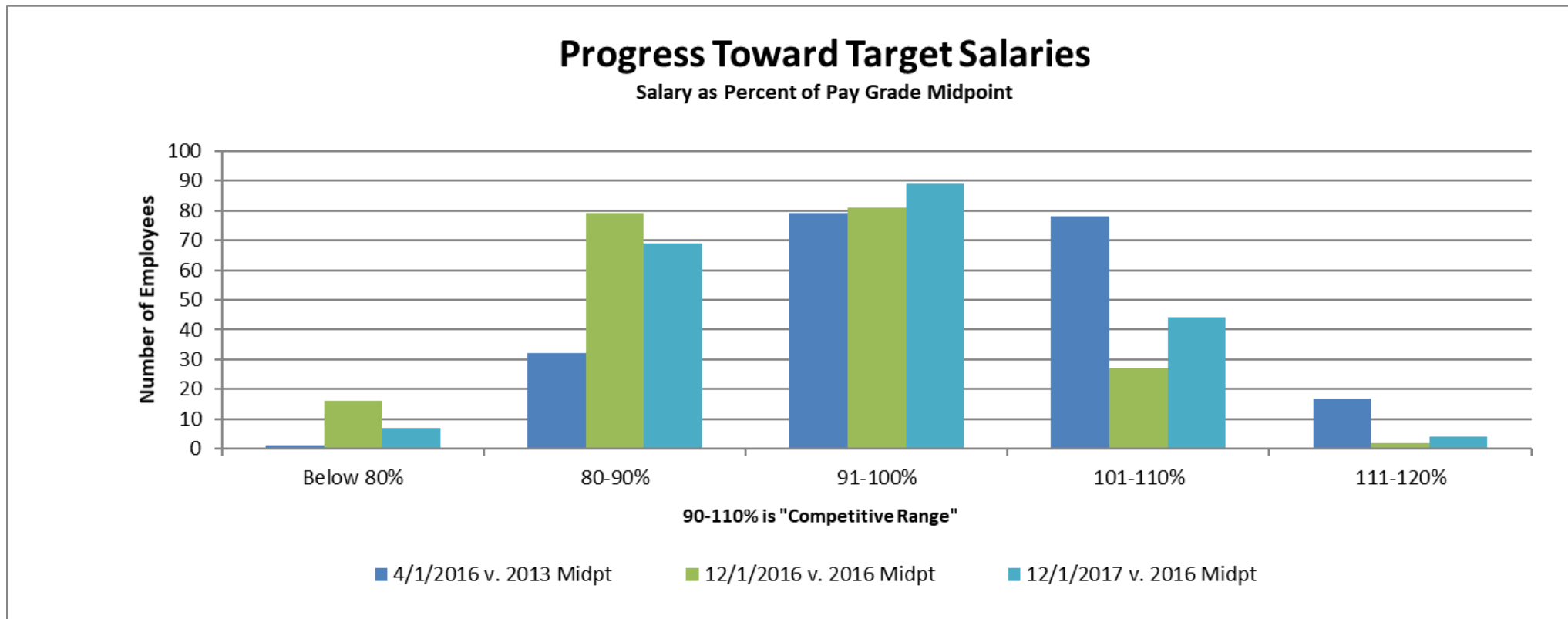


90-110% is "Competitive Range"

Compa Ratio compares actual position salary to market mid-point for that position

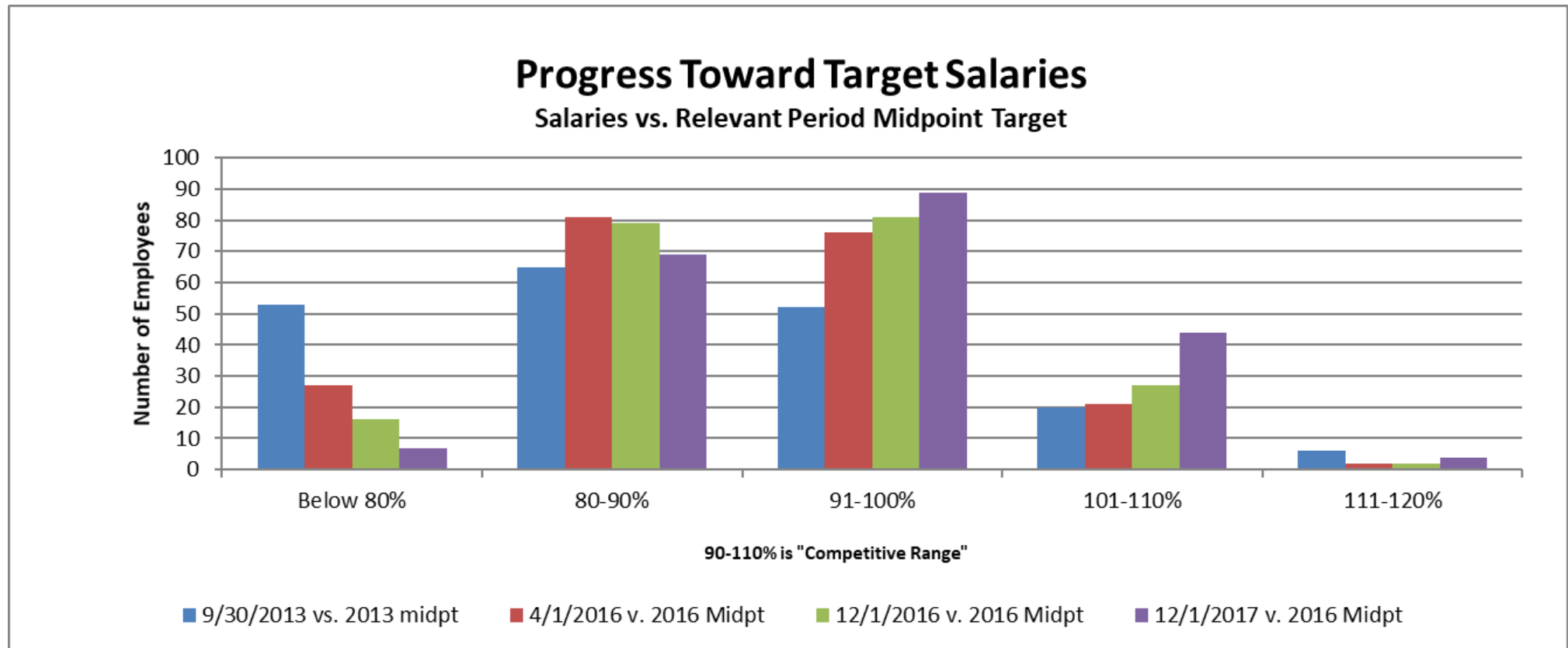
SBA Proposed Budget FY 2018-19

Compensation Progress



SBA Proposed Budget FY 2018-19

Compensation Progress



Florida Division of Bond Finance, Compensation Review and Recommendations, April 2018

- Mercer Compensation Presentation and Recommendations
- Mercer Director Recommendation Letter

FLORIDA DIVISION OF BOND FINANCE

COMPENSATION REVIEW AND RECOMMENDATIONS

April 2018

Josh Wilson

Partner

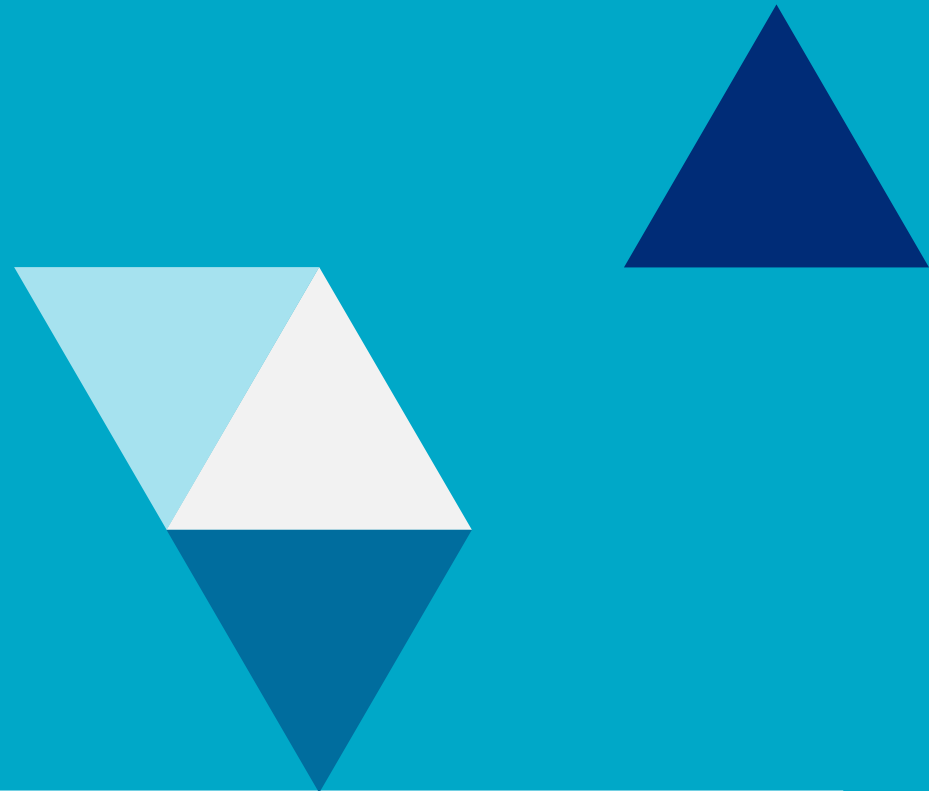
Jon Mason

Principal

Allie Wisialowski

Associate

INTRODUCTION



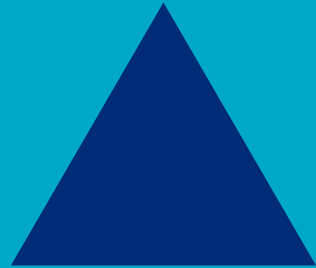
INTRODUCTION

- Florida Division of Bond Finance (“FDBF” or “Bond Finance”) engaged Mercer (“Mercer” or “we”) to review its compensation program for nine Bond Finance staff positions, including the Director of the Division of Bond Finance. Compensation recommendations for the Director position have been addressed under separate cover.
- This report includes Mercer’s review of FDBF’s compensation program for the following eight positions:

Covered Positions	
Deputy Director	Attorney
General Counsel	Senior Associate
Chief of Staff	Associate
Senior Attorney	Analyst

- The purpose of this study is to determine market competitive rates for these positions and communicate Mercer’s recommendations on where these positions should reside within the Florida State Board of Administration (“Florida SBA”) compensation structure, based on our findings.

COMPETITIVE PAY ANALYSIS METHODOLOGY



METHODOLOGY

MARKET PRICING METHODOLOGY

- To conduct the review of FDBF's compensation, Mercer matched the positions to the following sources, as available, based on job content provided:
 - Mercer's 2017 Benchmark Database (MBD)
 - PRM Consulting Group's 2017 Not-for-Profit Management Survey
 - The 2016 American Society of Association Executives (ASEA) Not-for-Profit Compensation and Benefits Survey
 - This survey is conducted biennially.
- Within the sources above, Mercer targeted the Banking/Financial Services or Non-Profit scope, as available, to best represent the external market for FDBF.
 - Mercer targeted a non-profit organization operating budget of \$5.5 million for the Deputy Director, General Counsel, and Chief of Staff positions, as this is a strong market reference for executive level positions.
- To account for the Tallahassee, FL labor market, Mercer applied a -5% geographic differential to the market data.
- All survey data was trended forward to June 1, 2018 using an annualized growth rate of 3.0%, the actual and projected salary increase for employees in 2017 and 2018¹.

METHODOLOGY

SLOTING METHODOLOGY

- Using the market data collected from the surveys, Mercer made slotting recommendations into the current Florida SBA structure.
- Mercer assigned each position to the grade where the midpoint was closest to the market median base salary value for the position. Some positions' slotting were manually adjusted based on internal equity and relative level of other FDBF positions.
- Individual employee compensation was then compared to the salary structure based on incumbents' current pay and their assigned grade's midpoint, minimum, and maximum. If the role was vacant, budgeted salary was used for the comparison. This analysis is provided as a recommendation; actual compensation decisions will be made by FDBF based on a combination of factors, including performance, tenure, experience, and position in grade.

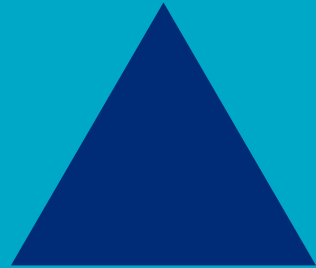
METHODOLOGY

CURRENT SBA STRUCTURE

- The current Florida SBA Compensation Structure is detailed below:

Grade	Minimum	Midpoint	Maximum
1	\$23,400	\$29,200	\$35,000
2	\$26,900	\$33,600	\$40,300
3	\$30,900	\$38,600	\$46,300
4	\$35,500	\$44,400	\$53,300
5	\$40,900	\$51,100	\$61,300
6	\$47,400	\$59,300	\$71,200
7	\$55,000	\$68,800	\$82,600
8	\$63,800	\$79,800	\$95,800
9	\$74,100	\$92,600	\$111,100
10	\$85,900	\$107,400	\$128,900
11	\$103,100	\$128,900	\$154,700
12	\$123,800	\$154,700	\$185,600
13	\$148,500	\$185,600	\$222,700
14	\$178,200	\$222,700	\$267,200
15	\$213,800	\$267,200	\$320,600
16	\$256,500	\$320,600	\$384,700
17	\$364,000	\$455,000	\$546,000

COMPETITIVE PAY ANALYSIS RESULTS



RESULTS

MEDIAN MARKET DATA & RECOMMENDED SLOTTING

- Bond Finance positions were slotted into grades based on competitive market benchmarking and relative level compared to other roles within Bond Finance:

						Market Data & Grade Recommendations				
Pos. #	Incumbent Name	New Job Title	Current Grade	Current Salary	Current Grade Mid	Market Median Base Salary	Recommended Grade	Difference from Current	Recommended Grade Mid	Notes
115	Nichols, Kimberly	Deputy Director	12	\$120,000	\$154,700	\$172,965	13	+1	\$185,600	
110	Waltz, John J	General Counsel	11	\$109,000	\$128,900	\$158,632	12	+1	\$154,700	
123	VACANT	Chief of Staff	10	\$150,000	\$107,400	\$139,389	11	+1	\$128,900	
111	Petty, Raymond K	Senior Attorney	10	\$107,000	\$107,400	\$135,563	11	+1	\$128,900	
113	Biggins, Donna S	Senior Attorney	10	\$96,000	\$107,400	\$135,563	11	+1	\$128,900	
118	Charlie Yadon	Senior Associate	10	\$90,000	\$107,400	\$97,650	10	No change	\$107,400	Market data is closer to Grade 9 - however, Mercer recommends keeping in Grade 10 for internal equity purposes.
108	Langston, Whitney	Attorney	8	\$70,000	\$79,800	\$107,794	10	+2	\$107,400	
109	VACANT	Attorney	8	\$50,546	\$79,800	\$107,794	10	+2	\$107,400	
116	Reynolds, William	Associate	7	\$70,000	\$68,800	\$74,057	8	+1	\$79,800	Market data is closer to Grade 7 - however, Mercer recommends slotting up to Grade 8 for internal equity purposes.
117	VACANT	Analyst	6	\$92,000	\$59,300	\$66,657	7	+1	\$68,800	
119	Manno, Kelsey	Analyst	6	\$56,500	\$59,300	\$66,657	7	+1	\$68,800	

RESULTS

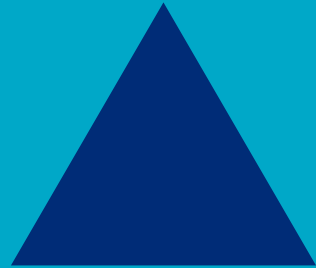
COSTING ANALYSIS

- The cost analysis on this page is preliminary and tentative. Actual individual salary implementation decisions will be based on individual competency, performance management ratings, tenure, experience, job duties, and other relevant factors.

Pos. #	Incumbent Name	New Job Title	Current Grade	Current Salary	Current Grade Mid	Market Data & Grade Recommendations				Individual Cost Analysis		
						Recommended Grade	Grade Min	Grade Mid	Grade Max	Cost to Grade Min	Cost to Grade Mid	Cost above Max
115	Nichols, Kimberly	Deputy Director	12	\$120,000	\$154,700	13	\$148,500	\$185,600	\$222,700	\$28,500	\$65,600	\$0
110	Waltz, John J	General Counsel	11	\$109,000	\$128,900	12	\$123,800	\$154,700	\$185,600	\$14,800	\$45,700	\$0
123	VACANT	Chief of Staff	10	\$150,000	\$107,400	11	\$103,100	\$128,900	\$154,700	\$0	\$0	\$0
111	Petty, Raymond K	Senior Attorney	10	\$107,000	\$107,400	11	\$103,100	\$128,900	\$154,700	\$0	\$21,900	\$0
113	Biggins, Donna S	Senior Attorney	10	\$96,000	\$107,400	11	\$103,100	\$128,900	\$154,700	\$7,100	\$32,900	\$0
118	Charlie Yadon	Senior Associate	10	\$90,000	\$107,400	10	\$85,900	\$107,400	\$128,900	\$0	\$17,400	\$0
108	Langston, Whitney	Attorney	8	\$70,000	\$79,800	10	\$85,900	\$107,400	\$128,900	\$15,900	\$37,400	\$0
109	VACANT	Attorney	8	\$50,546	\$79,800	10	\$85,900	\$107,400	\$128,900	\$35,354	\$56,854	\$0
116	Reynolds, William	Associate	7	\$70,000	\$68,800	8	\$63,800	\$79,800	\$95,800	\$0	\$9,800	\$0
117	VACANT	Analyst	6	\$92,000	\$59,300	7	\$55,000	\$68,800	\$82,600	\$0	\$0	\$9,400
119	Manno, Kelsey	Analyst	6	\$56,500	\$59,300	7	\$55,000	\$68,800	\$82,600	\$0	\$12,300	\$0
Total:										\$101,654	\$299,854	\$9,400

APPENDIX

DETAILED MARKET DATA



APPENDIX

DETAILED MARKET DATA – MATCH 1

Market Match 1									
Pos. #	New Job Title	Survey Source	Data Scope	Job Title	Job Description	Notes	Market 25th Base Salary	Market 50th Base Salary	Market 75th Base Salary
115	Deputy Director	PRM Non-Profit Survey	Organization Budget: \$5.0 mm - \$9.9 mm	Deputy Executive Officer	Responsible for directing the daily activities of more than one major program or support function of the organization. Officially designated the officer-in-charge of the organization's daily activities in the absence of the Top Executive Officer. This is a single incumbent position and refers only to the second-in-command within the organization.	Targeted organization budget of \$5.5 million for executive level positions	\$153,093	\$167,306	\$186,868
110	General Counsel	PRM Non-Profit Survey	Organization Budget: \$10.0 mm - \$14.9 mm	Top Legal Executive/General Counsel	Responsible for directing the legal activities of the organization. Responsible for advising and representing the staff and members on legal matters regarding the organization. Responsible for coordinating legal matters with outside counsel retained by the organization. Ensures compliance with federal, state and local requirements to protect the organization from legal action. This descriptor does not apply to legal positions with responsibility for government relations.	Targeted organization budget of \$5.5 million for executive level positions. 5-10 Million Budget scope not available.	\$174,577	\$186,187	\$223,397
123	Chief of Staff	PRM Non-Profit Survey	Organization Budget: \$5.0 mm - \$9.9 mm	Chief of Staff	Responsible for overseeing and coordinating the administrative, operational and/or financial affairs of the office of the organization's top executive as well as the Board of Directors. Represents the Top Executive Officer to other senior officials both within and outside of the organization. May advise the Top Executive on policy, procedural and operational issues. May serve as Secretary of the Board. Arranges for Board meetings and keeps minutes of such meetings. Not a secretarial/administrative position.	Blending PRM Budget \$5-10 and \$10-15 million scope due to limited data in \$5-10 scope (median only).	N/A	\$137,808	N/A
111 & 113	Senior Attorney	PRM Non-Profit Survey	All Organizations	Senior Staff Attorney	Responsible for handling complex legal matters or for a specific legal function or department within organization. May assume the responsibilities of the General Counsel in his/her absence. Reviews legal documents and directs legal research to support the organization's internal and/or external activities/interests. Typically requires 6-8 years of legal experience.		\$125,830	\$147,888	\$198,852

APPENDIX

DETAILED MARKET DATA – MATCH 1

Market Match 1									
Pos. #	New Job Title	Survey Source	Data Scope	Job Title	Job Description	Notes	Market 25th Base Salary	Market 50th Base Salary	Market 75th Base Salary
118	Senior Associate	Mercer Benchmark Database (MBD)	All Data	Data Analyst - Senior	As the Senior professional in the Data Analytics Sub-Function, provides experienced project team members with instruction, guidance and advice. Leads important projects in providing data analytics services to clients. Gathers operational data to examine past business performance. Identifies data patterns & trends, and provides insights to enhance business decision making capability in business planning, process improvement, solution assessment etc. Recommends actions for future developments & strategic business opportunities, as well as enhancements to operational policies. May be involved in exploratory data analysis, confirmatory data analysis and/or qualitative analysis.	10% premium for Financial expertise	\$84,266	\$97,650	\$117,343
108 & 109	Attorney	PRM Non-Profit Survey	All Organizations	Staff Attorney	Under the direction of the General Counsel or Senior Attorney, responsible for handling a variety of routine to moderately complex legal projects. Drafts legal documents and provides advice and interpretation in connection with the organization's legal research. Typically requires 5 years or less of legal experience.		\$88,537	\$120,067	\$140,059
116	Associate	Mercer Benchmark Database (MBD)	All Data	Data Analyst - Experienced	As the Experienced professional in the Data Analytics Sub-Function, works under limited supervision to effectively deal with unfamiliar issues. Possesses well developed skills in providing data analytics services to clients. Gathers operational data to examine past business performance. Identifies data patterns & trends, and provides insights to enhance business decision making capability in business planning, process improvement, solution assessment etc. Recommends actions for future developments & strategic business opportunities, as well as enhancements to operational policies. May be involved in exploratory data analysis, confirmatory data analysis and/or qualitative analysis.	10% premium for Financial expertise	\$62,264	\$74,057	\$88,374
117 & 119	Analyst	Mercer Benchmark Database (MBD)	All Data	Data Analyst - Entry	As the Entry level professional in the Data Analytics Sub-Function, works under close supervision to undertake day-to-day activities. Applies broad knowledge in providing data analytics services to clients. Gathers operational data to examine past business performance. Identifies data patterns & trends, and provides insights to enhance business decision making capability in business planning, process improvement, solution assessment etc. Recommends actions for future developments & strategic business opportunities, as well as enhancements to operational policies. May be involved in exploratory data analysis, confirmatory data analysis and/or qualitative analysis.	10% premium for Financial expertise	\$52,604	\$66,657	\$72,336

APPENDIX

DETAILED MARKET DATA – MATCH 2

Market Match 2									
Pos. #	New Job Title	Survey Source	Data Scope	Job Title	Job Description	Notes	Market 25th Base Salary	Market 50th Base Salary	Market 75th Base Salary
115	Deputy Director	ASEA Compensation Survey	Total Annual Budget: \$5,000,000 - \$9,999,999	Deputy Chief Executive	Serves on a full-time basis as the number two person on the organizations staff and acts for the CEO in his/her absence. May be assigned specific strategic management, administrative or program responsibilities and may also function as the head of a key business unit. If the second in command spends more than 50% of their time on duties described in another position, please report this salary for the other position. If the second in command spends the majority of their time on deputy CEO duties, please report that salary here. Larger organizations may have multiple deputies, each of whom manages a key business unit; if that is the case, in this as in any other position, report the highest paid individual.	Targeted organization budget of \$5.5 million for executive level positions	\$138,691	\$178,624	\$191,054
110	General Counsel	ASEA Compensation Survey	Total Annual Budget: \$5,000,000 - \$9,999,999	General Counsel	Serves as the full-time head of the organizations legal staff and as key legal advisor on all major business transactions. This is an in-house position, not outside counsel. Responsible for the oversight of outside counsel.	Targeted organization budget of \$5.5 million for executive level positions	\$108,518	\$131,077	\$229,520
123	Chief of Staff	PRM Non-Profit Survey	Organization Budget: \$10.0 mm - \$14.9 mm	Chief of Staff	Responsible for overseeing and coordinating the administrative, operational and/or financial affairs of the office of the organization's top executive as well as the Board of Directors. Represents the Top Executive Officer to other senior officials both within and outside of the organization. May advise the Top Executive on policy, procedural and operational issues. May serve as Secretary of the Board. Arranges for Board meetings and keeps minutes of such meetings. Not a secretarial/administrative position.	Blending PRM Budget \$5-10 and \$10-15 million scope due to limited data in \$5-10 scope (median only). No good ASEA match.	\$115,919	\$140,970	\$158,241
111 & 113	Senior Attorney	Mercer Benchmark Database (MBD)	Industry: Banking / Financial Services	Legal Counsel - Experienced	Perform a variety of legal activities in accordance with the established standards of the legal profession to protect the organization's reputation and business interests and help ensure it complies with all relevant laws and regulations. Provide legal advice within area of expertise to functional or operational area managers to ensure their activities, policies, business practices, and transactions comply with all relevant laws and regulations. Analyze and interpret case law, court reports, and proposed and existing laws and regulations to prepare technical reports on how they impact the organization's operations. Prepare legal contracts, letters of agreement, and other documents related to a variety of trade, commercial, financial, and operational matters (e.g., loans, leases, purchase agreements, acquisitions, divestitures, employment contracts) to protect the organization's legal and business interests. Review and approve public statements from a legal standpoint to identify, anticipate and mitigate legal risks. Represent the organization in legal proceedings before courts, government agencies, or other authorities so the organization's interests are protected. Prepare materials for external legal counsel. Typically requires four to eight years of experience after receiving law degree. Frequently reports to a Managing Attorney. Typically has four to eight years of experience after being called to the Bar.		\$109,682	\$123,239	\$138,027

APPENDIX

DETAILED MARKET DATA – MATCH 2

Market Match 2									
Pos. #	New Job Title	Survey Source	Data Scope	Job Title	Job Description	Notes	Market 25th Base Salary	Market 50th Base Salary	Market 75th Base Salary
118	Senior Associate	None				Additional match unavailable			
108 & 109	Attorney	Mercer Benchmark Database (MBD)	Industry: Banking / Financial Services	Legal Counsel - Entry	Under direct supervision, perform a variety of legal activities in accordance with the established standards and provides advice to the company in less complex legal aspects such as trade and commercial matters, foreign investment, technology transfer, labor and corporate issues. Prepares and/or reviews contracts, letters of agreement, and other documents to ensure legal compliance. Follow the established procedures and assist in a variety of assigned legal projects. Advise the company in less complex legal aspects for trade, commercial matters, foreign investment, technology transfer, labor, and corporate issues. Research, analyze and interpret case law, court reports, and proposed and existing laws and regulations to prepare technical reports on how they impact the organization's operations. Liaise with external functional or operational area specialists as required. Prepare/review materials for compliance. This is an entry-level position. Typically requires a law degree and less than four years of experience. Frequently reports to a Managing Attorney. Does not include interns.		\$83,802	\$95,522	\$105,556
116	Associate	None				Additional match unavailable			
117 & 119	Analyst	None				Additional match unavailable			

APPENDIX

DETAILED MARKET DATA – COMPOSITE DATA

		Composite Market Data		
Pos. #	New Job Title	25th Base Salary	50th Base Salary	75th Base Salary
115	Deputy Director	\$145,892	\$172,965	\$188,961
110	General Counsel	\$141,547	\$158,632	\$226,458
123	Chief of Staff	\$115,919	\$139,389	\$158,241
111 & 113	Senior Attorney	\$117,756	\$135,563	\$168,440
118	Senior Associate	\$84,266	\$97,650	\$117,343
108 & 109	Attorney	\$86,170	\$107,794	\$122,808
116	Associate	\$62,264	\$74,057	\$88,374
117 & 119	Analyst	\$52,604	\$66,657	\$72,336



MERCER

MAKE TOMORROW, TODAY

Ash Williams
Executive Director and CIO
Florida State Board of Administration
1801 Hermitage Blvd # 100, Tallahassee, FL 32308

May 1, 2018

Dear Mr. Williams,

Mercer has been recently engaged by the Division of Bond Finance to assess the compensation grade positioning of the its positions within the current SBA compensation structure. As you may be aware, these jobs are currently slotted into the existing SBA structure, however, this slotting was not based on a competitive market study, specific to the Bond Finance jobs. The purpose of engaging Mercer was to add more rigor to the grade selection and positioning process for the positions within the Division of Bond Finance.

We have provided a recommendation to the Director of the Division of Bond Finance, Mr. Ben Watkins, relative to eight positions within the Division, excluding his own position. We conducted a similar study for Mr. Watkin's position and have crafted this letter with our thoughts and recommendations.

In assessing the appropriate compensation and positioning within the SBA structure, many factors must be considered, including external market competitiveness, internal equity, and the budgetary realities that a given organization may face. We must first separate the incumbent from the job to assess the value of a job itself, and only once that range is established should we opine on the appropriateness of compensation for a given individual. At that juncture, factors such as tenure, individual performance, institutional knowledge etc. are taken into account to determine individual compensation levels.

Perhaps the most challenging factor for a position like the head of the Division of Bond Finance is assessing the external market value for the position. As you are aware, this is a unique role, not only within the State of Florida, but also more broadly across the country, as many other states outsource a significant portion of the responsibilities that are owned by the Director of the Division of Bond Finance of Florida.

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Ash Williams
Florida State Board of Administration

Mercer has developed a two-prong strategy for assessing market compensation for the Director of the Division of Bond Finance:

- 1) an assessment of roles in the private, for-profit banking sector, and;
- 2) an assessment of executive roles within a not-for-profit context.

The rationale for the first approach is that this market most closely reflects the duties and responsibilities for this role. The rationale for the second approach is that there is also a large overlap in the types of responsibilities of the role (although perhaps less directly related to the world of finance) however the financial constraints in which most non-for-profit organizations work within, share similarities to that of the SBA.

Our assessment of the private market returned market rates that are likely out of reach for the SBA and the state of Florida. A lending executive in Mercer's benchmark database had a market base salary median of \$370,000 with a target annual bonus of \$163,000. While there is significant overlap in terms of the skills and knowledge required between this type of role and the Director's role, it is our perspective that a compensation package of this magnitude would be untenable from both from an internal equity perspective at the SBA as well as a public perception in the state of Florida. Simply put: government agencies generally cannot compete with private, for-profit companies when it comes to pay levels for senior executives.

Our assessment of the not-for-profit market for an executive position with similar operational scope yielded a base salary with a median of \$246,000 and the survey did not provide information on annual incentive compensation.

Our Recommendations

Slotting the job within the SBA Compensation Structure

We recommend taking the more conservative market reference point we believe to be appropriate in order to balance the need for internal equity and to acknowledge the realities of being a government-related organization. Based on that approach, i.e. targeting base pay range at the non-for-profit reference point, we would advise moving the Director position into a Grade 15, or one grade higher than where it is currently slotted.

Managing incumbent compensation

The purpose for having a minimum, midpoint, and maximum for a job is to differentiate incumbent compensation based on what the individual brings the organization. Long-tenured, high-performing incumbents should be managed at the higher end of a given range, while less experienced and average performance would be managed lower in the salary range. Given Mr. Watkins' long tenure of leading the Division of Bond Finance for more than 20 years, and his history of strong performance ratings from the

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Ash Williams
Florida State Board of Administration

Florida Cabinet, Mr. Watkins' compensation should be managed at or above his grade midpoint. Mercer would recommend a salary positing between the midpoint and maximum of Grade 15, but not below the midpoint. The existing incentive structure is in alignment with the incentive opportunities available for similarly graded positions at SBA. As such, we would not recommend any change to the incentive opportunity.

Sincerely,



Jon Mason
Mercer