

**MEETING OF THE STATE BOARD OF ADMINISTRATION**

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

**October 17, 2017**

**To View Agenda Items, Click on the Following Link:**

**[www.sbafla.com](http://www.sbafla.com)**

**AMENDED AGENDA**

**ITEM 1. REQUEST APPROVAL OF THE MINUTES OF THE AUGUST 16, 2017  
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 \$15,700,000  
FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY  
MORTGAGE REVENUE NOTES, (SERIES TO BE DESIGNATED)  
(CENTERRA)**

**(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 \$12,000,000  
FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY  
MORTGAGE REVENUE BONDS, 2017 (SERIES TO BE DESIGNATED)  
(DOUGLAS GARDENS V)**

**(See Attachment 3)**

**ACTION REQUIRED**

- ITEM 4. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$8,700,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, 2017 (SERIES TO BE DESIGNATED) (VISTA LANDING APARTMENTS)**

(See Attachment 4)

**ACTION REQUIRED**

- ITEM 5. APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$350,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2017 SERIES (TO BE DETERMINED)**

(See Attachment 5)

**ACTION REQUIRED**

- ITEM 6. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$50,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, UNIVERSITY SYSTEM IMPROVEMENT REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED)**

(See Attachment 6)

**ACTION REQUIRED**

- ITEM 7. REQUEST APPROVAL TO FILE FOR NOTICE AMENDMENTS TO RULE 19-7.002, F.A.C. (FLORIDA PRIME INVESTMENT POLICY STATEMENTS) AND TO FILE THE RULE FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THIS RULE.**

(See Attachment 7)

**ACTION REQUIRED**

- ITEM 8. REQUEST APPROVAL TO FILE FOR NOTICE PROPOSED AMENDMENTS TO RULE 19-9.001, F.A.C (FRS INVESTMENT PLAN INVESTMENT POLICY STATEMENT) AND TO FILE THE RULE FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THIS RULE.**

(See Attachment 8)

**ACTION REQUIRED**

- ITEM 9. REQUEST APPROVAL TO FILE FOR NOTICE PROPOSED AMENDMENTS TO THE FOLLOWING RULES IN RULE CHAPTER 19-11, F.A.C. (PROCEDURES FOR THE FRS INVESTMENT PLAN), AND FURTHER TO FILE THE RULES FOR ADOPTION, IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THESE RULES:**

19-11.001	Definitions
19-11.002	Beneficiary Designations and Distributions for FRS Investment Plan
19-11.003	Distributions from FRS Investment Plan Accounts
19-11.004	Excessive Trading in the FRS Investment Plan
19-11.006	Enrollment Procedures for New Hires
19-11.007	Second Election Enrollment Procedures for the FRS Retirement Programs
19-11.008	Forfeitures
19-11.009	Reemployment with an FRS-covered Employer after Retirement
19-11.012	Rollovers or Plan to Plan Transfers to or from the FRS Investment Plan
19-11.013	FRS Investment Plan Self-Directed Brokerage Account
19-11.014	Benefits Payable for Investment Plan Disability and In-Line-Of-Duty Death Benefits.

(See Attachment 9)

**ACTION REQUIRED**

- ITEM 10. REQUEST APPROVAL TO FILE FOR NOTICE AMENDMENTS TO RULES 19-13.001 AND 19-13.002 (FRS INVESTMENT PLAN ROLES AND RESPONSIBILITIES OF SBA AND DIVISION OF RETIREMENT) AND TO FILE THE RULES FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THESE RULES.**

(See Attachment 10)

**ACTION REQUIRED**

- ITEM 11. REQUEST APPROVAL OF, AND AUTHORITY TO FILE, A NOTICE OF PROPOSED RULE FOR FLORIDA HURRICANE CATASTROPHE FUND RULE 19-8.010, F.A.C., REIMBURSEMENT CONTRACT, AND TO FILE THIS RULE, ALONG WITH THE INCORPORATED FORMS, FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING OR IF A HEARING IS REQUESTED AND NO NOTICE OF CHANGE IS NEEDED.**

(See Attachment 11)

**ACTION REQUIRED**

- ITEM 12. REQUEST APPOINTMENT OF THE CHAIR FOR THE FLORIDA COMMISSION ON HURRICANE LOSS PROJECTION METHODOLOGY. EACH YEAR, THE SBA IS REQUIRED BY SECTION 627.0628(2)(D), F.S., TO APPOINT A COMMISSION MEMBER TO SERVE AS CHAIR. IT IS RECOMMENDED THAT FLOYD YAGER BE APPOINTED TO SERVE AS CHAIR.**

**A COPY OF MR. YAGER'S BIOGRAPHY AND A LIST OF ALL COMMISSION MEMBERS IS PROVIDED.**

(See Attachment 12)

**ACTION REQUIRED**

- ITEM 13. REQUEST APPROVAL TO FILE A DIRECT ACTION AGAINST VALEANT PHARMACEUTICALS INTERNATIONAL, INC. IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY ALLEGING VIOLATIONS OF THE FEDERAL SECURITIES LAW AND OTHER ACTIONS.**

(See Attachment 13)

**ACTION REQUIRED**

- ITEM 14. REQUEST APPROVAL OF CHANGES TO THE CHARTER OF THE AUDIT COMMITTEE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA (CHARTER).**

Pursuant to Sections 215.44, F.S., the Audit Committee was created to assist the Board in fulfilling its oversight responsibilities. The Charter was last changed in September 2015. Recommended changes to the Charter are minor operational changes.

(See Attachment 14)

**ACTION REQUIRED**



**ITEM 15. 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 15)

**ACTION REQUIRED**

**ITEM 16. 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 16)

**ACTION REQUIRED**

**ITEM 17. REQUEST APPROVAL OF THE REVISION TO THE INVESTMENT POLICY STATEMENT FOR THE FLORIDA RETIREMENT SYSTEM PENSION PLAN AS REQUIRED UNDER S. 215.475(2), F.S.**

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

On August 16, 2017, the Trustees of the Board adopted a Resolution directing the following (the “Venezuela Resolution”) be included in the FRS Pension Plan 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.

Additional language was added to the FRS Pension Plan Investment Policy Statement that directs the Executive Director & CIO to develop and implement policies as appropriate for the orderly and effective implementing of the Venezuela Resolution and any actions taken and determinations made pursuant to said policies are to be incorporated by reference into the FRS Pension Plan Investment Policy Statement.

**(See Attachments 17A and 17B)**

**ACTION REQUIRED**

**ITEM 18. 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 June 30, 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 18A – 18B)**

**ITEM 19. EVALUATION AND REAFFIRMATION OF THE EXECUTIVE DIRECTOR**

F.S. 215.441 provides that the State Board of Administration's Executive Director must be reaffirmed annually by the Board of Trustees following the original appointment. Mr. Williams was appointed Executive Director in 2008.

**(See Attachment 19)**

**DEFER TO THE NOVEMBER 7, 2017 CABINET MEETING**

## 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: TUESDAY, AUGUST 16, 2017

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

REPORTED BY: NANCY S. METZKE, RPR, FPR  
COURT REPORTER

C & N REPORTERS  
POST OFFICE BOX 3093  
TALLAHASSEE, FLORIDA 32315-3093  
(850) 697-8314 / FAX (850) 697-8715  
nancy@metzke.com  
candnreporters.com

## INDEX

## PAGE NO.

<b>State Board of Administration</b>	
By Executive Director Williams	5
<b>Division of Bond Finance</b>	
By Executive Director Watkins	13
<b>Department of Veterans Affairs</b>	
By Executive Director Sutphin	20
<b>Department of Highway Safety and Motor Vehicles</b>	
By Executive Director Rhodes	25
<b>Department of Law Enforcement</b>	
By Commissioner Swearingen	38
<b>Department of Revenue</b>	
By Director Biegalski	42
<b>Office of Insurance Regulation</b>	
By Commissioner Altmaier	48
<b>Office of Financial Regulation</b>	
By Commissioner Breakspear	66
<b>Board of Trustees of the Internal Improvement Trust Fund</b>	
By Secretary Valenstein	69
<b>Florida Land and Water Adjudicatory Commission</b>	
By Mr. Kruse	83
<b>Administration Commission</b>	
By Mr. Kruse	91

\* \* \*

1                   **STATE BOARD OF ADMINISTRATION**

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

6                   EXECUTIVE DIRECTOR WILLIAMS: Good morning,  
7 Governor, Cabinet Members.

8                   CFO Patronis, welcome.

9                   GOVERNOR SCOTT: First -- Ash, I'll start.  
10 Oh, you're going to go through the recommendation  
11 first?

12                  EXECUTIVE DIRECTOR WILLIAMS: Yes, sir.

13                  GOVERNOR SCOTT: All right.

14                  EXECUTIVE DIRECTOR WILLIAMS: Item 1, we're  
15 all aware of the deteriorating circumstances in  
16 Venezuela. I think it's been a matter of concern  
17 and interest to a lot of folks. I'd like to thank  
18 you, Governor, and the other Trustees for your  
19 involvement and prudent attention to this issue.

20                  We have a resolution this morning, Governor,  
21 if you'd like to frame it up.

22                  GOVERNOR SCOTT: Sure.

23                  I'm proud to present this proposal for your  
24 consideration. I have heard first-hand from so  
25 many Floridians whose families have been hurt by

1                   the brutalities perpetrated by the Maduro Regime.  
2 I stand firmly with the Venezuelan people in  
3 demanding absolute freedom and democracy now. The  
4 policy before you today is a huge step in the right  
5 direction, and I want to ensure that future SBA  
6 investments will not benefit the Maduro Regime.

7                   Is there a motion on the item?

8                   CFO PATRONIS: So move.

9                   GOVERNOR SCOTT: Is there a second?

10                  ATTORNEY GENERAL BONDI: Second.

11                  GOVERNOR SCOTT: Are there any comments or  
12 objections?

13                  (NO RESPONSE).

14                  GOVERNOR SCOTT: The motion carries.

15                  EXECUTIVE DIRECTOR WILLIAMS: Thank you.

16                  By way of background, we usually give a little  
17 update on where we are in the portfolio; and as of  
18 last night's close, I would like to share that the  
19 Florida Retirement System Trust Fund is up 10.31  
20 percent calendar year to date. That's 51 basis  
21 points ahead of target. The balance stands at  
22 \$155.3 billion. That's \$10.9 billion ahead of  
23 where we started the calendar year, and that is  
24 net of distributions of \$4.2 billion to pay  
25 benefits.

1 Item 2, request approval of the minutes of the  
2 June 14 Cabinet meeting.

3 GOVERNOR SCOTT: Is there a motion on the  
4 item?

5 ATTORNEY GENERAL BONDI: So moved.

6 CFO PATRONIS: Second.

7 GOVERNOR SCOTT: Any comments or objections?  
8 (NO RESPONSE).

9 GOVERNOR SCOTT: Hearing none, the motion  
10 carries.

11 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

12 Item 3, a resolution relating -- a resolution  
13 of the State Board of Administration making a  
14 fiscal determination in connection with the  
15 issuance of an amount not exceeding \$9 million,  
16 Florida Housing Finance Corporation Multifamily  
17 Mortgage Revenue Bonds. This is for the Twin Lakes  
18 Estates project, which is an affordable housing  
19 redo.

20 GOVERNOR SCOTT: Is there a motion on the  
21 item?

22 ATTORNEY GENERAL BONDI: So moved.

23 CFO PATRONIS: Second.

24 GOVERNOR SCOTT: Any comments or objections?  
25 (NO RESPONSE).

1 GOVERNOR SCOTT: Hearing none, the motion  
2 carries.

3 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

4 Item 4, the Florida Housing Finance  
5 Corporation has requested that we bring this item  
6 back at the next meeting. For that reason, we  
7 would request a deferral so that some background  
8 can be adjusted and the financing structure tuned  
9 appropriately.

10 GOVERNOR SCOTT: Is there a motion to  
11 withdraw?

12 EXECUTIVE DIRECTOR WILLIAMS: Governor, if we  
13 could, could we defer that, please?

14 GOVERNOR SCOTT: Oh, on the withdrawal?

15 EXECUTIVE DIRECTOR WILLIAMS: Yes, let's do a  
16 deferral, not a withdrawal.

17 GOVERNOR SCOTT: Okay.

18 EXECUTIVE DIRECTOR WILLIAMS: So we're doing  
19 the deferral?

20 GOVERNOR SCOTT: Oh, you don't even want to  
21 withdraw it; you want to defer it?

22 EXECUTIVE DIRECTOR WILLIAMS: Yes, sir.

23 GOVERNOR SCOTT: Okay. Is there a motion to  
24 defer?

25 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 5, a resolution of the State Board of Administration making the fiscal determination in connection with the issuance of an amount not exceeding \$16.5 million, Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds.

This is the acquisition and rehab of a multifamily rental development in Orange County, Florida, Timber Sound Apartments.

GOVERNOR SCOTT: Is there a motion on the item?

CFO PATRONIS: So moved.

GOVERNOR SCOTT: Is there a second?

ATTORNEY GENERAL BONDI: Second.

GOVERNOR SCOTT: Comments or objections?  
(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 6, request approval of a fiscal sufficiency in an amount not exceeding \$110 million, State of Florida, Department of Environmental Protection, Florida Forever Revenue Refunding Bonds.

GOVERNOR SCOTT: Is there a motion on the item?

ATTORNEY GENERAL BONDI: So moved.

GOVERNOR SCOTT: Is there a --

CFO PATRONIS: Second.

GOVERNOR SCOTT: Any comments or objections?  
(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 7, request approval of a fiscal sufficiency of an amount not exceeding \$63 million, State of Florida, Board of Governors, Florida International University Dormitory Revenue Bonds, Series 2017-A.

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.

GOVERNOR SCOTT: All right. Thank you, Ash.

Ash, I wanted to ask: What was the last valuation in the pension plan? What percent was it funded? Do you remember?

EXECUTIVE DIRECTOR WILLIAMS: Yeah, the last valuation was 84.6, I think, about 85ish.

GOVERNOR SCOTT: When do we get the next one, this fall?

EXECUTIVE DIRECTOR WILLIAMS: The evaluations are done at the end of the year. We'll have audited values as of June 30, and then the actuaries do their work.

Because the valuations, of course, include variables well beyond the asset values, which is our part of this, there's actual -- what's called an experienced study, where you look at the mortality of the beneficiary base, the growth in the beneficiary base, the growth in payroll, if any; all of which affects long-term liabilities.

The actuaries analyze all of that data and then net it all out and we'll have that. That valuation will be done Q4 or shortly thereafter. That's why we have the actuarial estimating conference commonly in early October to set the base inputs.


GOVERNOR SCOTT: Thank you.

\* \* \* \*



STATE BOARD OF ADMINISTRATION  
1801 HERMITAGE BOULEVARD  
TALLAHASSEE, FLORIDA 32308

---

**TO:** Ash Williams  
**FROM:** Robert Copeland   
**SUBJECT:** Fiscal Determination  
**DATE:** September 8, 2017

---

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$15,700,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, 2017 (SERIES TO BE DESIGNATED) (CENTERRA)**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$15,700,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2017 (series to be designated) (the "Bonds") for the purpose of financing the new construction of a multifamily affordable housing community located in Miami-Dade County, Florida (Centerra). 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 \$15,700,000 FLORIDA HOUSING FINANCE  
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS,  
2017 (SERIES TO BE DESIGNATED) (CENTERRA)**

**WHEREAS**, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$15,700,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2017 (one or more series to be designated) (the "Bonds") for the purpose of financing the construction of a multifamily rental development located in Miami-Dade County, Florida (Centerra); 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, 2017 (one or more series to be designated) (Centerra), in an amount not exceeding \$15,700,000, 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** October 17, 2017

**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 October 17, 2017, making the fiscal determination in connection with the issuance of an amount not exceeding \$15,700,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2017 (series to be designated) (Centerra).

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 17th day of October 2017.

---

**Ashbel C. Williams, Executive Director & CIO**

**(SEAL)**

September 22, 2017

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 Bond  
Not to Exceed \$15,700,000 Tax-Exempt Bond  
Centerra

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 Placement Agent, RBC Capital Markets. Florida Housing endorses this analysis and believes it will show sufficient coverage.

This bond 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 October 17, 2017 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,



Brantley Henderson  
Assistant Director of Multifamily Programs

BH/jg

Enclosures

---


Rick Scott, Governor

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

Harold "Trey" Price, Executive Director

STATE BOARD OF ADMINISTRATION  
1801 HERMITAGE BOULEVARD  
TALLAHASSEE, FLORIDA 32308

---

**TO:** Ash Williams  
**FROM:** Robert Copeland   
**SUBJECT:** Fiscal Determination  
**DATE:** September 8, 2017

---

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$12,000,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, 2017 (SERIES TO BE DESIGNATED) (DOUGLAS GARDENS V)**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$12,000,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2017 (series to be designated) (the "Bonds") for the purpose of financing the new construction of a multifamily affordable housing community located in Broward County, Florida (Douglas Gardens V). 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 \$12,000,000 FLORIDA HOUSING FINANCE  
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS,  
2017 (SERIES TO BE DESIGNATED) (DOUGLAS GARDENS V)**

**WHEREAS**, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$12,000,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2017 (one or more series to be designated) (the "Bonds") for the purpose of financing the construction of a multifamily rental development located in Broward County, Florida (Douglas Gardens V); 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, 2017 (one or more series to be designated) (Douglas Gardens V), in an amount not exceeding \$12,000,000, 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** October 17, 2017

**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 October 17, 2017, making the fiscal determination in connection with the issuance of an amount not exceeding \$12,000,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2017 (series to be designated) (Douglas Gardens V).

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 217th day of October 2017.

---

**Ashbel C. Williams, Executive Director & CIO**

**(SEAL)**



September 22, 2017

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 Bond  
Not to Exceed \$12,000,000 Tax-Exempt Bond  
Douglas Gardens V

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 Placement Agent, RBC Capital Markets. Florida Housing endorses this analysis and believes it will show sufficient coverage.

This bond 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 October 17, 2017 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,



Brantley Henderson  
Assistant Director of Multifamily Programs

BH/jg

Enclosures

---


Rick Scott, Governor

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

Harold "Trey" Price, Executive Director

STATE BOARD OF ADMINISTRATION  
1801 HERMITAGE BOULEVARD  
TALLAHASSEE, FLORIDA 32308

---

**TO:** Ash Williams  
**FROM:** Robert Copeland   
**SUBJECT:** Fiscal Determination  
**DATE:** September 8, 2017

---

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$8,700,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY HOUSING REVENUE BONDS, 2017 (SERIES TO BE DESIGNATED) (VISTA LANDING APARTMENTS)**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$8,700,000 Florida Housing Finance Corporation Multifamily Housing Revenue Bonds, 2017 (series to be designated) (the "Bonds") for the purpose of financing the acquisition and rehabilitation of a multifamily rental development located in Duval County, Florida (Vista Landing 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 \$8,700,000 FLORIDA HOUSING FINANCE  
CORPORATION MULTIFAMILY HOUSING REVENUE BONDS,  
2017 (SERIES TO BE DESIGNATED) (VISTA LANDING APARTMENTS)**

**WHEREAS**, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$8,700,000 Florida Housing Finance Corporation Multifamily Housing Revenue Bonds, 2017 (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 Duval County, Florida (Vista Landing 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 Housing Revenue Bonds, 2017 (one or more series to be designated) (Vista Landing Apartments), in an amount not exceeding \$8,700,000, 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** October 17, 2017

**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 October 17, 2017, making the fiscal determination in connection with the issuance of an amount not exceeding \$8,700,000 Florida Housing Finance Corporation Multifamily Housing Revenue Bonds, 2017 (series to be designated) (Vista Landing Apartments).

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 17th day of October 2017.

---

**Ashbel C. Williams, Executive Director & CIO**

**(SEAL)**



September 22, 2017

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 Bond  
Not to Exceed \$8,700,000 Tax-Exempt Bond  
Vista Landing 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 October 17, 2017 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,



Brantley Henderson  
Assistant Director of Multifamily Programs

BH/jg

Enclosures

---

Rick Scott, Governor


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

Harold "Trey" Price, Executive Director

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

---

**TO:** Ash Williams  
**FROM:** Robert Copeland  
**SUBJECT:** Fiscal Sufficiency  
**DATE:** September 8, 2017



---

**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$350,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2017 SERIES (TO BE DETERMINED):**

The Division of Bond Finance of the State Board of Administration (the "Division"), on behalf of the State Board of Education, has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$350,000,000 Public Education Capital Outlay Refunding Bonds, 2017 Series (to be determined) (the "Bonds") for the purpose of refunding all or a portion of the outstanding Public Education Capital Outlay Bonds 2006 Series E and 2007 Series D, and to pay certain costs of issuance; provided, however, that none of the said Bonds shall be issued in excess of the amount which can be issued in full compliance with the State Bond Act and other applicable provisions of law, and pursuant to Section 9(a)(2), Article XII of the Constitution of Florida, as amended. The Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on July 21, 1992, and the Sixty-fourth Supplemental Authorizing Resolution and a sale resolution adopted by the State Board of Education on July 17, 2017.

The State Board of Education has heretofore issued Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds, 1999 Series D through 2017 Series B ("the "Outstanding Bonds"). The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$233,000,000 Public Education Capital Outlay Bonds, 2017 Series (to be determined) (the "2017 Series Bonds") at its April 11, 2017, meeting, of which \$146,215,000 remains unissued. The proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Gross Receipts Taxes with the Outstanding Bonds, and when and if issued, the 2017 Series Bonds.

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  
\$350,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF  
EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS,  
2017 SERIES (TO BE DETERMINED)**

**WHEREAS**, the State Board of Education of Florida proposes to issue an amount not exceeding \$350,000,000 Public Education Capital Outlay Refunding Bonds, 2017 Series (to be determined) (the "Bonds") for the purpose of refunding all or a portion of the outstanding Public Education Capital Outlay Bonds 2006 Series E and 2007 Series D, and to pay certain costs of issuance; provided, however, that none of the said Bonds shall be issued in excess of the amount which can be issued in full compliance with the State Bond Act and other applicable provisions of law, and pursuant to Section 9(a)(2), Article XII of the Constitution of Florida, as amended; and,

**WHEREAS**, the Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on July 21, 1992, and the Sixty-fourth Supplemental Authorizing Resolution and a sale resolution adopted by the State Board of Education on July 17, 2017; and,

**WHEREAS**, the proposed Bonds shall be secured by a lien upon the Gross Receipts Taxes which are required to be deposited in the Public Education Capital Outlay and Debt Service Trust Fund administered by the State Board of Education of Florida (the "Gross Receipts Taxes"), and the Bonds are additionally secured by a pledge of the full faith and credit of the State of Florida; and,

**WHEREAS**, the State Board of Education has heretofore issued Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds, 1999 Series D through 2017 Series B (the "Outstanding Bonds"); and,

**WHEREAS**, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$233,000,000 Public Education Capital Outlay Bonds, 2017 Series (to be determined) (the "2017 Series Bonds") at its April 11, 2017, meeting, of which \$146,215,000 remains unissued; and,

**WHEREAS**, the proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Gross Receipts Taxes with the Outstanding Bonds, and when and if issued, the 2017 Series Bonds; and,

**WHEREAS**, the Division of Bond Finance 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 as described in 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, that the proposal of the State Board of Education of Florida to issue an amount not exceeding \$350,000,000 Public Education Capital Outlay Refunding Bonds, 2017 Series (to be determined), is hereby approved as to fiscal sufficiency.

**ADOPTED** October 17, 2017

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 October 17, 2017, approving the fiscal sufficiency of an amount not exceeding \$350,000,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2017 Series (to be determined).

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida this 17th day of October 2017.

---

**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

September 25, 2017

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

RE: Not Exceeding \$350,000,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2017 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 fiscal sufficiency approval at your board meeting of October 17, 2017.

The proposed bonds will be issued to refund all or a portion of the outstanding Public Education Capital Outlay Bonds 2006 Series E and 2007 Series D and to pay costs associated with the issuance and sale of the proposed bonds. The bonds will only be issued if there is a savings.

The bonds will be payable from gross receipts taxes and are additionally secured by the full faith and credit of the State of Florida. The bonds will be on a parity with the previously issued 1999 Series D through 2017 Series B Bonds and the remaining balance of \$146,215,000 of the \$233,000,000 fiscal sufficiency approval for 2017 Bonds received on April 11, 2017, when and if issued.

The bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on July 21, 1992, and the Sixty-fourth Supplemental Authorizing Resolution and the sale resolution adopted by the State Board of Education on July 17, 2017.

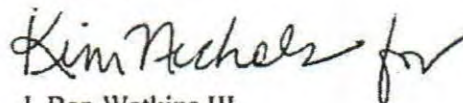
Mr. Williams  
September 25, 2017  
Page Two

Enclosed for your review are the following:

- Enclosure 1: An estimated coverage table for the program on outstanding debt service based upon the projected gross receipts tax revenues from the July 27, 2017, Revenue Estimating Conference without consideration of the potential savings from the proposed refunding bonds, but taking into account the remaining balance of the previously authorized new money bonds;
- Enclosure 2: An estimated debt service and savings schedule for the proposed refunding bonds;
- Enclosure 3: The gross receipts tax estimates from the July 27, 2017, Revenue Estimating Conference;
- Enclosure 4: A copy of the Sixty-fourth Supplemental Authorizing Resolution adopted by the State Board of Education on July 17, 2017; and
- Enclosure 5: A copy of the sale resolution adopted by the State Board of Education on July 17, 2017.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Kim Nichols for", with a stylized flourish at the end.

J. Ben Watkins III  
Director

JBW:km

Enclosures

cc: Anthony Doheny  
Robert Copeland

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

---

**TO:** Ash Williams  
**FROM:** Robert Copeland  
**SUBJECT:** Fiscal Sufficiency  
**DATE:** September 26, 2017

---

**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$50,000,000  
STATE OF FLORIDA, BOARD OF GOVERNORS, UNIVERSITY SYSTEM  
IMPROVEMENT REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED):**

The Division of Bond Finance of the State Board of Administration (the "Division"), on behalf the Florida Board of Governors, has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$50,000,000 State of Florida, Board of Governors, University System Improvement Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 2008A Bonds. The Bonds will be issued pursuant to resolutions expected to be adopted by the Governor and Cabinet on October 17, 2017, authorizing the issuance and sale of the Bonds.

The Division has heretofore issued University System Improvement Revenue Bonds and Revenue Refunding Bonds, Series 2008A through 2017A (the "Outstanding Bonds"). The Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the pledged revenues and in all other respects, 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 from the Pledged Revenues 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 fiscal sufficiency of the proposal outlined above.

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION  
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT  
EXCEEDING \$50,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS,  
UNIVERSITY SYSTEM IMPROVEMENT REVENUE REFUNDING 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 \$50,000,000 State of Florida, Board of Governors, University System Improvement Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), on behalf of the Florida Board of Governors for the purpose of refunding all or a portion of the outstanding Series 2008A Bonds and to pay costs associated with the sale and issuance of the Bonds; and,

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

**WHEREAS**, the Bonds will be issued pursuant to resolutions expected to be adopted by the Governor and Cabinet on October 17, 2017, authorizing the issuance and sale of the Bonds; and,

**WHEREAS**, the Division has heretofore issued University System Improvement Revenue Bonds and Revenue Refunding Bonds, Series 2008A through 2017A (the "Outstanding Bonds"); and,

**WHEREAS**, the Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Revenues and in all other respects, with the Outstanding Bonds; and,

**WHEREAS**, the principal of and interest due on the Bonds shall be paid solely out of revenues and other amounts pledged therefore, as described in the Authorizing Resolution; and,

**WHEREAS**, the Bonds do not constitute an obligation, either general or special, of the State of Florida or any of its units of local government and shall not be a debt of the State or of any unit of local government, and neither the State nor any unit of local government shall be liable thereon; and,

**WHEREAS**, the proceeds of the Bonds shall be and constitute trust funds and shall be used and applied solely in the manner and for the purposes provided in the Authorizing 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 Division, on behalf of the Florida Board of Governors, 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, a constitutional body as described in Section 4 of Article IV of the revised Florida Constitution of 1968, as amended, that the proposal of the Division of Bond Finance of the State Board of Administration to issue not exceeding \$50,000,000 State of Florida, Board of Governors, University System Improvement Revenue Refunding Bonds, Series (to be determined), for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

**ADOPTED** October 17, 2017

**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 revised Florida Constitution of 1968, as 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 October 17, 2017, approving the fiscal sufficiency of an amount not exceeding \$50,000,000 State of Florida, Board of Governors, University System Improvement Revenue Refunding Bonds, Series (to be determined).

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 17th day of October, 2017.

---

**Ashbel C. Williams**, Executive Director & CIO

**(SEAL)**





**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

JIMMY PATRONIS  
CHIEF FINANCIAL OFFICER

PAM BONDI  
ATTORNEY GENERAL

ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO

**MEMORANDUM**

To: Ashbel C. Williams, Executive Director & CIO

From: Ruth A. Smith, Assistant General Counsel

Subject: Agenda Item for the September 26, 2017 Cabinet Meeting  
Proposed Amendments to Rule 19-7.002, (Investment Policy Statement) to  
adopt the revised Investment Policy Statement for the Local Government  
Surplus Funds Trust Fund, Approved and Made Effective by the Trustees on  
June 14, 2017

Request Approval to File the Rule 19-7.002 for Notice if  
No Member of the Public Timely Requests a Rule Hearing

Date: September 7, 2017

---

RULE 19-7.002 (Investment Policy Statements): ACTION REQUESTED:

REQUEST APPROVAL TO FILE FOR NOTICE AMENDMENTS TO RULE 19-7.002, F.A.C.  
(INVESTMENT POLICY STATEMENTS) AND TO FILE THE RULE FOR ADOPTION IF NO  
MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THIS  
RULE.

The purpose and effect of the proposed rule amendments to Rule 19-7.002, F.A.C. will be to adopt the revised Investment Policy Statement for the Local Government Surplus Funds Trust Fund. This policy statement is incorporated by reference in Rule 19-7.002, F.A.C.

The revisions to the policy statement were approved and made effective by the Trustees on June 14, 2017. There are no significant policy issues or controversial issues connected to the rule amendments. The amendments simply serve as an informational update.

The proposed rule amendments do not impose any burdens on businesses; they do not restrict entry into a profession; they have no impact on the availability of services to the public; they have no impact on job retention; they do not impose any restrictions on employment seekers; and they do not impose any costs. No legislative ratification is required.

Attached are:

- Proposed Amendments to Rule 19-7.002 (Investment Policy Statements, F.A.C.
- Investment Policy Statement Local Government Investment Pool (Non-Qualified), Approved and effective June 14, 2017

**Investment Policy Statement  
Local Government Surplus Funds Trust Fund (Non-Qualified)  
Effective June 14, 2017**

***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(9), 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.

### **19-7.002 Investment Policy Statements.**

The Local Government Surplus Funds Trust Fund (Non-Qualified) Investment Policy Statement, as approved and made effective by the Trustees of the State Board of Administration on June 14, 2017 ~~August 2,~~

~~2016~~, [http://www.flrules.org/Gateway/reference.asp?No=Ref-](http://www.flrules.org/Gateway/reference.asp?No=Ref-08622)

~~08622~~ <http://www.flrules.org/Gateway/reference.asp?No=Ref-07429>, is hereby adopted and incorporated by reference. The Investment Policy Statement may be obtained by contacting: State Board of Administration, 1801 Hermitage Blvd., Suite 100, Tallahassee, Florida 32308, Attn.: Florida PRIME Program, or by accessing the sbafla.com website, and clicking on the Florida PRIME heading under the Funds We Manage tab. The Investment Policy Statement for the Local Government Surplus Funds Trust Fund (Non-Qualified) can be accessed under the Risk Management and Oversight section.

*Rulemaking Authority 218.412, 218.421(1), 288.405(4) FS. Law Implemented 218.405(1), (2), (3), (4), 218.409(2), (9), 218.415(17), 218.418, 218.421(2) FS. History—New 12-13-09, Amended 4-11-12, 1-18-14, 11-20-14, 2-18-16, 2-9-17,\_\_\_\_\_.*



## 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

JIMMY PATRONIS  
CHIEF FINANCIAL OFFICER

PAM BONDI  
ATTORNEY GENERAL

ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO

### MEMORANDUM

To: Ashbel C. Williams, Executive Director & CIO

From: Ruth A. Smith, Assistant General Counsel

Subject: Agenda Item for the September 26, 2017 Cabinet Meeting:  
Proposed Amendments to:  
Rule 19-9.001  
Rules 19-11.001, 19-11.002, 19-11.003, 19-11.004, 19-11.006, 19-11.007,  
19-11.008, 19-11.009, 19-11.012, 19-11.013 and 19-11.014, F.A.C.  
Rules 19-13.001 and 19-13.002, F.A.C.

Request Approval to File the Rules for Notice and For Adoption/Repeal if  
No Member of the Public Timely Requests a Rule Hearing

Date: September 7, 2017

---

#### Overview of Main Changes:

- Updated Investment Policy Statement is being adopted in Rule 19-9.001, F.A.C.
- Certain changes to Rules 19-11.001 and 19-11.009 are necessitated by Chapter 2017-88, Laws of Florida, which amends Section 121.122, Florida Statutes to provide that a retiree of the Investment Plan, Senior Management Service Optional Annuity Program (SMSOAP), State University System Optional Retirement Program (SUSORP) or State Community College System Optional Retirement Program (SCCSORP) who is reemployed with a FRS-participating employer in a covered position on or after July 1, 2017 will be a mandatory renewed member of the Investment Plan, unless employed in a position eligible for participation in the SUSORP or SCCSORP. Such renewed member will be enrolled in the Regular Class, unless the position meets the requirements to enroll in the Special Risk Class, Elected Officers' Class or Senior Management Service Class.
- New forms are being adopted by amendments to Rules 19-11.002, 19-11.003, 19-11.004, 19-11.006, 19-11.007, and 19-11.012, F.A.C.



- Rules 19-11.002 and 19-11.014, F.A.C. are being amended to indicate that, as provided by Chapter 2017-88, Laws of Florida, survivorship benefits paid to the surviving spouse and children of an Investment Plan member killed in the line-of-duty shall be paid as provided in Section 121.091(7)(d) and (i), Florida Statutes.

A. RULE 19-9.001 (Investment Policy Statement): ACTION REQUESTED:

REQUEST APPROVAL TO FILE FOR NOTICE PROPOSED AMENDMENTS TO RULE 19-9.001, F.A.C (INVESTMENT POLICY STATEMENT) AND TO FILE THE RULE FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THIS RULE.

The purpose and effect of the proposed rule amendments to Rule 19-9.001, F.A.C. will be to adopt the revised Investment Policy Statement for the Florida Retirement System Investment Plan and to advise the public how copies of this policy statement may be obtained. The revisions to the policy statement were approved by the Trustees on June 14, 2017. There are no significant policy issues or controversial issues connected to this rule amendment. The amendments simply serve as an informational update.

The proposed rule amendments do not impose any burdens on businesses; they do not restrict entry into a profession; they have no impact on the availability of services to the public; they have no impact on job retention; they do not impose any restrictions on employment seekers; and they do not impose any costs. No legislative ratification is required.

B. RULE CHAPTER 19-11 (PROCEDURES FOR THE FRS INVESTMENT PLAN): ACTION REQUESTED:

REQUEST APPROVAL TO FILE FOR NOTICE PROPOSED AMENDMENTS TO THE FOLLOWING RULES IN RULE CHAPTER 19-11, F.A.C. (PROCEDURES FOR THE FRS INVESTMENT PLAN), AND FURTHER TO FILE THE RULES FOR ADOPTION, IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THESE RULES:

<b>19-11.001</b>	<b>Definitions</b>
<b>19-11.002</b>	<b>Beneficiary Designations and Distributions for FRS Investment Plan</b>
<b>19-11.003</b>	<b>Distributions from FRS Investment Plan Accounts</b>
<b>19-11.004</b>	<b>Excessive Trading in the FRS Investment Plan</b>
<b>19-11.006</b>	<b>Enrollment Procedures for New Hires</b>
<b>19-11.007</b>	<b>Second Election Enrollment Procedures for the FRS Retirement Programs</b>
<b>19-11.008</b>	<b>Forfeitures</b>
<b>19-11.009</b>	<b>Reemployment with an FRS-covered Employer after Retirement</b>
<b>19-11.012</b>	<b>Rollovers or Plan to Plan Transfers to or from the FRS Investment Plan</b>
<b>19-11.013</b>	<b>FRS Investment Plan Self-Directed Brokerage Account</b>

**19-11.014            Benefits Payable for Investment Plan Disability and In-Line-Of-Duty Death Benefits.**

The rule amendments to Rule 19-11.001 serve to indicate that a “member” of the Investment Plan includes an individual who is deemed to be a renewed member pursuant to Section 121.122, Florida Statutes, which has been amended by Chapter 2017-88, Laws of Florida, to provide that certain retirees who are reemployed on or after July 1, 2017, may be renewed members of the Investment Plan. Rule 19-11.002 is being amended to indicate that an Investment Plan member who is killed in the line of duty shall have certain survivorship benefits paid; to indicate the dates that certain enrollment forms and second election enrollment forms have been amended; and update the name of the investment fund used to hold account funds where the beneficiary cannot be located. The amendments to Rule 19-11.003, F.A.C. adopt the latest version of the Employment Termination Form and to make a few minor editorial revisions. Rule 19-11.004, F.A.C. is being amended to adopt the revised Transfer Request Form-Excessive Fund Trading Violators. Rule 19-11.006 is being amended to adopt the latest versions of the applicable enrollment forms; and to update and clarify information concerning specific enrollment procedures. Rule 19-11.007, F.A.C. is being amended to adopt the latest versions of the Second Election enrollment forms; and to indicate that an Investment Plan member that is eligible to be a renewed Investment Plan member on or after July 1, 2017 is not eligible to use the second election to transfer to the Pension Plan. Rule 19-11.008, F.A.C. is being amended to indicate the any unvested account balances will be transferred to a suspense account which is invested in the FRS Intermediate Bond Fund. Rule 19-11.009 is being amended to indicate that, as provided by amendments to Section 121.122, Florida Statutes, a retiree of the Investment Plan, Senior Management Service Optional Annuity Program (SMSOAP), State University System Optional Retirement Program (SUSORP) and State Community College System Optional Retirement Program (SCCSORP) who is reemployed with a FRS-participating employer in a covered position on or after July 1, 2017 will be a mandatory renewed member of the Investment Plan, unless employed in a position eligible for participation in the SUSORP or SCCSORP. Such renewed member will be enrolled in the Regular Class, unless the position meets the requirements to enroll in the Special Risk Class, Elected Officers’ Class or Senior Management Service Class. Rule 19-11.012, F.A.C. is amended to adopt the latest version of the rollover forms. Rule 19-11.013, F.A.C. is amended to set forth how the Self-Directed Brokerage Account enrollment form can be obtained and to make a few clarifications. Rule 19-11.014 is being updated to indicate that the survivorship benefit s paid to the surviving children of an Investment Plan member killed in the line-of-duty shall be paid as provided in Section 121.091(7)(d) and (i), Florida Statutes.

There are no significant policy issues or controversial issues connected to the rule amendments. The amendments simply serve as an informational update.

The rule amendments do not impose any burdens on businesses; they do not restrict entry into a profession; they have no impact on the availability of services to the public; they have no impact on job retention; they do not impose any restrictions on employment seekers; and they do not impose any costs. No legislative ratification of the proposed amendments is required.

**C. RULES 19-13.001 (Roles and Responsibilities of the State Board of Administration of Florida) and 19-13.002 (Roles and Responsibilities of the Division of Retirement within the Department of Management Services):  
ACTION REQUESTED:**

**REQUEST APPROVAL TO FILE FOR NOTICE AMENDMENTS TO RULES 19-13.001 AND 19-13.002 AND TO FILE THE RULES FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THESE RULES.**

The rule amendments to Rule 19-13.001 serve to indicate that there no longer are just ten (10) target date funds that are available investment options to investment plan members. The total number of funds may continue to vary over time. Rule 19-13.002 is being amended to recognize that Chapter 2017-88, Laws of Florida, amended Section 121.591(4), Florida Statutes, to provide for special in line-of-duty death benefits for the spouse and child(ren) of any investment plan member, and not just special risk class members. Thus, the Division of Retirement will now administer in-line-of-duty death benefits for all members.

There are no significant policy issues or controversial issues connected to the rule amendments. The amendments simply serve as an informational update.

The proposed rule amendments do not impose any burdens on businesses; they do not restrict entry into a profession; they have no impact on the availability of services to the public; they have no impact on job retention; they do not impose any restrictions on employment seekers; and they do not impose any costs. No legislative ratification is required.

#### **ATTACHMENTS:**

##### **I. AMENDMENT TEXT:**

--Proposed Amendments to Rule 19-9.001, F.A.C.

--Proposed Amendments to Rules 19-11.001, 19-11.002, 19-11.003, 19-11.004, 9-11.006, 19-11.007, 19-11.008, 19-11.009, 19-11.012, 19-11.013 and 19-11.014, F.A.C.

--Proposed Amendments to Rules 19-13.001 and 19-13.002, F.A.C.

## II. FORMS AND INCORPORATED MATERIALS:

Rule 19-9.001:

--Florida Retirement System Investment Plan Investment Policy Statement

Rule 19-11.004:

--Transfer Request Form- Excessive Trading Fund Violators

Rule 19-11.006:

--General Retirement Plan Enrollment Form

--Elected Officers' Class Retirement Plan Form

--State Community College System Optional Retirement Program (CCORP)  
Enrollment Form

--Local Senior Management Service Employees Retirement Plan Enrollment  
Form

Rule 19-11.007:

--2<sup>nd</sup> Election Retirement Plan Enrollment Form

--2<sup>nd</sup> Election EZ Retirement Plan Enrollment Form

Rule 19-11.009:

--Certification Form

Rule 19-11.012:

--Employee Rollover Deposit Instructions and Form

--DROP Accumulation Direct Rollover Form- Current DROP Members

--DROP Direct Rollover Form- Former DROP Members

### **19-9.001 Investment Policy Statement.**

The Florida Retirement System Investment Plan Investment Policy Statement, as approved by the Trustees of the State Board of Administration on June 14, 2017 ~~February 9, 2012~~, <http://www.flrules.org/Gateway/reference.asp?No=Ref-08699> ~~<http://www.flrules.org/Gateway/reference.asp?No=Ref-01218>~~ is hereby adopted and incorporated by reference. The Investment Policy Statement may be obtained by contacting: State Board of Administration, 1801 Hermitage Blvd., Suite 100, Tallahassee, Florida 32308; Attn.: Office of Defined Contribution Programs, or by accessing the MyFRS.com website, clicking on the Investment Funds link and then clicking on Fund Policies ~~sbafla.com website, clicking on the Risk Management and Oversight tab, and then clicking on FRS Investment Plan under the Investment Policy Statements section.~~

*Rulemaking Authority 121.4501(8), 215.52 FS. Law Implemented 121.4501(1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), (14), (15) FS. History--New 7-29-01, Amended 7-23-02, 5-10-05, 5-19-09, 7-12-12,\_\_\_\_\_.*

# FLORIDA RETIREMENT SYSTEM

## Investment Plan Investment Policy Statement

### I. PURPOSE

The Florida Retirement System Investment Plan Investment Policy Statement (IPS) serves as the primary statement of Trustee policy regarding their statutory responsibilities and authority to establish and operate an optional defined contribution retirement program for members of the Florida Retirement System. The IPS shall serve as a guiding document pertaining to investment matters with respect to the Investment Plan. The Trustees will strive to make investment decisions consistent with this IPS. Section 121.4501(14), Florida Statutes, directs the Trustees of the State Board of Administration to approve the IPS. The IPS will be reviewed annually and will be revised or supplemented as policies are changed or developed.

### II. DEFINITIONS

- A. **Member** – An employee who enrolls in the Florida Retirement System Investment Plan, a member-directed 401(a) program, in lieu of participation in the defined benefit program of the Florida Retirement System, a terminated Deferred Retirement Option Program (DROP) member as described in section 121.4501(21), Florida Statutes, or an alternate payee of a member or employee.
- B. **Investment Product** – The result of a process that forms portfolios from securities and financial instruments in order to produce investment returns.
- C. **Investment Manager** – A private sector company that provides one or more investment products.
- D. **Investment Funds** – One of the investment options that may be chosen by participants. A Fund may be an aggregate of one or more investment products.
- E. **Bundled Provider** - A private sector company that offers investment products, combined with recordkeeping and trading services, which are designed to meet individualized needs and requirements of plan participants, so as to afford value to participants not available through individual investment product.
- F. **Passively Managed Option** – An investment management strategy that intends to produce the same level and pattern of financial returns generated by a market benchmark index.
- G. **Actively Managed Option** – An investment management strategy that relies on security return predictions in an effort to out-perform the financial returns generated by a market benchmark index.
- H. **Performance Benchmark** – A market benchmark index that serves as the performance measurement criterion for investment options.
- I. **Investment Plan Administrator or Recordkeeper** – A private sector company that provides administrative services, including individual and collective recordkeeping and accounting, IRC

limit monitoring, enrollment, beneficiary designation and changes, disbursement of monies, and other centralized administrative functions.

- J. **Self-Directed Brokerage Account** – An alternative method for Investment Plan members to select various investments options otherwise not available in the Investment Plan.
- K. **Self-Direct Brokerage Account Provider** – A private sector company that provides access to a Self-Directed Brokerage Account to members of the FRS Investment Plan.

### **III. OVERVIEW OF THE INVESTMENT PLAN AND STATE BOARD OF ADMINISTRATION**

- A. The Investment Plan is a member-directed 401(a) program selected by employees in lieu of participation in the defined benefit program of the Florida Retirement System. Investment Plan benefits accrue in individual accounts that are member-directed, portable and funded by employee and employer contributions and earnings. In accordance with Section 121.4501(15)(b), Florida Statutes, members and beneficiaries bear the investment risks and reap the rewards that result when they exercise control over investments in their accounts. Fluctuations in investment returns directly affect members' benefits.
- B. The State Board of Administration (Board), Division of Retirement, and affected employers administer the Investment Plan. The Board designs educational services to assist employers, eligible employees, members and beneficiaries. The State Legislature has the responsibility for setting contribution levels and providing statutory guidance for the administration of the Investment Plan.

### **IV. THE BOARD**

- A. The Board consists of the Governor, as Chairman, the Chief Financial Officer and the Attorney General. The Board shall establish an optional defined contribution retirement program for members of the Florida Retirement System and make a broad range of investment options, covering most major market segments, available to members. The Board makes the final determination as to whether any investment manager or product, third-party administrator, education vendor or investment guidance vendor shall be approved for the Plan.
- B. The Board shall discharge its fiduciary duties in accordance with the Florida statutory fiduciary standards of care as contained in Section 121.4501(15)(a), Florida Statutes.
- C. The Board delegates to the Executive Director & CIO the administrative and investment authority, within the statutory limitations and rules, to manage the Investment Plan. The Board appoints a nine-member Investment Advisory Council (IAC). The IAC reviews the IPS and any proposed changes prior to its presentation to the Board of Trustees. The Council presents the results of its review to the Board of Trustees prior to the Trustees' final approval of the statement or any changes.

### **V. THE EXECUTIVE DIRECTOR & CIO**



- A. The Executive Director & CIO is responsible for managing and directing administrative, personnel, budgeting and investment-related functions, including the hiring and termination of investment managers, bundled providers and products.
- B. The Executive Director & CIO is responsible for developing specific investment objectives and policy guidelines for investment options for the Investment Plan. The Executive Director & CIO is responsible for developing policies and procedures for selecting, evaluating, and monitoring the performance of investment managers and products to which employees may direct retirement contributions under the Investment Plan, and providing the Board with monthly and quarterly reports of investment activities.
- C. The Executive Director & CIO is responsible for maintaining an appropriate compliance program that ensures :
  - Compliance with contractual and investment guidelines of each investment manager;
  - Compliance with contractual provisions agreed to with the Investment Plan administrator and the custodian, and all other service providers to the Plan, to facilitate compliance with all legal requirements pertaining to the administration of the Plan, and compliance with all applicable administrative rules, SBA policies, and procedures; and
  - Compliance with reporting and valuation requirements.

In addition, the Executive Director & CIO is also responsible for maintaining diversified investment options, and maximizing returns with respect to the performance benchmarks of investment options offered in the Investment Plan line up, consistent with appropriate defined contribution plan design. Each investment option will avoid excessive risk and have a prudent degree of diversification relative to its broad market performance benchmark. The Executive Director & CIO will develop policies and procedures to:

- Identify and monitor manager performance and key investment and operational risks within the manager's business structure.
- Maintain an appropriate compliance program that ensures compliance with contractual and investment guidelines of each manager in the plan.
- Maintain an appropriate and effective oversight function within the Office of Defined Contribution Programs to ensure effective operational and administrative oversight.
- Approve fund allocations and limits for each fund-of-fund or Retirement Date Fund under the Investment Plan.

The Executive Director & CIO will appoint a Chief of Defined Contribution Programs, to assist in the execution of the responsibilities enumerated in the preceding paragraphs. For day-to-day executive and administrative purposes, the Chief of Defined Contribution Programs will proactively work with the Executive Director & CIO and designees to ensure that issues are promptly and thoroughly addressed by management. On at least a quarterly basis, the Chief of Defined Contribution Programs will provide reports to the Investment Advisory Council, and to the Audit Committee and Board as requested.

To ensure compliance with the enumerated functions outlined above, the SBA Chief Risk & Compliance Officer may conduct compliance reviews of Office of Defined Contribution Programs to ensure compliance with this Investment Policy Statement and any SBA related policies and procedures in place for the Investment Plan and will provide a report that details any adverse compliance exceptions to the Executive Director & CIO.

Pursuant to written SBA policy, the Executive Director & CIO will cause a regular review, documentation and formal escalation of any events that may have a material impact on the FRS Investment Plan Trust Fund. The Executive Director & CIO is delegated the authority and responsibility to prudently address any such events, with input from the Investment Advisory Council as necessary and appropriate, unless otherwise required in this Investment Policy Statement.

- D. The Executive Director & CIO shall adopt policies and procedures designed to prevent excessive member trading between investment options from negatively impacting other members.
- E. The Executive Director & CIO is responsible for periodically reviewing this IPS and recommending changes to the Board of Trustees when appropriate.

## **VI. INVESTMENT OBJECTIVES**

- A. The Investment Plan shall seek to achieve the following long-term objectives:
  - 1) Offer a diversified mix of low-cost investment options that span the risk-return spectrum and give members the opportunity to accumulate retirement benefits.
  - 2) Offer investment options that avoid excessive risk, have a prudent degree of diversification relative to broad market indices and provide a long-term rate of return, net of all expenses and fees that seek to achieve or exceed the returns on comparable market benchmark indices.
  - 3) Offer members meaningful, independent control over the assets in their account with the opportunity to:
    - a) Obtain sufficient information about the plan and investment alternatives to make informed investment decisions;
    - b) Direct contributions and account balances between approved investment options with a frequency that is appropriate in light of the market volatility of the investment options;
    - c) Direct contributions and account balances between approved investment options without the limitation of fees or charges; and
    - d) Remove accrued benefits from the plan without undue delay or penalties, subject to the contract and all applicable laws governing the operation of the Plan.

## **VII. MEMBER CONTROL AND PLAN FIDUCIARY LIABILITY**

- A. This IPS is structured to be consistent with the Legislature's intent to assign liability for members' investment losses to members and provide a safe harbor for Plan fiduciaries.

- B. In Sections 121.4501(8)(b)2. and 121.4501(15)(b), Florida law incorporates the federal law concept of participant control, established by regulations of the U.S. Department of Labor under section 404(c) of the Employee Retirement Income Security Act of 1974. The Investment Plan shall incorporate these concepts by providing Plan participants the opportunity to give investment instructions and obtain sufficient information to make informed investment decisions. The Investment Plan shall, in accordance with the 404(c) regulations and Florida law, provide members an opportunity to choose from a broad range of investment alternatives.
- C. If a member or beneficiary of the Investment Plan exercises control over the assets in his or her account, pursuant to section 404(c) regulations and all applicable laws governing the operation of the Plan, no Plan fiduciary shall be liable for any loss to a member's or beneficiary's account which results from such member's or beneficiary's exercise of control.
- D. The default option for FRS Investment Plan members that fail to make a selection of investment options shall be the FRS Retirement Target Date Fund (RDF) that matches the year closest to the year each individual member reaches normal retirement age for the Florida Retirement System as defined in Section 121.021(29) Florida Statutes, which otherwise meets the requirements of a qualified default investment alternative pursuant to regulations issued by the U.S. Department of Labor. The default option for FRS Pension Plan DROP participants who rollover funds from their DROP account to the Investment Plan as permitted by section 121.4501(21), Florida Statutes, and fail to make a selection of investment options shall be the FRS Retirement Fund.

### **VIII. MEMBER EDUCATION AND INVESTMENT GUIDANCE**

- A. The education component of the Investment Plan shall be designed by the Board to assist employers, eligible employees, members, and beneficiaries in order to maintain compliance with section 404(c) regulations and to assist employees in their choice of defined benefit or defined contribution retirement programs. Educational services include, but are not limited to, disseminating educational materials; providing retirement planning education; explaining the differences between the defined benefit retirement plan and the defined contribution retirement plan; and offering financial planning guidance on matters such as investment diversification, investment risks, investment costs, and asset allocation.

For members of the Investment Plan, the following items must be made available to members in sufficient time to allow them an opportunity to make informed decisions regarding the management of their individual retirement account under the Plan:

- A description of all investment funds offered as an investment option under the Investment Plan including: general investment objectives, risk and return characteristics, and type and diversification of assets, but excluding any investment instruments made available through a self-directed brokerage account.
- An explanation of how to give investment instructions and any limits or restrictions on giving instructions.
- A description of any transaction fees or expenses that are charged to the member's account in connection with purchases or sales of an investment fund.

- Investment summary fund profiles as defined at Sections 121.4501(15)(c), excluding the prospectus or other information for the underlying investment instruments available through the self-directed brokerage account provided by the Plan.
  - Descriptions of the annual operating expenses for each investment alternative, such as investment management fees, excluding the prospectus or other information for the underlying investment instruments available through the self-directed brokerage account provided by the Plan.
  - The value of shares of all investment funds and a quarterly member statement that accounts for contributions, investment earnings, fees, penalties, or other deductions, excluding the prospectus or other information for the underlying investment instruments available through the self-directed brokerage account provided by the Plan.
  - Information concerning the past investment performance of each investment fund, net of expenses, and relative to appropriate market indices, excluding the prospectus or other information for the underlying investment instruments available through the self-directed brokerage account provided by the Plan.
- B. Consistent with Sections 121.4501(8)(b)1. and 121.4501(10)(b), Florida Statutes, the education component shall provide FRS members with impartial and balanced information about the Plan and investment choices. In addition, any approved education organization shall not be an approved investment provider or be affiliated with an approved investment provider. Educational materials shall be prepared under the assumption that the employee is an unsophisticated investor and all educational materials, including those distributed by bundled providers, shall be approved by the Board prior to dissemination. Members shall have the opportunity to choose from different levels of education services, as well as a variety of delivery methods and media. All educational services offered by investment product providers shall be provided on a fee-for-service basis.
- C. The Board shall contract for the provision of low- or no -cost investment guidance to members that is supplemental to educational services and that may be paid for by those receiving the guidance. Investment guidance shall consist of impartial and balanced recommendations about investment choices consistent with Rule 19-13.004, F.A.C. Investment guidance provided to a member should be individualized and provided on a regular basis. Members may have the opportunity to choose from different levels of customized investment guidance services, as well as a variety of delivery methods and media.
- D. Investment guidance for Investment Plan members will provide optimized combinations of available Investment Plan investment options and any personally owned non-Investment Plan member directed tax-deferred or taxable accounts.
- E. Investment guidance for Pension Plan members will provide optimized combinations of any available Pension Plan benefit and any personally owned specific investment options across member directed tax-deferred or taxable accounts.

- F. Bundled provider(s) selected to provide investment products for Investment Plan members shall not provide any member education services aimed at influencing the choice between the defined benefit and defined contribution plans of the Florida Retirement System. This education program will only be provided by the neutral education provider hired to do so by the Board.

## **IX. ROLES OF THE INVESTMENT PLAN ADMINISTRATOR AND BUNDLED PROVIDERS**

- A. The Board will select a single private party to serve as the administrator for the Investment Plan. The Board makes the final determination as to whether any administrator shall be approved for the Plan. Administrative services such as individual and collective recordkeeping and accounting, IRC limit monitoring, enrollment, beneficiary designation and changes, disbursement of benefits, and other centralized administrative functions shall be provided by the single administrator selected by the Board. The SBA retains the right to delineate through the contract the specific administrative services to be provided by the Bundled Provider. The SBA also retains the right, consistent with Section 121.4501(8)(a)1., Florida Statutes, to enter into a contract with the Division of Retirement for certain administrative services.
- B. Bundled provider(s) selected to provide investment products to members will provide administrative services that are uniquely relevant to the bundled provider mandate. The SBA shall specify the administrative services to be provided by the single administrator and the bundled provider in the solicitation documents and contracts for services.

## **X. INVESTMENT OPTIONS AND PERFORMANCE BENCHMARKS**

- A. The authorized categories of Investment Plan investment options are segmented into tiers, with each designed to meet the varying needs of different members as shown in IPS-Table 1. The Investment Plan investment options are contained in IPS-Table 2. The default option for members that fail to make a selection of investment options shall be the Retirement Date Fund (RDF) that matches the year closest to the year each individual member reaches the normal retirement age for the Florida Retirement System as defined in Section 121.021(29) Florida Statutes. The investment options can be constructed under a multiple manager framework of two or more investment managers, however, the number of investment options shall not exceed the “Maximum Number of Options” listed in IPS-Table 2 for each category, except to the extent that:
- 1) Multiple investment options within the same category are simultaneously offered to facilitate a transitional mapping of contributions and account balances from a terminating option;
  - 2) An investment option is temporarily closed to new contributions and account balance transfers.

**IPS-Table 1: Authorized Investment Categories**

Tier	Philosophy
Tier I- Asset Allocation-Target Date Funds	Allow members to choose a diversified investment portfolio that best fits their career time horizon until anticipated retirement date. TDFs seek growth of assets in earlier years of employment and gradually shift to income oriented options at retirement. Designed for members with little investment knowledge who want a professionally managed asset allocation with little input from the member. These

	options will be comprised of underlying investments in the Investment Plan's Tier II and Tier III Core Options.
Tier II- Passively-Managed Core Options	Allow members who wish some control over major investment category shifts to create their own portfolios based on broad, low-cost index funds that best fit their time horizon, risk tolerance and investment goals.
Tier III- Actively –Managed Core Options	Allow members who wish more control over all key investment allocation decisions to create their own portfolios based on investment options from active managers who seek returns above a performance benchmark and that members believe best fit their time horizon, risk tolerance and investment goals.
Tier IV- Retirement Annuity Options	Allow members leaving FRS employment a means by which they can create an income stream of their accumulated assets that can last over their remaining lifetimes.
Tier V- Self Directed Brokerage Account	Allows members interested in investments outside of Tiers I, II and III the opportunity to invest in a broad array of mutual funds, stocks, US Treasuries and other investment alternatives based on their time horizon, risk tolerance, investment goals and/or preferences.

**IPS-Table 2: Authorized Investment Options Representative Performance Benchmarks, Retiree Annuities and Self Directed Brokerage Account**

Investment Option Categories	Maximum Number of Options	Representative Performance Benchmarks
<b>Tier I: Target Date Funds</b>		
A series of asset allocation funds structured in 5-year increments along a “glidepath” as demonstrated in IPS Chart 1 below.	10	Weighted Average of each Constituent Fund’s Benchmarks
<b>Tier II: Passively Managed Core Options</b>		
Enhanced U.S. Bond Index Fund	1	Barclays Aggregate Bond Index
Stock Market Index Fund	1	Russell 3000 Index
Foreign Stock Index Fund	1	MSCI All Country World Index ex U.S. IMI Index
<b>Tier III: Actively-Managed Core Options</b>		
Money Market Fund	1	iMoneyNet Money Funds Index(Net of Fees)

Multi- Assets Fund	1	Custom Multi-Asset Benchmark
Intermediate Bond Fund		Barclays Intermediate Aggregate Bond Index
Core Plus Bond Fund	1	Barclays Aggregate Bond Index
US Large Cap Stock Fund	1	Russell 1000 Index
US Small/Mid Cap Stock Fund	1	Russell 2500 Index
International Stock Fund	1	MSCI All Country World Index ex US Index
Global Stock Fund	1	MSCI All Country World Index

<b>Tier IV: Retiree Annuity Options</b>		(Section 121.591(1)(c), Florida Statutes)
Immediate and Deferred Annuities	Not Applicable	Specified by the Executive Director & CIO
<b>Tier V: Self-Directed Brokerage Account</b>	Not Applicable	Not applicable

- B. Investment options and investment products (i.e., that support Investment Funds that are composed of an aggregate of one or more investment products) may be provided by investment managers or bundled providers. Pursuant to Section 121.4501(9)(a), Florida Statutes, the Board shall select one or more providers who offer multiple investment products when such an approach is determined by the Board to afford value to members otherwise not available through individual investment products.
- C. Investment options may have performance benchmarks other than the “Representative Performance Benchmarks” listed in IPS-Table 2, but any alternative performance benchmark must be identified in the investment guidelines required under Section XI of this IPS and provide substantial coverage of the financial market segment defined by the corresponding Representative Performance Benchmark.
- D. Retirement Date Funds are only available as a weighted average of Tier II and III options. The Board shall establish procedures for initiating rebalancings per approved investment guidelines.
- E. With IAC review and input, the Executive Director & CIO shall periodically recommend changes to the authorized investment option categories in IPS-Tables 1 and 2, as modifications are appropriate. Any recommended modifications must be justified in terms of the incremental costs and benefits provided to members.

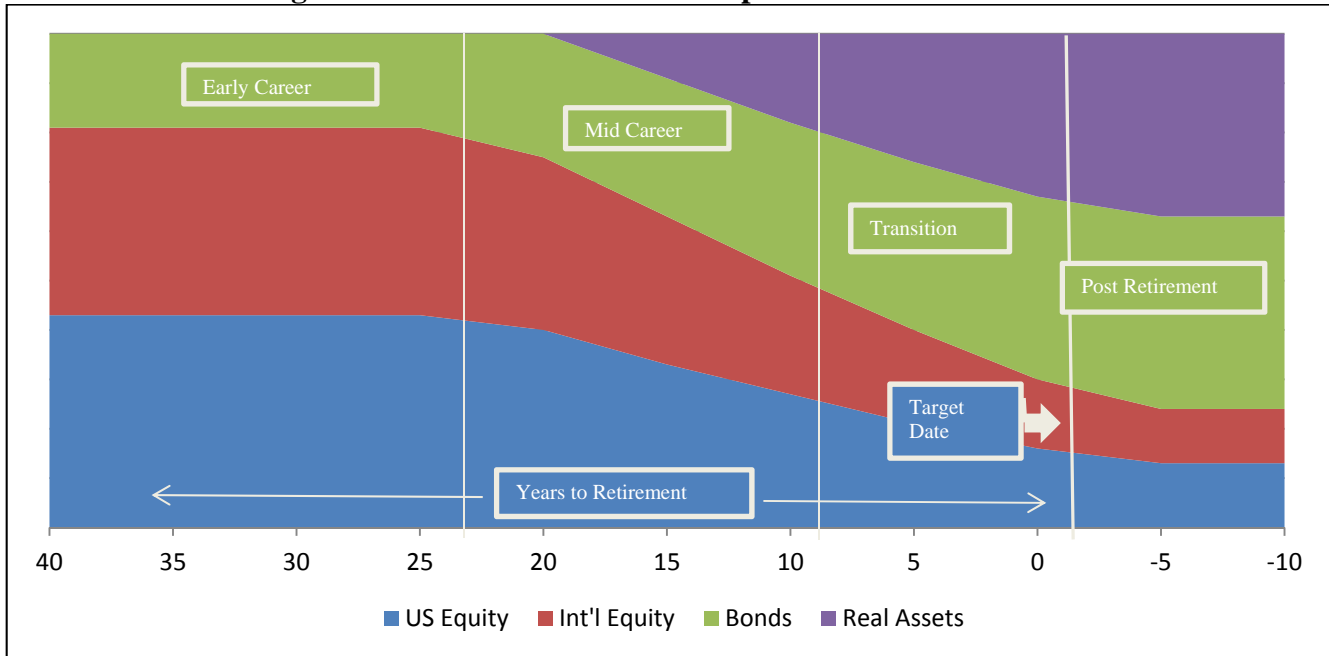
## **XI. GENERAL INVESTMENT OPTION GUIDELINES**

- A. The Executive Director & CIO is responsible for developing specific investment policies and guidelines for investment options, which reflect the goals and objectives of this IPS. In doing so, he is authorized to exercise and perform all duties set forth in Section 121.4501(9), Florida Statutes, except as limited by this IPS or Board Rules. General guidelines are as follows:
- 1) The Retirement Date Funds are diversified portfolios designed to provide members with professionally managed investment vehicles that can grow assets over their career. The funds seek favorable long-term returns through investments in the Tier II and III Options according to the

“glide path” allocation levels identified in IPS-Chart 1. Asset allocations will generally be held within a Current Operating Range (COR) of plus or minus 2% of their respective allocation target, but short-term deviations may occur. Optimized asset allocations for the Retirement Date Funds shall be established using methodology consistent with the guidance rendered by the Investment Plan’s investment consultant.



**IPS-Chart 1: Target Date Investment Funds Glidepath**



2) The Money Market Fund seeks high current income consistent with liquidity and capital preservation. The fund will be actively managed and will primarily invest in high quality, liquid, short-term instruments to control credit risk and interest rate sensitivity. The fund's sensitivity to interest rate changes will approximate that of the performance benchmark.

3) The U.S. Bond funds seek high current income consistent with capital appreciation. The funds may be passively or actively managed and will primarily invest in securities contained in the benchmark, although other fixed income instruments which fit the funds' objectives may be selectively used to generate excess return, such as non-investment grade securities or securities issued by foreign entities. The funds' sensitivity to interest rate changes will closely approximate that of the performance benchmark.

4) The U.S. Stock funds seek capital appreciation and current income. The funds may be passively or actively managed and will primarily invest in equities contained in the benchmark. Other securities which fit the funds' objectives may be selectively used to generate excess return. The funds' investment process will not have a persistent bias toward the selection of securities that are predominantly in the growth or value style categories.

5) The Foreign/International Stock funds seek capital appreciation and current income. The funds may be passively or actively managed and will primarily invest in equities contained in the benchmark, although other securities which fit the funds' objectives may be selectively used to generate excess return, such as equity securities issued by corporations domiciled in emerging economies.

6) The Multi- Assets Fund seeks long-term real returns to preserve the future purchasing power of accumulated member benefits. The fund will be actively managed and will primarily invest in a diversified array of assets that may act as a hedge against inflationary pressures including, but not limited to, U.S. Treasury's inflation-indexed securities, commodities, real estate investment trusts and other securities. The fund's sensitivity to interest rate changes and inflation will closely approximate that of the performance benchmark.

7) The Global Stock fund seeks capital appreciation and current income. The fund may be passively or actively managed and will primarily invest in equities contained in the benchmark, including equities domiciled in the United States, other developed and emerging economies although other securities which fit the funds' objectives may be selectively used to generate excess returns.

8) Each investment option must:

- a) Have a prudent degree of diversification relative to its performance benchmark;
- b) Be readily transferable from one Investment Plan account to another Investment Plan investment option or to private-sector or public-sector defined contribution plan accounts and self-directed individual retirement accounts;
- c) Allow transfers of members' balances into and out of the option at least daily, subject to the excessive trading policies of the providers and/or the SBA;
- d) Have no surrender fees or deferred loads/charges;
- e) Have no fees or charges for insurance features (e.g. mortality and expense risk charges);
- f) To the extent allowed by law, notwithstanding failure to meet one or more of the IPS Section XI(8)(b),(c)-(f) requirements, an option may be authorized if: (i) it produces significant and demonstrable incremental retirement benefits relative to other comparable products in the market place and comparable Tier I, Tier II, or Tier III options; and (ii) the incremental benefits are sufficient to offset all associated fees, charges and the expected economic cost of the variance(s) with the IPS Section XI(8)(b),(c)-(f) requirements. Comparability shall be based on the option's underlying investments within the broad categories of Money Market, U.S Fixed Income, U.S. Equities and Foreign Equities.

9) The annuity option offered in Tier IV must be provided by a provider with high independent ratings for financial strength and stability. Tier IV options may include immediate annuities with combinations of some of the following features:

- a) Single premium.
- b) Life or fixed period payouts.
- c) Single or joint life (survivors with an insurable interest).
- d) Complete or partial survivor benefits.
- e) Cash refund, installment refund or period certain features.
- f) Variable or fixed payments, non-participating, or income payable features.
- g) Deferred payments.

B. The long-term performance of each actively managed investment option is expected to exceed the returns on their performance benchmark, net of all fees and charges, while avoiding large year-to-year deviations from the returns of the performance benchmark. The long-term performance of

each passively managed investment option is expected to closely approximate returns on the performance benchmark, net of all fees and charges. Investment managers are authorized to prudently use options, futures, notional principal contracts or securities lending arrangements, in accordance with the fiduciary standards of care, as contained in Section 121.4501(15)(a), Florida Statutes, investment guidelines and related policies.

## **XII. INVESTMENT MANAGER SELECTION AND MONITORING GUIDELINES**

- A. The Executive Director & CIO shall develop policies and guidelines for the selection, retention and termination of investment managers, bundled providers and products, and shall manage all external contractual relationships in accordance with the fiduciary responsibilities of the Board, this IPS and provisions of Section 121.4501(9)(c), Florida Statutes.

When the Executive Director & CIO decides to terminate an investment fund in the Investment Plan, members will be granted an opportunity to direct their assets to other Investment Plan investment fund options prior to the investment fund termination. Assets that are not directed by members will be transferred or “mapped” to the investment fund(s) that the Executive Director & CIO deems appropriate. The mapping factors that will be consider include, but are not limited to, alignment of investment fund type (e.g., asset class, capitalization and style) and investment strategy (e.g., objectives, market focus, and implementation tactics).

- B. In the selection of investment managers, investment products or bundled providers, consideration shall be given to their effectiveness in minimizing the direct and indirect costs of transferring the total present value of accumulated benefit obligations for existing employees that choose membership in the Investment Plan from the Pension Plan trust to the Investment Plan trust.
- C. In the selection and monitoring of products from bundled providers, each proposed product will be evaluated on a stand-alone basis, pursuant to the requirement in Section 121.4501(9)(c)9., Florida Statutes. The cost-effectiveness of the levels of non-investment services supporting the products will also be evaluated relative to their benefits.
- D. In the selection, retention and termination of bundled providers and their proposed products and services, value, as that term is used in Section 121.4501(9)(a), Florida Statutes, shall be evaluated based on the value added to the process of accumulating retirement benefits for members. This evaluation shall consider the following factors in arriving at any staff recommendation:
- 1) Additional products or services that are not otherwise available to the members within the Plan;
  - 2) The type and quality of investment products offered;
  - 3) The type and quality of non-investment services offered; and
  - 4) Other significant elements that provide value to members, consistent with the mandates of Section 121.4501, Florida Statutes.
- E. On at least an annual basis, a review will be conducted of the performance of each approved investment manager and product and related organizational factors to ensure continued compliance with established selection, performance and termination criteria, Board policy and procedures and all contractual provisions. The performance and termination criteria for each provider and investment product will be reflected in each employment contract.

- F. In addition to reviewing the performance of the Investment Plan's investment managers/options, the Executive Director & CIO will periodically review all costs associated with the management of the Investment Plan's investment options, including:
- 1) Expense ratios of each investment option against the appropriate peer group; and
  - 2) Costs to administer the Plan, including recordkeeping, account settlement (participant balance with that of investment), allocation of assets and earnings, and (when applicable) the proper use of 12b-1 fees to offset these fees.

### **XIII. SELF-DIRECTED BROKERAGE ACCOUNT (SDBA) PROVIDER SELECTION AND MONITORING GUIDELINES**

- A. The Executive Director & CIO shall develop policies and guidelines for the selection, retention and termination of a SDBA Provider and shall manage the contractual relationship in accordance with the fiduciary responsibilities of the Board, this IPS and provisions of Section 121.4501(9) (c), Florida Statutes.
- B. The SDBA shall be offered as a service to Investment Plan members to enable members to select investments otherwise not offered in the Plan.
- C. In selecting the SDBA Provider, the Executive Director & CIO shall consider the following:
- 1) Financial strength and stability as evidenced by the highest ratings assigned by nationally recognized rating services when comparing proposed providers that are so rated.
  - 2) Reasonableness of fees compared to other providers taking into consideration the quantity and quality of services being offered.
  - 3) Compliance with the Internal Revenue Code and all applicable federal and state securities laws.
  - 4) The methods available to members to interact with the provider; the means by which members may access account information, direct investment of funds, transfer funds, and to receive funds prospectuses and related investment materials as mandated by state and federal regulations.
  - 5) Ability to provide prompt, efficient and accurate responses to participant directions, as well as providing confirmations and quarterly account statements in a timely fashion.
  - 6) Process by which assets are invested, as well as any waiting periods when the monies are transferred.
  - 7) Organizational factors, including, but not limited to, financial solvency, organizational depth, and experience in providing self-directed brokerage account services to public defined contribution plans.

- 8) The self-directed brokerage account available under the most beneficial terms available to any customer.
  - 9) The provider will agree not to sell or distribute member lists generated through services rendered to the investment plan.
  - 10) The provider, as well as any of its related entities, may not offer any proprietary products as investment alternatives in the self-directed brokerage account.
- D. The Executive Director & CIO shall regularly monitor the selected provider to ascertain whether there is continued compliance with established selection criteria, board policy and procedures, state and federal regulations, and any contractual provisions.
- E. The Executive Director & CIO shall ensure that the SDBA Provider will include access to investment instruments offered through the self-directed brokerage account by providing connectivity with the following:
- 1) Stocks listed on a Securities Exchange Commission (SEC) regulated national exchange.
  - 2) Exchange Traded Funds (except for leveraged Exchange Traded Funds).
  - 3) Mutual Funds not offered in the investment plan.
- F. The Executive Director & CIO shall ensure that the self-directed brokerage account accessibility does not include the following as investment alternatives:
- 1) Illiquid investments;
  - 2) Over the Counter Bulletin Board (OTCBB) securities;
  - 3) Pink Sheet® (PS) securities;
  - 4) Leveraged Exchange Traded Funds;
  - 5) Direct Ownership of Foreign Securities;
  - 6) Derivatives, including, but not limited to futures and options contracts on securities, market indexes, and commodities;
  - 7) Buying/Trading on Margin;
  - 8) Limited Partnership Interests;
  - 9) Investment Plan products;
  - 10) Any investment that would jeopardize the investment plan's tax qualified status.

- G. The Executive Director & CIO shall establish procedures with the SDBA Provider and the Investment Plan Administrator to ensure that an Investment Plan member may participate in the self-directed brokerage account, if the member:
- 1) Maintains a minimum balance of \$5,000 in the products offered under the investment plan;
  - 2) Makes a minimum initial transfer of funds into the self-directed brokerage account of \$1,000;
  - 3) Makes subsequent transfers of funds into the self-directed brokerage account in amounts of \$1,000 or greater;
  - 4) Pays all trading fees, commissions, administrative fees and any other expenses associated with participating in the self-directed brokerage account;
  - 5) Does not violate any trading restrictions established by the provider, the investment plan, or state or federal law.
- H. The Executive Director & CIO shall establish procedures with the SDBA Provider and the Investment Plan Administrator to ensure that employer contributions and employee contributions shall be initially deposited into member's Investment Plan account and will then be made available for transfer to the member's SDBA.
- I. The Executive Director & CIO shall establish procedures with the SDBA Provider and the Investment Plan Administrator that distributions will not be processed directly from member's assets in the SDBA. Assets must first be transferred to Investment Plan products. A member can request a distribution from the Investment Plan once the transfer of the assets from the SDBA to the member's Investment Plan account and all Investment Plan distribution requirements are met.
- J. The Executive Director & CIO shall ensure that any member participating in the SDBA will be provided, at minimum, a quarterly statement that meets Financial Industry Regulatory Authority (FINRA) requirements which details member investments in the SDBA. The statement shall include, but is not limited to, member specific accounting of the investment instruments selected by a member, the net gains and losses, and buy/sell transactions. Additionally, a confirmation of trade statement will be sent for each transaction and all fees, charges, penalties and deductions associated with each transaction are netted in the trade and reflected in the transaction confirmation.
- K. The Executive Director & CIO shall develop appropriate communications to members participating in the SDBA that will notify members that the Board is not responsible for managing the SDBA beyond administrative requirements as established between the Board and SDBA Provider. As such, investment alternatives available through the SDBA have not been subjected to any selection process, are not monitored by the Board, require investment expertise to prudently buy, manage and/or dispose of, and have a risk of substantial loss. The communication shall also notify members that they are responsible for any and all administrative, investment, and trading fees associated with participating in the SDBA.

- L. The Executive Director & CIO shall ensure that the provider will deliver a prospectus or other information for the underlying investments available through the self-directed brokerage account as provided in Section 121.4501(15)(c)(1) and (2) and in compliance with Federal laws.

#### **XIV. REPORTING**

- A. The Board directs the Executive Director & CIO to coordinate the preparation of quarterly reports of the investment performance of the Investment Plan by the Board's independent performance evaluation consultant.
- B. The following formal periodic reports to the Board shall be the responsibility of the Executive Director: an annual investment report, an annual financial report and a monthly performance report.

#### **XV. IMPLEMENTATION SCHEDULE**

This IPS is effective upon approval of the Board.



## 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

JIMMY PATRONIS  
CHIEF FINANCIAL OFFICER

PAM BONDI  
ATTORNEY GENERAL

ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO

### MEMORANDUM

To: Ashbel C. Williams, Executive Director & CIO

From: Ruth A. Smith, Assistant General Counsel

Subject: Agenda Item for the September 26, 2017 Cabinet Meeting:  
Proposed Amendments to:  
Rule 19-9.001  
Rules 19-11.001, 19-11.002, 19-11.003, 19-11.004, 19-11.006, 19-11.007,  
19-11.008, 19-11.009, 19-11.012, 19-11.013 and 19-11.014, F.A.C.  
Rules 19-13.001 and 19-13.002, F.A.C.

Request Approval to File the Rules for Notice and For Adoption/Repeal if  
No Member of the Public Timely Requests a Rule Hearing

Date: September 7, 2017

---

#### Overview of Main Changes:

- Updated Investment Policy Statement is being adopted in Rule 19-9.001, F.A.C.
- Certain changes to Rules 19-11.001 and 19-11.009 are necessitated by Chapter 2017-88, Laws of Florida, which amends Section 121.122, Florida Statutes to provide that a retiree of the Investment Plan, Senior Management Service Optional Annuity Program (SMSOAP), State University System Optional Retirement Program (SUSORP) or State Community College System Optional Retirement Program (SCCSORP) who is reemployed with a FRS-participating employer in a covered position on or after July 1, 2017 will be a mandatory renewed member of the Investment Plan, unless employed in a position eligible for participation in the SUSORP or SCCSORP. Such renewed member will be enrolled in the Regular Class, unless the position meets the requirements to enroll in the Special Risk Class, Elected Officers' Class or Senior Management Service Class.
- New forms are being adopted by amendments to Rules 19-11.002, 19-11.003, 19-11.004, 19-11.006, 19-11.007, and 19-11.012, F.A.C.



- Rules 19-11.002 and 19-11.014, F.A.C. are being amended to indicate that, as provided by Chapter 2017-88, Laws of Florida, survivorship benefits paid to the surviving spouse and children of an Investment Plan member killed in the line-of-duty shall be paid as provided in Section 121.091(7)(d) and (i), Florida Statutes.

A. RULE 19-9.001 (Investment Policy Statement): ACTION REQUESTED:

REQUEST APPROVAL TO FILE FOR NOTICE PROPOSED AMENDMENTS TO RULE 19-9.001, F.A.C (INVESTMENT POLICY STATEMENT) AND TO FILE THE RULE FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THIS RULE.

The purpose and effect of the proposed rule amendments to Rule 19-9.001, F.A.C. will be to adopt the revised Investment Policy Statement for the Florida Retirement System Investment Plan and to advise the public how copies of this policy statement may be obtained. The revisions to the policy statement were approved by the Trustees on June 14, 2017. There are no significant policy issues or controversial issues connected to this rule amendment. The amendments simply serve as an informational update.

The proposed rule amendments do not impose any burdens on businesses; they do not restrict entry into a profession; they have no impact on the availability of services to the public; they have no impact on job retention; they do not impose any restrictions on employment seekers; and they do not impose any costs. No legislative ratification is required.

B. RULE CHAPTER 19-11 (PROCEDURES FOR THE FRS INVESTMENT PLAN): ACTION REQUESTED:

REQUEST APPROVAL TO FILE FOR NOTICE PROPOSED AMENDMENTS TO THE FOLLOWING RULES IN RULE CHAPTER 19-11, F.A.C. (PROCEDURES FOR THE FRS INVESTMENT PLAN), AND FURTHER TO FILE THE RULES FOR ADOPTION, IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THESE RULES:

<b>19-11.001</b>	<b>Definitions</b>
<b>19-11.002</b>	<b>Beneficiary Designations and Distributions for FRS Investment Plan</b>
<b>19-11.003</b>	<b>Distributions from FRS Investment Plan Accounts</b>
<b>19-11.004</b>	<b>Excessive Trading in the FRS Investment Plan</b>
<b>19-11.006</b>	<b>Enrollment Procedures for New Hires</b>
<b>19-11.007</b>	<b>Second Election Enrollment Procedures for the FRS Retirement Programs</b>
<b>19-11.008</b>	<b>Forfeitures</b>
<b>19-11.009</b>	<b>Reemployment with an FRS-covered Employer after Retirement</b>
<b>19-11.012</b>	<b>Rollovers or Plan to Plan Transfers to or from the FRS Investment Plan</b>
<b>19-11.013</b>	<b>FRS Investment Plan Self-Directed Brokerage Account</b>

**19-11.014            Benefits Payable for Investment Plan Disability and In-Line-Of-Duty Death Benefits.**

The rule amendments to Rule 19-11.001 serve to indicate that a “member” of the Investment Plan includes an individual who is deemed to be a renewed member pursuant to Section 121.122, Florida Statutes, which has been amended by Chapter 2017-88, Laws of Florida, to provide that certain retirees who are reemployed on or after July 1, 2017, may be renewed members of the Investment Plan. Rule 19-11.002 is being amended to indicate that an Investment Plan member who is killed in the line of duty shall have certain survivorship benefits paid; to indicate the dates that certain enrollment forms and second election enrollment forms have been amended; and update the name of the investment fund used to hold account funds where the beneficiary cannot be located. The amendments to Rule 19-11.003, F.A.C. adopt the latest version of the Employment Termination Form and to make a few minor editorial revisions. Rule 19-11.004, F.A.C. is being amended to adopt the revised Transfer Request Form-Excessive Fund Trading Violators. Rule 19-11.006 is being amended to adopt the latest versions of the applicable enrollment forms; and to update and clarify information concerning specific enrollment procedures. Rule 19-11.007, F.A.C. is being amended to adopt the latest versions of the Second Election enrollment forms; and to indicate that an Investment Plan member that is eligible to be a renewed Investment Plan member on or after July 1, 2017 is not eligible to use the second election to transfer to the Pension Plan. Rule 19-11.008, F.A.C. is being amended to indicate the any unvested account balances will be transferred to a suspense account which is invested in the FRS Intermediate Bond Fund. Rule 19-11.009 is being amended to indicate that, as provided by amendments to Section 121.122, Florida Statutes, a retiree of the Investment Plan, Senior Management Service Optional Annuity Program (SMSOAP), State University System Optional Retirement Program (SUSORP) and State Community College System Optional Retirement Program (SCCSORP) who is reemployed with a FRS-participating employer in a covered position on or after July 1, 2017 will be a mandatory renewed member of the Investment Plan, unless employed in a position eligible for participation in the SUSORP or SCCSORP. Such renewed member will be enrolled in the Regular Class, unless the position meets the requirements to enroll in the Special Risk Class, Elected Officers’ Class or Senior Management Service Class. Rule 19-11.012, F.A.C. is amended to adopt the latest version of the rollover forms. Rule 19-11.013, F.A.C. is amended to set forth how the Self-Directed Brokerage Account enrollment form can be obtained and to make a few clarifications. Rule 19-11.014 is being updated to indicate that the survivorship benefit s paid to the surviving children of an Investment Plan member killed in the line-of-duty shall be paid as provided in Section 121.091(7)(d) and (i), Florida Statutes.

There are no significant policy issues or controversial issues connected to the rule amendments. The amendments simply serve as an informational update.

The rule amendments do not impose any burdens on businesses; they do not restrict entry into a profession; they have no impact on the availability of services to the public; they have no impact on job retention; they do not impose any restrictions on employment seekers; and they do not impose any costs. No legislative ratification of the proposed amendments is required.

**C. RULES 19-13.001 (Roles and Responsibilities of the State Board of Administration of Florida) and 19-13.002 (Roles and Responsibilities of the Division of Retirement within the Department of Management Services):  
ACTION REQUESTED:**

**REQUEST APPROVAL TO FILE FOR NOTICE AMENDMENTS TO RULES 19-13.001 AND 19-13.002 AND TO FILE THE RULES FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THESE RULES.**

The rule amendments to Rule 19-13.001 serve to indicate that there no longer are just ten (10) target date funds that are available investment options to investment plan members. The total number of funds may continue to vary over time. Rule 19-13.002 is being amended to recognize that Chapter 2017-88, Laws of Florida, amended Section 121.591(4), Florida Statutes, to provide for special in line-of-duty death benefits for the spouse and child(ren) of any investment plan member, and not just special risk class members. Thus, the Division of Retirement will now administer in-line-of-duty death benefits for all members.

There are no significant policy issues or controversial issues connected to the rule amendments. The amendments simply serve as an informational update.

The proposed rule amendments do not impose any burdens on businesses; they do not restrict entry into a profession; they have no impact on the availability of services to the public; they have no impact on job retention; they do not impose any restrictions on employment seekers; and they do not impose any costs. No legislative ratification is required.

#### **ATTACHMENTS:**

##### **I. AMENDMENT TEXT:**

--Proposed Amendments to Rule 19-9.001, F.A.C.

--Proposed Amendments to Rules 19-11.001, 19-11.002, 19-11.003, 19-11.004, 19-11.006, 19-11.007, 19-11.008, 19-11.009, 19-11.012, 19-11.013 and 19-11.014, F.A.C.

--Proposed Amendments to Rules 19-13.001 and 19-13.002, F.A.C.

## II. FORMS AND INCORPORATED MATERIALS:

Rule 19-9.001:

--Florida Retirement System Investment Plan Investment Policy Statement

Rule 19-11.004:

--Transfer Request Form- Excessive Trading Fund Violators

Rule 19-11.006:

--General Retirement Plan Enrollment Form

--Elected Officers' Class Retirement Plan Form

--State Community College System Optional Retirement Program (CCORP)  
Enrollment Form

--Local Senior Management Service Employees Retirement Plan Enrollment  
Form

Rule 19-11.007:

--2<sup>nd</sup> Election Retirement Plan Enrollment Form

--2<sup>nd</sup> Election EZ Retirement Plan Enrollment Form

Rule 19-11.009:

--Certification Form

Rule 19-11.012:

--Employee Rollover Deposit Instructions and Form

--DROP Accumulation Direct Rollover Form- Current DROP Members

--DROP Direct Rollover Form- Former DROP Members

### **19-11.001 Definitions.**

The following words and terms shall have the following meanings for purposes of Chapters 19-11 and 19-13, F.A.C.:

(1) through (36) No change.

(37) “Member,” “FRS Investment Plan Member,” or “Investment Plan Member” means an employee who elected to participate, defaulted, or is considered a renewed member pursuant to s. 121.122, F.S., and has an account established, in the Investment Plan as a result of current or previous employment with an FRS-covered employer; a person who has been designated as an alternate payee due to a qualified domestic relations order (“QDRO”); or a designated beneficiary when a member is deceased.

(38) through (49) No change.

*Rulemaking Authority 121.78(3)(c), 121.4501(8) FS. Law Implemented 121.78, 121.4501 FS. History—New 12-8-02, Amended 3-9-06, 7-12-12, 12-16-12, 6-5-14, 8-18-14, 12-30-15, 4-12-17,\_\_\_\_\_.*

### **19-11.002 Beneficiary Designations and Distributions for FRS Investment Plan.**

(1)(a) No change.

(b) An Investment Plan member ~~enrolled in the Special Risk Class~~ who dies in the line of duty shall have survivor benefits paid in accordance with Section 121.591(4), F.S., and Rule 19-11.014, F.A.C.

(c) Monthly survivor benefits for the spouse and child(ren) of members provided by Section 121.591(4), F.S., are payable in lieu of benefits otherwise payable under Section 121.591(1), F.S., or survivor benefits payable under Section 121.591(3), F.S., and shall supersede any other distribution that may have been provided by the member’s designation of beneficiary.

(2) through (3) No change.

(4)(a) If the member enrolls in the Investment Plan using the EZ Retirement Plan Enrollment Form for Regular, Special Risk and Special Risk Administrative Support Class Employees, Form ELE-1-EZ, rev. 08-16, the General Retirement Plan Enrollment Form for Regular Special Risk and Special Risk Administrative Support Class Employees, Form ELE-1, rev. ~~07-17~~ ~~10-16~~, which are adopted and incorporated by reference in subsection 19-11.006(2), F.A.C., or the 2nd Election EZ Retirement Plan Enrollment Form, Form ELE-2-EZ, rev. ~~07-17~~ ~~08-16~~, or the 2nd Election Retirement Plan Enrollment Form, Form ELE-2, rev ~~07-17~~ ~~10-16~~, which are adopted and incorporated by reference in subsection 19-11.007(3), F.A.C., the member agrees to the beneficiary designation contained in Section 121.4501(20), F.S., unless the member submits a beneficiary designation as provided in subsection (2) herein.

(4)(b) through (7)(c) No change

(d) After one year from the date of the member’s death, if the beneficiary cannot be located or if a beneficiary cannot be identified, the account will be transferred to the Suspense Account. By calendar year-end of each year following the transfer to the Suspense Account, the Investment Plan Administrator will attempt to locate and obtain the Social Security number or the Taxpayer Identification Number of the beneficiary. The transferred funds shall be invested in the FRS Intermediate Bond Fund ~~FIAM Intermediate Duration Pool Fund~~. The amount will be held in the Investment Plan Suspense Account until (1) the beneficiary contacts the FRS Investment Plan; or (2) another beneficiary requests consideration as the deceased’s proper beneficiary; or, (3) at the end of 10 years in the Suspense Account, the amount is transferred to the Investment Plan Forfeiture Account, where it is held indicating the name of the deceased member and the name of the beneficiary, if known.

(7)(e) through (14)(b) No change.

(c) After one year from the date of the member’s death, if the beneficiary cannot be located, the account will be transferred to the Suspense Account. No later than calendar year-end, of each year following the transfer to the Suspense Account, the Investment Plan Administrator will attempt to locate and obtain the Social Security number or the Taxpayer Identification Number of the beneficiary. The transferred funds shall be invested in the FRS Intermediate Bond Fund ~~FIAM Intermediate Duration Pool Fund~~. The amount will be held in the FRS Investment Plan Suspense Account until (1) the beneficiary contacts the Investment Plan; or (2) another beneficiary requests consideration as the deceased’s proper beneficiary; or, (3) at the end of 10 years in the Suspense Account, the amount is transferred to the Investment Plan Forfeiture Account, and the Administrator will maintain a record of the name of the deceased member and the name of the beneficiary, if known.

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

(15)(a) Pursuant to Federal guidelines, if the deceased member’s account is to be paid to the member’s estate but no Estate

Identification Number is provided, the account will not be paid to the Estate until the Estate Identification Number is received. In the event that no Estate Identification Number is provided within one year from the date of notification to the Investment Plan Administrator of the member's death, the Investment Plan Administrator will transfer the deceased member's account to the Suspense Account indicating the name of the deceased member. If after 10 years after the date of death, the Investment Plan Administrator has not received an Estate Identification Number, the deceased member's account will be transferred to the Investment Plan Forfeiture Account and the Administrator will maintain a record of the name of the deceased member. The transferred funds shall be invested in the FRS Intermediate Bond Fund ~~FIAM Intermediate Duration Pool Fund~~.

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

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

(d) Should the estate's representative subsequently provide an Estate Identification Number, a check will be issued to the estate, with actual earnings while invested in the FRS Intermediate Bond Fund ~~FIAM Intermediate Duration Pool Fund~~, from the date of transfer from the member's account to the Suspense Account and/or Forfeiture Account. Any applicable income tax withholding shall be paid to the appropriate tax authorities at the time of the benefit payment to the estate.

(16) through (17) No change.

*Rulemaking Authority 121.4501(8) FS. Law Implemented 121.091(5)(j), (8), 121.4501(20), 121.591(3), 732.802 FS. History—New 10-21-04, Amended 3-9-06, 11-26-07, 12-8-08, 1-7-10, 8-7-11, 7-12-12, 12-16-12, 10-15-13, 1-28-14, 12-30-15, 2-9-17, \_\_\_\_\_.*

#### **19-11.003 Distributions from FRS Investment Plan Accounts.**

(1) Distributions from Investment Plan accounts are made ~~either~~ after the member terminates employment from all Florida Retirement System (FRS)-participating employers and meets distribution eligibility requirements as set out below in subsection (2), or after the member's death. Monies that are rolled over from the Pension Plan Deferred Retirement Option Program (DROP) are available for immediate distribution.

(2) Distributions are available after the member terminates with all FRS-participating employers.

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

(b) If the member's termination date has not been submitted by the employer via the monthly payroll file within three (3) calendar months, the employer can complete and return the "Employment Termination Form," Form ETF-2, rev. 04/17 ~~05/13~~, <http://www.flrules.org/Gateway/reference.asp?No=Ref-08687> ~~<http://www.flrules.org/Gateway/reference.asp?No=Ref-05798>~~, which is hereby adopted and incorporated by this reference. The termination form can be obtained by accessing the MyFRS website at MyFRS.com, clicking on Resources, and then on Forms or by calling the MyFRS Financial Guidance Line at 1(866)446-9377, Option 4 or, for members who are deaf, hard of hearing, or speech impaired, TRS 711. This form has instructions and a section for the employer to provide the member's date of termination. Alternatively, the employer can log onto the employer page at MyFRS.com and go to Online Payroll and submit the termination date electronically.

(c) through Upon the expiration of the three (3) calendar months after termination, the member may request a distribution from the Investment Plan Administrator, by calling the toll free MyFRS Financial Guidance Line at 1(866)446-9377, Option 4 (TRS 711), or by logging on to the MyFRS.com website, accessing his or her personal account information, and then requesting the distribution through the online services.

(2)(d) through (11) No change.

*Rulemaking Authority 121.4501(8) FS. Law implemented 119.07(4)(d), 121.021(29), (39), 121.091(5)(j), 121.4501(20), 121.591, 121.77, 732.802*

**19-11.004 Excessive Trading in the FRS Investment Plan.**

(1) through (2)(b)3. No change.

(2)(b)4. Members who engage in Market Timing Trades and who have previously received a direction letter as described in subparagraph 3. above, will be sent another direction letter, delivered by courier. The direction letter will advise the member that the member will only be permitted to conduct trades involving primary funds via paper trading forms for at least three full calendar months following the date of the direction letter. The form to be used by the member in conducting the trades is the "Transfer Request Form, Excessive Fund Trading Violators," Form EFTPV-1, rev. 08-17 ~~06/10~~, <http://www.flrules.org/Gateway/reference.asp?No=Ref-08700> ~~<http://www.flrules.org/Gateway/reference.asp?No=Ref-01127>~~, which hereby is adopted and incorporated by this reference. The form will be sent to the member by the Plan Administrator with the direction letter. This form must be notarized and returned to the Office of Defined Contribution Programs, via U.S. mail, certified\return receipt requested. This form cannot be used to trade in, out or within the SDBA.

5. Members who engage in Market Timing Trades and who have previously received a direction letter as described in subparagraph 4. above, will be sent another direction letter, delivered by courier. The direction letter shall require that the member shall only be permitted to conduct trades involving primary funds via paper trading forms for at least twelve full calendar months following the date of the direction letter. The form to be used by the member in conducting the trades is the "Transfer Request Form, Excessive Fund Trading Violators," Form EFTPV-1, rev. ~~08-17~~ ~~06/10~~. This form must be notarized and returned to the Office of Defined Contribution Programs, via US mail, certified\return receipt requested.

6. Members who engage in Market Timing Trades and who have previously received a direction letter as described in subparagraph 5. above, will be sent another direction letter, delivered by courier. The direction letter will advise the member that the member will only be permitted to conduct trades involving primary funds via paper trading forms for the remainder of any time that any balance exists in the member's Investment Plan account following the date of the direction letter. The form to be used by the member in conducting the trades is the "Transfer Request Form, Excessive Fund Trading Violators," Form EFTPV-1, rev. ~~08-17~~ ~~06/10~~. This form must be notarized and returned to the Office of Defined Contribution Programs, via U.S. mail, certified/return receipt requested.

7. If the member submits a transfer request form that is incomplete, the form will not be processed. A form is considered as "incomplete" if it does not contain the name of the member; does not set forth the social security number of the member; is not notarized; is sent by facsimile, email or regular U.S. mail; does not specify what fund(s), dollar amount(s) or percentages(s) are to be transferred; or does not indicate the fund(s) into which the amounts are to be transferred. The form also will be considered "incomplete" if there are insufficient assets to execute the transfer(s), or if the requested transfer does not comply with the FRS Investment Plan Excessive Fund Trading Policy. Deficiencies are corrected through the resubmission of a transfer request form that is deemed to be complete.

8. Members who receive direction letters and who are placed on restricted trading within their primary funds, as provided in subparagraphs 2., 3., 4., 5., and 6. of paragraph (2)(b), shall be allowed to make automated trades in, out and within the SDBA. Any such member must meet the requirements of the SDBA as provided in Rule 19-11.013, F.A.C. Such member's activity within the SDBA is not subject to this policy, but will be subject to the applicable excessive trading rules and purchase restrictions of the funds in the SDBA.

(3) No change.

*Rulemaking Authority 121.4501(8) FS. Law Implemented 121.4501(13), (14), (15) FS. History-New 10-21-04, Amended 3-9-06, 10-25-07, 12-8-08, 1-7-10, 7-12-12, 6-5-14, 8-18-14, 12-30-15, 4-12-17,\_\_\_\_\_.*

**19-11.006 Enrollment Procedures for New Hires.**

(1) General Enrollment Procedures.

(a) All newly-hired Florida Retirement System (FRS)-covered employees are initially enrolled in the Pension Plan. If a newly-hired employee chooses, within the statutory election period, to enroll in the Investment Plan, or the Investment Plan Hybrid Option, the effective date of enrollment in the Investment Plan or the Investment Plan Hybrid Option is the date of hire of the employee.

(b) Eligible newly-hired employees enrolled in the Regular, Special Risk, and Special Risk Administrative Support classes may

choose to enroll in the Investment Plan by submitting an enrollment form or by electronic means.

(c) Eligible newly-hired employees may enroll in the Investment Hybrid Option if they have at least five (5) years of Pension Plan service, if enrolled in the FRS prior to July 1, 2011, or at least eight (8) years of Pension Plan service, if initially enrolled in the FRS on or after July 1, 2011.

(d) Eligible newly-hired employees enrolled in the Elected Officers' Class (EOC) or Senior Management Service Class (SMSC) may only enroll in the Investment Plan by submitting an enrollment form.

(e) Eligible newly-hired employees eligible to enroll in the State Community College System Optional Retirement Program (SCCSORP) (~~CCORP~~) or State University System Optional Retirement Program (SUSORP) may only enroll in the Investment Plan by submitting an enrollment form.

~~(f) Eligible State Senior Managers and Local Senior Managers eligible to enroll in the Senior Manager Service Annuity Optional Program (SMSOAP) may enroll in the Investment Plan by submitting an enrollment form.~~

~~(f)(e)~~ Enrollment forms for eligible newly-hired employees enrolled in the Regular, Special Risk and Special Risk Administrative Support classes are available in the enrollment package which is sent to an employee's address of record or by accessing MyFRS.com, and clicking on Resources and then on Forms; or by calling toll-free 1(866)446-9377, Option 2, or for the hearing impaired TRS 711. Enrollment forms for newly hired employees in the EOC, SMSC and newly-hired employees eligible to enroll in the CCORP are available by accessing MyFRS.com, and clicking on Resources and then on Forms; or by calling toll-free 1(866)446-9377, Option 2, or, for the hearing impaired, TRS 711.

(2) Specific Enrollment Procedures.

(a) All newly-hired employees enrolled in the Regular, Special Risk Administrative Support, EOC or SMSC classes may enroll in the Investment Plan no later than 4:00 p.m. (Eastern Time) the last business day of the ~~85th~~ month following the employee's month of hire or may elect to remain in the Pension Plan. Example: If an employee is hired on January 15, the employee must complete a plan choice no later than 4:00 p.m. (Eastern Time) the last business day of September ~~June~~. If no plan choice is filed by 4:00 p.m. (Eastern Time) on the last business day of September ~~June~~, the employee will default to the Investment Plan ~~Pension Plan~~ and will be considered the employee's initial plan choice.

1. The amount of the employee and employer contributions paid through the date of default to the Investment Plan will be transferred to the Investment Plan and placed in an age appropriate retirement date fund. The investment option may be changed by the employee once the account is funded.

(b) All newly-hired employees enrolled in the Special Risk class may enroll in the Investment Plan no later than 4:00 p.m. (Eastern Time) the last business day of the 8th month following the employee's month of hire or may elect to remain in the Pension Plan. Example: If an employee is hired on January 15, the employee must complete a plan choice no later than 4:00 p.m. (Eastern Time) the last business day of September. If no plan choice is filed by 4:00 p.m. (Eastern Time) on the last business day of September, the employee will default to the Pension Plan and will be considered the employee's initial plan choice.

~~(c)(b)~~ The employee must be actively employed, earning salary and service credit when the plan choice is processed by the Plan Choice Administrator.

~~(d)(e)~~ If the employee terminates employment during the plan choice enrollment window and fails to make a plan choice, he or she will be considered a newly-hired employee if returning to FRS-covered employment in the future and will be given another opportunity to make a plan choice. All previous service will be considered Pension Plan service.

~~(e)(d)~~ The State Board of Administration (SBA) has designed the forms set forth below for ease of use for employees in the several membership classes of the FRS. As an alternative, an employee not wishing to use the forms may provide the same information requested by the forms available for use for the appropriate membership class in a separate document. Employees may determine their membership class by contacting the agency's human resources office. The forms available are: an EZ Retirement Plan Enrollment Form, Form ELE-1-EZ, rev. 08/16, <http://www.flrules.org/Gateway/reference.asp?No=Ref-07617>, which is only for regular, special risk, and special risk administrative support class employees; a General Retirement Plan Enrollment Form, Form ELE-1, rev. ~~07/17~~ ~~10/16~~, <http://www.flrules.org/Gateway/reference.asp?No=Ref-08688> <http://www.flrules.org/Gateway/reference.asp?No=Ref-07618> for regular, special risk, and special risk administrative support class employees; an Elected Officers' Class Retirement Plan Form, Form EOC-1, rev. ~~07/17~~ ~~10/16~~, <http://www.flrules.org/Gateway/reference.asp?No=Ref-08692> <http://www.flrules.org/Gateway/reference.asp?No=Ref-07621>; a State Community College System Optional Retirement Program (CCORP) Enrollment Form, Form OCC-1, rev. ~~07/17~~ ~~10/16~~, <http://www.flrules.org/Gateway/reference.asp?No=Ref-08693> <http://www.flrules.org/Gateway/reference.asp?No=Ref-07622>;



~~a State Senior Management Service Employees Retirement Plan Enrollment Form, Form SMS-1, Rev. 10/16, <http://www.flrules.org/Gateway/reference.asp?No=Ref-07623>; and a Local Senior Management Service Employees Retirement Plan Enrollment Form, Form SMS-3, rev. 07/17 10/16, <http://www.flrules.org/Gateway/reference.asp?No=Ref-08694> <http://www.flrules.org/Gateway/reference.asp?No=Ref-07624>.~~ All of the preceding forms are hereby adopted and incorporated by reference.

1. All enrollment forms can be obtained at the sources listed in paragraph (1)(g), above.
2. Only members of the Regular, Special Risk, and Special Risk Administrative Support classes of employees may use the EZ form, "EZ Retirement Plan Enrollment Form for Regular, Special Risk and Special Risk Administrative Support Class Employees," Form ELE-1-EZ. If an employee chooses to use the EZ form, only limited information (i.e., name, plan choice, last four digits of the social security number, date of birth and signature) is required. An age appropriate retirement date fund as provided under the Plan provisions is the initial investment option (although that investment option may be changed by the member once the account is funded). A member's initial beneficiary designation will be per Florida law, as provided in Section 121.4501(20), F.S. However, a beneficiary designation may be made as set forth in Rule 19-11.002, F.A.C.

~~(f)(e)~~1. The enrollment by form or electronic means shall be complete and the election shall be final if all the required information is clearly indicated and if the enrollment is received by the Plan Choice Administrator by 4:00 p.m. (Eastern Time) on the last business day of the ~~8~~5th month following the date of hire. The form shall be transmitted via mail, courier, online or by fax, as provided on the form. It is the responsibility of the member to ensure that the enrollment form is received by the Plan Choice Administrator no later than 4:00 p.m. (Eastern Time) on the last business day that the member is earning salary and service credit, or the last business day of the ~~8~~ 5th month following the date of hire, whichever first occurs.

2. The Plan Choice Administrator shall determine that the employee's enrollment in the ~~FRS~~ Investment Plan is complete and the employee's election is clearly indicated. If the Plan Choice Administrator determines that the enrollment is incomplete, the employee will be required to resubmit a completed enrollment. An incomplete enrollment by form is a form which is missing the name of the member, last four digits of the social security number, plan selection, ~~or~~ signature, or one on which the investment elections total greater than or less than 100%. If the form is incomplete only because the member has made no investment selection, the form will be processed and the member will be defaulted into an age appropriate retirement date fund as provided under the Plan provisions for investing any accumulated benefit obligation and all future contributions. ~~The Note that this~~ default selection may be changed by the member at any time once the account is activated. An incomplete enrollment by electronic means is one in which the Plan Choice Administrator has no record of receipt and/or processing of the electronic enrollment.

3. By enrolling in the Investment Plan and providing a personal email address or cell phone number, the member has consented to electronic delivery of documents through the MyFRS.com website, including but not limited to prospectuses, quarterly account statements, account transaction confirmation statements, privacy notices, annual fee disclosure statement, and other documents. When one of these documents is available, an email notice will be sent to the email address or a text message to the cell phone number provided by the member notifying the member of the document's availability. The member will need to log in to the MyFRS.com website in order to view and print any of these documents. Receipt of documents through MyFRS.com will continue until the member calls the MyFRS Financial Guidance Line at 1(866)446-9377, Option 4 and revokes the member's consent.

~~(g)(f)~~ Upon receipt of the completed enrollment form by the Plan Choice Administrator, the Plan Choice Administrator shall enroll the employee in the indicated FRS retirement plan. Upon completion of the enrollment, but no later than two working days after enrollment, the Plan Choice Administrator shall send confirmation of the effective enrollment to the employee at the employee's address of record or electronically if the member has consented to electronic delivery of documents through the MyFRS.com website and to the Division to inform the Division of the employee's retirement plan choice. The employer shall change its employee records to reflect the employee's plan choice, if applicable.

~~(h)(g)~~ Employers shall remit retirement contributions monthly for their employees and those contributions are due to the Division by the 5th working day of the month following the month for which the contributions are made.

(3) Grace Period.

- (a) If a member files an election with the Plan Choice Administrator and the member realizes that the election was made in error, or if the member has reconsidered the election made, the SBA will consider, on a case-by-case basis, whether the election will be voided, if the member notifies the SBA by calling the toll-free MyFRS Financial Guidance Line at 1(866)446-9377 or by sending written correspondence directly to the SBA, to the Plan Choice Administrator, or to the Division no later than 4:00 p.m. (Eastern Time) on the last business day of the election effective month. For example, if the member files an election on June 1, the effective month

will be July. The member must request to void the election no later than 4:00 p.m. (Eastern Time) on the last business day in July. A default election cannot be voided.

(b) If the request to reverse the election is made timely and the SBA finds that the election was made in error, the member will be required to sign a release and return it to the SBA no later than 4:00 p.m. (Eastern Time), on the last business day of the election effective month prior to the election's being officially reversed. The member will acknowledge that failure to return a signed release by the requested due date will result in the original election being reinstated.

(c) Upon receipt of the release, the Division and the Plan Choice Administrator will be directed to do the following:

1. The Division will revise its database to reflect the member's plan change. The member will have until his or her choice period deadline date to make a new election. If the member's choice period has ended, the member will have one calendar month to make a new election. Failure to make a new election will result in the member's defaulting into the Investment Plan or Pension Plan as provided in subparagraph 2(a) and (b) above ~~Pension Plan, except for the situation described in subparagraph 3., below.~~

2. The Plan Choice Administrator will send the member written confirmation that the election has been reversed.

~~3. If the member had elected the Investment Plan and decided to remain in the Pension Plan, there is no need for another election, because the member is already in the Pension Plan, his election to the Investment Plan having been reversed.~~

(d) Nothing contained in this subsection will interfere with a member's right to file a complaint, as permitted by Section 121.4501(8)(g), F.S., and discussed in Rule 19-11.005, F.A.C.

*Rulemaking Authority 121.4501(3)(c)4., (8)(a) FS. Law Implemented 121.051, 121.055, 121.35, 121.4501(2), (3), (4), (5), (6), (8), (15), 121.73, 121.74, 121.78, 1012.875(3) FS. History—New 10-21-04, Amended 3-9-06, 10-25-07, 12-8-08, 5-19-09, 2-4-10, 7-12-12, 12-16-12, 1-28-14, 8-18-14, 12-30-15, 4-12-17, \_\_\_\_\_.*

#### **19-11.007 Second Election Enrollment Procedures for the Florida Retirement System Retirement Programs.**

(1) This rule includes procedures for members who initially chose the Florida Retirement System (FRS) Investment Plan, ~~or the Investment Plan Hybrid Option~~ or defaulted into the Investment Plan to use their 2nd election to transfer to the Pension Plan; and for members who chose or defaulted into the Pension Plan to use their 2nd election to transfer to the Investment Plan or the Investment Plan Hybrid Option.

(2) A member may make a valid 2nd election only if the 2nd election is made and processed by the Plan Choice Administrator during the month in which the member is actively employed and earning salary and service credit in an employer-employee relationship consistent with the requirements of Section 121.021(17)(b), F.S. Members on an unpaid leave of absence or terminated members cannot use their 2nd election until they return to FRS-covered employment. Employees of an educational institution on summer break cannot use their 2nd election during the full calendar months of their summer break. For example, if the last day of the school term is May 21st and the first day of the new school term is August 17th, the employee may not file a 2nd election in the calendar months of June or July. The beginning of the school term is determined by the employer. In general terms, this means that the 2nd election can only be made and processed during the month in which the member is actively working and being paid for that work. It is the responsibility of the member to assure that the 2nd election is received by the Plan Choice Administrator no later than 4:00 p.m. (Eastern Time) on the last business day of the month the member is actively employed and earning salary and service credit.

(a) The following are examples of scenarios that could result in an invalid 2nd election. They are only examples and are not inclusive of all possible situations. Members and employers are encouraged to contact the MyFRS Financial Guidance Line to discuss their particular situation.

1. Example 1: A member goes on unpaid leave of absence on November 12, ~~2015~~. On December 4, ~~2015~~, the Investment Plan Administrator receives a 2nd election form from the member electing to transfer from the Pension Plan to the Investment Plan. The member returns from leave of absence on January 7, ~~2016~~. The member's 2nd election is not valid because the member did not earn salary and service credit in the month of December ~~2015~~. The member would be required to submit another 2nd election during the month in which he or she is actively employed and earning salary and service credit.

2. Example 2: A teacher is on summer break from June 6, ~~2014~~ through August 12, ~~2014~~. On July 21, ~~2014~~, the Investment Plan Administrator receives a 2nd election from the teacher electing to transfer from the Investment Plan to the Pension Plan. The teacher's second election is not valid because the member did not earn salary and service credit in the month of July ~~2014~~. The teacher would be required to submit a second election form during the month in which he or she is actively employed and earning salary and service credit once the member has returned from summer break.

3. Example 3: A member terminates FRS-covered employment on March 31, ~~2016~~. On April 1, ~~2016~~, the Investment Plan

Administrator receives a 2nd election from the member electing to transfer from the Pension Plan to the Investment Plan. The member's 2nd election is not valid because the second election form was received after the member terminated FRS-covered employment. The member would be required to return to FRS-covered employment and submit a 2nd election form during the month in which he or she is actively employed and earning salary and service credit.

(3) General Procedures.

(a) All members who wish to change their FRS retirement plan using their 2nd election must use a 2nd election enrollment form or, if moving from the Pension Plan to the Investment Plan or Investment Plan Hybrid Option, may do so online by accessing the Second Election Choice Service at MyFRS.com. There are two types of enrollment forms. The "2nd Election Retirement Plan Enrollment Form," Form ELE-2, rev. 07-17 10/16, <http://www.flrules.org/Gateway/reference.asp?No=Ref-08686> ~~<http://www.flrules.org/Gateway/reference.asp?No=Ref-07619>~~, which is hereby adopted and incorporated by reference. This form allows the member to select different investment fund options if the member is changing from the Pension Plan to either the Investment Plan or the Investment Plan Hybrid Option. Alternatively, the member can complete the "2nd Election EZ Retirement Plan Enrollment Form," Form ELE-2EZ, rev. 07-17 08/16, <http://www.flrules.org/Gateway/reference.asp?No=Ref-08685> ~~<http://www.flrules.org/Gateway/reference.asp?No=Ref-07620>~~, which is hereby adopted and incorporated by reference. By completing this form, the member is choosing to have the employer and employee contributions and any transfers from the Pension Plan invested in an age appropriate retirement date fund as provided under the Plan provisions. The member may change the investment selection at any time after the Investment Plan or the Investment Plan Hybrid Option account is activated. Activation occurs when contributions are deposited to the member's Investment Plan account.

(b) Both forms are available by calling the toll-free number for the MyFRS Financial Guidance Line: 1(866)446-9377, Option 4 or for members who are deaf, hard of hearing, or speech-impaired: TRS 711; or by using the MyFRS.com website and clicking on Resources and then on Forms.

(c) Elections made by form must be mailed to the Plan Choice Administrator, P.O. Box 785027, Orlando, Florida 32878-5027; or faxed toll-free to the number provided on the form. It is the responsibility of the member to ensure that the 2nd election form is received by the Plan Choice Administrator.

(d) For members transferring to the Investment Plan who provide a personal email address or cell phone number, the member has consented to electronic delivery of documents through the MyFRS.com website, including but not limited to prospectuses, quarterly account statements, account transaction confirmation statements, privacy notices, annual fee disclosure statement, and other documents. When one of these documents is available, an email notice will be sent to the email address or a text message to the cell phone number provided by the member notifying the member of the document's availability. The member will need to log in to the MyFRS.com website to view and print any of these documents. Receipt of documents through MyFRS.com will continue until the member calls the MyFRS Financial Guidance Line at 1(866)446-9377, Option 4 and revokes the member's consent.

(e) For members transferring to the Pension Plan, if the member's Investment Plan account balance was less than the calculated amount required to buy back into the Pension Plan, the election will require a personal payment. The member will receive notification and proper instructions from the Division of Retirement (Division) detailing where and in what form to send any personal payments. Such payment, if necessary, must be received by the date determined by the Division. If the required amount is not received by the Division by the date due, the election will be voided.

(f) A confirmation statement will be mailed to the member's address of record once the completed form is received and processed.

(g) The member should carefully review the form and be sure that it is signed, dated, and sets forth the member's second election plan choice. A copy of the form should be retained for the member's records.

(h) If the member submits a form that is incomplete, it will not be processed. An incomplete form is a form which is missing the name of the member, last four digits of the social security number, plan selection, or signature, or one on which the total investment elections are greater or less than 100%. The member will be required to resubmit a completed 2nd election enrollment form. If the form is incomplete only because the member has made no investment selection, the form will be processed and the member will be defaulted into an age appropriate retirement date fund as provided under the Plan provisions for investing the member's accumulated benefit obligation and all future contributions. ~~The Note that this~~ default selection may be changed by the member at any time once the account is activated.

(i) The second election will become final at 4:00 p.m. (Eastern Time) on the day it is received by the Plan Choice Administrator. Elections received after 4:00 p.m. (Eastern Time) will be considered as being received on the next business day. Elections received on a Saturday, Sunday or holiday will be considered as being received on the next business day.

(j) A member enrolled in the Investment Plan as a renewed member on or after July 1, 2017 is not eligible to use the second election specified in this rule or transfer to the Pension Plan.

(4) Grace Period.

(a) If a member files an election with the Plan Choice Administrator and the member realizes that the election was made in error, or if the member has reconsidered his or her plan choice, the State Board of Administration (SBA) will consider, on a case-by-case basis, whether the election will be reversed, subject to the following: The member must notify the SBA by calling the toll free MyFRS Financial Guidance Line at: 1(866)446-9377, or by sending written correspondence directly to the SBA, to the Plan Choice Administrator, to the MyFRS Financial Guidance Line, or to the Division, no later than 4:00 p.m. (Eastern Time) on the last business day of the election effective month.

(b) If the request to reverse the election is made timely and the SBA finds the election was made in error, the member will be required to sign a release and return it to the SBA no later than 4:00 p.m. (Eastern Time), on the last business day of the election effective month prior to the election's being officially reversed. Upon receipt of the release, the Division and the Plan Choice Administrator will be directed to take the necessary steps to reverse the election and to correct the member's records to reflect the election reversal.

(c) A confirmation that the election was reversed will be sent to the member by the Plan Choice Administrator.

(d) The member retains the right to file a subsequent 2nd election consistent with subsections (2) and (3), above.

(e) Nothing contained in this subsection will interfere with a member's right to file a complaint, as permitted by Section 121.4501(8)(g), F.S. and discussed in Rule 19-11.005, F.A.C.

*Rulemaking Authority 121.4501(8) FS. Law Implemented 121.4501(3), (4), (8), (15)(b), (20) FS. History--New 10-21-04, Amended 3-9-06, 10-25-07, 12-8-08, 5-19-09, 1-7-10, 7-12-12, 12-16-12, 12-28-14, 8-18-14, 12-30-15, 4-12-17, \_\_\_\_\_.*

**19-11.008 Forfeitures.**

(1) Forfeitures after Separation or Retirement from Florida Retirement System (FRS) Investment Plan.

(a) If a member terminates FRS-covered employment before vesting in an Investment Plan benefit or any transferred Pension Plan benefit, the member will not be entitled to any benefit, other than employee contributions, which are immediately vested. In such case, the unvested account balance will be placed in a suspense account for a period not to exceed five (5) years from the date of the member's termination. The suspense account shall be invested in the FRS Intermediate Bond Fund ~~FIAM Intermediate Duration Pool Fund~~, where it will accrue actual investment earnings or losses.

(b) If the member returns to work for an FRS-participating employer in an FRS-covered position within the five (5) years from the date of termination, the member will be returned to the Investment Plan and the unvested account balance, reflecting any earnings or losses while invested in the FRS Intermediate Bond Fund ~~FIAM Intermediate Duration Pool Fund~~, will be returned to the member's account, together with the associated service credit. Any additional service credit earned will be applied towards vesting of the member's benefit.

(c) If the member never returns to work for an FRS-participating employer in an FRS-covered position or if the member returns to FRS covered employment five (5) or more years after the date of termination, the member will forfeit the unvested account balance and the associated service credit.

(d) If the member leaves FRS-covered employment after vesting in an Investment Plan benefit, but before the member vests in any transferred Pension Plan benefit, the member shall only be entitled to receive the vested Investment Plan benefit. However, if the member takes any self-initiated distribution from the vested Investment Plan benefit, the unvested Pension Plan benefit transferred into the Investment Plan, plus any earnings on these funds will be forfeited along with the associated service credit.

(e) If the member does not take a self-initiated distribution of any vested Investment Plan benefit after terminating from all FRS-participating employers, the unvested Pension Plan benefit will be transferred six (6) months following termination to a suspense account. The suspense account is invested in the FRS Intermediate Bond Fund ~~FIAM Intermediate Duration Pool Fund~~, where it will accrue actual investment earnings or losses. If the member returns to FRS-covered employment within five (5) years from the date of termination, the member's benefit, reflecting any earnings or losses while invested in the FRS Intermediate Bond Fund ~~FIAM Intermediate Duration Pool Fund~~, will be returned to the member's account, together with the associated service credit. Any additional service credit earned will be applied towards the vesting of the member's benefit.

(f) If an Investment Plan Hybrid Option member leaves FRS-covered employment after vesting in the Investment Plan benefit, but before vesting in the Pension Plan benefit, the member shall only be entitled to receive the vested Investment Plan benefit.

However, if the member takes any self-initiated distribution of the vested Investment Plan benefit, the unvested Pension Plan benefit will be forfeited along with the associated service credit. If the member does not take a distribution from the Investment Plan and later returns to work for a FRS-covered employer, the member will be returned to the Investment Plan Hybrid Option and the service credit for the existing Pension Plan and Investment Plan service, combined with any future service credit, will be applied towards vesting of the member's account.

(g) If a member is required to receive a required minimum distribution (RMD), the unvested Pension Plan benefit and the associated service credit, will not be forfeited.

(h) If a member's benefit and service are forfeited because the member did not return to FRS-covered employment within five (5) years, but the member later returns to FRS-covered employment after the forfeiture has occurred, the member will be returned to the plan in which he or she was participating at the time of the forfeiture. If the member's benefit and service credit in the Pension Plan are forfeited because the member took a self-initiated distribution of the vested Investment Plan benefit, and the member later returns to FRS-covered employment, the member will be considered a renewed member ~~new employee~~ and will be entitled to renewed membership ~~a new retirement plan choice~~, if applicable.

(2) Forfeitures of Investment Plan accounts Due to Criminal Activity.

(a) Any member who has been found guilty by a verdict of a jury or by the court trying the case without a jury, or who has entered a plea of guilty or a plea of nolo contendere to certain specified offenses committed prior to retirement; or any member whose employment is terminated because the member admitted committing, aiding, or abetting any such offenses; or any elected official who is convicted by the Senate of an impeachable offense, shall forfeit all rights and benefits under the FRS except for return of any accumulated employee contributions. Specified offenses are the committing, aiding, or abetting any embezzlement or theft from the member's employer; bribery in connection with employment; any other felony specified in Chapter 838, F.S., except for commercial bribery as provided in Section 838.15 or 838.16, F.S.; committing an impeachable offense; willfully committing any felony with intent to defraud the public or the public agency which employs the member or for which the member acts, of the right to receive the faithful performance of the member's duties while realizing or attempting to realize a profit, gain or advantage for the member or for someone else through the powers, rights, privileges and duties of the member's office or position; committing any felony described in Section 800.04, F.S., against a victim younger than 16 years of age, or any felony described in Chapter 794, F.S., against a victim younger than 18 years of age while using or attempting to use the power, rights, privileges, or duties of the member's office or employment position.

(b) When the State Board of Administration (SBA), becomes aware of any accusation of criminal wrong doing against any member of the Investment Plan, the SBA will place a hold on the member's account to preclude the member from removing any money from the account, until a determination is made on whether charges have been filed and whether the charges are for a forfeitable offense.

(c) If the charges against the member are not pursued and are dropped by law enforcement officials, the hold on the member's account will be released upon receipt of notification from the proper law enforcement agency.

(d) If the member is indicted and convicted or pleads guilty, or pleads nolo contendere, the SBA will acquire a certified copy of the judgment and will contact the member to advise the member that the Investment Plan benefit is forfeited and that the member has the right to a hearing to contest the forfeiture. The hold on the member's account will remain in place until:

1. The time to request a hearing has passed and no request for a hearing is made, or
2. The conclusion of the hearing and any appeal of the final order issued after the conclusion of the hearing.

(e) At the conclusion of either subparagraph (d)1. above, or subparagraph (d)2. above, if the member's hearing and/or appeal are unsuccessful, the SBA will direct the Investment Plan Administrator to transfer the member's account balance to the Investment Plan Forfeiture Account. If such member is subsequently reemployed, the member shall be eligible for benefits based on creditable service earned subsequent to the reemployment. The member is not eligible to claim any period of employment which was forfeited.

(f) If a member has requested a self-initiated distribution of all or part of any benefit, the member shall be required to repay the benefit, if it is determined that the member forfeited all rights and benefits under the FRS. Any such member may contest the forfeiture as stated in paragraph (d), above. If the member fails to repay the benefit, the SBA may pursue all legal options.

(g) If a member receives a pardon for any crime applicable to any FRS employment, the member shall have all benefits previously forfeited returned to his or her Investment Plan account reflecting any earnings or losses while invested in the FRS Intermediate Bond Fund ~~FIAM Intermediate Duration Pool Fund~~.

(3) through (4) No change.

Rulemaking Authority 121.4501(8) FS. Law implemented 112.3173, 121.021(29), (39), 121.091(5), 121.4501(6), (13), 121.591, 732.802 FS. History--New 11-26-07, Amended 12-8-08, 7-12-12, 8-18-14, 12-30-15, 4-12-17, \_\_\_\_\_.

#### **19-11.009 Reemployment with an FRS-Participating Employer after Retirement.**

##### (1) Reemployment.

~~(a)(4)~~ If reemployed prior to July 1, 2010, a member may return to work with an FRS-participating employer after being retired for six (6) calendar months. Six calendar months means six full calendar months following the month the member retired. For example, if a member retires in January, the six calendar months are February, March, April, May, June and July. The retiree may return to employment in August. The retiree may return to employment in one of the excepted positions identified in Section 121.091(9)(b), F.S., and continue to take distributions from prior career benefits. If the retiree returns to work in a position that is not one of the exceptions allowed by law, the receipt of any remaining retirement benefits is suspended until either employment is terminated or the completion of 12 calendar months of retirement.

~~(b)(2)~~ If reemployed on or after July 1, 2010, a member may return to work in any position with an FRS-participating employer after being retired for six (6) calendar months. Six calendar months means six full calendar months following the month the member retired. For example, if a member retires in January, the six full calendar months are February, March, April, May, June, and July. The retiree may return to employment in August. The member must suspend receipt of any remaining retirement benefits until either employment is terminated or the completion of 12 calendar months of retirement. Effective July 1, 2010, there are no excepted positions.

~~(c)(3)~~ To prevent hiring an ineligible retiree, the employer should obtain a written statement from each prospective employee as to the employee's retirement status. The written statement can be set forth on the "Certification Form," Form CERT, rev. 08-17 ~~02-12~~ <http://www.flrules.org/Gateway/reference.asp?No=Ref-08695> <http://www.flrules.org/Gateway/reference.asp?No=Ref-01067>, which is hereby adopted and incorporated by reference. The form can be found on the MyFRS.com website. This form should be retained in the employee's personnel file.

~~(d)(4)~~ A retiree who returns to work with an FRS-participating employer prior to being retired for six (6) calendar months and an employer that employs or appoints such retiree are jointly and severally liable for repaying retirement benefits paid from the Investment Plan. In lieu of repayment, the member may terminate employment from all FRS-participating employers.

##### (2) Renewed Membership.

(a) A retiree of the Investment Plan who is reemployed with an FRS-participating employer in a covered position on or after July 1, 2010 through June 30, 2017, is not eligible for renewed membership.

(b) A retiree of the Investment Plan, Senior Management Service Optional Annuity Program (SMSOAP), State University System Optional Retirement Program (SUSORP) and State Community College System Optional Retirement Program (SCCSORP) who is reemployed with a FRS-participating employer in a covered position on or after July 1, 2017 is a mandatory renewed member of the Investment Plan, unless employed in a position eligible for participation in the SUSORP or SCCSORP.

1. The renewed member will be enrolled in the Regular Class, unless the position meets the requirements to enroll in the Special Risk Class, Elected Officers' Class or Senior Management Service Class.

2. Employee and employer contributions will be deposited in an account for the member and invested in an age appropriate retirement date fund. The renewed member may move the funds once the account is activated.

3. The renewed member must satisfy the vesting requirements of the Investment Plan.

4. The renewed member or the employer may not pay any contributions for employment by the renewed member for the period of July 1, 2010 through June 30, 2017.

5. The renewed member is not eligible to enroll in the Pension Plan.

Rulemaking Authority 121.4501(8) FS. Law Implemented 121.021(29), (39), 121.091(9)(b), (c), 121.4501(2)(j), 121.591(1)(a)4. FS. History--New 11-26-07, Amended 12-8-08, 8-7-11, 7-12-12, 4-12-17, \_\_\_\_\_.

#### **19-11.012 Rollovers or Plan to Plan Transfers to or from the FRS Investment Plan.**

(1) through (5) No change.

(6)(a) The Investment Plan Administrator may accept rollovers from:

1. A current or former Investment Plan member. Such member shall use Form IPRO-1, as described in subsection (8), below.
2. Participants in the Deferred Retirement Option Program (DROP), after the conclusion of such DROP participation. Such member shall use Form IPDROP-AD-1, as described in subsection (8) below.
3. Former DROP members who had previously rolled over their DROP accumulation:
  - a. To the Investment Plan and subsequently rolled their DROP account balance out of the Investment Plan. Such member shall use Form IPDROP-RO-1, as described in subsection (8) below.
  - b. To another qualified retirement account and want to invest the DROP accumulation in the Investment Plan. Such member shall use Form IPDROP-RO-1, as described in subsection (8) below.
4. Members of the Teacher's Retirement System ~~and the State & County Officers & Employees Retirement System~~ with eligible DROP proceeds after their conclusion in the DROP. Such member shall use Form IPDROP-AD-1, as described in subsection (8) below.
  - (b) All rollovers into the Investment Plan must be more than \$1,000.00 or such amount that will cause the account balance to be greater than \$1,000.00.
  - (c) The Investment Plan Administrator may not accept rollovers from:
    1. The former spouse of an Investment Plan member who had an account in the Investment Plan, established by terms of a qualified domestic relations order and then removed all of the funds from the account.
    2. The former beneficiary of an Investment Plan member who removed all of the funds from the account.
    3. Members of the Pension Plan.
    4. The spouse or beneficiary of a deceased Pension Plan member who had a DROP accumulation in the Pension Plan.
  - (7) Payment to the Investment Plan must be in the form of a check made payable to the "FRS Investment Plan – FBO (the member's name)."
  - (8)(a) Instructions regarding check delivery and other information relating to the processing of rollovers, including all applicable forms, may be obtained by calling the MyFRS Financial Guidance Line, which is a toll free line: 1(866)446-9377, Option 4, or, for members who are deaf, hard of hearing, or speech impaired, TRS 711, or by accessing the website at [www.MyFRS.com](http://www.MyFRS.com).
  - (b) Current members shall use Form IPRO-1, rev. ~~07-17~~ ~~07/16~~, "Employee Rollover Deposit Instructions and Form," <http://www.flrules.org/Gateway/reference.asp?No=Ref-08698> ~~<http://www.flrules.org/Gateway/reference.asp?No=Ref-07625>~~, which is hereby adopted and incorporated by reference, to effect rollovers described in this rule.
  - (c) Current DROP members planning to roll over their DROP accumulation shall use Form IP-DROP-AD-1, "FRS Investment Plan DROP Accumulation Direct Rollover Form for Current DROP Members," rev. ~~07-17~~ ~~07/16~~, <http://www.flrules.org/Gateway/reference.asp?No=Ref-08696> ~~<http://www.flrules.org/Gateway/reference.asp?No=Ref-07626>~~, which hereby is adopted and incorporated by reference, to effect rollovers described in this rule.
  - (d) Former DROP members shall use Form IP-DROP-RO-1, "DROP Direct Rollover Form for Former DROP Members," rev. ~~07-17~~ ~~07/16~~, <http://www.flrules.org/Gateway/reference.asp?No=Ref-08697> ~~<http://www.flrules.org/Gateway/reference.asp?No=Ref-07627>~~, which hereby is adopted and incorporated by reference, to effect rollovers described in this rule.
  - (e) Current or former DROP members who roll money into the Investment Plan ~~and who~~ provide a personal email address or cell phone number, ~~has have~~ consented to electronic delivery of documents through the MyFRS.com website, including but not limited to prospectuses, quarterly account statements, account transaction confirmation statements, privacy notices, annual fee disclosure statement, and other documents. When one of these documents is available, an email notice will be sent to the email address or a text message to the cell phone number provided by the member notifying the member of the document's availability. The member will need to log in to the MyFRS.com website to view and print any of these documents. Receipt of documents through MyFRS.com will continue until the member calls the MyFRS Financial Guidance Line at 1(866)446-9377, Option 4 and revokes the member's consent.
  - (9) through (13) No change.

*Rulemaking Authority 121.4501(8), (5)(e) FS. Law Implemented 121.4501(4)(g)5., (5)(e), (21), 121.591 FS. History—New 7-12-12, Amended 12-16-12, 10-15-13, 1-28-14, 8-18-14, 12-30-15, 4-12-17, \_\_\_\_\_.*

#### **19-11.013 FRS Investment Plan Self-Directed Brokerage Account.**

- (1)(a) No change.
- (b) The member must open an account with the SDBA service provider in one of two ways:



1. By accessing and completing the enrollment form online by logging on to MyFRS.com, then choosing Investment Plan Manage Investments>FRS Investment Plan>Open Self-Directed Brokerage Account. The enrollment form includes both a Member Service Agreement and Memorandum of Understanding which the member must acknowledge having received and read; or:-

2. By printing and completing a hard copy of the enrollment form, Member Service Agreement and Memorandum of Understanding. A hard copy of the enrollment form can be printed from the Open Brokerage Account link on MyFRS.com or can be obtained from the Investment Plan Administrator. The member must return the completed enrollment form to the service provider via fax or mail. The member must acknowledge the Member Service Agreement and Memorandum of Understanding were received and read.

~~(c)3-~~ The SDBA account will be established within two (2) days of receipt of either the online or hardcopy enrollment form. Once the account is established, the member will receive a package from the SDBA service provider containing information on how to access and use the SDBA.

~~(d)4-~~ The SDBA account will be automatically closed if there is a zero balance for 18 consecutive months. To participate in the SDBA in the future, the member will have to open a new SDBA account as set forth above.

~~(e)5-~~ The member is subject to the following fees, transaction charges, expenses:

1. An annual administrative fee of \$25.00 (\$6.25 quarterly) for participating in the SDBA. This fee will be deducted from the member's primary investment account for each quarter the member maintains a balance in the SDBA. This fee is in addition to all applicable commissions, sales charges and transaction fees. This fee is deducted pro rata across the member's Investment Plan primary funds.

2. Any and all commissions, sales charges and transaction fees applicable to transactions executed by the member through the SDBA. The member may review all SDBA commissions and fees by accessing the Investment Plan Self-Directed Brokerage Account Commission and Fee Schedule in the "Investment Funds" section on MyFRS.com.

3. Depending on the investments chosen, transaction fees, commissions or sales charges may be charged to the member's SDBA. These fees are automatically deducted from transaction proceeds or added to the purchases as they are incurred. In addition, investment management fees, 12b-1 fees, or other fees and expenses specific to individual funds may be charged to the member's SDBA. It is the member's sole responsibility to be aware of and understand the commissions and fees as described in the Commission and Fee Schedule and in the prospectus of any mutual fund.

(2)(a) The investment options offered through the SDBA have not been reviewed by the State Board of Administration (SBA) Florida Retirement System (FRS) for suitability for the member. The member is solely responsible for determining the appropriateness of any investments in the SDBA.

(b) The member agrees to fully indemnify and hold harmless the member's employer, the FRS, the ~~SBA State Board of Administration (SBA)~~, and any and all service providers to the FRS against any claims, damages, or other possible causes of actions resulting from the member's decision to participate in the SDBA or from the specific SDBA investment options selected by the member.

(c) The member is exercising control over all of the assets in the member's Investment Plan account, including the SDBA, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan. Sections 121.4501(8)(b)2. and 121.4501(15)(b) of Florida law incorporate the Federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. No program fiduciary shall be liable for any loss to the member's account which results from such exercise of control.

(2)(d) through (6) No change.

*Rulemaking Authority 121.4501(8), (5)(e) FS. Law Implemented 121.4501(8), (9), (10), (11), (12), (13), (14), (15) FS. History--New 6-5-14, 12-30-15, 4-12-17, \_\_\_\_\_.*

#### **19-11.014 Benefits Payable for Investment Plan Disability and In-Line-Of-Duty Death Benefits.**

(1) An Investment Plan member shall be eligible to apply for a disability benefit in accordance with Section 121.591(2), F.S., and in Rule 60S-4.007, F.A.C.

(a) Disability benefits are payable in lieu of benefits otherwise payable under Section 121.591(1), F.S.

(b) Upon approval for Investment Plan disability retirement, the member's entire Investment Plan account balance, consisting of vested and non-vested monies, plus earnings, shall be transferred to the Division of Retirement (Division) for deposit in the disability



account of the Florida Retirement System (FRS) Trust Fund.

1. The Investment Plan member will become a member of the Pension Plan effective upon his or her disability retirement effective date. If the member has a second election remaining, this transfer shall not constitute a second election as provided in Section 121.4501(4)(g), F.S.

2. The member shall receive a monthly benefit that is payable on the last business day of the month for his or her lifetime and continued disability.

(c) An Investment Plan member approved for disability retirement may cancel the application by submitting a cancellation request to the Division before a disability warrant has been deposited, cashed or received by direct deposit.

1. Upon cancellation, the member shall be transferred back to the Investment Plan.

2. All monies transferred to the disability account of the FRS Trust Fund will be transferred back to the member's Investment Plan account.

3. The member may elect to receive benefits as provided under Section 121.591(1), F.S., in lieu of the disability benefits.

(d) If a member recovers sufficiently to return to employment from disability, the member shall be returned as an active member to the Investment Plan.

1. The member's total disability benefits paid shall be subtracted from the amount transferred in paragraph (1)(b), above. Any remaining account balance shall be transferred to the Investment Plan Administrator for deposit into the member's Investment Plan account. The monies will be deposited based on the member's last investment elections.

2. Vested and non-vested amounts shall be accounted for separately as provided in Section 121.4501(6), F.S.

3. If the member does not return to employment with an FRS-participating employer, he or she may elect to receive the remaining account balance as provided under Section 121.591(1), F.S. Any non-vested amounts will be forfeited.

4. If the member does not return to employment with an FRS-participating employer and elects not to receive benefits as provided in Section 121.591(1), F.S., any non-vested amount shall be transferred to the suspense account. Such amount shall be forfeited if the member does not return to FRS-covered employment within five (5) years of the termination date or request benefits as provided under Section 121.591(1), F.S.

(2) In Line of Duty death benefits ~~are only available for Special Risk Class members enrolled in the Investment Plan:~~

(a) In lieu of receiving the member's vested account balance as provided in Section 121.591(3), F.S., the spouse and/or unmarried child(ren) of Investment Plan members ~~in the Special Risk Class~~ killed in the line of duty on or after July 1, ~~2002~~ 2013, may receive monthly survivor benefits ~~equal to 100% of the member's monthly salary at the time of death~~, if the Division determines that the member's death occurred in the line of duty, in accordance with Section 121.591(4), F.S.

(b) Monthly survivor benefits provided by this subsection shall supersede any other distribution or beneficiary that may have been provided by the member's designation of beneficiary.

(c) A hold will be placed on the member's Investment Plan account if notification is received that the member may have been killed in the line of duty or died due to a specified disease that occurred in the line of duty. If it is determined that the member's death was not in the line of duty, the hold will be removed.

(d) The SBA, Division or Investment Plan Administrator will send a letter to the surviving spouse or unmarried children. The letter will include the member's current Investment Plan account balance, estimated monthly salary at time of death, Florida Retirement System Pension Plan Application of Investment Plan Beneficiary for Special Risk In-Line-of-Duty Death Benefits, Form FST-11B-IP, incorporated by reference in Rule 60S-4.008, F.A.C., and items to submit with the completed application.

(e) The surviving spouse or unmarried children may cancel the application by submitting a notarized statement to the Division affirmatively declining the in line of duty death benefits. Once the statement is received, the hold placed pursuant to paragraph (2)(c) above, will be removed. The benefits will be distributed according to the member's beneficiary designation. If the member did not designate a beneficiary(ies), then the member's beneficiary(ies) will be those specified by Section 121.4501(20), F.S.

(f) Upon approval for in line of duty death benefits, the member's entire Investment Plan account balance, including the balance of monies that may have been transferred to an account in the name of the surviving spouse or child(ren), will be transferred to the Division for deposit in the survivor benefit account of the FRS Trust Fund before monthly benefits can begin.

1. The monthly benefit payment will be actuarially reduced if the surviving spouse or child(ren) has taken any payments from the Investment Plan as a beneficiary of the member.

2. Monthly benefits will be paid to the surviving spouse for his or her lifetime or upon his or her death, to the surviving children ~~who are under age 18 or age 25, if a full-time student and unmarried~~, as provided in s. 121.091(7)(d) and (i).

*Rulemaking Authority 121.4501(8), (5)(e), 121.5912 FS. Law Implemented 121.4501(8), (9), (10), (11), (12), (13), (14), (15), 121.591(4) FS. History–  
New 2-9-17,\_\_\_\_\_.*



Fund Transfer FROM				Fund Transfer TO		
(indicate specific dollar amount or percentage you are transferring from each fund)				(indicate specific percentage you are transferring to each fund)		
Fund #	Fund Name	\$ Amount	%	Fund #	Fund Name	%
				TOTAL MUST EQUAL 100%		

### Section 3: Authorizations

Please sign, date, and mail this notarized form via U.S. mail, certified return receipt requested, to the address below. Transfer of funds will occur as soon as practicable after receipt of a form in good order. You can confirm the transfer by either calling the Investment Plan Administrator at 1-866-446-9377, Option 4, or logging on to MyFRS.com. Please keep a copy of this form for your records.

We will not execute a transfer if any of the following condition(s) apply: the form is not notarized; the form is incomplete in any way; the form is submitted by fax, email, or regular U.S. mail; it is unclear what fund(s), dollar amount(s), or percentage(s) are to be transferred; it is unclear into what fund(s) the amount(s) are to be transferred; the account does not contain sufficient assets to execute the transfer(s); or the transfer request does not comply with the Investment Plan Excessive Fund Trading Guidelines. If you submit a form that does not comply with any of the items listed above, we will attempt to contact you by telephone, email, or U.S. mail. Submission of a corrected notarized form to the Office of Defined Contribution Programs via U.S. mail, certified return receipt requested, will be required to execute a transfer.

This form is only valid for transfers of funds for accumulated amounts currently in your Investment Plan account, and not future contributions. If you want to change the funds receiving future contributions, contact the Investment Plan Administrator at 1-866-446-9377, Option 4 (TRS 711).

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Signature Date

### Section 4: Notarization of Signature

STATE OF: \_\_\_\_\_

COUNTY OF: \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_ by:

\_\_\_\_\_

\_\_\_\_\_  
Signature of Notary Public

(NOTARY SEAL)

\_\_\_\_\_  
Printed Name of Notary Public

Personally Known

☐

OR Produced Identification

☐

\_\_\_\_\_  
Type of Identification Produced

Mail this notarized form via U.S. mail, certified return receipt requested, to:

Office of Defined Contribution Programs  
State Board of Administration of Florida  
1801 Hermitage Blvd., Suite 100  
Tallahassee, FL 32308

\_\_\_\_\_  
Approved by SBA

## General Retirement Plan Enrollment Form

For Regular, Special Risk, and Special Risk Administrative Support Class Employees

Save time and enroll online at [MyFRS.com](http://MyFRS.com)! If you're a first-time user, log in using the PIN supplied with your Benefit Comparison Statement.

**Your plan choice is due by 4:00 p.m. ET on the last business day of the 5<sup>th</sup> month following your month of hire. Keep your original Enrollment Form for your records.**

<b>1</b>	<b>Enter Your Info</b> <small>PLEASE PRINT</small>	LAST NAME  FIRST NAME  MIDDLE INITIAL  LAST 4 DIGITS OF SOCIAL SECURITY NUMBER <div style="display: flex; border: 1px solid black; width: 100px; height: 20px; margin-top: 5px;"></div>	DATE OF BIRTH (MM/DD/YYYY) <div style="display: flex; border: 1px solid black; width: 150px; height: 20px; margin-top: 5px;"></div>	
<b>2</b>	<b>Select Your Plan</b>	<div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> FRS Investment Plan         </div> <div style="text-align: center;"> <input type="checkbox"/> FRS Pension Plan         </div> <div style="text-align: center;"> <input type="checkbox"/> FRS Hybrid Option  <small>See special eligibility requirements on page 3.</small> </div> </div>		
<b>3</b>	<b>Choose Your Funds</b>	<p>If you selected the FRS Investment Plan or the FRS Hybrid Option, you must choose your Investment Plan funds.</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input type="checkbox"/> <b>Choose a Retirement Date Fund for me.</b>  <small>Your Plan assets will be invested initially in an age-appropriate Retirement Date Fund.</small> </div> <div style="width: 45%;"> <input type="checkbox"/> <b>I have indicated my choices in the "Choose Your Funds" section of this form. See next page.</b> </div> </div>		
<b>4</b>	<b>Sign Here</b>	<p>By signing below, I acknowledge that I have read and understand the information on page 3 of this Enrollment Form, and I certify all supplied information to be true and correct. I understand that this form cannot be processed without the last four digits of my Social Security number, my date of birth, my plan choice, and my signature.</p> <div style="display: flex; border: 1px solid black; padding: 5px;"> <div style="flex-grow: 1; border-right: 1px solid black; margin-right: 5px;">SIGNATURE</div> <div style="flex-grow: 1; border-right: 1px solid black; margin-right: 5px;">DATE</div> </div> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">EMPLOYER NAME</div> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">PERSONAL EMAIL</div> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;">PHONE NUMBER WITH AREA CODE</div> <div style="display: flex; margin-top: 5px;"> <div style="margin-right: 10px;"> <input type="checkbox"/> MOBILE (RECOMMENDED)  <input type="checkbox"/> OTHER         </div> <div style="border: 1px solid black; width: 200px; height: 20px;"></div> </div>		
<b>5</b>	<b>Submit Your Form</b>	<div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 45%;"> <p><b>By Fax:</b> <b>1-888-310-5559</b> Do not include a cover sheet.</p> </div> <div style="width: 10%; text-align: center;"> <p>— OR —</p> </div> <div style="width: 45%;"> <p><b>By Mail:</b> <b>Plan Choice Administrator</b> <b>P.O. Box 785027</b> <b>Orlando, FL 32878-5027</b></p> </div> </div>		

### Questions?

**MyFRS Financial Guidance Line**  
1-866-446-9377, Option 2 (TRS 711)

Get free, unbiased guidance from experienced financial planners about the plans or the election process.

**MyFRS.com**

Visit anytime for tools and information about the FRS Investment Plan and Pension Plan.



## Choose Your FRS Funds

**Complete and submit this section only if you selected the FRS Investment Plan or the FRS Hybrid Option.**

### Choosing Your Investment Plan Funds

- You can allocate your contributions to any combination of funds below, but your total allocation must add up to 100%.
- You can change your selections at any time after your account is activated by calling the MyFRS Financial Guidance Line, Option 4, or by logging in to *MyFRS.com*. Transfer restrictions may apply.
- For more information about each Investment Plan fund, review the fund profiles, Investment Fund Summary, and the Annual Fee Disclosure Statement available on *MyFRS.com*, or call the MyFRS Financial Guidance Line, Option 2, to speak with an experienced, unbiased financial planner.

### An Important Note About Fees

Each investment fund charges an annual fee based on a percentage of the balance invested in that fund. Fees vary by fund and are automatically deducted from your account. These are the only fees you will pay as an active member of the Investment Plan.

### About Retirement Date Funds

Retirement Date Funds are professionally managed funds that are designed to offer you a single solution for maintaining a diversified portfolio based on the amount of time you have until retirement. As your retirement gets nearer, the fund's investment mix gradually shifts from growth to preservation.

### About the Other Funds

The other funds listed below allow you to create your own customized portfolio. "(B)" identifies a fund that will automatically block trades under certain circumstances.

<b>RETIREMENT DATE FUNDS</b>		<b>Enter % for Each Fund</b>
<i><b>If you are this age ...</b></i>		
<b>Regular Class</b>	<b>Special Risk or Special Risk Admin.</b>	
Age 24 or younger	Age 19 or younger	FRS 2060 Retirement Date Fund (\$0.73) _____ %
Age 25 to 29	Age 20 to 24	FRS 2055 Retirement Date Fund (\$0.70) _____ %
Age 30 to 34	Age 25 to 29	FRS 2050 Retirement Date Fund (\$0.70) _____ %
Age 35 to 39	Age 30 to 34	FRS 2045 Retirement Date Fund (\$0.70) _____ %
Age 40 to 44	Age 35 to 39	FRS 2040 Retirement Date Fund (\$0.70) _____ %
Age 45 to 49	Age 40 to 44	FRS 2035 Retirement Date Fund (\$0.90) _____ %
Age 50 to 54	Age 45 to 49	FRS 2030 Retirement Date Fund (\$1.00) _____ %
Age 55 to 59	Age 50 to 54	FRS 2025 Retirement Date Fund (\$1.20) _____ %
Age 60 to 64	Age 55 to 59	FRS 2020 Retirement Date Fund (\$1.40) _____ %
Age 65 to 69	Age 60 to 64	FRS 2015 Retirement Date Fund (\$1.50) _____ %
Age 70 or older	Age 65 or older	FRS Retirement Fund (\$1.50) _____ %
<b>OTHER FUNDS</b>		
<b>MONEY MARKET FUND</b>		FRS Money Market Fund (\$0.61) _____ %
<b>MULTI-ASSETS FUND</b>		FRS Inflation Adjusted Multi-Assets Fund (\$4.50) _____ %
<b>BOND FUNDS</b>		FRS U.S. Bond Enhanced Index Fund (\$0.50) _____ %
		FRS Intermediate Bond Fund (\$1.20) _____ %
		FRS Core Plus Bond Fund (\$2.40) _____ %
<b>U.S. STOCK FUNDS</b>		FRS Large Cap Stock Fund (\$2.80) _____ %
		FRS U.S. Stock Market Index Fund (\$0.20) _____ %
		FRS Small/Mid Cap Stock Fund (\$5.90) _____ %
<b>FOREIGN AND GLOBAL STOCK FUNDS</b>		FRS Foreign Stock Index Fund (\$0.30) (B) _____ %
		FRS Foreign Stock Fund (\$5.00) (B) _____ %
		FRS Global Stock Fund (\$5.00) (B) _____ %
<b>TOTAL MUST EQUAL 100%</b>		

# Review the Following Important Information Carefully

*Do not submit this page with your Enrollment Form*

- **Hybrid Option Special Eligibility Requirements**—The Hybrid Option is available if you have 8 years of previous Pension Plan service and were initially enrolled in the FRS on or after July 1, 2011 (5 years if hired prior to July 1, 2011). This option is designed to freeze your accrued Pension Plan benefit and establish an Investment Plan account for all future employer and employee contributions. For more information, call the MyFRS Financial Guidance Line and select Option 2.
- **Incomplete Form**—You will be notified if your form is incomplete and was not processed. You must submit a new completed form by your deadline in order for your choice to be processed. Keep a copy for your records.
- **Plan Choice Deadline**—You are responsible for ensuring your election is received by the Plan Choice Administrator on or before 4:00 p.m. ET on the last business day of the 5<sup>th</sup> month following your month of hire.
- **Eligibility**—You must be actively employed and earning salary and service credit when your form is received by the Plan Choice Administrator. If it is determined that you were not eligible, your election will be invalid and reversed.
- **Default Enrollment**—If you do not submit a choice, the Pension Plan will be considered your initial election by default.
- **Reversing an Election Made in Error**—If you make your choice in error or change your mind, you have until 4:00 p.m. ET on the last business day of the month following your election month to cancel your election. To do so, call the MyFRS Financial Guidance Line and select Option 2.
- **Confirmation Statement**—You will receive a confirmation statement once your Enrollment Form has been processed. The confirmation statement will be mailed to your address on file as supplied by your employer. Allow 2 to 3 weeks to receive it. Notify your employer of any address changes.
- **Beneficiary Designation**—Designate a beneficiary by submitting a Beneficiary Designation Form (BEN-001 Pension Plan or IPBEN-1 Investment Plan). Forms are available online at *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 1. If you do not designate a beneficiary, in the event of your death, your benefits, if any, will be distributed in accordance with Section 121.091(8) or Section 121.4501(20), Florida Statutes, as applicable.
- **2<sup>nd</sup> Election**—You have a one-time opportunity during your FRS career to switch from the FRS plan you initially chose to the other plan. There may be a cost for doing so. You cannot file a 2<sup>nd</sup> Election using this form. Call the MyFRS Financial Guidance Line and select Option 1, or use the online resources on *MyFRS.com* for further information.
- **If You Elected the Pension Plan**—You understand that the Pension Plan is a defined benefit plan, which will provide you with benefit payments at retirement if you meet certain criteria. As of the most recent actuarial valuation date, the FRS actuarial liability exceeded the actuarial value of its assets, yielding an unfunded actuarial liability. This liability may increase or decrease in the future. The Florida Legislature may increase or decrease the amount that you and your employer contribute to this Plan to keep it actuarially funded.
- **If You Elected the Investment Plan**—You understand, acknowledge, and authorize the following:
  - You reviewed the fund profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement on *MyFRS.com* before submitting your Enrollment Form and before selecting any investment funds.
  - The Annual Fee Disclosure Statement for the FRS Investment Plan provides information concerning the Investment Plan's structure, administrative and individual expenses, and investment funds, including performance, benchmarks, fees, and expenses. This statement is designed to set forth relevant information in simple terms to help you make better investment decisions. The statement is available online in the "Investment Funds" section on *MyFRS.com*, or you can request a printed copy be mailed at no cost to you by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - Any accrued value you may have in the Pension Plan will be transferred to your Investment Plan account as your opening balance and is subject to the vesting requirements of the Pension Plan. The initial transfer amount is an estimate, and your account will be reconciled within 60 days of the transfer using your actual FRS membership record pursuant to Florida law. You direct that all future employer and employee contributions be deposited in your Investment Plan account.
  - If you do not select any investment funds, your Plan assets will initially be invested in an age-appropriate Retirement Date Fund as provided under Plan provisions.
  - At any time after your account is activated, you can change your fund allocations to any of the Plan's investment options by logging in to *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - Your Investment Plan account will be accessible at the end of the month following the effective date of this election.
  - You understand a Self-Directed Brokerage Account is offered by the Plan and enrollment will be available to you after you meet the required Plan provisions.
  - Sections 121.4501(8)(b)4 and 121.4501(15)(b), Florida Statutes, incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.
  - The Investment Plan is a defined contribution plan. The Florida Legislature can increase or decrease the amount that you and your employer contribute to your account.
  - The Investment Plan is not designed to facilitate short-term excessive fund trading. Foreign and global investment funds are subject to a minimum holding period of 7 calendar days following any non-exempt transfers into such funds. You may be subject to trading controls on the funds in the event that you trade excessively.
  - Investment management fees are deducted from your Investment Plan account. These fees may change in the future, and funds may be added or terminated. If any of the funds you select are terminated in the future, you will be able to move your assets into other investment funds prior to fund termination. If you do not move your assets out of a terminated fund, those assets will automatically be moved into a replacement fund designated at that time.
  - If you terminate employment and are vested in your account balance, you may be subject to a mandatory payout of your account if the balance is \$1,000 or less, or an account maintenance fee of \$6 per quarter if your account balance is more than \$1,000.
  - You consent to electronic delivery of documents through the *MyFRS.com* website, including but not limited to prospectuses, quarterly account statements, account transaction confirmation statements, privacy notices, fee disclosures, and other documents. Anytime one of these documents is available, an email notice will be sent to the email address you provided. You will need to log in to *MyFRS.com* to view these documents and to make any updates to your email address. Receipt of documents through *MyFRS.com* will continue until you revoke your consent by calling the MyFRS Financial Guidance Line and selecting Option 4. Your internet service or cellphone provider may charge you a fee for the time required to view your documents online or for other services.
- **Rights and Responsibilities**—A description of your rights and responsibilities under the Pension Plan and the Investment Plan is in the respective Summary Plan Description, the Florida Statutes, and the Administrative Rules and can be obtained by calling the MyFRS Financial Guidance Line and selecting Option 2, or by visiting *MyFRS.com*.

## Elected Officers' Class Retirement Plan Enrollment Form

<b>1</b>	<b>Enter Your Info</b>  PLEASE PRINT	LAST NAME	FIRST NAME	MIDDLE INITIAL	
		LAST 4 DIGITS OF SOCIAL SECURITY NUMBER		DATE OF BIRTH (MM/DD/YYYY)	
		<div style="border: 1px solid black; width: 100px; height: 20px; display: flex; justify-content: space-between;"> <span></span><span></span><span></span><span></span> </div>		<div style="border: 1px solid black; width: 150px; height: 20px; display: flex; justify-content: space-between;"> <span></span><span></span><span></span><span></span><span></span><span></span><span></span><span></span><span></span><span></span> </div>	
<b>2</b>	<b>Select Your Plan</b>	<div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p>The enrollment deadline for options 1, 2, and 3 is 4:00 p.m. ET on the last business day of the 5<sup>th</sup> month following the month you assume office.</p> <div style="margin-top: 10px;"> <input type="checkbox"/> 1. FRS Pension Plan  <input type="checkbox"/> 2. FRS Investment Plan  <input type="checkbox"/> 3. FRS Hybrid Option  <i>See special eligibility requirements on page 4.</i> </div> </div> <div style="width: 48%;"> <p>The enrollment deadline for options 4, 5, and 6 is 4:00 p.m. ET on the last business day of the 6<sup>th</sup> calendar month after you assume office.</p> <div style="margin-top: 10px;"> <input type="checkbox"/> 4. FRS Pension Plan, Senior Management Service Class (SMSC)   <input type="checkbox"/> 5. Withdraw from the FRS to participate in a local annuity plan   <input type="checkbox"/> 6. Withdraw from the FRS entirely           </div> </div> </div> <div style="text-align: right; margin-top: 20px; font-size: small;">             If you selected option 4, 5, or 6, you <b>MUST</b> also submit the Employment Certification form on page 3.           </div>			
<b>3</b>	<b>Choose Your Funds</b>	<p>If you selected the FRS Investment Plan or the FRS Hybrid Option, you must choose your Investment Plan funds.</p> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 48%;"> <input type="checkbox"/> <b>Choose a Retirement Date Fund for me.</b>              Your Plan assets will be invested initially in an age-appropriate Retirement Date Fund.           </div> <div style="width: 48%;"> <input type="checkbox"/> I have indicated my choices in the "Choose Your FRS Funds" section of this form. <i>See next page.</i> </div> </div>			
<b>4</b>	<b>Sign Here</b>	<p>By signing below, I acknowledge that I have read and understand the information on pages 4 and 5 of this Enrollment Form, and I certify all supplied information to be true and correct. I understand that this form cannot be processed without the last four digits of my Social Security number, my date of birth, my plan choice, and my signature.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <div style="display: flex; justify-content: space-between;"> <div style="width: 70%;">SIGNATURE</div> <div style="width: 30%;">DATE</div> </div> <div style="border-top: 1px solid black; margin-top: 10px;">EMPLOYER NAME</div> <div style="border-top: 1px solid black; margin-top: 10px;">PERSONAL EMAIL</div> <div style="border-top: 1px solid black; margin-top: 10px;">           PHONE NUMBER WITH AREA CODE  <div style="display: flex; align-items: center;"> <input type="checkbox"/> MOBILE (RECOMMENDED)           <div style="border: 1px solid black; width: 150px; height: 20px; margin-left: 10px; display: flex; justify-content: space-between;"> <span></span><span></span><span></span><span></span><span></span><span></span><span></span><span></span><span></span><span></span> </div> </div> <input type="checkbox"/> OTHER         </div> </div>			
<b>5</b>	<b>Submit Your Form</b>	<div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 45%;"> <p><b>By Fax:</b>  <b>1-888-310-5559</b>            Do <b>not</b> include a cover sheet.</p> </div> <div style="width: 10%; text-align: center;"> <p>— OR —</p> </div> <div style="width: 45%;"> <p><b>By Mail:</b>  <b>Plan Choice Administrator</b>  <b>P.O. Box 785027</b>  <b>Orlando, FL 32878-5027</b></p> </div> </div>			





## Choose Your FRS Funds

**Complete and submit this section only if you selected the FRS Investment Plan or the FRS Hybrid Option.**

### Choosing Your Investment Plan Funds

- You can allocate your contributions to any combination of funds below, but your total allocation must add up to 100%.
- You can change your selections at any time after your account is activated by calling the MyFRS Financial Guidance Line, Option 4, or by logging in to *MyFRS.com*. Transfer restrictions may apply.
- For more information about each Investment Plan fund, review the fund profiles, Investment Fund Summary, and the Annual Fee Disclosure Statement available on *MyFRS.com*, or call the MyFRS Financial Guidance Line, Option 2, to speak with an experienced, unbiased financial planner.

### An Important Note About Fees

Each investment fund charges an annual fee based on a percentage of the balance invested in that fund. Fees vary by fund and are automatically deducted from your account. These are the only fees you will pay as an active member of the Investment Plan.

### About Retirement Date Funds

Retirement Date Funds are professionally managed funds that are designed to offer you a single solution for maintaining a diversified portfolio based on the amount of time you have until retirement. As your retirement gets nearer, the fund's investment mix gradually shifts from growth to preservation.

### About the Other Funds

The other funds listed below allow you to create your own customized portfolio. "(B)" identifies a fund that will automatically block trades under certain circumstances.

<b>RETIREMENT DATE FUNDS</b>		<b>Enter % for Each Fund</b>
<i><b>Fees as of July 1, 2017 shown below as (\$).</b></i>		
<b>If you are this age ...</b>	<b>You might consider this Retirement Date Fund ...</b>	
<b>Regular Class</b>	<b>Special Risk or Special Risk Admin.</b>	
Age 24 or younger	Age 19 or younger	FRS 2060 Retirement Date Fund (\$0.73) _____ %
Age 25 to 29	Age 20 to 24	FRS 2055 Retirement Date Fund (\$0.70) _____ %
Age 30 to 34	Age 25 to 29	FRS 2050 Retirement Date Fund (\$0.70) _____ %
Age 35 to 39	Age 30 to 34	FRS 2045 Retirement Date Fund (\$0.70) _____ %
Age 40 to 44	Age 35 to 39	FRS 2040 Retirement Date Fund (\$0.70) _____ %
Age 45 to 49	Age 40 to 44	FRS 2035 Retirement Date Fund (\$0.90) _____ %
Age 50 to 54	Age 45 to 49	FRS 2030 Retirement Date Fund (\$1.00) _____ %
Age 55 to 59	Age 50 to 54	FRS 2025 Retirement Date Fund (\$1.20) _____ %
Age 60 to 64	Age 55 to 59	FRS 2020 Retirement Date Fund (\$1.40) _____ %
Age 65 to 69	Age 60 to 64	FRS 2015 Retirement Date Fund (\$1.50) _____ %
Age 70 or older	Age 65 or older	FRS Retirement Fund (\$1.50) _____ %
<b>OTHER FUNDS</b>		
<b>MONEY MARKET FUND</b>		FRS Money Market Fund (\$0.61) _____ %
<b>MULTI-ASSETS FUND</b>		FRS Inflation Adjusted Multi-Assets Fund (\$4.50) _____ %
<b>BOND FUNDS</b>		FRS U.S. Bond Enhanced Index Fund (\$0.50) _____ %
		FRS Intermediate Bond Fund (\$1.20) _____ %
		FRS Core Plus Bond Fund (\$2.40) _____ %
<b>U.S. STOCK FUNDS</b>		FRS Large Cap Stock Fund (\$2.80) _____ %
		FRS U.S. Stock Market Index Fund (\$0.20) _____ %
		FRS Small/Mid Cap Stock Fund (\$5.90) _____ %
<b>FOREIGN AND GLOBAL STOCK FUNDS</b>		FRS Foreign Stock Index Fund (\$0.30) (B) _____ %
		FRS Foreign Stock Fund (\$5.00) (B) _____ %
		FRS Global Stock Fund (\$5.00) (B) _____ %
<b>TOTAL MUST EQUAL 100%</b>		

## Elected Officers' Class Retirement Plan Enrollment Form Employment Certification

*Complete and submit this section only if you selected option 4, 5, or 6.*

*The information below MUST be completed by the employer.*

### Employing Agency

EMPLOYING AGENCY NAME

AGENCY NUMBER

CLASS CODE

POSITION NUMBER

DATE EMPLOYEE ASSUMED OFFICE (MM/DD/YYYY)

--	--	--	--	--	--	--	--

### Authorized Signature

By signing below, I certify that the above information is correct.

AUTHORIZED SIGNATURE

TITLE

### Questions?

**MyFRS Financial Guidance Line**  
1-866-446-9377, Option 2 (TRS 711)

Get free, unbiased guidance from experienced financial planners about the plans or the election process.

**MyFRS.com**

Visit anytime for tools and information about the FRS Investment Plan and Pension Plan.

# Review the Following Important Information Carefully

*Do not submit this page with your Enrollment Form.*

- **Hybrid Option Special Eligibility Requirements**—The Hybrid Option is available if you have 8 years of previous Pension Plan service and were initially enrolled in the FRS on or after July 1, 2011 (5 years if hired prior to July 1, 2011). This option is designed to freeze your accrued Pension Plan benefit and establish an Investment Plan account for all future employer and employee contributions. For more information, call the MyFRS Financial Guidance Line and select Option 2.
- **Incomplete Form**—You will be notified if your form is incomplete and was not processed. You must submit a new completed form by your deadline in order for your choice to be processed. Keep a copy for your records.
- **Plan Choice Deadline**—You are responsible for ensuring your election is received by the Plan Choice Administrator according to the deadline indicated for the option you choose.
- **Eligibility**—You must be actively employed and earning salary and service credit when your form is received by the Plan Choice Administrator. If it is determined that you were not eligible, your election will be invalid and reversed.
- **Default Enrollment**—If you do not submit a choice, the Pension Plan will be considered your initial election by default.
- **Reversing an Election Made in Error**—If you make your choice in error or change your mind, you have until 4:00 p.m. ET on the last business day of the month following your election month to cancel your election. To do so, call the MyFRS Financial Guidance Line and select Option 2.
- **Confirmation Statement**—You will receive a confirmation statement once your Enrollment Form has been processed. The confirmation statement will be mailed to your address on file as supplied by your employer. Allow 2 to 3 weeks to receive it. Notify your employer of any address changes.
- **Beneficiary Designation**—Designate a beneficiary by submitting a Beneficiary Designation Form (BEN-001 Pension Plan or IPBEN-1 Investment Plan). Forms are available online at *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 1. If you do not designate a beneficiary, in the event of your death, your benefits, if any, will be distributed in accordance with Section 121.091(8) or Section 121.4501(20), Florida Statutes, as applicable.
- **2<sup>nd</sup> Election**—If you choose option 1, 2, 3, or 4, you have a one-time opportunity during your FRS career to switch from the FRS plan you initially chose to the other plan. There may be a cost for doing so. You cannot file a 2<sup>nd</sup> Election using this form. Call the MyFRS Financial Guidance Line and select Option 1, or use the online resources on *MyFRS.com* for further information.
- **If You Elected the Pension Plan**—You understand that the Pension Plan is a defined benefit plan, which will provide you with benefit payments at retirement if you meet certain criteria. As of the most recent actuarial valuation date, the FRS actuarial liability exceeded the actuarial value of its assets, yielding an unfunded actuarial liability. This liability may increase or decrease in the future. The Florida Legislature may increase or decrease the amount that you and your employer contribute to this Plan to keep it actuarially funded.
- **If You Elected the Investment Plan**—You understand, acknowledge, and authorize the following:
  - Any accrued value you may have in the Pension Plan will be transferred to your Investment Plan account as your opening balance and is subject to the vesting requirements of the Pension Plan. The initial transfer amount is an estimate, and your account will be reconciled within 60 days of the transfer using your actual FRS membership record pursuant to Florida law. You direct that all future employer and employee contributions be deposited in your Investment Plan account.
- **If You Elected the Investment Plan or the Hybrid Option**—You understand, acknowledge, and authorize the following:
  - You reviewed the fund profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement at *MyFRS.com* before submitting your Enrollment Form and before selecting any investment funds.
  - The Annual Fee Disclosure Statement for the FRS Investment Plan provides information concerning the Investment Plan's structure, administrative and individual expenses, and investment funds, including performance, benchmarks, fees, and expenses. This statement is designed to set forth relevant information in simple terms to help you make better investment decisions. The statement is available online in the "Investment Funds" section on *MyFRS.com*, or you can request a printed copy be mailed at no cost to you by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - If you do not select any investment funds, your Plan assets will initially be invested in an age-appropriate Retirement Date Fund as provided under Plan provisions.
  - At any time after your account is activated, you can change your fund allocations to any of the Plan's investment options by logging in to *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - Your Investment Plan account will be accessible at the end of the month following the effective date of this election.
  - You understand a Self-Directed Brokerage Account is offered by the Plan and enrollment will be available to you after you meet the required Plan provisions.
  - Sections 121.4501(8)(b)4 and 121.4501(15)(b), Florida Statutes, incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.
  - The Investment Plan is a defined contribution plan. The Florida Legislature can increase or decrease the amount that you and your employer contribute to your account.
  - The Investment Plan is not designed to facilitate short-term excessive fund trading. Foreign and global investment funds are subject to a minimum holding period of 7 calendar days following any non-exempt transfers into such funds. You may be subject to trading controls on the funds in the event that you trade excessively.
  - Investment management fees are deducted from your Investment Plan account. These fees may change in the future, and funds may be added or terminated. If any of the funds you select are terminated in the future, you will be able to move your assets into other investment funds prior to fund termination. If you do not move your assets out of a terminated fund, those assets will automatically be moved into a replacement fund designated at that time.
  - If you terminate employment and are vested in your account balance, you may be subject to a mandatory payout of your account if the balance is \$1,000 or less, or an account maintenance fee of \$6 per quarter if your account balance is more than \$1,000.
  - You consent to electronic delivery of documents through the *MyFRS.com* website, including but not limited to prospectuses, quarterly account statements, account transaction confirmation statements, privacy notices, fee disclosures, and other documents. Anytime one of these documents is available, an email notice will be sent to the email address you provided. You will need to log in to *MyFRS.com* to view these documents and to make any updates to your email address. Receipt of documents through *MyFRS.com* will continue until you revoke your consent by calling the MyFRS Financial Guidance Line and selecting Option 4. Your internet service or cellphone provider may

charge you a fee for the time required to view your documents online or for other services.

- **If You Elected the FRS Pension Plan, Senior Management Service Class**—You understand, acknowledge, and authorize the following:
  - Upon election, your FRS service will be governed by the guidelines of the Senior Management Service Class (SMSC) of the Pension Plan.
  - Your effective date in this class will be the date you took elected office.
- **If You Elected “Withdraw from the FRS to Participate in a Local Annuity Plan”**—You understand, acknowledge, and authorize the following:
  - You will not participate in any FRS program.
  - Your decision to participate in the local annuity plan is irrevocable for as long as you hold a position eligible for the Senior Management Service Class.

- You understand that your election must be made no later than 6 months after assuming office and you must be a local elected officer to select this option.

- **If You Elected “Withdraw from the FRS Entirely”**—You understand, acknowledge, and authorize the following:
  - Your effective date for this election is the date you assumed office.
  - You may rejoin the Elected Officers’ Class (EOC) at any time by submitting a written request to the Division of Retirement, provided you are in an EOC position at the time of your request.
  - You are not eligible for this option if you have already retired from an FRS-administered retirement plan.
- **Rights and Responsibilities**—A description of your rights and responsibilities under the Pension Plan and the Investment Plan is in the respective Summary Plan Description, the Florida Statutes, and the Administrative Rules and can be obtained by calling the MyFRS Financial Guidance Line and selecting Option 2, or by visiting *MyFRS.com*.

## State Community College System Optional Retirement Program (CCORP) Enrollment Form

<b>1</b>	<b>Enter Your Info</b>  PLEASE PRINT	LAST NAME _____	FIRST NAME _____	MIDDLE INITIAL _____
		LAST 4 DIGITS OF SOCIAL SECURITY NUMBER	DATE OF BIRTH (MM/DD/YYYY)	
		<div style="border: 1px solid black; width: 40px; height: 20px; display: inline-block;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; display: inline-block;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; display: inline-block;"></div> <div style="border: 1px solid black; width: 40px; height: 20px; display: inline-block;"></div>	<div style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></div> <div style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></div>	
<b>2</b>	<b>Select Your Plan</b>	<p>The enrollment deadline for options 1, 2, and 3 is 4:00 p.m. ET on the last business day of the 5<sup>th</sup> month following your month of hire.</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p><input type="checkbox"/> 1. FRS Pension Plan</p> <p><input type="checkbox"/> 2. FRS Investment Plan</p> <p><input type="checkbox"/> 3. FRS Hybrid Option <i>See special eligibility requirements on page 4.</i></p> </div> <div style="width: 48%;"> <p>The enrollment deadline for option 4 is 4:00 p.m. ET on the 90<sup>th</sup> day following your date of hire.</p> <p><input type="checkbox"/> 4. Withdraw from the FRS to participate in the local State Community College System Optional Retirement Program (CCORP)</p> <p><b>If you selected option 4, you MUST also submit the Employment Certification form on page 3.</b></p> </div> </div>		
<b>3</b>	<b>Choose Your Funds</b>	<p>If you selected the FRS Investment Plan or the FRS Hybrid Option, you must choose your Investment Plan funds.</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p><input type="checkbox"/> <b>Choose a Retirement Date Fund for me.</b> Your Plan assets will be invested initially in an age-appropriate Retirement Date Fund.</p> </div> <div style="width: 48%;"> <p><input type="checkbox"/> I have indicated my choices in the "Choose Your FRS Funds" section of this form. <i>See next page.</i></p> </div> </div>		
<b>4</b>	<b>Sign Here</b>	<p>By signing below, I acknowledge that I have read and understand the information on pages 4 and 5 of this Enrollment Form, and I certify all supplied information to be true and correct. I understand that this form cannot be processed without the last four digits of my Social Security number, my date of birth, my plan choice, and my signature.</p> <div style="display: flex; justify-content: space-between; border-top: 1px solid black; margin-top: 10px;"> <div style="width: 70%; padding-top: 5px;">SIGNATURE</div> <div style="width: 25%; padding-top: 5px;">DATE</div> </div> <div style="border-top: 1px solid black; margin-top: 10px; padding-top: 5px;">EMPLOYER NAME</div> <div style="border-top: 1px solid black; margin-top: 10px; padding-top: 5px;">PERSONAL EMAIL</div> <div style="border-top: 1px solid black; margin-top: 10px; padding-top: 5px;">PHONE NUMBER WITH AREA CODE</div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="width: 40%;"> <p><input type="checkbox"/> MOBILE (RECOMMENDED)</p> <p><input type="checkbox"/> OTHER</p> </div> <div style="width: 55%; text-align: center;"> <div style="border: 1px solid black; width: 100px; height: 25px; display: inline-block;"></div> </div> </div>		
<b>5</b>	<b>Submit Your Form</b>	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p><b>By Fax:</b> <b>1-888-310-5559</b> Do <b>not</b> include a cover sheet.</p> </div> <div style="width: 10%; text-align: center;"> <p>— OR —</p> </div> <div style="width: 45%;"> <p><b>By Mail:</b> <b>Plan Choice Administrator</b> <b>P.O. Box 785027</b> <b>Orlando, FL 32878-5027</b></p> </div> </div>		



## Choose Your FRS Funds

**Complete and submit this section only if you selected the FRS Investment Plan or the FRS Hybrid Option.**

### Choosing Your Investment Plan Funds

- You can allocate your contributions to any combination of funds below, but your total allocation must add up to 100%.
- You can change your selections at any time after your account is activated by calling the MyFRS Financial Guidance Line, Option 4, or by logging in to *MyFRS.com*. Transfer restrictions may apply.
- For more information about each Investment Plan fund, review the fund profiles, Investment Fund Summary, and the Annual Fee Disclosure Statement available on *MyFRS.com*, or call the MyFRS Financial Guidance Line, Option 2, to speak with an experienced, unbiased financial planner.

### An Important Note About Fees

Each investment fund charges an annual fee based on a percentage of the balance invested in that fund. Fees vary by fund and are automatically deducted from your account. These are the only fees you will pay as an active member of the Investment Plan.

### About Retirement Date Funds

Retirement Date Funds are professionally managed funds that are designed to offer you a single solution for maintaining a diversified portfolio based on the amount of time you have until retirement. As your retirement gets nearer, the fund's investment mix gradually shifts from growth to preservation.

### About the Other Funds

The other funds listed below allow you to create your own customized portfolio. "(B)" identifies a fund that will automatically block trades under certain circumstances.

<b>RETIREMENT DATE FUNDS</b>		<b>Enter % for Each Fund</b>
<i><b>Fees as of July 1, 2017 shown below as (\$).</b></i>		
<b>If you are this age ...</b>	<b>You might consider this Retirement Date Fund ...</b>	
<b>Regular Class</b>	<b>Special Risk or Special Risk Admin.</b>	
Age 24 or younger	Age 19 or younger	FRS 2060 Retirement Date Fund (\$0.73) _____ %
Age 25 to 29	Age 20 to 24	FRS 2055 Retirement Date Fund (\$0.70) _____ %
Age 30 to 34	Age 25 to 29	FRS 2050 Retirement Date Fund (\$0.70) _____ %
Age 35 to 39	Age 30 to 34	FRS 2045 Retirement Date Fund (\$0.70) _____ %
Age 40 to 44	Age 35 to 39	FRS 2040 Retirement Date Fund (\$0.70) _____ %
Age 45 to 49	Age 40 to 44	FRS 2035 Retirement Date Fund (\$0.90) _____ %
Age 50 to 54	Age 45 to 49	FRS 2030 Retirement Date Fund (\$1.00) _____ %
Age 55 to 59	Age 50 to 54	FRS 2025 Retirement Date Fund (\$1.20) _____ %
Age 60 to 64	Age 55 to 59	FRS 2020 Retirement Date Fund (\$1.40) _____ %
Age 65 to 69	Age 60 to 64	FRS 2015 Retirement Date Fund (\$1.50) _____ %
Age 70 or older	Age 65 or older	FRS Retirement Fund (\$1.50) _____ %
<b>OTHER FUNDS</b>		
<b>MONEY MARKET FUND</b>		FRS Money Market Fund (\$0.61) _____ %
<b>MULTI-ASSETS FUND</b>		FRS Inflation Adjusted Multi-Assets Fund (\$4.50) _____ %
<b>BOND FUNDS</b>		FRS U.S. Bond Enhanced Index Fund (\$0.50) _____ %
		FRS Intermediate Bond Fund (\$1.20) _____ %
		FRS Core Plus Bond Fund (\$2.40) _____ %
<b>U.S. STOCK FUNDS</b>		FRS Large Cap Stock Fund (\$2.80) _____ %
		FRS U.S. Stock Market Index Fund (\$0.20) _____ %
		FRS Small/Mid Cap Stock Fund (\$5.90) _____ %
<b>FOREIGN AND GLOBAL STOCK FUNDS</b>		FRS Foreign Stock Index Fund (\$0.30) (B) _____ %
		FRS Foreign Stock Fund (\$5.00) (B) _____ %
		FRS Global Stock Fund (\$5.00) (B) _____ %
<b>TOTAL MUST EQUAL 100%</b>		



**State Community College System Optional Retirement Program (CCORP)  
Enrollment Form  
Employment Certification**

*Complete and submit this section only if you selected option 4.*

*The information below MUST be completed by the employer.*

**Employing  
Agency**

EMPLOYING AGENCY NAME

AGENCY NUMBER

POSITION TITLE

POSITION NUMBER

DATE OF EMPLOYMENT (MM/DD/YYYY)

--	--	--	--	--	--	--	--

INITIAL PAYROLL  
DEDUCTION (SELECT ONE)

☐ HA    ☐ OC

EFFECTIVE DATE OF CCORP-ELIGIBLE EMPLOYMENT (MM/DD/YYYY)

--	--	--	--	--	--	--	--

**Authorized  
Signature**

By signing below, I certify that the above information is correct and the member is employed in a CCORP-eligible position.

AUTHORIZED SIGNATURE

TITLE

DATE (MM/DD/YYYY)

--	--	--	--	--	--	--	--

PHONE NUMBER WITH AREA CODE

--	--	--	--	--	--	--	--	--	--

**Questions?**

**MyFRS Financial Guidance Line**  
1-866-446-9377, Option 2 (TRS 711)

Get free, unbiased guidance from experienced financial  
planners about the plans or the election process.

**MyFRS.com**

Visit anytime for tools and information about  
the FRS Investment Plan and Pension Plan.

# Review the Following Important Information Carefully

*Do not submit this page with your form.*

- **Hybrid Option Special Eligibility Requirements**—The Hybrid Option is available if you have 8 years of previous Pension Plan service and were initially enrolled in the FRS on or after July 1, 2011 (5 years if hired prior to July 1, 2011). This option is designed to freeze your accrued Pension Plan benefit and establish an Investment Plan account for all future employer and employee contributions. For more information, call the MyFRS Financial Guidance Line and select Option 2.
  - **Incomplete Form**—You will be notified if your form is incomplete and was not processed. You must submit a new completed form by your deadline in order for your choice to be processed. Keep a copy for your records.
  - **Plan Choice Deadline**—You are responsible for ensuring your election is received by the Plan Choice Administrator according to the deadline indicated for the option you choose.
  - **Eligibility**—You must be actively employed and earning salary and service credit when your form is received by the Plan Choice Administrator. If it is determined that you were not eligible, your election will be invalid and reversed.
  - **Default Enrollment**—If you do not submit a choice, the Pension Plan will be considered your initial election by default.
  - **Reversing an Election Made in Error**—If you make your choice in error or change your mind, you have until 4:00 p.m. ET on the last business day of the month following your election month to cancel your election. To do so, call the MyFRS Financial Guidance Line and select Option 2.
  - **Confirmation Statement**—You will receive a confirmation statement once your Enrollment Form has been processed. The confirmation statement will be mailed to your address on file as supplied by your employer. Allow 2 to 3 weeks to receive it. Notify your employer of any address changes.
  - **Beneficiary Designation**—Designate a beneficiary by submitting a Beneficiary Designation Form (BEN-001 Pension Plan or IPBEN-1 Investment Plan). Forms are available online at *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 1. If you do not designate a beneficiary, in the event of your death, your benefits, if any, will be distributed in accordance with Section 121.091(8) or Section 121.4501(20), Florida Statutes, as applicable.
  - **2<sup>nd</sup> Election**—You have a one-time opportunity during your FRS career to switch from the FRS plan you initially chose to the other plan. There may be a cost for doing so. You cannot file a 2<sup>nd</sup> Election using this form. Call the MyFRS Financial Guidance Line and select Option 1, or use the online resources on *MyFRS.com* for further information.
  - **If You Elected the Pension Plan**—You understand that the Pension Plan is a defined benefit plan, which will provide you with benefit payments at retirement if you meet certain criteria. As of the most recent actuarial valuation date, the FRS actuarial liability exceeded the actuarial value of its assets, yielding an unfunded actuarial liability. This liability may increase or decrease in the future. The Florida Legislature may increase or decrease the amount that you and your employer contribute to this Plan to keep it actuarially funded.
  - **If You Elected the Investment Plan**—You understand, acknowledge, and authorize the following:
    - Any accrued value you may have in the Pension Plan will be transferred to your Investment Plan account as your opening balance and is subject to the vesting requirements of the Pension Plan. The initial transfer amount is an estimate, and your account will be reconciled within 60 days of the transfer using your actual FRS membership record pursuant to Florida law. You direct that all future employer and employee contributions be deposited in your Investment Plan account.
  - **If You Elected the Investment Plan or the Hybrid Option**—You understand, acknowledge, and authorize the following:
    - You reviewed the fund profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement on *MyFRS.com* before submitting your Enrollment Form and before selecting any investment funds.
    - The Annual Fee Disclosure Statement for the FRS Investment Plan provides information concerning the Investment Plan's structure, administrative and individual expenses, and investment funds, including performance, benchmarks, fees, and expenses. This statement is designed to set forth relevant information in simple terms to help you make better investment decisions. The statement is available online in the "Investment Funds" section on *MyFRS.com*, or you can request a printed copy be mailed at no cost to you by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - If you do not select any investment funds, your Plan assets will initially be invested in an age-appropriate Retirement Date Fund as provided under Plan provisions.
  - At any time after your account is activated, you can change your fund allocations to any of the Plan's investment options by logging in to *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - Your Investment Plan account will be accessible at the end of the month following the effective date of this election.
  - You understand a Self-Directed Brokerage Account is offered by the Plan and enrollment will be available to you after you meet the required Plan provisions.
  - Sections 121.4501(8)(b)4 and 121.4501(15)(b), Florida Statutes, incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.
  - The Investment Plan is a defined contribution plan. The Florida Legislature can increase or decrease the amount that you and your employer contribute to your account.
  - The Investment Plan is not designed to facilitate short-term excessive fund trading. Foreign and global investment funds are subject to a minimum holding period of 7 calendar days following any non-exempt transfers into such funds. You may be subject to trading controls on the funds in the event that you trade excessively.
  - Investment management fees are deducted from your Investment Plan account. These fees may change in the future, and funds may be added or terminated. If any of the funds you select are terminated in the future, you will be able to move your assets into other investment funds prior to fund termination. If you do not move your assets out of a terminated fund, those assets will automatically be moved into a replacement fund designated at that time.
  - If you terminate employment and are vested in your account balance, you may be subject to a mandatory payout of your account if the balance is \$1,000 or less, or an account maintenance fee of \$6 per quarter if your account balance is more than \$1,000.
  - You consent to electronic delivery of documents through the *MyFRS.com* website, including but not limited to prospectuses, quarterly account statements, account transaction confirmation statements, privacy notices, fee disclosures, and other documents. Anytime one of these documents is available, an email notice will be sent to the email address you provided. You will need to log in to *MyFRS.com* to view these documents and to make any updates to your email address. Receipt of documents through *MyFRS.com* will continue until you revoke your consent by calling the MyFRS Financial Guidance Line and selecting Option 4. Your internet service or cellphone provider may charge you a fee for the time required to view your documents online or for other services.
- **If You Elected "Withdraw from the FRS to Participate in the Local Community College Optional Retirement Program (CCORP)"**—You understand, acknowledge, and authorize the following:
  - You are eligible to participate in the CCORP as provided in Section 121.051(2), Florida Statutes.



- You must execute a contract with a CCORP provider during your first 90 days of employment or you will default into the Pension Plan.
- Your membership in any other state-administered retirement plan will terminate on the effective date of your enrollment in the CCORP.
- As a member of the CCORP, you are not eligible for disability retirement benefits under any FRS-administered retirement plan.
- Your decision to withdraw from the FRS is irrevocable for as long as you are employed in a CCORP-eligible position.
- The State of Florida does not guarantee or insure the benefits paid under the CCORP.
- It is mandatory for you to contribute 3% of your salary to the plan. These mandatory contributions will be deducted from your pay on a pretax basis and will be sent to the provider company as are the employer contributions.
- You have the option to make additional pretax contributions of up to 5.15% of your eligible compensation.
- By taking a distribution of employer/mandatory employee contributions, you will be considered a retiree.
- A retiree of a state-administered retirement system who is reemployed on or after July 1, 2010, is not eligible for renewed membership in any state-administered plan, including the CCORP.
- **Rights and Responsibilities**—A description of your rights and responsibilities under the Pension Plan and the Investment Plan is in the respective Summary Plan Description, the Florida Statutes, and the Administrative Rules and can be obtained by calling the MyFRS Financial Guidance Line and selecting Option 2, **or** by visiting *MyFRS.com*.

## Local Senior Management Service Employees Retirement Plan Enrollment Form

**Your plan choice is due by 4:00 p.m. ET on the last business day of the 5<sup>th</sup> month following your month of hire. Keep your original Enrollment Form for your records.**

<b>1</b>	<b>Enter Your Info</b>  PLEASE PRINT	LAST NAME  <hr/>	FIRST NAME  <hr/>	MIDDLE INITIAL  <hr/>	LAST 4 DIGITS OF SOCIAL SECURITY NUMBER <div style="display: flex; border: 1px solid black; height: 20px; width: 100%;"></div>	DATE OF BIRTH (MM/DD/YYYY) <div style="display: flex; border: 1px solid black; height: 20px; width: 100%;"></div>
<b>2</b>	<b>Select Your Plan</b>	<div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <input type="checkbox"/> 1. FRS Pension Plan, Senior Management Service Class           </div> <div style="width: 48%;"> <input type="checkbox"/> 3. FRS Hybrid Option, Senior Management Service Class  <i>See special eligibility requirements on page 4.</i> </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 48%;"> <input type="checkbox"/> 2. FRS Investment Plan, Senior Management Service Class           </div> <div style="width: 48%;"> <input type="checkbox"/> 4. Withdraw from the Florida Retirement System  <b>If you select option 4, you MUST also submit the Employment Certification form on page 3.</b> </div> </div>				
<b>3</b>	<b>Choose Your Funds</b>	<p><b>If you selected the FRS Investment Plan or the FRS Hybrid Option:</b></p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <input type="checkbox"/> <b>Choose a Retirement Date Fund for me.</b>          Your Plan assets will be invested initially in an age-appropriate Retirement Date Fund.       </div> <div style="width: 48%;"> <input type="checkbox"/> <b>I have indicated my choices in the "Choose Your FRS Funds" section of this form.</b>  <i>See next page.</i> </div> </div>				
<b>4</b>	<b>Sign Here</b>	<p>By signing below, I acknowledge that I have read and understand the information on pages 4 and 5 of this Enrollment Form, and I certify all supplied information to be true and correct. I understand that this form cannot be processed without the last four digits of my Social Security number, my date of birth, my plan choice, and my signature.</p> <hr/> <div style="display: flex; justify-content: space-between;"> <div style="width: 70%;">SIGNATURE</div> <div style="width: 30%;">DATE</div> </div> <hr/> <div style="border-bottom: 1px solid black; padding-bottom: 5px;">EMPLOYER NAME</div> <hr/> <div style="border-bottom: 1px solid black; padding-bottom: 5px;">PERSONAL EMAIL</div> <hr/> <div style="border-bottom: 1px solid black; padding-bottom: 5px;">PHONE NUMBER WITH AREA CODE</div> <div style="display: flex; align-items: flex-start;"> <div style="margin-right: 10px;"> <input type="checkbox"/> MOBILE (RECOMMENDED)  <input type="checkbox"/> OTHER         </div> <div style="border: 1px solid black; width: 300px; height: 20px;"></div> </div>				
<b>5</b>	<b>Submit Your Form</b>	<div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 45%;"> <b>By Fax:</b>  <b>1-888-310-5559</b>          Do not include a cover sheet.       </div> <div style="width: 10%; text-align: center;">         — OR —       </div> <div style="width: 45%;"> <b>By Mail:</b>  <b>Plan Choice Administrator</b>  <b>P.O. Box 785027</b>  <b>Orlando, FL 32878-5027</b> </div> </div>				



## Choose Your FRS Funds

**Complete and submit this section only if you selected the FRS Investment Plan or the FRS Hybrid Option.**

### Choosing Your Investment Plan Funds

- You can allocate your contributions to any combination of funds below, but your total allocation must add up to 100%.
- You can change your selections at any time after your account is activated by calling the MyFRS Financial Guidance Line, Option 4, or by logging in to *MyFRS.com*. Transfer restrictions may apply.
- For more information about each Investment Plan fund, review the fund profiles, Investment Fund Summary, and the Annual Fee Disclosure Statement available on *MyFRS.com*, or call the MyFRS Financial Guidance Line, Option 2, to speak with an experienced, unbiased financial planner.

### An Important Note About Fees

Each investment fund charges an annual fee based on a percentage of the balance invested in that fund. Fees vary by fund and are automatically deducted from your account. These are the only fees you will pay as an active member of the Investment Plan.

### About Retirement Date Funds

Retirement Date Funds are professionally managed funds that are designed to offer you a single solution for maintaining a diversified portfolio based on the amount of time you have until retirement. As your retirement gets nearer, the fund's investment mix gradually shifts from growth to preservation.

### About the Other Funds

The other funds listed below allow you to create your own customized portfolio. "(B)" identifies a fund that will automatically block trades under certain circumstances.

<b>RETIREMENT DATE FUNDS</b>		<b>Enter % for Each Fund</b>
<i><b>Fees as of July 1, 2017 shown below as (\$).</b></i>		
<b>If you are this age ...</b>	<b>You might consider this Retirement Date Fund ...</b>	
<b>Regular Class</b>	<b>Special Risk or Special Risk Admin.</b>	
Age 24 or younger	Age 19 or younger	FRS 2060 Retirement Date Fund (\$0.73) _____ %
Age 25 to 29	Age 20 to 24	FRS 2055 Retirement Date Fund (\$0.70) _____ %
Age 30 to 34	Age 25 to 29	FRS 2050 Retirement Date Fund (\$0.70) _____ %
Age 35 to 39	Age 30 to 34	FRS 2045 Retirement Date Fund (\$0.70) _____ %
Age 40 to 44	Age 35 to 39	FRS 2040 Retirement Date Fund (\$0.70) _____ %
Age 45 to 49	Age 40 to 44	FRS 2035 Retirement Date Fund (\$0.90) _____ %
Age 50 to 54	Age 45 to 49	FRS 2030 Retirement Date Fund (\$1.00) _____ %
Age 55 to 59	Age 50 to 54	FRS 2025 Retirement Date Fund (\$1.20) _____ %
Age 60 to 64	Age 55 to 59	FRS 2020 Retirement Date Fund (\$1.40) _____ %
Age 65 to 69	Age 60 to 64	FRS 2015 Retirement Date Fund (\$1.50) _____ %
Age 70 or older	Age 65 or older	FRS Retirement Fund (\$1.50) _____ %
<b>OTHER FUNDS</b>		
<b>MONEY MARKET FUND</b>		FRS Money Market Fund (\$0.61) _____ %
<b>MULTI-ASSETS FUND</b>		FRS Inflation Adjusted Multi-Assets Fund (\$4.50) _____ %
<b>BOND FUNDS</b>		FRS U.S. Bond Enhanced Index Fund (\$0.50) _____ %
		FRS Intermediate Bond Fund (\$1.20) _____ %
		FRS Core Plus Bond Income Fund (\$2.40) _____ %
<b>U.S. STOCK FUNDS</b>		FRS Large Cap Stock Fund (\$2.80) _____ %
		FRS U.S. Stock Market Index Fund (\$0.20) _____ %
		FRS Small/Mid Cap Stock Fund (\$5.90) _____ %
<b>FOREIGN AND GLOBAL STOCK FUNDS</b>		FRS Foreign Stock Index Fund (\$0.30) (B) _____ %
		FRS Foreign Stock Fund (\$5.00) (B) _____ %
		FRS Global Stock Fund (\$5.00) (B) _____ %
<b>TOTAL MUST EQUAL 100%</b>		

## Local Senior Management Service Employees Retirement Plan Enrollment Form Employment Certification

*Complete and submit this section only if you selected option 4.*

*The information below **MUST** be completed by the employer.*

### Employing Agency

EMPLOYING AGENCY NAME

AGENCY NUMBER

POSITION TITLE

POSITION NUMBER

DATE OF EMPLOYMENT (MM/DD/YYYY)

--	--	--	--	--	--	--	--

### Authorized Signature

By signing below, I certify that the above information is correct.

AUTHORIZED SIGNATURE

TITLE

DATE (MM/DD/YYYY)

--	--	--	--	--	--	--	--

PHONE NUMBER WITH AREA CODE

--	--	--	--	--	--	--	--	--	--

### Questions?

**MyFRS Financial Guidance Line**  
1-866-446-9377, Option 2 (TRS 711)

Get free, unbiased guidance from experienced financial planners about the plans or the election process.

**MyFRS.com**

Visit anytime for tools and information about the FRS Investment Plan and Pension Plan.

# Review the Following Important Information Carefully

*Do not submit this page with your Enrollment Form.*

- **Hybrid Option Special Eligibility Requirements**—The Hybrid Option is available if you have 8 years of previous Pension Plan service and were initially enrolled in the FRS on or after July 1, 2011 (5 years if hired prior to July 1, 2011). This option is designed to freeze your accrued Pension Plan benefit and establish an Investment Plan account for all future employer and employee contributions. For more information, call the MyFRS Financial Guidance Line and select Option 2.
- **Incomplete Form**—You will be notified if your form is incomplete and was not processed. You must submit a new completed form by your deadline in order for your choice to be processed. Keep a copy for your records.
- **Plan Choice Deadline**—You are responsible for ensuring your election is received by the Plan Choice Administrator according to the deadline indicated for the option you choose.
- **Eligibility**—You must be actively employed and earning salary and service credit when your form is received by the Plan Choice Administrator. If it is determined that you were not eligible, your election will be invalid and reversed.
- **Default Enrollment**—If you do not submit a choice, the Pension Plan will be considered your initial election by default.
- **Reversing an Election Made in Error**—If you make your choice in error or change your mind, you have until 4:00 p.m. ET on the last business day of the month following your election month to cancel your election. To do so, call the MyFRS Financial Guidance Line and select Option 2.
- **Confirmation Statement**—You will receive a confirmation statement once your Enrollment Form has been processed. The confirmation statement will be mailed to your address on file as supplied by your employer. Allow 2 to 3 weeks to receive it. Notify your employer of any address changes.
- **Beneficiary Designation**—Designate a beneficiary by submitting a Beneficiary Designation Form (BEN-001 Pension Plan or IPBEN-1 Investment Plan). Forms are available online at *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 1. If you do not designate a beneficiary, in the event of your death, your benefits, if any, will be distributed in accordance with Section 121.091(8) or Section 121.4501(20), Florida Statutes, as applicable.
- **2<sup>nd</sup> Election**—You have a one-time opportunity during your FRS career to switch from the FRS plan you initially chose to the other plan. There may be a cost for doing so. You cannot file a 2<sup>nd</sup> Election using this form. Call the MyFRS Financial Guidance Line and select Option 1, or use the online resources on *MyFRS.com* for further information.
- **If You Elected the Pension Plan**—You understand that the Pension Plan is a defined benefit plan, which will provide you with benefit payments at retirement if you meet certain criteria. As of the most recent actuarial valuation date, the FRS actuarial liability exceeded the actuarial value of its assets, yielding an unfunded actuarial liability. This liability may increase or decrease in the future. The Florida Legislature may increase or decrease the amount that you and your employer contribute to this Plan to keep it actuarially funded.
- **If You Elected the Investment Plan**—You understand, acknowledge, and authorize that any accrued value you may have in the Pension Plan will be transferred to your Investment Plan account as your opening balance and is subject to the vesting requirements of the Pension Plan. The initial transfer amount is an estimate and your account will be reconciled within 60 days of the transfer using your actual FRS membership record pursuant to Florida law. You direct that all future employer and employee contributions be deposited in your Investment Plan account.
- **If You Elected the Investment Plan or the Hybrid Option**—You understand, acknowledge, and authorize the following:
  - You reviewed the fund profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement at *MyFRS.com* before submitting your Enrollment Form and before selecting any investment funds.
  - The Annual Fee Disclosure Statement for the FRS Investment Plan provides information concerning the Investment Plan's structure, administrative and individual expenses, and investment funds, including performance, benchmarks, fees, and expenses. This statement is designed to set forth relevant information in simple terms to help you make better investment decisions. The statement is available online in the "Investment Funds" section on *MyFRS.com*, or you can request a printed copy be mailed at no cost to you by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - If you do not select any investment funds, your Plan assets will initially be invested in an age-appropriate Retirement Date Fund as provided under Plan provisions.
  - At any time after your account is activated, you can change your fund allocations to any of the Plan's investment options by logging in to *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - Your Investment Plan account will be accessible at the end of the month following the effective date of this election.
  - You understand a Self-Directed Brokerage Account is offered by the Plan and enrollment will be available to you after you meet the required Plan provisions.
  - Sections 121.4501(8)(b)4 and 121.4501(15)(b), Florida Statutes, incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.
  - The Investment Plan is a defined contribution plan. The Florida Legislature can increase or decrease the amount that you and your employer contribute to your account.
  - The Investment Plan is not designed to facilitate short-term excessive fund trading. Foreign and global investment funds are subject to a minimum holding period of 7 calendar days following any non-exempt transfers into such funds. You may be subject to trading controls on the funds in the event that you trade excessively.
  - Investment management fees are deducted from your Investment Plan account. These fees may change in the future, and funds may be added or terminated. If any of the funds you select are terminated in the future, you will be able to move your assets into other investment funds prior to fund termination. If you do not move your assets out of a terminated fund, those assets will automatically be moved into a replacement fund designated at that time.
  - If you terminate employment and are vested in your account balance, you may be subject to a mandatory payout of your account if the balance is \$1,000 or less, or an account maintenance fee of \$6 per quarter if your account balance is more than \$1,000.
  - You consent to electronic delivery of documents through the *MyFRS.com* website, including but not limited to prospectuses, quarterly account statements, account transaction confirmation statements, privacy notices, fee disclosures, and other documents. Anytime one of these documents is available, an email notice will be sent to the email address you provided. You will need to log in to *MyFRS.com* to view these documents and to make any updates to your email address. Receipt of documents through *MyFRS.com* will continue until you revoke your consent by calling the MyFRS Financial Guidance Line and selecting Option 4. Your internet service or cellphone provider may charge you a fee for the time required to view your documents online or for other services.
- **If You Elected "Withdraw from the Florida Retirement System"**— You understand, acknowledge, and authorize the following:

- You either are in a Senior Management Service Class (SMSC)-eligible position or are a compulsory member of the SMSC as provided in Section 121.055(1)(b), Florida Statutes.
- In lieu of participation in the SMSC, you may withdraw now, or at a later date, from the Florida Retirement System.
- Your membership in any other state-administered retirement plan will terminate on the effective date of your withdrawal from the Florida Retirement System.
- By withdrawing from the Florida Retirement System, you are not eligible for disability retirement benefits under any FRS-administered retirement plan.
- Your decision to withdraw from the Florida Retirement System is irrevocable for as long as you are employed in an eligible position.
- **Rights and Responsibilities**—A description of your rights and responsibilities under the Pension Plan and the Investment Plan is in the respective Summary Plan Description, the Florida Statutes, and the Administrative Rules and can be obtained by calling the MyFRS Financial Guidance Line and selecting Option 2, **or** by visiting *MyFRS.com*.



Florida Retirement System

## 2<sup>nd</sup> Election Retirement Plan Enrollment Form

Before using your 2<sup>nd</sup> Election, be sure you understand the impact of changing from one plan to another.  
Call the toll-free MyFRS Financial Guidance Line at 1-866-446-9377, Option 2  
and use the 2<sup>nd</sup> Election CHOICE SERVICE on MyFRS.com.

<b>1</b>	<b>Enter Your Info</b>  PLEASE PRINT	LAST NAME		FIRST NAME		MIDDLE INITIAL	
		LAST 4 DIGITS OF SOCIAL SECURITY NUMBER		DATE OF BIRTH (MM/DD/YYYY)			
		<input type="text"/>		<input type="text"/>		<input type="text"/>	
<b>2</b>	<b>Select Your Option</b>	<input type="checkbox"/> <b>Option 1: Change from the FRS Investment Plan or FRS Hybrid Option to the FRS Pension Plan</b> I want to use my existing Investment Plan account balance and possibly other personal resources to "buy" into the Pension Plan.					
		<input type="checkbox"/> <b>Option 2: Change from the FRS Pension Plan to the FRS Investment Plan*</b> I want to transfer the present value of my Pension Plan (if any) and direct all future contributions from myself and my employer to the Investment Plan. I understand my assets will be deposited in an age-appropriate Retirement Date Fund based on my current age. <i>* This option is not available if you currently participate in the Hybrid Option.</i>					
		<input type="checkbox"/> <b>Option 3: Change from the FRS Pension Plan to the FRS Hybrid Option*</b> I want to retain my accrued benefit in the Pension Plan (if any), but I want to direct all future contributions from myself and my employer to the Investment Plan. <i>* To select this option, you must have 8 years of Pension Plan service if you were initially enrolled in the FRS on or after July 1, 2011, or 5 years of Pension Plan service if you were initially enrolled in the FRS prior to July 1, 2011.</i>					
<b>3</b>	<b>Choose Your Funds</b>	If you selected option 2 or 3, you must choose your Investment Plan funds.					
		<input type="checkbox"/> <b>Choose a Retirement Date Fund for me.</b> Your Plan assets will be invested initially in an age-appropriate Retirement Date Fund.			<input type="checkbox"/> <b>I have indicated my choices in the "Choose Your FRS Funds" section of this form. See next page.</b>		
<b>4</b>	<b>Sign Here</b>	By signing below, I acknowledge that I have read and understand the information on page 3 of this Enrollment Form, and I certify all supplied information to be true and correct. I understand that this form cannot be processed without the last four digits of my Social Security number, my date of birth, my plan choice, and my signature.					
		SIGNATURE				DATE	
		EMPLOYER NAME					
		PERSONAL EMAIL					
		PHONE NUMBER WITH AREA CODE					
<b>5</b>	<b>Submit Your Form</b>	<b>By Fax:</b> <b>1-888-310-5559</b> Do not include a cover sheet.				<b>By Mail:</b> <b>Plan Choice Administrator</b> <b>P.O. Box 785027</b> <b>Orlando, FL 32878-5027</b>	
		— OR —					

Questions? Call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 (TRS 711) or visit MyFRS.com.



## Choose Your FRS Funds

**Complete and submit this section only if you selected the FRS Investment Plan or the FRS Hybrid Option.**

### Choosing Your Investment Plan Funds

- You can allocate your contributions to any combination of funds below, but your total allocation must add up to 100%.
- You can change your selections at any time after your account is activated by calling the MyFRS Financial Guidance Line, Option 4, or by logging in to *MyFRS.com*. Transfer restrictions may apply.
- For more information about each Investment Plan fund, review the fund profiles, Investment Fund Summary, and the Annual Fee Disclosure Statement available on *MyFRS.com*, or call the MyFRS Financial Guidance Line, Option 2, to speak with an experienced, unbiased financial planner.

### An Important Note About Fees

Each investment fund charges an annual fee based on a percentage of the balance invested in that fund. Fees vary by fund and are automatically deducted from your account. These are the only fees you will pay as an active member of the Investment Plan.

### About Retirement Date Funds

Retirement Date Funds are professionally managed funds that are designed to offer you a single solution for maintaining a diversified portfolio based on the amount of time you have until retirement. As your retirement gets nearer, the fund's investment mix gradually shifts from growth to preservation.

### About the Other Funds

The other funds listed below allow you to create your own customized portfolio. "(B)" identifies a fund that will automatically block trades under certain circumstances.

		Fees as of July 1, 2017 shown below as (\$).	Enter % for Each Fund
<b>RETIREMENT DATE FUNDS</b>			
<i>If you are this age ...</i>		<i>You might consider this Retirement Date Fund ...</i>	
<b>Regular Class</b>	<b>Special Risk or Special Risk Admin.</b>		
Age 24 or younger	Age 19 or younger	FRS 2060 Retirement Date Fund (\$0.73)	%
Age 25 to 29	Age 20 to 24	FRS 2055 Retirement Date Fund (\$0.70)	%
Age 30 to 34	Age 25 to 29	FRS 2050 Retirement Date Fund (\$0.70)	%
Age 35 to 39	Age 30 to 34	FRS 2045 Retirement Date Fund (\$0.70)	%
Age 40 to 44	Age 35 to 39	FRS 2040 Retirement Date Fund (\$0.70)	%
Age 45 to 49	Age 40 to 44	FRS 2035 Retirement Date Fund (\$0.90)	%
Age 50 to 54	Age 45 to 49	FRS 2030 Retirement Date Fund (\$1.00)	%
Age 55 to 59	Age 50 to 54	FRS 2025 Retirement Date Fund (\$1.20)	%
Age 60 to 64	Age 55 to 59	FRS 2020 Retirement Date Fund (\$1.40)	%
Age 65 to 69	Age 60 to 64	FRS 2015 Retirement Date Fund (\$1.50)	%
Age 70 or older	Age 65 or older	FRS Retirement Fund (\$1.50)	%
<b>OTHER FUNDS</b>			
<b>MONEY MARKET FUND</b>		FRS Money Market Fund (\$0.61)	%
<b>MULTI-ASSETS FUND</b>		FRS Inflation Adjusted Multi-Assets Fund (\$4.50)	%
<b>BOND FUNDS</b>		FRS U.S. Bond Enhanced Index Fund (\$0.50)	%
		FRS Intermediate Bond Fund (\$1.20)	%
		FRS Core Plus Bond Fund (\$2.40)	%
<b>U.S. STOCK FUNDS</b>		FRS Large Cap Stock Fund (\$2.80)	%
		FRS U.S. Stock Market Index Fund (\$0.20)	%
		FRS Small/Mid Cap Stock Fund (\$5.90)	%
<b>FOREIGN AND GLOBAL STOCK FUNDS</b>		FRS Foreign Stock Index Fund (\$0.30) (B)	%
		FRS Foreign Stock Fund (\$5.00) (B)	%
		FRS Global Stock Fund (\$5.00) (B)	%
<b>TOTAL MUST EQUAL 100%</b>			



# Review the Following Important Information Carefully

*Do not submit this page with your Enrollment Form.*

- **Eligibility**—You must be actively employed and earning salary and service credit when your form is received by the Plan Choice Administrator. If it is determined that you were not eligible, your election will be invalid and reversed. If you are on an unpaid leave of absence or you are an employee of an educational institution on summer break, you cannot use your 2<sup>nd</sup> Election until you return to work.
- **2<sup>nd</sup> Election Deadline**—This form must be received by the FRS Plan Choice Administrator no later than 4:00 p.m. ET on the last business day you are earning salary and service credit and prior to your date of termination.
- **One-Time Opportunity**—You have only one opportunity during your FRS career to switch from the FRS plan you initially chose to the other plan. If you are a renewed member enrolled in the Investment Plan July 1, 2017 or after, you are not allowed to switch to the Pension Plan.
- **Irrevocable**—A 2<sup>nd</sup> Election is irrevocable. You must remain in the plan you choose until your FRS-covered employment ends and you retire.
- **Effective Date**—Your 2<sup>nd</sup> Election will become final at 4:00 p.m. ET on the day it is received by the FRS Plan Choice Administrator.
- **Incomplete Form**—You will be notified if your form is incomplete and was not processed. You must submit a new completed form by your deadline in order for your choice to be processed. Keep a copy for your records.
- **Reversing an Election Made in Error**—If you make your choice in error or change your mind, you have until 4:00 p.m. ET on the last business day of the month following your election month to cancel your election. To do so, call the MyFRS Financial Guidance Line and select Option 2.
- **Confirmation Statement**—You will receive a confirmation statement once your Enrollment Form has been processed. The confirmation statement will be mailed to your address on file as supplied by your employer. Allow 2 to 3 weeks to receive it. Notify your employer of any address changes.
- **Beneficiary Designation**—Designate a beneficiary by submitting a Beneficiary Designation Form (BEN-001 Pension Plan or IPBEN-1 Investment Plan). Forms are available online at *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 1. If you do not designate a beneficiary, in the event of your death, your benefits, if any, will be distributed in accordance with Section 121.091(8) or Section 121.4501(20), Florida Statutes, as applicable.
- **If You Elected Option 1**—You understand, acknowledge, and authorize the following:
  - The Pension Plan is a defined benefit plan, which will provide you with benefit payments at retirement if you meet certain criteria. As of the most recent actuarial valuation date, the FRS actuarial liability exceeded the actuarial value of its assets, yielding an unfunded actuarial liability. This liability may increase or decrease in the future. The Florida Legislature may increase or decrease the amount that you and your employer contribute to this Plan to keep it actuarially funded.
  - There is a buy-in cost to make a 2<sup>nd</sup> Election. The Investment Plan Administrator will apply any and all funds in your Investment Plan account toward this cost. If the buy-in cost is greater than your current Investment Plan account balance, you will be required to pay the difference. You can find out the buy-in cost by calling the MyFRS Financial Guidance Line and selecting Option 3 to connect to the Division of Retirement.
  - Prior to the liquidation and transfer of your account balance to the Pension Plan, you have the ability to move your Investment Plan account balance into conservative investment options to potentially reduce the volatility of your account balance.
- **If You Elected Option 2**—You understand, acknowledge, and authorize that any accrued value you may have in the Pension Plan will be transferred to your Investment Plan account as your opening balance and is subject to the vesting requirements of the Pension Plan. The initial transfer amount is an estimate and your account will be reconciled within 60 days of the transfer using your actual FRS membership record pursuant to Florida law. You direct that all future employer and employee contributions be deposited in your Investment Plan account.
- **If You Elected Option 3**—You understand, acknowledge, and authorize that the accrued value of your current Pension Plan benefit will remain in your Pension Plan account and that an Investment Plan account will be established for you to receive all future contributions.
- **If You Elected Option 2 or 3**—You understand, acknowledge, and authorize the following:
  - You reviewed the fund profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement at *MyFRS.com* before submitting your Enrollment Form and before selecting any investment funds.
  - The Annual Fee Disclosure Statement for the FRS Investment Plan provides information concerning the Investment Plan's structure, administrative and individual expenses, and investment funds, including performance, benchmarks, fees, and expenses. This statement is designed to set forth relevant information in simple terms to help you make better investment decisions. The statement is available online in the "Investment Funds" section on *MyFRS.com*, or you can request a printed copy be mailed at no cost to you by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - If you do not select any investment funds, your Plan assets will initially be invested in an age-appropriate Retirement Date Fund as provided under Plan provisions.
  - At any time after your account is activated, you can change your fund allocations to any of the Plan's investment options by logging in to *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - Your Investment Plan account will be accessible at the end of the month following the effective date of this election.
  - A Self-Directed Brokerage Account is offered by the Plan and enrollment will be available to you after you meet the required Plan provisions.
  - Sections 121.4501(8)(b)4 and 121.4501(15)(b), Florida Statutes, incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.
  - The Investment Plan is a defined contribution plan. The Florida Legislature can increase or decrease the amount that you and your employer contribute to your account.
  - The Investment Plan is not designed to facilitate short-term excessive fund trading. Foreign and global investment funds are subject to a minimum holding period of 7 calendar days following any non-exempt transfers into such funds. You may be subject to trading controls on the funds in the event that you trade excessively.
  - Investment management fees are deducted from your Investment Plan account. These fees may change in the future, and funds may be added or terminated. If any of the funds you select are terminated in the future, you will be able to move your assets into other investment funds prior to fund termination. If you do not move your assets out of a terminated fund, those assets will automatically be moved into a replacement fund designated at that time.
  - If you terminate employment and are vested in your account balance, you may be subject to a mandatory payout of your account if the balance is \$1,000 or less, or an account maintenance fee of \$6 per quarter if your account balance is more than \$1,000.
  - You consent to electronic delivery of documents through the *MyFRS.com* website, including but not limited to prospectuses, quarterly account statements, account transaction confirmation statements, privacy notices, fee disclosures, and other documents. Anytime one of these documents is available, an email notice will be sent to the email address you provided. You will need to log in to *MyFRS.com* to view these documents and to make any updates to your email address. Receipt of documents through *MyFRS.com* will continue until you revoke your consent by calling the MyFRS Financial Guidance Line and selecting Option 4. Your internet service or cellphone provider may charge you a fee for the time required to view your documents online or for other services.
- **Rights and Responsibilities**—A description of your rights and responsibilities under the Pension Plan and the Investment Plan is in the respective Summary Plan Description, the Florida Statutes, and the Administrative Rules and can be obtained by calling the MyFRS Financial Guidance Line and selecting Option 2, or by visiting *MyFRS.com*.



Florida Retirement System

## 2<sup>nd</sup> Election EZ Retirement Plan Enrollment Form

Before using your 2<sup>nd</sup> Election, be sure you understand the impact of changing from one plan to another.  
Call the toll-free MyFRS Financial Guidance Line at 1-866-446-9377, Option 2,  
and use the 2<sup>nd</sup> Election CHOICE SERVICE on MyFRS.com.

<b>1</b>	<b>Enter Your Info</b>  PLEASE PRINT	LAST NAME	FIRST NAME	MIDDLE INITIAL	
		LAST 4 DIGITS OF SOCIAL SECURITY NUMBER	DATE OF BIRTH (MM/DD/YYYY)		
<b>2</b>	<b>Select Your Option</b>	<input type="checkbox"/> <b>Option 1: Change from the FRS Investment Plan or FRS Hybrid Option to the FRS Pension Plan</b> I want to use my existing Investment Plan account balance and possibly other personal resources to "buy" into the Pension Plan.			
		<input type="checkbox"/> <b>Option 2: Change from the FRS Pension Plan to the FRS Investment Plan*</b> I want to transfer the present value of my Pension Plan (if any) and direct all future contributions from myself and my employer to the Investment Plan. I understand my assets will be deposited in an age-appropriate Retirement Date Fund based on my current age. <i>* This option is not available if you currently participate in the Hybrid Option.</i>			
		<input type="checkbox"/> <b>Option 3: Change from the FRS Pension Plan to the FRS Hybrid Option*</b> I want to retain my accrued benefit in the Pension Plan (if any), but I want to direct all future contributions from myself and my employer to the Investment Plan. I understand my assets will be deposited in an age-appropriate Retirement Date Fund based on my current age. <i>* To select this option, you must have 8 years of Pension Plan service if you were initially enrolled in the FRS on or after July 1, 2011, or 5 years of Pension Plan service if you were initially enrolled in the FRS prior to July 1, 2011.</i>			
<b>3</b>	<b>Sign Here</b>	By signing below, I acknowledge that I have read and understand the information on page 2 of this Enrollment Form, and I certify all supplied information to be true and correct. I understand that this form cannot be processed without the last four digits of my Social Security number, my date of birth, my plan choice, and my signature.			
		SIGNATURE		DATE	
		EMPLOYER NAME			
		PERSONAL EMAIL			
		PHONE NUMBER WITH AREA CODE			
<b>4</b>	<b>Submit Your Form</b>	<input type="checkbox"/> MOBILE (RECOMMENDED)			
		<input type="checkbox"/> OTHER			
<b>By Fax:</b> 1-888-310-5559 Do not include a cover sheet.		<b>By Mail:</b> Plan Choice Administrator P.O. Box 785027 Orlando, FL 32878-5027			
		— OR —			

### Questions?

**MyFRS Financial Guidance Line**  
1-866-446-9377, Option 2 (TRS 711)

Get free, unbiased guidance from experienced financial planners about the plans or the election process.

**MyFRS.com**

Visit anytime for tools and information about the FRS Investment Plan and Pension Plan.



## Review the Following Important Information Carefully

*Do not submit this page with your Enrollment Form*

- **Eligibility**—You must be actively employed and earning salary and service credit when your form is received by the Plan Choice Administrator. If it is determined that you were not eligible, your election will be invalid and reversed. If you are on an unpaid leave of absence or you are an employee of an educational institution on summer break, you cannot use your 2<sup>nd</sup> Election until you return to work.
- **2<sup>nd</sup> Election Deadline**—This form must be received by the FRS Plan Choice Administrator no later than 4:00 p.m. ET on the last business day you are earning salary and service credit and prior to your date of termination.
- **One-Time Opportunity**—You have only one opportunity during your FRS career to switch from the FRS plan you initially chose to the other plan. If you are a renewed member enrolled in the Investment Plan July 1, 2017 or after, you are not allowed to switch to the Pension Plan.
- **Irrevocable**—A 2<sup>nd</sup> Election is irrevocable. You must remain in the plan you choose until your FRS-covered employment ends and you retire.
- **Effective Date**—Your 2<sup>nd</sup> Election will become final at 4:00 p.m. ET on the day it is received by the FRS Plan Choice Administrator.
- **Incomplete Form**—You will be notified if your form is incomplete and was not processed. You must submit a new completed form by your deadline in order for your choice to be processed. Keep a copy for your records.
- **Reversing an Election Made in Error**—If you make your choice in error or change your mind, you have until 4:00 p.m. ET on the last business day of the month following your election month to cancel your election. To do so, call the MyFRS Financial Guidance Line and select Option 2.
- **Confirmation Statement**—You will receive a confirmation statement once your Enrollment Form has been processed. The confirmation statement will be mailed to your address on file as supplied by your employer. Allow 2 to 3 weeks to receive it. Notify your employer of any address changes.
- **Beneficiary Designation**—Designate a beneficiary by submitting a Beneficiary Designation Form (BEN-001 Pension Plan or IPBEN-1 Investment Plan). Forms are available online at *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 1. If you do not designate a beneficiary, in the event of your death, your benefits, if any, will be distributed in accordance with Section 121.091(8) or Section 121.4501(20), Florida Statutes, as applicable.
- **If You Elected Option 1**—You understand, acknowledge, and authorize the following:
  - The Pension Plan is a defined benefit plan, which will provide you with benefit payments at retirement if you meet certain criteria. As of the most recent actuarial valuation date, the FRS actuarial liability exceeded the actuarial value of its assets, yielding an unfunded actuarial liability. This liability may increase or decrease in the future. The Florida Legislature may increase or decrease the amount that you and your employer contribute to this Plan to keep it actuarially funded.
  - There is a buy-in cost to make a 2<sup>nd</sup> Election. The Investment Plan Administrator will apply any and all funds in your Investment Plan account toward this cost. If the buy-in cost is greater than your current Investment Plan account balance, you will be required to pay the difference. You can find out the buy-in cost by calling the MyFRS Financial Guidance Line and selecting Option 3 to connect to the Division of Retirement.
  - Prior to the liquidation and transfer of your account balance to the Pension Plan, you have the ability to move your Investment Plan account balance into conservative investment options to potentially reduce the volatility of your account balance.
- **If You Elected Option 2**—You understand, acknowledge, and authorize that any accrued value you may have in the Pension Plan will be transferred to your Investment Plan account as your opening balance and is subject to the vesting requirements of the Pension Plan. The initial transfer amount is an estimate and your account will be reconciled within 60 days of the transfer using your actual FRS membership record pursuant to Florida law. You direct that all future employer and employee contributions be deposited in your Investment Plan account.
- **If You Elected Option 3**—You understand, acknowledge, and authorize that the accrued value of your current Pension Plan benefit will remain in your Pension Plan account and that an Investment Plan account will be established for you to receive all future contributions.
- **If You Elected Option 2 or 3**—You understand, acknowledge, and authorize the following:
  - You reviewed the fund profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement at *MyFRS.com* before submitting your Enrollment Form and before selecting any investment funds.
  - The Annual Fee Disclosure Statement for the FRS Investment Plan provides information concerning the Investment Plan's structure, administrative and individual expenses, and investment funds, including performance, benchmarks, fees, and expenses. This statement is designed to set forth relevant information in simple terms to help you make better investment decisions. The statement is available online in the "Investment Funds" section on *MyFRS.com*, or you can request a printed copy be mailed at no cost to you by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - Your Plan assets will initially be invested in an age-appropriate Retirement Date Fund as provided under Plan provisions. At any time after your account is activated, you can change your fund allocations to any of the Plan's investment options by logging in to *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - At any time after your account is activated, you can change your fund allocations to any of the Plan's investment options by logging in to *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - Your Investment Plan account will be accessible at the end of the month following the effective date of this election.
  - A Self-Directed Brokerage Account is offered by the Plan and enrollment will be available to you after you meet the required Plan provisions.
  - Sections 121.4501(8)(b)4 and 121.4501(15)(b), Florida Statutes, incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.
  - The Investment Plan is a defined contribution plan. The Florida Legislature can increase or decrease the amount that you and your employer contribute to your account.
  - The Investment Plan is not designed to facilitate short-term excessive fund trading. Foreign and global investment funds are subject to a minimum holding period of 7 calendar days following any non-exempt transfers into such funds. You may be subject to trading controls on the funds in the event that you trade excessively.
  - Investment management fees are deducted from your Investment Plan account. These fees may change in the future, and funds may be added or terminated. If any of the funds you select are terminated in the future, you will be able to move your assets into other investment funds prior to fund termination. If you do not move your assets out of a terminated fund, those assets will automatically be moved into a replacement fund designated at that time.
  - If you terminate employment and are vested in your account balance, you may be subject to a mandatory payout of your account if the balance is \$1,000 or less, or an account maintenance fee of \$6 per quarter if your account balance is more than \$1,000.
  - You consent to electronic delivery of documents through the *MyFRS.com* website, including but not limited to prospectuses, quarterly account statements, account transaction confirmation statements, privacy notices, fee disclosures, and other documents. Anytime one of these documents is available, an email notice will be sent to the email address you provided. You will need to log in to *MyFRS.com* to view these documents and to make any updates to your email address. Receipt of documents through *MyFRS.com* will continue until you revoke your consent by calling the MyFRS Financial Guidance Line and selecting Option 4. Your internet service or cellphone provider may charge you a fee for the time required to view your documents online or for other services.
  - **Rights and Responsibilities**—A description of your rights and responsibilities under the Pension Plan and the Investment Plan is in the respective Summary Plan Description, the Florida Statutes, and the Administrative Rules and can be obtained by calling the MyFRS Financial Guidance Line and selecting Option 2, or by visiting *MyFRS.com*.

# Florida Retirement System (FRS) - Certification Form

This form is not an offer of employment or an enrollment form. If hired, a Retirement Choice kit may be mailed to your home with an enrollment form.

Name \_\_\_\_\_ SSN (last 4 digits) \_\_\_\_\_

Agency Name \_\_\_\_\_

Previous or Current FRS Employer \_\_\_\_\_

**Complete Section I if you have never been a member of a State of Florida administered retirement plan.  
Complete Section II if you are a current or previous member AND Section III if not retired OR Section IV if retired.**

**I. I have never been a member of a State of Florida administered retirement plan.**

**STOP HERE**

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

**II. I was or currently am a member of the following State of Florida administered retirement plan (also complete Section III or IV)<sup>1</sup>**

- ☐ FRS Pension Plan (incl. DROP)    ☐ FRS Investment Plan    ☐ State University System Optional Retirement Program (SUSORP)  
☐ State Community College System Optional Retirement Program (SCCSORP)    ☐ Senior Management Service Optional Annuity Program (SMSOAP)  
☐ Other

**III. I am not retired** from any State of Florida administered retirement plan. I understand that if it is later determined that I was a retiree and was reemployed during the first 6 calendar months after I retired or after my DROP termination date, or at any time during the 7<sup>th</sup> through the 12<sup>th</sup> months after I retired or after my DROP termination date, I **must repay** all unauthorized benefits received (see Section IV for details), or, if in the Investment Plan, terminate my employment. **My employer may also be liable for repaying any unauthorized benefits I received.**

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

**IV. I am retired** from a State of Florida administered retirement plan. My FRS Pension Plan retirement effective date, DROP termination date, or date I received my first distribution from the FRS Investment Plan, SUSORP, SCCSORP, SMSOAP, or other plan was \_\_\_\_\_.

**Effective July 1, 2017, retirees of the Investment Plan, SUSORP, SCCSORP, and SMSOAP are eligible for renewed membership in the Investment Plan, SUSORP, or SCCSORP.**

**I understand that as a Pension Plan retiree:**

- a. If I am employed by an FRS-covered employer in **any type of position<sup>2</sup>** during the **first 6 calendar months** after I retired or after my DROP termination date, my retirement and DROP status are voided, all retirement and DROP benefits I received **must be repaid<sup>3</sup>**, and I must reapply for retirement in order to receive future benefits.
- b. If I am reemployed by an FRS-covered employer at any time during the 7<sup>th</sup> through the 12<sup>th</sup> months after I retired or after my DROP termination date, my monthly retirement benefit must be suspended<sup>4</sup> and any unauthorized benefits received must be repaid.<sup>3</sup> **My employer may also be liable for repaying any unauthorized benefits I received.**

**I understand that as an Investment Plan, SUSORP, SCCSORP, or SMSOAP retiree:**

- a. If I am employed by an FRS-covered employer in **any type of position<sup>2</sup>** during the **first 6 calendar months** after I retired, I **must repay<sup>3</sup>** any benefits received or terminate employment for an additional period to satisfy the 6 calendar month termination requirement.
- b. If I am reemployed by an FRS-covered employer at any time during the 7<sup>th</sup> through the 12<sup>th</sup> months after my retirement, I will not be eligible for additional distributions until I terminate employment or complete 12 calendar months of retirement.<sup>4</sup>

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

## Retiree Definition

You are considered retired if:

1. You have received any benefits under the FRS Pension Plan (including DROP), or
2. You have taken any distribution (including a roll-over) from the FRS Investment Plan, or other state administered retirement programs offered by state universities (SUSORP), state community colleges (SCCSORP), state government for senior managers (SMSOAP), or local governments for senior managers.

<sup>1</sup> If you are not retired and earned FRS service after certain periods in 2002 (depending on your employer), you must rejoin the FRS retirement plan you were enrolled in when you terminated FRS-covered employment. You may have a one-time 2<sup>nd</sup> Election to switch FRS retirement plans. Also, alternative retirement programs are available to certain employees. Contact your employer for deadline and other information.

<sup>2</sup> Positions include OPS, temporary, seasonal, substitute teachers, adjunct professors, part-time, full-time, regularly established, etc.

<sup>3</sup> Florida law requires a return of all unauthorized Pension Plan benefit payments or Investment Plan distributions received by a member who has violated the FRS termination or reemployment provisions. Similar provisions apply to unauthorized SUSORP, SCCSORP, or other state-administered plan distributions – contact that plan's administrator for details.

<sup>4</sup> There are no reemployment exemptions/exceptions for Pension Plan members whose effective date of retirement or DROP termination date is on or after July 1, 2010 or Investment Plan, SUSORP, SCCSORP, or SMSOAP members who retire on or after July 1, 2010.



Florida Retirement System

## EMPLOYEE ROLLOVER DEPOSIT INSTRUCTIONS AND FORM



### **Before completing this form, read the information on page 2.**

The **FRS Investment Plan Employee Rollover Deposit Form** should be used to invest assets **into** the FRS Investment Plan that are currently in (1) a qualified Traditional IRA, Simple IRA or SEP IRA at another custodian; (2) an eligible retirement plan (401 defined contribution or 401 defined benefit); (3) 457(b); (4) 403(b) pre-tax; or (5) the Federal Employee's Thrift Savings Plan. If you need assistance in completing this form, or need to discuss the process for rolling your assets into the FRS Investment Plan, please call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4, (TRS 711) to speak with the FRS Investment Plan Administrator.

Please Print

\_\_\_\_\_  
(Last Name) (First Name) (MI)

\_\_\_\_\_  
(Last 4 digits of S.S.N.) (Date of Birth – mm/dd/yyyy) (Work Telephone) (Home Telephone)

Pursuant to Section 121.4501(5)(e), F.S., I wish to make an eligible rollover deposit into the FRS Investment Plan. The Investment Plan accepts rollovers that include both taxable and non-taxable (any amounts that have already been taxed) amounts. The total amount of my rollover is \$\_\_\_\_\_. The Taxable Amount is \$\_\_\_\_\_ and the Non-taxable amount is \$\_\_\_\_\_. As evidenced by the attached documentation, this amount does not exceed the taxable amount, which I received from

\_\_\_\_\_  
Name of Qualified Plan or Qualified Source (Bank, Mutual Fund, etc.)

### **Investment Options**

By using this *Employee Rollover Deposit Form*, you are initially choosing to have your rollover deposit invested in one of the following two investment options (***choose only one***):

\_\_\_\_\_ **100% invested in accordance with my current Investment Plan allocations.**

\_\_\_\_\_ **100% invested in the FRS Money Market Fund** – This fund seeks to provide high current income, liquidity and capital preservation. The fund is an index fund and primarily invests in high quality, liquid, short-term instruments (***\$0.61***).

Note: The description above shows the first year annual fees (in ***bold italics***) that would be paid out of your account balance based on a \$1,000 investment in that fund. The fees on this form may have changed since the form was printed. To see the latest fee and fund information, go online to MyFRS.com. **If you fail to select one of the investment options above on this form, you are affirmatively electing to have your rollover deposited in the FRS Money Market Fund.** You may change your above investment option after your rollover is deposited into your Investment Plan account. You have a suite of 11 retirement date funds and 11 investment options to choose from. Please use the free MyFRS Financial Guidance Program resources to help you understand your investment fund choices. You can change your investment fund selections after your account is activated by calling the MyFRS Financial Guidance Line, Option 4, or logging onto MyFRS.com. Transfer restrictions may apply. You acknowledge that you reviewed the Fund Profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement in the "Investment Funds" section at MyFRS.com before selecting any investment funds or submitting this form. You understand you can request a printed copy of these items be mailed to you at no cost by calling the toll-free MyFRS Financial Guidance Line, Option 4.

**SIGN HERE** Your form cannot be processed without your acknowledgement and signature. By signing this form, you acknowledge you read and understand the information on page 2 and certify all information to be true and correct. If any of the rollover contribution is subsequently determined to be ineligible for rollover, you understand that the Plan will distribute the ineligible amount and any earnings, if applicable.

**The rollover check must be made payable to** the "FRS Investment Plan – FBO (For the Benefit Of) [your name]." Your Social Security Number and IRA/Qualified Plan Account Number must be included on the check.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Daytime Telephone Number

## EMPLOYEE ROLLOVER DEPOSIT INFORMATION AND INSTRUCTIONS

### **Submit all documentation to:**

#### **By Regular Us Postal Service:**

FRS Investment Plan Administrator  
P.O. Box 785027  
Orlando, FL 32878-5027

#### **OR: By Fax**

1-888-310-5559  
FRS Investment Plan Administrator  
Administrator

#### **OR**

#### **By Overnight Courier:**

FRS Investment Plan Administrator  
2300 Discovery Drive  
Orlando, FL 32826

### **Important Rollover Information:**

The following types of retirement plans and/or distributions are **not eligible** to be moved into the FRS Investment Plan:

1. **Roth IRA:** You can only transfer/rollover assets from a Roth IRA into other Roth IRAs.
2. **Payments Spread Over Long Periods of Time:** You cannot move a payment if it is part of a series of equal (or almost equal) payments made at least once a year and lasting for: your lifetime (or your life expectancy), your lifetime and your beneficiary's lifetime (or life expectancies), or a period of 10 years or more.
3. **Required Minimum Payments:** Beginning in the year you reach 70½, a certain portion of your payment cannot be moved because it is a required minimum payment that must be paid to you. However, once you have received the required minimum payment for a particular year, you may move the remainder of your retirement plan account into the FRS Investment Plan. (You will be required to continue receiving the required minimum payments from your FRS Investment Plan.)
4. **Emergency or Hardship Withdrawals:** Emergency (from a 457 plan) or hardship (from a 401 or 403(b) plan) withdrawals cannot be moved to the FRS Investment Plan.

**You must complete the rollover deposit within 60 days of receiving the assets** to avoid paying income taxes and a potential early withdrawal penalty. The Eligible Rollover Deposit is a one-time plan transaction separate from your current FRS Investment Plan. Once you roll over eligible retirement monies into the FRS Investment Plan, you cannot receive any distributions of these funds (or your Investment Plan account balance) until you terminate employment for 3 calendar months. You may be eligible to withdraw a one-time distribution of up to 10% of your Investment Plan account balance one calendar month following the month of your termination if you meet the normal retirement requirements for the FRS Pension Plan.

### **Required Documentation**

In addition to this form, you must provide documentation that shows the rollover contribution is eligible to be rolled into the Plan. If documentation is not provided, it will be necessary for you to submit additional information. To show that the rollover is from an eligible plan and can be rolled into the plan, send a copy of the distribution statement/payment confirmation, IRS Form 1099-R, or letter that you received from your prior employer plan or IRA showing your distribution. This documentation should include:

- Plan Name
- Gross distribution (total amount of payment before deductions)
- Taxable amount (portion of the payment that will be taxable to you when you withdraw it from the plan)
- Federal withholding (taxes withheld from the payment)
- Date of distribution (required if you are doing an indirect rollover)
- Contributions you deferred as after-tax and/or Roth, if applicable

Provide only copies -- do not submit any original documentation (except for this form). Documentation submitted for rollover processing can't be returned to you.

You certify the following statements are true and correct:

1. Your Eligible Rollover Deposit is eligible to be rolled in to the FRS Investment Plan and you are rolling over your Eligible Employee Rollover Deposit no later than the 60th day after receiving it.
2. If your Eligible Employee Rollover Deposit is coming from an IRA, that IRA is a traditional IRA, Simple IRA or SEP IRA (not a Roth IRA).
3. This Eligible Employee Rollover Deposit is not a part of a series of payments over your life expectancy or over a period of 10 years or more.
4. This Eligible Employee Rollover Deposit does not include any required minimum distributions with respect to your previous employer's plan or IRA.
5. This Eligible Employee Rollover Deposit does not include a hardship distribution, corrective distribution, nor any amounts that are deemed to have been distributed from a qualified retirement plan due to a default on a loan.
6. You are eligible to direct the Eligible Employee Rollover Deposit to the FRS Investment Plan and that you are one of the following: the plan participant, the surviving spouse of a deceased plan participant; or the spouse or former spouse of a plan participant under a Qualified Domestic Relations Order.
7. You understand that if your rollover includes after-tax money, it must be accounted for separately.
8. You understand that if your rollover check has both pretax and after-tax money, your selected investment allocations will be used to process your rollover contributions.
9. You understand you must designate a beneficiary for my Investment Plan account. Until you file a Beneficiary Designation Form with the Investment Plan Administrator, your beneficiary will be per Florida law. You understand you can modify or change your Investment Plan beneficiary by completing a Beneficiary Designation Form available on the web at MyFRS.com.
10. You understand that once you roll over eligible retirement monies into the FRS Investment Plan, you cannot receive any distributions of these funds (or your Investment Plan account balance) until you terminate employment for 3 calendar months. You may be eligible to withdraw a one-time distribution of up to 10% of your Investment Plan account balance one calendar month following the month of your termination if you meet the normal retirement requirements for the FRS Pension Plan.
11. You understand Employee Rollover Deposits are reported to the IRS. You hereby release the Plan Sponsor and Plan Administrator from any claim for damages on account of the failure of this transaction to qualify as a valid rollover. You authorize the transfer of assets to the Investment Plan as detailed above. You further authorize the Investment Plan Administrator, to process this request on your behalf. You understand it is your responsibility to assure the prompt transfer of assets by the current custodian. You have read and understand all information in these instructions and hereby provide the applicable eligible rollover certification.



**FRS Investment Plan**  
**DROP ACCUMULATION DIRECT ROLLOVER FORM**  
**FOR CURRENT DROP MEMBERS**



**IMPORTANT INFORMATION**

Complete this **FRS Investment Plan DROP Accumulation Direct Rollover Form for Current DROP Members** if you are planning to terminate employment with the FRS in the near future and want to roll your FRS Deferred Retirement Option Program (DROP) accumulation to the FRS Investment Plan. The FRS Investment Plan only accepts rollovers from financial institutions and will not accept personal checks.

If you need assistance in completing this **DROP Accumulation Direct Deposit Rollover Form for Current Members** or need to discuss the process for rolling your accumulation into the FRS Investment Plan, please call the MyFRS Financial Guidance Line toll-free at **1-866-446-9377, Option 4** (TRS 711), and connect to the FRS Investment Plan Administrator.

In order to complete this transaction, you must mail the **FRS DROP Select Payout Method Form (DP-PAYT)** to the Investment Plan Administrator. The **DP-PAYT Form** is required prior to completing this **DROP Accumulation Direct Rollover Form for Current DROP Members**. If you have not completed the **DP-PAYT Form**, contact the Division of Retirement toll-free at 1-866-446-9377, Option 3.

Rolling your DROP accumulation into the FRS Investment Plan is a completely separate transaction from receiving your monthly FRS Pension Plan benefits. Terminated DROP participants who roll their DROP accumulation into the FRS Investment Plan have immediate distribution access to their DROP proceeds whether they are retired or return to FRS-covered employment.

**REQUIRED DOCUMENTATION / INFORMATION**

Please complete and return this form to the Investment Plan Administrator at the address provided on page 2 of this form. The information on this form is required to set up your account. If you have any questions, please call the Investment Plan Administrator toll-free at **1-866-446-9377, Option 4** (TRS 711).

**Please Print:**

Last 4 digits of Social Security Number	Last Name	First Name	M I
Work Telephone (if applicable) (    )	Home Telephone (    )	PERSONAL EMAIL:	
Street Address	City	State	Zip Code
Date of Birth: ____ / ____ / ____ mm      dd      yyyy			

**INVESTMENT OPTIONS**

By using this **DROP Accumulation Direct Rollover Form**, you are initially choosing to have your DROP accumulation invested in one or more of the following two investment options (must total 100%):

____ %	<b>FRS Money Market Fund</b> - This fund seeks to provide high current income, liquidity and capital preservation. The fund is an index fund and primarily invests in high quality, liquid, short-term instruments. <b>(\$0.61)</b>
____ %	<b>FRS Retirement Fund</b> – This fund seeks to provide current income and some capital appreciation as well as potential protection against future inflation. <b>(\$1.50)</b>
____ %	<b>Total Amount (must total 100%)</b>

Note: The description above shows the first year annual fees (in ***bold italics***) that would be paid out of your account balance based on a \$1,000 investment in that fund. The fees on this form may have changed since the form was printed. To see the latest fee and fund information, go online to MyFRS.com. **If you fail to select any investment options on this form, you are affirmatively electing to have your DROP accumulation deposited in the FRS Retirement Fund.** You may change your investment fund selection(s) after your account is funded. There are currently a suite of 11 retirement date funds and 11 investment options to choose from. Please use the free MyFRS Financial Guidance Program resources to help you understand your investment fund choices.

## **BENEFICIARY DESIGNATION**

You have the right to designate a beneficiary to receive any benefits due at your death. Until you provide the Investment Plan Administrator with your *Beneficiary Designation Form*, your benefits will be payable in accordance with Florida law, pursuant to Section 121.4501(20), F.S. Any beneficiary change will be effective only upon receipt of your *Beneficiary Designation Form* (IPBEN-1) for the FRS Investment Plan, which can be obtained from the Plan Administrator by calling the MyFRS Financial Guidance Line at 1-866-446-9377 or at MyFRS.com under "Forms." **Note:** The beneficiary you designate for your Investment Plan account may be different from the beneficiary you have named to receive your Pension Plan benefits.

## **AUTHORIZED / CERTIFICATION - IMPORTANT INFORMATION**

You understand you can find a description of your rights and responsibilities under the Investment Plan in the Summary Plan Description and Florida Statutes, available through the MyFRS Financial Guidance Line, Option 2, or at MyFRS.com.

You are authorizing your DROP benefit be invested as set out in Section 2 above and you understand other investment funds are available to you. You understand you can change the fund allocations at any time after your DROP accumulation has been deposited by accessing MyFRS.com or by calling the toll-free MyFRS Financial Guidance Line.

You acknowledge you reviewed the Fund Profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement in the "Investment Funds" section at MyFRS.com before selecting any investment funds or submitting this form. You understand you can request a printed copy of these items be mailed to you at no cost by calling the toll-free MyFRS Financial Guidance Line, Option 4.

You understand information on investment funds will be provided in electronic format, unless you request hard copies. You understand the Investment Plan is not designed to facilitate short-term excessive fund trading. Foreign and global investment funds are subject to a minimum holding period of 7-calendar days following any non-exempt transfers into such funds and you may be subject to trading controls on other funds in the event you trade excessively.

You understand investment management fees will be deducted from your Investment Plan account. You also understand these fees may change in the future and funds may be added or terminated. You understand if any of the funds you select in the Investment Plan are terminated in the future, you will be able to move your rollover into other investment funds prior to termination, otherwise, your accumulation in the terminated fund(s) will be automatically moved into a replacement fund designated at that time. You understand you are subject to a mandatory payout of your account if your balance is \$1,000 or less, and an account maintenance fee of \$6 per quarter if your account balance is more than \$1,000.

You understand that as a terminated DROP participant rolling your DROP accumulation into the Investment Plan you will have immediate distribution access to your DROP proceeds whether you are retired or return to FRS-covered employment.

You understand Sections 121.4501(8)(b)2 and 121.4501(15)(b) of Florida law incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the accumulation in your Investment Plan account, pursuant to section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.

## **Certification and Signature**

You certify the following statements are true and correct:

- 1) Your DROP accumulation is eligible for rollover into the FRS Investment Plan;
- 2) You certify you are eligible to direct your DROP accumulation to the FRS Investment Plan; and
- 3) You were an FRS DROP participant.

You authorize the deposit of your DROP accumulation into the FRS Investment Plan as detailed in Section 2. You further authorize the Investment Plan Administrator to process this request on your behalf. You have read and understand all information in the instructions and hereby provide the applicable DROP certification.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Daytime Telephone Number

\_\_\_\_\_  
Date

### **Submit all documentation to:**

**By Regular US Postal Service:**  
FRS Investment Plan Administrator  
P.O. Box 785027  
Orlando, FL 32878-5027

**OR By Fax**  
1-888-310-5559  
FRS Investment Plan  
Administrator

**OR By overnight courier:**  
FRS Investment Plan Administrator  
2300 Discovery Drive  
Orlando, FL 32826

A confirmation statement will be mailed to your address of record once your completed form and check are received and processed. Please allow 2 to 3 weeks to receive it.

**Carefully review your form and be sure you've signed and dated it. Please keep a copy for your records.**





### IMPORTANT INFORMATION

Complete this *FRS Investment Plan DROP Direct Rollover Form for Former DROP Members* if you have already terminated employment with the FRS and rolled your FRS Deferred Retirement Option Program (DROP) accumulation to another qualified retirement account, [for example, (1) a qualified Traditional IRA with another custodian, (2) an eligible retirement plan (401(k), 457 or 403(b)), or (3) the Federal Employee's Thrift Savings Plan]; and you now wish to invest your DROP rollover in the FRS Investment Plan. Terminated DROP participants who roll their DROP accumulation into the FRS Investment Plan have immediate distribution access to their DROP proceeds whether they are retired or return to FRS-covered employment.

The following types of retirement plans and/or distributions are **not eligible** to be rolled over into the FRS Investment Plan:

1. **Roth IRA:** You can only transfer/rollover assets from a Roth IRA into other Roth IRAs.
2. **Payments Spread Over Long Periods of Time:** You cannot move a payment if it is part of a series of equal (or almost equal) payments made at least once a year and lasting for your lifetime (or your life expectancy), your lifetime and your beneficiary's lifetime (or life expectancies), or a period of 10 years or more.
3. **Required Minimum Payments:** Beginning in the year you reach age 70½, a certain portion of your payment cannot be rolled over because it is a required minimum payment that must be paid to you. However, once you have received the required minimum payment for a particular year, you may move the remainder of your retirement plan account into the FRS Investment Plan. (You will be required to continue receiving the required minimum payments from your FRS Investment Plan.)
4. **Emergency or Hardship Withdrawals:** Emergency (from a 457 plan) or hardship (from a 401 or 403(b) plan) withdrawals cannot be moved to the FRS Investment Plan.
5. **After-tax Distributions:** After-tax distributions from any qualified retirement plan or IRA are not permitted. After tax monies can only be accepted if transferred directly from the rollover plan to the FRS Investment Plan (i.e. Trustee-to-Trustee Rollover) and is NOT part of an indirect 60-day rollover.

If you have any questions regarding the DROP rollover accumulations into the Investment Plan, please call the MyFRS Financial Guidance Line toll-free at **1-866-446-9377, Option 4** (TRS 711) to speak with the Investment Plan Administrator.

### REQUIRED DOCUMENTATION / INFORMATION:

Last 4 digits of Social Security Number		Last Name		First Name		MI
Work Telephone (if applicable) ( )		Home Telephone ( )		PERSONAL EMAIL:		
Street Address		City		State	Zip Code	
Date of Birth (mm-dd-yyyy) - - - - -						

I wish to make a DROP rollover deposit into the Investment Plan in the amount of \$\_\_\_\_\_. This deposit is a rollover from another qualified retirement account to the FRS Investment Plan.

Along with this completed form, please provide documentation to show that the rollover is from an eligible plan and can be rolled into the Investment Plan. The documentation can be a copy of the distribution statement/payment confirmation or IRS Form 1099-R or letter that you received from your IRA showing your distribution. This documentation should include:

- Plan Name
- Gross distribution (total amount of payment before deductions)
- Taxable amount (portion of the payment that will be taxable to you when you withdraw it from the plan)
- Federal withholding (taxes withheld from the payment)
- Date of distribution (required if you are doing an indirect rollover)
- Contributions you deferred as after-tax and/or Roth, if applicable

Provide only copies -- do not submit any original documentation (except for this form). Documentation submitted for rollover processing can't be returned to you.

## **INVESTMENT OPTIONS**

By using this DROP Direct Rollover Form for Former DROP Members, you are initially choosing to have your DROP rollover invested in one or more of the following two investment options (must total 100%):

_____%	<b>FRS Money Market Fund</b> - This fund seeks to provide high current income, liquidity and capital preservation. The fund is an index fund and primarily invests in high quality, liquid, short-term instruments. <b>(\$0.61)</b>
_____%	<b>FRS Retirement Fund</b> – This fund seeks to provide current income and some capital appreciation as well as potential protection against future inflation. <b>(\$1.50)</b>
_____%	<b>Total Amount (Must total 100%)</b>

Note: The description above shows the first year annual fund management fees (in ***bold italics***) that would be paid out of your account balance, based on a \$1,000 investment in that fund. The fees on this form may have changed since the form was printed. To see the latest fee and fund information, go online to MyFRS.com. **If you fail to select any investment options on this form, you are affirmatively electing to have your DROP accumulation deposited in the FRS Retirement Fund.** You may change your investment fund selection(s) after your account is funded. There are currently a suite of 11 retirement date funds and 11 investment options to choose from. Please use the free MyFRS Financial Guidance Program resources to help you understand your investment fund choices. You may change your investment fund selection(s) after your account is funded.

## **BENEFICIARY DESIGNATION**

You have the right to designate a beneficiary to receive any benefits due at your death. Until you provide the Investment Plan Administrator with your Beneficiary Designation Form, your benefits will be payable in accordance with Florida law, pursuant to Section 121.4501(20), F.S. Any beneficiary change will be effective only upon receipt by the Investment Plan Administrator of your Beneficiary Designation Form (IPBEN-1) for the Investment Plan, which can be obtained from the Plan Administrator by calling the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4, or on the MyFRS.com website under "Forms." Note: The beneficiary you designate for your Investment Plan account may be different from the beneficiary you have named to receive your Pension Plan benefits.

## **AUTHORIZATION / CERTIFICATION – IMPORTANT INFORMATION**

You understand you can find a description of your rights and responsibilities under the FRS Investment Plan in the Summary Plan Description and Florida Statutes, available through the MyFRS Financial Guidance Line, Option 2, or at MyFRS.com.

You are authorizing your rollover deposit be invested as set out in Section 2 above, and you understand other investment funds are available to you. You understand you can change your fund allocations at any time after your account is funded by accessing MyFRS.com or by calling the toll-free MyFRS Financial Guidance Line, Option 4. You acknowledge you reviewed the Fund Profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement in the "Investment Funds" section at MyFRS.com before selecting any investment funds or submitting this form. You understand you can request a printed copy of these items be mailed to you at no cost by calling the toll-free MyFRS Financial Guidance Line, Option 4. You understand the Investment Plan is not designed to facilitate short-term excessive fund trading. Foreign and global investment funds are subject to a minimum holding period of 7 calendar days following any non-exempt transfers into such funds and you may be subject to trading controls on other funds in the event you trade excessively.

You understand investment management fees will be deducted from your Investment Plan account. You also understand these fees may change in the future and funds may be added or terminated. You understand if any of the funds you select in the FRS Investment Plan are terminated in the future, you will be able to move your rollover into other investment funds prior to termination, otherwise, your accumulation in the terminated fund(s) will be automatically moved into a replacement fund designated at that time. You understand you are subject to a mandatory payout of your account if your balance is \$1,000 or less, and an account maintenance fee of \$6 per quarter if your account balance is more than \$1,000.

You understand that as a terminated DROP participant rolling your DROP accumulation into the Investment Plan you will be have immediate distribution access to your DROP proceeds whether you are retired or return to FRS-covered employment.

You understand Sections 121.4501(8)(b)2 and 121.4501(15)(b) of Florida law incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the accumulation in your Investment Plan account,

pursuant to section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.

**Certification and Signature**

You certify the following statements are true and correct:

- 1) You are a former DROP participant and your DROP rollover is eligible for rollover into the FRS Investment Plan.
- 2) This DROP Rollover Deposit is not a part of a series of payments over your life expectancy or over a period of 10 years or more.
- 3) This DROP Rollover Deposit does not include any required minimum distributions with respect to any previous employer's plan or IRA.
- 4) This DROP Rollover does not include a hardship distribution, corrective distribution, nor any amounts that are deemed to have been distributed from a qualified retirement plan due to a default on a loan.
- 5) The amount of after-tax monies as part of the DROP direct rollover is \$\_\_\_\_\_. (Zero if left blank). After-tax monies can only be accepted if transferred directly from the rollover plan to the FRS Investment Plan and are NOT part of an indirect 60-day rollover.

You authorize the FRS Investment Plan Administrator to process this request on your behalf. You understand it is your responsibility to assure the prompt forwarding of your check to the FRS Investment Plan. You have read and understand all information in the instructions and hereby provide the applicable DROP certification.

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Daytime Telephone Number**

\_\_\_\_\_  
**Date**

**Submit all documentation to:**

**By Regular Us Postal Service:**

FRS Investment Plan Administrator  
P.O. Box 785027  
Orlando, FL 32826

**OR By Fax**

1-888-310-5559  
FRS Investment Plan Administrator

**OR By Overnight Courier:**

FRS Investment Plan Administrator  
2300 Discovery Drive  
Orlando, FL 32878-5027

**A confirmation statement will be mailed to your address of record once your completed form and check are received and processed. Please allow 2 to 3 weeks to receive it.**

**Carefully review your form and be sure you've signed and dated it. Please keep a copy for your records.**



**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  
  
JIMMY PATRONIS  
CHIEF FINANCIAL OFFICER  
  
PAM BONDI  
ATTORNEY GENERAL  
  
ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO

**MEMORANDUM**

To: Ashbel C. Williams, Executive Director & CIO

From: Ruth A. Smith, Assistant General Counsel

Subject: Agenda Item for the September 26, 2017 Cabinet Meeting:  
Proposed Amendments to:  
Rule 19-9.001  
Rules 19-11.001, 19-11.002, 19-11.003, 19-11.004, 19-11.006, 19-11.007,  
19-11.008, 19-11.009, 19-11.012, 19-11.013 and 19-11.014, F.A.C.  
Rules 19-13.001 and 19-13.002, F.A.C.

Request Approval to File the Rules for Notice and For Adoption/Repeal if  
No Member of the Public Timely Requests a Rule Hearing

Date: September 7, 2017

---

Overview of Main Changes:

- Updated Investment Policy Statement is being adopted in Rule 19-9.001, F.A.C.
- Certain changes to Rules 19-11.001 and 19-11.009 are necessitated by Chapter 2017-88, Laws of Florida, which amends Section 121.122, Florida Statutes to provide that a retiree of the Investment Plan, Senior Management Service Optional Annuity Program (SMSOAP), State University System Optional Retirement Program (SUSORP) or State Community College System Optional Retirement Program (SCCSORP) who is reemployed with a FRS-participating employer in a covered position on or after July 1, 2017 will be a mandatory renewed member of the Investment Plan, unless employed in a position eligible for participation in the SUSORP or SCCSORP. Such renewed member will be enrolled in the Regular Class, unless the position meets the requirements to enroll in the Special Risk Class, Elected Officers' Class or Senior Management Service Class.
- New forms are being adopted by amendments to Rules 19-11.002, 19-11.003, 19-11.004, 19-11.006, 19-11.007, and 19-11.012, F.A.C.

- Rules 19-11.002 and 19-11.014, F.A.C. are being amended to indicate that, as provided by Chapter 2017-88, Laws of Florida, survivorship benefits paid to the surviving spouse and children of an Investment Plan member killed in the line-of-duty shall be paid as provided in Section 121.091(7)(d) and (i), Florida Statutes.

A. RULE 19-9.001 (Investment Policy Statement): ACTION REQUESTED:

REQUEST APPROVAL TO FILE FOR NOTICE PROPOSED AMENDMENTS TO RULE 19-9.001, F.A.C (INVESTMENT POLICY STATEMENT) AND TO FILE THE RULE FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THIS RULE.

The purpose and effect of the proposed rule amendments to Rule 19-9.001, F.A.C. will be to adopt the revised Investment Policy Statement for the Florida Retirement System Investment Plan and to advise the public how copies of this policy statement may be obtained. The revisions to the policy statement were approved by the Trustees on June 14, 2017. There are no significant policy issues or controversial issues connected to this rule amendment. The amendments simply serve as an informational update.

The proposed rule amendments do not impose any burdens on businesses; they do not restrict entry into a profession; they have no impact on the availability of services to the public; they have no impact on job retention; they do not impose any restrictions on employment seekers; and they do not impose any costs. No legislative ratification is required.

B. RULE CHAPTER 19-11 (PROCEDURES FOR THE FRS INVESTMENT PLAN): ACTION REQUESTED:

REQUEST APPROVAL TO FILE FOR NOTICE PROPOSED AMENDMENTS TO THE FOLLOWING RULES IN RULE CHAPTER 19-11, F.A.C. (PROCEDURES FOR THE FRS INVESTMENT PLAN), AND FURTHER TO FILE THE RULES FOR ADOPTION, IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THESE RULES:

<b>19-11.001</b>	<b>Definitions</b>
<b>19-11.002</b>	<b>Beneficiary Designations and Distributions for FRS Investment Plan</b>
<b>19-11.003</b>	<b>Distributions from FRS Investment Plan Accounts</b>
<b>19-11.004</b>	<b>Excessive Trading in the FRS Investment Plan</b>
<b>19-11.006</b>	<b>Enrollment Procedures for New Hires</b>
<b>19-11.007</b>	<b>Second Election Enrollment Procedures for the FRS Retirement Programs</b>
<b>19-11.008</b>	<b>Forfeitures</b>
<b>19-11.009</b>	<b>Reemployment with an FRS-covered Employer after Retirement</b>
<b>19-11.012</b>	<b>Rollovers or Plan to Plan Transfers to or from the FRS Investment Plan</b>
<b>19-11.013</b>	<b>FRS Investment Plan Self-Directed Brokerage Account</b>

**19-11.014            Benefits Payable for Investment Plan Disability and In-Line-Of-Duty Death Benefits.**

The rule amendments to Rule 19-11.001 serve to indicate that a “member” of the Investment Plan includes an individual who is deemed to be a renewed member pursuant to Section 121.122, Florida Statutes, which has been amended by Chapter 2017-88, Laws of Florida, to provide that certain retirees who are reemployed on or after July 1, 2017, may be renewed members of the Investment Plan. Rule 19-11.002 is being amended to indicate that an Investment Plan member who is killed in the line of duty shall have certain survivorship benefits paid; to indicate the dates that certain enrollment forms and second election enrollment forms have been amended; and update the name of the investment fund used to hold account funds where the beneficiary cannot be located. The amendments to Rule 19-11.003, F.A.C. adopt the latest version of the Employment Termination Form and to make a few minor editorial revisions. Rule 19-11.004, F.A.C. is being amended to adopt the revised Transfer Request Form-Excessive Fund Trading Violators. Rule 19-11.006 is being amended to adopt the latest versions of the applicable enrollment forms; and to update and clarify information concerning specific enrollment procedures. Rule 19-11.007, F.A.C. is being amended to adopt the latest versions of the Second Election enrollment forms; and to indicate that an Investment Plan member that is eligible to be a renewed Investment Plan member on or after July 1, 2017 is not eligible to use the second election to transfer to the Pension Plan. Rule 19-11.008, F.A.C. is being amended to indicate the any unvested account balances will be transferred to a suspense account which is invested in the FRS Intermediate Bond Fund. Rule 19-11.009 is being amended to indicate that, as provided by amendments to Section 121.122, Florida Statutes, a retiree of the Investment Plan, Senior Management Service Optional Annuity Program (SMSOAP), State University System Optional Retirement Program (SUSORP) and State Community College System Optional Retirement Program (SCCSORP) who is reemployed with a FRS-participating employer in a covered position on or after July 1, 2017 will be a mandatory renewed member of the Investment Plan, unless employed in a position eligible for participation in the SUSORP or SCCSORP. Such renewed member will be enrolled in the Regular Class, unless the position meets the requirements to enroll in the Special Risk Class, Elected Officers’ Class or Senior Management Service Class. Rule 19-11.012, F.A.C. is amended to adopt the latest version of the rollover forms. Rule 19-11.013, F.A.C. is amended to set forth how the Self-Directed Brokerage Account enrollment form can be obtained and to make a few clarifications. Rule 19-11.014 is being updated to indicate that the survivorship benefit s paid to the surviving children of an Investment Plan member killed in the line-of-duty shall be paid as provided in Section 121.091(7)(d) and (i), Florida Statutes.

There are no significant policy issues or controversial issues connected to the rule amendments. The amendments simply serve as an informational update.

The rule amendments do not impose any burdens on businesses; they do not restrict entry into a profession; they have no impact on the availability of services to the public; they have no impact on job retention; they do not impose any restrictions on employment seekers; and they do not impose any costs. No legislative ratification of the proposed amendments is required.

**C. RULES 19-13.001 (Roles and Responsibilities of the State Board of Administration of Florida) and 19-13.002 (Roles and Responsibilities of the Division of Retirement within the Department of Management Services):  
ACTION REQUESTED:**

**REQUEST APPROVAL TO FILE FOR NOTICE AMENDMENTS TO RULES 19-13.001 AND 19-13.002 AND TO FILE THE RULES FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THESE RULES.**

The rule amendments to Rule 19-13.001 serve to indicate that there no longer are just ten (10) target date funds that are available investment options to investment plan members. The total number of funds may continue to vary over time. Rule 19-13.002 is being amended to recognize that Chapter 2017-88, Laws of Florida, amended Section 121.591(4), Florida Statutes, to provide for special in line-of-duty death benefits for the spouse and child(ren) of any investment plan member, and not just special risk class members. Thus, the Division of Retirement will now administer in-line-of-duty death benefits for all members.

There are no significant policy issues or controversial issues connected to the rule amendments. The amendments simply serve as an informational update.

The proposed rule amendments do not impose any burdens on businesses; they do not restrict entry into a profession; they have no impact on the availability of services to the public; they have no impact on job retention; they do not impose any restrictions on employment seekers; and they do not impose any costs. No legislative ratification is required.

#### **ATTACHMENTS:**

##### **I. AMENDMENT TEXT:**

--Proposed Amendments to Rule 19-9.001, F.A.C.

--Proposed Amendments to Rules 19-11.001, 19-11.002, 19-11.003, 19-11.004, 9-11.006, 19-11.007, 19-11.008, 19-11.009, 19-11.012, 19-11.013 and 19-11.014, F.A.C.

--Proposed Amendments to Rules 19-13.001 and 19-13.002, F.A.C.

## II. FORMS AND INCORPORATED MATERIALS:

Rule 19-9.001:

--Florida Retirement System Investment Plan Investment Policy Statement

Rule 19-11.004:

--Transfer Request Form- Excessive Trading Fund Violators

Rule 19-11.006:

--General Retirement Plan Enrollment Form

--Elected Officers' Class Retirement Plan Form

--State Community College System Optional Retirement Program (CCORP)  
Enrollment Form

--Local Senior Management Service Employees Retirement Plan Enrollment  
Form

Rule 19-11.007:

--2<sup>nd</sup> Election Retirement Plan Enrollment Form

--2<sup>nd</sup> Election EZ Retirement Plan Enrollment Form

Rule 19-11.009:

--Certification Form

Rule 19-11.012:

--Employee Rollover Deposit Instructions and Form

--DROP Accumulation Direct Rollover Form- Current DROP Members

--DROP Direct Rollover Form- Former DROP Members



### **19-13.001 Roles and Responsibilities of the State Board of Administration of Florida.**

(1) The State Board of Administration of Florida (“SBA”) is responsible for establishing, implementing, and administering the defined contribution program, known as the “Florida Retirement System Investment Plan” or “Investment Plan,” in accordance with Section 121.4501(1), F.S. The SBA is the Plan Sponsor. The plan documents consist of the Florida Statutes and Administrative Rules adopted thereunder and the Summary Plan Description (SPD). The SPD is a summary of the plan for the convenience of members and can be changed by the SBA at any time without prior notice to Florida Retirement System (FRS) members. The SBA’s primary responsibilities are set out in paragraphs (1)(a) through (1)(n), below. Each of these major responsibilities involves additional decisions which then in turn need to be implemented. Those decisions, to the extent they are not solely on a case-by-case basis, are adopted by rule. The SBA must ensure that all of the following individual responsibilities are carried out:

(a) through (j) No changes.

(k) Choosing, monitoring, and terminating investment options in the Investment Plan; mapping account balances of members in the event of investment option termination; distributing all data regarding these investment options to member; and rebalancing and reconstituting multiple manager investment options and also the ~~ten (10)~~ Target Date Funds (“TDF”) options provided in the investment policy statement utilizing information from a registered investment advisor and fiduciary to the Florida Retirement System.

(l) through (n) No changes.

*Rulemaking Authority 121.4501(8) FS. Law Implemented 121.4501(1), (4), (8), (9), (10), (14), (15), (19) FS. History—New 10-21-04, Amended 7-12-12, 12-16-12, 12-30-15, 1-18-17,\_\_\_\_\_.*

**19-13.002 Roles and Responsibilities of the Division of Retirement within the Department of Management Services.**

(1) The Division of Retirement (Division) within the Department of Management Services provides the following administrative services, in accordance with Section 121.4501(8)(a)1., F.S.:

(a) through (f) No changes.

(g) Administer the disability and in line of duty death benefits for the FRS;

~~(h) Administer the in line of duty death benefits for Investment Plan members enrolled in the special risk service class;~~

~~(h)~~(i) Administer the health insurance subsidy for the FRS;

~~(i)~~(j) Determine employee vesting requirements in the FRS, as required by law; and,

~~(j)~~(k) Notify the State Board of Administration (SBA) of any employees who may be subject to forfeiture of benefits, in accordance with Sections 112.3173 and 121.091(5), F.S.

*Rulemaking Authority 121.4501(8) FS. Law Implemented 112.3173, 121.091(5), 121.4501(8), (10) FS. History—New 10-21-04, Amended 10-25-07, 7-12-12, 12-16-12, 1-18-17,\_\_\_\_\_.*

# Memo

**TO:** Ashbel C. Williams, Executive Director & CIO

**THRU:** Anne Bert, Chief Operating Officer, FHCF

**FROM:** Leonard E. Schulte, Director of Legal Analysis & Risk Evaluation, FHCF

**DATE:** October 2, 2017

**SUBJECT:** Trustees Meeting October 17, 2017

Request approval of, and authority to file, a Notice of Proposed Rule for Rule 19-8.010, F.A.C., Reimbursement Contract, and to file this rule along with the incorporated forms for adoption if no member of the public timely requests a rule hearing or if a hearing is requested and no Notice of Change is needed.

Request appointment of Floyd Yager as Chair of the Florida Commission on Hurricane Loss Projection Methodology.

---

## **ITEM A. SUMMARY AND REASONS FOR RULE CHANGES:**

### *Reimbursement Contract (Rule 19-8.010, F.A.C.)*

This rule is being amended to adopt the 2018 Florida Hurricane Catastrophe Fund Reimbursement Contract and to delete obsolete language. The revised rule also provides insurers with an option for early commutation for the 2016-2017 Reimbursement Contract. Under the contract, the FHCF and a participating insurer begin the commutation process between 36 months and 60 months after the end of the contract year, and the insurer must annually file a proof of loss until then. This new provision recognizes that few insurers sustained losses from 2016 Hurricanes Hermine and Matthew in sufficient amounts to exceed their FHCF retention and allows an insurer to voluntarily begin the commutation process for 2016 before the end of the 36-month minimum.

## **SUMMARY OF INCORPORATED FORM CHANGES:**

This rule adopts the FHCF Reimbursement Contract for the contract year beginning June 1, 2018. The SBA is required by law to adopt the contract form no later than February 1, 2018.

There are no major, substantive changes in this version of the Reimbursement Contract. In addition to updating the dates to reflect the 2018-2019 contract year and making other nonsubstantive editorial changes and corrections, the revised Reimbursement Contract:

- Is revised to accommodate the transition to electronic distribution and execution of the Reimbursement Contract.
- Clarifies that vehicles required to be licensed are excluded from FHCF coverage.
- Clarifies duties of insurers with respect to proof of loss, detailed claims listings, and examination responses.
- Provides that, notwithstanding the contract's timeframes for commutation, an insurer and the SBA may mutually agree to initiate and complete a commutation for zero dollars prior to the completion of the 36-month waiting period, which would relieve the insurer of the duty to provide annual proof of loss reports.

Additional detail is provided in the attached Summary of Changes.

**EXTERNAL INTEREST:** The notice of rule development was published in the *Florida Administrative Register* on August 30, 2017, Vol. 43, No. 169. A rule development workshop was held on September 13, 2017. Representatives of the FHCF attended and presented the rule and incorporated forms. The rule and forms were presented, discussed, and favorably recommended by the FHCF Advisory Council at a public meeting on September 13, 2017.

**ACTION REQUESTED:** It is requested that this proposed rule amendment be presented to the Cabinet Aides on October 11, 2017, and to the State Board of Administration Trustees on October 17, 2017, with a request to approve the filing of this rule for Notice of Proposed Rule and to approve filing for adoption with the Department of State if no member of the public timely requests a rule hearing or if a rule hearing is requested but no Notice of Change is necessary. A notice of the meeting of the Board will be published in the *Florida Administrative Register* on October 3, 2017, Vol. 43, No. 191.

**ATTACHMENTS TO BE INCLUDED WITH THE SBA AGENDA ITEM A:**

- Summary of Changes
- Notice of Proposed Rule
- Notice of Meeting of Board as filed in the *Florida Administrative Register*
- Rule 19-8.010, F.A.C., Reimbursement Contract
- 2018 Incorporated Forms – **19-8.010, F.A.C., Reimbursement Contract**  
*Incorporated Forms:* **FHCF-2018K** – “Reimbursement Contract,” **FHCF-2018K-1**—  
Addendum 1 with Appendix A (Citizens), rev. XX.

The rule and all forms show the proposed amendments with new language underscoring and deleted language ~~stricken through~~.

## **ITEM B. APPOINTMENT OF CHAIR OF THE FLORIDA COMMISSION ON HURRICANE LOSS PROJECTION METHODOLOGY**

**BACKGROUND:** The Florida Commission on Hurricane Loss Projection Methodology is an independent commission that establishes standards for and reviews computer models used by insurers to project hurricane losses. The commission is administratively housed within the SBA and staffed by the staff of the Florida Hurricane Catastrophe Fund.

Section 627.0628(2)(d), F.S., requires the State Board of Administration to annually appoint a commission member to serve as Chair. It is requested that Floyd Yager, the current Vice Chair, be appointed to serve as Chair for the 2017-2018 year.

**ACTION REQUESTED:** Request appointment of Floyd Yager as Chair of the Florida Commission on Hurricane Loss Projection Methodology for the 2017-2018 year.

### **ATTACHMENTS TO BE INCLUDED WITH THE SBA AGENDA ITEM B:**

- Floyd Yager biography
- List of current members of the Florida Commission on Hurricane Loss Projection Methodology.

**Rule 19-8.010, F.A.C., and Incorporated Forms**  
**2018-2019 Contract Year**  
**Summary of Changes**  
*(As of September 5, 2017)*

**Rule**

**19-8.010, Reimbursement Contract**

Deleted: Subsection (1), relating to the Reimbursement Contract for the 2013-2014 Contract Year, is deleted as obsolete.

Renumbered: Former subsections (2) through (5) are renumbered as subsections (1) through (4), respectively.

New: Subsection (5) is added to incorporate the Reimbursement Contract, including Amendments and Addenda, for the 2018-2019 Contract Year.

New: Subsection (6) is added to provide insurers with an option for early commutation for the 2016-2017 Reimbursement Contract. Under the contract, the FHCF and a participating insurer begin the commutation process between 36 months and 60 months after the end of the contract year, and the insurer must annually file a proof of loss until then. This new provision recognizes that few insurers sustained losses from 2016 Hurricanes Hermine and Matthew in sufficient amounts to exceed their FHCF retention and allows an insurer to voluntarily begin the commutation process for 2016 before the end of the 36-month minimum. This is similar to new language in the Reimbursement Contract for 2018 (see Art. X(3)(d)3.) that allows for zero-dollar commutation prior to the end of the 36-month period.

Renumbered: Former subsection (6) is renumbered as subsection (7).

**Incorporated Forms**

***Rule 19-8.010, F.A.C., Incorporated Forms:***

**FHCF-2018K, Reimbursement Contract**

Throughout: Technical changes to update references to the 2018-2019 Contract Year dates, corrections to cross-references, and nonsubstantive editorial or grammatical changes are made throughout the contract.

### **ARTICLE III – TERM; EXECUTION**

This article is revised to accommodate the transition from execution of the contract by “wet ink” signatures on hard copy to electronic distribution and execution of the contract.

New subsection (2) is added to describe the mandatory nature of the contract and the insurer’s duty to execute the contract by the statutory deadline of March 1 and to specify that the insurer must provide an executed copy of the contract in electronic form by the March 1 deadline (except for new participants).

Old subsection (2) is renumbered as subsection (3) and revised to specify that a contract is deemed to have been executed as of the relevant deadline, even if there was an error in execution, such as the selection of an invalid coverage percentage. If the insurer fails to timely submit the executed contract, or if there is an error in execution, the insurer’s coverage will be deemed according to the schedule currently provided in the contract. This language replaces the requirements of old subsection (3), which has been deleted.

### **ARTICLE V – DEFINITIONS**

Subsection (4) is amended to clarify the status of the FHCF’s Administrator by adding the word “current.”

Subsection (21) is amended to clarify the status of a new participant that removes Covered Policies from Citizens. The current language refers to removing “exposure” rather than “covered policies.”

### **ARTICLE VI – EXCLUSIONS**

Subsection (16), relating to the exclusion for recreational vehicles, golf carts, and boats requiring licensing, is expanded to include other vehicles. The exclusion is also revised such that it would apply regardless of whether or not the exposure is written on a separate policy or endorsement.

### **ARTICLE X – REPORTS AND REMITTANCES**

Paragraphs (1)(d) and (2)(e) are amended to delete language relating to due dates that fall on a weekend or holiday. This issue is now addressed in new Art. XIX. Paragraph (2)(e) is also amended to delete a reference to a specific bank location.

Paragraphs (2)(c) and (d) are amended to specify that a new participant’s first FHCF premium payment is due 30 days after the date the company begins writing covered policies.

Sub-subparagraph (3)(b)2.b. is amended to clarify circumstances under which an insurer must be prepared to submit a detailed claims listing.

Sub-subparagraph (3)(b)2.e. is added to require that annual proof of loss reports also include a detailed claims listing if requested.

Sub-subparagraph (3)(b)4. is amended to remove the requirement that a detailed claims listing accompany every annual proof of loss report.

Subparagraph (3)(d)3. is added to provide that, notwithstanding the contract's timeframes for commutation, an insurer and the SBA may mutually agree to initiate and complete a commutation for zero dollars prior to the completion of the 36-month waiting period, which would relieve the insurer of the duty to provide annual proof of loss reports.

### **ARTICLE XIII – INSPECTION OF RECORDS**

Paragraph (4)(d) is added (and subsequent paragraphs are redesignated) to require that an insurer must provide a response to an examination report within 30 days after the date of the letter to the insurer that accompanies the examination report, and to specify the required content of the response. The paragraph also provides that no response is required if the examination report does not include any findings or recommendations. These provisions, which are currently part of Rule 19-8.029, have been moved into the reimbursement contract to replace language in the current contract that allows the FHCF to require a response to examination findings.

### **ARTICLE XIX – DUE DATES**

This Article is added to specify that if a due date in the contract is a Saturday, Sunday, or legal Florida or federal holiday, the actual due date is the next day that is not a Saturday, Sunday, or legal Florida or federal holiday.

### **ARTICLE XXI – SIGNATURES**

The signature block of the Contract is revised to provide that the Administrator, Paragon Strategic Solutions Inc., will execute the contract on behalf of the SBA and as Administrator of the FHCF.

#### **Addendum No. 1 (and Appendix A), Citizens (liquidating insurers):**

Dates are updated to reflect the 2018-2019 Contract Year dates, and the signature block is changed to provide for execution by the Administrator on behalf of the SBA.



## Notice of Proposed Rule

### STATE BOARD OF ADMINISTRATION

RULE NO.: RULE TITLE:

19-8.010: Reimbursement Contract

PURPOSE AND EFFECT: The State Board of Administration of Florida, Florida Hurricane Catastrophe Fund, seeks to amend the rule listed above to implement Section 215.555, F.S.

SUMMARY: The rule is being amended to adopt the 2018-2019 Reimbursement Contract, including Addenda. In addition, the rule is being amended to provide an alternative procedure for commutation of Contract Year 2016-2017 losses and obsolete material is being removed.

#### 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: A Reimbursement Contract meeting the requirements set forth in Section 215.555, F.S., must be adopted annually pursuant to Section 215.555(4) and (16)(b), F.S. Upon review of the proposed changes to the upcoming Contract Year's Reimbursement Contract, which is incorporated into Rule 19-8.010, F.A.C., Reimbursement Contract, the State Board of Administration of Florida has determined that the preparation of a Statement of Estimated Regulatory Costs is not necessary and that this rule does not meet the statutory threshold for ratification by the Legislature. The changes to this rule also do not directly or indirectly have an adverse impact on economic growth, private sector job creation or employment, or private sector investment, business competitiveness, or innovation or increase regulatory costs, including any transactional costs, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule.

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), (10), (16), 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: November 14, 2017, 9:00 a.m. to 11:00 a.m. (ET).

PLACE: Hermitage Centre Conference Room, Hermitage Centre, 1801 Hermitage Boulevard, Tallahassee, FL 32308. Persons wishing to participate by phone may dial (888) 670-3525 and enter conference code 7135858151.

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, 1801 Hermitage Blvd., Tallahassee, FL 32308, (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).

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

THE FULL TEXT OF THE PROPOSED RULE IS:

### 19-8.010 Reimbursement Contract.

~~(1)~~ The reimbursement contract for the 2013-2014 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-01872>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2013K “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 11/12 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2013 through May 31, 2014.

~~(1)(2)~~ The reimbursement contract for the 2014-2015 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-03348>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2014K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 12/13 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2014 through May 31, 2015.

~~(2)(3)~~ The reimbursement contract for the 2015-2016 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-04711>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2015K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), <http://www.flrules.org/Gateway/reference.asp?No=ref-05417>, rev. 11/14 is hereby adopted and incorporated by reference into this rule. In addition, Form 2015K-2, Amendment No. 1 to the Reimbursement Contract, is also adopted and incorporated by reference into this rule. This contract is effective from June 1, 2015 through May 31, 2016.

~~(3)(4)~~ The reimbursement contract for the 2016-2017 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-06219>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2016K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 12/15 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2016 through May 31, 2017.

~~(4)(5)~~ The reimbursement contract for the 2017-2018 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-07504>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2017K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 11/16 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2017 through May 31, 2018.

~~(5)~~ The reimbursement contract for the 2018-2019 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-XXXXX>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2018K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. XX/17 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2018 through May 31, 2019.

~~(6)~~ In recognition of the fact that few, if any, companies sustained losses from Hurricanes Hermine and Matthew in 2016 in amounts sufficient to exceed their FHCF retention, and that, notwithstanding the limitations of Art. X(3)(d) of the 2016-2017 Reimbursement Contract, companies may wish to complete a commutation for zero dollars earlier than 36 months after the end of the 2016-2017 contract year, which is the earliest date for commutation allowed under that provision of the Reimbursement Contract. Therefore, with respect to the 2016-2017 Reimbursement Contract, a company and the SBA may mutually agree to initiate and complete a commutation for zero dollars prior to the end of the 36-month period referred to in Art. X(3)(d). Such early commutation, once completed, eliminates the mandatory Proof of Loss requirements under Art. X(3)(b)3. and 4. for all reporting periods subsequent to the completion of the commutation.

~~(7)(6)~~ Copies of the reimbursement contract may be obtained from the FHCF website, [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf) or

by contacting the State Board of Administration. The mailing address is P. O. Box 13300, Tallahassee, Florida 32317-3300. The street address is 1801 Hermitage Blvd., Tallahassee, Florida 32308 and the telephone number is (850) 413-1335.

*Rulemaking Authority 215.555(3) FS. Law Implemented 215.555 FS. History—New 5-31-94, Amended 8-29-95, 5-19-96, 6-19-97, 5-28-98, 5-17-99, 9-13-99, 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 11-13-05, 5-10-06, 9-5-06, 5-8-07, 8-13-07, 6-8-08, 9-2-08, 3-30-09, 8-23-09, 3-29-10, 8-8-10, 12-12-10, 9-11-11, 12-19-11, 11-18-12, 12-2-13, 11-12-14, 6-2-15, 1-3-16, 11-9-16, X-X-17.*

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: October 17, 2017

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAR: August 30, 2017

## Notice of Meeting/Workshop Hearing

### **STATE BOARD OF ADMINISTRATION**

The State Board of Administration of Florida (SBA) announces a public meeting to which all persons are invited.

DATE AND TIME: October 17, 2017, 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 SBA to obtain approval to file Rule 19-8.010, F.A.C., Reimbursement Contract, for Notice of Proposed Rule and to file this rule for adoption if no member of the public timely requests a hearing or, if a hearing is requested, no Notice of Change is needed. The meeting will also include consideration of the appointment of a Chair of the Florida Commission on Hurricane Loss Projection Methodology. In addition, other general business may be addressed.

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 at (850) 413-1349 or 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).

For more information, you may contact: Donna Sirmons at the number or email listed above.

**19-8.010 Reimbursement Contract.**

~~(1) The reimbursement contract for the 2013-2014 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-01872>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2013K “Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 11/12 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2013 through May 31, 2014.~~

~~(1)(2)~~ The reimbursement contract for the 2014-2015 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-03348>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2014K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 12/13 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2014 through May 31, 2015.

~~(2)(3)~~ The reimbursement contract for the 2015-2016 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-04711>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2015K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), <http://www.flrules.org/Gateway/reference.asp?No=ref-05417>, rev. 11/14 is hereby adopted and incorporated by reference into this rule. In addition, Form 2015K-2, Amendment No. 1 to the Reimbursement Contract, is also adopted and incorporated by reference into this rule. This contract is effective from June 1, 2015 through May 31, 2016.

~~(3)(4)~~ The reimbursement contract for the 2016-2017 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-06219>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2016K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 12/15 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2016 through May 31, 2017.

~~(4)(5)~~ The reimbursement contract for the 2017-2018 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-07504>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2017K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. 11/16 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2017 through May 31, 2018.

~~(5) The reimbursement contract for the 2018-2019 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-XXXXX>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2018K-“Reimbursement Contract” or “Contract” between (name of insurer) (the “Company”)/NAIC #( ) and The State Board of Administration of the State of Florida (“SBA”) which administers the Florida Hurricane Catastrophe Fund (“FHCF”), rev. XX/17 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2018 through May 31, 2019.~~

~~(6) In recognition of the fact that few, if any, companies sustained losses from Hurricanes Hermine and Matthew in 2016 in amounts sufficient to exceed their FHCF retention, and that, notwithstanding the limitations of Art. X(3)(d) of the 2016-2017 Reimbursement Contract, companies may wish to complete a commutation for zero dollars earlier than 36 months after the end of the 2016-2017 contract year, which is the earliest date for commutation allowed under that provision of the Reimbursement Contract. Therefore, with respect to the 2016-2017 Reimbursement Contract, a company and the SBA may mutually agree to initiate and complete a commutation for zero dollars prior to the end of the 36-month period referred to in Art. X(3)(d). Such early commutation, once~~

completed, eliminates the mandatory Proof of Loss requirements under Art. X(3)(b)3. and 4. for all reporting periods subsequent to the completion of the commutation.

(7)(6) Copies of the reimbursement contract may be obtained from the FHCF website, [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf) or by contacting the State Board of Administration. The mailing address is P. O. Box 13300, Tallahassee, Florida 32317-3300. The street address is 1801 Hermitage Blvd., Tallahassee, Florida 32308 and the telephone number is (850) 413-1335.

*Rulemaking Authority 215.555(3) FS. Law Implemented 215.555 FS. History—New 5-31-94, Amended 8-29-95, 5-19-96, 6-19-97, 5-28-98, 5-17-99, 9-13-99, 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 11-13-05, 5-10-06, 9-5-06, 5-8-07, 8-13-07, 6-8-08, 9-2-08, 3-30-09, 8-23-09, 3-29-10, 8-8-10, 12-12-10, 9-11-11, 12-19-11, 11-18-12, 12-2-13, 11-12-14, 6-2-15, 1-3-16, 11-9-16, X-X-17.*

**REIMBURSEMENT CONTRACT**

**Effective: June 1, ~~2017~~2018**  
**(Contract)**

between

**«Legal\_Name»**  
(Company)

**NAIC # «NAIC\_»**

and

**THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA)**  
**WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)**

**PREAMBLE**

The Legislature of the State of Florida has enacted Section 215.555, Florida Statutes (Statute), which directs the SBA to administer the FHCF. This Contract, consisting of the principal document entitled Reimbursement Contract, addressing the mandatory FHCF coverage, and Addenda, is subject to the Statute and to any administrative rule adopted pursuant thereto, and is not intended to be in conflict therewith. All provisions in the principal document are equally applicable to each Addendum unless specifically superseded by one of the Addenda.

In consideration of the promises set forth in this Contract, the parties agree as follows:

**ARTICLE I - SCOPE OF AGREEMENT**

As a condition precedent to the SBA's obligations under this Contract, the Company, an Authorized Insurer or an entity writing Covered Policies under Section 627.351, Florida Statutes, in the State of Florida, shall report to the SBA in a specified format the business it writes which is described in this Contract as Covered Policies.

The terms of this Contract shall determine the rights and obligations of the parties. This Contract provides reimbursement to the Company under certain circumstances, as described herein, and does not provide or extend insurance or reinsurance coverage to any person, firm, corporation or other entity. The SBA shall reimburse the Company for its Ultimate Net Loss on Covered Policies, which were in force and in effect at the time of the Covered Event(s) causing the Loss, in excess of the Company's Retention as a result of each Covered Event commencing during the Contract Year, to the extent funds are available, all as hereinafter defined.

## ARTICLE II - PARTIES TO THE CONTRACT

This Contract is solely between the Company and the SBA which administers the FHCF. In no instance shall any insured of the Company or any claimant against an insured of the Company, or any other third party, have any rights under this Contract, except as provided in Article XV. The SBA will only disburse funds to the Company, except as provided for in Article XV. The Company shall not, without the prior approval of the Office of Insurance Regulation, sell, assign, or transfer to any third party, in return for a fee or other consideration any sums the FHCF pays under this Contract or the right to receive such sums.

## ARTICLE III -- TERM; EXECUTION

### (1) Term

~~This Contract applies~~~~The term of this Contract shall apply~~ to Losses from Covered Events which commence during the period from 12:00:01 a.m., Eastern Time, June 1, ~~2017~~2018, to 12:00 midnight, Eastern Time, May 31, ~~2018-2019~~ (Contract Year). ~~Pursuant to the terms of this Contract, the~~ SBA shall not be liable for Losses from Covered Events which commence after the effective time and date of expiration or termination. Should this Contract expire or terminate while a Covered Event is in progress, the SBA shall be responsible for such Covered Event in progress in the same manner and to the same extent it would have been responsible had the Contract expired the day following the conclusion of the Covered Event in progress.

### (2) Mandatory Nature of this Contract

#### (a) Statutory Requirement

This Contract has been adopted as part of Rule 19-8.010, Florida Administrative Code, in fulfillment of the statutory requirement that the SBA enter into a reimbursement contract with each Company writing Covered Policies in Florida. Under Section 215.555(4)(a), Florida Statutes, the SBA must enter into such a contract with each such Company, and each such Company must enter into the reimbursement contract as a condition of doing business in Florida. Under Section 215.555(16)(c), Florida Statutes, Companies writing Covered Policies must execute the reimbursement contract by March 1 of the immediately preceding Contract Year.

#### (b) Duty to Provide a Fully and Timely Executed Copy of this Contract to the FHCF Administrator

The Company must provide a fully executed copy of this Contract in electronic form to the Administrator no later than the March 1 statutory deadline for execution, or, in the case of a New Participant, no later than 30 days after the New Participant began writing Covered Policies.

### ~~(2)~~(3) Contract Deemed Executed Notwithstanding Execution Errors

~~The Company is required to designate a coverage level, make the required selections, and return this fully executed Contract to the FHCF Administrator so that the Contract is received by the FHCF Administrator no later than 5 p.m., Central Time, March 1, 2017. Failure to do so shall result in the Company's coverage level under this Contract being deemed as follows:~~Except with respect to New Participants, this Contract is deemed to have been executed by the Company as of the March 1 statutory deadline, notwithstanding the fact that the reimbursement percentage election in Article XX(1)(b) may be invalid, and notwithstanding the fact that the person purporting to execute the Contract on the part of the Company may have lacked the requisite authority. With respect to New Participants, this Contract is deemed to have been executed by the New Participant as of the date on which the New Participant began writing Covered Policies; coverage shall be determined as provided in paragraphs (c) and (d) below. Execution of this Contract by or on behalf of an entity that does not write Covered Policies is void. If the Company failed to timely submit an executed copy of this Contract, or if the executed Contract includes an invalid Reimbursement Percentage Election under Article XX, the Company's reimbursement percentage shall be deemed as follows:



- (a) For Companies that are a member of a National Association of Insurance Commissioners (NAIC) group, the same coverage level selected by the other Companies of the same NAIC group shall be deemed. If executed Contracts for none of the members of an NAIC group have been received by the FHCF Administrator, the coverage level from the prior Contract Year shall be deemed.
- (b) For Companies that are not a member of an NAIC group under which other Companies are active participants in the FHCF, the coverage level from the prior Contract Year shall be deemed.
- (c) For New Participants, ~~as that term is defined in Article V(21)~~, that are a member of an NAIC group, the same coverage level selected by the other Companies of the same NAIC group shall be deemed.
- (d) For New Participants that are not a member of an NAIC group under which other Companies are active participants in the FHCF, the 45%, 75% or 90% coverage levels may be selected providing that the FHCF Administrator receives executed Contracts within 30 calendar days ~~of~~ after the effective date of the first Covered Policy, otherwise, the 45% coverage level shall be deemed to have been selected.
- ~~(3) Failure by the Company to meet the requirements of this Article may result in referral to the Office of Insurance Regulation.~~

#### ARTICLE IV - LIABILITY OF THE FHCF

- (1) The SBA shall reimburse the Company, with respect to each Covered Event commencing during the Contract Year for the "Reimbursement Percentage" elected, this percentage times the amount of Ultimate Net Loss paid by the Company in excess of the Company's Retention, as adjusted pursuant to Article V(28), plus 5% of the reimbursed Losses for Loss Adjustment Expense Reimbursement.
- (2) The Reimbursement Percentage will be 45% or 75% or 90%, at the Company's option as elected under Article ~~XIX~~ XX.
- (3) The aggregate liability of the FHCF with respect to all Reimbursement Contracts covering this Contract Year shall not exceed the limit set forth under Section 215.555(4)(c)1., Florida Statutes. For specifics regarding reimbursement calculations, see section (3)(c) of Article X.
- (4) Upon the occurrence of a Covered Event, the SBA shall evaluate the potential Losses to the FHCF and the FHCF's capacity at the time of the event. The initial Projected Payout Multiple used to reimburse the Company for its Losses shall not exceed the Projected Payout Multiple as calculated based on the capacity needed to provide the FHCF's coverage. If it appears that the Estimated Claims-Paying Capacity may be exceeded, the SBA shall reduce the projected payout factors or multiples for determining each participating insurer's projected payout uniformly among all insurers to reflect the Estimated Claims-Paying Capacity.
- (5) Reimbursement amounts shall not be reduced by reinsurance paid or payable to the Company from other sources. Once the Company's limit of coverage has been exhausted, the Company will not be entitled to further reimbursements.
- (6) After the end of the calendar year, the SBA shall notify insurers of the estimated Borrowing Capacity and the Balance of the Fund as of December 31. In May and October of each year, the SBA shall publish in the *Florida Administrative Register* a statement of the FHCF's estimated Borrowing Capacity, Estimated Claims-Paying Capacity, and the projected Balance of the Fund as of December 31.
- (7) The obligation of the SBA with respect to all Contracts covering a particular Contract Year shall not exceed the Balance of the Fund as of December 31 of that Contract Year, together with the maximum amount the SBA is able to raise through the issuance of revenue bonds or through other means available to the SBA under Section 215.555, Florida Statutes, up to the limit in accordance

with Section 215.555(4)(c)1. and (6), Florida Statutes. The obligations and the liability of the SBA are more fully described in Rule 19-8.013, Florida Administrative Code (F.A.C.).

## **ARTICLE V - DEFINITIONS**

- (1) **Actual Claims-Paying Capacity of the FHCF**  
This term means the sum of the Balance of the Fund as of December 31 of a Contract Year, plus any reinsurance purchased by the FHCF, plus the amount the SBA is able to raise through the issuance of revenue bonds, or through other means available by law to the SBA, up to the limit in accordance with Section 215.555(4)(c)1. and (6), Florida Statutes.
- (2) **Actuarially Indicated**  
This term means, with respect to Premiums paid by Companies for reimbursement provided by the FHCF, an amount determined in accordance with the definition provided in Section 215.555(2)(a), Florida Statutes.
- (3) **Additional Living Expense (ALE)**  
ALE Losses covered by the FHCF are not to exceed 40 percent of the insured value of a Residential Structure or its contents based on the coverage provided in the policy. Fair rental value, loss of rents, or business interruption losses are not covered by the FHCF.
- (4) **Administrator**  
This term means the entity with which the SBA contracts to perform administrative tasks associated with the operations of the FHCF. The current Administrator is Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83<sup>rd</sup> Street, Suite 1100, Minneapolis, Minnesota 55437. The telephone number is (800) 689-3863, and the facsimile number is (800) 264-0492.
- (5) **Authorized Insurer**  
This term is defined in Section 624.09(1), Florida Statutes.
- (6) **Borrowing Capacity**  
This term means the amount of funds which are able to be raised by the issuance of revenue bonds or through other financing mechanisms, less bond issuance expenses and reserves.
- (7) **Citizens Property Insurance Corporation (Citizens)**  
This term means Citizens Property Insurance Corporation as created under Section 627.351(6), Florida Statutes. For the purposes of the FHCF, Citizens Property Insurance Corporation incorporates two accounts, (a) the coastal account and (b) the personal lines and commercial lines accounts. Each account is treated by the FHCF as if it were a separate participating insurer with its own reportable exposures, Reimbursement Premium, Retention, and Ultimate Net Loss.
- (8) **Contract**  
This term means this Reimbursement Contract for the current Contract Year.
- (9) **Covered Event**  
This term means any one storm declared to be a hurricane by the National Hurricane Center which causes insured losses in Florida. A Covered Event begins when a hurricane causes damage in Florida while it is a hurricane and continues throughout any subsequent downgrades in storm status by the National Hurricane Center regardless of whether the hurricane makes landfall. Any storm, including a tropical storm, which does not become a hurricane is not a Covered Event.
- (10) **Covered Policy or Covered Policies**
  - (a) Covered Policy, as defined in Section 215.555(2)(c), Florida Statutes, is further clarified to mean only that portion of a binder, policy or contract of insurance that insures real or personal property located in the State of Florida to the extent such policy insures a Residential Structure or the contents of a Residential Structure, located in the State of Florida.
  - (b) Due to the specialized nature of the definition of Covered Policies, Covered Policies are not limited to only one line of business in the Company's annual statement required to be filed by

Section 624.424, Florida Statutes. Instead, Covered Policies are found in several lines of business on the Company's annual statement. Covered Policies will at a minimum be reported in the Company's statutory annual statement as:

1. Fire
2. Allied Lines
3. Farmowners Multiple Peril
4. Homeowners Multiple Peril
5. Commercial Multiple Peril (non liability portion, covering condominiums and apartments)
6. Inland Marine

Note that where particular insurance exposures, e.g., mobile homes, are reported on an annual statement is not dispositive of whether or not the exposure is a Covered Policy.

- (c) This definition applies only to the first-party property section of a policy pertaining strictly to the structure, its contents, appurtenant structures, or ALE coverage.
  - (d) Covered Policy also includes any collateral protection insurance policy covering personal residences which protects both the borrower's and the lender's financial interest, in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy, if such policy can be accurately reported as required in Section 215.555(5), Florida Statutes. A Company will be deemed to be able to accurately report data if the required data, as specified in the Premium Formula adopted in Section 215.555(5), Florida Statutes, is available.
  - (e) See Article VI for specific exclusions.
- (11) **Deductible Buy-Back Policy**  
This term means a specific policy that provides coverage to a policyholder for some portion of the policyholder's deductible under a policy issued by another insurer.
  - (12) **Estimated Claims-Paying Capacity of the FHCF**  
This term means the sum of the projected Balance of the Fund as of December 31 of a Contract Year, plus any reinsurance purchased by the FHCF, plus the most recent estimate of the Borrowing Capacity of the FHCF, determined pursuant to Section 215.555(4)(c), Florida Statutes.
  - (13) **Excess Policy**  
This term, for the purposes of this Contract, means a policy that provides insurance protection for large commercial property risks and that provides a layer of coverage above a primary layer (which is insured by a different insurer) that acts much the same as a very large deductible.
  - (14) **Florida Department of Financial Services**  
This term means the Florida regulatory agency, created pursuant to Section 20.121, Florida Statutes, which is charged with regulating the Florida insurance market and administering the Florida Insurance Code.
  - (15) **Florida Insurance Code**  
This term means those chapters identified in Section 624.01, Florida Statutes, which are designated as the Florida Insurance Code.
  - (16) **Formula or the Premium Formula**  
This term means the Formula approved by the SBA for the purpose of determining the Actuarially Indicated Premium to be paid to the FHCF. The Premium Formula is defined as an approach or methodology which leads to the creation of premium rates. The Formula shall, pursuant to Section 215.555(5)(b), Florida Statutes, include a cash build-up factor in the amount specified therein.
  - (17) **Fund Balance or Balance of the Fund as of December 31**  
These terms mean the amount of assets available to pay claims, not including any bonding proceeds, resulting from Covered Events which occurred during the Contract Year.
  - (18) **Insurer Group**

For purposes of the coverage option election in Section 215.555(4)(b), Florida Statutes, Insurer Group means the group designation assigned by the National Association of Insurance Commissioners (NAIC) for purposes of filing consolidated financial statements. A Company is a member of a group as designated by the NAIC until such Company is assigned another group designation or is no longer a member of a group recognized by the NAIC.

- (19) **Loss**  
“Loss” or “Losses” means incurred losses under a Covered Policy from a Covered Event, including Additional Living Expenses not to exceed 40 percent of the insured value of a Residential Structure or its contents and amounts paid as fees on behalf of or inuring to the benefit of a policyholder. “Loss” excludes allocated or unallocated loss adjustment expenses and also excludes any item for which this Contract does not provide reimbursement pursuant to the exclusions in Article VI.
- (20) **Loss Adjustment Expense Reimbursement**  
(a) Loss Adjustment Expense Reimbursement shall be 5% of the reimbursed Losses under this Contract as provided in Article IV, pursuant to Section 215.555(4)(b)1., Florida Statutes.  
(b) The 5% Loss Adjustment Expense Reimbursement is included in the total Payout Multiple applied to each Company.
- (21) **New Participant(s)**  
This term means all Companies which begin writing Covered Policies on or after the beginning of the Contract Year. A Company that removes ~~exposure~~ Covered Policies from Citizens pursuant to an assumption agreement effective on or after June 1 and had written no other Covered Policies before June 1 is also considered a New Participant.
- (22) **Office of Insurance Regulation**  
This term means that office within the Department of Financial Services and which was created in Section 20.121(3), Florida Statutes.
- (23) **Payout Multiple**  
This term means the multiple as calculated in accordance with Section 215.555(4)(c), Florida Statutes, which is derived by dividing the single season Claims-Paying Capacity of the FHCF by the total aggregate industry Reimbursement Premium for the FHCF for the Contract Year billed as of December 31 of the Contract Year. The final Payout Multiple is determined once Reimbursement Premiums have been billed as of December 31 and the amount of bond proceeds has been determined.
- (24) **Premium**  
This term means the same as Reimbursement Premium.
- (25) **Projected Payout Multiple**  
The Projected Payout Multiple is used to calculate a Company’s projected payout pursuant to Section 215.555(4)(d)2., Florida Statutes. The Projected Payout Multiple is derived by dividing the estimated single season Claims-Paying Capacity of the FHCF by the estimated total aggregate industry Reimbursement Premium for the FHCF for the Contract Year. The Company’s Reimbursement Premium as paid to the SBA for the Contract Year is multiplied by the Projected Payout Multiple to estimate the Company’s coverage from the FHCF for the Contract Year.
- (26) **Reimbursement Premium**  
This term means the Premium determined by multiplying each \$1,000 of insured value reported by the Company in accordance with Section 215.555(5)(b), Florida Statutes, by the rate as derived from the Premium Formula, as described in Rule 19-8.028, F.A.C.
- (27) **Residential Structures**  
This term means units or buildings used exclusively or predominantly for dwelling or habitational occupancies, including the primary structure and appurtenant structures insured under the same policy and any other structures covered under endorsements associated with a policy covering a

residential structure. For the purpose of this Contract, a single structure which includes a mix of commercial habitation and commercial non-habitation occupancies, and which is insured under a commercial policy, is considered a Residential Structure if 50% or more of the total insured value of the structure is used for habitation occupancies. ***Covered Residential Structures do not include*** any structures listed under Article VI.

(28) **Retention**

This term means the amount of Losses from a Covered Event which must be incurred by the Company before it is eligible for reimbursement from the FHCF.

- (a) When the Company incurs Losses from one or two Covered Events during the Contract Year, the Company's full Retention shall be applied to each of the Covered Events.
- (b) When the Company incurs Losses from more than two Covered Events during the Contract Year, the Company's full Retention shall be applied to each of the two Covered Events causing the largest Losses for the Company. For each other Covered Event resulting in Losses, the Company's Retention shall be reduced to one-third of its full Retention.
  - 1. All reimbursement of Losses for each Covered Event shall be based on the Company's full Retention until December 31 of the Contract Year. Adjustments to reflect a reduction to one-third of the full Retention shall be made on or after January 1 of the Contract Year provided the Company reports its Losses as specified in this Contract.
  - 2. Adjustments to the Company's Retention shall be based upon its paid and outstanding Losses as reported on the Company's Proof of Loss Reports, but shall not include incurred but not reported Losses. The Company's Proof of Loss Reports shall be used to determine which Covered Events constitute the Company's two largest Covered Events. After this initial determination, any subsequent adjustments shall be made quarterly by the SBA only if the Proof of Loss Reports reveal that loss development patterns have resulted in a change in the order of Covered Events entitled to the reduction to one-third of the full Retention.
- (c) The Company's full Retention is established in accordance with the provisions of Section 215.555(2)(e), Florida Statutes, and shall be determined by multiplying the Retention Multiple by the Company's Reimbursement Premium for the Contract Year.

(29) **Retention Multiple**

- (a) The Retention Multiple is applied to the Company's Reimbursement Premium to determine the Company's Retention. The Retention Multiple for the ~~2017/2018~~ 2018/2019 Contract Year shall be equal to \$4.5 billion, adjusted based upon the reported exposure for the ~~2015/2016~~ 2016/2017 Contract Year to reflect the percentage growth in exposure to the FHCF since 2004, divided by the estimated total industry Reimbursement Premium at the 90% reimbursement percentage level for the Contract Year as determined by the SBA.
- (b) The Retention Multiple shall be adjusted to reflect the reimbursement percentage elected by the Company under this Contract as follows:
  - 1. If the Company elects a 90% reimbursement percentage, the adjusted Retention Multiple is 100% of the amount determined under (29)(a) above;
  - 2. If the Company elects a 75% reimbursement percentage, the adjusted Retention Multiple is 120% of the amount determined under (29)(a) above; or
  - 3. If the Company elects a 45% reimbursement percentage, the adjusted Retention Multiple is 200% of the amount determined under (29)(a) above.

(30) **Ultimate Net Loss**

- (a) This term means all Losses under Covered Policies in force at the time of a Covered Event prior to the application of the Company's Retention and reimbursement percentage, and excluding loss adjustment expense and any exclusions under Article VI.

- (b) The Company's Ultimate Net Loss shall be determined in accordance with the deductible level as specified under the policy sustaining the Loss without taking into consideration any deductible discounts or deductible waivers.
- (c) Salvages and all other recoveries, excluding reinsurance recoveries, shall be first deducted from such Loss to arrive at the amount of liability attaching hereunder.
- (d) All salvages, recoveries or payments recovered or received subsequent to a Loss settlement under this Contract shall be applied as if recovered or received prior to the aforesaid settlement and all necessary adjustments shall be made by the parties hereto.
- (e) Nothing in this clause shall be construed to mean that Losses under this Contract are not recoverable until the Company's Ultimate Net Loss has been ascertained.
- (f) The SBA shall be subrogated to the rights of the Company to the extent of its reimbursement of the Company. The Company agrees to assist and cooperate with the SBA in all respects as regards such subrogation. The Company further agrees to undertake such actions as may be necessary to enforce its rights of salvage and subrogation, and its rights, if any, against other insurers as respects any claim, loss, or payment arising out of a Covered Event.

## **ARTICLE VI – EXCLUSIONS**

This Contract does not provide reimbursement for:

- (1) Any losses not defined as being within the scope of a Covered Policy.
- (2) Any policy which excludes wind or hurricane coverage.
- (3) Any Excess Policy or Deductible Buy-Back Policy that requires individual ratemaking, as determined by the FHCF.
- (4) (a) Any policy for Residential Structures that provides a layer of coverage underneath an Excess Policy issued by a different insurer;
- (b) Any policy providing a layer of windstorm or hurricane coverage for a particular structure above or below a layer of windstorm or hurricane coverage under a separate policy issued by a different insurer, or any other circumstance in which two or more insurers provide primary windstorm or hurricane coverage for a single structure using separate policy forms;
- (c) Any other policy providing a layer of windstorm or hurricane coverage for a particular structure below a layer of self-insured windstorm or hurricane coverage for the same structure; or
- (d) The exclusions in this subsection do not apply to primary quota share policies written by Citizens Property Insurance Corporation under Section 627.351(6)(c)2., Florida Statutes.
- (5) Any liability of the Company attributable to losses for fair rental value, loss of rent or rental income, or business interruption.
- (6) Any collateral protection policy that does not meet the definition of Covered Policy as defined in Article V(10)(d).
- (7) Any reinsurance assumed by the Company.
- (8) Any exposure for hotels, motels, timeshares, shelters, camps, retreats, and any other rental property used solely for commercial purposes.
- (9) Any exposure for homeowner associations if no habitational structures are insured under the policy.
- (10) Any exposure for homes and condominium structures or units that are non-owner occupied and rented for 6 or more rental periods by different parties during the course of a 12-month period.
- (11) Commercial healthcare facilities and nursing homes; however, a nursing home which is an integral part of a retirement community consisting primarily of habitational structures that are not nursing homes will not be subject to this exclusion.



- (12) Any exposure under commercial policies covering only appurtenant structures or structures that do not function as a habitational structure (e.g., a policy covering only the pool of an apartment complex).
- (13) Policies covering only Additional Living Expense.
- (14) Any exposure for barns or barns with apartments or living quarters.
- (15) Any exposure for builders risk coverage or new Residential Structures still under construction.
- (16) Any exposure for vehicles, recreational vehicles, golf carts, or boats (including boat related equipment) requiring licensing ~~and written on a separate policy or endorsement~~.
- (17) Any liability of the Company for extra contractual obligations or liabilities in excess of original policy limits. This exclusion includes, but is not limited to, amounts paid as bad faith awards, punitive damages awards, or other court-imposed fines, sanctions, or penalties; or other amounts in excess of the coverage limits under the Covered Policy.
- (18) Any losses paid in excess of a policy's hurricane limit in force at the time of each Covered Event, including individual coverage limits (i.e., building, appurtenant structures, contents, and additional living expense), or other amounts paid as the result of a voluntary expansion of coverage by the insurer, including, but not limited to, a discount on or waiver of an applicable deductible. This exclusion includes overpayments of a specific individual coverage limit even if total payments under the policy are within the aggregate policy limit.
- (19) Any losses paid under a policy for Additional Living Expense, written as a time element coverage, in excess of the Additional Living Expense exposure reported for that policy under the Data Call for the applicable Contract Year (unless policy limits have changed effective after June 30 of the Contract Year).
- (20) Any losses which the Company's claims files do not adequately support. Claim file support shall be deemed adequate if in compliance with the Records Retention Requirements outlined on the Form FHCF-L1B (Proof of Loss Report) applicable to the Contract Year.
- (21) Any exposure for, or amounts paid to reimburse a policyholder for, condominium association loss assessments or under similar coverages for contractual liabilities.
- (22) Losses in excess of the sum of the Balance of the Fund as of December 31 of the Contract Year and the amount the SBA is able to raise through the issuance of revenue bonds or by the use of other financing mechanisms, up to the limit pursuant to Section 215.555(4)(c), Florida Statutes.
- (23) Any liability assumed by the Company from Pools, Associations, and Syndicates. Exception: Covered Policies assumed from Citizens under the terms and conditions of an executed assumption agreement between the Authorized Insurer and Citizens are covered by this Contract.
- (24) All liability of the Company arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. "Insolvency fund" includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, howsoever denominated, established or governed, which provides for any assessment of or payment or assumption by the Company of part or all of any claim, debt, charge, fee, or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.
- (25) Property losses that are proximately caused by any peril other than a Covered Event, including, but not limited to, fire, theft, flood or rising water, or windstorm that does not constitute a Covered Event, or any liability of the Company for loss or damage caused by or resulting from nuclear reaction, nuclear radiation, or radioactive contamination from any cause, whether direct or indirect, proximate or remote, and regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

- (26) The FHCF does not provide coverage for water damage which is generally excluded under property insurance contracts and has been defined to mean flood, surface water, waves, tidal water, overflow of a body of water, storm surge, or spray from any of these, whether or not driven by wind.
- (27) Policies and endorsements predominantly covering Specialized Fine Arts Risks or collectible types of property meeting the following requirements:
- (a) A policy or endorsement predominantly covering Specialized Fine Arts Risks and not covering any Residential Structure if it meets the description in subparagraph 1 and if the conditions in subparagraph 2 are met.
    - 1. For purposes of this exemption, a Specialized Fine Arts Risk policy or endorsement is a policy or endorsement that:
      - a. Insures works of art, of rarity, or of historic value, such as paintings, works on paper, etchings, art glass windows, pictures, statuary, sculptures, tapestries, antique furniture, antique silver, antique rugs, rare books or manuscripts, jewelry, or other similar items;
      - b. Charges a minimum premium of \$500; and
      - c. Insures scheduled items valued, in the aggregate, at no less than \$100,000.
    - 2. The insurer offers specialized loss prevention services or other collector services designed to prevent or minimize loss, or to value or inventory the Specialized Fine Arts for insurance purposes, such as:
      - a. Collection risk assessments;
      - b. Fire and security loss prevention;
      - c. Warehouse inspections to protect items stored off-site;
      - d. Assistance with collection inventory management; or
      - e. Collection valuation reviews.
  - (b) A policy form or endorsement generally used by the Company to cover personal property which could include property of a collectible nature, including fine arts, as further described in this paragraph, either on a scheduled basis or written under a blanket limit, and not covering anything other than personal property. All such policy forms or endorsements are subject to the exclusion provided in this paragraph when the policy or endorsement limit equals or exceeds \$500,000. Generally such collectible property has unusually high values due to its investible, artistic, or unique intrinsic nature. The class of property covered under such a policy or endorsement represents an unusually high exposure value and such policy is intended to provide coverage for a class or classes of property that is not typical for the contents coverage under residential property insurance policies. In many cases property may be located at various locations either in or outside the state of Florida or the location of the property may change from time to time. The investment nature of such property distinguishes this type of exposure from the typical contents associated with a Covered Policy.
- (28) Any losses under liability coverages.
- (29) Any exposure for a condominium structure insured on a commercial policy in which more than 50% of the individual units are non-owner occupied and rented for 6 or more rental periods by different parties during the course of a 12-month period.
- (30) Any structure used exclusively or predominantly for non-dwelling or non-habitation occupancies.

## **ARTICLE VII - MANAGEMENT OF CLAIMS AND LOSSES**

The Company shall investigate and settle or defend all claims and Losses. All payments of claims or Losses by the Company within the terms and limits of the appropriate coverage parts of Covered Policies shall be binding on the SBA, subject to the terms of this Contract, including the provisions in Article XIII relating to inspection of records and examinations.



## **ARTICLE VIII –REIMBURSEMENT ADJUSTMENTS**

Section 215.555(4)(d) and (e), Florida Statutes, provides the SBA with the right to seek the return of excess reimbursements which have been paid to the Company along with interest thereon. Excess reimbursements are those payments made to the Company by the SBA that are in excess of the Company's coverage under the Contract Year. Excess reimbursements may result from adjustments to the Projected Payout Multiple or the Payout Multiple, incorrect exposure (Data Call) submissions or resubmissions, incorrect calculations of Reimbursement Premiums or Retentions, incorrect Proof of Loss Reports, incorrect calculation of reinsurance recoveries, or subsequent readjustment of policyholder claims, including subrogation and salvage, or any combination of the foregoing. The Company will be sent an invoice showing the due date for adjustments along with the interest due thereon through the due date. The applicable interest rate for interest credits, and for interest charges for adjustments beyond the Company's control, will be the average rate earned by the SBA for the FHCF for the first four months of the Contract Year. The applicable interest rate for interest charges on excess reimbursements due to adjustments resulting from incorrect exposure submissions or Proof of Loss Reports will accrue at this rate plus 5%. All interest will continue to accrue if not paid by the due date.

## **ARTICLE IX - REIMBURSEMENT PREMIUM**

- (1) The Company shall, in a timely manner, pay the SBA its Reimbursement Premium for the Contract Year. The Reimbursement Premium for the Contract Year shall be calculated in accordance with Section 215.555, Florida Statutes, with any rules promulgated thereunder, and with Article X(2).
- (2) The Company's Reimbursement Premium is based on its June 30 exposure in accordance with Article X, except as provided for New Participants under Article X, and is not adjusted to reflect an increase or decrease in exposure for Covered Policies effective after June 30 nor is the Reimbursement Premium adjusted when the Company cancels policies or is liquidated or otherwise changes its business status (merger, acquisition, or termination) or stops writing new business (continues in business with its policies in a runoff mode). Similarly, new business written after June 30 will not increase or decrease the Company's FHCF Reimbursement Premium or impact its FHCF coverage. FHCF Reimbursement Premiums are required of all Companies based on their writing Covered Policies in Florida as of June 30, and each Company's FHCF coverage as based on the definition in Section 215.555(2)(m), Florida Statutes, shall exist for the entirety of the Contract Year regardless of exposure changes, except as provided for New Participants under Article X.
- (3) Since the calculation of the Actuarially Indicated Premium assumes that the Companies will pay their Reimbursement Premiums timely, interest charges will accrue under the following circumstances. A Company may choose to estimate its own Premium installments. However, if the Company's estimation is less than the provisional Premium billed, an interest charge will accrue on the difference between the estimated Premium and the final Premium. If a Company estimates its first installment, the Administrator shall bill that estimated Premium as the second installment as well, which will be considered as an estimate by the Company. No interest will accrue regarding any provisional Premium if paid as billed by the FHCF's Administrator, except in the case of an estimated second installment as set forth in this Article. Also, if a Company makes an estimation that is higher than the provisional Premium billed but is less than the final Premium, interest will not accrue. If the Premium payment is not received from a Company when it is due, an interest charge will accrue on a daily basis until the payment is received. Interest will also accrue on Premiums resulting from submissions or resubmissions finalized after December 1 of the Contract Year. An interest credit will be applied for any Premium which is overpaid as either an estimate or as a provisional Premium. Interest shall not be credited past December 1 of the Contract Year. The applicable interest rate for interest credits will be the average rate earned by the SBA for the FHCF

for the first four months of the Contract Year. The applicable interest rate for interest charges will accrue at this rate plus 5%.

## ARTICLE X - REPORTS AND REMITTANCES

### (1) Exposures

- (a) If the Company writes Covered Policies before June 1 of the Contract Year, the Company shall report to the SBA, unless otherwise provided in Rule 19-8.029, F.A.C., no later than the statutorily required date of September 1 of the Contract Year, by ZIP Code or other limited geographical area as specified by the SBA, its insured values under Covered Policies as of June 30 of the Contract Year as outlined in the annual reporting of insured values form, FHCF-D1A (Data Call) adopted for the Contract Year under Rule 19-8.029, F.A.C., and other data or information in the format specified by the SBA.
- (b) If the Company first begins writing Covered Policies on or after June 1 but prior to December 1 of the Contract Year, the Company shall report to the SBA, no later than February 1 of the Contract Year, by ZIP Code or other limited geographical area as specified by the SBA, its insured values under Covered Policies as of November 30 of the Contract Year as outlined in the Supplemental Instructions for New Participants section of the Data Call adopted for the Contract Year under Rule 19-8.029, F.A.C., and other data or information in the format specified by the SBA.
- (c) If the Company first begins writing Covered Policies on December 1 through and including May 31 of the Contract Year, the Company shall not report its exposure data for the Contract Year to the SBA.
- (d) The requirement that a report is due on a certain date means that the report shall be received by the SBA no later than 4 p.m. Eastern Time on the due date. ~~If the applicable due date is a Saturday, Sunday or legal holiday, then the actual due date will be the day immediately following the applicable due date which is not a Saturday, Sunday or legal holiday. For purposes of the timeliness of the submission, neither the United States Postal Service postmark nor a postage meter date is in any way determinative.~~ Reports sent to the FHCF Administrator in Minneapolis, Minnesota, will be returned to the sender. Reports not in the physical possession of the SBA by 4 p.m., Eastern Time, on the applicable due date are late.

### (2) Reimbursement Premium

- (a) If the Company writes Covered Policies before June 1 of the Contract Year, the Company shall pay the FHCF its Reimbursement Premium in installments due on or before August 1, October 1, and December 1 of the Contract Year in amounts to be determined by the FHCF. However, if the Company's Reimbursement Premium for the prior Contract Year was less than \$5,000, the Company's full provisional Reimbursement Premium, in an amount equal to the Reimbursement Premium paid in the prior year, shall be due in full on or before August 1 of the Contract Year. The Company will be invoiced for amounts due, if any, beyond the provisional Reimbursement Premium payment, on or before December 1 of the Contract Year.
- (b) If the Company is under administrative supervision, or if any control or oversight of the Company has been transferred through any legal or regulatory action to a state regulator or court appointed receiver or rehabilitator (referred to in the aggregate as "state action"):
  - 1. The full annual provisional Reimbursement Premium as billed and any outstanding balances will be due and payable on August 1, or the date that such State action occurs after August 1 of the Contract Year.
  - 2. Failure by such Company to pay the full annual provisional Reimbursement Premium as specified in 1. above by the applicable due date(s) shall result in the 45% coverage level being deemed for the complete Contract Year regardless of the level selected for the

Company through the execution of this Contract and regardless of whether a hurricane event occurred or triggered coverage.

3. The provisions required in 1. and 2. above will not apply when the state regulator, receiver, or rehabilitator provides a letter of assurance to the FHCF that the Company will have the resources and will pay the full Reimbursement Premium for the coverage level selected through the execution of this Contract.
  4. When control or oversight has been transferred, in whole or in part, through a legal or regulatory action, the controlling management of the Company shall specify by August 1 or as soon thereafter as possible (but not to exceed two weeks after any regulatory or legal action) in a letter to the FHCF as to the Company's intentions to either pay the full FHCF Reimbursement Premium as specified in 1. above, to default to the 45% coverage being deemed as specified in 2. above, or to provide the assurances as specified in 3. above.
- (c) A New Participant that first begins writing Covered Policies on or after June 1 but prior to December 1 of the Contract Year shall pay the FHCF a provisional Reimbursement Premium of \$1,000 ~~upon execution of this Contract no later than 30 days from the date the New Participant began writing Covered Policies.~~ The Administrator shall calculate the Company's actual Reimbursement Premium for the period based on its actual exposure as of November 30 of the Contract Year, as reported on or before February 1 of the Contract Year. To recognize that New Participants have limited exposure during this period, the actual Premium as determined by processing the Company's exposure data shall then be divided in half, the provisional Premium shall be credited, and the resulting amount shall be the total Premium due for the Company for the remainder of the Contract Year. However, if that amount is less than \$1,000, then the Company shall pay \$1,000. The Premium payment is due no later than April 1 of the Contract Year. The Company's Retention and coverage will be determined based on the total Premium due as calculated above.
- (d) A New Participant that first begins writing Covered Policies on or after December 1 through and including May 31 of the Contract Year shall pay the FHCF a Reimbursement Premium of \$1,000 ~~upon execution of this Contract no later than 30 days from the date the New Participant began writing Covered Policies.~~
- (e) The requirement that the Reimbursement Premium is due on a certain date means that the Premium shall be remitted by wire transfer or ACH and shall have been credited to the FHCF's account ~~at its bank in Tampa, Florida,~~ as set out on the invoice sent to the Company, on the due date applicable to the particular installment. ~~If the applicable due date is a Saturday, Sunday or legal holiday, then the actual due date will be the day immediately following the applicable due date which is not a Saturday, Sunday or legal holiday. Reimbursement Premiums not credited to the FHCF's account on the applicable due date are late.~~
- (f) Except as required by Section 215.555(7)(c), Florida Statutes, or as described in the following sentence, Reimbursement Premiums, together with earnings thereon, received in a given Contract Year will be used only to pay for Losses attributable to Covered Events occurring in that Contract Year or for Losses attributable to Covered Events in subsequent Contract Years and will not be used to pay for past Losses or for debt service on post-event revenue bonds issued pursuant to Section 215.555(6)(a)1., Florida Statutes. Reimbursement Premiums and earnings thereon may be used for payments relating to such revenue bonds in the event emergency assessments are insufficient. If Reimbursement Premiums or earnings thereon are used for debt service on post-event revenue bonds, then the amount of the Reimbursement Premiums or earnings thereon so used shall be returned, without interest, to the Fund when emergency assessments or other legally available funds remain available after making payment relating to the post-event revenue bonds and any other purposes for which emergency assessments were levied.

(3) **Losses**

(a) **In General**

Losses resulting from a Covered Event commencing during the Contract Year shall be reported by the Company and reimbursed by the FHCF as provided herein and in accordance with the Statute, this Contract, and any rules adopted pursuant to the Statute. For a Company participating in a quota share primary insurance agreement(s) with Citizens Property Insurance Corporation Coastal Account, Citizens and the Company shall report only their respective portion of Losses under the quota share primary insurance agreement(s). Pursuant to Section 215.555(4)(c), Florida Statutes, the SBA is obligated to pay for Losses not to exceed the Actual Claims-Paying Capacity of the FHCF, up to the limit in accordance with Section 215.555(4)(c)1., Florida Statutes, for any one Contract Year.

(b) **Loss Reports**

1. At the direction of the SBA, the Company shall report its projected Ultimate Net Loss from each Covered Event to provide information to the SBA in determining any potential liability for possible reimbursable Losses under the Contract on the Interim Loss Report, Form FHCF-L1A, adopted for the Contract Year under Rule 19-8.029, F.A.C. Interim Loss Reports (including subsequent Interim Loss Reports if required by the SBA) will be due in no less than fourteen days from the date of the notice from the SBA that such a report is required.
2. FHCF reimbursements will be issued based on Ultimate Net Loss information reported by the Company on the Proof of Loss Report, Form FHCF-L1B, adopted for the Contract Year under Rule 19-8.029, F.A.C.
  - a. To qualify for reimbursement, the Proof of Loss Report must have the electronic signatures of two executive officers authorized by the Company to sign or submit the report.
  - b. The Company must also submit a Detailed Claims Listing, Form FHCF-DCL, adopted for the Contract Year under Rule 19-8.029, F.A.C., at the same time it submits its first Proof of Loss Report for a specific Covered Event that qualifies the Company for reimbursement under that Covered Event, and ~~should~~ must be prepared to supply a Detailed Claims Listing for any subsequent Proof of Loss Report upon request.
  - c. While the Company may submit a Proof of Loss Report requesting reimbursement at any time following a Covered Event, the Company shall submit a mandatory Proof of Loss Report for each Covered Event no earlier than December 1 and no later than December 31 of the Contract Year during which the Covered Event occurs using the most current data available, regardless of the amount of Ultimate Net Loss or the amount of reimbursements or advances already received.
  - d. For the Proof of Loss Reports due by December 31 of the Contract Year, and the required subsequent quarterly and annual reports required under subparagraphs 3. and 4. below, the Company shall submit its Proof of Loss Reports by each quarter-end or year-end using the most current data available. However, the date of such data shall not be more than sixty days prior to the applicable quarter-end or year-end date.
  - d.e. For the Proof of Loss Reports due by December 31 of the Contract Year and the required subsequent annual reports required under subparagraph 4. below, the Company shall include a Detailed Claims Listing if requested by the SBA.
3. Updated Proof of Loss Reports for each Covered Event are due quarterly thereafter until all Losses resulting from a Covered Event are fully discharged including any adjustments to such Losses due to salvage or other recoveries, or the Company has received its full coverage under the Contract Year in which the Covered Event occurred. Guidelines follow:

- a. Quarterly Proof of Loss Reports are due by March 31 from a Company whose Losses exceed, or are expected to exceed, 50% of its FHCF Retention for a specific Covered Event.
- b. Quarterly Proof of Loss Reports are due by June 30 from a Company whose Losses exceed, or are expected to exceed, 75% of its FHCF Retention for a specific Covered Event.
- c. Quarterly Proof of Loss Reports are due by September 30 and quarterly thereafter from a Company whose Losses exceed, or are expected to exceed, its FHCF Retention for a specific Covered Event.

If the Company's Retention must be recalculated as the result of an exposure resubmission, and if the recalculated Retention changes the FHCF's reimbursement obligations, then the Company shall submit additional Proof of Loss Reports for recalculation of the FHCF's obligations.

4. Annually after December 31 of the Contract Year, all Companies shall submit a mandatory year-end Proof of Loss Report for each Covered Event, as applicable, using the most current data available, ~~accompanied by a Detailed Claims Listing~~. This Proof of Loss Report shall be filed no earlier than December 1 and no later than December 31 of each year and shall continue until the earlier of the commutation process described in paragraph (3)(d) below or until all Losses resulting from the Covered Event are fully discharged including any adjustments to such Losses due to salvage or other recoveries.
5. The SBA, except as noted below, will determine and pay, within 30 days or as soon as practicable after receiving Proof of Loss Reports, the reimbursement amount due based on Losses paid by the Company to date and adjustments to this amount based on subsequent quarterly information. The adjustments to reimbursement amounts shall require the SBA to pay, or the Company to return, amounts reflecting the most recent determination of Losses.
  - a. The SBA shall have the right to consult with all relevant regulatory agencies to seek all relevant information, and shall consider any other factors deemed relevant, prior to the issuance of reimbursements.
  - b. The SBA shall require commercial self-insurance funds established under Section 624.462, Florida Statutes, to submit contractor receipts to support paid Losses reported on a Proof of Loss Report, and the SBA may hire an independent consultant to confirm Losses, prior to the issuance of reimbursements.
  - c. The SBA shall have the right to conduct a loss examination prior to the issuance of any advances or reimbursements requested by Companies that have been placed under regulatory supervision by a State or where control has been transferred through any legal or regulatory proceeding to a state regulator or court appointed receiver or rehabilitator.
6. All Proof of Loss Reports received will be compared with the FHCF's exposure data to establish the facial reasonableness of the reports. The SBA may also review the results of current and prior Contract Year exposure and loss examinations to determine the reasonableness of the reported Losses. Except as noted in subparagraph 45. above, Companies meeting these tests for reasonableness will be scheduled for reimbursement. Companies not meeting these tests for reasonableness will be handled on a case-by-case basis and will be contacted to provide specific information regarding their individual book of business. The discovery of errors in a Company's reported exposure under the Data Call may require a resubmission of the current Contract Year Data Call which, as the Data Call impacts the Company's Premium, Retention, and coverage for the Contract Year, will be required before the Company's request for reimbursement or an advance will be fully processed by the Administrator.

(c) **Loss Reimbursement Calculations**

1. In general, the Company's paid Ultimate Net Losses must exceed its full FHCF Retention for a specific Covered Event before any reimbursement is payable from the FHCF for that Covered Event. As described in Article V(28)(b), Retention adjustments will be made on or after January 1 of the Contract Year. No interest is payable on additional payments to the Company due to this type of Retention adjustment. Each Company, including entities created pursuant to Section 627.351(6), Florida Statutes, incurring reimbursable Losses will receive the amount of reimbursement due under the individual Company's Contract up to the amount of the Company's payout. If more than one Covered Event occurs in any one Contract Year, any reimbursements due from the FHCF shall take into account the Company's Retention for each Covered Event. However, the Company's reimbursements from the FHCF for all Covered Events occurring during the Contract Year shall not exceed, in aggregate, the Projected Payout Multiple or Payout Multiple, as applicable, times the individual Company's Reimbursement Premium for the Contract Year.
2. Reserve established. When a Covered Event occurs in a subsequent Contract Year when reimbursable Losses are still being paid for a Covered Event in a previous Contract Year, the SBA will establish a reserve for the outstanding reimbursable Losses for the previous Contract Year, based on the length of time the Losses have been outstanding, the amount of Losses already paid, the percentage of incurred Losses still unpaid, and any other factors specific to the loss development of the Covered Events involved.

(d) **Commutation**

1. Except as provided in subparagraph 3. below, Not less than 36 months or more than 60 months after the end of the Contract Year, the Company shall file a final Proof of Loss Report(s), with the exception of Companies having no reportable Losses as described in sub-subparagraph (3)(d)1.a. below. Otherwise, the final Proof of Loss Report(s) is required as specified in sub-subparagraph (3)(d)1.b. below. The Company and SBA may mutually agree to initiate commutation after 36 months and prior to 60 months after the end of the Contract Year. The commutation negotiations shall begin at the later of 60 months after the end of the Contract Year or upon completion of the FHCF loss examination for the Company and the resolution of all outstanding examination issues.
  - a. If the Company's most recently submitted Proof of Loss Report(s) indicates that it has no Losses resulting from Covered Events during the Contract Year, the SBA shall after 36 months request that the Company execute a final commutation agreement. The final commutation agreement shall constitute a complete and final release of all obligations of the SBA with respect to Losses. If the Company chooses not to execute a final commutation agreement, the SBA shall be released from all obligations 60 months following the end of the Contract Year if no Proof of Loss Report indicating reimbursable Losses had been filed and the commutation shall be deemed concluded. However during this time, if the Company determines that it does have Losses to report for FHCF reimbursement, the Company must submit an updated Proof of Loss Report prior to the end of 60 months after the Contract Year and the Company shall be required to follow the commutation provisions and time frames otherwise specified in this section.
  - b. If the Company has submitted a Proof of Loss Report indicating that it does have Losses resulting from a Covered Event during the Contract Year, the SBA may require the Company to submit within 30 days an updated, current Proof of Loss Report for each Covered Event during the Contract Year. The Proof of Loss Report must include all paid Losses as well as all outstanding Losses and incurred but not reported Losses, which are not finally settled and which may be reimbursable Losses under this Contract, and must be accompanied by supporting documentation (at a minimum an adjuster's summary



report or equivalent details) and a copy of a written opinion on the present value of the outstanding Losses and incurred but not reported Losses by the Company's certifying actuary. Failure of the Company to provide an updated current Proof of Loss Report, supporting documentation, and an opinion by the date requested by the SBA may result in referral to the Office of Insurance Regulation for a violation of the Contract. Increases in reported paid, outstanding, or incurred but not reported Losses on original or corrected Proof of Loss Report filings received later than 60 months after the end of the Contract Year shall not be eligible for reimbursement or commutation.

2. Determining the present value of outstanding Losses.

- a. If the Company exceeds or expects to exceed its Retention, the Company and the SBA or their respective representatives shall attempt, by mutual agreement, to agree upon the present value of all outstanding Losses, both reported and incurred but not reported, resulting from Covered Events during the Contract Year. Payment by the SBA of its portion of any amount or amounts so mutually agreed and certified by the Company's certifying actuary shall constitute a complete and final release of the SBA in respect of all Losses, both reported and unreported, under this Contract.
- b. If agreement on present value cannot be reached within 90 days of the FHCF's receipt of the final Proof of Loss Report and supporting documentation, the Company and the SBA may mutually appoint an actuary, adjuster, or appraiser to investigate and determine such Losses. If both parties then agree, the SBA shall pay its portion of the amount so determined to be the present value of such Losses.
- c. If the parties fail to agree, then any difference shall be settled by a panel of three actuaries, as provided in this paragraph.
  - i. One actuary shall be chosen by each party, and the third actuary shall be chosen by those two actuaries. If either party does not appoint an actuary within 30 days, the other party may appoint two actuaries. If the two actuaries fail to agree on the selection of an independent third actuary within 30 days of their appointment, each of them shall name two, of whom the other shall decline one and the decision shall be made by drawing lots.
  - ii. All of the actuaries shall be regularly engaged in the valuation of property claims and losses and shall be members of the Casualty Actuarial Society and of the American Academy of Actuaries.
  - iii. None of the actuaries shall be under the control of either party to this Contract.
  - iv. Each party shall submit its case to the panel in writing on the 30<sup>th</sup> day after the appointment of the third actuary. Following the submission of the case to the panel, the parties are prohibited from providing any further information or other communication except at the request of the panel. Such responses to requests from the panel must be in writing and simultaneously provided to the other party and all members of the panel, except that the panel may require the response to be provided in a meeting or teleconference attended by both parties and all members of the panel.
  - v. The decision in writing of any two actuaries, when filed with the parties hereto, shall be final and binding on both parties.
- d. The reasonable and customary expense of the actuaries and of the commutation (as a result of sub-subparagraphs 2.b. and c. above) shall be equally divided between the two parties. Said commutation shall take place in Tallahassee, Florida, unless some other place is mutually agreed upon by the Company and the SBA.

3. The Company and SBA may mutually agree to initiate and complete a commutation for zero dollars prior to the 36 months provided in subparagraph (d)1. above. Such early commutation, once completed, eliminates the mandatory Proof of Loss Report requirements required under subparagraphs (b)3. and 4. above for all reporting periods subsequent to the completion of the commutation.

(4) **Advances**

- (a) The SBA may make advances for loss reimbursements as defined herein, at market interest rates, to the Company in accordance with Section 215.555(4)(e), Florida Statutes. An advance is an early reimbursement which allows the Company to continue to pay claims in a timely manner. Advances will be made based on the Company's paid and reported outstanding Losses for Covered Policies (excluding all incurred but not reported Losses) as reported on a Proof of Loss Report, and shall include Loss Adjustment Expense Reimbursement as calculated by the FHCF. In order to be eligible for an advance, the Company must submit its exposure data for the Contract Year as required under ~~paragraph~~subsection (1) of this Article. Except as noted below, advances, if approved, will be made as soon as practicable after the SBA receives a written request, signed by two officers of the Company, for an advance of a specific amount and any other information required for the specific type of advance under ~~sub~~paragraphs (c) and (e) below. All reimbursements due to the Company shall be offset against any amount of outstanding advances plus the interest due thereon.
- (b) For advances or excess advances, which are advances that are in excess of the amount to which the Company is entitled, the market interest rate shall be the prime rate as published in the Wall Street Journal on the first business day of the Contract Year. This rate will be adjusted annually on the first business day of each subsequent Contract Year, regardless of whether the Company executes subsequent Contracts. In addition to the prime rate, an additional 5% interest charge will apply on excess advances. All interest charged will commence on the date the SBA issues a check for an advance and will cease on the date upon which the FHCF has received the Company's Proof of Loss Report for the Covered Event for which the Company qualifies for reimbursement. If such reimbursement is less than the amount of outstanding advances issued to the Company, interest will continue to accrue on the outstanding balance of the advances until subsequent Proof of Loss Reports qualify the Company for reimbursement under any Covered Event equal to or exceeding the amount of any outstanding advances. Interest shall be billed on a periodic basis. If it is determined that the Company received funds in excess of those to which it was entitled, the interest as to those sums will not cease on the date of the receipt of the Proof of Loss Report but will continue until the Company reimburses the FHCF for the overpayment.
- (c) If the Company has an outstanding advance balance as of December 31 of this or any other Contract Year, the Company is required to have an actuary certify outstanding and incurred but not reported Losses as reported on the applicable December Proof of Loss Report.
- (d) The specific type of advances enumerated in Section 215.555, Florida Statutes, follow.
  - 1. Advances to Companies to prevent insolvency, as defined under Article ~~XIV~~XV.
    - a. Section 215.555(4)(e)1., Florida Statutes, provides that the SBA shall advance to the Company amounts necessary to maintain the solvency of the Company, up to 50 percent of the SBA's estimate of the reimbursement due to the Company.
    - b. In addition to the requirements outlined in subparagraph (4)(a) above, the requirements for an advance to a Company to prevent insolvency are that the Company demonstrates it is likely to qualify for reimbursement and that the immediate receipt of moneys from the SBA is likely to prevent the Company from becoming insolvent, and the Company provides the following information:
      - i. Current assets;



- ii. Current liabilities other than liabilities due to the Covered Event;
  - iii. Current surplus as to policyholders;
  - iv. Estimate of other expected liabilities not due to the Covered Event; and
  - v. Amount of reinsurance available to pay claims for the Covered Event under other reinsurance treaties.
- c. The SBA's final decision regarding an application for an advance to prevent insolvency shall be based on whether or not, considering the totality of the circumstances, including the SBA's obligations to provide reimbursement for all Covered Events occurring during the Contract Year, granting an advance is essential to allowing the entity to continue to pay additional claims for a Covered Event in a timely manner.
2. Advances to entities created pursuant to Section 627.351(6), Florida Statutes.
- a. Section 215.555(4)(e)2., Florida Statutes, provides that the SBA may advance to an entity created pursuant to Section 627.351(6), Florida Statutes, up to 90% of the lesser of the SBA's estimate of the reimbursement due or the entity's share of the actual aggregate Reimbursement Premium for that Contract Year, multiplied by the current available liquid assets of the FHCF.
  - b. In addition to the requirements outlined in subparagraph (4)(a) above, the requirements for an advance to entities created pursuant to Section 627.351(6), Florida Statutes, are that the entity must demonstrate to the SBA that the advance is essential to allow the entity to pay claims for a Covered Event.
3. Advances to limited apportionment companies.
- Section 215.555(4)(e)3., Florida Statutes, provides that the SBA may advance the amount of estimated reimbursement payable to limited apportionment companies.
- (e) In determining whether or not to grant an advance and the amount of an advance, the SBA:
- 1. Shall determine whether its assets available for the payment of obligations are sufficient and sufficiently liquid to fulfill its obligations to other Companies prior to granting an advance;
  - 2. Shall review and consider all the information submitted by such Companies;
  - 3. Shall review such Companies' compliance with all requirements of Section 215.555, Florida Statutes;
  - 4. Shall consult with all relevant regulatory agencies to seek all relevant information;
  - 5. Shall review the damage caused by the Covered Event and when that Covered Event occurred;
  - 6. Shall consider whether the Company has substantially exhausted amounts previously advanced;
  - 7. Shall consider any other factors deemed relevant; and
  - 8. Shall require commercial self-insurance funds established under section 624.462, Florida Statutes, to submit a copy of written estimates of expenses in support of the amount of advance requested.
- (f) Any amount advanced by the SBA shall be used by the Company only to pay claims of its policyholders for the Covered Event which has precipitated the immediate need to continue to pay additional claims as they become due.
- (5) **Inadequate Data Submissions**
- If exposure data or other information required to be reported by the Company under the terms of this Contract is not received by the FHCF in the format specified by the FHCF or is inadequate to the extent that the FHCF requires resubmission of data, the Company will be required to pay the FHCF a

resubmission fee of \$1,000 for resubmissions that are not a result of an examination by the SBA. If a resubmission is necessary as a result of an examination report issued by the SBA, the first resubmission fee will be \$2,000. If the Company's examination-required resubmission is inadequate and the SBA requires an additional resubmission(s), the resubmission fee for each subsequent resubmission shall be \$2,000. A resubmission of exposure data may delay the processing of the Company's request for reimbursement or an advance.

**(6) Confidential Information/Trade Secret Information**

Pursuant to the provisions of Section 215.557, Florida Statutes, the reports of insured values under Covered Policies by ZIP Code submitted to the SBA pursuant to Section 215.555, Florida Statutes, are confidential and exempt from the provisions of Section 119.07(1), Florida Statutes, and Section 24(a), Art. I of the State Constitution. If other information submitted by the Company to the FHCF could reasonably be ruled a "trade secret" as defined in Section 812.081, Florida Statutes, such information must be clearly marked "Trade Secret Information."

**ARTICLE XI - TAXES**

In consideration of the terms under which this Contract is issued, the Company agrees to make no deduction in respect of the Premium herein when making premium tax returns to the appropriate authorities. Should any taxes be levied on the Company in respect of the Premium herein, the Company agrees to make no claim upon the SBA for reimbursement in respect of such taxes.

**ARTICLE XII - ERRORS AND OMISSIONS**

Any inadvertent delay, omission, or error on the part of the SBA shall not be held to relieve the Company from any liability which would attach to it hereunder if such delay, omission, or error had not been made.

**ARTICLE XIII - INSPECTION OF RECORDS**

The Company shall allow the SBA to inspect, examine, and verify, at reasonable times, all records of the Company relating to the Covered Policies under this Contract, including Company files concerning claims, Losses, or legal proceedings regarding subrogation or claims recoveries which involve this Contract, including premium, loss records and reports involving exposure data or Losses under Covered Policies. This right by the SBA to inspect, examine, and verify shall survive the completion and closure of an exposure examination or loss examination file and the termination of the Contract. The Company shall have no right to re-open an exposure or loss examination once closed and the findings have been accepted by the Company; any re-opening shall be at the sole discretion of the SBA. If the State Board of Administration Finance Corporation has issued revenue bonds and relied upon the exposure and Loss data submitted and certified by the Company as accurate to determine the amount of bonding needed, the SBA may choose not to require, or accept, a resubmission if the resubmission will result in additional reimbursements to the Company. The SBA may require any discovered errors, inadvertent omissions, and typographical errors associated with the data reporting of insured values, discovered prior to the closing of the file and acceptance of the examination findings by the Company, to be corrected to reflect the proper values. The Company shall retain its records in accordance with the requirements for records retention regarding exposure reports and claims reports outlined herein, and in any administrative rules adopted pursuant to Section 215.555, Florida Statutes. Companies writing covered collateral protection policies, as defined in definition (10)(d) of Article V, must be able to provide documentation that the policy covers personal residences, protects both the borrower's and lender's interest, and that the coverage is in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy.

**(1) Purpose of FHCF Examination**

The purpose of the examinations conducted by the SBA is to evaluate the accuracy of the FHCF exposure or Loss data reported by the Company. However, due to the limited nature of the examination, it cannot be relied upon as an assurance that a Company's data is reported accurately or in its entirety. The Company should not rely on the FHCF to identify every type of reporting error in its data. In addition, the reporting requirements are subject to change each Contract Year so it is the Company's responsibility to be familiar with the applicable Contract Year requirements and to incorporate any changes into its data for that Contract Year. It is also the Company's responsibility to ensure that its data is reported accurately and to comply with Florida Statutes and any applicable rules when reporting exposure data. The examination report is not intended to provide a legal determination of the Company's compliance.

**(2) Examination Requirements for Exposure Verification**

The Company shall retain complete and accurate records, in policy level detail, of all exposure data submitted to the SBA in any Contract Year until the SBA has completed its examination of the Company's exposure submissions. The Company shall also retain complete and accurate records of any completed exposure examination for any Contract Year in which the Company incurred Losses until the completion of the loss reimbursement examination and commutation for that Contract Year. The records to be retained are outlined in the Data Call adopted for the Contract Year under Rule 19-8.029, F.A.C. A complete list of records to be retained for the exposure examination is set forth in Form FHCF-EAP1, adopted for the Contract Year under Rule ~~19-8.030~~ 19-8.029, F.A.C.

**(3) Examination Requirements for Loss Reports**

The Company shall retain complete and accurate records of all reported Losses and/or advances submitted to the SBA until the SBA has completed its examination of the Company's reimbursable Losses and commutation for the Contract Year (if applicable) has been concluded. The records to be retained are set forth as part of the Proof of Loss Report, Form FHCF-L1B, ~~adopted for the Contract Year under Rule 19-8.029, F.A.C.~~, and Form FHCF-LAP1, both adopted for the Contract Year under Rule ~~19-8.030~~ 19-8.029, F.A.C.

**(4) Examination Procedures**

- (a) The FHCF will send an examination notice letter to the Company providing the commencement date of the examination, the site of the examination, any accommodation requirements of the examiner, and the reports and data which must be assembled by the Company and forwarded to the FHCF ~~upon request~~. The Company shall be prepared to choose one location in which to be examined, unless otherwise specified by the SBA.
- (b) The reports and data are required to be forwarded to the FHCF as set forth in an examination notice letter. The information is then forwarded to the examiner. If the FHCF receives accurate and complete records as requested, the examiner will contact the Company to inform the Company as to what policies or other documentation will be required once the examiner is on site. Any records not required to be provided to the examiner in advance shall be made available at the time the examiner arrives on site. Any records to support reported exposure or Losses which are provided after the examiner has left the work-site will, at the SBA's discretion, result in an additional examination of exposure and/or Loss records or an extension or expansion of the examination already in progress. All costs associated with such additional examination or with the extension or expansion of the original examination shall be borne by the Company.
- (c) At the conclusion of the examiner's work and the management review of the examiner's report, findings, recommendations, and work papers, the FHCF will forward an examination report to the Company ~~and require a response from the Company by a date certain as to the examination findings and recommendations, if any.~~

(d) Within 30 days from the date of the letter accompanying the examination report, the Company must provide a written response to the FHCF. The response must indicate whether the Company agrees with the findings and recommendations of the examination report. If the Company disagrees with any examination findings or recommendations, the reason for the disagreement must be outlined in the response and the Company must provide supporting information to support its objection. An extension of 30 days may be granted if the Company can show that the need for additional time is due to circumstances beyond the reasonable control of the Company. No response is required if the examination report does not include any findings or recommendations.

~~(e)~~(e) If the Company accepts the examination findings and recommendations, and there is no recommendation for additional information, the examination report will be finalized and the exam file closed.

~~(e)~~(f) If the Company disputes the examiner's findings, the areas in dispute will be resolved by a meeting or a conference call between the Company and FHCF management.

~~(f)~~(g) 1. If the recommendation of the examiner is to resubmit the Company's exposure data for the Contract Year in question, then the FHCF will send the Company a letter outlining the process for resubmission and including a deadline to resubmit. Once the resubmission is received, the FHCF's Administrator calculates a revised Reimbursement Premium for the Contract Year which has been examined. The SBA shall then review the resubmission with respect to the examiner's findings, and accept the resubmission or contact the Company with any questions regarding the resubmission. Once the SBA has accepted the resubmission as a sufficient response to the examiner's findings, the exam is closed.

2. If the recommendation of the examiner is to give the Company the option to either resubmit the exposure data or to pay the estimated Premium difference, then the FHCF will send the Company a letter outlining the process for resubmission or for paying the estimated Premium difference and including a deadline for the resubmission or the payment to be received by the FHCF's Administrator. If the Company chooses to resubmit, the same procedures outlined in Article XIII(4) apply.

~~(g)~~(h) If the recommendation of the examiner is to update the Company's Proof of Loss Report(s) for the Contract Year under review, the FHCF will send the Company a letter outlining the process for submitting the Proof of Loss Report(s) and including a deadline to file. Once the Proof of Loss Report(s) is received by the FHCF Administrator, the FHCF's Administrator will calculate a revised reimbursement. The SBA shall then review the submitted Proof of Loss Report(s) with respect to the examiner's findings, and accept the Proof of Loss Report(s) as filed or contact the Company with any questions. Once the SBA has accepted the corrected Proof of Loss Report(s) as a sufficient response to the examiner's findings, the exam is closed.

~~(h)~~(i) The examiner's list of errors is made available in the examination report sent to the Company. Given that the examination was based on a sample of the Company's policies or claims rather than the whole universe of the Company's Covered Policies or reported claims, the error list is not intended to provide a complete list of errors but is intended to indicate what information needs to be reviewed and corrected throughout the Company's book of Covered Policy business or claims information to ensure more complete and accurate reporting to the FHCF.

## (5) **Costs of the Examinations**

The costs of the examinations shall be borne by the SBA. However, in order to remove any incentive for a Company to delay preparations for an examination, the SBA shall be reimbursed by the Company for any examination expenses incurred in addition to the usual and customary costs, which additional expenses were incurred as a result of the Company's failure, despite proper notice, to be

prepared for the examination or as a result of a Company's failure to provide requested information. All requested information must be complete and accurate.

#### **ARTICLE XIV – OFFSETS**

The SBA reserves the right to offset amounts payable to the SBA from the Company, including amounts payable under the Reimbursement Contract for any Contract Year and also including the Company's full Premium for the current Contract Year (regardless of installment due dates), against any (1) premium refunds under any Contract Year, (2) reimbursement or advance amounts, or (3) amounts agreed to in a commutation agreement, which are due and payable to the Company from the SBA as a result of the liability of the SBA.

#### **ARTICLE XV - INSOLVENCY OF THE COMPANY**

Company shall notify the FHCF immediately upon becoming insolvent. Except as otherwise provided below, no reimbursements will be made until the FHCF has completed and closed its examination of the insolvent Company's Losses, unless an agreement is entered into by the court appointed receiver specifying that all data and computer systems required for FHCF exposure and loss examinations will be maintained until completion of the Company's exposure and loss examinations. Except as otherwise provided below, in order to account for potential erroneous reporting, the SBA shall hold back 25% of requested reimbursements until the exposure and loss examinations for the Company are completed. Only those Losses supported by the examination will be reimbursed. Pursuant to Section 215.555(4)(g), Florida Statutes, the FHCF is required to pay the "net amount of all reimbursement moneys" due an insolvent insurer to the Florida Insurance Guaranty Association (FIGA) for the benefit of Florida policyholders. For the purpose of this Contract, a Company is insolvent when an order of liquidation with a finding of insolvency has been entered by a court of competent jurisdiction. In light of the need for an immediate infusion of funds to enable policyholders of insolvent companies to be paid for their claims, the SBA may enter into agreements with FIGA allowing exposure and loss examinations to take place immediately without the usual notice and response time limitations and allowing the FHCF to make reimbursements (net of any amounts payable to the SBA from the Company or FIGA) to FIGA before the examinations are completed and before the response time expires for claims filing by reinsurers and financial institutions, which have a priority interest in those funds pursuant to Section 215.555(4)(g), Florida Statutes. Such agreements must ensure the availability of the necessary records and adequate security must be provided so that if the FHCF determines that it overpaid FIGA on behalf of the Company, or if claims are filed by reinsurers or financial institutions having a priority interest in these funds, that the funds will be repaid to the FHCF by FIGA within a reasonable time.

#### **ARTICLE XVI - TERMINATION**

The FHCF and the obligations of both parties under this Contract can be terminated only as may be provided by law or applicable rules.

## **ARTICLE XVII - VIOLATIONS**

### **(1) Statutory Provisions**

- (a) Section 215.555(10), Florida Statutes, provides that any violation of Section 215.555, Florida Statutes, or of rules adopted under that section, constitutes a violation of the Florida Insurance Code. This Contract has been adopted as part of Rule 19-8.010, Florida Administrative Code, under the authority of that section of Florida Statutes.
- (b) Section 215.555(11), Florida Statutes, authorizes the SBA to take any action necessary to enforce the rules and the provisions and requirements of this Contract, required by and adopted pursuant to Section 215.555, Florida Statutes.

### **(2) Noncompliance**

- (a) As used in this Article, the term “noncompliance” means the failure of the Company to meet any applicable requirement of Section 215.555, Florida Statutes, or of any rule adopted under the authority of that section of Florida Statutes, including, but not limited to, any failure to meet a deadline for an FHCF payment, Data Call submissions or resubmissions, Loss reporting or commutation documentation, or a deadline related to SBA examination requirements. The Company remains in a state of noncompliance as long as the Company fails to meet the applicable requirement(s).
- (b) If the Company is in a state of noncompliance, the SBA reserves the right to withhold any payments or advances due the Company until the SBA determines that the Company is no longer in a state of noncompliance.

## **ARTICLE XVIII - APPLICABLE LAW**

This Contract shall be governed by and construed according to the laws of the State of Florida in respect of any matter relating to or arising out of this Contract.

## **ARTICLE XIX – DUE DATES**

If any due date provided in this Contract is a Saturday, Sunday or a legal State of Florida or federal holiday, then the actual due date will be the day immediately following the applicable due date which is not a Saturday, Sunday or a legal State of Florida or federal holiday.

## ARTICLE ~~XXXX~~ – REIMBURSEMENT CONTRACT ELECTIONS

### (1) Reimbursement Percentage

For purposes of determining reimbursement (if any) due the Company under this Contract and in accordance with the Statute, the Company has the option to elect a 45% or 75% or 90% reimbursement percentage under this Contract. If the Company is a member of an NAIC group, all members must elect the same reimbursement percentage, and the individual executing this Contract on behalf of the Company, by placing his or her initials in the box under (a) below, affirms that the Company has elected the same reimbursement percentage as all members of its NAIC group. If the Company is an entity created pursuant to Section 627.351, Florida Statutes, the Company must elect the 90% reimbursement percentage. The Company shall not be permitted to change its reimbursement percentage during the Contract Year. The Company shall be permitted to change its reimbursement percentage at the beginning of a new Contract Year, but may not reduce its reimbursement percentage if a Covered Event required the issuance of revenue bonds, until the bonds are no longer outstanding.

The Reimbursement Percentage elected by the Company for the prior Contract Year effective June 1, ~~2016~~2017 was as follows: «Legal\_Name» - «~~2016~~2017\_Coverage\_Option»

- (a) **NAIC Group Affirmation:** Initial the following box if the Company is part of an NAIC Group:

- (b) **Reimbursement Percentage Election:** The Company hereby elects the following Reimbursement Percentage for the Contract Year from 12:00:01 a.m., Eastern Time, June 1, ~~2017~~2018, to 12:00 a.m., Eastern Time, May 31, ~~2018~~2019, (the individual executing this Contract on behalf of the Company shall place his or her initials in the box to the left of the percentage elected for the Company):

45% OR

75% OR

90%

### (2) Additional Living Expense (ALE) Written as Time Element Coverage

If your Company writes Covered Policies that provide ALE coverage on a time element basis (i.e., coverage is based on a specific period of time as opposed to a stated dollar limit), you must initial the 'Yes – Time Element ALE' box below. If your Company does not write time element ALE coverage, initial 'No – Time Element ALE' box below.

Yes – Time  
Element ALE

OR

No – Time  
Element ALE

**ARTICLE XXI – SIGNATURES**

**Approved by:**

~~Florida Hurricane Catastrophe Fund~~ Paragon Strategic Solutions Inc., on Behalf of the  
~~By:~~ State Board of Administration of the State of Florida and as Administrator of the Florida Hurricane  
Catastrophe Fund

By: \_\_\_\_\_  
~~Ashbel C. Williams~~ \_\_\_\_\_  
~~Executive Director & CIO~~ Date

~~Approved as to legality:~~

By: \_\_\_\_\_  
\_\_\_\_\_ Date

**Authority to sign on behalf of the Company:**

The person signing this Contract on behalf of the Company hereby represents that he or she is an officer of the Company, acting within his or her authority to enter into this Contract on behalf of the Company, with the requisite authority to bind the Company and make the representations on behalf of the Company as set forth in this Contract.

«Legal\_Name»

\_\_\_\_\_  
Printed Name and Title

By: \_\_\_\_\_  
Signature Date



**ADDENDUM NO. 1  
to  
REIMBURSEMENT CONTRACT  
Effective: June 1, ~~2017~~2018  
(Contract)**

Between

**Citizens Property Insurance Corporation**  
(Citizens or Company)

**NAIC #**

and

**THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA) WHICH  
ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)**

**It is Hereby Agreed**, effective at 12:00:01 a.m., Eastern Time, June 1, ~~2017~~2018, that this Contract shall be amended as follows:

**CITIZENS COVERAGE OF POLICIES OF LIQUIDATED INSURERS PURSUANT TO  
SECTION 215.555(5)(e), FLORIDA STATUTES.**

If an insurer is placed in liquidation under Chapter 631, pursuant to Section 627.351(6), Florida Statutes, and Citizens Property Insurance Corporation (Citizens) provides coverage for Covered Policies of such liquidated insurer, Section 215.555(5)(e), Florida Statutes, provides that Citizens may, subject to provisions below, obtain coverage for such policies under its Reimbursement Contract with the FHCF or accept an assignment of the liquidated insurer's Reimbursement Contract with the FHCF. Prior to the date that Citizens takes a transfer of policies from a liquidated insurer, Citizens shall select one of these options using Appendix A of Addendum No. 1 and submit to the FHCF as instructed.

**PROVIDING COVERAGE FOR A LIQUIDATED INSURER'S POLICIES UNDER CITIZENS'  
FHCF REIMBURSEMENT CONTRACT**

- (1) If a Covered Event has occurred prior to the transfer of policies from a liquidated insurer to Citizens, Citizens must accept an assignment of such liquidated insurer's FHCF Reimbursement Contract and cannot cover such policies under Citizens' Reimbursement Contract. Only in those situations where a Covered Event has not occurred shall Citizens be able to obtain coverage under its own FHCF Reimbursement Contract for those policies transferred to Citizens as a result of a liquidation.
- (2) Responsibilities relating to the transfer of the liquidated insurer's Covered Policies to Citizens:

- (a) Citizens shall accurately report the exposure and loss data related to Covered Policies transferred from a liquidated insurer to Citizens.
1. For a transfer of a liquidated insurer's Covered Policies that occurs on or before June 30, ~~2017~~2018, Citizens shall report the exposure in effect for such policies as of June 30, ~~2017~~2018. If any such policies renewed with Citizens on or before June 30, ~~2017~~2018, Citizens shall include the exposure for those policies as part of its Form FHCF-D1A (Data Call) submission due September 1, ~~2017~~2018.
  2. For transfers of Covered Policies from a liquidated insurer to Citizens after June 30, ~~2017~~2018, Citizens shall report exposure in effect for such policies as of the date of the transfer and the FHCF shall treat all such policies as if they were in effect as of June 30, ~~2017~~2018.
  3. For purposes of reporting Losses to the FHCF, Citizens shall report all Losses including those associated with Covered Policies transferred from liquidated insurers on Forms FHCF-L1A and FHCF-L1B as required under the Reimbursement Contract. Citizens shall retain separate data files for examination purposes for Losses on Covered Policies transferred from each liquidated insurer.
- (b) Citizens shall report the exposure associated with Covered Policies from each liquidated insurer on a separate Data Call, which must be completed in full and must identify the liquidated insurer from whom the policies were transferred and to which the Data Call relates. The Data Call for each liquidated insurer where Covered Policies are transferred to Citizens is due on September 1, ~~2017~~2018, or a maximum of 60 days from the date of transfer, whichever is later.
- (c) The FHCF Reimbursement Premium for all Covered Policies transferred from a liquidated insurer to Citizens shall be due on December 1, ~~2017~~2018, or within 15 days of being invoiced by the FHCF, whichever is later. The FHCF Reimbursement Premium associated with the transferred Covered Policies shall be itemized by Citizens for each liquidated insurer, but the total Reimbursement Premium resulting from the reporting of exposure on Citizens Covered Policies and the Reimbursement Premium associated with Covered Policies transferred to Citizens from liquidated insurers shall be combined to determine Citizens' retention and its share of the FHCF's capacity.
- (d) An administrative fee of \$1,000 shall apply to each resubmission of exposure data for resubmissions that are not a result of an examination by the SBA. If a resubmission is necessary as a result of an examination report issued by the SBA, the first resubmission fee will be \$2,000. If the first examination-required resubmission is inadequate and the SBA requires an additional resubmission(s), the resubmission fee for each subsequent resubmission shall be \$2,000. Resubmission fees shall be invoiced along with the Reimbursement Premium billing discussed in (c) above.
- (e) Citizens shall ensure that the books and records related to the Covered Policies transferred from a liquidated insurer are preserved and accessible to the FHCF for its exposure and loss examinations. Citizens shall retain data related to the FHCF examinations as required in Forms FHCF-D1A, FHCF-EAP1, and FHCF-LAP1 for the exposure transferred from each liquidated insurer.
- (3) The Covered Policies of a liquidated insurer transferred to Citizens on the date of such transfer shall be treated as if they were on Citizens' books and records as of June 30, ~~2017~~2018. Citizens' ~~2017~~2018 FHCF Reimbursement Premium shall be the aggregate premium based on its direct business and all business associated with Covered Policies of a liquidated insurer transferred to Citizens. Citizens' FHCF retention and limit of coverage shall be based on this aggregate Reimbursement Premium.

**CITIZENS' ACCEPTANCE OF AN ASSIGNMENT OF A LIQUIDATED INSURER'S FHCF REIMBURSEMENT CONTRACT**

(1) Responsibilities relating to Assigned Reimbursement Contracts:

- (a) Citizens, pursuant to Section 215.555(5)(e), Florida Statutes, has the rights and duties of the liquidated insurer beginning on the date it first provides coverage for such transferred Covered Policies.
- (b) Citizens is responsible for the Reimbursement Premiums due under the assigned Reimbursement Contract(s). Should any Reimbursement Premium be owed at the time paid Losses for Covered Policies under the assigned Reimbursement Contract exceed the Retention under the assigned Reimbursement Contract, all Reimbursement Premiums (as well as any applicable fees and interest) shall be offset before the issuance of any reimbursement payment.
- (c) Citizens has the responsibility to report all exposure and loss information for Covered Policies under the assigned Reimbursement Contracts separately for each assigned Reimbursement Contract pursuant to the reporting requirements specified in the Reimbursement Contract. If the liquidated insurer has already submitted the required Data Call, Citizens has the responsibility of filing any resubmissions as necessary.
- (d) Citizens has the responsibility to ensure that the books and records related to the assigned Reimbursement Contract are preserved and accessible to the FHCF for its exposure and loss examinations. Citizens has the responsibility to retain data related to FHCF examinations as required in FHCF-D1A, FHCF-EAP1, and FHCF-LAP1 for each assigned Reimbursement Contract.

- (2) Citizens will not be reimbursed by the FHCF for any Losses occurring prior to the date it first provides coverage for such transferred policies. Reimbursements for those Losses shall be made to the insurer, the receiver, or the Florida Insurance Guaranty Association, as provided by statute.

**Approved by:**

Paragon Strategic Solutions Inc., on Behalf of the State Board of Administration of the State of Florida and as Administrator of the Florida Hurricane Catastrophe Fund

By: \_\_\_\_\_ Date \_\_\_\_\_  
**Ashbel C. Williams**  
**Executive Director & CIO**

~~Approved as to legality:~~

By: \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
Company

By: \_\_\_\_\_ Date \_\_\_\_\_  
Printed Name and Title

**DRAFT – September 13, 2017**

**APPENDIX A TO ADDENDUM NO. 1  
to  
REIMBURSEMENT CONTRACT  
Effective: June 1, ~~2017~~2018  
(Contract)**

between

**Citizens Property Insurance Corporation**  
(Citizens or Company)

**NAIC #**

and

**THE STATE BOARD OF ADMINISTRATION OF THE STATE OF FLORIDA (SBA)  
WHICH ADMINISTERS THE FLORIDA HURRICANE CATASTROPHE FUND (FHCF)**

Pursuant to Section 215.555(5) (e), Florida Statutes

With reference to

\_\_\_\_\_  
Name of Liquidated Insurer (Liquidated Insurer)

We, the undersigned, being executive officers of Citizens Property Insurance Corporation (Citizens), acting within our authority, hereby make the following election with reference to the Liquidated Insurer named above:

(Check appropriate box and provide date of transfer below):

☐

Citizens elects to obtain FHCF coverage for the Liquidated Insurer's Covered Policies by including such Covered Policies under Citizens' ~~2017~~2018 FHCF Reimbursement Contract.

Date policies transferred to Citizens:\_\_\_\_\_

☐

Citizens elects to obtain FHCF coverage for the Liquidated Insurer's Covered Policies by accepting an assignment of the Liquidated Insurer's ~~2017~~2018 FHCF Reimbursement Contract.

Date policies transferred to Citizens:\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Typed Name: \_\_\_\_\_

Typed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**RETURN COMPLETED FORM TO:**

Paragon Strategic Solutions Inc.  
8200 Tower, 5600 West 83<sup>rd</sup> Street, Suite 1100  
Minneapolis, MN 55437



## Floyd Yager

Floyd is Senior Vice President, Property Product Management and joined Allstate in 1989 as an Actuarial Analyst in the Auto Pricing Department. He progressed through various assignments in the Home Office pricing world before transferring to the Allstate Research and Planning Center in Menlo Park, California in 1993. After returning to Home Office, Floyd worked in various actuarial functions in pricing and research before taking on a role leading personal lines pricing and research for Deerbrook Insurance Company. Floyd led this group through the acquisition of the CNA Personal Lines before returning to Home Office as a Pricing Director in 2000. In 2001, Floyd led the Auto Research team before taking over responsibility for all research and development. During his time in R&D, the group worked on various rating phases of SRM for auto and property as well as the development of Your Choice Auto. In August 2004, Floyd was promoted to Assistant Vice President in Product Operations. In January 2005, Floyd transferred to the Midwest Regional Office as the Assistant Field Vice President and managed the day-to-day operations of Allstate's Midwest Region. In May 2006 was named State Manager for California. In January 1, 2009, Floyd was promoted to Senior Vice President Quantitative Research and Analytics. In this role he advanced our competitive and decision-support tools, enabling us to make faster decisions at the local market level. In October, 2011, Floyd was asked to take on the newly created role of Senior Vice President, Customer Advocacy before becoming Chief Data Officer in September, 2012. In that role he had accountability for developing and driving the Data and Analytic strategy for the company. Floyd moved to his current role in July, 2016 and is responsible for countrywide property strategy development and overall results of Allstate's property lines of business.

Floyd received a BS in Mathematics and a minor in Economics from Rose-Hulman Institute of Technology in Terre Haute, Indiana in 1989. Floyd also has earned his MBA from the University of Illinois – Chicago. Floyd is a Fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries. He has, in the past, been a volunteer in the CAS serving on continuing education and exam committees, having served as an exam Part Chair and a General Officer of the Exam Committee. Since 2009, Floyd has been the actuary to the Florida Hurricane Catastrophe Fund (FHCF) and is a past chairman of the FHCF Advisory Council. As the actuary on the FHCF Advisory Council, by statute he also serves as a member of the Florida Commission on Hurricane Loss Projection Methodology. Floyd has been a member of the Board of Directors for both the Insurance Institute on Highway Safety and the Highway Loss Data Institute since 2009. Floyd holds five patents on the subjects of "Systems and Methods for Customizing Automobile Insurance" (US 7,773,217 B1 and US 8,046,244 B1) and "Processing an Application for Insurance Coverage (US 8,046,246 B1, US 8,219,426 B1, and US 8,219,427 B1).

Floyd has been member of the Board of Trustees for the Allendale Association in Lake Villa, Illinois since 2006 (<http://www.allendale4kids.org>). He and his wife, Kristin, live in Park Ridge, Illinois with their two boys, Thomas and Michael, and daughter Kaelyn.

## Florida Commission on Hurricane Loss Projection Methodology Members

10/4/17

<b>Name</b>	<b>Phone</b>	<b>Represents</b>	<b>Address</b>
<b>Anne T. Bert</b>	(850) 413-1340 (850) 694-1054 cell <a href="mailto:anne.bert@sbafla.com">anne.bert@sbafla.com</a>	Florida Hurricane Catastrophe Fund	Florida State Board of Administration 1801 Hermitage Boulevard, Suite 100 Tallahassee, Florida 32308
<b>Barry J. Gilway</b>	(904) 208-7493 Barbara Walker 513-3744 <a href="mailto:barry.gilway@citizensfla.com">barry.gilway@citizensfla.com</a>	Citizens Property Insurance Corporation	Citizens Property Insurance Corporation 2312 Killearn Center Boulevard Tallahassee, Florida 32312
<b>C. Sha`Ron James, J.D., MPA, SCPM</b>	(850) 413-5923  Dana Green <a href="mailto:sha'ron.james@myfloridacfo.com">sha'ron.james@myfloridacfo.com</a>	Insurance Consumer Advocate	Florida Department of Financial Services 200 East Gaines Street (mail) Claude Pepper Building, Room 776 (hand delivery) Tallahassee, Florida 32399
<b>Robert H. Lee, FCAS</b> (OIR Commissioner Appointment)	(850) 413-5360  <a href="mailto:robert.lee@floir.com">robert.lee@floir.com</a>	OIR Actuary	Florida Office of Insurance Regulation 200 East Gaines Street, Larson Building Tallahassee, Florida 32399
<b>Minchong Mao, FCAS, ASA, MAAA</b> (CFO Appointment)	(309) 735-0664 (309) 846-5644 cell <a href="mailto:Minchong.mao.jawd@statefarm.com">Minchong.mao.jawd@statefarm.com</a>	Industry Actuary	State Farm Insurance Companies One State Farm Plaza Bloomington, Illinois 61710
<b>Wes Maul, J.D. Interim Director</b>	(850) 413-9969 Miles Anderson <a href="mailto:miles.anderson@em.myflorida.com">miles.anderson@em.myflorida.com</a> <a href="mailto:wes.maul@em.myflorida.com">wes.maul@em.myflorida.com</a>	Director Division of Emergency Management	FL Department of Community Affairs Sadovsky Building, Room 120 2555 Shumard Oak Boulevard Tallahassee, Florida 32399
<b>Jainendra K. Navlakha, Ph.D.</b> (CFO Appointment)	(305) 348-2026 (786) 348-6373 cell  <a href="mailto:navlakha@cs.fiu.edu">navlakha@cs.fiu.edu</a>	Computer System Design Expert	Florida International University School of Computer Science 10700 SW 8 <sup>th</sup> Street, ECS 353 Miami, Florida 33199
<b>Steve Paris, Ph.D., ASA</b> (CFO Appointment)	(850) 644-4419  <a href="mailto:paris@math.fsu.edu">paris@math.fsu.edu</a>	Statistics Expert	Florida State University Department of Mathematics 208 Love Building, 1017 Academic Way Tallahassee, Florida 32306-4510
<b>Patricia B. Schriefer, Ph.D.</b> (CFO Appointment)	(850) 644-7884  <a href="mailto:pschriefer@cob.fsu.edu">pschriefer@cob.fsu.edu</a>	Insurance Finance Expert	Florida State University College of Business, 233E RBB Tallahassee, Florida 32306
<b>Hugh E. Willoughby, Ph.D.</b> (CFO Appointment)	(305) 348-0243 (305) 342-9188 cell  <a href="mailto:hugh.willoughby@fiu.edu">hugh.willoughby@fiu.edu</a>	Meteorology Expert	Florida International University Department of Earth Sciences 11200 SW 8 <sup>th</sup> Street, University Park PC 344 Miami, Florida 33199
<b>Floyd Yager, FCAS, Vice Chair</b>	(847) 402-4753 (847) 804-1643 cell Tracy Falconer (847) 402-7119 <a href="mailto:fyager@allstate.com">fyager@allstate.com</a>	FHCF Advisory Council Actuary	Allstate Insurance Company 2775 Sanders Road, Suite D8 Northbrook, Illinois 60062
<b>Vacant</b> (Governor Appointment)		Licensed Professional Structural Engineer	



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

MEMORANDUM

TO: Honorable Rick Scott  
Honorable Jimmy Patronis  
Honorable Pam Bondi

FROM: Ashbel C. Williams 

DATE: September 14, 2017

SUBJECT: Valeant Pharmaceuticals International, Inc.

Pursuant to Rule 19-3.016(11), F.A.C., the purpose of the Memorandum is to bring to the Board a proposal to file a direct action against Valeant Pharmaceuticals International, Inc. Your offices have been provided with details and justification for the action.

Please contact me if you have any questions or need additional information.





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

## MEMORANDUM

---

**To:** Ashbel C. Williams, Executive Director & CIO  
**From:** Maureen M. Hazen, General Counsel *Maureen M. Hazen*  
**Date:** September 6, 2017  
**Subject:** Valeant Pharmaceuticals International, Inc. – Opt-Out and Filing of Direct Action

---

This Memorandum follows our recent discussions regarding the SBA opting out of the securities class action case and pursuing a direct action against Valeant Pharmaceuticals, Inc. ("Valeant"). Attached is an Analysis prepared by the law firm of Bernstein Litowitz Berger & Grossman LLP ("BLBG"), one of the law firms eligible to serve as securities litigation counsel to the SBA. I concur with BLBG's analysis and recommendation.

In my view, this is a highly meritorious case and the SBA will significantly and substantially enhance its recovery by opting out of the class case and pursuing a direct action. The SBA incurred over \$62,000,000 in LIFO losses during the period relevant to the case, and the SBA would allege that all of these market losses are legally recoverable damages. In my view, if the SBA files a direct action, the SBA may be able to enhance its recovery above the class action recovery by double-digit millions of dollars.

As a result, I am recommending that the SBA opt-out of the class action case against Valeant and file a direct action against Valeant in the United States District Court for the District Court for the District of New Jersey.



Bernstein Litowitz  
Berger & Grossmann LLP



# **Valeant Securities Fraud:**

## **Case Plan and Analysis for Direct Action to Maximize Recovery of Damages**

*Prepared for:*

**Florida State Board of Administration**

*Contact Person:*

**Blair A. Nicholas**

**Managing Partner**

**(858) 720-3183**

**blairn@blbglaw.com**

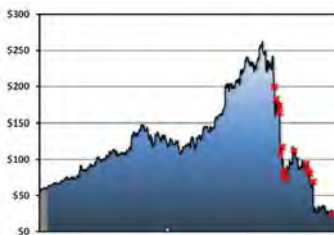
**September 1, 2017**

## TABLE OF CONTENTS

Executive Summary.....	1
The SBA’s Estimated Losses and Potential Damages.....	3
Degree and Severity of the Wrongdoing .....	5
Factual and Legal Merits of the Case .....	8
a. Summary of the Fraud .....	8
b. Legal Merits of the Case.....	11
(1) The Court Has Upheld The Allegations Supporting Investors’ Claims For Recovery .....	11
(2) Evaluation of Claims and Potential Defenses .....	12
(3) Strict Liability Claims Under Section 18 of the Exchange Act .....	22
(4) “Control Person” Claims Under Section 20(a) of the Exchange Act .....	23
(5) State Law Claims .....	24
Impact on Investments that the SBA May Have in Valeant and Other Beneficial or Adverse Consequences to the SBA .....	24
Valeant’s Current Financial Condition and Ability to Pay a Substantial Settlement or Judgment .....	25
Other Institutional Investors Represented by BLB&G In This Matter.....	27
Conclusion.....	28

## Executive Summary

### *Valeant's Deception Caused the SBA to Incur Substantial Damages*



Relevant Period  
1/4/13 – 8/10/16

Low / High	\$18.55 - 263.81
\$ Decline	\$245.26
% Decline	93%

SBA's	\$65 million FIFO
Estimated Damages	\$62 million LIFO

Bernstein Litowitz Berger & Grossmann LLP ("BLB&G" or the "Firm") is pleased to provide this response to the request by the State Board of Administration of Florida ("SBA") for our case plan and analysis of the SBA's individual claims for recovery of damages arising from serious violations of the federal securities laws by Valeant Pharmaceuticals International, Inc. ("Valeant" or the "Company") and certain of its senior executives.

Based on BLB&G's extensive investigation of the merits of a Valeant direct action, our established track record of success resolving opt outs on behalf of institutional investors for substantial multiples of available class action recoveries, and the SBA's significant damages, BLB&G recommends that the SBA opt out of the pending securities class action against Valeant (the "Class Action") and pursue the direct resolution of its claims for recovery. As discussed in greater detail below, the SBA's individual claims are highly meritorious and, due to various factors, a direct action is highly likely to maximize the recovery of the SBA's significant damages compared to any eventual pro rata allocation of a common fund recovery in the Class Action.

The SBA incurred significant damages as a result of the fraudulent misrepresentations at Valeant. Based on a comprehensive analysis of the SBA's transactional data, our expert financial consultant determined that the SBA incurred potential recoverable damages of approximately **\$65 million FIFO** and **\$62 million LIFO**—a financial interest that is among the largest of our public pension fund clients. Documents publicly on file with the Securities and Exchange Commission ("SEC") indicate that the SBA's losses are among the largest of any public fund investor.

We submit that BLB&G is uniquely qualified to represent the SBA in pursuing the direct resolution of its claims. BLB&G's unparalleled expertise in both class and direct action securities litigation includes over \$31 billion in recoveries for investors since the Firm's founding in 1983, several hundreds of millions in direct action recoveries in the past several years, and, importantly, some of the most significant securities class actions in history in the same federal court – the United States District Court for the District of New Jersey – in which the Valeant securities litigation is pending. Indeed, BLB&G is honored to represent a number of other prominent institutional investors that have exercised their right to opt-out of the Valeant securities class action in order to pursue a direct resolution of their individual claims for recovery. In 2016, BLB&G filed strategic direct action complaints on behalf of T. Rowe Price, Teacher Retirement System of Texas, Principal Financial, Voya Financial, Alleghany Corporation, and many other

other institutional asset managers with substantial exposure to the Valeant securities fraud. See *T. Rowe Price Growth Stock Fund, Inc. et al. v. Valeant Pharms. Int'l, Inc. et al.*, No. 16-cv-05034 (D.N.J. filed Aug. 15, 2016); *Equity Trustees Ltd. et al. v. Valeant Pharms. Int'l, Inc. et al.*, No. 16-cv-06127 (D.N.J. filed Sept. 26, 2016); *Principal Funds, Inc. et al. v. Valeant Pharms. Int'l, Inc. et al.*, No. 16-cv-06128 (D.N.J. filed Sept. 27, 2016); *Bloombergsen Partners Fund LP. et al. v. Valeant Pharms. Int'l, Inc. et al.*, No. 16-cv-07212 (D.N.J. filed Oct. 13, 2017) (the “Direct Actions”). In preparing these Direct Action complaints, BLB&G conducted an extensive investigation and carefully analyzed the merits of the direct action claims. Among other things, the Firm consulted with pharmaceutical and forensic damages experts and developed proprietary internal work product, including interviews of nearly three dozen former Valeant employees.

BLB&G’s deep experience, thorough due diligence, proprietary investigation, and current representation of prominent institutional investors pursuing Valeant direct actions provides the SBA a tactical edge that will further enhance its ability to obtain maximum recovery. This is reflected below in our case plan for the Valeant direct action and borne out in the outstanding results we have achieved for our institutional investor clients in prior opt out matters. By way of example, BLB&G successfully represented prominent institutional investors in pursuing the direct resolution of their claims against Tyco, Marsh & McLennan, Countrywide, Quintus, and Qwest, among others. In each of these opt out matters, BLB&G’s institutional investor clients recovered a material multiplier over the class recovery. BLB&G continues to represent many of the world’s largest institutional investors in securities opt out litigation, including the Valeant matter and many other opt out cases pending in federal courts around the country. Here, we recommend that the SBA avail itself of the Firm’s expertise in securities litigation and comprehensive investigation of the Valeant matter and file a detailed direct action complaint, in the same court as our pending Direct Actions, that is substantially similar to the comprehensive complaints on file in the Direct Actions. This should allow the SBA to avoid unnecessary risk, duplicative motion practice, and delay; benefit from favorable rulings in the Direct Actions and the Class Action; and join the pending litigations at (or near) a relatively advanced stage—i.e., the merits phase.

Finally, by pursuing an affirmative litigation strategy, the SBA will not only be in a position to hold Valeant and its senior executives accountable for the substantial losses they caused to the SBA, but also to insist on meaningful corporate governance reforms as an important component of any direct resolution with the Company. As discussed below, Valeant’s repeated promises to improve transparency were empty, and it has yet to take any meaningful responsibility for its deception. Given Valeant’s prominence in the pharmaceutical industry and the impact its practices have had on a strained American healthcare system, any corporate reforms achieved through this matter should have a lasting and meaningful impact.

Our detailed case plan and analysis is set forth below, including responses to each of the topics identified by the SBA. Additionally, we have attached as **Exhibit A** BLB&G’s Direct Action brochure for your review, which outlines the Firm’s focus on pursuing direct resolution of institutional investors’ securities fraud claims as an avenue to maximize their recovery of damages. We have also attached as **Exhibit B** several draft proposals for meaningful corporate governance reforms, which address some of the most obvious failings at the Company and could be a component of any successful resolution. We remain available to address any questions, and we would be honored to represent the SBA in a Valeant direct action.



## The SBA's Estimated Losses and Potential Damages

Valeant shares are dual-listed on the NYSE and the Toronto Stock Exchange. Based on a comprehensive analysis of the SBA's updated transactional data, our outside forensic expert has determined that the SBA incurred substantial losses and potential damages on purchases of Valeant shares between January 4, 2013 and August 10, 2016 (the "Relevant Period"). As reflected in the table below, the SBA incurred total losses and potential recoverable damages of approximately **\$65 million FIFO** and **\$62 million LIFO** on its purchases of Valeant shares during the Relevant Period, with the gravity of the exposure in the U.S.-listed shares.

**The SBA's Potential Recoverable Damages**

	FIFO	LIFO
<i>U.S. Shares</i>	\$55,426,443	\$54,615,931
<i>Canadian Shares</i>	\$9,658,680	\$7,499,755
<b><i>Total</i></b>	<b><i>\$65,085,123</i></b>	<b><i>\$62,115,686</i></b>

Given that the SBA's losses and potential damages are concentrated in the U.S.-listed shares, the focus of the SBA's direct action should be recovery of losses incurred on Valeant's U.S.-listed shares under the federal securities laws. These include general antifraud claims under Section 10(b) of the Exchange Act and related "control person" claims under Section 20(a) of the Act, which the Court has already sustained in the Class Action case over Defendants' motion to dismiss.

In performing this updated preliminary analysis of the SBA's potential damages under the federal securities laws, our financial expert constructed an "event study" model that considers whether other factors such as market and industry forces could have caused the losses. The damages model uses a statistical analysis to determine whether a pre-defined disclosure or event caused a statistically significant change in the price of Valeant shares. After extracting the predicted effects of general equity market and industry-specific price changes, the residual Valeant-specific price changes were measured for statistical significance. Thus, the event study model statistically isolates the price effect of Valeant-specific information to assess whether that effect can be deemed material under the federal securities laws and prevailing econometric literature. Residual price changes applied to the SBA's specific transactional data determine the SBA's potential recoverable damages. Significantly, the results of our expert's "event study" and statistical regression analysis show a very high statistical significance at the 95% - 100% confidence level for each of the stock price declines associated with alleged corrective disclosures. The total abnormal dollar change for all of the corrective disclosure events approaches Valeant's actual dollar change over the disclosure time period – ***meaning that the vast majority of the SBA's losses suffered as a result of Valeant's***

***series of negative disclosures can be claimed as recoverable under prevailing economic methodologies approved by the federal courts.***

Developments in the Valeant securities litigation support our financial consultant’s damages model. All of the potential corrective disclosures identified by our financial consultant during the class period and included in our financial consultant’s damages model were included in the Lead Plaintiff’s Consolidated Class Action Complaint, and were sustained by Judge Shipp at the pleading stage over all of Defendants’ challenges. *In re Valeant Pharm. Int’l, Inc. Sec. Litig.*, 2017 WL 1658822, at \*12 (D.N.J. Apr. 28, 2017). Further, in our opt out cases, Defendants have filed extremely limited motions to dismiss. In essence, Defendants proffer only one argument—that plaintiffs’ securities fraud claims should exclude shares purchased after October 2015 because “Valeant’s alleged omissions were fully disclosed to the market” by then. We believe this argument lacks factual and legal merit and that the Court will reject it, as it has every other one of Defendants’ pleading challenges. Even if the Court were to accept this argument and exclude from the securities fraud claims all post-October 2015 purchases, the impact to SBA’s opt out claims would be negligible: only about 5% of the SBA’s damages arise from purchases after October 2015.

The ultimate recovery in this matter will be based on the evidence obtained through discovery, further expert damages analyses, court rulings on procedural and substantive matters impacting the scope of investors’ claims, as well as a range of other factors. However, based on our experience in similar securities fraud cases against pharmaceutical companies, we believe the SBA will be able to recover a material portion of the amounts listed above. For example, in the *Cendant* securities class action, an accounting fraud action prosecuted by our Firm in the District of New Jersey (the same Court presiding over the Valeant securities litigation), we recovered approximately 37.5% of investors’ estimated damages. Another example is the *Biovail* securities litigation against Valeant predecessor Biovail Corporation, in which the Firm recovered \$138 million on behalf of investors, representing approximately 18.5% of the class’s estimated damages. It bears emphasis that these extraordinary recovery percentages were obtained by BLB&G when representing the lead plaintiff and investor classes in securities class actions. However, BLB&G has achieved substantially higher recovery percentages when selectively representing prominent institutional investors (including the SBA) in direct actions. BLB&G has an established track record of success representing individual investors in direct actions – including Countrywide Financial, Tyco International, Qwest Communications, Quintus, and Marsh & McLennan – where we have served as counsel to some of the world’s largest and most prominent institutional investors and obtained **material multipliers** on the available class action recoveries.

While we believe each securities fraud case rests on its own merit and the class recovery is largely dependent on a number of variable factors (i.e. strength of liability claims, ability to pay, lead plaintiff, lead counsel, judge, venue, etc.), a recent analysis on securities class action settlements by NERA Economic Consulting reports a median settlement of just 0.6% of estimated losses for securities fraud class actions involving market capitalization losses in excess of \$10 billion. Applying NERA’s median class action settlement percentage of 0.6% for cases of this size to the SBA’s FIFO and LIFO estimated damages as

calculated by our damages expert, ***the SBA's estimated recovery in the Valeant Class Action would be only approximately \$390,500.***

With respect to the SBA's estimated recovery in a Valeant direct action, based on the above-referenced class action benchmarks against pharmaceutical companies, our experience in direct actions generally, the merits of this action in particular, the availability of direct claims to recover damages on Canadian shares, and the group of prominent institutional investors expected to pursue this action with BLB&G, we believe that the SBA can reasonably expect to achieve a ***significant premium*** to its estimated Class Action recovery when pursuing its direct claims as part of BLB&G's institutional investor direct resolution group.

## Degree and Severity of the Wrongdoing

The action against Valeant is a compelling case arising out of egregious misconduct at one of the world's largest and most prominent pharmaceutical companies. The case stems from a fraudulent scheme perpetrated by Valeant and its top executives to use a secret network of captive pharmacies to shield the Company's drugs from competition, fraudulently inflate the prices of its products, and artificially boost sales. Valeant and its secret pharmacy network provided a platform through which Defendants implemented a host of fraudulent practices to improperly inflate the reimbursements for Valeant drugs paid for by Medicare and Medicaid, private health insurers, pension health care funds, and other third-party payors ("TPPs"). The fraud Valeant perpetrated through its secret pharmacy enterprise was so vast and devastating that media and commentators have dubbed it the "Pharmaceutical Enron."

Unlike traditional pharmaceutical companies, Valeant's business model has not been focused on the research and development of new drugs. Instead, the Company's business model, conceived by Michael J. Pearson, Valeant's CEO during the Relevant Period, was founded on acquiring promising drugs from other pharmaceutical companies and utilizing Valeant's captive pharmacy network to make those drugs more profitable. With Pearson at its helm, Valeant went on a buying spree, acquiring numerous drug makers, stuffing their patents and trademarks in tax shelters, firing their scientists, and disposing of underperforming drugs. Valeant's strategy appeared to be enormously successful: under Pearson's leadership, the price of Valeant stock exploded by over 1,000%.

The key to Valeant's success was the Company's practice of massively raising the prices of drugs it obtained through its serial acquisitions. Indeed, Valeant increased the price of at least 18 drugs by 250% or more over the course of the less-than-two-year Relevant Period. For instance, Valeant raised the price of Carac cream and Tagretin gel, two dermatology drugs, by **557%** and **250%**, respectively. While these price increases were public, Valeant went to great lengths to mislead the public regarding the misconduct at Valeant's secret enterprise of controlled-pharmacies that facilitated those price increases. Indeed, Valeant went to great lengths to conceal its secret pharmacy network, which was essential to the successful implementation of these price increases.



Far cheaper generic equivalents are available for most of Valeant's drugs. For instance, while Valeant charges **\$17,000** for a year's supply of branded Wellbutrin, a year's supply of the drug's generic equivalent costs **only \$360**. Absent the scheme Defendants implemented through the Valeant pharmacy network, Valeant's bloated drug prices would have been unsustainable in the face of competition from these cheaper generic alternatives. Many state laws, and many contracts entered into by and on behalf of TPPs, require such substitution unless precluded by the prescribing physician. Moreover, because TPPs and pharmacy benefit managers ("PBMs") generally require a patient co-pay to provide patients with a cost incentive to avoid expensive or unnecessary drugs, consumers have an economic interest in selecting cheaper generics where available. Accordingly, patients would have sought out, and dispensing pharmacies would have substituted, generic prescriptions for Valeant's brand-name drugs.

The secret pharmacy network at the heart of Valeant's fraudulent scheme was created specifically to circumvent the problem of generic competition. The Valeant enterprise operated to enable Valeant management to control the distribution of the Company's expensive branded drugs and thereby frustrate generic substitution mandates, most importantly to ensure that generics were substituted for Valeant products as infrequently as possible.

Valeant built its secret network of captive pharmacies around Philidor Rx Services, LLC ("Philidor"), a Pennsylvania mail order pharmacy. Valeant then created a host of shell companies owned through Philidor, which Philidor used to acquire interests in additional retail pharmacies all over the United States.

With its secret pharmacy network in place, the Company channeled prescriptions for its branded drugs – particularly those that were especially susceptible to generic competition, like the Company's dermatological products – through Philidor. Philidor employees, as well as Valeant employees staffed at Philidor under aliases, were instructed to employ a host of fraudulent practices to prevent the substitution of cheaper generic equivalents for Valeant branded drugs. Such conduct was often in contravention of state laws and contractual mandates requiring such substitution. As a direct consequence of the scheme, TPPs paid highly inflated prices for Valeant's expensive branded drugs, in many cases notwithstanding the availability of far cheaper generic drugs that could have, and should have, been dispensed.

During the Relevant Period, Valeant engaged in a host of serious misconduct in furtherance of the fraudulent scheme:

- Valeant secretly developed a nationwide network of captive pharmacies, and placed Valeant employees at those pharmacies using aliases to conceal their identity;
- Valeant management instructed Philidor employees to change codes on prescriptions to ensure they would be filled with a Valeant drug, rather than a generic equivalent;
- Valeant used false pharmacy identification information to bill TPPs for prescriptions in order to fraudulently bypass the TPPs' denials of claims for reimbursements;

- Valeant submitted numerous prescription renewals for reimbursement, falsely representing to TPPs and PBM agents that patients had requested renewals of their prescriptions when no such request had been made;
- Valeant waived patient co-pays to remove patients' incentive to seek out cheaper drugs, and then misrepresented the "actual charges" by failing to account for the co-pay waivers;
- Valeant used pharmacies within its captive network to enable Philidor to indirectly operate in states where it had been denied a license; and
- Valeant employees made misrepresentations directly to patients in order to boost drug sales.

Many of these fraudulent practices are catalogued in claims handling manuals Defendants distributed to Philidor employees, assuring those employees that "[w]e have a couple of different 'back door' approaches to receive payment from the insurance company." As explained in further detail below, those "back door approaches" included: (1) changing prescription codes on claims i.e., deliberately altering the prescribing doctor's instructions as set forth in the prescription in order to receive payment – to require that the prescription be filled with Valeant's brand-name drugs, as opposed to less expensive generic alternatives; (2) making claims for refills that were never requested by patients – a scheme that former Philidor employees have confirmed was jointly developed by top Valeant and Philidor executives; (3) misrepresenting the identity of dispensing pharmacies in order to bypass denials of claims for Valeant drugs – a fraudulent practice that Andrew Davenport, Philidor's CEO, acknowledged in a July 19, 2015 email he knew was ongoing; and (4) submitting claims that inflated the price charged to patients by failing to take into account serial waivers of patient co-pays.

The success of Defendants' scheme hinged on its secrecy: had TPPs or PBMs known the truth about Defendants' captive pharmacy network, they would have denied claims submitted by pharmacies in the Valeant Enterprise and scrutinized Defendants' practices. Moreover, had state regulators known the truth about the existence of the secret pharmacy network and its use by Valeant to increase revenues, the Company would have come under intense scrutiny for its business practices. To maintain the secrecy of its captive pharmacies, Valeant issued a host of false and misleading statements to a number of constituencies, including investors, regulators, and TPPs, designed to conceal Valeant's relationship with its captive pharmacies and its improper use of the secret pharmacy network to inflate drug prices and sales. During its investigation, several Philidor and Valeant employees interviewed by BLB&G attorneys shared common accounts detailing Valeant's control of Philidor and its efforts to conceal the relationship, noting internal policies that prevented employees from Valeant from mentioning Philidor to customers, and vice versa.

Through its fraudulent scheme, Valeant reaped hundreds of millions of dollars in ill-gotten profits at the expense of those who paid inflated prices for Valeant drugs that should never have been dispensed. Indeed, in 2015 alone, Valeant secretly channeled nearly \$500 million of its drugs through its central pharmacy hub, Philidor.

The fallout from the unmasking of Valeant's secret pharmacy network in Fall 2015 has been devastating. Shortly after Valeant's relationship with Philidor was revealed, the three largest pharmacy benefit managers in the U.S., CVS Health Corp., Express Scripts Holding Co., and UnitedHealth Group Inc.'s OptumRx, each announced that they were dropping Philidor from their networks. They also disclosed that audits revealed that Philidor had failed to comply with terms of their agreements. In October 2015, Valeant announced that it had terminated its relationship with Philidor. After news about the secret pharmacy network reached investors – and the Company failed to provide reasonable explanations for the existence and secrecy of that network – Valeant lost over \$76 billion of its market capitalization.

Valeant is now under **criminal investigation** by the U.S. Department of Justice. Federal prosecutors in Manhattan, Boston, and Philadelphia are reportedly building criminal cases against Valeant and certain of its former executives – including Defendant Pearson, the Company's former Chairman and CEO, and Defendant Schiller, its former CFO and interim CEO – related to Valeant's secret pharmacy network and improper distribution, billing, and fulfillment practices. Valeant has acknowledged in public statements that it is “fully cooperating” with authorities. Moreover, in November 2016, federal prosecutors in Manhattan filed criminal charges against Gary Tanner, Valeant's former Executive Director of Commercial Analytics, and Andrew Davenport, the founder and former CEO of Philidor, the specialty mail-order pharmacy at the heart of Valeant's secret pharmacy network. The Justice Department's complaint asserts charges for wire fraud, money laundering, and conspiracy arising out of a multi-million dollar fraud and kickback scheme. If convicted on all counts, Tanner and Davenport face a maximum of 65 years in prison. In addition to the Department of Justice, Congress and the SEC, among others, are investigating Valeant's improper conduct.

## Factual and Legal Merits of the Case

### ***a. Summary of the Fraud***

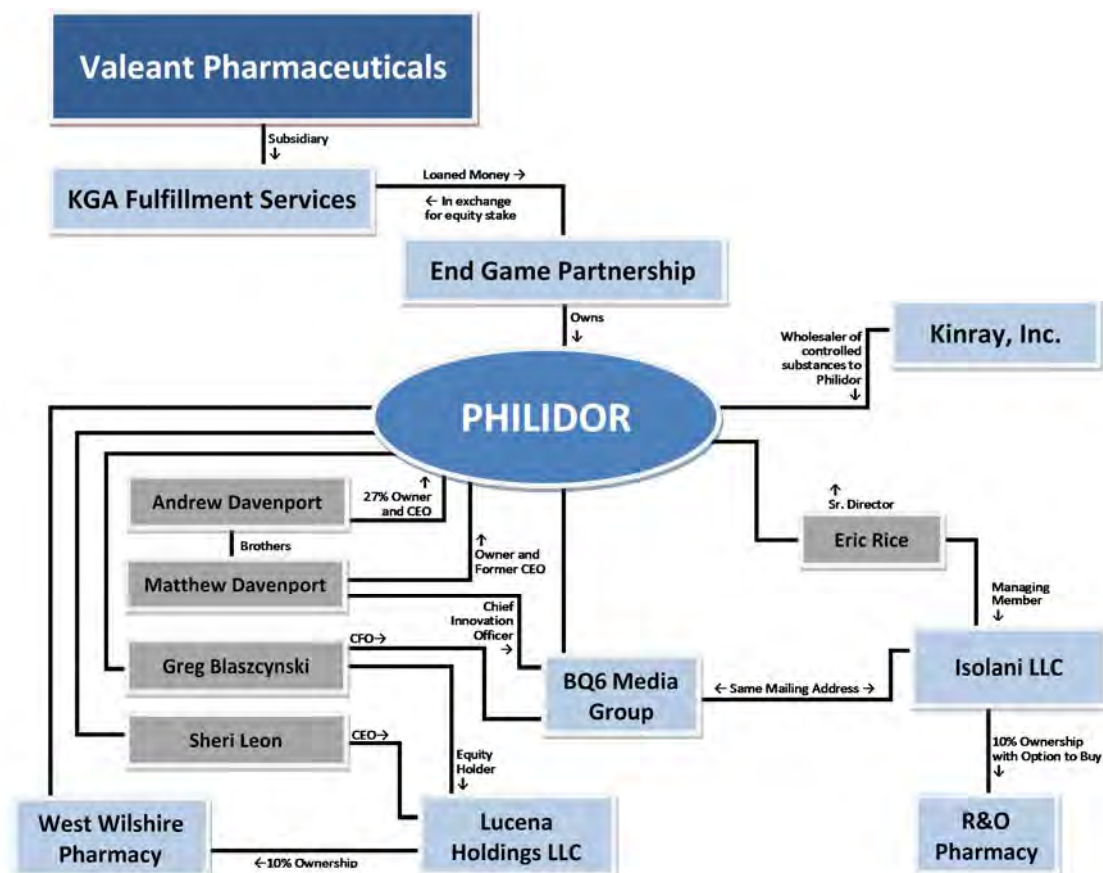
Based in Quebec, Valeant is a multinational pharmaceutical company that manufactures and markets a broad range of pharmaceutical products primarily in the areas of dermatology, gastrointestinal disorders, eye health, neurology, and branded generics. In February 2008, Valeant hired Michael Pearson (“Pearson”) to serve as its Chief Executive Officer. Over the next several years, Pearson expanded the Company's growth by implementing an aggressive acquisition strategy through which Valeant acquired pharmaceutical companies and substantially increased the prices of their established branded drugs. But such a strategy is impossible where low-cost generic alternative drugs exist. In order to insulate its brand name drugs from generic competition, particularly within its dermatology segment, Valeant embarked on a scheme to funnel sales of its branded drugs through a captive network of specialty pharmacies that the Company controls.

Unlike other pharmaceutical companies which use specialty pharmacies to distribute specialty medications designed to treat complex or rare diseases like cancer or HIV, Valeant relies on its specialty pharmacy network—Philidor—primarily to distribute the Company's dermatology products, some of which

are cosmetic and most of which have low-cost generic alternatives. Significantly, the Company's ownership of Philidor and other specialty pharmacies was never disclosed to investors during the Relevant Period. To the contrary, throughout the Relevant Period, the Company consistently reported massive sales growth, including significant growth within Valeant's dermatology segment, which comprises nearly 25% of Valeant's annual revenue. The Company attributed this enormous growth to, among other things, its outstanding sales teams, its innovative marketing approaches, great leadership, and the overall quality of its products.

In truth, however, Valeant's sales growth was driven by (among other things) the aggressive, potentially illegal, and undisclosed actions of its captive network of specialty pharmacies. As set forth above, once Philidor was established, Valeant used its influence and control over the specialty pharmacy to boost sales of its branded drugs in several questionable and potentially illegal ways including changing prescriptions, improperly waiving copays, and recording "phantom sales."

#### VALEANT'S SECRET NETWORK OF CAPTIVE SPECIALTY PHARMACIES



Significantly, Valeant's aggressive, highly questionable, and potentially illegal marketing and "reimbursement" practices extended beyond the Company's captive pharmacy network. For example,

Valeant maintained a variety of “patient-assistance programs” and “volume-based” assistance programs that allowed the Company to keep prices high while claiming that it was serving patients. In truth, numerous patients and providers do not qualify for these programs. Moreover, as Senator Elizabeth Warren and other lawmakers recently emphasized during a Senate hearing into Valeant’s questionable sales practices, these programs cannot be used with Medicare or other government insurance because “they’re illegal.”

Beginning in September 2015, Valeant’s control of those specialty pharmacies (which are illustrated in the chart above), the sales practices it was able to employ as a result of that undisclosed control, and additional questionable and undisclosed sales practices that it utilized across its operations were revealed to investors through a series of disclosures by the Company, as well as reports by several analysts, investigations by government agencies, and private litigation. These disclosures revealed an apparent accounting fraud and called into question the sustainability of Valeant’s business. Specifically, between September 2015 and August 2016, Valeant disclosed, among other things, the following facts which strongly indicate that Valeant engaged in an intentional fraud:

- Valeant admitted to paying \$133 million for an option to purchase Philidor at a later date for no additional compensation. In other words, Valeant purchased Philidor, but disguised the transaction as an option to further conceal its ownership of the specialty pharmacy.
- Valeant exercised significant control over Philidor and placed its own employees within the specialty pharmacy, but had them use aliases to conceal their identities.
- Employees at the specialty pharmacies admitted that they modified prescriptions to mandate the sale of branded drugs rather than generics.
- After the California Board of Pharmacy denied Philidor’s license application, Philidor secretly acquired R&O—an existing California pharmacy—and illegally used its multistate license to distribute Valeant products in California.
- R&O’s owner alleged that Philidor issued invoices through his pharmacy that he never fulfilled.
- Valeant later admitted that its organic growth was driven by its reliance on the specialty pharmacies, which it secretly owned.
- Valeant has disclosed that it will restate its financial results for all of 2014 and the first quarter of 2015 due to improperly-recognized revenue related to Philidor.
- Valeant has terminated its longtime CEO, Pearson, who was responsible for the Company’s growth-by-acquisitions strategy, and ordered Pearson to cooperate with a Senate investigation.
- Valeant has blamed its accounting errors on the “improper conduct” of the Company’s former CFO and Corporate Controller – and the unethical “tone at the top” by senior management.
- In the wake of the above disclosures, Valeant slashed its guidance for FY 2016 by nearly half, warned of potential bank-loan and bond defaults due to failure to issue audited financials, delayed its annual report, and confirmed an SEC probe.

And, on August 10, 2016, the *Wall Street Journal* reported that Valeant is under criminal investigation by the Department of Justice.

The market was shocked by these disclosures, with analysts describing Valeant's network of captive specialty pharmacies as "aggressive and questionable" and unprecedented in the industry. The disclosures caused Valeant shares to plunge over 90% from Relevant Period highs, wiping out over **\$83 billion** of shareholder value, as set forth in the charts below:



Based on BLB&G's proprietary investigation and consultation with outside financial experts, we believe that investors will have little difficulty demonstrating that most of these losses were a foreseeable consequence of the fraudulent conduct and thus give rise to recoverable damages under the federal securities laws.

### ***b. Legal Merits of the Case***

The case against Valeant is highly meritorious. We believe that Valeant's securities and accounting fraud gives rise to liability under a number of powerful claims under the federal securities laws, including Sections 10(b), 18, and 20(a) of the Securities and Exchange Act of 1934 (the "Exchange Act"). Indeed, the Court presiding over the Valeant securities litigation has already sustained the sufficiency of the allegations supporting investors' core claims for recovery over Defendants' motions to dismiss—including **all** of investors' securities fraud claims under the Exchange Act.

#### **(1) The Court Has Upheld The Allegations Supporting Investors' Claims For Recovery**

On April 28, 2017, the federal District Judge overseeing the Valeant securities class and individual litigation substantially denied Defendants' motions to dismiss Lead Plaintiffs' Consolidated Class Action Complaint. *In re Valeant*, 2017 WL 1658822. Prior to ruling on the motions to dismiss, the Court received 17 briefs totaling over 425 pages, including more than 70 exhibits and 48 pages of appendices, and heard



nearly four hours of oral argument. After “carefully considering” these materials and the parties’ opening and rebuttal arguments, the Honorable Michael A. Shipp issued a cogent opinion that:

- **Upheld** plaintiffs’ principal anti-fraud claims under Exchange Act Section 10(b) and SEC Rule 10b-5, and related “control person” claims under Exchange Act Section 20(a). Judge Shipp found that plaintiffs sufficiently pled the core elements of scienter (fraudulent intent), materiality, and loss causation against all of the Exchange Act defendants; and
- **Upheld** plaintiffs’ strict liability claims under Securities Act Section 11, and related control person claims under Securities Act Section 15, for recovery of damages on Valeant stock purchased in Valeant’s March 2015 secondary offering. Judge Shipp found that plaintiffs adequately alleged standing and actionable false statements in the Registration Statement for the May 2015 stock offering as against all of the Section 11 defendants.

The **only** claim that the Court dismissed – without prejudice – was plaintiffs’ claim under Securities Act Section 12(a)(2) for recovery of damages incurred on certain Valeant debt securities sold in private Rule 144A offerings. Notably, the SBA did not invest in Valeant debt securities.

## **(2) Evaluation of Claims and Potential Defenses**

### **(a) Securities Fraud Claims Under Section 10(b) of the Exchange Act**

Investors’ primary claims are for securities fraud under Section 10(b) of the Exchange Act. To sustain a claim under Section 10(b), a plaintiff must prove: “(1) a material misrepresentation or omission by the defendant; (2) scienter; (3) a connection between the misrepresentation or omission and the purchase or sale of a security; (4) reliance upon the misrepresentation or omission; (5) economic loss; and (6) loss causation.” *Matrixx Initiatives, Inc. v. Siracusano*, 563 U.S. 27, 37-38 (2011).

Notwithstanding Defendants’ absolute failure at the pleading stage to have any aspect of the Section 10(b) claims dismissed or otherwise restricted, Defendants will likely continue to argue that plaintiffs cannot establish that they made materially false statements of fact, scienter, and loss causation. Specifically, Defendants will likely argue that they are not liable because the federal securities laws do not establish a duty for a company to disclose all material information, and that all of its statements were true when made. Further, Defendants will likely attempt to argue that plaintiffs cannot establish scienter by disclaiming knowledge of the fraud and blaming the misconduct on Philidor, which Valeant will contend it did not control. Lastly, we expect that Defendants will vigorously contest investors’ loss causation allegations by arguing, among other things, that disclosures relating to scrutiny of Valeant’s practice of increasing drug prices do not relate to Valeant’s specialty pharmacy network. As noted, Judge Shipp has already rejected each of these defenses at the pleading stage, and we believe these defenses will also likely fail at summary judgment and at trial.

### **(i) Materially False and Misleading Statements**

One of the most fundamental elements necessary to recover damages for a claim under Section 10(b) is to demonstrate that the defendant made a false or misleading statement or omission of material fact. Here, Valeant's misrepresentations center on the Company's deliberate misrepresentations regarding its organic sales growth, which the Company repeatedly claimed was driven by, among other things, its sales teams, innovative marketing approaches, and the overall quality of its products. In truth, it now appears clear that Valeant's growth was, in fact, driven by the Company's control over a captive network of specialty pharmacies, which it used to insulate its high-priced drugs from generic competition and possibly to facilitate the booking of phantom sales. We anticipate that, following discovery, the Company will attempt to show that all of its statements were true at the time they were made or were immaterial, and, further, that the federal securities laws did not create a duty to disclose Valeant's control of Philidor. We believe that Defendants' contentions will fail.

Although a company does not generally have a duty to disclose all material information to the public, a duty to disclose does arise where a defendant makes "an inaccurate, incomplete or misleading prior disclosure." *Oran v. Stafford*, 226 F.3d 275, 285-86 (3d Cir. 2000); see also *In re Craftmatic Sec. Litig.*, 890 F.2d 628, 641 (3d Cir. 1989) ("In addition to the duty to disclose specific information required by law . . . Rule 10b-5 impose[s] upon defendants the duty to disclose any material facts that are necessary to make disclosed material statements, whether mandatory or volunteered, not misleading."). In other words, once a company or corporate executive chooses to speak, they are "bound to speak truthfully." *Shapiro v. UJB Fin. Corp.*, 964 F.2d 272, 282 (3d Cir. 1992). Significantly, a statement regarding successful financial performance, even when accurate, is still misleading under the securities laws if the speaker "attribut[es] the performance to the wrong source." *In re ATI Techs., Inc. Sec. Litig.*, 216 F. Supp. 2d 418, 436 (E.D. Pa. 2002). Here, Defendants' arguments that they did not have a duty to disclose their deceptive practices as a matter of law have already failed at the pleading stage. This is not surprising, given that Defendants put the integrity of their business practices into play by specifically denying that Valeant's practices were unsustainable and affirmatively representing that the Company's growth-by-acquisitions business model was "low risk." See *Shapiro*, 964 F.2d at 282 ("[I]f a defendant represents that its lending practices are 'conservative' and that its collateralization is 'adequate,' the securities laws are clearly implicated if it nevertheless intentionally or recklessly omits certain facts contradicting these representations.").

Similarly, statements concerning the cause for Valeant's surging growth, particularly within its dermatology segment, are demonstrably false because they misrepresent the reason for that growth, which was driven by Valeant's reliance on specialty pharmacies it secretly controlled. Using the specialty pharmacies allowed Valeant to continue to grow sales of its expensive branded dermatology products, while insulating itself from competition from significantly less expensive generic alternatives. As a result, the Company's statements attributing its growth to "innovative new marketing approaches," the "outstanding work of [their] sales teams," the quality of its products, or touting its expectation and ability to continue to



grow sales, are actionably false. *See, e.g., City of Roseville Emps.' Ret. Sys. v. Horizon Lines, Inc.*, 713 F. Supp. 2d 378, 389 (D. Del. 2010) (statements that attribute company's revenue growth to purely legitimate business practices "are false or misleading under the securities laws" when revenue growth was driven, in part, by a price-fixing conspiracy); *In re Providian Fin. Corp. Sec. Litig.*, 152 F.Supp.2d 814, 824-25 (E.D. Pa. 2001) (statements that attribute the company's good fortunes to its "customer focused approach" puts the topic of the cause of the company's success in play creating an "obligat[ion] to disclose information concerning the source of its success, since reasonable investors would find that such information would significantly alter the mix of available information").

Similarly false are Defendants' statements regarding the independence of Philidor and statements normalizing Valeant's relationship with Philidor. The refusals of PBMs to reimburse Philidor prescriptions and Philidor's closure when the scandal was revealed indicate that Valeant's use of Philidor was not "similar" to other pharmaceutical companies, as Defendants represented. After the fraud was revealed, media reports commented that Valeant had a relationship with Philidor that "other [drug] companies don't appear to have."

Defendants' contention that revenue from products sold through Philidor was just 7% of Valeant's total revenues, and therefore not a material portion of their business, also lacks merit. Under GAAP, any restatement is by definition material. SFAS 154. Further, courts have held that "[s]etting up a *per se* numerical bar to materiality – whether five percent of sales or otherwise – runs counter to the guidance of the Supreme Court and several federal Circuit Courts of Appeal, which have described materiality as an 'inherently fact-specific finding,' defying 'formulaic' assessment." *In re Ply Gem Holdings, Inc. Sec. Litig.*, 2016 WL 5339541, at \*4-5 (S.D.N.Y. Sept. 23, 2016) (finding defendants' alleged omissions that amounted to less than 5% of Ply Gem's net sales were material); *Ganino v. Citizens Utils. Co.*, 228 F.3d 154, 162 (2d Cir. 2000) (reversing the district court's ruling that a misrepresentation implicating fees totaling 1.7% of the company's total revenue was immaterial as a matter of law). Moreover, in assessing the materiality of a financial restatement, the court considers both quantitative and qualitative factors. *See, e.g., Litwin v. Blackstone Grp., L.P.*, 634 F.3d 706, 714 (2d Cir. 2011). Here, the qualitative factors strongly favor a finding of materiality because the errors were directly related to Valeant's concealment of an unprecedented network of captive pharmacies used to artificially boost the Company's sales and revenues, the revelation of which would "call into question the integrity of the company as a whole." *In re Petrobras Sec. Litig.*, 116 F. Supp. 3d 368, 380 (S.D.N.Y. 2015) (quotation omitted). Indeed, as *Bloomberg* reported, Valeant's financial arrangement with Philidor "was at the heart of Valeant's eventual share meltdown."<sup>1</sup>

---

<sup>1</sup> As an analyst from Wells Fargo reported, despite the Company's claim that Philidor accounted for only 7% of Valeant revenues, Valeant lowered revenue guidance by 17%-19% in 4Q15 and EPS guidance by 37%. The Well Fargo analyst noted that "Valeant has not explained how the unwinding of a business that represents approximately 7% of total revenue, and is, according to Valeant, less profitable than traditional prescriptions, results in a 36.6% reduction in EPS" and that Valeant's "new guidance is not compatible with the data presented by Valeant."

Further, reports indicate that Valeant would not have met its EPS guidance for certain quarters without the extraordinary price increases for products sold through Philidor and other captive specialty pharmacies. *See New Orleans Employees Ret. Sys. v. Celestica, Inc.*, 455 F. App'x 10, 16 (2d Cir. 2011) (finding misstatements concealing a failure to meet analyst expectations relating to an issue significant to the company's operations that caused the stock price to decline once revealed were material). Here, in finding materiality adequately pleaded, Judge Shipp stated that Valeant's numerous misstatements and omissions regarding its purported deceptive practices were important to the reasonable investor. *In re Valeant*, 2017 WL 1658822, at \*12.

Finally, Valeant cannot seriously dispute that statements concerning the Company's reported financial results, Sarbanes-Oxley ("SOX") certifications, and other statements about the purported adequacy of Valeant's internal controls were materially false when made. Under GAAP, restatements are **only** allowed to correct material misstatements. Statement of Financial Accounting Standards ("SFAS") No. 154, Accounting Changes and Error Corrections ("SFAS 154"). Here, Valeant has restated its financials for all of 2014 and the first three quarters of 2015 due to improper recognition of \$58 million in Philidor-derived revenues, and, relatedly, that its internal controls suffered from multiple material weaknesses and deficiencies. Valeant and the Individual Defendants have now acknowledged that Valeant's internal controls suffered from several material weaknesses, including an improper "tone at the top." The Company cites its failure to maintain effective controls as a contributing factor in its overstatement of revenues. Valeant's admission of a lack of effective controls at the Company establishes the falsity of the Relevant Period financial statements and SOX certifications. Given that Valeant has admitted that its internal control deficiencies were "material weaknesses," any argument that statements praising the Company's internal controls and financial compliance were immaterial carries little weight. *See In re Atlas Air Worldwide Holdings, Inc. Sec. Litig.*, 324 F. Supp. 2d 474, 486-87 (S.D.N.Y. 2004) ("the mere fact that financial results were restated is sufficient basis for pleading that those statements were false when made."). Accordingly, we believe investors will have little trouble establishing the elements of materiality and falsity for statements concerning Valeant's financial results, SOX statements and other statements about the adequacy of the Company's internal controls during the Relevant Period.

Accordingly, we believe that Defendants' contentions regarding the elements of materiality and falsity lack merit and investors will be able to sufficiently establish that Valeant's statements were actionably false.

## **(ii) Scienter**

Scienter—widely considered to be the most difficult element of a securities fraud claim to establish—is the requirement that defendants acted with a culpable state of mind when making the alleged materially false misstatements or omissions of fact. The PSLRA requires a securities fraud complaint to "state with particularity facts giving rise to a strong inference that the defendant acted with" scienter. 15 U.S.C. § 78u-4(b)(2)(A); *see also Tellabs, Inc. v. Makor Issues & Rights, Ltd.*, 551 U.S. 308 (2007) (Ginsburg, J.) ("[a] complaint will survive . . . only if a reasonable person would deem the inference of scienter cogent and at

least as compelling as any plausible opposing inference one could draw from the facts alleged.”). *Id.* at 324. “Scienter is a mental state embracing intent to deceive, manipulate, or defraud, and requires a knowing or reckless state of mind.” *Institutional Inv’rs Grp. v. Avaya, Inc.*, 564 F.3d 242, 252 (3d Cir. 2009) (citations and quotations omitted). In the Third Circuit, a “reckless statement is one involving . . . an extreme departure from the standards of ordinary care, and which presents a danger of misleading buyers or sellers that is either known to the defendant or is so obvious that the actor must have been aware of it.” *In re Fisker Auto. Holdings, Inc. S’holder Litig.*, 2015 WL 6039690, at \*20 (D. Del. Oct. 15, 2015) (citation omitted). Here, Judge Shipp has already found that investors’ detailed allegations of fraud meet the PSLRA’s and Rule 9’s exacting standards for pleading fraud. *In re Valeant*, 2017 WL 1658822 at \*11.

### ***Valeant’s Scheme was Known at the Highest Levels of the Company***

We believe discovery will clearly show that Defendants acted with fraudulent intent. There are already numerous facts indicating that, from the start of the Relevant Period, Defendants knew that the Company had substantial influence and control over a captive network of specialty pharmacies that employed aggressive, and possibly illegal, tactics to drive revenue growth. We now know that Pearson’s own deputy—Executive Vice President Laize Kornwasser—was hired by Pearson to oversee the creation and expansion of Philidor. In turn, Kornwasser, who was one of a few Valeant executives that reported directly to Pearson, oversaw an operation that illegally modified prescriptions to mandate the sale of branded drugs rather than generics, and issued invoices using the license of a local California pharmacy that the local pharmacist never fulfilled.

Moreover, Defendant Pearson admitted to knowing about the Company’s direct financial interest in Philidor, but withheld that information from investors, dubiously citing the Company’s need to maintain its competitive advantage. More likely, Defendants knew that their substantial reliance on the secret specialty pharmacy network was unprecedented in the industry and did not want to draw attention to its aggressive and potentially illegal activity. This inference is supported by Defendants’ efforts to keep its relationship and financial interest in Philidor and other specialty pharmacies secret. Philidor’s license application was denied in May 2014 after the California Board of Pharmacy accused the company and its representatives of making “false statements of fact” for failing to disclose its relationship with Valeant. Valeant also placed its own employees within Philidor, but had them use aliases to conceal their identities. The Company’s efforts to conceal its relationship and reliance on the specialty pharmacies are strongly indicative of Defendants’ scienter. *See, e.g., Brown v. China Integrated Energy, Inc.*, 875 F. Supp. 2d 1096, 1124 (C.D. Cal. 2012) (“evidence of concealment is strongly indicative of scienter”) (citation omitted). Defendants’ even concealed the fraud from Bill Ackman and his Pershing Square hedge fund, one of Valeant’s largest investors, who unwittingly praised the Company in testimony before Congress and emailed Pearson and other executives that they looked “like Enron.”

Further indicating a scheme to keep the Philidor relationship secret, investigators for BLB&G interviewed a Philidor employee who was reprimanded for mentioning a connection between Valeant and

Philidor to a customer by Brad Greenfield (“Greenfield”), a Philidor manager reporting directly to Philidor CEO Andrew Davenport (“Davenport”). Greenfield told the employee that her conduct - mentioning Valeant on the phone to a customer - was “putting the entire business at risk” and gave the employee a written warning, which she was not allowed to keep a copy of. Several other Philidor and Valeant employees interviewed by BLB&G provided similar accounts exemplifying Valeant’s control of Philidor and Valeant’s efforts to conceal the relationship, noting internal policies that prevented employees from Valeant from mentioning Philidor to customers, and vice versa. A former Valeant employee interviewed by BLB&G recalls at least ten employees being “promoted” to Philidor from Valeant and stated that the primary function of Philidor sales representatives was to ensure that Valeant’s products were sold through Philidor. Additionally, several former employees revealed that patients often called Philidor to complain about the price of Valeant pharmaceuticals and other improper Philidor practices. In the Senate Committee Hearings, Pearson admitted he tracked “every” patient that called to complain about the price of pharmaceuticals, further indicating that he was aware of the improper practices at Philidor and wanted to conceal Valeant’s involvement.

Next, the Company has acknowledged that its “improper revenue recognition” related to Philidor was not innocently made, but rather was the result of the “improper conduct” of the Company’s former CFO and former Corporate Controller. Additionally, Valeant has attributed as a “contributing factor” to its ineffective controls over financial reporting the unethical “tone at the top” by senior management. On March 21, 2016, the Company issued a press release and filed a Form 8-K with the SEC stating that:

*“The **improper conduct** of the company’s former chief financial officer and former corporate controller, which resulted in the provision of incorrect information to the committee and the company’s auditors, contributed to the misstatement of results. In addition, as part of this assessment of internal control over financial reporting, the company has determined that the **tone at the top of the organization** and the performance-based environment at the company, where challenging targets were set and achieving those targets was a key performance expectation, may have been contributing factors resulting in the company’s improper revenue recognition.”*

Valeant’s 2015 Form 10-K, filed with the SEC on April 29, 2015, confirms the Company’s ineffective financial controls by including the existence of two separate material weaknesses as of December 31, 2014 (i.e., the improper “tone at the top” and the failure to detect the Philidor accounting fraud). As senior officers of Valeant, these individuals’ scienter is imputed to the Company.

When testifying before the Senate Committee on Aging regarding price spikes in the pharmaceutical industry, Pearson admitted that the Company had “made mistakes” and that price was more responsible for growth than volume, which contradicted many previous declarations by Pearson that volume had equal or greater influence on growth than price. Similarly, in testimony before the Congressional House Oversight Committee, Schiller also acknowledged that the Company “made a lot of mistakes” with regards to pricing and would not be pursuing similar strategies moving forward. Also in connection with

Congressional probes, Philidor was asked why Valeant did not simply purchase Philidor outright rather than acquire the option to purchase it for \$0. Philidor’s counsel, in a written response, said that “Philidor concluded that Valeant’s conduct was consistent with a concern about the economic impacts of any PBM [pharmacy benefit manager] response if Valeant had purchased Philidor.” Thus, Philidor confirmed Valeant knew PBMs would refuse to reimburse Philidor prescriptions if PBMs knew of the controlling relationship.

Valeant’s failure to pursue remedies against Pearson, Schiller, Philidor, and Philidor executives is further evidence that the deceptive business practices were known and approved at the highest levels of the Company. Valeant, therefore, could not pursue remedies such as a clawback policy instituted in 2014 and an indemnification clause in its purchase option agreement with Philidor, for the very wrongdoing it condoned. Accordingly, the Company was limited to terminating the employment of its high-level executives responsible for the wrongdoing and winding down Philidor, without seeking recompense.

What’s more, on August 12, 2016, it was reported that the Company is under **criminal investigation** by the U.S. Department of Justice. According to the *Wall Street Journal*, federal prosecutors in the U.S. Attorney’s Manhattan Office are investigating mail and wire fraud violations based on whether Valeant “defrauded insurers by shrouding its ties to a mail-order pharmacy [Philidor] that boosted sales of its drugs,” and for deceptive business practices used to sell Valeant drugs, such as rebates and other compensation provided to patients. On October 31, 2016, it was further reported that Valeant’s former CEO, Defendant Pearson, and the Company’s former CFO, Defendant Schiller, are the focus of a U.S. criminal probe looking into potential accounting fraud charges related to Valeant’s concealed ties to Philidor. Moreover, on November 17, 2016, federal prosecutors in Manhattan filed criminal charges against former Valeant executive Gary Tanner and former Philidor Chief Executive Officer Andrew Davenport. The Justice Department’s complaint alleges that Tanner and Davenport engaged in a multi-million dollar fraud and kickback scheme. The claims for wire fraud, money laundering, and conspiracy carry sentences of up to 20 years in prison. Federal authorities emphasized that these charges are the first charges brought in an ongoing investigation into Valeant.

### ***Valeant’s Dermatology Business is Critical to the Company’s Core Operations***

The fact that the Company’s dermatology business is critical to Valeant’s core operations is further evidence of Defendants’ knowledge of the Company’s reliance on specialty pharmacies to drive sales growth. Notably, in ruling on the motion to dismiss, Judge Shipp found a strong inference of scienter *without even addressing* the “Core Operations Doctrine,” thus demonstrating the strength of investors’ claims. *In re Valeant*, 2017 WL 1658822, at \*11, n.15.

In the Third Circuit, when defendants are senior managers and a fraud is alleged to have been committed within the company’s core business, it is reasonable to infer that they did, in fact, know the facts surrounding key business matters relating to the “core operations” of the company. *See, e.g., W. Palm*

*Beach Police Pension Fund v. DFC Global Corp.*, 2015 WL 3755218, at \*16 (E.D. Pa. June 16, 2015) (“The fact that the allegations of fraud relate to Defendants’ core business supports such an inference [of scienter].”); *In re Campbell Soup Co. Sec. Litig.*, 145 F. Supp. 2d 574, 599 (D.N.J. 2001) (denying motion to dismiss, in part, because the plaintiff successfully pled that facts critical to the business’s core operations were so important they could be attributed to key officers). As set forth above, Defendant Pearson recently stated that Valeant’s dermatology business alone is responsible for \$1.9 billion a year in revenue. By comparison, Valeant’s total revenue for 2014 was about \$8.2 billion, meaning that Valeant’s dermatology segment alone is responsible for nearly 25% of the Company’s annual revenues. Given the significant rate at which Valeant’s dermatology drugs have grown, the Company’s dermatology segment has had an outsized impact on the Company’s total organic growth. Accordingly, the growth and sustainability of those revenues are central to the Company’s core operations. In August 2016, the Company blamed its drop in revenue in its 2Q16 financial results on the slow recovery in its dermatology division, clearly indicating that Philidor’s closing substantially affected Valeant’s business performance.

### ***Executive Departures and Government Investigations are Indicative of Scienter***

Finally, we believe that these known or recklessly disregarded issues led to the terminations of Defendant Pearson, Valeant’s CEO, and the resignation of Defendant Schiller, Valeant’s CFO, which further strengthens the position that the problems were orchestrated from the highest levels of the Company. See *W. Palm Beach Police Pension Fund*, 2015 WL 3755218, at \*17 (E.D. Pa. June 10, 2015) (“[W]hen considering the totality of Plaintiffs’ scienter allegations, the Court concludes that the resignation of key executives . . . bolsters the evidence of conscious or reckless behavior.”). The timing of these executive-level departures, in the wake of multiple internal and external investigations, is compelling. See *Pennsylvania Transp. Auth. v. Orrstown Fin. Servs., Inc.*, 2016 WL 466958, at \*5 (M.D. Pa. Feb. 8, 2016) (a “resignation can strengthen an inference of scienter when it occurs around the same time as an investigation”) (quoting *Thorpe v. Walter Inv. Mgmt., Corp.*, 2015 WL 4063932 (S.D. Fla. June 30, 2015)). Indeed, unlike most securities fraud cases, here Valeant’s board has *publicly blamed* the Company’s accounting errors on the “improper conduct” of Schiller, the former CFO, and the unethical “tone at the top” set by Schiller and Pearson, the former CEO. Of course, Pearson was responsible for Valeant’s growth-by-acquisitions strategy, which ultimately led to the Company’s downfall beginning last Fall in connection with the Philidor scandal and reports of larger issues involving the Company’s sales, distribution, and accounting practices. Finally, the showing of scienter is bolstered by the multiple ongoing investigations of the Company by government regulators in the United States and internationally. As the Company has disclosed in its SEC filings, Valeant is currently the subject of investigations by the SEC, U.S. Attorney’s Offices in Massachusetts and New York, the state of Texas, the State of North Carolina Department of Justice, and the Senate’s Special Committee on Aging and the House’s Committee on Oversight and Reform. Additionally, Valeant has received document demands from the Autorite de Marches Financiers in Canada and the New Jersey State Bureau of Securities.

\* \* \*



Taken as a whole, we believe that the facts already adduced to date, as well as the facts developed in discovery, will amply establish Defendants' scienter and that investors will be able to prevail on their claims. Judge Shipp has already found that the "totality" of Plaintiffs' allegations and a "holistic" reading of the Complaint give rise to a strong inference of scienter.

### **(iii) Loss Causation**

In addition to establishing material misstatements or omissions of fact and scienter, plaintiffs must also demonstrate loss causation, which "requires a plaintiff to show that a misrepresentation that affected the integrity of the market price *also* caused a subsequent economic loss." *Erica P. John Fund, Inc. v. Halliburton Co.*, 563 U.S. 804 (2011) (emphasis in original). It is not enough that a plaintiff may have bought stock at an inflated price in reliance on misrepresentations or omissions; rather, establishing loss for securities fraud requires that the share value depreciated as a result of the disclosure of information that was misrepresented or concealed. *See Dura*, 544 U.S. at 344. To satisfy the loss causation requirement in the Third Circuit, "the plaintiff must show that the revelation of that misrepresentation or omission was a substantial factor in causing a decline in the security's price, thus creating an actual economic loss for the plaintiff." *In re Merck & Co., Inc. Sec., Deriv. & "ERISA" Litig.*, 2011 WL 3444199, at \*29 (D.N.J. Aug. 8, 2011) (citation omitted).

Here, specific disclosures relating to Valeant's practice of substantially increasing the price of its drugs and direct financial interest and reliance on a network of captive specialty pharmacies caused the price of Valeant shares to decline substantially by the end of the Relevant Period. Investors will argue, with the support of a financial expert, that all of the individual declines in the stock price were caused by disclosures of information specific to the Company, as opposed to industry-wide trends or developments. These disclosures, and the resulting decline in the price of Valeant stock, were the result of foreseeable concealed risks materializing with the disclosure that the Company's growth was mostly, if not completely, dependent on its unconventional, and potentially illegal, distribution strategy. Defendants have attempted to minimize the compensable damages in the litigation by arguing that the corrective disclosures identified by the Class Action plaintiffs, or certain of the disclosures, did not actually reveal new information, but merely commented on previously disclosed facts.

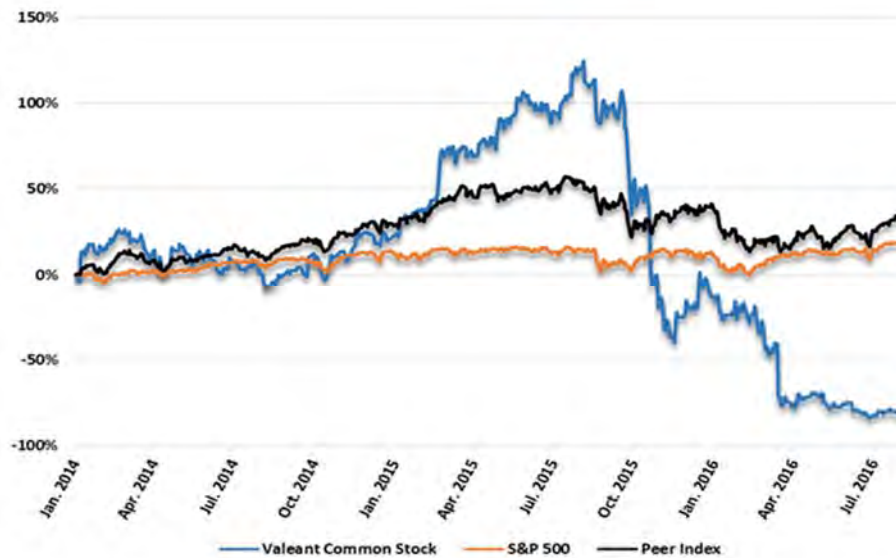
For example, the Defendants will likely continue to argue that the disclosures identified by plaintiffs from September 28 to October 15, 2015, did not provide new information or correct a previous misstatement. Defendants have pointed to articles about the high prices of two Valeant drugs published before the start of the Relevant Period as evidence that the Company's price gouging had already been revealed, and have argued further that the risks were otherwise revealed by Allergan during a 2014 proxy fight. However, Defendants' argument ignores the dramatic drop in the price of Valeant shares in response to the information revealed at the start of the Relevant Period, which included the revelation that members of Congress were calling for Valeant to be subpoenaed and investigated. In addition, the other articles cited by Defendants reported problems across the pharmaceutical industry as well as Valeant, which Defendants

conceded. In contrast, the articles cited by investors specifically concern Valeant and its practices. Further, the proxy fight which Defendants claim revealed Valeant's business risks has been described by Defendants as a "misleading" attempt by Allergan to lower Valeant's stock price, discrediting Defendants' own argument. Indeed, Defendants' loss causation arguments completely failed at the motion to dismiss stage, as Judge Shipp refused to shorten the Class Period or eliminate any of the alleged partial corrective disclosures. *In re Valeant Sec. Litig.*, 2017 WL 1658822 at \*12.

Next, Defendants will likely continue to argue that the fraud as it related to Philidor and the resulting financial consequences was fully disclosed as of October 30, 2015. However, this ignores the fact that after such date, Valeant was required to restate certain of the Company's financial statements, admit that the Company lacked proper internal financial and disclosure controls, lower its revenue and earnings guidance, and reveal a previously undisclosed SEC investigation that included a subpoena received during 4Q 2015. Further, analysts, news outlets, and Valeant itself continued disclosing to the market the true extent to which Valeant's business model was reliant upon its fraudulent scheme well into 2016. Each of these successive disclosures continued to reduce Valeant's remaining market value. Perhaps most damning of all disclosures occurring after October 30, 2015, is the revelation that Ackman had requested that Valeant management "come clean," regarding Philidor and "expressed his disappointment that Valeant did not do so." Such facts demonstrate that the entirety of the fraud and its potential financial impact were not revealed to the market until after October 2015, a conclusion that the Court accepted at the pleading stage.

Further, while Defendants will likely continue to argue that other factors caused the price of Valeant stock to decline (e.g., criticism of the pharmaceutical industry at large), we believe that investors will be able to convincingly show that significant price declines were, in fact, attributable to the fraud. Comparing Valeant's stock performance to those of the Company's peers over the Relevant Period shows that Valeant's decline was an aberration in comparison to its peers and the market at large. Accordingly, industry-wide factors—such as widespread criticism of the pharmaceutical industry—that would apply equally to the Company's peers cannot be the sole explanation for the decline in price of Valeant stock. The below graph illustrates this very point, with Valeant stock—indicated as the blue line below—declining to a significantly greater extent as compared to the S&P 500 (orange) and an index of Valeant's principal competitors (black):





Moreover, as discussed above, based on our ongoing work with outside forensic experts, we believe investors will be able to successfully establish that numerous disclosures concerning the fraud led to statistically significant stock declines that resulted in harm to investors, and are thus compensable as damages under the federal securities laws.

### **(3) Strict Liability Claims Under Section 18 of the Exchange Act**

The SBA may also be able to pursue recovery under Section 18 of the Exchange Act. Section 18 creates a private right of action against defendants who make, or cause to be made, materially misleading statements in documents or reports filed under the Exchange Act, unless the defendant can prove that he or she acted in good faith and without knowledge of the statement's falsity. 15 U.S.C. § 78r(a); *In re Suprema Specialties, Inc. Sec. Litig.*, 438 F.3d 256, 283 (3d Cir. 2006). Section 18 claims are particularly powerful because they do not require plaintiffs to demonstrate that defendants acted with scienter. As the courts have observed, "[a] plaintiff seeking recovery under [Section] 18 faces a significantly lighter burden" than a plaintiff seeking recovery under Section 10(b). *Ross v. A.H. Robins Co.*, 607 F.2d 545, 556 (2d Cir. 1979); *accord Suprema*, 438 F.3d at 283 ("A section 18 plaintiff ... bears no burden of proving that the defendant acted with scienter or any particular state of mind."). "Instead, the burden of proving state of mind falls upon the defendant, who must demonstrate good faith and lack of knowledge that the statement on the filing was false or misleading." *In re Able Labs. Sec. Litig.*, 2008 WL 1967509, at \*25 (D.N.J. Mar. 24, 2008).

Section 18 claims typically cannot be brought through a class action, and the Consolidated Class Action Complaint against Valeant does not assert such a claim. This is because Section 18 claims require investors to make an individualized showing—which generally cannot be made on a class-wide basis—that they read and relied on the documents containing the false statements in making their investment decisions. See *In*

*re Able Labs.*, 2008 WL 1967509, at \*26 (upholding sufficiency of Section 18 reliance allegations where plaintiff alleged the “specific statements made on a specific form that was filed with the SEC” and “pleads that the statements were read and relied upon in connection with the purchase of Able securities”). Here, given the importance to investors of Valeant’s business and growth plans, as well as its reported revenues, there is a strong likelihood that the SBA’s relevant investment teams reviewed and relied on the subject material misstatements included in Valeant’s annual and quarterly reports when making their investment decisions if they followed fundamental, research-based investment strategies.

Importantly, there are timeliness concerns surrounding Section 18 claims. The statute of limitations for asserting Section 18 claims has already expired under relevant district court decisions in the Third Circuit (including the District of New Jersey), which hold that Section 18 claims are subject to a 1-year statute of limitations. Significantly, however, the Third Circuit has not decided the issue, and the only federal circuits to have addressed the issue – namely, the Second Circuit and the Fifth Circuit – hold that Section 18 claims are subject to a longer 2-year statute of limitations for “fraud” claims contained in Section 804 of the Sarbanes-Oxley Act, codified at 28 U.S.C. § 1658(b). *See, e.g., Dekalb Cty. Pension Fund v. Transocean Ltd.*, 817 F.3d 393, 405-08 (2d Cir. 2016) (“[T]hese factors lead us to join the Fifth Circuit in concluding that . . . Section 18(a) is governed by § 1658(b).”). Judge Shipp has not yet ruled on the issue. If Judge Shipp adopts the Second Circuit and Fifth Circuit’s view, Section 18 claims for all of the SBA investments in Valeant securities remain timely if asserted in a direct action – and only in a direct action.

#### **(4) “Control Person” Claims Under Section 20(a) of the Exchange Act**

Section 20(a) of the Exchange Act provides a cause of action against a person who controlled someone who violated another section of the Exchange Act. To establish control person liability, a plaintiff must show: (1) the defendant controlled another person or entity; (2) the controlled person or entity committed a primary violation of the securities laws; and (3) the defendant was a culpable participant in the fraud. *In re Suprema*, 438 F.3d at 286. “Culpable participation refers to either knowing and substantial participation in the wrongdoing or inaction with the intent to further the fraud or prevent its discovery.” *In re Merck & Co., Inc. Sec., Deriv. & “ERISA” Litig.*, 2012 WL 3779309, at \*9 (D.N.J. Aug. 29, 2012). Because Section 20(a) liability largely turns on the success of the primary violation under Section 10(b), control person claims would likely be successful once primary Exchange Act violations are established.

Defendants Pearson, Howard Schiller, and Robert Rosiello (the “Individual Defendants”), as executives of the Company, were control persons of Valeant. As set forth above, Valeant violated Section 10(b) of the Exchange Act by making false and misleading statements and omissions regarding its deceptive practices. The Individual Defendants were active participants in Valeant’s scheme or did nothing to stop it. Accordingly, we believe that control liability claims against the Individual Defendants will be successful. Indeed, in denying Defendants’ motions to dismiss the class plaintiffs’ Section 20(a) claims, Judge Shipp noted that Defendants’ **only** argument supporting dismissal of the control person claims hinged on finding that the primary violation did not occur. *In re Valeant Sec. Litig.*, 2017 WL 1658822, at \*12-13.

## (5) State Law Claims

As noted above, claims for recovery of losses incurred on shares purchased on the Toronto Stock Exchange are not recoverable under the federal securities laws. See *Morrison v. National Australia Bank Ltd.*, 561 U.S. 247 (2010). However, in certain situations, courts have permitted plaintiffs in **individual actions** – in particular, state pension funds – to pursue recovery of losses incurred on non-U.S. stock exchanges under state law. Here, the potentially available state law claims include common law fraud, fraud in the inducement, and negligent misrepresentation. See, e.g., *Tucker v. Mariani*, 655 So. 2d 221, 224 (Fla. Dist. Ct. App. 1995) (investor presented jury question as to whether officers of corporation had engaged in common law fraud). The elements of each of these claims substantially overlap with the elements of a federal securities fraud claim, yet there is no prohibition on seeking recovery for losses incurred on a foreign stock exchange. For example, the element of a claim for Florida common law fraud are: (1) a false statement concerning a material fact; (2) knowledge by the speaker that the representation is false; (3) an intent by the speaker to induce the plaintiff to act on the statement; and (4) detrimental reliance by the plaintiff. *Id.* (citing *Lance v. Wade*, 457 So.2d 1008, 1011 (Fla. 1984)). Accordingly, we believe the SBA has meritorious common law claims to pursue damages incurred on Valeant U.S.-listed shares and Canadian-listed shares.

### Impact on Investments that the SBA May Have in Valeant and Other Beneficial or Adverse Consequences to the SBA

The filing and resolution of the SBA's direct action claims should have **no** adverse impact on any investments that the SBA may have in Valeant. In contrast, an affirmative litigation strategy may provide important benefits to the SBA and our health care system.

First, based on the most recent transactional data supplied to the Firm on July 12, 2017, the SBA **has completely liquidated its position in Valeant's U.S. shares**.

Second, as to Valeant's Canadian shares, the SBA has similarly liquidated the vast majority of its position. Based on the most recent transactional data supplied to the Firm, the value of these retained Canadian shares is only \$2.8 million.<sup>2</sup> This represents a tiny fraction of the SBA's original investment in the Company, a tiny fraction of the SBA's potential damages claim, and a tiny fraction of Valeant's market capitalization.

Third, even if the SBA were to litigate its potential \$62 - \$65 million direct action claims to a successful verdict, we believe Valeant would have ample assets to fund a substantial settlement or judgment without materially impacting the value of the SBA's current \$2.8 million value investment in the Company. As

---

<sup>2</sup> Based on the transactional data supplied to the Firm on July 12, 2017, the SBA held 167,778 Canadian shares as of July 11, 2017. Assuming the SBA continues to hold these shares, their current value is approximately \$2.8 million based on the July 18, 2017 closing price. Valeant's last U.S. shares were sold over seven months ago, on December 15, 2016.

discussed below, we believe that Valeant maintains a sufficient D&O liability insurance program that significantly exceeds the SBA's damages claims. This would be the first asset to which Defendants would look to fund any settlement or judgment of the SBA's claims, and its use would have no adverse impact on the Company's balance sheet or the SBA's current investment (if any) in Valeant. In the event the Company's D&O insurance program is insufficient to fund the entire direct action settlement or judgment, the Company recently reported over \$1.2 billion dollars of cash (and billions of dollars of other assets) to cover any deficit without materially impacting the SBA's current investments in the Company. Finally, the Individual Defendants—who bear personal responsibility for the serious and knowing misconduct here at issue—also have significant assets to fund the resolution of the SBA's claims, and their personal contributions would have no impact on the SBA's current investments in Valeant.

Finally, the SBA's pursuit of its Valeant direct action claims could provide important, corporate governance and other benefits to the Company, and our nation's health care system. We believe the action against Valeant presents a compelling opportunity for the SBA to not only obtain a substantial monetary recovery, but to enact important corporate governance reforms at a company that not only orchestrated a pervasive accounting fraud, but also cultivated a business model reliant upon incessant and unsustainable price gouging of necessary medications. We outline in **Exhibit B** several draft proposals that address some of the most obvious failings at the Company—including deficiencies with respect to:

- Financial statement disclosures and controls;
- A lack of transparency with shareholders; and
- A willingness to engage in short-term, unsustainable business practices.

We address in **Exhibit B** each of these areas of concern not only in the context of Valeant, but also how these issues infect an industry that has consistently put tremendous strain on the nation's healthcare system—particularly the insurers and third-party payers who incur the lion's share of healthcare costs—in the interest of short-term profits. By taking an active role in the Valeant action, the SBA would have an opportunity to implement meaningful corporate governance reforms at a prominent pharmaceutical company in an industry that has shown disturbing reluctance to develop a long-term and sustainable approach to pharmaceutical development and sales, as well as the healthcare industry at large. By serving as a named plaintiff in the litigation with a substantial damages claim, the SBA would have a unique and powerful voice to demand meaningful changes in the industry.

## **Valeant's Current Financial Condition and Ability to Pay a Substantial Settlement or Judgment**

We do not believe there are any debt service issues or ability to pay issues adversely affecting an SBA opt out.

Valeant's new management, led by CEO Joseph Papa under the oversight of an expanded and overhauled Board of Directors, has publicly committed to reducing Valeant's debt. Valeant's debt load currently stands at approximately \$27 billion. Since the first quarter of 2016, Valeant has reduced its debt by more than \$4.3 billion. On July 10, 2017, Valeant reiterated that it expects to pay down an additional \$5 billion in debt by February 2018 from divestiture proceeds and free cash flow, and confirmed that all mandatory amortization has been paid through 2019. In addition, Valeant's management has successfully renegotiated the maturity dates on certain of its debt obligations, and, based on its current and projected free cash flow (discussed below), the Company should not have difficulty handling any debt principals that come due that cannot be refinanced. Looking forward, Valeant still has major non-core assets to sell, such as Bausch & Lomb, and no major near-term debt maturities until 2021, when a manageable \$3 billion worth of bonds come due.

The Company's recent financial performance has also been positive. The Company reported over \$42 billion in assets as of March 31, 2017, including \$1.2 billion in cash, more than double what it reported just one year prior. The Company's first quarter 2017 free cash flow totaled \$785 million, and its operating cash flow was an even healthier \$954 million. Because of its recent performance, including an upward revision to the Company's EBITDA outlook by approximately \$500 million, there was a massive short-squeeze. Valeant's stock price has almost doubled in price over the last four months, from less than \$9 in April to its current price near \$17. The recent surge and short squeeze reflects a favorable sentiment shared by many analysts and institutional investors regarding the Company's long term prospects.

Accordingly, we continue to believe that Valeant has sufficient funds to satisfy both a substantial judgment or settlement of the opt outs, and a sizeable class action settlement. Valeant's ability to pay should only get better as its turnaround advances and its financial health continues to improve. In addition, we understand that Valeant maintains a substantial D&O liability insurance program, which easily exceeds the SBA's maximum damages and should be available to fund both class and opt out settlements. Notably, the conventional wisdom that opt out recoveries only occur after class action settlements has been undercut in recent cases. For example, in the Petrobras securities litigation, the company has already reached opt out settlements totaling \$445 million – including with such major institutional investors as Vanguard, Janus, Dodge & Cox, PIMCO, New York City Employees Retirement System, Ohio Public Employees Retirement System, Washington State Investment Board, and the State of Alaska Department of Revenue – even though the class case and other major opt out cases remain pending. Here too, there may be opportunities for the opt outs to resolve ahead of the class case.

Finally, we do not believe the pending DOJ or SEC investigation will have any material impact on investors' recovery. Historically, Government investigations and enforcement actions have resulted in relatively *de minimus* financial consequences to defendants and recoveries for investors. By way of example, BLB&G has recovered over \$6.5 billion for investors in financial-crisis era cases whereas the SEC has recovered little to nothing in such cases.

## Other Institutional Investors Represented by BLB&G In This Matter

BLB&G is privileged to represent a number prominent institutional investors pursuing direct actions against Valeant. The Firm's pending Direct Actions include major mutual funds, pensions funds and 401K plans, hedge funds, insurance companies, and other institutional investment managers:

- T. Rowe Price
- Teacher Retirement System of Texas
- Principal Financial
- Voya Financial
- Foreign & Colonial
- Jackson National
- Penn Series Funds
- BloombergSen
- ConAgra
- Dow Corning
- Milliken Co.
- Minnesota Life Insurance Co.
- Securian Funds
- Alleghany Corp.
- City of Tallahassee Pension Plan
- Capitol Indemnity Corp.
- Capitol Specialty Insurance Corp.
- Specialty Insurance Corp.
- Pacific Compensation Insurance Co.
- Platte River Insurance Co.
- RSUI Indemnity Co.
- Transatlantic Reinsurance Co.

*See T. Rowe Price Growth Stock Fund, Inc. et al. v. Valeant Pharms. Int'l, Inc. et al.*, No. 16-cv-05034 (D.N.J.); *Equity Trustees Ltd. et al. v. Valeant Pharms. Int'l, Inc. et al.*, No. 16-cv-06127 (D.N.J.); *Principal Funds, Inc. et al. v. Valeant Pharms. Int'l, Inc. et al.*, No. 16-cv-06128 (D.N.J.); *Bloombergsen Partners Fund LP. et al. v. Valeant Pharms. Int'l, Inc. et al.*, No. 16-cv-07212 (D.N.J.). As discussed above, we recommend that the SBA file a direct action complaint, in the same court as our pending Direct Actions, that is substantially similar to the comprehensive complaints already on file in the pending Direct Actions. This should allow the SBA to avoid unnecessary risk, duplicative motion practice, and delay; benefit from favorable rulings in the Direct Actions and the Class Action; and join the pending litigations at or approaching a relatively advanced stage.

We firmly believe that by banding together with other prominent institutional investors with significant losses and experience in opt out cases, the SBA will enhance its ability to maximize its recovery of damages. For example, as the SBA is aware, BLB&G represented the largest and most prominent opt out group in the *Countrywide* matter and successfully resolved our clients' direct action claims within months of filing a complaint. We promptly distributed the BLB&G opt out recovery to our opt out clients, including the SBA, within weeks of reaching an agreement in principle to settle the claims, and long before other opt outs and the class received any recovery. Likewise, in our *Tyco* direct action, BLB&G recovered and promptly distributed over \$105 million for prominent institutional investors, which represented nearly 10x the class action recovery. Finally, in our *Marsh & McLennan* direct action, we confidentially recovered and promptly distributed to a group of prominent institutional investors a substantial multiplier over the class recovery.

## Conclusion

By selectively recommending that specified investors opt out of certain securities class actions, BLB&G has built a demonstrated track record and reputation of resolving our clients' claims efficiently and for substantial multiples of available class action recoveries. Based on our research, investigation and experience, the SBA has strong direct claims against Valeant and we recommend that the SBA pursue direct resolution of their claims as part of the group of prominent institutional investors represented by BLB&G. We believe this is an excellent opportunity for the SBA to receive a substantial premium over any recovery it may receive as passive participants in the Valeant securities Class Action. We are happy to answer any additional questions you may have about this unique opportunity.



## About BLB&G

BLB&G is one of the leading law firms worldwide advising public pension funds and institutional investors on securities litigation, corporate governance and shareholder rights issues. Unique among firms specializing in the representation of institutional investors, we have obtained many of largest securities recoveries in history - more than any other firm - and nearly \$31 billion on behalf of investors since our founding in 1983. Working with our institutional clients, our cases have resulted in sweeping corporate governance reforms, changing deficient business practices and serving as models for public companies.



BLB&G is widely recognized by industry observers for its legal excellence and achievements, and is credited for “consistently achieving the highest returns for investors” (*The National Law Journal*) among law firms prosecuting complex securities fraud. *Chambers USA*, in which clients declared that BLB&G “gives the best advice in the field,” has awarded the firm its top ranking in plaintiff securities litigation every year since the category’s inception. *Legal 500 USA* also ranks BLB&G among the top litigation firms every year, commending BLB&G for its “excellent reputation for robust representation in the field.” In addition, BLB&G was named “Plaintiff Firm of the Year” by *Benchmark Litigation*, and is one of the only plaintiff-side firms to come “highly recommended” by the guide for its “impressive achievements and excellent reputation.

### New York

1251 Avenue of the Americas  
44<sup>th</sup> Floor  
New York, NY 10020  
**Tel:** 212-554-1400  
**Tel:** 800-380-8496  
**Fax:** 212-554-1444

### California

12481 High Bluff Drive  
Suite 300  
San Diego, CA 92130  
**Tel:** 858-793-0070  
**Fax:** 858-793-0323

### Louisiana

2727 Prytania Street  
Suite 14  
New Orleans, LA 70130  
**Tel:** 504-899-2339  
**Fax:** 504-899-2342

### Chicago

875 North Michigan Avenue  
Suite 3100  
Chicago, IL 60611  
**Tel:** 312-373-3880  
**Fax:** 312-794-7801

[www.blbgllaw.com](http://www.blbgllaw.com)





**STATE BOARD OF ADMINISTRATION  
OF FLORIDA**

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

**POST OFFICE BOX 13300  
TALLAHASSEE, FLORIDA  
32317-3300**

**RICK SCOTT  
GOVERNOR  
AS CHAIR  
JIMMY PATRONIS  
CHIEF FINANCIAL OFFICER  
PAM BONDI  
ATTORNEY GENERAL  
ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO**

---

**CHARTER OF THE AUDIT COMMITTEE  
OF THE  
STATE BOARD OF ADMINISTRATION OF FLORIDA**

---

**A. PURPOSE:**

Acting pursuant to Section 215.44(2)(c), Florida Statutes, the Board of Trustees ("Board") of the State Board of Administration (SBA) has established an Audit Committee (the "Committee") whose purpose is to assist the board in fulfilling its oversight responsibilities. The Committee shall serve as an independent and objective party to monitor processes for financial reporting, internal controls and risk assessment, audit processes, and compliance with laws, rules, and regulations.

**B. AUTHORITY:**

The Committee's authority comes from Section 215.44(2)(c), Florida Statutes and from the Board. The Committee has the authority to direct the Board's independent external auditors, the SBA's Chief Audit Executive ("CAE") or the SBA's Office of Internal Audit ("OIA") staff to conduct an audit, review, and/or a special investigation into any matters within the scope of the Committee's responsibility.

**C. MEMBERSHIP:**

The Committee shall consist of three (3) members appointed by the Board. Members shall be appointed for four (4) year terms. A vacancy shall be filled for the remainder of the unexpired term. Per statute, the persons appointed must have relevant knowledge and expertise as determined by the Board.

The Committee will annually elect its chair and vice chair from its membership by majority vote of the members. A member may not be elected to consecutive terms as chair or vice chair.

Each Committee member will be independent and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment

---

**Approved by the Audit Committee on July 31, 2017  
Last approved by the Trustees on October 25, 2016**

as a member of the Committee and will be required to complete an annual independence statement.

#### **D. MEMBERSHIP QUALIFICATIONS:**

The Committee members are appointed by the Board pursuant to Section 215.44(1)(c), Florida Statutes. At the time of his or her appointment, each member shall be independent and financially literate according to the following standards:

1. Each member must meet the independence requirements of the United States Securities and Exchange Commission (SEC) with respect to the activities and funds of the State Board of Administration.
2. Each member must be able to read and understand fundamental financial statements, including balance sheet, income statement and statement of cash flows and have working familiarity with financial practices applicable to fiduciary trust, banking, brokerage, asset management or other similar financial services operations.

The Board shall consider the following guidelines when appointing members to ensure the Committee, as an entity, has the collective knowledge, skills, and abilities necessary to accomplish its statutory mission. Members must possess one or more of the following attributes:

1. Financial expertise as defined in the “audit committee financial expert” corporate governance rules and regulations of the SEC.
2. Investment literacy consistent with a current working knowledge of investment products commonly used by institutional investors.
3. Knowledge and experience in the practice of internal and/or external auditing, including familiarity with current auditing standards.

The Board shall endeavor to ensure at least one member is deemed to meet the requirements of an “audit committee financial expert” as defined by the corporate governance rules and regulations of the SEC, to the extent practical.

#### **E. MEETINGS AND COMMUNICATIONS:**

The Committee shall meet four (4) times annually, or more frequently as deemed necessary by the Committee. All Committee members are expected to attend each meeting in person or via teleconference or video conference. The Committee may not conduct any meeting with fewer than three (3) members present. The Committee may ask members of the SBA management or others to attend meetings and provide pertinent information as necessary. The CAE, in conjunction with the Committee chair and the Executive Director & CIO, will ensure that meeting agendas and appropriate briefing materials are prepared and provided in advance to the Committee and SBA management. Minutes of all Committee meetings will be prepared and approved.

The Committee is subject to Florida’s Government in the Sunshine Law (Sunshine Law) as set forth in Chapter 286, Florida Statutes. The Sunshine Law extends to all discussions and

deliberations as well as any formal action taken by the Committee. The law is applicable to any gathering, whether formal or casual, of two or more members of the Committee to discuss some matter on which foreseeable action will be taken. Reasonable public notice must be given for all such gatherings. In the event any meeting or portion thereof would reveal information that specifically is made exempt under the Sunshine Law, the Committee either may hold a separate closed meeting to discuss the exempted information or the Committee can close the portion of the publicly noticed meeting in which the exempted information is discussed but will notify the public of such closed meeting in a manner advised by the SBA's General Counsel (or his or her designee). The Committee will make an audio or other recording in the manner advised by the SBA's General Counsel (or his or her designee) of all or any portion of a meeting that is closed because of such exemption.

**F. REPORTING RESPONSIBILITIES:**

The Committee shall report periodically, but no less than quarterly, to the Board and the Executive Director & CIO of the SBA regarding the Committee activities, issues, and recommendations.

**G. DUTIES AND RESPONSIBILITIES:**

The primary duties and responsibilities of the Committee are to:

**1. Financial Reporting**

- Review the annual financial statements of all Trust Funds required to be audited and any certification, report, opinion, or review rendered by internal or external auditors.
- Inquire as to the external auditors' independent qualitative judgments about the appropriateness, not just the acceptability, of the accounting principles and clarity of financial disclosures practices used or proposed to be adopted by SBA.
- Inquire as to the external auditors' views about whether management's choices of accounting principles are conservative, moderate or aggressive from the perspective of income, asset and liability recognition, and whether those principles are common practices or a minority practice.
- Review, in consultation with the external auditors and the CAE, the integrity of SBA's financial reporting processes.

**2. Internal Controls and Risk Assessment**

- Review OIA or external evaluation of the effectiveness of the SBA's process for assessing significant risks or exposures and the steps management has taken to monitor and control such risks, including internal controls.

- Review significant findings and recommendations of the auditors (internal and external) with management's responses, including the timetable for implementation of recommendations to correct weaknesses in the internal controls.
- Review with the independent auditors, CAE and financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of the SBA and review any significant recommendations for the improvement of such internal control procedures or particular areas where more effective controls or procedures are desirable.

### **3. Compliance**

- Review OIA or external provider's evaluation of the effectiveness of the system for ensuring compliance with laws, rules, regulations, policies, and procedures and the results of management's investigation and follow-up of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies.
- Review information from management and legal counsel regarding compliance matters.
- Review reports on compliance activities from the Chief Risk and Compliance Officer.
- Review the results of the externally commissioned governance, risk and compliance review as it pertains to compliance activities.

### **4. Enterprise Risk Management**

- Review quarterly reports on enterprise risk management activities from the Chief Risk and Compliance Officer.
- Review the results of the externally commissioned governance, risk and compliance review as it pertains to enterprise risk management activities.

### **5. Internal Audit**

- Review and approve annually, in consultation with the Executive Director & CIO and the CAE, the OIA Charter, annual audit plan, budget, staffing, and organizational structure of the internal audit department. Confirm and assure the independence and objectivity of the OIA.
- Receive internal audit reports and a progress report on the approved annual audit plan on a periodic basis.

- Assist the Board in decisions regarding the appointment and removal of the CAE.
- Review periodic internal and no less frequently than every five years self-assessment with independent external validation of quality assurance reviews required by the Standards.

## **6. External Audit**

- Search, select, and engage external audit firms by approving:
  - Scope of work for competitive solicitations
  - Selection process
  - External audit firms selected by the evaluation team chaired by the CAE or the CAE's designee)
- Meet, as needed, with the representatives of the Auditor General and other external auditors regarding the proposed scope and approach of their external auditing functions and subsequently the results of their audit of the SBA.
- Meet, as needed, with representatives of OPPAGA regarding its review of the performance of the SBA.
- Review with management the results of all audits, including any difficulties encountered by the auditors or disputes with management during the course of their audit. External auditors will be consulted, as needed.

## **7. Other Responsibilities**

- Review and assess the adequacy of the Committee Charter no less than annually, and request Board approval for the proposed changes.
- Commission a SBA governance, risk management and compliance (GRC) program evaluation and performance improvement analysis (including the assessment of the utilization and effectiveness of both the internal and external audit functions) to be performed by an external provider no less frequently than every three years and incorporating input from SBA management.
- Directing the CAE to conduct investigations into any matters within its scope of responsibility and obtaining advice and assistance from outside legal, accounting, or other advisers, as necessary, to perform its duties and responsibilities.

While the Committee has the responsibilities and the authority as set forth in Section 215.44(2)(c), Florida Statutes, and this Charter, it is not the responsibility of the Committee to plan or conduct individual audits, reviews and/or investigations, to attest to the SBA's financial information or condition, to resolve disagreements, or to assume responsibility

**Approved by the Audit Committee on July 31, 2017**  
**Last approved by the Trustees on October 25, 2016**

for compliance with laws, rules, regulations, policies, procedures, the Employee Handbook, or the Code of Ethics.

# Global Governance Mandates

3rd Quarter – October 17, 2017

Protecting Florida's Investments Act (PFIA)  
Scrutinized Companies that Boycott Israel  
MacBride Principles and Northern Ireland  
Cuba/Syria Proxy Voting Safeguards  
Venezuela Resolution

## Florida Statutes



## Table of Contents

### **Section 1: Protecting Florida's Investments Act (PFIA):**

Primary Requirements of the PFIA .....	3
Definition of a Scrutinized Company .....	5
SBA Scrutinized Companies Identification Methodology .....	5
Key Changes Since the Previous PFIA Quarterly Report .....	7
Table 1: Scrutinized Companies with Activities in Sudan .....	10
Table 2: Continued Examination Companies with Activities in Sudan .....	12
Table 3: Scrutinized Companies with Activities in the Iran Petroleum Energy Sector .....	13
Table 4: Continued Examination Companies with Petroleum Energy Activities in Iran .....	15
Table 5: Correspondence & Engagement Efforts with Scrutinized Companies .....	16
Table 6: Correspondence & Engagement Efforts with Continued Examination Companies .....	18
Key Dates for PFIA Activities .....	20
Summary of Investments Sold, Redeemed, Divested or Withdrawn .....	21
Table 7: List of Prohibited Investments (Scrutinized Companies) .....	22
Table 8: SBA Holdings in Prohibited Investments Subject to Divestment .....	25
Summary of Progress, SBA Investment Manager Engagement Efforts .....	25
Listing of All Publicly Traded Securities (Including Equity Investments) .....	25

### **Section 2: Companies that Boycott Israel:**

Primary Requirements of Section 215.4725, F.S. (Companies that Boycott Israel) .....	26
Table 9: Scrutinized Companies that Boycott Israel .....	28
Table 10: Continued Examination Companies that Boycott Israel .....	28
Table 11: Correspondence and Engagement Efforts .....	29

### **Section 3: Companies Operating in Northern Ireland:**

Investments in Publicly Traded Companies Operating in Northern Ireland .....	30
--	----

### **Section 4: Companies Operating in Cuba or Syria:**

Corporate governance activity involving Companies Operating in Cuba or Syria .....	31
--	----

### **Section 5: Companies Operating in Venezuela:**

Corporate governance activity involving Companies Operating in Venezuela .....	31
--	----

### **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](http://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-subsidary 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-subsidary 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:

- **None**

Companies removed from the **Sudan** Scrutinized List this quarter:

- **None**

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

- **None**

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

- **None**

**Recent Sudan Developments:**

President Trump issued an executive order on July 11, 2017, extending the review period established by E.O. 13761 of January 13, 2017, which set forth criteria for the revocation of certain sanctions on Sudan and the Government of Sudan. The new E.O. extends until October 12, 2017 the period of review of the GOS' actions. OFAC's sanctions remain in place, as does the general license broadly authorizing most prohibited transactions with respect to Sudan.

[https://www.treasury.gov/resource-center/faqs/Sanctions/Pages/faq\\_other.aspx#sud\\_gl](https://www.treasury.gov/resource-center/faqs/Sanctions/Pages/faq_other.aspx#sud_gl)

**IRAN Changes since the Previous PFIA Quarterly Report**

(see previous page for SUDAN changes)

Companies added to the **Iran** Scrutinized List this quarter:

- **CNOOC Curtis Funding No.1 Pty Ltd**
  - (added as a subsidiary of a currently prohibited investment: CNOOC Ltd)
- **CNOOC Nexen Finance**
  - (added as a subsidiary of a currently prohibited investment: CNOOC Ltd)

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:**

See the following page for recent developments related to Iran statutes.

***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: On July 18, 2017, the U.S. Department of the Treasury, Office of Foreign Assets Control (OFAC) designated 16 entities and individuals for engaging in support of illicit Iranian actors or transnational criminal activity. The actions were taken pursuant to Executive Order (E.O.) 13382, which targets proliferators of weapons of mass destruction and their means of delivery and supporters of such activity, as well as E.O. 13581, which targets transnational criminal organizations. The State Department also designated two Iranian organizations involved in Iran's ballistic missile program pursuant to E.O. 13382.

**Or**

***2. The United States revokes all sanctions imposed against the government of Iran.***

Update: By October 15, 2017, the U.S. is scheduled to re-certify whether Iran is fully complying with its commitments under the Joint Comprehensive Plan of Action.

**Table 1: Scrutinized Companies with Activities in SUDAN***New companies on the list are shaded and in bold. (No companies were added this quarter.)*

Scrutinized Company: Sudan	Country of Incorporation	Date of Initial Scrutinized Classification
Chennai Petroleum Corp Ltd	India	September 19, 2007
China National Petroleum Corporation (CNPC)	China	December 11, 2012
China Petroleum & Chemical Corp (CPEC) Sinopec	China	September 19, 2007
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
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
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 Videsh Limited (OVL)	India	March 18, 2014
Orca Gold Inc.	Canada	December 9, 2014
PetroChina	China	September 19, 2007
Petroliam Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007
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



Scrutinized Company: Sudan	Country of Incorporation	Date of Initial Scrutinized Classification
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 2013 Ltd	China	March 18, 2014
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
<b># of Sudan Scrutinized Companies</b>	<b>45</b>	

No companies were removed from the **SUDAN Scrutinized List** during the quarter:

**Table 2: Continued Examination Companies with Activities in SUDAN**  
***New companies on the list are shaded and in bold. (No companies were added this quarter.)***

Continued Examination Company: Sudan	Country of Incorporation
ASEC Company for Mining S.A.E.	Egypt
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
Drake & Scull International PJSC	United Arab Emirates
El Sewedy Cables Holding Company	Egypt
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
Statesman Resources Ltd	Canada
Wartsila Oyj	Finland
<b># of Sudan Continued Examination Companies</b>	<b>21</b>

No companies were removed from the **SUDAN Continued Examination List** during the 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
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 Oilfield Services Ltd.	China	June 16, 2011
CNOOC Ltd.	China	June 16, 2011
<b>CNOOC Curtis Funding No.1 Pty Ltd</b>	<b>Australia</b>	<b>October 17, 2017</b>
CNOOC Finance Limited	China	September 24, 2013
<b>CNOOC Nexen Finance</b>	<b>Canada</b>	<b>October 17, 2017</b>
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
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
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 Videsh Limited (OVL)	India	March 18, 2014
PetroChina	China	September 19, 2007
Petroliaam Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007
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

Scrutinized Company: Iran	Country of Incorporation	Date of Initial Scrutinized Classification
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 2013 Ltd	China	March 18, 2014
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
<b># of Iran Scrutinized Companies</b>	<b>43</b>	

The following companies were removed from the **IRAN Scrutinized List** during the quarter:

Removed Company	Country of Incorporation
<i>No removals this quarter.</i>	

**Table 4: Continued Examination Companies with Petroleum Energy Activities in IRAN**  
*New companies on the list are shaded and in bold. (No companies were 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
<b># of Iran Continued Examination Companies</b>	<b>9</b>

The following companies were **removed** from the **IRAN Continued Examination List** during the quarter:

Removed Company	Country of Incorporation
<i>No removals this quarter.</i>	

**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
Petrolia 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
Bollore 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:

<b>September 19, 2007</b>	<b>June 16, 2011</b>	<b>December 9, 2014</b>
<b>December 18, 2007</b>	<b>September 20, 2011</b>	<b>March 24, 2015</b>
<b>March 25, 2008</b>	<b>December 6, 2011</b>	<b>June 23, 2015</b>
<b>June 10, 2008</b>	<b>March 20, 2012</b>	<b>September 29, 2015</b>
<b>September 16, 2008</b>	<b>June 26, 2012</b>	<b>December 8, 2015</b>
<b>January 13, 2009</b>	<b>September 18, 2012</b>	<b>March 29, 2016</b>
<b>April 14, 2009</b>	<b>December 11, 2012</b>	<b>August 2, 2016</b>
<b>July 28, 2009</b>	<b>March 19, 2013</b>	<b>December 6, 2016</b>
<b>October 27, 2009</b>	<b>June 25, 2013</b>	<b>March 14, 2017</b>
<b>January 26, 2010</b>	<b>September 24, 2013</b>	<b>June 14, 2017</b>
<b>April 27, 2010</b>	<b>December 10, 2013</b>	<b>October 17, 2017</b>
<b>July 29, 2010</b>	<b>March 18, 2014</b>	
<b>November 9, 2010</b>	<b>June 17, 2014</b>	
<b>February 22, 2011</b>	<b>September 23, 2014</b>	

### 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	<b>\$1,306,825,533.68</b>

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
Chennai Petroleum Corp Ltd	Sudan	India	September 19, 2007	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
<b>CNOOC Curtis Funding No.1 Pty Ltd</b>	<b>Iran</b>	<b>Australia</b>	<b>October 17, 2017</b>	<b>Yes</b>
CNOOC Finance Limited	Iran	China	September 24, 2013	Yes
<b>CNOOC Nexen Finance</b>	<b>Iran</b>	<b>Canada</b>	<b>October 17, 2017</b>	<b>Yes</b>
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
Indian Oil Corp Ltd (IOCL)	Sudan & Iran	India	September 19, 2007	Yes
Jiangxi Hongdu Aviation (aka Hongdu Aviation)	Sudan	China	September 19, 2007	Yes

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
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
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 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
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 2013 Ltd	Sudan & Iran	China	March 18, 2014	Yes

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
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
<b># of Prohibited Investments</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>Yes</b>

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***

As of July 31, 2017, the SBA did not hold shares of any company on the Sudan or Iran Prohibited Investments List in accounts subject to the PFIA divestiture requirements.

***Summary of Progress, SBA Investment Manager Engagement Efforts***

On August 20, 2007, the SBA sent letters to 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. 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 the law**

**1. Identification of companies**

By August 1, 2016, 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 evaluate the evidence to make a final determination of scrutinized status. The SBA currently contracts with ISS-Ethix and MSCI to provide preliminary lists.

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 the law 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.*  
*("Co-operative Group Limited" is now listed and "Cooperative Group Gomersall" has been removed.)*

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
<b>Co-operative Group Limited</b>	<b>United Kingdom</b>	<b>September 26, 2017</b>
Guloguz Dis Deposu Ticaret Ve Pazarlama Ltd	Turkey	August 2, 2016
<b># of Companies that Boycott Israel</b>	<b>5</b>	

Companies removed from **Scrutinized Companies that Boycott Israel List** during the quarter:

Removed Company	Country of Incorporation
Cooperative Group Gomersall	UK

**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
Aldi	Germany
ASN Bank NV	Netherlands
CRH Public Limited Co	Ireland
HEMA BV	Netherlands
Karsten Farms	South Africa
<b># of Continued Examination Companies</b>	<b>5</b>

Companies removed from **Continued Examination Companies that Boycott Israel List** during the quarter:

Removed Company	Country of Incorporation
<i>No removals this quarter.</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	Remains on continued examination list
ASN Bank NV	No	Remains on continued examination list
HEMA BV	No	Remains on continued examination list
Karsten Farms	No	Remains on 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, 2016, there were no shareowner proposals related to expanding trade with Cuba or Syria.

#### ***Section 5: Companies Operating in Venezuela***

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 includes 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](http://www.sbafla.com)

or send an email to:  
[governance@sbafla.com](mailto: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**

October 17, 2017

Honorable Dan Raulerson  
Alternating Chair  
Joint Legislative Auditing Committee  
300 House Office Building  
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 Raulerson 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, 2017 through March 31, 2017, 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, appearing to read "Ashbel C. Williams".

Ashbel C. Williams  
Executive Director & CIO

ACW/apw  
Attachments

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



## **MONTHLY SUMMARY REPORT**

**April 2017**

**State Board of Administration of Florida**



## **CONTENTS**

<b>3</b>	<b>INTRODUCTION</b>
<b>3</b>	<b>DISCLOSURE OF MATERIAL IMPACTS</b>
<b>3</b>	<b>FACTS-AT-A-GLANCE</b>
<b>4</b>	<b>PORFOLIO MANAGER COMMENTARY</b>
<b>5</b>	<b>PORFOLIO COMPOSITION</b>
<b>6</b>	<b>FUND PERFORMANCE</b>
<b>7</b>	<b>PRIME ACCOUNT SUMMARY</b>
<b>8</b>	<b>INVENTORY OF HOLDINGS</b>
<b>14</b>	<b>PARTICIPANT CONCENTRATION</b>
<b>15</b>	<b>COMPLIANCE</b>
<b>16</b>	<b>TRADE ACTIVITY</b>

## **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 April 1, 2017, through April 30, 2017, 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 April 30, 2017)

Total Participants

**743**

Florida PRIME™ Assets

**\$10,055,078,158**

Total Number of Accounts

**1,425**

**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

Political brinkmanship dominated the news cycle and impacted stocks and bonds in April, but it was in many ways the first calm month in some time for cash managers. After two Federal Reserve rate hikes in three months, the aftermath of money market fund reform and the always interesting year-end and quarter-end, it seemed even the occasional April shower was gentle and warm.

Domestic growth slowed a bit over the month, but the U.S. economy clearly remains on a positive and upward path. The housing market remains robust, retail sales are decent and manufacturing is hanging onto its recent resurgence. The disappointing employment report that showed the economy added only 98,000 nonfarm jobs in March likely is an aberration, especially as other measures of labor-market health remain strong. Inflation is still below the level the Fed would like to see, at least according to the personal consumption expenditures index, but it appears to be high enough to keep the Fed on track for two more moves in 2017. The market, and we here at Federated, expect the hikes to come at the June and September meetings. The London interbank offered rate (LIBOR) has been inching up in anticipation.

Although the Fed has begun to discuss its humongous balance sheet, we feel any action this year to reduce their holdings of government and agency securities would come in the fourth quarter and be set up by plenty of Fed speak ahead of time.

With the military strike on Syria, talk of a federal government shutdown, the Trump administration's controversial proposed tax cuts, a snap election

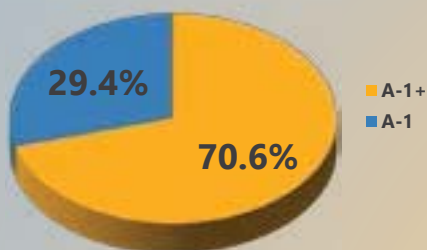
in the U.K., belligerent talk by North Korea and unpredictable shifts in President Trump's positions (including the possibility now that he might want Janet Yellen to chair the Fed for another term!), April had plenty of volatility. And that list does not even include the most potential market-moving event: the outcome of the French election. It is enough to make your head spin, but the Treasury yield curve has had none of that, flattening over April.

### INVESTMENT STRATEGY

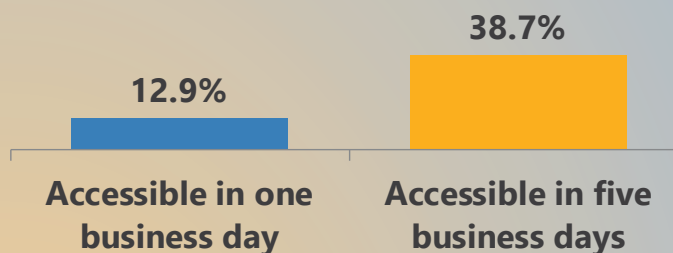
The growing certainty—not contradicted by Fed officials to this point—that the Federal Open Market Committee will raise rates in June led us to shorten the Pool's weighted average maturity (WAM) to a range of 30 to 40 days. That is in from 35 to 45 days last month. Actual WAM at the end of the month was 36 days, and weighted average life (WAL) moved out to 69 days. The shortening of WAM reflects our desire to capture as much yield as possible as LIBOR rises. The strategy has already resulted in the gross yield of the Pool growing 3 basis points to 1.14%. We altered the composition of the portfolio to achieve this: decreased the percentage of fixed-rate commercial paper by 12% to become 40% of total holdings and increased that of variable-rate instruments by 5% to number 24%. Holdings of repo rose a tick to 2% and money market funds in the portfolio rose 2% to 4%. Fixed-rate bank paper increased 4% to 30% of total.

## PORTFOLIO COMPOSITION FOR APRIL 2017

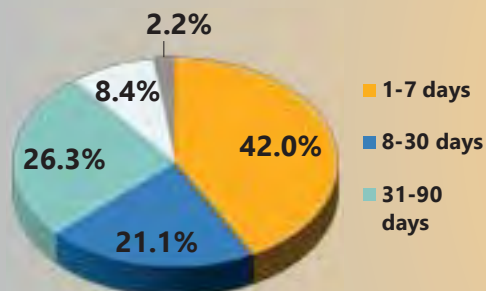
### CREDIT QUALITY COMPOSITION



### HIGHLY LIQUID HOLDINGS



### EFFECTIVE MATURITY SCHEDULE



### TOP HOLDINGS & AVG. MATURITY

1. Luxembourg, Government of	5.2%
2. Bank of Montreal	5.1%
3. Mitsubishi UFJ Financial Group, Inc.	5.1%
4. Wells Fargo & Co.	5.0%
5. Sumitomo Mitsui Trust Holdings, Inc.	5.0%
6. Svenska Handelsbanken, Stockholm	5.0%
7. DNB Bank ASA	5.0%
8. Barton Capital S.A.	4.9%
9. JPMorgan Chase & Co.	4.6%
10. Standard Chartered PLC	4.2%

#### Average Effective Maturity (WAM)

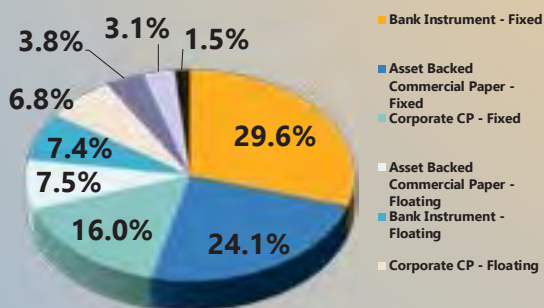
35.8 Days

#### Weighted Average Life (Spread WAL)

69.0 Days

Percentages based on total value of investments

### PORTFOLIO COMPOSITION



## FUND PERFORMANCE THROUGH APRIL 30, 2017

Florida PRIME Performance Data			
	Net Participant Yield <sup>1</sup>	Net-of-Fee Benchmark <sup>2</sup>	Above (Below) Benchmark
One Month	1.11%	0.79%	0.31%
Three Months	1.04%	0.73%	0.31%
One Year	0.84%	0.53%	0.31%
Three Years	0.45%	0.25%	0.21%
Five Years	0.36%	0.18%	0.18%
Ten Years	0.88%	0.75%	0.13%
Since 1/96	2.64%	2.43%	0.21%

**Note:** Net asset value at month end: \$10,057.3 million, which includes investments at market value, plus all cash, accrued interest receivable and payables.

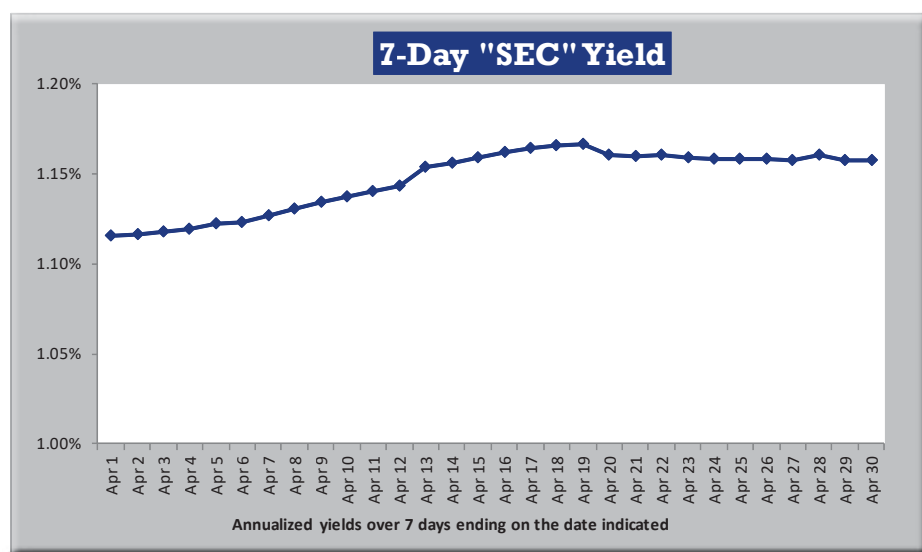
<sup>1</sup>Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

<sup>2</sup>The 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 APRIL 2017

Summary of Cash Flows		
Opening Balance (04/01/17)	\$	10,255,188,006
Participant Deposits		1,021,343,642
Gross Earnings		9,487,938
Participant Withdrawals		(1,230,659,738)
Fees		(281,689)
Closing Balance (04/30/17)	\$	10,055,078,158
<b>Net Change over Month</b>	<b>\$</b>	<b>(200,109,848)</b>

Detailed Fee Disclosure			
April		Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$	83,435.15	0.99
Federated Investment Management Fee		172,003.98	2.03
BNY Mellon Custodial Fee**		12,704.02	0.15
Bank of America Transfer Agent Fee		4,975.46	0.06
S&P Rating Maintenance Fee		3,698.63	0.04
Audit/External Review Fees		4,872.08	0.06
<b>Total Fees</b>	<b>\$</b>	<b>281,689.32</b>	<b>3.33</b>

\*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 \$10,155,133,082.

\*\*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 APRIL 2017

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
ASB Finance Ltd., Aug 17, 2017	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.25	8/17/2017	5/17/2017	95,000,000	1.27	\$95,000,000	\$95,038,760	\$38,760
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/5/2017		25,000,000	1.23	\$24,968,333	\$24,971,289	\$2,956
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/5/2017		48,000,000	1.30	\$47,884,853	\$47,897,456	\$12,603
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/1/2017		25,000,000	1.31	\$24,915,556	\$24,921,295	\$5,740
Anglesea Funding LLC, Dec 05, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.36	12/5/2017	5/16/2017	140,000,000	1.38	\$140,000,000	\$140,000,000	\$0
Anglesea Funding LLC, Dec 22, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.36	12/22/2017	5/22/2017	50,000,000	1.38	\$50,000,000	\$50,000,000	\$0
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/2/2017		8,150,000	1.04	\$8,149,076	\$8,149,192	\$116
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/4/2017		50,000,000	0.96	\$49,992,083	\$49,992,517	\$433
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/5/2017		25,000,000	0.96	\$24,995,382	\$24,995,625	\$243
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/9/2017		32,840,000	1.05	\$32,829,665	\$32,830,869	\$1,204
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/1/2017		9,200,000	1.07	\$9,190,877	\$9,190,885	\$9
BNP Paribas SA Dublin CP4-2	COMMERCIAL PAPER - 4-2		5/1/2017		105,000,000	0.83	\$104,992,825	\$104,991,933	-\$892
BNP Paribas SA Dublin CP4-2	COMMERCIAL PAPER - 4-2		7/6/2017		95,000,000	1.16	\$94,792,425	\$94,817,006	\$24,581
BNP Paribas SA Dublin CP4-2	COMMERCIAL PAPER - 4-2		7/7/2017		75,000,000	1.16	\$74,833,750	\$74,852,708	\$18,958
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.82	5/1/2017		140,000,000	0.83	\$140,000,000	\$140,000,000	\$0
Bank of America N.A., Oct 05, 2017	VARIABLE RATE BANK NOTE	1.19	10/5/2017	5/5/2017	50,000,000	1.20	\$50,000,000	\$50,000,000	\$0
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.25	7/20/2017		25,000,000	1.27	\$25,000,000	\$25,011,606	\$11,606
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.40	8/9/2017		23,000,000	1.42	\$23,000,000	\$23,021,399	\$21,399
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.30	9/19/2017		20,000,000	1.32	\$20,000,000	\$20,013,062	\$13,062
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.20	9/29/2017		25,000,000	1.22	\$25,000,000	\$25,005,318	\$5,318
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.55	12/18/2017		15,000,000	1.57	\$15,000,000	\$15,024,809	\$24,809
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.12	5/9/2017		125,000,000	1.14	\$125,000,000	\$125,004,833	\$4,833
Bank of Montreal CP	COMMERCIAL PAPER		6/9/2017		149,000,000	1.23	\$148,791,400	\$148,824,255	\$32,855
Bank of Montreal, Dec 01, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.35	12/1/2017	6/1/2017	50,000,000	1.37	\$50,000,000	\$50,076,050	\$76,050
Bank of Montreal, Jan 04, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.20	1/4/2018	5/4/2017	43,000,000	1.21	\$43,000,000	\$42,987,057	-\$12,943
Bank of Montreal, Nov 03, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.52	11/3/2017	5/3/2017	25,000,000	1.40	\$25,000,000	\$25,043,975	\$43,975
Bank of Nova Scotia, Toronto CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.60	6/27/2017		100,000,000	1.62	\$100,000,000	\$100,042,038	\$42,038
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		10/5/2017		25,000,000	1.43	\$24,844,444	\$24,870,333	\$25,889
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		10/6/2017		26,000,000	1.43	\$25,837,211	\$25,864,187	\$26,976
Bank of Nova Scotia, Toronto, Oct 06, 2017	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.45	10/6/2017	5/8/2017	26,000,000	1.47	\$26,000,000	\$26,031,590	\$31,590

See notes at end of table.



## INVENTORY OF HOLDINGS FOR APRIL 2017

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		5/16/2017		135,000,000	1.16	\$134,923,725	\$134,920,480	-\$3,245
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		5/26/2017		100,000,000	1.16	\$99,912,111	\$99,958,800	\$46,689
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		6/1/2017		28,500,000	1.18	\$28,469,046	\$28,477,202	\$8,156
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		6/1/2017		50,000,000	1.18	\$49,945,694	\$49,960,003	\$14,309
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		6/6/2017		20,000,000	1.20	\$19,974,650	\$19,981,475	\$6,825
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		6/6/2017		50,000,000	1.20	\$49,936,625	\$49,953,688	\$17,063
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		6/6/2017		53,080,000	1.23	\$53,010,996	\$53,030,835	\$19,839
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		7/5/2017		66,000,000	1.28	\$65,844,167	\$65,886,678	\$42,511
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		7/5/2017		20,000,000	1.28	\$19,952,778	\$19,965,660	\$12,882
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/1/2017		50,000,000	0.92	\$49,996,208	\$49,995,604	-\$604
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/3/2017		38,000,000	0.95	\$37,995,039	\$37,994,421	-\$618
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/4/2017		60,000,000	0.95	\$59,990,600	\$59,989,410	-\$1,190
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/5/2017		50,000,000	0.94	\$49,990,958	\$49,989,695	-\$1,264
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/5/2017		90,000,000	0.94	\$89,983,725	\$89,981,450	-\$2,275
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/15/2017		25,000,000	1.05	\$24,987,840	\$24,987,333	-\$508
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/9/2017		50,000,000	1.07	\$49,938,750	\$49,935,717	-\$3,034
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/9/2017		100,000,000	1.07	\$99,877,500	\$99,871,433	-\$6,067
Barton Capital S.A., Sep 13, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.26	9/13/2017	5/15/2017	29,600,000	1.28	\$29,600,000	\$29,612,728	\$12,728
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/3/2017		27,000,000	1.30	\$26,937,135	\$26,952,282	\$15,147
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/6/2017		30,000,000	1.43	\$29,812,167	\$29,843,159	\$30,992
Bedford Row Funding Corp., Aug 21, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.38	8/21/2017	5/1/2017	15,000,000	1.38	\$15,000,000	\$15,011,475	\$11,475
Bedford Row Funding Corp., Feb 08, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.48	2/8/2018	5/8/2017	25,000,000	1.50	\$25,000,000	\$25,042,025	\$42,025
Bedford Row Funding Corp., Jan 18, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.51	1/18/2018	5/18/2017	20,000,000	1.53	\$20,000,000	\$20,038,220	\$38,220
Bedford Row Funding Corp., Mar 22, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.33	3/22/2018	5/22/2017	30,000,000	1.35	\$30,000,000	\$30,000,000	\$0
Bedford Row Funding Corp., Nov 06, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.21	11/6/2017	5/8/2017	25,000,000	1.22	\$25,000,000	\$25,007,100	\$7,100
Bedford Row Funding Corp., Oct 06, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.56	10/6/2017	7/6/2017	73,000,000	1.58	\$73,000,000	\$73,130,524	\$130,524
Bedford Row Funding Corp., Oct 10, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.15	10/10/2017	5/10/2017	22,000,000	1.17	\$22,000,000	\$22,002,442	\$2,442
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/22/2017		15,000,000	1.19	\$14,988,400	\$14,991,380	\$2,980
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/7/2017		41,000,000	1.33	\$40,896,361	\$40,924,822	\$28,461
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/12/2017		26,000,000	1.27	\$25,876,319	\$25,892,447	\$16,128
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/2/2017		49,000,000	1.22	\$48,943,310	\$48,951,313	\$8,003

See notes at end of table.



## INVENTORY OF HOLDINGS FOR APRIL 2017

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/8/2017		23,000,000	1.22	\$22,921,800	\$22,923,234	\$1,434
CRC Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/14/2017		100,000,000	1.26	\$99,734,778	\$99,762,369	\$27,591
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.17	8/8/2017		47,000,000	1.22	\$46,995,987	\$47,017,172	\$21,186
Canadian Imperial Bank of Commerce, Apr 19, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.31	4/19/2018	7/19/2017	50,000,000	1.33	\$50,000,000	\$49,993,150	-\$6,850
Canadian Imperial Bank of Commerce, Jan 12, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.16	1/12/2018	5/12/2017	95,000,000	1.17	\$95,000,000	\$95,004,465	\$4,465
Canadian Imperial Bank of Commerce, Nov 06, 2017	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.38	11/6/2017	5/8/2017	25,000,000	1.40	\$25,000,000	\$25,033,425	\$33,425
Canadian Imperial Bank of Commerce, Oct 10, 2017	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.43	10/10/2017	7/10/2017	62,000,000	1.45	\$62,000,000	\$62,086,242	\$86,242
Chase Bank USA, N.A., Jan 05, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.49	1/5/2018	5/5/2017	75,000,000	1.50	\$75,000,000	\$75,138,300	\$138,300
Collateralized Commercial Paper Co. LLC, Dec 11, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.35	12/11/2017	6/12/2017	50,000,000	1.37	\$50,000,000	\$50,026,050	\$26,050
Collateralized Commercial Paper Co. LLC, Dec 12, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.35	12/12/2017	6/12/2017	20,000,000	1.37	\$20,000,000	\$20,010,240	\$10,240
Collateralized Commercial Paper Co. LLC, Dec 22, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.33	12/22/2017	6/22/2017	15,000,000	1.35	\$15,000,000	\$15,000,000	\$0
Collateralized Commercial Paper Co. LLC, Nov 03, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.45	11/3/2017	5/3/2017	25,000,000	1.45	\$25,000,000	\$25,028,450	\$28,450
Collateralized Commercial Paper Co. LLC, Nov 09, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.41	11/9/2017	5/9/2017	36,500,000	1.43	\$36,500,000	\$36,534,602	\$34,602
Commonwealth Bank of Australia, Jan 10, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.14	1/10/2018	5/10/2017	75,000,000	1.16	\$75,000,000	\$74,990,775	-\$9,225
Commonwealth Bank of Australia, Mar 29, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.29	3/29/2018	6/29/2017	20,000,000	1.31	\$20,000,000	\$20,012,380	\$12,380
Corporate Finance Managers, Inc., Series B, Feb 02, 2043	VARIABLE RATE DEMAND NOTE	1.04	2/2/2043	5/4/2017	18,205,000	1.04	\$18,205,000	\$18,205,000	\$0
Credit Suisse AG, Sr. Note, 05/26/2017	CORPORATE BOND	1.54	5/26/2017	5/26/2017	8,075,000	1.19	\$8,077,507	\$8,077,673	\$166
Credit Suisse AG, Sr. Note, 05/26/2017	CORPORATE BOND	1.54	5/26/2017	5/26/2017	16,000,000	1.22	\$16,005,843	\$16,005,296	-\$547
Credit Suisse AG, Sr. Note, 1.375%, 05/26/2017	CORPORATE NOTE	1.38	5/26/2017		68,763,000	1.02	\$68,781,566	\$68,776,753	-\$4,813
Credit Suisse AG, Sr. Note, 1.375%, 05/26/2017	CORPORATE NOTE	1.38	5/26/2017		5,000,000	1.02	\$5,001,100	\$5,001,000	-\$100
Credit Suisse AG, Sr. Note, 1.375%, 05/26/2017	CORPORATE NOTE	1.38	5/26/2017		15,000,000	1.14	\$15,002,660	\$15,003,000	\$340
Credit Suisse AG, Sr. Note, 1.375%, 05/26/2017	CORPORATE NOTE	1.38	5/26/2017		4,000,000	1.15	\$4,000,687	\$4,000,800	\$113
Credit Suisse AG, Sr. Note, 1.375%, 05/26/2017	CORPORATE NOTE	1.38	5/26/2017		17,790,000	1.15	\$17,793,032	\$17,793,558	\$526
DNB Nor Bank ASA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.91	5/2/2017		450,000,000	0.92	\$450,000,000	\$450,000,291	\$291
DNB Nor Bank ASA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.90	5/2/2017		50,000,000	0.91	\$50,000,000	\$50,000,039	\$39
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.19	5/30/2017		50,000,000	1.21	\$50,000,000	\$50,005,809	\$5,809
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.19	6/1/2017		100,000,000	1.21	\$100,000,000	\$100,011,966	\$11,966
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.19	6/2/2017		90,000,000	1.21	\$90,000,000	\$90,010,913	\$10,913
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.20	6/8/2017		24,000,000	1.22	\$24,000,000	\$24,003,357	\$3,357

See notes at end of table.

## INVENTORY OF HOLDINGS FOR APRIL 2017

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.20	6/13/2017		35,000,000	1.22	\$35,000,000	\$35,005,101	\$5,101
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CP4-2	COMMERCIAL PAPER - 4-2		8/14/2017		5,000,000	1.22	\$4,982,000	\$4,985,060	\$3,060
Dreyfus Government Cash Management Fund	OVERNIGHT MUTUAL FUND	0.69	5/1/2017	10/5/2016	5,965,832	0.70	\$5,965,832	\$5,965,832	\$0
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/2/2017		25,000,000	0.91	\$24,997,500	\$24,997,522	\$22
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/3/2017		40,000,000	1.07	\$39,994,167	\$39,995,028	\$861
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/8/2017		15,000,000	1.06	\$14,995,667	\$14,996,217	\$550
Fiore Capital LLC, Series 2005-A, Aug 01, 2045	VARIABLE RATE DEMAND NOTE	0.93	8/1/2045	5/4/2017	38,280,000	0.93	\$38,280,000	\$38,280,000	\$0
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/5/2017		100,000,000	0.93	\$99,982,111	\$99,982,500	\$389
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/5/2017		120,000,000	0.96	\$119,977,833	\$119,979,000	\$1,167
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/5/2017		100,000,000	0.96	\$99,981,528	\$99,982,500	\$972
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/12/2017		150,000,000	1.04	\$149,940,500	\$149,946,450	\$5,950
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/16/2017		28,500,000	1.05	\$28,485,323	\$28,486,676	\$1,354
Gulf Gate Apartments LLC, Series 2003, Sep 01, 2028	VARIABLE RATE DEMAND NOTE	1.04	9/1/2028	5/4/2017	7,550,000	1.04	\$7,550,000	\$7,550,000	\$0
HSBC Bank USA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.25	8/2/2017		100,000,000	1.27	\$100,000,000	\$100,024,616	\$24,616
Institutional Prime Value Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	1.11	5/1/2017	5/1/2017	380,059,512	1.10	\$380,059,512	\$380,173,530	\$114,018
J.P. Morgan Securities LLC CP	COMMERCIAL PAPER		7/28/2017		20,000,000	1.23	\$19,939,333	\$19,949,849	\$10,515
J.P. Morgan Securities LLC CP	COMMERCIAL PAPER		9/28/2017		100,000,000	1.43	\$99,405,000	\$99,523,150	\$118,150
J.P. Morgan Securities LLC CP	COMMERCIAL PAPER		10/27/2017		25,000,000	1.43	\$24,823,056	\$24,850,229	\$27,174
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		9/11/2017		25,000,000	1.44	\$24,867,778	\$24,897,528	\$29,750
J.P. Morgan Securities LLC, Jul 31, 2017	VARIABLE RATE COMMERCIAL PAPER	1.47	7/31/2017	4/30/2017	70,000,000	1.36	\$70,000,000	\$70,069,230	\$69,230
Kaiser Foundation Hospital CP	COMMERCIAL PAPER		5/3/2017		63,126,000	0.99	\$63,117,408	\$63,117,338	-\$70
Kaiser Foundation Hospital CP	COMMERCIAL PAPER		6/15/2017		31,863,000	1.06	\$31,818,817	\$31,817,287	-\$1,530
Kaiser Foundation Hospital CP	COMMERCIAL PAPER		7/13/2017		46,500,000	1.16	\$46,388,090	\$46,386,421	-\$1,669
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/2/2017		50,000,000	0.86	\$49,995,278	\$49,995,045	-\$233
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/4/2017		56,000,000	0.94	\$55,991,320	\$55,991,618	\$298
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/17/2017		20,000,000	1.01	\$19,989,444	\$19,990,078	\$633
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/22/2017		25,000,000	0.98	\$24,983,833	\$24,983,950	\$117
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/23/2017		100,000,000	1.00	\$99,931,250	\$99,932,778	\$1,528
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/6/2017		60,000,000	1.08	\$59,931,100	\$59,934,285	\$3,185
Los Angeles County Fair Association, Nov 01, 2039	VARIABLE RATE DEMAND NOTE	1.04	11/1/2039	5/3/2017	10,000,000	1.04	\$10,000,000	\$10,000,000	\$0

See notes at end of table.

## INVENTORY OF HOLDINGS FOR APRIL 2017

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		6/15/2017		30,000,000	1.27	\$29,950,000	\$29,959,920	\$9,920
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		10/16/2017		35,000,000	1.47	\$34,760,600	\$34,775,729	\$15,129
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		10/31/2017		8,500,000	1.48	\$8,436,321	\$8,439,263	\$2,942
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/12/2017		45,420,000	1.07	\$45,401,454	\$45,403,785	\$2,332
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/30/2017		56,500,000	1.10	\$56,445,760	\$56,450,029	\$4,269
Michigan State Housing Development Authority, (Series 2007E), 12/01/2038	MUNICIPAL VARIABLE RATE DEMAND NOTE	1.15	12/1/2038	5/3/2017	10,000,000	1.20	\$10,000,000	\$10,000,000	\$0
Mississippi Business Finance Corp., Kohler Project, Jun 01, 2022	VARIABLE RATE DEMAND NOTE	1.12	6/1/2022	5/4/2017	10,000,000	1.12	\$10,000,000	\$10,000,000	\$0
Mizuho Securities USA, Inc. - REPO TRIPARTY OVERNIGHT FIXED	REPO TRIPARTY OVERNIGHT FIXED	0.83	5/1/2017		15,000,000	0.84	\$15,000,000	\$15,000,000	\$0
NRW/Bank CP4-2	COMMERCIAL PAPER - 4-2		8/4/2017		104,500,000	1.14	\$104,181,391	\$104,189,356	\$7,965
NRW/Bank CP4-2	COMMERCIAL PAPER - 4-2		8/15/2017		100,000,000	1.17	\$99,651,806	\$99,665,431	\$13,625
National Australia Bank Ltd., Melbourne, Apr 06, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.29	4/6/2018	7/7/2017	53,000,000	1.31	\$53,000,000	\$53,019,822	\$19,822
Novant Health, Inc., Series 1997, Jun 01, 2022	VARIABLE RATE DEMAND NOTE	1.04	6/1/2022	5/3/2017	53,800,000	1.05	\$53,800,000	\$53,800,000	\$0
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/23/2017		25,000,000	1.23	\$24,953,333	\$24,959,128	\$5,794
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/14/2017		44,100,000	1.28	\$43,982,094	\$43,995,205	\$13,111
Old Line Funding, LLC, Jan 09, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.19	1/9/2018	5/9/2017	37,300,000	1.20	\$37,300,000	\$37,301,492	\$1,492
Old Line Funding, LLC, May 01, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.49	5/1/2017	5/1/2017	14,000,000	1.49	\$14,000,000	\$14,000,672	\$672
Old Line Funding, LLC, Oct 17, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.15	10/17/2017	5/17/2017	40,000,000	1.17	\$40,000,000	\$40,000,000	\$0
Orthopaedic Hospital of Wisconsin LLC, Series 09-A, Mar 01, 2039	VARIABLE RATE DEMAND NOTE	1.15	3/1/2039	5/4/2017	9,565,000	1.15	\$9,565,000	\$9,565,000	\$0
Royal Bank of Canada, Oct 06, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.42	10/6/2017	7/6/2017	50,000,000	1.44	\$50,000,000	\$50,060,650	\$60,650
Sabri Arac, The Quarry Lane School Series 2005, Oct 01, 2035	VARIABLE RATE DEMAND NOTE	1.04	10/1/2035	5/4/2017	13,040,000	1.04	\$13,040,000	\$13,040,000	\$0
Standard Chartered Bank plc TD	TIME DEPOSIT	0.91	5/4/2017		425,000,000	0.92	\$425,000,000	\$425,000,000	\$0
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/1/2017		82,000,000	0.96	\$81,993,508	\$81,993,372	-\$136
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		5/17/2017		72,000,000	1.04	\$71,961,240	\$71,961,240	\$0
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/16/2017		191,000,000	1.22	\$190,688,033	\$190,710,391	\$22,357
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.92	5/2/2017		250,000,000	0.93	\$250,000,000	\$250,001,888	\$1,888
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.92	5/5/2017		250,000,000	0.93	\$250,000,000	\$250,000,000	\$0
Svenska Handelsbanken, Stockholm TDCAY	TIME DEPOSIT - CAYMAN	0.83	5/1/2017		500,000,000	0.84	\$500,000,000	\$500,000,000	\$0
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/20/2017		25,000,000	1.33	\$24,925,069	\$24,934,926	\$9,856
Thunder Bay Funding, LLC, Jun 12, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.39	6/12/2017	5/12/2017	50,000,000	1.41	\$50,000,000	\$50,025,350	\$25,350
Thunder Bay Funding, LLC, Sep 13, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.19	9/13/2017	5/15/2017	40,000,000	1.21	\$40,000,000	\$40,006,480	\$6,480

See notes at end of table.

## INVENTORY OF HOLDINGS FOR APRIL 2017

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.25	7/24/2017		20,000,000	1.27	\$20,000,000	\$20,009,392	\$9,392
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.40	9/8/2017		40,000,000	1.42	\$40,000,000	\$40,036,450	\$36,450
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.25	10/20/2017		25,000,000	1.27	\$25,000,000	\$25,002,652	\$2,652
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.41	12/6/2017		50,000,000	1.43	\$50,000,000	\$50,032,651	\$32,651
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.52	1/16/2018		120,000,000	1.53	\$120,000,000	\$120,134,177	\$134,177
Toronto Dominion Bank, Aug 10, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.53	8/10/2017	5/10/2017	25,000,000	1.56	\$25,000,000	\$25,039,825	\$39,825
Toronto Dominion Bank, May 04, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.17	5/4/2017	5/4/2017	25,000,000	1.05	\$25,000,000	\$25,002,175	\$2,175
Toronto Dominion Bank, Oct 16, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.66	10/16/2017	7/17/2017	25,000,000	1.68	\$25,000,000	\$25,061,350	\$61,350
Toronto Dominion Bank, Sep 06, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.60	9/6/2017	6/6/2017	15,000,000	1.62	\$15,000,000	\$15,000,000	\$0
Toyota Credit Canada Inc. CP	COMMERCIAL PAPER		7/21/2017		24,500,000	1.27	\$24,429,113	\$24,440,833	\$11,719
Toyota Motor Credit Corp., Aug 04, 2017	VARIABLE RATE COMMERCIAL PAPER	1.45	8/4/2017	5/8/2017	50,000,000	1.32	\$50,000,000	\$50,046,500	\$46,500
Toyota Motor Finance (Netherlands) B.V., Jan 11, 2018	VARIABLE RATE COMMERCIAL PAPER	1.18	1/11/2018	5/22/2017	50,000,000	1.20	\$50,000,000	\$50,002,350	\$2,350
University of Illinois, Series 2014C, Apr 01, 2044	VARIABLE RATE DEMAND NOTE	0.94	4/1/2044	5/4/2017	7,415,000	0.94	\$7,415,000	\$7,415,000	\$0
Wells Fargo Bank, N.A. CD	CERTIFICATE OF DEPOSIT	1.30	10/20/2017		20,000,000	1.32	\$20,000,000	\$20,009,357	\$9,357
Wells Fargo Bank, N.A., Feb 01, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.51	2/1/2018	5/1/2017	25,000,000	1.51	\$25,000,000	\$25,054,900	\$54,900
Wells Fargo Bank, N.A., Feb 06, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.46	2/6/2018	5/8/2017	25,000,000	1.33	\$25,000,000	\$25,043,225	\$43,225
Wells Fargo Bank, N.A., May 04, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.43	5/4/2017	5/4/2017	97,000,000	1.44	\$97,000,000	\$97,008,342	\$8,342
Wells Fargo Bank, N.A., May 08, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.42	5/8/2017	5/8/2017	50,000,000	1.44	\$50,000,000	\$50,006,950	\$6,950
Wells Fargo Bank, N.A., Oct 11, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.13	10/11/2017	5/11/2017	40,000,000	1.16	\$39,998,187	\$39,997,880	-\$307
Wells Fargo Bank, N.A., Oct 12, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.59	10/12/2017	7/12/2017	25,000,000	1.61	\$25,000,000	\$25,051,525	\$51,525
Westpac Banking Corp. Ltd., Sydney, Mar 29, 2018	VARIABLE RATE COMMERCIAL PAPER	1.29	3/29/2018	6/29/2017	107,000,000	1.31	\$107,000,000	\$107,069,122	\$69,122
Total Value of Investments					\$10,057,187,344		\$10,051,073,533	\$10,053,718,754	\$2,645,221

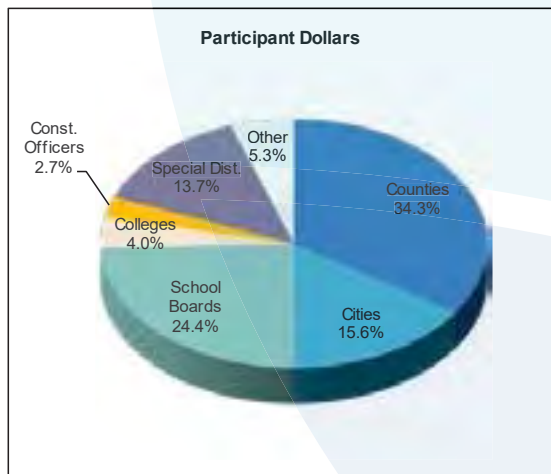
**Notes:** The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

<sup>1</sup> 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.

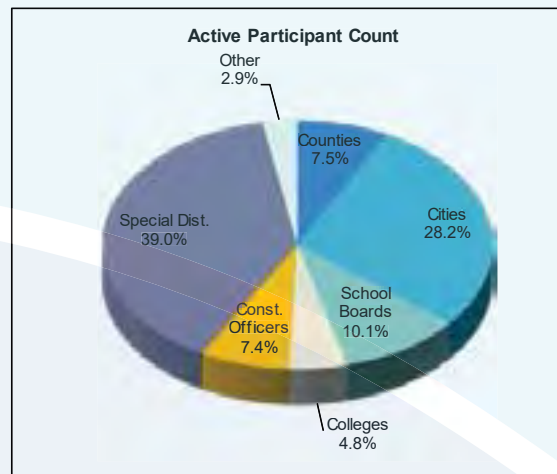
<sup>2</sup> Amortized cost is calculated using a straight line method.

## PARTICIPANT CONCENTRATION DATA - AS OF APRIL 2017

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
<b>All Participants</b>	<b>100.0%</b>	<b>100.0%</b>	<b>Colleges &amp; Universities</b>	<b>4.0%</b>	<b>4.8%</b>
Top 10	34.9%	1.4%	Top 10	3.7%	1.4%
\$100 million or more	52.7%	3.2%	\$100 million or more	1.8%	0.1%
\$10 million up to \$100 million	40.1%	15.8%	\$10 million up to \$100 million	1.7%	0.8%
\$1 million up to \$10 million	6.7%	23.3%	\$1 million up to \$10 million	0.4%	1.6%
Under \$1 million	0.5%	57.8%	Under \$1 million	0.02%	2.2%
<b>Counties</b>	<b>34.3%</b>	<b>7.5%</b>	<b>Constitutional Officers</b>	<b>2.7%</b>	<b>7.4%</b>
Top 10	26.0%	1.4%	Top 10	1.0%	1.4%
\$100 million or more	28.3%	1.6%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	5.5%	1.6%	\$10 million up to \$100 million	2.0%	0.7%
\$1 million up to \$10 million	0.4%	1.1%	\$1 million up to \$10 million	0.7%	2.3%
Under \$1 million	0.0%	3.2%	Under \$1 million	0.0%	4.4%
<b>Municipalities</b>	<b>15.6%</b>	<b>28.2%</b>	<b>Special Districts</b>	<b>13.7%</b>	<b>39.0%</b>
Top 10	7.6%	1.4%	Top 10	8.6%	1.4%
\$100 million or more	1.6%	0.1%	\$100 million or more	4.2%	0.3%
\$10 million up to \$100 million	11.8%	4.9%	\$10 million up to \$100 million	7.3%	3.3%
\$1 million up to \$10 million	2.1%	7.9%	\$1 million up to \$10 million	1.9%	7.4%
Under \$1 million	0.2%	15.2%	Under \$1 million	0.2%	28.1%
<b>School Boards</b>	<b>24.4%</b>	<b>10.1%</b>	<b>Other</b>	<b>5.3%</b>	<b>2.9%</b>
Top 10	18.0%	1.4%	Top 10	4.8%	1.4%
\$100 million or more	13.9%	0.7%	\$100 million or more	2.9%	0.3%
\$10 million up to \$100 million	9.6%	3.4%	\$10 million up to \$100 million	2.2%	1.0%
\$1 million up to \$10 million	0.9%	2.2%	\$1 million up to \$10 million	0.2%	0.7%
Under \$1 million	0.0%	3.8%	Under \$1 million	0.0%	1.0%



**Total Fund Value: \$10,055,078,159**



**Total Active Participant Count: 730**

Note: Active accounts include only those participant accounts valued above zero.

## COMPLIANCE WITH INVESTMENT POLICY FOR APRIL 2017

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
<b><u>Florida PRIME's Investment Policy</u></b>	
Securities must be USD denominated.	Pass
<b><u>Ratings requirements</u></b>	
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 <sup>1</sup>	Pass
<b><u>Maturity</u></b>	
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
<b><u>Issuer Diversification</u></b>	
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. <sup>2</sup>	Pass
<b><u>Demand Feature and Guarantor Diversification</u></b>	
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
<b><u>Money Market Mutual Funds</u></b>	
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
<b><u>Concentration Tests</u></b>	
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. <sup>3</sup>	Pass
<b><u>S&amp;P Requirements</u></b>	
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

<sup>1</sup> The fund may use floating rate government securities to extend the limit up to 120 days

<sup>2</sup> 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.

<sup>3</sup> 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.



16 Florida PRIME<sup>TM</sup> Monthly Summary Report - April 2017

## TRADING ACTIVITY FOR APRIL 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
ATLANTIC ASSET SECUCPABS4	04/25/17	04/24/17	04/24/17	15,000,000	14,999,621	0	14,999,621	0
ATLANTIC ASSET SECUCPABS4	04/26/17	04/25/17	04/25/17	35,500,000	35,499,103	0	35,499,103	0
ATLANTIC ASSET SECUCPABS4	04/26/17	04/25/17	04/25/17	50,000,000	49,998,736	0	49,998,736	0
ATLANTIC ASSET SECUCPABS4	04/26/17	04/25/17	04/25/17	50,000,000	49,998,736	0	49,998,736	0
ATLANTIC ASSET SECUCPABS4	04/26/17	04/25/17	04/25/17	50,000,000	49,998,736	0	49,998,736	0
ATLANTIC ASSET SECUCPABS4	04/27/17	04/26/17	04/26/17	50,000,000	49,998,736	0	49,998,736	0
ATLANTIC ASSET SECUCPABS4	04/27/17	04/26/17	04/26/17	50,000,000	49,998,736	0	49,998,736	0
ATLANTIC ASSET SECUCPABS4	04/27/17	04/26/17	04/26/17	50,000,000	49,998,736	0	49,998,736	0
ATLANTIC ASSET SECUCPABS4	04/27/17	04/26/17	04/26/17	15,000,000	14,999,621	0	14,999,621	0
ATLANTIC ASSET SECUCPABS4	04/27/17	04/26/17	04/26/17	50,000,000	49,998,736	0	49,998,736	0
ATLANTIC ASSET SECUCPABS4	04/27/17	04/26/17	04/26/17	50,000,000	49,998,736	0	49,998,736	0
ATLANTIC ASSET SECUCPABS4	04/28/17	04/27/17	04/27/17	50,000,000	49,998,736	0	49,998,736	0
ATLANTIC ASSET SECUCPABS4	04/28/17	04/27/17	04/27/17	44,554,000	44,552,874	0	44,552,874	0
ATLANTIC ASSET SECUCPABS4	06/01/17	04/03/17	04/03/17	9,200,000	9,184,168	0	9,184,168	0
BANK OF NOVA SCOTIACP4-2	04/18/17	04/17/17	04/17/17	50,000,000	49,998,750	0	49,998,750	0
BANK OF NOVA SCOTIACP4-2	04/18/17	04/17/17	04/17/17	16,500,000	16,499,588	0	16,499,588	0
BANK OF MONTREAL/CHICAGO IL	01/04/18	04/04/17	04/05/17	43,000,000	43,000,000	0	43,000,000	0
BARTON CAPITAL LLCPCABS4-	04/20/17	04/19/17	04/19/17	50,000,000	49,998,736	0	49,998,736	0
BARTON CAPITAL LLCPCABS4-	04/20/17	04/19/17	04/19/17	20,000,000	19,999,494	0	19,999,494	0
BARTON CAPITAL LLCPCABS4-	04/24/17	04/21/17	04/21/17	50,000,000	49,996,208	0	49,996,208	0
BARTON CAPITAL LLCPCABS4-	04/24/17	04/21/17	04/21/17	50,000,000	49,996,208	0	49,996,208	0
BARTON CAPITAL LLCPCABS4-	04/24/17	04/21/17	04/21/17	6,000,000	5,999,545	0	5,999,545	0
BARTON CAPITAL LLCPCABS4-	04/25/17	04/24/17	04/24/17	48,000,000	47,998,787	0	47,998,787	0
BARTON CAPITAL LLCPCABS4-	04/25/17	04/24/17	04/24/17	39,000,000	38,999,014	0	38,999,014	0
BARTON CAPITAL LLCPCABS4-	04/26/17	04/25/17	04/25/17	32,000,000	31,999,191	0	31,999,191	0
BARTON CAPITAL LLCPCABS4-	05/01/17	04/28/17	04/28/17	50,000,000	49,996,208	0	49,996,208	0
BARTON CAPITAL LLCPCABS4-	05/03/17	04/26/17	04/26/17	38,000,000	37,993,054	0	37,993,054	0
BARTON CAPITAL LLCPCABS4-	05/04/17	04/27/17	04/27/17	50,000,000	49,990,861	0	49,990,861	0
BARTON CAPITAL LLCPCABS4-	05/04/17	04/27/17	04/27/17	10,000,000	9,998,172	0	9,998,172	0
BARTON CAPITAL LLCPCABS4-	06/09/17	04/10/17	04/10/17	50,000,000	49,912,500	0	49,912,500	0
BARTON CAPITAL LLCPCABS4-	06/09/17	04/10/17	04/10/17	50,000,000	49,912,500	0	49,912,500	0
BARTON CAPITAL LLCPCABS4-	06/09/17	04/10/17	04/11/17	50,000,000	49,913,958	0	49,913,958	0
BEDFORD ROW FUNDING CORP	10/10/17	04/05/17	04/07/17	22,000,000	22,000,000	0	22,000,000	0
BNP PARIBAS SACP4-2	04/04/17	04/03/17	04/03/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/04/17	04/03/17	04/03/17	25,000,000	24,999,368	0	24,999,368	0
BNP PARIBAS SACP4-2	04/05/17	04/04/17	04/04/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/05/17	04/04/17	04/04/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/05/17	04/04/17	04/04/17	30,100,000	30,099,239	0	30,099,239	0
BNP PARIBAS SACP4-2	04/05/17	04/04/17	04/04/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/06/17	04/05/17	04/05/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/06/17	04/05/17	04/05/17	43,500,000	43,498,900	0	43,498,900	0
BNP PARIBAS SACP4-2	04/06/17	04/05/17	04/05/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/07/17	04/06/17	04/06/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/07/17	04/06/17	04/06/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/07/17	04/06/17	04/06/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/07/17	04/06/17	04/06/17	7,000,000	6,999,823	0	6,999,823	0
BNP PARIBAS SACP4-2	04/07/17	04/06/17	04/06/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/10/17	04/07/17	04/07/17	50,000,000	49,996,209	0	49,996,209	0
BNP PARIBAS SACP4-2	04/10/17	04/07/17	04/07/17	50,000,000	49,996,209	0	49,996,209	0
BNP PARIBAS SACP4-2	04/10/17	04/07/17	04/07/17	50,000,000	49,996,209	0	49,996,209	0
BNP PARIBAS SACP4-2	04/10/17	04/07/17	04/07/17	50,000,000	49,996,209	0	49,996,209	0
BNP PARIBAS SACP4-2	04/10/17	04/07/17	04/07/17	5,250,000	5,249,602	0	5,249,602	0
BNP PARIBAS SACP4-2	04/21/17	04/20/17	04/20/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/21/17	04/20/17	04/20/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/21/17	04/20/17	04/20/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/21/17	04/20/17	04/20/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/21/17	04/20/17	04/20/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/21/17	04/20/17	04/20/17	45,000,000	44,998,863	0	44,998,863	0



## TRADING ACTIVITY FOR APRIL 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BNP PARIBAS SACP4-2	04/24/17	04/21/17	04/21/17	50,000,000	49,996,208	0	49,996,208	0
BNP PARIBAS SACP4-2	04/25/17	04/24/17	04/24/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/25/17	04/24/17	04/24/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/25/17	04/24/17	04/24/17	40,000,000	39,998,989	0	39,998,989	0
BNP PARIBAS SACP4-2	04/25/17	04/24/17	04/24/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/25/17	04/24/17	04/24/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/25/17	04/24/17	04/24/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/26/17	04/25/17	04/25/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/26/17	04/25/17	04/25/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/26/17	04/25/17	04/25/17	37,500,000	37,499,052	0	37,499,052	0
BNP PARIBAS SACP4-2	04/27/17	04/26/17	04/26/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/27/17	04/26/17	04/26/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/27/17	04/26/17	04/26/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/27/17	04/26/17	04/26/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/27/17	04/26/17	04/26/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/28/17	04/27/17	04/27/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/28/17	04/27/17	04/27/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/28/17	04/27/17	04/27/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	04/28/17	04/27/17	04/27/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	05/01/17	04/28/17	04/28/17	50,000,000	49,996,583	0	49,996,583	0
BNP PARIBAS SACP4-2	05/01/17	04/28/17	04/28/17	5,000,000	4,999,658	0	4,999,658	0
BNP PARIBAS SACP4-2	05/01/17	04/28/17	04/28/17	50,000,000	49,996,583	0	49,996,583	0
BNP PARIBAS SACP4-2	07/06/17	04/05/17	04/05/17	50,000,000	49,854,333	0	49,854,333	0
BNP PARIBAS SACP4-2	07/06/17	04/05/17	04/05/17	45,000,000	44,868,900	0	44,868,900	0
BNP PARIBAS SACP4-2	07/07/17	04/06/17	04/06/17	50,000,000	49,854,333	0	49,854,333	0
BNP PARIBAS SACP4-2	07/07/17	04/06/17	04/06/17	25,000,000	24,927,167	0	24,927,167	0
BNP PARIBAS SACP	04/20/17	04/19/17	04/19/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP	04/20/17	04/19/17	04/19/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP	04/20/17	04/19/17	04/19/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP	04/20/17	04/19/17	04/19/17	40,000,000	39,998,989	0	39,998,989	0
BNP PARIBAS SACP	04/20/17	04/19/17	04/19/17	50,000,000	49,998,736	0	49,998,736	0
CAFCO, LLC/PABS4-2	09/12/17	04/12/17	04/12/17	26,000,000	25,861,875	0	25,861,875	0
CANADIAN IMPERIAL BANK OF COMMERCE/NEW YORK NY	01/12/18	04/12/17	04/12/17	50,000,000	50,000,000	0	50,000,000	0
CANADIAN IMPERIAL BANK OF COMMERCE/NEW YORK NY	01/12/18	04/12/17	04/12/17	45,000,000	45,000,000	0	45,000,000	0
CANADIAN IMPERIAL BANK OF COMMERCE	04/19/18	04/19/17	04/19/17	50,000,000	50,000,000	0	50,000,000	0
CIESCO, LLC/PABS4-2	04/26/17	04/25/17	04/25/17	4,700,000	4,699,883	0	4,699,883	0
CIESCO, LLC/PABS4-2	08/08/17	04/10/17	04/10/17	23,000,000	22,908,000	0	22,908,000	0
COMMONWEALTH BANK OF AUSTRALIA	03/29/18	04/05/17	04/06/17	20,000,000	20,000,000	0	20,000,000	0
COMMONWEALTH BANK OF AUSTRALIA	01/10/18	04/12/17	04/13/17	50,000,000	50,000,000	0	50,000,000	0
COMMONWEALTH BANK OF AUSTRALIA	01/10/18	04/12/17	04/13/17	25,000,000	25,000,000	0	25,000,000	0
RABOBANK NEDERLAND CP	04/05/17	04/04/17	04/04/17	50,000,000	49,998,750	0	49,998,750	0
RABOBANK NEDERLAND CP	04/05/17	04/04/17	04/04/17	50,000,000	49,998,750	0	49,998,750	0
RABOBANK NEDERLAND CP	04/05/17	04/04/17	04/04/17	50,000,000	49,998,750	0	49,998,750	0
RABOBANK NEDERLAND CP	04/05/17	04/04/17	04/04/17	50,000,000	49,998,750	0	49,998,750	0
RABOBANK NEDERLAND CP	04/05/17	04/04/17	04/04/17	50,000,000	49,998,750	0	49,998,750	0
RABOBANK NEDERLAND CP	04/05/17	04/04/17	04/04/17	18,595,000	18,594,535	0	18,594,535	0
COOPERATIEVE RABOBANK UA/NY	04/06/17	04/05/17	04/05/17	50,000,000	49,998,750	0	49,998,750	0
COOPERATIEVE RABOBANK UA/NY	04/06/17	04/05/17	04/05/17	50,000,000	49,998,750	0	49,998,750	0
COOPERATIEVE RABOBANK UA/NY	04/06/17	04/05/17	04/05/17	50,000,000	49,998,750	0	49,998,750	0
COOPERATIEVE RABOBANK UA/NY	04/06/17	04/05/17	04/05/17	34,150,000	34,149,146	0	34,149,146	0
RABOBANK NEDERLAND CP	04/10/17	04/07/17	04/07/17	50,000,000	49,996,250	0	49,996,250	0
RABOBANK NEDERLAND CP	04/10/17	04/07/17	04/07/17	50,000,000	49,996,250	0	49,996,250	0
RABOBANK NEDERLAND CP	04/10/17	04/07/17	04/07/17	50,000,000	49,996,250	0	49,996,250	0
RABOBANK NEDERLAND CP	04/10/17	04/07/17	04/07/17	48,300,000	48,296,378	0	48,296,378	0

## TRADING ACTIVITY FOR APRIL 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
RABOBANK NEDERLAND CP	04/10/17	04/07/17	04/07/17	50,000,000	49,996,250	0	49,996,250	0
RABOBANK NEDERLAND CP	04/20/17	04/19/17	04/19/17	50,000,000	49,998,750	0	49,998,750	0
RABOBANK NEDERLAND CP	04/20/17	04/19/17	04/19/17	50,000,000	49,998,750	0	49,998,750	0
RABOBANK NEDERLAND CP	04/20/17	04/19/17	04/19/17	42,686,000	42,684,933	0	42,684,933	0
RABOBANK NEDERLAND CP	04/20/17	04/19/17	04/19/17	50,000,000	49,998,750	0	49,998,750	0
RABOBANK NEDERLAND CP	04/20/17	04/19/17	04/19/17	50,000,000	49,998,750	0	49,998,750	0
RABOBANK NEDERLAND CP	04/20/17	04/19/17	04/19/17	50,000,000	49,998,750	0	49,998,750	0
RABOBANK NEDERLAND CP	04/20/17	04/19/17	04/19/17	50,000,000	49,998,750	0	49,998,750	0
RABOBANK NEDERLAND CP	04/24/17	04/21/17	04/21/17	50,000,000	49,996,250	0	49,996,250	0
RABOBANK NEDERLAND CP	04/24/17	04/21/17	04/21/17	50,000,000	49,996,250	0	49,996,250	0
RABOBANK NEDERLAND CP	04/24/17	04/21/17	04/21/17	50,000,000	49,996,250	0	49,996,250	0
RABOBANK NEDERLAND CP	04/24/17	04/21/17	04/21/17	33,300,000	33,297,503	0	33,297,503	0
RABOBANK NEDERLAND CP	04/24/17	04/21/17	04/21/17	50,000,000	49,996,250	0	49,996,250	0
RABOBANK NEDERLAND CP	04/24/17	04/21/17	04/21/17	50,000,000	49,996,250	0	49,996,250	0
RABOBANK NEDERLAND CP	04/24/17	04/21/17	04/21/17	50,000,000	49,996,250	0	49,996,250	0
RABOBANK NEDERLAND CP	04/25/17	04/24/17	04/24/17	50,000,000	49,998,750	0	49,998,750	0
COOPERATIEVE RABOBANK UA/NY	04/26/17	04/25/17	04/25/17	50,000,000	49,998,750	0	49,998,750	0
COOPERATIEVE RABOBANK UA/NY	04/26/17	04/25/17	04/25/17	13,396,000	13,395,665	0	13,395,665	0
COOPERATIEVE RABOBANK UA/NY	04/28/17	04/27/17	04/27/17	35,845,000	35,844,104	0	35,844,104	0
COOPERATIEVE RABOBANK UA/NY	04/28/17	04/27/17	04/27/17	50,000,000	49,998,750	0	49,998,750	0
COOPERATIEVE RABOBANK UA/NY	04/28/17	04/27/17	04/27/17	50,000,000	49,998,750	0	49,998,750	0
CREDIT AGRICOLE CORCP	04/05/17	04/04/17	04/04/17	35,000,000	34,999,115	0	34,999,115	0
CREDIT AGRICOLE CORCP	04/05/17	04/04/17	04/04/17	50,000,000	49,998,736	0	49,998,736	0
CREDIT AGRICOLE CORCP	04/06/17	04/05/17	04/05/17	50,000,000	49,998,736	0	49,998,736	0
CREDIT AGRICOLE CORCP	04/06/17	04/05/17	04/05/17	50,000,000	49,998,736	0	49,998,736	0
CREDIT AGRICOLE CORCP	04/06/17	04/05/17	04/05/17	40,000,000	39,998,989	0	39,998,989	0
CREDIT AGRICOLE CORCP	04/07/17	04/06/17	04/06/17	50,000,000	49,998,736	0	49,998,736	0
CREDIT AGRICOLE CORCP	04/07/17	04/06/17	04/06/17	50,000,000	49,998,736	0	49,998,736	0
CREDIT AGRICOLE CORCP	04/07/17	04/06/17	04/06/17	50,000,000	49,998,736	0	49,998,736	0
CREDIT AGRICOLE CORCP	04/07/17	04/06/17	04/06/17	25,000,000	24,999,368	0	24,999,368	0
CREDIT AGRICOLE CORCP	04/10/17	04/07/17	04/07/17	50,000,000	49,996,208	0	49,996,208	0
CREDIT AGRICOLE CORCP	04/10/17	04/07/17	04/07/17	50,000,000	49,996,208	0	49,996,208	0
CREDIT AGRICOLE CORCP	04/21/17	04/20/17	04/20/17	50,000,000	49,998,736	0	49,998,736	0
CREDIT AGRICOLE CORCP	04/21/17	04/20/17	04/20/17	50,000,000	49,998,736	0	49,998,736	0
CREDIT AGRICOLE CORCP	04/21/17	04/20/17	04/20/17	50,000,000	49,998,736	0	49,998,736	0
CREDIT AGRICOLE CORCP	04/21/17	04/20/17	04/20/17	25,000,000	24,999,368	0	24,999,368	0
CREDIT INDUSTRIEL ECDYAN	04/18/17	04/11/17	04/11/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	04/18/17	04/11/17	04/11/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	04/18/17	04/11/17	04/11/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	04/18/17	04/11/17	04/11/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	04/18/17	04/11/17	04/11/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	04/25/17	04/18/17	04/18/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	04/25/17	04/18/17	04/18/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	04/25/17	04/18/17	04/18/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	04/25/17	04/18/17	04/18/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT SUISSE/NEW YORK NY	05/26/17	04/05/17	04/10/17	1,290,000	1,290,361	6,602	1,296,963	0
CREDIT SUISSE/NEW YORK NY	05/26/17	04/06/17	04/10/17	16,500,000	16,504,620	84,448	16,589,068	0
CREDIT SUISSE/NEW YORK NY	05/26/17	04/07/17	04/12/17	4,000,000	4,001,080	20,778	4,021,858	0
CREDIT SUISSE/NEW YORK NY	05/26/17	04/07/17	04/11/17	15,000,000	15,004,275	77,344	15,081,619	0
CREDIT SUISSE/NEW YORK NY	05/26/17	04/28/17	04/28/17	50,000,000	50,013,500	290,278	50,303,778	0
CREDIT SUISSE/NEW YORK NY	05/26/17	04/28/17	04/28/17	18,763,000	18,768,066	108,930	18,876,996	0
CREDIT SUISSE/NEW YORK NY	05/26/17	04/28/17	05/03/17	5,000,000	5,001,100	29,983	5,031,083	0
CREDIT SUISSE AG/NEW YORK NY	05/26/17	04/07/17	04/10/17	8,075,000	8,079,118	14,530	8,093,648	0
DNB NOR BANK ASACDYAN	05/02/17	04/25/17	04/25/17	50,000,000	50,000,000	0	50,000,000	0

## TRADING ACTIVITY FOR APRIL 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
DNB NOR BANK ASACDYAN	05/02/17	04/25/17	04/25/17	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	05/02/17	04/25/17	04/25/17	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	05/02/17	04/25/17	04/25/17	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	05/02/17	04/25/17	04/25/17	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	05/02/17	04/25/17	04/25/17	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	05/02/17	04/25/17	04/25/17	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	05/02/17	04/25/17	04/25/17	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	05/02/17	04/25/17	04/25/17	50,000,000	50,000,000	0	50,000,000	0
FAIRWAY FINANCE CO,CPABS4	04/07/17	04/06/17	04/06/17	7,755,000	7,754,806	0	7,754,806	0
FAIRWAY FINANCE CO,CPABS4	05/02/17	04/27/17	04/27/17	25,000,000	24,996,875	0	24,996,875	0
FIORE CAPITAL LLC	08/01/45	04/12/17	04/13/17	10,300,000	10,300,000	2,650	10,302,650	0
GOTHAM FUNDING CORPCABS4	05/16/17	04/04/17	04/04/17	28,500,000	28,465,753	0	28,465,753	0
KAISER FOUNDATION HCP	04/11/17	04/10/17	04/10/17	50,000,000	49,998,750	0	49,998,750	0
KAISER FOUNDATION HCP	04/11/17	04/10/17	04/10/17	8,902,000	8,901,777	0	8,901,777	0
KAISER FOUNDATION HCP	04/12/17	04/11/17	04/11/17	50,000,000	49,998,750	0	49,998,750	0
KAISER FOUNDATION HCP	04/12/17	04/11/17	04/11/17	8,452,000	8,451,789	0	8,451,789	0
KAISER FOUNDATION HCP	04/17/17	04/13/17	04/13/17	50,000,000	49,994,833	0	49,994,833	0
KAISER FOUNDATION HCP	04/17/17	04/13/17	04/13/17	8,450,000	8,449,127	0	8,449,127	0
KAISER FOUNDATION HCP	04/24/17	04/17/17	04/17/17	8,912,000	8,910,354	0	8,910,354	0
KAISER FOUNDATION HCP	04/24/17	04/17/17	04/17/17	50,000,000	49,990,764	0	49,990,764	0
KAISER FOUNDATION HCP	04/25/17	04/24/17	04/24/17	50,000,000	49,998,750	0	49,998,750	0
KAISER FOUNDATION HCP	04/25/17	04/24/17	04/24/17	8,902,000	8,901,777	0	8,901,777	0
KAISER FOUNDATION HCP	05/03/17	04/19/17	04/19/17	50,000,000	49,980,944	0	49,980,944	0
KAISER FOUNDATION HCP	05/03/17	04/19/17	04/19/17	13,126,000	13,120,998	0	13,120,998	0
KAISER FOUNDATION HCP	07/13/17	04/12/17	04/12/17	46,500,000	46,364,530	0	46,364,530	0
LMA-AMERICAS LLCCPABS4-2	04/04/17	04/03/17	04/03/17	48,550,000	48,548,746	0	48,548,746	0
LMA-AMERICAS LLCCPABS4-2	04/04/17	04/03/17	04/03/17	50,000,000	49,998,708	0	49,998,708	0
LMA-AMERICAS LLCCPABS4-2	04/05/17	04/04/17	04/04/17	50,000,000	49,998,708	0	49,998,708	0
LMA-AMERICAS LLCCPABS4-2	04/05/17	04/04/17	04/04/17	50,000,000	49,998,708	0	49,998,708	0
LMA-AMERICAS LLCCPABS4-2	04/05/17	04/04/17	04/04/17	6,000,000	5,999,845	0	5,999,845	0
LMA-AMERICAS LLCCPABS4-2	04/10/17	04/07/17	04/07/17	50,000,000	49,996,125	0	49,996,125	0
LMA-AMERICAS LLCCPABS4-2	04/10/17	04/07/17	04/07/17	25,000,000	24,998,063	0	24,998,063	0
LMA-AMERICAS LLCCPABS4-2	04/11/17	04/10/17	04/10/17	50,000,000	49,998,708	0	49,998,708	0
LMA-AMERICAS LLCCPABS4-2	04/11/17	04/10/17	04/10/17	25,000,000	24,999,354	0	24,999,354	0
LMA-AMERICAS LLCCPABS4-2	04/12/17	04/05/17	04/05/17	50,000,000	49,990,764	0	49,990,764	0
LMA-AMERICAS LLCCPABS4-2	04/12/17	04/05/17	04/05/17	46,400,000	46,391,429	0	46,391,429	0
LMA-AMERICAS LLCCPABS4-2	04/12/17	04/11/17	04/11/17	50,000,000	49,998,708	0	49,998,708	0
LMA-AMERICAS LLCCPABS4-2	04/12/17	04/11/17	04/11/17	25,000,000	24,999,354	0	24,999,354	0
LMA-AMERICAS LLCCPABS4-2	04/19/17	04/12/17	04/12/17	50,000,000	49,990,764	0	49,990,764	0
LMA-AMERICAS LLCCPABS4-2	04/19/17	04/12/17	04/12/17	43,000,000	42,992,057	0	42,992,057	0
LMA-AMERICAS LLCCPABS4-2	04/25/17	04/24/17	04/24/17	50,000,000	49,998,708	0	49,998,708	0
LMA-AMERICAS LLCCPABS4-2	04/25/17	04/24/17	04/24/17	24,300,000	24,299,372	0	24,299,372	0
LMA-AMERICAS LLCCPABS4-2	04/27/17	04/26/17	04/26/17	35,000,000	34,999,096	0	34,999,096	0
LMA-AMERICAS LLCCPABS4-2	04/28/17	04/27/17	04/27/17	10,000,000	9,999,742	0	9,999,742	0
LMA-AMERICAS LLCCPABS4-2	05/02/17	04/28/17	04/28/17	50,000,000	49,995,278	0	49,995,278	0
LMA-AMERICAS LLCCPABS4-2	05/04/17	04/27/17	04/27/17	50,000,000	49,990,958	0	49,990,958	0
LMA-AMERICAS LLCCPABS4-2	05/04/17	04/27/17	04/27/17	6,000,000	5,998,915	0	5,998,915	0
LMA-AMERICAS LLCCPABS4-2	05/17/17	04/20/17	04/21/17	20,000,000	19,985,556	0	19,985,556	0
LMA-AMERICAS LLCCPABS4-2	05/22/17	04/19/17	04/19/17	25,000,000	24,977,771	0	24,977,771	0
LMA-AMERICAS LLCCPABS4-2	05/23/17	04/20/17	04/20/17	50,000,000	49,954,625	0	49,954,625	0
LMA-AMERICAS LLCCPABS4-2	05/23/17	04/20/17	04/20/17	50,000,000	49,954,625	0	49,954,625	0
LMA-AMERICAS LLCCPABS4-2	06/06/17	04/07/17	04/07/17	50,000,000	49,911,667	0	49,911,667	0
LMA-AMERICAS LLCCPABS4-2	06/06/17	04/07/17	04/07/17	10,000,000	9,982,333	0	9,982,333	0
MALAYAN BANKING BERCPLOC	10/16/17	04/19/17	04/19/17	35,000,000	34,748,000	0	34,748,000	0
MALAYAN BANKING BERCPLOC	10/31/17	04/25/17	04/25/17	8,500,000	8,435,294	0	8,435,294	0
MANHATTAN ASSET FUNCPABS4	04/17/17	04/10/17	04/10/17	26,585,000	26,580,193	0	26,580,193	0
MANHATTAN ASSET FUNCPABS4	04/24/17	04/17/17	04/17/17	45,935,000	45,926,515	0	45,926,515	0
MIZUHO BANK LTD/NY	04/21/17	04/12/17	04/12/17	30,000,000	30,004,890	29,445	30,034,335	0
NRW,BANKCP	08/04/17	04/11/17	04/11/17	50,000,000	49,821,111	0	49,821,111	0



## TRADING ACTIVITY FOR APRIL 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
NRW,BANKCP	08/04/17	04/11/17	04/11/17	4,500,000	4,483,900	0	4,483,900	0
NRW,BANKCP	08/04/17	04/11/17	04/11/17	50,000,000	49,821,111	0	49,821,111	0
NRW,BANKCP	08/15/17	04/12/17	04/13/17	50,000,000	49,801,944	0	49,801,944	0
NRW,BANKCP	08/15/17	04/12/17	04/13/17	50,000,000	49,801,944	0	49,801,944	0
NATIONAL AUSTRALIA BANK LTD	04/06/18	04/05/17	04/07/17	50,000,000	50,000,000	0	50,000,000	0
NATIONAL AUSTRALIA BANK LTD	04/06/18	04/05/17	04/07/17	3,000,000	3,000,000	0	3,000,000	0
OLD LINE FUNDING LLC	10/17/17	04/07/17	04/11/17	40,000,000	40,000,000	0	40,000,000	0
OLD LINE FUNDING LLC	01/09/18	04/12/17	04/12/17	37,300,000	37,300,000	0	37,300,000	0
SOCIETE GENERALE, PCP4-2	04/10/17	04/07/17	04/07/17	50,000,000	49,996,250	0	49,996,250	0
SOCIETE GENERALE, PCP4-2	04/10/17	04/07/17	04/07/17	50,000,000	49,996,250	0	49,996,250	0
SOCIETE GENERALE, PCP4-2	04/18/17	04/17/17	04/17/17	50,000,000	49,998,750	0	49,998,750	0
SOCIETE GENERALE, PCP4-2	04/19/17	04/18/17	04/18/17	50,000,000	49,998,750	0	49,998,750	0
SOCIETE GENERALE, PCP4-2	04/19/17	04/18/17	04/18/17	22,000,000	21,999,450	0	21,999,450	0
STARBIRD FUNDING COCPAB54	04/04/17	04/03/17	04/03/17	39,000,000	38,998,982	0	38,998,982	0
STARBIRD FUNDING COCPAB54	05/01/17	04/28/17	04/28/17	50,000,000	49,996,042	0	49,996,042	0
STARBIRD FUNDING COCPAB54	05/01/17	04/28/17	04/28/17	32,000,000	31,997,467	0	31,997,467	0
SUMITOMO MITSUI TRUCDYAN	04/11/17	04/04/17	04/04/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/11/17	04/04/17	04/04/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/11/17	04/04/17	04/04/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/11/17	04/04/17	04/04/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/18/17	04/11/17	04/11/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/18/17	04/11/17	04/11/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/18/17	04/11/17	04/11/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/18/17	04/11/17	04/11/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/18/17	04/11/17	04/11/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/18/17	04/11/17	04/11/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/18/17	04/11/17	04/11/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/25/17	04/18/17	04/18/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/25/17	04/18/17	04/18/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/25/17	04/18/17	04/18/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/25/17	04/18/17	04/18/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/25/17	04/18/17	04/18/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/25/17	04/18/17	04/18/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/25/17	04/18/17	04/18/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/25/17	04/18/17	04/18/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	05/02/17	04/25/17	04/25/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	05/02/17	04/25/17	04/25/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	05/02/17	04/25/17	04/25/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	05/02/17	04/25/17	04/25/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	05/02/17	04/25/17	04/25/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	05/02/17	04/25/17	04/25/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	05/05/17	04/28/17	04/28/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	05/05/17	04/28/17	04/28/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	05/05/17	04/28/17	04/28/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	05/05/17	04/28/17	04/28/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	05/05/17	04/28/17	04/28/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	05/05/17	04/28/17	04/28/17	50,000,000	50,000,000	0	50,000,000	0
TOYOTA MOTOR FINANCE NETHERLANDS BV	01/11/18	04/19/17	04/21/17	50,000,000	50,000,000	0	50,000,000	0
WELLS FARGO BANK NA	10/11/17	04/11/17	04/11/17	40,000,000	39,998,001	0	39,998,001	0
WESTPAC BANKING CORP	03/29/18	04/04/17	04/05/17	50,000,000	50,000,000	0	50,000,000	0
WESTPAC BANKING CORP	03/29/18	04/04/17	04/05/17	50,000,000	50,000,000	0	50,000,000	0
WESTPAC BANKING CORP	03/29/18	04/04/17	04/05/17	7,000,000	7,000,000	0	7,000,000	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/03/17	04/03/17	708,192	708,192	0	708,192	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/04/17	04/04/17	558,166	558,166	0	558,166	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/06/17	04/06/17	3,863,041	3,863,041	0	3,863,041	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/10/17	04/10/17	3,644,053	3,644,053	0	3,644,053	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/19/17	04/19/17	413,698	413,698	0	413,698	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/20/17	04/20/17	928,616	928,616	0	928,616	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/21/17	04/21/17	1,825,581	1,825,581	0	1,825,581	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/25/17	04/25/17	863,631	863,631	0	863,631	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/27/17	04/27/17	770,509	770,509	0	770,509	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/28/17	04/28/17	1,924,626	1,924,626	0	1,924,626	0
FEDERATED INS PRMVAL OB-IS	12/01/50	04/07/17	04/07/17	104,968,509	105,000,000	0	105,000,000	0
FEDERATED INS PRMVAL OB-IS	12/01/50	04/10/17	04/10/17	29,991,003	30,000,000	0	30,000,000	0
MIZUHO TRIPARTY	04/04/17	04/03/17	04/03/17	15,000,000	15,000,000	0	15,000,000	0

## TRADING ACTIVITY FOR APRIL 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	04/04/17	04/03/17	04/03/17	170,000,000	170,000,000	0	170,000,000	0
MIZUHO TRIPARTY	04/05/17	04/04/17	04/04/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/05/17	04/04/17	04/04/17	245,000,000	245,000,000	0	245,000,000	0
MIZUHO TRIPARTY	04/06/17	04/05/17	04/05/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/06/17	04/05/17	04/05/17	140,000,000	140,000,000	0	140,000,000	0
MIZUHO TRIPARTY	04/07/17	04/06/17	04/06/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/07/17	04/06/17	04/06/17	310,000,000	310,000,000	0	310,000,000	0
MIZUHO TRIPARTY	04/10/17	04/07/17	04/07/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/10/17	04/07/17	04/07/17	130,000,000	130,000,000	0	130,000,000	0
MIZUHO TRIPARTY	04/11/17	04/10/17	04/10/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/11/17	04/10/17	04/10/17	205,000,000	205,000,000	0	205,000,000	0
MIZUHO TRIPARTY	04/12/17	04/11/17	04/11/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/12/17	04/11/17	04/11/17	290,000,000	290,000,000	0	290,000,000	0
MIZUHO TRIPARTY	04/13/17	04/12/17	04/12/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/13/17	04/12/17	04/12/17	20,000,000	20,000,000	0	20,000,000	0
MIZUHO TRIPARTY	04/17/17	04/13/17	04/13/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/17/17	04/13/17	04/13/17	195,000,000	195,000,000	0	195,000,000	0
MIZUHO TRIPARTY	04/18/17	04/17/17	04/17/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/18/17	04/17/17	04/17/17	400,000,000	400,000,000	0	400,000,000	0
MIZUHO TRIPARTY	04/19/17	04/18/17	04/18/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/19/17	04/18/17	04/18/17	290,000,000	290,000,000	0	290,000,000	0
MIZUHO TRIPARTY	04/20/17	04/19/17	04/19/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/20/17	04/19/17	04/19/17	240,000,000	240,000,000	0	240,000,000	0
MIZUHO TRIPARTY	04/21/17	04/20/17	04/20/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/21/17	04/20/17	04/20/17	225,000,000	225,000,000	0	225,000,000	0
MIZUHO TRIPARTY	04/24/17	04/21/17	04/21/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/24/17	04/21/17	04/21/17	270,000,000	270,000,000	0	270,000,000	0
MIZUHO TRIPARTY	04/25/17	04/24/17	04/24/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/25/17	04/24/17	04/24/17	225,000,000	225,000,000	0	225,000,000	0
MIZUHO TRIPARTY	04/26/17	04/25/17	04/25/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/26/17	04/25/17	04/25/17	285,000,000	285,000,000	0	285,000,000	0
MIZUHO TRIPARTY	04/27/17	04/26/17	04/26/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/27/17	04/26/17	04/26/17	280,000,000	280,000,000	0	280,000,000	0
MIZUHO TRIPARTY	04/28/17	04/27/17	04/27/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/28/17	04/27/17	04/27/17	300,000,000	300,000,000	0	300,000,000	0
MIZUHO TRIPARTY	05/01/17	04/28/17	04/28/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/01/17	04/28/17	04/28/17	140,000,000	140,000,000	0	140,000,000	0
<i>Total Buys</i>				<i>18,987,831,625</i>	<i>18,984,825,949</i>	<i>664,987</i>	<i>18,985,490,936</i>	<i>0</i>
<i>Cash Close</i>								
ALPINE SECURITIZATION CORP	05/16/17	04/11/17	04/11/17	27,000,000	27,000,000	32,647	27,032,647	0
<i>Total Cash Close</i>				<i>27,000,000</i>	<i>27,000,000</i>	<i>32,647</i>	<i>27,032,647</i>	<i>0</i>
<i>Deposits</i>								
SVENSKA HANDELSBANKTDCAY 0.91 20170404	04/04/17	04/03/17	04/03/17	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170405	04/05/17	04/04/17	04/04/17	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170406	04/06/17	04/05/17	04/05/17	510,000,000	510,000,000	0	510,000,000	0
STANDARD CHARTERED TD 0.92 20170406	04/06/17	04/05/17	04/05/17	50,000,000	50,000,000	0	50,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170407	04/07/17	04/06/17	04/06/17	500,000,000	500,000,000	0	500,000,000	0
STANDARD CHARTERED TD 0.93 20170413	04/13/17	04/07/17	04/07/17	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170410	04/10/17	04/07/17	04/07/17	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170411	04/11/17	04/10/17	04/10/17	500,000,000	500,000,000	0	500,000,000	0
NATIONAL AUSTRALIA TDCAY 0.9 20170411	04/11/17	04/10/17	04/10/17	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170412	04/12/17	04/11/17	04/11/17	510,000,000	510,000,000	0	510,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170413	04/13/17	04/12/17	04/12/17	500,000,000	500,000,000	0	500,000,000	0
STANDARD CHARTERED TD 0.93 20170420	04/20/17	04/13/17	04/13/17	235,000,000	235,000,000	0	235,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170417	04/17/17	04/13/17	04/13/17	350,000,000	350,000,000	0	350,000,000	0

## TRADING ACTIVITY FOR APRIL 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
SVENSKA HANDELSBANKTDCAY 0.91 20170418	04/18/17	04/17/17	04/17/17	350,000,000	350,000,000	0	350,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170419	04/19/17	04/18/17	04/18/17	400,000,000	400,000,000	0	400,000,000	0
NATIONAL AUSTRALIA TDCAY 0.9 20170419	04/19/17	04/18/17	04/18/17	450,000,000	450,000,000	0	450,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170420	04/20/17	04/19/17	04/19/17	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170421	04/21/17	04/20/17	04/20/17	500,000,000	500,000,000	0	500,000,000	0
STANDARD CHARTERED TD 0.93 20170427	04/27/17	04/20/17	04/20/17	485,000,000	485,000,000	0	485,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170424	04/24/17	04/21/17	04/21/17	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170425	04/25/17	04/24/17	04/24/17	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170426	04/26/17	04/25/17	04/25/17	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170427	04/27/17	04/26/17	04/26/17	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170428	04/28/17	04/27/17	04/27/17	500,000,000	500,000,000	0	500,000,000	0
STANDARD CHARTERED TD 0.91 20170504	05/04/17	04/27/17	04/27/17	425,000,000	425,000,000	0	425,000,000	0
SVENSKA HANDELSBANKTDCAY 0.83 20170501	05/01/17	04/28/17	04/28/17	500,000,000	500,000,000	0	500,000,000	0
Total Deposits				11,465,000,000	11,465,000,000	0	11,465,000,000	0
<i>Maturities</i>								
ASB FINANCE LTD/LONDON	04/12/17	04/12/17	04/12/17	25,000,000	25,000,000	0	25,000,000	0
ANGLESEA FUNDING LLC/PABS4	04/06/17	04/06/17	04/06/17	50,000,000	50,000,000	0	50,000,000	0
ANTALIS S,A, CPABS4/CPABS4	04/05/17	04/05/17	04/05/17	164,000,000	164,000,000	0	164,000,000	0
ANTALIS S,A, CPABS4/CPABS4	04/07/17	04/07/17	04/07/17	140,000,000	140,000,000	0	140,000,000	0
ANTALIS S,A, CPABS4/CPABS4	04/12/17	04/12/17	04/12/17	163,560,000	163,560,000	0	163,560,000	0
ANTALIS S,A, CPABS4/CPABS4	04/13/17	04/13/17	04/13/17	112,990,000	112,990,000	0	112,990,000	0
ANTALIS S,A, CPABS4/CPABS4	04/19/17	04/19/17	04/19/17	121,720,000	121,720,000	0	121,720,000	0
ANTALIS S,A, CPABS4/CPABS4	04/20/17	04/20/17	04/20/17	100,000,000	100,000,000	0	100,000,000	0
ANTALIS S,A, CPABS4/CPABS4	04/27/17	04/27/17	04/27/17	110,040,000	110,040,000	0	110,040,000	0
ATLANTIC ASSET SECUC/PABS4	04/03/17	04/03/17	04/03/17	194,600,000	194,600,000	0	194,600,000	0
ATLANTIC ASSET SECUC/PABS4	04/04/17	04/04/17	04/04/17	258,500,000	258,500,000	0	258,500,000	0
ATLANTIC ASSET SECUC/PABS4	04/05/17	04/05/17	04/05/17	90,000,000	90,000,000	0	90,000,000	0
ATLANTIC ASSET SECUC/PABS4	04/06/17	04/06/17	04/06/17	123,000,000	123,000,000	0	123,000,000	0
ATLANTIC ASSET SECUC/PABS4	04/07/17	04/07/17	04/07/17	259,500,000	259,500,000	0	259,500,000	0
ATLANTIC ASSET SECUC/PABS4	04/10/17	04/10/17	04/10/17	55,989,000	55,989,000	0	55,989,000	0
ATLANTIC ASSET SECUC/PABS4	04/11/17	04/11/17	04/11/17	244,160,000	244,160,000	0	244,160,000	0
ATLANTIC ASSET SECUC/PABS4	04/12/17	04/12/17	04/12/17	30,000,000	30,000,000	0	30,000,000	0
ATLANTIC ASSET SECUC/PABS4	04/13/17	04/13/17	04/13/17	202,500,000	202,500,000	0	202,500,000	0
ATLANTIC ASSET SECUC/PABS4	04/19/17	04/19/17	04/19/17	72,000,000	72,000,000	0	72,000,000	0
ATLANTIC ASSET SECUC/PABS4	04/20/17	04/20/17	04/20/17	99,000,000	99,000,000	0	99,000,000	0
ATLANTIC ASSET SECUC/PABS4	04/21/17	04/21/17	04/21/17	80,000,000	80,000,000	0	80,000,000	0
ATLANTIC ASSET SECUC/PABS4	04/25/17	04/25/17	04/25/17	165,000,000	165,000,000	0	165,000,000	0
ATLANTIC ASSET SECUC/PABS4	04/26/17	04/26/17	04/26/17	185,500,000	185,500,000	0	185,500,000	0
ATLANTIC ASSET SECUC/PABS4	04/27/17	04/27/17	04/27/17	265,000,000	265,000,000	0	265,000,000	0
ATLANTIC ASSET SECUC/PABS4	04/28/17	04/28/17	04/28/17	94,554,000	94,554,000	0	94,554,000	0
BANK OF NOVA SCOTIACP4-2	04/18/17	04/18/17	04/18/17	66,500,000	66,500,000	0	66,500,000	0
BARTON CAPITAL LLC/CPABS4	04/03/17	04/03/17	04/03/17	41,100,000	41,100,000	0	41,100,000	0
BARTON CAPITAL LLC/CPABS4	04/04/17	04/04/17	04/04/17	25,000,000	25,000,000	0	25,000,000	0
BARTON CAPITAL LLC/CPABS4	04/06/17	04/06/17	04/06/17	67,000,000	67,000,000	0	67,000,000	0
BARTON CAPITAL LLC/CPABS4	04/07/17	04/07/17	04/07/17	25,000,000	25,000,000	0	25,000,000	0
BARTON CAPITAL LLC/CPABS4	04/10/17	04/10/17	04/10/17	100,000,000	100,000,000	0	100,000,000	0
BARTON CAPITAL LLC/CPABS4	04/11/17	04/11/17	04/11/17	20,000,000	20,000,000	0	20,000,000	0
BARTON CAPITAL LLC/CPABS4	04/13/17	04/13/17	04/13/17	50,000,000	50,000,000	0	50,000,000	0
BARTON CAPITAL LLC/CPABS4	04/20/17	04/20/17	04/20/17	70,000,000	70,000,000	0	70,000,000	0
BARTON CAPITAL LLC/CPABS4	04/24/17	04/24/17	04/24/17	106,000,000	106,000,000	0	106,000,000	0
BARTON CAPITAL LLC/CPABS4	04/25/17	04/25/17	04/25/17	87,000,000	87,000,000	0	87,000,000	0
BARTON CAPITAL LLC/CPABS4	04/26/17	04/26/17	04/26/17	32,000,000	32,000,000	0	32,000,000	0
BNP PARIBAS SACP4-2	04/03/17	04/03/17	04/03/17	100,000,000	100,000,000	0	100,000,000	0
BNP PARIBAS SACP4-2	04/04/17	04/04/17	04/04/17	75,000,000	75,000,000	0	75,000,000	0
BNP PARIBAS SACP4-2	04/05/17	04/05/17	04/05/17	373,500,000	373,500,000	0	373,500,000	0
BNP PARIBAS SACP4-2	04/06/17	04/06/17	04/06/17	193,500,000	193,500,000	0	193,500,000	0
BNP PARIBAS SACP4-2	04/07/17	04/07/17	04/07/17	207,000,000	207,000,000	0	207,000,000	0
BNP PARIBAS SACP4-2	04/10/17	04/10/17	04/10/17	295,250,000	295,250,000	0	295,250,000	0



## TRADING ACTIVITY FOR APRIL 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BNP PARIBAS SACP4-2	04/21/17	04/21/17	04/21/17	295,000,000	295,000,000	0	295,000,000	0
BNP PARIBAS SACP4-2	04/24/17	04/24/17	04/24/17	50,000,000	50,000,000	0	50,000,000	0
BNP PARIBAS SACP4-2	04/25/17	04/25/17	04/25/17	290,000,000	290,000,000	0	290,000,000	0
BNP PARIBAS SACP4-2	04/26/17	04/26/17	04/26/17	187,500,000	187,500,000	0	187,500,000	0
BNP PARIBAS SACP4-2	04/27/17	04/27/17	04/27/17	250,000,000	250,000,000	0	250,000,000	0
BNP PARIBAS SACP4-2	04/28/17	04/28/17	04/28/17	295,000,000	295,000,000	0	295,000,000	0
BNP PARIBAS SACP	04/20/17	04/20/17	04/20/17	290,000,000	290,000,000	0	290,000,000	0
CANADIAN IMPERIAL BANK OF COMMERCE/NEW YORK NY	04/17/17	04/17/17	04/17/17	100,000,000	100,000,000	0	100,000,000	0
CIESCO, LLC/PABS4-2	04/26/17	04/26/17	04/26/17	4,700,000	4,700,000	0	4,700,000	0
RABOBANK NEDERLAND CP	04/05/17	04/05/17	04/05/17	268,595,000	268,595,000	0	268,595,000	0
COOPERATIEVE RABOBANK UA/NY	04/06/17	04/06/17	04/06/17	184,150,000	184,150,000	0	184,150,000	0
RABOBANK NEDERLAND CP	04/10/17	04/10/17	04/10/17	248,300,000	248,300,000	0	248,300,000	0
RABOBANK NEDERLAND CP	04/20/17	04/20/17	04/20/17	342,686,000	342,686,000	0	342,686,000	0
RABOBANK NEDERLAND CP	04/24/17	04/24/17	04/24/17	383,300,000	383,300,000	0	383,300,000	0
RABOBANK NEDERLAND CP	04/25/17	04/25/17	04/25/17	50,000,000	50,000,000	0	50,000,000	0
COOPERATIEVE RABOBANK UA/NY	04/26/17	04/26/17	04/26/17	63,396,000	63,396,000	0	63,396,000	0
COOPERATIEVE RABOBANK UA/NY	04/28/17	04/28/17	04/28/17	135,845,000	135,845,000	0	135,845,000	0
CREDIT AGRICOLE CORCP	04/05/17	04/05/17	04/05/17	85,000,000	85,000,000	0	85,000,000	0
CREDIT AGRICOLE CORCP	04/06/17	04/06/17	04/06/17	190,000,000	190,000,000	0	190,000,000	0
CREDIT AGRICOLE CORCP	04/07/17	04/07/17	04/07/17	225,000,000	225,000,000	0	225,000,000	0
CREDIT AGRICOLE CORCP	04/10/17	04/10/17	04/10/17	100,000,000	100,000,000	0	100,000,000	0
CREDIT AGRICOLE CORCP	04/21/17	04/21/17	04/21/17	175,000,000	175,000,000	0	175,000,000	0
CREDIT INDUSTRIEL ECDYAN	04/18/17	04/18/17	04/18/17	300,000,000	300,000,000	0	300,000,000	0
CREDIT INDUSTRIEL ECDYAN	04/25/17	04/25/17	04/25/17	300,000,000	300,000,000	0	300,000,000	0
DZ BANK AG DEUTSCHECDYAN	04/06/17	04/06/17	04/06/17	85,000,000	85,000,000	0	85,000,000	0
DZ BANK AG DEUTSCHECDYAN	04/24/17	04/24/17	04/24/17	10,000,000	10,000,000	0	10,000,000	0
DZ BANK AG DEUTSCHECDYAN	04/25/17	04/25/17	04/25/17	75,000,000	75,000,000	0	75,000,000	0
DZ BANK AG DEUTSCHECDYAN	04/24/17	04/24/17	04/24/17	20,000,000	20,000,000	0	20,000,000	0
DNB BANK ASA	04/04/17	04/04/17	04/04/17	150,000,000	150,000,000	0	150,000,000	0
FAIRWAY FINANCE CO, CPABS4	04/07/17	04/07/17	04/07/17	7,755,000	7,755,000	0	7,755,000	0
FAIRWAY FINANCE CO, CPABS4	04/18/17	04/18/17	04/18/17	50,000,000	50,000,000	0	50,000,000	0
KAISER FOUNDATION HCP	04/11/17	04/11/17	04/11/17	58,902,000	58,902,000	0	58,902,000	0
KAISER FOUNDATION HCP	04/12/17	04/12/17	04/12/17	94,703,000	94,703,000	0	94,703,000	0
KAISER FOUNDATION HCP	04/17/17	04/17/17	04/17/17	91,700,000	91,700,000	0	91,700,000	0
KAISER FOUNDATION HCP	04/19/17	04/19/17	04/19/17	25,171,000	25,171,000	0	25,171,000	0
KAISER FOUNDATION HCP	04/24/17	04/24/17	04/24/17	58,912,000	58,912,000	0	58,912,000	0
KAISER FOUNDATION HCP	04/25/17	04/25/17	04/25/17	58,902,000	58,902,000	0	58,902,000	0
LMA-AMERICAS LLC/PABS4-2	04/03/17	04/03/17	04/03/17	70,000,000	70,000,000	0	70,000,000	0
LMA-AMERICAS LLC/PABS4-2	04/04/17	04/04/17	04/04/17	173,550,000	173,550,000	0	173,550,000	0
LMA-AMERICAS LLC/PABS4-2	04/05/17	04/05/17	04/05/17	206,000,000	206,000,000	0	206,000,000	0
LMA-AMERICAS LLC/PABS4-2	04/06/17	04/06/17	04/06/17	45,000,000	45,000,000	0	45,000,000	0
LMA-AMERICAS LLC/PABS4-2	04/10/17	04/10/17	04/10/17	75,000,000	75,000,000	0	75,000,000	0
LMA-AMERICAS LLC/PABS4-2	04/11/17	04/11/17	04/11/17	75,000,000	75,000,000	0	75,000,000	0
LMA-AMERICAS LLC/PABS4-2	04/12/17	04/12/17	04/12/17	171,400,000	171,400,000	0	171,400,000	0
LMA-AMERICAS LLC/PABS4-2	04/18/17	04/18/17	04/18/17	50,000,000	50,000,000	0	50,000,000	0
LMA-AMERICAS LLC/PABS4-2	04/19/17	04/19/17	04/19/17	123,000,000	123,000,000	0	123,000,000	0
LMA-AMERICAS LLC/PABS4-2	04/20/17	04/20/17	04/20/17	20,000,000	20,000,000	0	20,000,000	0
LMA-AMERICAS LLC/PABS4-2	04/21/17	04/21/17	04/21/17	73,800,000	73,800,000	0	73,800,000	0
LMA-AMERICAS LLC/PABS4-2	04/25/17	04/25/17	04/25/17	74,300,000	74,300,000	0	74,300,000	0
LMA-AMERICAS LLC/PABS4-2	04/27/17	04/27/17	04/27/17	35,000,000	35,000,000	0	35,000,000	0
LMA-AMERICAS LLC/PABS4-2	04/28/17	04/28/17	04/28/17	10,000,000	10,000,000	0	10,000,000	0
MALAYAN BANKING BERCPLOC	04/17/17	04/17/17	04/17/17	49,000,000	49,000,000	0	49,000,000	0
MANHATTAN ASSET FUNCPABS4	04/17/17	04/17/17	04/17/17	68,585,000	68,585,000	0	68,585,000	0
MANHATTAN ASSET FUNCPABS4	04/18/17	04/18/17	04/18/17	127,127,000	127,127,000	0	127,127,000	0
MANHATTAN ASSET FUNCPABS4	04/20/17	04/20/17	04/20/17	74,000,000	74,000,000	0	74,000,000	0
MANHATTAN ASSET FUNCPABS4	04/24/17	04/24/17	04/24/17	45,935,000	45,935,000	0	45,935,000	0
MIZUHO BANK LTD/NY	04/11/17	04/11/17	04/11/17	50,000,000	50,000,000	0	50,000,000	0
MIZUHO BANK LTD/NY	04/21/17	04/21/17	04/21/17	30,000,000	30,000,000	0	30,000,000	0

## TRADING ACTIVITY FOR APRIL 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
MIZUHO BANK LTD,CP	04/13/17	04/13/17	04/13/17	15,000,000	15,000,000	0	15,000,000	0
NRW,BANKCP	04/04/17	04/04/17	04/04/17	30,000,000	30,000,000	0	30,000,000	0
NRW,BANKCP	04/18/17	04/18/17	04/18/17	120,000,000	120,000,000	0	120,000,000	0
NATIONWIDE BUILDINGCP4-2	04/03/17	04/03/17	04/03/17	28,500,000	28,500,000	0	28,500,000	0
NATIONWIDE BUILDING SOCIETY	04/19/17	04/19/17	04/19/17	24,800,000	24,800,000	0	24,800,000	0
OLD LINE FUNDING, LCPABS4	04/26/17	04/26/17	04/26/17	50,000,000	50,000,000	0	50,000,000	0
ROYAL BANK OF CANADA	04/27/17	04/27/17	04/27/17	25,000,000	25,000,000	0	25,000,000	0
SOCIETE GENERALE, PCP4-2	04/10/17	04/10/17	04/10/17	100,000,000	100,000,000	0	100,000,000	0
SOCIETE GENERALE, PCP4-2	04/18/17	04/18/17	04/18/17	50,000,000	50,000,000	0	50,000,000	0
SOCIETE GENERALE, PCP4-2	04/19/17	04/19/17	04/19/17	72,000,000	72,000,000	0	72,000,000	0
STANDARD CHARTERED CP4-2	04/13/17	04/13/17	04/13/17	60,000,000	60,000,000	0	60,000,000	0
STANDARD CHARTERED CDYAN	04/10/17	04/10/17	04/10/17	34,600,000	34,600,000	0	34,600,000	0
STARBIRD FUNDING COCPABS4	04/04/17	04/04/17	04/04/17	39,000,000	39,000,000	0	39,000,000	0
STARBIRD FUNDING COCPABS4	04/27/17	04/27/17	04/27/17	35,000,000	35,000,000	0	35,000,000	0
SUMITOMO MITSUI BANKING CORP/NEW YORK	04/07/17	04/07/17	04/07/17	40,000,000	40,000,000	0	40,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/04/17	04/04/17	04/04/17	150,000,000	150,000,000	0	150,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/03/17	04/03/17	04/03/17	200,000,000	200,000,000	0	200,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/04/17	04/04/17	04/04/17	150,000,000	150,000,000	0	150,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/11/17	04/11/17	04/11/17	200,000,000	200,000,000	0	200,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/18/17	04/18/17	04/18/17	300,000,000	300,000,000	0	300,000,000	0
SUMITOMO MITSUI TRUCDYAN	04/25/17	04/25/17	04/25/17	300,000,000	300,000,000	0	300,000,000	0
TORONTO-DOMINION BANK/NY	04/19/17	04/19/17	04/19/17	25,000,000	25,000,000	0	25,000,000	0
MIZUHO TRIPARTY	04/03/17	04/03/17	04/03/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/03/17	04/03/17	04/03/17	87,000,000	87,000,000	0	87,000,000	0
MIZUHO TRIPARTY	04/04/17	04/04/17	04/04/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/04/17	04/04/17	04/04/17	170,000,000	170,000,000	0	170,000,000	0
MIZUHO TRIPARTY	04/05/17	04/05/17	04/05/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/05/17	04/05/17	04/05/17	245,000,000	245,000,000	0	245,000,000	0
MIZUHO TRIPARTY	04/06/17	04/06/17	04/06/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/06/17	04/06/17	04/06/17	140,000,000	140,000,000	0	140,000,000	0
MIZUHO TRIPARTY	04/07/17	04/07/17	04/07/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/07/17	04/07/17	04/07/17	310,000,000	310,000,000	0	310,000,000	0
MIZUHO TRIPARTY	04/10/17	04/10/17	04/10/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/10/17	04/10/17	04/10/17	130,000,000	130,000,000	0	130,000,000	0
MIZUHO TRIPARTY	04/11/17	04/11/17	04/11/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/11/17	04/11/17	04/11/17	205,000,000	205,000,000	0	205,000,000	0
MIZUHO TRIPARTY	04/12/17	04/12/17	04/12/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/12/17	04/12/17	04/12/17	290,000,000	290,000,000	0	290,000,000	0
MIZUHO TRIPARTY	04/13/17	04/13/17	04/13/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/13/17	04/13/17	04/13/17	20,000,000	20,000,000	0	20,000,000	0
MIZUHO TRIPARTY	04/17/17	04/17/17	04/17/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/17/17	04/17/17	04/17/17	195,000,000	195,000,000	0	195,000,000	0
MIZUHO TRIPARTY	04/18/17	04/18/17	04/18/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/18/17	04/18/17	04/18/17	400,000,000	400,000,000	0	400,000,000	0
MIZUHO TRIPARTY	04/19/17	04/19/17	04/19/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/19/17	04/19/17	04/19/17	290,000,000	290,000,000	0	290,000,000	0
MIZUHO TRIPARTY	04/20/17	04/20/17	04/20/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/20/17	04/20/17	04/20/17	240,000,000	240,000,000	0	240,000,000	0
MIZUHO TRIPARTY	04/21/17	04/21/17	04/21/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/21/17	04/21/17	04/21/17	225,000,000	225,000,000	0	225,000,000	0
MIZUHO TRIPARTY	04/24/17	04/24/17	04/24/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/24/17	04/24/17	04/24/17	270,000,000	270,000,000	0	270,000,000	0
MIZUHO TRIPARTY	04/25/17	04/25/17	04/25/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/25/17	04/25/17	04/25/17	225,000,000	225,000,000	0	225,000,000	0
MIZUHO TRIPARTY	04/26/17	04/26/17	04/26/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/26/17	04/26/17	04/26/17	285,000,000	285,000,000	0	285,000,000	0
MIZUHO TRIPARTY	04/27/17	04/27/17	04/27/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/27/17	04/27/17	04/27/17	280,000,000	280,000,000	0	280,000,000	0



## TRADING ACTIVITY FOR APRIL 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
MIZUHO TRIPARTY	04/28/17	04/28/17	04/28/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/28/17	04/28/17	04/28/17	300,000,000	300,000,000	0	300,000,000	0
STANDARD CHARTERED TD 0.88 20170407	04/07/17	04/07/17	04/07/17	350,000,000	350,000,000	0	350,000,000	0
SVENSKA HANDELSBANKTDCAY 0.8 20170403	04/03/17	04/03/17	04/03/17	510,000,000	510,000,000	0	510,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170404	04/04/17	04/04/17	04/04/17	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170405	04/05/17	04/05/17	04/05/17	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170406	04/06/17	04/06/17	04/06/17	510,000,000	510,000,000	0	510,000,000	0
STANDARD CHARTERED TD 0.92 20170406	04/06/17	04/06/17	04/06/17	50,000,000	50,000,000	0	50,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170407	04/07/17	04/07/17	04/07/17	500,000,000	500,000,000	0	500,000,000	0
STANDARD CHARTERED TD 0.93 20170413	04/13/17	04/13/17	04/13/17	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170410	04/10/17	04/10/17	04/10/17	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170411	04/11/17	04/11/17	04/11/17	500,000,000	500,000,000	0	500,000,000	0
NATIONAL AUSTRALIA TDCAY 0.9 20170411	04/11/17	04/11/17	04/11/17	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170412	04/12/17	04/12/17	04/12/17	510,000,000	510,000,000	0	510,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170413	04/13/17	04/13/17	04/13/17	500,000,000	500,000,000	0	500,000,000	0
STANDARD CHARTERED TD 0.93 20170420	04/20/17	04/20/17	04/20/17	235,000,000	235,000,000	0	235,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170417	04/17/17	04/17/17	04/17/17	350,000,000	350,000,000	0	350,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170418	04/18/17	04/18/17	04/18/17	350,000,000	350,000,000	0	350,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170419	04/19/17	04/19/17	04/19/17	400,000,000	400,000,000	0	400,000,000	0
NATIONAL AUSTRALIA TDCAY 0.9 20170419	04/19/17	04/19/17	04/19/17	450,000,000	450,000,000	0	450,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170420	04/20/17	04/20/17	04/20/17	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170421	04/21/17	04/21/17	04/21/17	500,000,000	500,000,000	0	500,000,000	0
STANDARD CHARTERED TD 0.93 20170427	04/27/17	04/27/17	04/27/17	485,000,000	485,000,000	0	485,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170424	04/24/17	04/24/17	04/24/17	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170425	04/25/17	04/25/17	04/25/17	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170426	04/26/17	04/26/17	04/26/17	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170427	04/27/17	04/27/17	04/27/17	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170428	04/28/17	04/28/17	04/28/17	500,000,000	500,000,000	0	500,000,000	0
Total Maturities				30,627,577,000	30,627,577,000	0	30,627,577,000	0
Sells								
CONNECTICUT HOUSING FINANCE AUTHORITY	05/15/36	04/05/17	04/06/17	4,500,000	4,500,000	12,252	4,512,252	0
CORPORATE FINANCE MANAGERS INC	02/02/43	04/01/17	04/03/17	25,000	25,000	0	25,000	0
COUNTY OF MONTGOMERY OH	05/01/38	04/04/17	04/05/17	70,000	70,000	3	70,003	0
UNIVERSITY OF ILLINOIS	04/01/44	04/03/17	04/03/17	600,000	600,000	0	600,000	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/05/17	04/05/17	798,145	798,145	0	798,145	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/05/17	04/05/17	58,559	58,559	0	58,559	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/05/17	04/05/17	620,890	620,890	0	620,890	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/05/17	04/05/17	279,728	279,728	0	279,728	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/07/17	04/07/17	1,832,214	1,832,214	0	1,832,214	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/07/17	04/07/17	771,715	771,715	0	771,715	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/07/17	04/07/17	708,192	708,192	0	708,192	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/07/17	04/07/17	1,055,181	1,055,181	0	1,055,181	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/11/17	04/11/17	1,679,522	1,679,522	0	1,679,522	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/12/17	04/12/17	230,636	230,636	0	230,636	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/13/17	04/13/17	57,031	57,031	0	57,031	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/17/17	04/17/17	39,306	39,306	0	39,306	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/18/17	04/18/17	231,193	231,193	0	231,193	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/18/17	04/18/17	1,128,338	1,128,338	0	1,128,338	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/18/17	04/18/17	368,545	368,545	0	368,545	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/24/17	04/24/17	2,735,297	2,735,297	0	2,735,297	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/26/17	04/26/17	540,211	540,211	0	540,211	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/26/17	04/26/17	413,698	413,698	0	413,698	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/26/17	04/26/17	347,130	347,130	0	347,130	0
Total Sells				19,090,531	19,090,531	12,255	19,102,786	0



1801 Hermitage Boulevard, Suite 100  
Tallahassee, Florida 32308  
(850) 488-4406

[www.sbafla.com/prime](http://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**

**May 2017**

**State Board of Administration of Florida**

## **CONTENTS**

<b>3</b>	<b>INTRODUCTION</b>
<b>3</b>	<b>DISCLOSURE OF MATERIAL IMPACTS</b>
<b>3</b>	<b>FACTS-AT-A-GLANCE</b>
<b>4</b>	<b>PORFOLIO MANAGER COMMENTARY</b>
<b>5</b>	<b>PORFOLIO COMPOSITION</b>
<b>6</b>	<b>FUND PERFORMANCE</b>
<b>7</b>	<b>PRIME ACCOUNT SUMMARY</b>
<b>8</b>	<b>INVENTORY OF HOLDINGS</b>
<b>14</b>	<b>PARTICIPANT CONCENTRATION</b>
<b>15</b>	<b>COMPLIANCE</b>
<b>16</b>	<b>TRADE ACTIVITY</b>

## **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 May 1, 2017, through May 31, 2017, 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 May 31, 2017)

Total Participants  
**741**

Florida PRIME™ Assets  
**\$9,674,851,927**

Total Number of Accounts  
**1,422**

**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

A raft of political events dominated the news in May, causing a spike in market volatility. But it is important to remember that a pooled investment such as Florida Prime takes the long view.

Time frame matters. For currency trading it might be minutes; for stocks it might be hourly or daily. For cash management vehicles, it is usually weeks, months and even years.

Florida Prime actually operates within two periods. One is the movement of the Federal Reserve's federal funds rate, which can be monthly but recently has been longer, with only three rate hikes in the last 17 years. The other is the annual operating schedule of you, our clients. This is seasonal, in the sense that funds flow into the Pool in the fall and winter and out in spring and summer: We collect tax receipts each year from approximately November through the beginning of February; then the money starts to flow back out as the participant governments and institutions put it to use for various functions. To that end, in May, Florida Prime assets fell month to month by \$385 million to number \$9.6 billion. To prepare for the redemptions, we shortened the Pool's weighted average maturity (WAM) and weighted average life (WAL) to build liquidity.

As spring—and of course spring weather—is certainly upon us, the assets of the pool have dipped due to the seasonal withdrawals. We already had shortened our WAM to a target range of 30-40 days to prepare, but even came in further in May, shortening by 10 days to end at 26 days, with WAL coming in seven days to 62. We needed additional liquidity to meet client needs. The same logic was

behind the lack of change over May in the allocation of the Pool's holdings, which were already biased shorter. The only shift was due to relative value we saw in the marketplace.

Returning to the subject of the Fed. Two of those three recent rate hikes have come in the last six months, and the likelihood is strong that another will come in the June Federal Open Market Committee (FOMC) meeting. We at Federated are still characterizing these rate moves as “normalization” rather than “tightening” because rates have been so low for so long as the result of stimulative monetary policy. As the fed funds rate moves higher due in large part to the improving domestic economy, cash managers should finally experience normalcy in general. The London interbank offered rate (Libor) is rising to more typical levels, ending the month higher with 1-month Libor at 1.05% and 3-month at 1.20%.

Even the long-term view shifts eventually.

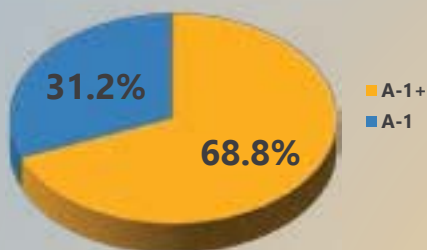
### INVESTMENT STRATEGY

The gross yield of the Pool remained at 1.14%. The portfolio composition was mostly unchanged in allocation: variable-rate paper/instruments, money market and repo remained at their April levels at 24%, 4% and 2%, respectively. The only changes were in fixed-rate instruments, simply because commercial paper and asset-backed commercial paper offered better value during May than other securities and bank paper, with allocations of 46% and 24% of total holdings, respectively.

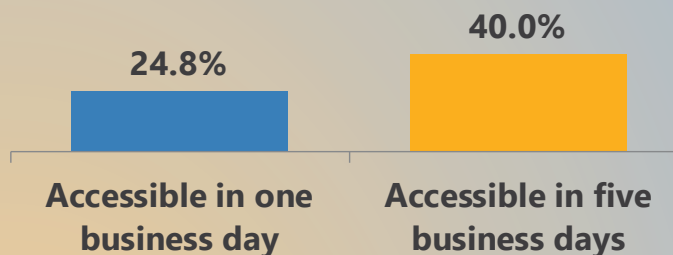


## PORTFOLIO COMPOSITION FOR MAY 2017

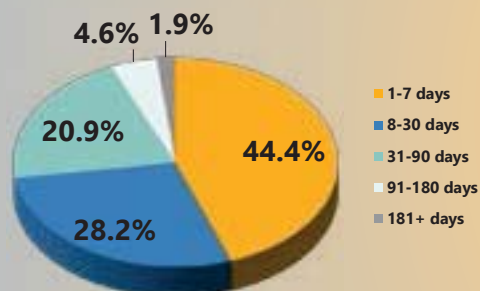
### CREDIT QUALITY COMPOSITION



### HIGHLY LIQUID HOLDINGS



### EFFECTIVE MATURITY SCHEDULE



### TOP HOLDINGS & AVG. MATURITY

1. Svenska Handelsbanken, Stockholm	5.0%
2. Wells Fargo & Co.	4.9%
3. Mitsubishi UFJ Financial Group, Inc.	4.9%
4. Credit Agricole Group	4.8%
5. Bank of Montreal	4.8%
6. JPMorgan Chase & Co.	4.8%
7. Mizuho Financial Group, Inc.	4.5%
8. DZ Bank AG Deutsche Zentral-Genossenschaftsbank	4.1%
9. Barton Capital S.A.	4.0%
10. Antalis S.A.	4.0%

#### Average Effective Maturity (WAM)

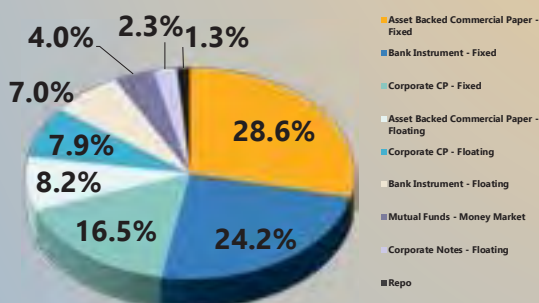
26.2 Days

#### Weighted Average Life (Spread WAL)

61.8 Days

Percentages based on total value of investments

### PORTFOLIO COMPOSITION



## FUND PERFORMANCE THROUGH MAY 31, 2017

Florida PRIME Performance Data			
	Net Participant Yield <sup>1</sup>	Net-of-Fee Benchmark <sup>2</sup>	Above (Below) Benchmark
One Month	1.12%	0.83%	0.28%
Three Months	1.09%	0.78%	0.30%
One Year	0.89%	0.57%	0.32%
Three Years	0.48%	0.27%	0.21%
Five Years	0.37%	0.19%	0.19%
Ten Years	0.84%	0.71%	0.13%
Since 1/96	2.64%	2.42%	0.21%

Note: Net asset value at month end: \$9,677.3 million, which includes investments at market value, plus all cash, accrued interest receivable and payables.

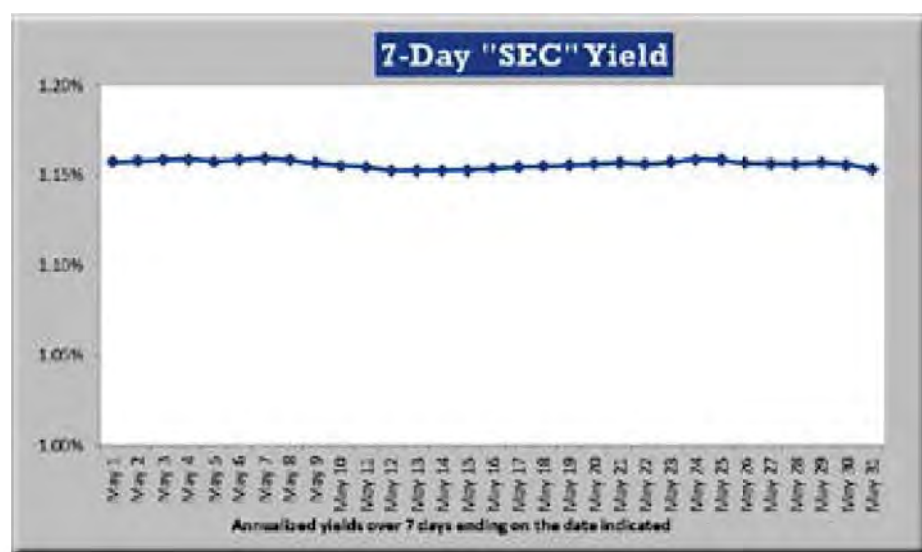
<sup>1</sup>Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

<sup>2</sup>The 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 MAY 2017

Summary of Cash Flows		
Opening Balance (05/01/17)	\$	10,055,078,159
Participant Deposits		944,467,321
Gross Earnings		9,548,748
Participant Withdrawals		(1,333,967,141)
Fees		(275,160)
Closing Balance (05/31/17)	\$	9,674,851,927
<b>Net Change over Month</b>	<b>\$</b>	<b>(380,226,232)</b>

Detailed Fee Disclosure		
May	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 83,260.95	1.01
Federated Investment Management Fee	166,951.57	2.03
BNY Mellon Custodial Fee**	11,211.13	0.14
Bank of America Transfer Agent Fee	4,880.03	0.06
S&P Rating Maintenance Fee	3,821.92	0.05
Audit/External Review Fees	5,034.49	0.06
<b>Total Fees</b>	<b>\$ 275,160.09</b>	<b>3.35</b>

\*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 \$9,864,965,043.

\*\*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 MAY 2017

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
ASB Finance Ltd., Aug 17, 2017	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.26	8/17/2017	6/19/2017	95,000,000	1.28	\$95,000,000	\$95,052,915	\$52,915
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/5/2017		25,000,000	1.23	\$24,995,833	\$24,996,910	\$1,076
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/5/2017		48,000,000	1.30	\$47,940,733	\$47,948,573	\$7,840
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/1/2017		25,000,000	1.31	\$24,944,889	\$24,949,970	\$5,081
Anglesea Funding LLC, Dec 05, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.36	12/5/2017	6/16/2017	140,000,000	1.38	\$140,000,000	\$140,128,520	\$128,520
Anglesea Funding LLC, Dec 22, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.38	12/22/2017	6/22/2017	50,000,000	1.40	\$50,000,000	\$49,998,750	-\$1,250
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/2/2017		202,200,000	0.96	\$202,189,328	\$202,189,463	\$135
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/12/2017		23,530,000	0.97	\$23,522,470	\$23,522,455	-\$16
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/30/2017		61,900,000	1.09	\$61,844,806	\$61,846,869	\$2,064
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/21/2017		99,810,000	1.12	\$99,654,463	\$99,658,422	\$3,959
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/1/2017		165,000,000	0.83	\$164,996,242	\$164,995,576	-\$665
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/1/2017		9,200,000	1.07	\$9,199,732	\$9,199,753	\$22
BASF SE CP4-2	COMMERCIAL PAPER - 4-2		6/14/2017		5,000,000	0.88	\$4,998,308	\$4,998,279	-\$29
BMO Harris Bank, N.A. CD	CERTIFICATE OF DEPOSIT	1.17	8/15/2017		30,000,000	1.19	\$30,000,000	\$30,000,657	\$657
BNP Paribas SA Dublin CP4-2	COMMERCIAL PAPER - 4-2		7/6/2017		95,000,000	1.16	\$94,891,700	\$94,910,700	\$19,000
BNP Paribas SA Dublin CP4-2	COMMERCIAL PAPER - 4-2		7/7/2017		75,000,000	1.16	\$74,912,125	\$74,927,542	\$15,417
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.80	6/1/2017		110,000,000	0.81	\$110,000,000	\$110,000,000	\$0
Bank of America N.A., Oct 05, 2017	VARIABLE RATE BANK NOTE	1.28	10/5/2017	6/5/2017	50,000,000	1.21	\$50,000,000	\$50,000,000	\$0
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.25	7/20/2017		25,000,000	1.27	\$25,000,000	\$25,003,977	\$3,977
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.40	8/9/2017		23,000,000	1.42	\$23,000,000	\$23,010,431	\$10,431
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.30	9/19/2017		20,000,000	1.32	\$20,000,000	\$20,004,848	\$4,848
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.20	9/29/2017		25,000,000	1.22	\$25,000,000	\$24,996,821	-\$3,179
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.55	12/18/2017		15,000,000	1.57	\$15,000,000	\$15,015,315	\$15,315
Bank of Montreal CP	COMMERCIAL PAPER		6/9/2017		149,000,000	1.23	\$148,955,300	\$148,961,223	\$5,923
Bank of Montreal CP	COMMERCIAL PAPER		8/17/2017		25,000,000	1.20	\$24,936,083	\$24,937,113	\$1,029
Bank of Montreal, Dec 01, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.50	12/1/2017	6/1/2017	50,000,000	1.37	\$50,000,000	\$50,077,100	\$77,100
Bank of Montreal, Jan 04, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.29	1/4/2018	6/5/2017	43,000,000	1.22	\$43,000,000	\$43,012,384	\$12,384
Bank of Montreal, May 23, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.36	5/23/2018	8/23/2017	25,000,000	1.38	\$25,000,000	\$25,023,950	\$23,950

See notes at end of table.

## INVENTORY OF HOLDINGS FOR MAY 2017

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Bank of Montreal, Nov 03, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.52	11/3/2017	8/3/2017	25,000,000	1.54	\$25,000,000	\$25,039,725	\$39,725
Bank of Nova Scotia, Toronto CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.60	6/27/2017		100,000,000	1.62	\$100,000,000	\$100,024,745	\$24,745
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		10/5/2017		25,000,000	1.43	\$24,876,528	\$24,900,164	\$23,636
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		10/6/2017		26,000,000	1.43	\$25,870,578	\$25,895,261	\$24,683
Bank of Nova Scotia, Toronto, Oct 06, 2017	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.55	10/6/2017	6/6/2017	26,000,000	1.47	\$26,000,000	\$26,033,384	\$33,384
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		6/1/2017		28,500,000	1.18	\$28,499,090	\$28,499,331	\$242
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		6/1/2017		50,000,000	1.18	\$49,998,403	\$49,998,827	\$424
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		6/6/2017		20,000,000	1.20	\$19,996,100	\$19,997,170	\$1,070
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		6/6/2017		50,000,000	1.20	\$49,990,250	\$49,992,925	\$2,675
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		6/6/2017		53,080,000	1.23	\$53,069,384	\$53,072,489	\$3,105
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		7/5/2017		66,000,000	1.28	\$65,919,792	\$65,943,212	\$23,421
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		7/5/2017		20,000,000	1.28	\$19,975,694	\$19,982,792	\$7,097
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		11/8/2017		14,000,000	1.35	\$13,917,353	\$13,929,124	\$11,771
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/9/2017		25,000,000	1.01	\$24,993,750	\$24,993,238	-\$513
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/9/2017		50,000,000	1.07	\$49,986,875	\$49,986,475	-\$400
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/9/2017		100,000,000	1.07	\$99,973,750	\$99,972,950	-\$800
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/19/2017		87,000,000	1.01	\$86,954,083	\$86,949,630	-\$4,454
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/10/2017		50,000,000	1.09	\$49,940,556	\$49,937,611	-\$2,945
Barton Capital S.A., Feb 05, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.33	2/5/2018	6/5/2017	50,000,000	1.26	\$50,000,000	\$50,000,000	\$0
Barton Capital S.A., Sep 13, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.26	9/13/2017	6/13/2017	29,600,000	1.28	\$29,600,000	\$29,619,033	\$19,033
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/3/2017		27,000,000	1.30	\$26,968,568	\$26,976,661	\$8,093
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/6/2017		30,000,000	1.43	\$29,850,667	\$29,879,893	\$29,227
Bedford Row Funding Corp., Aug 21, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.43	8/21/2017	6/1/2017	15,000,000	1.39	\$15,000,000	\$15,010,875	\$10,875
Bedford Row Funding Corp., Feb 08, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.58	2/8/2018	6/8/2017	25,000,000	1.50	\$25,000,000	\$25,056,150	\$56,150
Bedford Row Funding Corp., Jan 18, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.52	1/18/2018	6/19/2017	20,000,000	1.54	\$20,000,000	\$20,045,880	\$45,880
Bedford Row Funding Corp., Mar 22, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.35	3/22/2018	6/22/2017	30,000,000	1.37	\$30,000,000	\$30,000,000	\$0
Bedford Row Funding Corp., Nov 06, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.31	11/6/2017	6/6/2017	25,000,000	1.23	\$25,000,000	\$25,017,025	\$17,025
Bedford Row Funding Corp., Oct 06, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.56	10/6/2017	7/6/2017	73,000,000	1.58	\$73,000,000	\$73,128,699	\$128,699
Bedford Row Funding Corp., Oct 10, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.28	10/10/2017	6/12/2017	22,000,000	1.17	\$22,000,000	\$22,008,624	\$8,624
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/7/2017		41,000,000	1.33	\$40,945,219	\$40,961,359	\$16,139

See notes at end of table.

## INVENTORY OF HOLDINGS FOR MAY 2017

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)		9/12/2017		26,000,000	1.27	\$25,906,111	\$25,921,659	\$15,548
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/2/2017		49,000,000	1.22	\$48,996,761	\$48,997,392	\$632
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/8/2017		23,000,000	1.22	\$22,947,100	\$22,950,759	\$3,659
CRC Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/14/2017		100,000,000	1.26	\$99,848,444	\$99,870,689	\$22,245
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.17	8/8/2017		47,000,000	1.22	\$46,997,285	\$47,017,214	\$19,929
Canadian Imperial Bank of Commerce, Apr 19, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.31	4/19/2018	7/19/2017	50,000,000	1.33	\$50,000,000	\$50,048,100	\$48,100
Canadian Imperial Bank of Commerce, Jan 12, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.29	1/12/2018	6/12/2017	95,000,000	1.17	\$95,000,000	\$95,045,410	\$45,410
Canadian Imperial Bank of Commerce, Nov 06, 2017	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.48	11/6/2017	6/6/2017	25,000,000	1.40	\$25,000,000	\$25,035,100	\$35,100
Canadian Imperial Bank of Commerce, Oct 10, 2017	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.43	10/10/2017	7/10/2017	62,000,000	1.45	\$62,000,000	\$62,080,414	\$80,414
Chase Bank USA, N.A., Jan 05, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.58	1/5/2018	6/5/2017	75,000,000	1.51	\$75,000,000	\$75,157,575	\$157,575
Collateralized Commercial Paper Co. LLC, Dec 11, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.43	12/11/2017	6/12/2017	50,000,000	1.37	\$50,000,000	\$50,057,750	\$57,750
Collateralized Commercial Paper Co. LLC, Dec 12, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.43	12/12/2017	6/12/2017	20,000,000	1.37	\$20,000,000	\$20,022,980	\$22,980
Collateralized Commercial Paper Co. LLC, Dec 22, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.33	12/22/2017	6/22/2017	15,000,000	1.35	\$15,000,000	\$15,013,650	\$13,650
Collateralized Commercial Paper Co. LLC, Nov 03, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.53	11/3/2017	6/5/2017	25,000,000	1.47	\$25,000,000	\$25,040,500	\$40,500
Collateralized Commercial Paper Co. LLC, Nov 09, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.52	11/9/2017	6/9/2017	36,500,000	1.43	\$36,500,000	\$36,555,444	\$55,444
Commonwealth Bank of Australia, Apr 27, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.28	4/27/2018	7/27/2017	15,000,000	1.31	\$15,000,172	\$15,012,270	\$12,098
Commonwealth Bank of Australia, Jan 10, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.14	1/10/2018	6/13/2017	75,000,000	1.16	\$75,000,000	\$75,026,625	\$26,625
Commonwealth Bank of Australia, Mar 29, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.29	3/29/2018	6/29/2017	20,000,000	1.31	\$20,000,000	\$20,031,200	\$31,200
Commonwealth Bank of Australia, May 10, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.32	5/10/2018	6/13/2017	70,000,000	1.21	\$70,000,000	\$70,021,000	\$21,000
Corporate Finance Managers, Inc., Series B, Feb 02, 2043	VARIABLE RATE DEMAND NOTE	1.10	2/2/2043	6/1/2017	12,300,000	1.08	\$12,300,000	\$12,300,000	\$0
Credit Industriel et Commercial CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.91	6/2/2017		200,000,000	0.92	\$200,000,000	\$200,000,000	\$0
Credit Suisse, Zurich CP	COMMERCIAL PAPER		7/3/2017		9,100,000	1.07	\$9,091,241	\$9,091,850	\$609
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.19	6/1/2017		100,000,000	1.21	\$100,000,000	\$100,000,584	\$584
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.19	6/2/2017		90,000,000	1.21	\$90,000,000	\$90,001,026	\$1,026
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.20	6/8/2017		24,000,000	1.22	\$24,000,000	\$24,001,009	\$1,009
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.20	6/13/2017		35,000,000	1.22	\$35,000,000	\$35,002,139	\$2,139
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CP4-2	COMMERCIAL PAPER - 4-2		6/1/2017		137,500,000	0.84	\$137,496,830	\$137,496,773	-\$57

See notes at end of table.

## INVENTORY OF HOLDINGS FOR MAY 2017

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CP4-2	COMMERCIAL PAPER - 4-2		8/14/2017		5,000,000	1.22	\$4,987,500	\$4,990,156	\$2,656
Dreyfus Government Cash Management Fund	OVERNIGHT MUTUAL FUND	0.72	6/1/2017	10/5/2016	4,040,114	0.73	\$4,040,114	\$4,040,114	\$0
Fiore Capital LLC, Series 2005-A, Aug 01, 2045	VARIABLE RATE DEMAND NOTE	0.93	8/1/2045	6/1/2017	38,280,000	0.93	\$38,280,000	\$38,280,000	\$0
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/7/2017		100,000,000	1.01	\$99,980,556	\$99,981,528	\$972
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/7/2017		100,000,000	1.01	\$99,980,556	\$99,980,186	-\$370
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/8/2017		50,000,000	1.01	\$49,988,889	\$49,990,764	\$1,875
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/14/2017		150,000,000	1.01	\$149,941,667	\$149,943,534	\$1,867
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/16/2017		59,000,000	1.02	\$58,973,516	\$58,974,434	\$918
Gulf Gate Apartments LLC, Series 2003, Sep 01, 2028	VARIABLE RATE DEMAND NOTE	1.08	9/1/2028	6/1/2017	7,550,000	1.08	\$7,550,000	\$7,550,000	\$0
HSBC Bank USA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.25	8/2/2017		100,000,000	1.27	\$100,000,000	\$100,028,746	\$28,746
HSBC Bank USA, N.A., Aug 04, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.72	8/4/2017	8/4/2017	14,000,000	1.34	\$14,014,451	\$14,017,780	\$3,329
Institutional Prime Value Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	1.12	6/1/2017	6/1/2017	380,059,512	1.10	\$380,059,512	\$380,173,530	\$114,018
J.P. Morgan Securities LLC CP	COMMERCIAL PAPER		7/28/2017		20,000,000	1.23	\$19,961,333	\$19,969,776	\$8,442
J.P. Morgan Securities LLC CP	COMMERCIAL PAPER		9/28/2017		100,000,000	1.43	\$99,533,333	\$99,640,000	\$106,667
J.P. Morgan Securities LLC CP	COMMERCIAL PAPER		10/27/2017		25,000,000	1.43	\$24,855,139	\$24,882,249	\$27,110
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		9/1/2017		25,000,000	1.44	\$24,899,861	\$24,925,611	\$25,750
J.P. Morgan Securities LLC, Jul 31, 2017	VARIABLE RATE COMMERCIAL PAPER	1.47	7/31/2017	7/31/2017	70,000,000	1.49	\$70,000,000	\$70,054,180	\$54,180
Kaiser Foundation Hospital CP	COMMERCIAL PAPER		6/15/2017		31,863,000	1.06	\$31,849,193	\$31,849,246	\$53
Kaiser Foundation Hospital CP	COMMERCIAL PAPER		7/13/2017		46,500,000	1.16	\$46,436,683	\$46,439,460	\$2,777
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/1/2017		201,900,000	0.85	\$201,895,289	\$201,894,757	-\$532
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/2/2017		140,000,000	0.95	\$139,992,689	\$139,992,705	\$16
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/6/2017		66,100,000	0.95	\$66,089,644	\$66,089,556	-\$88
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/6/2017		60,000,000	1.08	\$59,989,400	\$59,990,520	\$1,120
Long Island Power Authority, 1.05%	CALLABLE COMMERCIAL PAPER	1.05	2/12/2018		40,000,000	1.06	\$40,000,000	\$40,005,600	\$5,600
Los Angeles County Fair Association, Nov 01, 2039	VARIABLE RATE DEMAND NOTE	1.09	11/1/2039	6/7/2017	10,000,000	1.05	\$10,000,000	\$10,000,000	\$0
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		6/15/2017		30,000,000	1.27	\$29,984,375	\$29,988,250	\$3,875
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		10/16/2017		35,000,000	1.47	\$34,806,800	\$34,827,462	\$20,662
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		10/31/2017		8,500,000	1.48	\$8,447,619	\$8,451,701	\$4,082
Manhattan Asset Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/8/2017		41,000,000	1.02	\$40,990,798	\$40,991,326	\$528

See notes at end of table.

## INVENTORY OF HOLDINGS FOR MAY 2017

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Manhattan Asset Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/19/2017		50,000,000	1.01	\$49,973,611	\$49,973,875	\$264
Manhattan Asset Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/21/2017		73,000,000	1.03	\$72,956,991	\$72,957,417	\$426
Michigan State Housing Development Authority, (Series 2007E), 12/01/2038	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.95	12/1/2038	6/7/2017	10,000,000	0.97	\$10,000,000	\$10,000,000	\$0
Mike P. Sturdivant, Sr. Family Trust, Series 2016, Nov 01, 2036	VARIABLE RATE DEMAND NOTE	1.02	11/1/2036	6/1/2017	2,200,000	1.00	\$2,200,000	\$2,200,000	\$0
Mississippi Business Finance Corp., Kohler Project, Jun 01, 2022	VARIABLE RATE DEMAND NOTE	1.12	6/1/2022	6/1/2017	10,000,000	1.12	\$10,000,000	\$10,000,000	\$0
Mizuho Bank Ltd. CDEUR (London)	CERTIFICATE OF DEPOSIT - EURO	0.00	6/2/2017		100,000,000	1.02	\$99,994,391	\$99,974,700	-\$19,691
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.92	6/1/2017		332,000,000	0.93	\$332,000,000	\$332,000,000	\$0
Mizuho Securities USA, Inc. - REPO TRIPARTY OVERNIGHT FIXED	REPO TRIPARTY OVERNIGHT FIXED	0.82	6/1/2017		15,000,000	0.83	\$15,000,000	\$15,000,000	\$0
NRW/Bank CP4-2	COMMERCIAL PAPER - 4-2		8/4/2017		104,500,000	1.14	\$104,288,678	\$104,293,583	\$4,905
NRW/Bank CP4-2	COMMERCIAL PAPER - 4-2		8/15/2017		100,000,000	1.17	\$99,757,222	\$99,763,978	\$6,756
National Australia Bank Ltd., Melbourne TDCAY	TIME DEPOSIT - CAYMAN	0.82	6/1/2017		300,000,000	0.83	\$300,000,000	\$300,000,000	\$0
National Australia Bank Ltd., Melbourne, Apr 06, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.29	4/6/2018	7/7/2017	53,000,000	1.31	\$53,000,000	\$53,037,418	\$37,418
Nederlandse Waterschapsbank NV CP4-2	COMMERCIAL PAPER - 4-2		6/15/2017		149,000,000	0.95	\$148,941,642	\$148,946,856	\$5,215
New York State HFA, (606 West 57th Street HFA), (Series 2017 A), 05/01/2049	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.95	5/1/2049	6/7/2017	30,000,000	0.97	\$30,000,000	\$30,000,000	\$0
Novant Health, Inc., Series 1997, Jun 01, 2022	VARIABLE RATE DEMAND NOTE	1.05	6/1/2022	6/7/2017	53,800,000	1.06	\$53,800,000	\$53,800,000	\$0
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/23/2017		25,000,000	1.23	\$24,980,833	\$24,983,916	\$3,083
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/14/2017		44,100,000	1.28	\$44,032,625	\$44,042,974	\$10,349
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/17/2017		40,000,000	1.07	\$39,945,167	\$39,944,436	-\$731
Old Line Funding, LLC, Jan 09, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.30	1/9/2018	6/9/2017	37,300,000	1.21	\$37,300,000	\$37,321,559	\$21,559
Old Line Funding, LLC, Oct 17, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.16	10/17/2017	6/19/2017	40,000,000	1.18	\$40,000,000	\$40,000,000	\$0
Orthopaedic Hospital of Wisconsin LLC, Series 09-A, Mar 01, 2039	VARIABLE RATE DEMAND NOTE	1.05	3/1/2039	6/1/2017	9,565,000	1.05	\$9,565,000	\$9,565,000	\$0
Royal Bank of Canada, Oct 06, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.42	10/6/2017	7/6/2017	50,000,000	1.44	\$50,000,000	\$50,060,200	\$60,200
Sabri Arac, The Quarry Lane School Series 2005, Oct 01, 2035	VARIABLE RATE DEMAND NOTE	1.08	10/1/2035	6/1/2017	13,040,000	1.08	\$13,040,000	\$13,040,000	\$0
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/1/2017		29,940,000	0.91	\$29,939,252	\$29,939,210	-\$42
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/1/2017		50,000,000	0.96	\$49,998,681	\$49,998,681	-\$0
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		6/16/2017		191,000,000	1.22	\$190,898,133	\$190,910,442	\$12,309
Svenska Handelsbanken, Stockholm TDCAY	TIME DEPOSIT - CAYMAN	0.82	6/1/2017		480,000,000	0.83	\$480,000,000	\$480,000,000	\$0
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/20/2017		25,000,000	1.33	\$24,954,861	\$24,962,847	\$7,986

See notes at end of table.

## INVENTORY OF HOLDINGS FOR MAY 2017

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Thunder Bay Funding, LLC, Jun 12, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.52	6/12/2017	6/12/2017	50,000,000	1.41	\$50,000,000	\$50,007,800	\$7,800
Thunder Bay Funding, LLC, Sep 13, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.19	9/13/2017	6/13/2017	40,000,000	1.21	\$40,000,000	\$40,019,880	\$19,880
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.25	7/24/2017		20,000,000	1.27	\$20,000,000	\$20,007,223	\$7,223
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.40	9/8/2017		40,000,000	1.42	\$40,000,000	\$40,027,496	\$27,496
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.25	10/20/2017		25,000,000	1.27	\$25,000,000	\$25,003,798	\$3,798
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.41	12/6/2017		50,000,000	1.43	\$50,000,000	\$50,037,903	\$37,903
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.52	1/16/2018		120,000,000	1.53	\$120,000,000	\$120,174,250	\$174,250
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.00	6/19/2017		20,000,000	1.01	\$20,000,000	\$20,000,144	\$144
Toronto Dominion Bank, Aug 10, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.68	8/10/2017	8/10/2017	25,000,000	1.71	\$25,000,000	\$25,032,225	\$32,225
Toronto Dominion Bank, Oct 16, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.66	10/16/2017	7/17/2017	25,000,000	1.68	\$25,000,000	\$25,053,500	\$53,500
Toronto Dominion Bank, Sep 06, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.72	9/6/2017	6/6/2017	15,000,000	1.62	\$15,000,000	\$15,000,000	\$0
Toyota Credit Canada Inc. CP	COMMERCIAL PAPER		7/21/2017		24,500,000	1.27	\$24,456,962	\$24,465,361	\$8,399
Toyota Motor Credit Corp., Aug 04, 2017	VARIABLE RATE COMMERCIAL PAPER	1.45	8/4/2017	8/4/2017	50,000,000	1.47	\$50,000,000	\$50,038,800	\$38,800
Toyota Motor Finance (Netherlands) B.V., Jan 11, 2018	VARIABLE RATE COMMERCIAL PAPER	1.20	1/11/2018	6/21/2017	50,000,000	1.22	\$50,000,000	\$50,017,650	\$17,650
UBS AG, Sr. Unsecd. Note, 1.375%, 06/01/2017	CORPORATE NOTE	1.38	6/1/2017		810,000	1.15	\$810,005	\$810,000	-\$5
University of Illinois, Series 2014C, Apr 01, 2044	VARIABLE RATE DEMAND NOTE	0.93	4/1/2044	6/1/2017	7,415,000	0.93	\$7,415,000	\$7,415,000	\$0
Wells Fargo & Co., Series MTN, Sr. Unsecd. Note, Series MTN, 1.15%, 06/02/2017	CORPORATE BOND	1.15	6/2/2017		17,100,000	1.05	\$17,100,089	\$17,100,000	-\$89
Wells Fargo Bank, N.A. CD	CERTIFICATE OF DEPOSIT	1.30	10/20/2017		20,000,000	1.32	\$20,000,000	\$20,008,122	\$8,122
Wells Fargo Bank, N.A., Feb 01, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.56	2/1/2018	6/1/2017	25,000,000	1.53	\$25,000,000	\$25,064,075	\$64,075
Wells Fargo Bank, N.A., Feb 06, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.46	2/6/2018	8/7/2017	25,000,000	1.48	\$25,000,000	\$25,050,200	\$50,200
Wells Fargo Bank, N.A., May 04, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.28	5/4/2018	8/4/2017	73,000,000	1.30	\$73,000,000	\$73,066,576	\$66,576
Wells Fargo Bank, N.A., Oct 11, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.26	10/11/2017	6/12/2017	40,000,000	1.15	\$39,998,547	\$40,013,480	\$14,933
Wells Fargo Bank, N.A., Oct 12, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.59	10/12/2017	7/12/2017	25,000,000	1.61	\$25,000,000	\$25,048,075	\$48,075
Westpac Banking Corp. Ltd., Sydney, Mar 29, 2018	VARIABLE RATE COMMERCIAL PAPER	1.29	3/29/2018	6/29/2017	107,000,000	1.31	\$107,000,000	\$107,111,387	\$111,387
Total Value of Assets					9,670,282,626		\$9,666,269,200	\$9,669,254,081	\$2,984,881

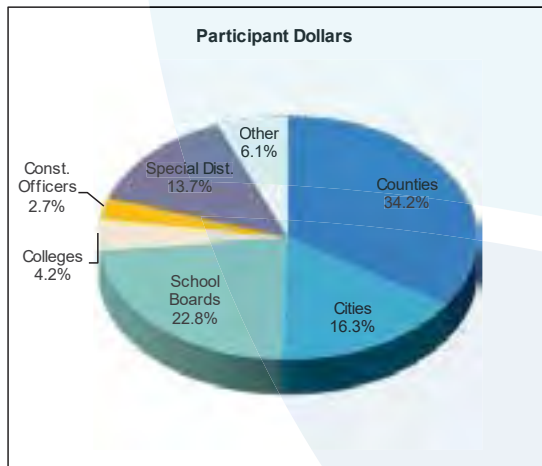
**Notes:** The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

<sup>1</sup> 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.

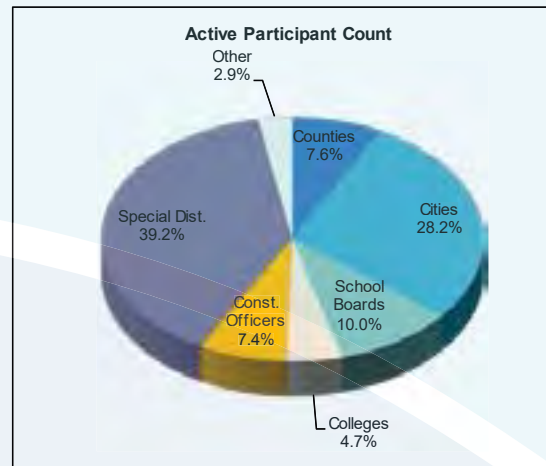
<sup>2</sup> Amortized cost is calculated using a straight line method.

## PARTICIPANT CONCENTRATION DATA - AS OF MAY 2017

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
<b>All Participants</b>	<b>100.0%</b>	<b>100.0%</b>	<b>Colleges &amp; Universities</b>	<b>4.2%</b>	<b>4.7%</b>
Top 10	35.8%	1.4%	Top 10	3.9%	1.4%
\$100 million or more	51.3%	2.9%	\$100 million or more	1.9%	0.1%
\$10 million up to \$100 million	41.5%	16.0%	\$10 million up to \$100 million	1.8%	0.8%
\$1 million up to \$10 million	6.7%	23.5%	\$1 million up to \$10 million	0.5%	1.7%
Under \$1 million	0.6%	57.6%	Under \$1 million	0.02%	2.1%
<b>Counties</b>	<b>34.2%</b>	<b>7.6%</b>	<b>Constitutional Officers</b>	<b>2.7%</b>	<b>7.4%</b>
Top 10	26.2%	1.4%	Top 10	1.0%	1.4%
\$100 million or more	27.3%	1.5%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	6.3%	1.7%	\$10 million up to \$100 million	2.0%	0.8%
\$1 million up to \$10 million	0.5%	1.2%	\$1 million up to \$10 million	0.6%	2.3%
Under \$1 million	0.0%	3.2%	Under \$1 million	0.0%	4.3%
<b>Municipalities</b>	<b>16.3%</b>	<b>28.2%</b>	<b>Special Districts</b>	<b>13.7%</b>	<b>39.2%</b>
Top 10	7.8%	1.4%	Top 10	8.8%	1.4%
\$100 million or more	1.6%	0.1%	\$100 million or more	4.5%	0.3%
\$10 million up to \$100 million	12.1%	4.8%	\$10 million up to \$100 million	7.2%	3.2%
\$1 million up to \$10 million	2.3%	8.1%	\$1 million up to \$10 million	1.7%	7.4%
Under \$1 million	0.2%	15.1%	Under \$1 million	0.2%	28.3%
<b>School Boards</b>	<b>22.8%</b>	<b>10.0%</b>	<b>Other</b>	<b>6.1%</b>	<b>2.9%</b>
Top 10	17.2%	1.4%	Top 10	5.5%	1.4%
\$100 million or more	12.5%	0.6%	\$100 million or more	3.5%	0.3%
\$10 million up to \$100 million	9.6%	3.6%	\$10 million up to \$100 million	2.4%	1.1%
\$1 million up to \$10 million	0.8%	2.1%	\$1 million up to \$10 million	0.2%	0.7%
Under \$1 million	0.0%	3.9%	Under \$1 million	0.0%	0.8%



**Total Fund Value: \$9,674,851,927**



**Total Active Participant Count: 727**

Note: Active accounts include only those participant accounts valued above zero.



## COMPLIANCE WITH INVESTMENT POLICY FOR MAY 2017

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
<b><u>Florida PRIME's Investment Policy</u></b>	
Securities must be USD denominated.	Pass
<b><u>Ratings requirements</u></b>	
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 <sup>1</sup>	Pass
<b><u>Maturity</u></b>	
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
<b><u>Issuer Diversification</u></b>	
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. <sup>2</sup>	Pass
<b><u>Demand Feature and Guarantor Diversification</u></b>	
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
<b><u>Money Market Mutual Funds</u></b>	
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
<b><u>Concentration Tests</u></b>	
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. <sup>3</sup>	Pass
<b><u>S&amp;P Requirements</u></b>	
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

<sup>1</sup> The fund may use floating rate government securities to extend the limit up to 120 days

<sup>2</sup> 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.

<sup>3</sup> 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 MAY 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
<i>Buys</i>								
ANTALIS S.A, CPABS4CPABS4	05/05/17	05/02/17	05/02/17	50,000,000.00	49,996,083.34	0.00	49,996,083.34	0.00
ANTALIS S.A, CPABS4CPABS4	05/05/17	05/02/17	05/02/17	10,000,000.00	9,999,216.67	0.00	9,999,216.67	0.00
ANTALIS S.A, CPABS4CPABS4	05/05/17	05/02/17	05/02/17	50,000,000.00	49,996,083.34	0.00	49,996,083.34	0.00
ANTALIS S.A, CPABS4CPABS4	05/05/17	05/02/17	05/02/17	50,000,000.00	49,996,083.34	0.00	49,996,083.34	0.00
ANTALIS S.A, CPABS4CPABS4	05/11/17	05/04/17	05/04/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
ANTALIS S.A, CPABS4CPABS4	05/11/17	05/04/17	05/04/17	1,960,000.00	1,959,637.94	0.00	1,959,637.94	0.00
ANTALIS S.A, CPABS4CPABS4	05/12/17	05/03/17	05/03/17	50,000,000.00	49,988,125.00	0.00	49,988,125.00	0.00
ANTALIS S.A, CPABS4CPABS4	05/12/17	05/03/17	05/03/17	10,780,000.00	10,777,439.75	0.00	10,777,439.75	0.00
ANTALIS S.A, CPABS4CPABS4	05/12/17	05/05/17	05/05/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
ANTALIS S.A, CPABS4CPABS4	05/12/17	05/05/17	05/05/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
ANTALIS S.A, CPABS4CPABS4	05/12/17	05/05/17	05/05/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
ANTALIS S.A, CPABS4CPABS4	05/12/17	05/05/17	05/05/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
ANTALIS S.A, CPABS4CPABS4	05/12/17	05/05/17	05/05/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
ANTALIS S.A, CPABS4CPABS4	05/12/17	05/05/17	05/05/17	36,970,000.00	36,963,170.82	0.00	36,963,170.82	0.00
ANTALIS S.A, CPABS4CPABS4	05/18/17	05/11/17	05/11/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
ANTALIS S.A, CPABS4CPABS4	05/18/17	05/11/17	05/11/17	110,000.00	109,979.68	0.00	109,979.68	0.00
ANTALIS S.A, CPABS4CPABS4	05/19/17	05/12/17	05/12/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
ANTALIS S.A, CPABS4CPABS4	05/19/17	05/12/17	05/12/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
ANTALIS S.A, CPABS4CPABS4	05/19/17	05/12/17	05/12/17	25,000,000.00	24,995,381.95	0.00	24,995,381.95	0.00
ANTALIS S.A, CPABS4CPABS4	05/19/17	05/12/17	05/12/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
ANTALIS S.A, CPABS4CPABS4	05/19/17	05/12/17	05/12/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
ANTALIS S.A, CPABS4CPABS4	05/19/17	05/12/17	05/12/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
ANTALIS S.A, CPABS4CPABS4	05/19/17	05/12/17	05/12/17	15,180,000.00	15,177,195.92	0.00	15,177,195.92	0.00
ANTALIS S.A, CPABS4CPABS4	05/25/17	05/18/17	05/18/17	40,770,000.00	40,762,468.88	0.00	40,762,468.88	0.00
ANTALIS S.A, CPABS4CPABS4	05/26/17	05/19/17	05/19/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
ANTALIS S.A, CPABS4CPABS4	05/26/17	05/19/17	05/19/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
ANTALIS S.A, CPABS4CPABS4	05/26/17	05/19/17	05/19/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
ANTALIS S.A, CPABS4CPABS4	05/26/17	05/19/17	05/19/17	35,000,000.00	34,993,534.72	0.00	34,993,534.72	0.00
ANTALIS S.A, CPABS4CPABS4	05/26/17	05/19/17	05/19/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
ANTALIS S.A, CPABS4CPABS4	05/30/17	05/26/17	05/26/17	45,000,000.00	44,995,350.00	0.00	44,995,350.00	0.00
ANTALIS S.A, CPABS4CPABS4	06/02/17	05/26/17	05/26/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
ANTALIS S.A, CPABS4CPABS4	06/02/17	05/26/17	05/26/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
ANTALIS S.A, CPABS4CPABS4	06/02/17	05/26/17	05/26/17	47,200,000.00	47,191,281.11	0.00	47,191,281.11	0.00
ANTALIS S.A, CPABS4CPABS4	06/02/17	05/26/17	05/26/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
ANTALIS S.A, CPABS4CPABS4	06/02/17	05/26/17	05/26/17	5,000,000.00	4,999,076.39	0.00	4,999,076.39	0.00
ANTALIS S.A, CPABS4CPABS4	06/12/17	05/31/17	05/31/17	23,530,000.00	23,522,470.40	0.00	23,522,470.40	0.00
ANTALIS S.A, CPABS4CPABS4	06/30/17	05/31/17	05/31/17	50,000,000.00	49,955,416.67	0.00	49,955,416.67	0.00
ANTALIS S.A, CPABS4CPABS4	06/30/17	05/31/17	05/31/17	11,900,000.00	11,889,389.17	0.00	11,889,389.17	0.00
ANTALIS S.A, CPABS4CPABS4	07/21/17	05/23/17	05/23/17	50,000,000.00	49,909,861.11	0.00	49,909,861.11	0.00
ANTALIS S.A, CPABS4CPABS4	07/21/17	05/23/17	05/23/17	49,810,000.00	49,720,203.64	0.00	49,720,203.64	0.00
ATLANTIC ASSET SECUCPABS4	05/02/17	05/01/17	05/01/17	35,100,000.00	35,099,103.00	0.00	35,099,103.00	0.00
ATLANTIC ASSET SECUCPABS4	05/03/17	05/02/17	05/02/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/03/17	05/02/17	05/02/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/03/17	05/02/17	05/02/17	18,400,000.00	18,399,534.89	0.00	18,399,534.89	0.00
ATLANTIC ASSET SECUCPABS4	05/04/17	05/03/17	05/03/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/04/17	05/03/17	05/03/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/04/17	05/03/17	05/03/17	42,900,000.00	42,898,915.58	0.00	42,898,915.58	0.00
ATLANTIC ASSET SECUCPABS4	05/04/17	05/03/17	05/03/17	50,000,000.00	49,998,722.22	0.00	49,998,722.22	0.00
ATLANTIC ASSET SECUCPABS4	05/04/17	05/03/17	05/03/17	6,300,000.00	6,299,839.00	0.00	6,299,839.00	0.00
ATLANTIC ASSET SECUCPABS4	05/04/17	05/03/17	05/03/17	50,000,000.00	49,998,722.22	0.00	49,998,722.22	0.00
ATLANTIC ASSET SECUCPABS4	05/04/17	05/03/17	05/03/17	50,000,000.00	49,998,722.22	0.00	49,998,722.22	0.00
ATLANTIC ASSET SECUCPABS4	05/05/17	05/04/17	05/04/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/05/17	05/04/17	05/04/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/05/17	05/04/17	05/04/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/05/17	05/04/17	05/04/17	15,000,000.00	14,999,620.83	0.00	14,999,620.83	0.00
ATLANTIC ASSET SECUCPABS4	05/09/17	05/08/17	05/08/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/09/17	05/08/17	05/08/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/09/17	05/08/17	05/08/17	48,000,000.00	47,998,786.67	0.00	47,998,786.67	0.00
ATLANTIC ASSET SECUCPABS4	05/10/17	05/09/17	05/09/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/10/17	05/09/17	05/09/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/10/17	05/09/17	05/09/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/10/17	05/09/17	05/09/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/10/17	05/09/17	05/09/17	3,000,000.00	2,999,924.17	0.00	2,999,924.17	0.00
ATLANTIC ASSET SECUCPABS4	05/11/17	05/10/17	05/10/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/11/17	05/10/17	05/10/17	5,600,000.00	5,599,858.44	0.00	5,599,858.44	0.00
ATLANTIC ASSET SECUCPABS4	05/11/17	05/10/17	05/10/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/11/17	05/10/17	05/10/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/11/17	05/10/17	05/10/17	44,000,000.00	43,998,887.78	0.00	43,998,887.78	0.00
ATLANTIC ASSET SECUCPABS4	05/12/17	05/11/17	05/11/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/12/17	05/11/17	05/11/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/12/17	05/11/17	05/11/17	1,200,000.00	1,199,969.67	0.00	1,199,969.67	0.00
ATLANTIC ASSET SECUCPABS4	05/12/17	05/11/17	05/11/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/12/17	05/11/17	05/11/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/15/17	05/12/17	05/12/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00

# TRADING ACTIVITY FOR MAY 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
ATLANTIC ASSET SECUCPABS4	05/15/17	05/12/17	05/12/17	15,000,000.00	14,998,862.50	0.00	14,998,862.50	0.00
ATLANTIC ASSET SECUCPABS4	05/15/17	05/12/17	05/12/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00
ATLANTIC ASSET SECUCPABS4	05/15/17	05/12/17	05/12/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00
ATLANTIC ASSET SECUCPABS4	05/15/17	05/12/17	05/12/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00
ATLANTIC ASSET SECUCPABS4	05/15/17	05/12/17	05/12/17	50,000,000.00	49,996,166.67	0.00	49,996,166.67	0.00
ATLANTIC ASSET SECUCPABS4	05/15/17	05/12/17	05/12/17	50,000,000.00	49,996,166.67	0.00	49,996,166.67	0.00
ATLANTIC ASSET SECUCPABS4	05/16/17	05/15/17	05/15/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/16/17	05/15/17	05/15/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/16/17	05/15/17	05/15/17	1,100,000.00	1,099,972.19	0.00	1,099,972.19	0.00
ATLANTIC ASSET SECUCPABS4	05/16/17	05/15/17	05/15/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/17/17	05/16/17	05/16/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/17/17	05/16/17	05/16/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/17/17	05/16/17	05/16/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/17/17	05/16/17	05/16/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/17/17	05/16/17	05/16/17	1,200,000.00	1,199,969.67	0.00	1,199,969.67	0.00
ATLANTIC ASSET SECUCPABS4	05/18/17	05/17/17	05/17/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/18/17	05/17/17	05/17/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/18/17	05/17/17	05/17/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/18/17	05/17/17	05/17/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/18/17	05/17/17	05/17/17	1,900,000.00	1,899,951.97	0.00	1,899,951.97	0.00
ATLANTIC ASSET SECUCPABS4	05/18/17	05/17/17	05/17/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/19/17	05/18/17	05/18/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/19/17	05/18/17	05/18/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/19/17	05/18/17	05/18/17	1,900,000.00	1,899,951.97	0.00	1,899,951.97	0.00
ATLANTIC ASSET SECUCPABS4	05/19/17	05/18/17	05/18/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/19/17	05/18/17	05/18/17	50,000,000.00	49,998,722.22	0.00	49,998,722.22	0.00
ATLANTIC ASSET SECUCPABS4	05/19/17	05/18/17	05/18/17	50,000,000.00	49,998,722.22	0.00	49,998,722.22	0.00
ATLANTIC ASSET SECUCPABS4	05/22/17	05/19/17	05/19/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00
ATLANTIC ASSET SECUCPABS4	05/22/17	05/19/17	05/19/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00
ATLANTIC ASSET SECUCPABS4	05/22/17	05/19/17	05/19/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00
ATLANTIC ASSET SECUCPABS4	05/22/17	05/19/17	05/19/17	15,000,000.00	14,998,862.50	0.00	14,998,862.50	0.00
ATLANTIC ASSET SECUCPABS4	05/22/17	05/19/17	05/19/17	50,000,000.00	49,996,166.67	0.00	49,996,166.67	0.00
ATLANTIC ASSET SECUCPABS4	05/22/17	05/19/17	05/19/17	50,000,000.00	49,996,166.67	0.00	49,996,166.67	0.00
ATLANTIC ASSET SECUCPABS4	05/23/17	05/22/17	05/22/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/23/17	05/22/17	05/22/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/23/17	05/22/17	05/22/17	1,900,000.00	1,899,951.97	0.00	1,899,951.97	0.00
ATLANTIC ASSET SECUCPABS4	05/23/17	05/22/17	05/22/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/24/17	05/23/17	05/23/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/24/17	05/23/17	05/23/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/24/17	05/23/17	05/23/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/24/17	05/23/17	05/23/17	2,000,000.00	1,999,949.44	0.00	1,999,949.44	0.00
ATLANTIC ASSET SECUCPABS4	05/24/17	05/23/17	05/23/17	50,000,000.00	49,998,722.22	0.00	49,998,722.22	0.00
ATLANTIC ASSET SECUCPABS4	05/25/17	05/24/17	05/24/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/25/17	05/24/17	05/24/17	2,200,000.00	2,199,944.39	0.00	2,199,944.39	0.00
ATLANTIC ASSET SECUCPABS4	05/25/17	05/24/17	05/24/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/25/17	05/24/17	05/24/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/25/17	05/24/17	05/24/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/26/17	05/25/17	05/25/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
ATLANTIC ASSET SECUCPABS4	05/26/17	05/25/17	05/25/17	28,344,000.00	28,343,283.53	0.00	28,343,283.53	0.00
ATLANTIC ASSET SECUCPABS4	05/30/17	05/26/17	05/26/17	50,000,000.00	49,994,944.45	0.00	49,994,944.45	0.00
ATLANTIC ASSET SECUCPABS4	05/30/17	05/26/17	05/26/17	6,700,000.00	6,699,322.56	0.00	6,699,322.56	0.00
ATLANTIC ASSET SECUCPABS4	05/30/17	05/26/17	05/26/17	50,000,000.00	49,994,944.45	0.00	49,994,944.45	0.00
ATLANTIC ASSET SECUCPABS4	05/30/17	05/26/17	05/26/17	50,000,000.00	49,994,944.45	0.00	49,994,944.45	0.00
ATLANTIC ASSET SECUCPABS4	05/31/17	05/30/17	05/30/17	50,000,000.00	49,998,750.00	0.00	49,998,750.00	0.00
ATLANTIC ASSET SECUCPABS4	05/31/17	05/30/17	05/30/17	50,000,000.00	49,998,750.00	0.00	49,998,750.00	0.00
ATLANTIC ASSET SECUCPABS4	05/31/17	05/30/17	05/30/17	2,300,000.00	2,299,942.50	0.00	2,299,942.50	0.00
ATLANTIC ASSET SECUCPABS4	06/01/17	05/31/17	05/31/17	50,000,000.00	49,998,861.11	0.00	49,998,861.11	0.00
ATLANTIC ASSET SECUCPABS4	06/01/17	05/31/17	05/31/17	50,000,000.00	49,998,861.11	0.00	49,998,861.11	0.00
ATLANTIC ASSET SECUCPABS4	06/01/17	05/31/17	05/31/17	15,000,000.00	14,999,658.33	0.00	14,999,658.33	0.00
BASF SECP4-2	06/14/17	05/11/17	05/11/17	5,000,000.00	4,995,891.67	0.00	4,995,891.67	0.00
BMO HARRIS BANK, N.C.D	08/15/17	05/15/17	05/15/17	30,000,000.00	30,000,000.00	0.00	30,000,000.00	0.00
BANK OF MONTREAL (CCP	08/17/17	05/17/17	05/17/17	25,000,000.00	24,924,611.11	0.00	24,924,611.11	0.00
BANK OF MONTREAL/CHICAGO IL	05/23/18	05/23/17	05/23/17	25,000,000.00	25,000,000.00	0.00	25,000,000.00	0.00
BANQUE ET CAISSE D'CP	11/08/17	05/02/17	05/02/17	14,000,000.00	13,902,466.67	0.00	13,902,466.67	0.00
BARTON CAPITAL SA	02/05/18	05/11/17	05/11/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
BARTON CAPITAL LLCPCABS4-	05/03/17	05/02/17	05/02/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BARTON CAPITAL LLCPCABS4-	05/03/17	05/02/17	05/02/17	8,000,000.00	7,999,797.78	0.00	7,999,797.78	0.00
BARTON CAPITAL LLCPCABS4-	05/09/17	05/08/17	05/08/17	29,400,000.00	29,399,256.83	0.00	29,399,256.83	0.00
BARTON CAPITAL LLCPCABS4-	05/10/17	05/03/17	05/03/17	50,000,000.00	49,990,958.34	0.00	49,990,958.34	0.00



## TRADING ACTIVITY FOR MAY 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BARTON CAPITAL LLC/PAB54-	05/11/17	05/04/17	05/04/17	50,000,000.00	49,990,861.11	0.00	49,990,861.11	0.00
BARTON CAPITAL LLC/PAB54-	05/11/17	05/04/17	05/04/17	50,000,000.00	49,990,861.11	0.00	49,990,861.11	0.00
BARTON CAPITAL LLC/PAB54-	05/12/17	05/05/17	05/05/17	50,000,000.00	49,990,861.11	0.00	49,990,861.11	0.00
BARTON CAPITAL LLC/PAB54-	05/12/17	05/05/17	05/05/17	10,000,000.00	9,998,172.22	0.00	9,998,172.22	0.00
BARTON CAPITAL LLC/PAB54-	05/12/17	05/05/17	05/05/17	50,000,000.00	49,990,861.11	0.00	49,990,861.11	0.00
BARTON CAPITAL LLC/PAB54-	05/19/17	05/12/17	05/12/17	50,000,000.00	49,990,861.11	0.00	49,990,861.11	0.00
BARTON CAPITAL LLC/PAB54-	05/19/17	05/12/17	05/12/17	20,000,000.00	19,996,344.44	0.00	19,996,344.44	0.00
BARTON CAPITAL LLC/PAB54-	05/26/17	05/25/17	05/25/17	46,000,000.00	45,998,837.22	0.00	45,998,837.22	0.00
BARTON CAPITAL LLC/PAB54-	05/30/17	05/26/17	05/26/17	50,000,000.00	49,994,944.45	0.00	49,994,944.45	0.00
BARTON CAPITAL LLC/PAB54-	05/30/17	05/26/17	05/26/17	16,100,000.00	16,098,372.11	0.00	16,098,372.11	0.00
BARTON CAPITAL LLC/PAB54-	06/09/17	05/10/17	05/10/17	25,000,000.00	24,979,166.67	0.00	24,979,166.67	0.00
BARTON CAPITAL LLC/PAB54-	06/19/17	05/19/17	05/19/17	37,000,000.00	36,968,138.89	0.00	36,968,138.89	0.00
BARTON CAPITAL LLC/PAB54-	06/19/17	05/19/17	05/19/17	50,000,000.00	49,956,944.45	0.00	49,956,944.45	0.00
BARTON CAPITAL LLC/PAB54-	07/10/17	05/11/17	05/11/17	50,000,000.00	49,910,833.34	0.00	49,910,833.34	0.00
BNP PARIBAS SACP4-2	05/09/17	05/08/17	05/08/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/09/17	05/08/17	05/08/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/09/17	05/08/17	05/08/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/09/17	05/08/17	05/08/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/09/17	05/08/17	05/08/17	42,600,000.00	42,598,923.17	0.00	42,598,923.17	0.00
BNP PARIBAS SACP4-2	05/10/17	05/09/17	05/09/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/10/17	05/09/17	05/09/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/10/17	05/09/17	05/09/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/10/17	05/09/17	05/09/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/10/17	05/09/17	05/09/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/11/17	05/10/17	05/10/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/11/17	05/10/17	05/10/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/11/17	05/10/17	05/10/17	17,800,000.00	17,799,550.06	0.00	17,799,550.06	0.00
BNP PARIBAS SACP4-2	05/11/17	05/10/17	05/10/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/11/17	05/10/17	05/10/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/11/17	05/10/17	05/10/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/11/17	05/10/17	05/10/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/11/17	05/10/17	05/10/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/11/17	05/10/17	05/10/17	17,800,000.00	17,799,550.06	0.00	17,799,550.06	0.00
BNP PARIBAS SACP4-2	05/12/17	05/11/17	05/11/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/12/17	05/11/17	05/11/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/12/17	05/11/17	05/11/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/12/17	05/11/17	05/11/17	17,800,000.00	17,799,550.06	0.00	17,799,550.06	0.00
BNP PARIBAS SACP4-2	05/12/17	05/11/17	05/11/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/16/17	05/15/17	05/15/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/16/17	05/15/17	05/15/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/16/17	05/15/17	05/15/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/16/17	05/15/17	05/15/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/16/17	05/15/17	05/15/17	42,600,000.00	42,600,000.00	0.00	42,600,000.00	0.00
BNP PARIBAS SACP4-2	05/16/17	05/15/17	05/15/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/17/17	05/16/17	05/16/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/17/17	05/16/17	05/16/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/17/17	05/16/17	05/16/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/17/17	05/16/17	05/16/17	18,000,000.00	17,999,545.00	0.00	17,999,545.00	0.00
BNP PARIBAS SACP4-2	05/17/17	05/16/17	05/16/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/23/17	05/22/17	05/22/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/23/17	05/22/17	05/22/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/23/17	05/22/17	05/22/17	33,500,000.00	33,499,153.19	0.00	33,499,153.19	0.00
BNP PARIBAS SACP4-2	05/24/17	05/23/17	05/23/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/24/17	05/23/17	05/23/17	11,500,000.00	11,499,709.31	0.00	11,499,709.31	0.00
BNP PARIBAS SACP4-2	05/24/17	05/23/17	05/23/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/25/17	05/24/17	05/24/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/25/17	05/24/17	05/24/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/25/17	05/24/17	05/24/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/25/17	05/24/17	05/24/17	36,700,000.00	36,699,072.30	0.00	36,699,072.30	0.00
BNP PARIBAS SACP4-2	05/25/17	05/24/17	05/24/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/26/17	05/25/17	05/25/17	50,000,000.00	49,998,736.00	0.00	49,998,736.00	0.00
BNP PARIBAS SACP4-2	05/26/17	05/25/17	05/25/17	50,000,000.00	49,998,736.00	0.00	49,998,736.00	0.00
BNP PARIBAS SACP4-2	05/26/17	05/25/17	05/25/17	50,000,000.00	49,998,736.00	0.00	49,998,736.00	0.00
BNP PARIBAS SACP4-2	05/26/17	05/25/17	05/25/17	50,000,000.00	49,998,736.00	0.00	49,998,736.00	0.00
BNP PARIBAS SACP4-2	05/26/17	05/25/17	05/25/17	33,800,000.00	33,799,145.54	0.00	33,799,145.54	0.00
BNP PARIBAS SACP4-2	05/30/17	05/26/17	05/26/17	50,000,000.00	49,994,944.45	0.00	49,994,944.45	0.00
BNP PARIBAS SACP4-2	05/30/17	05/26/17	05/26/17	50,000,000.00	49,994,944.45	0.00	49,994,944.45	0.00
BNP PARIBAS SACP4-2	05/30/17	05/26/17	05/26/17	50,000,000.00	49,994,944.45	0.00	49,994,944.45	0.00
BNP PARIBAS SACP4-2	05/30/17	05/26/17	05/26/17	11,000,000.00	10,998,887.78	0.00	10,998,887.78	0.00
BNP PARIBAS SACP4-2	05/30/17	05/26/17	05/26/17	50,000,000.00	49,994,944.45	0.00	49,994,944.45	0.00
BNP PARIBAS SACP4-2	05/31/17	05/30/17	05/30/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/31/17	05/30/17	05/30/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/31/17	05/30/17	05/30/17	11,800,000.00	11,799,701.72	0.00	11,799,701.72	0.00
BNP PARIBAS SACP4-2	05/31/17	05/30/17	05/30/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP4-2	05/31/17	05/30/17	05/30/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP	05/02/17	05/01/17	05/01/17	13,000,000.00	12,999,671.39	0.00	12,999,671.39	0.00
BNP PARIBAS SA/NEW YORK NY	05/03/17	05/02/17	05/02/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SA/NEW YORK NY	05/03/17	05/02/17	05/02/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00

# TRADING ACTIVITY FOR MAY 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BNP PARIBAS SA/NEW YORK NY	05/03/17	05/02/17	05/02/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SA/NEW YORK NY	05/03/17	05/02/17	05/02/17	32,000,000.00	31,999,191.11	0.00	31,999,191.11	0.00
BNP PARIBAS SA/NEW YORK NY	05/03/17	05/02/17	05/02/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SA/NEW YORK NY	05/03/17	05/02/17	05/02/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SACP	05/15/17	05/12/17	05/12/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00
BNP PARIBAS SACP	05/15/17	05/12/17	05/12/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00
BNP PARIBAS SACP	05/15/17	05/12/17	05/12/17	43,000,000.00	42,996,739.17	0.00	42,996,739.17	0.00
BNP PARIBAS SACP	05/15/17	05/12/17	05/12/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00
BNP PARIBAS SACP	05/15/17	05/12/17	05/12/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00
BNP PARIBAS SA/NEW YORK NY	05/18/17	05/17/17	05/17/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SA/NEW YORK NY	05/18/17	05/17/17	05/17/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SA/NEW YORK NY	05/18/17	05/17/17	05/17/17	28,000,000.00	27,999,292.22	0.00	27,999,292.22	0.00
BNP PARIBAS SA/NEW YORK NY	05/18/17	05/17/17	05/17/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
BNP PARIBAS SA/NEW YORK NY	05/18/17	05/17/17	05/17/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
CIESCO, LLC CPAB54-2	05/05/17	05/04/17	05/04/17	18,200,000.00	18,199,539.94	0.00	18,199,539.94	0.00
COMMONWEALTH BANK OF AUSTRALIA	04/27/18	05/16/17	05/16/17	15,000,000.00	15,000,180.00	6,418.60	15,006,598.60	0.00
COMMONWEALTH BANK OF AUSTRALIA	05/10/18	05/12/17	05/15/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
COMMONWEALTH BANK OF AUSTRALIA	05/10/18	05/12/17	05/15/17	20,000,000.00	20,000,000.00	0.00	20,000,000.00	0.00
RABOBANK NEDERLAND CP	05/05/17	05/04/17	05/04/17	50,000,000.00	49,998,750.00	0.00	49,998,750.00	0.00
COOPERATIVE RABOBANK UA/NY	05/08/17	05/05/17	05/05/17	50,000,000.00	49,996,250.00	0.00	49,996,250.00	0.00
COOPERATIVE RABOBANK UA/NY	05/08/17	05/05/17	05/05/17	50,000,000.00	49,996,250.00	0.00	49,996,250.00	0.00
COOPERATIVE RABOBANK UA/NY	05/08/17	05/05/17	05/05/17	50,000,000.00	49,996,250.00	0.00	49,996,250.00	0.00
COOPERATIVE RABOBANK UA/NY	05/08/17	05/05/17	05/05/17	50,000,000.00	49,996,250.00	0.00	49,996,250.00	0.00
COOPERATIVE RABOBANK UA/NY	05/08/17	05/05/17	05/05/17	16,590,000.00	16,588,755.75	0.00	16,588,755.75	0.00
COOPERATIVE RABOBANK UA/NY	05/18/17	05/17/17	05/17/17	50,000,000.00	49,998,750.00	0.00	49,998,750.00	0.00
COOPERATIVE RABOBANK UA/NY	05/18/17	05/17/17	05/17/17	30,000,000.00	29,999,250.00	0.00	29,999,250.00	0.00
COOPERATIVE RABOBANK UA/NY	05/19/17	05/18/17	05/18/17	50,000,000.00	49,998,750.00	0.00	49,998,750.00	0.00
COOPERATIVE RABOBANK UA/NY	05/19/17	05/18/17	05/18/17	50,000,000.00	49,998,750.00	0.00	49,998,750.00	0.00
COOPERATIVE RABOBANK UA/NY	05/19/17	05/18/17	05/18/17	50,000,000.00	49,998,750.00	0.00	49,998,750.00	0.00
COOPERATIVE RABOBANK UA/NY	05/31/17	05/30/17	05/30/17	50,000,000.00	49,998,750.00	0.00	49,998,750.00	0.00
COOPERATIVE RABOBANK UA/NY	05/31/17	05/30/17	05/30/17	50,000,000.00	49,998,750.00	0.00	49,998,750.00	0.00
COOPERATIVE RABOBANK UA/NY	05/31/17	05/30/17	05/30/17	30,000,000.00	29,999,250.00	0.00	29,999,250.00	0.00
CREDIT AGRICOLE CORCP	05/03/17	05/02/17	05/02/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
CREDIT AGRICOLE CORCP	05/03/17	05/02/17	05/02/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
CREDIT AGRICOLE CORCP	05/03/17	05/02/17	05/02/17	35,700,000.00	35,699,097.58	0.00	35,699,097.58	0.00
CREDIT AGRICOLE CORCP	05/03/17	05/02/17	05/02/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
CREDIT AGRICOLE CORCP	05/03/17	05/02/17	05/02/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
CREDIT INDUSTRIEL ECDYAN	06/02/17	05/26/17	05/26/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
CREDIT INDUSTRIEL ECDYAN	06/02/17	05/26/17	05/26/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
CREDIT INDUSTRIEL ECDYAN	06/02/17	05/26/17	05/26/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
CREDIT INDUSTRIEL ECDYAN	06/02/17	05/26/17	05/26/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
CREDIT SUISSE/NEW YORK NY	05/26/17	05/01/17	05/02/17	3,350,000.00	3,350,603.00	19,960.41	3,370,563.41	0.00
CREDIT SUISSE/NEW YORK NY	05/26/17	05/02/17	05/04/17	1,980,000.00	1,980,300.17	11,948.75	1,992,248.92	0.00
CREDIT SUISSE/NEW YORK NY	05/26/17	05/08/17	05/08/17	3,365,572.05	3,365,572.05	20,820.93	3,386,392.98	0.00
CREDIT SUISSE/NEW YORK NY	05/26/17	05/08/17	05/11/17	9,035,000.00	9,036,264.90	56,939.32	9,093,204.22	0.00
CREDIT SUISSE/NEW YORK NY	05/26/17	05/15/17	05/16/17	400,000.00	400,040.04	2,597.22	402,637.26	0.00
CREDIT SUISSE/NEW YORK NY	05/26/17	05/17/17	05/19/17	6,040,000.00	6,040,422.80	39,910.13	6,080,332.93	0.00
CREDIT SUISSE AG/NEW YORK NY	05/26/17	05/12/17	05/15/17	10,065,000.00	10,066,580.21	33,203.15	10,099,783.36	0.00
CREDIT SUISSE AG/NEW YORK NY	05/26/17	05/17/17	05/19/17	16,475,000.00	16,476,647.50	57,172.24	16,533,819.74	0.00
CREDIT SUISSE, ZURICP	07/03/17	05/05/17	05/05/17	9,100,000.00	9,084,340.42	0.00	9,084,340.42	0.00
DZ BANK AG DEUTSCHECP4-2	05/04/17	05/03/17	05/03/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/04/17	05/03/17	05/03/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/04/17	05/03/17	05/03/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/04/17	05/03/17	05/03/17	34,000,000.00	33,999,140.55	0.00	33,999,140.55	0.00
DZ BANK AG DEUTSCHECP4-2	05/05/17	05/04/17	05/04/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/05/17	05/04/17	05/04/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/05/17	05/04/17	05/04/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/08/17	05/05/17	05/05/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00
DZ BANK AG DEUTSCHECP4-2	05/08/17	05/05/17	05/05/17	40,000,000.00	39,996,966.67	0.00	39,996,966.67	0.00
DZ BANK AG DEUTSCHECP4-2	05/08/17	05/05/17	05/05/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00
DZ BANK AG DEUTSCHECP4-2	05/08/17	05/05/17	05/05/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00
DZ BANK AG DEUTSCHECP4-2	05/09/17	05/08/17	05/08/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/09/17	05/08/17	05/08/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/09/17	05/08/17	05/08/17	36,200,000.00	36,199,084.94	0.00	36,199,084.94	0.00
DZ BANK AG DEUTSCHECP4-2	05/10/17	05/09/17	05/09/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/10/17	05/09/17	05/09/17	36,300,000.00	36,299,082.42	0.00	36,299,082.42	0.00
DZ BANK AG DEUTSCHECP4-2	05/10/17	05/09/17	05/09/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/10/17	05/09/17	05/09/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/11/17	05/10/17	05/10/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/11/17	05/10/17	05/10/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/11/17	05/10/17	05/10/17	35,300,000.00	35,299,107.69	0.00	35,299,107.69	0.00
DZ BANK AG DEUTSCHECP4-2	05/11/17	05/10/17	05/10/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/12/17	05/11/17	05/11/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/12/17	05/11/17	05/11/17	36,400,000.00	36,399,079.89	0.00	36,399,079.89	0.00



## TRADING ACTIVITY FOR MAY 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
DZ BANK AG DEUTSCHECP4-2	05/12/17	05/11/17	05/11/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/12/17	05/11/17	05/11/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/15/17	05/12/17	05/12/17	35,000,000.00	34,997,345.83	0.00	34,997,345.83	0.00
DZ BANK AG DEUTSCHECP4-2	05/15/17	05/12/17	05/12/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00
DZ BANK AG DEUTSCHECP4-2	05/15/17	05/12/17	05/12/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00
DZ BANK AG DEUTSCHECP4-2	05/15/17	05/12/17	05/12/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00
DZ BANK AG DEUTSCHECP4-2	05/16/17	05/15/17	05/15/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/16/17	05/15/17	05/15/17	35,000,000.00	34,999,115.28	0.00	34,999,115.28	0.00
DZ BANK AG DEUTSCHECP4-2	05/16/17	05/15/17	05/15/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/16/17	05/15/17	05/15/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/17/17	05/16/17	05/16/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/17/17	05/16/17	05/16/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/17/17	05/16/17	05/16/17	36,400,000.00	36,399,079.89	0.00	36,399,079.89	0.00
DZ BANK AG DEUTSCHECP4-2	05/18/17	05/17/17	05/17/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/18/17	05/17/17	05/17/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/18/17	05/17/17	05/17/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/18/17	05/17/17	05/17/17	36,500,000.00	36,499,077.36	0.00	36,499,077.36	0.00
DZ BANK AG DEUTSCHECP4-2	05/19/17	05/18/17	05/18/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/19/17	05/18/17	05/18/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/19/17	05/18/17	05/18/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/19/17	05/18/17	05/18/17	32,100,000.00	32,099,188.58	0.00	32,099,188.58	0.00
DZ BANK AG DEUTSCHECP4-2	05/22/17	05/19/17	05/19/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00
DZ BANK AG DEUTSCHECP4-2	05/22/17	05/19/17	05/19/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00
DZ BANK AG DEUTSCHECP4-2	05/22/17	05/19/17	05/19/17	35,000,000.00	34,997,345.83	0.00	34,997,345.83	0.00
DZ BANK AG DEUTSCHECP4-2	05/22/17	05/19/17	05/19/17	50,000,000.00	49,996,208.34	0.00	49,996,208.34	0.00
DZ BANK AG DEUTSCHECP4-2	05/23/17	05/22/17	05/22/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/23/17	05/22/17	05/22/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/23/17	05/22/17	05/22/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/23/17	05/22/17	05/22/17	35,100,000.00	35,099,112.75	0.00	35,099,112.75	0.00
DZ BANK AG DEUTSCHECP4-2	05/24/17	05/23/17	05/23/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/24/17	05/23/17	05/23/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/24/17	05/23/17	05/23/17	35,200,000.00	35,199,110.22	0.00	35,199,110.22	0.00
DZ BANK AG DEUTSCHECP4-2	05/24/17	05/23/17	05/23/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/25/17	05/24/17	05/24/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/25/17	05/24/17	05/24/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/25/17	05/24/17	05/24/17	32,400,000.00	32,399,181.00	0.00	32,399,181.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/25/17	05/24/17	05/24/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/26/17	05/25/17	05/25/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/26/17	05/25/17	05/25/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/26/17	05/25/17	05/25/17	27,500,000.00	27,499,304.86	0.00	27,499,304.86	0.00
DZ BANK AG DEUTSCHECP4-2	05/26/17	05/25/17	05/25/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/30/17	05/26/17	05/26/17	50,000,000.00	49,994,944.45	0.00	49,994,944.45	0.00
DZ BANK AG DEUTSCHECP4-2	05/30/17	05/26/17	05/26/17	50,000,000.00	49,994,944.45	0.00	49,994,944.45	0.00
DZ BANK AG DEUTSCHECP4-2	05/30/17	05/26/17	05/26/17	22,500,000.00	22,497,725.00	0.00	22,497,725.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/31/17	05/30/17	05/30/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/31/17	05/30/17	05/30/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/31/17	05/30/17	05/30/17	500,000.00	499,987.36	0.00	499,987.36	0.00
DZ BANK AG DEUTSCHECP4-2	05/31/17	05/30/17	05/30/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	05/31/17	05/30/17	05/30/17	50,000,000.00	49,998,736.11	0.00	49,998,736.11	0.00
DZ BANK AG DEUTSCHECP4-2	06/01/17	05/31/17	05/31/17	50,000,000.00	49,998,847.22	0.00	49,998,847.22	0.00
DZ BANK AG DEUTSCHECP4-2	06/01/17	05/31/17	05/31/17	37,500,000.00	37,499,135.42	0.00	37,499,135.42	0.00
DZ BANK AG DEUTSCHECP4-2	06/01/17	05/31/17	05/31/17	50,000,000.00	49,998,847.22	0.00	49,998,847.22	0.00
FAIRWAY FINANCE CO,CPAB54	05/26/17	05/25/17	05/25/17	46,265,000.00	46,263,817.67	0.00	46,263,817.67	0.00
GOTHAM FUNDING CORPCPAB54	06/07/17	05/05/17	05/05/17	50,000,000.00	49,954,166.67	0.00	49,954,166.67	0.00
GOTHAM FUNDING CORPCPAB54	06/07/17	05/05/17	05/05/17	50,000,000.00	49,954,166.67	0.00	49,954,166.67	0.00
GOTHAM FUNDING CORPCPAB54	06/07/17	05/08/17	05/08/17	50,000,000.00	49,958,333.34	0.00	49,958,333.34	0.00
GOTHAM FUNDING CORPCPAB54	06/07/17	05/08/17	05/08/17	50,000,000.00	49,958,333.34	0.00	49,958,333.34	0.00
GOTHAM FUNDING CORPCPAB54	06/08/17	05/05/17	05/05/17	50,000,000.00	49,952,777.80	0.00	49,952,777.80	0.00
GOTHAM FUNDING CORPCPAB54	06/14/17	05/12/17	05/12/17	50,000,000.00	49,954,166.67	0.00	49,954,166.67	0.00
GOTHAM FUNDING CORPCPAB54	06/14/17	05/12/17	05/12/17	50,000,000.00	49,954,166.67	0.00	49,954,166.67	0.00
GOTHAM FUNDING CORPCPAB54	06/14/17	05/12/17	05/12/17	50,000,000.00	49,954,166.67	0.00	49,954,166.67	0.00
GOTHAM FUNDING CORPCPAB54	06/16/17	05/16/17	05/16/17	50,000,000.00	49,956,513.89	0.00	49,956,513.89	0.00
GOTHAM FUNDING CORPCPAB54	06/16/17	05/16/17	05/16/17	9,000,000.00	8,992,172.50	0.00	8,992,172.50	0.00
HSBC BANK USA NA/NEW YORK NY	08/04/17	05/03/17	05/04/17	14,020,450.00	14,020,454.00	0.00	14,020,454.00	0.00
KAISER FOUNDATION HCP	05/03/17	05/01/17	05/01/17	25,002,000.00	25,000,736.01	0.00	25,000,736.01	0.00
LMA-AMERICAS LLCPCAB54-2	05/04/17	05/03/17	05/03/17	50,000,000.00	49,998,708.34	0.00	49,998,708.34	0.00
LMA-AMERICAS LLCPCAB54-2	05/04/17	05/03/17	05/03/17	5,449,859.21	5,449,859.21	0.00	5,449,859.21	0.00
LMA-AMERICAS LLCPCAB54-2	05/11/17	05/04/17	05/04/17	5,000,000.00	4,999,086.11	0.00	4,999,086.11	0.00
LMA-AMERICAS LLCPCAB54-2	05/11/17	05/04/17	05/04/17	50,000,000.00	49,990,861.11	0.00	49,990,861.11	0.00
LMA-AMERICAS LLCPCAB54-2	05/11/17	05/04/17	05/04/17	50,000,000.00	49,990,763.89	0.00	49,990,763.89	0.00
LMA-AMERICAS LLCPCAB54-2	05/11/17	05/04/17	05/04/17	25,000,000.00	24,995,381.95	0.00	24,995,381.95	0.00
LMA-AMERICAS LLCPCAB54-2	05/11/17	05/10/17	05/10/17	50,000,000.00	49,998,708.34	0.00	49,998,708.34	0.00
LMA-AMERICAS LLCPCAB54-2	05/11/17	05/10/17	05/10/17	3,000,000.00	2,999,922.50	0.00	2,999,922.50	0.00
LMA-AMERICAS LLCPCAB54-2	05/11/17	05/10/17	05/10/17	50,000,000.00	49,998,708.34	0.00	49,998,708.34	0.00
LMA-AMERICAS LLCPCAB54-2	05/12/17	05/04/17	05/04/17	1,500,000.00	1,499,673.33	0.00	1,499,673.33	0.00
LMA-AMERICAS LLCPCAB54-2	05/12/17	05/11/17	05/11/17	50,000,000.00	49,998,708.34	0.00	49,998,708.34	0.00
LMA-AMERICAS LLCPCAB54-2	05/12/17	05/11/17	05/11/17	25,000,000.00	24,999,354.17	0.00	24,999,354.17	0.00

## TRADING ACTIVITY FOR MAY 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
LMA-AMERICAS LLCPCAB54-2	05/15/17	05/12/17	05/12/17	50,000,000.00	49,996,125.00	0.00	49,996,125.00	0.00
LMA-AMERICAS LLCPCAB54-2	05/15/17	05/12/17	05/12/17	36,500,000.00	36,497,171.25	0.00	36,497,171.25	0.00
LMA-AMERICAS LLCPCAB54-2	05/16/17	05/15/17	05/15/17	50,000,000.00	49,998,708.34	0.00	49,998,708.34	0.00
LMA-AMERICAS LLCPCAB54-2	05/16/17	05/15/17	05/15/17	25,000,000.00	24,999,354.17	0.00	24,999,354.17	0.00
LMA-AMERICAS LLCPCAB54-2	05/17/17	05/16/17	05/16/17	50,000,000.00	49,998,708.34	0.00	49,998,708.34	0.00
LMA-AMERICAS LLCPCAB54-2	05/17/17	05/16/17	05/16/17	8,100,000.00	8,099,790.75	0.00	8,099,790.75	0.00
LMA-AMERICAS LLCPCAB54-2	05/18/17	05/11/17	05/11/17	50,000,000.00	49,990,861.11	0.00	49,990,861.11	0.00
LMA-AMERICAS LLCPCAB54-2	05/18/17	05/11/17	05/11/17	25,000,000.00	24,995,430.56	0.00	24,995,430.56	0.00
LMA-AMERICAS LLCPCAB54-2	05/18/17	05/11/17	05/11/17	50,000,000.00	49,990,861.11	0.00	49,990,861.11	0.00
LMA-AMERICAS LLCPCAB54-2	05/18/17	05/11/17	05/11/17	5,000,000.00	4,999,086.11	0.00	4,999,086.11	0.00
LMA-AMERICAS LLCPCAB54-2	05/18/17	05/17/17	05/17/17	23,100,000.00	23,099,396.83	0.00	23,099,396.83	0.00
LMA-AMERICAS LLCPCAB54-2	05/18/17	05/17/17	05/17/17	39,450,000.00	39,448,980.88	0.00	39,448,980.88	0.00
LMA-AMERICAS LLCPCAB54-2	05/18/17	05/17/17	05/17/17	50,000,000.00	49,998,708.34	0.00	49,998,708.34	0.00
LMA-AMERICAS LLCPCAB54-2	05/18/17	05/17/17	05/17/17	25,000,000.00	24,999,354.17	0.00	24,999,354.17	0.00
LMA-AMERICAS LLCPCAB54-2	05/22/17	05/19/17	05/19/17	50,000,000.00	49,996,125.00	0.00	49,996,125.00	0.00
LMA-AMERICAS LLCPCAB54-2	05/22/17	05/19/17	05/19/17	25,000,000.00	24,998,062.50	0.00	24,998,062.50	0.00
LMA-AMERICAS LLCPCAB54-2	05/23/17	05/22/17	05/22/17	50,000,000.00	49,998,708.34	0.00	49,998,708.34	0.00
LMA-AMERICAS LLCPCAB54-2	05/23/17	05/22/17	05/22/17	20,600,000.00	20,599,467.83	0.00	20,599,467.83	0.00
LMA-AMERICAS LLCPCAB54-2	05/24/17	05/23/17	05/23/17	50,000,000.00	49,998,708.34	0.00	49,998,708.34	0.00
LMA-AMERICAS LLCPCAB54-2	05/24/17	05/23/17	05/23/17	34,000,000.00	33,999,121.67	0.00	33,999,121.67	0.00
LMA-AMERICAS LLCPCAB54-2	05/26/17	05/18/17	05/18/17	50,000,000.00	49,989,555.56	0.00	49,989,555.56	0.00
LMA-AMERICAS LLCPCAB54-2	05/26/17	05/18/17	05/18/17	30,000,000.00	29,993,733.33	0.00	29,993,733.33	0.00
LMA-AMERICAS LLCPCAB54-2	05/26/17	05/18/17	05/18/17	50,000,000.00	49,989,555.56	0.00	49,989,555.56	0.00
LMA-AMERICAS LLCPCAB54-2	05/26/17	05/18/17	05/18/17	10,800,000.00	10,797,744.00	0.00	10,797,744.00	0.00
LMA-AMERICAS LLCPCAB54-2	05/30/17	05/26/17	05/26/17	48,600,000.00	48,595,032.00	0.00	48,595,032.00	0.00
LMA-AMERICAS LLCPCAB54-2	05/30/17	05/26/17	05/26/17	50,000,000.00	49,994,833.34	0.00	49,994,833.34	0.00
LMA-AMERICAS LLCPCAB54-2	05/30/17	05/26/17	05/26/17	39,000,000.00	38,995,970.00	0.00	38,995,970.00	0.00
LMA-AMERICAS LLCPCAB54-2	05/31/17	05/30/17	05/30/17	50,000,000.00	49,998,708.34	0.00	49,998,708.34	0.00
LMA-AMERICAS LLCPCAB54-2	05/31/17	05/30/17	05/30/17	8,500,000.00	8,499,780.42	0.00	8,499,780.42	0.00
LMA-AMERICAS LLCPCAB54-2	06/01/17	05/31/17	05/31/17	50,000,000.00	49,998,833.34	0.00	49,998,833.34	0.00
LMA-AMERICAS LLCPCAB54-2	06/01/17	05/31/17	05/31/17	18,900,000.00	18,899,559.00	0.00	18,899,559.00	0.00
LMA-AMERICAS LLCPCAB54-2	06/01/17	05/31/17	05/31/17	50,000,000.00	49,998,833.34	0.00	49,998,833.34	0.00
LMA-AMERICAS LLCPCAB54-2	06/01/17	05/31/17	05/31/17	50,000,000.00	49,998,833.34	0.00	49,998,833.34	0.00
LMA-AMERICAS LLCPCAB54-2	06/01/17	05/31/17	05/31/17	33,000,000.00	32,999,230.00	0.00	32,999,230.00	0.00
LMA-AMERICAS LLCPCAB54-2	06/02/17	05/26/17	05/26/17	50,000,000.00	49,990,861.11	0.00	49,990,861.11	0.00
LMA-AMERICAS LLCPCAB54-2	06/02/17	05/26/17	05/26/17	30,000,000.00	29,994,516.67	0.00	29,994,516.67	0.00
LMA-AMERICAS LLCPCAB54-2	06/02/17	05/26/17	05/26/17	50,000,000.00	49,990,861.11	0.00	49,990,861.11	0.00
LMA-AMERICAS LLCPCAB54-2	06/02/17	05/26/17	05/26/17	10,000,000.00	9,998,172.22	0.00	9,998,172.22	0.00
LMA-AMERICAS LLCPCAB54-2	06/06/17	05/30/17	05/30/17	50,000,000.00	49,990,861.11	0.00	49,990,861.11	0.00
LMA-AMERICAS LLCPCAB54-2	06/06/17	05/30/17	05/30/17	16,100,000.00	16,097,057.28	0.00	16,097,057.28	0.00
LONG ISLAND POWER AUTHORITY	06/20/17	05/15/17	05/15/17	40,000,000.00	40,000,000.00	0.00	40,000,000.00	0.00
MANHATTAN ASSET FUNCPAB54	06/08/17	05/09/17	05/09/17	41,000,000.00	40,965,491.67	0.00	40,965,491.67	0.00
MANHATTAN ASSET FUNCPAB54	06/19/17	05/16/17	05/16/17	50,000,000.00	49,955,555.56	0.00	49,955,555.56	0.00
MANHATTAN ASSET FUNCPAB54	06/21/17	05/12/17	05/12/17	50,000,000.00	49,943,888.89	0.00	49,943,888.89	0.00
MANHATTAN ASSET FUNCPAB54	06/21/17	05/12/17	05/12/17	23,000,000.00	22,974,188.89	0.00	22,974,188.89	0.00
MIKE P STURDIVANT SR FAMILY TRUST	11/01/36	05/01/17	05/05/17	2,200,000.00	2,200,000.00	234.46	2,200,234.46	0.00
MIZUHO BANK LTD,CDYAN	06/01/17	05/25/17	05/25/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
MIZUHO BANK LTD,CDYAN	06/01/17	05/25/17	05/25/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
MIZUHO BANK LTD,CDYAN	06/01/17	05/25/17	05/25/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
MIZUHO BANK LTD,CDYAN	06/01/17	05/25/17	05/25/17	32,000,000.00	32,000,000.00	0.00	32,000,000.00	0.00
MIZUHO BANK LTD,CDYAN	06/01/17	05/25/17	05/25/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
MIZUHO BANK LTD,CDYAN	06/01/17	05/25/17	05/25/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
MIZUHO BANK LTD,CDYAN	06/01/17	05/25/17	05/25/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
NEDERLANDSE WATERSCHAP-2	06/15/17	05/17/17	05/19/17	50,000,000.00	49,964,750.00	0.00	49,964,750.00	0.00
NEDERLANDSE WATERSCHAP-2	06/15/17	05/17/17	05/19/17	50,000,000.00	49,964,750.00	0.00	49,964,750.00	0.00
NEDERLANDSE WATERSCHAP-2	06/15/17	05/17/17	05/19/17	49,000,000.00	48,965,455.00	0.00	48,965,455.00	0.00
NEW YORK STATE HOUSING FINANCE AGENCY	05/01/49	05/17/17	05/17/17	30,000,000.00	30,000,000.00	0.00	30,000,000.00	0.00
OLD LINE FUNDING, LCPAB54	07/17/17	05/03/17	05/03/17	40,000,000.00	39,912,500.00	0.00	39,912,500.00	0.00
SOCIETE GENERALE, PCP4-2	05/08/17	05/05/17	05/05/17	50,000,000.00	49,996,250.00	0.00	49,996,250.00	0.00
SOCIETE GENERALE, PCP4-2	05/08/17	05/05/17	05/05/17	5,600,000.00	5,599,580.00	0.00	5,599,580.00	0.00
SOCIETE GENERALE, PCP4-2	05/25/17	05/24/17	05/24/17	15,000,000.00	14,999,625.00	0.00	14,999,625.00	0.00
STARBIRD FUNDING COCPAB54	05/02/17	05/01/17	05/01/17	50,000,000.00	49,998,680.56	0.00	49,998,680.56	0.00
STARBIRD FUNDING COCPAB54	05/02/17	05/01/17	05/01/17	45,100,000.00	45,098,809.86	0.00	45,098,809.86	0.00
STARBIRD FUNDING COCPAB54	05/03/17	05/02/17	05/02/17	50,000,000.00	49,998,680.56	0.00	49,998,680.56	0.00
STARBIRD FUNDING COCPAB54	05/03/17	05/02/17	05/02/17	40,000,000.00	39,998,944.44	0.00	39,998,944.44	0.00
STARBIRD FUNDING COCPAB54	05/04/17	05/03/17	05/03/17	50,000,000.00	49,998,680.56	0.00	49,998,680.56	0.00
STARBIRD FUNDING COCPAB54	05/04/17	05/03/17	05/03/17	40,000,000.00	39,998,944.44	0.00	39,998,944.44	0.00
STARBIRD FUNDING COCPAB54	05/05/17	05/04/17	05/04/17	50,000,000.00	49,998,680.56	0.00	49,998,680.56	0.00
STARBIRD FUNDING COCPAB54	05/05/17	05/04/17	05/04/17	34,000,000.00	33,999,102.78	0.00	33,999,102.78	0.00
STARBIRD FUNDING COCPAB54	05/08/17	05/05/17	05/05/17	50,000,000.00	49,996,041.67	0.00	49,996,041.67	0.00
STARBIRD FUNDING COCPAB54	05/08/17	05/05/17	05/05/17	8,575,000.00	8,574,321.15	0.00	8,574,321.15	0.00
STARBIRD FUNDING COCPAB54	05/08/17	05/05/17	05/05/17	50,000,000.00	49,996,041.67	0.00	49,996,041.67	0.00
STARBIRD FUNDING COCPAB54	05/09/17	05/08/17	05/08/17	50,000,000.00	49,998,680.56	0.00	49,998,680.56	0.00
STARBIRD FUNDING COCPAB54	05/09/17	05/08/17	05/08/17	50,000,000.00	49,998,680.56	0.00	49,998,680.56	0.00
STARBIRD FUNDING COCPAB54	05/09/17	05/08/17	05/08/17	9,200,000.00	9,199,757.22	0.00	9,199,757.22	0.00
STARBIRD FUNDING COCPAB54	05/10/17	05/09/17	05/09/17	50,000,000.00	49,998,680.56	0.00	49,998,680.56	0.00
STARBIRD FUNDING COCPAB54	05/10/17	05/09/17	05/09/17	44,300,000.00	44,298,830.97	0.00	44,298,830.97	0.00
STARBIRD FUNDING COCPAB54	05/11/17	05/10/17	05/10/17	50,000,000.00	49,998,680.56	0.00	49,998,680.56	0.00
STARBIRD FUNDING COCPAB54	05/11/17	05/10/17	05/10/17	44,300,000.00	44,298,830.97	0.00	44,298,830.97	0.00



## TRADING ACTIVITY FOR MAY 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
STARBIRD FUNDING COCPABS4	05/12/17	05/11/17	05/11/17	50,000,000.00	49,998,680.56	0.00	49,998,680.56	0.00
STARBIRD FUNDING COCPABS4	05/12/17	05/11/17	05/11/17	44,400,000.00	44,398,828.33	0.00	44,398,828.33	0.00
STARBIRD FUNDING COCPABS4	05/15/17	05/12/17	05/12/17	50,000,000.00	49,996,041.67	0.00	49,996,041.67	0.00
STARBIRD FUNDING COCPABS4	05/15/17	05/12/17	05/12/17	44,500,000.00	44,496,477.08	0.00	44,496,477.08	0.00
STARBIRD FUNDING COCPABS4	05/16/17	05/15/17	05/15/17	50,000,000.00	49,998,680.56	0.00	49,998,680.56	0.00
STARBIRD FUNDING COCPABS4	05/16/17	05/15/17	05/15/17	9,300,000.00	9,299,754.58	0.00	9,299,754.58	0.00
STARBIRD FUNDING COCPABS4	05/16/17	05/15/17	05/15/17	50,000,000.00	49,998,680.56	0.00	49,998,680.56	0.00
STARBIRD FUNDING COCPABS4	05/17/17	05/16/17	05/16/17	34,400,000.00	34,399,092.22	0.00	34,399,092.22	0.00
STARBIRD FUNDING COCPABS4	05/17/17	05/16/17	05/16/17	50,000,000.00	49,998,680.56	0.00	49,998,680.56	0.00
STARBIRD FUNDING COCPABS4	05/18/17	05/17/17	05/17/17	50,000,000.00	49,998,680.56	0.00	49,998,680.56	0.00
STARBIRD FUNDING COCPABS4	05/18/17	05/17/17	05/17/17	34,800,000.00	34,799,081.67	0.00	34,799,081.67	0.00
STARBIRD FUNDING COCPABS4	05/19/17	05/18/17	05/18/17	50,000,000.00	49,998,680.56	0.00	49,998,680.56	0.00
STARBIRD FUNDING COCPABS4	05/19/17	05/18/17	05/18/17	35,100,000.00	35,099,073.75	0.00	35,099,073.75	0.00
STARBIRD FUNDING COCPABS4	05/19/17	05/18/17	05/18/17	50,000,000.00	49,998,708.34	0.00	49,998,708.34	0.00
STARBIRD FUNDING COCPABS4	05/19/17	05/18/17	05/18/17	44,000,000.00	43,998,863.33	0.00	43,998,863.33	0.00
STARBIRD FUNDING COCPABS4	05/22/17	05/19/17	05/19/17	50,000,000.00	49,996,041.67	0.00	49,996,041.67	0.00
STARBIRD FUNDING COCPABS4	05/22/17	05/19/17	05/19/17	50,000,000.00	49,996,041.67	0.00	49,996,041.67	0.00
STARBIRD FUNDING COCPABS4	05/23/17	05/22/17	05/22/17	50,000,000.00	49,998,680.56	0.00	49,998,680.56	0.00
STARBIRD FUNDING COCPABS4	05/23/17	05/22/17	05/22/17	35,100,000.00	35,099,073.75	0.00	35,099,073.75	0.00
STARBIRD FUNDING COCPABS4	05/26/17	05/25/17	05/25/17	17,500,000.00	17,499,547.92	0.00	17,499,547.92	0.00
STARBIRD FUNDING COCPABS4	05/31/17	05/30/17	05/30/17	50,000,000.00	49,998,708.34	0.00	49,998,708.34	0.00
STARBIRD FUNDING COCPABS4	05/31/17	05/30/17	05/30/17	45,000,000.00	44,998,837.50	0.00	44,998,837.50	0.00
STARBIRD FUNDING COCPABS4	06/01/17	05/31/17	05/31/17	29,940,000.00	29,939,251.50	0.00	29,939,251.50	0.00
STARBIRD FUNDING COCPABS4	06/01/17	05/31/17	05/31/17	50,000,000.00	49,998,680.56	0.00	49,998,680.56	0.00
SUMITOMO MITSUI TRUCDIAN	05/03/17	05/02/17	05/02/17	18,000,000.00	18,000,019.64	13,920.00	18,013,939.64	0.00
SUMITOMO MITSUI TRUCDIAN	05/12/17	05/05/17	05/05/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
SUMITOMO MITSUI TRUCDIAN	05/12/17	05/05/17	05/05/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
SUMITOMO MITSUI TRUCDIAN	05/12/17	05/05/17	05/05/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
SUMITOMO MITSUI TRUCDIAN	05/12/17	05/05/17	05/05/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
TORONTO DOMINION BACDIAN	06/19/17	05/19/17	05/19/17	20,000,000.00	20,000,000.00	0.00	20,000,000.00	0.00
UBS AG/STAMFORD CT	06/01/17	05/08/17	05/09/17	810,000.00	810,107.73	4,888.12	814,995.85	0.00
WELLS FARGO & CO	06/02/17	05/08/17	05/11/17	17,100,000.00	17,100,974.70	86,853.75	17,187,828.45	0.00
WELLS FARGO BANK NA	05/04/18	05/04/17	05/04/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
WELLS FARGO BANK NA	05/04/18	05/04/17	05/04/17	23,000,000.00	23,000,000.00	0.00	23,000,000.00	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/05/17	05/05/17	1,455,708.62	1,455,708.62	0.00	1,455,708.62	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/08/17	05/08/17	3,273,342.27	3,273,342.27	0.00	3,273,342.27	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/09/17	05/09/17	39,115,672.65	39,115,672.65	0.00	39,115,672.65	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/11/17	05/11/17	729,586.72	729,586.72	0.00	729,586.72	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/12/17	05/12/17	745,750.09	745,750.09	0.00	745,750.09	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/15/17	05/15/17	247,791.04	247,791.04	0.00	247,791.04	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/17/17	05/17/17	1,364,278.25	1,364,278.25	0.00	1,364,278.25	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/18/17	05/18/17	1,245,826.81	1,245,826.81	0.00	1,245,826.81	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/22/17	05/22/17	339,956.18	339,956.18	0.00	339,956.18	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/24/17	05/24/17	1,183,691.07	1,183,691.07	0.00	1,183,691.07	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/25/17	05/25/17	1,712,715.80	1,712,715.80	0.00	1,712,715.80	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/26/17	05/26/17	268,120.17	268,120.17	0.00	268,120.17	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/30/17	05/30/17	8,003,052.03	8,003,052.03	0.00	8,003,052.03	0.00
MIZUHO TRIPARTY	05/02/17	05/01/17	05/01/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/02/17	05/01/17	05/01/17	207,000,000.00	207,000,000.00	0.00	207,000,000.00	0.00
MIZUHO TRIPARTY	05/03/17	05/02/17	05/02/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/03/17	05/02/17	05/02/17	165,000,000.00	165,000,000.00	0.00	165,000,000.00	0.00
MIZUHO TRIPARTY	05/04/17	05/03/17	05/03/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/04/17	05/03/17	05/03/17	355,000,000.00	355,000,000.00	0.00	355,000,000.00	0.00
MIZUHO TRIPARTY	05/05/17	05/04/17	05/04/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/05/17	05/04/17	05/04/17	275,000,000.00	275,000,000.00	0.00	275,000,000.00	0.00
MIZUHO TRIPARTY	05/08/17	05/05/17	05/05/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/08/17	05/05/17	05/05/17	120,000,000.00	120,000,000.00	0.00	120,000,000.00	0.00
MIZUHO TRIPARTY	05/09/17	05/08/17	05/08/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/09/17	05/08/17	05/08/17	255,000,000.00	255,000,000.00	0.00	255,000,000.00	0.00
MIZUHO TRIPARTY	05/10/17	05/09/17	05/09/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/10/17	05/09/17	05/09/17	240,000,000.00	240,000,000.00	0.00	240,000,000.00	0.00
MIZUHO TRIPARTY	05/11/17	05/10/17	05/10/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/11/17	05/10/17	05/10/17	225,000,000.00	225,000,000.00	0.00	225,000,000.00	0.00
MIZUHO TRIPARTY	05/12/17	05/11/17	05/11/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/12/17	05/11/17	05/11/17	159,000,000.00	159,000,000.00	0.00	159,000,000.00	0.00
MIZUHO TRIPARTY	05/15/17	05/12/17	05/12/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/15/17	05/12/17	05/12/17	278,000,000.00	278,000,000.00	0.00	278,000,000.00	0.00
MIZUHO TRIPARTY	05/16/17	05/15/17	05/15/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/16/17	05/15/17	05/15/17	310,000,000.00	310,000,000.00	0.00	310,000,000.00	0.00
MIZUHO TRIPARTY	05/17/17	05/16/17	05/16/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/17/17	05/16/17	05/16/17	225,000,000.00	225,000,000.00	0.00	225,000,000.00	0.00
MIZUHO TRIPARTY	05/18/17	05/17/17	05/17/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/18/17	05/17/17	05/17/17	195,000,000.00	195,000,000.00	0.00	195,000,000.00	0.00
MIZUHO TRIPARTY	05/19/17	05/18/17	05/18/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/19/17	05/18/17	05/18/17	200,000,000.00	200,000,000.00	0.00	200,000,000.00	0.00



# TRADING ACTIVITY FOR MAY 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
MIZUHO TRIPARTY	05/22/17	05/19/17	05/19/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/22/17	05/19/17	05/19/17	210,000,000.00	210,000,000.00	0.00	210,000,000.00	0.00
MIZUHO TRIPARTY	05/23/17	05/22/17	05/22/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/23/17	05/22/17	05/22/17	210,000,000.00	210,000,000.00	0.00	210,000,000.00	0.00
MIZUHO TRIPARTY	05/24/17	05/23/17	05/23/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/24/17	05/23/17	05/23/17	200,000,000.00	200,000,000.00	0.00	200,000,000.00	0.00
MIZUHO TRIPARTY	05/25/17	05/24/17	05/24/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/25/17	05/24/17	05/24/17	75,000,000.00	75,000,000.00	0.00	75,000,000.00	0.00
MIZUHO TRIPARTY	05/26/17	05/25/17	05/25/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/26/17	05/25/17	05/25/17	180,000,000.00	180,000,000.00	0.00	180,000,000.00	0.00
MIZUHO TRIPARTY	05/30/17	05/26/17	05/26/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/30/17	05/26/17	05/26/17	305,000,000.00	305,000,000.00	0.00	305,000,000.00	0.00
MIZUHO TRIPARTY	05/31/17	05/30/17	05/30/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/31/17	05/30/17	05/30/17	220,000,000.00	220,000,000.00	0.00	220,000,000.00	0.00
MIZUHO TRIPARTY	06/01/17	05/31/17	05/31/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	06/01/17	05/31/17	05/31/17	110,000,000.00	110,000,000.00	0.00	110,000,000.00	0.00
STANDARD CHARTERED TD 0.93 20170518	05/18/17	05/11/17	05/11/17	450,000,000.00	450,000,000.00	0.00	450,000,000.00	0.00
MIZUHO BANK LTD,CDEUR	06/02/17	05/17/17	05/19/17	100,000,000.00	99,960,737.64	0.00	99,960,737.64	0.00
Total Buys				26,205,895,491.70	26,203,518,692.74	354,867.08	26,203,873,559.82	0.00
Cash Closes								
CORPORATE FINANCE MANAGERS INC	02/02/43	05/01/17	05/01/17	5,905,000.00	5,905,000.00	0.00	5,905,000.00	0.00
Total Cash Closes				5,905,000.00	5,905,000.00	0.00	5,905,000.00	0.00
Deposits								
SVENSKA HANDELSBANKTDCAY 0.91 20170502	05/02/17	05/01/17	05/01/17	500,000,000.00	500,000,000.00	0.00	500,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170503	05/03/17	05/02/17	05/02/17	500,000,000.00	500,000,000.00	0.00	500,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170504	05/04/17	05/03/17	05/03/17	485,000,000.00	485,000,000.00	0.00	485,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170505	05/05/17	05/04/17	05/04/17	495,000,000.00	495,000,000.00	0.00	495,000,000.00	0.00
STANDARD CHARTERED TD 0.93 20170511	05/11/17	05/04/17	05/04/17	437,000,000.00	437,000,000.00	0.00	437,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170508	05/08/17	05/05/17	05/05/17	490,000,000.00	490,000,000.00	0.00	490,000,000.00	0.00
NATIONAL AUSTRALIA TDCAY 0.9 20170508	05/08/17	05/05/17	05/05/17	250,000,000.00	250,000,000.00	0.00	250,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170509	05/09/17	05/08/17	05/08/17	450,000,000.00	450,000,000.00	0.00	450,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170510	05/10/17	05/09/17	05/09/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170511	05/11/17	05/10/17	05/10/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170512	05/12/17	05/11/17	05/11/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170515	05/15/17	05/12/17	05/12/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170516	05/16/17	05/15/17	05/15/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170517	05/17/17	05/16/17	05/16/17	490,000,000.00	490,000,000.00	0.00	490,000,000.00	0.00
NATIONAL AUSTRALIA TDCAY 0.9 20170517	05/17/17	05/16/17	05/16/17	175,000,000.00	175,000,000.00	0.00	175,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170518	05/18/17	05/17/17	05/17/17	490,000,000.00	490,000,000.00	0.00	490,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170519	05/19/17	05/18/17	05/18/17	490,000,000.00	490,000,000.00	0.00	490,000,000.00	0.00
STANDARD CHARTERED TD 0.93 20170525	05/25/17	05/18/17	05/18/17	486,000,000.00	486,000,000.00	0.00	486,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170522	05/22/17	05/19/17	05/19/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170523	05/23/17	05/22/17	05/22/17	490,000,000.00	490,000,000.00	0.00	490,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170524	05/24/17	05/23/17	05/23/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170525	05/25/17	05/24/17	05/24/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170526	05/26/17	05/25/17	05/25/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170530	05/30/17	05/26/17	05/26/17	475,000,000.00	475,000,000.00	0.00	475,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170531	05/31/17	05/30/17	05/30/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.82 20170601	06/01/17	05/31/17	05/31/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
NATIONAL AUSTRALIA TDCAY 0.82 20170601	06/01/17	05/31/17	05/31/17	300,000,000.00	300,000,000.00	0.00	300,000,000.00	0.00
Total Deposits				12,283,000,000.00	12,283,000,000.00	0.00	12,283,000,000.00	0.00
Maturities								
ANTALIS S.A, CPAB54CPAB54	05/02/17	05/02/17	05/02/17	8,150,000.00	8,150,000.00	0.00	8,150,000.00	0.00
ANTALIS S.A, CPAB54CPAB54	05/04/17	05/04/17	05/04/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
ANTALIS S.A, CPAB54CPAB54	05/05/17	05/05/17	05/05/17	185,000,000.00	185,000,000.00	0.00	185,000,000.00	0.00
ANTALIS S.A, CPAB54CPAB54	05/09/17	05/09/17	05/09/17	32,840,000.00	32,840,000.00	0.00	32,840,000.00	0.00
ANTALIS S.A, CPAB54CPAB54	05/11/17	05/11/17	05/11/17	51,960,000.00	51,960,000.00	0.00	51,960,000.00	0.00
ANTALIS S.A, CPAB54CPAB54	05/12/17	05/12/17	05/12/17	307,750,000.00	307,750,000.00	0.00	307,750,000.00	0.00
ANTALIS S.A, CPAB54CPAB54	05/18/17	05/18/17	05/18/17	50,110,000.00	50,110,000.00	0.00	50,110,000.00	0.00
ANTALIS S.A, CPAB54CPAB54	05/19/17	05/19/17	05/19/17	290,180,000.00	290,180,000.00	0.00	290,180,000.00	0.00
ANTALIS S.A, CPAB54CPAB54	05/25/17	05/25/17	05/25/17	40,770,000.00	40,770,000.00	0.00	40,770,000.00	0.00
ANTALIS S.A, CPAB54CPAB54	05/26/17	05/26/17	05/26/17	235,000,000.00	235,000,000.00	0.00	235,000,000.00	0.00
ANTALIS S.A, CPAB54CPAB54	05/30/17	05/30/17	05/30/17	45,000,000.00	45,000,000.00	0.00	45,000,000.00	0.00
ATLANTIC ASSET SECUCPAB54	05/02/17	05/02/17	05/02/17	35,100,000.00	35,100,000.00	0.00	35,100,000.00	0.00
ATLANTIC ASSET SECUCPAB54	05/03/17	05/03/17	05/03/17	118,400,000.00	118,400,000.00	0.00	118,400,000.00	0.00
ATLANTIC ASSET SECUCPAB54	05/04/17	05/04/17	05/04/17	299,200,000.00	299,200,000.00	0.00	299,200,000.00	0.00
ATLANTIC ASSET SECUCPAB54	05/05/17	05/05/17	05/05/17	215,000,000.00	215,000,000.00	0.00	215,000,000.00	0.00
ATLANTIC ASSET SECUCPAB54	05/09/17	05/09/17	05/09/17	148,000,000.00	148,000,000.00	0.00	148,000,000.00	0.00
ATLANTIC ASSET SECUCPAB54	05/10/17	05/10/17	05/10/17	203,000,000.00	203,000,000.00	0.00	203,000,000.00	0.00
ATLANTIC ASSET SECUCPAB54	05/11/17	05/11/17	05/11/17	199,600,000.00	199,600,000.00	0.00	199,600,000.00	0.00
ATLANTIC ASSET SECUCPAB54	05/12/17	05/12/17	05/12/17	201,200,000.00	201,200,000.00	0.00	201,200,000.00	0.00
ATLANTIC ASSET SECUCPAB54	05/15/17	05/15/17	05/15/17	315,000,000.00	315,000,000.00	0.00	315,000,000.00	0.00
ATLANTIC ASSET SECUCPAB54	05/16/17	05/16/17	05/16/17	201,100,000.00	201,100,000.00	0.00	201,100,000.00	0.00
ATLANTIC ASSET SECUCPAB54	05/17/17	05/17/17	05/17/17	201,200,000.00	201,200,000.00	0.00	201,200,000.00	0.00

## TRADING ACTIVITY FOR MAY 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
ATLANTIC ASSET SECUCPABS4	05/18/17	05/18/17	05/18/17	251,900,000.00	251,900,000.00	0.00	251,900,000.00	0.00
ATLANTIC ASSET SECUCPABS4	05/19/17	05/19/17	05/19/17	301,900,000.00	301,900,000.00	0.00	301,900,000.00	0.00
ATLANTIC ASSET SECUCPABS4	05/22/17	05/22/17	05/22/17	315,000,000.00	315,000,000.00	0.00	315,000,000.00	0.00
ATLANTIC ASSET SECUCPABS4	05/23/17	05/23/17	05/23/17	201,900,000.00	201,900,000.00	0.00	201,900,000.00	0.00
ATLANTIC ASSET SECUCPABS4	05/24/17	05/24/17	05/24/17	252,000,000.00	252,000,000.00	0.00	252,000,000.00	0.00
ATLANTIC ASSET SECUCPABS4	05/25/17	05/25/17	05/25/17	202,200,000.00	202,200,000.00	0.00	202,200,000.00	0.00
ATLANTIC ASSET SECUCPABS4	05/26/17	05/26/17	05/26/17	128,344,000.00	128,344,000.00	0.00	128,344,000.00	0.00
ATLANTIC ASSET SECUCPABS4	05/30/17	05/30/17	05/30/17	156,700,000.00	156,700,000.00	0.00	156,700,000.00	0.00
ATLANTIC ASSET SECUCPABS4	05/31/17	05/31/17	05/31/17	152,300,000.00	152,300,000.00	0.00	152,300,000.00	0.00
BANK OF MONTREAL (CCDIYAN)	05/09/17	05/09/17	05/09/17	125,000,000.00	125,000,000.00	0.00	125,000,000.00	0.00
BANQUE ET CAISSE D'CP	05/16/17	05/16/17	05/16/17	135,000,000.00	135,000,000.00	0.00	135,000,000.00	0.00
BANQUE ET CAISSE D'CP	05/26/17	05/26/17	05/26/17	65,000,000.00	65,000,000.00	0.00	65,000,000.00	0.00
BARTON CAPITAL LLCPCABS4-	05/01/17	05/01/17	05/01/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
BARTON CAPITAL LLCPCABS4-	05/03/17	05/03/17	05/03/17	96,000,000.00	96,000,000.00	0.00	96,000,000.00	0.00
BARTON CAPITAL LLCPCABS4-	05/04/17	05/04/17	05/04/17	60,000,000.00	60,000,000.00	0.00	60,000,000.00	0.00
BARTON CAPITAL LLCPCABS4-	05/05/17	05/05/17	05/05/17	140,000,000.00	140,000,000.00	0.00	140,000,000.00	0.00
BARTON CAPITAL LLCPCABS4-	05/09/17	05/09/17	05/09/17	29,400,000.00	29,400,000.00	0.00	29,400,000.00	0.00
BARTON CAPITAL LLCPCABS4-	05/10/17	05/10/17	05/10/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
BARTON CAPITAL LLCPCABS4-	05/11/17	05/11/17	05/11/17	100,000,000.00	100,000,000.00	0.00	100,000,000.00	0.00
BARTON CAPITAL LLCPCABS4-	05/12/17	05/12/17	05/12/17	110,000,000.00	110,000,000.00	0.00	110,000,000.00	0.00
BARTON CAPITAL LLCPCABS4-	05/15/17	05/15/17	05/15/17	25,000,000.00	25,000,000.00	0.00	25,000,000.00	0.00
BARTON CAPITAL LLCPCABS4-	05/19/17	05/19/17	05/19/17	70,000,000.00	70,000,000.00	0.00	70,000,000.00	0.00
BARTON CAPITAL LLCPCABS4-	05/26/17	05/26/17	05/26/17	46,000,000.00	46,000,000.00	0.00	46,000,000.00	0.00
BARTON CAPITAL LLCPCABS4-	05/30/17	05/30/17	05/30/17	66,100,000.00	66,100,000.00	0.00	66,100,000.00	0.00
BNP PARIBAS SACP4-2	05/01/17	05/01/17	05/01/17	105,000,000.00	105,000,000.00	0.00	105,000,000.00	0.00
BNP PARIBAS SACP4-2	05/09/17	05/09/17	05/09/17	242,600,000.00	242,600,000.00	0.00	242,600,000.00	0.00
BNP PARIBAS SACP4-2	05/10/17	05/10/17	05/10/17	250,000,000.00	250,000,000.00	0.00	250,000,000.00	0.00
BNP PARIBAS SACP4-2	05/11/17	05/11/17	05/11/17	267,800,000.00	267,800,000.00	0.00	267,800,000.00	0.00
BNP PARIBAS SACP4-2	05/12/17	05/12/17	05/12/17	217,800,000.00	217,800,000.00	0.00	217,800,000.00	0.00
BNP PARIBAS SACP4-2	05/16/17	05/16/17	05/16/17	242,700,000.00	242,700,000.00	0.00	242,700,000.00	0.00
BNP PARIBAS SACP4-2	05/17/17	05/17/17	05/17/17	268,000,000.00	268,000,000.00	0.00	268,000,000.00	0.00
BNP PARIBAS SACP4-2	05/23/17	05/23/17	05/23/17	133,500,000.00	133,500,000.00	0.00	133,500,000.00	0.00
BNP PARIBAS SACP4-2	05/24/17	05/24/17	05/24/17	111,500,000.00	111,500,000.00	0.00	111,500,000.00	0.00
BNP PARIBAS SACP4-2	05/25/17	05/25/17	05/25/17	286,700,000.00	286,700,000.00	0.00	286,700,000.00	0.00
BNP PARIBAS SACP4-2	05/26/17	05/26/17	05/26/17	283,800,000.00	283,800,000.00	0.00	283,800,000.00	0.00
BNP PARIBAS SACP4-2	05/30/17	05/30/17	05/30/17	211,000,000.00	211,000,000.00	0.00	211,000,000.00	0.00
BNP PARIBAS SACP4-2	05/31/17	05/31/17	05/31/17	261,800,000.00	261,800,000.00	0.00	261,800,000.00	0.00
BNP PARIBAS SACP	05/02/17	05/02/17	05/02/17	13,000,000.00	13,000,000.00	0.00	13,000,000.00	0.00
BNP PARIBAS SA/NEW YORK NY	05/03/17	05/03/17	05/03/17	282,000,000.00	282,000,000.00	0.00	282,000,000.00	0.00
BNP PARIBAS SACP	05/15/17	05/15/17	05/15/17	243,000,000.00	243,000,000.00	0.00	243,000,000.00	0.00
BNP PARIBAS SA/NEW YORK NY	05/18/17	05/18/17	05/18/17	278,000,000.00	278,000,000.00	0.00	278,000,000.00	0.00
CAFCO, LLCPCABS4-2	05/22/17	05/22/17	05/22/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
CIESCO, LLCPCABS4-2	05/05/17	05/05/17	05/05/17	18,200,000.00	18,200,000.00	0.00	18,200,000.00	0.00
RABOBANK NEDERLAND CP	05/05/17	05/05/17	05/05/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
COOPERATIEVE RABOBANK UA/NY	05/08/17	05/08/17	05/08/17	216,590,000.00	216,590,000.00	0.00	216,590,000.00	0.00
COOPERATIEVE RABOBANK UA/NY	05/18/17	05/18/17	05/18/17	80,000,000.00	80,000,000.00	0.00	80,000,000.00	0.00
COOPERATIEVE RABOBANK UA/NY	05/19/17	05/19/17	05/19/17	233,964,000.00	233,964,000.00	0.00	233,964,000.00	0.00
COOPERATIEVE RABOBANK UA/NY	05/31/17	05/31/17	05/31/17	130,000,000.00	130,000,000.00	0.00	130,000,000.00	0.00
CREDIT AGRICOLE CORCP	05/03/17	05/03/17	05/03/17	235,700,000.00	235,700,000.00	0.00	235,700,000.00	0.00
CREDIT SUISSE/NEW YORK NY	05/26/17	05/26/17	05/26/17	134,723,000.00	134,723,000.00	0.00	134,723,000.00	0.00
CREDIT SUISSE AG/NEW YORK NY	05/26/17	05/26/17	05/26/17	50,615,000.00	50,615,000.00	0.00	50,615,000.00	0.00
DZ BANK AG DEUTSCHECP4N	05/30/17	05/30/17	05/30/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
DNB NOR BANK ASACDIYAN	05/02/17	05/02/17	05/02/17	450,000,000.00	450,000,000.00	0.00	450,000,000.00	0.00
DNB NOR BANK ASACDIYAN	05/02/17	05/02/17	05/02/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/04/17	05/04/17	05/04/17	184,000,000.00	184,000,000.00	0.00	184,000,000.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/05/17	05/05/17	05/05/17	186,000,000.00	186,000,000.00	0.00	186,000,000.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/08/17	05/08/17	05/08/17	190,000,000.00	190,000,000.00	0.00	190,000,000.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/09/17	05/09/17	05/09/17	136,200,000.00	136,200,000.00	0.00	136,200,000.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/10/17	05/10/17	05/10/17	186,300,000.00	186,300,000.00	0.00	186,300,000.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/11/17	05/11/17	05/11/17	185,300,000.00	185,300,000.00	0.00	185,300,000.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/12/17	05/12/17	05/12/17	186,400,000.00	186,400,000.00	0.00	186,400,000.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/15/17	05/15/17	05/15/17	185,000,000.00	185,000,000.00	0.00	185,000,000.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/16/17	05/16/17	05/16/17	185,000,000.00	185,000,000.00	0.00	185,000,000.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/17/17	05/17/17	05/17/17	186,400,000.00	186,400,000.00	0.00	186,400,000.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/18/17	05/18/17	05/18/17	186,500,000.00	186,500,000.00	0.00	186,500,000.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/19/17	05/19/17	05/19/17	182,100,000.00	182,100,000.00	0.00	182,100,000.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/22/17	05/22/17	05/22/17	185,000,000.00	185,000,000.00	0.00	185,000,000.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/23/17	05/23/17	05/23/17	185,100,000.00	185,100,000.00	0.00	185,100,000.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/24/17	05/24/17	05/24/17	185,200,000.00	185,200,000.00	0.00	185,200,000.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/25/17	05/25/17	05/25/17	182,400,000.00	182,400,000.00	0.00	182,400,000.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/26/17	05/26/17	05/26/17	177,500,000.00	177,500,000.00	0.00	177,500,000.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/30/17	05/30/17	05/30/17	172,500,000.00	172,500,000.00	0.00	172,500,000.00	0.00
DZ BANK AG DEUTSCHECP4-2	05/31/17	05/31/17	05/31/17	200,500,000.00	200,500,000.00	0.00	200,500,000.00	0.00
FAIRWAY FINANCE CO,CPABS4	05/02/17	05/02/17	05/02/17	25,000,000.00	25,000,000.00	0.00	25,000,000.00	0.00
FAIRWAY FINANCE CO,CPABS4	05/03/17	05/03/17	05/03/17	40,000,000.00	40,000,000.00	0.00	40,000,000.00	0.00
FAIRWAY FINANCE CO,CPABS4	05/08/17	05/08/17	05/08/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
FAIRWAY FINANCE CO,CPABS4	05/26/17	05/26/17	05/26/17	46,265,000.00	46,265,000.00	0.00	46,265,000.00	0.00



# TRADING ACTIVITY FOR MAY 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
GOTHAM FUNDING CORPCPABS4	05/05/17	05/05/17	05/05/17	320,000,000.00	320,000,000.00	0.00	320,000,000.00	0.00
GOTHAM FUNDING CORPCPABS4	05/12/17	05/12/17	05/12/17	150,000,000.00	150,000,000.00	0.00	150,000,000.00	0.00
GOTHAM FUNDING CORPCPABS4	05/16/17	05/16/17	05/16/17	28,500,000.00	28,500,000.00	0.00	28,500,000.00	0.00
KAISER FOUNDATION HCP	05/03/17	05/03/17	05/03/17	88,128,000.00	88,128,000.00	0.00	88,128,000.00	0.00
LMA-AMERICAS LLCCPABS4-2	05/02/17	05/02/17	05/02/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
LMA-AMERICAS LLCCPABS4-2	05/04/17	05/04/17	05/04/17	111,450,000.00	111,450,000.00	0.00	111,450,000.00	0.00
LMA-AMERICAS LLCCPABS4-2	05/11/17	05/11/17	05/11/17	233,000,000.00	233,000,000.00	0.00	233,000,000.00	0.00
LMA-AMERICAS LLCCPABS4-2	05/12/17	05/12/17	05/12/17	76,500,000.00	76,500,000.00	0.00	76,500,000.00	0.00
LMA-AMERICAS LLCCPABS4-2	05/15/17	05/15/17	05/15/17	86,500,000.00	86,500,000.00	0.00	86,500,000.00	0.00
LMA-AMERICAS LLCCPABS4-2	05/16/17	05/16/17	05/16/17	75,000,000.00	75,000,000.00	0.00	75,000,000.00	0.00
LMA-AMERICAS LLCCPABS4-2	05/17/17	05/17/17	05/17/17	78,100,000.00	78,100,000.00	0.00	78,100,000.00	0.00
LMA-AMERICAS LLCCPABS4-2	05/18/17	05/18/17	05/18/17	267,550,000.00	267,550,000.00	0.00	267,550,000.00	0.00
LMA-AMERICAS LLCCPABS4-2	05/22/17	05/22/17	05/22/17	100,000,000.00	100,000,000.00	0.00	100,000,000.00	0.00
LMA-AMERICAS LLCCPABS4-2	05/23/17	05/23/17	05/23/17	170,600,000.00	170,600,000.00	0.00	170,600,000.00	0.00
LMA-AMERICAS LLCCPABS4-2	05/24/17	05/24/17	05/24/17	84,000,000.00	84,000,000.00	0.00	84,000,000.00	0.00
LMA-AMERICAS LLCCPABS4-2	05/26/17	05/26/17	05/26/17	140,800,000.00	140,800,000.00	0.00	140,800,000.00	0.00
LMA-AMERICAS LLCCPABS4-2	05/30/17	05/30/17	05/30/17	137,600,000.00	137,600,000.00	0.00	137,600,000.00	0.00
LMA-AMERICAS LLCCPABS4-2	05/31/17	05/31/17	05/31/17	58,500,000.00	58,500,000.00	0.00	58,500,000.00	0.00
MANHATTAN ASSET FUNCPABS4	05/12/17	05/12/17	05/12/17	45,420,000.00	45,420,000.00	0.00	45,420,000.00	0.00
MANHATTAN ASSET FUNCPABS4	05/30/17	05/30/17	05/30/17	56,500,000.00	56,500,000.00	0.00	56,500,000.00	0.00
OLD LINE FUNDING LLC	05/01/17	05/01/17	05/01/17	14,000,000.00	14,000,000.00	0.00	14,000,000.00	0.00
SOCIETE GENERALE, PCP4-2	05/08/17	05/08/17	05/08/17	55,600,000.00	55,600,000.00	0.00	55,600,000.00	0.00
SOCIETE GENERALE, PCP4-2	05/25/17	05/25/17	05/25/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
STARBIRD FUNDING COCPABS4	05/01/17	05/01/17	05/01/17	82,000,000.00	82,000,000.00	0.00	82,000,000.00	0.00
STARBIRD FUNDING COCPABS4	05/02/17	05/02/17	05/02/17	95,100,000.00	95,100,000.00	0.00	95,100,000.00	0.00
STARBIRD FUNDING COCPABS4	05/03/17	05/03/17	05/03/17	90,000,000.00	90,000,000.00	0.00	90,000,000.00	0.00
STARBIRD FUNDING COCPABS4	05/04/17	05/04/17	05/04/17	90,000,000.00	90,000,000.00	0.00	90,000,000.00	0.00
STARBIRD FUNDING COCPABS4	05/05/17	05/05/17	05/05/17	84,000,000.00	84,000,000.00	0.00	84,000,000.00	0.00
STARBIRD FUNDING COCPABS4	05/08/17	05/08/17	05/08/17	108,575,000.00	108,575,000.00	0.00	108,575,000.00	0.00
STARBIRD FUNDING COCPABS4	05/09/17	05/09/17	05/09/17	109,200,000.00	109,200,000.00	0.00	109,200,000.00	0.00
STARBIRD FUNDING COCPABS4	05/10/17	05/10/17	05/10/17	94,300,000.00	94,300,000.00	0.00	94,300,000.00	0.00
STARBIRD FUNDING COCPABS4	05/11/17	05/11/17	05/11/17	94,300,000.00	94,300,000.00	0.00	94,300,000.00	0.00
STARBIRD FUNDING COCPABS4	05/12/17	05/12/17	05/12/17	94,400,000.00	94,400,000.00	0.00	94,400,000.00	0.00
STARBIRD FUNDING COCPABS4	05/15/17	05/15/17	05/15/17	94,500,000.00	94,500,000.00	0.00	94,500,000.00	0.00
STARBIRD FUNDING COCPABS4	05/16/17	05/16/17	05/16/17	109,300,000.00	109,300,000.00	0.00	109,300,000.00	0.00
STARBIRD FUNDING COCPABS4	05/17/17	05/17/17	05/17/17	156,400,000.00	156,400,000.00	0.00	156,400,000.00	0.00
STARBIRD FUNDING COCPABS4	05/18/17	05/18/17	05/18/17	84,800,000.00	84,800,000.00	0.00	84,800,000.00	0.00
STARBIRD FUNDING COCPABS4	05/19/17	05/19/17	05/19/17	179,100,000.00	179,100,000.00	0.00	179,100,000.00	0.00
STARBIRD FUNDING COCPABS4	05/22/17	05/22/17	05/22/17	100,000,000.00	100,000,000.00	0.00	100,000,000.00	0.00
STARBIRD FUNDING COCPABS4	05/23/17	05/23/17	05/23/17	85,100,000.00	85,100,000.00	0.00	85,100,000.00	0.00
STARBIRD FUNDING COCPABS4	05/26/17	05/26/17	05/26/17	17,500,000.00	17,500,000.00	0.00	17,500,000.00	0.00
STARBIRD FUNDING COCPABS4	05/31/17	05/31/17	05/31/17	95,000,000.00	95,000,000.00	0.00	95,000,000.00	0.00
SUMITOMO MITSUI TRUCDYAN	05/03/17	05/03/17	05/03/17	18,000,000.00	18,000,000.00	0.00	18,000,000.00	0.00
SUMITOMO MITSUI TRUCDYAN	05/02/17	05/02/17	05/02/17	250,000,000.00	250,000,000.00	0.00	250,000,000.00	0.00
SUMITOMO MITSUI TRUCDYAN	05/05/17	05/05/17	05/05/17	250,000,000.00	250,000,000.00	0.00	250,000,000.00	0.00
SUMITOMO MITSUI TRUCDYAN	05/12/17	05/12/17	05/12/17	250,000,000.00	250,000,000.00	0.00	250,000,000.00	0.00
TORONTO-DOMINION BANK/NY	05/04/17	05/04/17	05/04/17	25,000,000.00	25,000,000.00	0.00	25,000,000.00	0.00
WELLS FARGO BANK NA	05/04/17	05/04/17	05/04/17	97,000,000.00	97,000,000.00	0.00	97,000,000.00	0.00
WELLS FARGO BANK NA	05/08/17	05/08/17	05/08/17	50,000,000.00	50,000,000.00	0.00	50,000,000.00	0.00
MIZUHO TRIPARTY	05/01/17	05/01/17	05/01/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/01/17	05/01/17	05/01/17	140,000,000.00	140,000,000.00	0.00	140,000,000.00	0.00
MIZUHO TRIPARTY	05/02/17	05/02/17	05/02/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/02/17	05/02/17	05/02/17	207,000,000.00	207,000,000.00	0.00	207,000,000.00	0.00
MIZUHO TRIPARTY	05/03/17	05/03/17	05/03/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/03/17	05/03/17	05/03/17	165,000,000.00	165,000,000.00	0.00	165,000,000.00	0.00
MIZUHO TRIPARTY	05/04/17	05/04/17	05/04/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/04/17	05/04/17	05/04/17	355,000,000.00	355,000,000.00	0.00	355,000,000.00	0.00
MIZUHO TRIPARTY	05/05/17	05/05/17	05/05/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/05/17	05/05/17	05/05/17	275,000,000.00	275,000,000.00	0.00	275,000,000.00	0.00
MIZUHO TRIPARTY	05/08/17	05/08/17	05/08/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/08/17	05/08/17	05/08/17	120,000,000.00	120,000,000.00	0.00	120,000,000.00	0.00
MIZUHO TRIPARTY	05/09/17	05/09/17	05/09/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/09/17	05/09/17	05/09/17	255,000,000.00	255,000,000.00	0.00	255,000,000.00	0.00
MIZUHO TRIPARTY	05/10/17	05/10/17	05/10/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/10/17	05/10/17	05/10/17	240,000,000.00	240,000,000.00	0.00	240,000,000.00	0.00
MIZUHO TRIPARTY	05/11/17	05/11/17	05/11/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/11/17	05/11/17	05/11/17	225,000,000.00	225,000,000.00	0.00	225,000,000.00	0.00
MIZUHO TRIPARTY	05/12/17	05/12/17	05/12/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/12/17	05/12/17	05/12/17	159,000,000.00	159,000,000.00	0.00	159,000,000.00	0.00
MIZUHO TRIPARTY	05/15/17	05/15/17	05/15/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/15/17	05/15/17	05/15/17	278,000,000.00	278,000,000.00	0.00	278,000,000.00	0.00
MIZUHO TRIPARTY	05/16/17	05/16/17	05/16/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/16/17	05/16/17	05/16/17	310,000,000.00	310,000,000.00	0.00	310,000,000.00	0.00
MIZUHO TRIPARTY	05/17/17	05/17/17	05/17/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/17/17	05/17/17	05/17/17	225,000,000.00	225,000,000.00	0.00	225,000,000.00	0.00
MIZUHO TRIPARTY	05/18/17	05/18/17	05/18/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00

## TRADING ACTIVITY FOR MAY 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	05/18/17	05/18/17	05/18/17	195,000,000.00	195,000,000.00	0.00	195,000,000.00	0.00
MIZUHO TRIPARTY	05/19/17	05/19/17	05/19/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/19/17	05/19/17	05/19/17	200,000,000.00	200,000,000.00	0.00	200,000,000.00	0.00
MIZUHO TRIPARTY	05/22/17	05/22/17	05/22/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/22/17	05/22/17	05/22/17	210,000,000.00	210,000,000.00	0.00	210,000,000.00	0.00
MIZUHO TRIPARTY	05/23/17	05/23/17	05/23/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/23/17	05/23/17	05/23/17	210,000,000.00	210,000,000.00	0.00	210,000,000.00	0.00
MIZUHO TRIPARTY	05/24/17	05/24/17	05/24/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/24/17	05/24/17	05/24/17	200,000,000.00	200,000,000.00	0.00	200,000,000.00	0.00
MIZUHO TRIPARTY	05/25/17	05/25/17	05/25/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/25/17	05/25/17	05/25/17	75,000,000.00	75,000,000.00	0.00	75,000,000.00	0.00
MIZUHO TRIPARTY	05/26/17	05/26/17	05/26/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/26/17	05/26/17	05/26/17	180,000,000.00	180,000,000.00	0.00	180,000,000.00	0.00
MIZUHO TRIPARTY	05/30/17	05/30/17	05/30/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/30/17	05/30/17	05/30/17	305,000,000.00	305,000,000.00	0.00	305,000,000.00	0.00
MIZUHO TRIPARTY	05/31/17	05/31/17	05/31/17	15,000,000.00	15,000,000.00	0.00	15,000,000.00	0.00
BANK OF AMERICA TRIPARTY	05/31/17	05/31/17	05/31/17	220,000,000.00	220,000,000.00	0.00	220,000,000.00	0.00
STANDARD CHARTERED TD 0.91 20170504	05/04/17	05/04/17	05/04/17	425,000,000.00	425,000,000.00	0.00	425,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.83 20170501	05/01/17	05/01/17	05/01/17	500,000,000.00	500,000,000.00	0.00	500,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170502	05/02/17	05/02/17	05/02/17	500,000,000.00	500,000,000.00	0.00	500,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170503	05/03/17	05/03/17	05/03/17	500,000,000.00	500,000,000.00	0.00	500,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170504	05/04/17	05/04/17	05/04/17	485,000,000.00	485,000,000.00	0.00	485,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170505	05/05/17	05/05/17	05/05/17	495,000,000.00	495,000,000.00	0.00	495,000,000.00	0.00
STANDARD CHARTERED TD 0.93 20170511	05/11/17	05/11/17	05/11/17	437,000,000.00	437,000,000.00	0.00	437,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170508	05/08/17	05/08/17	05/08/17	490,000,000.00	490,000,000.00	0.00	490,000,000.00	0.00
NATIONAL AUSTRALIA TDCAY 0.9 20170508	05/08/17	05/08/17	05/08/17	250,000,000.00	250,000,000.00	0.00	250,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170509	05/09/17	05/09/17	05/09/17	450,000,000.00	450,000,000.00	0.00	450,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170510	05/10/17	05/10/17	05/10/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170511	05/11/17	05/11/17	05/11/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170512	05/12/17	05/12/17	05/12/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
STANDARD CHARTERED TD 0.93 20170518	05/18/17	05/18/17	05/18/17	450,000,000.00	450,000,000.00	0.00	450,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170515	05/15/17	05/15/17	05/15/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170516	05/16/17	05/16/17	05/16/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170517	05/17/17	05/17/17	05/17/17	490,000,000.00	490,000,000.00	0.00	490,000,000.00	0.00
NATIONAL AUSTRALIA TDCAY 0.9 20170517	05/17/17	05/17/17	05/17/17	175,000,000.00	175,000,000.00	0.00	175,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170518	05/18/17	05/18/17	05/18/17	490,000,000.00	490,000,000.00	0.00	490,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170519	05/19/17	05/19/17	05/19/17	490,000,000.00	490,000,000.00	0.00	490,000,000.00	0.00
STANDARD CHARTERED TD 0.93 20170525	05/25/17	05/25/17	05/25/17	486,000,000.00	486,000,000.00	0.00	486,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170522	05/22/17	05/22/17	05/22/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170523	05/23/17	05/23/17	05/23/17	490,000,000.00	490,000,000.00	0.00	490,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170524	05/24/17	05/24/17	05/24/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170525	05/25/17	05/25/17	05/25/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170526	05/26/17	05/26/17	05/26/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170530	05/30/17	05/30/17	05/30/17	475,000,000.00	475,000,000.00	0.00	475,000,000.00	0.00
SVENSKA HANDELSBANKTDCAY 0.91 20170531	05/31/17	05/31/17	05/31/17	480,000,000.00	480,000,000.00	0.00	480,000,000.00	0.00
Total Maturities				38,773,284,000.00	38,773,284,000.00	0.00	38,773,284,000.00	0.00
Sells								
BANQUE ET CAISSE D'CP	05/26/17	05/02/17	05/02/17	35,000,000.00	34,977,833.33	0.00	34,977,833.33	4,200.00
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY	12/01/38	04/25/17	06/01/17	100,000.00	100,000.00	0.00	100,000.00	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/01/17	05/01/17	1,142,945.59	1,142,945.59	0.00	1,142,945.59	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/02/17	05/02/17	7,382.98	7,382.98	0.00	7,382.98	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/03/17	05/03/17	574,102.98	574,102.98	0.00	574,102.98	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/03/17	05/03/17	682,635.22	682,635.22	0.00	682,635.22	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/03/17	05/03/17	542,630.80	542,630.80	0.00	542,630.80	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/04/17	05/04/17	602,782.33	602,782.33	0.00	602,782.33	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/10/17	05/10/17	321,000.29	321,000.29	0.00	321,000.29	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/10/17	05/10/17	167,727.08	167,727.08	0.00	167,727.08	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/10/17	05/10/17	1,924,625.58	1,924,625.58	0.00	1,924,625.58	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/10/17	05/10/17	39,115,672.65	39,115,672.65	0.00	39,115,672.65	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/10/17	05/10/17	618,883.14	618,883.14	0.00	618,883.14	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/16/17	05/16/17	836,825.48	836,825.48	0.00	836,825.48	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/16/17	05/16/17	2,281,768.94	2,281,768.94	0.00	2,281,768.94	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/19/17	05/19/17	991,573.33	991,573.33	0.00	991,573.33	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/19/17	05/19/17	729,586.72	729,586.72	0.00	729,586.72	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/19/17	05/19/17	164,532.44	164,532.44	0.00	164,532.44	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/23/17	05/23/17	581,217.65	581,217.65	0.00	581,217.65	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/23/17	05/23/17	247,791.04	247,791.04	0.00	247,791.04	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/23/17	05/23/17	857,021.89	857,021.89	0.00	857,021.89	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/31/17	05/31/17	8,003,052.03	8,003,052.03	0.00	8,003,052.03	0.00
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/31/17	05/31/17	1,217,452.18	1,217,452.18	0.00	1,217,452.18	0.00
Total Sells				96,711,210.34	96,689,043.67	0.00	96,689,043.67	4,200.00



1801 Hermitage Boulevard, Suite 100  
Tallahassee, Florida 32308  
(850) 488-4406

[www.sbafla.com/prime](http://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**

**June 2017**

**State Board of Administration of Florida**

## **CONTENTS**

<b>3</b>	<b>INTRODUCTION</b>
<b>3</b>	<b>DISCLOSURE OF MATERIAL IMPACTS</b>
<b>3</b>	<b>FACTS-AT-A-GLANCE</b>
<b>4</b>	<b>PORFOLIO MANAGER COMMENTARY</b>
<b>5</b>	<b>PORFOLIO COMPOSITION</b>
<b>6</b>	<b>FUND PERFORMANCE</b>
<b>7</b>	<b>PRIME ACCOUNT SUMMARY</b>
<b>8</b>	<b>INVENTORY OF HOLDINGS</b>
<b>14</b>	<b>PARTICIPANT CONCENTRATION</b>
<b>15</b>	<b>COMPLIANCE</b>
<b>16</b>	<b>TRADE ACTIVITY</b>

## **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 June 1, 2017, through June 30, 2017, 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 June 30, 2017)

Total Participants

**742**

Florida PRIME™ Assets

**\$9,329,349,587**

Total Number of Accounts

**1,424**

**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

After years of the same ultra-low rate of zero to 25 basis points, the three hikes the Federal Reserve (Fed) has made in the last six months seems like a stock car race. The conversation about monetary policy is not whether more rate increases are coming, but how many and how fast.

We see the Fed continuing down the rate normalization track. June's 25 basis-point increase of the target fed funds rate range to 1-1.25%—the third such increase since mid-December 2016—had been priced into the markets. What was a bit of surprise was the specificity of the balance sheet reduction plan the Fed announced with the policy statement after the June Federal Open Market Committee meeting, which likely was done to appease the bond market and avoid a repeat of 2013's taper tantrum. The Fed said it will start removing \$6 billion of Treasury bills and \$4 billion of mortgage-backed securities (MBS) off its balance sheet each month, gradually raising the amount to \$30 billion of Treasuries and \$20 billion of MBS—\$50 billion total—over a six-month period. It did not say when it will initiate the plan, but we would not be surprised to see it come in the third quarter of this year, before the likely additional rate increase.

One point the Fed has made clear in the last few weeks is that, despite headline and core inflation gauges that have rolled over and economic data that has reflected some softening, it is moving ahead with policy normalization. New York Fed President William Dudley, vice chair of the policy-setting Federal Open Market Committee (FOMC), last week said he sees no signs the Fed's actions have harmed the economy. The reality is a 2% target funds rate is

considered neutral and we are nowhere near that. Actually, in our opinion, describing the Fed's actions as "tightening" when rates are still historically very low is a misnomer. It is better characterized as the central bank being less accommodative.

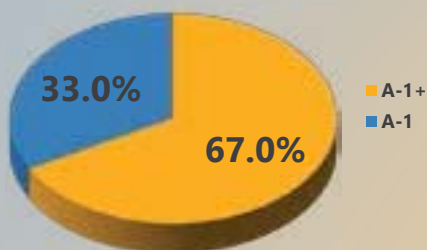
One plus to the balance sheet reduction plan is the bulk of reissuance in the marketplace likely will come in the form of Treasury bills. That is the path of least resistance for the Fed, in part because there is so much government supply—capacity, if you will. This should have a favorable, i.e., upward impact, on short-term yields, which is where we are focused.

### INVESTMENT STRATEGY

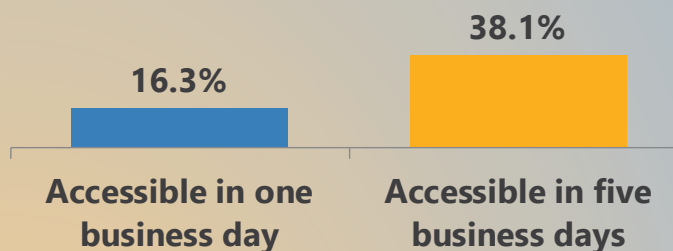
The gross yield of the Pool ended June at 1.28%, an increase of 14 basis points since May and reflecting the June FOMC hike in interest rates. We added 3% to the portfolio's position in variable-rate instruments, increasing exposure to 28%. Exposure to fixed-rate commercial paper, bank instruments and repo each decreased 1% for the month ending June, resulting in 45%, 23% and 4%, respectively, of total holdings. The Pool's weighted average maturity (WAM) increased by 13 days to 39 days, and its weighted average life (WAL) was extended by 14 days to 76 days at the close of June.

## PORTFOLIO COMPOSITION FOR JUNE 2017

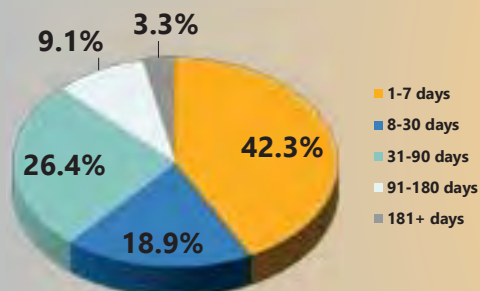
### CREDIT QUALITY COMPOSITION



### HIGHLY LIQUID HOLDINGS



### EFFECTIVE MATURITY SCHEDULE



### TOP HOLDINGS & AVG. MATURITY

1. Barton Capital S.A.	5.1%
2. BNP Paribas SA	5.1%
3. Mitsubishi UFJ Financial Group, Inc.	5.1%
4. Sumitomo Mitsui Trust Holdings, Inc.	5.0%
5. Standard Chartered PLC	5.0%
6. Credit Agricole Group	5.0%
7. JPMorgan Chase & Co.	4.9%
8. Svenska Handelsbanken, Stockholm	4.8%
9. Toronto Dominion Bank	4.5%
10. Royal Bank of Canada	4.5%

#### Average Effective Maturity (WAM) \*

39.2 Days

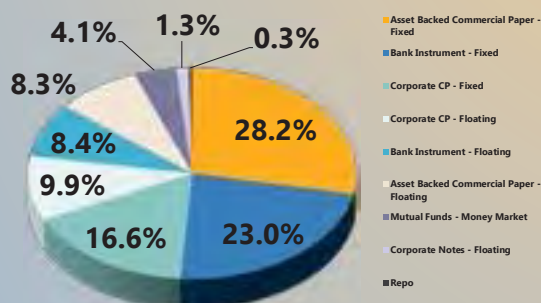
#### Weighted Average Life (Spread WAL)

75.7 Days

Percentages based on total value of investments

\*If the time deposits are excluded from the calculation, the WAM will increase to 43 days.

### PORTFOLIO COMPOSITION



## FUND PERFORMANCE THROUGH JUNE 30, 2017

Florida PRIME Performance Data			
	Net Participant Yield <sup>1</sup>	Net-of-Fee Benchmark <sup>2</sup>	Above (Below) Benchmark
One Month	1.19%	0.91%	0.27%
Three Months	1.14%	0.85%	0.29%
One Year	0.93%	0.61%	0.32%
Three Years	0.51%	0.29%	0.21%
Five Years	0.39%	0.20%	0.19%
Ten Years	0.81%	0.68%	0.13%
Since 1/96	2.63%	2.42%	0.21%

**Note:** Net asset value at month end: \$9,330.3 million, which includes investments at market value, plus all cash, accrued interest receivable and payables.

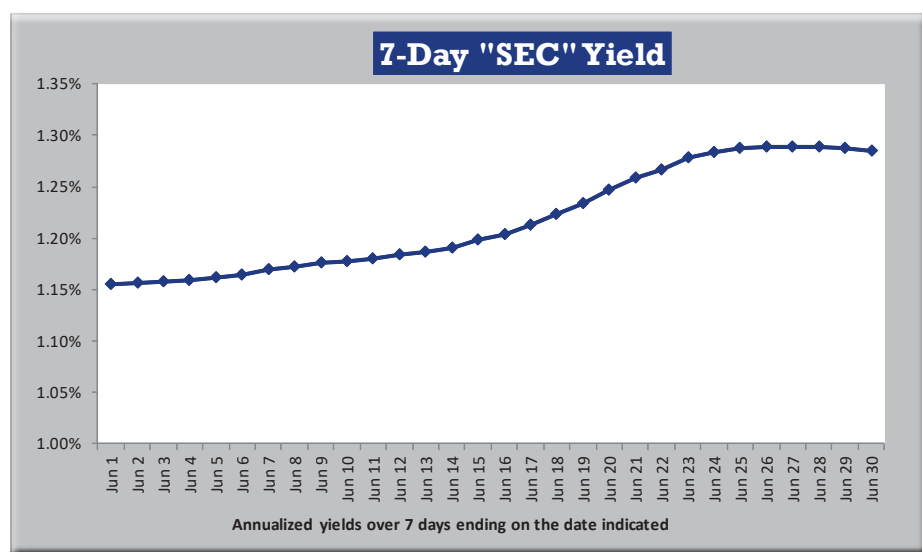
<sup>1</sup>Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

<sup>2</sup>The 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 JUNE 2017

Summary of Cash Flows		
Opening Balance (06/01/17)	\$	9,674,851,927
Participant Deposits		1,612,336,276
Gross Earnings		9,499,576
Participant Withdrawals		(1,967,087,214)
Fees		(250,978)
Closing Balance (06/30/17)	\$	9,329,349,587
<b>Net Change over Month</b>	<b>\$</b>	<b>(345,502,340)</b>

Detailed Fee Disclosure			
June		Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$	78,247.97	0.99
Federated Investment Management Fee		149,320.12	1.89
BNY Mellon Custodial Fee**		10,663.27	0.13
Bank of America Transfer Agent Fee		4,178.04	0.05
S&P Rating Maintenance Fee		3,698.63	0.05
Audit/External Review Fees		4,869.83	0.06
<b>Total Fees</b>	<b>\$</b>	<b>250,977.86</b>	<b>3.17</b>

\*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 \$9,502,100,757.

\*\*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 JUNE 2017

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
ASB Finance Ltd., Aug 17, 2017	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.47	8/17/2017	7/17/2017	95,000,000	1.49	\$95,000,000	\$95,033,630	\$33,630
ASB Finance Ltd., Jun 05, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.35	6/5/2018	9/7/2017	50,000,000	1.37	\$50,000,000	\$50,001,800	\$1,800
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/5/2017		48,000,000	1.30	\$47,991,533	\$47,991,907	\$373
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/1/2017		25,000,000	1.31	\$24,971,556	\$24,971,533	-\$22
Anglesea Funding LLC, Dec 05, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.54	12/5/2017	7/17/2017	140,000,000	1.56	\$140,000,000	\$140,156,520	\$156,520
Anglesea Funding LLC, Dec 22, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.59	12/22/2017	7/24/2017	50,000,000	1.61	\$50,000,000	\$49,998,800	-\$1,200
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/7/2017		140,000,000	1.22	\$139,967,333	\$139,967,605	\$272
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/21/2017		99,810,000	1.12	\$99,745,955	\$99,739,202	-\$6,753
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/3/2017		100,000,000	1.06	\$99,991,250	\$99,990,042	-\$1,208
BMO Harris Bank, N.A. CD	CERTIFICATE OF DEPOSIT	1.17	8/15/2017		30,000,000	1.19	\$30,000,000	\$29,996,637	-\$3,363
BNP Paribas SA Dublin CP4-2	COMMERCIAL PAPER - 4-2		7/5/2017		285,000,000	1.17	\$284,954,479	\$284,953,135	-\$1,345
BNP Paribas SA Dublin CP4-2	COMMERCIAL PAPER - 4-2		7/6/2017		95,000,000	1.16	\$94,981,950	\$94,981,254	-\$696
BNP Paribas SA Dublin CP4-2	COMMERCIAL PAPER - 4-2		7/7/2017		75,000,000	1.16	\$74,983,375	\$74,982,719	-\$657
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	1.10	7/3/2017		15,000,000	1.12	\$15,000,000	\$15,000,000	\$0
Bank of America N.A., Oct 05, 2017	VARIABLE RATE BANK NOTE	1.43	10/5/2017	7/5/2017	50,000,000	1.29	\$50,000,000	\$49,996,500	-\$3,500
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.42	3/19/2018		50,000,000	1.44	\$50,000,000	\$49,991,961	-\$8,039
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.25	7/20/2017		25,000,000	1.27	\$25,000,000	\$25,000,073	\$73
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.40	8/9/2017		23,000,000	1.42	\$23,000,000	\$23,003,425	\$3,425
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.30	9/19/2017		20,000,000	1.32	\$20,000,000	\$20,000,444	\$444
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.20	9/29/2017		25,000,000	1.22	\$25,000,000	\$24,994,161	-\$5,839
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.55	12/18/2017		15,000,000	1.57	\$15,000,000	\$15,012,563	\$12,563
Bank of Montreal CP	COMMERCIAL PAPER		8/17/2017		25,000,000	1.20	\$24,960,667	\$24,958,067	-\$2,600
Bank of Montreal, Dec 01, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.50	12/1/2017	9/1/2017	50,000,000	1.52	\$50,000,000	\$50,046,400	\$46,400
Bank of Montreal, Jan 04, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.44	1/4/2018	7/5/2017	43,000,000	1.30	\$43,000,000	\$43,016,770	\$16,770
Bank of Montreal, May 23, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.36	5/23/2018	8/23/2017	25,000,000	1.38	\$25,000,000	\$25,012,225	\$12,225
Bank of Montreal, Nov 03, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.52	11/3/2017	8/3/2017	25,000,000	1.54	\$25,000,000	\$25,026,000	\$26,000
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		10/5/2017		25,000,000	1.43	\$24,905,694	\$24,914,115	\$8,420
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		10/6/2017		26,000,000	1.43	\$25,900,911	\$25,909,758	\$8,847
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		3/23/2018		15,000,000	1.48	\$14,839,292	\$14,838,627	-\$665

See notes at end of table.

## INVENTORY OF HOLDINGS FOR JUNE 2017

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		3/27/2018		100,000,000	1.50	\$98,897,500	\$98,905,000	\$7,500
Bank of Nova Scotia, Toronto, Mar 09, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.37	3/9/2018	7/10/2017	20,000,000	1.29	\$20,000,000	\$19,996,700	-\$3,300
Bank of Nova Scotia, Toronto, Oct 06, 2017	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.68	10/6/2017	7/6/2017	26,000,000	1.57	\$26,000,000	\$26,027,508	\$27,508
Bank of Tokyo-Mitsubishi UFJ Ltd. CP	COMMERCIAL PAPER		7/5/2017		30,000,000	1.19	\$29,995,125	\$29,995,067	-\$58
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		7/5/2017		66,000,000	1.28	\$65,988,542	\$65,989,752	\$1,210
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		7/5/2017		20,000,000	1.28	\$19,996,528	\$19,996,894	\$367
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		11/8/2017		14,000,000	1.35	\$13,932,753	\$13,936,319	\$3,566
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		12/1/2017		75,000,000	1.39	\$74,563,667	\$74,585,483	\$21,817
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		12/6/2017		54,000,000	1.38	\$53,678,025	\$53,689,712	\$11,687
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		12/11/2017		15,000,000	1.41	\$14,905,700	\$14,910,415	\$4,715
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/10/2017		50,000,000	1.09	\$49,985,139	\$49,981,195	-\$3,944
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/8/2017		120,000,000	1.20	\$119,846,600	\$119,821,120	-\$25,480
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/8/2017		50,000,000	1.22	\$49,935,000	\$49,925,467	-\$9,534
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/21/2017		100,000,000	1.27	\$99,819,444	\$99,799,944	-\$19,500
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/22/2017		80,000,000	1.30	\$79,849,244	\$79,836,878	-\$12,367
Barton Capital S.A., Feb 05, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.48	2/5/2018	7/5/2017	50,000,000	1.34	\$50,000,000	\$49,624,167	-\$375,834
Barton Capital S.A., Sep 13, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.40	9/13/2017	7/13/2017	29,600,000	1.42	\$29,600,000	\$29,614,030	\$14,030
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/3/2017		27,000,000	1.30	\$26,997,143	\$26,997,356	\$214
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/6/2017		30,000,000	1.43	\$29,885,667	\$29,896,447	\$10,780
Bedford Row Funding Corp., Aug 21, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.61	8/1/2017	7/3/2017	15,000,000	1.45	\$15,000,000	\$15,005,430	\$5,430
Bedford Row Funding Corp., Feb 08, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.71	2/8/2018	7/10/2017	25,000,000	1.60	\$25,000,000	\$25,049,500	\$49,500
Bedford Row Funding Corp., Jan 18, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.73	1/18/2018	7/18/2017	20,000,000	1.75	\$20,000,000	\$20,040,620	\$40,620
Bedford Row Funding Corp., Mar 22, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.56	3/22/2018	7/24/2017	30,000,000	1.58	\$30,000,000	\$30,045,960	\$45,960
Bedford Row Funding Corp., Nov 06, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.44	11/6/2017	7/6/2017	25,000,000	1.32	\$25,000,000	\$25,006,575	\$6,575
Bedford Row Funding Corp., Oct 06, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.71	10/6/2017	7/6/2017	73,000,000	1.58	\$73,000,000	\$73,079,789	\$79,789
Bedford Row Funding Corp., Oct 10, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.38	10/10/2017	7/10/2017	22,000,000	1.29	\$22,000,000	\$22,004,136	\$4,136
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/7/2017		41,000,000	1.33	\$40,989,636	\$40,990,832	\$1,196
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/7/2017		20,000,000	1.22	\$19,954,000	\$19,953,655	-\$345
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/12/2017		26,000,000	1.27	\$25,933,194	\$25,935,119	\$1,924

See notes at end of table.

## INVENTORY OF HOLDINGS FOR JUNE 2017

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		12/1/2017		50,000,000	1.38	\$49,711,250	\$49,695,422	-\$15,828
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		12/7/2017		40,000,000	1.39	\$39,758,222	\$39,744,889	-\$13,333
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/8/2017		23,000,000	1.22	\$22,970,100	\$22,968,954	-\$1,146
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/20/2017		55,000,000	1.29	\$54,840,897	\$54,839,394	-\$1,503
CRC Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/14/2017		100,000,000	1.26	\$99,951,778	\$99,953,372	\$1,594
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.17	8/8/2017		47,000,000	1.22	\$46,998,465	\$47,000,083	\$1,618
Canadian Imperial Bank of Commerce, Apr 19, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.31	4/19/2018	7/19/2017	50,000,000	1.33	\$50,000,000	\$50,015,050	\$15,050
Canadian Imperial Bank of Commerce, Jan 12, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.39	1/12/2018	7/12/2017	95,000,000	1.30	\$95,000,000	\$95,028,025	\$28,025
Canadian Imperial Bank of Commerce, Nov 06, 2017	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.61	11/6/2017	7/6/2017	25,000,000	1.50	\$25,000,000	\$25,028,650	\$28,650
Canadian Imperial Bank of Commerce, Oct 10, 2017	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.57	10/10/2017	7/10/2017	62,000,000	1.45	\$62,000,000	\$62,048,360	\$48,360
Chase Bank USA, N.A., Jan 05, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.73	1/5/2018	7/5/2017	75,000,000	1.60	\$75,000,000	\$75,152,025	\$152,025
Citibank NA, New York CD	CERTIFICATE OF DEPOSIT	1.40	12/26/2017		72,000,000	1.42	\$72,000,000	\$71,993,523	-\$6,477
Collateralized Commercial Paper Co. LLC, Dec 11, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.43	12/11/2017	9/11/2017	50,000,000	1.45	\$50,000,000	\$50,031,400	\$31,400
Collateralized Commercial Paper Co. LLC, Dec 12, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.43	12/12/2017	9/12/2017	20,000,000	1.45	\$20,000,000	\$20,012,560	\$12,560
Collateralized Commercial Paper Co. LLC, Dec 22, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.47	12/22/2017	9/22/2017	15,000,000	1.49	\$15,000,000	\$15,009,510	\$9,510
Collateralized Commercial Paper Co. LLC, Nov 03, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.68	11/3/2017	7/3/2017	25,000,000	1.55	\$25,000,000	\$25,032,425	\$32,425
Collateralized Commercial Paper Co. LLC, Nov 09, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	1.64	11/9/2017	7/10/2017	36,500,000	1.54	\$36,500,000	\$36,544,603	\$44,603
Commonwealth Bank of Australia, Apr 27, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.28	4/27/2018	7/27/2017	15,000,000	1.31	\$15,000,157	\$15,006,750	\$6,593
Commonwealth Bank of Australia, Jan 10, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.37	1/10/2018	7/10/2017	75,000,000	1.29	\$75,000,000	\$75,027,600	\$27,600
Commonwealth Bank of Australia, Mar 29, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.44	3/29/2018	9/29/2017	20,000,000	1.45	\$20,000,000	\$20,014,620	\$14,620
Commonwealth Bank of Australia, May 10, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.42	5/10/2018	7/10/2017	70,000,000	1.35	\$70,000,000	\$70,044,660	\$44,660
Corporate Finance Managers, Inc., Series B, Feb 02, 2043	VARIABLE RATE DEMAND NOTE	1.22	2/2/2043	7/6/2017	12,300,000	1.21	\$12,300,000	\$12,300,000	\$0
Credit Suisse, Zurich CP	COMMERCIAL PAPER		7/3/2017		9,100,000	1.07	\$9,099,204	\$9,099,123	-\$80
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CP4-2	COMMERCIAL PAPER - 4-2		7/3/2017		25,000,000	1.07	\$24,997,792	\$24,997,677	-\$115
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CP4-2	COMMERCIAL PAPER - 4-2		8/14/2017		5,000,000	1.22	\$4,992,500	\$4,992,750	\$250
Dreyfus Government Cash Management Fund	OVERNIGHT MUTUAL FUND	0.91	7/3/2017	10/5/2016	6,299,740	0.92	\$6,299,740	\$6,299,740	\$0
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/7/2017		83,000,000	1.12	\$82,982,247	\$82,980,795	-\$1,453

See notes at end of table.



## INVENTORY OF HOLDINGS FOR JUNE 2017

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)		7/10/2017		90,000,000	1.12	\$89,972,500	\$89,970,150	-\$2,350
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/8/2017		79,000,000	1.17	\$78,901,579	\$78,893,363	-\$8,216
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/11/2017		95,400,000	1.22	\$95,266,440	\$95,261,098	-\$5,342
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/18/2017		27,000,000	1.26	\$26,954,430	\$26,953,952	-\$478
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/18/2017		74,000,000	1.27	\$73,874,097	\$73,873,795	-\$302
Gulf Gate Apartments LLC, Series 2003, Sep 01, 2028	VARIABLE RATE DEMAND NOTE	1.22	9/1/2028	7/6/2017	7,550,000	1.15	\$7,550,000	\$7,550,000	\$0
HSBC Bank USA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.25	8/2/2017		100,000,000	1.27	\$100,000,000	\$100,004,658	\$4,658
HSBC Bank USA, N.A., Aug 04, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.72	8/4/2017	8/4/2017	14,000,000	1.34	\$14,007,781	\$14,007,112	-\$669
ING (U.S.) Funding LLC, Jul 06, 2017	VARIABLE RATE COMMERCIAL PAPER	1.66	7/6/2017	7/6/2017	83,000,000	1.10	\$83,004,759	\$83,005,063	\$304
Institutional Prime Value Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	1.27	7/3/2017	7/3/2017	380,059,512	1.22	\$380,059,512	\$380,135,524	\$76,012
J.P. Morgan Securities LLC CP	COMMERCIAL PAPER		7/28/2017		20,000,000	1.23	\$19,981,333	\$19,981,691	\$358
J.P. Morgan Securities LLC CP	COMMERCIAL PAPER		9/28/2017		100,000,000	1.43	\$99,650,000	\$99,692,500	\$42,500
J.P. Morgan Securities LLC CP	COMMERCIAL PAPER		10/27/2017		25,000,000	1.43	\$24,884,306	\$24,895,958	\$11,652
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		9/11/2017		25,000,000	1.44	\$24,929,028	\$24,938,508	\$9,480
J.P. Morgan Securities LLC, Jul 31, 2017	VARIABLE RATE COMMERCIAL PAPER	1.47	7/31/2017	7/31/2017	70,000,000	1.49	\$70,000,000	\$70,016,590	\$16,590
Kaiser Foundation Hospital CP	COMMERCIAL PAPER		7/13/2017		46,500,000	1.16	\$46,480,858	\$46,478,053	-\$2,804
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/3/2017		90,000,000	1.05	\$89,992,200	\$89,991,113	-\$1,088
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/3/2017		100,200,000	1.08	\$100,191,149	\$100,190,105	-\$1,044
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/5/2017		54,150,000	1.22	\$54,140,975	\$54,141,065	\$90
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/7/2017		90,000,000	1.15	\$89,980,225	\$89,979,175	-\$1,050
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/11/2017		75,000,000	1.19	\$74,973,188	\$74,972,615	-\$573
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/4/2017		55,000,000	1.15	\$54,939,576	\$54,933,534	-\$6,042
Long Island Power Authori, 1.25%	CALLABLE COMMERCIAL PAPER	1.25	3/20/2018		25,000,000	1.27	\$25,000,000	\$24,999,250	-\$750
Los Angeles County Fair Association, Nov 01, 2039	VARIABLE RATE DEMAND NOTE	1.22	11/1/2039	7/5/2017	10,000,000	1.22	\$10,000,000	\$10,000,000	\$0
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		10/16/2017		35,000,000	1.47	\$34,848,800	\$34,864,340	\$15,540
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		10/31/2017		8,500,000	1.48	\$8,457,890	\$8,461,723	\$3,833
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		12/12/2017		45,000,000	1.48	\$44,700,938	\$44,712,487	\$11,550
Manhattan Asset Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/6/2017		40,000,000	1.22	\$39,992,000	\$39,992,073	\$73

See notes at end of table.



## INVENTORY OF HOLDINGS FOR JUNE 2017

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Manhattan Asset Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/25/2017		50,000,000	1.28	\$49,902,000	\$49,902,234	\$234
Manhattan Asset Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/28/2017		50,000,000	1.29	\$49,895,931	\$49,896,832	\$901
Mike P. Sturdivant, Sr. Family Trust, Series 2016, Nov 01, 2036	VARIABLE RATE DEMAND NOTE	1.24	11/1/2036	7/6/2017	2,200,000	1.25	\$2,200,000	\$2,200,000	\$0
Mississippi Business Finance Corp., Kohler Project, Jun 01, 2022	VARIABLE RATE DEMAND NOTE	1.31	6/1/2022	7/6/2017	10,000,000	1.23	\$10,000,000	\$10,000,000	\$0
Mizuho Securities USA, Inc. - REPO TRIPARTY OVERNIGHT FIXED	REPO TRIPARTY OVERNIGHT FIXED	1.13	7/3/2017		15,000,000	1.15	\$15,000,000	\$15,000,000	\$0
NRW/Bank CP4-2	COMMERCIAL PAPER - 4-2		8/4/2017		104,500,000	1.14	\$104,386,211	\$104,378,896	-\$7,315
NRW/Bank CP4-2	COMMERCIAL PAPER - 4-2		8/4/2017		7,750,000	1.22	\$7,740,958	\$7,741,019	\$60
NRW/Bank CP4-2	COMMERCIAL PAPER - 4-2		8/15/2017		100,000,000	1.17	\$99,853,056	\$99,847,306	-\$5,750
NRW/Bank CP4-2	COMMERCIAL PAPER - 4-2		10/5/2017		25,000,000	1.32	\$24,912,431	\$24,913,778	\$1,347
National Australia Bank Ltd., Melbourne, Apr 06, 2018	VARIABLE RATE COMMERCIAL PAPER - 4-2	1.44	4/6/2018	7/7/2017	53,000,000	1.31	\$53,000,000	\$53,021,253	\$21,253
Novant Health, Inc., Series 1997, Jun 01, 2022	VARIABLE RATE DEMAND NOTE	1.22	6/1/2022	7/5/2017	44,800,000	1.17	\$44,800,000	\$44,800,000	\$0
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/14/2017		44,100,000	1.28	\$44,078,563	\$44,079,437	\$875
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/17/2017		40,000,000	1.07	\$39,980,167	\$39,977,239	-\$2,928
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		12/20/2017		50,000,000	1.39	\$49,673,222	\$49,654,481	-\$18,742
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/20/2018		25,000,000	1.45	\$24,740,653	\$24,709,970	-\$30,683
Old Line Funding, LLC, Jan 09, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.42	1/9/2018	7/10/2017	37,300,000	1.31	\$37,300,000	\$37,318,687	\$18,687
Old Line Funding, LLC, Mar 22, 2018	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.39	3/22/2018	9/22/2017	30,000,000	1.41	\$30,000,000	\$29,998,530	-\$1,470
Old Line Funding, LLC, Oct 17, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.37	10/17/2017	7/17/2017	40,000,000	1.39	\$40,000,000	\$39,865,264	-\$134,736
Royal Bank of Canada, Jun 12, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.36	6/12/2018	9/12/2017	100,000,000	1.38	\$100,000,000	\$99,996,000	-\$4,000
Royal Bank of Canada, Oct 06, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.57	10/6/2017	7/6/2017	50,000,000	1.44	\$50,000,000	\$50,037,800	\$37,800
Sabri Arac, The Quarry Lane School Series 2005, Oct 01, 2035	VARIABLE RATE DEMAND NOTE	1.22	10/1/2035	7/6/2017	13,040,000	1.17	\$13,040,000	\$13,040,000	\$0
Standard Chartered Bank plc TD	TIME DEPOSIT	1.13	7/3/2017		270,000,000	1.15	\$270,000,000	\$270,000,000	\$0
Standard Chartered Bank plc TD	TIME DEPOSIT	1.13	7/7/2017		195,000,000	1.15	\$195,000,000	\$195,000,000	\$0
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/22/2017		22,000,000	1.30	\$21,958,542	\$21,956,761	-\$1,781
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/5/2017		25,000,000	1.24	\$24,943,236	\$24,937,327	-\$5,909
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/7/2017		99,000,000	1.24	\$98,768,505	\$98,744,028	-\$24,477
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/7/2017		20,000,000	1.27	\$19,952,083	\$19,948,288	-\$3,795
Sumitomo Mitsui Banking C, Sr. Unsecd. Note, Series GMTN, 1.35%, 07/11/2017	CORPORATE BOND	1.35	7/11/2017		8,541,000	1.20	\$8,541,373	\$8,541,034	-\$339
Sumitomo Mitsui Banking C, Sr. Unsecd. Note, Series GMTN, 1.35%, 07/11/2017	CORPORATE BOND	1.35	7/11/2017		1,965,000	1.31	\$1,965,018	\$1,965,008	-\$10
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.17	7/3/2017		30,000,000	1.19	\$30,000,000	\$29,999,990	-\$11

See notes at end of table.

## INVENTORY OF HOLDINGS FOR JUNE 2017

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	1.15	7/5/2017		390,000,000	1.17	\$390,000,000	\$389,998,534	-\$1,466
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.13	7/6/2017		50,000,000	1.15	\$50,000,000	\$50,000,000	\$0
Svenska Handelsbanken, Stockholm TDCAY	TIME DEPOSIT - CAYMAN	1.06	7/3/2017		450,000,000	1.07	\$450,000,000	\$450,000,000	\$0
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		7/20/2017		25,000,000	1.33	\$24,981,944	\$24,983,153	\$1,208
Thunder Bay Funding, LLC, Sep 13, 2017	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	1.33	9/13/2017	7/13/2017	40,000,000	1.35	\$40,000,000	\$40,013,680	\$13,680
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.25	9/25/2017		75,000,000	1.27	\$75,000,000	\$75,001,982	\$1,982
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.25	7/24/2017		20,000,000	1.27	\$20,000,000	\$20,000,367	\$367
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.40	9/8/2017		40,000,000	1.42	\$40,000,000	\$40,012,331	\$12,331
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.25	10/20/2017		25,000,000	1.27	\$25,000,000	\$24,998,212	-\$1,789
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.41	12/6/2017		50,000,000	1.43	\$50,000,000	\$50,019,857	\$19,857
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.52	1/16/2018		120,000,000	1.53	\$120,000,000	\$120,111,894	\$111,894
Toronto Dominion Bank, Aug 10, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.68	8/10/2017	8/10/2017	25,000,000	1.71	\$25,000,000	\$25,013,550	\$13,550
Toronto Dominion Bank, Oct 16, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.66	10/16/2017	7/17/2017	25,000,000	1.68	\$25,000,000	\$25,036,625	\$36,625
Toronto Dominion Bank, Sep 06, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.72	9/6/2017	9/6/2017	15,000,000	1.75	\$15,000,000	\$14,999,400	-\$600
Toyota Credit Canada Inc. CP	COMMERCIAL PAPER		7/21/2017		24,500,000	1.27	\$24,482,278	\$24,484,779	\$2,501
Toyota Motor Credit Corp., Aug 04, 2017	VARIABLE RATE COMMERCIAL PAPER	1.45	8/4/2017	8/4/2017	50,000,000	1.47	\$50,000,000	\$50,012,150	\$12,150
Toyota Motor Finance (Netherlands) B.V., Jan 11, 2018	VARIABLE RATE COMMERCIAL PAPER	1.40	1/11/2018	7/21/2017	50,000,000	1.42	\$50,000,000	\$50,006,700	\$6,700
University of Illinois, Series 2014C, Apr 01, 2044	VARIABLE RATE DEMAND NOTE	1.18	4/1/2044	7/6/2017	7,415,000	1.11	\$7,415,000	\$7,415,000	\$0
Wells Fargo Bank, N.A. CD	CERTIFICATE OF DEPOSIT	1.30	10/20/2017		20,000,000	1.32	\$20,000,000	\$20,003,204	\$3,204
Wells Fargo Bank, N.A., Feb 01, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.74	2/1/2018	7/3/2017	25,000,000	1.58	\$25,000,000	\$25,049,800	\$49,800
Wells Fargo Bank, N.A., Feb 06, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.46	2/6/2018	8/7/2017	25,000,000	1.48	\$25,000,000	\$25,023,750	\$23,750
Wells Fargo Bank, N.A., May 04, 2018	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.28	5/4/2018	8/4/2017	73,000,000	1.30	\$73,000,000	\$72,970,070	-\$29,930
Wells Fargo Bank, N.A., Oct 11, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.37	10/11/2017	7/11/2017	40,000,000	1.28	\$39,998,875	\$40,008,600	\$9,725
Wells Fargo Bank, N.A., Oct 12, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.73	10/12/2017	7/12/2017	25,000,000	1.61	\$25,000,000	\$25,030,475	\$30,475
Westpac Banking Corp. Ltd., Sydney, Mar 29, 2018	VARIABLE RATE COMMERCIAL PAPER	1.44	3/29/2018	9/29/2017	107,000,000	1.45	\$107,000,000	\$107,042,586	\$42,586
Total Value of Investments					9,329,080,252		\$9,321,592,863	\$9,322,592,252	\$999,389

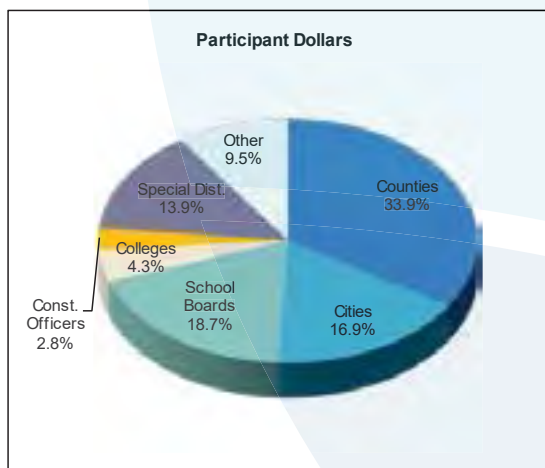
**Notes:** The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

<sup>1</sup> 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.

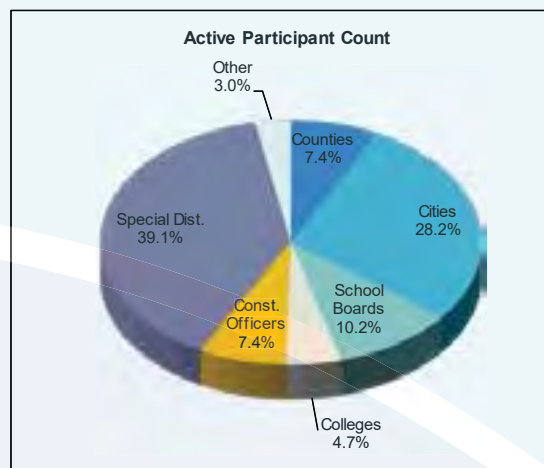
<sup>2</sup> Amortized cost is calculated using a straight line method.

## PARTICIPANT CONCENTRATION DATA - AS OF JUNE 2017

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
<b>All Participants</b>	<b>100.0%</b>	<b>100.0%</b>	<b>Colleges &amp; Universities</b>	<b>4.3%</b>	<b>4.7%</b>
Top 10	35.5%	1.4%	Top 10	4.0%	1.4%
\$100 million or more	50.1%	2.7%	\$100 million or more	2.1%	0.1%
\$10 million up to \$100 million	42.2%	15.7%	\$10 million up to \$100 million	1.8%	0.8%
\$1 million up to \$10 million	7.1%	23.5%	\$1 million up to \$10 million	0.5%	1.6%
Under \$1 million	0.6%	58.1%	Under \$1 million	0.02%	2.1%
<b>Counties</b>	<b>33.9%</b>	<b>7.4%</b>	<b>Constitutional Officers</b>	<b>2.8%</b>	<b>7.4%</b>
Top 10	26.1%	1.4%	Top 10	1.0%	1.4%
\$100 million or more	25.0%	1.2%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	8.4%	1.9%	\$10 million up to \$100 million	2.0%	0.7%
\$1 million up to \$10 million	0.5%	1.2%	\$1 million up to \$10 million	0.8%	2.5%
Under \$1 million	0.0%	3.0%	Under \$1 million	0.0%	4.3%
<b>Municipalities</b>	<b>16.9%</b>	<b>28.2%</b>	<b>Special Districts</b>	<b>13.9%</b>	<b>39.1%</b>
Top 10	7.8%	1.4%	Top 10	8.6%	1.4%
\$100 million or more	1.6%	0.1%	\$100 million or more	4.3%	0.3%
\$10 million up to \$100 million	12.7%	4.9%	\$10 million up to \$100 million	7.6%	3.3%
\$1 million up to \$10 million	2.4%	8.0%	\$1 million up to \$10 million	1.6%	6.7%
Under \$1 million	0.2%	15.1%	Under \$1 million	0.3%	28.8%
<b>School Boards</b>	<b>18.7%</b>	<b>10.2%</b>	<b>Other</b>	<b>9.5%</b>	<b>3.0%</b>
Top 10	14.0%	1.4%	Top 10	8.7%	1.4%
\$100 million or more	10.1%	0.5%	\$100 million or more	6.9%	0.4%
\$10 million up to \$100 million	7.5%	3.0%	\$10 million up to \$100 million	2.3%	1.0%
\$1 million up to \$10 million	1.1%	2.7%	\$1 million up to \$10 million	0.3%	0.7%
Under \$1 million	0.0%	3.8%	Under \$1 million	0.0%	1.0%



**Total Fund Value: \$9,329,349,587**



**Total Active Participant Count: 728**

Note: Active accounts include only those participant accounts valued above zero.

## COMPLIANCE WITH INVESTMENT POLICY FOR JUNE 2017

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
<b><u>Florida PRIME's Investment Policy</u></b>	
Securities must be USD denominated.	Pass
<b><u>Ratings requirements</u></b>	
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 <sup>1</sup>	Pass
<b><u>Maturity</u></b>	
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
<b><u>Issuer Diversification</u></b>	
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. <sup>2</sup>	Pass
<b><u>Demand Feature and Guarantor Diversification</u></b>	
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
<b><u>Money Market Mutual Funds</u></b>	
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
<b><u>Concentration Tests</u></b>	
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. <sup>3</sup>	Pass
<b><u>S&amp;P Requirements</u></b>	
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

<sup>1</sup> The fund may use floating rate government securities to extend the limit up to 120 days

<sup>2</sup> 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.

<sup>3</sup> 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 JUNE 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
<i>Buys</i>								
ASB FINANCE LTD/LONDON	06/05/18	06/05/17	06/07/17	50,000,000	50,000,000	0	50,000,000	0
ANTALIS S.A, CPABS4CPABS4	06/09/17	06/02/17	06/02/17	50,000,000	49,990,764	0	49,990,764	0
ANTALIS S.A, CPABS4CPABS4	06/09/17	06/02/17	06/02/17	5,000,000	4,999,076	0	4,999,076	0
ANTALIS S.A, CPABS4CPABS4	06/09/17	06/02/17	06/02/17	50,000,000	49,990,764	0	49,990,764	0
ANTALIS S.A, CPABS4CPABS4	06/09/17	06/02/17	06/02/17	50,000,000	49,990,764	0	49,990,764	0
ANTALIS S.A, CPABS4CPABS4	06/09/17	06/02/17	06/02/17	50,000,000	49,990,764	0	49,990,764	0
ANTALIS S.A, CPABS4CPABS4	06/09/17	06/02/17	06/02/17	10,000,000	9,998,153	0	9,998,153	0
ANTALIS S.A, CPABS4CPABS4	06/16/17	06/09/17	06/09/17	50,000,000	49,990,764	0	49,990,764	0
ANTALIS S.A, CPABS4CPABS4	06/16/17	06/09/17	06/09/17	9,810,000	9,808,188	0	9,808,188	0
ANTALIS S.A, CPABS4CPABS4	06/16/17	06/09/17	06/09/17	50,000,000	49,990,667	0	49,990,667	0
ANTALIS S.A, CPABS4CPABS4	06/16/17	06/09/17	06/09/17	50,000,000	49,990,667	0	49,990,667	0
ANTALIS S.A, CPABS4CPABS4	06/16/17	06/09/17	06/09/17	50,000,000	49,990,667	0	49,990,667	0
ANTALIS S.A, CPABS4CPABS4	06/16/17	06/09/17	06/09/17	10,000,000	9,998,133	0	9,998,133	0
ANTALIS S.A, CPABS4CPABS4	06/23/17	06/16/17	06/16/17	20,530,000	20,525,210	0	20,525,210	0
ANTALIS S.A, CPABS4CPABS4	06/23/17	06/16/17	06/16/17	50,000,000	49,988,333	0	49,988,333	0
ANTALIS S.A, CPABS4CPABS4	06/23/17	06/16/17	06/16/17	50,000,000	49,988,333	0	49,988,333	0
ANTALIS S.A, CPABS4CPABS4	06/23/17	06/16/17	06/16/17	50,000,000	49,988,333	0	49,988,333	0
ANTALIS S.A, CPABS4CPABS4	06/23/17	06/16/17	06/16/17	49,700,000	49,688,403	0	49,688,403	0
ANTALIS S.A, CPABS4CPABS4	06/30/17	06/23/17	06/23/17	50,000,000	49,988,333	0	49,988,333	0
ANTALIS S.A, CPABS4CPABS4	06/30/17	06/23/17	06/23/17	23,540,000	23,534,507	0	23,534,507	0
ANTALIS S.A, CPABS4CPABS4	06/30/17	06/23/17	06/23/17	20,000,000	19,995,333	0	19,995,333	0
ANTALIS S.A, CPABS4CPABS4	06/30/17	06/23/17	06/23/17	50,000,000	49,988,333	0	49,988,333	0
ANTALIS S.A, CPABS4CPABS4	06/30/17	06/23/17	06/23/17	50,000,000	49,988,333	0	49,988,333	0
ANTALIS S.A, CPABS4CPABS4	07/07/17	06/30/17	06/30/17	50,000,000	49,988,333	0	49,988,333	0
ANTALIS S.A, CPABS4CPABS4	07/07/17	06/30/17	06/30/17	50,000,000	49,988,333	0	49,988,333	0
ANTALIS S.A, CPABS4CPABS4	07/07/17	06/30/17	06/30/17	40,000,000	39,990,667	0	39,990,667	0
ATLANTIC ASSET SECUCPABS4	06/02/17	06/01/17	06/01/17	32,640,000	32,639,166	0	32,639,166	0
ATLANTIC ASSET SECUCPABS4	06/02/17	06/01/17	06/01/17	50,000,000	49,998,722	0	49,998,722	0
ATLANTIC ASSET SECUCPABS4	06/02/17	06/01/17	06/01/17	50,000,000	49,998,736	0	49,998,736	0
ATLANTIC ASSET SECUCPABS4	06/02/17	06/01/17	06/01/17	50,000,000	49,998,736	0	49,998,736	0
ATLANTIC ASSET SECUCPABS4	06/05/17	06/02/17	06/02/17	50,000,000	49,996,208	0	49,996,208	0
ATLANTIC ASSET SECUCPABS4	06/05/17	06/02/17	06/02/17	50,000,000	49,996,208	0	49,996,208	0
ATLANTIC ASSET SECUCPABS4	06/05/17	06/02/17	06/02/17	15,000,000	14,998,863	0	14,998,863	0
ATLANTIC ASSET SECUCPABS4	06/05/17	06/02/17	06/02/17	50,000,000	49,996,167	0	49,996,167	0
ATLANTIC ASSET SECUCPABS4	06/05/17	06/02/17	06/02/17	50,000,000	49,996,167	0	49,996,167	0
ATLANTIC ASSET SECUCPABS4	06/05/17	06/02/17	06/02/17	46,207,000	46,203,457	0	46,203,457	0
ATLANTIC ASSET SECUCPABS4	06/06/17	06/05/17	06/05/17	30,000,000	29,999,242	0	29,999,242	0
ATLANTIC ASSET SECUCPABS4	06/07/17	06/06/17	06/06/17	50,000,000	49,998,722	0	49,998,722	0
ATLANTIC ASSET SECUCPABS4	06/07/17	06/06/17	06/06/17	50,000,000	49,998,722	0	49,998,722	0
ATLANTIC ASSET SECUCPABS4	06/07/17	06/06/17	06/06/17	11,200,000	11,199,714	0	11,199,714	0
ATLANTIC ASSET SECUCPABS4	06/09/17	06/08/17	06/08/17	50,000,000	49,998,736	0	49,998,736	0
ATLANTIC ASSET SECUCPABS4	06/09/17	06/08/17	06/08/17	50,000,000	49,998,736	0	49,998,736	0
ATLANTIC ASSET SECUCPABS4	06/09/17	06/08/17	06/08/17	50,000,000	49,998,736	0	49,998,736	0
ATLANTIC ASSET SECUCPABS4	06/12/17	06/09/17	06/09/17	50,000,000	49,996,167	0	49,996,167	0
ATLANTIC ASSET SECUCPABS4	06/12/17	06/09/17	06/09/17	50,000,000	49,996,167	0	49,996,167	0
ATLANTIC ASSET SECUCPABS4	06/12/17	06/09/17	06/09/17	50,000,000	49,996,167	0	49,996,167	0
ATLANTIC ASSET SECUCPABS4	06/13/17	06/12/17	06/12/17	50,000,000	49,998,708	0	49,998,708	0
ATLANTIC ASSET SECUCPABS4	06/13/17	06/12/17	06/12/17	19,338,000	19,337,500	0	19,337,500	0
ATLANTIC ASSET SECUCPABS4	06/14/17	06/07/17	06/07/17	50,000,000	49,990,958	0	49,990,958	0
ATLANTIC ASSET SECUCPABS4	06/14/17	06/13/17	06/13/17	50,000,000	49,998,736	0	49,998,736	0
ATLANTIC ASSET SECUCPABS4	06/14/17	06/13/17	06/13/17	50,000,000	49,998,736	0	49,998,736	0
ATLANTIC ASSET SECUCPABS4	06/14/17	06/13/17	06/13/17	7,800,000	7,799,803	0	7,799,803	0
ATLANTIC ASSET SECUCPABS4	06/16/17	06/15/17	06/15/17	39,200,000	39,198,726	0	39,198,726	0
ATLANTIC ASSET SECUCPABS4	06/16/17	06/15/17	06/15/17	50,000,000	49,998,375	0	49,998,375	0
ATLANTIC ASSET SECUCPABS4	06/19/17	06/16/17	06/16/17	50,000,000	49,995,125	0	49,995,125	0
ATLANTIC ASSET SECUCPABS4	06/19/17	06/16/17	06/16/17	40,000,000	39,996,100	0	39,996,100	0
ATLANTIC ASSET SECUCPABS4	06/20/17	06/19/17	06/19/17	50,000,000	49,998,375	0	49,998,375	0
ATLANTIC ASSET SECUCPABS4	06/20/17	06/19/17	06/19/17	50,000,000	49,998,375	0	49,998,375	0
ATLANTIC ASSET SECUCPABS4	06/26/17	06/23/17	06/23/17	50,000,000	49,995,125	0	49,995,125	0
ATLANTIC ASSET SECUCPABS4	06/26/17	06/23/17	06/23/17	36,500,000	36,496,441	0	36,496,441	0
ATLANTIC ASSET SECUCPABS4	06/27/17	06/26/17	06/26/17	50,000,000	49,998,375	0	49,998,375	0
ATLANTIC ASSET SECUCPABS4	06/27/17	06/26/17	06/26/17	49,560,000	49,558,389	0	49,558,389	0
ATLANTIC ASSET SECUCPABS4	06/27/17	06/26/17	06/26/17	50,000,000	49,998,375	0	49,998,375	0
ATLANTIC ASSET SECUCPABS4	06/27/17	06/26/17	06/26/17	36,000,000	35,998,830	0	35,998,830	0
ATLANTIC ASSET SECUCPABS4	06/28/17	06/27/17	06/27/17	24,560,000	24,559,202	0	24,559,202	0
ATLANTIC ASSET SECUCPABS4	06/28/17	06/27/17	06/27/17	17,500,000	17,499,431	0	17,499,431	0
ATLANTIC ASSET SECUCPABS4	06/29/17	06/21/17	06/21/17	50,000,000	49,986,889	0	49,986,889	0
ATLANTIC ASSET SECUCPABS4	06/29/17	06/28/17	06/28/17	50,000,000	49,998,375	0	49,998,375	0



## TRADING ACTIVITY FOR JUNE 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
ATLANTIC ASSET SECUCPABS4	06/29/17	06/28/17	06/28/17	5,560,000	5,559,819	0	5,559,819	0
ATLANTIC ASSET SECUCPABS4	06/30/17	06/29/17	06/29/17	47,000,000	46,998,473	0	46,998,473	0
ATLANTIC ASSET SECUCPABS4	07/03/17	06/30/17	06/30/17	50,000,000	49,995,625	0	49,995,625	0
ATLANTIC ASSET SECUCPABS4	07/03/17	06/30/17	06/30/17	50,000,000	49,995,625	0	49,995,625	0
BANK OF MONTREAL (CCDYAN	03/19/18	06/16/17	06/19/17	50,000,000	50,000,000	0	50,000,000	0
BANK OF MONTREAL (CCDYAN	06/26/17	06/19/17	06/19/17	50,000,000	50,000,000	0	50,000,000	0
BANK OF MONTREAL (CCDYAN	06/26/17	06/19/17	06/19/17	47,000,000	47,000,000	0	47,000,000	0
BANK OF NOVA SCOTIACP4-2	03/23/18	06/27/17	06/27/17	15,000,000	14,837,479	0	14,837,479	0
BANK OF NOVA SCOTIACP4-2	03/27/18	06/30/17	06/30/17	50,000,000	49,448,750	0	49,448,750	0
BANK OF NOVA SCOTIACP4-2	03/27/18	06/30/17	06/30/17	50,000,000	49,448,750	0	49,448,750	0
BANK OF NOVA SCOTIA/THE	03/09/18	06/13/17	06/13/17	20,000,000	20,000,000	0	20,000,000	0
BANK OF TOKYO-MITSUCP	06/27/17	06/20/17	06/20/17	35,000,000	34,991,969	0	34,991,969	0
BANK OF TOKYO-MITSUBISHI UFJ LTD/NEW YORK NY	07/05/17	06/27/17	06/27/17	30,000,000	29,992,200	0	29,992,200	0
BANQUE ET CAISSE D'CP	12/01/17	06/01/17	06/01/17	50,000,000	49,654,333	0	49,654,333	0
BANQUE ET CAISSE D'CP	12/01/17	06/01/17	06/01/17	25,000,000	24,827,167	0	24,827,167	0
BANQUE ET CAISSE D'CP	12/06/17	06/02/17	06/02/17	50,000,000	49,649,375	0	49,649,375	0
BANQUE ET CAISSE D'CP	12/06/17	06/02/17	06/02/17	4,000,000	3,971,950	0	3,971,950	0
BANQUE ET CAISSE D'CP	12/11/17	06/14/17	06/14/17	15,000,000	14,896,500	0	14,896,500	0
BARTON CAPITAL LLCPCABS4-	06/02/17	06/01/17	06/01/17	37,500,000	37,499,052	0	37,499,052	0
BARTON CAPITAL LLCPCABS4-	06/21/17	06/07/17	06/07/17	50,000,000	49,979,972	0	49,979,972	0
BARTON CAPITAL LLCPCABS4-	06/22/17	06/08/17	06/08/17	34,000,000	33,986,249	0	33,986,249	0
BARTON CAPITAL LLCPCABS4-	06/22/17	06/21/17	06/21/17	48,000,000	47,998,453	0	47,998,453	0
BARTON CAPITAL LLCPCABS4-	08/08/17	06/09/17	06/09/17	50,000,000	49,900,000	0	49,900,000	0
BARTON CAPITAL LLCPCABS4-	08/08/17	06/09/17	06/09/17	50,000,000	49,901,667	0	49,901,667	0
BARTON CAPITAL LLCPCABS4-	08/08/17	06/09/17	06/09/17	50,000,000	49,901,667	0	49,901,667	0
BARTON CAPITAL LLCPCABS4-	08/08/17	06/09/17	06/09/17	20,000,000	19,960,667	0	19,960,667	0
BARTON CAPITAL LLCPCABS4-	08/21/17	06/22/17	06/22/17	50,000,000	49,895,833	0	49,895,833	0
BARTON CAPITAL LLCPCABS4-	08/21/17	06/22/17	06/22/17	50,000,000	49,895,833	0	49,895,833	0
BARTON CAPITAL LLCPCABS4-	08/22/17	06/23/17	06/23/17	50,000,000	49,893,333	0	49,893,333	0
BARTON CAPITAL LLCPCABS4-	08/22/17	06/23/17	06/23/17	30,000,000	29,936,000	0	29,936,000	0
BNP PARIBAS SACP4-2	06/02/17	06/01/17	06/01/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	06/02/17	06/01/17	06/01/17	1,500,000	1,499,962	0	1,499,962	0
BNP PARIBAS SACP4-2	06/02/17	06/01/17	06/01/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	06/02/17	06/01/17	06/01/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	06/02/17	06/01/17	06/01/17	50,000,000	49,998,736	0	49,998,736	0
BNP PARIBAS SACP4-2	06/26/17	06/23/17	06/23/17	50,000,000	49,995,167	0	49,995,167	0
BNP PARIBAS SACP4-2	06/26/17	06/23/17	06/23/17	50,000,000	49,995,167	0	49,995,167	0
BNP PARIBAS SACP4-2	06/26/17	06/23/17	06/23/17	50,000,000	49,995,167	0	49,995,167	0
BNP PARIBAS SACP4-2	06/26/17	06/23/17	06/23/17	27,100,000	27,097,380	0	27,097,380	0
BNP PARIBAS SACP4-2	07/05/17	06/28/17	06/28/17	50,000,000	49,988,819	0	49,988,819	0
BNP PARIBAS SACP4-2	07/05/17	06/28/17	06/28/17	50,000,000	49,988,819	0	49,988,819	0
BNP PARIBAS SACP4-2	07/05/17	06/28/17	06/28/17	50,000,000	49,988,819	0	49,988,819	0
BNP PARIBAS SACP4-2	07/05/17	06/28/17	06/28/17	50,000,000	49,988,819	0	49,988,819	0
BNP PARIBAS SACP4-2	07/05/17	06/28/17	06/28/17	50,000,000	49,988,819	0	49,988,819	0
BNP PARIBAS SACP4-2	07/05/17	06/28/17	06/28/17	35,000,000	34,992,174	0	34,992,174	0
BNP PARIBAS SACP	06/19/17	06/16/17	06/16/17	50,000,000	49,995,167	0	49,995,167	0
BNP PARIBAS SACP	06/19/17	06/16/17	06/16/17	50,000,000	49,995,167	0	49,995,167	0
BNP PARIBAS SACP	06/19/17	06/16/17	06/16/17	50,000,000	49,995,167	0	49,995,167	0
BNP PARIBAS SACP	06/19/17	06/16/17	06/16/17	47,100,000	47,095,447	0	47,095,447	0
BNP PARIBAS SACP	06/19/17	06/16/17	06/16/17	50,000,000	49,995,167	0	49,995,167	0
BNP PARIBAS SACP	06/20/17	06/19/17	06/19/17	50,000,000	49,998,389	0	49,998,389	0
BNP PARIBAS SACP	06/20/17	06/19/17	06/19/17	20,300,000	20,299,346	0	20,299,346	0
BNP PARIBAS SACP	06/20/17	06/19/17	06/19/17	50,000,000	49,998,389	0	49,998,389	0
BNP PARIBAS SACP	06/20/17	06/19/17	06/19/17	50,000,000	49,998,389	0	49,998,389	0
BNP PARIBAS SACP	06/21/17	06/20/17	06/20/17	50,000,000	49,998,389	0	49,998,389	0
BNP PARIBAS SACP	06/21/17	06/20/17	06/20/17	50,000,000	49,998,389	0	49,998,389	0
BNP PARIBAS SACP	06/21/17	06/20/17	06/20/17	50,000,000	49,998,389	0	49,998,389	0
BNP PARIBAS SACP	06/21/17	06/20/17	06/20/17	50,000,000	49,998,389	0	49,998,389	0
BNP PARIBAS SA/NEW YORK NY	06/22/17	06/21/17	06/21/17	50,000,000	49,998,389	0	49,998,389	0
BNP PARIBAS SA/NEW YORK NY	06/22/17	06/21/17	06/21/17	50,000,000	49,998,389	0	49,998,389	0
BNP PARIBAS SA/NEW YORK NY	06/22/17	06/21/17	06/21/17	35,000,000	34,998,872	0	34,998,872	0
BNP PARIBAS SA/NEW YORK NY	06/22/17	06/21/17	06/21/17	50,000,000	49,998,389	0	49,998,389	0
BNP PARIBAS SA/NEW YORK NY	06/22/17	06/21/17	06/21/17	50,000,000	49,998,389	0	49,998,389	0
CAFCO, LLCPCABS4-2	09/07/17	06/05/17	06/05/17	20,000,000	19,937,333	0	19,937,333	0
CRC FUNDING LLCPCABS4-2	06/27/17	06/26/17	06/26/17	40,960,000	40,958,680	0	40,958,680	0
CHARTA, LLC CPABS4-CPABS4	12/01/17	06/02/17	06/02/17	50,000,000	49,658,750	0	49,658,750	0
CHARTA, LLC CPABS4-CPABS4	12/07/17	06/07/17	06/07/17	40,000,000	39,723,467	0	39,723,467	0
CIESCO, LLCPCABS4-2	09/20/17	06/16/17	06/16/17	50,000,000	49,830,667	0	49,830,667	0
CIESCO, LLCPCABS4-2	09/20/17	06/16/17	06/16/17	5,000,000	4,983,067	0	4,983,067	0
CITIBANK NA, NEWYOC	12/26/17	06/26/17	06/26/17	22,000,000	22,000,000	0	22,000,000	0
CITIBANK NA, NEWYOC	12/26/17	06/26/17	06/26/17	50,000,000	50,000,000	0	50,000,000	0

## TRADING ACTIVITY FOR JUNE 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
COOPERATIVE RABOBANK UA/NY	06/29/17	06/28/17	06/28/17	50,000,000	49,998,403	0	49,998,403	0
COOPERATIVE RABOBANK UA/NY	06/29/17	06/28/17	06/28/17	11,874,000	11,873,621	0	11,873,621	0
COOPERATIVE RABOBANK UA/NY	06/29/17	06/28/17	06/28/17	50,000,000	49,998,403	0	49,998,403	0
CREDIT INDUSTRIEL ECDYAN	06/09/17	06/02/17	06/02/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/09/17	06/02/17	06/02/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/09/17	06/02/17	06/02/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/09/17	06/02/17	06/02/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/09/17	06/02/17	06/02/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/09/17	06/02/17	06/02/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/09/17	06/02/17	06/02/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/09/17	06/02/17	06/02/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/16/17	06/09/17	06/09/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/16/17	06/09/17	06/09/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/16/17	06/09/17	06/09/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/16/17	06/09/17	06/09/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/16/17	06/09/17	06/09/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/16/17	06/09/17	06/09/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/16/17	06/09/17	06/09/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/21/17	06/14/17	06/14/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/21/17	06/14/17	06/14/17	25,000,000	25,000,000	0	25,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/28/17	06/21/17	06/21/17	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/28/17	06/21/17	06/21/17	50,000,000	50,000,000	0	50,000,000	0
DZ BANK AG DEUTSCHECP4-2	06/02/17	06/01/17	06/01/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/02/17	06/01/17	06/01/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/02/17	06/01/17	06/01/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/02/17	06/01/17	06/01/17	37,200,000	37,199,060	0	37,199,060	0
DZ BANK AG DEUTSCHECP4-2	06/02/17	06/01/17	06/01/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/02/17	06/01/17	06/01/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/02/17	06/01/17	06/01/17	40,000,000	39,998,989	0	39,998,989	0
DZ BANK AG DEUTSCHECP4-2	06/05/17	06/02/17	06/02/17	50,000,000	49,996,208	0	49,996,208	0
DZ BANK AG DEUTSCHECP4-2	06/05/17	06/02/17	06/02/17	50,000,000	49,996,208	0	49,996,208	0
DZ BANK AG DEUTSCHECP4-2	06/05/17	06/02/17	06/02/17	50,000,000	49,996,208	0	49,996,208	0
DZ BANK AG DEUTSCHECP4-2	06/05/17	06/02/17	06/02/17	47,000,000	46,996,436	0	46,996,436	0
DZ BANK AG DEUTSCHECP4-2	06/05/17	06/02/17	06/02/17	50,000,000	49,996,208	0	49,996,208	0
DZ BANK AG DEUTSCHECP4-2	06/06/17	06/05/17	06/05/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/06/17	06/05/17	06/05/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/06/17	06/05/17	06/05/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/06/17	06/05/17	06/05/17	42,400,000	42,398,928	0	42,398,928	0
DZ BANK AG DEUTSCHECP4-2	06/06/17	06/05/17	06/05/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/07/17	06/06/17	06/06/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/07/17	06/06/17	06/06/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/07/17	06/06/17	06/06/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/07/17	06/06/17	06/06/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/07/17	06/06/17	06/06/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/08/17	06/07/17	06/07/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/08/17	06/07/17	06/07/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/08/17	06/07/17	06/07/17	15,000,000	14,999,621	0	14,999,621	0
DZ BANK AG DEUTSCHECP4-2	06/08/17	06/07/17	06/07/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/08/17	06/07/17	06/07/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/08/17	06/07/17	06/07/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/09/17	06/08/17	06/08/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/09/17	06/08/17	06/08/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/09/17	06/08/17	06/08/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/09/17	06/08/17	06/08/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/09/17	06/08/17	06/08/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/09/17	06/08/17	06/08/17	33,700,000	33,699,148	0	33,699,148	0
DZ BANK AG DEUTSCHECP4-2	06/12/17	06/09/17	06/09/17	50,000,000	49,996,208	0	49,996,208	0
DZ BANK AG DEUTSCHECP4-2	06/12/17	06/09/17	06/09/17	50,000,000	49,996,208	0	49,996,208	0
DZ BANK AG DEUTSCHECP4-2	06/12/17	06/09/17	06/09/17	23,500,000	23,498,218	0	23,498,218	0
DZ BANK AG DEUTSCHECP4-2	06/12/17	06/09/17	06/09/17	50,000,000	49,996,208	0	49,996,208	0
DZ BANK AG DEUTSCHECP4-2	06/13/17	06/12/17	06/12/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/13/17	06/12/17	06/12/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/13/17	06/12/17	06/12/17	34,800,000	34,799,120	0	34,799,120	0
DZ BANK AG DEUTSCHECP4-2	06/13/17	06/12/17	06/12/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/14/17	06/13/17	06/13/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/14/17	06/13/17	06/13/17	15,000,000	14,999,621	0	14,999,621	0
DZ BANK AG DEUTSCHECP4-2	06/15/17	06/14/17	06/14/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/15/17	06/14/17	06/14/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/15/17	06/14/17	06/14/17	34,700,000	34,699,123	0	34,699,123	0
DZ BANK AG DEUTSCHECP4-2	06/15/17	06/14/17	06/14/17	50,000,000	49,998,736	0	49,998,736	0
DZ BANK AG DEUTSCHECP4-2	06/16/17	06/15/17	06/15/17	50,000,000	49,998,389	0	49,998,389	0





[www.sbafla.com/prime](http://www.sbafla.com/prime)



## TRADING ACTIVITY FOR JUNE 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
DZ BANK AG DEUTSCHECP4-2	06/29/17	06/28/17	06/28/17	50,000,000	49,998,389	0	49,998,389	0
DZ BANK AG DEUTSCHECP4-2	06/30/17	06/29/17	06/29/17	50,000,000	49,998,389	0	49,998,389	0
DZ BANK AG DEUTSCHECP4-2	06/30/17	06/29/17	06/29/17	50,000,000	49,998,389	0	49,998,389	0
DZ BANK AG DEUTSCHECP4-2	06/30/17	06/29/17	06/29/17	50,000,000	49,998,389	0	49,998,389	0
DZ BANK AG DEUTSCHECP4-2	06/30/17	06/29/17	06/29/17	25,000,000	24,999,194	0	24,999,194	0
DZ BANK AG DEUTSCHECP4-2	07/03/17	06/30/17	06/30/17	25,000,000	24,997,792	0	24,997,792	0
FAIRWAY FINANCE CO,CPABS4	06/02/17	06/01/17	06/01/17	18,073,000	18,072,548	0	18,072,548	0
GOTHAM FUNDING CORPCPABS4	07/07/17	06/07/17	06/07/17	50,000,000	49,954,167	0	49,954,167	0
GOTHAM FUNDING CORPCPABS4	07/07/17	06/07/17	06/07/17	33,000,000	32,969,750	0	32,969,750	0
GOTHAM FUNDING CORPCPABS4	07/10/17	06/07/17	06/08/17	50,000,000	49,951,111	0	49,951,111	0
GOTHAM FUNDING CORPCPABS4	07/10/17	06/07/17	06/08/17	40,000,000	39,960,889	0	39,960,889	0
GOTHAM FUNDING CORPCPABS4	08/08/17	06/09/17	06/09/17	50,000,000	49,904,167	0	49,904,167	0
GOTHAM FUNDING CORPCPABS4	08/08/17	06/09/17	06/09/17	29,000,000	28,944,417	0	28,944,417	0
GOTHAM FUNDING CORPCPABS4	08/11/17	06/14/17	06/14/17	50,000,000	49,903,333	0	49,903,333	0
GOTHAM FUNDING CORPCPABS4	08/11/17	06/14/17	06/14/17	45,400,000	45,312,227	0	45,312,227	0
GOTHAM FUNDING CORPCPABS4	08/18/17	06/21/17	06/21/17	50,000,000	49,899,306	0	49,899,306	0
GOTHAM FUNDING CORPCPABS4	08/18/17	06/21/17	06/21/17	24,000,000	23,951,667	0	23,951,667	0
GOTHAM FUNDING CORPCPABS4	08/18/17	06/22/17	06/22/17	27,000,000	26,946,990	0	26,946,990	0
ING US FUNDING LLC	07/06/17	06/27/17	06/27/17	50,000,000	50,004,300	44,513	50,048,813	0
ING US FUNDING LLC	07/06/17	06/27/17	06/27/17	33,000,000	33,002,838	29,379	33,032,217	0
LMA-AMERICAS LLCPCPABS4-2	06/02/17	06/01/17	06/01/17	50,000,000	49,998,708	0	49,998,708	0
LMA-AMERICAS LLCPCPABS4-2	06/02/17	06/01/17	06/01/17	8,200,000	8,199,788	0	8,199,788	0
LMA-AMERICAS LLCPCPABS4-2	06/06/17	06/02/17	06/02/17	50,000,000	49,994,833	0	49,994,833	0
LMA-AMERICAS LLCPCPABS4-2	06/06/17	06/02/17	06/02/17	8,000,000	7,999,173	0	7,999,173	0
LMA-AMERICAS LLCPCPABS4-2	06/06/17	06/05/17	06/05/17	31,600,000	31,599,192	0	31,599,192	0
LMA-AMERICAS LLCPCPABS4-2	06/07/17	06/06/17	06/06/17	50,000,000	49,998,708	0	49,998,708	0
LMA-AMERICAS LLCPCPABS4-2	06/07/17	06/06/17	06/06/17	8,400,000	8,399,783	0	8,399,783	0
LMA-AMERICAS LLCPCPABS4-2	06/09/17	06/02/17	06/02/17	50,000,000	49,990,861	0	49,990,861	0
LMA-AMERICAS LLCPCPABS4-2	06/09/17	06/02/17	06/02/17	50,000,000	49,990,861	0	49,990,861	0
LMA-AMERICAS LLCPCPABS4-2	06/09/17	06/02/17	06/02/17	30,000,000	29,994,517	0	29,994,517	0
LMA-AMERICAS LLCPCPABS4-2	06/09/17	06/08/17	06/08/17	50,000,000	49,998,708	0	49,998,708	0
LMA-AMERICAS LLCPCPABS4-2	06/09/17	06/08/17	06/08/17	8,700,000	8,699,775	0	8,699,775	0
LMA-AMERICAS LLCPCPABS4-2	06/12/17	06/09/17	06/09/17	50,000,000	49,996,125	0	49,996,125	0
LMA-AMERICAS LLCPCPABS4-2	06/12/17	06/09/17	06/09/17	8,700,000	8,699,326	0	8,699,326	0
LMA-AMERICAS LLCPCPABS4-2	06/13/17	06/06/17	06/06/17	50,000,000	49,990,764	0	49,990,764	0
LMA-AMERICAS LLCPCPABS4-2	06/13/17	06/06/17	06/06/17	16,000,000	15,997,044	0	15,997,044	0
LMA-AMERICAS LLCPCPABS4-2	06/13/17	06/12/17	06/12/17	50,000,000	49,998,708	0	49,998,708	0
LMA-AMERICAS LLCPCPABS4-2	06/13/17	06/12/17	06/12/17	9,800,000	9,799,747	0	9,799,747	0
LMA-AMERICAS LLCPCPABS4-2	06/14/17	06/13/17	06/13/17	50,000,000	49,998,708	0	49,998,708	0
LMA-AMERICAS LLCPCPABS4-2	06/14/17	06/13/17	06/13/17	8,800,000	8,799,773	0	8,799,773	0
LMA-AMERICAS LLCPCPABS4-2	06/15/17	06/14/17	06/14/17	50,000,000	49,998,708	0	49,998,708	0
LMA-AMERICAS LLCPCPABS4-2	06/15/17	06/14/17	06/14/17	25,000,000	24,999,354	0	24,999,354	0
LMA-AMERICAS LLCPCPABS4-2	06/16/17	06/09/17	06/09/17	50,000,000	49,990,278	0	49,990,278	0
LMA-AMERICAS LLCPCPABS4-2	06/16/17	06/09/17	06/09/17	30,000,000	29,994,167	0	29,994,167	0
LMA-AMERICAS LLCPCPABS4-2	06/16/17	06/09/17	06/09/17	48,000,000	47,990,667	0	47,990,667	0
LMA-AMERICAS LLCPCPABS4-2	06/20/17	06/19/17	06/19/17	8,000,000	7,999,738	0	7,999,738	0
LMA-AMERICAS LLCPCPABS4-2	06/20/17	06/19/17	06/19/17	50,000,000	49,998,361	0	49,998,361	0
LMA-AMERICAS LLCPCPABS4-2	06/21/17	06/20/17	06/20/17	50,000,000	49,998,361	0	49,998,361	0
LMA-AMERICAS LLCPCPABS4-2	06/21/17	06/20/17	06/20/17	44,000,000	43,998,558	0	43,998,558	0
LMA-AMERICAS LLCPCPABS4-2	06/22/17	06/21/17	06/21/17	50,000,000	49,998,361	0	49,998,361	0
LMA-AMERICAS LLCPCPABS4-2	06/22/17	06/21/17	06/21/17	27,300,000	27,299,105	0	27,299,105	0
LMA-AMERICAS LLCPCPABS4-2	06/23/17	06/16/17	06/16/17	45,000,000	44,989,588	0	44,989,588	0
LMA-AMERICAS LLCPCPABS4-2	06/23/17	06/16/17	06/16/17	50,000,000	49,988,333	0	49,988,333	0
LMA-AMERICAS LLCPCPABS4-2	06/23/17	06/16/17	06/16/17	25,000,000	24,994,167	0	24,994,167	0
LMA-AMERICAS LLCPCPABS4-2	06/23/17	06/22/17	06/22/17	50,000,000	49,998,361	0	49,998,361	0
LMA-AMERICAS LLCPCPABS4-2	06/23/17	06/22/17	06/22/17	50,000,000	49,998,361	0	49,998,361	0
LMA-AMERICAS LLCPCPABS4-2	06/23/17	06/22/17	06/22/17	27,750,000	27,749,090	0	27,749,090	0
LMA-AMERICAS LLCPCPABS4-2	06/27/17	06/20/17	06/20/17	43,600,000	43,589,827	0	43,589,827	0
LMA-AMERICAS LLCPCPABS4-2	06/27/17	06/26/17	06/26/17	50,000,000	49,998,361	0	49,998,361	0
LMA-AMERICAS LLCPCPABS4-2	06/27/17	06/26/17	06/26/17	6,600,000	6,599,784	0	6,599,784	0
LMA-AMERICAS LLCPCPABS4-2	06/27/17	06/26/17	06/26/17	50,000,000	49,998,361	0	49,998,361	0
LMA-AMERICAS LLCPCPABS4-2	06/27/17	06/26/17	06/26/17	25,000,000	24,999,181	0	24,999,181	0
LMA-AMERICAS LLCPCPABS4-2	06/28/17	06/27/17	06/27/17	50,000,000	49,998,361	0	49,998,361	0
LMA-AMERICAS LLCPCPABS4-2	06/28/17	06/27/17	06/27/17	27,000,000	26,999,115	0	26,999,115	0
LMA-AMERICAS LLCPCPABS4-2	06/29/17	06/28/17	06/28/17	50,000,000	49,998,361	0	49,998,361	0
LMA-AMERICAS LLCPCPABS4-2	06/29/17	06/28/17	06/28/17	30,000,000	29,999,017	0	29,999,017	0
LMA-AMERICAS LLCPCPABS4-2	06/30/17	06/23/17	06/23/17	45,000,000	44,989,500	0	44,989,500	0
LMA-AMERICAS LLCPCPABS4-2	07/03/17	06/01/17	06/01/17	50,000,000	49,952,889	0	49,952,889	0
LMA-AMERICAS LLCPCPABS4-2	07/03/17	06/01/17	06/01/17	50,000,000	49,952,889	0	49,952,889	0
LMA-AMERICAS LLCPCPABS4-2	07/03/17	06/01/17	06/01/17	200,000	199,812	0	199,812	0
LMA-AMERICAS LLCPCPABS4-2	07/03/17	06/30/17	06/30/17	50,000,000	49,995,667	0	49,995,667	0
LMA-AMERICAS LLCPCPABS4-2	07/03/17	06/30/17	06/30/17	40,000,000	39,996,533	0	39,996,533	0
LMA-AMERICAS LLCPCPABS4-2	07/05/17	06/27/17	06/27/17	50,000,000	49,986,667	0	49,986,667	0

## TRADING ACTIVITY FOR JUNE 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
LMA-AMERICAS LLCPCABS4-2	07/05/17	06/27/17	06/27/17	4,150,000	4,148,893	0	4,148,893	0
LMA-AMERICAS LLCPCABS4-2	07/07/17	06/30/17	06/30/17	50,000,000	49,989,014	0	49,989,014	0
LMA-AMERICAS LLCPCABS4-2	07/07/17	06/30/17	06/30/17	40,000,000	39,991,211	0	39,991,211	0
LMA-AMERICAS LLCPCABS4-2	07/11/17	06/30/17	06/30/17	50,000,000	49,982,125	0	49,982,125	0
LMA-AMERICAS LLCPCABS4-2	07/11/17	06/30/17	06/30/17	25,000,000	24,991,063	0	24,991,063	0
LMA-AMERICAS LLCPCABS4-2	08/04/17	06/06/17	06/06/17	50,000,000	49,907,403	0	49,907,403	0
LMA-AMERICAS LLCPCABS4-2	08/04/17	06/06/17	06/06/17	5,000,000	4,990,740	0	4,990,740	0
LONG ISLAND POWER AUTHORITY	08/08/17	06/20/17	06/20/17	25,000,000	25,000,000	0	25,000,000	0
MALAYAN BANKING BERKUPLOK	12/12/17	06/15/17	06/15/17	45,000,000	44,673,750	0	44,673,750	0
MANHATTAN ASSET FUNCPABS4	07/06/17	06/23/17	06/23/17	40,000,000	39,982,667	0	39,982,667	0
MANHATTAN ASSET FUNCPABS4	08/25/17	06/28/17	06/29/17	50,000,000	49,900,250	0	49,900,250	0
MANHATTAN ASSET FUNCPABS4	08/28/17	06/29/17	06/29/17	50,000,000	49,894,167	0	49,894,167	0
NRW,BANKCP	08/04/17	06/09/17	06/09/17	7,735,000	7,735,533	0	7,735,533	0
NRW,BANKCP	10/05/17	06/26/17	06/27/17	25,000,000	24,909,722	0	24,909,722	0
NEDERLANDSE WATERSCHIPP4-2	06/26/17	06/01/17	06/05/17	50,000,000	49,969,958	0	49,969,958	0
NEDERLANDSE WATERSCHIPP4-2	06/26/17	06/01/17	06/05/17	50,000,000	49,969,958	0	49,969,958	0
NEDERLANDSE WATERSCHIPP4-2	06/26/17	06/01/17	06/05/17	50,000,000	49,969,958	0	49,969,958	0
NEDERLANDSE WATERSCHIPP4-2	06/26/17	06/01/17	06/05/17	50,000,000	49,969,958	0	49,969,958	0
NEDERLANDSE WATERSCHIPP4-2	06/26/17	06/01/17	06/05/17	50,000,000	49,969,958	0	49,969,958	0
NEDERLANDSE WATERSCHIPP4-2	06/26/17	06/01/17	06/05/17	50,000,000	49,969,958	0	49,969,958	0
NEDERLANDSE WATERSCHIPP4-2	06/26/17	06/01/17	06/05/17	50,000,000	49,969,958	0	49,969,958	0
NEDERLANDSE WATERSCHIPP4-2	06/26/17	06/08/17	06/12/17	10,000,000	9,995,878	0	9,995,878	0
OLD LINE FUNDING, LCPABS4	12/20/17	06/15/17	06/20/17	50,000,000	49,654,333	0	49,654,333	0
OLD LINE FUNDING, LCPABS4	03/20/18	06/23/17	06/23/17	25,000,000	24,733,750	0	24,733,750	0
OLD LINE FUNDING LLC	03/22/18	06/27/17	06/27/17	30,000,000	30,000,000	0	30,000,000	0
ROYAL BANK OF CANADA/NEW YORK NY	06/12/18	06/08/17	06/12/17	50,000,000	50,000,000	0	50,000,000	0
ROYAL BANK OF CANADA/NEW YORK NY	06/12/18	06/08/17	06/12/17	50,000,000	50,000,000	0	50,000,000	0
SOCIETE GENERALE, PCP4-2	06/27/17	06/26/17	06/26/17	12,000,000	11,999,617	0	11,999,617	0
SOCIETE GENERALE, PCP4-2	06/27/17	06/26/17	06/26/17	50,000,000	49,998,403	0	49,998,403	0
STARBIRD FUNDING COCPABS4	06/02/17	06/01/17	06/01/17	50,000,000	49,998,681	0	49,998,681	0
STARBIRD FUNDING COCPABS4	06/02/17	06/01/17	06/01/17	50,000,000	49,998,681	0	49,998,681	0
STARBIRD FUNDING COCPABS4	06/02/17	06/01/17	06/01/17	50,000,000	49,998,681	0	49,998,681	0
STARBIRD FUNDING COCPABS4	06/05/17	06/02/17	06/02/17	36,000,000	35,997,150	0	35,997,150	0
STARBIRD FUNDING COCPABS4	06/05/17	06/02/17	06/02/17	25,817,000	25,814,978	0	25,814,978	0
STARBIRD FUNDING COCPABS4	06/05/17	06/02/17	06/02/17	50,000,000	49,996,083	0	49,996,083	0
STARBIRD FUNDING COCPABS4	06/06/17	06/05/17	06/05/17	36,400,000	36,399,039	0	36,399,039	0
STARBIRD FUNDING COCPABS4	06/07/17	06/06/17	06/06/17	36,400,000	36,399,039	0	36,399,039	0
STARBIRD FUNDING COCPABS4	06/08/17	06/07/17	06/07/17	20,971,000	20,970,458	0	20,970,458	0
STARBIRD FUNDING COCPABS4	06/14/17	06/13/17	06/13/17	50,000,000	49,998,681	0	49,998,681	0
STARBIRD FUNDING COCPABS4	06/14/17	06/13/17	06/13/17	37,800,000	37,799,003	0	37,799,003	0
STARBIRD FUNDING COCPABS4	06/15/17	06/14/17	06/14/17	50,000,000	49,998,681	0	49,998,681	0
STARBIRD FUNDING COCPABS4	06/15/17	06/14/17	06/14/17	37,700,000	37,699,005	0	37,699,005	0
STARBIRD FUNDING COCPABS4	06/15/17	06/14/17	06/14/17	40,000,000	39,998,944	0	39,998,944	0
STARBIRD FUNDING COCPABS4	06/16/17	06/15/17	06/15/17	47,800,000	47,798,407	0	47,798,407	0
STARBIRD FUNDING COCPABS4	06/19/17	06/16/17	06/16/17	38,000,000	37,996,200	0	37,996,200	0
STARBIRD FUNDING COCPABS4	06/19/17	06/16/17	06/16/17	34,813,000	34,809,548	0	34,809,548	0
STARBIRD FUNDING COCPABS4	06/20/17	06/19/17	06/19/17	50,000,000	49,998,333	0	49,998,333	0
STARBIRD FUNDING COCPABS4	06/20/17	06/19/17	06/19/17	8,700,000	8,699,710	0	8,699,710	0
STARBIRD FUNDING COCPABS4	06/21/17	06/20/17	06/20/17	50,000,000	49,998,333	0	49,998,333	0
STARBIRD FUNDING COCPABS4	06/21/17	06/20/17	06/20/17	12,700,000	12,699,577	0	12,699,577	0
STARBIRD FUNDING COCPABS4	06/22/17	06/21/17	06/21/17	37,700,000	37,698,743	0	37,698,743	0
STARBIRD FUNDING COCPABS4	06/22/17	06/21/17	06/21/17	50,000,000	49,998,334	0	49,998,334	0
STARBIRD FUNDING COCPABS4	06/23/17	06/22/17	06/22/17	50,000,000	49,998,333	0	49,998,333	0
STARBIRD FUNDING COCPABS4	06/23/17	06/22/17	06/22/17	37,695,000	37,693,744	0	37,693,744	0
STARBIRD FUNDING COCPABS4	06/26/17	06/23/17	06/23/17	50,000,000	49,995,000	0	49,995,000	0
STARBIRD FUNDING COCPABS4	06/26/17	06/23/17	06/23/17	8,700,000	8,699,130	0	8,699,130	0
STARBIRD FUNDING COCPABS4	06/27/17	06/26/17	06/26/17	13,800,000	13,799,540	0	13,799,540	0
STARBIRD FUNDING COCPABS4	06/27/17	06/26/17	06/26/17	50,000,000	49,998,333	0	49,998,333	0
STARBIRD FUNDING COCPABS4	06/28/17	06/27/17	06/27/17	50,000,000	49,998,333	0	49,998,333	0
STARBIRD FUNDING COCPABS4	06/29/17	06/28/17	06/28/17	26,000,000	25,999,133	0	25,999,133	0
STARBIRD FUNDING COCPABS4	08/22/17	06/23/17	06/23/17	22,000,000	21,953,067	0	21,953,067	0
STARBIRD FUNDING COCPABS4	09/05/17	06/02/17	06/02/17	25,000,000	24,919,514	0	24,919,514	0
STARBIRD FUNDING COCPABS4	09/07/17	06/02/17	06/02/17	50,000,000	49,835,639	0	49,835,639	0
STARBIRD FUNDING COCPABS4	09/07/17	06/02/17	06/02/17	49,000,000	48,838,926	0	48,838,926	0
STARBIRD FUNDING COCPABS4	09/07/17	06/07/17	06/07/17	20,000,000	19,936,111	0	19,936,111	0
SUMITOMO MITSUI BANKING CORP	07/11/17	06/01/17	06/06/17	8,541,000	8,542,187	46,442	8,588,629	0
SUMITOMO MITSUI BANKING CORP	07/11/17	06/29/17	06/29/17	1,965,000	1,965,020	12,380	1,977,399	0
SUMITOMO MITSUI BANCDYAN	06/08/17	06/01/17	06/01/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI BANCDYAN	06/08/17	06/01/17	06/01/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI BANCDYAN	06/08/17	06/01/17	06/01/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI BANCDYAN	06/08/17	06/01/17	06/01/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	06/15/17	06/08/17	06/08/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	06/27/17	06/20/17	06/20/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	06/27/17	06/20/17	06/20/17	25,000,000	25,000,000	0	25,000,000	0



## TRADING ACTIVITY FOR JUNE 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
SUMITOMO MITSUI TRUCDYAN	07/03/17	06/26/17	06/26/17	30,000,000	30,000,000	0	30,000,000	0
SUMITOMO MITSUI TRUCDYAN	07/05/17	06/27/17	06/27/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	07/05/17	06/27/17	06/27/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	07/05/17	06/27/17	06/27/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	07/05/17	06/27/17	06/27/17	40,000,000	40,000,000	0	40,000,000	0
SUMITOMO MITSUI TRUCDYAN	07/05/17	06/27/17	06/27/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	07/05/17	06/27/17	06/27/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	07/05/17	06/27/17	06/27/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	07/05/17	06/27/17	06/27/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	07/05/17	06/27/17	06/27/17	50,000,000	50,000,000	0	50,000,000	0
THUNDER BAY FUNDINGCP4-2	06/20/17	06/19/17	06/19/17	17,150,000	17,149,447	0	17,149,447	0
THUNDER BAY FUNDINGCP4-2	06/20/17	06/19/17	06/19/17	22,500,000	22,499,275	0	22,499,275	0
TORONTO DOMINION BACDYAN	09/25/17	06/06/17	06/06/17	50,000,000	50,000,000	0	50,000,000	0
TORONTO DOMINION BACDYAN	09/25/17	06/06/17	06/06/17	25,000,000	25,000,000	0	25,000,000	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/01/17	06/01/17	3,367,324	3,367,324	0	3,367,324	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/05/17	06/05/17	509,953	509,953	0	509,953	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/06/17	06/06/17	1,033,911	1,033,911	0	1,033,911	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/08/17	06/08/17	3,673,437	3,673,437	0	3,673,437	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/13/17	06/13/17	2,945,594	2,945,594	0	2,945,594	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/14/17	06/14/17	3,030,971	3,030,971	0	3,030,971	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/19/17	06/19/17	3,979,374	3,979,374	0	3,979,374	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/20/17	06/20/17	999,145	999,145	0	999,145	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/21/17	06/21/17	1,753,234	1,753,234	0	1,753,234	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/22/17	06/22/17	2,738,548	2,738,548	0	2,738,548	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/26/17	06/26/17	5,113,370	5,113,370	0	5,113,370	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/28/17	06/28/17	1,262,936	1,262,936	0	1,262,936	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/30/17	06/30/17	3,628,369	3,628,369	0	3,628,369	0
MIZUHO TRIPARTY	06/02/17	06/01/17	06/01/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/02/17	06/01/17	06/01/17	160,000,000	160,000,000	0	160,000,000	0
MIZUHO TRIPARTY	06/05/17	06/02/17	06/02/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/05/17	06/02/17	06/02/17	210,000,000	210,000,000	0	210,000,000	0
MIZUHO TRIPARTY	06/06/17	06/05/17	06/05/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/06/17	06/05/17	06/05/17	195,000,000	195,000,000	0	195,000,000	0
MIZUHO TRIPARTY	06/07/17	06/06/17	06/06/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/07/17	06/06/17	06/06/17	154,000,000	154,000,000	0	154,000,000	0
MIZUHO TRIPARTY	06/08/17	06/07/17	06/07/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/08/17	06/07/17	06/07/17	150,000,000	150,000,000	0	150,000,000	0
MIZUHO TRIPARTY	06/09/17	06/08/17	06/08/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/09/17	06/08/17	06/08/17	80,000,000	80,000,000	0	80,000,000	0
MIZUHO TRIPARTY	06/12/17	06/09/17	06/09/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/12/17	06/09/17	06/09/17	328,000,000	328,000,000	0	328,000,000	0
MIZUHO TRIPARTY	06/13/17	06/12/17	06/12/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/13/17	06/12/17	06/12/17	230,000,000	230,000,000	0	230,000,000	0
MIZUHO TRIPARTY	06/14/17	06/13/17	06/13/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/14/17	06/13/17	06/13/17	195,000,000	195,000,000	0	195,000,000	0
MIZUHO TRIPARTY	06/15/17	06/14/17	06/14/17	15,000,000	15,000,000	0	15,000,000	0
MIZUHO TRIPARTY	06/16/17	06/15/17	06/15/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/16/17	06/15/17	06/15/17	345,000,000	345,000,000	0	345,000,000	0
MIZUHO TRIPARTY	06/19/17	06/16/17	06/16/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/19/17	06/16/17	06/16/17	175,000,000	175,000,000	0	175,000,000	0
MIZUHO TRIPARTY	06/20/17	06/19/17	06/19/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/20/17	06/19/17	06/19/17	250,000,000	250,000,000	0	250,000,000	0
MIZUHO TRIPARTY	06/21/17	06/20/17	06/20/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/21/17	06/20/17	06/20/17	260,000,000	260,000,000	0	260,000,000	0
MIZUHO TRIPARTY	06/22/17	06/21/17	06/21/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/22/17	06/21/17	06/21/17	240,000,000	240,000,000	0	240,000,000	0
MIZUHO TRIPARTY	06/23/17	06/22/17	06/22/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/23/17	06/22/17	06/22/17	200,000,000	200,000,000	0	200,000,000	0
MIZUHO TRIPARTY	06/26/17	06/23/17	06/23/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/26/17	06/23/17	06/23/17	225,000,000	225,000,000	0	225,000,000	0
MIZUHO TRIPARTY	06/27/17	06/26/17	06/26/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/27/17	06/26/17	06/26/17	495,000,000	495,000,000	0	495,000,000	0
MIZUHO TRIPARTY	06/28/17	06/27/17	06/27/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/28/17	06/27/17	06/27/17	255,000,000	255,000,000	0	255,000,000	0
MIZUHO TRIPARTY	06/29/17	06/28/17	06/28/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/29/17	06/28/17	06/28/17	180,000,000	180,000,000	0	180,000,000	0
MIZUHO TRIPARTY	06/30/17	06/29/17	06/29/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/30/17	06/29/17	06/29/17	140,000,000	140,000,000	0	140,000,000	0
MIZUHO TRIPARTY	07/03/17	06/30/17	06/30/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	07/03/17	06/30/17	06/30/17	15,000,000	15,000,000	0	15,000,000	0
Total Buys				23,512,020,168	23,504,275,404	132,713	23,504,408,118	0

## TRADING ACTIVITY FOR JUNE 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
<i>Cash Close</i>								
NOVANT HEALTH INC	06/01/22	06/01/17	06/01/17	9,000,000	9,000,000	0	9,000,000	0
<i>Total Cash Close</i>				9,000,000	9,000,000	0	9,000,000	0
<i>Deposits</i>								
NATIONAL AUSTRALIA TDCAY 0.9 20170602	06/02/17	06/01/17	06/01/17	425,000,000	425,000,000	0	425,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170605	06/05/17	06/02/17	06/02/17	440,000,000	440,000,000	0	440,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170606	06/06/17	06/05/17	06/05/17	475,000,000	475,000,000	0	475,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170607	06/07/17	06/06/17	06/06/17	475,000,000	475,000,000	0	475,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170608	06/08/17	06/07/17	06/07/17	475,000,000	475,000,000	0	475,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170609	06/09/17	06/08/17	06/08/17	475,000,000	475,000,000	0	475,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170612	06/12/17	06/09/17	06/09/17	450,000,000	450,000,000	0	450,000,000	0
STANDARD CHARTERED TD 1.07 20170619	06/19/17	06/12/17	06/12/17	237,000,000	237,000,000	0	237,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170613	06/13/17	06/12/17	06/12/17	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170614	06/14/17	06/13/17	06/13/17	460,000,000	460,000,000	0	460,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170615	06/15/17	06/14/17	06/14/17	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170616	06/16/17	06/15/17	06/15/17	400,000,000	400,000,000	0	400,000,000	0
STANDARD CHARTERED TD 1.18 20170623	06/23/17	06/16/17	06/16/17	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170619	06/19/17	06/16/17	06/16/17	450,000,000	450,000,000	0	450,000,000	0
STANDARD CHARTERED TD 1.18 20170626	06/26/17	06/19/17	06/19/17	270,000,000	270,000,000	0	270,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170620	06/20/17	06/19/17	06/19/17	470,000,000	470,000,000	0	470,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170621	06/21/17	06/20/17	06/20/17	470,000,000	470,000,000	0	470,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170622	06/22/17	06/21/17	06/21/17	450,000,000	450,000,000	0	450,000,000	0
CANADIAN IMPERIAL BTDCAY 1.15 20170622	06/22/17	06/21/17	06/21/17	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170623	06/23/17	06/22/17	06/22/17	480,000,000	480,000,000	0	480,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170626	06/26/17	06/23/17	06/23/17	450,000,000	450,000,000	0	450,000,000	0
STANDARD CHARTERED TD 1.18 20170630	06/30/17	06/23/17	06/23/17	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170627	06/27/17	06/26/17	06/26/17	475,000,000	475,000,000	0	475,000,000	0
STANDARD CHARTERED TD 1.13 20170703	07/03/17	06/26/17	06/26/17	270,000,000	270,000,000	0	270,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170628	06/28/17	06/27/17	06/27/17	480,000,000	480,000,000	0	480,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170629	06/29/17	06/28/17	06/28/17	480,000,000	480,000,000	0	480,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170630	06/30/17	06/29/17	06/29/17	475,000,000	475,000,000	0	475,000,000	0
SVENSKA HANDELSBANKTDCAY 1.06 20170703	07/03/17	06/30/17	06/30/17	450,000,000	450,000,000	0	450,000,000	0
STANDARD CHARTERED TD 1.13 20170707	07/07/17	06/30/17	06/30/17	195,000,000	195,000,000	0	195,000,000	0
<i>Total Deposits</i>				11,477,000,000	11,477,000,000	0	11,477,000,000	0
<i>Maturities</i>								
ANGLESEA FUNDING LLC PABS4	06/05/17	06/05/17	06/05/17	25,000,000	25,000,000	0	25,000,000	0
ANTALIS S.A. CPABS4 CPABS4	06/02/17	06/02/17	06/02/17	202,200,000	202,200,000	0	202,200,000	0
ANTALIS S.A. CPABS4 CPABS4	06/09/17	06/09/17	06/09/17	215,000,000	215,000,000	0	215,000,000	0
ANTALIS S.A. CPABS4 CPABS4	06/12/17	06/12/17	06/12/17	23,530,000	23,530,000	0	23,530,000	0
ANTALIS S.A. CPABS4 CPABS4	06/16/17	06/16/17	06/16/17	219,810,000	219,810,000	0	219,810,000	0
ANTALIS S.A. CPABS4 CPABS4	06/23/17	06/23/17	06/23/17	220,230,000	220,230,000	0	220,230,000	0
ANTALIS S.A. CPABS4 CPABS4	06/30/17	06/30/17	06/30/17	255,440,000	255,440,000	0	255,440,000	0
ATLANTIC ASSET SECUCPABS4	06/01/17	06/01/17	06/01/17	174,200,000	174,200,000	0	174,200,000	0
ATLANTIC ASSET SECUCPABS4	06/02/17	06/02/17	06/02/17	182,640,000	182,640,000	0	182,640,000	0
ATLANTIC ASSET SECUCPABS4	06/05/17	06/05/17	06/05/17	311,207,000	311,207,000	0	311,207,000	0
ATLANTIC ASSET SECUCPABS4	06/06/17	06/06/17	06/06/17	30,000,000	30,000,000	0	30,000,000	0
ATLANTIC ASSET SECUCPABS4	06/07/17	06/07/17	06/07/17	111,200,000	111,200,000	0	111,200,000	0
ATLANTIC ASSET SECUCPABS4	06/09/17	06/09/17	06/09/17	150,000,000	150,000,000	0	150,000,000	0
ATLANTIC ASSET SECUCPABS4	06/12/17	06/12/17	06/12/17	150,000,000	150,000,000	0	150,000,000	0
ATLANTIC ASSET SECUCPABS4	06/13/17	06/13/17	06/13/17	69,338,000	69,338,000	0	69,338,000	0
ATLANTIC ASSET SECUCPABS4	06/14/17	06/14/17	06/14/17	207,800,000	207,800,000	0	207,800,000	0
ATLANTIC ASSET SECUCPABS4	06/16/17	06/16/17	06/16/17	89,200,000	89,200,000	0	89,200,000	0
ATLANTIC ASSET SECUCPABS4	06/19/17	06/19/17	06/19/17	90,000,000	90,000,000	0	90,000,000	0
ATLANTIC ASSET SECUCPABS4	06/20/17	06/20/17	06/20/17	100,000,000	100,000,000	0	100,000,000	0
ATLANTIC ASSET SECUCPABS4	06/26/17	06/26/17	06/26/17	86,500,000	86,500,000	0	86,500,000	0
ATLANTIC ASSET SECUCPABS4	06/27/17	06/27/17	06/27/17	185,560,000	185,560,000	0	185,560,000	0
ATLANTIC ASSET SECUCPABS4	06/28/17	06/28/17	06/28/17	42,060,000	42,060,000	0	42,060,000	0
ATLANTIC ASSET SECUCPABS4	06/29/17	06/29/17	06/29/17	105,560,000	105,560,000	0	105,560,000	0
ATLANTIC ASSET SECUCPABS4	06/30/17	06/30/17	06/30/17	47,000,000	47,000,000	0	47,000,000	0
BASF SECP4-2	06/14/17	06/14/17	06/14/17	5,000,000	5,000,000	0	5,000,000	0
BANK OF MONTREAL (CCP)	06/09/17	06/09/17	06/09/17	149,000,000	149,000,000	0	149,000,000	0
BANK OF MONTREAL (CCDIYAN)	06/26/17	06/26/17	06/26/17	97,000,000	97,000,000	0	97,000,000	0
BANK OF NOVA SCOTIACDIYAN	06/27/17	06/27/17	06/27/17	100,000,000	100,000,000	0	100,000,000	0
BANK OF TOKYO-MITSUBI	06/27/17	06/27/17	06/27/17	35,000,000	35,000,000	0	35,000,000	0
BANQUE ET CAISSE D'CP	06/01/17	06/01/17	06/01/17	78,500,000	78,500,000	0	78,500,000	0
BANQUE ET CAISSE D'CP	06/06/17	06/06/17	06/06/17	123,080,000	123,080,000	0	123,080,000	0
BARTON CAPITAL LLC CPABS4-	06/02/17	06/02/17	06/02/17	37,500,000	37,500,000	0	37,500,000	0
BARTON CAPITAL LLC CPABS4-	06/09/17	06/09/17	06/09/17	175,000,000	175,000,000	0	175,000,000	0
BARTON CAPITAL LLC CPABS4-	06/19/17	06/19/17	06/19/17	87,000,000	87,000,000	0	87,000,000	0
BARTON CAPITAL LLC CPABS4-	06/21/17	06/21/17	06/21/17	50,000,000	50,000,000	0	50,000,000	0
BARTON CAPITAL LLC CPABS4-	06/22/17	06/22/17	06/22/17	82,000,000	82,000,000	0	82,000,000	0



## TRADING ACTIVITY FOR JUNE 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BNP PARIBAS SACP4-2	06/02/17	06/02/17	06/02/17	201,500,000	201,500,000	0	201,500,000	0
BNP PARIBAS SACP4-2	06/26/17	06/26/17	06/26/17	177,100,000	177,100,000	0	177,100,000	0
BNP PARIBAS SACP	06/19/17	06/19/17	06/19/17	247,100,000	247,100,000	0	247,100,000	0
BNP PARIBAS SACP	06/20/17	06/20/17	06/20/17	170,300,000	170,300,000	0	170,300,000	0
BNP PARIBAS SACP	06/21/17	06/21/17	06/21/17	200,000,000	200,000,000	0	200,000,000	0
BNP PARIBAS SA/NEW YORK NY	06/22/17	06/22/17	06/22/17	235,000,000	235,000,000	0	235,000,000	0
CRC FUNDING LLCPCABS4-2	06/27/17	06/27/17	06/27/17	40,960,000	40,960,000	0	40,960,000	0
CHARTA, LLC CPABS4-CPABS4	06/02/17	06/02/17	06/02/17	49,000,000	49,000,000	0	49,000,000	0
COOPERATIVE RABOBANK UA/NY	06/29/17	06/29/17	06/29/17	111,874,000	111,874,000	0	111,874,000	0
CREDIT INDUSTRIEL ECDYAN	06/02/17	06/02/17	06/02/17	200,000,000	200,000,000	0	200,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/09/17	06/09/17	06/09/17	400,000,000	400,000,000	0	400,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/16/17	06/16/17	06/16/17	400,000,000	400,000,000	0	400,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/21/17	06/21/17	06/21/17	75,000,000	75,000,000	0	75,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/28/17	06/28/17	06/28/17	100,000,000	100,000,000	0	100,000,000	0
DZ BANK AG DEUTSCHECDYAN	06/01/17	06/01/17	06/01/17	100,000,000	100,000,000	0	100,000,000	0
DZ BANK AG DEUTSCHECDYAN	06/02/17	06/02/17	06/02/17	90,000,000	90,000,000	0	90,000,000	0
DZ BANK AG DEUTSCHECDYAN	06/08/17	06/08/17	06/08/17	24,000,000	24,000,000	0	24,000,000	0
DZ BANK AG DEUTSCHECDYAN	06/13/17	06/13/17	06/13/17	35,000,000	35,000,000	0	35,000,000	0
DZ BANK AG DEUTSCHECP4-2	06/01/17	06/01/17	06/01/17	137,500,000	137,500,000	0	137,500,000	0
DZ BANK AG DEUTSCHECP4-2	06/02/17	06/02/17	06/02/17	327,200,000	327,200,000	0	327,200,000	0
DZ BANK AG DEUTSCHECP4-2	06/05/17	06/05/17	06/05/17	247,000,000	247,000,000	0	247,000,000	0
DZ BANK AG DEUTSCHECP4-2	06/06/17	06/06/17	06/06/17	242,400,000	242,400,000	0	242,400,000	0
DZ BANK AG DEUTSCHECP4-2	06/07/17	06/07/17	06/07/17	250,000,000	250,000,000	0	250,000,000	0
DZ BANK AG DEUTSCHECP4-2	06/08/17	06/08/17	06/08/17	315,000,000	315,000,000	0	315,000,000	0
DZ BANK AG DEUTSCHECP4-2	06/09/17	06/09/17	06/09/17	233,700,000	233,700,000	0	233,700,000	0
DZ BANK AG DEUTSCHECP4-2	06/12/17	06/12/17	06/12/17	173,500,000	173,500,000	0	173,500,000	0
DZ BANK AG DEUTSCHECP4-2	06/13/17	06/13/17	06/13/17	184,800,000	184,800,000	0	184,800,000	0
DZ BANK AG DEUTSCHECP4-2	06/14/17	06/14/17	06/14/17	65,000,000	65,000,000	0	65,000,000	0
DZ BANK AG DEUTSCHECP4-2	06/15/17	06/15/17	06/15/17	234,700,000	234,700,000	0	234,700,000	0
DZ BANK AG DEUTSCHECP4-2	06/16/17	06/16/17	06/16/17	234,800,000	234,800,000	0	234,800,000	0
DZ BANK AG DEUTSCHECP4-2	06/19/17	06/19/17	06/19/17	465,000,000	465,000,000	0	465,000,000	0
DZ BANK AG DEUTSCHECP4-2	06/20/17	06/20/17	06/20/17	364,560,000	364,560,000	0	364,560,000	0
DZ BANK AG DEUTSCHECP4-2	06/21/17	06/21/17	06/21/17	215,560,000	215,560,000	0	215,560,000	0
DZ BANK AG DEUTSCHECP4-2	06/22/17	06/22/17	06/22/17	305,000,000	305,000,000	0	305,000,000	0
DZ BANK AG DEUTSCHECP4-2	06/23/17	06/23/17	06/23/17	475,000,000	475,000,000	0	475,000,000	0
DZ BANK AG DEUTSCHECP4-2	06/26/17	06/26/17	06/26/17	402,890,000	402,890,000	0	402,890,000	0
DZ BANK AG DEUTSCHECP4-2	06/27/17	06/27/17	06/27/17	304,660,000	304,660,000	0	304,660,000	0
DZ BANK AG DEUTSCHECP4-2	06/28/17	06/28/17	06/28/17	475,000,000	475,000,000	0	475,000,000	0
DZ BANK AG DEUTSCHECP4-2	06/29/17	06/29/17	06/29/17	160,060,000	160,060,000	0	160,060,000	0
DZ BANK AG DEUTSCHECP4-2	06/30/17	06/30/17	06/30/17	175,000,000	175,000,000	0	175,000,000	0
FAIRWAY FINANCE CO,CPABS4	06/02/17	06/02/17	06/02/17	18,073,000	18,073,000	0	18,073,000	0
GOTHAM FUNDING CORPCPABS4	06/07/17	06/07/17	06/07/17	200,000,000	200,000,000	0	200,000,000	0
GOTHAM FUNDING CORPCPABS4	06/08/17	06/08/17	06/08/17	50,000,000	50,000,000	0	50,000,000	0
GOTHAM FUNDING CORPCPABS4	06/14/17	06/14/17	06/14/17	150,000,000	150,000,000	0	150,000,000	0
GOTHAM FUNDING CORPCPABS4	06/16/17	06/16/17	06/16/17	59,000,000	59,000,000	0	59,000,000	0
KAISER FOUNDATION HCP	06/15/17	06/15/17	06/15/17	31,863,000	31,863,000	0	31,863,000	0
LMA-AMERICAS LLCPCABS4-2	06/01/17	06/01/17	06/01/17	201,900,000	201,900,000	0	201,900,000	0
LMA-AMERICAS LLCPCABS4-2	06/02/17	06/02/17	06/02/17	198,200,000	198,200,000	0	198,200,000	0
LMA-AMERICAS LLCPCABS4-2	06/06/17	06/06/17	06/06/17	215,700,000	215,700,000	0	215,700,000	0
LMA-AMERICAS LLCPCABS4-2	06/07/17	06/07/17	06/07/17	58,400,000	58,400,000	0	58,400,000	0
LMA-AMERICAS LLCPCABS4-2	06/09/17	06/09/17	06/09/17	188,700,000	188,700,000	0	188,700,000	0
LMA-AMERICAS LLCPCABS4-2	06/12/17	06/12/17	06/12/17	58,700,000	58,700,000	0	58,700,000	0
LMA-AMERICAS LLCPCABS4-2	06/13/17	06/13/17	06/13/17	125,800,000	125,800,000	0	125,800,000	0
LMA-AMERICAS LLCPCABS4-2	06/14/17	06/14/17	06/14/17	58,800,000	58,800,000	0	58,800,000	0
LMA-AMERICAS LLCPCABS4-2	06/15/17	06/15/17	06/15/17	75,000,000	75,000,000	0	75,000,000	0
LMA-AMERICAS LLCPCABS4-2	06/16/17	06/16/17	06/16/17	128,000,000	128,000,000	0	128,000,000	0
LMA-AMERICAS LLCPCABS4-2	06/20/17	06/20/17	06/20/17	58,000,000	58,000,000	0	58,000,000	0
LMA-AMERICAS LLCPCABS4-2	06/21/17	06/21/17	06/21/17	94,000,000	94,000,000	0	94,000,000	0
LMA-AMERICAS LLCPCABS4-2	06/22/17	06/22/17	06/22/17	77,300,000	77,300,000	0	77,300,000	0
LMA-AMERICAS LLCPCABS4-2	06/23/17	06/23/17	06/23/17	247,750,000	247,750,000	0	247,750,000	0
LMA-AMERICAS LLCPCABS4-2	06/27/17	06/27/17	06/27/17	175,200,000	175,200,000	0	175,200,000	0
LMA-AMERICAS LLCPCABS4-2	06/28/17	06/28/17	06/28/17	77,000,000	77,000,000	0	77,000,000	0
LMA-AMERICAS LLCPCABS4-2	06/29/17	06/29/17	06/29/17	80,000,000	80,000,000	0	80,000,000	0
LMA-AMERICAS LLCPCABS4-2	06/30/17	06/30/17	06/30/17	45,000,000	45,000,000	0	45,000,000	0
LONG ISLAND POWER AUTHORITY	06/20/17	06/20/17	06/20/17	40,000,000	40,000,000	0	40,000,000	0
MALAYAN BANKING BERCPLOC	06/15/17	06/15/17	06/15/17	30,000,000	30,000,000	0	30,000,000	0
MANHATTAN ASSET FUNCPABS4	06/08/17	06/08/17	06/08/17	41,000,000	41,000,000	0	41,000,000	0
MANHATTAN ASSET FUNCPABS4	06/19/17	06/19/17	06/19/17	50,000,000	50,000,000	0	50,000,000	0
MANHATTAN ASSET FUNCPABS4	06/21/17	06/21/17	06/21/17	73,000,000	73,000,000	0	73,000,000	0
MIZUHO BANK LTD,CDYAN	06/01/17	06/01/17	06/01/17	332,000,000	332,000,000	0	332,000,000	0
NEDERLANDSEWATERSCCP4-2	06/15/17	06/15/17	06/15/17	149,000,000	149,000,000	0	149,000,000	0

## TRADING ACTIVITY FOR JUNE 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
NEDERLANDSEWATERSCP4-2	06/26/17	06/26/17	06/26/17	310,000,000	310,000,000	0	310,000,000	0
OLD LINE FUNDING, LCPAB54	06/23/17	06/23/17	06/23/17	25,000,000	25,000,000	0	25,000,000	0
SOCIETE GENERALE, PCP4-2	06/27/17	06/27/17	06/27/17	62,000,000	62,000,000	0	62,000,000	0
STARBIRD FUNDING COCPAB54	06/01/17	06/01/17	06/01/17	79,940,000	79,940,000	0	79,940,000	0
STARBIRD FUNDING COCPAB54	06/02/17	06/02/17	06/02/17	150,000,000	150,000,000	0	150,000,000	0
STARBIRD FUNDING COCPAB54	06/05/17	06/05/17	06/05/17	111,817,000	111,817,000	0	111,817,000	0
STARBIRD FUNDING COCPAB54	06/06/17	06/06/17	06/06/17	36,400,000	36,400,000	0	36,400,000	0
STARBIRD FUNDING COCPAB54	06/07/17	06/07/17	06/07/17	36,400,000	36,400,000	0	36,400,000	0
STARBIRD FUNDING COCPAB54	06/08/17	06/08/17	06/08/17	20,971,000	20,971,000	0	20,971,000	0
STARBIRD FUNDING COCPAB54	06/14/17	06/14/17	06/14/17	87,800,000	87,800,000	0	87,800,000	0
STARBIRD FUNDING COCPAB54	06/15/17	06/15/17	06/15/17	127,700,000	127,700,000	0	127,700,000	0
STARBIRD FUNDING COCPAB54	06/16/17	06/16/17	06/16/17	238,800,000	238,800,000	0	238,800,000	0
STARBIRD FUNDING COCPAB54	06/19/17	06/19/17	06/19/17	72,813,000	72,813,000	0	72,813,000	0
STARBIRD FUNDING COCPAB54	06/20/17	06/20/17	06/20/17	58,700,000	58,700,000	0	58,700,000	0
STARBIRD FUNDING COCPAB54	06/21/17	06/21/17	06/21/17	62,700,000	62,700,000	0	62,700,000	0
STARBIRD FUNDING COCPAB54	06/22/17	06/22/17	06/22/17	87,700,000	87,700,000	0	87,700,000	0
STARBIRD FUNDING COCPAB54	06/23/17	06/23/17	06/23/17	87,695,000	87,695,000	0	87,695,000	0
STARBIRD FUNDING COCPAB54	06/26/17	06/26/17	06/26/17	58,700,000	58,700,000	0	58,700,000	0
STARBIRD FUNDING COCPAB54	06/27/17	06/27/17	06/27/17	63,800,000	63,800,000	0	63,800,000	0
STARBIRD FUNDING COCPAB54	06/28/17	06/28/17	06/28/17	50,000,000	50,000,000	0	50,000,000	0
STARBIRD FUNDING COCPAB54	06/29/17	06/29/17	06/29/17	26,000,000	26,000,000	0	26,000,000	0
SUMITOMO MITSUI BANC DYAN	06/08/17	06/08/17	06/08/17	200,000,000	200,000,000	0	200,000,000	0
SUMITOMO MITSUI TRUC DYAN	06/15/17	06/15/17	06/15/17	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUC DYAN	06/27/17	06/27/17	06/27/17	75,000,000	75,000,000	0	75,000,000	0
THUNDER BAY FUNDING CP4-2	06/20/17	06/20/17	06/20/17	39,650,000	39,650,000	0	39,650,000	0
THUNDER BAY FUNDING LLC	06/12/17	06/12/17	06/12/17	50,000,000	50,000,000	0	50,000,000	0
TORONTO DOMINION BAC DYAN	06/19/17	06/19/17	06/19/17	20,000,000	20,000,000	0	20,000,000	0
UBS AG/STAMFORD CT	06/01/17	06/01/17	06/01/17	810,000	810,000	0	810,000	0
WELLS FARGO & CO	06/02/17	06/02/17	06/02/17	17,100,000	17,100,000	0	17,100,000	0
MIZUHO TRIPARTY	06/01/17	06/01/17	06/01/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/01/17	06/01/17	06/01/17	110,000,000	110,000,000	0	110,000,000	0
MIZUHO TRIPARTY	06/02/17	06/02/17	06/02/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/02/17	06/02/17	06/02/17	160,000,000	160,000,000	0	160,000,000	0
MIZUHO TRIPARTY	06/05/17	06/05/17	06/05/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/05/17	06/05/17	06/05/17	210,000,000	210,000,000	0	210,000,000	0
MIZUHO TRIPARTY	06/06/17	06/06/17	06/06/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/06/17	06/06/17	06/06/17	195,000,000	195,000,000	0	195,000,000	0
MIZUHO TRIPARTY	06/07/17	06/07/17	06/07/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/07/17	06/07/17	06/07/17	154,000,000	154,000,000	0	154,000,000	0
MIZUHO TRIPARTY	06/08/17	06/08/17	06/08/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/08/17	06/08/17	06/08/17	150,000,000	150,000,000	0	150,000,000	0
MIZUHO TRIPARTY	06/09/17	06/09/17	06/09/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/09/17	06/09/17	06/09/17	80,000,000	80,000,000	0	80,000,000	0
MIZUHO TRIPARTY	06/12/17	06/12/17	06/12/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/12/17	06/12/17	06/12/17	328,000,000	328,000,000	0	328,000,000	0
MIZUHO TRIPARTY	06/13/17	06/13/17	06/13/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/13/17	06/13/17	06/13/17	230,000,000	230,000,000	0	230,000,000	0
MIZUHO TRIPARTY	06/14/17	06/14/17	06/14/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/14/17	06/14/17	06/14/17	195,000,000	195,000,000	0	195,000,000	0
MIZUHO TRIPARTY	06/15/17	06/15/17	06/15/17	15,000,000	15,000,000	0	15,000,000	0
MIZUHO TRIPARTY	06/16/17	06/16/17	06/16/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/16/17	06/16/17	06/16/17	345,000,000	345,000,000	0	345,000,000	0
MIZUHO TRIPARTY	06/19/17	06/19/17	06/19/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/19/17	06/19/17	06/19/17	175,000,000	175,000,000	0	175,000,000	0
MIZUHO TRIPARTY	06/20/17	06/20/17	06/20/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/20/17	06/20/17	06/20/17	250,000,000	250,000,000	0	250,000,000	0
MIZUHO TRIPARTY	06/21/17	06/21/17	06/21/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/21/17	06/21/17	06/21/17	260,000,000	260,000,000	0	260,000,000	0
MIZUHO TRIPARTY	06/22/17	06/22/17	06/22/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/22/17	06/22/17	06/22/17	240,000,000	240,000,000	0	240,000,000	0
MIZUHO TRIPARTY	06/23/17	06/23/17	06/23/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/23/17	06/23/17	06/23/17	200,000,000	200,000,000	0	200,000,000	0
MIZUHO TRIPARTY	06/26/17	06/26/17	06/26/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/26/17	06/26/17	06/26/17	225,000,000	225,000,000	0	225,000,000	0
MIZUHO TRIPARTY	06/27/17	06/27/17	06/27/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/27/17	06/27/17	06/27/17	495,000,000	495,000,000	0	495,000,000	0
MIZUHO TRIPARTY	06/28/17	06/28/17	06/28/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/28/17	06/28/17	06/28/17	255,000,000	255,000,000	0	255,000,000	0
MIZUHO TRIPARTY	06/29/17	06/29/17	06/29/17	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/29/17	06/29/17	06/29/17	180,000,000	180,000,000	0	180,000,000	0
MIZUHO TRIPARTY	06/30/17	06/30/17	06/30/17	15,000,000	15,000,000	0	15,000,000	0



## TRADING ACTIVITY FOR JUNE 2017

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	06/30/17	06/30/17	06/30/17	140,000,000	140,000,000	0	140,000,000	0
SVENSKA HANDELSBANKTDCAY 0.82 20170601	06/01/17	06/01/17	06/01/17	480,000,000	480,000,000	0	480,000,000	0
NATIONAL AUSTRALIA TDCAY 0.82 20170601	06/01/17	06/01/17	06/01/17	300,000,000	300,000,000	0	300,000,000	0
NATIONAL AUSTRALIA TDCAY 0.9 20170602	06/02/17	06/02/17	06/02/17	425,000,000	425,000,000	0	425,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170605	06/05/17	06/05/17	06/05/17	440,000,000	440,000,000	0	440,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170606	06/06/17	06/06/17	06/06/17	475,000,000	475,000,000	0	475,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170607	06/07/17	06/07/17	06/07/17	475,000,000	475,000,000	0	475,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170608	06/08/17	06/08/17	06/08/17	475,000,000	475,000,000	0	475,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170609	06/09/17	06/09/17	06/09/17	475,000,000	475,000,000	0	475,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170612	06/12/17	06/12/17	06/12/17	450,000,000	450,000,000	0	450,000,000	0
STANDARD CHARTERED TD 1.07 20170619	06/19/17	06/19/17	06/19/17	237,000,000	237,000,000	0	237,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170613	06/13/17	06/13/17	06/13/17	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170614	06/14/17	06/14/17	06/14/17	460,000,000	460,000,000	0	460,000,000	0
SVENSKA HANDELSBANKTDCAY 0.91 20170615	06/15/17	06/15/17	06/15/17	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170616	06/16/17	06/16/17	06/16/17	400,000,000	400,000,000	0	400,000,000	0
STANDARD CHARTERED TD 1.18 20170623	06/23/17	06/23/17	06/23/17	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170619	06/19/17	06/19/17	06/19/17	450,000,000	450,000,000	0	450,000,000	0
STANDARD CHARTERED TD 1.18 20170626	06/26/17	06/26/17	06/26/17	270,000,000	270,000,000	0	270,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170620	06/20/17	06/20/17	06/20/17	470,000,000	470,000,000	0	470,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170621	06/21/17	06/21/17	06/21/17	470,000,000	470,000,000	0	470,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170622	06/22/17	06/22/17	06/22/17	450,000,000	450,000,000	0	450,000,000	0
CANADIAN IMPERIAL BTDCAY 1.15 20170622	06/22/17	06/22/17	06/22/17	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170623	06/23/17	06/23/17	06/23/17	480,000,000	480,000,000	0	480,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170626	06/26/17	06/26/17	06/26/17	450,000,000	450,000,000	0	450,000,000	0
STANDARD CHARTERED TD 1.18 20170630	06/30/17	06/30/17	06/30/17	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170627	06/27/17	06/27/17	06/27/17	475,000,000	475,000,000	0	475,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170628	06/28/17	06/28/17	06/28/17	480,000,000	480,000,000	0	480,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170629	06/29/17	06/29/17	06/29/17	480,000,000	480,000,000	0	480,000,000	0
SVENSKA HANDELSBANKTDCAY 1.16 20170630	06/30/17	06/30/17	06/30/17	475,000,000	475,000,000	0	475,000,000	0
MIZUHO BANK LTD,CDEUR	06/02/17	06/02/17	06/02/17	100,000,000	100,000,000	0	100,000,000	0
<i>Total Maturities</i>				35,201,601,000	35,201,601,000	0	35,201,601,000	0
<i>Sells</i>								
FIOR CAPITAL LLC	08/01/45	06/16/17	06/23/17	27,980,000	27,980,000	16,428	27,996,428	0
FIOR CAPITAL LLC	08/01/45	06/16/17	06/23/17	10,300,000	10,300,000	6,047	10,306,047	0
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY	12/01/38	06/16/17	06/16/17	9,900,000	9,900,000	3,930	9,903,930	0
NEW YORK STATE HOUSING FINANCE AGENCY	05/01/49	06/16/17	06/23/17	30,000,000	30,000,000	17,868	30,017,868	0
ORTHOPAEDIC HOSPITAL OF WISCONSIN LLC	03/01/39	06/16/17	06/23/17	4,105,000	4,105,000	2,694	4,107,694	0
ORTHOPAEDIC HOSPITAL OF WISCONSIN LLC	03/01/39	06/16/17	06/23/17	5,460,000	5,460,000	3,583	5,463,583	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/02/17	06/02/17	507,256	507,256	0	507,256	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/02/17	06/02/17	28,375	28,375	0	28,375	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/02/17	06/02/17	339,956	339,956	0	339,956	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/02/17	06/02/17	1,183,691	1,183,691	0	1,183,691	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/02/17	06/02/17	1,712,716	1,712,716	0	1,712,716	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/02/17	06/02/17	268,120	268,120	0	268,120	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/02/17	06/02/17	996,663	996,663	0	996,663	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/07/17	06/07/17	1,798,717	1,798,717	0	1,798,717	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/09/17	06/09/17	571,944	571,944	0	571,944	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/09/17	06/09/17	509,953	509,953	0	509,953	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/09/17	06/09/17	65,574	65,574	0	65,574	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/12/17	06/12/17	968,337	968,337	0	968,337	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/12/17	06/12/17	3,673,437	3,673,437	0	3,673,437	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/15/17	06/15/17	587,906	587,906	0	587,906	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/16/17	06/16/17	2,357,688	2,357,688	0	2,357,688	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/16/17	06/16/17	3,030,971	3,030,971	0	3,030,971	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/22/17	06/22/17	2,738,548	2,738,548	0	2,738,548	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/23/17	06/23/17	3,979,374	3,979,374	0	3,979,374	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/23/17	06/23/17	999,145	999,145	0	999,145	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/23/17	06/23/17	1,753,234	1,753,234	0	1,753,234	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/27/17	06/27/17	1,328,093	1,328,093	0	1,328,093	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/29/17	06/29/17	2,376,843	2,376,843	0	2,376,843	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/29/17	06/29/17	0	0	0	0	0
<i>Total Sells</i>				119,521,542	119,521,542	50,550	119,572,092	0



1801 Hermitage Boulevard, Suite 100  
Tallahassee, Florida 32308  
(850) 488-4406

[www.sbafla.com/prime](http://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**



## **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.<sup>1</sup> 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.

---

<sup>1</sup> 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 4.5% 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 <sup>th</sup> Percentile Real Return	10 <sup>th</sup> Percentile Real Return	90 <sup>th</sup> Percentile Real Return	95 <sup>th</sup> 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.<sup>2</sup> 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

---

<sup>2</sup> 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 <sup>th</sup> Percentile	\$	4,851	3.67%	\$ 3,497	3.14%
25 <sup>th</sup> Percentile	\$	6,776	4.15%	\$ 6,329	4.03%
Median	\$	7,466	4.54%	\$ 8,523	4.60%
75 <sup>th</sup> Percentile	\$	8,079	5.04%	\$ 11,561	5.22%
90 <sup>th</sup> 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% <sup>3</sup>
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

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

$$\begin{array}{c}
 \text{3} \quad \text{Core RE} \qquad \qquad \text{Non-Core RE} \qquad \qquad \text{Public RE} \\
 \text{(76.5\% * NFI-ODCE) + [13.5\% * (NFI-ODCE + 150 bps)] + (10\% * REIT Index)}
 \end{array}$$



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 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 4.5%. Fundamentally, the Strategic Investments asset class is expected to improve the risk-adjusted return of the total fund over multiple market cycles.

## **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 4.5% annualized real rate of return, commensurate with risk.
- Diversify the FRS Pension Plan assets.
- Provide a potential hedge against inflation.
- 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.

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.

## **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.<sup>1</sup> 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.

---

<sup>1</sup> 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 4.5% 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 <sup>th</sup> Percentile Real Return	10 <sup>th</sup> Percentile Real Return	90 <sup>th</sup> Percentile Real Return	95 <sup>th</sup> 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.<sup>2</sup> 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

<sup>2</sup> 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 <sup>th</sup> Percentile	\$	4,851	3.67%	\$ 3,497	3.14%
25 <sup>th</sup> Percentile	\$	6,776	4.15%	\$ 6,329	4.03%
Median	\$	7,466	4.54%	\$ 8,523	4.60%
75 <sup>th</sup> Percentile	\$	8,079	5.04%	\$ 11,561	5.22%
90 <sup>th</sup> 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% <sup>3</sup>
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

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

$$\begin{array}{c}
 \text{3} \quad \text{Core RE} \qquad \qquad \text{Non-Core RE} \qquad \qquad \text{Public RE} \\
 \text{(76.5\% * NFI-ODCE) + [13.5\% * (NFI-ODCE + 150 bps)] + (10\% * REIT Index)}
 \end{array}$$

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 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 4.5%. Fundamentally, the Strategic Investments asset class is expected to improve the risk-adjusted return of the total fund over multiple market cycles.

## **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 4.5% annualized real rate of return, commensurate with risk.
- Diversify the FRS Pension Plan assets.
- Provide a potential hedge against inflation.
- 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.

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 ~~July 1, 2017~~ upon approval by the Board.




**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  
JIMMY PATRONIS  
CHIEF FINANCIAL OFFICER  
PAM BONDI  
ATTORNEY GENERAL  
ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO

Date: August 14, 2017  
To: Board of Trustees  
From: Mark Thompson, Audit Committee Chair   
Subject: Quarterly Audit Committee Report

---

The State Board of Administration's Audit Committee met on July 31, 2017. 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 Meeting**  
**Agenda**  
**July 31, 2017**  
**9:00 A.M. – Noon**

1. Call to Order
2. Approval of the minutes of the meeting held on April 17, 2017
3. SBA Executive Director & CIO status report
  - SBA Update: investment performance, risks, opportunities and challenges
4. Invitation to Negotiate (ITN) Triennial GRC Review
  - Approval of final selection
5. Annual review of the charters
  - a. Audit Committee
  - b. Office of Internal Audit
6. Presentation of OIA issued reports:
  - a. Internal Controls over Financial Reporting Advisory Project
  - b. Fixed Income Data Analytics Advisory Project
7. Office of Internal Audit Quarterly Report
8. Chief Risk & Compliance Officer Quarterly Report
9. Other items of interest
10. Closing remarks of the Audit Committee Chair and Members
11. Adjournment



# Office of Internal Audit (OIA) Quarterly Report to the Audit Committee

July 31, 2017



# Table of Contents

<b>Status of the FY 2016–17 Annual Audit Plan:</b>	
• Internal Audit and Advisory Engagements	4
• External Engagement Oversight	5
• Special Projects, Risk Assessment, and Other Activities	6
<b>Status of Management Action Plans/Recommendations:</b>	
• New and Closed Action Plans/Recommendations	8
• Details of open items – Audit and Advisory Projects	9–10
<b>Other OIA Activities:</b>	
• Risk Assessment Process	12
• Data Analytics Program Accomplishments & Timeline	13
• Status of FY 2016–17 OIA Department Goals	14
• Budget to Actual Comparison FY 2016–17	15
• Results of FY 2016–17 Client Surveys (Audit and Advisory projects)	16–17
• Professional Staff Training and Development for FY 2016–17	18
• 2018 Audit Committee Meeting Dates	19
• Other Items for Discussion	20



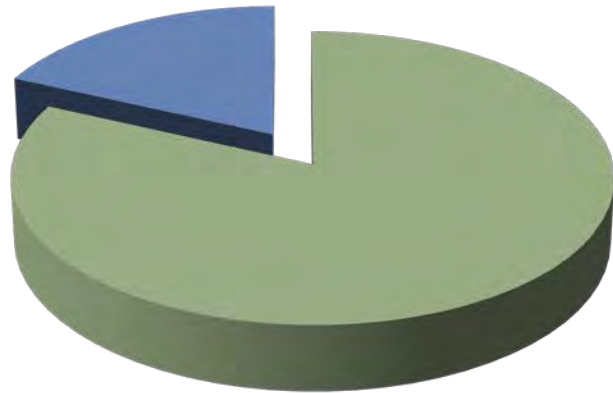
# Status of Annual Audit Plans >>



# Status of the FY 2016–17 Annual Audit Plan

## Internal Audit and Advisory Engagements

■ In Progress  
18%



■ Completed  
82%

Highlighted: Completed since  
prior quarterly report.

<u>Projects Status</u>	<u>Type</u>	<u>Planned Timing</u>
<b>Completed</b>		
Trust Services – carry over	OIA Operational Audit	Q1
4 <sup>th</sup> Quarter of FY 15-16 Follow-up	OIA Follow-up Audit	Q1
Global Equity Trading Activities	OIA Operational Audit	Q1/Q2
Information Technology General Controls	OIA Advisory	Q1/Q2
2nd Quarter of FY 16-17 Follow-up	OIA Follow-up Audit	Q3
Derivatives Audit	Co-sourced Operational Audit	Q2/Q3
Internal Controls over Financial Reporting (see Tab 6a)	OIA Advisory	Q3/Q4
Fixed Income Data Analytics Dashboard (see Tab 6b)	OIA Advisory	Q3/Q4
4th Quarter of FY 16-17 Follow-up (see Appendix C)	OIA Follow-up Audit	Q4
<b>In Progress</b>		
Recommendation/Action Plan Monitoring	OIA Project Management	Ongoing
Real Estate, commingled	OIA Operational Audit	Q4
<b>Not Started</b>		
All projects completed or in progress from FY 2016-17 Annual Audit Plan		

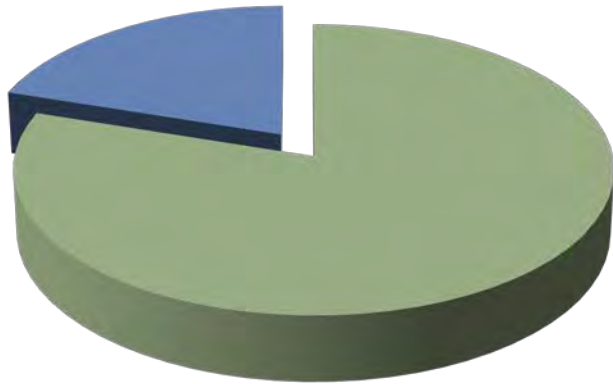




# Status of the FY 2016–17 Annual Audit Plan

## External Engagement Oversight

■ In Progress  
20%



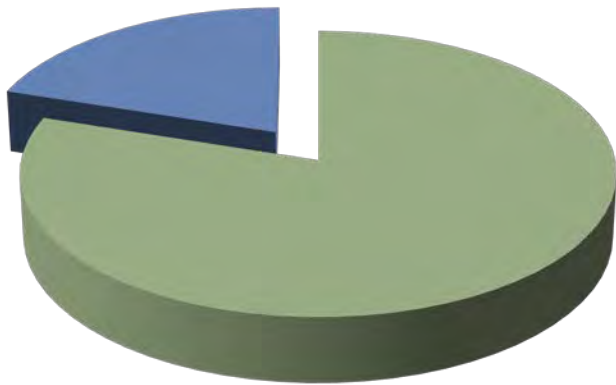
■ Completed  
80%

<u>Project Status</u>	<u>Type</u>	<u>Planned Timing</u>
<b>Completed</b>		
OPPAGA's review of Florida Growth Fund Initiative	External Operational Audit	Q1/Q2
OPPAGA's biennial review of SBA Investment Management	External Operational Audit	Q1/Q2/Q3
Florida Hurricane Catastrophe Fund	External Financial Statement Audit	Q1/Q2
FRS Trust Fund	External Financial Statement Audit	Q1/Q2
FRS Investment Plan Trust Fund	External Financial Statement Audit	Q1/Q2
Auditor General financial statement audit of Florida PRIME	External Financial Statement Audit	Q1/Q2
Auditor General financial statement audit as part of the statewide CAFR	External Financial Statement Audit	Q2/Q3
Auditor General IT operational audit of selected financial systems	External Operational Audit	Q2/Q3
<b>In Progress</b>		
Auditor General Operational Audit (follow-up on report #2015-083)	External Operational Audit	Q3/Q4
Network Security, outsourced	External IT Security Assessment	Q4
<b>Not Started</b>		
<i>All projects completed or in progress from FY 2016-17 Annual Audit Plan</i>		

# Status of the FY 2016–17 Annual Audit Plan

## Special Projects, Risk Assessments, and Other Activities

■ Ongoing /  
In Progress  
20%



■ Completed  
80%

Highlighted: Completed since  
prior quarterly report.

<u>Project Status</u>	<u>Type</u>	<u>Planned Timing</u>
<b>Completed</b>		
ITN – FRS audit	OIA Special Projects	FY 2015-16
FHCF audit contract extension	OIA Special Projects	FY 2015-16
Annual Quality Assessment Review – carry over	OIA Special Projects	Q1
RFQ – FHCF Audit and Paragon Agreed Upon Procedures	OIA Special Projects	Q1/Q2
RFQ – Real Estate Pool	OIA Special Projects	Q2/Q3
Implementation of Data Analytics Program, including IDEA enhancements	OIA Special Projects	Q2/Q3
Annual Risk Assessment	OIA Risk Assessment	Q2/Q3/Q4
Annual Audit Plan	OIA Risk Assessment	Q3
RFQ – Network Security	OIA Special Projects	Q3/Q4
ITN – Triennial GRC Assessment (See Tab 4)	OIA Special Projects	Q3/Q4
Annual Quality Assessment Review (See Appendix B)	OIA Quality Assurance	Q4
4th Quarter Risk Assessment Update (See Slide 12)	OIA Risk Assessment	Q4
<b>Ongoing/In Progress</b>		
Special requests from SBA management and/or Audit Committee	OIA Special Projects	Ongoing
WorkSmart Portal Initiative	OIA Special Projects	Ongoing
OIA process improvement initiatives, including QAR identified initiatives	OIA Quality Assurance	Ongoing
<b>Not Yet Started</b>		
<i>All projects completed or in progress from FY 2016-17 Annual Audit Plan</i>		

# Status of Management Action Plans and Recommendations





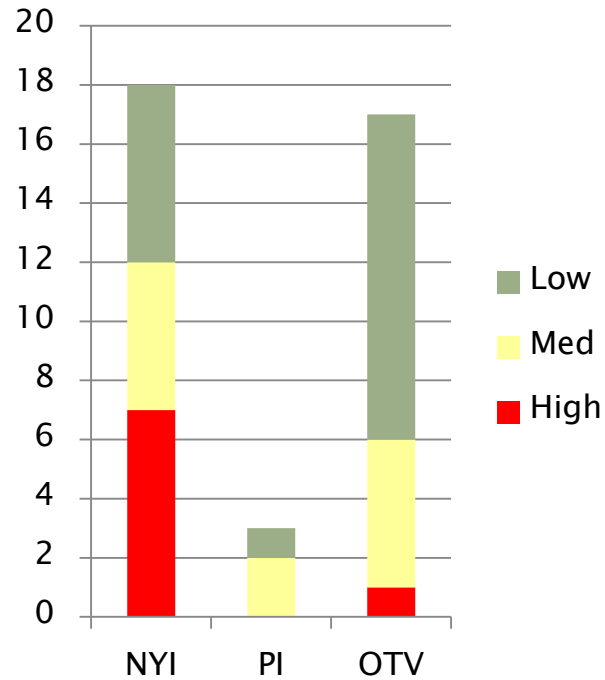
# New/Closed Action Plans & Recommendations

## Audit and Advisory Engagements

# of Recs	Source	
<i>New recommendations</i>		
4	OIA Report 2017-07 Internal Controls Over Financial Reporting Advisory (Tab 6A)	
4	<i>Total recommendations added to the database</i>	
<i>Closed action plans and recommendations:</i>		
(1)	OIA Report 2015-05 Post-implementation assessment of the Charles River Investment Management Solution (Ernst & Young)	Reported in the OIA's 4th Quarter Follow-up Audit (Appendix C)
(1)	OIA Report 2015-10 Florida PRIME Access Controls	
(1)	OIA Report 2016-09 Trust Services Operational Audit	
(1)	OIA Report 2017-05 Internally Managed Derivatives Operational Audit	
(1)	OIA Report 2017-06 2 <sup>nd</sup> Quarter Follow-up Audit	
(5)	<i>Total action plans/recommendations closed in the database</i>	
(1)	Total Change for both Audit and Advisory Action Plans/Recommendations	



# Status of Management Action Plans–Audits



For details, see [Appendix A](#).

Report Title	Report Date
Network Security Assessment 2015 (Ernst & Young)	02/13/2015
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
Network Security Assessment 2016 (Ernst and Young)	04/29/2016
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

Risk Rating				Status			
High	Med	Low	Total	NYI	PIRP	OTV	Total
	2		2			2	2
		1	1	1			1
	2		2	2			2
	1	1	2		2		2
1	3	11	15			15	15
1			1	1			1
1	1	1	3	3			3
5	3	4	12	11	1		12
8	12	18	38	18	3	17	38
21%	32%	47%		47%	8%	45%	

## 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
Information Technology General Controls Advisory Engagement (OIA)	01/20/2017
Internal Controls Over Financial Reporting Advisory (OIA)	07/19/2017

Status				
Pending	NYI	PI	IMP	Total
6		5		<b>11</b>
	4			<b>4</b>
6	4	5		<b>15</b>

## 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

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.

At 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 2016-2017.



Other OIA Activities >>



# Risk Assessment Process

- ▶ Joint risk assessment performed with RMC in November 2016
- ▶ Independent risk assessment performed in April 2017 to develop OIA's Annual Audit Plan (AAP)
- ▶ Updated in July 2017 with no planned changes to AAP
  - Carryover of ICFR with report issued in July – did not formally change AAP as minor hours used in FY 2017–2018 for this project
  - No longer performing quarterly updates as we will perform an analysis in between the two main assessments. Throughout the year, we will attend meetings and work with management to understand any changes in risks that would potentially impact our flexible AAP.





# Data Analytics Program Accomplishments & Timeline

## Accomplishments as of Feb 2017

### Hired Audit Data Analyst III

#### OIA Project Support:

- Accounts Payable (A/P) Audit
- Payroll Audit
- Fixed Income (FI) Trading Audit
- Trust Services Audit
- Global Equity (GE) Trading Audit
- Derivatives Audit

#### Obtained data from SBA systems:

- PeopleSoft Financials
- PeopleSoft HR
- Eagle STAR
- BNYM Workbench
- Charles River

## February 2017– July 2017

#### Continuous Monitoring:

- Continued collaboration with FI management to identify and produce key metrics
- Combined use of IDEA & Tableau to write/run scripts automating the metrics and dashboard data
- Improved “Cost by Dealer Activity” dashboard using Tableau
- Tested compliance with specific policy and Investment Portfolio Guidelines (IPG) where IPG requirements could be tested using data analytics
- With FI management input selected other metrics to perform data analytics using Tableau

## FY 2017–18

#### Continuous Monitoring:

- Complete the following dashboards: GE, A/P, Payroll, Pcard
- Determine system information that can feed directly into our dedicated server

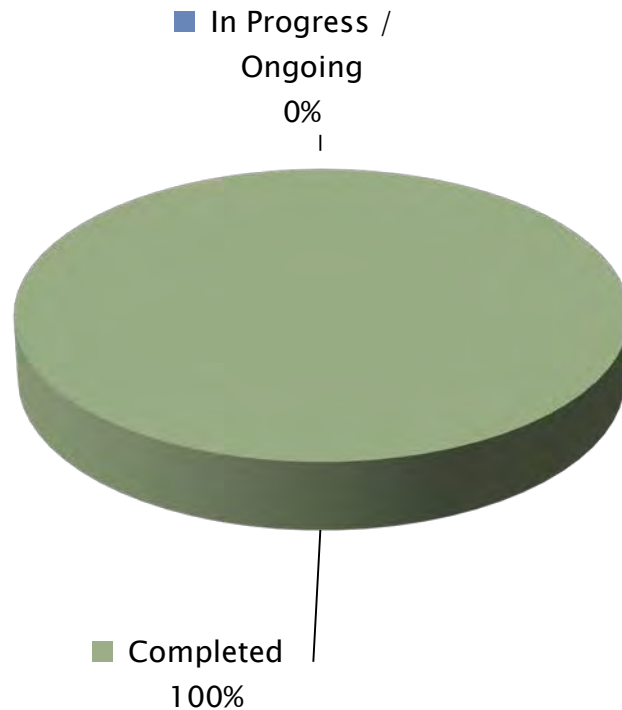
#### OIA Project Support:

- Attend planning meetings and walkthroughs for audits to determine where data analytics may be relevant for projects

Greater Efficiency and Effectiveness



# Status of FY 2016–17 OIA Department Goals



	Completed	In Progress / Ongoing	Not Yet Started
<b>Annual Audit Plan</b>	5	0	0
Successfully deliver the fiscal year 2016-17 Audit Plan and budget. Enhance communication of the COSO internal control framework.			
<b>Internal Audit Process</b>	6	0	0
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.			
<b>Use of Technology</b>	5	0	0
Implement audit technology solutions to enhance department effectiveness and efficiency.			
<b>People</b>	8	0	0
Evaluate staffing and development needs.			

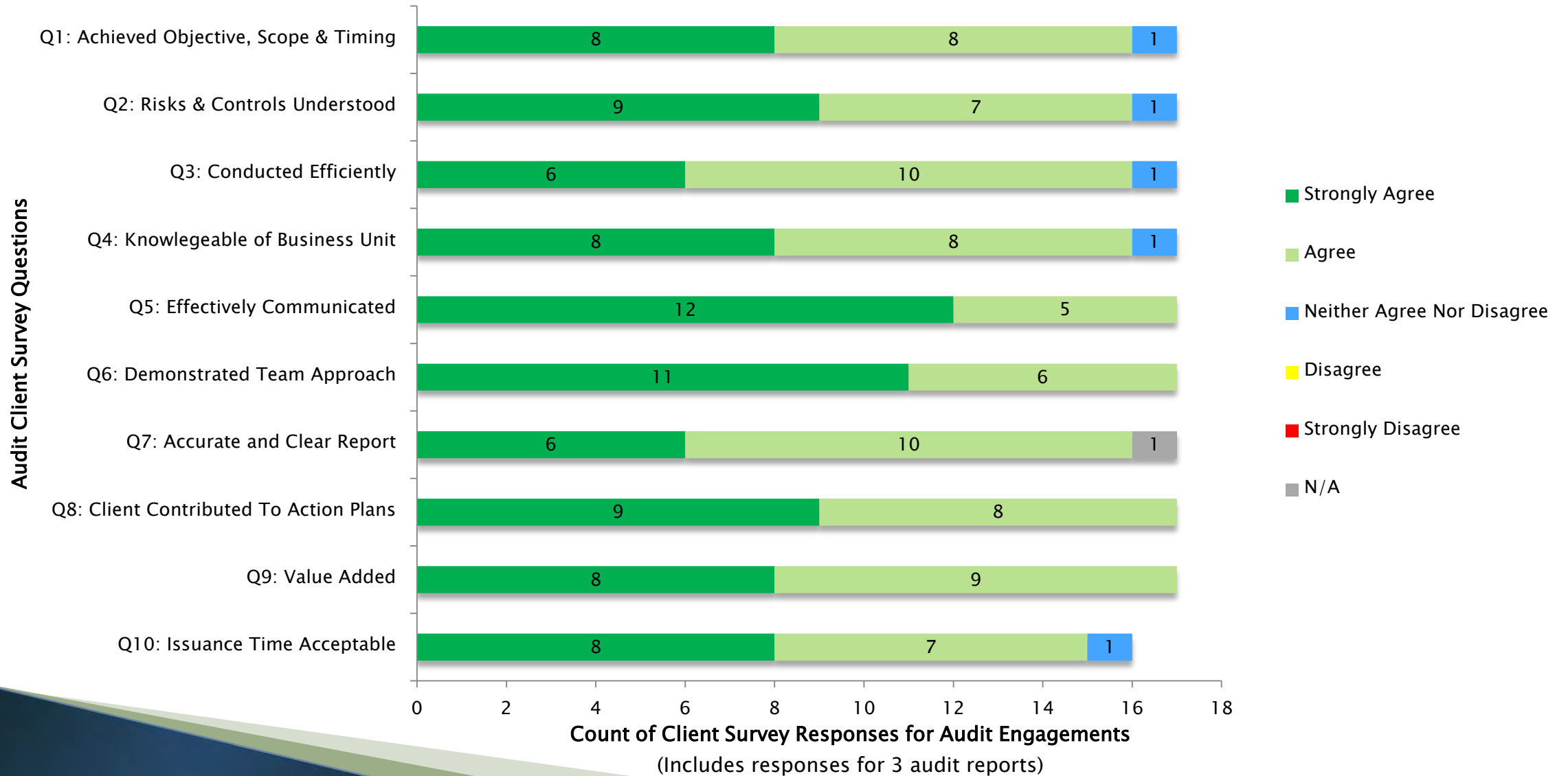


# Budget to Actual Comparison FY 2016–17

Category	Budget	Percent	Actual	Percent	Budget to Actual <b>Over</b> / Under	Explanation for any difference greater than 1%
Audit/Advisory Projects	5,142	41.2%	5,233.75	41.8%	-0.6%	
Oversight of External Auditors	384	3.1%	457.50	3.7%	-0.6%	
Special Projects	472	3.8%	776.75	6.2%	-2.4%	Rebid of external audits and assessments took more time than anticipated.
Risk Assessment	596	4.8%	319.75	2.6%	2.2%	2 <sup>nd</sup> year of using IIAMS for risk assessments. The process was more streamlined this year.
Audit Committee Related Activities	456	3.7%	288.50	2.3%	1.4%	Administrative Assistant took over many activities previously performed by professional staff.
Leave & Holidays	2,810	22.5%	2,695.50	21.5%	1.0%	
Continuing Education	840	6.7%	1,110.00	8.9%	-2.2%	3-day CIDA training for all professional staff; additional training for ADA III.
Quality Assessment Review	148	1.2%	126.75	1.0%	0.2%	
Administrative	1,632	13.1%	1,519.50	12.1%	1.0%	
<b>Total</b>	<b>12,480</b>	<b>100%</b>	<b>12,528</b>	<b>100%</b>		

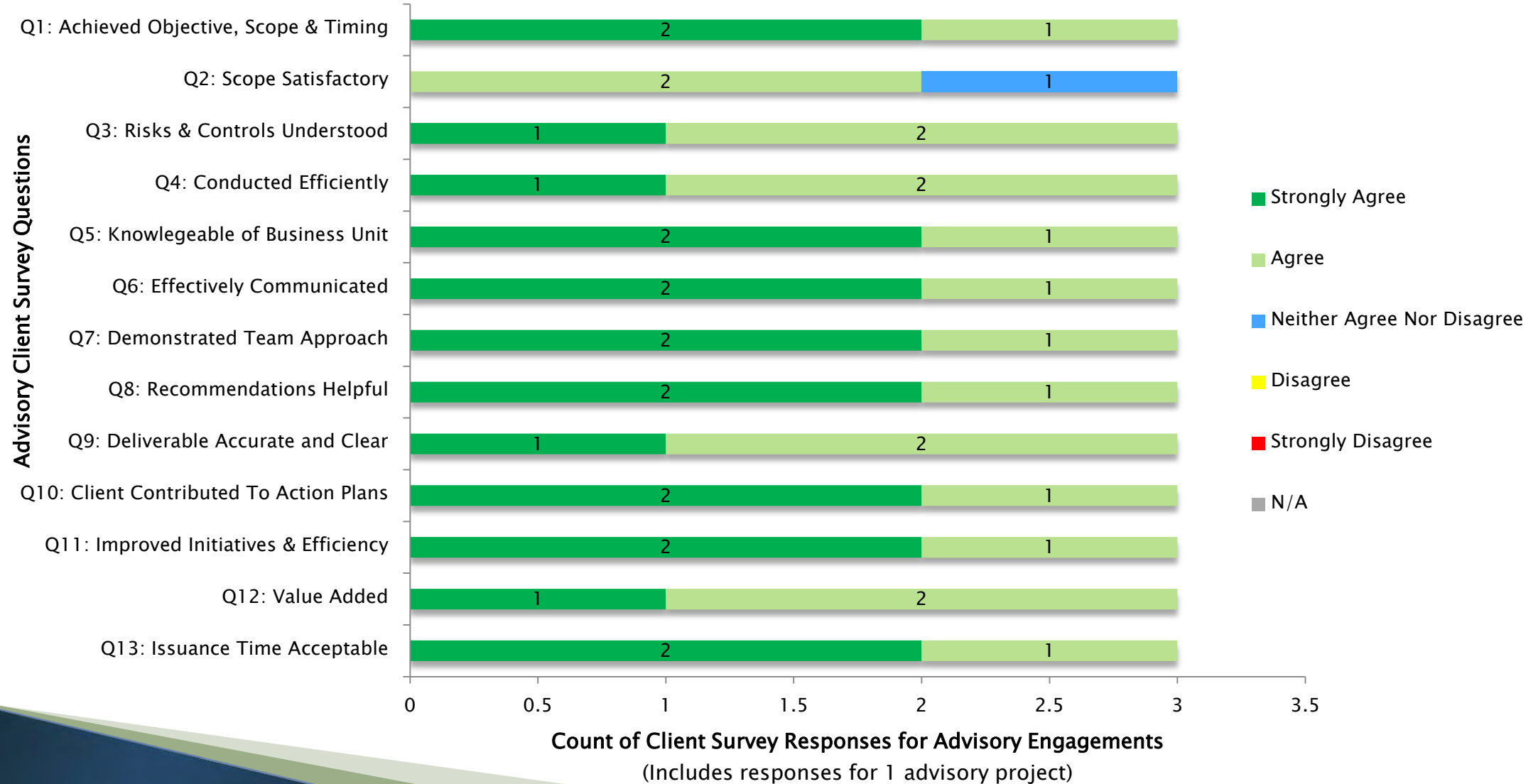


# FY 2016–17 Client Survey Results: Audits





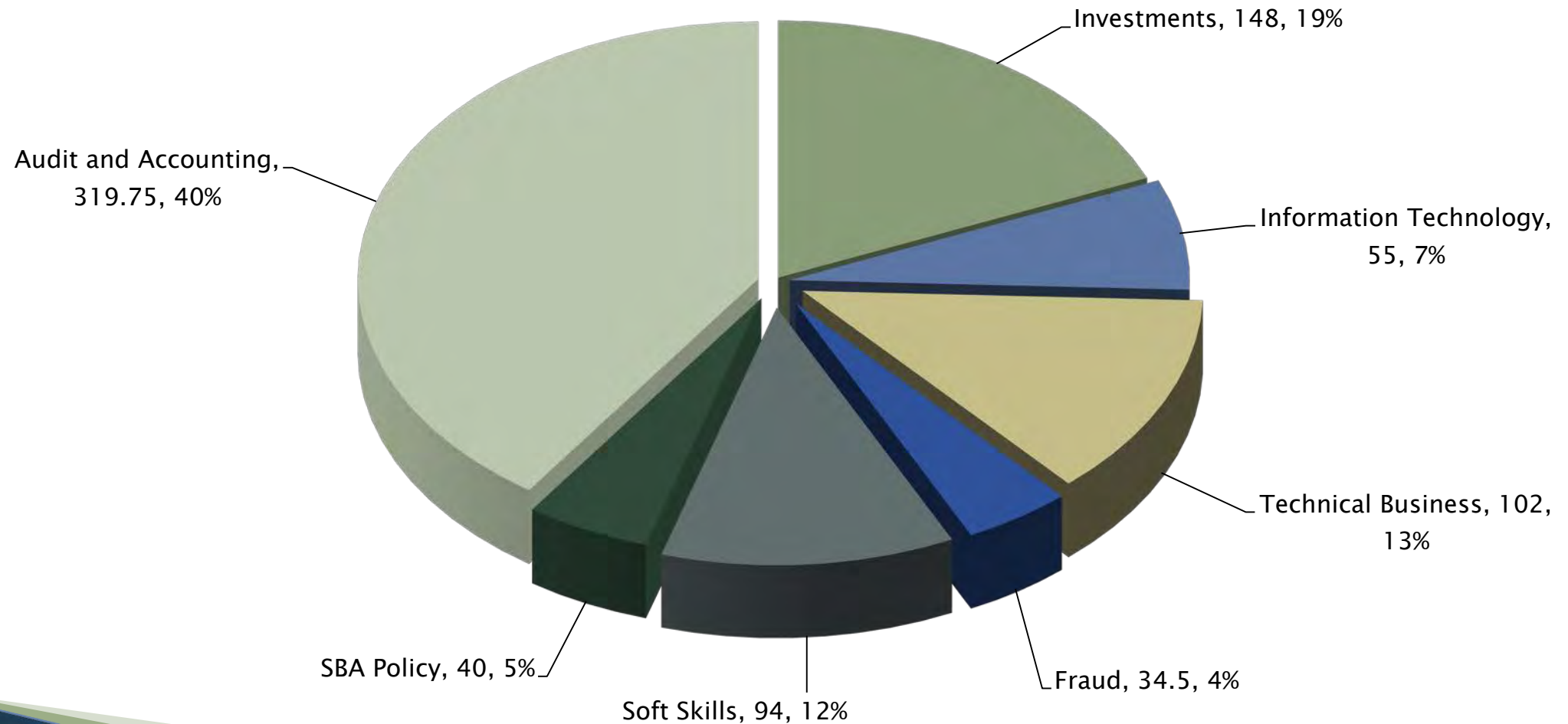
# FY 2016–17 Client Survey Results: Advisory





# Professional Staff Training FY 2016–17

## Training Hours by Type





# 2018 Audit Committee Meeting Dates

- ▶ Monday, January 29, 2018
- ▶ Monday, April 30, 2018
- ▶ Monday, July 30, 2018
- ▶ Monday, November 5, 2018



# Other Items for Discussion

- ▶ No additional ITNs or RFQs planned or expected
- ▶ Next Audit Committee Meeting for 2017
  - November 13, 2017
- ▶ Office of Internal Audit Internship
  - Jameel Brannon



# Questions/Comments





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

## MEMORANDUM

---

**To:** Ashbel C. Williams, Executive Director & CIO

**From:** Maureen M. Hazen, General Counsel

A handwritten signature in blue ink that reads "Maureen M. Hazen".

**Date:** September 6, 2017

**Subject:** Office of General Counsel: Standing Report  
For Period May 6, 2017 – August 31, 2017

---

### SBA Agreements.

During the period covered by this report, the General Counsel's Office drafted, reviewed and negotiated: (i) 42 new agreements – including 9 Private Equity investments, 5 Strategic Investments, 3 Real Estate investments, 1 new Investment Management Agreement for each of Global Equity and the FRS Investment Plan, and 1 new Master Repurchase and Custodial Undertaking for Fixed Income (i.e. for Repo trading); (ii) 154 contract amendments, addenda or renewals; and (iii) 12 contract or related terminations.

### SBA Litigation.

(a) Passive. As of August 31, 2017, the SBA was monitoring (as an actual or putative passive member of the class) 623 securities class actions. From May 1, 2017 – July 31, 2017<sup>1</sup>, the SBA collected recoveries in the amount of \$14,815,952.90 as a passive member in 53 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

---

<sup>1</sup> As of the date of this report, August numbers were not available.



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 past year, the General Counsel's Office has been reviewing and monitoring the securities class action filed against Valeant Pharmaceuticals International, Inc. for alleged violations of the federal securities laws. The SBA may have incurred more than \$62,000,000 in LIFO losses. The General Counsel's Office believes this is a highly meritorious case and that the SBA will significantly enhance its recovery by opting out of the class case and pursuing a direct action. SBA staff intends to seek the approval of the Trustees at the September 26, 2017 meeting to file the opt-out action and engage Bernstein Litowitz to represent the SBA.

(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 ten (10) Final Orders, received notice of filing of six (6) new cases, and continued to litigate nine (9) 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 48 new public records requests and provided responses to 46 requests. As of the date of this report, the General Counsel's Office continues to work on 6 open requests.

#### **(b) SBA Rule Activities.**

The following amendments have been drafted, received approval from OFARR to proceed with rulemaking, and have been set forth in Notices of Development of Rulemaking that were published in *Florida Administrative Register* on August 30, 2017. The following proposed amendments will be submitted for approval at the September 26, 2017 Trustee Meeting:

(i) Rule Chapter 19-7: Rule 19-7.002, F.A.C.: Rule 19-7.002, F.A.C., (Investment Policy Statements) is being amended to adopt the most recent revised Investment Policy Statement approved and made effective by the Trustees on June 14, 2017 for the Local Government Surplus Funds Trust Fund (Non-Qualified). As required by Executive Order 11-211, the proposed amendments were timely submitted to OFARR for review. No comments were received. A Notice of Development of Rulemaking then was published in the August 30, 2017 edition of the *Florida Administrative Register*, notifying the public of the proposed changes and offering a rule development workshop on September 15, 2017.



(ii) Rule Chapter 19-9: Rule 19-9.001, F.A.C.: Rule 19-9.001, F.A.C., (Investment Policy Statement) is being amended to adopt the most recent revised Investment Policy Statement approved and made effective by the Trustees on June 14, 2017 for the Florida Retirement System Investment Plan. As required by Executive Order 11-211, the proposed amendments were timely submitted to OFARR for review. No comments were received. A Notice of Development of Rulemaking then was published in the August 30, 2017 edition of the *Florida Administrative Register*, notifying the public of the proposed changes and offering a rule development workshop on September 15, 2017.

(iii) Rule Chapter 19-11: Revisions have been drafted for the following rules:

<b>19-11.001</b>	<b>Definitions</b>
<b>19-11.002</b>	<b>Beneficiary Designations and Distributions for FRS Investment Plan</b>
<b>19-11.003</b>	<b>Distributions from FRS Investment Plan Accounts</b>
<b>19-11.004</b>	<b>Excessive Trading in the FRS Investment Plan</b>
<b>19-11.006</b>	<b>Enrollment Procedures for New Hires</b>
<b>19-11.007</b>	<b>Second Election Enrollment Procedures for the FRS Retirement Programs</b>
<b>19-11.008</b>	<b>Forfeitures</b>
<b>19-11.009</b>	<b>Reemployment with an FRS-covered Employer after Retirement</b>
<b>19-11.012</b>	<b>Rollovers or Plan to Plan Transfers to or from the FRS Investment Plan</b>
<b>19-11.013</b>	<b>FRS Investment Plan Self-Directed Brokerage Account</b>
<b>19-11.014</b>	<b>Benefits Payable for Investment Plan Disability and In-Line-Of-Duty Death Benefits.</b>

Certain changes to Rules 19-11.001 and 19-11.009 are necessitated by Chapter 2017-88, Laws of Florida, which amends Section 121.122, Florida Statutes to provide that a retiree of the Investment Plan, Senior Management Service Optional Annuity Program (SMSOAP), State University System Optional Retirement Program (SUSORP) or State Community College System Optional Retirement Program (SCCSORP) who is reemployed with a FRS-participating employer in a covered position on or after July 1, 2017 will be a mandatory renewed member of the Investment Plan, unless employed in a position eligible for participation in the SUSORP or SCCSORP. Such renewed member will be enrolled in the Regular Class, unless the position meets the requirements to enroll in the Special Risk Class, Elected Officers' Class or Senior Management Service Class.

New forms are being adopted by amendments to Rules 19-11.002, 19-11.003, 19-11.004, 19-11.006, 19-11.007, and 19-11.012, F.A.C.

Rules 19-11.002 and 19-11.014, F.A.C. are being amended to indicate that, as provided by Chapter 2017-88, Laws of Florida, survivorship benefits paid to the surviving spouse and children of an Investment Plan member killed in the line-of-duty shall be paid as provided in Section 121.091(7)(d) and (i), Florida Statutes. As required by Executive Order 11-211, the proposed amendments were timely submitted to OFARR for review. No comments were received. A Notice of Development of Rulemaking then was published in the August 30, 2017

edition of the *Florida Administrative Register*, notifying the public of the proposed changes and offering a rule development workshop on September 15, 2017.

(iv) Rule Chapters 19-13: Rules 19-13.001 and 19-3.002, F.A.C.:

The rule amendments to Rule 19-13.001 serve to indicate that there no longer are just ten (10) target date funds that are available investment options to investment plan members. The total number of funds may continue to vary over time. Rule 19-13.002 is being amended to recognize that Chapter 2017-88, Laws of Florida, amended Section 121.591(4), Florida Statutes, to provide for special in line-of-duty death benefits for the spouse and child(ren) of any investment plan member, and not just special risk class members. Thus, the Division of Retirement will now administer in-line-of-duty death benefits for all members. As required by Executive Order 11-211, the proposed amendments were timely submitted to OFARR for review. No comments were received. A Notice of Development of Rulemaking then was published in the August 30, 2017 edition of the *Florida Administrative Register*, notifying the public of the proposed changes and offering a rule development workshop on September 15, 2017.

For all of the above changes, there are no significant policy issues or controversial issues connected to the rule amendments. The amendments simply serve as an informational update. The proposed rule amendments do not impose any burdens on businesses; they do not restrict entry into a profession; they have no impact on the availability of services to the public; they have no impact on job retention; they do not impose any restrictions on employment seekers; and they do not impose any costs. No legislative ratification is required.



**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**

**DATE:** September 6, 2017  
**TO:** Board of Trustees  
**FROM:** Ken Chambers, Inspector General  
**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 sexual harassment, information security, personal investment activity, and insider trading. For 2017, two new courses have been added; incident management framework and acceptable use of information technology resources. Every other year, employees are also required to complete training courses for public records and the Sunshine Law. All new employees are required to take all of the mandatory training courses within 30 days of their start date. Additionally, new employees are required to take a fiduciary responsibility course (for existing employees, this course is required every four years). The deadline for completing the courses was June 30, 2017, and all SBA employees are in compliance.
- During the period May 16, 2017 to September 6, 2017, 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.

September 7, 2017

Page 2

The compliance results for the investment managers and consultants were reported in the previous quarterly report.

Certification forms for broker-dealers were disseminated to the applicable firms in April 2017. All of the broker-dealers completed and returned their IPP certification forms for the 2016 reporting period. An analysis of the 2016 certifications indicated full compliance with the IPP's by the broker-dealers

#### Investment Advisory Council Disclosures

As required by Chapter 215.444, Florida Statutes, all current IAC members have completed their annual Conflict Disclosure Statement. Additionally, all current IAC members have completed the fiduciary training program as stipulated in Chapter 215.444.

#### 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. To date, no reports or tips have been received by the Hotline for 2017.

#### 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. The Financial Disclosure Forms for the year ending December 31, 2016 were due by July 1, 2017. All SBA employees who met this requirement have filed a Financial Disclosure Form with the Commission on Ethics.

#### Internal Investigations

During the period May 16, 2017 to September 6, 2017, one internal investigation was initiated and completed by the Inspector General. The investigation concerned an allegation of inappropriate behavior by an SBA employee. The investigation concluded that the allegation was substantiated.

cc: Ash Williams





**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**

## **MEMORANDUM**

**To:** Ash Williams  
**From:** Michael McCauley  
**Date:** September 6, 2017  
**Subject:** Quarterly Standing Report - 2Q 2017 / Investment Programs & Governance

---

### **GLOBAL EQUITY PROXY VOTING & OPERATIONS**

During the full fiscal year, the SBA cast votes at 10,562 annual investor meetings, covering 102,064 individual ballot items. During the 2<sup>nd</sup> quarter of 2017, the SBA cast votes at 7,081 public companies, voting on ballot items including director elections, audit firm ratification, executive compensation plans, merger & acquisitions, and a variety of other management and shareowner proposals. The table below provides major statistics on the SBA's proxy voting activities during both the full fiscal year and the most recent quarter ending on June 30, 2017:

<b>Votes in Favor</b> <b>79.1% (Q2: 79.3%)</b>	<b>Votes aligned to Management's Recommendation</b> <b>80.7% (Q2: 80.8%)</b>
<b>Most Voted Market (# of Votes)</b> United States (2,799) United States (Q2: 2,216)	<b>Total Eligible Ballot Items (All Markets)</b> 102,064 (Q2: 76,179)

The SBA actively engages portfolio companies throughout the year, addressing corporate governance concerns and seeking opportunities to improve alignment with the interests of our beneficiaries. SBA votes were cast in 81 countries, with the top five countries comprised of the United States (2,799 votes), Japan (1,310), India (512), Canada (489), and the United Kingdom (423).

### **CORPORATE GOVERNANCE & PROXY VOTING OVERSIGHT GROUP**

The most recent meeting of the Corporate Governance & Proxy Voting Oversight Group (Proxy Committee) occurred on June 19, 2017, and the Committee will meet next on September 29, 2017. The Proxy Committee continues to discuss 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 Northern Ireland.

### **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 early July, SBA staff participated in the Annual General Meeting of the International Corporate Governance Network (ICGN) with staff elected to the role of Chair of the Board of Governors. The ICGN is a member-led organization that works to promote effective standards of corporate governance and investor stewardship.

#### **ACTIVE OWNERSHIP & CORPORATE ENGAGEMENT**

From late June through early September, SBA staff conducted engagement meetings with companies owned within Florida Retirement System (FRS) portfolios, including McKesson Corp. and Microsoft.

#### **2017 PROXY SEASON SUMMARY**

Highlights from the 2017 proxy season included the continued focus on proxy access by U.S. companies, unprecedented levels of investor support for environmental and social proposals, marketplace re-examination of multi-class share structures, and the continued rise in activist investors' targeting of the largest companies. Rising shareowner dissent was also on display during the year, with more negative votes on say-on-pay and other matters related to executive compensation. Voting categories are detailed below:

##### ***Director Elections***

Average shareowner support for director nominees at U.S. companies was approximately 96 percent in 2017. Only 18 directors at U.S. firms (out of 13,065 directors up for election) failed to gain a majority level of support. Bloomberg data analysis shows that investors have withheld 20 percent or more of their votes for 102 directors at S&P 500 companies in the first half of 2017. This rate of dissent is the highest in seven years, according to ISS Corporate Solutions. Investors typically withhold support for individual director nominees for one or more of the following reasons: 1) lack of director independence; 2) directors supporting multi-class share structures; 3) directors not allowing shareowners the right to amend bylaws; 4) lack of a director nominating committee; 5) failure to respond to compensation concerns; 6) poor attendance; and/or 7) "over-boarded" directors simultaneously serving on numerous boards. The Council of Institutional Investors (CII) tracks the number of directors at Russell 3000 companies failing to win majority support from investors, finding that on average over 30 directors fail to resign within 3-years of the initial vote of no confidence. The SBA voted against 18.1 percent of all director candidates at U.S. companies, and voted against 21.3 percent across all global markets.

##### ***Proxy Access***

Continuing the trend from last year, proxy access resolutions were the most frequently submitted proposal topic in 2017. Resolutions aimed at corporate adoption of proxy access received average shareowner support of 63.2 percent among votes cast. In the first half of the year approximately 175 U.S. companies adopted proxy access bylaws. Proxy access refers to the right, as detailed in a company's bylaws, for investors to nominate candidates for election to the board and have the shareowner nominee(s) included in a company's proxy materials. Over the last several years, many large capitalization companies have implemented proxy access and today more than 60 percent of firms in the S&P 500 index have procedures allowing for investor-nominated director candidates. A key segment of these proposals involved efforts by investors to amend existing elements of proxy access mechanisms to either raise the maximum number of shareowners allowed for group ownership (typically 20) or the number of shares owned (typically at least 3 percent of stock held for 3 years)—referred to as the "3/3/20" rule. During 2017, all investor proposals to reduce existing proxy access requirements failed to garner a majority level of support. Approximately 112 proxy access proposals were submitted for 2017 meetings—with 59 proposals requesting the adoption of a proxy access bylaw and 53 proposals requesting amendments to an existing proxy access bylaw. The SBA voted in favor of 100 percent of resolutions to adopt proxy access and voted in favor of 91.7 percent of resolutions to amend existing proxy access procedures, across all voted markets.

##### ***Executive Compensation and Say-on-Pay***

On average, investors supported 93 percent of public company advisory votes on executive compensation ("say-on-pay"), up from 91 percent last year. Among firms in the Russell 3000 stock index, only 75 firms failed to receive at least 70 percent support, considered by many investors as the benchmark for minimum support. Some of the notable companies with low support include the say-on-pay votes at Bed Bath & Beyond, ConocoPhillips, Nabors Industries, Nuance Communications, SeaWorld Entertainment, and Sprouts Farmers Market. Seven U.S. companies failed to receive majority investor support for their executive pay practices. The SBA voted against 58.5 percent of say-on-pay measures at U.S. companies and voted against 26.3 percent across all voted markets.

### ***Environmental & Social Issues***

The largest category of shareowner proposals in 2017 were those dealing with the environment or social business activities—the first time since 2014 the category has been top ranked. Over 40 percent of all investor proposals submitted in 2017 related to environmental or social issues. The most frequent environmental proposals were climate change proposals (69 resolutions averaging 33.8 percent support), environmental impacts on communities or supply chains (28 resolutions, averaging 23.6 percent support), and reports on sustainability (24 resolutions averaging 30 percent support). The key social proposals included board diversity proposals (35 resolutions averaging 28.3 percent support), diversity-related proposals (34 resolutions averaging 24.2 percent support), and gender pay gap proposals (19 resolutions averaging 18.8 percent support). Proposals on environmental issues, particularly climate change, have achieved incrementally greater levels of investor support over the past few years. In 2015, the average support level was 18 percent with zero resolutions receiving majority support. In 2017, the average support level was 29 percent (a 72 percent increase), with three resolutions passing. These include the proposals at Exxon (62 percent support), Occidental Petroleum (67 percent support) and PPL Corporation (57 percent support). The SBA voted in favor of each of these individual company environmental resolutions. Support for such proposals will likely continue to gain investor favor as several large asset managers have made public announcements that climate risk will be a focus of their company engagement effort in the future. Other investors have revised proxy-voting policies this year, raising support for reports on sustainability, renewable energy and environmental impact. Board diversity was a significant issue during 2017 with many of the largest asset managers renewing their focus on gender makeup and related board characteristics. Despite these efforts, only a quarter of all such resolutions gained majority support. Across all voted markets, the SBA voted in support of 54.8 percent of environmental proposals and 28.5 percent of social resolutions.

### ***Other Major Proposals***

Overall, approximately 11 percent of shareowner proposals voted on at 2017 annual general meetings received support from a majority of votes cast, down from approximately 15 percent in 2016. Among all shareowner resolutions, on average 29 percent of all votes cast supported various measures. The proposal topics that received the highest level of shareowner support included:

- **Board Declassification:** Three proposals voted on averaged support of 70.2 percent of votes cast in 2017, compared to three proposals with average support of 64.5 percent in 2016. The SBA supported 100 percent of proposals during the 2017 fiscal year;
- **Elimination of Supermajority Voting Requirements:** Seven proposals voted on averaged support of 64.3 percent of votes cast, compared to 13 proposals with average support of 59.6 percent in 2016. The SBA supported 100 percent of proposals during the 2017 fiscal year;
- **Majority Voting in Uncontested Director Elections:** Seven proposals voted on averaged support of 62.3 percent of votes cast, compared to 10 proposals with average support of 74.2 percent in 2016. The SBA supported 100 percent of proposals during the 2017 fiscal year;
- **Written Consent:** Twelve proposals voted on averaged support of 45.6 percent of votes cast, compared to 13 proposals with average support of 43.4 percent in 2016. The SBA supported 100 percent of proposals during the 2017 fiscal year; and
- **Shareholder Ability to Call Special Meetings:** Fifteen proposals voted on averaged support of 42.9 percent of votes cast, compared to 16 proposals with average support of 39.6 percent in 2016. The SBA supported 87.9 percent of proposals during the 2017 fiscal year.

### ***Activist Investors***

Some of the largest and most conspicuous activist hedge funds increased their activity during 2017, with several notable campaigns targeting U.S. blue chip companies. Some of the campaigns aimed to unseat or replace incumbent CEOs and other board members, including Mantle Ridge's single-investment targeting of CSX. Numerous high profile CEOs were shown the door because of activist investor efforts—including at AIG, Arconic, CSX, GE, Pandora, and Perrigo. Other initiatives were unexpected, such as the proposal by Greenlight Capital to create a new dual-class share structure at General Motors, which was voted down by investors. Several activist funds went outside the U.S. for their investments,

including Elliott's campaigns at AkzoNobel and BHP Billiton, as well as Third Point's efforts to improve performance at Nestlé.

## NOTABLE RESEARCH & GOVERNANCE TRENDS

### *Japan Nikkei400 Index*

The JPX-Nikkei400 Index, referred to by some in Japan as the "Shame Index", began in 2014 and is composed of companies that have demonstrated higher levels of performance as measured by return on equity (ROE) and other financial metrics. Since inception, the JPX-Nikkei400 Index has not materially outperformed the broader Topix 500 Index. Many investors have begun voting against members of the board when firms consistently fail to achieve a five-percent ROE. However, although 23 percent of Topix 500 index firms fall below the five-percent benchmark, none of these firms experienced a high vote of no confidence against their CEO. CLSA Ltd, a market research firm, found that companies that have missed the five-percent ROE mark for five consecutive years still received high levels of proxy voting support for board and management nominees—with only a 10 percent differential for those above and below the benchmark. A separate study has shown that the Nikkei400's creation has affected corporate behavior by serving as a way to differentiate member firms. The study's authors found that companies in the JPX-Nikkei400 index since its introduction in 2014 have increased return on equity (ROE) by 35 percent on average. Improved profit margins, financial efficiency, and rising dividend payouts were factors.

## HIGHLIGHTED PROXY VOTES

**Arconic (United States)**—on May 25, 2017, SBA staff voted shares held in Arconic, Inc. as part of a highly contentious proxy contest and what was the company's first annual shareowner meeting following the separation of predecessor Alcoa Inc.'s upstream and downstream businesses late last year. Activist investment fund Elliott Management had built a 13.2 percent economic stake in the company and pushed for the election of four independent directors in opposition to a slate of candidates nominated by the incumbent board. Elliott's critique with incumbent management included an investor presentation that ran more than 300 pages. The fund's primary concern at Arconic initially focused on financial performance under the leadership of former Chair and CEO Klaus Kleinfeld, whom Elliott sought to remove and replace, and who resigned with "mutual agreement" of the board after sending a threatening, bizarre letter to Paul Singer, founder of Elliott Management. Elliott pushed for a strategic review and the two sides offered competing approaches to improve performance at the company's core Engineered Products and Global Rolled Products segments. Elliott identified former Spirit Aerosystems, Inc. CEO Larry Lawson as its preferred candidate.

SBA staff voted to support three of four dissident nominees and one management nominee. In addition, the SBA voted to eliminate the company's supermajority voting requirements and classified board structure. Just days before the scheduled proxy contest, the board and Elliott reached a settlement, ensuring the activist investor with three board seats (the same three nominees supported by the SBA). One of Elliott's director nominees was added to the CEO search committee and a number of candidates, including Larry Lawson, were evaluated for the CEO role. The Company also announced that it will be working to reincorporate in Delaware by the end of 2017, and that the certificate of incorporation and bylaws of the resulting Delaware corporation will provide for an annually elected board of directors and the elimination of supermajority shareholder vote thresholds. The company also dropped its demand to prohibit Elliott from pursuing another proxy contest within the next 24 months. Since the date of the settlement, the company has underperformed broad stock indexes as well as its peer firms.

**CSX Corporation (United States)**—for its June 5, 2017 annual meeting, SBA staff voted in support of an unusual advisory vote on reimbursement arrangements sought in connection with the recruitment of E. Hunter Harrison, CEO of CSX. The ballot item, which was ultimately successful, requested investor input for two compensation elements: 1) a payment to Mantle Ridge of \$55 million in order to reimburse the activist investment fund for prior payments it made to Mr. Harrison; and 2) a \$29 million payment to Mr. Harrison for reimbursement for compensation and benefits while working at Canadian Pacific Railway. Mr. Harrison forfeited compensation and benefits he earned at Canadian Pacific in order to relax non-compete restrictions that would have prevented him from working at the Company. The board did not make a recommendation whether investors should support or oppose the resolution, and Mantle Ridge separately pursued its own proxy card to solicit votes in favor of the reimbursements. On January 18, 2017, Mr. Harrison had entered into a consulting agreement with Mantle Ridge, which scoped out his compensation for recruitment as the next CEO of CSX. Until January 31, 2017, Mr. Harrison served as the CEO of Canadian Pacific Railway. Mr. Harrison has an established record of lowering

operating ratios (the percentage of revenues consumed by operating costs) and consistently creating more value than the industry averages, at Illinois Central, Canadian National, and Canadian Pacific.

On March 6, 2017, CSX announced it appointed Mr. Harrison as CEO. Proxy advisor Glass, Lewis & Co. noted, “We are inclined to suggest Mr. Harrison's anticipated service at CSX -- despite certain impediments associated with his non-compete arrangements with Canadian Pacific -- represents something of a coup for investors, who have already enjoyed returns vastly outstripping any relevant benchmark.” The day after the hiring of Mr. Harrison, the stock price increased over 23 percent, adding approximately \$8 billion to the company's market capitalization. Through late April's proxy record date, CSX shares were worth 38 percent more than their January 18, 2017 close, corresponding to a \$12.4 billion increase in market capitalization. Since the hiring announcement in late January, the company's stock price has increased by 11 percent and has outperformed the S&P Railroad sector. Mantle Ridge noted that the reimbursement payments represented less than 1 percent of the stock value increase derived from Mr. Harrison's joining the company through the proxy record date.

#### **GLOBAL REGULATORY & MARKET DEVELOPMENTS**

**Hong Kong**—on August 11, 2017, SBA staff submitted a response to the Hong Kong Exchanges and Clearing Ltd.'s (HKEX) New Board Concept Paper setting forth proposals for the establishment of a new listing board. As detailed in the New Board Concept Paper, the HKEX is evaluating the introduction of a new listing venue to accommodate a wider range of companies that do not currently qualify for listing with HKEX. These companies include companies with “non-standard” governance features, such as non-profitable companies and Mainland Chinese companies that wish to secondarily list in Hong Kong. The purpose of the new venue, called the New Board, would be to segregate newly eligible listings from Hong Kong's two existing boards: the Main Board and Growth Enterprise Market (GEM), created during the tech boom of the 1990s. SBA staff detailed opposition to the New Board proposal. Over the long-term, such proposals for weakened governance practices and investor protections are likely to undermine the basis on which HKEX has become “highly successful” as a “leading IPO venue,” as the Concept Paper describes. SBA staff believes that reduced listing qualifications related to corporate governance and voting rights, including the allowance of equity with unequal (or “weighted”) voting rights, would have long-term negative consequences for HGEX, and more importantly for the performance of listed companies and for investment returns.

**United Kingdom**—in late August 2017, the U.K. government published guidelines covering executive compensation and employee disclosures aimed at strengthening the country's corporate governance practices in the wake of the historic “Brexit” vote to break from the European Union. The guidelines were an outcome of the previous Green Paper consultation published late last year. Beginning in 2019, almost 1,000 public companies will be required to publish annual pay ratios between the chief executive officer and average employee. The disclosures will also represent a first of its kind database of firms receiving less than 20 percent investor support for executive pay packages. All large companies are obliged to make their responsible business arrangements public. The UK Financial Reporting Council is also tasked with introducing a new requirement for Corporate Governance Code that will require companies to ensure that employee interests are represented at the board level and to assign a non-executive director to represent employees and create an employee advisory council.

#### **United States—Multi-Class Share Consultations**

Providers of market indexes have an important role to play by helping investors to mitigate the increasing long-term risk that low-vote and no-vote shares pose to public shareowners. The SBA joined other investors comprising over \$20 trillion in market value in advocating for one share, one vote structures at all portfolio companies in written responses to several leading index providers. Multi-class structures diminish accountability, increase risk and are detrimental to public markets long-term. Shares with essentially no voting rights (as opposed to disproportionately low voting rights) cut out public shareowners altogether from governance structures and eliminate shareowner input. In written responses, SBA staff questioned whether securities such as this are even a true form of equity, as equity holders by necessity should have commensurate ownership rights in significant matters. SBA staff supports proposals to limit the inclusion of equity securities with differential voting rights within global stock indices. SBA staff believe dual class shares distort the commensurate relationship between economic interest and voting power and ultimately risk harm to companies and their

shareowners. A number of academic studies have documented an array of value-destroying effects stemming directly from dual class share structures.

#### ***FTSE Russell***

In July, FTSE Russell announced that companies with 5 percent or less of their voting rights in the hands of unrestricted shareowners would be ineligible for index inclusion. FTSE's decision to adopt a minimum voting rights element is a very significant decision that will affect domestic investors' investments tied to the Russell 3000 stock index as well as other global indices. FTSE Russell defined voting power as, "The percentage of a company's voting rights held in Index Shares is calculated by aggregating the voting rights of the Index Shares of all the eligible share classes in the company, and dividing this by the total voting rights of the shares outstanding of all the company's share classes. Wherever possible, the denominator should include the votes of those share classes that are not listed, for example share classes that are reserved for the company's founders." In its own comment letter, which mimicked the letter sent to Standard & Poor's Dow Jones Indices, the SBA advocated that FTSE Russell set the listing requirement at 25 percent of the voting rights in the hands of public shareowners and exclude any non-voting share classes in indexes in the future unless they have a sunset provision of 5 years. This policy position aligns with the SBA's policies on dual class share structures, and generally mimics the approach taken by the Council of Institutional Investors (CII). FTSE's initial consultation had 68 percent of respondents agreeing that a minimum hurdle for the percentage of voting rights in public hands should be imposed across all FTSE Russell global and US indexes. For potential new index constituents, including IPOs, the rule will apply with effect from the September 2017 semi-annual and quarterly reviews. For existing index constituents, the rule will apply with effect from September 2022, affording a five-year grandfathering period to allow constituent companies to change their capital structure to maintain index eligibility. Pursuant to the proposed approach, shares of Snap will be excluded from the Russell 3000 and other indexes. Other market estimates identify an additional 30 companies that will eventually be excluded from the Russell 3000 index, unless they increase proportional voting rights in the public float. FTSE Russell indicated it would review its decision annually and stated that it "believes that the proposals set out in this document represent a pragmatic compromise between those that believe the SNAP Inc. [initial-public-offering] set a dangerous precedent for companies to come to the market with few, if any, voting rights attached to their securities, and those respondents who believe the role of the index provider is to represent the investable opportunity set as comprehensively as possible."

#### ***Standard & Poor's Dow Jones Indices***

On July 31, 2017, Standard & Poor's Dow Jones Indices (SPDJI) announced it will modify its index construction rules for the S&P Composite 1500 (which includes the S&P 500, S&P MidCap 400, and S&P 600 SmallCap indices) to prospectively restrict any new equity securities that offer multi-class shares structure. Existing index components are grandfathered in and are not affected. All other SPDJI indices' methodologies of non-U.S. companies will not change and will continue to allow multi-class share structures. Companies such as Snap and Blue Apron will be excluded from both indices, and companies such as Facebook and Alphabet will not be impacted.

#### ***MSCI***

On August 29, 2017, the SBA also submitted a response to MSCI's Consultation on the Treatment of Non-Voting Shares in the MSCI Equity Indexes. The Consultation covers companies' eligibility for inclusion in the MSCI Global Investable Markets Indexes (GIMI) as well as US Equity Indexes. MSCI's proposal would have no effect on shares with voting rights and prospective index constituents would face exclusion of non-voting shares from the MSCI GIMI and MSCI US Equity Indexes only if the voting power of listed shares is less than 25 percent of the total voting power. For existing index constituents, non-voting shares would be excluded if the same calculation falls below the 16.67 percent threshold. MSCI indicates the proposal would result in the exclusion of Snap Inc. from the MSCI All Country World Index (ACWI) and removal from the MSCI US Equity Index. Additionally, after one year, six companies' non-voting shares would be removed from the MSCI ACWI, including one U.S. security, Eaton Vance's non-voting stock. The exclusion of these six companies' non-voting shares would amount to a reduction of the ACWI by 0.08%, unless those companies change their capital structure to satisfy the 16.67 percent threshold. Currently, for each of the six companies, their listed shares represent zero percent of their total voting power.



**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**

## **MEMORANDUM**

**To:** Board of Trustees  
**From:** Gary Price, Chairman  
Participant Local Government Advisory Council (PLGAC)  
**Date:** September 6, 2017  
**Subject:** Quarterly Update – Florida PRIME™

---

The Participant Local Government Advisory Council (the "Council") last met on June 5, 2017 and will meet next on September 21, 2017. Over the prior quarter, the Council continued to oversee the operations and investment management of Florida PRIME™.

### **CASH FLOWS / PERFORMANCE**

- During fiscal year 2017, the pool's net asset value increased by \$1.54 billion, equal to a 19.8 percent increase.
- During fiscal year 2017, the pool processed over \$38.2 billion in participant cash flows (including both deposits and withdrawals).
- During fiscal year 2017, Florida PRIME™ delivered an aggregate \$86.1 million in gross investment earnings. During the 2<sup>nd</sup> quarter of 2017, Florida PRIME™ delivered an aggregate \$28.5 million in gross investment earnings.
- During the 2<sup>nd</sup> quarter of 2017, participant deposits totaled \$3.6 billion; participant withdrawals totaled \$4.5 billion; providing a net decrease in the fund's net asset value (NAV) of approximately \$925 million.
- Performance of Florida PRIME™ has been consistently strong over short-term and long-term periods. For the period ending June 30, 2017, Florida PRIME™ generated *excess* returns (performance above the pool's benchmark) of approximately 34 basis points (0.34 percent) over the last 12 months, 22 basis points (0.22 percent) over the last three years, and 19 basis points (0.19 percent) over the last five years. Based on June 30, 2017 fund values, the last 12 month excess return equals earnings of approximately \$31.7 million.
- Florida PRIME™ has outperformed all other government investment pools statewide.
- Through the five-year period ending June 30, 2017, Florida PRIME™ ranked as the highest performing investment vehicle when compared to all registered money market funds within iMoneyNet's First Tier Institutional Fund Universe.

### **POOL CHARACTERISTICS**

- As of June 30, 2017, the total market value of Florida PRIME™ was approximately \$9.33 billion.
- As of June 30, 2017, the investment pool had a seven-day SEC Yield equal to 1.29 percent, a Weighted Average Maturity (WAM) equal to 39.2 days, and a Weighted Average Life (WAL or Spread WAM) equal to 75.7 days.



**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**

DATE: September 6, 2017

TO: Ash Williams, Executive Director & CIO

FROM: Karen Chandler, Chief Risk & Compliance Officer

SUBJECT: Trustee Update – September 2017

---

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. The SBA's mission statement further supports this culture: *"To provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary and professional standards."*

Included below is a brief status report of RMC activities and initiatives completed or in progress during the period May 16, 2017 through September 6, 2017.

**Compliance Exceptions**

No material compliance exceptions were reported during the period.

**Risk Assessments and Management Plans**

The Risk and Compliance Committee (RCC) held its quarterly meeting on July 5, 2017. Minor modifications were made to management's risk mitigation plans based on management's appetite for risk and planned initiatives in the 2017-2018 Strategic Plan. Minor modifications were also made to the Enterprise Risk Management Framework in preparation for the Annual Risk Assessment planned for October.

**Strategic Planning**

Results of the risk assessment process and collaborative efforts of leaders across the SBA contributed to the development of strategic priorities going forward. The 2017-2018 Strategic Plan was vetted by the senior leadership group and the RCC prior to approval by the Executive Director & CIO and distribution to all SBA employees. This process was facilitated by RMC, with collaboration among all senior management. Further refinement of Governance, Risk and Compliance (GRC) processes across the organization remains a strategic objective.

**Regulatory Requirements**

RMC continues to collaborate with management through contract negotiations and internal process changes related to regulatory requirement implementation, including that related to collateral

management. RMC has created a WorkSmart portal site for collaboration among all business units. The site will be the repository for all SBA regulatory requirements and ownership.

#### **Charles River - Trading and Compliance System**

The SBA is currently in the process of upgrading to the new Charles River Development (CRD) Software as a Service model for the Charles River Investment Management Solution (CR IMS). In June, CRD conducted an assessment of the SBA's utilization of the CR IMS version currently in place to determine the project scope in preparation for a multiple-version upgrade. The Upgrade Assessment and associated Statement of Work were finalized in August, and the project is expected to commence in mid-September. Once the conversion is complete, upgrades will occur on an annual basis and will ensure the SBA is utilizing the latest technology offered by CRD with respect to trading and compliance for internally managed Global Equity portfolios.

#### **Policy Development and Enhancement**

Efforts continue in creating new and/or updating existing written policies as processes evolve. Written policies guide the SBA in achieving its purpose, goals, and objectives by, among other things, providing a framework for management-decision making and communicating "Tone at the Top". Using collaboration tools in place, new monitoring dashboards are also being designed as part of the development process.

#### **Triennial GRC Assessment**

One of the responsibilities of the SBA Audit Committee is to commission a Governance, Risk Management, and Compliance (GRC) program evaluation and performance improvement analysis (including the assessment of the utilization and effectiveness of both the internal and external audit functions) to be performed by an external provider no less frequently than every three years. This year's triennial assessment is currently underway and a report is scheduled to be issued in the first quarter of 2018.

#### **Third-party Oversight Program**

RMC continues to refine the SBA's System and Organization Controls (SOC) review program. While the SBA has robust program over contracting and monitoring third parties, efforts continue on enhancements to third-party contract risk assessments and oversight methods. RMC worked collaboratively with the COO/CFO in identifying vendors that are significant to the financial reporting process and with contract owners to review SOC reports for select vendors. Additional training is scheduled for employees identified by contract owners for cross-training and leadership development purposes.

#### **Risk Transfer – Insurance Coverage**

RMC completed a project to document current insurance coverage held by the SBA, determine potential coverage options for transferable risks, collaborate with other SBA leaders in deciding whether to pursue additional coverage, and document decisions made. Collaboration efforts were productive and project results were positive.

#### **On-Demand Performance Reporting**

The FRS Trust Fund on-demand performance reporting was expanded in the current period to include reporting by external manager as well as a new performance and risk summary report. Total Fund reporting has also been developed. RMC is currently developing an internal interactive dashboard that will allow users to specify multiple parameters as well as formats for visualizing information. On-Demand performance reporting will continue to be enhanced to provide management easier access to available data.



**External Manager Compliance Certification**

Testing continues of an internally developed external manager evaluation system, which includes automation of annual external manager certifications regarding compliance with contractual agreements. Features are also included for external manager document uploading related to operational due diligence, allowing staff to more quickly process the data for evaluation. Implementation of the system is planned for the first half of 2018.

**RMC Team**

The Performance & Risk Analytics function has filled two vacancies, bringing the group to a fully staffed level. Anning Tang, CFA, filled the Senior Quantitative Investment Analyst III position in June 2017. Anning previously served as a software engineer for Thomson Reuters and earned a Master of Engineering from Peking University and his MBA from Duke University. Joshua Durden began in August as the Senior Performance & Risk Analyst III. Joshua most recently served as a consultant for a private document management and workflow automation company in Clearwater, Florida, and earned his MBA from Florida State University. Both of these individuals bring strong technology skills to the function, which will bolster the team as they continue to enhance processes to provide greater real-time access to the most current information. Plans are also in place to fill a vacant Analyst position in the External Investment Oversight function.



# State Board of Administration of Florida

## Major Mandate Review Second Quarter 2017

**Aon Hewitt** | Retirement and Investment  
Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.



## Table of Contents

---

1. Executive Summary
2. Pension Plan Review
3. Investment Plan Review
4. CAT Fund Review
5. Lawton Chiles Endowment Fund Review
6. Florida PRIME Review
7. Appendix

**Aon Hewitt** | Retirement and Investment  
Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.



## Executive Summary

---

- The major mandates each produced generally strong returns relative to their respective benchmarks over both short- and long-term time periods ending June 30, 2017.
- The Pension Plan outperformed its Performance Benchmark during the second 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, Fixed Income and Real Estate.
  - 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 over the trailing one-, three-, five-, and ten-year periods.
- The Lawton Chiles Endowment Fund outperformed its benchmark during the second 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 time periods.
- Florida PRIME has continued to outperform its benchmark over both short and long time periods.

---

(This page is left blank intentionally)

## Pension Plan: Executive Summary

- The Pension Plan assets totaled \$153.6 billion as of June 30, 2017 which represents a \$3.9 billion increase since last quarter.
- The Pension Plan, when measured against the Performance Benchmark, outperformed its return during the second quarter and over 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 three-, and ten-year periods, and outperformed over the trailing one-, five-, fifteen-, twenty-, 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 6/30/2017

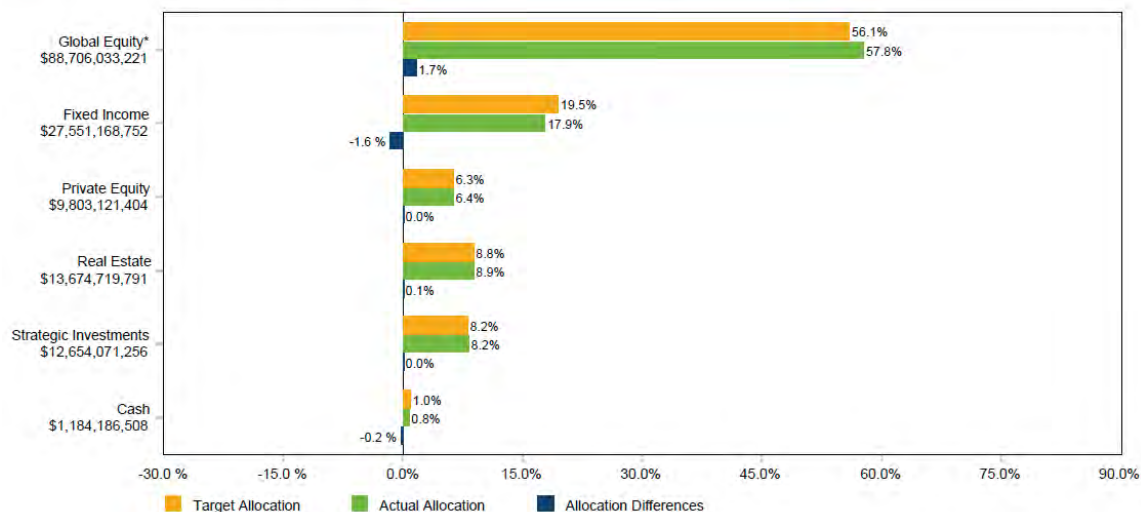
Summary of Cash Flows		
	Second Quarter	Fiscal YTD*
Beginning Market Value	\$149,705,355,156	\$141,321,201,894
+/- Net Contributions/(Withdrawals)	(\$1,611,157,770)	(\$6,771,736,903)
Investment Earnings	\$5,479,103,547	\$19,023,835,942
= Ending Market Value	\$153,573,300,932	\$153,573,300,932
Net Change	\$3,867,945,777	\$12,252,099,039

\*Period July 2016 – June 2017

## Asset Allocation as of 6/30/2017

### Total Fund Assets = \$153.6 Billion

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	153,573,300,932	100.0	100.0		
Global Equity*	88,706,033,221	57.8	56.1	45.0	70.0
Fixed Income	27,551,168,752	17.9	19.5	10.0	26.0
Private Equity	9,803,121,404	6.4	6.3	2.0	9.0
Real Estate	13,674,719,791	8.9	8.8	4.0	16.0
Strategic Investments	12,654,071,256	8.2	8.2	0.0	16.0
Cash	1,184,186,508	0.8	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.

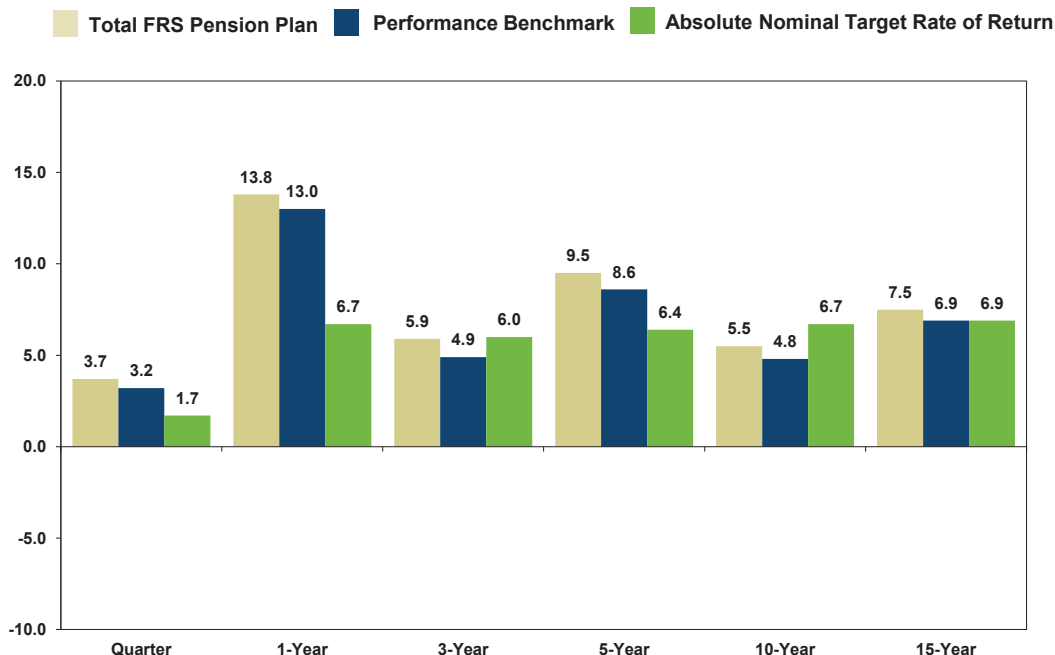
Aon Hewitt | Retirement and Investment  
Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.

7



## FRS Pension Plan Investment Results

### Periods Ending 6/30/2017



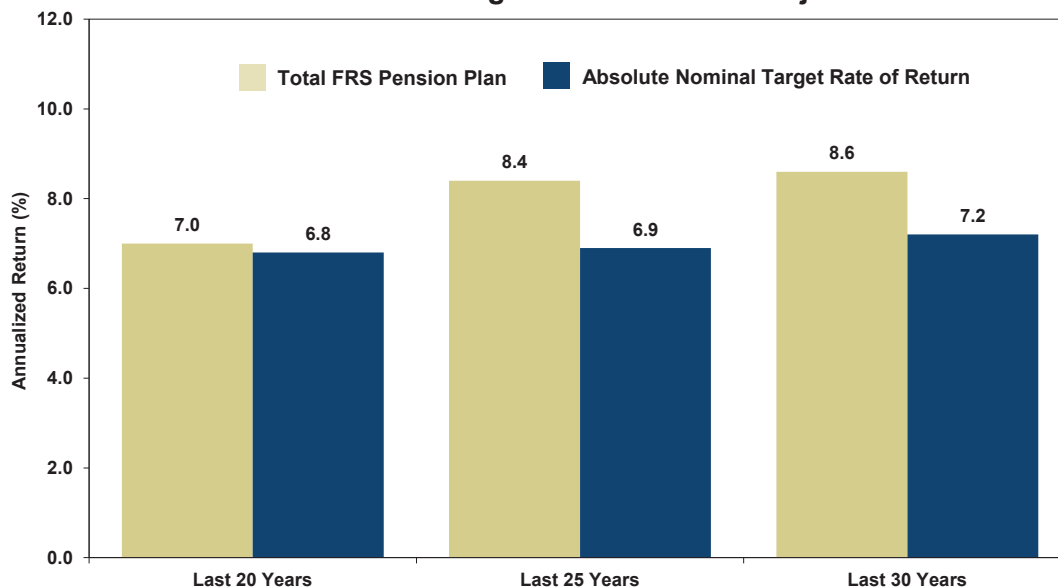
Aon Hewitt | Retirement and Investment  
Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.

8



## FRS Pension Plan Investment Results Periods Ending 6/30/2017

### Long-Term FRS Pension Plan Performance Results vs. SBA's Long-Term Investment Objective



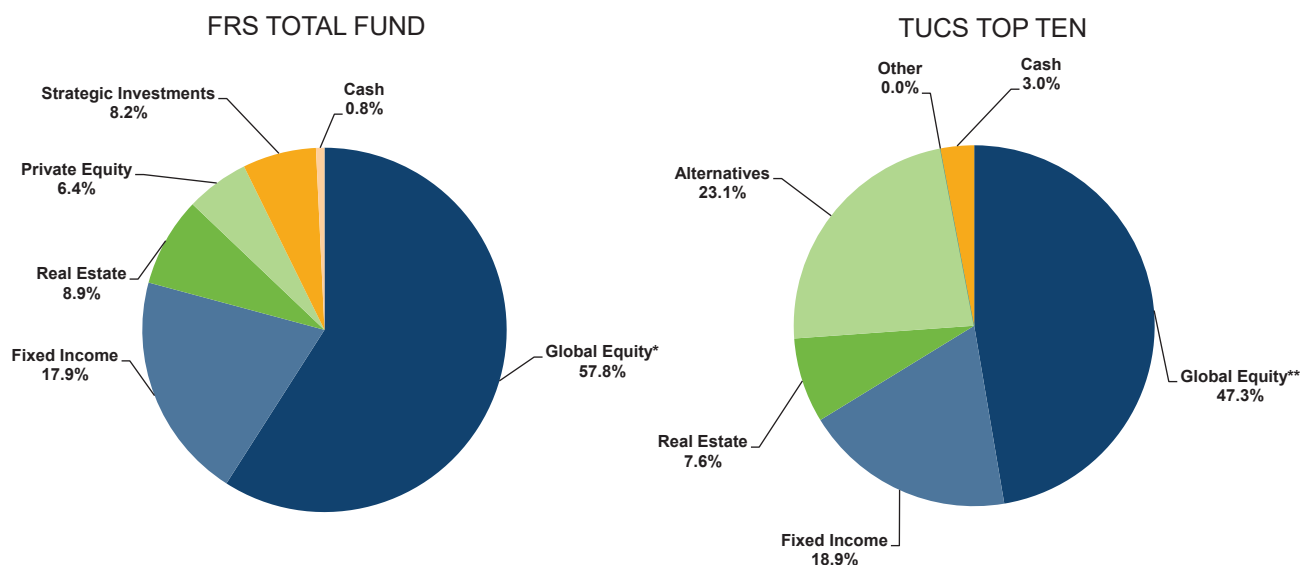
Aon Hewitt | Retirement and Investment  
Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.

9



## Comparison of Asset Allocation (TUCS Top Ten) As of 6/30/2017

### FRS Pension Plan vs. Top Ten Defined Benefit Plans



\*Global Equity Allocation: 26.5% Domestic Equities; 24.7% Foreign Equities; 5.7% Global Equities; 0.9% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

\*\*Global Equity Allocation: 29.7% Domestic Equities; 17.6% Foreign Equities.

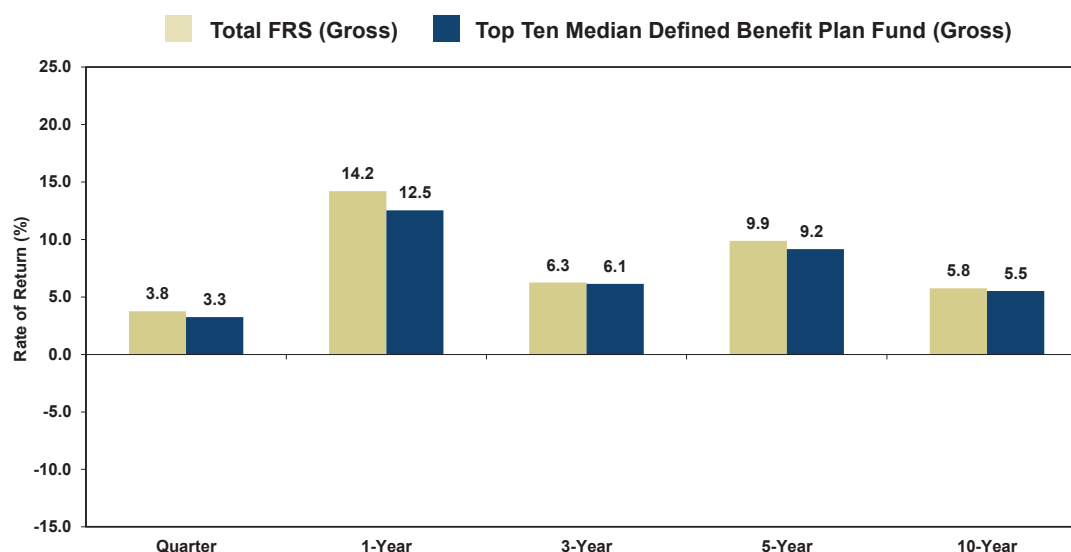
Note: The TUCS Top Ten Universe includes \$1,433.2 billion in total assets. The median fund size was \$142.0 billion and the average fund size was \$143.3 billion.

Aon Hewitt | Retirement and Investment  
Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.

10



## FRS Results Relative to TUCS Top Ten Defined Benefit Plans Periods Ending 6/30/2017



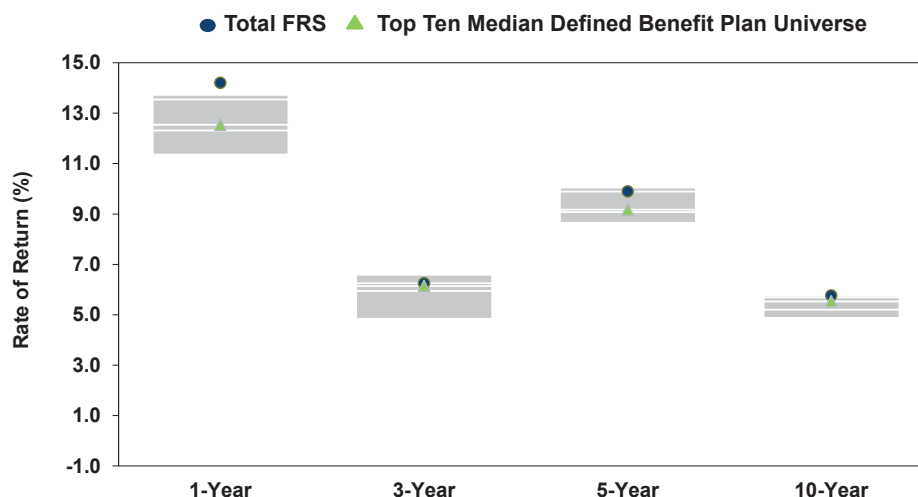
Note: The TUCS Top Ten Universe includes \$1,433.2 billion in total assets. The median fund size was \$142.0 billion and the average fund size was \$143.3 billion.

Aon Hewitt | Retirement and Investment  
Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.

11



## Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS) Periods Ending 6/30/2017



FRS Percentile Ranking

1

25

25

5

Note: The TUCS Top Ten Universe includes \$1,433.2 billion in total assets. The median fund size was \$142.0 billion and the average fund size was \$143.3 billion.

Aon Hewitt | Retirement and Investment  
Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.

12





## 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 2015 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 6/30/2017\*

	One-Year	Three-Year	Five-Year	Ten-Year
<b>FRS Investment Plan</b>	<b>13.4%</b>	<b>4.8%</b>	<b>8.0%</b>	<b>4.6%</b>
<i>Total Plan Aggregate Benchmark**</i>	12.6%	4.6%	7.6%	4.2%
FRS Investment Plan vs. Total Plan Aggregate Benchmark	0.8	0.2	0.4	0.4

### Periods Ending 12/31/2015\*\*\*

	Five-Year Average Return****	Five-Year Net Value Added	Expense Ratio
<b>FRS Investment Plan</b>	<b>5.6%</b>	<b>0.1%</b>	<b>0.36%*****</b>
<i>Peer Group</i>	6.3	0.2	0.27
FRS Investment Plan vs. Peer Group	-0.7	-0.1	0.09

\*Returns shown are net of fees.

\*\*Aggregate benchmark returns are an average of the individual portfolio benchmark returns at their actual weights.

\*\*\*Source: 2015 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 2015 Survey that included 136 U.S. defined contribution plans with assets ranging from \$64 million to \$46.4 billion. Peer group for the Expense Ratio represents a custom peer group for FSBA of 15 DC plans including corporate and public plans with assets between \$2.1 - \$15.9 billion.

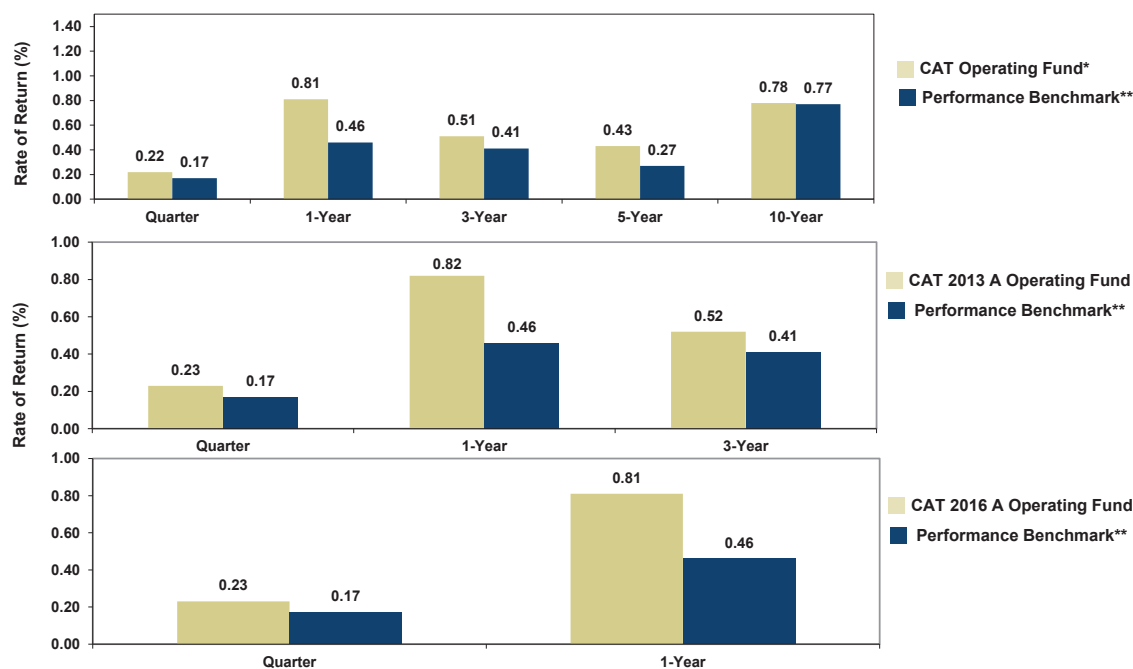
\*\*\*\*Returns shown are gross of fees.

\*\*\*\*\*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.
- Performance on a relative basis has been favorable over both short- and long-term periods, as the CAT Funds outperformed during the quarter and over the trailing one-, three-, five-, and ten-year time periods.
- The CAT Funds are adequately diversified across issuers within the short-term bond market.
- The Investment Policy Statement appropriately constrains 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 Policy Statement is 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 6/30/2017



\*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.

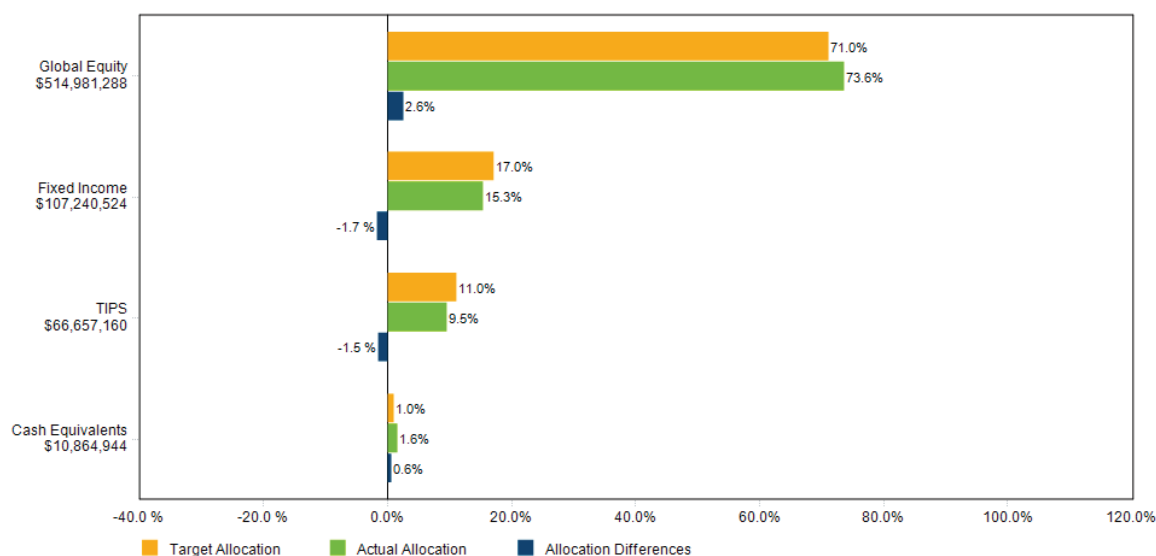
\*\*Performance Benchmark: The CAT Fund was benchmarked to the IBC First Tier through February 2008. From March 2008 to December 2009, it was the Merrill Lynch 1-Month LIBOR. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional 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.

## Lawton Chiles Endowment Fund: Executive Summary

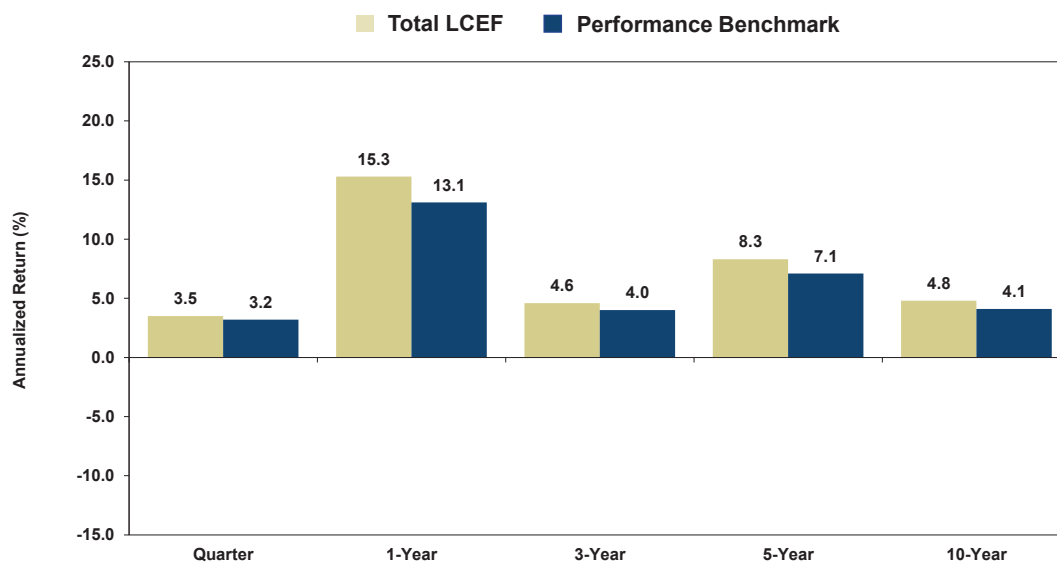
- Established in July 1999, the Lawton Chiles Endowment Fund (LCEF) was created to provide a source of funding for child health and welfare programs, elder programs and research related to tobacco use.
  - The investment objective is to preserve the real value of the net contributed principal and provide 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 \$699.7 million as of June 30, 2017.
- 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 6/30/2017 Total LCEF Assets = \$699.7 Million

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
LCEF Total Fund	699,743,916	100.0	100.0		
Global Equity	514,981,288	73.6	71.0	61.0	81.0
Fixed Income	107,240,524	15.3	17.0	12.0	22.0
TIPS	66,657,160	9.5	11.0	6.0	16.0
Cash Equivalents	10,864,944	1.6	1.0	0.0	10.0



## LCEF Investment Results Periods Ending 6/30/2017

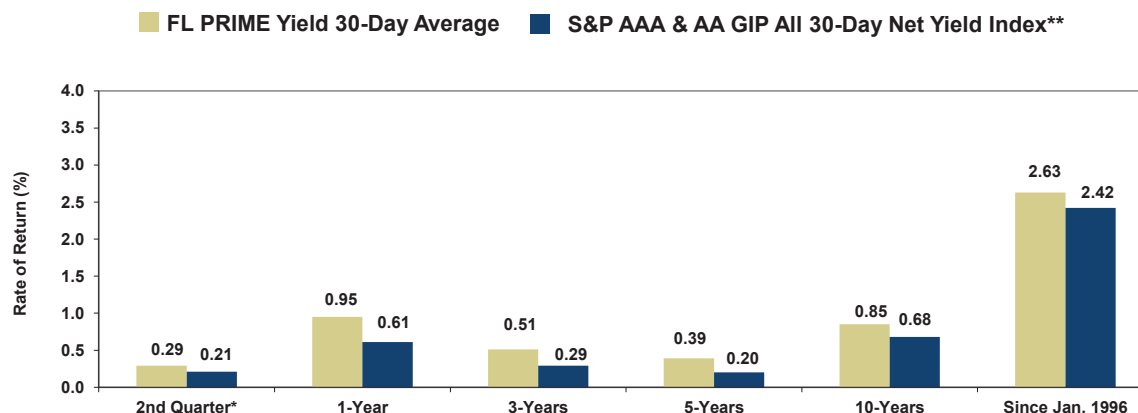


(This page is left blank intentionally)

## 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 second quarter and over the trailing one-, three-, five-, and ten-year time periods.
- As of June 30, 2017, the total market value of Florida PRIME was \$9.3 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.

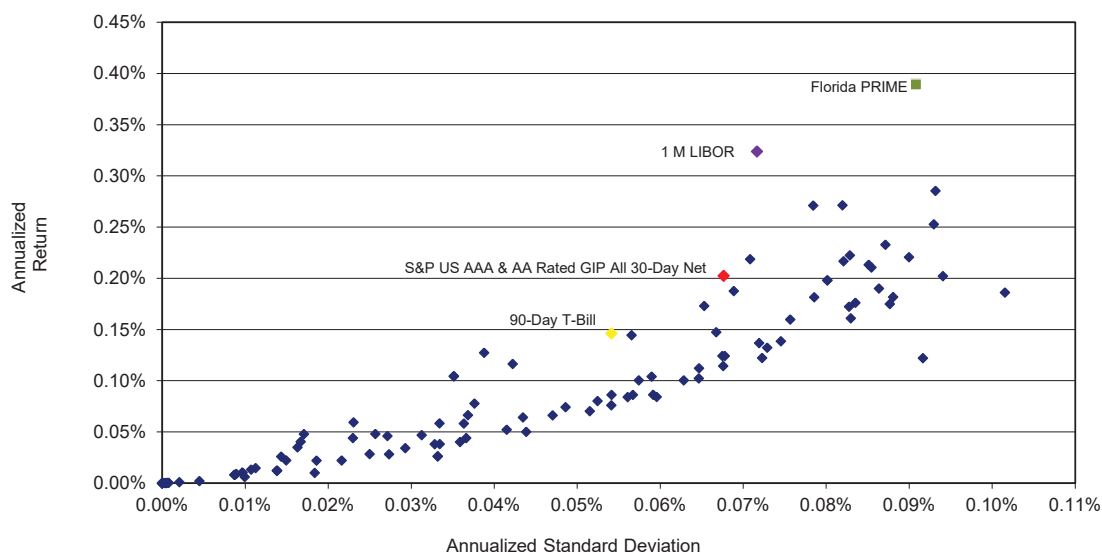
## Florida PRIME Investment Results Periods Ending 6/30/2017



\*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 6/30/2017

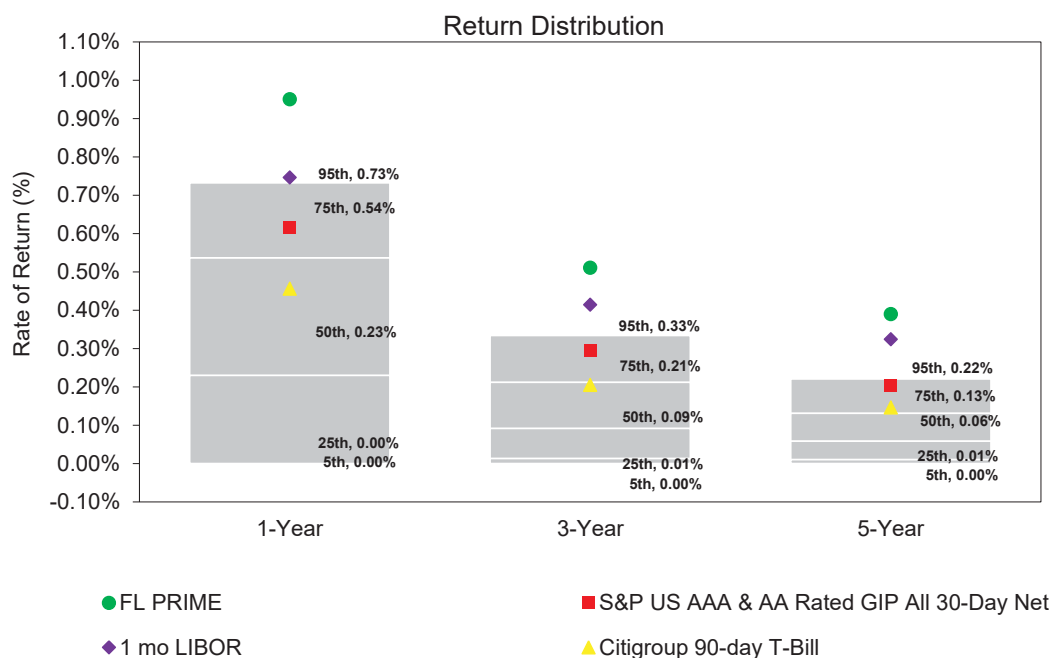


Aon Hewitt | Retirement and Investment  
Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.

23



## Return Distribution Periods Ending 6/30/2017

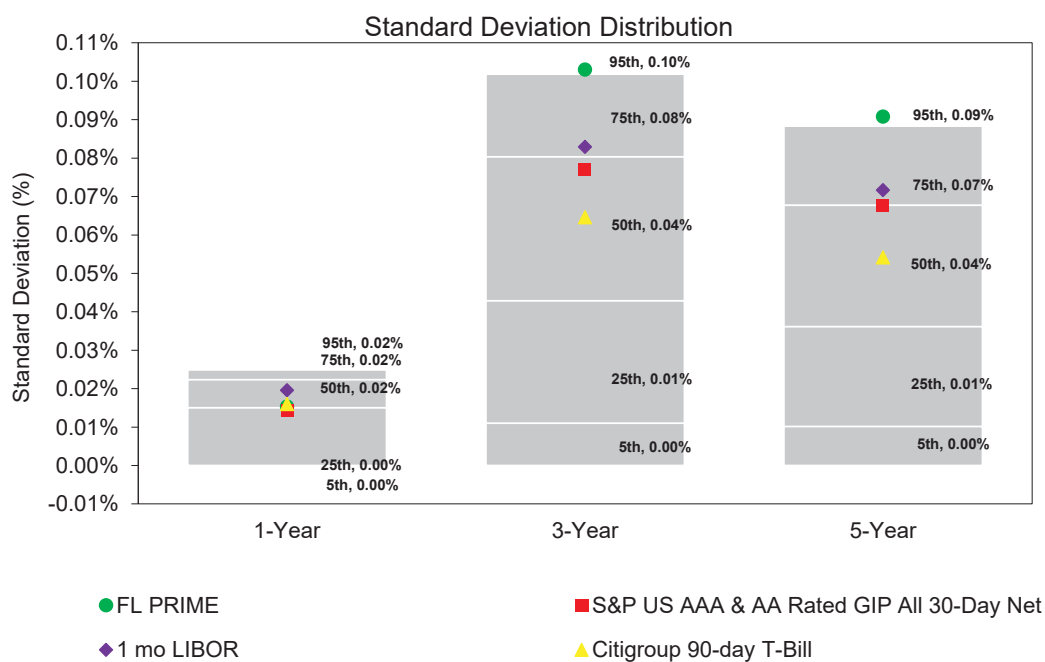


Aon Hewitt | Retirement and Investment  
Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.

24



## Standard Deviation Distribution Periods Ending 6/30/2017



(This page is left blank intentionally)



## Appendix

---

## FRS Investment Plan Costs

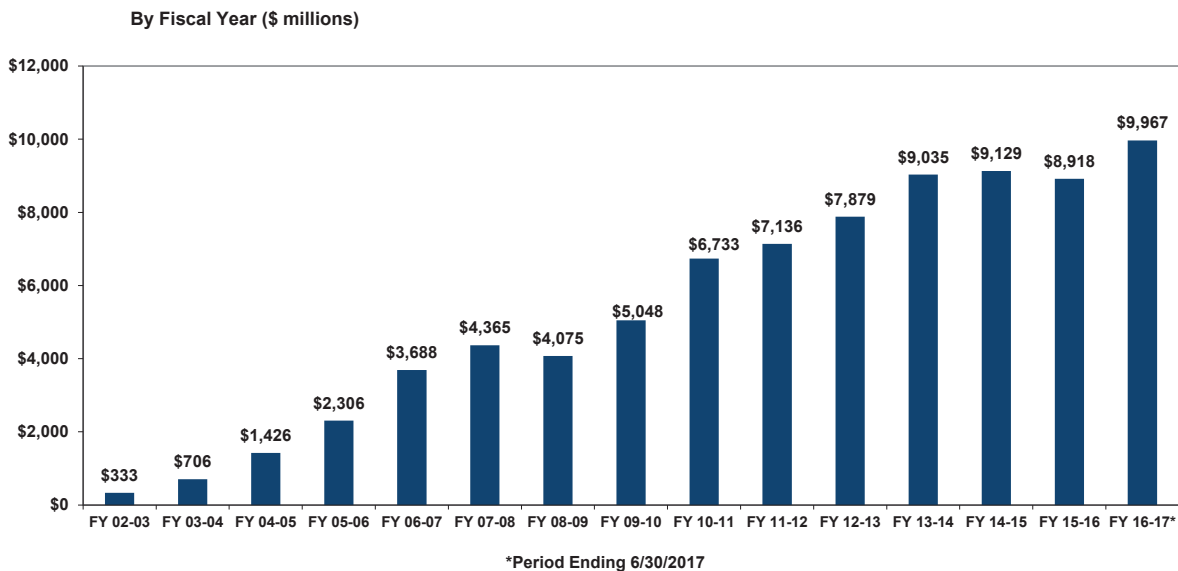
---

Investment Category	Investment Plan Fee*	Average Mutual Fund Fee**
Large Cap Equity	0.15%	0.84%
Small-Mid Cap Equity	0.66%	1.03%
International Equity	0.31%	1.05%
Diversified Bonds	0.15%	0.58%
Target Date	0.10%	0.64%
Money Market	0.06%	0.18%

\*Average fee of multiple products in category as of 6/30/2017.

\*\*Source: AHIC's annual mutual fund expense analysis as of 12/31/2016.

## Investment Plan Fiscal Year End Assets Under Management



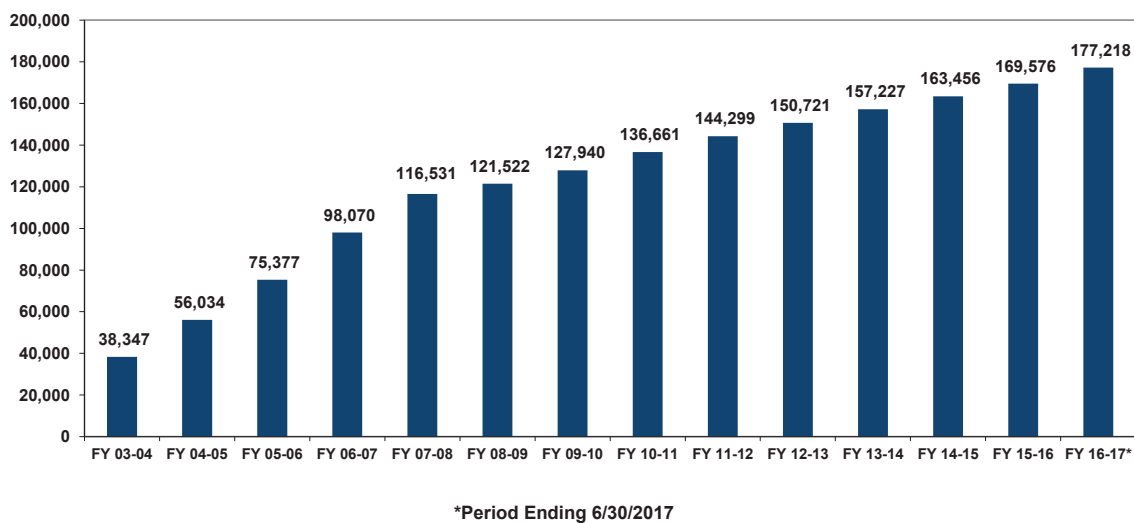
Source: Investment Plan Administrator

Aon Hewitt | Retirement and Investment  
Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.

29



## Investment Plan Membership



Source: Investment Plan Administrator

Aon Hewitt | Retirement and Investment  
Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.

30



## 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 June 30, 2017, the total value of all FHCF accounts was \$16.6 billion.

## CAT Operating Fund Characteristics Period Ending 6/30/2017

Maturity Analysis	
1 to 30 Days	34.1%
31 to 60 Days	12.7
61 to 90 Days	3.6
91 to 120 Days	1.7
121 to 150 Days	5.8
151 to 180 Days	5.8
181 to 270 Days	6.8
271 to 365 Days	7.1
366 to 455 Days	2.4
>= 456 Days	19.9
<b>Total % of Portfolio:</b>	<b>100.0%</b>

Bond Rating Analysis	
AAA	34.3%
AA	11.4
A	54.3
Baa	0.0
Other	0.0
<b>Total % of Portfolio:</b>	<b>100.0%</b>

## CAT 2013 A Fund Characteristics

### Period Ending 6/30/2017

Maturity Analysis	
1 to 30 Days	16.8%
31 to 60 Days	14.2
61 to 90 Days	10.0
91 to 120 Days	8.0
121 to 150 Days	6.3
151 to 180 Days	3.3
181 to 270 Days	7.2
271 to 365 Days	11.2
366 to 455 Days	3.3
>= 456 Days	19.8
<b>Total % of Portfolio:</b>	<b>100.0%</b>

Bond Rating Analysis	
AAA	67.6%
AA	8.6
A	23.8
Baa	0.0
Other	0.0
<b>Total % of Portfolio:</b>	<b>100.0%</b>

## CAT 2016 A Fund Characteristics

### Period Ending 6/30/2017

Maturity Analysis	
1 to 30 Days	15.5%
31 to 60 Days	11.0
61 to 90 Days	10.2
91 to 120 Days	13.5
121 to 150 Days	7.7
151 to 180 Days	3.3
181 to 270 Days	6.3
271 to 365 Days	9.0
366 to 455 Days	2.1
>= 456 Days	21.4
<b>Total % of Portfolio:</b>	<b>100.0%</b>

Bond Rating Analysis	
AAA	58.4%
AA	8.4
A	33.2
Baa	0.0
Other	0.0
<b>Total % of Portfolio:</b>	<b>100.0%</b>

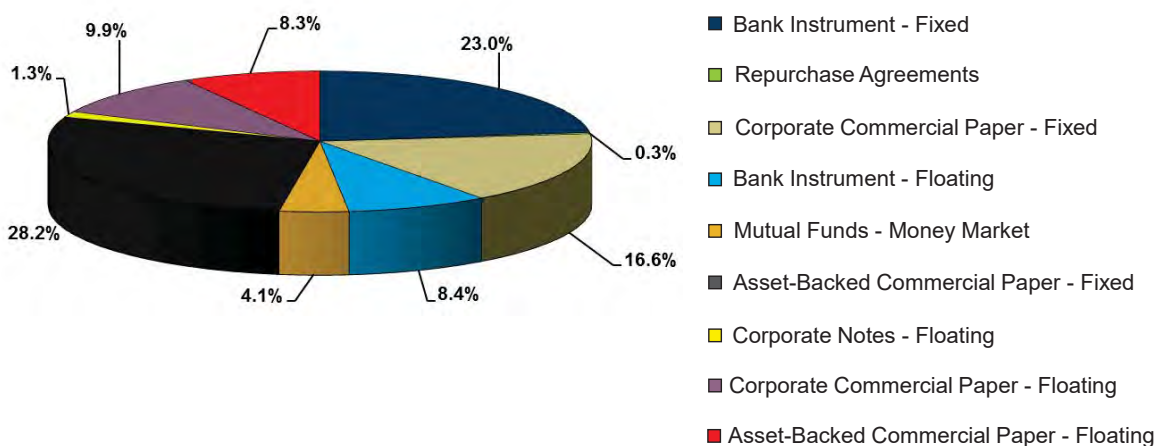
## Florida PRIME Characteristics Quarter Ending 6/30/2017

Cash Flows as of 6/30/2017	Second Quarter	Fiscal YTD*
Opening Balance	\$10,255,188,006	\$7,789,430,976
Participant Deposits	\$3,578,147,239	\$19,814,606,085
Gross Earnings	\$28,536,262	\$86,114,042
Participant Withdrawals	(\$4,531,714,093)	(\$18,359,368,604)
Fees	(\$807,827)	(\$1,432,915)
Closing Balance (6/30/2017)	\$9,329,349,587	\$9,329,349,587
<b>Change</b>	<b>(\$925,838,419)</b>	<b>\$1,539,918,611</b>

\*Period July 2016 – June 2017

## Florida PRIME Characteristics Quarter Ending 6/30/2017

### Portfolio Composition



## Florida PRIME Characteristics Period Ending 6/30/2017

Effective Maturity Schedule	
1-7 Days	42.3%
8 - 30 Days	18.9%
31 - 90 Days	26.4%
91 - 180 Days	9.1%
181+ Days	3.3%
<b>Total % of Portfolio:</b>	<b>100.0%</b>

S & P Credit Quality Composition	
A-1+	67.0%
A-1	33.0%
<b>Total % of Portfolio:</b>	<b>100.0%</b>

Aon Hewitt | Retirement and Investment  
Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.

37



FRS Pension Plan | Second Quarter 2017

## Quarterly Investment Review

Visit the Aon Hewitt Retirement and Investment Blog (<http://retirementandinvestmentblog.aon.com>); sharing our best thinking.



(This page is left blank intentionally)

## Table of Contents

1	Market Environment	1
2	Total Fund	17
3	Global Equity	27
4	Domestic Equities	29
5	Foreign Equities	33
6	Global Equities	37
7	Fixed Income	39
8	Private Equity	43
9	Real Estate	47
10	Strategic Investments	51
11	Cash	53
12	Appendix	55

(This page is left blank intentionally)



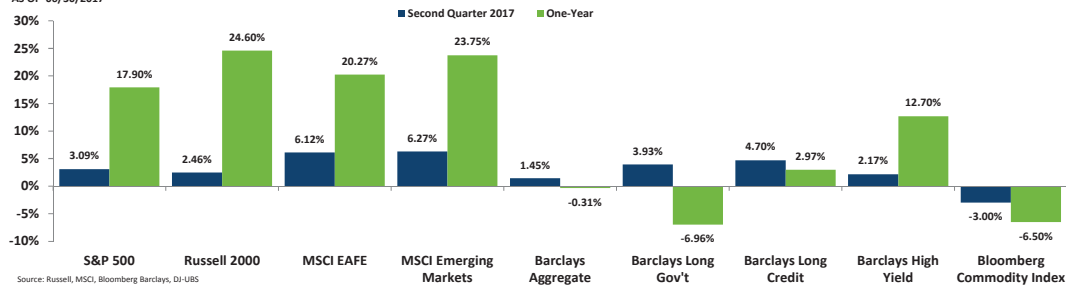
## Market Environment

---

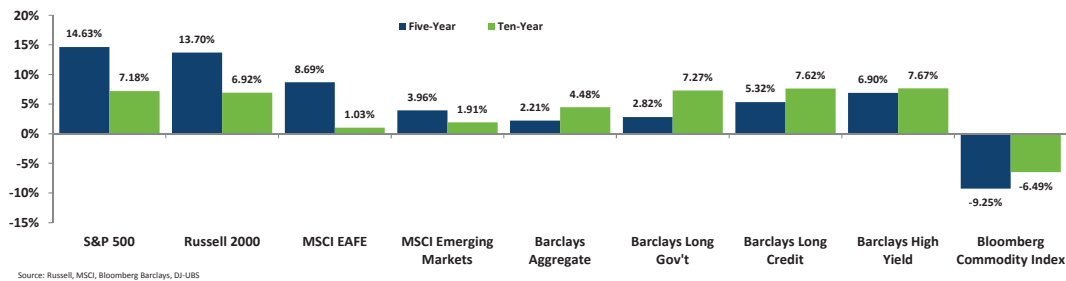


## Market Highlights

SHORT TERM RETURNS  
AS OF 06/30/2017



LONG TERM ANNUALIZED RETURNS  
AS OF 06/30/2017



## Market Highlights

Returns of the Major Capital Markets

Period Ending 06/30/2017

	Second Quarter	1-Year	3-Year <sup>1</sup>	5-Year <sup>1</sup>	10-Year <sup>1</sup>
<b>Equity</b>					
MSCI All Country World IMI	4.25%	19.01%	4.87%	10.74%	3.95%
MSCI All Country World	4.27%	18.78%	4.82%	10.54%	3.71%
Dow Jones U.S. Total Stock Market	3.01%	18.52%	9.04%	14.50%	7.32%
Russell 3000	3.02%	18.51%	9.10%	14.58%	7.26%
S&P 500	3.09%	17.90%	9.61%	14.63%	7.18%
Russell 2000	2.46%	24.60%	7.36%	13.70%	6.92%
MSCI All Country World ex-U.S. IMI	5.85%	20.43%	1.14%	7.58%	1.38%
MSCI All Country World ex-U.S.	5.78%	20.45%	0.80%	7.22%	1.13%
MSCI EAFE	6.12%	20.27%	1.15%	8.69%	1.03%
MSCI EAFE (Local Currency)	2.71%	22.10%	7.02%	12.54%	2.02%
MSCI Emerging Markets	6.27%	23.75%	1.07%	3.96%	1.91%
<b>Fixed Income</b>					
Bloomberg Bloomberg Barclays Global Aggregate	2.60%	-2.18%	-0.35%	0.78%	3.69%
Bloomberg Bloomberg Barclays Aggregate	1.45%	-0.31%	2.48%	2.21%	4.48%
Bloomberg Bloomberg Barclays Long Gov't	3.93%	-6.96%	5.54%	2.82%	7.27%
Bloomberg Bloomberg Barclays Long Credit	4.70%	2.97%	5.28%	5.32%	7.62%
Bloomberg Bloomberg Barclays Long Gov't/Credit	4.39%	-1.07%	5.28%	4.26%	7.58%
Bloomberg Bloomberg Barclays US TIPS	-0.40%	-0.63%	0.63%	0.27%	4.27%
Bloomberg Barclays High Yield	2.17%	12.70%	4.49%	6.90%	7.67%
Citi Group Non-U.S. WGBI	3.81%	-5.01%	-2.20%	-0.80%	3.21%
JP Morgan EMBI Global (Emerging Markets)	2.21%	5.52%	4.64%	5.20%	7.30%
<b>Commodities</b>					
Bloomberg Commodity Index	-3.00%	-6.50%	-14.81%	-9.25%	-6.49%
Goldman Sachs Commodity Index	-5.46%	-9.01%	-24.82%	-13.70%	-9.67%
<b>Hedge Funds</b>					
HFR Fund-Weighted Composite <sup>2</sup>	1.14%	8.02%	2.57%	4.89%	2.98%
HFR Fund of Funds <sup>2</sup>	0.20%	5.85%	1.35%	3.75%	0.81%
<b>Real Estate</b>					
NAREIT U.S. Equity REITS	1.52%	-1.70%	8.36%	9.52%	6.00%
<b>Infrastructure</b>					
FTSE Global Core Infrastructure Index	3.12%	6.53%	2.06%	6.82%	3.59%

MSCI Indices show net returns.

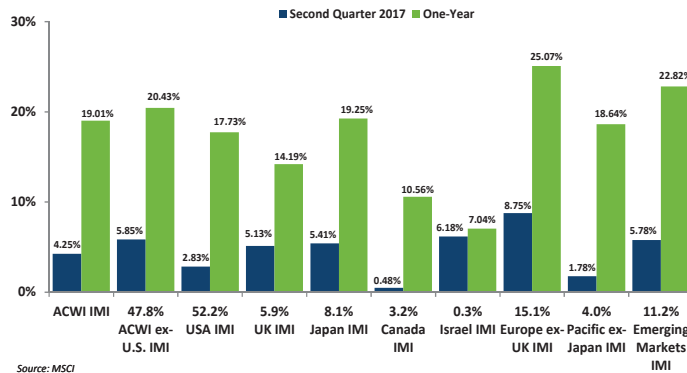
All other indices show total returns.

<sup>1</sup> Periods are annualized.

<sup>2</sup> Latest 5 months of HFR data are estimated by HFR and may change in the future.

## Global Equity Markets

GLOBAL MSCI IMI INDEX RETURNS  
AS OF 06/30/2017

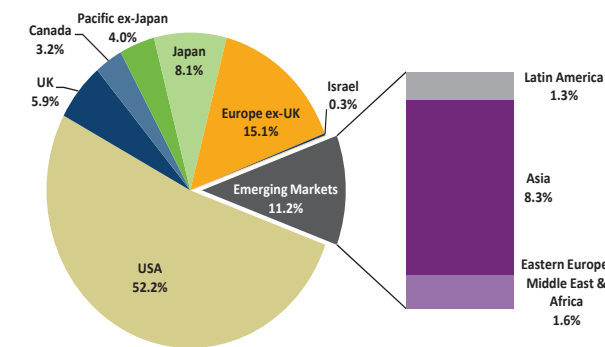


The momentum triggered by the prospects of US reflationary policies that carried global equity markets higher in late 2016 and earlier this year stuttered and was ultimately replaced by strong corporate and economic fundamentals. Global equity markets returned 4.25% in Q2 2017. Performance was, however, far more varied on both a regional and sector level.

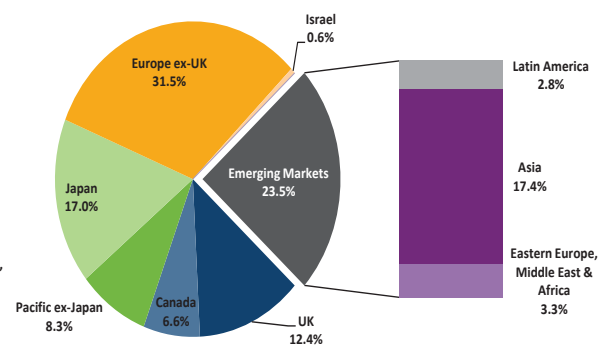
All the regions generated positive returns with the Developed Europe (excluding the UK) being the strongest performing region, returning 8.75% in the second quarter of 2017. Much of the return, however, was due to the weakness of the US dollar. Political risk within continental Europe subsided following the win of pro-EU candidate Emmanuel Macron which encouraged greater risk appetite in the region.

## Global Equity Markets

MSCI ALL COUNTRY WORLD IMI INDEX  
GEOGRAPHIC ALLOCATION AS OF 06/30/2017



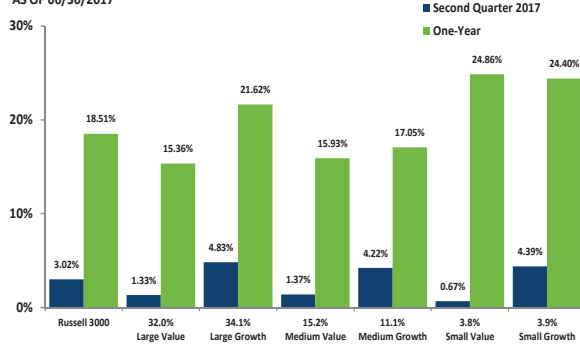
MSCI ALL COUNTRY WORLD EX-U.S. IMI INDEX  
GEOGRAPHIC ALLOCATION AS OF 06/30/2017



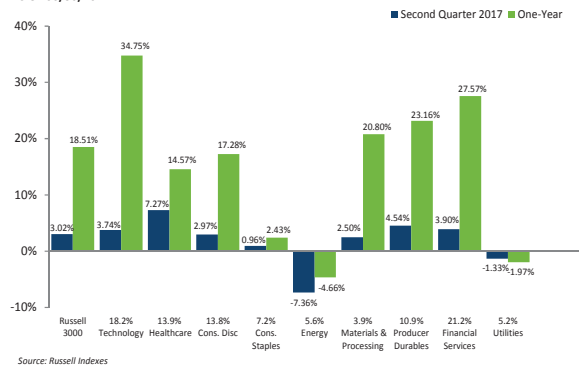
The two exhibits on this slide illustrate the percentage that each country/region represents of the global equity market as measured by the MSCI All Country World IMI Index and the MSCI All Country World ex-U.S. IMI Index.

## U.S. Equity Markets

RUSSELL STYLE RETURNS  
AS OF 06/30/2017



RUSSELL GICS SECTOR RETURNS  
AS OF 06/30/2017



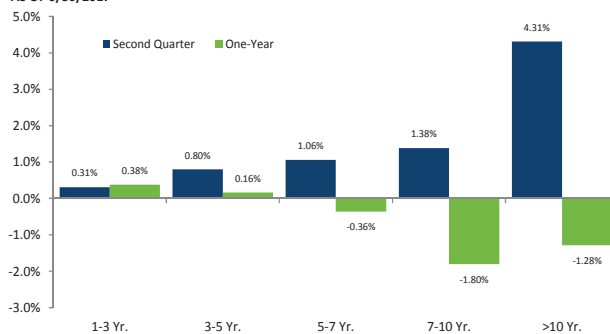
The Russell 3000 Index returned 3.02% during the second quarter and returned 18.51% over the one-year period.

During the second quarter, the Healthcare sector was the strongest performer, posting a return of 7.27%. Conversely, Energy and Utilities were the weakest and the only sectors which posted negative returns in Q2 2017, falling 7.36% and 1.33% respectively.

Performance across the market capitalization spectrum was positive over the quarter. A similar trend to the first quarter of 2017 was observed as Growth stocks outperformed Value stocks across the market capitalization spectrum. In particular, small-cap Value stocks underperformed, returning 0.67% while large-cap Growth stocks was the standout performer returning 4.83%.

## U.S. Fixed Income Markets

BLOOMBERG BARCLAYS AGGREGATE RETURNS BY MATURITY  
AS OF 6/30/2017

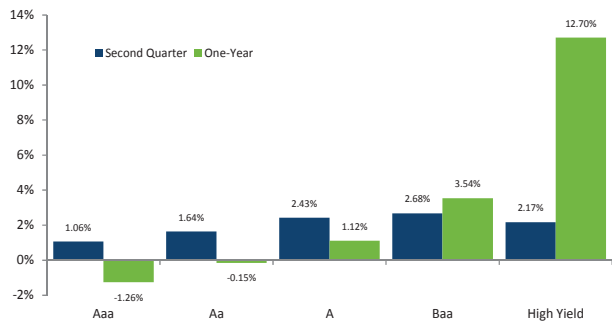


The Bloomberg Barclays Aggregate Bond returned 1.45% in the second quarter of 2017. Corporate bonds outperformed with a return of 2.54%, driven by lower government bond yields and narrowing credit spreads. ABS bonds returned the least at only 0.60%.

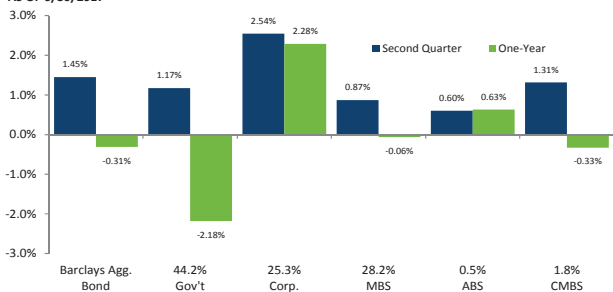
Baa bonds outperformed High Yield bonds and all the other investment grade corporate bonds across different credit qualities. Over the year, High Yield bonds have been the strongest performer, returning 12.70%.

Longer duration bonds outperformed as the US yield curve flattened over the quarter.

BLOOMBERG BARCLAYS AGGREGATE RETURNS BY QUALITY AND HIGH YIELD RETURNS  
AS OF 6/30/2017

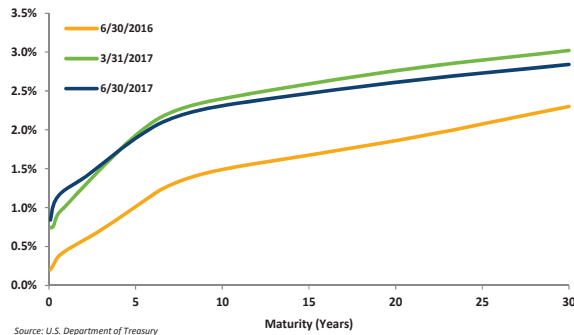


BLOOMBERG BARCLAYS AGGREGATE RETURNS BY SECTOR  
AS OF 6/30/2017

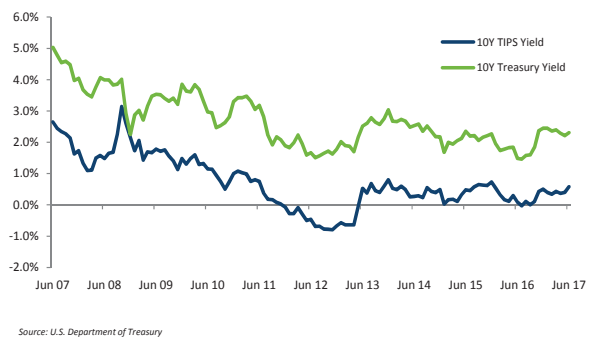


## U.S. Fixed Income Markets

U.S. TREASURY YIELD CURVE



U.S. 10-YEAR TREASURY AND TIPS YIELDS



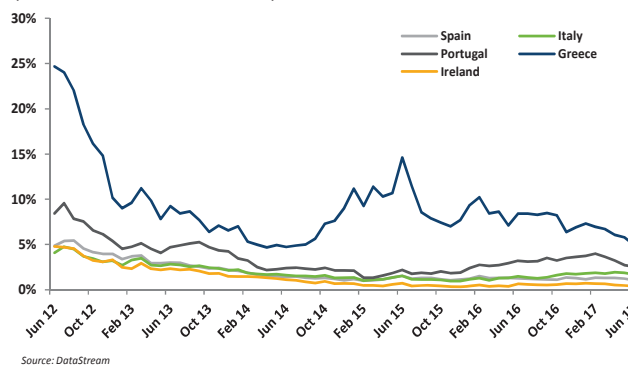
The Treasury yield curve flattened over the quarter. Short maturity bond yields continued to rise as the US Federal Reserve (Fed) hiked the federal funds rate for a third successive quarter. Yields of long maturity bonds fell as inflation expectations decreased amid falling oil prices and concerns over the implementation of reflationary policies.

The 10-year U.S. Treasury yield ended the quarter at 2.31%, 9 basis points lower than its level at the beginning of the quarter.

The 10-year TIPS yield rose by 15 basis points over the quarter and ended the period at 0.58%.

## European Fixed Income Markets

EUROZONE PERIPHERAL BOND SPREADS  
(10-YEAR SPREADS OVER GERMAN BUNDS)



In the Eurozone, bond spreads fell during the second quarter of 2017 with yields falling across the Eurozone periphery (except for Italy). German bund yields rose by 14bps over the quarter with major rise coming towards end of the quarter following a hawkish twist in European Central Bank sentiment, as the ECB Governor intimated that tapering of the extensive Quantitative Easing policy may be on the cards sooner than initially expected.

Furthermore, the election of Emmanuel Macron stemmed the rising tide of populism in European politics and helped to narrow both French and other European government bond yields from German Bund yields.

The bailout of Greek debt led to a larger narrowing of 161bps over the quarter while stronger than expected economic data led to a narrowing of Portuguese government bond yields relative to German Bund yields.

## Credit Spreads

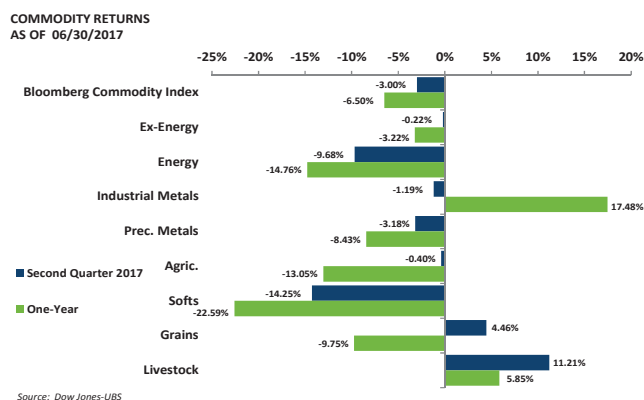
Spread (bps)	6/30/2017	3/31/2017	6/30/2016	Quarterly Change (bps)	1-Year Change (bps)
U.S. Aggregate	43	44	55	-1	-12
Long Gov't	2	3	3	-1	-1
Long Credit	157	168	215	-11	-58
Long Gov't/Credit	94	101	130	-7	-36
MBS	32	27	27	5	5
CMBS	74	77	98	-3	-24
ABS	46	54	61	-8	-15
Corporate	109	118	156	-9	-47
High Yield	364	383	594	-19	-230
Global Emerging Markets	255	257	345	-2	-90

Source: Bloomberg Barclays Live

During the second quarter, increased risk appetite saw a further narrowing of credit spreads which fell across all areas of the credit market except for MBS bonds which rose by 5 basis points.

High Yield bonds spreads (-19 basis points) fell by the most over the quarter, followed by spreads on Long Credit bonds (-11 basis points). After falling by over 30bps last quarter, movements Emerging Market bond spreads were more muted with a narrowing of only 2 basis points.

## Commodities



The Bloomberg Commodity index fell during the second quarter returning -3.00%.

Over the quarter, the best performing segment was Livestock with a return of 11.21%, followed by Grains (4.46%).

Softs was the worst performing sector during the quarter with a return of -14.25%.

The Energy sector was particularly volatile over the quarter. High crude oil inventory levels in the US, driven up by US shale producers, offset the extension of agreed crude oil production cuts which temporarily drove the price of crude oil higher.

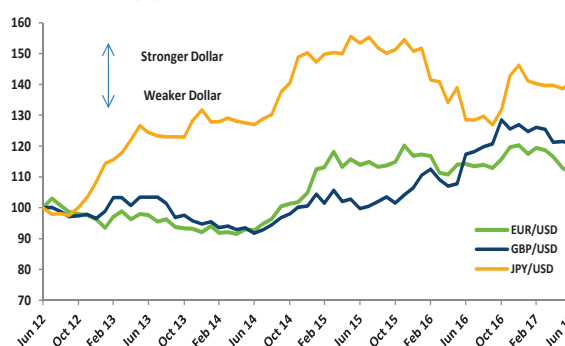
## Currency

TRADE WEIGHTED U.S. DOLLAR INDEX  
(1997 = 100)



Source: Federal Reserve

U.S. DOLLAR RELATIVE TO EUR, GBP AND JPY  
REBASED TO 100 AT 03/31/2012



Source: DataStream

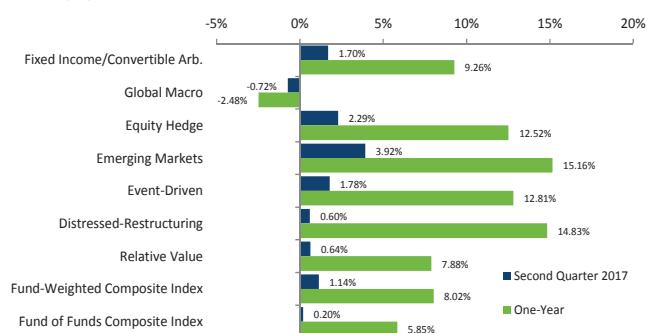
U.S. political uncertainties which could compromise the implementation of reflationary policies, alongside disappointing U.S. economic data dragged the U.S. dollar sharply lower over the quarter as measured through the broad trade weighted U.S. dollar index.

The U.S. dollar depreciated against all the major currencies (except for the yen) despite the Fed hiking the target range for the federal funds rate to 1.00%-1.25% in June as more pronounced expectations that the Bank of England and the ECB would begin tightening their respective monetary policy sent sterling and the euro higher against the U.S. dollar by 3.7% and 6.2% respectively. Meanwhile, the yen fell by 0.8% against the U.S. dollar.



## Hedge Fund Markets Overview

HEDGE FUND PERFORMANCE  
AS OF 06/30/2017



Note: Latest 5 months of HFR data are estimated by HFR and may change in the future.  
Source: HFR

Hedge fund performance was positive across strategies with the exception of Global Macro strategies.

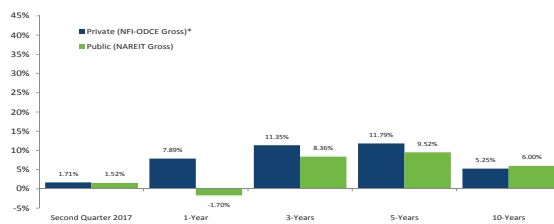
The HFRI Fund-Weighted Composite Index and the HFRI Fund of Funds Composite Index produced returns of 1.14% and 0.20% respectively during the quarter.

Emerging Markets continued to be the best performer, with a return of 3.92% in the second quarter.



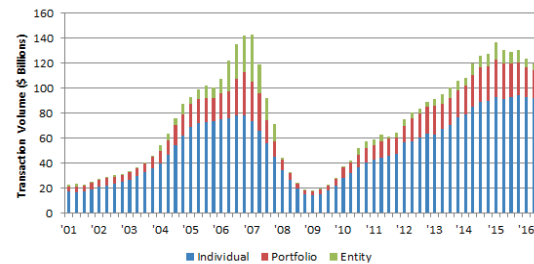
## U.S. Commercial Real Estate Markets

PRIVATE VS. PUBLIC REAL ESTATE RETURNS  
AS OF 06/30/2017



\*First quarter returns are preliminary  
Source: NCI/REIT, NAREIT

12 MONTH TRAILING TRANSACTION VOLUME BY TYPE  
SOURCE: RCA, AON HEWITT 3/31/2017



**Sector returns are mature and moderating.** U.S. Core real estate returns generating 1.71%\* over the second quarter, down 42 bps YOY and 211 bps lower than 2Q2015. The trailing one-year return of 7.9%\* is down 88bps since year-end and down 394 bps from this time last year. While falling significantly in the last 12-months, sector returns had been well above average for a long time and are now back in line with the long-run average range of 7-9%. Moderating returns are expected to continue, with income (versus appreciation) making up the lion's share of the total return going forward.

After modest declines early in the quarter, U.S. REITs (FTSE NAREIT Equity REIT Index) gained 1.5% over the quarter, following a 2.2% gain in June. REITs continued to underperform broader equities up until June, as investors appeared to prefer sectors with a perceived better growth environment. Declining bond yields in June appeared to bolster REIT share prices although performance varied widely by property type. Slowing same-store NOI growth, driven by modest economic growth and increasing supply deliveries, is creating elevated uncertainty in pricing. That said, U.S. REITs are currently trading towards the middle of their five-year historical range relative to their underlying property assets, currently at a 4% premium to private market pricing.

One of the main leading indicators of a peaking market is the sector's **falling transaction activity**, which has been especially present for portfolio and entity deals, down over 30% YOY. Sales volumes as well as pricing for individual assets, however, has remained fairly stable and elevated YTD. That said, stabilized assets are the most attractive to the marketplace while non-stabilized assets or assets in less than key locations often struggle to attract acceptable bids. A disconnect between buyers and sellers is growing, driven initially by a moderation in underlying fundamentals such as demand and rent growth. Given the advanced state of the current real estate cycle, investors' return expectations have begun to decline, increasing the sector's exit risk.

The Fed hiked the federal funds rate target for a third successive quarter to 1.00%-1.25%. The Fed has also signaled for a further rate hike later in 2017. This coupled with the new administration's uncertain policy directions and other global events, such as Britain's recent election shakeup, are impacts yet to be fully reflected in sector dynamics or pricing.

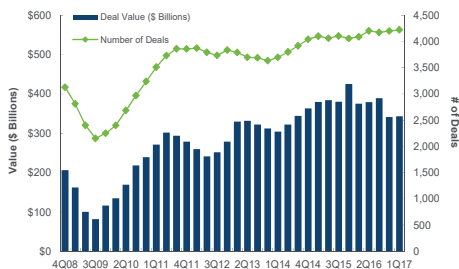
\*Indicates preliminary NFI-ODCE data gross of fees



## Private Equity Market Overview – First Quarter 2017

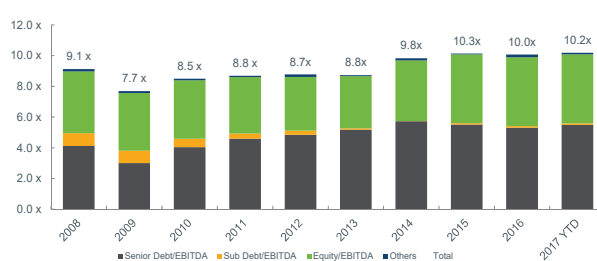
LTM Global Private Equity-Backed Buyout Deal Volume

Source: Preqin



Purchase Price Multiples – All Transactions Sizes

Source: S&P



**Fundraising:** In 1Q 2017, \$142.8 billion was raised by 240 funds, which was down 13.2% on a capital basis and 28.6% by number of deals from the prior quarter. Dry powder stood at \$1.3 trillion at the end of the quarter, up 7.9% and 26.4% compared to year end 2016 and the five year average, respectively <sup>1</sup>.

**Buyout:** Global private equity-backed buyout deals totaled \$55.2 billion in 1Q 2017, which was down 39.3% and 35.8% from the prior quarter and five year average, respectively <sup>1</sup>. At the end of 1Q 2017, the average purchase price multiple for all U.S. LBOs was 10.2x EBITDA, up from 10.0x as of the end of 2016. Large cap middle-market purchase price multiples stood at 9.6x, down compared to both 4Q 2016 and full year 2016 levels of 9.7x and 10.0x, respectively. The weighted average purchase price multiple across all European transaction sizes averaged 10.9x EBITDA in 1Q 2017, up from 10.3x at year end 2016. Purchase prices for transactions of €1.0 billion or more increased from 11.4x at year end 2016 to 11.8x in the first quarter. Transactions between €500.0 million and €1.0 billion were up 0.8x from the end of 4Q 2016, and stood at 11.3x <sup>2</sup>. Globally, exit value totaled \$49.6 billion on 425 deals in 1Q 2017, down 48.4% and 3.4%, respectively, from 4Q 2016 <sup>1</sup>.

**Venture:** During the first quarter, 1,104 venture backed transactions totaling \$13.9 billion were completed, up from 4Q 2016's total of \$12.0 billion across 1,085 deals. While this marked an increase, these were the two lowest quarterly totals on both a capital and transaction basis during the past eight quarters <sup>3</sup>. Total U.S. venture backed exit activity totaled \$14.9 billion across 169 completed transactions in 1Q 2017, up on a capital basis from \$8.1 billion in 4Q 2016 <sup>4</sup>.

**Mezzanine:** Eight funds closed on \$2.3 billion during the quarter, down from 4Q 2016's record total of \$23.2 billion raised by 15 funds and the five year quarterly average of \$4.8 billion. Estimated dry powder was \$51.6 billion at the end of 1Q 2017, roughly flat from 4Q 2016 <sup>1</sup>. Fundraising remains robust with an estimated 72 funds in market targeting \$16.6 billion of commitments <sup>1</sup>.

**Distressed Debt:** The LTM U.S. high-yield default rate was 3.9% as of March 2017, which was down from December 2016's LTM rate of 4.7% <sup>5</sup>. Distressed debt and bankruptcy restructuring activity totaled \$70.1 billion during the quarter, up 14.4% from 1Q 2016. U.S. activity accounted for \$31.9 billion in 1Q 2017 and was up 180.5% from the same period last year <sup>6</sup>.

**Secondaries:** Eight funds raised \$19.1 billion during the first quarter, up from \$5.7 billion by eight funds in 4Q 2016 <sup>1</sup>. The average discount rate for all private equity sectors declined 0.2% quarter-over-quarter to 8.3% <sup>7</sup>.

**Infrastructure:** \$29.4 billion of capital was raised by 16 funds in 1Q 2017 compared to \$13.2 billion of capital closed on by 21 partnerships in 4Q 2016. Global Infrastructure Partners III held its final close on \$15.8 billion, which set the record for largest unlisted infrastructure fund ever, surpassing Brookfield Infrastructure Fund III's mark of \$14.0 billion in 2016 <sup>1</sup>. At the end of the quarter, dry powder stood at \$147.0 billion, up from year end 2016 and 2Q 2016's record totals of \$137.0 billion and \$142.0 billion, respectively. Infrastructure managers completed 339 deals with an estimated aggregate deal value of \$205.7 billion in 1Q 2017 compared to 508 deals totaling \$206.8 billion a quarter ago <sup>1</sup>.

**Natural Resources:** During 1Q 2017, two funds closed on \$0.8 billion compared to 14 funds totaling \$5.8 billion in 4Q 2016. Energy and utilities industry managers completed 40 deals totaling a reported \$4.2 billion in 1Q 2017, compared to an estimated 75 transactions totaling \$3.1 billion in 4Q 2016 <sup>1</sup>.

Sources: <sup>1</sup> Preqin <sup>2</sup> Standard & Poor's <sup>3</sup> PWC / CB Insights MoneyTree Report <sup>4</sup> PitchBook/NVCA Venture Monitor

<sup>5</sup> Fitch Ratings <sup>6</sup> Thomson Reuters <sup>7</sup> 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.



(This page is left blank intentionally)



Total Fund

---



As of June 30, 2017

## 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 second 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

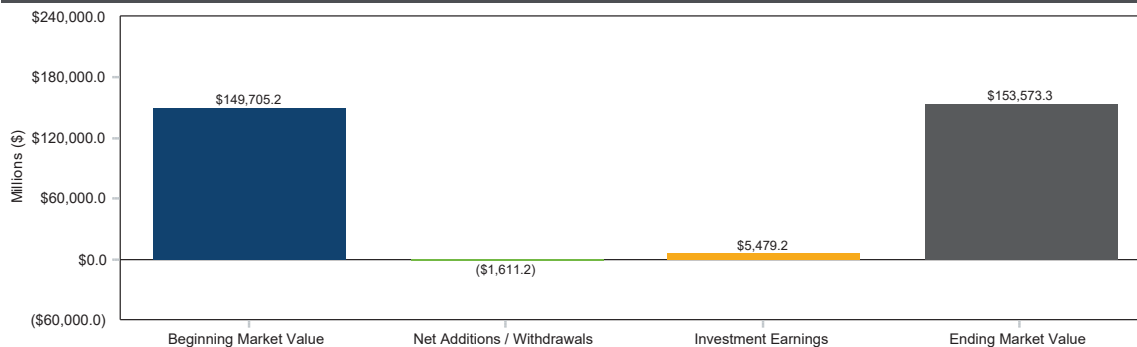
- The Fund assets total \$153.6 billion as of June 30, 2017, which represents a \$3.9 billion increase since last quarter.
- Actual allocations for all asset classes were within their respective policy ranges at quarter-end.
- The Fund was modestly overweight to global equity, with corresponding underweights to fixed income and cash.

Total Fund

As of June 30, 2017

## Total Plan Asset Summary

### Change in Market Value From April 1, 2017 to June 30, 2017



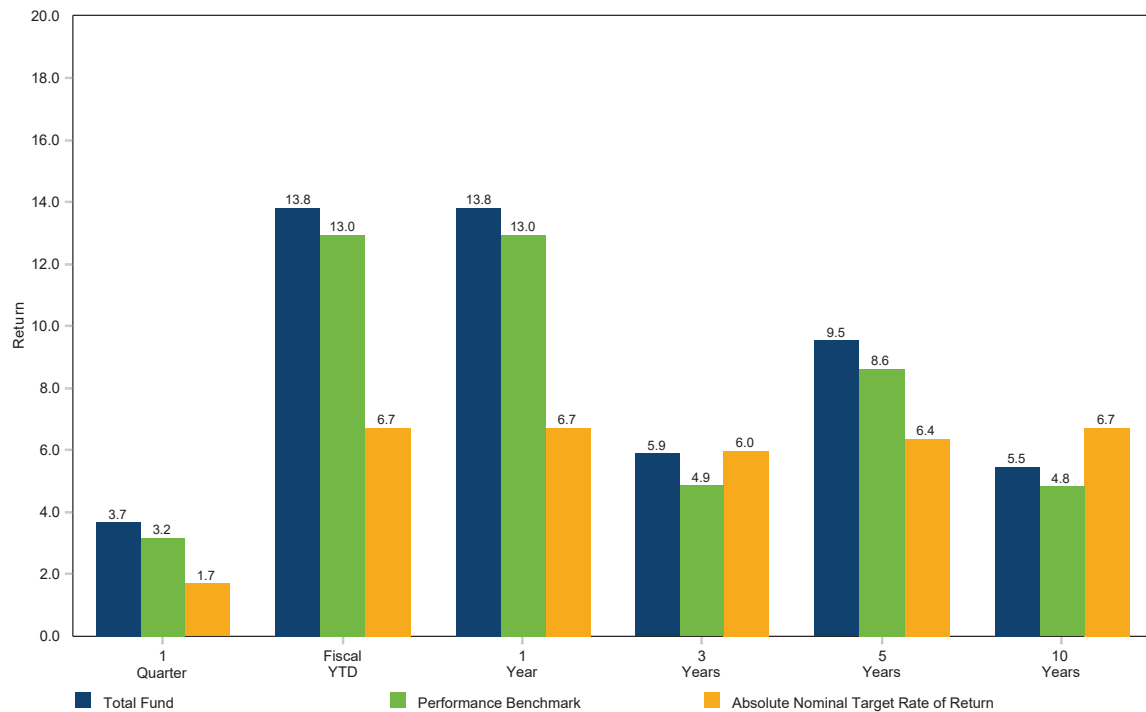
### Summary of Cash Flow

	1 Quarter	Fiscal YTD*
<b>Total Fund</b>		
Beginning Market Value	149,705,244,305	141,420,636,601
+ Additions / Withdrawals	-1,611,157,770	-6,771,736,903
+ Investment Earnings	5,479,214,397	18,924,401,234
= Ending Market Value	153,573,300,932	153,573,300,932

\*Period July 2016 - June 2017

## Total Plan Performance Summary

## Return Summary



## Asset Allocation &amp; Performance

	Allocation			Performance(%)					
	Market Value (\$)	%	Policy(%)	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years
<b>Total Fund</b>	<b>153,573,300,932</b>	<b>100.0</b>	<b>100.0</b>	<b>3.7 (10)</b>	<b>13.8 (24)</b>	<b>13.8 (24)</b>	<b>5.9 (11)</b>	<b>9.5 (19)</b>	<b>5.5 (24)</b>
Performance Benchmark				3.2 (50)	13.0 (35)	13.0 (35)	4.9 (58)	8.6 (43)	4.8 (58)
Absolute Nominal Target Rate of Return				1.7 (96)	6.7 (96)	6.7 (96)	6.0 (9)	6.4 (92)	6.7 (1)
<b>Global Equity*</b>	<b>88,706,033,221</b>	<b>57.8</b>	<b>56.1</b>	<b>4.7</b>	<b>19.7</b>	<b>19.7</b>	<b>5.7</b>	<b>11.6</b>	<b>4.9</b>
Asset Class Target				4.3	19.1	19.1	4.9	10.8	4.1
<b>Domestic Equities</b>	<b>40,636,696,319</b>	<b>26.5</b>		<b>3.0 (56)</b>	<b>18.4 (48)</b>	<b>18.4 (48)</b>	<b>8.9 (24)</b>	<b>14.5 (23)</b>	<b>7.3 (23)</b>
Asset Class Target				3.0 (52)	18.5 (45)	18.5 (45)	9.1 (17)	14.6 (16)	7.3 (24)
<b>Foreign Equities</b>	<b>37,991,200,077</b>	<b>24.7</b>		<b>6.7 (34)</b>	<b>21.6 (25)</b>	<b>21.6 (25)</b>	<b>2.4 (35)</b>	<b>8.7 (39)</b>	<b>2.7 (12)</b>
Asset Class Target				5.9 (68)	20.6 (40)	20.6 (40)	1.2 (83)	7.7 (67)	1.5 (64)
<b>Global Equities</b>	<b>8,704,767,363</b>	<b>5.7</b>		<b>4.6</b>	<b>16.5</b>	<b>16.5</b>	<b>5.7</b>	<b>11.3</b>	<b>3.9</b>
Benchmark				4.1	18.3	18.3	5.1	11.1	4.2
<b>Fixed Income</b>	<b>27,551,168,752</b>	<b>17.9</b>	<b>19.5</b>	<b>1.0 (80)</b>	<b>0.3 (78)</b>	<b>0.3 (78)</b>	<b>2.2 (77)</b>	<b>2.1 (75)</b>	<b>4.6 (65)</b>
Asset Class Target				0.9 (86)	-0.2 (90)	-0.2 (90)	2.0 (78)	1.7 (87)	4.2 (81)
<b>Private Equity</b>	<b>9,803,121,404</b>	<b>6.4</b>	<b>6.3</b>	<b>5.7</b>	<b>18.3</b>	<b>18.3</b>	<b>13.3</b>	<b>14.1</b>	<b>9.0</b>
Asset Class Target				5.1	22.1	22.1	7.9	15.0	9.6
<b>Real Estate</b>	<b>13,674,719,791</b>	<b>8.9</b>	<b>8.8</b>	<b>2.7 (14)</b>	<b>9.1 (21)</b>	<b>9.1 (21)</b>	<b>11.2 (33)</b>	<b>12.7 (10)</b>	<b>6.4</b>
Asset Class Target				1.7 (58)	6.9 (71)	6.9 (71)	10.3 (59)	10.8 (77)	5.2
<b>Strategic Investments</b>	<b>12,654,071,256</b>	<b>8.2</b>	<b>8.2</b>	<b>2.2</b>	<b>9.9</b>	<b>9.9</b>	<b>6.1</b>	<b>9.4</b>	<b>4.1</b>
Short-Term Target				1.3	6.6	6.6	3.6	6.3	2.2
<b>Cash</b>	<b>1,184,186,508</b>	<b>0.8</b>	<b>1.0</b>	<b>0.2</b>	<b>0.6</b>	<b>0.6</b>	<b>0.4</b>	<b>0.3</b>	<b>0.0</b>
iMoneyNet First Tier Institutional Money Market Funds Net Index				0.2	0.5	0.5	0.2	0.2	0.7

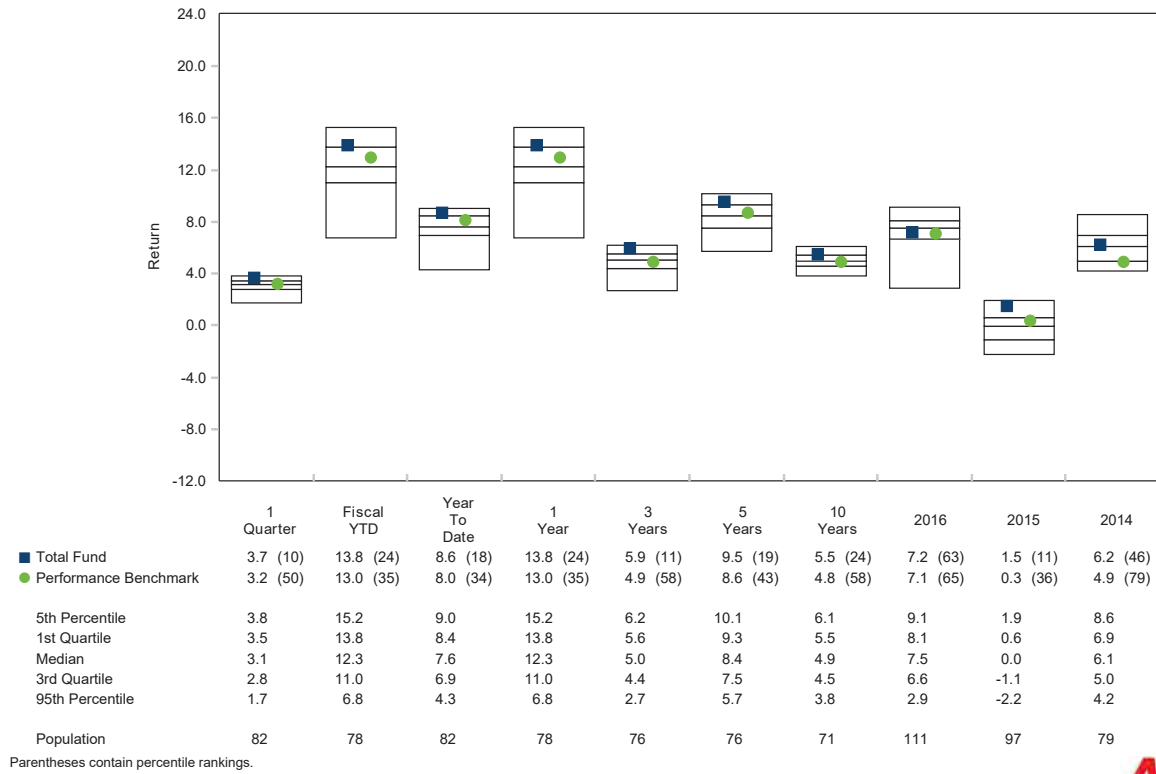
Benchmark and universe descriptions can be found in the Appendix.

\* 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.

As of June 30, 2017

## Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-Total Fund



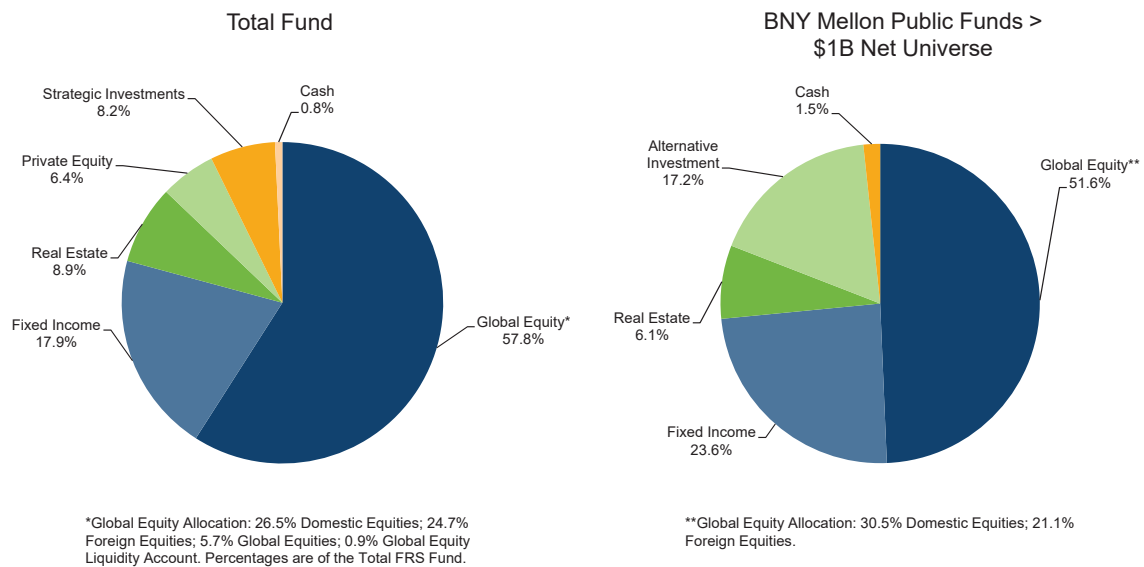
22



Total Fund

As of June 30, 2017

## Universe Asset Allocation Comparison



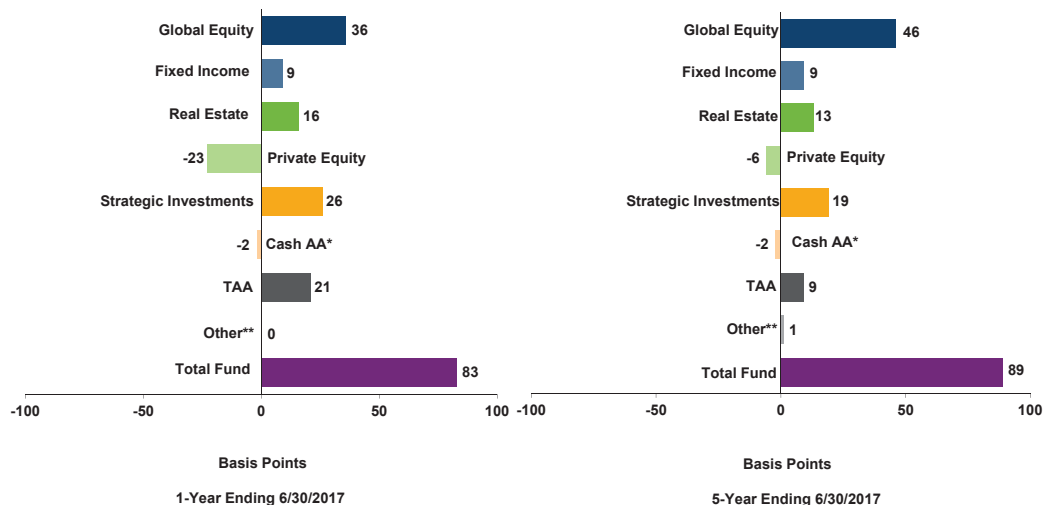
23



Total Fund

As of June 30, 2017

## 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.

24

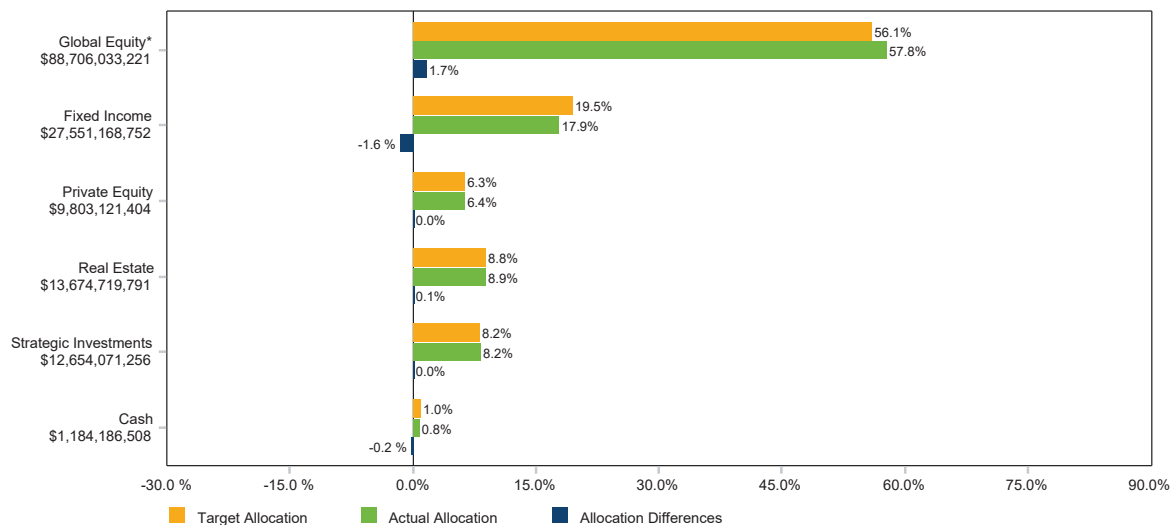


Total Fund

As of June 30, 2017

## Asset Allocation Compliance

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	153,573,300,932	100.0	100.0		
Global Equity*	88,706,033,221	57.8	56.1	45.0	70.0
Fixed Income	27,551,168,752	17.9	19.5	10.0	26.0
Private Equity	9,803,121,404	6.4	6.3	2.0	9.0
Real Estate	13,674,719,791	8.9	8.8	4.0	16.0
Strategic Investments	12,654,071,256	8.2	8.2	0.0	16.0
Cash	1,184,186,508	0.8	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.

25



(This page is left blank intentionally)

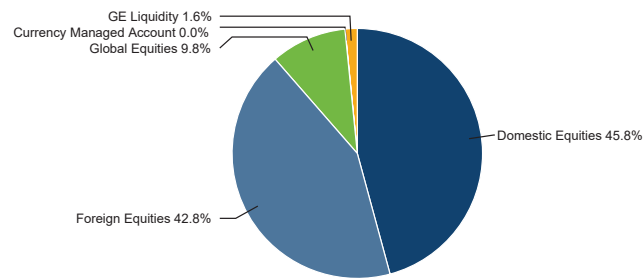


## Global Equity

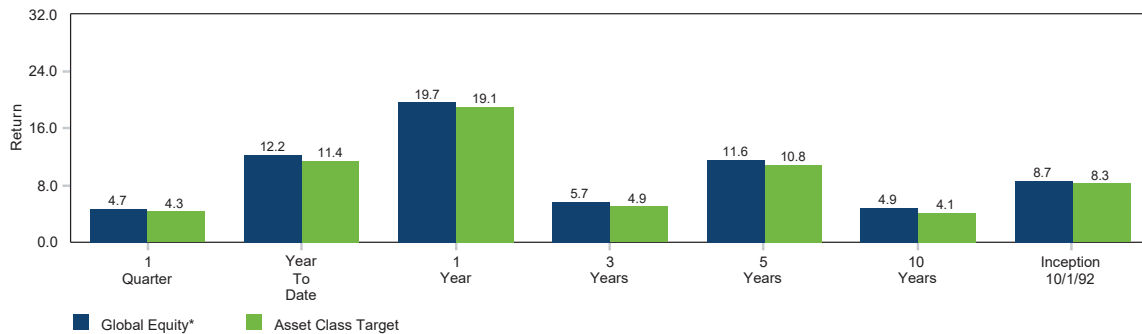
---

## Global Equity\* Portfolio Overview

Current Allocation  
June 30, 2017 : \$88,706M



## Return Summary



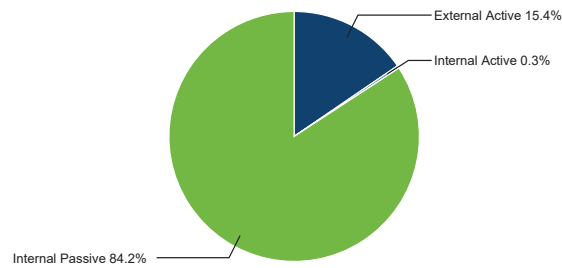
\* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.



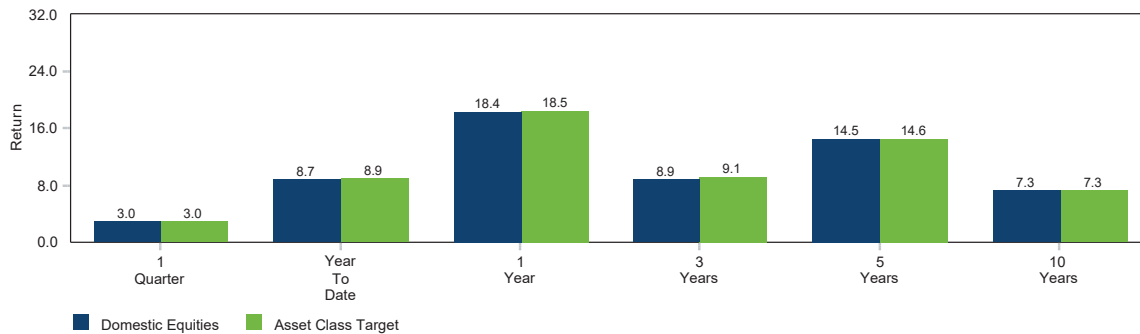
## Domestic Equities

## Domestic Equities Portfolio Overview

Current Allocation  
June 30, 2017 : \$40,637M

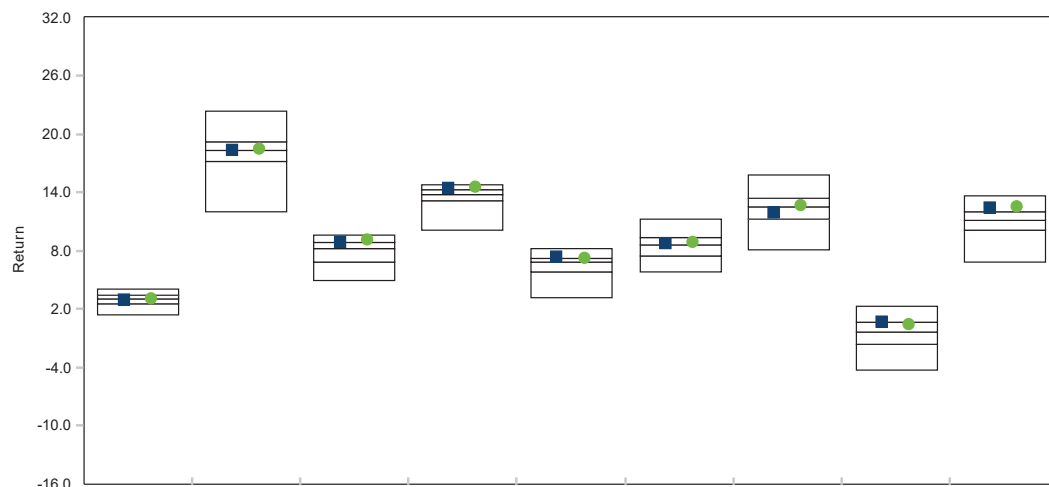


## Return Summary



## Plan Sponsor Peer Group Analysis

All Public Plans &gt; \$1B-US Equity Segment



	1 Quarter	1 Year	3 Years	5 Years	10 Years	Year To Date	2016	2015	2014
Domestic Equities	3.0 (56)	18.4 (48)	8.9 (24)	14.5 (23)	7.3 (23)	8.7 (42)	11.9 (63)	0.6 (26)	12.4 (18)
Asset Class Target	3.0 (52)	18.5 (45)	9.1 (17)	14.6 (16)	7.3 (24)	8.9 (36)	12.7 (46)	0.5 (29)	12.6 (18)
5th Percentile	4.1	22.4	9.7	14.8	8.3	11.3	15.9	2.3	13.6
1st Quartile	3.5	19.3	8.8	14.3	7.2	9.4	13.4	0.7	12.0
Median	3.0	18.3	8.3	13.8	6.9	8.6	12.6	-0.3	11.1
3rd Quartile	2.6	17.2	6.9	13.1	5.9	7.5	11.3	-1.6	10.1
95th Percentile	1.4	12.0	5.0	10.2	3.2	5.9	8.1	-4.3	6.8
Population	72	65	61	53	32	71	64	58	39

Parentheses contain percentile rankings.

(This page is left blank intentionally)



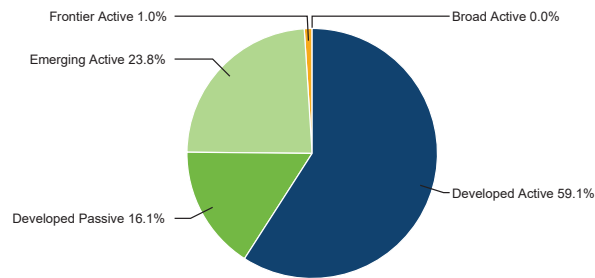
## Foreign Equities

---

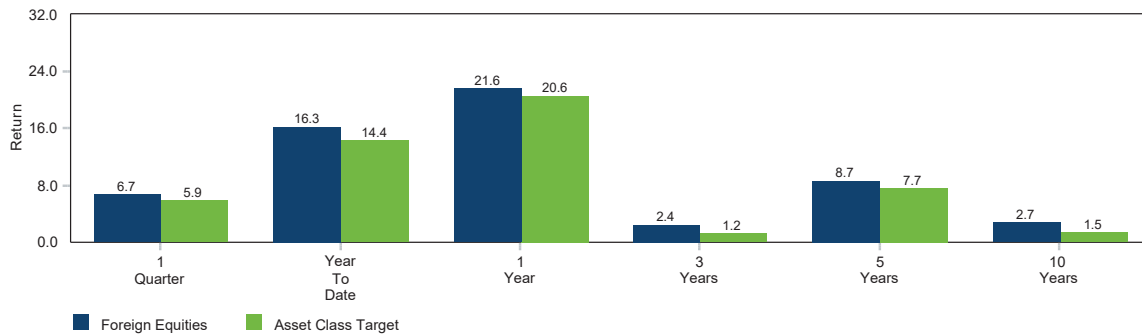


## Foreign Equities Portfolio Overview

Current Allocation  
June 30, 2017 : \$37,991M

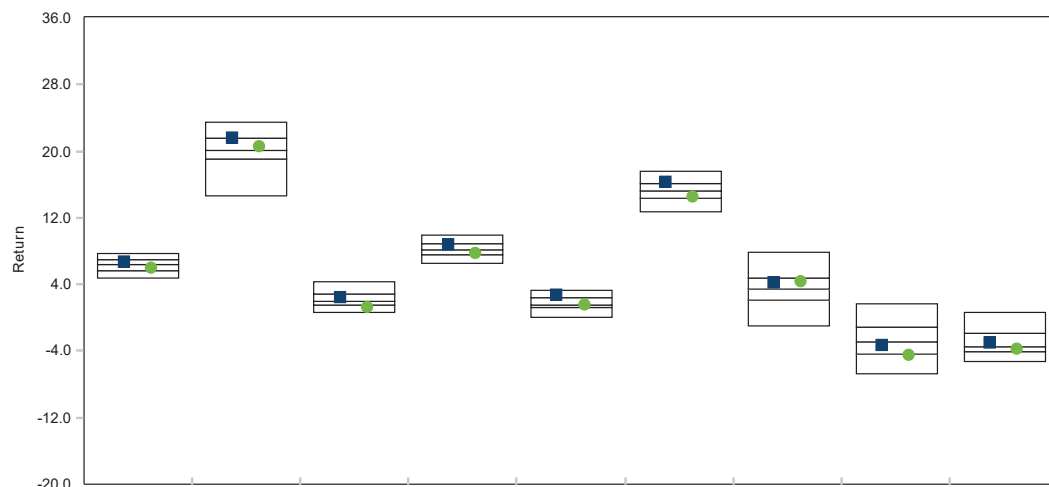


## Return Summary



## Plan Sponsor Peer Group Analysis

All Public Plans &gt; \$1B-Intl. Equity Segment



	1 Quarter	1 Year	3 Years	5 Years	10 Years	Year To Date	2016	2015	2014
Foreign Equities	6.7 (34)	21.6 (25)	2.4 (35)	8.7 (39)	2.7 (12)	16.3 (20)	4.1 (37)	-3.4 (56)	-3.0 (39)
Asset Class Target	5.9 (68)	20.6 (40)	1.2 (83)	7.7 (67)	1.5 (64)	14.4 (72)	4.3 (33)	-4.5 (78)	-3.7 (68)
5th Percentile	7.7	23.5	4.3	10.0	3.3	17.6	7.9	1.7	0.7
1st Quartile	7.0	21.6	2.8	8.9	2.4	16.0	4.7	-1.2	-1.9
Median	6.3	20.1	2.0	8.2	1.6	15.3	3.4	-3.0	-3.4
3rd Quartile	5.7	19.1	1.5	7.6	1.3	14.3	2.1	-4.3	-4.1
95th Percentile	4.7	14.7	0.6	6.6	0.0	12.8	-0.9	-6.7	-5.2
Population	70	67	59	51	32	70	64	55	38

Parentheses contain percentile rankings.

(This page is left blank intentionally)

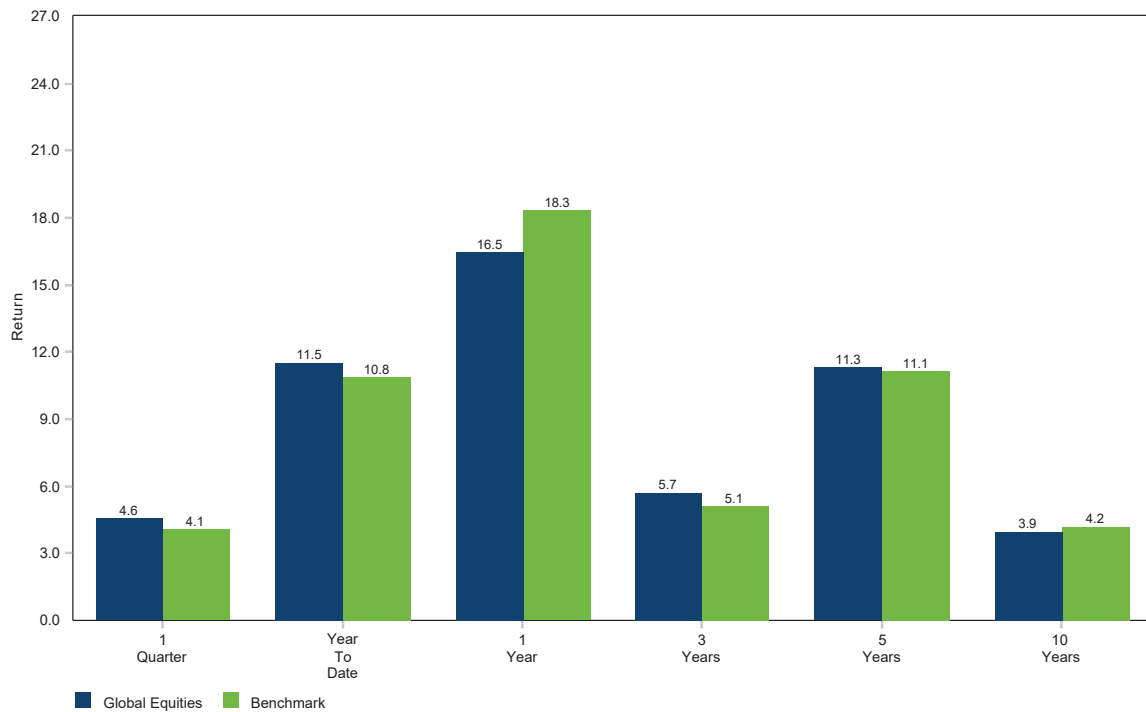


## Global Equities

---

## Global Equities Performance Summary

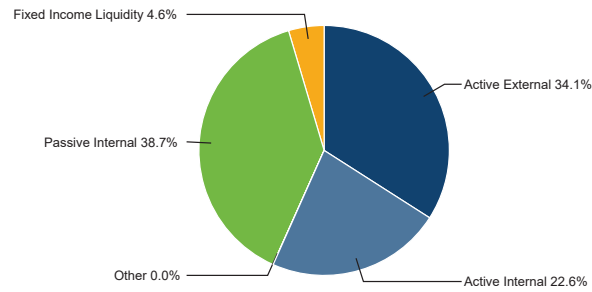
## Return Summary



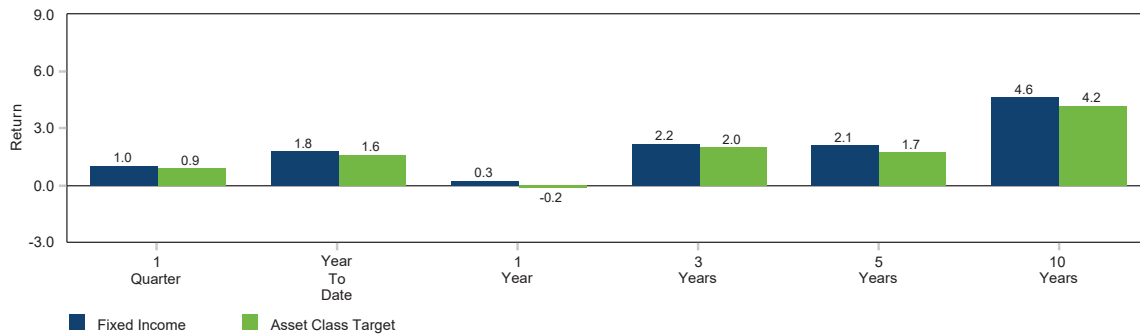
## Fixed Income

## Fixed Income Portfolio Overview

Current Allocation  
June 30, 2017 : \$27,551M

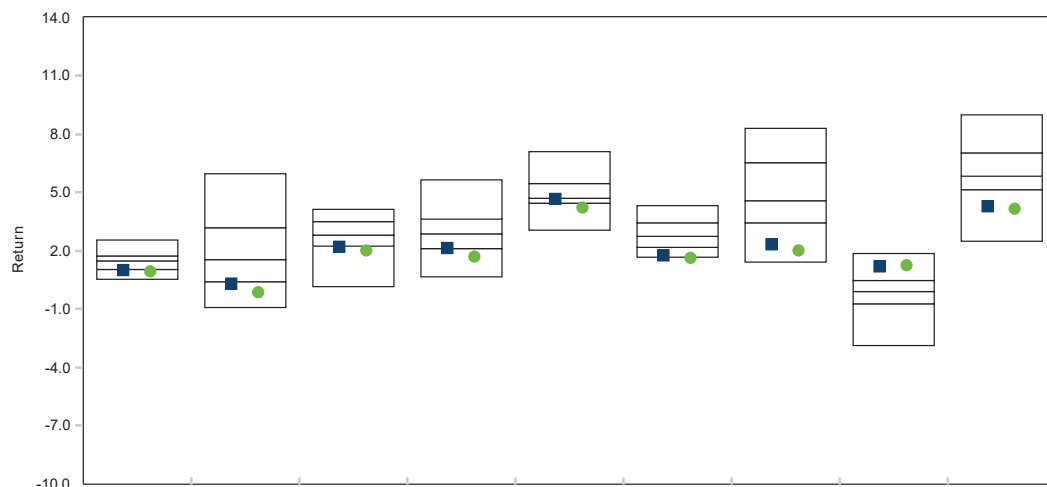


## Return Summary



## Plan Sponsor Peer Group Analysis

All Public Plans &gt; \$1B-US Fixed Income Segment



	1 Quarter	1 Year	3 Years	5 Years	10 Years	Year To Date	2016	2015	2014
■ Fixed Income	1.0 (80)	0.3 (78)	2.2 (77)	2.1 (75)	4.6 (65)	1.8 (92)	2.3 (90)	1.2 (9)	4.3 (86)
● Asset Class Target	0.9 (86)	-0.2 (90)	2.0 (78)	1.7 (87)	4.2 (81)	1.6 (98)	2.0 (93)	1.2 (9)	4.1 (87)
5th Percentile	2.6	6.0	4.1	5.6	7.1	4.3	8.3	1.9	9.0
1st Quartile	1.8	3.2	3.5	3.7	5.5	3.5	6.5	0.5	7.1
Median	1.5	1.6	2.8	2.9	4.7	2.8	4.6	-0.1	5.9
3rd Quartile	1.1	0.4	2.2	2.1	4.5	2.2	3.4	-0.7	5.2
95th Percentile	0.6	-0.9	0.2	0.7	3.1	1.7	1.4	-2.9	2.5
Population	69	67	63	57	37	69	66	54	39

Parentheses contain percentile rankings.



(This page is left blank intentionally)

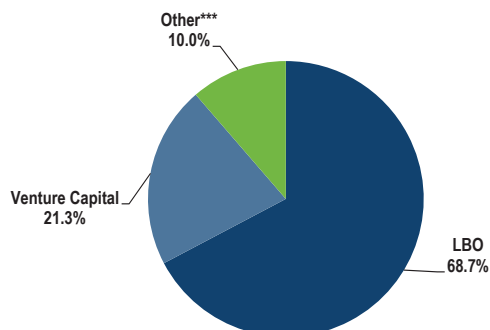


## Private Equity

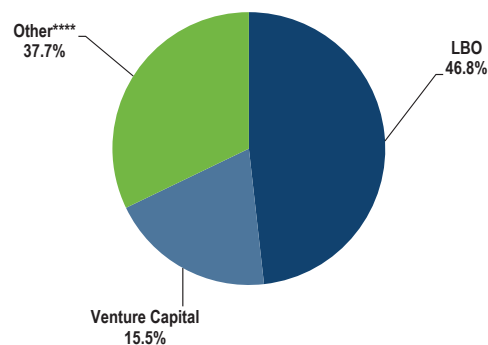
---

## Overview

## FRS Private Equity by Market Value\*



## Preqin Private Equity Strategies by Market Value\*\*



\*Allocation data is as of June 30, 2017.

\*\*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.

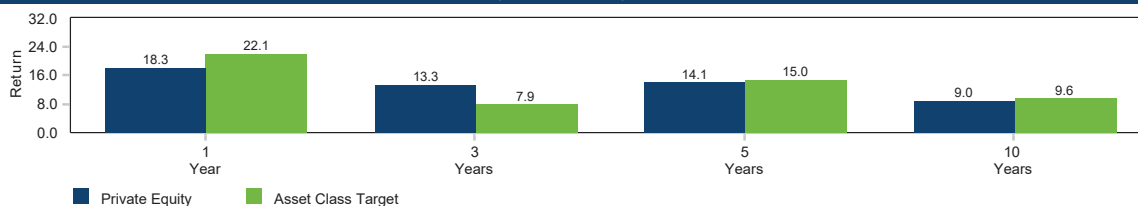
\*\*\*\*Other for the Preqin data consists of Distressed PE, Growth, Mezzanine, and other Private Equity/Special Situations.

Preqin universe is comprised of 10,000 private equity funds representing \$3.8 trillion.

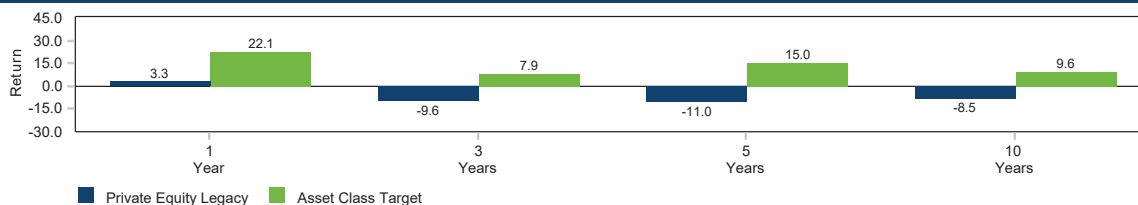
## Private Equity

## Time-Weighted Investment Results

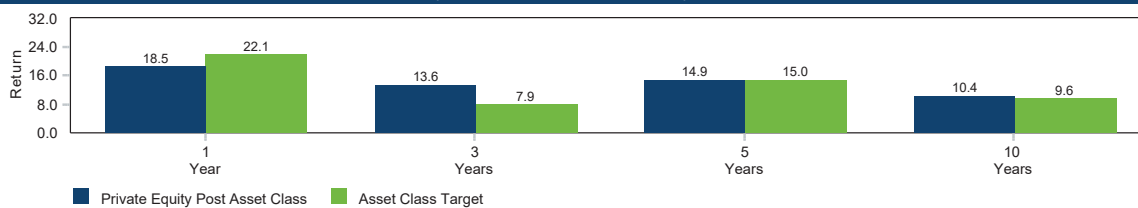
## Private Equity Return Summary as of June 30, 2017



## Private Equity Legacy Return Summary as of June 30, 2017



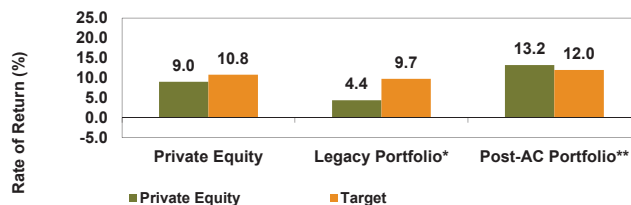
## Private Equity Post Asset Class Return Summary as of June 30, 2017



## Dollar-Weighted Investment Results

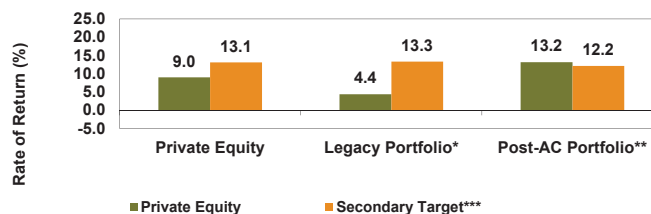
As of June 30, 2017

## Since Inception



As of June 30, 2017

## Since Inception



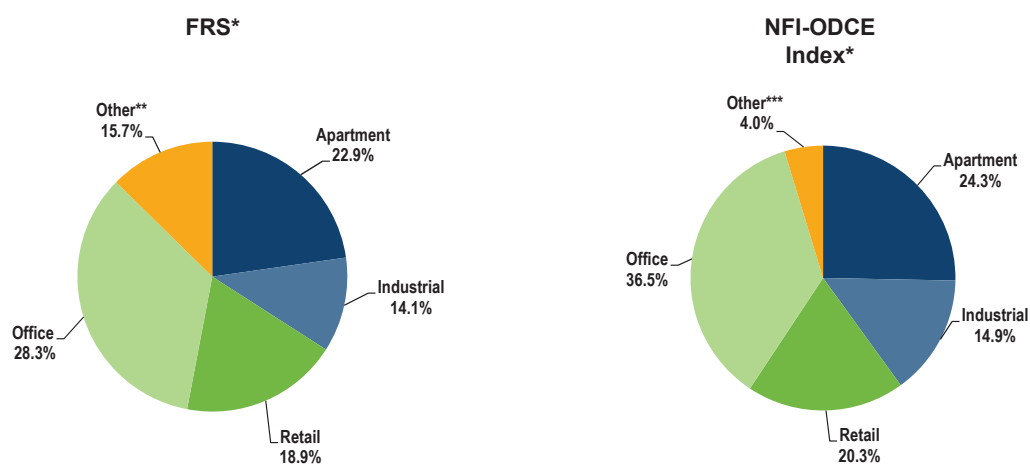
\*The Inception Date for the Legacy Portfolio is January 1989.

\*\*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.

## Real Estate

## Overview

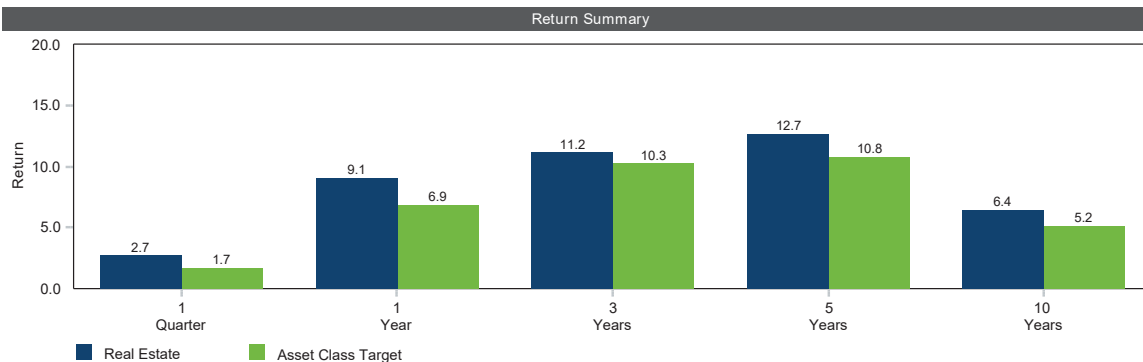
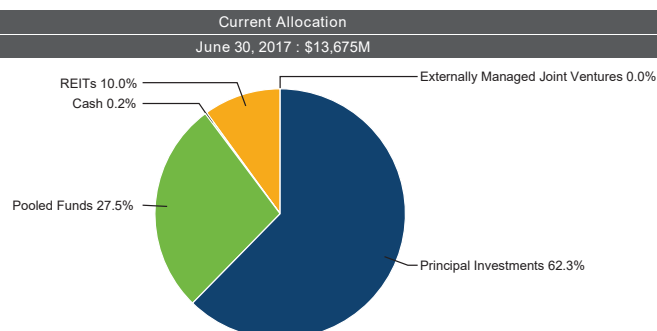


\*Property Allocation data is as of March 31, 2017. The FRS chart includes only the FRS private real estate assets. Property type information for the REIT portfolios is not included.

\*\*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.

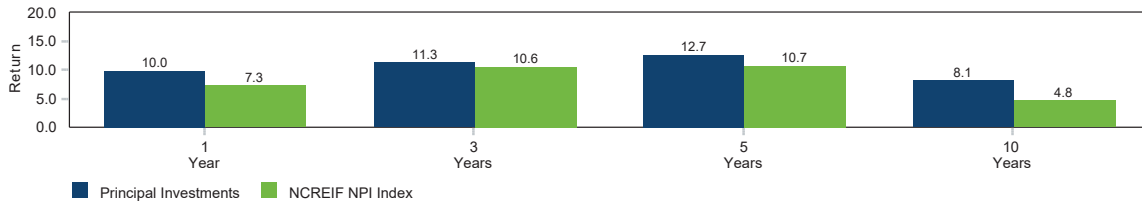
## Real Estate Portfolio Overview



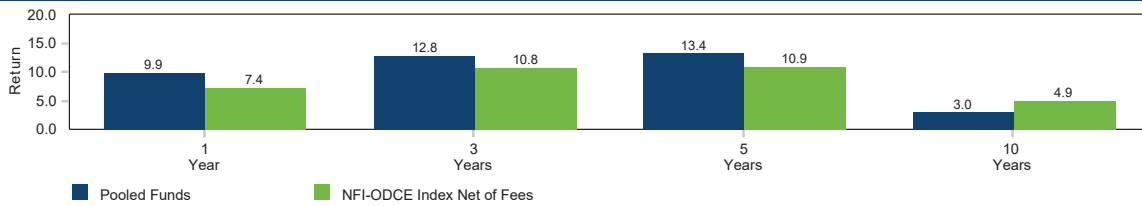


## Real Estate

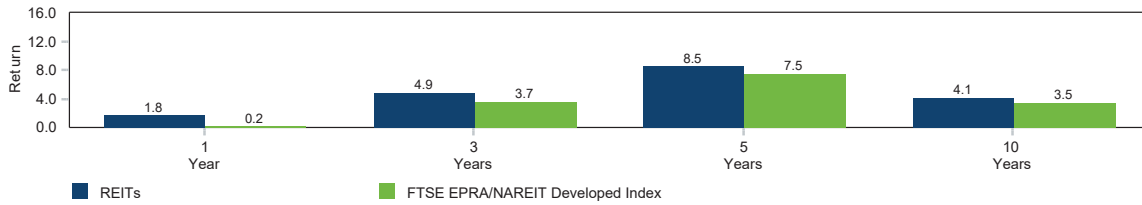
Principal Investments Return Summary as of June 30, 2017



Pooled Funds Return Summary as of June 30, 2017



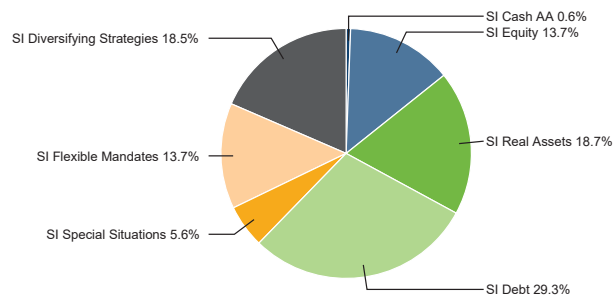
REITs Return Summary as of June 30, 2017



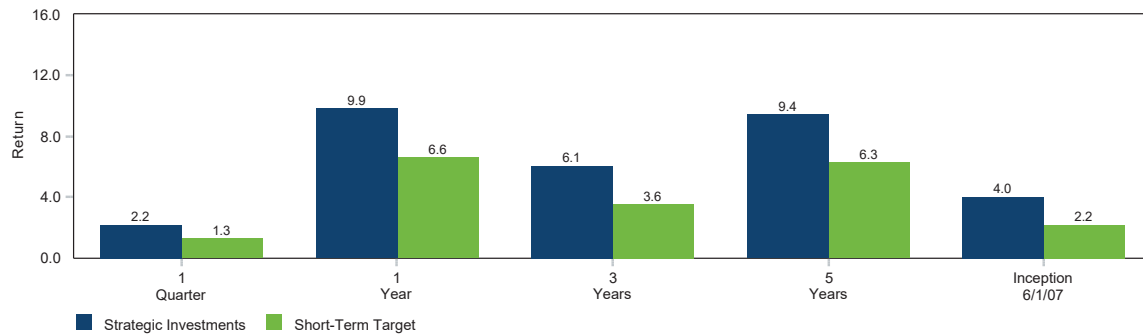
## Strategic Investments

## Strategic Investments Portfolio Overview

Current Allocation  
June 30, 2017 : \$12,654M



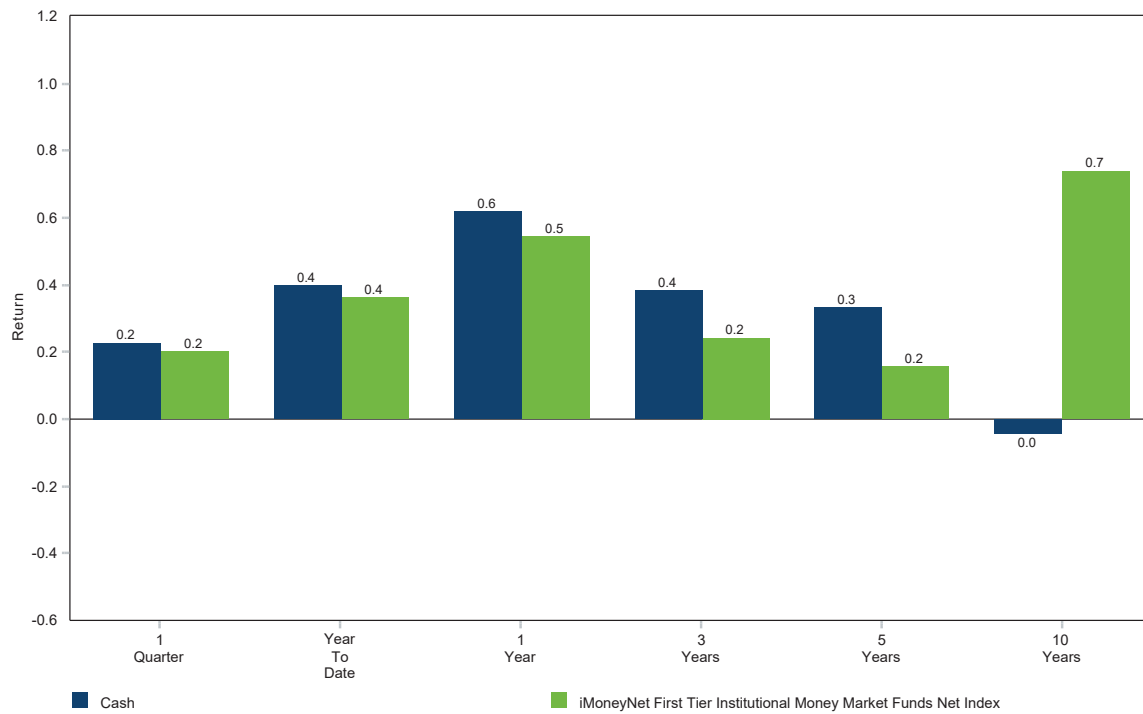
## Return Summary



## Cash

## Cash Performance Summary

## Return Summary



## Appendix

As of June 30, 2017

## 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).

56



As of June 30, 2017

## 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, 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.

57



## 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 82 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 \$16.5 billion.

Domestic Equity - A universe comprised of 72 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 \$323.3 billion as of quarter-end and the average market value was \$3.9 billion.

Foreign Equity - A universe comprised of 70 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 \$243.8 billion as of quarter-end and the average market value was \$3.0 billion.

Fixed Income - A universe comprised of 69 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 \$342.7 billion as of quarter-end and the average market value was \$4.2 billion.

Real Estate - A universe comprised of 50 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 \$77.8 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.

## Disclaimers

The information contained herein is proprietary and provided for informational purposes only. It is not complete and does not contain certain material information about making investments in securities including important disclosures and risk factors. All securities transactions involve substantial risk of loss. Under no circumstances does the information in this report represent a recommendation to buy or sell stocks, limited partnership interests, or other investment instruments.

The data contained in these reports is compiled from statements provided by the custodian(s), record-keeper(s), and/or other third-party data provider(s). This document is not intended to provide, and shall not be relied upon for, accounting and legal or tax advice. AHIC has not conducted additional audits and cannot warrant its accuracy or completeness.

We urge you to compare this statement with that of your qualified custodian and/or record-keeper and notify AHIC with any issues or questions you may have with respect to investment performance or any other matter set forth herein.

The mutual fund information found in this report is provided by Thomson Reuters Lipper and AHIC cannot warrant its accuracy or timeliness. Thomson Reuters Lipper Global Data Feed provides comprehensive coverage of mutual fund information directly to Investment Metrics, AHIC's performance reporting vendor, via the PARis performance reporting platform. Thomson Reuters Lipper is the data provider chosen by Investment Metrics, and as such, AHIC has no direct relationship with Thomson Reuters Lipper.

Refer to Hedge Fund Research, Inc. [www.hedgefundresearch.com](http://www.hedgefundresearch.com) for information on HFR indices.

FTSE International Limited ("FTSE") © FTSE 2017. "FTSE®" and "FTSE4Good®" are trademarks of the London Stock Exchange Group companies and are used by FTSE International Limited under license. The FTSE indices are calculated by FTSE International Limited in conjunction with Indonesia Stock Exchange, Bursa Malaysia Berhad, The Philippine Stock Exchange, Inc., Singapore Exchange Securities Trading Limited and the Stock Exchange of Thailand (the "Exchanges"). All intellectual property rights in the FTSE/ASEAN Index vest in FTSE and the Exchanges. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

Past performance is not necessarily indicative of future results.

Aon Hewitt Investment Consulting, Inc. ("AHIC") is a federally registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). AHIC is also registered with the Commodity Futures Trade Commission as a commodity pool operator and a commodity trading advisor, and is a member of the National Futures Association. The AHIC ADV Form Part 2A disclosure statement is available upon written request to:

Aon Hewitt Investment Consulting, Inc.  
200 East Randolph Street  
Suite 1500  
Chicago, IL 60601  
ATTN: AHIC Compliance Officer



FRS Investment Plan | Second Quarter 2017

## Quarterly Investment Review

Visit the Aon Hewitt Retirement and Investment Blog (<http://retirementandinvestmentblog.aon.com>); sharing our best thinking.

(This page is left blank intentionally)

## Table Of Contents

1	FRS Investment Plan	1
2	Appendix	11



(This page is left blank intentionally)



## FRS Investment Plan

---

As of June 30, 2017

Asset Allocation & Performance

	Allocation		Performance(%)					
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
FRS Investment Plan	9,967,198,945	100.0	3.0	7.6	13.4	4.8	8.0	4.6
Total Plan Aggregate Benchmark			2.7	7.0	12.6	4.6	7.6	4.2
<b>Retirement Date</b>	<b>4,332,573,010</b>	<b>43.5</b>						
FRS Retirement Fund	384,435,049	3.9	1.9 (57)	5.2 (55)	6.8 (76)	2.3 (93)	4.4 (88)	-
Retirement Custom Index			1.8 (66)	4.8 (63)	6.6 (78)	2.5 (83)	4.3 (89)	-
FRS 2015 Retirement Date Fund	344,474,693	3.5	2.2 (74)	5.8 (56)	8.2 (70)	2.7 (92)	5.1 (95)	-
2015 Retirement Custom Index			2.0 (93)	5.3 (86)	7.5 (77)	2.8 (89)	5.0 (96)	-
FRS 2020 Retirement Date Fund	585,823,677	5.9	2.7 (43)	6.9 (30)	10.4 (32)	3.5 (69)	6.6 (64)	-
2020 Retirement Custom Index			2.5 (60)	6.5 (61)	9.8 (46)	3.5 (69)	6.4 (69)	-
FRS 2025 Retirement Date Fund	649,827,728	6.5	3.1 (45)	7.9 (38)	12.5 (26)	4.2 (66)	7.9 (60)	-
2025 Retirement Custom Index			2.9 (53)	7.5 (54)	11.9 (34)	4.0 (68)	7.7 (64)	-
FRS 2030 Retirement Date Fund	580,091,255	5.8	3.4 (41)	8.7 (39)	14.3 (28)	4.8 (56)	9.3 (47)	-
2030 Retirement Custom Index			3.3 (49)	8.4 (57)	13.7 (33)	4.5 (70)	9.0 (54)	-
FRS 2035 Retirement Date Fund	534,860,357	5.4	3.7 (37)	9.6 (33)	16.2 (22)	5.1 (59)	10.4 (36)	-
2035 Retirement Custom Index			3.6 (59)	9.1 (59)	15.2 (41)	4.7 (77)	10.0 (50)	-
FRS 2040 Retirement Date Fund	467,759,493	4.7	3.9 (41)	10.1 (39)	17.0 (27)	5.2 (65)	10.6 (48)	-
2040 Retirement Custom Index			3.8 (51)	9.8 (54)	16.5 (38)	4.9 (75)	10.3 (53)	-
FRS 2045 Retirement Date Fund	446,929,205	4.5	4.0 (47)	10.3 (40)	17.5 (27)	5.4 (68)	10.7 (46)	-
2045 Retirement Custom Index			3.9 (51)	10.1 (49)	17.2 (32)	5.1 (77)	10.4 (60)	-
FRS 2050 Retirement Date Fund	243,971,681	2.4	4.0 (41)	10.3 (42)	17.6 (31)	5.4 (69)	10.7 (55)	-
2050 Retirement Custom Index			3.9 (49)	10.1 (52)	17.2 (42)	5.1 (75)	10.4 (69)	-
FRS 2055 Retirement Date Fund	94,399,871	0.9	4.0 (57)	10.3 (51)	17.5 (50)	5.4 (70)	10.7 (63)	-
2055 Retirement Custom Index			3.9 (61)	10.1 (66)	17.2 (51)	5.1 (85)	10.4 (80)	-

As of June 30, 2017

Asset Allocation & Performance

	Allocation		Performance(%)					
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
Cash	929,509,835	9.3	0.3 (1)	0.5 (1)	0.9 (1)	0.5 (1)	0.4 (1)	0.8 (4)
FRS Money Market Fund	929,509,835	9.3	0.3 (1)	0.5 (1)	0.9 (1)	0.5 (1)	0.4 (1)	0.8 (4)
iMoneyNet 1st Tier Institutional Net Index			0.2 (20)	0.4 (15)	0.5 (20)	0.2 (18)	0.2 (19)	0.7 (10)
<b>Real Assets</b>	<b>90,779,459</b>	<b>0.9</b>						
FRS Real Assets Fund	90,779,459	0.9	0.5	3.3	3.5	-1.4	-0.3	-
FRS Custom Real Assets Index			0.3	2.3	2.6	-0.7	-0.3	-
<b>Fixed Income</b>	<b>666,476,022</b>	<b>6.7</b>	<b>1.6 (1)</b>	<b>2.9 (2)</b>	<b>2.1 (15)</b>	<b>2.9 (1)</b>	<b>2.8 (14)</b>	<b>5.0 (8)</b>
Total Bond Index			1.5 (1)	2.5 (2)	1.5 (30)	2.7 (3)	2.5 (21)	4.5 (15)
FRS U.S. Bond Enhanced Index Fund	243,629,571	2.4	1.5 (34)	2.4 (34)	-0.3 (6)	2.6 (34)	2.3 (17)	4.7 (39)
Bimbg. Barc. U.S. Aggregate			1.4 (34)	2.3 (36)	-0.3 (8)	2.5 (34)	2.2 (18)	4.5 (44)
FIAM Intermediate Duration Pool Fund	107,422,257	1.1	1.0 (17)	1.9 (12)	0.4 (73)	2.2 (7)	2.2 (36)	4.0 (22)
Bimbg. Barc. U.S. Intermediate Aggregate			0.9 (21)	1.6 (34)	-0.2 (90)	2.0 (22)	1.9 (54)	4.0 (22)
FRS Core Plus Fixed Income Fund	315,424,193	3.2	1.9 (26)	3.4 (29)	3.1 (28)	3.1 (34)	3.9 (28)	-
FRS Custom Core-Plus Fixed Income Index			1.6 (59)	2.7 (65)	1.8 (58)	2.8 (47)	3.5 (37)	-
<b>Domestic Equity</b>	<b>2,706,930,699</b>	<b>27.2</b>	<b>2.9 (51)</b>	<b>8.5 (53)</b>	<b>20.1 (31)</b>	<b>9.1 (24)</b>	<b>14.9 (23)</b>	<b>7.9 (19)</b>
Total U.S. Equities Index			2.8 (54)	7.9 (59)	19.1 (43)	8.8 (29)	14.4 (36)	7.2 (32)
FRS U.S. Stock Market Index Fund	914,894,421	9.2	3.1 (56)	9.0 (56)	18.7 (48)	9.2 (36)	14.7 (31)	7.4 (33)
Russell 3000 Index			3.0 (58)	8.9 (56)	18.5 (48)	9.1 (38)	14.6 (33)	7.3 (35)
FRS U.S. Large Cap Equity Fund	912,082,235	9.2	3.9 (29)	10.2 (34)	22.0 (18)	9.3 (31)	15.0 (22)	-
Russell 1000 Index			3.1 (44)	9.3 (42)	18.0 (47)	9.3 (31)	14.7 (29)	-
FRS U.S. Small/Mid Cap Equity Fund	879,954,043	8.8	1.9 (55)	6.2 (51)	21.8 (31)	8.8 (25)	15.4 (13)	-
FRS Custom Small/Mid Cap Index			2.1 (50)	6.0 (52)	19.8 (45)	7.2 (42)	11.4 (87)	-

As of June 30, 2017

### Asset Allocation & Performance

	Allocation		Performance(%)					
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
International/Global Equity	729,141,031	7.3	6.2 (53)	15.2 (56)	21.0 (43)	2.6 (37)	9.4 (29)	2.8 (27)
Total Foreign and Global Equities Index			5.6 (66)	13.9 (72)	20.2 (48)	1.7 (49)	8.6 (39)	1.5 (50)
FRS Foreign Stock Index Fund	291,799,988	2.9	6.0 (59)	14.7 (63)	20.8 (45)	1.4 (53)	8.8 (38)	1.5 (50)
MSCI All Country World ex-U.S. IMI Index			5.8 (61)	14.3 (67)	20.4 (47)	1.1 (58)	8.4 (42)	1.1 (60)
American Funds New Perspective Fund	265,792,888	2.7	6.9 (20)	17.1 (14)	21.6 (25)	8.1 (12)	13.0 (22)	6.7 (17)
MSCI All Country World Index Net			4.3 (56)	11.5 (49)	18.8 (44)	4.8 (48)	10.5 (53)	3.6 (56)
American Funds Euro-Pacific Growth Fund	171,548,155	1.7	7.7 (5)	17.8 (9)	22.2 (33)	3.7 (3)	9.6 (10)	3.5 (3)
MSCI All Country World ex-U.S. Index			5.8 (58)	14.1 (50)	20.6 (36)	1.2 (35)	7.6 (64)	0.9 (43)
FRS Self-Dir Brokerage Acct	511,788,891	5.1						

The returns for the Retirement Date Funds, Real Assets Fund, Core Plus Fixed Income Fund, U.S. Large Cap Equity Fund, and U.S. Small/Mid Cap Equity 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 June 30, 2017

### Asset Allocation & Performance

	Performance(%)								
	2016	2015	2014	2013	2012	2011	2010	2009	2008
FRS Investment Plan	8.0	-0.9	4.9	15.2	10.5	0.7	10.6	18.4	-23.2
Total Plan Aggregate Benchmark	8.5	-1.3	4.9	14.6	9.7	0.9	10.2	16.8	-23.4
<b>Retirement Date</b>									
FRS Retirement Fund	6.2 (48)	-2.6 (100)	4.4 (83)	3.5 (96)	10.7 (56)	3.4 (9)	11.5 (52)	20.0 (82)	-
Retirement Custom Index	6.2 (48)	-1.8 (95)	3.6 (90)	3.4 (96)	8.5 (74)	5.0 (1)	9.9 (80)	19.1 (84)	-
FRS 2015 Retirement Date Fund	6.7 (43)	-2.5 (98)	4.4 (78)	5.5 (89)	11.3 (43)	2.1 (20)	11.5 (62)	21.8 (67)	-
2015 Retirement Custom Index	6.5 (50)	-1.8 (92)	3.7 (92)	5.7 (88)	9.6 (88)	3.2 (1)	10.4 (85)	22.2 (65)	-
FRS 2020 Retirement Date Fund	7.4 (19)	-2.1 (92)	4.4 (79)	9.6 (75)	12.4 (38)	0.6 (38)	12.2 (64)	24.5 (55)	-
2020 Retirement Custom Index	7.1 (31)	-1.6 (82)	3.9 (88)	9.7 (75)	11.0 (74)	1.5 (21)	11.2 (86)	24.2 (58)	-
FRS 2025 Retirement Date Fund	8.0 (14)	-1.7 (80)	4.5 (86)	13.7 (74)	13.5 (43)	-0.7 (35)	12.5 (88)	26.4 (64)	-
2025 Retirement Custom Index	7.6 (19)	-1.5 (75)	4.2 (91)	13.8 (74)	12.4 (73)	-0.3 (26)	11.8 (93)	26.3 (65)	-
FRS 2030 Retirement Date Fund	8.5 (17)	-1.3 (60)	4.4 (83)	18.1 (54)	14.6 (34)	-2.1 (50)	13.0 (86)	29.0 (48)	-
2030 Retirement Custom Index	8.0 (36)	-1.5 (63)	4.4 (83)	18.2 (52)	13.8 (53)	-2.0 (49)	12.5 (91)	29.2 (47)	-
FRS 2035 Retirement Date Fund	9.1 (18)	-1.4 (46)	4.4 (84)	22.0 (38)	15.8 (23)	-3.0 (46)	13.7 (80)	29.8 (58)	-
2035 Retirement Custom Index	8.3 (46)	-1.7 (63)	4.3 (85)	22.0 (38)	15.2 (46)	-3.1 (47)	13.3 (89)	30.1 (57)	-
FRS 2040 Retirement Date Fund	9.2 (19)	-1.4 (52)	4.4 (83)	22.3 (48)	15.8 (36)	-3.0 (38)	13.7 (79)	29.8 (54)	-
2040 Retirement Custom Index	8.6 (45)	-1.7 (66)	4.3 (84)	22.4 (48)	15.2 (50)	-3.1 (38)	13.3 (85)	30.1 (53)	-
FRS 2045 Retirement Date Fund	9.4 (20)	-1.5 (48)	4.4 (82)	22.3 (60)	15.8 (38)	-3.0 (26)	13.7 (86)	29.8 (65)	-
2045 Retirement Custom Index	8.9 (37)	-1.7 (59)	4.3 (83)	22.4 (60)	15.2 (68)	-3.1 (26)	13.3 (89)	30.1 (63)	-
FRS 2050 Retirement Date Fund	9.5 (21)	-1.5 (55)	4.4 (82)	22.3 (53)	15.8 (36)	-3.0 (20)	13.7 (84)	29.8 (73)	-
2050 Retirement Custom Index	8.9 (37)	-1.7 (62)	4.3 (82)	22.4 (53)	15.2 (58)	-3.1 (20)	13.3 (87)	30.1 (70)	-
FRS 2055 Retirement Date Fund	9.3 (27)	-1.4 (54)	4.4 (80)	22.3 (73)	15.8 (45)	-	-	-	-
2055 Retirement Custom Index	8.9 (33)	-1.7 (68)	4.3 (80)	22.4 (72)	15.2 (75)	-	-	-	-

As of June 30, 2017

### Asset Allocation & Performance

	Performance(%)								
	2016	2015	2014	2013	2012	2011	2010	2009	2008
Cash	0.6 (1)	0.2 (4)	0.1 (1)	0.2 (1)	0.3 (1)	0.2 (1)	0.3 (2)	0.3 (34)	2.4 (41)
FRS Money Market Fund	0.6 (1)	0.2 (4)	0.1 (1)	0.2 (1)	0.3 (1)	0.2 (1)	0.3 (2)	0.3 (34)	2.4 (41)
iMoneyNet 1st Tier Institutional Net Index	0.3 (24)	0.0 (26)	0.0 (23)	0.0 (23)	0.1 (23)	0.1 (23)	0.2 (7)	0.7 (3)	3.0 (5)
<b>Real Assets</b>									
FRS Real Assets Fund	6.0	-7.9	3.2	-9.1	9.1	7.4	11.7	16.0	-
FRS Custom Real Assets Index	6.2	-5.0	1.8	-8.9	6.6	4.6	13.0	17.2	-
<b>Fixed Income</b>									
Total Bond Index	4.3 (11)	0.1 (84)	4.9 (2)	-1.2 (88)	4.8 (62)	7.4 (1)	7.0 (35)	8.9 (78)	1.9 (49)
FRS U.S. Bond Enhanced Index Fund	2.7 (3)	0.7 (33)	6.2 (35)	-2.0 (16)	4.4 (14)	7.9 (67)	6.7 (48)	6.5 (6)	5.9 (87)
Blmbg. Barc. U.S. Aggregate	2.6 (3)	0.5 (43)	6.0 (36)	-2.0 (17)	4.2 (15)	7.8 (67)	6.5 (49)	5.9 (7)	5.2 (89)
FIAM Intermediate Duration Pool Fund	3.1 (31)	0.9 (30)	3.4 (20)	-0.5 (63)	4.9 (59)	5.9 (12)	7.0 (35)	11.9 (54)	-1.7 (56)
Blmbg. Barc. U.S. Intermediate Aggregate	2.0 (69)	1.2 (16)	4.1 (6)	-1.0 (83)	3.6 (79)	6.0 (11)	6.1 (48)	6.5 (86)	4.9 (11)
FRS Core Plus Fixed Income Fund	5.7 (27)	0.1 (46)	4.6 (88)	0.8 (20)	11.1 (16)	4.6 (88)	10.1 (28)	21.6 (20)	-
FRS Custom Core-Plus Fixed Income Index	4.9 (40)	0.2 (41)	5.1 (80)	0.8 (20)	7.8 (51)	7.6 (32)	9.1 (42)	18.7 (31)	-
<b>Domestic Equity</b>									
Total U.S. Equities Index	13.7 (27)	0.7 (32)	11.5 (43)	35.2 (44)	16.9 (34)	0.3 (37)	20.4 (24)	30.9 (51)	-36.5 (33)
FRS U.S. Stock Market Index Fund	12.9 (26)	0.6 (51)	12.6 (33)	33.6 (40)	16.5 (39)	1.0 (39)	17.1 (17)	28.6 (51)	-37.2 (49)
Russell 3000 Index	12.7 (27)	0.5 (51)	12.6 (34)	33.6 (40)	16.4 (40)	1.0 (39)	16.9 (19)	28.3 (52)	-37.3 (51)
FRS U.S. Large Cap Equity Fund	9.3 (58)	2.7 (30)	12.8 (42)	36.4 (22)	17.2 (24)	1.2 (45)	17.8 (19)	30.5 (36)	-
Russell 1000 Index	12.1 (33)	0.9 (43)	13.2 (33)	33.1 (47)	16.4 (31)	1.5 (41)	16.1 (31)	28.4 (43)	-
FRS U.S. Small/Mid Cap Equity Fund	19.9 (24)	-1.1 (37)	8.6 (28)	37.1 (46)	18.7 (26)	-0.9 (37)	29.6 (25)	37.0 (41)	-
FRS Custom Small/Mid Cap Index	19.6 (25)	-4.2 (72)	7.7 (34)	22.0 (98)	15.3 (53)	1.1 (23)	21.3 (86)	26.4 (86)	-

As of June 30, 2017

### Asset Allocation & Performance

	Performance(%)								
	2016	2015	2014	2013	2012	2011	2010	2009	2008
International/Global Equity	4.5 (42)	-2.6 (48)	-3.2 (42)	21.6 (33)	18.6 (53)	-11.3 (23)	10.1 (73)	34.8 (62)	-40.9 (20)
Total Foreign and Global Equities Index	4.9 (38)	-4.4 (55)	-3.0 (40)	20.6 (39)	16.6 (72)	-11.3 (23)	10.1 (73)	32.4 (69)	-42.8 (30)
FRS Foreign Stock Index Fund	5.3 (37)	-4.4 (55)	-4.5 (54)	20.5 (39)	17.6 (63)	-11.8 (27)	9.2 (77)	32.3 (69)	-42.5 (28)
MSCI All Country World ex-U.S. IMI Index	4.4 (42)	-4.6 (55)	-4.2 (51)	21.0 (36)	16.4 (72)	-12.2 (30)	8.9 (78)	33.7 (66)	-43.6 (35)
American Funds New Perspective Fund	2.2 (80)	5.6 (13)	3.7 (43)	27.1 (41)	21.0 (15)	-7.4 (45)	13.0 (56)	37.7 (43)	-37.7 (30)
MSCI All Country World Index Net	7.9 (45)	-2.4 (54)	4.2 (39)	22.8 (60)	16.3 (38)	-5.5 (35)	11.8 (61)	30.0 (65)	-40.7 (43)
American Funds Euro-Pacific Growth Fund	1.0 (64)	-0.5 (23)	-2.3 (14)	20.6 (51)	19.6 (30)	-13.3 (57)	9.8 (22)	39.6 (6)	-40.3 (21)
MSCI All Country World ex-U.S. Index	5.0 (17)	-5.3 (76)	-3.4 (17)	15.8 (73)	17.4 (64)	-13.3 (59)	11.6 (14)	32.5 (38)	-43.1 (57)
FRS Self-Dir Brokerage Acct									

The returns for the Retirement Date Funds, Real Assets Fund, Core Plus Fixed Income Fund, U.S. Large Cap Equity Fund, and U.S. Small/Mid Cap Equity 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 June 30, 2017

## Asset Allocation

Asset Allocation as of 6/30/2017								
	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	Real Assets	Cash	Brokerage	Total	% of Total
FRS Retirement Fund	60,356,303	55,743,082	139,165,488	129,170,176			384,435,049	3.9%
FRS 2015 Retirement Date Fund	62,349,920	57,527,274	117,465,870	107,131,630			344,474,693	3.5%
FRS 2020 Retirement Date Fund	141,769,330	131,224,504	187,463,577	125,366,267			585,823,677	5.9%
FRS 2025 Retirement Date Fund	194,948,318	179,352,453	187,800,213	87,726,743			649,827,728	6.5%
FRS 2030 Retirement Date Fund	201,871,757	186,209,293	144,442,723	47,567,483			580,091,255	5.8%
FRS 2035 Retirement Date Fund	208,595,539	192,549,729	110,181,234	23,533,856			534,860,357	5.4%
FRS 2040 Retirement Date Fund	199,733,304	184,765,000	72,970,481	10,290,709			467,759,493	4.7%
FRS 2045 Retirement Date Fund	199,330,425	183,687,903	53,631,505	10,279,372			446,929,205	4.5%
FRS 2050 Retirement Date Fund	108,811,370	100,272,361	29,276,602	5,611,349			243,971,681	2.4%
FRS 2055 Retirement Date Fund	42,102,343	38,798,347	11,327,985	2,171,197			94,399,871	0.9%
<b>Total Retirement Date Funds</b>	<b>\$ 1,419,868,608</b>	<b>\$ 1,310,128,945</b>	<b>\$ 1,053,725,676</b>	<b>\$ 548,848,781</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,332,573,010</b>	<b>43.5%</b>
FRS Money Market Fund					929,509,835		929,509,835	9.3%
<b>Total Cash</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 929,509,835</b>	<b>\$ -</b>	<b>\$ 929,509,835</b>	<b>9.3%</b>
FRS Real Assets Fund				90,779,459	-		90,779,459	0.9%
<b>Total Real Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 90,779,459</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 90,779,459</b>	<b>0.9%</b>
FRS U.S. Bond Enhanced Index Fund			243,629,571				243,629,571	2.4%
FIAM Intermediate Duration Pool Fund			107,422,257				107,422,257	1.1%
FRS Core Plus Fixed Income Fund			315,424,193				315,424,193	3.2%
<b>Total Fixed Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 666,476,022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 666,476,022</b>	<b>6.7%</b>
FRS U.S. Stock Market Index Fund	914,894,421						914,894,421	9.2%
FRS U.S. Large Cap Equity Fund	912,082,235						912,082,235	9.2%
FRS U.S. Small/Mid Cap Equity Fund	879,954,043						879,954,043	8.8%
<b>Total Domestic Equity</b>	<b>\$ 2,706,930,698</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,706,930,698</b>	<b>27.2%</b>
FRS Foreign Stock Index Fund		291,799,988					291,799,988	2.9%
American Funds New Perspective Fund		265,792,888					265,792,888	2.7%
American Funds Euro-Pacific Growth Fund		171,548,155					171,548,155	1.7%
<b>Total International/Global Equity</b>	<b>\$ -</b>	<b>\$ 729,141,031</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 729,141,031</b>	<b>7.3%</b>
FRS Self-Dir Brokerage Acct						511,788,891	511,788,891	5.1%
<b>Total Self-Dir Brokerage Acct</b>						<b>\$ 511,788,891</b>	<b>\$ 511,788,891</b>	<b>5.1%</b>
<b>Total Portfolio</b>	<b>\$ 4,126,799,306</b>	<b>\$ 2,039,270,975</b>	<b>\$ 1,720,201,698</b>	<b>\$ 639,628,240</b>	<b>\$ 929,509,835</b>	<b>\$ 511,788,891</b>	<b>\$ 9,967,198,945</b>	<b>100.0%</b>
<b>Percent of Total</b>	<b>41.40%</b>	<b>20.46%</b>	<b>17.26%</b>	<b>6.42%</b>	<b>9.33%</b>	<b>5.13%</b>	<b>100.0%</b>	

The returns for the Retirement Date Funds, Real Assets Fund, Core Plus Fixed Income Fund, U.S. Large Cap Equity Fund, and U.S. Small/Mid Cap Equity 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 June 30, 2017

## 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	4.85	7.18	0.66	0.46	0.49	101.81	99.83
FRS Retirement Fund	2.30	4.96	0.44	0.53	-0.44	100.66	105.31
FRS 2015 Retirement Date Fund	2.72	5.38	0.48	0.51	-0.19	101.30	103.68
FRS 2020 Retirement Date Fund	3.47	6.18	0.55	0.45	0.02	101.89	102.80
FRS 2025 Retirement Date Fund	4.20	6.93	0.60	0.47	0.34	100.64	98.78
FRS 2030 Retirement Date Fund	4.76	7.73	0.61	0.48	0.51	101.41	99.15
FRS 2035 Retirement Date Fund	5.11	8.67	0.59	0.53	0.82	102.82	99.47
FRS 2040 Retirement Date Fund	5.24	9.04	0.59	0.55	0.57	101.28	98.64
FRS 2045 Retirement Date Fund	5.38	9.16	0.59	0.65	0.40	100.08	97.42
FRS 2050 Retirement Date Fund	5.39	9.18	0.59	0.64	0.44	100.34	97.65
FRS 2055 Retirement Date Fund	5.38	9.17	0.59	0.63	0.41	100.19	97.59
FRS Money Market Fund	0.47	0.10	4.60	0.03	7.91	195.00	N/A
FRS Real Assets Fund	-1.41	6.19	-0.24	1.81	-0.38	110.80	118.97
FRS U.S. Bond Enhanced Index Fund	2.60	2.90	0.82	0.09	1.27	101.58	98.63
FIAM Intermediate Duration Pool Fund	2.21	2.22	0.90	0.61	0.33	110.39	110.90
FRS Core Plus Fixed Income Fund	3.12	3.17	0.92	0.69	0.49	113.42	114.82
FRS U.S. Stock Market Index Fund	9.23	10.63	0.86	0.05	2.48	100.42	99.59
FRS U.S. Large Cap Equity Fund	9.27	11.64	0.80	2.43	0.06	107.91	114.57
FRS U.S. Small/Mid Cap Equity Fund	8.76	12.99	0.69	1.63	0.86	100.05	90.23
FRS Foreign Stock Index Fund	1.42	12.06	0.16	1.49	0.17	97.55	95.68
American Funds New Perspective Fund	8.13	10.77	0.76	2.96	1.05	110.09	87.34
American Funds Euro-Pacific Growth Fund	3.71	11.13	0.36	4.13	0.57	93.60	77.97

The returns for the Retirement Date Funds, Real Assets Fund, Core Plus Fixed Income Fund, U.S. Large Cap Equity Fund, and U.S. Small/Mid Cap Equity Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.

As of June 30, 2017

### 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	7.95	6.40	1.21	0.42	0.72	101.83	98.79
FRS Retirement Fund	4.39	4.82	0.88	1.32	0.09	107.01	111.43
FRS 2015 Retirement Date Fund	5.12	5.12	0.97	1.11	0.11	105.18	108.45
FRS 2020 Retirement Date Fund	6.55	5.80	1.10	0.81	0.24	104.51	106.47
FRS 2025 Retirement Date Fund	7.92	6.47	1.19	0.56	0.42	102.48	101.64
FRS 2030 Retirement Date Fund	9.26	7.23	1.24	0.43	0.61	101.65	99.69
FRS 2035 Retirement Date Fund	10.41	8.15	1.24	0.48	0.73	101.90	99.48
FRS 2040 Retirement Date Fund	10.57	8.41	1.22	0.50	0.56	101.13	98.82
FRS 2045 Retirement Date Fund	10.66	8.48	1.22	0.56	0.44	100.51	97.85
FRS 2050 Retirement Date Fund	10.67	8.50	1.22	0.55	0.46	100.65	98.03
FRS 2055 Retirement Date Fund	10.66	8.49	1.22	0.55	0.45	100.57	97.98
FRS Money Market Fund	0.38	0.08	4.59	0.02	8.65	234.36	N/A
FRS Real Assets Fund	-0.35	6.13	-0.05	1.68	-0.03	112.12	112.69
FRS U.S. Bond Enhanced Index Fund	2.33	2.88	0.75	0.11	1.07	102.25	99.83
FIAM Intermediate Duration Pool Fund	2.22	2.22	0.93	0.57	0.60	112.07	105.94
FRS Core Plus Fixed Income Fund	3.91	3.27	1.14	0.76	0.54	114.86	119.05
FRS U.S. Stock Market Index Fund	14.68	9.81	1.43	0.05	1.67	100.29	99.72
FRS U.S. Large Cap Equity Fund	15.01	10.76	1.34	2.73	0.15	105.12	109.44
FRS U.S. Small/Mid Cap Equity Fund	15.44	11.91	1.26	2.46	1.48	114.66	95.45
FRS Foreign Stock Index Fund	8.76	11.39	0.78	1.36	0.20	99.24	96.41
American Funds New Perspective Fund	13.04	10.09	1.25	2.83	0.81	105.56	86.17
American Funds Euro-Pacific Growth Fund	9.61	10.54	0.91	3.62	0.47	95.91	79.09

The returns for the Retirement Date Funds, Real Assets Fund, Core Plus Fixed Income Fund, U.S. Large Cap Equity Fund, and U.S. Small/Mid Cap Equity Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.

10



## Appendix



As of June 30, 2017

## 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 World-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.

As of June 30, 2017

## 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.

FIAM Intermediate Duration Pool Fund - A broad intermediate-term fixed income universe calculated and provided by Lipper.

FRS Core Plus Fixed Income 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 Equity Fund - A large cap universe calculated and provided by Lipper.

FRS U.S. Small/Mid Cap Equity 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.

American Funds New Perspective Fund - A global stock universe calculated and provided by Lipper.

American Funds Euro-Pacific Growth 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.

## Disclaimers

The information contained herein is proprietary and provided for informational purposes only. It is not complete and does not contain certain material information about making investments in securities including important disclosures and risk factors. All securities transactions involve substantial risk of loss. Under no circumstances does the information in this report represent a recommendation to buy or sell stocks, limited partnership interests, or other investment instruments.

The data contained in these reports is compiled from statements provided by the custodian(s), record-keeper(s), and/or other third-party data provider(s). This document is not intended to provide, and shall not be relied upon for, accounting and legal or tax advice. AHIC has not conducted additional audits and cannot warrant its accuracy or completeness.

We urge you to compare this statement with that of your qualified custodian and/or record-keeper and notify AHIC with any issues or questions you may have with respect to investment performance or any other matter set forth herein.

The mutual fund information found in this report is provided by Thomson Reuters Lipper and AHIC cannot warrant its accuracy or timeliness. Thomson Reuters Lipper Global Data Feed provides comprehensive coverage of mutual fund information directly to Investment Metrics, AHIC's performance reporting vendor, via the PARis performance reporting platform. Thomson Reuters Lipper is the data provider chosen by Investment Metrics, and as such, AHIC has no direct relationship with Thomson Reuters Lipper.

Refer to Hedge Fund Research, Inc. [www.hedgefundresearch.com](http://www.hedgefundresearch.com) for information on HFR indices.

FTSE International Limited ("FTSE") © FTSE 2017. "FTSE®" and "FTSE4Good®" are trademarks of the London Stock Exchange Group companies and are used by FTSE International Limited under license. The FTSE indices are calculated by FTSE International Limited in conjunction with Indonesia Stock Exchange, Bursa Malaysia Berhad, The Philippine Stock Exchange, Inc., Singapore Exchange Securities Trading Limited and the Stock Exchange of Thailand (the "Exchanges"). All intellectual property rights in the FTSE/ASEAN Index vest in FTSE and the Exchanges. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

Past performance is not necessarily indicative of future results.

Aon Hewitt Investment Consulting, Inc. ("AHIC") is a federally registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). AHIC is also registered with the Commodity Futures Trade Commission as a commodity pool operator and a commodity trading advisor, and is a member of the National Futures Association. The AHIC ADV Form Part 2A disclosure statement is available upon written request to:

Aon Hewitt Investment Consulting, Inc.  
200 East Randolph Street  
Suite 1500  
Chicago, IL 60601  
ATTN: AHIC Compliance Officer





Lawton Chiles Endowment Fund | Second Quarter 2017

---

## Quarterly Investment Review

Visit the Aon Hewitt Retirement and Investment Blog (<http://retirementandinvestmentblog.aon.com>); sharing our best thinking.



(This page is left blank intentionally)

# Table of Contents

1	LCEF Total Fund	1
2	Appendix	9



(This page is left blank intentionally)



## LCEF Total Fund

1

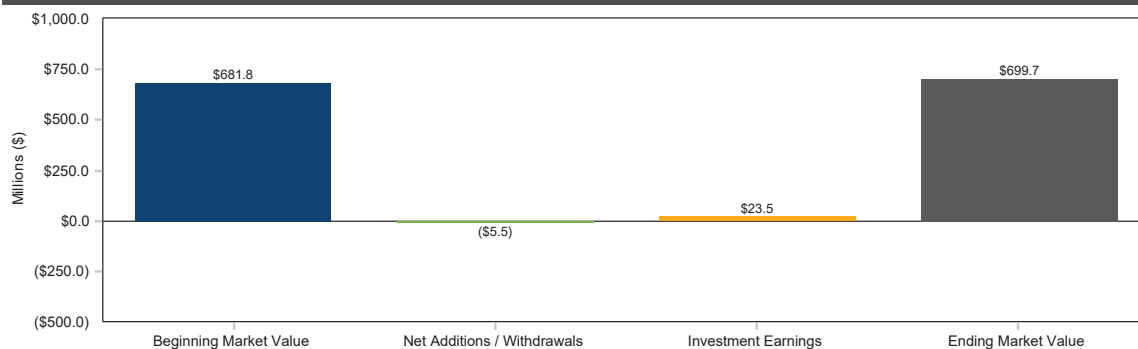


LCEF Total Fund

As of June 30, 2017

### Total Plan Asset Summary

### Change in Market Value From April 1, 2017 to June 30, 2017



### Summary of Cash Flow

	1 Quarter	Fiscal YTD*
LCEF Total Fund		
Beginning Market Value	681,772,109	611,715,263
+ Additions / Withdrawals	-5,544,445	-5,544,445
+ Investment Earnings	23,516,253	93,573,098
= Ending Market Value	699,743,916	699,743,916

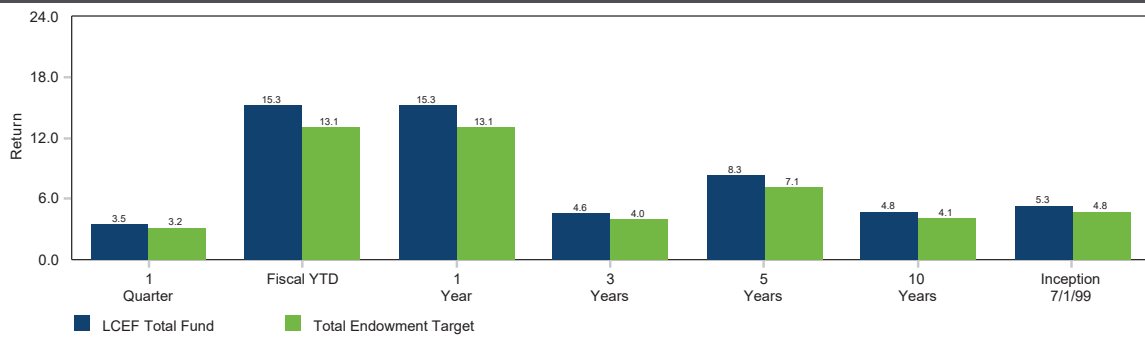
\*Period July 2016 - June 2017

2

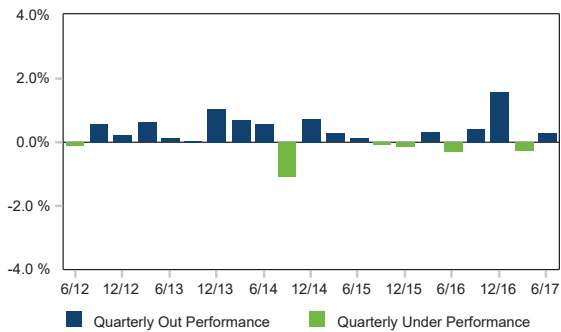


## Total Plan Performance Summary

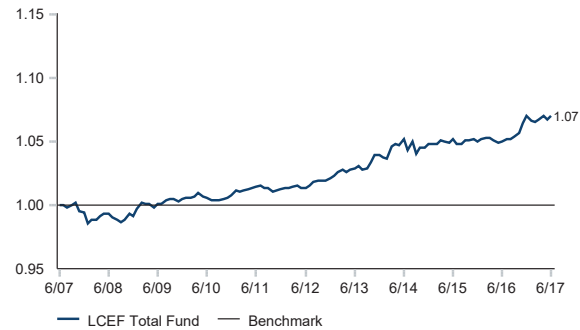
## Return Summary



## Quarterly Excess Performance



## Ratio of Cumulative Wealth - 10 Years



## Asset Allocation &amp; Performance

	Allocation			Performance(%)					
	Market Value (\$)	%	Policy(%)	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years
LCEF Total Fund	699,743,916	100.0	100.0	3.5 (10)	15.3 (5)	15.3 (5)	4.6 (38)	8.3 (37)	4.8 (40)
Total Endowment Target				3.2 (22)	13.1 (31)	13.1 (31)	4.0 (63)	7.1 (80)	4.1 (72)
Global Equity*	514,981,288	73.6	71.0	4.5	21.7	21.7	5.6	12.5	5.8
Global Equity Target				4.2	19.0	19.0	4.8	10.9	4.9
Fixed Income	107,240,524	15.3	17.0	1.5 (32)	-0.3 (60)	-0.3 (60)	2.6 (27)	2.4 (44)	4.5 (45)
Bimbg. Barc. U.S. Aggregate				1.4 (34)	-0.3 (61)	-0.3 (61)	2.5 (32)	2.2 (51)	4.5 (48)
TIPS	66,657,160	9.5	11.0	-0.3	-0.4	-0.4	0.8	0.4	4.6
Barclays U.S. TIPS				-0.4	-0.6	-0.6	0.6	0.3	4.3
Cash Equivalents	10,864,944	1.6	1.0	0.3	0.9	0.9	0.6	0.5	1.1
S&P US AAA & AA Rated GIP 30D Net Yield Index				0.2	0.6	0.6	0.3	0.2	0.7

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 June 30, 2017

### Calendar Year Performance

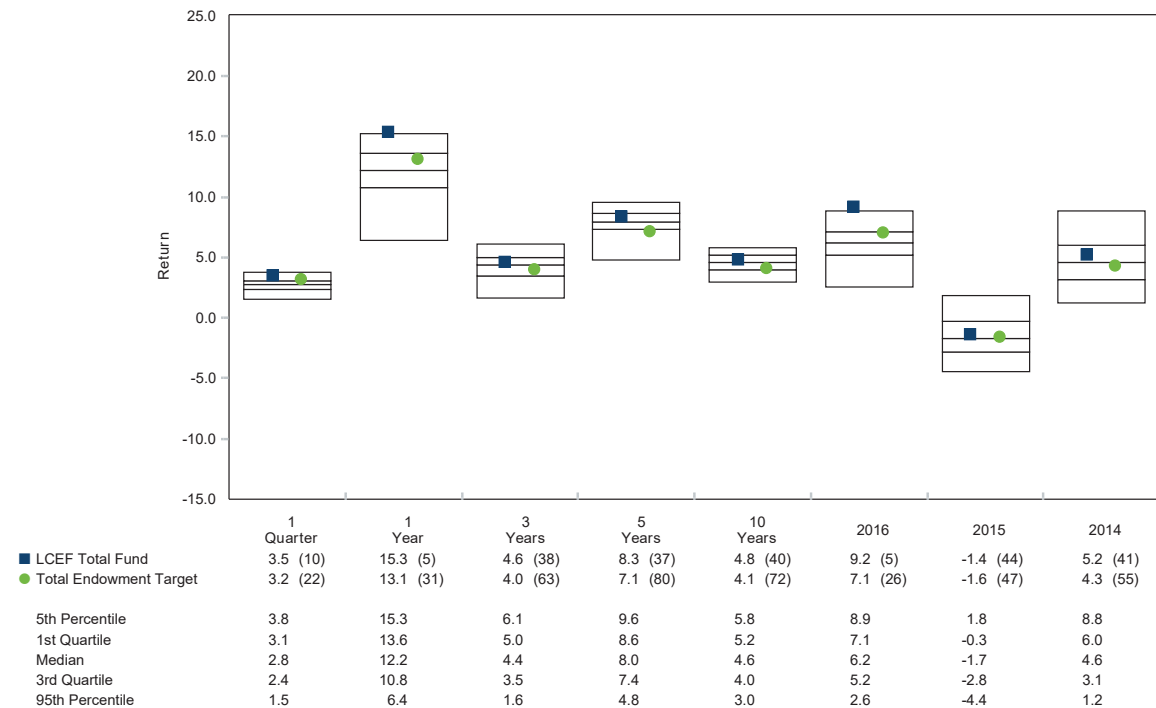
	Performance(%)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>LCEF Total Fund</b>	9.2 (5)	-1.4 (44)	5.2 (41)	14.7 (53)	13.2 (23)	1.9 (15)	14.0 (14)	21.2 (48)	-29.2 (75)	6.3 (84)
Total Endowment Target	7.1 (26)	-1.6 (47)	4.3 (55)	12.8 (78)	12.2 (47)	1.5 (17)	13.7 (18)	19.6 (59)	-28.9 (73)	6.5 (79)
<b>Global Equity*</b>	11.4	-1.9	5.3	27.1	20.4	-1.1	17.0	30.8	-39.6	6.8
Global Equity Target	8.4	-2.4	3.9	24.1	19.4	-2.2	16.1	30.5	-39.2	7.2
<b>Fixed Income</b>	2.7 (60)	0.6 (33)	6.0 (19)	-1.8 (75)	4.6 (82)	7.6 (41)	7.0 (74)	4.6 (96)	5.8 (5)	7.3 (40)
Bimbg. Barc. U.S. Aggregate	2.6 (60)	0.5 (35)	6.0 (20)	-2.0 (77)	4.2 (88)	7.8 (38)	6.5 (77)	5.9 (87)	5.2 (15)	7.0 (51)
<b>TIPS</b>	4.8	-1.2	3.5	-8.7	7.2	13.6	6.1	13.3	-2.0	12.4
Barclays U.S. TIPS	4.7	-1.4	3.6	-8.6	7.0	13.6	6.3	11.4	-2.4	11.6
<b>Cash Equivalents</b>	0.7	0.5	0.2	0.2	1.3	0.1	2.0	2.6	0.5	5.4
S&P US AAA & AA Rated GIP 30D Net Yield Index	0.4	0.1	0.0	0.1	0.1	0.2	0.3	0.7	2.3	4.7

\*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 June 30, 2017

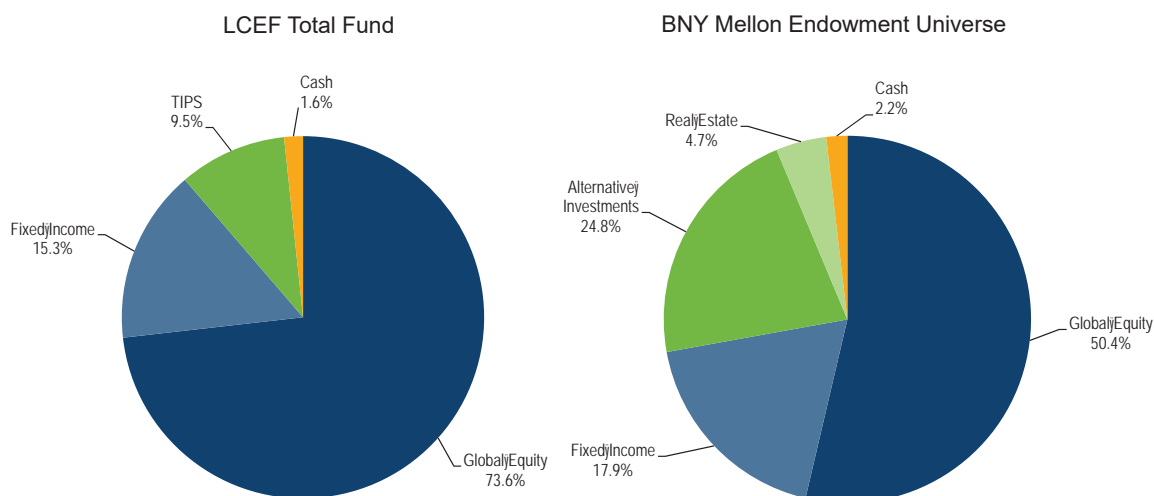
### Plan Sponsor Peer Group Analysis

#### All Endowments-Total Fund

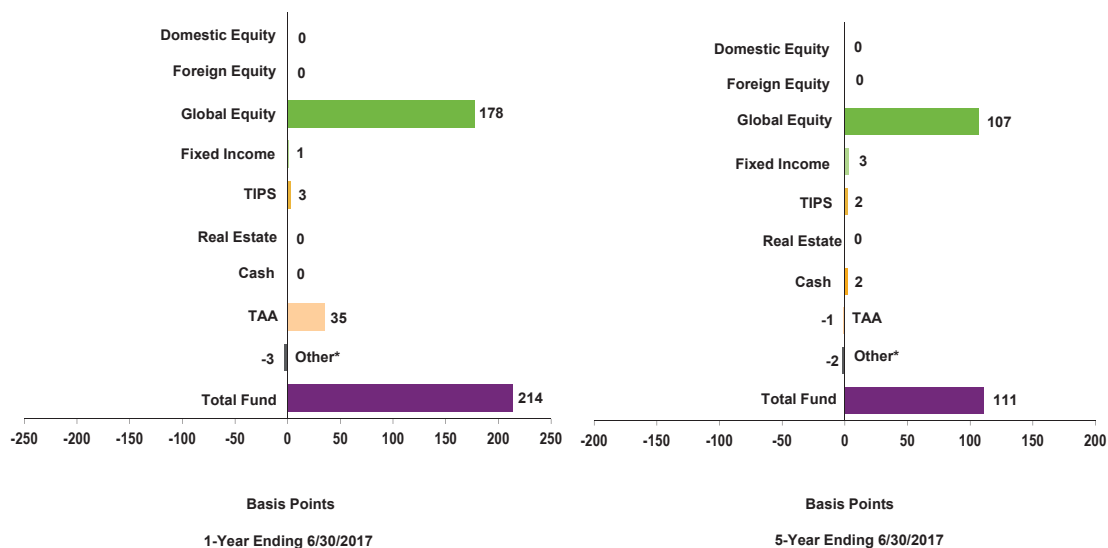


Parentheses contain percentile rankings.

## Universe Asset Allocation Comparison



## Attribution



\*Other includes differences between official performance value added due to methodology and extraordinary payouts.



## Appendix

As of June 30, 2017

### 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 June 30, 2017

## Universe Descriptions

### LCEF Total Fund

A universe comprised of 181 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 \$232.9 billion as of quarter-end and the average market value was \$1.3 billion.

### Total Fixed Income

A universe comprised of 50 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 \$15.5 billion as of quarter-end and the average market value was \$312.4 million.

As of June 30, 2017

## 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.

## Disclaimers

The information contained herein is proprietary and provided for informational purposes only. It is not complete and does not contain certain material information about making investments in securities including important disclosures and risk factors. All securities transactions involve substantial risk of loss. Under no circumstances does the information in this report represent a recommendation to buy or sell stocks, limited partnership interests, or other investment instruments.

The data contained in these reports is compiled from statements provided by the custodian(s), record-keeper(s), and/or other third-party data provider(s). This document is not intended to provide, and shall not be relied upon for, accounting and legal or tax advice. AHIC has not conducted additional audits and cannot warrant its accuracy or completeness.

We urge you to compare this statement with that of your qualified custodian and/or record-keeper and notify AHIC with any issues or questions you may have with respect to investment performance or any other matter set forth herein.

The mutual fund information found in this report is provided by Thomson Reuters Lipper and AHIC cannot warrant its accuracy or timeliness. Thomson Reuters Lipper Global Data Feed provides comprehensive coverage of mutual fund information directly to Investment Metrics, AHIC's performance reporting vendor, via the PARis performance reporting platform. Thomson Reuters Lipper is the data provider chosen by Investment Metrics, and as such, AHIC has no direct relationship with Thomson Reuters Lipper.

Refer to Hedge Fund Research, Inc. [www.hedgefundresearch.com](http://www.hedgefundresearch.com) for information on HFR indices.

FTSE International Limited ("FTSE") © FTSE 2017. "FTSE®" and "FTSE4Good®" are trademarks of the London Stock Exchange Group companies and are used by FTSE International Limited under license. The FTSE indices are calculated by FTSE International Limited in conjunction with Indonesia Stock Exchange, Bursa Malaysia Berhad, The Philippine Stock Exchange, Inc., Singapore Exchange Securities Trading Limited and the Stock Exchange of Thailand (the "Exchanges"). All intellectual property rights in the FTSE/ASEAN Index vest in FTSE and the Exchanges. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

Past performance is not necessarily indicative of future results.

Aon Hewitt Investment Consulting, Inc. ("AHIC") is a federally registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). AHIC is also registered with the Commodity Futures Trade Commission as a commodity pool operator and a commodity trading advisor, and is a member of the National Futures Association. The AHIC ADV Form Part 2A disclosure statement is available upon written request to:

Aon Hewitt Investment Consulting, Inc.  
200 East Randolph Street  
Suite 1500  
Chicago, IL 60601  
ATTN: AHIC Compliance Officer

September 19, 2017

Dear Members of the Investment Advisory Council,

The IAC Compensation Subcommittee met by conference call on Monday, September 18<sup>th</sup> at 3:30 pm. On the call were Peter Collins, Vinny Olmstead and myself, in addition to Ash Williams, SBA staff, and Jon Mason from Mercer. Due to technical difficulties my voice could not be heard but I was able to listen to a majority of the call and now report as follows.

Mercer presented its compilation of the individual Subcommittee members' evaluations of the Executive Director & CIO (ED/CIO) for purposes of the 2016-17 individual component of his incentive compensation plan. Mercer also updated the Subcommittee regarding current market salary information it reviewed for the ED/CIO position and recommended increasing Mr. Williams' salary to \$455,000. This recommendation is consistent with the median CIO salary of the five largest US pension funds and is in keeping with last year's recommendation to move Mr. Williams to this amount in 2017.

Based on this information, the Subcommittee members on the call voted unanimously to recommend Mr. Williams receive the maximum award (up to \$30,673) for the individual component of his incentive compensation plan for Fiscal Year 2016-17, and that his salary be increased to \$455,000, effective immediately. I support this vote.

Finally, comments were made on the purpose and structure of the incentive compensation plan in review of the 2015-2016 fiscal year, and it was agreed that the plan has worked as expected in successfully serving the SBA with the plan objectives of alignment of interests and talent recruitment and retention. There appears to be no need to address any structural or operational issues.



Michael F. Price



**Investment Advisory Council  
Compensation Subcommittee Conference Call  
September 18, 2017**



**Agenda**  
**Investment Advisory Council (IAC) Compensation**  
**Subcommittee Conference Call**

**Monday, September 18, 2017, 3:30 P.M.**  
**Hermitage Room, First Floor**  
**1801 Hermitage Blvd., Tallahassee, FL 32308**

- 
- |  |   |
|--|---|
| <b>1. Welcome/Call to Order/Approval of Minutes of September 7, 2016 Meeting (Attachment 1A and 1B)</b>                              | Michael Price, Chair                      |
| <b>2. Opening Remarks</b>  | Michael Price, Chair                      |
| <b>Opening Remarks</b>   | Ash Williams,<br>Executive Director & CIO |
| <b>3. Recap of ED/CIO's FY 2016-17 Incentive Plan Design (Attachment 2)</b>  | Jon Mason, Mercer                         |
| <b>4. Presentation of Results of ED/CIO's Evaluation and Mercer's Salary Recommendation (Attachments 3A, 3B, Appendix to 3B, 3C)</b> | Jon Mason, Mercer                         |
| <b>5. Discussion of Evaluation Results and Salary Recommendation by Subcommittee</b>   | Michael Price, Chair                      |
| <b>6. Formulation of Recommendation to IAC and Trustees</b>  | Michael Price, Chair                      |
| <b>7. ACTION REQUESTED: Approval of Recommendation</b>   |   |
| <b>8. Other Business/Audience Comments/Closing Remarks Adjournment (Attachment 4, Information Only)</b>                              | Michael Price, Chair                      |

# **Attachment 1A**

**MINUTES  
INVESTMENT ADVISORY COUNCIL  
COMPENSATION SUBCOMMITTEE CONFERENCE CALL  
September 7, 2016**

A special meeting of the Investment Advisory Council (IAC) Compensation Subcommittee was held on Wednesday, September 7, 2016, in the Hermitage Room of the State Board of Administration of Florida (SBA), Tallahassee, Florida. The attached transcript of the September 7, 2016 meeting is hereby incorporated into these minutes.

**IAC Compensation Subcommittee**

**Members Present:**

Michael Price, Chair (Via telephone)  
Peter Collins (Via telephone)  
Les Daniels (Via telephone)  
Vinny Olmstead (Via telephone)  
Gary Wendt (Via telephone)

**Other IAC Members Present:**

Chuck Cobb (Via telephone)  
Bobby Jones (Via telephone)

**SBA Employees:**

Ash Williams, Executive Director/CIO  
Lamar Taylor  
Kathy Whitehead  
Randy Harrison

**Consultant:**

Josh Wilson, Mercer (Via telephone)

**WELCOME/CALL TO ORDER/APPROVAL OF MINUTES OF APRIL 21, 2016  
MEETING**

Mr. Michael Price, Chair, called the meeting to order at 2:00 PM and asked Mr. Ash Williams, Executive Director & Chief Investment Officer (EDCIO) to detail the purpose of the meeting. Mr. Williams explained that the purpose of the meeting was to discuss the EDCIO's incentive compensation package evaluation results and recommendation for the Trustees and then to vote on that recommendation.

**OPENING REMARKS**

Mr. Williams summarized the Incentive Plan evaluation process for the EDCIO. He explained that the subjective component of the total incentive compensation (15 percent) was what the IAC Compensation Subcommittee would be considering during the conference call.

Mr. Williams asked Mr. Josh Wilson, Mercer, to provide specific details of the SBA's incentive plan, including the number of participants, information on the incentive target, and the total cost.

There was a brief discussion about the incentive compensation results for other SBA staff members based on performance levels as well as other criteria. Mr. Lamar Taylor, Deputy Executive Director, indicated that the information on asset class performance was not ready at that time but that SBA staff would get the information to the IAC members when it was available.



Mr. Williams clarified that some investment valuations (e.g., real estate) are done only once a year due to the time and cost involved, and had not been completed at that time.

#### **RECAP OF EDCIO'S FY2015-16 INCENTIVE PLAN DESIGN**

Mr. Wilson directed the IAC members to attachment 2A, the Incentive Plan Design for the EDCIO for Fiscal Year 2015-16, and explained the organizational (quantitative) and individual (qualitative) components of the plan.

#### **PRESENTATION OF RESULTS OF EDCIO'S EVALUATION**

Mr. Wilson presented the results of the Subcommittee members' Qualitative Evaluations for the EDCIO in the following categories: overall mission; people; efficiencies/infrastructure/operations; interactions with the IAC, PLGAC and Audit Committee; and overall individual/qualitative performance rating.

#### **DISCUSSION OF EVALUATION RESULTS BY SUBCOMMITTEE**

Mr. Williams and Mr. Wilson answered questions from IAC members about the quantitative payout and the individual component of the Incentive Plan for the EDCIO.

Mr. Williams presented the key points contained in his letter of July 15, 2016. He also answered questions about SBA performance versus peers in other state pension plans.

#### **FORMULATION OF RECOMMENDATION TO IAC AND TRUSTEES**

There was a discussion during which several IAC members expressed the opinion that the maximum individual/qualitative performance objective for the EDCIO had been met and that they would support a highest rating which, if the FRS Trust Fund's investment performance value added is 50 basis points or higher, would translate to a qualitative award of approximately \$30,000.

#### **ACTION REQUESTED: APPROVAL OF RECOMMENDATION**

Mr. Bobby Jones recommended approval of the maximum individual qualitative incentive award for the EDCIO. Mr. Peter Collins seconded the motion. The motion to approve the recommendation passed unanimously.

#### **AUDIENCE COMMENTS/CLOSING REMARKS/ADJOURNMENT**

Mr. Williams, Mr. Wilson, and IAC members discussed the Incentive Compensation Plan design as it relates to other SBA employees and the percentage of those employees who may be eligible to receive the maximum incentive compensation.

Mr. Jones moved that the minutes from the April 21, 2016 IAC Compensation Subcommittee conference call be approved; Mr. Collins seconded the motion. The minutes were approved.

The meeting was adjourned at 2:55 PM.

  
\_\_\_\_\_  
Michael Price, Chair  
IAC Compensation Subcommittee

\_\_\_\_\_  
Date

11/17/16

# **Attachment 1B**



STATE BOARD OF ADMINISTRATION OF FLORIDA

INVESTMENT ADVISORY COUNCIL  
COMPENSATION SUBCOMMITTEE  
CONFERENCE CALL

WEDNESDAY, SEPTEMBER 7, 2016  
2:00 P.M. - 2:55 P.M.

1801 HERMITAGE BOULEVARD  
HERMITAGE ROOM, FIRST FLOOR  
TALLAHASSEE, FLORIDA

REPORTED BY: JO LANGSTON  
Registered Professional Reporter

ACCURATE STENOGRAPHY REPORTERS, INC.  
2894-A REMINGTON GREEN LANE  
TALLAHASSEE, FLORIDA 32308  
(850) 878-2221

APPEARANCES

IAC MEMBERS:

MICHAEL PRICE  
LES DANIELS  
GARY WENDT  
PETER COLLINS  
VINNY OLMSTEAD  
BOBBY JONES  
CHUCK COBB

SBA EMPLOYEES:

ASH WILLIAMS, EXECUTIVE DIRECTOR  
LAMAR TAYLOR  
KATHY WHITEHEAD  
RANDY HARRISON

CONSULTANTS:

JOSH WILSON - (Mercer)

ACCURATE STENOGRAPHY REPORTERS, INC.

INVESTMENT ADVISORY COUNCIL  
 COMPENSATION SUBCOMMITTEE  
 CONFERENCE CALL

\* \* \*

MR. PRICE: This meeting concerns -- it's a follow-on from last June -- it may be a follow-on from July's compensation subcommittee of the IAC to approve Ash's compensation package based on both input we get quantitatively and qualitatively and our own survey of Ash's performance. And it's fine that Ash is on as part of the call. So we're going to have a presentation.

And I think, Ash, you should make a comment first, and Josh Wilson from Mercer will have some comments. I would like to make a few comments at the end of Josh's, and then we can have a vote. I think everyone has received the package of contents, which included the Mercer work, as well as the July 15th letter from Ash, talking about his view of his role at the IAC since -- Ash, is it since '07 or '08?

MR. WILLIAMS: I got back in Q4 of '08.

MR. PRICE: '08. I think it's been a tremendous run. I think the IAC is doing better than ever. And that is based on my, you know, I think it's been three or four years' dealings with Ash but also with his staff, extensively with his staff on separate phone

ACCURATE STENOGRAPHY REPORTERS, INC.

calls with and without Ash, going over positions and approaches and all that. And I think the -- on the qualitative aspect side of it, I think he's got a good team. I've enjoyed working with them. And I just want to hand it over to Josh. Josh or Ash, if you want to interject now, either one of you, with some thoughts.

MR. WILLIAMS: Sure. Thank you, Michael. Really what we're doing today is following a process that's set forward in attachment 3A of today's materials, which wraps up the part of this process on the incentive that applies to the executive director and CIO. The reason we have that one-person focus at the level of the comp subcommittee of the IAC, of course, is that either I, for my direct reports, or other executives here at the board for their subordinates, can handle the qualitative element of their incentive comp.

The quantitative element, which is driven by investment performance, handles itself. But given that I'm at the top of the pyramid here, there's nobody to do that review for me, so that's the role that you folks are in. And the process we follow is that we start off with me submitting a self-assessment, which I did circa July 15. And that is then shared with you. Each of you responds with an evaluation of your own on

ACCURATE STENOGRAPHY REPORTERS, INC.

1 a set of criteria, share those with Josh. He then  
2 combines them, sends them back to me, and I share them  
3 with you, which is the tee up for today's meeting.

4 All of those things have happened. Josh will go  
5 over the results of his tabulation in just a second.  
6 But basically that's where we are.

7 And back in the spring of this year, when we  
8 adopted the budget of the SBA for fiscal 16-17, we  
9 included an increment of money to cover the second half  
10 of the incentive program, the first half of which we  
11 had already created funding for in fiscal 15-16. So  
12 we're fully positioned to move ahead. And it really is  
13 just a question of what everybody earns.

14 And the way it works, again, is we have varying  
15 components of total incentive comp, quantitatively  
16 driven by very explicit numerical accomplishments of  
17 relative performance. And the more senior one is and  
18 the more ability one has to influence investment  
19 outcomes, the higher the proportion of that  
20 quantitative determination of incentive comp is.

21 So in the case of the executive director and CIO,  
22 it's 85 percent of the total incentive comp. The  
23 subjective component is 15 percent, and it is that  
24 15 percent that we're discussing today. So unless  
25 anyone has questions, I'll hand off there to Josh.

1 MR. WILSON: Thank you, Ash. Can everyone hear me  
2 okay?

3 MR. PRICE: Yes.

4 MR. WILSON: Terrific. Well, if you'll allow,  
5 what I'd love to do is just give you a 60-second recap  
6 of the plan itself and then dive into what we did and  
7 the results of what we did. So, if you remember, we  
8 approved an incentive plan for about 62 people that is  
9 primarily quantitatively driven. Between 75 and  
10 90 percent of all participants' measurement is  
11 quantitative, based on the value add to the Florida  
12 Retirement System Trust. There is a target of 25 basis  
13 points outperformance, a threshold of 5 and a maximum  
14 of 50.

15 The incentive target by level varies from  
16 10 percent of salary at the lowest level, with people  
17 like analysts or traders, up to a maximum target of  
18 35 percent for the CIO. It is measured on three year  
19 performance. Whatever incentive is earned, half of it  
20 is paid at the end of the cycle. The other half is  
21 deferred one year, to help with retention of the  
22 individuals.

23 As I mentioned, the CIO has a target of  
24 35 percent. At threshold there's a 17 and a half  
25 percent payout, and at maximum there's a 52 and a half

1 percent payout. Within those numbers is an 85/15  
2 split. Eighty-five percent is based on the  
3 quantitative achievement of the total fund, and  
4 15 percent is based on the qualitative assessment,  
5 which is what we're here to discuss today.

6 The last bit of information, just so you recall,  
7 the total cost of the plan for the 62 individuals at  
8 target was 1.4 million, and the cost for the CIO at  
9 target for the incentive plan was 134,000.

10 Any questions on that before we move specifically  
11 to -- I believe it's attachment 2A, which is the page  
12 describing the CIO specifically?

13 MR. WENDT: Are you going to discuss what the  
14 results for everyone other than the CIO have been? I  
15 don't mean each one. In total, how did it work out?

16 MR. WILSON: I'm not sure if that's answerable yet  
17 because the results are not audited. But, Ash, maybe  
18 you want to handle that.

19 MR. WILLIAMS: Yes. Where we are so far, Gary, on  
20 the performance is that the investment performance  
21 is -- and this is unaudited. We will have audited  
22 numbers probably Q4 of this year. But as of June 30,  
23 '16, the unaudited number is 71 basis points of  
24 outperformance, and that's a 61 basis point net return  
25 versus a benchmark of minus 11.

1 MR. WENDT: So what would that mean? If the  
2 audited comes out to be the same as the unaudited,  
3 which is highly probable, what percentage would people  
4 earn? And I know it varies depending on position, but  
5 give me above 2 percent, down 2 percent, whatever. Can  
6 you summarize?

7 MR. WILLIAMS: I think I can. I'm going to give  
8 you -- what we'll do is, assuming that the audited  
9 number comes out the way the unaudited one did, we  
10 would trigger the maximum quantitative incentive payout  
11 with any performance equal to or greater than 50 basis  
12 points. That would give the total cost of --

13 MR. WILSON: If I can, Ash. That results in the  
14 payment of approximately \$2.1 million in aggregate,  
15 assuming that everyone's qualitative performance is  
16 equal to the quantitative, so they're both at max.

17 MR. WENDT: So everybody will max out on the  
18 quantitative part.

19 MR. WILLIAMS: Not necessarily, because there  
20 would be -- what that does is that's a triggering  
21 mechanism that creates funding. To the extent there  
22 has been any individual asset class that, for example,  
23 had underperformed in some meaningful way or had some  
24 other issue, a compliance issue or something like that,  
25 then they could get a significantly reduced or even no

1 incentive comp, depending on what's what, because the  
2 payment of that incentive comp is qualified not only by  
3 the quantitative performance but also by not having any  
4 compliance exceptions of a material nature, things of  
5 that nature. You have to be well behaved and have good  
6 scores.

7 MR. WENDT: But on the quantitative part, did  
8 anybody not get maximum?

9 MR. WILLIAMS: Again, we won't know yet until we  
10 have audited numbers but --

11 MR. WENDT: Given that audited equals unaudited.  
12 Okay. I won't get to talk to you about this again, so  
13 I've got to ask the question now. Is there anybody  
14 that isn't maxing out on the quantitative part of the  
15 performance test, assuming audited equals unaudited?

16 MR. TAYLOR: Honestly, Gary, we'll have to get  
17 back to you more specifically. These numbers that we  
18 have here are at the total fund performance level. And  
19 we don't have today ready, for even unaudited numbers,  
20 quotable for you today on asset class outperformance.  
21 It's possible that not everybody maxed out at the asset  
22 class level, and we'll just have to come back to you  
23 with that information.

24 MR. WENDT: I'd like to know that.

25 MR. TAYLOR: Okay.

1 MR. WILLIAMS: That's a completely reasonable  
2 request. And just to be clear, the reason why that  
3 delay is there is simply that some asset classes,  
4 primarily real estate, we do valuations once a year  
5 because the valuation process itself is time-consuming  
6 and expensive, and it really makes no sense to do it on  
7 a quarterly basis.

8 The other area where you'll see some lag will be  
9 in some of our private asset class holdings, notably  
10 private equity and some of the positions we hold in  
11 strategic investments.

12 MR. WENDT: Thank you.

13 MR. WILSON: Okay. If I can take you to the  
14 attachment 2A, you'll see it's a breakdown of the CIO's  
15 incentive design. You'll see that on the top line is a  
16 35 percent opportunity. It shows how much is  
17 organizational, i.e., quantitative, how much is  
18 individual, or qualitative. So in the end, 15 percent  
19 of the total, or about five and a quarter percent of  
20 his target is qualitatively achieved. And from a  
21 dollar perspective, on a target of \$136,000, 20,000 of  
22 that is the individual or qualitative section of it.

23 So with that, if I can take you to attachment --  
24 I'm going to skip 3A because that's the process that  
25 Ash described. I'm going to take you to 3B, which is

1 our amalgamation really of the evaluations that  
2 everyone on the IAC subcommittee put together.

3 So on page one of that document, the document is  
4 called Qualitative Evaluation Review, et cetera.  
5 You'll see that all five members of the IAC  
6 compensation subcommittee submitted their evaluations  
7 in a number of different categories, the four that  
8 we're measuring, overall mission, people,  
9 efficiencies/infrastructure/operations, interactions,  
10 and then overall rating. We measured it using a zero  
11 through three scale. Three is exceeds expectations.  
12 Two is meets expectations. One is below, and zero is  
13 poor.

14 On the overall mission, of the five raters, four  
15 of them rated exceeds expectations and one rated meets  
16 expectations, and there were no comments. On the  
17 people, which is the following page, page three of the  
18 document, again, four people rated exceeds and one  
19 rated as a meets. And there were some comments there  
20 that I won't read for you at the bottom, but they are  
21 taken there verbatim.

22 On page four of the document, if you look at the  
23 efficiencies, infrastructure and operations, three of  
24 the five rated the CIO as an exceeds and two rated as  
25 meets, with no comments. On page five, the

1 interactions with the IAC, PLGAC and Audit Committee,  
2 again, three raters gave the CIO an exceeds, and two  
3 raters gave him a meets, with one comment there.

4 And finally, from an overall perspective, three  
5 raters gave the CIO an exceeds expectations and two  
6 raters gave him a meets expectations. And there's a  
7 comment at the bottom there and then some other  
8 commentary on page seven. Again, all the commentaries  
9 were taken verbatim from the evaluations.

10 MR. PRICE: Thank you, Josh.

11 MR. WILSON: Are there any questions from the  
12 committee on the process or how we did that?

13 MR. WENDT: Again, on the quantitative portion,  
14 assuming that audited equals unaudited, what will the  
15 bonus be or percentage of the maximum bonus be for the  
16 CIO?

17 MR. WILSON: If he maxes out on the both  
18 quantitative and qualitative, the maximum he can  
19 receive is 52 and a half percent of his salary. From a  
20 dollar perspective, I'll get that for you. From a  
21 dollar perspective, that's --

22 MR. WENDT: I understand the rules. I want to  
23 know now what happened, based on unaudited results,  
24 what percentage will be received of the 85 percent.

25 MR. WILLIAMS: If I understand -- this is Ash.

1 Gary, if I understand your question, your question is  
2 simply, if the numbers hold, what's the quantitative  
3 payout; is that right?

4 MR. WENDT: Yes, the percentage. If 85 percent is  
5 based on that and you've given us what the expectation,  
6 maximum and minimum is, given that those figures exist,  
7 what will the, with the unaudited result, what will the  
8 payout be?

9 MR. WILLIAMS: Yeah. What it would be would be,  
10 by my calculations, the organizational component or the  
11 quantitative component would be 44.65 percent. That  
12 translates into dollars of \$173,814. And then the --

13 MR. WENDT: Can you say that one more time? Did  
14 you say that you would -- rather than 85 percent, you  
15 would get 62 percent of that 85 percent?

16 MR. WILLIAMS: If you look at the chart under  
17 exhibit 2A, it sets it all out quite clearly, in terms  
18 of the percentages, and also matches dollars to them.  
19 So what I did and what's broken down in the second half  
20 of that chart is the total incentive opportunity, the  
21 organizational component, which is also the  
22 quantitative investment performance piece, and then the  
23 individual component, which is the subjective piece  
24 we're talking about today.

25 And taking your question all the way through to

1 maturity, at maximum investment performance assumption,  
2 the total incentive opportunity would be 204,487, which  
3 is composed of two components. The quantitative piece  
4 is 173,814, and the individual component, or subjective  
5 component, would max out at 30,673.

6 MR. WENDT: I got all that. That was all in the  
7 presentation.

8 MR. WILLIAMS: Correct.

9 MR. WENDT: Now I want to know, based on the  
10 organizational component, which I think is  
11 quantitative, is it not?

12 MR. WILLIAMS: Yes, it is. That's right.

13 MR. WENDT: How did you do?

14 MR. WILLIAMS: Well, we think we're topping out,  
15 because what we're showing now is 71 basis points of  
16 outperformance. So 50 or above triggers the max. So  
17 we'd be maxed.

18 MR. WENDT: So you're going to get 173. Okay.  
19 That's all I wanted to know.

20 MR. WILLIAMS: Sorry if I made it complicated.

21 MR. OLMSTEAD: A quick clarification on the  
22 individual component, which it looked like they were  
23 pretty good scores, but I don't know how the individual  
24 qualitative review -- it may be in here -- turns into  
25 the individual at the 15 percent. So is there some

1 sort of numerical number in order to hit that, or in  
2 Gary's words, what's your estimate on the individual  
3 component?

4 MR. WILLIAMS: Right. And basically what you've  
5 got there -- and I'll defer to Josh on this. But what  
6 you've got is basically one of three options, one, two  
7 and three, which basically break you out at, just  
8 rounding out, as the chart shows on 2A, 10,000, 20,000,  
9 30,000, depending on what your evaluations are.

10 Your evaluations clustered around exceeds, with a  
11 minority position of achieves in there. So what we're  
12 really not set up to do is extrapolate between the two.  
13 So I think whatever recommendation the group makes  
14 today it makes, and it's somewhere in that realm. It's  
15 either two or three, by my assessment.

16 MR. WILSON: If you just do the pure math -- this  
17 is Josh -- you have three threes and two twos. That's  
18 an average of about 2.6. So if you rounded it, it  
19 would round up. I think that's the committee's  
20 decision, whether it wants to go one, two or three on  
21 the qualitative component.

22 MR. PRICE: On that point, Ash, maybe you would  
23 like to go through some of the points in your letter.

24 MR. WILLIAMS: Yeah, sure.

25 MR. COLLINS: This is Peter Collins. I'm on. I

1 apologize for being late.

2 MR. WILLIAMS: Hey, Peter. Yeah. I mean, I think  
3 the key points in the letter -- I don't want to take  
4 you through it because it's in the book and I'm sure  
5 you've all had an opportunity to see it. But I think  
6 the key things that we've done are that we've gotten  
7 the overall mission right in terms of getting the team  
8 in place, keeping the governance environment together  
9 that makes good sense, working closely with the  
10 trustees to deal with all sorts of external  
11 constituencies, including the legislature, to achieve  
12 some very high level things, like getting the funding  
13 back on track for the fund after the great financial  
14 crisis and getting our performance and getting the  
15 teams right in all the various asset classes.

16 We've had fully 50 percent turnover in our  
17 management team over the nearly seven years that I've  
18 been back, including new heads in the majority of the  
19 asset classes; in fact, I'm just thinking out loud  
20 here, probably all the asset classes. And all of them  
21 have performed well. All of them have built good  
22 teams, and all of them have affected turnover as  
23 appropriate.

24 So I think not only have we done what we should  
25 have done, as indicated by a strong control environment



1 that gives us clean audit results, as indicated by  
2 investment performance that has generally exceeded not  
3 only our portfolio benchmarks but our long-term real  
4 return assumption, but we've also had a fair amount of  
5 external validation of what we've done.

6 And the external validation has come in several  
7 forms, not least of them being being recognized as the  
8 top large public pension fund in the country in 2015 by  
9 *Institutional Investor*. And I was pleased earlier this  
10 year to receive an award individually as the top large  
11 fund CIO in the United States from *Institutional*  
12 *Investor*.

13 And we've done a lot of things like that. Next  
14 week I'll be in New York. I'm on the advisory board of  
15 CNBC and *Institutional Investors'* Annual Delivering  
16 Alpha Conference. I'll be there for that. We're  
17 planning to be on Squawk Box that morning, talking  
18 about things that relate to what we do here. I think  
19 having a brand that has that kind of recognition  
20 nationally and internationally is good for the State  
21 and it's good for us and it helps us recruit and retain  
22 talent.

23 I think also the interaction we've had with you on  
24 the IAC, with your counterparts on the Participant  
25 Local Government Advisory Council and also our Audit

1 Committee, has been very constructive and open. And I  
2 think the change you'll see and the evolution in the  
3 way SBA and the role that we play and the job that we  
4 do as treated in the media has evolved very, very  
5 favorably over the past five years and is more or less  
6 where you'd like it to be.

7 There are always challenges. We're in a low  
8 return environment, and we will confront those with  
9 your help and do the best we can, and we're always open  
10 to new ways to do things and do them better.

11 MR. PRICE: Do any of the subcommittee people have  
12 any comments or questions of Ash?

13 MR. COLLINS: This is Peter Collins. I read the  
14 letter and actually had a conversation with Ash about  
15 it afterwards. I can't see -- I know we don't have a  
16 lot of experience at sort of perceiving these letters  
17 that the comp plan calls for, you know, for Ash to do  
18 these self-assessments. But I certainly thought it was  
19 thorough and covered all the aspects that we set out  
20 for him. I don't have any issues with the letter at  
21 all.

22 MR. COBB: Mr. Chairman, this is Chuck Cobb. I'm  
23 not on the committee, but I'd like to make a comment.  
24 First, I recognize --

25 MR. PRICE: Sure, go ahead.

1 MR. COBB: -- this is totally focused on the  
2 qualitative and not the quantitative things, and from  
3 my point of view, Ash and the team have exceeded what  
4 we might expect from a qualitative point of view. If I  
5 had a vote, I would vote max on the qualitative.

6 My question, which I think should be brought up as  
7 this committee deals with this important point, is the  
8 other quantitative issues. I actually lost in the  
9 voting, because I thought a portion of the incentive  
10 should relate to actual results and possibly peer  
11 review results. And I lost out on that vote. I was  
12 voted out, and we agreed that it would be totally based  
13 on performance vis-a-vis a benchmark and policy.

14 However, for this deliberation, I think it should  
15 be in the record, because I think it was pretty good,  
16 how we did on an absolute basis and how we did versus  
17 the other peers of state pension funds.

18 MR. PRICE: Thank you. So that should be noted in  
19 the --

20 MR. COBB: Ash, can you answer that question?

21 MR. WILLIAMS: Well, you know that we did well  
22 relative to our benchmarks. We've discussed that.

23 MR. COBB: I understand that.

24 MR. WILLIAMS: Relative to our peers broadly,  
25 there are several different ways you can cut that. But

1 I think by any measure we appear in the top half for  
2 most measurable periods. And then depending on whether  
3 you're looking at one, three, five, ten, 20, 25,  
4 et cetera, year periods, we will vary a little bit  
5 based on the following.

6 In periods where liquid equity markets do well, we  
7 will do better than our peers because we tend to have  
8 more global equity exposure and less alternative  
9 exposure than most of our large fund peers. In periods  
10 that are negative for public equity markets, they will  
11 sometimes outperform us by a little bit because they  
12 have less exposure to a bear market, even a transient  
13 bear market, and it will show up in a quarter or two.

14 MR. COBB: Ash, let me ask for a more precise --  
15 for this year, as I understand it, we were positive,  
16 our funds were positive for the year being measured,  
17 and secondly we were in the top half of our peer  
18 review. Is that a correct assumption?

19 MR. WILLIAMS: That's correct. For the fiscal  
20 year ended June 30, from the range of reports we've  
21 seen -- and they're not all out yet, but for those  
22 we've seen with other major funds, we're pretty much  
23 middle of the pack or slightly ahead of middle of the  
24 pack. There are some that are a little better, some  
25 that are a little worse.

1 MR. COBB: And we were positive.

2 MR. WILLIAMS: Yes, sir.

3 MR. COBB: Positive by how much?

4 MR. WILLIAMS: A whopping 61 basis points net.

5 MR. COBB: No, no. Absolute.

6 MR. WILLIAMS: That is absolute. The relative  
7 performance was 71 basis points to the good.

8 MR. COBB: Because the benchmark was slightly  
9 negative, you're saying.

10 MR. WILLIAMS: Correct.

11 MR. COBB: And we were positive. Thank you,  
12 Mr. Chairman. I just thought it was important that be  
13 on the record, that although it's not part of our  
14 stated plan, some board members think it's important,  
15 and it clearly meets all the criteria that I had that  
16 we be positive and that we be doing well vis-a-vis our  
17 peers. So excuse me for interrupting.

18 MR. PRICE: Thank you very much, Chuck. Are there  
19 any other questions or comments from the members of the  
20 committee?

21 MR. JONES: Yeah. I don't know where we go from  
22 here, Michael, but it seems to me that based on our  
23 review of Ash's response, our understanding  
24 particularly of the organizational accomplishments this  
25 past year as set out in his performance objectives and

1 the fund's performance, it seems like the maximum  
2 individual objective has been met, and I think there's  
3 some subjectivity to that. But whether it's 26,000 or  
4 30,000, I'm all for the 30,000 max, but it seems like  
5 that's what we're discussing.

6 MR. PRICE: Any other comments from committee  
7 members?

8 MR. WENDT: Gary Wendt has one. But it doesn't  
9 have to do with how much is the qualitative bonus to  
10 Ash. I'd like to just make sure somebody listens to me  
11 at the end.

12 MR. COLLINS: This is Peter Collins. I'm assuming  
13 that was Bobby Jones that was talking before Gary. And  
14 I would agree with Bobby on his recommendation. But,  
15 again, whether it's 26 or 30, I know relative to other  
16 state employees, that might be a big number, but I  
17 certainly think that if the 30 is the max, then I would  
18 vote for the 30.

19 MR. PRICE: Thank you. Are there any other  
20 comments from committee members?

21 MR. DANIELS: This is Les. I would go along with  
22 that.

23 MR. OLMSTEAD: Vinny Olmstead likewise.

24 MR. PRICE: Thank you, Les. Thank you. If I may  
25 speak, as I said at the outset, my interactions have

1 all been very positive with both Ash and the committee,  
 2 and I feel very strongly that, you know, incentivizing  
 3 people and compensating people is the right thing to do  
 4 for the IAC, with Ash and his staff.

5 And as long as I'm sticking around, that's kind of  
 6 where I come from. As I said before, a little turnover  
 7 is good, but too much turnover is no good. And we  
 8 certainly don't want any turnover in the leadership.  
 9 And I feel very strongly that we vote for the  
 10 recommendation of this incentive plan for our CIO.

11 MR. WENDT: Is it a recommendation?

12 MR. JONES: I recommend the maximum individual  
 13 objective for the executive director and CIO, Ash  
 14 Williams.

15 MR. PRICE: That's correct.

16 MR. COLLINS: If that was a motion, then Peter  
 17 Collins will second it.

18 MR. PRICE: All in favor?

19 (Ayes)

20 MR. PRICE: Any opposed? The motion is passed to  
 21 accept the recommendation. Thank you very much. Josh,  
 22 thank you. Ash, thank you. And I think we'll be  
 23 seeing everybody on the 19th.

24 MR. COLLINS: Gary Wendt had something to say, I  
 25 think.

1 MR. WENDT: I do have a comment. And it has  
 2 nothing to do with the -- I voted for the maximum. All  
 3 that's good. But I think the answer to the first set  
 4 of questions I was asking, which had to do with  
 5 everybody other than Ash, was that we don't know but  
 6 it's pretty sure everybody is going to get the max.

7 And whether or not that's 100 percent correct or  
 8 90 percent correct is less relevant than my thought  
 9 that if we have a program which in a year where it's  
 10 barely break-even and almost every (inaudible) we don't  
 11 have a good plan, and that plan should be redesigned so  
 12 that there are incentives to do better and not where  
 13 people can max out, everybody can max out. It's just a  
 14 comment.

15 MR. PRICE: Thank you, Gary. I understand. Any  
 16 questions or comments?

17 MR. WILSON: Just one comment from Josh, if it's  
 18 helpful. Just on a dollar basis, on the size of the  
 19 fund that we're dealing with, \$150 billion, 71 basis  
 20 points of outperformance is about a billion dollars,  
 21 and we're paying out about 2 million in incentive,  
 22 which is less than .2 percent. The 99.98 percent, I  
 23 believe, or 99.8 percent, is going back to the  
 24 constituents. In the experience that I have with other  
 25 states, that's a very, very good ratio and extremely

1 defensible.

2 MR. WENDT: I also think these people should be  
3 paid and paid a lot, and I wouldn't mind paying them  
4 more. My comments -- and I don't want them  
5 misinterpreted -- are directly at Marsh & McLennan  
6 here, I guess it is, who have designed a plan that we  
7 approved, which is not a good plan when almost  
8 everybody gets max. It's just not.

9 MR. WILLIAMS: Well, this is Ash, Gary. I hear  
10 all your points. I would just add, I don't think  
11 everybody will get max. Let's get there, and we'll  
12 have that conversation.

13 MR. COLLINS: This is Peter Collins. Gary, I  
14 can't disagree with you based on one premise. But on  
15 the other, I would disagree. So the one premise is,  
16 yeah, a comp plan that pays everybody 100 percent  
17 probably isn't great, because I can't believe that  
18 everybody deserves 100 percent.

19 But on the other hand, if we're tying it to  
20 performance, you can't really knock them for 71 basis  
21 points if that's outperformance. We don't want to be  
22 paying them to take too much risk to outperform the  
23 market. Right? So that's just not their role. Some  
24 of the managers, yes, but not on an overall basis.

25 So if the complaint is, hey, we've got a comp plan

1 that everybody got 100 percent, we probably need to  
2 look at that. If the complaint is they got 100 percent  
3 because -- you know, seeing as they only got 71 basis  
4 points, I don't have an issue with that.

5 MR. WENDT: I do. I do. And as a taxpayer --

6 MR. OLMSTEAD: What was the last two years? And  
7 just for maybe historical context, was it 100 percent  
8 in the last few years, or is this --

9 MR. WILLIAMS: The history, Vinny, on that, when  
10 we were doing the plan structure, when we looked back  
11 on this, with the thresholds that we set, the minimum  
12 trigger to pay any incentive comp of any kind would not  
13 have been met in 43 percent of the years in the history  
14 of the SBA, as I remember.

15 MR. COLLINS: So essentially what they're saying  
16 is, prior to us doing this, there really wasn't a real  
17 comp plan like you would traditionally think.

18 MR. WILLIAMS: Well, that's correct. But if you  
19 take a look at the thresholds that we've used in this  
20 plan and you applied them to the actual historical  
21 performance of the SBA, what I'm saying -- and, Josh,  
22 correct me if I'm wrong on this, but as I remember the  
23 analysis when we did the plan structure, at these  
24 thresholds, 43 percent of the time in the history of  
25 the SBA no incentive would have been triggered, zero.

1 MR. WENDT: Hey, look, if everybody thinks that a  
2 plan where almost everybody gets max is a good plan at  
3 a time when we're not even coming close to (inaudible)  
4 of what we're supposed to do for the pension, for the  
5 taxpayers, if everybody thinks that's fine, I'm not  
6 going to argue. But I've only been at this for 30  
7 years, and I know that a plan where everybody goes home  
8 with a big smile on their face is not a good plan.

9 MR. OLMSTEAD: Ash, in the context of the last --  
10 since you've been at the helm, what percentage do you  
11 think would -- you know, 43 percent over the history I  
12 get. How about what percent over your latest regime  
13 here?

14 MR. WILLIAMS: Over the -- go ahead, Gary.

15 MR. WENDT: Who did you ask that question to?

16 MR. OLMSTEAD: I'm just curious, from Ash's  
17 perspective -- and I understand over the history of the  
18 SBA, it's 43 percent. I'm just curious what it would  
19 be over the last seven or eight years.

20 MR. WILLIAMS: I don't know about the seven or  
21 eight, but over the six fiscal year-ends that I've been  
22 on deck since I came back, I think we would have  
23 triggered it every year.

24 MR. WENDT: Then your standards aren't -- then  
25 your objectives aren't high enough, if everybody wins

1 every year. What's the program for? You might as well  
2 put it in salary and let it --

3 MR. PRICE: Gary, this is Michael. I think it's a  
4 little different in the public realm, where the  
5 compensation is somewhat lower. I think it's a little  
6 different, number one. And, number two, I think  
7 there's something like 62 employees we're talking about  
8 in total. And not 100 percent of them are going to go  
9 home -- Ash, is this right -- with smiles on their  
10 faces. I don't think 100 percent.

11 MR. WILLIAMS: Correct.

12 MR. PRICE: There is a subjective nature to their  
13 reviews.

14 MR. WENDT: But 90 percent will. And I think the  
15 fact that this is -- I don't know what you call public  
16 or private, but that this is a governmental agency, for  
17 us to be giving out 100 percent to everybody down the  
18 trail at a time when we aren't even coming close to  
19 meeting the obligation. This has nothing to do with  
20 our capabilities. I'm not talking about people's  
21 capability. I'm talking about plan design.

22 MR. COLLINS: So Gary -- Peter Collins again. So,  
23 again, the issue that I have -- I don't have an issue  
24 with the premise that if everybody gets 100 percent, we  
25 might want to look at it. I don't have that issue. I

1 don't have a disagreement there. I do have a  
2 disagreement with saying, Hey, you know, you can't get  
3 100 percent if you don't even come close to getting  
4 6 percent return.

5 We on the one hand bonus them for performance, but  
6 we are also the ones that sign off on asset allocation.  
7 So you can't tell them you have to invest this way and  
8 then -- and they outperform the market based on that  
9 benchmark and then say that's not good enough.

10 MR. WENDT: I'm okay about your bonus, Peter.

11 MR. COLLINS: I do it for free. And you know  
12 what? I'm in a different business. Right? So I'm  
13 supposed to outperform the market by a lot.

14 MR. WENDT: Your business in this case has to do  
15 with operating in the IAC --

16 MR. COLLINS: Right. I just think it's unfair to  
17 say, Hey, here's your asset allocation. You can't have  
18 a big tracking error, and you have to follow this --  
19 you know, and here's your benchmark. But at the same  
20 time say, Well, you know, you didn't do good enough,  
21 when you still outperformed your benchmark.

22 MR. WENDT: You understand my point. Any plan  
23 which has 90 to 100 percent of the people getting 100  
24 percent bonus in any year, in any year, is not a good  
25 plan. It just isn't, from a management standpoint.

1 MR. COLLINS: That I don't necessarily have an  
2 issue with. I can't really argue with you on that.

3 MR. WENDT: I think as guardians of the taxpayer  
4 funds, it's not going to look real good. I don't know  
5 whether this will get broadcast or not. I don't know  
6 how much information goes out. But if anybody wants to  
7 make an issue about giving 100 percent when you made  
8 less than 1 percent --

9 MR. COLLINS: There again, now, you're losing me  
10 on that. They made less than 1 percent because we gave  
11 them an asset allocation and a benchmark and said, Hey,  
12 you can't have too much tracking error. So on one hand  
13 we said, hey -- you know, sort of like, here's your  
14 ceiling, and then we penalize them for not busting  
15 through the ceiling.

16 MR. WENDT: I understand you disagree.

17 MR. WILLIAMS: Gentlemen, can I help you here?

18 MR. WENDT: I understand you disagree with me on  
19 that part. I'm not going to change. I don't think we  
20 should do this. I think we should have a plan that's  
21 designed with some flexibility to take care of the  
22 taxpayers.

23 MR. DANIELS: I think there are a couple of points  
24 here that we're looking at. First, Gary, we're looking  
25 at a data point of one. This is the first plan that

1 we've been through. The back-testing, the plans three,  
2 five and ten years ago rather than over the whole  
3 course, 43 percent, might be something we might want to  
4 take a look at.

5 As far as giving a bonus when we don't make money,  
6 I remember the days when Lee Iacocca took over  
7 Chrysler's turnaround, and the whole public went crazy  
8 because he got a \$20 million bonus and they lost money.  
9 Well, he got the bonus because they lost less money  
10 than they would have.

11 MR. WENDT: Les, we are an organization that works  
12 for the taxpayers of the state, and that should be  
13 taken into consideration. But if everyone disagrees  
14 with me, I don't have a problem.

15 MR. WILLIAMS: Mr. Chairman, this is Ash. Can I  
16 say something?

17 MR. PRICE: Yes, Ash. Go ahead.

18 MR. WILLIAMS: Gary, I don't disagree with you,  
19 and I am sensitive to your points. And I can  
20 absolutely assure you that they will be taken into  
21 consideration as we go through this plan. And the  
22 likelihood of a sample of 200 human beings all being  
23 100 percent on their incentive comp might happen in  
24 Lake Wobegon, but I don't think it happens in  
25 Tallahassee. So I think we're rushing to judgment

1 about a problem here that we don't know that we have  
2 yet. Let's get through the process and come back to it  
3 and see where we are.

4 MR. OLMSTEAD: A real quick question. Vinny  
5 Olmstead. So just -- again, it's sort of high level.  
6 But when you look at we're greater than 50 percent, in  
7 determining how we came up with this plan, right, was  
8 there any contemplation of, you know, above 50, above  
9 70 or above 80 with where we fell out? I guess it's a  
10 question on the construct of the plan. Is any of  
11 that -- was it contemplated?

12 MR. WILLIAMS: Yes. This thing was under  
13 construction for two or three years, with extensive  
14 public meetings and discussion and input from an awful  
15 lot of folks.

16 MR. OLMSTEAD: I agree with Peter with regard to I  
17 don't have a problem with earning 100 percent. The  
18 other question I have, though, is if you're just above  
19 50 percent, you know, does that mean there's 47 percent  
20 that are outperforming? I don't know if that's the  
21 right way to look at it. Does that mean it should  
22 equal the 100 percent, which is more a conversation  
23 around the construct of the plan that I don't have  
24 historical knowledge of.

25 I see both sides of the story. Gary, I don't



1 disagree with you. I think there is contemplation of  
 2 everybody being paid out 100 percent. So I don't have  
 3 a strong conviction, because I'm new, but I do think  
 4 it's a worthwhile discussion, at least for next year.

5 MR. JONES: I think one mitigating factor that  
 6 we've got to recognize -- and I think it comes back to  
 7 Gary's comment about the taxpayers. This is not the  
 8 normal type job. I think we all recognize these are  
 9 highly trained investment professionals, usually  
 10 working in New York or Atlanta, to get them to  
 11 Tallahassee and to do it with very little turnover.

12 You know, I would agree with Gary that many  
 13 people -- if we asked a state teacher if she thought  
 14 anybody ought to make 200,000, the answer would be,  
 15 hell, no. If you ask her about her retirement fund in  
 16 15 years, maybe, maybe. But that's why we're there, is  
 17 to make sure we're protecting her.

18 I think the biggest thing we need to do --  
 19 somebody said it earlier -- is to protect these people  
 20 and Ash and make sure we maintain a stable environment  
 21 to outperform not only our peers but to make sure we  
 22 take care of the retirement needs of the State of  
 23 Florida employees over the long haul. And, I mean,  
 24 that's just not the normal job. It's not a 3 percent  
 25 raise.

1 MR. WENDT: Once again, I want to make clear with  
 2 Michael Price and with you that we should pay these  
 3 people all we can, all we can get away with. But a  
 4 bonus plan that has everybody getting max is not a well  
 5 designed plan. And I will not be -- I'm convinced of  
 6 that.

7 MR. COBB: Mr. Chairman, this is Chuck Cobb again.  
 8 I wasn't going to say anything.

9 MR. PRICE: Yes, Chuck. Please go ahead.

10 MR. COBB: Now I'm going to talk twice today.  
 11 First, I think that Gary is on a reasonable point. My  
 12 answer to Gary is that, in my judgment, our pension  
 13 plan is really well managed. And I compare it to the  
 14 other eight or nine pension committees I'm on. And it  
 15 is by far the best results, and it consistently is one  
 16 of the best results.

17 I know for a fact that the average foundation last  
 18 year had a minus 2 percent return. And so we were --  
 19 and so while maybe the average state pension fund was  
 20 down one-tenth of 1 percent, the average foundation in  
 21 this country was down even more. So our performance  
 22 was really very good. And so I'm comfortable with us  
 23 giving max.

24 My problem would be -- and fortunately this is not  
 25 the case. But this is where I may be agreeing with

1 Gary. If in fact we were in the bottom quartile of  
2 other pension funds and we were basically break-even or  
3 six-tenths of 1 percent positive and we were in the  
4 bottom quartile of other pension funds or other  
5 endowments in this country and we were paying max, even  
6 though we beat our benchmark, then I would have a  
7 concern.

8 But since we're not there -- but maybe Gary has a  
9 good point, that this is a good time to review our  
10 quantitative criteria, which -- and you've heard my  
11 position, that I think peer review is important.

12 MR. WILSON: One more comment from Josh here. I  
13 understand the commentary and the concern. Whoever  
14 mentioned that this is a one data point argument I  
15 think is a great one. If we have 100 percent payout  
16 ten years in a row, Gary, I would absolutely say fire  
17 us. I think one year perspective, we probably need a  
18 little bit more perspective to understand how it's  
19 going to play out over time.

20 We modeled it backwards, as Ash pointed out, and  
21 tried to measure it so that an average year target  
22 would be achieved. And that was the goal, because  
23 we're trying to motivate performance better than it's  
24 been. So I think one year is a short sample and, you  
25 know, let's take a look at it next year.

1 MR. WENDT: It would not be important if we were  
2 in year seven. But in year one, when you start right  
3 out and you see that this program is poorly designed  
4 (inaudible). But that's not the point. The point  
5 isn't the quality of the people. It is do we have a  
6 plan that reflects better payments for better people  
7 and not such good payment for (inaudible).

8 MR. COLLINS: Mr. Chairman, Peter. As I said, I  
9 agree with part of what Gary is saying. I disagree  
10 with part of it. But I do think that it probably is a  
11 topic for a conversation, but a longer conversation,  
12 maybe an in-person conversation at a future  
13 subcommittee, the next subcommittee meeting. I do  
14 think that we should talk a little bit about it.

15 But I think for the task at hand today, I think we  
16 all, even Gary, approved. So I don't know if everybody  
17 has it on their calendar to stay on the phone call  
18 another hour, but I do think it needs some discussion.

19 MR. PRICE: That's fine. I'm all in favor of  
20 that. If there are any other comments, I welcome them.  
21 If not, we can move for adjournment and we can discuss  
22 this on the 19th.

23 MR. JONES: Mr. Chairman, just a question. I  
24 noticed in the minutes that you needed an approval for  
25 April 21st minutes.

1 MR. PRICE: Yes. Would someone please move it?

2 MR. JONES: So moved.

3 MR. COLLINS: Second.

4 (Ayes)

5 MR. PRICE: Thank you. Okay. Any other business?  
6 So we've had our vote. We've had a very good  
7 discussion, and we'll see you on the 19th. Thank you  
8 very much.

9 (Whereupon, the meeting was concluded at 2:55  
10 p.m.)

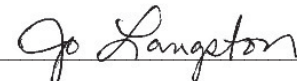
1  
2 CERTIFICATE OF REPORTER

3  
4 STATE OF FLORIDA )

5 COUNTY OF LEON )

6  
7 I, Jo Langston, Registered Professional Reporter,  
8 do hereby certify that the foregoing pages 3 through 37,  
9 both inclusive, comprise a true and correct transcript of  
10 the proceeding; that said proceeding was taken by me  
11 stenographically and transcribed by me as it now appears;  
12 that I am not a relative or employee or attorney or counsel  
13 of the parties, or a relative or employee of such attorney  
14 or counsel, nor am I interested in this proceeding or its  
15 outcome.

16 IN WITNESS WHEREOF, I have hereunto set my hand  
17 this 22nd day of September 2016.

18  
19  
20  
21   
22 JO LANGSTON  
23 Registered Professional Reporter  
24  
25

# **Attachment 2**

## Incentive Plan Design

### ED/CIO - FY 2016-17

- Individual component level for ED/CIO position accounts for 15% of total award
- Organizational and individual component payouts at various incentive achievement levels are shown below. Evaluation criteria for individual component was determined by IAC Compensation Subcommittee in June 2015.

		<b>Incentive as a % of Salary</b>		
	Mix	Threshold	Target	Maximum
Total Incentive Opportunity	100%	17.500%	35.000%	52.500%
Organizational Component	85%	14.875%	29.750%	44.625%
Individual Component	15%	2.625%	5.250%	7.875%

<b>Incentive Opportunity Breakdown (Annual Salary = \$389,500)</b>				
	Mix	Threshold	Target	Maximum
Total Incentive Opportunity	100%	\$68,162	\$136,325	\$204,487
Organizational Component	85%	\$57,938	\$115,876	\$173,814
Individual Component	15%	\$10,224	\$20,449	\$30,673

# **Attachment 3A**

## **ED/CIO Incentive Plan Evaluation Process - FY 16-17**

### **ED/CIO Individual/Qualitative Measurement**

The sections below outline the approved criteria and process for evaluating the ED/CIO's individual/qualitative performance, which constitutes 15% of his incentive award (the other 85% of the award is determined by the level of outperformance of the FRS Pension Fund). Any changes to the criteria for the next Performance Period (fiscal year) need to be determined and communicated to the ED/CIO prior to July 1.

### **ED/CIO Individual/Qualitative Performance Criteria**

In line with the overall framework for the incentive plan, criteria for the individual/qualitative performance portion of the ED/CIO's incentive award initially approved in June 2015 are: (1) Overall Mission; (2) People; (3) Efficiencies/ Infrastructure/ Operations; and (4) Interaction with the Investment Advisory Council, PLGAC and Audit Committee. The Qualitative Evaluation Form on the following pages includes more descriptive information regarding each rating area.

### **Process and Schedule for ED/CIO Qualitative Performance Rating**

In June 2015 it was decided the Compensation Subcommittee will rate the qualitative performance of the ED/CIO and recommend to the full IAC the amount of incentive to be awarded for the Performance Period. The IAC will vote to approve or disapprove the recommendation.

**July 1-13:** ED/CIO prepares summary of accomplishments in each of the four areas (Mission, People, Efficiencies/Infrastructure/Operations, and Interaction with IAC, PLGAC and Audit Committee). As part of the summary, the ED/CIO may want to encourage the individual Compensation Subcommittee or IAC raters to speak with individual members of the Audit Committee and/or PLGAC to gain additional perspective on interactions with them.

**By July 15:** ED/CIO sends his/her Summary to raters (members of Compensation Subcommittee) along with the attached evaluation form.

**By July 31:** Raters evaluate ED/CIO and return form to Mercer. Mercer may seek clarification of the ratings and/or comments of individual raters.

**By August 31:** Mercer compiles final ratings and all final comments from raters and sends them to the ED/CIO, who will compile the materials for a noticed public meeting of the Compensation Subcommittee to review/discuss the evaluation with ED/CIO and provide an overall recommendation to Trustees. The Subcommittee will present its recommendation to the IAC for its approval or disapproval prior to sending the recommendation to the Trustees.

**Following the public meetings of the Subcommittee and the IAC,** the Subcommittee Chair communicates the recommendation regarding qualitative incentive award and supporting rationale to Trustees, with a copy to IAC members, as materials for a noticed public meeting of the Trustees.

**Final Action:** Trustees consider recommendation in public meeting.

# **Attachment 3B**



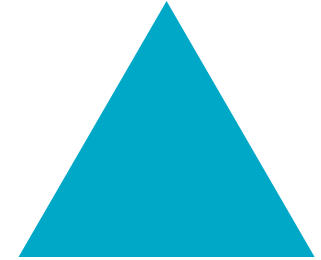
**STATE BOARD OF  
ADMINISTRATION  
FLORIDA**

**EXECUTIVE DIRECTOR  
PERFORMANCE  
EVALUATION SUMMARY**

AUGUST 2017

**Jon Mason  
Josh Wilson**

Atlanta



# INTRODUCTION

- Mercer has advised State Board of Administration Florida to a variety of human capital needs since 2012.
- Mercer was asked to collect and disseminate a summary of the performance evaluations completed by the Compensation Subcommittee of the IAC. Performance reviews were completed by the following members:
  - Michael Price
  - Gary Wendt
  - Peter Collins
  - Les Daniels
  - Vinny Olmstead
- The following pages include an overall summary of the responses and detailed pages on the survey questions

# EXECUTIVE SUMMARY

Question	Average Rating
Overall Mission	4 out of 4
People	3.8 out of 4
Efficiencies/ Infrastructure /Operations	3.6 out of 4
Interaction with Committees	3.6 out of 4
Individual Rating	4 out of 4

- The Executive Director received the highest scores related to the overall mission and the individual rating with all “exceeds” ratings for these two questions.
  - The marks were high across all questions with the remaining three questions falling in-between “meets” and “exceeds” on average
- Mercer converted the verbal rating scale to a numerical scale as follows:
  - Exceeds= 4 out of 4
  - Meets = 3 out of 4
  - Below = 2 out of 4
  - Poor = 1 out of 4

# OVERALL MISSION

- The rating for this category should reflect the degree to which the ED/CIO has:
- Assured appropriate alignment with the investment policy of the SBA's mandates (e.g., FRS Defined Benefit Pension Fund, FRS Investment Plan, Florida PRIME, Florida Hurricane Catastrophe Fund (FHCf), etc.), considering the long term needs of the relevant fund, the risk tolerance of SBA Trustees, and the perceived market environment.
- Provided leadership for effective functioning of the SBA, FHCf and the Office of Defined Contribution Programs.
- Maintained/strengthened the reputation/brand and performance of the SBA in relation to its large public pension fund peers; external communications and issue management

## 4 OUT OF 4

### Comments:

- *“Ash has clearly exceeded expectations and exemplifies both the mission and vision. The culture of accountability and credibility should be pointed out”*
- *“Very impressed after 5 years of working team and Ash”*

# PEOPLE

- The rating for this category should reflect the degree to which the ED/CIO has:
  - Developed subordinate staff
  - Recruited and retained key talent

## 3.8 OUT OF 4

### Comments:

- *“Perhaps the key aspect, Ash has exceeded expectations. Recruiting and maintaining talented team members in the public sector, and in Tallahassee is no small task”*
- *“High quality, dedicated, at below market compensation rates”*

# EFFICIENCIES/INFRASTRUCTURE/OPERATIONS

- The rating for this category should reflect the degree to which the ED/CIO has:
  - Assured the development of organizational structures, systems and processes that enable effective functioning of the SBA, FHCF and the Office of Defined Contribution Programs.
  - This includes such areas as communication of knowledge; development and institutionalization of systems and structures to enhance performance and control risk; efficient acquisition and use of data and other resources; business continuity planning, etc.

## 3.6 OUT OF 4

Comments:

- *“Excellent”*
- *“Ash’s blend of high competency in government, investing and leadership has aided to the success of Investment success”*

# INTERACTION WITH IAC, PLGAC & AUDIT COMMITTEE

- The rating for this category should reflect the degree to which the ED/CIO has:
  - Maintained effective working relationships with individual IAC members and the Council as a whole, with members of the Audit Committee, and members of the PLGAC, on matters within the concern of each body.
  - Provided requested information and transparency. Note: As part of the evaluation process, individual raters may speak with individual members of the IAC, Audit Committee and/or PLGAC to gain perspective on ED/CIO interactions with them.

## 3.6 OUT OF 4

### Comments:

- *“Prompt, clear and appropriate”*
- *“Minimal/no communication other than once each three month meetings and repetitive form of stats with no comments”*
- *“Extremely good communication, open, transparent and honest”*

# OVERALL INDIVIDUAL/QUALITATIVE PERFORMANCE RATING FOR THIS PERIOD

## 4 OUT OF 4

Note: There was no comments section provided for this final rating





**MERCER**

**MAKE TOMORROW, TODAY**

# **Appendix to Attachment 3B**



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

July 14, 2017

Mr. Michael Price  
MFP Investors LLC  
667 Madison Avenue  
New York, NY 10065

Dear Michael:

Consistent with the process adopted by the IAC Compensation Subcommittee and affirmed by the IAC, following is my self-assessment, inclusive of the fiscal year ended June 30, 2017, together with a Qualitative Evaluation Form (attachment 1) for you to complete and return to Josh Wilson at Mercer by July 31. For your convenience, an addressed, stamped envelope is enclosed for this purpose. Mercer will review the responses and may contact responders for clarification. They will then compile the ratings and final comments from raters and return them to me by August 31. I will share them with you and the other Subcommittee members and compile materials for a noticed public meeting of the Subcommittee to discuss and adopt a recommendation for the IAC. Please see "ED/CIO Incentive Plan Evaluation Process – FY 16-17" (attachment 2) for additional process details.

As a reminder, in keeping with Florida's Sunshine Law, please do not discuss this evaluation with any other members of the IAC. All members will have the chance to discuss this evaluation at the noticed public meeting planned for later this year.

Background

Upon being triggered by total fund performance as of fiscal year end June 30, implementation of SBA's incentive compensation structure is based on achievement as evidenced by quantitative investment performance measures and qualitative assessment of each incentive plan participant's contributions to the accomplishment of SBA's objectives. These are summarized at a high level in our Mission and Vision Statements:

**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. Our vision is to be the best public sector investment and administrative service provider while exemplifying the principles of trust, integrity and performance.**

As Executive Director and CIO, my priority has been and continues to be building and maintaining our organization's team, culture, reputation, credibility and resources at a strength that empowers mission and vision fulfillment. This is consistent with the Trustees' delegation of authority to the Executive

Director & CIO. Our most visible output is investment results, the goodness or inadequacy of which is readily seen. What is less visible is the team building, policy and strategy formation, risk management and execution. If the team, culture, processes and resources are right, the probability of investment outcomes that earn trust, enhance reputation and build brand value is vastly enhanced. The result is a virtuous cycle where our credibility and performance help garner critical policy support from key SBA stakeholders (Trustees, Legislature, local governments, beneficiaries, taxpayers, media, etc.), which in turn, positions us as a serious, stable, and therefore desirable investment partner in the marketplace. This enables us to capture superior deal flow and more favorable terms and pricing, which ultimately drives the performance that earns trust, enhances reputation and builds brand value. I make it my business to ensure that the SBA executes effectively at all levels of this cycle.

Not so long ago, this cycle was operating in reverse. The event that led to my returning to the SBA was a crisis of confidence and reputational damage arising from liquidity problems in the face of credit downgrades and mass redemption requests from local government clients of a cash pool SBA managed for their benefit. Staff vacancies and resource constraints had created control and oversight gaps. Occurring at the onset of the great financial crisis, the cash pool problems led into a protracted period of painfully public SBA criticism and doubt that worsened with the GFC. The Trustees and Legislature heightened oversight and a new advisory body, the Participant Local Government Advisory Council (PLGAC), was created for the express purpose of overseeing SBA's management of the local government pool. At this June's joint IAC/PLGAC meeting, the PLGAC members recommended dissolution of the PLGAC, noting a high degree of satisfaction with and confidence in the SBA's management of the rebranded cash pool, Florida PRIME. PRIME clients appreciate and respect the safety, liquidity and performance they have experienced since the challenges of Q4 2007. This outcome reflects years of focus on getting all the inputs to the virtuous cycle right, as we do in all of SBA's businesses.

While effective strategy execution and policy engagement describe my responsibilities at a high level, the purpose of this letter is to communicate specifically what I have accomplished over the past year for your consideration. As you are aware, evaluation of the Executive Director & CIO and recommending an appropriate level of qualitative incentive compensation falls to the IAC Compensation Subcommittee, which may also make a recommendation on base compensation. Final action on the ED/CIO compensation is reserved for the SBA Trustees. Following are my thoughts on my contribution and accomplishments relating to each of the four central performance areas for the ED/CIO to be evaluated by the Subcommittee and addressed on the Evaluation Form.

#### 1) Overall Mission

I believe the SBA continues to be in its strongest position ever, reflecting the performance of a stable, highly competent team under thoughtful, consistent leadership that recognizes and rewards merit and embraces constructive change. Investment performance is an obvious threshold metric for management success. While preliminary FY year end numbers clearly suggest value added in all asset

classes and total fund relative to benchmarks; the incentive plan documentation requires that we rely on audited numbers (available Q4) so that final market values and necessary income/expense accruals are included and the resulting performance calculations are definitive. The focus of this evaluation is qualitative so I will focus on elements of my management performance beyond specific investment returns and over/under performance. Examples include:

- SBA clearly has historically performed well, continually adding value relative to benchmarks. Initial estimated investment performance numbers for FY 16-17 are sound; total pension fund return is 13.69%; we grew the FRS Trust Fund by \$12.2 billion, net of distributing \$6.8 billion in benefit payments. The FRS Investment Plan (DC) also had a good year, returning 13.36%, 79 bps (unaudited) ahead of target. All other major mandates likewise beat benchmarks.
- Controls and risk management were effective as evidenced by a lack of material compliance or audit issues; all asset classes and the total fund remained within budgeted risk tolerances.
- While adding value the SBA has done so with all in costs of 40.5 bps, among the lowest of our US large pension fund peers.
- An increasing portion of SBA assets are managed in house, 43.3% at December 31, 2016 vs 36.3% at December 31, 2010. This holds down costs but requires competent, stable professional talent and support for portfolio and risk analytics, trading, systems, portfolio accounting, compliance, etc.
- SBA investment policies for FRS Pension (DB) and Investment (DC) plans, together with other SBA "client" mandates (Cat Fund, FL PRIME, Lawton Chiles Endowment Fund) are reviewed in public meetings of the IAC and affirmed to be appropriately aligned with legal and client requirements by expert third party investment consultants who contractually are fiduciaries to the SBA. Long-term evidence is that these policies have been well chosen and effective in achieving desired investment results, within stated risk tolerances.
- SBA is a very visible leader in US and global investment circles and has been recognized in many ways. During FY 16-17, I served on the Institutional Investor Investor Roundtable and have continued board service with the Council of Institutional Investors, Institutional Investor/CNBC Delivering Alpha, Pensions & Investments Global Future of Retirement, National Institute for Public Finance, Managed Funds Association, Alternative Investment Forum, Robert Toigo Foundation, etc. The Yale School of Management is now teaching a case based on SBA's alternative investment program. SBA was also honored to win two Hermes Awards for excellence in beneficiary plan choice education.
- Control and compliance is working well with "tone at the top" balancing commitment to achieving desired investment results while always staying within ethical, legal, regulatory, compliance and fiduciary bounds. These standards are extended to our external investment partners; they are required to annually certify compliance with a range of relevant policies and statutory obligations. Annually, the SBA undergoes over 100 audits among our business units and investment holding companies. The fact that we have had clean opinions on all our financial statements provides an objective confirmation of the quality of our control environment.



- The Florida Hurricane Catastrophe Fund is financially stronger than it has ever been, through a combination of good luck and good leadership driving prudent policy. We have taken advantage of record low reinsurance and interest rates to transfer \$1 billion of loss liability for the 2017 hurricane season. The Cat Fund again has full liquidity to meet its statutory maximum single-season risk liability for the second time since its 1993 inception.
- Florida PRIME AUM ended FY 16-17 at \$9.33 billion, gaining \$1.54 on the year, 20% annual asset growth, reflecting the restoration of confidence as the top performing, lowest cost, and most liquid and transparent cash management option for Florida governments.

## 2) People

Thanks largely to the IAC's support of the SBA Comp Plan now in full effect, talent recruitment and retention is far stronger than it was just a few years ago. Over the FY just ended, we had 20 terminations, mostly retirements, some talent upgrades and a few moves for personal reasons. We completed 21 new hires and are very pleased with the quality of people recruited, successfully bringing in great talent from both the private and public sectors and many regions of the US. While we continue to have succession exposure, with 25% of management retirement eligible over the next few years, we have the tools in place to manage and mitigate the human capital risk.

## 3) Efficiencies/Infrastructure/Operations

Initiatives in these three areas have been motivated and accelerated by a new internal budget process, which subjects each business unit's budget request to peer review; this brings relative priorities into focus quickly and gives the entire management team ownership of resource allocation decisions. Linking priorities of our strategic plan to budget formulation has helped too. Motivationally, the new compensation structure has been a powerful positive because incentives can be used to motivate smarter resource use at all levels. Examples include:

- IT Information Security – We continue to enhance our information security profile. Over the last year we completed an internal audit IT General Controls Advisory Engagement and engaged additional private consulting services to evaluate the strength of our IT controls and information security capabilities. Stemming in part from these activities, we have requested and received budget support for the addition of a dedicated Information Security Manager, which we plan to fill in the fall of 2017.
- Disaster Recovery and Business Continuity continue to be enhanced and tested. Our Disaster Recovery and Business Continuity Plans received a real-time, live event test this past year with Hurricane Hermine. Although back-up building power was temporarily and unexpectedly affected during the storm, SBA staff was able to manage the event with minimal disruption and no loss to the SBA. Much of our success on this point can be attributed to the extensive preparation SBA staff undertook as the storm approached to ensure all necessary transactions,

wires and investment activity was completed prior to the planned building closure. All of which was in accordance with our business continuity plans.

- Defined Contribution—This past year Defined Contribution staff took the opportunity to update its guided choice platform on the MyFRS.com portal. The legacy system had been in place since the early 2000s. Defined Contribution has just completed its competitive selection process for a new vendor for this product and expects an updated and improved system to be completed this year.
- 4) Interaction with the Investment Advisory Council, Participant Local Government Advisory Council (PLGAC) and Audit Committee

Our experience working together on the IAC speaks for itself. I therefore defer to your judgement as to the quality and productivity of our relationship. With regard to the PLGAC and Audit Committee, I have attended and actively participated in almost all of their meetings, built relationships with the members and together resolved issues big and small. It might be helpful for you to contact some of the members of the PLGAC and Audit Committee to hear their perception of my interaction with them.

Thank you for your service on the IAC and especially for stepping up to the additional commitment of serving on the Compensation Subcommittee. As you can see from several of my comments above, your work has made a real and valuable difference for our team and organization.

Best regards,



Ash Williams

cc: Josh Wilson

# **Attachment 3C**



## MEMO

**TO:** Michael Price, Chairman, Compensation Subcommittee of the Investment Advisory Council, State Board of Administration

**DATE:** August 30, 2017 (Revised 9/20/2017)

**FROM:** Jon Mason, Principal, Mercer

**SUBJECT:** Mercer's Review of SBA Compensation study and Salary Recommendation for Executive Director/Chief Investment Officer (ED/CIO)

Dear Mr. Price,

In 2012-13, Mercer was engaged to conduct a compensation study for the State Board of Administration of Florida (SBA). Near the conclusion of that study, Mercer issued a letter of recommendation to Chuck Newman, your predecessor as the Chairman of the Compensation Subcommittee of the Investment Advisory Council, State Board of Administration with regard to the SBA's ED/CIO (Mr. Ash Williams) compensation. The recommendation was to increase the ED/CIO's annual salary to \$410,000 which approximated the median of the five largest public pension funds in the United States. Mr. Williams' salary was adjusted from \$325,000 to \$367,500 effective 12/10/13 and adjusted again to \$389,500 effective 12/1/2014. Mr. Williams' salary was not adjusted in 2015.

In 2016, the SBA refreshed the analysis done in 2013 but did so internally (as a fee savings measure) and Mercer reviewed and validated the work. In Mercer's view, the process undertaken by the SBA was appropriate and consistent with the approach Mercer would have taken. Mercer's recommendation for 2016 was to increase Mr. Williams' base salary to \$425,000, however Mr. Williams' base salary was actually adjusted to \$411,000, which is his current base salary amount.

This year, the SBA again conducted the ED/CIO salary analysis internally and has asked Mercer to review the analysis and provide a base pay recommendation for the ED/CIO. We again believe the process undertaken by the SBA is reasonable and consistent with past practices.

### Annual Review of CIO's performance

Mercer received feedback from all five members of the Compensation Subcommittee pertaining to the annual performance of the ED/CIO. Mr. Williams received high marks in all categories, with all Subcommittee members giving the highest possible ratings with respect to Mr. Williams' overall individual performance. The Subcommittee has consistently communicated its desire to retain Mr. Williams and the intention to provide market competitive compensation to all SBA employees, including Mr. Williams.

### Mercer's Recommendations Regarding SBA's ED/CIO Compensation

The 2016 market data for the SBA pegged the median base salary for CIOs at the five largest public pension funds in the United States at approximately \$455,000. Last year, we recommended phasing

in the increase for Mr. Williams' salary by initially adjusting to \$425,000 in 2016 and then adjusting his salary again in 2017 to \$455,000 to align with market median.

The SBA compiled multiple salary market reference points for Mercer's review which ranged from approximately \$460,000 to \$490,000. Based on this review, we recommend staying on track and increasing Mr. Williams' salary this year to \$455,000 which is the midpoint of the ED/CIO's pay grade. In 2018, Mr. Williams should be considered for another increase, depending on the market at that time and performance.

Additionally, several SBA employees, including Mr. Williams, are eligible for a performance based incentive which is closely tied to the results of the funds. Mr. Williams is eligible for incentive compensation ranging from 17.5% to 52.5% of salary and Mercer remains comfortable that the incentive compensation is reasonable and competitive.

If you have any questions, please do not hesitate to contact me.

Thank you,  
Jon

# **Attachment 4**

# 2016-17 SBA Compensation Update



# SBA Incentive Compensation Information

## 2015-16 and 2016-17

### 2015-16 Incentive Compensation Statistics

Total Eligible Positions	64
Total Participants Receiving an Award	57
Maximum Possible Award	\$ 2,126,550
Maximum Possible Quant. Award	\$ 1,786,970
Actual Quant. Award (Pd. Over 2 yrs.)	\$ 1,382,538
Max. Possible Indv. Awd. (Pd. Over 2 yrs.)	\$ 339,580
Actual Indv. Award (Pd. Over 2 yrs.)	\$ 255,999
Actual Total Award Earned (Pd. Over 2 yrs.)	\$ 1,638,535 *
% earned quant. vs max possible	77%
% earned indv. vs max possible	75%
% earned vs. max possible	77%
% of participants earning max award	53%
Total Awards Pd. In December 2016	\$ 869,218 **
Total Awards Deferred to December 2017	\$ 769,318

\*(8.1% of SBA budgeted salaries)

\* \*\*More than 50% paid out due to two individuals reaching age 65 in calendar year 2016, triggering 100% payout pursuant to the Plan document.

### 2016-17 Incentive Compensation Information

#### Preliminary Results

Total Eligible Positions	64
Total Participants Receiving an Award	61
Maximum Possible Award	\$ 2,126,827
Maximum Possible Quant. Award	\$ 1,783,384
Actual Quant. Award (Pd. Over 2 yrs.)	\$ 1,662,624
Max. Possible Indv. Awd. (Pd. Over 2 yrs.)	N/A
Actual Indv. Award (Pd. Over 2 yrs.)	N/A
% earned quant. vs. max possible	93%
% of participants earning max quant. award	77%

# SBA Base Compensation Update as of December 2016 – Latest Cycle

## Non-Incentive Eligible

Total Employees	126
Non-Incentive Eligible as % of Total Employees	68.1%
Aggregate 2016 Midpoints	10,055,200
Aggregate 2016 Actual Salaries (PT Adjusted to FT)	9,255,223
Salaries as % of 2016 Midpoints	92.0%
Average Years in Job/Grade	4.8
Aggregate Last Increase	313,617
Average % of Last Salary Increase	3.5%
Average Non-Incentive Eligible Salary Increase	2,489
% Increase Range for Last Salary Increase	0.0% - 15.9%

## Incentive Eligible

Total Employees	59
Incentive Eligible as % of Total Employees	31.9%
Aggregate 2016 Midpoints	8,873,300
Aggregate 2016 Actual Salaries	7,462,656
Salaries as % of 2016 Midpoints	84.1%
Average Years in Job/Grade	3.2
Aggregate Last Increase	176,047
Average % of Last Salary Increase	2.3%
Average Incentive Eligible Salary Increase	2,984
% Increase Range for Last Salary Increase	0.0% - 5.5%

## Distribution of Salary Increases - Non-Incentive Eligible

<u>Percentage Increase</u>	<u>Number of Employees</u>	<u>Percentage of Employees</u>
No Increase	26	20.6%
.1% - 5%	73	57.9%
5.1% - 10%	22	17.5%
10.1% - 15%	3	2.4%
Greater than 15%	2	1.6%
	126	100.0%
Median % Increase:		3.1%

## Distribution of Salary Increases - Incentive Eligible

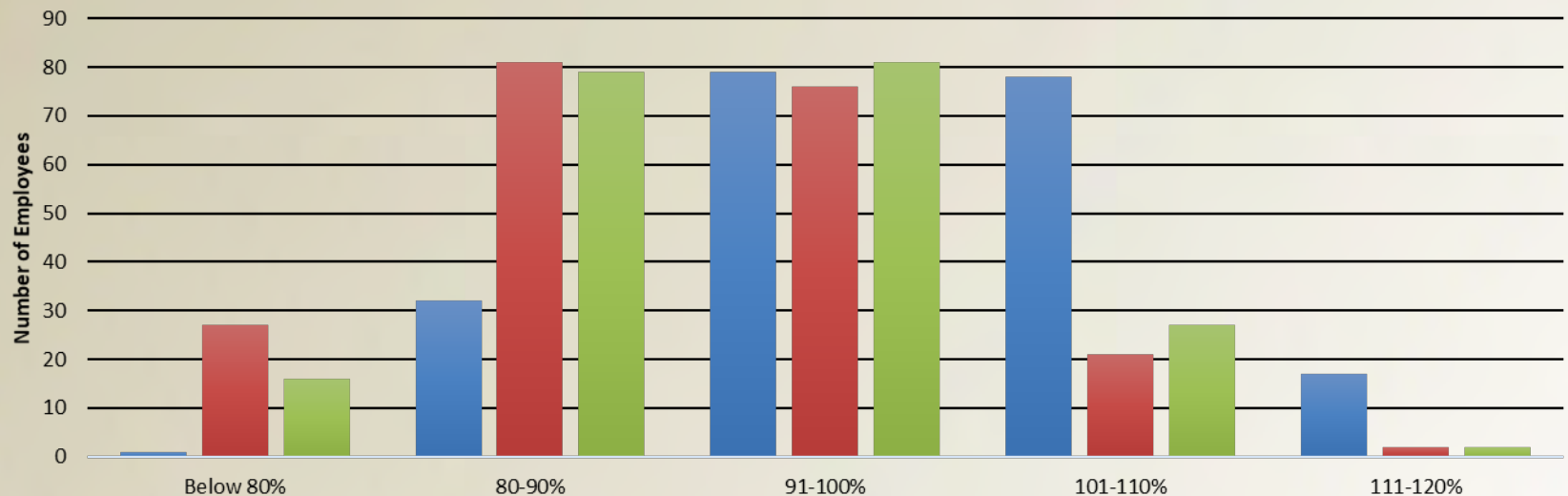
<u>Percentage Increase</u>	<u>Number of Employees</u>	<u>Percentage of Employees</u>
No Increase	5	8.5%
.1% - 5%	51	86.4%
5.1% - 10%	3	5.1%
10.1% - 15%	0	0.0%
Greater than 15%	0	0.0%
	59	100.0%
Median % Increase:		2.2%

\*The data on this slide reflect only SBA information and exclude FHCF and ODCP.

# Progress of Salaries Toward Midpoint

(2016 Salary Data)

**Progress Toward Target Salaries**  
**Salary as Percent of Pay Grade Midpoint**



90-110% is "Competitive Range"

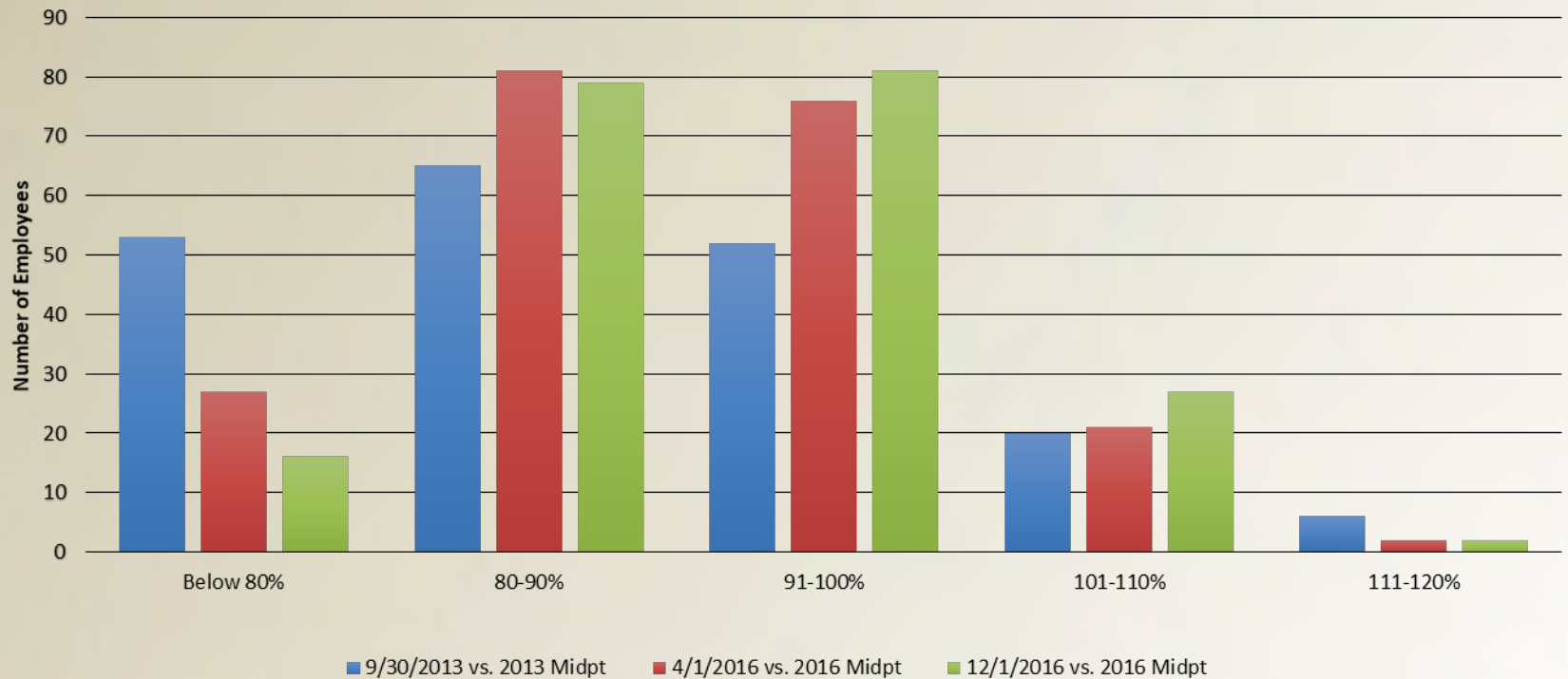
■ 4/1/2016 vs. 2013 Midpt ■ 4/1/2016 vs. 2016 Midpt ■ 12/1/2016 vs. 2016 Midpt

# Progress of Salaries Toward Midpoint

(Salaries Compared to Relevant Period Midpoints)

## Progress Toward Target Salaries

Salaries v. Relevant Period Midpoint Target  
(2013 vs. 2016)

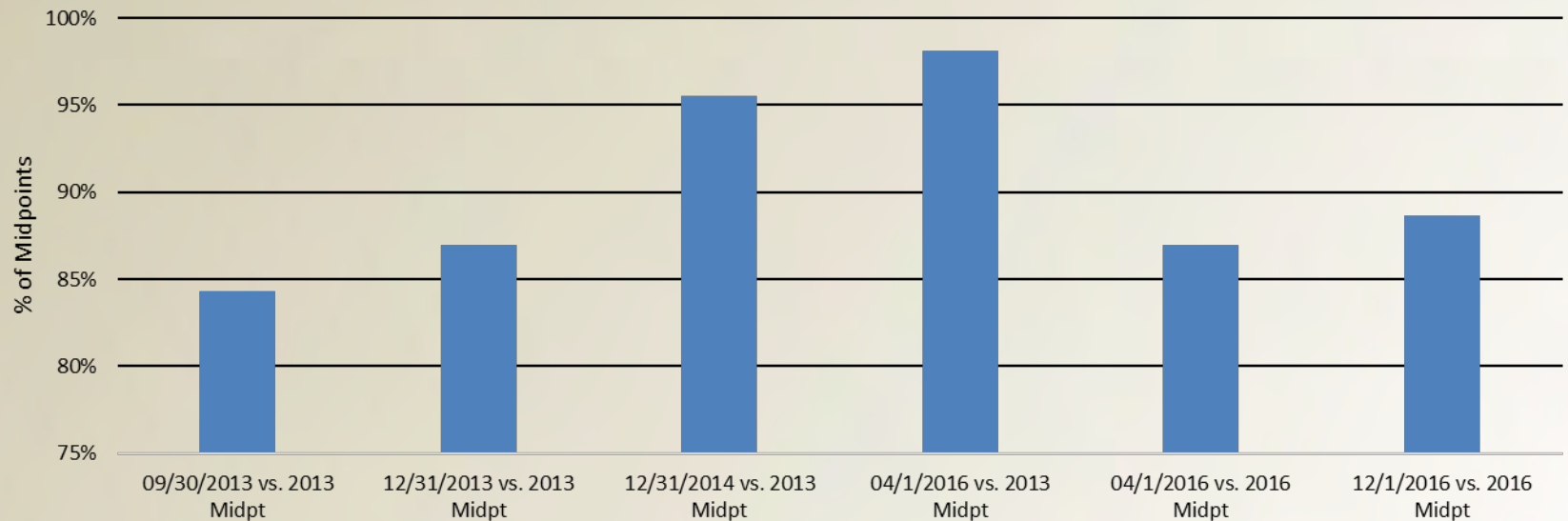




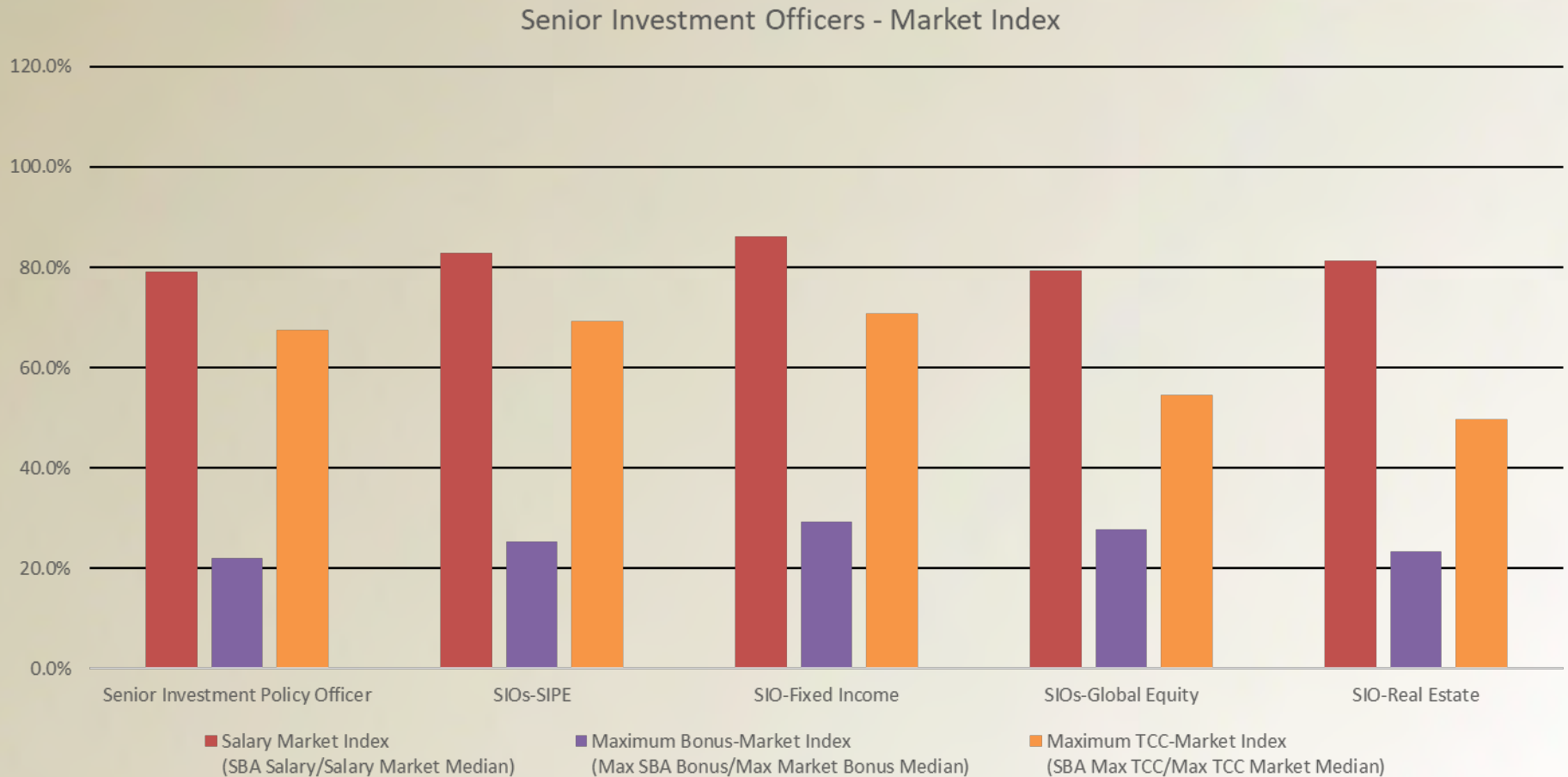
# Progress Toward Target Salaries

## (Organization-wide Compa-Ratio)

Progress Toward Target Salaries  
Weighted Average "Compa-Ratio"  
(Total Actual Salary as a % of 2013 or 2016 Midpoints)



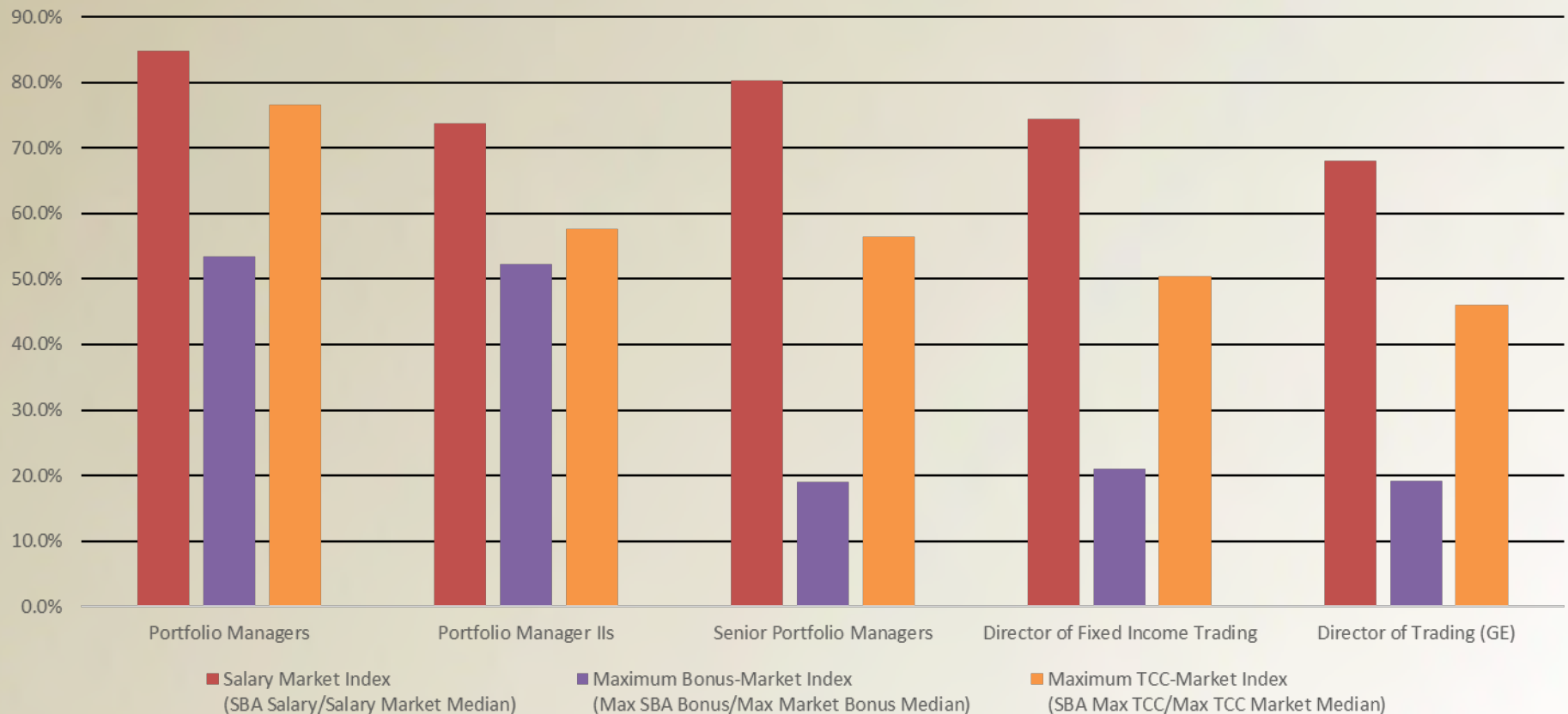
# Comparison of Current SBA Compensation to 2016 Market Medians for Senior Investment Officers



\*If the SBA is at 100.0%, then the SBA is doing as well as the median market peer for salary, bonus, or total cash compensation (salary + bonus).

# Comparison of Current SBA Compensation to 2016 Market Medians for PMs & Directors

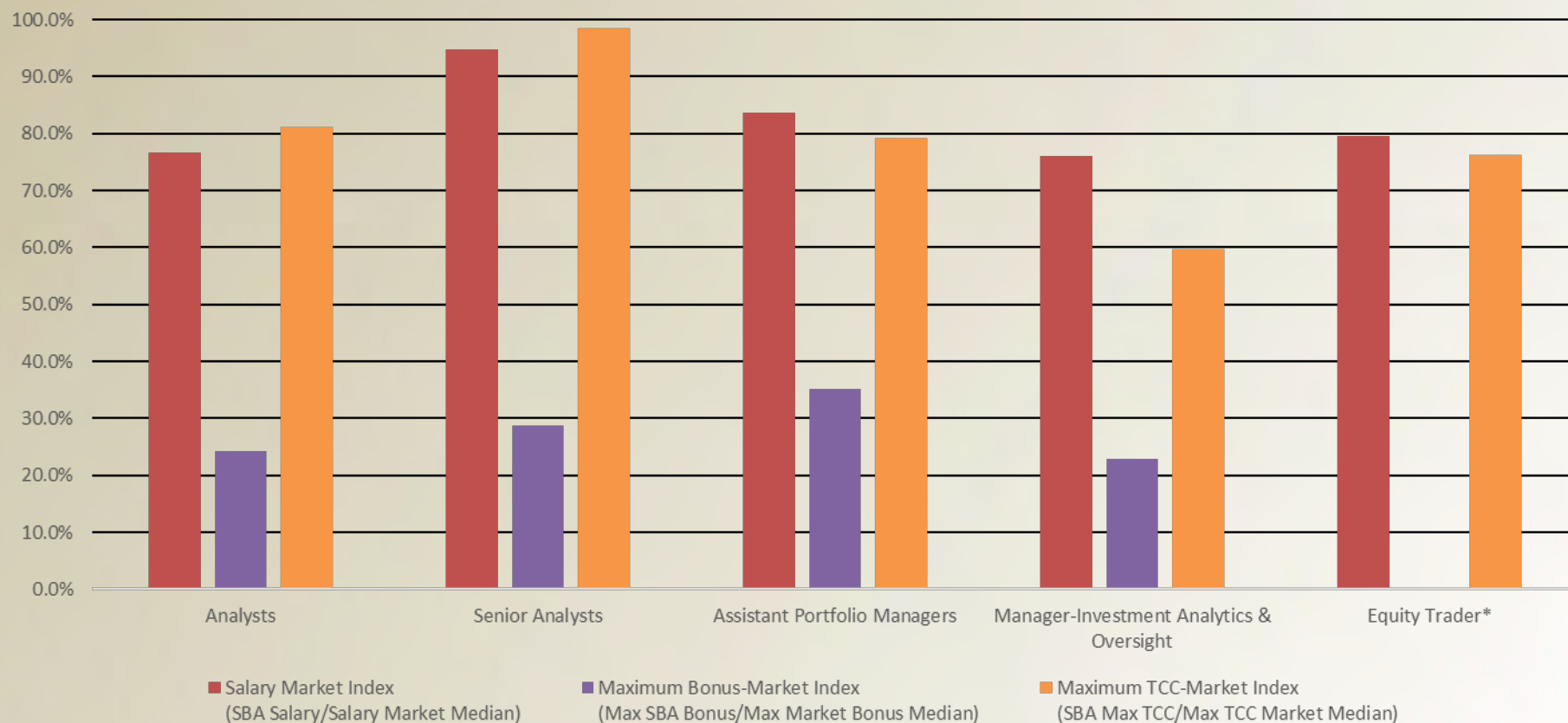
Portfolio Managers & Directors - Market Index



\*If the SBA is at 100.0%, then the SBA is doing as well as the median market peer for salary, bonus, or total cash compensation (salary + bonus).

# Comparison of Current SBA Compensation to 2016 Market Medians for Analysts, Sr. Analysts, APMs, Manager-IA&O, & Equity Trader

Analysts, Sr Analysts, APMs, Manager-IA&O, & Equity Trader - Market Index



\*If the SBA is at 100.0%, then the SBA is doing as well as the median market peer for salary, bonus, or total cash compensation (salary + bonus).

\*The median for the maximum bonus-market index was not provided by McLagan for the Equity Trader.

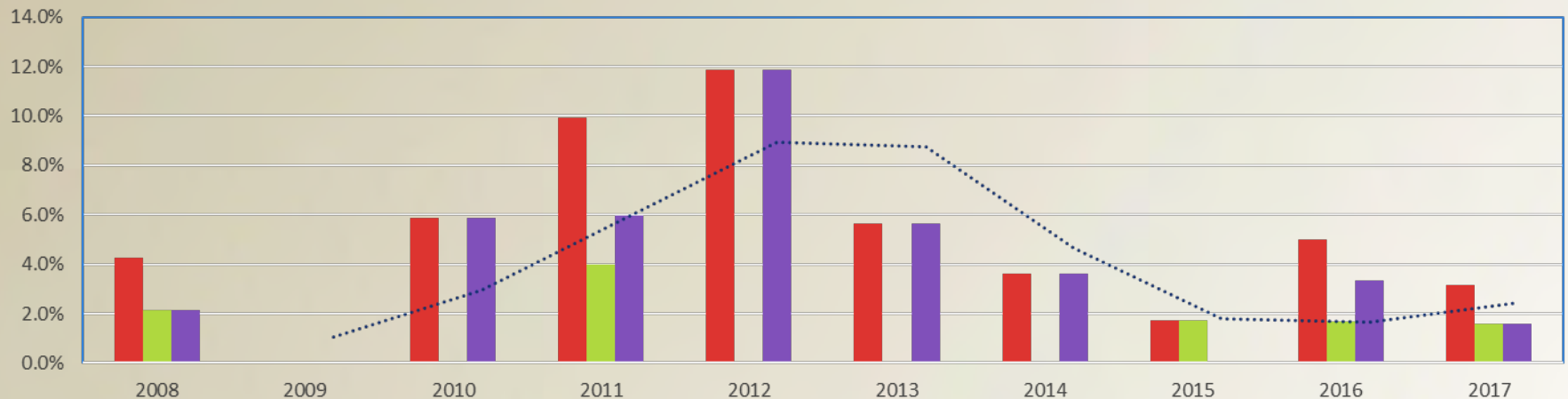
# All Staff Turnover – By Reason

Turnover 2008-17  
All Staff - By Reason



# Asset Class Staff Turnover – By Reason

Asset Class Positions - Turnover  
By Reason



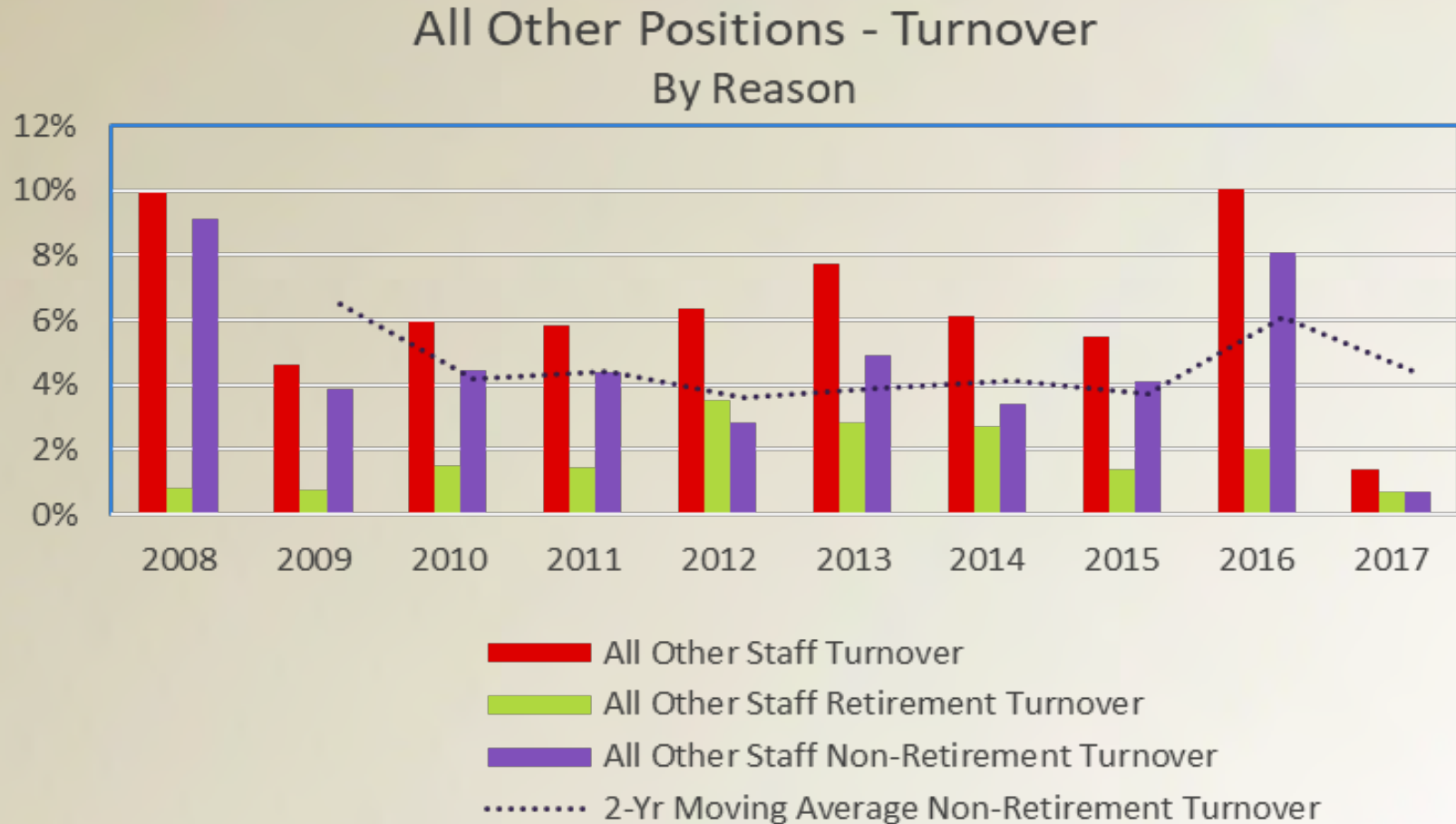
Asset Class Turnover

Asset Class Retirement Turnover

Asset Class Non-Retirement Turnover

2-Yr Moving Average Non-Retirement Turnover

# Non-Asset Class Staff Turnover – By Reason



# FY 2018 Information

- Employee Recruitment & Retention Rate for FY 2018
  - SBA = \$900,000
  - ODCP = \$37,430
  - FHCF = 60,379
- Non-Recurring Compensation Rate for FY 2018
  - SBA = \$2,350,000
  - ODCP = \$150,000
  - FHCF = 93,700

Business Unit/Department	12/1/2016 Compa-Ratio	Current Compa- Ratio (08/31/2017)
SBA, ODCP, FHCF	88.7%	88.3%
ODCP	93.0%	93.0%
FHCF	91.4%	91.8%
SBA	88.3%	87.9%
Non-Incentive Eligible	92.0%	91.0%
Incentive Eligible	84.1%	84.2%