

# MEETING OF THE STATE BOARD OF ADMINISTRATION

GOVERNOR DESANTIS AS CHAIR  
CHIEF FINANCIAL OFFICER PATRONIS  
ATTORNEY GENERAL MOODY

June 22, 2022

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**ITEM 1. APPROVAL OF THE MARCH 29, 2022, MEETING MINUTES**

(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 \$24,500,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, 2022 (SERIES TO BE DESIGNATED) (CADENZA AT HACIENDA LAKES)**

(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 \$26,180,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, 2022 (SERIES TO BE DESIGNATED) (NORTHSIDE TRANSIT VILLAGE III)**

(See Attachment 3)

**ACTION REQUIRED**

**ITEM 4. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$66,500,000 STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY MANDATORY STUDENT FACILITY FEE REVENUE BONDS, SERIES (TO BE DETERMINED)**

(See Attachment 4)

**ACTION REQUIRED**

**ITEM 5. 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 THE RULE, ALONG WITH THE INCORPORATED FORM, FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING OR IF A HEARING IS REQUESTED AND NO NOTICE OF CHANGE IS NEEDED.**

(See Attachments)

**ACTION REQUIRED**

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- ITEM 6. REQUEST APPROVAL OF THE 2022-2023 FLORIDA HURRICANE CATASTROPHE FUND REIMBURSEMENT PREMIUM FORMULA.

(See Attachment 6)

ACTION REQUIRED

- ITEM 7. REQUEST APPROVAL OF, AND AUTHORITY TO FILE, A NOTICE OF PROPOSED RULE FOR FLORIDA HURRICANE CATASTROPHE FUND RULE 19-8.028, F.A.C., REIMBURSEMENT PREMIUM FORMULA, AND TO FILE THIS RULE, ALONG WITH THE INCORPORATED FORM, FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING OR IF A HEARING IS REQUESTED AND NO NOTICE OF CHANGE IS NEEDED.

(See Attachment 7)

ACTION REQUIRED

- ITEM 8. REQUEST APPROVAL OF, AND AUTHORITY TO FILE, A NOTICE OF PROPOSED RULE FOR FLORIDA HURRICANE CATASTROPHE FUND RULE 19-8.029, F.A.C., INSURER REPORTING REQUIREMENTS AND RESPONSIBILITIES, AND TO FILE THIS RULE, ALONG WITH THE INCORPORATED FORM, FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING OR IF A HEARING IS REQUESTED AND NO NOTICE OF CHANGE IS NEEDED.

(See Attachment 8)

- ITEM 9. REQUEST APPROVAL OF THE STATE BOARD OF ADMINISTRATION'S 2022 CORPORATE GOVERNANCE PRINCIPLES AND PROXY VOTING GUIDELINES

(See Attachment 9)

ACTION REQUIRED

- ITEM 10. REQUEST APPROVAL OF DRAFT LETTERS 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" FOR THE FIRST QUARTER OF 2022, (SECTION 218.409(6)(a)1, F.S.)

(See Attachment 10)

ACTION REQUIRED

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

Pursuant to sections 215.442, 215.473, 215.4725, 215.4702, and 215.471 Florida Statutes, the SBA is required to submit a quarterly report that includes lists of "continued examination" and "scrutinized companies" with activities in Sudan and Iran, Anti-BDS, Northern Ireland, Cuba and Syria, and Venezuela.

**(See Attachment 11)**

**ACTION REQUIRED**

**ITEM 12. QUARTERLY REPORTS PURSUANT TO SECTION 215.44 (2)(e), FLORIDA STATUTES**

- **Interim Executive Director & CIO Introductory Remarks and Standing Reports**
- **Major Mandates Investment Performance Reports**
  - 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 Attachment 12)**

**INFORMATION/DISCUSSION ITEMS**

**ITEM 13. REQUEST APPROVAL OF THE STATE BOARD OF ADMINISTRATION'S PROPOSED BUDGETS FOR FISCAL YEAR 2022-2023: (1) STATE BOARD OF ADMINISTRATION; (2) FRS INVESTMENT PLAN; (3) FLORIDA HURRICANE CATASTROPHE FUND; (4) DIVISION OF BOND FINANCE; AND, (5) FLORIDA PREPAID COLLEGE BOARD.**

**(See Attachment 13)**

**ACTION REQUIRED**

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In Re: Florida Cabinet Meeting

March 29, 2022

**PHIPPS REPORTING**

*Raising the Bar!*

March 29, 2022

STATE OF FLORIDA

IN RE: MEETING OF THE GOVERNOR AND CABINET

CABINET MEMBERS: GOVERNOR RON DESANTIS  
ATTORNEY GENERAL ASHLEY MOODY  
CHIEF FINANCIAL OFFICER JIMMY PATRONIS  
COMMISSIONER OF AGRICULTURE NIKKI FRIED

TIME: Tuesday, March 29, 2022

COMMENCED: 9:00 a.m. - 11:19 a.m.

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

This cause came on to be heard at the time and place  
aforesaid, when and where the following proceedings were  
stenographically reported by: Stephanie Nargiz, FPR-C, RPR

Job No.: 241745

**www.phippsreporting.com**  
**(888)811-3408**

1 item. Is there a second?

2 COMMISSIONER MOODY: Second.

3 GOVERNOR DESANTIS: Hearing no objection, motion  
4 carries.

5 MR. ALTMAIER: And last, but not least, item 14.  
6 This rule refers to the Florida Windstorm Underwriting  
7 Association which no longer exists. That's now  
8 Citizens. So we are proposing that we repeal this  
9 rule. So with no objections, we would request your  
10 approval for publication of this rule and final  
11 adoption if there aren't any hearings requested.

12 GOVERNOR DESANTIS: Move to approve the item. Is  
13 there a second?

14 COMMISSIONER PATRONIS: Second.

15 GOVERNOR DESANTIS: Hearing no objection, the  
16 motion carries. Thank you.

17 MR. ALTMAIER: Thank you so much.

18 GOVERNOR DESANTIS: SBA, Lamar Taylor.

19 STATE BOARD OF ADMINISTRATION

20 Lamar Taylor

21 \* \* \* \* \*

22 MR. TAYLOR: Good morning, Governor and Trustees.  
23 Governor, before I jump into the agenda, if I could  
24 just take a moment to thank you and your staff for  
25 some legislative accomplishments that occurred this

1 session that have had a major impact on the FRS, and I  
2 think it flew under the radar a little bit.

3 As you know, the final budget that was approved  
4 by the Legislature included an increase in the  
5 employer contribution, the defined contribution  
6 pension plan, a 3 percent of employee pay. And that  
7 was something that was originally included in your  
8 budget recommendations months ago, and it's certainly  
9 a good thing it was ultimately adopted by the  
10 Legislature. That's a meaningful increase in the  
11 retirement contributions to the investment plan. I  
12 think for a regular class employee that's roughly  
13 almost a 50 percent increase in terms of their  
14 contribution to their retirement. Florida has  
15 historically lagged our peer states when it comes to  
16 contributions to defined contributions, so this is a  
17 meaningful increase.

18 And of course, it's going to impact a lot of  
19 people. Since 2018, we've seen 75 percent of all  
20 non-special risk new hires either elect into or  
21 default into the investment plan. So this is going to  
22 have an impact on a lot of people, and so it's a good  
23 thing. Of course, this is on the back of activities  
24 that you already undertake with respect to shoring up  
25 the pension plan for the actuarial assumptions

1 conference, by ensuring the assumptions that we make  
2 in that process is more conservative. So we just want  
3 to take a minute, highlight that, and acknowledge  
4 that, and thank you for your support there.

5 So jumping into the agenda. Maybe I thought I'd  
6 give a brief update on performance, and a brief update  
7 on some conversations we had in December. So in terms  
8 of performance for the Florida Retirement System  
9 Defined Benefit Pension Plan fiscal year-to-date  
10 through the close of yesterday, the fund performance  
11 stands at 1.51 percent, which is 59 basis points ahead  
12 of the target. Fund balance is at 197.8 billion,  
13 which is just under 2 billion lower than where we  
14 started the fiscal year.

15 So in terms of updates from our discussion in  
16 December, the trustees sent us off with three tasks.  
17 The first item was to increase the percentage of proxy  
18 voting that we voted in house. And in December, when  
19 I came to you, we voted 93 percent of votable proxies  
20 in house SBA staffers. Today we stand at 99 percent.  
21 And we continue to work with the remaining 1 percent  
22 and keep you all updated on the progress there.

23 The second item was to review our proxy voting  
24 guidelines and to underscore that when we vote those  
25 proxies we're acting in the economic best interest of

1 our beneficiaries. We have conducted that review, and  
2 those guidelines will be reviewed by the investment  
3 advisory council this afternoon and will come back for  
4 the trustees' approval in June.

5 The third item was to undertake a survey of our  
6 holdings in China. And we have completed that survey  
7 and we've provided a summary of that survey to your  
8 respective staff. As you know, China is a part of our  
9 emerging market strategies, which we've been involved  
10 with since the mid 1990s. And frankly, it's difficult  
11 to discuss the emerging risks and uncertainties in the  
12 emerging markets without first mentioning some of the  
13 events that have happened in Ukraine and Russian's  
14 invasion, Ukraine and the significant economic fallout  
15 that has taken place since then.

16 So in retaliation for a globally-coordinated  
17 massive sanctions against Russia, its oil and gas  
18 industry, transportation industry, Central Bank,  
19 Russia has imposed significant capital restraints in  
20 terms of the capital outlays in the country, and on  
21 February 25th, shut its markets. Those markets have  
22 remained shut to foreign investors like the State  
23 Board of Administration as of today.

24 In terms of our exposure to Russian securities,  
25 as we reported, the SBA had about \$300 million of

1 Russian securities prior to the crisis. In terms of  
2 context, that's about 15 bases points. \$300 million  
3 out of a \$190 billion. It's equivalent to 15 cents  
4 out of a \$100 bill. That exposure has come down  
5 significantly since the crisis in terms of valuations.  
6 We remain in constant contact with our managers to  
7 make sure that they are staying aware of the situation  
8 and the evolving facts and circumstances over there.  
9 Our expectation is that our managers will continue to  
10 act as fiduciaries, and will continue to assess the  
11 situation on the facts and circumstances basis as  
12 things evolve, and continue to manage our investments  
13 in the best invest economic interests of our  
14 beneficiaries.

15 I would anticipate in light of that, that as  
16 liquidity comes back into this market, I would expect  
17 that under certain situations some of these managers  
18 may choose to exit from some of these positions. I  
19 would imagine there may be some managers who choose to  
20 hold some of these positions to await possibly more  
21 favorable pricing. What I can say is that if we were  
22 forced to divest today, under the circumstances, even  
23 if we could and the markets were closed, the only  
24 thing that would do would be to ensure a realized loss  
25 for the Florida Retirement System Benefit -- Defined

1 Benefit Pension Plan. And that is an outcome we are  
2 seeking to mitigate by taking a more deliberate  
3 approach and making sure our managers are acting as a  
4 fiduciary in the best economic interest of the plan.

5 GOVERNOR DESANTIS: And that would violate your  
6 fiduciary duty if you liquidated at massive losses for  
7 political reasons rather than for the best interest of  
8 the beneficiaries; is that how you read your duties?

9 MR. TAYLOR: That's right. Yes, sir.

10 GOVERNOR DESANTIS: And I just also, just in  
11 terms of the emerging markets, I mean, China, of  
12 course, and now with Russia, the typical American that  
13 has mutual funds that are invested in emerging  
14 markets, would they likely have some type of holdings  
15 in countries like Russia and China? Is that pretty  
16 typical?

17 MR. TAYLOR: One would expect. Again, really up  
18 until earlier this month, Russia was included in the  
19 emerging market indices, MSCI, and a number of the  
20 emerging market industries, and you would expect an  
21 emerging market manager would carry Russian exposure  
22 in their portfolio as a way to manage their  
23 performance relative to the benchmark, so that would  
24 be, one would think.

25 GOVERNOR DESANTIS: How you guys have managed

1 this is not atypical from how similar funds would be  
2 managed in terms of having exposure to emerging  
3 markets and the like?

4 MR. TAYLOR: Well, certainly having exposure to  
5 emerging markets, a fund our size and a mandate to  
6 diversify globally or diversify global pool of capital  
7 is something you would expect for a fund our size to  
8 have it in these emerging markets.

9 And so, as I said, as things stand now, certainly  
10 we are staying in constant contact with our managers  
11 assuring they are continuing to assess the situation  
12 on a facts and circumstances basis and manage the  
13 funds in the best economic interests of our  
14 beneficiaries. We will, of course, continue to update  
15 the trustees and your staff as things develop there.

16 In terms of our survey on our holdings in China,  
17 as we indicated back in December, the FRS exposure to  
18 China securities remain relatively low, at 2.8 percent  
19 of the total fund. And that's driven again largely by  
20 the holdings in the emerging market space. As we  
21 discussed back in December, increasing risks in China  
22 in particular, in terms of the government's somewhat  
23 erratic responses to certain areas in China,  
24 for-profit education, high-tech, et cetera, the  
25 Chinese property market continues to be under stress.

1 And in addition to that, we believe the downside  
2 risk in the certainty in emerging markets in China are  
3 certainly increased in the wake of Russia's invasion  
4 into Ukraine. So in light of the increasing risks of  
5 uncertainty, for the moment we have stopped funding  
6 new investment strategies in China and in emerging  
7 markets, including China, as we continue to assess  
8 these risks, determine if there's anything we can do  
9 further. And certainly, as with the Russia situation,  
10 this is something that we will ensure to keep the  
11 trustees and staff informed on as things develop.

12 COMMISSIONER FRIED: Governor, I just have one  
13 question. Of the value of the 300 million that we are  
14 having conversation of, is there an assessment as of  
15 today what the value of that money is?

16 MR. TAYLOR: It's hard, again, those markets are  
17 closed, and in terms of transactions to foreign  
18 investors like the state board, so it's difficult to  
19 say what that value is if we don't have active buyers  
20 and sellers in the market.

21 GOVERNOR DESANTIS: I would just say that in  
22 terms of looking at some of these parts of the world,  
23 but particularly like the CCP-linked investments, I  
24 know that in the legislature, particularly with the  
25 incoming speaker, there's going to be an appetite to

1 look to see if we can by statute maybe target our  
2 investments away from some of the parts of the world  
3 that are hostile to American interests. I'm not sure  
4 that you guys can just do that with your fiduciary  
5 obligation absent a statutory directive, but I think  
6 it would be similar like we've done with BDS where we  
7 put companies on the list and then that's just the way  
8 it goes.

9 So we're going to be looking at that from a  
10 statutory perspective, because I think that's the  
11 cleanest way to do it. Because once that's there,  
12 you've got to operate in confines of the law. If you  
13 say, well, I'm not going to do CCP, but I am going to  
14 do this part or this part, well, there's a lot of  
15 problematic countries out there, so you kind of tie  
16 yourself in a pretzel. But if the legislature can  
17 speak, I think, clearly, that would be something we  
18 would welcome here just to make sure we're not  
19 furthering investments in parts of the world that are  
20 not reflective of our interests or values.

21 COMMISSIONER MOODY: And I have just one  
22 question. You have a compliance program for  
23 assuring --

24 MR. TAYLOR: Yes, ma'am.

25 COMMISSIONER MOODY: -- that we are complying

1 with federal sanctions, and we've done that?

2 MR. TAYLOR: Yes, ma'am. We have a very active  
3 compliance department, we're audited against that  
4 compliance process regularly, and are very active in  
5 pre-trading, post-trading in terms of ensuring  
6 compliance with OFAC and all applicable laws.

7 COMMISSIONER MOODY: And certainly, the CFO, the  
8 Governor, and I are charged as fiduciaries working  
9 with you, and we appreciate your assessment of risk  
10 and contemplating how we might act in the future under  
11 those fiduciary duties. It is a very serious  
12 responsibility, and neither the CFO, the Governor or I  
13 take those lightly. If there were a policy direction  
14 from the legislature, the Florida legislature like  
15 there has been in the past, whether that's that VDS,  
16 Venezuela or what have you, at this moment are you  
17 able, even if there were that policy directive,  
18 because of the market restrictions would you be able  
19 at this moment to divest?

20 MR. TAYLOR: With respect to Russia or respect to  
21 China?

22 COMMISSIONER MOODY: With the Russia situation.

23 MR. TAYLOR: Currently as it stands right now,  
24 Russian equity markets are shut to foreign investors  
25 like the state board. I think if the question were



1 today could we transact out of that market, my  
2 understanding is no.

3 COMMISSIONER PATRONIS: Question.

4 GOVERNOR DESANTIS: Yeah.

5 COMMISSIONER PATRONIS: I appreciate, and thank  
6 you for everything you've been putting up with, it's  
7 been crazy, but the State is in a better place because  
8 of your leadership. When you talk about .15 basis  
9 points, is that what you said?

10 MR. TAYLOR: It's 15 basis points, is .15  
11 percent. 15 cents on \$100.

12 COMMISSIONER PATRONIS: One, I guess, because  
13 your team has got some leadership, our exposure  
14 because of what is negatively impacted to their  
15 economy, we're in a good place still financially. I'm  
16 Greek. When Greece collapsed, it did nothing to  
17 anybody's economy, because Greece doesn't put anything  
18 out. In the case of Russia, we've got such limited  
19 exposure over there, is Russia's biggest contribution  
20 back to the global economic influence, just their fuel  
21 supplies to Europe and -- is that the biggest concern  
22 you have as a risk to our financial health?

23 MR. TAYLOR: Well, I think that's a good point.  
24 It's difficult to sort of sit here today and  
25 understand or think about how all of these things may

1 play out. Certainly, Russia has an important supplier  
2 of oil and gas to Europe and Easter Europe Germany, in  
3 particular. So there is some considerably uncertainty  
4 around the impact of disruption there, which may have  
5 fall on repercussions.

6 COMMISSIONER PATRONIS: Somebody said it's the  
7 Russians.

8 (A microphone adjustment was made.)

9 MR. TAYLOR: So I think at that point, I think  
10 certainly that would be something that we would have  
11 to wait and see how that develops, but it is certainly  
12 a risk that that could have in all of our consequences  
13 in terms of the economies in Europe.

14 COMMISSIONER PATRONIS: Sure. Well, again, thank  
15 you for your leadership, and your balance, and as your  
16 approach.

17 COMMISSIONER FRIED: I just want to add onto that  
18 too as far as that other uncertainty there, Russia had  
19 announced weeks ago their refusal to export fertilizer  
20 or nitrogen also, which is going to have a drastic  
21 impact on the cost of food and the production of food,  
22 not just here in the state of Florida, but across the  
23 country and across the world. That is something  
24 that's certainly on our radar, something that we're  
25 going to be working through.

1 I did have one follow-up question on these  
2 dollars. At what point would we be able to assess or  
3 should have been able to assess when we start seeing  
4 either the movement of the troops onto the Ukrainian  
5 border, at what point would the market shut down that  
6 we were not able to divest?

7 MR. TAYLOR: February 25th.

8 GOVERNOR DESANTIS: All right. We'll go ahead.  
9 Item one.

10 MR. TAYLOR: Thank you, Governor. Item one is  
11 the approval of the December 2021 meeting minutes.

12 GOVERNOR DESANTIS: I move to approve. Is there  
13 a second?

14 COMMISSIONER PATRONIS: Second.

15 GOVERNOR DESANTIS: No objection. The motion  
16 carries.

17 MR. TAYLOR: Item 2 is the resolution of the  
18 State Board Administration approving the fiscal  
19 sufficiency in the amount not exceeding \$58 million  
20 State of Florida State Board of Education, Lottery  
21 Revenue refunding bonds, series to be determined,  
22 request approval.

23 GOVERNOR DESANTIS: All right. I move to  
24 approve. Is there a second?

25 COMMISSIONER PATRONIS: Second.

1 GOVERNOR DESANTIS: Hearing no objection, motion  
2 carries.

3 Item 3.

4 MR. TAYLOR: Item 3 is the resolution of the  
5 State Board Administration approving the fiscal  
6 sufficiency in the amount not exceeding \$30,500,000  
7 State of Florida Department of Environmental  
8 Protection, Everglades restoration revenue refunding  
9 bonds, series to be determined. Request approval?

10 GOVERNOR DESANTIS: I move to approve. Is there  
11 a second?

12 COMMISSIONER PATRONIS: Second.

13 GOVERNOR DESANTIS: Hearing no objection, the  
14 motion carries.

15 Four.

16 MR. TAYLOR: Item 4 is the resolution of the  
17 State Board Administration approving the fiscal  
18 sufficiency of an amount not exceeding \$7 million,  
19 State of Florida Board of Governors, Florida State  
20 University Research Foundation, Incorporated revenue  
21 refunding bonds series to be determined. Request  
22 approval.

23 GOVERNOR DESANTIS: I move to approve. Is there  
24 a second?

25 COMMISSIONER MOODY: Second.

1 GOVERNOR DESANTIS: Hearing no objection, the  
2 motion carries.

3 Next item.

4 MR. TAYLOR: Item 5, is a resolution of the State  
5 Board Administration approving the fiscal sufficiency  
6 of an amount not exceeding \$10,300,000 to The State of  
7 Florida Board of Governors University System  
8 improvement revenue refunding bonds series to be  
9 determined. Request approval.

10 GOVERNOR DESANTIS: I move to approve. Is there  
11 a second?

12 COMMISSIONER PATRONIS: Second.

13 GOVERNOR DESANTIS: Hearing no objection, the  
14 motion carries.

15 MR. TAYLOR: Item 6 is a resolution to the State  
16 Board of Administration of Florida making the fiscal  
17 determination in connection with the issuance of an  
18 amount not exceeding \$16,510,000 Florida Housing  
19 Finance Corporation multi-family mortgage revenue  
20 bonds 2022 series to be designated, Brownsville  
21 Transit, Village 5, this is in Miami-Dade County.  
22 Request approval.

23 GOVERNOR DESANTIS: Move to approve. Is there a  
24 second?

25 COMMISSIONER PATRONIS: Second.

1 GOVERNOR DESANTIS: Hearing no objection, the  
2 motion carries.

3 MR. TAYLOR: Item 7 is a resolution to the State  
4 Board of Administration of Florida in making the  
5 fiscal determination in connection with the issuance  
6 of an amount not exceeding \$11,700,000 Florida Housing  
7 Finance Corporation multi-family mortgage revenue  
8 bonds 2022, series to be designated, Arbors at Quincy.  
9 This is in Gadsden County, Florida.

10 GOVERNOR DESANTIS: I move to approve. Is there  
11 a second?

12 COMMISSIONER PATRONIS: Second.

13 GOVERNOR DESANTIS: Hearing no objection, the  
14 motion carries.

15 MR. TAYLOR: Item 8 is request for approval of a  
16 draft letter to the Joint Legislative Auditing  
17 Committee affirming the SBA trustees have reviewed and  
18 approved the auditor general's annual financial audit  
19 of the local government surplus funds trust fund,  
20 Florida Prime, report 2022-082 and actions taken, if  
21 any, to address any impacts. This is a clean,  
22 unmodified opinion of the auditor general with respect  
23 to Florida Prime's financial statements. There were  
24 no findings or requiring correction by the SBA, so we  
25 would request approval.

1 GOVERNOR DESANTIS: All right. I move to  
2 approve. Is there a second?

3 COMMISSIONER PATRONIS: Second.

4 GOVERNOR DESANTIS: Hearing no objection. The  
5 motion carries.

6 Next item.

7 MR. TAYLOR: Item 9, request for approval to  
8 draft letters to the Joint Legislative Auditing  
9 Committee affirming the SBA trustees have reviewed and  
10 approved the monthly Florida Prime summary reports and  
11 actions taken, if any, to address any impacts to third  
12 quarter 2021. There were no impacts or actions taken  
13 with respect to these reports, and these reports show  
14 Florida Prime was in compliance with all applicable  
15 guidelines. Request approval.

16 GOVERNOR DESANTIS: I move to approve. Is there  
17 a second?

18 COMMISSIONER PATRONIS: Second.

19 GOVERNOR DESANTIS: Hearing no objection, the  
20 motion carries.

21 Next item.

22 MR. TAYLOR: Request approval of the SBA  
23 quarterly reports required by Protecting Florida's  
24 Investment Act. The only change here, trustees was  
25 removal of the company from the Sudan continued

1 examination list. Request approval.

2 GOVERNOR DESANTIS: All right. I move to  
3 approve. Is there a second?

4 COMMISSIONER PATRONIS: Second.

5 GOVERNOR DESANTIS: Hearing no objection, the  
6 motion carries.

7 MR. TAYLOR: Item 11 is the final item, quarterly  
8 reports, pursuant to Section 215.442(E) of the Florida  
9 Statutes. It includes the reports of our general  
10 counsel, the inspector general, chief risk and  
11 compliance audit, as well as the performance of  
12 various mandates that we manage. And performance has  
13 been good for quarter. I'm happy to answer any  
14 questions.

15 GOVERNOR DESANTIS: All right. I move to  
16 approve. Is there a second?

17 COMMISSIONER PATRONIS: Second.

18 GOVERNOR DESANTIS: Hearing no objection, the  
19 motion carries. All right. Thank you.

20 Ben Watkins.

21 DIVISION OF BOND FINANCE

22 Ben Watkins

23 \* \* \* \* \*

24 MR. WATKINS: Good morning, Governor, Cabinet  
25 Members. Item 1 is the Minutes from the September

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

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**TO:** Lamar Taylor  
**FROM:** Ben Alonzo  
**SUBJECT:** Fiscal Determination  
**DATE:** June 14, 2022

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**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$24,500,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, 2022 (SERIES TO BE DESIGNATED) (CADENZA AT HACIENDA LAKES)**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$24,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, 2022 (Series to be designated) (the "Notes") for the purpose of financing the new construction of a 160-unit affordable housing community located in Collier County, Florida (Cadenza at Hacienda Lakes). The Notes shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

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

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA  
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE  
OF AN AMOUNT NOT EXCEEDING \$24,500,000 FLORIDA HOUSING FINANCE  
CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, 2022 (SERIES TO  
BE DESIGNATED) (CADENZA AT HACIENDA LAKES)**

**WHEREAS**, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$24,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, 2022 (Series to be designated) (the "Notes") for the purpose of financing the new construction of a 160-unit affordable housing community located in Collier County, Florida (Cadenza at Hacienda Lakes); and,

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

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

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

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

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

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

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

**BE IT RESOLVED**, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, 2022 (Series to be designated) (Cadenza at Hacienda Lakes), in an amount not exceeding \$24,500,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

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

**ADOPTED** June 22, 2022

**STATE OF FLORIDA)**  
**:**  
**COUNTY OF LEON )**

**I, Lamar Taylor**, Interim Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held June 22, 2022, making the fiscal determination in connection with the issuance of an amount not exceeding \$24,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, 2022 (Series to be designated) (Cadenza at Hacienda Lakes).

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 22<sup>nd</sup> day of June 2022.

---

**Lamar Taylor, Interim Executive Director & CIO**

**(SEAL)**



June 1, 2022

VIA EMAIL

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

RE: FHFC Multifamily Mortgage Revenue Notes  
Not to Exceed \$24,500,000 Tax-Exempt Notes  
Cadenza at Hacienda Lakes

Dear Mr. Taylor:

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

This note issue will be a Private Placement. We request that this item be placed on the agenda for approval at the State Board of Administration's June 28, 2022 Cabinet meeting, due to financing and closing schedules.

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

Sincerely,



Tim Kennedy  
Multifamily Loans & Bonds Director

TK/rg

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Ron DeSantis, Governor

Board of Directors: Ron Lieberman, Chair • Mario Facella, Vice Chair  
Ryan Benson • Dane Eagle • Sandra Einhorn • David Hall • Dev Motwani

Harold "Trey" Price, Executive Director

**\$16,395,000**  
**Florida Housing Finance Corporation**  
**Multifamily Mortgage Revenue Note**

**Cadenza at Hacienda Lakes**

**Combined Debt Coverage Table**

	Revenue	Note Payments (3) (4)		Subordinate Loan Payments (5)	Note Fee Payments		Total Debt Service	Debt Service Coverage		Note Balance
	Net Operating Income (1)	Principal (2)	Interest 4.74%	Interest + Fees	Compliance Monitoring	Issuer + PLS + Fiscal Agent Fees		Note Debt Service Coverage	Total DCR with Fees	
<b>YR 1</b>	\$ 1,146,353	\$ 140,961	\$ 774,087	\$ 75,642	\$ 3,882	\$ 47,619	\$ 1,042,191	1.25	1.10	\$ 16,395,000
<b>YR 2</b>	1,164,674	\$ 147,790	\$ 767,258	\$ 75,642	\$ 3,998	\$ 47,248	\$ 1,041,936	1.27	1.12	\$ 16,254,039
<b>YR 3</b>	1,183,195	\$ 154,950	\$ 760,099	\$ 75,642	\$ 4,118	\$ 46,859	\$ 1,041,668	1.29	1.14	\$ 15,951,299
<b>YR 4</b>	1,201,914	\$ 162,456	\$ 752,592	\$ 75,642	\$ 4,242	\$ 46,452	\$ 1,041,384	1.31	1.15	\$ 15,788,843
<b>YR 5</b>	1,220,830	\$ 170,326	\$ 744,722	\$ 75,642	\$ 4,369	\$ 46,025	\$ 1,041,084	1.33	1.17	\$ 15,618,517
<b>YR 6</b>	1,239,942	\$ 178,577	\$ 736,471	\$ 75,642	\$ 4,500	\$ 45,577	\$ 1,040,767	1.36	1.19	\$ 15,439,940
<b>YR 7</b>	1,259,248	\$ 187,228	\$ 727,820	\$ 75,642	\$ 4,635	\$ 45,107	\$ 1,040,432	1.38	1.21	\$ 15,252,713
<b>YR 8</b>	1,278,747	\$ 196,298	\$ 718,750	\$ 75,642	\$ 4,774	\$ 44,615	\$ 1,040,079	1.40	1.23	\$ 15,056,415
<b>YR 9</b>	1,298,437	\$ 205,807	\$ 709,241	\$ 75,642	\$ 4,917	\$ 44,098	\$ 1,039,706	1.42	1.25	\$ 14,850,608
<b>YR 10</b>	1,318,315	\$ 215,777	\$ 699,271	\$ 75,642	\$ 5,065	\$ 43,557	\$ 1,039,312	1.44	1.27	\$ 14,634,831
<b>YR 11</b>	1,336,939	\$ 226,230	\$ 688,818	\$ 75,642	\$ 5,217	\$ 42,990	\$ 1,038,896	1.46	1.29	\$ 14,408,601
<b>YR 12</b>	1,355,703	\$ 237,189	\$ 677,859	\$ 75,642	\$ 5,373	\$ 42,395	\$ 1,038,458	1.48	1.31	\$ 14,171,411
<b>YR 13</b>	1,374,603	\$ 248,680	\$ 666,368	\$ 75,642	\$ 5,534	\$ 41,771	\$ 1,037,995	1.50	1.32	\$ 13,922,731
<b>YR 14</b>	1,393,635	\$ 260,727	\$ 654,322	\$ 75,642	\$ 5,700	\$ 41,117	\$ 1,037,507	1.52	1.34	\$ 13,662,005
<b>YR 15</b>	14,801,441	\$ 13,662,005	\$ 641,691	\$ 75,642	\$ 5,871	\$ 40,431	\$ 14,425,640	1.03	1.03	\$ 13,388,648

(1) NOI based on 'Projected Operating Revenue' Schedule.

(2) Based on estimated Note sinking fund schedule.

(3) The Note Interest Rate is based on current market conditions for a negotiated private placement with an interest rate of 4.74%.

(4) The Note has a 15 year permanent term and 40 year amortization. Upon maturity of the Note, the Borrower will satisfy the remaining balance via refinancing, or proceeds from the sale of the Development. In the event a refinance or sale of the asset is not feasible, the debt obligation will be satisfied via a "Mortgage Assignment" without causing an event of default. In such case, the Noteholder will present the Note to the Fiscal Agent for cancellation and in exchange will receive an assignment of the mortgage and related collateral. In final year, the Net Operating Income includes an amount to fully repay the Note.

(5) The Subordinate Loan payments include the FHFC SAIL and ELI loans. The Subordinate Mortgage debt service repayments are paid after all other fees, expenses and senior mortgage debt service payments.

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

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**TO:** Lamar Taylor  
**FROM:** Ben Alonzo  
**SUBJECT:** Fiscal Determination  
**DATE:** June 14, 2022

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**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$26,180,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, 2022 (SERIES TO BE DESIGNATED) (NORTHSIDE TRANSIT VILLAGE III)**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$26,180,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2022 (series to be designated) (the "Bonds") for the purpose of financing the new construction of a 200-unit affordable housing community located in Miami-Dade County, Florida (Northside Transit Village III). 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 \$26,180,000 FLORIDA HOUSING FINANCE  
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, 2022 (SERIES TO  
BE DESIGNATED) (NORTHSIDE TRANSIT VILLAGE III)**

**WHEREAS**, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$26,180,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2022 (series to be designated) (the "Bonds") for the purpose of financing the new construction of a 200-unit affordable housing community located in Miami-Dade County, Florida (Northside Transit Village III); 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, 2022 (series to be designated) (Northside Transit Village III), in an amount not exceeding \$26,180,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

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

**ADOPTED** June 22, 2022

**STATE OF FLORIDA)**

**:**

**COUNTY OF LEON )**

**I, Lamar Taylor**, Interim Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held June 22, 2022, making the fiscal determination in connection with the issuance of an amount not exceeding \$26,180,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2022 (series to be determined) (Northside Transit Village III).

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 22<sup>nd</sup> day of June 2022.

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**Lamar Taylor, Interim Executive Director & CIO**

**(SEAL)**

June 1, 2022

VIA EMAIL

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

RE: FHFC Multifamily Mortgage Revenue Bonds  
Not to Exceed \$26,180,000 Tax-Exempt Bonds  
Northside Transit Village III

Dear Mr. Taylor:

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

This bond issue will be Publicly Offered. We request that this item be placed on the agenda for approval at the State Board of Administration's June 22, 2022 Cabinet meeting, due to financing and closing schedules.

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

Sincerely,



Tim Kennedy  
Multifamily Loans & Bonds Director

TK/rg

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Ron DeSantis, Governor

Board of Directors: Ron Lieberman, Chair • Mario Facella, Vice Chair  
Ryan Benson • Dane Eagle • Sandra Einhorn • David Hall • Dev Motwani

Harold "Trey" Price, Executive Director

Florida Housing Finance Corporation  
Multifamily Mortgage Revenue Bonds  
Northside Transit Village III

Principal Amount of Bonds Issued:	\$ 25,945,000.00
Price:	100.890%
Bond Premium:	\$ 230,910.50
Total Proceeds (Par + Premium)	26,175,910.50
Bond Coupon:	3.5000%
Bond Yield:	3.0470%
First Optional Redemption Date:	10/01/2024
Initial Mandatory Redemption Date:	10/01/2024

Investments: State and Local Government Series ("SLGS")	
Bond Proceeds	\$ 26,175,910.50
Cash Deposited	\$ 207,189.50
Total SLGS purchased	\$ 26,383,100.00

Deposit of Funds: At closing, bond proceeds will be deposited at closing to the Project Fund and proceeds from the FHA Loan and/or Bridge Loan will be deposited to the Collateral Fund Account and Capitalized Interest Account of the Bond Fund. Shortly after closing, bond proceeds will be used for construction of the development. Amounts on deposit in the Project Fund, Collateral Fund, and Capitalized Interest Account will be invested in Eligible Investments.

Cash Flow Report

Date	Funds Available to Pay Debt Service (1)			Date	Bond Debt Service				CASH BALANCE	COVERAGE RATIO
	SLGS Principal Amount	Interest Rate	Interest Earned plus Maturity of SLG		3.50% Interest Due on Bonds	Principal Due on Bonds	Total Debt Service & Fees Payable	Outstanding Bond Balance	Balance Remaining in Accounts	P&I Debt Coverage Ratio (DCR)
09/15/22				09/15/22				\$ 25,945,000.00	\$ -	
04/01/23	\$ 116,000.00	1.560%	495,062.38	04/01/23	\$ 494,396.39	\$ -	\$ 494,396.39	\$ 25,945,000.00	\$ 665.99	1.0013
10/01/23	\$ 106,200.00	2.150%	453,882.29	10/01/23	\$ 454,037.50	\$ -	\$ 454,037.50	\$ 25,945,000.00	\$ 510.78	1.0011
04/01/24	\$ 107,400.00	2.480%	453,940.64	04/01/24	\$ 454,037.50	\$ -	\$ 454,037.50	\$ 25,945,000.00	\$ 413.92	1.0009
10/01/24	\$ 26,053,500.00	2.650%	26,398,708.88	10/01/24	\$ 454,037.50	\$ 25,945,000.00	\$ 26,399,037.50	\$ -	\$ 85.30	1.0000
Total	\$ 26,383,100.00		\$ 27,801,594.19		\$ 1,856,508.89	\$ 25,945,000.00	\$ 27,801,508.89			

**Notes:**

(1) At bond closing, cash proceeds from the FHA Loan and Bridge Loan will be deposited with the Trustee as pledged assets to fully collateralize the repayment of the Bonds as well as the payment of future anticipated debt service through to maturity.



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

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**TO:** Lamar Taylor  
**FROM:** Ben Alonzo  
**SUBJECT:** Fiscal Sufficiency  
**DATE:** June 14, 2022

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**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$66,500,000  
STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY  
MANDATORY STUDENT FACILITY FEE REVENUE BONDS, SERIES (TO BE DETERMINED):**

The Division of Bond Finance of the State Board of Administration of Florida (the “Division”) has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$66,500,000 State of Florida, Board of Governors, Florida State University Mandatory Student Facility Fee Revenue Bonds, Series (to be determined) (the “Bonds”) for the purpose of financing a portion of the construction of the new student union on the main campus of the Florida State University and paying costs associated with the issuance and sale of the Bonds.

The Bonds will be issued in one or more series pursuant to an Authorizing Resolution and Sale Resolution, both of which are anticipated to be adopted by the Governor and Cabinet on August 23, 2022 (together, the “Resolution”). The principal of and interest due on the Bonds shall be secured by student facility use fee revenues, as described in the Resolution.

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 proposal outlined above.

cc: Janie Knight



**J. BEN WATKINS III**  
DIRECTOR

## STATE OF FLORIDA DIVISION OF BOND FINANCE

**RON DeSANTIS**  
GOVERNOR

**ASHLEY MOODY**  
ATTORNEY GENERAL

**JIMMY PATRONIS**  
CHIEF FINANCIAL OFFICER

**NIKKI FRIED**  
COMMISSIONER OF AGRICULTURE

June 2, 2022

Mr. Lamar Taylor  
Interim Executive Director  
State Board of Administration  
Post Office Box 13300  
Tallahassee, Florida 32317-3300

RE: Not Exceeding \$66,500,000 State of Florida, Board of Governors, Florida State University  
Mandatory Student Facility Fee Revenue Bonds, Series (to be determined)

Dear Mr. Taylor:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of June 22, 2022.

The proposed bonds will be secured by the gross revenues of the student facility use fee assessed to students on the main campus of Florida State University on a per credit hour and per semester basis. The proposed bonds will be issued for the purpose of financing a portion of the construction of the new student union on the main campus of the University and to pay costs associated with the issuance and sale of the bonds.

The bonds will be issued in one or more series pursuant to the authorizing resolution and sale resolution which are anticipated to be adopted by the Governor and Cabinet on June 28, 2022.

The following documents are enclosed for your consideration:

- Enclosure 1: an estimated coverage table for the program;
- Enclosure 2: an estimated debt service schedule for the proposed bonds;
- Enclosure 3: a draft of the authorizing resolution anticipated to be adopted by the Governor and Cabinet on June 28, 2022, authorizing the issuance of the proposed bonds; and
- Enclosure 4: a draft of the sale resolution anticipated to be adopted by the Governor and Cabinet on June 22, 2022, authorizing the sale of the proposed bonds

June 2, 2022

Page Two

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

Very truly yours,



J. Ben Watkins III  
Director

JBW:cy

Enclosures

cc: Ben Alonzo  
Janie Knight  
Sharon Vice  
Alex Nottingham

**STATE OF FLORIDA, BOARD OF GOVERNORS  
FLORIDA STATE UNIVERSITY  
MANDATORY STUDENT FACILITIES FEE REVENUE BONDS**

**ESTIMATED DEBT SERVICE COVERAGE**

Fiscal Year	Pledged		Estimated Debt Service on Proposed Bonds <sup>2</sup>			Coverage		
	Revenues <sup>1</sup>		Principal	Interest	Total			
Historical								
2017	\$	3,981,071	\$	-	\$	-	n/a	
2018		3,989,352		-		-	n/a	
2019		4,111,133		-		-	n/a	
2020		4,011,251		-		-	n/a	
2021		4,099,378		-		-	n/a	
Projected								
2022	\$	4,137,995	\$	-	\$	-	n/a	
2023		4,134,000		1,060,000		2,381,200	3,441,200	1.20x
2024		4,134,000		1,105,000		2,338,800	3,443,800	1.20x
2025		4,134,000		1,150,000		2,294,600	3,444,600	1.20x
2026		4,134,000		1,195,000		2,248,600	3,443,600	1.20x
2027		4,134,000		1,240,000		2,200,800	3,440,800	1.20x
2028		4,134,000		1,290,000		2,151,200	3,441,200	1.20x
2029		4,134,000		1,345,000		2,099,600	3,444,600	1.20x
2030		4,134,000		1,395,000		2,045,800	3,440,800	1.20x
2031		4,134,000		1,455,000		1,990,000	3,445,000	1.20x
2032		4,134,000		1,510,000		1,931,800	3,441,800	1.20x
2033		4,134,000		1,570,000		1,871,400	3,441,400	1.20x
2034		4,134,000		1,635,000		1,808,600	3,443,600	1.20x
2035		4,134,000		1,700,000		1,743,200	3,443,200	1.20x
2036		4,134,000		1,765,000		1,675,200	3,440,200	1.20x
2037		4,134,000		1,840,000		1,604,600	3,444,600	1.20x
2038		4,134,000		1,910,000		1,531,000	3,441,000	1.20x
2039		4,134,000		1,990,000		1,454,600	3,444,600	1.20x
2040		4,134,000		2,065,000		1,375,000	3,440,000	1.20x
2041		4,134,000		2,150,000		1,292,400	3,442,400	1.20x
2042		4,134,000		2,235,000		1,206,400	3,441,400	1.20x
2043		4,134,000		2,325,000		1,117,000	3,442,000	1.20x
2044		4,134,000		2,420,000		1,024,000	3,444,000	1.20x
2045		4,134,000		2,515,000		927,200	3,442,200	1.20x
2046		4,134,000		2,615,000		826,600	3,441,600	1.20x
2047		4,134,000		2,720,000		722,000	3,442,000	1.20x
2048		4,134,000		2,830,000		613,200	3,443,200	1.20x
2049		4,134,000		2,945,000		500,000	3,445,000	1.20x
2050		4,134,000		3,060,000		382,200	3,442,200	1.20x
2051		4,134,000		3,185,000		259,800	3,444,800	1.20x
2052		4,134,000		3,310,000		132,400	3,442,400	1.20x
Total			\$	59,530,000	\$	43,749,200	\$	103,279,200

<sup>1</sup> Historical and projected pledged revenues have been provided by the University. The University projects flat pledged revenues through Fiscal Year 2026, and projections have been held constant thereafter. **No representation is made that the amounts shown will be collected.** Pledged revenues consist of the gross revenues derived from the Student Facility Use Fee assessed to students on the main campus of the University pursuant to Section 1009.24, Florida Statutes.

<sup>2</sup> Bonds will be sized to generate minimum annual debt service coverage ratio of 1.20x, not-to-exceed \$66,500,000. Based on an assumed 4.00% interest rate and 30-year final maturity, par amount supported by projected pledged revenues is \$59,530,000.

**BOND DEBT SERVICE**

**State of Florida, Board of Governors  
Florida State University  
Mandatory Student Facility Fee Revenue Bonds, Series (to be determined)**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
01/01/2023	-	-	1,190,600	1,190,600	-
07/01/2023	1,060,000	4.000%	1,190,600	2,250,600	3,441,200
01/01/2024	-	-	1,169,400	1,169,400	-
07/01/2024	1,105,000	4.000%	1,169,400	2,274,400	3,443,800
01/01/2025	-	-	1,147,300	1,147,300	-
07/01/2025	1,150,000	4.000%	1,147,300	2,297,300	3,444,600
01/01/2026	-	-	1,124,300	1,124,300	-
07/01/2026	1,195,000	4.000%	1,124,300	2,319,300	3,443,600
01/01/2027	-	-	1,100,400	1,100,400	-
07/01/2027	1,240,000	4.000%	1,100,400	2,340,400	3,440,800
01/01/2028	-	-	1,075,600	1,075,600	-
07/01/2028	1,290,000	4.000%	1,075,600	2,365,600	3,441,200
01/01/2029	-	-	1,049,800	1,049,800	-
07/01/2029	1,345,000	4.000%	1,049,800	2,394,800	3,444,600
01/01/2030	-	-	1,022,900	1,022,900	-
07/01/2030	1,395,000	4.000%	1,022,900	2,417,900	3,440,800
01/01/2031	-	-	995,000	995,000	-
07/01/2031	1,455,000	4.000%	995,000	2,450,000	3,445,000
01/01/2032	-	-	965,900	965,900	-
07/01/2032	1,510,000	4.000%	965,900	2,475,900	3,441,800
01/01/2033	-	-	935,700	935,700	-
07/01/2033	1,570,000	4.000%	935,700	2,505,700	3,441,400
01/01/2034	-	-	904,300	904,300	-
07/01/2034	1,635,000	4.000%	904,300	2,539,300	3,443,600
01/01/2035	-	-	871,600	871,600	-
07/01/2035	1,700,000	4.000%	871,600	2,571,600	3,443,200
01/01/2036	-	-	837,600	837,600	-
07/01/2036	1,765,000	4.000%	837,600	2,602,600	3,440,200
01/01/2037	-	-	802,300	802,300	-
07/01/2037	1,840,000	4.000%	802,300	2,642,300	3,444,600
01/01/2038	-	-	765,500	765,500	-
07/01/2038	1,910,000	4.000%	765,500	2,675,500	3,441,000
01/01/2039	-	-	727,300	727,300	-
07/01/2039	1,990,000	4.000%	727,300	2,717,300	3,444,600
01/01/2040	-	-	687,500	687,500	-
07/01/2040	2,065,000	4.000%	687,500	2,752,500	3,440,000
01/01/2041	-	-	646,200	646,200	-
07/01/2041	2,150,000	4.000%	646,200	2,796,200	3,442,400
01/01/2042	-	-	603,200	603,200	-
07/01/2042	2,235,000	4.000%	603,200	2,838,200	3,441,400
01/01/2043	-	-	558,500	558,500	-
07/01/2043	2,325,000	4.000%	558,500	2,883,500	3,442,000
01/01/2044	-	-	512,000	512,000	-
07/01/2044	2,420,000	4.000%	512,000	2,932,000	3,444,000
01/01/2045	-	-	463,600	463,600	-
07/01/2045	2,515,000	4.000%	463,600	2,978,600	3,442,200
01/01/2046	-	-	413,300	413,300	-
07/01/2046	2,615,000	4.000%	413,300	3,028,300	3,441,600
01/01/2047	-	-	361,000	361,000	-
07/01/2047	2,720,000	4.000%	361,000	3,081,000	3,442,000
01/01/2048	-	-	306,600	306,600	-
07/01/2048	2,830,000	4.000%	306,600	3,136,600	3,443,200
01/01/2049	-	-	250,000	250,000	-
07/01/2049	2,945,000	4.000%	250,000	3,195,000	3,445,000
01/01/2050	-	-	191,100	191,100	-
07/01/2050	3,060,000	4.000%	191,100	3,251,100	3,442,200
01/01/2051	-	-	129,900	129,900	-
07/01/2051	3,185,000	4.000%	129,900	3,314,900	3,444,800
01/01/2052	-	-	66,200	66,200	-
07/01/2052	3,310,000	4.000%	66,200	3,376,200	3,442,400
<b>59,530,000</b>			<b>43,749,200</b>	<b>103,279,200</b>	<b>103,279,200</b>

**DRAFT**

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

**A RESOLUTION AUTHORIZING THE ISSUANCE OF  
STATE OF FLORIDA  
BOARD OF GOVERNORS  
FLORIDA STATE UNIVERSITY  
MANDATORY STUDENT FACILITY FEE REVENUE BONDS  
SERIES 2022A**

**Adopted June 28, 2022**

**A RESOLUTION AUTHORIZING THE ISSUANCE OF STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY MANDATORY STUDENT FACILITY FEE REVENUE BONDS, SERIES 2022A, TO FINANCE THE CONSTRUCTION OF A STUDENT UNION FACILITY ON THE MAIN CAMPUS OF THE UNIVERSITY; PROVIDING FOR CERTAIN COVENANTS IN CONNECTION THEREWITH; AND PROVIDING FOR AN EFFECTIVE DATE.**

**BE IT RESOLVED BY THE GOVERNOR AND CABINET OF THE STATE OF FLORIDA, AS THE GOVERNING BOARD OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION:**

**ARTICLE I  
DEFINITIONS AND AUTHORITY**

**SECTION 1.01. AUTHORITY FOR THIS RESOLUTION.** This Resolution is adopted pursuant to the provisions of Article VII, Section 11(d) of the Florida Constitution; Sections 215.57-215.83, Florida Statutes, as amended (the “State Bond Act”); Section 1010.62, Florida Statutes, as amended; Chapter 2022-\_\_\_\_, Section \_\_, Laws of Florida, and other applicable provisions of law.

**SECTION 1.02. DEFINITIONS.** The following terms shall have the following meanings in this Resolution unless the text otherwise requires:

**“2022A Project”** means the construction of a student union facility at the University, as approved by the Legislature, and subject to any deletions, modifications, or substitutions deemed necessary and expedient and approved by resolution of the Board of Governors.

**“2022A Project Fund”** means a trust fund held in the State Treasury in which shall be deposited the net proceeds of the 2022A Bonds and other available moneys for the costs of construction of the 2022A Project.

**“Additional Bonds”** means any obligations hereafter issued pursuant to the terms and conditions of this Resolution and payable from the Pledged Revenues on a parity with the Bonds originally issued hereunder. Such Additional Bonds shall be deemed to have been issued pursuant to this Resolution the same as the Bonds originally authorized and issued pursuant to this Resolution, and all of the applicable

covenants and other provisions of this Resolution (except as to details of such Additional Bonds inconsistent herewith), shall be for the equal benefit, protection and security of the Registered Owners of the Bonds originally authorized and issued pursuant to this Resolution, and the Registered Owners of any Additional Bonds evidencing additional obligations subsequently issued within the limitations of and in compliance with this Resolution. All such Additional Bonds, regardless of the time or times of their issuance, shall rank equally with other Bonds with respect to their lien on and source and security for payment from the Pledged Revenues without preference or priority of any Bonds over any other.

**“Administrative Expenses”** means, with respect to the Bonds or the administration of any funds under this Resolution, to the extent applicable: (i) fees or charges, or both, of the Board of Administration and the Division; and (ii) such other fees or charges, or both, as may be approved by the Board of Administration or the Division, including but not limited to those relating to tax law compliance, disclosure of information, paying agents, rating agencies and providers of credit enhancement; all as may be determined from time to time as necessary.

**“Amortization Installment”** means an amount so designated which is established for the Term Bonds of each Series; provided that each such Amortization Installment shall be deemed due upon the date determined pursuant to a subsequent resolution adopted by the Governing Board and the aggregate of such Amortization Installments for each Series shall equal the aggregate principal of the Term Bonds of such Series.

**“Annual Debt Service Requirement”** means, for any Fiscal Year, the remaining amount (with respect to the particular Series of Bonds, or all Bonds, as the case may be) required to be deposited in such Fiscal Year into the Sinking Fund to pay the interest, principal and Amortization Installment in such Fiscal Year. In the calculation of the Annual Debt Service Requirement, any interest, principal, or Amortization Installment payable on July 1 of any Fiscal Year shall be deemed payable in the prior Fiscal Year. The amount of Term Bonds maturing in any Fiscal Year, excluding the Amortization Installment due in the year of maturity, shall not be included as part of the Amortization Installment in determining the Annual Debt



Service Requirement for that Fiscal Year.

**“Assistant Secretary”** means an Assistant Secretary of the Division.

**“Board of Administration”** means the State Board of Administration, as created pursuant to the provisions of Article IV, Section 4, Florida Constitution, and Chapter 215, Florida Statutes, as amended.

**“Board of Governors”** means the Board of Governors created by Article IX, Section 7 of the Florida Constitution, and includes any other entity succeeding to the powers thereof.

**“Board of Trustees”** means the Board of Trustees of the University.

**“Bond Insurance Policy”** means an insurance policy issued for the benefit of the Registered Owners of any Bond, pursuant to which the issuer of such insurance policy shall be obligated to pay when due the principal of and interest on such Bond to the extent of any deficiency in the amounts in the funds and accounts held under this Resolution, in the manner and in accordance with the terms provided in such Bond Insurance Policy.

**“Bond Registrar/Paying Agent”** means U.S. Bank Trust Company, National Association, or its successor, unless a different Bond Registrar/Paying Agent is provided for by subsequent resolution of the Governing Board.

**“Bond Year”** means, with respect to a particular Series of Bonds issued hereunder, the annual period relevant to the application of Section 148(f) of the Code to the Series of Bonds, except that the first and last Bond Years may be less than 12 months long. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the date of issuance of the Series unless the Division selects another date on which to end a Bond Year in the manner permitted by the Code.

**“Bonds”** means the State of Florida, Board of Governors, Florida State University Mandatory Student Facility Fee Revenue Bonds, Series 2022A, issued pursuant to this Resolution and any Additional Bonds issued in accordance with this Resolution.

**“Code”** means the Internal Revenue Code of 1986, as amended, and temporary, proposed or permanent implementing regulations promulgated thereunder.

**“Completion Bonds”** means those Bonds issued to pay the cost of completing any project financed by the issuance of Bonds and meeting the requirements of Section 5.04 of this Resolution.

**“Defeasance Obligations”** means, to the extent permitted by law, direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States and including advance refunded tax-exempt bonds fully secured by non-callable direct obligations of the United States of America, non-callable obligations guaranteed by the United States of America, or “stripped” interest payment obligations of debt obligations of the Resolution Funding Corporation.

**“Director”** means the Director of the Division and shall include any Assistant Secretary delegated authority by the Director.

**“Division”** or **“Division of Bond Finance”** means the Division of Bond Finance of the State Board of Administration of Florida.

**“Facilities”** means the student union facility financed with the proceeds of the Bonds, including (1) the 2022A Project and (2) such additional facilities which, at some future date, may be designated by the Board of Governors or the University as part of the Facilities.

**“Fiscal Year”** means the period beginning with and including July 1 of each year and ending with and including the next June 30, or such other 12-month period designated by the University.

**“Governing Board”** means the Governor and Cabinet of the State of Florida as the governing board of the Division.

**“Interest Payment Date”** means, for each Series of Bonds, the dates on which interest on the Outstanding Bonds of such Series is payable, as provided for pursuant to a subsequent resolution of the Governing Board.

**“Maximum Annual Debt Service”** means, at any time, the maximum remaining amount (with respect to the particular Series of Bonds, or all Bonds, as the case may be), required to be deposited into

the Sinking Fund during the then current or any succeeding Fiscal Year. For the purpose of calculating the deposits to be made into a subaccount in the Reserve Account, the Maximum Annual Debt Service shall mean, at any time, the maximum remaining amount, if any, required to be deposited in the then current or any succeeding Fiscal Year into the Sinking Fund with respect to the Bonds for which such subaccount has been established. In the calculation of Maximum Annual Debt Service, any interest, principal, or Amortization Installment payable on July 1 of any Fiscal Year shall be deemed payable in the prior Fiscal Year. The amount of Term Bonds maturing in any Fiscal Year, excluding the Amortization Installment due in the year of maturity, shall not be included as part of the Amortization Installment in determining the Maximum Annual Debt Service for that Fiscal Year.

**“Outstanding”** means, as of any date of determination, all Bonds theretofore authenticated and delivered except:

(i) Bonds theretofore canceled by the Bond Registrar/Paying Agent or delivered to the Bond Registrar/Paying Agent for cancellation;

(ii) Bonds which are deemed paid and defeased and no longer Outstanding as provided herein;

(iii) Bonds in lieu of which other Bonds have been issued pursuant to the provisions hereof relating to Bonds destroyed, stolen or lost, unless evidence satisfactory to the Bond Registrar/Paying Agent has been received that any such Bond is held by a bona fide purchaser;

(iv) For purposes of any consent or other action to be taken hereunder by the Registered Owners of a specified percentage of principal amount of Bonds, Bonds held by or for the account of the Division or the Board of Governors; and

(v) Bonds with respect to which debt service has been paid pursuant to a Bond Insurance Policy, to the extent that the amount of such payment has been reimbursed to the issuer of such Bond Insurance Policy (or monies have been deposited to defease such payment).

**“Pledged Revenues”** means the Student Facility Fees.

**“Principal Payment Date”** means, for each Series of Bonds, the dates on which principal of the

Outstanding Bonds of such Series is payable, as provided for pursuant to a subsequent resolution of the Governing Board.

**“Project Costs”** means the actual costs of the 2022A Project or any project financed through the issuance of Additional Bonds, including costs of site acquisition, permits, design and construction; materials, labor, furnishings, equipment and apparatus; sitework and landscaping; interest on the Bonds for a reasonable period after the date of delivery thereof, if necessary; an amount sufficient to establish adequate reserves; architectonic and engineering fees; legal fees; reimbursement for prior authorized expenditures; and fees and expenses of the Division, the Board of Administration, the University, or the Board of Governors necessary for the construction and placing in operation of the 2022A Project, or any future project, and the financing thereof.

**“Rating Agency”** means a nationally recognized bond rating agency.

**“Rebate Amount”** means the excess of the amount earned on all nonpurpose investments (as defined in Section 148(f)(6) of the Code) over the amount which would have been earned if such nonpurpose investments were invested at a rate equal to the yield on the Bonds, plus any income attributable to such excess.

**“Rebate Fund”** means the rebate fund created and established pursuant to Section 6.03 of this Resolution.

**“Record Date”** means with respect to each Series of Bonds, the 15th day of the calendar month immediately preceding the month of an Interest Payment Date or Principal Payment Date. With respect to redemption of Bonds prior to maturity, the record date shall be the date 45 days prior to the date fixed for redemption.

**“Registered Owner”** means any person who shall be the registered owner of any Bonds.

**“Reserve Account”** means the reserve account within the Sinking Fund created pursuant to Section 4.02 of this Resolution, including any subaccounts established for one or more Series of Bonds.

**“Reserve Account Credit Facility”** means a Reserve Account Insurance Policy, Reserve Account

Letter of Credit or other comparable insurance or financial product, if any, deposited in a debt service reserve subaccount, if any, in lieu of or in partial substitution for cash or securities otherwise required to be on deposit therein. Such Reserve Account Credit Facility shall be issued by a provider whose credit facility results in a rating of municipal securities secured thereby in one of the three highest full rating categories of a Rating Agency.

**“Reserve Account Insurance Policy”** means the insurance policy, surety bond or other acceptable evidence of insurance, if any, deposited in a debt service reserve subaccount, if any, in lieu of or in partial substitution for cash or securities otherwise required to be on deposit therein.

**“Reserve Account Letter of Credit”** means the irrevocable, transferable letter of credit, if any, deposited in a debt service reserve subaccount, if any, in lieu of or in partial substitution for cash or securities otherwise required to be on deposit therein.

**“Reserve Requirement”** means, as of any date of calculation for a particular debt service reserve subaccount, an amount determined pursuant to resolution of the Governing Board, which amount may be zero, and shall not exceed the lesser of (1) the Maximum Annual Debt Service on the Bonds secured by such subaccount, (2) 125% of the average annual debt service of the Bonds secured by such subaccount for the then current and succeeding Fiscal Years, (3) 10% of the par amount of the Bonds secured by such subaccount, or (4) the maximum debt service reserve permitted with respect to tax-exempt obligations and applicable to the Bonds secured by such subaccount under the Code.

**“Resolution”** means this resolution adopted by the Governing Board of the Division, as amended and supplemented from time to time.

**“Revenue Fund”** means the revenue fund created and established pursuant to Section 4.02 of this Resolution.

**“Securities Depository”** means The Depository Trust Company, New York, New York, or its nominees, successors and assigns.

**“Serial Bonds”** means the Bonds of a Series which shall be stated to mature in periodic

installments.

**“Series”** or **“Series of Bonds”** means all of the Bonds authenticated and delivered on original issuance pursuant to this Resolution or any supplemental resolution authorizing such Bonds as a separate Series of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article II hereof, regardless of variations in maturity, interest rate or other provisions.

**“Sinking Fund”** means the sinking fund created and established pursuant to Section 4.02 of this Resolution.

**“State”** means the State of Florida.

**“Student Facility Fee”** means the gross revenues derived from the assessment of the student facility use fee charged to students at the University pursuant to Section 1009.24(14), Florida Statutes, as amended, plus investment earnings thereon.

**“Term Bonds”** means the Bonds of a Series which shall be stated to mature on one date and for the amortization of which payments are required to be made into the Sinking Fund, hereinafter created, as may be determined pursuant to a subsequent resolution of the Governing Board.

**“University”** means the Florida State University.

Where the context so requires, words importing singular number shall include the plural number in each case and vice versa, words importing persons shall include firms and corporations, and the masculine includes the feminine and vice versa.

**SECTION 1.03. RESOLUTION TO CONSTITUTE CONTRACT.** In consideration of the acceptance of the Bonds by those who shall be Registered Owners of the same from time to time, this Resolution shall be deemed to be and shall constitute a contract among the Division, the Board of Governors, the University, and such Registered Owners. The covenants and agreements to be performed by the Board of Governors and the University shall be for the equal benefit, protection, and security of the Registered Owners of any and all of the Bonds, as defined herein, all of which shall be of equal rank and without preference, priority, or distinction as to any of such Bonds over any other thereof, except as

expressly provided therein and herein.

**ARTICLE II**  
**AUTHORIZATION, TERMS, EXECUTION,**  
**REGISTRATION, TRANSFER AND ISSUANCE OF BONDS**

**SECTION 2.01. AUTHORIZATION OF 2022A BONDS.** Subject and pursuant to the provisions of this Resolution, fully registered revenue bonds of the Board of Governors to be known as “State of Florida, Board of Governors, Florida State University Mandatory Student Facility Fee Revenue Bonds, Series 2022A” (or such other designation as may be determined by the Director), are hereby authorized to be issued by the Division in an aggregate principal amount not exceeding \$66,500,000, for the purpose of financing all or a portion of the Project Costs of the 2022A Project. Such bonds may be sold and issued in one or more series, and in combination with other Florida State University Mandatory Student Facility Fee Revenue Bonds; provided that the actual designation of any series of such bonds, whether sold in one or more than one series (including a change of year designation, if desirable), and whether such bonds or any portion thereof are to be taxable or tax-exempt, shall be determined by the Director of the Division.

**SECTION 2.02. DESCRIPTION OF BONDS.** The Bonds shall be issued in fully registered form without coupons; shall be dated as determined pursuant to a subsequent resolution of the Governing Board; shall be numbered consecutively from one upward within each series and shall be in the denomination of \$1,000 each or any integral multiples thereof; shall bear interest at not exceeding the maximum rate permitted by law, payable on each Interest Payment Date payable only upon redemption or maturity thereof; and shall mature on such dates in such years and amounts as shall be determined pursuant to a subsequent resolution adopted by the Division on or prior to the sale of the Bonds.

The Bonds may be sold at one time or in Series from time to time as the Division may determine pursuant to resolution. If issued in Series, each Series shall be dated and have an identifying number or letter. All of such Bonds, when issued, will rank equally as to source and security for payment.

The principal amount of the Bonds shall be paid to the Registered Owner on the maturity date of the Bonds, unless redeemed prior thereto as determined pursuant to a subsequent resolution of the

Governing Board, upon presentation and surrender of the Bonds at the office of the Bond Registrar/Paying Agent.

Interest shall be paid on the Interest Payment Dates to the Registered Owner whose name appears on the books of the Bond Registrar/Paying Agent as of 5:00 p.m. (Eastern Time) on the Record Date next preceding such Interest Payment Date; provided, however, if the Record Date is a Saturday, Sunday or holiday, then to the Registered Owner and at the address shown on the registration books at the close of business on the day next preceding such Record Date which is not a Saturday, Sunday or holiday. Interest on the Bonds shall be paid by check or draft mailed (or transferred by a mode at least equally as rapid as mailing) on each Interest Payment Date from the Bond Registrar/Paying Agent to the Registered Owner, or in certain cases shall be paid by wire transfer as provided pursuant to subsequent resolution of the Governing Board.

**SECTION 2.03. BONDS MAY BE ISSUED AS SERIAL BONDS, TERM BONDS, ETC.**

The Bonds may be issued as, or as a combination of, Serial Bonds, Term Bonds, or such other type of bonds as shall be determined pursuant to a subsequent resolution of the Governing Board.

**SECTION 2.04. PRIOR REDEMPTION OF THE BONDS.** The Bonds of each Series may be made redeemable in such manner and upon such terms and conditions as determined pursuant to subsequent resolution adopted by the Governing Board prior to the sale of such Series of Bonds.

Unless waived by any Registered Owner of Bonds to be redeemed, a notice of the redemption prior to maturity of any of the Bonds shall be mailed to each Registered Owner of record as of the Record Date, of Bonds to be redeemed, by first class mail (postage prepaid), or other method at least as fast as first-class mail, at least 30 days prior to the date of redemption. In lieu of mailing the notice of redemption, the Bond Registrar/Paying Agent may elect to provide such notice by electronic means to any Registered Owner who has consented to such method of receiving notices. Such notice of redemption shall specify the CUSIP number or other distinctive numbers or letters of the Bonds to be redeemed, if less than all, the date fixed for redemption, the redemption price thereof, and, in the case of Bonds to be redeemed in part only, the



principal amount thereof to be redeemed. Failure to give any such notice by mailing (or other approved method) to any Registered Owner of Bonds, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Bond or portion thereof with respect to which no such failure has occurred. Any notice mailed (or provided by electronic means) as provided above shall be conclusively presumed to have been given, whether or not the Registered Owner of such Bond receives such notice.

The Bond Registrar/Paying Agent shall not be required to issue, transfer, or exchange any Bonds selected for redemption during a period beginning at the opening of business on the Record Date applicable to such redemption and ending on the date fixed for redemption.

Notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions of Bonds so called for redemption shall, on the redemption date designated in such notice, be due and payable at the redemption price provided for redemption of such Bonds or portions of Bonds on such date. On the date so designated for redemption, notice having been given and moneys for payment of the redemption price being held in separate accounts by an escrow agent, the Board of Administration, or the Bond Registrar/Paying Agent, in trust for the Registered Owners of the Bonds or portions thereof to be redeemed, all as provided in this Resolution, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds and portions of Bonds shall cease to be Outstanding under the provisions of this Resolution and shall not be entitled to any lien, benefit or security under this Resolution, and the Registered Owners of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof from the moneys held in trust for such purpose and, to the extent provided herein to receive Bonds for any unredeemed portion of the Bonds. Bonds redeemed prior to maturity shall be duly canceled by the Bond Registrar/Paying Agent and shall not be reissued.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number or other distinctive numbers or letters identifying the Bonds redeemed with the proceeds of such check or other transfer.

In case part but not all of an Outstanding Bond shall be selected for redemption, the Registered Owner thereof shall present and surrender such Bond to the Bond Registrar/Paying Agent for payment of the principal amount thereof so called for redemption, and the Bond Registrar/Paying Agent shall execute and deliver to or upon the order of such Registered Owner, without charge therefor, for the unredeemed balance of the principal amount of the Bond so surrendered, a Bond or Bonds fully registered as to principal and interest.

**SECTION 2.05. EXECUTION OF BONDS.** The Bonds shall be executed in the name of the Board of Governors by its Chair and attested to by its Vice-Chair, or such other member of the Board of Governors as may be designated pursuant to subsequent resolution of the Governing Board, and the corporate seal of the Board of Governors or a facsimile thereof shall be affixed thereto or reproduced thereon. The Bond Registrar/Paying Agent's certificate of authentication shall appear on the Bonds, signed by an authorized signatory of said Bond Registrar/Paying Agent. Any of the above signatures may be a facsimile signature imprinted or reproduced on the Bonds, provided that at least one signature required shall be manually subscribed. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Board of Governors before the Bonds so signed and sealed shall have been actually sold and delivered, the Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Board of Governors by such person as to the actual time of the execution of such Bond shall hold the proper office, although at the date of such Bond, such person may not have held such office or may not have been so authorized.

A certificate as to the approval of the issuance of the Bonds pursuant to the provisions of the State Bond Act shall be executed by the facsimile signature of the Secretary or an Assistant Secretary of the Governing Board.

**SECTION 2.06. NEGOTIABILITY.** The Bonds shall have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code - Investment Securities Law of the State of

Florida. The original Registered Owner and each successive Registered Owner of any of the Bonds shall be conclusively deemed by the acceptance thereof to have agreed that the Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code - Investment Securities Law of the State of Florida.

**SECTION 2.07. REGISTRATION AND TRANSFER.** The Bonds shall be issued only as fully registered bonds without coupons. The Bond Registrar/Paying Agent shall be responsible for maintaining the books for the registration of and for the transfer of the Bonds in compliance with its agreement with the State.

Upon surrender to the Bond Registrar/Paying Agent for transfer or exchange of any Bond, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing, the Bond Registrar/Paying Agent shall deliver in the name of the transferee or transferees a fully registered Bond or Bonds of authorized denominations of the same maturity for the aggregate principal amount which the Registered Owner is entitled to receive. The Bond Registrar/Paying Agent shall not be required to issue, transfer, or exchange any Bonds on a Record Date. All Bonds presented for transfer, exchange, redemption or payment shall be accompanied (if so required by the Division or the Bond Registrar/Paying Agent) by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Division and the Bond Registrar/Paying Agent, duly executed by the Registered Owner or by his duly authorized attorney.

Neither the Division nor the Bond Registrar/Paying Agent may charge the Registered Owner or his transferee for any expenses incurred in making any exchange or transfer of the Bonds. However, the Division and the Bond Registrar/Paying Agent may require payment from the Registered Owner of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto. Such governmental charges and expenses shall be paid before any such new Bond shall be delivered.

New Bonds delivered upon any transfer or exchange shall be valid obligations of the Board of Governors evidencing the same debt as the Bonds surrendered, shall be secured by this Resolution, and

shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The Board of Governors and the Bond Registrar/Paying Agent may treat the Registered Owner of any Bond as the absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and shall not be bound by any notice to the contrary.

Notwithstanding the foregoing provisions of this section, the Division reserves the right, on or prior to the delivery of the Bonds, to amend or modify the foregoing provisions relating to registration of the Bonds in order to comply with all applicable laws, rules, and regulations of the United States and the State of Florida relating thereto.

**SECTION 2.08. AUTHENTICATION.** Unless otherwise provided by subsequent resolutions, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until a certificate of authentication on such Bond shall have been duly executed by the manual signature of the Bond Registrar/Paying Agent, and such executed certificate of the Bond Registrar/Paying Agent upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Resolution. The Bond Registrar/Paying Agent's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Bond Registrar/Paying Agent, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereinafter.

**SECTION 2.09. DISPOSITION OF BONDS PAID OR EXCHANGED.** Whenever any Bond shall be delivered to the Bond Registrar/Paying Agent for cancellation, upon payment of the principal amount thereof or for replacement or transfer or exchange, such Bond shall either be canceled and retained by the Bond Registrar/Paying Agent for a period of time specified in writing by the Division or the Board of Administration, or, at the option of the Division or the Board of Administration, shall be canceled and destroyed by the Bond Registrar/Paying Agent and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the Division or the Board of Administration.

**SECTION 2.10. BONDS MUTILATED, DESTROYED, STOLEN OR LOST.** In case

any Bond shall become mutilated, destroyed, stolen, or lost, the Division may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen, or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen, or lost, and upon the Registered Owner furnishing the Division proof of ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Division may prescribe and paying such expense as the Division may incur. All Bonds so surrendered shall be canceled by the Bond Registrar/Paying Agent. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Division may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen, or destroyed, without surrender thereof.

Any such duplicate Bond issued pursuant to this section shall constitute original, additional, contractual obligations on the part of the Board of Governors, whether or not the lost, stolen, or destroyed Bond be at any time found by anyone and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien, source and security for payment, pursuant to this Resolution from the Pledged Revenues.

**SECTION 2.11. FORM OF BONDS.** (A) Notwithstanding anything to the contrary in this Resolution, the Bonds may be issued in book-entry only form utilizing the services of a Securities Depository. So long as a book-entry only system of evidence of transfer of ownership of all the Bonds is maintained in accordance herewith, any provision of the Resolution relating to the delivery of physical bond certificates shall be inapplicable, and the Resolution shall be deemed to give full effect to such book-entry system. If the Bonds are issued in book-entry only form:

(1) The Bonds shall be issued in the name of the Securities Depository as Registered Owner of the Bonds, and held in the custody of the Securities Depository or its designee.

(2) Transfers of beneficial ownership of the Bonds will be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities

Depository (“Participants” include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, as well other organizations that clear through or maintain a custodial relationship with such organizations, either directly or indirectly).

(3) Each Participant shall be credited in the records of the Securities Depository with the amount of such Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through Participants. The holders of these beneficial ownership interests are hereinafter referred to as the “Beneficial Owners.” The Beneficial Owners shall not receive Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by the Securities Depository and, in tum, by Participants acting on behalf of Beneficial Owners.

(4) Unless otherwise provided herein, the Division, the Board of Governors, the Board of Administration, and the Bond Registrar/Paying Agent (as used in this section, the “State and its agents”) shall treat the Securities Depository as the sole and exclusive owner of the Bonds registered in its name for the purposes of

(a) payment of the principal of, premium, if any, and interest on the Bonds or portion thereof to be redeemed or purchased. Such payments made to the Securities Depository shall be valid and effective to fully satisfy and discharge the obligations of the Board of Governors to the extent of the sums so paid;

(b) giving any notice permitted or required to be given to Registered Owners under the Resolution; and

(c) the giving of any direction or consent or the making of any request by the Registered Owners hereunder. The State and its agents may rely conclusively upon

(i) a certificate of the Securities Depository as to the identity of the Participants with respect to the Bonds; and

(ii) a certificate of any such Participant as to the identity of, and the respective principal amount of Bonds beneficially owned by, the Beneficial Owners.

(5) The State and its agents shall have no responsibility or obligations to the Securities Depository, any Participant, any Beneficial Owner or any other person which is not shown on the Bond Register, with respect to

(a) the accuracy of any records maintained by the Securities Depository or any Participant;

(b) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption or purchase price of, or interest on, any Bond;

(c) the delivery of any notice by the Securities Depository or any Participant;

(d) the selection of the Participants or the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or

(e) any consent given or any other action taken by the Securities Depository or any Participant.

(6) The requirements in the Resolution of holding, delivering or transferring Bonds shall be deemed modified to require the appropriate person to meet the requirements of the Securities Depository as to registering or transferring the book-entry Bonds to produce the same effect. Any provision hereof permitting or requiring delivery of the Bonds shall, while the Bonds are in book-entry only form, be satisfied by the notation thereof on the books of the Securities Depository in accordance with applicable state law.

(B) The Division may discontinue the book-entry system with the then-current securities depository, subject to the terms of its agreement with such securities depository. In this event, the Division shall either

(1) identify another qualified securities depository or

(2) prepare and deliver replacement Bonds in the form of fully registered bonds to each

Beneficial Owner.

### **ARTICLE III APPLICATION OF PROCEEDS**

**SECTION 3.01. AUTHORIZATION OF THE 2022A PROJECT.** The 2022A Project is authorized by the Board of Governors and the Project Costs are authorized to be paid from the proceeds derived from the sale of the Bonds and other legally available funds, subject to the provisions of this Resolution and the applicable laws of the State.

**SECTION 3.02. APPLICATION OF BOND PROCEEDS.** Upon receipt of the proceeds of the sale of the Bonds, the Division shall transfer and apply such proceeds as follows:

(A) The amount necessary to pay all costs and expenses of the Division (to the extent permitted by the Code) in connection with the preparation, issuance, and sale of the Bonds, including a reasonable charge for the services of the Division for its services and for arbitrage rebate compliance program set-up, shall be transferred to the Division and deposited in the Bond Fee Trust Fund.

(B) Any accrued interest and capitalized interest on the Bonds shall be transferred to the Board of Administration and deposited in the Sinking Fund and used for the payment of interest on the Bonds.

(C) An amount which, together with other moneys which may be available therefor and on deposit in the Reserve Account, is necessary to fund the Reserve Requirement shall be transferred to the Board of Administration and deposited in the applicable subaccount in the Reserve Account within the Sinking Fund. Alternatively, the Division, as provided in Section 4.02 of this Resolution, may elect at any time to provide in lieu of all or a portion of such funds a Reserve Account Credit Facility in an amount equal to the difference between the Reserve Requirement and the sums then on deposit in the applicable subaccount in the Reserve Account.

(D) After making the transfers provided for in (A) through (C) above, the balance of the proceeds of the Bonds shall be transferred to and deposited into the 2022A Project Fund, which is hereby created in the State Treasury.



(E) Any balance of the proceeds of the Bonds after providing for the requirements of Subsections (A) through (D) above shall (except as provided below) be transferred to the Sinking Fund and used for the purposes set forth therein.

Any unexpended balance remaining in the 2022A Project Fund, after a consulting architect shall certify that the 2022A Project has been completed and all costs thereof paid or payment provided for, shall be either (i) applied to fixed capital outlay projects of the Facilities or (ii) deposited in the Sinking Fund, hereinafter created, for the purposes thereof, unless otherwise requested by the Board of Governors, provided that such application will not adversely affect the exemption from Federal income taxation of interest on any of the Bonds.

In addition to the aforementioned proceeds of the Bonds, the Board of Governors covenants that it will deposit into the 2022A Project Fund additional funds legally available for the purposes of such fund which, together with the proceeds of the Bonds, will be sufficient to finance the total 2022A Project Costs. Any such additional funds, other than the proceeds of the Bonds or Completion Bonds, shall be derived from sources and in a manner which will not jeopardize the security of the Bonds issued pursuant to this Resolution.

All moneys in the 2022A Project Fund shall constitute a trust fund for such purposes and there is hereby created a lien upon such funds in favor of the Registered Owners of the Bonds issued pursuant to this Resolution, until such funds are applied as provided herein, except to the extent such moneys are required for the payment of any Rebate Amount, and all moneys in such funds shall be continuously secured in the manner now provided by the laws of the State for securing deposits of state funds.

**SECTION 3.03. INVESTMENT OF 2022A PROJECT FUND.** Any moneys in the 2022A Project Fund not immediately needed for the purposes provided in this Resolution, may be temporarily invested and reinvested as provided in Section 17.57, Florida Statutes, as amended.

#### **ARTICLE IV APPLICATION AND ADMINISTRATION OF PLEDGED REVENUES**

**SECTION 4.01. BONDS SECURED BY PLEDGED REVENUES.** (A) The payment of principal of and interest on the Bonds shall be secured forthwith equally and ratably by a valid and enforceable senior lien on the Pledged Revenues to be received under this Resolution as provided for in Section 6.01 of this Resolution, and such Pledged Revenues, except as may be required for payment of Rebate Amounts, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds, as the same become due.

(B) The Bonds shall not be or constitute a general obligation of the State or any political subdivision or instrumentality thereof, the Board of Governors, or the University, but shall be payable solely from the Pledged Revenues, as provided herein. No Registered Owner or Registered Owners of the Bonds shall ever have the right to compel the exercise of the taxing power of the State or any political subdivision or instrumentality thereof to pay such Bonds or the interest thereon, or be entitled to payment of such principal and interest from any other funds except such payments consisting of the Pledged Revenues, in the manner provided herein.

**SECTION 4.02. APPLICATION OF STUDENT FACILITY FEE.** (A) Upon collection, the Student Facility Fee shall be deposited by the University into a separate fund, in a bank approved by the Board of Trustees, known as the Florida State University Student Facility Fee Revenue Fund (the “Revenue Fund”) which is hereby created. Said fund constitutes a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the University and the Board of Governors and used only for the purposes and in the manner provided in this Resolution. All revenues on deposit at any time in the Revenue Fund shall be applied only in the following manner and order of priority:

(1) first, a sufficient amount of moneys shall be transferred no later than 30 days before an Interest Payment Date and/or a Principal Payment Date, to the Board of Administration to be used as follows:

(a) for deposit into the Sinking Fund, which is hereby created, an amount sufficient to pay the

next installment of principal and/or interest to become due, including Amortization Installments;

- (b) for payment of the Administrative Expenses;
- (c) for the maintenance and establishment of the Reserve Account, or subaccounts therein, which is hereby created in the Sinking Fund, in an amount which, together with other moneys available for such purposes, equals the Reserve Requirement.

The moneys in a subaccount in the Reserve Account shall be used for the payments provided for in (a) above when the other moneys in the Sinking Fund are insufficient therefor. Any withdrawals from a subaccount in the Reserve Account shall be restored from the first moneys available therefor in the Sinking Fund after the required payments under (a) above have been made or provided for. Any unused portion of the moneys in a subaccount in the Reserve Account may be used by the Board of Governors to reduce the final installments of the Annual Debt Service Requirement becoming due on Bonds secured by such subaccount.

Notwithstanding the foregoing provisions, in lieu of the required deposits into the Reserve Account, the Board of Governors may at any time cause to be deposited into one or more subaccounts in the Reserve Account, one or more Reserve Account Credit Facilities for the benefit of the Registered Owners for which each subaccount has been established, in an amount which, together with sums on deposit, equals the Reserve Requirement. In no event shall the use of such Reserve Account Credit Facilities be permitted if such use would cause, at the time of acquisition of such Reserve Account Credit Facility, an impairment in any existing rating on the Bonds or any Series of Bonds. The Reserve Account Credit Facilities shall be payable or available to be drawn upon, as the case may be, on or before any Interest Payment Date or Principal Payment Date on which a deficiency exists which cannot be cured by funds in any other account held for such Bonds pursuant to this Resolution and available for such purpose. If more than one Reserve Account Credit Facility is deposited into a subaccount in the Reserve Account, each Reserve Account Credit

Facility shall be drawn upon in a proportion equal to its relative share of the amounts in such subaccount in the Reserve Account. If a disbursement is made under the Reserve Account Credit Facility, the Board of Governors shall be obligated, from the first Pledged Revenues available, to either reinstate such Reserve Account Credit Facility immediately following such disbursement to the amount required to be maintained in the applicable subaccount in the Reserve Account or to deposit into the applicable subaccount in the Reserve Account from the Pledged Revenues, as herein provided, funds in the amount of the disbursement made under such Reserve Account Credit Facility plus any amounts required to reimburse the Reserve Account Credit Facility provider for previous disbursements made pursuant to such Reserve Account Credit Facility, or a combination of such alternatives as shall equal the amount required to be maintained. To the extent that the Board of Governors reinstates a Reserve Account Credit Facility or reimburses a Reserve Account Credit Facility provider, such reinstatement or reimbursement shall be in proportion to the amounts drawn from the various Reserve Account Credit Facilities.

The Division shall cause to be established and the Board of Administration shall establish one or more specific subaccounts in the Reserve Account. Each subaccount may be established for one or more Series of Bonds. Each subaccount shall be available only to cure deficiencies in the accounts in the Sinking Fund with respect to the Series of Bonds for which such subaccount has been established, and no amounts in the other subaccounts in the Reserve Account shall be available for such purpose. Such separate subaccount shall be established and designated in the resolution authorizing such Series of Bonds. Such resolution may also specify the method of valuation of the amounts held in such separate subaccount.

Any moneys in a subaccount in the Reserve Account in excess of the amount required to be maintained therein shall, to the extent permitted by the Code, first be used to cure any deficiency in any other subaccount in the Reserve Account and then for the purposes and in the priority established by this section; and

(d) for deposit to the Rebate Fund created by Section 6.03 of this Resolution, an amount sufficient to pay the Rebate Amount;

(2) second, the balance of any money not needed for the payments provided in (1) above may be transferred to the University general operating fund or may be applied for any lawful purpose.

(B) If on any payment date the Pledged Revenues are insufficient to place the required amounts in any of the funds, accounts, or subaccounts as above provided, the deficiency shall be made up in subsequent payments in addition to the payments which would otherwise be required to be made into such funds, accounts, or subaccounts on the subsequent payment dates.

(C) The Revenue Fund and the Sinking Fund shall constitute trust funds for the purposes provided herein for such funds. All such funds shall be continuously secured in the same manner as deposits of State funds are required to be secured by the laws of the State.

(D) Except insofar as such funds may be needed for any payment required to be made by the terms of this Resolution or the Bonds, and except as otherwise provided herein, moneys in any of the funds authorized or required by this Resolution may be invested and reinvested at any time as provided by Sections 17.57 or 215.47, Florida Statutes, as amended, where applicable. When so invested or reinvested, the proceeds derived from the investment or reinvestment of such obligations shall be held for and credited to the fund, account, or subaccount for which said obligations were purchased except as otherwise provided in this Resolution; provided, however, that any such obligations purchased as investments for moneys in the Sinking Fund shall mature not later than the dates upon which such moneys will be needed for the payment of maturing principal and interest to be paid from said Sinking Fund.

## **ARTICLE V ADDITIONAL BONDS; REFUNDING BONDS AND ISSUANCE OF OTHER OBLIGATIONS**

**SECTION 5.01. ISSUANCE OF ADDITIONAL BONDS.** The Division is authorized to issue Additional Bonds, but only upon the following terms, restrictions, and conditions:

(A) The proceeds from such Additional Bonds shall be used to acquire and construct Facilities or to refund Outstanding Bonds.

(B) The Board of Governors shall request the issuance of such Additional Bonds.

(C) The Board of Administration shall approve the fiscal sufficiency of such Additional Bonds.

(D) Certificates shall be executed by the University, the Board of Governors or other appropriate State official setting forth:

(1) the average annual amount of Pledged Revenues from the two Fiscal Years immediately preceding the issuance of the proposed Additional Bonds, adjusted as hereinafter provided, and;

(2) the Maximum Annual Debt Service on the Bonds then Outstanding and the Additional Bonds then proposed to be issued.

(E) The Board of Governors and the University must be current in all deposits into the various funds and accounts and all payments theretofore required to have been deposited or made by either of them under the provisions of this Resolution and the Board of Governors and the University must be currently in compliance with the covenants and provisions of this Resolution and any supplemental resolution hereafter adopted for the issuance of Additional Bonds, or upon the issuance of such Additional Bonds the Board of Governors and the University will be brought into compliance with all such financial requirements, covenants, and provisions.

(F) The average annual amount of Pledged Revenues for the two immediately preceding Fiscal Years adjusted as hereinafter provided, as certified by the University, the Board of Governors or other appropriate State official pursuant to (D)(1) above, shall be equal to at least 120% of the Maximum Annual Debt Service on (i) the Bonds then Outstanding, and (ii) the Additional Bonds then proposed to be issued.

(G) The Pledged Revenues calculated pursuant to paragraph (D)(1) above may be adjusted for either or both of the following factors at the option of the Board of Governors as follows: (1) If the Board of Governors or the University, prior to the issuance of the proposed Additional Bonds, shall have increased the Student Facility Fee, the average annual amount of Pledged Revenues for the two immediately

preceding Fiscal Years prior to the issuance of said Additional Bonds, as certified by the Board of Governors, the University or other appropriate State official, shall be adjusted to show the Pledged Revenues which would have been collected if such increased fee had been in effect during all of such two preceding Fiscal Years; (2) To reflect the most current student population at the University to show the Pledged Revenues which would have been collected if such student population had been enrolled during all of such two preceding Fiscal Years.

**SECTION 5.02. REFUNDING BONDS.** The Bonds originally issued pursuant to this Resolution then Outstanding, together with all Additional Bonds issued and then Outstanding, may be refunded as a whole or in part. If the Annual Debt Service Requirement of the refunding Bonds in each Fiscal Year is equal to or less than the corresponding Annual Debt Service Requirement of the refunded Bonds, then the provisions of Subsections 5.01 (D) and (F) of this Resolution shall not apply to the issuance of the refunding Bonds.

**SECTION 5.03. ISSUANCE OF OTHER OBLIGATIONS OR CREATION OF ENCUMBRANCES.** The Division and the Board of Governors covenant that they will not issue any other obligations, except Additional Bonds provided for in Section 5.01 hereof, refunding Bonds provided for in Section 5.02 hereof, or Completion Bonds provided for in Section 5.04 hereof, payable from the Pledged Revenues nor voluntarily create or cause to be created any other debt, lien, pledge, assignment, encumbrance or other charge, having priority to or being on a parity with the lien of the Bonds, upon the Pledged Revenues securing the Bonds provided for in this Resolution. Any such other obligations hereafter issued by the Board of Governors, in addition to the Bonds and parity refunding Bonds or Completion Bonds provided for Sections 5.01, 5.02, or 5.04 hereof, shall contain an express statement that such obligations are junior and subordinate to the Bonds, as to lien on and source and security for payment from such Pledged Revenues.

**SECTION 5.04. COMPLETION BONDS.** The Division may issue Completion Bonds. The Board of Governors and the Division need not comply with Section 5.01 of this Resolution in the issuance

of Completion Bonds, provided that the net proceeds of such Completion Bonds available for deposit into the construction fund for such costs shall be equal to or less than 20% of the original estimated cost of the project on the delivery date of the original Series of Bonds issued to finance the project for which the Completion Bonds are being issued.

**SECTION 5.05. NO ACCELERATION.** The Bonds shall not be accelerated on account of any default on any payments required under the Resolution.

## **ARTICLE VI COVENANTS**

**SECTION 6.01. PLEDGE OF PLEDGED REVENUES.** The Board of Governors hereby covenants and agrees with the Registered Owners of Bonds that, so long as any of the Bonds, or interest thereon, are Outstanding and unpaid, all of the Pledged Revenues provided for in this Resolution shall be pledged to the payment of the principal of and interest on the Bonds and the payment of such other amounts as are provided for in this Resolution, in the manner provided in this Resolution, and the Registered Owners of the Bonds shall have a valid and enforceable senior lien on such Pledged Revenues in the manner provided herein.

**SECTION 6.02. PLEDGED REVENUE COVENANTS.** The Board of Governors covenants:

(A) That it will, or will cause the University pursuant to Section 1010.62(2)(b), Florida Statutes, as amended, to punctually apply the Pledged Revenues as provided for in Section 6.01 of this Resolution in the manner and at the times provided in this Resolution, that the Pledged Revenues will be applied in a manner that assures the availability of sufficient moneys for the full and timely payment of debt service on the Bonds and that it will duly and punctually perform and carry out all the covenants of the Board of Governors made herein and the duties imposed upon the Board of Governors by this Resolution.

(B) That in preparing, approving, and adopting any budget controlling or providing for the expenditures of funds for each budget period it will allocate, allot and approve, or will cause the University



pursuant to Section 1010.62(2)(b), Florida Statutes, as amended, to allocate, allot and approve from the Student Facility Fee and other available funds the amounts sufficient to apply the Pledged Revenues as provided in this Resolution.

(C) That it will, or will cause the University pursuant to Section 1010.62(2)(b), Florida Statutes, as amended, from time to time recommend, fix and include in budgets such revisions to the amounts of Student Facility Fee which will produce sums sufficient to pay, when due, any amounts required to be paid under this Resolution.

(D) That it will collect, or will cause the University pursuant to Section 1010.62(2)(b), Florida Statutes, as amended, to continue to collect the Student Facility Fee at the rates which are in effect at any particular time.

**SECTION 6.03. COMPLIANCE WITH TAX REQUIREMENTS.** (A) In addition to any other requirement contained in this Resolution, the Division, the Board of Governors, and the Board of Administration hereby covenant and agree, for the benefit of the Registered Owners from time to time of the Bonds issued subject to the provisions of the Code, that each will comply with the applicable requirements contained in Section 103 and Part IV of Subchapter B of Chapter 1 of the Code as shall be set forth in the non-arbitrage certificate of the Board of Governors dated and delivered on the date of delivery of each such Series of Bonds. Specifically, without intending to limit in any way the generality of the foregoing, the Division and Board of Governors covenant and agree:

(1) to pay or cause to be paid to the United States of America from the Pledged Revenues and any other legally available funds, at the times required pursuant to Section 148(f) of the Code, the Rebate Amount;

(2) to maintain and retain or cause to be maintained and retained all records pertaining to and to be responsible for making or causing to be made all determinations and calculations of the Rebate Amount and required payments of the Rebate Amount as shall be necessary to comply with the Code;

(3) to refrain from using proceeds from the Bonds in a manner that might cause any of the

Bonds to be classified as private activity bonds under Section 141(a) of the Code; and

(4) to refrain from taking any action that would cause any of the Bonds to become arbitrage bonds under Section 148 of the Code.

The Board of Governors, the Division, and the Board of Administration understand that the foregoing covenants impose continuing obligations that will exist throughout the term of the issue to comply with the requirements of the Code.

(B) The Division and Board of Governors covenant and agree that they shall maintain and retain or cause to be maintained and retained all records pertaining to and they shall be responsible for making and having made all determinations and calculations of the Rebate Amount for each Series of Bonds issued hereunder for each Bond Year within 60 days after the end of such Bond Year and within 60 days after the final maturity of each such Series of Bonds. On or before the expiration of each such 60 day period, the Board of Governors shall deposit or direct the Board of Administration to deposit into the Rebate Fund which is hereby created and established in the accounts of the Board of Administration, from investment earnings or moneys deposited into the other funds and accounts created hereunder, or from any other legally available funds of the Board of Governors, an amount equal to the Rebate Amount for such Bond Year. The Board of Administration shall use such moneys deposited in the Rebate Fund only for the payment of the Rebate Amount to the United States as required by Subsection (A) of this section, and as directed by the Board of Governors, which payments shall be made in installments, commencing not more than 60 days after the end of the fifth Bond Year and with subsequent payments to be made not later than five years after the preceding payment was due except that the final payment shall be made within 60 days after the final maturity of the last obligation of the Series of Bonds issued hereunder. In complying with the foregoing, the Division and the Board of Governors may rely upon any instructions or opinions from a nationally recognized bond/tax counsel.

Notwithstanding anything in this Resolution to the contrary, to the extent moneys on deposit in the Rebate Fund are insufficient for the purpose of paying the Rebate Amount and other funds of the Board of

Governors are not available to pay the Rebate Amount, then the Board of Administration shall pay the Rebate Amount first from Pledged Revenues and, to the extent the Pledged Revenues be insufficient to pay the Rebate Amount, then from moneys on deposit in any of the funds and accounts created hereunder.

If at any time the Division or the Board of Governors determines that the amount of money on deposit in the Rebate Fund is in excess of the Rebate Amount, the Division or the Board of Governors may direct the Board of Administration to transfer the amount of money in excess of the Rebate Amount to the University, for deposit into (i) the fund(s) or account(s) created hereunder to which such amount of money is attributable, or (ii) the Revenue Fund.

If any amount shall remain in the Rebate Fund after payment in full of all Bonds issued hereunder and after payment in full to the United States of any Rebate Amount in accordance with the terms hereof, such amounts shall be paid over to the University and may be used for other purposes authorized by law.

The Rebate Fund shall be held separate and apart from all other funds and accounts of the Board of Governors and shall be subject to a lien in favor of the Registered Owners, but only to secure payment of the Rebate Amount, and the moneys in the Rebate Fund shall be available for use only as herein provided

The Division, the Board of Administration, and the Board of Governors shall not be required to continue to comply with the requirements of this section in the event that the Division and the Board of Administration receive an opinion of nationally recognized bond/tax counsel that (1) such compliance is no longer required in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds or (2) compliance with some other requirement will comply with the provisions of the Code in respect of arbitrage rebate, or in the event that any other agency is subsequently designated by proper authority to comply with the requirements of this section.

**SECTION 6.04. CONTINUING DISCLOSURE.** (A) In order to comply with Rule 15c2-12 of the Securities and Exchange Commission, the Board of Governors hereby agrees to provide or cause to be provided such information as may be required, from time to time, under such rule or any successor rule applicable to the Board of Governors.

(B) The Board of Governors, or its duly appointed representative, in conjunction with the appropriate officer of the Division, is authorized and directed to execute and deliver any documents or agreements which are necessary to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission or any successor rule applicable to the Board of Governors.

## **ARTICLE VII REMEDIES**

**SECTION 7.01. ENFORCEABILITY BY REGISTERED OWNERS.** (A) This Resolution, including the pledge of the Pledged Revenues, shall be deemed to have been made for the benefit of the Registered Owners from time to time of the Bonds. Such pledge and all the provisions of this Resolution shall be enforceable in any court of competent jurisdiction by any Registered Owner or Registered Owners of such Bonds, against either the Board of Governors or the Board of Administration or any other agency of the State, or instrumentality thereof, having any duties concerning collection, administration, and disposition of the Pledged Revenues. The Board of Governors does hereby consent to the bringing of any proceedings in any court of competent jurisdiction by any Registered Owner or Registered Owners of the Bonds for the enforcement of all provisions of this Resolution and does hereby waive, to the extent permitted by law, any privilege or immunity from suit which it may now or hereafter have as an agency of the State. However, no covenant or agreement contained in this Resolution or any Bond issued pursuant hereto shall be deemed to be the covenant or agreement of any officer or employee of the State in such person's individual capacity, and neither the officers nor employees of the State nor any official executing any of the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

(B) Any Registered Owner of the Bonds, or any trustee acting for the Registered Owner of such Bonds, may by civil action in any court of competent jurisdiction, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under the laws of the State, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this

Resolution, and by any applicable Statutes, to be performed by the Division, the Board of Governors, the University, or the Board of Administration, or by any officer thereof, including the payment of the Pledged Revenues payable under this Resolution. Other than as specifically provided herein, nothing herein shall be construed to grant to any Registered Owner of the Bonds any lien on the 2022A Project, the Facilities, or any other facilities or funds of the University, the Board of Governors, or the Division.

(C) For purposes of exercising remedies pursuant to this section, the issuer of a Bond Insurance Policy shall be deemed the sole Registered Owner of Bonds it has insured, provided that the issuer of such Bond Insurance Policy has not failed to comply with its payment obligations under the Bond Insurance Policy and the ratings on the insured Bonds, based on the Bond Insurance Policy, are no lower than the "A" category by each Rating Agency which has rated such Bonds, including any rating modifiers.

## **ARTICLE VIII MISCELLANEOUS**

**SECTION 8.01. MODIFICATION OR AMENDMENT.** (A) Except as otherwise provided in the Subsections (B) and (C) of this section, no material modification or amendment of this Resolution, or of any resolution amendatory thereof or supplemental thereto, may be made without the consent in writing of (i) the Registered Owners of more than 50% in principal amount of the Bonds then Outstanding, or, (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, the Registered Owners of more than 50% in principal amount of the Bonds so affected and Outstanding at the time such consent is given; provided, however, that no modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon, or affecting the promise to pay the interest on and principal of the Bonds, as the same mature or become due, or reduce the percentage of Registered Owners of Bonds required above for such modification or amendments, without the consent of the Registered Owners of all the Bonds.

(B) For purposes of this section, except where the consent of all Registered Owners of a Series of Bonds is required, to the extent any Series of Bonds is insured by a Bond Insurance Policy and the

insured rating on such Series of Bonds is then rated in as high a rating category as the rating category in which such Series of Bonds was rated at the time of initial delivery thereof by a Rating Agency, then the consent of the issuer of the Bond Insurance Policy shall constitute the consent of the Registered Owners of such Series.

(C) The Division may amend, change, modify, and alter this Resolution without the consent of the Registered Owners of Bonds, (i) to cure any defect, omission, conflict, or ambiguity in this Resolution or between the terms and provisions hereof and any other document executed or delivered herewith; (ii) to provide other changes including such changes as may be necessary in order to adjust the terms hereof so as to facilitate the issuance of various types of Bonds including, any Bonds which may be issued hereunder, which will not materially adversely affect the interest of such Registered Owner of Bonds; (iii) to provide for the issuance of Bonds in coupon form if, in the opinion of a nationally recognized bond/tax counsel, such issuance will not affect the exemption from federal income taxation of interest on the Bonds; (iv) to obtain credit enhancements or a higher rating in one of the three highest full rating categories of a Rating Agency; (v) to add to the covenants and agreements of the Division, the Board of Administration, or the Board of Governors in this Resolution, other covenants and agreements to be observed by the Division, the Board of Administration, or the Board of Governors which are not contrary to or inconsistent with this Resolution as theretofore in effect; (vi) to add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the Division, the Board of Administration, or the Board of Governors which are not contrary to or inconsistent with this Resolution as theretofore in effect; (vii) to permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualifications of the Bonds for sale under the securities laws of any of the states of the United States of America; (viii) to enable the Division, the Board of Administration, and the Board of Governors to comply with their covenants, agreements and obligations under Section 6.04 of this Resolution; (ix) to specify and determine any matters and things relative to the Bonds which are not contrary to or inconsistent with this Resolution and which shall not materially

adversely affect the interests of the Registered Owners; and (x) to amend or modify any provisions of this Resolution so long as such amendment or modification does not materially adversely affect the interests of the Registered Owners.

**SECTION 8.02. NONPRESENTMENT OF BONDS: FUNDS HELD FOR BONDS AFTER DUE DATE OF BONDS.** In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or otherwise, if funds sufficient to pay such Bond shall have been made available to the Board of Administration for the benefit of the Registered Owner thereof, all liability of the Board of Governors to the Registered Owner thereof for the payment of such Bond shall forthwith cease, terminate, and be completely discharged, and thereupon it shall be the duty of the Board of Administration to hold such funds, without liability for interest thereon, for the benefit of the Registered Owner of such Bonds, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under this Resolution or on, or with respect to, said Bond. Any such funds held by the Board of Administration for the Registered Owners of such Bonds for seven years after the principal of the respective Bonds for which such funds have been so set aside has become due and payable and remaining (whether at maturity or upon redemption or otherwise) shall be subject to the laws of the State relating to disposition of unclaimed property, and unless demand for the payment of such Bonds shall have been made, the obligation thereon shall be extinguished.

**SECTION 8.03. DEFEASANCE.** The covenants, liens and pledges entered into, created or imposed pursuant to this Resolution may be fully discharged and satisfied with respect to any of the Bonds in any one or more of the following ways:

(A) By paying the principal of and interest on such Bonds when the same shall become due and payable;

(B) By depositing with the Board of Administration, certain moneys which are irrevocably pledged to the payment of such Bonds and which, together with other moneys lawfully available therefor, shall be sufficient at the time of such deposit to pay when due the principal of, redemption premium, if any,

and interest due and to become due on such Bonds on or prior to the redemption date or maturity date thereof; or

(C) By depositing with the Board of Administration, moneys which are irrevocably pledged to the payment of such Bonds and which, together with other moneys lawfully available therefor when invested in Defeasance Obligations, will provide moneys (principal and interest thereof at maturity) which shall be sufficient to pay the principal of, redemption premium, if any, and interest due and to become due on such Bonds on or prior to a date fixed for redemption or the maturity date thereof.

Upon such payment or deposit in the amount and manner provided in this section, the Bonds with respect to which payments on deposit have been made shall be deemed to be paid and shall no longer be deemed to be Outstanding for the purposes of this Resolution and all liability of the Board of Governors and Division with respect to such Bonds shall cease, terminate and be completely discharged and extinguished, and the Registered Owners thereof shall be entitled to payment solely out of the moneys or securities so deposited.

Notwithstanding the foregoing, all references to the discharge and satisfaction of Bonds shall include the discharge and satisfaction of any Series of Bonds, any portion of any Series of Bonds, any maturity or maturities of any Series of Bonds, any portion of a maturity of any Series of Bonds or any combination thereof.

If any portion of the moneys deposited for the payment of the principal of and redemption premium, if any, and interest on any portion of Bonds is not required for such purpose, the Board of Governors or the Board of Administration may use the amount of such excess which is not otherwise obligated under this Resolution, for any lawful purpose, free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under this Resolution.

Nothing herein shall be deemed to require the Board of Governors or Division to call any of the Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Board of Governors or Division in determining whether to exercise any such



option for early redemption.

Notwithstanding the foregoing, the covenants, liens and pledges entered into, created or imposed pursuant to this Resolution shall not be discharged and satisfied with respect to any of the Bonds with respect to which debt service has been paid pursuant to a Bond Insurance Policy, to the extent that the amount so paid has not been reimbursed to the issuer of such Bond Insurance Policy (or monies have not been deposited as set forth above to provide for payment of such amounts). The bond insurer shall be subrogated to the rights of the Registered Owners of Bonds with respect to which it has made payments pursuant to a Bond Insurance Policy.

**SECTION 8.04. SURVIVAL OF CERTAIN PROVISIONS.** Notwithstanding the foregoing, any provisions of this Resolution which relate to the maturity of Bonds, interest payments and dates thereof, optional and mandatory redemption provisions, credit against mandatory redemption requirements, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, the holding of moneys in trust, the calculation of the Rebate Amount and the paying of the Rebate Amount to the United States, shall remain in effect and be binding upon the Division, the Board of Governors, the Bond Registrar/Paying Agent and the Registered Owners notwithstanding the release and discharge of the lien and pledge of this Resolution or any subsequent resolution. The provisions of this section shall survive the release, discharge and satisfaction of this Resolution or any subsequent resolution.

**SECTION 8.05. BOND ANTICIPATION NOTES.** Notwithstanding any other provision of this Resolution, if the Division shall deem it advisable, short-term obligations (hereinafter “Notes”) are hereby authorized to be issued by the Division on behalf of the Board of Governors in anticipation of the sale and delivery of the Bonds. The Notes shall be payable from the proceeds received from the sale of the Bonds and, in the interim, from the Pledged Revenues. The Notes may be issued in such denomination or denominations, in the aggregate principal amount not to exceed the authorized principal amount of Bonds for the Series for which such Notes are issued, in the form, may bear interest at the lawful rate or rates

payable on such dates (not to exceed five years from the date of issue) and may be subject to such conditions and terms as the Division shall deem necessary or desirable in connection with such Notes, all as shall be provided by resolution of the Governing Board adopted at or before sale of the Notes, in accordance with Section 215.68(7), Florida Statutes, as amended.

**SECTION 8.07. TRUST FUNDS.** (A) The funds and accounts established by this Resolution and all moneys on deposit therein shall constitute trust funds for their respective purposes as provided herein. The Sinking Fund shall be held and administered by the Board of Administration, and such funds shall be fully and continuously secured in the manner provided by the laws of the State for the securing of deposits of State funds. The Registered Owners shall have a lien on moneys in the Sinking Fund, except the moneys in the Rebate Fund, until such moneys are used or applied as provided herein.

(B) The designation and establishment of the various funds and accounts in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided. Cash and investments required to be accounted for in each of the funds and accounts established by or pursuant to this Resolution may be deposited in a single bank account, provided that accounting records are maintained to reflect the moneys and investments therein and the receipts of and disbursements from such funds and accounts and the investment income earned therefrom.

**SECTION 8.08. FISCAL AGENT.** Upon sale and delivery of the Bonds by the Division on behalf of the Board of Governors, the Board of Administration shall act as the fiscal agent for the Board of Governors with respect to the Bonds.

**SECTION 8.09. SUBSTITUTE FOR MAILING.** If, because of the temporary or permanent suspension of postal service, any person shall be unable to mail any notice required to be given by the provisions of this Resolution, such person shall give notice in such other manner as in its judgment

shall most effectively approximate such mailing; and the giving of such notice in such manner shall for all purposes of this Resolution be deemed to be in compliance with the requirement for the mailing thereof.

**SECTION 8.10. INSTRUMENTS OF REGISTERED OWNERS.** Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, required under this Resolution to be executed by any Registered Owner may be in any number of concurrent writings of similar tenor and may be executed by that Registered Owner in person or by an attorney-in-fact appointed in writing. Proof of (i) the execution of any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, (ii) the execution of any writing appointing any attorney-in-fact, and (iii) the ownership of Bonds, shall be sufficient for any of the purposes of this Resolution, if made in the following manner, and if so made, shall be conclusive in favor of the University, the Division, the Board of Governors, and the Board of Administration, with regard to any action taken thereunder, namely: (a) the fact and date of the execution by any person of any writing may be proved by the certificate of any officer in any jurisdiction, who has the power by law to take acknowledgments within that jurisdiction, that the person signing the writing acknowledged that execution before that officer, or by affidavit of any witness to that execution; and (b) the fact of ownership of Bonds of any Series shall be proved by the Bond Registrar/Paying Agent for such Series.

**SECTION 8.11. VALIDATION AUTHORIZED.** The attorneys for the Division are hereby authorized, but not required, to institute proceedings to validate the Bonds, pursuant to Chapter 75, Florida Statutes, as amended.

**SECTION 8.12. GOVERNING LAW.** The laws of the State shall govern the construction of this Resolution and of all Bonds issued hereunder.

**SECTION 8.13. SEVERABILITY OF INVALID PROVISIONS.** If any one or more of the covenants or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants or provisions shall be null and void and shall

be deemed separable from the remaining covenants or provisions of this Resolution or of the Bonds and shall in no way affect the validity or enforceability of any other covenants, agreements or provisions of this Resolution or of the Bonds issued hereunder.

**SECTION 8.14. REPEAL OF INCONSISTENT RESOLUTIONS.** All resolutions and parts of resolutions heretofore adopted pertaining to the subject matter of this Resolution, to the extent that they are inconsistent with this Resolution, are hereby repealed, revoked, and rescinded, but only to the extent of any such inconsistencies.

**SECTION 8.15. EFFECTIVE DATE.** This Resolution shall take effect immediately upon its adoption.

**ADOPTED June 22, 2022.**

**DRAFT**

**A RESOLUTION OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA AUTHORIZING THE COMPETITIVE SALE OF STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY MANDATORY STUDENT FACILITY FEE REVENUE BONDS, SERIES 2022A; AND PROVIDING AN EFFECTIVE DATE.**

WHEREAS, the Board of Governors requested the issuance of bonds to finance the costs of construction of a new student union facility (the “2022A Project”) at the Florida State University at a meeting held on June 22, 2022; and

WHEREAS, on June 28, 2022, the Governing Board adopted a resolution authorizing the issuance of State of Florida, Board of Governors, Florida State University Mandatory Student Facility Fee Revenue Bonds, Series 2022A, in an amount not exceeding \$66,500,000 (the “Bonds”); and

WHEREAS, the Division of Bond Finance of the State Board of Administration of Florida (the “Division”) desires to issue the Bonds and provide for various terms of the sale thereof by resolution;

**NOW THEREFORE, BE IT RESOLVED BY THE GOVERNOR AND CABINET OF THE STATE OF FLORIDA, AS THE GOVERNING BOARD OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA:**

**Section 1.** Any capitalized terms not defined in this resolution shall have the same meaning as in the resolution authorizing the issuance of the Bonds (the “Resolution”).

**Section 2.** The not exceeding \$66,500,000 State of Florida, Board of Governors, Florida State University Mandatory Student Facility Fee Revenue Bonds, Series 2022A (or such other designation(s) as may be determined by the Director of the Division, authorized by the Resolution, are hereby authorized to be sold at competitive sale on the date and at the time to be determined by the Director.

**Section 3.** The Director is hereby authorized to determine the most advantageous date and time of sale and to provide notice pursuant to applicable law of such sale, at a time and in such manner as determined by the Director to be appropriate to provide adequate notice to potential bidders; provided, that if no bids are received or if all bids received are rejected, such Bonds may again be offered for sale

upon reasonable notice, the timing and manner of which shall be determined by the Director. Bids for the purchase of the Bonds will be received at the office of the Division of Bond Finance or at another location designated in the Notice of Bond Sale, until the time and date of sale determined by the Director.

**Section 4.** The Director is hereby authorized to publish and distribute the Notice of Bond Sale and a proposal for the sale of the Bonds. The Notice of Bond Sale shall be in such form as shall be determined by the Director and shall contain such information as is consistent with the terms of the Resolution which the Director determines is in the best financial interest of the State. Any prior publication of a Notice of Bond Sale, or short form thereof, is hereby ratified.

**Section 5.** The Director is hereby authorized to prepare and distribute disclosure documentation in connection with the offering of the Bonds, including preliminary and final official statements if a public offering. The Director is further authorized and directed to amend, supplement, or complete the information contained in the disclosure documentation, as may be needed, and to furnish such certification as to the completeness and finality of the disclosure documentation as is necessary to permit the successful bidder to fulfill its obligations under any applicable securities laws. The Chair and Secretary of the Governing Board and the Director are hereby authorized to execute the disclosure documentation in connection with the offering of the Bonds, and the execution thereof by any of the authorized individuals shall be conclusive evidence that the Governing Board has approved the form and content of the disclosure documentation and that the disclosure documentation is complete as of its date.

**Section 6.** The Director is hereby authorized to cause as many copies as he determines to be necessary of the preliminary official statement and final official statement relating to the offering of the Bonds printed and distributed; to contract with national rating services and providers of municipal bond insurance and Reserve Account Credit Facilities; to retain bond counsel; to make a determination that the preliminary official statement is "deemed final" for purposes of SEC Rule 15c2-12(b)(I); to conduct information meetings; and to take such other actions as may be deemed appropriate for the dissemination of information relating to the sale of the Bonds. Any prior printing and distribution of a preliminary official statement is hereby ratified.

**Section 7.** The Secretary or any Assistant Secretary of the Governing Board is hereby authorized and empowered to award said Bonds when offered, on his or her determination of the best Proposal, as defined in the Notice of Bond Sale, submitted in accordance with the terms of the Notice of Bond Sale provided for herein, and such award shall be final. The Director or any Assistant Secretary of the Governing Board shall report such sale to the Governing Board after award of the Bonds. The Secretary or any Assistant Secretary of the Governing Board is authorized to deliver such Bonds to the purchasers thereof upon payment of the purchase price, together with any accrued interest to the date of delivery, and to distribute the proceeds of the Bonds as provided by the Resolution and other proceedings authorizing the issuance of the Bonds.

**Section 8.** The Bonds shall be executed in the name of the Board of Governors by its Chair or by such other authorized person. Any of the signatures required herein may be a facsimile signature imprinted or reproduced on the Bonds. In case any one or more of the officers who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been actually sold and delivered, the Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold office.

A certificate as to the approval of the issuance of the Bonds shall be executed by the facsimile signature of the Secretary of the Governing Board, an Assistant Secretary, or as otherwise provided by law.

**Section 9.** U.S. Bank Trust Company, National Association (formerly known as U.S. Bank Trust National Association), or its successor, is hereby designated as Bond Registrar/Paying Agent for the Bonds on the terms and conditions set forth in the Registrar, Paying Agent and Transfer Agreement by and between the State Board of Administration of Florida and U.S. Bank Trust Company, National Association, or its successor.

**Section 10.** The Interest Payment Dates and the Principal Payment Dates for the Bonds shall be as set forth in the Notice of Bond Sale. Interest on the Bonds shall be paid by check or draft mailed on the Interest Payment Date (or, in certain cases, may be paid by wire transfer at the election of a Registered

Owner other than a securities depository), in the manner and under the terms provided for in the State's agreement with the Bond Registrar/Paying Agent, provided that such Registered Owner advances to the Bond Registrar/Paying Agent the amount, if any, necessary to pay the wire charges or authorizes the paying agent to deduct the amount of such payment) to the Registered Owner thereof as of 5:00 pm Eastern Time on the Record Date shown on the registration books maintained by the Bond Registrar/Paying Agent for the Bonds.

**Section 11.** The Bonds shall be dated, shall mature in such years and amounts and shall bear interest commencing on such date as set forth or provided for in the Notice of Bond Sale, a copy of which, as published, shall be retained in the files of the Division with this resolution. The Bonds shall be issued in denominations of \$1,000 or any integral multiple thereof unless otherwise provided in the Notice of Bond Sale. The Bonds shall be payable at the trust office of Bond Registrar/Paying Agent, or its successor. The Bonds will bear interest at the interest rate specified by the successful bidder, calculated based on a 360-day year consisting of twelve 30-day months.

**Section 12.** The Bonds shall be subject to redemption as provided in the Notice of Bond Sale. The Notice of Bond Sale shall contain such redemption provisions as shall be determined by the Director to be in the best financial interest of the State. Upon election by the successful bidder as provided in the Notice of Bond Sale, a portion of the Bonds identified in such election may be designated as Term Bonds. Additionally, in lieu of mailing the notice of redemption, the Bond Registrar/Paying Agent may elect to provide such notice by electronic means to any Registered Owner who has consented to such method of receiving notices.

**Section 13.** The Reserve Requirement for the Bonds shall be an amount determined by the Director prior to the issuance of the Bonds (which amount may be zero) which shall not exceed the maximum amount permitted pursuant to the Resolution. The Reserve Requirement for the Bonds shall be funded with proceeds of the Bonds, a Reserve Account Credit Facility, or some combination thereof, as determined by the Director. The Reserve Requirement for the Bonds shall be deposited, as determined by the Director, in a subaccount in such Reserve Account which is hereby established for the Bonds. Amounts



on deposit in any subaccount in the Reserve Account may be commingled with the amounts deposited for Bonds of additional Series which are secured thereby, shall be held for the benefit of the Registered Owners of only such Bonds as may be specifically secured by the respective subaccount, and shall be applied in the manner provided in the Resolution.

**Section 14.** Any portion of the Bonds may be issued as a separate series, provided that the bonds of each series shall be numbered consecutively from one upward.

**Section 15.** The Director is hereby authorized to offer for sale a lesser principal amount of Bonds than that set forth in this resolution and to adjust the maturity schedule and redemption provisions for the Bonds, if necessary, to reflect the issuance of such lesser amount, and to modify the Notice of Bond Sale as may be required. Any portion of the Bonds not offered shall remain authorized to be offered at a later date.

**Section 16.** The Director is authorized to provide in the Notice of Bond Sale of the Bonds that the purchase price for the Bonds may include a discount of not to exceed three percent excluding original issue discount, if any, of the aggregate principal amount of such Bonds offered for sale.

**Section 17.** The Chairman, Secretary and any Assistant Secretary of the Governing Board, the Director, and such other officers and employees of the Division as may be designated by the Governing Board as agents of the Division in connection with the issuance and delivery of the Bonds, are authorized and empowered, collectively or individually, to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other action on behalf of the Division, in each case as they may deem necessary or desirable, in connection with the execution and delivery of the Bonds.

**Section 18.** Notwithstanding anything contained in the Resolution to the contrary, it is the intent of the Governing Board that interest on any Bonds which are issued as tax-exempt Bonds be and remain excluded from gross income for federal income tax purposes and therefore to comply with all requirements of federal tax law applicable to such tax-exempt Bonds, whether such requirements are now in effect, pending or subsequently enacted. The Division is hereby authorized and directed to take all actions necessary with respect to the Bonds to comply with such requirements of federal tax law.

**Section 19.** If necessary, in order to comply with Rule 15c2-12 of the Securities and Exchange Commission, the Board of Governors hereby agrees to provide or cause to be provided such information as may be required, from time to time, under such rule. The Director, in conjunction with the appropriate officer of the Board of Governors, is authorized and directed to execute and deliver any documents or agreements which are necessary to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission.

**Section 20.** All prior or concurrent resolutions or parts of resolutions inconsistent with this resolution are hereby amended by this resolution, but only to the extent of any such inconsistency.

**Section 21.** Any references in the Resolution to offices, bodies, or agencies which have been or are superseded, replaced, or abolished by law shall be deemed to refer to the successors of such offices, bodies, and agencies. Any action required or authorized to be taken by an official whose office, body, or agency has been or is so superseded, replaced, or abolished shall be taken by the successor to such official.

**Section 22.** This resolution shall take effect immediately.

**ADOPTED on June 22, 2022**

# Memo

**TO:** Lamar Taylor, Interim Executive Director & CIO

**THRU:** Gina Wilson, Chief Operating Officer, FHCF

**FROM:** Mary Linzee Branham, Director of Legal and Risk Operations, FHCF

**DATE:** June 13, 2022

**SUBJECT:** Trustees Meeting, June 2022

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 the Rule along with the incorporated form for adoption if no member of the public timely requests a rule hearing or if a hearing is requested and no Notice of Change is needed.

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## **BACKGROUND AND SUMMARY OF RULE AND INCORPORATED FORM CHANGES:**

The proposed rule adopts amendments to Addendum One with Appendix A to the Reimbursement Contract for the 2022-2023 contract year. This rulemaking is required to implement changes enacted by the Legislature in March 2022 in Senate Bill 1058. Under that legislation, the definition of “unsound insurer” was added to s. 215.555, F.S., and now permits authorized insurers to enter into an assignment or assumption agreement of the unsound insurer’s FHCF reimbursement contract, a right that was previously provided only to Citizens Property Insurance Corporation. This amendment to Rule 19-8.010 is needed to reflect the rights and duties of those that may become parties to these transactions.

A copy of the Summary of Changes is attached.

**EXTERNAL INTEREST:** The Notice of Rule Development was published in the *Florida Administrative Register* on May 12, 2022, Vol. 48, No. 93. The Rule Development Workshop was held on May 26, 2022. Representatives of the FHCF and Paragon 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 May 26, 2022.

**ACTION REQUESTED:** It is requested that the proposed amendments to this rule, along with the incorporated forms, be presented to the Cabinet Aides and to the State Board of Administration

Trustees 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.

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

- Summary of Changes
- Notice of Proposed Rule
- **Rule 19-8.010, F.A.C., Reimbursement Contract**
- 2022 Incorporated Form: **FHCF-2022K-1**, Addendum 1 with Appendix A

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

**Rules 19-8.010 and 19-8.029, F.A.C., and Incorporated Forms**  
**2022-2023 Contract Year**  
**Summary of Changes as of June 8, 2022**

**General Description**

In order to implement changes enacted by the Legislature in 2022 in Senate Bill (SB 1058), the State Board of Administration of Florida on behalf of the Florida Hurricane Catastrophe Fund (FHCF) proposes amendment to Rule 19-8.010, F.A.C., Reimbursement Contract, and Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities. These rules were previously revised to establish requirements applicable to the 2022-2023 FHCF Contract Year prior to the legislative change. The above-cited legislation was signed by Governor DeSantis on May 20, 2022.

SB 1058 amends s. 215.555(2)(p), Florida Statutes, to add the definition of “unsound insurer” and amends s. 215.555(5)(e) to allow authorized insurers to provide coverage for policies of an unsound insurer through an assignment of the unsound insurer’s FHCF reimbursement contract or through an assumption of the unsound insurer’s policies. This was previously only reserved for Citizens Property Insurance Corporation, and limited to those companies in receivership, whereas this change allows companies that meet the definition of “unsound insurer” to be eligible for the assumption or assignment provided for in SB 1058.

**Rules and Incorporated Forms**

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

Amended: Paragraph (1)(b) is amended to incorporate by reference a revised Form FHCF-2022K-1, Florida Hurricane Catastrophe Fund Addendum No. 1 to Reimbursement Contract.

New: Subsection (4) is added as follows:

Paragraph (4)(a) describes the above-cited legislation and cites the new statutory language that defines the term “unsound insurer” as “...an insurer determined by the Office of Insurance Regulation to be in unsound condition as defined in Section 624.80(2) or an insurer placed in receivership under chapter 631.” In addition, it describes the revised requirements for coverage under the Florida Hurricane Catastrophe Fund of certain policies assumed by an authorized insurer or Citizens Property Insurance Corporation.

Paragraph (4)(b) states that the purpose of the rule is to implement the amendments to s. 215.555(2)(p) and s. 215.555(5)(e), Florida Statutes, only for the 2022-2023 Contract Year, without regard to when the Reimbursement Contract for that year was executed or took effect.

**Incorporated Forms**

***Addendum No. 1 and Appendix A, rev. XX/22***

Addendum No. 1 is revised throughout to update references to an “unsound insurer” in place of a liquidated insurer to reflect the new definition of “unsound insurer” in Section 215.555(2)(p), Florida Statutes.

Addendum No. 1 is revised throughout to update references from Citizens Property Insurance Corporation to Company to reflect that an authorized insurer, not just Citizens Property Insurance Corporation, may assume certain policies or take an assignment of an unsound insurer’s FHCF reimbursement contract in certain circumstances.

Appendix A is revised throughout to update references to an “unsound insurer” in place of a liquidated insurer to reflect the new definition of “unsound insurer” in Section 215.555(2)(p), Florida Statutes.

Appendix A is revised throughout to update references from Citizens Property Insurance Corporation to Company to reflect that an authorized insurer, not just Citizens Property Insurance Corporation, may assume certain policies or take an assignment of an unsound insurer’s FHCF reimbursement contract in certain circumstances.

**Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities**

Amended: Paragraph (3)(b) is amended to incorporate by reference a revised Form FHCF-D1A, Florida Hurricane Catastrophe Fund 2022 Data Call.

**Incorporated Forms**

***Form FHCF-D1A, rev. XX/22, Florida Hurricane Catastrophe Fund 2022 Data Call***

In addition to updating nonsubstantive editorial changes to the Table of Contents and references to correct page numbers throughout, the 2022 Data Call is amended to include a substantive change, outlined under “Important Changes in the 2022 Data Call” on page 2.

- As a result of the passage of SB 1058 during the 2022 Regular Session of the Florida Legislature, s. 215.555(2)(p) was added to define the term “unsound insurer” and s. 215.555(5)(e), revised the requirements for coverage under the FHCF of certain policies assumed by an authorized insurer or Citizens Property Insurance Corporation or those policies taken through an assignment of the unsound insurer’s FHCF reimbursement contract.
- Includes the instructions for field #20 and a new section, Assumptions from Unsound Insurers, has been added to address the SB 1058 changes.

The 2022-2023 Data Call also includes the following other changes from the prior Data Call:

Page 7-8: File Layout

Change to file layout is revised to reflect the change to include assumed policy number, instead of Citizens, in field #20, as described under “Important Changes,” above.

Page 14: Assumed Policy Number

The relevant data field is revised to address the changes resulting from SB 1058, as described under “Important Changes,” above.

Page 15: Attachments

Attachments is revised to reflect the addition of Assumptions from Unsound Insurers.

Page 25-26: Assumptions from Unsound Insurers

New provisions are added to describe the treatment of policies assumed from an unsound insurer pursuant to Section 215.555(5)(e), Florida Statutes, as described under “Important Changes,” above.

## Notice of Proposed Rule

### STATE BOARD OF ADMINISTRATION

#### RULE NO.: RULE TITLE:

19-8.010: Reimbursement Contract

19-8.028: Reimbursement Premium Formula

19-8.029: Insurer Reporting Requirements and Responsibilities

**PURPOSE AND EFFECT:** These rules are promulgated to implement Section 215.555, Florida Statutes, regarding the Florida Hurricane Catastrophe Fund, for the 2022-2023 contract year.

**SUMMARY:** In accordance with Section 215.555, Florida Statutes, proposed amended Rule 19-8.010, F.A.C., Reimbursement Contract, adopts amendments to Addendum One with Appendix A to the contract year 2022-2023 Reimbursement Contract; Rule 19-8.028, F.A.C., Reimbursement Premium Formula, adopts the 2022-2023 reimbursement premium formula for the Florida Hurricane Catastrophe Fund (“Florida Hurricane Catastrophe Fund 2022 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 30, 2022”); Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities, adopts amendments to the 2022-2023 Data Call for exposure reporting.

#### SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION:

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

The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: Upon review of the proposed changes to this rule and the incorporated forms, the State Board of Administration of Florida has determined that the rule does not meet the requirements for ratification by the legislature. The changes to the rule do not have an adverse impact on small business and do not directly or indirectly increase regulatory costs in excess of \$200,000 in the aggregate within 1 year of implementation. The changes to the 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:** July 26, 2022, 10:00 a.m. to 11:00 a.m. (ET) for Rule 19-8.028, F.A.C., Reimbursement Premium Formula; 11:00 a.m. to 12:00 p.m. (ET) for Rule 19-8.010, F.A.C., Reimbursement Contract; 12:00 p.m. to 1:00 p.m. (ET) for Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities.

**PLACE:** Room 116 (Hermitage Conference Room), 1801 Hermitage Blvd., Tallahassee, Florida. Persons wishing to participate by phone may dial (888) 585-9008 and enter conference code 973-664-296.

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: Mary Linzee Branham, Florida Hurricane Catastrophe Fund, 1801 Hermitage Blvd., Tallahassee, FL 32308, 850-413-1335, marylinzee.branham@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 RULES IS: Mary Linzee Branham at the number or email listed above.

THE FULL TEXT OF THE PROPOSED RULES IS:

**19-8.010 Reimbursement Contract.**

(1)(a) The reimbursement contract for the 2022-2023 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-13637>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2022K-“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. 11/21 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2022 through May 31, 2023.

(b) Addendum No. 1, which includes Appendix A, for the 2022-2023 contract year, ~~<http://www.flrules.org/Gateway/reference.asp?No=ref-13638>~~ <http://www.flrules.org/Gateway/reference.asp?No=ref-XXXXX>, required by Section 215.555(5)(e), F.S., which is called Form FHCF-2022K-1 “Addendum No. 1 to Reimbursement Contract” between (name of insurer) ~~Citizens Property Insurance Corporation~~ (“Citizens” or 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/22~~ 41/24 is hereby adopted and incorporated by reference into this rule. This addendum is effective from June 1, 2022 through May 31, 2023.

(2) The reimbursement contract for the 2021-2022 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-12378>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2021K-“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. 10/20 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2021 through May 31, 2022.

(3) The reimbursement contract form may be obtained by accessing the FHCF website at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf); by submitting a written request to the State Board of Administration at P. O. Box 13300, Tallahassee, Florida 32317-3300; or by calling (850) 413-1335.

(4)(a) Subparagraph 215.555(2), Florida Statutes, specifies definitions to be used in Section 215.555, Florida Statutes. SB 1058 as enacted during the 2022 Regular Session of the Florida Legislature added subparagraph 215.555(2)(p) to define the term “unsound insurer” as “...an insurer determined by the Office of Insurance Regulation to be in unsound condition as defined in Section 624.80(2) or an insurer placed in receivership under chapter 631.” In addition, SB 1058 as enacted amends Section 215.555(5)(e), Florida Statutes, revising requirements for coverage under the Florida Hurricane Catastrophe Fund of certain policies assumed by an authorized insurer or Citizens Property Insurance Corporation.

(b) The purpose of the subsection of this rule is to implement the revisions to subparagraphs Section 215.555(2)(p) and (5)(e) only for the 2022-2023 Reimbursement Contract, including Addendum 1, and without consideration of the dates on which the Reimbursement Contract was executed or took effect.

*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, 12-6-17, 1-29-19, 9-17-19, 11-12-19, 11-17-20, 11-10-21, X-XX-22.*

#### **19-8.028 Reimbursement Premium Formula.**

(1) Purpose. This rule adopts the Premium Formula to determine the Actuarially Indicated Reimbursement Premium to be paid to the Florida Hurricane Catastrophe Fund, as required by section 215.555(5)(b), F.S.

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

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

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

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

(3) The Premium Formula.

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

(b) For the 2022/2023 Contract Year, the Formula developed by the SBA’s Independent Consultant, “Florida Hurricane Catastrophe Fund 2022 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 30, 2022, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXXX>,” as approved by the SBA, is hereby adopted and incorporated by reference into this rule. The premium rates are developed in accordance with the Premium Formula methodology approved by the SBA.

~~(b) For the 2021/2022 Contract Year, the Formula developed by the SBA’s Independent Consultant, “Florida Hurricane Catastrophe Fund 2021 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 16, 2021, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13199>,” as approved by the SBA, is hereby adopted and incorporated by reference into this rule. The premium rates are developed in accordance with the~~

~~Premium Formula methodology approved by the SBA.~~

(4) Special Circumstances.

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

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

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

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

*Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7) FS. History—New 9-20-99, Amended 7-3-00, 9-17-01, 7-17-02, 7-2-03, 7-29-04, 7-17-05, 7-6-06, 7-17-07, 6-16-08, 8-2-09, 7-8-10, 7-3-11, 6-25-12, 6-18-13, 6-10-14, 6-2-15, 5-18-16, 5-30-17, 8-1-18, 5-21-19, 9-17-19, 7-16-20, 6-23-21, X-XX-22.*

#### **19-8.029 Insurer Reporting Requirements and Responsibilities.**

(1) Purpose. This rule specifies certain deadlines and other requirements for insurers that participate in the Florida Hurricane Catastrophe Fund (FHCF).

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

(a) “Contract Year” is defined in section 215.555(2), F.S.

(b) “Insurer” or “Company” means an insurer that is required to enter into a Reimbursement Contract.

(3) Data Call form.

(a) For the 2021/2022 Contract Year, the reporting of Company exposure data shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2021 Data Call," rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12636>, which is hereby adopted and incorporated by reference into this rule.

(b) For the 2022/2023 Contract Year, the reporting of Company exposure data shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2022 Data Call," rev. ~~XX/22~~ 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>  
~~<http://www.flrules.org/Gateway/reference.asp?No=Ref-13971>~~, which is hereby adopted and incorporated by reference into this rule.

(4) Loss reporting forms.

(a)1. For the 2021/2022 Contract Year, the reporting of estimated Ultimate Net Loss shall be in accordance with Form FHCF-L1A, "Contract Year 2021 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12631>, which is hereby adopted and incorporated by reference into this rule.

2. For the 2022/2023 Contract Year, the reporting of estimated Ultimate Net Loss shall be in accordance with Form FHCF-L1A, "Contract Year 2022 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13966>, which is hereby adopted and incorporated by reference into this rule.

(b)1. For the 2021/2022 Contract Year, the reporting of Ultimate Net Loss shall be in accordance with Form FHCF-L1B, "Contract Year 2021 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12632>, which is hereby adopted and incorporated by reference into this rule.

2. For the 2022/2023 Contract Year, the reporting of Ultimate Net Loss shall be in accordance with Form FHCF-L1B, "Contract Year 2022 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13967>, which is hereby adopted and incorporated by reference into this rule.

(c)1. For the 2021/2022 Contract Year, the applicable Detailed Claims Listing Instructions is Form FHCF-DCL, "Contract Year 2021 Detailed Claims Listing Instructions," rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12633>, which is hereby adopted and incorporated by reference into this rule.

2. For the 2022/2023 Contract Year, the applicable Detailed Claims Listing Instructions is Form FHCF-DCL, "Contract Year 2022 Detailed Claims Listing Instructions," rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13968>, which is hereby adopted and incorporated by reference into this rule.

(5) Examination.

(a) Advance examination record requirements. Within 30 days after the date of the request for such information, a Company must provide the FHCF with the records indicated in the applicable Contract Year's "Exposure

Examination Advance Preparation Instructions” or in the applicable Contract Year’s “Claims Examination Advance Preparation Instructions.” The FHCF may grant an extension of 30 days if the Company can show that the need for the additional time is due to circumstances beyond its reasonable control.

1. For the 2021/2022 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2021 Advance Preparation Instructions,” FHCF-EAP1, rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12634>, which is hereby adopted and incorporated by reference into this rule. The applicable claims examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Claims Examination – Contract Year 2021 Advance Preparation Instructions,” FHCF-LAP1, rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12635>, which is hereby adopted and incorporated by reference into this rule.

2. For the 2022/2023 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2022 Advance Preparation Instructions,” FHCF-EAP1, rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13969>, which is hereby adopted and incorporated by reference into this rule. The applicable claims examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Claims Examination – Contract Year 2022 Advance Preparation Instructions,” FHCF-LAP1, rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13970>, which is hereby adopted and incorporated by reference into this rule.

(b) Consequences for failure to meet the requirements contained in the FHCF-EAP1, “Exposure Examination Advance Preparation Instructions” or the FHCF-LAP1, “Claims Examination Advance Preparation Instructions.” In addition to other penalties or consequences, the FHCF has the authority, pursuant to section 215.555(4)(f), F.S., to require that the Company pay for the following services under the circumstances specified herein:

1. If the Company is responsible for the delay of an examination, the inability to conduct an examination as scheduled, or the inability to complete an examination, the Company shall be required to reimburse the FHCF for all the usual and customary expenses connected to such delay, cancellation, or incompleteness.

2. If the FHCF finds any Company’s records or other necessary information to be inadequate or inadequately posted, recorded, or maintained, the FHCF may employ experts to reconstruct, rewrite, record, post, or maintain such records or information, at the expense of the Company being examined.

3. A Company required to reimburse the FHCF for costs as required in subparagraphs 1. and 2. is liable for interest on the amount owed to the FHCF from the date the FHCF pays such expenses until the date payment from the Company is received. The applicable interest rate will be the average rate earned by the SBA for the FHCF for the first four months of the current Contract Year plus 5%. The payment of reimbursements or refunds by the FHCF to the Company will be offset by any amounts owed by that Company to the FHCF under this paragraph.

(6) Company contact information. Companies must submit Form FHCF C-1, Company Contact Information, by March 1 preceding each Contract Year to the FHCF Administrator, Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83<sup>rd</sup> Street, Suite 1100, Minneapolis, Minnesota 55437. A New Participant must submit Form FHCF C-1 within 30 calendar days after writing its first Covered Policy. This form must be updated by the Company as the information provided thereon changes. The FHCF shall have the right to rely upon the information provided by the

Company to the FHCF on this form until receipt by the FHCF of a new properly completed Form FHCF C-1 from the Company.

(7) Deadlines. If any deadline provided for herein falls on a Saturday, Sunday or on 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 legal State of Florida or federal holiday.

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

*Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7), (15), 627.351(6), FS. History—New 5-17-99, Amended 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 5-10-06, 5-8-07, 6-8-08, 3-30-09, 8-2-09, 3-29-10, 8-8-10, 7-20-11, 5-22-12, 3-17-13; 4-24-14, 5-12-15, 3-13-16, 1-24-17, 1-29-19, 9-17-19, 1-22-20, 2-8-21, 2-7-22, X-XX-22.*

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

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

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: June 28, 2022

**19-8.010 Reimbursement Contract.**

(1)(a) The reimbursement contract for the 2022-2023 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-13637>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2022K-“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. 11/21 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2022 through May 31, 2023.

(b) Addendum No. 1, which includes Appendix A, for the 2022-2023 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-XXXXX> <http://www.flrules.org/Gateway/reference.asp?No=ref-13638>, required by Section 215.555(5)(e), F.S., which is called Form FHCF-2022K-1 “Addendum No. 1 to Reimbursement Contract” between (name of insurer) ~~Citizens Property Insurance Corporation~~ (“~~Citizens~~” or 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/22~~ ~~11/21~~ is hereby adopted and incorporated by reference into this rule. This addendum is effective from June 1, 2022 through May 31, 2023.

(2) The reimbursement contract for the 2021-2022 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-12378>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2021K-“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. 10/20 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2021 through May 31, 2022.

(3) The reimbursement contract form may be obtained by accessing the FHCF website at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf); by submitting a written request to the State Board of Administration at P. O. Box 13300, Tallahassee, Florida 32317-3300; or by calling (850) 413-1335.

(4)(a) Subparagraph 215.555(2), Florida Statutes, specifies definitions to be used in Section 215.555, Florida Statutes. SB 1058 as enacted during the 2022 Regular Session of the Florida Legislature added subparagraph 215.555(2)(p) to define the term “unsound insurer” as “...an insurer determined by the Office of Insurance Regulation to be in unsound condition as defined in Section 624.80(2) or an insurer placed in receivership under chapter 631.” In addition, SB 1058 as enacted amends Section 215.555(5)(e), Florida Statutes, revising requirements for coverage under the Florida Hurricane Catastrophe Fund of certain policies assumed by an authorized insurer or Citizens Property Insurance Corporation.

(b) The purpose of the subsection of this rule is to implement the revisions to subparagraphs Section 215.555(2)(p) and (5)(e) only for the 2022-2023 Reimbursement Contract, including Addendum 1, and without consideration of the dates on which the Reimbursement Contract was executed or took effect.

*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, 12-6-17, 1-29-19, 9-17-19, 11-12-19, 11-17-20, 11-10-21, X-XX-22.*

**ADDENDUM NO. 1**  
**to**  
**REIMBURSEMENT CONTRACT**  
**Coverage Effective: June 1, 2022**  
**(Contract)**

Between

~~<<Citizens Property Insurance Corporation~~ Legal Name>>  
(~~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, ~~<<DATE>>~~ June 1, 2022, that this Contract shall be amended as follows:

**CITIZENS COMPANY COVERAGE OF POLICIES OF ~~LIQUIDATED INSURERS~~ UNSOUND 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 determined by the Office of Insurance Regulation to be an unsound insurer as defined in Section 215.555(2)(p), Florida Statutes, and~~ Citizens Property Insurance Corporation (~~Citizens~~) Company seeks to provides coverage for Covered Policies of such ~~liquidated~~ unsound insurer, Section 215.555(5)(e), Florida Statutes, provides that ~~Citizens Company~~ may, subject to provisions mutually agreed to below, obtain coverage for such policies under its Reimbursement Contract with the FHCF or accept an assignment of the ~~liquidated~~ unsound insurer's Reimbursement Contract with the FHCF. Prior to the date that ~~Citizens Company~~ takes a transfer of policies from ~~a liquidated an unsound~~ insurer, Citizens Company 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 AN UNSOUND~~ INSURER'S POLICIES UNDER ~~CITIZENS' COMPANY'S~~ FHCF REIMBURSEMENT CONTRACT**

- (1) If a Covered Event has occurred prior to the transfer of policies from ~~a liquidated an unsound~~ insurer to ~~Citizens Company~~, Citizens Company must accept an assignment of such ~~liquidated~~ unsound insurer's FHCF Reimbursement Contract and cannot cover such policies under ~~Citizens' Company's~~ Reimbursement Contract through an assumption of the unsound insurer's Covered Policies. Only in those situations where a Covered Event has not occurred shall ~~Citizens Company~~ be able to obtain



coverage under its own FHCF Reimbursement Contract for those policies ~~transferred to Citizens assumed by Company as a result of a liquidation from an unsound insurer.~~

(2) Responsibilities relating to the ~~transfer assumption~~ of the ~~liquidated unsound~~ insurer's Covered Policies ~~to Citizens by Company~~:

- (a) ~~Citizens Company~~ shall accurately report the exposure and loss data related to Covered Policies ~~transferred assumed from a liquidated an unsound insurer to Citizens.~~

~~For a transfer of a liquidated insurer's Covered Policies that occurs on or before June 30, 2022, Citizens shall report the exposure in effect for such policies as of June 30, 2022. If any such policies renewed with Citizens on or before June 30, 2022, Citizens shall include the exposure for those policies as part of its Form FHCF-D1A (Data Call) submission due September 1, 2022.~~

1. ~~For transfers an assumption of Covered Policies from a liquidated an unsound insurer to Citizens Company that occurs after June 30, 2022, and before December 1, 2022, Citizens Company shall report exposure in effect for such policies as of the date of the transfer June 30, 2022, and the FHCF shall treat all such policies as if they were in effect as of June 30, 2022 for the Company. The Company shall report assumed Covered Policies based on their status at June 30, 2022, in a single Data Call file combined with the Company's Covered Policies written as its direct business based on the requirements outlined in Form FHCF-D1A (Data Call). The combined Data Call file is due on September 1, 2022, or a maximum 60 days from the date of the assumption, whichever is later. If Company's Data Call file has been previously submitted to the FHCF, the Company will be required to resubmit its initial Data Call.~~
2. ~~If Company is unable to submit the combined Data Call file by September 1, 2022, Company must initially submit its Data Call file with all of its direct written Covered Policies that were in effect as of June 30, 2022 (prior to the assumption of additional Covered Policies from an unsound insurer) by September 1, 2022. Company will then need to resubmit the combined Data Call file no later than 60 days from the date of the assumption.~~
3. ~~If a policy assumed by the Company from an unsound insurer is not reported in the Company's Data Call file, Losses under that policy may not be included in Losses reported to the FHCF unless the Company is able to resubmit the Data Call file to include such omitted policies.~~
- ~~2.4. For an assumption of an unsound insurer's Covered Policies after November 30, 2022, the Company is not required to report its assumed policies to the FHCF until the subsequent contract year based on the status of the policy at June 30 of that subsequent contract year.~~
- ~~3.5. Except as noted above, for purposes of reporting Losses to the FHCF, Citizens Company shall report all Losses including those associated with Covered Policies transferred assumed from liquidated an unsound 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, 2022, or a maximum of 60 days from the date of transfer, whichever is later.~~

(eb) ~~The FHCF Reimbursement Premium~~

~~The Reimbursement Premium for all Covered Policies transferred assumed from a liquidated an unsound insurer to Citizens by Company shall be due on December 1, 2022, 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 2022~~ Reimbursement Premium resulting from the reporting of exposure on ~~Citizens Company's~~ Covered Policies and the Reimbursement Premium associated with Covered Policies ~~transferred to assumed by Citizens Company~~ from ~~liquidated an unsound~~ insurers shall be combined to determine ~~Citizens' Company's~~ retention and its share of the FHCF's capacity.

(~~dc~~) 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 (~~eb~~) above.

(~~ed~~) ~~Citizens Company~~ shall ensure that the books and records related to the Covered Policies ~~transferred assumed~~ from ~~a liquidated an unsound~~ insurer are preserved and accessible to the FHCF for its exposure and claims examinations. ~~Citizens Company~~ shall retain data related to the FHCF examinations as required in Forms FHCF-D1A, ~~FHCF-DCL~~, FHCF-EAP1, and FHCF-LAP1 for the exposure ~~transferred assumed~~ from ~~each liquidated an unsound~~ insurer.

(~~e~~) ~~Company~~ is required to provide the FHCF with a complete listing of all assumed policies, including Covered Policies and other policies not covered by the FHCF. ~~As outlined in the Data Call, the listing must include each policy number and the policy's effective and expiration dates. In addition to the policy listing, Company must provide an agreement between the Company and the unsound insurer that supports the number of policies assumed.~~

~~(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, 2022. Citizens' 2022 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' COMPANY ACCEPTANCE OF AN ASSIGNMENT OF ~~A LIQUIDATED AN UNSOUND~~ INSURER'S FHCF REIMBURSEMENT CONTRACT**

(1) Responsibilities relating to Assigned Reimbursement Contracts:

(a) ~~Citizens Company~~, pursuant to Section 215.555(5)(e), Florida Statutes, has the rights and duties of the ~~liquidated unsound~~ insurer ~~beginning on the date it first provides coverage~~ for such transferred Covered Policies.

(b) ~~Citizens Company~~ 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 Company~~ 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 unsound~~ insurer has already submitted the required Data Call, ~~Citizens Company~~ has the responsibility of filing any resubmissions as necessary.

(d) ~~Citizens Company~~ 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 claims examinations. ~~Citizens Company~~ has the responsibility to retain data related to FHCF examinations.

as required in FHCF-D1A, FHCF-DCL, FHCF-EAP1, and FHCF-LAP1 for each assigned Reimbursement Contract.

- (2) CitizensCompany 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 unsound insurer, ~~the Florida Receiver, or the Florida Insurance Guaranty Association, the court-appointed receiver, or the applicable 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 \_\_\_\_\_

\_\_\_\_\_  
Company

By: \_\_\_\_\_ Date \_\_\_\_\_  
Printed Name and Title

DRAFT 6/3/2022

APPENDIX A TO ADDENDUM NO. 1  
to  
REIMBURSEMENT CONTRACT  
~~Coverage Effective: June 1, 2022~~  
(Contract)

between

<< ~~Citizens Property Insurance Corporation~~ Legal Name >>  
(~~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 Unsound~~ Insurer (~~Liquidated~~ "Unsound Insurer")

We, the undersigned, being ~~executive~~ officers of ~~Citizens Property Insurance Corporation (Citizens)~~ the ~~Company~~, acting within our authority, hereby make the following election with reference to the ~~Liquidated Unsound~~ Insurer named above:

(Check appropriate box and provide date of transfer below):

☐

~~Citizens~~ Company elects to obtain FHCF coverage for the ~~Liquidated Unsound~~ Insurer's Covered Policies by including such Covered Policies under ~~Citizens' Company's~~ 2022 FHCF Reimbursement Contract.

Date policies ~~transferred to Citizens~~ assumed by Company: \_\_\_\_\_

☐

~~Citizens~~ Company elects to obtain FHCF coverage for the ~~Liquidated Unsound~~ Insurer's Covered Policies by accepting an assignment of the ~~Liquidated Unsound~~ Insurer's 2022 FHCF Reimbursement Contract.

Date ~~policies transferred~~ Reimbursement Contract assigned to ~~Citizens~~ Company: \_\_\_\_\_

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

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# Memo

**TO:** Lamar Taylor, Interim Executive Director & CIO

**THRU:** Gina Wilson, Chief Operating Officer, FHCF

**FROM:** Mary Linzee Branham, Director of Legal & Risk Operations, FHCF

**DATE:** June 13, 2022

**SUBJECT:** SBA Trustees Meeting, June 2022

Request approval of the 2022-2023 Florida Hurricane Catastrophe Fund Reimbursement Premium Formula.

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

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

**EXTERNAL INTEREST:** On March 30, 2022, the 2022-2023 Reimbursement Premium Formula was presented to the FHCF Advisory Council. Council members and members of the public were present and also participated by telephone. The Advisory Council voted to recommend approval of the Reimbursement Premium Formula.

**ACTIONS REQUESTED:** Request approval of the 2022-2023 Florida Hurricane Catastrophe Fund Reimbursement Premium Formula to be presented to the Cabinet Aides and to the State Board of Administration Trustees.

**ATTACHMENTS TO BE INCLUDED:**

- Memorandum dated June 13, 2022, from Gina Wilson to Lamar Taylor regarding the 2022-2023 FHCF Reimbursement Premium Formula
- “Florida Hurricane Catastrophe Fund: 2022 Ratemaking Formula Report Presented to the State Board of Administration of Florida, March 30, 2022”

# Memo

To: Lamar Taylor, Interim Executive Director & Chief Investment Officer  
From: Gina Wilson, Chief Operating Officer, FHCF  
Date: June 13, 2022  
Re: SBA Trustees Agenda Item - The FHCF's 2022-2023 Reimbursement Premium Formula

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There are two Florida Hurricane Catastrophe Fund (FHCF) agenda items for the upcoming SBA Trustees meeting related to the FHCF reimbursement premium formula. These items are as follows:

- Vote to approve the Contract Year 2022-2023 FHCF Reimbursement Premium Formula (unanimous vote of the Trustees required).
- Vote to file a Notice of Proposed Rule (Rule 19-8.028, Florida Administrative Code, 2022 Reimbursement Premium Formula) and to file for adoption if no hearing is timely requested or if a hearing is requested but no Notice of Change is needed.

## Statutory Requirements

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

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

## The Reimbursement Premium Formula Development Process

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



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

- By September 1 of each year, insurers report their exposure data as of June 30 to the FHCF.
- The exposure data is trended (i.e., adjusted for such factors as exposure growth and changes in construction costs) and given to hurricane modelers to estimate losses.
  - By law, the FHCF must use hurricane models found acceptable by the Florida Commission on Hurricane Loss Projection Methodology (the Commission) “to the extent feasible.” The five models used have been found acceptable by the Commission.
  - Five models are used to determine the “average annual hurricane loss.” The results from the five models are weighted such that the models with the highest and lowest results count for 5% each, the next-highest and next-lowest count for 20% each, and the model with results in the middle counts for 50%. By limiting the impact of the outliers, this weighting scheme tends to create stability over time. Also, three models are equally weighted and used for allocating loss results by various rating factors.
- Next, the actuary calculates the projected aggregate deductible (known as “retention”) for participating insurers. (The statute requires the retention to be adjusted annually to reflect exposure growth since 2004.) The Contract Year 2022-2023 reimbursement premium formula uses a projected industry retention of \$8.513 billion. The projected retention and coverage percentages are then applied to determine loss costs.
- Adjustments are then made to reflect other costs, including FHCF operating costs, pre-event note expenses and loss adjustment expense (the statute provides for a loss adjustment expense allowance of 10% of reimbursed losses).
- Rates are then allocated by type of business, territory, construction type, and deductible, and then further adjusted to reflect mitigation classifications (year built, structure opening protection, and roof shape).
- Finally, the statutory cash buildup factor of 25% is applied and provision is made for potential risk-transfer arrangements, if needed.

### Contract Year 2022-2023 Recommended Reimbursement Premium Formula

	2022 Contract Year Modeled	2021 Contract Year Actual
<b>FHCF Coverage</b>		
Industry Retention	\$8.513 billion	\$8.201 billion
Limit	\$17.0 billion	\$17.0 billion
Average Coverage	85.981%	85.777%
 FHCF Premium Revenue	 \$1.369 billion	 \$1.219 billion
Rate Change	5.39%	-4.99%
Coverage Selection Change	0.24%	-0.19%
Exposure Change	6.27%	6.51%
Premium Change	12.26%	1.01%
<b>Overall Average Rate Change</b>	<b>5.64%</b>	<b>-5.17%</b>
 Projected Exposure Base	 \$2.828 trillion	 \$2.661 trillion

The FHCF coverage limit is \$17 billion excess of \$8.513 billion. The \$8.513 billion retention is \$4.5 billion adjusted for an 89.2% growth in exposure from 2004 to 2020. The FHCF limit is \$17 billion until there is sufficient estimated claims-paying capacity to fund \$17 billion of loss in the subsequent contract year. Since the \$17 billion subsequent season capacity is not available, the limit remains at \$17 billion.

The FHCF trended exposure projections are used to estimate the amount of exposure and risk counts that will be reported by companies as of June 30 for Contract Year 2022-2023.

- The projected exposure base of \$2.828 trillion for 2022 is \$167 billion or 6.27% higher than the 2021 actual exposure of \$2.661 trillion.
- The current methodology for allocating the trended exposure recognizes that most of the increase in exposure will be due to new construction.
- For comparison purposes, trended exposure for 2021 was projected to increase 4.92%; however, the actual increase was 6.51%.
- Exposure growth affects overall premium by type of business but not rates.

Trended exposures are given to the modelers to estimate the average annual loss. Modeled loss costs increased 4.8% overall, which is primarily a result of model changes, exposure growth and new constructions.

- Gross losses increased \$600 million or 17.8% from \$3.379 billion in 2021 to \$3.979 billion in 2022 and FHCF layer losses increased \$118 million or 13.2% from \$893 million to \$1.011 billion.
- Models used in ratemaking for this year were based on the 2019 standards set by the Commission. Under these new standards, models recognize losses from Hurricanes Irma and Michael, whereas models used in last year's ratemaking were based on the 2017 standards that were developed before these events occurred.
- The change in modeled loss costs affects overall premium and rates.

The premium revenues are projected to increase 12.26% from \$1.219 billion to \$1.369 billion primarily due to:

- An average increase of 5.64 in FHCF rates%.
- An increase of 6.27% in the projected exposure.

There was only a slight change in coverage levels selected by participating companies for the current year. The average coverage selection increased 0.24% from 85.981% to 85.777%.

The overall impact to FHCF rates is an average increase of 5.64% after adjusting for insurer coverage selection changes. Without adjusting for coverage selection changes, the premium formula reflects a rate increase of 5.39%. The primary factors driving the average rate change are:

- The modeled loss costs increased 4.8% due to model changes under the 2019 standards and due to mix change in rating factors and layer changes (e.g., increase in retention).
- Pre-event note expenses increased 0.8% from \$21.5 million to \$30.1 million, which is primarily a result of increased carry costs caused by projected lower investment returns.
- The formula presented assumes no reinsurance will be purchased or pre-event bonds issued in 2022.

In general, the impact of an increase in rates will vary by policyholder. Premiums paid by insurers to the FHCF represent approximately 7.2% or \$209 of the average residential homeowners' premium of approximately \$2,886. Therefore, the increase in FHCF rates by 5.64% could potentially translate to an average increase of 0.0564% or \$11.79 for personal residential homeowners' premiums.

It is also important to consider that the impact of a rate increase can vary by type of business (i.e., type of policy) as shown below:

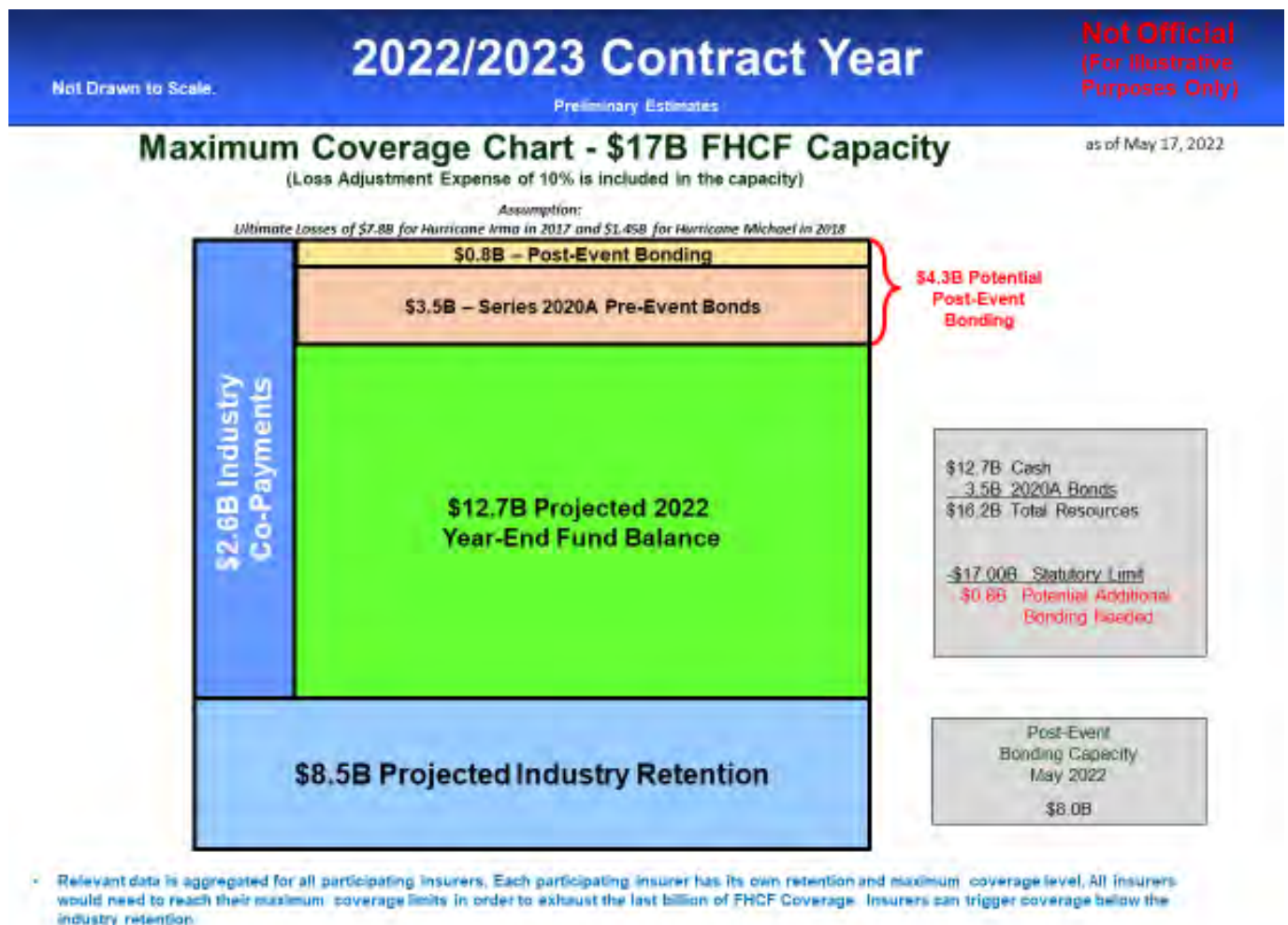
Exh. 2 Sources	A Line 48	B Line 51	C Line 55	D Line 1.1	E Line 58
Calculations			$((1+A)/(1+B))-1$		$((1+C)/(1+D))-1$
Type of Business	Premium Change	Exposure Change	Overall Avg. Rate Change	Company Selected Coverage Change	Avg. Rate Change Unadjusted For Coverage Change
Residential	12.74%	6.50%	5.86%	0.31%	5.53%
Tenants	14.59%	6.50%	7.60%	0.08%	7.51%
Condos	14.66%	6.50%	7.66%	0.24%	7.40%
Mobile Home	12.75%	3.50%	8.94%	-0.85%	9.88%
Commercial	5.59%	3.00%	2.51%	0.00%	2.51%
<b>Total</b>	<b>12.26%</b>	<b>6.27%</b>	<b>5.64%</b>	<b>0.24%</b>	<b>5.39%</b>

## FHCF Coverage Summary

Below is a chart illustrating the current liquid resources identified for claims payment and potential bonding requirements for Contract Year 2022-2023, assuming \$7.8 billion in ultimate total losses from Hurricane Irma and \$1.45 billion in ultimate total losses from Hurricane Michael. The 12/31/2022 cash balance of the FHCF is projected to be \$12.7 billion, assuming there are no increases to Hurricane Irma and Hurricane Michael losses and no new losses in 2022.

Additional liquidity to enable the FHCF to timely pay losses after a very large event is provided by \$3.5 billion in pre-event bond proceeds.

The maximum amount of post-event bonding that would be required to enable the FHCF to meet all contractual obligations is \$4.3 billion.



**Florida Hurricane Catastrophe Fund**  
**2022 Ratemaking Formula Report**  
**Presented to the**  
**State Board of Administration of Florida**  
**March 30, 2022**







March 25, 2022

Enclosed is the Florida Hurricane Catastrophe Fund (FHCF) 2022 Ratemaking Formula Report which will be presented to the FHCF Advisory Council on March 30, 2022. The rates developed in this report assume an FHCF per event insurance industry aggregate retention of \$8.513 billion (which applies to a participating insurer's two largest events and drops to 1/3 for all other events) and an FHCF limit level of \$17.000 billion.

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

### **Distribution and Use**

The attached report was prepared for the use of the State Board of Administration of Florida for the sole purpose of developing a formula for determining the actuarially indicated premium to be paid by individual companies for the FHCF for the 2022 contract year as specified by Section 215.555, Florida Statutes. The report has been prepared to meet actuarial standards of practice of the Actuarial Standards Board. The data, assumptions, methodology and results in this report may not be appropriate for other than the intended use. We recommend that any party using this report have its own actuary review this report to ensure that the party understands the assumptions and uncertainties inherent in our estimates.

Discussion of report limitations, including scope, data sources and variability of projections, can be found in Exhibit 1, Part III of the report. Loss simulation data provided by catastrophe modelers are considered confidential by the modeling organizations.

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

Sincerely,

A handwritten signature in black ink that reads "Andrew J. Rapoport".

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

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# Florida Hurricane Catastrophe Fund

## 2022 Ratemaking Formula Report

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# EXHIBIT

## I



# Florida Hurricane Catastrophe Fund

## 2022 Ratemaking Formula Report

### Executive Summary

1. **Rates:** Paragon recommends an average 5.39% increase in Florida Hurricane Catastrophe Fund (FHCF) rates for the 2022-2023 (2022) Contract Year based on coverage under Section 215.555, Florida Statutes. This is the average rate change for companies that do not change their coverage selections. After adjusting for individual company coverage selection changes from 2021 to 2022, the industry FHCF overall rate change is projected to be a 5.64% increase.
2. **Coverage, Layer, and Retention Changes:**
  - a. The average coverage for 2022, based on 2021 market shares and 2022 coverage selections, is projected to be 85.981%, compared to 85.777% for 2021 (a 0.238% increase).
  - b. The increase in the average FHCF coverage selection generates the 2022 FHCF layer of \$19.772 billion, compared to the 2021 layer of \$19.819 billion.
  - c. The projected loss retention for 2022 is \$8.513 billion compared to \$8.201 billion for 2021.
3. **Premium Change:** FHCF premium will increase from \$1.219 billion to \$1.369 billion due to exposure growth, an increase in rates, and coverage selection changes.

	2022 Contract Year Modeled	2021 Contract Year Actual	2021 Contract Year Modeled
<b>FHCF Coverage</b>			
Industry Retention	\$8.513 billion	\$8.201 billion	\$8.075 billion
Limit	\$17 billion	\$17 billion	\$17 billion
Average Coverage	85.981%	85.777%	86.157%
FHCF Layer	\$19.772 billion	\$19.819 billion	\$19.731 billion
FHCF Premium	\$1.369 billion	\$1.219 billion	\$1.206 billion
Rate Change	5.39%	-4.99%	-4.73%
Coverage Selection Change	0.24%	-0.19%	0.25%
Exposure Change	6.27%	6.51%	4.92%
Premium Change	12.26%	1.01%	0.21%
Overall Average Rate Change	5.64%	-5.17%	-4.49%
Projected Payout Multiple	12.4201	13.9428	14.0980
90% Retention Multiple	5.9418	6.4106	6.4106
Exposure Base	\$2.828 trillion	\$2.661 trillion	\$2.613 trillion
Overall FHCF Rate/\$1,000 Exp.	0.5066	0.4807	0.4615

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## Part I: The Ratemaking Process

### Overview

The Florida Hurricane Catastrophe Fund (FHCF) premium formula, which forms the basis of the premiums paid to the FHCF by insurers writing covered policies, as defined in Section 215.555, Florida Statutes, is developed according to statutory requirements, including the requirements of Florida's Administrative Procedure Act and the Florida Public Records Law, which provide a high degree of oversight, accountability, and transparency. This Ratemaking Formula Report presents details of the ratemaking process.

The rates in this report are developed for the limits and retentions, as specified by Section 215.555, Florida Statutes, for the FHCF 2022 Contract Year. Paragon recommends an average 5.39% increase in FHCF rates for the 2022 Contract Year based on a \$17.000 billion coverage limit and a \$8.513 billion per event retention, which drops to \$2.838 billion for the third largest and all smaller events when there are multiple events in a single season (1/3 of \$8.513 billion). After adjusting for changes in company coverage selections, the overall average FHCF rate change is projected to increase 5.64%.

This rating formula will produce an estimated \$1.369 billion in total FHCF premium, compared to \$1.219 billion premium for the 2021 Contract Year. This premium is based on a rate increase of 5.64%, an increase in coverage level of 0.24% and projected growth in exposure of 6.27%. There is no change in the statutory mandated cash build-up factor of 25% from 2021 to 2022.

This premium estimate assumes no reinsurance will be purchased in 2022. Should the FHCF decide to procure reinsurance for the 2022 Contract Year, Exhibit XVII provides the methodology for adjusting 2022 rates for alternative reinsurance structures and contracted reinsurance premiums.

For 2022, FHCF coverage is a limit of \$17.000 billion excess of \$8.513 billion. There are two major factors affecting the FHCF layer of coverage for the 2022 Contract Year:

1. Pursuant to Section 215.555, Florida Statutes, the industry retention is equal to \$4.5 billion adjusted for the increase in reported exposure from 2004 through 2020. As exposures have grown 89.2% over this period, the modeled retention for 2022 is \$8.513 billion.
2. Pursuant to Section 215.555, Florida Statutes, the FHCF limit is equal to \$17.000 billion until there is sufficient estimated claims-paying capacity to fund \$17.000 billion of loss in subsequent contract years. As \$17.000 billion of subsequent season capacity is not available, the FHCF limit for 2022 will remain \$17.000 billion.

The above changes will vary by deductible, construction, and territory. To improve stability in ZIP Code rating groups, a ZIP Code will shift to a different rating territory only if the indication is for a shift of two or more rating territories or if the indicated shift of one rating territory is consistent for three years.

## Type of Business Allocation

The following table shows the components of the indicated premium changes by type of business.

Exh. 2 Sources	A Line 48	B Line 51	C Line 55	D Line 1.1	E Line 58
Calculations			$((1+A)/(1+B))-1$		$((1+C)/(1+D))-1$
Type of Business	Premium Change	Exposure Change	Overall Avg. Rate Change	Company Selected Coverage Change	Avg. Rate Change Unadjusted For Coverage Change
Residential	12.74%	6.50%	5.86%	0.31%	5.53%
Tenants	14.59%	6.50%	7.60%	0.08%	7.51%
Condos	14.66%	6.50%	7.66%	0.24%	7.40%
Mobile Home	12.75%	3.50%	8.94%	-0.85%	9.88%
Commercial	5.59%	3.00%	2.51%	0.00%	2.51%
<b>Total</b>	<b>12.26%</b>	<b>6.27%</b>	<b>5.64%</b>	<b>0.24%</b>	<b>5.39%</b>

## Territory Changes

The 2022 recommended territories, like the 2021 FHCF territories, are based on analysis of losses in the FHCF coverage as modeled by AIR Worldwide Corporation (AIR), Corelogic-EQECAT (Corelogic), and Risk Management Solutions (RMS). The relationship between lowest rate and highest rate is approximately 1:37, similar to 2021. As was done last year, this ratio was adjusted to accurately reflect the indicated loss costs for territory 1. Indicated territory changes were tempered so that ZIP Codes would only shift one territory up or down if the indication was for a shift of two or more territories or if there has been an indicated one territory shift consistently for three years. As a result, in 2022, 195 ZIP Codes shifted down one territory and 60 ZIP Codes shifted up one territory.

## Premium Summary

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

Exposure Growth (2021 to 2022)	6.27%
Retention	\$8.513 billion
Premium – 2021 (as of 10/26/2021)	\$1.219 billion
Premium – 2022 (Projected) 3/16/2022	\$1.369 billion

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

For 2022, a weighting of five models found acceptable by the Florida Commission on Hurricane Loss Projection Methodology as of December 1, 2021 is used for aggregate results. In 2021, all five models met the 2017 standards. In 2022, all five models now meet the 2019 standards. The five models are AIR, Corelogic, RMS, Applied Research Associates (ARA), and the Florida Public Model (FPM). The ARA model required a technical correction, resubmitted and was found acceptable by the Commission prior to March 1, 2022.

Model results were compared in detail to construct an industry distribution of losses by size. For the industry aggregate basis, consistent with the weighting methodology used in all years when the FHCF had five models, 5%, 20%, 50%, 20%, and 5% weights were applied to the models ranked from lowest to highest based on annual expected aggregate FHCF losses. Four models produced lower loss cost indications and one model produced higher loss cost indications than in 2021 ratemaking.

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

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## Summary of Changes to the 2022 Ratemaking Formula

In 2022, there are four notable factors that impact premium and rate changes. Three of these factors have a major impact and one has a minor impact.

The major impact factors are:

1. Projected growth in FHCF exposure;
2. Modeled loss cost increases; and
3. Change in Pre-Event Note Expense

The minor impact factor is:

4. Change in coverage selections.

### Major Impact Factors

1. The projected exposure trend increased from 4.92% in 2021 to 6.27% in 2022. The actual exposure growth in 2021 was 6.51%. The current methodology for allocating trend recognizes that most of the increase in exposure will be due to new construction. The change in distribution of exposure by age of home moderates the growth in modeled loss due to the projected increase in exposure. Exposure growth affects overall premium by type of business but not rates.
2. Modeled loss costs increased 4.8% due mainly to one model that produced a higher loss cost indication than in 2021. The one model with the higher indication significantly increased its evaluation of FHCF loss based on its interpretation of the 2017 Florida Building Code 25% roof replacement rule. This change affects overall premium and rates.
3. Expenses for pre-event notes increased from \$21.5 million in 2021 to \$30.1 million in 2022 due mainly to increased carrying costs caused by projected lower investment returns. This change generated a 0.8% increase in rates and affects overall premium.

### Minor Impact Factors

4. The industry coverage selection increased by 0.24% from 85.777% to 85.981%. This causes a small decrease in the average FHCF layer size and minimal change in FHCF premium and rates.

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

1. Summary of 2022 Rate Calculation;
2. Adjustment to Exposure Base and Summary of Rate Change;
3. Summary of Results; and
4. Historical Comparison of Exposures, Premiums, and Rates.

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## Details of the Ratemaking Process

This ratemaking formula for the FHCF is based on Section 215.555, Florida Statutes. We have followed the same basic process used since 1995. Legislation enacted in 2005 (Chapter 2005-111, Laws of Florida, CS/SBN 1486) addressed retention in multiple-event seasons by creating a per event retention that applies to a participating insurer's two largest events and drops to 1/3 for all other events. This drop-down coverage has again been incorporated into the 2022 rates.

### A. Trend

The FHCF trend projections are used to estimate the amount of exposure and risk counts that will be reported by companies as of June 30 of for the upcoming contract year. The trended exposure and risk counts will be the input for modelers to project expected FHCF losses. The FHCF trend selections apply only to model inputs and do not affect the underlying repair cost assumptions used by modelers.

For 2022 ratemaking, we reviewed construction data indices from Marshall & Swift and the actual exposures by coverage reported to the FHCF from 1995 to 2021. The Marshall Swift construction indices provide a snapshot of recent changes to residential construction costs. The Marshall & Swift construction indices for the Southeast were up 20.0% in 2021 (as of October) compared to a 2.5% increase in 2020. Countrywide indices were up 18.4% compared to a 2.3% increase the prior year. These indices are used as an independent check on the magnitude and direction of FHCF historical data. The Marshall Swift indexes do not project new construction.

Our selection of exposure and risk count trends for 2022 was based predominantly on the last three years of historical FHCF data. The table below displays the last five years of annual growth in exposure and risks. In making selections, the FHCF trend data was benchmarked against the indications generated from the Marshall & Swift construction indices. In 2022, positive trends for mobile homes are used for modeling due to exposure growth in recent years. The 11.1% decrease in commercial exposure is due to one company leaving the Florida commercial market and most of its business transferring to surplus lines which are not covered by the FHCF. We project positive a trend of 3% for the remaining commercial book of business.

The large 2019 decrease in exposure and counts for the tenants type of business was due to a change in reporting requirements excluding stand-alone inland marine which had previously been reported as contents-only tenants policies. Tenants had large exposure growth in 2020 and 2021. The selected trend of 6.5% assumes the 2019 decrease was a one-time reporting adjustment.

Historical FHCF exposure and risk counts can be found in Exhibit III. Note that the trended exposure data in Exhibit III is based on exposure reported to the FHCF as of 10/26/2021. This data was used in the catastrophe modeling process.

Beginning in 2019, the exposure trending process has been refined to focus on new construction. For residential, tenants, and condominium unit owners, trends in unit counts were mainly applied to newer construction (year built 2012 and subsequent) and older year built counts were assumed to have minimal to negative trends. Exposure trends were also mainly allocated to newer construction (year built 2012 and subsequent), with trend levels closer to inflation changes for older construction. Using this approach, the overall trended FHCF exposures better reflect the improvement in damageability levels due to new construction.

**Annual Growth in Exposure and Risk Counts Reported  
by FHCF Participating Insurers as of 10/26/2021**

	Residential		Tenants		Condominiums		Mobile Homes		Commercial	
	Exposure	Risk Count	Exposure	Risk Count	Exposure	Risk Count	Exposure	Risk Count	Exposure	Risk Count
2016-2017	2.8%	0.6%	9.1%	12.0%	4.0%	1.3%	1.2%	-1.5%	-4.2%	36.4%
2017-2018	4.4%	1.5%	0.1%	-4.5%	5.5%	2.2%	2.8%	-0.4%	2.7%	-30.4%
2018-2019	4.7%	1.1%	-20.7%	-18.4%	4.7%	1.5%	3.3%	-0.8%	4.5%	12.4%
2019-2020	5.6%	1.9%	6.0%	8.4%	5.7%	2.9%	3.6%	-0.1%	3.8%	-16.0%
2020-2021	7.8%	3.0%	6.8%	10.1%	8.1%	4.4%	3.6%	-0.3%	-11.1%	-9.8%
Prior Year Selected	5.0%	1.0%	6.0%	5.0%	5.0%	2.0%	3.0%	0.0%	4.0%	0.0%
Selected	6.5%	2.0%	6.5%	6.0%	6.5%	3.0%	3.5%	0.0%	3.0%	0.0%

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

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

Section 215.555, Florida Statutes, specifies the calculation of the retention multiple for each participating insurer. The numerator of the retention multiple is \$4.5 billion adjusted by the percentage growth in FHCF covered exposure from 2004 to the contract year two years prior to the current year. The historical exposure for 2020 was \$2,498.4 billion (as of 10/23/2021) as compared to \$1,320.6 billion in 2004. The percent adjustment is 89.2%, so the numerator of the retention multiple is \$8.513 billion (rounded to the nearest million).

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

Coverage %	90%	75%	45%
Retention Multiple	5.9418	7.1302	11.8837

Each participating insurer's provisional retention is the retention multiple (adjusted for coverage selection) times its provisional premium. An insurer's actual retention is the retention multiple times its actual premium. Based on this calculation, the retention multiple numerator of \$8.513 billion is used as the insurance industry aggregate retention for simulating losses in the aggregate layer of coverage. This value is equivalent to the sum of retentions for all insurers.

Since 2003, 100% of all FHCF premiums are calculated based on the premium formula rates applied to individual company exposures. This is called Section I premium. Section II premium refers to a premium calculated from exposure under covered policies that would require individual ratemaking, with each policy risk modeled and rated individually by company. There is currently no Section II exposure and therefore no Section II premium. The Section I insurance industry aggregate retention is \$8.513 billion (based on 100% of projected premium) and the Section II aggregate retention is \$0 (based on 0% of projected premium.)

**C. Industry Excess Layer (Exhibit IV)**

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

As \$17 billion of subsequent season capacity is not available, the FHCF limit for 2022 will remain \$17 billion. This \$17 billion represents the total capacity at selected coverage levels for loss and loss adjustment expense allowance. Loss adjustment expense allowance is statutorily set at 10% of losses recoverable from the FHCF. Participating insurers report only losses and do not report actual loss adjustment expenses.

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The limit of \$17 billion is first divided by 1.10 to produce a loss only limit of \$15,454,545,455. This limit is then split between Sections I and II based on trended actual premium at current selected coverage levels. We view this as the best indicator of expected losses in the layer. Based on this split, 100% of the \$15,454,545,455 limit is in Section I. This value is the Section I loss only limit.

The next step is to gross up the loss only limit for coverage level. The 2021 average coverage level was 85.777%. Final 2022 company coverage selections as of March 1, 2022 produced an average coverage level of 85.981% based on 2021 company market shares and rating group definitions. Grossing up the loss only layer of \$15,454,545,455 for coverage selections produces a 100% loss layer of \$17,974,372,577. The top end of the loss only layer is then an estimated projected aggregate retention of \$8,513,000,000 for ratemaking purposes plus this limit, which equals \$26,487,372,577. The loss and loss adjustment expense combined layer are \$19,771,809,835.

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

85.981% of \$17,974,372,577 xs \$8,513,000,000

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

85.981% of \$19,771,809,835 xs \$8,513,000,000

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

#### **D. Industry Detail Exposure Data**

Actual 2021 industry FHCF exposures for buildings, contents, and appurtenant structures were summarized by:

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

For modeling, we used data as of 6/30/2021 as reported through 10/26/2021 by 155 of 155 companies reporting FHCF Section I exposure for the 2021 year. This data was trended one year as described in Section A. Exhibit III contains trended control totals of the FHCF exposures used in the modeling process.

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

**Table of Models Used to Calculate Overall Industry Losses**

Model	2006-2007	2008-2022
AIR	X	X
ARA	X	X
Corelogic	X	X
RMS	X	X
FPM		X

The table above lists the models that were used to calculate the overall FHCF losses by year. Models used in ratemaking have been found acceptable by the Florida Commission on Hurricane Loss Projection Methodology as of December 1 of the prior year and have met the 2019 standards. The ARA model required a technical correction, resubmitted, and was found acceptable by the Commission prior to March 1, 2022. Note that individual results provided to the FHCF by the modelers are considered confidential by the modeling organizations.

Four models produced lower loss cost indications than in 2021 ratemaking. One model produced a higher loss cost indication than in 2021. The one model with the higher indication significantly

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increased its evaluation of FHCF loss based on its interpretation of the 2017 Florida Building Code 25% roof replacement rule. This change affects overall premium and rates.

All five of the modelers produce a distribution of industry-wide losses based on trended reported exposures by type of business, deductible, construction, and ZIP Code. The AIR model produces a listing of losses for 50,000 simulated years while the FPM model losses are based on 60,000 simulated years. The ARA model produced a listing of losses and counts from a simulation of 500,000 years. The other models produce a listing of losses by size with assigned annual frequencies. Since 2008, demand surge has been modeled directly by each of the accepted modelers. Adjustments to these loss distributions are described in the next section.

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

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

The FHCF weighted loss curve in Exhibit V is developed solely for estimating excess hurricane losses within the FHCF layer. Estimates of losses above the FHCF layer were not taken into consideration in developing the curve. Shifts in modeler weights within the FHCF loss layer may have an amplified impact on loss estimates above the FHCF layer.

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

**Table of Models Used for Classifications**

Model	2006-2008	2009-2012	2013-2022
AIR	X	X	X
Corelogic	X	X	X
RMS	X	X	X
FPM		X	

Three of the modelers ran our 2021 Contract Year trended exposures through their models and provided more detailed outputs (i.e., losses by ZIP Code, construction, and deductible codes for each type of business) that were used to update the class plan relativities. We used a straight average of the indicated loss costs for each rating cell as a basis in order to populate our class plan with rates. Details of the allocation of rates to type of business, deductible, construction, and territory are described in Part III. Exhibit V contains tables and graphs of modeled loss severity distributions:

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

#### **F. Losses in the Layer at Coverage Percent**

The limit for the 2022 Contract Year is \$17 billion. Because the size of the excess layer is dependent on the average coverage selections of all the FHCF participating insurers, losses must be modeled



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after coverage selection. Coverage percentage varies by type of business, so modeled losses need to also reflect this variation. As a result, we start with the allocation to type of business and apply the coverage percentages to the layered loss (a method used consistently since 2001). We calculate the overall rates and premiums at the different coverage percentages at the end of the calculations.

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

## **G. Adjustments to Modeled Losses**

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

These adjustments are similar to the adjustments made in the 2021 ratemaking formula.

The projected industry retention was applied to the adjusted modeled losses to estimate the FHCF excess losses. Details on the Law and Ordinance adjustments discussed here are presented in Exhibit VII. The overall increase in modeled gross losses due to these adjustments is 3.81%, compared to an increase of 4.37% in 2021. The major cause of this change is the inclusion of law and ordinance losses in the 2022 RMS modeled losses.

### **Law and Ordinance Coverage**

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

For 2022, the law and ordinance adjustment varies by modeler. The RMS modeled losses are not adjusted because RMS modeled losses now include the impact of adjustment for law and ordinance coverage. For 2022, ARA estimated an adjustment of 8.7% for its modeled losses.

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

### **Aggregate Wind Deductible Adjustment**

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

The loss events were adjusted to account for this change in loss exposure. Adjustment factors by type of business were developed. Exhibit VII details the derivation of these factors. The take-up ratio only impacts the commercial type of business as only these policyholders have the option of having an annual hurricane deductible. The adjusted load was then weighted with the adjusted load from 2021 giving 33% weight and 67% weight to 2022. The selected adjustment factor is the rounded value of the weighted load after the “take-up” modification.

In 2022, the aggregate wind adjustment is based on results from the average of the AIR and the Corelogic models. Prior to 2021, the aggregate wind adjustment was based on a single model.

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## H. Adjustments for Per Company Limits and Retentions

In this year's ratemaking report Paragon has updated the adjustment to expected losses for individual company limits, retentions and coverage based on information from an analysis based on detailed loss projections run by Paragon from the RMS and AIR model runs used for 2022 ratemaking. The average of the results from the two separate analyses is -0.7192%. Weighting this result against the prior adjustment factor of -0.4419% (2/3 current indication, 1/3 prior selection), we recommend a factor of -0.6268%. To summarize the approach, using the same exposure inputs and assumptions used by AIR and RMS, Paragon generated files of simulated Florida statewide gross hurricane losses. Average gross losses were first adjusted by type of business for AIR and RMS to match the average gross loss generated by the five models used in FHCF ratemaking. Each simulated gross loss was then allocated to ZIP Code and type of business. Next, FHCF market shares were applied by ZIP Code and company (based on 2021 FHCF premium) to allocate each simulated gross loss to all the FHCF companies. Simulated gross losses for each individual company were then summed and the program applied each company's projected retention, limit, and coverage percentage (based on 2021 FHCF premium market shares and 2022 selected coverages) to generate each company's FHCF losses. These were summed by simulated event to get FHCF total loss by event. Paragon summed losses by simulated year applying aggregate limits and impact of retention drop downs.

Separately for the AIR and RMS runs, the average annual FHCF loss based on individual company losses was compared to the average annual FHCF loss based on industry total losses, retention, limit, and coverage percentage. The average of the resulting adjustment factors was -0.7192% indicating, on an expected loss basis, the per company approach and the industry approach generate almost identical results.

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

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

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

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

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

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

## J. Investment Income Credit– Eliminated in 2012

Since 2012, the FHCF has not used investment income in the rates. There are three reasons that the use of an investment income credit in FHCF ratemaking is not appropriate and was discontinued.

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First, the FHCF investment credit is based on anticipated future long term retained investment income. The amount of anticipated future investment income assumes the FHCF would maintain a stable structure in perpetuity. Since the FHCF's inception, Florida statutes have been and FHCF coverage layers have changed resulting in lower return times and less investment income than originally projected in prior contract year ratemaking.

Second, during periods of sharp interest rate drops such as after 2000 and 2008 the FHCF will need rate increases due to reductions in the investment credit. These rate increases reduce FHCF long term rate stability.

Third, when investment income is used for providing a credit to current year rates, the same investment income cannot be used for mitigation funds appropriated by the legislature. During the years when an investment income credit was used, the premium formula required a matrix to adjust final rates to cover the potential for FHCF mitigation appropriations which were usually not finalized until the end of the legislative session after the premium formula had been approved. This approach also causes potential instability in FHCF rates. During years when no investment credit is included in the premium formula, the investment income can be used for mitigation appropriation without impacting FHCF rates.

For the three reasons above, investment income is not used in the FHCF ratemaking formula.

#### **K. Operating Expenses and Mitigation Funding**

Operating expenses of \$9,700,256 are based on an estimate of 2022 fiscal year operating expenses provided by the State Board of Administration of Florida (SBA). This is an increase of \$94,796 from the 2021 Contract Year projected expense of \$9,605,460.

The estimated mitigation funding target underlying the rates is set at zero since no investment income will be used to reduce 2022 rates. Pursuant to Section 215.555, Florida Statutes, the minimum appropriation is \$10 million, and the maximum appropriation is 35% of the prior fiscal year's investment income. In 2021, the Florida legislature appropriated \$13.5 million for mitigation. For the 2022 FHCF Contract Year, 35% of the \$27,517,000 prior fiscal year investment income equals \$9,630,950, so the maximum appropriation will be \$10 million. Appropriation of mitigation funding will not affect the FHCF rates in 2022.

#### **L. Pre-Event Notes Expense**

This year's estimate of \$30.5 million is the projected cost estimate for 2020A pre-event notes. This is an increase of \$9.0 million from the 2021 cost of \$21.5 million. This estimate includes the net carrying cost and a judgmental loading for potential asset loss during the contract year. The 2022 carrying cost estimates are provided by the FHCF's Financial Advisor, Raymond James & Associates. Raymond James' cost estimate is the projected difference between the interest payments to note holders and the investment income on the note proceeds during the 2022 Contract Year (see Exhibit X). The increase in pre-event note expense is due to reduced projected investment income on held assets which requires additional funds to be provided from FHCF premium.

In 2022, the loading for asset risk is 0.03% based on an estimate provided by Raymond James. This loading is added to the carrying cost for potential asset loss during the contract year. The value of the 2020A notes will be \$3.5 billion for the entire 12 months of the 2022 Contract Year. The loading for the 2020A notes is \$1.05 million (0.03% of \$3.5 billion).

Should the SBA authorize additional expenditure for pre-event notes during the 2022 Contract Year, the rates, retention multiples, and payout multiple should be modified using the factors provided in Exhibit XI.

#### **M. Premium Credits (Windstorm Mitigation Construction Credits)**

We are using the same approach to windstorm mitigation construction factors as we used in the 2021 Ratemaking Formula Report, including the incorporation of factors for the following mitigation features recognized since 2012:

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

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

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

Exhibit XII includes:

1. Calculation of actual 2021 premium credits/surcharges;
2. 2021 distribution of credits/surcharges; and
3. 2021 distribution of exposure and counts by rating region and type of business.

#### **N. Section II (Excess) Adjustment**

We included \$0 of Section II premium, based on the fact that there was no Section II exposure reported in 2021. Section II premium covers policies that require individual rating procedures. These exposures would be modeled and rated individually by company.

#### **O. Adjustment for Updated Exposures**

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

#### **P. Risk Transfer Options**

This premium estimate assumes no reinsurance will be purchased in 2022. Should the FHCF decide to procure reinsurance later for the 2022 Contract Year, Exhibit XVII provides the methodology for adjusting 2022 rates for alternative reinsurance structures and contracted reinsurance premiums.

The estimates for FHCF loss credits are based on the average of 2022 AIR and RMS data distributions in Exhibit VIII. Exhibit XVII is based on the same loss severity distribution and displays probability of exceedance for specific FHCF layers with the adjustments to the FHCF loss layer level prior to fixed expenses. These values are used to illustrate a range of potential risk transfer structures and costs in Exhibit XVII. The details of the formula calculation, along with potential revised factors, are provided in Exhibit XVII.

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

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## Part II: Allocation of Premium

Within a type of business, premium is allocated to territory, construction, and deductible based on a set of relativities. This is the same process that has been used since the creation of the 2001 rates. In all cases, the relativities recommended for 2022 have been adjusted so that none of them has changed by more than 15%. While there is a significant change in the relativities within mobile home constructions, there were no other significant changes in the allocation process for 2022. Following is an overview of the FHCF rating classifications and the entire allocation process.

### Overview of the Rating Classifications

#### 1. Type of Business

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

#### 2. Territorial Definitions

Since 2001, the FHCF revises rating territories using information from three hurricane models: AIR, Corelogic, and RMS. Territory definitions are based on excess layer loss costs, as they are indicative of what insurers might recover from the FHCF. Actual changes to territories are tempered each year to minimize the magnitude of rate changes. For 2022, indicated territories have been recalculated for each ZIP Code using the latest data from these models.

In order to increase rating stability, the FHCF territory tempering method was changed in 2017. Review of past FHCF rating history showed that there had been many years when large numbers of ZIP Codes shifted one territory in a year and then shifted back one territory the following year (see Exhibit XVIII). Starting in 2017, a ZIP Code is shifted by one territory to a new territory only if the indication is for a shift of two or more territories or a shift of one territory has been consistent for three years. For 2022, 195 ZIP Codes shifted down one territory and 60 ZIP codes shifted up one territory most due to three-year indications of one territory shift.

#### 3. Construction

FHCF data is collected for seven construction types for residential, tenants, condominiums, and commercial types of business, and three construction types for mobile homes. The mobile home codes relate to the extent of their tie downs and their compliance with Federal Housing and Urban Development building codes that went into effect in July 1994.

In 2019 the FHCF surveyed its largest writers of mobile home business regarding average year of construction for mobile homes with tie downs manufactured before and after 7/13/1994. An aggregate summary of this survey's results was presented to the FHCF modelers. As a result, one of the modelers changed its assumptions for mobile home losses for the FHCF construction categories. This resulted in the 2020 change in relativities of Post- to Pre-7/13/1994 FHCF mobile home rates from 2.2% to 16.9% after tempering. In 2021, the relativity increased to 28%. In 2022 we will use the same 28% relativity as used in 2021.

Starting in 2021, the FHCF receives detail on the year of manufacture for mobile homes. We anticipate reviewing the mobile home relativities after review of the 2022 reported data.

#### 4. Deductibles

The rates proposed are for the same sets of deductibles as for 2021. Relativities for each deductible vary by type of business. As with construction relativities, changes in deductible relativities were limited to changing no more than 15%.

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## General Overview of the Rate Allocation Process

### Construction Classes

Relativities between the most common construction within a type of business and the other construction types were calculated using AIR, Corelogic, and RMS generated ZIP Code level loss costs. The indicated relativities were selected, except that they were limited to changing from the 2021 relativities by no more than 15%.

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

### Rating Region (Territory) Definition

To begin the process this year, we identified the 1,448 ZIP Codes for which rates would be produced. These are the currently valid U.S. Postal Service ZIP Codes in Florida, plus some recently deactivated ZIP Codes for which we continue to produce rates. We identified 927 of the ZIP Codes that had at least \$30 million of total exposure. The remaining 521 ZIP Codes were mapped to these 927 ZIP Codes by location. Most of these 521 ZIP Codes were exclusively post office boxes. They inherited their territory from the territory of the ZIP Code to which they were mapped. The purpose of this step was to avoid trying to assign ZIP Codes to territories if they had very little exposure. When a ZIP Code has no frame exposure, for example, the models produce a 0.00 loss cost. To avoid these problems and to increase the reliability of the modeled losses, this mapping technique was employed.

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

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

We tempered the change in territory from 2021 to 2022 by limiting the territory movement to no more than one from its 2021 territory assignment and only if there is an indication of a movement of two or more territories or a three-year indication of at least one territory. This approach has increased the stability of territory definitions.

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

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## **Production of Rates**

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

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

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

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

Exhibit XV shows exposure and counts by territory.

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

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

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

2022 mitigation factors do not have a cap. Prior to 2014, the preliminary factor was tempered by minimum and maximum caps. In 2014, we removed the cap of plus or minus 30% to unlimited due to increased credibility in reported company data.

Actual factor = Preliminary Factor.

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

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

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

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## Part III: Limitations

### Scope

This report was prepared for the use of the SBA for the sole purpose of developing a formula for determining the actuarially indicated premium to be paid by individual companies for the FHCF for the 2022 Contract Year as specified by Section 215.555, Florida Statutes. The formula must be approved by unanimous vote of the SBA Trustees and they may, at any time, revise the formula pursuant to the procedure provided in Section 215.555(5)(b), Florida Statutes.

The rates in this report are developed for the limits and retentions specified by Section 215.555, Florida Statutes, for the 2022 Contract Year. No adjustments have been made to reflect availability of FHCF financial capacity during and subsequent to the 2022 Contract Year. Actual coverage provided by the FHCF for the 2022 Contract Year is subject to modification due to legislative, judicial, or regulatory actions. Except where explicitly noted, such modifications are not considered in this report.

### Data Sources

In developing the 2022 FHCF ratemaking formula, we have relied on the following data:

1. FHCF 2021 Contract Year exposure data as of 10/26/2021 as reported by 155 FHCF companies and compiled by Paragon. This data has not been fully audited yet and could be subject to variability in terms of amounts and classifications of exposure data.
2. Historical FHCF exposure data from prior years, subject to audit by FHCF auditors and compiled by Paragon.
3. Projections of 2022 season hurricane losses prepared by AIR, ARA, Corelogic, FPM, and RMS for use in determining overall expected industry losses. All loss projections are based on catastrophe models that have been accepted by the Florida Commission on Hurricane Loss Projection Methodology as of December 1, 2021, with the exception of the ARA model which required a technical correction and was accepted prior to March 1, 2022.
4. Allocations of projected 2022 season hurricane losses prepared by AIR, Corelogic, and RMS for use in developing various rating classifications.
5. Special analyses of mitigation rating factors prepared by AIR, ARA, Corelogic and RMS.
6. Special analyses of projected hurricane losses by county by ARA, Corelogic and RMS.
7. Special analyses of projected hurricane losses by ZIP Code by Paragon using AIR and RMS models.
8. Historical FHCF investment returns as reported by the SBA.
9. Industry residential construction cost trends for Florida and the United States as developed by Marshall & Swift.
10. Estimates of projected FHCF operating expenses by FHCF staff.
11. Estimates of projected net expenses for 2020A Pre-Event Notes by Raymond James and Associates.

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

### Variability of Results

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

### Distribution and Use

This report was prepared for the use of the SBA for the sole purpose of developing a formula for determining the actuarially indicated premium to be paid by individual companies to the FHCF for the 2022 Contract Year as specified by Section 215.555, Florida Statutes. The data, assumptions, methodology, and results in this report may not be appropriate for other than the intended use. We recommend that any party using this report have its own actuary review this report to ensure that the party understands the assumptions and uncertainties inherent in our estimates. A copy of this report will be available on the FHCF's web site.



# EXHIBIT

## II

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
Summary of Rate Calculation

<b>Section I : Retention, Attachment and Coverage</b>		Residential	Tenants	Condos	Mobile Home	Commercial	Total		
Coverage Avg. % as of 10/26/2021		85.701%	83.536%	86.063%	89.985%	84.873%	85.777%	(0.9)	
Coverage Avg. % as of 03/01/2022		85.965%	83.603%	86.270%	89.218%	84.876%	85.981%	(1)	
Coverage Change		0.307%	0.080%	0.240%	-0.853%	0.004%	0.238%	(1.1)	
Retention	8,513,000,000							(2)	
Loss Only Limit	17,974,372,577							(3)	
Retention + Limit	26,487,372,577							(4)	(2)+(3)
Loss and LAE at Coverage Limit	17,000,000,000							(5)	(3)*total(1)*1.10
Section I		Residential	Tenants	Condos	Mobile Home	Commercial	Total		
Gross Losses at 100% Unadjusted		3,103,648,094	18,178,080	264,409,940	127,838,561	319,335,241	3,833,409,916	(6)	
Gross Losses at 100% Adjusted*		3,247,419,921	18,212,618	264,938,760	128,298,779	320,516,782	3,979,386,861	(7)	
% Adjustment		4.632%	0.190%	0.200%	0.360%	0.370%	3.808%	(8)	(7)/(6) - 1
* Adjustment includes factors for law and ordinance coverage and annual aggregate deductibles.									
Allocation of Excess Loss to Type of Business at Coverage Level		81.525%	0.446%	6.679%	3.282%	8.069%	100.000%	(9)	[Alloc of Excess Losses] (7)
Excess Losses and LAE at Coverage		824,486,993	4,507,169	67,549,307	33,190,697	81,600,445	1,011,334,611	(10)	(9)*total(10)
Per Company Analysis Factors									
Retention Adjustment								(11)	(11 Factor)*(10)
Limit Adjustment	adj value							(14)	(14 Factor)*(10)
Combined Retention and Limit Adjustment	-0.6268%	-5,167,638	-28,250	-423,379	-208,029	-511,447	-6,338,743	(15)	(15 Factor)*(10)
Total Loss After Per Company Analysis Factors		819,319,355	4,478,919	67,125,928	32,982,668	81,088,998	1,004,995,868	(16)	(10)+(15)
Post Model Adjustment Factors									
		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	(17)	
		40,965,968	223,946	3,356,296	1,649,133	4,054,450	50,249,793	(18)	(17)*(16)
Total Gross Excess Loss and LAE		860,285,323	4,702,865	70,482,224	34,631,801	85,143,448	1,055,245,661	(19)	(18)+(16)
Special Adjustments									
Investment Income	0.000%	0	0	0	0	0	0	(20)	(20 Factor)*(19)
Ceded Loss & LAE	0.000%	0	0	0	0	0	0	(21)	No Risk Transfer in Contract Year 2022
Total Special Adjustment	0.000%	0	0	0	0	0	0	(22)	(20)+(21)
Net Loss & LAE Prior to Expense Loadings and Credits (Base Prem)		860,285,323	4,702,865	70,482,224	34,631,801	85,143,448	1,055,245,661	(23)	(19)+(22)
Fixed Expense Loadings									
Operating Expense	0.919%	7,908,100	43,231	647,902	318,350	782,674	9,700,256	(24a)	SBA Operating Expenses
2016A Note Expense	0.000%	0	0	0	0	0	0	(24b)	Debt Service Payment & Held Asset Risk Charge
2020A Note Expense	2.848%	24,498,157	133,922	2,007,107	986,202	2,424,611	30,050,000	(24c)	Debt Service Payment & Held Asset Risk Charge (Estimated)
Mitigation Funding	0.000%	0	0	0	0	0	0	(25)	Paid from Investment Income (not from premium)
Total Fixed Expense Loadings	3.767%	32,406,257	177,153	2,655,009	1,304,552	3,207,285	39,750,256	(27)	(24a)+(24b)+(24c)+(25)
2022 Section I Base Premium at Coverage Level prior to Cash Build Up		892,691,580	4,880,018	73,137,233	35,936,353	88,350,733	1,094,995,917	(34)	(23)+(27)

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
Section I: Adjustment to 10/26/2021 Exposure Base And Summary of Rate Change

			Residential	Tenants	Condos	Mobile Home	Commercial	Total		
<b>Adjustment for Change in Reportings 10/26/2021 to 10/26/2021</b>										
2021 Section I Base Premium	as of 10/26/2021		989,777,102	5,323,179	79,732,803	39,839,764	104,595,939	1,219,268,788	(35)	
(Net of Credits)	as of 10/26/2021		989,777,102	5,323,179	79,732,803	39,839,764	104,595,939	1,219,268,788	(36)	
Change	Change		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	(37)	(36)/(35) - 1
2021 Section I Exposure	as of 10/26/2021		2,333,537,548,063	24,748,697,823	122,057,835,839	30,038,102,172	150,816,782,383	2,661,198,966,280	(38)	
(All ZIP Codes)	as of 10/26/2021		2,333,537,548,063	24,748,697,823	122,057,835,839	30,038,102,172	150,816,782,383	2,661,198,966,280	(39)	
	Change		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	(40)	(39)/(38) - 1
Exposure Trend (2021 to 2022)			6.50%	6.50%	6.50%	3.50%	3.00%	6.27%	(41)	
2022 Section I Exposure			2,485,217,502,720	26,357,375,377	129,991,599,048	31,089,437,314	155,341,285,649	2,827,997,200,108	(42)	(1+(41))*(39)
2022 Section I Actuarially Indicated Base Premium at Coverage Level			892,691,580	4,880,018	73,137,233	35,936,353	88,350,733	1,094,995,917	(43)	(34)
2022 Section I Actuarially Indicated Base Premium at Cov. Level Adj. For Reporting Change			892,691,580	4,880,018	73,137,233	35,936,353	88,350,733	1,094,995,917	(43.01)	(1+(37))*(43)
<b>Cash Build-up Factor</b>										
2022 Adjusted Sect. I Base Premium at Coverage at 2022 Cash Build-up Level	25%		1,115,864,475	6,100,023	91,421,541	44,920,441	110,438,417	1,368,744,897	(45)	(43.01)*1.25
Variable Expense Loading										
Reinsurance Factor	0.000%		0	0	0	0	0	0	(45a)	No Risk Transfer in Contract Year 2022
2022 Section I Base Premium at Coverage with Cash Build-up & Variable Expenses	0.0000%		1,115,864,475	6,100,023	91,421,541	44,920,441	110,438,417	1,368,744,897	(45b)	(45)+(45a)

**Summary of Section I , Premium, Exposure and Rate Change**

			Residential	Tenants	Condos	Mobile Home	Commercial	Total		
Base Premium (25% CB)	2021	as of 10/26/2021	989,777,102	5,323,179	79,732,803	39,839,764	104,595,939	1,219,268,788	(46)	(36)
	2022		1,115,864,475	6,100,023	91,421,541	44,920,441	110,438,417	1,368,744,897	(47)	
Change			12.74%	14.59%	14.66%	12.75%	5.59%	12.26%	(48)	((47)/(46))-1
Exposure	2021	as of 10/26/2021	2,333,537,548,063	24,748,697,823	122,057,835,839	30,038,102,172	150,816,782,383	2,661,198,966,280	(49)	(39)
	2022		2,485,217,502,720	26,357,375,377	129,991,599,048	31,089,437,314	155,341,285,649	2,827,997,200,108	(50)	(42)
Change			6.50%	6.50%	6.50%	3.50%	3.00%	6.27%	(51)	((50)/(49))-1
Rate (at 25% CB)	2021	as of 10/26/2021	0.4242	0.2151	0.6532	1.3263	0.6935	0.4582	(52)	1000*(46)/(49)
	2022		0.4490	0.2314	0.7033	1.4449	0.7109	0.4840	(53)	1000*(47)/(50)
Change			5.86%	7.60%	7.66%	8.94%	2.51%	5.64%	(54)	((53)/(52))-1
Rate at 25% CB	2022		0.4490	0.2314	0.7033	1.4449	0.7109	0.4840	(54.01)	
Overall Rate Change			5.86%	7.60%	7.66%	8.94%	2.51%	5.64%	(55)	((1000*(45b)/(50))/(52))-1
Rates at 90% (Unadjusted for Coverage Level)										
	2021		0.4454	0.2317	0.6831	1.3265	0.7354	0.4807	(56)	((52)*(.9/(0.9))
	2022		0.4701	0.2491	0.7337	1.4575	0.7539	0.5066	(57)	((53)*(.9/(1))
Rate Change Unadjusted for Coverage Level			5.53%	7.51%	7.40%	9.88%	2.51%	5.39%	(58)	((57)/(56))-1

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
Summary of Results

	Retention	Limit	Residential	Tenants	Condos	Mobile Home	Commercial	Total	
Premium									
Section I: Basic Cov.			1,115,864,475	6,100,023	91,421,541	44,920,441	110,438,417	1,368,744,897	(69) (45b)
Section I: Extended Cov.			-	-	-	-	-	-	(70) There is no Extended Coverage Charge for Citizens
Section I: Subtotal	8,513,000,000	17,000,000,000	1,115,864,475	6,100,023	91,421,541	44,920,441	110,438,417	1,368,744,897	(71) (70)+(69)
Section II	0	0	0	0	0	0	0	0	(72) There is no Section II exposure
Total	8,513,000,000	17,000,000,000	1,115,864,475	6,100,023	91,421,541	44,920,441	110,438,417	1,368,744,897	(73) (71)+(72)
Coverage %			85.965%	83.603%	86.270%	89.218%	84.876%	85.981%	(74) (1)
Projected Payout Multiple		12.4201							(73Limit)/(73total prem)
Retention Multiples	100%	5.3476	1,298,049,798	7,296,396	105,971,245	50,348,967	130,117,646	1,591,915,518	(75) (73ret)/(73 tot prem)*(74tot)/100%
	90%	5.9418	1,168,244,818	6,566,757	95,374,121	45,314,070	117,105,882	1,432,723,966	(76) (73ret)/(73 tot prem)*(74tot)/90%
	75%	7.1302	973,537,349	5,472,297	79,478,434	37,761,725	97,588,235	1,193,936,639	(77) (73ret)/(73 tot prem)*(74tot)/75%
	45%	11.8837	584,122,409	3,283,378	47,687,060	22,657,035	58,552,941	716,361,983	(78) (73ret)/(73 tot prem)*(74tot)/45%
Sect. I Projected Exposure		2022	2,485,217,502,720	26,357,375,377	129,991,599,048	31,089,437,314	155,341,285,649	2,827,997,200,108	(79) (49)
Sect. I Avg. Basic Rates	100%		0.5223	0.2768	0.8152	1.6195	0.8376	0.5629	(80) 1000*(69)/(79)*((100%)/(74))
	90%		0.4701	0.2491	0.7337	1.4575	0.7539	0.5066	(81) 1000*(69)/(79)*((90%)/(74))
	75%		0.3917	0.2076	0.6114	1.2146	0.6282	0.4222	(82) 1000*(69)/(79)*((75%)/(74))
	45%		0.2350	0.1246	0.3668	0.7288	0.3769	0.2533	(83) 1000*(69)/(79)*((45%)/(74))
Average Coverage			0.4490	0.2314	0.7033	1.4449	0.7109	0.4840	(84) 1000*(69)/(79) or (52)
Overall Section I Rate Change									
Total Premium		2021	989,777,102	5,323,179	79,732,803	39,839,764	104,595,939	1,219,268,788	(85) (45)
		2022	1,115,864,475	6,100,023	91,421,541	44,920,441	110,438,417	1,368,744,897	(86) (73)
Total Exposure		2021	2,333,537,548,063	24,748,697,823	122,057,835,839	30,038,102,172	150,816,782,383	2,661,198,966,280	(87) (48)
		2022	2,485,217,502,720	26,357,375,377	129,991,599,048	31,089,437,314	155,341,285,649	2,827,997,200,108	(88) (49)
Average Rate (000s)		2021	0.4242	0.2151	0.6532	1.3263	0.6935	0.4582	(89) 1000*(85)/(87)
		2022	0.4490	0.2314	0.7033	1.4449	0.7109	0.4840	(90) 1000*(86)/(88)
Overall Rate Change			5.86%	7.60%	7.66%	8.94%	2.51%	5.64%	(91) (90)/(89) - 1
Rates at 90% (Unadjusted for Coverage Level)		2021	0.4454	0.2317	0.6831	1.3265	0.7354	0.4807	(92) (56)
		2022	0.4701	0.2491	0.7337	1.4575	0.7539	0.5066	(93) (57)
Rate Change Unadjusted for Coverage Level			5.53%	7.51%	7.40%	9.88%	2.51%	5.39%	(94) (57)/(56)-1

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
Section I: Historical Exposures and Premiums

	Residential	Tenants*	Condo-Owners	Mobile Home	Commercial	Total
<b>Section I Exposures (as of 10/26/2021)</b>						
2012	\$1,742,101,137,356	\$19,311,739,294	\$84,152,063,133	\$31,569,203,791	\$199,076,994,510	\$2,076,211,138,084
2013	\$1,692,585,905,910	\$20,716,140,015	\$84,939,169,492	\$28,539,351,997	\$197,362,838,239	\$2,024,143,405,653
2014	\$1,719,567,803,513	\$22,229,245,146	\$86,702,102,354	\$27,474,291,575	\$188,824,739,041	\$2,044,798,181,629
2015	\$1,754,969,315,990	\$22,508,843,627	\$88,453,721,949	\$25,877,523,024	\$170,243,010,515	\$2,062,052,415,105
2016	\$1,822,895,641,425	\$25,213,767,240	\$92,927,887,318	\$26,037,614,203	\$159,080,068,043	\$2,126,154,978,229
2017	\$1,874,475,550,556	\$27,516,337,109	\$96,602,096,966	\$26,353,385,960	\$152,405,421,800	\$2,177,352,792,391
2018	\$1,957,115,844,385	\$27,549,046,028	\$101,960,350,577	\$27,088,783,563	\$156,488,178,066	\$2,270,203,202,619
2019	\$2,049,042,898,878	\$21,858,470,732	\$106,760,957,426	\$27,975,963,201	\$163,472,618,778	\$2,369,110,909,015
2020	\$2,163,708,690,455	\$23,174,341,836	\$112,881,002,902	\$28,991,506,740	\$169,689,149,076	\$2,498,444,691,009
2021	\$2,333,537,548,063	\$24,748,697,823	\$122,057,835,839	\$30,038,102,172	\$150,816,782,383	\$2,661,198,966,280
2022 (Proj.)	\$2,485,217,502,720	\$26,357,375,377	\$129,991,599,048	\$31,089,437,314	\$155,341,285,649	\$2,827,997,200,108
2023						
<b>Section I Premiums (as of 10/26/2021)</b>						
2012	\$981,901,520	\$8,032,833	\$60,505,008	\$43,863,584	\$167,063,181	\$1,261,366,127
2013	\$977,906,580	\$9,143,951	\$64,528,991	\$37,315,378	\$175,438,169	\$1,264,333,070
2014	\$981,990,781	\$10,188,137	\$66,375,860	\$35,208,908	\$173,880,302	\$1,267,643,988
2015	\$975,194,503	\$9,276,293	\$67,838,597	\$34,674,641	\$128,846,280	\$1,215,830,315
2016	\$909,067,322	\$8,944,937	\$68,539,686	\$39,406,140	\$110,550,511	\$1,136,507,596
2017	\$911,917,792	\$9,222,562	\$70,507,479	\$43,442,087	\$94,028,996	\$1,129,118,916
2018	\$885,243,706	\$8,235,292	\$72,223,086	\$44,669,682	\$92,422,774	\$1,102,794,540
2019	\$962,095,940	\$5,615,431	\$75,383,628	\$42,341,842	\$105,472,787	\$1,190,909,628
2020	\$968,564,344	\$5,719,970	\$76,413,223	\$41,328,411	\$115,023,309	\$1,207,049,258
2021	\$989,777,102	\$5,323,179	\$79,732,803	\$39,839,764	\$104,595,939	\$1,219,268,788
2022 (Proj.)	\$1,115,864,475	\$6,100,023	\$91,421,541	\$44,920,441	\$110,438,417	\$1,368,744,897
2023						
<b>Section I Average Rates (per \$1000)</b>						
2012	0.5636	0.4160	0.7190	1.3894	0.8392	0.6075
2013	0.5778	0.4414	0.7597	1.3075	0.8889	0.6246
2014	0.5711	0.4583	0.7656	1.2815	0.9209	0.6199
2015	0.5557	0.4121	0.7669	1.3400	0.7568	0.5886
2016	0.4987	0.3548	0.7376	1.5134	0.6949	0.5345
2017	0.4865	0.3352	0.7299	1.6484	0.6170	0.5186
2018	0.4523	0.2989	0.7083	1.6490	0.5906	0.4858
2019	0.4695	0.2569	0.7061	1.5135	0.6452	0.5027
2020	0.4476	0.2468	0.6769	1.4255	0.6778	0.4831
2021	0.4242	0.2151	0.6532	1.3263	0.6935	0.4582
2022 (Proj.)	0.4490	0.2314	0.7033	1.4449	0.7109	0.4840
<b>Percent Change in Rates</b>						
2012-13	2.51%	6.12%	5.66%	-5.90%	5.93%	2.81%
2013-14	-1.16%	3.84%	0.77%	-1.99%	3.59%	-0.75%
2014-15	-2.70%	-10.08%	0.18%	4.56%	-17.81%	-4.89%
2015-16	-10.25%	-13.92%	-3.83%	12.94%	-8.18%	-9.34%
2016-17	-2.45%	-5.52%	-1.04%	8.82%	-11.22%	-2.99%
2017-18	-7.02%	-10.81%	-2.95%	0.03%	-4.27%	-6.33%
2018-19	3.81%	-14.06%	-0.32%	-8.22%	9.24%	3.48%
2019-20	-4.66%	-3.92%	-4.13%	-5.81%	5.06%	-3.89%
2020-21	-5.25%	-12.86%	-3.50%	-6.96%	2.31%	-5.17%
2021-22	5.86%	7.60%	7.66%	8.94%	2.51%	5.64%
<b>Historical Rates as Percent of 2022 Rates</b>						
2012	126%	180%	102%	96%	118%	126%
2013	129%	191%	108%	90%	125%	129%
2014	127%	198%	109%	89%	130%	128%
2015	124%	178%	109%	93%	106%	122%
2016	111%	153%	105%	105%	98%	110%
2017	108%	145%	104%	114%	87%	107%
2018	101%	129%	101%	114%	83%	100%
2019	105%	111%	100%	105%	91%	104%
2020	100%	107%	96%	99%	95%	100%
2021	94%	93%	93%	92%	98%	95%
2022	100%	100%	100%	100%	100%	100%
<b>Historical Rate on Line (Mandatory Coverage only)</b>						
Limit(\$B)						
2012	17,000					7.4%
2013	17,000					7.4%
2014	17,000					7.5%
2015	17,000					7.2%
2016	17,000					6.7%
2017	17,000					6.6%
2018	17,000					6.5%
2019	17,000					7.0%
2020	17,000					7.1%
2021	17,000					7.2%
2022	17,000					8.1%

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

# EXHIBIT

## III

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
2021 Reported Exposures as of 10/26/21 (Trended to 6/30/22)

Trended Control Totals By Type

Type	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
Commercial	124,750	1.7%	\$155,341,285,649	\$1,245,221	5.5%
Residential	4,835,937	66.1%	\$2,485,217,502,720	\$513,906	87.9%
Mobile Home	327,276	4.5%	\$31,089,437,314	\$94,995	1.1%
Tenants	1,053,910	14.4%	\$26,357,375,377	\$25,009	0.9%
Condominium Unit Owners	971,061	13.3%	\$129,991,599,048	\$133,866	4.6%
Total	7,312,934	100.0%	\$2,827,997,200,108	\$386,712	100.0%

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Trended Commercial Control Totals By Construction

Construction	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
Frame	25,319	20.3%	\$19,844,560,008	\$783,781	12.8%
Masonry	87,812	70.4%	\$74,015,147,560	\$842,882	47.6%
Masonry with Reinforced Concrete Roof	8,067	6.5%	\$22,059,464,656	\$2,734,531	14.2%
Superior	274	0.2%	\$3,513,476,023	\$12,822,905	2.3%
Superior with Reinforced Concrete Roof	1,800	1.4%	\$35,185,695,437	\$19,547,609	22.7%
Masonry Veneer	4	0.0%	\$3,095,400	\$0	0.0%
Unknown/Non Mobile Home Default	1,474	1.2%	\$719,846,565	\$488,363	0.5%
Total	124,750	100.0%	\$155,341,285,649	\$1,245,221	100.0%



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Trended Residential Control Totals By Construction

Construction	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
Frame	1,096,904	22.7%	\$535,842,693,588	\$488,505	21.6%
Masonry	3,405,037	70.4%	\$1,754,875,670,637	\$515,376	70.6%
Masonry with Reinforced Concrete Roof	7,858	0.2%	\$8,869,958,296	\$1,128,781	0.4%
Superior	257	0.0%	\$266,204,681	\$1,035,816	0.0%
Superior with Reinforced Concrete Roof	125	0.0%	\$378,957,783	\$3,031,662	0.0%
Masonry Veneer	297,954	6.2%	\$177,303,662,608	\$595,071	7.1%
Unknown/Non Mobile Home Default	27,802	0.6%	\$7,680,355,127	\$276,252	0.3%
Total	4,835,937	100.0%	\$2,485,217,502,720	\$513,906	100.0%

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Trended Mobile Home Control Totals By Construction

Construction	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
Mobile Home - Fully Tied Down, Mfg before 7/13/94	161,634	49.4%	\$11,333,900,406	\$70,121	36.5%
Mobile Home - Fully Tied Down, Mfg on or after 7/13/94	157,965	48.3%	\$19,031,424,485	\$120,479	61.2%
Mobile Home - Other Than Fully Tied Down or Unknown	7,677	2.3%	\$724,112,423	\$94,322	2.3%
Total	327,276	100.0%	\$31,089,437,314	\$94,995	100.0%

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Trended Tenants Control Totals By Construction

<b>Construction</b>	<b>Units</b>	<b>Percent of Units</b>	<b>Primary Exposure</b>	<b>Average Exposure</b>	<b>Percent of Exposure</b>
Frame	226,603	21.5%	\$4,815,398,663	\$21,250	18.3%
Masonry	221,033	21.0%	\$6,346,493,607	\$28,713	24.1%
Masonry with Reinforced Concrete Roof	702	0.1%	\$78,789,084	\$112,235	0.3%
Superior	9,944	0.9%	\$389,305,450	\$39,150	1.5%
Superior with Reinforced Concrete Roof	713	0.1%	\$118,960,189	\$166,845	0.5%
Masonry Veneer	17,754	1.7%	\$528,535,048	\$29,770	2.0%
Unknown/Non Mobile Home Default	577,161	54.8%	\$14,079,893,336	\$24,395	53.4%
Total	1,053,910	100.0%	\$26,357,375,377	\$25,009	100.0%

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Trended Condominium Unit Owners Control Totals By Construction

Construction	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
Frame	101,551	10.5%	\$11,720,877,979	\$115,419	9.0%
Masonry	529,864	54.6%	\$58,716,380,662	\$110,814	45.2%
Masonry with Reinforced Concrete Roof	88,408	9.1%	\$12,524,029,012	\$141,662	9.6%
Superior	66,342	6.8%	\$11,422,011,408	\$172,169	8.8%
Superior with Reinforced Concrete Roof	126,931	13.1%	\$29,244,068,952	\$230,393	22.5%
Masonry Veneer	15,600	1.6%	\$1,970,457,396	\$126,311	1.5%
Unknown/Non Mobile Home Default	42,365	4.4%	\$4,393,773,639	\$103,712	3.4%
Total	971,061	100.0%	\$129,991,599,048	\$133,866	100.0%

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2022 Ratemaking Formula Report  
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Trended Commercial Control Totals By Deductible Code

Deductible Code	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
CA (\$0 to \$2,500)	57	0.0%	\$220,334,876	\$3,865,524	0.1%
CB (\$2,501 to \$7,500)	15	0.0%	\$19,575,827	\$1,305,055	0.0%
CC (\$7,501 to \$15,000)	26	0.0%	\$51,351,898	\$1,975,073	0.0%
CD (\$15,001 to \$50,000)	128	0.1%	\$96,374,224	\$752,924	0.1%
C1 (1%)	1,985	1.6%	\$2,826,029,951	\$1,423,693	1.8%
C2 (2%)	36,412	29.2%	\$49,918,923,903	\$1,370,947	32.1%
C3 (3%)	41,433	33.2%	\$52,056,747,687	\$1,256,408	33.5%
C4 (4%)	27	0.0%	\$162,905,402	\$6,033,533	0.1%
C5 (5%)	44,470	35.6%	\$49,411,722,100	\$1,111,125	31.8%
C6 (6%)	6	0.0%	\$65,181,992	\$10,863,665	0.0%
C7 (7%)	0	0.0%	\$0	\$0	0.0%
C8 (8%)	0	0.0%	\$0	\$0	0.0%
C9 (9%)	2	0.0%	\$2,195,988	\$1,097,994	0.0%
C0 (10%)	189	0.2%	\$509,941,801	\$2,698,105	0.3%
Total	124,750	100.0%	\$155,341,285,649	\$1,245,221	100.0%

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Trended Residential Control Totals By Deductible Code

Deductible Code	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
RM (\$0)	12,783	0.3%	\$480,858,481	\$37,617	0.0%
RA (\$1 to \$500)	167,769	3.5%	\$70,116,863,208	\$417,937	2.8%
RB (\$501 to \$1,500)	138,594	2.9%	\$82,909,020,351	\$598,215	3.3%
RC (\$1,501 to \$2,500)	21,916	0.5%	\$15,337,757,494	\$699,843	0.6%
RD (Greater Than \$2,500)	8,221	0.2%	\$8,446,563,607	\$1,027,437	0.3%
R1 (1%)	80,239	1.7%	\$53,321,170,506	\$664,529	2.1%
R2 (2%)	3,988,105	82.5%	\$2,026,475,783,490	\$508,130	81.5%
R3 (3%)	32,042	0.7%	\$14,441,290,171	\$450,699	0.6%
R4 (4%)	3,271	0.1%	\$2,395,728,241	\$732,415	0.1%
R5 (5%)	345,663	7.1%	\$180,667,235,602	\$522,669	7.3%
R6 (6%)	4	0.0%	\$13,502,301	\$3,375,575	0.0%
R7 (7%)	0	0.0%	\$0	\$0	0.0%
R8 (8%)	51	0.0%	\$44,310,999	\$868,843	0.0%
R9 (9%)	1	0.0%	\$1,891,500	\$1,891,500	0.0%
R0 (10% to 14%)	36,000	0.7%	\$26,680,268,891	\$741,119	1.1%
RZ (15% or Greater)	1,278	0.0%	\$3,885,257,878	\$3,040,108	0.2%
Total	4,835,937	100.0%	\$2,485,217,502,720	\$513,906	100.0%

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Trended Mobile Home Control Totals By Deductible Code

Deductible Code	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
MM (\$0)	59	0.0%	\$1,237,954	\$20,982	0.0%
MA (\$1 to \$250)	1,071	0.3%	\$12,738,452	\$11,894	0.0%
MB (\$251 to \$500)	111,030	33.9%	\$8,602,560,387	\$77,480	27.7%
MC (Greater Than \$500)	8,835	2.7%	\$982,520,604	\$111,208	3.2%
M1 (1%)	1,231	0.4%	\$172,635,268	\$140,240	0.6%
M2 (2%)	125,632	38.4%	\$15,196,056,271	\$120,957	48.9%
M3 (3%)	266	0.1%	\$18,026,683	\$67,769	0.1%
M4 (4%)	14	0.0%	\$882,271	\$63,019	0.0%
M5 (5%)	68,830	21.0%	\$5,444,081,279	\$79,095	17.5%
M6 (6%)	54	0.0%	\$4,357,799	\$80,700	0.0%
M7 (7%)	0	0.0%	\$0	\$0	0.0%
M8 (8%)	0	0.0%	\$0	\$0	0.0%
M9 (9%)	1	0.0%	\$129,411	\$129,411	0.0%
M0 (10% or Greater)	10,253	3.1%	\$654,210,935	\$63,807	2.1%
Total	327,276	100.0%	\$31,089,437,314	\$94,995	100.0%

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Trended Tenants Control Totals By Deductible Code

Deductible Code	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
RM (\$0)	2,602	0.2%	\$44,913,921	\$17,261	0.2%
RA (\$1 to \$500)	561,713	53.3%	\$14,517,453,071	\$25,845	55.1%
RB (\$501 to \$1,500)	386,798	36.7%	\$8,183,336,393	\$21,157	31.0%
RC (\$1,501 to \$2,500)	1,749	0.2%	\$71,131,653	\$40,670	0.3%
RD (Greater Than \$2,500)	2,789	0.3%	\$91,413,094	\$32,776	0.3%
R1 (1%)	57	0.0%	\$6,671,665	\$117,047	0.0%
R2 (2%)	86,063	8.2%	\$2,994,075,411	\$34,789	11.4%
R3 (3%)	6	0.0%	\$1,330,356	\$221,726	0.0%
R4 (4%)	0	0.0%	\$0	\$0	0.0%
R5 (5%)	7,034	0.7%	\$309,408,571	\$43,988	1.2%
R6 (6%)	0	0.0%	\$0	\$0	0.0%
R7 (7%)	0	0.0%	\$0	\$0	0.0%
R8 (8%)	0	0.0%	\$0	\$0	0.0%
R9 (9%)	0	0.0%	\$0	\$0	0.0%
R0 (10% to 14%)	4,927	0.5%	\$116,290,562	\$23,603	0.4%
RZ (15% or Greater)	172	0.0%	\$21,350,680	\$124,132	0.1%
Total	1,053,910	100.0%	\$26,357,375,377	\$25,009	100.0%



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Trended Condominium Unit Owners Control Totals By Deductible Code

Deductible Code	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
RM (\$0)	2,228	0.2%	\$72,114,476	\$32,367	0.1%
RA (\$1 to \$500)	260,639	26.8%	\$22,061,668,941	\$84,645	17.0%
RB (\$501 to \$1,500)	168,791	17.4%	\$21,461,513,088	\$127,148	16.5%
RC (\$1,501 to \$2,500)	34,003	3.5%	\$5,396,699,649	\$158,712	4.2%
RD (Greater Than \$2,500)	5,743	0.6%	\$1,550,563,838	\$269,992	1.2%
R1 (1%)	2,306	0.2%	\$476,669,360	\$206,708	0.4%
R2 (2%)	410,873	42.3%	\$63,600,182,451	\$154,793	48.9%
R3 (3%)	667	0.1%	\$203,395,516	\$304,941	0.2%
R4 (4%)	163	0.0%	\$33,577,435	\$205,997	0.0%
R5 (5%)	68,023	7.0%	\$11,956,861,311	\$175,777	9.2%
R6 (6%)	0	0.0%	\$0	\$0	0.0%
R7 (7%)	0	0.0%	\$0	\$0	0.0%
R8 (8%)	23	0.0%	\$7,347,258	\$319,446	0.0%
R9 (9%)	0	0.0%	\$0	\$0	0.0%
R0 (10% to 14%)	16,746	1.7%	\$2,450,364,188	\$146,325	1.9%
RZ (15% or Greater)	856	0.1%	\$720,641,537	\$841,871	0.6%
Total	971,061	100.0%	\$129,991,599,048	\$133,866	100.0%

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Trended Exposures and Risks from Invalid ZIP Codes

Type	Invalid ZIP Code Data			Valid Zip Code Data		
	Units	Exposure	Average	Units	Exposure	Average
Commercial	67	\$45,402,901	\$677,655	124,683	\$155,295,882,748	\$1,245,526
Residential	22	\$7,482,280	\$340,104	4,835,915	\$2,485,210,020,440	\$513,907
Mobile Home	63	\$3,945,170	\$62,622	327,213	\$31,085,492,144	\$95,001
Tenants	44	\$1,427,713	\$32,448	1,053,866	\$26,355,947,664	\$25,009
Condo Owners	7	\$983,337	\$140,477	971,054	\$129,990,615,711	\$133,865
Total	203	\$59,241,401	\$291,830	7,312,731	\$2,827,937,958,707	\$386,714

Type	All Data			% from Invalid ZIP Codes	
	Units	Exposure	Average	Units	Exposure
Commercial	124,750	\$155,341,285,649	\$1,245,221	0.05%	0.03%
Residential	4,835,937	\$2,485,217,502,720	\$513,906	0.00%	0.00%
Mobile Home	327,276	\$31,089,437,314	\$94,995	0.02%	0.01%
Tenants/Other	1,053,910	\$26,357,375,377	\$25,009	0.00%	0.01%
Condo Owners	971,061	\$129,991,599,048	\$133,866	0.00%	0.00%
Total	7,312,934	\$2,827,997,200,108	\$386,712	0.00%	0.00%

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As of 10/26/21

Exposures (\$)						Annual Change (%)**					
						Exposures					
	Commercial	Residential*	Mobile Home	Stand Alone I.M.**	Total		Commercial	Residential*	Mobile Home	Stand Alone I.M.**	Total
1994	250,798,066,574	573,595,663,128	27,708,002,887	N/A	852,101,732,589	1994-1995	NA	12.9	(0.9)	N/A	N/A
1995	72,259,223,184	647,611,806,441	27,471,321,323	N/A	747,342,350,948	1995-1996	(0.3)	1.3	(3.0)	N/A	0.9
1996	72,045,415,920	655,747,424,327	26,641,265,399	N/A	754,434,105,646	1996-1997	(6.9)	1.5	3.6	N/A	0.8
1997	67,060,941,081	665,706,907,693	27,603,802,377	N/A	760,371,651,151	1997-1998	(6.9)	2.1	3.2	N/A	1.3
1998	62,406,306,257	679,581,831,252	28,500,346,256	N/A	770,488,483,765	1998-1999	(0.2)	4.1	2.9	N/A	3.7
1999	62,310,422,803	707,168,630,617	29,321,225,365	N/A	798,800,278,785	1999-2000	28.9	9.0	1.7	N/A	10.3
2000	80,327,371,492	771,151,251,493	29,805,027,583	N/A	881,283,650,568	2000-2001	19.4	3.2	1.8	N/A	4.6
2001	95,903,685,545	795,830,648,826	30,336,699,432	N/A	922,071,033,803	2001-2002	17.9	19.2	12.6	N/A	19.3
2002	113,055,152,173	948,240,567,004	34,158,045,008	4,649,506,167	1,100,103,270,352	2002-2003	8.5	8.3	(0.1)	78.7	8.4
2003	122,711,546,221	1,027,400,432,961	34,109,501,584	8,307,577,221	1,192,529,057,987	2003-2004	(1.7)	12.5	2.7	9.4	10.7
2004	120,567,809,498	1,155,969,925,095	35,014,550,966	9,090,209,248	1,320,642,494,807	2004-2005	4.1	17.2	3.7	16.6	15.6
2005	125,518,806,067	1,354,455,492,240	36,309,216,467	10,602,304,913	1,526,885,819,687	2005-2006	8.6	19.4	4.8	N/A	17.3
2006	136,340,614,829	1,617,264,717,950	38,069,099,793	N/A	1,791,674,432,572	2006-2007	37.0	11.2	(1.5)	N/A	12.9
2007	186,827,864,101	1,798,433,070,223	37,500,069,047	N/A	2,022,761,003,371	2007-2008	5.9	4.5	(0.4)	N/A	4.6
2008	197,900,227,178	1,880,244,332,666	37,368,104,549	N/A	2,115,512,664,393	2008-2009	7.4	2.0	(1.6)	N/A	2.4
2009	212,460,681,802	1,917,016,979,268	36,761,961,986	N/A	2,166,239,623,056	2009-2010	(1.2)	0.1	(3.3)	N/A	(0.2)
2010	209,853,976,263	1,919,117,708,514	35,542,039,480	N/A	2,164,513,724,257	2010-2011	(3.2)	(2.0)	(4.8)	N/A	(2.2)
2011	203,072,396,562	1,880,455,711,002	33,837,366,975	N/A	2,117,365,474,539	2011-2012	(2.0)	(1.9)	(6.7)	N/A	(1.9)
2012	199,076,994,510	1,845,564,939,783	31,569,203,791	N/A	2,076,211,138,084	2012-2013	(0.9)	(2.6)	(9.6)	N/A	(2.5)
2013	197,362,838,239	1,798,241,215,417	28,539,351,997	N/A	2,024,143,405,653	2013-2014	(4.3)	1.7	(3.7)	N/A	1.0
2014	188,824,739,041	1,828,499,151,013	27,474,291,575	N/A	2,044,798,181,629	2014-2015	(9.8)	2.0	(5.8)	N/A	0.8
2015	170,243,010,515	1,865,931,881,566	25,877,523,024	N/A	2,062,052,415,105	2015-2016	(6.6)	4.0	0.6	N/A	3.1
2016	159,080,068,043	1,941,037,295,983	26,037,614,203	N/A	2,126,154,978,229	2016-2017	(4.2)	3.0	1.2	N/A	2.4
2017	152,405,421,800	1,998,593,984,631	26,353,385,960	N/A	2,177,352,792,391	2017-2018	2.7	4.4	2.8	N/A	4.3
2018	156,489,178,066	2,086,625,240,990	27,088,783,563	N/A	2,270,203,202,619	2018-2019	4.5	4.4	3.3	N/A	4.4
2019	163,472,618,778	2,177,662,327,036	27,975,963,201	N/A	2,369,110,909,015	2019-2020	3.8	5.6	3.6	N/A	5.5
2020	169,689,149,076	2,299,764,035,193	28,991,506,740	N/A	2,498,444,691,009	2020-2021	(11.1)	7.9	3.6	N/A	6.5
2021	150,816,782,383	2,480,344,081,725	30,038,102,172	N/A	2,661,198,966,280	Avg. 95-21	3.4	5.5	0.4	N/A	5.2

Unit Counts											
						Unit Counts					
	Commercial	Residential*	Mobile Home	Stand Alone I.M.**	Total		Commercial	Residential*	Mobile Home	Stand Alone I.M.**	Total
1994	667,009	4,523,478	630,092	N/A	5,820,579	1994-1995	NA	3.1	(0.1)	N/A	N/A
1995	217,433	4,662,527	629,593	N/A	5,509,553	1995-1996	7.1	(1.6)	(6.1)	N/A	(1.8)
1996	232,810	4,589,144	590,981	N/A	5,412,935	1996-1997	(14.4)	2.9	1.7	N/A	2.0
1997	199,267	4,722,716	601,167	N/A	5,523,150	1997-1998	(13.8)	(0.6)	(0.5)	N/A	(1.0)
1998	171,866	4,695,966	598,446	N/A	5,466,278	1998-1999	(23.1)	(1.4)	1.5	N/A	(1.8)
1999	132,195	4,627,958	607,162	N/A	5,367,315	1999-2000	(8.9)	4.2	(0.2)	N/A	3.4
2000	120,422	4,820,714	606,046	N/A	5,547,182	2000-2001	39.5	1.2	(2.1)	N/A	1.6
2001	167,961	4,877,216	593,148	N/A	5,638,325	2001-2002	13.2	0.3	(0.3)	N/A	3.7
2002	190,197	4,889,766	591,094	174,492	5,845,549	2002-2003	(5.4)	(0.1)	(2.3)	99.5	2.5
2003	179,954	4,885,715	577,547	348,037	5,991,253	2003-2004	(15.1)	2.3	(2.5)	(5.9)	0.8
2004	152,720	4,998,614	562,979	327,482	6,041,795	2004-2005	(4.6)	4.6	(3.3)	2.9	3.6
2005	145,657	5,229,215	544,433	336,976	6,256,281	2005-2006	(2.7)	9.8	(4.1)	N/A	2.4
2006	141,782	5,742,372	522,009	N/A	6,406,163	2006-2007	36.7	0.5	(6.0)	N/A	0.7
2007	193,852	5,768,968	490,926	N/A	6,453,746	2007-2008	(3.6)	(0.6)	(1.9)	N/A	(0.8)
2008	186,851	5,736,170	481,647	N/A	6,404,668	2008-2009	4.8	0.4	(2.7)	N/A	0.3
2009	195,884	5,757,481	468,744	N/A	6,422,109	2009-2010	(0.8)	0.2	(3.4)	N/A	(0.1)
2010	194,310	5,767,950	452,889	N/A	6,415,149	2010-2011	(0.6)	0.3	(4.1)	N/A	(0.0)
2011	193,114	5,784,513	434,355	N/A	6,411,982	2011-2012	(1.5)	(0.1)	(7.3)	N/A	(0.7)
2012	190,172	5,776,731	402,738	N/A	6,369,641	2012-2013	(1.4)	0.3	(6.2)	N/A	(0.1)
2013	187,504	5,794,914	377,877	N/A	6,360,295	2013-2014	(5.1)	1.8	(1.0)	N/A	1.4
2014	178,004	5,896,356	374,055	N/A	6,448,415	2014-2015	(7.2)	1.7	(7.9)	N/A	0.9
2015	165,116	5,998,865	344,350	N/A	6,508,331	2015-2016	(6.5)	2.9	(1.8)	N/A	2.4
2016	154,410	6,170,343	338,035	N/A	6,662,788	2016-2017	36.4	2.5	(1.5)	N/A	3.1
2017	210,586	6,323,637	333,058	N/A	6,867,281	2017-2018	(30.4)	0.6	(0.4)	N/A	(0.4)
2018	146,463	6,360,875	331,578	N/A	6,838,916	2018-2019	12.4	(2.0)	(0.8)	N/A	(1.6)
2019	164,627	6,234,227	328,800	N/A	6,727,654	2019-2020	(16.0)	2.9	(0.1)	N/A	2.3
2020	138,365	6,413,417	328,396	N/A	6,880,178	2020-2021	(9.8)	4.2	(0.3)	N/A	3.7
2021	124,750	6,681,295	327,276	N/A	7,133,321	Avg. 95-21	(0.8)	1.4	(2.5)	N/A	1.0

Averages (\$)											
						Averages					
	Commercial	Residential*	Mobile Home	Stand Alone I.M.**	Total		Commercial	Residential*	Mobile Home	Stand Alone I.M.**	Total
1994	376,004	126,804	43,975	N/A	146,395	1994-1995	NA	9.5	(0.8)	N/A	N/A
1995	332,329	138,897	43,633	N/A	135,645	1995-1996	(6.9)	2.9	3.3	N/A	2.8
1996	309,460	142,891	45,080	N/A	139,376	1996-1997	8.8	(1.4)	1.9	N/A	(1.2)
1997	336,538	140,958	45,917	N/A	137,670	1997-1998	7.9	2.7	3.7	N/A	2.4
1998	363,110	144,716	47,624	N/A	140,953	1998-1999	29.8	5.6	1.4	N/A	5.6
1999	471,352	152,804	48,292	N/A	148,827	1999-2000	41.5	4.7	1.8	N/A	6.7
2000	667,049	159,966	49,179	N/A	158,871	2000-2001	(14.4)	2.0	4.0	N/A	2.9
2001	570,988	163,173	51,145	N/A	163,536	2001-2002	4.1	18.8	13.0	N/A	15.1
2002	594,411	193,924	57,788	26,646	188,195	2002-2003	14.7	8.4	2.2	(10.4)	5.8
2003	681,905	210,287	59,059	23,870	199,045	2003-2004	15.8	10.0	5.3	16.3	9.8
2004	789,470	231,258	62,195	27,758	218,584	2004-2005	9.2	12.0	7.2	13.3	11.7
2005	861,742	259,017	66,692	31,463	244,056	2005-2006	11.6	8.7	9.4	N/A	14.6
2006	961,621	281,637	72,928	N/A	279,680	2006-2007	0.2	10.7	4.7	N/A	12.1
2007	963,765	311,743	76,386	N/A	313,424	2007-2008	9.9	5.1	1.6	N/A	5.4
2008	1,059,134	327,787	77,584	N/A	330,308	2008-2009	2.4	1.6	1.1	N/A	2.1
2009	1,084,625	332,961	78,427	N/A	337,310	2009-2010	(0.4)	(0.1)	0.1	N/A	0.0
2010	1,079,996	332,721	78,478	N/A	337,407	2010-2011	(2.6)	(2.3)	(0.7)	N/A	(2.1)
2011	1,051,567	325,085	77,903	N/A	330,220	2011-2012	(0.5)	(1.7)	0.6	N/A	(1.3)
2012	1,046,826	319,483	78,386	N/A	325,954	2012-2013	0.5	(2.9)	(3.6)	N/A	(2.4)
2013	1,052,579	310,314	75,526	N/A	318,247	2013-2014	0.8	(0.1)	(2.7)	N/A	(0.4)
2014	1,060,789	310,107	73,450	N/A	317,101	2014-2015	(2.8)	0.3	2.3	N/A	(0.1)
2015	1,031,051	311,047	75,149	N/A	316,833	2015-2016	(0.1)	1.1	2.5	N/A	0.7
2016	1,030,245	314,575	77,026	N/A	319,109	2016-2017	(29.8)	0.5	2.7	N/A	(0.6)
2017	723,721	316,051	79,126	N/A	317,062	2017-2018	47.6	3.8	3.2	N/A	4.7
2018	1,068,455	328,041	81,697	N/A	331,954	2018-2019	(7.1)	6.5	4.1	N/A	6.1
2019	992,988	349,308	85,085	N/A	352,145	2019-2020	23.5	2.7	3.8	N/A	3.1
2020	1,226,388	358,586	88,282	N/A	363,137	2020-2021	(1.4)	3.5	4.0	N/A	2.7
2021	1,208,952	371,237	91,782	N/A	373,066	Avg. 95-21	6.2	4.0	3.0	N/A	4.1

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Commercial Totals By Mitigation Features

Mitigation Feature	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
<b>YEAR BUILT</b>					
Unknown	749	0.6%	\$155,557,500	\$207,687	0.1%
1994 or Earlier	86,797	69.6%	\$88,878,372,791	\$1,023,980	57.2%
1995-2001	11,753	9.4%	\$14,410,906,230	\$1,226,147	9.3%
2002-2011	18,652	15.0%	\$34,466,462,303	\$1,847,870	22.2%
2012 or Later	6,799	5.5%	\$17,429,986,825	\$2,563,610	11.2%
<b>TOTAL</b>	<b>124,750</b>	<b>100.0%</b>	<b>\$155,341,285,649</b>	<b>\$1,245,221</b>	<b>100.0%</b>
<b>STRUCTURE OPENING PROTECTION</b>					
No Credit is Given to Policyholder	112,078	89.8%	\$113,562,220,065	\$1,013,243	73.1%
Credit is Given to Policyholder	12,672	10.2%	\$41,779,065,584	\$3,296,959	26.9%
<b>TOTAL</b>	<b>124,750</b>	<b>100.0%</b>	<b>\$155,341,285,649</b>	<b>\$1,245,221</b>	<b>100.0%</b>
<b>ROOF SHAPE</b>					
Hip, Mansard, or Pyramid	45,067	36.1%	\$44,282,966,033	\$982,603	28.5%
Gable, Other, or Unknown	79,683	63.9%	\$111,058,319,616	\$1,393,752	71.5%
<b>TOTAL</b>	<b>124,750</b>	<b>100.0%</b>	<b>\$155,341,285,649</b>	<b>\$1,245,221</b>	<b>100.0%</b>

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Residential Totals By Mitigation Features

Mitigation Feature	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
<b>YEAR BUILT</b>					
Unknown	12,205	0.3%	\$3,221,887,582	\$263,981	0.1%
1994 or Earlier	2,507,351	51.8%	\$1,046,463,943,597	\$417,358	42.1%
1995-2001	613,971	12.7%	\$349,659,976,436	\$569,506	14.1%
2002-2011	944,145	19.5%	\$561,507,826,140	\$594,726	22.6%
2012 or Later	758,265	15.7%	\$524,363,868,965	\$691,531	21.1%
<b>TOTAL</b>	<b>4,835,937</b>	<b>100.0%</b>	<b>\$2,485,217,502,720</b>	<b>\$513,906</b>	<b>100.0%</b>
<b>STRUCTURE OPENING PROTECTION</b>					
No Credit is Given to Policyholder	3,746,766	77.5%	\$1,755,106,324,725	\$468,432	70.6%
Credit is Given to Policyholder	1,089,171	22.5%	\$730,111,177,995	\$670,337	29.4%
<b>TOTAL</b>	<b>4,835,937</b>	<b>100.0%</b>	<b>\$2,485,217,502,720</b>	<b>\$513,906</b>	<b>100.0%</b>
<b>ROOF SHAPE</b>					
Hip, Mansard, or Pyramid	1,631,275	33.7%	\$1,021,531,086,138	\$626,216	41.1%
Gable, Other, or Unknown	3,204,662	66.3%	\$1,463,686,416,582	\$456,737	58.9%
<b>TOTAL</b>	<b>4,835,937</b>	<b>100.0%</b>	<b>\$2,485,217,502,720</b>	<b>\$513,906</b>	<b>100.0%</b>

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Mobile Home Totals By Mitigation Features

Mitigation Feature	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
<b>YEAR BUILT</b>					
Unknown	7,468	2.3%	\$613,130,491	\$82,101	2.0%
1994 or Earlier	163,669	50.0%	\$11,519,559,984	\$70,383	37.1%
1995-2001	64,329	19.7%	\$6,541,217,477	\$101,684	21.0%
2002-2011	60,282	18.4%	\$7,706,644,706	\$127,843	24.8%
2012 or Later	31,528	9.6%	\$4,708,884,656	\$149,356	15.1%
<b>TOTAL</b>	<b>327,276</b>	<b>100.0%</b>	<b>\$31,089,437,314</b>	<b>\$94,995</b>	<b>100.0%</b>
<b>STRUCTURE OPENING PROTECTION</b>					
No Credit is Given to Policyholder	327,267	100.0%	\$31,088,617,120	\$94,995	100.0%
Credit is Given to Policyholder	9	0.0%	\$820,194	\$0	0.0%
<b>TOTAL</b>	<b>327,276</b>	<b>100.0%</b>	<b>\$31,089,437,314</b>	<b>\$94,995</b>	<b>100.0%</b>
<b>ROOF SHAPE</b>					
Hip, Mansard, or Pyramid	204	0.1%	\$18,277,161	\$89,594	0.1%
Gable, Other, or Unknown	327,072	99.9%	\$31,071,160,153	\$94,998	99.9%
<b>TOTAL</b>	<b>327,276</b>	<b>100.0%</b>	<b>\$31,089,437,314</b>	<b>\$94,995</b>	<b>100.0%</b>

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Tenants Totals By Mitigation Features

Mitigation Feature	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
<b>YEAR BUILT</b>					
Unknown	352,500	33.4%	\$5,931,493,453	\$16,827	22.5%
1994 or Earlier	283,025	26.9%	\$7,766,421,517	\$27,441	29.5%
1995-2001	105,006	10.0%	\$2,963,653,567	\$28,224	11.2%
2002-2011	144,245	13.7%	\$4,554,656,320	\$31,576	17.3%
2012 or Later	169,134	16.0%	\$5,141,150,520	\$30,397	19.5%
TOTAL	1,053,910	100.0%	\$26,357,375,377	\$25,009	100.0%
<b>STRUCTURE OPENING PROTECTION</b>					
No Credit is Given to Policyholder	1,012,202	96.0%	\$24,981,019,183	\$24,680	94.8%
Credit is Given to Policyholder	41,708	4.0%	\$1,376,356,194	\$33,000	5.2%
TOTAL	1,053,910	100.0%	\$26,357,375,377	\$25,009	100.0%
<b>ROOF SHAPE</b>					
Hip, Mansard, or Pyramid	70,580	6.7%	\$2,005,589,230	\$28,416	7.6%
Gable, Other, or Unknown	983,330	93.3%	\$24,351,786,147	\$24,765	92.4%
TOTAL	1,053,910	100.0%	\$26,357,375,377	\$25,009	100.0%

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Condominium Unit Owners Totals By Mitigation Features

Mitigation Feature	Units	Percent of Units	Primary Exposure	Average Exposure	Percent of Exposure
<b>YEAR BUILT</b>					
Unknown	2,189	0.2%	\$204,345,553	\$93,351	0.2%
1994 or Earlier	620,427	63.9%	\$63,540,310,028	\$102,414	48.9%
1995-2001	99,122	10.2%	\$16,070,857,847	\$162,132	12.4%
2002-2011	193,683	19.9%	\$33,962,093,701	\$175,349	26.1%
2012 or Later	55,640	5.7%	\$16,213,991,919	\$291,409	12.5%
<b>TOTAL</b>	<b>971,061</b>	<b>100.0%</b>	<b>\$129,991,599,048</b>	<b>\$133,866</b>	<b>100.0%</b>
<b>STRUCTURE OPENING PROTECTION</b>					
No Credit is Given to Policyholder	805,400	82.9%	\$87,453,178,033	\$108,584	67.3%
Credit is Given to Policyholder	165,661	17.1%	\$42,538,421,015	\$256,780	32.7%
<b>TOTAL</b>	<b>971,061</b>	<b>100.0%</b>	<b>\$129,991,599,048</b>	<b>\$133,866</b>	<b>100.0%</b>
<b>ROOF SHAPE</b>					
Hip, Mansard, or Pyramid	137,552	14.2%	\$21,361,757,945	\$155,300	16.4%
Gable, Other, or Unknown	833,509	85.8%	\$108,629,841,103	\$130,328	83.6%
<b>TOTAL</b>	<b>971,061</b>	<b>100.0%</b>	<b>\$129,991,599,048</b>	<b>\$133,866</b>	<b>100.0%</b>



# EXHIBIT

IV

**Florida Hurricane Catastrophe Fund**  
**2022 Calculation of Layer of Coverage**  
**Using 2021 FHCF Premium and Exposure Data as of 10/26/2021**

Type of Business	Coverage Option	Total Insured Risks	Total Exposure	Gross FHCF Premium	Net FHCF Premium	Net FHCF Prem at 100%
<b>Section I</b>						
1	45%	1,127	23,243,672,883	11,807,492	6,318,759	14,041,687
1	75%	0	0	0	0	0
1	90%	123,623	127,573,109,500	89,129,515	98,277,180	109,196,867
2	45%	371,217	291,106,715,810	62,110,735	48,983,927	108,853,171
2	75%	36,847	17,371,595,000	3,173,324	3,304,941	4,406,588
2	90%	4,333,059	2,025,059,237,253	924,010,882	937,488,234	1,041,653,593
3	45%	221	18,817,072	6,467	6,467	14,371
3	75%	0	0	0	0	0
3	90%	327,055	30,019,285,100	39,833,298	39,833,298	44,259,220
4	45%	162,848	5,162,043,206	480,041	408,873	908,606
4	75%	3,377	149,186,000	16,111	15,143	20,191
4	90%	831,268	19,437,468,617	4,931,399	4,899,163	5,443,515
6	45%	56,272	14,602,311,858	5,190,746	3,633,972	8,075,493
6	75%	893	145,557,000	97,315	65,753	87,670
6	90%	885,514	107,309,966,981	74,608,148	76,033,079	84,481,198
<b>Section II</b>						
1	45%		0	0	0	0
1	75%		0	0	0	0
1	90%		0	0	0	0
<b>Section I Totals</b>						
1	xx	124,750	150,816,782,383	100,937,007	104,595,939	123,238,554
2	xx	4,741,123	2,333,537,548,063	989,294,942	989,777,102	1,154,913,352
3	xx	327,276	30,038,102,172	39,839,764	39,839,764	44,273,590
4	xx	997,493	24,748,697,823	5,427,551	5,323,179	6,372,312
6	xx	942,679	122,057,835,839	79,896,210	79,732,803	92,644,362
xx	45%	591,685	334,133,560,829	79,595,482	59,351,998	131,893,328
xx	75%	41,117	17,666,338,000	3,286,751	3,385,837	4,514,449
xx	90%	6,500,519	2,309,399,067,451	1,132,513,241	1,156,530,954	1,285,034,393
<b>Section I Total</b>		7,133,321	2,661,198,966,280	1,215,395,474	1,219,268,788	1,421,442,170
<b>Section II Total*</b>		0	0	0	0	0
<b>Grand Total</b>		7,133,321	2,661,198,966,280	1,215,395,474	1,219,268,788	1,421,442,170
* We last had a very small amount of Section II exposure in 2002.						
<b>Weighted Average Coverage Multiples - Section I Only</b>					For Exh II Ratemaking	
	Risks		Exposure		Premium	
1	Commercial	0.89593	0.83065		0.84873	
2	Residential	0.86360	0.84275		0.85701	
3	Mobile Home	0.89970	0.89972		0.89985	
4	Tenants	0.82603	0.80524		0.83536	
6	Condos	0.87300	0.84599		0.86063	
	Total	0.86181	0.84250		0.85777	
<b>Weighted Average Coverage Multiple - Sections I and II</b>						
	Total	0.86181	0.84250		0.85777	

**Florida Hurricane Catastrophe Fund**  
**2022 Calculation of Layer of Coverage**  
Using 2021 FHCF Premium and Exposure Data as of 10/26/2021

**1. Calculate Section I and II Retention**

***Historical Exposure***

		Data as of 10/26/2021	Estimate of Missing Data	Total	
<b>2004</b>	Total	1,320,642,494,807	-	1,320,642,494,807	
<b>2020</b>	Total	2,498,444,691,009	-	2,498,444,691,009	
Growth in exposure, 2004 to 2020			89.184%		[1a]
Base FHCF Retention			4,500,000,000		[1b]
2021 Retention (Actual, based on premiums paid)			8,201,050,097		
2022 Target Retention			8,513,281,341	Change 2021 to 2022	[1c]=(1+[1a])x[1b]
2022 Selected Retention			8,513,000,000	3.80%	[1d]=[1c], rnd'd to \$M

**2. Allocate Retention to Sections I and II**

2021 Net Full Coverage FHCF Premium (ie at 100%)					
	Section I	1,421,442,170	100.000%	[2a]	
	Section II	-	0.000%	[2b]	
	Total	1,421,442,170	100.000%	[2c]=[2a]+[2b]	
<i>Note: Allocate Retention based on <b>full coverage</b> premium, which is the best indicator of expected ground-up losses</i>					
2022 Selected Retention (using full coverage FHCF premium for weighting)					
	Section I	8,513,000,000	100.000%	[2d]	
	Section II	-	0.000%	[2e]	
	Total	8,513,000,000	100.000%	[2f]=[2d]+[2e]	

**3. Calculate FHCF Limit**

Estimated Claims Paying Capacity Average	\$20,500,000,000	[3a]
<b>Source: Raymond James: FHCF Estimated Claims Paying Capacity, Oct. 19, 2021 Page 16</b>		

Dollar growth in cash balance over prior calendar year

Cash Balance @12/31/2020	\$ 10,500,000,000	[3b]
Est Cash Balance @ 12/31/2021	\$ 11,300,000,000	[3c]

Change in Cash Balance	\$ 800,000,000	[3d]=[3c]-[3b]
------------------------	----------------	----------------

2021 Statutory Maximum Coverage Limit	17,000,000,000	[3e]=[3g prior year]
2022 Statutory Coverage Limit Prior to Change in Cash Balance Limit	17,000,000,000	[3f]=17Billion + .5*(max(3a-\$34 billion
2022 Statutory Coverage Limit	\$ 17,000,000,000	0.00% [3g]=[3e]+min([3f]-[3e],max([3d],0))

**Florida Hurricane Catastrophe Fund**  
**2022 Calculation of Layer of Coverage**  
Using 2021 FHCF Premium and Exposure Data as of 10/26/2021

**4. Allocate Limit to Sections I and II**

Total FHCF Capacity		17,000,000,000		[4a]
Pure Loss		15,454,545,455		[4b] = [4a]/1.10
Loss Adjustment Expenses		1,545,454,545		[4c] = [4a] - [4b]
Actual Coverage FHCF Premium				
Section I		1,219,268,788	100.000%	[4d]
Section II		-	0.000%	[4e]
Total		1,219,268,788	100.000%	[4f]=[4d]+[4e]

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

Sections I and II Limit Allocations

	Pure loss	LAE	Total
Section I	15,454,545,455	1,545,454,545	17,000,000,000
Section II	-	-	-
Total	15,454,545,455	1,545,454,545	17,000,000,000

**5. FHCF Layer Structure for Sections I and II**

**Section I**

	Based on 2021 Selections	Based on 2022 Selections	
Retention	8,513,000,000	8,513,000,000	[5a] = [2d]
Pure Loss Limit Available	15,454,545,455	15,454,545,455	[5b] from Part 3
Total Limit Available	17,000,000,000	17,000,000,000	[5c] from Part 3
Wtd Average Coverage	85.777%	85.981%	[5d]
Top of Loss Layer	26,530,145,066	26,487,372,577	[5e]=[5a]+[5b]/[5d]

<b>Layer used for modeled losses:</b> 85.981% of \$17,974,372,577 xs \$8,513,000,000 <i>(Modeled losses are Section I losses only, no LAE)</i>
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**Sections I and II**

	2021 Selections	2022 Selections	
Retention	8,513,000,000	8,513,000,000	[5f] = [2f]
Pure Loss Limit Available	15,454,545,455	15,454,545,455	[5g] from Part 3
Total Limit Available	17,000,000,000	17,000,000,000	[5h] from Part 3
Wtd Average Coverage	85.777%	85.981%	[5i]
Top of Loss Layer	26,530,145,066	26,487,372,577	[5j]=[5f]+[5g]/[5i]

<b>Layer used for FHCF publications:</b> <b>Loss only:</b> 85.981% of \$17,974,372,577 xs \$8,513,000,000 <b>Loss + LAE:</b> 85.981% of \$19,771,809,835 xs \$8,513,000,000
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# EXHIBIT

V

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
Modeled Adjusted Loss Severity Distributions

Summary

	Size of Event(s)	Probability	Return Time (Years)	5 Year Probability	10 Year Probability
Single Event					
Attach industry retention	\$8,513,000,000	10.64%	9.4	43.01%	67.52%
Exhaust FHCF Projected Cash Balance	\$12,688,531,627	4.30%	23.3	19.71%	35.54%
Exhaust FHCF Projected Cash Balance and Pre-Event Notes	\$16,188,531,627	3.51%	28.5	16.38%	30.07%
Exhaust Estimated Claims Paying Capacity	\$17,000,000,000	3.35%	29.9	15.64%	28.84%
Exhaust FHCF limit	\$17,000,000,000	3.35%	29.9	15.64%	28.84%
Annual Aggregate					
Exhaust FHCF Projected Cash Balance	\$12,688,531,627	4.37%	22.9	20.02%	36.03%
Exhaust FHCF Projected Cash Balance and Pre-Event Notes	\$16,188,531,627	3.59%	27.8	16.72%	30.65%
Exhaust Estimated Claims Paying Capacity	\$17,000,000,000	3.43%	29.2	16.01%	29.45%
Exhaust FHCF limit	\$17,000,000,000	3.43%	29.2	16.01%	29.45%
Expected Annual Losses					
Adjusted Gross losses at 100% coverage	\$3,979,386,861				
Loss to Mandatory FHCF layer, at actual coverage					
Loss only	\$919,395,101				
Loss + LAE	\$1,011,334,611				

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
Modeled Adjusted Loss Severity Distributions

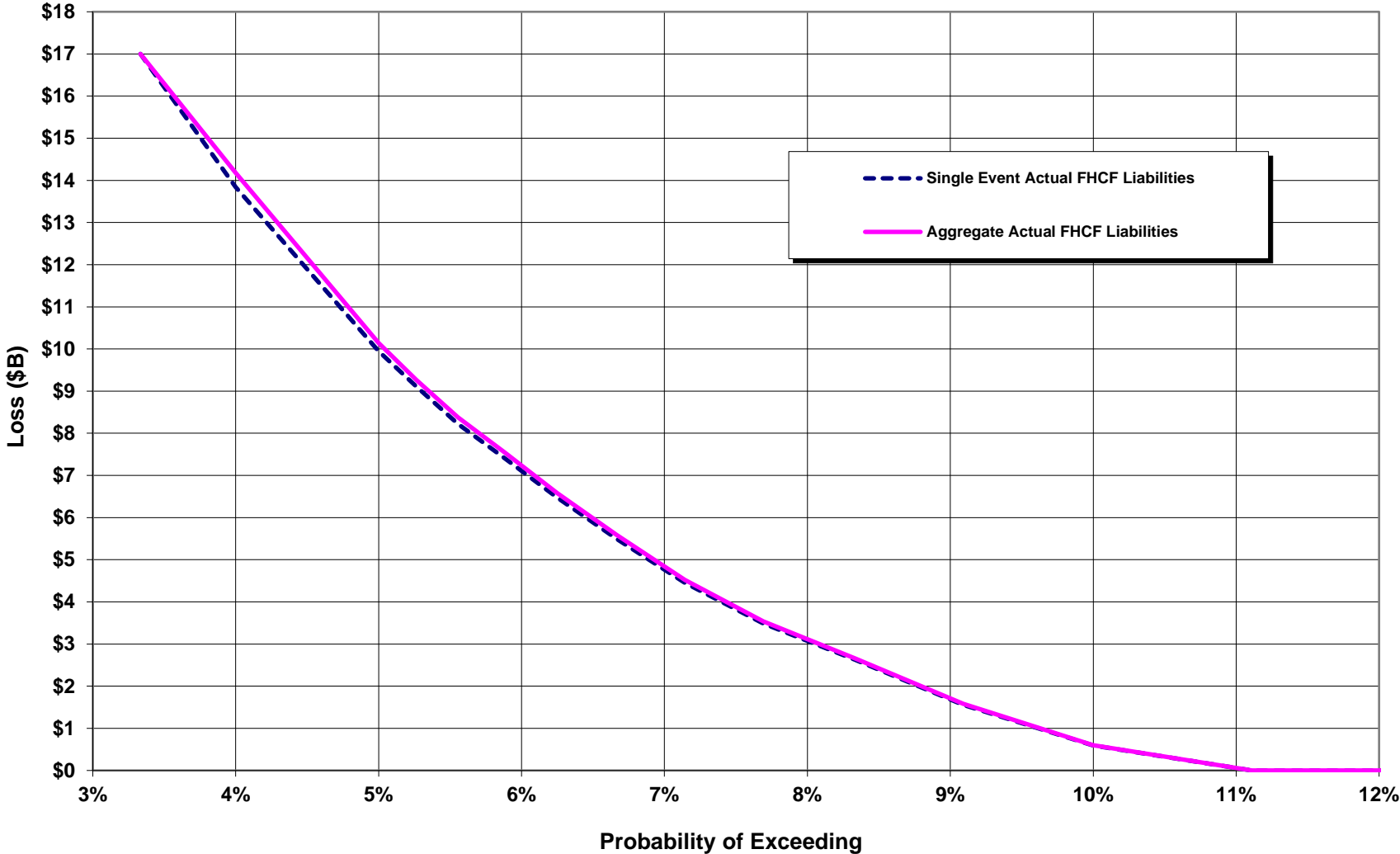
Return Time	Probability of Exceedance	Traditional FHCF Only Layer			5-Model Single Event FHCF Layer Liabilities	5-Model Industry Aggregate FHCF Layer Liabilities
		5-Model Uniform Weighted Section I Gross Per Event (100% Coverage, no LAE)	5-Model Weighted Section I Gross Per Event (100% Coverage, no LAE)	5-Model Section I Excess Retention Aggregate (100% Coverage, no LAE)		
1000	0.0010	\$139,389,595,643	\$147,378,721,080	\$141,358,976,497	\$17,000,000,000	\$17,000,000,000
900	0.0011	\$133,687,538,285	\$142,767,780,752	\$137,145,170,350	\$17,000,000,000	\$17,000,000,000
800	0.0013	\$130,007,507,886	\$136,505,110,893	\$131,135,374,247	\$17,000,000,000	\$17,000,000,000
700	0.0014	\$124,826,374,461	\$130,057,567,812	\$123,998,187,114	\$17,000,000,000	\$17,000,000,000
600	0.0017	\$116,473,722,167	\$123,890,457,620	\$117,765,502,360	\$17,000,000,000	\$17,000,000,000
500	0.0020	\$108,657,862,838	\$114,473,997,434	\$107,835,271,085	\$17,000,000,000	\$17,000,000,000
400	0.0025	\$100,952,453,016	\$104,332,971,143	\$97,624,556,208	\$17,000,000,000	\$17,000,000,000
300	0.0033	\$91,058,510,906	\$92,891,355,384	\$86,674,210,906	\$17,000,000,000	\$17,000,000,000
250	0.0040	\$85,505,121,069	\$87,105,627,664	\$80,297,741,157	\$17,000,000,000	\$17,000,000,000
200	0.0050	\$78,334,374,861	\$79,394,511,753	\$72,669,049,482	\$17,000,000,000	\$17,000,000,000
150	0.0067	\$69,083,015,371	\$69,615,208,130	\$62,715,651,695	\$17,000,000,000	\$17,000,000,000
100	0.0100	\$57,238,153,720	\$57,831,908,934	\$50,482,596,587	\$17,000,000,000	\$17,000,000,000
90	0.0111	\$54,560,320,124	\$55,019,149,857	\$47,805,759,916	\$17,000,000,000	\$17,000,000,000
80	0.0125	\$50,221,822,677	\$50,758,774,654	\$43,626,617,716	\$17,000,000,000	\$17,000,000,000
70	0.0143	\$46,484,842,501	\$47,280,826,264	\$39,744,878,882	\$17,000,000,000	\$17,000,000,000
65	0.0154	\$44,648,982,868	\$45,281,723,770	\$37,786,800,160	\$17,000,000,000	\$17,000,000,000
60	0.0167	\$42,179,860,690	\$42,939,591,895	\$35,494,157,801	\$17,000,000,000	\$17,000,000,000
55	0.0182	\$39,915,784,341	\$40,842,850,451	\$33,076,922,508	\$17,000,000,000	\$17,000,000,000
50	0.0200	\$37,677,190,345	\$38,440,938,687	\$30,602,379,745	\$17,000,000,000	\$17,000,000,000
45	0.0222	\$35,277,480,445	\$35,974,535,349	\$27,972,052,221	\$17,000,000,000	\$17,000,000,000
40	0.0250	\$32,475,279,388	\$32,786,124,551	\$25,103,684,415	\$17,000,000,000	\$17,000,000,000
35	0.0286	\$29,561,923,055	\$29,859,890,576	\$21,762,368,396	\$17,000,000,000	\$17,000,000,000
30	0.0333	\$26,435,982,047	\$26,547,582,374	\$18,472,811,582	\$17,000,000,000	\$17,000,000,000
25	0.0400	\$23,148,113,099	\$23,148,113,099	\$14,992,915,246	\$13,841,758,404	\$14,180,164,458
20	0.0500	\$19,130,007,724	\$19,030,050,784	\$10,717,798,830	\$9,946,932,087	\$10,136,797,784
19	0.0526	\$18,232,990,213	\$18,146,705,284	\$9,801,777,163	\$9,111,471,854	\$9,270,432,726
18	0.0556	\$17,395,396,543	\$17,209,681,892	\$8,856,223,756	\$8,225,243,553	\$8,376,136,814
17	0.0588	\$16,568,255,339	\$16,346,131,286	\$7,980,173,530	\$7,408,505,153	\$7,547,576,386
16	0.0625	\$15,626,035,398	\$15,357,311,298	\$6,957,194,723	\$6,473,288,098	\$6,580,052,226
15	0.0667	\$14,597,495,295	\$14,317,215,318	\$5,906,495,857	\$5,489,574,670	\$5,586,310,684
14	0.0714	\$13,536,670,252	\$13,218,474,138	\$4,779,486,433	\$4,450,395,139	\$4,520,395,302
13	0.0769	\$12,506,680,857	\$12,200,042,537	\$3,740,912,750	\$3,487,171,686	\$3,538,121,649
12	0.0833	\$11,625,233,917	\$11,294,895,458	\$2,813,870,047	\$2,631,091,716	\$2,661,332,995
11	0.0909	\$10,466,557,977	\$10,161,174,016	\$1,671,043,784	\$1,558,828,168	\$1,580,458,189
10	0.1000	\$9,309,516,044	\$9,138,937,686	\$635,925,873	\$592,006,236	\$601,452,974
9	0.1111	\$8,303,940,671	\$8,047,260,863	\$0	\$0	\$0
8	0.1250	\$7,082,300,136	\$6,870,579,648	\$0	\$0	\$0
7	0.1429	\$5,831,155,123	\$5,636,736,852	\$0	\$0	\$0
6	0.1667	\$4,405,197,943	\$4,297,218,219	\$0	\$0	\$0
5	0.2000	\$3,016,497,321	\$3,031,435,571	\$0	\$0	\$0
4	0.2500	\$1,748,264,734	\$1,856,624,666	\$0	\$0	\$0
3	0.3333	\$641,331,987	\$741,063,662	\$0	\$0	\$0

Notes:

Aggregate FHCF Liabilities include Sections I, II and LAE, and are at weighted average coverage.

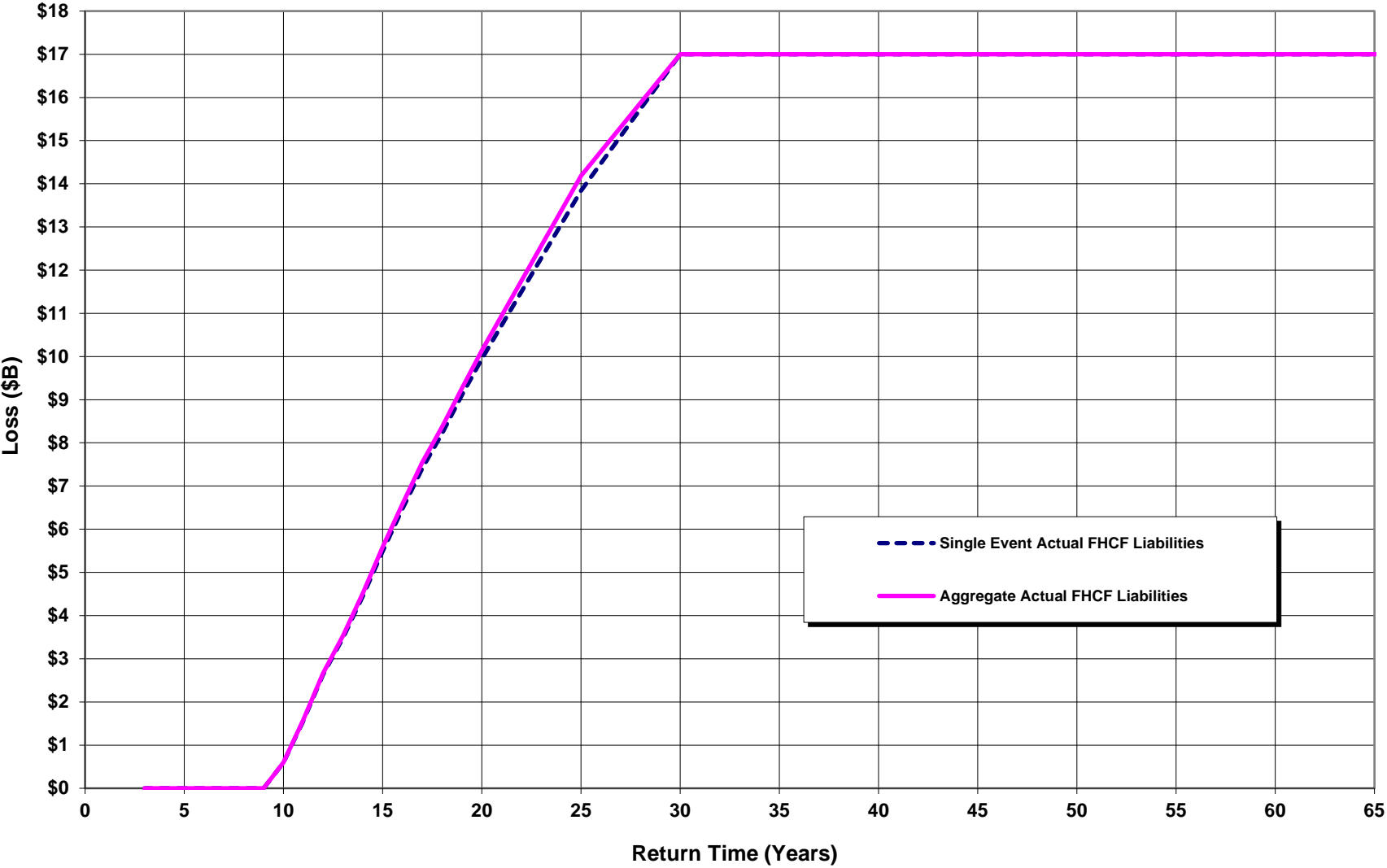
2022 severity distributions based on AIR, EQE, RMS, ARA and FPM models.

2022 Projected FHCF Liabilities





2022 Projected FHCF Liabilities



# EXHIBIT

VI

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
Allocation of Excess Losses to Type of Business at Coverage Level

	Evaluated	Residential	Tenants	Condos	Mobile Home	Commercial	Total
(1) Coverage Selection by Type of Business	10/26/2021	85.701%	83.536%	86.063%	89.985%	84.873%	85.777%
(2) Coverage Selection by Type of Business	03/01/2022	85.965%	83.603%	86.270%	89.218%	84.876%	85.981%
(3) Allocation of XS Loss Using 100% Adjusted Gross Losses		81.61%	0.46%	6.66%	3.22%	8.05%	100.00%
(4) Allocation of XS Loss at Coverage Level (2) x (3)		70.15%	0.38%	5.74%	2.88%	6.84%	85.98%
(5) Allocation of XS Loss at Cov. Level to Type of Business (4)/Total(4)		81.59%	0.45%	6.68%	3.35%	7.95%	100.01%
(6) Balance Adjustment to Allocation (5)/Total (5)		81.58%	0.44%	6.68%	3.35%	7.95%	100.00%
(7) Selected Allocation of XS Loss at Coverage Level for Ratemaking		81.52%	0.45%	6.68%	3.28%	8.07%	100.00%
(8) Rate Change by Type of Business		5.86%	7.60%	7.66%	8.94%	2.51%	5.64%

# EXHIBIT

VII

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
Law and Ordinance Adjustment Factors

**FHCF Premium as a Percentage of Base Premium**

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

**% of Law and Ordinance Premium Applicable to FHCF Layer**

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

**Selections for 2022 Ratemaking**

Type of Business	% of Base Premium for Law and Ordinance Coverage [1] Insurer Survey	% of Law and Ordinance Premium Applicable to FHCF Layer [2] = [**]	FHCF Premium as a Percentage of Base Premium [3] = [*]	Law and Ordinance Premium as a Percentage of Base Premium [4] = [1] x [2]/[3]	Percent of Policies with Coverage [5] Insurer Survey	Implied Law and Ordinance Adjustment Factors [6] = [4] x [5]	Selected Law and Ordinance Adjustment Factors [***] [7]
Commercial Habitational	6.50%	30.00%	16.67%	11.70%	5%	0.59%	0.00%
Residential	3.00%	30.00%	16.67%	5.40%	90%	4.86%	4.86%
Mobile Home	0.00%	30.00%	16.67%	0.00%	0%	0.00%	0.00%
Tenants	0.00%	30.00%	16.67%	0.00%	50%	0.00%	0.00%
Condo-Owners	0.00%	30.00%	16.67%	0.00%	65%	0.00%	0.00%

\*\*\* RMS includes Law and Ordinance coverage in its simulated losses. RMS's adjustment factor is 0.0%.  
ARA has provided an estimate of the impact of Law and Ordinance on its simulated losses. ARA's adjustment factor is 8.7%.

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
Wind Deductible Adjustment Factor

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

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Type of Business	Per Event Deductibles	Annual Wind Deductible + AOP Deductible	Ratio	Implied Load	Take-up Rate	2022 Adjusted Load	2021 Adjusted Load	2021/2022 Weighted Load	2022 Selected Load
Commercial Residential	260,201,043	262,194,458	1.00766	0.766%	50%	0.383%	0.330%	0.365%	0.370%
Residential	2,803,942,236	2,821,881,500	1.00640	0.640%	100%	0.640%	0.597%	0.625%	0.630%
Mobile Home	125,099,127	125,539,626	1.00352	0.352%	100%	0.352%	0.369%	0.358%	0.360%
Tenants	18,675,596	18,716,624	1.00220	0.220%	100%	0.220%	0.133%	0.191%	0.190%
Condo	245,060,366	245,572,203	1.00209	0.209%	100%	0.209%	0.192%	0.203%	0.200%
<b>Total</b>	3,452,978,367	3,473,904,411	1.00606						

**Notes:**

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

(1) Based on average of AIR and Corelogic studies (Deliverable 2) completed in 2022

(2) Based on average of AIR and Corelogic studies (Deliverable 5) completed in 2022

(3) = (2) / (1)

(4) = (3) - 1

(5) Judgmentally Selected

(6) = (4) \* (5)

(7) Indication in 2021

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

EXHIBIT

VIII

**Florida Hurricane Catastrophe Fund**  
**2022 Ratemaking Formula Report**  
**AIR and RMS 2022 Retention Limit Analyses: Adjustment to Expected FHCF Layer Losses**  
**Coverage Selections as of 03/01/2022**

		RMS Adjusted Aggregate Run	AIR Adjusted Aggregate Run	Average RMS AIR Adjusted Aggregate Runs	RMS/WTD	AIR/WTD	AVE/WTD	
1 Wtd Ave. Expected Gross Loss Adjusted	2022 (WTD) 3,979,386,861	3,939,291,220	3,979,340,836	3,959,316,028	98.992%	99.999%	99.496%	2022 Ex. 2 (7)
2 Expected FHCF Wtd Ave. Aggregate Layer Loss and LAE at Coverage Level	1,011,334,611	998,808,343	965,301,799	982,055,071	98.761%	95.448%	97.105%	2022 Ex. 2 (10)
2a Expected FHCF RMS Aggregate Layer Loss and LAE at Coverage Level Using Company Limits, Retentions		1,009,578,239	940,406,333	974,992,286				
3 Model Adjustment Factor		1.010782745	0.974209656	0.992808158				(2a)/(2)
4 Indicated Adjustment Factor		1.078%	-2.579%	-0.7192%	(3)-1.00			Weights 67%
5 Prior Selected Factor (2021)				-0.4419%				33%
6 Current Year Selected Factor Weighted (2/3 Indicated, 1/3 Prior)				-0.6268%				2022 Ex. 2 (15)



**Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
Retention and Limit Adjustment Factor Calculation History**

Year	Indicated	Selected	Modeler Data
2013	-1.9000%	-0.7347%	ARA
2014	0.3103%	-0.0371%	RMS
2015	0.3103%	-0.0371%	RMS (prior year , no update)
2016	0.0298%	0.0075%	AIR,RMS run by Paragon
2017	0.8549%	0.5724%	AIR,RMS run by Paragon
2018	0.1618%	0.2987%	AIR,RMS run by Paragon
2019	-0.3910%	-0.1611%	AIR,RMS run by Paragon
2020	-0.4315%	-0.3566%	AIR,RMS run by Paragon
2021	-0.4846%	-0.4419%	AIR,RMS run by Paragon
2022	-0.7192%	-0.6268%	AIR,RMS run by Paragon

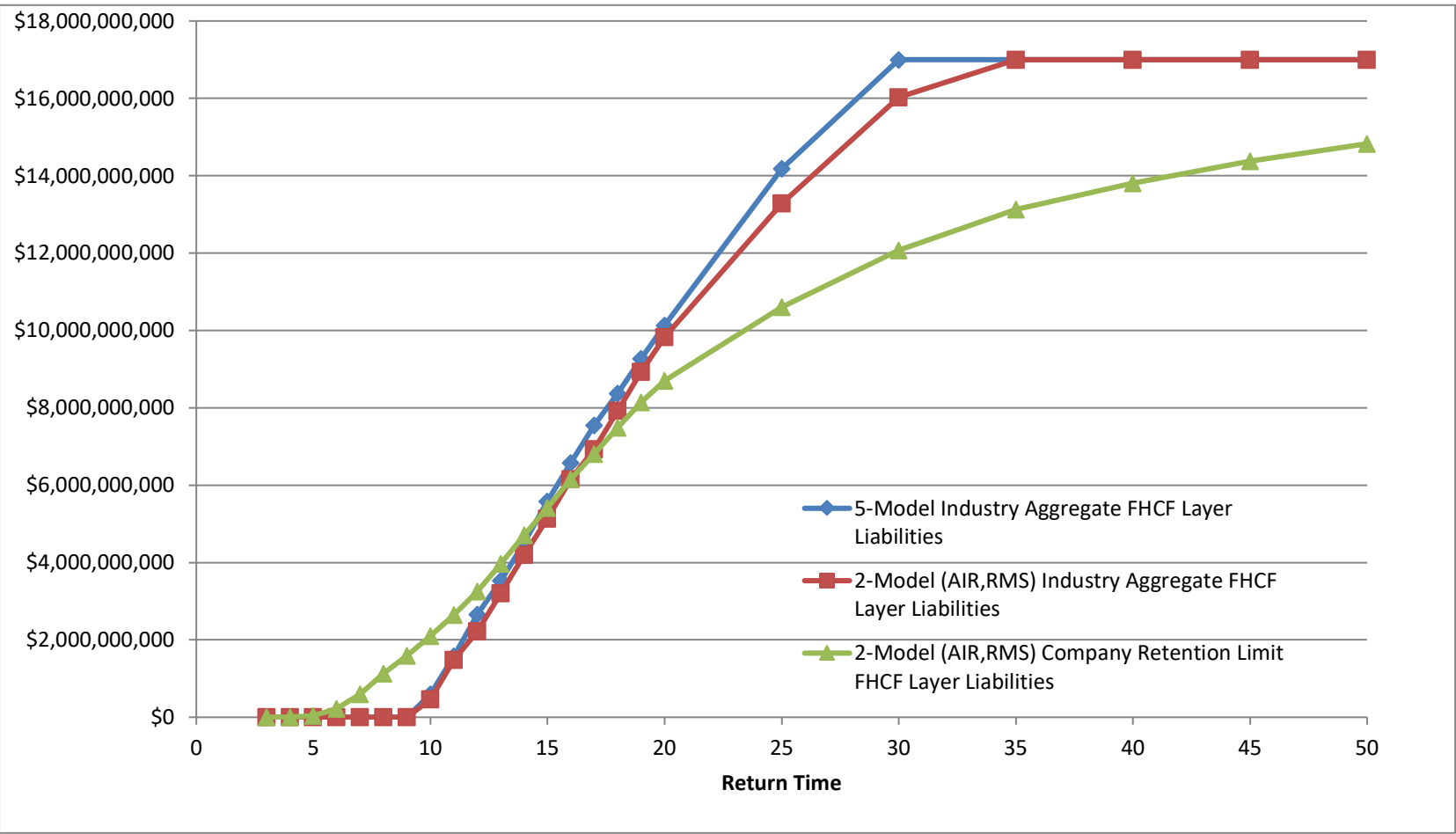
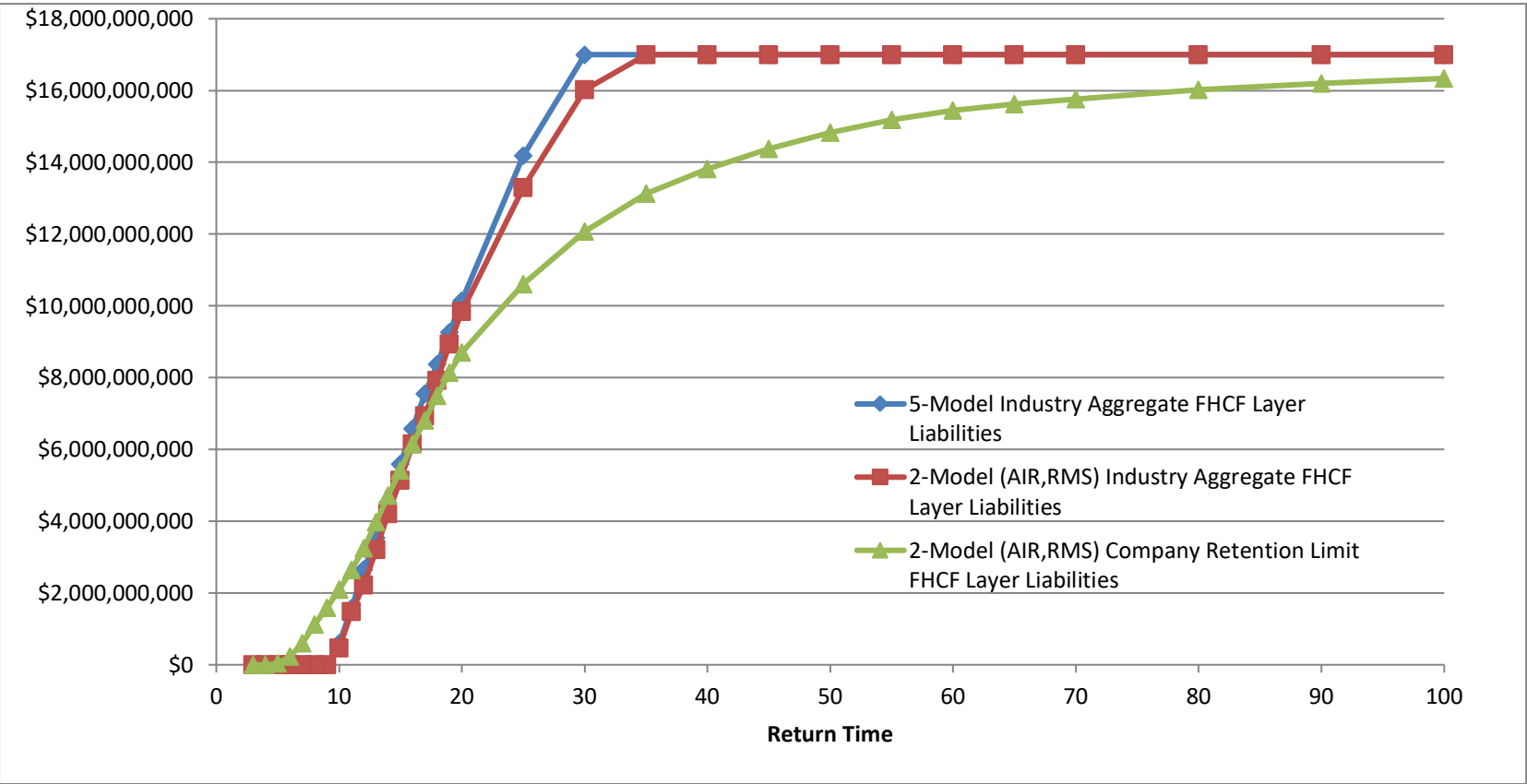
Florida Hurricane Catastrophe Fund 2022 Ratemaking Formula Report  
Average (AIR,RMS) Modeled Adjusted Loss Severity Distributions  
Coverage Selections Data as of 03/01/2022

Return Time	Probability of Exceedance	5-Model Uniform Weighted Section I Gross Per Event (100% Coverage, no LAE)	5-Model Weighted Section I Gross Per Event (100% Coverage, no LAE)	5-Model Section I Excess Retention Aggregate (100% Coverage, no LAE)	Traditional FHCF Only Layer		2-Model (AIR,RMS) Section I Gross Annual (100% Coverage, no LAE)	2-Model (AIR,RMS) Industry Aggregate FHCF Layer Liabilities	2-Model (AIR,RMS) Company Retention Limit FHCF Layer Liabilities
					5-Model Single Event FHCF Layer Liabilities	5-Model Industry Aggregate FHCF Layer Liabilities			
1000	0.0010	\$139,389,595,643	\$147,378,721,080	\$141,358,976,497	\$17,000,000,000	\$17,000,000,000	\$155,893,414,821	\$17,000,000,000	\$16,999,876,660
900	0.0011	\$133,687,538,285	\$142,767,780,752	\$137,145,170,350	\$17,000,000,000	\$17,000,000,000	\$150,590,792,005	\$17,000,000,000	\$16,999,747,753
800	0.0013	\$130,007,507,886	\$136,505,110,893	\$131,135,374,247	\$17,000,000,000	\$17,000,000,000	\$144,754,830,293	\$17,000,000,000	\$16,999,620,143
700	0.0014	\$124,826,374,461	\$130,057,567,812	\$123,998,187,114	\$17,000,000,000	\$17,000,000,000	\$138,733,524,101	\$17,000,000,000	\$16,999,427,952
600	0.0017	\$116,473,722,167	\$123,890,457,620	\$117,765,502,360	\$17,000,000,000	\$17,000,000,000	\$132,878,948,991	\$17,000,000,000	\$16,998,431,030
500	0.0020	\$108,657,862,838	\$114,473,997,434	\$107,835,271,085	\$17,000,000,000	\$17,000,000,000	\$122,076,656,007	\$17,000,000,000	\$16,996,210,519
400	0.0025	\$100,952,453,016	\$104,332,971,143	\$97,624,556,208	\$17,000,000,000	\$17,000,000,000	\$109,957,587,488	\$17,000,000,000	\$16,989,698,168
300	0.0033	\$91,058,510,906	\$92,891,355,384	\$86,674,210,906	\$17,000,000,000	\$17,000,000,000	\$97,999,906,985	\$17,000,000,000	\$16,970,688,696
250	0.0040	\$85,505,121,069	\$87,105,627,664	\$80,297,741,157	\$17,000,000,000	\$17,000,000,000	\$91,038,346,341	\$17,000,000,000	\$16,947,667,850
200	0.0050	\$78,334,374,861	\$79,394,511,753	\$72,669,049,482	\$17,000,000,000	\$17,000,000,000	\$82,751,869,313	\$17,000,000,000	\$16,907,399,192
150	0.0067	\$69,083,015,371	\$69,615,208,130	\$62,715,651,695	\$17,000,000,000	\$17,000,000,000	\$72,503,442,246	\$17,000,000,000	\$16,746,714,866
100	0.0100	\$57,238,153,720	\$57,831,908,934	\$50,482,596,587	\$17,000,000,000	\$17,000,000,000	\$59,425,672,794	\$17,000,000,000	\$16,340,857,916
90	0.0111	\$54,560,320,124	\$55,019,149,857	\$47,805,759,916	\$17,000,000,000	\$17,000,000,000	\$56,028,693,544	\$17,000,000,000	\$16,199,628,164
80	0.0125	\$50,221,822,677	\$50,758,774,654	\$43,626,617,716	\$17,000,000,000	\$17,000,000,000	\$53,100,589,366	\$17,000,000,000	\$16,025,306,210
70	0.0143	\$46,484,842,501	\$47,280,826,264	\$39,744,878,882	\$17,000,000,000	\$17,000,000,000	\$48,148,453,338	\$17,000,000,000	\$15,767,550,639
65	0.0154	\$44,648,982,868	\$45,281,723,770	\$37,786,800,160	\$17,000,000,000	\$17,000,000,000	\$46,077,697,718	\$17,000,000,000	\$15,624,221,098
60	0.0167	\$42,179,860,690	\$42,939,591,895	\$35,494,157,801	\$17,000,000,000	\$17,000,000,000	\$44,106,944,043	\$17,000,000,000	\$15,448,972,604
55	0.0182	\$39,915,784,341	\$40,842,850,451	\$33,076,922,508	\$17,000,000,000	\$17,000,000,000	\$41,875,074,732	\$17,000,000,000	\$15,190,816,761
50	0.0200	\$37,677,190,345	\$38,440,938,687	\$30,602,379,745	\$17,000,000,000	\$17,000,000,000	\$39,629,908,407	\$17,000,000,000	\$14,823,812,237
45	0.0222	\$35,277,480,445	\$35,974,535,349	\$27,972,052,221	\$17,000,000,000	\$17,000,000,000	\$36,747,839,509	\$17,000,000,000	\$14,382,384,463
40	0.0250	\$32,475,279,388	\$32,786,124,551	\$25,103,684,415	\$17,000,000,000	\$17,000,000,000	\$33,877,282,529	\$17,000,000,000	\$13,810,460,573
35	0.0286	\$29,561,923,055	\$29,859,890,576	\$21,762,368,396	\$17,000,000,000	\$17,000,000,000	\$30,815,120,430	\$17,000,000,000	\$13,124,797,060
30	0.0333	\$26,435,982,047	\$26,547,582,374	\$18,472,811,582	\$17,000,000,000	\$17,000,000,000	\$27,400,944,623	\$16,027,656,453	\$12,072,275,435
25	0.0400	\$23,148,113,099	\$23,148,113,099	\$14,992,915,246	\$13,841,758,404	\$14,180,164,458	\$24,019,513,585	\$13,290,379,565	\$10,603,039,827
20	0.0500	\$19,130,007,724	\$19,030,050,784	\$10,717,798,830	\$9,946,932,087	\$10,136,797,784	\$20,333,049,201	\$9,834,861,700	\$8,703,145,420
19	0.0526	\$18,232,990,213	\$18,146,705,284	\$9,801,777,163	\$9,111,471,854	\$9,270,432,726	\$19,459,869,964	\$8,932,667,392	\$8,137,820,804
18	0.0556	\$17,395,396,543	\$17,209,681,892	\$8,856,223,756	\$8,225,243,553	\$8,376,136,814	\$18,706,108,393	\$7,924,485,356	\$7,490,455,596
17	0.0588	\$16,568,255,339	\$16,346,131,286	\$7,980,173,530	\$7,408,505,153	\$7,547,576,386	\$17,582,462,466	\$6,929,652,374	\$6,808,350,049
16	0.0625	\$15,626,035,398	\$15,357,311,298	\$6,957,194,723	\$6,473,288,098	\$6,580,052,226	\$16,457,218,699	\$6,158,971,046	\$6,159,017,805
15	0.0667	\$14,597,495,295	\$14,317,215,318	\$5,906,495,857	\$5,489,574,670	\$5,586,310,684	\$15,435,297,391	\$5,138,970,643	\$5,408,547,965
14	0.0714	\$13,536,670,252	\$13,218,474,138	\$4,779,486,433	\$4,450,395,139	\$4,520,395,302	\$14,315,075,705	\$4,201,195,412	\$4,714,796,213
13	0.0769	\$12,506,680,857	\$12,200,042,537	\$3,740,912,750	\$3,487,171,686	\$3,538,121,649	\$13,304,038,255	\$3,209,149,869	\$3,975,510,337
12	0.0833	\$11,625,233,917	\$11,294,895,458	\$2,813,870,047	\$2,631,091,716	\$2,661,332,995	\$12,197,980,337	\$2,222,671,835	\$3,253,173,729
11	0.0909	\$10,466,557,977	\$10,161,174,016	\$1,671,043,784	\$1,558,828,168	\$1,580,458,189	\$11,046,398,561	\$1,485,192,727	\$2,646,747,719
10	0.1000	\$9,309,516,044	\$9,138,937,686	\$635,925,873	\$592,006,236	\$601,452,974	\$10,016,348,356	\$466,384,444	\$2,098,752,946
9	0.1111	\$8,303,940,671	\$8,047,260,863	\$0	\$0	\$0	\$8,816,839,766	\$0	\$1,589,837,682
8	0.1250	\$7,082,300,136	\$6,870,579,648	\$0	\$0	\$0	\$7,718,849,267	\$0	\$1,127,166,868
7	0.1429	\$5,831,155,123	\$5,636,736,852	\$0	\$0	\$0	\$6,604,185,484	\$0	\$596,126,688
6	0.1667	\$4,405,197,943	\$4,297,218,219	\$0	\$0	\$0	\$5,248,952,935	\$0	\$225,427,085
5	0.2000	\$3,016,497,321	\$3,031,435,571	\$0	\$0	\$0	\$3,625,353,468	\$0	\$37,596,132
4	0.2500	\$1,748,264,734	\$1,856,624,666	\$0	\$0	\$0	\$2,202,638,585	\$0	\$838,181
3	0.3333	\$641,331,987	\$741,063,662	\$0	\$0	\$0	\$837,021,680	\$0	\$0

Aggregate FHCF Liabilities include Sections I, II and LAE, and are at weighted average coverage.  
2022 Severity distributions based on ARA, AIR, CoreLogic, FPM and RMS models.

FHCF: Adjusted Curve for Company Retentions and Limits

Based on Average (AIR, RMS) 2022 Analysis



# EXHIBIT

IX

EXHIBIT

X

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
Pre-Event Note Expense Loading  
Contract Term: 6/01/2022 to 5/31/2023

2020A Projected Debt Service		
1	Reimbursement Deposit Premium	29,000,000
2	Average Market Value	3,500,000,000
3	Exp. Default Loading %	0.03%
4	Exp. Default Cost (2)*(3)	1,050,000
5	Total Projected Liquidity Facility Cost (1)+(4)	30,050,000

Notes

- This method uses values projected by the FHCF's Financial Advisor, Raymond James (12/01/2021 for 2020A); plus a judgmental loading for potential asset loss.

# EXHIBIT

XI

**Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
Additional Pre-Event Note Options**

1 Est. FHCF Premium (with cash build up)	1,368,744,897	Exhibit 2, Line 73	
2 Cash Build-up Factor	25%		
3 Limit	\$17,000,000,000	Projected Payout Multiple	12.4201
4 Retention	\$8,513,000,000	Retention Multiple 100%	5.3476
5 Coverage %	85.981%	Retention Multiple 90%	5.9418
		Retention Multiple 75%	7.1302
		Retention Multiple 45%	11.8837

	Change in Cost + Cash		Projected Payout Multiple	Retention Multiple 90%	Retention Multiple 75%	Retention Multiple 45%
Est. Additional Annual Cost	Build-up	Impact on Rate				
1 At Current Level Costs	0	0.00%	12.4201	5.9418	7.1302	11.8837
2 5,000,000	6,250,000	0.46%	12.3637	5.9148	7.0978	11.8296
3 10,000,000	12,500,000	0.91%	12.3077	5.8881	7.0657	11.7761
4 15,000,000	18,750,000	1.37%	12.2523	5.8615	7.0338	11.7231
5 20,000,000	25,000,000	1.83%	12.1974	5.8352	7.0023	11.6705
6 25,000,000	31,250,000	2.28%	12.1429	5.8092	6.9710	11.6184
7 30,000,000	37,500,000	2.74%	12.0889	5.7834	6.9401	11.5668
8 35,000,000	43,750,000	3.20%	12.0354	5.7578	6.9093	11.5156
9 40,000,000	50,000,000	3.65%	11.9824	5.7324	6.8789	11.4648
10 45,000,000	56,250,000	4.11%	11.9299	5.7073	6.8487	11.4146
11 50,000,000	62,500,000	4.57%	11.8778	5.6824	6.8188	11.3647
12 55,000,000	68,750,000	5.02%	11.8261	5.6577	6.7892	11.3153
13 60,000,000	75,000,000	5.48%	11.7749	5.6332	6.7598	11.2663



# EXHIBIT

XII

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
2021 FHCF Reimbursement Premium Credits as of 10/26/21

	2021 FHCF Premium (Base Premium)					
	Commercial	Residential	Mobile Home	Tenants	Condo-Owners	Total
Total Gross FHCF Premium	\$100,937,007	\$989,294,942	\$39,839,764	\$5,427,551	\$79,896,210	\$1,215,395,474
FHCF Premium Credits/Debits	\$3,658,933	\$482,160	\$0	-\$104,372	-\$163,407	\$3,873,315
Net FHCF Premium	\$104,595,939	\$989,777,102	\$39,839,764	\$5,323,179	\$79,732,803	\$1,219,268,788

Florida Hurricane Catastrophe Fund  
 2022 Ratemaking Formula Report  
 2021 FHCF Reimbursement Premium Credits as of 10/26/21

	Percent of Gross Premium					
	Commercial	Residential	Mobile Home	Tenants	Condo-Owners	Total
Total Gross FHCF Premium	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
FHCF Premium Credits/Debits	3.62%	0.05%	0.00%	-1.92%	-0.20%	0.32%
Net FHCF Premium	103.62%	100.05%	100.00%	98.08%	99.80%	100.32%

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
2021 FHCF Reimbursement Premium Credits as of 10/26/21

	2021 FHCF Exposure					
	Commercial	Residential	Mobile Home	Tenants	Condo-Owners	Total
Total Exposure	\$150,816,782,383	\$2,333,537,548,063	\$30,038,102,172	\$24,748,697,823	\$122,057,835,839	\$2,661,198,966,280
Debit = 30% or greater	\$63,981,949,207	\$962,974,037,028	\$0	\$6,577,516,061	\$43,264,251,387	\$1,076,797,753,683
20%<Debit<30%	\$15,293,461,304	\$0	\$0	\$0	\$4,923,770,337	\$20,217,231,641
15%<Debit<20%	\$500	\$0	\$0	\$784,073,454	\$0	\$784,073,954
10%<Debit<15%	\$7,482,425,860	\$0	\$0	\$5,922,651,072	\$11,480,690,585	\$24,885,767,517
5%<Debit <10%	\$0	\$61,653,425,997	\$0	\$0	\$0	\$61,653,425,997
0%<Debit<=5%	\$0	\$0	\$115,927,786	\$0	\$0	\$115,927,786
No Credit/Debit	\$0	\$2	\$29,922,174,386	\$0	\$0	\$29,922,174,388
0%<Credit<=5%	\$0	\$1,506,475	\$0	\$0	\$0	\$1,506,475
5%<Credit<10%	\$1,230,559,540	\$126,569,596,852	\$0	\$0	\$18,632,100	\$127,818,788,492
10%<Credit<15%	\$0	\$0	\$0	\$38,867,030	\$9,467,839,253	\$9,506,706,283
15%<Credit<20%	\$0	\$0	\$0	\$2,515,148,252	\$0	\$2,515,148,252
20%<Credit<30%	\$5,190,551,592	\$150,573,175,860	\$0	\$0	\$0	\$155,763,727,452
Credit =30% or greater	\$57,637,834,380	\$1,031,765,805,849	\$0	\$8,910,441,954	\$52,902,652,177	\$1,151,216,734,360

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
2021 FHCF Reimbursement Premium Credits as of 10/26/21

	Percent of Total Exposure					
	Commercial	Residential	Mobile Home	Tenants	Condo-Owners	Total
Total Exposure	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Debit = 30% or greater	42.42%	41.27%	0.00%	26.58%	35.45%	40.46%
20%<Debit<30%	10.14%	0.00%	0.00%	0.00%	4.03%	0.76%
15%<Debit<20%	0.00%	0.00%	0.00%	3.17%	0.00%	0.03%
10%<Debit<15%	4.96%	0.00%	0.00%	23.93%	9.41%	0.94%
5%<Debit <10%	0.00%	2.64%	0.00%	0.00%	0.00%	2.32%
0%<Debit<=5%	0.00%	0.00%	0.39%	0.00%	0.00%	0.00%
No Credit/Debit	0.00%	0.00%	99.61%	0.00%	0.00%	1.12%
0%<Credit<=5%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5%<Credit<10%	0.82%	5.42%	0.00%	0.00%	0.02%	4.80%
10%<Credit<15%	0.00%	0.00%	0.00%	0.16%	7.76%	0.36%
15%<Credit<20%	0.00%	0.00%	0.00%	10.16%	0.00%	0.09%
20%<Credit<30%	3.44%	6.45%	0.00%	0.00%	0.00%	5.85%
Credit =30% or greater	38.22%	44.21%	0.00%	36.00%	43.34%	43.26%

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
2021 FHCF Reimbursement Premium Credits as of 10/26/21

	2021 FHCF Risk Counts					
	Commercial	Residential	Mobile Home	Tenants	Condo-Owners	Total
Total Risk Counts	124,750	4,741,123	327,276	997,493	942,679	7,133,321
Debit = 30% or greater	61,413	2,431,619	0	235,787	481,770	3,210,589
20%<Debit<30%	22,664	0	0	0	49,220	71,884
15%<Debit<20%	1	0	0	34,869	0	34,870
10%<Debit<15%	2,399	0	0	340,097	69,829	412,325
5%<Debit <10%	0	87,931	0	0	0	87,931
0%<Debit<=5%	0	0	1,317	0	0	1,317
No Credit/Debit	0	1	325,959	0	0	325,960
0%<Credit<=5%	0	6	0	0	0	6
5%<Credit<10%	1,069	258,953	0	0	186	260,208
10%<Credit<15%	0	0	0	224	71,512	71,736
15%<Credit<20%	0	0	0	88,131	0	88,131
20%<Credit<30%	4,612	271,735	0	0	0	276,347
Credit =30% or greater	32,592	1,690,878	0	298,385	270,162	2,292,017

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
2021 FHCF Reimbursement Premium Credits as of 10/26/21

	Percent of All Risks					
	Commercial	Residential	Mobile Home	Tenants	Condo-Owners	Total
Total Risk Counts	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Debit = 30% or greater	49.23%	51.29%	0.00%	23.64%	51.11%	45.01%
20%<Debit<30%	18.17%	0.00%	0.00%	0.00%	5.22%	1.01%
15%<Debit<20%	0.00%	0.00%	0.00%	3.50%	0.00%	0.49%
10%<Debit<15%	1.92%	0.00%	0.00%	34.10%	7.41%	5.78%
5%<Debit <10%	0.00%	1.85%	0.00%	0.00%	0.00%	1.23%
0%<Debit<=5%	0.00%	0.00%	0.40%	0.00%	0.00%	0.02%
No Credit/Debit	0.00%	0.00%	99.60%	0.00%	0.00%	4.57%
0%<Credit<=5%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5%<Credit<10%	0.86%	5.46%	0.00%	0.00%	0.02%	3.65%
10%<Credit<15%	0.00%	0.00%	0.00%	0.02%	7.59%	1.01%
15%<Credit<20%	0.00%	0.00%	0.00%	8.84%	0.00%	1.24%
20%<Credit<30%	3.70%	5.73%	0.00%	0.00%	0.00%	3.87%
Credit =30% or greater	26.13%	35.66%	0.00%	29.91%	28.66%	32.13%

# EXHIBIT

XIII



**Florida Hurricane Catastrophe Fund**  
**2022 Ratemaking Formula Report**  
**County Rating Regions**

County Number	County Name	2022 Region	County Number	County Name	2022 Region
1	ALACHUA	1	71	LEE	8
3	BAKER	1	73	LEON	1
5	BAY	6	75	LEVY	2
7	BRADFORD	1	77	LIBERTY	1
9	BREVARD	7	79	MADISON	1
11	BROWARD	12	81	MANATEE	6
13	CALHOUN	1	83	MARION	2
15	CHARLOTTE	7	85	MARTIN	12
17	CITRUS	2	86	MIAMI-DADE	15
19	CLAY	1	87	MONROE	22
21	COLLIER	10	89	NASSAU	1
23	COLUMBIA	1	91	OKALOOSA	7
27	DE SOTO	5	93	OKEECHOBEE	9
29	DIXIE	1	95	ORANGE	3
31	DUVAL	1	97	OSCEOLA	4
33	ESCAMBIA	6	99	PALM BEACH	12
35	FLAGLER	3	101	PASCO	4
37	FRANKLIN	7	103	PINELLAS	7
39	GADSDEN	1	105	POLK	4
41	GILCHRIST	1	107	PUTNAM	1
43	GLADES	7	109	SAINT JOHNS	2
45	GULF	7	111	SAINT LUCIE	9
47	HAMILTON	1	113	SANTA ROSA	7
49	HARDEE	4	115	SARASOTA	7
51	HENDRY	8	117	SEMINOLE	2
53	HERNANDO	3	119	SUMTER	2
55	HIGHLANDS	5	121	SUWANNEE	1
57	HILLSBOROUGH	4	123	TAYLOR	1
59	HOLMES	1	125	UNION	1
61	INDIAN RIVER	11	127	VOLUSIA	3
63	JACKSON	1	129	WAKULLA	1
65	JEFFERSON	1	131	WALTON	8
67	LAFAYETTE	1	133	WASHINGTON	1
69	LAKE	3			

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ZIP Code	2022 Group	ZIP Code	2022 Group	ZIP Code	2022 Group	ZIP Code	2022 Group
32003	1	32105	2	32182	1	32259	1
32004	3	32110	1	32183	2	32260	1
32006	1	32111	2	32185	1	32266	3
32007	2	32112	2	32187	1	32277	1
32008	1	32113	1	32189	1	32301	1
32009	1	32114	4	32190	2	32302	1
32011	1	32115	7	32192	1	32303	1
32013	1	32116	5	32193	1	32304	1
32024	1	32117	4	32195	2	32305	1
32025	1	32118	7	32198	4	32306	1
32030	1	32119	4	32201	1	32307	1
32033	1	32120	4	32202	1	32308	1
32034	2	32121	4	32203	2	32309	1
32035	2	32122	4	32204	1	32310	1
32038	1	32123	4	32205	1	32311	1
32040	1	32124	2	32206	1	32312	1
32041	1	32125	4	32207	1	32313	1
32042	1	32126	7	32208	1	32314	1
32043	1	32127	4	32209	1	32315	1
32044	1	32128	2	32210	1	32316	1
32046	1	32129	3	32211	1	32317	1
32050	1	32130	2	32212	1	32318	1
32052	1	32131	1	32214	1	32320	8
32053	1	32132	4	32216	1	32321	1
32054	1	32133	2	32217	1	32322	5
32055	1	32134	1	32218	1	32323	5
32056	1	32135	5	32219	1	32324	1
32058	1	32136	5	32220	1	32326	1
32059	1	32137	3	32221	1	32327	1
32060	1	32138	1	32222	1	32328	7
32061	1	32139	2	32223	1	32329	8
32062	1	32140	1	32224	1	32330	1
32063	1	32141	4	32225	1	32331	1
32064	1	32142	5	32226	1	32332	1
32065	1	32143	5	32227	3	32333	1
32066	1	32145	1	32228	3	32334	1
32067	1	32147	1	32229	1	32336	1
32068	1	32148	1	32231	1	32337	1
32071	1	32157	2	32232	1	32340	1
32073	1	32158	2	32233	3	32341	1
32079	1	32159	2	32234	1	32343	1
32080	4	32160	1	32235	1	32344	1
32081	1	32162	2	32236	1	32345	1
32082	3	32163	2	32238	1	32346	4
32083	1	32164	2	32239	1	32347	1
32084	2	32168	3	32240	3	32348	1
32085	2	32169	7	32241	1	32350	1
32086	2	32170	7	32244	1	32351	1
32087	1	32173	4	32245	1	32352	1
32091	1	32174	3	32246	1	32353	1
32092	1	32175	5	32247	1	32355	1
32094	1	32176	6	32250	3	32356	1
32095	2	32177	1	32254	1	32357	1
32096	1	32178	1	32255	1	32358	1
32097	1	32179	2	32256	1	32359	1
32099	1	32180	2	32257	1	32360	1
32102	1	32181	2	32258	1	32361	1

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ZIP Code	2022 Group	ZIP Code	2022 Group	ZIP Code	2022 Group	ZIP Code	2022 Group
32362	1	32504	7	32604	1	32707	2
32399	1	32505	6	32605	1	32708	2
32401	7	32506	6	32606	1	32709	3
32402	7	32507	8	32607	1	32710	2
32403	3	32508	8	32608	1	32712	3
32404	3	32509	4	32609	1	32713	2
32405	5	32511	6	32610	1	32714	2
32406	6	32512	6	32611	1	32715	2
32407	8	32513	8	32612	1	32716	2
32408	9	32514	5	32614	1	32718	2
32409	3	32516	6	32615	1	32719	2
32410	7	32520	10	32616	1	32720	2
32411	9	32521	10	32617	1	32721	2
32412	7	32522	10	32618	1	32722	2
32413	9	32523	8	32619	1	32723	2
32417	8	32524	8	32621	2	32724	2
32420	1	32526	4	32622	1	32725	2
32421	1	32530	3	32625	5	32726	3
32422	1	32531	2	32626	1	32727	3
32423	1	32533	3	32627	1	32728	2
32424	1	32534	4	32628	1	32730	2
32425	1	32535	1	32631	1	32732	3
32426	1	32536	2	32633	1	32733	2
32427	1	32537	2	32634	1	32735	3
32428	1	32538	1	32635	1	32736	2
32430	1	32539	2	32639	2	32738	2
32431	1	32540	11	32640	1	32739	2
32432	1	32541	11	32641	1	32744	2
32433	2	32542	7	32643	1	32746	2
32434	2	32544	10	32644	1	32747	3
32435	2	32547	7	32648	2	32750	2
32437	9	32548	10	32653	1	32751	3
32438	1	32549	10	32654	1	32752	2
32439	4	32550	11	32655	1	32753	2
32440	1	32559	5	32656	1	32754	4
32442	1	32560	3	32658	1	32756	3
32443	1	32561	12	32662	1	32757	3
32444	4	32562	11	32663	2	32759	5
32445	1	32563	10	32664	1	32762	2
32446	1	32564	2	32666	1	32763	2
32447	1	32565	2	32667	1	32764	2
32448	1	32566	8	32668	2	32765	2
32449	1	32567	1	32669	1	32766	2
32455	1	32568	2	32680	1	32767	2
32456	7	32569	10	32681	1	32768	3
32457	7	32570	2	32683	2	32771	3
32459	8	32571	3	32686	1	32772	3
32460	1	32572	3	32692	4	32773	3
32461	11	32577	3	32693	1	32774	2
32462	2	32578	6	32694	1	32775	4
32463	1	32579	8	32696	1	32776	2
32464	1	32580	5	32697	1	32777	3
32465	1	32583	3	32701	2	32778	3
32466	2	32588	5	32702	2	32779	2
32501	8	32591	8	32703	2	32780	4
32502	10	32601	1	32704	2	32781	4
32503	8	32603	1	32706	2	32783	4

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ZIP Code	2022 Group	ZIP Code	2022 Group	ZIP Code	2022 Group	ZIP Code	2022 Group
32784	2	32868	2	32967	9	33065	10
32789	3	32869	3	32968	8	33066	10
32790	3	32872	3	32969	9	33067	10
32791	2	32877	3	32970	9	33068	10
32792	2	32878	2	32971	13	33069	12
32793	2	32885	3	32976	11	33070	25
32794	3	32886	3	32978	10	33071	10
32795	2	32891	3	33001	23	33072	12
32796	4	32896	3	33002	12	33073	10
32798	3	32899	6	33004	18	33074	15
32799	2	32901	9	33008	19	33075	10
32801	3	32902	9	33009	19	33076	8
32802	3	32903	12	33010	12	33077	10
32803	3	32904	5	33011	12	33081	12
32804	3	32905	8	33012	11	33082	9
32805	3	32906	7	33013	12	33083	12
32806	3	32907	5	33014	12	33084	11
32807	3	32908	5	33015	11	33090	14
32808	3	32909	6	33016	10	33092	15
32809	3	32910	7	33017	12	33093	10
32810	3	32911	8	33018	12	33097	12
32811	3	32912	9	33019	22	33101	19
32812	3	32919	9	33020	18	33102	12
32814	3	32920	12	33021	12	33106	17
32815	5	32922	6	33022	18	33109	25
32816	2	32923	6	33023	12	33112	11
32817	2	32924	6	33024	11	33114	15
32818	2	32925	11	33025	10	33116	14
32819	3	32926	4	33026	11	33119	24
32820	3	32927	4	33027	11	33122	12
32821	3	32931	13	33028	8	33124	18
32822	3	32932	13	33029	9	33125	16
32824	3	32934	5	33030	14	33126	13
32825	2	32935	8	33031	15	33127	17
32826	2	32936	8	33032	15	33128	19
32827	3	32937	11	33033	15	33129	21
32828	2	32940	6	33034	14	33130	20
32829	3	32941	9	33035	14	33131	20
32830	3	32948	6	33036	24	33132	20
32831	3	32949	10	33037	23	33133	19
32832	3	32950	9	33039	15	33134	15
32833	3	32951	13	33040	20	33135	17
32835	3	32952	8	33041	20	33136	17
32836	3	32953	6	33042	18	33137	18
32837	3	32954	6	33043	18	33138	18
32839	3	32955	6	33045	20	33139	24
32853	3	32956	6	33050	20	33140	24
32854	3	32957	10	33051	20	33141	23
32855	3	32958	10	33052	20	33142	14
32856	3	32959	5	33054	12	33143	17
32857	3	32960	12	33055	11	33144	13
32858	3	32961	12	33056	11	33145	18
32859	3	32962	11	33060	16	33146	17
32860	3	32963	14	33061	16	33147	13
32861	3	32964	12	33062	20	33149	25
32862	3	32965	11	33063	9	33150	16
32867	2	32966	8	33064	15	33152	12

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ZIP Code	2022 Group	ZIP Code	2022 Group	ZIP Code	2022 Group	ZIP Code	2022 Group
33153	18	33256	18	33402	20	33468	17
33154	23	33257	16	33403	16	33469	17
33155	14	33261	17	33404	16	33470	9
33156	17	33265	13	33405	19	33471	7
33157	16	33266	12	33406	13	33472	10
33158	18	33269	12	33407	15	33473	10
33160	22	33280	17	33408	18	33474	15
33161	17	33283	12	33409	12	33475	15
33162	16	33296	17	33410	13	33476	14
33163	21	33299	13	33411	9	33477	17
33164	16	33301	18	33412	9	33478	8
33165	13	33302	19	33413	9	33480	20
33166	12	33303	18	33414	9	33481	17
33167	13	33304	19	33415	10	33482	12
33168	14	33305	18	33416	13	33483	20
33169	12	33306	21	33417	11	33484	11
33170	15	33307	16	33418	10	33486	15
33172	11	33308	19	33419	16	33487	18
33173	13	33309	12	33420	13	33488	13
33174	12	33310	13	33421	9	33493	10
33175	11	33311	13	33422	14	33496	11
33176	14	33312	13	33424	16	33497	12
33177	13	33313	10	33425	14	33498	11
33178	12	33314	11	33426	15	33499	18
33179	15	33315	16	33427	16	33503	4
33180	21	33316	20	33428	11	33508	4
33181	19	33317	10	33429	20	33509	4
33182	13	33318	10	33430	10	33510	3
33183	12	33319	10	33431	17	33511	4
33184	11	33320	10	33432	20	33513	2
33185	13	33321	10	33433	11	33514	3
33186	13	33322	10	33434	11	33521	2
33187	14	33323	11	33435	19	33523	3
33188	13	33324	10	33436	12	33524	4
33189	17	33325	11	33437	10	33525	3
33190	17	33326	12	33438	14	33526	3
33191	20	33327	9	33440	9	33527	3
33192	14	33328	10	33441	17	33530	3
33193	13	33329	10	33442	11	33534	6
33194	14	33330	11	33443	17	33537	3
33195	22	33331	11	33444	18	33538	2
33196	14	33332	12	33445	14	33539	4
33197	16	33334	16	33446	10	33540	3
33198	13	33335	16	33448	11	33541	4
33199	12	33336	13	33449	10	33542	4
33206	17	33338	10	33454	12	33543	3
33222	12	33339	21	33455	15	33544	3
33231	20	33340	13	33458	12	33545	4
33233	19	33345	10	33459	10	33547	4
33234	15	33346	20	33460	20	33548	3
33238	16	33348	21	33461	13	33549	3
33239	24	33351	10	33462	16	33550	4
33242	14	33355	11	33463	10	33556	4
33243	17	33359	12	33464	19	33558	4
33245	18	33388	10	33465	16	33559	3
33247	12	33394	18	33466	13	33563	4
33255	14	33401	17	33467	10	33564	4

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ZIP Code	2022 Group	ZIP Code	2022 Group	ZIP Code	2022 Group	ZIP Code	2022 Group
33565	3	33635	5	33761	5	33848	3
33566	4	33637	3	33762	6	33849	3
33567	3	33646	5	33763	6	33850	4
33568	4	33647	3	33764	5	33851	4
33569	4	33650	6	33765	6	33852	6
33570	6	33655	5	33766	6	33853	4
33571	5	33672	5	33767	10	33854	4
33572	6	33673	5	33769	6	33855	4
33573	5	33674	4	33770	8	33856	4
33574	4	33675	6	33771	6	33857	6
33575	6	33677	6	33772	9	33858	3
33576	4	33679	7	33773	6	33859	4
33578	4	33680	4	33774	9	33860	4
33579	4	33681	8	33775	9	33862	6
33583	4	33682	4	33776	10	33863	4
33584	4	33684	6	33777	6	33865	5
33585	3	33685	6	33778	7	33867	4
33586	6	33687	3	33779	8	33868	3
33587	3	33688	3	33780	5	33870	5
33592	3	33689	4	33781	5	33871	5
33593	3	33694	3	33782	5	33872	4
33594	3	33701	10	33784	7	33873	4
33595	3	33702	6	33785	11	33875	5
33596	3	33703	9	33786	11	33876	6
33597	2	33704	9	33801	4	33877	4
33598	4	33705	11	33802	4	33880	4
33601	5	33706	12	33803	4	33881	4
33602	5	33707	10	33804	4	33882	4
33603	5	33708	12	33805	4	33883	4
33604	4	33709	7	33806	4	33884	4
33605	6	33710	8	33807	4	33885	4
33606	8	33711	10	33809	4	33888	4
33607	6	33712	10	33810	3	33890	4
33608	9	33713	7	33811	3	33896	3
33609	7	33714	6	33812	4	33897	3
33610	4	33715	12	33813	4	33898	4
33611	8	33716	6	33815	4	33901	7
33612	4	33729	7	33820	4	33902	7
33613	3	33730	7	33823	4	33903	6
33614	5	33731	10	33825	5	33904	8
33615	6	33732	7	33826	4	33905	6
33616	9	33733	7	33827	4	33906	6
33617	3	33734	9	33830	4	33907	7
33618	3	33736	12	33831	4	33908	9
33619	5	33738	12	33834	5	33909	6
33620	3	33740	9	33835	4	33910	7
33621	9	33741	12	33836	3	33912	7
33622	6	33742	6	33837	3	33913	7
33623	6	33743	8	33838	4	33914	8
33624	3	33744	12	33839	4	33915	7
33625	3	33747	10	33840	4	33916	6
33626	4	33755	8	33841	4	33917	6
33629	7	33756	8	33843	5	33918	6
33630	6	33757	8	33844	4	33919	7
33631	6	33758	6	33845	4	33920	6
33633	5	33759	6	33846	4	33921	15
33634	6	33760	6	33847	4	33922	12

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ZIP Code	2022 Group	ZIP Code	2022 Group	ZIP Code	2022 Group	ZIP Code	2022 Group
33924	16	34117	7	34260	8	34474	2
33927	6	34119	7	34264	8	34475	2
33928	8	34120	7	34265	5	34476	2
33929	7	34133	9	34266	5	34477	2
33930	6	34134	11	34267	5	34478	2
33931	13	34135	8	34268	5	34479	2
33932	13	34136	10	34269	5	34480	2
33935	6	34137	10	34270	6	34481	2
33936	7	34138	10	34272	9	34482	2
33938	5	34139	10	34274	9	34483	2
33944	7	34140	15	34275	9	34484	2
33945	12	34141	10	34276	10	34487	2
33946	12	34142	7	34277	9	34488	1
33947	9	34143	7	34280	9	34489	2
33948	7	34145	17	34281	8	34491	2
33949	7	34146	17	34282	8	34492	2
33950	7	34201	5	34284	10	34498	3
33951	7	34202	5	34285	10	34601	2
33952	6	34203	5	34286	5	34602	3
33953	6	34204	6	34287	6	34603	3
33954	5	34205	7	34288	5	34604	3
33955	7	34206	7	34289	5	34605	3
33956	13	34207	8	34290	6	34606	4
33957	14	34208	5	34291	5	34607	5
33960	6	34209	9	34292	6	34608	3
33965	7	34210	9	34293	8	34609	3
33966	6	34211	5	34295	11	34610	3
33967	7	34212	5	34420	2	34611	4
33970	7	34215	13	34421	2	34613	3
33971	7	34216	13	34423	2	34614	3
33972	7	34217	14	34428	2	34636	2
33973	7	34218	13	34429	2	34637	3
33974	8	34219	5	34430	2	34638	4
33975	6	34220	7	34431	2	34639	3
33976	7	34221	6	34432	2	34652	6
33980	6	34222	5	34433	2	34653	5
33981	7	34223	11	34434	2	34654	3
33982	6	34224	9	34436	2	34655	4
33983	6	34228	13	34441	2	34656	5
33990	7	34229	10	34442	2	34660	8
33991	7	34230	10	34445	2	34661	2
33993	8	34231	10	34446	2	34667	5
33994	6	34232	5	34447	2	34668	5
34101	15	34233	6	34448	2	34669	4
34102	15	34234	7	34449	2	34673	5
34103	14	34235	5	34450	2	34674	5
34104	9	34236	10	34451	2	34677	4
34105	10	34237	7	34452	2	34679	5
34106	15	34238	7	34453	2	34680	5
34107	13	34239	8	34460	2	34681	8
34108	13	34240	5	34461	2	34682	6
34109	9	34241	5	34464	2	34683	6
34110	10	34242	11	34465	2	34684	5
34112	10	34243	6	34470	2	34685	4
34113	10	34249	9	34471	2	34688	4
34114	9	34250	8	34472	2	34689	7
34116	8	34251	5	34473	2	34690	5

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
2022 Rating Group Definitions by ZIP Code

ZIP Code	2022 Group	ZIP Code	2022 Group
34691	7	34954	10
34692	5	34956	9
34695	6	34957	15
34697	7	34958	15
34698	7	34972	7
34705	3	34973	8
34711	3	34974	10
34712	3	34979	13
34713	3	34981	9
34714	3	34982	12
34715	4	34983	9
34729	4	34984	9
34731	2	34985	10
34734	3	34986	8
34736	3	34987	8
34737	3	34988	8
34739	5	34990	10
34740	5	34991	12
34741	3	34992	16
34742	3	34994	12
34743	4	34995	12
34744	4	34996	16
34745	3	34997	11
34746	4		
34747	3		
34748	3		
34749	3		
34753	3		
34755	4		
34756	4		
34758	3		
34759	3		
34760	5		
34761	3		
34762	3		
34769	5		
34770	5		
34771	4		
34772	4		
34773	4		
34777	5		
34778	5		
34785	2		
34786	3		
34787	3		
34788	3		
34789	3		
34797	3		
34945	8		
34946	12		
34947	10		
34948	12		
34949	16		
34950	13		
34951	10		
34952	11		
34953	8		



# EXHIBIT

XIV

**PROPOSED FHCF 2022 Commercial Rates (Not Yet Approved by FHCF Trustees for Use)**

Rates are Dollars per \$1000 of Exposure

Coverage Level: 90%

Deductible: 2%

ZIP Code	Masonry with			Superior with		Non-MH Default and Unknown	
	Reinforced Concrete	Reinforced Concrete					
<u>Group</u>	<u>Frame</u>	<u>Masonry Veneer</u>	<u>Masonry</u>	<u>Roof Deck</u>	<u>Superior</u>	<u>Roof Deck</u>	
1	0.1289	0.1203	0.0943	0.0713	0.0509	0.0443	0.0880
2	0.2342	0.2185	0.1713	0.1295	0.0925	0.0805	0.1598
3	0.3323	0.3100	0.2430	0.1837	0.1312	0.1142	0.2267
4	0.4363	0.4070	0.3190	0.2412	0.1723	0.1500	0.2976
5	0.5465	0.5098	0.3996	0.3021	0.2158	0.1879	0.3728
6	0.6632	0.6187	0.4850	0.3666	0.2619	0.2280	0.4524
7	0.7868	0.7340	0.5754	0.4350	0.3107	0.2705	0.5367
8	0.9177	0.8560	0.6711	0.5073	0.3624	0.3155	0.6260
9	1.0562	0.9852	0.7723	0.5839	0.4171	0.3631	0.7205
10	1.2028	1.1220	0.8796	0.6649	0.4750	0.4136	0.8205
11	1.3581	1.2669	0.9932	0.7508	0.5364	0.4670	0.9265
12	1.5228	1.4205	1.1135	0.8418	0.6014	0.5236	1.0388
13	1.6974	1.5834	1.2412	0.9383	0.6703	0.5836	1.1579
14	1.8828	1.7563	1.3768	1.0408	0.7435	0.6473	1.2843
15	2.0797	1.9400	1.5208	1.1497	0.8213	0.7151	1.4187
16	2.2893	2.1355	1.6741	1.2655	0.9041	0.7871	1.5617
17	2.5125	2.3437	1.8373	1.3889	0.9922	0.8639	1.7139
18	2.7506	2.5658	2.0114	1.5206	1.0863	0.9457	1.8764
19	3.0049	2.8030	2.1974	1.6611	1.1867	1.0332	2.0498
20	3.2770	3.0568	2.3963	1.8115	1.2941	1.1267	2.2354
21	3.5684	3.3286	2.6094	1.9726	1.4092	1.2269	2.4342
22	3.8810	3.6203	2.8380	2.1455	1.5327	1.3344	2.6475
23	4.2170	3.9337	3.0837	2.3312	1.6654	1.4499	2.8767
24	4.5785	4.2709	3.3481	2.5310	1.8081	1.5742	3.1233
25	4.9681	4.6343	3.6330	2.7464	1.9620	1.7082	3.3890

**PROPOSED FHCF 2022 Commercial Rates (Not Yet Approved by FHCF Trustees for Use)**

**Rates are Dollars per \$1000 of Exposure**

**Coverage Level: 75%**

**Deductible: 2%**

<b>ZIP Code</b>				<b>Masonry with Reinforced Concrete</b>		<b>Superior with Reinforced Concrete</b>	<b>Non-MH Default and Unknown</b>
<b>Group</b>	<b>Frame</b>	<b>Masonry Veneer</b>	<b>Masonry</b>	<b>Roof Deck</b>	<b>Superior</b>	<b>Roof Deck</b>	
1	0.1075	0.1002	0.0786	0.0594	0.0424	0.0369	0.0733
2	0.1952	0.1821	0.1427	0.1079	0.0771	0.0671	0.1332
3	0.2769	0.2583	0.2025	0.1531	0.1094	0.0952	0.1889
4	0.3636	0.3391	0.2659	0.2010	0.1436	0.1250	0.2480
5	0.4554	0.4248	0.3330	0.2518	0.1799	0.1566	0.3107
6	0.5527	0.5156	0.4042	0.3055	0.2183	0.1900	0.3770
7	0.6557	0.6116	0.4795	0.3625	0.2589	0.2254	0.4473
8	0.7647	0.7133	0.5592	0.4227	0.3020	0.2629	0.5217
9	0.8801	0.8210	0.6436	0.4865	0.3476	0.3026	0.6004
10	1.0023	0.9350	0.7330	0.5541	0.3958	0.3446	0.6838
11	1.1318	1.0558	0.8276	0.6257	0.4470	0.3891	0.7721
12	1.2690	1.1837	0.9280	0.7015	0.5011	0.4363	0.8656
13	1.4145	1.3195	1.0344	0.7819	0.5586	0.4863	0.9649
14	1.5690	1.4636	1.1473	0.8673	0.6196	0.5394	1.0703
15	1.7331	1.6167	1.2674	0.9581	0.6844	0.5959	1.1823
16	1.9078	1.7796	1.3951	1.0546	0.7534	0.6559	1.3014
17	2.0938	1.9531	1.5311	1.1574	0.8269	0.7199	1.4283
18	2.2922	2.1382	1.6762	1.2671	0.9052	0.7881	1.5636
19	2.5041	2.3359	1.8311	1.3843	0.9889	0.8610	1.7082
20	2.7308	2.5473	1.9969	1.5096	1.0784	0.9389	1.8628
21	2.9737	2.7739	2.1745	1.6439	1.1744	1.0224	2.0285
22	3.2342	3.0169	2.3650	1.7879	1.2773	1.1120	2.2062
23	3.5142	3.2781	2.5698	1.9427	1.3878	1.2083	2.3972
24	3.8154	3.5591	2.7901	2.1092	1.5068	1.3118	2.6027
25	4.1401	3.8619	3.0275	2.2887	1.6350	1.4235	2.8242

**PROPOSED FHCF 2022 Commercial Rates (Not Yet Approved by FHCF Trustees for Use)**

**Rates are Dollars per \$1000 of Exposure**

**Coverage Level: 45%**

**Deductible: 2%**

ZIP Code	Masonry with			Superior with		Non-MH Default and Unknown	
	Reinforced Concrete	Roof Deck	Superior	Reinforced Concrete	Roof Deck		
Group	Frame	Masonry Veneer	Masonry	Roof Deck	Superior	Roof Deck	
1	0.0645	0.0601	0.0471	0.0356	0.0255	0.0222	0.0440
2	0.1171	0.1093	0.0856	0.0647	0.0463	0.0403	0.0799
3	0.1661	0.1550	0.1215	0.0918	0.0656	0.0571	0.1133
4	0.2181	0.2035	0.1595	0.1206	0.0861	0.0750	0.1488
5	0.2732	0.2549	0.1998	0.1511	0.1079	0.0939	0.1864
6	0.3316	0.3093	0.2425	0.1833	0.1310	0.1140	0.2262
7	0.3934	0.3670	0.2877	0.2175	0.1554	0.1353	0.2684
8	0.4588	0.4280	0.3355	0.2536	0.1812	0.1578	0.3130
9	0.5281	0.4926	0.3862	0.2919	0.2086	0.1816	0.3602
10	0.6014	0.5610	0.4398	0.3325	0.2375	0.2068	0.4103
11	0.6791	0.6335	0.4966	0.3754	0.2682	0.2335	0.4632
12	0.7614	0.7102	0.5568	0.4209	0.3007	0.2618	0.5194
13	0.8487	0.7917	0.6206	0.4692	0.3352	0.2918	0.5789
14	0.9414	0.8781	0.6884	0.5204	0.3718	0.3237	0.6422
15	1.0399	0.9700	0.7604	0.5748	0.4107	0.3575	0.7094
16	1.1447	1.0677	0.8370	0.6328	0.4520	0.3936	0.7808
17	1.2563	1.1719	0.9186	0.6945	0.4961	0.4319	0.8570
18	1.3753	1.2829	1.0057	0.7603	0.5431	0.4729	0.9382
19	1.5025	1.4015	1.0987	0.8306	0.5934	0.5166	1.0249
20	1.6385	1.5284	1.1981	0.9058	0.6471	0.5633	1.1177
21	1.7842	1.6643	1.3047	0.9863	0.7046	0.6134	1.2171
22	1.9405	1.8101	1.4190	1.0727	0.7664	0.6672	1.3237
23	2.1085	1.9668	1.5419	1.1656	0.8327	0.7250	1.4383
24	2.2893	2.1355	1.6740	1.2655	0.9041	0.7871	1.5616
25	2.4841	2.3172	1.8165	1.3732	0.9810	0.8541	1.6945

**PROPOSED FHCF 2022 Residential Rates (Not Yet Approved by FHCF Trustees for Use)**

**Rates are Dollars per \$1000 of Exposure**

**Coverage Level: 90%**

**Deductible: 2%**

<b>ZIP Code</b>	<b>Masonry with</b>			<b>Reinforced Concrete</b>	<b>Superior with</b>		
<b>Group</b>	<b>Frame</b>	<b>Masonry Veneer</b>	<b>Masonry</b>	<b>Roof Deck</b>	<b>Superior</b>	<b>Reinforced Concrete</b>	<b>Non-MH Default</b>
						<b>Roof Deck</b>	<b>and Unknown</b>
1	0.0983	0.0913	0.0755	0.0613	0.0577	0.0366	0.1003
2	0.1787	0.1659	0.1372	0.1113	0.1048	0.0665	0.1822
3	0.2534	0.2353	0.1947	0.1579	0.1486	0.0944	0.2584
4	0.3327	0.3090	0.2556	0.2073	0.1952	0.1239	0.3392
5	0.4168	0.3870	0.3202	0.2597	0.2445	0.1552	0.4250
6	0.5058	0.4697	0.3886	0.3151	0.2967	0.1884	0.5157
7	0.6001	0.5572	0.4610	0.3739	0.3520	0.2235	0.6118
8	0.6999	0.6499	0.5376	0.4360	0.4105	0.2606	0.7136
9	0.8055	0.7480	0.6188	0.5018	0.4725	0.3000	0.8213
10	0.9173	0.8518	0.7047	0.5715	0.5381	0.3416	0.9353
11	1.0358	0.9618	0.7957	0.6453	0.6075	0.3857	1.0561
12	1.1614	1.0784	0.8921	0.7235	0.6812	0.4325	1.1841
13	1.2945	1.2021	0.9944	0.8065	0.7593	0.4821	1.3199
14	1.4359	1.3334	1.1030	0.8946	0.8422	0.5348	1.4640
15	1.5861	1.4729	1.2184	0.9882	0.9303	0.5907	1.6172
16	1.7460	1.6213	1.3412	1.0877	1.0241	0.6502	1.7802
17	1.9162	1.7793	1.4720	1.1938	1.1239	0.7136	1.9538
18	2.0978	1.9480	1.6115	1.3069	1.2304	0.7812	2.1389
19	2.2917	2.1281	1.7605	1.4278	1.3442	0.8535	2.3367
20	2.4992	2.3207	1.9198	1.5570	1.4659	0.9307	2.5482
21	2.7215	2.5271	2.0906	1.6955	1.5962	1.0135	2.7748
22	2.9599	2.7485	2.2737	1.8440	1.7361	1.1023	3.0179
23	3.2161	2.9864	2.4706	2.0037	1.8864	1.1977	3.2792
24	3.4918	3.2425	2.6824	2.1754	2.0481	1.3004	3.5603
25	3.7890	3.5184	2.9106	2.3605	2.2224	1.4111	3.8632

**PROPOSED FHCF 2022 Residential Rates (Not Yet Approved by FHCF Trustees for Use)**

**Rates are Dollars per \$1000 of Exposure**

**Coverage Level: 75%**

**Deductible: 2%**

ZIP Code				Masonry with			Superior with	Non-MH Default
	Group	Frame	Masonry Veneer	Reinforced Concrete	Roof Deck	Superior	Reinforced Concrete	
							Roof Deck	and Unknown
1		0.0820	0.0761	0.0630	0.0511	0.0481	0.0305	0.0836
2		0.1489	0.1382	0.1144	0.0927	0.0873	0.0554	0.1518
3		0.2112	0.1961	0.1622	0.1316	0.1239	0.0786	0.2153
4		0.2773	0.2575	0.2130	0.1727	0.1626	0.1033	0.2827
5		0.3473	0.3225	0.2668	0.2164	0.2037	0.1293	0.3541
6		0.4215	0.3914	0.3238	0.2626	0.2472	0.1570	0.4298
7		0.5001	0.4644	0.3841	0.3115	0.2933	0.1862	0.5099
8		0.5832	0.5416	0.4480	0.3633	0.3421	0.2172	0.5947
9		0.6712	0.6233	0.5156	0.4182	0.3937	0.2500	0.6844
10		0.7644	0.7099	0.5872	0.4763	0.4484	0.2847	0.7794
11		0.8632	0.8015	0.6631	0.5378	0.5063	0.3215	0.8801
12		0.9678	0.8987	0.7434	0.6029	0.5677	0.3604	0.9868
13		1.0788	1.0017	0.8287	0.6721	0.6327	0.4018	1.0999
14		1.1966	1.1111	0.9192	0.7455	0.7018	0.4456	1.2200
15		1.3218	1.2274	1.0154	0.8235	0.7753	0.4922	1.3477
16		1.4550	1.3510	1.1177	0.9064	0.8534	0.5418	1.4835
17		1.5968	1.4828	1.2266	0.9948	0.9366	0.5947	1.6281
18		1.7482	1.6233	1.3429	1.0891	1.0254	0.6510	1.7824
19		1.9098	1.7734	1.4670	1.1898	1.1202	0.7112	1.9472
20		2.0827	1.9339	1.5999	1.2975	1.2216	0.7756	2.1235
21		2.2679	2.1059	1.7421	1.4129	1.3302	0.8446	2.3123
22		2.4666	2.2904	1.8948	1.5367	1.4468	0.9186	2.5149
23		2.6801	2.4887	2.0588	1.6697	1.5720	0.9981	2.7326
24		2.9099	2.7020	2.2353	1.8129	1.7068	1.0837	2.9669
25		3.1575	2.9320	2.4255	1.9671	1.8520	1.1759	3.2194

**PROPOSED FHCF 2022 Residential Rates (Not Yet Approved by FHCF Trustees for Use)**

**Rates are Dollars per \$1000 of Exposure**

**Coverage Level: 45%**

**Deductible: 2%**

<b>ZIP Code</b>				<b>Masonry with Reinforced Concrete</b>		<b>Superior with Reinforced Concrete</b>	<b>Non-MH Default</b>
<b>Group</b>	<b>Frame</b>	<b>Masonry Veneer</b>	<b>Masonry</b>	<b>Roof Deck</b>	<b>Superior</b>	<b>Roof Deck</b>	<b>and Unknown</b>
1	0.0492	0.0457	0.0378	0.0306	0.0288	0.0183	0.0501
2	0.0893	0.0829	0.0686	0.0556	0.0524	0.0333	0.0911
3	0.1267	0.1177	0.0973	0.0789	0.0743	0.0472	0.1292
4	0.1664	0.1545	0.1278	0.1036	0.0976	0.0620	0.1696
5	0.2084	0.1935	0.1601	0.1298	0.1222	0.0776	0.2125
6	0.2529	0.2348	0.1943	0.1576	0.1483	0.0942	0.2579
7	0.3000	0.2786	0.2305	0.1869	0.1760	0.1117	0.3059
8	0.3499	0.3249	0.2688	0.2180	0.2052	0.1303	0.3568
9	0.4027	0.3740	0.3094	0.2509	0.2362	0.1500	0.4106
10	0.4587	0.4259	0.3523	0.2858	0.2690	0.1708	0.4677
11	0.5179	0.4809	0.3978	0.3227	0.3038	0.1929	0.5281
12	0.5807	0.5392	0.4461	0.3618	0.3406	0.2163	0.5921
13	0.6473	0.6010	0.4972	0.4032	0.3796	0.2411	0.6600
14	0.7180	0.6667	0.5515	0.4473	0.4211	0.2674	0.7320
15	0.7931	0.7364	0.6092	0.4941	0.4652	0.2953	0.8086
16	0.8730	0.8106	0.6706	0.5439	0.5120	0.3251	0.8901
17	0.9581	0.8897	0.7360	0.5969	0.5620	0.3568	0.9769
18	1.0489	0.9740	0.8057	0.6535	0.6152	0.3906	1.0695
19	1.1459	1.0640	0.8802	0.7139	0.6721	0.4267	1.1683
20	1.2496	1.1604	0.9599	0.7785	0.7329	0.4654	1.2741
21	1.3607	1.2635	1.0453	0.8477	0.7981	0.5068	1.3874
22	1.4800	1.3743	1.1369	0.9220	0.8681	0.5512	1.5090
23	1.6081	1.4932	1.2353	1.0018	0.9432	0.5989	1.6396
24	1.7459	1.6212	1.3412	1.0877	1.0241	0.6502	1.7801
25	1.8945	1.7592	1.4553	1.1803	1.1112	0.7055	1.9316

**PROPOSED FHCF 2022 Mobile Home Rates (Not Yet Approved by FHCF Trustees for Use)**

**Rates are Dollars per \$1000 of Exposure**

**Coverage Level: 90%**

**Deductible: 2%**

<b>ZIP Code Group</b>	<b>Fully Tied Down -- Manufactured</b>		<b>Other than Fully Tied</b>
	<b><u>Prior to 7/13/94</u></b>	<b><u>On or After 7/13/94</u></b>	<b><u>Unknown</u></b>
1	0.4810	0.3478	0.5879
2	0.8738	0.6319	1.0680
3	1.2395	0.8963	1.5149
4	1.6274	1.1768	1.9891
5	2.0385	1.4741	2.4916
6	2.4740	1.7891	3.0239
7	2.9351	2.1225	3.5874
8	3.4231	2.4754	4.1839
9	3.9398	2.8490	4.8154
10	4.4868	3.2446	5.4840
11	5.0662	3.6636	6.1922
12	5.6803	4.1077	6.9428
13	6.3317	4.5787	7.7389
14	7.0232	5.0787	8.5840
15	7.7580	5.6101	9.4821
16	8.5397	6.1753	10.4376
17	9.3724	6.7775	11.4553
18	10.2605	7.4197	12.5408
19	11.2092	8.1057	13.7003
20	12.2239	8.8395	14.9406
21	13.3110	9.6256	16.2692
22	14.4773	10.4690	17.6948
23	15.7305	11.3753	19.2265
24	17.0790	12.3505	20.8747
25	18.5323	13.4014	22.6510



**PROPOSED FHCF 2022 Mobile Home Rates (Not Yet Approved by FHCF Trustees for Use)**

**Rates are Dollars per \$1000 of Exposure**

**Coverage Level: 75%**

**Deductible: 2%**

<b>ZIP Code Group</b>	<b>Fully Tied Down -- Manufactured</b>		<b>Other than Fully Tied</b>
	<b><u>Prior to 7/13/94</u></b>	<b><u>On or After 7/13/94</u></b>	<b><u>Unknown</u></b>
1	0.4008	0.2899	0.4899
2	0.7282	0.5266	0.8900
3	1.0329	0.7469	1.2625
4	1.3562	0.9807	1.6576
5	1.6988	1.2285	2.0763
6	2.0617	1.4909	2.5199
7	2.4459	1.7687	2.9895
8	2.8526	2.0628	3.4866
9	3.2831	2.3742	4.0128
10	3.7390	2.7038	4.5700
11	4.2219	3.0530	5.1601
12	4.7336	3.4231	5.7856
13	5.2764	3.8156	6.4491
14	5.8526	4.2323	7.1533
15	6.4650	4.6750	7.9018
16	7.1164	5.1461	8.6980
17	7.8103	5.6479	9.5461
18	8.5504	6.1831	10.4507
19	9.3410	6.7548	11.4169
20	10.1866	7.3663	12.4505
21	11.0925	8.0214	13.5577
22	12.0644	8.7242	14.7456
23	13.1087	9.4794	16.0221
24	14.2325	10.2921	17.3956
25	15.4436	11.1678	18.8758

**PROPOSED FHCF 2022 Mobile Home Rates (Not Yet Approved by FHCF Trustees for Use)**

**Rates are Dollars per \$1000 of Exposure**

**Coverage Level: 45%**

**Deductible: 2%**

<b>ZIP Code Group</b>	<b>Fully Tied Down -- Manufactured</b>		<b>Other than Fully Tied</b>
	<b><u>Prior to 7/13/94</u></b>	<b><u>On or After 7/13/94</u></b>	<b><u>Unknown</u></b>
1	0.2405	0.1739	0.2940
2	0.4369	0.3159	0.5340
3	0.6197	0.4482	0.7575
4	0.8137	0.5884	0.9945
5	1.0193	0.7371	1.2458
6	1.2370	0.8945	1.5119
7	1.4675	1.0612	1.7937
8	1.7116	1.2377	2.0920
9	1.9699	1.4245	2.4077
10	2.2434	1.6223	2.7420
11	2.5331	1.8318	3.0961
12	2.8402	2.0538	3.4714
13	3.1659	2.2893	3.8694
14	3.5116	2.5394	4.2920
15	3.8790	2.8050	4.7411
16	4.2698	3.0877	5.2188
17	4.6862	3.3887	5.7276
18	5.1303	3.7099	6.2704
19	5.6046	4.0529	6.8502
20	6.1119	4.4198	7.4703
21	6.6555	4.8128	8.1346
22	7.2386	5.2345	8.8474
23	7.8652	5.6876	9.6132
24	8.5395	6.1752	10.4374
25	9.2661	6.7007	11.3255

**PROPOSED FHCF 2022 Tenants Rates (Not Yet Approved by FHCF Trustees for Use)**

**Rates are Dollars per \$1000 of Exposure**

**Coverage Level: 90%**

**Deductible: \$1 - \$500**

ZIP Code				Masonry with Reinforced Concrete		Superior with Reinforced Concrete	Non-MH Default and Unknown
<u>Group</u>	<u>Frame</u>	<u>Masonry Veneer</u>	<u>Masonry</u>	<u>Roof Deck</u>	<u>Superior</u>	<u>Roof Deck</u>	
1	0.0528	0.0518	0.0420	0.0352	0.0281	0.0251	0.0376
2	0.0959	0.0940	0.0762	0.0640	0.0510	0.0456	0.0683
3	0.1361	0.1334	0.1081	0.0908	0.0723	0.0647	0.0969
4	0.1786	0.1751	0.1420	0.1193	0.0949	0.0849	0.1273
5	0.2238	0.2193	0.1778	0.1494	0.1189	0.1064	0.1594
6	0.2716	0.2662	0.2158	0.1813	0.1443	0.1291	0.1935
7	0.3222	0.3158	0.2561	0.2151	0.1712	0.1531	0.2296
8	0.3757	0.3683	0.2986	0.2509	0.1996	0.1786	0.2677
9	0.4325	0.4239	0.3437	0.2887	0.2298	0.2056	0.3082
10	0.4925	0.4827	0.3914	0.3288	0.2617	0.2341	0.3509
11	0.5561	0.5451	0.4420	0.3713	0.2955	0.2643	0.3963
12	0.6235	0.6112	0.4956	0.4163	0.3313	0.2964	0.4443
13	0.6950	0.6812	0.5524	0.4640	0.3693	0.3304	0.4952
14	0.7709	0.7556	0.6127	0.5147	0.4096	0.3665	0.5493
15	0.8516	0.8347	0.6768	0.5685	0.4524	0.4048	0.6068
16	0.9374	0.9188	0.7450	0.6258	0.4980	0.4456	0.6679
17	1.0288	1.0084	0.8177	0.6868	0.5466	0.4890	0.7331
18	1.1263	1.1040	0.8951	0.7519	0.5984	0.5354	0.8025
19	1.2304	1.2060	0.9779	0.8214	0.6537	0.5849	0.8767
20	1.3418	1.3152	1.0664	0.8958	0.7129	0.6378	0.9561
21	1.4611	1.4322	1.1613	0.9755	0.7763	0.6945	1.0411
22	1.5891	1.5576	1.2630	1.0609	0.8443	0.7554	1.1324
23	1.7267	1.6925	1.3723	1.1528	0.9174	0.8208	1.2304
24	1.8747	1.8376	1.4900	1.2516	0.9960	0.8911	1.3358
25	2.0342	1.9939	1.6168	1.3581	1.0808	0.9670	1.4495

**PROPOSED FHCF 2022 Tenants Rates (Not Yet Approved by FHCF Trustees for Use)**

Rates are Dollars per \$1000 of Exposure

Coverage Level: 75%

Deductible: \$1 - \$500

ZIP Code				Masonry with Reinforced Concrete		Superior with Reinforced Concrete	Non-MH Default and Unknown
<u>Group</u>	<u>Frame</u>	<u>Masonry Veneer</u>	<u>Masonry</u>	<u>Roof Deck</u>	<u>Superior</u>	<u>Roof Deck</u>	
1	0.0440	0.0431	0.0350	0.0294	0.0234	0.0209	0.0314
2	0.0799	0.0783	0.0635	0.0534	0.0425	0.0380	0.0570
3	0.1134	0.1111	0.0901	0.0757	0.0602	0.0539	0.0808
4	0.1489	0.1459	0.1183	0.0994	0.0791	0.0708	0.1061
5	0.1865	0.1828	0.1482	0.1245	0.0991	0.0886	0.1329
6	0.2263	0.2218	0.1799	0.1511	0.1202	0.1076	0.1613
7	0.2685	0.2632	0.2134	0.1792	0.1426	0.1276	0.1913
8	0.3131	0.3069	0.2489	0.2090	0.1664	0.1488	0.2231
9	0.3604	0.3532	0.2864	0.2406	0.1915	0.1713	0.2568
10	0.4104	0.4023	0.3262	0.2740	0.2181	0.1951	0.2924
11	0.4634	0.4542	0.3683	0.3094	0.2462	0.2203	0.3302
12	0.5196	0.5093	0.4130	0.3469	0.2761	0.2470	0.3702
13	0.5792	0.5677	0.4603	0.3867	0.3077	0.2753	0.4127
14	0.6424	0.6297	0.5106	0.4289	0.3413	0.3054	0.4578
15	0.7096	0.6956	0.5640	0.4738	0.3770	0.3373	0.5057
16	0.7811	0.7657	0.6208	0.5215	0.4150	0.3713	0.5566
17	0.8573	0.8403	0.6814	0.5724	0.4555	0.4075	0.6109
18	0.9386	0.9200	0.7459	0.6266	0.4986	0.4461	0.6688
19	1.0253	1.0050	0.8149	0.6845	0.5447	0.4874	0.7306
20	1.1181	1.0960	0.8887	0.7465	0.5941	0.5315	0.7968
21	1.2176	1.1935	0.9677	0.8129	0.6469	0.5788	0.8676
22	1.3243	1.2980	1.0525	0.8841	0.7036	0.6295	0.9436
23	1.4389	1.4104	1.1436	0.9606	0.7645	0.6840	1.0253
24	1.5623	1.5313	1.2417	1.0430	0.8300	0.7426	1.1132
25	1.6952	1.6616	1.3473	1.1317	0.9006	0.8058	1.2079

**PROPOSED FHCF 2022 Tenants Rates (Not Yet Approved by FHCF Trustees for Use)**

**Rates are Dollars per \$1000 of Exposure**

**Coverage Level: 45%**

**Deductible: \$1 - \$500**

ZIP Code				Masonry with			Superior with	Non-MH Default and Unknown
	Group	Frame	Masonry Veneer	Masonry	Reinforced Concrete Roof Deck	Superior	Reinforced Concrete Roof Deck	
1		0.0264	0.0259	0.0210	0.0176	0.0140	0.0125	0.0188
2		0.0480	0.0470	0.0381	0.0320	0.0255	0.0228	0.0342
3		0.0680	0.0667	0.0541	0.0454	0.0361	0.0323	0.0485
4		0.0893	0.0875	0.0710	0.0596	0.0475	0.0425	0.0636
5		0.1119	0.1097	0.0889	0.0747	0.0594	0.0532	0.0797
6		0.1358	0.1331	0.1079	0.0907	0.0721	0.0645	0.0968
7		0.1611	0.1579	0.1280	0.1075	0.0856	0.0766	0.1148
8		0.1879	0.1842	0.1493	0.1254	0.0998	0.0893	0.1339
9		0.2162	0.2119	0.1719	0.1444	0.1149	0.1028	0.1541
10		0.2463	0.2414	0.1957	0.1644	0.1308	0.1171	0.1755
11		0.2781	0.2725	0.2210	0.1856	0.1477	0.1322	0.1981
12		0.3118	0.3056	0.2478	0.2081	0.1656	0.1482	0.2221
13		0.3475	0.3406	0.2762	0.2320	0.1846	0.1652	0.2476
14		0.3855	0.3778	0.3064	0.2573	0.2048	0.1832	0.2747
15		0.4258	0.4173	0.3384	0.2843	0.2262	0.2024	0.3034
16		0.4687	0.4594	0.3725	0.3129	0.2490	0.2228	0.3340
17		0.5144	0.5042	0.4088	0.3434	0.2733	0.2445	0.3665
18		0.5631	0.5520	0.4476	0.3760	0.2992	0.2677	0.4013
19		0.6152	0.6030	0.4889	0.4107	0.3268	0.2924	0.4384
20		0.6709	0.6576	0.5332	0.4479	0.3564	0.3189	0.4781
21		0.7306	0.7161	0.5806	0.4877	0.3881	0.3473	0.5206
22		0.7946	0.7788	0.6315	0.5305	0.4221	0.3777	0.5662
23		0.8633	0.8462	0.6862	0.5764	0.4587	0.4104	0.6152
24		0.9374	0.9188	0.7450	0.6258	0.4980	0.4456	0.6679
25		1.0171	0.9970	0.8084	0.6790	0.5404	0.4835	0.7248

**PROPOSED FHCF 2022 Condominium Unit Owners Rates (Not Yet Approved by FHCF Trustees for Use)**

Rates are Dollars per \$1000 of Exposure

Coverage Level: 90%

Deductible: 2%

ZIP Code				Masonry with Reinforced Concrete		Superior with Reinforced Concrete	Non-MH Default and Unknown
<u>Group</u>	<u>Frame</u>	<u>Masonry Veneer</u>	<u>Masonry</u>	<u>Roof Deck</u>	<u>Superior</u>	<u>Roof Deck</u>	
1	0.1073	0.0977	0.0816	0.0607	0.0493	0.0357	0.0792
2	0.1950	0.1775	0.1481	0.1102	0.0896	0.0649	0.1438
3	0.2766	0.2518	0.2101	0.1563	0.1272	0.0921	0.2040
4	0.3632	0.3306	0.2759	0.2053	0.1670	0.1209	0.2678
5	0.4549	0.4142	0.3456	0.2571	0.2091	0.1514	0.3355
6	0.5521	0.5026	0.4194	0.3121	0.2538	0.1838	0.4072
7	0.6550	0.5963	0.4976	0.3702	0.3011	0.2180	0.4831
8	0.7639	0.6955	0.5804	0.4318	0.3512	0.2543	0.5634
9	0.8792	0.8004	0.6680	0.4969	0.4042	0.2927	0.6484
10	1.0013	0.9115	0.7607	0.5659	0.4603	0.3333	0.7385
11	1.1306	1.0293	0.8589	0.6390	0.5198	0.3764	0.8338
12	1.2676	1.1540	0.9631	0.7165	0.5828	0.4220	0.9349
13	1.4130	1.2864	1.0735	0.7986	0.6496	0.4704	1.0421
14	1.5673	1.4268	1.1907	0.8859	0.7205	0.5218	1.1559
15	1.7313	1.5761	1.3153	0.9785	0.7959	0.5763	1.2768
16	1.9057	1.7349	1.4478	1.0771	0.8761	0.6344	1.4055
17	2.0916	1.9041	1.5890	1.1822	0.9615	0.6963	1.5425
18	2.2898	2.0845	1.7396	1.2942	1.0526	0.7623	1.6887
19	2.5015	2.2773	1.9004	1.4139	1.1500	0.8327	1.8448
20	2.7279	2.4834	2.0725	1.5419	1.2541	0.9081	2.0119
21	2.9705	2.7043	2.2568	1.6790	1.3656	0.9889	2.1908
22	3.2308	2.9412	2.4545	1.8261	1.4852	1.0755	2.3827
23	3.5105	3.1958	2.6670	1.9842	1.6138	1.1686	2.5890
24	3.8114	3.4698	2.8956	2.1543	1.7522	1.2688	2.8109
25	4.1357	3.7651	3.1420	2.3376	1.9013	1.3768	3.0501

**PROPOSED FHCF 2022 Condominium Unit Owners Rates (Not Yet Approved by FHCF Trustees for Use)**

**Rates are Dollars per \$1000 of Exposure**

**Coverage Level: 75%**

**Deductible: 2%**

<b>ZIP Code</b>				<b>Masonry with Reinforced Concrete</b>		<b>Superior with Reinforced Concrete</b>	<b>Non-MH Default</b>
<b>Group</b>	<b>Frame</b>	<b>Masonry Veneer</b>	<b>Masonry</b>	<b>Roof Deck</b>	<b>Superior</b>	<b>Roof Deck</b>	<b>and Unknown</b>
1	0.0895	0.0814	0.0680	0.0506	0.0411	0.0298	0.0660
2	0.1625	0.1479	0.1235	0.0918	0.0747	0.0541	0.1198
3	0.2305	0.2098	0.1751	0.1303	0.1060	0.0767	0.1700
4	0.3026	0.2755	0.2299	0.1711	0.1391	0.1008	0.2232
5	0.3791	0.3451	0.2880	0.2143	0.1743	0.1262	0.2796
6	0.4601	0.4189	0.3495	0.2600	0.2115	0.1532	0.3393
7	0.5458	0.4969	0.4147	0.3085	0.2509	0.1817	0.4026
8	0.6366	0.5795	0.4836	0.3598	0.2927	0.2119	0.4695
9	0.7327	0.6670	0.5566	0.4141	0.3368	0.2439	0.5404
10	0.8344	0.7596	0.6339	0.4716	0.3836	0.2778	0.6154
11	0.9422	0.8577	0.7158	0.5325	0.4331	0.3136	0.6948
12	1.0564	0.9617	0.8025	0.5971	0.4856	0.3517	0.7791
13	1.1775	1.0720	0.8946	0.6655	0.5413	0.3920	0.8684
14	1.3061	1.1890	0.9923	0.7382	0.6004	0.4348	0.9632
15	1.4427	1.3134	1.0961	0.8155	0.6633	0.4803	1.0640
16	1.5881	1.4458	1.2065	0.8976	0.7301	0.5287	1.1712
17	1.7430	1.5868	1.3242	0.9851	0.8013	0.5802	1.2854
18	1.9081	1.7371	1.4496	1.0785	0.8772	0.6352	1.4073
19	2.0846	1.8977	1.5837	1.1782	0.9583	0.6939	1.5374
20	2.2733	2.0695	1.7270	1.2849	1.0451	0.7568	1.6765
21	2.4754	2.2536	1.8806	1.3991	1.1380	0.8241	1.8256
22	2.6923	2.4510	2.0454	1.5217	1.2377	0.8963	1.9856
23	2.9254	2.6632	2.2225	1.6535	1.3448	0.9739	2.1575
24	3.1762	2.8915	2.4130	1.7952	1.4601	1.0573	2.3424
25	3.4464	3.1376	2.6183	1.9480	1.5844	1.1473	2.5418

**PROPOSED FHCF 2022 Condominium Unit Owners Rates (Not Yet Approved by FHCF Trustees for Use)**

**Rates are Dollars per \$1000 of Exposure**

**Coverage Level: 45%**

**Deductible: 2%**

<b>ZIP Code</b>	<b>Masonry with</b>			<b>Reinforced Concrete</b>	<b>Superior with</b>		<b>Non-MH Default</b>
<b>Group</b>	<b>Frame</b>	<b>Masonry Veneer</b>	<b>Masonry</b>	<b>Roof Deck</b>	<b>Superior</b>	<b>Roof Deck</b>	<b>and Unknown</b>
1	0.0537	0.0489	0.0408	0.0303	0.0247	0.0179	0.0396
2	0.0975	0.0888	0.0741	0.0551	0.0448	0.0325	0.0719
3	0.1383	0.1259	0.1051	0.0782	0.0636	0.0460	0.1020
4	0.1816	0.1653	0.1380	0.1026	0.0835	0.0605	0.1339
5	0.2275	0.2071	0.1728	0.1286	0.1046	0.0757	0.1678
6	0.2761	0.2513	0.2097	0.1560	0.1269	0.0919	0.2036
7	0.3275	0.2981	0.2488	0.1851	0.1506	0.1090	0.2415
8	0.3820	0.3477	0.2902	0.2159	0.1756	0.1272	0.2817
9	0.4396	0.4002	0.3340	0.2485	0.2021	0.1463	0.3242
10	0.5006	0.4558	0.3803	0.2830	0.2302	0.1667	0.3692
11	0.5653	0.5146	0.4295	0.3195	0.2599	0.1882	0.4169
12	0.6338	0.5770	0.4815	0.3582	0.2914	0.2110	0.4674
13	0.7065	0.6432	0.5367	0.3993	0.3248	0.2352	0.5210
14	0.7837	0.7134	0.5954	0.4429	0.3603	0.2609	0.5779
15	0.8656	0.7881	0.6576	0.4893	0.3980	0.2882	0.6384
16	0.9529	0.8675	0.7239	0.5386	0.4380	0.3172	0.7027
17	1.0458	0.9521	0.7945	0.5911	0.4808	0.3481	0.7713
18	1.1449	1.0423	0.8698	0.6471	0.5263	0.3811	0.8444
19	1.2507	1.1386	0.9502	0.7069	0.5750	0.4164	0.9224
20	1.3640	1.2417	1.0362	0.7709	0.6270	0.4541	1.0059
21	1.4853	1.3521	1.1284	0.8395	0.6828	0.4944	1.0954
22	1.6154	1.4706	1.2272	0.9130	0.7426	0.5378	1.1914
23	1.7552	1.5979	1.3335	0.9921	0.8069	0.5843	1.2945
24	1.9057	1.7349	1.4478	1.0771	0.8761	0.6344	1.4055
25	2.0679	1.8825	1.5710	1.1688	0.9506	0.6884	1.5251



## Florida Hurricane Catastrophe Fund

### 2022 Ratemaking Formula Report

#### Windstorm Mitigation Construction Rating Classification Factors

**To Calculate the Final FHCF Rate for a risk:**

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

*Capped factor\* = Preliminary Factor*

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

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

Rating Factor	Description	Type of Business				
		Commercial	Residential	Mobile Home	Tenants	Condos
Year Built	2012 or later	0.3966	0.4626	1.0000	0.4887	0.4594
	2002 - 2011	0.4206	0.4967	1.0000	0.5203	0.4859
	1995-2001	0.6456	0.7839	1.0000	0.8078	0.7629
	1994 or Earlier	1.3050	1.5176	1.0000	1.5272	1.4223
	Unknown or Mobile Home	1.0773	1.1036	1.0000	1.1390	1.0817
Roof Shape	Hip, Mansard, or Pyramid	0.8684	0.8492	1.0000	0.7887	0.8051
	Gable, Other or Unknown	1.0514	1.1266	1.0000	1.0182	1.0398
Opening Protection	Structure Opening Protection	0.8193	0.8684	1.0000	0.7583	0.8070
	No Structure Opening Protection	1.0683	1.1211	1.0000	1.0256	1.1271
On Balance Factor		0.9693	0.9613	1.0000	0.9913	0.9751

# EXHIBIT

XV

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
2021 FHCF Exposure and Risks as of 10/26/21 (Trended to 6/30/22)

2022 FHCF Rating Region	Total Exposure (\$)					
	Commercial	Residential	Mobile Home	Tenants	Condominium- Owners	Total
1	4,414,359,402	279,710,450,031	6,490,860,287	3,665,620,945	3,639,843,009	297,921,133,674
2	3,561,997,165	281,660,552,569	4,561,609,445	2,499,848,637	3,946,713,239	296,230,721,055
3	8,602,200,582	397,535,250,675	5,051,500,451	4,659,980,037	8,100,213,149	423,949,144,894
4	4,023,843,713	229,657,233,373	5,029,397,138	2,075,723,664	3,487,390,476	244,273,588,364
5	5,864,577,730	136,449,265,514	2,303,592,105	1,596,450,535	4,543,044,851	150,756,930,735
6	6,877,825,010	134,265,612,677	2,542,201,310	1,597,699,622	5,390,015,620	150,673,354,239
7	9,056,163,790	130,753,820,551	1,061,422,502	1,077,443,219	8,671,866,408	150,620,716,470
8	6,495,156,980	157,336,431,485	613,894,470	1,319,831,271	6,367,500,473	172,132,814,679
9	9,224,090,999	116,761,922,532	776,291,911	1,054,314,910	7,487,608,764	135,304,229,116
10	22,592,772,511	167,929,840,844	1,002,744,840	1,797,106,910	15,424,184,049	208,746,649,154
11	14,193,660,224	113,951,590,359	905,193,410	960,908,364	10,214,754,506	140,226,106,863
12	11,161,709,927	63,555,898,293	226,971,506	674,590,644	5,924,450,637	81,543,621,007
13	6,132,872,131	53,419,547,937	226,500,140	376,282,466	6,185,093,584	66,340,296,258
14	3,007,051,786	38,154,884,765	50,607,017	222,456,138	3,648,083,728	45,083,083,434
15	3,460,225,425	44,867,695,635	98,782,152	349,384,162	2,460,070,667	51,236,158,041
16	2,557,335,670	21,795,945,910	37,851,990	233,004,546	2,414,831,522	27,038,969,638
17	4,391,963,484	38,351,101,688	3,854,810	444,335,679	4,354,564,517	47,545,820,178
18	4,027,075,596	21,171,530,207	15,354,570	504,514,490	3,707,370,196	29,425,845,059
19	3,496,826,499	12,103,133,205	47,453,425	305,543,228	3,898,291,045	19,851,247,402
20	9,369,602,035	27,421,201,570	11,848,823	555,140,428	7,864,869,755	45,222,662,611
21	1,668,479,251	1,815,716,649	-	81,502,877	1,732,513,643	5,298,212,420
22	4,030,367,308	2,718,586,678	-	96,103,618	3,097,171,859	9,942,229,463
23	2,551,635,766	5,853,106,943	23,966,327	83,840,749	2,743,794,935	11,256,344,720
24	2,851,368,242	5,347,911,059	332,311	96,859,897	2,991,648,722	11,288,120,231
25	1,728,124,423	2,629,271,571	7,206,374	28,888,341	1,695,709,694	6,089,200,403
Total	\$155,341,285,649	\$2,485,217,502,720	\$31,089,437,314	\$26,357,375,377	\$129,991,599,048	\$2,827,997,200,108
1-5	\$26,466,978,592	\$1,325,012,752,162	\$23,436,959,426	\$14,497,623,818	\$23,717,204,724	\$1,413,131,518,722
6-10	\$54,246,009,290	\$707,047,628,089	\$5,996,555,033	\$6,846,395,932	\$43,341,175,314	\$817,477,763,658
11-15	\$37,955,519,493	\$313,949,616,989	\$1,508,054,225	\$2,583,621,774	\$28,432,453,122	\$384,429,265,603
16-20	\$23,842,803,284	\$120,842,912,580	\$116,363,618	\$2,042,538,371	\$22,239,927,035	\$169,084,544,888
21-25	\$12,829,974,990	\$18,364,592,900	\$31,505,012	\$387,195,482	\$12,260,838,853	\$43,874,107,237
% of Total within Type of Business						
1-5	17.0%	53.3%	75.4%	55.0%	18.2%	50.0%
6-10	34.9%	28.5%	19.3%	26.0%	33.3%	28.9%
11-15	24.4%	12.6%	4.9%	9.8%	21.9%	13.6%
16-20	15.3%	4.9%	0.4%	7.7%	17.1%	6.0%
21-25	8.3%	0.7%	0.1%	1.5%	9.4%	1.6%
% of Total within Territory						
Total	5.5%	87.9%	1.1%	0.9%	4.6%	100.0%
1-5	1.9%	93.8%	1.7%	1.0%	1.7%	100.0%
6-10	6.6%	86.5%	0.7%	0.8%	5.3%	100.0%
11-15	9.9%	81.7%	0.4%	0.7%	7.4%	100.0%
16-20	14.1%	71.5%	0.1%	1.2%	13.2%	100.0%
21-25	29.2%	41.9%	0.1%	0.9%	27.9%	100.0%

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
2021 FHCF Exposure and Risks as of 10/26/21 (Trended to 6/30/22)

2022 FHCF Rating Region	Total Risks					
	Commercial	Residential	Mobile Home	Tenants	Condominium- Owners	Total
1	3,282	567,853	64,900	151,908	29,735	817,678
2	3,436	584,446	46,720	98,484	30,988	764,074
3	8,184	745,901	50,923	193,689	64,393	1,063,090
4	4,565	494,396	53,841	81,169	30,306	664,277
5	9,283	287,111	26,415	64,173	38,754	425,736
6	8,610	295,566	27,986	66,351	50,824	449,337
7	9,854	253,245	11,275	39,888	68,445	382,707
8	7,253	302,874	7,690	47,616	49,236	414,669
9	10,106	214,078	9,113	38,699	63,195	335,191
10	18,566	293,575	9,759	69,049	134,924	525,873
11	11,648	210,450	8,862	39,586	92,625	363,171
12	8,821	139,876	2,666	31,490	60,189	243,042
13	4,095	120,016	2,807	16,456	37,529	180,903
14	2,681	66,416	764	9,115	19,845	98,821
15	2,792	73,420	1,318	13,893	19,426	110,849
16	1,831	49,023	477	9,594	18,362	79,287
17	2,562	47,735	38	17,707	27,756	95,798
18	1,439	32,717	286	21,396	23,118	78,956
19	1,557	19,916	569	12,266	26,437	60,745
20	1,967	21,204	246	19,463	38,145	81,025
21	268	2,736	-	2,758	10,729	16,491
22	362	2,786	-	3,468	14,428	21,044
23	736	5,585	486	2,396	7,519	16,722
24	615	2,742	5	2,865	11,377	17,604
25	237	2,270	130	431	2,776	5,844
Total	124,750	4,835,937	327,276	1,053,910	971,061	7,312,934
1-5	28,750	2,679,707	242,799	589,423	194,176	3,734,855
6-10	54,389	1,359,338	65,823	261,603	366,624	2,107,777
11-15	30,037	610,178	16,417	110,540	229,614	996,786
16-20	9,356	170,595	1,616	80,426	133,818	395,811
21-25	2,218	16,119	621	11,918	46,829	77,705
% of Total within Type of Business						
1-5	23.0%	55.4%	74.2%	55.9%	20.0%	51.1%
6-10	43.6%	28.1%	20.1%	24.8%	37.8%	28.8%
11-15	24.1%	12.6%	5.0%	10.5%	23.6%	13.6%
16-20	7.5%	3.5%	0.5%	7.6%	13.8%	5.4%
21-25	1.8%	0.3%	0.2%	1.1%	4.8%	1.1%
% of Total within Territory						
Total	1.7%	66.1%	4.5%	14.4%	13.3%	100.0%
1-5	0.8%	71.7%	6.5%	15.8%	5.2%	100.0%
6-10	2.6%	64.5%	3.1%	12.4%	17.4%	100.0%
11-15	3.0%	61.2%	1.6%	11.1%	23.0%	100.0%
16-20	2.4%	43.1%	0.4%	20.3%	33.8%	100.0%
21-25	2.9%	20.7%	0.8%	15.3%	60.3%	100.0%

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
2021 FHCF Exposure and Risks as of 10/26/21 (Trended to 6/30/22)

2022 FHCF Rating Region	Averages				
	Commercial	Residential	Mobile Home	Tenants	Condominium- Owners
1	1,345,021	492,575	100,013	24,131	122,409
2	1,036,670	481,927	97,637	25,383	127,363
3	1,051,100	532,960	99,199	24,059	125,793
4	881,455	464,521	93,412	25,573	115,073
5	631,755	475,249	87,208	24,877	117,228
6	798,818	454,266	90,838	24,080	106,053
7	919,034	516,314	94,139	27,012	126,698
8	895,513	519,478	79,830	27,718	129,326
9	912,734	545,418	85,185	27,244	118,484
10	1,216,890	572,017	102,751	26,027	114,318
11	1,218,549	541,466	102,143	24,274	110,281
12	1,265,357	454,373	85,136	21,422	98,431
13	1,497,649	445,104	80,691	22,866	164,808
14	1,121,616	574,483	66,240	24,406	183,829
15	1,239,336	611,110	74,949	25,148	126,638
16	1,396,688	444,607	79,354	24,286	131,512
17	1,714,271	803,417	101,442	25,094	156,887
18	2,798,524	647,111	53,687	23,580	160,367
19	2,245,874	607,709	83,398	24,910	147,456
20	4,763,397	1,293,209	48,166	28,523	206,184
21	6,225,669	663,639	-	29,551	161,480
22	11,133,611	975,803	-	27,712	214,664
23	3,466,896	1,048,005	49,313	34,992	364,915
24	4,636,371	1,950,369	66,462	33,808	262,956
25	7,291,664	1,158,269	55,434	67,026	610,846
Total	\$1,245,221	\$513,906	\$94,995	\$25,009	\$133,866
1-5	\$920,591	\$494,462	\$96,528	\$24,596	\$122,143
6-10	\$997,371	\$520,141	\$91,101	\$26,171	\$118,217
11-15	\$1,263,626	\$514,521	\$91,859	\$23,373	\$123,827
16-20	\$2,548,397	\$708,361	\$72,007	\$25,396	\$166,195
21-25	\$5,784,479	\$1,139,313	\$50,733	\$32,488	\$261,821

EXHIBIT

XVI

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report Valid Zip Codes With Residential Exposure  
2022 Residential Masonry Base Premium (2% Deductible) Comparison  
Prior to Application of Premium Credits/Surcharges

**% Change in Rates**

**Maximum Decrease                      -4.45%**  
**Maximum Increase                    42.87%**

Threshold From      To	Count of ZIP Codes	Percentage of Zip Codes in Group	Residential Exposure (in 000's)	Percentage of Res Exposure in Group	Residential Exposure Risk Counts (Houses)	Percentage of Risk Counts in Group
Less Than    -5%	0	0.00%	-	0.00%	-	0.00%
-5%          0%	125	13.50%	242,866,273	11.98%	434,034	10.88%
0%          5%	4	0.43%	2,670,916	0.13%	3,250	0.08%
5%          10%	772	83.37%	1,717,906,528	84.77%	3,431,328	86.04%
10%        20%	0	0.00%	-	0.00%	-	0.00%
20%        30%	17	1.84%	43,105,374	2.13%	78,148	1.96%
30%        40%	4	0.43%	11,830,544	0.58%	24,844	0.62%
Greater Than 40%	4	0.43%	8,090,111	0.40%	16,483	0.41%
	<b>926</b>	<b>100.00%</b>	<b>2,026,469,745</b>	<b>100.00%</b>	<b>3,988,087</b>	<b>100.00%</b>
<b>New ZIP Codes in 2022</b>	0	0.00%	-	0.00%	-	0.00%
	<b>926</b>	<b>100.00%</b>	<b>2,026,469,745</b>	<b>100.00%</b>	<b>3,988,087</b>	<b>100.00%</b>

**\$ Change in Rates**

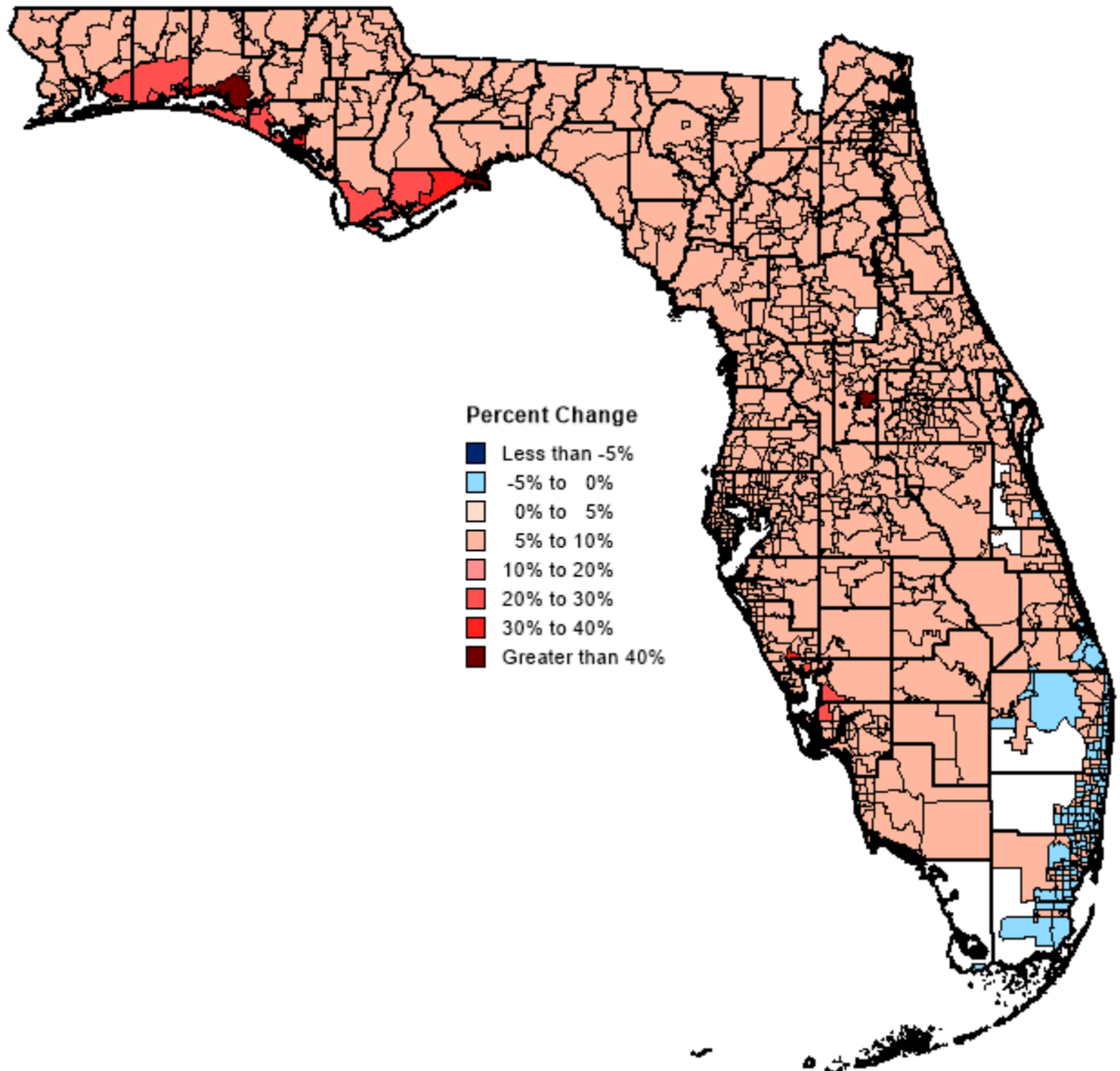
**Maximum Decrease                    (\$14.65)**  
**Maximum Increase                    \$119.80**

Premium Threshold* From      To	Count of ZIP Codes	Percentage of Zip Codes in Group	Residential Exposure (in 000's)	Percentage of Res Exposure in Group	Residential Exposure Risk Counts (Houses)	Percentage of Risk Counts in Group
-\$20        -\$10	46	4.97%	112,679,685	5.56%	228,298	5.72%
-\$10        \$0	79	8.53%	130,186,587	6.42%	205,736	5.16%
\$0          \$10	375	40.50%	782,112,793	38.59%	1,561,247	39.15%
\$10         \$20	217	23.43%	505,934,497	24.97%	1,072,879	26.90%
\$20         \$30	97	10.48%	303,169,703	14.96%	561,077	14.07%
\$30         \$40	41	4.43%	77,572,407	3.83%	145,216	3.64%
\$40         \$60	42	4.54%	77,107,776	3.81%	160,304	4.02%
\$60         \$120	29	3.13%	37,706,296	1.86%	53,330	1.34%
	<b>926</b>	<b>100.00%</b>	<b>2,026,469,745</b>	<b>100.00%</b>	<b>3,988,087</b>	<b>100.00%</b>
<b>New ZIP Codes in 2022</b>	0	0.00%	-	0.00%	-	0.00%
	<b>926</b>	<b>100.00%</b>	<b>2,026,469,745</b>	<b>100.00%</b>	<b>3,988,087</b>	<b>100.00%</b>

**\*Exposure Assumptions**

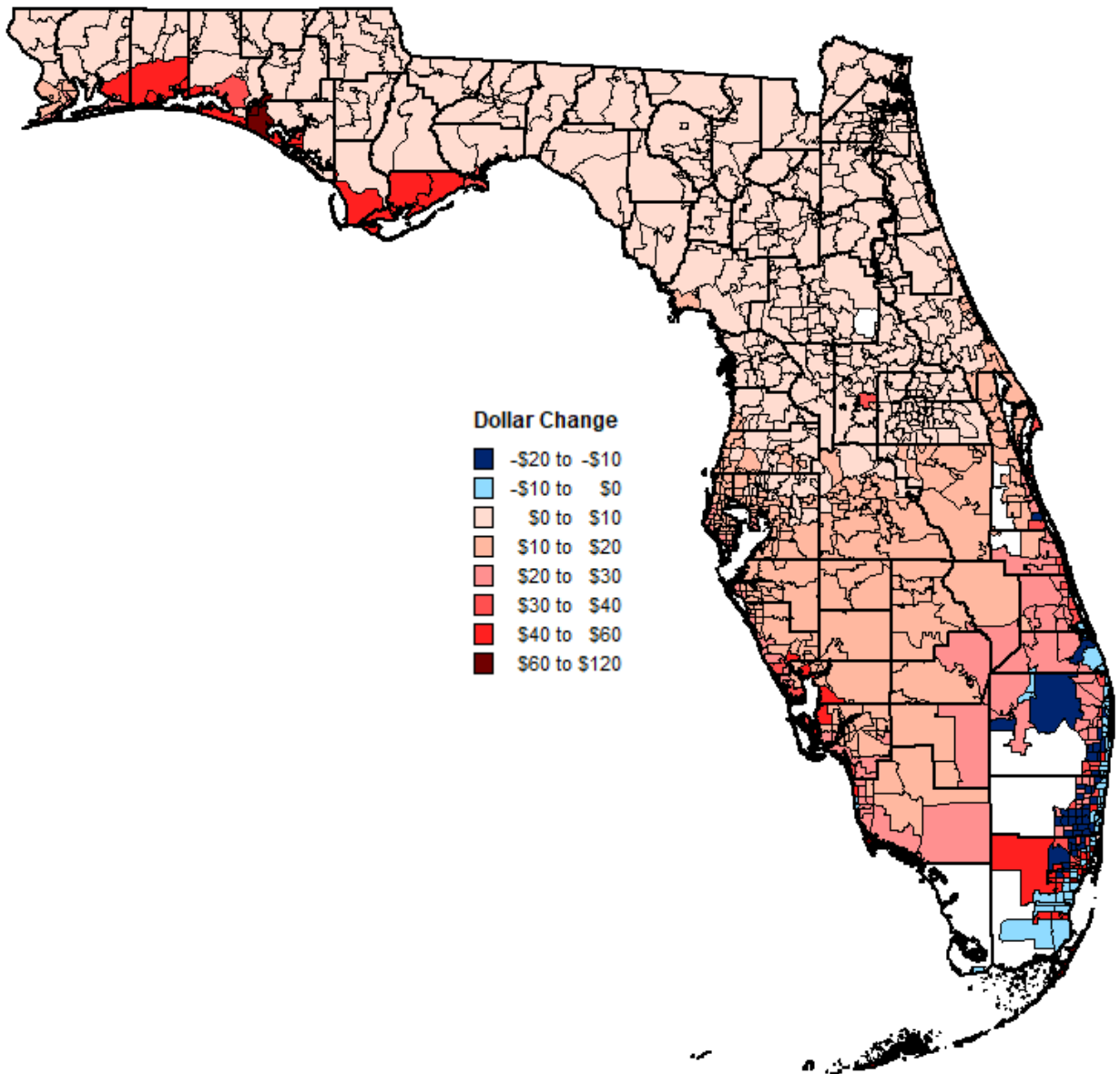
Coverages:        \$     299    Building Value  
(in thousands)    \$     30    Appurtenant Structures  
                          \$     149    Contents  
                          \$     30    Additional Living Expense  
                          \$     508    FHCF Exposure

**Florida Hurricane Catastrophe Fund**  
**Proposed 2022 Percentage Rate Change by 5-Digit ZIP Code**  
**Entire State**





**Florida Hurricane Catastrophe Fund**  
**Proposed 2022 Dollar Rate Change by 5-Digit ZIP Code**  
**Entire State**



EXHIBIT

XVII

**Florida Hurricane Catastrophe Fund**  
**2022 Ratemaking Premium Formula Report**  
**Exhibit XVII - Risk Transfer Options Formula**

The rates presented in this report do not include a loading for the cost of risk transfer. Should the FHCF enter into a different risk transfer arrangement, the impact of the cost shall be determined, and the 2022-2023 FHCF premium rates and factors would be accordingly adjusted, by using the formula specified in this Exhibit.

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

To adjust the FHCF premium/rates to account for the impact of a future risk transfer arrangement, if any, the rates presented in this 2022 Ratemaking Formula Report would be adjusted by a Risk Transfer Adjustment Factor (RTAF):

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

The details of the formula calculation are provided below.

**Definitions**

1. Amended FHCF Rate: Original FHCF Rate x RTAF
2. Amended FHCF Rate Change: FHCF Current Rate Change x RTAF
3. Amended FHCF Projected Payout Multiple: FHCF Current Projected Payout Multiple/RTAF
4. Amended FHCF Retention Multiple: FHCF Current Retention Multiple/RTAF
5. AP = Amended FHCF Premium: OP x RTAF
6. CBF: Cash Build-up Factor [25% for the 2022 Contract Year]
7. ELC: Expected Loss Credit
8. NRCP: Net Risk Transfer Cost Premium =  $(\text{RTC} - (\text{ELC} \times (1 + \text{CBF})))$
9. OP = Original FHCF Premium: \$1,368,744,897 for the 2022 Contract Year [Exh. II, line 73]
10. ONRCP: = Original Net Risk Transfer Cost Premium = Reinsurance [Exh. II, line 45a] – (ceded loss and lae [Exh. II, line 21] x  $(1 + \text{CBF})$ ) =  $\$0 - (\$0 \times 1.25) = \$0$
11. RTAF =  $(\text{OP} - \text{ONRCP} + \text{NRCP}) / \text{OP}$
12. RTC: Risk Transfer Costs

### **Calculation of the Expected Loss Credit (ELC)**

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

1. LA: Layer Attachment
2. LE: Layer Exhaustion
3. P(LA): probability of exceedance for Layer Attachment
4. P(LE): probability of exceedance for Layer Exhaustion
5. TUP: True Up Factor = FHCF Losses Prior to special adjustments and expenses (Exh. II, Line 19) / Exh. XVII total expected losses (no LAE, Adj.) =  $\$1,055,245,661 / \$976,063,269 = 1.0811242411$

### **Example of RTAF Calculation**

Risk Transfer of \$500 million excess of \$10.5 billion purchased for 10% Rate on Line (\$50 million)

- $RTC = 50,000,000$
- Layer Attachment: \$10,500,000,000,  $P(LA) = 4.07800\%$
- Layer Exhaustion: \$11,000,000,000,  $P(LE) = 3.82925\%$
- $ELC = ((0.0407800 + 0.0382925)/2) \times (\$11,000,000,000 - \$10,500,000,000) \times 1.0811242411 = \$21,371,799$
- $NRCP = \$50,000,000 - (\$21,371,799 \times 1.25) = \$23,285,251$

$$RTAF = (\$1,368,744,897 - \$0 + \$23,285,251) / \$1,368,744,897 = 1.01701212$$

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
Expected Loss and Premium by Layer  
Based on Avg. (AIR, RMS) 2021 Trended Zip Code Loss Data and 2022 Per Company Estimated Limits and Retentions

Aggregate FHCF Loss Level	Return Time	Prob(Exceed)	Expected Loss Company Ret, Lim	Adjust to Total Gross Loss and LAE (Expected Loss Credits)
0	3.4	29.06675%	2,535,187	2,740,853
10,000,000	4.6	21.63700%	17,967,712	19,425,330
100,000,000	5.5	18.29125%	26,037,000	28,149,232
250,000,000	6.1	16.42475%	38,891,875	42,046,949
500,000,000	6.8	14.68875%	68,426,875	73,977,953
1,000,000,000	7.9	12.68200%	114,127,500	123,386,007
2,000,000,000	9.9	10.14350%	94,177,500	101,817,578
3,000,000,000	11.5	8.69200%	81,835,000	88,473,802
4,000,000,000	13.0	7.67500%	72,972,500	78,892,339
5,000,000,000	14.5	6.91950%	66,165,000	71,532,585
6,000,000,000	15.8	6.31350%	60,652,500	65,572,888
7,000,000,000	17.2	5.81700%	55,617,500	60,129,428
8,000,000,000	18.8	5.30650%	50,845,000	54,969,762
9,000,000,000	20.6	4.86250%	45,846,250	49,565,492
10,000,000,000	23.2	4.30675%	20,961,875	22,662,391
10,500,000,000	24.5	4.07800%	19,768,125	21,371,799
11,000,000,000	26.1	3.82925%	18,554,375	20,059,585
11,500,000,000	27.8	3.59250%	17,396,250	18,807,508
12,000,000,000	29.7	3.36600%	16,311,250	17,634,488
12,500,000,000	31.7	3.15850%	15,181,250	16,412,817
13,000,000,000	34.3	2.91400%	13,887,500	15,014,113
13,500,000,000	37.9	2.64100%	12,621,875	13,645,815
14,000,000,000	41.5	2.40775%	11,403,125	12,328,195
14,500,000,000	46.4	2.15350%	10,191,875	11,018,683
15,000,000,000	52.0	1.92325%	8,883,750	9,604,437
15,500,000,000	61.3	1.63025%	3,819,375	4,129,219
15,750,000,000	70.2	1.42525%	3,374,375	3,648,119
16,000,000,000	78.5	1.27425%	2,940,938	3,179,519
16,250,000,000	92.7	1.07850%	4,669,079	5,047,854
16,999,000,000	594.4	0.16825%	853	922
17,000,000,000	44,444.4	0.00225%		
Total			976,063,269	1,055,245,661
True Up Factor				1.0811242411
Average AIR,RMS detail modeled expected losses			974,992,286	

Paragon Strategic Solutions Inc.

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
Risk Transfer Estimated Cost and Rate Impact  
Based on Avg. (AIR, RMS) 2021 Trended Zip Code Loss Data and 2022 Per Company Estimated Limits and Retentions

Aggregate											
Reinsurance Attachment	\$10,500,000,000		Limit	\$17,000,000,000		Projected Payout Multiple	12.4201				
FHCF Premium with Cash Build Up	\$1,368,744,897		Retention	\$8,513,000,000		Retention Multiple 100%	5.3476				
Cash Build Up Factor	25%		Coverage %	85.981%		Retention Multiple 90%	5.9418				
						Retention Multiple 75%	7.1302				
Rate Change	5.64%		2022 Model Net Rein	\$0		Retention Multiple 45%	11.8837				
Risk Transfer Premiums Gross											
Limit		Expected Loss Credit	Risk Transfer Rate on Line								
			8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%
\$500,000,000	\$21,371,799	\$40,000,000	\$42,500,000	\$45,000,000	\$47,500,000	\$50,000,000	\$52,500,000	\$55,000,000	\$57,500,000	\$60,000,000	
\$1,000,000,000	\$41,431,384	\$80,000,000	\$85,000,000	\$90,000,000	\$95,000,000	\$100,000,000	\$105,000,000	\$110,000,000	\$115,000,000	\$120,000,000	
\$1,500,000,000	\$60,238,891	\$120,000,000	\$127,500,000	\$135,000,000	\$142,500,000	\$150,000,000	\$157,500,000	\$165,000,000	\$172,500,000	\$180,000,000	
\$2,000,000,000	\$77,873,379	\$160,000,000	\$170,000,000	\$180,000,000	\$190,000,000	\$200,000,000	\$210,000,000	\$220,000,000	\$230,000,000	\$240,000,000	
Risk Transfer Dollar Impact on Premiums											
Limit		Expected Loss Credit	Net Risk Transfer Cost Premium								
			8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%
\$500,000,000	\$21,371,799	\$13,285,251	\$15,785,251	\$18,285,251	\$20,785,251	\$23,285,251	\$25,785,251	\$28,285,251	\$30,785,251	\$33,285,251	
\$1,000,000,000	\$41,431,384	\$28,210,770	\$33,210,770	\$38,210,770	\$43,210,770	\$48,210,770	\$53,210,770	\$58,210,770	\$63,210,770	\$68,210,770	
\$1,500,000,000	\$60,238,891	\$44,701,386	\$52,201,386	\$59,701,386	\$67,201,386	\$74,701,386	\$82,201,386	\$89,701,386	\$97,201,386	\$104,701,386	
\$2,000,000,000	\$77,873,379	\$62,658,276	\$72,658,276	\$82,658,276	\$92,658,276	\$102,658,276	\$112,658,276	\$122,658,276	\$132,658,276	\$142,658,276	
Risk Transfer % Impact on Rates											
Limit		Expected Loss Credit	FHCF Rate Impact								
			8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%
\$500,000,000	\$21,371,799	1.0%	1.2%	1.3%	1.5%	1.7%	1.9%	2.1%	2.2%	2.4%	
\$1,000,000,000	\$41,431,384	2.1%	2.4%	2.8%	3.2%	3.5%	3.9%	4.3%	4.6%	5.0%	
\$1,500,000,000	\$60,238,891	3.3%	3.8%	4.4%	4.9%	5.5%	6.0%	6.6%	7.1%	7.6%	
\$2,000,000,000	\$77,873,379	4.6%	5.3%	6.0%	6.8%	7.5%	8.2%	9.0%	9.7%	10.4%	
Risk Transfer: Revised Rate Change											
Limit		Expected Loss Credit	FHCF Revised Rate Change								
			8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%
\$500,000,000	\$21,371,799	6.67%	6.86%	7.05%	7.24%	7.44%	7.63%	7.82%	8.02%	8.21%	
\$1,000,000,000	\$41,431,384	7.82%	8.20%	8.59%	8.98%	9.36%	9.75%	10.13%	10.52%	10.90%	
\$1,500,000,000	\$60,238,891	9.09%	9.67%	10.25%	10.83%	11.41%	11.98%	12.56%	13.14%	13.72%	
\$2,000,000,000	\$77,873,379	10.48%	11.25%	12.02%	12.79%	13.56%	14.33%	15.11%	15.88%	16.65%	
Projected Payout Multiple											
Limit			Revised Payout Multiples								
			8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%
\$500,000,000			12.3007	12.2785	12.2564	12.2344	12.2124	12.1905	12.1687	12.1469	12.1253
\$1,000,000,000			12.1693	12.1259	12.0828	12.0400	11.9976	11.9554	11.9135	11.8719	11.8306
\$1,500,000,000			12.0273	11.9639	11.9010	11.8389	11.7774	11.7165	11.6562	11.5966	11.5376
\$2,000,000,000			11.8765	11.7941	11.7128	11.6327	11.5536	11.4756	11.3987	11.3227	11.2478
Retention Multiple 90%											
Limit			Revised Retention Multiple 90%								
			8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%
\$500,000,000			5.8847	5.8741	5.8635	5.8529	5.8424	5.8320	5.8215	5.8111	5.8008
\$1,000,000,000			5.8218	5.8011	5.7805	5.7600	5.7397	5.7195	5.6994	5.6795	5.6598
\$1,500,000,000			5.7539	5.7235	5.6935	5.6638	5.6343	5.6052	5.5764	5.5478	5.5196
\$2,000,000,000			5.6817	5.6423	5.6034	5.5651	5.5273	5.4900	5.4532	5.4168	5.3810
Retention Multiple 75%											
Limit			Revised Retention Multiple 75%								
			8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%
\$500,000,000			7.0617	7.0489	7.0362	7.0235	7.0109	6.9984	6.9858	6.9734	6.9609
\$1,000,000,000			6.9862	6.9613	6.9365	6.9120	6.8876	6.8634	6.8393	6.8154	6.7917
\$1,500,000,000			6.9047	6.8683	6.8322	6.7965	6.7612	6.7262	6.6917	6.6574	6.6235
\$2,000,000,000			6.8181	6.7708	6.7241	6.6781	6.6327	6.5880	6.5438	6.5002	6.4572
Retention Multiple 45%											
Limit			Revised Retention Multiple 45%								
			8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%
\$500,000,000			11.7694	11.7482	11.7270	11.7059	11.6849	11.6639	11.6431	11.6223	11.6015
\$1,000,000,000			11.6437	11.6021	11.5609	11.5200	11.4793	11.4390	11.3989	11.3591	11.3196
\$1,500,000,000			11.5078	11.4471	11.3870	11.3275	11.2687	11.2104	11.1528	11.0957	11.0392
\$2,000,000,000			11.3635	11.2846	11.2069	11.1302	11.0545	10.9799	10.9063	10.8337	10.7620

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
Risk Transfer Estimated Cost and Rate Impact  
Based on Avg. (AIR, RMS) 2021 Trended Zip Code Loss Data and 2022 Per Company Estimated Limits and Retentions

Aggregate											
Reinsurance Attachment	\$11,000,000,000	Limit	\$17,000,000,000	Projected Payout Multiple	12.4201						
FHCF Premium with Cash Build Up	\$1,368,744,897	Retention	\$8,513,000,000	Retention Multiple 100%	5.3476						
Cash Build Up Factor	25%	Coverage %	85.981%	Retention Multiple 90%	5.9418						
				Retention Multiple 75%	7.1302						
Rate Change	5.64%			Retention Multiple 45%	11.8837						
Risk Transfer Premiums Gross			Risk Transfer Rate on Line								
Limit	Expected Loss Credit	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	
\$500,000,000	\$20,059,585	\$40,000,000	\$42,500,000	\$45,000,000	\$47,500,000	\$50,000,000	\$52,500,000	\$55,000,000	\$57,500,000	\$60,000,000	
\$1,000,000,000	\$38,867,092	\$80,000,000	\$85,000,000	\$90,000,000	\$95,000,000	\$100,000,000	\$105,000,000	\$110,000,000	\$115,000,000	\$120,000,000	
\$1,500,000,000	\$56,501,580	\$120,000,000	\$127,500,000	\$135,000,000	\$142,500,000	\$150,000,000	\$157,500,000	\$165,000,000	\$172,500,000	\$180,000,000	
\$2,000,000,000	\$72,914,397	\$160,000,000	\$170,000,000	\$180,000,000	\$190,000,000	\$200,000,000	\$210,000,000	\$220,000,000	\$230,000,000	\$240,000,000	
Risk Transfer Dollar Impact on Premiums			Net Risk Transfer Cost Premium								
Limit	Expected Loss Credit	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	
\$500,000,000	\$20,059,585	\$14,925,519	\$17,425,519	\$19,925,519	\$22,425,519	\$24,925,519	\$27,425,519	\$29,925,519	\$32,425,519	\$34,925,519	
\$1,000,000,000	\$38,867,092	\$31,416,135	\$36,416,135	\$41,416,135	\$46,416,135	\$51,416,135	\$56,416,135	\$61,416,135	\$66,416,135	\$71,416,135	
\$1,500,000,000	\$56,501,580	\$49,373,025	\$56,873,025	\$64,373,025	\$71,873,025	\$79,373,025	\$86,873,025	\$94,373,025	\$101,873,025	\$109,373,025	
\$2,000,000,000	\$72,914,397	\$68,857,003	\$78,857,003	\$88,857,003	\$98,857,003	\$108,857,003	\$118,857,003	\$128,857,003	\$138,857,003	\$148,857,003	
Risk Transfer % Impact on Rates			FHCF Rate Impact								
Limit	Expected Loss Credit	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	
\$500,000,000	\$20,059,585	1.1%	1.3%	1.5%	1.6%	1.8%	2.0%	2.2%	2.4%	2.6%	
\$1,000,000,000	\$38,867,092	2.3%	2.7%	3.0%	3.4%	3.8%	4.1%	4.5%	4.9%	5.2%	
\$1,500,000,000	\$56,501,580	3.6%	4.2%	4.7%	5.3%	5.8%	6.3%	6.9%	7.4%	8.0%	
\$2,000,000,000	\$72,914,397	5.0%	5.8%	6.5%	7.2%	8.0%	8.7%	9.4%	10.1%	10.9%	
Risk Transfer: Revised Rate Change			FHCF Revised Rate Change								
Limit	Expected Loss Credit	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	
\$500,000,000	\$20,059,585	6.79%	6.98%	7.18%	7.37%	7.56%	7.76%	7.95%	8.14%	8.34%	
\$1,000,000,000	\$38,867,092	8.06%	8.45%	8.84%	9.22%	9.61%	9.99%	10.38%	10.77%	11.15%	
\$1,500,000,000	\$56,501,580	9.45%	10.03%	10.61%	11.19%	11.77%	12.34%	12.92%	13.50%	14.08%	
\$2,000,000,000	\$72,914,397	10.95%	11.73%	12.50%	13.27%	14.04%	14.81%	15.59%	16.36%	17.13%	
Projected Payout Multiple			Revised Payout Mutiples								
Limit		8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	
\$500,000,000		12.2862	12.2640	12.2419	12.2199	12.1980	12.1762	12.1544	12.1327	12.1111	
\$1,000,000,000		12.1415	12.0983	12.0554	12.0128	11.9705	11.9285	11.8868	11.8454	11.8042	
\$1,500,000,000		11.9877	11.9247	11.8622	11.8005	11.7394	11.6789	11.6190	11.5598	11.5011	
\$2,000,000,000		11.8252	11.7436	11.6630	11.5835	11.5051	11.4278	11.3515	11.2762	11.2019	
Retention Multiple 90%			Revised Retention Multiple 90%								
Limit		8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	
\$500,000,000		5.8777	5.8671	5.8566	5.8460	5.8356	5.8251	5.8147	5.8043	5.7940	
\$1,000,000,000		5.8085	5.7878	5.7673	5.7469	5.7267	5.7066	5.6867	5.6669	5.6472	
\$1,500,000,000		5.7350	5.7048	5.6749	5.6454	5.6161	5.5872	5.5586	5.5302	5.5022	
\$2,000,000,000		5.6572	5.6182	5.5796	5.5416	5.5041	5.4671	5.4306	5.3946	5.3590	
Retention Multiple 75%			Revised Retention Multiple 75%								
Limit		8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	
\$500,000,000		7.0533	7.0406	7.0279	7.0153	7.0027	6.9901	6.9776	6.9652	6.9528	
\$1,000,000,000		6.9702	6.9454	6.9208	6.8963	6.8720	6.8479	6.8240	6.8002	6.7766	
\$1,500,000,000		6.8820	6.8457	6.8099	6.7745	6.7394	6.7047	6.6703	6.6363	6.6026	
\$2,000,000,000		6.7887	6.7418	6.6955	6.6499	6.6049	6.5605	6.5167	6.4735	6.4308	
Retention Multiple 45%			Revised Retention Multiple 45%								
Limit		8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	
\$500,000,000		11.7555	11.7343	11.7131	11.6921	11.6711	11.6502	11.6294	11.6086	11.5880	
\$1,000,000,000		11.6170	11.5757	11.5346	11.4939	11.4534	11.4132	11.3733	11.3337	11.2944	
\$1,500,000,000		11.4699	11.4096	11.3499	11.2908	11.2323	11.1744	11.1171	11.0604	11.0043	
\$2,000,000,000		11.3145	11.2363	11.1592	11.0832	11.0082	10.9342	10.8612	10.7891	10.7180	

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Aggregate											
Reinsurance Attachment	\$11,500,000,000	Limit	\$17,000,000,000	Projected Payout Multiple	12.4201						
FHCF Premium with Cash Build Up	\$1,368,744,897	Retention	\$8,513,000,000	Retention Multiple 100%	5.3476						
Cash Build Up Factor	25%	Coverage %	85.981%	Retention Multiple 90%	5.9418						
				Retention Multiple 75%	7.1302						
Rate Change	5.64%			Retention Multiple 45%	11.8837						
Risk Transfer Premiums Gross		Risk Transfer Rate on Line									
Limit	Expected Loss Credit	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	
\$500,000,000	\$18,807,508	\$40,000,000	\$42,500,000	\$45,000,000	\$47,500,000	\$50,000,000	\$52,500,000	\$55,000,000	\$57,500,000	\$60,000,000	
\$1,000,000,000	\$36,441,995	\$80,000,000	\$85,000,000	\$90,000,000	\$95,000,000	\$100,000,000	\$105,000,000	\$110,000,000	\$115,000,000	\$120,000,000	
\$1,500,000,000	\$52,854,813	\$120,000,000	\$127,500,000	\$135,000,000	\$142,500,000	\$150,000,000	\$157,500,000	\$165,000,000	\$172,500,000	\$180,000,000	
\$2,000,000,000	\$67,868,926	\$160,000,000	\$170,000,000	\$180,000,000	\$190,000,000	\$200,000,000	\$210,000,000	\$220,000,000	\$230,000,000	\$240,000,000	
Risk Transfer Dollar Impact on Premiums		Net Risk Transfer Cost Premium									
Limit	Expected Loss Credit	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	
\$500,000,000	\$18,807,508	\$16,490,616	\$18,990,616	\$21,490,616	\$23,990,616	\$26,490,616	\$28,990,616	\$31,490,616	\$33,990,616	\$36,490,616	
\$1,000,000,000	\$36,441,995	\$34,447,506	\$39,447,506	\$44,447,506	\$49,447,506	\$54,447,506	\$59,447,506	\$64,447,506	\$69,447,506	\$74,447,506	
\$1,500,000,000	\$52,854,813	\$53,931,484	\$61,431,484	\$68,931,484	\$76,431,484	\$83,931,484	\$91,431,484	\$98,931,484	\$106,431,484	\$113,931,484	
\$2,000,000,000	\$67,868,926	\$75,163,843	\$85,163,843	\$95,163,843	\$105,163,843	\$115,163,843	\$125,163,843	\$135,163,843	\$145,163,843	\$155,163,843	
Risk Transfer % Impact on Rates		FHCF Rate Impact									
Limit	Expected Loss Credit	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	
\$500,000,000	\$18,807,508	1.2%	1.4%	1.6%	1.8%	1.9%	2.1%	2.3%	2.5%	2.7%	
\$1,000,000,000	\$36,441,995	2.5%	2.9%	3.2%	3.6%	4.0%	4.3%	4.7%	5.1%	5.4%	
\$1,500,000,000	\$52,854,813	3.9%	4.5%	5.0%	5.6%	6.1%	6.7%	7.2%	7.8%	8.3%	
\$2,000,000,000	\$67,868,926	5.5%	6.2%	7.0%	7.7%	8.4%	9.1%	9.9%	10.6%	11.3%	
Risk Transfer: Revised Rate Change		FHCF Revised Rate Change									
Limit	Expected Loss Credit	8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	
\$500,000,000	\$18,807,508	6.91%	7.11%	7.30%	7.49%	7.68%	7.88%	8.07%	8.26%	8.46%	
\$1,000,000,000	\$36,441,995	8.30%	8.68%	9.07%	9.46%	9.84%	10.23%	10.61%	11.00%	11.39%	
\$1,500,000,000	\$52,854,813	9.80%	10.38%	10.96%	11.54%	12.12%	12.70%	13.28%	13.85%	14.43%	
\$2,000,000,000	\$67,868,926	11.44%	12.21%	12.98%	13.76%	14.53%	15.30%	16.07%	16.84%	17.62%	
Projected Payout Multiple		Revised Payout Mutiples									
Limit		8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	
\$500,000,000		12.2723	12.2502	12.2281	12.2062	12.1843	12.1625	12.1408	12.1192	12.0976	
\$1,000,000,000		12.1152	12.0722	12.0295	11.9871	11.9450	11.9032	11.8616	11.8204	11.7794	
\$1,500,000,000		11.9493	11.8866	11.8246	11.7633	11.7025	11.6424	11.5829	11.5240	11.4658	
\$2,000,000,000		11.7736	11.6926	11.6127	11.5340	11.4562	11.3795	11.3039	11.2292	11.1555	
Retention Multiple 90%		Revised Retention Multiple 90%									
Limit		8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	
\$500,000,000		5.8711	5.8605	5.8500	5.8395	5.8290	5.8186	5.8082	5.7978	5.7875	
\$1,000,000,000		5.7960	5.7754	5.7549	5.7347	5.7145	5.6945	5.6746	5.6549	5.6353	
\$1,500,000,000		5.7166	5.6866	5.6569	5.6276	5.5985	5.5698	5.5413	5.5131	5.4852	
\$2,000,000,000		5.6325	5.5938	5.5556	5.5179	5.4807	5.4440	5.4078	5.3721	5.3368	
Retention Multiple 75%		Revised Retention Multiple 75%									
Limit		8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	
\$500,000,000		7.0453	7.0326	7.0200	7.0074	6.9948	6.9823	6.9698	6.9574	6.9450	
\$1,000,000,000		6.9552	6.9305	6.9059	6.8816	6.8574	6.8334	6.8096	6.7859	6.7624	
\$1,500,000,000		6.8599	6.8239	6.7883	6.7531	6.7182	6.6837	6.6496	6.6158	6.5823	
\$2,000,000,000		6.7590	6.7125	6.6667	6.6215	6.5768	6.5328	6.4894	6.4465	6.4042	
Retention Multiple 45%		Revised Retention Multiple 45%									
Limit		8.00%	8.50%	9.00%	9.50%	10.00%	10.50%	11.00%	11.50%	12.00%	
\$500,000,000		11.7422	11.7210	11.7000	11.6790	11.6580	11.6372	11.6164	11.5957	11.5751	
\$1,000,000,000		11.5919	11.5508	11.5099	11.4693	11.4290	11.3890	11.3493	11.3098	11.2706	
\$1,500,000,000		11.4332	11.3732	11.3139	11.2552	11.1971	11.1395	11.0826	11.0263	10.9705	
\$2,000,000,000		11.2650	11.1876	11.1111	11.0358	10.9614	10.8880	10.8156	10.7442	10.6737	



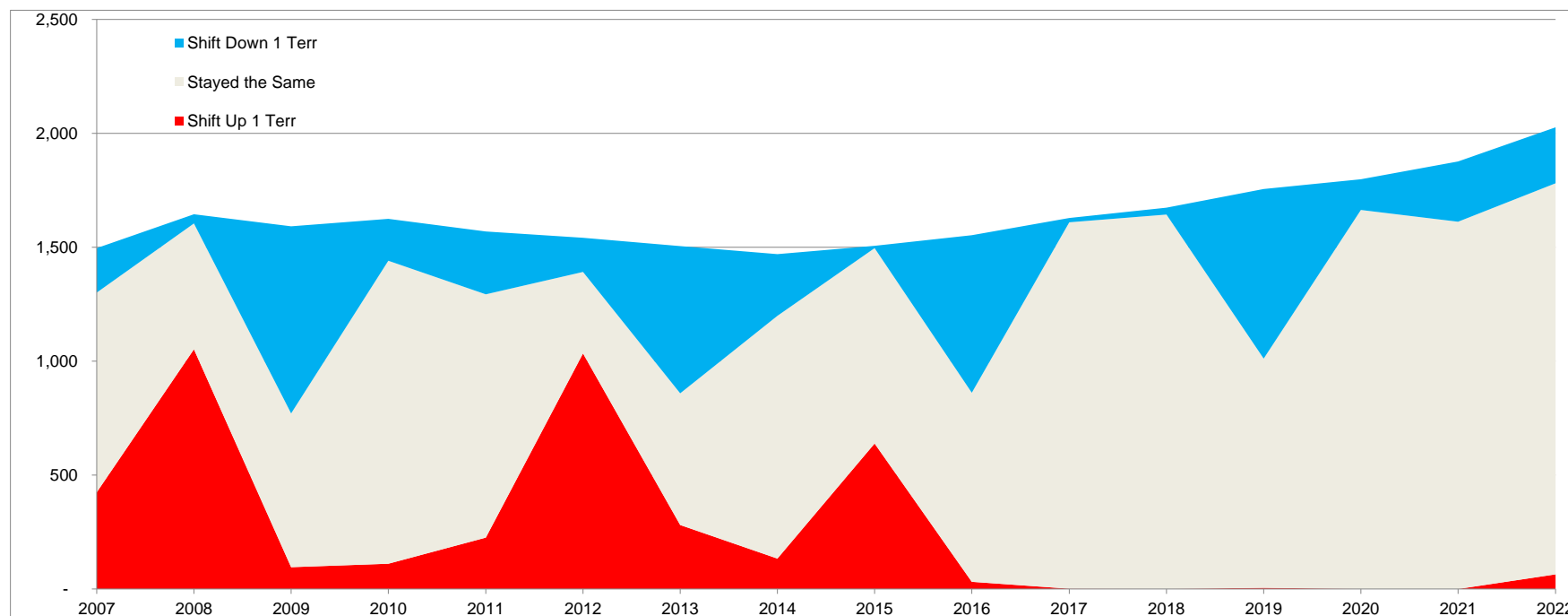
EXHIBIT

XVIII

Florida Hurricane Catastrophe Fund  
2022 Ratemaking Formula Report  
Summary of Changes in ZIP Codes 2007 to 2022

The table below outlines how the ZIP Codes, after tempering, have moved relative to the prior year's territory allocations. Columns in yellow highlight years when large numbers of ZIP Code changes were reversed in the following year. 2017 and 2018 indicated shifts were not implemented, except if the indication was for a change of two or more territories. 2019-2022 indicated shifts were implemented if the one year indication was for a change of two or more territories or the three-year average indication was one or more territories. The table and chart below outline how the Modeled Residential exposure in billions of dollars, after tempering, has moved relative to the prior year's territory allocations.

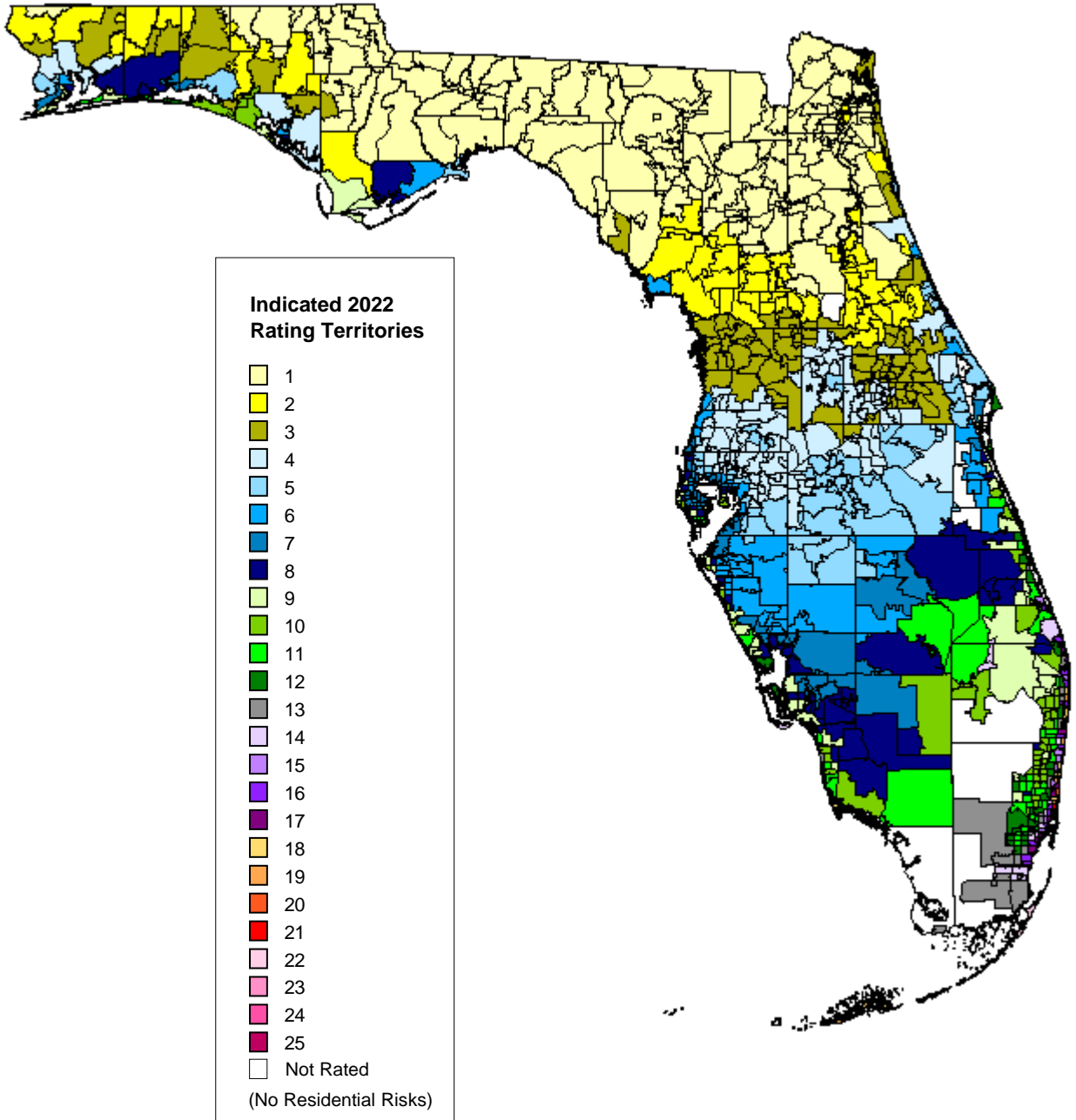
	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure	Residential Exposure
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Shift Up 1 Terr	424	1,052	95	111	225	1,034	280	133	638	30	0	-	4	-	-	63
Stayed the Same	877	552	675	1,329	1,068	358	578	1,065	858	830	1,609	1,643	1,007	1,664	1,612	1,718
Shift Down 1 Terr	194	40	821	184	275	149	647	271	9	692	18	31	745	135	264	246
Grand Total	1,495	1,644	1,592	1,624	1,569	1,541	1,505	1,469	1,505	1,552	1,628	1,674	1,756	1,799	1,876	2,026



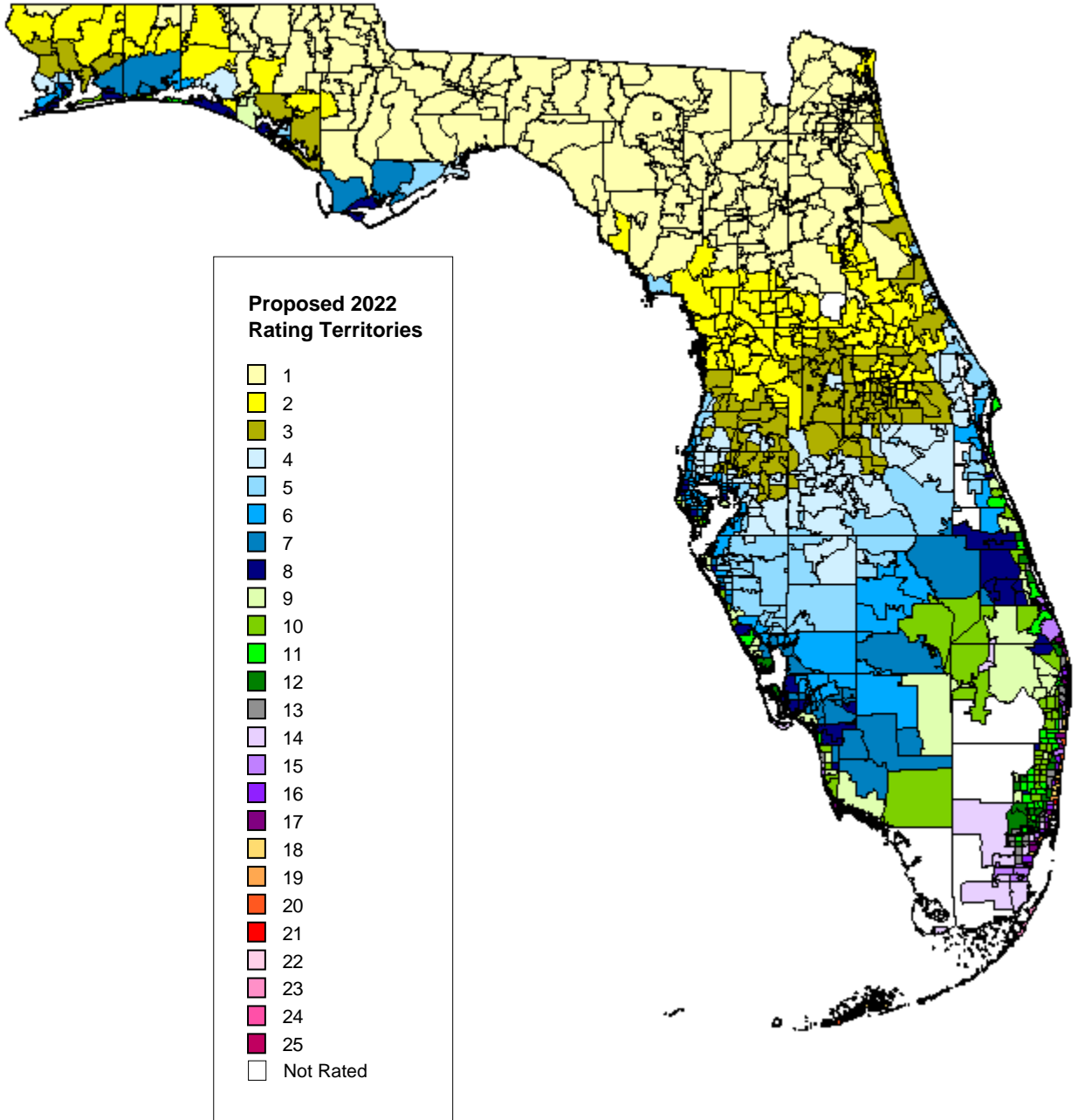
EXHIBIT

XIX

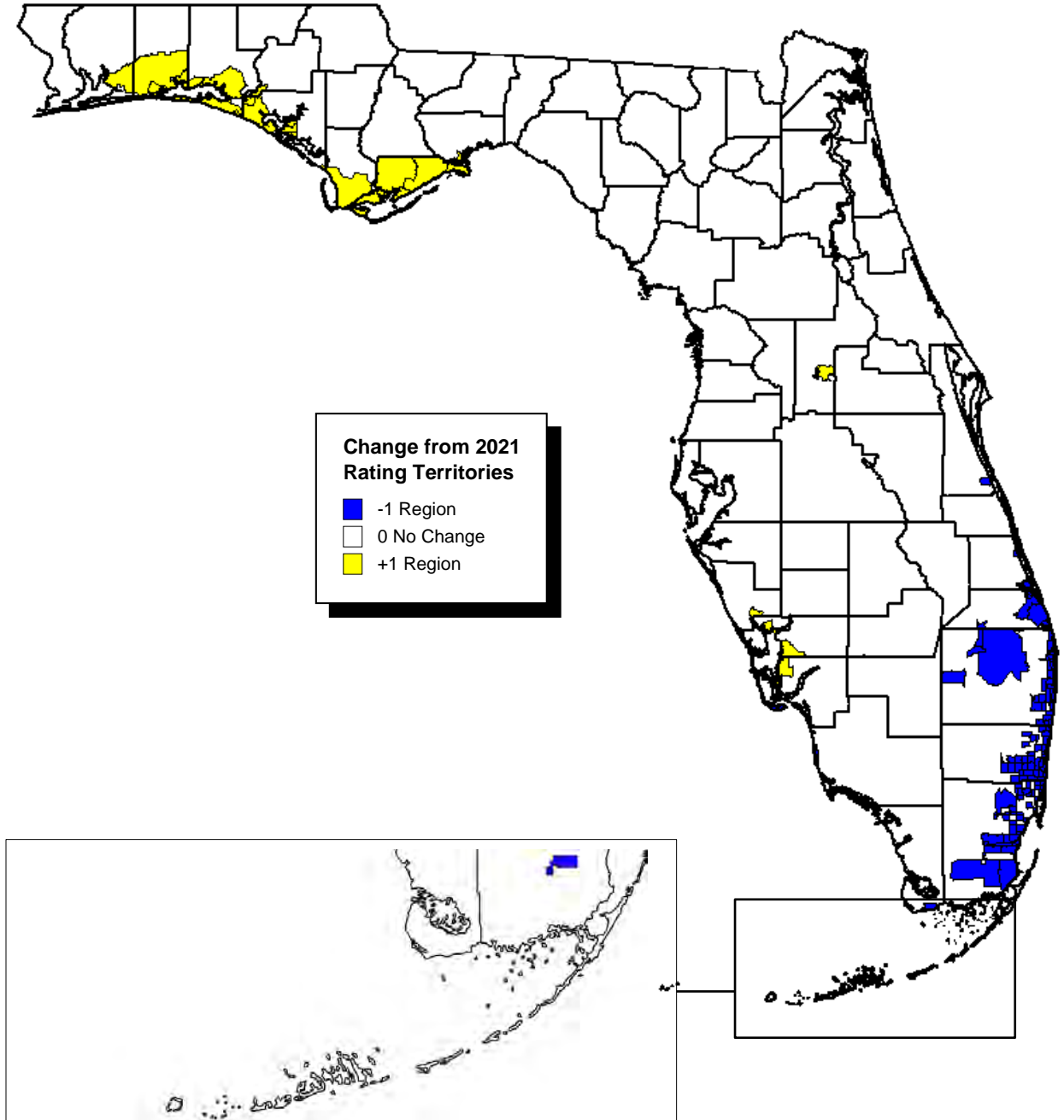
**Florida Hurricane Catastrophe Fund**  
**Indicated 2022 Rating Territories by 5-Digit ZIP Code**  
**Entire State**



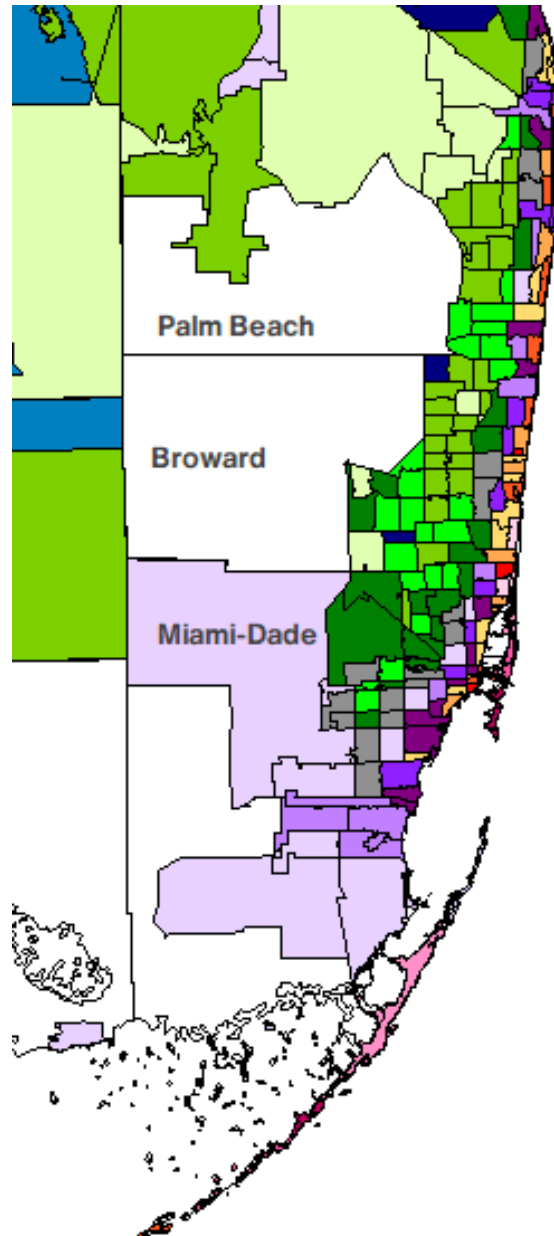
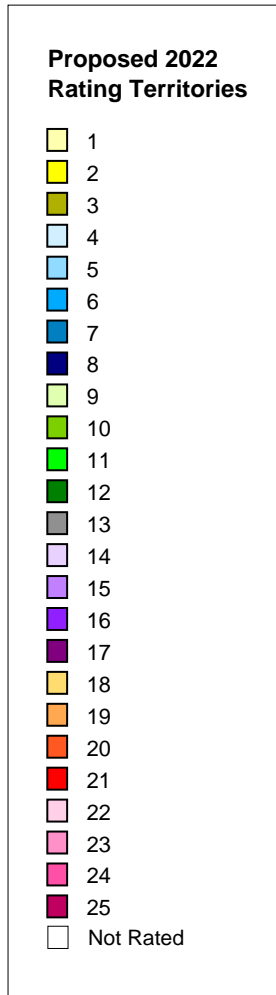
**Florida Hurricane Catastrophe Fund**  
**Proposed 2022 Rating Territories by 5-Digit ZIP Code**  
**Entire State**



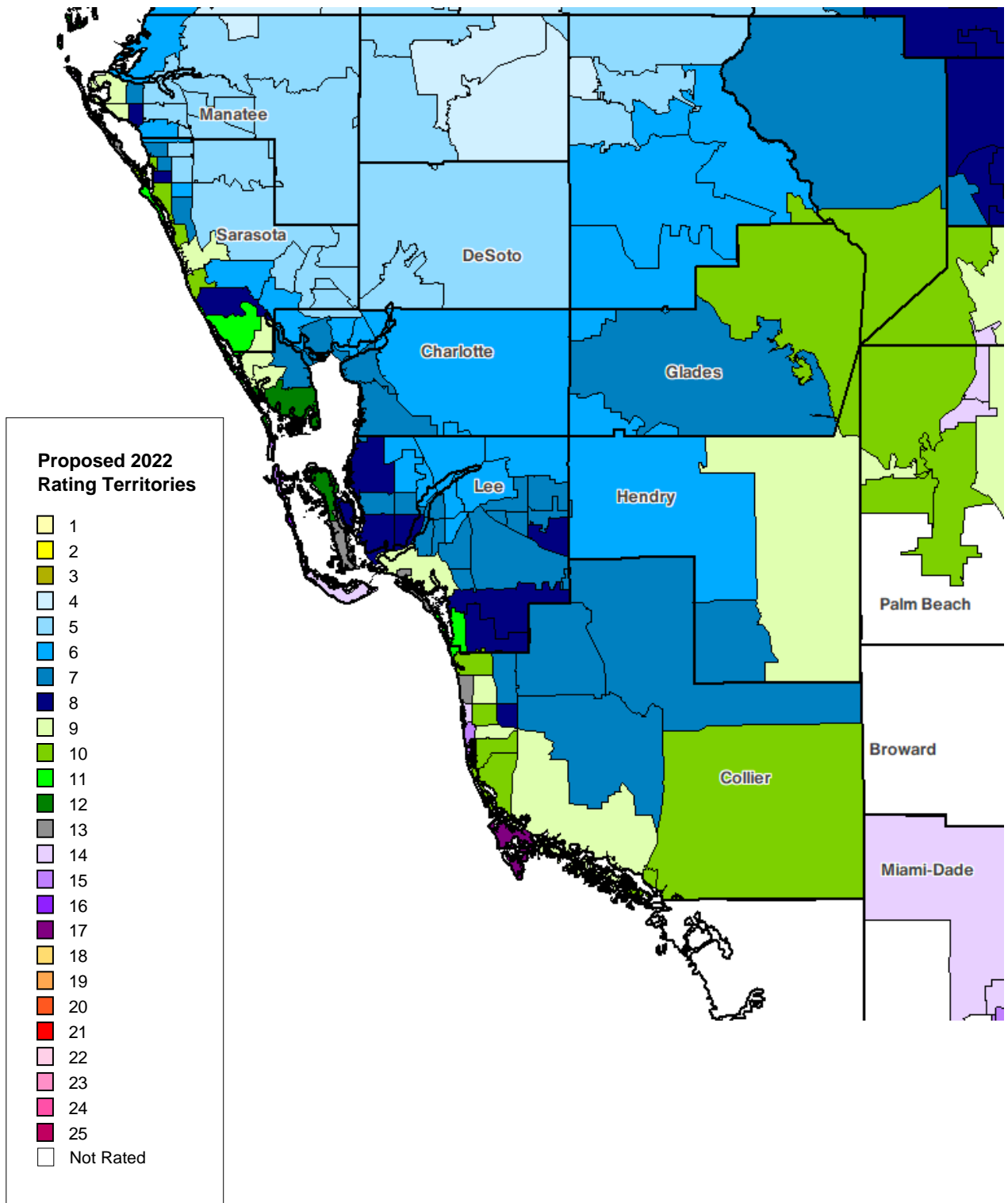
**Florida Hurricane Catastrophe Fund**  
**Proposed 2022 Rating Territories by 5-Digit ZIP Code**  
**Entire State - Change From 2021 Territories**



**Florida Hurricane Catastrophe Fund**  
**Proposed 2022 Rating Territories by 5-Digit ZIP Code**  
**Miami and Surrounding Areas**

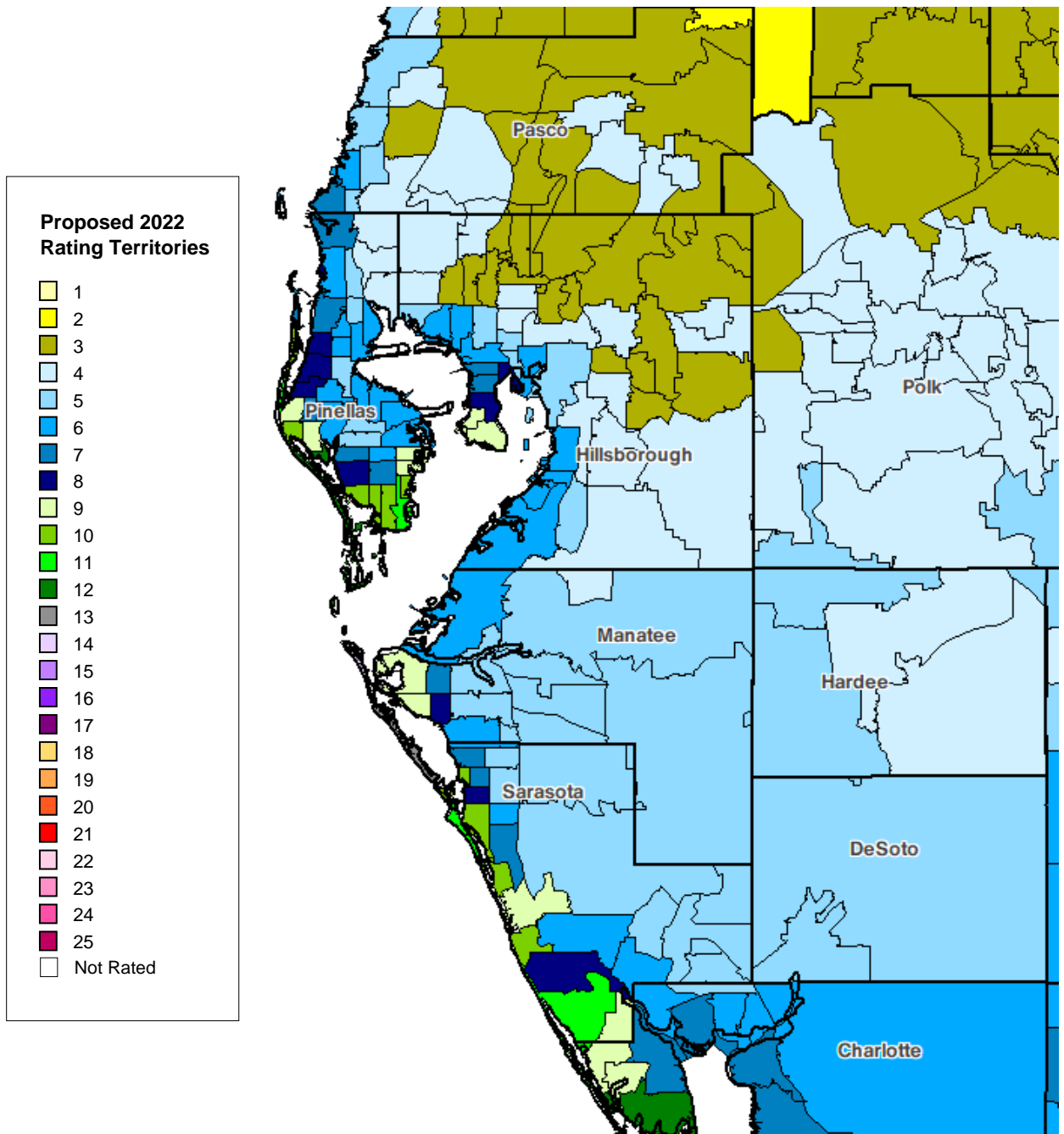


**Florida Hurricane Catastrophe Fund**  
**Proposed 2022 Rating Territories by 5-Digit ZIP Code**  
**Fort Myers and Surrounding Areas**

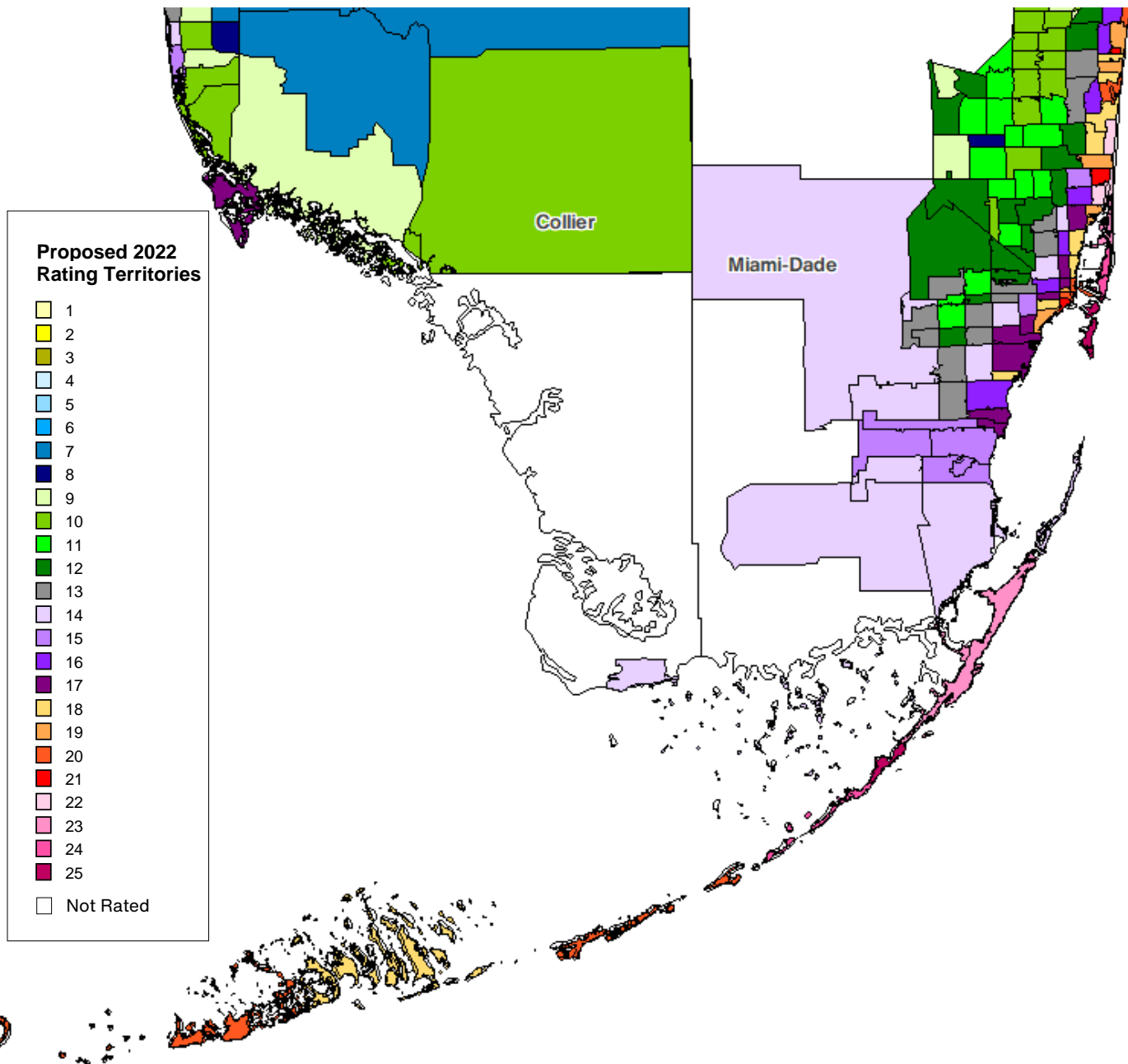




**Florida Hurricane Catastrophe Fund**  
**Proposed 2022 Rating Territories by 5-Digit ZIP Code**  
**Tampa/Saint Petersburg and Surrounding Areas**



**Florida Hurricane Catastrophe Fund**  
**Proposed 2022 Rating Territories by 5-Digit ZIP Code**  
**Florida Keys**



# Memo

To: Lamar Taylor, Interim Executive Director & Chief Investment Officer  
From: Gina Wilson, Chief Operating Officer, FHCF  
Date: June 13, 2022  
Re: SBA Trustees Agenda Item - The FHCF's 2022-2023 Reimbursement Premium Formula

---

There are two Florida Hurricane Catastrophe Fund (FHCF) agenda items for the upcoming SBA Trustees meeting related to the FHCF reimbursement premium formula. These items are as follows:

- Vote to approve the Contract Year 2022-2023 FHCF Reimbursement Premium Formula (unanimous vote of the Trustees required).
- Vote to file a Notice of Proposed Rule (Rule 19-8.028, Florida Administrative Code, 2022 Reimbursement Premium Formula) and to file for adoption if no hearing is timely requested or if a hearing is requested but no Notice of Change is needed.

## Statutory Requirements

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

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

## The Reimbursement Premium Formula Development Process

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

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

- By September 1 of each year, insurers report their exposure data as of June 30 to the FHCF.
- The exposure data is trended (i.e., adjusted for such factors as exposure growth and changes in construction costs) and given to hurricane modelers to estimate losses.
  - By law, the FHCF must use hurricane models found acceptable by the Florida Commission on Hurricane Loss Projection Methodology (the Commission) “to the extent feasible.” The five models used have been found acceptable by the Commission.
  - Five models are used to determine the “average annual hurricane loss.” The results from the five models are weighted such that the models with the highest and lowest results count for 5% each, the next-highest and next-lowest count for 20% each, and the model with results in the middle counts for 50%. By limiting the impact of the outliers, this weighting scheme tends to create stability over time. Also, three models are equally weighted and used for allocating loss results by various rating factors.
- Next, the actuary calculates the projected aggregate deductible (known as “retention”) for participating insurers. (The statute requires the retention to be adjusted annually to reflect exposure growth since 2004.) The Contract Year 2022-2023 reimbursement premium formula uses a projected industry retention of \$8.513 billion. The projected retention and coverage percentages are then applied to determine loss costs.
- Adjustments are then made to reflect other costs, including FHCF operating costs, pre-event note expenses and loss adjustment expense (the statute provides for a loss adjustment expense allowance of 10% of reimbursed losses).
- Rates are then allocated by type of business, territory, construction type, and deductible, and then further adjusted to reflect mitigation classifications (year built, structure opening protection, and roof shape).
- Finally, the statutory cash buildup factor of 25% is applied and provision is made for potential risk-transfer arrangements, if needed.

### Contract Year 2022-2023 Recommended Reimbursement Premium Formula

	2022 Contract Year Modeled	2021 Contract Year Actual
<b>FHCF Coverage</b>		
Industry Retention	\$8.513 billion	\$8.201 billion
Limit	\$17.0 billion	\$17.0 billion
Average Coverage	85.981%	85.777%
 FHCF Premium Revenue	 \$1.369 billion	 \$1.219 billion
 Rate Change	 5.39%	 -4.99%
Coverage Selection Change	0.24%	-0.19%
Exposure Change	6.27%	6.51%
Premium Change	12.26%	1.01%
<b>Overall Average Rate Change</b>	<b>5.64%</b>	<b>-5.17%</b>
 Projected Exposure Base	 \$2.828 trillion	 \$2.661 trillion

The FHCF coverage limit is \$17 billion excess of \$8.513 billion. The \$8.513 billion retention is \$4.5 billion adjusted for an 89.2% growth in exposure from 2004 to 2020. The FHCF limit is \$17 billion until there is sufficient estimated claims-paying capacity to fund \$17 billion of loss in the subsequent contract year. Since the \$17 billion subsequent season capacity is not available, the limit remains at \$17 billion.

The FHCF trended exposure projections are used to estimate the amount of exposure and risk counts that will be reported by companies as of June 30 for Contract Year 2022-2023.

- The projected exposure base of \$2.828 billion for 2022 is \$167 billion or 6.27% higher than the 2021 actual exposure of \$2.661 billion.
- The current methodology for allocating the trended exposure recognizes that most of the increase in exposure will be due to new construction.
- For comparison purposes, trended exposure for 2021 was projected to increase 4.92%; however, the actual increase was 6.51%.
- Exposure growth affects overall premium by type of business but not rates.

Trended exposures are given to the modelers to estimate the average annual loss. Modeled loss costs increased 4.8% overall, which is primarily a result of model changes, exposure growth and new constructions.

- Gross losses increased \$600 million or 17.8% from \$3.379 billion in 2021 to \$3.979 billion in 2022 and FHCF layer losses increased \$118 million or 13.2% from \$893 million to \$1.011 billion.
- Models used in ratemaking for this year were based on the 2019 standards set by the Commission. Under these new standards, models recognize losses from Hurricanes Irma and Michael, whereas models used in last year's ratemaking were based on the 2017 standards that were developed before these events occurred.
- The change in modeled loss costs affects overall premium and rates.

The premium revenues are projected to increase 12.26% from \$1.219 billion to \$1.369 billion primarily due to:

- An average increase of 5.64 in FHCF rates%.
- An increase of 6.27% in the projected exposure.

There was only a slight change in coverage levels selected by participating companies for the current year. The average coverage selection increased 0.24% from 85.981% to 85.777%.

The overall impact to FHCF rates is an average increase of 5.64% after adjusting for insurer coverage selection changes. Without adjusting for coverage selection changes, the premium formula reflects a rate increase of 5.39%. The primary factors driving the average rate change are:

- The modeled loss costs increased 4.8% due to model changes under the 2019 standards and due to mix change in rating factors and layer changes (e.g., increase in retention).
- Pre-event note expenses increased 0.8% from \$21.5 million to \$30.1 million, which is primarily a result of increased carry costs caused by projected lower investment returns.
- The formula presented assumes no reinsurance will be purchased or pre-event bonds issued in 2022.

In general, the impact of an increase in rates will vary by policyholder. Premiums paid by insurers to the FHCF represent approximately 7.2% or \$209 of the average residential homeowners' premium of approximately \$2,886. Therefore, the increase in FHCF rates by 5.64% could potentially translate to an average increase of 0.0564% or \$11.79 for personal residential homeowners' premiums.

It is also important to consider that the impact of a rate increase can vary by type of business (i.e., type of policy) as shown below:

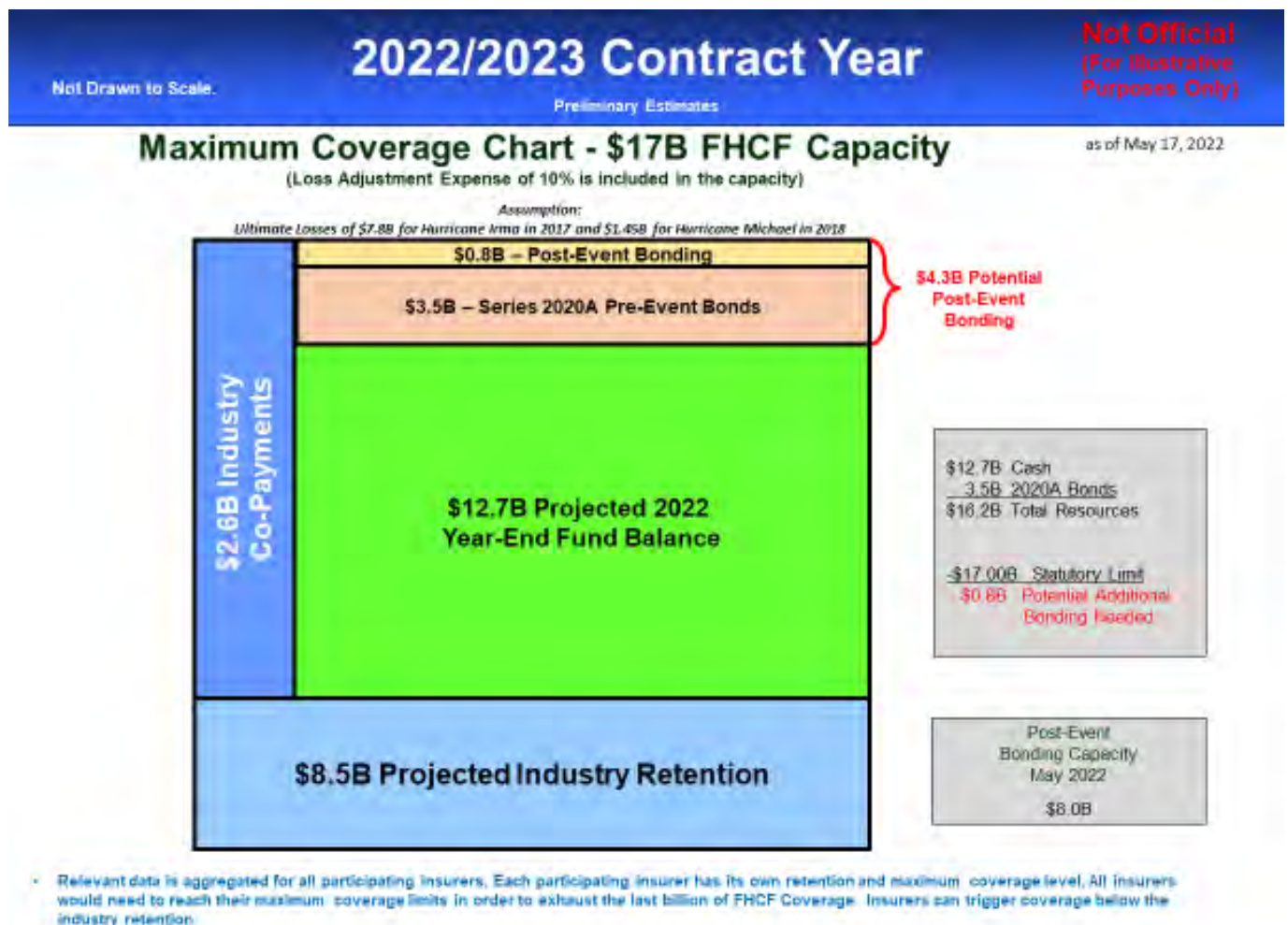
Exh. 2 Sources	A Line 48	B Line 51	C Line 55	D Line 1.1	E Line 58
Calculations			$((1+A)/(1+B))-1$		$((1+C)/(1+D))-1$
Type of Business	Premium Change	Exposure Change	Overall Avg. Rate Change	Company Selected Coverage Change	Avg. Rate Change Unadjusted For Coverage Change
Residential	12.74%	6.50%	5.86%	0.31%	5.53%
Tenants	14.59%	6.50%	7.60%	0.08%	7.51%
Condos	14.66%	6.50%	7.66%	0.24%	7.40%
Mobile Home	12.75%	3.50%	8.94%	-0.85%	9.88%
Commercial	5.59%	3.00%	2.51%	0.00%	2.51%
<b>Total</b>	<b>12.26%</b>	<b>6.27%</b>	<b>5.64%</b>	<b>0.24%</b>	<b>5.39%</b>

## FHCF Coverage Summary

Below is a chart illustrating the current liquid resources identified for claims payment and potential bonding requirements for Contract Year 2022-2023, assuming \$7.8 billion in ultimate total losses from Hurricane Irma and \$1.45 billion in ultimate total losses from Hurricane Michael. The 12/31/2022 cash balance of the FHCF is projected to be \$12.7 billion, assuming there are no increases to Hurricane Irma and Hurricane Michael losses and no new losses in 2022.

Additional liquidity to enable the FHCF to timely pay losses after a very large event is provided by \$3.5 billion in pre-event bond proceeds.

The maximum amount of post-event bonding that would be required to enable the FHCF to meet all contractual obligations is \$4.3 billion.



**Rule 19-8.028, F.A.C., Reimbursement Premium Formula**  
**2022-2023 Contract Year**  
**Summary of Changes**  
*(As of February 24, 2022)*

**Rule 19-8.028, Reimbursement Premium Formula**

**(3)(b)** Adopts the FHCF Reimbursement Premium Formula for the 2022-2023 Contract Year (“Florida Hurricane Catastrophe Fund 2022 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 30, 2022”). Deletes as obsolete material existing language that adopted the FHCF Ratemaking Formula for Contract Year 2021-2022.



## Notice of Proposed Rule

### STATE BOARD OF ADMINISTRATION

#### RULE NO.: RULE TITLE:

19-8.010: Reimbursement Contract

19-8.028: Reimbursement Premium Formula

19-8.029: Insurer Reporting Requirements and Responsibilities

**PURPOSE AND EFFECT:** These rules are promulgated to implement Section 215.555, Florida Statutes, regarding the Florida Hurricane Catastrophe Fund, for the 2022-2023 contract year.

**SUMMARY:** In accordance with Section 215.555, Florida Statutes, proposed amended Rule 19-8.010, F.A.C., Reimbursement Contract, adopts amendments to Addendum One with Appendix A to the contract year 2022-2023 Reimbursement Contract; Rule 19-8.028, F.A.C., Reimbursement Premium Formula, adopts the 2022-2023 reimbursement premium formula for the Florida Hurricane Catastrophe Fund (“Florida Hurricane Catastrophe Fund 2022 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 30, 2022”); Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities, adopts amendments to the 2022-2023 Data Call for exposure reporting.

#### SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION:

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

The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: Upon review of the proposed changes to this rule and the incorporated forms, the State Board of Administration of Florida has determined that the rule does not meet the requirements for ratification by the legislature. The changes to the rule do not have an adverse impact on small business and do not directly or indirectly increase regulatory costs in excess of \$200,000 in the aggregate within 1 year of implementation. The changes to the 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:** July 26, 2022, 10:00 a.m. to 11:00 a.m. (ET) for Rule 19-8.028, F.A.C., Reimbursement Premium Formula; 11:00 a.m. to 12:00 p.m. (ET) for Rule 19-8.010, F.A.C., Reimbursement Contract; 12:00 p.m. to 1:00 p.m. (ET) for Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities.

**PLACE:** Room 116 (Hermitage Conference Room), 1801 Hermitage Blvd., Tallahassee, Florida. Persons wishing to participate by phone may dial (888) 585-9008 and enter conference code 973-664-296.

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: Mary Linzee Branham, Florida Hurricane Catastrophe Fund, 1801 Hermitage Blvd., Tallahassee, FL 32308, 850-413-1335, marylinzee.branham@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 RULES IS: Mary Linzee Branham at the number or email listed above.

THE FULL TEXT OF THE PROPOSED RULES IS:

**19-8.010 Reimbursement Contract.**

(1)(a) The reimbursement contract for the 2022-2023 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-13637>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2022K-“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. 11/21 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2022 through May 31, 2023.

(b) Addendum No. 1, which includes Appendix A, for the 2022-2023 contract year, ~~<http://www.flrules.org/Gateway/reference.asp?No=ref-13638>~~ <http://www.flrules.org/Gateway/reference.asp?No=ref-XXXXX>, required by Section 215.555(5)(e), F.S., which is called Form FHCF-2022K-1 “Addendum No. 1 to Reimbursement Contract” between (name of insurer) ~~Citizens Property Insurance Corporation~~ (“Citizens” or 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/22~~ 41/24 is hereby adopted and incorporated by reference into this rule. This addendum is effective from June 1, 2022 through May 31, 2023.

(2) The reimbursement contract for the 2021-2022 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-12378>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2021K-“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. 10/20 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2021 through May 31, 2022.

(3) The reimbursement contract form may be obtained by accessing the FHCF website at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf); by submitting a written request to the State Board of Administration at P. O. Box 13300, Tallahassee, Florida 32317-3300; or by calling (850) 413-1335.

(4)(a) Subparagraph 215.555(2), Florida Statutes, specifies definitions to be used in Section 215.555, Florida Statutes. SB 1058 as enacted during the 2022 Regular Session of the Florida Legislature added subparagraph 215.555(2)(p) to define the term “unsound insurer” as “...an insurer determined by the Office of Insurance Regulation to be in unsound condition as defined in Section 624.80(2) or an insurer placed in receivership under chapter 631.” In addition, SB 1058 as enacted amends Section 215.555(5)(e), Florida Statutes, revising requirements for coverage under the Florida Hurricane Catastrophe Fund of certain policies assumed by an authorized insurer or Citizens Property Insurance Corporation.

(b) The purpose of the subsection of this rule is to implement the revisions to subparagraphs Section 215.555(2)(p) and (5)(e) only for the 2022-2023 Reimbursement Contract, including Addendum 1, and without consideration of the dates on which the Reimbursement Contract was executed or took effect.

*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, 12-6-17, 1-29-19, 9-17-19, 11-12-19, 11-17-20, 11-10-21, X-XX-22.*

#### **19-8.028 Reimbursement Premium Formula.**

(1) Purpose. This rule adopts the Premium Formula to determine the Actuarially Indicated Reimbursement Premium to be paid to the Florida Hurricane Catastrophe Fund, as required by section 215.555(5)(b), F.S.

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

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

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

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

(3) The Premium Formula.

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

(b) For the 2022/2023 Contract Year, the Formula developed by the SBA’s Independent Consultant, “Florida Hurricane Catastrophe Fund 2022 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 30, 2022, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXXX>,” as approved by the SBA, is hereby adopted and incorporated by reference into this rule. The premium rates are developed in accordance with the Premium Formula methodology approved by the SBA.

~~(b) For the 2021/2022 Contract Year, the Formula developed by the SBA’s Independent Consultant, “Florida Hurricane Catastrophe Fund 2021 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 16, 2021, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13199>,” as approved by the SBA, is hereby adopted and incorporated by reference into this rule. The premium rates are developed in accordance with the~~

~~Premium Formula methodology approved by the SBA.~~

(4) Special Circumstances.

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

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

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

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

*Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7) FS. History—New 9-20-99, Amended 7-3-00, 9-17-01, 7-17-02, 7-2-03, 7-29-04, 7-17-05, 7-6-06, 7-17-07, 6-16-08, 8-2-09, 7-8-10, 7-3-11, 6-25-12, 6-18-13, 6-10-14, 6-2-15, 5-18-16, 5-30-17, 8-1-18, 5-21-19, 9-17-19, 7-16-20, 6-23-21, X-XX-22.*

#### **19-8.029 Insurer Reporting Requirements and Responsibilities.**

(1) Purpose. This rule specifies certain deadlines and other requirements for insurers that participate in the Florida Hurricane Catastrophe Fund (FHCF).

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

(a) “Contract Year” is defined in section 215.555(2), F.S.

(b) “Insurer” or “Company” means an insurer that is required to enter into a Reimbursement Contract.

(3) Data Call form.

(a) For the 2021/2022 Contract Year, the reporting of Company exposure data shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2021 Data Call," rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12636>, which is hereby adopted and incorporated by reference into this rule.

(b) For the 2022/2023 Contract Year, the reporting of Company exposure data shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2022 Data Call," rev. ~~XX/22~~ 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>  
~~<http://www.flrules.org/Gateway/reference.asp?No=Ref-13971>~~, which is hereby adopted and incorporated by reference into this rule.

(4) Loss reporting forms.

(a)1. For the 2021/2022 Contract Year, the reporting of estimated Ultimate Net Loss shall be in accordance with Form FHCF-L1A, "Contract Year 2021 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12631>, which is hereby adopted and incorporated by reference into this rule.

2. For the 2022/2023 Contract Year, the reporting of estimated Ultimate Net Loss shall be in accordance with Form FHCF-L1A, "Contract Year 2022 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13966>, which is hereby adopted and incorporated by reference into this rule.

(b)1. For the 2021/2022 Contract Year, the reporting of Ultimate Net Loss shall be in accordance with Form FHCF-L1B, "Contract Year 2021 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12632>, which is hereby adopted and incorporated by reference into this rule.

2. For the 2022/2023 Contract Year, the reporting of Ultimate Net Loss shall be in accordance with Form FHCF-L1B, "Contract Year 2022 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13967>, which is hereby adopted and incorporated by reference into this rule.

(c)1. For the 2021/2022 Contract Year, the applicable Detailed Claims Listing Instructions is Form FHCF-DCL, "Contract Year 2021 Detailed Claims Listing Instructions," rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12633>, which is hereby adopted and incorporated by reference into this rule.

2. For the 2022/2023 Contract Year, the applicable Detailed Claims Listing Instructions is Form FHCF-DCL, "Contract Year 2022 Detailed Claims Listing Instructions," rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13968>, which is hereby adopted and incorporated by reference into this rule.

(5) Examination.

(a) Advance examination record requirements. Within 30 days after the date of the request for such information, a Company must provide the FHCF with the records indicated in the applicable Contract Year's "Exposure

Examination Advance Preparation Instructions” or in the applicable Contract Year’s “Claims Examination Advance Preparation Instructions.” The FHCF may grant an extension of 30 days if the Company can show that the need for the additional time is due to circumstances beyond its reasonable control.

1. For the 2021/2022 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2021 Advance Preparation Instructions,” FHCF-EAP1, rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12634>, which is hereby adopted and incorporated by reference into this rule. The applicable claims examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Claims Examination – Contract Year 2021 Advance Preparation Instructions,” FHCF-LAP1, rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12635>, which is hereby adopted and incorporated by reference into this rule.

2. For the 2022/2023 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2022 Advance Preparation Instructions,” FHCF-EAP1, rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13969>, which is hereby adopted and incorporated by reference into this rule. The applicable claims examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Claims Examination – Contract Year 2022 Advance Preparation Instructions,” FHCF-LAP1, rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13970>, which is hereby adopted and incorporated by reference into this rule.

(b) Consequences for failure to meet the requirements contained in the FHCF-EAP1, “Exposure Examination Advance Preparation Instructions” or the FHCF-LAP1, “Claims Examination Advance Preparation Instructions.” In addition to other penalties or consequences, the FHCF has the authority, pursuant to section 215.555(4)(f), F.S., to require that the Company pay for the following services under the circumstances specified herein:

1. If the Company is responsible for the delay of an examination, the inability to conduct an examination as scheduled, or the inability to complete an examination, the Company shall be required to reimburse the FHCF for all the usual and customary expenses connected to such delay, cancellation, or incompleteness.

2. If the FHCF finds any Company’s records or other necessary information to be inadequate or inadequately posted, recorded, or maintained, the FHCF may employ experts to reconstruct, rewrite, record, post, or maintain such records or information, at the expense of the Company being examined.

3. A Company required to reimburse the FHCF for costs as required in subparagraphs 1. and 2. is liable for interest on the amount owed to the FHCF from the date the FHCF pays such expenses until the date payment from the Company is received. The applicable interest rate will be the average rate earned by the SBA for the FHCF for the first four months of the current Contract Year plus 5%. The payment of reimbursements or refunds by the FHCF to the Company will be offset by any amounts owed by that Company to the FHCF under this paragraph.

(6) Company contact information. Companies must submit Form FHCF C-1, Company Contact Information, by March 1 preceding each Contract Year to the FHCF Administrator, Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83<sup>rd</sup> Street, Suite 1100, Minneapolis, Minnesota 55437. A New Participant must submit Form FHCF C-1 within 30 calendar days after writing its first Covered Policy. This form must be updated by the Company as the information provided thereon changes. The FHCF shall have the right to rely upon the information provided by the

Company to the FHCF on this form until receipt by the FHCF of a new properly completed Form FHCF C-1 from the Company.

(7) Deadlines. If any deadline provided for herein falls on a Saturday, Sunday or on 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 legal State of Florida or federal holiday.

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

*Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7), (15), 627.351(6), FS. History—New 5-17-99, Amended 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 5-10-06, 5-8-07, 6-8-08, 3-30-09, 8-2-09, 3-29-10, 8-8-10, 7-20-11, 5-22-12, 3-17-13; 4-24-14, 5-12-15, 3-13-16, 1-24-17, 1-29-19, 9-17-19, 1-22-20, 2-8-21, 2-7-22, X-XX-22.*

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

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

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: June 28, 2022

**19-8.028 Reimbursement Premium Formula.**

(1) Purpose. This rule adopts the Premium Formula to determine the Actuarially Indicated Reimbursement Premium to be paid to the Florida Hurricane Catastrophe Fund, as required by section 215.555(5)(b), F.S.

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

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

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

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

(3) The Premium Formula.

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

(b) For the 2022/2023 Contract Year, the Formula developed by the SBA’s Independent Consultant, “Florida Hurricane Catastrophe Fund 2022 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 30, 2022, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>,” as approved by the SBA, is hereby adopted and incorporated by reference into this rule. The premium rates are developed in accordance with the Premium Formula methodology approved by the SBA.

~~(b) For the 2021/2022 Contract Year, the Formula developed by the SBA’s Independent Consultant, “Florida Hurricane Catastrophe Fund 2021 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 16, 2021, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13199>,” as approved by the SBA, is hereby adopted and incorporated by reference into this rule. The premium rates are developed in accordance with the Premium Formula methodology approved by the SBA.~~

(4) Special Circumstances.

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

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

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

(5) All the forms adopted and incorporated by reference in this rule may be obtained from the FHCF website at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf), or from the Florida Hurricane Catastrophe Fund Administrator, Paragon Strategic Solutions



Inc., at 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, MN 55437.

*Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7) FS. History—New 9-20-99, Amended 7-3-00, 9-17-01, 7-17-02, 7-2-03, 7-29-04, 7-17-05, 7-6-06, 7-17-07, 6-16-08, 8-2-09, 7-8-10, 7-3-11, 6-25-12, 6-18-13, 6-10-14, 6-2-15, 5-18-16, 5-30-17, 8-1-18, 5-21-19, 9-17-19, 7-16-20, 6-23-21, X-XX-22.*

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# Memo

**TO:** Lamar Taylor, Interim Executive Director & CIO

**THRU:** Gina Wilson, Chief Operating Officer, FHCF

**FROM:** Mary Linzee Branham, Director of Legal & Risk Operations, FHCF

**DATE:** June 13, 2022

**SUBJECT:** Trustees Meeting, June 2022

Request approval of, and authority to file, a Notice of Proposed Rule for Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities, and to file this Rule along with the incorporated form for adoption if no member of the public timely requests a rule hearing or if a hearing is requested and no Notice of Change is needed.

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## **BACKGROUND AND SUMMARY OF RULE AND INCORPORATED FORM CHANGES:**

The proposed rule adopts amendments to the exposure reporting requirements (Form FHCF-D1A, known as the “Data Call”) for the 2022-2023 contract year. This rulemaking is required to implement changes enacted by the Legislature in March 2022 in Senate Bill 1058. Under that legislation, the definition of “unsound insurer” was added to s. 215.555, F.S., and now permits authorized insurers to enter into an assignment or assumption agreement of the unsound insurer’s FHCF reimbursement contract, a right that was previously provided only to Citizens Property Insurance Corporation. This amendment to Rule 19-8.029 is needed to reflect the rights and duties of those that may become parties to these transactions.

A copy of the Summary of Changes is attached.

**EXTERNAL INTEREST:** A rule development workshop was held on May 26, 2022. Representatives of the FHCF attended and presented the rule and incorporated form. The notice of rule development was published in the *Florida Administrative Register* on May 12, 2022, Vol. 48, No. 93. The rule and form were presented, discussed, and favorably recommended by the FHCF Advisory Council at a public meeting on May 26, 2022.

**ACTION REQUESTED:** It is requested that the proposed amendments to this rule, along with the incorporated form, be presented to the Cabinet Aides and to the State Board of Administration Trustees 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.

**ATTACHMENTS TO BE INCLUDED:**

- Summary of Changes
- Notice of Proposed Rule
- **Rule 19-8.029, F.A.C.**, Insurer Reporting Requirements and Responsibilities
- 2022 Incorporated Form: **FHCF-D1A**, Florida Hurricane Catastrophe Fund 2022 Data Call

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

**Rules 19-8.010 and 19-8.029, F.A.C., and Incorporated Forms**  
**2022-2023 Contract Year**  
**Summary of Changes as of June 8, 2022**

**General Description**

In order to implement changes enacted by the Legislature in 2022 in Senate Bill (SB 1058), the State Board of Administration of Florida on behalf of the Florida Hurricane Catastrophe Fund (FHCF) proposes amendment to Rule 19-8.010, F.A.C., Reimbursement Contract, and Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities. These rules were previously revised to establish requirements applicable to the 2022-2023 FHCF Contract Year prior to the legislative change. The above-cited legislation was signed by Governor DeSantis on May 20, 2022.

SB 1058 amends s. 215.555(2)(p), Florida Statutes, to add the definition of “unsound insurer” and amends s. 215.555(5)(e) to allow authorized insurers to provide coverage for policies of an unsound insurer through an assignment of the unsound insurer’s FHCF reimbursement contract or through an assumption of the unsound insurer’s policies. This was previously only reserved for Citizens Property Insurance Corporation, and limited to those companies in receivership, whereas this change allows companies that meet the definition of “unsound insurer” to be eligible for the assumption or assignment provided for in SB 1058.

**Rules and Incorporated Forms**

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

Amended: Paragraph (1)(b) is amended to incorporate by reference a revised Form FHCF-2022K-1, Florida Hurricane Catastrophe Fund Addendum No. 1 to Reimbursement Contract.

New: Subsection (4) is added as follows:

Paragraph (4)(a) describes the above-cited legislation and cites the new statutory language that defines the term “unsound insurer” as “...an insurer determined by the Office of Insurance Regulation to be in unsound condition as defined in Section 624.80(2) or an insurer placed in receivership under chapter 631.” In addition, it describes the revised requirements for coverage under the Florida Hurricane Catastrophe Fund of certain policies assumed by an authorized insurer or Citizens Property Insurance Corporation.

Paragraph (4)(b) states that the purpose of the rule is to implement the amendments to s. 215.555(2)(p) and s. 215.555(5)(e), Florida Statutes, only for the 2022-2023 Contract Year, without regard to when the Reimbursement Contract for that year was executed or took effect.

**Incorporated Forms**

***Addendum No. 1 and Appendix A, rev. XX/22***

Addendum No. 1 is revised throughout to update references to an “unsound insurer” in place of a liquidated insurer to reflect the new definition of “unsound insurer” in Section 215.555(2)(p), Florida Statutes.

Addendum No. 1 is revised throughout to update references from Citizens Property Insurance Corporation to Company to reflect that an authorized insurer, not just Citizens Property Insurance Corporation, may assume certain policies or take an assignment of an unsound insurer’s FHCF reimbursement contract in certain circumstances.

Appendix A is revised throughout to update references to an “unsound insurer” in place of a liquidated insurer to reflect the new definition of “unsound insurer” in Section 215.555(2)(p), Florida Statutes.

Appendix A is revised throughout to update references from Citizens Property Insurance Corporation to Company to reflect that an authorized insurer, not just Citizens Property Insurance Corporation, may assume certain policies or take an assignment of an unsound insurer’s FHCF reimbursement contract in certain circumstances.

**Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities**

Amended: Paragraph (3)(b) is amended to incorporate by reference a revised Form FHCF-D1A, Florida Hurricane Catastrophe Fund 2022 Data Call.

**Incorporated Forms**

***Form FHCF-D1A, rev. XX/22, Florida Hurricane Catastrophe Fund 2022 Data Call***

In addition to updating nonsubstantive editorial changes to the Table of Contents and references to correct page numbers throughout, the 2022 Data Call is amended to include a substantive change, outlined under “Important Changes in the 2022 Data Call” on page 2.

- As a result of the passage of SB 1058 during the 2022 Regular Session of the Florida Legislature, s. 215.555(2)(p) was added to define the term “unsound insurer” and s. 215.555(5)(e), revised the requirements for coverage under the FHCF of certain policies assumed by an authorized insurer or Citizens Property Insurance Corporation or those policies taken through an assignment of the unsound insurer’s FHCF reimbursement contract.
- Includes the instructions for field #20 and a new section, Assumptions from Unsound Insurers, has been added to address the SB 1058 changes.

The 2022-2023 Data Call also includes the following other changes from the prior Data Call:

Page 7-8: File Layout

Change to file layout is revised to reflect the change to include assumed policy number, instead of Citizens, in field #20, as described under “Important Changes,” above.

Page 14: Assumed Policy Number

The relevant data field is revised to address the changes resulting from SB 1058, as described under “Important Changes,” above.

Page 15: Attachments

Attachments is revised to reflect the addition of Assumptions from Unsound Insurers.

Page 25-26: Assumptions from Unsound Insurers

New provisions are added to describe the treatment of policies assumed from an unsound insurer pursuant to Section 215.555(5)(e), Florida Statutes, as described under “Important Changes,” above.

## Notice of Proposed Rule

### STATE BOARD OF ADMINISTRATION

#### RULE NO.: RULE TITLE:

19-8.010: Reimbursement Contract

19-8.028: Reimbursement Premium Formula

19-8.029: Insurer Reporting Requirements and Responsibilities

**PURPOSE AND EFFECT:** These rules are promulgated to implement Section 215.555, Florida Statutes, regarding the Florida Hurricane Catastrophe Fund, for the 2022-2023 contract year.

**SUMMARY:** In accordance with Section 215.555, Florida Statutes, proposed amended Rule 19-8.010, F.A.C., Reimbursement Contract, adopts amendments to Addendum One with Appendix A to the contract year 2022-2023 Reimbursement Contract; Rule 19-8.028, F.A.C., Reimbursement Premium Formula, adopts the 2022-2023 reimbursement premium formula for the Florida Hurricane Catastrophe Fund ("Florida Hurricane Catastrophe Fund 2022 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 30, 2022"); Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities, adopts amendments to the 2022-2023 Data Call for exposure reporting.

#### SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION:

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

The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: Upon review of the proposed changes to this rule and the incorporated forms, the State Board of Administration of Florida has determined that the rule does not meet the requirements for ratification by the legislature. The changes to the rule do not have an adverse impact on small business and do not directly or indirectly increase regulatory costs in excess of \$200,000 in the aggregate within 1 year of implementation. The changes to the 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:** July 26, 2022, 10:00 a.m. to 11:00 a.m. (ET) for Rule 19-8.028, F.A.C., Reimbursement Premium Formula; 11:00 a.m. to 12:00 p.m. (ET) for Rule 19-8.010, F.A.C., Reimbursement Contract; 12:00 p.m. to 1:00 p.m. (ET) for Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities.

**PLACE:** Room 116 (Hermitage Conference Room), 1801 Hermitage Blvd., Tallahassee, Florida. Persons wishing to participate by phone may dial (888) 585-9008 and enter conference code 973-664-296.

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: Mary Linzee Branham, Florida Hurricane Catastrophe Fund, 1801 Hermitage Blvd., Tallahassee, FL 32308, 850-413-1335, marylinzee.branham@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 RULES IS: Mary Linzee Branham at the number or email listed above.

THE FULL TEXT OF THE PROPOSED RULES IS:

**19-8.010 Reimbursement Contract.**

(1)(a) The reimbursement contract for the 2022-2023 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-13637>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2022K-“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. 11/21 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2022 through May 31, 2023.

(b) Addendum No. 1, which includes Appendix A, for the 2022-2023 contract year, ~~<http://www.flrules.org/Gateway/reference.asp?No=ref-13638>~~ <http://www.flrules.org/Gateway/reference.asp?No=ref-XXXXX>, required by Section 215.555(5)(e), F.S., which is called Form FHCF-2022K-1 “Addendum No. 1 to Reimbursement Contract” between (name of insurer) ~~Citizens Property Insurance Corporation~~ (“Citizens” or 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/22~~ 41/24 is hereby adopted and incorporated by reference into this rule. This addendum is effective from June 1, 2022 through May 31, 2023.

(2) The reimbursement contract for the 2021-2022 contract year, <http://www.flrules.org/Gateway/reference.asp?No=ref-12378>, including all Amendments and Addenda, required by Section 215.555(4), F.S., which is called Form FHCF-2021K-“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. 10/20 is hereby adopted and incorporated by reference into this rule. This contract is effective from June 1, 2021 through May 31, 2022.

(3) The reimbursement contract form may be obtained by accessing the FHCF website at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf); by submitting a written request to the State Board of Administration at P. O. Box 13300, Tallahassee, Florida 32317-3300; or by calling (850) 413-1335.

(4)(a) Subparagraph 215.555(2), Florida Statutes, specifies definitions to be used in Section 215.555, Florida Statutes. SB 1058 as enacted during the 2022 Regular Session of the Florida Legislature added subparagraph 215.555(2)(p) to define the term “unsound insurer” as “...an insurer determined by the Office of Insurance Regulation to be in unsound condition as defined in Section 624.80(2) or an insurer placed in receivership under chapter 631.” In addition, SB 1058 as enacted amends Section 215.555(5)(e), Florida Statutes, revising requirements for coverage under the Florida Hurricane Catastrophe Fund of certain policies assumed by an authorized insurer or Citizens Property Insurance Corporation.

(b) The purpose of the subsection of this rule is to implement the revisions to subparagraphs Section 215.555(2)(p) and (5)(e) only for the 2022-2023 Reimbursement Contract, including Addendum 1, and without consideration of the dates on which the Reimbursement Contract was executed or took effect.

*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, 12-6-17, 1-29-19, 9-17-19, 11-12-19, 11-17-20, 11-10-21, X-XX-22.*

#### **19-8.028 Reimbursement Premium Formula.**

(1) Purpose. This rule adopts the Premium Formula to determine the Actuarially Indicated Reimbursement Premium to be paid to the Florida Hurricane Catastrophe Fund, as required by section 215.555(5)(b), F.S.

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

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

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

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

(3) The Premium Formula.

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

(b) For the 2022/2023 Contract Year, the Formula developed by the SBA’s Independent Consultant, “Florida Hurricane Catastrophe Fund 2022 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 30, 2022, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXXX>,” as approved by the SBA, is hereby adopted and incorporated by reference into this rule. The premium rates are developed in accordance with the Premium Formula methodology approved by the SBA.

~~(b) For the 2021/2022 Contract Year, the Formula developed by the SBA’s Independent Consultant, “Florida Hurricane Catastrophe Fund 2021 Ratemaking Formula Report Presented to the State Board of Administration of Florida March 16, 2021, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13199>,” as approved by the SBA, is hereby adopted and incorporated by reference into this rule. The premium rates are developed in accordance with the~~

~~Premium Formula methodology approved by the SBA.~~

(4) Special Circumstances.

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

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

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

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

*Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7) FS. History—New 9-20-99, Amended 7-3-00, 9-17-01, 7-17-02, 7-2-03, 7-29-04, 7-17-05, 7-6-06, 7-17-07, 6-16-08, 8-2-09, 7-8-10, 7-3-11, 6-25-12, 6-18-13, 6-10-14, 6-2-15, 5-18-16, 5-30-17, 8-1-18, 5-21-19, 9-17-19, 7-16-20, 6-23-21, X-XX-22.*

#### **19-8.029 Insurer Reporting Requirements and Responsibilities.**

(1) Purpose. This rule specifies certain deadlines and other requirements for insurers that participate in the Florida Hurricane Catastrophe Fund (FHCF).

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

(a) “Contract Year” is defined in section 215.555(2), F.S.

(b) “Insurer” or “Company” means an insurer that is required to enter into a Reimbursement Contract.

(3) Data Call form.

(a) For the 2021/2022 Contract Year, the reporting of Company exposure data shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2021 Data Call," rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12636>, which is hereby adopted and incorporated by reference into this rule.

(b) For the 2022/2023 Contract Year, the reporting of Company exposure data shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2022 Data Call," rev. ~~XX/22~~ 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>  
~~<http://www.flrules.org/Gateway/reference.asp?No=Ref-13971>~~, which is hereby adopted and incorporated by reference into this rule.

(4) Loss reporting forms.

(a)1. For the 2021/2022 Contract Year, the reporting of estimated Ultimate Net Loss shall be in accordance with Form FHCF-L1A, "Contract Year 2021 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12631>, which is hereby adopted and incorporated by reference into this rule.

2. For the 2022/2023 Contract Year, the reporting of estimated Ultimate Net Loss shall be in accordance with Form FHCF-L1A, "Contract Year 2022 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13966>, which is hereby adopted and incorporated by reference into this rule.

(b)1. For the 2021/2022 Contract Year, the reporting of Ultimate Net Loss shall be in accordance with Form FHCF-L1B, "Contract Year 2021 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12632>, which is hereby adopted and incorporated by reference into this rule.

2. For the 2022/2023 Contract Year, the reporting of Ultimate Net Loss shall be in accordance with Form FHCF-L1B, "Contract Year 2022 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13967>, which is hereby adopted and incorporated by reference into this rule.

(c)1. For the 2021/2022 Contract Year, the applicable Detailed Claims Listing Instructions is Form FHCF-DCL, "Contract Year 2021 Detailed Claims Listing Instructions," rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12633>, which is hereby adopted and incorporated by reference into this rule.

2. For the 2022/2023 Contract Year, the applicable Detailed Claims Listing Instructions is Form FHCF-DCL, "Contract Year 2022 Detailed Claims Listing Instructions," rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13968>, which is hereby adopted and incorporated by reference into this rule.

(5) Examination.

(a) Advance examination record requirements. Within 30 days after the date of the request for such information, a Company must provide the FHCF with the records indicated in the applicable Contract Year's "Exposure

Examination Advance Preparation Instructions” or in the applicable Contract Year’s “Claims Examination Advance Preparation Instructions.” The FHCF may grant an extension of 30 days if the Company can show that the need for the additional time is due to circumstances beyond its reasonable control.

1. For the 2021/2022 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2021 Advance Preparation Instructions,” FHCF-EAP1, rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12634>, which is hereby adopted and incorporated by reference into this rule. The applicable claims examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Claims Examination – Contract Year 2021 Advance Preparation Instructions,” FHCF-LAP1, rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12635>, which is hereby adopted and incorporated by reference into this rule.

2. For the 2022/2023 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2022 Advance Preparation Instructions,” FHCF-EAP1, rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13969>, which is hereby adopted and incorporated by reference into this rule. The applicable claims examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Claims Examination – Contract Year 2022 Advance Preparation Instructions,” FHCF-LAP1, rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13970>, which is hereby adopted and incorporated by reference into this rule.

(b) Consequences for failure to meet the requirements contained in the FHCF-EAP1, “Exposure Examination Advance Preparation Instructions” or the FHCF-LAP1, “Claims Examination Advance Preparation Instructions.” In addition to other penalties or consequences, the FHCF has the authority, pursuant to section 215.555(4)(f), F.S., to require that the Company pay for the following services under the circumstances specified herein:

1. If the Company is responsible for the delay of an examination, the inability to conduct an examination as scheduled, or the inability to complete an examination, the Company shall be required to reimburse the FHCF for all the usual and customary expenses connected to such delay, cancellation, or incompleteness.

2. If the FHCF finds any Company’s records or other necessary information to be inadequate or inadequately posted, recorded, or maintained, the FHCF may employ experts to reconstruct, rewrite, record, post, or maintain such records or information, at the expense of the Company being examined.

3. A Company required to reimburse the FHCF for costs as required in subparagraphs 1. and 2. is liable for interest on the amount owed to the FHCF from the date the FHCF pays such expenses until the date payment from the Company is received. The applicable interest rate will be the average rate earned by the SBA for the FHCF for the first four months of the current Contract Year plus 5%. The payment of reimbursements or refunds by the FHCF to the Company will be offset by any amounts owed by that Company to the FHCF under this paragraph.

(6) Company contact information. Companies must submit Form FHCF C-1, Company Contact Information, by March 1 preceding each Contract Year to the FHCF Administrator, Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83<sup>rd</sup> Street, Suite 1100, Minneapolis, Minnesota 55437. A New Participant must submit Form FHCF C-1 within 30 calendar days after writing its first Covered Policy. This form must be updated by the Company as the information provided thereon changes. The FHCF shall have the right to rely upon the information provided by the

Company to the FHCF on this form until receipt by the FHCF of a new properly completed Form FHCF C-1 from the Company.

(7) Deadlines. If any deadline provided for herein falls on a Saturday, Sunday or on 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 legal State of Florida or federal holiday.

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

*Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7), (15), 627.351(6), FS. History—New 5-17-99, Amended 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 5-10-06, 5-8-07, 6-8-08, 3-30-09, 8-2-09, 3-29-10, 8-8-10, 7-20-11, 5-22-12, 3-17-13; 4-24-14, 5-12-15, 3-13-16, 1-24-17, 1-29-19, 9-17-19, 1-22-20, 2-8-21, 2-7-22, X-XX-22.*

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

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

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: June 28, 2022

**19-8.029 Insurer Reporting Requirements and Responsibilities.**

(1) Purpose. This rule specifies certain deadlines and other requirements for insurers that participate in the Florida Hurricane Catastrophe Fund (FHCF).

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

(a) “Contract Year” is defined in section 215.555(2), F.S.

(b) “Insurer” or “Company” means an insurer that is required to enter into a Reimbursement Contract.

(3) Data Call form.

(a) For the 2021/2022 Contract Year, the reporting of Company exposure data shall be in accordance with Form FHCF-D1A, “Florida Hurricane Catastrophe Fund 2021 Data Call,” rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12636>, which is hereby adopted and incorporated by reference into this rule.

(b) For the 2022/2023 Contract Year, the reporting of Company exposure data shall be in accordance with Form FHCF-D1A, “Florida Hurricane Catastrophe Fund 2022 Data Call,” rev. ~~XX/22~~ 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXXX> ~~<http://www.flrules.org/Gateway/reference.asp?No=Ref-13971>~~, which is hereby adopted and incorporated by reference into this rule.

(4) Loss reporting forms.

(a)1. For the 2021/2022 Contract Year, the reporting of estimated Ultimate Net Loss shall be in accordance with Form FHCF-L1A, “Contract Year 2021 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12631>, which is hereby adopted and incorporated by reference into this rule.

2. For the 2022/2023 Contract Year, the reporting of estimated Ultimate Net Loss shall be in accordance with Form FHCF-L1A, “Contract Year 2022 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13966>, which is hereby adopted and incorporated by reference into this rule.

(b)1. For the 2021/2022 Contract Year, the reporting of Ultimate Net Loss shall be in accordance with Form FHCF-L1B, “Contract Year 2021 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12632>, which is hereby adopted and incorporated by reference into this rule.

2. For the 2022/2023 Contract Year, the reporting of Ultimate Net Loss shall be in accordance with Form FHCF-L1B, “Contract Year 2022 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13967>, which is hereby adopted and incorporated by reference into this rule.

(c)1. For the 2021/2022 Contract Year, the applicable Detailed Claims Listing Instructions is Form FHCF-DCL, “Contract Year 2021 Detailed Claims Listing Instructions,” rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12633>, which is hereby adopted and incorporated by reference into this rule.

2. For the 2022/2023 Contract Year, the applicable Detailed Claims Listing Instructions is Form FHCF-DCL, “Contract Year 2022 Detailed Claims Listing Instructions,” rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13968>, which is hereby adopted and incorporated by reference into this rule.

(5) Examination.

(a) Advance examination record requirements. Within 30 days after the date of the request for such information, a Company must provide the FHCF with the records indicated in the applicable Contract Year’s “Exposure Examination Advance Preparation Instructions” or in the applicable Contract Year’s “Claims Examination Advance Preparation Instructions.” The FHCF may grant an extension of 30 days if the Company can show that the need for the additional time is due to circumstances beyond its reasonable control.

1. For the 2021/2022 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2021 Advance Preparation Instructions,” FHCF-EAP1, rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12634>, which is hereby adopted and incorporated by reference into this rule. The applicable claims examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Claims Examination – Contract Year 2021 Advance Preparation Instructions,” FHCF-LAP1, rev. 02/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-12635>, which is hereby adopted and incorporated by reference into this rule.

2. For the 2022/2023 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2022 Advance Preparation Instructions,” FHCF-EAP1, rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13969>, which is hereby adopted and incorporated by reference into this rule.

The applicable claims examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Claims Examination – Contract Year 2022 Advance Preparation Instructions,” FHCF-LAP1, rev. 02/22, <http://www.flrules.org/Gateway/reference.asp?No=Ref-13970>, which is hereby adopted and incorporated by reference into this rule.

(b) Consequences for failure to meet the requirements contained in the FHCF-EAP1, “Exposure Examination Advance Preparation Instructions” or the FHCF-LAP1, “Claims Examination Advance Preparation Instructions.” In addition to other penalties or consequences, the FHCF has the authority, pursuant to section 215.555(4)(f), F.S., to require that the Company pay for the following services under the circumstances specified herein:

1. If the Company is responsible for the delay of an examination, the inability to conduct an examination as scheduled, or the inability to complete an examination, the Company shall be required to reimburse the FHCF for all the usual and customary expenses connected to such delay, cancellation, or incompleteness.

2. If the FHCF finds any Company’s records or other necessary information to be inadequate or inadequately posted, recorded, or maintained, the FHCF may employ experts to reconstruct, rewrite, record, post, or maintain such records or information, at the expense of the Company being examined.

3. A Company required to reimburse the FHCF for costs as required in subparagraphs 1. and 2. is liable for interest on the amount owed to the FHCF from the date the FHCF pays such expenses until the date payment from the Company is received. The applicable interest rate will be the average rate earned by the SBA for the FHCF for the first four months of the current Contract Year plus 5%. The payment of reimbursements or refunds by the FHCF to the Company will be offset by any amounts owed by that Company to the FHCF under this paragraph.

(6) Company contact information. Companies must submit Form FHCF C-1, Company Contact Information, by March 1 preceding each Contract Year to the FHCF Administrator, Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83<sup>rd</sup> Street, Suite 1100, Minneapolis, Minnesota 55437. A New Participant must submit Form FHCF C-1 within 30 calendar days after writing its first Covered Policy. This form must be updated by the Company as the information provided thereon changes. The FHCF shall have the right to rely upon the information provided by the Company to the FHCF on this form until receipt by the FHCF of a new properly completed Form FHCF C-1 from the Company.

(7) Deadlines. If any deadline provided for herein falls on a Saturday, Sunday or on 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 legal State of Florida or federal holiday.

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

*Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7), (15), 627.351(6), FS. History—New 5-17-99, Amended 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 5-10-06, 5-8-07, 6-8-08, 3-30-09, 8-2-09, 3-29-10, 8-8-10, 7-20-11, 5-22-12, 3-17-13; 4-24-14, 5-12-15, 3-13-16, 1-24-17, 1-29-19, 9-17-19, 1-22-20, 2-8-21, 2-7-22, X-XX-22.*



# Florida Hurricane Catastrophe Fund

## 2022 Data Call

### Instruction Sheet

Each authorized insurance Company writing Covered Policies in the State of Florida is required to pay a Reimbursement Premium to the Florida Hurricane Catastrophe Fund (FHCF). This Premium is based on the Reimbursement Premium Formula specifying the amount of Premium to be paid for each \$1,000 of insured value for Covered Policies in each Florida ZIP Code by Type of Business, Construction Type, Deductible Group, Year Built, Structure Opening Protection, and Roof Shape code combinations.

In order to perform the calculation, each Company must submit its total covered property exposure (wind/hurricane insurance in force) **by September 1, 2022** for insured values under Covered Policies **as of June 30, 2022**. Covered Policies are defined in subsection (11) of Article V of the FHCF Reimbursement Contract (see page 16 herein; a full copy of the Reimbursement Contract is available on-line at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf)).

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**\*\* Important Changes in the 2022 Data Call \*\***

1. Reporting clarifications for mobile home year built and recognition of structure opening protection can be found on page 13.
2. SB 1058 as enacted during the 2022 Regular Session of the Florida Legislature added subparagraph 215.555(2)(p) to define the term “unsound insurer” as “...an insurer determined by the Office of Insurance Regulation to be in unsound condition as defined in Section 624.80(2) or an insurer placed in receivership under chapter 631.” In addition, SB 1058 amends Section 215.555(5)(e), Florida Statutes, revising requirements for coverage under the FHCF of certain policies assumed by an authorized insurer or Citizens Property Insurance Corporation. The instructions for field 20 (page 14) have been updated, and a new section, Assumptions from Unsound Insurers (page 25) has been added to address those changes.

**\*\* FHCF WIRE (Web Insurer Reporting Engine) \*\***

*WIRE* is the secure web-based system used for the reporting of Company exposure data. All 2022 Data Call submissions are to be filed online using *WIRE*. Submissions in *WIRE* must be electronically signed off on by two officers no later than 4:00 p.m. Eastern Time on the applicable due date or the submission will be considered late. Your Company should have an existing *WIRE* account and a *WIRE* Account Manager who was registered by the FHCF upon designation by your Company on its most recent Company Contact Information Form (Form FHCF C-1) submitted to Paragon Strategic Solutions Inc. Each Company is allowed a maximum of seven *WIRE* users to perform submission functions on behalf of the Company. This number includes the Account Manager and at least two officers with the authority to certify and sign the submission statements. Your Company’s Account Manager can remove existing *WIRE* users and can register new users. Registered users can access the *WIRE* system at [www.sbafla.com/fhcfwire](http://www.sbafla.com/fhcfwire). Additional information, including instructions and tutorials, are available in the system.

**\*\* Steps for Completing Data Call \*\***

1. Well in advance of preparing your Company’s Data Call submission, the FHCF suggests that your Company’s *WIRE* users verify that they can access the system. Users who experience difficulties may contact the State Board of Administration of Florida (SBA) at [wire@sbafla.com](mailto:wire@sbafla.com) or 850-413-1228.
2. **Mapping/Methodology proposals should be received by the Administrator by August 1, 2022.** Prior to making the actual Data Call submission in *WIRE*, request written approval from the Administrator for any proposed methodology required to be submitted in advance. See Mapping/Reporting Methodology Approvals on page 3.
3. A Data Call file must pass *WIRE* validation tests before it can be submitted. Your Company may upload a Data Call file to *WIRE* for validation beginning July 1<sup>st</sup>. After the file is uploaded, the system performs the validation tests and sends the results via email. The email will include a summary of any errors and/or warnings of potential errors noted in the file. If the file passes validation, it can be confirmed for submission or deleted and uploaded again later. If the file fails validation, it is automatically deleted from the system and your Company will have to upload a corrected file.

Data quality checks programmed in *WIRE* will help ensure that your Company’s data is in the correct format and that it does not contain invalid codes and invalid ZIP-to-county code mappings. **However, please keep in mind that the system cannot identify errors caused by data which was coded incorrectly according to the policy details.** Such errors may require a resubmission. Any examination conducted by the SBA will be the final determinant of data quality.

4. Prior to confirming the Data Call file for submission, your Company may upload supporting information in *WIRE* (e.g., a cover letter). After a Data Call submission has been confirmed through *WIRE*, subsequent information to be provided in support of that submission must be sent directly to the Administrator at the address provided under General Data Call Issues.
5. After the Data Call file is confirmed for submission, the system will send an email notification to the Company's *WIRE* users designated as "Officers" to certify and sign the officer submission statements. Upon the sign-off of two officers, the submission is complete and no further changes can be made to the Data Call file as the automated processing of the data begins. *WIRE* will aggregate the data and transmit it to the Administrator for Premium calculation. Any subsequent submission of the Data Call file (resubmission) is subject to FHCF approval and will incur a resubmission fee (see Resubmissions located in the Data Quality section of this Data Call).

**Note:** *WIRE* was designed to function as a means of file transmittal from the companies to the FHCF and not as a means of file storage and retrieval

6. Summary of *WIRE* submission components (required unless specified below as optional):

	<b>Via <i>WIRE</i> Tab</b>
Data Call File (file of exposure data)*	Upload/Validate
Optional Supporting Documents (e.g., a cover letter)	Confirm/Submit
Submission Confirmation Form – requires the following:	Confirm/Submit
- Collateral Protection Reporting Selection	
- Written Explanation of Exposure Fluctuation (if applicable)	
- Submission Confirmation Statement	
Officer Submission Statements signed by two Officers (see page 6)	Sign Officer Statements

\*Note: All data for an individual Company should be submitted as one file, unless your Company has participated in a Citizens Property Insurance Corporation Coastal Account or Citizens Property Insurance Corporation Personal Lines and Commercial Lines Account assumption agreement (see page 23).

7. If your Company does not have Covered Policies as defined in subsection (11) of Article V of the Reimbursement Contract (see page 16 herein), but was an active FHCF Company for the 2021/2022 Contract Year, a letter requesting to petition for exemption from the FHCF must be returned to the Administrator at the address provided under General Data Call Issues no later than **September 1, 2022**.

**Note:** If your Company determines at a later time that it does have Covered Policies, or the SBA denies your Company's request for exemption from the FHCF, your Company will be subject to any fees and/or administrative action by the Florida Department of Financial Services for delinquent or inadequate exposure data as defined in this Data Call and/or your Company's Reimbursement Contract.

## **\*\* General Data Call Issues \*\***

### **Extensions**

Data Call submissions through *WIRE* must be electronically signed off on by two officers by 4:00 p.m. (ET), September 1, 2022. Extensions will not be granted.

If you have any questions about the information to be supplied or about this Data Call, please do not hesitate to contact Holly Bertagnolli, Kathy Mackenthun, or Martin Helgestad of Paragon Strategic Solutions Inc. at 1-800-689-FUND (3863) or by email at [FHCFAdministrator@paragon.aonbenfield.com](mailto:FHCFAdministrator@paragon.aonbenfield.com). If you have any questions regarding *WIRE*, please contact the SBA at [wire@sbafla.com](mailto:wire@sbafla.com) or 850-413-1228.

### **Mapping/Reporting Methodology Approvals**

If any of the following apply to your Company, your Company must submit its proposed mapping/reporting methodology on an annual basis by August 1 of the Contract Year:

1. **Construction mapping:** See page 9.
2. **Reporting methodology for mixed-occupancy single structures under a commercial policy:** See the Mixed-Occupancy Single Structures Worksheet on page ~~323~~34.
3. **Collateral protection reporting requirements:** See the Supplemental Information Required from a Company Reporting Exposure under Collateral Protection Policies section on page ~~252~~27.

Proposals will be initially reviewed for high-level reasonableness, followed by a detailed review during the FHCF's exposure reporting examination. Proposals should be sent to the Administrator at the following address:

Kathy Mackenthun, CPCU, ARe  
 Director – FHCF Administration  
 Paragon Strategic Solutions Inc.  
 8200 Tower  
 5600 West 83<sup>rd</sup> Street, Suite 1100  
 Minneapolis, MN 55437

OR

[FHCFAdministrator@paragon.aonbenfield.com](mailto:FHCFAdministrator@paragon.aonbenfield.com)

## **\*\* Data Quality \*\***

### **Resubmissions**

A Company submitting its Data Call file in noncompliance with the specifications herein could be required to resubmit its data. Any examination conducted by the SBA will be the final determinant of data quality. Any Company required to resubmit data will be allowed 30 calendar days to resubmit data (may be less than 30 days if the Company has been already notified by the SBA for an exam). A \$1,000 resubmission fee (for resubmissions that are not the result of an exam by the SBA) will be invoiced by the FHCF for each resubmission. An extension may be granted if a Company can show that the need for additional time is due to circumstances beyond their reasonable control.

If a resubmission is necessary as a result of an examination report issued by the SBA, the resubmission fee will be \$2,000. If a 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.

### **Explanation of Exposure Fluctuations**

*WIRE* will compare your current year submission to your submission from the previous year to identify increases or decreases in reported exposure and will require an explanation when any increase or decrease for a specific FHCF type of business meets either the combined dollar/percentage threshold or the large dollar threshold below. A comment field is provided in the *WIRE* Submission Confirmation Form for your Company to enter a brief explanation of such fluctuations when confirming the Data Call file for submission. While the degree of detail is left to the discretion of your Company, the explanation must provide detail beyond simply stating that "the data has been reviewed and is correct as submitted."

Type of Business	\$ Threshold		% Threshold			Large \$ Threshold
Commercial:	+/- \$ 25,000,000	and	+/- 40%		or	+/- \$ 200,000,000
Residential:	+/- \$ 50,000,000	and	+/- 40%		or	+/- \$ 1,000,000,000
Mobile Home:	+/- \$ 25,000,000	and	+/- 40%		or	+/- \$ 40,000,000
Tenants:						+/- \$ 20,000,000
Condominium Unit Owners:	+/- \$ 25,000,000	and	+/- 40%		or	+/- \$ 40,000,000

## **Rounding**

Exposures must be reported in whole dollars and may be rounded to the nearest \$1,000, but no greater.

### **\*\* Covered Policies \*\***

A Covered Policy is defined in Section 215.555(2)(c), Florida Statutes, as any insurance policy covering a Residential Structure, or its contents, located in the State of Florida. Covered Policy is further defined in subsection (11) of Article V of the FHCF Reimbursement Contract (see page 16 herein), which includes personal lines residential coverages, commercial lines residential coverages, and mobile home coverages. **The FHCF provides reimbursement only for losses from policies with wind or hurricane coverage.**

### **\*\* June 30<sup>th</sup> “as of” Date \*\***

The data reported under this Data Call pertains to a Company’s insured values under Covered Policies as of June 30, 2022. This data is used by the FHCF to calculate a Company’s Premium, Retention, and maximum FHCF coverage under the applicable Reimbursement Contract.

Although changes to coverage under a policy that are effective after June 30<sup>th</sup> do not impact reporting under the Data Call (including new policy issuance and policy terminations), the policy terms in effect at a time of loss will be considered in determining a Company’s Losses eligible for reimbursement under the FHCF. For example, if a Covered Policy was written effective July 1, 2022, exposure for that policy would not be included under the 2022 Data Call submission, but Losses under that policy would be reportable to the FHCF when the Company files its loss reports.

Given an “as of” date of June 30<sup>th</sup> and a statutory Data Call due date of September 1<sup>st</sup>, a Company must determine the date at which it can most accurately capture and report its data to include policy transactions with effective dates of June 30<sup>th</sup> or earlier, while still being able to meet the statutory Data Call due date. For example, a Company writes a policy with an effective date of June 29, 2022, the transaction was processed by the Company on July 15, 2022 and the Company compiled its data on July 20, 2022. The FHCF would expect the policy to be reported since the policy was in effect on June 30<sup>th</sup> and the transaction was processed before the date the data was compiled. However, the FHCF recognizes that if a transaction was not processed far enough through a Company’s systems by the date on which the Company compiled its Data Call information, then that transaction would not necessarily be reflected in the Company’s original Data Call submission. Nonetheless, should the Company have to resubmit its Data Call at a later date, then the transaction should be included in the resubmitted data.

### **\*\* Retention of Records for SBA Examination \*\***

In accordance with Article XIII of the Reimbursement Contract and the SBA’s examination program, all records, including exposure filings (Data Call submission), policy files, and supporting documentation, must be retained along with computer runs produced to support the Data Call submission. Companies writing covered collateral protection policies, as defined in this Data Call, must be able to provide documentation that the policy covers the borrower’s and lender’s interest and that the dwelling coverage is in an amount at least equal to either the coverage for the dwelling in place under the lapsed homeowner’s policy or 100% of the replacement cost value of the dwelling (as determined under a methodology approved in advance as required on page 25-27 of this Data Call). Such records must be retained until the SBA has completed its examination of your Company’s exposure submission and loss reports (applicable to the Data Call Contract Year) and commutation for the Contract Year (if applicable) has been concluded. The Data Call file must be retained and maintained so that, upon examination by the SBA, changes can be made to correct any errors which may be identified and to allow for a resubmission if required.

**\*\* Officer Submission Statements \*\***

A Data Call submission is required to be signed by two officers in *WIRE*. The following are included in the online officer submission statements:

- I, the undersigned, do state that, to the best of my knowledge, the file submission provided to the SBA under Section 215.555(5)(c), Florida Statutes, is complete, accurate, and in compliance with the requirements of Section 215.555, Florida Statutes, and all Florida Administrative Code rules.
- I, the undersigned, acknowledge that the SBA may use the submitted file and related transmittals in the course of its examination of the captioned Company's exposure reporting, as well as any applicable claims examinations. I further understand that the exposure examination will require documentation in addition to the items submitted herein. Said Company will retain and maintain complete and accurate records, in policy level detail, of all exposure data related to the generation and submission of this Data Call submission or resubmission until the SBA has completed its exposure and claims examinations of the Company's submission(s) and commutation for the Contract Year (if applicable) has been concluded.

[This next certification will appear only for those companies identified by the user confirming and submitting the file in *WIRE* as writing collateral protection policies as described herein.]

- I, the undersigned, acknowledge that the captioned Company writes collateral protection policies covering personal residences in the State of Florida that protect both the borrower's and the lender's financial interest, in an amount at least equal to either the coverage for the dwelling in place under the lapsed homeowner's policy or 100% of the replacement cost value of the dwelling (as determined under a methodology approved in advance as required on page 25-27 of this Data Call). I understand that, as referenced in Section 215.555(2)(c), Florida Statutes, for such policies to be covered by the FHCF, said Company must be able to accurately report exposure information for those policies as required in Section 215.555(5), Florida Statutes, and specifically, as outlined in this Data Call. Accordingly, I certify that, to the best of my knowledge, said Company:

Option 1: has collected all the information necessary for such policies to be covered by, and reported to, the FHCF, as outlined in this Statement and this Data Call, and has accordingly included collateral protection exposure covered by the FHCF in this Data Call submission.

Option 2: does not have available the data as required by the Premium Formula as specified in Section 215.555(5), Florida Statutes, and therefore is unable to accurately report its collateral protection exposure. I also understand that said Company is ineligible to collect any reimbursements from the FHCF for Losses occurring during this FHCF contract year from policies covering collateral protection exposure.

- I, the undersigned, am an officer of the captioned Company, acting within my authority in making these declarations, and I have conducted, or have had conducted, a diligent review of said Company's records and systems to determine the truth of these statements.



# Florida Hurricane Catastrophe Fund 2022 Data Call

## File Layout

The following fields must be provided in a pipe delimited text file. For the pipe “|” symbol, press the *Shift* key and the \ key.

Field #	Description	Min Length	Max Length	Type	Notes
1	Type of Business	1	1	Numeric	Only the codes on page 8 are acceptable.
2	Line of Business	1	1	Numeric	Only the codes on page 9 are acceptable.
3	Construction Type	1	2	Numeric	Only the codes on page 9 are acceptable.
4	Deductible Group	2	2	Alpha-Numeric	Only the codes on pages 10-11 are acceptable.
5	County Code	1	3	Numeric	Only the codes on page <del>28</del> <u>30</u> are acceptable.
6	ZIP Code	5	5	Numeric	At least 95% of exposure must have a valid ZIP Code.
7	Total Insured Risks	1	6	Numeric	Must be greater than zero.
8	Total Insured Value – Building*	1	12	Numeric	Report whole dollar amounts only (no decimals). If amount is zero, then enter 0. *Note that the sum of these four fields must be greater than zero.
9	Total Insured Value – Appurtenant Structures*	1	12	Numeric	
10	Total Insured Value – Contents*	1	12	Numeric	
11	Total Insured Value – ALE*	1	12	Numeric	
12	Year Built	1	4	Numeric	Enter 4-digit year; if unknown, enter 0.
13	Reserved for Future Use	1	1	Numeric	Enter 0.
14	Reserved for Future Use	1	1	Numeric	Enter 0.
15	Structure Opening Protection	1	1	Numeric	Only the codes on page 13 are acceptable.
16	Roof Shape	1	1	Numeric	Only the codes on page 13 are acceptable.
17	Policy Effective Date	8	8	Numeric	Must use “yyyymmdd” format only (include leading zeros for single-digit months and days).
18	Policy Expiration Date	8	8	Numeric	Must use “yyyymmdd” format only (include leading zeros for single-digit months and days).
19	Policy Number	1	30	Special	Include characters A-Z, 0-9, and “-” only. See additional instructions on page 14.
20	<del>Citizens-Assumed</del> Policy Number	1	30	Special	Include characters A-Z, 0-9, and “-” only. See additional instructions on page 14.

**Example:** A record with the following information:

Field #	Description	Type	Entry
1	Type of Business	Residential	2
2	Line of Business	Homeowners	2
3	Construction Type	Frame	1
4	Deductible Group	\$2,000	RC
5	County Code		86
6	ZIP Code		33130
7	Total Insured Risks		5
8	Total Insured Value – Building		500000
9	Total Insured Value – App. Structures		100000
10	Total Insured Value – Contents		250000
11	Total Insured Value – ALE		50000
12	Year Built	Example: 2010	2010
13	NA		0
14	NA		0
15	Structure Opening Protection	No credit is given to policyholder	0
16	Roof Shape	Hip, Mansard, or Pyramid	1
17	Policy Effective Date		20220305
18	Policy Expiration Date		20230304
19	Policy Number		ABC000001234
20	<u>Citizens Assumed</u> Policy Number		FRJ000022222

Each record must have the following layout:

2|2|1|RC|86|33130|5|500000|100000|250000|50000|2010|0|0|0|1|20220305|20230304|ABC000001234|FRJ000022222

### Description of Data Fields

The FHCF strongly encourages any individual involved in completing this Data Call to review the Reporting Clarifications on pages 20-21 herein.

#### 1. Type of Business (TOB)

All exposure should be classified as one of the following FHCF TOBs. Exposure for scheduled personal property written under attachments, endorsements, and riders should be reported as the FHCF TOB it is associated with, with the exception of mobile home related property, which must still be reported as FHCF TOB “3” (Mobile Home).

Type of Business	Code
Commercial	1
Residential	2
Mobile Home	3

Type of Business	Code
Tenants	4
Condominium Unit Owners	6

General TOB Instructions:

- **Commercial** should be used for commercial-habitational exposures such as apartment buildings and condominium complexes. Do not use this TOB for individual condominium unit owners.
- **Mobile Home** should be used for all mobile home coverages, regardless of the policy form on which coverage is written, including coverage provided to a person(s) renting a mobile home.
- **Tenants** should be used for policies providing property coverage to a person(s) entitled to occupy a dwelling unit (including a condominium unit) under a rental agreement. Do not use this TOB for any policy providing coverage to a person renting a mobile home. Exposure for scheduled



personal property written under attachments, endorsements, and riders should be reported as the FHCF TOB it is associated with.

- **Condominium Unit Owners** should be used for individual condominium unit owners, whether owner or tenant occupied. Do not use this TOB for condominium complexes or multi-unit structures.

## 2. Line of Business

Exposure information for Covered Policies is to be reported using the following codes (use the code your Company deems most appropriate):

Line of Business	Code
Fire and Allied Lines	1
Homeowners Multiple Peril	2
Farmowners Multiple Peril	3

Line of Business	Code
Commercial Multiple Peril	4
Mobile Homeowners	5
Inland Marine	6

## 3. Construction Type

The FHCF's construction codes and definitions are provided on page [2729](#). Your company must use the applicable FHCF codes in its Data Call submission.

If your Company's construction definitions do not closely match those of the FHCF, you must complete the Construction Mapping Worksheet on pages [29-31-33](#), submit it to the Administrator, and receive approval from the Administrator prior to submitting the Data Call file through *WIRE*. This will help your Company avoid a subsequent resubmission due to improper construction reporting. Once the Administrator has notified you in writing that your mapping is acceptable, you must complete the actual mapping so that only FHCF constructions are reported in your submission. The Construction Mapping Worksheet must be provided directly to the Administrator, not through *WIRE*. **If a mapping review is necessary for your Company, such a review must be done each year.**

If your Company has policies for which no construction information is captured, exposure for such policies should be reported using the FHCF Unknown construction code "11" (or code "25" for mobile home exposure).

### Commercial, Residential, Condominium Unit Owners, Tenants

Construction Type	Code
Frame	1
Masonry	2
Masonry with Reinforced Concrete Roof	15
Superior	7
Superior with Reinforced Concrete Roof	16
Masonry Veneer	10
Unknown (Non-Mobile Home)	11

### Mobile Home

Construction Type	Code
Mobile Home - Fully Tied Down, Mfg. before 7/13/94	21
Mobile Home - Fully Tied Down, Mfg. on or after 7/13/94 or documented to be in compliance with ANSI/ASCE 7-88	22
Mobile Home - Other than Fully Tied Down or Unknown	25

**4. Deductible Group – Wind Including Hurricane Deductible, or Hurricane Deductible Only**

Report an FHCF percentage or dollar deductible code based on how the policy deductible is written. For example, a \$100,000 residential policy written with a 2% deductible must be reported with code R2, not code RC (\$1,501 to \$2,500 deductible), regardless of how the deductible is “stated” to the policyholder.

For any policy written with a percentage deductible and a minimum dollar deductible, always report the percentage deductible.

For policies with some type of deductible credit mechanism (e.g., vanishing deductible), report the deductible stated on the declarations page without recognition of any credit earned or reduction to the stated deductible.

For policies (regardless of the FHCF Type of Business under which the policy’s exposure is reported) written with a dollar-only deductible that is greater than \$50,000, the deductible amount must be converted to a percentage of the total insured building value (Data Call field 8) and reported to the FHCF as a percentage deductible.

For commercial-habitational policies covering multiple structures/contents under an indivisible aggregate deductible, report the full blanket deductible for each record reported.

Following are the FHCF deductible groups and codes:

**Commercial**

<b>Deductible Group</b>	<b>Code</b>
\$0 to \$2,500	CA
\$2,501 to \$7,500	CB
\$7,501 to \$15,000	CC
\$15,001 to \$50,000	CD
Greater than \$50,000 – Convert to a percentage	See % Ded. Groups

<b>Deductible Group</b>	<b>Code</b>
Less than or equal to 1%	C1
Greater than 1%, less than or equal to 2%	C2
Greater than 2%, less than or equal to 3%	C3
Greater than 3%, less than or equal to 4%	C4
Greater than 4%, less than or equal to 5%	C5
Greater than 5%, less than or equal to 6%	C6
Greater than 6%, less than or equal to 7%	C7
Greater than 7%, less than or equal to 8%	C8
Greater than 8%, less than 10%	C9
10% or Greater	C0

**Residential, Tenants, or Condominium Unit Owners**

<b>Deductible Group</b>	<b>Code</b>
\$0	RM
\$1 to \$500	RA
\$501 to \$1,500	RB
\$1,501 to \$2,500	RC
Greater than \$2,500	RD
Greater than \$50,000 – Convert to a percentage	See % Ded. Groups

<b>Deductible Group</b>	<b>Code</b>
Less than or equal to 1%	R1
Greater than 1%, less than or equal to 2%	R2
Greater than 2%, less than or equal to 3%	R3
Greater than 3%, less than or equal to 4%	R4
Greater than 4%, less than or equal to 5%	R5
Greater than 5%, less than or equal to 6%	R6
Greater than 6%, less than or equal to 7%	R7
Greater than 7%, less than or equal to 8%	R8
Greater than 8%, less than 10%	R9
10% or greater, less than 15%	R0
15% or Greater	RZ

**Mobile Home**

Deductible Group	Code
\$0	MM
\$1 to \$250	MA
\$251 to \$500	MB
Greater than \$500	MC
Greater than \$50,000 – Convert to a percentage	See % Ded. Groups

Deductible Group	Code
Less than or equal to 1%	M1
Greater than 1%, less than or equal to 2%	M2
Greater than 2%, less than or equal to 3%	M3
Greater than 3%, less than or equal to 4%	M4
Greater than 4%, less than or equal to 5%	M5
Greater than 5%, less than or equal to 6%	M6
Greater than 6%, less than or equal to 7%	M7
Greater than 7%, less than or equal to 8%	M8
Greater than 8%, less than 10%	M9
10% or Greater	M0

**5. County Code**

Florida county code specifying the location of each covered risk. All records must be coded with a valid Florida county code listed on page [2830](#). There is no “unknown” county code. ZIP Codes and county codes must be cross-referenced to ensure that 95% of your Company’s aggregate exposure has a valid Florida ZIP Code to county code match. As the FHCF recognizes some ZIP Codes may span county boundaries, *WIRE* has been programmed to accept any county immediately bordering the county the FHCF considers to be the county in which a specific ZIP Code resides.

**6. ZIP Code**

The 5-digit ZIP Code location of each covered risk in Florida. A minimum of 95% of your Company’s aggregate exposure must be coded with valid Florida ZIP Codes. The FHCF ZIP Code database is as of January 2022. If a record contains a ZIP Code that does not match the FHCF database, the rate applied will be based on the county code instead of the ZIP Code.

A listing of valid ZIP Codes and corresponding county codes and rating regions is available online at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf).

**7. Total Insured Risks (May not be less than zero.)**

This is the total number of insured risks for each FHCF Covered Policy.

**Reportable Exposure (Data Call Fields 8-11)**

The only wind exposure that should be reported in response to this Data Call is summarized below. The exposure reportable to the FHCF is less inclusive than the coverage provided by the FHCF. Covered Policies are defined in subsection (11) of Article V of the Reimbursement Contract. See page 16 herein. Examples of exposure to be reported to the FHCF are included in the Frequently Asked Questions document available online at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf).

- 1) The stated wind/hurricane policy limit (including any modifications by endorsement, attachment, or rider) for:
  - a. Dwelling (often referred to as Coverage A),
  - b. Appurtenant Structures (often referred to as Coverage B),
  - c. Contents (often referred to as Coverage C), and
  - d. Additional Living Expense (often referred to as Coverage D or Coverage E).
- 2) The full wind/hurricane limit for the dwelling limit/Additions and Alterations coverage (often referred to as Coverage A) on covered Condominium Unit Owners policies. The full limit is the total limit under the policy, regardless of whether that is the basic limit alone (e.g., \$1,000) or the basic limit plus an increased limit.

- 3) The additional wind/hurricane limit provided by attachments, endorsements, or riders for:
  - a. Scheduled personal property [except for those items listed under the Non-Reportable (But Covered) Exposure or Not Covered/Excluded Exposure sections],
  - b. Pool/screen enclosures, and
  - c. Building Additions and Alterations limit purchased on Renters/Tenants Policies [this is to be distinguished from Additions and Alterations coverage provided within the policy form as an additional coverage at no additional cost to the policyholder, which is considered a Non-Reportable (But Covered) Exposure].

**Non-Reportable (But Covered) Exposure**

Exposure from any additional coverages/coverage extensions written within the policy form are not reportable to the FHCF under this Data Call. The following list outlines exposures which are covered by the FHCF at the time of a covered Loss but are not reportable to the FHCF under this Data Call. Examples of exposure not to be reported to the FHCF are included in the Frequently Asked Questions document available online at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf).

- 1) Any type of Ordinance and Law coverage.
- 2) Any additional exposure for endorsements that specifically increase the limit of liability at the time of a covered Loss (e.g., guaranteed replacement cost or specified increase to the dwelling limit).
- 3) Any exposure for the following:
  - a. Computers or electronic data,
  - b. Debris removal,
  - c. Golf carts,
  - d. Grave markers,
  - e. Land,
  - f. Mold, fungi, or bacteria,
  - g. Radio and TV antennas, satellite dishes, awnings, or signs,
  - h. Refrigerated property,
  - i. Trees, shrubs, and plants, and
  - j. Valuable papers, personal records, monies, or securities.

**Not Covered/Excluded Exposure**

Article VI of the 2022 FHCF Reimbursement Contract outlines specific exclusions from FHCF coverage. Exclusions from Article VI which pertain to exposure reporting under this Data Call are included on pages 18-19 herein.

**8. Total Insured Value - Building**

This is the total insured building limit for a Covered Policy or an individual risk within a Covered Policy that insures multiple risks.

**9. Total Insured Value - Appurtenant Structures or Non-Habitational Structures**

This is the total insured appurtenant structures limit for a Covered Policy or an individual risk within a Covered Policy that insures multiple risks.

**10. Total Insured Value - Contents**

This is the total insured contents limit for a Covered Policy or an individual risk within a Covered Policy that insures multiple risks.

**11. Total Insured Value - Additional Living Expense (ALE)**

This is the total insured ALE limit for a Covered Policy or an individual risk within a Covered Policy that insures multiple risks. For ALE coverage provided as a specific dollar limit, report exposure values based on that limit, but not to exceed 40% of the Residential Structure (Coverage A) exposure or 40% of the contents (Coverage C) exposure. If ALE is written as a portion of Coverage A, 40% of Coverage A is the cap. If ALE is written as a portion of Coverage C, 40% of Coverage C is the cap.

For covered policies written with ALE as a time element coverage, you must report ALE exposure in an amount not to exceed 40% of the Residential Structure or 40% of the contents exposure.

**Note that the 40% threshold is a statutory cap.** If your Company provides coverage to its policyholders that is in excess of this cap, or if rounding of your building or contents exposure results in a higher ALE percentage, report no more than the cap when reporting ALE exposure to the FHCF.

**12. Year Built**

Enter the four-digit year of construction, including for mobile homes (e.g., 1989, 2014, etc.). If the year of construction is unknown, enter a zero (0).

For mobile home, either the actual year of construction or the model year may be reported. The *WIRE* validation will allow FHCF Year Built for an additional year on mobile homes to recognize early model year mobile home construction.

**13. Reserved for Future Use – Enter 0****14. Reserved for Future Use – Enter 0****15. Structure Opening Protection**

Enter the appropriate structure opening protection code from the table below.

Structure Opening Protection	FHCF Code
No Structure Opening Protection	0
Structure Opening Protection	5

If your company does not recognize basic opening protection (such as wood panels) as structure opening protection, you should report code “0,” No Structure Opening Protection.

If your company assumes a structure built in compliance with the Florida Building Code (FBC 2001 or later) and located in the HVHZ (Miami-Dade or Broward counties) has structure opening protection devices installed, and your company recognizes structure opening protection in such a case without any further verification, code “5,” Structure Opening Protection should be reported.

**16. Roof Shape**

Enter the appropriate roof shape code from the table below.

Roof Shape	FHCF Code
Hip, Mansard, or Pyramid	1
Gable, Other, or Unknown	2

**17. Policy Effective Date**

Enter the effective date of the Covered Policy using the “yyyymmdd” format.

**18. Policy Expiration Date**

Enter the expiration date of the Covered Policy using the “yyyymmdd” format.

**19. Policy Number**

Enter the Covered Policy number.

If your Company assumed Covered Policies from Citizens, a second Data Call file must be submitted for the assumed policies which **have not renewed** onto your Company’s books by June 30, 2022 (as instructed on page 23). In that second file, enter zero for field #19 and report the Citizens policy number for the assumed policy in field #20.

**20. ~~Citizens Assumed~~ Policy Number**

If your Company **did not** assume any policies from Citizens (as discussed on page 23) or an unsound insurer (pursuant to Section 215.555(5)(e), Florida Statutes, as discussed on page 25), enter a zero in this field for each record).

If your Company **did** assume policies from Citizens:

For a policy assumed from July 1, 2021 through June 30, 2022, enter the Citizens policy number in this field.

For a policy that was not assumed from July 1, 2021 through June 30, 2022, enter a zero in this field.

If your Company **did** assume policies from an unsound insurer:

For all assumed policies that have not yet renewed onto your Company’s policy, enter the unsound insurer’s policy number in this field and enter a zero in field 19.

For all assumed policies that have renewed onto your Company’s policy, enter the unsound insurer’s policy number in this field and enter your Company’s direct policy number in field 19.

## Florida Hurricane Catastrophe Fund 2022 Data Call

### Attachments

- Reimbursement Contract: Article V - Selected Definitions (page 16)
- Reimbursement Contract: Article VI – Selected Exclusions (page 18)
- Reporting Clarifications (page 20)
- Citizens Property Insurance Corporation Supplemental Reporting Requirement: Policies Written under Section 627.351(6)(c)1.g., Florida Statutes (page 22)
- Citizens Property Insurance Corporation Takeouts Pursuant to Assumption Agreements (page 23)
- Citizens Property Insurance Corporation Coastal Account Quota Share Primary Insurance Reporting Requirements (page 24)
- Assumptions from Unsound Insurers (page 25)
- Supplemental Information Required from a Company Reporting Exposure for Collateral Protection Policies (page 2527)
- Construction Codes (page 2729)
- Florida County Codes (page 2830)
- Construction Mapping Worksheet (page 2931)
- Mixed-Occupancy Single Structures Worksheet (page 3234)
- Supplemental Instruction Sheet for New Participants (page 3436)

## Florida Hurricane Catastrophe Fund 2022 Data Call

### Reimbursement Contract: Article V – Selected Definitions

(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. Fair rental value, loss of rents, or business interruption losses are not covered by the FHCF.

(11) **Covered Policy**

(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) 1. 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 company submits the required data as specified in the Data Call adopted under Rule 19-8.029, F.A.C.

2. The SBA finds that the replacement cost value of a dwelling is the functional equivalent of the dwelling coverage amount under the lapsed homeowner's policy and that coverage in the amount of the replacement cost value fulfills the legislative intent that collateral protection policies are to be covered by the FHCF only when they protect the borrower's interest in the dwelling to the same extent as a traditional residential policy. Therefore, for purposes of this definition of Covered Policy, a collateral protection policy is deemed to be written in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy if the dwelling coverage amount is either:

- a. Equal to or greater than the amount of dwelling coverage in place under the "lapsed homeowner's policy," i.e., the last residential policy placed by the borrower; or
- b. Equal to or greater than 100% of the replacement cost value of the dwelling, as determined under a methodology approved in advance as required by the Data Call. For the purpose of this determination, "replacement cost value" means the cost to replace the dwelling on the same premises, without deduction for depreciation, with material of like kind and quality and for like use.

(c) Covered Policy does not include any policy or exposure excluded under Article VI.

(14) **Excess Policy**

This term means, for the purposes of this Contract, 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.

(24) **Residential Structure**

In general, this term means a unit or building used exclusively or predominantly for dwelling or habitational occupancies, including the primary structure and appurtenant structures insured under the same Covered Policy and any other structures covered under endorsements associated with the Covered Policy covering the Residential Structure.

(a) With respect to a unit or home insured under a personal lines residential policy form, such unit or home is deemed to have a habitational occupancy and to be a Residential Structure regardless of the term of its occupancy.



- (b) With respect to a condominium structure or complex insured under a commercial lines policy, such structure is deemed to have a habitational occupancy and to be a Residential Structure, regardless of the term of occupancy of individual units.
- (c) A single structure which includes a mix of commercial habitational and commercial non-habitational occupancies, and is insured under a commercial lines policy, is considered a Residential Structure if 50% or more of the total insured value of the structure is used for habitational purposes.
- (d) Residential Structures do not include any structures excluded under Article VI.

## **Florida Hurricane Catastrophe Fund 2022 Data Call**

### **Reimbursement Contract: Article VI – Selected Exclusions**

The following selected exclusions from Article VI of the Reimbursement Contract pertain to exposure that should not be reported under this Data Call.

- (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 structure(s) 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 structure(s) using separate policy forms; or  
(c) Any other policy providing a layer of windstorm or hurricane coverage for a structure(s) below a layer of self-insured windstorm or hurricane coverage for the same structure.  
(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(11)(b).
- (7) Any reinsurance assumed by the Company.
- (8) Hotels, motels, timeshares, shelters, camps, retreats or other similar structures. This exclusion does not apply to any policy identified as covering a residential condominium association or to any policy on which the insured is a residential condominium association, unless it is classified and rated as a hotel, motel, timeshare, shelter, camp, retreat or other similar structure.
- (9) Retail, office, mercantile, or manufacturing facilities, or other similar structures.
- (10) Any exposure for condominium or homeowner associations if no Residential Structures are insured under the policy.
- (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 under construction.
- (16) Any exposure for vehicles, recreational vehicles, golf carts or boats (including boat related equipment) requiring licensing.
- (21) Any exposure for, or amounts paid to reimburse a policyholder for, condominium association loss assessments or under similar coverages for contractual liabilities.
- (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 Company and Citizens are covered by this Contract.
- (27) A policy providing personal property coverage separate from coverage of personal property included in a homeowner's, mobile home owner's, condominium unit owner's, or tenant's policy or other policy

covering a Residential Structure, or in an endorsement to such a policy. Also excluded is a personal property endorsement to a policy that excludes windstorm or hurricane coverage or to any other type of policy that does not meet the definition of covered policy.

(28) Endorsements predominantly covering Specialized Fine Arts Risks or collectible types of property meeting the following requirements:

- (a) An 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 endorsement is an 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 inspection and must provide a specialized loss prevention service 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) An 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 endorsements are subject to the exclusion provided in this paragraph when the 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 an endorsement represents an unusually high exposure value and such endorsement 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.

# Florida Hurricane Catastrophe Fund

## 2022 Data Call

### Reporting Clarifications

#### General Clarifications

1. *Aggregate Policy Limits (not applicable to Commercial Residential Policies)*

For policies that provide an aggregate limit without stating a specific limit for buildings, appurtenant structures, contents, or ALE exposures, report the exposure to the FHCF by allocating the total policy limit to the building field if the policy fits the definition of FHCF types of business Residential or Mobile Home, or to the contents field if the policy fits the definition of FHCF types of business Tenants or Condominium Unit Owners.

2. *Farmowners*

The only exposure under a Farmowners policy that is reportable to the FHCF is exposure for the dwelling, other private structures appurtenant to dwellings, household personal property, and additional living expense coverage. FHCF commercial codes for type of business and deductible may not be used.

3. *Multiple Rating Factors (Construction and Deductible) within the Building, Appurtenant Structures, Contents (including scheduled personal property), and ALE Limits*

If, within a policy, the limits above have different FHCF rating factors, exposure may be reported under one record using the rating factors applicable to the most exposure (e.g., if 70% of the exposure under such a policy is for Building coverage, report the rating factors applicable to the Building coverage). If your Company chooses to break such policies into multiple records for FHCF reporting, you must do so consistently across your non-commercial book of business.

This clarification is also applicable to the Year Built, Structure Opening Protection, and Roof Shape fields. For commercial policies covered by the FHCF, see Commercial-Habitational Clarification #1 .

#### Commercial-Habitational Clarifications

The only commercial policies covered by the FHCF are those covering habitational structures (e.g., apartments and condominiums).

1. *Multiple Rating Factors (Construction and Deductible) within the Building (dwelling), Non-Habitational Structures, Contents, and ALE Limits of a commercial policy*

One Occupied Dwelling Structure: If, within a commercial policy, the limits above have different rating factors (e.g., a superior masonry apartment building, a frame guardhouse, and a masonry pool), exposure may be reported under one record using the rating factors applicable to the dwelling structure. If your Company chooses to break such policies into multiple records to report different constructions and deductibles to the FHCF, you must do so consistently across your commercial book of business.

Multiple Occupied Dwelling Structures: If, within a commercial policy, several occupied dwelling structures are insured and those structures are in multiple ZIP Codes, a separate record must be reported for each ZIP Code with the exposure applicable to that specific ZIP Code.

If multiple occupied dwelling structures insured under one policy are in the same ZIP Code and have shared non-habitational structures with different rating factors, your Company may report the exposure for the non-habitational structures as appurtenant to the dwelling structure your Company deems most appropriate.

This clarification, in its entirety, is also applicable to the Year Built, Structure Opening Protection, and Roof Shape fields.

2. *Commercial Policies Covering Farms*

For commercial farms with habitation exposure that is written on a commercial policy form, report the exposure as Residential type of business, with the exception of any mobile home related exposure. Dwelling mobile home exposure on the policy, including the contents therein and scheduled personal property, must be reported as Mobile Home type of business.

3. *Commercial Policies Covering a Variety of Risks (other than Farm coverage)*

For a commercial policy covering both commercial habitation exposures and incidental non-commercial habitation exposures (i.e., single-family homes, condominium unit owners, tenants coverage, and mobile homes) in the same ZIP Code, all non-mobile home related exposure may be reported under one record using FHCF type of business Commercial. The construction, deductible, Year Built, Structure Opening Protection, and Roof Shape codes applicable to the commercial habitation exposure should be reported for that record. Any mobile home exposure, regardless of the type of policy under which it is written, must be reported to the FHCF as type of business Mobile Home.

Should your Company choose to report the exposure under such a policy as multiple records (e.g., an apartment building reported as Commercial and the CEO's home reported as Residential, the decision to do so must be applied consistently to all such policies, and the Data Call codes applicable to each record/type of business must be reported.

Note that if the exposures are in different ZIP Codes, the exposures must be reported as separate records using the ZIP Code applicable to each exposure(s).

4. *Blanket Limits*

For a multiple location policy with a blanket limit, if the blanket limit is less than the insurable value of the property being insured, the policy would not be covered by, or reportable to, the FHCF pursuant to Exclusion (4) under Article VI of the Reimbursement Contract (see page 18 herein). The Company must maintain a copy of the Statement of Values to support the policy exposure reported in order for the SBA to confirm correct reporting during examination.

5. *Blanket Deductibles*

For a policy covering multiple structures/contents under an indivisible aggregate deductible, report each risk/building/exposure with the full blanket deductible amount.

6. *Policies with a Mix of Commercial Habitation & Non-Habitation Structures*

Only report exposure which directly covers, or is used in relation to, covered habitation structures. "Used in relation to" is defined as any structure that is used solely by the occupants (or their guests) of the habitation structure. If you are unable to make this determination for a structure, do not report the exposure for that structure in your Data Call submission.

7. *Multiple Family Dwellings on a Commercial Policy & FHCF Type of Business (TOB)*

Two, three, and four-family dwellings should be reported with an FHCF TOB based on how your Company rates the dwellings (either Residential or Commercial FHCF TOB). Dwellings housing more than four families should be reported as FHCF TOB Commercial. For a commercial policy covering exposure that falls under multiple FHCF types of business, see Commercial-Habitation Clarification #3 herein.

8. *Condominium Associations*

A condominium structure or complex is deemed to have a habitation occupancy and to be a Residential Structure, regardless of the term of occupancy of individual units, pursuant to Definition (24)(b) under Article V of the Reimbursement Contract. However, if it is rated and classified as a hotel, motel, timeshare, shelter, camp, retreat, or other similar structure, then it is not covered by the FHCF pursuant to Exclusion (8) under Article VI of the Reimbursement Contract.

## Florida Hurricane Catastrophe Fund 2022 Data Call

### Citizens Property Insurance Corporation Supplemental Reporting Requirement: Policies Written under Section 627.351(6)(c)1.g., Florida Statutes

If Citizens Property Insurance Corporation (Citizens) has written policies under Section 627.351(6)(c)1.g., Florida Statutes, and permits a Citizens policyholder to select a building/Coverage A limit of liability less than 80% of the replacement cost, Citizens must include the additional three fields in the table below in its Data Call submission, even though the specific fields may not apply to every policy.

#### Additional Data Call File Layout

Field #	Description	Min Length	Max Length	Type	Notes
21	Full Replacement Cost - Building/Coverage A	1	12	Numeric	See description below this table. Enter zeros if none.
22	Building/Coverage A Limit as a Percentage of the Full Replacement Cost	1	3	Numeric	Report percentage (1% to 100%) in whole numbers. For example, 75% would be reported as 75 (see description below this table). Enter 100 if not applicable.
23	Application of Deductible	1	1	Alpha	Only the codes on this page (below) are acceptable.

#### Example

- Full building replacement cost: \$200,000.
- Policyholder selects a policy form/endorsement that allows the policyholder to select a building limit of liability that is 75% of the full replacement cost.
- As a result, the policyholder has purchased a building limit of \$150,000, which is the amount to be reported in Field #8 (Total Insured Value - Building) of this Data Call.

#### Description of Additional Fields

##### 21. Full Replacement Cost - Building

This is the full replacement cost of the building for a policy or multiple policies with the same Data Call codes (200000 for the example above).

##### 22. Building Coverage Limit as a Percentage of the Full Replacement Cost

This is the percentage (in whole numbers, no decimals) of the selected limit of liability in comparison to the full replacement cost (75 for the example above).

##### 23. Application of Deductible

This field indicates how a percentage deductible is applied. In other words, if the policy has a 2% deductible, is the 2% applied to the amount of selected building limit (2% of \$150,000 in the example above) or the replacement cost (2% of the \$200,000 in the example above)? Enter the appropriate code from the following table:

Application of Deductible	FHCF Code
Percentage of Selected Limit	L
Percentage of Replacement Cost	R
Dollar Deductible or Not Applicable	D

## **Florida Hurricane Catastrophe Fund 2022 Data Call**

### **Citizens Property Insurance Corporation Takeouts Pursuant to Assumption Agreements**

For purposes of reporting exposure, calculating Reimbursement Premium, and determining Retention, all FHCF exposure removed from Citizens Property Insurance Corporation Coastal Account and/or Citizens Property Insurance Corporation Personal Lines and Commercial Lines Accounts pursuant to an assumption agreement under Sections 627.351(6)(q)3. and 627.3511, Florida Statutes, shall be treated as the exposure of the assuming Company.

Companies engaged in assumption agreements from July 1, 2021 through June 30, 2022 with either Citizens entity shall submit **separate** data files to the FHCF in the format specified herein. If your Company engaged in assumption agreements with both Citizens entities, three files would be submitted in response to this Data Call. One file must contain the Company's FHCF exposure from direct written premiums. The exposure assumed from either Citizens entity which is renewed by June 30, 2022 must be included (including the Citizens policy number in Field #20) with the direct portion. The other two file(s) must contain the FHCF exposure which was assumed from each Citizens entity (one file for each entity) and which was not renewed onto your Company's book by June 30, 2022.

**Note: All data for an individual Company must be submitted using the FHCF WIRE system before the Administrator can calculate your Company's Premium.**

For the purpose of this Data Call, each Citizens entity shall submit all of its FHCF exposure not subject to assumption agreements (including any assumed policies which the policyholders opted out of the assumption on or before June 30, 2022 and those policies were not assumed by another Company prior to June 30, 2022) in the format specified herein using the *WIRE* system. In addition, each Citizens entity shall report all FHCF exposure removed from the applicable Citizens entity which, as of June 30, 2022, had not been renewed onto the assuming Company's policy forms. Such a file is required for each assumption Company. Each file shall be uploaded through the *WIRE* system in the Data Call format specified herein.

**The FHCF will compare the file(s) submitted by an assumption Company against the file(s) submitted by Citizens and the assumption Company will be required to explain discrepancies.**

Regarding opt outs, the assuming Company must report all assumed policies under this Data Call unless Citizens has notified the assuming Company on or prior to June 30, 2022 that a policy is eligible for an opt out. In such cases, Citizens shall report those policies under its Data Call submission. Furthermore, any untagging or retroactive coverage changes subsequent to June 30<sup>th</sup> will not be considered by the FHCF and will not impact Data Call reporting for Citizens or the assuming Company.

All exposure files requested from the two Citizens entities and Companies engaged in removing exposure from either Citizens entity pursuant to an assumption agreement are subject to examination by the SBA.



## Florida Hurricane Catastrophe Fund 2022 Data Call

### Citizens Property Insurance Corporation Coastal Account Quota Share Primary Insurance Reporting Requirements

As required under sub-subparagraph 627.351(6)(c)2.f., Florida Statutes, for all eligible risks covered under quota share primary insurance agreements, the exposure and coverage levels for both Citizens Property Insurance Corporation (Citizens) and authorized insurers shall be reported by Citizens to the FHCF. For all policies of eligible risks covered under such agreements, Citizens and the authorized insurer must maintain complete and accurate records for the purpose of exposure and claims examinations as required by FHCF rules. Citizens and the authorized insurer must each maintain duplicate copies of policy declaration pages and supporting claims documents.

Citizens Property Insurance Corporation Coastal Account (referred to hereafter on this page as Citizens) shall report, as part of its Data Call submission, the following quota share primary insurance exposure data for all insurers engaged in quota share primary insurance agreements with Citizens:

#### Additional Data Call File Layout

Field #	Description	Min Length	Max Length	Type	Notes
24	NAIC of Quota Share Insurer	5	5	Numeric	
25	Percentage of Hurricane Coverage Retained by Citizens	2	2	Numeric	Percentage of Citizens' retained hurricane coverage as set forth in the quota share primary insurance agreement between Citizens and an insurer.

#### Individual Companies shall not report these additional fields to the FHCF.

Based on the data provided under these two fields, the FHCF shall:

- Calculate the aggregate FHCF Premium, based on the Reimbursement Premium Formula as discussed on page 1 of this Data Call, by Company;
- Based upon the specified Citizens' percentage of hurricane coverage, allocate the applicable share of FHCF Premium to Citizens and to each Company;
- The allocated Premium from above will be added to the FHCF Premium calculated from non-quota share primary insurance for Citizens and for each Company participating in a quota share primary insurance agreement(s) with Citizens; and
- This aggregate Premium shall be used for the calculation of Retentions and FHCF reimbursements.

When reporting loss information to the FHCF, Citizens and Companies will be required to report only their respective portion of Losses under quota share primary insurance agreements.



# Florida Hurricane Catastrophe Fund

## 2022 Data Call

### Assumptions from Unsound Insurers

Companies assuming Covered Policies from an unsound insurer pursuant to Section 215.555(5)(e), Florida Statutes, where the assuming Company has elected to cover the assumed policies under its existing contract with the FHCF, are required to accurately report the exposure data on Covered Policies assumed from the unsound insurer.

1. For an assumption of Covered Policies from an unsound insurer that occurs after June 30, 2022 and before December 1, 2022, the assuming Company shall report the exposure in effect for the assumed policies as of June 30, 2022, similar to how the unsound insurer would have reported the exposure, specifically:
  - Report exposure for assumed Covered Policies effective prior to or on June 30, 2022 based on the exposure in effect as of June 30, 2022;
  - Report assumed Covered Policies with renewal effective dates on or after July 1, 2022 with exposure in effect as of June 30, 2022 from the expired policy;
  - Do not report new policies written by the unsound insurer on or after July 1, 2022, i.e. policies that were not on the books of the unsound insurer as of June 30, 2022;
2. For an assumption occurring after November 30, 2022, the Company is not required to report its assumed policies to the FHCF until the subsequent contract year based on the status of the policy at June 30 of that subsequent contract year.

The FHCF shall treat such policies as if they were in effect as of June 30, 2022 for the assuming Company. All assumed Covered Policies must be combined with the Company's Covered Policies written as its direct business and reported as a single Data Call file. The combined Data Call file is due on September 1, 2022, or a maximum of 60 days from the date of the assumption, whichever is later. If the Company's Data Call file has been previously submitted to the FHCF, the Company will be required to resubmit its initial Data Call file to include assumed policies.

If the Company is unable to submit the combined Data Call file by September 1, 2022, the Company must initially submit its Data Call file with all of its direct written Covered Policies that were in effect as of June 30, 2022 (prior to the assumption of additional Covered Policies from an unsound insurer) by September 1, 2022. Company will then need to resubmit the combined Data Call file no later than 60 days from the date of the assumption.

Covered policies written directly by the assuming Company will be included in the Data Call file with the policy number in Field #19 and policies assumed from an unsound insurer will be included with the policy number of the unsound insurer in Field #20. Note that assumed policies renewed onto the assuming Company's books prior to or on June 30, 2022 will be included with the assuming Company's direct policy number in Field #19 and the unsound insurer's policy number in Field #20.

The assuming Company is required to provide an agreement between insurers that supports the number of

policies assumed and a listing of all assumed policies, including Covered Policies and other policies not covered by the FHCF, in a pipe delimited text file in the following format:

<u>Field #</u>	<u>Description</u>	<u>Min Length</u>	<u>Max Length</u>	<u>Type</u>	<u>Notes</u>
<u>1</u>	<u>Policy Effective Date</u>	<u>8</u>	<u>8</u>	<u>Numeric</u>	<u>Must use “yyyymmdd” format only (include leading zeros for single-digit months and days).</u>
<u>2</u>	<u>Policy Expiration Date</u>	<u>8</u>	<u>8</u>	<u>Numeric</u>	<u>Must use “yyyymmdd” format only (include leading zeros for single-digit months and days).</u>
<u>3</u>	<u>Policy Number</u>	<u>1</u>	<u>30</u>	<u>Special</u>	<u>Include characters A-Z, 0-9, and “-” only.</u>

**Note:** All data for an individual Company must be submitted using the FHCF WIRE system before the Administrator can calculate your Company’s Premium. Further note that the FHCF will compare the Data Call file submitted by the assuming Company against its initial Data Call file submitted before policies were assumed (if applicable) and the listing of all assumed policies provided separately to the FHCF. The Company will be required to explain any discrepancies.

# Florida Hurricane Catastrophe Fund

## 2022 Data Call

### Supplemental Information Required from a Company Reporting Exposure for Collateral Protection Policies

As defined in Article V(11) of the Reimbursement Contract, Covered Policy 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 company submits the required data as specified in this Data Call.

As further specified in Article V(11), a collateral protection policy is deemed to be written in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy if the dwelling coverage amount is either:

- Equal to or greater than the amount of dwelling coverage in place under the "lapsed homeowner's policy," i.e., the last residential policy placed by the borrower; or
- Equal to or greater than 100% of the replacement cost value of the dwelling, as determined under a methodology approved in advance as required by the Data Call. For the purpose of this determination, "replacement cost value" means the cost to replace the dwelling on the same premises, without deduction for depreciation, with material of like kind and quality and for like use.

#### **Methodology Approval Required in Advance**

If your Company will be reporting a Coverage A amount based on the replacement cost value of the dwelling instead of the dwelling coverage in place under the lapsed homeowner's policy, a methodology for doing so, including identification of the source data to be used, must be submitted to the Administrator at [FHCFAdministrator@paragon.aonbenfield.com](mailto:FHCFAdministrator@paragon.aonbenfield.com) by August 1, 2022. Written approval from the FHCF must be received by your Company prior to its submission of the Data Call through WIRE.

#### **Additional Data Call Fields**

In addition to the fields required in the File Layout on page 7 herein, a Company reporting any exposure for collateral protection policies must include the additional fields identified and explained below. Note that while the first five additional fields are applicable to Citizens Property Insurance Corporation, they must be included to preserve the proper file layout and should be populated as indicated under the Notes section of the following table:

#### **Additional Data Call File Layout**

Field #	Description	Min Length	Max Length	Type	Notes
21	N/A – Citizens Field	1	12	Numeric	Enter 0.
22	N/A – Citizens Field	1	3	Numeric	Enter 0.
23	N/A – Citizens Field	1	1	Alpha	Enter the letter D.
24	N/A – Citizens Field	5	5	Numeric	Enter 0.
25	N/A – Citizens Field	2	2	Numeric	Enter 0.
26	Exposure Source	13	25	Alpha	Enter "Lapsed Policy" or name of the Replacement Cost Value source.
27	Reported Coverage A	1	12	Numeric	Enter either the Coverage A limit of the lapsed homeowner's policy or the full replacement cost value of the dwelling.

## **Description of Additional Fields**

### **26. Exposure Source**

Indicate whether the Company relied on the coverage amount provided in the lapsed homeowner's policy or identify the data source approved in advance that was used to determine replacement cost value.

### **27. Reported Coverage A**

Enter either the Coverage A limit of the lapsed homeowner's policy or the full replacement cost value of the dwelling as supported by the methodology approved in advance of the Data Call submission.

# Florida Hurricane Catastrophe Fund

## 2022 Data Call

### FHCF Construction Codes

The construction code identifies the material with which the building is constructed.

Construction Type/Definition	FHCF Code
<i>Frame</i> ..... Buildings where the exterior walls are wood or other combustible materials, including wood iron-clad, stucco on wood, or plaster on combustible supports. Also includes aluminum or plastic siding over frame. If a Company's definition of frame includes hardiboard, FHCF Frame construction should be used <sup>1</sup> .	1
<i>Masonry</i> ..... Buildings where the exterior walls are constructed of masonry, non-combustible, or fire resistive materials such as adobe, brick, concrete, gypsum block, hollow concrete block, stone, tile or other non-combustible materials.	2
<i>Masonry with Reinforced Concrete Roof</i> ..... Construction meeting the definition of FHCF Masonry construction, as outlined above, and having a reinforced concrete roof.	15
<i>Superior</i> ..... Masonry, non-combustible, or fire resistive construction where one of the following additional conditions exist: <ul style="list-style-type: none"> <li>▪ Roof deck has a minimum thickness of 2 inches with roof supports having a minimum dimension of 6 inches; or</li> <li>▪ Floors and roof constructed of 2 inches of masonry on steel supports or documented to be constructed of 22 gauge metal or heavier on steel supports; or</li> <li>▪ Roof assembly is documented to have a UL wind uplift classification of 90 or equivalent.</li> </ul> <b>Or</b> A building of any construction which is 6 or more stories.	7
<i>Superior with Reinforced Concrete Roof</i> ..... Construction meeting the definition of FHCF Superior construction, as outlined above, and having a reinforced concrete roof.	16
<i>Masonry Veneer</i> ..... Buildings with exterior walls of combustible construction veneered with brick, masonry, or stone. If a Company's definition of veneer includes hardiboard, FHCF Masonry Veneer construction should be used <sup>1</sup> .	10
<i>Unknown</i> ..... Construction information not collected for the policy or the reportable exposure. Not valid for mobile home or mobile home-related exposure.	11
<i>Mobile Home - Fully Tied Down, manufactured before 7/13/94<sup>2</sup></i> ..... Mobile/Manufactured Housing, manufactured before 7/13/94, which has anchors and tie-downs as required by Section 320.8325, Florida Statutes, and Florida Administrative Code rules promulgated thereunder.	21
<i>Mobile Home - Fully Tied Down, manufactured on or after 7/13/94<sup>2</sup></i> ..... Mobile/Manufactured Housing which has anchors and tie-downs as required by Section 320.8325, Florida Statutes, and Florida Administrative Code rules promulgated thereunder, and was manufactured on or after 7/13/94 or is documented to be in compliance with ANSI/ASCE 7-88.	22
<i>Mobile Home – Other than Fully Tied Down or Unknown</i> ..... Mobile home is not fully tied down, the nature of any tie downs is unknown, or tie down information is not available.	25

<sup>1</sup>If your Company has a specific rate for hardiboard construction (i.e., a rate other than frame or veneer), a proposed mapping must be submitted to the FHCF Administrator as specified on pages 9 and 30 herein.

<sup>2</sup>If you are uncertain whether a mobile home was manufactured on or after 7/13/94, use the manufactured before 7/13/94 code "21." If your Company only tracks the year built and not the month, and the year built is 1994, use code "21."

# Florida Hurricane Catastrophe Fund 2022 Data Call

## Florida County Codes\*

County Code	County Name	County Code	County Name	County Code	County Name
1	Alachua	49	Hardee	93	Okeechobee
3	Baker	51	Hendry	95	Orange
5	Bay	53	Hernando	97	Osceola
7	Bradford	55	Highlands	99	Palm Beach
9	Brevard	57	Hillsborough	101	Pasco
11	Broward	59	Holmes	103	Pinellas
13	Calhoun	61	Indian River	105	Polk
15	Charlotte	63	Jackson	107	Putnam
17	Citrus	65	Jefferson	109	St. Johns
19	Clay	67	Lafayette	111	St. Lucie
21	Collier	69	Lake	113	Santa Rosa
23	Columbia	71	Lee	115	Sarasota
27	De Soto	73	Leon	117	Seminole
29	Dixie	75	Levy	119	Sumter
31	Duval	77	Liberty	121	Suwannee
33	Escambia	79	Madison	123	Taylor
35	Flagler	81	Manatee	125	Union
37	Franklin	83	Marion	127	Volusia
39	Gadsden	85	Martin	129	Wakulla
41	Gilchrist	86	Miami-Dade	131	Walton
43	Glades	87	Monroe	133	Washington
45	Gulf	89	Nassau		
47	Hamilton	91	Okaloosa		

\* Derived from the Federal Information Processing Standards (FIPS) Codes.

## Florida Hurricane Catastrophe Fund 2022 Data Call

### Construction Mapping Worksheet

If your Company's construction definitions do not closely match the FHCF's definitions, the Company is required to complete and submit this construction mapping worksheet to the FHCF Administrator, Paragon Strategic Solutions Inc., and receive approval prior to initiating the Data Call submission process. An electronic version of this worksheet is available at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf). Submit this completed worksheet to the Administrator by email at [FHCFAdministrator@paragon.aonbenfield.com](mailto:FHCFAdministrator@paragon.aonbenfield.com) by August 1, 2022.

Company Name(s): \_\_\_\_\_

Date Prepared: \_\_\_\_\_

#### SECTION I

QUESTIONS		
		Select Y or N
<b>1</b>	Does your Company insure individual multi-story habitational buildings under commercial policies (e.g., condominium structures or apartment buildings)? If yes, complete Question #1; if no, proceed to Question #2.	N
	- Does your Company capture* the number of stories? If no, proceed to Question #2.	Y
	- Does your Company insure buildings with 6 or more stories?	Y
	- If your Company insures buildings with 6 or more stories, have you included FHCF <i>Superior</i> construction in your mapping for commercial policies?	NA
<b>2</b>	Does your Company insure individual condominium unit owners or tenants? If yes, complete Question #2; if no, proceed to Question #3.	N
	- Does your Company capture* the number of stories of the building in which an individual condominium or tenant unit is located? If no, proceed to Question #3.	N
	- Does your Company insure units within buildings with 6 or more stories?	N
	- If your Company insures condominium or tenant units within buildings which are 6 or more stories, have you included FHCF <i>Superior</i> construction in your mapping for condominium unit owners and/or tenants policies?	Y
<b>3</b>	This question pertains to whether your Company captures* if certain structures have a reinforced concrete roof.	
	- Does your Company capture* whether habitational buildings insured under commercial policies (e.g., condominium structures or apartment buildings) have a reinforced concrete roof?	Y
	- Does your Company capture* whether the buildings housing individual condominium or tenant units have a reinforced concrete roof?	Y

	- If your Company answered yes to either of the two immediately preceding questions, have you included FHCF <i>Masonry with Reinforced Concrete Roof</i> and/or FHCF <i>Superior with Reinforced Concrete Roof</i> construction in your mapping?	NA
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\* “Capture,” as used in the table above, means your Company collects the relative information at some point during the application or underwriting process, regardless of whether such information is used by your Company or whether or not it has been entered into your Company’s computer system(s).

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## SECTION II

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**Instructions:** Enter the Company’s construction types and definitions, as printed in the Company’s underwriting manual, and Company construction codes if your Company uses a coding system, into the table provided on the next page. Then enter the FHCF construction code proposed for reporting each of your Company’s construction types based on the FHCF construction definitions on page 27-29 of this Data Call. Indicate which FHCF type(s) of business each definition and/or code is applicable to by entering Com, Res, MH, Ten, Condo, or a combination of those types of business in the first column. Be sure to include all construction types that could be applicable to your Company’s Data Call submission.



## Florida Hurricane Catastrophe Fund 2022 Data Call

# Construction Mapping Worksheet

[illegible]

## RETURN TO FHCF

### Florida Hurricane Catastrophe Fund 2022 Data Call Mixed-Occupancy Single Structures Worksheet

Company Name(s): \_\_\_\_\_

Date Prepared: \_\_\_\_\_

**ALL COMPANIES reporting FHCF Commercial type of business (code “1”) exposure under the 2022 Data Call MUST COMPLETE THIS WORKSHEET** and email it to the FHCF Administrator, Paragon Strategic Solutions Inc., at [FHCFAdministrator@paragon.aonbenfield.com](mailto:FHCFAdministrator@paragon.aonbenfield.com) by August 1, 2022.

An electronic version of this worksheet is available at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf).

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#### SECTION I – Significance of Mixed-Occupancy Structures

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If a single structure is insured under a commercial policy and is used for both habitational and non-habitational purposes, it is necessary, pursuant to the terms of the Reimbursement Contract, for your Company to determine the predominant use of such structures:

- If a structure is predominantly habitational, it is covered by the FHCF and is reportable under the Data Call.
- If a structure is predominantly non-habitational, it is not covered by the FHCF and is not reportable under the Data Call.

The FHCF considers predominant use to be 50% or greater of the total insured value of the structure on the basis of number of floors, square footage, or other reasonable methodology as justified by the Company.

Note that with regard to a condominium structure or complex insured under a commercial lines policy, such structure is deemed to have a habitational occupancy and to be a Residential Structure regardless of the term of occupancy of the individual units as long as those units make up the predominant use of the structure and are not excluded under Article VI of the Reimbursement Contract (see page 18 herein).

## Mixed-Occupancy Single Structures Worksheet

### SECTION II – Verification of Mixed-Occupancy Structures

QUESTIONS		ENTER Y OR N
	Does your Company insure mixed-occupancy single structures under commercial policies that include habitational dwelling units (e.g., apartment buildings with mercantile, mercantile buildings with apartments, etc.)?	Y
	▪ If the answer is No, no further action is necessary.	
	▪ If the answer is Yes, Section III must be completed.	

### SECTION III – Mixed-Occupancy Methodology Requirements

A proposed methodology for determining predominant use of mixed-occupancy single structures insured under commercial policies must be submitted to, and approved by, Paragon prior to your Company submitting its Data Call submission through *WIRE*.

**Your Company's proposed methodology must include the following:**

A list of your Company's class codes which could reasonably be expected to be used for mixed-occupancy structures that include habitational occupancies. The list should not be a complete list of all codes from your Company's underwriting manuals (e.g., Code 0702 - Other Offices and Banks, which is unlikely to include habitational occupancies, should not be included on the list).

- Include a description of the type of property assigned to each code (e.g., Code 0311, Apartments with Mercantile – up to 10 units).
- For each code, indicate whether your Company considers the code to be typically used for structures which are predominantly habitational or predominantly non-habitational based on the FHCF's description of predominant use in SECTION I.
- Summarize the basis for your methodology used to determine predominant occupancy (e.g., number of floors, square footage, etc.) and include any rating/underwriting rules that may be helpful.

# Florida Hurricane Catastrophe Fund 2022 Data Call

## Supplemental Instruction Sheet for New Participants

As explained on page one of this Data Call, each Authorized Insurer writing Covered Policies in the state of Florida is required to pay a Reimbursement Premium to the Florida Hurricane Catastrophe Fund (FHCF). This includes New Participants to the FHCF. New Participants are defined in Article V of the FHCF Reimbursement Contract (adopted under Rule 19-8.010, Florida Administrative Code) as companies:

“which begin writing Covered Policies on or after the beginning of the Contract Year. A Company that removes 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.”

The Reimbursement Contract requires that a New Participant report its insured values under Covered Policies **as of November 30, 2022** by February 1, 2023. To comply with this requirement, please use the 2022 Data Call instructions, keeping the following points in mind:

- All references to data as of June 30, 2022 should be as of November 30, 2022 for New Participants.
- The Data Call submission for New Participants is due by February 1, 2023. Extensions will not be granted.
- All references to exposure fluctuations from the prior year may be disregarded.

New Participants that were engaged in assumption agreements with Citizens Property Insurance Corporation from June 1, 2022 through November 30, 2022, must also comply with the requirements under the Citizens Property Insurance Corporation Takeouts Pursuant to Assumption Agreements section on page 23 of this Data Call, and again, with the references to June 30, 2022 changed to November 30, 2022.

If you have any questions about the information to be supplied as a New Participant, please do not hesitate to contact Holly Bertagnolli, Martin Helgestad, or Kathy Mackenthun of Paragon Strategic Solutions Inc. at 1-800-689-FUND (3863) or [FHCFAdministrator@paragon.aonbenfield.com](mailto:FHCFAdministrator@paragon.aonbenfield.com).

*CORPORATE GOVERNANCE PRINCIPLES*  
**PROXY VOTING GUIDELINES** 2022

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## About the SBA

The State Board of Administration (SBA) of Florida is an agency of Florida state government that provides a variety of investment services to governmental entities. The SBA has three Trustees: the Governor, as Chairman, the Chief Financial Officer, as Treasurer, and the Attorney General, as Secretary. All three of the Trustees of the Board are elected statewide to their respective positions as Governor, Chief Financial Officer, and Attorney General. SBA Trustees are dedicated to ensuring that the SBA invests assets and discharges its duties in accordance with Florida law, guided by strict policies and a code of ethics to ensure integrity, prudent risk management and top-tier performance. The Board of Trustees appoints nine members to serve on the Investment Advisory Council (IAC). The IAC provides independent oversight of SBA's funds and major investment responsibilities.

The SBA is an investment fiduciary under law, and subject to the stringent fiduciary duties and standards of care defined by the Employee Retirement Income Security Act of 1974 (ERISA), as incorporated into Florida law.

The SBA strives to meet the highest ethical, fiduciary, and professional standards while performing its mission, with a continued emphasis on keeping operating and investment management costs as low as possible for the benefit of Florida taxpayers.

### General Inquiries:

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Tallahassee, FL 32308

Phone: +850-488-4406

Fax: +850-413-1255

Email: [governance@sbafla.com](mailto:governance@sbafla.com)

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

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## INTRODUCTION

The State Board of Administration (SBA) of Florida manages one of the largest U.S. pension funds and other non-pension trust funds with assets spanning domestic and international capital markets. Our primary function is to represent the interests of our beneficiaries so that they will see fair returns on their investment; therefore, we have a clear interest in promoting the success of companies in which we invest. To ensure returns for our beneficiaries, we support the adoption of internationally recognized governance structures for public companies. This includes a basic and unabridged set of shareowner rights, strong independent boards, performance-based executive compensation, accurate accounting and audit practices, and transparent board procedures and policies covering issues such as succession planning and meaningful shareowner participation. All proposals are evaluated through a common lens by considering both how the proposal might impact the company's financial health as well as its impact on shareowner rights.

### Corporate Governance Principles

The SBA believes that, as a long-term investor, good corporate governance practices serve to protect and enhance our long-term portfolio values.<sup>1</sup> In accordance with the Department of Labor Interpretive guidance, stock ownership rights, which include proxy votes, participation in corporate bankruptcy proceedings, and shareowner litigation, are financial assets. They must be managed with the same care, skill, prudence, and diligence as any other financial asset and exercised to protect and enhance long-term portfolio value, for the exclusive benefit of our pension plan participants, clients, and beneficiaries. Pursuant to the provisions set forth in the Employment Retirement Income Security Act of 1974 (ERISA), this is generally referred to as the "duty of loyalty" or the "exclusive purpose" rule. Under this rule, fiduciaries, defined as any person who, in part, "exercises any discretionary authority or discretionary control respecting management of such plan or exercises any authority or control respecting management or disposition of its assets" must act solely in the interest of plan participants and beneficiaries in making decisions concerning the management or disposition of plan assets.<sup>2</sup> While the SBA is exempt from most provisions of ERISA, we agree with this treatment of the value of proxy voting rights and follow the standard as a part of our fiduciary duty. Section 215.47(10) of the Florida Statutes encompass the prudent persons standards and fiduciary responsibilities of the SBA and its employees.

Another significant regulation affecting proxy voting is the U.S. Securities & Exchange Commission's (SEC) Rule 206(4)-6 under the Investment Advisors Act, promulgated in 2003. This SEC Rule made it, "fraudulent for an investment adviser to exercise proxy voting authority without having procedures reasonably designed to ensure that the adviser votes in the best interest of its clients. In the rule's adopting release, the SEC confirmed that an adviser owes fiduciary duties of care and loyalty to its clients with respect to all services undertaken on its client's behalf, including proxy voting."<sup>3</sup> The adopting release states, "The duty of care requires an adviser with proxy voting authority to monitor corporate events and to vote the proxies. To satisfy its duty of loyalty, the adviser must cast the proxy votes in a manner consistent with the best interest of its clients and must not subrogate client interests for its own."<sup>4</sup>

Managing stock ownership rights and the proxy vote includes the establishment of written proxy voting guidelines, which must include voting policies on issues likely to be presented, procedures for determining votes that are not covered or which present conflicts of interest for plan sponsor fiduciaries, procedures for ensuring that all shares held on record date are voted, and procedures for documentation of voting records. The following corporate governance principles and proxy voting guidelines are primarily designed to cover publicly traded equity securities. Other investment forms, such as privately held equity, limited

<sup>1</sup> CFA Centre for Financial Market Integrity, "The Corporate Governance of Listed Companies: A Manual for Investors," 2009.

<sup>2</sup> Lannof, Ian D., "DOL Advisory Opinion 2007-07A." Groom Law Group, February 2008.

<sup>3</sup> The Conference Board, "The Separation of Ownership from Ownership," 2013.

<sup>4</sup> "Proxy Voting by Investment Advisers," SEC Final Rule adopted January 31, 2003, effective April 14, 2003; [www.sec.gov/rules/final/ia-2106.htm](http://www.sec.gov/rules/final/ia-2106.htm).

liability corporations, privately held REITs, etc., are not specifically covered by individual guidelines, although broad application of the principles and guidelines can be used for these more specialized forms of equity investments.

The primary role of shareowners within the corporate governance system is in some ways limited, although critical. Shareowners have the duty to communicate with management and encourage them to align their processes with corporate governance best practices. This means shareowners have two primary obligations: 1) to monitor the performance of the company and 2) to protect their right to act when it is necessary.

In the 1930s, Benjamin Graham and David Dodd succinctly described the agenda for corporate governance activity by stating that shareowners should focus their attention on matters where the interest of the officer and the stockholders may be in conflict. This includes questions about preserving the full integrity and value of the characteristics of ownership appurtenant to shares of common stock. For example, the right to vote may be diluted by a classified board or by dual class capitalization, and the right to transfer the stock to a willing buyer at a mutually agreeable price may be abrogated by the adoption of a poison pill.

Since management and board composition change over time, while shareowners continue their investment, shareowners must ensure that the corporate governance structure of companies will allow them to exercise their ownership rights permanently. Good corporate management is not an excuse or rationale upon which institutional investors may relinquish their ownership rights and responsibilities.

The proxy voting system must be an even playing field. Neither management nor shareowners should be able to dominate or influence voting dynamics. A 2006 article analyzed the corporate governance implications of the decoupling of voting power and economic ownership through methods such as vote trading and equity swaps, methods largely hidden from public view and not captured by current regulation or disclosure rules. This method has been used by finance-savvy activist hedge funds, for example, who have borrowed shares just before the record date to better support proposals they favor, reversing the transactions after the record date. The SBA believes that enhanced disclosure rules are critical to reveal hidden control of voting power.<sup>5</sup>

Management needs protection from the market's frequent focus on the short-term to concentrate on long-term returns, productivity, and competitiveness. Shareowners need protection from coercive takeover tactics and directors with personal agendas. Ideal governance provisions should provide both sides with adequate protection. They should be designed to give management the flexibility and continuity it needs to make long-term plans, to permit takeover bids in cases where management performance is depressing long-term value, to ensure that management is accountable to shareowners, and to prevent coercive offers that force shareowners to take limited short-term gains.

A study on shareowner activism and corporate governance in the United States found that shareowner opposition has slowed the spread of takeover defenses, such as staggered boards, that require shareowner approval. However, shareowners have failed in their efforts to get companies to roll back takeover defenses and, perhaps more importantly, managers frequently ignore even a majority shareowner vote in favor of a proposal.<sup>6</sup>

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<sup>5</sup> Hu, Henry T.C. and Black, Bernard S., "Empty Voting and Hidden (Morphable) Ownership: Taxonomy, Implications, and Reforms". As published in *Business Lawyer*, Vol. 61, pp. 1011-1070, 2006 Available at SSRN: <http://ssrn.com/abstract=887183>. Also, Christoffersen, S.E.K., Geczy, C.C., Musto, D.K., and Reed, A.V. 2006, "Vote Trading and Information Aggregation."

<sup>6</sup> Black, B., 1998. "Shareowner Activism and Corporate Governance in the United States."



## Global Standards of Corporate Governance

The SBA believes strongly that good corporate governance practices are important to encourage investments in countries and companies in a globalized economy where gaining access to capital markets is increasingly viewed as critical. Empirical evidence demonstrates the relationship between corporate valuation and corporate governance structures, finding that foreign institutional investors invested lower amounts in firms with higher insider control, lower transparency, and are domiciled in countries with weak investor protections.<sup>7</sup> A comparative analysis of corporate governance in US and international firms shows that the ability of controlling shareowners to extract private benefits is strongly determined by a country's investor protection. Thus, if investor protection is weaker, improvements in firm-level governance will be costlier for the controlling shareowner.<sup>8</sup>

Over the last several years, many countries, international organizations, and prominent institutional investors have developed and implemented international policies on corporate governance and proxy voting issues (e.g., the Organization for Economic Co-operation and Development, and the International Corporate Governance Network).<sup>9</sup> Many of these promulgated guidelines recognize that each country need not adopt a "one-size-fits-all" code of practice. However, SBA expects all capital markets to exhibit basic and fundamental structures that include the following:

### 1. Corporate Objective

The overriding objective of the corporation should be to maximize the returns to its shareowners over time. Where other considerations affect this objective, they should be clearly stated and disclosed. To achieve this objective, the corporation should endeavor to ensure the long-term viability of its business.

### 2. Communications & Reporting

Corporations should disclose accurate, adequate and timely information, in particular meeting market guidelines where they exist, to allow investors to make informed decisions about the acquisition, ownership obligations and rights, and sale of shares. Material developments and foreseeable risk factors, and matters related to corporate governance should be routinely disseminated to shareowners. Shareowners, the board, and management should discuss corporate governance issues. Where appropriate, these parties should converse with government and regulatory representatives, as well as other concerned bodies, to resolve disputes, if possible, through negotiation, mediation, or arbitration. For example, investors should have the right to sponsor resolutions and convene extraordinary meetings. Formal procedures outlining how shareowners can communicate with board members should be implemented at all companies and be clearly disclosed.

### 3. Voting Rights

Corporations' ordinary shares should feature one vote for each share. Corporations should act to ensure the owners' rights to vote and apply this principle to all shareowners regardless of their size. Shareowners should be able to vote in person or in absentia, and equal effect should be given to votes whether cast in person or absentia. Votes should be cast by custodians or nominees, in a manner agreed upon with the beneficial owner of the shares. Impediments to cross border voting should be eliminated. Minority shareholders should be protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and should have effective means of redress.<sup>10</sup>

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<sup>7</sup> Christian Leuz, Karl V. Lins, and Francis E. Warnock, "Do Foreigners Invest Less in Poorly Governed Firms?" *The Review of Financial Studies*, 22 (2009).

<sup>8</sup> Aggraval, Reena et al, 2007, "Differences in Governance Practices between US and Foreign Firms: Measurement, Causes, and Consequences", Charles A. Dice Center for Research in Financial Economics, Working Paper 2007-14.

<sup>9</sup> Organization for Economic Co-operation & Development (OECD), "Corporate Governance Factbook," February 2014.

<sup>10</sup> Organization for Economic Cooperation & Development (OECD), *Role of Institutional Investors in Promoting Good Corporate Governance*, January 11, 2012.

#### 4. Corporate Boards

The Board of Directors, or Supervisory Board, as an entity, and each of its members, as individuals, is a fiduciary for all shareowners, and they should be accountable to the shareowner body as a whole. Each member should stand for election on a regular basis, preferably with annual election cycles. Corporations should disclose upon appointment to the board, and thereafter in each annual report or proxy statement, information on the identities, core competencies, professional or other backgrounds, factors affecting independence, other commitments, and overall qualifications of board members and nominees so as to enable investors to weigh the value that they add to the company. Information on the appointment procedure should also be disclosed annually. Boards should include a sufficient number of independent, non-executive members with appropriate qualifications. Responsibilities should include monitoring and contributing effectively to the strategy and performance of management, staffing key committees of the board, and influencing the conduct of the board as a whole. Accordingly, independent non-executives should comprise no fewer than three (3) members and as much as a substantial majority. Audit, Compensation and Nomination committees should be composed entirely of independent non-executives.

#### 5. Executive & Director Compensation

Remuneration of corporate directors or supervisory board members and key executives should be aligned with the interests of shareowners. Corporations should disclose in each annual report or proxy statement the board's policies on remuneration and, preferably, the remuneration of individual board members and top executives; so that shareowners can judge whether corporate pay policies and practices meet this standard. Broad-based employee share ownership plans or other profit-sharing programs are effective market mechanisms that promote employee participation.

#### 6. Strategic Planning

Major strategic modifications to the core business of a corporation should not be made without prior shareowner approval of the proposed modification. Equally, major corporate changes that, in substance or effect, materially dilute the equity or erode the economic interests or share ownership rights of existing shareowners should not be made without prior shareowner approval of the proposed change. Shareowners should be given sufficient information about any such proposal early enough to allow them to make an informed judgment and exercise their voting rights.

#### 7. Voting Responsibilities

The exercise of ownership rights by all shareowners, including institutional investors should be facilitated. Institutional investors acting in a fiduciary capacity should disclose their overall corporate governance and voting policies with respect to their investments, including the procedures that they have in place for deciding on the use of their voting rights. Institutional investors acting in a fiduciary capacity should disclose how they manage material conflicts of interest that may affect the exercise of key ownership rights regarding their investments. Shareowners, including institutional investors, should be allowed to consult with each other on issues concerning their basic shareowner rights, subject to exceptions to prevent abuse. The corporate governance framework should be complemented by an effective approach that addresses and promotes the provision of analysis or advice by analysts, brokers, rating agencies, and others that is relevant to decisions by investors, free from material conflicts of interest that might compromise the integrity of their analysis or advice.

#### Active Strategies & Company Engagement

The objective of SBA corporate governance engagement is to improve the governance structures at companies in which the SBA owns significant shares to enhance the value of SBA equity holdings.

A study on the evolution of shareowner activism in the United States affirms that activism by investors has increased considerably since the mid-1980s due to the involvement of public pension funds and institutional shareowners. The study identifies the potential to enhance value of investments as the main motive for active participation in the monitoring of corporations. However, as shareowner activism entails concentrated costs and widely disbursed benefits, only investors with large positions are likely to obtain a large enough return on their investment to justify the costs.<sup>11</sup> One recent study demonstrated strong relative market returns based on investor engagement activities.<sup>12</sup> Researchers found an abnormal one-year return of +1.8% in the year following investor engagements involving environmental, social, and corporate governance factors, with improvements in operating performance and profitability.

The two primary obligations of shareowners are to monitor the performance of the companies and to protect their right to act when necessary. The SBA has neither the time nor resources to micromanage companies in which it holds publicly traded stock. Furthermore, the legal duties of care and loyalty rest with the corporate Board of Directors, not with the shareowners. For these reasons, the SBA views its role as one of fostering improved management and accountability within the companies in which we own shares. Other recent SBA corporate governance activities have included dealing with conflicts of interest within organizations with which we do business.

Department of Labor (DOL) guidance states that voting proxies is a fiduciary responsibility and that proxies should be treated like any other financial asset, executed in the best interest of beneficiaries in accordance with written guidelines. Additionally, Florida Law may prohibit investment in companies or mandate reporting on certain investments due to geopolitical, ethnic, religious, or other factors. Compliance with these laws and any related reporting requirements have similarities to corporate governance issues and are consolidated organizationally.

Consistent with prudent and responsible investment policy, all or some of the following measures may be instituted when a corporation is found by the SBA to be under-performing market indices or in need of corporate governance reform:

- The SBA will discuss the corporate governance deficiencies with a representative and/or the Board of Directors. Deficiencies may occur in the form of policies or actions, and often result from the failure to adopt policies that sufficiently protect shareowner assets or rights. The SBA may request to be informed of the progress in ameliorating such deficiencies.
- Under SEC Rule 14(a) 8, shareowner proposals may be submitted to companies with identified performance deficiencies. Shareowners' proposals will be used to place significant issues on a company's meeting ballot in order to allow all shareowners to approve or disapprove of significant issues and voice the collective displeasure of company owners.<sup>13</sup>
- Any other strategies to achieve desired corporate governance improvements as necessary.

Investor engagement can be classified into three categories, including "Extensive," "Moderate," and "Basic." Extensive engagement is defined as multiple instances of focused interaction with a company on issues identified with a view to changing the company's behavior. The engagements were systematic and begun with a clear goal in mind. Moderate engagement is defined as more than one interaction with a company on issues identified. The engagement was somewhat systematic, but the specific desired

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<sup>11</sup> Gillan, Stuart L. and Laura T. Starks, 2007, "The Evolution of Shareowner Activism in the United States", *Journal of Applied Corporate Finance*, Volume 19, Number 1, Winter 2007, Published by Morgan Stanley.

<sup>12</sup> Elroy Dimson, Oguzhan Karakas, and Xi Li, "Active Ownership," December 2012, Moskowitz Prize winner in 2012 by the Berkely-Haas Center for Responsible Business.

<sup>13</sup> Rule 14a-8 is an SEC rulemaking promulgated under the Securities Exchange Act of 1934 and offers a set of procedural requirements governing how and when shareowners may submit resolutions for inclusion in a corporation's proxy statement.

outcome may not have been clear at the outset. Basic engagement is defined as direct contact with companies, but engagement tended to be ad-hoc and reactive. Such engagement may not have pursued the issue beyond the initial contact with the company and includes supporting letters authored by other investors or groups.

In addition to overseeing the corporate governance of companies in which we invest, the SBA must also govern the accessibility of our own records by these companies. As a beneficial owner of over 10,000 publicly traded companies, the SBA has elected to be an objecting beneficial owner, or an "OBO." By being an OBO, the SBA does not give permission to a financial intermediary to release our name and address to public companies that we are invested in. This keeps our holdings or trading strategies confidential and allows us to avoid unwanted solicitations.

Recent developments have led many to believe that the distinction between OBO and non-objecting beneficial owners or "NOBOs" should be eliminated. However, the SEC is likely to be cautious in seeking to change the current framework in significant ways.<sup>14</sup> Strong opponents to an elimination of OBO and NOBO distinction are brokers and banks, who have a large incentive to ward off this change due to fee income derived from forwarding proxy materials.

While shareowner communication can be very important, steps must be taken to address the distinction between OBO and NOBO companies and to respect the privacy of beneficial owners involved. Proposals that eliminate the possibility of anonymity are not supported. It is necessary for any changes made to the current system to accommodate the strong privacy interests of current OBO firms, such as SBA.

### Disclosure of Proxy Voting Decisions

SBA discloses all proxy voting decisions once they have been made, typically a few calendar days prior to the date of the shareowner meeting. Disclosing proxy votes prior to the meeting date improves the transparency of our voting decisions. Historical proxy votes are available electronically on the SBA's website.<sup>15</sup>

### Proxy Voting and Securities Lending

SBA participates in securities lending to enhance the return on its investment portfolios. In the process of lending securities, the legal rights attached to those shares are transferred to the borrower of the securities during the period that the securities are on loan. As a result, SBA's right to exercise proxy voting on loaned securities is forfeited unless those affected shares have been recalled from the borrower in a timely manner (i.e., on, or prior to, the share's record date). SBA has a fiduciary duty to exercise its right to vote proxies and to recall shares on loan when it is in the best interest of our beneficiaries. The ability to vote in corporate meetings is an asset of the fund which needs to be weighed against the incremental returns of the securities lending program.

Although SBA shall reserve the right to recall the shares on a timely basis prior to the record date for the purpose of exercising voting rights for domestic as well as international securities, the circumstances required to recall loaned securities are expected to be atypical. Circumstances that lead SBA to recall shares include, but are not limited to, occasions when there are significant voting items on the ballot such as mergers or proxy contests or instances when SBA has actively pursued coordinated efforts to reform the company's governance practices, such as submission of shareholder proposals or conducting an extensive engagement. In each case, the direct monetary impact of recalled shares will be considered and

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<sup>14</sup> Beller, Alan L. and Janet L. Fisher. "The OBO/NOBO Distinction in Beneficial Ownership: Implications for Shareowner Communications and Voting." Council of Institutional Investors. February 2010.

<sup>15</sup> Reporting is publicly available at [www.sbafla.com](http://www.sbafla.com), including real time voting decisions prior to shareowner meetings.

weighed against the discernible benefits of recalling shares to exercise voting rights. However, because companies are not required to disclose an upcoming meeting and its agenda items in advance of the record date, it usually is not possible to recall shares on loan.

## THE BOARD OF DIRECTORS

Of the voting items that come before shareowners, the matters of the board and its operation are the most pivotal. Shareowners must be able to elect and maintain a board of directors whose main charge is to monitor management on the behalf of shareowners, but who will also sufficiently heed majority shareowner input on matters of substantial importance. These voting items concern the election of the board members, as well as chairmanship and committee service, and the processes that govern the frequency, setting and outcome of elections. The nominees' qualifications, performance, and overall contribution to the board skillset are of great importance to shareowners casting votes on the elections of individuals, particularly in cases of proxy contests.

SBA votes with the intent of electing candidates who are qualified and able to effectively contribute, and we support election processes that allow shareowners in the aggregate to exercise meaningful control over who may serve as board members and under what circumstances. We favor transparent election procedures and structures that sufficiently allow for shareowners to elect and consequently hold directors accountable for their performance.

### ELECTION OF DIRECTORS: CASE-BY-CASE

Director elections are of the most important voting decisions that shareowners make. Directors function as the representatives of shareowners and serve a critical role in monitoring management. The SBA generally considers a nominee's qualifications, relevant industry experience, independence, performance, and overall contribution to the board when assessing election votes.<sup>16</sup> At the board level, we consider the need for diversity in gender, race, experience, and other appropriate categories. In cases where a proxy contest has resulted in more nominees than available board seats, it's important to assess each candidate's relative expertise and experience, as well as differences in strategic vision if applicable.

The SBA may vote against (i.e., "withhold" support for) director nominees for one or more of the following reasons:

**Poor performance or oversight in duties of the board or board committees** -- including poor performance in board service at other public companies. Board members exhibiting poor performance may have failed to appropriately monitor or discipline management in cases where failed strategies continue to be implemented or when the board refuses to consider views from a large majority of shareowners, analysts, and market participants. In the case of a breakdown of proper board oversight, SBA is likely to vote against all or most members of the board, and in cases where a dissident has launched a proxy contest, SBA may be supportive of the dissident nominees if they present with appropriate qualifications and strategies, as discussed below. Shareowners sometimes target under-performing directors through "vote no" campaigns. An empirical study found that "vote no" campaigns are an effective tool to voice concerns with a particular director and often successfully pressure the company to act.<sup>17</sup> This underscores that performance is an essential component of governance and should be considered when evaluating director elections.

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<sup>16</sup> The SBA generally does not consider age as a rationale for withholding votes. Length of service on a board is sometimes a factor in determining independence for a director, but is not used to justify a withhold vote except in rare instances with unusual circumstances. See the guideline for "Limits on board service".

<sup>17</sup> Diane Del Guercio, Laura Seery, and Tracie Woidtke, "Do Boards Pay Attention when Institutional Investor Activists 'Just Vote No,'" available at <http://ssrn.com/abstract=575242>. The study finds a forced CEO turnover rate of 25 percent in firms targeted with "vote no" campaigns.

Boards are expected to conduct internal and external evaluations of their own functioning to assess how well they are performing their responsibilities.<sup>18</sup> These evaluations can be particularly helpful for committees as well, such as in assessing audit committee performance. The audit committee is responsible for independent oversight of the company's financial statements and, in the absence of a separate risk committee, is also often responsible for risk oversight.<sup>19</sup> Regular self-assessments are critical to a productive audit committee. The SBA will consider the audit committee's performance, especially as it relates to oversight and risk management, when voting on individual committee members. Evidence of poor audit committee performance are financial restatements, including as a result of option backdating, unremediated material weaknesses, and attempts to limit auditor liability through auditor engagement contracts. The severity, breadth, chronological sequence and duration of financial restatements, and the company's efforts at remediation will be examined in determining whether withhold votes are warranted.

Likewise, the function of the nominating and governance committees will be assessed by considering how the committees have approached implementation of governance rules and the impact on shareowners' rights, particularly in cases of bylaw amendments or votes on shareowner and management proposals. When a company goes public with a dual or multi-class share structure without a sunset provision on unequal voting rights such as in the case of an IPO or spinoff, SBA may withhold votes from or vote against directors. Bylaws that create supermajority voting thresholds or limit shareowner rights are generally undesirable but depends on the context of the individual company. This committee also is responsible for board nominations, and SBA judges this function by the qualifications and diversity of the nominees. This committee should try to seek candidates that are diversified not only in experience, gender, and race, but in all other aspects appropriate for the individual company and should disclose these efforts to shareowners.

Members of the compensation committee are judged in accordance with the aspects of the compensation philosophy, plan, and implementation. Compensation that is out of line with respect to magnitude, peers, or performance is problematic, as are plans that reward compensation without appropriate performance-based conditions or feature undesirable elements such as gross-ups or single-trigger severance packages.

We may withhold support for individual directors if there are indications that directors are failing or failed to understand company risk exposures and/or take reasonable steps to mitigate the effects of the risk, leading to large losses.

**Restricting shareowner rights or failing to sufficiently act on shareowner input** – such as ignoring a shareowner proposal that received majority support of votes cast or attempting to block or limit the ability of shareowners to file precatory or binding proposals or adopt or amend bylaws

**Serving on too many boards ("over-boarding")** – generally a director who serves on more than 3 company boards and who is employed in a full-time position.<sup>20</sup> Directors with significant outside responsibilities such as serving as CEO of a public company should not exceed one external board

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<sup>18</sup> A paper by the Global Corporate Governance Forum recommends using board evaluations as open communication to focus on inadequacies, identify strategic priorities and become more efficient through the review of policies and procedures [GCGF, Board Performance Evaluation].

<sup>19</sup> SEC Rule 10A-3 under the Exchange Act mandates that stock exchanges adopt listing standards that require that each member of the audit committee of a listed company has (1) not received compensation from the issuer other than for board services and (2) is not an "affiliated person" of the issuer that either controls, is controlled by, or is under common control with the issuer.

<sup>20</sup> See Fich, Eliezer M. and Anil Shivdasani, 2006, "Are Busy Boards Effective Monitors?," The Journal of Finance, Vol. 61, No. 2, pp. 689-724 (36), Blackwell Publishing. This study of U.S. industrial firms between 1989 and 1995, found that when a majority of outside directors serve on three or more boards, firms exhibit lower market-to-book ratios, as well as weaker operating profitability. When a majority of outside directors are over boarded, the sensitivity of CEO turnover to performance is significantly lower than when a majority of outside directors are not busy. Investors react positively to the departure of over boarded directors, while firms, whose directors acquire an additional board seat and become over boarded, end up experiencing negative abnormal returns.

membership.<sup>21</sup> Surveys of directors have indicated that the average board membership requires over 200 hours of active, committed work, making service on multiple boards difficult for executives, particularly CEOs, and leading to many investors embracing similar limits as the SBA. When seeking to improve diversity, boards should choose well-qualified, diverse candidates who are not already committed to three other boards. SBA does not support overextending a director's commitments via over-boarding just to satisfy or improve the diversity characteristics of the board.

**Poor attendance at meetings without just cause** – less than 75 percent attendance rate.

**Lack of independence** – most markets should have independent board representation that meets a minimum two thirds threshold. Independence is defined as having no business, financial or personal affiliation with the firm other than being a member of its board of directors. Directors or nominees that are affiliated with outside companies that conduct business with the company, have significant outside links to senior management, were previously employed by the company or are engaged directly or indirectly in related-party transactions are highly likely to be considered non-independent, depending on the materiality of the circumstances. At controlled companies (where an investor controls a majority of a firm's equity capital); support may be withheld from directors at boards with less than a one-third proportion of independent directors.

Boards without adequate independence from management may suffer from conflicts of interest and impaired judgment in their decision-making. In addition to poor transparency, directors with ties to management may be perceived to be less willing and able to effectively evaluate and scrutinize company strategy and performance. SBA scrutinizes management nominees to the board, because of the conflict of interest inherent in serving on the board, which in turn is charged with overseeing the performance of senior management. In most markets, we support the CEO of the company as the only reasonable management team member to serve on the board.

**Lack of disclosures** – because there are differences in each market as to disclosures and voting procedures for director elections, SBA considers practices in the local market, but does not compromise on fundamental tenets such as the right to elect individual directors (as opposed to a slate as a whole) and the need for proof that director candidates can provide independent oversight of management. Global markets increasingly depend on the homogenization of better governance standards to increase shareowner value and liquidity in emerging markets. The protection of fundamental voting rights may be at odds with local market customs in the short run<sup>22</sup>, but through voting the SBA aims to encourage companies to adopt minimum-level best practices throughout the portfolio of holdings.

In certain markets where the quality and depth of disclosures about the nominees are less than desirable, we work with other investors to advocate for improvements in these markets as a matter of course. In a few markets, the directors may be proposed as a group in a single bundled voting item, preventing a vote on each director, which is considered a very poor practice in developed economies.

When nominees are bundled or insufficient information is disclosed, we typically oppose the item. When appropriate information is disclosed, we make voting decisions based on the qualifications of

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<sup>21</sup> Neil Roland, "Directors at troubled companies overlooked, research firm claims" Financial Week, February 25, 2009. This article gives examples of over-boarding problems at struggling U.S. financial institutions.

<sup>22</sup> For instance, Italy amended its "Consolidated Financial Act" to mandate that Italian issuers reserve a certain number of board seats for candidates presented by minority shareowners. This mandate affects Board of Director elections, Supervisory Board elections, and Board of Statutory Auditor elections. See, "Italian Issuers-Guidelines for the election of the Board of Directors (or Supervisory Board) or Board of Statutory Auditors," Trevisan & Associati February 19, 2009 available at [http://www.trevisanlaw.it/en\\_mask.html?5](http://www.trevisanlaw.it/en_mask.html?5) (last visited March 2, 2009).



the nominee, the performance of the nominee on this or other boards, if applicable, and the needs of the board considering the other nominees' overall skillset.

**Minimal or no stock ownership** – in regard to industry or market peers. Companies should adopt a policy covering stock ownership for directors and annually review compliance among members. Certain markets have laws prohibiting ownership or discourage ownership among directors as a potential conflict of interest, so SBA is more nuanced in assessing directors on these markets.

Proxy contests are less typical election events, only occurring in a small fraction of director elections, but require shareowners to judge between competing views of strategic direction for the company. When analyzing proxy contests, the SBA focuses on two central questions: (1) Have the dissidents demonstrated that change is warranted at the company, and if so, (2) will the dissidents be better able to affect such change versus the incumbent board?

When dissidents seek board control with a majority of nominees, they face a high burden of proof and must provide a well-reasoned and detailed business plan, including the dissidents' strategic initiatives, a transition plan that describes how the dissidents will affect change in control, and the identification of a qualified and credible new management team. The SBA compares the detailed dissident plan against the incumbents' plan and compares the dissidents' proposed board and management team against the incumbent team.

Usually dissidents run a "short slate", which seeks to place just a few nominees on the board, not a majority. In these cases, the SBA places a lower burden of proof on the dissidents. In such cases, the SBA's policy does not necessarily require the dissidents to provide a detailed plan of action or proof that its plan is preferable to the incumbent plan. Instead, the dissidents must prove that change is preferable to the status quo and that the dissident slate will add value to board deliberations, including by considering the issues from a viewpoint different from current management, among other factors.

#### PROXY ACCESS: FOR

Proxy access is an important mechanism for shareowners with substantial holdings to nominate directors directly in the company's proxy materials. Generally, we support proposals that have reasonable share ownership (3% or less) and holding history (3 years or less) requirements, allow shareowners to aggregate holdings for joint nominations (permitting groups of at least 20 shareowners), cap the number of shareowner nominees at the greater of 2 or at least 20% of the board seats, and feature other procedural elements that are not unduly burdensome on shareowners seeking to make nominations. The SBA may vote against proposals which contain burdensome or otherwise restrictive requirements, such as ownership or holding thresholds which are set at impractical levels.

#### SEPARATE CHAIRMAN & CHIEF EXECUTIVE OFFICER (CEO): CASE-BY-CASE

Because the board's main responsibility is to monitor management on behalf of shareowners, it is generally desirable for the chairman of the board to be an independent director, as opposed to the current CEO or a non-independent director such as a former CEO. Most academic evidence concludes that there is more benefit to shareowners when the chair is an independent director.<sup>23</sup> SBA typically supports proposals to

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<sup>23</sup> Grinstein, Yaniv and Valles Arellano, Yearim, "Separating the CEO from the Chairman Position: Determinants and Changes after the New Corporate Governance Regulation." March 2008; Lorsch, Jay and Zelleke, Andy, "Should the CEO Be the Chairman?" MIT Sloan Management Review, 2005; Ryan Krause, Semadeni, Matthew, "Apprentice, Departure, and Demotion: An Examination of the Three Types of CEO-Board Chair Separation," Academy of Management Journal 55(6), 2012; Tonello, Matteo, John C. Wilcox, and June Eichbaum, "The Role of the Board in Turbulent Times: CEO Succession Planning." The Corporate Board, August 2009; Lucier, Chuck, Steven Wheeler, and Rolf Habbel, "The Era of the Inclusive Leader." The Corporate Board, September/October 2007; "Chairing the Board: The

provide for an independent board chairman; however, in certain cases where strong performance and governance provisions are evident, SBA may support the status quo of a serving combined CEO and chairman.

When considering whether to support a separate CEO and chairman proposal, SBA considers factors such as if there is a designated, independent lead director with the authority to develop and set the agenda for meetings and to lead sessions outside the presence of the executive chair, as well as short and long-term corporate performance on an absolute and peer-relative basis. To maintain board accountability, the SBA will not endorse the combined role of CEO and chair unless there is a strong, empowered lead director, superior company performance, and exemplary governance practices in other areas such as shareowner rights and executive compensation.

### MAJORITY VOTING FOR DIRECTOR ELECTIONS: FOR

Proxy contests are rare; most elections feature uncontested elections where the number of directors nominated equals the number of board seats. When plurality voting is used as the voting standard in uncontested elections, the members are guaranteed election, no matter how few shareowners supported them. The SBA supports a majority voting standard for uncontested elections because it adds the requirement that a majority of shareowners must vote for each member to be considered duly elected. We prefer for the board to make this requirement in the bylaws of the company, not as a board policy. Policies that require the board members failing to achieve majority support to offer a resignation, which in turn may or may not be accepted by the board or committee, are not acceptable alternatives to a true majority vote standard for uncontested elections.

The SBA strongly endorses the majority voting election standard for the meaningful accountability it affords shareowners and because it provides another element to the system of checks and balances of power within the corporate structure. In contested elections, however, plurality voting remains the most effective voting standards, so all bylaws should specify that the majority voting standard applies only to uncontested elections.

### ANNUAL ELECTIONS / NON-CLASSIFIED BOARD: FOR

A classified, or staggered, board is one in which directors are divided into three “classes” with each director serving three-year terms. All directors on a non-classified board serve one-year terms and the entire board is re-elected each year. The SBA opposes classified boards and their provisions because we believe that annual accountability will ultimately lead to increased corporate performance. Classified boards decrease corporate accountability by protecting directors from election on an annual basis. Alternatively, the SBA supports changing from a staggered board structure to annual elections for all directors.

Studies performed by economists at the SEC and by academics support the view that classified boards are contrary to shareowner interests, showing negative effects on share value for companies that adopt classified boards.<sup>24</sup> While classified board proponents cite stability, independence, and long-term strategic

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Case for Independent Leadership in Corporate North America,” Policy Briefing No. 4, Millstein Center for Corporate Governance & Performance, Yale School of Management, 2009.

<sup>24</sup> For example, the SEC studied the impact of 649 anti-takeover proposals submitted between 1979 and 1985. The proposals consisted of fair price provisions, institution of supermajority vote requirements, classified board proposals, and authorization of blank check preferred stock. Stocks within the group showed an average loss in value of 1.31 percent. The study also found that the proposals were most harmful when implemented at firms that have higher insider and lower institutional shareholdings.

risk taking as justification for staggered boards, recent research has shown little evidence of such benefits.<sup>25,26</sup>

#### REQUIRE MAJORITY OF INDEPENDENT DIRECTORS: FOR

SBA supports a majority independence requirement because shareowners are best served when the board includes a significant number of independent outside directors who will represent their interests without personal conflict. The most important role of the board is to objectively evaluate the performance of senior management, so outside directors with relevant, substantial industry qualifications are most likely to perform well in this role.

SBA considers local market practices but is likely to vote against current members if less than a majority of independent directors exists. In developed markets, we expect a supermajority of independent directors and consider a two-to-one ratio of independent directors to inside and affiliated directors to be a reasonable standard and will withhold support from individual director nominee who are not independent in those circumstances. Furthermore, SBA supports restricting service on compensation, audit, and governance/nominating committees to independent outside directors only.

#### ESTABLISH OR SET MEMBERSHIP OF BOARD COMMITTEES: CASE-BY-CASE

SBA supports the audit, compensation, and governance/nominating committees being composed solely of independent board members. Independent directors face fewer conflicts of interests and are better prepared to protect shareowner interests.<sup>27</sup>

Some proposals seek to add committees on specific issues such as risk management, sustainability issues, and even specific issues such as technology and cybersecurity. When voting on proposals suggesting the establishment of new board committees, we assess the rationale for the committee and the process for handling discussions and decisions on such topics currently in place at the company. We support formation of committees that would protect or enhance shareowner rights when the company's current practices are failing to do so adequately.

In most markets, SBA expects board to have key committees such as compensation, nominating/governance, and audit committees. SBA generally encourages companies, especially financial companies, to have a standing enterprise risk management committee of the board with formal risk management oversight responsibilities.<sup>28</sup> We may withhold support for individual directors if there are indications that directors failed to understand company risk exposures and/or failed to take reasonable steps to mitigate the effects of the risk, leading to large losses.

Shareowner advisory committees may advise the board on shareowner concerns and create formal means of communication between company stockholders and company management. SBA generally

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<sup>25</sup> Faleye, Olubunmi, "Classified Boards, Stability, and Strategic Risk Taking," *Financial Analysts Journal*, Volume 65, No. 1, 2009. Also see, Lucian A. Bebchuk, "The Myth That Insulating Boards Serves Long-Term Value," *Columbia Law Review*, Vol. 113, October 2013 and Bebchuk, Lucian, Cohen, Alma, and Wang, Charles C.Y. ; "Staggered Boards and the Wealth of Shareholders: Evidence from a Natural Experiment," *Harvard Law School John M. Olin Center Discussion Paper No.*

<sup>26</sup> June, 2010; Gompers, Paul A., Joy L. Ishii, and Andrew Metrick, "Corporate Governance and Equity Prices," *National Bureau of Economic Research Working Paper No. W8449*, August 2001; Bates, Thomas W., David A. Becher and Michael L. Lemmon, 2007, "Board Classification and Managerial Entrenchment from the Market for Corporate Control", electronic copy available at: <http://ssrn.com/abstract=923408>; Jiraporn, Pornsit and Yixin Liu, 2008, "Capital Structure, Staggered Boards, and Firm Value," *Financial Analyst Journal*, Volume 64, Number 1.

<sup>27</sup> T Aggraval, Reena et al, 2007, "Differences in Governance Practices between US and Foreign Firms: Measurement, Causes, and Consequences", Charles A. Dice Center for Research in Financial Economics, Working Paper 2007-14

<sup>28</sup> In 2004, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) defined Enterprise Risk Management (ERM) as, "a process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives."

supports advisory committee proposals, particularly those intended to improve poor corporate governance practices.

SBA is typically unsupportive of proposals that specify establishment of a governmental party committee (as seen in certain proposals to add a Communist party committee for Chinese or Hong Kong state-owned entities) without disclosing board decision-making processes or the respective responsibilities of the party organization and the board. Companies should disclose as much relevant information on the interaction between the company and the government party committee as possible to help shareowners understand the company's decision-making process—particularly in those circumstances where the board allows the party committee to make material decisions. SBA generally votes against such proposals as they may erode the ability of shareowner-elected directors to govern the firm and sever the ties of accountability between the board and shareowners.

#### CUMULATIVE VOTING: CASE-BY-CASE

Cumulative voting generally is useful to minority shareowners at companies where a large or controlling shareowner or block of shareowners that may act in concert (such as a family-owned company) exists. It guarantees that minority shareowners will be able to elect at least one of their preferred candidates to the board of directors, even if the candidate does not win a majority vote. In contrast, only majority shareowners are guaranteed board representation at companies without cumulative voting.

The SBA will examine proposals to adopt cumulative voting considering the company's ownership profile (particularly whether there is a majority or near majority voting block) and the presence of other governance provisions such as proxy access and majority voting election requirements that directly address the voting process. A majority vote election standard ensures board accountability in uncontested elections and in some cases mitigates the need for cumulative voting. Although majority voting is meaningful in uncontested elections, it can convolute voting outcomes in contested elections. Cumulative voting, on the other hand, is meaningful primarily in contested elections, and therefore pairs well with proxy access provisions at controlled companies.

The SBA is likely to support cumulative voting proposals at majority-controlled companies to ensure that a single shareowner or small group of shareowners is unable to control voting outcomes in full. The SBA may vote against proposals to adopt cumulative voting if the company has no large shareowner blocks that aggregate easily to majority control and has adopted a full majority voting in elections bylaw (not a resignation policy), as well as proxy access or a similar structure that proactively encourages shareowners to nominate directors to the company's ballot.

#### REIMBURSE SHAREOWNERS FOR PROXY EXPENSES: CASE-BY-CASE

SBA generally supports proposals requiring reimbursement of proxy solicitation costs for successful dissident nominees. The expenses associated with promoting incumbent directors in a proxy contest are paid by the company, and for parity, dissidents elected by shareowners should have this benefit as well.

In some circumstances at firms with no reimbursement policy, dissidents are reimbursed only for proxy solicitation expenses if they gain control of the company and seek shareowner approval for the use of company funds to reimburse themselves for the costs of solicitation. SBA would typically support reimbursement of reasonable costs in these instances.

### CONFIDENTIAL VOTING: FOR

SBA supports greater transparency in election tabulations and the use of independent tabulators and inspectors, and we support to concept of end-to-end vote confirmation so that shareowners can be confident that their vote was correctly cast and counted. However, we are respectful of shareowners who may prefer anonymity. In a confidential voting system, only vote tabulators and inspectors of elections may examine individual proxies and ballots—management and shareholders are given only voting totals. The SBA supports resolutions requesting that corporations adopt a policy of confidential voting combined with the use of independent vote tabulators and inspectors of elections because it is the best way to guarantee confidentiality. However, the SBA generally does not support resolutions calling for confidential voting if they lack an independent inspector requirement.

In the absence of such policies, shareowners can vote confidentially by registering their shares with third parties as objecting beneficial owners (OBOs), allowing anonymity in the voting process. In an open voting system, management can determine who has voted against its director nominees (or proposals) and then re-solicit those shareowners before the final vote count. As a result of the re-solicitation, shareowners may be pressured to change their vote. On the positive side, many companies are increasing their interactions with shareowners before the voting occurs through expanded proxy solicitation conversations and other paths of engagement.

### MINIMUM STOCK OWNERSHIP: FOR

The SBA typically supports proposals that require directors to own a reasonable minimum amount of company stock.<sup>29</sup> The SBA will consider voting against directors who own no company stock and have served on the board for more than one year. One of the best ways for directors to align their interests with those of the shareowners is to own stock in the corporation, and since director fees are typically paid partially in stock, retention guidelines encourage long-term ownership of these shares. SBA typically expects non-employee directors to maintain ownership of a number of shares having a market value equal to five times their annual retainer.

Boards should establish a policy and annually review and identify the positions covered by directors and executives. The annual review should also provide information to shareowners on whether guidelines are met and describe any action taken for non-compliance. The guidelines should identify what compensation types may be considered as ownership and what holdings are not (such as hedged positions).

### NOMINEE QUALIFICATIONS: CASE-BY-CASE

SBA may support proposals concerning nominee qualifications if there is justification for doing so and the criteria include reasonable limits, restrictions, or requirements.

Some boards of directors may unilaterally implement changes to their corporate bylaws or articles aimed at restricting the ability of shareowners to nominate director candidates who receive third-party compensation or payments for serving as a director candidate or for service as a director of the company. Such restrictive director qualification requirements may deter legitimate investor efforts to seek board representation via a proxy contest and could exclude highly qualified individuals from being candidates for board service. When such provisions are adopted without shareowner ratification, the SBA may withhold support from members of the full board of directors or members of the governance committee

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<sup>29</sup> Executive stock ownership is covered in the executive compensation section of these guidelines.

serving at the time of the bylaw amendment. However, SBA does support disclosure of all compensation and payments made by a third-party to nominees or directors.

#### LIMITS ON BOARD SERVICE: AGAINST

The SBA generally votes AGAINST proposals to limit the service of outside directors. While refreshing a board with new outside directors often brings in fresh ideas and a healthy mix of director experience that benefit shareowners, we do not believe arbitrary limits such as tenure limits and mandatory retirement ages are appropriate ways to achieve that goal. They preclude a board's more nuanced examination of its members' contributions and could harm shareowners' interests by preventing some experienced and knowledgeable directors from serving on the board. Age limits in particular are a form of discrimination.

Boards of directors should evaluate director tenure as part of the analysis of a director's independence and overall performance. Some studies indicate a correlation between director tenure and firm performance. A study of companies in the U.S. found that the relationship between average director tenure and firm value was negatively correlated, but highly dependent on tenure levels over time.<sup>30</sup>

#### SET BOARD SIZE: CASE-BY-CASE

The voting decision for these proposals depends on who is making the proposal and why. On occasion, management proposals seek to limit a shareowner's ability to alter the size of the board, while at the same time, allowing management to increase or decrease the size of the board at its discretion. Corporate management argues that the purpose of such proposals is to prevent a dominant shareowner from taking control of the board by drastically increasing the number of directors and electing its own nominees to fill the newly created vacancies. Other scenarios may include a board's downsizing in response to business changes or acquisitions. The SBA generally supports such proposals when a reasonable rationale is presented for the change. We prefer a shareowner vote for any changes in board size because the directors serving are representatives of the shareowners, and they should collectively determine the size of the board. Often, state law supersedes corporate bylaws by specifying minimum and maximum board size, as well as the process governing changes in board size.

#### REQUIRE MORE NOMINEES THAN BOARD SEATS: AGAINST

SBA opposes shareowner proposals requiring two candidates per board seat. Proxy access is a preferable mechanism for shareowners to nominate directors when necessary.

#### DIRECTOR LIABILITY AND/OR INDEMNIFICATION: CASE-BY-CASE (AND ACCORDING TO STATE LAWS)

Indemnification literally means "to make whole." When a corporation indemnifies its directors and officers, the directors are covered by the company or insured by a purchased policy against certain legal expenses, damages and judgments incurred because of lawsuits relating to their corporate actions. SBA may vote in favor if the covered acts provide that a "good faith" standard was satisfied. The SBA votes against such proposals if coverage expands beyond legal expenses and applies to acts that are more serious violations of fiduciary obligation, such as negligence or violating the duty of care.

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<sup>30</sup> Huang, Sterling, "Board Tenure and Firm Performance," INSEAD Business School, May 2013.

### SUPPORT SHAREOWNER COMMUNICATIONS WITH THE BOARD: FOR

The SBA generally supports shareowners proposals requesting that the board establish a procedure for shareowners to communicate directly with the board, such as through creating an office of the board of directors, unless the company has done all of the following:

- Established a communication structure that goes beyond the exchange requirements to facilitate the exchange of information between shareowners and members of the board;
- Disclosed information with respect to this structure to its shareowners;
- Heeded majority-supported shareowner proposals or a majority withhold vote on a director nominee;
- Established an independent chairman or a lead/presiding director. This individual must be made available for periodic consultation and direct communication with major shareowners.

### ADOPT TWO-TIERED (SUPERVISORY/MANAGEMENT) BOARD STRUCTURE: CASE-BY-CASE

Companies in some countries have a two-tiered board structure, comprising a supervisory board of non-executive directors and a management board with executive directors. The supervisory board oversees the actions of the management board, while the management board is responsible for the company's daily operations. At companies with two-tiered boards, shareowners elect members to the supervisory board only; the supervisory board appoints management board members. In Austria, Brazil, the Czech Republic, Germany, Peru, Poland, Portugal, and Russia, two-tiered boards are the norm. They are also permitted by Company law in France and Spain.

The merits of the new structure will be weighed against the merits of the old structure in terms of its ability to represent shareowners' interests adequately, provide for optimal governance structure, and to generate higher shareowner value.

### RATIFY ACTIONS TAKEN BY BOARD DURING PAST YEAR: CASE-BY-CASE

Many countries require that shareowners discharge the board or management for actions taken in the previous year. In most cases, discharge is a routine item and does not preclude future shareowner action if wrongdoing is discovered.<sup>31</sup> Unless there is clear evidence of negligence or action counter to shareowners' interests, the SBA will typically support the proposals. However, in the United States, given the unusual nature of discharge proposals, the SBA will typically vote against proposals that would limit the board or management from any future legal options.

### APPROVE PROPOSED/COMPLETED TRANSACTIONS BETWEEN DIRECTORS AND COMPANY: CASE-BY-CASE

Transactions between a parent company and its subsidiary, or a company's dealings with entities that employ the company's directors, are usually classified as related-party transactions and are subject to company law or stock exchange listing requirements that mandate shareowner approval. Shareowner approval of these transactions is critical as they are meant to protect shareowners against abuses of power. Transactions should be completed at arm's length and not benefit directors and/or insiders at company or shareowners' expense. We also support reviews of director transactions by independent committees.

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<sup>31</sup> In June 2008, Manifest and Morley Fund Management analyzed governance practices in continental Europe and issued a report that emphasized the country specific implications of discharging directors. "Directors' Liability Discharge Proposals: The Implications for Shareowners" stressed that the nature and scope of directors' liabilities vary by jurisdiction. "Each market has its own rules, regulations and best practice guidelines against which informed decisions should be measured and carefully weighed." One similarity noted in the report was that "in all the markets covered by the study, a failure to grant a discharge from liability does not have an immediate effect on the liability of directors, but merely leaves the possibility open for the company to initiate an action for liability."



## INVESTOR PROTECTIONS

Investor protections encompass voting items that impact the ability of shareowners to access information needed to make prudent decisions about ownership and to exercise their rights to influence the board, election processes, and governance structure of the company. These items fall into categories relating to audits, disclosures, anti-takeover defenses and vote related mechanisms. SBA is committed to strong investor rights across all these domains and will exercise our votes to protect and strengthen the rights of shareowners in these crucial areas.

While SBA is deferential to the company and board on many issues affecting the operations of the firm whenever prudent, we are not deferential when it comes to the ability to exercise shareowner responsibilities, which includes monitoring the firm and the board of directors and acting to support change when it is warranted. We require and therefore will support strong audit functioning and detailed disclosures in a variety of areas. Strong investor rights, as well as policies that do not allow board entrenchment, are necessary for investors to protect share value.

### Auditors

#### RATIFICATION OF AUDITORS: CASE-BY-CASE

Most major companies around the world use one of the major international auditing firms to conduct their audits. As such, concerns about the quality and objectivity of the audit are typically minimal, and the reappointment of the auditor is usually a routine matter. In the United States, companies are not legally required to allow shareowners to ratify the selection of auditors; however, a growing number are doing so. Typically, proxy statements disclose the name of the company's auditor and state that the board is responsible for selection of the firm.

The auditor's role in safeguarding investor interests is critical. Independent auditors have an important public trust, for it is the auditor's impartial and professional opinion that assures investors that a company's financial statements are accurate.<sup>32</sup> Therefore, the practice of auditors providing non-audit services to companies must be closely scrutinized. While large auditors may have internal barriers to ensure that there are no conflicts of interest, an auditor's ability to remain objective becomes questionable when fees paid to the auditor for non-audit services such as management consulting, general bookkeeping, and special situation audits exceed the standard annual audit fees. In addition to ensuring that the auditor is free from conflicts of interest with the company, it is also important to ensure the quality of the work that is being performed.<sup>33</sup>

One of the major threats to high quality financial reporting and audit quality is the risk of material financial fraud. Several studies have analyzed the nature, extent and characteristics of fraudulent financial reporting, as well as the negative consequences for investors and management.<sup>34</sup> The studies' authors noted that auditing standards place a responsibility on auditors to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud.

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<sup>32</sup> Hollis Ashbaugh-Skaife, et al, The Effect of SOX Internal Control Deficiencies on Firm Risk and Cost of Equity June 10, 2008.

<sup>33</sup> Joseph Carcello & Chan Li, "Costs and Benefits of Requiring an Engagement Partner Signature: Recent Experience in the United Kingdom," Corporate Governance Center at the University of Tennessee, Working Paper, 2012. This study found that when an audit partner's name is included within the audit report, the quality of the audit increases, along with auditor fees.

<sup>34</sup> Mark S. Beasley, Joseph V. Carcello, Dana R. Hermanson, and Terry L. Neal, "An Analysis of Alleged Auditor Deficiencies in SEC Fraud Investigation: 1998-2010," University of Tennessee Corporate Governance Center, May 2013. Also see, Committee of Sponsoring Organizations of the Treadway Commission (COSO), "Fraudulent Financial Reporting: 1998-2007, An Analysis of U.S. Public Companies," 2010.



SBA generally supports proposals to ratify auditors unless there is reason to believe that the auditing firm has become complacent in its duties, or its independence has been compromised.<sup>35</sup> SBA believes all publicly held corporations should rotate their choice of auditors periodically. Shareowners should be given the opportunity to review the performance of the auditors annually and ratify the board's selection of an auditor for the coming year.<sup>36</sup>

The audit committee should oversee the firm's interaction with the external auditor and disclose any non-audit fees completed by the auditor. Audit committees should disclose all factors considered when selecting or reappointing an audit firm, information related to negotiating auditor fees, the tenure of the current external audit firm, and a description of how the audit committee oversees and evaluates the work of their external auditor. Serial or significant restatements are potential indications of a poorly performing auditor, audit committee, or both.

#### APPOINT INTERNAL STATUTORY AUDITORS (JAPAN, HONG KONG, SOUTH KOREA): FOR

Most votes for auditors in Japan are to approve internal statutory auditors (also known as corporate auditors) rather than external auditors. Statutory auditors have the right to attend board meetings, although not to vote, and the obligation to cooperate with the external auditor and to approve its audit. They are required by law to keep board members informed of the company's activities, but this has become a largely symbolic function. They do not have the ability to remove directors from office. Internal auditors serve for terms of four years and may be renominated an indefinite number of times. While many investors view statutory auditors in a positive light, they are not substitutes for independent directors.

In Japan, at least half of internal auditors must be independent. While companies have complied with the technical requirements of the law, many have ignored its spirit. It is in shareowners' interests to improve the audit and oversight functions in Japan and to increase the accountability of companies to shareowners. Therefore, the SBA will not support internal auditors specified as independent but with a past affiliation with the company. When a statutory auditor attends fewer than 75 percent of board and auditor meetings, without a reasonable excuse, the SBA will generally vote against the auditor's appointment.

In other capital markets, such as South Korea, proposals seeking shareowner approval for statutory auditors' fees are not controversial. Generally, management should disclose details of all fees paid to statutory auditors well in advance of the meeting date so that shareowners can make informed decisions about statutory auditor remuneration requests. In any market, SBA may vote against the appointment of the auditor if necessary information about the auditors and fees has not been appropriately disclosed.

#### REMOVE/ACCEPT RESIGNATION OF AUDITORS: CASE-BY-CASE

SBA seeks to ensure auditors have not been pressured to resign in retaliation for their opinions or for providing full disclosure.

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<sup>35</sup> Jonath Stanley, Auburn University, "Is the Audit Fee Disclosure a Leading Indicator of Clients' Business Risk?," American Association of Accountants Quarterly Journal, 2011. For example, non-audit fees, primarily tax and other consulting fees, can exceed audit fee revenue by a large margin, impairing an audit firm's objectivity. This study examined about 5,000 small sized companies over a seven year period and concluded that rising audit fees were a leading indicator for future deterioration in financial performance as measured by firms' return on assets, determined by both earnings and cash flows.

<sup>36</sup> Under Rule 10A-3(b)(2) of the Securities Exchange Act of 1934, as amended, the audit committee, "must be directly responsible for the appointment, compensation, retention and oversight," of the independent auditor. Section 303A.06 of the New York Stock Exchange Listed Company Manual requires that the audit committees of its listed companies satisfy the requirements of Rule 10A-3. As a result of these requirements, audit committee charters normally include the responsibility for and total discretion to select, evaluate, compensate and oversee the work of any registered public accounting firm engaged in preparing or issuing audit report(s).

## AUDITOR INDEMNIFICATION AND LIMITATION OF LIABILITY: CASE-BY-CASE

Auditor indemnification and limitation of liability are evaluated on an individual basis. Factors to be assessed by the SBA include:

- the terms of the auditor agreement and degree to which it impacts shareowners' rights;
- motivation and rationale for establishing the agreements;
- quality of disclosure; and
- historical practices in the audit area.

SBA will consider voting against auditor ratification if the auditor engagement contract includes provisions for alternative dispute resolution, liability caps, and caps on punitive damages (or the exclusion of punitive damages). Such limitations on liability and indemnification shift the risk from the auditor to the company, and therefore, the shareowners. The staff of the Securities and Exchange Commission (SEC) has stated that it believes caps on punitive damages in audit contracts are not in the public interest and compromises auditor independence.<sup>36</sup> SBA will also consider voting against audit committee members if they have diminished the value or independence of the audit, such as when a company has entered into an agreement with its auditor requiring alternative dispute resolution or punitive liability caps.

## APPROVE ACCOUNTING TRANSACTIONS (OTHER THAN DIVIDEND): CASE-BY-CASE

In many international markets, proposals to approve accounting transfers are common and are often required to maintain specified balances in accounts as required by relevant market law. Companies are required to keep specific amounts in each of their reserves. Additionally, companies may, in some instances, be required by law to present shareowners with a special auditors' report confirming the presence or absence of any non-tax-deductible expenses, as well as the transfer of these to the company's taxable income if applicable. In the absence of any contentious matters, the SBA is generally in favor.

## AUDIT FIRM ROTATION, TERM RESTRICTIONS, AND SCOPE OF ENGAGEMENT PROPOSALS: CASE-BY-CASE

These shareowner proposals typically ask companies to adopt practices that are thought to help preserve auditor independence, such as prohibiting the auditor from providing non-audit services or capping the level of non-audit services and/or requiring periodic rotation of the audit firm. These practices are expected to help maintain a neutral and independent auditor by making the auditor's relationship with the company less lucrative.<sup>37</sup>

While term limits may result in higher audit fees, the positive impact would be that a new auditor would periodically provide a fresh look at the company's accounting practices. A practice of term limits also ensures that the audit won't see the company as a never-ending client, and perhaps will be more inclined to flag questionable practices. Despite attracting a lot of attention, mandatory audit rotation has not been required by regulators or by exchange listing standards.<sup>38</sup> SBA weighs the aspects of the individual situation and proposal terms when making voting decisions concerning audit rotation, considering the length of tenure for the auditor, the level of audit and non-audit fees, and the history of audit quality. A history of restatements or atypical fees increases the likelihood of SBA supporting these proposals. Most companies

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<sup>36</sup> U.S. Securities and Exchange Commission, Office of the Chief Accountant: Application of the Commission's Rules on Auditor Independence – Frequently Asked Questions, December 13, 2004.

<sup>37</sup> Max H. Bazerman, George Loewenstein, and Don A. Moore, "Why Good Accountants Do Bad Audits." *Harvard Business Review*, Vol. 80, Issue 11, Nov. 1, 2002.

<sup>38</sup> The Conference Board Commission on Public Trust and Private Enterprise, "Corporate Governance: Principles, Recommendations and Specific Best Practice Suggestions." Parts 2 and 3, Jan. 9, 2003. PCAOB Concept Release No. 2011-006. August 16, 2011. [http://pcaobus.org/Rules/Rulesmaking/Docket037/Release\\_2011-006.pdf](http://pcaobus.org/Rules/Rulesmaking/Docket037/Release_2011-006.pdf). Jackson, Modrich, and Roebuck, "Mandatory Audit Firm Rotation and Audit Quality," 2007; Chung, H., "Selective Mandatory Rotation and Audit Quality: An Empirical Investigation of Auditor Designation Policy in Korea," 2004. Also see, Martinez and Reis, "Audit Firm Rotation and Earnings Management in Brazil," 2010.

seek shareowner ratification of the auditor, and the lack of this provision would also increase the likelihood of SBA supporting a reasonable proposal.

## Disclosures

### COMPANY REPORTS OR DISCLOSURES: CASE-BY-CASE

Often, shareowner proposals do not request that companies take a specific action, but instead simply request information in the form of reports or disclosures on their policies or actions. Disclosure requests cover a variety of topics. SBA considers supporting disclosure requests when there is a reasonable expectation that the information would help investors make better risk assessments and for topics that cover issues that could have a substantial impact on shareowner value. We evaluate the company's existing disclosures on the topic and weigh the benefit from additional disclosures against the cost to the company, which includes not just the direct cost of compiling information but potential of disclosing sensitive or competitively damaging information. For each proposal, the SBA considers whether such information is already publicly provided by the company, and we do not support redundant proposal requests.

Common disclosure requests and SBA's evaluation process:

- Environmental and sustainability—SBA generally supports proposals seeking greater disclosure of a company's environmental practices and contingency plans. We also tend to support greater disclosure of a company's environmental risks and liabilities, as well as company opportunities and strengths in this area.
- Greenhouse gas emissions—Companies are already required by the Securities and Exchange Commission (SEC) to disclose material expected capital expenditures when operating in locales with greenhouse gas emission standards. Companies may also be required to disclose risk factors regarding existing or pending legislation that relates to climate change and assess whether such regulation will likely have any material effect on the company's financial condition or results, the impact of which is not limited to negative consequences but should include new opportunities as well.
- Energy efficiency—SBA considers the current level of disclosure related to energy efficiency policies, initiatives, and performance measures; the company's level of participation in voluntary energy efficiency programs and initiatives; the company's compliance with applicable legislation and/or regulations regarding energy efficiency; and the company's energy efficiency policies and initiatives relative to industry peers.
- Water supply and conservation—Companies should disclose crucial water supply issues, as well as contingency planning to ensure adequate supply for anticipated company demand levels. SBA often supports proposals seeking disclosure of water supply dependency or preparation of a report pertaining to sustainable water supply for company operations.
- Political contributions and expenditure—Companies should disclose the amount and rationales for making donations to political campaigns, political action committees (PACs), and other trade groups or special interest organizations. SBA typically considers the following factors:
  - Recent significant controversy or litigation related to the company's political contributions or governmental affairs;
  - The public availability of a company policy on political contributions and trade association spending, including the types of organizations supported;
  - The business rationale for supporting political organizations;
  - The board oversight and compliance procedures related to such expenditures of corporate assets.

- Operations in protected or sensitive areas—such operations may expose companies to increased oversight and the potential for associated risk and controversy. The SBA generally supports requests for reports outlining potential environmental damage from operations in protected regions unless operations in the specified regions are not permitted by current laws or regulations, the company does not currently have operations or plans to develop operations in protected regions, or the company provides disclosure on its operations and environmental policies in these regions comparable to industry peers.
- Community impact assessments—Controversies, fines, and litigation can have a significant negative impact on a company's financials, public reputation, and even ability to operate. Companies operating in areas where potential impact is a concern often develop internal controls aimed at mitigating exposure to these risks by enforcing, and in many cases, exceeding local regulations and laws. SBA considers proposals to report on company policies in this area by evaluating the company's current disclosures, industry norms, and the potential impact and severity of risks associated with the company's operations.
- Supply chain risks—Often these proposals seek information for better understanding risks to the company through their materials purchasing and labor practices. For example, allegations of sweatshop labor or child labor can harm sales and reputation, so knowledge of the company's policies for preventing these practices are highly relevant to shareowners. SBA considers the terms of the proposal against the current company disclosures and industry standards, as well as the potential severity of risks.
- Corporate diversity—SBA will generally support requests for additional information and disclosures at companies where diversity across members of the board, management and employees lags those of peers or the population. Board members, management and employees with differing backgrounds, experiences and knowledge will enhance corporate performance.<sup>39</sup>

## Anti-takeover Defenses

### ADVANCE NOTICE REQUIREMENTS FOR SHAREOWNER PROPOSALS/NOMINATIONS: CASE-BY-CASE

SBA generally supports proposals that allow shareowners to submit proposals as close to the meeting date as reasonably possible and within the broadest window possible. Requests to shrink the window and/or move advance notice deadlines to as early as 150 days or 180 days prior to meetings have been presented by a number of company boards in recent years. Such early deadlines hinder shareowners' ability to make proposals and go beyond what is reasonably required for sufficient board notice. In addition, many companies now request shareowner approval of "second generation advance notice bylaws", which require shareowner nominees to submit company-prepared director questionnaires.<sup>40</sup> While the SBA appreciates increased disclosure of the qualifications of nominees (and incumbents), we disapprove of such requirements if they serve to frustrate shareowner-proposed nominees.

### AMEND BYLAWS WITHOUT SHAREOWNER CONSENT: AGAINST

The SBA does not support proposals giving the board exclusive authority to amend the bylaws. We also discourage board members from taking such unilateral actions and may withhold votes from board members that do so. Shareowners should be party to any such decisions, a view supported by Delaware courts where a majority of U.S. firms are domiciled.<sup>42</sup> If unusual circumstances necessitate such action, at a

<sup>39</sup> Carter, David A., D'Souza, Frank, Simkins, Betty J., and Simpson, W. Gary, "The Diversity of Corporate Board Committees and Financial Performance," Oklahoma State University, 2007. Also see, Mijntje Lückers-Rovers, "Women on Board and Firm Performance," April 2010.

<sup>40</sup> Weingarten, Marc and Erin Magnor, "Second Generation Advance Notification Bylaws" Harvard Law School Corporate Governance Forum, March 17, 2009.

<sup>42</sup> Claudia H. Allen, "Delaware Corporations – Can Delaware Forum Selection Clauses in Charters or Bylaws Keep Litigation in the Court of Chancery?," April 18, 2011. Early adopters of the exclusive forum provision chose to enact bylaw provisions without seeking shareowner approval. However, the *Galaviz v. Berg* decision by the U.S. District Court for Northern California provided that Oracle's exclusive forum provision was unenforceable, in part due to Oracle's failure to bring the provision before shareowners.

minimum, unilateral adoption should incorporate a sunset provision or a near-term window for eventual shareowner approval.

#### RESTRICT LEGAL RECOURSE METHODS: AGAINST

The SBA generally opposes restrictions on shareowner ability to pursue options of legal recourse. This includes binding or forced arbitration, fee-shifting, and exclusive forum bylaws.<sup>41</sup> Standard access to the court system is a fundamental shareowner right. SBA generally votes against proposals to establish exclusive forum and supports proposals requesting that exclusive forum provisions be ratified by shareowners. SBA will critically examine the company's rationale for limiting shareowners' rights to legal remedy, including choice of venue and any material harm that may have been caused by related litigation outside its jurisdiction of incorporation in making a voting decision.

#### POISON PILLS: AGAINST

Poison pills used to be the most prevalent takeover defense among S&P 500 companies, but their utilization has steadily declined since 2002. The vast majority of pills were instituted after November 1985, when the Delaware Supreme Court upheld a company's right to adopt a poison pill without shareowner approval in *Moran v. Household International, Inc.* Poison pills are financial devices that, when triggered by potential acquirers, do one or more of the following: (1) dilute the acquirer's equity holdings in the target company; (2) dilute the acquirer's voting interests in the target company; or (3) dilute the acquirer's equity holdings in a post-merger company. Generally, poison pills accomplish these tasks by issuing rights or warrants to shareowners that are essentially worthless unless triggered by a hostile acquisition attempt. They are often referred to by the innocuous but misleading name "shareowner rights plans".

The SBA supports proposals asking a company to submit its poison pill for shareowner ratification and generally votes against proposals approving or creating a poison pill. The best defense against hostile takeovers is not necessarily a poison pill, but an effective board making prudent financial and strategic decisions for the company.<sup>42</sup> SBA will consider voting against board members that adopt or renew a poison pill unless the pill is subject to shareowner ratification within a year of adoption or renewal.

#### LIMIT WRITTEN CONSENT: CASE-BY-CASE

The SBA votes against proposals to unduly restrict or prohibit shareowners' ability to take action by written consent and supports proposals to allow or make easier shareowner action by written consent. Most states allow shareowners to take direct action such as adopting a shareowner resolution or electing directors through a consent solicitation, which does not involve a physical meeting. Alternatively, consent solicitations can be used to call special meetings and vote on substantive items taking place at the meeting itself.

#### LIMIT SPECIAL MEETINGS: CASE-BY-CASE

The SBA votes against proposals that unduly restrict or prohibit a shareowner's ability to call special meetings. We generally support proposals that make it easier for shareowners to call special meetings. Most states' corporate statutes allow shareowners to call a special meeting when they want to present certain matters before the next annual meeting. The percentage of shareowner votes required to force the

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<sup>41</sup> In a March 2010 opinion, the Delaware Court of Chancery provided an opportunity for any Delaware corporation to establish the Court as the exclusive forum for "intra-entity" corporate disputes, such as claims of breach of fiduciary duty. Such claims have been used to overturn directors' business judgments on mergers, and other matters. Subsequently, a number of U.S. companies have decided to bring the exclusive forum provision to a shareowner vote, and others have amended their charter or by-law provisions.

<sup>42</sup> Srinidhi, Bin and Sen, Kaustav, "Effect of Poison Pills on Value Relevance of Earnings."

corporation to call the meeting often depends on the state's statutes, as does the corporation's ability to limit or deny altogether a shareowner's right to call a special meeting.

#### **SUPERMAJORITY VOTE REQUIREMENTS: AGAINST**

The SBA does not support shareowner proposals that require supermajority voting thresholds. Supermajority requirements can be particularly burdensome if combined with a requirement for the vote result to be calculated using the number of shares outstanding (rather than the votes cast). There have been many instances when a company's requirements called for a proposal to be supported by eighty percent of shares outstanding but failed because just under eighty percent of shares outstanding were voted. This can be particularly problematic for resolutions to approve mergers and other significant business combinations. Voting results should simply be determined by a majority vote of the disinterested shares.<sup>43</sup> SBA supports simple majority voting requirements based on shares voted for the passage of any resolution, ordinary or extraordinary, and regardless of whether proposed by management or shareowners.

#### **ADOPT SUPERVOTING RIGHTS ("TIME-PHASED VOTING"): AGAINST**

Time-phased voting involves the granting of super-voting rights to shareowners who have held their stock for some specified period, commonly for a period of 3-5 years.<sup>44</sup> The practice is intended to be a reward for long-term shareowners and to make the votes of entities with a short-term focus relatively less effective. However, differential voting rights distort the commensurate relationship between ownership and voting power, and however well-intentioned, the practice ultimately risks harm to companies and their shareowners. By undermining the fundamental connection between voting power and economic interest, it increases risk to investors rather than reducing it. Further, it creates murkiness in the voting process where transparency is already lacking. While we value our right to vote and at times would even have increased rights under such a policy as a long-term owner, we do not wish to subvert the economic process for our own benefit, and we are concerned the practice has potential for significant harm and abuse. We do not endorse any practice that undermines the fundamental link between ownership and determination: one share, one vote.

#### **LIMIT VOTING RIGHTS: AGAINST**

The SBA supports maximization of shareowners' voting rights at corporations. Any attempts to restrict or impair shareowner voting rights, such as caps on voting rights, holding period requirements, and restrictions to call special meetings, will be opposed.

#### **ABSTENTION VOTING TABULATION: CASE-BY-CASE**

Abstentions should count for quorum purposes but should be excluded from voting statistics reporting percentages for and against. Some companies request to count abstentions in with against votes when reporting tabulations. This practice makes for inaccurate voting statistics and defies the intentions of the shareowners casting their votes. We strongly support abstention tabulation for matters of quorum satisfaction only.

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<sup>43</sup> Ravid, S. Abraham and Matthew I. Spiegel, "Toehold Strategies, Takeover Laws and Rival Bidders." *Journal of Banking and Finance*, Vol. 23, No. 8, 1999, pp. 1219-1242.

<sup>44</sup> Under SEC Rule 19c-4, firms are generally prohibited from utilizing several forms of stock that deviate from a one-share, one-vote standard. Such instances include tracking stocks, different stock classes with asymmetric voting rights (e.g. dual class shares), shares with time-phased voting rights as well as shares of stock with capped voting or even no rights whatsoever. However, under an amendment to the Rule made in 1994, most U.S. companies are exempted from such restrictions under particular circumstances.

#### TABULATING VOTES: CASE-BY-CASE

The SBA supports proposals that allow for independent third parties to examine and tabulate ballots. We support practices of end-to-end vote confirmation for accuracy and security in casting votes.

#### ESTABLISH A DISTINCTION FAVORING REGISTERED HOLDERS/BENEFICIAL HOLDERS: AGAINST

An extremely small and shrinking percentage of shareowners hold shares in registered form, nearing only one percent of shares outstanding. SBA does not believe any preference or distinction in ownership holding mechanism is necessary or useful. We oppose the adoption of any policy using distinctions among shareowners based on how shares are held.

## CORPORATE STRUCTURE

These proposals seek to make some change in the corporate structure and are often operational in nature. In every case, SBA decides by considering the impact of the change on the financial value and health of the company, as well as its impact on shareowner rights. These proposals include corporate restructurings, capital structure changes, changes to the articles of incorporation and other various operational items. While many of these proposals are routine, they are not inconsequential. Some have profound impact on shareowner value and rights. Shareowners should have the opportunity to approve any issuance of shares or securities that carry equity-like claims or rights. Furthermore, companies may bundle non-routine items with routine items to obtain a more favorable outcome, so the SBA must examine these proposals on a case-by-case basis. SBA may vote against bundled items in any case if the bundle includes highly negative components.

### MERGERS/ACQUISITIONS/SPINOFFS: CASE-BY-CASE

SBA evaluates these proposals based on the economic merits of the proposal and anticipated synergies or advantages. We also consider opinions of financial advisors. Support for the proposal may be mitigated by potential conflicts between management's interests and those of shareowners and negative impacts on corporate governance and shareowner rights. The SBA may oppose the proposal if there is a significant lack of information to make an informed voting decision.

For any proposal, the following items are evaluated:

- Economic merits and anticipated synergies;
- Independence of board, or special committee, recommending the transaction;
- Process for identifying, selecting, and negotiating with partners;
- Independence of financial advisor and financial opinion for the transaction;
- Tax and regulatory impacts;
- Corporate governance changes;
- Aggregate valuation of the proposal.

### APPRAISAL RIGHTS: FOR

SBA generally supports proposals to restore or provide shareowners with rights of appraisal. In many states, mergers and other corporate restructuring transactions are subject to appraisal rights. Rights of appraisal provide shareowners who are not satisfied with the terms of certain corporate transactions the right to demand a judicial review to determine a fair value for their shares. If a majority of shareowners approve a given transaction, the exercise of appraisal rights by a minority of shareowners will not necessarily prevent the transaction from taking place. Therefore, if a small minority of shareowners succeed in obtaining what they believe is a fair value, appraisal rights may benefit all shareowners. If enough shareowners dissented and if the courts found a transaction's terms were unfair, such rights could prevent a transaction that other shareowners had already approved.

### ASSET PURCHASES/SALES: CASE-BY-CASE

Boards may propose a shareowner vote on the sale or purchase of significant assets; sometimes these proposals are part of a strategy shift driven by changes in the marketplace, problematic corporate performance, or activist-investor campaigns. The SBA evaluates asset purchase proposals on a case-by-case basis, considering the following factors:

- Transaction price;
- Fairness opinion;
- Financial and strategic benefits;



- Impact on the balance sheet and working capital;
- The negotiation history and process;
- Conflicts of interest;
- Other alternatives for the business; and
- Non-completion risk.

#### APPROVE REORGANIZATION OF DIVISION OR DEPARTMENT/ARRANGEMENT SCHEME, LIQUIDATION: CASE-BY-CASE

Resolutions approving corporate reorganizations or restructurings range from the routine shuffling of subsidiaries within a group to major rescue programs for ailing companies. Such resolutions are usually supported unless there are clear conflicts of interest among the various parties or negative impact on shareowners' rights. In the case of routine reorganizations of assets or subsidiaries within a group, the primary focus with the proposed changes is to ensure that shareowner value is being preserved, including the impact of the reorganization on the control of group assets, final ownership structure, relative voting power of existing shareowners if the share capital is being adjusted, and the expected benefits arising from the changes. Options are far more limited in the case of a distress restructuring of a company or group as shareowners often have few choices and little time. In most of these instances, the company has a negative asset value, and shareowners would have no value remaining after liquidation. SBA seeks to ensure that the degree of dilution proposed is consistent with the claims of outside parties and is commensurate with the relative commitments of other company shareowners.

#### APPROVE SPECIAL PURPOSE ACQUISITION COMPANY (SPAC) TRANSACTION: CASE-BY-CASE

A SPAC is a pooled investment vehicle designed to invest in private-equity type transactions, particularly leveraged buyouts. SPACs are shell companies that have no operations at the time of their initial public offering but are intended to merge with or acquire other companies. Most SPACs grant shareowners voting rights to approve proposed business combinations. SBA evaluates these proposals based on their financial impact as well as their impact on shareowners' ability to maintain and exercise their rights.

#### FORMATION OF HOLDING COMPANY: CASE-BY-CASE

The SBA evaluates proposals to create a parent holding company on a case-by-case basis, considering the rationale for the change, any financial, regulatory or tax benefits, and impact on capital and ownership structure. SBA may vote against proposals that result in increases in common or preferred stock in excess of the allowable maximum or adverse changes in shareowner rights.

#### APPROVE A "GOING DARK" TRANSACTION: CASE-BY-CASE

Deregistrations, or "going-dark" transactions, occur rarely, whereby companies cease SEC reporting but continue to trade publicly. Such transactions are intended to reduce the number of shareowners below three hundred and are typically achieved either by a reverse stock split (at a very high ratio with fractional shares resulting from the reverse split being cashed out), by a reverse/forward stock split (with fractional shares resulting from the reverse split being cashed out), or through a cash buyout of shares from shareowners owning less than a designated number of shares (tender offer or odd-lot stock repurchase). Such transactions allow listed companies to de-list from their stock exchange and to terminate the registration of their common stock under the Securities & Exchange Act of 1934, so that, among other things, they do not have to comply with the requirements of the Sarbanes-Oxley Act of 2002.<sup>45</sup> Companies

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<sup>45</sup> "Why Do Firms Go Dark? Causes and Economic Consequences of Voluntary SEC Deregistrations," Christian Leuz, Alexander Triantis and Tracy Wang, Finance Working Paper Number 155/2007, European Corporate Governance Institute, March 2008.

seeking this approval tend to be smaller capitalization firms and those with lower quality financial accounting. SBA would consider the impact of the lack of disclosure and oversight and loss of liquidity and shareowner rights in making a decision.

#### LEVERAGED BUYOUT (LBO): CASE-BY-CASE

A leveraged buyout is a takeover of a company using borrowed funds, normally by management or a group of investors. Most often, the target company's assets serve as security for the loan taken out by the acquiring firm, which repays the loan out of cash flow of the acquired company. SBA may support LBOs when shareowners receive a fair value including an appropriate premium over the current market value of their shares.

When the acquirer is a controlling shareowner, legal rulings have imposed a higher standard of review to ensure that this type of transaction, referred to as an entire fairness review, is fair to existing shareowners. Typically, investor protections include review by an independent committee of the board and/or approval by a majority of the remaining shareowners. Whether a buyout is pursued by a controlling shareowner can impact the valuation and premiums, with one study finding that buyouts in which an independent committee reviewed the deal terms produced 14 percent higher average premiums for investors.<sup>46</sup> However, deals requiring majority-of-the-minority ratification did not significantly impact the level of premium paid to investors. Researchers found that the size of the premium paid changed depending on who initiated the transaction, with significantly lower premiums associated with deals initiated by management. As well, the study's findings mimic other empirical evidence demonstrating that 'go-shop' provisions, whereby additional bidders are solicited, were ineffective and may be used to camouflage under-valued management buyouts.<sup>47</sup>

#### NET OPERATING LOSS CARRY-FORWARD (NOL) & ACQUISITION RESTRICTIONS: CASE-BY-CASE

Companies may seek approval of amendments to their certificate of incorporation intended to restrict certain acquisitions of its common stock to preserve net operating loss carry-forwards (or "NOLs"). NOLs can represent a significant asset for the company, one that can be effective at reducing future taxable income. Section 382 of the Internal Revenue Code of 1986 imposes limitations on the future use of the company's NOLs if the company undergoes an ownership change; therefore, some companies seek to limit certain transactions by adopting ownership limits. Firms often utilize a shareowner rights plan (poison pill) in conjunction with NOL-oriented acquisition restrictions.

While stock ownership limitations may allow the company to maximize use of its NOLs to offset future income, they may significantly restrict certain shareowners from increasing their ownership stake in the company. Such ownership limitations can be viewed as an anti-takeover device. Though these restrictions on shareowners are undesirable, SBA often supports proposals when firms seek restrictions solely to protect NOLs. We review the company's corporate governance structure and other control protections in conjunction with the proposal and weigh the negative impact of the restrictions against the financial value of the NOLs (relative to the firm's market capitalization) in making a decision.

#### CHANGE OF CORPORATE FORM (GERMANY, AUSTRALIA, NEW ZEALAND): CASE-BY-CASE

This proposal seeks shareowner approval to convert the company from one corporate form to another. Examples of different corporate forms include the following: Inc., LLP, PLP, LLC, AG, SE. The SBA generally

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<sup>46</sup> Matthew Cain, and Steven Davidoff, "Form Over Substance? The Value of Corporate Process and Management Buyouts," August 2010.

<sup>47</sup> Adonis Antoniadis, Charles Calomiris, and Donna M Hitscherich, "No Free Shop: Why Target Companies in MBOs and Private Equity Transactions Sometimes Choose Not to Buy 'Go-Shop' Options," November 2013; Guhan Subramanian, "Go-Shops vs. No-Shops in Private Equity Deals: Evidence and Implications," *The Business Lawyer*, Volume 63, May 2008.

votes FOR such proposals unless there are concerns with the motivation or financial impact of a change to a firm's corporate structure.

Public Benefit Corporations (PBC) are for-profit corporations that have also adopted a public benefit purpose embedded in its certificate of incorporation. This public benefit is intended to have positive effects on a category of person(s), entities, or communities other than the financial interests of shareowners. When deciding to support or oppose resolutions to convert to a PBC, expected (or actual) accruals to shareholder value will be the primary consideration. Additionally, the SBA will consider company-specific characteristics, the stated rationale for such structure, and the impact on shareholders' rights.

## Capital Structure

### CHANGE AUTHORIZED SHARE CAPITAL: CASE-BY-CASE

The SBA generally supports authorized share capital increases up to 100 percent of the current number of outstanding shares. We will consider additional increases if management demonstrates a reasonable use. It is important that publicly held corporations have authorization for shares needed for ordinary business purposes, including raising new capital, funding reasonable executive compensation programs, business acquisitions, and facilitating stock splits and stock dividends. Increases beyond 100 percent of the current number of outstanding shares will be scrutinized to ensure its use will benefit shareowners. We apply a stricter standard if the company has not stated a use for the additional shares or has significant levels of previously authorized shares still available for issue. Proposals that include shares with unequal voting rights will likely be opposed.

In the case of rights offerings, SBA considers the dilution and extent to which issued rights may be subscribed, both by SBA individually and other shareowners collectively, and how that may affect or adversely concentrate the level of control if a large single shareowner exists. Proposals to reduce authorized share capital can result from a variety of corporate actions, ranging from routine accounting measures to reductions pertaining to a significant corporate restructuring in the face of bankruptcy. These proposals can vary significantly from market to market because of local laws and accounting standards. In all instances, the SBA considers whether the reduction in authorized share capital is for legitimate corporate purposes and not to be used as an anti-takeover tactic.

### STOCK SPLIT OR REVERSE STOCK SPLIT: FOR

Typically, the SBA supports reasonable proposals for stock splits or reverse stock splits. These proposals often seek to scale back the cost of each share into what is traditionally thought of as a comfortable price and trading zone, which seeks to influence the psychology of the market's perception of price more than anything else. Reverse stock splits may be requested to ensure a company's shares will not be subject to delisting by their exchange's standards, often following a significant negative shock to the share price.

### DUAL CLASS STOCK: AGAINST

SBA opposes dual class share structures. The one share, one vote principle is essential to proper functioning of capitalism; dual class shares distort the commensurate relationship between economic interest and voting power and ultimately risk harm to companies and their shareowners.<sup>48</sup> Several academic studies

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<sup>48</sup> Bebchuk, Lucian Arye, Kraakman, Reinier H. and Triantis, George G., "Stock Pyramids, Cross-Ownership, and Dual Class Equity: The Creation and Agency Costs of Separating Control from Cash Flow Rights". As published in CONCENTRATED CORPORATE OWNERSHIP, R. Morck, Ed., pp. 445-460, 2000 Available at SSRN: <http://ssrn.com/abstract=147590>. Masulis, Ronald W., Wang, Cong and Xie, Fei, "Agency Problems at Dual-Class Companies" (November 12, 2006). Available at SSRN: <http://ssrn.com/abstract=961158>. Tinaikar, Surjit, "The Voluntary Disclosure Effects of Separating Control Rights from Cash Flow Rights" (November 2006). Available at SSRN: <http://ssrn.com/abstract=951547>.

have documented an array of value-destroying effects stemming directly from dual class share structures.<sup>4950</sup> SBA will support proposals asking companies to move away from dual class structures. SBA may withhold votes or cast votes against the election of directors in cases where a company completes an IPO with a dual or multi-class share structure without a reasonable sunset provision on the unequal voting rights. We will generally support proposals that provide for the disclosure of voting results broken down by share class when dual class structures exist.

#### APPROVE GENERAL SHARE ISSUANCE WITH PRE-EMPTIVE RIGHTS: CASE-BY-CASE

General issuance requests under both authorized and conditional capital systems allow companies to issue shares to raise funds for general financing purposes. Approval of such requests gives companies sufficient flexibility to carry out ordinary business activities without having to bear the expense of calling shareholder meetings for every issuance. Pre-emptive rights guarantee current shareholders the first opportunity to purchase shares of new issuances of stock in the class they own in an amount proportional to the percentage of the class they already own. SBA generally supports issuance requests with preemptive rights when the amount of shares requested is less than the unissued ordinary share capital or one-third of the issued ordinary share capital. Issuance authority should be limited to a five-year timeframe. SBA also considers the issue price and any potential pricing discounts, as well as past issuance practices at the company, in judging the appropriateness of the terms and potential for misuse (such as granting large blocks at a discount to a third party). If insufficient information is disclosed about the issuance and conditions of its implementation, SBA may vote against authorization. Proposals that include shares with unequal voting rights will likely be opposed.

#### APPROVE GENERAL SHARE ISSUANCE WITHOUT PREEMPTIVE RIGHTS: CASE-BY-CASE

Companies may need the ability to raise funds for routine business contingencies without the expense of carrying out a rights issue. Such contingencies include, but are not limited to, facilitating stock compensation plans, small acquisitions, or payment for services. Recognizing that shareholders suffer dilution because of issuances, authorizations should be limited to a fixed number of shares or a percentage of capital at the time of issuance. The SBA generally supports issuance requests without pre-emptive rights up to a maximum of 20 percent above current levels of issued capital. Proposals that include shares with unequal voting rights will likely be opposed.

#### APPROVE ISSUE OF PREFERRED SHARES: CASE-BY-CASE

“Preferred share” typically refers to a class of stock that provides preferred dividend distributions and preferred liquidation rights as compared to common stock; however, preferred shares typically do not carry voting rights. SBA typically votes against preferred share issues that carry voting rights, include conversion rights, or have “blank check” ability. We typically support issuances without conversion or voting rights when the company demonstrates legitimate financial needs. Blank check preferred stock gives the board of directors the power to issue shares of preferred stock at their discretion, with voting, conversion,

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<sup>49</sup> Kastiel, Kobi, “Executive Compensation in Controlled Companies,” Harvard Law School Working Paper, October 2014. Claessens, Stijn & Fan, Joseph P.H. & Lang, Larry, 2002. “The Benefits and Costs of Group Affiliation: Evidence from East Asia,” CEPR Discussion Papers 3364, C.E.P.R. Discussion Papers, revised. Bennedsen, Morten and Nielsen, Kasper Meisner, “The Principle of Proportional Ownership, Investor Protection and Firm Value in Western Europe” (October 50). ECGI - Finance Working Paper No. 134/2006 Available at SSRN: <http://ssrn.com/abstract=941054>. Gompers, Paul A., Ishii, Joy L. and Metrick, Andrew, “Extreme Governance: An Analysis of Dual-Class Companies in the United States” (May 1, 2008). AFA 2005 Philadelphia Meetings Available at SSRN: <http://ssrn.com/abstract=562511> or DOI: 10.2139/ssrn.562511. Cremers, Martijn and Allen Ferrell, “Thirty Years of Corporate Governance: Firms Valuation & Stock Returns” (September 2009). Yale ICF Working Paper No. 09-09. Available at <http://ssrn.com/abstract=1279650>. Puttonen, Vesa, Ikaheimo, Seppo and Ratilainen, Tuomas, “External Corporate Governance and Performance - Evidence from the Nordic Countries” (January 30, 2007) Available at SSRN: <http://ssrn.com/abstract=960431>. Jiraporn, Pornsit, 2005, “An Empirical Analysis of Corporate Takeover Defenses and Earnings Management: Evidence from the U.S.,” Applied financial Economics (University of Warwick, U.K.), Vol. 15, No. 5, pp. 293-303. Li, Kai, Ortiz-Molina, Hernan and Zhao, Shelly, “Do Voting Rights Affect Institutional Investment Decisions? Evidence from Dual-Class Firms” (November 2007). Available at SSRN: <http://ssrn.com/abstract=950295>. Dimitrov, Valentin and Jain, Prem C., “Recapitalization of One Class of Common Stock into Dual-class: Growth and Long-run Stock Returns” (September 1, 2004). Available at SSRN: <http://ssrn.com/abstract=422080> or DOI: 10.2139/ssrn.422080.

distribution, and other rights set by the board at the time of issuance. Blank check preferred stock can be used for sound corporate purposes like raising capital, stock acquisition, employee compensation, or stock splits or dividends. However, blank check preferred stock is also suited for use as an entrenchment device. The company could find a “white knight,” sell the knight a large block of shares, and defeat any possible takeover attempt. With such discretion outside the control of common stock shareowners, the SBA typically opposes any proposals to issue blank check preferred stock.

#### RESTRUCTURE/RECAPITALIZE: CASE-BY-CASE

These proposals deal with the alteration of a corporation’s capital structure, such as an exchange of bonds for stock. The SBA is in favor of recapitalizations when our overall investment position is protected during the restructuring process.

#### TARGETED SHARE PLACEMENT: CASE-BY-CASE

SBA typically supports shareowner proposals requesting that companies first obtain shareowner authorization before issuing voting stock, warrants, rights, or other securities convertible into voting stock, to any person or group, unless the voting rights at stake in the placement represent less than 5 percent of existing voting rights.

#### SHARE REPURCHASE: CASE-BY-CASE

When a company has excess cash, SBA’s preferred method for distributing it to shareowners is through adopting a quarterly dividend. Dividends are an effective means for returning cash and serve as an important signal to the market of earnings stability. Because dividend adoptions and subsequent changes are scrutinized, they serve as an important marker of a company’s commitment to return cash to shareowners. Repurchases on the other hand require no commitment to ongoing return of profits to shareowners. Repurchased shares often end up being granted to executives as part of stock compensation packages; this common use of cash is paying compensation and not a form of profit return to owners. Because of this, SBA strongly prefers dividend adoption over share repurchases. We support repurchases only in cases of unusual cash accumulation, such as from a divestiture of assets. Cash flows from operations that have an expected long-term generation pattern should be committed to owners through quarterly dividends. Repurchases are also supported if the rationale is that management believes the stock is undervalued. Companies should not commit to long term repurchases at any market price; evidence shows that many companies tend to repurchase shares at market-highs with these plans and generally buy at inopportune times. Compensation programs should not depend upon metrics that are impacted by repurchases, or metrics should at least be adjusted to account for the impact of repurchases so that compensation is not affected by these programs.

#### DECLARE DIVIDENDS: FOR

Declaring a dividend is a preferred use of cash and method of releasing profits to shareowners. SBA generally supports dividend declarations unless the payout is unreasonably low, or the dividends are not sustainable by reserves and cash flow. Payouts less than 30 percent of net income for most markets are considered low.

#### TRACKING STOCK: CASE-BY-CASE

The SBA closely examines the issuance of tracking stock shares, particularly corporate governance rights attached to those shares. Normally, tracking stock is a separate class of common stock that “tracks” the performance of an individual business of a company. Tracking stock represents an equity claim on the

cash flows of the tracked business as opposed to legal ownership of the company's assets. Tracking stock is generally created through a charter amendment and provides for different classes of common stock, subject to shareowner approval. Due to their unique equity structure, we examine closely all of the following issues when determining our support for such proposals: corporate governance features of tracking stock (including voting rights, if any), distribution method (share dividend or initial public offering), conversion terms and structure of stock-option plans tied to tracking stock.

#### APPROVE ISSUE OF BONDS, DEBENTURES, AND OTHER DEBT INSTRUMENTS: FOR

Generally, SBA supports debt issuance of reasonable amounts for the purpose of financing future growth and corporate needs. Debt issues may also add a beneficial monitoring component, making managers more accountable for corporate performance because if the company does not perform well financially, the company may not be able to meet its financial obligations. Studies have also examined the relationship between firms' capital structure and the quality of their corporate governance mechanisms, confirming that corporations use debt in place of corporate governance tools.<sup>51</sup> While the SBA recognizes the need to employ various tools to minimize agency costs and align management interests with shareowner interests, corporations must not abdicate their corporate governance duties by expanding leverage.

When companies seek to issue convertible debt or debt with warrants, SBA considers the impact of the potential conversion on existing shareowners' rights when making a decision. We may also support limits on conversion rights to prevent significant dilution of SBA's ownership.

#### PRIVATE PLACEMENTS: CASE-BY-CASE

Private placement is a method of raising capital through the sale of securities to a relatively small number of investors rather than a public offering. Investors involved in private placement offerings typically include large banks, mutual funds, insurance companies and pension funds. Because the private placement is offered to a limited number of investors, detailed financial information is not always disclosed and the need for a prospectus is waived. Moreover, in the United States, the authority does not have to be registered with the Securities and Exchange Commission. The SBA evaluates private placements on a case-by-case basis, voting against if the private placement contains extraordinary voting rights or if it may be used in some other way as an anti-takeover defense.

### Operational Items

#### ADJOURN MEETING: CASE-BY-CASE

SBA generally votes against proposals to provide management with the authority to adjourn an annual or special meeting absent compelling reasons to support the proposal. The SBA may support proposals that relate specifically to soliciting votes for a merger or transaction if we support that merger or transaction.

#### TRANSACT OTHER BUSINESS: AGAINST

This proposal provides a forum for addressing resolutions that may be brought up at the annual shareowner meeting. In most countries, the item is a formality and does not require a shareowner vote, but companies in certain countries include permission to transact other business as a voting item. This discretion is overly broad, and it is against the best interest of shareowners to give directors unbound permission to make

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<sup>51</sup> Marquardt, Carol, "Managing EPS Through Accelerated Share Repurchases: Compensation Versus Capital Market Incentives." Baruch College-CUNY, September 2007.

corporate decisions without broad shareowner approval. Because most shareowners vote by proxy and would not know what issues will be raised under this item, SBA does not support this proposal.

#### AMEND SHAREOWNERS' MEETING QUORUM REQUIREMENTS: CASE-BY-CASE

SBA supports quorums of a simple majority. We do not support super-majority quorum requirements.

#### AMEND BYLAWS OR ARTICLES OF ASSOCIATION: CASE-BY-CASE

The SBA considers the merits of the proposed amendment and its potential impact on shareowner rights and value. Different amendments should not be presented in a bundled format, which would prevent shareowners from making individual decisions on each provision. We may not support a bundled proposal that contains a mix of desirable and undesirable features.

#### NAME CHANGE: FOR

Changing a company's name is a major step that has likely gone through extensive management consideration and/or marketing research. SBA generally supports these proposals.

#### RECEIVE/APPROVE/AMEND REPORTS AND AUDITED ACCOUNTS FOR PREVIOUS FINANCIAL REPORTING PERIODS: CASE-BY-CASE

Generally, SBA supports these proposals unless we are aware of serious concerns about the accounting principles used or doubt the integrity of the company's auditor. Annual audits of a firm's financial statements should be mandatory and carried out by an independent auditor.

#### CHANGE METHOD OF PREPARING ACCOUNTS/DISTRIBUTING FINANCIAL STATEMENTS TO SHAREOWNERS: CASE-BY-CASE

If the changes have been instituted by a nationwide regulation, they will be approved. Otherwise, they will be scrutinized to ensure they are not damaging to our interests. For instance, managers may seek to reclassify accounts to enhance their perceived performance. If this is the case, then managers may earn more in performance-based compensation without adding actual value to the firm.

#### ADOPT OR CHANGE STAKE DISCLOSURE REQUIREMENT(S): CASE-BY-CASE

Proposals may be submitted to conform to recent changes in home market disclosure laws or other regulations. However, proposed levels that are below typical market standards are often only a pretext for an anti-takeover defense. Low disclosure levels may require a greater number of shareowners to disclose their ownership, causing a greater burden to shareowners and to the company. Positions of more than five percent are significant, however, and would be supported by SBA.

#### ACCESS TO PRELIMINARY VOTING TABULATIONS CONCERNING SHAREOWNER PROPOSALS: CASE-BY-CASE

The SBA supports equal access by management and shareowner proponents to preliminary voting results of shareowner proposals. Some proponents are concerned that companies may receive preliminary voting results and use the information to target shareowner engagement at a disadvantage to the proponent. Generally, the SBA will not support restricting access to this voting data to either party. Some proposals seek to restrict access while others may seek to place conditions on using the information.



#### RESTRICT INTER-SHAREOWNER COMMUNICATIONS: AGAINST

The ability to dialogue assists shareowners in seeing each other's perspective and helps owners exercise their rights in a free, capitalist market. SBA would not typically support restrictions beyond those of market regulators. In U.S. markets, the SEC has established enforceable guidelines that govern communications from shareowners or other parties for the purposes of soliciting proxies or pursuing corporate takeover measures.

#### CHANGE DATE OF FISCAL YEAR-END: FOR

Companies may seek shareowner approval to change their fiscal year end. Most countries require companies to hold their annual shareowners meeting within a certain period after the close of the fiscal year. While the SBA typically supports this routine proposal, opposition may be considered in cases where the company is seeking the change solely to postpone its annual meeting.

#### AUTHORIZE DIRECTORS TO MAKE APPLICATION FOR ONE OR MORE EXCHANGE LISTINGS: FOR

SBA generally supports proposals to authorize secondary share listings, absent evidence that important shareowner rights will not be harmed or restricted to an unreasonable extent. Secondary listings may provide additional funding in other capital markets and/or increase share liquidity.

#### SET OR CHANGE DATE OR PLACE OF ANNUAL MEETING: FOR

Flexibility is necessary in time and location of board meetings. As such, the SBA typically supports proposals that provide reasonable discretion to the board for scheduling a shareowner meeting. SBA would not support changes if their impact is expected to inhibit participation by shareowners.

#### CHANGE/SET PROCEDURE FOR CALLING BOARD MEETINGS: CASE-BY-CASE

The SBA embraces full disclosure regarding the procedures for calling board meetings. Therefore, we typically vote FOR improvements in these procedures and the disclosure of these procedures.

#### ALLOW DIRECTORS TO VOTE ON MATTERS IN WHICH THEY ARE INTERESTED: CASE-BY-CASE

Generally, SBA does not support these proposals unless it is shown that the directors' interests are not material, or the proposal conforms to federal regulations or stock exchange requirements.

#### CHANGE QUORUM REQUIREMENT FOR BOARD MEETINGS: CASE-BY-CASE

SBA may support reasonable changes in quorum requirements for board meetings. We would not support a quorum of less than fifty percent.

#### REINCORPORATION TO A DIFFERENT STATE: CASE-BY-CASE

Corporations may change the state in which they are incorporated as a way of changing minimum or mandatory governance provisions. A corporation having no business contacts or connections in a state may nonetheless choose that state as its place of incorporation and that state's laws will determine certain aspects of its internal governance structure. The ability of corporations to choose their legal domicile has led many states to compete for revenue from corporate fees and taxes by enacting management-friendly incorporation codes. This competition has encouraged states to support an array of antitakeover devices and provide wide latitude in restricting the rights of shareowners.



Many companies changed their state of incorporation to Delaware since the 1980s because they viewed it as having a predictable and favorable legal climate for management. In 2007, North Dakota changed its laws of incorporation to create an environment of corporate governance best practices and strong shareowner rights. SBA will support proposals to shift the state of incorporation to states with net improvements in shareowner protections; however, the opportunity to increase shareowner rights will be weighed against the costs and potential disruption of changing the state of incorporation.<sup>52</sup>

#### OFFSHORE REINCORPORATION: CASE-BY-CASE

In some circumstances the costs of a corporation's reincorporation may outweigh the benefits, primarily tax and other financial advantages. Reincorporation can also result in the loss of shareowner rights, financial penalties, future detrimental tax treatment, litigation, or lost business. The SBA evaluates reincorporation proposals by examining the economic costs and benefits and comparing governance and regulatory provisions between the locations.

#### CONTROL SHARE ACQUISITION PROVISIONS: CASE-BY-CASE

Control share acquisition statutes function by denying shares their voting rights when they contribute to ownership in excess of certain thresholds. Voting rights for those shares exceeding set ownership limits may only be restored by approval of either a majority or supermajority of disinterested shares. Thus, control share acquisition statutes effectively require a hostile bidder to put its offer to a shareowner vote or risk voting disenfranchisement if the bidder continues buying up a large block of shares. SBA supports proposals to opt out of control share acquisition statutes unless doing so would enable the completion of a takeover that would be detrimental to shareowners. SBA opposes proposals to amend the charter to include control share acquisition provisions or limit voting rights.

#### CONTROL SHARE CASH-OUT PROVISIONS: FOR

Control share cash-out statutes give dissident shareowners the right to "cash-out" of their position in a company at the expense of the shareowner who has taken a control position. When an investor crosses a preset threshold level, the remaining shareowners are given the right to sell their shares to the acquirer, who must buy them at the highest acquiring price. SBA typically supports proposals to opt out of control share cash-out statutes.

#### OPT-OUT OF DISGORGEMENT PROVISIONS: FOR

Disgorgement provisions require an acquirer or potential acquirer of more than a certain percentage of a company's stock to disgorge (or pay back) to the company any profits realized from the sale of that company's stock purchased 24 months before achieving control status. All sales of company stock by the acquirer occurring within a certain period (between 18 months and 24 months) prior to the investor's gaining control status are subject to these recapture-of-profits provisions. SBA supports proposals to opt out of state disgorgement provisions.

#### ANTI-GREENMAIL: FOR

Greenmail payments are targeted share repurchases by management of company stock from individuals or groups seeking control of the company. They are one of the most wasteful entrenchment devices available to management. Since only the hostile party receives payment, usually at a substantial premium over the market value of his shares, the practice is discriminatory to all other shareowners of the company.

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<sup>52</sup> Subramanian, Guhan, "The Influence of Anti-takeover Statutes on Incorporation Choice: Evidence on the 'Race' Debate and Anti-takeover Overreaching." Harvard NOM Research Paper No. 01-10, December 2001.

With greenmail, management transfers significant sums of corporate cash to one entity for the purpose of fending off a hostile takeover. SBA supports proposals to adopt anti-greenmail charter or bylaw amendments or otherwise restrict a company's ability to make greenmail payments.

#### FAIR PRICE AND SIMILAR PROVISIONS IN TWO-TIERED TENDER OFFERS: CASE-BY-CASE

SBA supports proposals to adopt a fair price provision as long as the shareowners' vote requirement embedded in the provisions is no more than a majority of the disinterested shares. The SBA will vote against all other management fair price proposals. SBA also will typically support shareowner proposals to lower the shareowners' vote requirement embedded in existing fair price provisions.

#### FAIR PRICE PROVISION: CASE-BY-CASE

Fair price provisions are a variation on standard supermajority voting requirements for mergers, whereby shareowners vote before a significant business combination can be affected. Fair price provisions add a third option, allowing a bidder to consummate a merger without board approval or a shareowner vote as long as the offer satisfies the price requirements stipulated in the provision. Fair price provisions are normally adopted as amendments to a corporation's charter. The provisions normally include a super majority lock-in, a clause requiring a super majority shareowner vote to alter or repeal the provisions itself. We typically support management proposals to adopt a fair price provision, as long as the shareowner vote requirement imbedded in the provision is no more than a majority of the disinterested shares. We generally support shareowner proposals to lower the shareowner vote requirement imbedded in existing fair price provisions.

#### OPT OUT OF ANTI-TAKEOVER LAW: FOR

The SBA does not support corporations opting into state anti-takeover laws (e.g., Delaware). Such laws may prohibit an acquirer from making a well-financed bid for a target, which provides a premium to shareowners. We support proposals to opt out of state anti-takeover laws.

#### APPROVE STAKEHOLDER PROVISIONS: AGAINST

Stakeholder provisions or laws permit directors to weigh the interests of constituencies other than shareowners, including bondholders, employees, creditors, customers, suppliers, the surrounding community, and even society, in the process of corporate decision making. The SBA does not support proposals for the board to consider non-shareowner constituencies or other nonfinancial effects when evaluating making important corporate decisions, such as a merger or business combination.

Evaluating the impact on non-shareowner constituencies provides a board with an explicit basis, approved by the shareowners, which it may invoke to reject a purchase offer that may be attractive in purely financial terms. Some state laws also allow corporate directors to consider non-financial effects, whether the companies have adopted such a charter or bylaw provision. SBA would support proposals to opt-out of such provisions.

## COMPENSATION

Compensation is an area that merits oversight from investors, as it exemplifies the delicate principal-agent relationship between shareowners and directors. Directors create compensation plans, often with the assistance of compensation consultants, which aim to motivate performance and retain management. Ultimately, it is the shareowners that bear the cost of these plans, and as average compensation packages have climbed steadily in value in recent years, shareowners have concern over the level of pay, the lack of disclosure, the role of compensation advisers, and the loyalty of board members to shareowners' interests over those of management. Voting against plans with exorbitant pay or poor design is an important shareowner duty, and engagement with companies on their plans and features is a meaningful way for shareowners to protect value and contribute to oversight of their agents.<sup>53</sup>

### ADOPT OR AMEND STOCK AWARD OR OPTION PLAN: CASE-BY-CASE

The SBA supports compensation structures that provide incentives to directors, managers, and other employees by aligning their performance and economic interests with those of the shareowners. Therefore, we evaluate incentive-based compensation plans on reasonableness of the total cost to shareowners and the incentive aspects of the plan, as well as the overall design and transparency of the program.

Stock-based incentive plans should require some financial risk. Proper and full disclosure is essential for shareowners to assess the degree of pay-for-performance inherent in plans. Some companies disclose metrics and thresholds that are inappropriately low and easy to attain; other companies refrain from disclosing metrics and/or thresholds at all. When there is insufficient disclosure on plan metrics and compensation levels appear out of line with peers or problematic pay practices are used, SBA will not support the plan.

For plans to provide proper incentives, executive compensation should be linked directly with the performance of the business. Typically, companies use peer groups when developing compensation packages to make peer-relative assessments of performance. A company's choice of peers can have a significant impact on the ultimate scope and scale of executive compensation, and in many cases, companies set executive compensation at or above the fiftieth percentile of the peer group.<sup>54</sup> Problematic issuer-developed peer groups may exhibit the following red flags: 1) too many firms listed (more than 15); 2) bias toward "peers" that are substantially larger and/or more profitable;<sup>56,55</sup> 3) peer groups with unusually high CEO pay, particularly if not direct competitors; 4) groups with too many industries and geographic markets included; and 5) unexplained year-to-year peer group changes. When the basis of compensation uses benchmarks and relative comparisons to an inappropriate peer group selection, SBA is unlikely to support the compensation plan.

When making voting decisions, we look for reasonable compensation levels, both on an absolute basis and relative to peers, alignment between pay and performance, disclosure of performance metrics and thresholds, and fair plan administration practices. We may vote against compensation plans for the following reasons:

- High compensation levels on an absolute or peer-relative basis
- Disconnect between pay and performance

<sup>53</sup> CFA Centre for Financial Market Integrity, "The Compensation of Senior Executives at Listed Companies: A Manual for Investors," 2007.

<sup>54</sup> Bizjak, M. John, Lemmon, L. Michael, and Naveen, Lalitha. 2000 "Has the Use of Peer Groups Contributed to Higher Pay and Less Efficient Compensation?" <sup>56</sup> Faulkender, Michael W. and Yang, Jun, "Inside the Black Box: The Role and Composition of Compensation Peer Groups," (March 15, 2007). AFA 2008 New Orleans Meetings Paper.

<sup>55</sup> Albuquerque, Ana M., De Franco, Gus and Verdi, Rodrigo S., "Peer Choice in CEO Compensation," (July 21, 2009). Available at SSRN: <http://ssrn.com/abstract=1362047>.

- Poor disclosure of performance metrics, thresholds, and targets
- Heavy reliance on time-based instead of performance-based vesting
- Imbalance between long-term and short-term incentive program payments
- Large, guaranteed payments
- Failure to modify compensation award metrics for accounting adjustments or the impact of stock repurchases (buybacks)
- “Long-term” plans with overly short performance measurement and payout periods
- Excessive severance or single-trigger change-in-control packages
- Plans that cover non-employee consultants or advisors
- Inappropriate peer group selections resulting in outsized or misaligned pay
- Excessive perquisites
- Lack of stock ownership guidelines for executives
- Tax gross-ups, evergreen issues, or option repricing practices are permitted
- Accelerated or unreasonable vesting provisions
- Dividend payments are made or allowed to accrue on unvested or unearned awards
- Lack of an independent compensation committee or egregious consultant practices
- Poor committee response to investor concerns, proposals or engagements, especially insufficient response to recent low vote outcomes on compensation plan items including say-on-pay votes.

#### ADVISORY VOTE ON EXECUTIVE COMPENSATION: CASE-BY-CASE

Say-on-pay votes are required in several markets, including the U.S., U.K., Australia, the Netherlands, Sweden, Norway, and Spain. These advisory votes allow investors to provide feedback on the administration of a company’s pay program, typically on an annual basis (though in some markets, investors of some companies have voted for lesser frequencies of two or three years). Say-on-pay advisory votes add value because investors can seek accountability if the administration of an approved plan proves to be poor. The combination of compensation plan votes and annual say-on-pay advisory votes allow investors to approve the plans and still weigh in on the actual administration of those plans on a regular basis. SBA uses similar criteria for evaluating say-on-pay proposals as detailed in the “Adopt or amend stock incentive plan” guideline.

#### ADOPT BONUS 162(M) PLAN (U.S.): CASE-BY-CASE

SBA reviews proposals to adopt performance-based cash bonus plans for executives on a case-by-case basis. These plans are put to a shareowner vote to preserve the tax deductibility of compensation in excess of \$1 million for the five most highly compensated executives, pursuant to section 162(m) of the Internal Revenue Code. A vote against these plans does not necessarily prevent the bonus from being paid, but only precludes the ability to take a tax deduction.<sup>56</sup> SBA will vote against these proposals under any of these conditions: misalignment of pay and performance, lack of defined or acceptable performance criteria, or unlimited or excessively high maximum pay-outs.

#### ADOPT OR AMEND EMPLOYEE STOCK PURCHASE PLAN: CASE-BY-CASE

Employee stock purchase plans (ESPP) are normally broad-based equity plans that allow employees to purchase stock via regular payroll deductions, often at a reduced price. Equity-based compensation can be a useful tool in aligning the interests of management and employees with those of the shareowners. ESPPs provide low-cost financing for corporate stock and can improve employee productivity, both of which should, in theory, lead to increased shareowner value. Numerous studies favorably link ESPPs with improved corporate performance.<sup>59</sup> SBA considers the plan’s salient features, such as use of evergreen

<sup>56</sup> “Section 162(m) Requirements, Implications and Practical Concerns,” *Exequity*, September 2008. <sup>59</sup> 2006 Employee Stock Purchase Plan Report, Equilar, Inc., 2006.

provisions, purchase limits/discounts, pay deductions, matching contributions, holding requirements, tax deductibility, the size and cost of the plan, as well as the company's overall use of equity compensation, in making voting decisions. The plan is generally accepted if the combined amount of equity used across all programs is deemed reasonable.

#### LINKING PAY WITH PERFORMANCE: CASE-BY-CASE

These proposals would require the company to closely link pay with performance, using performance measures that are mandated in the proposal language or that must be presented to investors by the company for pre-approval.

When the performance measures are mandated by the proposal language, SBA typically supports proposals that reasonably and fairly align pay with specific performance metrics, require detailed disclosures, or mandate adherence to fair compensation practices. We are less likely to support proposals that require metrics that are a degree removed from ultimate performance measures, such as proposals that require pay to be linked to performance on specific social mandates, absent a compelling argument for their usage.

SBA supports meaningful investor oversight of executive compensation practices and generally supports proposals requiring shareowner approval of specific performance metrics in equity compensation plans. SBA supports prior disclosure of performance metrics including quantifiable performance measures, numerical formulas, and other payout schedules covering at least a majority of all performance-based compensation awards to any named executive officers.

#### OPTION REPRICING: CASE-BY-CASE, TYPICALLY AGAINST

Option repricing is a contravening of the incentive aspect of plans. If the company has a history of repricing underwater options, SBA is unlikely to vote in support. There are very rare instances where repricing is acceptable, but several strict conditions must be met including a dramatic decline in stock value due to serious macroeconomic or industry-wide concerns and the necessity to reprice options to retain and motivate employees.

#### RECOUP BONUSES OR INCENTIVE COMPENSATION THROUGH CLAWBACK PROVISIONS: CASE-BY-CASE

Most commonly, clawback provisions address situations where the company's restated financial statements show that an executive did not achieve the performance results necessary for the executive to receive a bonus or incentive compensation. SBA recognizes that clawback provisions are an important aspect of performance-based compensation plans. To align executive interests with the interests of shareowners, executives should be compensated for achieving performance benchmarks. Equally, an executive should not be rewarded if he or she does not achieve established performance goals. If restated financial statements reveal that the executive was falsely rewarded, he or she should repay any unjust compensation received.

SBA evaluates these proposals by taking into consideration the impact of the proposal in cases of fraud, misstatement, misconduct, and negligence, whether the company has adopted a formal recoupment policy, and if the company has chronic restatement history or material financial problems.

#### DISCLOSURE OF WORK BY COMPENSATION CONSULTANTS: FOR

External compensation consultants should be independent to ensure that advice is unbiased and uncompromised. Multiple business dealings or significant revenue from the company may impair the

independence of a pay consultant's opinions, advice, or recommendations to the compensation committee. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 requires that compensation committees analyze the independence of their compensation consultants and advisers and disclose any conflicts of interest concerning such consultants and advisers. Item 407(e)(3)(iv) of Regulation S-K codifies the SEC's proxy disclosure requirement with respect to compensation consultant conflicts of interest, applicable to proxies filed in 2013 and thereafter.<sup>57</sup> Compensation committees are required to assess whether the consultant's work raises any conflicts of interest and, if so, disclose to investors information about the nature of any such conflict and how the conflict is being addressed. SBA generally supports proposals seeking disclosure regarding the company, board, or compensation committee's use of compensation consultants, such as company name, business relationships, fees paid, and identification of any potential conflicts of interest. Additionally, compensation consultants should not be eligible as consultants or advisors on any stock incentive plan at the company.

#### RESTRICT EXECUTIVE PAY: CASE-BY-CASE

SBA supports levels of compensation that are consistent with the goal of aligning management's interests with shareowners' interests. Absolute limits may inhibit the compensation committee's ability to fulfill its duties. When the company's executive compensation and performance have been reasonable and in line with that of peers, SBA is unlikely to support proposals seeking an arbitrary cap.

#### HEDGING AND PLEDGING COMPANY STOCK: CASE-BY-CASE

Companies are increasingly adopting policies that prohibit insiders, such as board directors and senior executives, from hedging the value of their company equity or pledging company shares as collateral to margin accounts. Hedging is a strategy to offset or reduce the risk of price fluctuations for an asset or equity. Stock-based compensation or open-market purchases of company stock should serve to align executives' or directors' interests with shareowners. Hedging of company stock through a covered call, 'cashless' collar, forward sale, equity swap, or other derivative transactions can sever the alignment with shareowners' interests. Some researchers have found negative stock price performance associated with certain hedging activities.<sup>58</sup> Pledging of company stock as collateral for a loan may have a detrimental impact on shareowners if the officer or director is forced to sell company stock, for example, to meet a margin call. The forced sale of significant amounts of company stock may negatively impact the company's stock price and may also violate a company's insider trading policies and 10b5-1 trading plans. In addition, pledging of shares may be utilized as part of hedging or monetization strategies that could potentially immunize an executive against economic exposure to the company's stock, even while maintaining voting rights. Such strategies may also serve to significantly alter incentives embedded within long-term compensation plans. SBA generally supports proposals designed to prohibit named executive officers from engaging in derivative or speculative transactions involving company stock, including hedging, holding stock in a margin account, or pledging large amounts of stock as collateral for a loan. SBA will evaluate the company's historical practices, level of disclosure, and current policies on the use of company stock.

#### PROHIBIT TAX GROSS-UPS: FOR

Tax gross-ups are reimbursements to senior executives paid by the company to cover an executive's tax liability. Tax gross-ups are an unjustifiably costly practice to shareowners; it generally takes at least \$2.50 and as much as \$4 to cover each \$1 of excise tax that must be "grossed-up."<sup>59</sup> SBA generally supports

<sup>57</sup> Securities and Exchange Commission Final Rule, "Listing Standards for Compensation Committees," adopted June 20, 2012, effective July 27, 2012.

<sup>58</sup> J. Carr Bettis, John M. Bizjak, and Swaminathan L. Kalpathy, "Why Do Insiders Hedge Their Ownership and Options? An Empirical Examination," Social Science Research Network, March 2010.

<sup>59</sup> "New Study on Tax Gross-ups," Risk & Governance Weekly, 12/5/08.

proposals for companies to adopt a policy of not providing tax gross-up payments to executives, except in situations where gross-ups are provided pursuant to a plan, policy, or arrangement applicable to management employees of the company, such as a relocation or expatriate tax equalization policy.

#### REQUIRE SUPERMAJORITY OF INDEPENDENT BOARD MEMBERS TO APPROVE CEO COMPENSATION: AGAINST

SBA generally votes against proposals to seek approval of an amendment to the bylaws to provide that a company's CEO's compensation must be approved by a supermajority of all independent directors of the board. Proponents of this proposal argue that approval of this proposal would ensure that the company provides a CEO pay package that is widely supported by its independent directors, increasing the likelihood that the company's independent directors are kept informed of and feel shared responsibility for CEO compensation decisions. However, SBA supports the compensation committee members as sufficient to be the knowledgeable arbiters of compensation plan terms, metrics and pay-outs.

#### MANDATORY HOLDING PERIODS: CASE-BY-CASE

SBA supports proposals asking companies to adopt substantial mandatory holding periods for their executives, as well as requiring executives to meet stock ownership retention of at least a majority of shares granted or otherwise transferred in executive compensation arrangements. When making voting decisions, SBA considers whether the company has any holding period or officer ownership requirements in place and how actual stock ownership of executive officers compares to the proposal's suggested holding period and the company's present ownership or retention requirements.

#### EXECUTIVE SEVERANCE AGREEMENTS OR GOLDEN PARACHUTES: CASE-BY-CASE

SBA examines a variety of factors that influence the voting decision in each circumstance, such as:

- The value of the pay-outs in relation to annual salary plus certain benefits for each covered employee as well as the equity value of the overall transaction;
- The scope of covered employees along with their tenures and positions before and after the transaction, as well as other new or existing employment agreements in connection with the transaction;
- The scope of change in control agreement as it relates to the nature of the transaction;
- The use of tax gross-ups;
- Features that allow accelerated vesting of prior equity awards or automatic removal of performance-based conditions for vesting awards;
- For new or outside executives, the lack of sunset provisions; and
- The type of "trigger" necessary for plan pay-outs. Single triggers involve just a change in control; double triggers require a change in control and termination of employment.

Ideally, a golden parachute should not incentivize the executive to sacrifice ongoing opportunities with the surviving firm and should be triggered by a mechanism that is outside of the control of management. Likewise, careful structuring can enhance shareowner value and result in higher takeover bids; exorbitant pay-outs may discourage acquirers from seeking the company as a target and result in a lower shareowner value. Plans that include excessive potential pay-outs, single triggers, overly broad change in control applications, and/or accelerated vesting features are typically not supported by the SBA. Occasionally, more detrimental features such as single triggers or overly broad application of the plan to lower-level employees may warrant withholding votes from compensation committee members in addition to an against vote on the golden parachute plan. Some research indicates that firms adopting golden



parachutes experience reductions in enterprise value, as well as negative abnormal stock returns, both during the inter-volume period of adoption and thereafter.<sup>60</sup>

Some executives may receive provision for severance packages, vested shares, salary, bonuses, perquisites and pension benefits even after death.<sup>61</sup> Most public companies include death benefits with other types of termination-related pay due their CEOs, with variations for whether the person is fired, becomes disabled or dies in office. Death benefits may be layered on top of pensions, vested stock awards and deferred compensation, which for most CEOs already amount to large sums. Though not all companies provide it, the most common posthumous benefit is acceleration of unvested stock options and grants of restricted stock; these accelerated vesting provisions are not supported by SBA proxy voting guidelines. SBA supports their removal from compensation frameworks.

### SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS (SERPS): CASE-BY-CASE

SERPs are non-qualified, executive-only retirement plans under which the company provides an additional retirement benefit to supplement what is offered under the employee-wide plan where contribution levels are capped. SERPs are different from typical qualified pension plans in two ways. First, they do not receive the favorable tax deductions enjoyed by qualified plans. The company pays taxes on the income it must generate in order to pay the executive in retirement. Therefore, some critics contend that the executive's tax obligation is shifted to the company. Second, SERPs typically guarantee fixed payments to the executive for life. Unlike defined contribution plans, SERPs transfer the risk of investment performance entirely to the firm. Even if the company or its investment performs poorly, the executive is entitled to receive specified stream of payments.<sup>62</sup> SBA may support proposals to limit their usage if there is evidence of abuse in the SERP program or post-employment benefits that indicate the company is operating the program in excess of peers. SBA also supports the limitation of SERP formulas to base compensation, rather than the extension to variable compensation or other enhancements, and we do not endorse the practice of granting additional years of service that were not worked.

### PRE-ARRANGED TRADING PLANS (10b5-1 PLANS): CASE-BY-CASE

The SBA generally supports proposals calling for certain principles regarding the use of prearranged trading plans (10b5-1 plans) for executives. These principles include:

- Adoption, amendment, or termination of a 10b5-1 Plan are disclosed within two business days in a Form 8-K;
- Amendment or early termination of a 10b5-1 Plan is allowed only under extraordinary circumstances, as determined by the board;
- Multiple, overlapping 10b5-1 plans should be prohibited;
- Plans provide that ninety days must elapse between adoption or amendment of a 10b5-1 Plan and initial trading under the plan;
- Reports on Form 4 must identify transactions made pursuant to a 10b5-1 Plan;
- An executive may not trade in company stock outside the 10b5-1 Plan; and
- Trades under a 10b5-1 Plan must be handled by a broker who does not handle other securities transactions for the executive.

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<sup>60</sup> Lucian A Bebchuk, Alma Cohen, and Charles C. Y. Wang, "Golden Parachutes and the Wealth of Shareholders," Harvard Law and Economics Discussion Paper No. 683 (October 2012).

<sup>61</sup> "Companies Promise CEOs Lavish Posthumous Paydays," Wall Street Journal, June 10, 2008.

<sup>62</sup> Bebchuk, Lucian Arye and Fried, Jesse M., "Pay without Performance: Overview of the Issues" . Journal of Corporation Law, Vol. 30, No. 4, pp. 647-673, 2005.

Also see Bebchuk, Lucian A., Cohen, Alma, and Spamann, Holger, "The Wages of Failure" (Working Draft, November 22, 2009).



Boards of companies that have adopted 10b5-1 plans should adopt policies covering plan practices, periodically monitor plan transactions, and ensure that company policies cover plan use in the context of guidelines or requirements on equity hedging, pledging, holding, and ownership.

#### **DIRECTOR COMPENSATION: CASE-BY-CASE**

Non-employee director compensation should be composed of a mix of cash and stock awards, where market practices do not prohibit such a mix. Director compensation plans are evaluated by comparing the cash compensation plus the approximate value of the equity-based compensation per director to a peer group with similar size and enterprise value. The initial compensation that is provided to new directors is also considered. The cash retainer and equity compensation are adequate compensation for board service; therefore, SBA does not support retirement benefits for non-employee directors. We encourage stock ownership by directors and believe directors should own an equity interest in the companies upon which boards they are members. However, we do not support a specific minimum or absolute ownership levels.

## BUSINESS CONDUCT

SBA often engages with companies outside of the proxy voting process, speaking directly to corporate and board representatives about business conduct decisions relevant to shareowner value, such as in the guidelines discussed below. Most of the guidelines in this section cover proposals that are submitted by shareowners rather than management, but these issues impact most companies regardless of whether they have had shareowner proposals submitted. Therefore, engagement is an extremely effective and important tool for mitigating the widespread and systematic risks inherent in these issues.

SBA considers the vote on these proposals to be an important part of the communication process with management. We support these proposals when their adoption seems prudent considering the current circumstances and the proposed actions may reasonably be considered to have a cost-effective, protective impact on shareowner value. These topics cover risks such as product safety, environmental impact, and human rights abuses—areas where investors have experienced significant share value losses over time due to missteps in management of these risks. It is our fiduciary duty to engage companies and make prudent voting decisions in the presence of substantial risks, by supporting reasonable proposals and maintaining a dialogue with companies on these topics.

### PRODUCT SAFETY: CASE-BY-CASE

Inadequate product safety standards can be catastrophic to brand and market value through lost sales, fines, and legal liability. Failure to implement effective safety standards, and to enforce them throughout the supply chain, creates a risk that is difficult to overstate. Generally, SBA supports reasonable proposals requesting increased disclosure regarding oversight procedures, product safety risks, or the use of potentially dangerous or toxic materials in company products. Proposals asking the company to cease using certain production methods or materials will be evaluated based on the merits of the case supporting the actions called for in the proposal. SBA also considers current regulations, recent significant controversy, litigation and/or fines, and the current level of disclosure by the company.

### FACILITY SAFETY (NUCLEAR AND CHEMICAL PLANT SAFETY): CASE-BY-CASE

Resolutions requesting that companies report on risks associated with their operations and/or facilities are examined on a case-by-case basis, by considering the company's compliance with applicable regulations and guidelines; the level of existing disclosure related to security and safety policies, procedures, and compliance monitoring; and the existence of recent, significant violations, fines, or controversy related to the safety and security of the company's operations or facilities.

Some shareowner-sponsored resolutions ask a company to cease production associated with the use of depleted uranium munitions or nuclear weapons components and delivery systems, including disengaging from current and proposed contracts. Such contracts are monitored by government agencies, serve multiple military and non-military uses, and withdrawal from these contracts could have a negative impact on the company's business. SBA evaluates these proposals on a case-by case basis, but generally leaves decisions on the risk of engaging in certain lines of business up to the board, absent compelling a rationale to intervene.

### ANIMAL TESTING AND WELFARE POLICIES: CASE-BY-CASE

Some resolutions ask companies to report on animal welfare conditions or to make changes in procedures relating to the treatment of animals. SBA examines each proposal in the context of current regulations, consumer sentiment, company disclosures, available technology and potential alternatives to the

company's present procedures, and the feasibility and cost impact of the proposal when making a voting determination.

#### ENERGY AND ENVIRONMENT: CASE-BY-CASE

In conjunction with the Ceres principles<sup>63</sup>, we are in favor of reasonable proposals for companies taking actions toward energy conservation and environmental solutions. We generally vote in favor of proposals that ask companies to disclose historical, current, or projected levels of pollutants emitted into the environment and to disclose any control measures to shareowners. The SBA evaluates such proposals, considering whether the company has clearly disclosed its current policies and plan of action, as well as an analysis of the potential for regulatory and business risks in their operations. Proposals that request a company engage in specific environmental actions are evaluated on the potential to contribute to long-term shareowner value.

#### Marketing, Sales, and Business Policies

##### RESTRICTIONS ON PRODUCT SALES, PRICING AND MARKETING: CASE-BY-CASE

Absent compelling arguments that product marketing or pricing has potential to cause damage such as through increased liability or reputational concern, SBA generally allows management to determine appropriate business strategies and marketing tactics.

#### PRIVACY AND CENSORSHIP: CASE-BY-CASE

As technology has changed, consumers have become more dependent on products that generate significant amounts of personal data, raising concerns over susceptibility to both government surveillance and invasive corporate marketing. In some markets, freedom to access information on the internet is impaired by government decree. Shareowners may make proposals asking companies to limit their own use of consumer-generated data or prohibit access to the data by other entities, such as governments. Proposals may also ask companies to cease certain business lines in countries where governments demand access to the data or the blocking of certain information. Such restrictions may not only violate human rights, but they also decrease the quality of service provided by companies and threaten the integrity of the industry. Proposals may also ask companies to provide reports on their practices and policies related to these concerns.

The SBA generally votes in favor of reasonable, disclosure-based resolutions relating to policies on data collection and internet access, unless the company already meets the disclosure provisions requested in the proposal. SBA considers the level of current applicable disclosure on the topic, the history of stakeholder engagement, nature and scope of the company's operations, applicable legislation, and the company's history of controversy and litigation as it pertains to human rights. SBA generally does not support proposals asking companies to modify or restrict their business operations in certain markets, unless under extraordinary circumstances where a considerable threat to the company's operations or reputation exists.

#### OPERATIONS IN HIGH-RISK MARKETS: CASE-BY-CASE

Shareowners may propose that companies adopt guidelines for doing business with or investing in countries where there is a pattern of ongoing egregious and systematic violations of human rights. Shareowners of companies operating in regions that are politically unstable, including terrorism-sponsoring states, sometimes propose ceasing operations or re-reporting on operations in high-risk markets. Such concerns focus on how these business activities or investment may, in truth or by perception, support

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<sup>63</sup> <http://www.ceres.org/about-us/our-history/ceres-principles>

potentially dangerous and/or oppressive governments, and further, may lead to potential company reputational, regulatory, or supply chain risks. In accordance with §215.471(2) of Florida Statutes, the SBA votes against all proposals advocating increased United States trade with Cuba, Syria or Venezuela, and SBA will not vote in favor of any proxy resolution advocating the support of the Maduro regime in Venezuela per resolution of the Trustees of the State Board of Administration. SBA is also prohibited by state law from investing in companies doing certain types of business in Iran and Sudan.

SBA votes on a CASE-BY-CASE basis when evaluating requests to review and report on the company's potential financial and reputation risks associated with operations in high-risk markets, such as a terrorism-sponsoring state or otherwise, considering:

- Compliance with Florida state law;
- Compliance with U.S. sanctions and laws;
- Consideration of other international policies, standards, and laws;
- The nature, purpose, and scope of the operations and business involved that could be affected by social or political disruption;
- Current disclosure of applicable risk assessments and risk management procedures; and
- Whether the company has been recently involved in significant controversies or violations in high-risk markets.

#### CONFLICT MINERALS: CASE-BY-CASE

As a part of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC mandates that public companies using 'conflict minerals' annually report on the scope of their due diligence of their suppliers, in addition to making disclosures about any payments made to foreign governments for the acquisition or production of these resources. SBA evaluates the scope of proposals going beyond the reports required by the SEC, as well as the economic rationale, and compares it to the expected compliance costs in making a voting decision.

#### POLITICAL NEUTRALITY: CASE-BY-CASE

These resolutions call for companies to maintain political neutrality. They may also propose that appearance of coercion in encouraging its employees to make political contributions be avoided. The SBA examines proposals requesting the company to affirm political non-partisanship in the workplace on a case-by-case basis. We generally vote against such resolutions provided that the company complies with laws governing corporate political activities and the company has procedures in place to ensure that employee contributions to company-sponsored political action committees (PACs) are strictly voluntary and not coercive.

### Codes of Conduct

#### CODES OF CONDUCT: CASE-BY-CASE

Workplace codes of conduct are designed to safeguard workers' rights in the international marketplace. Advocates of workplace codes of conduct encourage corporations to adopt global corporate standards that ensure minimum wages and safe working conditions for workers at in developing countries. U.S. companies that outsource portions of their manufacturing operations to foreign companies are expected to ensure that the products received from those contractors do not involve the use of forced labor, child labor, or sweatshop labor. A number of companies have implemented vendor standards, which include independent monitoring programs with respected local human rights and religious organizations to strengthen compliance with international human rights norms. Failure to manage the risks to workers' safety and human rights can result in boycotts, litigation, and stiff penalties.

When compliance is deemed necessary, SBA favors incorporation of operational monitoring, code enforcement, and robust disclosure mechanisms.<sup>64</sup> SBA prefers to see companies with supply-chain risks proactively engage an independent monitoring organization to provide objective oversight and publicly disclose such evaluation.

#### NORTHERN IRELAND (MACBRIDE PRINCIPLES): FOR

The MacBride Principles call on companies with operations in Northern Ireland to promote fair employment practices. Signatories of the MacBride Principles agree to make reasonable, good faith efforts to abolish all differential employment criteria whose effect is discrimination based on religion. SBA supports adoption and implementation of the MacBride Principles, along with fair and transparent employment practices by firms operating in Northern Ireland.

#### HOLY LAND PRINCIPLES: CASE-BY-CASE

SBA supports proposals that seek to end discrimination and underrepresentation in the workplace based on national, racial, ethnic, and religious affiliations. When companies cannot reasonably show they are taking steps to accomplish this goal, SBA will support shareowner proposals seeking compliance with these principles.

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<sup>64</sup> "Incorporating Labor and Human Rights Risk into Investment Decisions." Aaron Bernstein, Harvard Labor and Worklife Program, Occasional Paper Series No. 2, September, 2008.

## MUTUAL FUND VOTING

Like shareowners of publicly held corporations, shareowners of mutual funds are allowed a voice in fund governance. While some funds proscribe annual meetings in their charter documents, all funds must call special meetings of shareowners to amend substantive governance matters such as board composition, investment advisory agreements, distribution agreements, and changes to fundamental investment restrictions. To this end, mutual fund managers issue and solicit proxies like the way that stock corporations do.

Mutual fund proxies raise issues that differ substantially from those found in the proxies of public companies. Though mutual fund proxy holders are also frequently asked to elect trustees and ratify auditors, most of the other agenda items are related to the special nature of this type of security. As with elections of directors of corporations, it is preferable to see mechanisms that promote independence, accountability, responsiveness, and competence regarding the mutual fund. There is evidence demonstrating a positive link between the quality of a mutual fund's board and its future performance and Sharpe ratio.<sup>65</sup> SBA's voting approach on mutual fund resolutions is like that of our approach on publicly traded company resolutions in that votes are cast with an intention of maximizing value and preserving or enhancing investor rights.

### Fund Objective and Structure

The principal investment strategy identifies the financial market asset class or sub-sector in which the fund typically invests, e.g., the fund normally invests at least eighty percent of its assets in stocks included in the S&P 500. A fundamental investment restriction identifies prohibited activities, e.g., the fund may not invest more than twenty-five percent of the value of its total assets in the securities of companies primarily engaged in any one industry.

Beyond a fund's investment objectives, fund structure may also affect shareowner value. Most investment funds are open-end investment companies, meaning that they have no set limit on the number of shares that they may issue. A change in fee structure or fundamental investment policy requires the approval of a majority of outstanding voting securities of the fund, which under the Federal Investment Company Act of 1940 is defined as the affirmative vote of the lesser of either sixty-seven percent or more of the shares of the fund represented at the meeting, if at least 50 percent of all outstanding shares are represented at the meeting, or fifty percent or more of the outstanding shares of the fund entitled to vote at the meeting. Failure to reach this "1940 Act majority" subjects the funds to additional solicitation and administrative expenses.

### ELECTION OF DIRECTORS: CASE-BY-CASE

Like the election of directors of corporations, it is preferable to see mechanisms that promote independence, accountability, responsiveness, and competence within the mutual fund. Votes on director nominees should be determined on a case-by-case basis, considering the following factors:

- Director independence and qualifications, including relevant skills and experience;
- Past performance relative to its peers;
- Board structure;
- Attendance at board and committee meetings ;
- Number of mutual funds' boards and/or corporate boards (directorships) upon which a nominee sits; and

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<sup>65</sup> Carl R. Chen and Ying Huang, "Mutual Fund Governance and Performance: A Quantile Regression Analysis of Morningstar's Stewardship Grade," *Corporate Governance: An International Review*, 2011, 19(4): 311-333.

- If a proxy contest, Strategy of the incumbents versus the dissidents.

SBA typically withholds votes from directors if:

- They've attended less than 75 percent of the board and committee meetings without a valid reason for the absences;
- They've ignored a shareowner proposal that was approved by a majority of the shares voting;
- They are non-independent directors and sit on the audit or nominating committees;
- They are non-independent directors, and the full board serves as the audit or nominating committee, or the company does not have one of these committees; or
- The audit committee did not provide annual auditor ratification, especially in the case of substantial non-audit fees or other poor governance practices.

### CONVERTING CLOSED-END FUND TO OPEN-END FUND: CASE-BY-CASE

The SBA evaluates conversion proposals on a case-by-case basis, considering the following factors:

- Rationale for the change;
- Past performance as a closed-end fund;
- Market in which the fund invests;
- Measures taken by the board to address the discount; and
- Past shareowner activism, board activity, and votes on related proposals.

### INVESTMENT ADVISORY AGREEMENTS: CASE-BY-CASE

Votes on investment advisory agreements are determined by considering the following factors:

- Proposed and current fee schedules;
- Fund category/investment objective;
- Performance benchmarks;
- Share price performance as compared with peers;
- Resulting fees relative to peers; and
- Assignments (where the advisor undergoes a change of control).

When considering a new investment advisory agreement or an amendment to an existing agreement, the proposed fee schedule should be compared with those fees paid by funds with similar investment objectives. Any increase in advisory fees of more than 10 percent of the prior year's fees are judged to determine the long-term impact on shareowner value, and management must offer a detailed, specific, and compelling argument justifying such a request.

### APPROVE NEW CLASSES OR SERIES OF SHARES: FOR

The SBA generally votes FOR the establishment of new classes or series of shares. Boards often seek authority for a new class or series of shares for the fund to grow the fund's assets. The ability to create classes of shares enables management to offer different levels of services linked to the class or series of shares that investors purchase. Also, fee structures can be varied and linked to the series of shares, which allows investors to choose the purchasing method best suited to their needs. The board can use separate classes and series of shares to attract a greater number of investors and increase the variety of services offered by the fund.

### CHANGE FUND'S INVESTMENT OBJECTIVE OR CLASSIFICATION: CASE-BY-CASE

Votes on changes in a fund's objective or classification are determined on a case-by-case basis, considering the following factors:

- Potential competitiveness;
- Current and potential returns;
- Risk of concentration; and
- Consolidation in target industry.

### AUTHORIZE THE BOARD TO HIRE OR TERMINATE SUB-ADVISORS WITHOUT SHAREOWNER APPROVAL: AGAINST

SBA generally opposes proposals authorizing the board to hire or terminate sub-advisors without shareowner approval. Typically, the management company will seek authority, through the investment advisor, to hire or terminate a new sub-advisor, modify the length of a contract, or modify the sub-advisory fees on behalf of the fund. These investment decisions are normally made with majority shareowner approval, as determined by Section 15 of the Investment Company Act of 1940. However, funds may apply to the SEC for exemptions to this rule, and the SEC often grants these exemptions. These exemptions are usually structured so that they do not apply to the investment sub-advisory agreement that is in place at the time but apply to any future sub-advisory agreement into which the fund enters.

### MERGERS: CASE-BY-CASE

The SBA generally evaluates mergers and acquisitions on a case-by-case basis, determining whether the transaction enhances shareowner value by considering:

- Resulting fee structure;
- Performance of both funds;
- Continuity of management personnel; and
- Changes in corporate governance and the impact on shareowner rights.

### CHANGE DOMICILE: CASE-BY-CASE

The SBA votes on fund re-incorporations on a case-by-case basis by considering the regulations and fundamental policies applicable to management investment companies in both states. Shareowner rights can be particularly limited in certain states, including Delaware, Maryland, and Massachusetts.<sup>66</sup>

### AMENDMENTS TO THE CHARTER: CASE-BY-CASE

The SBA votes on changes to the charter document on a case-by-case basis, considering the following factors:

- The potential impact and/or improvements, including changes to competitiveness or risk;
- The standards within the state of incorporation; and
- Other regulatory standards and implications.

The SBA generally opposes of the following changes:

- Removal of shareowner approval requirement to reorganize or terminate the trust or any of its series;
- Removal of shareowner approval requirement for amendments to the new declaration of trust;

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<sup>66</sup> Lucian Bebchuk and Alma Cohen, "Firms' Decisions Where to Incorporate." National Bureau of Economic Research Working Paper 9107, August 2002.



- Removal of shareowner approval requirement to amend the fund's management contract, allowing the contract to be modified by the investment manager and the trust management, as permitted by the 1940 Act;
- Allow the trustees to impose other fees in addition to sales charges on investment in a fund, such as deferred sales charges and redemption fees that may be imposed upon redemption of a fund's shares;
- Removal of shareowner approval requirement to engage in and terminate sub-advisory arrangements; and
- Removal of shareowner approval requirement to change the domicile of the fund.
- 

#### SHAREOWNER PROPOSALS TO ESTABLISH DIRECTOR OWNERSHIP REQUIREMENT: CASE-BY-CASE

The SBA generally favors the establishment of a director ownership requirement and considers a director nominee's investment in the fund as a critical factor in evaluating his or her candidacy. This decision should be made on an individual basis and not according to an inflexible standard. If the director has invested in one fund of the family, he/she is considered to own stock in the fund.

#### SHAREOWNER PROPOSALS TO TERMINATE INVESTMENT ADVISOR: CASE-BY-CASE

Votes on shareowner proposals to terminate the investment advisor considering the following factors:

- Performance of the fund;
- The fund's history of shareowner relations; and
- Performance of other funds under the advisor's management.

#### ASSIGN TO THE USUFRUCTUARY (BENEFICIARY), INSTEAD OF THE TRUSTEE, THE VOTING RIGHTS APPURTENANT TO SHARES HELD IN TRUST: CASE-BY-CASE

The SBA votes against if the company assigns voting rights to a foundation allied to management.

#### SHAREOWNER PROPOSALS TO ADOPT A POLICY TO REFRAIN FROM INVESTING IN COMPANIES THAT SUBSTANTIALLY CONTRIBUTE TO GENOCIDE OR CRIMES AGAINST HUMANITY: CASE-BY-CASE

The SBA will evaluate such proposals with an adherence to the requirements and intent of Florida law, including but not limited to the Protecting Florida's Investments Act, which prohibits investment in companies involved in proscribed activities in Sudan or Iran, and other laws covering companies with policies on or investments in countries such as Cuba, Northern Ireland, and Israel.

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**STATE BOARD OF ADMINISTRATION  
OF FLORIDA**

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

**POST OFFICE BOX 13300  
32317-3300**

**RON DESANTIS  
GOVERNOR  
CHAIR**

**JIMMY PATRONIS  
CHIEF FINANCIAL OFFICER**

**ASHLEY MOODY  
ATTORNEY GENERAL**

**LAMAR TAYLOR  
INTERIM EXECUTIVE DIRECTOR &  
CHIEF INVESTMENT OFFICER**

June 22, 2022

Senator Dennis Baxley	Representative Ardian Zika
Alternating Chair	Alternating Chair
Joint Legislative Auditing Committee	Joint Legislative Auditing Committee
317 House Office Building	416 Senate Office Building
402 South Monroe Street	404 South Monroe Street
Tallahassee, Florida 32399	Tallahassee, Florida 32399

Dear Senator Baxley and Representative Zika:

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, 2022, through March 30, 2022, 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 "Lamar Taylor".

Lamar Taylor  
Interim Executive Director & Chief Investment Officer

Attachments

cc: Representative Webster Barnaby  
Senator Jim Boyd  
Senator Jennifer Bradley  
Senator Janet Cruz  
Representative Tracie Davis  
Representative Anna V. Eskamani  
Representative Jenna Persons-Mulicka  
Senator Victor M. Torres, Jr.  
Representative Keith L. Truenow  
Kathy Dubose, Coordinator



## **MONTHLY SUMMARY REPORT**

**State Board of Administration of Florida**

**January 31, 2022**

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## **Past performance is no guarantee of future results.**

Views are as of the issue date and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security.

An investment in Florida PRIME is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in this fund.

## INTRODUCTION

This report is prepared for stakeholders in Florida PRIME in accordance with Section 218.409(6)(a), Florida Statutes. The statute requires:

- (1) Reporting of any material impacts on the funds and any actions or escalations taken by staff to address such impacts;
- (2) Presentation of a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month; and
- (3) Preparation of the management summary “in a manner that will allow anyone to ascertain whether the investment activities during the reporting period have conformed to investment policies.”

This report, which covers the period from January 1, 2022, through January 31, 2022, has been prepared by the SBA with input from Federated Investment Counseling (“Federated”), investment advisor for Florida PRIME in a format intended to comply with the statute.

## DISCLOSURE OF MATERIAL IMPACTS

During the reporting period, Florida PRIME was in material compliance with investment policy. There were no developments that had a material impact on the liquidity or operation of Florida PRIME. Details are available in the PRIME policy compliance table. This report also includes details on market conditions; fees; fund holdings, transactions and performance; and client composition.

### PRIME™ STATISTICS

(As of January 31, 2022)

Total Participants  
**742**

Florida PRIME™  
Total Participant Balance  
**\$20,697,484,624**

Total Number of Accounts  
**1,375**

**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

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There's no returning to our pre-pandemic lives, but the Federal Reserve is well on its way to normalization.

We prefer to conceptualize the Fed's removal of accommodative policy this way, rather than thinking of it as tightening, because it isn't. Not when its balance sheet is enormous and rates are pinned near zero. Of course, cash managers and the broad money markets are elated about the end of the asset-purchase program and the prospect of a slew of hikes in the federal funds target range likely to start in March. But the journey to business as usual will be long.

In his presser following the Federal Open Market Committee meeting last week, Chair Jerome Powell's hawkish dialogue offered the guidance the noncommittal, almost milquetoast statement lacked. He was forceful enough that the futures market is flirting with projecting five hikes this year—much faster than the pace seen in the cycle that began in late 2015. We are not that bullish, but do think increases in March and May are possible.

Even if the Fed raises rates in a nonperiodic manner, it likely will stick to its preference of acting sequentially—waiting to reduce its balance sheet until it has the fed funds rate at, or at least close to 2% (it indicated the process will be passive, letting securities roll off). But Powell made clear the situation is fluid. If the bond market is not reacting well or an externality arises, he said policymakers will alter the course.

Also due to normalize is the Fed's Overnight Reverse Repo Facility. We anticipate the committee to raise it in concert with hikes of the fed funds target range to keep it at 5 basis points above the lower bound of the new span. Interest on Excess Reserves likely would be increased by

the same amount. Usage of the facility continues to be extraordinarily high, and that, too, will take time to unwind. The Fed would like to get out of that market, but banks will be in no hurry to finance it again because of the miniscule margins.

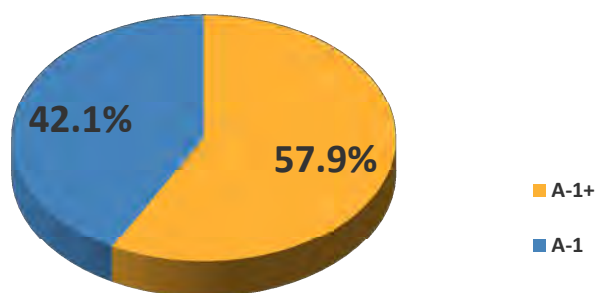
A complete Fed board has not been the norm for many years, but President Biden moved to fill it last month. He tapped current governor Sarah Bloom Raskin (for vice chair for supervision) and economists Lisa Cook and Philip Jefferson. At first blush, none of the nominees stand out as being situated far from center on policy, though Raskin has been outspoken on climate-based financial risks.

The tax collection season in Florida continued in January, raising the Pool's total assets to \$20.7 billion. The portfolio's gross yield increased by 1 basis points to 18 basis points. The Pool's manager shortened the portfolio's target average maturity to take advantage of the U.S. Treasury yield curve's rise in anticipation of the Fed rate hike. Its weighted average maturity (WAM) came in to 38 days from 49 days, and its weighted average life (WAL) came in to 62 days from 69 days. The composition of the portfolio remained dominated by bank and commercial paper. Early in the month, trades were focused in the 1-2 month part of the yield curve, but later in the month, trades were extended to 3 months as the curve priced in greater market expectations of a hike.

At the end of January, yields on 1-, 3-, 6- and 12-month Treasuries were 0.04%, 0.23%, 0.46% and 0.77%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 0.09%, 0.26%, 0.47% and 0.77%, respectively; and the 1-, 3-, 6- and 12-month London interbank offered rates were 0.11%, 0.31%, 0.54% and 0.96%, respectively.

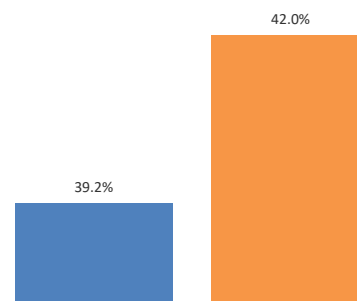
## PORTFOLIO COMPOSITION FOR JANUARY 2022

### CREDIT QUALITY COMPOSITION

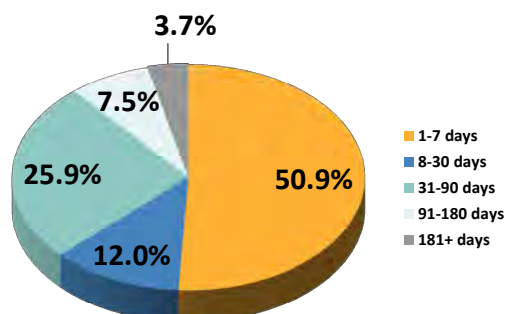


### HIGHLY LIQUID HOLDINGS

■ Accessible in one business day ■ Accessible in five business days



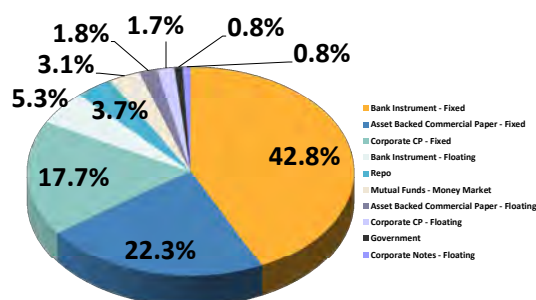
### EFFECTIVE MATURITY SCHEDULE



### TOP HOLDINGS & AVG. MATURITY

1. ABN Amro Bank NV	5.0%
2. Mizuho Financial Group, Inc.	5.0%
3. Australia & New Zealand Banking Group, Melbourne	4.8%
4. DZ Bank AG Deutsche Zentral-Genossenschaftsbank	4.8%
5. Sumitomo Mitsui Trust Holdings, Inc.	4.8%
6. Cooperatieve Rabobank UA	4.8%
7. Sumitomo Mitsui Financial Group, Inc.	4.6%
8. Mitsubishi UFJ Financial Group, Inc.	4.1%
9. Credit Agricole Group	4.1%
10. Bank of Montreal	4.0%

### PORTFOLIO COMPOSITION



#### Average Effective Maturity (WAM)

38 Days

#### Weighted Average Life (Spread WAL)

62 Days

Percentages based on total value of investments



## FUND PERFORMANCE THROUGH JANUARY 2022

Florida PRIME Performance Data			
	Annualized Net Participant Yield <sup>1</sup>	Net-of-Fee Benchmark <sup>2</sup>	Above (Below) Benchmark
One Month	0.14%	0.04%	0.10%
Three Months	0.12%	0.04%	0.09%
One Year	0.12%	0.04%	0.08%
Three Years	1.02%	0.88%	0.14%
Five Years	1.32%	1.11%	0.21%
Ten Years	0.82%	0.63%	0.20%
Since 1/96	2.40%	2.19%	0.21%

Note: Net asset value at month end: \$20,696.7 million, which includes investments at market value, plus all cash, accrued interest receivable and payables.

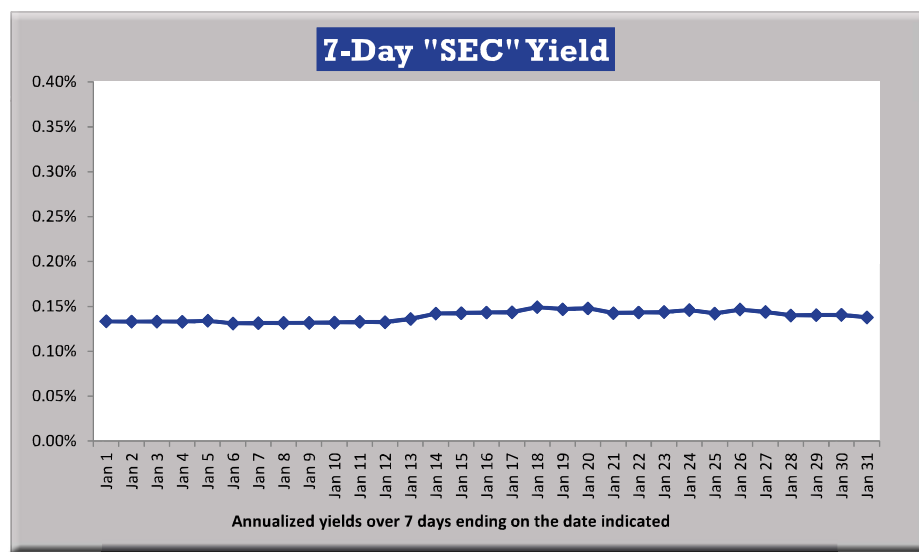
<sup>1</sup>Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

<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 JANUARY 2021

Summary of Cash Flows		
Opening Balance (01/01/22)	\$	20,304,787,448
Participant Deposits		2,277,967,258
Gross Earnings		3,076,203
Participant Withdrawals		(1,887,785,249)
Fees		(561,036)
Closing Balance (01/31/22)	\$	20,697,484,624
<b>Net Change over Month</b>	<b>\$</b>	<b>392,697,176</b>

Detailed Fee Disclosure		
January	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 174,960.99	1.02
Federated Investment Management Fee	348,965.53	2.04
BNY Mellon Custodial Fee**	22,438.87	0.13
Bank of America Transfer Agent Fee	5,941.90	0.03
S&P Rating Maintenance Fee	3,991.78	0.02
Audit/External Review Fees	4,737.22	0.03
<b>Total Fees</b>	<b>\$ 561,036.29</b>	<b>3.28</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 \$20,501,136,036.

\*\*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.

The data included in this report is unaudited.

## INVENTORY OF HOLDINGS FOR JANUARY 2022

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
2016 David S. Pearl, II Irrevocable Life Insurance Trust, Nov 01, 2036	VARIABLE RATE DEMAND NOTE	0.20	11/1/2036	2/3/2022	2,670,000	0.20	\$2,670,000	\$2,670,000	\$0
ABN Amro Bank NV, Amsterdam TD	TIME DEPOSIT	0.08	2/1/2022		1,030,000,000	0.08	\$1,030,000,000	\$1,030,000,000	\$0
AJC Capital, LLC, Jan 01, 2042	VARIABLE RATE DEMAND NOTE	0.12	1/1/2042	2/3/2022	5,530,000	0.12	\$5,530,000	\$5,530,000	\$0
Albion Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/22/2022		103,587,000	0.22	\$103,573,073	\$103,578,834	\$5,761
Albion Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/15/2022		15,052,000	0.25	\$15,047,505	\$15,049,177	\$1,672
Albion Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/15/2022		15,051,000	0.27	\$15,046,146	\$15,048,177	\$2,031
Albion Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/23/2022		35,000,000	0.21	\$34,989,588	\$34,991,075	\$1,487
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/1/2022		75,000,000	0.13	\$74,999,729	\$74,999,834	\$104
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/2/2022		100,000,000	0.16	\$99,999,111	\$99,999,556	\$445
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/1/2022		100,000,000	0.24	\$99,980,667	\$99,990,575	\$9,908
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/11/2022		70,000,000	0.25	\$69,981,042	\$69,988,625	\$7,583
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/14/2022		109,000,000	0.18	\$108,977,110	\$108,979,653	\$2,543
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/14/2022		100,000,000	0.25	\$99,949,306	\$99,946,669	-\$2,637
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/19/2022		125,000,000	0.26	\$124,929,583	\$124,924,166	-\$5,417
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/5/2022		110,000,000	0.41	\$109,810,556	\$109,803,451	-\$7,105
Anglesea Funding LLC, Jul 13, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.22	7/13/2022	2/1/2022	50,000,000	0.05	\$50,000,000	\$50,000,000	\$0
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/2/2022		15,000,000	0.07	\$14,999,942	\$14,999,933	-\$8
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/3/2022		36,400,000	0.08	\$36,399,757	\$36,399,757	-\$0
Archer I LLC, Jun 01, 2060	VARIABLE RATE DEMAND NOTE	0.12	6/1/2060	2/3/2022	8,000,000	0.12	\$8,000,000	\$8,000,000	\$0
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/1/2022		87,000,000	0.12	\$86,991,590	\$86,991,800	\$210
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/11/2022		100,000,000	0.24	\$99,974,000	\$99,983,750	\$9,750
Australia & New Zealand Banking Group, Melbourne TD	TIME DEPOSIT	0.09	2/1/2022		1,000,000,000	0.09	\$1,000,000,000	\$1,000,000,000	\$0
BWV Forge TL Properties Owner LLC, May 01, 2059	VARIABLE RATE DEMAND NOTE	0.12	5/1/2059	2/3/2022	5,000,000	0.12	\$5,000,000	\$5,000,000	\$0
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.05	2/1/2022		520,000,000	0.05	\$520,000,000	\$520,000,000	\$0
Bank of America N.A., May 02, 2022	VARIABLE RATE BANK NOTE	0.20	5/2/2022	2/1/2022	50,000,000	0.20	\$50,000,000	\$50,000,000	\$0
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.20	2/14/2022		50,000,000	0.20	\$50,000,000	\$50,002,330	\$2,330
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	3/15/2022		25,000,000	0.24	\$25,000,000	\$25,003,665	\$3,665
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	3/17/2022		50,000,000	0.24	\$50,000,000	\$50,007,483	\$7,483
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	3/23/2022		50,000,000	0.24	\$50,000,000	\$50,007,913	\$7,913
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.21	7/26/2022		100,000,000	0.21	\$100,000,000	\$99,879,268	-\$120,732
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.34	11/2/2022		100,000,000	0.34	\$100,000,000	\$99,763,186	-\$236,814
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.35	6/21/2022		75,000,000	0.35	\$75,000,000	\$75,004,654	\$4,654
Bank of Montreal, Jan 13, 2023	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.35	1/13/2023	2/1/2022	125,000,000	0.35	\$125,000,000	\$125,059,591	\$59,591
Bank of Montreal, Jun 10, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.25	6/10/2022	2/1/2022	100,000,000	0.25	\$100,000,000	\$100,032,483	\$32,483
Bank of Montreal, Nov 30, 2022	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.30	11/30/2022	2/1/2022	100,000,000	0.30	\$100,000,000	\$100,015,956	\$15,956
Bank of Montreal, Oct 06, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.20	10/6/2022	2/1/2022	50,000,000	0.20	\$50,000,000	\$49,981,762	-\$18,238
Bank of Nova Scotia, Toronto CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.20	2/18/2022		50,000,000	0.20	\$50,000,000	\$50,002,996	\$2,996
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		5/5/2022		32,500,000	0.23	\$32,480,482	\$32,479,548	-\$934
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		7/20/2022		48,750,000	0.20	\$48,703,958	\$48,622,695	-\$81,264

See notes at end of table.

## INVENTORY OF HOLDINGS FOR JANUARY 2022

Security Name	Security Classification	Cpn	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		9/1/2022		50,000,000	0.20	\$49,940,833	\$49,812,146	-\$128,687
Bank of Nova Scotia, Toronto, Feb 21, 2023	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.30	2/21/2023	2/1/2022	160,000,000	0.30	\$159,999,997	\$159,976,021	-\$23,976
Bank of Nova Scotia, Toronto, Jun 13, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.25	6/13/2022	2/1/2022	100,000,000	0.25	\$100,000,000	\$100,033,601	\$33,601
Bank of Nova Scotia, Toronto, Oct 13, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.20	10/13/2022	2/1/2022	75,000,000	0.20	\$75,000,000	\$74,970,813	-\$29,187
Bank of Nova Scotia, Toronto, Oct 20, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.20	10/20/2022	2/1/2022	10,000,000	0.20	\$10,000,000	\$9,995,857	-\$4,144
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/14/2022		75,000,000	0.20	\$74,994,167	\$74,997,404	\$3,238
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/15/2022		90,000,000	0.20	\$89,992,500	\$89,996,625	\$4,125
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/25/2022		25,000,000	0.12	\$24,997,917	\$24,998,212	\$295
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/1/2022		35,000,000	0.15	\$34,995,771	\$34,996,983	\$1,213
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/18/2022		50,000,000	0.18	\$49,980,750	\$49,972,729	-\$8,021
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/6/2022		10,000,000	0.24	\$9,993,667	\$9,992,294	-\$1,372
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/5/2022		75,000,000	0.38	\$74,880,521	\$74,873,094	-\$7,427
Bennington Stark Capital Co., LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/1/2022		80,000,000	0.16	\$79,989,689	\$79,991,815	\$2,126
Bruce T. Brown 2017 Irrevocable Trust, Series 2017, Oct 01, 2042	VARIABLE RATE DEMAND NOTE	0.12	10/1/2042	2/3/2022	5,185,000	0.12	\$5,185,000	\$5,185,000	\$0
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/9/2022		75,000,000	0.46	\$74,879,063	\$74,911,044	\$31,982
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/7/2022		20,000,000	0.15	\$19,999,417	\$19,999,689	\$272
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	4/6/2022		25,000,000	0.24	\$25,000,000	\$25,005,405	\$5,405
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	5/4/2022		85,000,000	0.24	\$85,000,000	\$85,011,338	\$11,338
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.35	11/2/2022		50,000,000	0.35	\$50,000,000	\$49,814,140	-\$185,860
Canadian Imperial Bank of Commerce CP4-2	COMMERCIAL PAPER - 4-2		12/1/2022		100,000,000	0.51	\$99,577,778	\$99,252,667	-\$325,111
Canadian Imperial Bank of Commerce, Dec 01, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.26	12/1/2022	2/1/2022	61,500,000	0.26	\$61,500,000	\$61,489,108	-\$10,892
Canadian Imperial Bank of Commerce, Feb 14, 2023	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.30	2/14/2023	2/1/2022	150,000,000	0.30	\$150,000,000	\$149,992,107	-\$7,893
Canadian Imperial Bank of Commerce, Jun 16, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.25	6/16/2022	2/1/2022	100,000,000	0.25	\$100,000,000	\$100,039,653	\$39,653
Canadian Imperial Bank of Commerce, Jun 17, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.25	6/17/2022	2/1/2022	100,000,000	0.25	\$100,000,000	\$100,040,319	\$40,319
Canadian Imperial Holdings, Inc. CP4-2	COMMERCIAL PAPER - 4-2		11/8/2022		102,900,000	0.36	\$102,618,883	\$102,224,516	-\$394,367
Chesham Finance LLC Series III CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/1/2022		475,000,000	0.07	\$474,999,076	\$474,998,946	-\$131
Chesham Finance LLC Series VII CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/25/2022		15,000,000	0.20	\$14,995,583	\$14,995,650	\$66
City Furniture, Inc., Aug 01, 2044	VARIABLE RATE DEMAND NOTE	0.12	8/1/2044	2/3/2022	56,000,000	0.12	\$56,000,000	\$56,000,000	\$0
Collateralized Commercial Paper FLEX Co., LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/12/2022		25,000,000	0.17	\$24,988,076	\$24,978,678	-\$9,399
Collateralized Commercial Paper FLEX Co., LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/2/2022		50,000,000	0.32	\$49,945,778	\$49,946,625	\$847
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		2/1/2022		112,000,000	0.15	\$111,999,533	\$111,999,751	\$218
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		2/1/2022		39,000,000	0.16	\$38,999,827	\$38,999,913	\$87
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		2/3/2022		35,000,000	0.16	\$34,999,533	\$34,999,767	\$233
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		2/8/2022		85,000,000	0.16	\$84,996,978	\$84,998,470	\$1,492
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		3/9/2022		20,000,000	0.17	\$19,996,506	\$19,997,061	\$555

See notes at end of table.

## INVENTORY OF HOLDINGS FOR JANUARY 2022

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		4/1/2022		50,000,000	0.16	\$49,986,667	\$49,981,667	-\$5,000
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		5/18/2022		39,000,000	0.32	\$38,962,907	\$38,964,530	\$1,623
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		6/22/2022		50,000,000	0.38	\$49,927,028	\$49,927,225	\$197
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		7/7/2022		50,000,000	0.37	\$49,921,500	\$49,907,763	-\$13,738
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		7/8/2022		25,000,000	0.37	\$24,960,500	\$24,953,149	-\$7,352
Cooperatieve Rabobank UA TD	TIME DEPOSIT	0.08	2/1/2022		1,000,000,000	0.08	\$1,000,000,000	\$1,000,000,000	\$0
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.12	2/28/2022		150,000,000	0.12	\$150,000,000	\$150,003,732	\$3,732
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.08	2/1/2022		700,000,000	0.08	\$700,000,000	\$700,000,196	\$196
Crown Point Capital Co., LLC, .16%, Apr 06, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.16	4/6/2022		50,000,000	0.16	\$50,000,000	\$49,989,882	-\$10,119
DNB Bank ASA CP4-2	COMMERCIAL PAPER - 4-2		2/1/2022		150,000,000	0.07	\$149,999,708	\$149,999,709	\$1
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CP4-2	COMMERCIAL PAPER - 4-2		2/1/2022		1,000,000,000	0.06	\$999,998,333	\$999,997,500	-\$833
Dreyfus Government Cash Management Fund	OVERNIGHT MUTUAL FUND	0.03	2/1/2022		0	0.03	\$0	\$0	\$0
Erste Abwicklungsanstalt CP4-2	COMMERCIAL PAPER - 4-2		2/15/2022		50,000,000	0.14	\$49,997,083	\$49,998,542	\$1,458
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/7/2022		75,000,000	0.36	\$74,885,521	\$74,866,550	-\$18,971
Federated Hermes Institutional Prime Value Obligations Fund - Class IS	MUTUAL FUND MONEY MARKET	0.13	2/1/2022	2/1/2022	630,872,087	0.13	\$631,124,436	\$630,809,000	-\$315,436
Fiore Capital LLC, Series 2005-A, Aug 01, 2045	VARIABLE RATE DEMAND NOTE	0.15	8/1/2045	2/3/2022	9,995,000	0.15	\$9,995,000	\$9,995,000	\$0
Foundation Properties, Inc., Sep 01, 2035	VARIABLE RATE DEMAND NOTE	0.42	9/1/2035	2/3/2022	4,005,000	0.43	\$4,005,000	\$4,005,000	\$0
GTA Funding LLC, Jun 09, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE		6/9/2022		60,000,000	0.41	\$59,914,000	\$59,924,535	\$10,535
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/9/2022		50,000,000	0.25	\$49,987,153	\$49,992,395	\$5,242
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/14/2022		30,000,000	0.24	\$29,991,600	\$29,994,120	\$2,520
Great Bear Funding LLC, Jul 15, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.22	7/15/2022	2/1/2022	40,000,000	0.22	\$40,000,000	\$40,000,000	\$0
HSBC Securities (USA), Inc. Repo Tri Party Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.06	2/1/2022		100,000,000	0.06	\$100,000,000	\$100,000,000	\$0
Henry Andrew Brown, III 2017 Irrevocable Trust, Series 2017, Oct 01, 2042	VARIABLE RATE DEMAND NOTE	0.12	10/1/2042	2/3/2022	4,260,000	0.12	\$4,260,000	\$4,260,000	\$0
MUFG Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.23	4/1/2022		150,000,000	0.23	\$150,000,000	\$150,010,779	\$10,779
MUFG Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	4/1/2022		200,000,000	0.24	\$200,000,000	\$200,018,260	\$18,260
MUFG Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.18	2/18/2022		55,000,000	0.18	\$55,000,000	\$55,002,639	\$2,639
MUFG Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.18	2/18/2022		100,000,000	0.18	\$100,000,000	\$100,004,798	\$4,798
MUFG Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.19	2/23/2022		100,000,000	0.19	\$100,000,000	\$100,006,067	\$6,067
Manhattan Asset Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/1/2022		91,381,000	0.21	\$91,360,211	\$91,366,151	\$5,940
Matchpoint Finance plc CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/17/2022		100,000,000	0.25	\$99,968,750	\$99,975,092	\$6,342
Matchpoint Finance plc CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/18/2022		90,000,000	0.25	\$89,971,250	\$89,980,105	\$8,855
Matchpoint Finance plc CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/21/2022		100,000,000	0.25	\$99,965,972	\$99,978,750	\$12,778
Metropolitan Transportation Authority, NY, (Fully Appropriated COVID Operating Grants-Federally Taxable), (Series A), .777%, 11/15/2022	MUNICIPAL GRANT ANTICIPATION NOTE	0.78	11/15/2022		76,600,000	0.78	\$76,600,000	\$76,605,531	\$5,531

See notes at end of table.

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Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Mississippi Business Finance Corp., Kohler Project, Jun 01, 2022	VARIABLE RATE DEMAND NOTE	0.19	6/1/2022	2/3/2022	10,000,000	0.19	\$10,000,000	\$10,000,000	\$0
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.18	2/14/2022		90,000,000	0.18	\$90,000,000	\$90,003,533	\$3,533
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.22	3/15/2022		325,000,000	0.22	\$325,000,000	\$325,036,465	\$36,465
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	3/22/2022		125,000,000	0.25	\$125,000,000	\$125,019,084	\$19,084
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	3/23/2022		24,000,000	0.25	\$24,000,000	\$24,003,669	\$3,669
Mizuho Bank Ltd. TD	TIME DEPOSIT	0.07	2/1/2022		465,000,000	0.07	\$465,000,000	\$465,000,000	\$0
Mizuho Securities USA, Inc. - REPO TRIPARTY OVERNIGHT FIXED	REPO TRIPARTY OVERNIGHT FIXED	0.06	2/1/2022		150,000,000	0.06	\$150,000,000	\$150,000,000	\$0
Morofsky Legacy Irrevocable Trust, Sep 01, 2041	VARIABLE RATE DEMAND NOTE	0.16	9/1/2041	2/3/2022	6,260,000	0.16	\$6,260,000	\$6,260,000	\$0
National Australia Bank Ltd., Melbourne CP4-2	COMMERCIAL PAPER - 4-2		4/1/2022		150,000,000	0.23	\$149,942,500	\$149,965,001	\$22,501
National Australia Bank Ltd., Melbourne CP4-2	COMMERCIAL PAPER - 4-2		4/1/2022		200,000,000	0.25	\$199,916,667	\$199,953,334	\$36,667
National Australia Bank Ltd., Melbourne ECD	EURO CERTIFICATE OF DEPOSIT	0.14	2/4/2022		100,000,000	0.14	\$100,000,000	\$100,000,000	\$0
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		2/15/2022		161,750,000	0.11	\$161,742,923	\$161,743,260	\$336
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		2/18/2022		200,000,000	0.11	\$199,989,500	\$199,989,600	\$100
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		2/23/2022		118,500,000	0.11	\$118,492,051	\$118,491,445	-\$605
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		2/25/2022		200,000,000	0.11	\$199,984,722	\$199,983,612	-\$1,110
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/7/2022		85,000,000	0.26	\$84,959,483	\$84,963,223	\$3,740
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/9/2022		70,000,000	0.36	\$69,912,208	\$69,916,974	\$4,766
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/22/2022		75,000,000	0.36	\$74,896,458	\$74,893,205	-\$3,254
Old Line Funding, LLC, Apr 01, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE		4/1/2022		90,000,000	0.22	\$89,967,000	\$89,968,500	\$1,500
Old Line Funding, LLC, Apr 05, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE		4/5/2022		50,000,000	0.23	\$49,979,556	\$49,980,356	\$800
Old Line Funding, LLC, Apr 27, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE		4/27/2022		70,000,000	0.29	\$69,951,506	\$69,953,345	\$1,839
Old Line Funding, LLC, Apr 28, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE		4/28/2022		50,000,000	0.29	\$49,964,958	\$49,965,925	\$967
Old Line Funding, LLC, Aug 02, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.21	8/2/2022	2/1/2022	90,000,000	0.21	\$90,000,000	\$89,989,486	-\$10,514
Old Line Funding, LLC, Jun 10, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.27	6/10/2022	2/1/2022	60,000,000	0.27	\$60,000,000	\$60,000,000	\$0
Old Line Funding, LLC, Jun 27, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.28	6/27/2022	2/1/2022	30,000,000	0.28	\$30,000,000	\$30,009,060	\$9,060
Old Line Funding, LLC, Mar 14, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE		3/14/2022		150,000,000	0.19	\$149,966,750	\$149,973,750	\$7,000
Royal Bank of Canada CP4-2	COMMERCIAL PAPER - 4-2		7/12/2022		50,000,000	0.21	\$49,952,750	\$49,901,450	-\$51,300
Royal Bank of Canada CP4-2	COMMERCIAL PAPER - 4-2		10/14/2022		50,000,000	0.25	\$49,911,111	\$49,744,356	-\$166,756
Royal Bank of Canada, Dec 01, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.30	12/1/2022	2/1/2022	100,000,000	0.30	\$100,000,000	\$100,016,009	\$16,009
Royal Bank of Canada, Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.21	3/9/2022		25,000,000	0.21	\$25,000,000	\$25,002,847	\$2,847
Royal Bank of Canada, New York Branch CP4-2	COMMERCIAL PAPER - 4-2		3/18/2022		25,000,000	0.24	\$24,992,333	\$24,996,390	\$4,057
Royal Bank of Canada, New York Branch CP4-2	COMMERCIAL PAPER - 4-2		6/21/2022		83,500,000	0.21	\$83,431,321	\$83,378,341	-\$52,981
Royal Bank of Canada, New York Branch CP4-2	COMMERCIAL PAPER - 4-2		10/7/2022		50,000,000	0.22	\$49,923,917	\$49,760,338	-\$163,579
Royal Bank of Canada, New York Branch CP4-2	COMMERCIAL PAPER - 4-2		11/15/2022		50,000,000	0.41	\$49,840,000	\$49,678,400	-\$161,600

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Royal Bank of Canada, New York Branch, Oct 06, 2022	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.20	10/6/2022	2/1/2022	50,000,000	0.20	\$50,000,000	\$49,982,795	-\$17,206
Royal Bank of Canada, New York Branch, Oct 07, 2022	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.20	10/7/2022	2/1/2022	75,000,000	0.20	\$75,000,000	\$74,974,088	-\$25,912
Scheel Investments, LLC, Sep 01, 2041	VARIABLE RATE DEMAND NOTE	0.12	9/1/2041	2/3/2022	6,720,000	0.12	\$6,720,000	\$6,720,000	\$0
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/9/2022		23,000,000	0.13	\$22,999,253	\$22,999,529	\$276
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/18/2022		75,000,000	0.15	\$74,994,375	\$74,996,625	\$2,250
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/22/2022		25,000,000	0.15	\$24,997,708	\$24,998,579	\$871
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/2/2022		100,000,000	0.21	\$99,982,500	\$99,990,000	\$7,500
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/14/2022		66,000,000	0.24	\$65,981,520	\$65,987,680	\$6,160
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/19/2022		50,000,000	0.26	\$49,971,833	\$49,970,967	-\$867
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/21/2022		15,000,000	0.27	\$14,991,000	\$14,990,900	-\$100
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	4/5/2022		200,000,000	0.25	\$200,000,000	\$200,033,396	\$33,396
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.20	2/28/2022		137,500,000	0.20	\$137,500,000	\$137,509,940	\$9,940
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.23	3/3/2022		150,000,000	0.23	\$150,000,000	\$150,015,365	\$15,365
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	3/25/2022		150,000,000	0.24	\$150,000,000	\$150,023,615	\$23,615
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	3/28/2022		91,000,000	0.25	\$91,000,000	\$91,016,127	\$16,127
Sumitomo Mitsui Banking Corp. CP4-2	COMMERCIAL PAPER - 4-2		3/2/2022		125,000,000	0.20	\$124,979,167	\$124,989,584	\$10,417
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.22	3/7/2022		200,000,000	0.22	\$200,000,000	\$200,020,404	\$20,404
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.23	3/9/2022		100,000,000	0.23	\$100,000,000	\$100,011,607	\$11,607
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.22	3/14/2022		175,000,000	0.22	\$175,000,000	\$175,019,996	\$19,996
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	4/6/2022		200,000,000	0.25	\$200,000,000	\$200,032,474	\$32,474
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	4/6/2022		150,000,000	0.25	\$150,000,000	\$150,024,356	\$24,356
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.07	2/7/2022		75,000,000	0.07	\$75,000,000	\$75,000,000	\$0
Sumitomo Mitsui Trust Bank Ltd.(London) ECD	EURO CERTIFICATE OF DEPOSIT	0.25	3/3/2022		100,000,000	0.25	\$100,000,000	\$100,000,000	\$0
Svenska Handelsbanken, Stockholm CP4-2	COMMERCIAL PAPER - 4-2		5/3/2022		77,220,000	0.21	\$77,179,545	\$77,177,572	-\$1,973
Svenska Handelsbanken, TD New York Branch	TIME DEPOSIT	0.05	2/1/2022		500,000,000	0.05	\$500,000,000	\$500,000,000	\$0
Taxable Tender Option Bond Trust 2021-MIZ9082TX, (Series 2021-MIZ-9082TX), 09/01/2023	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.34	9/1/2023	2/1/2022	13,200,000	0.34	\$13,200,000	\$13,200,000	\$0
The Greathouse 2021 Children's Trust, Dec 01, 2046	VARIABLE RATE DEMAND NOTE	0.12	12/1/2046	2/3/2022	13,625,000	0.12	\$13,625,000	\$13,625,000	\$0
The Tammi R. Sitz Irrevocable Life Insurance Trust, Nov 01, 2046	VARIABLE RATE DEMAND NOTE	0.12	11/1/2046	2/3/2022	5,950,000	0.12	\$5,950,000	\$5,950,000	\$0
Thunder Bay Funding, LLC, Apr 11, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE		4/11/2022		50,000,000	0.26	\$49,974,722	\$49,977,931	\$3,208
Thunder Bay Funding, LLC, Apr 27, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE		4/27/2022		25,000,000	0.29	\$24,982,681	\$24,983,935	\$1,254

See notes at end of table.

## INVENTORY OF HOLDINGS FOR JANUARY 2022

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Thunder Bay Funding, LLC, Jul 29, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.21	7/29/2022	2/1/2022	50,000,000	0.21	\$50,000,000	\$50,000,000	\$0
Thunder Bay Funding, LLC, Jun 10, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.27	6/10/2022	2/1/2022	50,000,000	0.27	\$50,000,000	\$50,000,000	\$0
Thunder Bay Funding, LLC, Mar 14, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE		3/14/2022		100,000,000	0.19	\$99,977,833	\$99,983,667	\$5,834
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	4/1/2022		100,000,000	0.24	\$100,000,000	\$100,016,615	\$16,615
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.22	10/14/2022		10,000,000	0.22	\$10,000,000	\$9,962,544	-\$37,456
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.32	11/23/2022		72,500,000	0.32	\$72,500,000	\$72,198,193	-\$301,807
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.32	11/23/2022		70,000,000	0.32	\$70,000,000	\$69,708,612	-\$291,388
Toronto Dominion Bank CP4-2	COMMERCIAL PAPER - 4-2		4/20/2022		50,000,000	0.25	\$49,972,569	\$49,980,141	\$7,571
Toronto Dominion Bank CP4-2	COMMERCIAL PAPER - 4-2		4/29/2022		50,000,000	0.24	\$49,970,667	\$49,974,945	\$4,278
Toronto Dominion Bank CP4-2	COMMERCIAL PAPER - 4-2		5/3/2022		200,000,000	0.24	\$199,877,333	\$199,884,488	\$7,155
Toronto Dominion Bank CP4-2	COMMERCIAL PAPER - 4-2		5/4/2022		7,500,000	0.24	\$7,495,350	\$7,495,466	\$116
Toronto Dominion Bank, Jun 09, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.24	6/9/2022	2/1/2022	50,000,000	0.24	\$50,000,000	\$50,016,296	\$16,296
Toyota Credit Canada Inc. CP	COMMERCIAL PAPER		4/25/2022		47,000,000	0.21	\$46,976,970	\$46,958,327	-\$18,643
Toyota Credit De Puerto Rico Corp. CP	COMMERCIAL PAPER		3/4/2022		25,000,000	0.16	\$24,996,444	\$24,996,822	\$378
Toyota Finance Australia Ltd. CP	COMMERCIAL PAPER		3/31/2022		150,000,000	0.25	\$149,938,542	\$149,944,196	\$5,654
Toyota Motor Finance (Netherlands) B.V. CP	COMMERCIAL PAPER		2/4/2022		40,000,000	0.15	\$39,999,333	\$39,999,596	\$262
U.S. Treasury Floater, 04/30/2023	US TREASURY FLOATING RATE NOTE	0.22	4/30/2023	2/1/2022	100,000,000	0.22	\$100,010,084	\$100,097,475	\$87,391
U.S. Treasury Floater, 04/30/2023	US TREASURY FLOATING RATE NOTE	0.22	4/30/2023	2/1/2022	75,000,000	0.22	\$75,006,617	\$75,073,106	\$66,489
Westpac Banking Corp. Ltd., Sydney CP4-2	COMMERCIAL PAPER - 4-2		3/25/2022		25,000,000	0.24	\$24,991,167	\$24,995,731	\$4,564
Wylie Bice Life Insurance Trust, Aug 01, 2046	VARIABLE RATE DEMAND NOTE	0.12	8/1/2046	2/3/2022	7,625,000	0.12	\$7,625,000	\$7,625,000	\$0
Total Value of Assets					20,709,088,087		\$20,705,607,533	\$20,703,419,301	-\$2,188,232

**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.

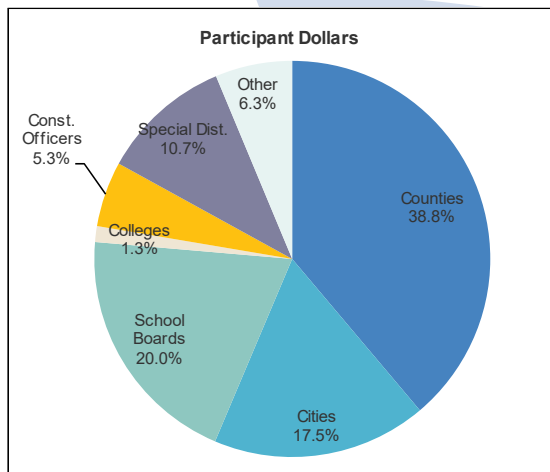
<sup>1</sup> Market values of the portfolio securities are provided by the custodian, BNY Mellon. The portfolio manager, Federated Investment Counseling, is the source for other data shown above.

<sup>2</sup> Amortized cost is calculated using a straight line method.

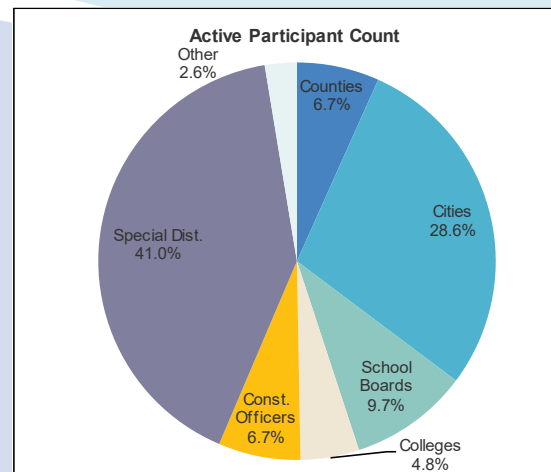


## PARTICIPANT CONCENTRATION DATA - AS OF JANUARY 2021

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>1.3%</b>	<b>4.8%</b>
Top 10	33.6%	1.4%	Top 10	1.2%	1.4%
\$100 million or more	74.4%	7.8%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	22.1%	16.9%	\$10 million up to \$100 million	1.1%	1.0%
\$1 million up to \$10 million	3.2%	22.3%	\$1 million up to \$10 million	0.2%	1.4%
Under \$1 million	0.4%	53.0%	Under \$1 million	0.01%	2.5%
<b>Counties</b>	<b>38.8%</b>	<b>6.7%</b>	<b>Constitutional Officers</b>	<b>5.3%</b>	<b>6.7%</b>
Top 10	29.6%	1.4%	Top 10	4.4%	1.4%
\$100 million or more	37.1%	2.6%	\$100 million or more	4.0%	0.3%
\$10 million up to \$100 million	1.5%	1.1%	\$10 million up to \$100 million	1.0%	1.0%
\$1 million up to \$10 million	0.2%	1.1%	\$1 million up to \$10 million	0.3%	1.9%
Under \$1 million	0.0%	1.9%	Under \$1 million	0.0%	3.6%
<b>Municipalities</b>	<b>17.5%</b>	<b>28.6%</b>	<b>Special Districts</b>	<b>10.7%</b>	<b>41.0%</b>
Top 10	7.0%	1.4%	Top 10	6.5%	1.4%
\$100 million or more	7.0%	1.4%	\$100 million or more	5.7%	1.1%
\$10 million up to \$100 million	9.2%	7.2%	\$10 million up to \$100 million	3.9%	3.3%
\$1 million up to \$10 million	1.2%	7.4%	\$1 million up to \$10 million	0.9%	7.7%
Under \$1 million	0.1%	12.6%	Under \$1 million	0.2%	29.0%
<b>School Boards</b>	<b>20.0%</b>	<b>9.7%</b>	<b>Other</b>	<b>6.3%</b>	<b>2.6%</b>
Top 10	12.6%	1.4%	Top 10	6.2%	1.4%
\$100 million or more	15.3%	2.0%	\$100 million or more	5.2%	0.4%
\$10 million up to \$100 million	4.3%	2.9%	\$10 million up to \$100 million	1.0%	0.5%
\$1 million up to \$10 million	0.3%	2.2%	\$1 million up to \$10 million	0.1%	0.7%
Under \$1 million	0.0%	2.6%	Under \$1 million	0.0%	1.0%



**Total Fund Value: \$20,697,484,624**



**Total Active Participant Count: 732**

Note: Active accounts include only those participant accounts valued above zero.

## COMPLIANCE WITH INVESTMENT POLICY FOR JANUARY 2021

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 will meet as necessary based on the occurrence and resolution of compliance exceptions or upon the occurrence of a material event. Minutes from the IOG meetings are posted to the Florida PRIME website.

In addition to the compliance testing performed by Federated, SBA Risk Management and Compliance conducts daily 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. Negative test results are subject to independent verification and review for possible escalation. 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
Securities must be USD denominated	Pass
Unregistered securities must be eligible for sale to Accredited Investors or Qualified Purchasers.	Pass
<u>Ratings requirements</u>	
First Tier Securities	Pass
Long-term securities must have long-term ratings in the three highest categories	Pass
Commercial Paper must have short-term ratings from at least one NRSRO	Pass
Securities in Highest Rating Category (A-1+ or equivalent)	Pass
Repurchase Agreement Counterparties must be rated by S&P	Pass
S&P Weighted Average Life	Pass
<u>Maturity</u>	
Individual Security	Pass
Government floating rate notes/variable rate notes	Pass
Dollar Weighted Average Maturity	Pass
Weighted Average Life	Pass
<u>Issuer Diversification</u>	
First tier issuer (limit does not apply to cash, cash items, U.S. Government securities and repo collateralized by these securities)	Pass
<u>Demand Feature and Guarantor Diversification</u>	
First Tier securities issued by or subject to demand features and guarantees of a non-controlled person	Pass
First Tier securities issued by or subject to demand features and guarantees of a controlled person	Pass

Test by Source	Pass/Fail
<u>Money Market Mutual Funds</u>	
Invested in any one Money Market Mutual Fund	Pass
<u>Repurchase Agreements</u>	
Repurchase Agreement Counterparty Rating	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1+ (2-5 business days)	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1 (2-5 business days)	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1+ (More than 5 business days)	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1 (More than 5 business days)	Pass
Repurchase Agreements with any single dealer - Counterparty Rating A-1	Pass
<u>Concentration Tests</u>	
Industry Concentration, excluding financial services industry	Pass
Any Single Government Agency	Pass
Illiquid Securities	Pass
Assets invested in securities accessible within 1 business day	Pass
Assets invested in securities accessible within 5 business days	Pass

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18 *Florida PRIME™ Monthly Summary Report - January, 2022*



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20 *Florida PRIME<sup>TM</sup> Monthly Summary Report - January, 2022*





22 *Florida PRIME™ Monthly Summary Report - January, 2022*



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24 *Florida PRIME™ Monthly Summary Report - January, 2022*



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## TRADING ACTIVITY FOR JANUARY 2021

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
MUFG BANK LTD, CDYACDYAN	04/11/22	01/10/22	01/10/22	50,000,000	50,000,000	0	50,000,000	0
MUFG BANK LTD, CDYACDYAN	04/11/22	01/10/22	01/10/22	50,000,000	50,000,000	0	50,000,000	0
NATIONWIDE BUILDINGCP4-2	02/15/22	01/18/22	01/18/22	50,000,000	49,995,917	0	49,995,917	0
NATIONWIDE BUILDINGCP4-2	02/15/22	01/18/22	01/18/22	50,000,000	49,995,917	0	49,995,917	0
NATIONWIDE BUILDINGCP4-2	02/15/22	01/18/22	01/18/22	50,000,000	49,995,917	0	49,995,917	0
NATIONWIDE BUILDINGCP4-2	02/15/22	01/18/22	01/18/22	11,750,000	11,749,040	0	11,749,040	0
NATIONWIDE BUILDINGCP4-2	02/18/22	01/19/22	01/19/22	50,000,000	49,995,625	0	49,995,625	0
NATIONWIDE BUILDINGCP4-2	02/18/22	01/19/22	01/19/22	50,000,000	49,995,625	0	49,995,625	0
NATIONWIDE BUILDINGCP4-2	02/18/22	01/19/22	01/19/22	50,000,000	49,995,625	0	49,995,625	0
NATIONWIDE BUILDINGCP4-2	02/18/22	01/19/22	01/19/22	50,000,000	49,995,625	0	49,995,625	0
NATIONWIDE BUILDING SOCIETY	02/23/22	01/24/22	01/24/22	50,000,000	49,995,625	0	49,995,625	0
NATIONWIDE BUILDING SOCIETY	02/23/22	01/24/22	01/24/22	50,000,000	49,995,625	0	49,995,625	0
NATIONWIDE BUILDING SOCIETY	02/23/22	01/24/22	01/24/22	18,500,000	18,498,381	0	18,498,381	0
NATIONWIDE BUILDINGCP4-2	02/25/22	01/25/22	01/25/22	50,000,000	49,995,264	0	49,995,264	0
NATIONWIDE BUILDINGCP4-2	02/25/22	01/25/22	01/25/22	50,000,000	49,995,264	0	49,995,264	0
NATIONWIDE BUILDINGCP4-2	02/25/22	01/25/22	01/25/22	50,000,000	49,995,264	0	49,995,264	0
NATIONWIDE BUILDINGCP4-2	02/25/22	01/25/22	01/25/22	50,000,000	49,995,264	0	49,995,264	0
OLD LINE FUNDING LLC	08/02/22	01/24/22	01/24/22	40,000,000	40,000,000	0	40,000,000	0
OLD LINE FUNDING LLC	08/02/22	01/24/22	01/24/22	50,000,000	50,000,000	0	50,000,000	0
SHEFFIELD RECEIVABLEPABS4	04/19/22	01/18/22	01/18/22	50,000,000	49,967,139	0	49,967,139	0
SHEFFIELD RECEIVABLEPABS4	04/21/22	01/21/22	01/21/22	15,000,000	14,989,875	0	14,989,875	0
SUMITOMO MITSUI TRUCDYAN	02/07/22	01/31/22	01/31/22	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	02/07/22	01/31/22	01/31/22	25,000,000	25,000,000	0	25,000,000	0
SUMITOMO MITSUI BANCDYAN	01/31/22	01/06/22	01/06/22	17,000,000	17,000,472	5,610	17,006,082	0
THUNDER BAY FUNDING, LLC	04/11/22	01/05/22	01/06/22	50,000,000	49,965,694	0	49,965,694	0
THUNDER BAY FUNDING LLC	07/29/22	01/21/22	01/21/22	50,000,000	50,000,000	0	50,000,000	0
2016 DAVID S PEARL II IRREVOCABLE TRUST	11/01/36	01/25/22	01/27/22	2,670,000	2,670,000	351	2,670,351	0
UNITEDHEALTH GROUPCP4-2	01/31/22	01/24/22	01/24/22	50,000,000	49,998,931	0	49,998,931	0
UNITEDHEALTH GROUPCP4-2	01/31/22	01/24/22	01/24/22	10,000,000	9,999,786	0	9,999,786	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/04/22	01/04/22	243,249	243,249	0	243,249	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/05/22	01/05/22	177,108	177,108	0	177,108	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/07/22	01/07/22	771,058	771,058	0	771,058	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/11/22	01/11/22	370,570	370,570	0	370,570	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/13/22	01/13/22	406,777	406,777	0	406,777	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/19/22	01/19/22	374,130	374,130	0	374,130	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/20/22	01/20/22	449,865	449,865	0	449,865	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/24/22	01/24/22	750,850	750,850	0	750,850	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/25/22	01/25/22	1,637,943	1,637,943	0	1,637,943	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/27/22	01/27/22	587,269	587,269	0	587,269	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/28/22	01/28/22	65,273	65,273	0	65,273	0
MIZUHO TRIPARTY	01/04/22	01/03/22	01/03/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/04/22	01/03/22	01/03/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/04/22	01/03/22	01/03/22	342,000,000	342,000,000	0	342,000,000	0
MIZUHO TRIPARTY	01/05/22	01/04/22	01/04/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/05/22	01/04/22	01/04/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/05/22	01/04/22	01/04/22	467,000,000	467,000,000	0	467,000,000	0
MIZUHO TRIPARTY	01/06/22	01/05/22	01/05/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/06/22	01/05/22	01/05/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/06/22	01/05/22	01/05/22	412,000,000	412,000,000	0	412,000,000	0
MIZUHO TRIPARTY	01/07/22	01/06/22	01/06/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/07/22	01/06/22	01/06/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/07/22	01/06/22	01/06/22	476,000,000	476,000,000	0	476,000,000	0
MIZUHO TRIPARTY	01/10/22	01/07/22	01/07/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/10/22	01/07/22	01/07/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/10/22	01/07/22	01/07/22	501,000,000	501,000,000	0	501,000,000	0
HSBC TRIPARTY	01/11/22	01/10/22	01/10/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/11/22	01/10/22	01/10/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/11/22	01/10/22	01/10/22	214,000,000	214,000,000	0	214,000,000	0
MIZUHO TRIPARTY	01/12/22	01/11/22	01/11/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/12/22	01/11/22	01/11/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/12/22	01/11/22	01/11/22	147,000,000	147,000,000	0	147,000,000	0
MIZUHO TRIPARTY	01/13/22	01/12/22	01/12/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/13/22	01/12/22	01/12/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/13/22	01/12/22	01/12/22	257,000,000	257,000,000	0	257,000,000	0
MIZUHO TRIPARTY	01/14/22	01/13/22	01/13/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/14/22	01/13/22	01/13/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/14/22	01/13/22	01/13/22	282,000,000	282,000,000	0	282,000,000	0
MIZUHO TRIPARTY	01/18/22	01/14/22	01/14/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/18/22	01/14/22	01/14/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/18/22	01/14/22	01/14/22	442,000,000	442,000,000	0	442,000,000	0
MIZUHO TRIPARTY	01/19/22	01/18/22	01/18/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/19/22	01/18/22	01/18/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/19/22	01/18/22	01/18/22	431,000,000	431,000,000	0	431,000,000	0
MIZUHO TRIPARTY	01/20/22	01/19/22	01/19/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/20/22	01/19/22	01/19/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/20/22	01/19/22	01/19/22	42,000,000	42,000,000	0	42,000,000	0
MIZUHO TRIPARTY	01/21/22	01/20/22	01/20/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/21/22	01/20/22	01/20/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/21/22	01/20/22	01/20/22	155,000,000	155,000,000	0	155,000,000	0
MIZUHO TRIPARTY	01/24/22	01/21/22	01/21/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/24/22	01/21/22	01/21/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/24/22	01/21/22	01/21/22	395,000,000	395,000,000	0	395,000,000	0
MIZUHO TRIPARTY	01/25/22	01/24/22	01/24/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/25/22	01/24/22	01/24/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/25/22	01/24/22	01/24/22	88,000,000	88,000,000	0	88,000,000	0
MIZUHO TRIPARTY	01/26/22	01/25/22	01/25/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/26/22	01/25/22	01/25/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/26/22	01/25/22	01/25/22	222,000,000	222,000,000	0	222,000,000	0
MIZUHO TRIPARTY	01/27/22	01/26/22	01/26/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/27/22	01/26/22	01/26/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/27/22	01/26/22	01/26/22	235,000,000	235,000,000	0	235,000,000	0
MIZUHO TRIPARTY	01/28/22	01/27/22	01/27/22	150,000,000	150,000,000	0	150,000,000	0

# TRADING ACTIVITY FOR JANUARY 2021

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
HSBC TRIPARTY	01/28/22	01/27/22	01/27/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/28/22	01/27/22	01/27/22	193,000,000	193,000,000	0	193,000,000	0
MIZUHO TRIPARTY	01/31/22	01/28/22	01/28/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/31/22	01/28/22	01/28/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/31/22	01/28/22	01/28/22	169,000,000	169,000,000	0	169,000,000	0
MIZUHO TRIPARTY	02/01/22	01/31/22	01/31/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/01/22	01/31/22	01/31/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/01/22	01/31/22	01/31/22	520,000,000	520,000,000	0	520,000,000	0
Total Buys				59,469,184,092	59,468,102,527	12,002	59,468,114,529	0
Cash Closes								
ANGLESEA FUNDING LLC	04/20/22	01/14/22	01/14/22	30,000,000	30,000,000	3,833	30,003,833	0
GTA FUNDING LLC	04/25/22	01/21/22	01/21/22	55,000,000	54,971,278	0	54,971,278	0
OLD LINE FUNDING, LLC	02/02/22	01/06/22	01/06/22	50,000,000	49,994,000	0	49,994,000	0
THUNDER BAY FUNDING, LLC	02/07/22	01/06/22	01/06/22	50,000,000	49,992,889	0	49,992,889	(0)
THUNDER BAY FUNDING, LLC	02/02/22	01/06/22	01/06/22	50,000,000	49,994,000	0	49,994,000	0
THUNDER BAY FUNDING, LLC	03/03/22	01/21/22	01/21/22	50,000,000	49,990,889	0	49,990,889	(0)
Total Cash Closes				285,000,000	284,943,056	3,833	284,946,889	0
Deposits								
AUSTRALIA NEW ZEATD 0.085 20220125	01/25/22	01/18/22	01/18/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220125	01/25/22	01/18/22	01/18/22	525,000,000	525,000,000	0	525,000,000	0
COOPERATIVE RABOBATD 0.08 20220125	01/25/22	01/18/22	01/18/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220112	01/12/22	01/11/22	01/11/22	300,000,000	300,000,000	0	300,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220119	01/19/22	01/11/22	01/11/22	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220105	01/05/22	01/04/22	01/04/22	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220127	01/27/22	01/26/22	01/26/22	350,000,000	350,000,000	0	350,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220120	01/20/22	01/19/22	01/19/22	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220119	01/19/22	01/12/22	01/12/22	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220113	01/13/22	01/12/22	01/12/22	300,000,000	300,000,000	0	300,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220125	01/25/22	01/24/22	01/24/22	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220106	01/06/22	01/05/22	01/05/22	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220112	01/12/22	01/05/22	01/05/22	220,000,000	220,000,000	0	220,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220128	01/28/22	01/27/22	01/27/22	450,000,000	450,000,000	0	450,000,000	0
COOPERATIVE RABOBATD 0.08 20220118	01/18/22	01/10/22	01/10/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220121	01/21/22	01/20/22	01/20/22	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220104	01/04/22	01/03/22	01/03/22	500,000,000	500,000,000	0	500,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220201	02/01/22	01/31/22	01/31/22	465,000,000	465,000,000	0	465,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220201	02/01/22	01/31/22	01/31/22	30,000,000	30,000,000	0	30,000,000	0
SVENSKA HANDELSBANKTD 0.05 20220201	02/01/22	01/31/22	01/31/22	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220114	01/14/22	01/13/22	01/13/22	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220107	01/07/22	01/06/22	01/06/22	250,000,000	250,000,000	0	250,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220131	01/31/22	01/28/22	01/28/22	400,000,000	400,000,000	0	400,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220118	01/18/22	01/10/22	01/10/22	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220111	01/11/22	01/10/22	01/10/22	500,000,000	500,000,000	0	500,000,000	0
AUSTRALIA NEW ZEATD 0.085 20220118	01/18/22	01/10/22	01/10/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220124	01/24/22	01/21/22	01/21/22	500,000,000	500,000,000	0	500,000,000	0
AUSTRALIA NEW ZEATD 0.085 20220110	01/10/22	01/03/22	01/03/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
COOPERATIVE RABOBATD 0.08 20220110	01/10/22	01/03/22	01/03/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220110	01/10/22	01/03/22	01/03/22	500,000,000	500,000,000	0	500,000,000	0
CREDIT AGRICOLE CORTD 0.07 20220104	01/04/22	01/03/22	01/03/22	400,000,000	400,000,000	0	400,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220111	01/11/22	01/04/22	01/04/22	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220118	01/18/22	01/14/22	01/14/22	300,000,000	300,000,000	0	300,000,000	0
AUSTRALIA NEW ZEATD 0.085 20220201	02/01/22	01/25/22	01/25/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
COOPERATIVE RABOBATD 0.08 20220201	02/01/22	01/25/22	01/25/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220201	02/01/22	01/25/22	01/25/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220110	01/10/22	01/07/22	01/07/22	375,000,000	375,000,000	0	375,000,000	0
Total Deposits				19,965,000,000	19,965,000,000	0	19,965,000,000	0
Maturities								
ANGLESEA FUNDING LLC,PABS4	01/06/22	01/06/22	01/06/22	90,000,000	90,000,000	0	90,000,000	0
ANTALIS S.A. CPABS4,CPABS4	01/05/22	01/05/22	01/05/22	130,000,000	130,000,000	0	130,000,000	0
ANTALIS S.A. CPABS4,CPABS4	01/12/22	01/12/22	01/12/22	130,000,000	130,000,000	0	130,000,000	0
ANTALIS S.A. CPABS4,CPABS4	01/13/22	01/13/22	01/13/22	70,000,000	70,000,000	0	70,000,000	0
ANTALIS S.A. CPABS4,CPABS4	01/14/22	01/14/22	01/14/22	2,250,000	2,250,000	0	2,250,000	0
ANTALIS S.A. CPABS4,CPABS4	01/20/22	01/20/22	01/20/22	70,000,000	70,000,000	0	70,000,000	0
ANTALIS S.A. CPABS4,CPABS4	01/26/22	01/26/22	01/26/22	20,000,000	20,000,000	0	20,000,000	0
ANTALIS S.A. CPABS4,CPABS4	01/27/22	01/27/22	01/27/22	50,000,000	50,000,000	0	50,000,000	0
ATLANTIC ASSET SECUCPABS4	01/24/22	01/24/22	01/24/22	181,586,000	181,586,000	0	181,586,000	0
ATLANTIC ASSET SECUCPABS4	01/25/22	01/25/22	01/25/22	6,456,000	6,456,000	0	6,456,000	0
ATLANTIC ASSET SECUCPABS4	01/31/22	01/31/22	01/31/22	87,478,000	87,478,000	0	87,478,000	0
BANK OF MONTREAL CPCP4-2	01/03/22	01/03/22	01/03/22	177,000,000	177,000,000	0	177,000,000	0
BARTON CAPITAL S.A,CPABS4	01/07/22	01/07/22	01/07/22	44,000,000	44,000,000	0	44,000,000	0
CANADIAN IMPERIAL BCDYAN	01/04/22	01/04/22	01/04/22	75,000,000	75,000,000	0	75,000,000	0
CANADIAN IMPERIAL HCP4-2	01/26/22	01/26/22	01/26/22	200,000,000	200,000,000	0	200,000,000	0
CHARIOT FUNDING LLC,CPABS4	01/05/22	01/05/22	01/05/22	15,000,000	15,000,000	0	15,000,000	0
CHESHAM FINANCE LLC,CPABS4	01/03/22	01/03/22	01/03/22	500,000,000	500,000,000	0	500,000,000	0
CHESHAM FINANCE LLC,CPABS4	01/04/22	01/04/22	01/04/22	470,000,000	470,000,000	0	470,000,000	0
CHESHAM FINANCE LLC,CPABS4	01/05/22	01/05/22	01/05/22	462,000,000	462,000,000	0	462,000,000	0
CHESHAM FINANCE LLC,CPABS4	01/06/22	01/06/22	01/06/22	461,000,000	461,000,000	0	461,000,000	0
CHESHAM FINANCE LLC,CPABS4	01/07/22	01/07/22	01/07/22	420,000,000	420,000,000	0	420,000,000	0
CHESHAM FINANCE LLC,CPABS4	01/10/22	01/10/22	01/10/22	280,000,000	280,000,000	0	280,000,000	0
CHESHAM FINANCE LLC,CPABS4	01/11/22	01/11/22	01/11/22	215,000,000	215,000,000	0	215,000,000	0
CHESHAM FINANCE LLC,CPABS4	01/12/22	01/12/22	01/12/22	365,000,000	365,000,000	0	365,000,000	0
CHESHAM FINANCE LLC,CPABS4	01/13/22	01/13/22	01/13/22	460,000,000	460,000,000	0	460,000,000	0
CHESHAM FINANCE LLC,CPABS4	01/14/22	01/14/22	01/14/22	463,000,000	463,000,000	0	463,000,000	0
CHESHAM FINANCE LLC,CPABS4	01/18/22	01/18/22	01/18/22	460,000,000	460,000,000	0	460,000,000	0
CHESHAM FINANCE LLC,CPABS4	01/19/22	01/19/22	01/19/22	457,000,000	457,000,000	0	457,000,000	0
CHESHAM FINANCE LLC,CPABS4	01/20/22	01/20/22	01/20/22	474,000,000	474,000,000	0	474,000,000	0
CHESHAM FINANCE LLC,CPABS4	01/21/22	01/21/22	01/21/22	473,000,000	473,000,000	0	473,000,000	0
CHESHAM FINANCE LLC,CPABS4	01/24/22	01/24/22	01/24/22	470,000,000	470,000,000	0	470,000,000	0
CHESHAM FINANCE LLC,CPABS4	01/25/22	01/25/22	01/25/22	469,000,000	469,000,000	0	469,000,000	0
CHESHAM FINANCE LLC,CPABS4	01/26/22	01/26/22	01/26/22	468,000,000	468,000,000	0	468,000,000	0
CHESHAM FINANCE LLC,CPABS4	01/27/22	01/27/22	01/27/22	471,000,000	471,000,000	0	471,000,000	0
CHESHAM FINANCE LLC,CPABS4	01/28/22	01/28/22	01/28/22	473,000,000	473,000,000	0	473,000,000	0



## TRADING ACTIVITY FOR JANUARY 2021

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
CHESHAM FINANCE LLCPCABS4	01/31/22	01/31/22	01/31/22	475,000,000	475,000,000	0	475,000,000	0
CHESHAM FINANCE LLCPCABS4	01/03/22	01/03/22	01/03/22	65,000,000	65,000,000	0	65,000,000	0
CHESHAM FINANCE LLCPCABS4	01/04/22	01/04/22	01/04/22	65,000,000	65,000,000	0	65,000,000	0
CHESHAM FINANCE LLCPCABS4	01/12/22	01/12/22	01/12/22	20,000,000	20,000,000	0	20,000,000	0
CHESHAM FINANCE LLCPCABS4	01/13/22	01/13/22	01/13/22	35,000,000	35,000,000	0	35,000,000	0
CHESHAM FINANCE LLCPCABS4	01/14/22	01/14/22	01/14/22	20,000,000	20,000,000	0	20,000,000	0
CHESHAM FINANCE LLCPCABS4	01/19/22	01/19/22	01/19/22	21,000,000	21,000,000	0	21,000,000	0
CHESHAM FINANCE LLCPCABS4	01/25/22	01/25/22	01/25/22	36,000,000	36,000,000	0	36,000,000	0
COLLATERALIZED COMMPCABS4	01/03/22	01/03/22	01/03/22	80,000,000	80,000,000	0	80,000,000	0
COLLATERALIZED COMMPCABS3	01/03/22	01/03/22	01/03/22	175,000,000	175,000,000	0	175,000,000	0
COLLATERALIZED COMMPCABS3	01/05/22	01/05/22	01/05/22	43,000,000	43,000,000	0	43,000,000	0
COLLATERALIZED COMMPCABS3	01/24/22	01/24/22	01/24/22	135,000,000	135,000,000	0	135,000,000	0
CREDIT AGRICOLE CORCDYAN	01/10/22	01/10/22	01/10/22	300,000,000	300,000,000	0	300,000,000	0
CREDIT AGRICOLE CORCDYAN	01/11/22	01/11/22	01/11/22	500,000,000	500,000,000	0	500,000,000	0
CREDIT AGRICOLE CORCDYAN	01/18/22	01/18/22	01/18/22	340,000,000	340,000,000	0	340,000,000	0
CREDIT AGRICOLE CORCDYAN	01/18/22	01/18/22	01/18/22	500,000,000	500,000,000	0	500,000,000	0
CREDIT AGRICOLE CORCDYAN	01/25/22	01/25/22	01/25/22	850,000,000	850,000,000	0	850,000,000	0
CREDIT INDUSTRIEL ECP4-2	01/04/22	01/04/22	01/04/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	01/05/22	01/05/22	01/05/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
CREDIT INDUSTRIEL ECP4-2	01/06/22	01/06/22	01/06/22	835,000,000	835,000,000	0	835,000,000	0
CREDIT INDUSTRIEL ECP4-2	01/07/22	01/07/22	01/07/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	01/10/22	01/10/22	01/10/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	01/11/22	01/11/22	01/11/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	01/12/22	01/12/22	01/12/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	01/13/22	01/13/22	01/13/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	01/14/22	01/14/22	01/14/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	01/18/22	01/18/22	01/18/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	01/19/22	01/19/22	01/19/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	01/20/22	01/20/22	01/20/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	01/21/22	01/21/22	01/21/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	01/24/22	01/24/22	01/24/22	800,000,000	800,000,000	0	800,000,000	0
CREDIT INDUSTRIEL ECP4-2	01/25/22	01/25/22	01/25/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	01/26/22	01/26/22	01/26/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	01/27/22	01/27/22	01/27/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	01/28/22	01/28/22	01/28/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	01/31/22	01/31/22	01/31/22	900,000,000	900,000,000	0	900,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/26/22	01/26/22	01/26/22	67,000,000	67,000,000	0	67,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/06/22	01/06/22	01/06/22	700,000,000	700,000,000	0	700,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/07/22	01/07/22	01/07/22	800,000,000	800,000,000	0	800,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/10/22	01/10/22	01/10/22	930,000,000	930,000,000	0	930,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/11/22	01/11/22	01/11/22	900,000,000	900,000,000	0	900,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/12/22	01/12/22	01/12/22	935,000,000	935,000,000	0	935,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/13/22	01/13/22	01/13/22	900,000,000	900,000,000	0	900,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/14/22	01/14/22	01/14/22	900,000,000	900,000,000	0	900,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/18/22	01/18/22	01/18/22	900,000,000	900,000,000	0	900,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/19/22	01/19/22	01/19/22	900,000,000	900,000,000	0	900,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/20/22	01/20/22	01/20/22	900,000,000	900,000,000	0	900,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/21/22	01/21/22	01/21/22	900,000,000	900,000,000	0	900,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/24/22	01/24/22	01/24/22	700,000,000	700,000,000	0	700,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/25/22	01/25/22	01/25/22	850,000,000	850,000,000	0	850,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/26/22	01/26/22	01/26/22	767,000,000	767,000,000	0	767,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/27/22	01/27/22	01/27/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/28/22	01/28/22	01/28/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	01/31/22	01/31/22	01/31/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
LMA-AMERICAS LLC CPCABS4	01/21/22	01/21/22	01/21/22	30,000,000	30,000,000	0	30,000,000	0
LONGSHIP FUNDING LLCPCABS4	01/13/22	01/13/22	01/13/22	10,000,000	10,000,000	0	10,000,000	0
MUFG BANK LTD, CDYACDYAN	01/26/22	01/26/22	01/26/22	100,000,000	100,000,000	0	100,000,000	0
MANHATTAN ASSET FUNCPABS4	01/27/22	01/27/22	01/27/22	35,000,000	35,000,000	0	35,000,000	0
MATCHPOINT FINANCE CPABS4	01/10/22	01/10/22	01/10/22	50,000,000	50,000,000	0	50,000,000	0
MIZUHO BANK LTD, CDYACDYAN	01/18/22	01/18/22	01/18/22	120,000,000	120,000,000	0	120,000,000	0
MUFG BANK LTD/NEWYORK NY	01/05/22	01/05/22	01/05/22	450,000,000	450,000,000	0	450,000,000	0
NRW/BANK CP4-2/CP4-2	01/26/22	01/26/22	01/26/22	250,000,000	250,000,000	0	250,000,000	0
NATIONWIDE BUILDINGCP4-2	01/12/22	01/12/22	01/12/22	100,000,000	100,000,000	0	100,000,000	0
NATIONWIDE BUILDINGCP4-2	01/25/22	01/25/22	01/25/22	300,000,000	300,000,000	0	300,000,000	0
OLD LINE FUNDING, LLC	01/24/22	01/24/22	01/24/22	90,000,000	90,000,000	0	90,000,000	0
SHEFFIELD RECEIVABLEPCABS4	01/06/22	01/06/22	01/06/22	53,750,000	53,750,000	0	53,750,000	0
SHEFFIELD RECEIVABLEPCABS4	01/20/22	01/20/22	01/20/22	100,000,000	100,000,000	0	100,000,000	0
SHEFFIELD RECEIVABLEPCABS4	01/27/22	01/27/22	01/27/22	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI BANCDYAN	01/31/22	01/31/22	01/31/22	17,000,000	17,000,000	0	17,000,000	0
UNITEDHEALTH GROUP,CP4-2	01/31/22	01/31/22	01/31/22	60,000,000	60,000,000	0	60,000,000	0
HSBC TRIPARTY	01/03/22	01/03/22	01/03/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/03/22	01/03/22	01/03/22	1,900,000,000	1,900,000,000	0	1,900,000,000	0
MIZUHO TRIPARTY	01/04/22	01/04/22	01/04/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/04/22	01/04/22	01/04/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/04/22	01/04/22	01/04/22	342,000,000	342,000,000	0	342,000,000	0
MIZUHO TRIPARTY	01/05/22	01/05/22	01/05/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/05/22	01/05/22	01/05/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/05/22	01/05/22	01/05/22	467,000,000	467,000,000	0	467,000,000	0
MIZUHO TRIPARTY	01/06/22	01/06/22	01/06/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/06/22	01/06/22	01/06/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/06/22	01/06/22	01/06/22	412,000,000	412,000,000	0	412,000,000	0
MIZUHO TRIPARTY	01/07/22	01/07/22	01/07/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/07/22	01/07/22	01/07/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/07/22	01/07/22	01/07/22	476,000,000	476,000,000	0	476,000,000	0
MIZUHO TRIPARTY	01/10/22	01/10/22	01/10/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/10/22	01/10/22	01/10/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/10/22	01/10/22	01/10/22	501,000,000	501,000,000	0	501,000,000	0
MIZUHO TRIPARTY	01/11/22	01/11/22	01/11/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/11/22	01/11/22	01/11/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/11/22	01/11/22	01/11/22	214,000,000	214,000,000	0	214,000,000	0
MIZUHO TRIPARTY	01/12/22	01/12/22	01/12/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/12/22	01/12/22	01/12/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/12/22	01/12/22	01/12/22	147,000,000	147,000,000	0	147,000,000	0

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
MIZUHO TRIPARTY	01/13/22	01/13/22	01/13/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/13/22	01/13/22	01/13/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/13/22	01/13/22	01/13/22	257,000,000	257,000,000	0	257,000,000	0
MIZUHO TRIPARTY	01/14/22	01/14/22	01/14/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/14/22	01/14/22	01/14/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/14/22	01/14/22	01/14/22	282,000,000	282,000,000	0	282,000,000	0
MIZUHO TRIPARTY	01/18/22	01/18/22	01/18/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/18/22	01/18/22	01/18/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/18/22	01/18/22	01/18/22	442,000,000	442,000,000	0	442,000,000	0
MIZUHO TRIPARTY	01/19/22	01/19/22	01/19/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/19/22	01/19/22	01/19/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/19/22	01/19/22	01/19/22	431,000,000	431,000,000	0	431,000,000	0
MIZUHO TRIPARTY	01/20/22	01/20/22	01/20/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/20/22	01/20/22	01/20/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/20/22	01/20/22	01/20/22	42,000,000	42,000,000	0	42,000,000	0
MIZUHO TRIPARTY	01/21/22	01/21/22	01/21/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/21/22	01/21/22	01/21/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/21/22	01/21/22	01/21/22	155,000,000	155,000,000	0	155,000,000	0
MIZUHO TRIPARTY	01/24/22	01/24/22	01/24/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/24/22	01/24/22	01/24/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/24/22	01/24/22	01/24/22	395,000,000	395,000,000	0	395,000,000	0
MIZUHO TRIPARTY	01/25/22	01/25/22	01/25/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/25/22	01/25/22	01/25/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/25/22	01/25/22	01/25/22	88,000,000	88,000,000	0	88,000,000	0
MIZUHO TRIPARTY	01/26/22	01/26/22	01/26/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/26/22	01/26/22	01/26/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/26/22	01/26/22	01/26/22	222,000,000	222,000,000	0	222,000,000	0
MIZUHO TRIPARTY	01/27/22	01/27/22	01/27/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/27/22	01/27/22	01/27/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/27/22	01/27/22	01/27/22	235,000,000	235,000,000	0	235,000,000	0
MIZUHO TRIPARTY	01/28/22	01/28/22	01/28/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/28/22	01/28/22	01/28/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/28/22	01/28/22	01/28/22	193,000,000	193,000,000	0	193,000,000	0
MIZUHO TRIPARTY	01/31/22	01/31/22	01/31/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	01/31/22	01/31/22	01/31/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/31/22	01/31/22	01/31/22	169,000,000	169,000,000	0	169,000,000	0
AUSTRALIA NEW ZEATD 0.085 20220125	01/25/22	01/25/22	01/25/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220125	01/25/22	01/25/22	01/25/22	525,000,000	525,000,000	0	525,000,000	0
COOPERATIVE RABOBATD 0.08 20220125	01/25/22	01/25/22	01/25/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220112	01/12/22	01/12/22	01/12/22	300,000,000	300,000,000	0	300,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220119	01/19/22	01/19/22	01/19/22	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220105	01/05/22	01/05/22	01/05/22	500,000,000	500,000,000	0	500,000,000	0
AUSTRALIA NEW ZEATD 0.085 20220105	01/05/22	01/05/22	01/05/22	15,000,000	15,000,000	0	15,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220105	01/05/22	01/05/22	01/05/22	200,000,000	200,000,000	0	200,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220103	01/03/22	01/03/22	01/03/22	320,000,000	320,000,000	0	320,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220127	01/27/22	01/27/22	01/27/22	350,000,000	350,000,000	0	350,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220120	01/20/22	01/20/22	01/20/22	500,000,000	500,000,000	0	500,000,000	0
AUSTRALIA NEW ZEATD 0.085 20220103	01/03/22	01/03/22	01/03/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220119	01/19/22	01/19/22	01/19/22	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220113	01/13/22	01/13/22	01/13/22	300,000,000	300,000,000	0	300,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220125	01/25/22	01/25/22	01/25/22	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220106	01/06/22	01/06/22	01/06/22	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220112	01/12/22	01/12/22	01/12/22	220,000,000	220,000,000	0	220,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220128	01/28/22	01/28/22	01/28/22	450,000,000	450,000,000	0	450,000,000	0
COOPERATIVE RABOBATD 0.08 20220118	01/18/22	01/18/22	01/18/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220121	01/21/22	01/21/22	01/21/22	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220104	01/04/22	01/04/22	01/04/22	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220103	01/03/22	01/03/22	01/03/22	300,000,000	300,000,000	0	300,000,000	0
COOPERATIVE RABOBATD 0.08 20220103	01/03/22	01/03/22	01/03/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220104	01/04/22	01/04/22	01/04/22	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220114	01/14/22	01/14/22	01/14/22	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220107	01/07/22	01/07/22	01/07/22	250,000,000	250,000,000	0	250,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220131	01/31/22	01/31/22	01/31/22	400,000,000	400,000,000	0	400,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220118	01/18/22	01/18/22	01/18/22	500,000,000	500,000,000	0	500,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220111	01/11/22	01/11/22	01/11/22	500,000,000	500,000,000	0	500,000,000	0
AUSTRALIA NEW ZEATD 0.085 20220118	01/18/22	01/18/22	01/18/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220124	01/24/22	01/24/22	01/24/22	500,000,000	500,000,000	0	500,000,000	0
AUSTRALIA NEW ZEATD 0.085 20220110	01/10/22	01/10/22	01/10/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
COOPERATIVE RABOBATD 0.08 20220110	01/10/22	01/10/22	01/10/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220110	01/10/22	01/10/22	01/10/22	500,000,000	500,000,000	0	500,000,000	0
CREDIT AGRICOLE CORTD 0.07 20220104	01/04/22	01/04/22	01/04/22	400,000,000	400,000,000	0	400,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220111	01/11/22	01/11/22	01/11/22	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220118	01/18/22	01/18/22	01/18/22	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTD 0.06 20220110	01/10/22	01/10/22	01/10/22	375,000,000	375,000,000	0	375,000,000	0
Total Maturities				78,544,530,000	78,544,530,000	0	78,544,530,000	0
Sells								
LOUDOUN COUNTY ECONOMIC DEVELOPMENT AUTHORITY	02/15/38	01/06/22	01/12/22	19,000,000	19,000,000	302	19,000,302	0
NEWYORK CITY WATER & SEWER SYSTEM	06/15/41	01/06/22	01/13/22	20,000,000	20,000,000	1,342	20,001,342	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/03/22	01/03/22	154,621,742	154,621,742	0	154,621,742	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/06/22	01/06/22	850,565	850,565	0	850,565	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/10/22	01/10/22	452,789	452,789	0	452,789	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/12/22	01/12/22	474,100	474,100	0	474,100	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/14/22	01/14/22	67,692	67,692	0	67,692	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/18/22	01/18/22	200,563	200,563	0	200,563	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/21/22	01/21/22	915,743	915,743	0	915,743	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/26/22	01/26/22	2,520,681	2,520,681	0	2,520,681	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	01/31/22	01/31/22	3,928,532	3,928,532	0	3,928,532	0
Total Sells				203,032,407	203,032,407	1,644	203,034,051	0





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## Our Mission

Our mission is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary, and professional standards.

**Federated  
Hermes**





## **MONTHLY SUMMARY REPORT**

**State Board of Administration of Florida**

**February 28, 2022**

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## **Past performance is no guarantee of future results.**

Views are as of the issue date and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security.

An investment in Florida PRIME is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in this fund.

## INTRODUCTION

This report is prepared for stakeholders in Florida PRIME in accordance with Section 218.409(6)(a), Florida Statutes. The statute requires:

- (1) Reporting of any material impacts on the funds and any actions or escalations taken by staff to address such impacts;
- (2) Presentation of a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month; and
- (3) Preparation of the management summary “in a manner that will allow anyone to ascertain whether the investment activities during the reporting period have conformed to investment policies.”

This report, which covers the period from February 1, 2022, through February 28, 2022, has been prepared by the SBA with input from Federated Investment Counseling (“Federated”), investment advisor for Florida PRIME in a format intended to comply with the statute.

## DISCLOSURE OF MATERIAL IMPACTS

During the reporting period, Florida PRIME was in material compliance with investment policy. There were no developments that had a material impact on the liquidity or operation of Florida PRIME. Details are available in the PRIME policy compliance table. This report also includes details on market conditions; fees; fund holdings, transactions and performance; and client composition.

### PRIME™ STATISTICS

(As of February 28, 2022)

Total Participants  
**743**

Florida PRIME™  
Total Participant Balance  
**\$20,647,102,859**

Total Number of Accounts  
**1,378**

**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

The human toll and widespread destruction of a military conflict rightly makes finance a secondary concern. But the economic implications of the Russian invasion of Ukraine are far-reaching.

While the impact on the U.S. does not figure to be severe, the crisis will almost certainly slow the eurozone's recovery and sanctions might cripple Russia's. These will unfold on a longer timeline, but the crisis surely will affect upcoming decisions of central banks (it already has for Russia's). It's a stark reminder that monetary policy doesn't exist in a vacuum. Economists and pundits can debate academic issues such as the role of the Phillips Curve on Federal Reserve thinking, but the real world puts theories in their place on a weekly basis. Actually, in this case, it may have made the Fed's job easier.

The issue, of course, is the magnitude of the Fed's response to inflation. On the strength of January data at multi-decade highs (core CPI at 6%, its highest level in nearly 40 years; core PCE at 5.2%, a 39-year high), the markets have been expecting a 50 basis-point hike of the fed funds target range at the FOMC meeting ending March 16. We were skeptical of that, and now it seems highly likely the Fed will announce a quarter-point hike instead. Even as the conflict and international sanctions threaten to push energy prices higher, officials surely realize they must not add to the risk and uncertainty by increasing rates sharply. At the meeting, they will have the means to signal their path of normalization with the release of the Summary of Economic Projections and the dot plot. The latter approximates policymakers' views on the appropriate number and timing of rate hikes in the near future. If they are relatively in agreement, it would provide needed stability.

The credibility of that tacit communication would be helped if the Fed Board of Governors was at full strength. Partisan politics have stalled the addition of three new members. It's frankly embarrassing that a help-wanted sign has been hanging on its Washington

headquarters for many months, as if the Fed is facing the same shortage as struggling small businesses. Opposition to Sarah Bloom Raskin is futile, with the Democratic majority in the Senate. Lawmakers need to confirm them without delay. Even if they arrive in time for the FOMC meeting with different opinions, Chair Jerome Powell's influence should be potent enough to galvanize the voters. Look for no dissent in a decision that balances a more dovish 25 basis-point hike with a more aggressive projected course of hikes this and next year.

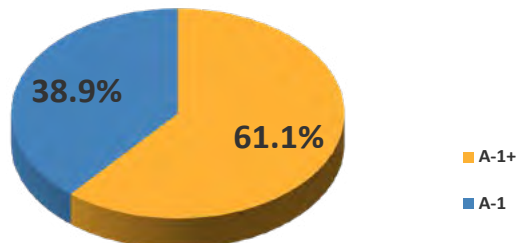
What are the implications for the money markets? In the near term, the flight to quality has pushed front-end Treasury yields down from overnight trading out to 1-month bills, and the yield curve up to one year has flattened. But this trend should reverse when the crisis in Ukraine cools. While liquidity products are structured to benefit from rising rates, a slower approach is preferable as it typically allows yields to anticipate hikes. A short and nimble approach makes the best sense.

The Pool's total assets were \$20.6 billion at the end of February. The portfolio's target average maturity was shortened ahead of the likely Fed rate hike. Its weighted average maturity (WAM) came in to 29 from 38 days, and its weighted average life (WAL) came in to 58 from 62. The composition of the portfolio remained dominated by bank and commercial paper. Trades were focused in the 1-3 month part of the curve when rates properly reflected Fed expectations. When attractive, Secured Overnight Financing Rate (SOFR) based floating rate securities were also added in preparation for a rising rate environment.

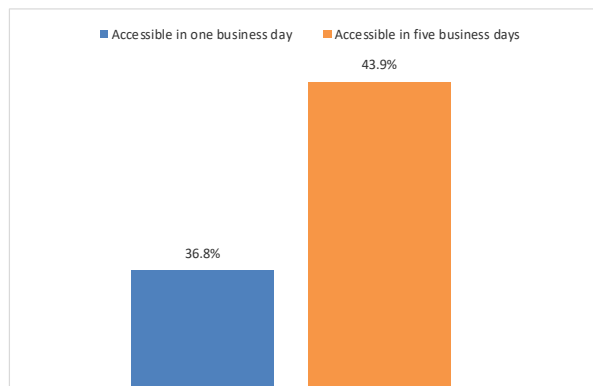
At the end of February, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 0.06%, 0.68%, 0.70% and 0.98%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 0.16%, 0.50%, 0.79% and 1.22%, respectively; and the 1-, 3-, 6- and 12-month London interbank offered rates were 0.23%, 0.51%, 0.76% and 1.18%, respectively.

## PORTFOLIO COMPOSITION FOR FEBRUARY 2022

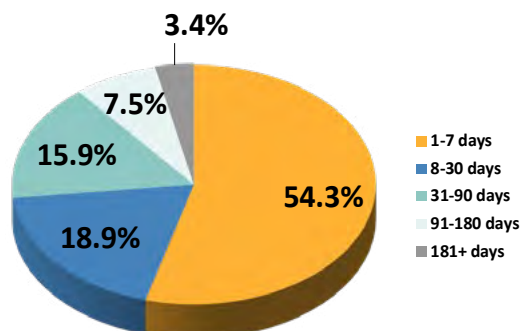
### CREDIT QUALITY COMPOSITION



### HIGHLY LIQUID HOLDINGS



### EFFECTIVE MATURITY SCHEDULE



### TOP HOLDINGS & AVG. MATURITY

1. ABN Amro Bank NV	4.8%
2. Australia & New Zealand Banking Group, Melbourne	4.8%
3. DZ Bank AG Deutsche Zentral-Genossenschaftsbank	4.8%
4. Cooperatieve Rabobank UA	4.8%
5. Bank of Montreal	4.7%
6. Sumitomo Mitsui Trust Holdings, Inc.	4.5%
7. Old Line Funding, LLC	4.0%
8. Toronto Dominion Bank	3.9%
9. Sumitomo Mitsui Financial Group, Inc.	3.9%
10. Societe Generale, Paris	3.9%

#### Average Effective Maturity (WAM)

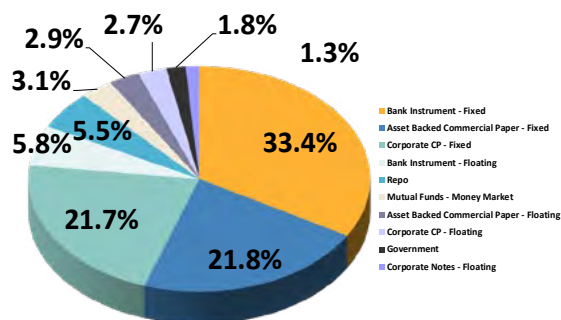
29 Days

#### Weighted Average Life (Spread WAL)

58 Days

Percentages based on total value of investments

### PORTFOLIO COMPOSITION



## FUND PERFORMANCE THROUGH FEBRUARY 2022

Florida PRIME Performance Data			
	Annualized Net Participant Yield <sup>1</sup>	Net-of-Fee Benchmark <sup>2</sup>	Above (Below) Benchmark
One Month	0.15%	0.05%	0.10%
Three Months	0.14%	0.04%	0.10%
One Year	0.12%	0.04%	0.08%
Three Years	0.95%	0.82%	0.14%
Five Years	1.31%	1.10%	0.21%
Ten Years	0.82%	0.63%	0.20%
Since 1/96	2.40%	2.18%	0.21%

**Note:** Net asset value at month end: \$20,642.1 million, which includes investments at market value, plus all cash, accrued interest receivable and payables.,

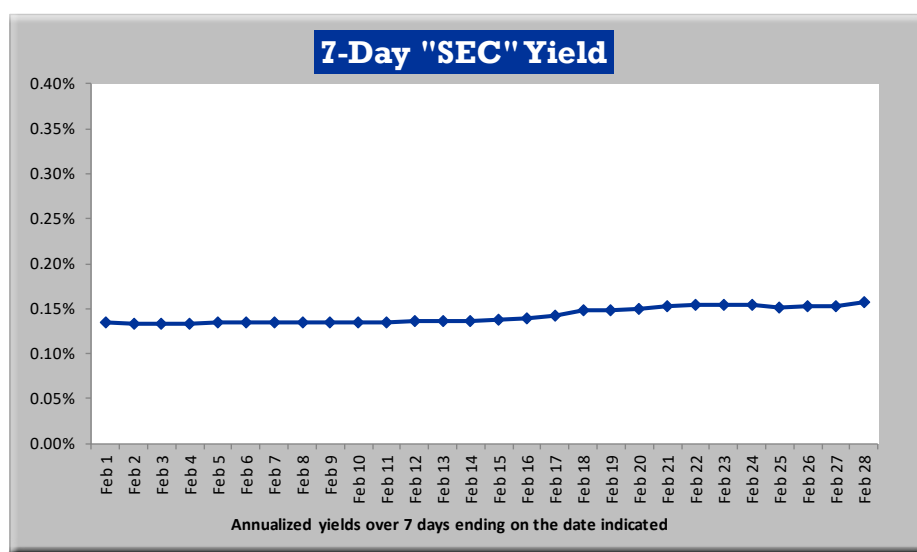
<sup>1</sup>Net of fees. Participant yield is calculate, on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

<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 FEBRUARY 2022

Summary of Cash Flows		
Opening Balance (02/01/22)	\$	20,697,484,624
Participant Deposits		1,875,437,010
Gross Earnings		2,953,469
Participant Withdrawals		(1,928,264,450)
Fees		(507,794)
Closing Balance (02/28/22)	\$	20,647,102,859
<b>Net Change over Month</b>	<b>\$</b>	<b>(50,381,765)</b>

Detailed Fee Disclosure		
February	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 158,194.78	0.92
Federated Investment Management Fee	318,415.75	1.85
BNY Mellon Custodial Fee**	10,778.37	0.06
Bank of America Transfer Agent Fee	11,520.40	0.07
S&P Rating Maintenance Fee	4,605.50	0.03
Audit/External Review Fees	4,278.78	0.02
<b>Total Fees</b>	<b>\$ 507,793.58</b>	<b>2.95</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 \$20,672,293,742.

\*\*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.

The data included in this report is unaudited.



## INVENTORY OF HOLDINGS FOR FEBRUARY 2022

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
2016 David S. Pearl, II Irrevocable Life Insurance Trust, Nov 01, 2036	VARIABLE RATE DEMAND NOTE	0.27	11/1/2036	3/3/2022	2,670,000	0.27	\$2,670,000	\$2,670,000	\$0
ABN Amro Bank NV, Amsterdam TD	TIME DEPOSIT	0.08	3/1/2022		1,000,000,000	0.08	\$1,000,000,000	\$1,000,000,000	\$0
AJC Capital, LLC, Jan 01, 2042	VARIABLE RATE DEMAND NOTE	0.20	1/1/2042	3/3/2022	5,530,000	0.20	\$5,530,000	\$5,530,000	\$0
Albion Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/15/2022		15,052,000	0.25	\$15,050,432	\$15,051,247	\$815
Albion Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/15/2022		15,051,000	0.27	\$15,049,307	\$15,050,247	\$941
Albion Capital LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/23/2022		35,000,000	0.21	\$34,995,304	\$34,996,624	\$1,319
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/1/2022		100,000,000	0.13	\$99,999,639	\$99,999,722	\$83
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/1/2022		100,000,000	0.24	\$99,999,333	\$99,999,722	\$389
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/1/2022		70,000,000	0.25	\$69,994,653	\$69,997,754	\$3,102
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/14/2022		75,000,000	0.14	\$74,995,917	\$74,996,821	\$904
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/14/2022		109,000,000	0.18	\$108,992,370	\$108,995,379	\$3,009
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/14/2022		100,000,000	0.25	\$99,968,750	\$99,965,000	-\$3,750
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/19/2022		125,000,000	0.26	\$124,954,861	\$124,944,965	-\$9,896
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/5/2022		110,000,000	0.41	\$109,844,778	\$109,724,481	-\$120,297
Anglesea Funding LLC, Aug 05, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.27	8/5/2022	3/1/2022	15,000,000	0.27	\$15,000,000	\$15,000,000	\$0
Anglesea Funding LLC, Aug 10, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.23	8/10/2022	3/1/2022	60,000,000	0.05	\$60,000,000	\$60,000,000	\$0
Anglesea Funding LLC, Jul 13, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.22	7/13/2022	3/1/2022	50,000,000	0.05	\$50,000,000	\$50,000,000	\$0
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/14/2022		15,000,000	0.17	\$14,999,008	\$14,999,265	\$257
Archer I LLC, Jun 01, 2060	VARIABLE RATE DEMAND NOTE	0.21	6/1/2060	3/3/2022	12,000,000	0.21	\$12,000,000	\$12,000,000	\$0
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/1/2022		87,000,000	0.12	\$86,999,710	\$86,999,758	\$48
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/1/2022		100,000,000	0.24	\$99,992,667	\$99,996,792	\$4,125
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/17/2022		50,000,000	0.19	\$49,995,514	\$49,997,332	\$1,818
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/21/2022		32,000,000	0.17	\$31,996,827	\$31,997,760	\$933
Australia & New Zealand Banking Group, Melbourne TD	TIME DEPOSIT	0.09	3/1/2022		1,000,000,000	0.09	\$1,000,000,000	\$1,000,000,000	\$0
BNG Bank N.V. CP4-2	COMMERCIAL PAPER - 4-2		3/22/2022		200,000,000	0.17	\$199,979,222	\$199,988,266	\$9,044
BNG Bank N.V. CP4-2	COMMERCIAL PAPER - 4-2		3/24/2022		65,000,000	0.21	\$64,990,900	\$64,995,364	\$4,464
BWF Forge TL Properties Owner LLC, May 01, 2059	VARIABLE RATE DEMAND NOTE	0.21	5/1/2059	3/3/2022	5,000,000	0.21	\$5,000,000	\$5,000,000	\$0
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.05	3/1/2022		890,000,000	0.05	\$890,000,000	\$890,000,000	\$0
Bank of America N.A., May 02, 2022	VARIABLE RATE BANK NOTE	0.20	5/2/2022	3/1/2022	50,000,000	0.20	\$50,000,000	\$50,000,000	\$0
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	3/15/2022		25,000,000	0.24	\$25,000,000	\$25,001,247	\$1,247
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	3/17/2022		50,000,000	0.24	\$50,000,000	\$50,002,472	\$2,472
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	3/23/2022		50,000,000	0.24	\$50,000,000	\$50,001,936	\$1,936
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.21	7/26/2022		100,000,000	0.21	\$100,000,000	\$99,810,651	-\$189,349
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.34	11/2/2022		100,000,000	0.34	\$100,000,000	\$99,594,335	-\$405,665
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.35	6/21/2022		75,000,000	0.35	\$75,000,000	\$74,942,336	-\$57,665
Bank of Montreal, Jan 13, 2023	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.35	1/13/2023	3/1/2022	125,000,000	0.35	\$125,000,000	\$125,054,739	\$54,739
Bank of Montreal, Jun 10, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.25	6/10/2022	3/1/2022	100,000,000	0.25	\$100,000,000	\$100,024,920	\$24,920
Bank of Montreal, Mar 01, 2023	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.30	3/1/2023	3/1/2022	100,000,000	0.30	\$100,000,000	\$99,939,120	-\$60,880

See notes at end of table.

# INVENTORY OF HOLDINGS FOR FEBRUARY 2022

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Bank of Montreal, Mar 24, 2023	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.35	3/24/2023	3/1/2022	100,000,000	0.35	\$100,000,000	\$99,980,591	-\$19,409
Bank of Montreal, Nov 30, 2022	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.30	11/30/2022	3/1/2022	100,000,000	0.30	\$100,000,000	\$100,006,102	\$6,102
Bank of Montreal, Oct 06, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.20	10/6/2022	3/1/2022	50,000,000	0.20	\$50,000,000	\$49,980,768	-\$19,233
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		5/5/2022		32,500,000	0.23	\$32,486,296	\$32,480,338	-\$5,958
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		7/20/2022		48,750,000	0.20	\$48,711,542	\$48,617,896	-\$93,646
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		9/1/2022		50,000,000	0.20	\$49,948,611	\$49,788,792	-\$159,820
Bank of Nova Scotia, Toronto, Feb 21, 2023	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.30	2/21/2023	3/1/2022	160,000,000	0.30	\$159,999,997	\$159,942,813	-\$57,184
Bank of Nova Scotia, Toronto, Jun 13, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.25	6/13/2022	3/1/2022	100,000,000	0.25	\$100,000,000	\$100,021,862	\$21,862
Bank of Nova Scotia, Toronto, Oct 13, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.20	10/13/2022	3/1/2022	75,000,000	0.20	\$75,000,000	\$74,973,540	-\$26,460
Bank of Nova Scotia, Toronto, Oct 20, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.20	10/20/2022	3/1/2022	10,000,000	0.20	\$10,000,000	\$9,996,234	-\$3,767
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/15/2022		100,000,000	0.13	\$99,994,583	\$99,995,417	\$834
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/1/2022		35,000,000	0.15	\$34,999,854	\$34,999,913	\$58
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/18/2022		50,000,000	0.18	\$49,987,750	\$49,979,652	-\$8,099
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/6/2022		10,000,000	0.24	\$9,995,533	\$9,992,239	-\$3,294
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/5/2022		75,000,000	0.38	\$74,902,104	\$74,817,967	-\$84,137
Bennington Stark Capital Co., LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/1/2022		80,000,000	0.16	\$79,999,644	\$79,999,689	\$44
Bruce T. Brown 2017 Irrevocable Trust, Series 2017, Oct 01, 2042	VARIABLE RATE DEMAND NOTE	0.20	10/1/2042	3/3/2022	5,185,000	0.20	\$5,185,000	\$5,185,000	\$0
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/9/2022		75,000,000	0.46	\$74,905,313	\$74,875,013	-\$30,300
Caisse d'Amortissement de la Dette Sociale (CADES) CP	COMMERCIAL PAPER		3/22/2022		95,000,000	0.21	\$94,988,099	\$94,993,846	\$5,747
Calhoun, TX Port Authority, (Formosa Plastic Corp.), (Series 2012), 04/01/2042	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.22	4/1/2042	3/3/2022	50,000,000	0.22	\$50,000,000	\$50,000,000	\$0
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	4/6/2022		25,000,000	0.24	\$25,000,000	\$25,001,686	\$1,686
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	5/4/2022		85,000,000	0.24	\$85,000,000	\$84,984,097	-\$15,903
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.35	11/2/2022		50,000,000	0.35	\$50,000,000	\$49,778,482	-\$221,518
Canadian Imperial Bank of Commerce CP4-2	COMMERCIAL PAPER - 4-2		12/1/2022		100,000,000	0.51	\$99,616,667	\$99,176,600	-\$440,067
Canadian Imperial Bank of Commerce, Dec 01, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.26	12/1/2022	3/1/2022	61,500,000	0.26	\$61,500,000	\$61,479,281	-\$20,719
Canadian Imperial Bank of Commerce, Feb 14, 2023	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.30	2/14/2023	3/1/2022	150,000,000	0.30	\$150,000,000	\$149,944,514	-\$55,487
Canadian Imperial Bank of Commerce, Jun 16, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.25	6/16/2022	3/1/2022	100,000,000	0.25	\$100,000,000	\$100,024,592	\$24,592
Canadian Imperial Bank of Commerce, Jun 17, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.25	6/17/2022	3/1/2022	100,000,000	0.25	\$100,000,000	\$100,024,516	\$24,516
Canadian Imperial Holdings, Inc. CP4-2	COMMERCIAL PAPER - 4-2		11/8/2022		102,900,000	0.36	\$102,646,895	\$102,168,164	-\$478,731
Cancara Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/16/2022		52,000,000	0.16	\$51,996,302	\$51,997,411	\$1,109
Chad J. Himmel Irrevocable Trust No. 1, Jul 01, 2048	VARIABLE RATE DEMAND NOTE	0.20	7/1/2048	3/3/2022	5,290,000	0.20	\$5,290,000	\$5,290,000	\$0
Chesham Finance LLC Series III CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/1/2022		500,000,000	0.07	\$499,999,028	\$499,998,610	-\$418
Chesham Finance LLC Series III CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/1/2022		70,000,000	0.27	\$69,983,200	\$69,988,489	\$5,289
Chesham Finance LLC Series VII CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/25/2022		15,000,000	0.20	\$14,997,917	\$14,998,521	\$604
City Furniture, Inc., Aug 01, 2044	VARIABLE RATE DEMAND NOTE	0.15	8/1/2044	3/3/2022	61,500,000	0.15	\$61,500,000	\$61,500,000	\$0

See notes at end of table.

## INVENTORY OF HOLDINGS FOR FEBRUARY 2022

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Collateralized Commercial Paper FLEX Co., LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/12/2022		25,000,000	0.17	\$24,991,382	\$24,976,731	-\$14,651
Collateralized Commercial Paper FLEX Co., LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/2/2022		50,000,000	0.32	\$49,958,222	\$49,926,106	-\$32,117
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		3/9/2022		20,000,000	0.17	\$19,999,150	\$19,999,485	\$335
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		4/1/2022		50,000,000	0.16	\$49,992,889	\$49,991,778	-\$1,111
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		5/18/2022		39,000,000	0.32	\$38,972,613	\$38,957,979	-\$14,635
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		6/22/2022		50,000,000	0.38	\$49,941,417	\$49,897,717	-\$43,700
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		7/7/2022		50,000,000	0.37	\$49,935,500	\$49,872,971	-\$62,529
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		7/8/2022		25,000,000	0.37	\$24,967,500	\$24,935,632	-\$31,868
Collateralized Commercial Paper V Co. LLC, Aug 16, 2022	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	0.23	8/16/2022	3/1/2022	55,000,000	0.23	\$55,000,000	\$54,989,163	-\$10,837
Cooperative Rabobank UA TD	TIME DEPOSIT	0.08	3/1/2022		1,000,000,000	0.08	\$1,000,000,000	\$1,000,000,000	\$0
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.08	3/1/2022		300,000,000	0.08	\$300,000,000	\$300,000,075	\$75
Crown Point Capital Co., LLC, 16%, Apr 06, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.16	4/6/2022		50,000,000	0.16	\$50,000,000	\$49,994,494	-\$5,506
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CP4-2	COMMERCIAL PAPER - 4-2		3/1/2022		1,000,000,000	0.06	\$999,998,333	\$999,997,500	-\$833
Dreyfus Government Cash Management Fund	OVERNIGHT MUTUAL FUND	0.03	3/1/2022		4,706,064	0.03	\$4,706,064	\$4,706,064	\$0
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/7/2022		75,000,000	0.36	\$74,905,938	\$74,810,263	-\$95,675
Federated Hermes Institutional Prime Value Obligations Fund - Class IS	MUTUAL FUND MONEY MARKET	0.14	3/1/2022	3/1/2022	630,872,087	0.14	\$631,124,436	\$630,745,913	-\$378,523
Fiore Capital LLC, Series 2005-A, Aug 01, 2045	VARIABLE RATE DEMAND NOTE	0.22	8/1/2045	3/3/2022	9,995,000	0.22	\$9,995,000	\$9,995,000	\$0
Foundation Properties, Inc., Sep 01, 2035	VARIABLE RATE DEMAND NOTE	0.45	9/1/2035	3/3/2022	4,005,000	0.46	\$4,005,000	\$4,005,000	\$0
GTA Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/21/2022		45,000,000	0.18	\$44,995,275	\$44,996,850	\$1,575
GTA Funding LLC, Jun 09, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE		6/9/2022		60,000,000	0.41	\$59,932,667	\$59,897,653	-\$35,013
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/9/2022		50,000,000	0.25	\$49,996,875	\$49,998,713	\$1,838
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/14/2022		30,000,000	0.24	\$29,997,200	\$29,998,728	\$1,528
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/9/2022		80,000,000	0.43	\$79,934,667	\$79,925,800	-\$8,867
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/24/2022		50,000,000	0.56	\$49,935,069	\$49,930,111	-\$4,958
Great Bear Funding LLC, Jul 15, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.22	7/15/2022	3/1/2022	40,000,000	0.22	\$40,000,000	\$40,000,000	\$0
HSBC Securities (USA), Inc. Repo Tri Party Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.06	3/1/2022		100,000,000	0.06	\$100,000,000	\$100,000,000	\$0
Henry Andrew Brown, III 2017 Irrevocable Trust, Series 2017, Oct 01, 2042	VARIABLE RATE DEMAND NOTE	0.20	10/1/2042	3/3/2022	4,260,000	0.20	\$4,260,000	\$4,260,000	\$0
Herman & Kittle Capital, LLC, Feb 01, 2037	VARIABLE RATE DEMAND NOTE	0.20	2/1/2037	3/3/2022	3,405,000	0.20	\$3,405,000	\$3,405,000	\$0
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/2/2022		50,500,000	0.41	\$50,464,650	\$50,460,143	-\$4,507
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/16/2022		50,000,000	0.58	\$49,939,042	\$49,941,288	\$2,246
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/17/2022		13,600,000	0.56	\$13,583,793	\$13,583,616	-\$177
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/18/2022		50,000,000	0.58	\$49,937,458	\$49,938,227	\$768
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/25/2022		65,000,000	0.58	\$64,911,492	\$64,904,970	-\$6,522
Lamar Avenue Trust, Dec 01, 2037	VARIABLE RATE DEMAND NOTE	0.20	12/1/2037	3/3/2022	4,445,000	0.20	\$4,445,000	\$4,445,000	\$0

See notes at end of table.

## INVENTORY OF HOLDINGS FOR FEBRUARY 2022

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Los Angeles, CA Community Redevelopment Agency, (DWFV Hollywood & Vine, LP), Mizuho 3a-7 (Series 2022-MIZ9089), 10/15/2037	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.37	10/15/2037	3/3/2022	19,000,000	0.37	\$19,000,000	\$19,000,000	\$0
MUFG Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.23	4/11/2022		150,000,000	0.23	\$150,000,000	\$149,970,240	-\$29,760
MUFG Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	4/11/2022		200,000,000	0.24	\$200,000,000	\$199,962,654	-\$37,346
MUFG Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.17	3/14/2022		75,000,000	0.17	\$75,000,000	\$75,001,079	\$1,079
Manhattan Asset Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/11/2022		91,381,000	0.21	\$91,375,136	\$91,378,068	\$2,932
Matchpoint Finance plc CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/17/2022		100,000,000	0.25	\$99,988,194	\$99,993,000	\$4,806
Matchpoint Finance plc CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/18/2022		90,000,000	0.25	\$89,988,750	\$89,994,825	\$6,075
Matchpoint Finance plc CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/21/2022		100,000,000	0.25	\$99,985,417	\$99,994,664	\$9,247
Michigan State Housing Development Authority, (Series C), 04/01/2040	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.20	4/1/2040	3/2/2022	14,200,000	0.20	\$14,200,000	\$14,200,000	\$0
Mississippi Business Finance Corp., Kohler Project, Jun 01, 2022	VARIABLE RATE DEMAND NOTE	0.22	6/1/2022	3/3/2022	10,000,000	0.22	\$10,000,000	\$10,000,000	\$0
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.22	3/15/2022		325,000,000	0.22	\$325,000,000	\$325,015,158	\$15,158
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	3/22/2022		125,000,000	0.25	\$125,000,000	\$125,008,243	\$8,243
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	3/23/2022		24,000,000	0.25	\$24,000,000	\$24,001,593	\$1,593
Mizuho Bank Ltd. TD	TIME DEPOSIT	0.07	3/1/2022		250,000,000	0.07	\$250,000,000	\$250,000,000	\$0
Mizuho Securities USA, Inc. - REPO TRIPARTY OVERNIGHT FIXED	REPO TRIPARTY OVERNIGHT FIXED	0.06	3/1/2022		150,000,000	0.06	\$150,000,000	\$150,000,000	\$0
Morofsky Legacy Irrevocable Trust, Sep 01, 2041	VARIABLE RATE DEMAND NOTE	0.24	9/1/2041	3/3/2022	6,260,000	0.24	\$6,260,000	\$6,260,000	\$0
National Australia Bank Ltd., Melbourne CP4-2	COMMERCIAL PAPER - 4-2		4/1/2022		150,000,000	0.23	\$149,969,333	\$149,974,667	\$5,333
National Australia Bank Ltd., Melbourne CP4-2	COMMERCIAL PAPER - 4-2		4/1/2022		200,000,000	0.25	\$199,955,556	\$199,966,222	\$10,666
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		3/2/2022		75,000,000	0.13	\$74,999,479	\$74,999,583	\$104
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		3/14/2022		25,000,000	0.13	\$24,998,736	\$24,999,028	\$292
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		3/15/2022		150,000,000	0.11	\$149,993,438	\$149,993,750	\$312
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		3/21/2022		90,000,000	0.11	\$89,994,225	\$89,993,320	-\$906
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		3/21/2022		75,000,000	0.15	\$74,993,437	\$74,994,750	\$1,313
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		3/21/2022		110,000,000	0.16	\$109,989,733	\$109,992,300	\$2,567
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		3/22/2022		110,000,000	0.11	\$109,992,606	\$109,991,843	-\$762
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		3/23/2022		125,000,000	0.20	\$124,984,427	\$124,989,379	\$4,952
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/7/2022		100,000,000	0.14	\$99,997,278	\$99,998,056	\$778
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/7/2022		85,000,000	0.26	\$84,976,672	\$84,979,454	\$2,782
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/9/2022		70,000,000	0.36	\$69,931,264	\$69,883,345	-\$47,919
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/22/2022		75,000,000	0.36	\$74,916,875	\$74,846,575	-\$70,300
Old Line Funding, LLC, Apr 27, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE		4/27/2022		70,000,000	0.29	\$69,967,294	\$69,958,836	-\$8,459
Old Line Funding, LLC, Apr 28, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE		4/28/2022		50,000,000	0.29	\$49,976,236	\$49,969,435	-\$6,802
Old Line Funding, LLC, Aug 02, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.22	8/2/2022	3/1/2022	90,000,000	0.22	\$90,000,000	\$89,993,417	-\$6,583
Old Line Funding, LLC, Jun 10, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.28	6/10/2022	3/1/2022	60,000,000	0.28	\$60,000,000	\$60,000,000	\$0
Old Line Funding, LLC, Jun 27, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.29	6/27/2022	3/1/2022	30,000,000	0.29	\$30,000,000	\$30,006,146	\$6,146
Old Line Funding, LLC, May 31, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE		5/31/2022		100,000,000	0.59	\$99,851,778	\$99,846,944	-\$4,834

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Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Old Line Funding, LLC, Sep 26, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.25	9/26/2022	3/1/2022	90,000,000	0.25	\$90,000,000	\$90,000,000	\$0
Royal Bank of Canada CP4-2	COMMERCIAL PAPER - 4-2		7/12/2022		50,000,000	0.21	\$49,960,917	\$49,878,470	-\$82,447
Royal Bank of Canada CP4-2	COMMERCIAL PAPER - 4-2		10/14/2022		50,000,000	0.25	\$49,920,833	\$49,725,450	-\$195,383
Royal Bank of Canada, Dec 01, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.30	12/1/2022	3/1/2022	100,000,000	0.30	\$100,000,000	\$100,013,780	\$13,780
Royal Bank of Canada, Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.21	3/9/2022		25,000,000	0.21	\$25,000,000	\$25,000,868	\$868
Royal Bank of Canada, New York Branch CP4-2	COMMERCIAL PAPER - 4-2		3/18/2022		25,000,000	0.24	\$24,997,000	\$24,999,000	\$2,000
Royal Bank of Canada, New York Branch CP4-2	COMMERCIAL PAPER - 4-2		6/21/2022		83,500,000	0.21	\$83,444,960	\$83,343,528	-\$101,432
Royal Bank of Canada, New York Branch CP4-2	COMMERCIAL PAPER - 4-2		10/7/2022		50,000,000	0.22	\$49,932,472	\$49,738,791	-\$193,682
Royal Bank of Canada, New York Branch CP4-2	COMMERCIAL PAPER - 4-2		11/15/2022		50,000,000	0.41	\$49,855,556	\$49,654,056	-\$201,500
Royal Bank of Canada, New York Branch, Oct 06, 2022	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.20	10/6/2022	3/1/2022	50,000,000	0.20	\$50,000,000	\$49,983,819	-\$16,181
Royal Bank of Canada, New York Branch, Oct 07, 2022	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.20	10/7/2022	3/1/2022	75,000,000	0.20	\$75,000,000	\$74,975,159	-\$24,842
Scheel Investments, LLC, Sep 01, 2041	VARIABLE RATE DEMAND NOTE	0.20	9/1/2041	3/3/2022	6,720,000	0.20	\$6,720,000	\$6,720,000	\$0
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/2/2022		100,000,000	0.21	\$99,998,833	\$99,999,444	\$611
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/14/2022		66,000,000	0.24	\$65,993,840	\$65,997,202	\$3,362
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/17/2022		25,000,000	0.15	\$24,998,229	\$24,998,666	\$437
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/19/2022		50,000,000	0.26	\$49,981,944	\$49,977,986	-\$3,958
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/21/2022		15,000,000	0.27	\$14,994,150	\$14,992,828	-\$1,322
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/24/2022		33,090,000	0.56	\$33,047,029	\$33,049,138	\$2,110
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	4/5/2022		200,000,000	0.25	\$200,000,000	\$200,008,378	\$8,378
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.23	3/3/2022		150,000,000	0.23	\$150,000,000	\$150,002,000	\$2,000
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	3/25/2022		150,000,000	0.24	\$150,000,000	\$150,007,907	\$7,907
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	3/28/2022		91,000,000	0.25	\$91,000,000	\$91,004,947	\$4,947
Sumitomo Mitsui Banking Corp. CP4-2	COMMERCIAL PAPER - 4-2		3/2/2022		125,000,000	0.20	\$124,998,611	\$124,999,584	\$973
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.22	3/7/2022		200,000,000	0.22	\$200,000,000	\$200,005,832	\$5,832
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.23	3/9/2022		100,000,000	0.23	\$100,000,000	\$100,003,749	\$3,749
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.22	3/14/2022		175,000,000	0.22	\$175,000,000	\$175,007,686	\$7,686
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	4/6/2022		200,000,000	0.25	\$200,000,000	\$200,007,994	\$7,994
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	4/6/2022		150,000,000	0.25	\$150,000,000	\$150,005,996	\$5,996
Sumitomo Mitsui Trust Bank Ltd.(London) ECD	EURO CERTIFICATE OF DEPOSIT	0.25	3/3/2022		100,000,000	0.25	\$100,000,000	\$100,000,000	\$0
Svenska Handelsbanken, Stockholm CP4-2	COMMERCIAL PAPER - 4-2		5/3/2022		77,220,000	0.21	\$77,191,858	\$77,176,757	-\$15,101
The Debra B. Kennedy Irrevocable Trust, May 01, 2048	VARIABLE RATE DEMAND NOTE	0.20	5/1/2048	3/3/2022	4,420,000	0.20	\$4,420,000	\$4,420,000	\$0

See notes at end of table.

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The Greathouse 2021 Children's Trust, Dec 01, 2046	VARIABLE RATE DEMAND NOTE	0.20	12/1/2046	3/3/2022	13,625,000	0.20	\$13,625,000	\$13,625,000	\$0
The Linda E. Krejsek Life Insurance Trust, Sep 01, 2037	VARIABLE RATE DEMAND NOTE	0.16	9/1/2037	3/3/2022	5,490,000	0.16	\$5,490,000	\$5,490,000	\$0
The Mark E. Potteiger Irrevocable Life Insurance Trust, Jun 01, 2048	VARIABLE RATE DEMAND NOTE	0.20	6/1/2048	3/3/2022	4,025,000	0.20	\$4,025,000	\$4,025,000	\$0
The Tammi R. Sitz Irrevocable Life Insurance Trust, Nov 01, 2046	VARIABLE RATE DEMAND NOTE	0.20	11/1/2046	3/3/2022	5,950,000	0.20	\$5,950,000	\$5,950,000	\$0
Thunder Bay Funding, LLC, Apr 27, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE		4/27/2022		25,000,000	0.29	\$24,988,319	\$24,985,702	-\$2,618
Thunder Bay Funding, LLC, Jul 29, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.22	7/29/2022	3/1/2022	50,000,000	0.22	\$50,000,000	\$50,000,000	\$0
Thunder Bay Funding, LLC, Jun 10, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.28	6/10/2022	3/1/2022	50,000,000	0.28	\$50,000,000	\$50,000,000	\$0
Thunder Bay Funding, LLC, May 31, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE		5/31/2022		75,000,000	0.59	\$74,888,833	\$74,885,208	-\$3,625
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	4/1/2022		100,000,000	0.24	\$100,000,000	\$100,006,366	\$6,366
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.22	10/14/2022		10,000,000	0.22	\$10,000,000	\$9,952,736	-\$47,264
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.32	11/23/2022		72,500,000	0.32	\$72,500,000	\$72,080,162	-\$419,838
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.32	11/23/2022		70,000,000	0.32	\$70,000,000	\$69,594,655	-\$405,346
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.50	6/9/2022		100,000,000	0.51	\$100,000,000	\$99,968,026	-\$31,974
Toronto Dominion Bank CP4-2	COMMERCIAL PAPER - 4-2		4/20/2022		50,000,000	0.25	\$49,982,292	\$49,983,425	\$1,133
Toronto Dominion Bank CP4-2	COMMERCIAL PAPER - 4-2		4/29/2022		50,000,000	0.24	\$49,980,000	\$49,977,500	-\$2,500
Toronto Dominion Bank CP4-2	COMMERCIAL PAPER - 4-2		5/3/2022		200,000,000	0.24	\$199,914,667	\$199,888,356	-\$26,311
Toronto Dominion Bank CP4-2	COMMERCIAL PAPER - 4-2		5/4/2022		7,500,000	0.24	\$7,496,750	\$7,495,599	-\$1,151
Toronto Dominion Bank, Feb 13, 2023	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.30	2/13/2023	3/1/2022	100,000,000	0.30	\$100,000,000	\$99,960,211	-\$39,789
Toronto Dominion Bank, Jun 09, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.25	6/9/2022	3/1/2022	50,000,000	0.25	\$50,000,000	\$50,011,497	\$11,497
TotalEnergies Capital Canada Ltd. CP4-2	COMMERCIAL PAPER - 4-2		3/7/2022		325,000,000	0.12	\$324,992,417	\$324,994,943	\$2,526
TotalEnergies Capital Canada Ltd. CP4-2	COMMERCIAL PAPER - 4-2		3/22/2022		150,000,000	0.25	\$149,977,083	\$149,990,283	\$13,200
Toyota Credit Canada Inc. CP	COMMERCIAL PAPER		4/25/2022		47,000,000	0.21	\$46,984,647	\$46,964,687	-\$19,959
Toyota Credit De Puerto Rico Corp. CP	COMMERCIAL PAPER		3/4/2022		25,000,000	0.16	\$24,999,556	\$24,999,778	\$222
Toyota Finance Australia Ltd. CP	COMMERCIAL PAPER		3/31/2022		150,000,000	0.25	\$149,967,708	\$149,963,447	-\$4,262
U.S. Treasury Bill, 06/14/2022	US TREASURY BILL	0.00	6/14/2022		200,000,000	0.44	\$199,746,778	\$199,740,416	-\$6,362
U.S. Treasury Floater, 04/30/2023	US TREASURY FLOATING RATE NOTE	0.41	4/30/2023	3/1/2022	100,000,000	0.41	\$100,009,462	\$100,033,376	\$23,914
U.S. Treasury Floater, 04/30/2023	US TREASURY FLOATING RATE NOTE	0.41	4/30/2023	3/1/2022	75,000,000	0.41	\$75,006,209	\$75,025,032	\$18,823
UnitedHealth Group, Inc. CP4-2	COMMERCIAL PAPER - 4-2		3/28/2022		139,000,000	0.36	\$138,962,161	\$138,974,161	\$12,000
Westpac Banking Corp. Ltd., Sydney CP4-2	COMMERCIAL PAPER - 4-2		3/25/2022		25,000,000	0.24	\$24,995,833	\$24,997,691	\$1,858
Wylie Bice Life Insurance Trust, Aug 01, 2046	VARIABLE RATE DEMAND NOTE	0.20	8/1/2046	3/3/2022	7,625,000	0.20	\$7,625,000	\$7,625,000	\$0
Total Value of Assets					20,652,222,151		\$20,648,714,969	\$20,643,782,690	-\$4,932,279

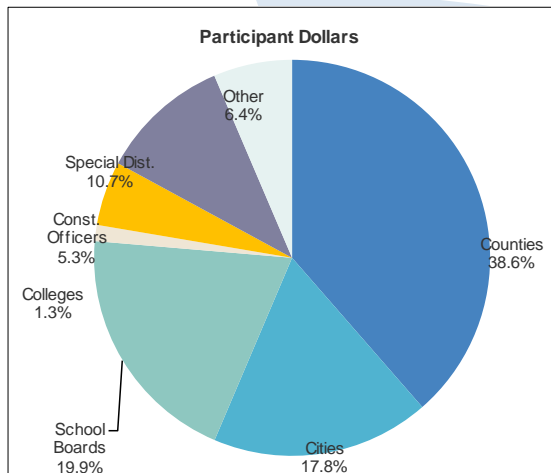
**Notes:** The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

<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.

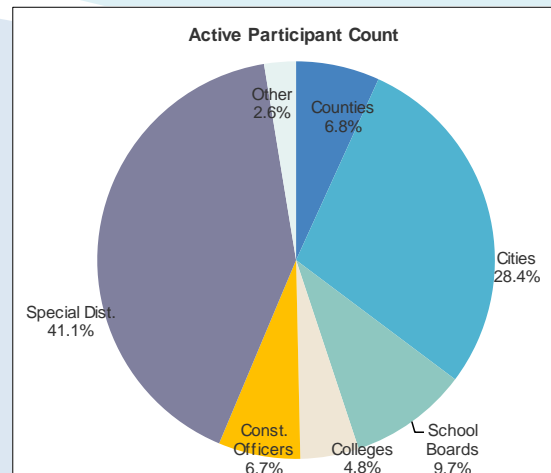
<sup>2</sup> Amortized cost is calculated using a straight line method.

## PARTICIPANT CONCENTRATION DATA - AS OF FEBRUARY 2022

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>1.3%</b>	<b>4.8%</b>
Top 10	33.3%	1.4%	Top 10	1.2%	1.4%
\$100 million or more	73.5%	7.8%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	22.9%	16.7%	\$10 million up to \$100 million	1.1%	1.0%
\$1 million up to \$10 million	3.3%	22.9%	\$1 million up to \$10 million	0.2%	1.4%
Under \$1 million	0.4%	52.7%	Under \$1 million	0.01%	2.4%
<b>Counties</b>	<b>38.6%</b>	<b>6.8%</b>	<b>Constitutional Officers</b>	<b>5.3%</b>	<b>6.7%</b>
Top 10	29.5%	1.4%	Top 10	4.2%	1.4%
\$100 million or more	36.3%	2.4%	\$100 million or more	3.8%	0.3%
\$10 million up to \$100 million	2.0%	1.2%	\$10 million up to \$100 million	1.0%	0.8%
\$1 million up to \$10 million	0.2%	1.2%	\$1 million up to \$10 million	0.4%	2.0%
Under \$1 million	0.0%	1.9%	Under \$1 million	0.0%	3.5%
<b>Municipalities</b>	<b>17.8%</b>	<b>28.4%</b>	<b>Special Districts</b>	<b>10.7%</b>	<b>41.1%</b>
Top 10	7.1%	1.4%	Top 10	6.5%	1.4%
\$100 million or more	7.1%	1.4%	\$100 million or more	5.8%	1.1%
\$10 million up to \$100 million	9.4%	7.2%	\$10 million up to \$100 million	3.7%	3.1%
\$1 million up to \$10 million	1.2%	7.3%	\$1 million up to \$10 million	1.0%	8.3%
Under \$1 million	0.1%	12.5%	Under \$1 million	0.2%	28.6%
<b>School Boards</b>	<b>19.9%</b>	<b>9.7%</b>	<b>Other</b>	<b>6.4%</b>	<b>2.6%</b>
Top 10	11.9%	1.4%	Top 10	6.3%	1.4%
\$100 million or more	15.2%	2.2%	\$100 million or more	5.2%	0.4%
\$10 million up to \$100 million	4.4%	2.9%	\$10 million up to \$100 million	1.1%	0.5%
\$1 million up to \$10 million	0.3%	1.9%	\$1 million up to \$10 million	0.1%	0.7%
Under \$1 million	0.0%	2.7%	Under \$1 million	0.0%	1.0%



Total Fund Value: \$20,647,102,859



Total Active Participant Count: 735

Note: Active accounts include only those participant accounts valued above zero.



## COMPLIANCE WITH INVESTMENT POLICY FOR FEBRUARY 2022

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 will meet as necessary based on the occurrence and resolution of compliance exceptions or upon the occurrence of a material event. Minutes from the IOG meetings are posted to the Florida PRIME website.

In addition to the compliance testing performed by Federated, SBA Risk Management and Compliance conducts daily 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. Negative test results are subject to independent verification and review for possible escalation. 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
Securities must be USD denominated	Pass
Unregistered securities must be eligible for sale to Accredited Investors or Qualified Purchasers.	Pass
<u>Ratings requirements</u>	
First Tier Securities	Pass
Long-term securities must have long-term ratings in the three highest categories	Pass
Commercial Paper must have short-term ratings from at least one NRSRO	Pass
Securities in Highest Rating Category (A-1+ or equivalent)	Pass
Repurchase Agreement Counterparties must be rated by S&P	Pass
S&P Weighted Average Life	Pass
<u>Maturity</u>	
Individual Security	Pass
Government floating rate notes/variable rate notes	Pass
Dollar Weighted Average Maturity	Pass
Weighted Average Life	Pass
<u>Issuer Diversification</u>	
First tier issuer (limit does not apply to cash, cash items, U.S. Government securities and repo collateralized by these securities)	Pass
<u>Demand Feature and Guarantor Diversification</u>	
First Tier securities issued by or subject to demand features and guarantees of a non-controlled person	Pass
First Tier securities issued by or subject to demand features and guarantees of a controlled person	Pass

Test by Source	Pass/Fail
<u>Money Market Mutual Funds</u>	
Invested in any one Money Market Mutual Fund	Pass
<u>Repurchase Agreements</u>	
Repurchase Agreement Counterparty Rating	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1+ (2-5 business days)	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1 (2-5 business days)	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1+ (More than 5 business days)	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1 (More than 5 business days)	Pass
Repurchase Agreements with any single dealer - Counterparty Rating A-1	Pass
<u>Concentration Tests</u>	
Industry Concentration, excluding financial services industry	Pass
Any Single Government Agency	Pass
Illiquid Securities	Pass
Assets invested in securities accessible within 1 business day	Pass
Assets invested in securities accessible within 5 business days	Pass



16 Florida PRIME<sup>TM</sup> Monthly Summary Report - February 2022





18 Florida PRIME<sup>TM</sup> Monthly Summary Report - February 2022



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20 Florida PRIME™ Monthly Summary Report - February 2022



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22 Florida PRIME<sup>TM</sup> Monthly Summary Report - February 2022



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## TRADING ACTIVITY FOR FEBRUARY 2022

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
LMA-AMERICAS LLC CPCPABS4	05/25/22	02/23/22	02/24/22	15,000,000	14,978,625	0	14,978,625	0
MUFG BANK LTD. CDYACDYAN	03/14/22	02/02/22	02/02/22	50,000,000	50,000,000	0	50,000,000	0
MUFG BANK LTD. CDYACDYAN	03/14/22	02/02/22	02/02/22	25,000,000	25,000,000	0	25,000,000	0
MARK E POTTEIGER IRREVOCABLE LIFE INSURANCE TRUST	06/01/48	02/17/22	02/17/22	4,025,000	4,025,000	258	4,025,258	0
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY	04/01/40	02/14/22	02/14/22	14,200,000	14,200,000	4,719	14,204,719	0
MIZUHO FLOATER/RESIDUAL TRUST	10/15/37	02/15/22	02/15/22	19,000,000	19,000,000	885	19,000,885	0
NATIONWIDE BUILDING SOCIETY	02/28/22	02/01/22	02/01/22	50,000,000	49,995,500	0	49,995,500	0
NATIONWIDE BUILDING SOCIETY	02/28/22	02/01/22	02/01/22	10,450,000	10,449,060	0	10,449,060	0
NATIONWIDE BUILDINGCP4-2	03/02/22	02/02/22	02/02/22	50,000,000	49,995,139	0	49,995,139	0
NATIONWIDE BUILDINGCP4-2	03/02/22	02/02/22	02/02/22	25,000,000	24,997,569	0	24,997,569	0
NATIONWIDE BUILDINGCP4-2	03/14/22	02/14/22	02/14/22	25,000,000	24,997,472	0	24,997,472	0
NATIONWIDE BUILDINGCP4-2	03/15/22	02/16/22	02/16/22	50,000,000	49,996,063	0	49,996,063	0
NATIONWIDE BUILDINGCP4-2	03/15/22	02/16/22	02/16/22	50,000,000	49,996,063	0	49,996,063	0
NATIONWIDE BUILDINGCP4-2	03/15/22	02/16/22	02/16/22	50,000,000	49,996,063	0	49,996,063	0
NATIONWIDE BUILDINGCP4-2	03/21/22	02/03/22	02/03/22	50,000,000	49,990,417	0	49,990,417	0
NATIONWIDE BUILDINGCP4-2	03/21/22	02/03/22	02/03/22	25,000,000	24,995,208	0	24,995,208	0
NATIONWIDE BUILDINGCP4-2	03/21/22	02/07/22	02/07/22	50,000,000	49,990,667	0	49,990,667	0
NATIONWIDE BUILDINGCP4-2	03/21/22	02/07/22	02/07/22	50,000,000	49,990,667	0	49,990,667	0
NATIONWIDE BUILDINGCP4-2	03/21/22	02/07/22	02/07/22	10,000,000	9,998,133	0	9,998,133	0
NATIONWIDE BUILDINGCP4-2	03/21/22	02/18/22	02/18/22	50,000,000	49,995,264	0	49,995,264	0
NATIONWIDE BUILDINGCP4-2	03/21/22	02/18/22	02/18/22	40,000,000	39,996,211	0	39,996,211	0
NATIONWIDE BUILDINGCP4-2	03/22/22	02/18/22	02/18/22	50,000,000	49,995,111	0	49,995,111	0
NATIONWIDE BUILDINGCP4-2	03/22/22	02/18/22	02/18/22	50,000,000	49,995,111	0	49,995,111	0
NATIONWIDE BUILDINGCP4-2	03/22/22	02/18/22	02/18/22	10,000,000	9,999,022	0	9,999,022	0
NATIONWIDE BUILDINGCP4-2	03/23/22	02/23/22	02/23/22	50,000,000	49,992,417	0	49,992,417	0
NATIONWIDE BUILDINGCP4-2	03/23/22	02/23/22	02/23/22	50,000,000	49,992,417	0	49,992,417	0
NATIONWIDE BUILDINGCP4-2	03/23/22	02/23/22	02/23/22	25,000,000	24,996,208	0	24,996,208	0
OLD LINE FUNDING, LCPABS4	03/07/22	02/04/22	02/04/22	50,000,000	49,993,972	0	49,993,972	0
OLD LINE FUNDING, LCPABS4	03/07/22	02/04/22	02/04/22	50,000,000	49,993,972	0	49,993,972	0
OLD LINE FUNDING, LLC, MA	05/31/22	02/25/22	02/25/22	50,000,000	49,923,472	0	49,923,472	0
OLD LINE FUNDING, LLC, MA	05/31/22	02/25/22	02/25/22	50,000,000	49,923,472	0	49,923,472	0
OLD LINE FUNDING LLC	09/26/22	02/16/22	02/17/22	40,000,000	40,000,000	0	40,000,000	0
OLD LINE FUNDING LLC	09/26/22	02/16/22	02/17/22	50,000,000	50,000,000	0	50,000,000	0
SHEFFIELD RECEIVABLECPABS4	03/17/22	02/18/22	02/18/22	25,000,000	24,997,188	0	24,997,188	0
SHEFFIELD RECEIVABLECPABS4	05/24/22	02/24/22	02/24/22	33,090,000	33,045,007	0	33,045,007	0
SUMITOMO MITSUI TRUCDYAN	02/16/22	02/09/22	02/09/22	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	02/16/22	02/09/22	02/09/22	40,000,000	40,000,000	0	40,000,000	0
THUNDER BAY FUNDING, LLC	05/31/22	02/25/22	02/25/22	50,000,000	49,923,472	0	49,923,472	0
THUNDER BAY FUNDING, LLC	05/31/22	02/25/22	02/25/22	25,000,000	24,961,736	0	24,961,736	0
TORONTO DOMINION BACDYAN	06/09/22	02/09/22	02/09/22	50,000,000	50,000,000	0	50,000,000	0
TORONTO DOMINION BACDYAN	06/09/22	02/09/22	02/09/22	50,000,000	50,000,000	0	50,000,000	0
TORONTO DOMINION BANK, FE	02/13/23	02/10/22	02/10/22	50,000,000	50,000,000	0	50,000,000	0
TORONTO DOMINION BANK, FE	02/13/23	02/10/22	02/10/22	50,000,000	50,000,000	0	50,000,000	0
TOTALENERGIES CAPITCP4-2	03/07/22	02/28/22	02/28/22	50,000,000	49,998,833	0	49,998,833	0
TOTALENERGIES CAPITCP4-2	03/07/22	02/28/22	02/28/22	50,000,000	49,998,833	0	49,998,833	0
TOTALENERGIES CAPITCP4-2	03/07/22	02/28/22	02/28/22	50,000,000	49,998,833	0	49,998,833	0
TOTALENERGIES CAPITCP4-2	03/07/22	02/28/22	02/28/22	50,000,000	49,998,833	0	49,998,833	0
TOTALENERGIES CAPITCP4-2	03/07/22	02/28/22	02/28/22	50,000,000	49,998,833	0	49,998,833	0
TOTALENERGIES CAPITCP4-2	03/07/22	02/28/22	02/28/22	25,000,000	24,999,417	0	24,999,417	0
TOTALENERGIES CAPITCP4-2	03/22/22	02/18/22	02/22/22	50,000,000	49,990,278	0	49,990,278	0
TOTALENERGIES CAPITCP4-2	03/22/22	02/18/22	02/22/22	50,000,000	49,990,278	0	49,990,278	0
TOTALENERGIES CAPITCP4-2	03/22/22	02/18/22	02/22/22	50,000,000	49,990,278	0	49,990,278	0
UNITEDHEALTH GROUPCP4-2	03/28/22	02/15/22	02/15/22	50,000,000	49,980,069	0	49,980,069	0
UNITEDHEALTH GROUPCP4-2	03/28/22	02/15/22	02/15/22	20,000,000	19,992,028	0	19,992,028	0
UNITEDHEALTH GROUPCP4-2	03/28/22	02/15/22	02/15/22	50,000,000	49,980,069	0	49,980,069	0
UNITEDHEALTH GROUPCP4-2	03/28/22	02/15/22	02/15/22	19,000,000	18,992,426	0	18,992,426	0
UNITED STATES CASH MANAGEMENT BILL	06/14/22	02/09/22	02/15/22	50,000,000	49,928,931	0	49,928,931	0
UNITED STATES CASH MANAGEMENT BILL	06/14/22	02/09/22	02/15/22	50,000,000	49,928,931	0	49,928,931	0
UNITED STATES CASH MANAGEMENT BILL	06/14/22	02/09/22	02/15/22	50,000,000	49,928,931	0	49,928,931	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/01/22	02/01/22	4,137,775	4,137,775	0	4,137,775	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/03/22	02/03/22	425,359	425,359	0	425,359	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/07/22	02/07/22	277,263	277,263	0	277,263	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/08/22	02/08/22	532,360	532,360	0	532,360	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/10/22	02/10/22	1,179,758	1,179,758	0	1,179,758	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/14/22	02/14/22	112,705	112,705	0	112,705	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/17/22	02/17/22	632,427	632,427	0	632,427	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/22/22	02/22/22	504,386	504,386	0	504,386	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/24/22	02/24/22	747,162	747,162	0	747,162	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/25/22	02/25/22	2,007,993	2,007,993	0	2,007,993	0
MIZUHO TRIPARTY	02/02/22	02/01/22	02/01/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/02/22	02/01/22	02/01/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/02/22	02/01/22	02/01/22	218,000,000	218,000,000	0	218,000,000	0
MIZUHO TRIPARTY	02/03/22	02/02/22	02/02/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/03/22	02/02/22	02/02/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/03/22	02/02/22	02/02/22	272,000,000	272,000,000	0	272,000,000	0
MIZUHO TRIPARTY	02/04/22	02/03/22	02/03/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/04/22	02/03/22	02/03/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/04/22	02/03/22	02/03/22	80,000,000	80,000,000	0	80,000,000	0
MIZUHO TRIPARTY	02/07/22	02/04/22	02/04/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/07/22	02/04/22	02/04/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/07/22	02/04/22	02/04/22	239,000,000	239,000,000	0	239,000,000	0
MIZUHO TRIPARTY	02/08/22	02/07/22	02/07/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/08/22	02/07/22	02/07/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/08/22	02/07/22	02/07/22	246,000,000	246,000,000	0	246,000,000	0
MIZUHO TRIPARTY	02/09/22	02/08/22	02/08/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/09/22	02/08/22	02/08/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/09/22	02/08/22	02/08/22	427,000,000	427,000,000	0	427,000,000	0
MIZUHO TRIPARTY	02/10/22	02/09/22	02/09/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/10/22	02/09/22	02/09/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/10/22	02/09/22	02/09/22	337,000,000	337,000,000	0	337,000,000	0
MIZUHO TRIPARTY	02/11/22	02/10/22	02/10/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/11/22	02/10/22	02/10/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/11/22	02/10/22	02/10/22	272,000,000	272,000,000	0	272,000,000	0

# TRADING ACTIVITY FOR FEBRUARY 2022

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
MIZUHO TRIPARTY	02/14/22	02/11/22	02/11/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/14/22	02/11/22	02/11/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/14/22	02/11/22	02/11/22	195,000,000	195,000,000	0	195,000,000	0
MIZUHO TRIPARTY	02/15/22	02/14/22	02/14/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/15/22	02/14/22	02/14/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/15/22	02/14/22	02/14/22	293,000,000	293,000,000	0	293,000,000	0
MIZUHO TRIPARTY	02/16/22	02/15/22	02/15/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/16/22	02/15/22	02/15/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/16/22	02/15/22	02/15/22	125,000,000	125,000,000	0	125,000,000	0
MIZUHO TRIPARTY	02/17/22	02/16/22	02/16/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/17/22	02/16/22	02/16/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/17/22	02/16/22	02/16/22	154,000,000	154,000,000	0	154,000,000	0
MIZUHO TRIPARTY	02/18/22	02/17/22	02/17/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/18/22	02/17/22	02/17/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/18/22	02/17/22	02/17/22	123,000,000	123,000,000	0	123,000,000	0
MIZUHO TRIPARTY	02/22/22	02/18/22	02/18/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/22/22	02/18/22	02/18/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/22/22	02/18/22	02/18/22	226,000,000	226,000,000	0	226,000,000	0
MIZUHO TRIPARTY	02/23/22	02/22/22	02/22/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/23/22	02/22/22	02/22/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/23/22	02/22/22	02/22/22	177,000,000	177,000,000	0	177,000,000	0
MIZUHO TRIPARTY	02/24/22	02/23/22	02/23/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/24/22	02/23/22	02/23/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/24/22	02/23/22	02/23/22	249,000,000	249,000,000	0	249,000,000	0
MIZUHO TRIPARTY	02/25/22	02/24/22	02/24/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/25/22	02/24/22	02/24/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/25/22	02/24/22	02/24/22	24,000,000	24,000,000	0	24,000,000	0
MIZUHO TRIPARTY	02/28/22	02/25/22	02/25/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/28/22	02/25/22	02/25/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/28/22	02/25/22	02/25/22	225,000,000	225,000,000	0	225,000,000	0
MIZUHO TRIPARTY	03/01/22	02/28/22	02/28/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	03/01/22	02/28/22	02/28/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	03/01/22	02/28/22	02/28/22	890,000,000	890,000,000	0	890,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220208	02/08/22	02/07/22	02/07/22	450,000,000	450,000,000	0	450,000,000	0
ANZ NY BANK TDTD 0.085 20220215	02/15/22	02/08/22	02/08/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
RABOBANK NEDERLAND NY TDTD 0.08 20220215	02/15/22	02/08/22	02/08/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV AMSTERDAM TDTD 0.08 20220215	02/15/22	02/08/22	02/08/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
MIZUHO BANK LTD TDTD 0.07 20220209	02/09/22	02/08/22	02/08/22	460,000,000	460,000,000	0	460,000,000	0
MIZUHO BANK LTD TD 0.07 20220210	02/10/22	02/09/22	02/09/22	450,000,000	450,000,000	0	450,000,000	0
MIZUHO BANK LTD TD 0.07 20220211	02/11/22	02/10/22	02/10/22	460,000,000	460,000,000	0	460,000,000	0
MIZUHO BANK LTD TD 0.07 20220214	02/14/22	02/11/22	02/11/22	460,000,000	460,000,000	0	460,000,000	0
MIZUHO BANK LTD TD 0.07 20220215	02/15/22	02/14/22	02/14/22	400,000,000	400,000,000	0	400,000,000	0
ABN AMRO BANK TD 0.08 20220222	02/22/22	02/15/22	02/15/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
AUST & NEW ZEAL BK TD 0.085 20220222	02/22/22	02/15/22	02/15/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
RABOBANK NEDERLAND TD 0.08 20220222	02/22/22	02/15/22	02/15/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
MIZUHO BANK LTD TD 0.07 20220216	02/16/22	02/15/22	02/15/22	500,000,000	500,000,000	0	500,000,000	0
MIZUHO BANK LTD TD 0.07 20220217	02/17/22	02/16/22	02/16/22	300,000,000	300,000,000	0	300,000,000	0
MIZUHO BANK LTD TD 0.07 20220218	02/18/22	02/17/22	02/17/22	250,000,000	250,000,000	0	250,000,000	0
MIZUHO BANK LTD TD 0.07 20220222	02/22/22	02/18/22	02/18/22	400,000,000	400,000,000	0	400,000,000	0
ABN AMRO BANK TD 0.08 20220301	03/01/22	02/22/22	02/22/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
AUST & NEW ZEAL BK TD 0.085 20220301	03/01/22	02/22/22	02/22/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
RABOBANK NEDERLAND TD 0.08 20220301	03/01/22	02/22/22	02/22/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
MIZUHO BANK LTD TD 0.07 20220223	02/23/22	02/22/22	02/22/22	500,000,000	500,000,000	0	500,000,000	0
MIZUHO BANK LTD TD 0.07 20220224	02/24/22	02/23/22	02/23/22	250,000,000	250,000,000	0	250,000,000	0
MIZUHO BANK LTD TD 0.07 20220301	03/01/22	02/28/22	02/28/22	250,000,000	250,000,000	0	250,000,000	0
Total Buys				74,341,972.188	74,340,472.624	8,850	74,340,481.473	0
Cash Closes								
METROPOLITAN TRANSPORTATION AUTHORITY	11/15/22	02/10/22	02/10/22	76,600,000	76,600,000	100,850	76,700,850	0
MIZUHO FLOATER/RESIDUAL TRUST	09/01/23	02/01/22	02/01/22	13,200,000	13,200,000	11,189	13,211,189	0
OLD LINE FUNDING, LLC	03/14/22	02/04/22	02/04/22	150,000,000	149,969,917	0	149,969,917	(0)
OLD LINE FUNDING, LLC	04/01/22	02/17/22	02/17/22	90,000,000	89,976,350	0	89,976,350	(0)
OLD LINE FUNDING, LLC,AP	04/05/22	02/25/22	02/25/22	50,000,000	49,987,542	0	49,987,542	(0)
THUNDER BAY FUNDING, LLC	03/14/22	02/04/22	02/04/22	100,000,000	99,979,944	0	99,979,944	(0)
THUNDER BAY FUNDING, LLC	04/11/22	02/25/22	02/25/22	50,000,000	49,983,750	0	49,983,750	0
Total Cash Closes				529,800,000	529,697,503	112,040	529,809,542	(0)
Deposits								
MIZUHO BANK LTD,TDTD 0.07 20220203	02/03/22	02/02/22	02/02/22	450,000,000	450,000,000	0	450,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220204	02/04/22	02/03/22	02/03/22	460,000,000	460,000,000	0	460,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220207	02/07/22	02/04/22	02/04/22	465,000,000	465,000,000	0	465,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220202	02/02/22	02/01/22	02/01/22	450,000,000	450,000,000	0	450,000,000	0
COOPERATIVE RABOBANKTD 0.08 20220208	02/08/22	02/01/22	02/01/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220208	02/08/22	02/01/22	02/01/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
AUSTRALIA NEW ZEALTD 0.085 20220208	02/08/22	02/01/22	02/01/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
Total Deposits				4,825,000,000	4,825,000,000	0	4,825,000,000	0
Maturities								
ALBION CAPITAL LLC CPABS4	02/22/22	02/22/22	02/22/22	103,587,000	103,587,000	0	103,587,000	0
ANGLESEA FUNDING LLC CPABS4	02/01/22	02/01/22	02/01/22	75,000,000	75,000,000	0	75,000,000	0
ANGLESEA FUNDING LLC CPABS4	02/02/22	02/02/22	02/02/22	100,000,000	100,000,000	0	100,000,000	0
ANTALIS S.A. CPABS4CPABS4	02/02/22	02/02/22	02/02/22	15,000,000	15,000,000	0	15,000,000	0
ANTALIS S.A. CPABS4CPABS4	02/03/22	02/03/22	02/03/22	36,400,000	36,400,000	0	36,400,000	0
ANTALIS S.A. CPABS4CPABS4	02/09/22	02/09/22	02/09/22	5,000,000	5,000,000	0	5,000,000	0
ANTALIS S.A. CPABS4CPABS4	02/10/22	02/10/22	02/10/22	35,000,000	35,000,000	0	35,000,000	0
ANTALIS S.A. CPABS4CPABS4	02/17/22	02/17/22	02/17/22	35,000,000	35,000,000	0	35,000,000	0
BANK OF MONTREAL CDCDYAN	02/14/22	02/14/22	02/14/22	50,000,000	50,000,000	0	50,000,000	0
BANK OF NOVA SCOTIACDYAN	02/18/22	02/18/22	02/18/22	50,000,000	50,000,000	0	50,000,000	0
BARTON CAPITAL S.A. CPABS4	02/14/22	02/14/22	02/14/22	75,000,000	75,000,000	0	75,000,000	0
BARTON CAPITAL S.A. CPABS4	02/15/22	02/15/22	02/15/22	90,000,000	90,000,000	0	90,000,000	0
BARTON CAPITAL S.A. CPABS4	02/25/22	02/25/22	02/25/22	25,000,000	25,000,000	0	25,000,000	0
CHESHAM FINANCE LLC CPABS4	02/01/22	02/01/22	02/01/22	475,000,000	475,000,000	0	475,000,000	0
CHESHAM FINANCE LLC CPABS4	02/02/22	02/02/22	02/02/22	475,000,000	475,000,000	0	475,000,000	0
CHESHAM FINANCE LLC CPABS4	02/03/22	02/03/22	02/03/22	479,000,000	479,000,000	0	479,000,000	0
CHESHAM FINANCE LLC CPABS4	02/04/22	02/04/22	02/04/22	474,000,000	474,000,000	0	474,000,000	0
CHESHAM FINANCE LLC CPABS4	02/07/22	02/07/22	02/07/22	474,000,000	474,000,000	0	474,000,000	0
CHESHAM FINANCE LLC SERIES III CPABS4-2	02/08/22	02/08/22	02/08/22	472,000,000	472,000,000	0	472,000,000	0
CHESHAM FINANCE LLC SERIES III CPABS4-2	02/09/22	02/09/22	02/09/22	475,000,000	475,000,000	0	475,000,000	0



## TRADING ACTIVITY FOR FEBRUARY 2022

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
CHESHAM FINANCE LLCPCAB54	02/10/22	02/10/22	02/10/22	475,000,000	475,000,000	0	475,000,000	0
CHESHAM FINANCE LLCPCAB54	02/11/22	02/11/22	02/11/22	475,000,000	475,000,000	0	475,000,000	0
CHESHAM FINANCE LLCPCAB54	02/14/22	02/14/22	02/14/22	475,000,000	475,000,000	0	475,000,000	0
CHESHAM FINANCE LLCPCAB54	02/15/22	02/15/22	02/15/22	500,000,000	500,000,000	0	500,000,000	0
CHESHAM FINANCE LLCPCAB54	02/16/22	02/16/22	02/16/22	500,000,000	500,000,000	0	500,000,000	0
CHESHAM FINANCE LLCPCAB54	02/17/22	02/17/22	02/17/22	500,000,000	500,000,000	0	500,000,000	0
CHESHAM FINANCE LLCPCAB54	02/18/22	02/18/22	02/18/22	500,000,000	500,000,000	0	500,000,000	0
CHESHAM FINANCE LLCPCAB54	02/22/22	02/22/22	02/22/22	500,000,000	500,000,000	0	500,000,000	0
CHESHAM FINANCE LLCPCAB54	02/23/22	02/23/22	02/23/22	500,000,000	500,000,000	0	500,000,000	0
CHESHAM FINANCE LLCPCAB54	02/24/22	02/24/22	02/24/22	500,000,000	500,000,000	0	500,000,000	0
CHESHAM FINANCE LLCPCAB54	02/25/22	02/25/22	02/25/22	500,000,000	500,000,000	0	500,000,000	0
CHESHAM FINANCE LLCPCAB54	02/28/22	02/28/22	02/28/22	500,000,000	500,000,000	0	500,000,000	0
CHESCO, LLC CPAB54-CPAB54	02/07/22	02/07/22	02/07/22	20,000,000	20,000,000	0	20,000,000	0
COLLATERALIZED COMMCPAB53	02/01/22	02/01/22	02/01/22	151,000,000	151,000,000	0	151,000,000	0
COLLATERALIZED COMMCPAB53	02/03/22	02/03/22	02/03/22	35,000,000	35,000,000	0	35,000,000	0
COLLATERALIZED COMMCPAB53	02/08/22	02/08/22	02/08/22	85,000,000	85,000,000	0	85,000,000	0
CREDIT AGRICOLE CORCDYAN	02/28/22	02/28/22	02/28/22	150,000,000	150,000,000	0	150,000,000	0
CREDIT AGRICOLE CORCDYAN	02/01/22	02/01/22	02/01/22	700,000,000	700,000,000	0	700,000,000	0
CREDIT AGRICOLE CORCDYAN	02/08/22	02/08/22	02/08/22	700,000,000	700,000,000	0	700,000,000	0
CREDIT AGRICOLE CORCDYAN	02/15/22	02/15/22	02/15/22	500,000,000	500,000,000	0	500,000,000	0
CREDIT AGRICOLE CORCDYAN	02/22/22	02/22/22	02/22/22	500,000,000	500,000,000	0	500,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/02/22	02/02/22	02/02/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/03/22	02/03/22	02/03/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/04/22	02/04/22	02/04/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/07/22	02/07/22	02/07/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ET COMMERCIAL CP4-2	02/08/22	02/08/22	02/08/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ET COMMERCIAL CP4-2	02/09/22	02/09/22	02/09/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/10/22	02/10/22	02/10/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/11/22	02/11/22	02/11/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/14/22	02/14/22	02/14/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/15/22	02/15/22	02/15/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/16/22	02/16/22	02/16/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/17/22	02/17/22	02/17/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/18/22	02/18/22	02/18/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/22/22	02/22/22	02/22/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/23/22	02/23/22	02/23/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/24/22	02/24/22	02/24/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/25/22	02/25/22	02/25/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/28/22	02/28/22	02/28/22	900,000,000	900,000,000	0	900,000,000	0
DNB BANK ASA CP4-2CP4-2	02/01/22	02/01/22	02/01/22	150,000,000	150,000,000	0	150,000,000	0
NATIONAL AUSTRALIA ECD	02/04/22	02/04/22	02/04/22	100,000,000	100,000,000	0	100,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/01/22	02/01/22	02/01/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/02/22	02/02/22	02/02/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/03/22	02/03/22	02/03/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/04/22	02/04/22	02/04/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/07/22	02/07/22	02/07/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHE ZENTRAL-GENOSSENSCHAFTS-BANK CP4-2	02/08/22	02/08/22	02/08/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/09/22	02/09/22	02/09/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/10/22	02/10/22	02/10/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/11/22	02/11/22	02/11/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/14/22	02/14/22	02/14/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/15/22	02/15/22	02/15/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/16/22	02/16/22	02/16/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/17/22	02/17/22	02/17/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/18/22	02/18/22	02/18/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/22/22	02/22/22	02/22/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/23/22	02/23/22	02/23/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/24/22	02/24/22	02/24/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/25/22	02/25/22	02/25/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/28/22	02/28/22	02/28/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ERSTE ABWICKLUNGSSANCP4-2	02/15/22	02/15/22	02/15/22	50,000,000	50,000,000	0	50,000,000	0
MUFG BANK LTD. CDYACDYAN	02/18/22	02/18/22	02/18/22	55,000,000	55,000,000	0	55,000,000	0
MUFG BANK LTD. CDYACDYAN	02/18/22	02/18/22	02/18/22	100,000,000	100,000,000	0	100,000,000	0
MUFG BANK LTD. CDYACDYAN	02/23/22	02/23/22	02/23/22	100,000,000	100,000,000	0	100,000,000	0
MIZUHO BANK LTD. CDYACDYAN	02/14/22	02/14/22	02/14/22	90,000,000	90,000,000	0	90,000,000	0
NATIONWIDE BUILDINGCP4-2	02/15/22	02/15/22	02/15/22	161,750,000	161,750,000	0	161,750,000	0
NATIONWIDE BUILDINGCP4-2	02/18/22	02/18/22	02/18/22	200,000,000	200,000,000	0	200,000,000	0
NATIONWIDE BUILDING SOCIETY	02/23/22	02/23/22	02/23/22	118,500,000	118,500,000	0	118,500,000	0
NATIONWIDE BUILDING SOCIETY	02/25/22	02/25/22	02/25/22	200,000,000	200,000,000	0	200,000,000	0
NATIONWIDE BUILDING SOCIETY	02/28/22	02/28/22	02/28/22	60,450,000	60,450,000	0	60,450,000	0
SHEFFIELD RECEIVABLECPAB54	02/09/22	02/09/22	02/09/22	23,000,000	23,000,000	0	23,000,000	0
SHEFFIELD RECEIVABLECPAB54	02/18/22	02/18/22	02/18/22	75,000,000	75,000,000	0	75,000,000	0
SHEFFIELD RECEIVABLECPAB54	02/22/22	02/22/22	02/22/22	25,000,000	25,000,000	0	25,000,000	0
SUMITOMO MITSUI TRUCDYAN	02/07/22	02/07/22	02/07/22	75,000,000	75,000,000	0	75,000,000	0
SUMITOMO MITSUI TRUCDYAN	02/16/22	02/16/22	02/16/22	90,000,000	90,000,000	0	90,000,000	0
SUMITOMO MITSUI TRUCDYAN	02/28/22	02/28/22	02/28/22	137,500,000	137,500,000	0	137,500,000	0
TOYOTA MOTOR FINANCECP	02/04/22	02/04/22	02/04/22	40,000,000	40,000,000	0	40,000,000	0
MIZUHO TRIPARTY	02/01/22	02/01/22	02/01/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/01/22	02/01/22	02/01/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/01/22	02/01/22	02/01/22	520,000,000	520,000,000	0	520,000,000	0
MIZUHO TRIPARTY	02/02/22	02/02/22	02/02/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/02/22	02/02/22	02/02/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/02/22	02/02/22	02/02/22	218,000,000	218,000,000	0	218,000,000	0
MIZUHO TRIPARTY	02/03/22	02/03/22	02/03/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/03/22	02/03/22	02/03/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/03/22	02/03/22	02/03/22	272,000,000	272,000,000	0	272,000,000	0
MIZUHO TRIPARTY	02/04/22	02/04/22	02/04/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/04/22	02/04/22	02/04/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/04/22	02/04/22	02/04/22	80,000,000	80,000,000	0	80,000,000	0
MIZUHO TRIPARTY	02/07/22	02/07/22	02/07/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/07/22	02/07/22	02/07/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/07/22	02/07/22	02/07/22	239,000,000	239,000,000	0	239,000,000	0
MIZUHO TRIPARTY	02/08/22	02/08/22	02/08/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/08/22	02/08/22	02/08/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/08/22	02/08/22	02/08/22	246,000,000	246,000,000	0	246,000,000	0

## TRADING ACTIVITY FOR FEBRUARY 2022

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
MIZUHO TRIPARTY	02/09/22	02/09/22	02/09/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/09/22	02/09/22	02/09/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/09/22	02/09/22	02/09/22	427,000,000	427,000,000	0	427,000,000	0
MIZUHO TRIPARTY	02/10/22	02/10/22	02/10/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/10/22	02/10/22	02/10/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/10/22	02/10/22	02/10/22	337,000,000	337,000,000	0	337,000,000	0
MIZUHO TRIPARTY	02/11/22	02/11/22	02/11/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/11/22	02/11/22	02/11/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/11/22	02/11/22	02/11/22	272,000,000	272,000,000	0	272,000,000	0
MIZUHO TRIPARTY	02/14/22	02/14/22	02/14/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/14/22	02/14/22	02/14/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/14/22	02/14/22	02/14/22	195,000,000	195,000,000	0	195,000,000	0
MIZUHO TRIPARTY	02/15/22	02/15/22	02/15/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/15/22	02/15/22	02/15/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/15/22	02/15/22	02/15/22	293,000,000	293,000,000	0	293,000,000	0
MIZUHO TRIPARTY	02/16/22	02/16/22	02/16/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/16/22	02/16/22	02/16/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/16/22	02/16/22	02/16/22	125,000,000	125,000,000	0	125,000,000	0
MIZUHO TRIPARTY	02/17/22	02/17/22	02/17/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/17/22	02/17/22	02/17/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/17/22	02/17/22	02/17/22	154,000,000	154,000,000	0	154,000,000	0
MIZUHO TRIPARTY	02/18/22	02/18/22	02/18/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/18/22	02/18/22	02/18/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/18/22	02/18/22	02/18/22	123,000,000	123,000,000	0	123,000,000	0
MIZUHO TRIPARTY	02/22/22	02/22/22	02/22/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/22/22	02/22/22	02/22/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/22/22	02/22/22	02/22/22	226,000,000	226,000,000	0	226,000,000	0
MIZUHO TRIPARTY	02/23/22	02/23/22	02/23/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/23/22	02/23/22	02/23/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/23/22	02/23/22	02/23/22	177,000,000	177,000,000	0	177,000,000	0
MIZUHO TRIPARTY	02/24/22	02/24/22	02/24/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/24/22	02/24/22	02/24/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/24/22	02/24/22	02/24/22	249,000,000	249,000,000	0	249,000,000	0
MIZUHO TRIPARTY	02/25/22	02/25/22	02/25/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/25/22	02/25/22	02/25/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/25/22	02/25/22	02/25/22	24,000,000	24,000,000	0	24,000,000	0
MIZUHO TRIPARTY	02/28/22	02/28/22	02/28/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/28/22	02/28/22	02/28/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/28/22	02/28/22	02/28/22	225,000,000	225,000,000	0	225,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220208	02/08/22	02/08/22	02/08/22	450,000,000	450,000,000	0	450,000,000	0
ANZ NY BANK TDTD 0.085 20220215	02/15/22	02/15/22	02/15/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
RABOBANK NEDERLAND NY TDTD 0.08 20220215	02/15/22	02/15/22	02/15/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220215	02/15/22	02/15/22	02/15/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
MIZUHO BANK LTD TDTD 0.07 20220209	02/09/22	02/09/22	02/09/22	460,000,000	460,000,000	0	460,000,000	0
MIZUHO BANK LTD TD 0.07 20220210	02/10/22	02/10/22	02/10/22	450,000,000	450,000,000	0	450,000,000	0
MIZUHO BANK LTD TD 0.07 20220211	02/11/22	02/11/22	02/11/22	460,000,000	460,000,000	0	460,000,000	0
MIZUHO BANK LTD TD 0.07 20220214	02/14/22	02/14/22	02/14/22	460,000,000	460,000,000	0	460,000,000	0
MIZUHO BANK LTD TD 0.07 20220215	02/15/22	02/15/22	02/15/22	400,000,000	400,000,000	0	400,000,000	0
ABN AMRO BANK TD 0.08 20220222	02/22/22	02/22/22	02/22/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
AUST & NEW ZEAL BK TD 0.085 20220222	02/22/22	02/22/22	02/22/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
RABOBANK NEDERLAND TD 0.08 20220222	02/22/22	02/22/22	02/22/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
MIZUHO BANK LTD TD 0.07 20220216	02/16/22	02/16/22	02/16/22	500,000,000	500,000,000	0	500,000,000	0
MIZUHO BANK LTD TD 0.07 20220217	02/17/22	02/17/22	02/17/22	300,000,000	300,000,000	0	300,000,000	0
MIZUHO BANK LTD TD 0.07 20220218	02/18/22	02/18/22	02/18/22	250,000,000	250,000,000	0	250,000,000	0
MIZUHO BANK LTD TD 0.07 20220222	02/22/22	02/22/22	02/22/22	400,000,000	400,000,000	0	400,000,000	0
MIZUHO BANK LTD TD 0.07 20220223	02/23/22	02/23/22	02/23/22	500,000,000	500,000,000	0	500,000,000	0
MIZUHO BANK LTD TD 0.07 20220224	02/24/22	02/24/22	02/24/22	250,000,000	250,000,000	0	250,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220203	02/03/22	02/03/22	02/03/22	450,000,000	450,000,000	0	450,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220204	02/04/22	02/04/22	02/04/22	460,000,000	460,000,000	0	460,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220201	02/01/22	02/01/22	02/01/22	465,000,000	465,000,000	0	465,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220201	02/01/22	02/01/22	02/01/22	30,000,000	30,000,000	0	30,000,000	0
SVENSKA HANDELSBANKTD 0.05 20220201	02/01/22	02/01/22	02/01/22	500,000,000	500,000,000	0	500,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220207	02/07/22	02/07/22	02/07/22	465,000,000	465,000,000	0	465,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220202	02/02/22	02/02/22	02/02/22	450,000,000	450,000,000	0	450,000,000	0
COOPERATIEVE RABOBATD 0.08 20220208	02/08/22	02/08/22	02/08/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220208	02/08/22	02/08/22	02/08/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
AUSTRALIA NEW ZEATD 0.085 20220208	02/08/22	02/08/22	02/08/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
AUSTRALIA NEW ZEATD 0.085 20220201	02/01/22	02/01/22	02/01/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
COOPERATIEVE RABOBATD 0.08 20220201	02/01/22	02/01/22	02/01/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220201	02/01/22	02/01/22	02/01/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
Total Maturities				78,688,187,000	78,688,187,000	0	78,688,187,000	0
Sells								
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/02/22	02/02/22	596,915	596,915	0	596,915	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/04/22	02/04/22	429,917	429,917	0	429,917	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/09/22	02/09/22	1,333,575	1,333,575	0	1,333,575	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/11/22	02/11/22	473,423	473,423	0	473,423	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/15/22	02/15/22	315,577	315,577	0	315,577	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/16/22	02/16/22	300,868	300,868	0	300,868	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/18/22	02/18/22	402,614	402,614	0	402,614	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/23/22	02/23/22	1,465,544	1,465,544	0	1,465,544	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/28/22	02/28/22	532,691	532,691	0	532,691	0
Total Sells				5,851,124	5,851,124	0	5,851,124	0



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## **Our Mission**

Our mission is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary, and professional standards.

**Federated  
Hermes**





## **MONTHLY SUMMARY REPORT**

**State Board of Administration of Florida**

**March 31, 2022**



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## **Past performance is no guarantee of future results.**

Views are as of the issue date and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security.

An investment in Florida PRIME is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in this fund.

## INTRODUCTION

This report is prepared for stakeholders in Florida PRIME in accordance with Section 218.409(6)(a), Florida Statutes. The statute requires:

- (1) Reporting of any material impacts on the funds and any actions or escalations taken by staff to address such impacts;
- (2) Presentation of a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month; and
- (3) Preparation of the management summary “in a manner that will allow anyone to ascertain whether the investment activities during the reporting period have conformed to investment policies.”

This report, which covers the period from March 1, 2022, through March 31, 2022, has been prepared by the SBA with input from Federated Investment Counseling (“Federated”), investment advisor for Florida PRIME in a format intended to comply with the statute.

## DISCLOSURE OF MATERIAL IMPACTS

During the reporting period, Florida PRIME was in material compliance with investment policy. There were no developments that had a material impact on the liquidity or operation of Florida PRIME. Details are available in the PRIME policy compliance table. This report also includes details on market conditions; fees; fund holdings, transactions and performance; and client composition.

### PRIME™ STATISTICS

(As of March 31, 2022)

Total Participants  
**743**

Florida PRIME™  
Total Participant Balance  
**\$20,212,390,210**

Total Number of Accounts  
**1,383**

**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

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Is WIRP out of whack, or are Treasuries tardy? It's a difficult but crucial question for investors after the Federal Reserve hiked the fed funds target range to 0.25-0.50% in mid-March.

The fed funds futures market—the WIRP (World Interest Rate Probabilities) function on the trusty Bloomberg terminal—is showing expectations for a hike at every Federal Reserve meeting this year, including some of the 50 basis-point variety, on the way to 2.25% in December. But yields on U.S. Treasuries have not risen in step. Which curve should investors follow?

The dislocation is partly due to the massive flight-to-quality trade stemming from the Russian invasion of Ukraine. It's also a function of the cutback in supply due to lower bill issuance by the Treasury Department and the restraints of quarter-end transactions. The imbalance has pushed yields on the front end below even the Fed's Reverse Repo Facility, set at 30 basis points. Yields of Treasuries with maturities out to one year have sharply steepened, but not enough to match market expectations, especially with inflation ascending its own cliff. The Personal Consumption Expenditures Index, the Fed's preferred measure, hit 6.4% annualized in February, with core PCE (which excludes food and energy prices) rising 5.4%. Both increased from January readings of 6% and 5.2%, respectively, and are multi-decade highs.

But the discrepancy also seems another case of the market trying to lead the Fed. That's not something policymakers like. The last time it happened was when anticipation had built for a

half-percentage-point hike at the March policy meeting. Fed Chair Jerome Powell shot that down by saying he favored a quarter-point rise. He isn't scheduled to speak or make a public appearance soon, but New York Fed President John Williams and soon-to-be Fed Vice Chair Lael Brainard give speeches in early April. Those and the minutes of the March Federal Open Market Committee meeting, released April 6, should provide insight. Indication that members are closer to reducing the balance sheet would be welcome, as more supply is needed to right-size the yield curve.

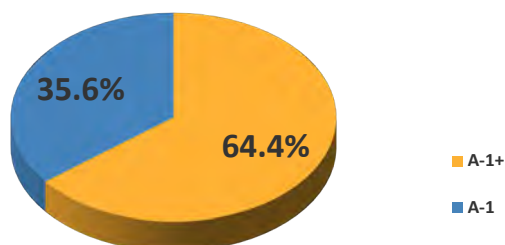
The Pool's total assets were \$20.2 billion at the end of March. The portfolio's gross yield increased to 45 basis points due to the Fed hike. The portfolio's weighted average maturity (WAM) came in to 26 days from 29, but its weighted average life (WAL) was longer at 71 days from 58.

The composition of the portfolio balanced fixed-rate bank and commercial paper in the 1-3 month segment of appropriate yield curves with longer-term variable-rate instruments. Trades were made in anticipation of more rate hikes.

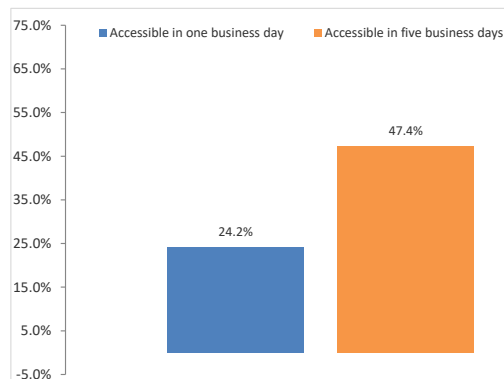
At the end of March, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 0.12%, 0.51%, 1% and 1.57%, respectively; the 1-, 3-, 6- and 12-month Bloomberg Short-Term Bank Yield Index rates (BSBY) were 0.39%, 0.89%, 1.37% and 1.97%, respectively; and the 1-, 3-, 6- and 12-month London interbank offered rates were 0.44%, 0.96%, 1.49% and 2.17%, respectively.

## PORTFOLIO COMPOSITION FOR MARCH 2022

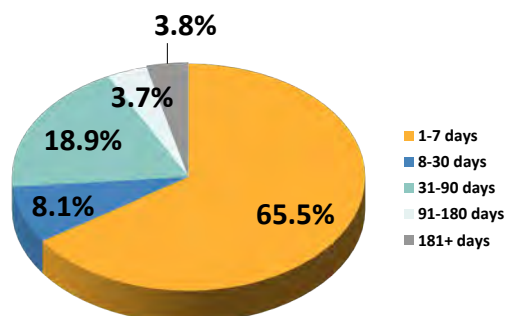
### CREDIT QUALITY COMPOSITION



### HIGHLY LIQUID HOLDINGS



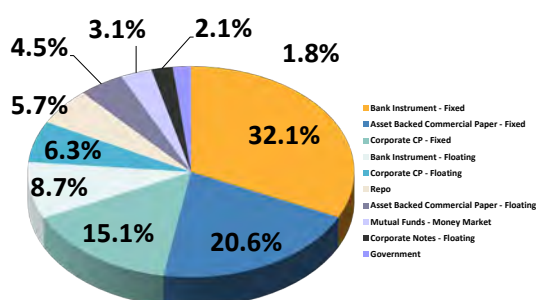
### EFFECTIVE MATURITY SCHEDULE



### TOP HOLDINGS & AVG. MATURITY

1. Australia & New Zealand Banking Group, Melbourne	4.9%
2. ABN Amro Bank NV	4.9%
3. DZ Bank AG Deutsche Zentral-Genossenschaftsbank	4.9%
4. Cooperatieve Rabobank UA	4.9%
5. Canadian Imperial Bank of Commerce	4.8%
6. Bank of Montreal	4.7%
7. Toronto Dominion Bank	4.7%
8. Bank of Nova Scotia, Toronto	4.6%
9. Mizuho Financial Group, Inc.	4.5%
10. Societe Generale, Paris	4.5%

### PORTFOLIO COMPOSITION



#### Average Effective Maturity (WAM)

26 Days

#### Weighted Average Life (Spread WAL)

71 Days

Percentages based on total value of investments

## FUND PERFORMANCE THROUGH MARCH 2022

Florida PRIME Performance Data			
	Annualized Net Participant Yield <sup>1</sup>	Net-of-Fee Benchmark <sup>2</sup>	Above (Below) Benchmark
One Month	0.29%	0.10%	0.19%
Three Months	0.19%	0.06%	0.13%
One Year	0.13%	0.04%	0.09%
Three Years	0.89%	0.75%	0.14%
Five Years	1.30%	1.09%	0.21%
Ten Years	0.82%	0.62%	0.20%
Since 1/96	2.39%	2.18%	0.21%

**Note:** Net asset value at month end: \$20,203.2 million, which includes investments at market value, plus all cash, accrued interest receivable and payables.,

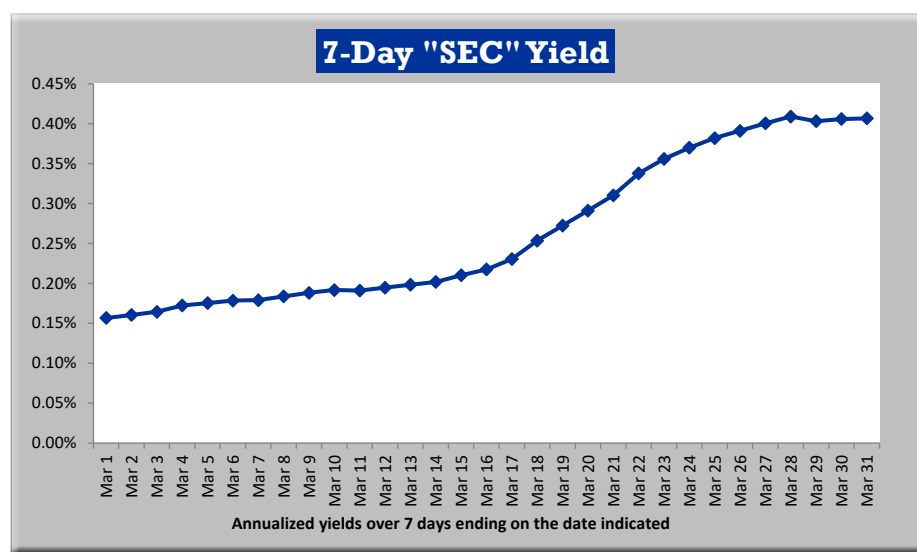
<sup>1</sup>Net of fees. Participant yield is calculated, on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

<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 MARCH 2022

Summary of Cash Flows		
Opening Balance (03/01/22)	\$	20,647,102,859
Participant Deposits		1,631,457,184
Gross Earnings		5,560,751
Participant Withdrawals		(2,071,192,188)
Fees		(538,396)
Closing Balance (03/31/22)	\$	20,212,390,210
<b>Net Change over Month</b>	<b>\$</b>	<b>(434,712,649)</b>

Detailed Fee Disclosure		
March	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 171,812.51	1.01
Federated Investment Management Fee	343,594.21	2.02
BNY Mellon Custodial Fee**	7,872.74	0.05
Bank of America Transfer Agent Fee	6,140.73	0.04
S&P Rating Maintenance Fee	4,238.35	0.02
Audit/External Review Fees	4,737.22	0.03
<b>Total Fees</b>	<b>\$ 538,395.76</b>	<b>3.16</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 \$20,429,746,534.

\*\*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.

The data included in this report is unaudited.

## INVENTORY OF HOLDINGS FOR MARCH 2022

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
2016 David S. Pearl, II Irrevocable Life Insurance Trust, Nov 01, 2036	VARIABLE RATE DEMAND NOTE	0.69	11/1/2036	4/7/2022	2,670,000	0.69	\$2,670,000	\$2,670,000	\$0
ABN Amro Bank NV, Amsterdam TD	TIME DEPOSIT	0.33	4/5/2022		1,000,000,000	0.33	\$1,000,000,000	\$1,000,000,000	\$0
AJC Capital, LLC, Jan 01, 2042	VARIABLE RATE DEMAND NOTE	0.60	1/1/2042	4/7/2022	5,530,000	0.60	\$5,530,000	\$5,530,000	\$0
Alaska State Housing Finance Corp., (Series 2009B), 12/01/2040	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.51	12/1/2040	4/7/2022	50,065,000	0.51	\$50,065,000	\$50,065,000	\$0
Alaska State Housing Finance Corp., Home Mortgage Revenue Bonds (Series 2007D), 12/01/2041	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.51	12/1/2041	4/7/2022	25,000,000	0.51	\$25,000,000	\$25,000,000	\$0
Alpine Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/20/2022		100,000,000	0.84	\$99,884,722	\$99,894,444	\$9,722
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/4/2022		90,000,000	0.35	\$89,996,500	\$89,996,840	\$340
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/14/2022		100,000,000	0.25	\$99,990,278	\$99,985,533	-\$4,745
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/19/2022		125,000,000	0.26	\$124,982,847	\$124,971,039	-\$11,808
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/3/2022		180,000,000	0.56	\$179,909,250	\$179,897,701	-\$11,549
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/5/2022		150,000,000	0.55	\$149,921,250	\$149,907,687	-\$13,563
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/6/2022		100,000,000	0.52	\$99,949,000	\$99,936,000	-\$13,000
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/5/2022		110,000,000	0.41	\$109,882,667	\$109,690,240	-\$192,427
Anglesea Funding LLC, Aug 05, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.49	8/5/2022	4/1/2022	5,000,000	0.50	\$5,000,000	\$4,999,170	-\$830
Anglesea Funding LLC, Aug 10, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.45	8/10/2022	4/1/2022	60,000,000	0.27	\$60,000,000	\$59,988,364	-\$11,636
Anglesea Funding LLC, Jul 13, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.22	7/13/2022	4/1/2022	50,000,000	0.05	\$50,000,000	\$50,000,000	\$0
Anglesea Funding LLC, Sep 28, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.72	9/28/2022	4/1/2022	14,000,000	0.73	\$14,000,000	\$13,998,600	-\$1,400
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/14/2022		33,830,000	0.71	\$33,820,791	\$33,824,869	\$4,078
Archer I LLC, Jun 01, 2060	VARIABLE RATE DEMAND NOTE	0.55	6/1/2060	4/7/2022	12,000,000	0.56	\$12,000,000	\$12,000,000	\$0
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/27/2022		55,000,000	0.53	\$54,978,550	\$54,977,065	-\$1,485
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/17/2022		50,000,000	1.14	\$49,878,667	\$49,900,550	\$21,883
Australia & New Zealand Banking Group, Melbourne TD	TIME DEPOSIT	0.33	4/5/2022		1,000,000,000	0.33	\$1,000,000,000	\$1,000,000,000	\$0
BWF Forge TL Properties Owner LLC, May 01, 2059	VARIABLE RATE DEMAND NOTE	0.55	5/1/2059	4/7/2022	10,000,000	0.55	\$10,000,000	\$10,000,000	\$0
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.30	4/1/2022		908,000,000	0.30	\$908,000,000	\$908,000,000	\$0
Bank of America N.A., May 02, 2022	VARIABLE RATE BANK NOTE	0.42	5/2/2022	4/1/2022	50,000,000	0.43	\$50,000,000	\$50,000,000	\$0
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.21	7/26/2022		100,000,000	0.21	\$100,000,000	\$99,742,642	-\$257,358
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.34	11/2/2022		100,000,000	0.34	\$100,000,000	\$99,291,215	-\$708,785
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.35	6/21/2022		75,000,000	0.35	\$75,000,000	\$74,928,247	-\$71,753
Bank of Montreal, Jan 13, 2023	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.57	1/13/2023	4/1/2022	125,000,000	0.58	\$125,000,000	\$124,805,500	-\$194,500
Bank of Montreal, Jun 10, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.47	6/10/2022	4/1/2022	100,000,000	0.48	\$100,000,000	\$99,977,508	-\$22,492
Bank of Montreal, Mar 01, 2023	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.52	3/1/2023	4/1/2022	100,000,000	0.53	\$100,000,000	\$99,806,231	-\$193,769
Bank of Montreal, Mar 22, 2023	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.98	3/22/2023	4/1/2022	100,000,000	0.99	\$100,000,000	\$100,243,127	\$243,127
Bank of Montreal, Mar 24, 2023	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.57	3/24/2023	4/1/2022	100,000,000	0.58	\$100,000,000	\$99,849,425	-\$150,575
Bank of Montreal, Nov 30, 2022	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.52	11/30/2022	4/1/2022	100,000,000	0.53	\$100,000,000	\$99,897,931	-\$102,069
Bank of Montreal, Oct 06, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.42	10/6/2022	4/1/2022	50,000,000	0.43	\$50,000,000	\$49,940,790	-\$59,210
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		5/5/2022		32,500,000	0.23	\$32,492,733	\$32,486,508	-\$6,225
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		7/20/2022		48,750,000	0.20	\$48,719,938	\$48,592,473	-\$127,465
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		9/1/2022		50,000,000	0.20	\$49,957,222	\$49,735,847	-\$221,375
Bank of Nova Scotia, Toronto, Dec 22, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.85	12/22/2022	4/1/2022	150,000,000	0.86	\$150,000,000	\$150,158,994	\$158,994

See notes at end of table.

## INVENTORY OF HOLDINGS FOR MARCH 2022

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Bank of Nova Scotia, Toronto, Feb 21, 2023	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.52	2/21/2023	4/1/2022	160,000,000	0.53	\$159,999,997	\$159,697,462	-\$302,535
Bank of Nova Scotia, Toronto, Jun 13, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.47	6/13/2022	4/1/2022	100,000,000	0.48	\$100,000,000	\$99,976,354	-\$23,646
Bank of Nova Scotia, Toronto, Oct 13, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.42	10/13/2022	4/1/2022	75,000,000	0.43	\$75,000,000	\$74,900,210	-\$99,791
Bank of Nova Scotia, Toronto, Oct 20, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.42	10/20/2022	4/1/2022	10,000,000	0.43	\$10,000,000	\$9,986,051	-\$13,949
Bank of Nova Scotia, Toronto, Sep 14, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.44	9/14/2022	4/1/2022	57,000,000	0.93	\$56,874,272	\$56,941,937	\$67,665
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/11/2022		30,000,000	0.61	\$29,994,500	\$29,996,792	\$2,292
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/19/2022		75,000,000	0.66	\$74,974,271	\$74,982,623	\$8,352
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/2/2022		50,000,000	0.61	\$49,973,333	\$49,972,756	-\$578
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/11/2022		100,000,000	0.61	\$99,981,667	\$99,989,611	\$7,944
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/18/2022		50,000,000	0.18	\$49,995,500	\$49,989,650	-\$5,850
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/6/2022		10,000,000	0.24	\$9,997,600	\$9,992,560	-\$5,040
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/5/2022		75,000,000	0.38	\$74,926,000	\$74,794,400	-\$131,600
Bennington Stark Capital Co., LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/5/2022		50,000,000	0.35	\$49,997,569	\$49,997,729	\$160
BofA Securities, Inc. CP4-2	COMMERCIAL PAPER - 4-2		9/2/2022		25,000,000	1.07	\$24,886,979	\$24,865,774	-\$21,205
Bruce T. Brown 2017 Irrevocable Trust, Series 2017, Oct 01, 2042	VARIABLE RATE DEMAND NOTE	0.60	10/1/2042	4/7/2022	5,185,000	0.60	\$5,185,000	\$5,185,000	\$0
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/9/2022		75,000,000	0.46	\$74,934,375	\$74,876,042	-\$58,334
Calhoun, TX Port Authority, (Formosa Plastic Corp.), (Series 2012), 04/01/2042	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.22	4/1/2042	4/7/2022	50,000,000	0.22	\$50,000,000	\$50,000,000	\$0
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	4/6/2022		25,000,000	0.24	\$25,000,000	\$24,999,622	-\$378
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	5/4/2022		85,000,000	0.24	\$85,000,000	\$84,990,789	-\$9,211
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.35	11/2/2022		50,000,000	0.35	\$50,000,000	\$49,641,468	-\$358,533
Canadian Imperial Bank of Commerce CP4-2	COMMERCIAL PAPER - 4-2		12/1/2022		100,000,000	0.51	\$99,659,722	\$98,859,389	-\$800,333
Canadian Imperial Bank of Commerce CP4-2	COMMERCIAL PAPER - 4-2		3/20/2023		40,000,000	2.09	\$39,202,320	\$39,184,620	-\$17,700
Canadian Imperial Bank of Commerce, Dec 01, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.48	12/1/2022	4/1/2022	61,500,000	0.49	\$61,500,000	\$61,441,542	-\$58,458
Canadian Imperial Bank of Commerce, Feb 14, 2023	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.52	2/14/2023	4/1/2022	150,000,000	0.53	\$150,000,000	\$149,791,428	-\$208,572
Canadian Imperial Bank of Commerce, Jun 16, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.47	6/16/2022	4/1/2022	100,000,000	0.48	\$100,000,000	\$99,975,205	-\$24,795
Canadian Imperial Bank of Commerce, Jun 17, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.47	6/17/2022	4/1/2022	100,000,000	0.48	\$100,000,000	\$99,974,883	-\$25,117
Canadian Imperial Bank of Commerce, Sep 09, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.91	9/9/2022	4/1/2022	150,000,000	0.92	\$150,000,000	\$150,210,254	\$210,254
Canadian Imperial Holdings, Inc. CP4-2	COMMERCIAL PAPER - 4-2		11/8/2022		102,900,000	0.36	\$102,677,907	\$101,903,122	-\$774,785
Cancara Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/4/2022		50,000,000	0.65	\$49,969,778	\$49,970,392	\$614
Chad J. Himmel Irrevocable Trust No. 1, Jul 01, 2048	VARIABLE RATE DEMAND NOTE	0.60	7/1/2048	4/7/2022	5,290,000	0.60	\$5,290,000	\$5,290,000	\$0
Chesham Finance LLC Series III CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/1/2022		70,000,000	0.27	\$69,999,475	\$69,999,395	-\$80
Chesham Finance LLC Series III CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/1/2022		400,000,000	0.32	\$399,996,444	\$399,996,544	\$100
Chesham Finance LLC Series III CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/2/2022		50,000,000	0.50	\$49,978,903	\$49,978,900	-\$3
City Furniture, Inc., Aug 01, 2044	VARIABLE RATE DEMAND NOTE	0.47	8/1/2044	4/7/2022	65,500,000	0.47	\$65,500,000	\$65,500,000	\$0
Collateralized Commercial Paper FLEX Co., LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/12/2022		25,000,000	0.17	\$24,995,042	\$24,980,167	-\$14,875
Collateralized Commercial Paper FLEX Co., LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/2/2022		50,000,000	0.32	\$49,972,000	\$49,927,725	-\$44,275
Collateralized Commercial Paper FLEX Co., LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/6/2022		65,000,000	0.71	\$64,915,319	\$64,895,843	-\$19,477
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		4/1/2022		50,000,000	0.16	\$49,999,778	\$49,999,568	-\$210

See notes at end of table.



## INVENTORY OF HOLDINGS FOR MARCH 2022

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		5/18/2022		39,000,000	0.32	\$38,983,360	\$38,962,560	-\$20,800
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		6/22/2022		50,000,000	0.38	\$49,957,347	\$49,884,838	-\$72,510
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		7/7/2022		50,000,000	0.37	\$49,951,000	\$49,849,597	-\$101,403
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		7/8/2022		25,000,000	0.37	\$24,975,250	\$24,923,619	-\$51,631
Collateralized Commercial Paper V Co. LLC, Aug 16, 2022	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	0.45	8/16/2022	4/1/2022	55,000,000	0.46	\$55,000,000	\$54,944,008	-\$55,992
Collateralized Commercial Paper V Co. LLC, Sep 08, 2022	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	0.82	9/8/2022	4/1/2022	100,000,000	0.83	\$100,000,000	\$100,033,914	\$33,914
Collateralized Commercial Paper V Co. LLC, Sep 22, 2022	VARIABLE RATE COMMERCIAL PAPER-ABS 3A3	0.77	9/22/2022	4/1/2022	30,000,000	0.78	\$30,000,000	\$30,003,191	\$3,191
Commonwealth Bank of Australia, Feb 27, 2023	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.77	2/27/2023	4/1/2022	210,000,000	0.78	\$210,000,000	\$210,034,774	\$34,774
Commonwealth Bank of Australia, Mar 20, 2023	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.81	3/20/2023	4/1/2022	21,000,000	0.82	\$21,000,000	\$21,009,459	\$9,459
Cooperative Rabobank UA TD	TIME DEPOSIT	0.33	4/4/2022		500,000,000	0.33	\$500,000,000	\$500,000,000	\$0
Cooperative Rabobank UA TD	TIME DEPOSIT	0.33	4/5/2022		500,000,000	0.33	\$500,000,000	\$500,000,000	\$0
Credit Agricole Corporate and Investment Bank TD	TIME DEPOSIT	0.31	4/1/2022		200,000,000	0.31	\$200,000,000	\$200,000,000	\$0
Crown Point Capital Co., LLC, .16%, Apr 06, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.16	4/6/2022		50,000,000	0.16	\$50,000,000	\$49,998,306	-\$1,694
DNB Nor Bank ASA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.10	9/6/2022		100,000,000	1.12	\$100,000,000	\$99,950,781	-\$49,219
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CP4-2	COMMERCIAL PAPER - 4-2		4/1/2022		1,000,000,000	0.30	\$999,991,667	\$999,991,360	-\$307
Dreyfus Government Cash Management Fund	OVERNIGHT MUTUAL FUND	0.21	4/1/2022		4,253,379	0.21	\$4,253,379	\$4,253,379	\$0
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/7/2022		75,000,000	0.36	\$74,928,542	\$74,784,605	-\$143,937
Federated Hermes Institutional Prime Value Obligations Fund - Class IS	MUTUAL FUND MONEY MARKET	0.41	4/1/2022	4/1/2022	630,872,087	0.41	\$631,124,436	\$630,619,739	-\$504,698
Fiore Capital LLC, Series 2005-A, Aug 01, 2045	VARIABLE RATE DEMAND NOTE	0.56	8/1/2045	4/7/2022	9,995,000	0.56	\$9,995,000	\$9,995,000	\$0
Foundation Properties, Inc., Sep 01, 2035	VARIABLE RATE DEMAND NOTE	0.73	9/1/2035	4/7/2022	4,005,000	0.74	\$4,005,000	\$4,005,000	\$0
GTA Funding LLC, Jun 09, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE		6/9/2022		60,000,000	0.41	\$59,953,333	\$59,898,150	-\$55,183
Glencove Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/8/2022		50,000,000	0.56	\$49,993,889	\$49,996,367	\$2,478
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/9/2022		80,000,000	0.43	\$79,963,600	\$79,942,280	-\$21,320
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/24/2022		50,000,000	0.56	\$49,958,750	\$49,940,450	-\$18,300
Great Bear Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/1/2022		40,000,000	0.34	\$39,999,622	\$39,999,654	\$32
Great Bear Funding LLC, Jul 15, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.44	7/15/2022	4/1/2022	40,000,000	0.45	\$40,000,000	\$40,000,000	\$0
HSBC Securities (USA), Inc. Repo Tri Party Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.31	4/1/2022		100,000,000	0.31	\$100,000,000	\$100,000,000	\$0
HW Hellman Building, L.P., Mar 01, 2062	VARIABLE RATE DEMAND NOTE	0.55	3/1/2062	4/7/2022	50,000,000	0.55	\$50,000,000	\$50,000,000	\$0
Henry Andrew Brown, III 2017 Irrevocable Trust, Series 2017, Oct 01, 2042	VARIABLE RATE DEMAND NOTE	0.60	10/1/2042	4/7/2022	4,260,000	0.60	\$4,260,000	\$4,260,000	\$0
Herman & Kittle Capital, LLC, Feb 01, 2037	VARIABLE RATE DEMAND NOTE	0.60	2/1/2037	4/7/2022	3,405,000	0.60	\$3,405,000	\$3,405,000	\$0
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/7/2022		48,000,000	0.57	\$47,994,773	\$47,997,013	\$2,240
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/2/2022		50,500,000	0.41	\$50,482,044	\$50,472,483	-\$9,561
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/6/2022		50,000,000	0.51	\$49,975,000	\$49,968,000	-\$7,000
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/16/2022		50,000,000	0.58	\$49,963,583	\$49,955,022	-\$8,561
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/17/2022		13,600,000	0.56	\$13,590,234	\$13,587,429	-\$2,805
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/18/2022		50,000,000	0.58	\$49,962,000	\$49,952,534	-\$9,467
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/25/2022		65,000,000	0.58	\$64,943,396	\$64,926,514	-\$16,882
Lamar Avenue Trust, Dec 01, 2037	VARIABLE RATE DEMAND NOTE	0.60	12/1/2037	4/7/2022	4,445,000	0.60	\$4,445,000	\$4,445,000	\$0
Lloyds Bank plc, London CP	COMMERCIAL PAPER		5/10/2022		50,000,000	0.49	\$49,973,333	\$49,972,056	-\$1,278
Lloyds Bank plc, London CP	COMMERCIAL PAPER		5/10/2022		51,000,000	0.50	\$50,972,233	\$50,971,497	-\$737

See notes at end of table.

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Los Angeles, CA Community Redevelopment Agency, (DWFV Hollywood & Vine, LP), Mizuho 3a-7 (Series 2022-MIZ9089), 10/15/2037	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.71	10/15/2037	4/7/2022	19,000,000	0.71	\$19,000,000	\$19,000,000	\$0
MUFG Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.23	4/11/2022		150,000,000	0.23	\$150,000,000	\$149,995,043	-\$4,958
MUFG Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	4/11/2022		200,000,000	0.24	\$200,000,000	\$199,994,000	-\$6,000
MUFG Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.49	5/5/2022		200,000,000	0.50	\$200,000,000	\$200,000,000	\$0
MUFG Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.49	5/9/2022		155,000,000	0.50	\$155,000,000	\$155,000,000	\$0
Matchpoint Finance PLC, Jun 22, 2022	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.91	6/22/2022	4/1/2022	25,000,000	0.92	\$25,000,000	\$25,012,260	\$12,260
Michigan State Housing Development Authority, (Series C), 04/01/2040	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.20	4/1/2040	4/6/2022	14,200,000	0.20	\$14,200,000	\$14,200,000	\$0
Mississippi Business Finance Corp., Kohler Project, Jun 01, 2022	VARIABLE RATE DEMAND NOTE	0.58	6/1/2022	4/7/2022	10,000,000	0.58	\$10,000,000	\$10,000,000	\$0
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.50	4/22/2022		150,000,000	0.51	\$150,000,000	\$149,998,895	-\$1,106
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.60	4/18/2022		250,000,000	0.61	\$250,000,000	\$250,016,980	\$16,980
Mizuho Bank Ltd. TD	TIME DEPOSIT	0.32	4/1/2022		500,000,000	0.32	\$500,000,000	\$500,000,000	\$0
Mizuho Securities USA, Inc. - REPO TRIPARTY OVERNIGHT FIXED	REPO TRIPARTY OVERNIGHT FIXED	0.31	4/1/2022		150,000,000	0.31	\$150,000,000	\$150,000,000	\$0
Morofsky Legacy Irrevocable Trust, Sep 01, 2041	VARIABLE RATE DEMAND NOTE	0.64	9/1/2041	4/7/2022	6,260,000	0.64	\$6,260,000	\$6,260,000	\$0
National Australia Bank Ltd., Melbourne CP4-2	COMMERCIAL PAPER - 4-2		4/1/2022		150,000,000	0.23	\$149,999,042	\$149,998,746	-\$296
National Australia Bank Ltd., Melbourne CP4-2	COMMERCIAL PAPER - 4-2		4/1/2022		200,000,000	0.25	\$199,998,611	\$199,998,328	-\$283
National Australia Bank Ltd., Melbourne CP4-2	COMMERCIAL PAPER - 4-2		9/2/2022		40,000,000	1.02	\$39,827,778	\$39,783,861	-\$43,917
New York City, NY, (Fiscal 2012 Series A-4), 08/01/2038	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.55	8/1/2038	4/7/2022	15,400,000	0.55	\$15,400,000	\$15,400,000	\$0
Nordea Bank Abp, Sep 19, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.83	9/19/2022	4/1/2022	30,000,000	0.84	\$30,000,000	\$30,021,864	\$21,864
Nordea Bank Abp, Sep 21, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.81	9/21/2022	4/1/2022	60,000,000	0.82	\$60,000,000	\$60,041,060	\$41,060
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/7/2022		85,000,000	0.26	\$84,995,703	\$84,994,711	-\$991
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/9/2022		70,000,000	0.36	\$69,952,361	\$69,881,583	-\$70,778
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/22/2022		75,000,000	0.36	\$74,939,479	\$74,833,827	-\$105,652
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/28/2022		70,000,000	1.12	\$69,809,639	\$69,781,833	-\$27,806
Old Line Funding, LLC, Aug 02, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.45	8/2/2022	4/1/2022	90,000,000	0.46	\$90,000,000	\$89,950,143	-\$49,857
Old Line Funding, LLC, Jun 10, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.51	6/10/2022	4/1/2022	60,000,000	0.52	\$60,000,000	\$60,000,000	\$0
Old Line Funding, LLC, Jun 27, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.52	6/27/2022	4/1/2022	30,000,000	0.53	\$30,000,000	\$29,994,212	-\$5,789
Old Line Funding, LLC, May 31, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE		5/31/2022		100,000,000	0.59	\$99,901,722	\$99,864,953	-\$36,769
Old Line Funding, LLC, Sep 26, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.48	9/26/2022	4/1/2022	90,000,000	0.49	\$90,000,000	\$90,000,000	\$0
Old Line Funding, LLC, Sep 26, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.78	9/26/2022	4/1/2022	50,000,000	0.79	\$50,000,000	\$50,000,000	\$0
Ridgefield Funding Company, LLC Series A CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/2/2022		100,000,000	0.71	\$99,877,500	\$99,856,325	-\$21,175
Ridgefield Funding Company, LLC Series A, Jun 24, 2022	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.89	6/24/2022	4/1/2022	75,000,000	0.90	\$75,000,000	\$75,046,339	\$46,339
Royal Bank of Canada CP4-2	COMMERCIAL PAPER - 4-2		7/12/2022		50,000,000	0.21	\$49,969,958	\$49,842,496	-\$127,462
Royal Bank of Canada CP4-2	COMMERCIAL PAPER - 4-2		3/29/2023		25,000,000	2.25	\$24,450,458	\$24,447,431	-\$3,028
Royal Bank of Canada CP4-2	COMMERCIAL PAPER - 4-2		10/14/2022		50,000,000	0.25	\$49,931,597	\$49,580,007	-\$351,590

See notes at end of table.

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Royal Bank of Canada, Dec 01, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.52	12/1/2022	4/1/2022	100,000,000	0.53	\$100,000,000	\$99,889,375	-\$110,625
Royal Bank of Canada, New York Branch CP4-2	COMMERCIAL PAPER - 4-2		6/21/2022		83,500,000	0.21	\$83,460,059	\$83,315,131	-\$144,928
Royal Bank of Canada, New York Branch CP4-2	COMMERCIAL PAPER - 4-2		10/7/2022		50,000,000	0.22	\$49,941,944	\$49,597,306	-\$344,639
Royal Bank of Canada, New York Branch CP4-2	COMMERCIAL PAPER - 4-2		11/15/2022		50,000,000	0.41	\$49,872,778	\$49,487,931	-\$384,847
Royal Bank of Canada, New York Branch, Mar 01, 2023	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.70	3/1/2023	4/1/2022	100,000,000	0.71	\$100,000,000	\$99,927,317	-\$72,683
Royal Bank of Canada, New York Branch, Oct 06, 2022	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.42	10/6/2022	4/1/2022	50,000,000	0.43	\$50,000,000	\$49,938,989	-\$61,012
Royal Bank of Canada, New York Branch, Oct 07, 2022	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.42	10/7/2022	4/1/2022	75,000,000	0.43	\$75,000,000	\$74,907,998	-\$92,002
Scheel Investments, LLC, Sep 01, 2041	VARIABLE RATE DEMAND NOTE	0.60	9/1/2041	4/7/2022	6,720,000	0.60	\$6,720,000	\$6,720,000	\$0
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/19/2022		50,000,000	0.26	\$49,993,139	\$49,988,416	-\$4,723
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/21/2022		15,000,000	0.27	\$14,997,638	\$14,995,905	-\$1,733
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/24/2022		33,090,000	0.56	\$33,062,701	\$33,052,277	-\$10,423
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/6/2022		40,000,000	0.97	\$39,929,278	\$39,936,797	\$7,519
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/9/2022		200,000,000	0.97	\$199,630,556	\$199,661,666	\$31,110
Societe Generale, Paris CP4-2	COMMERCIAL PAPER - 4-2		5/5/2022		150,000,000	0.60	\$149,913,958	\$149,945,313	\$31,355
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	4/5/2022		200,000,000	0.25	\$200,000,000	\$199,998,050	-\$1,950
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.31	4/4/2022		75,000,000	0.31	\$75,000,000	\$74,999,917	-\$83
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	4/6/2022		200,000,000	0.25	\$200,000,000	\$199,997,660	-\$2,340
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	4/6/2022		150,000,000	0.25	\$150,000,000	\$149,998,245	-\$1,755
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.60	4/22/2022		56,000,000	0.61	\$56,000,000	\$56,004,442	\$4,442
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.66	5/9/2022		100,000,000	0.67	\$100,000,000	\$100,006,371	\$6,371
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.31	4/5/2022		40,000,000	0.31	\$40,000,000	\$39,999,944	-\$56
Svenska Handelsbanken, Stockholm CP4-2	COMMERCIAL PAPER - 4-2		5/3/2022		77,220,000	0.21	\$77,205,489	\$77,186,660	-\$18,829
Svenska Handelsbanken, Stockholm, Sep 08, 2022	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.78	9/8/2022	4/1/2022	50,000,000	0.79	\$50,000,000	\$50,023,658	\$23,658
The Debra B. Kennedy Irrevocable Trust, May 01, 2048	VARIABLE RATE DEMAND NOTE	0.60	5/1/2048	4/7/2022	4,420,000	0.60	\$4,420,000	\$4,420,000	\$0
The Greathouse 2021 Children's Trust, Dec 01, 2046	VARIABLE RATE DEMAND NOTE	0.60	12/1/2046	4/7/2022	13,625,000	0.60	\$13,625,000	\$13,625,000	\$0
The Linda E. Krejssek Life Insurance Trust, Sep 01, 2037	VARIABLE RATE DEMAND NOTE	0.60	9/1/2037	4/7/2022	5,490,000	0.60	\$5,490,000	\$5,490,000	\$0
The Mark E. Potteiger Irrevocable Life Insurance Trust, Jun 01, 2048	VARIABLE RATE DEMAND NOTE	0.60	6/1/2048	4/7/2022	4,025,000	0.60	\$4,025,000	\$4,025,000	\$0
The Tammi R. Sitz Irrevocable Life Insurance Trust, Nov 01, 2046	VARIABLE RATE DEMAND NOTE	0.60	11/1/2046	4/7/2022	5,950,000	0.60	\$5,950,000	\$5,950,000	\$0
Thunder Bay Funding, LLC, Jul 29, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.45	7/29/2022	4/1/2022	50,000,000	0.46	\$50,000,000	\$50,000,000	\$0
Thunder Bay Funding, LLC, Jun 10, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.51	6/10/2022	4/1/2022	50,000,000	0.52	\$50,000,000	\$50,000,000	\$0
Thunder Bay Funding, LLC, May 31, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE		5/31/2022		75,000,000	0.59	\$74,926,292	\$74,899,985	-\$26,306
Thunder Bay Funding, LLC, Oct 20, 2022	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.88	10/20/2022	4/1/2022	25,000,000	0.89	\$25,000,000	\$25,010,772	\$10,772

See notes at end of table.

## INVENTORY OF HOLDINGS FOR MARCH 2022

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	4/1/2022		100,000,000	0.24	\$100,000,000	\$99,999,823	-\$177
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.22	10/14/2022		10,000,000	0.22	\$10,000,000	\$9,928,982	-\$71,018
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.32	11/23/2022		72,500,000	0.32	\$72,500,000	\$71,866,228	-\$633,772
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.32	11/23/2022		70,000,000	0.32	\$70,000,000	\$69,388,103	-\$611,897
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.50	6/9/2022		100,000,000	0.51	\$100,000,000	\$99,954,660	-\$45,340
Toronto Dominion Bank CP4-2	COMMERCIAL PAPER - 4-2		4/20/2022		50,000,000	0.25	\$49,993,056	\$49,991,250	-\$1,806
Toronto Dominion Bank CP4-2	COMMERCIAL PAPER - 4-2		4/29/2022		50,000,000	0.24	\$49,990,333	\$49,987,111	-\$3,222
Toronto Dominion Bank CP4-2	COMMERCIAL PAPER - 4-2		5/3/2022		200,000,000	0.24	\$199,956,000	\$199,935,650	-\$20,350
Toronto Dominion Bank CP4-2	COMMERCIAL PAPER - 4-2		5/4/2022		7,500,000	0.24	\$7,498,300	\$7,497,443	-\$857
Toronto Dominion Bank CP4-2	COMMERCIAL PAPER - 4-2		3/17/2023		35,000,000	2.07	\$34,314,087	\$34,297,708	-\$16,380
Toronto Dominion Bank, Feb 13, 2023	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.53	2/13/2023	4/1/2022	100,000,000	0.54	\$100,000,000	\$99,820,805	-\$179,195
Toronto Dominion Bank, Jun 09, 2022	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.48	6/9/2022	4/1/2022	50,000,000	0.49	\$50,000,000	\$49,998,726	-\$1,275
Toronto Dominion Bank, Mar 01, 2023	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.68	3/1/2023	4/1/2022	100,000,000	0.69	\$100,000,000	\$99,941,567	-\$58,433
TotalEnergies Capital Canada Ltd. CP4-2	COMMERCIAL PAPER - 4-2		4/4/2022		55,000,000	0.41	\$54,997,556	\$54,997,562	\$6
Toyota Credit Canada Inc. CP	COMMERCIAL PAPER		4/25/2022		47,000,000	0.21	\$46,993,146	\$46,980,645	-\$12,501
U.S. Treasury Bill, 06/14/2022	US TREASURY BILL	0.00	6/14/2022		200,000,000	0.44	\$199,820,833	\$199,835,556	\$14,723
U.S. Treasury Floater, 04/30/2023	US TREASURY FLOATING RATE NOTE	0.64	4/30/2023	4/5/2022	100,000,000	0.64	\$100,008,773	\$100,132,601	\$123,828
U.S. Treasury Floater, 04/30/2023	US TREASURY FLOATING RATE NOTE	0.64	4/30/2023	4/5/2022	75,000,000	0.64	\$75,005,757	\$75,099,451	\$93,693
UnitedHealth Group, Inc. CP4-2	COMMERCIAL PAPER - 4-2		4/5/2022		200,000,000	0.39	\$199,989,444	\$199,988,694	-\$750
Westpac Banking Corp. Ltd., Sydney, Dec 23, 2022	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.77	12/23/2022	4/1/2022	57,500,000	0.78	\$57,500,000	\$57,525,934	\$25,934
Westpac Banking Corp. Ltd., Sydney, Mar 20, 2023	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.77	3/20/2023	4/1/2022	109,000,000	0.78	\$109,000,000	\$109,006,399	\$6,399
Westpac Banking Corp. Ltd., Sydney, Mar 21, 2023	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.77	3/21/2023	4/1/2022	75,000,000	0.78	\$75,000,000	\$75,000,000	\$0
Wylie Bice Life Insurance Trust, Aug 01, 2046	VARIABLE RATE DEMAND NOTE	0.60	8/1/2046	4/7/2022	7,625,000	0.60	\$7,625,000	\$7,625,000	\$0
Total Value of Assets					20,275,080,467		\$20,268,877,906	\$20,259,873,836	-\$9,004,069

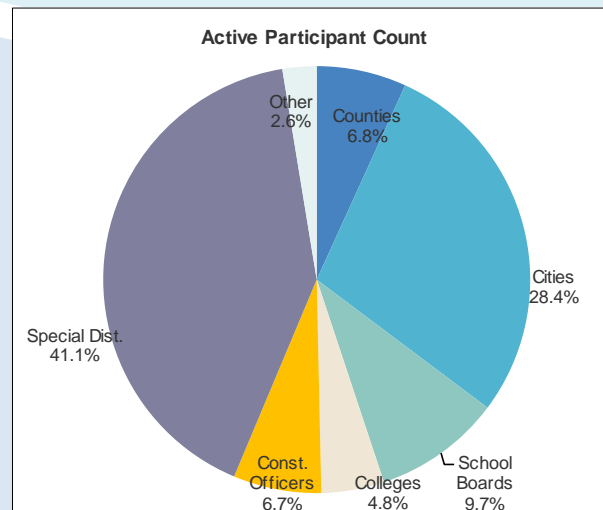
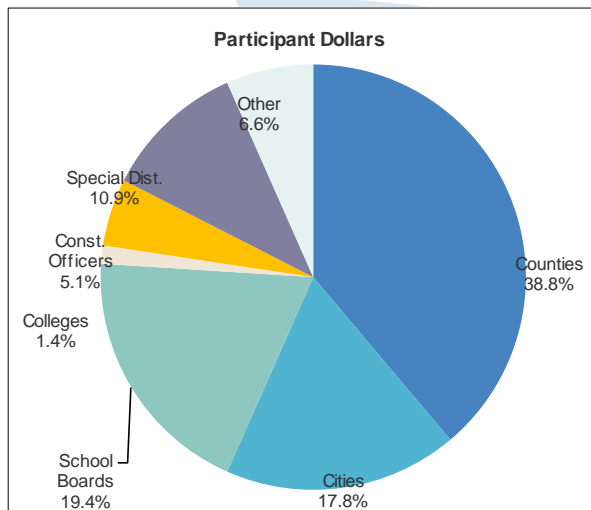
**Notes:** The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

<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 MARCH 2022

Participant Balance	Share of Total Fund	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>1.4%</b>	<b>4.8%</b>
Top 10	33.8%	1.4%	Top 10	1.3%	1.4%
\$100 million or more	72.9%	7.8%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	23.4%	16.9%	\$10 million up to \$100 million	1.1%	1.0%
\$1 million up to \$10 million	3.4%	22.6%	\$1 million up to \$10 million	0.2%	1.4%
Under \$1 million	0.4%	52.8%	Under \$1 million	0.01%	2.4%
<b>Counties</b>	<b>38.8%</b>	<b>6.8%</b>	<b>Constitutional Officers</b>	<b>5.1%</b>	<b>6.7%</b>
Top 10	29.7%	1.4%	Top 10	4.0%	1.4%
\$100 million or more	36.4%	2.4%	\$100 million or more	3.6%	0.3%
\$10 million up to \$100 million	2.2%	1.2%	\$10 million up to \$100 million	1.2%	0.8%
\$1 million up to \$10 million	0.2%	1.2%	\$1 million up to \$10 million	0.3%	2.2%
Under \$1 million	0.0%	1.9%	Under \$1 million	0.0%	3.4%
<b>Municipalities</b>	<b>17.8%</b>	<b>28.4%</b>	<b>Special Districts</b>	<b>10.9%</b>	<b>41.1%</b>
Top 10	6.9%	1.4%	Top 10	6.6%	1.4%
\$100 million or more	6.9%	1.4%	\$100 million or more	6.0%	1.1%
\$10 million up to \$100 million	9.7%	7.3%	\$10 million up to \$100 million	3.7%	3.1%
\$1 million up to \$10 million	1.2%	7.1%	\$1 million up to \$10 million	1.0%	8.2%
Under \$1 million	0.1%	12.7%	Under \$1 million	0.2%	28.7%
<b>School Boards</b>	<b>19.4%</b>	<b>9.7%</b>	<b>Other</b>	<b>6.6%</b>	<b>2.6%</b>
Top 10	11.5%	1.4%	Top 10	6.5%	1.4%
\$100 million or more	14.7%	2.2%	\$100 million or more	5.3%	0.4%
\$10 million up to \$100 million	4.3%	2.9%	\$10 million up to \$100 million	1.2%	0.5%
\$1 million up to \$10 million	0.3%	1.9%	\$1 million up to \$10 million	0.1%	0.7%
Under \$1 million	0.0%	2.7%	Under \$1 million	0.0%	1.0%



**Total Fund Value: \$20,212,390,210**

**Total Active Participant Count: 735**

Note: Active accounts include only those participant accounts valued above zero.

## COMPLIANCE WITH INVESTMENT POLICY FOR MARCH 2022

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 will meet as necessary based on the occurrence and resolution of compliance exceptions or upon the occurrence of a material event. Minutes from the IOG meetings are posted to the Florida PRIME website.

In addition to the compliance testing performed by Federated, SBA Risk Management and Compliance conducts daily 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. Negative test results are subject to independent verification and review for possible escalation. 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
Securities must be USD denominated	Pass
Unregistered securities must be eligible for sale to Accredited Investors or Qualified Purchasers.	Pass
<u>Ratings requirements</u>	
First Tier Securities	Pass
Long-term securities must have long-term ratings in the three highest categories	Pass
Commercial Paper must have short-term ratings from at least one NRSRO	Pass
Securities in Highest Rating Category (A-1+ or equivalent)	Pass
Repurchase Agreement Counterparties must be rated by S&P	Pass
S&P Weighted Average Life	Pass
<u>Maturity</u>	
Individual Security	Pass
Government floating rate notes/variable rate notes	Pass
Dollar Weighted Average Maturity	Pass
Weighted Average Life	Pass
<u>Issuer Diversification</u>	
First tier issuer (limit does not apply to cash, cash items, U.S. Government securities and repo collateralized by these securities)	Pass
<u>Demand Feature and Guarantor Diversification</u>	
First Tier securities issued by or subject to demand features and guarantees of a non-controlled person	Pass
First Tier securities issued by or subject to demand features and guarantees of a controlled person	Pass

Test by Source	Pass/Fail
<u>Money Market Mutual Funds</u>	
Invested in any one Money Market Mutual Fund	Pass
<u>Repurchase Agreements</u>	
Repurchase Agreement Counterparty Rating	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1+ (2-5 business days)	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1 (2-5 business days)	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1+ (More than 5 business days)	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1 (More than 5 business days)	Pass
Repurchase Agreements with any single dealer - Counterparty Rating A-1	Pass
<u>Concentration Tests</u>	
Industry Concentration, excluding financial services industry	Pass
Any Single Government Agency	Pass
Illiquid Securities	Pass
Assets invested in securities accessible within 1 business day	Pass
Assets invested in securities accessible within 5 business days	Pass









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## TRADING ACTIVITY FOR MARCH 2022

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
OLD LINE FUNDING LLC	09/26/22	02/16/22	02/17/22	40,000,000	40,000,000	0	40,000,000	0
OLD LINE FUNDING LLC	09/26/22	02/16/22	02/17/22	50,000,000	50,000,000	0	50,000,000	0
SHEFFIELD RECEIVABLE CPABS4	03/17/22	02/18/22	02/18/22	25,000,000	24,997,188	0	24,997,188	0
SHEFFIELD RECEIVABLE CPABS4	05/24/22	02/24/22	02/24/22	33,090,000	33,045,007	0	33,045,007	0
SUMITOMO MITSUI TRUCDYAN	02/16/22	02/09/22	02/09/22	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI TRUCDYAN	02/16/22	02/09/22	02/09/22	40,000,000	40,000,000	0	40,000,000	0
THUNDER BAY FUNDING, LLC	05/31/22	02/25/22	02/25/22	50,000,000	49,923,472	0	49,923,472	0
THUNDER BAY FUNDING, LLC	05/31/22	02/25/22	02/25/22	25,000,000	24,961,736	0	24,961,736	0
TORONTO DOMINION BACDYAN	06/09/22	02/09/22	02/09/22	50,000,000	50,000,000	0	50,000,000	0
TORONTO DOMINION BACDYAN	06/09/22	02/09/22	02/09/22	50,000,000	50,000,000	0	50,000,000	0
TORONTO DOMINION BANK, FE	02/13/23	02/10/22	02/10/22	50,000,000	50,000,000	0	50,000,000	0
TORONTO DOMINION BANK, FE	02/13/23	02/10/22	02/10/22	50,000,000	50,000,000	0	50,000,000	0
TOTALENERGIES CAPITCP4-2	03/07/22	02/28/22	02/28/22	50,000,000	49,998,833	0	49,998,833	0
TOTALENERGIES CAPITCP4-2	03/07/22	02/28/22	02/28/22	50,000,000	49,998,833	0	49,998,833	0
TOTALENERGIES CAPITCP4-2	03/07/22	02/28/22	02/28/22	50,000,000	49,998,833	0	49,998,833	0
TOTALENERGIES CAPITCP4-2	03/07/22	02/28/22	02/28/22	50,000,000	49,998,833	0	49,998,833	0
TOTALENERGIES CAPITCP4-2	03/07/22	02/28/22	02/28/22	50,000,000	49,998,833	0	49,998,833	0
TOTALENERGIES CAPITCP4-2	03/07/22	02/28/22	02/28/22	50,000,000	49,998,833	0	49,998,833	0
TOTALENERGIES CAPITCP4-2	03/07/22	02/28/22	02/28/22	25,000,000	24,999,417	0	24,999,417	0
TOTALENERGIES CAPITCP4-2	03/22/22	02/18/22	02/22/22	50,000,000	49,990,278	0	49,990,278	0
TOTALENERGIES CAPITCP4-2	03/22/22	02/18/22	02/22/22	50,000,000	49,990,278	0	49,990,278	0
TOTALENERGIES CAPITCP4-2	03/22/22	02/18/22	02/22/22	50,000,000	49,990,278	0	49,990,278	0
UNITEDHEALTH GROUPCP4-2	03/28/22	02/15/22	02/15/22	50,000,000	49,980,069	0	49,980,069	0
UNITEDHEALTH GROUPCP4-2	03/28/22	02/15/22	02/15/22	20,000,000	19,992,028	0	19,992,028	0
UNITEDHEALTH GROUPCP4-2	03/28/22	02/15/22	02/15/22	50,000,000	49,980,069	0	49,980,069	0
UNITEDHEALTH GROUPCP4-2	03/28/22	02/15/22	02/15/22	19,000,000	18,992,426	0	18,992,426	0
UNITED STATES CASH MANAGEMENT BILL	06/14/22	02/09/22	02/15/22	50,000,000	49,928,931	0	49,928,931	0
UNITED STATES CASH MANAGEMENT BILL	06/14/22	02/09/22	02/15/22	50,000,000	49,928,931	0	49,928,931	0
UNITED STATES CASH MANAGEMENT BILL	06/14/22	02/09/22	02/15/22	50,000,000	49,928,931	0	49,928,931	0
UNITED STATES CASH MANAGEMENT BILL	06/14/22	02/09/22	02/15/22	50,000,000	49,928,931	0	49,928,931	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/01/22	02/01/22	4,137,775	4,137,775	0	4,137,775	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/03/22	02/03/22	425,359	425,359	0	425,359	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/07/22	02/07/22	277,263	277,263	0	277,263	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/08/22	02/08/22	532,360	532,360	0	532,360	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/10/22	02/10/22	1,179,758	1,179,758	0	1,179,758	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/14/22	02/14/22	112,705	112,705	0	112,705	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/17/22	02/17/22	632,427	632,427	0	632,427	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/22/22	02/22/22	504,386	504,386	0	504,386	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/24/22	02/24/22	747,162	747,162	0	747,162	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/25/22	02/25/22	2,007,993	2,007,993	0	2,007,993	0
MIZUHO TRIPARTY	02/02/22	02/01/22	02/01/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/02/22	02/01/22	02/01/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/02/22	02/01/22	02/01/22	218,000,000	218,000,000	0	218,000,000	0
MIZUHO TRIPARTY	02/03/22	02/02/22	02/02/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/03/22	02/02/22	02/02/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/03/22	02/02/22	02/02/22	272,000,000	272,000,000	0	272,000,000	0
MIZUHO TRIPARTY	02/04/22	02/03/22	02/03/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/04/22	02/03/22	02/03/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/04/22	02/03/22	02/03/22	80,000,000	80,000,000	0	80,000,000	0
MIZUHO TRIPARTY	02/07/22	02/04/22	02/04/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/07/22	02/04/22	02/04/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/07/22	02/04/22	02/04/22	239,000,000	239,000,000	0	239,000,000	0
MIZUHO TRIPARTY	02/08/22	02/07/22	02/07/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/08/22	02/07/22	02/07/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/08/22	02/07/22	02/07/22	246,000,000	246,000,000	0	246,000,000	0
MIZUHO TRIPARTY	02/09/22	02/08/22	02/08/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/09/22	02/08/22	02/08/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/09/22	02/08/22	02/08/22	427,000,000	427,000,000	0	427,000,000	0
MIZUHO TRIPARTY	02/10/22	02/09/22	02/09/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/10/22	02/09/22	02/09/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/10/22	02/09/22	02/09/22	337,000,000	337,000,000	0	337,000,000	0
MIZUHO TRIPARTY	02/11/22	02/10/22	02/10/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/11/22	02/10/22	02/10/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/11/22	02/10/22	02/10/22	272,000,000	272,000,000	0	272,000,000	0
MIZUHO TRIPARTY	02/14/22	02/11/22	02/11/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/14/22	02/11/22	02/11/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/14/22	02/11/22	02/11/22	195,000,000	195,000,000	0	195,000,000	0
MIZUHO TRIPARTY	02/15/22	02/14/22	02/14/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/15/22	02/14/22	02/14/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/15/22	02/14/22	02/14/22	293,000,000	293,000,000	0	293,000,000	0
MIZUHO TRIPARTY	02/16/22	02/15/22	02/15/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/16/22	02/15/22	02/15/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/16/22	02/15/22	02/15/22	125,000,000	125,000,000	0	125,000,000	0
MIZUHO TRIPARTY	02/17/22	02/16/22	02/16/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/17/22	02/16/22	02/16/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/17/22	02/16/22	02/16/22	154,000,000	154,000,000	0	154,000,000	0
MIZUHO TRIPARTY	02/18/22	02/17/22	02/17/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/18/22	02/17/22	02/17/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/18/22	02/17/22	02/17/22	123,000,000	123,000,000	0	123,000,000	0
MIZUHO TRIPARTY	02/22/22	02/18/22	02/18/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/22/22	02/18/22	02/18/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/22/22	02/18/22	02/18/22	226,000,000	226,000,000	0	226,000,000	0
MIZUHO TRIPARTY	02/23/22	02/22/22	02/22/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/23/22	02/22/22	02/22/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/23/22	02/22/22	02/22/22	177,000,000	177,000,000	0	177,000,000	0
MIZUHO TRIPARTY	02/24/22	02/23/22	02/23/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/24/22	02/23/22	02/23/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/24/22	02/23/22	02/23/22	249,000,000	249,000,000	0	249,000,000	0
MIZUHO TRIPARTY	02/25/22	02/24/22	02/24/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/25/22	02/24/22	02/24/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/25/22	02/24/22	02/24/22	24,000,000	24,000,000	0	24,000,000	0
MIZUHO TRIPARTY	02/28/22	02/25/22	02/25/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/28/22	02/25/22	02/25/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/28/22	02/25/22	02/25/22	225,000,000	225,000,000	0	225,000,000	0
MIZUHO TRIPARTY	03/01/22	02/28/22	02/28/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	03/01/22	02/28/22	02/28/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	03/01/22	02/28/22	02/28/22	890,000,000	890,000,000	0	890,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220208	02/08/22	02/07/22	02/07/22	450,000,000	450,000,000	0	450,000,000	0

## TRADING ACTIVITY FOR MARCH 2022

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
ANZ NY BANK TDTD 0.085 20220215	02/15/22	02/08/22	02/08/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
RABOBANK NEDERLAND NY TDTD 0.08 20220215	02/15/22	02/08/22	02/08/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV AMSTERDAM TDTD 0.08 20220215	02/15/22	02/08/22	02/08/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
MIZUHO BANK LTD TDTD 0.07 20220209	02/09/22	02/08/22	02/08/22	460,000,000	460,000,000	0	460,000,000	0
MIZUHO BANK LTD TD 0.07 20220210	02/10/22	02/09/22	02/09/22	450,000,000	450,000,000	0	450,000,000	0
MIZUHO BANK LTD TD 0.07 20220211	02/11/22	02/10/22	02/10/22	460,000,000	460,000,000	0	460,000,000	0
MIZUHO BANK LTD TD 0.07 20220214	02/14/22	02/11/22	02/11/22	460,000,000	460,000,000	0	460,000,000	0
MIZUHO BANK LTD TD 0.07 20220215	02/15/22	02/14/22	02/14/22	400,000,000	400,000,000	0	400,000,000	0
ABN AMRO BANK TD 0.08 20220222	02/22/22	02/15/22	02/15/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
AUST & NEW ZEAL BK TD 0.085 20220222	02/22/22	02/15/22	02/15/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
RABOBANK NEDERLAND TD 0.08 20220222	02/22/22	02/15/22	02/15/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
MIZUHO BANK LTD TD 0.07 20220216	02/16/22	02/15/22	02/15/22	500,000,000	500,000,000	0	500,000,000	0
MIZUHO BANK LTD TD 0.07 20220217	02/17/22	02/16/22	02/16/22	300,000,000	300,000,000	0	300,000,000	0
MIZUHO BANK LTD TD 0.07 20220218	02/18/22	02/17/22	02/17/22	250,000,000	250,000,000	0	250,000,000	0
MIZUHO BANK LTD TD 0.07 20220222	02/22/22	02/18/22	02/18/22	400,000,000	400,000,000	0	400,000,000	0
ABN AMRO BANK TD 0.08 20220301	03/01/22	02/22/22	02/22/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
AUST & NEW ZEAL BK TD 0.085 20220301	03/01/22	02/22/22	02/22/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
RABOBANK NEDERLAND TD 0.08 20220301	03/01/22	02/22/22	02/22/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
MIZUHO BANK LTD TD 0.07 20220223	02/23/22	02/22/22	02/22/22	500,000,000	500,000,000	0	500,000,000	0
MIZUHO BANK LTD TD 0.07 20220224	02/24/22	02/23/22	02/23/22	250,000,000	250,000,000	0	250,000,000	0
MIZUHO BANK LTD TD 0.07 20220301	03/01/22	02/28/22	02/28/22	250,000,000	250,000,000	0	250,000,000	0
<b>Total Buys</b>				<b>74,341,972,188</b>	<b>74,340,472,624</b>	<b>8,850</b>	<b>74,340,481,473</b>	<b>0</b>
<b>Cash Closes</b>								
METROPOLITAN TRANSPORTATION AUTHORITY	11/15/22	02/10/22	02/10/22	76,600,000	76,600,000	100,850	76,700,850	0
MIZUHO FLOATER/RESIDUAL TRUST	09/01/23	02/01/22	02/01/22	13,200,000	13,200,000	11,189	13,211,189	0
OLD LINE FUNDING, LLC	03/14/22	02/04/22	02/04/22	150,000,000	149,969,917	0	149,969,917	(0)
OLD LINE FUNDING, LLC	04/01/22	02/17/22	02/17/22	90,000,000	89,976,350	0	89,976,350	(0)
OLD LINE FUNDING, LLC, AP	04/05/22	02/25/22	02/25/22	50,000,000	49,987,542	0	49,987,542	(0)
THUNDER BAY FUNDING, LLC	03/14/22	02/04/22	02/04/22	100,000,000	99,979,944	0	99,979,944	(0)
THUNDER BAY FUNDING, LLC	04/11/22	02/25/22	02/25/22	50,000,000	49,983,750	0	49,983,750	(0)
<b>Total Cash Closes</b>				<b>529,800,000</b>	<b>529,697,503</b>	<b>112,040</b>	<b>529,809,542</b>	<b>(0)</b>
<b>Deposits</b>								
MIZUHO BANK LTD,TDTD 0.07 20220203	02/03/22	02/02/22	02/02/22	450,000,000	450,000,000	0	450,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220204	02/04/22	02/03/22	02/03/22	460,000,000	460,000,000	0	460,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220207	02/07/22	02/04/22	02/04/22	465,000,000	465,000,000	0	465,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220202	02/02/22	02/01/22	02/01/22	450,000,000	450,000,000	0	450,000,000	0
COOPERATIEVE RABOBATD 0.08 20220208	02/08/22	02/01/22	02/01/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220208	02/08/22	02/01/22	02/01/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
AUSTRALIA NEW ZEALTD 0.085 20220208	02/08/22	02/01/22	02/01/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
<b>Total Deposits</b>				<b>4,825,000,000</b>	<b>4,825,000,000</b>	<b>0</b>	<b>4,825,000,000</b>	<b>0</b>
<b>Maturities</b>								
ALBION CAPITAL LLC CPAB54	02/22/22	02/22/22	02/22/22	103,587,000	103,587,000	0	103,587,000	0
ANGLESEA FUNDING LLC CPAB54	02/01/22	02/01/22	02/01/22	75,000,000	75,000,000	0	75,000,000	0
ANGLESEA FUNDING LLC CPAB54	02/02/22	02/02/22	02/02/22	100,000,000	100,000,000	0	100,000,000	0
ANTALIS S.A. CPAB54 CPAB54	02/02/22	02/02/22	02/02/22	15,000,000	15,000,000	0	15,000,000	0
ANTALIS S.A. CPAB54 CPAB54	02/03/22	02/03/22	02/03/22	36,400,000	36,400,000	0	36,400,000	0
ANTALIS S.A. CPAB54 CPAB54	02/09/22	02/09/22	02/09/22	5,000,000	5,000,000	0	5,000,000	0
ANTALIS S.A. CPAB54 CPAB54	02/10/22	02/10/22	02/10/22	35,000,000	35,000,000	0	35,000,000	0
ANTALIS S.A. CPAB54 CPAB54	02/17/22	02/17/22	02/17/22	35,000,000	35,000,000	0	35,000,000	0
BANK OF MONTREAL CD CDYAN	02/14/22	02/14/22	02/14/22	50,000,000	50,000,000	0	50,000,000	0
BANK OF NOVA SCOTIA CDYAN	02/18/22	02/18/22	02/18/22	50,000,000	50,000,000	0	50,000,000	0
BARTON CAPITAL S.A. CPAB54	02/14/22	02/14/22	02/14/22	75,000,000	75,000,000	0	75,000,000	0
BARTON CAPITAL S.A. CPAB54	02/15/22	02/15/22	02/15/22	90,000,000	90,000,000	0	90,000,000	0
BARTON CAPITAL S.A. CPAB54	02/25/22	02/25/22	02/25/22	25,000,000	25,000,000	0	25,000,000	0
CHESHAM FINANCE LLC CPAB54	02/01/22	02/01/22	02/01/22	475,000,000	475,000,000	0	475,000,000	0
CHESHAM FINANCE LLC CPAB54	02/02/22	02/02/22	02/02/22	475,000,000	475,000,000	0	475,000,000	0
CHESHAM FINANCE LLC CPAB54	02/03/22	02/03/22	02/03/22	479,000,000	479,000,000	0	479,000,000	0
CHESHAM FINANCE LLC CPAB54	02/04/22	02/04/22	02/04/22	474,000,000	474,000,000	0	474,000,000	0
CHESHAM FINANCE LLC CPAB54	02/07/22	02/07/22	02/07/22	474,000,000	474,000,000	0	474,000,000	0
CHESHAM FINANCE LLC SERIES III CPAB54-2	02/08/22	02/08/22	02/08/22	472,000,000	472,000,000	0	472,000,000	0
CHESHAM FINANCE LLC SERIES III CPAB54-2	02/09/22	02/09/22	02/09/22	475,000,000	475,000,000	0	475,000,000	0
CHESHAM FINANCE LLC CPAB54	02/10/22	02/10/22	02/10/22	475,000,000	475,000,000	0	475,000,000	0
CHESHAM FINANCE LLC CPAB54	02/11/22	02/11/22	02/11/22	475,000,000	475,000,000	0	475,000,000	0
CHESHAM FINANCE LLC CPAB54	02/14/22	02/14/22	02/14/22	475,000,000	475,000,000	0	475,000,000	0
CHESHAM FINANCE LLC CPAB54	02/15/22	02/15/22	02/15/22	500,000,000	500,000,000	0	500,000,000	0
CHESHAM FINANCE LLC CPAB54	02/16/22	02/16/22	02/16/22	500,000,000	500,000,000	0	500,000,000	0
CHESHAM FINANCE LLC CPAB54	02/17/22	02/17/22	02/17/22	500,000,000	500,000,000	0	500,000,000	0
CHESHAM FINANCE LLC CPAB54	02/18/22	02/18/22	02/18/22	500,000,000	500,000,000	0	500,000,000	0
CHESHAM FINANCE LLC CPAB54	02/22/22	02/22/22	02/22/22	500,000,000	500,000,000	0	500,000,000	0
CHESHAM FINANCE LLC CPAB54	02/23/22	02/23/22	02/23/22	500,000,000	500,000,000	0	500,000,000	0
CHESHAM FINANCE LLC CPAB54	02/24/22	02/24/22	02/24/22	500,000,000	500,000,000	0	500,000,000	0
CHESHAM FINANCE LLC CPAB54	02/25/22	02/25/22	02/25/22	500,000,000	500,000,000	0	500,000,000	0
CHESHAM FINANCE LLC CPAB54	02/28/22	02/28/22	02/28/22	500,000,000	500,000,000	0	500,000,000	0
CIESCO, LLC CPAB54-CPAB54	02/07/22	02/07/22	02/07/22	20,000,000	20,000,000	0	20,000,000	0
COLLATERALIZED COMM CPAB53	02/01/22	02/01/22	02/01/22	151,000,000	151,000,000	0	151,000,000	0
COLLATERALIZED COMM CPAB53	02/03/22	02/03/22	02/03/22	35,000,000	35,000,000	0	35,000,000	0
COLLATERALIZED COMM CPAB53	02/08/22	02/08/22	02/08/22	85,000,000	85,000,000	0	85,000,000	0
CREDIT AGRICOLE CORCDYAN	02/28/22	02/28/22	02/28/22	150,000,000	150,000,000	0	150,000,000	0
CREDIT AGRICOLE CORCDYAN	02/01/22	02/01/22	02/01/22	700,000,000	700,000,000	0	700,000,000	0
CREDIT AGRICOLE CORCDYAN	02/08/22	02/08/22	02/08/22	700,000,000	700,000,000	0	700,000,000	0
CREDIT AGRICOLE CORCDYAN	02/15/22	02/15/22	02/15/22	500,000,000	500,000,000	0	500,000,000	0
CREDIT AGRICOLE CORCDYAN	02/22/22	02/22/22	02/22/22	500,000,000	500,000,000	0	500,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/02/22	02/02/22	02/02/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/03/22	02/03/22	02/03/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/04/22	02/04/22	02/04/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/07/22	02/07/22	02/07/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ET COMMERCIAL CP4-2	02/08/22	02/08/22	02/08/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ET COMMERCIAL CP4-2	02/09/22	02/09/22	02/09/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/10/22	02/10/22	02/10/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/11/22	02/11/22	02/11/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/14/22	02/14/22	02/14/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/15/22	02/15/22	02/15/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/16/22	02/16/22	02/16/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/17/22	02/17/22	02/17/22	900,000,000	900,000,000	0	900,000,000	0



## TRADING ACTIVITY FOR MARCH 2022

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
CREDIT INDUSTRIEL ECP4-2	02/18/22	02/18/22	02/18/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/22/22	02/22/22	02/22/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/23/22	02/23/22	02/23/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/24/22	02/24/22	02/24/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/25/22	02/25/22	02/25/22	900,000,000	900,000,000	0	900,000,000	0
CREDIT INDUSTRIEL ECP4-2	02/28/22	02/28/22	02/28/22	900,000,000	900,000,000	0	900,000,000	0
DNB BANK ASA CP4-2/CP4-2	02/01/22	02/01/22	02/01/22	150,000,000	150,000,000	0	150,000,000	0
NATIONAL AUSTRALIA ECD	02/04/22	02/04/22	02/04/22	100,000,000	100,000,000	0	100,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/01/22	02/01/22	02/01/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/02/22	02/02/22	02/02/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/03/22	02/03/22	02/03/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/04/22	02/04/22	02/04/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/07/22	02/07/22	02/07/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHE ZENTRAL-GENOSSEN-	02/08/22	02/08/22	02/08/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
SCHAFTSBANK CP4-2								
DZ BANK AG DEUTSCHECP4-2	02/09/22	02/09/22	02/09/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/10/22	02/10/22	02/10/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/11/22	02/11/22	02/11/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/14/22	02/14/22	02/14/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/15/22	02/15/22	02/15/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/16/22	02/16/22	02/16/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/17/22	02/17/22	02/17/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/18/22	02/18/22	02/18/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/22/22	02/22/22	02/22/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/23/22	02/23/22	02/23/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/24/22	02/24/22	02/24/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/25/22	02/25/22	02/25/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
DZ BANK AG DEUTSCHECP4-2	02/28/22	02/28/22	02/28/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ERSTE ABWICKLUNGSSANCP4-2	02/15/22	02/15/22	02/15/22	50,000,000	50,000,000	0	50,000,000	0
MUFG BANK LTD, CDYACDYAN	02/18/22	02/18/22	02/18/22	55,000,000	55,000,000	0	55,000,000	0
MUFG BANK LTD, CDYACDYAN	02/18/22	02/18/22	02/18/22	100,000,000	100,000,000	0	100,000,000	0
MUFG BANK LTD, CDYACDYAN	02/23/22	02/23/22	02/23/22	100,000,000	100,000,000	0	100,000,000	0
MUFG BANK LTD, CDYACDYAN	02/14/22	02/14/22	02/14/22	90,000,000	90,000,000	0	90,000,000	0
NATIONWIDE BUILDINGCP4-2	02/15/22	02/15/22	02/15/22	161,750,000	161,750,000	0	161,750,000	0
NATIONWIDE BUILDINGCP4-2	02/18/22	02/18/22	02/18/22	200,000,000	200,000,000	0	200,000,000	0
NATIONWIDE BUILDING SOCIETY	02/23/22	02/23/22	02/23/22	118,500,000	118,500,000	0	118,500,000	0
NATIONWIDE BUILDINGCP4-2	02/25/22	02/25/22	02/25/22	200,000,000	200,000,000	0	200,000,000	0
NATIONWIDE BUILDING SOCIETY	02/28/22	02/28/22	02/28/22	60,450,000	60,450,000	0	60,450,000	0
SHEFFIELD RECEIVABLECP4-2	02/09/22	02/09/22	02/09/22	23,000,000	23,000,000	0	23,000,000	0
SHEFFIELD RECEIVABLECP4-2	02/18/22	02/18/22	02/18/22	75,000,000	75,000,000	0	75,000,000	0
SHEFFIELD RECEIVABLECP4-2	02/22/22	02/22/22	02/22/22	25,000,000	25,000,000	0	25,000,000	0
SUMITOMO MITSUI TRUCDYAN	02/07/22	02/07/22	02/07/22	75,000,000	75,000,000	0	75,000,000	0
SUMITOMO MITSUI TRUCDYAN	02/16/22	02/16/22	02/16/22	90,000,000	90,000,000	0	90,000,000	0
SUMITOMO MITSUI BANCDYAN	02/28/22	02/28/22	02/28/22	137,500,000	137,500,000	0	137,500,000	0
TOYOTA MOTOR FINANCCP	02/04/22	02/04/22	02/04/22	40,000,000	40,000,000	0	40,000,000	0
MIZUHO TRIPARTY	02/01/22	02/01/22	02/01/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/01/22	02/01/22	02/01/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/01/22	02/01/22	02/01/22	520,000,000	520,000,000	0	520,000,000	0
MIZUHO TRIPARTY	02/02/22	02/02/22	02/02/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/02/22	02/02/22	02/02/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/02/22	02/02/22	02/02/22	218,000,000	218,000,000	0	218,000,000	0
MIZUHO TRIPARTY	02/03/22	02/03/22	02/03/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/03/22	02/03/22	02/03/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/03/22	02/03/22	02/03/22	272,000,000	272,000,000	0	272,000,000	0
MIZUHO TRIPARTY	02/04/22	02/04/22	02/04/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/04/22	02/04/22	02/04/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/04/22	02/04/22	02/04/22	80,000,000	80,000,000	0	80,000,000	0
MIZUHO TRIPARTY	02/07/22	02/07/22	02/07/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/07/22	02/07/22	02/07/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/07/22	02/07/22	02/07/22	239,000,000	239,000,000	0	239,000,000	0
MIZUHO TRIPARTY	02/08/22	02/08/22	02/08/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/08/22	02/08/22	02/08/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/08/22	02/08/22	02/08/22	246,000,000	246,000,000	0	246,000,000	0
MIZUHO TRIPARTY	02/09/22	02/09/22	02/09/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/09/22	02/09/22	02/09/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/09/22	02/09/22	02/09/22	427,000,000	427,000,000	0	427,000,000	0
MIZUHO TRIPARTY	02/10/22	02/10/22	02/10/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/10/22	02/10/22	02/10/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/10/22	02/10/22	02/10/22	337,000,000	337,000,000	0	337,000,000	0
MIZUHO TRIPARTY	02/11/22	02/11/22	02/11/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/11/22	02/11/22	02/11/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/11/22	02/11/22	02/11/22	272,000,000	272,000,000	0	272,000,000	0
MIZUHO TRIPARTY	02/14/22	02/14/22	02/14/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/14/22	02/14/22	02/14/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/14/22	02/14/22	02/14/22	195,000,000	195,000,000	0	195,000,000	0
MIZUHO TRIPARTY	02/15/22	02/15/22	02/15/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/15/22	02/15/22	02/15/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/15/22	02/15/22	02/15/22	293,000,000	293,000,000	0	293,000,000	0
MIZUHO TRIPARTY	02/16/22	02/16/22	02/16/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/16/22	02/16/22	02/16/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/16/22	02/16/22	02/16/22	125,000,000	125,000,000	0	125,000,000	0
MIZUHO TRIPARTY	02/17/22	02/17/22	02/17/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/17/22	02/17/22	02/17/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/17/22	02/17/22	02/17/22	154,000,000	154,000,000	0	154,000,000	0
MIZUHO TRIPARTY	02/18/22	02/18/22	02/18/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/18/22	02/18/22	02/18/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/18/22	02/18/22	02/18/22	123,000,000	123,000,000	0	123,000,000	0
MIZUHO TRIPARTY	02/22/22	02/22/22	02/22/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/22/22	02/22/22	02/22/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/22/22	02/22/22	02/22/22	226,000,000	226,000,000	0	226,000,000	0
MIZUHO TRIPARTY	02/23/22	02/23/22	02/23/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/23/22	02/23/22	02/23/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/23/22	02/23/22	02/23/22	177,000,000	177,000,000	0	177,000,000	0
MIZUHO TRIPARTY	02/24/22	02/24/22	02/24/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/24/22	02/24/22	02/24/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/24/22	02/24/22	02/24/22	249,000,000	249,000,000	0	249,000,000	0
MIZUHO TRIPARTY	02/25/22	02/25/22	02/25/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/25/22	02/25/22	02/25/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/25/22	02/25/22	02/25/22	24,000,000	24,000,000	0	24,000,000	0

## TRADING ACTIVITY FOR MARCH 2022

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
MIZUHO TRIPARTY	02/28/22	02/28/22	02/28/22	150,000,000	150,000,000	0	150,000,000	0
HSBC TRIPARTY	02/28/22	02/28/22	02/28/22	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	02/28/22	02/28/22	02/28/22	225,000,000	225,000,000	0	225,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220208	02/08/22	02/08/22	02/08/22	450,000,000	450,000,000	0	450,000,000	0
ANZ NY BANK TDTD 0.085 20220215	02/15/22	02/15/22	02/15/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
RABOBANK NEDERLAND NY TDTD 0.08 20220215	02/15/22	02/15/22	02/15/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV AMSTERDAM TDTD 0.08 20220215	02/15/22	02/15/22	02/15/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
MIZUHO BANK LTD TDTD 0.07 20220209	02/09/22	02/09/22	02/09/22	460,000,000	460,000,000	0	460,000,000	0
MIZUHO BANK LTD TD 0.07 20220210	02/10/22	02/10/22	02/10/22	450,000,000	450,000,000	0	450,000,000	0
MIZUHO BANK LTD TD 0.07 20220211	02/11/22	02/11/22	02/11/22	460,000,000	460,000,000	0	460,000,000	0
MIZUHO BANK LTD TD 0.07 20220214	02/14/22	02/14/22	02/14/22	460,000,000	460,000,000	0	460,000,000	0
MIZUHO BANK LTD TD 0.07 20220215	02/15/22	02/15/22	02/15/22	400,000,000	400,000,000	0	400,000,000	0
ABN AMRO BANK TD 0.08 20220222	02/22/22	02/22/22	02/22/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
AUST & NEW ZEAL BK TD 0.085 20220222	02/22/22	02/22/22	02/22/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
RABOBANK NEDERLAND TD 0.08 20220222	02/22/22	02/22/22	02/22/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
MIZUHO BANK LTD TD 0.07 20220216	02/16/22	02/16/22	02/16/22	500,000,000	500,000,000	0	500,000,000	0
MIZUHO BANK LTD TD 0.07 20220217	02/17/22	02/17/22	02/17/22	300,000,000	300,000,000	0	300,000,000	0
MIZUHO BANK LTD TD 0.07 20220218	02/18/22	02/18/22	02/18/22	250,000,000	250,000,000	0	250,000,000	0
MIZUHO BANK LTD TD 0.07 20220222	02/22/22	02/22/22	02/22/22	400,000,000	400,000,000	0	400,000,000	0
MIZUHO BANK LTD TD 0.07 20220223	02/23/22	02/23/22	02/23/22	500,000,000	500,000,000	0	500,000,000	0
MIZUHO BANK LTD TD 0.07 20220224	02/24/22	02/24/22	02/24/22	250,000,000	250,000,000	0	250,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220203	02/03/22	02/03/22	02/03/22	450,000,000	450,000,000	0	450,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220204	02/04/22	02/04/22	02/04/22	460,000,000	460,000,000	0	460,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220201	02/01/22	02/01/22	02/01/22	465,000,000	465,000,000	0	465,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220201	02/01/22	02/01/22	02/01/22	30,000,000	30,000,000	0	30,000,000	0
SVENSKA HANDELSBANKTD 0.05 20220201	02/01/22	02/01/22	02/01/22	500,000,000	500,000,000	0	500,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220207	02/07/22	02/07/22	02/07/22	465,000,000	465,000,000	0	465,000,000	0
MIZUHO BANK LTD,TDTD 0.07 20220202	02/02/22	02/02/22	02/02/22	450,000,000	450,000,000	0	450,000,000	0
COOPERATIVE RABOBATD 0.08 20220208	02/08/22	02/08/22	02/08/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220208	02/08/22	02/08/22	02/08/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
AUSTRALIA NEW ZEATD 0.085 20220208	02/08/22	02/08/22	02/08/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
AUSTRALIA NEW ZEATD 0.085 20220201	02/01/22	02/01/22	02/01/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
COOPERATIVE RABOBATD 0.08 20220201	02/01/22	02/01/22	02/01/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
ABN AMRO BANK NV,ATD 0.08 20220201	02/01/22	02/01/22	02/01/22	1,000,000,000	1,000,000,000	0	1,000,000,000	0
Total Maturities				78,688,187,000	78,688,187,000	0	78,688,187,000	0
Sells								
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/02/22	02/02/22	596,915	596,915	0	596,915	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/04/22	02/04/22	429,917	429,917	0	429,917	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/09/22	02/09/22	1,333,575	1,333,575	0	1,333,575	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/11/22	02/11/22	473,423	473,423	0	473,423	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/15/22	02/15/22	315,577	315,577	0	315,577	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/16/22	02/16/22	300,868	300,868	0	300,868	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/18/22	02/18/22	402,614	402,614	0	402,614	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/23/22	02/23/22	1,465,544	1,465,544	0	1,465,544	0
DREYFUS GOVT CASH MGMT FUND	03/01/27	02/28/22	02/28/22	532,691	532,691	0	532,691	0
Total Sells				5,851,124	5,851,124	0	5,851,124	0



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## Our Mission

Our mission is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary, and professional standards.

**Federated  
Hermes** 

The logo for Federated Hermes, featuring the company name in a bold, dark blue serif font. To the right of the name is a graphic consisting of three horizontal blue bars of decreasing length, stacked vertically, with a small blue dot below them.

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# Global Governance Mandates

June 22, 2022 QUARTERLY UPDATE

Protecting Florida's Investments Act (PFIA)  
Scrutinized Companies that Boycott Israel  
MacBride Principles and Northern Ireland  
Cuba/Syria Proxy Voting Safeguards  
Venezuela Prohibited Investments

## Florida Statutes



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### ***About the State Board of Administration***

The statutory mandate of the State Board of Administration (SBA) is to invest, manage and safeguard assets of the Florida Retirement System (FRS) Trust Fund and a variety of other funds for state and local governments. FRS Trustees are dedicated to ensuring that the SBA invests assets and discharges its duties in accordance with Florida law, guided by strict policies and a code of ethics to ensure integrity, prudent risk management and top-tier performance. The SBA is an investment fiduciary under law, and subject to the stringent fiduciary duties and standards of care defined by the Employee Retirement Income Security Act of 1974 (ERISA), as incorporated into Florida law. The SBA has three Trustees: the Governor, as Chairman, the Chief Financial Officer, as Treasurer, and the Attorney General, as Secretary.

The FRS Pension Plan provides defined pension benefits to 1.1 million beneficiaries and retirees. The strong long-term performance of the FRS Pension Plan, the fourth-largest public pension fund in the nation, reflects our commitment to responsible fiscal management.

The SBA’s mission is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary, and professional standards.

We encourage you to review additional information about the SBA and FRS on our website at [www.sbafla.com](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 the 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 Developments in Sudan**

May 23, 2022 — The U.S. Departments of State, Treasury, Commerce, and Labor [issued an advisory "Risks and Considerations for U.S. Businesses Operating in Sudan"](#) to highlight growing risks to American businesses and individuals associated with conducting business with Sudanese State-Owned Enterprises which includes all companies under military control. These risks arise from recent actions undertaken by Sudan's Sovereign Council and security forces under the military's control and could adversely impact U.S. businesses, individuals, other persons, and their operations in the country and the region.

The advisory states that it "relates specifically to SOEs and military-controlled companies. The U.S. government does not seek to curtail or discourage responsible investment or business activities in Sudan with civilian-owned Sudanese counterparts."

**IRAN Changes since the Previous PFIA Quarterly Report**

(see the previous page for SUDAN changes)

Companies added to the **Iran** Scrutinized List this quarter:

- None

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

**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:

***F.S. 215.473(5)(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:

June 8, 2022— The Board of Governors of the U.N. nuclear watchdog passed a resolution that formally censured Iran for failing to explain traces of uranium at three undeclared sites that date back to a covert program before 2003.

Source:

<https://iranprimer.usip.org/blog/2022/jun/08/part-2-iaea-rebukes-iran>

**Or**

***2. The United States revokes all sanctions imposed against the government of Iran.***

Update:

June 7, 2022 – U.S. officials stated that, “Iran would need to drop demands for sanctions lifting that clearly go beyond the JCPOA and that are now preventing us from concluding a deal,” referring to discussions regarding the possible renewal of the Joint Comprehensive Plan of Action (JCPOA).

Sources: <https://www.reuters.com/article/us-iran-nuclear-iaea-usa-idAFKBN2NO1OY>

<https://www.state.gov/the-iaea-board-of-governors-resolution-on-iran/>

**Table 1: *Scrutinized Companies with Activities in SUDAN***  
*(New companies on the list are shaded and in bold.)*

Scrutinized Company: Sudan	Country of Incorporation	Date of Initial Scrutinized Classification
Al-Enmaa Real Estate Co	Kuwait	June 4, 2019
Aviation Industry Corporation of China (AVIC)	China	September 24, 2019
AviChina Industry & Technology	China	June 4, 2019
AVIC Electromechanical Systems Co Ltd	China	September 24, 2019
AVIC International Finance Ltd	China	September 24, 2019
AVIC International Holdings Ltd (formerly listed as AVIC International)	China	June 4, 2019
Bank of Kunlun Co Ltd	China	March 7, 2018
Chennai Petroleum Corp Ltd	India	September 19, 2007
China Avionics Systems	China	June 4, 2019
China National Petroleum Corporation (CNPC)	China	December 11, 2012
China Petrochemical Corporation (Sinopec Group)	China	December 3, 2019
China Petroleum & Chemical Corp (CPCC) Sinopec	China	September 19, 2007
China Petroleum Engineering Corp	China	March 7, 2018
CNPC Capital Company Limited	China	June 14, 2017
CNPC General Capital Ltd	China	June 26, 2012
CNPC Global Capital Limited	China	December 15, 2020
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	Kuwait	July 28, 2009
Engen Botswana	Botswana	March 24, 2015
FACC AG	Austria	June 4, 2019
Gas District Cooling (Putrajaya) Sdn Bhd	Malaysia	April 14, 2009
Harbin Electric Co. Ltd.	China	September 19, 2007
Hindustan Petroleum Corporation Ltd	India	June 13, 2018
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
Jiangxi Hongdu Aviation	China	September 19, 2007
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
Kunlun Energy Company Ltd	Hong Kong	September 19, 2007
Kunlun Financial Leasing Co Ltd	China	March 7, 2018
Kuwait Finance House	Kuwait	April 14, 2009
Lanka IOC Ltd	India	September 19, 2007
Malaysia Marine & Heavy Engineering Holdings Bhd	Malaysia	March 18, 2014
Managem SA	Morocco	November 9, 2010
Mangalore Refinery & Petrochemicals Ltd	India	September 19, 2007



Scrutinized Company: Sudan	Country of Incorporation	Date of Initial Scrutinized Classification
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
Petroleum 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
Sinopec Capital 2013 Ltd	China	September 24, 2013
Sinopec Century Bright Capital Investment Ltd	China	December 3, 2019
Sinopec Engineering Group Co Ltd	China	March 18, 2014
Sinopec Group Overseas Development 2018 Ltd	China	December 15, 2020
Sinopec Group Overseas Development 2017 Ltd	China	September 11, 2019
Sinopec Group Overseas Development 2016 Ltd	China	August 2, 2016
Sinopec Group Overseas Development 2015 Ltd	China	December 15, 2020
Sinopec Group Overseas Development 2014 Ltd	China	March 7, 2018
Sinopec Group Overseas Development 2013 Ltd	China	March 18, 2014
Sinopec Group Overseas Development 2012 Ltd	China	March 7, 2018
Sinopec Kantons Holdings Ltd	Bermuda	September 19, 2007
Sinopec Oilfield Equipment Corporation	China	April 14, 2009
Sinopec Oilfield Service Corp	China	March 25, 2008
Sinopec Shanghai Petrochemical	China	September 19, 2007
Societe Metallurgique D'imiter	Morocco	November 9, 2010
<b># of Sudan Scrutinized Companies</b>	<b>63</b>	

The following companies were **removed** from the **SUDAN Scrutinized List** during the quarter:

Removed Company	Country of Incorporation
<b>No companies removed this quarter.</b>	

**Table 2: Continued Examination Companies with Activities in SUDAN***(New companies on the list are shaded and in bold.)*

<b>Continued Examination Company: Sudan</b>	<b>Country of Incorporation</b>
Bharat Heavy Electricals, Ltd	India
China Gezhouba Group Company Ltd	China
Dongfeng Motor Group Co Ltd	China
Dongan Motor (aka Harbin Dongan Auto Engine)	China
Glencore Xstrata PLC	Switzerland
Power Construction Corporation of China Ltd. (fka Sinohydro)	China
Shanghai Electric Group Co.	China
<b># of Sudan Continued Examination Companies</b>	<b>7</b>

The following companies were removed from the **SUDAN Continued Examination List** during the quarter:

<b>Removed Company</b>	<b>Country of Incorporation</b>
<b>No companies removed this quarter.</b>	

**Table 3: Scrutinized Companies with Activities in the IRAN Petroleum Energy Sector***New companies on the list are shaded and in bold.*

Scrutinized Company: Iran	Country of Incorporation	Date of Initial Scrutinized Classification
Bank of Kunlun Co Ltd	China	March 7, 2018
China BlueChemical Ltd.	China	March 19, 2013
China National Petroleum Corporation (CNPC)	China	December 11, 2012
China Oilfield Services Ltd.	China	June 16, 2011
China Petrochemical Corporation (Sinopec Group)	China	December 3, 2019
China Petroleum & Chemical Corp (CPCC) Sinopec	China	September 19, 2007
China Petroleum Engineering Corp	China	March 7, 2018
CNOOC Ltd.	China	June 16, 2011
CNOOC Curtis Funding No.1 Pty Ltd	Australia	October 17, 2017
CNOOC Energy Technology & Services Ltd	China	June 15, 2021
CNOOC Finance Limited	China	September 24, 2013
CNOOC Nexen Finance	Canada	October 17, 2017
CNPC Capital Company Limited	China	June 14, 2017
CNPC General Capital Ltd	China	December 6, 2016
CNPC Global Capital Limited	China	December 15, 2020
CNPC HK Overseas Capital Ltd.	China	June 16, 2011
COSL Finance (BVI) Limited	China	September 24, 2013
COSL Singapore Capital Ltd	Singapore	December 4, 2018
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
Gazprom Promgaz	Russia	June 4, 2019
GPN Capital SA	Luxembourg	June 4, 2019
Hindustan Petroleum Corporation Ltd	India	June 13, 2018
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
Kunlun Energy Company Ltd.	Hong Kong	September 19, 2007
Kunlun Financial Leasing Co Ltd	China	March 7, 2018
Malaysia Marine & Heavy Engineering Holdings Bhd	Malaysia	March 18, 2014
Mangalore Refinery & Petrochemicals Ltd.	India	March 19, 2013
MISC Bhd	Malaysia	September 19, 2007
Mosenergo	Russia	September 16, 2008
Oil & Natural Gas Corp (ONGC)	India	September 19, 2007
ONGC Videsh Limited (OVL)	India	March 18, 2014

Scrutinized Company: Iran	Country of Incorporation	Date of Initial Scrutinized Classification
PetroChina	China	September 19, 2007
Petrolia 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
Sinopec Capital 2013 Ltd.	China	March 18, 2014
Sinopec Century Bright Capital Investment Ltd	China	December 3, 2019
Sinopec Engineering Group Co Ltd.	China	March 18, 2014
Sinopec Group Overseas Development 2018 Ltd	China	December 15, 2020
Sinopec Group Overseas Development 2017 Ltd	China	September 11, 2019
Sinopec Group Overseas Development 2016 Ltd	China	August 2, 2016
Sinopec Group Overseas Development 2015 Ltd	China	December 15, 2020
Sinopec Group Overseas Development 2014 Ltd	China	March 7, 2018
Sinopec Group Overseas Development 2013 Ltd	China	March 18, 2014
Sinopec Group Overseas Development 2012 Ltd	China	March 7, 2018
Sinopec Kantons Holdings Ltd.	Bermuda	September 19, 2007
Sinopec Oilfield Equipment Corporation	China	September 29, 2015
Sinopec Oilfield Service Corp	China	March 25, 2008
Sinopec Shanghai Petrochemical	China	September 19, 2007
Territorial Generating Company No 1	Russia	June 4, 2019
<b># of Iran Scrutinized Companies</b>	<b>58</b>	

The following companies were **removed** from the **IRAN Scrutinized List** during the quarter:

Removed Company	Country of Incorporation
<b>No companies removed this quarter.</b>	

**Table 4: Continued Examination Companies with Petroleum Energy Activities in IRAN***New companies on the list are shaded and in bold.*

<b>Continued Examination Company: Iran</b>	<b>Country of Incorporation</b>
China Nonferrous Metal Industry's Foreign Engineering and Construction	China
GS Engineering & Construction Corp.	South Korea
GS Holdings	South Korea
Petronet LNG Ltd.	India
<b># of Iran Continued Examination Companies</b>	<b>4</b>

The following companies were **removed** from the **IRAN Continued Examination List** during the quarter:

<b><i>Removed Company</i></b>	<b><i>Country of Incorporation</i></b>
<b><i>No Companies Removed this Quarter</i></b>	

**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	Removed from Sudan Scrutinized and CE Lists
Bharat Heavy Electricals Limited	Yes; October 4, 2007	Moved to Sudan Continued Examination List
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
Daelim Industrial Co Ltd.	Yes, November 13, 2018	Removed from Iran Scrutinized List
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 from Iran Scrutinized List
Kencana Petroleum	Yes; October 31, 2008	Removed from Sudan Scrutinized and CE Lists
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	Removed from Iran Scrutinized and CE Lists
Lundin Petroleum AB	Yes; October 17, 2008	Removed from Sudan Scrutinized List

Company	Company Responsive to SBA Communications	Status
Lundin International SA	No	Removed from Sudan Scrutinized List
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	Yes; August 23, 2018; Jan 10, 2019; May 16, 2022	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 Scrutinized and CE Lists
PetroChina	Yes; December 22, 2008	Iran & Sudan Scrutinized Classification Continues
Petroleo Brasileiro (Petrobras)	Yes; January 13, 2010	Removed from Iran Scrutinized List
Petroleum Nasional (Petronas)	Yes; July 6, 2015	Iran & Sudan Scrutinized Classification Continues
Putrajaya Management Sdn Bhd	Yes; September 5, 2014	Iran & Sudan Scrutinized Classification Continues
Ranhill Bhd	Yes; October 22, 2008	Removed from Sudan Scrutinized List
Repsol YPF	Yes; October 15, 2007; January 2013	Removed from Iran Scrutinized and CE Lists
Royal Dutch Shell PLC	Yes; October 5, 2007; January 27, 2011; April 13, 2011	Removed from Iran Scrutinized and CE Lists
Sinopec Century Bright Capital	Yes; June 4, 2020	Iran & Sudan Scrutinized Classification Continues
Sinopec Kantons Holdings Ltd.	No	Iran & Sudan Scrutinized Classification Continues
Sinopec Shanghai Petrochemical Company	No	Iran & 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	Removed from Iran List
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	Removed from Sudan CE
Costain Group PLC	Yes; November 5, 2007	Removed from Iran List
Daelim Industrial Co Ltd.	Yes; November 13, 2018	Removed from Iran 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	Removed from Iran List
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	Removed from Sudan List
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	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	Removed from Iran CE List
Siemens AG	Yes; October 22, 2009 October 8, 2010 November 7, 2018; March 2019 June 2019; July 2019; February 2021	Added to Sudan Scrutinized List on 6/4/19. Removed from Sudan Scrutinized List on 7/12/19 and Sudan CE List on 3/9/21
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	Removed from Iran CE List

### ***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>December 11, 2012</b>	<b>March 7, 2018</b>
<b>December 18, 2007</b>	<b>March 19, 2013</b>	<b>June 13, 2018</b>
<b>March 25, 2008</b>	<b>June 25, 2013</b>	<b>September 11, 2018</b>
<b>June 10, 2008</b>	<b>September 24, 2013</b>	<b>December 4, 2018</b>
<b>September 16, 2008</b>	<b>December 10, 2013</b>	<b>January 29, 2019</b>
<b>January 13, 2009</b>	<b>March 18, 2014</b>	<b>June 4, 2019</b>
<b>April 14, 2009</b>	<b>June 17, 2014</b>	<b>July 12, 2019</b>
<b>July 28, 2009</b>	<b>September 23, 2014</b>	<b>September 24, 2019</b>
<b>October 27, 2009</b>	<b>December 9, 2014</b>	<b>December 3, 2019</b>
<b>January 26, 2010</b>	<b>March 24, 2015</b>	<b>May 28, 2020</b>
<b>April 27, 2010</b>	<b>June 23, 2015</b>	<b>September 22, 2020</b>
<b>July 29, 2010</b>	<b>September 29, 2015</b>	<b>December 15, 2020</b>
<b>November 9, 2010</b>	<b>December 8, 2015</b>	<b>March 9, 2021</b>
<b>February 22, 2011</b>	<b>March 29, 2016</b>	<b>June 15, 2021</b>
<b>June 16, 2011</b>	<b>August 2, 2016</b>	<b>September 21, 2021</b>
<b>September 20, 2011</b>	<b>December 6, 2016</b>	<b>December 20, 2021</b>
<b>December 6, 2011</b>	<b>March 14, 2017</b>	<b>March 29, 2022</b>
<b>March 20, 2012</b>	<b>June 14, 2017</b>	<b>June 22, 2022</b>
<b>June 26, 2012</b>	<b>October 17, 2017</b>	
<b>September 18, 2012</b>	<b>December 13, 2017</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
Hindustan Petroleum Corporation Ltd	\$10,916,213.94
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
FACC AG	\$285,343.11
Dongfeng Motor Group**	\$158,623.49
Electricity Generating Public Company**	\$121,321.38
AVIC International Holdings Ltd	\$50,827.53
Gazprom Neft	\$37,892.73
** denotes companies no longer on the Prohibited Company list	<b>\$1,318,077,918.26</b>

**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
Al-Enmaa Real Estate Co	Sudan	Kuwait	June 4, 2019	Yes
Aviation Industry Corporation of China (AVIC)	Sudan	China	September 24, 2019	Yes
AviChina Industry & Technology	Sudan	China	June 4, 2019	Yes
AVIC Electromechanical Systems Co Ltd	Sudan	China	September 24, 2019	Yes
AVIC International Finance Ltd	Sudan	China	September 24, 2019	Yes
AVIC International Holdings Ltd (formerly listed as AVIC International)	Sudan	China	June 4, 2019	Yes
Bank of Kunlun Co Ltd	Sudan & Iran	China	March 7, 2018	Yes
Chennai Petroleum Corp Ltd	Sudan	India	September 19, 2007	Yes
China Avionics Systems	Sudan	China	June 4, 2019	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 Petrochemical Corporation (Sinopec Group)	Sudan & Iran	China	December 3, 2019	Yes
China Petroleum & Chemical Corp (CPCC) Sinopec	Sudan & Iran	China	September 19, 2007	Yes
China Petroleum Engineering Corp	Sudan & Iran	China	March 7, 2018	Yes
CNOOC Ltd	Iran	China	June 16, 2011	Yes
CNOOC Curtis Funding No.1 Pty Ltd	Iran	Australia	October 17, 2017	Yes
CNOOC Energy Technology & Services Ltd	Iran	China	June 15, 2021	Yes
CNOOC Finance Limited	Iran	China	September 24, 2013	Yes
CNOOC Nexen Finance	Iran	Canada	October 17, 2017	Yes
CNPC Capital Company Limited	Sudan & Iran	China	June 14, 2017	Yes
CNPC General Capital Ltd	Sudan & Iran	China	June 26, 2012	Yes
CNPC Global Capital Limited	Sudan & Iran	China	December 15, 2020	Yes
CNPC HK Overseas Capital Ltd	Sudan & Iran	China	June 16, 2011	Yes

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
COSL Finance (BVI) Limited	Iran	China	September 24, 2013	Yes
COSL Singapore Capital Ltd	Iran	Singapore	December 4, 2018	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	Sudan	Kuwait	July 28, 2009	Yes
Engen Botswana	Sudan & Iran	Botswana	March 24, 2015	Yes
FACC AG	Sudan	Austria	June 4, 2019	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
Gazprom Promgaz	Iran	Russia	June 4, 2019	Yes
GPN Capital SA	Iran	Luxembourg	June 4, 2019	Yes
Harbin Electric Co. Ltd.	Sudan	China	September 19, 2007	Yes
Hindustan Petroleum Corporation Ltd	Sudan & Iran	India	June 13, 2018	Yes
Indian Oil Corp Ltd (IOCL)	Sudan & Iran	India	September 19, 2007	Yes
Jiangxi Hongdu Aviation	Sudan	China	September 19, 2007	Yes
KLCC Property Holdings Bhd	Sudan & Iran	Malaysia	April 14, 2009	Yes
Kunlun Energy Company Ltd.	Sudan & Iran	Hong Kong	September 19, 2007	Yes
Kunlun Financial Leasing Co Ltd	Sudan & Iran	China	March 7, 2018	Yes
Kuwait Finance House	Sudan	Kuwait	April 14, 2009	Yes
Lanka IOC Ltd	Sudan	India	September 19, 2007	Yes
Managem SA	Sudan	Morocco	November 9, 2010	Yes
Mangalore Refinery & Petrochemicals Ltd	Sudan & Iran	India	September 19, 2007	Yes
Malaysia Marine & Heavy Engineering Holdings Bhd	Sudan & Iran	Malaysia	March 18, 2014	Yes
MISC Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
Mosenergo	Iran	Russia	September 16, 2008	Yes

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
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 Century Bright Capital Investment Ltd	Sudan & Iran	China	December 3, 2019	Yes
Sinopec Engineering Group Co Ltd	Sudan & Iran	China	March 18, 2014	Yes
Sinopec Group Overseas Development 2018 Ltd	Sudan & Iran	China	December 15, 2020	Yes
Sinopec Group Overseas Development 2017 Ltd	Sudan & Iran	China	September 11, 2019	Yes
Sinopec Group Overseas Development 2016 Ltd	Sudan & Iran	China	August 2, 2016	Yes
Sinopec Group Overseas Development 2015 Ltd	Sudan & Iran	China	December 15, 2020	Yes
Sinopec Group Overseas Development 2014 Ltd	Sudan & Iran	China	March 7, 2018	Yes
Sinopec Group Overseas Development 2013 Ltd	Sudan & Iran	China	March 18, 2014	Yes
Sinopec Group Overseas Development 2012 Ltd	Sudan & Iran	China	March 7, 2018	Yes
Sinopec Kantons Holdings Ltd	Sudan & Iran	Bermuda	September 19, 2007	Yes
Sinopec Oilfield Equipment Corporation	Sudan & Iran	China	April 14, 2009	Yes
Sinopec Oilfield Service Corp	Sudan & Iran	China	March 25, 2008	Yes
Sinopec Shanghai Petrochemical	Sudan & Iran	China	September 19, 2007	Yes

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Societe Metallurgique D'imiter	Sudan	Morocco	November 9, 2010	Yes
Territorial Generating Company No 1	Iran	Russia	June 4, 2019	Yes
<b># of Prohibited Investments</b>	<b>78</b>	<b>-</b>	<b>-</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 the 5/31/2022 holdings report, there were no SBA holdings of entities on the current 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.

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.



## ***Section 2: Prohibited Investments by the SBA, Companies that Boycott Israel***

### ***Section 215.4725 F.S.***

#### **Summary**

In 2016, the SBA was directed by state law to create a "scrutinized companies" list, composed of companies that participate in a boycott of Israel including actions that limit commercial relations with Israel or Israeli-controlled territories in a discriminatory manner. The SBA is prohibited from acquiring direct holdings of the companies on this list. The law requires the SBA to use best efforts in identifying companies that boycott Israel, publish the list on a quarterly basis, send written notice to the companies, engage with the SBA's external managers concerning holdings of the companies on the list, and publish a list of the SBA's directly-held securities and certain other information detailed below. Note, Section 215.4725 F.S. applies only to assets governed by Chapter 121 ("Florida Retirement System Act"), and therefore does not affect any non-FRS funds managed by the SBA.

#### **Primary Requirements of Section 215.4725 F.S.**

##### **1. Identification of companies**

As required by statute, the SBA will make best efforts to identify all scrutinized companies in which the SBA has indirect or direct holdings or possibly could have holdings in the future. The SBA reviews publicly available information, including from NGOs, non-profits, government entities and research firms. SBA staff is also frequently in contact with other institutional investors regarding anti-BDS efforts. Since the law went into effect, SBA staff has communicated with several stakeholder groups in our efforts to learn more about individual company activities and determine whether they meet the criteria of the Florida statute.

SBA contracts with external research providers to obtain information on companies that are potentially engaging in BDS activities, and SBA staff incorporates the information in making a final determination of scrutinized status based on Florida statute. External research providers sell their research to a variety of subscribers, and they do not compile their lists specific to Florida law. The SBA currently contracts with ISS-Ethix and MSCI. Companies that use ESG investment policies in a broadly-applied manner are generally not considered by SBA to be acting in a "discriminatory manner" toward Israel.

Using various information sources, the SBA has developed two separate categorizations of a company's status for consideration under this law.

**"Scrutinized"** — Information provided by an external research provider, publicly available information or information from the company itself or another reliable source indicates that a company meets the classification of a Scrutinized Company as defined by Florida 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 ambiguity. For companies classified as "Continued Examination," the SBA will begin an engagement process to clarify each firm's current business relationships.

The following definitions are provided by Florida Statutes to assist in company identification:

"Scrutinized companies" means companies that boycott Israel or engage in a boycott of Israel.

"Boycott Israel" means refusing to deal, terminating business activities, or taking other actions to limit commercial relations with Israel, or persons or entities doing business in Israel or in Israeli-controlled territories, in a discriminatory manner. A statement by a company that it is participating in a boycott of Israel, or that it has initiated a boycott in response to a request for a boycott of Israel or in compliance with, or in furtherance of, calls for a boycott of Israel, may be considered by the State Board of Administration to be

evidence that a company is participating in a boycott of Israel. The term does not include restrictive trade practices or boycotts fostered or imposed by foreign countries against Israel.

"Direct holdings" are company securities held directly by the SBA or accounts in which SBA owns all interest (such as non-commingled funds).

"Indirect holdings" are company securities that are held in collective investment with other investors, such as commingled funds and mutual funds.

## **2. Publish and reporting**

By the first meeting of the Trustees of the SBA after August 1, 2016, the SBA will publicly release the "Scrutinized Companies that Boycott Israel List" and thereafter provide quarterly updates of the list based on evolving information and events.

The SBA shall file a report with each member of the Board of Trustees of the SBA, the Speaker of the Florida House of Representatives, and the President of the Florida Senate within 30 days after the list is created and shall make the report publicly available. At each quarterly trustee meeting thereafter, the SBA shall file a publicly available report to these persons. The quarterly reports will include:

- a. A summary of correspondence with companies engaged by the SBA as required above.
- b. All prohibited investments (Scrutinized Companies list).
- c. Any progress made with respect to requests of SBA's external managers to remove scrutinized companies from indirect holdings or create similar funds devoid of such holdings.
- d. A list of all publicly held securities held directly by the SBA.

Actions taken in compliance with this section must be adopted and incorporated into the Investment Policy Statement as provided in Section 215.4725, F.S.

## **3. Engagement**

SBA is required to determine the companies on the Scrutinized Companies list in which the SBA has direct or indirect holdings. For each company newly identified after August 1, 2016, the public fund shall send a written notice informing the company of its scrutinized company status and that it may become subject to investment prohibition by the public fund. The notice must inform the company of the opportunity to clarify its activities regarding the boycott of Israel and encourage the company to cease the boycott of Israel within 90 days in order to avoid qualifying for investment prohibition.

If, within 90 days after the public fund's first engagement with a company pursuant to this paragraph, the company ceases a boycott of Israel, the company shall be removed from the Scrutinized Companies that Boycott Israel List, and the provisions of this section shall cease to apply to that company unless that company resumes a boycott of Israel.

## **4. Prohibition**

The SBA may not acquire directly held securities of companies on the Scrutinized Companies list. The SBA is not required to divest of existing holdings. Indirect holdings are exempt from the prohibition (such as commingled accounts, index funds and mutual funds). However, SBA will submit letters to the managers of such investment funds which hold companies from the Scrutinized Companies list requesting that they consider removing the companies from the fund or creating a similar fund devoid of such holdings. SBA shall replace applicable investments in the similar fund devoid of such holdings in an expedited timeframe subject to prudent investing standards if the manager complies with such a request. Exchange-traded funds are also exempted from the prohibition, without the requirement to contact the fund management. A cessation of the investment prohibition is allowed if the fund has evidence that the assets under management become

equal or less than 99.5% of the hypothetical fund value assuming no investment prohibition had occurred. This must be reported to the parties listed in “Publish and reporting” and updated semi-annually for the cessation to be authorized.

**Table 9: *Scrutinized Companies that Boycott Israel***

*New companies on the list are shaded and in bold.*

Scrutinized Company that Boycott Israel	Country of Incorporation	Date of Initial Scrutinized Classification
Betsah Invest SA	Luxembourg	August 2, 2016
Betsah SA	Luxembourg	August 2, 2016
Cactus SA	Luxembourg	August 2, 2016
Co-operative Group Limited	United Kingdom	September 26, 2017
Guloguz Dis Deposu Ticaret Ve Pazarlama Ltd	Turkey	August 2, 2016
Unilever PLC (Ben & Jerry's parent company)	United Kingdom	July 29, 2021
Hindustan Unilever Ltd	India	July 29, 2021
PT Unilever Indonesia Tbk	Indonesia	July 29, 2021
Unilever Bangladesh Ltd	Bangladesh	July 29, 2021
Unilever Capital Corp (Unilever PLC bond issuance)	United States	July 29, 2021
Unilever Caribbean Ltd	Trinidad and Tobago	July 29, 2021
Unilever Consumer Care Ltd	Bangladesh	July 29, 2021
Unilever Côte d'Ivoire	Ivory Coast	July 29, 2021
Unilever Finance Netherlands BV (Unilever PLC bond issuance)	Netherlands	July 29, 2021
Unilever Ghana Ltd	Ghana	July 29, 2021
Unilever Nigeria Plc	Nigeria	July 29, 2021
Unilever Pakistan Foods Ltd	Pakistan	July 29, 2021
<b># of Companies that Boycott Israel</b>	17	

No companies were removed from the **Scrutinized Companies that Boycott Israel List** during the quarter.

**As noted in our September report (9/21/2021):**

**Unilever PLC** (and all tradeable subsidiaries) were added to the “Scrutinized Companies that Boycott Israel” list on July 29, 2021. Florida Statutes address the termination of business activities and limitation of commercial relations in Israeli-controlled territories that were present in recent actions by Ben & Jerry's, a wholly owned subsidiary of Unilever PLC. The company letter of July 19, 2021, announced plans to stop selling its ice cream in the West Bank and Gaza. Ben & Jerry's also plans to terminate its license, as of year-end 2022, with the Israeli partner who has manufactured and distributed Ben & Jerry's products in Israel since 1987. In engagements with Unilever, the SBA received no indication that parent company Unilever will prevent Ben & Jerry's from terminating business activities in Israeli-controlled territories. Per Florida Statutes, the SBA will be prohibited from further investment in Unilever as of 10/26/2021 (90 days after engagement with the company) unless the company ceases boycott activities related to Israel and Israel-occupied territories.

**Table 10: Continued Examination Companies that Boycott Israel**  
*New companies on the list are shaded and in bold. (No companies added this quarter.)*

Continued Examination Company: Israel	Country of Incorporation
<i>No companies are on the continued examination list at this time.</i>	

**Table 11: Correspondence & Engagement Efforts**

In accordance with Section 215.4725, F.S., the SBA began to engage companies on the Scrutinized Companies that Boycott Israel and Continued Examination lists. The SBA sent letters to each company per the requirements of the law. Each company's response and classification status is summarized below. Any company that responded to the SBA's written correspondence is highlighted in blue text.

Company	Company Responsive to SBA Communications	Status
Cactus SA	No	Remains on Scrutinized List
Betsah Invest SA	No	Remains on Scrutinized List
Betsah SA	No	Remains on Scrutinized List
FreedomCall Ltd	Yes, November 4, 2016	Removed from Scrutinized List
Co-operative Group Ltd	No	Remains on Scrutinized List
Cooperative Group Gomersall	No	Removed from Scrutinized List
Guloguz Dis Deposu Ticaret Ve Pazarlama Ltd	No	Remains on Scrutinized List
U2u Consult NV	Yes, December 29, 2016	Removed from Scrutinized List
Danske Bank	Yes, multiple dates	Removed from Continued Examination List
Dexia	Yes, multiple dates	Removed from Continued Examination List
Aldi	No	Removed from Continued Examination List
ASN Bank NV	No	Removed from Continued Examination List
HEMA BV	No	Removed from Continued Examination List
Karsten Farms	No	Removed from Continued Examination List
Airbnb	Yes, multiple dates	Removed from Scrutinized List
Unilever PLC	Yes, multiple dates	Remains on Scrutinized 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: During Q4 2021, the SBA conducted an engagement with all owned firms determined to have operations in Northern Ireland. The SBA sent letters to 219 firms, encouraging support for and adoption of the MacBride Principles.

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#### ***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, 2021, there were no shareowner proposals related to expanding trade with Cuba or Syria.

### ***Section 5: Companies Operating in Venezuela***

During the 2018 session, the Florida Legislature passed HB 359, prohibiting certain investments related to the Venezuelan government. The bill was signed into law by Governor Rick Scott and is effective July 1, 2018.

Florida Statute, 215.471 now requires that:

The State Board of Administration shall divest any investment under s. 121.151 and ss. 215.44-215.53, and is prohibited from investment in stocks, securities, or other obligations of:

(c)1. Any institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States, doing business in or with the government of Venezuela, or with any agency or instrumentality thereof, in violation of federal law. The term “government of Venezuela” means the government of Venezuela, its agencies or instrumentalities, or any company that is majority-owned or controlled by the government of Venezuela.

2. The Governor may waive the requirements of this paragraph if the existing regime in Venezuela collapses and there is a need for immediate aid to Venezuela before the convening of the Legislature or for other humanitarian reasons as determined by the Governor.

Florida Statute 215.472 addresses state agencies and requires that:

Notwithstanding any other provision of law, each state agency, as defined in s. 216.011, is prohibited from investing in: (3)(a) Any financial institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States which, directly or through the United States or foreign subsidiary, extends credit of any kind or character, advances funds in any manner, or purchases or trades any goods or services with the government of Venezuela, or any company doing business in or with the government of Venezuela, in violation of federal law. The term “government of Venezuela” means the government of Venezuela, its agencies or instrumentalities, or any company that is majority-owned or controlled by the government of Venezuela.

(b) The Governor may waive the requirements of this subsection if the existing regime in Venezuela collapses and there is a need for immediate aid to Venezuela before the convening of the Legislature or for other humanitarian reasons as determined by the Governor.

On August 16th, 2017, the Trustees of the State Board of Administration set forth a resolution condemning the oppression of the Venezuelan citizens under the current regime and set language to be included in the State Board of Administration’s Investment Policy Statement (Florida Retirement System Defined Benefit Plan) upon review of the Investment Advisory Council, and in accordance with s.215.475(2) Florida Statutes. The resolution included the following:

1. **Prohibited Investments.** Until such time as the SBA determines it is otherwise prudent to do so, the SBA is prohibited from investing in:
  - (a) any financial institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States, which directly or through a United States or foreign subsidiary and in violation of federal law, makes any loan, extends credit of any kind or character, advances funds in any manner, or purchases or trades any goods or services in or with the government of Venezuela; and
  - (b) any securities issued by the government of Venezuela or any company that is majority-owned by the government of Venezuela.
2. **Proxy Voting.** The SBA will not vote in favor of any proxy resolution advocating the support of the Maduro Regime in Venezuela.

For more information, please contact:

State Board of Administration of Florida (SBA)  
Investment Programs & Governance  
1801 Hermitage Blvd., Suite 100  
Tallahassee, FL 32308  
[www.sbafla.com](http://www.sbafla.com)

or send an email to:  
[governance@sbafla.com](mailto:governance@sbafla.com)







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CHAIR**

**JIMMY PATRONIS  
CHIEF FINANCIAL OFFICER**

**ASHLEY MOODY  
ATTORNEY GENERAL**

**LAMAR TAYLOR  
INTERIM EXECUTIVE DIRECTOR &  
CHIEF INVESTMENT OFFICER**

Date: May 23, 2022  
To: Board of Trustees  
From: Todd Neville, Audit Committee Chair  
Subject: Quarterly Audit Committee Report

A handwritten signature in blue ink, appearing to be "TDN", written over the word "Report" in the subject line.

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The State Board of Administration's Audit Committee met on May 23, 2022. Please see the attached agenda for the items discussed. Also please see the attached Office of Internal Audit Quarterly Report presented to the Audit Committee at the meeting.

**STATE BOARD OF ADMINISTRATION**  
**Audit Committee Open Meeting**  
**Agenda**  
**May 23, 2022**  
**9:30 A.M. – Conclusion of Business**

1. Call to Order
2. Approve minutes of closed and open meetings held on February 21, 2022
3. SBA Interim Executive Director & CIO status report
  - SBA Update: Investment performance, risks, opportunities and challenges
4. Presentation of Crowe’s audit plan for the financial statement audits of Florida Hurricane Catastrophe Fund
5. Presentation on 2022 Governance, Risk and Compliance (GRC) Assessment
  - a. Draft ITN
  - b. Selection process outline
  - c. Timeline – approval of provider at August 2022 AC meeting
  - d. Universe of providers
  - e.
  - f. Members of the evaluation team
6. Chief Risk & Compliance Officer Quarterly Report
  - a. Public Market Compliance
  - b. Personal Investment Activity Presentation
7. Office of Internal Audit Quarterly Report
8. Proposed Annual Audit Plan FY 2022-23
9. Proposed Internal Audit Budget FY 2022-23
  - a. Contingent on the Trustees approval of SBA’s budget at the June 2022 meeting
10. Office of Interim Inspector General Quarterly Report
11. Other items of interest
12. Closing remarks of the Audit Committee Chair and Members
13. Adjournment



# Office of Internal Audit (OIA) Quarterly Report to the Audit Committee

May 23, 2022



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<b>Appendices</b>	Open Audit Recommendations and Action Plans	Appendix A
	Derivatives Collateral and Cash Management Audit Report	Appendix B

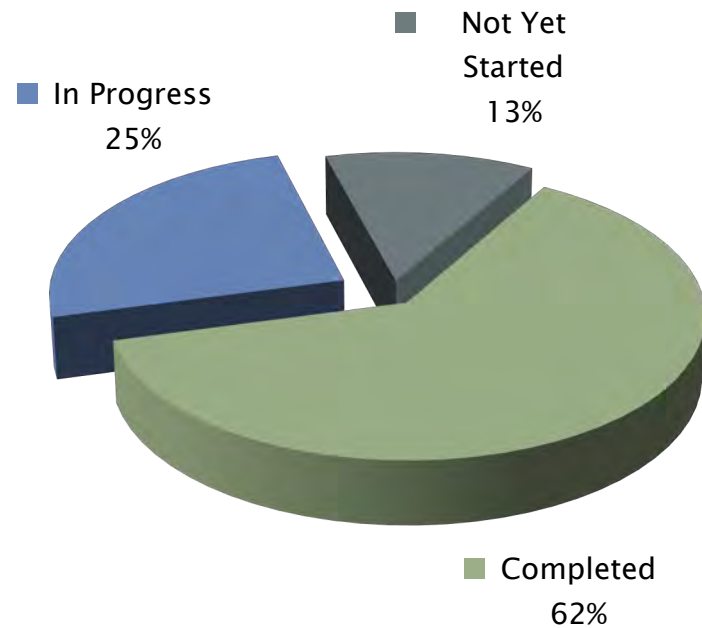


# Status of the FY 2021–22 Annual Audit Plan



# Status of the FY 2021–22 Annual Audit Plan

## Internal Audit and Advisory Engagements



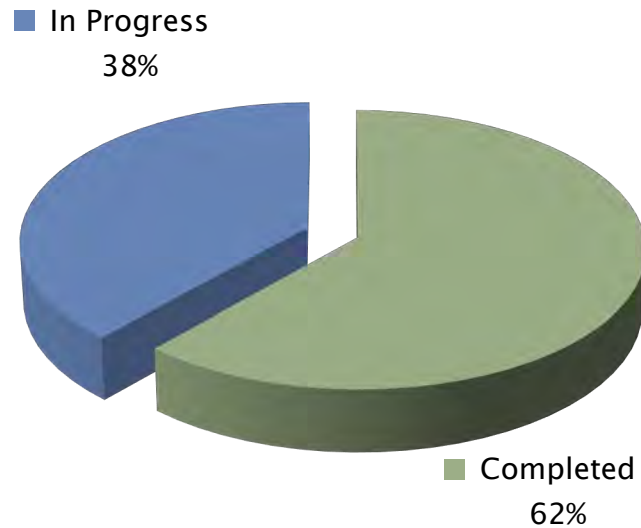
Highlighted: Completed since prior quarterly report.

<u>Projects Status</u>	<u>Type</u>	<u>Planned Timing</u>
<b>Completed</b>		
Private Equity	OIA Operational Audit	Q1
Security Configuration and Vulnerability (Carryover)	OIA Advisory	Q1
Follow-up on BDO's Low Risk Findings	OIA Operational Audit	Q2
Contract Management	Continuous Monitoring	Q2
Derivatives Collateral and Cash Management	OIA Operational Audit	Q2-Q3
<b>In Progress</b>		
Performance Reports for Alternative Investments	OIA Operational Audit	Q2-Q3
Identity and <del>Privileged</del> Access Management Advisory	OIA Advisory	Q3
<b>Not Started</b>		
Periodic Follow-up Audit	OIA Follow-up Audit	Q1-Q4
<del>Security Lending &amp; Repurchases</del>	OIA Operational Audit	Q4
<del>Audit logging for SBA servers &amp; network devices</del>	OIA Advisory	Q3



# Status of the FY 2021–22 Annual Audit Plan

## External Engagement Oversight



Highlighted: Completed since prior quarterly report.

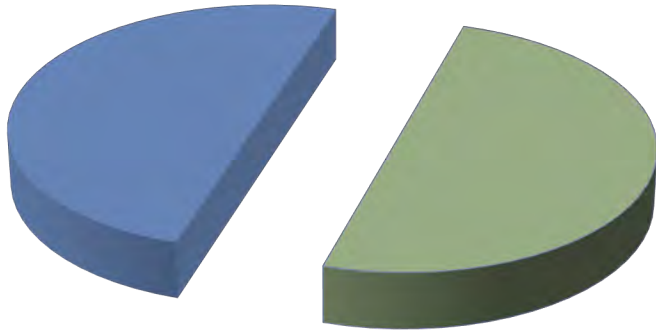
<u>Project Status</u>	<u>Service Provider</u>	<u>Type</u>	<u>Planned Timing</u>
<b>Completed</b>			
Florida Retirement System (FRS) Trust Fund	Crowe	External Financial Statement Audit for FY20-21	Q1/Q2
FRS Investment Plan Trust Fund	Crowe	External Financial Statement Audit for FY20-21	Q1/Q2
Florida PRIME	Auditor General	External Financial Statement Audit for FY20-21	Q1/Q2
Florida Hurricane Catastrophe Fund	KPMG	External Financial Statement Audit for FY20-21	Q1/Q2
AG PRIME Financial Statement Audit	Auditor General	External Financial Statement Audit for FY20-21	Q1/Q2
Part of the Statewide CAFR	Auditor General	External Financial Statement Audit for FY20-21	Q2/Q3
Network Security, outsourced	BDO	External IT Assessment	Q1/Q3
Florida Growth Fund Initiative	OPPAGA	External Review	Q1/Q2
<b>In Progress</b>			
Florida Retirement System (FRS) Trust Fund	Crowe	External Financial Statement Audit for FY21-22	Q1/Q2
FRS Investment Plan Trust Fund	Crowe	External Financial Statement Audit for FY21-22	Q1/Q2
Florida PRIME	Auditor General	External Financial Statement Audit for FY21-22	Q1/Q2
Florida Hurricane Catastrophe Fund	Crowe	External Financial Statement Audit for FY21-22	Q1/Q2
AG PRIME Financial Statement Audit	Auditor General	External Financial Statement Audit for FY21-22	Q1/Q2
<b>Not Started</b>			
None			

# Status of the FY 2021–22 Annual Audit Plan

## Special Projects, Risk Assessments, Annual Audit Plan and QAR



■ In Progress  
50%



■ Completed  
50%

Highlighted: Completed since prior quarterly report.

<u>Project Status</u>	<u>Type</u>	<u>Planned Timing</u>
<b>Completed</b>		
RFQ for Real Estate Pool of Auditors	Part of Evaluation Team	Q1
ITN for FHCF Financial Statement Audit	OIA Special Projects	Q2
ITN for Network Security Assessment	OIA Special Projects	Q2/Q3
Annual Risk Assessment	OIA Risk Assessment	Q4
Annual Audit Plan	OIA Risk Assessment	Q4
<b>In Progress</b>		
Implementation of Internal Audit Solution - AuditBoard	OIA Special Projects	Q2/Q3
ITN for GRC Assessment	OIA Special Projects	Q2/Q4
Complimentary User Entity Control Testing Validation	OIA Special Projects	Q1-Q4
Continuous Risk Assessment	OIA Risk Assessment	Q1-Q4
Annual Quality Assessment Review - Self-Assessment	OIA Quality Assurance	Q4
<b>Not Yet Started</b>		
None		





# Completed Projects & Status of Management Action Plans/Recommendations >>



# Derivatives Collateral and Cash Management Operational Audit

We completed the Derivatives Collateral and Cash Management Operational Audit. Our risk-based audit assessed the existence, adequacy and effectiveness of key internal controls, the efficiency of operations, and compliance with relevant policies and procedures for the processes for the period July 1, 2020 – September 30, 2021. Due to changes in the underlying documentation process, the scope for tests specific to margin transactions was April 1, 2021 – September 30, 2021. We performed data analytics on select data for the same period. In certain cases, we reviewed information after our cut-off date to provide updated information. *For detailed flowcharts of these processes, see the appendix included in the report.*

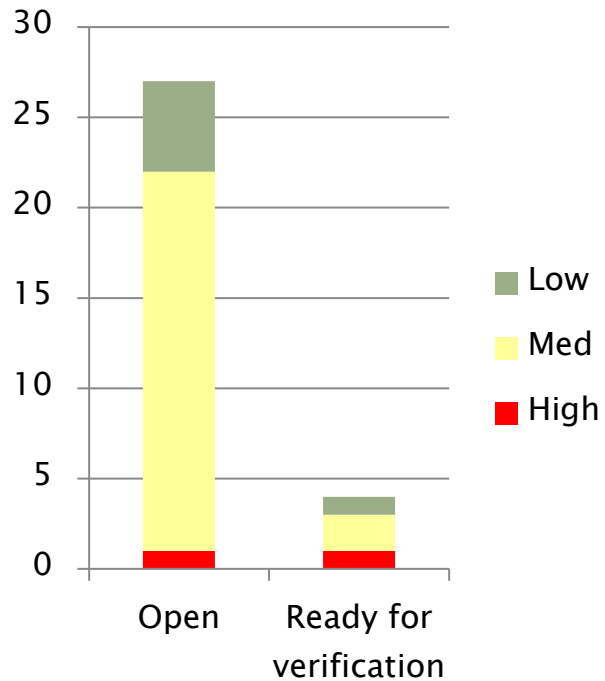
Legend for Control Effectiveness Rating	# of Key Controls
Effective	27
Improvement Needed	1
Not Effective	0
Not Tested (tested in other audits, etc.)	11
Total Key Controls	39



Observations:		Status of Action Plan:
1	Medium	Closed per management
1	Low	In progress (general comment; not related to a specific key control)
2	Total Observations	



# Status of Management Action Plans–Audits



Report Title	Report Date	Risk Rating for Open Recs			Status		
		High	Med	Low	Open	Ready for verification	Verified during Qtr
AG - Operational Audit 2017	11/13/2017			1		1	
Strategic Investments Operational Audit	8/19/2019	1			1		1
Procure to Pay Operational Audit	6/30/2020		5	2	7		
Real Estate Direct Owned Operational Audit	10/6/2020		1		1		
AG – ITGC and PRIME 2020	10/16/2020		2		2		
AG – ITGC and PRIME 2020 Confidential	10/16/2020		5		5		
AG – FRS Investment Plan Operational Audit 2021	2/22/21		3		3		
Business Continuity and Disaster Recovery Operational Audit	3/19/2021		3		3		
Private Equity Operational Audit 2021	9/9/2021	1	3	2	4	2	
Derivatives Collateral and Cash Management Operational Audit	3/31/2022		1	1	1	1	
		2	23	6	27	4	1
		6%	74%	19%	87%	13%	

For details, see [Appendix A](#).

Changes highlighted in yellow

Management Action Plans relate to findings from audits performed by internal **or external** auditors. The OIA monitors and performs follow-up procedures on the management action plans in accordance with the IIA Standard 2500. A1. In certain cases, follow-up procedures are performed by external auditors.



# Status of Recommendations – Advisory Projects

Report Title	Report Date	Status			Closed by OIA during Qtr
		Open	Closed per Mgmt	Total	
Governance, Risk Management, and Compliance Assessment (Funston) <sup>1</sup>	1/15/2018	6		6	19
Network Security Assessment 2018 (BDO) <sup>2</sup>	11/15/2018	1		1	
Network Security Assessment 2019 (BDO) <sup>2</sup>	11/21/2019	4	2	6	
CIS CSC Framework Gap Assessment Advisory <sup>1</sup>	3/19/2020	12		12	5
Network Security Assessment 2020 (BDO) <sup>2</sup>	1/5/2021	12	2	14	
Security Configuration and Vulnerability Management Advisory <sup>1</sup>	8/3/2021	24		24	
Network Security Assessment 2021 (BDO) <sup>2</sup>	2/2/2022	30		30	
		89	4	93	24

Changes highlighted in yellow

*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.*

<sup>1</sup>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.

<sup>2</sup>Recommendations will be reviewed for remediation and closure as part of the subsequent Network Security Assessment.



Other OIA Activities >>



# Other Items for Discussion

- ▶ Changes to OIA organization chart
  - New employee – welcome Leslie Dierlam
  - New vacancy – advertising for this position
- ▶ Audit Committee meeting dates in 2022
  - August 15, 2022
  - November 21, 2022

# Questions/Comments



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ATTORNEY GENERAL

LAMAR TAYLOR  
INTERIM EXECUTIVE DIRECTOR &  
CHIEF INVESTMENT OFFICER

## MEMORANDUM

**To:** Lamar Taylor  
**From:** Michael McCauley  
**Date:** June 9, 2022  
**Subject:** Quarterly Standing Report - Investment Programs & Governance

### GLOBAL PROXY VOTING & OPERATIONS

During the first quarter of 2022, SBA staff cast votes at 1,357 meetings worldwide, voting on ballot items including director elections, audit firm ratification, executive compensation plans, mergers & acquisitions, and a variety of other management and shareowner proposals. These votes involved 11,166 distinct voting items—voting 79.7% “For” and 17.3% “Against/Withheld,” with the remaining 1.8% involving abstentions. Of all votes cast, 17.5% percent were “Against” the management-recommended vote. SBA proxy voting occurred in 46 countries, with the top five by meeting volume comprised of South Korea (322), China (224), United States (207), Japan (119), and India (91). The table below provides the SBA’s major proxy voting statistics across all markets during Q12022.

Individual Meetings	1,357
Individual Ballots	2,849
Individual Proposals	11,166
Percent Votes “For”	79.7%
Percent Votes “Against”/“Withhold”	17.3%
Percent Votes Not Voted	1.0%
Percent Ballots Not Voted	0.8%
Proxy Paper ID	1,323
Issue Descriptions	188
Companies	1,256
Portfolios	77
Country of Origin	46
Percent Votes Against Management Recommendat..	17.5%
Percent Votes in Favor of Directors	79.1%
Percent Votes in Favor of Auditors	98.8%
Percent Votes in Favor of Merger/Acquisition Items	92.5%
Percent Votes in Favor of Compensation Items	74.9%
Percent Votes in Favor of SHP Governance Issues	27.5%
Percent Votes in Favor of SHP Environmental Issues	28.6%
Percent Votes in Favor of SHP Social Issues	50.0%
Percent Votes in Favor of All SHP Issues	31.5%

### CORPORATE GOVERNANCE & PROXY VOTING OVERSIGHT GROUP

The most recent meeting of the Corporate Governance & Proxy Voting Oversight Group (Proxy Committee) occurred on February 28, 2022, and the next meeting will be held June 30, 2022. The Proxy

Committee continues to review ongoing governance issues including the volume and trends for recent SBA proxy votes, company-specific voting scenarios, corporate governance policies, governance-related investment factors, major regulatory developments and individual company research related to the Protecting Florida's Investments Act (PFIA), and other statutory investment requirements related to Israel and Venezuela.

### **LEADERSHIP & SPEAKING EVENTS**

Staff periodically participates in investor and corporate 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 March, SBA staff participated in the 4<sup>th</sup> Annual Corporate Issuer and Institutional Investor Forum Hosted by Broadridge Financial Solutions and the Herbert Business School at the University of Miami, discussing voting delegation, and other corporate governance topics.
- In May, SBA staff participated in a meeting of the Board of Directors of the Council of Institutional Investors (CII), discussing a range of topics affecting the organization.
- In May, SBA staff participated in a 2<sup>nd</sup> quarter meeting of the Investor Oversight Committee of Best Practice Principles Group (BPPG), discussing several issues affecting the proxy advisory industry.

### **ACTIVE OWNERSHIP & CORPORATE ENGAGEMENT**

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. From late March 2022 through early June 2022, SBA staff conducted engagement meetings with several companies owned within Florida Retirement System (FRS) portfolios, including Honeywell International, General Motors, ExxonMobil, Johnson & Johnson, Assicurazioni Generali, Cigna, Bank of New York Mellon, and Philips 66.

### **PRELIMINARY REVIEW OF U.S. PROXY SEASON**

Peak volumes for the domestic proxy season typically occur in late May every year, with the highest daily meeting counts between May 19<sup>th</sup> and 26<sup>th</sup>. Nearly 40% of all companies in the Russell 3000 stock index hold their annual meetings in May, including 237 constituents of the large-company S&P 500 index. Although such proposals are dwarfed by other ballot items including director elections, auditor ratification, executive compensation, and other management proposals, sustainability issues have again garnered the most attention during the 2022 proxy season. Shareowners have filed more than 500 proposals on environmental and social (E&S) issues this year, approximately a 20% increase year over year from 2021. The marginal rise in total proposal volume is at least partially attributable to procedural changes made at the SEC last year. The result is fewer resolutions being restricted from voting action through the SEC's "no-action" process. Revised SEC guidance issued in the fall 2021 (Staff Legal Bulletin (SLB) 14L) is making ordinary business and economic relevance exclusions less likely if a proposal raises a significant social policy issue. As of early March, the number of no-action requests received by the SEC's Division of Corporation Finance (Corp Fin) had declined by 9% over the same time last year. Approximately 20% of the requests were withdrawn, which Corp Fin largely attributes to

constructive engagements between proponents and issuers. For example, the number of ballot items voted (or pending a vote) through early May has risen considerably.

According to Semler Brossy's most recent "2022 Say on Pay & Proxy Results" report, of 80 social proposals and 25 environmental proposals voted on this proxy season at Russell 3000 companies as of May 26, six social proposals and three environmental proposals received majority shareowner support, reflecting a decline of 11% and 20% in majority support of social proposals and environmental proposals, respectively, year-over-year. The median vote support so far this season is 25% for social proposals and 26% for environmental proposals, reflecting a significant drop in support year-over-year, particularly for environmental proposals. The number of investor proposals on green-house-gas (GHG) emissions that have been voted on grew from just six in 2021 to 41 this year, while filings of such resolutions quadrupled in 2022 jumping from just 20 to 80 last year. And the number of such proposals filed but withdrawn has almost tripled year over year, implying that engagement activities between investors and management has led to negotiated compromise. Likewise, the number of resolutions covering political contribution disclosure filed this year is the highest it has been since 2014, and those covering political lobbying disclosure set a new high-water mark this year with 42 resolutions on ballots year to date.

However, through early May, the 19 environmental shareowner proposals subject to a vote at S&P 500-listed companies have won only 26.5% support on average, well below the 36.7% and 44.1% average support they received in 2020 and 2021, respectively. Some market pundits attribute the declining level of investor support to more narrowly crafted and prescriptive shareowner resolutions, such as the group of proposals asking various U.S. banks to adopt fossil fuel lending policies aligned with the International Energy Agency's (IEA) net-zero by 2050 scenario. The SBA has voted against all such proposals year to date. Proxy advisers have also reduced their client voting recommendations year over year in 2022 for environmental proposals. Glass Lewis & Co. (GLC), a proxy advisor used by the SBA, has endorsed 37.5% of environmental shareholder proposals subject to a vote at S&P 500 companies so far through early May, compared to 58.3% and 51.5% in 2020 and 2021. Institutional Shareholder Services (ISS) has recommended investors vote in favor of 100% of environmental proposals at U.S.-listed companies through early May, compared to 77.3% and 76.7% in 2020 and 2021, according to reverse-engineered modeling by Insightia.

Heightened scrutiny of executive compensation items has also continued from last year. Investors have carefully reviewed executive compensation plans, particularly at underperforming companies and those with the largest disconnects between pay levels and financial performance. Many companies experienced higher levels of investor dissent last year due to special grant activity and the exercise of positive discretion related to the COVID-19 pandemic, both of which may have boosted overall incentive payouts without a corresponding increase in stock price or financial gain. Investors rejected compensation proposals in record numbers during the 2021 proxy season, with an all-time high of 20 companies in the S&P 500 failing to secure majority support for their say-on-pay proposals, partly because companies rewrote bonus plans to lower targets for payouts. Say-on-pay ("SOP") compensation proposal support continues to decline at firms in the S&P 500 stock index, with median support for SOP at S&P 500 companies on track to decline for an eighth consecutive year.

The attached mid-season report from Georgeson, titled “An Early Look at the 2022 Proxy Season,” includes a more detailed breakdown across all voted ballot items for companies in the Russell 3000 stock index for annual meetings occurring between July 1, 2021, and May 16, 2022. The report’s data is supplied by Institutional Shareholder Services (ISS) Corporate Solutions.

#### **HIGHLIGHTED PROXY VOTES**

**Twitter, Inc.**—for its May 25, 2022, annual meeting, SBA staff voted for and against several ballot items in line with proxy voting guidelines. On April 25, 2022, the company entered into a definitive agreement to be acquired by Elon Musk for \$54.20 in cash per share, valuing the company at approximately \$44 billion at the time of announcement. Although the buyout transaction is subject to shareowner approval at a special meeting that has yet to be scheduled for later in 2022, there appears to be significant risk to deal completion. Management ballot items included two board members up for re-election, auditor ratification, and a proposal to de-stagger the terms of the board of directors. SBA staff voted against one of the two directors up for election, pursuant to our voting guideline that limits simultaneous directorships to no more than three boards. Nominee Durban sits on a total of six boards at the same time.

Twitter adopted bylaws in April 2017, whereby the company began using majority voting in its director elections, but it also adopted a resignation policy in its governance guidelines requiring that any director not receiving 50% or more shareowner support is required to submit a letter of resignation for review by the Board’s Nominating Committee. Mr. Durban, co-chief executive of private-equity firm Silver Lake, resigned shortly after the annual meeting. However, Twitter announced shortly afterwards that its board had reached a deal with Mr. Durban to keep him on the board of directors and that he has agreed to serve on no more than five public company boards by May 25, 2023. Mr. Durban currently serves on the boards of six other publicly traded companies, in addition to Twitter’s. Mr. Durban was initially appointed to Twitter’s board because of a 2020 agreement with Silver Lake that entitled the firm to one seat on the board.

The management proposal to remove the classified board failed to receive at least 80% support from the total number of outstanding shares for a second year in a row. SBA staff voted in favor of the item which should improve board accountability through annual director elections. Companies that maintain supermajority voting thresholds can find it difficult to make governance reforms, even those supported by management. SBA staff voted against the SOP ballot item as the company’s pay design exhibits several flaws including short term performance periods utilized within the long-term incentive plan (LTIP), the lack of stock ownership requirements, and poorly designed compensation, which is largely disconnected from corporate performance. SBA staff voted for ratification of the auditor, with which there were no material concerns. A resolution asking the company to report on the risks associated with using concealment clauses in the context of harassment, discrimination, and other unlawful acts was approved by investors. The SBA voted in support of the resolution, as implementation of the proposal could result in improved recruitment, development and retention, and the additional disclosure will aid investors in gauging the risks involving the use of concealment and non-disclosure agreements. A resolution asking the company to provide a semi-annually updated report regarding its political contributions and expenditures was approved by investors. The SBA voted in support of the resolution, as the additional reporting would aid investors in gauging the risks

involving such activities, particularly oversight by the board of directors. A variety of other shareowner resolutions covering director nominations requiring human and/or civil rights expertise, corporate audit analyzing the impacts on civil rights/non-discrimination and reporting on the congruence of corporate lobbying activity and expenditures with corporate values all failed to garner majority support. The SBA voted against each of the failed resolutions.

**Shopify**—For its June 7, 2022, annual meeting, SBA staff voted for and against several ballot items in line with proxy voting guidelines including the withholding of support for one director due to poor governance practices. The company has continued to maintain a multi-class share structure with unequal voting rights. Commensurate to the director vote, SBA staff voted against a management proposal to amend the articles of incorporation to create a new class of share, designated the "Founder" share, and the issuance of such Founder share to the CEO. The proposal removes the existing "dilution sunset" feature and is viewed as overly concessionary, with the potential to lead to higher compensation costs. Since going public in 2015, Shopify has had two classes of voting shares, Class A subordinate voting shares carrying one vote per share, and Class B multiple voting shares carrying 10 votes per share. GLC estimated that the difference between Class A and Class B shares' economic versus voting power to be 90.5% and 49% and 9.5% and 85%, respectively, highlighting the large asymmetry between some shareowners' financial investments and outsized voting power. As well, the SBA voted against the company's SOP compensation item—due primarily to a lack of short-term incentive structures and the use of time-based vesting within the long-term incentive plan. The SBA voted in favor of a management proposal to approve a 10-for-1 stock split.

**Canadian National**—Prior to its annual general meeting on May 20, 2022, Canadian National (CN) released a proxy circular covering its new board policy on simultaneous directorships. The company revised its "over-boarding" policy, allowing for a maximum of three public boards on which directors other than full-time chief executive officers or senior officers of the firm may serve. The rule is subject to a one-year transition period where necessary. Of the director nominees being presented for election at their annual meeting, only one director currently serves on more than two public boards, other than CN's Board, and has committed to reducing the number of directorships within the next year. The SBA withheld support for the single, over-boarded director in line with our proxy voting guidelines.

The company stated in the circular that, "CN believes in the importance of consistent engagement and meaningful dialogue with all stakeholders, including shareholders, and the aforementioned initiatives were all informed by such interactions. The Board is confident that its enhanced governance rules help position CN as a leader in corporate governance and diversity with best-in-class practices, while maintaining the high level of expertise, institutional knowledge and strong board dynamics that have served the company so well over the last 25 years." According to data from Insightia, 23 of the 68 directors (34%) who failed to receive majority support in 2021 held an excessive number of board seats, including seven who were public company board chairs and/or CEOs.

**McDonald's Corporation (McDonald's)**—For its May 26, 2022, contested annual meeting, McDonald's was the subject of a proxy contest lodged by dissident Barberry Corporation, an investment firm affiliated with Carl Icahn. The dissident nominated two directors in opposition to management. SBA staff voted using the management card, which supported the existing company nominees. All 12 of the

company's nominees won re-election to the board. The investor's two nominees received about 1% of the vote.

The dissident also attempted to overhaul the chain's animal welfare practices. Icahn claimed that McDonald's board of directors was "failing shareholders" by presiding over animal welfare violations and cruelty in its supply chains, citing the company's use of pork suppliers that confine pigs in gestation crates, or individual stalls. The advisory shareholder proposal requesting disclosure regarding gestation stall use in the company's U.S. pork supply chain was withdrawn by the shareholder proponent and was not voted on at the annual meeting. The SBA supported and investors approved a measure requesting a civil rights audit. The civil rights audit was the only shareholder proposal to gain the backing of a majority of votes cast at McDonald's annual meeting.

## **REGULATORY AND MARKET DEVELOPMENTS**

### **Securities & Exchange Commission (SEC) Proposal on Climate-Related Disclosures**

On March 21, 2022, the SEC voted to require U.S. public companies provide certain climate-related information in their registration statements and periodic reports—including Form 10-K disclosures on climate risks facing their businesses and plans to address those risks, along with various metrics detailing the companies' climate footprint including Scope 1, 2, and in some cases, Scope 3 greenhouse gas (GHG) emissions. The SEC proposes that these first disclosures would be made by larger companies in 2024, based on fiscal year 2023. The aim of the SEC's proposal is to enhance and standardize climate-related disclosure, which some entities have already begun making voluntarily. Key items of disclosure include a description of the role of the board and management in the oversight and governance of climate-related risks and any material impact of any climate-related risks identified (where the materiality determination aligns with that made in disclosure in the MD&A section of a registration statement or annual report).

### **SEC Focuses on Investment Adviser ESG Practices**

On May 25, 2022, the SEC proposed amendments to rules and disclosure forms to promote consistent, comparable, and reliable information for investors concerning funds and advisers' incorporation of environmental, social, and governance ("ESG") factors. The proposed changes would apply to registered investment companies, business development companies, registered investment advisers, and certain unregistered advisers. The proposed amendments seek to categorize certain types of ESG strategies broadly and require funds and advisers to provide more specific disclosures in fund prospectuses, annual reports, and adviser brochures based on the ESG strategies they pursue.

The rules and form amendments would enhance disclosure by: 1) requiring additional specific disclosure requirements regarding ESG strategies in fund prospectuses, annual reports, and adviser brochures; 2) implementing a layered, tabular disclosure approach for ESG funds to allow investors to compare ESG funds at a glance (changes to the SEC's existing "names rule," which requires at least 80% of a funds' assets to be invested in the investment characteristics suggested in a fund's name); and 3) requiring certain environmentally focused funds to disclose the greenhouse gas (GHG) emissions associated with their portfolio investments. Under the proposed regulation, if an investment style, such as ESG, is taken into consideration by the investment adviser but it is not central to the investment strategy of the fund, it cannot be used in the fund's name. The disclosure would mandate a

description of how funds and advisers integrate ESG, whether they consider greenhouse gas emissions, and the quantitative and qualitative information ESG-focused funds use to assess these factors. ESG-focused funds would also have to disclose how they voted on related issues. Impact funds, which the SEC characterizes as a subset of the ESG-focused universe, would have to outline progress on their stated objectives. The goal of the additional disclosures is to address exaggerated claims about ESG strategies, so called “green-washing,” and related shortcomings in disclosure.

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# **Addendum**

## **SBA Corporate Governance Statistics**

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Trustees & Investment Advisory Council (IAC) Meetings – June 28, 2022

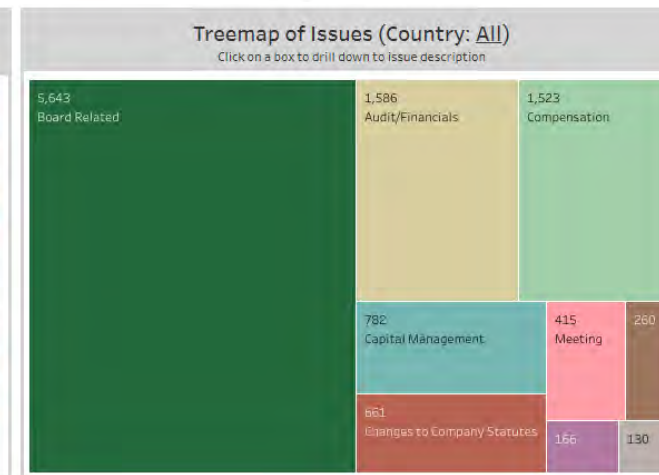
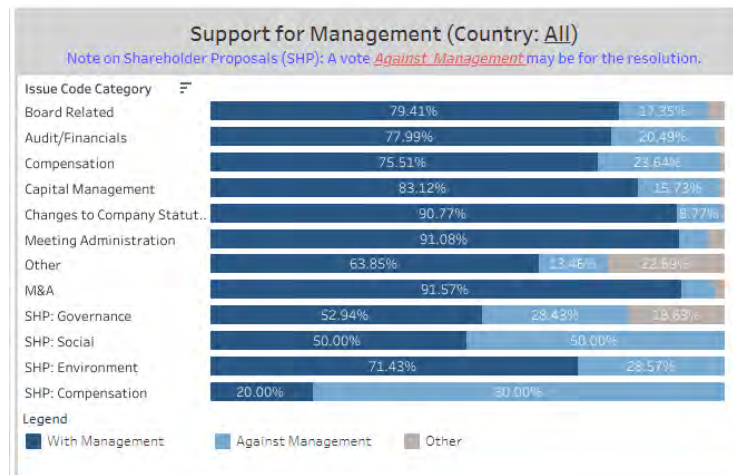
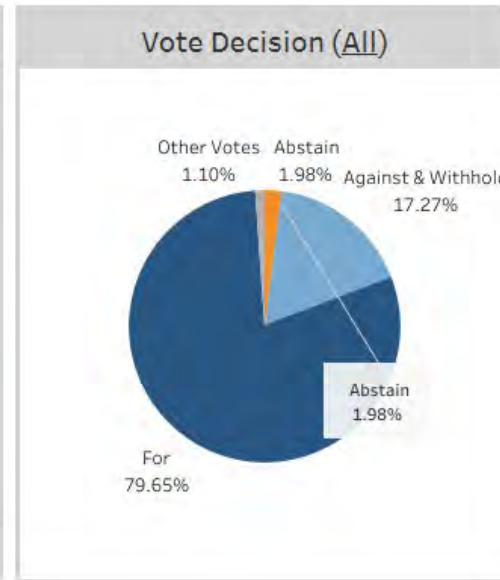
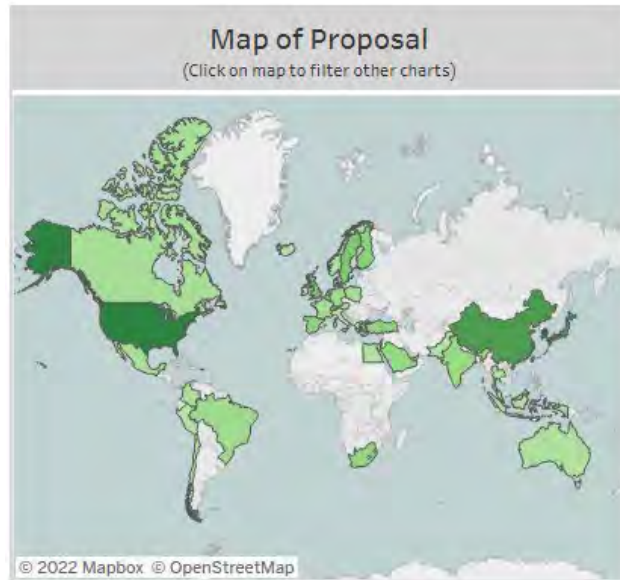


# Proxy Voting Aimed at Portfolio Value and Risk Mitigation (1Q2022)

Proxy Voting Summary								
Issue Code Category	For		Against & Withhold		Abstain		Other Votes	
	Individual Proposals	% of Total Distinct	Individual Proposals	% of Total Distinct	Individual Proposals	% of Total Distinct	Individual Proposals	% of Total Distinct
		count of Individual ..		count of Individual ..		count of Individual ..		count of Individual ..
Audit/Financials	1,239	78.1%	297	18.7%	26	1.6%	24	1.5%
Board Related	4,513	80.0%	967	17.1%	132	2.3%	31	0.5%
Capital Management	650	83.1%	114	14.6%	9	1.2%	9	1.2%
Changes to Company Statutes	602	91.1%	50	7.6%	6	0.9%	3	0.5%
Compensation	1,141	74.9%	347	22.8%	9	0.6%	26	1.7%
M&A	152	91.6%	8	4.8%	3	1.8%	3	1.8%
Meeting Administration	378	91.1%	29	7.0%	1	0.2%	7	1.7%
Other	178	68.5%	39	15.0%	25	9.6%	18	6.9%
SHP: Compensation	3	60.0%	1	20.0%	1	20.0%		
SHP: Environment	2	28.6%	5	71.4%				
SHP: Governance	28	27.5%	63	61.8%	9	8.8%	2	2.0%
SHP: Social	8	50.0%	8	50.0%				
Grand Total	8,894	79.7%	1,928	17.3%	221	2.0%	123	1.1%



# Proxy Votes Drive Value and Lower Risk (1Q2022)





# AN EARLY LOOK AT THE 2022 PROXY SEASON

CERTAINTY | INGENUITY | ADVANTAGE

**Georgeson**



## METHODOLOGY

### Period Presented & Data Sources

For the 2022 proxy season, this report is based upon available annual meeting results proxy year-to-date (YTD) from July 1, 2021 through May 16, 2022, for companies within the Russell 3000 Index as of May 16, 2022. All data provided herein is preliminary and subject to change as additional information regarding the 2022 proxy season becomes available. Prior season data is for companies within the Russell 3000 as of May 16, 2022, for the full proxy season, running from July 1 – June 30 for each period presented, unless otherwise noted. For example, 2021 proxy season data is for the period from July 1, 2020 – June 30, 2021. As data for all years is based on Russell 3000 Index constituents as of May 16, 2022, such information may include minor inconsistencies compared to previous reports relating to the 2021 and 2020 proxy seasons, due to changes to index membership over time.

Shareholder proposal submission data and annual meeting results discussed herein have been sourced from ISS Corporate Solutions and supplemented by our own research through additional sources, including various proponents' shareholder proposal submission data. Accordingly, our data set includes proposals that were not initially part of ICS' data, excludes proposals that we believe to be duplicative, modifies proposal data for accuracy, and recategorizes certain proposals based on our read of the proposal in question as discussed below. Our data represents our best effort initial attempt at classifying, confirming, and consolidating multiple sources of data into one aggregated dataset; as a result, this data is preliminary and subject to change.

### Vote Outcomes Reported

For results reported, we use each company's vote standard applicable to each proposal analyzed to determine proposal passage, failure or level of support. For purposes of aggregated passage rate trends (such as average support), we have examined votes cast for and against proposals, not considering abstentions (For/For + Against).

An interactive version of the data presented in this report is available at: <https://esg.georgeson.com/proxyseason2022> and will be updated following the availability of full 2022 proxy season annual meeting results post-June 30, 2022.

## Shareholder Proposal Categorization

There is inherently some subjectivity in categorizing the focus and subject matter of shareholder proposals. Such categorizations have become increasingly challenging over time as environmental, social and corporate governance topics increasingly overlap and influence one another. Where proposals address multiple topics, we have aimed to categorize them based on what we believe to be the primary focus of the proponent in submitting the proposal. For purposes of this report, governance proposals include proposals addressing topics such as: shareholder special meeting and written consent rights; voting standards; dual class structures; independent board chairs; proxy access; board declassification; director term limits; executive compensation matters, including proposals concerning compensation linked to ESG topics; and shareholder approval of bylaw amendments. Social proposals address a broad set of topics, including board and employee diversity matters; discrimination and sexual harassment; mandatory arbitration policies; pay disparity; public health and welfare; human rights; employee welfare and workplace matters; product safety; animal welfare; disclosure of board qualification matrices, including director nominees' ideological perspectives; political contributions disclosure; and disclosure of lobbying policies and practices. Environmental proposals address topics including climate change risks and reporting; greenhouse gas (GHG) emissions goals; recycling, single-use plastics and sustainable packaging; renewable energy and environmental impact reports.

## A Note on Emissions Reduction Targets

The overall themes across environmental proposals are relatively unchanged year-over-year, though we note that our methodology for classifying such proposals has shifted. While many environmental proposals are categorized as Say on Climate or Climate Transition Reporting, we have instead categorized proposals with a particular focus on what, if any, emissions reduction targets or strategies are being requested. We see a clear delineation in proposals that focus on Scope 1 and 2 emissions, compared to those that include Scope 3 emissions. We expect a proposal's inclusion or exclusion of Scope 3 emissions will be a key driver of its voting outcome. This expectation was further strengthened following BlackRock's recent bulletin on climate-related shareholder proposals, as discussed in Shareholder Proposals: Environmental. As such, any proposal that requests for emissions reduction targets or strategies (regardless of whether such request is made in the form of a proposal categorized as Say on Climate, Climate Transition Reporting, or otherwise), is classified as Greenhouse Gas Emissions (GHG) Related, with a sub-classification to indicate whether Scope 3 emissions are specifically requested.

## INTRODUCTION

An early examination of 2022 proxy season voting statistics yields a number of notable observations:

At the time of this writing, we have observed  
**a total of 924**  
shareholder proposal submissions, significantly  
surpassing what was a record-breaking number  
of submissions in the 2021 season.



It is possible that up to  
**621 proposals**  
will go to a vote this season.



### Of the 286 proposals voted to date:



**30**  
relate to environmental matters



**107**  
involve social issues



**149**  
relate to governance issues



We have seen several  
types of proposals  
that attracted majority  
support for the first-time  
this season, including  
shareholder proposals  
addressing racial equity  
and civil rights audits,  
sexual harassment  
concerns and gender  
pay equity.



**6**



**10**

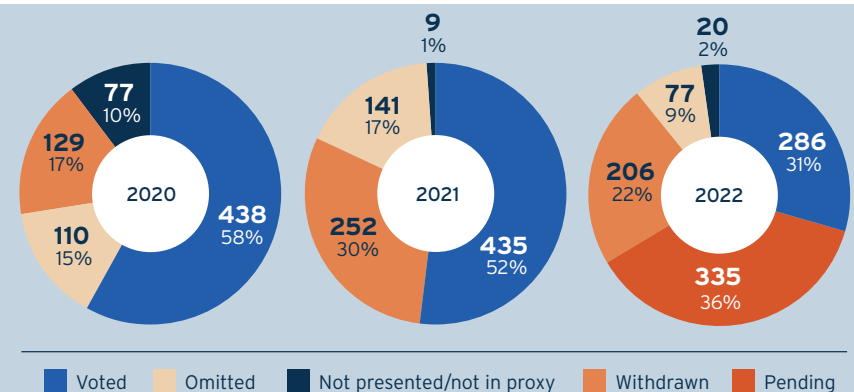


**28**

Across E, S and G,  
**6, 10 and 28**  
proposals have passed in each  
respective category.

This translates into passage  
rates of approximately  
**20%, 9% and 19%,**  
respectively.

On the heels of a record-breaking 2021 proxy season, it appears that many  
proponents were emboldened to submit a greater number ESG proposals this  
season, with many making more significant demands on companies. For example,  
while shareholder proposals related to greenhouse gas (GHG) emissions reduction  
targets of a more general nature were filed in the 2021 season, the majority filed in  
2022 are explicitly seeking targets across Scopes 1, 2 and 3 emissions. At the same  
time, as the season unfolds, we are seeing that some institutional investors may be  
less willing to support these proposals, based on the passage rates YTD





Average support for director elections is roughly in line with 2021 support levels, although appears to be trending downwards when results are limited to the 2022 calendar year (which more accurately assesses the impacts of policy changes that went into effect during the 2022 calendar year)

While overall passage rates YTD may be indicative of somewhat muted support compared to 2021, we note there was significant withdrawal activity in certain proposal categories – discussed in more detail within the Environmental and Social sections below – and several weeks of peak proxy season meetings remain. In our view, we see this potentially muted support less as a matter of decreasing shareholder attention on ESG matters and more a reflection of proponents’ heightened ambitions in the proposals voted upon in 2022.

Thematically, we have seen several new trends across both environmental and social proposals. On the environmental side, proposals requesting Scope 3 emissions reductions targets, policy alignment with the International Energy Agency’s, or IEA’s, Net Zero scenario, and cessation of financing to fossil fuel projects are gaining prominence. On the social side, we have noticed an increased focus on companies’ impacts to broader systems, with proposals focused for example on the public health costs of protecting vaccine technology at healthcare companies and external costs of misinformation at technology companies.

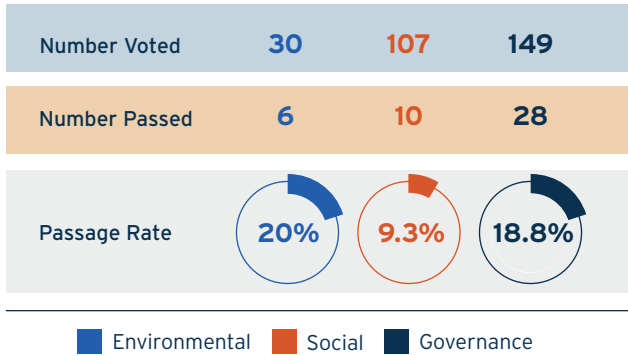
Average support for Say on Pay proposals to date is roughly in line with support experienced in the 2021 proxy season.

**90.2%** in 2022  
as compared to  
**91%** in 2021.

We have also seen the trend continue this season of companies recommending that shareholders vote in support of, or not make a recommendation with respect to, shareholder proposals.

As a result, we have seen **four** shareholder proposals so far this season receive support above **80% in instances where management recommended in favor of or provided no recommendation on a proposal.**

2022 YTD PROPOSALS VOTED AND PASSED

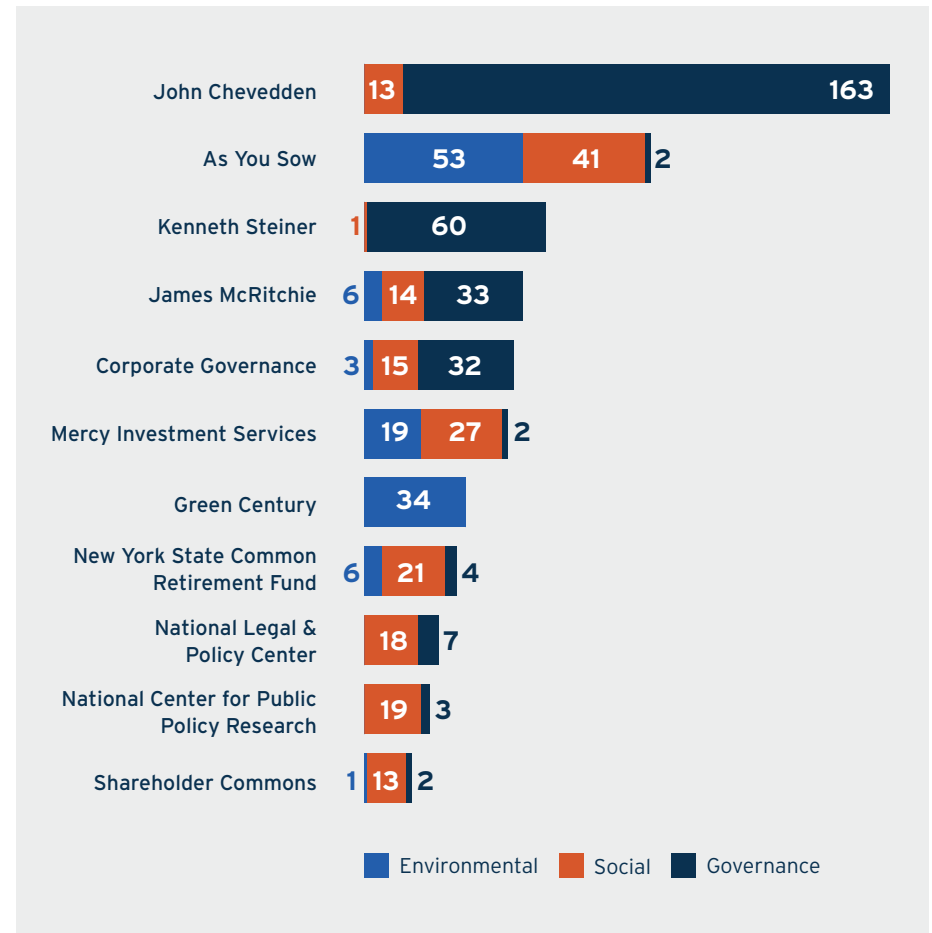




## INTRODUCTION

As for proponents, familiar names continue to account for most proposals filed this season. However, we believe coordination among proponents may be increasing, perhaps – at least in part – in response to changes to Rule 14a-8 finalized last year that prohibit proponents from filing more than one shareholder proposal at a given company. In particular, we have observed increasing coordination among Chevedden group members, who historically focused on governance matters, with proponents and advocacy groups across the ESG spectrum, including The Shareholder Commons, As You Sow and various Interfaith Center for Corporate Responsibility members.

### TOP SHAREHOLDER PROPONENTS <sup>1</sup>



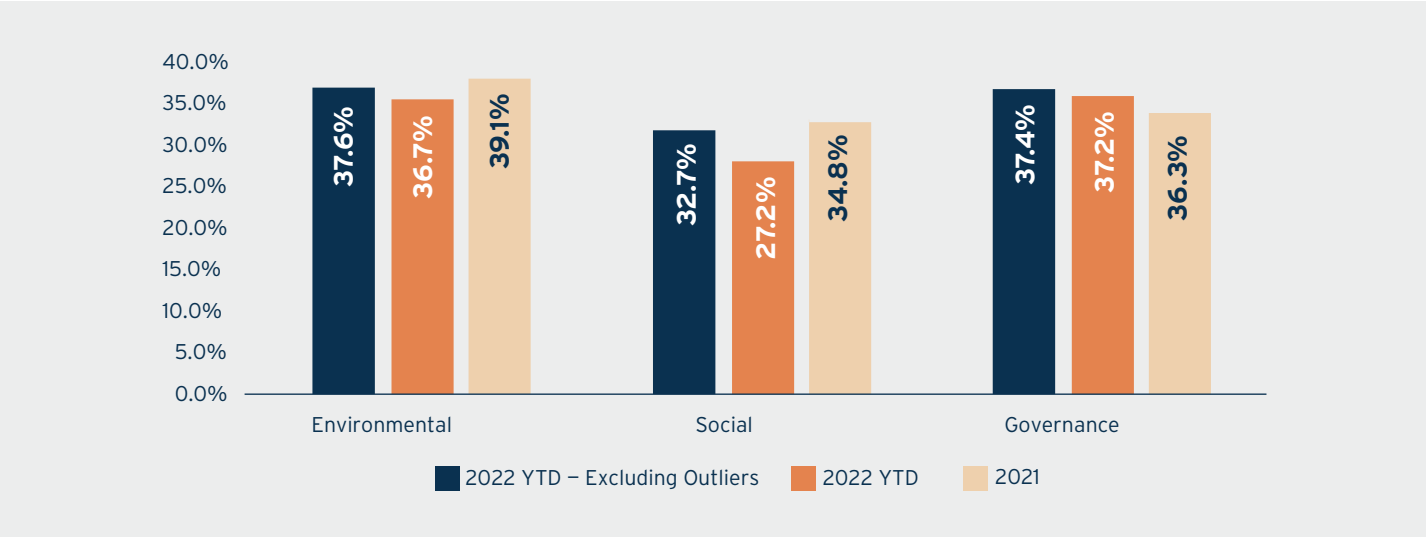
<sup>1</sup> Amounts represent number of proposals where the proponent is listed as the lead filer or co-filer. Proposals may be double counted given coordination among these proponents.

# SHAREHOLDER PROPOSALS

There also appears to be a notable increase in so-called “conservative” proposal submissions this season that are often critical of the evolving ESG landscape. Based on our examination of three primary proponents of these proposals – Steven Milloy, The National Legal and Policy Center and the National Center for Public Policy Research, the number of such proposals increased from 26 in 2021 to 52 in 2022.



2021 – 2022 YTD AVERAGE SUPPORT BY PROPOSAL CATEGORY; AVERAGE SUPPORT EXCLUDING OUTLIER PROPONENTS<sup>2</sup>



<sup>2</sup> Outliers for purposes of this chart refers to systems-related proposals and proposals filed by “conservative” proponents.

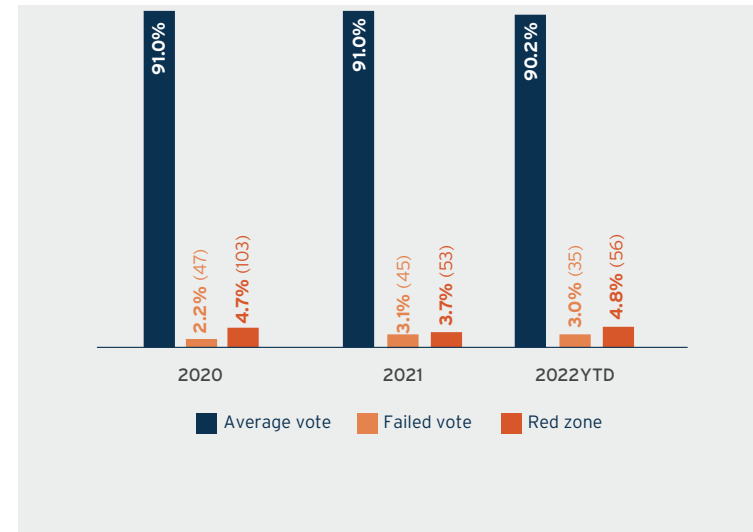
## SAY ON PAY

Say-on-pay vote results for 2022 season YTD are witnessing a marginal decline in the average support for Russell 3000 companies, with approximately 90.2% of votes cast in favor (excluding abstentions), compared to 91% support in 2021. As we have been seeing in recent years, S&P 500 companies have garnered slightly lower support, with approximately 87.8% of votes cast in favor YTD, also down slightly from 2021 when they received 88.5% favorable support.

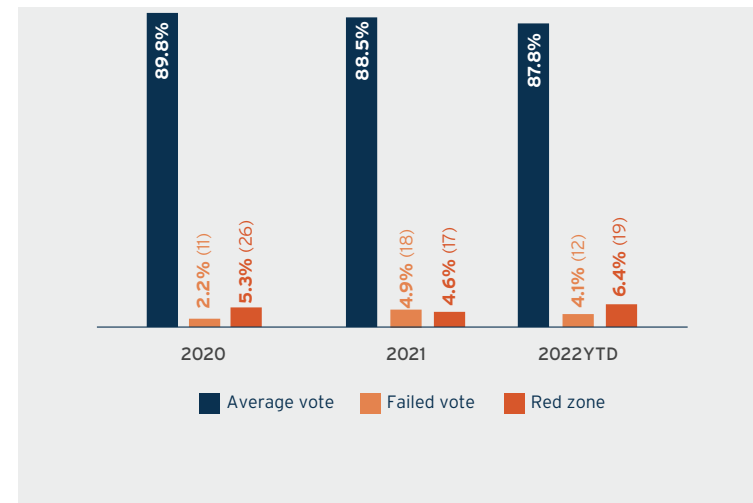
VOTING RESULTS	2021	2022 YTD
RUSSELL 3000 COMPANIES	91%	90.2% ↓
S&P 500 COMPANIES	88%	87.8%

35 Russell 3000 companies have failed to receive majority support for their say-on-pay proposals so far in the 2022 season, with 27 failed votes occurring since January 1, 2022. Nearly one-third of these companies are in the S&P 500 index, with 12 failed votes in 2022 YTD and 9 since January 1, 2022. These nine S&P 500 companies that failed to receive majority support are D.R. Horton, CenterPoint Energy, Centene Corporation, Ventas, Global Payments, Paycom Software, CME Group, Wynn Resorts and Intel Corporation. CenterPoint Energy received the lowest support, with only 22.2% support. The sizable retention grant to the CEO, which is entirely time-based and also vests after a relatively short period of time, seems to have contributed to significant shareholder opposition. Additionally, 4.8% of Russell 3000 companies 2022 YTD have had say-on-pay “red zone” voting results – i.e. vote support falling between 50% and 70%. By comparison, 6.4% of S&P 500 companies so far have results falling within the “red zone.”

2020 – 2022 YTD SAY-ON-PAY SUPPORT – RUSSELL 3000



2020 – 2022 YTD SAY-ON-PAY SUPPORT – S&P 500



## SAY ON PAY

ISS's negative recommendations at Russell 3000 companies during the first 4 months of the year in 2022 were comparable to the same period in 2021, at approximately 9.3%. Negative ISS vote recommendations may have reduced shareholder support by as much as 36.1% of votes cast at such companies during this period in 2022, compared to 38.0% in 2021. ISS has recommended "Against" a slightly lower percentage of S&P 500 companies for the period from January 1 through April 30, 2022, with 11.5% of say-on-pay proposals garnering a negative recommendation, compared to 13.7% for the same period in 2021. The impact of ISS's negative versus favorable recommendation during these 4 months has been 36.4% in 2022 compared to 39.2% in 2021.

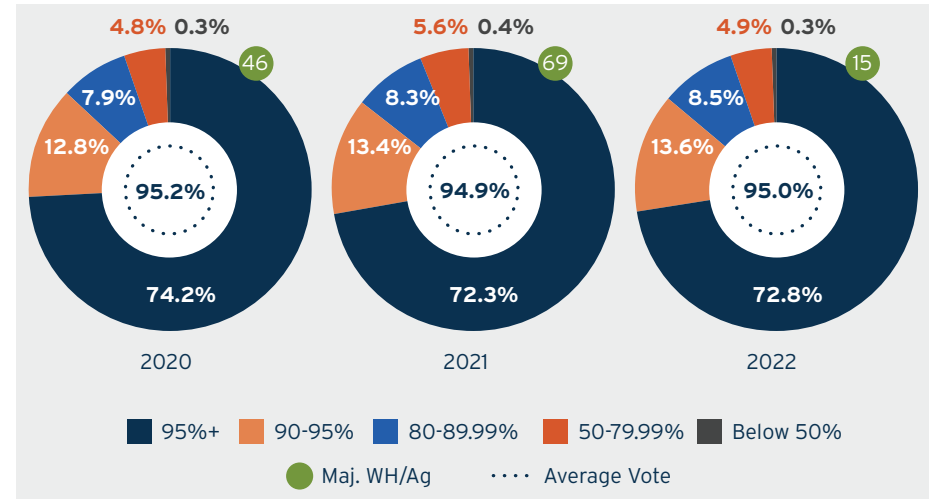
In assessing pay for performance alignment in 2022, a common concern for both shareholders and ISS seems to relate to goal rigor of incentive programs, as some companies have lowered targets following challenging business conditions due to the ongoing pandemic. ISS has particularly scrutinized maximum or above target payouts where targets were lowered compared to last year, or where there has been inadequate disclosure of how companies determined award payouts. As ESG metrics are increasingly used in incentive compensation, proxy advisory firms and investors are asking for enhanced disclosure relating to use of such metrics and achievement against the related goals. Among poor pay practices, retention grants without performance conditions or additional compensation without adequate justification are seen as being especially problematic.

## DIRECTOR ELECTIONS

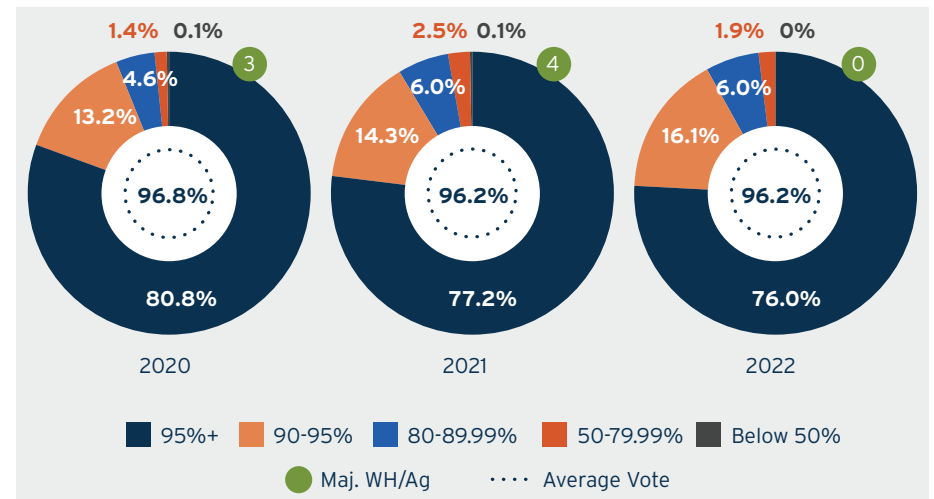
Support for director elections at Russell 3000 companies continues to be strong in 2022 YTD, averaging 95.0%, in line with the average support of 94.9% for the full 2021 proxy season. When looking at a sub-set of director election results for the 2022 calendar year through the end of April and comparing it to the same period from last year, the average support is 95.5% in 2022 versus 95.8% in 2021. This slight average downtick in support has corresponded with the increase in the number of directors receiving less than 90% support for their (re)election. In the first 4 months of the calendar year, 10.8% of directors of 2022 received less than 90% vote support compared to 10.6% in 2020. Directors at S&P 500 companies, who tend to fare better, have been averaging 96.2% support for the proxy year 2022 so far, the same as last year.

So far this season, 15 director nominees have failed to receive at least 50% shareholder support, all at non-S&P 500 companies. However, only 7 of these 15 directors failed to get elected due to the existence of a majority vote requirement at their respective companies. The remaining 8 directors were nonetheless (re) elected, as they served on boards with plurality vote standards in place. Arrowhead Pharmaceuticals, Inc. accounts for three of these failures. Poor responsiveness to last year's failed say-on-pay vote seems to have resulted in investors' opposition to these directors, and the company's say-on-pay proposal again failed this year, garnering only 20.4% support.

AVERAGE DIRECTOR SUPPORT 2020 – 2022 YTD – RUSSELL 3000



2022 YTD DIRECTOR SUPPORT LEVELS – S&P 500



As for areas of focus driving investors' director election decisions, board composition and oversight appear to continue to be at the top of the list in the 2022 proxy season. Racial and ethnic diversity expectations are likely contributing to the slight increase in opposition observed. Significantly, as ISS's and many investors' policies to hold nominating committee chairs/members accountable where their boards lack of racially and ethnically diverse members went into effect this year. Glass Lewis and many investors have also increased their board gender diversity expectations, from one to at least two women on the board. Relating to oversight, both proxy advisory firms and some investors have also increased expectations as to how boards should oversee material environmental and social matters and companies' sustainability disclosures, especially those relating to climate change. Lastly, overboarding continues to result in director opposition, as investors increasingly tighten their policies relating to directors' time commitments.

**Vote No campaigns – Majority Action**

Vote No campaigns continue to gain momentum in 2022, with Majority Action filing what appears to be the **largest number of exempt solicitations in its history**. At the time of writing, **14 companies** targeted by Majority Action had held their annual meetings. Director elections support across those 14 companies suggest that directors targeted by Majority Action received an average of approximately **245** basis points lower support compared to company peers. Of the 14 companies that have held annual meetings in 2022 thus far, 10 are repeat Majority Action campaigns from 2021. In 2021, Majority Action -flagged directors at these 10 companies had lower average support of approximately 425 basis points.



**425**  
basis points

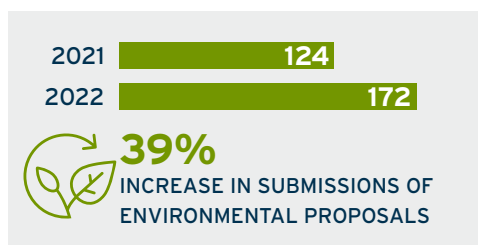
2021

**245**  
basis points

2022

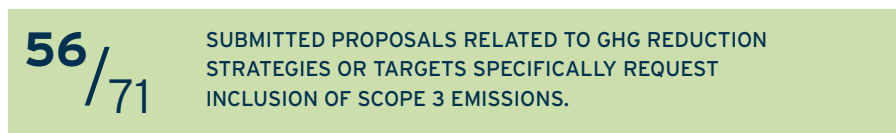
## SHAREHOLDER PROPOSALS: ENVIRONMENTAL

Climate remains a key focus in the 2022 proxy season, and the various environmental shareholder proposals showcase heightened proponent ambitions. Year-over-year, submissions of environmental proposals increased 39%, with 172 proposals submitted during the 2022 season compared to 124 during the 2021 season. Despite the increased volume of submissions, early voting results suggest dampened support. At the time of writing, we have observed six environmentally focused shareholder proposals pass, representing a passage rate of approximately 20%. While this initial passage rate suggests somewhat weaker support relative to 2021, we view this less as a matter of decreasing shareholder support and more the result of heightened ambitions in this year's proposals, as discussed further below.



### Emissions reduction targets

Like 2021, shareholder proposals calling for companies to adopt or enhance greenhouse gas (GHG) emissions reduction targets represent the most common environmental sub-category this season. However, this year's proposals often request for targets or strategies that specifically include or account for Scope 3 emissions. Of the 71 submitted proposals related to GHG reduction strategies or targets, at least 56 specifically request inclusion of Scope 3 emissions.<sup>3</sup>



To date, we note that 31 of the 56 Scope 3 proposals have been withdrawn, and 12 have been voted upon. Of the 31 proposals that were withdrawn, 23 specifically reference withdrawal due to an agreement being reached, a commitment being made, or general constructive dialogue. Notably, As You Sow was listed as a filer in 17 of the 31 withdrawn proposals. Turning to proposals that were brought to a vote, of the 12 proposals voted upon, eight failed and four passed. Further, of the four that passed, in one instance management recommended that shareholders vote in favor of the proposal, and in another management did not make a recommendation with respect to how shareholders should vote on the proposal.

TABLE OF SCOPE 3 PROPOSALS

COMPANY	MEETING DATE	RESULT
Berkshire Hathaway	4/30/2022	Failed
Phillips 66	5/11/2022	Failed
Occidental Petroleum	5/6/2022	Failed
Dominion Energy, Inc.	5/11/2022	Failed
ConocoPhillips	5/10/2022	Failed
United Parcel Service, Inc.	5/5/2022	Failed
DTE Energy Company	5/5/2022	Failed
Valero Energy Corporation	4/28/2022	Failed
The Boeing Company	4/29/2022	Passed
Costco Wholesale Corporation	1/20/2022	Passed
AutoZone, Inc.	12/15/2021	Passed
Sysco Corporation	11/19/2021	Passed

<sup>3</sup> This includes the Net Zero Indicator proposal filed at Boeing, which provides: "Shareholders request the Board issue a report, at reasonable expense and excluding confidential information, evaluating and disclosing if and how the company has met the criteria of the Net Zero Indicator, including scope 3 use of product emissions, or whether it intends to revise its policies to be fully responsive to such Indicator."

## SHAREHOLDER PROPOSALS: ENVIRONMENTAL

### No New Fossil Fuel Financing

Several environmental proposals within financial services have focused on financing policies, requesting companies to cease financing fossil fuel projects. At the time of writing, we have observed 14 of such proposals filed across 12 companies.<sup>4</sup>

Most proposals within this category (13 out of 14) reference the International Energy Agency's (IEA) Net Zero by 2050 scenario. In this context, these proposals request that the subject company refrain from financing or underwriting activities that would be inconsistent with said scenario. In practical terms, these proposals effectively call for an end to the financing or underwriting of new fossil fuel projects.

**At the time of writing, we have observed results for seven such proposals, with all seven failing to pass and none receiving support above 12.8%, as shown below.**

COMPANY	MEETING DATE	STATUS	RESULT <sup>5</sup>
Royal Bank of Canada	4/7/2022	Failed	9.0%
Bank of Montreal	4/13/2022	Failed	7.6%
Toronto-Dominion Bank	4/14/2022	Failed	6.5%
Bank of America Corporation	4/26/2022	Failed	11.0%
Citigroup Inc.	4/26/2022	Failed	12.8%
Wells Fargo & Company	4/26/2022	Failed	10.8%
The Goldman Sachs Group, Inc.	4/28/2022	Failed	11.2%

### Audited Report on Impact of IEA's Net Zero by 2050 Scenario

In addition to the aforementioned proposals regarding financing policies, we have also seen IEA's Net Zero by 2050 scenario referenced across companies within the energy and utility sectors. In these proposals, proponents request companies to issue audited reports on the impacts of the IEA's Net Zero by 2050 scenario, including how applying the scenario's assumptions regarding fossil fuel demand would impact each company's underlying assumptions and financial positions. At the time of writing, we have observed six proposals within this category, four of which have been withdrawn. The remaining two proposals are on the proxy statements at Chevron and ExxonMobil, both of which have meetings scheduled for May 25th. We note that preliminary results from ExxonMobil's annual meeting suggest that this proposal has passed, though final results were not available at the time of writing.

13/  
14

PROPOSALS IN THIS CATEGORY REFERENCE  
THE IEA NET ZERO BY 2050 SCENARIO

<sup>4</sup> Three of the 13 companies referenced are not part of the Russell 3000 (Bank of Montreal, Royal Bank of Canada and Toronto-Dominion Bank). These proposals and results are included within this narrative for reference purposes, but are not part of the aggregated data set of R3000 proposals.

<sup>5</sup> The results displayed utilize the relevant method of calculating votes for determining whether the proposal has been approved.



### BlackRock's Bulletin on 2022 Climate-related Proposals

We expect many of the early voting trends on climate proposals to persist throughout the remainder of the season, a sentiment that was bolstered following BlackRock's recently published commentary regarding 2022 climate-related proposals. In the bulletin, BlackRock characterizes this year's climate proposals as more prescriptive than 2021's proposals and notes that "[t]he nature of certain shareholder proposals coming to a vote in 2022 means we are likely to support proportionately fewer this proxy season than in 2021, as we do not consider them to be consistent with our clients' long-term financial interests."<sup>6</sup>

BlackRock flags specific categories of proposals that they believe warrant special attention. These themes include:

- › Ceasing providing finance to traditional energy companies
- › Decommissioning the assets of traditional energy companies
- › Requiring alignment of bank and energy company business models solely to a specific 1.5°C scenario
- › Changing articles of association or corporate charters to mandate climate risk reporting or voting
- › Setting absolute scope 3 GHG emissions reduction targets
- › Directing climate lobbying activities, policy positions or political spending

Consistent with its commentary on climate-related proposals, and promptly thereafter, BlackRock published a vote bulleting summarizing the rationale for its vote against a shareholder proposal requesting the Bank of Montreal to adopt a policy to ensure financing consistent with the IEA's Net Zero by 2050 scenario.

In the bulletin, BlackRock notes the proposal is "overly prescriptive, unduly constraining on management and board decision-making, and would limit the company's ability to support an orderly energy transition." Throughout the bulletin, BlackRock emphasizes its role as an asset manager, noting: "It is not BIS' position to tell companies what their strategies should entail, as this proposal prescribes. Rather, we assess, based on their disclosures, their climate action plan, board oversight and business model alignment with a transition to net zero by 2050."

### Pre-disclosing Voting Decisions

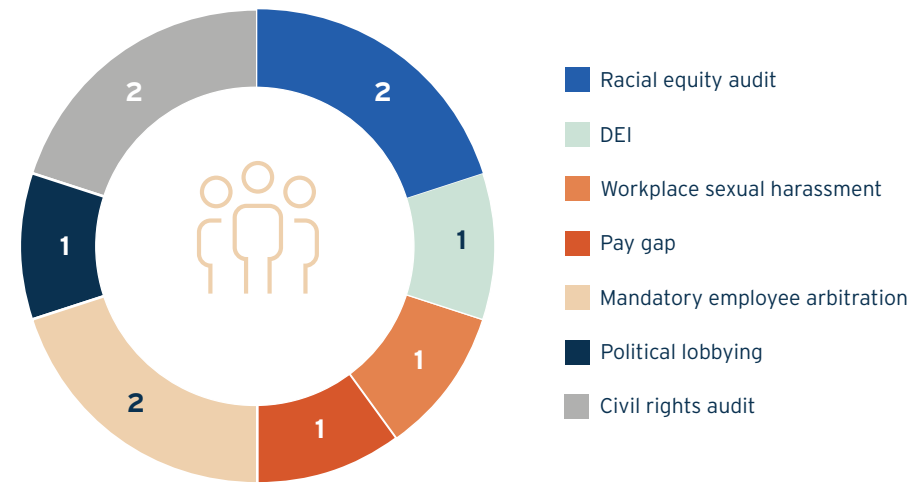
We've seen the trend of investors pre-disclosing voting decisions continue in 2022, with more investors providing voting rationales in advance of N-PX filings. While BlackRock and Neuberger Berman have historically led this effort, we have seen an uptick from investors such as Engine No. 1 and AllianceBernstein. Given the voluntary nature of such disclosure, there are differences in the consistency and timing of these publications. For example, Neuberger Berman often provides voting rationale in advance of an AGM, whereas BlackRock generally publishes its rationale shortly after the AGM but well in advance of N-PX filings.



<sup>6</sup> BlackRock's 2022 Climate-Related Shareholder Proposals More Prescriptive Than 2021 is available at <https://www.blackrock.com/corporate/literature/publication/commentary-bis-approach-shareholder-proposals.pdf>

# SHAREHOLDER PROPOSALS: SOCIAL

## PASSING SOCIAL PROPOSALS 2022 YTD

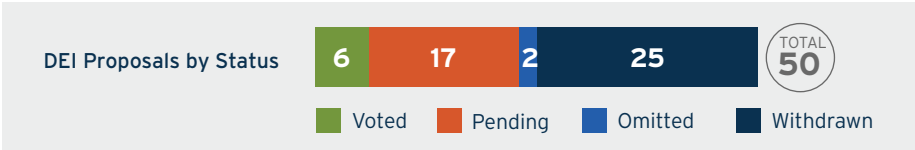


### Diversity, Equity & Inclusion

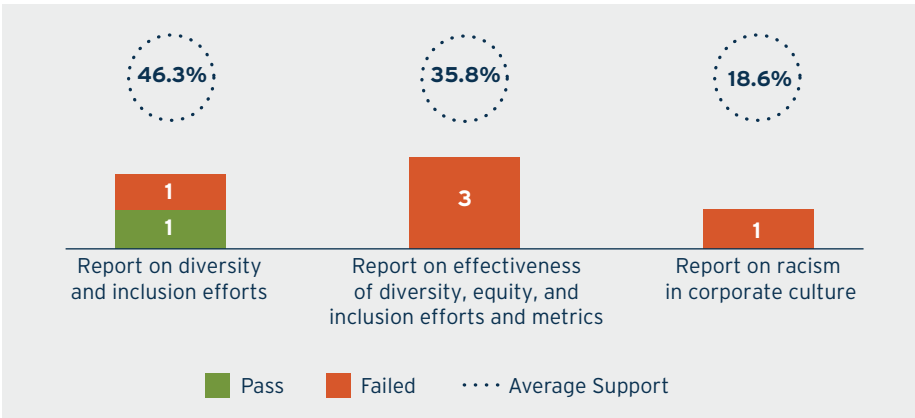
Consistent with the 2021 shareholder season, diversity equity and inclusion remains a major theme for shareholders in 2022, with 50 proposals identified. The variety within proposal resolutions relating to DE&I matters is illustrative of the variety of ways that investors believe DE&I matters can be material to companies. One notable trend is the growth in shareholder proposals seeking reporting on workforce data beyond disclosure of EEO-1 survey workforce diversity data. Data requests this year included disclosure of recruitment, retention, and promotion information specifically addressing diverse employee populations, or reporting on steps by the company to implement their stated diversity and inclusion initiatives. So far this season 25 proposals have been withdrawn and 6 have gone to a vote. 1 such proposal has passed. Average support has been 36% for these proposals. 17 proposals remain pending as of the writing of this report.

As for EEO-1 reporting, proposals seeking such disclosure decreased dramatically in 2022 compared to 2021 (7 vs 47), and all but two such proposals have been withdrawn. The one pending proposal is critical of such diversity reporting and may attract modest support. We believe the decline in the number of such proposals does not represent a decreased demand for workforce diversity data, but rather is an indication of the rapid increased prevalence of this disclosure, particularly across S&P 500 companies.

## DIVERSITY, EQUITY AND INCLUSION PROPOSALS 2022 YTD



## 2022 YTD AVERAGE SUPPORT FOR DIVERSITY, EQUITY AND INCLUSION PROPOSALS



### Board Diversity

An additional 18 proposals filed this year addressed board diversity matters, a slight decline as compared to the 2021 season. As with EEO-1-related proposals, we believe this decline in proposal volume is not indicative of waning importance of this topic, but rather an indication of progress. Many companies have made meaningful strides in diversifying their boards – and providing disclosure thereon, whether as a result to Nasdaq’s recently revised listing standards or otherwise – and institutional investors have increasingly revised proxy voting guidelines to provide for votes against directors where companies fall short of their diversity expectations.

### Civil Rights and Racial Equity Audits

Another subject of shareholder proposals that was new in 2021 were those relating to racial equity audits, which were largely (although not exclusively) focused within the financial services sector. This year, these proposals have been expanded upon to include civil rights audits and proponents have submitted them across several industries. Such proposals typically focus on both internal and external procedures at the company that may negatively impact minority or protected groups. While no proposals on this topic passed in 2021, so far in 2022 two racial equity and two civil rights audit proposals have passed. Average support across both types of proposals is 31%; however, when adjusted to exclude the results of four “conservative” outlier proposals (none of which received more than 3% support), average support increases to 42%. One proposal seeking an environmental justice audit is outstanding as well. Like the racial equity and civil rights audits, this proposal considers the company’s impact on communities of color.

### Workforce Harassment/Mandatory Employee Arbitration

Concern around risks posed by workplace harassment also seems to have increased among shareholder proponents, with both proposal submissions on this topic and the number going to a vote increasing year-over-year. So far this year one proposal on sexual harassment has passed and two proposals on the use of binding arbitration provisions within employment contracts have passed. Critics contend that binding arbitration within employee contracts may pose a barrier to an employee’s ability to make known harassment or discriminatory practices occurring within a company’s workplace. In the case of both proposal types, we believe these represent the first such proposals to have passed. Further, average support for proposals related to workplace harassment and mandatory arbitration voted upon to date was 54%, a meaningful increase compared to average support of 45% for such proposals in the 2021 season.

Pay-Gap

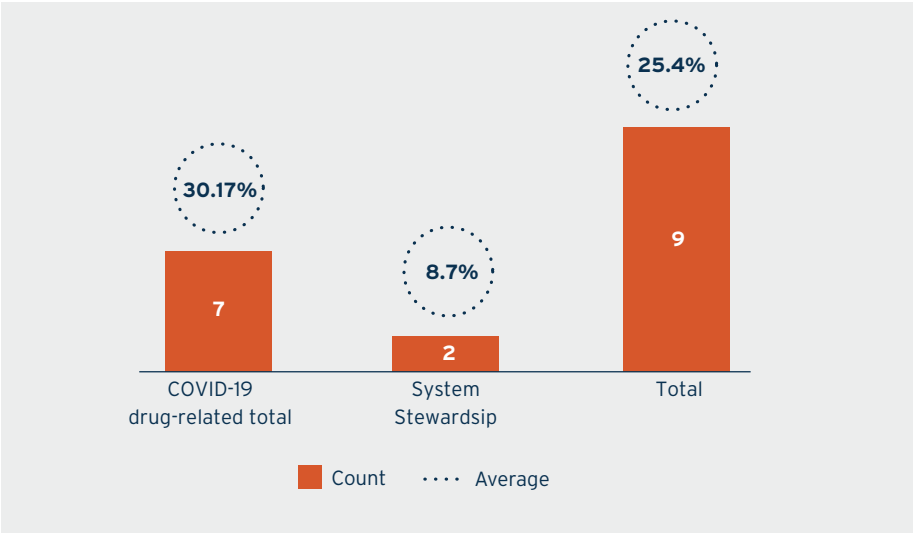
While pay gap proposals have appeared on proxy ballots for several seasons, 2022 marks the first time that such a proposal passed to our knowledge. Typically, these proposals seek reporting on any pay discrepancy that exists between minority groups or women and the average pay within a company. In 2021 no pay gap reporting proposals passed, and average support was below 30%. So far this season one such proposal has passed and average support across the 5 voted upon has increased to 37%. A number of proposals asking companies to conduct a pay gap analysis remain to be voted upon as of the date hereof, as do a series of proposals that relate to paid leave.

All paid leave-related proposals were either omitted or were withdrawn in 2021 and YTD only one such proposal has gone to a vote.

Covid-19/Drug-Related

With the pandemic now entering its third-year, vaccine access remains a focus for shareholder proponents in 2022. 12 proposals were filed with healthcare companies relating to intellectual property and vaccine access. Across the 9 proposals voted on thus far in 2022, none have passed, consistent with 2021 results. Average support for these proposals has been relatively unchanged year over year.

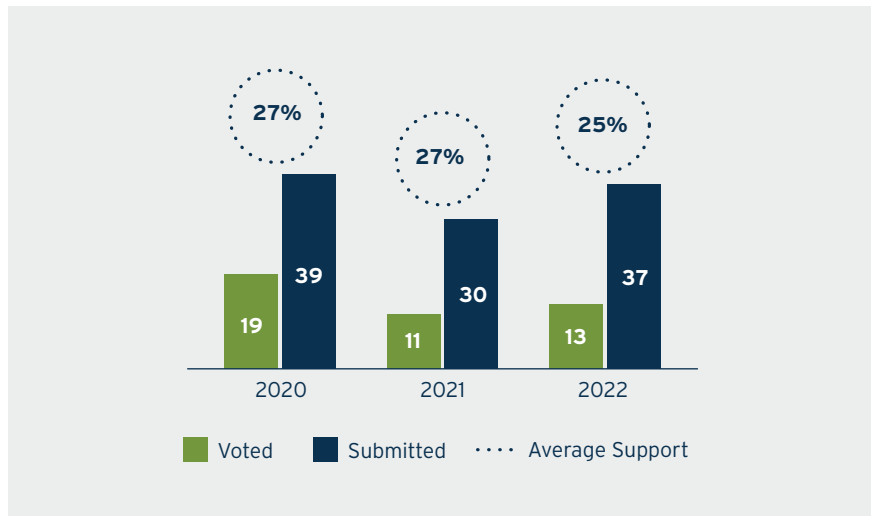
NUMBER OF PROPOSALS AND LEVEL OF SUPPORT RELATED TO COVID-19/DRUG RELATED



### Human & Labor Rights-Related

Thus far 13 human rights related proposals have been voted on in 2022. These 13 proposals relate to how companies manage or address human rights or labor rights issues within their direct operations or value chains. Average support across the proposals has been 25%, in line with average support in 2021 (excluding the one passing proposal on this topic in 2021, which was supported by management). We note that three “conservative” proposals in this category voted upon to date are negatively impacting average support for 2022; adjusting for these outlying proposals, average support increases to 27%. This could indicate that shareholders’ willingness to support human rights-related proposals is increasing. However, approximately 24 such measures remain outstanding, and accordingly the average support for these proposals could shift meaningfully before season end.

#### HUMAN RIGHTS – YEAR OVER YEAR CHANGE IN SUPPORT LEVELS FOR HUMAN RIGHTS PROPOSALS



Shareholder proponents have stayed fairly consistent in their requests year-over-year, with the majority of proposals focusing on human rights due diligence or risk assessment processes of companies. However, some proposals this year do identify company-specific risks. Notably, of the proposals that remain outstanding, at least 2 relate in some way to human rights matters within conflict-affected areas. The topic has received renewed media attention following Russia’s invasion of Ukraine. State Street Global Asset Management (SSGA) took the unique step of issuing mid-season guidance on this topic, providing more context on what they expect of companies operating in areas where geopolitical risks may create material risk for a company. In their note SSGA stated they expect detail on:

- Management and mitigation of risks related to operating in impacted markets, which may include financial, sanctions, regulatory, and/or reputational risks, among others
- Strengthened board oversight of these efforts; and
- Detail on these efforts in public disclosures<sup>7</sup>

While not explicitly mentioning Russia, it is fair to assume that this statement was in response to the geopolitical risk created by Russia’s invasion in Ukraine. The guidance follows other actions in response to the conflict – by SSGA and other asset managers – which have included withdrawal of business operations from Russia. It remains unknown how investors will respond to the conflict-related human rights risk proposals. However it is clear that the Russian invasion has increased investors’ collective awareness and focus on how geopolitical conflicts may pose myriad risks to companies.

<sup>7</sup> State Street’s Framework for Stewardship in the Context of Geopolitical Risk Arising from Unexpected Conflict Between or Among Nations is available at <https://www.ssga.com/library-content/pdfs/global/framework-for-stewardship-in-context-of-geopolitical-risk.pdf>

## SHAREHOLDER PROPOSALS: SOCIAL

Further, at least 6 proposals cite alleged exploitation of the Uyghur minority population in China as a human rights issue relevant to the companies in question. There are also a series of new proposals this year filed within the technology sector that relate to how technologies, such as Meta's (formerly Facebook's) virtual reality platform ("the Metaverse") or Google's algorithms may inadvertently cause or enable human rights impacts.

### Worker Classification

Another new shareholder proposal type this year addresses the risk posed to retailers by third-party logistics providers who may have misclassified their truck drivers as independent contractors rather than employees. The proposals hinge on a new California law that extends liability to logistic providers for the treatment of drivers they employ. All three of such proposals expected to be voted upon in 2022 remain pending as of the date of this report.

### Political Lobbying and Contributions

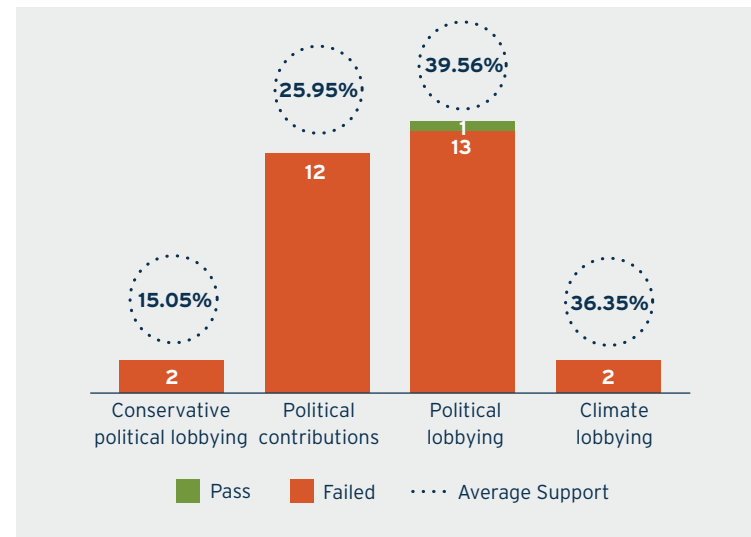
As in previous years, political spending continues to be a major theme of shareholder proposals. In 2022 political spending accounted for 26% of all the estimated 399 social shareholder proposals filed. This represents an increase compared to 2021, where political spending proposals accounted for roughly 23% of social proposals filed.

On the other hand, average support for political contribution proposals has dropped from 40% average support in 2021 to 26% average support in 2022. So far this year no political contribution proposals have passed, compared to 6 passing in 2021. However as many as 13 political contribution proposals remain outstanding. How they perform could meaningfully influence the average support level and passage rate for 2022.

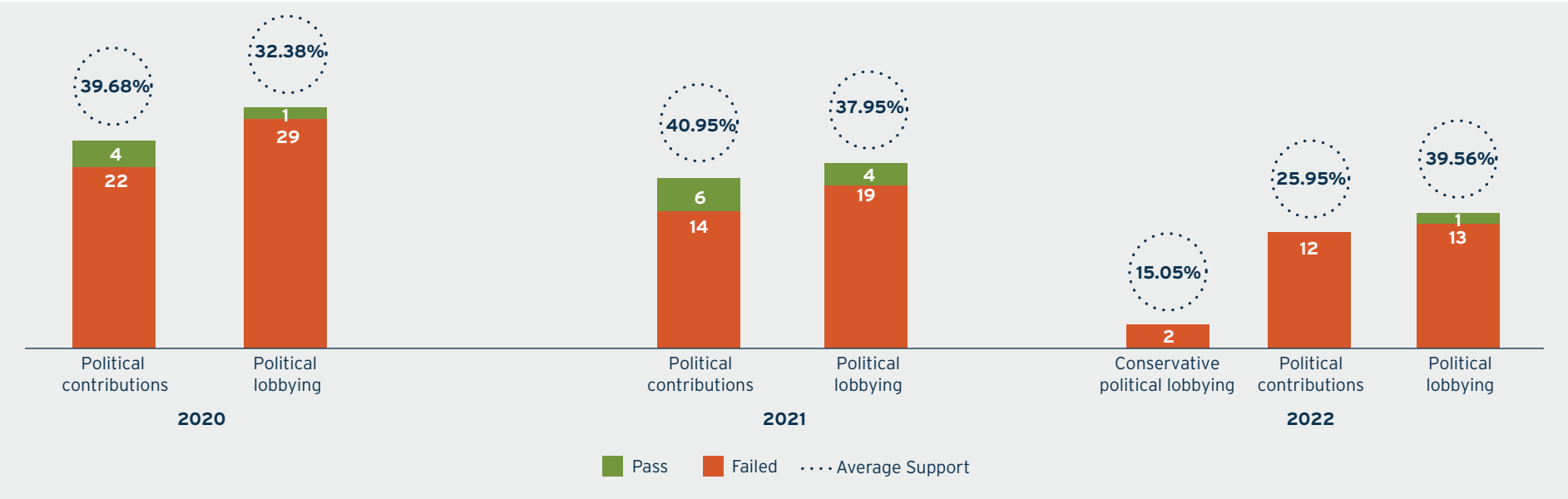
Political spending has also proven to be another area where proponents are exploring additional racial justice-related themes in 2022, namely environmental justice. At least 3 shareholder proposals were filed questioning how companies' political contributions align or conflict with stated racial justice commitments.

Climate-focused lobbying proposals also continues as an area of focus in 2022. Submission volumes for climate lobbying proposals were up year-over-year, with 16 proposals filed in 2022, compared to 12 in 2021. Note that we have categorized these proposals as environmental, and therefore included them within the number of environmental proposal submissions discussed above.

### 2022 YTD LOBBYING & POLITICAL CONTRIBUTIONS



AVERAGE SUPPORT FOR LOBBYING AND POLITICAL CONTRIBUTIONS PROPOSALS 2020 – 2022 YTD



### System Stewardship

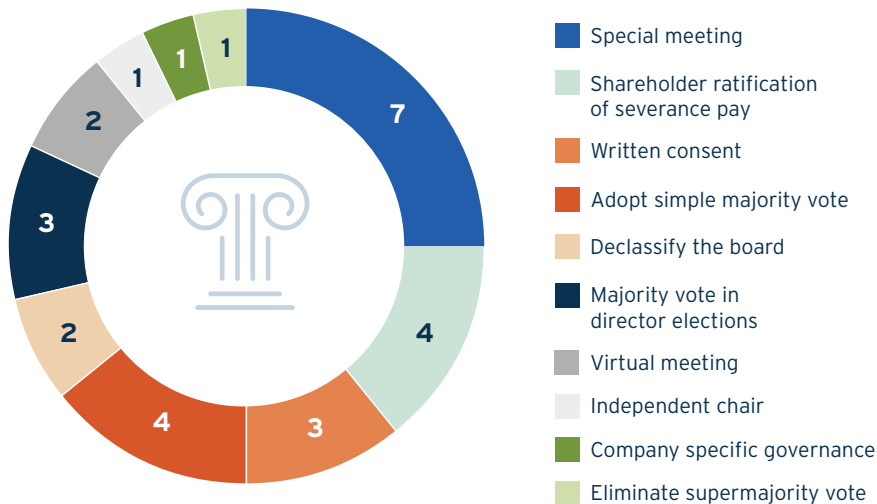
Proposals related to system stewardship, spearheaded by The Shareholder Commons, represent another new proposal type for the 2022 proxy season. There are 21 such proposals across a wide range of environmental, social and governance topics (and bucketed across all categories), such as environmental racism and wage inequality. These measures share a common theme in requesting that subject companies address what the proponents contend are externalities of a company's practices pose systemic risks to broadly diversified shareholders. Rather than focus a company specific risk, these proposals focus on the risk that companies' practices pose to the broader market, an approach that highlights perceived risks due to the proponents' diversified portfolios. Support for those voted upon to date has been relatively low, although three have crossed the 10% threshold necessary to be eligible for resubmission in the 2023 proxy season.

# SHAREHOLDER PROPOSALS: GOVERNANCE

The volume of governance-focused proposals appears to have decreased in 2022, with 353 proposals filed as compared to 392 in the 2021 season. Of the 149 proposals voted upon to date, 28 have passed. Many of the topics addressed by these proposals are perennial and not particularly remarkable.

While submission volume is down across the governance category, the number of special meeting-related proposals submitted more than doubled year over year, with 110 such proposals filed in 2022, compared to 41 in 2021. Accordingly, the number of special-meeting related proposals that have passed YTD in 2022 (7) has already exceeded the number passing in the 2021 proxy season (4), with as many as 51 still awaiting a vote as of the date hereof.

2022 YTD PASSING GOVERNANCE PROPOSALS BY CATEGORY



Within the sub-category of ESG-linked compensation proposals, one notable development this season is a number of new proposals leveraging companies' CEO pay ratio information. These proposals request that companies take broader workforce compensation into consideration when setting target CEO compensation. This strikes us as an interesting development – while CEO pay ratio disclosure has been a requirement since 2017, it has received relatively little attention from proponents (or otherwise) since enactment. To date, it appears that 13 such proposals were filed; of the three voted upon so far this season, support ranged from just under 8% to nearly 11%. Considering this relatively low support YTD, it remains to be seen if this will be a continued area of focus in subsequent seasons. Anecdotally, we note that Carl Icahn emphasized CEO pay ratio as an area of concern in his campaign against Kroeger, which focuses on animal welfare and fair wage practices.

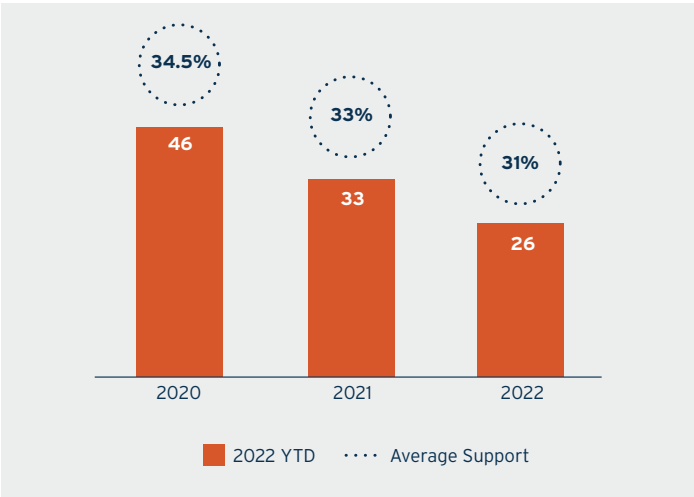




During the 2021 season, we saw 18 proposals filed, 14 of which were voted upon, seeking amendments to companies’ articles of incorporation to become public benefit corporations, which in all but one case – where support approached 12% – failed to receive support in excess of 4%. Given the extremely low rate of support, we see these proposals have dramatically tapered off in the 2022 season, with only 4 such proposals filed, 2 of which appear to be “conservative” proposals filed at companies that signed the Business Roundtable Statement of the Purpose of a Corporation, where the proponent argues that such companies’ incorporation as conventional Delaware corporations contradicts the commitments of the Business Roundtable statement. Of the three voted upon to date, support continues to be extremely low, ranging from 1.1% to just over 3% respectively. We note that the main proponent of these proposals in the 2021 season was The Shareholder Commons, which is focusing its efforts this season on the system stewardship proposals discussed within the Social section of this report.

The topic of separation of the roles of board chair and CEO also continues to be a focus in 2022, with 51 such proposals submitted, a slight increase from the 43 submitted in the 2021 season. To date this season, one such proposal has passed, compared to none in the prior season. Interestingly, this topic appears to be one area where mainstream and ESG critics align, as the National Legal and Policy Center is the proponent of 7 of these proposals this season, which appear to advance the same arguments in favor of separation of the two roles as do other proponents.

AVERAGE SUPPORT FOR INDEPENDENT CHAIR PROPOSALS



## CONCLUSION

Unlike prior proxy seasons, the 2022 proxy season so far is characterized by increased scrutiny towards ESG matters. While this scrutiny has been evident in recent seasons through anti-ESG shareholder proposals, it may be expanding. Much of this newfound attention – from state pension funds and politicians alike – focuses on ESG’s impact on voting and investing decisions. States like Texas, Utah, and West Virginia have made public statements suggesting that ESG’s influence on fossil fuel companies is inappropriate. Further, on May 18th, legislation was introduced in the Senate calling for asset managers to make client voting choice available to individual investors in passive funds when the asset manager owns more than 1% of a company’s voting securities.<sup>8</sup>

This increased attention has created tension between asset managers and asset owners, some of whom believe that managers are not doing enough to advance ESG goals, while others believe that ESG expectations for public companies are becoming overly prescriptive. This tension may be a driver behind some of the recent pullback in support of proposals from asset managers like BlackRock, who characterized many of this year’s climate-related proposals as overly prescriptive and questioned whether certain proposals would promote long-term shareholder value.

With several weeks remaining in the 2022 proxy season, including the “peak” weeks of May 16 and May 23, ultimate voting outcomes remain unknown. As of the date hereof, 286 proposals have been voted upon, and 335 remain pending. Accordingly, it remains to be seen whether the number of shareholder proposals passing in 2022 will surpass the record-breaking levels experienced in the 2021 season. Regardless, a dramatic increase appears unlikely. Once the 2022 season is complete, we expect shareholder proponents and advocacy groups will heavily scrutinize individual investors’ voting decisions.

**An interactive version of data presented in this report is available at <https://esg.georgeson.com/proxyseason2022> and will be updated following the availability of full 2022 proxy season annual meeting results post-June 30, 2022.**

<sup>8</sup> In October 2021, BlackRock announced client choice voting for certain institutional accounts as the first in a planned series of steps to expand its clients’ abilities to make proxy voting decisions. Based on our experience so far, we have not observed a significant change in BlackRock’s voting activity as a result of this change.

## ABOUT GEORGESON

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ATTORNEY GENERAL

LAMAR TAYLOR  
INTERIM EXECUTIVE DIRECTOR  
& CHIEF INVESTMENT OFFICER

## MEMORANDUM

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**To:** Lamar Taylor, Interim Executive Director & CIO

**From:** Maureen M. Hazen, General Counsel

A handwritten signature in blue ink, reading "Maureen M. Hazen".

**Date:** June 1, 2022

**Subject:** Office of General Counsel: Standing Report  
For Period March 1, 2022 – May 29, 2022

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### SBA Agreements.

During the period covered by this report, the General Counsel's Office drafted, reviewed and negotiated: (i) 26 new agreements – including 2 Private Equity transactions; 7 Strategic Investment; and 4 new funds for Real Estate; (ii) 286 contract amendments, addenda or renewals; and (iii) 3 contract terminations.

### SBA Litigation.

(a) Passive. As of May 24, 2022, the SBA was monitoring (as an actual or putative passive member of the class) 626 securities class actions. During the period of March 1 – April 30, 2022 the SBA collected recoveries in the amount of \$688,207.99 as a passive member in 31 securities class actions.<sup>1</sup>

(b) 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 2 Final Orders, received notice of filing of 3 new cases, and continued to litigate 6 cases that were pending during the periods covered by previous reports.

### Other Matters.

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<sup>1</sup> Recoveries for May, 2022 were not available as of the date of this report.

(a) Public Records. During the period covered by this report, the General Counsel's Office received 42 new public records requests and provided responses to 48 requests. As of May 29, 2022, the General Counsel's Office continues to work on 1 open request.

(b) SBA Rule Activities. During the period covered by this report, the SBA engaged in the following.

On April 21, 2022, the SBA filed for adoption the amendments to Rule 19-9.001, F.A.C., various rules in Rule Chapter 19-11, F.A.C., and Rules 19-13.002 and 19-13.004, F.A.C. (as set forth below). The Bureau of Administrative Code approved all changes, and the rules officially were adopted on May 11, 2022. The amendments made to the various rules are as follows:

A. Rule Chapter 19-9, F.A.C: Rule 19-9.001, F.A.C.:

Rule 19-9.001, F.A.C., (Investment Policy Statement) has been amended to adopt the most recent revised Investment Policy Statement approved by the Trustees on May 4, 2021 for the FRS Investment Plan.

B. Rule Chapter 19-11, F.A.C: Revisions have been drafted for the following 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
19-11.005	Florida Retirement System (FRS) State Board of Administration Complaint
Procedures	
19-11.006	Enrollment Procedures for New Hires
19-11.007	Second Election Enrollment Procedures for the Florida Retirement System
Retirement Programs	
19-11.008	Forfeitures
19-11.009	Reemployment with an FRS-Participating Employer after Retirement
19-11.011	Employer and Employee Contributions and ABO or Present Value Transfer
Procedures	
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

- Rule 19-11.001, F.A.C. was amended to correct some typographical errors and to add definitions that are used for federal SECURE Act purposes as applied to after-death distributions of members' FRS Investment Plan accounts.

- Rule 19-11.002, F.A.C. was amended to incorporate the latest version of the on-line beneficiary designation form; to specify when a beneficiary designation form is considered

“incomplete;” and to indicate how distributions of account assets will be made to beneficiaries of members dying after January 1, 2022, the effective date of the federal SECURE Act for governmental retirement plans.

- Rule 19-11.003, F.A.C. was amended to clarify when a member has terminated all employment for purposes of distributions of benefits; and to adopt the latest version of the Employment Termination form.

- Rule 19-11.004, F.A.C. was amended to adopt the latest version of the transfer request form that must be filed by excessive fund trading violators.

- Rule 19-11.005, F.A.C., was amended to clarify how a member can obtain a blank petition for hearing form.

- Rule 19-11.006 is was amended to adopt the latest versions of the applicable enrollment forms and to make some editorial revisions.

- Rule 19-11.007, F.A.C. was amended to adopt the latest versions of the Second Election enrollment forms.

- Rule 19-11.008, F.A.C. was amended to indicate that funds placed in a suspense account will be invested in the FRS Core Plus Bond Fund.

- Rule 19-11.009, F.A.C., was amended to adopt the latest version of the Certification Form.

- Rule 19-11.011, F.A.C., was amended to clarify that FRS participating employers are required to file monthly retirement reports instead of monthly payroll files with the Division of Retirement.

- Rule 19-11.012, F.A.C., was amended to adopt the latest versions of the rollover forms.

- Rule 19-11.013, F.A.C. was amended to eliminate the annual administrative fee for FRS members participating in the Self-Directed Brokerage Account.

The changes set forth updates to various forms and applicable provisions of the Federal SECURE Act that were effective for governmental plans on and after January 1, 2022. Before the enactment of the SECURE Act, beneficiaries of defined contribution plans (such as the FRS Investment Plan) fell into two broad categories: designated beneficiaries and non-designated beneficiaries (non-person entities such as estates and charities). The SECURE Act has now split designated beneficiaries into two subcategories: eligible designated beneficiaries (such as a member’s spouse) and non-eligible designated beneficiaries. The distinction between the three categories of beneficiaries matters because only one group, non-eligible designated beneficiaries must comply with the new 10-year Required Minimum Distribution rule. For the other two categories of beneficiaries (non-designated beneficiaries and eligible designated beneficiaries) little has changed. The main impact of the SECURE Act is that adult children and grandchildren of deceased Investment Plan members (who are non-eligible designated beneficiaries) now will have to receive the inherited Investment Plan account balance over a 10-year period, instead of over their lifetimes. Hence, they will experience a greater Federal income tax burden than if they could just take minimum distributions over their lifetimes.

C. Rule Chapter 19-13, F.A.C.:

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

Rule 19-13.004 Role and Responsibilities of Third Party Vendors

These rules have been amended to make editorial revisions for clarification; to update the services provided by the Division of Management Services and Third Party Vendors. Specifically, the changes indicate that the Division of Retirement will handle the collection and processing of employee retirement contributions and data, instead of payroll contributions and data; indicate third party vendors will re-balance retirement date funds and multi-manager funds; indicate that third party vendors also will provide a read-only website so that Investment Plan members can access check advices and print copies of their IRS Forms 1099-R; and state that third party vendors will provide data breach response services.





STATE BOARD OF ADMINISTRATION  
OF FLORIDA

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

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32317-3300

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GOVERNOR  
CHAIR

JIMMY PATRONIS  
CHIEF FINANCIAL OFFICER

ASHLEY MOODY  
ATTORNEY GENERAL

LAMAR TAYLOR  
INTERIM EXECUTIVE  
DIRECTOR &  
CHIEF INVESTMENT OFFICER

## MEMORANDUM

DATE: June 1, 2022

TO: Board of Trustees

FROM: Maureen M. Hazen, General Counsel and Acting Inspector General

SUBJECT: Quarterly Report on SBA Inspector General Activities

*Maureen M. Hazen*

The SBA's Inspector General, Ken Chambers, retired on March 31, 2022, and I have been serving as Acting Inspector General since his departure. The SBA Inspector General (IG) is responsible for serving as the organization's ethics officer; conducting certain internal investigations; and handling special projects as directed by the Executive Director & CIO.

### 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 required annually for all employees in the areas of harassment prevention, personal investment activity, insider trading, incident management framework, and use of information technology resources. Employees are also required to complete training courses for public records, confidential information and the Sunshine Law every other year (these were required in 2020). The deadline for completing the courses is June 30, 2022. New employees are required to take all of the mandatory training courses (which also includes a fiduciary responsibility course) within 30 days of their start date. In addition to the annual mandatory training classes, employees are also required to complete quarterly on-line training courses concerning cyber security awareness.
- During the period from March 1, 2022 to June 1, 2022, no instances were reported to the Inspector General concerning non-compliance with the SBA gift policy.

### SBA Fraud Hotline

Since July 2006, the SBA has utilized an independent provider of SBA Fraud Hotline services. Through an 800 number, SBA employees, service providers, and others may anonymously report tips or information related to fraud, theft, or financial misconduct. The telephone number and information is prominently displayed on the SBA intranet home page. Additionally, the hotline information is available on the SBA internet site as part of the SBA contact page, and online reporting is available. In September, 2021, the SBA transitioned to a new hotline service provider, EthicsGlobal.

During the quarter, one complaint was received by the Hotline. The complaint was identical to only other complaint received during this fiscal year (i.e. in October 2021) and concerned an issue that was not applicable to the SBA.

#### Financial Disclosure Forms

The Commission on Ethics requires certain state employees and officials who meet the reporting requirement to file an annual Financial Disclosure Form. All SBA employees who met this requirement have filed a Financial Disclosure Form with the Commission on Ethics for the year ending December 31, 2020, as well as all new employees hired during 2021. Disclosure Forms for 2021 were recently submitted to all affected employees and are due to the Commission by July 1, 2022.

cc: Lamar Taylor, Interim Executive Director & CIO



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**LAMAR TAYLOR  
INTERIM EXECUTIVE DIRECTOR &  
CHIEF INVESTMENT OFFICER**

**MEMORANDUM**

**DATE:** May 11, 2022

**TO:** Lamar Taylor, Interim Executive Director & CIO

**FROM:** Sooni Raymaker, Chief Risk & Compliance Officer *SR*

**SUBJECT:** Trustee and Audit Committee Report – May 2022

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The following is a summary report of Risk Management and Compliance (RMC) activities and initiatives completed or in progress since the last dated report of February 2022 to the current period. All RMC activities, reviews, controls, and processes are continuing to operate effectively and as expected during this reporting period.

The role of the 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.

**Compliance Exception:**

Section 215.47(15), Florida Statutes, states: "With no more, in the aggregate, than 20 percent of any fund in alternative investments through participation in an alternative investment vehicle as those terms are defined in s. 215.4401(3)(a), or in securities or investments that are not publicly traded and not otherwise authorized by this section". As of market close on 4/29/22, the total value of both Private Equity and Strategic Investments as a percentage of Total Fund was: 20.10% (Performance Daily Estimates) and 20.178% (BNYM Compliance Monitor) and has continued to exceed the limit as of this date. The 20 percent allocation limit has been exceeded due to current negative market conditions and lagged market values of alternative investment vehicles. Several Strategic Investments alternative vehicles have been identified and can be as authorized under Section 215.47(2)(e), F.S. which will reduce the overall value of the numerator and possibly cause the exposure to be below the 20% limit. Additionally, as market values of the alternative market vehicles become more current, this may also reduce the exposure.

**Enterprise Risk Management (ERM)** The Risk & Compliance Committee (RCC) will hold its quarterly meeting May 12, 2022, after the date of this report. The RCC will review results from the Gartner Q122 Top Emerging Risk Report, including postpandemic talent, which scored as the highest emerging risk in the United States. The RCC will consider what more can be done to maintain the current positive culture of compliance at the SBA, given the number of new colleagues in new roles and the loss of institutional knowledge with multiple retirements. The RCC will also review the latest updates to Enterprise Risk Management Plans. In collaboration with risk owners, ERM will continue to advance and refine KRI metrics.

### **Trading and Investment Oversight**

The Trading and Investment Oversight Group (TOG) met on April 21, 2022. The group reviewed quarterly internal trading activity, compliance reports and trading counterparty oversight updates. The Designated Futures, Options and Swaps Exchanges/Markets List annual review is in progress. Once complete, the list will be shared for TOG concurrence prior to submitting to Interim ED & CIO for approval as of July 1, 2022.

### **External Manager Operational Due Diligence (ODD)**

During the period, the ODD team reviewed and commented on twenty-one consultant operational due diligence reports on investment managers as part of the investment approval process, which represents approximately \$2.9 billion in potential investments.

The ODD team conducted a hybrid quarterly collaboration meeting with all asset classes and provided an update on the ODD risk assessment. Discussions were held regarding considerations follow-up, regulatory matters, watch list changes, Fixed Income Core Plus Manager Search, recent ODD reviews, and collaboration with Accounting and Asset Allocation regarding common manager issues. The team will present to the RCC on May 12<sup>th</sup>, highlighting results from the collaboration meetings. Mercer was engaged to conduct eight ODD reviews and the SBA ODD Team participated in all eight virtual onsite meetings. Thirty-three new consultant ODD reports were added to the Manager Operational Risk Oversight page for use by the asset classes since the last meeting. The SBA ODD Team will be conducting an in person ODD onsite meeting in June 2022. They will also visit another existing manager with staff from Global Equity during the trip.

### **Public Market Compliance (PMC)**

In February 2022, new sanctions were imposed in response to Russia's actions in Ukraine. To conservatively monitor the extensive sanctions, PMC is monitoring all exposure to Russian securities. In March 2022, the SBA directed its investment managers that no new or additional Russian securities be purchased. Additionally, investment managers have been directed to liquidate any holdings in Russian securities as soon as practical, subject to market liquidity and in strict compliance with federal and other applicable laws.

### **Performance Reporting & Analytics (PRA)**

The PRA team is currently engaged in a project to leverage the existing Eagle PACE (a performance management system) to build portfolio composites based on General Investment Performance Standard (GIPS) best practices. The PACE system can aggregate all composites and produce reports with performance returns in a more efficient manner. This will allow the PRA team to reduce reliance on excel spreadsheets or other business intelligence tools to reconcile the official monthly performance data and reporting, relieving the need for ongoing maintenance between the systems.

With efficiency gains being a primary focus, PRA continues the work to automate vendor reports in order to reconcile private market performance reports with the SBA custodian. Additionally, the PRA team has also begun working to maximize other functionalities of the Eagle system for performance reconciliation and reporting purposes.

### **Policy Activity and Regulatory Monitoring**

Since the last report, revisions were implemented to four internal policies. Modifications were made to the Payroll policy to reflect changes in processes as well as to update roles and responsibilities. Two Human Resources policies, Harassment Prevention and Complaints, were updated primarily to clarify reporting requirements. Appendix A of the Risk Budget policy was also revised to add Temporary Risk Standards for Monitoring and Escalation for the Private Equity Secondary Benchmark, while Appendix B was modified to update the Private Equity Intra-Asset Class Ranges and to switch the measurement basis for Private Equity Intra-Asset Class Allocations from an annual to a three-year rolling average. No investment guidelines were revised during the reporting period.

As part of the Workflow Governance Group, Policy Administration reviewed five workflow change requests and provided evaluations with respect to policy compliance.

On the regulatory front, there were no Global Equity counterparty changes which necessitated the filing of an amended SEC Form 13H for Q1 2022. In compliance with the Japanese Foreign Exchange and Foreign Trade Act, two securities were reported that exceeded the established 1% reporting threshold for SBA share ownership or voting rights in listed companies conducting business in designated Japanese business sectors.

### **Personal Investment Activity (PIA)**

During the period (February 1, 2022, through April 30, 2022, there were 193 requests for pre-clearance by SBA employees, with 146 being approved, 44 being denied (due to blackout restrictions), and 3 being retracted (not traded). There were four violations which were reviewed by the CRCO, Inspector General, SOO-Human Resources, and the ED & CIO.

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# State Board of Administration of Florida

## Major Mandate Review First Quarter 2022

# Table of Contents

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1. Executive Summary
2. Pension Plan Review
3. Investment Plan Review
4. CAT Fund Review
5. Florida PRIME Review
6. Appendix



## Executive Summary

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- The major mandates each produced generally strong returns relative to their respective benchmarks over both short- and long-term time periods ending March 31, 2022.
- The Pension Plan outperformed its Performance Benchmark over the trailing one-, three-, five-, ten-, and fifteen-year periods.
  - Over the trailing five-year period, Global Equity and Private Equity were the leading contributors to relative returns, though all major asset classes outperformed their benchmarks
  - Over the trailing three, five and ten-year periods, the Pension Plan's return ranked in line with or above the median plan in the TUCS Top Ten Defined Benefit Plan universe.
- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the trailing three-, five-, and ten-year periods.
- The CAT Funds' performance is strong over long-term periods, outperforming the benchmark over the trailing five- and ten-year periods.
- Florida PRIME has continued to outperform its benchmark over both short- and long-term time periods.

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## Pension Plan: Executive Summary

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- The Pension Plan assets totaled \$197.7 billion as of March 31, 2022, which represents a \$8.7 billion decrease since last quarter.
- The Pension Plan, when measured against the Performance Benchmark, outperformed over the trailing one-, three-, five-, ten-, and fifteen- year periods.
- Relative to the Absolute Nominal Target Rate of Return, the Pension Plan outperformed over the trailing three, five and ten-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 Investment Consulting and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

# FRS Pension Plan Change in Market Value

## Periods Ending 3/31/2022

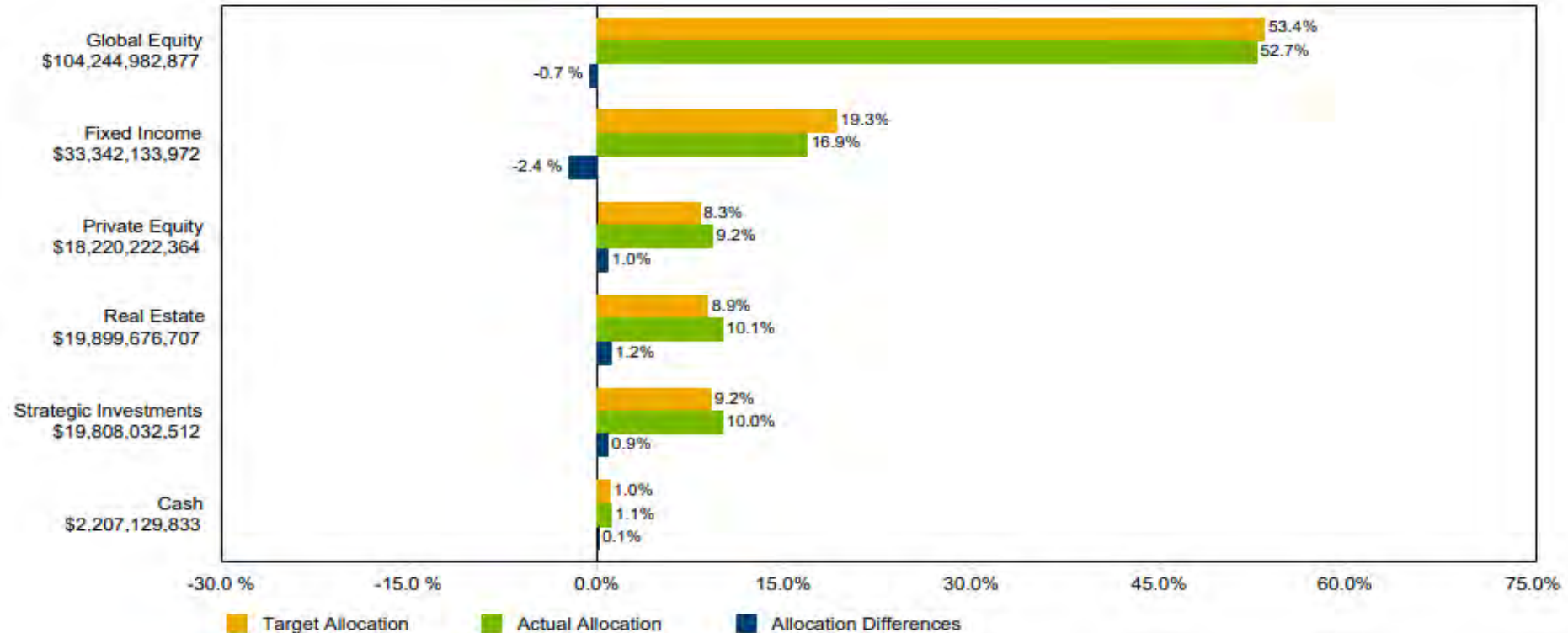
Summary of Cash Flows		
	First Quarter	Fiscal YTD*
<b>Beginning Market Value</b>	\$206,437,287,703	\$199,600,498,385
<b>+/- Net Contributions/(Withdrawals)</b>	\$(1,817,149,131)	\$(5,810,614,082)
<b>Investment Earnings</b>	\$6,897,960,308	\$3,932,293,962
<b>= Ending Market Value</b>	\$197,722,178,265	\$197,722,178,265
<b>Net Change</b>	\$(8,715,109,438)	\$(1,878,320,120)

\*Period July 2021 – March 2022

## Asset Allocation as of 3/31/2022

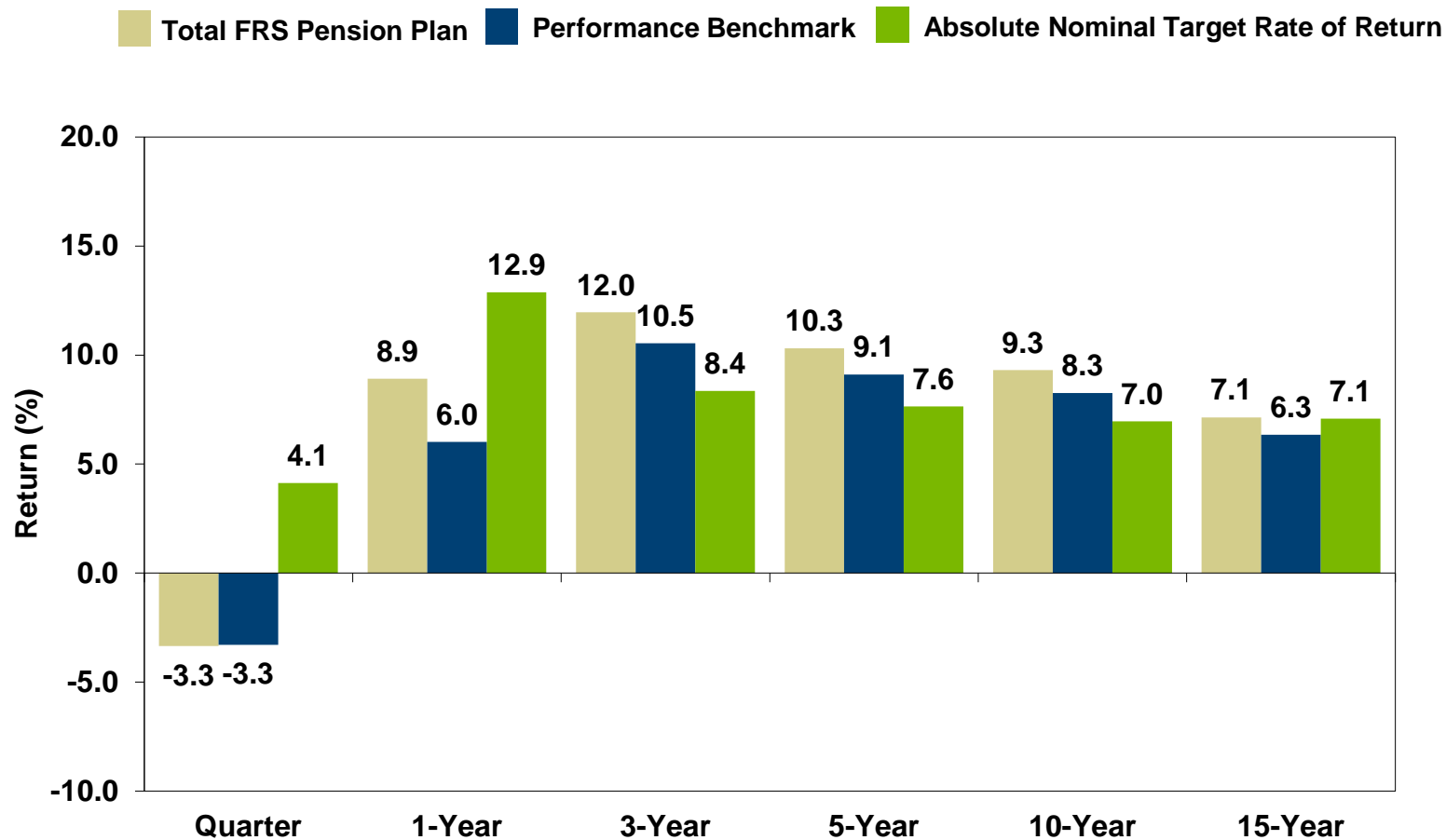
Total Fund Assets = \$197.7 Billion

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	197,722,178,265	100.0	100.0		
Global Equity	104,244,982,877	52.7	53.4	45.0	70.0
Fixed Income	33,342,133,972	16.9	19.3	10.0	26.0
Private Equity	18,220,222,364	9.2	8.3	2.0	10.0
Real Estate	19,899,676,707	10.1	8.9	4.0	16.0
Strategic Investments	19,808,032,512	10.0	9.2	0.0	16.0
Cash	2,207,129,833	1.1	1.0	0.3	5.0



# FRS Pension Plan Investment Results

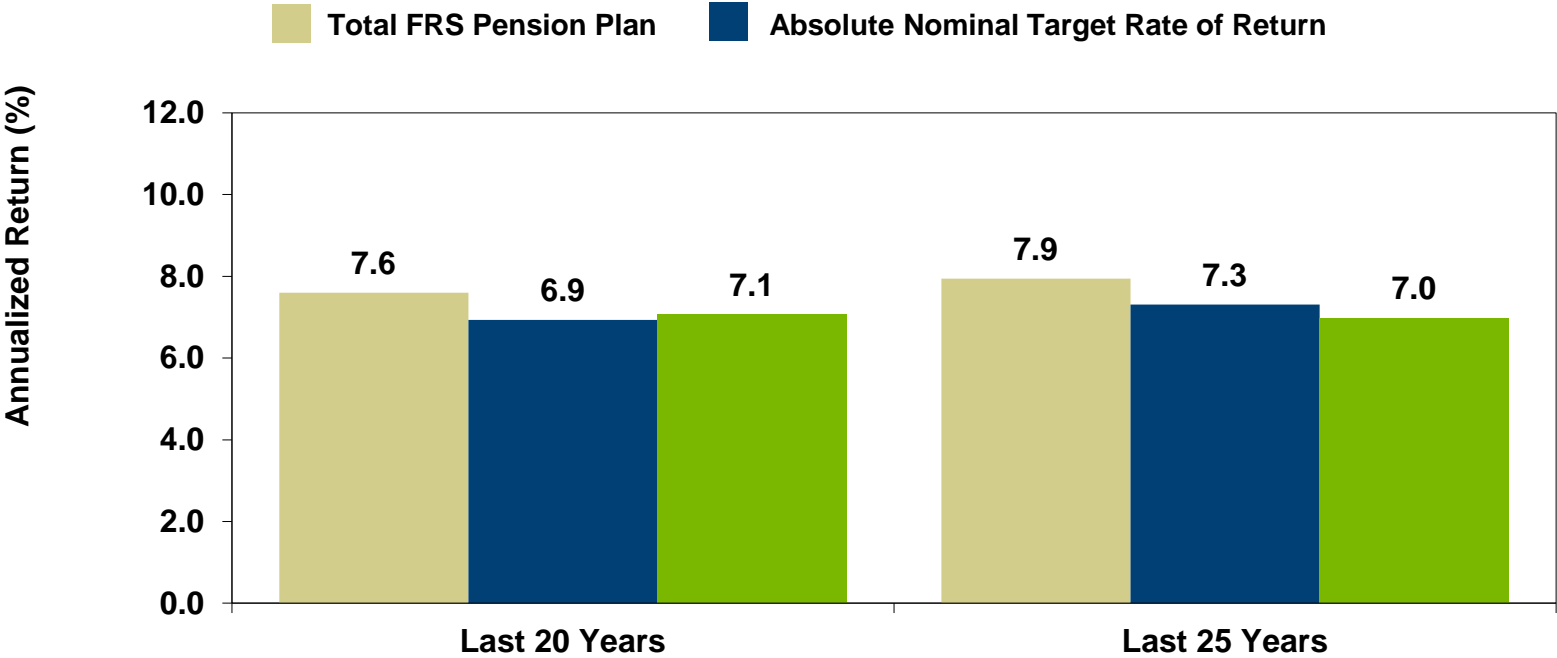
## Periods Ending 3/31/2022



# FRS Pension Plan Investment Results

## Periods Ending 3/31/2022

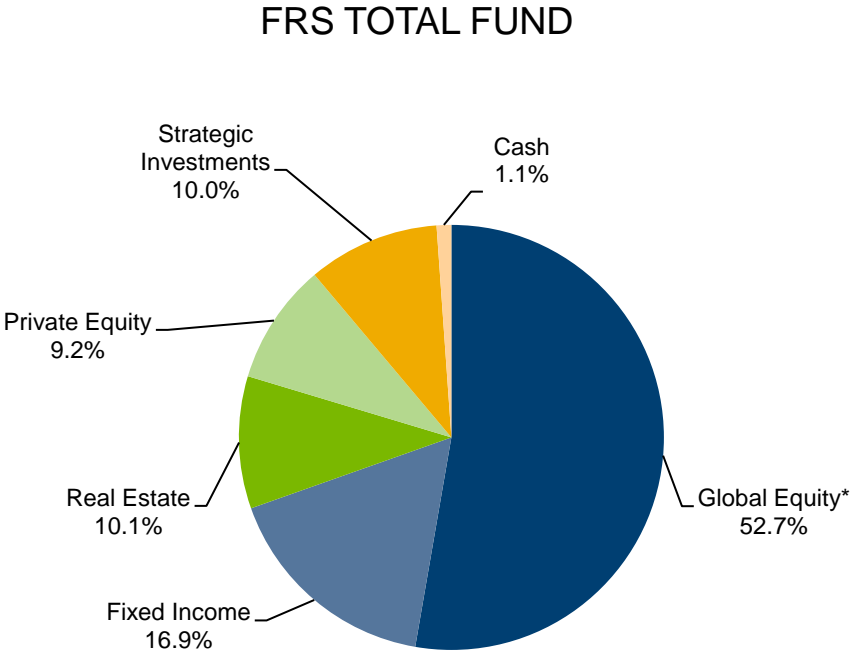
### Long-Term FRS Pension Plan Performance Results vs. SBA's Long-Term Investment Objective



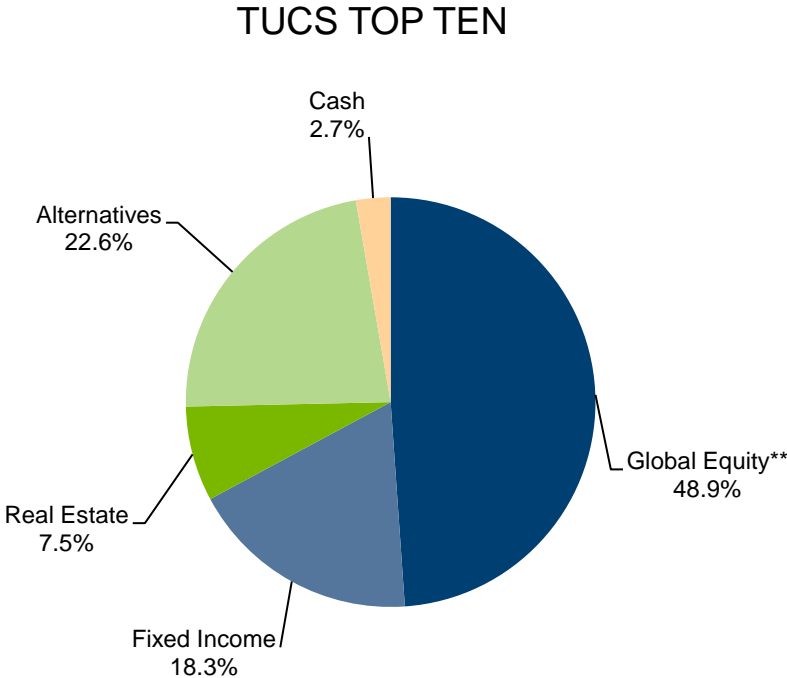
# Comparison of Asset Allocation (TUCS Top Ten)

## As of 3/31/2022

### FRS Pension Plan vs. Top Ten Defined Benefit Plans



\*Global Equity Allocation: 27.0% Domestic Equities; 18.2% Foreign Equities; 6.5% Global Equities; 1.0% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.



\*\*Global Equity Allocation: 32.1% Domestic Equities; 16.8% Foreign Equities.

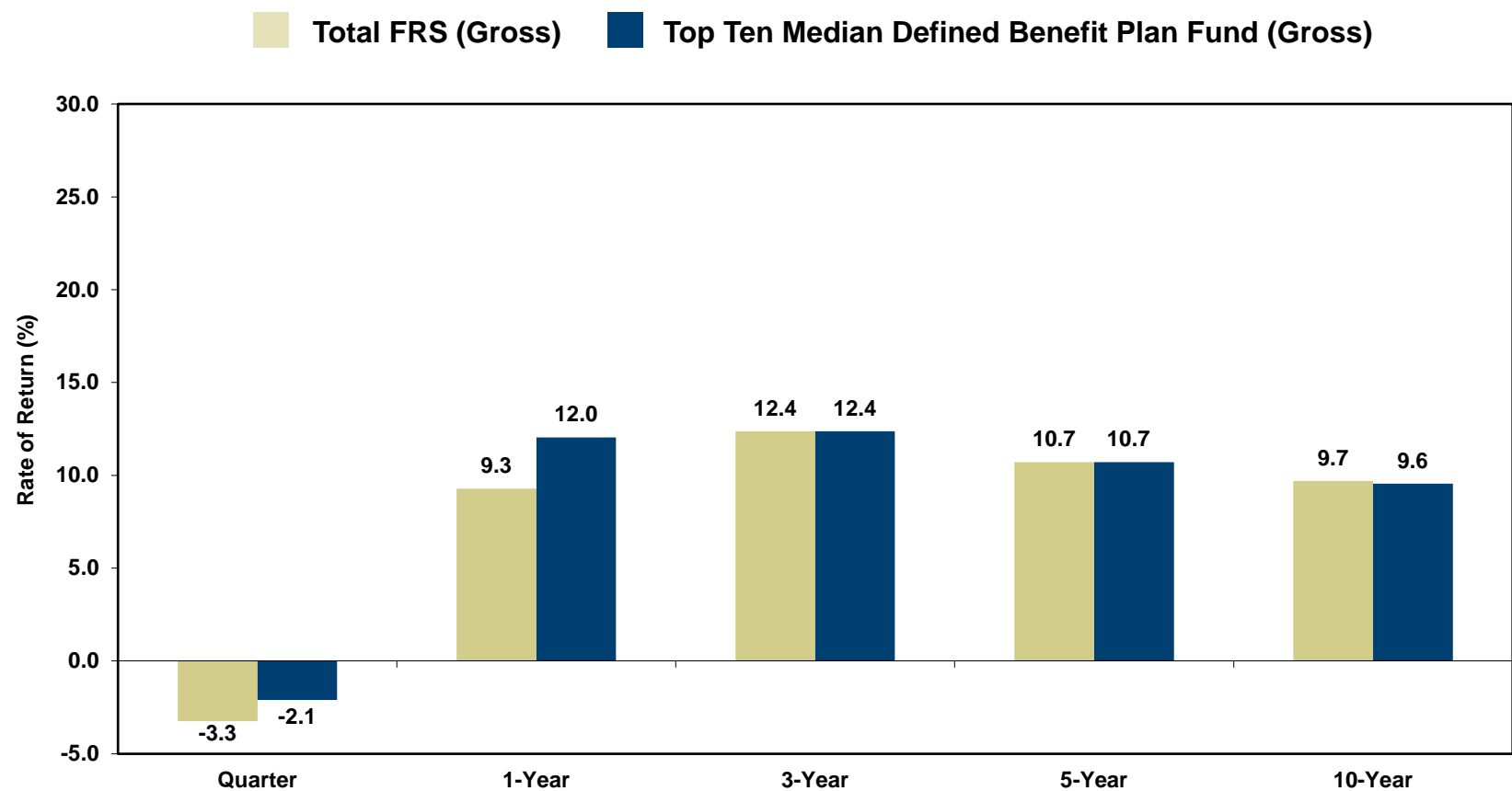
Note: The TUCS Top Ten Universe AA data is as of 4Q'21 as final 1Q'22 data was not finalized at the time of this report. The data set includes \$2,042.4 billion in total assets. The median fund size was \$196.7 billion and the average fund size was \$204.2 billion.

Note: Due to rounding, percentage totals displayed may not sum perfectly.



# FRS Results Relative to TUCS Top Ten Defined Benefit Plans

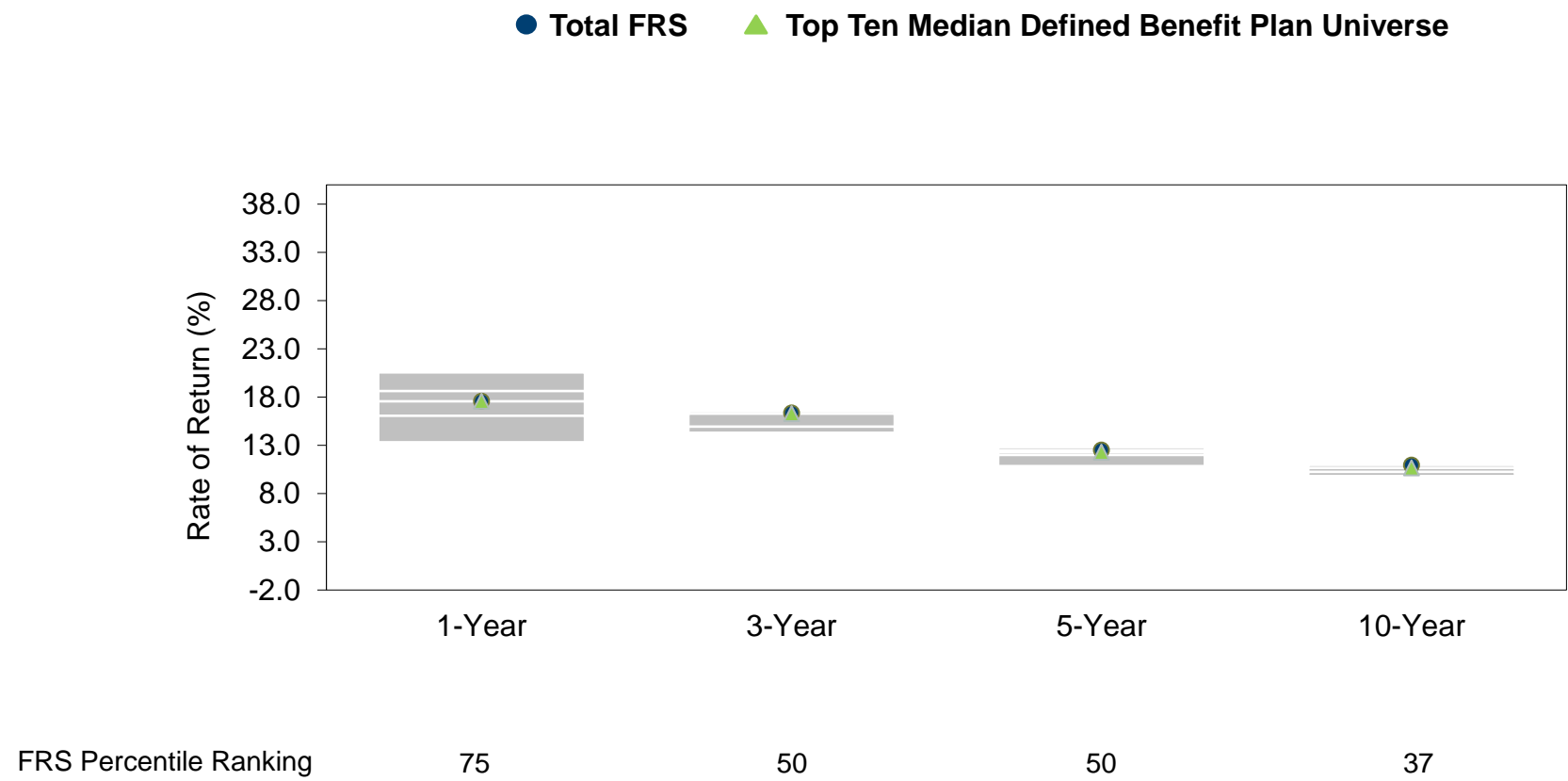
## Periods Ending 3/31/2022



Note: The TUCS Top Ten Universe includes \$2,063.3 billion in total assets. The median fund size was \$197.7 billion and the average fund size was \$206.3 billion.

# Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS)

## Periods Ending 3/31/2022



Note: The TUCS Top Ten Universe includes \$2,063.3 billion in total assets. The median fund size was \$197.7 billion and the average fund size was \$206.3 billion.

## Investment Plan: Executive Summary

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- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the trailing 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 in line with peer defined contribution plans, based on year-end 2021 data. The total FRS Investment Plan expense ratio includes investment management fees, as well as administration, communication and education costs. Communication and education costs are not charged to FRS Investment Plan members; however, these and similar costs may be charged to members of plans within the peer group.
- Management fees are lower than the median as represented by Morningstar's mutual fund universe for every investment category.
- The FRS Investment Plan offers an appropriate number of fund options that span the risk and return spectrum.
- The Investment Policy Statement is revisited periodically to ensure that the structure and guidelines of the FRS Investment Plan are appropriate, taking into consideration the FRS Investment Plan's goals and objectives.

# Total Investment Plan Returns & Cost

## Periods Ending 3/31/2022\*

	One-Year	Three-Year	Five-Year	Ten-Year
<b>FRS Investment Plan</b>	<b>5.1%</b>	<b>10.5%</b>	<b>9.2%</b>	<b>8.1%</b>
<i>Total Plan Aggregate Benchmark**</i>	<i>6.0%</i>	<i>10.4%</i>	<i>8.9%</i>	<i>7.8%</i>
FRS Investment Plan vs. Total Plan Aggregate Benchmark	(0.9)	0.1	0.3	0.3

## Periods Ending 12/31/2020\*\*\*

	Five-Year Average Return****	Five-Year Net Value Added	Expense Ratio
<b>FRS Investment Plan</b>	<b>10.1%</b>	<b>0.2%</b>	<b>0.27%*****</b>
<i>Peer Group</i>	<i>10.0</i>	<i>0.2</i>	<i>0.27</i>
FRS Investment Plan vs. Peer Group	0.1	0.0	0.00

\*Returns shown are net of fees.

\*\*Aggregate benchmark returns are an average of the individual portfolio benchmark returns at their actual weights.

\*\*\*Source: 2021 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 2021 Survey that included 136 U.S. defined contribution plans with assets ranging from \$72 million to \$68.7 billion. Peer group for the Expense Ratio represents a custom peer group for FSBA of 18 DC plans including corporate and public plans with assets between \$3.4 - \$28.4 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.

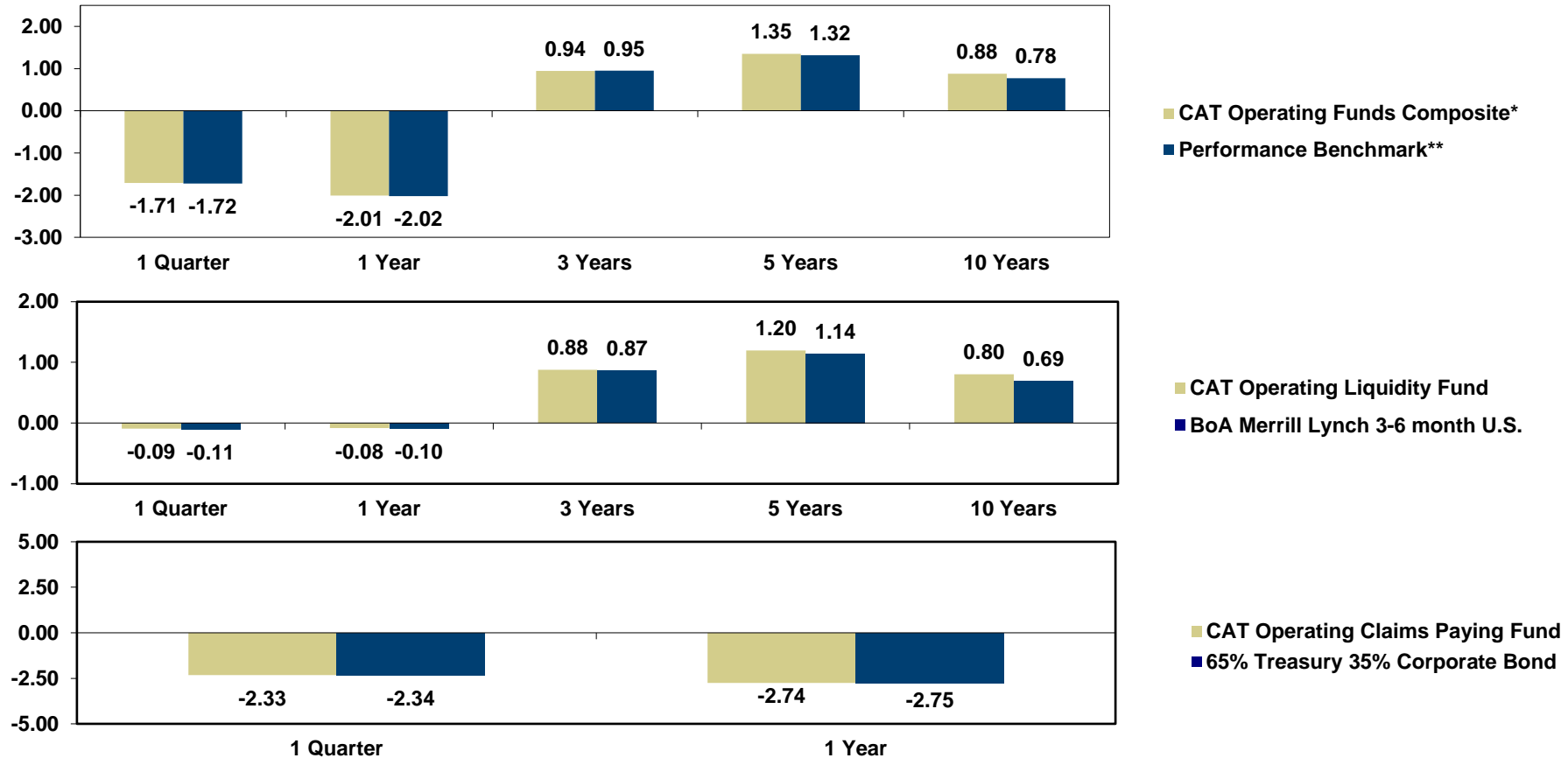
## CAT Fund: Executive Summary

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- Returns on an absolute basis continue to be modest given the current low interest rate environment.
- All CAT Funds are adequately diversified across issuers within the short-term bond market.
- The Investment Portfolio Guidelines appropriately constrain the CAT Funds to invest in short-term and high-quality bonds to minimize both interest rate and credit risk.
- Adequate liquidity exists to address the cash flow obligations of the CAT Funds.
- The Investment Portfolio Guidelines are revisited periodically to ensure that the structure and guidelines of the CAT Funds are appropriate, taking into consideration the CAT Funds' goals and objectives.
- Over long-term periods, the relative performance of the CAT Operating Funds has been favorable as they have outperformed the Performance Benchmark over the trailing five- and ten-year time periods.

# CAT Operating Funds Investment Results

## Periods Ending 3/31/2022



\*CAT Operating Funds: Beginning March 2008, the returns for the CAT Operating Funds reflect marked-to-market returns. Prior to that time, cost-based returns are used. Beginning February 2018, the CAT Operating Funds were split into two different sub funds, the CAT Fund Operating Liquidity Fund and the CAT Fund Operating Claims Paying Fund. Performance for each sub fund is shown below.

\*\*Performance Benchmark: Effective January 1, 2021, the CAT Fund Operating Liquidity Fund is benchmarked to the Bloomberg U.S. Treasury Bills 3-6 Months & U.S. Treasury Bills 6-9 Months Custom Blend Index. This benchmark is comprised of 60% of 3-6 month U.S. Treasury Bills and 40% 6-9 month U.S. Treasury Bills. Beginning February 2018, the CAT Fund Operating Liquidity Fund was benchmarked to the B of A Merrill Lynch 3-6 Month U.S. Treasury Bill Index. Effective January 1, 2021, the CAT Operating Claims Paying Fund is benchmarked to the Bloomberg U.S. Treasury 1-3 Years & Corporate AA+ ex 144A with Reg S Custom Blend Index. This benchmark is comprised of 65% 1-3 year U.S. Treasury and 35% of 1-3 year Corporate AA or better excluding 144A and Reg S securities. Beginning February 2018, the CAT Fund Operating Claims Paying Fund benchmark is a blend of 35% of the Bank of America Merrill Lynch 1-3 Year AA U.S. Corporate Bond Index and 65% of Bank of America Merrill Lynch 1-3 Year U.S. Treasury Index. Additional benchmark history can be found in the appendix.

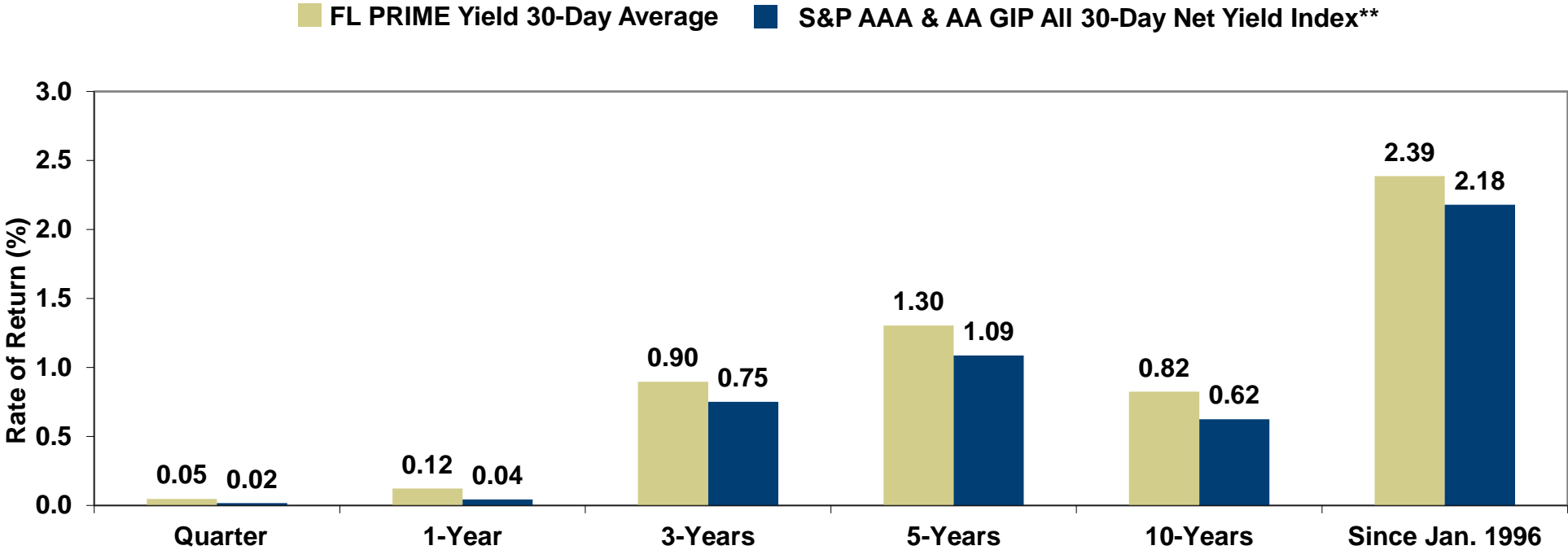
## Florida PRIME: Executive Summary

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- The purpose of Florida PRIME is safety, liquidity, and competitive returns with minimal risk for participants.
- The Investment Policy Statement appropriately constrains Florida PRIME to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Florida PRIME is adequately diversified across issuers within the short-term bond market, and adequate liquidity exists to address the cash flow obligations of Florida PRIME.
- Performance of Florida PRIME has been strong over short- and long-term time periods, outperforming its performance benchmark during the quarter and over the trailing one-, three-, five-, and ten-year time periods.
- As of March 31, 2022, the total market value of Florida PRIME was \$20.2 billion.
- Aon Investments USA Inc., in conjunction with SBA staff, compiles an annual best practices report that includes a full review of the Investment Policy Statement, operational items, and investment structure for Florida PRIME.

# Florida PRIME Investment Results

## Periods Ending 3/31/2022



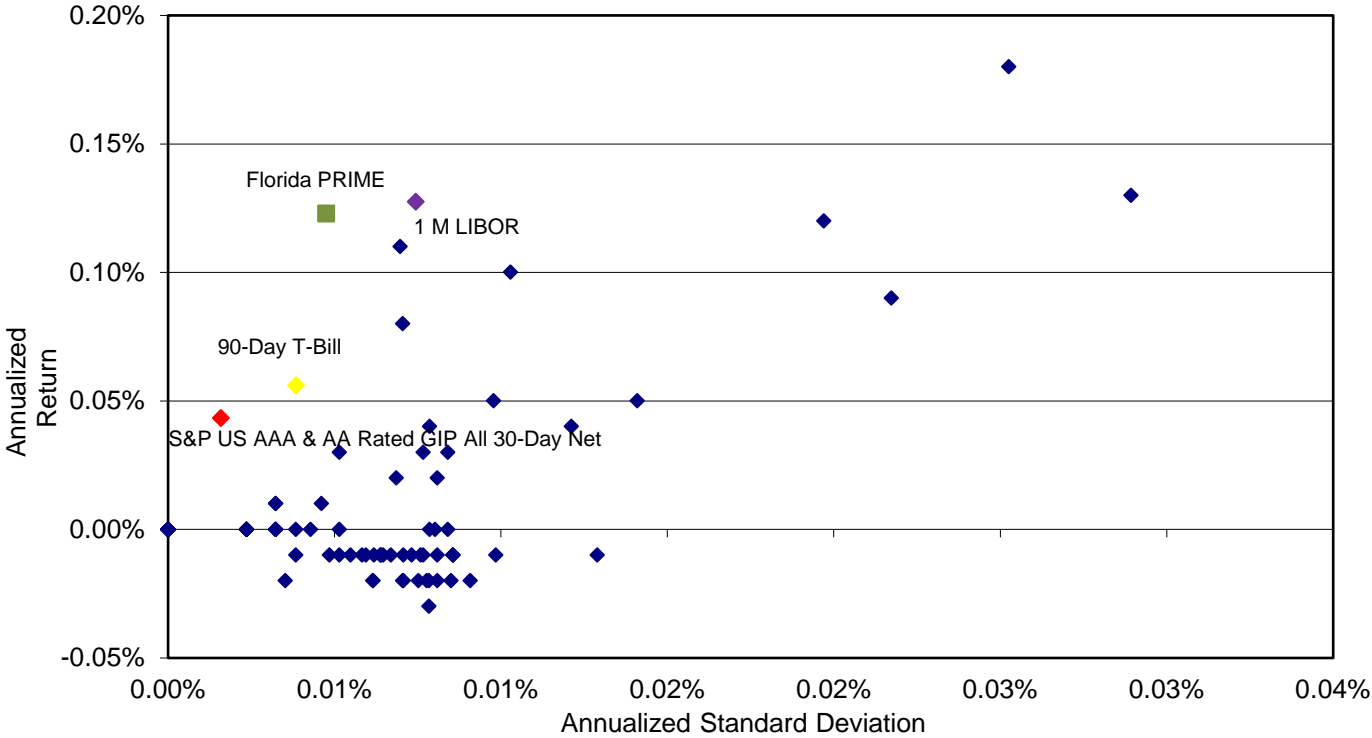
\*Returns less than one year are not annualized.

\*\*S&P AAA & AA GIP All 30-Day Net Yield Index for all time periods shown.

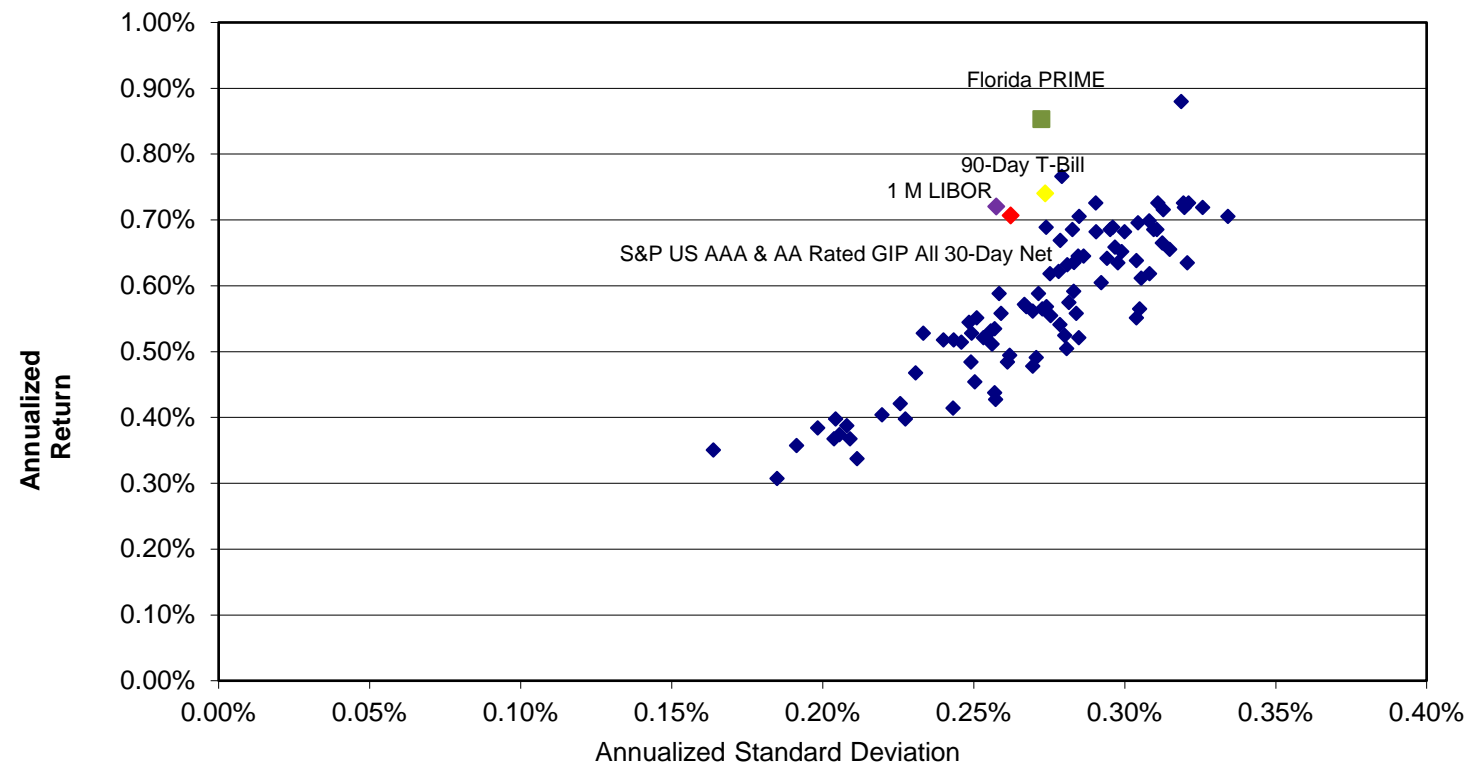


# Florida PRIME Risk vs. Return

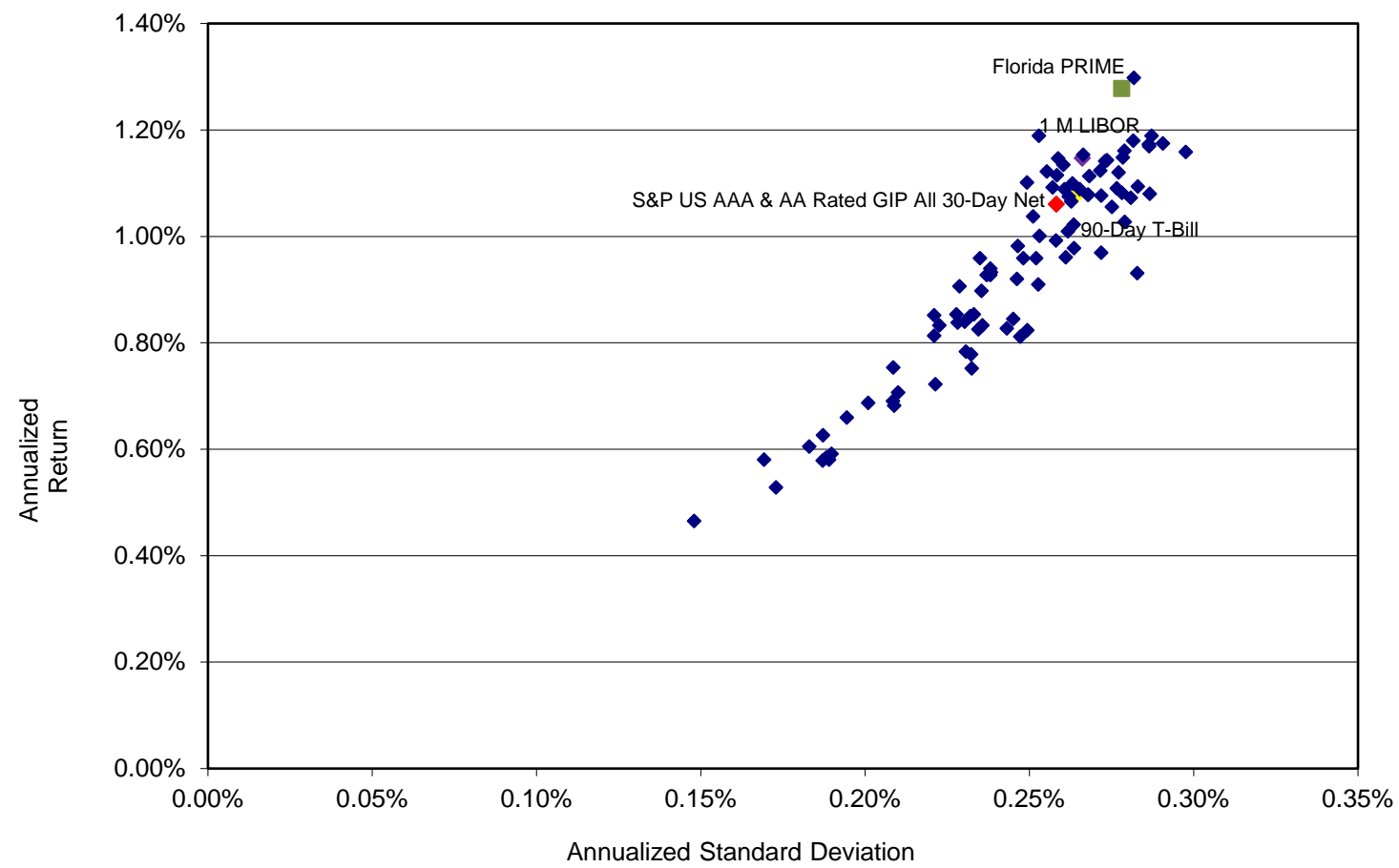
## 1 Years Ending 3/31/2022



# Florida PRIME Risk vs. Return 3 Years Ending 3/31/2022

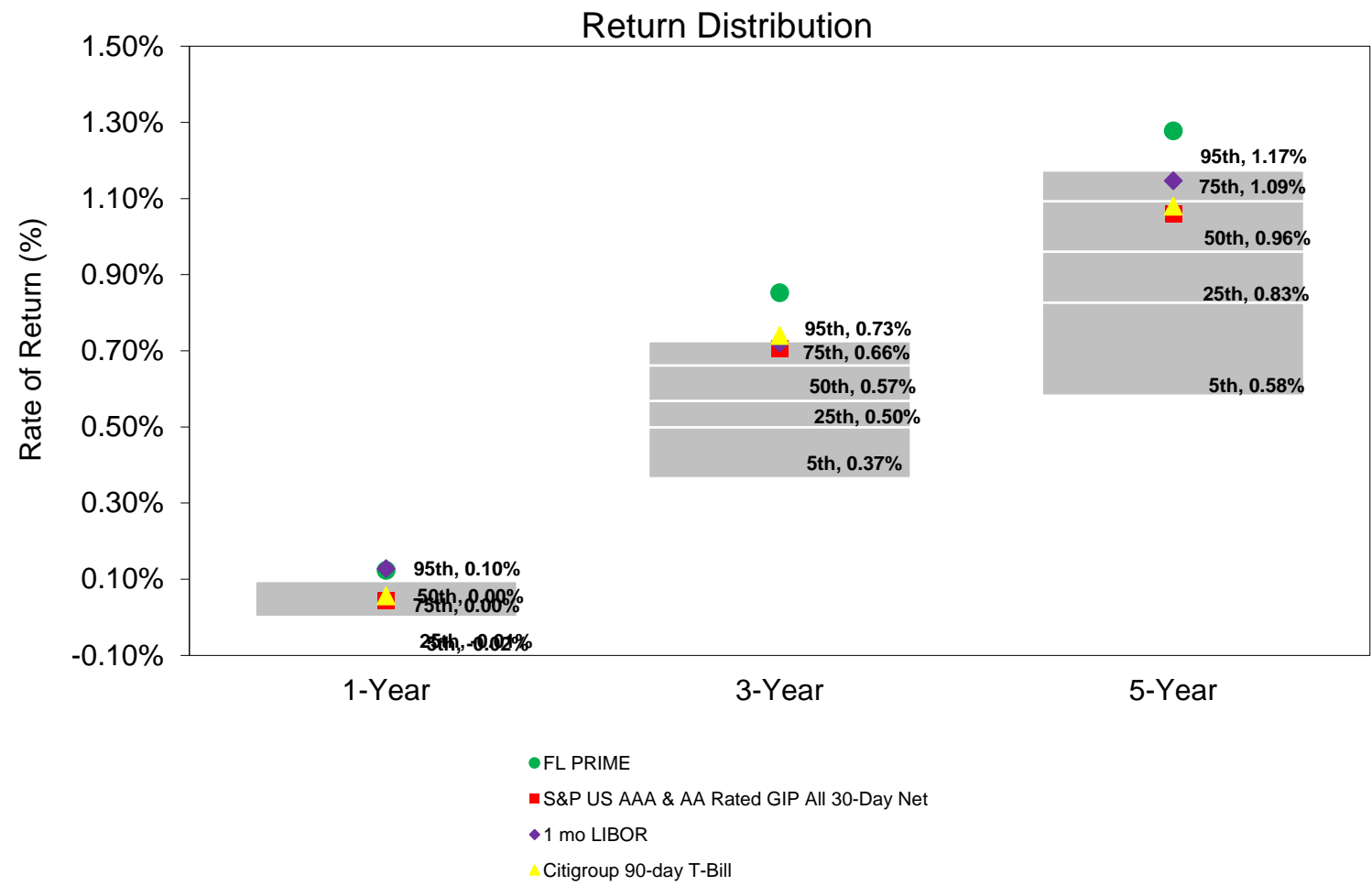


# Florida PRIME Risk vs. Return 5 Years Ending 3/31/2022



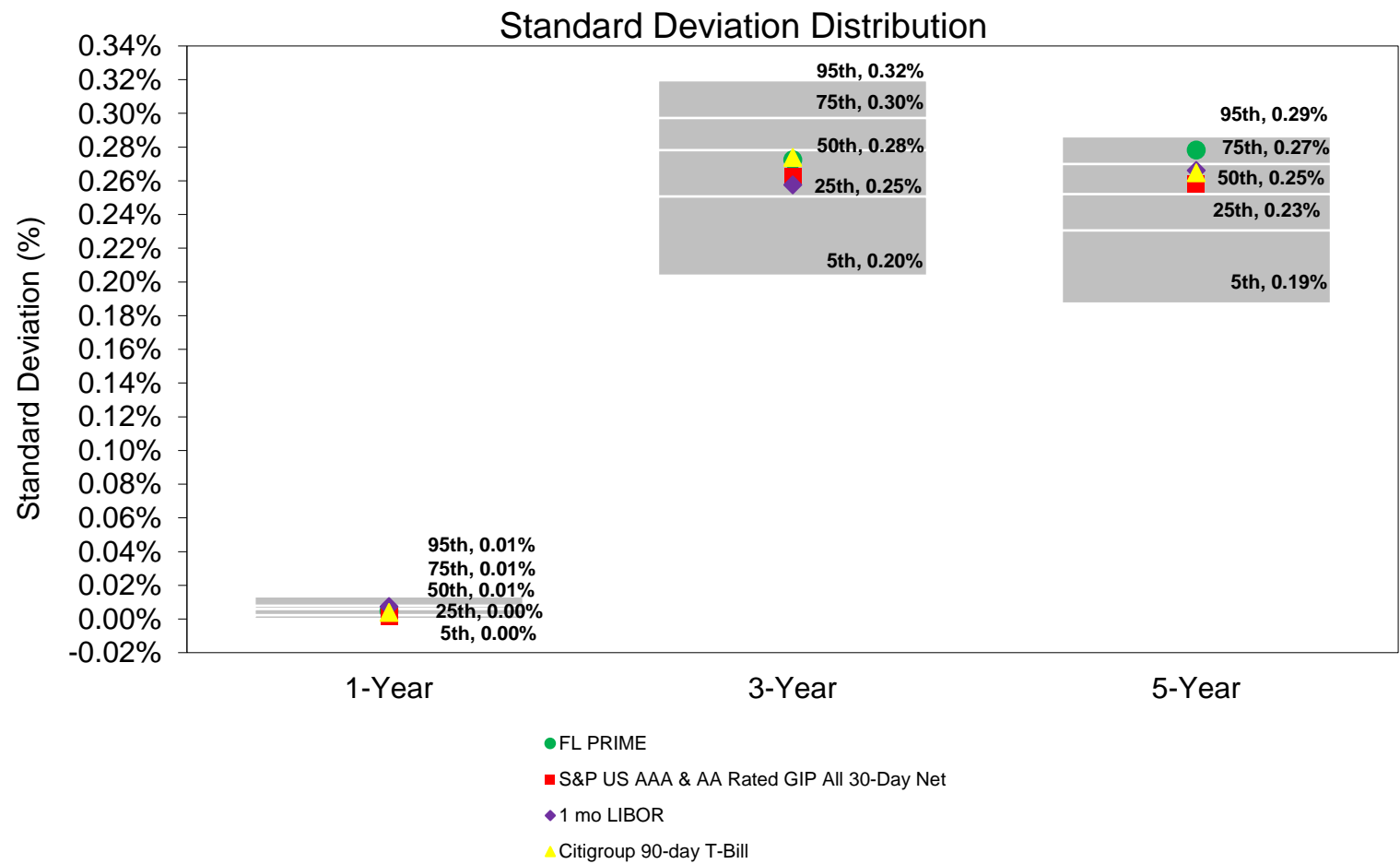
# Return Distribution

## Periods Ending 3/31/2022



# Standard Deviation Distribution

## Periods Ending 3/31/2022



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# Appendix

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## FRS Investment Plan Costs

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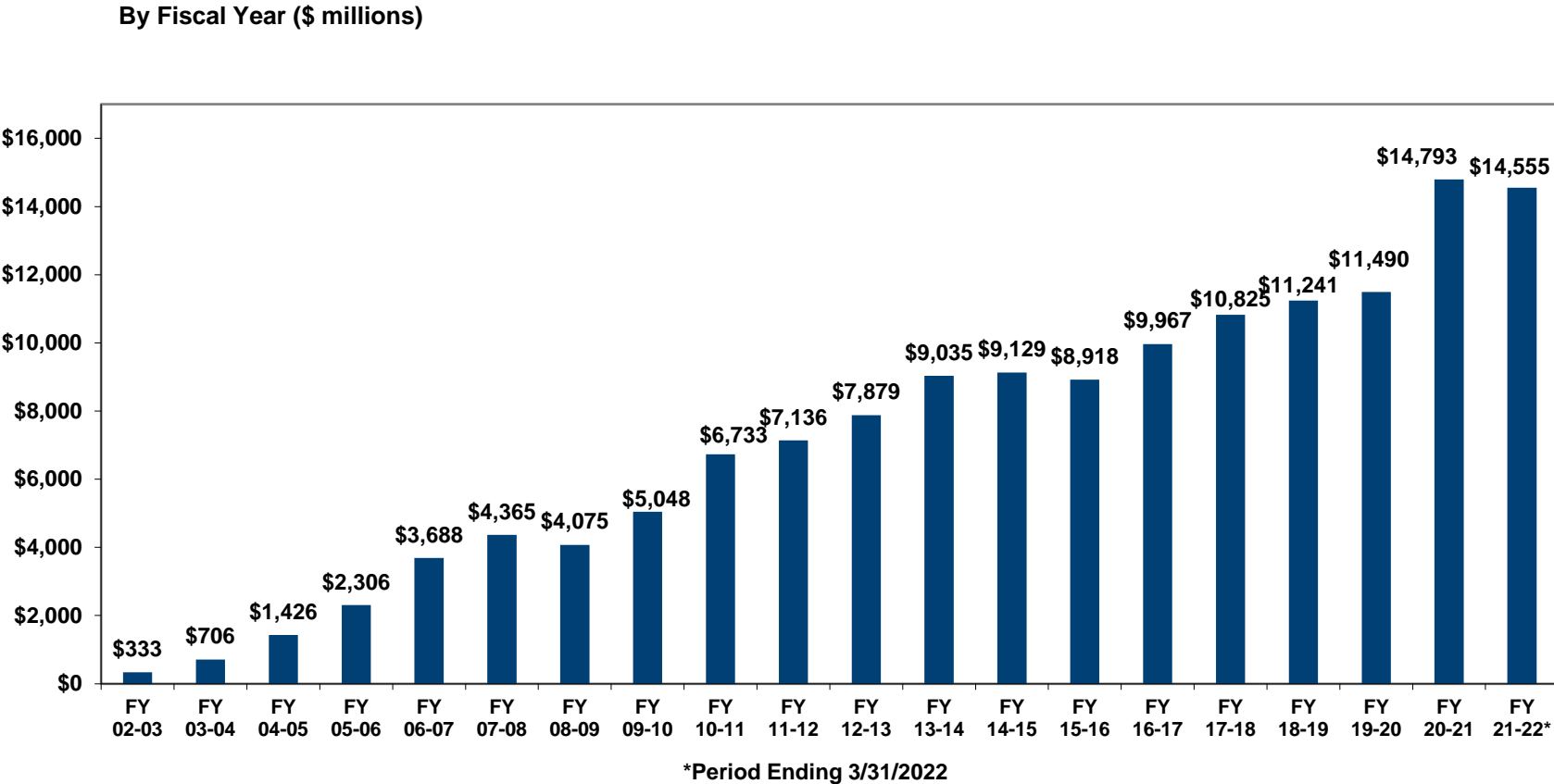
Investment Category	Investment Plan Fee*	Average Mutual Fund Fee**
Domestic Equity	0.20%	0.87%
International Equity	0.31%	0.95%
Diversified Bonds	0.14%	0.45%
Target Date	0.14%	0.45%
Stable Value	0.19%	0.24%
Inflation Protected Securities	0.36%	0.35%

\*Average fee of multiple products in category as of 3/31/2022.

\*\*Source: Aon's annual mutual fund expense analysis as of 12/31/2020.

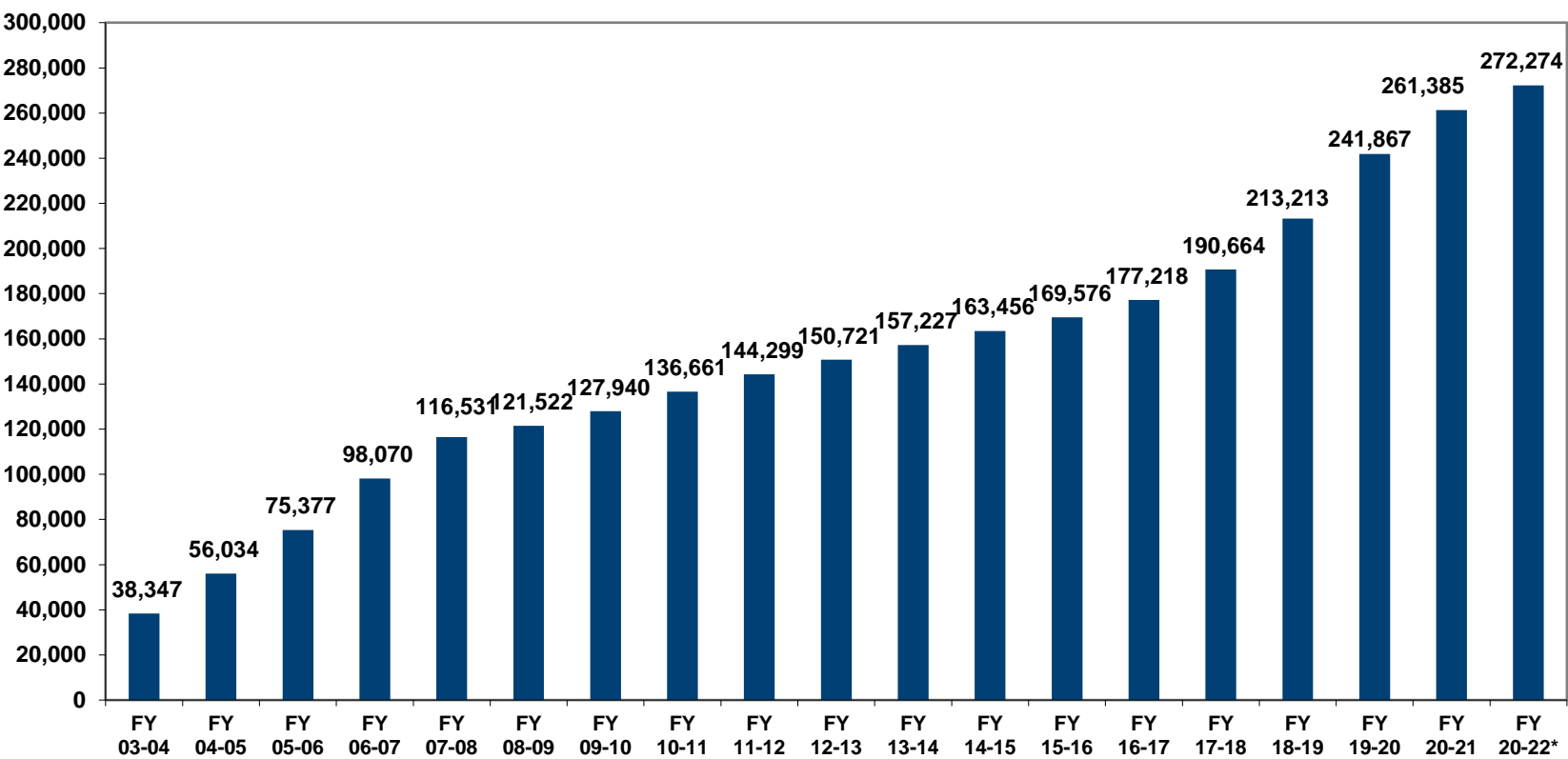


# Investment Plan Fiscal Year End Assets Under Management



Source: Investment Plan Administrator

# Investment Plan Membership



\* Period Ending 3/31/2022

Source: Investment Plan Administrator

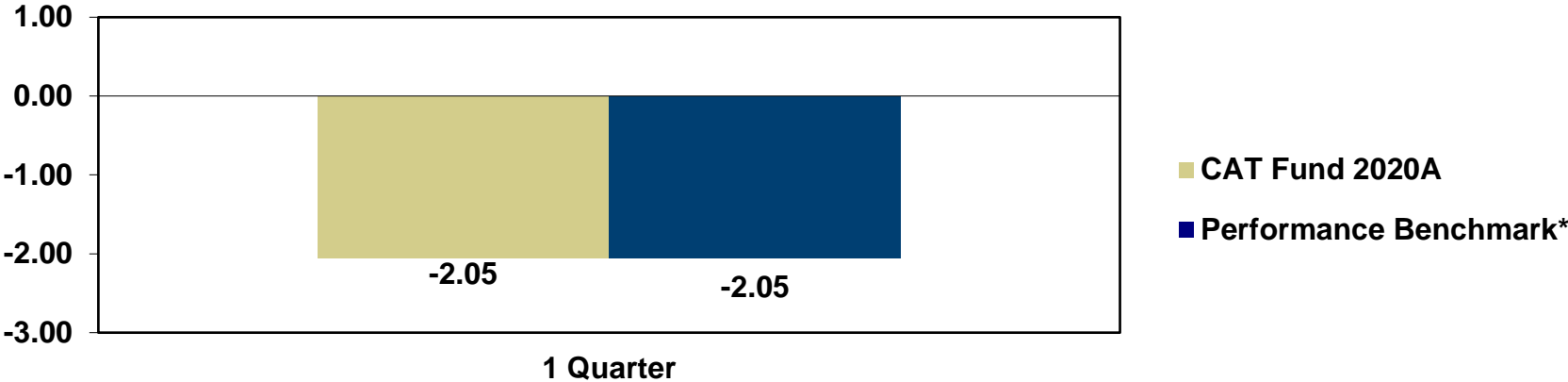
# Florida Hurricane Catastrophe Funds Background and Details

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- The purpose of the Florida Hurricane Catastrophe Fund (FHCF) is to provide a stable, ongoing and timely source of reimbursement to insurers for a portion of their hurricane losses.
- The CAT Operating Funds, along CAT 2020 A Fund are internally managed portfolios.
  - CAT 2013 A Fund was liquidated during 4Q 2020
  - CAT 2016 A Fund was liquidated during 3Q 2021
- As of March 31, 2022, the total value of:
  - The CAT Operating Funds was \$13.0 billion
  - The CAT 2020 A Fund was \$3.4 billion
- History of the CAT Funds Benchmarks: *Beginning February 2018, the CAT Fund Operating Liquidity Fund was benchmarked to the B of A Merrill Lynch 3-6 Month U.S. Treasury Bill Index, and the CAT Fund Operating Claims Paying Fund benchmarked to a blend of 35% of the Bank of America Merrill Lynch 1-3 Year AA U.S. Corporate Bond Index and 65% of Bank of America Merrill Lynch 1-3 Year U.S. Treasury Index. Beginning January 2021, the CAT Fund Operating Liquidity Fund was benchmarked to Bloomberg U.S. Treasuries Bills 3-6 Months & U.S. Treasury Bills 6-9 Months Custom Blend Index. This benchmark is comprised of 60% off the 3-6 month U.S. Treasury Bills and 40% 6-9 month U.S. Treasury Bills., and the CAT Fund Operating Claims Paying Fund is benchmarked Bloomberg U.S. Treasury 1-3 Years & Corporate AA+ ex 144A Reg S Custom Blend Index. This benchmark is comprised of 65% 1-3 year Treasury and 35% of 1-3 year Corporate AA or better excluding 144A and Reg S Securities.*

# CAT 2020 A Funds Investment Results

## Periods Ending 3/31/2022



\*Performance Benchmark: The CAT 2020A Fund is benchmarked to itself.

# CAT Operating Funds Characteristics

## Period Ending 3/31/2022

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<b>Maturity Analysis</b>	
1 to 30 Days	3.67%
31 to 60 Days	4.44
61 to 90 Days	5.88
91 to 120 Days	4.79
121 to 150 Days	0.00
151 to 180 Days	10.22
181 to 270 Days	2.84
271 to 365 Days	2.31
366 to 455 Days	9.51
>= 456 Days	56.34
<b>Total % of Portfolio:</b>	<b>100.00%</b>

<b>Bond Rating Analysis</b>	
AAA	72.40%
AA	15.72
A	11.88
Baa	0.00
Other	0.00
<b>Total % of Portfolio</b>	<b>100.00%</b>

# CAT 2020 A Fund Characteristics

## Period Ending 3/31/2022

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<b>Maturity Analysis</b>	
1 to 30 Days	0.08%
31 to 60 Days	0.00
61 to 90 Days	0.00
91 to 120 Days	0.00
121 to 150 Days	1.75
151 to 180 Days	1.75
181 to 270 Days	4.51
271 to 365 Days	13.41
366 to 455 Days	13.23
>= 456 Days	65.27
<b>Total % of Portfolio:</b>	100.00%

<b>Bond Rating Analysis</b>	
AAA	64.33%
AA	18.87
A	16.80
Baa	0.00
Other	0.00
<b>Total % of Portfolio</b>	100.00%

## Florida PRIME Characteristics

### Quarter Ending 3/31/2022

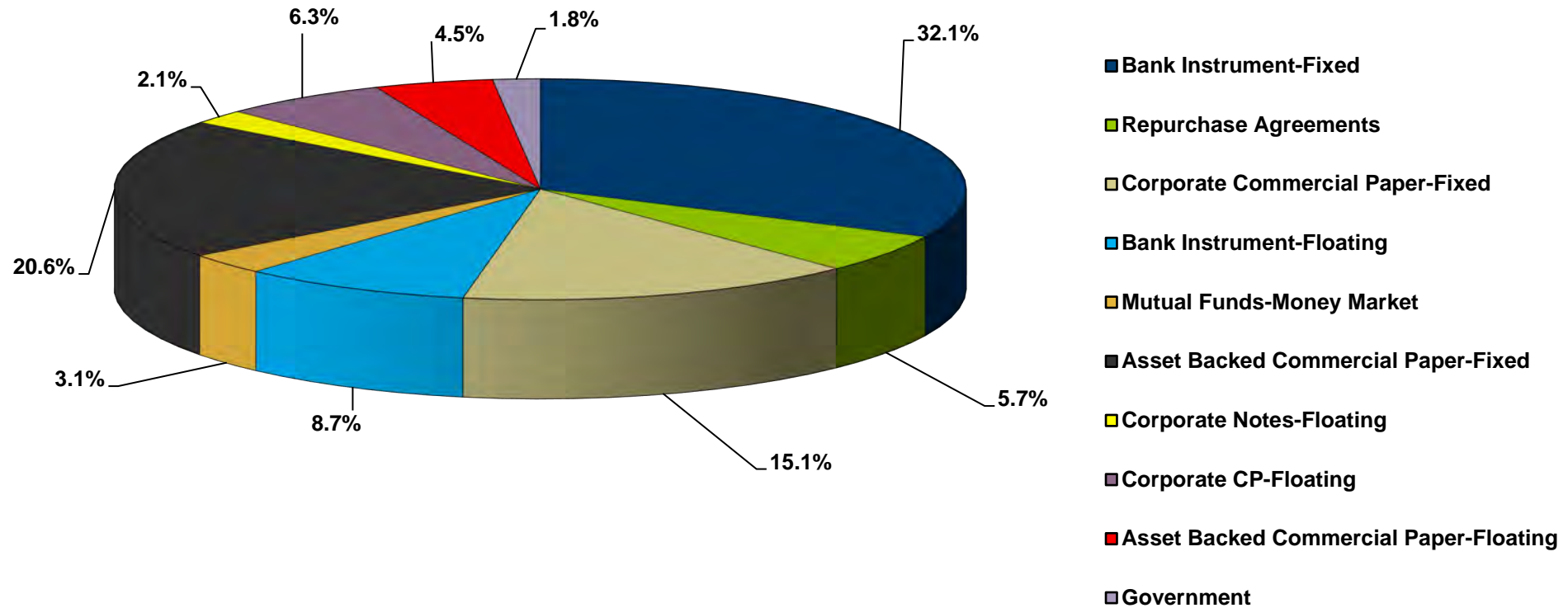
Cash Flows as of 3/31/2022	First Quarter	Fiscal YTD*
Opening Balance	\$20,304,787,448	17,441,698,421.00
Participant Deposits	\$5,784,861,452	24,713,720,027.00
Gross Earnings	\$11,590,423	24,350,272.00
Participant Withdrawals	(\$5,887,241,898)	(\$21,963,113,123)
Fees	(\$1,607,226)	(\$4,265,398)
Closing Balance (3/31/2022)	\$20,212,390,210	\$20,212,390,210
<b>Change</b>	<b>(\$92,397,238)</b>	<b>\$2,770,691,789</b>

\*Period July 2021 – March 2022

# Florida PRIME Characteristics

## Quarter Ending 3/31/2022

Portfolio Composition





## Florida PRIME Characteristics

### Period Ending 3/31/2022

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Effective Maturity Schedule	
1-7 Days	65.5%
8 - 30 Days	8.1%
31 - 90 Days	18.9%
91 - 180 Days	3.7%
181+ Days	3.8%
<b>Total % of Portfolio:</b>	<b>100.0%</b>

S & P Credit Quality Composition	
A-1+	64.4%
A-1	35.6%
<b>Total % of Portfolio:</b>	<b>100.0%</b>

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# State Board of Administration

Proposed Budget

2022/23

June 2022

# State Board of Administration FY 2022-23 Proposed Budget

**SBA Operations  
FRS Investment Plan  
Florida Hurricane Catastrophe Fund**

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**Division of Bond Finance  
Florida Prepaid College Board**

**June 2022**

# State Board of Administration FY 2022-23 Proposed Budget

## Introduction

- Constitutionally-created entity that provides investment management and trust services
  - \$249 billion total assets under management
  - Largest mandate is the \$196 billion FRS Pension Fund
  - Administers the FRS Investment Plan and the Florida Hurricane Catastrophe Fund
- Not funded from General Revenue
- Division of Bond Finance and Florida Prepaid College Board are administratively housed, but report to separate boards
- Operating Budget
  - Must be annually approved by the Trustees
  - SBA, FRS Investment Plan, Florida Hurricane Catastrophe Fund, Division of Bond Finance and Florida Prepaid College Board are presented separately herein

# State Board of Administration FY 2022-23 Proposed Budget

## Summary of SBA-Administered Budgets

Budget Entity	Proposed Budget	% Increase
SBA Operating	\$62,669,474	8.8%
Investment Plan	31,052,057	1.7%
FHCF	\$9,883,221	1.9%
Division of Bond Finance	\$5,884,411	(4.5)%
Florida Prepaid College Board	\$37,133,867	13.73%

# State Board of Administration FY 2022-23 Proposed Budget

## SBA Operating Budget Fiscal Year 2022 - 2023

# SBA Proposed Budget FY 2022-23

## Budget Detail By Line Item

Description	7 New FTE's		
	Fiscal Year 2021-2022	Fiscal Year 2022-2023	% Change
<b>FTE</b>	<b>210.75</b>	<b>217.75</b>	
<b>Salary &amp; Benefits</b>	<b>\$36,315,221</b>	<b>\$39,373,178</b>	<b>8.4%</b>
<b>Salary Subtotal</b>	<b>\$26,284,698</b>	<b>\$28,426,598</b>	<b>8.1%</b>
Salaries	22,430,898	23,434,698	
New Positions/Salary Adj.	218,800	680,900	
Recruitment & Retention Rate	785,000	1,336,000	
Leave Liability Payments & Incentive Reserve	2,775,000	2,900,000	
Moving Expense Stipend	75,000	75,000	
<b>Benefit Subtotal</b>	<b>\$10,030,522</b>	<b>\$10,946,580</b>	<b>9.1%</b>
Social Security	1,845,487	2,008,328	
Retirement	3,312,301	4,081,814	
Health Insurance	4,535,523	4,521,958	
Life Insurance	9,580	10,688	
Disability Insurance	9,374	10,181	
Dental Insurance	318,257	313,611	
<b>Other Personal/Contractual Svcs</b>	<b>\$13,914,938</b>	<b>\$14,720,238</b>	<b>5.8%</b>
Temporary Employment	113,000	128,600	
Other Contractual Services	13,801,938	14,591,638	
<b>Expense</b>	<b>\$6,872,497</b>	<b>\$7,316,059</b>	<b>6.5%</b>
Repairs & Maintenance	1,699,172	2,137,132	
Rental of Building/Equipment	2,586,784	2,625,580	
Travel	1,058,162	1,042,857	
Training	206,860	213,685	
SBA Group Training/Employee Reimburse	223,610	243,910	
Communications	287,300	282,500	
Freight & Postage	57,000	42,000	
Insurance & Surety Bonds	100,000	100,000	
Ofc Materials/Supplies/Equipment	231,416	222,975	
Other Charges & Obligations	383,593	367,320	
Printing	28,600	28,100	
Unemployment Compensation	10,000	10,000	
<b>Other Capital Outlay</b>	<b>\$512,002</b>	<b>\$1,260,000</b>	<b>146.1%</b>
Network Security/IT Equipment	512,002	1,260,000	
<b>TOTALS</b>	<b>\$57,614,658</b>	<b>\$62,669,474</b>	<b>8.8%</b>

### NOTES:

- Salaries – 8.1% increase due to requested recruitment and retention amount of 5.7% of salaries and seven additional FTEs.
- Benefits – 9.1% increase due to increases in retirement and social security.
- Other Contractual Services – 5.8% increase due to additional IT critical enhancements and upgrades to SBA enterprise resource planning (ERP) solution and continued implementations of cloud-based enterprise solutions, additional automation development and funding for exploring investment performance and data analytics enhancements.
- Expense —6.5% increase due to increased costs of maintenance contracts tied to IT solutions, increased rent charges and enhancements to IT security infrastructure.
- Other Capital Outlay – 146.1% increase due to replacement of critical IT network hardware and infrastructure that has reached end of life.



# FRS Investment Plan FY 2022-23 Proposed Budget

## FRS Investment Plan Fiscal Year 2022 - 2023

# FRS Investment Plan Proposed Budget FY 2022-23

## Budget Detail By Line Item

Description	Fiscal Year 2021-2022	Fiscal Year 2022-2023	% Change
<b>FTE</b>	<b>8</b>	<b>8</b>	
<b>Salary &amp; Benefits</b>	<b>\$1,591,481</b>	<b>\$1,679,884</b>	<b>5.6%</b>
<b>Salary Subtotal</b>	<b>\$1,147,973</b>	<b>\$1,238,973</b>	<b>7.9%</b>
Salaries	858,355	1,029,973	
New Positions/Salary Adj.	96,700.00	—	
Recruitment & Retention Rate	42,918	59,000	
Leave Liability Payments & Incentive Reserve	150,000	150,000	
<b>Benefit Subtotal</b>	<b>\$411,508</b>	<b>\$440,910</b>	<b>7.1%</b>
Social Security	89,666	94,732	
Retirement	140,485	164,636	
Health Insurance	169,000	169,000	
Life Insurance	344	387	
Disability Insurance	354	496	
Dental Insurance	11,660	11,660	
<b>Other Personal/Contractual Svcs</b>	<b>\$24,468,074</b>	<b>\$24,317,370</b>	<b>(0.6)%</b>
Temporary Employment	20,000	20,000	
Other Contractual Services	24,123,074	23,972,370	
SBA Administrative Fee	325,000	325,000	
<b>Expense</b>	<b>\$115,232</b>	<b>\$149,231</b>	<b>29.5%</b>
Repairs & Maintenance	2,000	2,000	
Rental of Building/Equipment	63,482	64,931	
Travel	15,800	42,450	
Agency Directed Training	2,000	4,800	
Insurance & Surety Bonds	1,250	1,250	
Ofc Materials/Supplies/Equipment	4,000	6,500	
Other Charges & Obligations	5,700	6,300	
Printing	21,000	21,000	
<b>Other Capital Outlay</b>	<b>\$7,000</b>	<b>\$7,000</b>	<b>0.0%</b>
IT Equipment	7,000	7,000	
<b>Total Approved Operating Budget</b>	<b>\$26,181,788</b>	<b>\$26,153,484</b>	<b>(0.1)%</b>
<b>Projected Spending from Forfeiture Account*</b>	<b>4,355,033</b>	<b>4,898,573</b>	<b>12.5%</b>
<b>TOTALS</b>	<b>\$30,536,821</b>	<b>\$31,052,057</b>	<b>1.7%</b>

### NOTES:

- Total Investment Plan Expenses estimated at \$31.1M for FY2022-23, an increase of <\$1M (1.7%) over FY2021-22.
- Expenditures from Administrative Trust Fund (operating budget) estimated at \$26.2M (0.1)% decrease over FY2021-22), plus projected expenditures of \$4.9M (12.5%) increase from FY2021-22 Forfeiture Account
- Salary budget includes \$59,000 (5.7%) Recruitment & Retention salary rate to mitigate human capital risk; and Leave Liability & Incentive Reserve resources to fully fund potential incentive reserve and leave expenses for retiring/terminating staff.
- Health/Dental insurance premiums and employer retirement contribution rates adopted during the FY2021-22 Legislative session.

\* The SBA is requesting authority to spend up to the amount in forfeiture funds realized, which may be more or less than the \$4,898,573 estimated for 2022-23. To the extent actual forfeiture funds realized differs from the amount estimated, the difference will be spent from or retained in the operating budget as the case may be.

# Florida Hurricane Catastrophe Fund FY 2022-23 Proposed Budget

## Florida Hurricane Catastrophe Fund Fiscal Year 2022 - 2023

# Florida Hurricane Catastrophe Fund

## Proposed Budget Detail By Line Item

Description	Fiscal Year 2021-2022	Fiscal Year 2022-2023	% Change
<b>FTE</b>	<b>14</b>	<b>14</b>	
<b>Salary &amp; Benefits</b>	<b>\$2,279,343</b>	<b>\$2,405,912</b>	<b>5.6%</b>
<b>Salary Subtotal</b>	<b>\$1,620,402</b>	<b>\$1,709,402</b>	<b>5.5%</b>
Salaries	1,507,402	1,620,402	
Recruitment & Retention Rate	53,000	89,000	
Leave Liability Payments	60,000	0	
<b>Benefits Subtotal</b>	<b>\$658,941</b>	<b>\$696,510</b>	<b>5.7%</b>
Social Security	116,203	123,444	
Retirement	215,126	245,434	
Health Insurance	305,161	305,161	
Life Insurance	691	677	
Disability Insurance	626	660	
Dental Insurance	21,134	21,134	
<b>Other Personal/Contractual Services</b>	<b>\$6,845,752</b>	<b>\$6,901,183</b>	<b>0.8%</b>
Temporary Employment	31,120	0	
Other Contractual Services	6,814,632	6,901,183	
<b>Expense</b>	<b>\$566,161</b>	<b>\$567,126</b>	<b>0.2%</b>
Repairs & Maintenance	—	0	
Rental of Building/Equipment	122,120	124,519	
Travel (excl Methodology Commission)	96,200	96,200	
Agency Directed Training	14,750	14,750	
Methodology Commission Travel	300,738	300,738	
Insurance & Surety Bonds	2,963	3,519	
Ofc Materials/Supplies/Equipment	11,500	11,500	
Other Charges & Obligations	8,290	6,300	
Printing	9,600	9,600	
<b>Other Capital Outlay</b>	<b>\$9,000</b>	<b>\$9,000</b>	<b>0.0%</b>
IT Equipment	9,000	9,000	
<b>TOTAL BUDGET</b>	<b>\$9,700,256</b>	<b>\$9,883,221</b>	<b>1.9%</b>

### NOTES:

- Total Proposed Operating Budget of \$9.9M is \$182,965 higher (1.9%) than FY2021-22. It assumes no major storms triggering losses in FY 2022.
- Total Budget is less than 1% of projected annual insurers' premiums, which fund operating expenses.
- Salary budget increase includes a Recruitment and Retention rate pool of \$89,000 (5.7% of salaries).
- Increased employer paid retirement contribution based on rates adopted by the FY2022-23 Legislature.
- \$55,431 (0.8%) increase in Other Personal/Contractual Services is primarily attributed to software enhancements that will create efficiencies for FHCF exams and financial statements and rebids for services provided by a Financial Advisor and third-party administrator to the FHCF.
- No increase in Travel costs for the Methodology Commission to conduct on-site reviews of hurricane and flood models.

# Division of Bond Finance FY 2022-23 Proposed Budget

## Division of Bond Finance Fiscal Year 2022 - 2023

# Division of Bond Finance

## Proposed Budget Detail By Line Item

Description	Fiscal Year 2021-2022	Fiscal Year 2022-2023	% Change
<b>Salary &amp; Benefits (17 FTE)</b>	<b>\$3,204,028</b>	<b>\$3,393,976</b>	<b>5.9%</b>
<b>Salary Subtotal</b>	<b>\$2,401,488</b>	<b>\$2,535,055</b>	<b>5.6%</b>
Salaries	2,010,964	2,081,347	
Recruitment & Retention Rate	70,384	114,474	
Leave Liability Payments & Incentive Reserve	320,140	339,234	
<b>Benefit Subtotal</b>	<b>\$802,541</b>	<b>\$858,920</b>	<b>7.0%</b>
Social Security	178,713	187,760	
Retirement	277,406	324,434	
Health Insurance	323,046	323,046	
Life Insurance	730	822	
Disability Insurance	666	878	
Dental Insurance	21,980	21,980	
Moving Expenses	—	—	
<b>Contractual Svcs</b>	<b>\$2,465,277</b>	<b>\$1,967,912</b>	<b>(20.2)%</b>
Temporary Employment	61,200	61,200	
Other Contractual Services	2,258,077	1,760,712	
SBA Administration Fee	146,000	146,000	
<b>Expense</b>	<b>\$426,317</b>	<b>\$457,023</b>	<b>7.2%</b>
Repairs & Maintenance	8,500	8,500	
Rental of Building/Equipment	213,992	238,345	
Travel	67,000	67,000	
Training & Development	7,500	7,500	
Communications	56,810	56,810	
Freight & Postage	6,000	9,500	
Insurance & Surety Bonds	3,177	3,177	
Ofc Materials/Supplies/Equipment	34,125	36,625	
Other Charges & Obligations	12,785	18,160	
Printing	16,428	11,406	
<b>Other Capital Outlay</b>	<b>\$65,500</b>	<b>\$65,500</b>	<b>0%</b>
Furniture/Equipment/Books	65,500	65,500	
<b>TOTALS</b>	<b>\$6,161,122</b>	<b>\$5,884,411</b>	<b>(4.5)%</b>

### NOTES:

- Proposed Budget of \$5.9M represents a decrease of 4.5% (\$276,711) from the FY 2021-22 Budget.
- Budget is based on 22 potential transactions--four less than projected in the FY 2021-22 Budget and a 30% decrease in principal amount.
- Decrease in Contractual Services is directly related to the reduction in number of expected bond transactions.
- No new positions requested.
- Salary and Benefits includes Recruitment & Retention salary rate of 5.5%.
- Increase in Expense category primarily due to an increase in building rent and associated expenses.

# Florida Prepaid College Board FY 2022-23 Proposed Budget

## Florida Prepaid College Board Fiscal Year 2022 - 2023

# Florida Prepaid College Board Proposed Budget Detail By Line Item

Description	Fiscal Year 2021-2022	Fiscal Year 2022-2023	% Change
<b>Salaries &amp; Benefits</b>	<b>\$3,434,309</b>	<b>\$3,627,295</b>	<b>5.62%</b>
<b>Salary Subtotal</b>	<b>\$2,426,906</b>	<b>\$2,555,445</b>	<b>5.30%</b>
Salaries	2,266,997	2,380,347	
Recruitment & Retention Rate	113,350	128,539	
Leave Liability Payments	46,559	46,559	
<b>Benefit Subtotal</b>	<b>\$1,007,403</b>	<b>\$1,071,850</b>	<b>6.40%</b>
Social Security	160,671	168,028	
Retirement	382,127	439,199	
Health Insurance	431,179	431,179	
Life Insurance	902	859	
Disability Insurance	943	1,004	
Dental Insurance	31,581	31,581	
<b>Other Personal/Contractual Svcs</b>	<b>\$28,830,627</b>	<b>\$33,115,111</b>	<b>14.86%</b>
Temporary Employment	93,600	93,600	
Other Contractual Services	28,737,027	33,021,511	
<b>Expense</b>	<b>\$345,361</b>	<b>\$350,361</b>	<b>1%</b>
Repairs & Maintenance	5,000	5,000	
Rental of Building/Equipment	155,250	160,250	
Travel	34,740	34,740	
Communications	73,500	73,500	
Freight & Postage	4,705	4,705	
Agency Directed Training	6,000	6,000	
Insurance & Surety Bonds	15,000	15,000	
Ofc Materials/Supplies/Equipment	10,666	10,666	
Other Charges & Obligations	30,500	30,500	
Printing	10,000	10,000	
<b>Other Capital Outlay</b>	<b>\$41,100</b>	<b>\$41,100</b>	<b>0%</b>
Furniture/Equipment/Books	41,100	41,100	
<b>TOTALS</b>	<b>\$32,651,397</b>	<b>\$37,133,867</b>	<b>13.73%</b>

## NOTES:

The proposed recurring operating budget of \$37.1 M represents a 13.73% increase from the FY2021-22 budget.

**Salaries & Benefits:** Increase of \$128,539 (5.30% of Salaries) for Recruitment & Retention, to mitigate human capital risk, and an increase of \$64,447 (6.40%) in Benefits to reflect costs for insurance, social security, and retirement contributions projected for FY 2022/2023. See Budget Guidelines in the Appendix for additional details.

**Other Personal/Contractual Services:** Increased by \$4,284,484 (14.86%):

- \$1,875 for Actuarial. Covers a cost-of-living adjustment in the actuarial service contract.
- \$500,000 for Other Contractual Services. Provides funding for technology strategy and cybersecurity consulting.
- \$3,782,609 for Marketing. Provides increased funding for the following media activities.
  - Paid - \$2,489,529 to counter media inflation, add additional TV and radio flights, amplify promotions to increase year-round enrollments, and to expand partnership and Facebook campaigns.
  - Owned - \$535,000 to increase education and outreach to newborn families, bolster production budget to meet paid media needs.
  - Earned - \$800,000 to expand blogger / influencer budget, expand Hispanic market outreach, enhance media relations content syndication, and enhance educational outreach by expanding educational partner / superintendent outreach and providing branded Kindergarten materials for direct parent outreach.

**Expense:** Increased by \$5,000(1%) for an increase in rental of building.

Nonrecurring Budget: Under its contract for records administration services, the Florida Prepaid College Board has the right to purchase a non-exclusive, perpetual, fully paid, and royalty free license to records administration software during FY 2022-2023. Notwithstanding the current contract for records administration services, alternative means may also be available to the Board for acquiring records administration software. As the Board has approved funding for the research, analysis, development, testing, and/or purchase of critical information systems that are required to operate the Board's programs, including the expenditures for third-party consultants, the Board is approved up to an additional \$3.825M in nonrecurring Expense and \$8.1M in nonrecurring Other Capital Outlay budget authority, as applicable, for such costs.



## Authority and Governance

- State Board of Administration
- FRS Investment Plan
- Florida Hurricane Catastrophe Fund
- Division of Bond Finance
- Florida Prepaid College Program

## Budget Guidelines – Florida Prepaid

**State Board of Administration****Authority & Governance**

The original State Board of Administration (SBA) was created by statute in 1929 as the fiscal agent for counties and special road and bridge districts for the purpose of paying debt service on their bonds. The SBA was later established as a constitutional body corporate in 1942 by Section 16 of Article IX of the 1885 Constitution of the State of Florida, for the purpose of administering the Second Gas Tax for the benefit of Florida counties and county road bonds. As a result of a constitutional amendment, effective January 2003, the Governor as chairman, the Chief Financial Officer, and the Attorney General serve as the three-member body corporate, collectively known as the Board of Trustees.

The Trustees have statutory authority to invest assets and discharge their duties in accordance with the limitations on investments as outlined in Section 215.47, Florida Statutes, and in compliance with certain federal fiduciary standards of loyalty, care and prudence that are incorporated into Sections 121.4501(15), 215.44(2)(a) and 215.27(10), Florida Statutes. The Trustees appoint the Executive Director & Chief Investment Officer (CIO), review his/her performance and compensation on an annual basis, establish broad policy guidelines (e.g., Investment Policy Statements) and delegate the daily administrative and investment authority to the SBA Executive Director & CIO, who is held to the same fiduciary standards as the Trustees. On February 9, 2012, the role of the SBA Chief Risk & Compliance Officer was codified through Investment Policy Statements approved by the Trustees. The SBA Executive Director & CIO appoints the Chief Risk & Compliance Officer, whose selection, compensation, and termination requires affirmation by the Board. An Investment Advisory Council (IAC) appointed by the Trustees provides advice on investment policy and strategy, and a Participant Local Government Advisory Council (PLGAC) provides advice on the administration of Florida PRIME (formerly known as the Local Government Investment Pool).

Section 215.44(2), Florida Statutes provides for an Audit Committee appointed by the Trustees to assist them in fulfilling oversight responsibilities, serving as an independent and objective party to monitor processes for financial reporting, internal controls, risk assessment, audit processes, and compliance with laws, rules, and regulations, plus directing the efforts of the Board's independent external auditors and the Board's internal audit staff. The Chief Audit Executive reports functionally to the Audit Committee and administratively to the SBA Executive Director & CIO. The SBA Executive Director & CIO authorizes salary changes for the Chief Audit Executive in consultation with the Audit Committee. In addition to the oversight of the Trustees and various advisory groups, the SBA is subject to review by the Auditor General of Florida, Office of Program Policy Analysis & Government Accountability, Office of Internal Audit, Office of Inspector General, Chief Risk & Compliance Office, and the Florida Legislature. The Florida Legislature provides for the operational flexibility required to meet the SBA's specialized responsibilities and fiduciary duties, relative to other public entities. The SBA is not funded by general revenue, has a measurable bottom line and benchmarks against which success and accountability can be assessed.

**Primary Purpose**

The SBA fulfills a critical role for the State of Florida as a multi-asset class investment management organization investing and safe-guarding assets on behalf of trust funds and a variety of state and local

government entities. The SBA manages multiple investment funds housing the assets of 25 mandates and trusts. A mandate is an investment responsibility established as a direct requirement of Florida law. Trusts are investment responsibilities allowed under law and established pursuant to a trust agreement with a client. The SBA invests in all major public and private market asset classes, including U.S. and international stocks and bonds, inflation-protected securities, direct-owned real estate, private equity limited partnerships, and other opportunistic and strategic investments.

**Major asset management responsibilities include:**

- The FRS Pension Plan trust fund, one of the world's largest and financially healthiest public pension funds.
- The FRS Investment Plan, a defined contribution 401(k)-like alternative to the FRS Pension Plan (originally created under the 2000 Public Employee Optional Retirement Program [PEORP] legislation).
- Florida PRIME (formerly the Local Government Investment Pool), a money market pool with primary investment objectives, in priority order, of safety, liquidity, and competitive returns with minimization of risks. All units of local government in Florida may invest their surplus operating funds in Florida PRIME.
- Investment of the operating funds and other financial resources of the Florida Hurricane Catastrophe Fund and related entities.

**Additional responsibilities that do not directly involve asset management include:**

- Providing retirement planning support to approximately 640,000 active members of the Florida Retirement System through the MyFRS Financial Guidance Program originating under the 2000 PEORP legislation.
- Administering the Florida Hurricane Catastrophe Fund (FHCF) and its associated programs, including the SBA Finance Corporation and the Insurance Capital Build-up Program.
- Serving as an investment consultant to retirement programs administered by other state agencies including the State of Florida Deferred Compensation Program and State University Optional Retirement Program.
- Administering all debt service funds for bonds issued pursuant to the State Bond Act, as well as serving as trustee and escrow agent for bonds issued by the Division of Bond Finance.
- Providing administrative support for the Division of Bond Finance and the Florida Prepaid College Board Programs.
- Providing administrative support to the Audit Committee, Investment Advisory Council, and Participant Local Government Advisory Council.

**Operational Structure**

The Executive Director & CIO and staff (210.75 total FTE) manage the day-to-day operations of the SBA. The SBA Executive Director & CIO approves compensation for all employees (unless otherwise stipulated herein) pursuant to authority granted in Florida Administrative Code Rule 19-3.016. The SBA staff consists primarily of executive, investment, financial/accounting, operational, and administrative professionals focused on safeguarding and prudently growing the assets of the FRS Pension Plan and the other assets entrusted to it

over the long-term. The SBA is committed to providing superior investment and trust services while adhering to the highest ethical, fiduciary and professional standards of care.

### **Budget Entities**

The SBA Operating Budget includes resources to perform functional responsibilities for all but the following programs, which have their own budgets and underlying funding sources:

- FRS Investment Plan
- Florida Hurricane Catastrophe Fund
- Division of Bond Finance (Reports to other Boards)
- Florida Prepaid College Board (Reports to other Boards)

## **Florida Retirement System (FRS) Investment Plan**

### **Authority & Governance**

The 2000 Florida Legislature created the FRS Investment Plan within the Florida Retirement System (FRS). The Investment Plan (operationally referred to as the Office of Defined Contribution Programs) is administered by the State Board of Administration (SBA) and is governed by the Trustees pursuant to Section 121.4501(8), Florida Statutes. The Legislature established the Investment Plan Trust Fund in Section 121.4502, Florida Statutes.

### **Primary Purpose**

The Office of Defined Contribution Programs serves two primary purposes for the state:

- 1) The FRS Investment Plan. This is the 401(a) defined contribution plan that employees may choose in lieu of the FRS Pension Plan (the traditional defined benefit plan) or the default plan enrollment for employees that do not make an active choice by their enrollment deadline. Investment Plan benefits accrue in individual member accounts that are participant-directed, portable, and funded by employee and employer contributions and earnings. The Office of Defined Contribution Programs is also responsible for the FRS retirement plan choice enrollments.
- 2) The MyFRS Financial Guidance Program. These are the educational resources that support employees' choice between retirement plans and provide approximately 640,000 employees with the information necessary to make informed decisions about choices within their Plan and in preparation for retirement.

### **Operational Structure**

The Office of Defined Contribution Programs, which includes FRS Investment Plan administrative costs and the Financial Guidance Program costs, are budgeted and accounted for separately from the SBA operating budget. Beginning its 21<sup>st</sup> full year of operations (including the initial choice period in FY 2002-2003), the SBA has been responsible for the day-to-day management of the Investment Plan and the MyFRS Financial Guidance Program within the Office of Defined Contribution Programs. The Office of Defined Contribution Programs is operationally supported by employer contribution rates adopted each fiscal year by the Florida Legislature and "forfeited account balances" accumulated in the Forfeiture Account. FRS Investment Plan

expenses for recordkeeping, asset custody and educational services can be paid out of the Forfeiture Account, consistent with SBA policy and IRS requirements.

Under Subsections 121.4501(6), Florida Statutes, balances are forfeited by members who take a distribution of their vested balance (which in turn forfeits the unvested balance) or terminate employment with an unvested balance and do not return to FRS employment within five years. The enacting legislation [HB 2393, found at Ch. 2000-169, Laws of Florida] required the SBA to obtain a “favorable determination letter and a favorable private letter ruling from the Internal Revenue Service.” The May 4, 2001 private letter ruling requires that the use of forfeited amounts be limited to two purposes: a) Payment of plan administrative expenses; and b) Reduction of future employer contributions to the plan. The Forfeiture Account Policy (#20-1255) states the SBA will “endeavor to annually expend the proceeds of the Forfeiture Account to pay authorized plan administrative expenses and reduce future employer contributions to the FRS Investment Plan, consistent with applicable federal and state regulation, rule and law.”

The SBA has partnered with external service providers for the majority of Investment Plan and Financial Guidance Program functions. Daily oversight and monitoring of external relationships to ensure compliance with contractual obligations, general contract administration, management of programs subject to goals and objectives established by the Trustees, and program compliance with applicable state and federal laws is performed by 8 FTE, including the Chief of Defined Contribution Programs.

### **Florida Hurricane Catastrophe Fund**

#### **Authority and Governance**

The Florida Hurricane Catastrophe Fund (FHCF) is a tax-exempt trust fund created in November 1993 during a Special Session of the Legislature in the aftermath of Hurricane Andrew. The FHCF was created in Section 215.555, Florida Statutes with the purpose of improving the availability and affordability of property insurance in Florida by providing reimbursements to insurers for a portion of their catastrophic hurricane losses. Also included in provisions of Section 215.555, Florida Statutes, is the creation of a not-for-profit public benefits corporation, known as the State Board of Administration Finance Corporation governed by the Board of Directors. The FHCF is under the direction and control of the State Board of Administration (SBA), guided by the same trustee leadership of the Governor, Chief Financial Officer, and Attorney General. A nine-member Advisory Council (consisting of an actuary, a meteorologist, an engineer, a representative of insurers, a representative of insurance agents, a representative of reinsurers, and three consumers who are representative of other affected professions and industries) was established to provide the SBA with information and advice.

Funding for the administration of the FHCF is provided for in Section 215.555, Florida Statutes. Financing for the FHCF is obtained from a combination of three sources: 1) reimbursement premiums charged to participating insurers, 2) investment earnings, and 3) emergency assessments levied against all property and casualty lines of business in the state, including surplus lines, but excluding workers’ compensation, federal flood, accident and health insurance, and medical malpractice premiums. Monies in the FHCF may not be expended, loaned, or appropriated except to pay obligations of the FHCF from reimbursement contracts

entered into under subsection (4), payment of debt service on revenue bonds issued under subsection (6), costs of the mitigation program under subsection (7), costs of procuring reinsurance, and costs of administration of the FHCF. The SBA invests the monies of the FHCF pursuant to Sections 215.44-215.52, Florida Statutes. Earnings from all investments are retained in the FHCF except for monies appropriated for mitigation which is limited to 35% of investment earnings and a minimum of \$10 million annually.

### **Primary Purpose**

The purpose of the FHCF is to protect and advance the State's interest in maintaining insurance capacity in Florida. The FHCF program fulfills a unique and critical role for the state of Florida by serving as a state-administered reinsurance type of program and is mandatory for authorized residential property insurers writing covered policies in the state of Florida. The FHCF functions in a public-private partnership type of role with insurers, which preserves the private sector's role as the primary risk bearer. Insurers who write residential property insurance in Florida are required to enter into a reimbursement contract with the SBA, to report their exposures, to pay premiums, and to report losses by calendar year-end or at other times as required by the SBA. The FHCF provides very economical coverage for insurers writing residential insurance in the state. The cost of FHCF coverage is typically less than the cost of private reinsurance due to the FHCF's tax-exempt status, low administrative costs, and lack of a profit or risk-load. In the event of insufficient funds to meet obligations under the reimbursement agreements, the State Board of Administration Finance Corporation has the ability to issue tax-exempt post-event revenue bonds. The FHCF is obligated to pay losses to participating insurers only to the extent of the FHCF's actual claims-paying capacity up to a statutory limit for any single contract year.

### **Operational Structure**

The Chief Operating Officer of the Florida Hurricane Catastrophe Fund manages the day-to-day operations of the FHCF, assisted by staff (14 total FTE). The FHCF staff manages substantial program responsibilities with additional support from external service providers. Responsibilities include, but are not limited to, proposing legislation; responding to legislative requests; implementing legislation; rulemaking; providing information to participating insurers; conducting insurer training workshops; managing and executing the Exposure and Claims Examination Programs; processing and approving loss reimbursement payment requests; finalizing all claims and losses through a commutation process; determining bonding capacity; issuing tax-exempt revenue bonds; collecting emergency assessments pledged to debt service; raising capital in the financial markets to increase claims paying ability; evaluating risk transfer options; executing risk transfer agreements; staffing the activities of the State Board of Administration Finance Corporation including complying with the covenants of all outstanding Bonds and Notes; preparing financial statements and revenue projections; coordinating the activities of a number of external service providers; meeting and discussing policy issues with the FHCF Advisory Council; providing travel, expenses and staff support to the Florida Commission on Hurricane Loss Projection Methodology, which determines and develops the standards and the review process that is the basis for evaluating hurricane and flood models used in residential ratemaking in Florida; and administering the SBA Insurance Capital Build-up Incentive Program.

### **Division of Bond Finance**

#### **Authority and Governance**

Statutory authority for the Division of Bond Finance is provided for in the state Constitution (primarily Articles VII and XII, the State Bond Act (s.215.57-215.83, Florida Statutes), the Bond Validation Act (chapter 75, Florida Statutes) and various implementing sections of the Florida Statutes. The Division of Bond Finance (the “Division”) was transferred to the State Board of Administration from the Department of General Services on July 1, 1992. The Division is organized into three sections that report to a Division Director, who in turn reports to a governing board consisting of the Governor and Cabinet. The three sections are Administrative, Bond Programs and Arbitrage Compliance, and Legal.

#### **Primary Purpose**

The mission of the Division is to provide capital financing on behalf of state entities typically by issuing tax-exempt bonds. The proceeds of these bonds are used to finance schools, state office buildings, roads, bridges, prisons and to acquire environmentally sensitive land. Division responsibilities include structuring and conducting bond sales; collecting, maintaining and disseminating information on tax-exempt bonds issued by units of local government; administering the Private Activity Bond Allocation Program as required by federal law; coordinating the continuing annual disclosure of information relating to bonds that it issues; and monitoring tax-exempt securities it issues for compliance with federal arbitrage laws.

#### **Operational Structure**

The Division has 17 FTE. Fifteen FTE are allocated to the Legal, Bond Program and Administrative functions within the Division, operationally supported by the Bond Fee Trust Fund. The legal staff performs a wide range of legal services for the Division, bond program staff performs the financial and analytical services for bond issues and administrative staff provide support and coordination for the Division. Two positions are allocated to the Arbitrage Compliance section, operationally supported by the Arbitrage Compliance Trust Fund. The arbitrage staff is responsible for monitoring bonds issued by the Division for compliance with federal arbitrage regulations in accordance with the 1986 Tax Reform Act.

Revenue for Division programs is derived from fees charged to each state entity requesting services related to the sale of bond issues and fees collected in relation to arbitrage compliance. Fees are charged in accordance with a schedule of fees adopted by the Division as required by Florida Statutes. Fees are deposited into the Bond Fee Trust Fund to support Legal, Bond Program and Administrative operations and the Arbitrage Compliance Trust Fund to support the Arbitrage Compliance operations.



### Florida Prepaid College Board

#### **Authority and Governance**

Sections 1009.97-1009.984, Florida Statutes, establish the Florida Prepaid College Board ("Board") as a corporate body with all the powers to administer the Stanley G. Tate Prepaid College Program ("Prepaid Program") and the Florida College Savings Program ("Savings Plan"). For purposes of Article IV of the State Constitution, the Board is assigned to and administratively housed within the State Board of Administration (SBA), but independently exercises the powers and duties specified in the statutes.

The seven-member Board is composed of the Attorney General, the Chief Financial Officer, the Chancellor of the Board of Governors, the Chancellor of the Division of Florida Colleges, or their designees, and three members appointed by the Governor. Each member appointed by the Governor serves 3-year terms and is subject to confirmation by the Senate.

#### **Primary Purpose**

The Florida Prepaid College Board is committed to helping Floridians save for higher education expenses. The Board offers plans under both the Prepaid Program and the Savings Plan to help families save for the various costs of attending college.

The Prepaid Program became operational in 1988 and allows Florida families to prepay the cost for college tuition, required fees and dormitory housing for their children and grandchildren. When the families' children or grandchildren attend college, the Board will pay the Florida public college or university the actual fees assessed by the institution at the time of admission. Should the student elect to attend a private college, an out-of-state college or an eligible technical school, the Board will pay the value of the student's plan at the time of admission.

The Savings Plan was implemented in 2002, following federal enactment of Section 529 of the Internal Revenue Service Code. The Savings Plan allows Florida families to defer income taxes on investment earnings, and if the earnings are used for qualified education expenses, the earnings are tax-free. Families may choose to invest in an age-based option (asset allocation becomes more conservative as the student gets closer to attending college), six professionally designed portfolios (maintain static asset allocations), and/or seven individual funds options (allow for the development of a portfolio that provides diversity while meeting the families risk level). Families also decide how much and how often they want to save for college. The funds accumulated in each family's account can be used for any qualified college expense including tuition, fees, housing, books, food and even graduate or professional school, in Florida or out-of-state.

#### **Organization Overview**

The Board establishes policy and actively oversees the investment and financial performance of the programs. The Board has authorized 20 FTE, including the Executive Director, to oversee the day-to-day operations of the Board and its programs.

In order to perform its responsibilities in the most effective and efficient manner, the Board contracts with various private companies to provide professional support services for both of its programs, including actuarial services, investment management services, records administration services, financial services and legal services. The Board's operational costs are funded by investment earnings and fees; it does not receive State general revenue to fund its general and administrative expenses.



**FLORIDA PREPAID COLLEGE BOARD**  
**BUDGET GUIDELINES**  
**EFFECTIVE DATE: MARCH 23, 2022**

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The Florida Prepaid College Board (Board) has established the following Budget Guidelines to support implementation of budgetary policy and strategy for the expense categories listed below.

- A. SALARIES** – This expense category includes salaries, recruitment and retention, and nonrecurring compensation (e.g., leave liability payouts).

To ensure sufficient budget authority is available to recruit and retain a high-performing and highly-skilled staff, unless good cause is shown otherwise, at a minimum, at least once every three years the Florida Prepaid College Board ("Board") shall have a recruitment and retention report prepared by an independent third-party with recognized expertise for preparing such a report. The report shall include a compensation framework with minimum, mid-point and maximum salary ranges for all Board staff positions. The Executive Director shall utilize this report as a guideline for assigning Board staff positions to approved pay grades (see TABLE A) but shall have the flexibility to make adjustments when deemed to be in the best interests of the Board.

With regard to the Executive Director's salary, Board members, Florida Prepaid College Foundation board members, and Florida ABLE, Inc. Board members shall, at least annually, be given the opportunity to evaluate the performance of the Executive Director and submit the results to an independent third-party. The independent third-party is responsible for compliance with Sunshine Law retention requirements. The independent third-party shall compile the individual evaluation results and send them anonymously to the Board Chairman with a copy to all other Board members. The Board Chairman shall review the compiled evaluation results and discuss them with the Executive Director. Based on the compiled evaluation results, the Board Chairman may increase the salary of the Executive Director by up to 5.4%. In no event shall the salary of the Executive Director exceed the maximum of the pay range established for the position. The Executive Director shall inform each Board member of any increase to his or her salary in advance of the next quarterly Board meeting following the increase.

This budget line item may be reasonably adjusted by the Executive Director, after consultation with the Chairman, to reflect any salaries changes resulting

from the legislative session or from discussions with the State Board of Administration (SBA) Trustees and/or their staff prior to submission to the SBA Trustees for approval.

- B. BENEFITS** – This expense category includes all benefit costs, including social security, retirement, health insurance, life insurance, disability insurance, and dental insurance for the Board’s authorized FTEs.

This budget line item may be adjusted by the Executive Director to reflect any benefits changes resulting from the legislative session or from the SBA Trustees.

- C. OTHER PERSONAL SERVICES** – This expense category includes the annual cost of each contract for services that the Board has previously approved and executed. Each contract includes a negotiated fixed price; however, budget increases and decreases may be necessary for those contracts that are activity driven. For example, as the total number of Prepaid plan contracts increase, the total cost for records administration services will also increase. Contracts that are not activity driven (i.e., legal services, investment consultant services, actuarial services, financial audit services) only increase or decrease with proposed changes in the scope of services or by cost of living adjustments as provided for in the contract.

Below is a description for each budget line item included in this category:

- 1. TEMPORARY EMPLOYMENT** – Provides funding for employing part-time assistants, including interns. These assistants provide clerical support services, fiscal assistance and conduct research on customer accounts, as necessary.
- 2. FINANCIAL AUDITS** – Provides funding for the annual financial statement audit of the Prepaid College Trust Fund and the Florida Prepaid College Foundation.
- 3. ACTUARIAL** – Provides funding for actuarial services (pricing, adequacy reserve review, etc.) for the Florida Prepaid College Plan.
- 4. INVESTMENT CONSULTANT** – Provides funding for investment consulting services (investment performance review, manager searches, etc.) for the Prepaid College Plan and for the 529 Savings Plan.
- 5. CYBERSECURITY CONSULTANT** – Provides funding for technology strategy and cybersecurity consulting services for the Prepaid College Board and its direct support organizations, as applicable.

6. **LEGAL SERVICES** – Provides funding for legal services, including court reporting, for both the Prepaid College Plan and the 529 Savings Plan.
  7. **MARKETING** – Provides funding for all marketing related activities such as advertising, creative, digital and social media services in addition to public relations, partnerships, and events services. An Annual Marketing Plan to allocate this budget line item is developed and presented at the June Board meeting.
  8. **OTHER CONTRACTUAL SERVICES** – Provides funding for other contractual services that is not included in a specific budget line item but may become necessary.
  9. **RECORDS ADMINISTRATION** – Provides funding for records administration services for the Prepaid College Plan, the 529 Savings Plan, and the Florida Prepaid College Foundation.
  10. **TRUSTEE SERVICES** – Provides funding for custody services and securities lending services for both the Prepaid College Plan and the 529 Savings Plan.
  11. **ADMINISTRATIVE OVERHEAD COSTS** – Provides funding for administrative overhead costs for both direct and indirect charges for services provided to the Board by the SBA. These services include general administration and personnel services including payroll, staff training, local and out-bound long distance telephone services, postage, reproduction services, computer services, office supplies, short-term investment services, and office support services.
- D. **EXPENSES** – This budget category provides for the day-to-day operational expenses of the Board office.

Below is a description for each budget line item included in this category:

1. **REPAIRS & MAINTENANCE** – Provides funding for maintenance and service agreements on computers and equipment (copiers, fax machine, etc.).
2. **RENTAL OF BUILDING** – Provides funding for the Board office's rent. The SBA currently leases space to house the Board staff.
3. **RENTAL OF EQUIPMENT** – Provides funding for the costs for rental of equipment.

4. **TRAVEL** – Provides funding for in-state and out-of-state travel for Board members and for the staff.
  5. **TRAINING & DEVELOPMENT** – Provides funding for staff registration fees for training, regardless of training venue or medium (live, in-person, classroom, webinars, conferences, workshops, software).
  6. **COMMUNICATIONS / TOLL-FREE TELEPHONES** – Provides funding primary for the prompter for the Board’s toll-free lines. The telephone prompter currently provides for a single toll-free telephone number, which prompts callers to select from a menu. Callers have the option to press 1, to speak with customer service about opening a new account; press 2, to speak with customer service about the Florida Prepaid College Plan; and press 3, to speak to customer service about the Florida 529 Savings Plan.
  7. **FREIGHT / POSTAGE** – Provides funding for freight and postage charges not provided by the SBA.
  8. **GENERAL LIABILITY CLAIMS** – Provides funding to the Division of Risk Management for casualty insurance premiums.
  9. **OFFICE MATERIALS & SUPPLIES** – Provides funding for the costs for office consumables and non-capitalizable materials, supplies, and equipment not included in the SBA overhead fee.
  10. **OTHER CHARGES & OBLIGATIONS** – Provides funding for any additional expenses not covered under the other categories. Includes items like membership/subscription fees and domain renewals.
  11. **PRINTING** – Provides funding for the costs for routine printing charges and posting of public meetings on the Florida Administrative Register (FAR).
- E. **OTHER CAPITAL OUTLAY** – This budget category provides for the fixed asset purchases of the Board.

Below is a description for each budget line item included in this category:

1. **Office Furniture & Equipment  $\geq$ \$1,000** – Provides funding for the costs of furniture and equipment for the Board office.
2. **Software/Implementation (Nonrecurring)** – Provides funding for the research, analysis, development, testing, and/or purchase of critical information systems that are required to operate the Board's programs, including expenditures for third-party consultants.

- F. NON-BUDGETED** – As the normal course of business, the Board may incur costs outside of those budgeted above. Non-budgeted expenditures are costs that are variable, based on a driver(s) that is difficult to predict each year for planning purposes.

The following are the authorized for payment as non-budgeted expenditure types:

- 1. MANAGEMENT FEES** – Payment for investment manager services.
- 2. BANKING/LOCKBOX FEES** – Payments for banking / lockbox services, such as deposits, receipts, and ACH processing.
- 3. PLANS/CONTRIBUTIONS** – Payment for the promotional purchase of Prepaid Plans or Savings Program contributions approved by the Board.

## TABLE A

The following pay grades for Board staff positions are established pursuant to the March 2022 Recruitment and Retention Report prepared by Mercer. As recommended by Mercer, the Executive Director position shall be classified as a Pay Grade 16.

Grade	Min	Mid	Max
1	\$34,200	\$42,800	\$51,400
2	\$39,400	\$49,200	\$59,100
3	\$45,300	\$56,600	\$67,900
4	\$52,000	\$65,100	\$78,100
5	\$59,800	\$74,800	\$89,800
6	\$68,800	\$86,000	\$103,300
7	\$79,200	\$99,000	\$118,800
8	\$91,800	\$114,800	\$137,800
9	\$106,600	\$133,200	\$159,900
10	\$123,600	\$154,500	\$185,400
11	\$143,400	\$179,200	\$215,100
12	\$166,300	\$207,900	\$249,500
13	\$192,900	\$241,200	\$289,400
14	\$231,500	\$289,400	\$347,300
15	\$277,900	\$347,300	\$416,800
16	\$333,800	\$416,800	\$499,700



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